

Third Quarter 2016 Financial Results

October 28, 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.

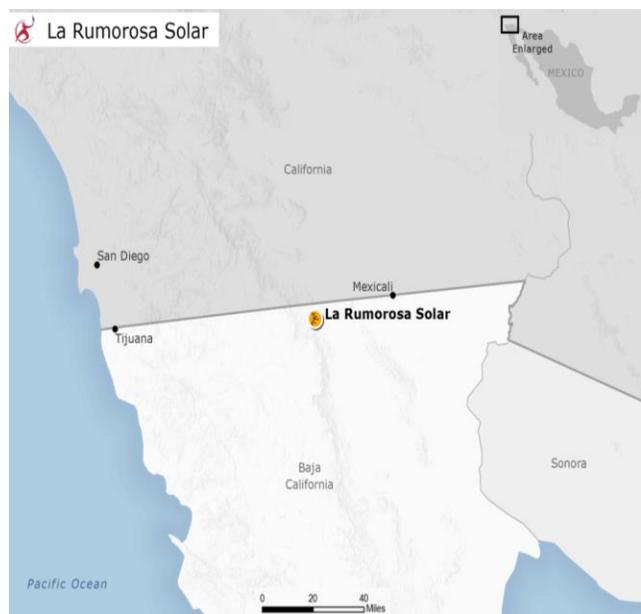
Agenda

- Recent developments
- Third-quarter 2016 financial results
- Project status
- New business development

Recent Developments

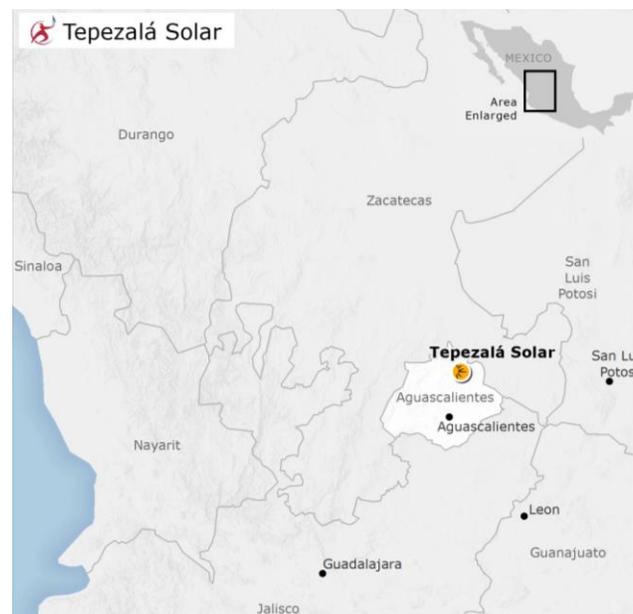
CENACE's second long-term auction award

- IEnova was declared winner of two projects, representing a total investment of approximately US\$150 million
- IEnova will develop, build and operate them under a long-term contract, dollar denominated with CFE
 - 20 year for CELs (clean energy certificates) and 15 year contracts for energy and capacity



Rumorosa Solar

- 41 MW capacity located near IEnova's Energía Sierra Juárez wind facility, in Baja California
- 100% owned by IEnova
- COD: 2Q 2019



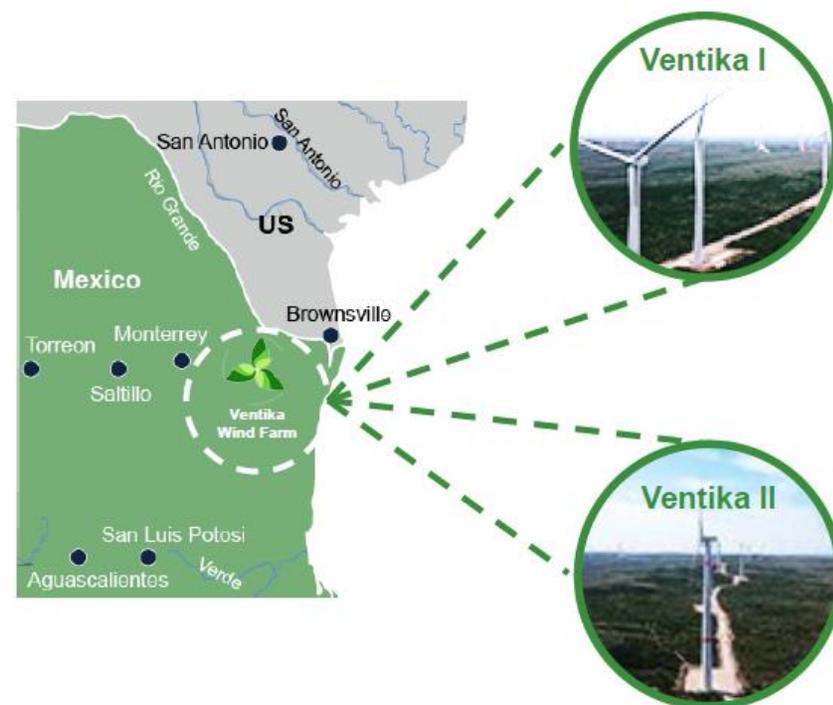
Tepezalá II Solar

- 100 MW capacity located in the state of Aguascalientes
- 90% IEnova / 10% Trina Solar
- COD: 2Q 2019

