Content

1 Current Status

PEMEX 2016

Business Plan

2017 Outlook
Key Player in the Oil Industry

Main Crude Oil Producers\(^1\)

<table>
<thead>
<tr>
<th>Company</th>
<th>Crude Oil Production (MMbd)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saudi Aramco</td>
<td>11.9</td>
</tr>
<tr>
<td>NIOC</td>
<td>3.9</td>
</tr>
<tr>
<td>INOC</td>
<td>3.5</td>
</tr>
<tr>
<td>Rosneft</td>
<td>3.3</td>
</tr>
<tr>
<td>CNPC</td>
<td>3.2</td>
</tr>
<tr>
<td>KPC</td>
<td>3.1</td>
</tr>
<tr>
<td>PDV</td>
<td>2.9</td>
</tr>
<tr>
<td>PEMEX</td>
<td>2.6</td>
</tr>
<tr>
<td>Exxon</td>
<td>2.3</td>
</tr>
<tr>
<td>Petrobras</td>
<td>2.2</td>
</tr>
</tbody>
</table>

PEMEX Crude Oil Production

- Onshore
- Other offshore
- Cantarell

E&P Investment Evolution

Billion pesos (current)

\(^1\) Petroleum Intelligence Weekly (PIW) 2015, The World’s Top 50 Oil Companies.
## Our Infrastructure

<table>
<thead>
<tr>
<th>Company</th>
<th>Refining Capacity (MMbd)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sinopec</td>
<td>5.9</td>
</tr>
<tr>
<td>Exxon</td>
<td>5.0</td>
</tr>
<tr>
<td>CNPC</td>
<td>4.6</td>
</tr>
<tr>
<td>Shell</td>
<td>3.2</td>
</tr>
<tr>
<td>Saudi Aramco</td>
<td>3.1</td>
</tr>
<tr>
<td>Valero</td>
<td>3.0</td>
</tr>
<tr>
<td>PDV</td>
<td>2.7</td>
</tr>
<tr>
<td>Petrobras</td>
<td>2.4</td>
</tr>
<tr>
<td>Total</td>
<td>2.2</td>
</tr>
<tr>
<td>Phillips</td>
<td>2.1</td>
</tr>
<tr>
<td>Rosneft</td>
<td>2.0</td>
</tr>
<tr>
<td>BP</td>
<td>1.9</td>
</tr>
<tr>
<td>Chevron</td>
<td>1.8</td>
</tr>
<tr>
<td>PEMEX</td>
<td>1.8</td>
</tr>
</tbody>
</table>

- 9 gas processing centers
- 6 refineries in Mexico and 1 in the US
- 8th onshore drilling company
- 15th logistics company (by assets)
- 258 operating platforms
- 9,000 wells
- More than 40,000 km of pipelines
- 74 storage and distribution terminals
- 16 ships
- Close to 1,500 tank trucks

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1 Petroleum Intelligence Weekly (PIW) 2015, The World’s Top 50 Oil Companies.
Content

Current Status

2 PEMEX 2016

Business plan

2017 Outlook
Year of Financial Stabilization

☑️ Execution of the MXN 100 billion budget adjustment
  - Generate efficiencies and reduce costs MXN 35 billion
  - Defer / reassess investments MXN 64.9 billion
  - CAPEX & OPEX adjustment to focus on profitable activities under a low hydrocarbons price scenario MXN 6.2 billion

☑️ Federal Government support measures
  - Cash flow injection MXN 73.5 billion
  - Fiscal benefit MXN 38.5 billion
  - Pension liability assumption MXN 184.2 billion

☑️ Financial balance improved by approximately 1/3*

* Financial balance results from the subtraction of the total expenditures (including financial cost) from the total income
Year of Financial Stabilization

✅ 100% of suppliers accounts payable  MXN 147 billion
  • Payment prioritization according to the size of the company

✅ Strengthening of the financial structure
  • Measures positively received by the markets
  • Decrease in PEMEX risk
  • Permanent access to different markets

✅ New business models under the Energy Reform
  • Non-strategic asset divestment (GdC)
  • Trión farmout with BHP Billiton
  • JV with Chevron & Inpex (Perdido area block 3)
Progress Made in Deep Waters

PEMEX has invested approximately MXN 50 billion in the Perdido area, with discoveries of 3P reserves above 1,600 MMboe.

