



CFE Fibras E Investor Presentation

Evercore ISI Utility CEO Retreat Conference 2020

Phoenix, Arizona | 09-10 January, 2020



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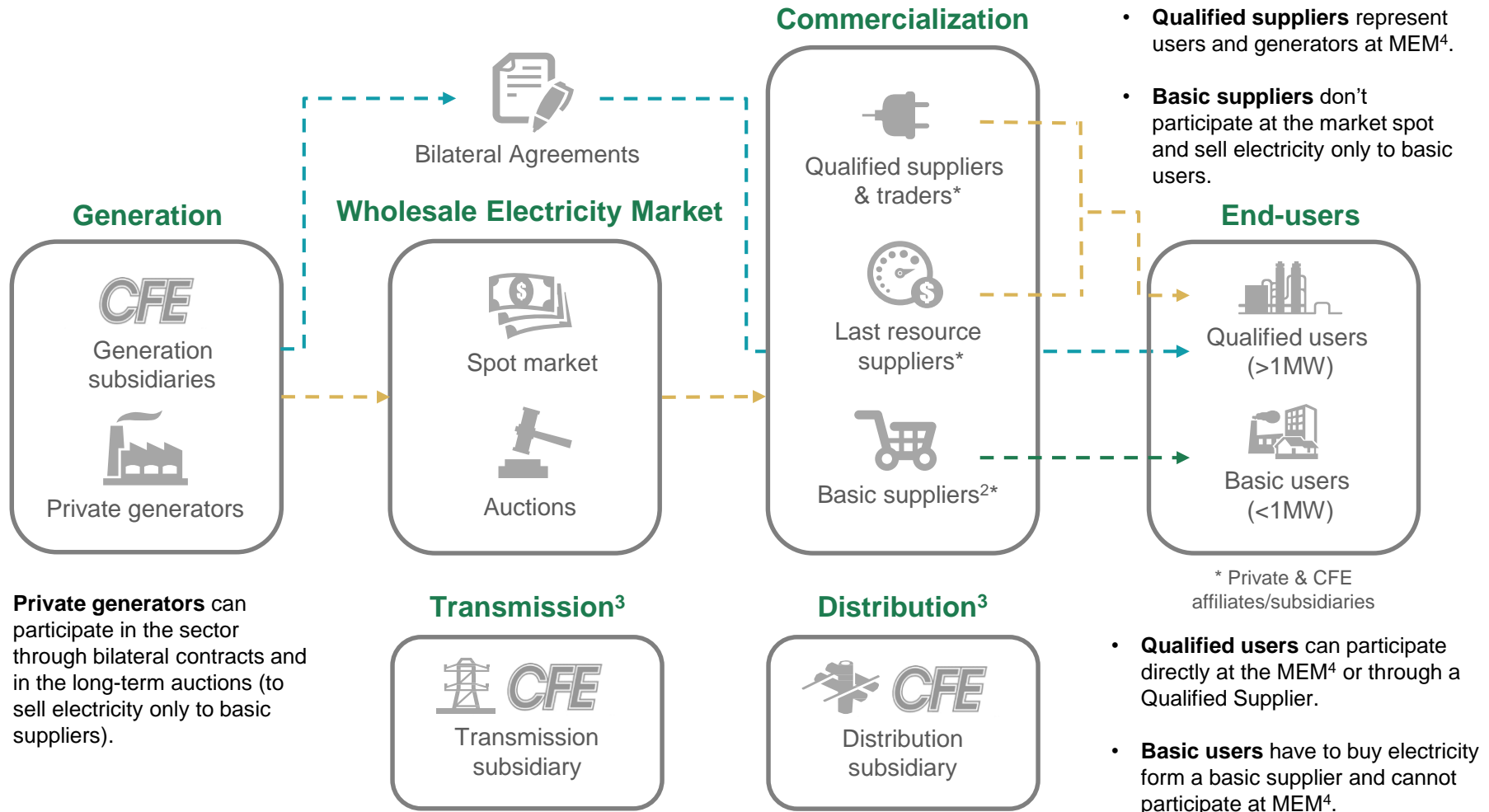
Agenda

- 1** Mexican power industry
- 2** Transmission of electricity
- 3** CFE Fibra E structure
- 4** CFE Fibra E important results
- 5** CFE Fibra E expectations

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Market structure of the power sector in Mexico



- **Private generators** can participate in the sector through bilateral contracts and in the long-term auctions (to sell electricity only to basic suppliers).

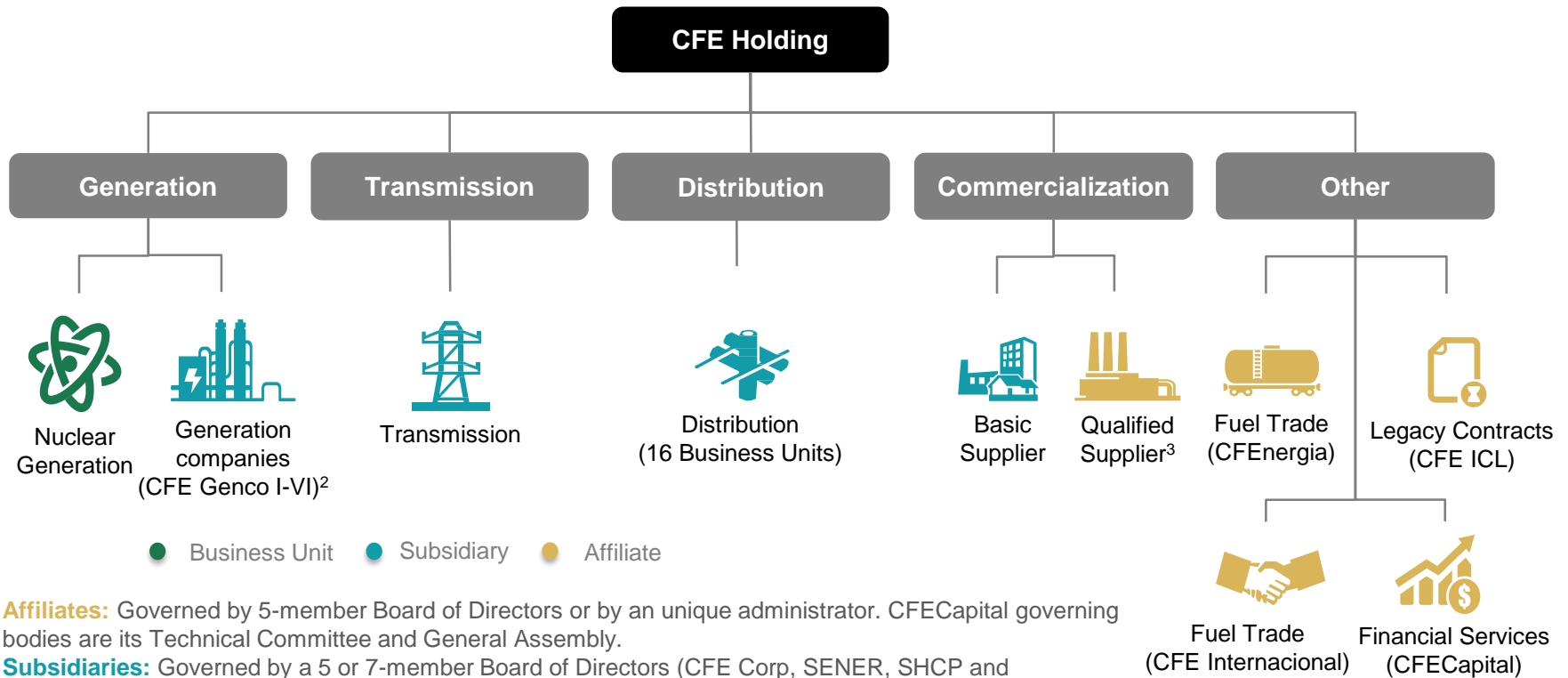
- **Qualified suppliers** represent users and generators at MEM⁴.
- **Basic suppliers** don't participate at the market spot and sell electricity only to basic users.

