



OPORTUNIDADES DE LA INDUSTRIA DEL GAS NATURAL EN AMÉRICA LATINA

October 22, 2015

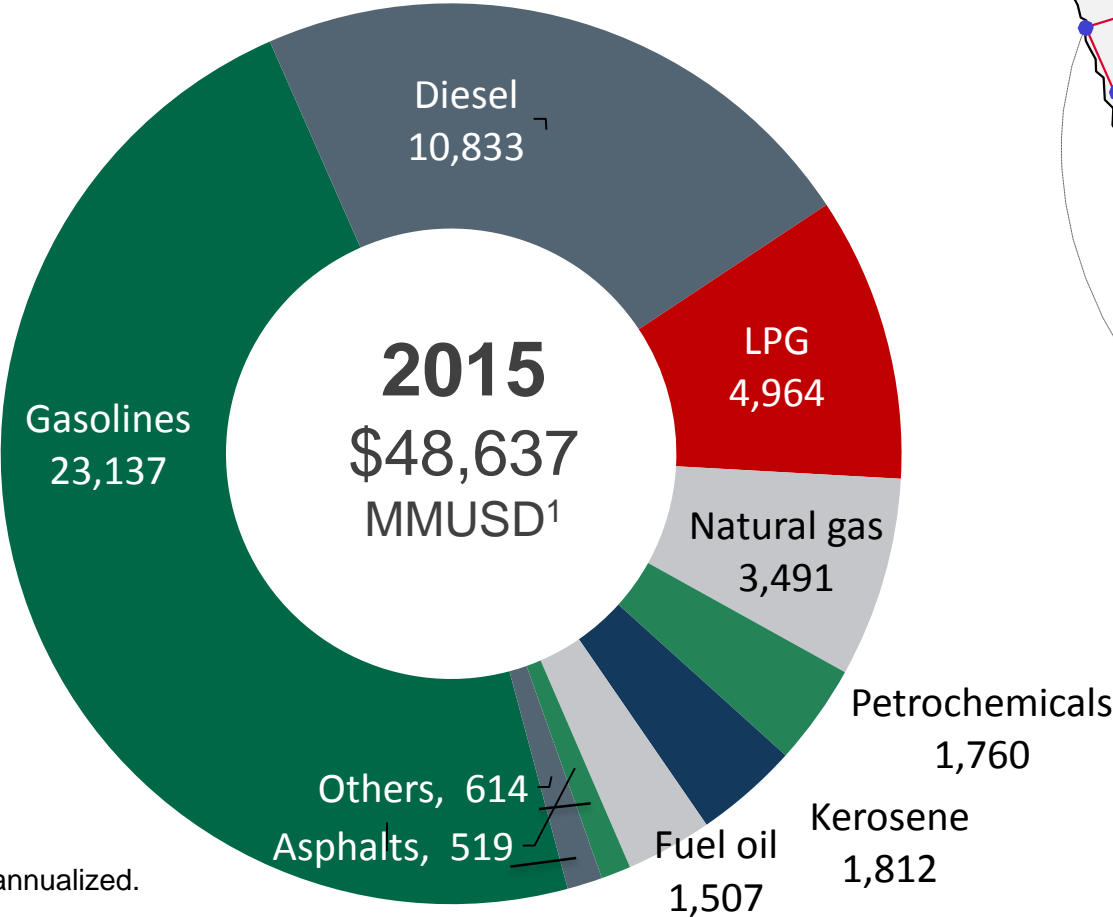
RENÉ RAMÍREZ ROMERO

www.pemex.com

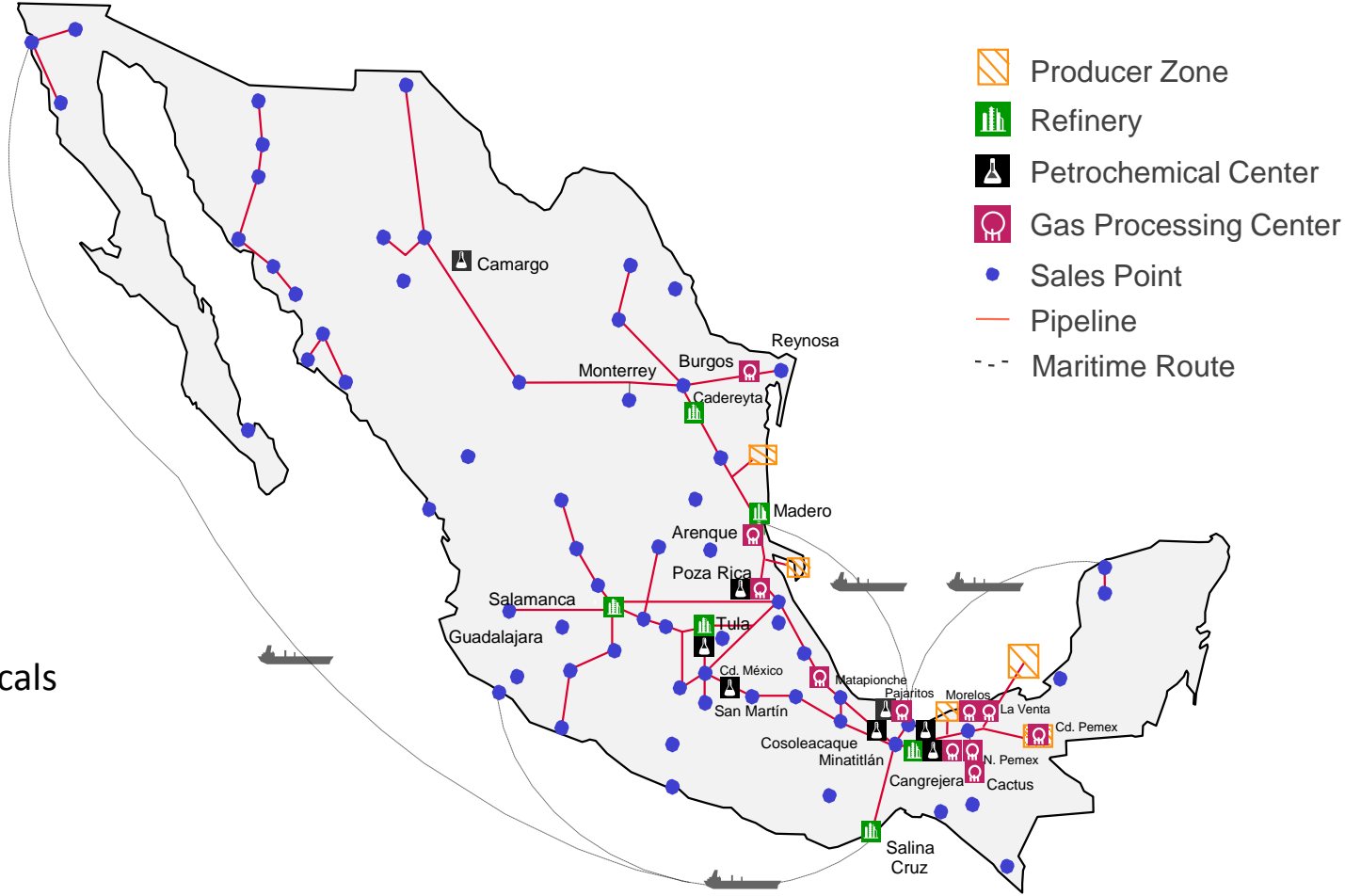


Market description

- 49 Billion dollar market in 2015, world 3rd LPG , 6th gasoline, and 8th NG largest consumer markets,
- Deficit in high value O&G products, net imports: gasoline (48%), diesel and jet fuel (29%), LPG (35%), NG (27%) and petrochemicals (>50%).
- Expected growth in O&G products demand of about 3% per year for the next 5 years.
- Strategically located in the North America Region, large northern border with the USA and a 200 km isthmus in the south that may capture the high price differential between the Pacific and the Atlantic oceans
- Pemex has a competitive advantage in Production & Logistics through its existing infrastructure



