

QUARTERLY REPORT CFE FIBRA E

Q3 2018

Friday, October 26, 2018



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Executive summary

For the Q3 2018 of CFE Fibra E, we highlight **regular operations according to the planned scenario**. The Promoted Trust received all collection rights. Reimbursements for *CFE Transmisión* were made on a regular basis and according to the annual budget.

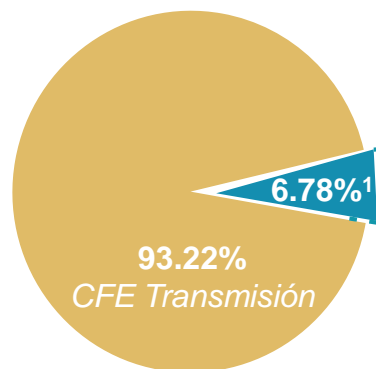
On September 28, a quarterly distribution was paid. **It covered the highest electricity power transmission period of 2018**. The amount distributed to Series “A” (18) holders was MXN 0.775 per certificate, while Series “B” (18-2) holders received MXN 0.950 per certificate.

CFE Capital collaborates in the transition process towards the new federal administration in Mexico. Finally, the dialogue regarding the new transmission tariffs is advancing and close to a final definition.

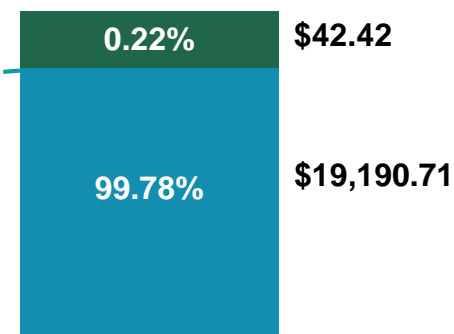
CFE Fibra E is the first investment trust in energy and infrastructure specialized in the energy sector in Mexico.

Aside from our initial asset, we did not have other revenue sources for the Q3 2018.

Beneficiary rights of the Promoted Trust



CFE FIBRA E Assets as of September 30, 2018 (million MXN)



Promoted Trust, Q3 2018 account balance

Account balance Promoted Trust as of September 30, 2018 (million MXN)

	July	August	September	Total
Initial balance	4,621 ⁽¹⁾	8,925	14,290	
+ Collection payments	6,160	7,931	6,236	20,328 ⁽²⁾
- Collection payments VAT	850	1,094	860	2,804
- Reimbursements and reliquidations	1,053	1,547	1,053	3,652
- Distribution to holders			13,969	13,969 ⁽³⁾
Gross balance	8,879	14,216	4,644	
+ Interest	49	79	66	193 ⁽⁴⁾
- Interest tax	3	5	4	11 ⁽⁵⁾
Final balance	8,925	14,290	4,706	
Accrued interest	0	0	3	
Portfolio value	8,925	14,290	4,709	

Q3 balance began with MXN 4,621 million⁽¹⁾. Collection payments for the period summed up to MXN 20,328 million⁽²⁾, with accrued interests of MXN 193 million⁽⁴⁾ which generated MXN 11 million⁽⁵⁾ of interest tax. Expenditures (collection payments VAT, reimbursements, and reliquidations) for the period summed up to MXN 6,456 million, and the distribution amount to holders was MXN 13,969⁽³⁾ million.

Issuer Trust, Q3 2018 account balance

Account balance Issuer Trust as of September 30, 2018

(million MXN)

	July	August	September	Total
	41.42 ⁽¹⁾	32.1	30.14	
+ Promoted trust distribution	0	0	946.55	946.55 ⁽²⁾
- Distribution to holders	0	0	931.79	931.79 ⁽³⁾
- Trust Expenses	9.5	2.13	4.63	16.26 ⁽⁴⁾
Gross balance	31.93	29.97	40.27	
+ Interest	0.17	0.18	2.15	2.5
Final balance	32.09	30.14	42.42	
Accrued interest	0	0	0	
Portfolio value	32.09	30.14	42.42	

Q3 balance began with MXN 41.42 million⁽¹⁾. A deposit of MXN 946.55⁽²⁾ million was received on September 17, which corresponded to the distribution amount from the Promoted Trust (F/80758).

