



Comisión Federal de Electricidad®

Investor Presentation

Results as of September 30, 2018

Conference Call

Friday October 26th, 2018

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CFE Key Highlights in 3Q 2018

3Q 2018 Gross Margin was 14.8 billion pesos.

Net Income in 3Q 2018 was 2.1 billion pesos.

Equity reached 580 billion pesos.

We have increased our customers base to 43.1 million from 42.2 million accounts in December 2017, reaching 98.7% of the Mexican population.

In 3Q 2018, average price for kWh was \$1.8330 MXN, a 15% increase from the \$1.593 MXN per kWh in 3Q 2017.



CFE at a glance in 3Q 2018

Total Assets:
MXN 1,537 billion

Current Assets:
MXN 157 billion

Equity:
MXN 580 billion



Total Revenue:
MXN 143.9 billion

Net Income:
MXN 2.1 billion



Generation Capacity:
55,240 MW

Transmission Network:
107,709 km

Distribution Network:
837,640 km

Customer Accounts:
43.1 million

Total Accumulated Electricity Generated⁽¹⁾: 199.92 TWh

CFE generates 80.6%⁽²⁾ of the electricity in Mexico and provides power to 98.7% of the population.

Growth 3Q 2018 vs. 3Q 2017

Total Electricity Generated: +5.5%

Customer Accounts: +2.9%

Sale of fuels to third parties: +MXN 10.5 billion

Subsidy: +5%

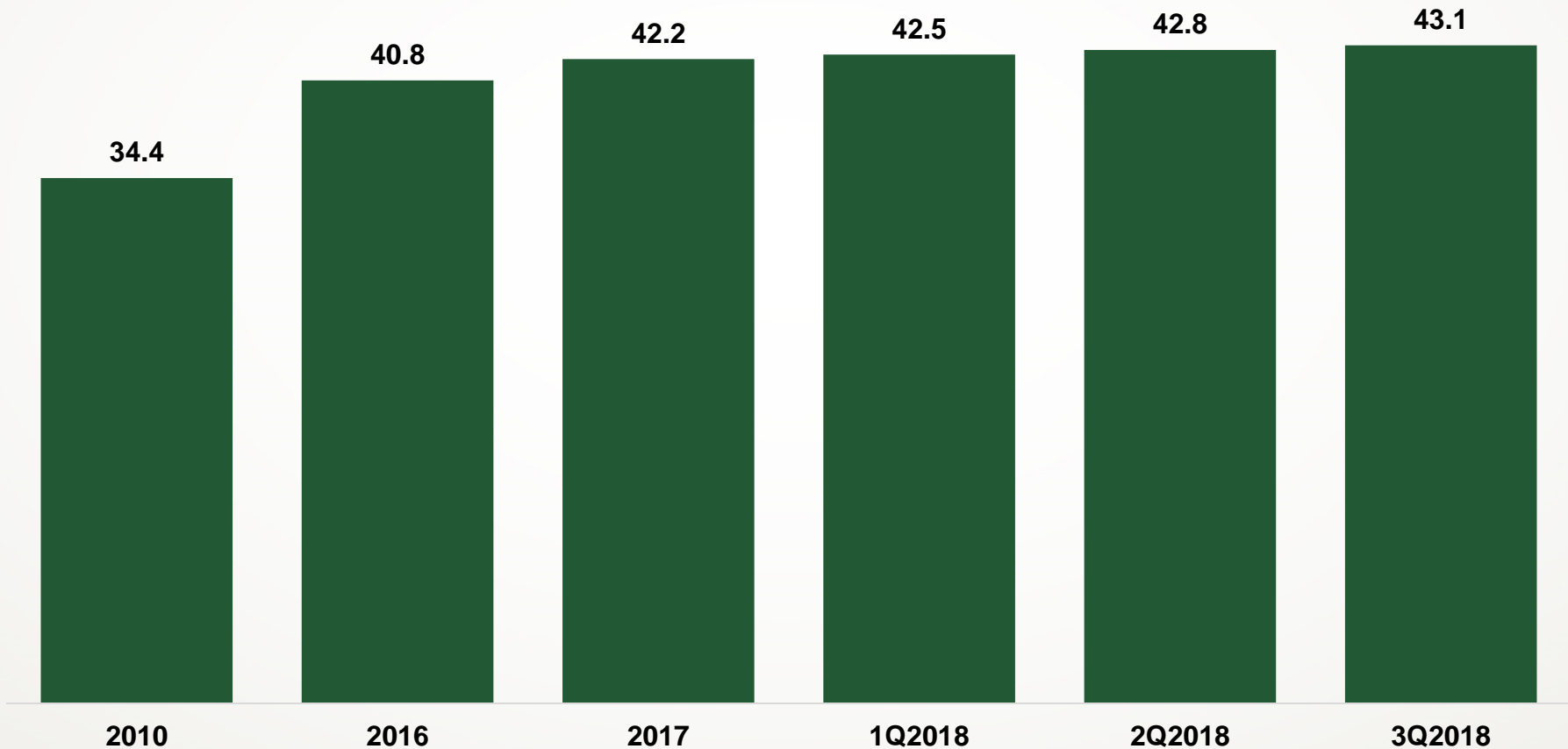
(1) Total Electricity generated by CFE from January to September 2018. Includes Independent Power Producers (IPPs).

(2) Includes Independent Power Producers (IPPs)

Growing Customer Base

Customer Accounts (millions)