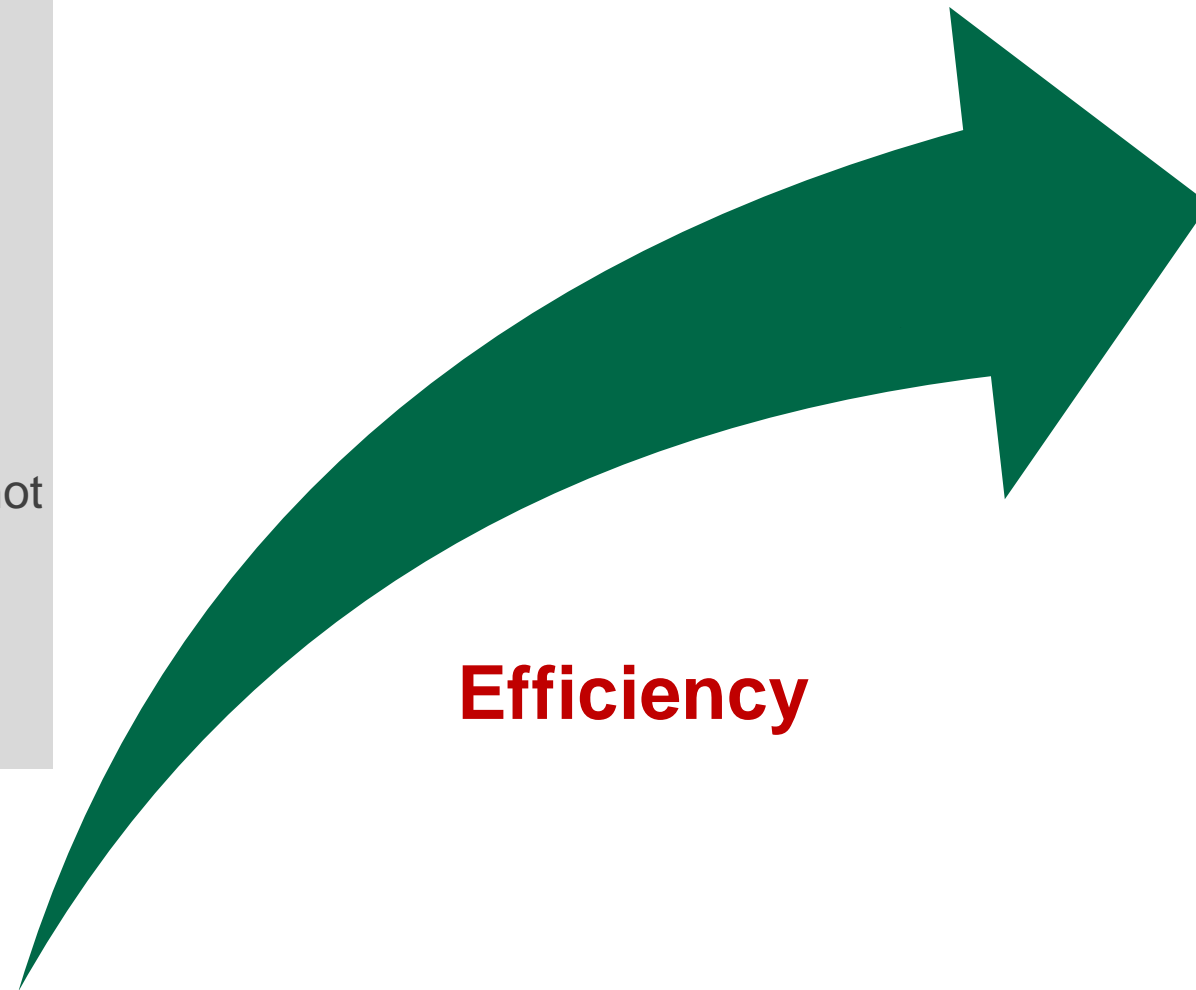
1. The values for 2015 are annualized.



Industry Transition

- Asset manager.
- Supply obligation.
- Volumetric approach.
- Prices set by the Ministry of Finance.
- Public debt.
- Balance sheet and credit rating not linked.
- Free license to operate.
- Rigid regulatory framework.

From state-owned monopoly...



