Earnings Report
Fourth-Quarter 2013

Mexico City, February 26, 2014. **Infraestructura Energética Nova, S.A.B. de C.V. (BMV: IENOVA)** is reporting unaudited fourth-quarter 2013 results and full year 2013. IENOVA focuses on the development, construction and operation of large energy infrastructure projects in Mexico. Our operations in Mexico range across several business lines encompassing the entire gas and power infrastructure value chain that is open to private investment in Mexico.

Amounts are presented in U.S. dollars, the functional currency of the company, unless otherwise noted, and in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Executive Summary, Fourth-Quarter 2013 compared to Fourth-Quarter 2012 and Full Year 2013 compared to Full Year 2012

- Profit for the fourth-quarter 2013 was $5.3 million, compared to $47.2 million in the fourth-quarter 2012 and for the year ended December 31, 2013, profit was $142.4 million, compared to $194.0 million in 2012. For both periods the variation is due to a non-recurring charge of income taxes primarily related to tax reform, higher administrative and other expenses related to being a new public company and the impact of changes to commercial arrangements.
- Revenues for the quarter ended December 31, 2013 were $156.7 million, compared to $160.1 million in the same period of 2012, mainly due to changes in commercial arrangements, partially offset by higher electricity and natural gas prices. For the year 2013, revenues were $677.8 million, compared to revenues of $607.6 million in the year 2012, resulting from higher electricity and natural gas prices, partially offset by changes to commercial arrangements.
- Cost of revenue for the three-month period ended December 31, 2013 was $73.6 million compared to $62.9 million in the same period in 2012, mainly due to higher natural gas prices and higher costs associated with carbon allowance obligations, partially offset by the impact of changes to commercial arrangements and lower volume in the Gas segment. Cost of revenue for the year 2013 was $328.8 million, compared to $253.3 million in 2012 mainly because of higher natural gas prices at both the Power and Gas segments and costs associated with carbon allowance obligations at our Power segment.

The following tables set forth our results as of and for the three months and twelve months ended December 31, 2013 and 2012.

i) Results of Operations

Condensed Consolidated Statements of Profit and Loss

(thousands of US$)	Three months ended December 31, 2013	Three months ended December 31, 2012	Year ended December 31, 2013	Year ended December 31, 2012
	(unaudited)	(unaudited)	(unaudited)	(audited)
Revenue	$ 156,682	$ 160,058	$ 677,836	$ 607,607
Cost of revenue	(73,639)	(62,866)	(328,817)	(253,299)
Administrative and other expenses	(30,872)	(25,492)	(99,685)	(76,423)
Depreciation and amortization expenses	(15,758)	(13,609)	(61,164)	(61,349)
Net financing income (costs)	868	(2,297)	(3,663)	(10,319)
Other gains (losses)	2,321	(2,545)	6,986	(8,845)
Profit before income tax and share of profits of joint venture	**39,602**	**53,249**	**191,493**	**197,372**
Income tax expense	(39,146)	(11,067)	(83,792)	(40,801)
Share of profits of joint venture, net of income tax	4,867	4,993	34,689	37,444
Profit for the period	**$ 5,323**	**$ 47,175**	**$ 142,390**	**$ 194,015**

Segment Information

Segment information is presented after eliminating inter-company transactions.

Profit (Loss) before Income Tax and Share of Profits of Joint Venture

(thousands of US$)	Three months ended December 31, 2013	Three months ended December 31, 2012	Year ended December 31, 2013	Year ended December 31, 2012
	(unaudited)	(unaudited)	(unaudited)	(audited)
Gas Segment	$ 49,139	$ 53,009	$ 202,772	$ 214,684
Power Segment	(5,226)	2,711	(591)	4,388
Corporate	(4,311)	(2,471)	(10,688)	(21,700)
	$ 39,602	**$ 53,249**	**$ 191,493**	**$ 197,372**

Gas Segment

Gas segment profit before tax and share of profits of joint venture was $49.1 million for the fourth-quarter 2013, compared to $53.0 million in the same period of 2012. For the year 2013 profit before income tax and share of profits of the joint venture was $202.8 million, compared to $214.7 million for the year 2012. For both periods the variation was mainly due to changes to commercial arrangements and higher administrative and other expenses, partially offset by the capitalization of interest expenses related to the Sonora pipeline project.