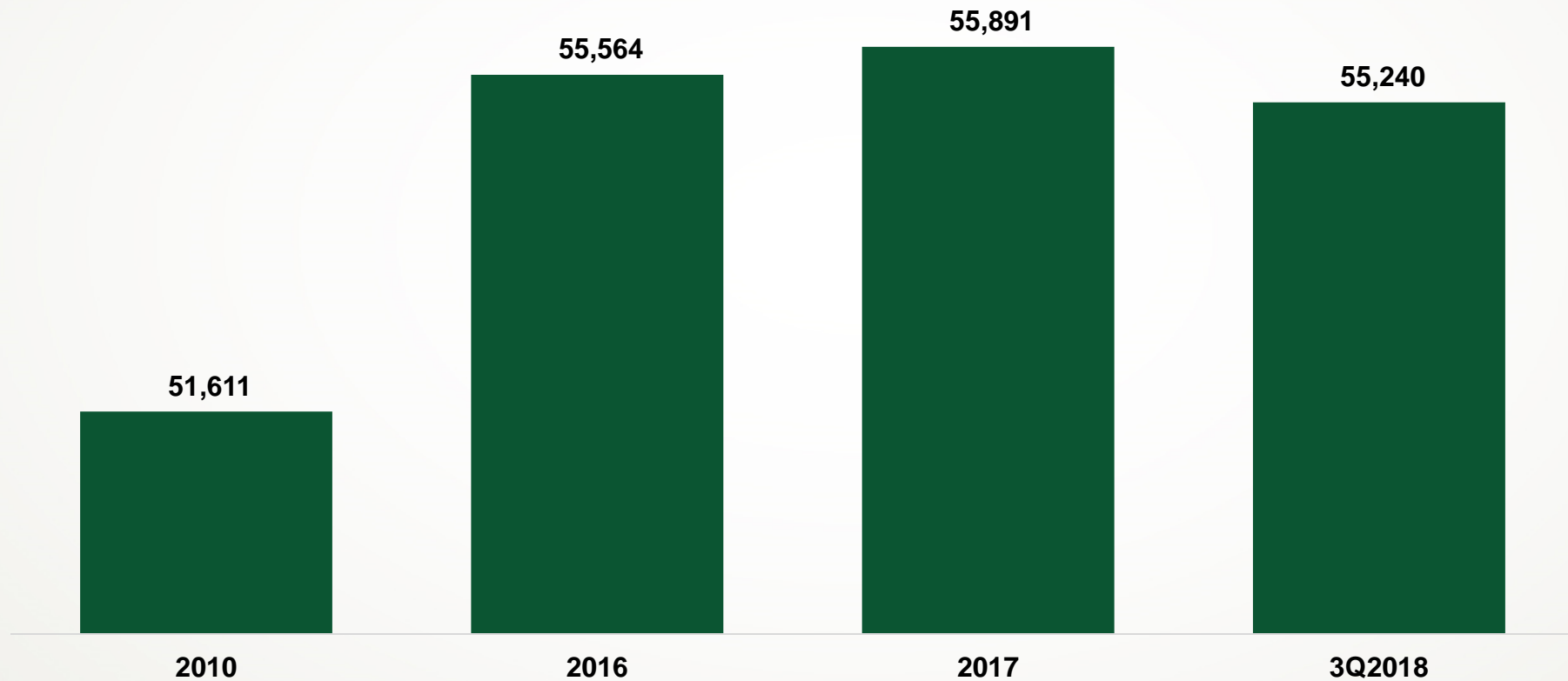
As of September 30, our customers base is of 43.1 million accounts, an increase of 900,000 accounts from 4Q2017.



Installed Capacity over the years

Installed Capacity (MW)

During 3Q2018, our installed capacity remained at 55,240 MW, after the shutdown of 4 obsolete units at the Cerro Prieto power plant in 1Q18.

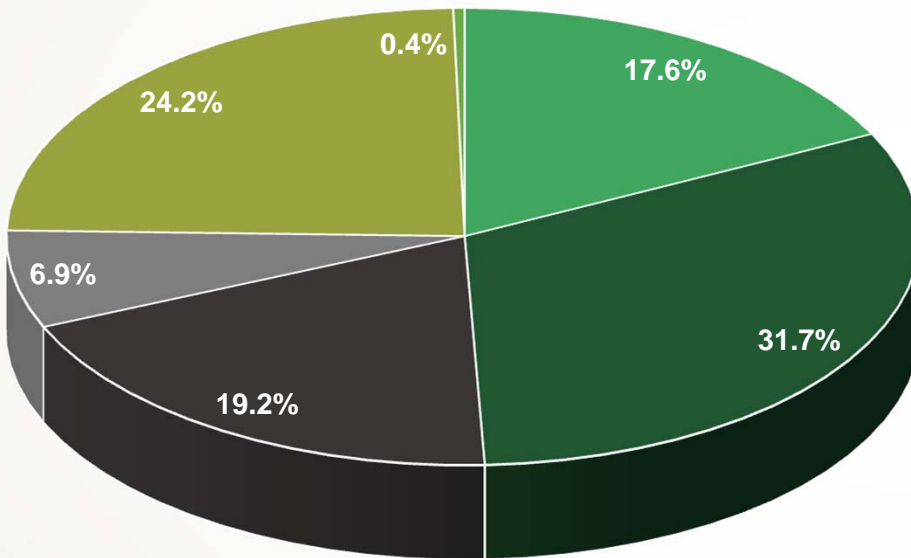


Diverse Generation Portfolio

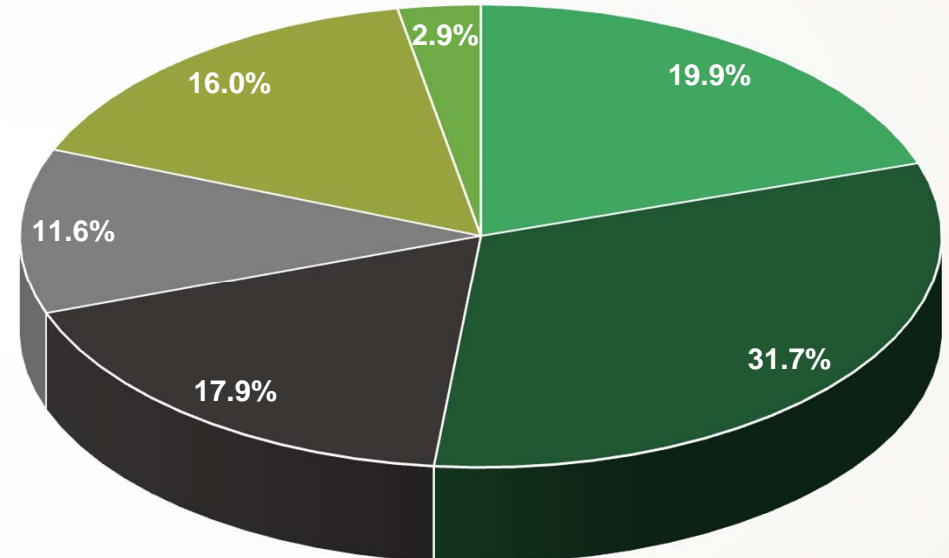
CFE's Transition Towards Cleaner Generation of Electricity

From 2012 to 2018, electricity generated with clean technologies increased by 13%, reaching 19.9% of our total generation in 3Q 2018.

2012



3Q 2018



■ Total Clean Technologies
 ■ Combined Cycle (IPPs)*
 ■ Combined Cycle (CFE)
 ■ Coal
 ■ Conventional Vapor
 ■ Other

Total Clean Generation includes hydroelectric, nuclear, geothermal, wind, and photovoltaic generation.

*Independent Power Producers

Source: CFE.

Transmission Line Auctions

CFE: Oaxaca High Voltage Direct Current (HVDC) line of 610km and 3,000MW capacity

To date, seven Q&A sessions have taken place, during which potential participants asked over 2,600 questions regarding technical, economic and legal issues. Due to the amount of questions received during the bidding process, an eighth Q&A session might take place. Transparencia Mexicana (anti-corruption NGO) has participated in the process as a Social Witness. CFE expects to receive bidding offers on November 20th and the signing of the contract is scheduled for January 11th 2019.

SENER*: Baja California and National Grid Interconnection HVDC line of 700km and 1,500MW capacity

Registration of pre-qualified participants ended on August 3rd. SENER expects to receive bidding offers in February 2019, and the signing of the contract is scheduled for March 2019. CFE decided not to participate in this bidding process.