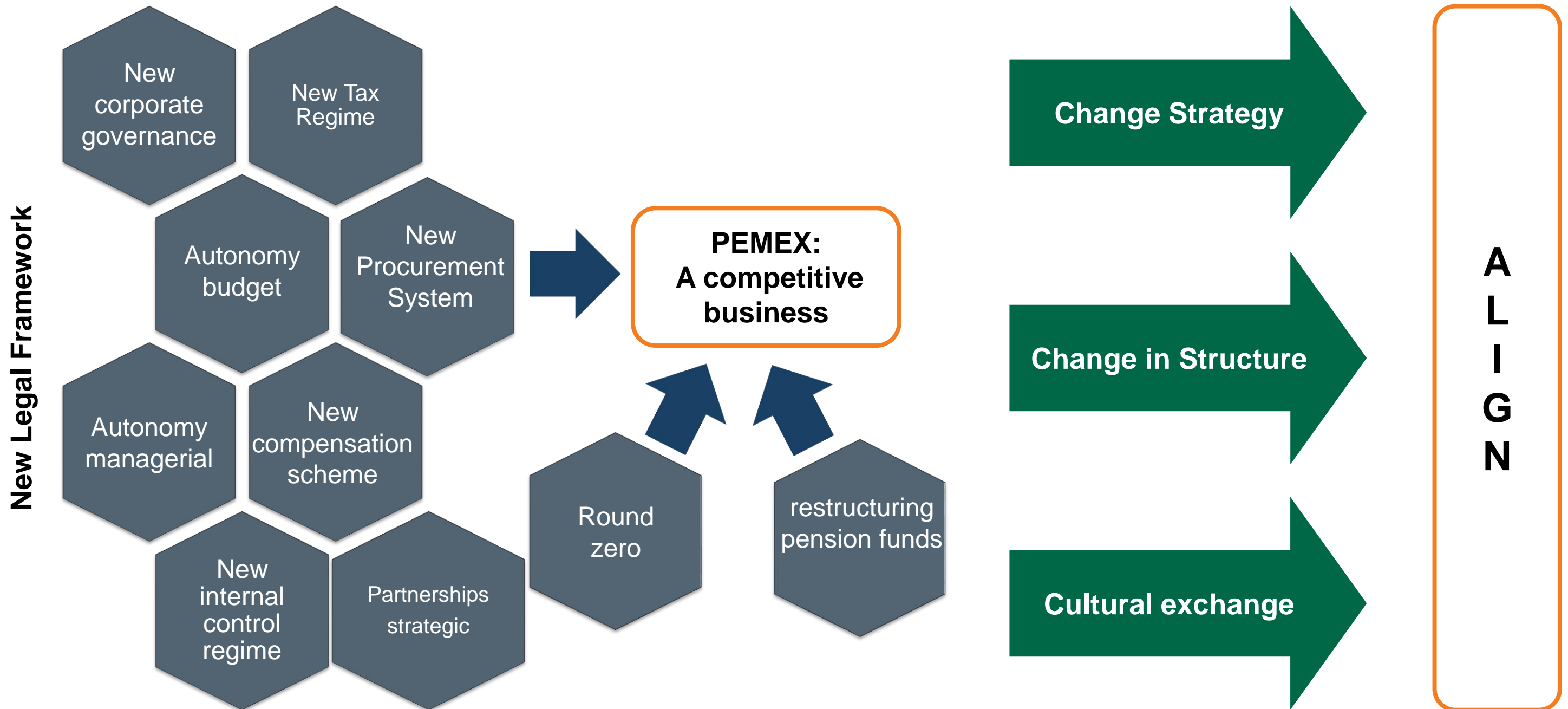
Efficiency

...to a productive state enterprise

- Business administrator.
- Economic supply with obligations.
- Maximize company value.
- Prices set by the market.
- Company debt.
- Link between balance sheet and credit rating.
- Operating license subject to performance.
- Flexible regulatory framework.

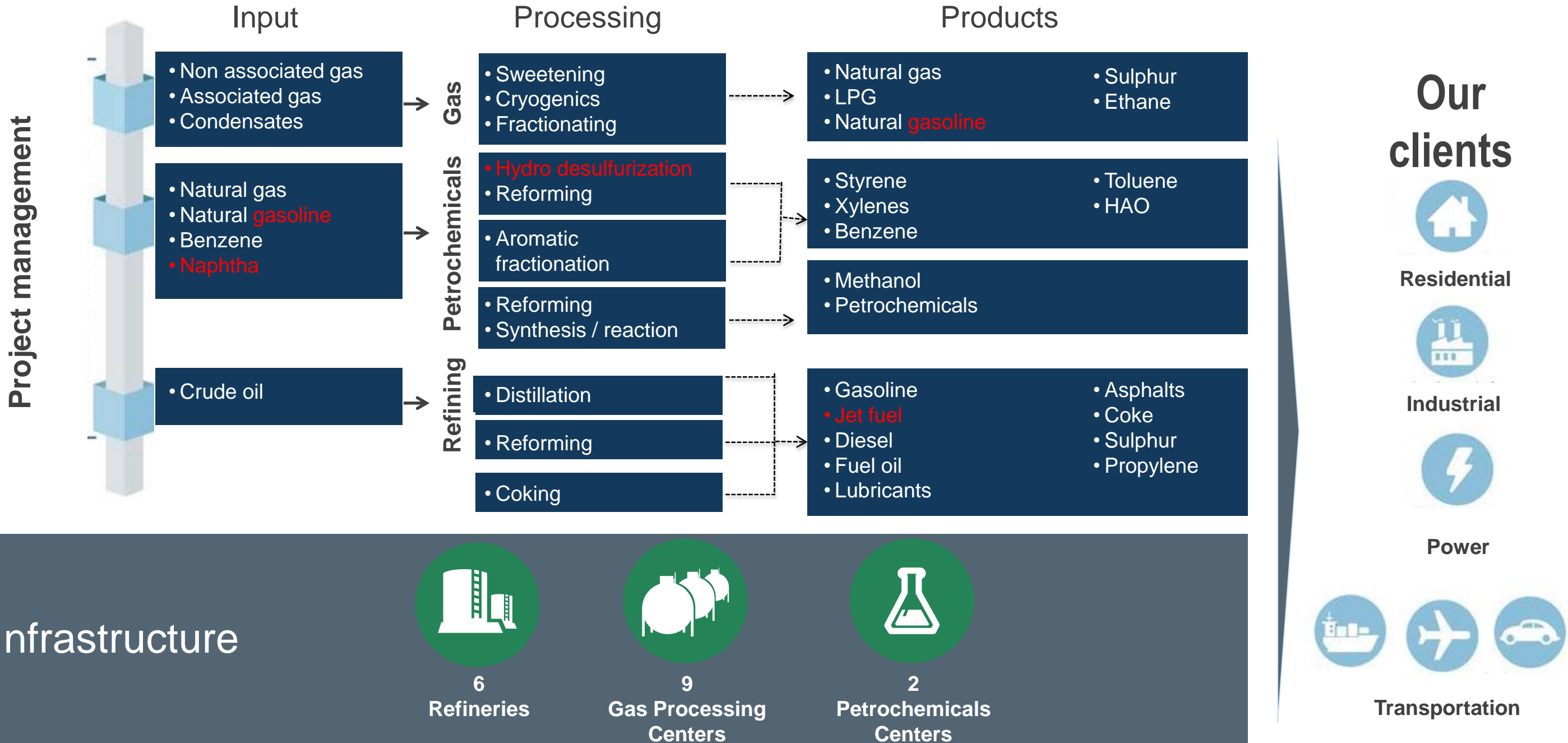
A cultural change is necessary to move from an oil monopoly to a productive enterprise.

Transforming PEMEX



PEMEX Downstream

Operating model



Mexico Gas Natural: Highlights



TOTAL POPULATION:	112,336,538 ¹
GDP:	USD \$834,968 MILLON ²

8TH PLACE IN NATURAL GAS WORLD CONSUMPTION 3,029 BCF ³

13TH PLACE IN NATURAL GAS WORLD PRODUCTION 2,051 BCF ³

35TH PLACE IN NATURAL GAS WORLD PROVED RESERVES 12.3 TCF ³

ELECTRICITY PRODUCTION FROM FOSSIL FUELS - NATURAL GAS (2012)⁴

COUNTRY	USA	RUSSIAN FEDERATION	JAPAN	IRAN	MEXICO	ITALY	EGYPT	SAUDI ARABIA	THAILAND	KOREA	REST OF THE WORLD	WORLD
TWH	1265	525	397	170	151	129	125	121	112	117	1988	5100

¹ Source: INEGI. Census of Population and Housing, 2010 Basic Questionnaire.

