Earnings Report
Fourth-Quarter 2015

Mexico City, February 23, 2016. **Infraestructura Energética Nova, S.A.B. de C.V. (BMV: IENOVA)** is reporting fourth-quarter 2015 results and full year 2015. IEnova focuses on the development, construction and operation of large energy infrastructure projects in Mexico. Our operations in Mexico range across several business lines including gas transportation and storage, LNG, natural gas distribution and electricity generation.

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

Executive Summary, Fourth-Quarter 2015 compared to Fourth-Quarter 2014 and Full Year 2015 compared to Full Year 2014:

- In the fourth-quarter of 2015, profit was $44.6 million, compared to a loss of $11.8 million in the same period of 2014. The increase of $56.4 million was primarily due to lower income tax expense of $40.8 million and higher share of profits of joint ventures of $11.3 million. In 2015, profit was $140.2 million, compared to $136.9 million in 2014.
- In the fourth-quarter of 2015, revenues were $161.4 million, compared to $200.7 million in the same period of 2014. In 2015, revenues were $671.7 million, compared to $822.8 million in 2014. For both periods, the decrease was mainly due to lower natural gas prices in the Gas segment, and lower electricity prices and volume in the Power segment.
- In the fourth-quarter of 2015, cost of revenues was $67.7 million compared to $100.1 million in the same period of 2014. The decrease of $32.4 million was mainly due to lower natural gas prices at both the Gas and the Power segments. In 2015, cost of revenues was $286.6 million compared to $443.3 million in 2014. The decrease of $156.7 million was mainly due to lower natural gas prices at both the Gas and the Power segments and lower volume at the Power segment.
- In December 2015, the revolving facility was increased from $400 million to $600 million.
- In December 2015, we entered into a twelve month, $219.6 million revolving credit facility with a Sempra affiliate.
- In December 2015, Mexico's Comisión Federal de Competencia Económica (COFECE) objected to the transaction to purchase Pemex's interest in Gasoductos de Chihuahua as proposed. The parties are in the process of restructuring the transaction so that Pemex can proceed in accordance with the COFECE ruling.
- In February 2016, the Board of Directors approved a plan to market and sell the Termoeléctrica de Mexicali, a 625-Megawatt natural gas-fired power plant.

The following tables set forth our results as of and for the three months and twelve months ended December 31, 2015 and 2014.

i) Results of Operations

Condensed Consolidated Statements of Profit and Loss

(thousands of US$)	Three months ended December 31, 2015 (unaudited)	Three months ended December 31, 2014 (unaudited)	Year ended December 31, 2015 (unaudited)	Year ended December 31, 2014
Revenues	$ 161,449	$ 200,697	$ 671,703	$ 822,796
Cost of revenues	(67,734)	(100,053)	(286,597)	(443,298)
Operating, administrative and other expenses	(27,572)	(25,643)	(104,213)	(98,384)
Depreciation and amortization expenses	(17,905)	(17,269)	(67,682)	(61,943)
Net financing (cost) income	(1,784)	(1,343)	(3,360)	4,442
Other gains (losses)	333	(13,828)	(11,575)	1,258
Profit before income tax and share of profits of joint ventures	**46,787**	**42,561**	**198,276**	**224,871**
Income tax expense	(17,307)	(58,129)	(100,406)	(111,283)
Share of profits of joint ventures, net of income tax	15,108	3,806	42,319	23,346
Profit (loss) for the period	**$ 44,588**	**$ (11,762)**	**$ 140,189**	**$ 136,934**

Segment Information

Segment information is presented after eliminating inter-company transactions.

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

(thousands of US$)	Three months ended December 31, 2015	Three months ended December 31, 2014	Year ended December 31, 2015	Year ended December 31, 2014
	(unaudited)		(unaudited)	
Gas Segment	$ 59,147	$ 55,433	$ 237,552	$ 223,932
Power Segment	(4,655)	(3,416)	(1,029)	38,966
Corporate	(7,705)	(9,456)	(38,247)	(38,027)
	$ 46,787	**$ 42,561**	**$ 198,276**	**$ 224,871**

Gas Segment

In the fourth-quarter 2015, Gas segment profit before income tax and share of profits of joint venture was $59.2 million, compared to $55.4 million in the same period of 2014. The $3.8 million increase is mainly due to lower foreign currency losses on peso-denominated balances.

In 2015, profit before income tax and share of profits of the joint venture was $237.6 million, compared to $223.9 million in 2014. The increase of $13.7 million is mainly due to a full year of operations of the first segment of the Sonora pipeline, in 2015, compared to one quarter in 2014.

Power Segment

In the fourth-quarter 2015, Power segment loss before income tax and share of profits of joint venture was $4.7 million, compared to $3.4 million in the same period of 2014.

