



Earnings Release 1Q20

CFE FIBRA E





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Dear Investors,

It is an honor for me to address you on behalf of the CFECapital team (CFECapital, S. de R.L. de C.V.) in our capacity as Trustee and Administrator, duly constituted and validly existing in accordance with the laws of Mexico, to present the Performance Report of CFE FIBRA E (Irrevocable Trust Number CIB/2019) corresponding to the 1Q20. The most relevant events for CFE holding and the electrical industry during the months of January, February and March are presented below.

Regarding the electricity transmission sector, it is important to mention the publication on February 1st of the Federal Electricity Commission (CFE), whereas the CEO announced an estimated investment of 4.3 billion pesos (MXN) for the Integral *Yucatán* Energy Program, which will promote the construction of six projects to strengthen the electricity generation and transmission sectors for this region during the period 2020-2024. Additionally, Noe Peña -CEO of CFE *Transmisión*-, in his report of results to the Board of Directors, reiterated that he will contribute to satisfy the growing demand for electrical energy and avoid interruptions in the energy supply. To deter losses, 3.6 million anomalies in measurement equipment will be addressed and 1.3 million regulators will be modernized, as well as strengthening power generation in the country. This intervention aims to achieve the goal of reducing electrical inefficiency by 9.99% by the end of 2020 and increasing the volume of billed energy, growing by consequence the income of the Promoted Trust and therefore, CFE FIBRA E.

In the international situation, since the beginning of the year there has been an exponential problem of uncertainty and volatility in financial markets, mainly caused by the pandemic caused by COVID-19. Added by the fall in international oil prices, has generated negative effects on the global economy and sharp falls in the main Stock Exchanges around the world. In Mexico, these conditions have pushed down the exchange rate and undermined the performance of the Mexican economy. Due to the exogenous conditions mentioned previously, in the first quarter of 2020, the Mexican Stock Exchange (BMV) has experienced strong setbacks in most of its broadcasters, including FIBRAS sector. Notwithstanding, we expect a speedy recovery from the CFE FIBRA E given that it is a reliable instrument that is anchored to the collection rights for electric transmission service, an exclusive activity of CFE, which has stable flows and has provided increasing distributions to investors year after year.

In relation to the results of the first quarter of 2020 (1Q20) of CFE FIBRA E, the distribution was announced in March 20, and carried out on March 31st, 2020. The Technical Committee of the Promoted Trust approved an amount to be distributed of 721,060,362 MXN for the holders of the Fiduciary Certificates in Electric Power and Infrastructure (CBFEs), of both (Series "A" and Series "B"), equal to 0.6338 MXN per CBFE. It included the Minimum Quarterly Distribution (0.575 MXN/CBFE), and an additional amount, distributed pro-rata of 0.0588 MXN per CBFE for both series.

This first distribution covered a total of 13 weeks of operation and behaved according to the seasonality of the electricity demand of the sector. Compared to the equivalent period of the previous year, there is a 3.11% increase in distribution

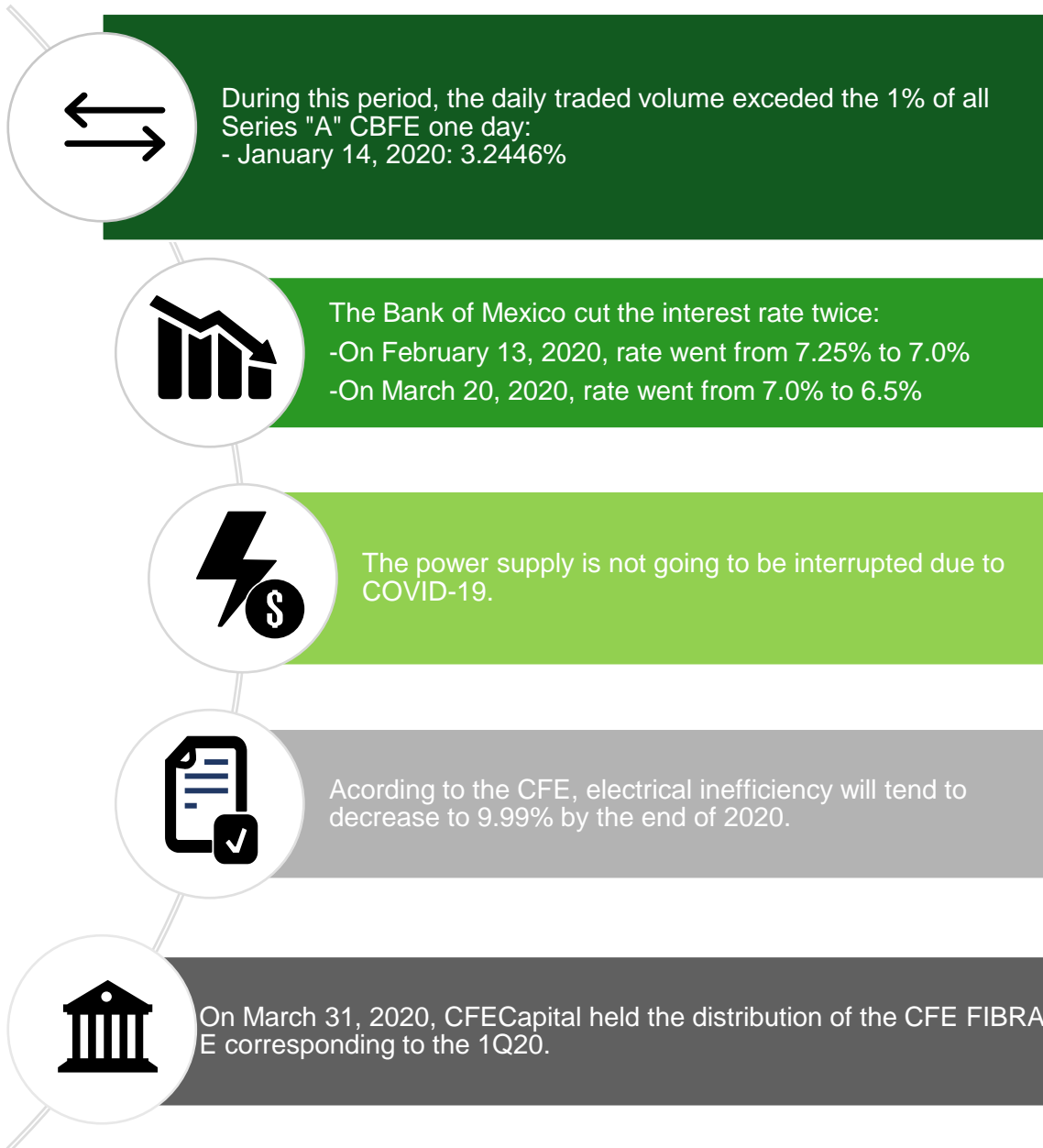
The report includes the criteria for compliance with the tax regulations of the investment regime, the tax treatment of distributions, information on account statements, investment indicators and reimbursements for the maintenance and operation of the National Transmission Grid (RNT).

