PEMEX[1] Presents Fourth Quarter Results in 2020

1. Key Highlights

Mexico City , February 26th 2020

2020 was a year of great complexity for humanity. For the oil industry, the COVID-19 pandemic caused the most severe crisis in its history. The unprecedented combination of low crude oil and petroleum product prices combined with a deep drop in fuel consumption eroded the cash flows of all oil companies.

Petróleos Mexicanos was no stranger to this global situation and faced the worst crisis in its history. However, thanks to the progress and achievements we made in the first year of this administration, Petróleos Mexicanos was able to face and overcome the enormous challenge of the year 2020.

PEMEX achieved a second consecutive quarter of net income. In the fourth quarter of 2020, Pemex achieved a net profit of MXN 124 billion pesos. It has been more than four years since the company achieved two consecutive quarters of net profit.

Additionally, crude oil production in 2020 recorded 1,705 thousand barrels per day as an annual average. This is 4,000 barrels increase may seem small but is very significative as compared to 2019.

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Crude Oil Production
1,695 Mbd

Natural gas production
3,718 MMcfcd

Crude Oil Processing
584 Mbd

EBITDA
MXN 20.2 billion

Long Term Credit Rating in Foreign Currency

Agency	Rating	Outlook
S&P	BBB	Negative
Fitch	BB-	Stable
Moody's	Ba2	Negative
HR Ratings	BBB+	Negative

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Selected financial information
(MXN billion)

	4Q19	3Q20	4Q20
Sales	318,584	239,031	248,896
Cost of sales	320,389	189,045	246,022
Impairment (reverse)	104,731	(8,186)	26,854
Gross Income (loss)	(106,536)	58,172	(23,980)
Transportation and distribution expenses	37,416	36,188	38,988
Operating income (loss)	(145,019)	24,509	(59,625)
Financial cost, income due to financial derivatives	20,416	16,062	9,217
Foreign exchange profit	69,624	36,194	254,361
Taxes, duties and others	74,615	41,826	59,838
Net income (loss)	(171,544)	1,411	124,210

[1] PEMEX refers to Petróleos Mexicanos, its Productive Subsidiary Companies, Affiliates, Subsidiary Entities and Subsidiary Companies
Note: From October 1 to December 31, 2020. PEMEX encourages the reader to analyze this document together with the information provided in the annexes to this document, in addition to the transcript of its conference call announcing its quarterly results, to take place on February 26, 2021. Annexes, transcripts and relevant documents related to this call can be found at www.pemex.com/en/investors.

Earnings
During 4Q20, total sales decreased by 21.9%, as compared to 4Q19, mainly as a result of 32.6% decrease in domestic sales and a 6.6% decrease in export sales. The most significant factors explaining the decrease in sales are lower exports volumes due to COVID-19 and the falling prices of hydrocarbons all around the world.

Cost of Sales
In 4Q20 cost of sales decreased by 23.2%, mainly due to a MXN 51.6 billion decrease in purchases for resale. If asset impairment is considered, cost of sales decreased by 35.8 per cent. During the fourth quarter of 2020, a MXN 26.9 billion asset impairment was recorded, as compared to a MXN 104.7 billion impairment in 4Q19.

Taxes and Duties
During 4Q20, total taxes and duties decreased by 19.8% as compared to 4Q19, mainly due to lower prices, the reduction in the Profit-Sharing Duty (DUC) rate from 65 to 58 per cent, and because of the fiscal benefit resulting from Decree published in April, which represented a MXN 65.0 billion decrease in the Profit-Sharing Duty for 2020. Thus, DUC decreased by 62.3% as compared to 4Q19.

Net Income
In 4Q20 net income recorded MXN 124.2 billion, as compared to a MXN 171.5 billion net loss in 4Q19. This result is mainly explained by the decrease in purchases for resale, the foreign exchange profit as a result of the appreciation of the Mexican peso against the US dollar during the quarter, the fiscal benefits regarding the Profit Sharing Duty and the income due to financial derivatives.

Financial Debt
Total financial debt increased by 13.9%, as compared to December 31, 2019, mainly due to the use of short-term credit lines for liquidity management, as well as the depreciation of the Mexican peso against the US dollar during the period.

The exchange rate recorded at December 31, 2020, was MXN 19.9487 per U.S. dollar, resulting in a MXN 2,258.7 billion or USD 113.2 billion total financial debt.

Liquidity Management
On January 17, 2021, one of PEMEX's revolving credit lines was maturing. The company carried out the necessary actions for the renewal and restructuring of the credit line through the subscription of a new contract of revolving credit facilities with a syndicate of banks. The new credit line is fully available for the subsidiary PMI Trading DAC to meet its own financial needs to strengthen the liquidity of the entire group. The credit line has PEMEX's corporate guarantee.

Therefore, PEMEX group holds syndicated revolving credit lines for liquidity management up to USD 7,700 million and MXN 37,000 million.

As of December 31, 2020, USD 1,900 million and MXN 37,000 million were available.

EBITDA
Net cost of employee benefits in the period (excluding pension payments, seniority premium, and health service, since they are cash items), depreciation, amortization and impairment of wells, pipelines, property, plant, and equipment are added to the operational income. As of 4Q19, undeveloped wells are also added since they are drilled wells that never reached the production stage thus, they do not generate cash flows. EBITDA during 4Q20 amounted to MXN 20.2 billion.

Budgetary Investment Activities

During 2020, MXN 234.0 billion (USD 10.9 billion[1]) in investment activities were exercised, representing 70.42% of the total 2020 scheduled investment.

[1] Average USD/MXN exchange rate from January 1st to December 31, 2020 was MXN 21.49 = USD 1.00.

Hydrocarbons Production

In 4Q20, production of crude oil and condensates in fields (excluding partners' production) averaged 1,676 thousand barrels per day (Mbd). This result was mainly explained by the natural decline of mature fields.

Total natural gas production (excluding partners' production) decreased by 132 million cubic feet per day (MMcfd), this is equivalent to 3.5% as compared to the same period of 2019.

Crude oil processing

During 4Q20, total crude oil processing averaged 584 Mbd; a 27 Mbd increase as compared to 4Q19. As a result, utilization capacity of primary distillation increased to 35.6% from 34.0% in 4Q19.

Petroleum Products Production

During 4Q20, petroleum products production averaged 594 Mbd; a 14 Mbd increase as compared to 4Q19. Salina Cruz and Salamanca refineries recorded the best results with 12 Mbd and 4 Mbd increases in distillates production (gasoline, diesel, and jet fuel), respectively.

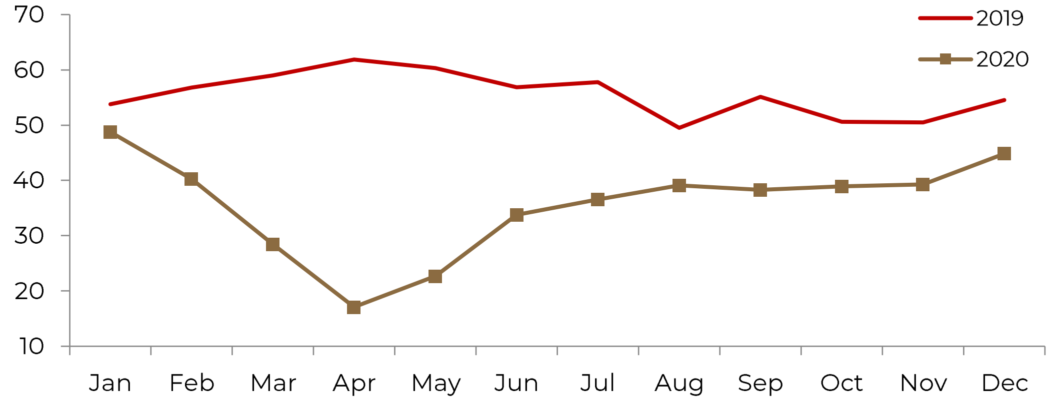
Upstream	4Q 19	4Q 20	Variation
Total hydrocarbons (Mboed)	2,428	2,385	-1.8%
Total crude oil production (Mbd)	1,731	1,713	-1.0%
PEMEX's production	1,712	1,695	-1.0%
Crude oil and condensates	1,693	1,676	-1.0%
Other condensates (Mbd)	19	19	-0.5%
Business partners' production	19	18	-4.2%
Natural gas (MMcfd)	5,003	4,848	-3.1%
PEMEX's production	4,912	4,766	-3.0%
Business partners' production	91	82	-10.2%

Downstream	4Q 19	4Q 20	Variation
Crude Oil Processing	557	584	4.9%
Dry gas from plants (MMcfd)(4)	2,314	2,174	-6.1%
Natural gas liquids (Mbd)	220	185	-16.1%
Petroleum products (Mbd)(5)	580	594	2.4%
Petrochemical products (Mt)	350	366	4.6%
Variable Refining Margin (USD/b)	-2.64	3.42	6.05

Mexican Crude Oil Export Mix

In 2020, the Mexican Crude Oil Export Mix averaged USD 35.82 per barrel, 35.6% lower than the previous year. Prices were affected by the worldwide imbalance between crude oil supply and demand, caused by the shutting of economic activity due to the COVID-19 pandemic as well as the price war between OPEC+ members at the beginning of the year. These factors put pressure on the resilience of economic activity, while the OPEC+ cooperation agreement high compliance along with the progress in the development and approval of COVID-19 vaccines boosted prices at the end of the year. In the fourth quarter of 2020, the average price was USD 41.29 per barrel, 20.5% lower as compared to 4Q19.

Mexican Crude Oil Export Mix Price
USD/b



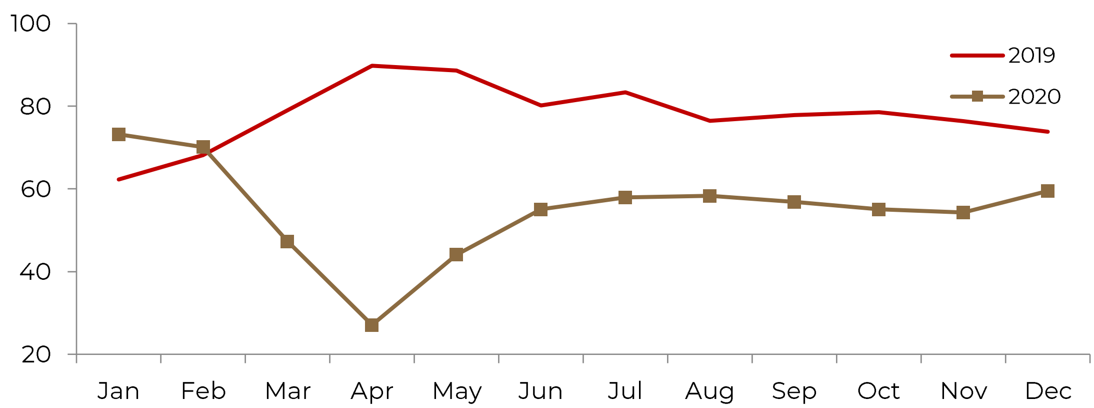
* Source: PEMEX, Petroleum Statistics (www.pemex.com/en).

Gasoline

During 2020 the average reference price for gasoline was 26.5% lower than the observed price during 2019 due to lower oil prices and lower economic activity, which caused an unprecedented drop in global gasoline demand owed to mobility restrictions in the markets with the highest demand as a result of the COVID-19 pandemic.

During the fourth quarter, lockdowns continued to weigh on gasoline consumption resulting in average prices 26.2% lower than those observed in the same period of 2019.

Gasoline
USD/b

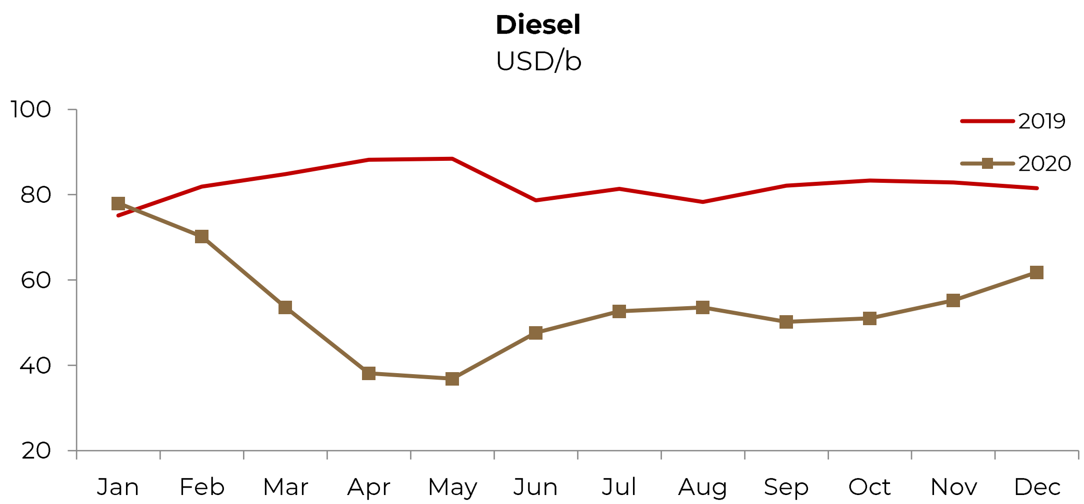


* Source: U.S. Energy Information Administration (www.eia.gov).

Diesel

During 2020, the average reference price for diesel was 34.2% lower than the observed average price in 2019, due to the contraction in diesel demand caused by lower activity in the industrial and transportation sectors owing to measures to contain the COVID-19 pandemic.

On a quarterly basis, prices maintained their downward trend pressured by high inventory levels in the U.S.A. and weak demand. The average price for the fourth quarter of 2020 was USD 56.0 per barrel, a 32.2% decrease as compared to the same period of 2019.



* Source: U.S. Energy Information Administration (www.eia.gov).

COVID-19 propagation containment strategy
Since the beginning of the pandemic, the administration implemented various prevention and mitigation procedures to guarantee operational continuity, taking care of the PEMEX community integrity and its facilities.

The strategy includes healthy distance measures, work from home for administrative activities and vulnerable personnel, sanitary filters, cleaning, and sanitization in work centers, as well as social distancing between operational personnel in all facilities.

Furthermore, a comprehensive protocol for the prevention of COVID-19 was established in offshore facilities, including health promotion and sanitary filters before boarding. These measures are applied in addition to basic preventive measures: handwashing, hygiene of areas, healthy distance, protocols to enter work centers, sanitization and exhaustive cleaning of areas, filters with thermal and thermographic control, as well as a doctor's assessment and sanitization booth.

