

First Quarter 2016 Financial Results

April 27, 2016

Information regarding forward-looking statements

This presentation contains statements that are not historical fact and constitute forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. These statements can be identified by words like “believes,” “expects,” “anticipates,” “intends,” “plans,” “estimates,” “may,” “will,” “would,” “could,” “should,” “potential,” “target,” “outlook,” “depends,” “pursue,” “goals” or similar expressions, or discussions of our guidance, strategies, plans, goals, initiatives, objectives or intentions. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future results may differ materially from those expressed in the forward-looking statements. Forward-looking statements are necessarily based upon various assumptions involving judgments with respect to the future and other risks, including, among others: local, regional, national and international economic, competitive, political, legislative and regulatory conditions and developments; actions by the Mexican Energy Ministry (Secretaría de Energía), the Mexican Energy Regulatory Commission (Comisión Reguladora de Energía), the Mexican Environmental Protection Ministry (Secretaría de Medio Ambiente y Recursos Naturales), Mexican Federal Electricity Commission (Comisión Federal de Electricidad), the California Public Utilities Commission, California State Legislature, Federal Energy Regulatory Commission, U.S. Department of Energy, California Energy Commission, California Air Resources Board, and other regulatory, governmental and environmental bodies in the United States and Mexico; capital market conditions, including the availability of credit and the liquidity of our investments; inflation, interest and exchange rates; the impact of benchmark interest rates on our cost of capital; the timing and success of business development efforts and construction, maintenance and capital projects, including risks inherent in the ability to obtain, and the timing of granting of, permits, licenses, certificates and other authorizations; energy markets, including the timing and extent of changes and volatility in commodity prices; the availability of electric power, natural gas and liquefied natural gas, including disruptions caused by failures in the electric transmission grid, pipeline explosions and equipment failures; weather conditions, natural disasters, catastrophic accidents, and conservation efforts; wars, terrorist attacks and cybersecurity threats; business, regulatory, environmental and legal decisions and requirements; governmental expropriation of assets and title and other property disputes; the inability or determination not to enter into long-term supply and sales agreements; the resolution of litigation; and other uncertainties, all of which are difficult to predict and many of which are beyond the control of the company. These forward-looking statements speak only as of the date hereof, and the company undertakes no obligation to update or revise those forward looking statements whether as a result of new information, future events or otherwise. These risks and uncertainties are further discussed in the draft prospectus that IEnova has filed with the Mexican National Banking and Securities Commission. These reports are also available through the Mexican National Banking and Securities Commission’s website, www.bmv.com.mx, the website of the Mexican Stock Exchange at www.bmv.com.mx and on the company’s website at www.ienova.com.mx.

These forward-looking statements speak only as of the date hereof, and the company undertakes no obligation to update or revise these forecasts or projections or other forward-looking statements, whether as a result of new information, future events or otherwise.

Outline

- First-quarter 2016 financial results
- Project status
- Expected natural gas pipeline project tenders
- Power sector

First-quarter 2016 results

	Three months ended March 31,	
	2016	2015
<i>(Unaudited; net profit in millions of dollars, share count in millions, EPS in dollars)</i>		
Adjusted EBITDA ⁽¹⁾	\$ 110	\$ 93
Profit for the period	\$ 33	\$ 46
Shares outstanding	1,154	1,154
Earnings per share (EPS)	\$ 0.03	\$ 0.04

- First-quarter 2016 Adjusted EBITDA was \$110 million, up 19% from \$93 million dollars in the same period of 2015. This solid and positive result is mainly due to the start of operations of the Ethane pipeline in 2015, the Los Ramones Norte pipeline in February 2016 and the Energía Sierra Juárez wind generation facility in June 2015
- First-quarter 2016 profit before the one-time, non-cash charge to deferred taxes was \$61 million dollars, up 33% from \$46 million dollars in the first-quarter of 2015. The one-time, non-cash charge to deferred taxes of \$28 million dollars is due to the recognition of the difference between book value and tax basis, as a result of the decision to sell the Termoeléctrica de Mexicali power plant. After the deferred tax adjustment, first-quarter 2016 profit was \$33 million dollars, partially offset by higher share of profits from joint ventures resulting from the start of operations at the Ethane pipeline and the Los Ramones Norte pipeline at Gasoductos de Chihuahua and the start of operations at the Energía Sierra Juárez joint venture

