



Earnings Release 3Q20

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 character as Trustee and Administrator duly constituted and validly existing in accordance with the laws of Mexico, to present the Third Quarterly Report of 2020 of the CFE FIBRA E (Irrevocable Trust Number CIB/2919). The most relevant events for the company and the electricity sector during the months of July, August and September are presented below.

Globally, the COVID-19 pandemic continues to cause uncertainty in financial markets, and recently, in the face of fears of a second wave of contagion, an environment of high volatility and low interest rates. In this context, FIBRA E has shown to be a solid and attractive instrument for the market, as it has maintained a stable price after its recovery at the end of last quarter and has made attractive distributions by certificate.

Regarding the relevant events of the quarter, on October 2nd, Noé Peña Silva, *CFE Transmisión* CEO, issued the results report of the Subsidiary Company and mentioned that there are investment project for the 2020-2024 period, that will help meet the growing demand for energy in Mexico and ensure uninterrupted electricity supply. It established that the aim of the Subsidiary, will be the maintenance of efficient costs, the performance of the electric power flow, and increasing the reliability of the National Transmission Grid along with modernization.

On the other hand, on July 21st, at the 39th Ordinary Session of CFE Board of Directors, the Master Investment Trust was presented. It is a self-financing scheme for productive investment, which will allow CFE to have financial independence and comply with the presidential instruction to strengthen the State Enterprise and guarantee Mexico's energy security.

Regarding the result of CFE FIBRA E, it is worth highlighting the 5.53% increase in the price of the CBF E compared to the previous quarter (2Q20), from \$24.40 MXN/CBF E on July 1st to \$25.75 MXN/CBF E on September 30th, showing a recovery from the decrease in the price to the international health emergency.

The distribution was announced on September 21st and was carried out on October 1st, 2020. The Technical Committee of the Issuing Trust approved and amount to be distributed of \$920,959,668.33 MXN for the holders of the CBF E of both Series (Series "A" and Series "B"), equivalent to \$0.809568 MXN/CBF E. It included the Minimum Quarterly Distribution of \$0.5750 MXN/CBF E, and a pro rata amount of \$0.234568 MXN/CBF E for both Series. The fiscal result corresponded to \$0.558862 MXN/CBF E, while the capital reimbursement was \$0.250706 MXN/CBF E.

The third distribution of the year showed an increase of 15.91% compared to the previous quarter and, compared to the equivalent period of last year, showed a decrease of 3.70%, this, in the midst of the situation at a global level, is one more proof of the strengthens of the fundamentals of the instrument and the stability of the electric transmission sector.

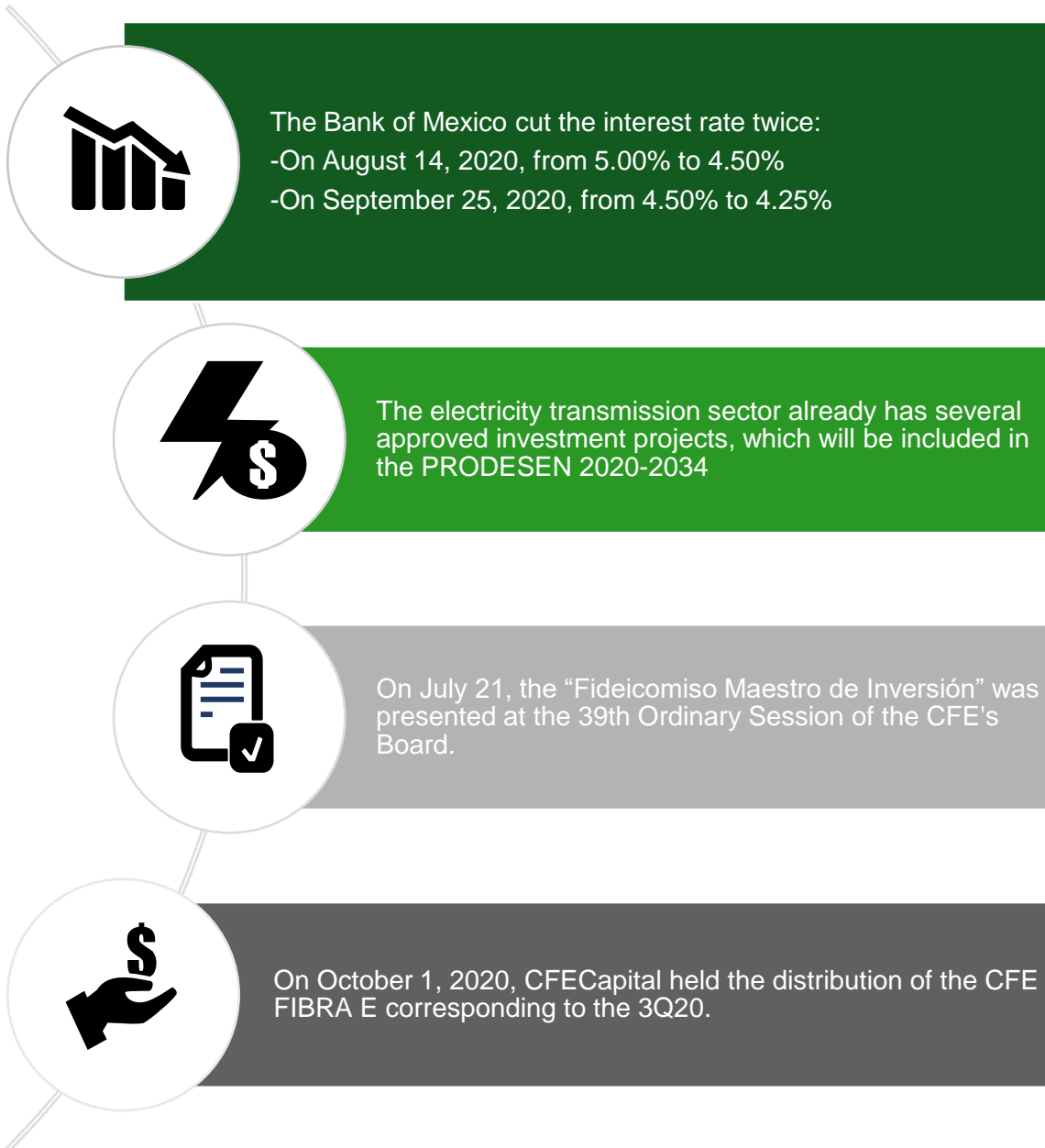
This report includes the criteria for compliance with the tax regulations of the investment regime, the tax treatment of distributions, information on account statements, investment indicators and reimbursements for the maintenance and operation of the National Transmission Grid