As of December 24, 2020, the vaccination of personnel from PEMEX's Health Services Sub-Directorate began under the National Vaccination Plan against COVID-19 implemented by the Mexican Government. Personnel working in the twelve COVID-19 PEMEX hospitals including the two hospitals in Mexico City are being vaccinated.

It is important to emphasize that PEMEX informs on a daily basis the number of infections, discharges, deaths, hospitalized and home isolated people. These figures are compared with a total universe of approximately 750 thousand people to whom PEMEX provides medical services (workers, retirees, and family members).

PEMEX receives fiscal relief for the 2021 fiscal year
On February 19th, 2021, a Decree by which the Mexican Government grants a MXN 73,280 tax benefit to Petróleos Mexicanos was published in the Official Gazette of the Federation for its application during the fiscal year 2021.

This measure will reduce the amount of the monthly payment of the Profit-Sharing Duty (DUC) which represents 80% of the company's direct tax burden and is in addition to the four-point reduction in the DUC rate for 2021. Under the modifications to the Hydrocarbon Revenue Law approved by Congress in 2019, the applicable rate this year is 54%.

Exchange and monetization of promissory notes from the Federal Government to PEMEX
On November 19, 2020, PEMEX and the Ministry of Finance agreed to exchange the promissory notes that were part of PEMEX assets for Mexican government local law bonds issued by the United Mexican States, to provide flexibility and liquidity to the company.

On November 20, 2020, PEMEX monetized the bonds by entering into an exchange in a transaction up to 95.6 billion pesos. The resources of the monetization were used to cover short-term liabilities.

This operation does not increase PEMEX's public debt, as it is considered a monetization of financial assets and is part of the efforts to provide liquidity and strengthen the financial position of the company using its own resources without surpassing the approved indebtedness levels.

Latin Finance recognizes PEMEX for financing operations carried out in 2020
On January 29, 2021, PEMEX was recognized by LatinFinance for its outstanding debt placement

and liability management carried out in January 2020.

The operation received the distinction as the best quasi-sovereign bond of the year. This is the third year in a row that LatinFinance grants this award to PEMEX for its ability to execute these kinds of transactions.

According to LatinFinance, this operation stands out for being the 7th largest corporate placement in Latin America’s history, structured by a USD 5.0 billion initial issuance and a USD 2.6 billion liability management operation, as well as the longest-term bond with a 40-year maturity.

Merge of Pemex Fertilizers with Pemex Industrial Transformation

In accordance with PEMEX's strategy to optimize financial resources and production processes, on January 12th, 2021, the Board of Directors of Petróleos Mexicanos formalized the merge of Pemex Fertilizers with Pemex Industrial Transformation applicable as of January 1st, 2021, through the Agreement CA-003/2021.

Appointments

On February 22, 2021, the Board of Directors of Petróleos Mexicanos, at its 968th Extraordinary meeting, appointed Ángel Cid Munguía as Chief Executive Officer of Pemex Exploration y Production, with immediate effect.

Credit line guaranteed by Sinosure from China

On January 22, 2021, PEMEX subscribed an 8-year credit line up to USD 153 million guaranteed by the credit export agency China Export & Credit Insurance Corporation (Sinosure) to refinance different contracts signed by PEP.

This operation is additional to a similar credit line subscribed in 2019, being these two operations the first guarantees that Sinosure grants to a Mexican company.

During this time, Sinosure has shown interest in supporting Chinese companies to be PEMEX’s suppliers for different projects and under the memorandum of understanding signed by both institutions, they have worked to strengthen and encourage investments and commercial relations.

Main Statistics of Production

	Fourth quarter (Oct.-Dec.)			
	2019	2020	Change	
Upstream				
Total hydrocarbons (Mboed)	2,428	2,385	-1.8%	(43)
Total crude oil production (Mbd)	1,731	1,713	-1.0%	(18)
PEMEX's production(1)	1,712	1,695	-1.0%	(17)
Crude oil and condensates(2)	1,693	1,676	-1.0%	(17)
Other condensates (Mbd)	19	19	-0.5%	(0)
Business Partners' production	19	18	-4.2%	(1)
Natural gas (MMcfd)(3)	5,003	4,848	-3.1%	(155)
PEMEX's production	4,912	4,766	-3.0%	(146)
Business Partners' production	91	82	-10.2%	(9)
Downstream				
Dry gas from plants (MMcfd)(4)	2,314	2,174	-6.1%	(140)
Natural gas liquids (Mbd)	220	185	-16.1%	(35)
Petroleum products (Mbd)(5)	580	594	2.4%	14
Petrochemical products (Mt)	350	366	4.6%	16

(1) During 3Q19, the crude oil and condensates series was adjusted to include the proportional part of Ek-Balam’s production that is assigned to the State. Thus, the series was adjusted since 1Q19.

(2) Condensates produced in fields

(3) Includes nitrogen.

(4) Does not include dry gas used as fuel.

(5) Includes LPG

Hydrocarbons Production

Total hydrocarbons production during the fourth quarter of 2020 recorded an average of 2,385 thousand barrels of crude oil equivalent per day (Mboed), a 43 Mboed decrease as compared to the same period in 2019. This performance was explained by the liquid hydrocarbons and associated natural gas decrease as detailed in this section.

During 4Q20, crude oil and condensate production (excluding partners' production) recorded 1,676 thousand barrels per day (Mbd), which compared to the same period of 2019 implies a 17 Mbd or one percent decrease. This result is mainly explained by the natural decline of mature fields. Additionally, during November, production was shut in due to atypical weather conditions affecting production by 13 Mbd. Furthermore, in December, a leak suppression in the 36-inch diameter pipeline from the Yaxche-A platform to the Dos Bocas Maritime Terminal decreased production by 5 Mbd.

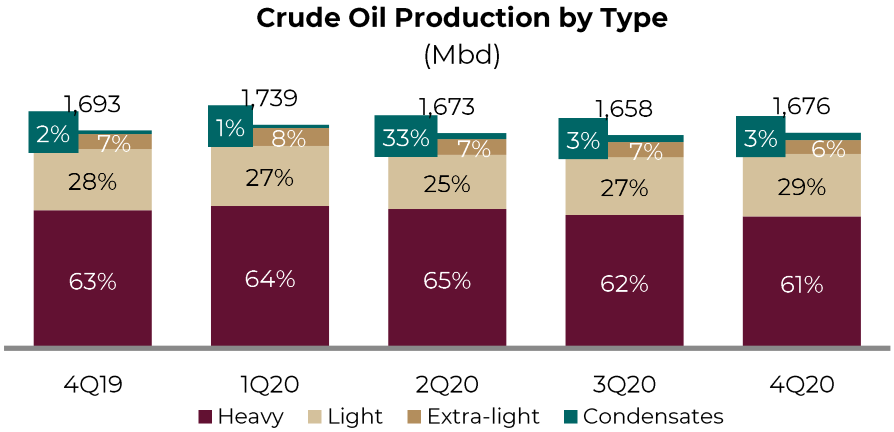
It is important to mention that in this period important increases in liquids production were achieved, mainly with the incorporation of 35 Mbd from the development of the Octli 3, Mulach 4, Ixachi 11, Ixachi 24, Cibix 14, Check 22, Manik 3 and Octli 4 wells, completed in the fourth quarter as part of the New Fields project.

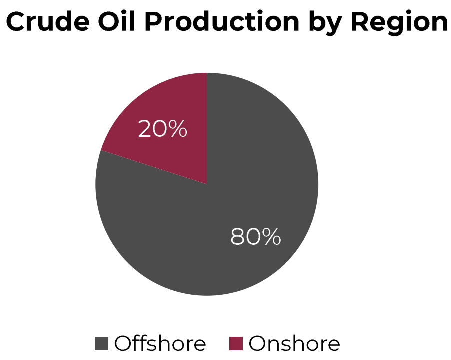
Pemex Exploration and Production maintains the following actions to mitigate the decrease in base production:

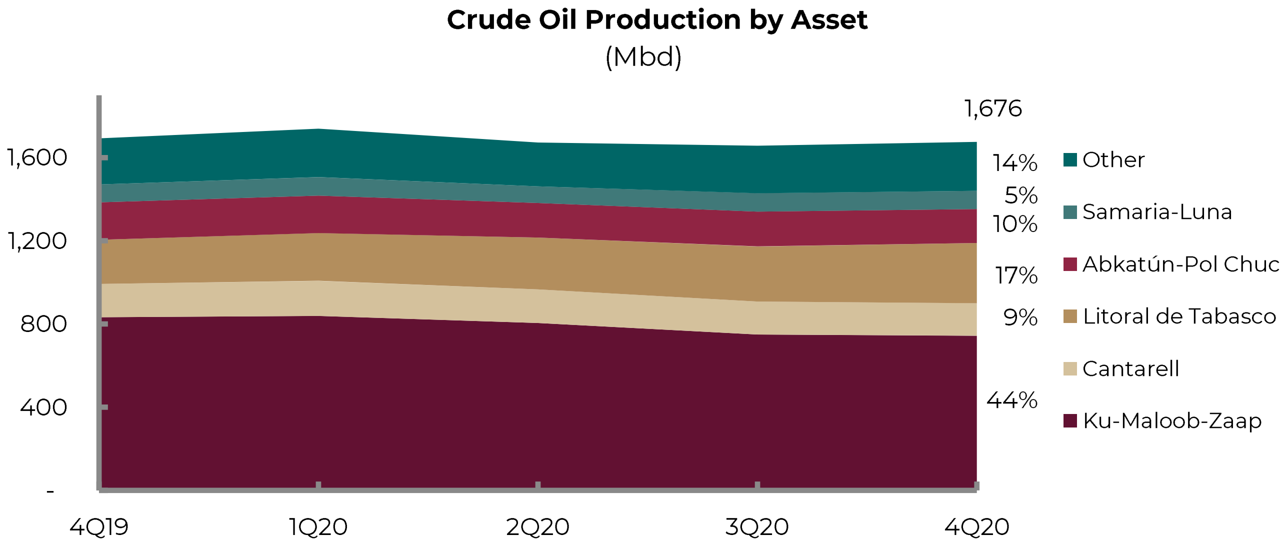
- Immediate attention to operational problems and time reduction in the operational intervention for the reestablishment of wells that operate with the artificial electro-centrifugal pumping system (BEC); and
- maintenance works on wells (minor repairs, stimulations, cleaning, and optimization of operating conditions).

Regarding crude oil qualities, heavy crude oil production decreased by 48 Mbd, equivalent to 4.5% of the production reported in the fourth quarter of 2019 mainly due to the natural decline of mature fields and the closure of wells due to adverse weather conditions and electro centrifugal pumping equipment failures in some wells in the Northeast Marine Region.

Production of light crude oil, super light crude oil and condensates increased by 31 Mbd, mainly due to the contribution of new fields in Ixachi and the reclassification of the type of hydrocarbons to condensates in the Tizón field.





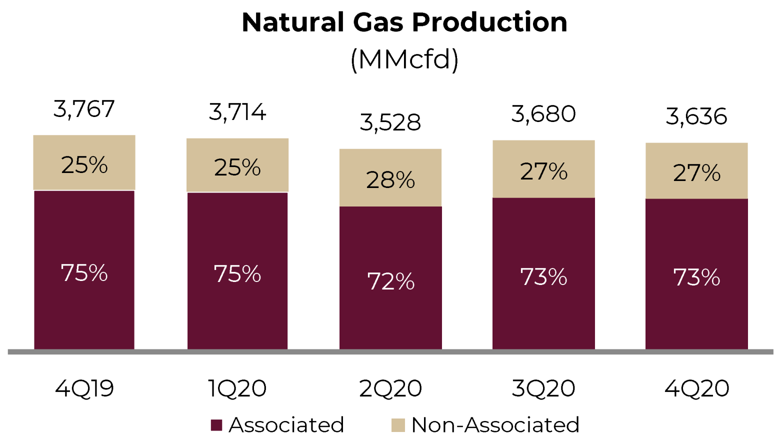


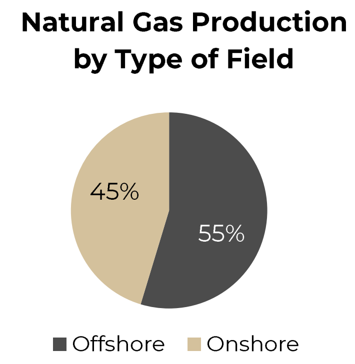
Natural Gas Production

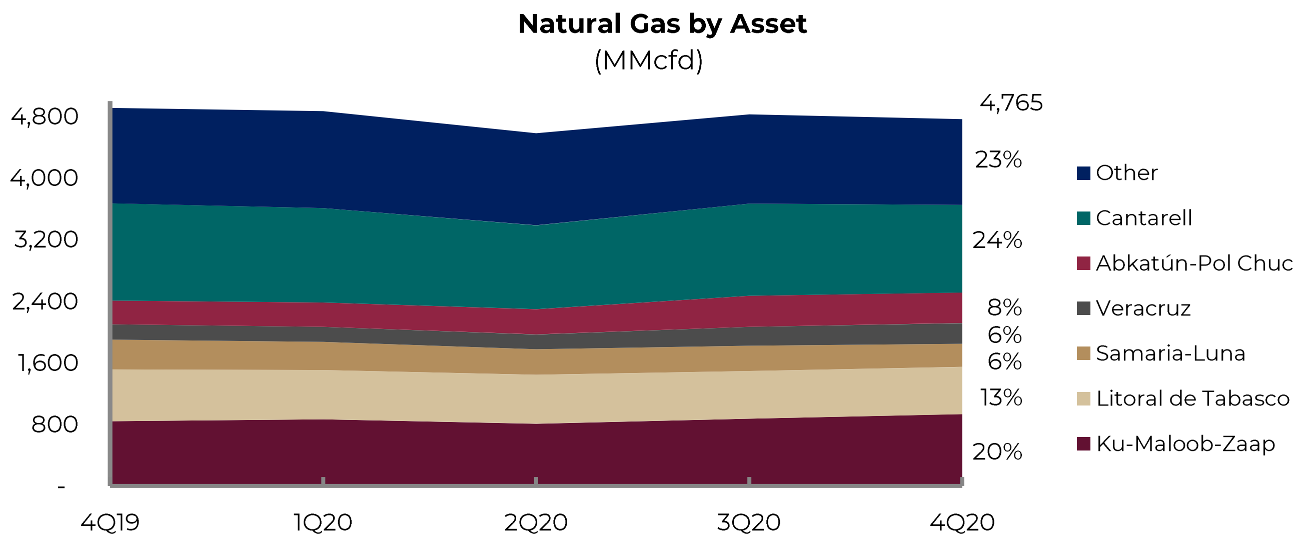
Total natural gas production (excluding production from partners) decreased by 132 million cubic feet per day (MMcfd), this is equivalent to 3.5% as compared to the same period of 2019.