- **Qualified users** can participate directly at the MEM⁴ or through a Qualified Supplier.
- **Basic users** have to buy electricity from a basic supplier and cannot participate at MEM⁴.

Source: (Content in Spanish) - DOF, [Law of the Electric Power Industry](#). DOF, [Wholesale Electricity Market Rules](#).

Note: ¹Private investment is allowed through partnerships, joint ventures or bilateral agreements. CFE-owned and Independent Power Producers were assigned to a new subsidiary and are allowed to provide electricity to the Basic Supplier Subsidiary. Non-CFE Power Purchase Agreements (PPAs) can remain as Legacy Contracts or migrate to the new framework. ²Currently, CFE is the only Basic Supplier, although CRE [has granted permits to three new competitors](#). ³Rates are defined by the CRE. ⁴Wholesale Electricity Market by its acronym in Spanish *Mercado Eléctrico Mayorista*.

CFE division in subsidiaries and affiliates



Affiliates: Governed by 5-member Board of Directors or by an unique administrator. CFECapital governing bodies are its Technical Committee and General Assembly.

Subsidiaries: Governed by a 5 or 7-member Board of Directors (CFE Corp, SENER, SHCP and independents).

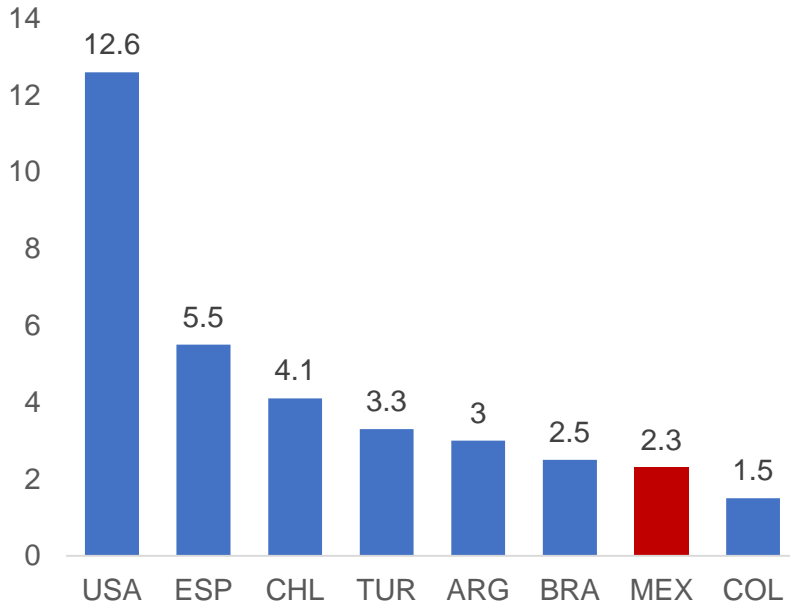
- **CFE ICL:** manages contracts created under the former regulation and represents these power plants at the MEM.
- **CFEnergía and CFE Internacional:** national and international energy traders in charge of supplying CFE Gencos (and third parties) of fuel at competitive prices.⁴
- **CFECapital:** creates value for CFE through the promotion of investments on energy infrastructure, currently manages the first vehicle to monetize the cash flows generated by the energy transmission assets of CFE (CFE Fibra E).

Source: (Content in Spanish) - DOF, *Law of the Federal Electricity Commission*. DOF, *Terms for the strict legal separation of the Federal Electricity Commission*. CFE, *Annual Report 2017*.

Note: ¹Partnerships, joint ventures or bilateral agreements are allowed to carry out the operation, maintenance and expansion of infrastructure. ²Genco V Subsidiary covers all CFE's IPPs contracts through external legacy power plants. ³Qualified Supplier also operates as energy trader and last resource supplier. ⁴Natural gas, LNG, fuel oil, diesel and coal.

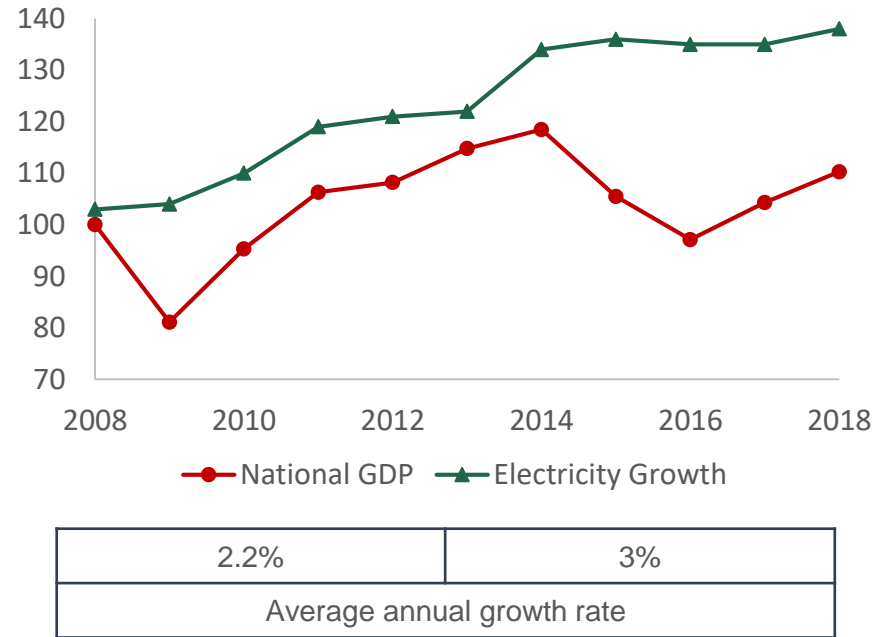
Power sector growth expectations

Electric power consumption²
(MWh per capita, 2017)



Energy intensity in Mexico is below its potential. Per capita energy consumption is lower than comparable economies such as Spain, Turkey and Brazil.

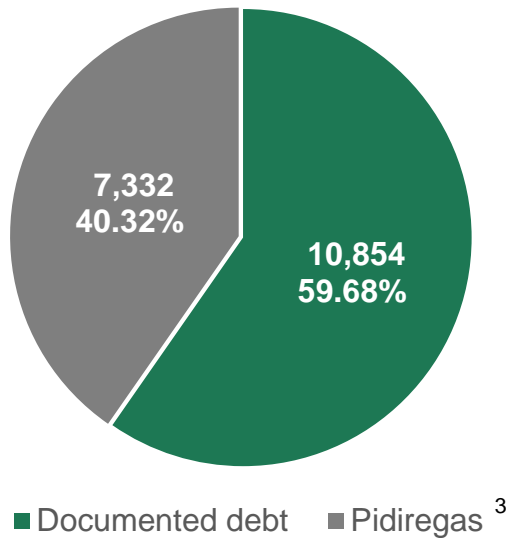
National GDP and electricity industry growth index³
(2008-2018)