To conclude, I inform that CFECapital team works together with CFE with the aim of advising, and contributing the team's knowledge to projects that generate added value for the company. I am confident that this collaboration will generate positive externalities for CFECapital and CFE FIBRA E. We continue working to present, promote and explain the advantages of financing infrastructure projects through alternative capital instruments, such as CFE FIBRA E.

Sincerely,

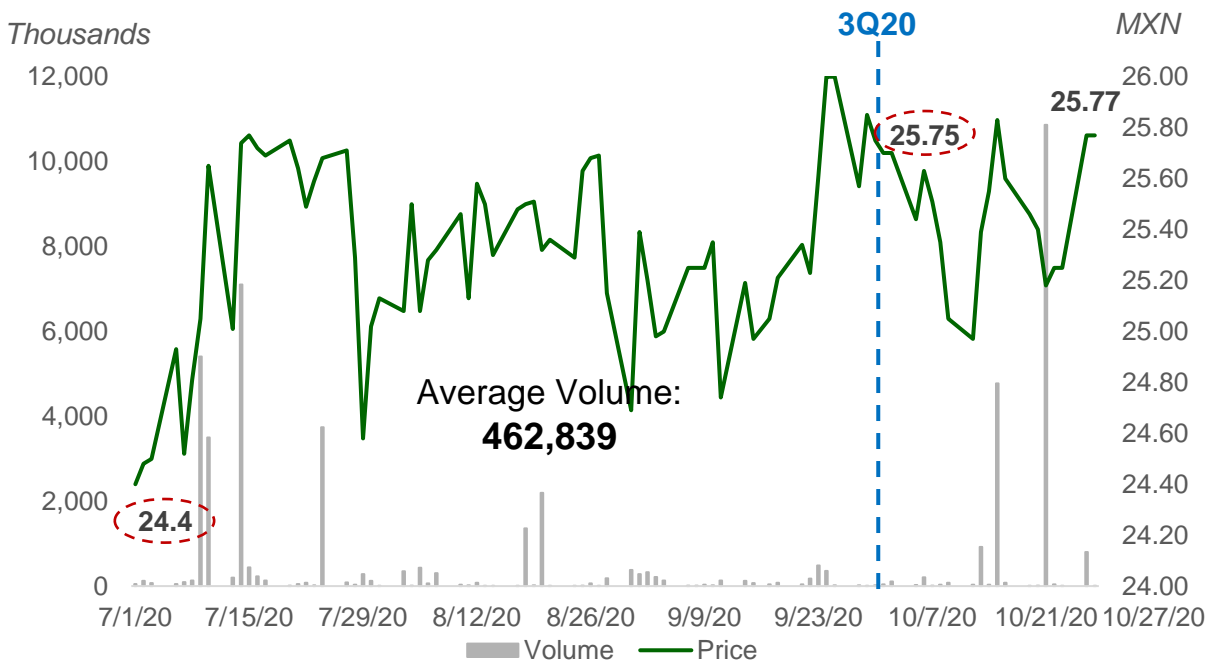
José Arturo Cerón Vargas
CFECapital CEO

1. Relevant events for CFE FIBRA E during the 3Q20



2. CFE FIBRA E performance 3Q20

Chart 1. FCFE18 Price and volume for 3Q20



Note: **3Q20** Weighted Average Price: **\$25.44 MXN**

Source: CFECapital with information from Bloomberg.