- Fields: Trión, Supremus, Maximino, Exploratus y Nobilis

- PEMEX will develop deep water projects through farmouts

1 Reserva asociada a Trión, Supremus, Maximino, Exploratus y Nobilis
2 Reservas 3P
First Deep-Water Farmout

• Trión was discovered in 2012 and will be farmed out to accelerate its development, considering its strategic location near deep water projects in the US Gulf of Mexico

Technical data

- 3P reserves: 485 Mmboe
- Water depth: 2,532 m
- Estimated investment: USD 10-11 bn
- Type of hydrocarbon: Light crude oil
- Initial production: 2023
- Estimated production: 120 Mbd

Base Contract Conditions

- BHP Billiton / PEMEX: 60% / 40%
- Duration: 35-50 years
- Minimum carry: USD 570 MM
- Minimum requirement:
  - 1,250 km² of 3D seismsic
  - 1 exploratory well
  - 1 delineation well

Royalties & Duties
- Contractual fee – Exploratory Phase
  - Royalties as a percentage of the value of hydrocarbons extracted. Varies according to prices

Awarding Variables

- Additional royalty: 4%
- Tie-break criteria:
  - Additional carry offered by winner paid as follows:
    • 10% signing bonus to the Mexican Oil Fund
    • 90% in favor of PEMEX

1 First 60 months: MXN 1,175.42 / km². Beginning month 61 and until termination: MXN 2,810.78 / km²
BHP Billiton will cover up to USD 1.9 bn before PEMEX makes additional contributions...

<table>
<thead>
<tr>
<th></th>
<th>MMUSD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic royalty</td>
<td>7.5%</td>
</tr>
<tr>
<td>Additional royalty</td>
<td>4.0%</td>
</tr>
<tr>
<td>Minimum carry</td>
<td>570.0</td>
</tr>
<tr>
<td>Cash amount proposed as a tie-breaking criteria¹</td>
<td>624.0</td>
</tr>
<tr>
<td>Signing bonus payable to the Mexican Oil Fund</td>
<td>62.4</td>
</tr>
<tr>
<td>Additional carry in favor of PEMEX</td>
<td>561.6</td>
</tr>
</tbody>
</table>

\[
\text{570} + \frac{\text{561.6}}{0.4} = \text{USD 1,974 million}²
\]

- PEMEX would make additional contributions to the joint account until 2020-2021
- Contract to be signed during the first week of March 2017
- PEMEX’s investment before achieving initial production is estimated at USD 600 million

¹ According to clause 17.4 of the bidding rules
² in accordance with the definitions established in the Joint Operating Agreement
The contract considers 3,374 work units, equivalent to USD 3.4 million.
No wells were compromised for this contract.
Contract to be signed during the second week of March 2017.
Positive Trend

### Operating Income
USD millions

### Net Result
USD millions

### Average Duration of Debt
Years

### Consolidated Historical Cash Balance
USD millions
**Debt Profile**

- PEMEX’s portfolio strategy has prioritized the development of new sources of financing to diversify its investor base and currencies.

- To reduce external impacts, the company has chosen a hedging strategy that matches its U.S. dollar-based income structure.

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**By Currency**
- 68% Dollar
- 14% Australian dollar
- 3% Euro
- 1% UDIS
- 1% British pound
- 1% Yen
- 2% Peso
- 2% Swiss franc

**By Interest Rate**
- 77% Fixed
- 23% Floating

**By Instrument**
- 66% International Bonds
- 12% Cebures
- 5% ECAs
- 5% Int. Bank Loans
- 5% Domestic Bank Loans
- 5% Revolving Credit
- 5% Others

**By Currency Exposure**
- 82% Dollar
- 16% Peso
- 1% UDIS
- 1% Yen

Nota: As of September 30, 2016, total financial debt was USD 98.1 billion.
Sums may not total due to rounding.
Financing Access and Active Debt Management

- Markets have reacted positively. However, local market lags compared to international market
- PEMEX has recorded a rally against its main benchmarks in USD, showing a reduction of around 159 bps during the year