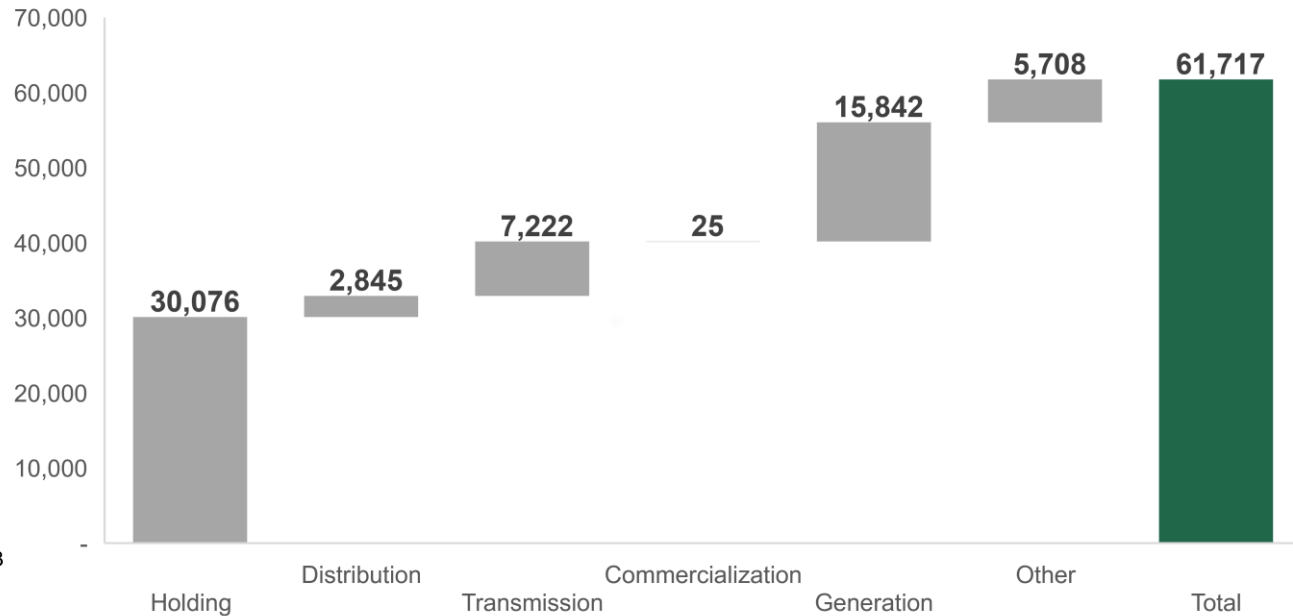
Mexican electricity industry keeps growing, and its growth showed greater dynamism than other sectors, including the national economy. Also presents a greater average annual growth rate.

Investment requirements of CFE

Debt composition¹
(million USD)



Investments projects requirements by business unit 2019²
(million MXN)



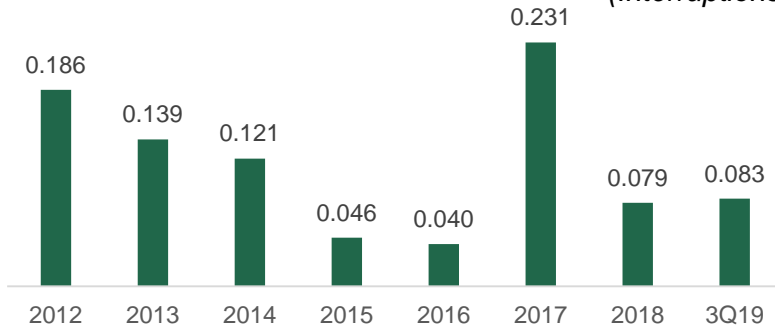
CFE debt limit for 2019 was \$19.48 billion MXN. It is not enough to cover the needs of the company; therefore, other sources of financing are required.

Agenda

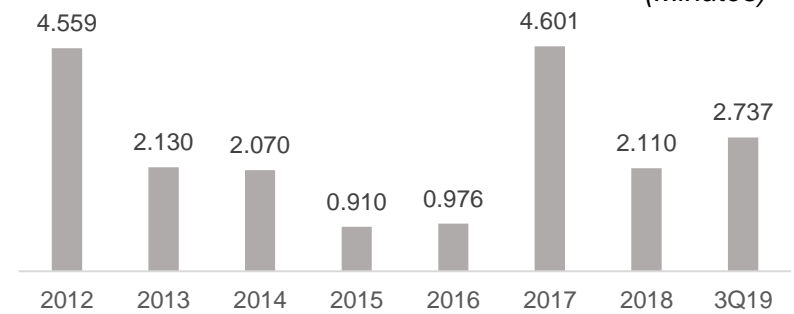
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- 2 Transmission of electricity**
- 3 CFE Fibra E structure
- 4 CFE Fibra E important results
- 5 CFE Fibra E expectations

CFE Transmisión performance indicators

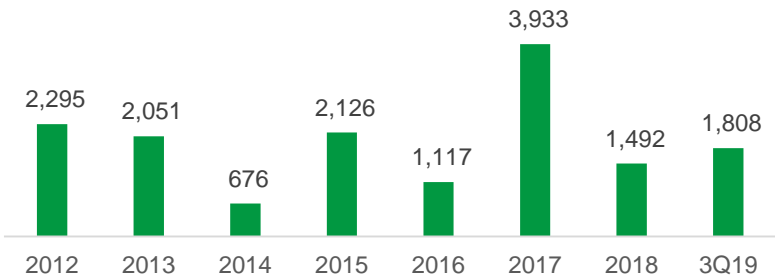
System Average Interruption Frequency Index¹
(Interruptions)



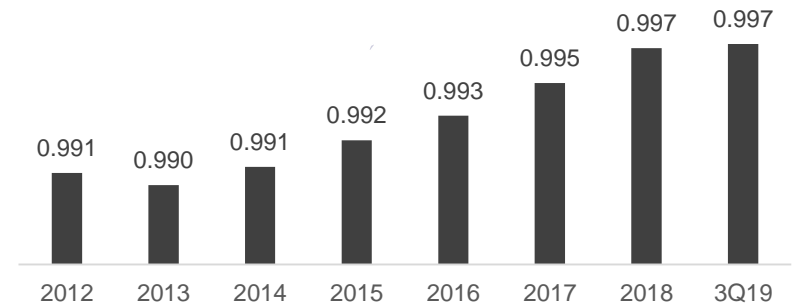
System Average Interruption Duration Index²
(Minutes)



Energy not delivered³
(MWh⁴)



Transmission System Availability Index⁵
(Percentage)

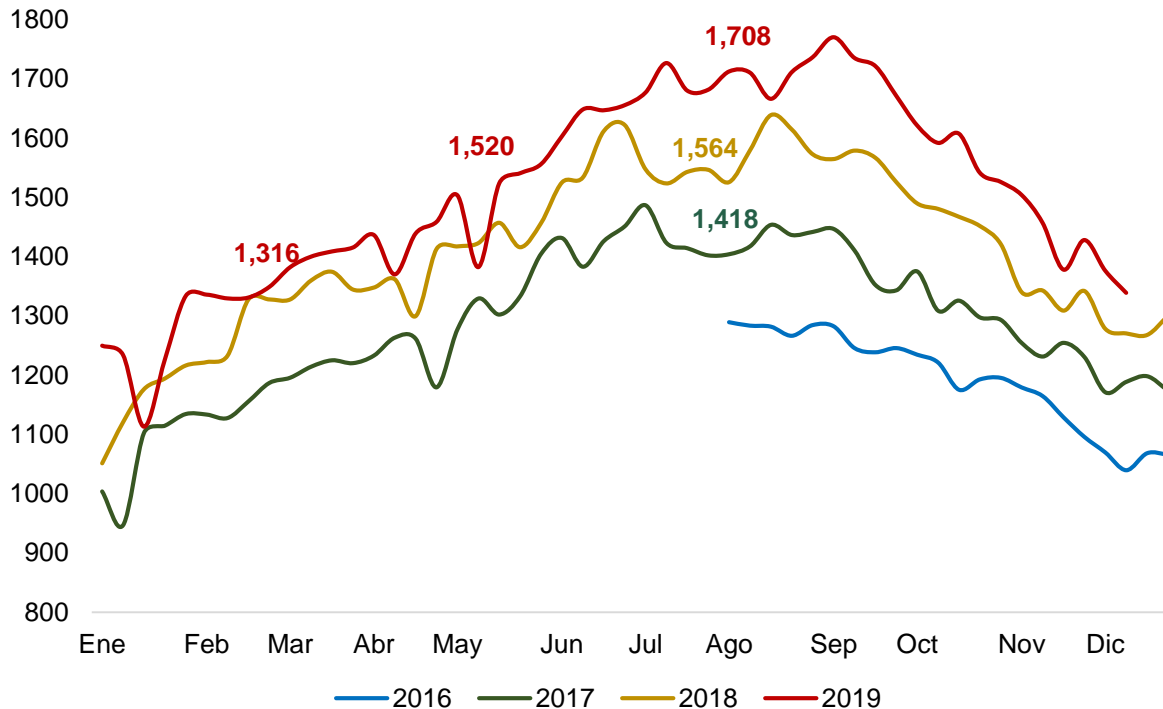


Source: CFE Transmisión.