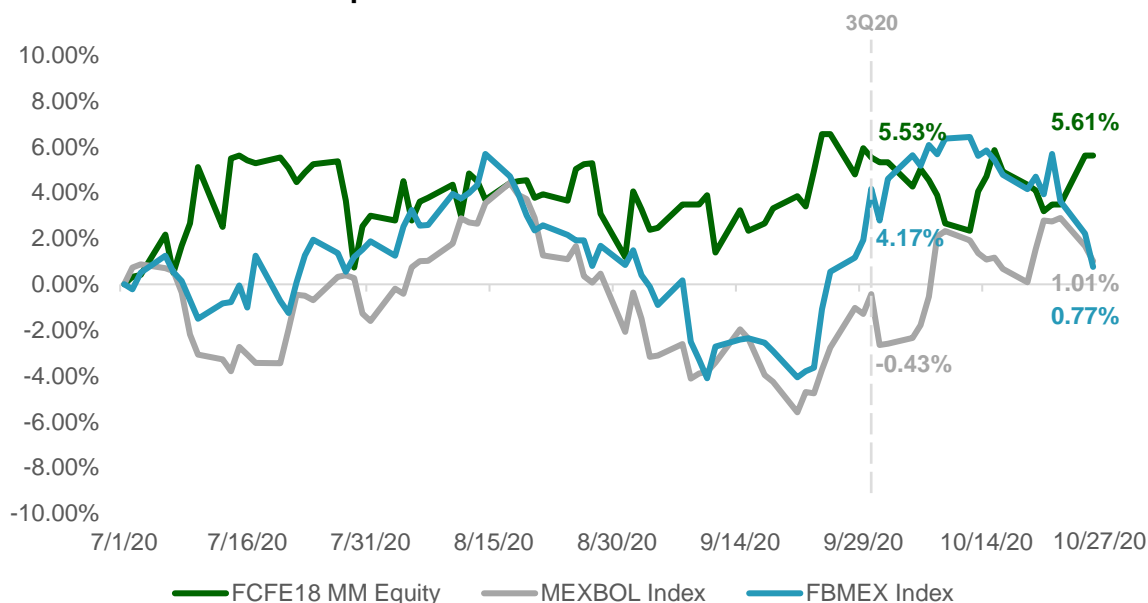
Days with more than 1% of total CFBEs traded:

(1) October 21: 10,864,622 CFBEs

Chart 1 compares the price and volume for the CFE FIBRA E from July 1st, 2020 up to October 27th, 2020. During 3Q20 the weighted average price of the instrument was of 25.44 MXN, this quarter showed a stable price, exhibiting the defensive condition of the instrument in face of the world economic crisis due to the pandemic. The highest close price during 3Q20 was \$26.00 MXN on September 24th and 25th, 2020.

The instruments' trades exceeded 1% on October 21st, 2020, 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](#)

Chart 2. FCFE18 and comparable Indexes 3Q20



Source: CFE Capital with information from Bloomberg.

Chart 2 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 FBMEY Index (reflects the behavior of the 10 main Real Estate Investment Trusts in Mexico).

During 3Q20, FCFE18 MM Equity showed an increase of 5.53%, since the 2Q20 the price showed an important recovery after the 1Q20 drop due to uncertainty on markets. The FBMEY Index had a marginal better performance, the start price was \$198.51 MXN, the final price was \$206.78 MXN, resulting in an 4.17% increase. Finally, the MEXBOL Index showed a -0.43% decrease, in which the start price was \$37,619.77 MXN and the final price was \$37,458.69 MXN.

As stated before, due to the robust fundamentals, resilience, and defensive behavior of the transmission sector, the performance of FCFE18 has been strongly competitive with the MEXBOL Index and the FBMEY Index in the middle of the world financial crisis.

Chart 3. FCFE18 and comparable REITs 3Q20

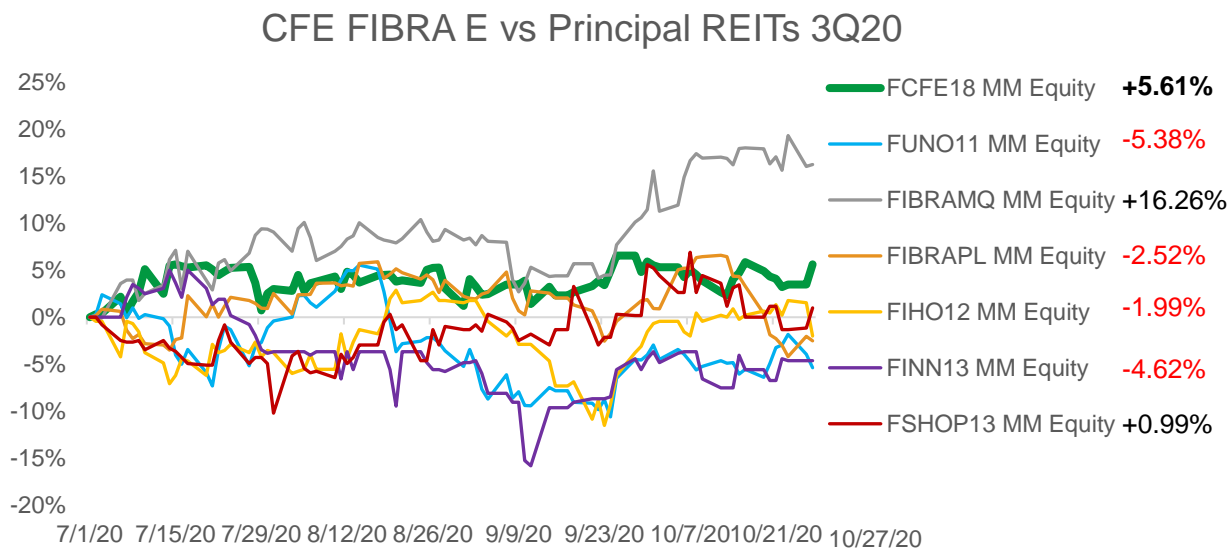
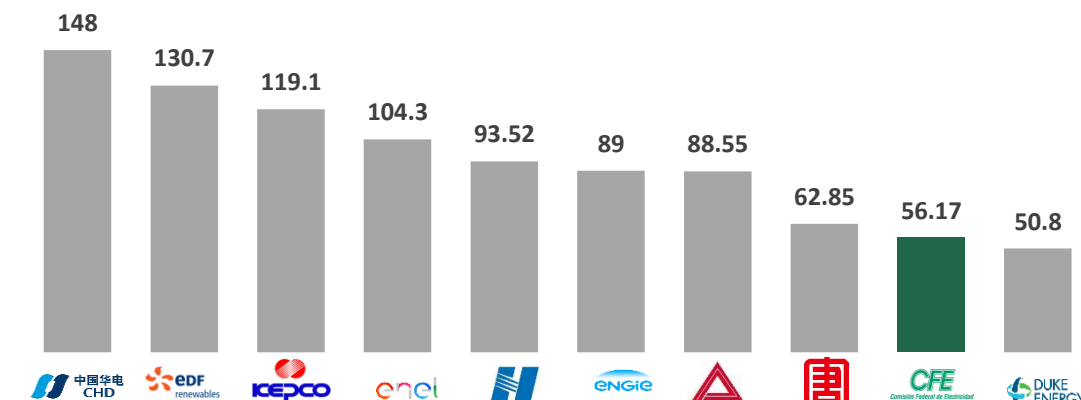


