

Fourth Quarter 2014 Financial Results

February 26, 2015

Information regarding forward-looking statements



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Outline

- 2014 highlights
- Fourth-quarter 2014 financial results
- Status of projects under development and construction
- Announced natural gas pipeline project tenders
- Update of liquefaction project at Energía Costa Azul
- 2015 Guidance

2014 accomplishments and highlights

Execution: on-time and on-budget

- First segment of Sonora pipeline placed in-service on October 1
- Los Ramones 1 pipeline placed in-service on December 1
- Remaining projects under construction proceeding according to plan
- Achieved annual safety measurements better than OSHA industry standards

Financings: ESJ and Ramones Norte

- Completed project financing at Energía Sierra Juárez wind project and closed the sale of 50% of the project to InterGen
- Completed project financing at Los Ramones Norte pipeline

New contracted growth project: Ojinaga-El Encino

- Awarded new \$300 million pipeline project located between the Texas-Chihuahua border and El Encino, Chihuahua
- 25-year, take-or-pay, dollar-denominated contract
- Expected commercial operations date 1Q-2017

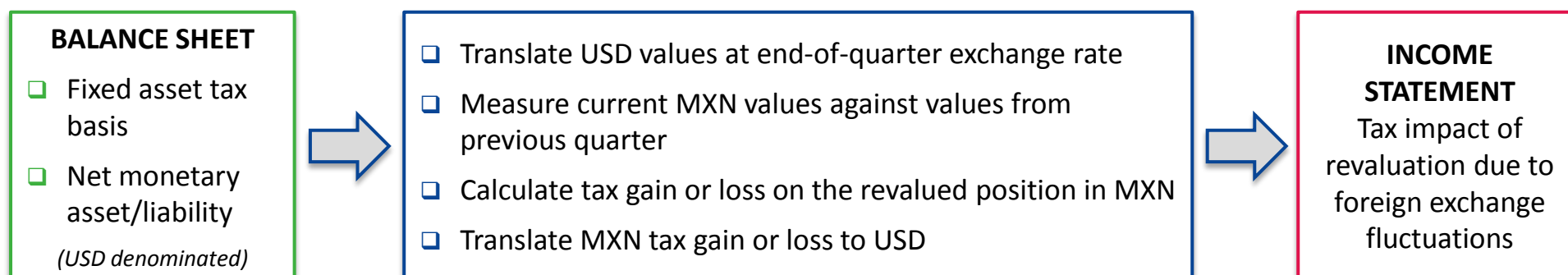
Fourth-quarter 2014 results

	Three months ended		Twelve months	
	December 31,		December 31,	
<i>(Unaudited; net profit in millions of dollars, share count in millions, EPS in dollars)</i>	2014	2013	2014	2013
Adjusted EBITDA ⁽¹⁾	\$ 91	\$ 65	\$ 337	\$ 303
Profit (loss) for the period	\$ (12)	\$ 5	\$ 137	\$ 142
Shares outstanding	1,154	1,154	1,154	1,154
Earnings per share (EPS)	\$ (0.01)	\$ 0.00	\$ 0.12	\$ 0.12

- Fourth-quarter 2014 Adjusted EBITDA was \$91 million, compared to \$65 million in 2013, and full-year 2014 Adjusted EBITDA was \$337 million compared to \$303 million in 2013; the increase in both periods was mainly due to:
 - Start-up of the Sásabe-Puerto Libertad segment of the Sonora pipeline project
 - Improved results at the TDM power plant
- Loss for the fourth-quarter 2014 was \$12 million, compared to a gain of \$5 million in the same period of 2013 and profit for the full-year 2014 was \$137 million compared to \$142 million in 2013; the decrease in both periods was mainly due to:
 - Higher income tax expense
 - Partially offset by higher earnings due to the start of operations of the Sásabe-Puerto Libertad segment of the Sonora pipeline project and improved results at the TDM power plant

(1) Adjusted EBITDA includes proportional share of EBITDA from joint ventures

Foreign exchange effects on income tax



Tax Impacts of Foreign Exchange and Inflation under IFRS

	Net Monetary Position		Fixed Assets
	Assets	Liabilities	
Peso Devaluation	<TAX EXPENSE>	<TAX BENEFIT>	<TAX EXPENSE>
Peso Appreciation	<TAX BENEFIT>	<TAX EXPENSE>	<TAX BENEFIT>
Mexico Inflation	<TAX BENEFIT>	<TAX EXPENSE>	<TAX BENEFIT>

2014 Aggregate Effective Tax Rates

	First quarter	Second quarter	Third quarter	Fourth quarter
Income tax rate	24%	28%	29%	49%
Cash tax rate	24%	27%	26%	30%