From the distribution taxable result, the reserve fund for maintenance expenses was restituted. Therefore, the final distribution to holders that took place on September 28, resulted in MXN 931.79 million⁽³⁾ and trust expenses for the period summed up to MXN 16.26 million⁽⁴⁾.

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Promoted Trust income flow and reimbursements

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CFE Transmisión performance indicators

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CFE Transmisión registered a regular operation during the period.

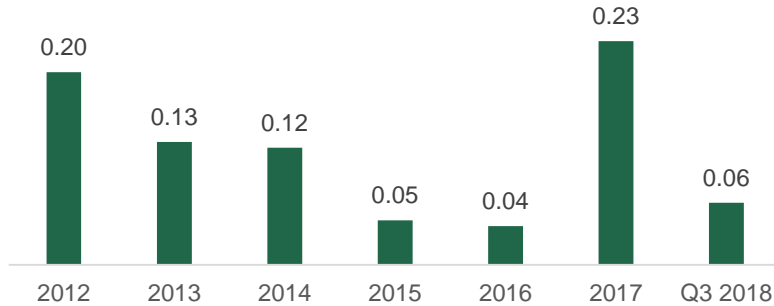


Promoted
Trust

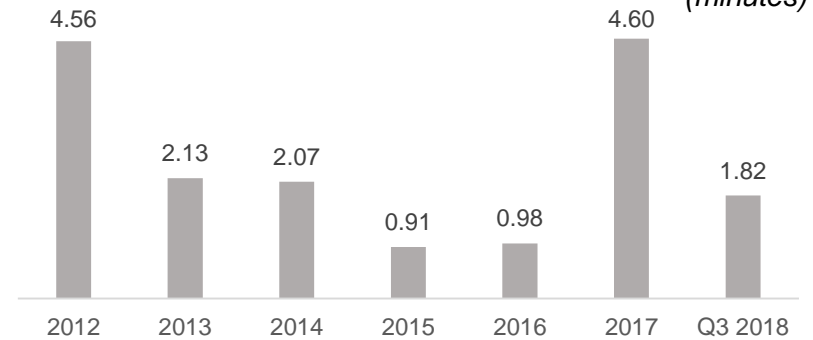
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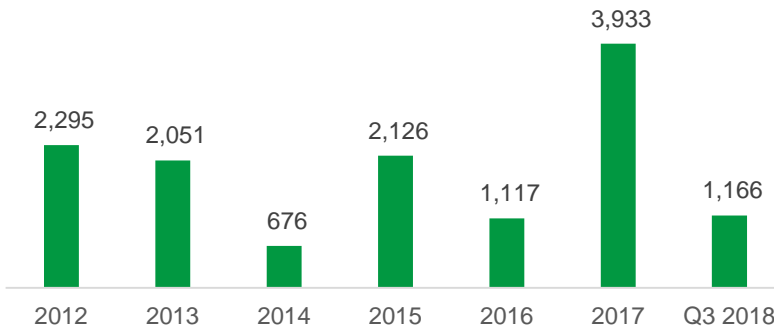
System Average Interruption Frequency Index¹
(interruptions)



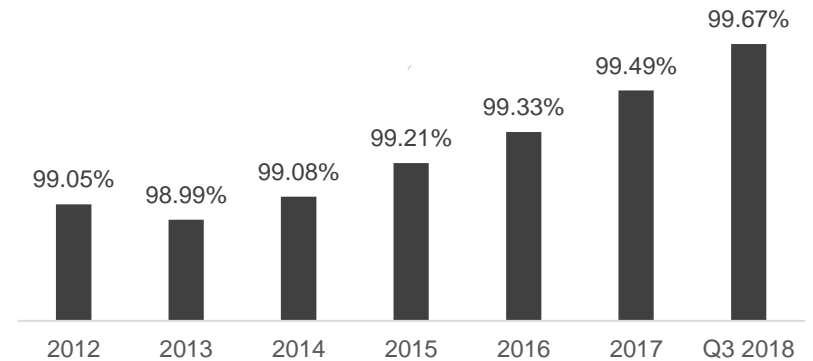
System Average Interruption Duration Index²
(minutes)



Energy not delivered³
(MWh⁴)



Transmission System Availability Index⁵
(percentage)



Source: CFE Transmisión. ¹Average number of service interruptions due to failure in the National Transmission Network (NTN) for a final user. ²Average interruption duration of electricity supply to a final user. ³Energy not supplied to users due to interruptions for periods longer than five minutes that occur as a consequence of failures in the NTN. ⁴Means megawatt-hour, or one thousand kilowatt-hours. ⁵Availability of all component elements of the NTN. Information as of September 30 of 2018.



