

# Third Quarter 2017 Financial Results

October 25, 2017

# Information regarding forward-looking statements

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# Agenda

- Third-quarter 2017 financial results
- Project status
- New business development
- M&A

# Third-quarter 2017 financial results

	Three months ended September 30,	
	2017	2016
<i>(Unaudited; net profit in millions of dollars, share count in millions, EPS in dollars)</i>		
Adjusted EBITDA <sup>(1)</sup>	\$ 209	\$ 126
Profit (loss) for the period	\$ 127	\$ 660
Shares outstanding (weighted average)	1,534	1,154
Earnings per share (EPS)	\$ 0.08	\$ 0.57

- Third-quarter 2017 Adjusted EBITDA was US\$209 million, up 65% from US\$126 million over the third-quarter of 2016. The increase of US\$83 million was mainly due to the acquisitions of Gasoductos de Chihuahua and Ventika, and the start of operations of the Sonora pipeline Guaymas – El Oro segment, San Isidro – Samalayuca, Ojinaga – El Encino, and Empalme lateral pipelines
- Third-quarter 2017 profit was US\$127 million dollars, compared with US\$56 million in the same period of 2016
  - These numbers exclude the non-cash gain of US\$673 million related to the remeasurement to fair value of the previously held 50% interest in Gasoductos de Chihuahua and the after-tax impairment charge of US\$69 million related to Termoelectrica de Mexicali power plant in the third-quarter 2016
  - The increase of US\$71 million was mainly due to the Adjusted EBITDA drivers mentioned above

(1) Adjusted EBITDA includes proportional share of EBITDA from joint ventures and the Adjustment EBITDA from discontinued operations

# Gas segment pre-tax profit

<i>(Unaudited; dollars in millions)</i>	Three months ended September 30,	
	2017	2016
Gas segment profit before income tax and share of profits of the joint venture	\$ 136	\$ 754

- Third-quarter 2017 Gas segment profit before tax and share of profits of joint venture was US\$136 million, compared with US\$81 million in the same period of 2016, excluding the previously mentioned non-cash gain
- The increase of US\$55 million is mainly due to:
  - US\$50 million from the acquisition of the remaining 50% of Gasoductos de Chihuahua on September 26, 2016
  - US\$11 million from the start of operations of the Sonora pipeline Guaymas – El Oro segment, San Isidro – Samalayuca, Ojinaga – El Encino pipeline, and Empalme lateral pipelines
  - Partially offset by US\$6 million of operating and other expenses

# Power segment pre-tax profit

<i>(Unaudited; dollars in millions)</i>	Three months ended September 30,	
	2017	2016
Power segment profit (loss) before income tax and share of profits of the joint venture	\$ 8	\$ -

- In the third-quarter of 2017, Power segment profit before income tax and share of profits from the joint venture was US\$8 million from the Ventika wind generation facility, which was acquired on December 14, 2016

# Project updates

Project	CapEx (USD, millions)	Target COD <sup>1</sup>	Contract Term	Update
<b>Wholly-owned projects</b>				
Pima Solar	\$115	Q4 2018	20 years	• Starting construction activities
Rumorosa Solar	\$50	Q2 2019	15 and 20 years	• Starting construction activities
Veracruz marine storage terminal	\$155	Q4 2018	10 years*	• Engineering and procurement activities in progress
Mexico City & Puebla in- land storage terminals	\$120	1H 2019	10 years*	• Engineering and procurement activities in progress
<b>Joint venture projects</b>				
Texas – Tuxpan (Marine pipeline)	\$2,100	Q4 2018	25 years	• Under construction
Tepezalá II Solar	\$100	Q2 2019	15 and 20 years	• Starting construction activities

(1) Commercial Operations Date

\* With potential extension

# New business development

## Hydrocarbon storage terminals

- In July 2017, IEnova was awarded a 20-year concession by the Port of Veracruz to build and operate a marine terminal for the receipt, storage, and delivery of hydrocarbons (primarily gasoline, diesel, and jet fuel)
- In August 2017, IEnova signed long-term firm capacity contracts with Valero at the marine terminal in the new Port of Veracruz and at two in-land terminals in Puebla and Mexico City
- IEnova will be responsible for the implementation of the projects, including permitting, engineering, procurement, construction, operation, maintenance, financing, and providing services
- Approximately US\$275 million investment for the three terminals
- Commercial operations date: 2H 2018 / 1H 2019