Notes: ¹Average number of service interruptions due to failure in the National Transmission Grid (RNT) 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 because of failures in the RNT. ⁴Means megawatt-hour, or one thousand kilowatt-hours. ⁵Availability of all component elements of the RNT. Information as of September 30th 2019.

Collection rights performance until november 2019

Collection rights from CENACE¹ (Million MXN)



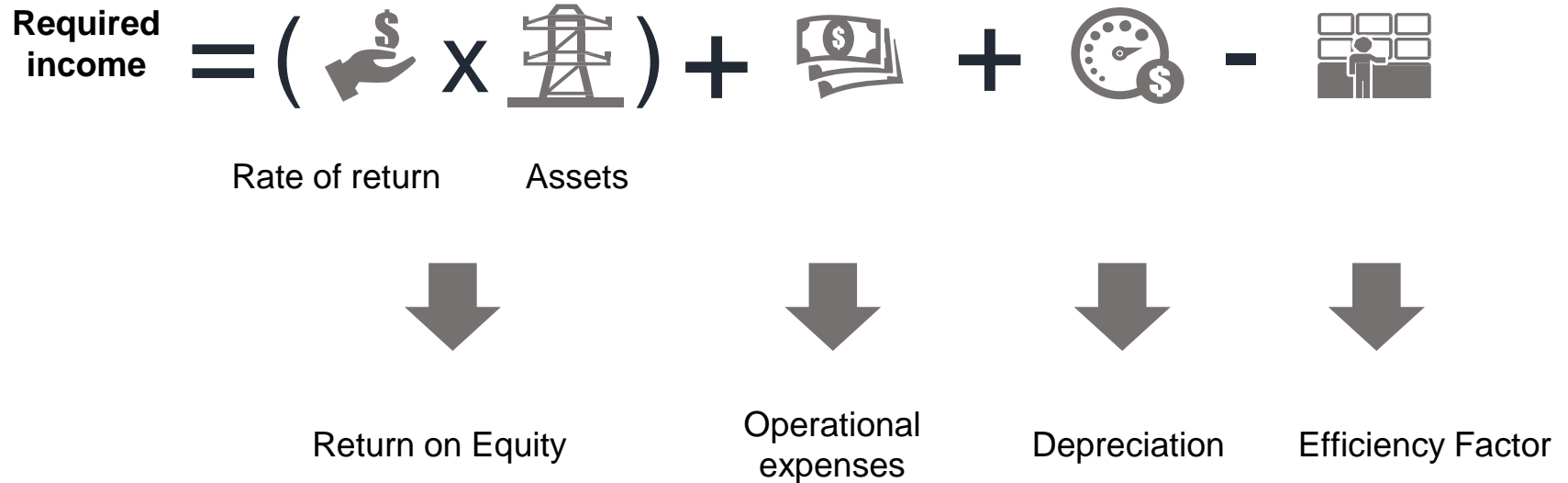
Until november 2019 weekly collection rights:

- Have totalized 72.725 billion MXN.
- Have increased 6.74% compared to the same period of 2018.

Note: The figures shown in the chart correspond to the quarterly average of weekly collection rights.

Source: CFE Transmisión, CFECapital and PRODESEN. Revenues in the graph include VAT (IVA).
Note: ¹Centro Nacional de Control de Energía (CENACE).

Current tariff methodology



Required income is **assigned to consumers and generators** (70% and 30%, respectively) and **divided by volume** at two different tension levels.¹

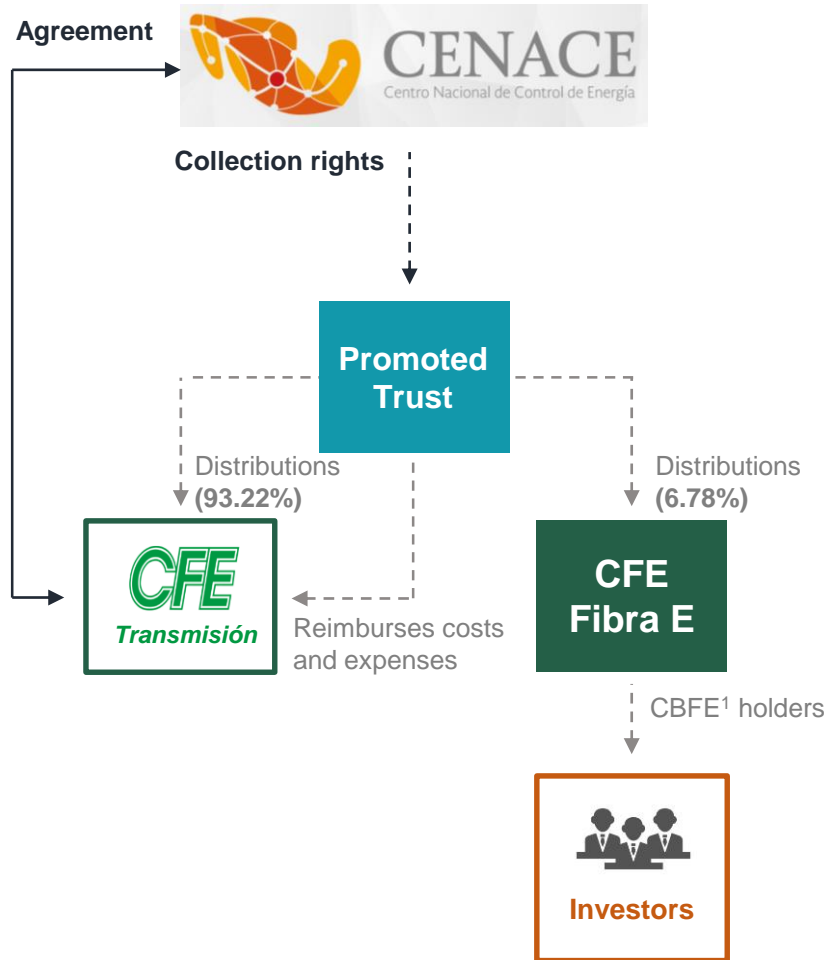
Annual adjustments: 90% weight on inflation and 10% on exchange rate.
Annual Adjustments for 2020 was 0.98%.

New investments have to be included in the National Electric System Development Program² (PRODESEN).

Agenda

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- 5 CFE Fibra E expectations

CFE Fibra E: structural soundness



CFE Transmisión assigned its collection rights for a period of 30 years.