Associated gas decreased by 152 MMpcd, mainly due to high inventories and the decline of fields such as Akal in the Northeast Marine Region; Caan, Homol, Kax, May, Tsimín and Xux in the Southwest Marine Region, as well as Cunduacán, Iride, Terra, Ayocote and Rabasa in the South Region.

Non-associated gas increased by 20 MMcfd, which represents a 2.1% variation as compared to the same period of the previous year mainly due to the completion of wells in the Ixachi field.

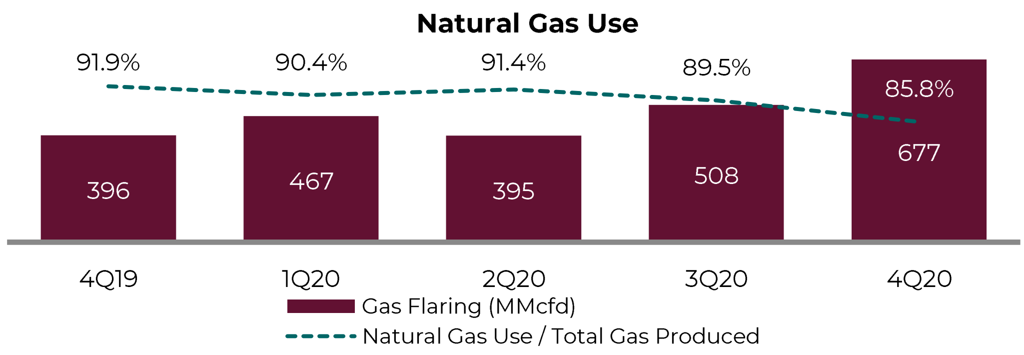






Natural Gas Use

In the fourth quarter of 2020, hydrocarbon gas use stood at 86 per cent. The growth in gas sent to the atmosphere has been caused by the high nitrogen content in fields in the Northeast Marine Region, as well as failures in the nitrogen removal plant (NRU), maintenance of compression equipment, rejections from PTRI's Gas Processing Centers and operational failures in PEP's compression equipment.

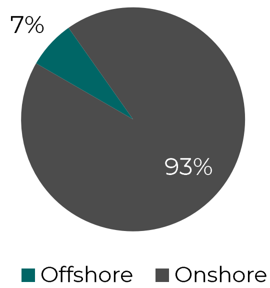


Infrastructure

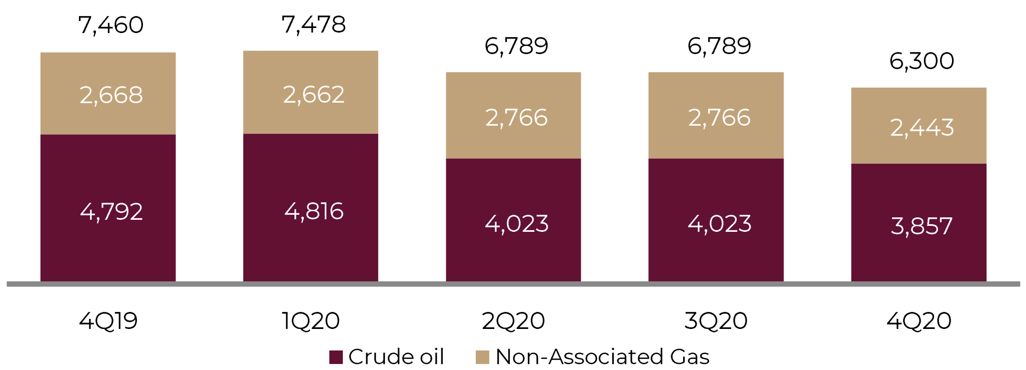
During the fourth quarter, 29 development wells were completed representing 29 fewer wells than in the same period of 2019. The difference is mainly observed in the North Region due to the decrease in activity in the Tamaulipas-Constituciones block and in the South Region, due to the deferral of wells with tertiary objective in the Samaria assignment due to budget adjustment.

Four exploratory wells were completed in the quarter, as compared to eight exploratory wells in the same period of the previous year.

Average Operating Wells by Type of Field

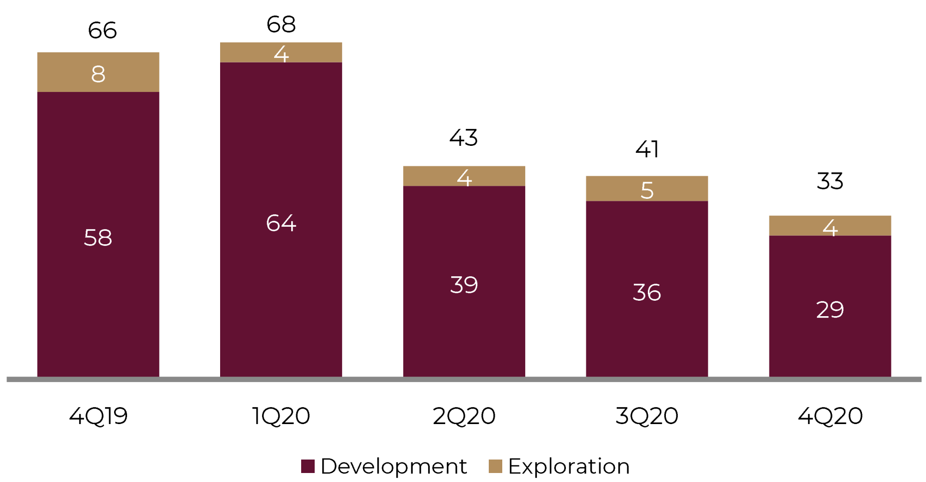


Average Number of Operating Wells

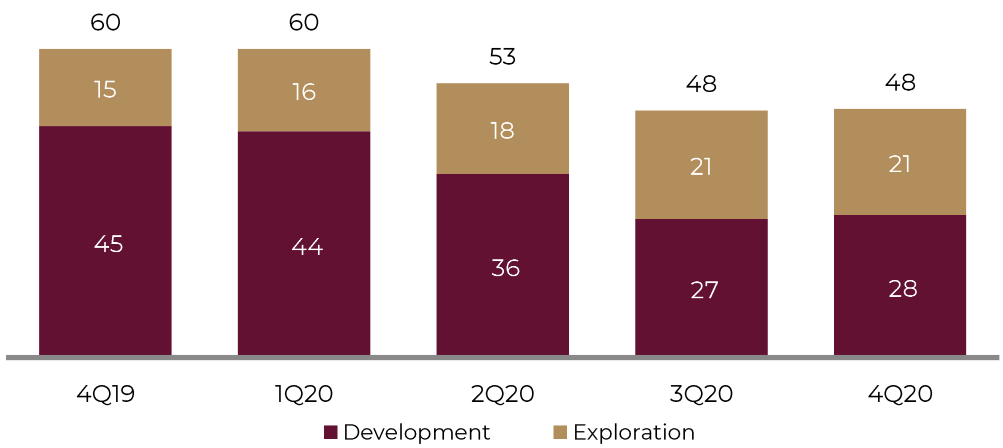


Note: Numbers may not total due to rounding.

Completion of Wells



Average Number of Operating Drilling Rigs



Average Drilling Rigs by Type

Discoveries

The exploration activities carried out during 4Q20 allowed PEMEX to obtain information from two wells as detailed in the table. The studies carried out estimate a 178 million barrels of crude oil equivalent 3P reserve recoverable volume.

Project	Well	Geologic Era	Initial production		Depth	3P Reserves
			Liquids bd	Gas MMcfd	Meters	MMboe
Uchukil	Chejekbal-1	J.S.K.	3,346	8.9	24	62
Uchukil	Chejekbal-1	Early & Late Cretaceous	5,542	12.5	24	50-70

Uchukil	Camatl-1	Early Pliocene	1,705	0.4	27	16
Comalcalco	Cibix-1001	Late Miocene	1,024	4.5		30

Exploration and production 2020

Hydrocarbon production

Liquids production in the January-December period (excluding production from partners) increased by 2 Mbd, equivalent to 0.2% as compared to 2019. This marginal increase was mainly due to the addition of wells in new fields: Mulach 10, Tlacame 3, Hok 44, Mulach 5, Ixachi 10, Xikin 24, Manik NW 4, Cheek 1, Ixachi 2, Ixachi 20, Cibix 12, Cahua 2, Octli 2, Xikin 32, Mulach 9, Tlacame 9, Tlacame 13, Cheek 45, Cahua 3, Hok 4, Octli3, Mulach4, Ixachi 11, Ixachi 24, Cibix 14, Check 22, Manik NW 3 and Octli 4.

This increase with respect to the previous year may seem small but is very important due to the efforts to incorporate production from wells in new fields, as well as the production maintenance works despite the following events that caused partial shutdowns and thus, a lower production reflection:

- Reduction of 100 Mbd to the production platform during May and June due to Mexico's adherence to the OPEC+ trade strategy to mitigate the drop in crude oil prices;
- Production shut-in of approximately 46 thousand barrels per day in June due to high inventory levels caused by port closures due to tropical storms Amanda and Cristobal;
- Failures in electro-centrifugal pumping equipment starting in June (160 thousand barrels per day were deferred: to date, 118 Mbd have been restored);
- Production shutdown of 59 thousand barrels per day in July derived from the activation of the Emergency Shutdown System of the FPSO Yuum K'ak Naab, due to a collision with the tanker Olympic Future;
- Partial operation of FPSO Yuum K'ak Naab due to COVID-19 sanitary contingency in its facilities, affecting production by 9 thousand barrels per day in August;
- Production shutdown of approximately 13 thousand barrels per day in November, due to atypical weather conditions; and
- Production shutdown of approximately 5 thousand barrels per day in December to eliminate a leak in the 36-inch diameter pipeline from the Yaxche-A platform to the Dos Bocas Maritime Terminal.

Heavy crude oil production represented 63% of total production and light crude oil, super light crude oil and condensates accounted for the remaining 37 per cent.

Natural gas

Hydrocarbon gas production averaged 3,639 MMpcd; 51 million below the volume reached in 2019 as a consequence of the production shutdown for the reasons previously explained.

Associated natural gas production accounted for 73% of total production, while non-associated gas contributed to the remaining 27 per cent.

Operating wells and well completions

In the January-December 2020 period, 168 development wells were completed; 34 less wells as compared to 2019 mainly due to delays in new field development.

Daily production associated with these wells recorded 141 Mbd and 223 MMpcd of gas. Of these wells, 110 were onshore and 58 offshore, resulting in 139 oil producers, 7 wet gas, 10 gas and condensate, 1 dry gas, 9 unproductive and 2 injectors. Thus, development success rate recorded 95 per cent.

Seventeen exploration wells were completed during the year as compared to 23 wells completed in 2019.

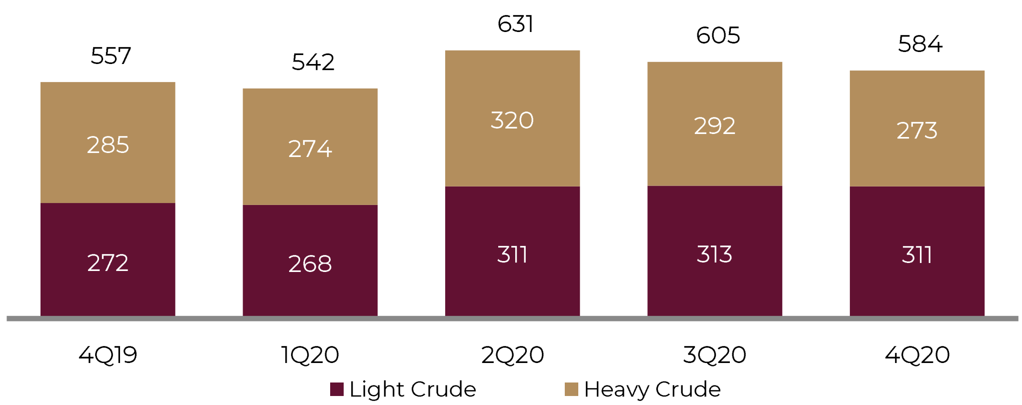
Crude Oil Processing

During 4Q20, crude oil processing at the National Refining System (NRS) averaged 584 Mbd, a 27 Mbd increase as compared to the same quarter of 2019. This variation was mainly due to an improved operating performance at Cadereyta, Salina Cruz, Salamanca, and Madero refineries which recorded 17 Mbd, 15 Mbd, 13 Mbd, and 1 Mbd increases in their crude process, respectively.

Heavy crude oil process in the revamped refineries averaged 182 Mbd, this is a 30 Mbd decrease as compared to the same period of 2019 due to lower heavy crude oil process mainly at Minatitlán refinery (41 Mbd).

The atmospheric distillation capacity of the National Refining System (NRS) is 1,640 Mbd, therefore, the utilization of the primary distillation capacity amounted to 35.6%; this is 1.7% higher than 4Q19.