(1) Adjusted EBITDA includes proportional share of EBITDA from joint ventures and the discontinued operation EBITDA adjustment

Gas segment pre-tax profit

<i>(Unaudited; dollars in millions)</i>	Three months ended	
	March 31,	
	<u>2016</u>	<u>2015</u>
Gas segment profit before income tax and share of profits of the joint venture	\$ 62	\$ 66

- First-quarter of 2016, Gas segment profit before tax and share of profits of joint venture was \$62 million, compared to \$66 million in the same period of 2015. The variance is mainly due to higher finance cost due to capitalization of interest related to the construction of the Sonora pipeline in 2015

Project updates

Project	CapEx (USD, millions)	Target COD ¹	Contract Term	Update
Wholly-owned projects				
Sonora pipeline (Guaymas-El Oro segment)	\$1,000	Q4 2016	25 years	• Under construction
Ojinaga – El Encino pipeline	\$300	Q1 2017	25 years	• Under construction
San Isidro – Samalayuca pipeline	\$110	Q1 2017	25 years	• Under construction
Joint venture projects				
Los Ramones Norte pipeline	\$1,450	Q1 2016	25 years	<ul style="list-style-type: none"> • 25% indirect IEnova interest • Placed in-service February 2016

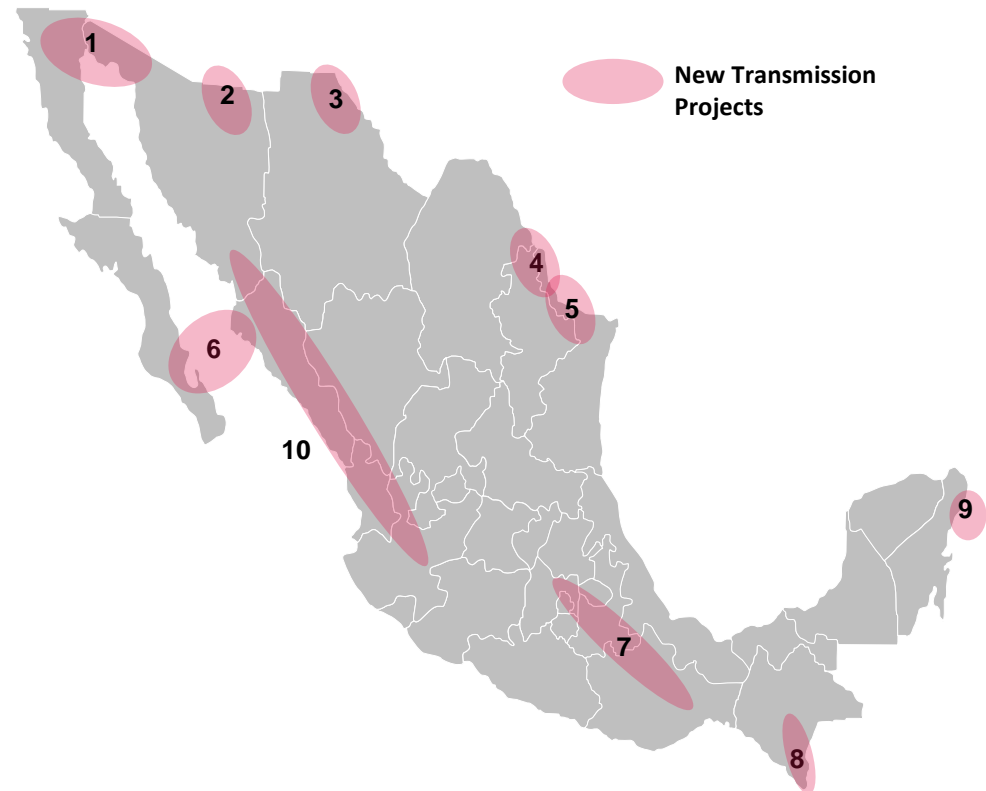
(1) Commercial Operations Date

Expected Mexico pipeline tenders

Project		CFE CapEx Estimate (\$ USD millions)
1	Baja Sur (open technology)	600
2	Texas - Tuxpan (marine pipe)	3,100
3	Merida - Valladolid-Cancun	250
4	Jaltipan - Salina Cruz (Pemex)	643
5	Ramones - Cempoala (Pemex)	1,980
6	Lazaro Cardenas - Acapulco	456
7	Salina Cruz - Tapachula	442
TOTAL		\$ 7,685



Power Transmission Lines Bids	
1	Baja – National Grid Interconnection
2	Agua Prieta back-up
3	Ciudad Juarez back-up
4	Piedras Negras back-up
5	Reynosa back-up
6	Baja Sur Interconnection
7	HVDC Sureste – Centro
8	Guatemala back-up
9	Cozumel – Playa del Carmen
10	Sonora – Jalisco