Gas segment pre-tax profit

	Three months ended		Twelve months ended	
	December 31,		December 31,	
<i>(Unaudited; dollars in millions)</i>	2014	2013	2014	2013
Gas segment profit before income tax and share of profits of the joint venture	\$ 55	\$ 49	\$ 224	\$ 203

- Gas segment profit before tax and share of profits of joint venture increased to \$55 million for the fourth-quarter 2014, compared to \$49 million in the same period of 2013, mainly due to the start of operations of the Sásabe-Puerto Libertad segment of the Sonora pipeline project
- Full-year 2014 profit before income tax and share of profits of the joint venture was \$224 million, compared to \$203 million in 2013 mainly due to capitalization of interest expense and the start of operations of the Sásabe-Puerto Libertad segment of the Sonora pipeline project

Power segment pre-tax profit

	Three months ended		Twelve months ended	
	December 31,		December 31,	
<i>(Unaudited; dollars in millions)</i>	2014	2013	2014	2013
Power segment profit (loss) before income tax	\$ (3)	\$ (5)	\$ 39	\$ (0.6)

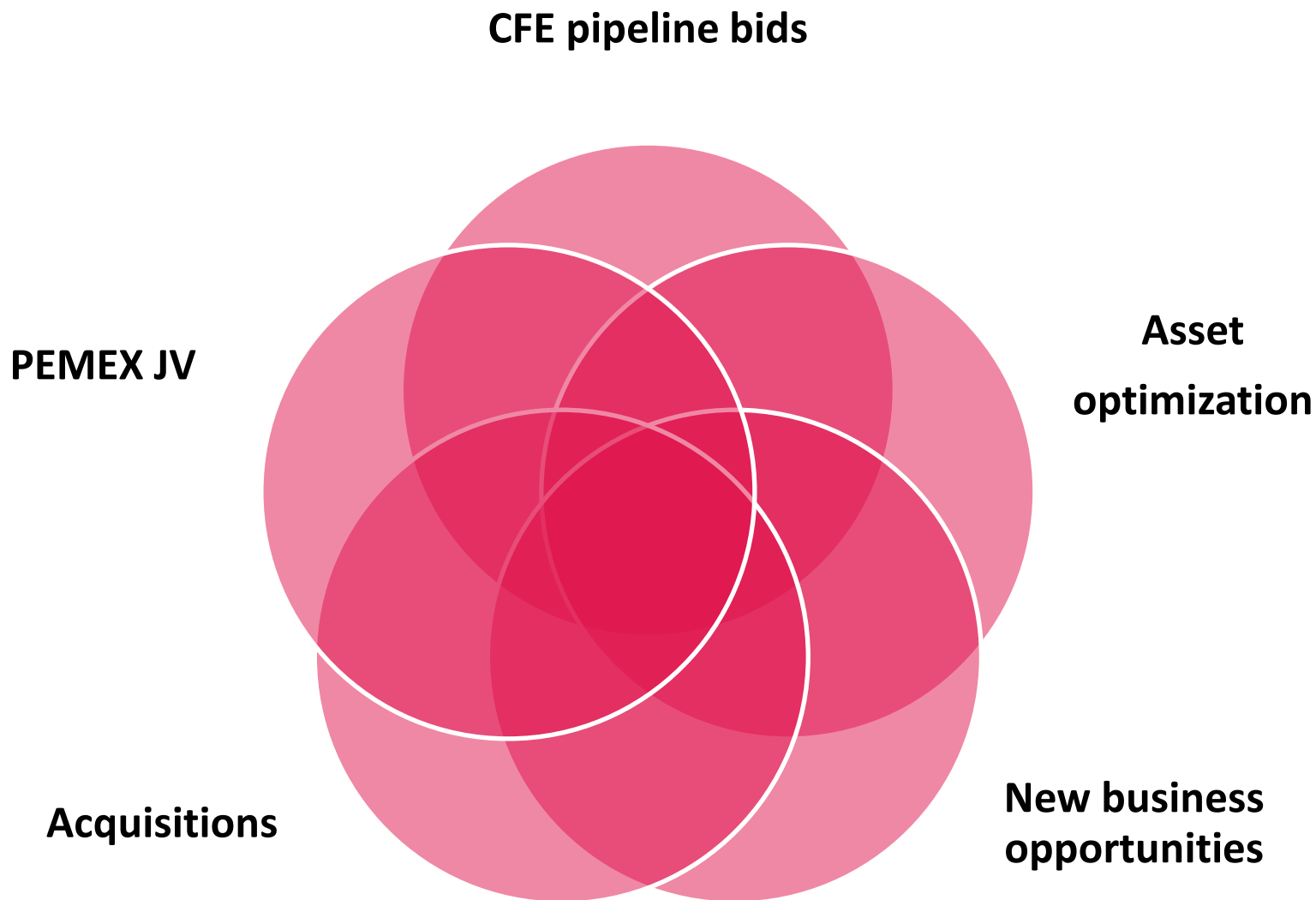
- Power segment loss before income tax and share of profits of joint venture was \$3 million in the fourth-quarter 2014, compared to a loss of \$5 million in the fourth-quarter 2013 due to lower scheduled maintenance expense at the TDM power plant
- Full-year 2014 profit before income tax and share of profits of joint venture for the Power segment was \$39 million, compared to a loss before income tax of \$0.6 million in 2013 due to improved results at the TDM power plant and the gain on the sale of our 50-percent equity interest in the first phase of the Energía Sierra Juárez wind generation project