Chart 3 shows comparable growth for the CFE FIBRA E (FCFE18 MM Equity) against Real Estate Investment Trusts (REITs) such as: Fibra Uno, Fibra Macquarie, Fibra Prologis, Fibra Hotel, Fibra Inn, and Fibra Shop.

FIBRAs are one of the instruments with great stability on the market and have been resistant in comparison with other productive sector, even though the result of the health contingency has had adverse effects along all sectors in Mexico. This is mainly for the next main keys: i) the structure and advantages of financial instruments such as FIBRAS, ii) the resilient behavior of the electricity transmission sector and iii) the low rate performance of the risk free in the country; equity instruments, such as FCFE18, present an investment alternative for investors seeking attractive and stable returns.

It is important to highlight that FCFE18 between all the comparable, is one of the most stable during this quarter and with constant growth.

Chart 4. Largest power companies by installed capacity in the world (GW, 2019)



Source: CFECapital with information from Bloomberg and CFE.

As showed in Chart 4, 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 5. CFE FIBRA E analyst coverage

Analyst	Target Price	Rating	Last Update
 Santander	30.14	Hold	03/25/20
 BBVA	27.70	Outperform	09/18/20
 BARCLAYS	22.00	Underweight	08/03/20
 monex	28.00	Hold	09/18/20
Morgan Stanley	24.00	Equal-weight	07/28/20
 BANORTE	26.50	Buy	10/01/20
 BTGPactual	30.50	Buy	07/29/20

Source: CFECapital with information from Bloomberg.

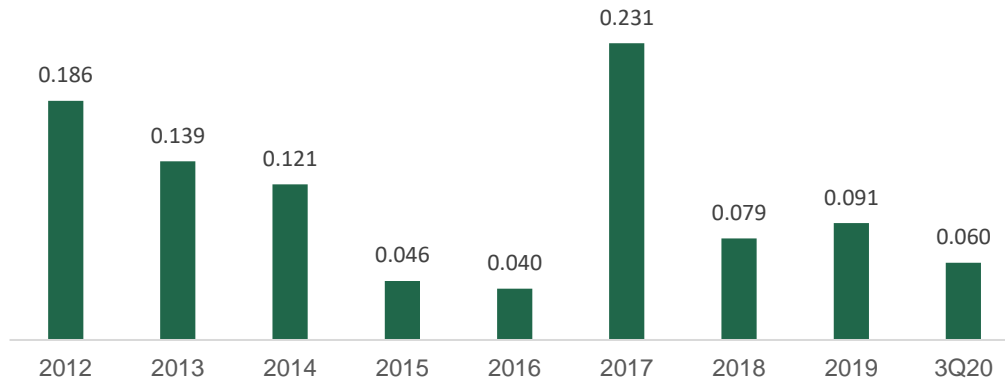
In Chart 5 it is displayed the analyst recommendations of the instrument, in average, the target price is 27.52 MXN/CBFE. This is 5% higher than the average target price from last quarter.

According to their analysis, they mainly recognize the resilience of the fundamentals despite the difficult environment caused by the sanitary contingency, the soundness of the distributions and the historical high dividend yield compared to other instruments.

They are optimistic about the future of FIBRA E and the CFECapital Investor Relations Management is in constant communication with them to clear any doubt about the instrument.