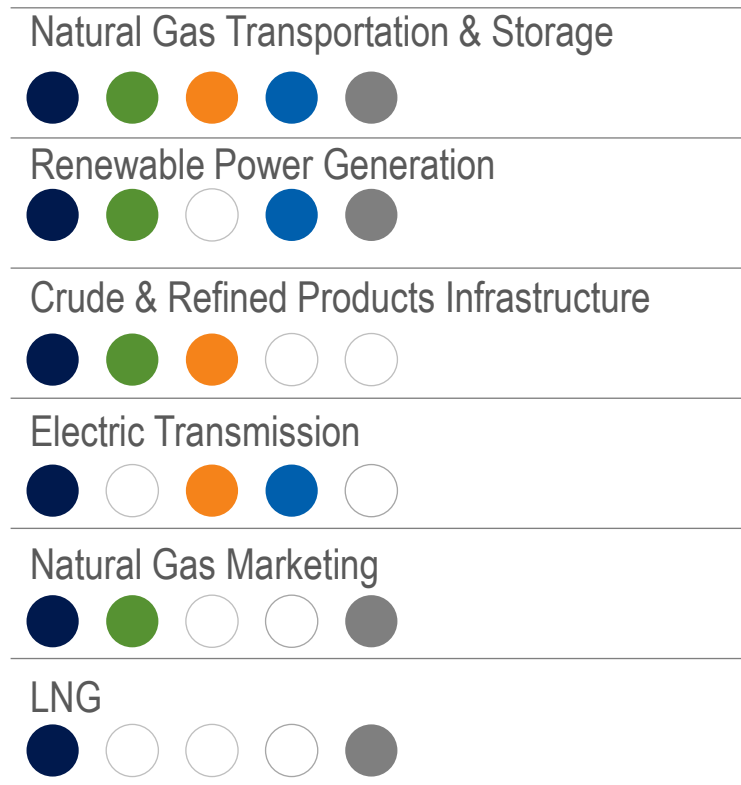
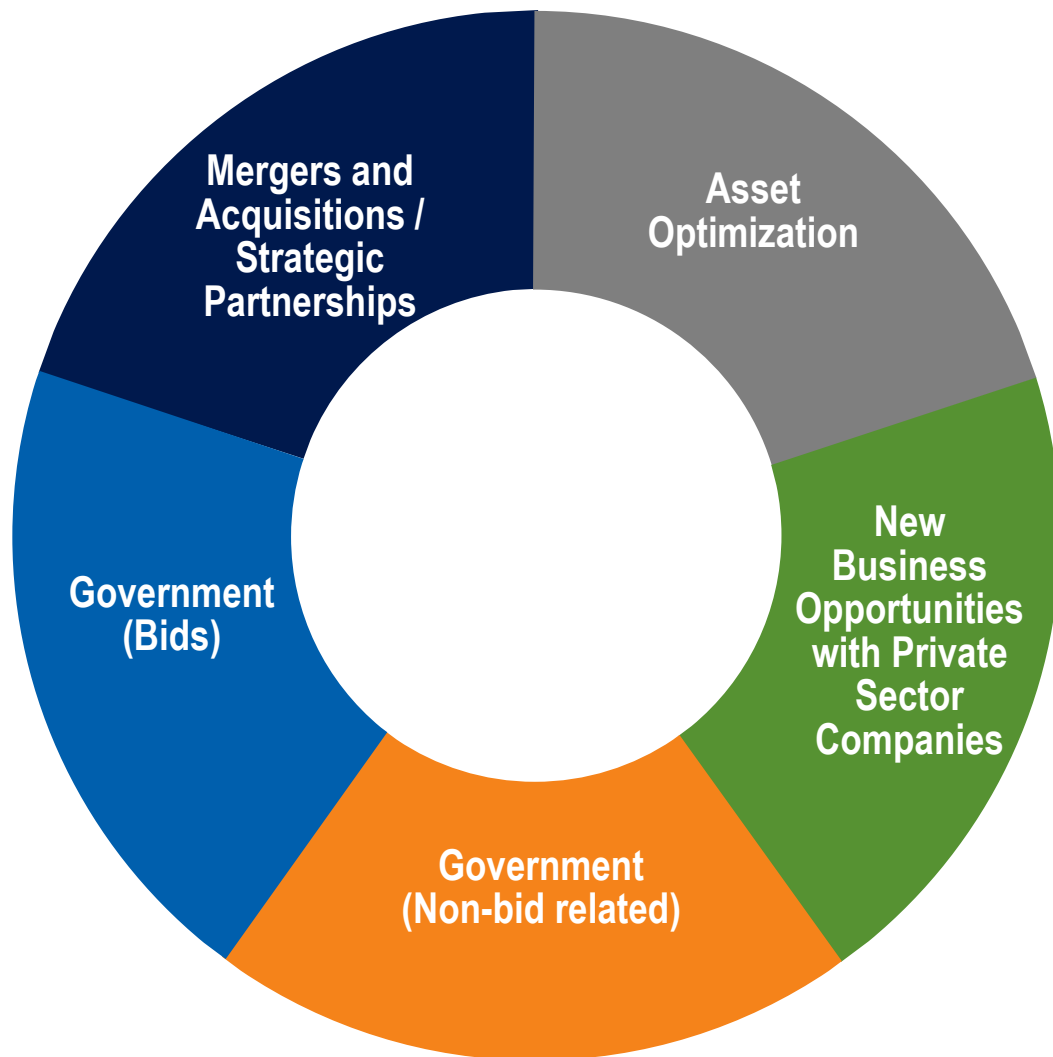


- The **HVDC Sureste – Centro** bidding process is expected to commence in mid-2016
 - Estimated CapEx: US\$1.2 billion
- The **Baja California – National Grid Interconnection** will be bid out in 2017
 - Estimated CapEx: US\$1.2 billion
- At least **10 transmission line bids** expected in the mid-term

Electricity Energy auctions

- 15 – 20 year contracts for electricity, power and clean energy certificates (CELs)
- A second auction will be held in mid-2016
- Yearly auctions will be held starting in 2017
- Off-takers will include CFE and private sector

Our Strategic Plan



Summary

- Continued strength in operations; financial results in-line
- Significant progress in construction activities
- Focused on executing our growth strategy