Source: Bloomberg
## Maintained Access to Financial Markets

<table>
<thead>
<tr>
<th>Month</th>
<th>USD Amount</th>
<th>Rate</th>
<th>Demand Exceeded</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>February</td>
<td>USD 5 billion</td>
<td>6.5%</td>
<td>3.5x</td>
<td>Minimum nominal rate reached in any currency</td>
</tr>
<tr>
<td>March</td>
<td>USD 2.5 billion</td>
<td>4.3%</td>
<td>2.7x</td>
<td>First operation of this kind since 2007</td>
</tr>
<tr>
<td>June</td>
<td>USD 380 million</td>
<td>1.8%</td>
<td></td>
<td>Improves amortization profile</td>
</tr>
<tr>
<td>July</td>
<td>USD 760 million</td>
<td>0.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>October</td>
<td>USD 5.6 billion</td>
<td>5.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>December</td>
<td>USD 5.5 billion</td>
<td>6.1%</td>
<td></td>
<td>2017 pre-funding</td>
</tr>
</tbody>
</table>
Content

Current Status

PEMEX 2016

3 Business Plan

2017 Outlook
Business Plan 2016-2021
Conservative Assumptions

- 2017 marks an inflection point in recent trends
  - Does not consider additional revenues from divestments
  - Maintain cost reduction discipline implemented in 2016. Increase in productivity is documented individually
  - Additional cash flow from the execution of JVs will be used to improved the company's cash position

---

**Crude Oil Price**
USD per barrel

- **BRENT futures**
- **PEMEX**
- **PETROBRAS**

**PEMEX’s Funding Cost**

---

**2017**

1. Primary surplus: MXN 8.4 billion
2. Reachable production goal: 1,944 Mbd
3. Conservative price projection: 42 USD/b

---

1. Source: Bloomberg (October) & Pemex
Business Plan 2016-2021
Financial Outlook

- **Pemex Exploration and Production**
  - Concentrates on assignments that are profitable after taxes
- **Pemex Industrial Transformation**
  - Partnerships in operation of auxiliary activities and revamps of refineries.
  - Operational discipline and reliability.
  - Cost efficiency and gradual acknowledgment of opportunity costs in transportation prices
- **Pemex Logistics**
  - Open season
  - Concentrates on profitable business lines

**Improved scenario**

- **Pemex Exploration and Production**
  - Aggressive farmout program
  - Development of fields that are profitable for the country and which, under similar fiscal conditions than privates, are profitable for PEMEX after taxes
  - Incremental income from farmout production is shared between PEMEX and the Federal Government
  - Federal Government’s earnings increase
  - PEMEX improves its cash flow

**Crude Oil Production**

<table>
<thead>
<tr>
<th>Year</th>
<th>Business Plan</th>
<th>Improved</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>2.601</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>2.577</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>2.553</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>2.548</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>2.492</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>2.267</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>2.130</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>1.944</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>1.811</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>1.780</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>1.805</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>1.821</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>1.891</td>
<td></td>
</tr>
</tbody>
</table>

**Financial Balance**

<table>
<thead>
<tr>
<th>Year</th>
<th>Business Plan</th>
<th>Improved</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
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<td>2019</td>
<td></td>
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</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Consolidated Debt**

<table>
<thead>
<tr>
<th>Year</th>
<th>Business Plan</th>
<th>Improved</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>632</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
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<tr>
<td>2012</td>
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<td>2013</td>
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<td>2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The challenge is to reverse the economic and operational losses of close to MXN 100 billion.
Pemex Industrial Transformation: Strategy

Impact of the Strategic Initiatives on the Financial Balance until 2025
(MXN billion in cash flow)

- Financial Balance 2025 (Equivalent to -96.3 in 2017)
- Partnerships
  - Auxiliary activities
  - (hydrogen, water, etc.)
  - Reconfiguring and operating refineries

- Safe and reliable operations
  - Timely attention to risk factors
  - Revert the maintenance lag
  - Dynamic price handling

- Acknowledgment and efficiency in transportation costs
  - Cost efficiency and internalization of import and transportation costs
  - Pipeline custody
  - Terminals
  - Illicit markets

Result

29.4

- Stolen Product
  - 11
**Net Indebtedness Reduction**

- Authorized debt ceiling for 2017 was reduced to MXN 150 billion, compared to MXN 240 billion authorized in 2016.
- This debt ceiling greater than the financial needs, grants flexibility to pre-fund 2018 requirements while it also consolidates liquidity.