Fourth Long-Term Auction

Products: Capacity, Electricity & Clean Energy Certificates

- On March 28th, the Fourth Long-Term Auction was announced by the Ministry of Energy (SENER) and the Energy Regulatory Commission (CRE).
- On June 1st, CFE Suministrador de Servicios Básicos delivered its purchase offer to CENACE, which included both price and quantity for each product and regional grid (National Interconnected System, Baja California Interconnected System and Baja California Sur Interconnected System).
- The offers are currently being evaluated by the CRE.
- Winning bidders will be announced on November 14, and contracts shall be signed by February 28, 2019.

2018-2022 Business Plan on Track



CFE's Business Plan, defines this year as part of a consolidation stage for the transformation of the company.

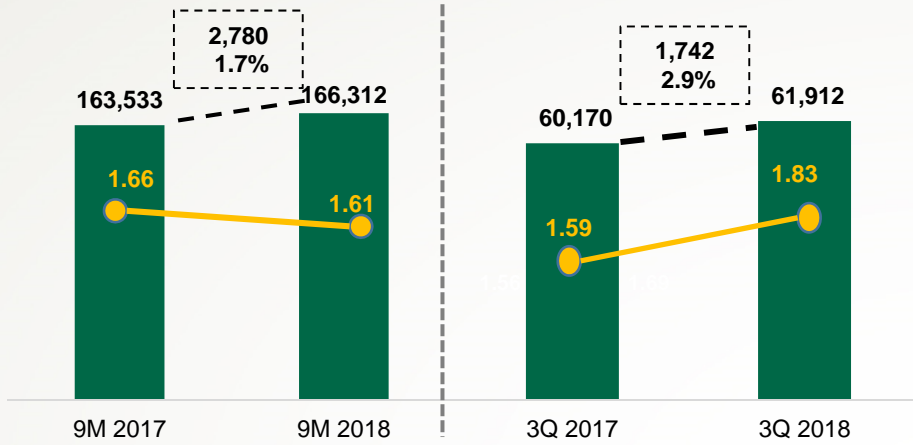
The key steps for 2018 and their progress as of September 30 are as follows:

- Continue monitoring the development of gas pipelines to secure their prompt start of operation. CFE has transportation capacity agreements with 25 new gas pipelines, 16 of which are already operating.
- Use of alternative financing schemes, such as Fibras E, for essential investments and to support the company's financial sustainability.
- Keep developing a robust capital budgeting process amongst CFE's Subsidiaries, Affiliates and Business Units.
- Coordinate with the Ministry of Energy (SENER) and the Ministry of Finance (SHCP) to match capital availability with instructed infrastructure investments, as established in PRODESEN.

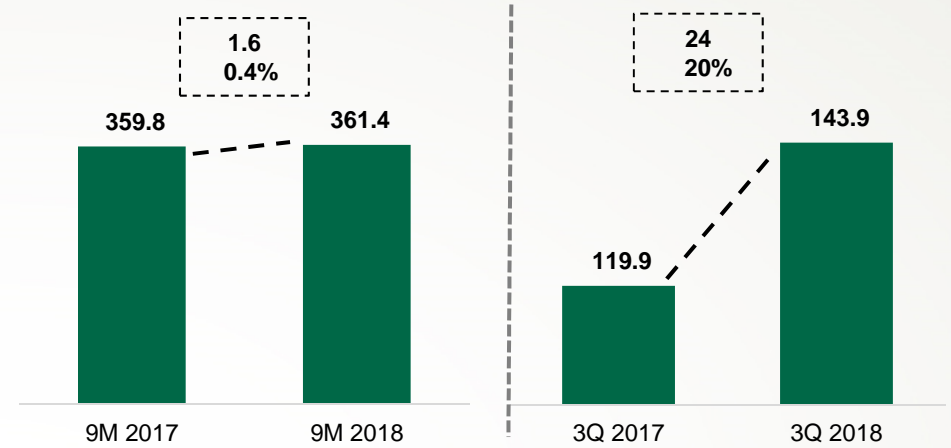
The Business Plan considers 327 billion pesos for investments between 2018 and 2022. Of the 43.5 billion pesos for 2018, 25.4 billion have been allocated as of September 30.

Financial Highlights

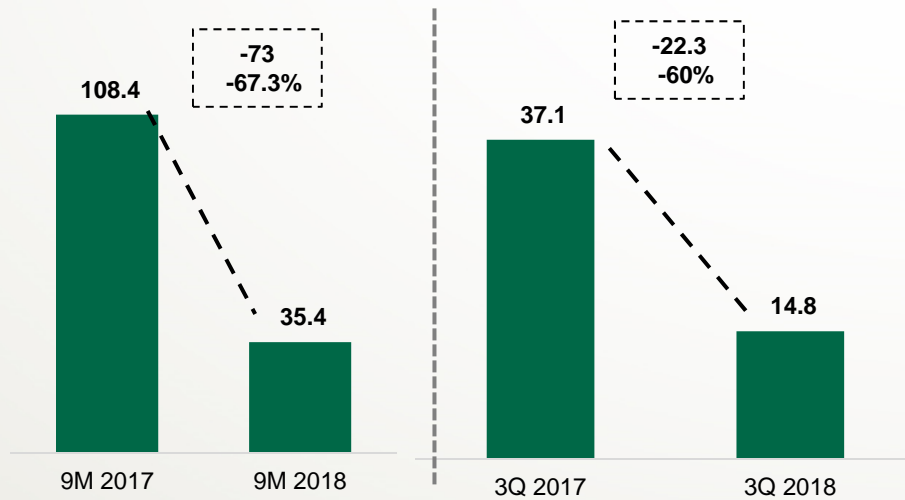
Electricity Sales Volume (GWh) and Average Prices (MXN\$/kWh)



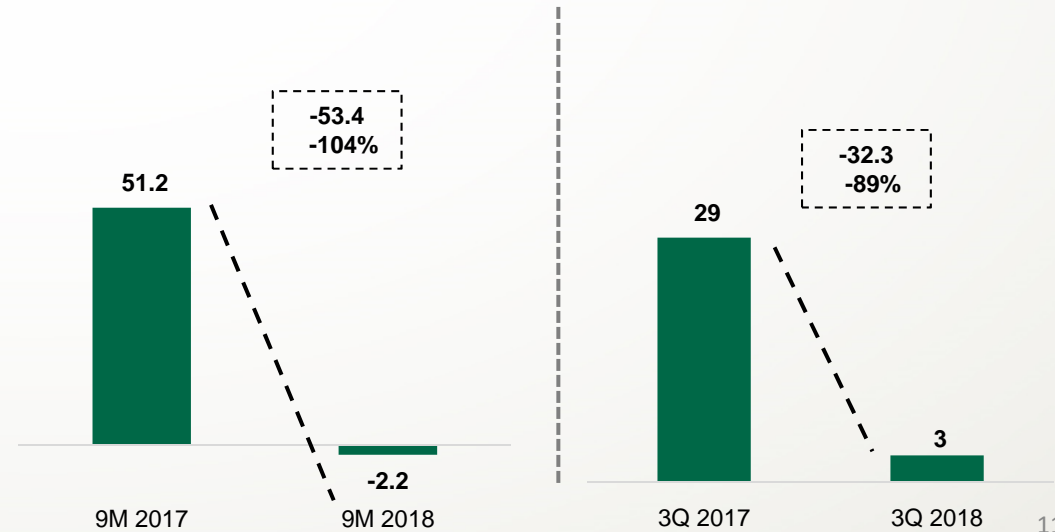
Total Revenues (MXN\$Billion)