Crude Oil Processing
(Mbd)

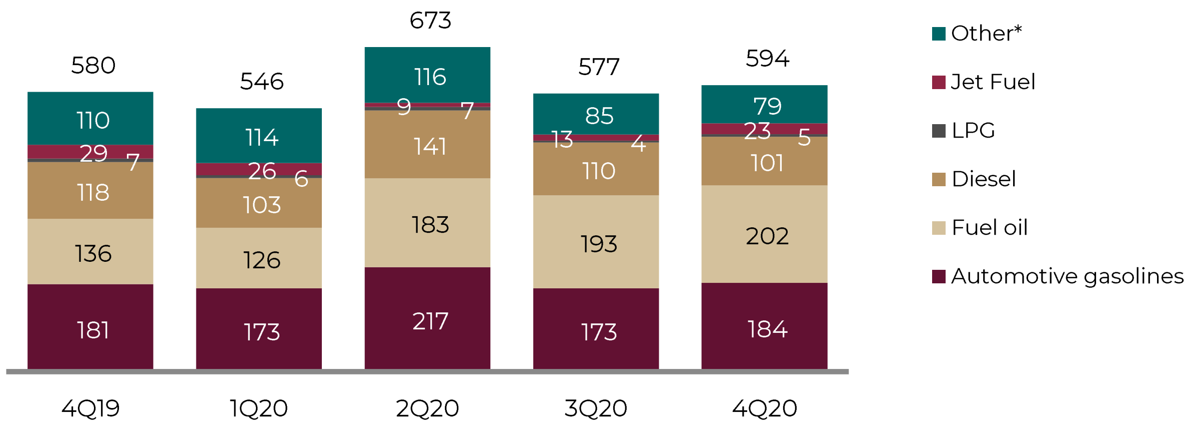


Petroleum Products Production

In the fourth quarter of 2020, petroleum products averaged 594 Mbd: 184 Mbd were gasoline, 101 Mbd diesel, 23 Mbd jet fuel, and 287 Mbd other petroleum products and LPG.

It is worth noting that the Salina Cruz and Salamanca refineries increased their distillate production (gasoline, diesel, and jet fuel) by 12 Mbd and 4 Mbd, respectively.

Petroleum Products Production
(Mbd)

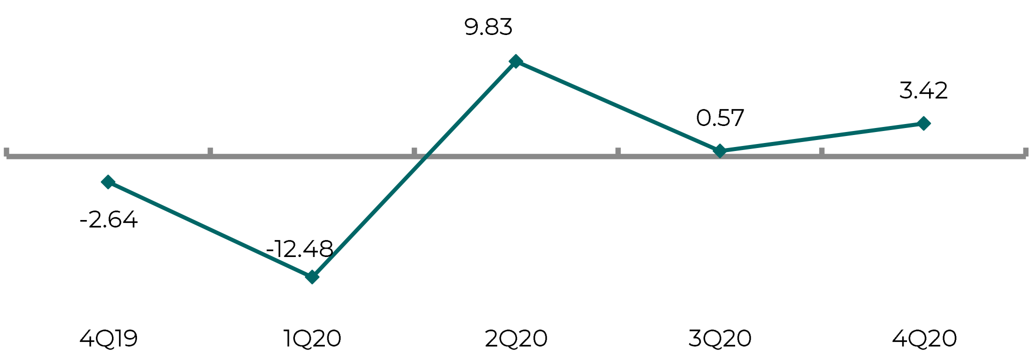


* Includes paraffins, furfural extract, aeroflex, asphalt, lubricants, coke, cyclical light oil and other gasolines.

Variable Refining Margin

Variable refining margin at the NRS in 4Q20 averaged USD 3.42 per barrel, this is USD 6.05 per barrel higher than the recorded margin in 4Q19 mainly due to lower oil prices and an improved operating performance of the NRS.

Variable Refining Margin
(USD /b)



PEMEX Service Stations

At December 31st, 2020, PEMEX franchise service stations totaled 7,468. This is a 13.1% decrease as compared to 8,593 service stations by the end of 2019. From PEMEX's total service stations, 7,423 are private franchises while 45 are owned by Pemex Industrial Transformation (PEMEX's self-consumption). In addition, 883 service stations were registered under the brand sublicensing scheme and 3,112 service stations do not operate under PEMEX's franchise scheme but get their supply from both PEMEX and direct imports.

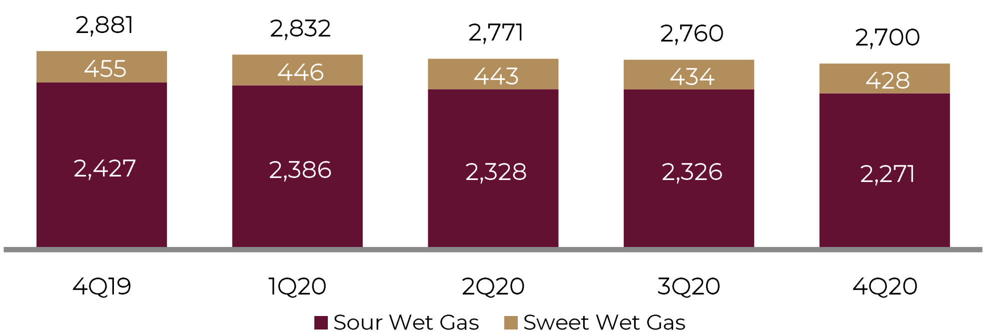
Natural Gas Processing and Production

During 4Q20, natural gas processing averaged 2,700 MMcfd; a 182 MMcfd decrease as compared to 4Q19. Sweet wet gas processing remained stable while sour wet gas processing decreased due to lower production in Pemex Exploration and Production Northern Region.

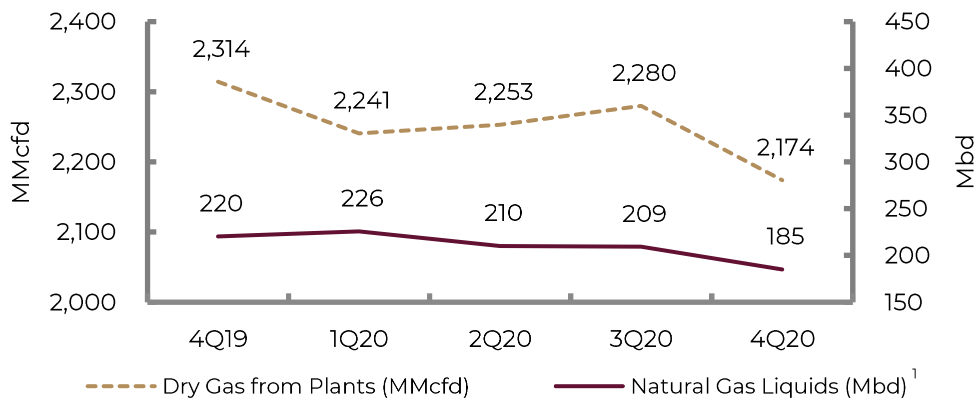
As a result of the lower sour wet gas supply, dry gas production averaged 2,174 MMcfd. This is a 140 MMcfd decrease as compared to the same period of 2019, being Cactus, Burgos and La Venta the most affected gas processing complexes.
Gas liquids production recorded a 16.1% decrease as compared to 4Q19.

The condensate process maintained an average of 26 Mbd due to higher sour condensates delivery from Pemex Exploration and Production.

Natural Gas Processing
(MMcfd)



Dry Gas and Natural Gas Liquids Production



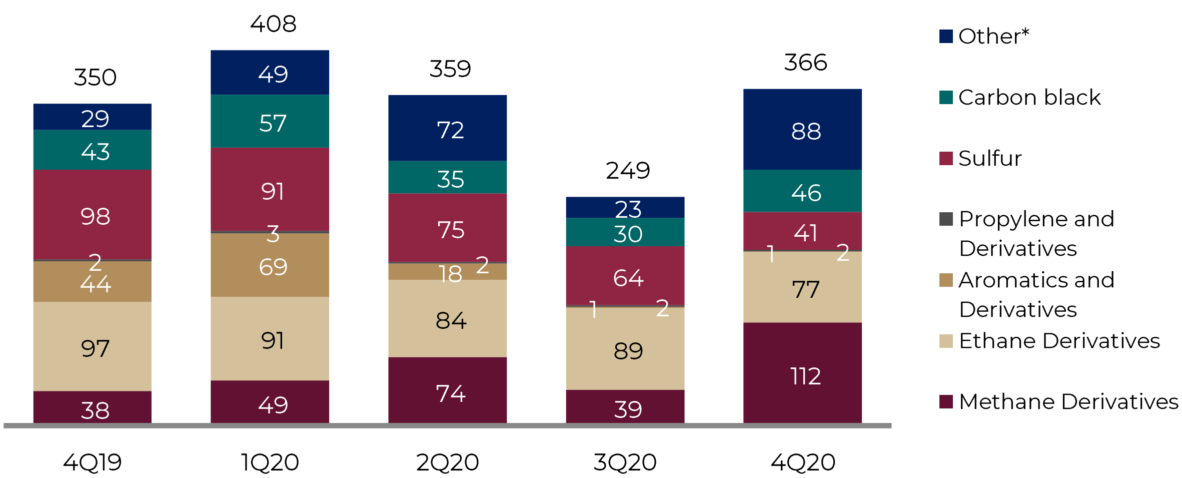
(1) Includes condensates process.

Petrochemicals Production

Petrochemicals production recorded 366 thousand tons (Mt) during 4Q20; a 16 Mt increase as compared to 4Q19. The quarterly variation is mainly explained by the following factors:

- methane derivatives production increased by 85 Mt due to the reactivation of the ammonia plants since February 2020;
- sulphur production decreased by 57 Mt as a result of lower production at Ciudad Pemex, Nuevo Pemex, and Cactus gas processing complexes, due to the shutdown of sulfur recovery plants for corrective maintenance;
- aromatics and derivatives production decreased by 44 Mt as a result of lower production at La Cangrejera petrochemical complex, due to the shutdown of the aromatics train. The plant restarted operations in the last week of 2020;
- ethane derivatives production decreased by 20 Mt since the derivatives units operated at low loads due to problems in auxiliary services, in addition to a reduction of the monoethylene glycol (MEG) commercialization;
- methanol production decreased by 11 Mt because the methanol plant operated at low load due to high inventories of finished product;
- carbon black production increased by 3 Mt, mainly due to greater process of heavy crude oil at the Madero refinery; and
- other petrochemicals production increased by 59 Mt as a result of higher carbon dioxide production at the Cosoleacaque petrochemical complex.

Petrochemicals Production
(Mt)



*Includes Hexane, Pentanes, Butanes, Raw butadiene, Polyethylene waxes, Petrochemical specialties, Heptane, Hydrogen, Pyrolysis Liquids, Nitrogen, Oxygen and Mixture of pentanes.

Industrial Transformation 2020

Crude process

During 2020 the NRS's crude oil processing remained stable as compared to 2019 with an average process of 591 Mbd. This was mainly due to the 32 Mbd increase in crude oil processing recorded at the Madero refinery, partially offset by the lower process at Tula and Minatitlán refineries, with decreases of 23 and 13 Mbd, respectively. Heavy crude oil process in the revamped refineries averaged 205 Mbd, in line with the recorded levels in 2019.

The NRS's primary distillation capacity utilization averaged 36%, preserving the level observed in 2019. Madero, Salamanca, Salina Cruz, and Cadereyta refineries recorded a 40.5% utilization, above the system's average.

Petroleum Products Production

Petroleum products averaged 591 Mbd, of which 180 Mbd were gasoline, 114 Mbd diesel, 17 Mbd jet fuel, and 280 Mbd other petroleum products and LPG.

Variable Margin

The variable margin of the NRS during 2020 averaged USD 0.76 per barrel (USD / b). This is USD 0.04 / b lower as compared to 2019. This result is mainly explained by the drop of prices during the first part of the year, partially offset by the gradual price recovery observed since May in the reference markets.

Gas processing and production

During 2020 wet gas processing averaged 2,765 MMcfd, a 70 MMcfd decrease as compared to 2019. This is mainly explained by the lower sour wet gas receipt due to lesser production in the Southeastern and Northern regions of Pemex Exploration and Production. On the other hand, there was a 7.1 MMcfd increase in sweet wet gas process due to higher production in the Southeastern and Northern regions of Pemex Exploration and Production.

Dry gas production averaged 2,237 MMcfd, a 67 MMcfd decrease as compared to 2019. This is mainly explained by lower process levels at Cactus and La Venta gas processing complexes. Gas liquids production decreased by 14 Mbd, equivalent to 6.2% as compared to 2019.

The condensate process averaged 23 Mbd -slightly higher than in 2019- mainly due to higher delivery of sour condensates from Pemex Exploration and Production.

Petrochemical production

As of December 31st, 2020, accumulated petrochemicals production amounted to 1,381 Mt; this is a 251 Mt decrease as compared to 2019. The annual variation was mainly due to:

- ethane derivatives production decreased by 198 Mt, since the derivatives plants operated at low load due to problems in auxiliary services, coupled with a reduction in monoethylene glycol (MEG) commercialization;
- aromatics and derivatives production decreased by 113 Mt as a result of lower production at La Cangrejera petrochemical complex caused by the shutdown of the CCR Plant since April due to problems in boilers and a turbogenerator, which affected the supply of steam and power. The plant resumed operations in the last week of 2020;
- sulfur production decreased by 112 Mt as a result of lower production at Cactus and Nuevo Pemex gas processing complexes caused by the sulfur recovery plants shutdown for corrective maintenance;
- methane derivatives production increased by 133 Mt following the reactivation of the ammonia plants since February 2020; and
- other petrochemicals production increased by 100 Mt mainly due to higher production of carbon dioxide at Cosoleacaque petrochemical complex.

Additional Information Related to Downstream and Midstream Activities

Anti-Fuel Subtraction Strategy

As a result of the joint strategy between PEMEX and the Federal Government, during 2020, fuel theft subtraction averaged 4.8 Mbd, a 91% decrease, as compared to 2018 and 25% as compared to 2019. As detailed in the financial section, in 2020 fuel subtraction losses recorded MXN 4,279 million, a 7.9% decrease as compared to MXN 4,645 million in 2019.

Rehabilitation Program of the National Refining System

The Rehabilitation Program of the National Refining System is focused on addressing facilities' critical risks, restoring the reliability of the assets, and improve the efficiency and stabilization of crude oil process.

Related activities began in September 2019 and increased in the last quarter of 2020. As of January 15th, 2021, 39 major repairs and 110 minor repairs have been completed in process plants; 6 major and 47 minor repairs in main services; and 16 major and 30 minor repairs in storage tanks. The Rehabilitation Program will continue to run during 2021.

Industrial Safety

In all moderated and serious events, Petróleos Mexicanos performs a root-cause analysis to identify the original events' causes and define corrective actions to avoid the recurrence of accidents. In very serious events, the analysis has been developed by independent researchers who guarantee total transparency. Additionally, this analysis strengthens PEMEX's SSPA System and accountability to stakeholders.

Frequency Index[2]

In 2020, the frequency index for PEMEX's employees was 0.24 accidents per million man-hours worked with exposure to risk, this figure equals the frequency recorded in 2019.