To conclude, I inform that CFECapital team has integrated to the CFE structure with the aim of advising and contributing the team's knowledge to projects that generate value for the holding. I am confident that this collaboration will generate positive externalities for CFECapital and for CFE FIBRA E. We continue to work for presenting, promoting and explaining the advantages of financing infrastructure projects through alternative capital instruments, such as CFE FIBRA E.

Sincerely,

José Arturo Cerón Vargas
CFECapital CEO

1. Relevant events for CFE FIBRA E during the 1Q20



2. Quarterly financial statements

2.1 Promoted Trust

Table 1. Account balance Promoted Trust as March 31, 2020
(Million MXN)

	January	February	March	1Q20
Initial balance	3,132.02	7,359.01	11,221.47	
+ Collection payments	6,420.69	5,431.31	5,630.38	17,482.38
- Withdrawals	2,220.64	1,611.64	2,323.24	6,155.52
- Distribution to holders	-	-	10,960.78	10,960.78
Gross balance	7,332.07	11,178.69	3,567.82	
+ Interest	33.53	50.76	51.85	136.14
- Interest tax	6.60	10.18	10.60	27.38
Final balance	7,359.01	11,219.26	3,609.08	
Accrued Interest	0.00	2.21	-2.21	
Final balance	7,359.01	11,221.47	3,606.87	

Source: CFECapital. Rounded Figures.

Table 1 shows the balance for the Promoted Trust started this period with 3,132.02 million MXN. In the previous table, detail for each month of this period can be seen. Additionally, in the last column the following totals are found to be most relevant: The collection payments accumulate to 17,482.38 million MXN, the withdrawals summed up 6,155.52 million MXN and the distribution was of 10,960.78 million MXN.

2.2 Issuer Trust

Table 2. Account balance Issuer Trust as March 31, 2020
(Million MXN)

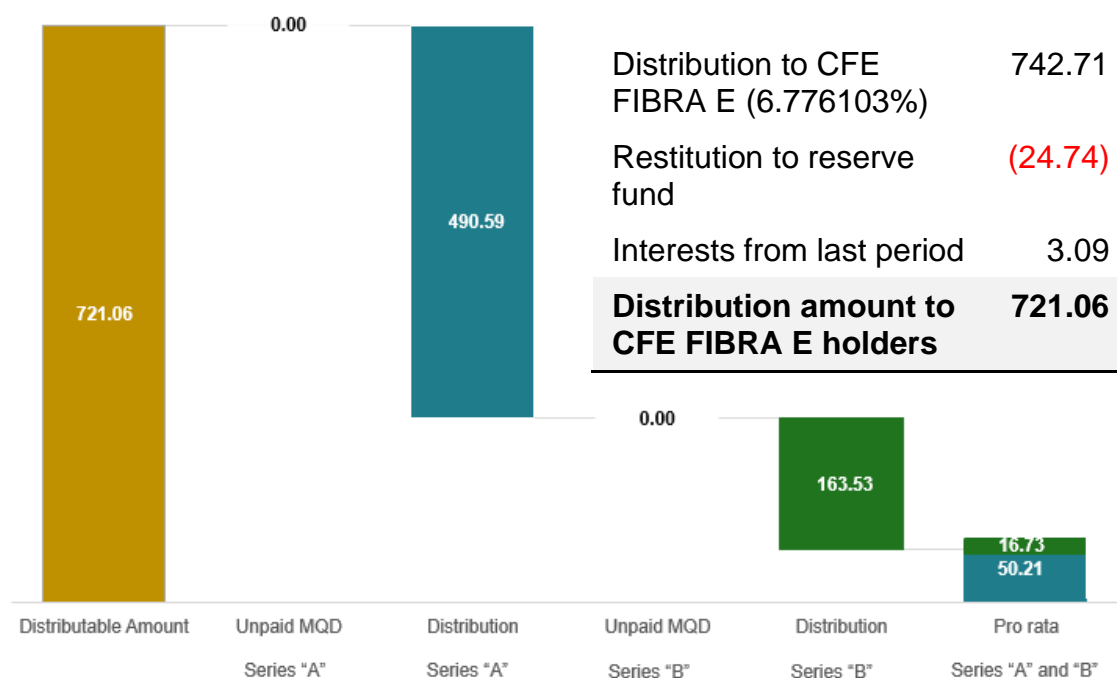
	4Q2019	January	February	March	1Q20
Initial Balance		45.2	22.19	21.67	
+ Promoted trust distribution	930.16	-	-	742.71	742.71
- Distribution to holders	918.66	-	-	721.06	721.06
- Trust Expenses	14.92	23.17	0.64	1.48	25.29
Gross balance		22.03	21.56	41.85	
+ Interest	3.17	0.16	0.11	1.58	1.85
Final balance		22.19	21.67	43.32	
Accrued interest	-	-	-	-	
Portfolio value		22.19	21.67	43.32	

Source: CFECapital. Rounded Figures.

The balance for the Issuer Trust, that is shown in Table 2, started this quarter with 45.20 million MXN. As it can be seen in the Table 2, the total amount distributed among the CFE FIBRA E CBFES holders was 721.06 million MXN.

3. CFE FIBRA E distribution 1Q20

Diagram 1. Amount distributed 1Q20
(Million MXN)



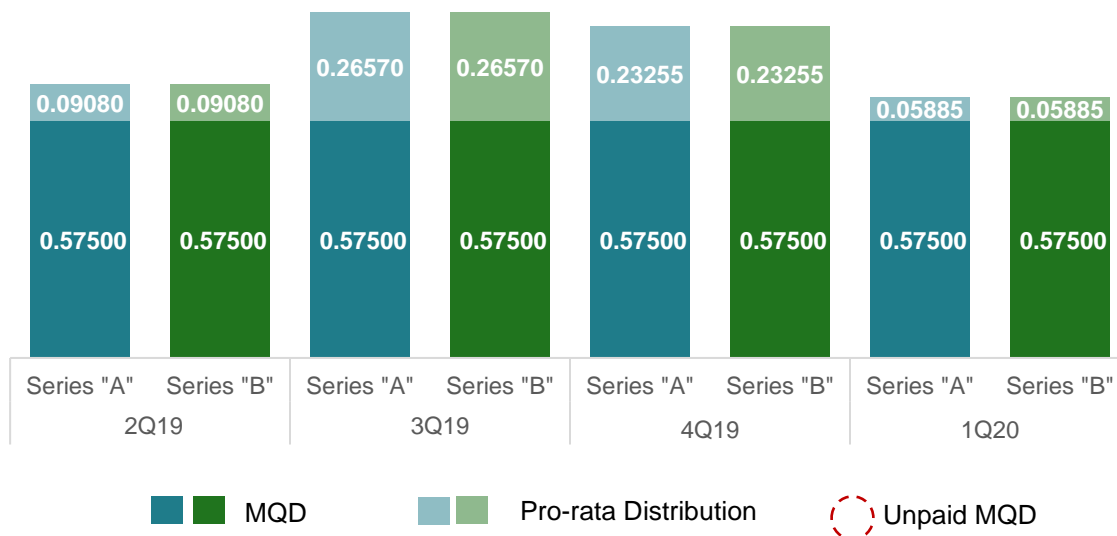
Source: CFECapital. All information includes VAT. Rounded figures.