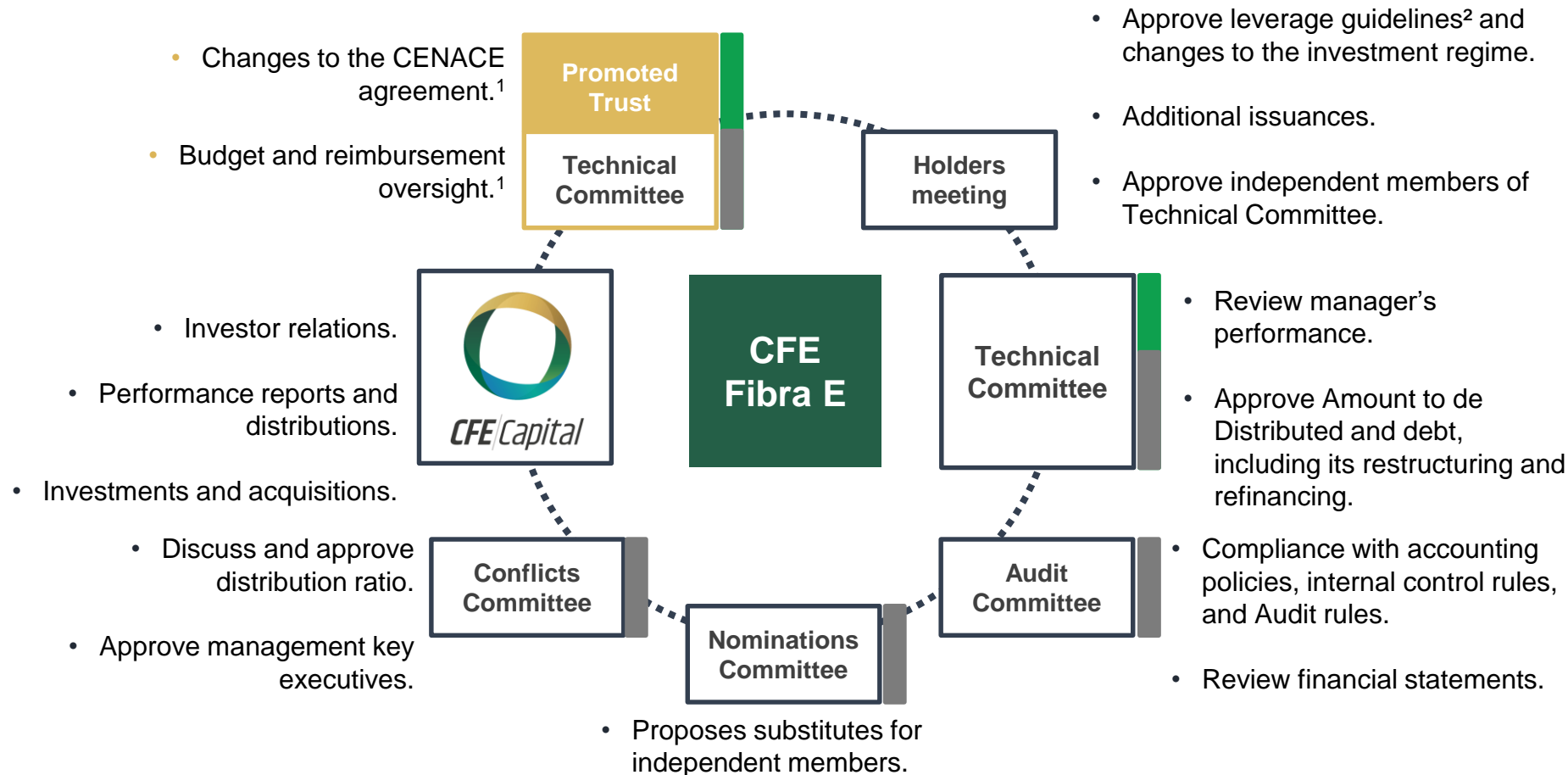
It receives reimbursements for the operation of the Transmission grid based on an annual budget.



CFE Fibra E has strong Corporate Governance mechanisms and establishes subordination to public investors.

Source: CFECapital.

Note: ¹Certificados Bursátiles Fiduciarios de Inversión en Energía e Infraestructura.

Corporate governance of CFE Fibra E

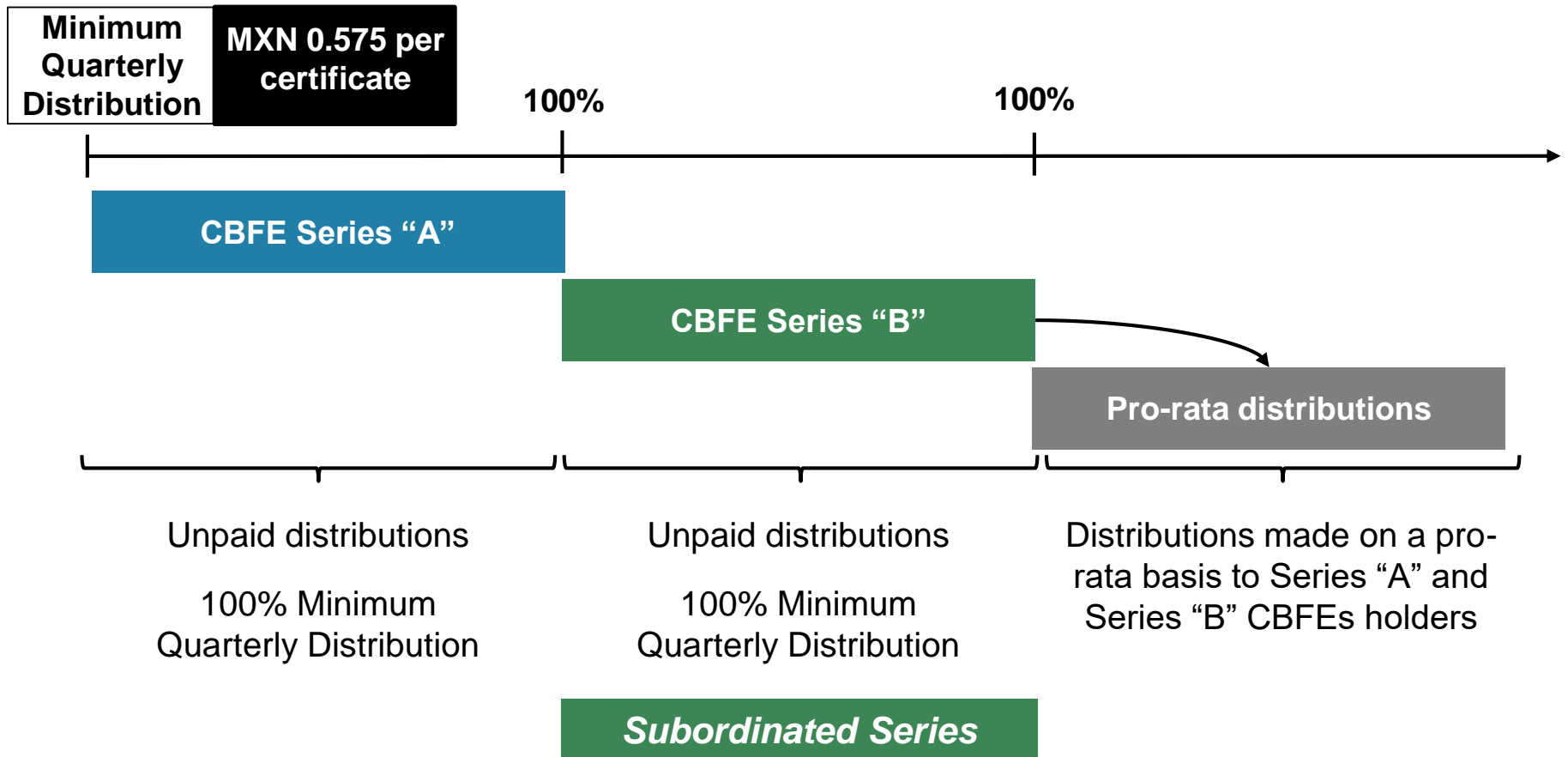


-  CFE-designated members
-  Independent members



Source: Offering filings and CFECapital. ¹All decisions require independent members approval. ²Leverage rules require approval of the Technical Committee and the corrective plan needs approval of the Conflicts Committee.