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The growth in the transmitted energy volume captures the highest electricity consumption period (Summer).



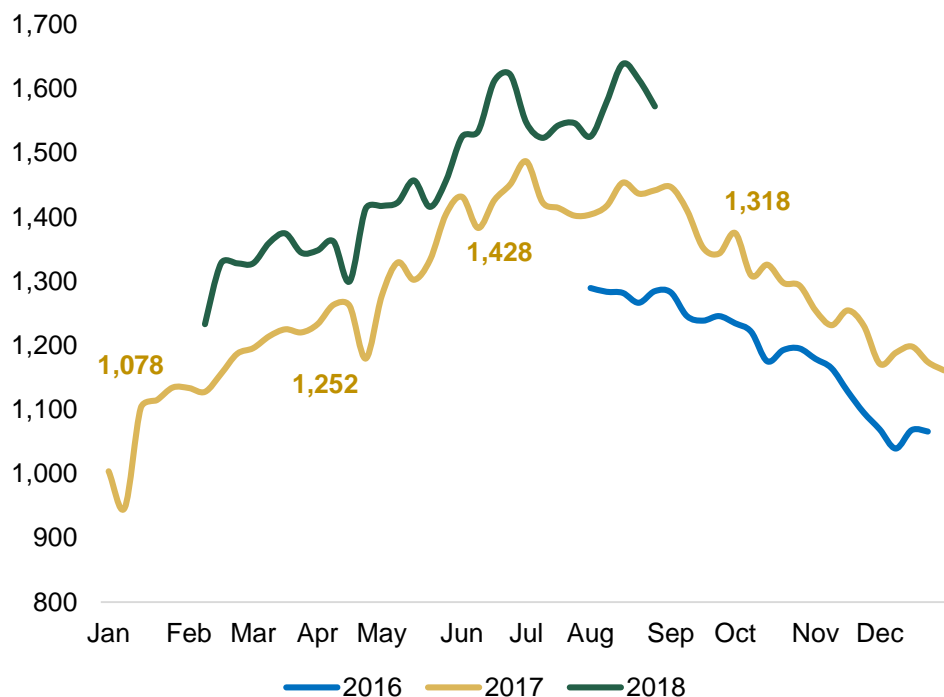
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Collection rights from CENACE¹

(million MXN)



- Comparing **2018 vs 2017**, from January to September, **the average revenue difference is around 10%**.

- **Transmission tariffs increased, on average, 4.21% between 2017 and 2018².**

- **Transmitted energy volume grew at an average of around 4% YoY³.**

Note: The figures in the 2017 line were calculated under the assumption of the distribution periods according to the structure of CFE Fibra E. The 2018 line starts with the structure of CFE Fibra E. Last update: 10/24/18.



Source: CFE Transmisión and CFECapital. Revenues in the graph include VAT (IVA). ¹Centro Nacional de Control de Energía (CENACE). ²Calculated as a simple average of the changes for each tariff bracket. ³Comparing information as of September 2018 vs 2017.

Both collection rights and reimbursements behave according to plans, showing no deviations.