<table>
<thead>
<tr>
<th>2017 Financing Program</th>
<th>Source</th>
<th>Domestic debt MXN Bn</th>
<th>External Debt USD Bn</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Approved domestic net indebtedness</strong></td>
<td>28</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Approved external net indebtedness</strong></td>
<td>7.1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**PROGRAM**

<table>
<thead>
<tr>
<th></th>
<th>Domestic market</th>
<th>International markets</th>
<th>2017 Pre-funding</th>
<th>Total Amortization 2017</th>
<th>Net indebtedness</th>
<th>Estimated Financial needs 2017E</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30 - 70</td>
<td>2 – 4</td>
<td>5.5</td>
<td>52.1</td>
<td>(22) – 18</td>
<td>MXN 95 billion</td>
</tr>
</tbody>
</table>

* Exchange rate 20 MXN / USD. Numbers may not total due to rounding.
2017 Expenditure Program

- CAPEX for 2017 and its allocation is in line with 2016's figures.
2017 Business Outlook

**E&P**

<table>
<thead>
<tr>
<th>Field Type</th>
<th>2.1 Shallow waters E &amp; P</th>
<th>2.2 On-shore fields E &amp; P</th>
<th>2.3 On-shore fields E &amp; P</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Farm outs</strong></td>
<td>Ayín-Batsil</td>
<td>Ogarrio y Cárdenas-Mora</td>
<td>To be confirmed</td>
</tr>
<tr>
<td><strong>PEMEX</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Blocks</strong></td>
<td>15 Production sharing contracts</td>
<td>12 Licenses</td>
<td>14 Licenses</td>
</tr>
</tbody>
</table>

**Industrial Transformation**
- ✓ Liberalization of gasoline and diesel prices
- ✓ Associations for refineries reconfiguration and supply of auxiliary services

**Logistics**
- ✓ Open season of pipelines
Farmout Ayín-Batsil

- Located in the Campeche Sound, 70 km from Cantarell and Ku-Malob-Zaap
- 5 fields: Ayín, Batsil, Alux, Hap and Makech
- 3 exploration areas: Ichal-1, Ken-1 and Chelpul-1

### Ayín-Batsil

<table>
<thead>
<tr>
<th>Feature</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year of discovery</td>
<td>1991 Ayín &amp; 2015 Batsil</td>
</tr>
<tr>
<td>3P Reserves</td>
<td>359 Mmboe</td>
</tr>
<tr>
<td>Water depth</td>
<td>Up to 180 m</td>
</tr>
<tr>
<td>Estimated Investment</td>
<td>USD 4.2 billion</td>
</tr>
<tr>
<td>Type of hydrocarbon</td>
<td>Heavy crude oil</td>
</tr>
<tr>
<td>Estimated production</td>
<td>60-70 Mbd</td>
</tr>
</tbody>
</table>
Farmouts Ogarrio & Cárdenas-Mora

Ogarrio (Mature on-shore field)
- Location: Tabasco, 65 km from Coatzacoalcos
- Estimated production: 7.9 Mbd
- 3P Reserves: 54 MMbpce
- Type of hydrocarbon: Light crude oil

Cárdenas Mora (Mature on-shore field)
- Location: Tabasco, 62 km from Villahermosa
- Estimated production: 8.1 Mbd
- 3P Reserves: 94.3 MMbpce
- Type of hydrocarbon: Extra-light crude oil
Gasoline and Diesel Price Liberalization

Open season auction result: February 15, 2017
Price liberalization: March 30, 2017
- Baja California
- Sonora

Open season auction result: May 1, 2017
Price liberalization: June 15, 2017
- Chihuahua
- Coahuila
- Nuevo León
- Tamaulipas
- Gómez Palacio, Dgo.

Open season auction result: Sep. 14, 2017
Price liberalization: October 30, 2017
- Baja California Sur
- Durango (excepto Gómez Palacio)
- Sinaloa

Open season auction result: October 16, 2017
Price liberalization: November 30, 2017
- Aguascalientes
- Ciudad de México
- Colima
- Chiapas
- Estado de México
- Guanajuato
- Guerrero
- Hidalgo
- Jalisco
- Michoacán
- Morelos
- Nayarit
- Puebla
- Querétaro
- San Luis
- Potosí
- Oaxaca
- Tabasco
- Tlaxcala
- Veracruz
- Zacatecas

Open season auction result: November 15, 2017
Price liberalization: December 30, 2017
- Campeche
- Quintana Roo
- Yucatán
This price scheme recognizes the total expenses incurred in the sale of petroleum products.

Opening the market to new competitors, will allow PEMEX to focus on more profitable markets.
Investment Considerations

- Strategic company in Mexico and worldwide
- Stable Finances
- Energy Reform: historic opportunity
- Implementation of new business schemes

Today

Financial Balance 2020-2021
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