Distribution process to the CBFE¹ holders

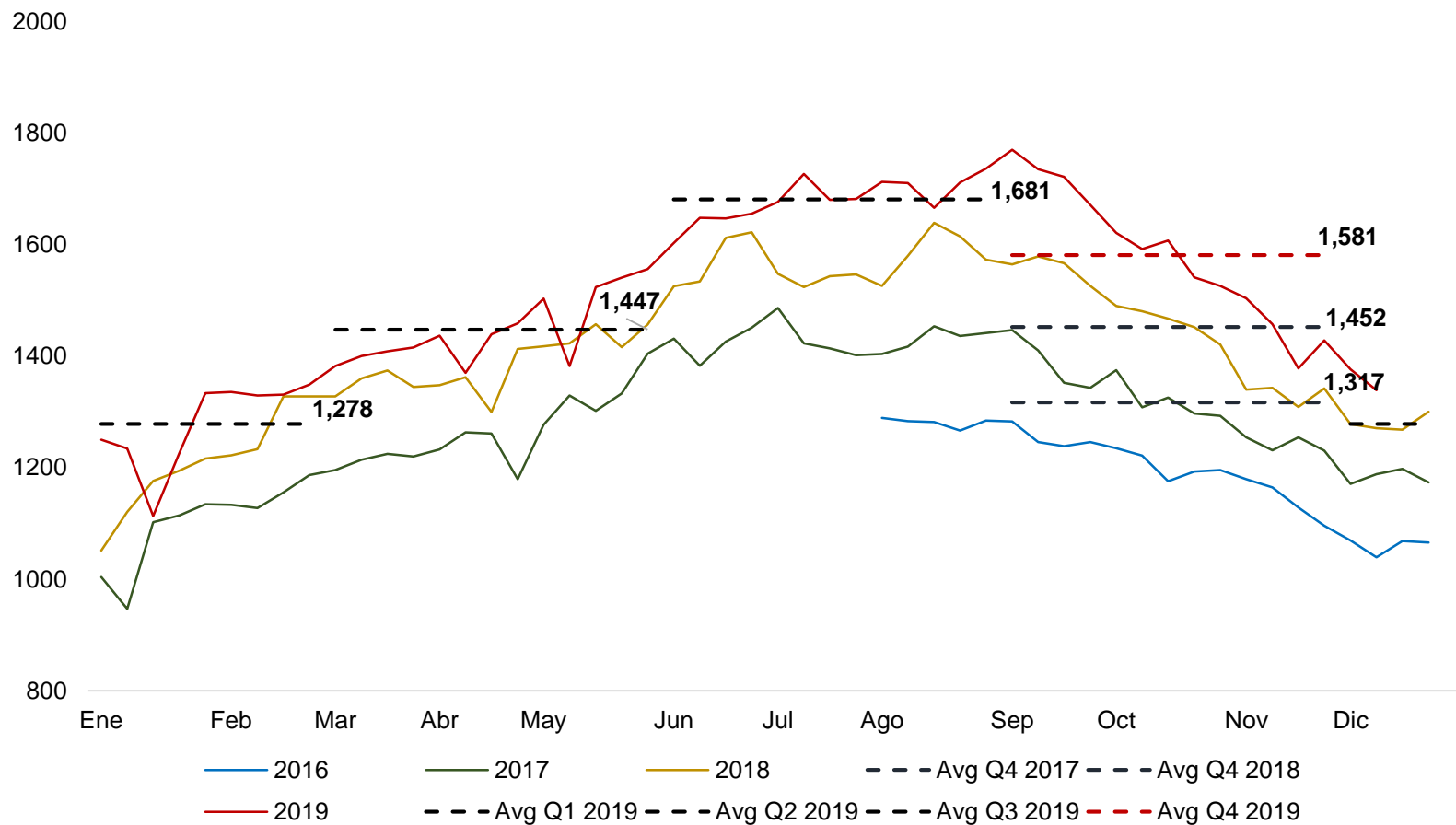


Agenda

- 1 Mexican power industry
- 2 Transmission of electricity
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- 4 CFE Fibra E important results**
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Average collection rights per distribution period

Weekly revenues from CENACE August 2016 – November 2019 (Million MXN)

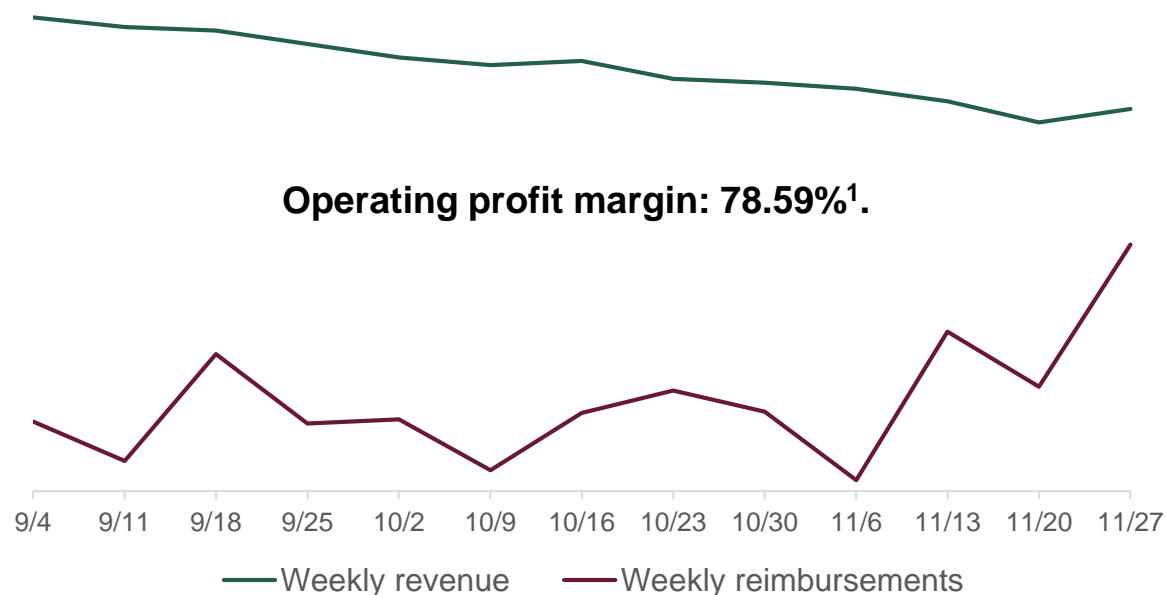


Source: CFE Capital and Promoted Trust Statement

Note: 1Q19 Distribution: December 1, 2018 to February 28; 2Q19 Distribution: March 1 to May 31; 3Q19 Distribution: June 1 to August 31; 4Q19 Distribution: September 1 to November 30. Comparison for 4Q17 and 4Q18 considers equivalent periods. Rounded Figures.

Reimbursements and collections rights of the Promoted Trust

Collection rights and reimbursements to *CFE Transmisión* during fourth distribution period
(Million MXN)



During fourth distribution period:

- Average collection rights per week: **1,580.95 millions MXN.**
- Average reimbursements per week: **338.40 millions MXN.**
- Average operating profit per week: **1,242.55 millions MXN.**

Last update: 18/12/19. Reimbursements according to annual budget.



Source: *CFE Transmisión* and CFECapital.

Note: ¹Operating Profit Margin is calculated as profits once reimbursements have been subtracted from the collection rights.

Utilization of Promoted Trust budget

Reimbursements made until November 2019 vs approved budget (Million MXN)

Category	2019	November 2019	% Budget
Intercompany expenses	7,769	6,307	81%
Operation and maintenance	7,126	5,942	83%
Obligations expenses	3,471	2,746	79%
Major maintenance	2,027	1,043	51%
Trust expenses	17	0	0%
Financing Costs	0	0	0%
Total	20,410	16,038	79%

Up to November 30th, total savings from the approved budget represent a 21%, equivalent to 3,401 million MXN, considering that 11 months have passed.