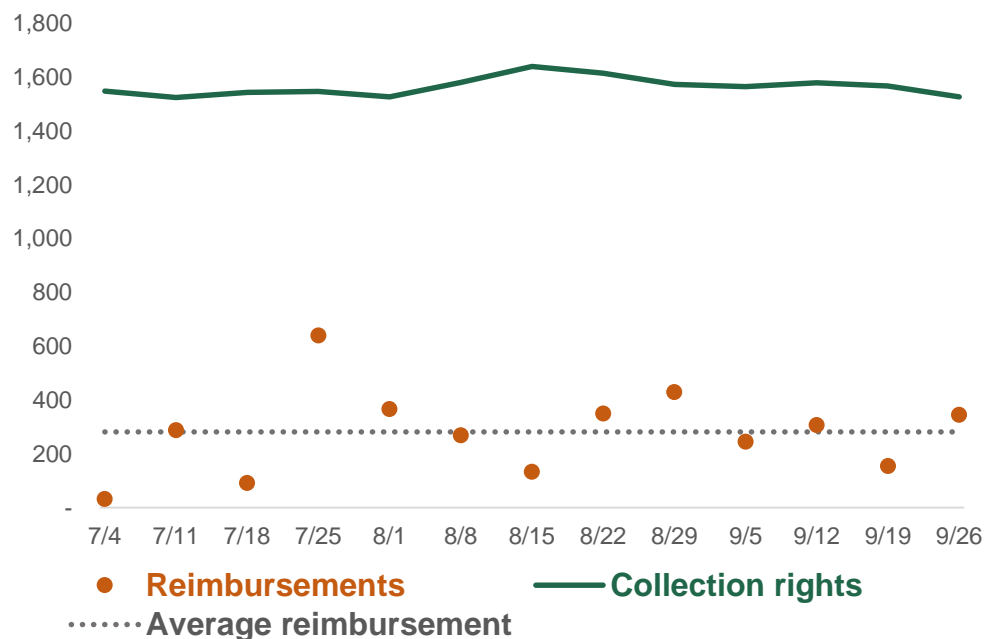


Promoted Trust

CFE Fibra E



Collection rights and reimbursements to CFE Transmisión (million MXN)



• On average, **weekly collection rights** from July to September were **MXN 1,564 million pesos.**

• On average, **each reimbursement¹** was of **MXN 281 million pesos.**

Last update: 10/24/18.Reimbursements according to annual budget.

Source: CFE Transmisión and CFECapital. ¹ Average weekly reimbursements.



Reimbursements are going in line with budget.



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Reimbursements made vs 2018 budget (million MXN)

Category	2018 Budget	As of June 30	As of September 30	% against budget
Intercompany expenses	6,789	2,362	3,326	49%
Operation and maintenance	5,998	1,955	3,834	64%
Obligations expenses	3,134	896	1,617	52%
Major maintenance	856	41	129	15%
Trust expenses	15	2	2	13%
Financing	0	0	0	0%
Total	16,792	5,256	8,908	53%

From February 12, 2018 to September 30, 2018 there are 33 weeks of operation out of the 46 operation weeks of 2018. This is equivalent to the **71.74%** of the time.



Source: CFE Transmisión and CFECapital.

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The Promoted Trust has received all income derived from the collection rights minus approved reimbursements.



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Account balance Promoted Trust
(million MXN)

	June	July	August	Total
Initial balance	11,464	4,621	8,925	
+ Collection payments	6,293	6,160	7,931	20,385
- Collection payments VAT	868	850	1,094	2,812
- Reimbursements and reliquidations	1,378	1,053	1,547	3,978
- Distributions	10,937			10,937
Gross balance	4,575	8,879	14,216	
+ Accrued interest	50	49	79	177
- Interest tax	3	3	5	10
Final balance	4,621	8,925	14,290	



Source: CFECapital. Rounded figures. June initial balance includes the account reserve of MXN 250 million.

The distribution reflected the highest power consumption period in Mexico.