The amount distributed for 1Q20 accounted for a total of 13 weeks of operations, from December 1, 2019 to February 29, 2020.

The distribution from the Promoted Trust was 742.71 million MXN, which after the reimbursement of management expenses of CFECapital and the interests earned from the previous period, resulted in an amount to be distributed to CBFE (*Certificado Bursátil Fiduciario de Inversión en Energía e Infraestructura*) holders of 721.06 million MXN.

Diagram 1 shows the distribution process for the 1Q20 as stated in the Offering Memorandum for the CFE FIBRA E. This defines the Series "B" subordination to Series "A", which means that Series "A" has priority of payment for the Minimum Quarterly Distribution (MQD) of 0.575 MXN/CBFE for both series. Since there was not any unpaid MQD, the surplus of 0.0588469 MXN/CBFE was distributed on a pro rata basis for both Series. The result was a distribution of 0.6338469 MXN/CBFE for both Series "A" and Series "B".

Chart 1. CFE FIBRA E last 12-month distributions
(MXN per CBFE)



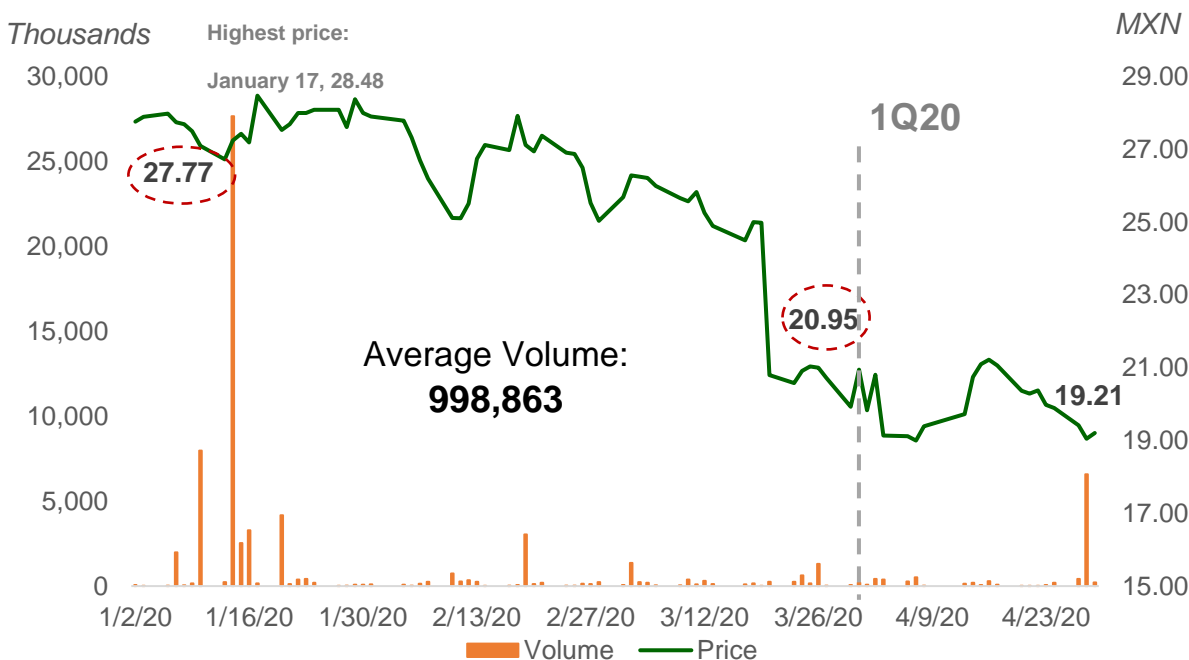
Source: CFECapital. Rounded figures.

Chart 1 shows the last four distributions for CFE FIBRA E. As explained previously in Diagram 1, for the last four periods there was no unpaid MQD, the MQD of 0.5750 MXN/CBFE was covered for both Series “A” and Series “B”, there was also a pro rata distribution. The behavior for the last four quarters can be explained by the seasonality of electricity consumption in Mexico explained in Chart 9.

As of March 31, 2020 with a close price of 20.95 MXN/CBFE and starting on April 1, 2019 with a close price of 17.62 MXN/CBFE, the last 12-month total return of CFE FIBRA E has been 35.63%, which includes capital gains of 18.90% and a dividend yield of 16.73% considering the last four distributions from CFE FIBRA E to CBFE holders.

4. CFE FIBRA E performance 1Q20

Chart 2. FCFE18 Price and volume for 1Q20



Note: **1Q20** Weighted Average Price: **\$26.85 MXN**

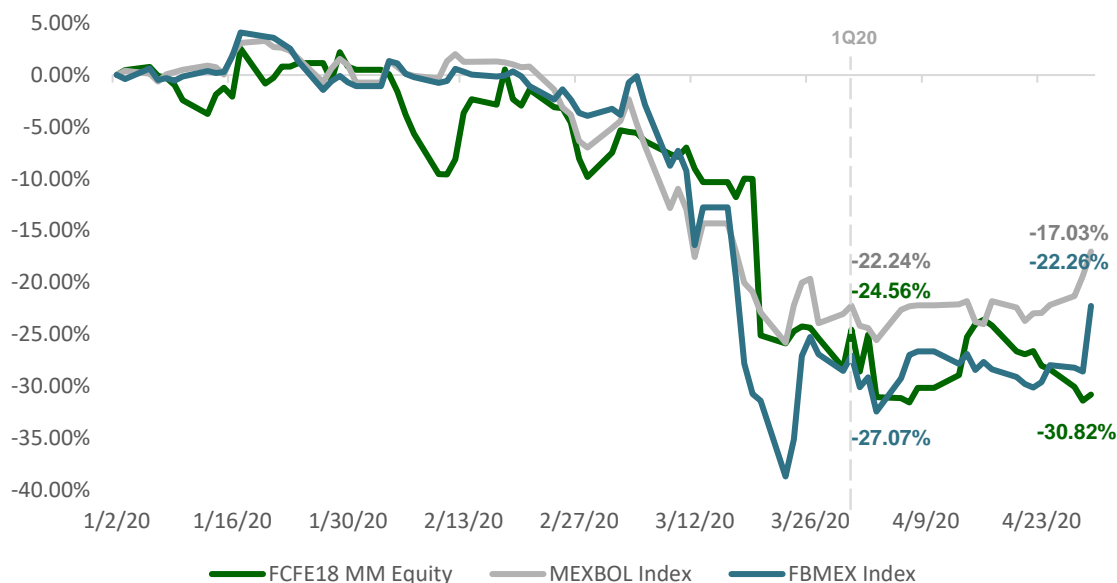
Source: CFECapital with information from Bloomberg.