Gross Margin (MXN\$Billion)



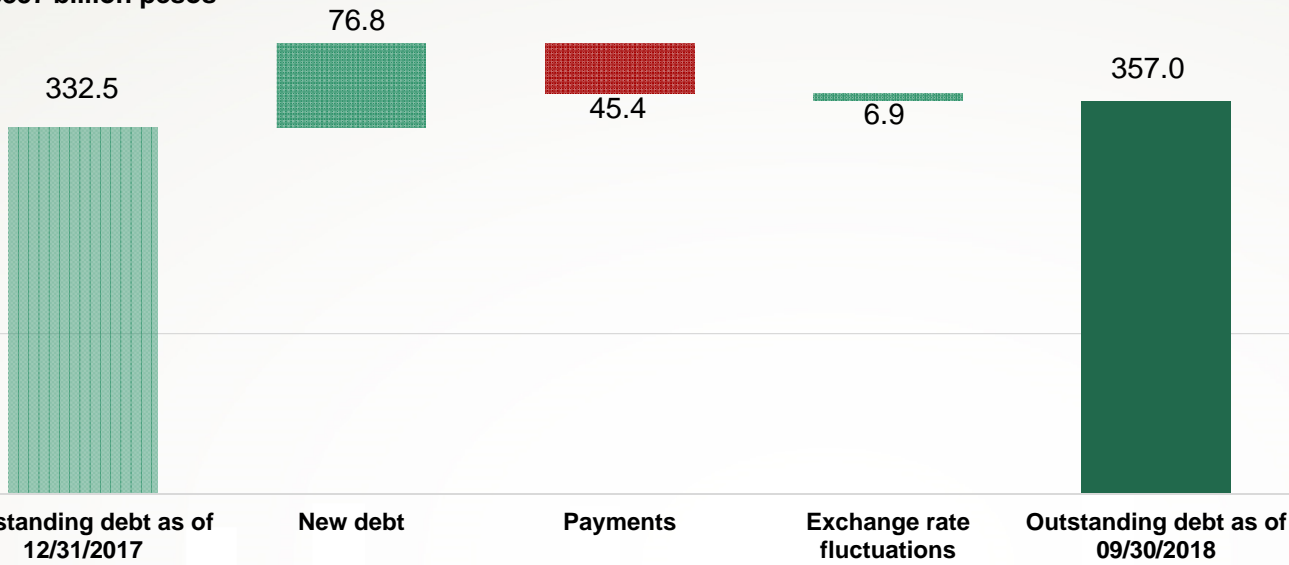
EBITDA* (MXN\$Billion)