Power Segment

Power segment loss before income tax was $5.2 million in the fourth-quarter 2013, compared to a profit before income tax of $2.7 million in the fourth-quarter 2012 mainly due to changes to commercial arrangements and higher administrative and other expenses related to scheduled power plant maintenance. For the year 2013, loss before income tax for the Power segment was $0.6 million, compared to a profit before income tax of $4.4 million in 2012 due to higher costs associated with carbon allowance obligation and higher administrative and other expenses, mainly scheduled power plant maintenance, partially offset by higher electricity prices.

Corporate

Corporate segment loss before income tax was $4.3 million in the fourth-quarter 2013, compared to $2.5 million in the fourth-quarter 2012 mainly due to higher interest expense partially offset by mark-to-market gains on an interest rate swap.

For the year, the loss before income tax for Corporate segment was $10.7 million in 2013, compared to $21.7 million in 2012 due to the mark-to-market gains on an interest rate swap, partially offset by higher interest expense.

Revenue

(thousands of US$)	Three months ended December 31, 2013	Three months ended December 31, 2012	Year ended December 31, 2013	Year ended December 31, 2012
	(unaudited)		(unaudited)	(audited)
Gas Segment	$ 122,930	$ 126,432	$ 507,814	$ 478,273
Power Segment	33,364	33,194	168,340	127,656
Corporate	388	432	1,682	1,678
	$ 156,682	**$ 160,058**	**$ 677,836**	**$ 607,607**

Gas Segment

Gas segment revenue was $122.9 million during the fourth-quarter 2013, compared to $126.4 million in the same period of 2012, mainly due to changes in commercial arrangements, partially offset by higher natural gas prices. For the year 2013, revenue was $507.8 million compared to $478.3 million in 2012 due to higher natural gas prices, partially offset by changes to commercial arrangements.

Power Segment

Power segment revenue was $33.4 million during the fourth-quarter 2013, consistent with $33.2 million during the same period of 2012. In 2013, Power segment revenue was $168.3 million compared to $127.7 million in 2012 mainly due to higher electricity prices.

Cost of Revenue

(thousands of US$)	Three months ended December 31, 2013	Three months ended December 31, 2012	Year ended December 31, 2013	Year ended December 31, 2012
	(unaudited)		(unaudited)	(audited)
Gas Segment	$ 45,293	$ 43,720	$ 199,053	$ 163,396
Power Segment	28,346	19,146	129,764	89,903
	$ 73,639	**$ 62,866**	**$ 328,817**	**$ 253,299**

Gas Segment

Gas segment cost of revenue was $45.3 million for the fourth-quarter 2013, which is consistent with the $43.7 million for the same period of 2012. Cost of revenue was $199.1 million for the year 2013, compared to $163.4 million for the year 2012 due to higher natural gas prices.

Power Segment

Power segment cost of revenue was $28.3 million for the fourth-quarter 2013 compared to $19.1 million for the same period of 2012 and cost of revenue for the year 2013 was $129.8 million compared to $89.9 million in 2012. The variation in both periods was mainly due to a higher natural gas prices and costs associated with carbon allowance obligations.

Administrative and Other Expenses

Administrative and other expenses were $30.9 million for the fourth-quarter 2013, compared to $25.5 million for the same period of 2012 and $99.7 million in 2013, compared to $76.4 million for 2012. The variation in both periods were mainly due to higher administrative expenses related to the new public company structure and higher operating expenses due to scheduled maintenance at the Power segment.

Net Financing Costs

Net financing income was $0.9 million for the fourth-quarter 2013, compared to a net financing cost of $2.3 million for the same period of 2012. Net financing costs were $3.7 million for 2013 compared to $10.3 million for 2012, primarily due to higher capitalization of interest expenses at the Sonora pipeline project and Energía Sierra Juarez wind project.