3. Operating results of the transmission sector

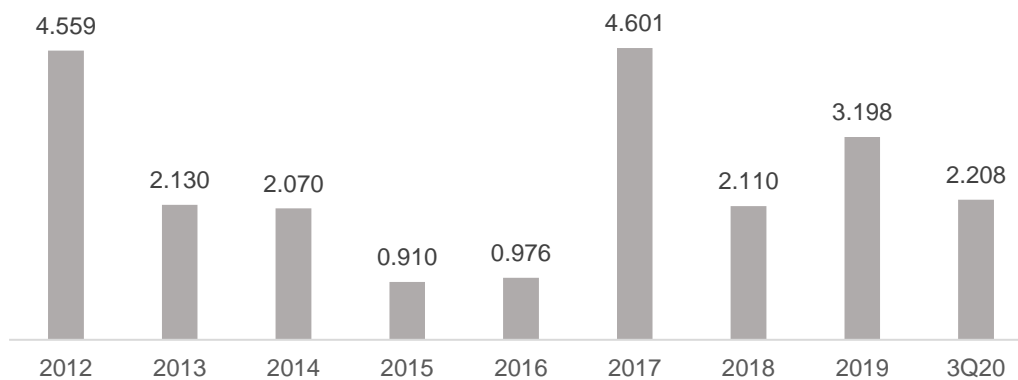
Chart 6. System Average Interruption Frequency Index
(interruptions)



Source: CFECapital with information from CFE Transmisión.

Chart 6 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.

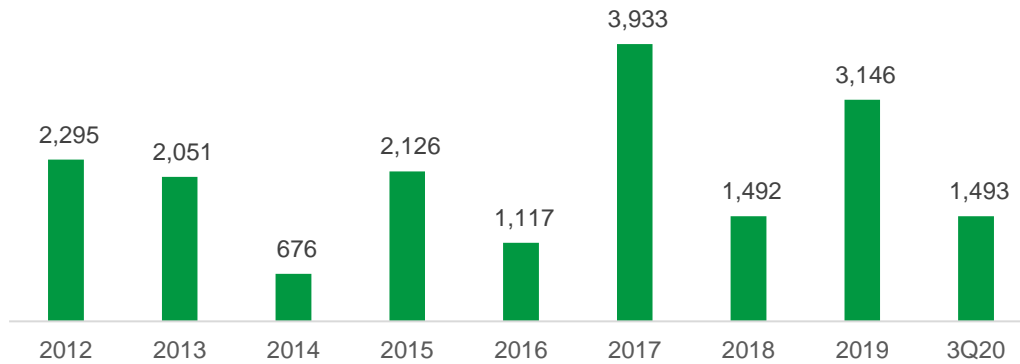
Chart 7. System Average Interruption Duration Index
(minutes)



Source: CFECapital with information from CFE Transmisión.

The index in Chart 7 shows the average interruption duration in minutes of electricity supply to a final user.

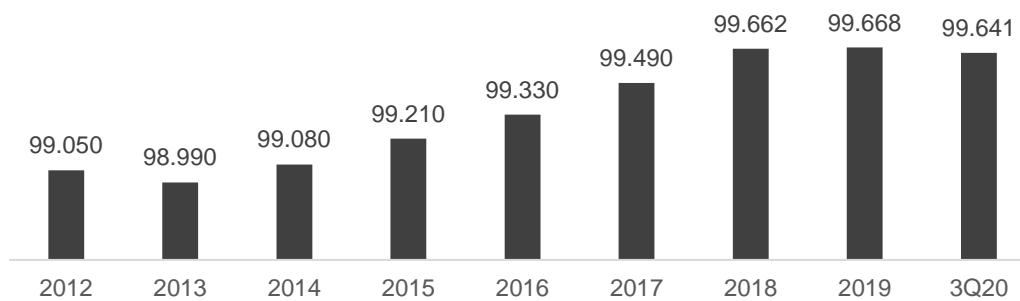
Chart 8. Energy not delivered
(MWh)



Source: CFECapital with information from CFE Transmisión.

The index in Chart 8 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 9. Transmission System Availability Index
(percentage)