The Subsidiary Productive Companies and Corporate Areas that most contributed to the accident rate during the year were Pemex Exploration y Production recording 28 injured workers and the Corporate with 24 injured workers.

Since the Corporate is a non-industrial area, and in order to reverse the registered accident rate, during 2021 a reinforcement Plan will be implemented for the Administrative Centers.

Severity Index[3]

The accumulated severity index for 2020 recorded 13 days lost per million man-hours worked with risk exposure, a decrease by 23.53% as compared to the 17 days registered in 2019.

The fact that most of the accidents registered during the year caused minor injuries, with a few days of medical disability, help to improve this index performance. To continue reducing the risk of accidents, during 2021 the application of Safe Practices and Critical Procedures such as Loading and Handling of Objects, Prevention of Falls, Planning and Safe Execution of Work, and Personal Protective Equipment will be reinforced.

Environmental Protection

Water Reuse

In 2020, the water reuse index (reuse / use) decreased by 0.7% as compared to 2019. The variation was due to lower use of reuse water in the Tula and Salamanca refineries, offset by higher use of reuse water in the Cadereyta refinery as a result of the maintenance carried out.

Carbon dioxide equivalent emissions

In 2020, carbon dioxide equivalent emissions increased by 4.6% as compared to the same period of 2019. The increase is mainly due to lower regeneration gas use in gas processing complexes in addition to gas flaring increase in new exploitation fields.

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[2] Refers to the number of accidents with incapacitating injuries per million man-hours worked (MMhh) with risk exposure during the relevant period. An incapacitating injury is an injury, functional damage or death that is caused, either immediately or subsequently, by a sudden event at work or during work-related activities. Man-hours worked with risk exposure represent the number of hours worked by all personnel, including overtime hours.

[3] Refers to the total number of days lost per million man-hours worked with risk exposure during the relevant period. The number of days lost is based on medical leaves of absence for injuries stemming from accidents at work, plus the number of corresponding days on which compensation is paid for partial or total disability or death.

During 2020, carbon dioxide equivalent emissions increased by 6.8% as compared to 2019. The increase is mainly due to:

i) higher volume of gas sent to burners in the Marine Northeast, South and North Regions of Pemex Exploration and Production;
ii) higher volume of gas sent to burners at CPG Nuevo Pemex and Minatitlán refinery of Pemex Industrial Transformation; and
iii) the dispatch of condensates to venting burners at the Salamanca refinery.

Sulphur oxide emissions

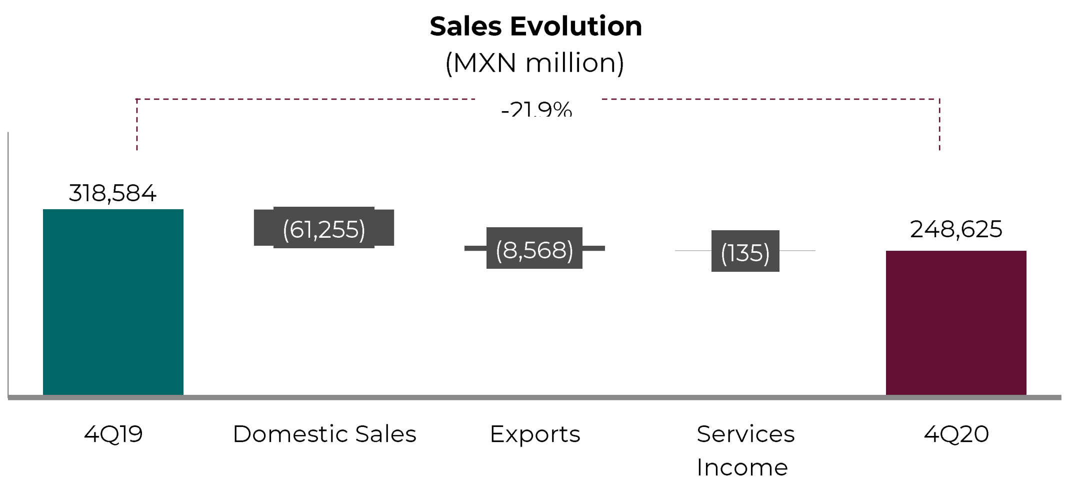
In 2020, sulphur oxide emissions increased by 18.7% as compared to the previous year. The increase was mainly due to the exit from operations of sulphur recovery systems in the industrial processing chain and the increase in the volume of sour gas venting in exploration and production processes.

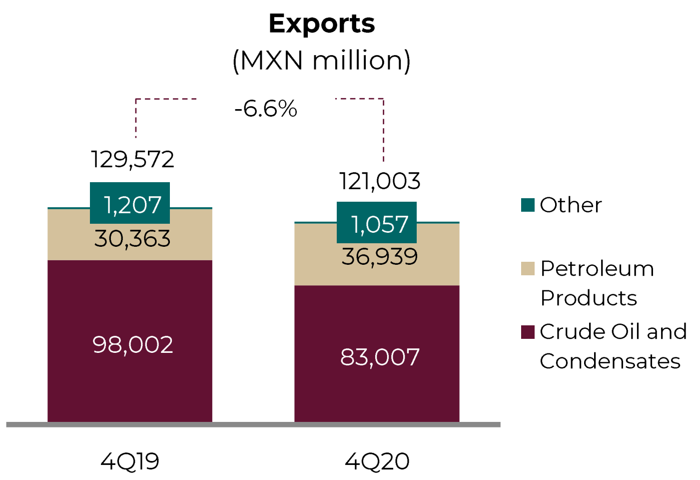
9.1 Consolidated Income Statement from October 1 to December 31, 2020

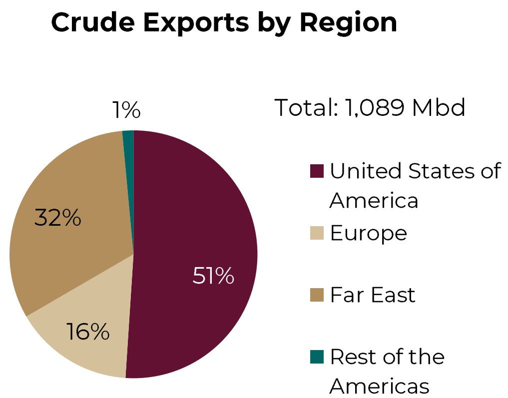
Total Sales

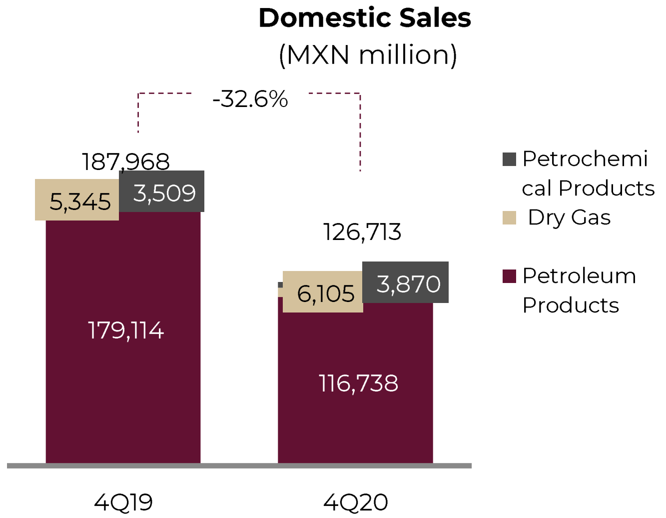
Total revenues from sales and services decreased by 21.9%, as compared to 4T19. This was mainly due to:

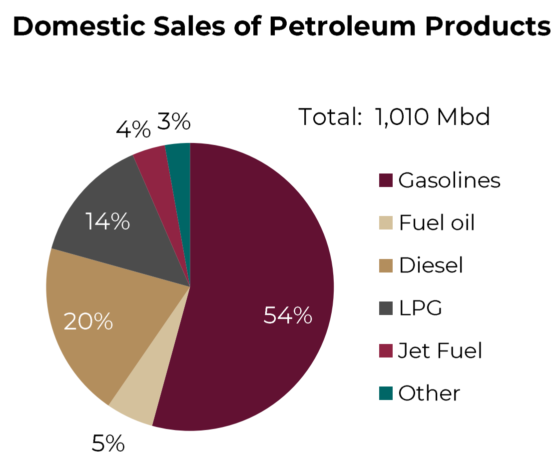
- a 32.6% decrease in domestic sales, mainly resulting from (i) a decrease in gasoline, diesel, and fuel oil volumes sold, as a result of the COVID-19 pandemic; and (ii) a drop in international hydrocarbons and refined products' prices.
- a 6.6% decrease in export sales, mainly explained by the drop in the average price of the Mexican Oil Export Mix. Prices per barrel went from an average of USD 51.52 per barrel in 4Q19 to USD 41.29 per barrel in 4Q20.











Cost of sales and Operating Income

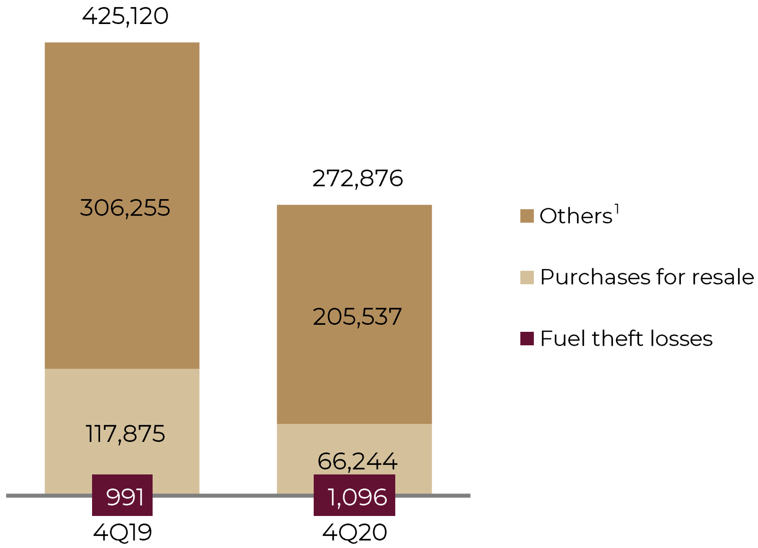
Cost of sales including asset impairment decreased by 35.8% as compared to 4Q19, mainly due to:

- a decrease in purchases for resale, which amounted to MXN 66.2 billion, as compared to MXN 117.9 billion in 4Q19. This decrease in imports is mainly explained by the negative impact of the COVID-19 pandemic;
- a 67.7% decrease in fuel theft losses as compared to 4Q19;
- a 28.8% decrease in exploration and extraction taxes and duties, mainly as a result of lower prices; and
- a significant decrease in asset impairment. This item recorded MXN 26.9 billion in 4Q20 as compared to MXN 104.7 billion in 4Q19.

As a result, gross loss recorded MXN 24.0 billion, as compared to MXN 106.5 billion in 4Q19. General expenses (administration, distribution, transportation, and sales) increased by 4.2%, mainly due to the net cost of employee benefits.

Consequently, operating loss recorded MXN 59.6 billion, which represents a 58.9% decrease as compared to 4Q19.

Cost of Sales
(MXN million)



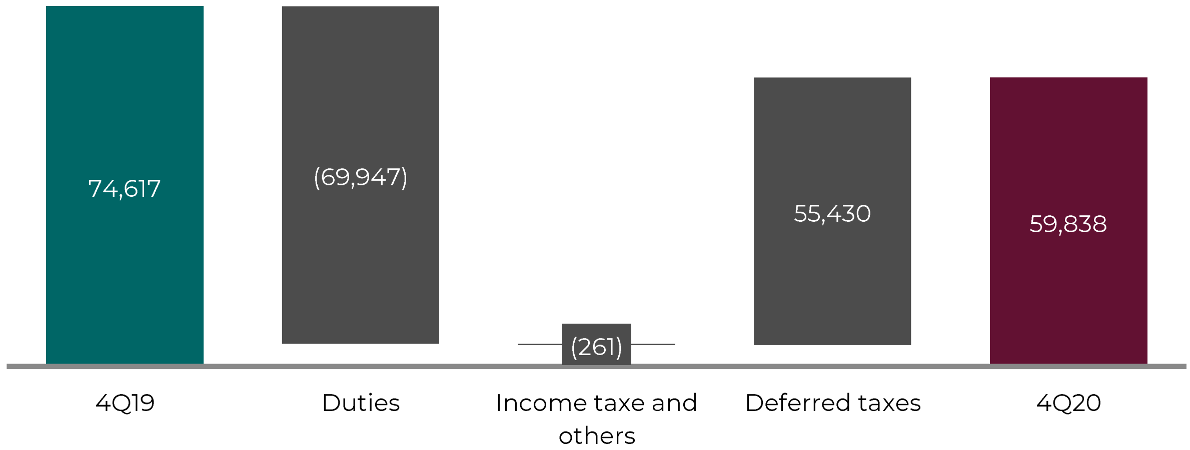
[1] Includes Depreciation and amortization expenses, Subsidiary entities consolidation net effect, Operating expenses, Hydrocarbon exploration taxes and duties, Preservation and maintenance, Net cost for the period of employee benefits, Exploration expenses and Inventories variation.

Operating Income Evolution
(MXN million)

Taxes and Duties

During 4Q20, total taxes and duties amounted to MXN 59.8 billion, a 19.8% decrease as compared to 4Q19. This reduction was mainly due to the effect of lower crude oil prices, as well as the reduction in the Profit-Sharing Duty (DUC) rate from 65% to 58% starting in 2020, and the fiscal benefit of the Decree published on April 21, 2020. This Decree represented a MXN 65.0 billion decrease in DUC at December 31, 2020. Profit-Sharing Duty, being the most important duty paid by the company in terms of amount, decreased by 62.3% as compared to 4Q19.

Evolution of Taxes and Duties
(MXN million)



Evolution of Net Income (Loss)

During 4Q20, PEMEX recorded a MXN 124.2 billion net income, as compared to a MXN 171.5 billion net loss in 4Q19.

Among the positive factors that determined this result were the decrease in purchases for resale, the foreign exchange profit due to the appreciation of the Mexican Peso against the U.S. dollar during the quarter, the Profit-Sharing Duty fiscal reliefs and the income due to financial instruments.