*Adjusted by labor benefits

Debt Overview*

Debt Balance as of September 30, 2018:
MXN \$357 billion pesos

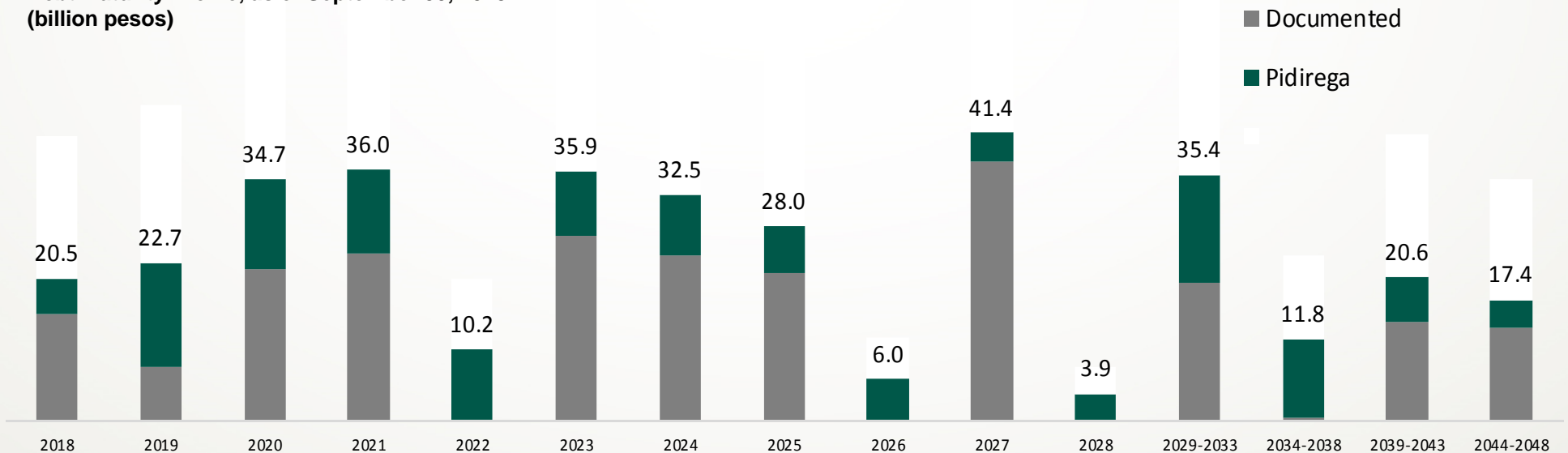


Moody's
Baa1
STABLE

STANDARD & POORS
RATINGS SERVICES
BBB+
STABLE

FitchRatings
BBB+
STABLE

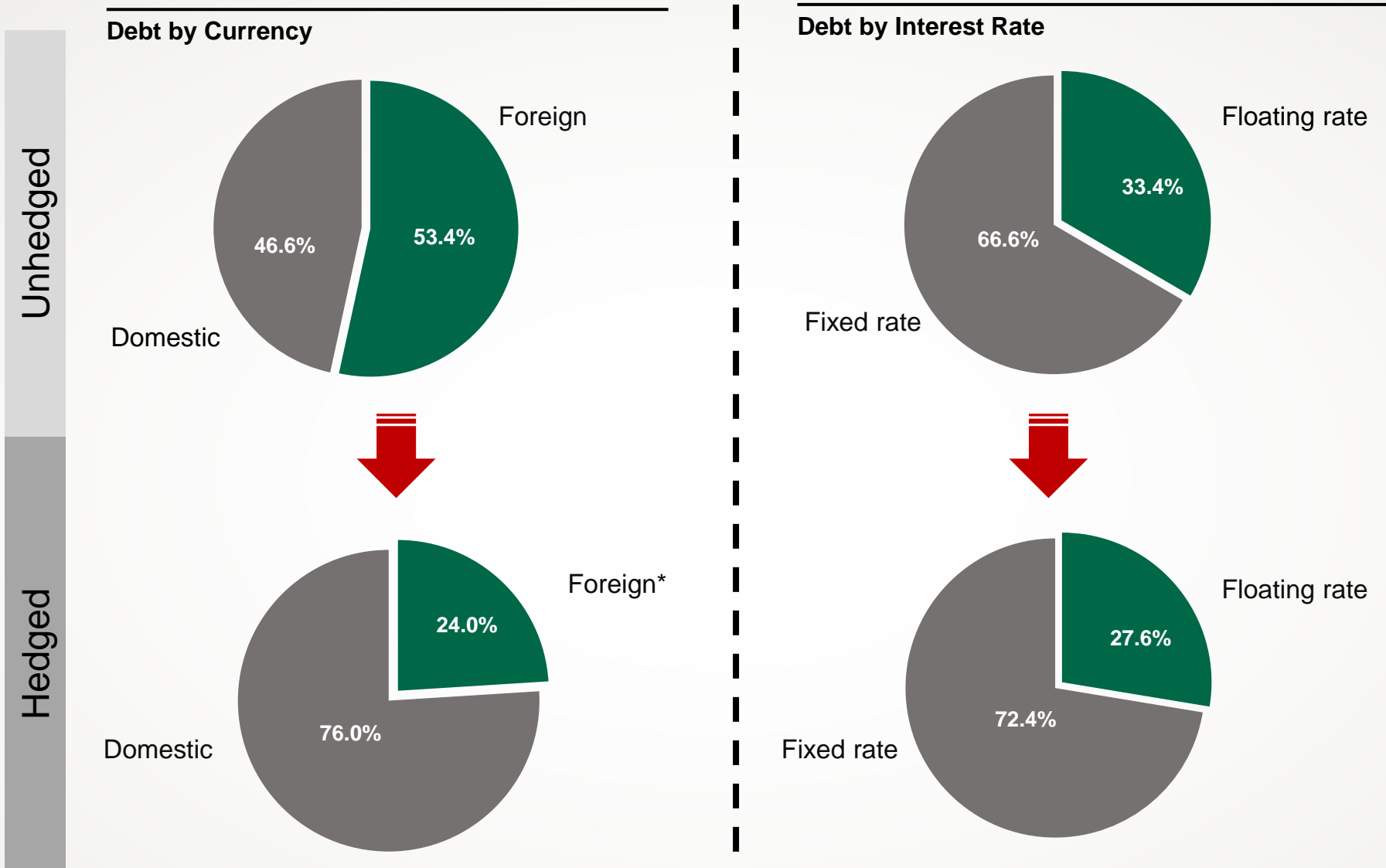
Debt Maturity Profile, as of September 30, 2018
(billion pesos)



* Excludes Independent Power Producers (IPP's)

Source: CFE.

Disciplined Financial Risk Management



*After hedging, 98.9% of the outstanding debt in foreign currency is denominated in US dollars.

Source: CFE.

1

ELECTRONIC INTERACTIVE AUCTIONS for short term REVOLVING CREDIT LINES denominated in Pesos.

- ❑ On July 18, CFE implemented the first auction of this kind, in accordance with CFE's business plan and aligned with our endeavor to be efficient, and committed to the adoption on best practices.
- ❑ This new mechanism guarantees CFE the best pricing conditions.

- The bid-to-cover ratio was 15.7 x
- Two bidders were assigned a total of 7 billion pesos
- The weighted average financial cost was TIIE + 27 basis points

(Proceeds were used for working capital needs.)

<https://www.cfe.mx/inversionistas/Pages/subastas-interactivas-de-lineas-de-cr%C3%A9dito.aspx>

2

Long Term Bilateral Financing Operations denominated in pesos.

- ❑ During 3Q2018 CFE has finalized some bilateral amortizing loans with local Banks, amounting to near 650 million dollars, extending the term to maturity, of these loans to 15 years.

- Average margin was TIIE+ 80 basis points

(Proceeds were used for PIDIREGAS needs.)



- 1
 - On September 28 CFECapital carried out the second quarterly distribution of FIBRA-E, which corresponds to the period between June and August (the highest electricity consumption period of the year).
 - The total amount distributed was 931.7 million pesos, exceeding the Minimum Quarterly Distribution (MQD= 0.575) for both Series “A” and “B”.

Series	Distribution to each CBFE
A	0.77538
B	0.95021

- 2
 - The higher distribution was due in part to the efficiencies obtained in the area of budgeted costs to be reimbursed.
 - For 2019, the budget for these costs will be determined by the Technical Committee before December 15th.
- 3
 - Operational functions and Corporate Governance activities, were efficiently carried out during 3Q18.



CFECapital, which administers CFE’s FIBRA-E, will delve on 3Q results during their 3Q conference call.

The next distribution will take place on December 31st of this year.

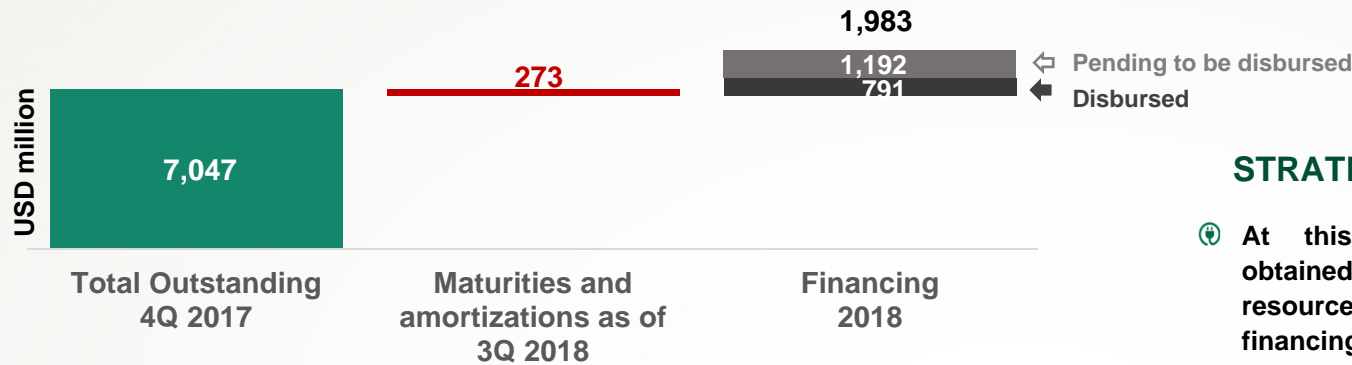
For 2018, CFE has finalized 100% of its financing program.

Certain Revolving Loans will be prepaid before year end.