Recent Developments, continued

Announcement of the Ventika acquisition

- On September 2, 2016, IEnova entered into a Purchase and Sale Agreement for the acquisition of 100% of the equity interests
- Purchase price is estimated to be US\$852 million
 - US\$375 million cash at closing¹ plus the assumption of outstanding debt of US\$477 million.
- Closing of the transaction is subject to regulatory approvals
- Ventika is the largest wind farms in Mexico and one of the largest in Latin America
- Installed capacity of 252 MW
- 100% contracted through long-term and dollar-denominated contracts
- Off-takers: Cemex, Femsa (Oxxo), Chrysler, DeAcero and Tec de Monterrey
- Technology: 84 Acciona AW116 / 3000 TH120 wind turbines

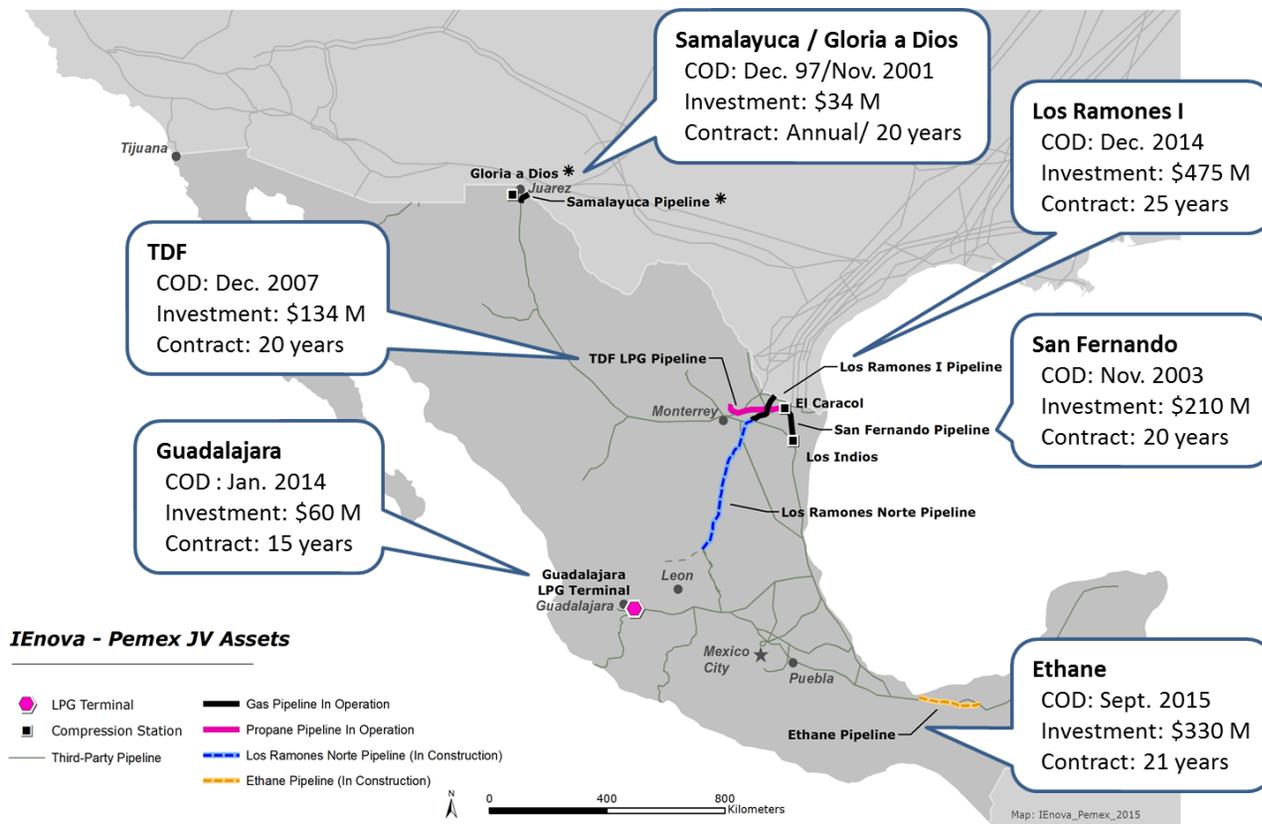


¹The purchase price is also subject to customary post-closing adjustments

Recent Developments, continued

Gasoductos de Chihuahua Acquisition Update

- In July 2015, we signed an agreement with Pemex to purchase its 50% interest in our joint venture
- On September 21, 2016, COFECE authorized the transaction
- On September 27, 2016, we closed the purchase of all 7 assets for US\$1.144 billion



Recent Developments, continued

Equity Follow-On

- On October 13, 2016, IEnova completed a **Global Equity Follow-on Offering** for **US\$1.6 billion** that was structured as a local public offering in the Mexican Stock Exchange and a private international 144A/RegS offering
- **380 million shares issued** at price of MX\$80.00 per share
- **Largest follow-on** offering in **Mexico** in the **last two years**
- Among the **top ten largest follow-on** offerings in **Latin America** in the **last five years**
- Sempra Energy participated with US\$351 million of investment