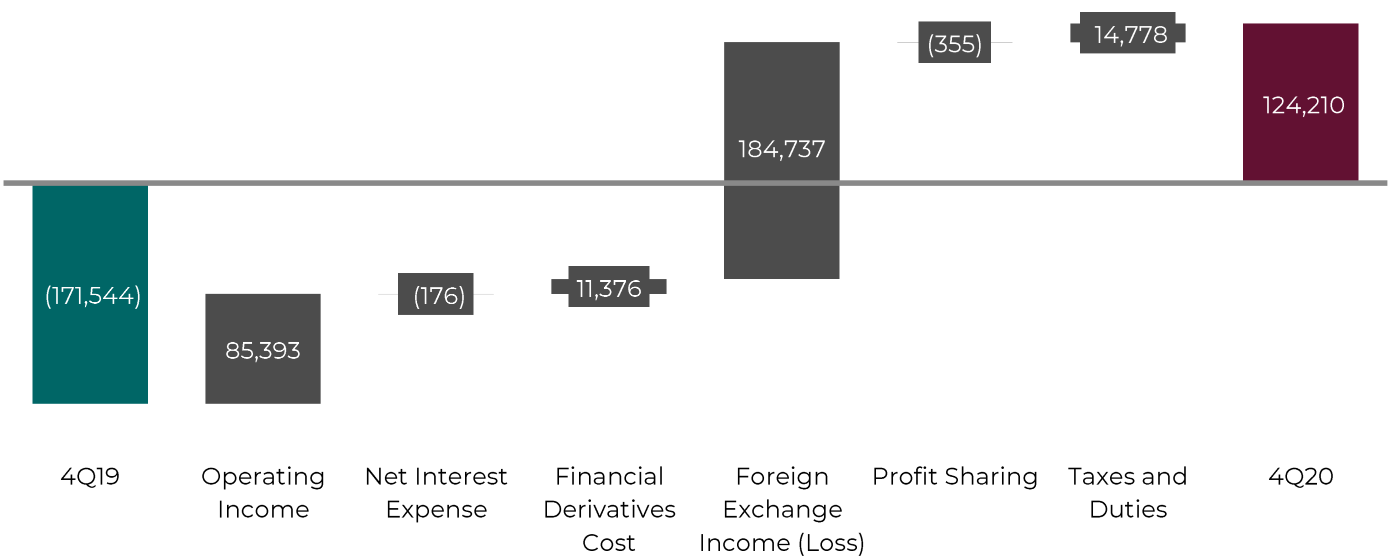
In 4Q20, foreign exchange profit recorded MXN 254.4 billion as compared to MXN 69.6 billion in 4Q19. This resulted from the appreciation of the Mexican peso against the US dollar. The exchange rate went from MXN 22.4573 per 1.0 dollar at September 30,2020 to MXN 19.9487 per 1.0 dollar at December 31, 2020. This 11.2% variation is considered virtual, since it mostly does not imply cash flow.

A MXN 17.7 billion pesos income due to derivative financial instruments was recorded, as compared to a MXN 6.3 billion income in 4Q19. This result was mainly originated by the positive variation of cross-currency swaps and foreign exchange options.

Additionally, a MXN 77.9 billion decrease in assets impairment was recorded in 4Q20 as compared to 4Q19.

Conversely, among the negative factors that contributed to the net result were lower prices for the Mexican Crude Oil Mix, lower export volumes, and a decrease in the prices and sold volumes of refined products (gasolines, diesel, fuel oil and jet fuel) due to COVID-19. These factors resulted in a MXN 69.7 billion decrease in total sales.

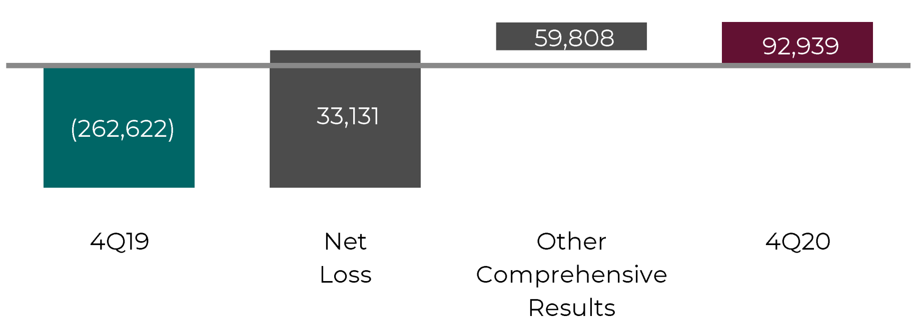
Evolution of Net Income (Loss)
(MXN million)



Comprehensive Income (Loss)

A MXN 92.9 billion comprehensive income was recorded, mainly as a result of a MXN 14.0 billion effect due to currency conversion resulting from the U.S. dollar depreciation vs the Mexican peso. This effect negatively impacts the value of Mexican Peso investments in subsidiary companies. Moreover, actuarial losses recorded MXN 17.3 billion mainly due to a decrease in the discount rate at the end of the year.

Evolution of Comprehensive Income (Loss)
(MXN million)



Consolidated Income Statement from January 1 to December 31, 2020

Total Sales

Total revenues from sales and services decreased by 32.0%, as compared to 4T19. This was mainly due to:

- a 37.6% decrease in domestic sales, mainly resulting from (i) a decrease in gasoline, diesel, and fuel oil volumes sold, as a result of the COVID-19 pandemic; and (ii) a drop in international hydrocarbons and refined products' prices. The volumes sold of gasolines decreased by 26.1%, while diesel and jet fuel decreased by 30.2% and 53.3%, respectively;
- a 24.0% decrease in export sales, mainly explained by the drop in the average price of the Mexican Oil Export Mix. Prices per barrel went from an average of USD 55.53 per barrel in 2019 to USD 35.82 per barrel in 2020.

Cost of sales and Operating Income

Cost of sales decreased by 31.0% as compared to 2019, mainly due to:

- a MXN 207.1 billion decrease in purchases for resale, mainly explained by the negative impact of the COVID-19 pandemic;
- an MXN 86.3 billion decrease in assets impairment, mainly due to an improvement in reserves;
- a MXN 54.0 billion decrease in non-successful wells; and
- a MXN 23.5 billion decrease in exploration and extraction taxes and duties.

Taxes and Duties

During 2020, total taxes and duties amounted to MXN 185.8 billion, a 46.0% decrease as compared to 2019. This reduction was mainly due to the effect of lower crude oil prices, as well as the reduction in the Profit-Sharing Duty (DUC) rate from 65% to 58% starting in 2020, and the fiscal benefit of the Decree published on April 21, 2020. This Decree represented a MXN 65.0 billion decrease in DUC at December 31, 2020. Profit-Sharing Duty, being the most important duty paid by the company in terms of amount, decreased by 58.4% as compared to 2019.

Evolution of Net Income (Loss)

At December 31, 2020, PEMEX recorded a MXN 481.0 billion net loss, as compared to MXN 347.9 billion in 2019. This result was mainly due to the following factors:

- a MXN 448.2 billion decrease in total sales;
- a MXN 216.0 foreign exchange loss due to the depreciation of the Mexican peso against the US dollar. The exchange rate went from 18.8452 pesos per 1.00 dollar at December 31, 2019 to 19.9487 at December 31, 2020. This is considered a virtual item since it mostly does not represent cash flows;
- a MXN 378.0 billion decrease in the cost of sales (including asset impairment);
- a MXN 158.0 billion decrease in taxes and duties.

Comprehensive Income (Loss)

A MXN 489.9 billion comprehensive loss was recorded as compared to MXN 659.9 billion in 2019. This loss was mainly due to a MXN 292.0 billion pesos decrease in actuarial losses due to employee benefits, given the variation in the discount rate which went from 7.53% in 2019 to 7.08% in 2020.

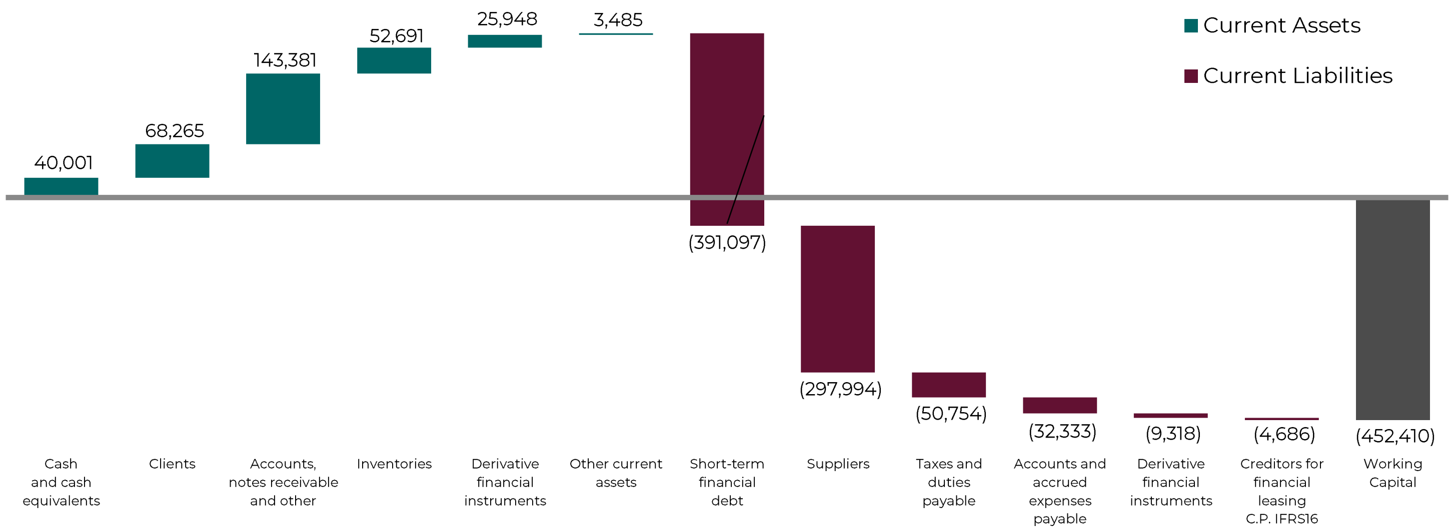
9.2 Consolidated Balance Sheet as of December 31, 2020

Working Capital

At December 31, 2020, negative working capital recorded MXN 452.4 billion, as compared to negative MXN 211.6 billion at December 31, 2019. This MXN 240.8 billion increase in negative working capital was mainly explained by:

- an MXN 146.2 billion increase in short term debt;
- a MXN 90.0 billion increase in suppliers;
- a MXN 20.6 billion decrease in cash;
- a MXN 30.0 billion decrease in inventories; and
- a MXN 21.0 billion decrease in clients.

Working Capital
(MXN million)



9.3 Debt

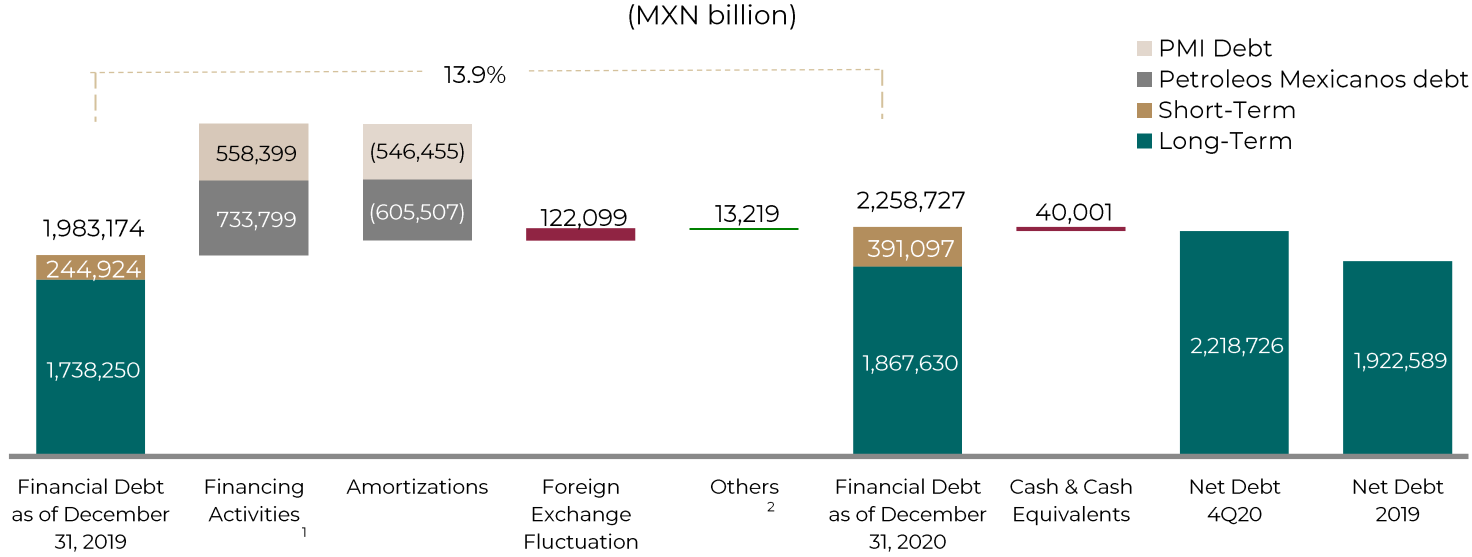
Total financial debt increased by 13.9% as compared to December 31, 2019, mainly due to the use of the short-term credit lines for liquidity management, as well as the depreciation of the Mexican peso against the US dollar during the period.

At the end of 2020, the exchange rate was MXN 19.9487 per US dollar, resulting in a total financial debt of MXN 2,258.7 billion or USD 113.2 billion.

During 2020, Pemex and its subsidiary companies carried out financing activities (short term bank credits included) for a total amount of MXN 1,292.2 billion or USD 64.8 billion. Total debt payments amounted to MXN 1,152.0 billion or USD 57.7 billion.

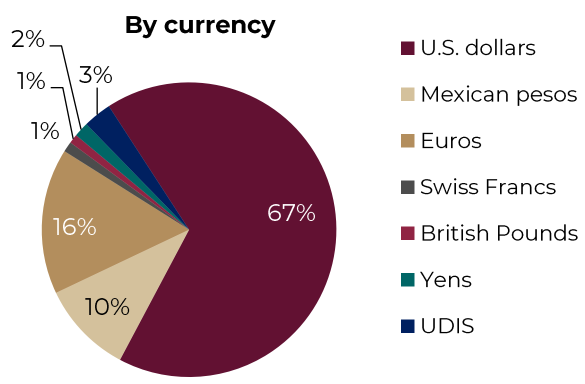
About 87% of Petróleos Mexicanos' financial debt is denominated in currencies different to the Mexican peso, mainly in U.S. dollars, and for registering purposes, it's converted into pesos at the exchange rate at the end of the period.