2018

2019

PIDIREGAS Financing

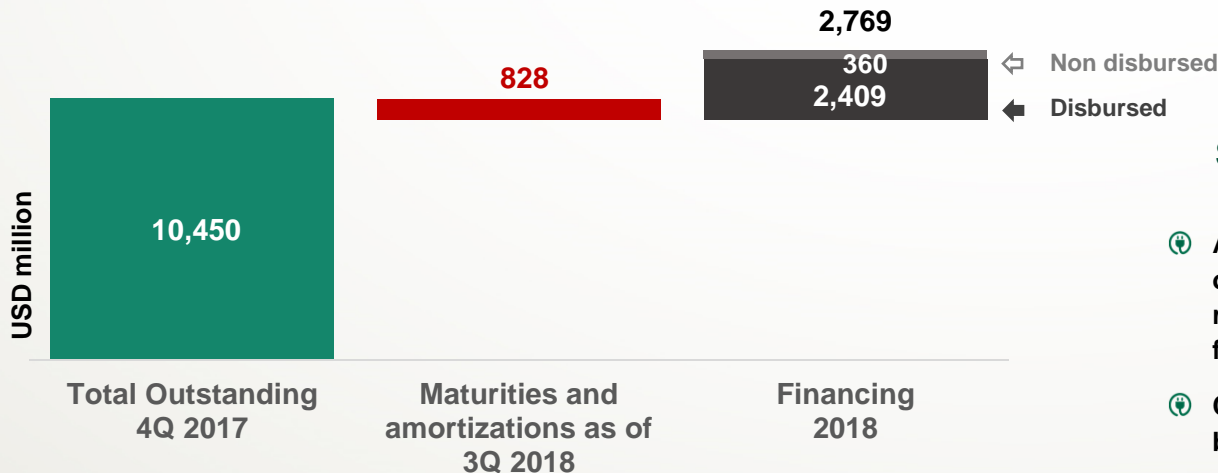


STRATEGY

At this point, we have obtained 100% of the resources through 8 financing operations.

For 2019, CFE requires up to an additional USD 1,660 million

Working Capital Financing



STRATEGY

At this point, we have obtained 100% of the resources through 8 financing operations.

Certain Revolving Loans will be prepaid before year end.

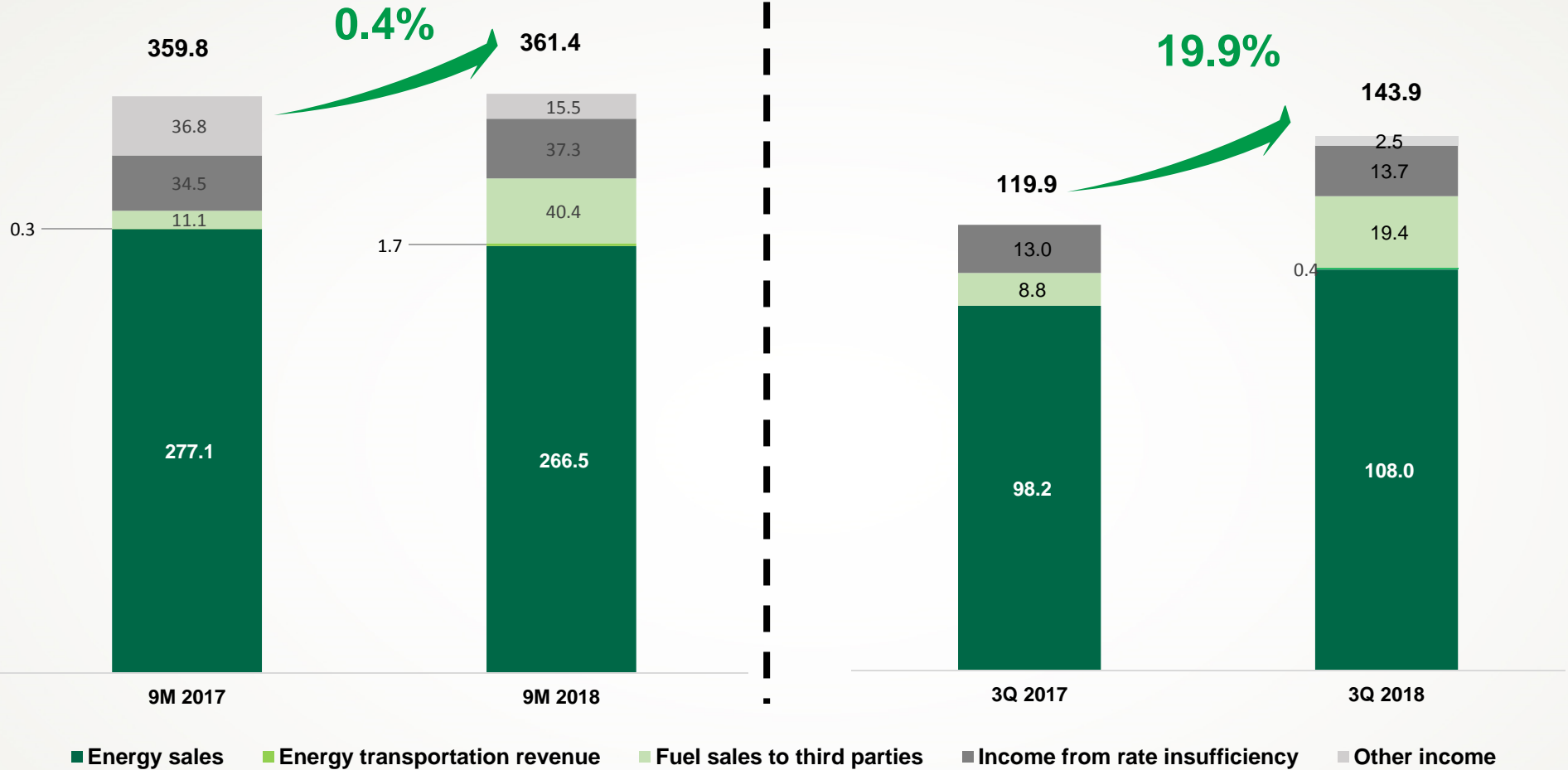
For 2019, CFE requires up to an additional USD 980 million

Key Financial Results 3Q 2018

+	Total Revenue MXN \$143.9 billion	<ul style="list-style-type: none"> • Total revenue was MXN \$143.9 billion in 3Q 2018, a 20% increase as compared to 3Q 2017. • Electricity Sales were MXN \$ 108 billion, an increase of 10% from 3Q 2017, attributable to tariffs which are established by CRE and which were adjusted in July, compensating part of the first semester loss. • Revenue from sale of fuels to third parties amounted to MXN \$19.4 billion, an increase of 119% from 3Q 2017.
-	Total Costs MXN \$141.8 billion	<ul style="list-style-type: none"> • The cost of operation reached MXN \$129.1 billion, a 56% increase with respect to 3Q 2017, due mainly to higher cost of fuels. • Fuel costs were MXN \$88.6 billion, an increase of nearly 62% from 3Q 2017 due to higher prices.
=	Net Income MXN \$2.1 billion	<ul style="list-style-type: none"> • Net income was MXN \$2.1 billion , due to higher electricity sales, which were impacted by higher fuel costs.
Total Assets MXN \$1,537 billion		Total Liabilities MXN \$957.5 billion
		Equity MXN \$580 billion