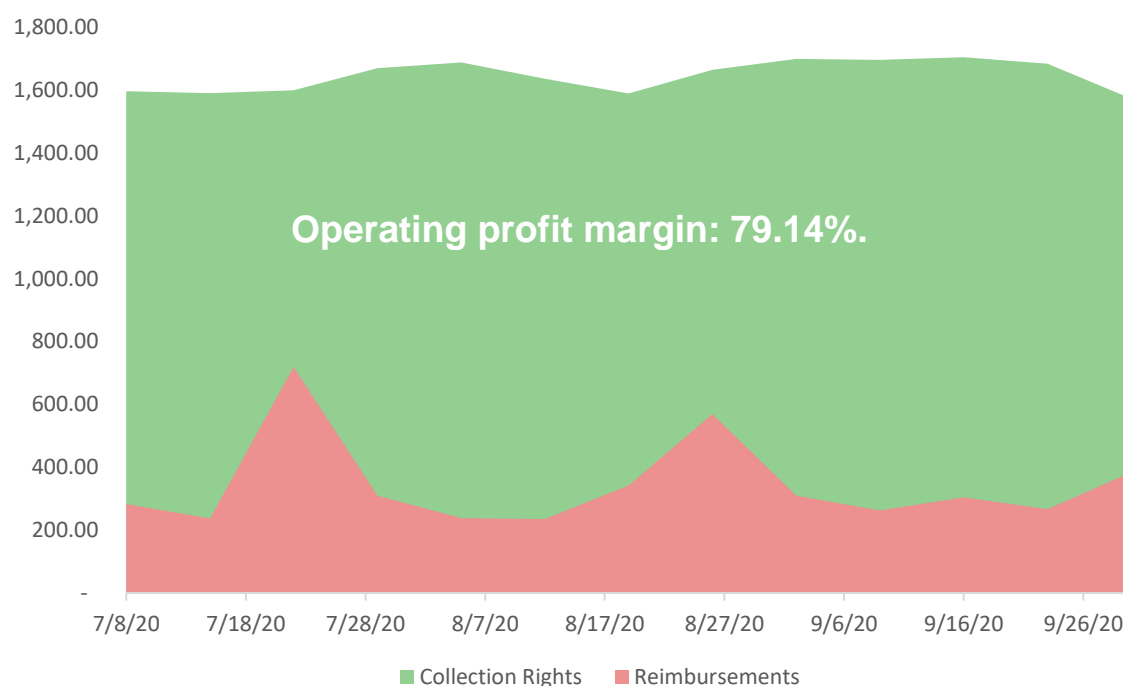


Source: CFECapital with information from CFE Transmisión.

The index in Chart 9 shows the energy not supplied to users due to interruptions for periods longer than five minutes that occur because of failures in the RNT.

These indicators show a good performance due to the efficient operation of the National Transmission Grid, that is, these positive results are independent of external factors.

Chart 10. Collection rights and reimbursements to CFE Transmisión 3Q20
(Million MXN)



Source: CFE Transmisión and CFECapital.

Chart 10 explains the collection rights and reimbursements to CFE Transmisión during 3Q20. On average, **weekly collection rights** from July 1st to September 30th, were 1,645.35 million MXN. During the same period, **average weekly reimbursements** were 343.19 million MXN, resulting in an **operating profit margin** for the period of 79.14%, which is calculated as profit once reimbursements have been subtracted from the collection rights.

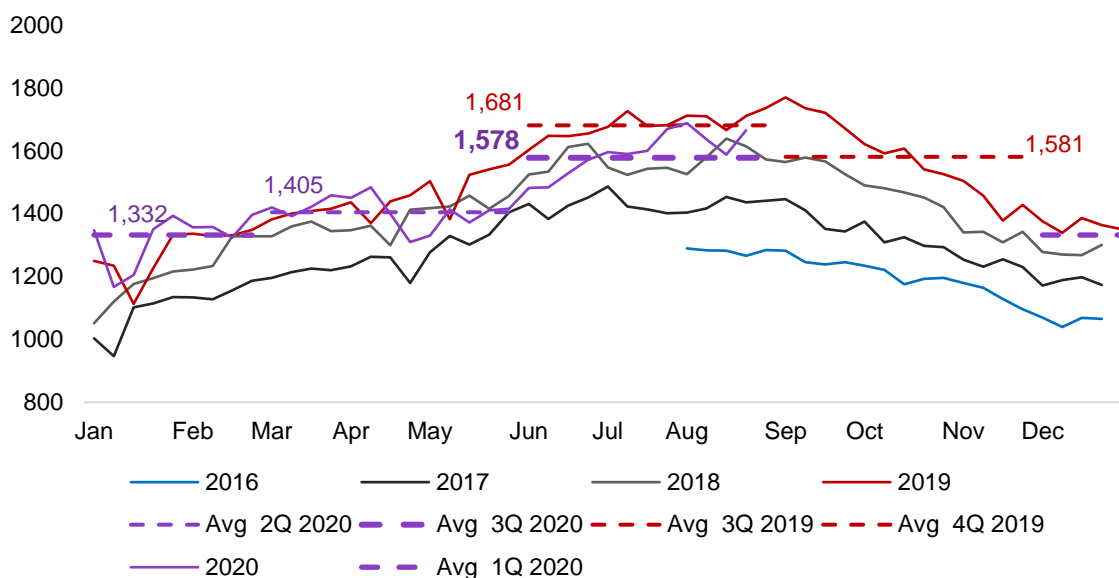
Table 1. Reimbursements made up to the end of 3Q20 vs Budget approved
(Million MXN)

Category	2020	3Q20	% Budget Utilization
Intercompany expenses	8,003,662,453	3,564,334,848	44.53%
Operation and maintenance	7,276,924,572	4,493,116,340	61.74%
Obligations expenses	3,638,020,084	2,336,295,419	64.22%
Major maintenance	1,520,868,825	1,031,382,411	67.82%
Trust expenses	17,182,809	7,756,809	45.14%
Financing costs	0	0	0.00%
Total	20,456,658,743	11,432,885,828	55.89%

Source: CFE Transmisión and CFECapital.

Table 1 compares the reimbursements made up to the end of the 3Q20 against the approved Budget of 20,457 million MXN. The equivalent of 55.89% was exercised, with total savings representing 19.11%, equal to 3,919.61 million MXN.