Other Gains (Losses)

Other gains of $2.3 million during the fourth-quarter of 2013 compare to other losses of $2.5 million in the same period of 2012 due to gains in 2013 compared to losses in 2012 on foreign exchange and derivative instruments.

Other gains of $7.0 million during 2013 compare to other losses of $8.8 million in 2012 mainly due to derivative gains in 2013 compared to losses in 2012.

Income Tax Expense

Income tax expense for the fourth-quarter 2013 was $39.1 million compared to $11.1 million for the same period of 2012 mainly due to the tax reform, including the deconsolidation and the impact on deferred tax liability because of the income tax rate change from 28% to 30%, partially offset by the recognition of a deferred tax asset related to tax losses.

Income tax expense for 2013 was $83.8 million compared to $40.8 million for 2012 due to the tax reform, mainly the deconsolidation and the impact on deferred tax liability because of the income tax rate change from 28% to 30%, the effect of a change in inflation rate and the foreign currency exchange rate effects, partially offset by the recognition of a deferred tax asset related to tax losses.

Share of Profits of Joint Venture, Net of Income Tax

Our share of joint venture profits was $4.9 million in the fourth quarter 2013 consistent with $5.0 million in the same period of 2012.

Our share of joint venture profits was $34.7 million in 2013, consistent with $37.4 million in 2012.

EBITDA and Adjusted EBITDA

We present “EBITDA” and “JV EBITDA adjustment” in this earnings report for the convenience of investors. EBITDA and JV EBITDA adjustment, however, are not measures of financial performance under IFRS and should not be considered as alternatives to profit or operating income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity.

Our definition of EBITDA is consolidated and combined profit after adding back or subtracting, as the case may be: (1) depreciation and amortization, (2) interest income and finance costs, (3) income tax expense and (4) certain other gains/(losses) (which include net foreign exchange gains/(losses), net (losses)/gains arising on financial liabilities classified as held for trading associated with changes in the fair value from our interest rate swap and inflation effects on value added tax refunds receivable).

We define the JV EBITDA adjustment as our 50% share of depreciation and amortization, interest income and finance costs, and income tax expense of our investment in joint venture, which investment is accounted for under the equity method.

(thousands of US$)	Three months ended December 31, 2013	Three months ended December 31, 2012	Year ended December 31, 2013	Year ended December 31, 2012
	(unaudited)		(unaudited)	
Gas Segment	$ 55,361	$ 63,631	$ 235,841	$ 258,672
Power Segment	(1,944)	9,289	14,604	20,799
Corporate	(1,246)	(1,220)	(1,111)	(1,586)
EBITDA	**52,171**	**71,700**	**249,334**	**277,885**
JV EBITDA adjustment (50%)	12,469	11,818	53,751	52,190
Adjusted EBITDA	**$ 64,640**	**$ 83,518**	**$ 303,085**	**$ 330,075**

ii) Financial Position, Liquidity and Capital Resources

Condensed Consolidated Statements of Financial Position

(millions of US$)	December 31, 2013 (unaudited)	December 31, 2012 (audited)
Assets		
Current assets		
Cash and cash equivalents	$ 103,880	$ 85,073
Short-term investments	207,027	-
Other assets	189,143	151,883
Total current assets	**500,050**	**236,956**
Non-current assets		
Investment in joint venture	366,288	331,599
Property, plant and equipment – net	2,213,837	1,884,739
Other assets	108,589	47,424
Total non-current assets	**2,688,714**	**2,263,762**
Total assets	**$ 3,188,764**	**$ 2,500,718**
Equity and liabilities		
Current liabilities	$ 153,570	$ 160,207
Non-current liabilities		
Long-term debt	394,656	-
Due to related parties	38,893	331,803
Other non-current liabilities	285,233	245,590
Total non-current liabilities	**718,782**	**577,393**
Total liabilities	**872,352**	**737,600**
Common stock	762,949	618,752
Additional paid-in capital	973,953	536,577
Retained Earnings	461,393	423,378
Net income of the period	142,390	194,015
Other Comprehensive income	(24,273)	(9,604)
Total equity	**2,316,412**	**1,763,118**
Total equity and liabilities	**$ 3,188,764**	**$ 2,500,718**