Distributed amount to Series “A” and Series “B” 4Q19

Amount to be distributed **918.66**

Distribution to CFE Fibra E (6.776103%)	930.1
Reserve fund restitution ¹	(14.5)
Interest from the previous period	3.0
Amount to be distributed	918.6

Distribution to Series “A” holders
490.58

Unpaid MQD
0.00

Distribution to Series “B” holders
163.53

Unpaid MQD
0.00

Distribution to each Series “A” CBFE²
0.80754842

Distribution to each Series “B” CBFE
0.80754842

Pro rata
Series “A” (75%)

198.41

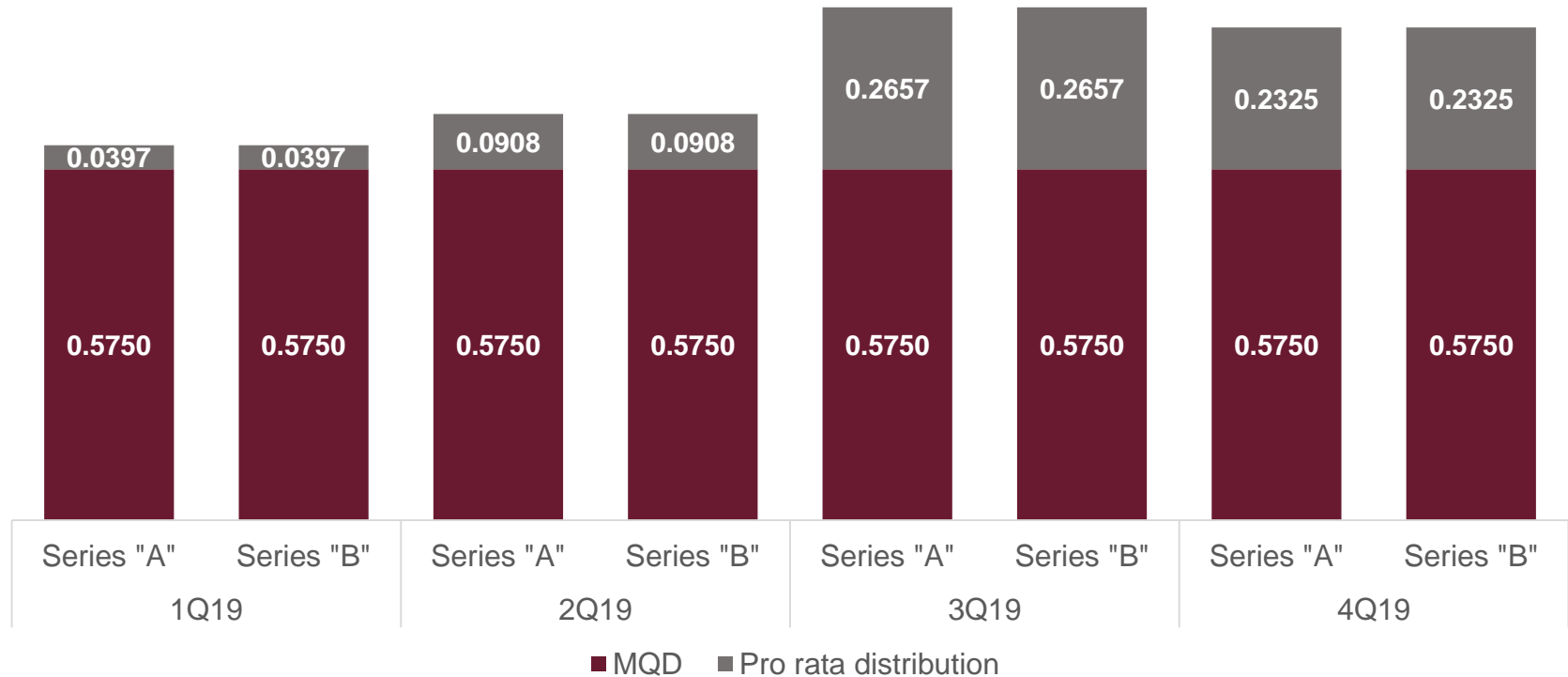
Pro rata
Series “B” (25%)

66.14

Source: CFECapital. All information includes VAT, all information in MXN million. ¹As issuer’s trust agreement establishes, it has to maintain an MXN 45 million expenses reserve fund. Thus, the Trust Technical Committee approved its replenishment. ²Certificados Bursátiles Fiduciarios de Inversión en Energía e Infraestructura, CBFE. Rounded figures.

Composition of the 4Q19 distribution per CBFE¹

Revenue composition of CFE Fibra E distributions for both Series
(MXN per CBFE)

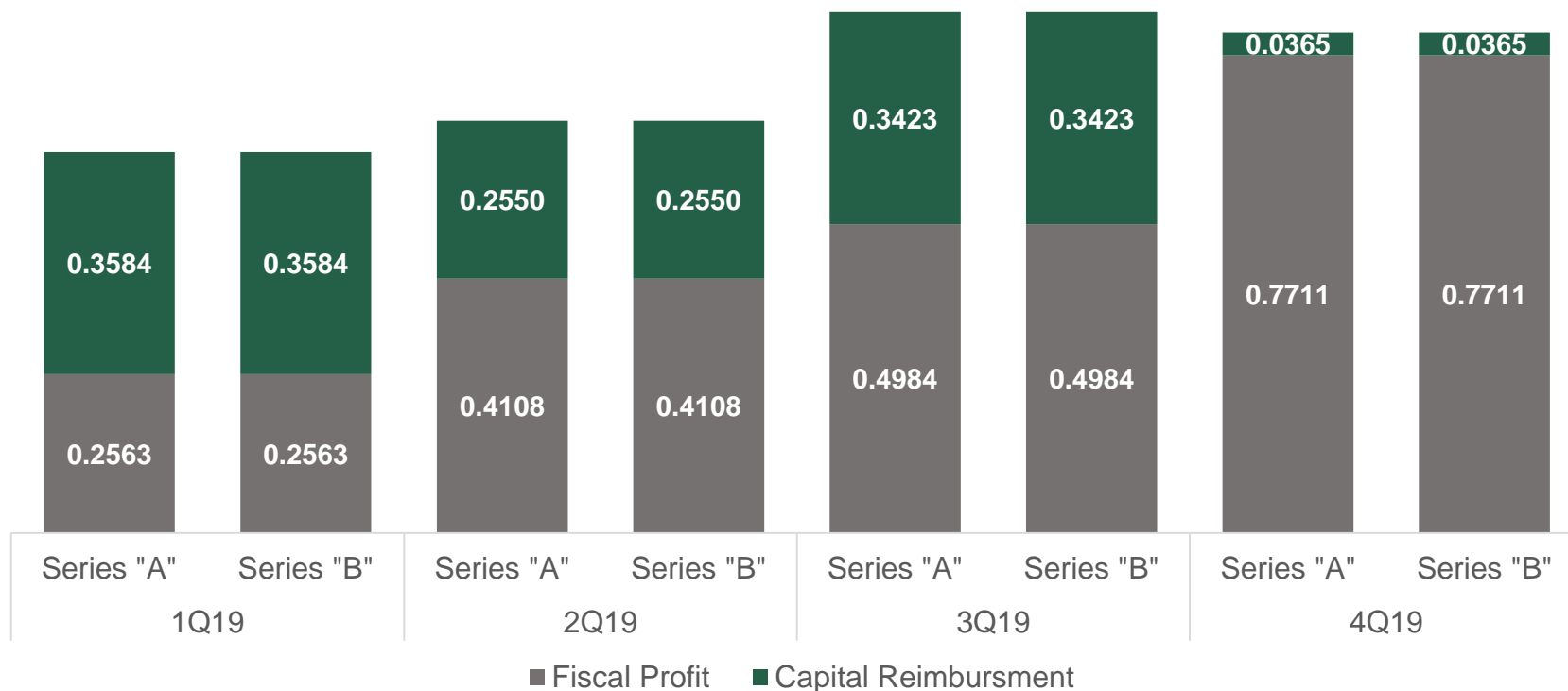


Source: CFECapital.

Note: ¹Certificado Bursátil 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. ² There has been no Unpaid MQD on either 2019 distributions. ³ Minimum Quarterly Distribution. Rounded figures.