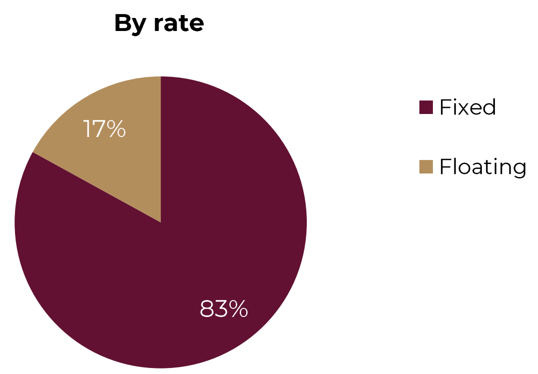
Financial Debt
(MXN billion)



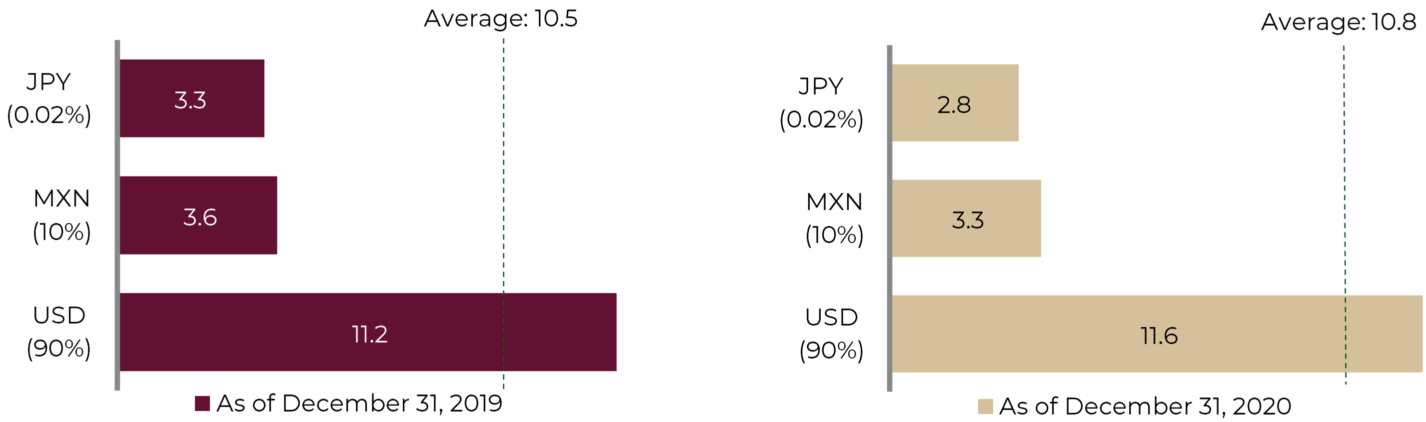
1) Includes Finance Public Works Contracts Program.
2) Includes reclassification of financial leases and accrued

Financial Debt Exposure as of December 31, 2020





Average Life of Financial Debt Exposure
(Years)



9.4 Financing Activities

During 2020, PEMEX implemented a flexible and proactive financial strategy, that allowed to the company to successfully overcome to the market conditions observed during the year. Refinancing operations of maturities during the year were carried out on time, lowering the refinancing risk on an uncertain environment in the financial markets.

Aligned to the policy of responsible debt management, PEMEX continued with liability management operations to improve the company's debt amortization profile.

Additionally, financial instruments that do not constitute public debt were used to allow the company to complement the need of resources and achieve an efficient management of its liquidity.

Capital Markets

In 2020, PEMEX carried out the following financing activities within its authorized 2020 program:

- On January 21, 2020, PEMEX announced an issuance operation, and a refinancing of its debt. The operations were structured as follows:
  i. A new issuance in the international capital markets for a total amount of USD 5 billion under its Medium-Term Notes Program, Series C, in two tranches,11 and 40 years, were the resources were used to refinance the debt. The operation closed on January 28, 2020, as follows:
     - USD 2.5 billion at a yield of 5.95% due in 2031
     - USD 2.5 billion at a yield of 6.95% due in 2060
  ii. At the same time, a liability management operation was announced, which consisted in the repurchase of USD 62 million of bonds due in 2020.
  iii. Exchange offer for the new 11 and 40 bonds, in order to flat the maturities profile without increasing the indebtedness levels. The offer ended on February 6, 2020, USD 1.3 billion bonds

maturing in 2021 and 2026 were exchanged for the new 11 years' bond, and USD 1.3 billion bonds maturing in 2044 and 2048 were exchanged for the new 40 years' bond.

- On May 26, 2020, PEMEX partially renewed a credit facility of USD 400 million, maturing in May, for a credit facility of USD 200 million maturing in 2021, which bears interests of LIBOR 3 months, plus 3.50%.
- On August 24, 2020, PEMEX subscribed a contract for a credit facility for an amount of USD 150 million, maturing in August 2022, which bears interests of LIBOR 3 months, plus 4.25%.
- On October 8, 2020, PEMEX issued in the capital markets US 1.5 billion at 6.875% Notes due in October 2025 under its Medium-Term Notes Program, Series C. The operation closed on October 16, 2020.

Revolving credit facilities

On January 17, 2021, PEMEX had the maturity of one of its revolving credit lines. The company carried out the necessary actions for the renewal and restructuring of the credit line, through the subscription of a new revolving credit facilities with a syndicate of banks. The new credit line is fully available for the subsidiary PMI Trading DAC, to meet its own financial needs in order to strengthen the liquidity of the entire group. The credit line has the corporate guarantee of PEMEX.

As of today, PEMEX group has syndicated credit facilities for liquidity management up to USD 7,700 million and MXN 37,000 million.

As of December 31, 2020, USD 1,900 million and MXN 37,000 million of these credit lines were available.

Other financing activities

As part of the efforts to provide liquidity to the company and strengthen the financial position of PEMEX, without additional pressure to the indebtedness levels approved, using its own resources, PEMEX carried out the following operations:

- On November 19, 2020, PEMEX and the Ministry of Finance agreed on the exchange of 16 promissory notes in favor of PEMEX (notes 5 to 20) for a total amount of MXN 128,656.2 million for 18 series of Mexican Government local bonds (the"New Government Bonds"). PEMEX recognized the New Government Bonds as long-term financial assets, and the short-term and long-term promissory notes receivable from the Mexican Government were written-off the accounting records.
- On November 20, 2020, PEMEX monetized the New Government Bonds by entering into a three-year financial arrangement to raise MXN 95,597.6 million at a rate of 8.56275% per annum, with a maturity on November 24, 2023, using the New Government Bonds as the underlying assets. PEMEX retains the economic rights of New Government Bonds, accordingly PEMEX accounts for them as restricted assets and recognizes debt for this transaction.
- On December 15, 2020, PEMEX implemented a financial factoring scheme to support its suppliers for an amount of MXN 4,186.9 million for a term of up to 180 days.

9.5 Budgetary Investment Activities

2020 Exercise
As of December 31, 2020, MXN 234.0 billion (USD 10.9 billion[4]) in investment activities were exercised, representing 70.4% of the 2020 total scheduled investment, which amounted to MXN 332.6 billion (USD 16.7 billion[5]).

To cope with the decrease in the Company's income caused by the impact on oil prices due to geopolitical factors during the first quarter of 2020, as well as those caused by lower fuel sales due to limitations on mobility caused by SARS COV-2 virus irruption, in June the PEMEX's Board of Directors agreed to reduce the investment budget originally approved. These modifications implied a reduction in annual spending on hydrocarbon exploration and production activities for MXN 40.5 billion, as well as an increase for other business lines for MXN 12.9 billion, to yield a MXN 27.6 billion net reduction.

Towards year end, additional reductions were accomplished to meet the budgetary goals established in the Federation's Expenditure Budget Decree. Nevertheless, as compared to 2019, during 2020 the exercised investment budget increased by MXN 32.6 billion (16.2%). Resources have been mainly allocated to increase hydrocarbons' production in the short term.

The investment was distributed as follows:

	Authorized Investment 2020 (MXN billion)	**Modified Investment 2020** (MXN billion)	**Investment Expenditures As of September 30, 2020** (MXN billion)
Exploration and Production[6]	269.9	229.4	180.6
Industrial Transformation	58.2	69.5	46.9
Logistics	3.1	3.2	3.0
Fertilizers	1.1	2.5	3.3
Corporate	0.3	0.4	0.2
TOTAL	**332.6**	**305.0**	**234.0**

2021 Budget
For 2021, the Congress authorized an annual investment budget of MXN 352.6 billion (USD 13.0 billion[7]), which was programmed as follows:

	Authorized Investment 2021 (MXN billion)

[4] Currency translation from MXN to USD was performed at the average exchange rate from January 1 to December 31, 2020: MXN 21.49 = USD 1.00.
[5] Convenience translation has been made at the average exchange approved for 2020 Budget of MXN 19.9000 = USD 1.00
[6] MXN 28.4 billion were allocated to exploration activities. Includes non-capitalizable maintenance expenditures.
[7] Convenience translation has been made at the average exchange approved for 2021 Budget of MXN 22.09 = USD 1.00

Exploration and Production	289.9
Industrial Transformation	56.5
Logistics	3.2
Fertilizers	2.7
Corporate	0.4
TOTAL	**352.6**

Consolidated Income Statement

	Fourth quarter (Oct.-Dec.)				
	2019	2020	Change		2020
	(MXN million)				(USD million)
Total sales	**318,584**	**248,895**	**-21.9%**	**(69,688)**	**12,477**
Domestic sales	187,968	126,713	-32.6%	(61,255)	6,352
Exports	129,572	121,003	-6.6%	(8,568)	6,066
Services income	1,044	1,179	12.9%	135	59
Impairment (reversal) of wells, pipelines, property, plant and equipment	104,731	26,854	-74.4%	(77,877)	1,346
Cost of sales	320,389	246,022	-23.2%	(74,366)	12,333
Gross income	**(106,536)**	**(23,981)**	**77.5%**	**82,555**	**(1,202)**
Other revenues	2,579	3,879	50.4%	1,299	194
Other expenses	3,645	535	-85.3%	(3,110)	27
Transportation and distribution expenses	5,707	2,849	-50.1%	(2,857)	143
Administrative expenses	31,710	36,139	14.0%	4,429	1,812
Operating income (loss)	**(145,019)**	**(59,626)**	**58.9%**	**85,393**	**(2,989)**
Financial Cost	(30,204)	(26,169)	13.4%	4,035	(1,312)
Financial Income	3,512	(700)	-119.9%	(4,211)	(35)
Income (cost) due to financial derivatives	6,276	17,652	181.3%	11,376	885
Foreign exchange profit (loss)	69,624	254,361	265.3%	184,737	12,751
Profit sharing in non-consolidated					-
subsidiaries and affiliates	(1,116)	(1,471)	-31.8%	(355)	(74)
Income before taxes and duties	**(96,927)**	**184,048**	**289.9%**	**280,975**	**9,226**
Taxes and duties	**74,617**	**59,838**	**-19.8%**	**(14,778)**	**3,000**
Duties	112,299	42,352	-62.3%	(69,947)	2,123
Current Taxes	(213)	(474)	-123.0%	(261)	(24)
Deferred Taxes	(37,470)	17,960	147.9%	55,430	900
Net income (loss)	**(171,544)**	**124,210**	**172.4%**	**295,753**	**6,226**
Other comprehensive results	**(91,078)**	**(31,271)**	**65.7%**	**59,808**	**(1,568)**
Actuarial profits (losses) due to employee benefits	(86,283)	(17,265)	80.0%	69,018	(865)
Conversion effect	(4,795)	(14,005)	-192.1%	(9,210)	(702)
Comprehensive income (loss)	**(262,622)**	**92,939**	**135.4%**	**355,561**	**4,659**

Consolidated Balance Sheet

	As of December 31, 2019	As of December 31, 2020	Change		2020
	(MXN million)				(USD million)
Total assets	**1,918,448**	**1,905,530**	**-0.7%**	**(12,918)**	**95,522**
Current assets	**340,552**	**333,772**	**-2.0%**	**(6,781)**	**16,732**
Cash and cash equivalents	60,622	40,001	-34.0%	(20,620)	2,005
Clients	89,264	68,265	-23.5%	(20,999)	3,422
Accounts, notes receivable and other	91,242	143,381	57.1%	52,140	7,188
Inventories	82,672	52,691	-36.3%	(29,981)	2,641
Derivative financial instruments	11,496	25,948	125.7%	14,452	1,301
Short-term notes receivable	4,910	-	-100.0%	(4,910)	-
Other current assets	347	3,485	905.6%	3,138	175
Non-current assets	**1,577,896**	**1,571,758**	**-0.4%**	**(6,137)**	**78,790**
Permanent investments in shares of associated companies and others	14,875	11,943	-19.7%	(2,931)	599
Net wells, pipelines, properties, plant and equipment	1,211,750	1,236,881	2.1%	25,131	62,003
Long-term document receivables	122,565	887	-99.3%	(121,678)	44
Deferred taxes	136,167	108,484	-20.3%	(27,682)	5,438
Restricted cash	-	51	0.0%	51	3
Intangible assets	14,585	22,766	56.1%	8,181	1,141
Other assets	7,137	131,551	1743.3%	124,415	6,594
Right-of-use asset	70,818	59,195	-16.4%	(11,623)	2,967
Total liabilities	**3,915,656**	**4,345,635**	**11.0%**	**429,979**	**217,841**
Current liabilities	**552,204**	**786,182**	**42.4%**	**233,978**	**39,410**
Short-term financial debt	244,924	391,097	59.7%	146,173	19,605
Suppliers	208,034	297,994	43.2%	89,959	14,938
Taxes and duties payable	50,693	50,754	0.1%	61	2,544
Accounts and accrued expenses payable	26,055	32,333	24.1%	6,278	1,621
Derivative financial instruments	16,650	9,318	-44.0%	(7,332)	467
Creditors for financial leasing C.P. IFRS16	5,847	4,686	-19.9%	(1,161)	235
Long-term liabilities	**3,363,453**	**3,559,453**	**5.8%**	**196,001**	**178,430**
Long-term financial debt	1,738,250	1,867,630	7.4%	129,380	93,622
Reserve for employee benefits	1,456,815	1,534,970	5.4%	78,154	76,946
Reserve for diverse credits	98,012	94,612	-3.5%	(3,400)	4,743
Other liabilities	4,397	4,892	11.2%	494	245
Deferred taxes	3,677	2,273	-38.2%	(1,404)	114
Long-term creditors for financial leasing C.P. IFRS16	62,302	55,077	-11.6%	(7,224)	2,761
Total equity	**(1,997,208)**	**(2,440,105)**	**-22.2%**	**(442,897)**	**(122,319)**
Holding	**(1,997,067)**	**(2,440,446)**	**-22.2%**	**(443,379)**	**(122,336)**
Certificates of contribution "A"	478,675	524,931	9.7%	46,256	26,314
Federal Government Contributions	43,731	43,731	0.0%	-	2,192
Legal Reserve	1,002	1,002	0.0%	-	50
Comprehensive accumulated results	(240,079)	(248,952)	-3.7%	(8,874)	(12,480)
Retained earnings (accumulated losses)	(2,280,396)	(2,761,158)	-21.1%	(480,761)	(138,413)
From prior years	(1,933,107)	(2,280,396)	-18.0%	(347,289)	(114,313)
For the year	(347,289)	(480,761)	-38.4%	(133,472)	(24,100)
Participation of non-holding entities	**(142)**	**341**	**340.2%**	**482**	**17**
Total liabilities and equity	**1,918,448**	**1,905,530**	**-0.7%**	**(12,918)**	**95,522**