In 2015, loss before income tax and share of profits of joint venture for the Power segment was $1.0 million, compared to a profit of $39.0 million in 2014. The variance of $40.0 million is due to:

- $21.0 million lower operational results at the power plant, and
- $19.1 million one-time gain, recorded in 2014, on the sale of our 50 percent equity interest in Energía Sierra Juárez wind generation facility.

Corporate

In the fourth-quarter 2015, corporate loss before income tax was $7.7 million, compared to $9.5 million in the same period of 2014.

In 2015, the loss before income tax was $38.2 million, compared to $38.0 million in 2014.

Revenues

(thousands of US$)	Three months ended December 31, 2015	Three months ended December 31, 2014	Year ended December 31, 2015	Year ended December 31, 2014
	(unaudited)		(unaudited)	
Gas Segment	$ 127,529	$ 148,607	$ 526,439	$ 598,183
Power Segment	33,417	51,243	143,498	222,471
Corporate	503	847	1,766	2,142
	$ 161,449	**$ 200,697**	**$ 671,703**	**$ 822,796**

Gas Segment

In the fourth-quarter 2015, Gas segment revenues were $127.5 million, compared to $148.6 million in the same period of 2014. The decrease of $21.1 million is mainly due to lower natural gas prices ($2.58 per MMBtu[1] during the fourth-quarter 2015 compared to $4.13 per MMBtu in the same period of 2014) partially offset by higher volume sold.

In 2015, Gas segment revenues were $526.4 million compared to $598.2 million in 2014. The decrease of $71.8 million is mainly due to:

- $111.7 million lower revenues due to lower natural gas prices ($2.88 per MMBtu in 2015 compared to $4.55 per MMBtu in 2014), partially offset by
- $40.0 million higher revenues, mainly due to a full year of operations of the first segment of the Sonora pipeline, in 2015, compared to one quarter in 2014.

Power Segment

In the fourth-quarter 2015, Power segment revenues were $33.4 million, compared to $51.2 million during the same period of 2014. The decrease of $17.8 million is due to lower electricity prices ($30.75 per MWh[2] during the fourth-quarter 2015 compared to $43.29 per MWh in the same period of 2014) and lower volume sold.

In 2015, Power segment revenues were $143.5 million compared to $222.5 million in 2014. The variance of $79.0 million is mainly due to lower electricity prices ($33.26 per MWh in 2015 compared to $47.53 per MWh in 2014), lower volume sold and lower capacity revenue.

[1] MMBtu: Million British thermal units (of natural gas)
[2] MWh: Megawatt hour

Cost of Revenues

(thousands of US$)	Three months ended December 31, 2015	Three months ended December 31, 2014	Year ended December 31, 2015	Year ended December 31, 2014
	(unaudited)		(unaudited)	
Gas Segment	$ 38,302	$ 58,956	$ 178,654	$ 277,341
Power Segment	29,432	41,097	107,943	165,957
	$ 67,734	**$ 100,053**	**$ 286,597**	**$ 443,298**

Gas Segment

In the fourth-quarter 2015, Gas segment cost of revenues was $38.3 million, compared to $59.0 million for the same period of 2014. The decrease of $20.7 million is mainly due to lower natural gas prices ($2.12 per MMBtu during the fourth-quarter 2015 compared to $3.47 per MMBtu in the same period of 2014), partially offset by higher volume.

In 2015, Gas segment cost of revenues was $178.7 million, compared to $277.3 million for 2014. The decrease of $98.6 million is mainly due to lower natural gas prices ($2.33 per MMBtu in 2015 compared to $3.81 per MMBtu in 2014).

Power Segment

In the fourth-quarter 2015, Power segment cost of revenues was $29.4 million, compared to $41.1 million for the same period of 2014. The decrease of $11.7 million is mainly due to lower natural gas prices ($2.35 per MMBtu during the fourth-quarter 2015 compared to $3.99 per MMBtu in the same period of 2014) and lower volume.

In 2015, Power segment cost of revenues was $107.9 million, compared to $166.0 million for 2014. The decrease of $58.1 million is mainly due to lower natural gas prices ($2.67 per MMBtu in 2015 compared to $4.41 per MMBtu in 2014) and lower volume.

Operating, Administrative and Other Expenses

In the fourth-quarter 2015, operating, administrative and other expenses were $27.6 million, compared to $25.6 million for the same period of 2014.

In 2015, operating, administrative and other expenses were $104.2 million compared to $98.4 million in 2014; the increase was mainly due to expenses related to the development of new projects.

Net Financing (Costs) Income

In the fourth-quarter 2015, net financing cost was $1.8 million, compared to $1.3 million for the same period of 2014.