Fiscal composition of 4Q19 distribution per CBFE¹

Fiscal composition of CFE Fibra E distributions for both Series
(MXN per CBFE)

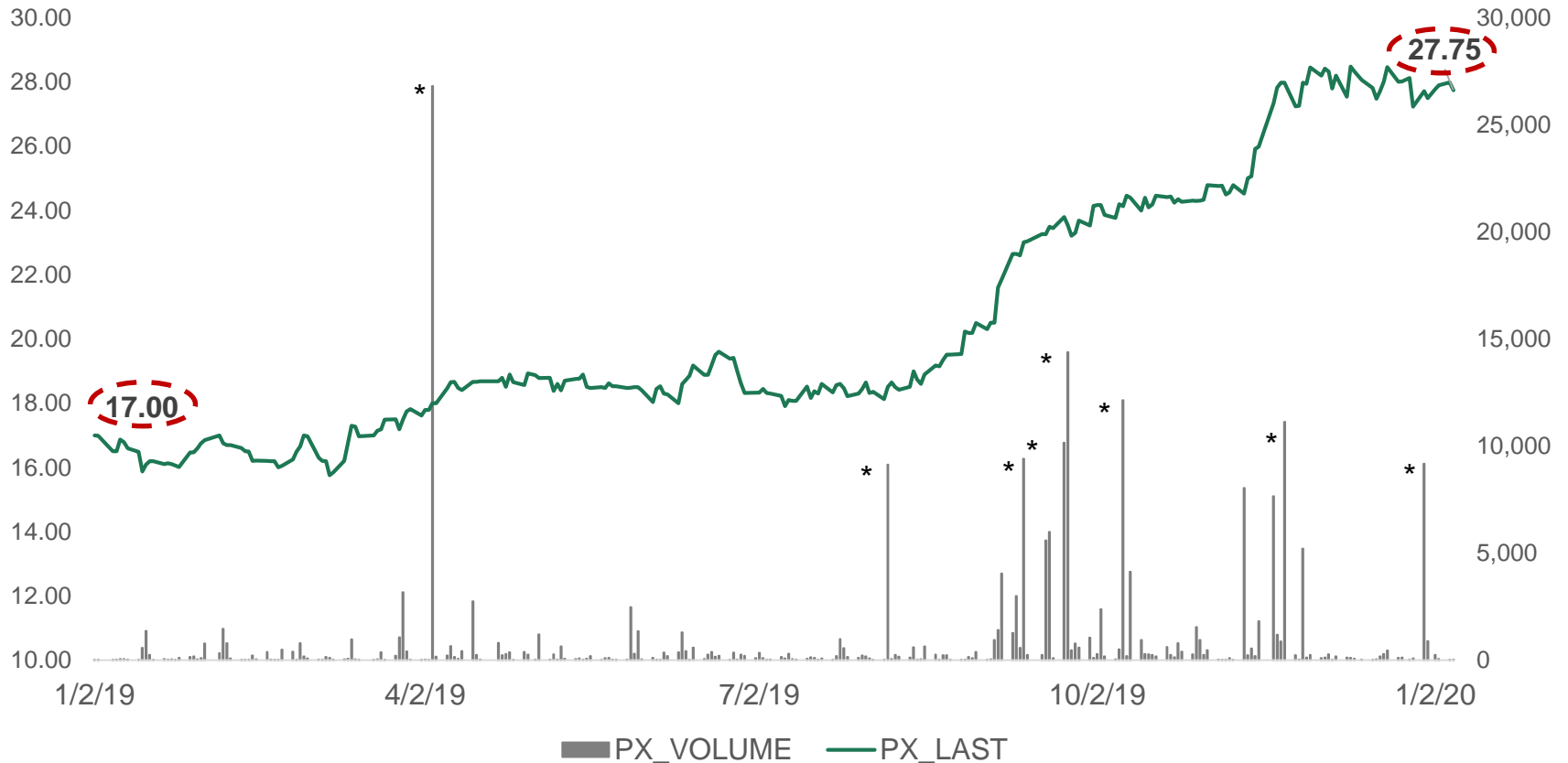


Fuente: CFECapital

Note: ¹Certificado Bursátil Fiduciario de Inversión en Energía e Infraestructura. CFE Fibra E distribution strategy is approved by its Technical Committee and it is determined based on the fiscal requirements for Mexico Income Tax Law. Rounded figures.

CFE Fibra E performance

FCFE18 price and volume during 2019



Source: CFECapital with information from Bloomberg.

Notes: CBFE: *Certificado Bursátil Fiduciario de Inversión en Energía e Infraestructura*. *Intraday operated volume over 1% of all Series "A" CBFE (853,195,411 CBFE).



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Positives effects on CFE Fibra E during 2019

Bank of Mexico

Reduce the interest rate 100 bps.

- More attractive return on CFE Fibra E vs Fixed Income.
 - 25 bps on August 15, 2019
 - 25 bps on September 26, 2019
 - 25 bps on November 14, 2019
 - 25 bps on December 19, 2019

Energy Regulatory Commission

Leopoldo Vicente Melchi García was elected as President Commissioner.

- Start of the working tables for the new tariff methodology.
 - On October 17, 2019

CFE

Agreement with pipeline companies.

- Certainty to the private sector.
 - On August 27, 2019

CFE Capital

FCFE18 distribution above expectations.

- FCFE18 distributed 2.98 MXN per CBF E.

Following events



1Q20 distribution: March 31, 2019



4Q19 Investor call: end of February 2019



Tariff methodology approval during 2020

investor@cfecapital.com.mx

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



CFE/Capital

Promoted Trust Q319 Account Balance

Promoted Trust Account Balance as of September 30th, 2019 (Million MXN)

	July	August	September	3Q19
Initial balance	4,726.98 ⁽¹⁾	10,594.75	14,634.19	
+ Collection rights	8,476.85	6,823.94	6,897.66	22,198.46 ⁽²⁾
- Withdrawals	2,656.93	2,861.41	2,092.34	7,610.67 ⁽³⁾
- Distribution to holders	-	-	14,384.19	14,384.19 ⁽⁴⁾
Gross balance	10,546.90	14,557.28	5,055.33	
+ Interest	54.62	87.54	73.97	216.14 ⁽⁵⁾
- Interest tax	6.78	10.63	9.87	27.29 ⁽⁶⁾
Final balance	10,594.75	14,634.19	5,119.42	

The third quarter balance began with MXN 4,726.98 million⁽¹⁾, to which were added collection rights received from CENACE¹ for the period for MXN 22,198.46 million⁽²⁾, withdrawals for the period summed up to MXN 7,610.67 million⁽³⁾. In September was realized the distribution to holders, before reliquidations, it was for MXN 14,384.19⁽⁴⁾. During the period interest generated add up to MXN 216.14 million⁽⁵⁾ and interest tax summed up to MXN 27.29 million⁽⁶⁾.

Issuer Trust Q319 Account Balance

Issuer Trust Account Balance as of September 30th of 2019

(Million MXN)

	2Q19	July	August	September	3Q19
Initial Balance		42.71 ⁽¹⁾	25.77	25.72	
+ Promoted trust distribution	782.61	-	-	974.01	974.01 ⁽²⁾
- Distribution to holders	757.41	-	-	956.37	956.37 ⁽³⁾
- Trust Expenses	31.19	17.19	0.21	0.49	17.89 ⁽⁴⁾
Gross balance		25.52	25.56	42.87	
+ Interest	2.06	0.25	0.16	2.59	3.00 ⁽⁵⁾
Final balance		25.77	25.72	45.45	
Accrued interest	-	-	-	-	
Portfolio value		25.77	25.72	45.45	

The Q3 began with a balance of MXN 42.71 million⁽¹⁾, to which were added MXN 974.01 million⁽²⁾, corresponding to the distributed amount of the Promoted Trust (F/80758), of which the holders finally received MXN 956.37 million⁽³⁾. The expenses of the trust were 17.89 million pesos⁽⁴⁾. During the quarter, the interests generated were MXN 3.00 million⁽⁵⁾.