Project Updates

Project	CapEx (USD, millions)	Target COD ¹	Contract Term	Update
Wholly-owned projects				
Sonora pipeline	\$1,000	In-service Q3 2016	25 years 25 years	<ul style="list-style-type: none"> Construction proceeding on schedule Sásabe-Puerto Libertad segment initiated operations on 1-October
Ojinaga – El Encino pipeline	\$300	Q3 2017	25 years	<ul style="list-style-type: none"> Construction activities to commence in the second half of 2014
Joint venture projects				
Los Ramones I pipeline	\$500	In-service	25 years	<ul style="list-style-type: none"> 50% indirect IEnova interest
Los Ramones Norte pipeline	\$1,400	Q4 2015	25 years	<ul style="list-style-type: none"> 25% indirect IEnova interest Construction proceeding according to plan Project financing closed on Q4 2014
Ethane pipeline	\$330	Q1 2015	21 years	<ul style="list-style-type: none"> 50% indirect IEnova interest Segment 1 in-service, segment 2 in pre-commissioning Segment 3 will be placed in-service in April
Energía Sierra Juárez (ESJ) wind generation	\$300	Q1 2015	20 years	<ul style="list-style-type: none"> 50% indirect IEnova interest Expected to begin operations in March

(1) Commercial Operations Date

Components of IEnova growth strategy



Remaining announced natural gas projects in Mexico

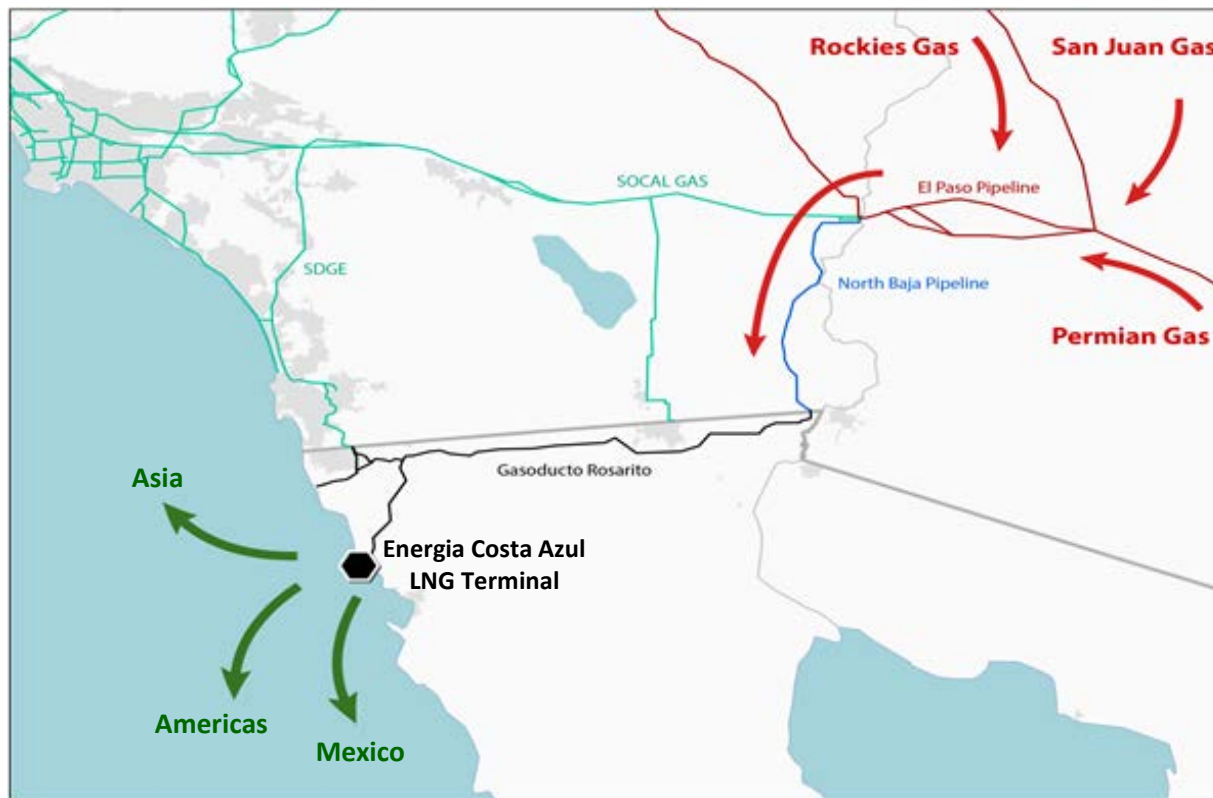
Project	CFE CapEx Estimate (USD millions)
1 San Isidro - Samalayuca	100
2 Tuxpan - Tula	400
3 Samalayuca - Sasabe	825
4 Colombia - Escobedo	370
5 Baja Sur	600
6 Merida - Valladolid-Cancun	460
7 Texas - Tuxpan (marine pipe)	3,000
8 Tula - Villa de Reyes	420
9 Jaltipan - Salina Cruz (Pemex)	640
10 Ramones - Cempoala (Pemex)	2,000
11 Villa Reyes – Aguascalientes - Gdl	545
12 La Laguna - Aguascalientes	885
13 Lazaro Cardenas - Acapulco	450
14 Salina Cruz - Tapachula	435
TOTAL	11,030