In 2015, net financing cost was $3.4 million compared to net financing income of $4.4 million in 2014. The variance of $7.8 million is mainly due to capitalization of interest, in 2014, related to the Sonora pipeline.

Other Gains (Losses)

In the fourth-quarter 2015, other gains were $0.3 million, compared to other losses of $13.8 million in the same period of 2014. The change of $14.1 million is mainly due to lower mark-to-market losses on an interest rate swap[3], and lower foreign currency losses on peso-denominated balances.

In 2015, other losses were $11.6 million compared to other gains of $1.3 million in 2014. The variance of $12.9 million is mainly due to:

- $19.1 million gain in 2014 on the sale of our 50 percent equity interest in Energía Sierra Juárez wind generation facility, partially offset by
- $6.7 million of lower mark-to-market losses on the valuation of an interest rate swap.

Income Tax Expense

Income tax expense was $17.3 million in fourth-quarter 2015 compared to $58.1 million in fourth-quarter 2014. The variance of $40.8 million is due to changes in the deferred income tax balance resulting from fluctuations in the tax basis of property, plant and equipment at our U.S. dollar functional currency, which we are required to remeasure in each reporting period based on changes in the Mexican peso exchange rate, partially offset by the effects of the exchange rate on monetary assets and liabilities.

In 2015, income tax expense was $100.4 million compared to $111.2 million in 2014. The variance of $10.8 million was primarily due to the effect of exchange rate on monetary assets and liabilities, partially offset by changes in the deferred income tax balance resulting from the fluctuation in the tax basis of property, plant and equipment at our U.S. dollar functional currency, which we are required to remeasure in each reporting period based on changes in the Mexican peso exchange rate.

[3] This derivative instrument was terminated in September 2015.

Share of Profits of Joint Ventures, Net of Income Tax

In the fourth-quarter 2015, our share of profits of joint ventures, net of income tax was $15.1 million, compared to $3.8 million in the same period of 2014. The increase of $11.3 million is mainly related to a full year of operations of the Los Ramones I pipeline and the start of operations of the Ethane pipeline in 2015.

In 2015, our share of profits of joint ventures, net of income tax was $42.3 million compared to $23.3 million in 2014. The increase of $19.0 million is due to:

- $16.7 million higher share of profits of the Pemex joint venture, related to the full year of operations of the Los Ramones I pipeline and the start of operations of the Ethane pipeline during 2015, and
- $2.3 million in higher share of profits of Energía Sierra Juárez due to the start of operations in June 2015.

EBITDA and Adjusted EBITDA

We present "EBITDA" and "Adjusted EBITDA" in this earnings report for the convenience of investors. EBITDA and Adjusted EBITDA, 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 profit after adding back or subtracting, as the case may be: (1) depreciation and amortization expenses, (2) net financing income (costs), (3) income tax (expense) benefit, (4) other (losses)/gains (which include net foreign exchange gains/(losses), net (losses)/gains 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) and (5) share of profits of joint ventures, net of income tax.

We define the JV EBITDA adjustment as our 50 percent share of the profit of joint ventures with Pemex and InterGen, after adding back or subtracting, as the case may be, our 50 percent share of: (1) depreciation and amortization expenses, (2) net financing income (costs), (3) income tax (expense) benefit of our investments in joint ventures, (4) other (losses) gains and (5) the share of profit on joint ventures net of income tax. Our investments in the joint ventures are accounted for under the equity method.

	Three months ended December 31,		Year ended December 31,	
(thousands of US$)	2015	2014	2015	2014
	(unaudited)		(unaudited)	
Gas Segment	$ 67,696	$ 73,135	$ 268,026	$ 244,550
Power Segment	(1,809)	2,656	13,252	36,241
Corporate	256	(790)	(385)	323
EBITDA	**66,143**	**75,001**	**280,893**	**281,114**
JV EBITDA adjustment (50 percent)	29,443	15,502	110,921	55,776
Adjusted EBITDA	**$ 95,586**	**$ 90,503**	**$ 391,814**	**$ 336,890**