Use of Proceeds

- Repay the US\$1.15 billion bridge loan from Sempra that was used to finance the **acquisition** of **Gasoductos de Chihuahua**
- Finance a portion of the **acquisition** of **Ventika** wind project
- Fund capital expenditures and general corporate purposes

Significantly strengthens balance sheet and enables funding of future growth through cash flow from operations and debt, and other additional funding sources

Third-quarter 2016 results

	Three month ended September 30,	
	2016	2015
<i>(Unaudited; net profit in millions of dollars, share count in millions, EPS in dollars)</i>		
Adjusted EBITDA ⁽¹⁾	\$ 126.2	\$ 108.6
Profit from continuing operations excluding one-time non-cash	\$ 51.4	\$ 11.0
Profit from continuing operations	\$ 724.5	\$ 11.0
Profit for the period excluding one-time noncash	\$ 56.0	\$ 12.9
Profit for the period	\$ 660.4	\$ 12.9
Shares outstanding	1,154	1,154
Earnings per share (EPS)	\$ 0.57	\$ 0.01

- Third-quarter 2016 Adjusted EBITDA was \$126.2 million, up 16% from \$108.6 million in the same period of 2015. The increase of \$17.6 million was mainly due to:
 - Income related to the Sonora pipeline Guaymas – El Oro segment
 - Start of operations of the Los Ramones Norte pipeline in February 2016 and the third segment of the Ethane pipeline in December 2015
- Excluding one-time non-cash effects of the US\$673.1 million gain related to the remeasurement to fair value of our previously held 50% in Gasoductos de Chihuahua and the after-tax impairment charge of US\$68.7 million related to Termoeléctrica de Mexicali power plant, third quarter of 2016 profit was US\$56.0 million, compared with US\$12.9 million in the same period of 2015. The increase is mainly due to lower income tax expense, income related to Sonora pipeline Guaymas – El Oro segment, and mark-to-market losses on an interest rate swap in 2015

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

Gas segment pre-tax profit

Excluding one-time noncash effects	Three month ended	
	September 30,	
	2016	2015
<i>(Unaudited; dollars in millions)</i>		
Gas segment profit before income tax and share of profits of the joint venture	\$ 81.2	\$ 57.6

	Three month ended	
	September 30,	
	2016	2015
<i>(Unaudited; dollars in millions)</i>		
Gas segment profit before income tax and share of profits of the joint venture	\$ 754.3	\$ 57.6

- In the third-quarter of 2016, Gas segment profit before income tax and share of profits of joint venture, excluding the one-time non-cash effect was US\$81.2 million, compared with US\$57.6 million in the same period of 2015. The difference is mainly due to US\$12.8 million of income related to the Sonora pipeline Guaymas – El Oro segment
- In the third-quarter of 2016, Gas segment profit before income tax and share of profits of joint venture was US\$754.3 million, compared with US\$57.6 million in the same period of 2015. The difference is mainly due to the one-time non-cash gain of US\$673.1 million related to the remeasurement to fair value of our previously held 50% in Gasoductos de Chihuahua and US\$12.8 million income related to the Sonora pipeline Guaymas – El Oro segment

Project updates

Project	CapEx (USD, millions)	Target COD ¹	Contract Term	Update
Wholly-owned projects				
Sonora pipeline (Guaymas-El Oro segment)	\$1,000	Q1 2017	25 years	<ul style="list-style-type: none"> • Under construction
Ojinaga – El Encino pipeline	\$300	Q1 2017	25 years	<ul style="list-style-type: none"> • Under construction • On time and on budget
San Isidro – Samalayuca pipeline	\$110	Q1 2017	25 years	<ul style="list-style-type: none"> • Under construction • On time and on budget
Empalme Lateral	\$11	Q2 2017	21 years	<ul style="list-style-type: none"> • Engineering and procurement activities in progress • On time and on budget
Joint venture projects				
Texas – Tuxpan (Marine pipeline)	\$2,100	Q4 2018	25 years	<ul style="list-style-type: none"> • Materials and construction contracts: off-shore in place; finalizing on-shore • On time and on budget

(1) Commercial Operations Date

New business development

Electric Power Transmission Bid (A)

- On October 10, 2016, CFE published the preliminary bid bases for a US\$1.2 billion transmission line project to connect Sureste – Centro (Southeast to Center)
- Definitive bid bases are scheduled to be issued by the end of the year with bids due in first half of 2017

Baja Sur Gas Tender (B)

- Open technology (pipeline, CNG, LNG)
- Bid date postponed to December 2016

Electric Energy Auction

- The next electric energy auction is scheduled for April 2017



Summary

- Awarded US\$150 million new renewable energy projects
- Announced US\$375 million acquisition of wind generation facility
- Closed US\$1.1 billion acquisition of gas and liquids assets
- Executed successful equity follow-on to position company for future growth
- Continued strength in operations; financial results in-line
- Progress in construction activities
- Focused on executing our growth strategy