Chart 11. Weekly revenues of the Promoted Trust
(Million MXN)

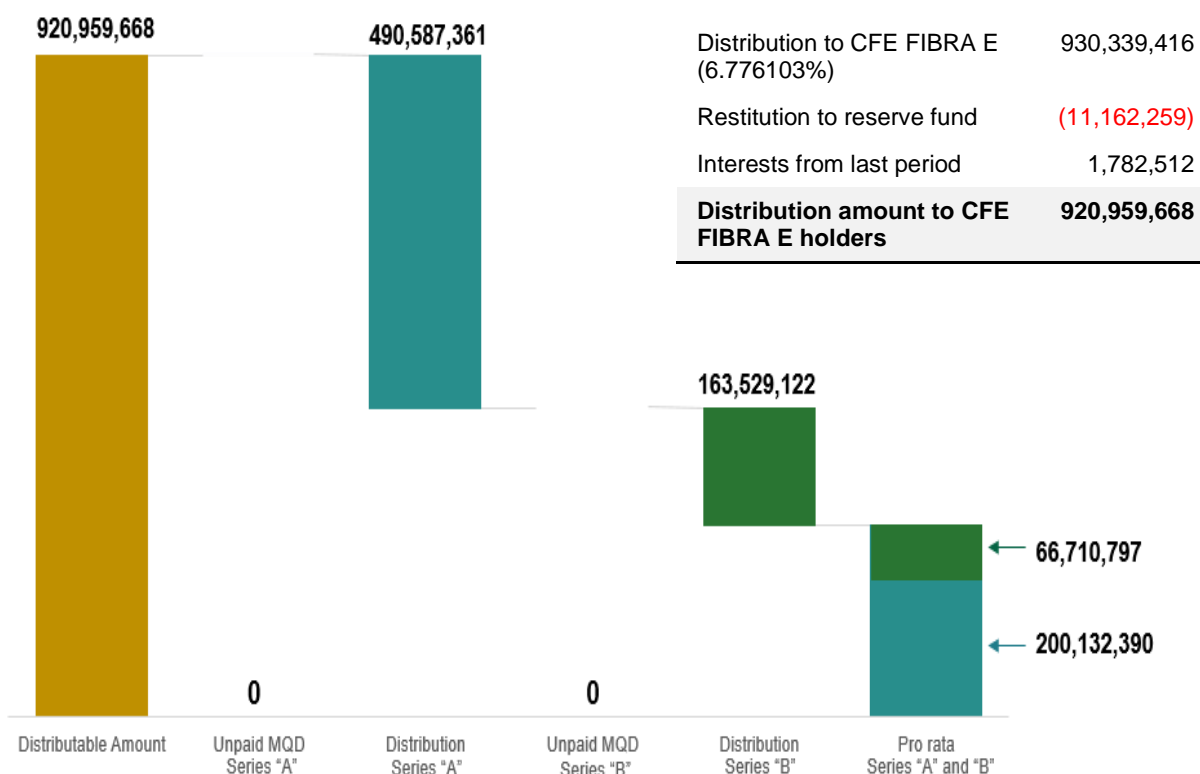


Source: CFE Capital and Promoted Trust statement of account.
 Note: Distribution of the Second Quarter of 2020: March 1 to May 31. Distribution of the Third Quarter of 2020: June 1 to August 31. Rounded Figures. Last Update 09/30/2020.

The Chart 11 showed above reflects the behavior of the collection rights. In the 3Q20 distribution period, the electricity consumption in Mexico corresponds to the highest level of the year, due to seasonality. Also, it showed a decrease compared to the equivalent period of last year, this reflects the effects from the period of confinement generated by the pandemic. However, once the economic productive sectors start operations again, it is expected that the volume on energy transmission recovers to its expected levels due to an expected increase in demand of electricity. Given this information, the weekly revenue **increased 12.35% compared to 2Q20**.

4. CFE FIBRA E distribution 3Q20

Diagram 1. Amount distributed 3Q20
(Million MXN)



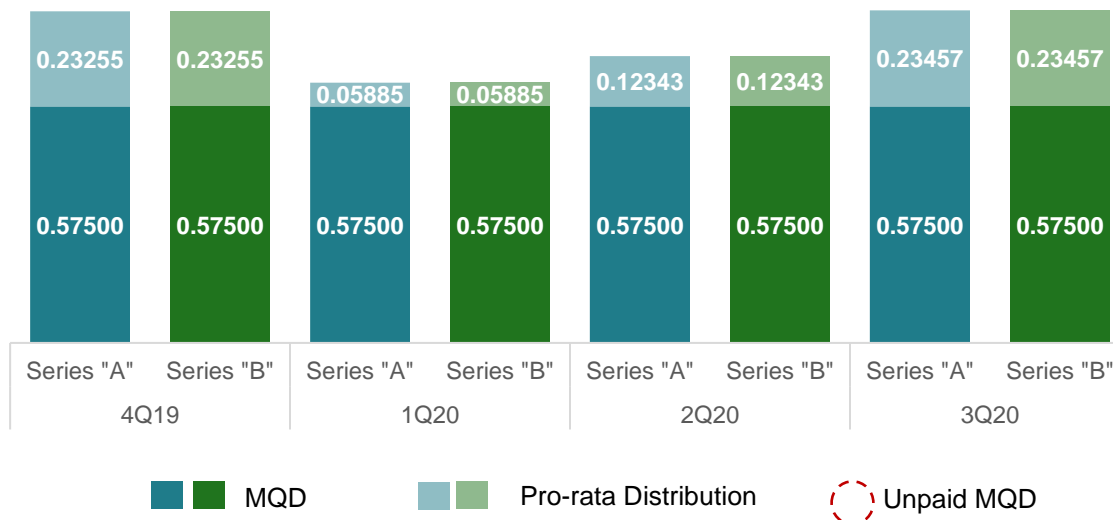
Source: CFECapital. All information includes VAT. Rounded figures.