Total Revenues

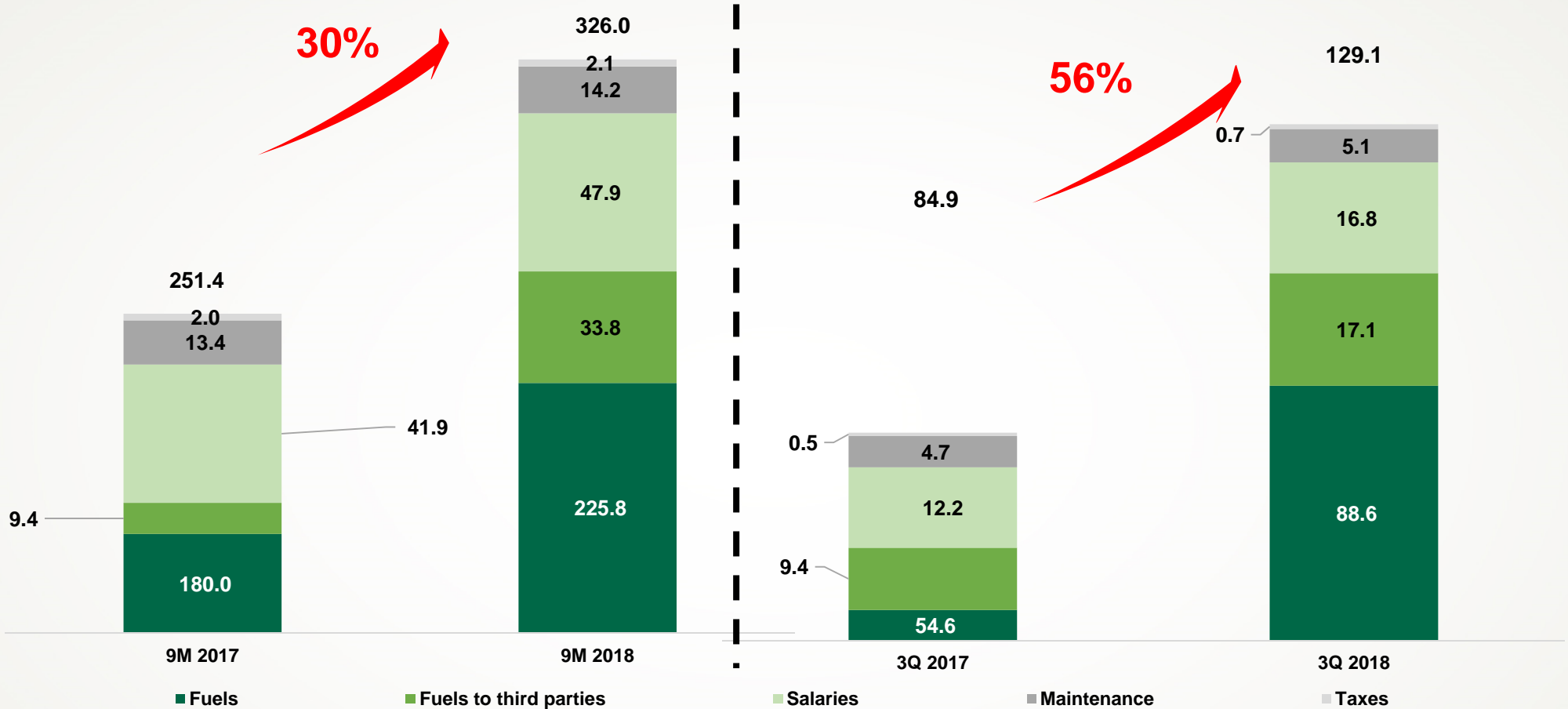
(MXN \$billion)



CFE has successfully diversified its revenue by venturing into new lines of business including third party fuel sales. The net margin for this new business line was MXN 6.2 billion during the first nine months of the year.

Costs

(MXN \$billion)

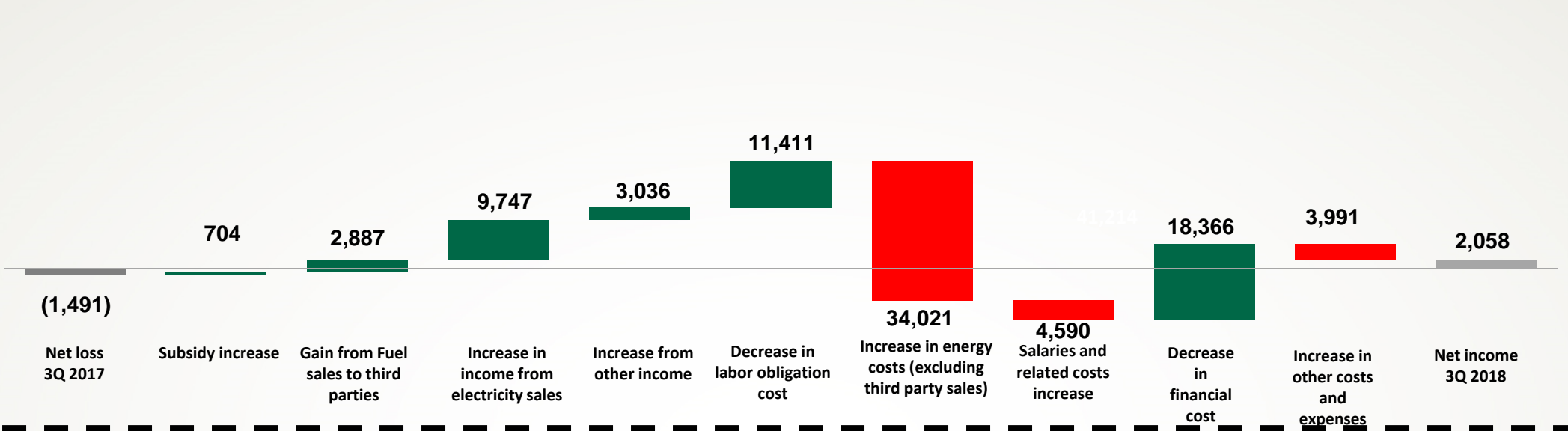


CFE has made continuous efforts to improve its energy matrix. However, since 2017 fuel costs have increased as a result of higher reference prices, less availability of local natural gas and a weakened peso.

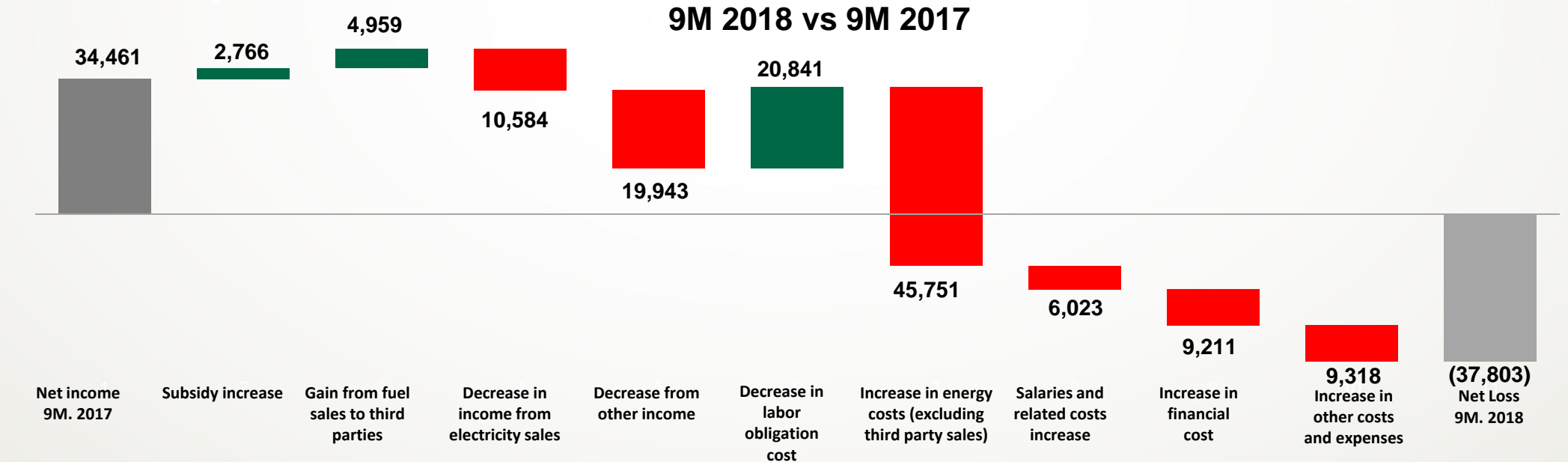
Net (Loss) Income Evolution

(MXN million)