² Source: INEGI. 2nd semester 2014. <http://www.inegi.org.mx/inegi/contenidos/espanol/prensa/comunicados/pibbol.pdf> Exchange rate 02.10.2015: 16.81 Source Banxico.

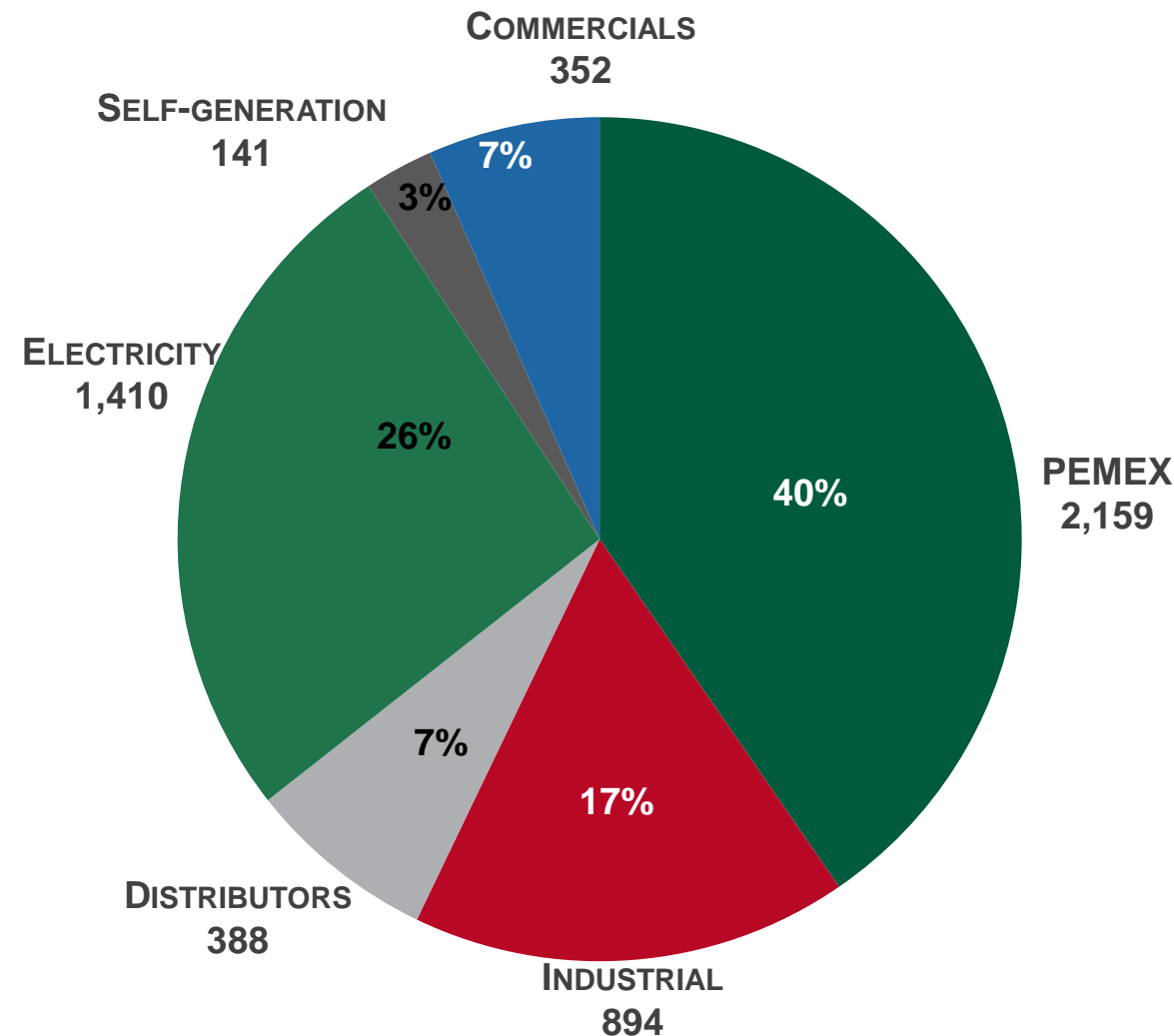
³ Source: Bp Statistical Review of World Energy June 2015. <http://www.bp.com/content/dam/bp/pdf/Energy-economics/statistical-review-2015/bp-statistical-review-of-world-energy-2015-full-report.pdf>

⁴ Source: Iea.org, Key World Energy Statistics 2014.

Natural gas consumption by sector

Consumption Distribution By Sector (August 2015)