Promoted Trust

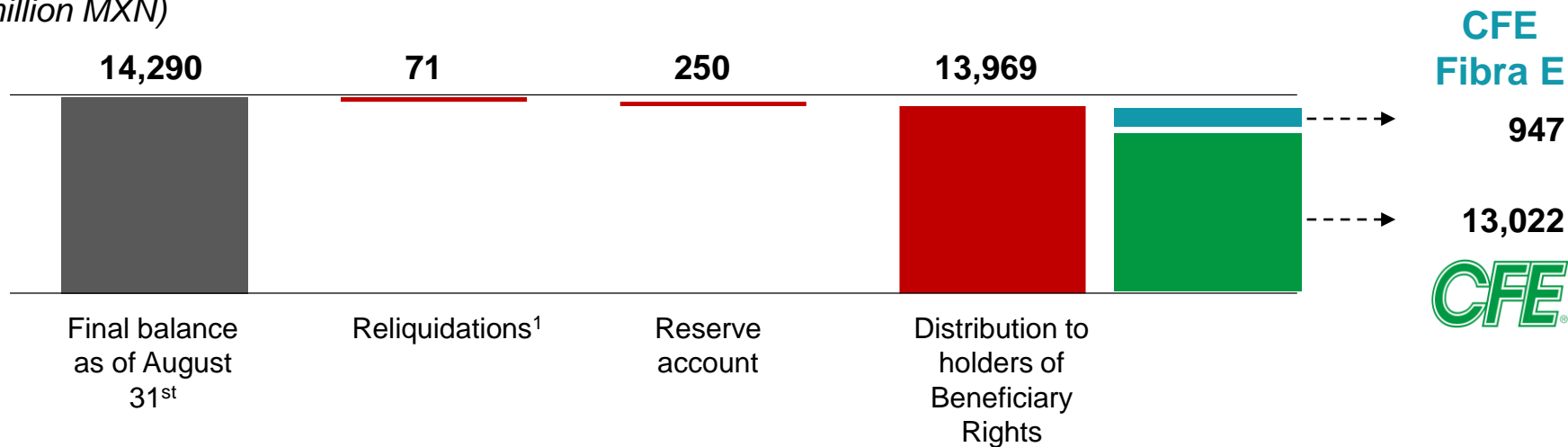
CFE Fibra E



The distribution amount was approved by the Technical Committee of the Promoted Trust in its third ordinary session on September 3.

Calculation of the distribution amount

(million MXN)



Source: CFECapital. ¹Defined as adjusted payments resulting from disputes due to discrepancies. Reliquidations generate credit or debit notes in the daily account statements. There are 4 types: initial (49 days after the operation), intermediate (105 days), final (210 days) or controversy (no defined term). This item was approved to be reimbursed on the Technical Committee session of the Promoted Trust on June 5th 2018.

Taxable treatment of distributions that maximizes value for our investors and increases transparency in operations.



Promoted Trust

CFE Fibra E



Promoted Trust taxable result 3Q18 (million MXN, cumulative amount)

Income from CENACE	33,090
Interests	285
Reimbursements	(7,854)
Trust expenses	(4)
Intangible asset amortization	(7,941)
Taxable income (cumulative 2Q)	(7,265)
Taxable income (3Q)	10,311

Issuer Trust taxable result 3Q18 (million MXN)

Taxable income from the Promoted Trust	699
Trust expenses – earned interests	(15)
Issuance expenses amortization ⁽¹⁾	(18)
Taxable income	666

6.776103%

Capital reimbursements	3,658
Distribution to holders	13,969

Capital reimbursements	247
CFE Fibra E Distribution	947

6.776103%

Source: CFE Capital and accounting advisor of the Promoted Trust. Income from CENACE and reimbursements exclude Value Added Tax (IVA).



Distributable amount per Series.



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Distributable amount **931.79²**

Distribution to Series "A" holders
490.5 (MXN. 0.575 per CBFE³)

Unpaid MQD
0.00

Distribution to CFE Fibra E (6.776103%) 946.55

Trust expenses – earned interests¹ **(16.26)**

Distribution amount to CFE Fibra E holders 931.79

(million MXN)

Distribution to Series "B" holders
163.5 (MXN 0.575 per CBFE)

Unpaid MQD
49.7 (MXN 0.1748 per CBFE)

Distribution to each Series "A"
CBFE
0.77538

Distribution to each Series "B"
CBFE
0.95021 = 0.17483 + 0.77538

Pro rata
Series "A" (75%)

171 (MXN 0.2004 per CBFE)

Pro rata
Series "B" (25%)

57 (MXN 0.2004 per CBFE)



Source: CFECapital. All information includes VAT, all information in MXN million. ¹As issuer's trust agreement establishes, it has to maintain a MXN 45 million expenses reserve fund. Thus, the Trust Technical Committee approved its replenishment. ²The cash Reserve was used to complete the distributable amount. ³Certificados Bursátiles Fiduciarios de Inversión en Energía e Infraestructura, CBFEs

CBFE¹ Series "A" holders received MXN 0.775 per certificate and Series "B" holders MXN 0.950 per certificate.