Days with more than 1% of total CFBEs traded:

(1) January 14: 27,683,039 CFBEs

Chart 2 compares the price and volume for the CFE FIBRA E from January 2nd, 2020 up to April 29, 2020. During 1Q20 the weighted average price of the instrument was of 26.85 MXN showing the strengths of the instrument, even though the world is in economic crises attributable to the pandemic by COVID-19. We are optimistic that going forward the price will increase by the measures that CFE has in extending the Transmission Grid and lowering the average interruption duration. CFE FIBRA E closed price in April 29, was 19.21. During the corresponding period, the highest closed price during 1Q20 was 28.48 on January 17, 2020.

The instruments' trades exceeded 1% in the previous date listed, such event is considered relevant and CFECapital is mandated to inform investors. The document can be found in either the Mexican Stock Exchange (BMV) or CFECapital website (https://www.bmv.com.mx/docspub/visor/visorXbrl.html?docins=../eventfid/eventfid_981087_cib2919_1.zip or http://cfecapital.com.mx/wp-content/uploads/2020/01/20200114.-Volumen-alto-de-operaci%C3%B3n_VF.pdf).

Chart 3. FCFE18 and comparable Indexes 1Q20

Source: CFE Capital with information from Bloomberg.

Chart 3 shows the comparable growth for the CFE FIBRA E (FCFE18 MM Equity) against indexes such as the MEXBOL Index (includes the 35 most liquid companies in the Mexican Stock Exchange) and the FBMEX Index (reflects the behavior of the 10 main Real Estate Investment Trusts in Mexico).

During 1Q20, FCFE18 MM Equity showed a decline due to the lack of liquidity and uncertainty on markets. The MEXBOL Index also had a slowdown performance with a decrease of 22.24%, in which the start price was 44,437.23 MXN and the final price was 34,554.53 MXN. Finally, the FBMEX Index the start price was 253.43, the final price was 184.83 MXN, resulting in an 27.07% decrease.

From January 1st, 2020 until April 29, 2020 FCFE18 MM Equity, MEXBOL Index and FBMEX Index had a negative return, nevertheless, we expect a significant improvement due to the nature and strong fundamentals of FIBRA E.

Given the current global situation, there has been a series of events that has resulted in a lower investment and diminished business confidence, along with uncertainty surrounding in the world economy. FCFE 18 MM Equity, MEBOL Index and FBMEX, all have shown a decline due to COVID-19 and the decline of the price of petroleum (petroprices).

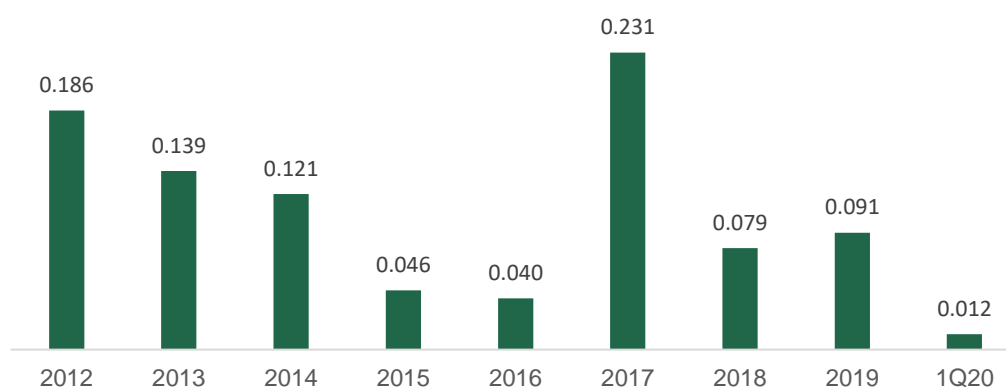
The shares of the CFE FIBRA E have faced a complex stage, which has lost (24%) this year as investors have sold risky assets to conserve cash. Bank of Mexico has lowered rates from 7.25% in early 2020 to 6.50% until the end of the first quarter of 2020 to activate the economy in the face of a possible slowdown caused by the virus.

There is a scenario of a drop in the economic growth rate (GDP) between 3% and 7%. In this context of economic instability and low rates, investors could see CFE as a profitable and safe asset due to its relatively predictable dividend distributions, in addition to the fact that some analysts consider that the electricity sector will grow around 1.5% this year, despite the fact that most of the economic sectors in Mexico will have negative growth.

There are fundamentals for a possible recovery in CFE certificates in the medium term, due to the restart of economic activities in the country.

5. Operating results of the transmission sector

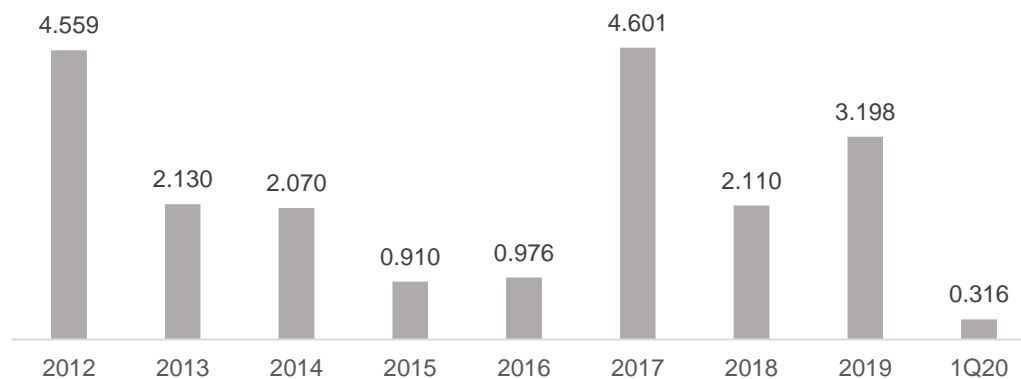
Chart 4. System Average Interruption Frequency Index
(interruptions)



Source: CFECapital with information from CFE Transmisión.

