Content

1. A Snapshot of Mexico & PEMEX
   - Upstream
   - Midstream & Downstream
   - Overall Financial Performance
   - Business Outlook
Mexico Snapshot

• Today, Mexico’s fundamentals are stronger, allowing to face external shocks in a better position

O&G: the industry moving the world

- According to the IEA, by 2040, crude oil demand is expected to grow 6% up to 103 MMbpd, while natural gas consumption increases by 50%

1 Btoe: billion tonnes of oil equivalent
2 Includes geothermal, solar, wind, heat and electricity trade.
Source: Key world energy statistics & World Energy Outlook 2016, International Energy Agency,
PEMEX: The Most Important Company in Mexico

- **8th** Crude oil producer
- **Main producer** of oil, gas and refined products in Mexico
- **14th** Refining company worldwide
- Holder of **95%** of the country's 1P reserves
- **Key player** in hydrocarbons logistics infrastructure
  - More than **40,000 km** of pipelines
- **15th** Logistics company in the world by assets
- **29%** Federal Government's revenues
  - **MXN 1.6 billion** annual revenues

- **8th** Drilling company
- **5th** Producer of petrochemicals in Mexico
- **1st** Producer of phosphates in LATAM
- **9** Gas Processing Complexes
- **74** Storage and distribution terminals
  - Close to **1,500** tank trucks
- **16** Ships with transportation capacity of **4,618 Mb**
- **258** Operating platforms
- **9,000** Wells
- **98th** largest company
- **7th** Trading company in the world

1. Last five years average.
2. Source: Fortune 500 ranking.
Distribution of PEMEX’s Reserves

- As of January 1, 2017, 2P and 3P reserves are still in process of review by CNH.

<table>
<thead>
<tr>
<th>Basin</th>
<th>Reserves</th>
<th>Prospective Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1P (90%)</td>
<td>2P (50%)</td>
</tr>
<tr>
<td>Southeastern</td>
<td>7.2</td>
<td>11.1</td>
</tr>
<tr>
<td>Tampico Misantla</td>
<td>1.0</td>
<td>3.4</td>
</tr>
<tr>
<td>Burgos</td>
<td>0.2</td>
<td>0.3</td>
</tr>
<tr>
<td>Veracruz</td>
<td>0.1</td>
<td>0.2</td>
</tr>
<tr>
<td>Sabinas</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Deepwater</td>
<td>0.1</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Total PEMEX</strong></td>
<td><strong>8.6</strong></td>
<td><strong>15.1</strong></td>
</tr>
</tbody>
</table>

1P includes discoveries, developments, revisions and delineations. 3P replacement rate only considers new discoveries. Reflects reserve replacements conducted by PEMEX.

1. As of January 1, 2017, 2P and 3P reserves are still in process of review by CNH. Numbers may not total due to rounding.
2. Prospective resources assigned to Pemex in Round 0.
Environmentally Conscious and Socially Responsible Company

- We strive to minimize the impact of our operations to the environment and to maximize the benefits that a sustainable operation brings.

**Environmental**
- Emissions
- Residues
- Water
- Biodiversity conservation

**Social**
- Economic
- Sustainable investment
- Project analysis
- Sustainable value chain

**Sustainable development framework**

- **Environmental**
- **Social**
- **Economic**
Crude oil production averaged 2,018 Mbd, in line with 2017 goal

Gas flaring decreased by 5.4%

Crude oil processing increased by 21%, as compared to year-end 2016

Operating expenses decreased by 14%

Positive net result for two quarters in a row

Sales positively impacted due to updates in fuel prices and recognition of logistics costs

The recovery of crude oil prices and FX positively impacted the financial results
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Upstream: Current Status and Challenges

- PEMEX continues to be a main player in the O&G industry
- The challenge has been replacing Cantarell, a giant field that produced by itself 2 MMbd, to stabilize and eventually increase production

![Crude Oil Production Chart](chart.png)

1 Includes non-capitalized maintenance. Source: PEMEX 2017
Industry Cost Leader

- The development of exploitation strategies focused on shallow waters has allowed PEMEX to maintain very competitive production costs, as compared to most of its peers in the oil and gas industry.
- Lower production costs provide greater flexibility, especially under lower crude oil price scenarios.