TOTAL: 5,344 MMCFPD

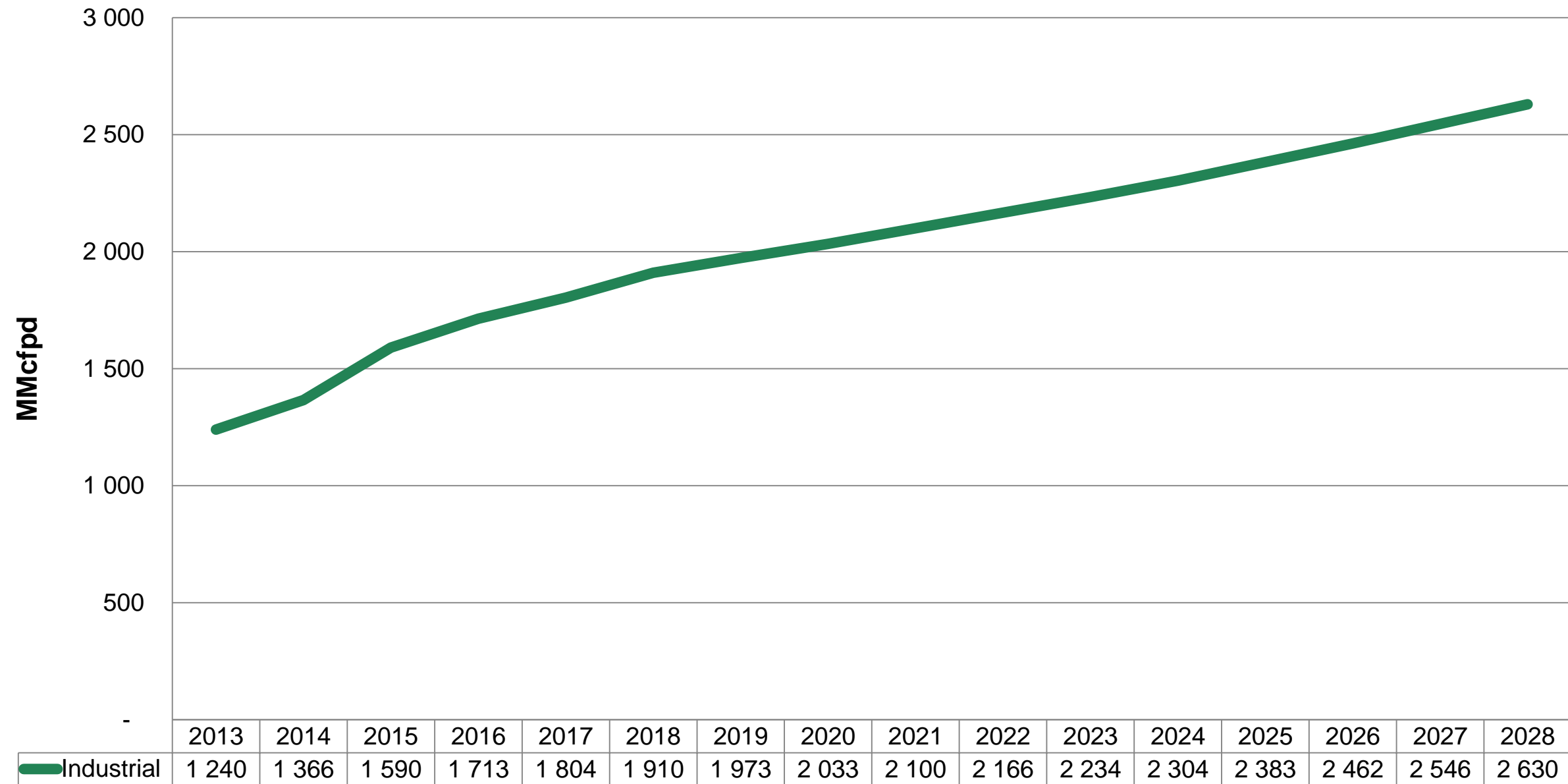


PEMEX
2,159

Pemex Exploración y Producción	1,262
Pemex Gas y Petroquímica Básica	390
Pemex Petroquímica	187
Pemex Corporativo	320

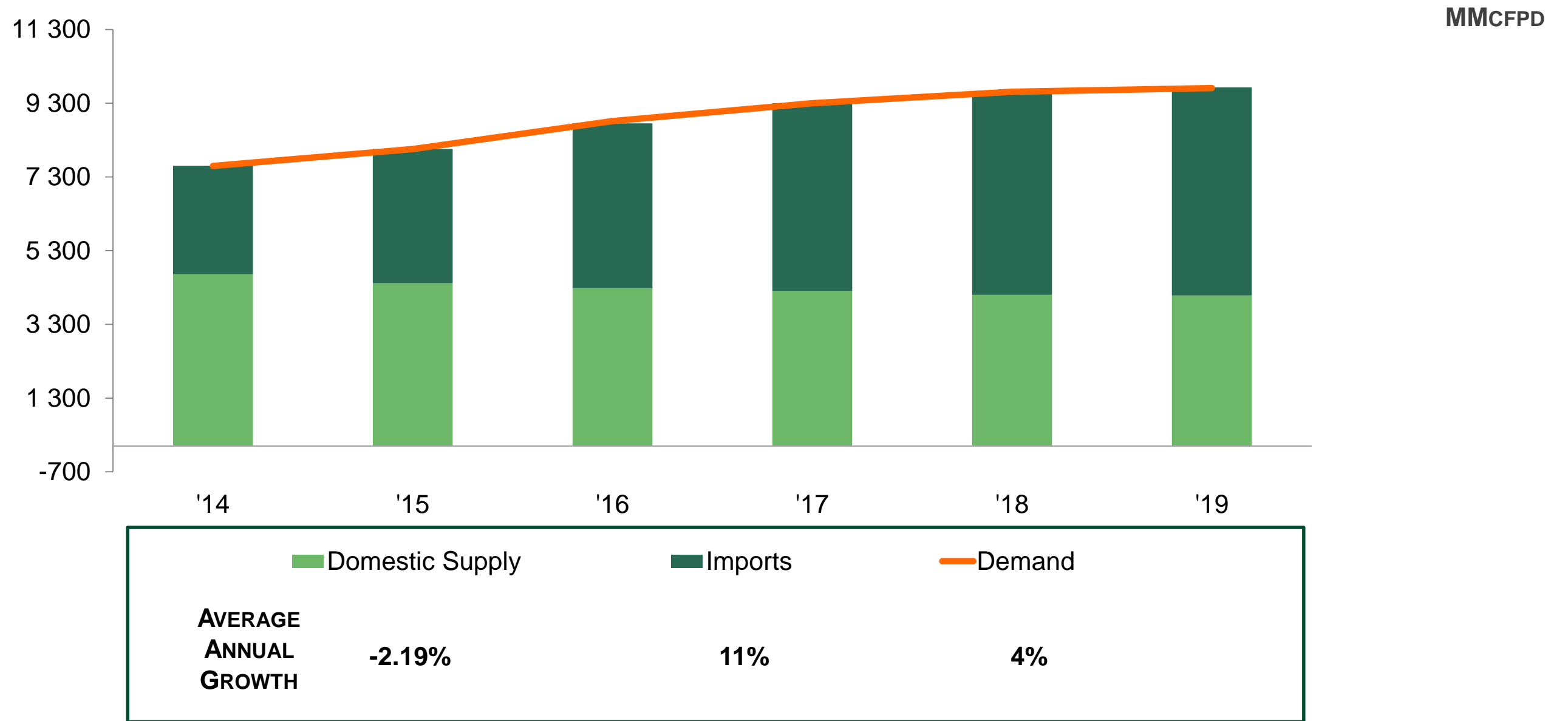
SOURCE: BDI, SEPT 2015

Estimate trends for mexican industrial demand of natural gas



Source: SENER "Prospectiva de gas natural y gas LP 2014-2028"