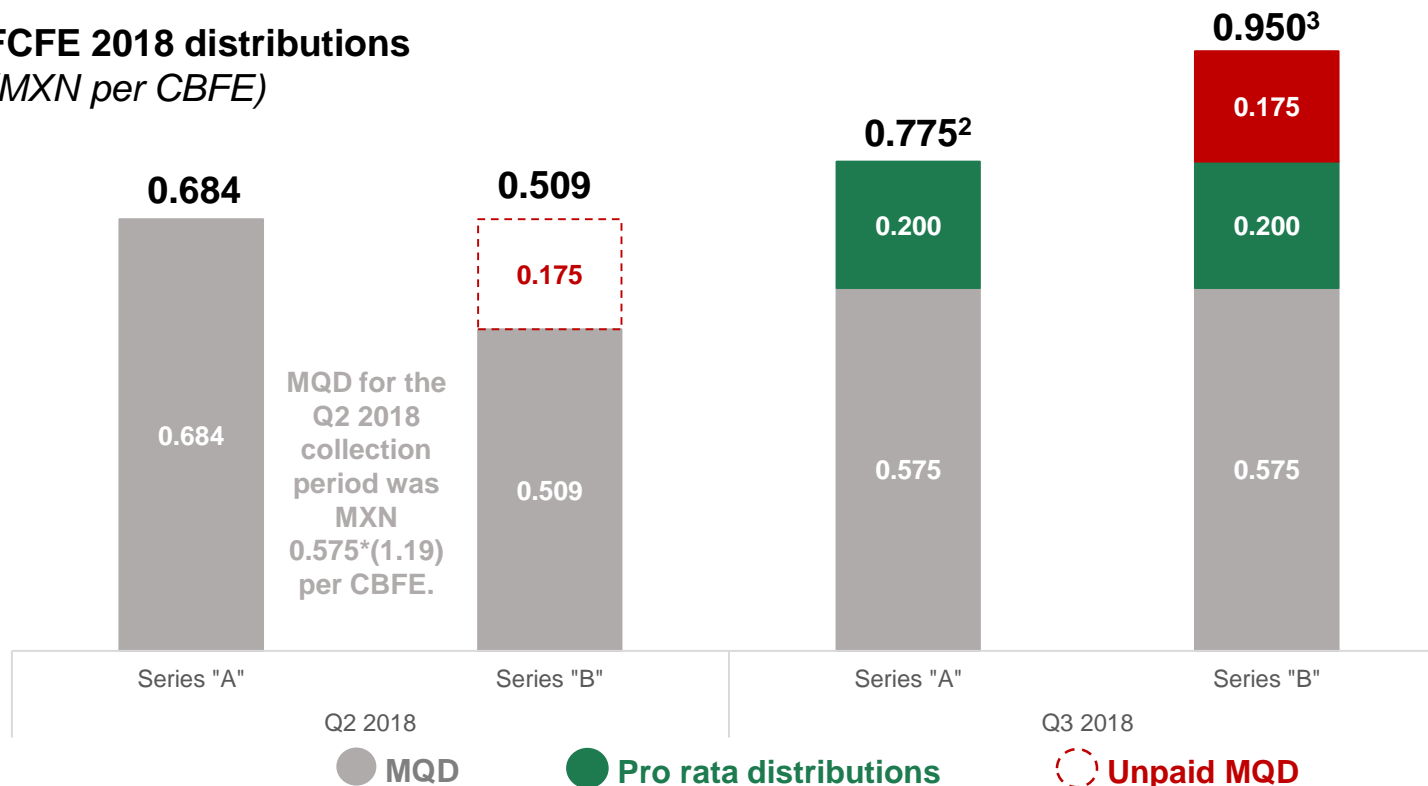


Promoted Trust

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FCFE 2018 distributions (MXN per CBFE)



Note: ¹Certificado Bursatil Fiduciario de Inversión en Energía e Infraestructura. CFECapital gives the reimbursement instruction to the Trustee, who makes the deposit at INDEVAL, the central securities depository for the Mexican securities market. The custodian acts as the tax withholding agent.



Source: CFECapital. ²0.775=0.554 taxable income and 0.221 capital reimbursement. ³0.950 =0.68 taxable income and 0.27 capital reimbursement.