### Production Costs$^{a,b}$ (USD / boe)

<table>
<thead>
<tr>
<th>Year</th>
<th>Production cost before taxes</th>
<th>Taxes and Duties</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>5.2</td>
<td>-</td>
</tr>
<tr>
<td>2011</td>
<td>6.1</td>
<td>-</td>
</tr>
<tr>
<td>2012</td>
<td>6.8</td>
<td>-</td>
</tr>
<tr>
<td>2013</td>
<td>7.9</td>
<td>-</td>
</tr>
<tr>
<td>2014</td>
<td>8.2</td>
<td>2.7</td>
</tr>
<tr>
<td>2015</td>
<td>6.7</td>
<td>2.3</td>
</tr>
<tr>
<td>2016</td>
<td>5.5</td>
<td>-</td>
</tr>
</tbody>
</table>

#### 2016 Benchmarking: Production Costs$^1$

<table>
<thead>
<tr>
<th>Company</th>
<th>Production Cost (USD / boe)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petrobras</td>
<td>16.27</td>
</tr>
<tr>
<td>Chevron-Texaco</td>
<td>13.15</td>
</tr>
<tr>
<td>Eni S.P.A.</td>
<td>12.55</td>
</tr>
<tr>
<td>Connoco Phillips</td>
<td>12.00</td>
</tr>
<tr>
<td>Royal Dutch / Shell</td>
<td>10.92</td>
</tr>
<tr>
<td>Exxon Mobil</td>
<td>9.89</td>
</tr>
<tr>
<td>BP</td>
<td>8.46</td>
</tr>
<tr>
<td>PEMEX</td>
<td>7.78</td>
</tr>
<tr>
<td>Total S.A.</td>
<td>6.14</td>
</tr>
<tr>
<td>Statoil</td>
<td>5.00</td>
</tr>
</tbody>
</table>

$^1$ Source: Annual Reports and SEC Reports 2016.

\[a]\) Figures in nominal values.

Upstream: New Production Frontiers

- Underinvestment and reduced access to know-how has limited intensive exploitation of new complex frontiers to stabilize and increase production

Deepwater Infrastructure\(^1\)

Shale Potential\(^2\)

1 Source: National Geographic
2 Source: CNH with information from North Dakota Department of Mineral Resources, Oklahoma Geological Survey, Texas Railroad Commission, Bureau of Ocean Energy Management, Oil & Gas Journal
Upstream: Business Plan

- With profitability as its ultimate goal, the Business Plan contemplates increased production and investment through different business schemes such as JVs and farm-outs to maintain and gradually increase the production platform.

Business Plan Scenario

- Concentrates on assignments that are profitable after taxes

Improved Scenario

- Aggressive farm-out 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 farm-out production is shared between PEMEX and the Federal Government

Crude Oil Production

<table>
<thead>
<tr>
<th>Year</th>
<th>Improved</th>
<th>Business Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>2,601</td>
<td>0</td>
</tr>
<tr>
<td>2010</td>
<td>2,577</td>
<td>0</td>
</tr>
<tr>
<td>2011</td>
<td>2,553</td>
<td>0</td>
</tr>
<tr>
<td>2012</td>
<td>2,548</td>
<td>0</td>
</tr>
<tr>
<td>2013</td>
<td>2,522</td>
<td>0</td>
</tr>
<tr>
<td>2014</td>
<td>2,429</td>
<td>0</td>
</tr>
<tr>
<td>2015</td>
<td>2,267</td>
<td>0</td>
</tr>
<tr>
<td>2016</td>
<td>2,154</td>
<td>0</td>
</tr>
<tr>
<td>2017</td>
<td>1,944</td>
<td>0</td>
</tr>
<tr>
<td>2018</td>
<td>1,811</td>
<td>0</td>
</tr>
<tr>
<td>2019</td>
<td>1,780</td>
<td>0</td>
</tr>
<tr>
<td>2020</td>
<td>1,805</td>
<td>0</td>
</tr>
<tr>
<td>2021</td>
<td>1,880</td>
<td>0</td>
</tr>
</tbody>
</table>