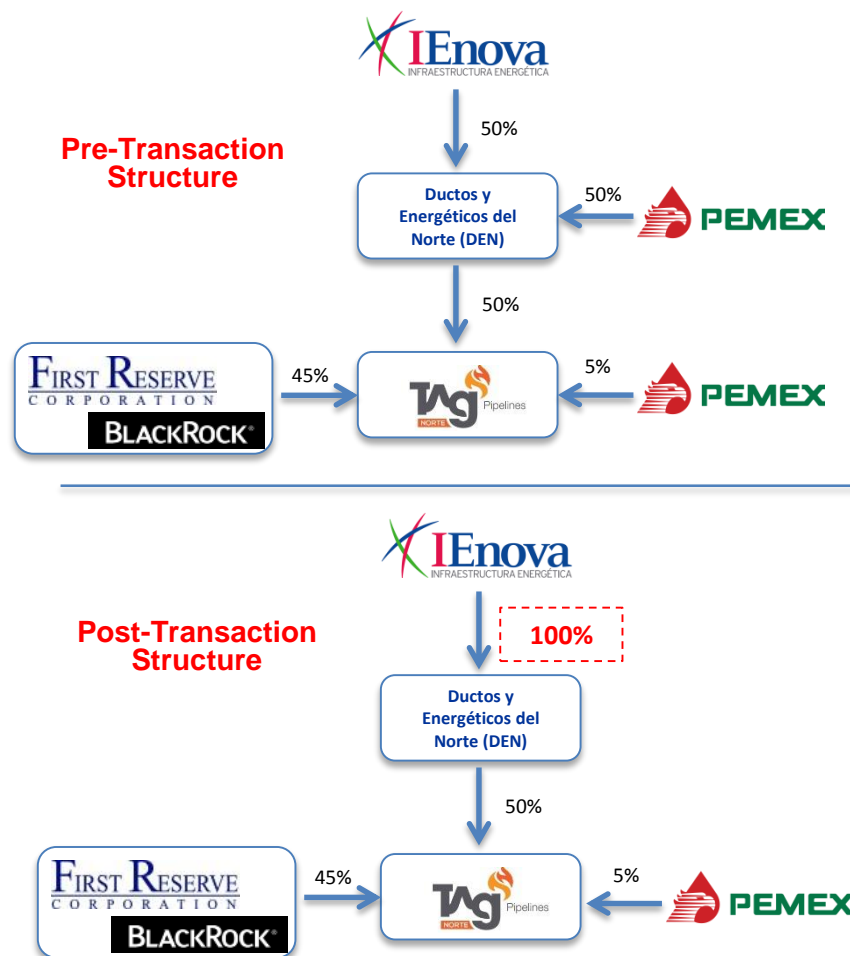
**Valero**, a *Fortune 50* company, is a manufacturer and marketer of transportation fuels and other petrochemical products based in San Antonio, Texas. With approximately 10,000 employees, its assets include 15 petroleum refineries with a combined throughput capacity of approximately 3.1 million barrels per day and 11 ethanol plants with a combined production capacity of approximately 1.4 billion gallons per year



# Mergers & Acquisitions

## Acquisition of Pemex Transformación Industrial's participation in "Ductos y Energeticos del Norte" ("DEN")

- On October 6, 2017, IEnova announced its acquisition of Pemex Transformación Industrial's participation in DEN
- After closing, IEnova will increase its indirect participation in the Los Ramones Norte pipeline from 25% to 50%
- Purchase price is estimated to be US\$520 million
  - US\$231 million cash at closing (subject to customary post-closing adjustments)
  - Assumption of US\$289 million outstanding debt
- Closing of the transaction is subject to regulatory approvals



# Summary

- Continued strength in operations; financial results in-line
- Executed a long-term capacity contract with Valero for three liquid storage terminals
- Announced the acquisition of DEN / Los Ramones Norte pipeline
- Progress on construction activities
- Focused on executing our growth strategy and diversifying our portfolio