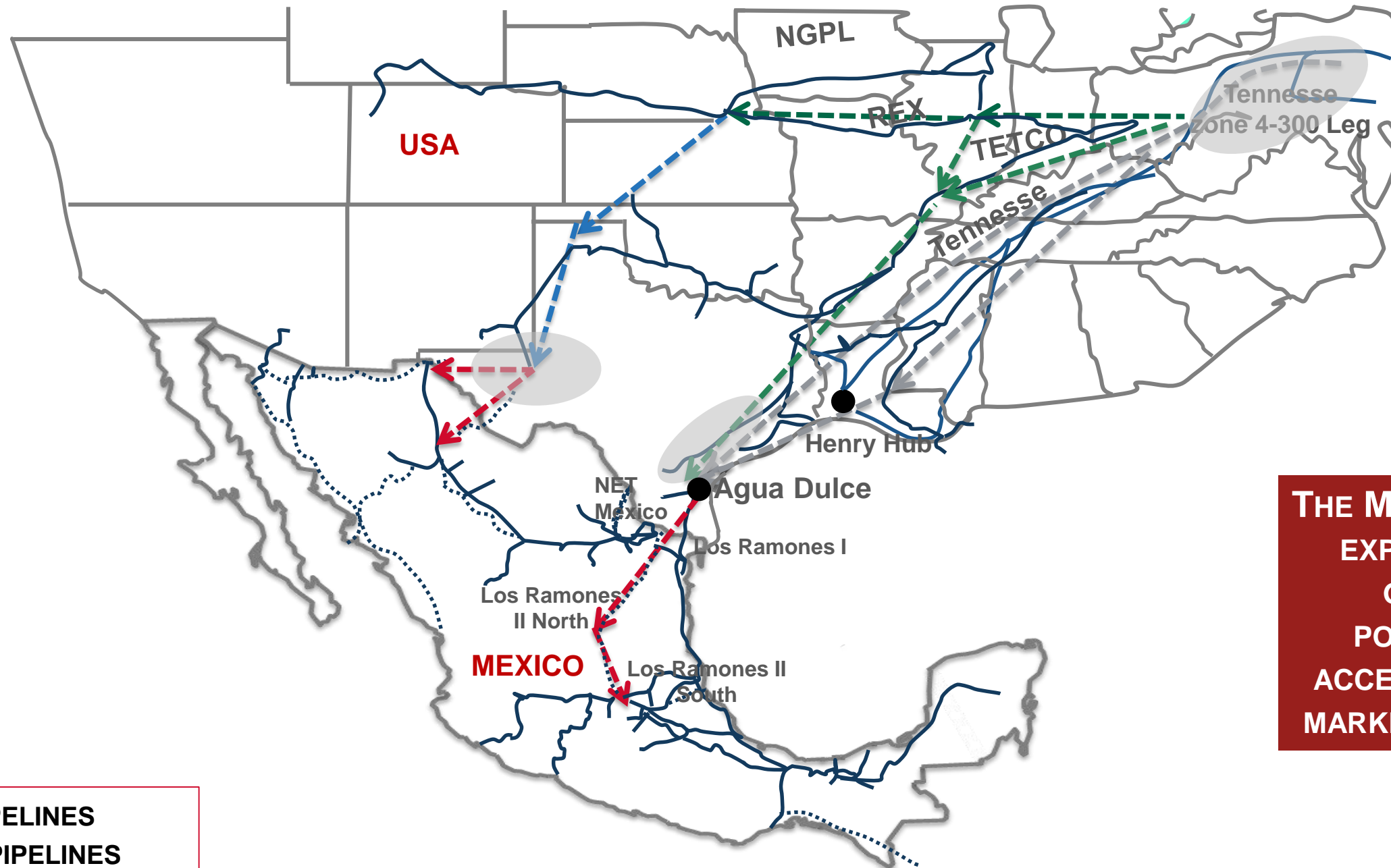
Natural gas forecast demand in Mexico 2014-2019



/2 It considers exports.

Source: SENER "Prospectiva de gas natural y gas LP 2014-2028"

Connecting Mexico with better markets

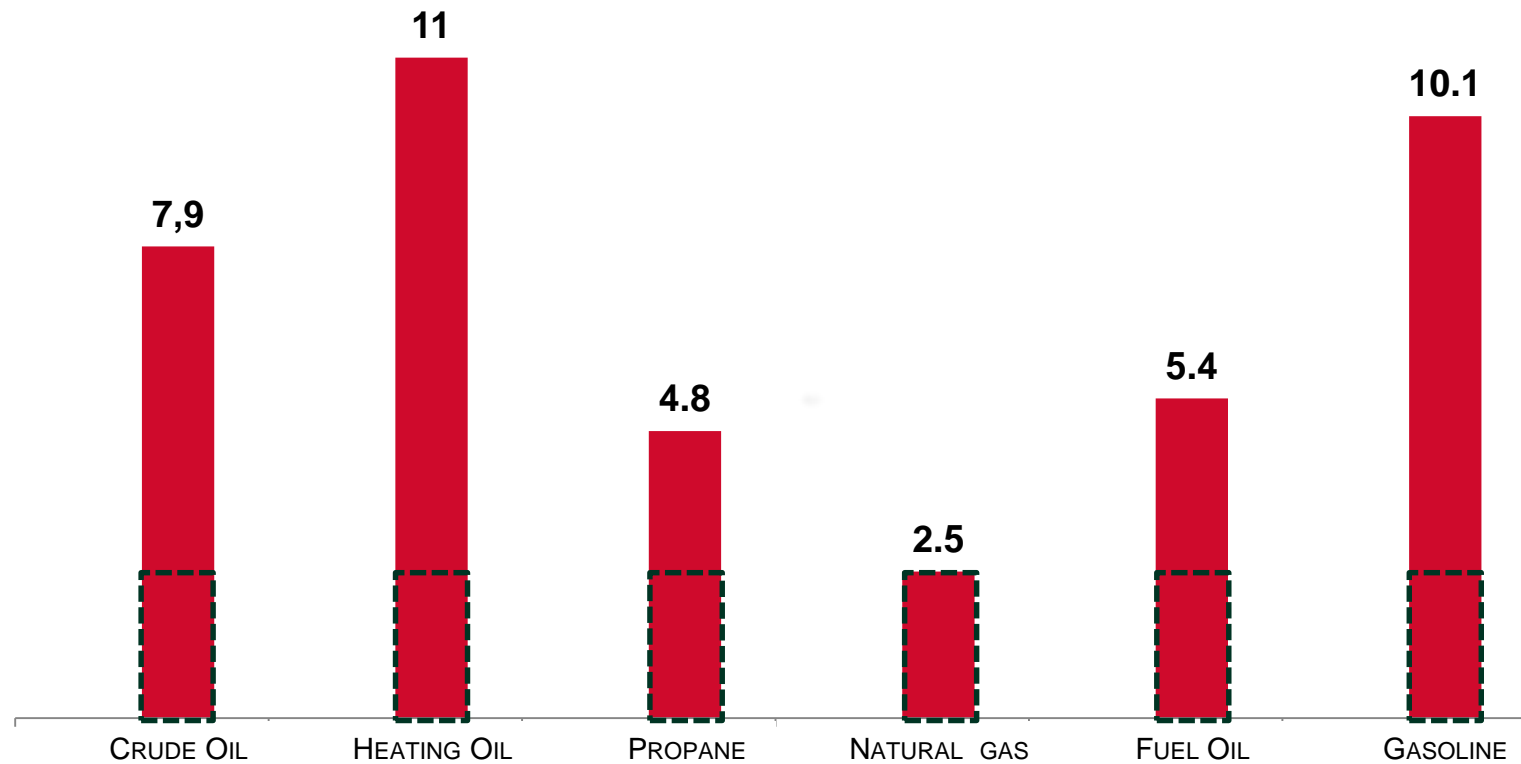


THE MEXICAN PIPELINE EXPANSIONS ARE GIVING THE POSSIBILITY TO ACCESS IN CHEAPER MARKETS IN THE U.S.