Chart 4 shows the index that corresponds to the average number of service interruptions due to failure in the National Transmission Grid (RNT) for a final user.

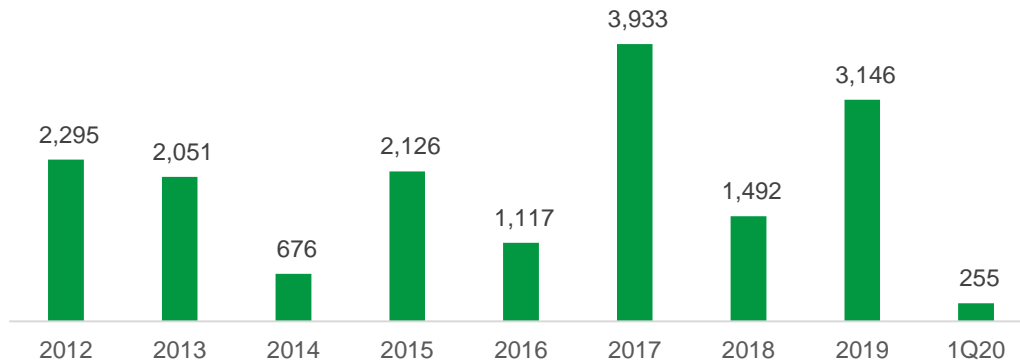
Chart 5. System Average Interruption Duration Index
(minutes)



Source: CFECapital with information from CFE Transmisión.

The index in Chart 5 shows the average interruption duration in minutes of electricity supply to a final user.

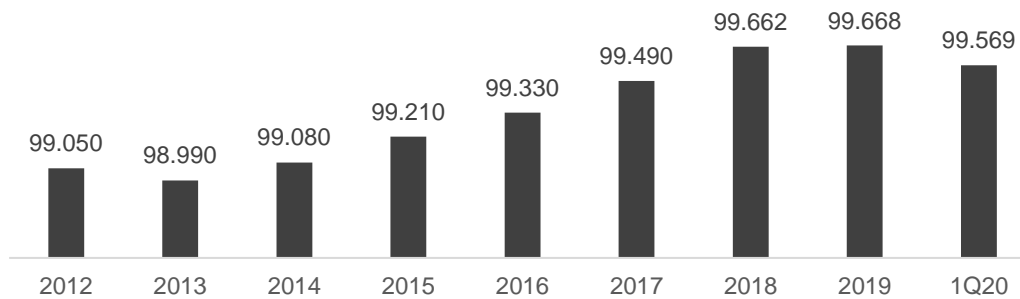
Chart 6. Energy not delivered
(MWh)



Source: CFECapital with information from CFE Transmisión.

The index in Chart 6 shows the energy not supplied to users due to interruptions for periods longer than five minutes that occur because of failures in the RNT. The units of measurement are megawatt-hour, or one thousand kilowatt-hours.

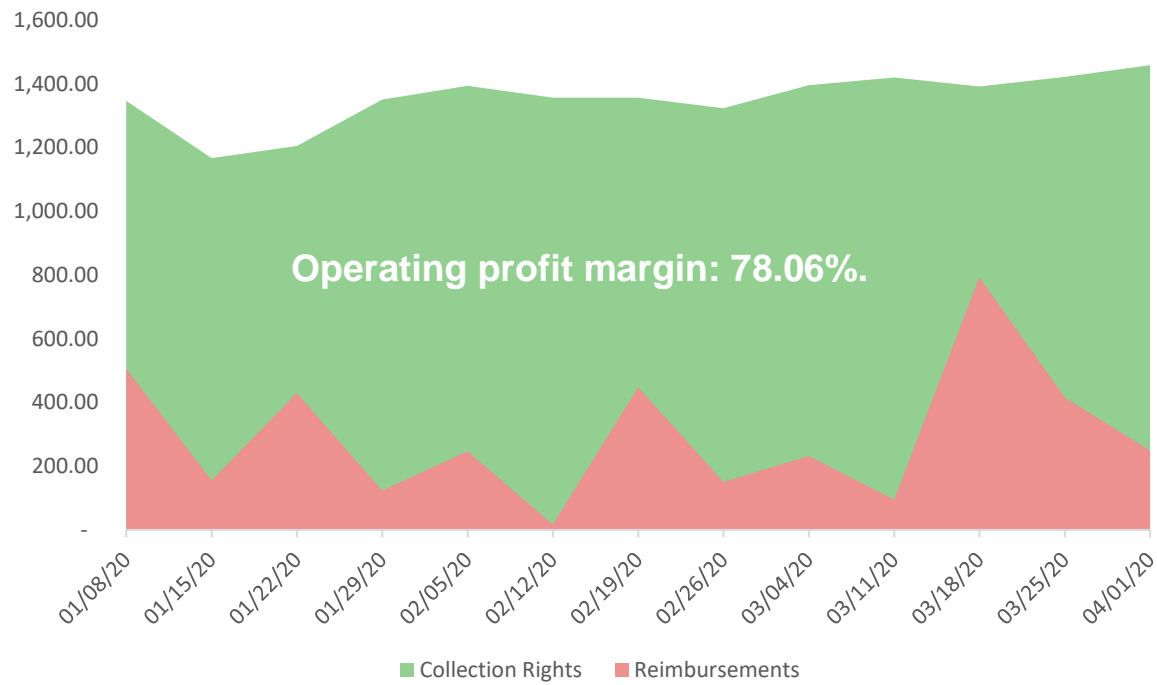
Chart 7. Transmission System Availability Index
(percentage)



Source: CFECapital with information from CFE Transmisión.

The index in Chart 7 shows the energy not supplied to users due to interruptions for periods longer than five minutes that occur because of failures in the RNT.

Chart 8. Collection rights and reimbursements to CFE Transmisión 1Q20
(Million MXN)



Source: CFE Transmisión and CFECapital.

Chart 8 explains the collection rights and reimbursements to *CFE Transmisión* during 1Q20. On average, **weekly collection rights** from January to March were 1,353.12 million MXN. During the same period, **average weekly reimbursements** were 296.93 million MXN, resulting in an **operating profit margin** for the period of 78.06%, which is calculated as profit once reimbursements have been subtracted from the collection rights.