- Mbd
Upstream: Recent Developments (Trion & Block 3)

**Trion**

- BHP Billiton will invest up to USD 1.9 billion before PEMEX makes additional contributions
- Joint operating agreement was signed on March 3, 2017
- PEMEX expects to invest USD 600 million by the time initial production is achieved

**Perdido Fold Belt – Block 3**

- Joint Venture with Chevron and Inpex
- The contract considers 3,374 work units, equivalent to USD 3.4 million
- No wells were committed for this contract
- Contract was signed on February 28, 2017
Upstream: Upcoming Developments

- PEMEX will focus on the development of projects through joint ventures and migrations to share risks, obtain technology, know-how and improvements within the upstream division.

Farm-outs (Round 2)
- Ogarrio, Cárdenas-Mora & Ayín-Batsil

Board of Directors approves second deep-water farm-out
- Maximino-Nobilis

Migrations without a partner
- Ek-Balam
  May 2, 2017
  - Future case-by-case analysis

CSIEE¹
- Advanced model contract
- San Ramón and Blasillo to be signed during the 2H17

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¹ Exploration and Extraction Integrated Service Contracts.
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Midstream: Investment Opportunities

- Further gasoline storage capacity and pipelines are required in Mexico. The U.S. has 27 times more infrastructure to supply fuel and 45 times more storage terminals than Mexico.

### Gasoline Storage Days by Country

<table>
<thead>
<tr>
<th>Country</th>
<th>Storage Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>99</td>
</tr>
<tr>
<td>USA</td>
<td>90</td>
</tr>
<tr>
<td>China</td>
<td>90</td>
</tr>
<tr>
<td>Japan</td>
<td>70</td>
</tr>
<tr>
<td>South Africa</td>
<td>60</td>
</tr>
<tr>
<td>India</td>
<td>3</td>
</tr>
<tr>
<td>Mexico</td>
<td>2</td>
</tr>
<tr>
<td>Iran</td>
<td></td>
</tr>
</tbody>
</table>

1. Source: Strategy, PwC 2017
2. Source: http://pipeline101.com/where-are-pipelines-located
3. Source: EIA 2017
Downstream: Current Status and Challenges

- The challenge is to reverse the economic and operational losses of close to MXN 100 billion

**Achievements**
- Hydrogen supply JV with Air Liquide

**Future Projects**
- Hydrogen supply JVs for Madero and Cadereyta refineries
Midstream & Downstream: Business Plan

- Underinvestment, supply mandates and cost recognition are being and will continue to be addressed in the upcoming years to reverse the accumulated losses in the midstream and downstream divisions.

PEMEX Industrial Transformation
- Partnerships in operation of auxiliary activities and revamps of refineries
- Operational discipline and reliability
- Timely attention to risk factors
- Cost efficiency and gradual acknowledgment of opportunity costs in transportation prices
- Pipeline custody
- Illicit markets

PEMEX Logistics
- Open season
- Concentrates on profitable business lines

Impact of the Strategic Initiatives on the Financial Balance\(^1\) until 2025

(MXN billion in cash flow)

Financial Balance 2025 (Equivalent to -96.3 in 2017)

-108.9

Partnerships

41.9

Safe and reliable operations

49.2

Acknowledgment and efficiency in transportation costs

36.2

Stolen Product

11

Result

29.4

\(^1\) The financial balance considers the result from subtracting total expenses (including financing costs) from total revenues.
Midstream & Downstream: Upcoming Developments