Related market prices

HYDROCARBONS*	ORIGINAL PRICES	EQUIVALENT PRICES
CRUDE OIL (WTI, CUSHING OKLAHOMA NYMEX)	\$46.14 USD/BARRIL	\$7.9 USD/MMBTU
HEATING OIL (DIESEL, NYMEX NEW YORK HARBOR)	\$1.5 USD/GAL	\$11 USD/MMBTU
PROPANE (MONT BELVIEU, TX.)	\$43.8USD/GALÓN	\$4.8 USD/MMBTU
NATURAL GAS (HENRY HUB, NYMEX)	\$2.5 USD/MMBTU	\$2.5 USD/MMBTU
FUEL OIL (HIGH SULFUR FUEL OIL, NYMEX)	\$212 USD/GAL	\$5.4 USD/MMBTU
GASOLINE (NYMEX)	\$1.27 USD/GAL	\$10.1 USD/MMBTU

USD/MMBtu



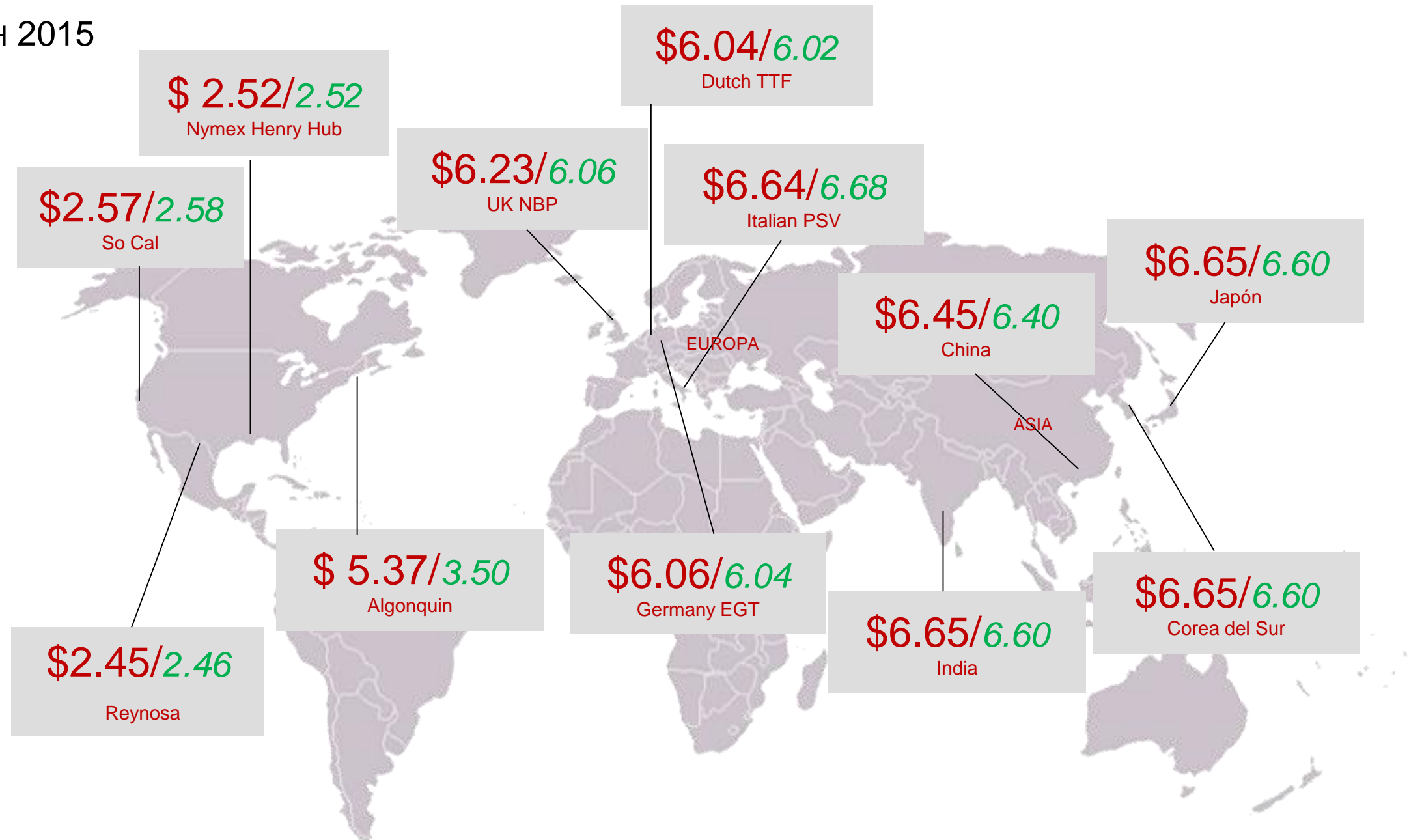
Information as of Oct 19, 2015
*Reference Prices

Elaborated by Pemex Gas y Petroquímica Básica using Thomson Reuters prices .

 PRICES OF NATURAL GAS

Natural gas international prices

PRICES AS OCTOBER 14TH 2015
(USD/MMBTU)



* Prices in green are from a previous week

Source: Elaborated by Pemex Gas y Petroquímica Básica using Platts International Gas Reports.

Net Gas Natural exports from US to Mexico (2014-2015)



NET EXPORTS 2014-2015 (MMBTU/D)		
	2014	2015
1. WESTTEXAS	299,339	45,940
2. SOUTH TEXAS	979,800	1,227,949
TOTAL	1,279,139	1,273,889

WEST TEXAS

	2014	2015
WEST TEXAS, AZ. CALIF.	MMBTU/D	
SAMALAYUCA	89,718	0
CHIHUAHUA-CDJ	117,965	38,796
NACO	34,801	7,144
NORTE II	56,855	0
NORTH BAJA	0	0
TOTAL:	299,339	45,940