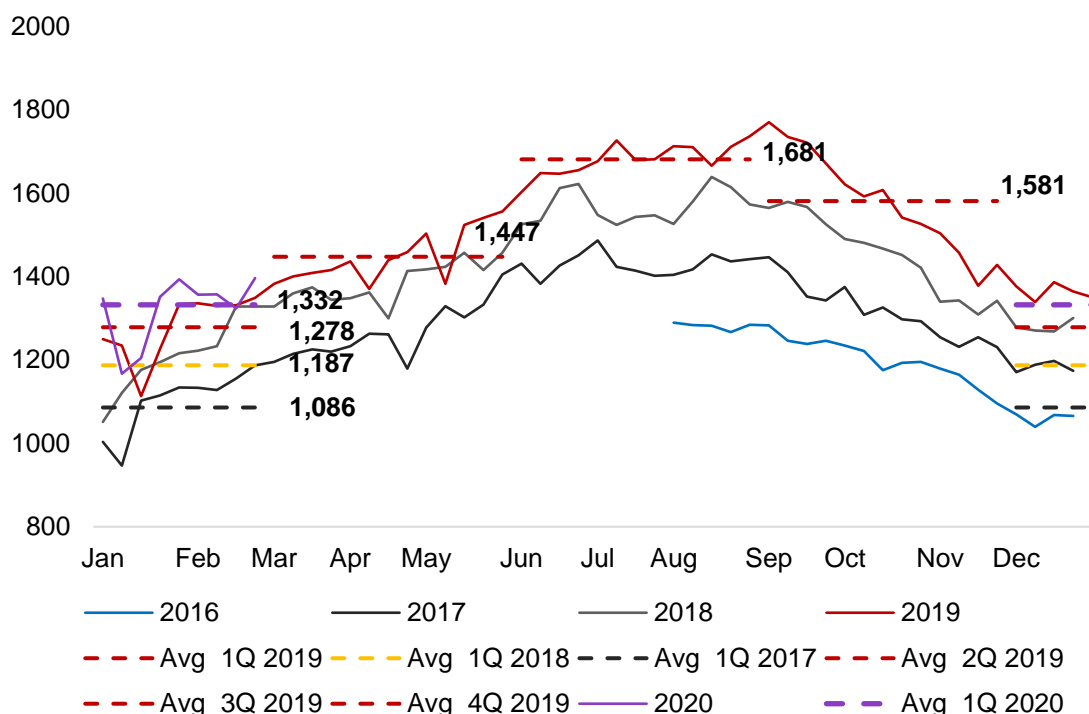
Table 3. Reimbursements made up to the end of 1Q20 vs Budget approved
(Million MXN)

Category	2020	1Q20	% Budget Utilization
Intercompany expenses	8,004	1,078.84	13.48%
Operation and maintenance	7,277	1,702.07	23.39%
Obligations expenses	3,638	902.17	24.80%
Major maintenance	1,521	177.05	11.64%
Trust expenses	17	1.53	8.90%
Financing costs	0	0	0.00%
Total	20,457	3,861.66	18.88%

Source: CFE Transmisión and CFECapital.

Table 3 compares the reimbursements made up to the end of the 1Q20 against the approved Budget of 20,457 million MXN. The equivalent of 18.88% was exercised, with total savings representing 11.12%, equal to 2,271.82 million MXN.

Chart 9. Weekly revenues of the Promoted Trust
(Million MXN)



Source: CFE Capital and Promoted Trust statement of account.

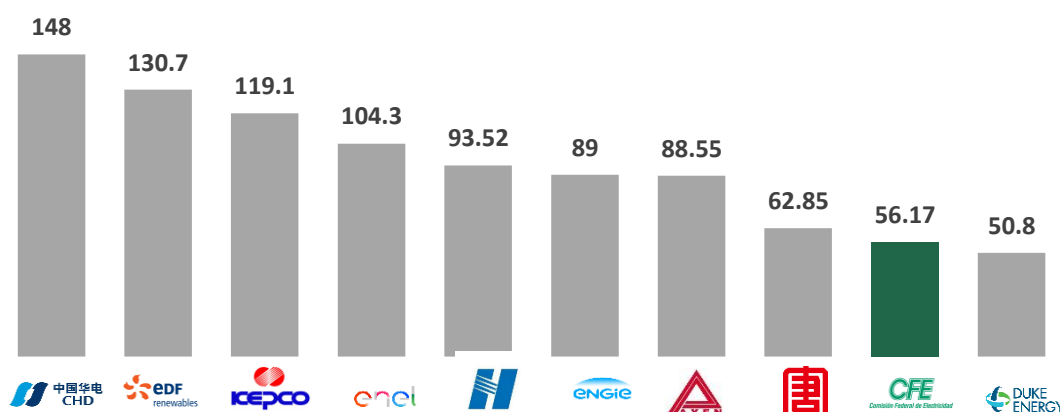
Note: Distribution 1Q19: December 1 to February 28; Distribution 2Q19: March 1 to May 31; 3Q19 Distribution: June 1 to August 31; Distribution 4Q19: September 1 to November 30; Distribution 1Q20: December 1 to February 29.

Comparatives for 1Q17, 1Q18 and 1Q19 considers equivalent periods. Rounded Figures. Last Update 03/31/2020.

In the 1Q20 distribution period, the power market behaved according to the seasonality of electricity consumption, which can be found on Chart 9. The seasonality of electricity tends to diminish during winter, and first quarter corresponds to the lowest electricity consumption period of the year, consequence of a lower consumption in the north of Mexico. Given this information, the weekly revenue decreased 15.69% compared to 4Q19 **and increased 4.3% compared to 1Q19**, which shows that the power market keeps growing at a sustainable rate and higher than the GDP.

6. CFE FIBRA E growth environment

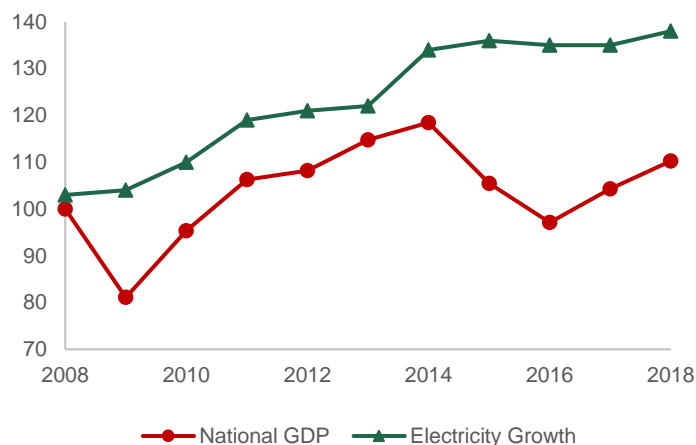
Chart 10. Largest power companies by installed capacity in the world (GW, 2019)



Source: CFE Capital with information from Bloomberg and CFE.