- The Mexican fuels market is moving towards an open, competitive and market-driven price structure
- Pemex Logistics is offering its non-used storage and distribution capacity to third-parties, which will yield additional revenues

1. PEMEX auctioned 20% of its capacity in Baja California and Sonora, at fees 10% above the minimum required
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A Snapshot of Mexico & PEMEX

Upstream

Midstream & Downstream

4 Overall Financial Performance

Business Outlook
Positive Trend

- During 2016 operating losses were turned into income, net result was improved by 58% and the liquidity position was substantially improved. Debt’s maturity profile was extended to 7.3 years.
**Net Indebtedness Reduction in 2017**

- The dollar issuance carried out in December 2016 of USD 5.5 bn and the euro one for EUR 4.25 bn in February 2017, cover minimum financing needs for 2017
- Available debt ceiling of MXN 53 bn
- Fully committed revolving credit lines of close to USD 6 bn
- Flexibility and leeway towards the rest of the year
- Continuously analyze possibility of exchanging debt and prefunding 2018 needs

### Premises:

<table>
<thead>
<tr>
<th>Financial Deficit</th>
<th>MXN billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortizations</td>
<td>116.1</td>
</tr>
<tr>
<td>2017 Minimum Needs</td>
<td>209.9</td>
</tr>
</tbody>
</table>

### Net Indebtedness

<table>
<thead>
<tr>
<th>Year</th>
<th>MXN billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014*</td>
<td>223</td>
</tr>
<tr>
<td>2015*</td>
<td>195</td>
</tr>
<tr>
<td>2016*</td>
<td>232</td>
</tr>
<tr>
<td>2017e</td>
<td>150</td>
</tr>
</tbody>
</table>

Available debt ceiling = MXN 53 bn
Debt ceiling consumed = MXN 97 bn

* Observed.

Net indebtedness approved by Congress.

Note: Exchange rate 21.5 MXN/USD. Indicative figures subject to market conditions. Numbers may not total due to rounding.
Diversified Debt Structure

• 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

Note: As of March 31, 2017. Sums may not total due to rounding.
Rating agencies recognize PEMEX’s strategic importance for Mexico

PEMEX’s rating highlights are:

1. High implied government support
2. Mexico’s single largest source of taxes and duties
3. Integrated operations throughout the Mexican energy industry’s value chain
4. Large proved hydrocarbon reserves
5. Medium-term perspectives have the expectation of improved profitability

<table>
<thead>
<tr>
<th>Rating Agency</th>
<th>Last Revision</th>
<th>Global Scale</th>
<th>Outlook</th>
<th>National Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fitch</td>
<td>December 2016</td>
<td>BBB+</td>
<td>Negative</td>
<td>AAA(mex)</td>
</tr>
<tr>
<td>Moody’s</td>
<td>April 2017</td>
<td>Baa3</td>
<td>Negative</td>
<td>Aa3.mx</td>
</tr>
<tr>
<td>S&amp;P</td>
<td>August 2016</td>
<td>BBB+</td>
<td>Negative</td>
<td>mxAAA</td>
</tr>
</tbody>
</table>

Investment Considerations

- The joint efforts have finally begun to bear fruit and to reflect in the results of the year. PEMEX has now stable finances, with positive trends, however, there is still room for improvement.

- As a result of the implementation of a Business Plan focused on profitability, the administration has very clear what will be the next steps taken to achieve financial equilibrium. PEMEX reiterates its commitment to prioritize profitability and sustainability.
Financial Outlook: 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 improve the company’s cash position

1. Primary surplus: MXN 8.4 billion
2. Reachable production goal: 1.9 MMbd
3. Conservative price projection: 42 USD/b

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

- The improvement of PEMEX’s financials is not a zero-sum game. The initiatives in the Business Plan allow the company to improve its future cash flow, while the Federal Government’s earnings increase.

![Financial Balance Chart](chart1.png)

![Consolidated Debt Chart](chart2.png)
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