CBFE¹ Series “A” holders received MXN 0.775 per certificate and Series “B” holders MXN 0.950 per certificate.

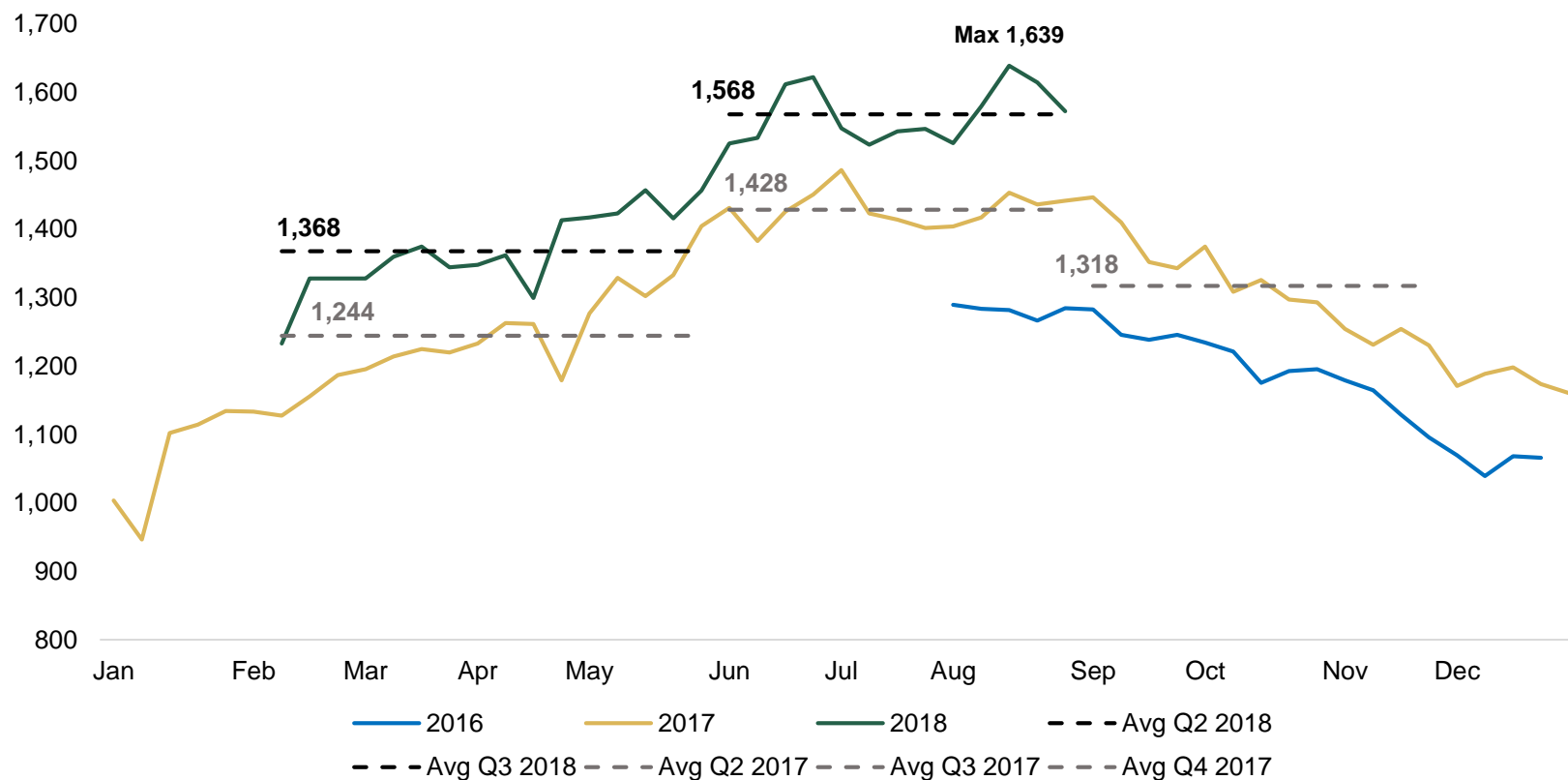


Promoted Trust

CFE Fibra E



Weekly revenues from CENACE (million MXN)