As show in Chart 10, the CFE is a relevant player in the global landscape of power companies in terms of installed capacity. The energy sector in Mexico is growing. Gross power consumption is expected to grow at an annual average rate of 3% for the base planned scenario through 2033 according to PRODESEN 2019-2033 (National Electric System Development Program).

Chart 11. National GDP and electricity industry growth index (2008-2018)



¹Electric industry includes generation, transmission and distribution.
Source: CFE Capital with data from the World Bank and International Energy Agency and PRODESEN 2019-2033.

In the Chart 11 it can be seen that the Mexican electricity industry has been growing at a higher rate than the Mexican GDP, in average from 2009 to 2018, the electricity demand and the GDP had an average growth of 3% and 2.2%, respectively.

It is expected that this trend will continue according to the forecast made in PRODESEN 2019 – 2033, where **the electric industry is expected to grow at an average rate of 3.1% and the National GDP at 2.8%.**

According to PRODESEN 2019-2033, specifically in the transmission sector, the growth opportunities are focused on satisfying the following needs:

1. Satisfy the demand supply of electricity.
2. Preserve and improve the confidence in the SEN (National Electric System) reliability.
3. Reduce the supply costs of electricity.
4. Contribute to the achievement of clean energy production goals.
5. Operate with energy efficiency, minimizing congestion in the transmission grid and the energy losses.
6. Incorporate Smart Grid technologies.

24 projects enlisted in the Development Program of the National Electric System 2019 - 2033, 18 projects are for the expansion of the RNT and 6 are projects for the modernization and maintenance of the RNT.

Table 4 reads the modernization projects. The process of modernization of the National Transmission Grid (RNT) and the General Distribution Grid (RGD) is realized by the transmission and the distributor in coordination with the CENACE.

Modernization is defined as every substitution of any existing equipment or elements motivated by the end of its useful life, incapacity to adjust to new technologies or to comply with minimum requirements or an upgrade in specifications of installations surrounding such equipment or element. The process of identification starts with an evaluation of the situation of the equipment and the elements that shape the respective grid in order to identify the needs and estimate the amount for the investment.

Table 4. Identified projects for the National Grid modernization in PRODESEN 2019-2033

Modernization Project	Regional Control Management CFE	Necessary Date	Doable Date
Substitution of power transformers in Poza Rica electrical substation	Eastern	December-18	December-22
Modernization of three control panels to incorporate switches	North	April-19	December-20
Replacement of equipment with low short circuit capacity (KA) (in Juarez and Torreon areas)	North	January-19	December-21
Bar arrangement modernization in 230kV of the Technological electrical	Baja California	January-19	April-21
Modernization of transmission links required to increase capacity of transmission lines limited by serial	Multiple	Multiple	Multiple
Modernization of the electricity network associated with Humeros	Eastern	June-22	June-22

Source: PRODESEN 2019-2033, Program of expansion and modernization of the RNT and RGD of the MEM.

PRODESEN 2019-2033 explains how the expansion projects are identified, such process is briefly explained as follows:

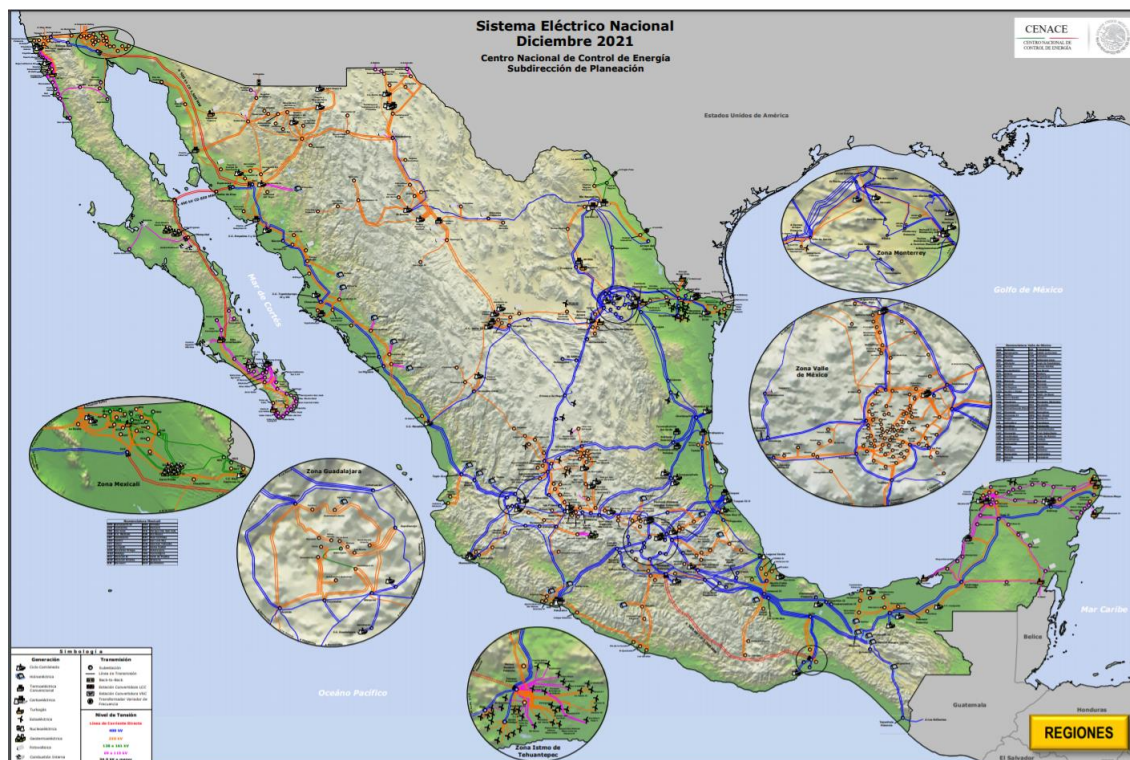
1. The process of expansion starts with an operational study from the previous year, identifying the problems in every Regional Control Management. Before these cases are studies singularly, simulations are created considering seasonal scenarios, expected conditions and operational restrictions in order to visualize the systematic implications of the problems identified.
2. Such cases are then studied for the short, medium and long term, then they are integrated in the simulations to study the power flow, optimal flows and voltage stability with the purpose of evaluating the behavior of the grid in different scenarios.
3. Finally, alternatives are defined with their economic valuation that allows to quantify its benefits for the grid in terms of aggregated value for society and financial profitability.