ii) Financial Position, Liquidity and Capital Resources

Condensed Consolidated Statements of Financial Position

(thousands of US$)	December 31, 2015	December 31, 2014
	(unaudited)	
Assets		
Current assets		
Cash and cash equivalents	$ 40,377	$ 83,637
Short-term investments	20,068	30,020
Trade and other receivables, net	53,728	66,401
Other current assets[(1)]	111,156	145,561
Total current assets	**225,329**	**325,619**
Non-current assets		
Due from unconsolidated affiliates	111,766	146,775
Deferred income tax assets	78,965	85,758
Investments in joint ventures	440,105	401,538
Property, plant and equipment – net	2,595,840	2,377,739
Other non-current assets[(2)]	55,077	42,789
Total non-current assets	**3,281,753**	**3,054,599**
Total assets	**$ 3,507,082**	**$ 3,380,218**
Liabilities and Equity		
Short-term debt	$ 88,507	$ 195,089
Due to related parties	352,650	14,405
Other current liabilities[(3)]	102,184	158,056
Total current liabilities	**543,341**	**367,550**
Non-current liabilities		
Long-term debt	299,925	350,638
Due to unconsolidated affiliates	38,460	38,460
Deferred income tax liabilities	261,294	232,538
Other non-current liabilities[(4)]	184,198	141,744
Total non-current liabilities	**783,877**	**763,380**
Total liabilities	**1,327,218**	**1,130,930**
Common stock	762,949	762,949
Additional paid-in capital	973,953	973,953
Retained earnings	546,906	576,717
Accumulated other comprehensive income	(103,944)	(64,331)
Total equity	**2,179,864**	**2,249,288**
Total liabilities and equity	**$ 3,507,082**	**$ 3,380,218**

(1) Other current assets include value added tax receivable, amounts due from unconsolidated affiliates, income taxes receivable, carbon allowances, natural gas inventories, derivative financial instruments, and other current assets.

(2) Other non-current assets include goodwill, finance lease receivables, carbon allowances and other non-current assets.

(3) Other current liabilities include trade and other payables, wages and benefits payable, income tax liabilities, carbon allowances, provisions, derivative financial instruments, other financial liabilities and other taxes payable.

(4) Other non-current liabilities include derivative financial instruments, provisions, carbon allowances and 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

	Three months ended December 31,		Year ended December 31,	
(thousands of US$)	2015	2014	2015	2014
	(unaudited)		(unaudited)	
Cash and cash equivalents at period beginning	**$ 85,891**	**$ 58,414**	**$ 83,637**	**$ 103,880**
Net cash provided by operating activities	70,563	61,558	168,179	163,217
Net cash used in investing activities	(134,832)	(85,154)	(248,796)	(267,964)
Net cash provided by financing activities	17,696	47,083	41,892	83,939
Effects of exchange rate changes on cash and cash equivalents	1,059	1,736	(4,535)	565
Cash and cash equivalents at period end	**$ 40,377**	**$ 83,637**	**$ 40,377**	**$ 83,637**

Operating Activities

In the fourth-quarter 2015, net cash provided by operating activities increased to $70.6 million, compared to $61.6 million in the same period of 2014. In 2015, net cash provided by operating activities increased to $168.2 million, compared to $163.2 million in 2014. For both periods, the increase was primarily due to changes in working capital, partially offset by income taxes paid.

Investing Activities

In the fourth-quarter 2015, net cash used in investing activities was $134.8 million, primarily due to capital expenditures of $114.7 million, for our Ojinaga, Sonora and San Isidro pipeline projects.

In the fourth-quarter 2014, net cash used in investing activities was $85.2 million primarily due to capital expenditures of $63.0 million, mainly related to the Sonora pipeline project and $52.2 million of loans to unconsolidated affiliates, partially offset by $30.0 million increase in short-term investments.

In 2015, net cash used in investing activities was $248.8 million, due to capital expenditures of $300.1 million for our Sonora, Ojinaga and San Isidro pipeline projects, partially funded by proceeds from repayment of loans from unconsolidated affiliates of $41.6 million and a $10.0 million decrease in short-term investments.

In 2014, net cash used in investing activities was $268.0 million, due to capital expenditures of $325.5 million mainly for our Sonora pipeline project and $162.8 million of loans to unconsolidated affiliates, partially offset by $177.0 million of short-term investment proceeds and net cash of $24.4

million from the sale of our 50 percent equity interest in Energía Sierra Juárez wind generation facility in 2014.

Financing Activities

In the fourth-quarter 2015, net cash provided by financing activities was $17.7 million, mainly due to $219.6 million in proceeds from borrowings from unconsolidated affiliates and $20.0 million in proceeds from borrowings against credit facilities, partially offset by the repayment of loans of $219.0 million and interest paid of $2.4 million.

In the fourth-quarter 2014, net cash provided by financing activities was $47.1 million mainly due to $51.0 million in proceeds from borrowings against credit facilities.

In 2015, net cash provided by financing activities was $41.9 million, due to loans from banks and unconsolidated affiliates of $834.7 million, partially offset by a $600.1 million repayment of bank loans, a dividend payment of $170.0 million and interest paid of $20.2 million.

In 2014, net cash provided by financing activities was $83.9 million, due to bank loans and project financing of $278.4 million, partially offset by a dividend payment of $164.0 million and interest paid of $18.9 million.

iii) Internal Controls

Our management is responsible for maintaining a system of internal control over financial reporting. This system gives our shareholders 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.