1) Other current assets include trade and other receivables – net, current amounts due from related parties, VAT recoverable, inventory of natural gas, derivative financial instruments and other, less significant current assets.
(2) Other non-current assets include accounts receivable from related parties, derivative financial instruments, finance lease receivables, deferred income tax assets, goodwill and other, less significant non-current assets.
(3) Current liabilities include trade and other payables, accounts payable to related parties, current tax liabilities, derivative financial instruments, other financial liabilities, provisions and other, less significant current liabilities.
(4) Long-term indebtedness includes non-current liabilities owed to bond holders and other third parties.
(5) Other non-current liabilities include deferred income tax liabilities, non-current provisions, derivative financial instruments and post-employment and other long-term employee benefits.

Liquidity and Capital Resources

We are a holding company. As a result, our ability to meet our obligations and to fund our capital needs depends on our ongoing ability to generate cash from operations, the terms of our financing arrangements and our access to the capital markets.

Sources and Uses of Cash

(thousands of US$)	Three months ended December 31, 2013	Three months ended December 31, 2012	Year ended December 31, 2013	Year ended December 31, 2012
	(unaudited)	(unaudited)	(unaudited)	(audited)
Cash at period beginning	$ 10,052	$ 123,897	$ 85,073	$ 27,364
Net cash provided by operating activities	28,106	47,816	162,760	173,432
Net cash provided (used) by investing activities *	185,420	(30,175)	(576,699)	(49,275)
Net cash provided (used) by financing activities	(118,818)	(53,513)	436,144	(69,207)
Change in the balance of cash held in foreign currencies	(880)	(2,952)	(3,398)	2,759
Cash at period end	**103,880**	**85,073**	**103,880**	**85,073**

*For the quarter ended December 31st, 2013, includes Short-term investments reduction of $274.6 million. For the year ended December 31st, 2013, includes Short-term investments increase of $207.0 million.

Operating Activities

Net cash generated by operating activities for fourth-quarter 2013 was $28.1 million, compared to $47.8 million in the same period of 2012. Net cash generated by operating activities in 2013 was $162.8 million, compared to $173.4 million in 2012. For both periods the variation is due to changes in working capital.

Investing Activities

Net cash generated in investing activities for fourth-quarter 2013 was $185.4 million, compared to cash use of $30.2 million in the same period of 2012. Net cash used by investing activities in 2013 was $576.7 million compared to $49.3 million in 2012. For both periods the variation is due to the capital expenditures for the Sonora pipeline project and Energía Sierra Juarez wind project.

Financing Activities

Net cash used in financing activities for the fourth-quarter 2013 was $118.8 million, compared to $53.5 million for the same period of 2012, mainly due to the proceeds of $80.0 million from affiliate company loans, partially offset by a dividend payment of $125.0 million during the fourth-quarter 2012, compared to the dividend payment of $117.0 million during the fourth-quarter 2013.

Net cash generated by financing activities in 2013 was $436.1 million, mainly due to proceeds from debt issuance of $408.3 million in February and the issuance of ordinary shares in our Initial Public Offering of $598.8 million in March, partially offset by $388.0 million in repayment of loans to affiliates and $156.0 million dividend payment. Net cash used in financing activities in 2012 was $69.2 million mainly due to dividend payments and repayment of loans obtained from affiliates.

iii) Internal Controls

Our management is responsible for maintaining a system of internal control over financial reporting. This system gives our shareholders a reasonable assurance that our transactions are executed and maintained in accordance with the guidelines set forth by our management and that our financial records are reliable as a basis for preparing our financial statements.

The system of internal control over financial reporting is supported by ongoing audits, the results of which are reported to management throughout the year. In addition, we maintain reliable databases and have modern and efficient systems designed to generate key financial information.