Asset optimization: ECA

Background

- Our Energía Costa Azul (ECA) LNG regasification terminal is located in Ensenada, near the California border
- The facility is fully contracted under long-term, take-or-pay, dollar-denominated contracts
- ECA can be the first liquefaction project on the west coast of North America and the project is ideally positioned to serve markets surrounding the Pacific Basin



MOU with PEMEX and Sempra LNG

- Agreement to collaborate on the development of a liquefaction project at ECA
- PEMEX and Sempra LNG bring their strong experience in the North American and global natural gas markets

Indicative project timeline

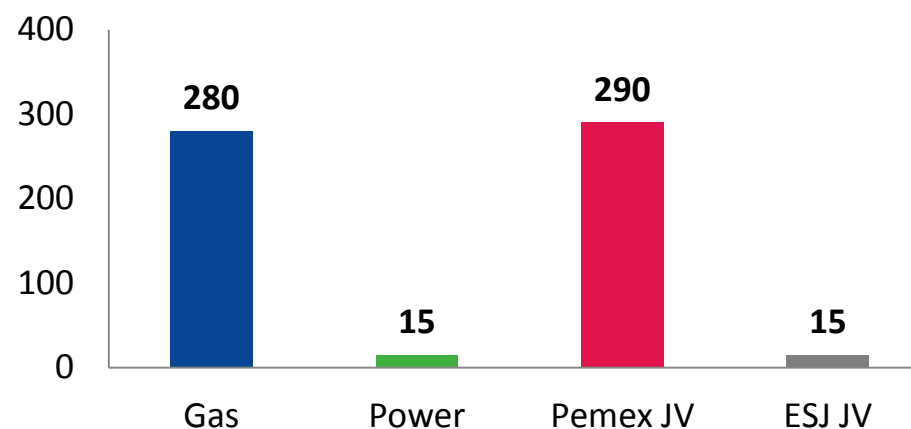


2015 EBITDA guidance and CapEx plan

Guidance			
(USD, millions)	Low		High
2015 Adjusted EBITDA	425	-	445
Guidance range includes the following assumptions:			
Gas segment	265	-	272
Power segment	31	-	38
Corporate	-2	-	-2
Adjustment for 50% interest in EBITDA of Pemex JV	112	-	116
Adjustment for 50% interest in EBITDA of InterGen JV	19	-	21

2015 CapEx Plan

(USD, millions)



Summary

- Accomplished 2014 financial goals
- Strong performance in operations and safety
- Began operations at the first segment of Sonora pipeline and Los Ramones I pipeline
- Awarded new \$300 million pipeline project (Ojinaga – El Encino)
- Completed project financing at Los Ramones Norte pipeline
- Signed MOU with PEMEX and Sempra LNG to develop liquefaction project at ECA

Appendix

Ojinaga - El Encino pipeline project

Project overview

- In December 2014, IEnova was awarded the Ojinaga-El Encino pipeline project by the CFE
- Natural gas transportation pipeline connecting the future Waha-Presidio pipeline at the U.S. border to El Encino in the state of Chihuahua
- 25-year, take-or-pay, dollar-denominated contract with the CFE
- 42-inch diameter, 205 km (127 mi)
- 1,356 MMCFD of transportation capacity
- ~ US\$300 million of investment
- Commercial operations date first-half 2017