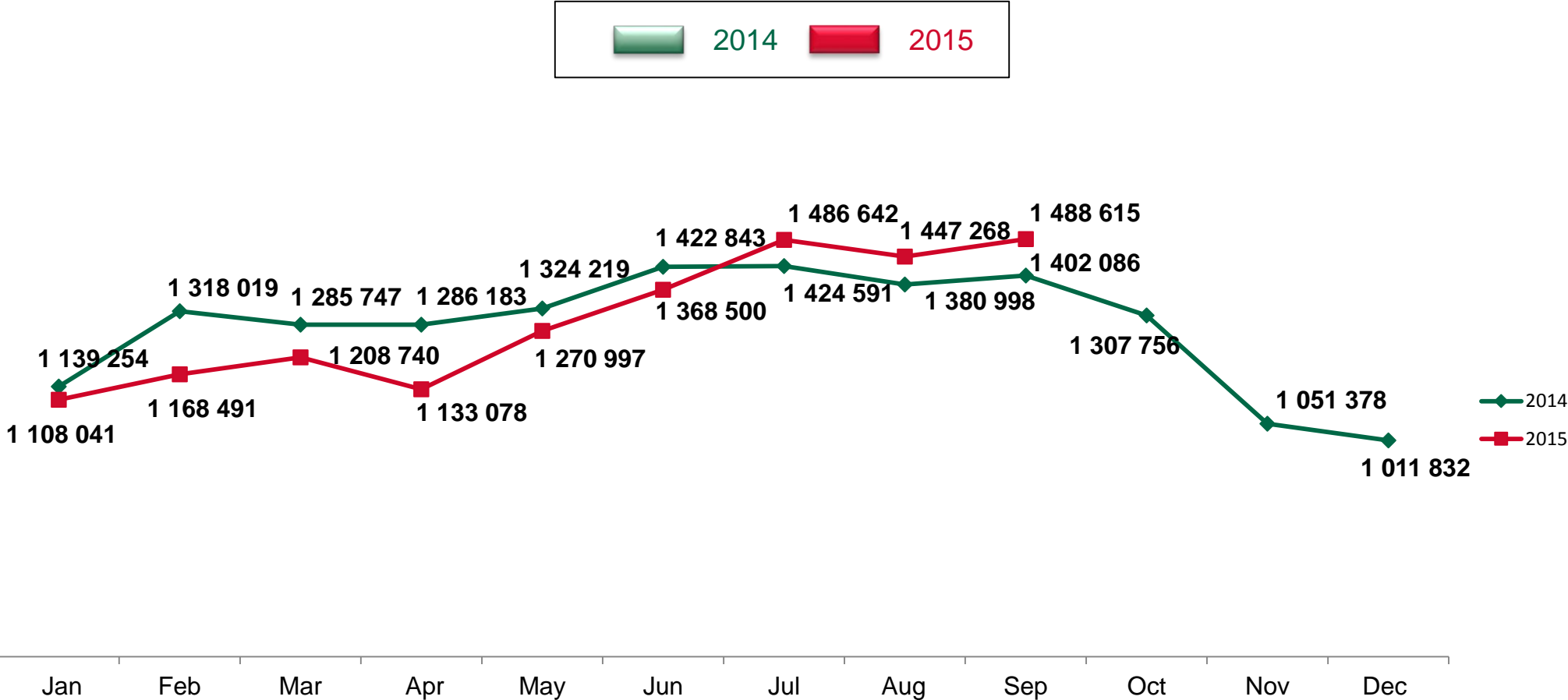
SOUTH TEXAS TRANSPORTATION

SOUTH TEXAS (MMBTU/D)	2014	2015
TENNESSEE	215,398	67,652
K.M. BORDER	216,192	173,816
K.M. TEXAS	422,316	452,441
TENNESSEE RB	73,768	0
TETCO	41,818	2,712
NET	10,308	531,328
TOTAL:	979,800	1,227,949

Source: BDI, Sept 2015

Net Gas Natural exports from US to Mexico (2014 - 2015)

MMBTu/day

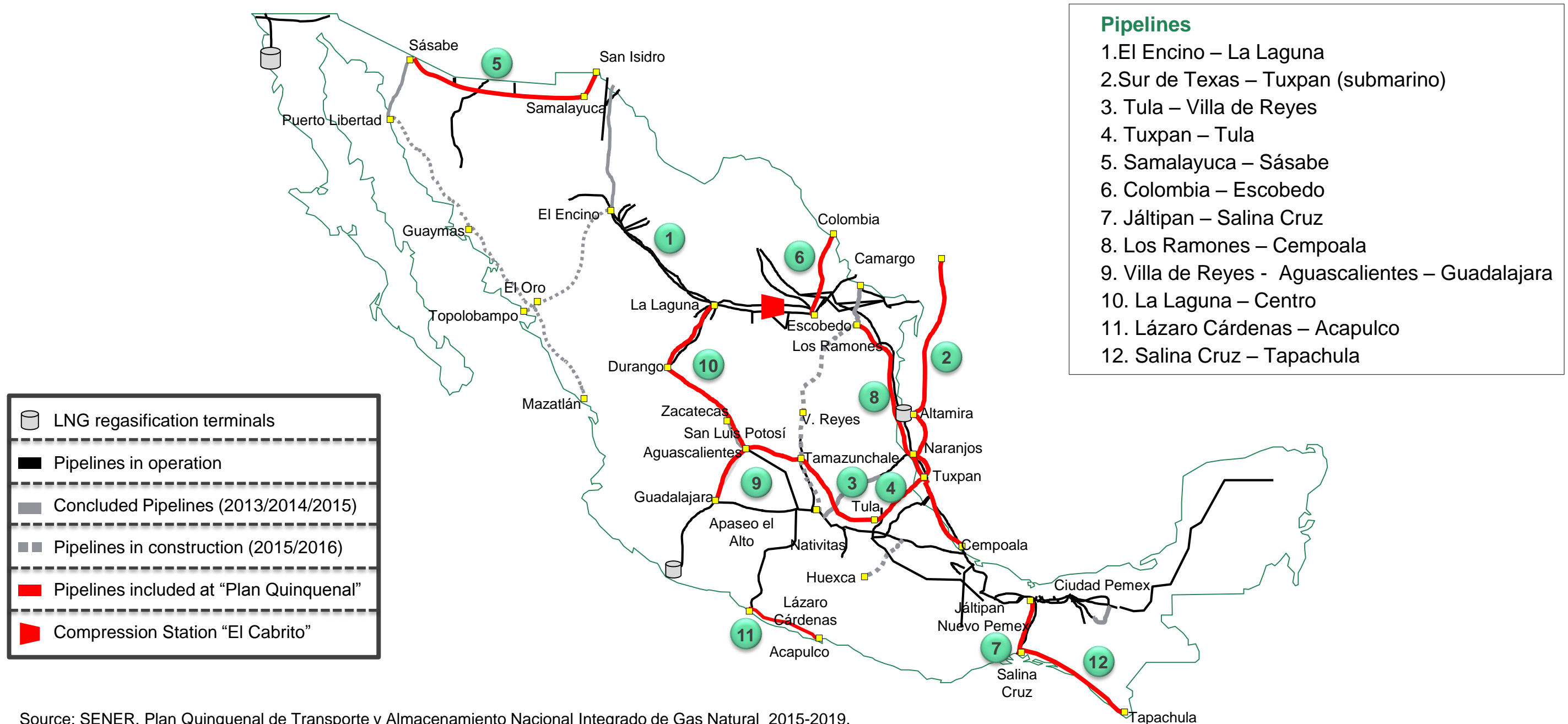


NET AVERAGE EXPORTS 2014 – 2015 (MMBTU/D)	
2014	2015*
1,279,139	1,273,889

* Jan-Sep 2015

Source: BDI 2015 September

Natural gas infrastructure projects 2015-2019



Source: SENER. Plan Quinquenal de Transporte y Almacenamiento Nacional Integrado de Gas Natural 2015-2019.

Conclusions

- PEMEX, as a **Productive State Enterprise** aims to maximize economic value and profitability for the Mexican state, by improving its productivity to maximize oil and gas revenues and contribute to national development.
- PEMEX operation as the only producer of hydrocarbons in the country has changed by a new model of open competition.
- PEMEX can take advantage of the opportunity to establish new legal framework with strategic partners to consider alliances or joint ventures to encourage the country's competitiveness to ensure industry and a national economy that transforms Mexico.