The amount distributed for 3Q20 accounted for a total of 13 weeks of operations, from June 1 to August 31, 2020.

The distribution from the Promoted Trust was 930.34 million MXN, which after 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 920.96 million MXN.

Diagram 1 shows the distribution process for the 3Q20 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. Since there was not any unpaid MQD, the surplus of 0.234568 MXN/CBFE was distributed on a pro rata basis for both Series. The result was a distribution of 0.809568 MXN/CBFE for both Series "A" and Series "B".

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



Source: CFECapital. Rounded figures.

Chart 12 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/CBF E 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 September 30th, 2020 with a close price of 25.75 MXN/CBF E and starting on October 1st, 2019 with a close price of 24.15 MXN/CBF E, the last 12-month total return of CFE FIBRA E has been 18.84%, which includes capital gains of 6.63% and a dividend yield of 12.21% considering the last four distributions from CFE FIBRA E to CBF E holders.

5. Quarterly financial statements

2.1 Promoted Trust

Table 2. Account balance Promoted Trust as September 30, 2020
(Million MXN)

	July	August	September	3Q20
Initial balance	4,389,610,896	9,705,709,699	14,024,259,475	
+ Collection payments	8,026,850,320	6,577,630,573	8,356,693,491	22,961,174,384
- Withdrawals	2,733,369,480	2,292,920,034	2,123,714,342	7,150,003,856
- Distribution to holders	-	-	13,729,711,835	13,729,711,835
Gross balance	9,683,091,736	13,990,420,238	6,527,526,789	
+ Interest	31,686,693	48,666,352	36,790,879	117,143,924
- Interest tax	9,068,731	14,827,129	11,767,783	35,663,643
Final balance	9,705,709,698	14,024,259,461	6,552,549,885	
Accrued Interest	-3	-14	-14	
Final balance	9,705,709,695	14,024,259,447	6,552,549,871	

Table 2 shows the balance for the Promoted Trust started this period with 4,389.61 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 22,916.17 million MXN, the withdrawals summed up 7,150.00 million MXN and the distribution was of 13,729.71 million MXN.

2.2 Issuer Trust

Table 3. Account balance Issuer Trust as September 30, 2020
(Million MXN)

	July	August	September	3Q20
Initial Balance	46,167,813	35,569,205	35,620,253	
+ Promoted trust distribution	-	-	930,339,416	930,339,416
- Distribution to holders	-	-	-	-
- Trust Expenses	10,746,049	78,341	113,341	10,937,731
Gross balance	35,421,764	35,490,864	965,846,328	
+ Interest	147,442	129,389	1,403,733	1,680,564
Final balance	35,569,206	35,620,253	967,250,061	

The balance for the Issuer Trust, that is shown in Table 3, started this quarter with 46.17 million MXN. As it can be seen in the Table 2, the total amount distributed among the CFE FIBRA E CBFES holders was 930.34 million MXN.

6. Issuer Trust administration and expenses

Table 4. Maintenance expenses
(Million MXN)

	2Q20	July	August	September	3Q20	Cummulative 2020
Administration fee	11,877,210	10,080,166	-	-	10,080,166	44,094,554
Fiduciary and common representative fees	37,525	483,843	-	-	483,843	1,082,413
Independent members fee	585,782	-	65,001	65,001	130,001	1,276,084
Expenditures of maintenance and registration of CBFES	-	-	-	-	-	1,742,419
External audit fees, accounting services, fiscal advisers and any other professional services	394,145	13,340	13,340	13,340	40,020	474,185
Insurance	4,694,324	-	-	-	-	4,694,324
External audit fees tax	378,421	168,700	0	35,000	203,700	826,841
Other expenses	16,500	0	-	-	0	16,500
Total	17,983,906	10,746,049	78,341	113,341	10,937,730	54,207,320

Source: CFECapital.

Note: Rounded figures

Diagram 2. Administration fee annual budget vs utilization

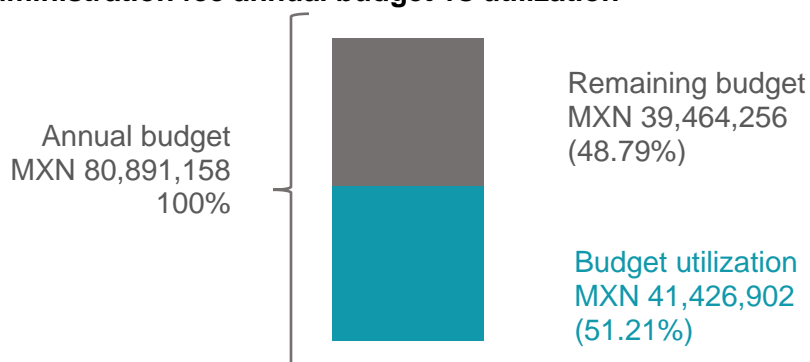


Table 4 shows the detail of CFECapital expenditures, the highest expense for CFECapital is the Administration fee. This periods' administration fee was 10.08 million MXN, which is integrated from the use of the budget for MXN 9.50 million, plus the commission for administration of 3Q20 for MXN 0.58 million, it corresponds to 51.21% of the approved annual budget of 80.89 million MXN and it's represented on Diagram 2.



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