3Q 2018 vs 3Q 2017



9M 2018 vs 9M 2017



INCOME STATEMENT

COMISIÓN FEDERAL DE ELECTRICIDAD UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (Millions of Mexican pesos)

3rd Quarter					Accumulated					
2018	%	2017	%	2018 VS 2017		sep-18	%	Sep-17	%	2018 vs 2017
\$143,943	100%	\$119,926	100%	20%	Revenues	\$361,392	100%	\$359,822	100%	0%
\$107,980	75%	\$98,233	82%	10%	Electricity supply service revenue	\$266,479	74%	\$277,063	77%	-4%
\$415	0%	(\$11)	0%-	3990%	Energy transportation revenue	\$1,737	0%	\$331	0%	425%
\$19,371	13%	\$8,841	7%	119%	Fuel sale revenue	\$40,439	11%	\$11,108	3%	264%
\$13,685	10%	\$12,981	11%	5%	Subsidy revenue	\$37,257	10%	\$34,491	10%	8%
\$2,492	2%	(\$119)	0%	-2194%	Other income, net	\$15,481	4%	\$36,829	10%	-58%
\$129,136	90%	\$82,869	69%	56%	Costs	\$325,959	90%	\$251,408	70%	30%
\$88,635	62%	\$54,614	46%	62%	Energy and fuel supplies	\$225,773	62%	\$180,022	50%	25%
\$17,085	12%	\$9,442	8%	81%	Third party energy and fuel supplies	\$33,814	9%	\$9,442	3%	258%
\$16,804	12%	\$12,214	10%	38%	Salaries and related costs	\$47,930	13%	\$41,907	12%	14%
\$8,063	4%	\$4,744	4%	7%	Maintenance, materials and general services	\$14,195	4%	\$13,376	4%	6%
\$736	1%	\$499	0%	47%	Tax and duties	\$2,148	1%	\$2,027	1%	6%
\$812	1%	\$1,356	1%	-40%	Wholesale Electrical Market costs (MEM)	\$2,099	1%	\$4,634	1%	-55%
\$14,807	10%	\$37,057	31%	-60%	INCOME BEFORE OTHER OPERATING COSTS (GROSS MARGIN)	\$35,433	10%	\$108,414	30%	-67%
\$13,682	10%	\$21,896	18%	-38%	Other Operating Costs	\$65,074	18%	\$73,606	20%	-12%
\$(2,646)	-2%	\$8,765	7%	-130%	Labor obligation cost	\$11,826	3%	\$32,667	9%	-64%
\$15,045	10%	\$14,050	12%	7%	Depreciation	\$44,264	12%	\$40,138	11%	10%
\$1,283	1%	(\$918)	-1%	-240%	Other expenses	\$8,894	2%	\$802	0%	1021%
\$1,125	5%	\$15,161	13%	-93%	OPERATING RESULTS	(\$29,641)	-8%	\$34,808	10%	-185%
(\$2,566)	-2%	\$15,800	13%	-116%	Financing Costs	\$8,421	2%	(\$790)	0%	-1166%
\$12,158	8%	\$12,434	10%	-2%	Net financial (income) / cost	\$18,699	5%	\$35,280	10%	-47%
(\$14,724)	-10%	\$3,367	3%	-537%	Exchange rate (gain) loss	(\$10,278)	-3%	(\$36,070)	-10%	-72%
\$3,691	3%	(\$640)	-1%	-677%	(LOSS) INCOME BEFORE INCOME TAXES	(\$38,061)	-11%	\$35,597	10%	-207%
\$1,633	1%	\$851	1%	92%	Taxes	(259)	0%	\$1,137	0%	-123%
\$2,058	1%	\$(1,491)	-11%	-238%	NET RESULTS	(\$37,803)	-10%	\$34,461	10%	-210%

STATEMENT OF FINANCIAL POSITION

COMISIÓN FEDERAL DE ELECTRICIDAD UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Millions of Mexican pesos)

	September 2018	%	December 2017	%	2018 vs 2017
ASSETS					
Current assets	\$157,260	10%	\$177,655	11%	-11%
Cash and cash equivalents	\$40,316	3%	\$67,238	4%	-40%
Accounts receivable	\$87,054	6%	\$93,303	6%	-7%
Taxes receivable	\$14,938	1%	\$2,471	0%	504%
Inventory of materials for operation	\$14,953	1%	\$14,643	1%	2%
Loans to employees	\$12,043	1%	\$12,339	1%	-2%
Plants, facilities and equipment	\$1,237,627	81%	\$1,252,938	80%	-1%
Derivative financial instruments	\$9,835	1%	\$16,085	1%	-39%
Intangible assets	\$33,689	2%	\$32,837	2%	3%
Deferred taxes	\$86,602	6%	\$76,868	5%	13%
TOTAL ASSETS	\$1,537,056	100%	\$1,568,722	100%	-2%
LIABILITIES					
Current liabilities	\$153,080	16%	\$169,723	11%	-10%
Current accounts payable	-	-	-	-	-
Current installments of long-term debt and obligations	\$45,965	5%	\$56,620	4%	-19%
Other payable and accrued liabilities	\$92,866	10%	\$107,798	7%	-14%
Taxes and duties payable	\$14,249	1%	\$5,305	0%	169%
Non-current liabilities	\$804,371	84%	\$786,362	50%	2%
Long-term debt	\$426,588	45%	\$401,157	26%	6%
Long-term employee benefits	\$358,654	37%	\$361,780	23%	-1%
Other long-term liabilities	\$19,129	2%	\$23,425	1%	-18%
TOTAL LIABILITIES	\$966,766	62%	\$956,085	61%	0%
EQUITY					
	\$579,604	38%	\$612,637	39%	-5%
Contributions received from the Federal Government	\$5	0%	\$5	0%	0%
Contributions in kind from the Federal Government	\$95,004	6%	\$95,004	6%	0%
Accumulated results	\$63,041	4%	\$100,847	6%	-36%
Other comprehensive income	\$406,799	26%	\$416,780	27%	-2%
LIABILITIES + EQUITY	\$1,537,056	100%	\$1,568,722	100%	-2%

Contact information

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