Source: CFE Capital and Promoted Trust statement of account.
 Note: Q2 distribution: February 12 to May 31; Q3 distribution: June 1 to August 31; Comparison for 2017 considers 2018 equivalent periods. Last update: 09/20/18

Issuer Trust, 3Q 2018 balance sheet

Balance sheet Issuer Trust as of September 30, 2018 (million MXN)

	1Q18	2Q18	July	August	September
Cash and equivalents	38	41	32	30	42
Fiduciary rights	20,859	20,137	20,137	20,137	19,191
Total assets	20,897	20,178	20,169	20,167	19,233
Short-term liabilities	0	1	2	0	0
Total liabilities	0	1	2	0	0
Previous equity	20,898	20,898	20,898	20,898	20,898
Cumulative capital reimbursement	0	(249)	(249)	(249)	(515)
Equity for the period	20,898	20,649	20,649	20,649	20,383
Cumulative taxable income	0.0	(480)	(480)	(480)	(1,146)
Cumulative result	(1)	(12)	(21)	(22)	(24)
Change in fair value	0	20	20	20	20
Total equity	20,897	20,177	20,168	20,167	19,233
Total liabilities & equity	20,897	20,178	20,169	20,167	19,233

Source: CFECapital.

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Corporate governance activities.



Promoted Trust

On September 3, 2018, the Promoted Trust Technical Committee had its ordinary session. Key decisions were taken:

- **Review and reconciliation of the reimbursements to *CFE Transmisión*.**
- **Calculation of the distributed amount to holders of Beneficiary Rights.**

CFE Fibra E



During the Q3 2018, the Issuer Trust had one session of the Technical Committee, one session of the Audit Committee, and one session of the Conflicts Committee. Key decisions:

- **Approval of the distribution amount to investors and of the debt coverage index.**
- **Ongoing monitoring of investor relations activities and documentation of internal procedures.**
- **Appointment of key executives.**

CFE Capital expenditures are in line with the annual budget.



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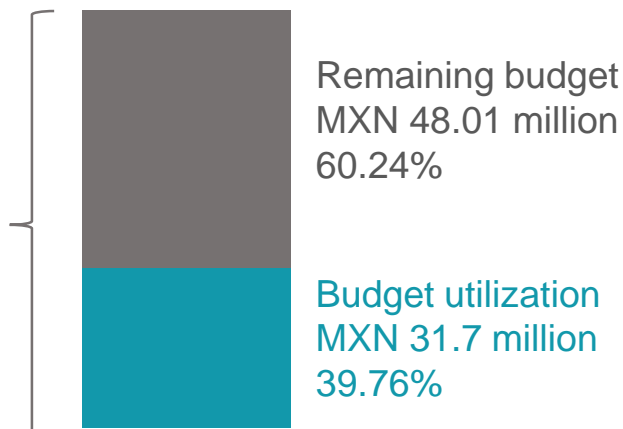


Maintenance expenses (million MXN)

	1Q18	2Q18	July	August	September	3Q18	Cumulative
Administration fee	6.89	11.72	7.81	1.14	4.13	13.08	31.69
Fiduciary and common representative fees	-	0.03				-	0.03
Technical independent members fees	-	-	1.1	0.59		1.69	1.69
External audit fees, accounting services, fiscal advisers and any other professional services	-	-	0.58	0.4	0.5	1.48	1.48
Other expenses	-	0.06				-	0.06
Total	6.89	11.81	9.49	2.13	4.63	16.25	34.95

Administration fee annual budget vs utilization

Annual budget
MXN 79.7 million
100%



Source: CFECapital.



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Key activities for 2018- 1H 2019

Nov 2018

2018-2024 Federal Administration (December 1)

- CFECapital collaborates with CFE in the transition process.

Transmission tariffs (deadline December 31)

- Close to a final definition (methodology soon to be reviewed by the national regulatory commission²).
- CFECapital will offer a webcast on key changes (expected: mid-November).

CFE Fibras E leverage

- Defining level and strategy.
- Approval by committees, general assembly, and CFE Board.
- Use: increase participation in the Promoted Trust.

June 2019

Upcoming distributions

December 31, 2018
(MQD: MXN 0.575 per certificate)¹

March 29, 2019

June 28, 2019

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<http://cfecapital.com.mx/>



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