Content

1. A Snapshot of Mexico & PEMEX
   - Upstream
   - Midstream & Downstream
   - Overall Financial Performance
   - Business Outlook
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 MMb/d, while natural gas consumption increases by 50%.

\[ 100\% = 9.4 \text{ Btoe}^1 \]

<table>
<thead>
<tr>
<th>Energy Source</th>
<th>2014 Consumption (Btoe)</th>
</tr>
</thead>
<tbody>
<tr>
<td>O&amp;G</td>
<td>55%</td>
</tr>
<tr>
<td>Coal</td>
<td>12%</td>
</tr>
<tr>
<td>Biofuels and waste</td>
<td>12%</td>
</tr>
<tr>
<td>Other</td>
<td>21%</td>
</tr>
</tbody>
</table>

1 Btoe: billion tonnes of oil equivalent
2 Includes geothermal, solar, wind, heat and electricity trade.
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 revenues1

MXN 1.6 billion annual revenues1

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 company2

7th Trading company in the world

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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 1P (90%)</th>
<th>Reserves 2P (50%)</th>
<th>Reserves 3P (10%)</th>
<th>Prospective Resources 2P and 3P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southeastern</td>
<td>7.2</td>
<td>11.1</td>
<td>14.5</td>
<td>11.6</td>
</tr>
<tr>
<td>Tampico Misantla</td>
<td>1.0</td>
<td>3.4</td>
<td>6.0</td>
<td>3.3</td>
</tr>
<tr>
<td>Burgos</td>
<td>0.2</td>
<td>0.3</td>
<td>0.4</td>
<td>1.5</td>
</tr>
<tr>
<td>Veracruz</td>
<td>0.1</td>
<td>0.2</td>
<td>0.2</td>
<td>0.6</td>
</tr>
<tr>
<td>Sabinas</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.4</td>
</tr>
<tr>
<td>Deepwater</td>
<td>0.1</td>
<td>0.2</td>
<td>1.1</td>
<td>6.0</td>
</tr>
<tr>
<td><strong>Total PEMEX</strong></td>
<td><strong>8.6</strong></td>
<td><strong>15.1</strong></td>
<td><strong>22.1</strong></td>
<td><strong>18.2</strong></td>
</tr>
</tbody>
</table>

**MMMboe (billion barrels of oil equivalent)**

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.
3. As of January 1, 2017, 1P includes discoveries, developments, revisions and delineations. 3P replacement rate only considers new discoveries. Reflects reserve replacements conducted by PEMEX.
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.

### Sustainable development framework

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

- **Social**
  - Environmental impact studies
  - Social investment
  - Communities
  - Human Rights

- **Economic**
  - Sustainable investment
  - Project analysis
  - Sustainable value chain
Key Highlights / First Half-Year Recap

- Joint venture with Air Liquide for the supply of hydrogen to our Tula refinery
- Consortium formed by PEMEX, Chevron and Inpex was awarded Block 3 North in deep waters of the Gulf of Mexico
- Trion block through a farm-out with BHP Billiton
- Migration process without a partner of the fields Ek and Balam in shallow waters
- PEMEX was awarded two blocks in shallow waters through consortia with DEA and Ecopetrol
- The first open season was awarded to Tesoro
Key Highlights 2Q17

- Positive net result of 121 billion pesos as of first half 2017
- Third consecutive quarter with positive net results
- Crude oil production remains stable: it averaged 2,013 Mbd
- Gas flaring recorded its best performance in 3 years: 4.1%
- Crude oil processing remains in line with 1Q17
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.
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>6.1</td>
</tr>
<tr>
<td>2011</td>
<td>6.1</td>
<td>6.8</td>
</tr>
<tr>
<td>2012</td>
<td>6.8</td>
<td>7.9</td>
</tr>
<tr>
<td>2013</td>
<td>7.9</td>
<td>8.2</td>
</tr>
<tr>
<td>2014</td>
<td>9.4</td>
<td>2.7</td>
</tr>
<tr>
<td>2015</td>
<td>2.7</td>
<td>6.7</td>
</tr>
<tr>
<td>2016</td>
<td>2.3</td>
<td>5.5</td>
</tr>
</tbody>
</table>

#### 2016 Benchmarking: Production Costs\(^1\)
(USD / boe)

<table>
<thead>
<tr>
<th>Company</th>
<th>2016 Benchmarking</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>

\(^{a}\) Figures in nominal values.
\(^1\) Source: Annual Reports and SEC Reports 2016.
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\(^2\)

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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.

- Concentrates on assignments that are profitable after taxes
- 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></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>2,522</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>2,429</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>2,267</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>2,154</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>1,944</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>1,811</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>1,780</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>1,805</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>1,880</td>
<td></td>
</tr>
</tbody>
</table>
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.

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

¹ Exploration and Extraction Integrated Service Contracts.
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>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
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
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.

Operating Income
USD million

Net Result
USD million

Average Debt’s Maturity
Years
Net Indebtedness Ceiling

Annual Performance and Net Indebtedness Objective for 2017

- **Net Indebtedness**
  - Available Ceiling
  - Financial Balance

- **Financial Markets Activities**
  - 2014: 260
  - 2015: 110
  - 2016: 150
  - 2017: 86

- **Amortizations**
  - 2014: 110
  - 2015: 69
  - 2016: 94
  - 2017: 86

- **Observed Jan - July 2017**
  - 155
  - 69
  - 86

- **2017 Approved Net Indebtedness**
  - 2014: 223
  - 2015: 195
  - 2016: 232
  - 2017: 150

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.
On June 28th, Fitch Ratings confirmed PEMEX’s credit ratings as follows:

- **BBB+** long-term global scale; and
- **AAA(mex)** long-term, national scale rating

On July 18th, Standard and Poor’s confirmed our credit ratings as follows:

- **BBB+** long-term, global scale; and
- **mxAAB** national scale, local currency.

Additionally, it changed our outlook to stable from negative, in line with the modification of the sovereign’s outlook.
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.

- Production goals met
- Energy Reform: historic opportunity
- 2016: Stable finances

Today
Financial Balance 2020-2021

Strategic company in Mexico and worldwide
Net result improved by MXN 266bn in 1H17
Business Plan focus: Profitability
2017: Inflection point & attractive investment opportunities
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 improved 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

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
MXN billion

Consolidated Debt
MXN billion

• 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.
Investor Relations
(+52 55) 1944-9700
ri@pemex.com
www.pemex.com/en/investors