Consolidated Statements of Cash Flows

	As of December 31,				
	2019	2020	Change		2020
	(MXN million)				(USD million)
Operating activities					
Net income (loss)	(347,911)	(480,966)	-38.2%	(133,055)	(24,110)
Income taxes and duties	343,823	185,785	-46.0%	(158,038)	9,313
Items related to investing activities	**325,278**	**178,847**	**-45.0%**	**(146,431)**	**8,965**
Depreciation and amortization	137,823	128,771	-6.6%	(9,052)	6,455
Amortization of intangibles	479	538	12.4%	59	27
Impairment of properties, plant and equipment	97,082	10,743	-88.9%	(86,339)	539
Unsuccessful wells	71,604	9,920	-86.1%	(61,684)	497
Exploration expenses	7,991	9,599	20.1%	1,608	481
Retirement of property, plant and equipment	2,542	4,512	77.5%	1,970	226
Amortization of right-of-use	6,858	7,230	5.4%	372	362
Profit (loss) from share transfer	-	(708)		(708)	(35)
Effects of non-consolidated subsidiaries and affiliates	1,158	3,685	218.3%	2,527	185
Effects of net present value of reserve for well abandonment	(259)	4,556	1860.2%	4,815	228
Activities related to financing activities	**30,133**	**258,651**	**758.4%**	**228,518**	**12,966**
Interest expense	132,861	142,890	7.5%	10,028	7,163
Amortized cost of debt	-	1,869		1,869	94
Interest income	(24,484)	(9,331)	61.9%	15,153	(468)
Unrealized foreign exchange loss (income)	(78,245)	123,223	257.5%	201,468	6,177
Subtotal	**351,323**	**142,317**	**-59.5%**	**(209,006)**	**7,134**
Funds provided by (used in) operating activities	**(266,102)**	**(16,386)**	**93.8%**	**249,716**	**(821)**
Taxes paid	(347,515)	(153,708)	55.8%	193,807	(7,705)
Financial instruments for negotiation	11,641	(21,784)	-287.1%	(33,425)	(1,092)
Accounts and notes receivable	(13,286)	(31,140)	-134.4%	(17,854)	(1,561)
Inventories	(650)	29,981	4715.1%	30,631	1,503
Accounts payable and accrued expenses	1,137	6,278	451.9%	5,140	315
Suppliers	46,561	93,535	100.9%	46,974	4,689
Reserve for diverse credits	(5,788)	5,355	192.5%	11,143	268
Reserve for employees benefits	66,955	60,835	-9.1%	(6,120)	3,050
Other taxes and duties	(25,158)	(5,737)	77.2%	19,421	(288)
Net cash flow from operating activities	**85,221**	**125,930**	**47.8%**	**40,710**	**6,313**
Investment activities					-
Acquisition of property, plant and equipment	(109,654)	(184,198)	-68.0%	(74,544)	(9,234)
Other documents receivable	69	-	-100.0%	(69)	-
Interest charged	16,217	-	0.0%	(16,217)	-
Intangible assets	(17,220)	(21,476)	-24.7%	(4,256)	(1,077)
Other assets	(711)	(3,810)	-436.0%	(3,099)	(191)
Resources from share transfer	-	135		135	7
Net cash flow from investing activities	**(111,299)**	**(209,349)**	**-88.1%**	**(98,050)**	**(10,494)**
Cash needs related to financing activities	**(26,078)**	**(83,418)**	**-219.9%**	**(57,340)**	**(4,182)**
Financing activities					-
Increase of contributions from the Federal Government	122,131	46,256	-62.1%	(75,875)	2,319
Document received from the Federal Government	32,494	4,081	-87.4%	(28,413)	205
Interest charged for the document received from the Federal Government	6,211	8,045	29.5%	1,834	403
Principal payments and interest on financial leases	(10,709)	(10,079)	5.9%	631	(505)
Loans obtained from financial institutions	1,167,835	1,288,622	10.3%	120,787	64,597
Amortization of loans	(1,185,042)	(1,151,962)	2.8%	33,080	(57,746)
Interest paid	(127,945)	(130,706)	-2.2%	(2,761)	(6,552)
Net cash flow from financing activities	**4,974**	**54,256**	**10**	**49,282**	**2,720**
Net Increase (decrease) in cash and cash equivalents	**(21,104)**	**(29,162)**	**(0)**	**(8,058)**	**(1,462)**
Effect of change in cash value	(186)	8,542	4682.4%	8,728	428
Cash and cash equiv. at the beginning of the period	**81,912**	**60,622**	**(0)**	**(21,291)**	**3,039**
Cash and cash equivalents at the end of the period	**60,622**	**40,001**	**(0)**	**(20,620)**	**2,005**

11. Conference call

POR EL RESCATE DE LA SOBERANÍA

Alberto Velázquez
Chief Financial Officer

Francisco Flamenco
Technical Deputy Director of Exploration and Production
at Pemex Exploration and Production

Reinaldo Wences
Deputy Director of Evaluation and Regulatory
Compliance at Pemex Industrial Transformation

will present the financial and operating results of PEMEX

as of December 31, 2020

Friday, February 26, 2021
at 11:00 a.m. (CT) / 1:00 p.m. (ET)

A question and answer session will follow the presentation.
Participants will be able to ask questions via telephone and electronically via the webcast interface.

To connect through telephone, dial +1 (833) 519 1259

From U.S.A. and Canada, dial (914) 800 3832.
Mexico – Local, 800 926 9157
Conference passcode: **7159494**.

To connect through Internet, access webcast.

The teleconference and webcast replay will be available on February 26, 2020 at 2:00 p.m. (ET) and until April 24, 2021 through this link. As of March 8, 2021, the conference call replay will be available at Unaudited Financial Results 2020.

Additionally, the Spanish version of the conference call will take place at 10:00 a.m. (CT) / 12:00 p.m. (ET), please follow this link to find the instructions to connect: Información Financiera / Calendario financiero / Reporte de Resultados al 30 de diciembre de 2020.

SEC Filings
Review the latest 20-F, F-4 and 6-K forms filed by PEMEX with the SEC

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Variations

Cumulative and quarterly variations are calculated comparing the period with the same one of the previous year, unless specified otherwise.

Rounding

Numbers may not total due to rounding.

Financial Information

Excluding budgetary and volumetric information, the financial information included in this report and the annexes hereto is based on unaudited consolidated financial statements prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), which PEMEX has adopted effective January 1, 2012. For more information regarding the transition to IFRS, see Note 23 to the consolidated financial statements included in Petróleos Mexicanos' 2012 Form 20-F filed with the Securities and Exchange Commission (SEC) and its Annual Report filed with the Comisión Nacional Bancaria y de Valores (CNBV).

EBITDA is a non-IFRS measure. We show a reconciliation of EBITDA to net income in Table 33 of the annexes to this report. Budgetary information is based on standards from Mexican governmental accounting; therefore, it does not include information from the subsidiary companies or affiliates of Petróleos Mexicanos. It is important to mention, that our current financing agreements do not include financial covenants or events of default that would be triggered as a result of our having negative equity.

Methodology

We might change the methodology of the information disclosed in order to enhance its quality and usefulness, and/or to comply with international standards and best practices.

Foreign Exchange Conversions

Convenience translations into U.S. dollars of amounts in Mexican pesos have been made at the exchange rate at close for the corresponding period, unless otherwise noted. Due to market volatility, the difference between the average exchange rate, the exchange rate at close and the spot exchange rate, or any other exchange rate used could be material. Such translations should not be construed as a representation that the Mexican peso amounts have been or could be converted into U.S. dollars at the foregoing or any other rate. It is important to note that we maintain our consolidated financial statements and accounting records in pesos. As of December 31, 2020, the exchange rate of MXN 19.9487 = USD 1.00 is used.

Fiscal Regime

Starting January 1, 2016, Petróleos Mexicanos' fiscal regime is ruled by the Ley de Ingresos sobre Hidrocarburos (Hydrocarbons Income Law). Since January 1, 2006 and until December 31, 2015, PEP was subject to a fiscal regime governed by the Federal Duties Law, while the tax regimes of the other Subsidiary Entities were governed by the Federal Revenue Law.

The Special Tax on Production and Services (IEPS) applicable to automotive gasoline and diesel is established in the Production and Services Special Tax Law "Ley del Impuesto Especial sobre Producción y Servicios". As an intermediary between the Ministry of Finance and Public Credit (SHCP) and the final consumer, PEMEX retains the amount of the IEPS and transfers it to the Mexican Government. The IEPS rate is calculated as the difference between the retail or "final price," and the "producer price" of products. If the "final price" is higher than the "producer price," the IEPS is paid by the final consumer. If the opposite occurs, the "negative IEPS" amount can be credited against certain of PEMEX's tax liabilities and included in "Other income (expenses)" in its Income Statement.

PEMEX's "producer price" is calculated in reference to that of an efficient refinery operating in the Gulf of Mexico. Until December 31, 2017, the Mexican Government may continue issuing pricing decrees to regulate the maximum prices for the retail sale of gasoline and diesel fuel, taking into account transportation costs between regions, inflation and the volatility of international fuel prices, among other factors. Beginning in 2018, the prices of gasoline and diesel fuel will be freely determined by market conditions. However, the Federal Commission for Economic Competition, based on the existence of effective competitive conditions, can declare that prices of gasoline and diesel fuel are to be freely determined by market conditions before 2018.

Production-sharing

In accordance with Production-sharing Agreements signed by Petróleos Mexicanos, due to its participation in bidding rounds organized by the National Hydrocarbons Commission (CNH), in addition to the migration of blocks, Petróleos Mexicanos will disclose only its share of production for blocks Ek-Balam, Block 2 Tampico-Misantla (Round 2.1), Block 8 Southeastern Basins (Round 2.1), Santuario, Misión, Block 16 Tampico-Misantla-Veracruz (Round 3.1), Block 17 Tampico-Misantla-Veracruz (Round 3.1), Block 18 Tampico-Misantla-Veracruz (Round 3.1), Block 29 Southeastern Offshore Basins (Round 3.1), Block 32 Southeastern Basins Marino (Round 3.1), Block 33 Southeastern Offshore Basins (Round 3.1) y Block 35 Southeastern Offshore Basins (Round 3.1).

Hydrocarbon Reserves

In accordance with the Hydrocarbons Law, published in the Official Gazette of the Federation on August 11, 2015, the National Hydrocarbons Commission (CNH) will establish and will manage the National Hydrocarbons Information Center, comprised by a system to obtain, safeguard, manage, use, analyze, keep updated and publish information and statistics related; which includes estimations, valuation studies and certifications.

As of January 1, 2010, the Securities and Exchange Commission (SEC) changed its rules to permit oil and gas companies, in their filings with the SEC, to disclose not only proved reserves, but also probable reserves and possible reserves. Nevertheless, any description of probable or possible reserves included herein may not meet the recoverability thresholds established by the SEC in its definitions. Investors are urged to consider closely the disclosure in our Form 20-F and our Annual Report to the CNBV and SEC, available at http://www.pemex.com/.

Forward-looking Statements

This report contains forward-looking statements. We may also make written or oral forward-looking statements in our periodic reports to the CNBV and the SEC, in our annual reports, in our offering circulars and prospectuses, in press releases and other written materials and in oral statements made by our officers, directors or employees to third parties. We may include forward-looking statements that address, among other things, our:

- exploration and production activities, including drilling;
- activities relating to import, export, refining, petrochemicals and transportation of petroleum, natural gas and oil products;
- activities relating to the generation of electrical energy;
- projected and targeted capital expenditures and other costs, commitments and revenues, and
- liquidity and sources of funding.

Actual results could differ materially from those projected in such forward-looking statements as a result of various factors that may be beyond our control. These factors include, but are not limited to:

- changes in international crude oil and natural gas prices;
- effects on us from competition, including on our ability to hire and retain skilled personnel;
- limitations on our access to sources of financing on competitive terms;
- our ability to find, acquire or have the right to access additional hydrocarbons reserves and to develop the reserves that we obtain successfully;
- uncertainties inherent in making estimates of oil and gas reserves, including recently discovered oil and gas reserves;
- technical difficulties;
- significant developments in the global economy;
- significant economic or political developments in Mexico, including developments relating to the implementation of the laws that implement the new legal framework contemplated by the Energy Reform Decree (as described in our most recent Annual Report and Form 20-F);
- developments affecting the energy sector; and
- changes in our legal regime or regulatory environment, including tax and environmental regulations.

Accordingly, you should not place undue reliance on these forward-looking statements. In any event, these statements speak only as of their dates, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. These risks and uncertainties are more fully detailed in our most recent Annual Report filed with the CNBV and available through the Mexican Stock Exchange (http://www.bmv.com.mx/) and our most recent Form 20-F filing filed with the SEC (http://www.sec.gov/). These factors could cause actual results to differ materially from those contained in any forward-looking statement.