Table 5. Identified projects for the National Grid expansion in PRODESEN 2019-2033

Regional Control Management	Expansion Project	Necessary Date
Peninsular	Increase in the transmission capacity in order to attend the needs from the Riviera Maya and Cancun zones	April-20
Western	Dynamic reactive power compensation in the Bajío	April-25
Central, Western, Northeast	Increase in the transmission capacity of the northeastern region to the central region	April-25
Eastern and Peninsular	Interconnection Southeast - Peninsular	April-22
Northeast	Reduction in the level of short circuit of the electricity network of the Metropolitan area of Monterrey	April-21
Northwest	Solution to Northwest underground cable transmission	April-19
Northwest	Culiacan Poniente junction Choacahui – La Higuera (A3N40)	April-20
Northwest	Derramadero junction Ramos Arizpe Potencia - Salero	April-19
Northeast	San Jeronimo Power Bank 2	April-23
Baja California	Tijuana I Power Bank 4	April-23
North	Terranova Power Bank 2	April-23
Western	San Jose Iturbide Power Bank 4	April-23
Eastern	Energy supply for Huatulco and Costa Chica regions	June-19
Western	Increase in the transmission capacity for Las Delicias - Querétaro	April-23
Northeast	Extension of the 115 kV grid of the Tecnológico-Lajas corridor	April-18
Northwest	El Mayo junction Navojoa Industrial - El Carrizo	April-20
Eastern	Puebla Dos Mil junction Puebla II 73890 Guadalupe Analco	June-19
Northwest	Viñedos MVar	April-20

Source: PRODESEN 2019-2033, Program of expansion and modernization of the RNT and RGD of the MEM.

Figure 1. National Electric System encompasses the National Transmission Grid (RNT) and the General Distribution Grid (RGD).



Source: CENACE.

According to the Illustrative Program for the Installation and Removal of Electric Substations (PIIRCE – PRODESEN 2019-2033), the goal is to promote the installation of the enough resources to satisfy the demand of the SEN (showed in Figure 1) and accomplish the goals of clean energy generation. The illustrative programs' relevant aspects will be included in the PRODESEN. To define the PIIRCE projects, an exhaustive revision was made for the generation projects of the multiple participants from the sector, in order to determine priority of those project which are most feasible.

In the PIIRCE – PRODESEN 2019-2033 no removals are considered. With the goal to restore the development of the Electric Substations in *CFE Generación*, the program considers the implementation of combined cycle substations, geothermal substations and efficient cogeneration. It also considers the rehabilitation and modernization of some hydroelectric substations that are currently operating, as well as renewal of equipment in other installations in the existing hydraulic substations.

Table 6 reads *CFE Generación (I, II, III, IV, V and VI)* identified projects, it differentiates the projects by status, the ones that are about to start operations and those that still are in the bidding process.

Table 6. CFE Generación identified projects in PRODESEN 2019-2033

Project Status	Technology	Project	Capacity (MW)
Start of operations	Combined Cycle	North III	907
	Combined Cycle	CCC Center	642
	Cogeneration	Tula Cogeneration	320
	Combined Cycle	CC Topolobampo III	765
	Combined Cycle	CCC EVM II	850
	Combined Cycle	CC Tierra Mojada	874
Bidding process	Combined Cycle	Salamanca	757
	Combined Cycle	San Luis Potosí	740
	Isolated diesel unit	Baja California Sur	42
	Combined Cycle	Lerdo	911
	Combined Cycle	San Luis Río Colorado	450
	Combined Cycle	Mérida Expansion	500

Source: PRODESEN 2019-2023

Table 7 reads the possible scenarios for the Regional Control Management (RCM) systems, the scenarios consider a high, planned and low forecast for the integrated maximum demand for the National Electric System (SEN). For those three scenarios, expected growth is shown for each region of the SEN.

Table 7. Scenarios for possible integrated demand 2019 – 2033

System / RCM*	AAGR** (%)		
	High	Planned	Low
SIN	3.6	3.1	2.8
Central	2.9	2.4	2.2
Oriental	3.4	3.3	2.5
Occidental	4.2	3.5	3.3
Noroeste	3.9	3.4	3.2
Norte	3.7	3.1	2.9
Noreste	3.7	3	2.8
Peninsular	4.1	3.4	3.2
Baja California	4	3.2	3
Baja California Sur	3.7	3	2.7
Mulegé	4.3	3.9	3.4

*RCM (Regional Control Management)

**AAGR (Average Annual Growth Rate)

Source: PRODESEN 2019-2023.

7. Issuer Trust administration and expenses

Table 8. Maintenance expenses
(Million MXN)

	4Q2019	January	February	March	1Q2020	Cumulative 2020
Administration fee	10.72	21.61	0.52	-	22.13	22.13
Fiduciary and common representative fees	-	-	-	0.56	0.56	0.56
Independent members fee	0.51	0.07	0.07	0.43	0.57	0.57
Expenditures of maintenance and registration of CBFEs	-	1.31	-	0.44	1.75	1.75
External audit fees, accounting services, fiscal advisers and any other professional services	3.39	0.01	0.01	0.01	0.03	0.03
Specialists advisory fees for the trust committees and shareholders meeting	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
External audit fees tax	0.30	0.17	0.04	0.04	0.25	0.25
Other expenses	-	-	-	-	-	-
Total	14.92	23.17	0.64	1.48	25.29	25.29

Source: CFECapital.

Diagram 2. Administration fee annual budget vs utilization

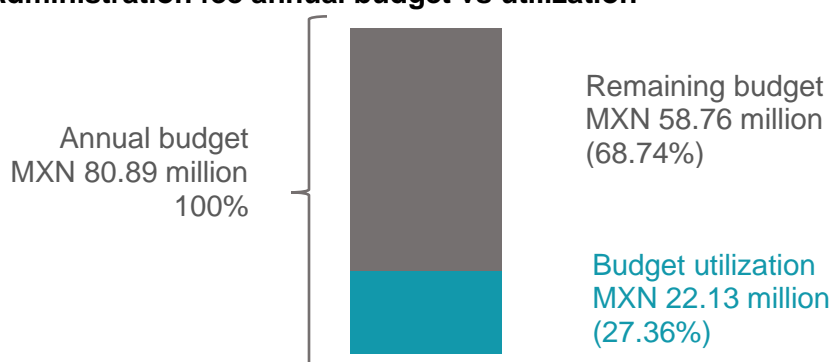


Table 9 shows the detail of CFECapital expenditures, the highest expense for CFECapital is the Administration fee. This periods' administration fee was 22.13 million MXN, which is integrated from the use of the budget for MXN 20.19 million, plus the commission for administration accumulated to 1Q20 for MXN 1.93 million, it corresponds to 27.36% of the approved annual budget of 80.89 million MXN and it's represented on Diagram 3.



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