SOUTHCROSS ENERGY

2014 Wells Fargo Energy Symposium

December 9, 2014

Cautionary Statements

This presentation contains forward-looking statements and information. Forward-looking statements include, without limitation, any statement that may project, indicate or imply future results, events, performance or achievements, and may contain the words "expect," "intend," "plan," "anticipate," "estimate," "believe," "will be," "will continue," "will likely result" and similar expressions, or future conditional verbs such as "may," "will," "should," "would" and "could." In addition, any statement concerning future financial performance (including future revenues, earnings or growth rates), ongoing business strategies or prospects, and possible actions taken by us, our subsidiaries or our affiliates, are also forward-looking statements. These forward-looking statements involve external risks and uncertainties, including, but not limited to, those described under the section entitled "Risk Factors" included in our 2013 Annual Report on Form 10-K (as updated by our Quarterly Reports on Form 10-Q).

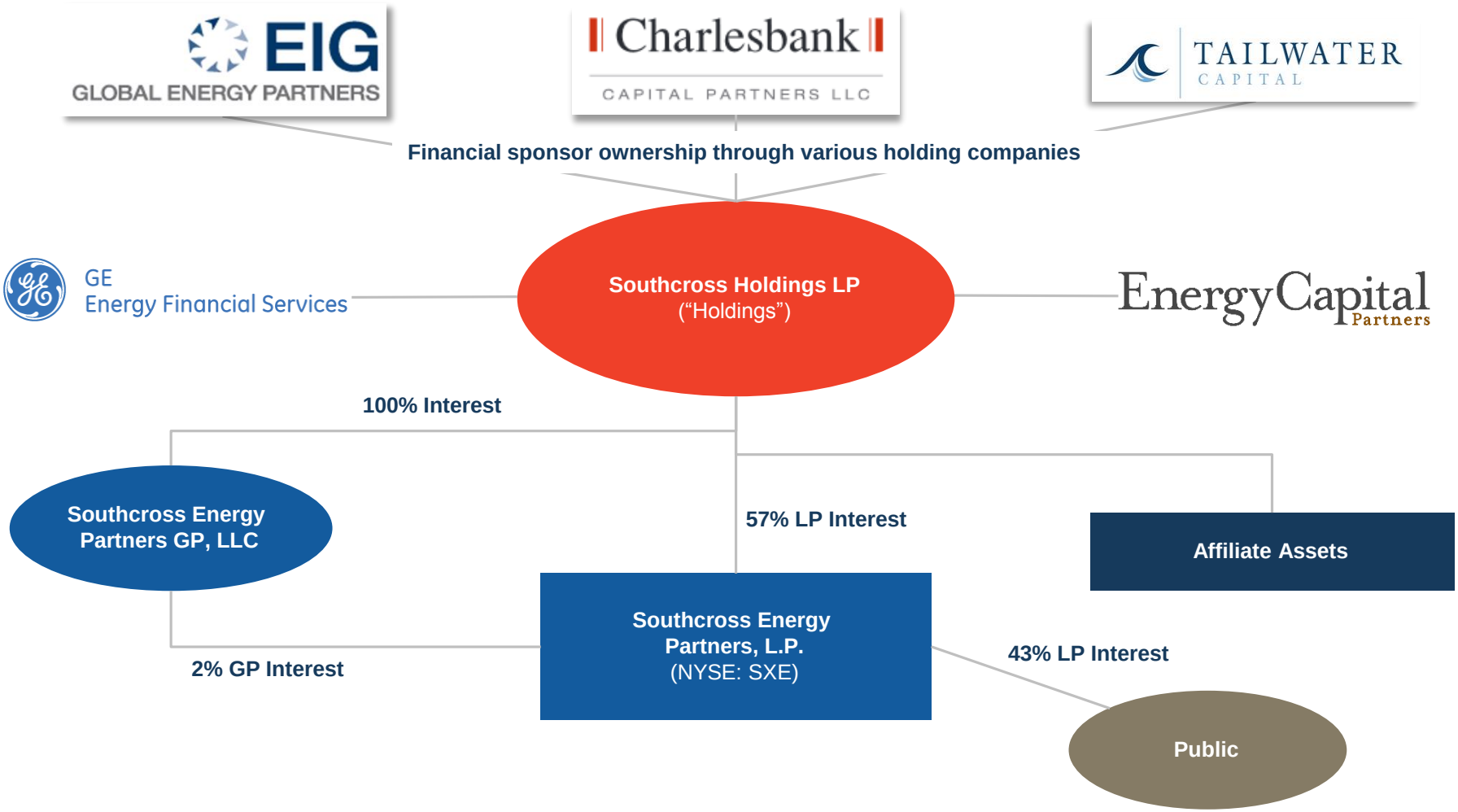
Forward-looking statements are based on current expectations and projections about future events and are inherently subject to a variety of risks and uncertainties, many of which are beyond the control of our management team. All forward-looking statements in this presentation and in any other written or oral forward-looking statements attributable to us, or to persons acting on our behalf, are expressly qualified in their entirety by these risks and uncertainties. These risks and uncertainties include, among others:

- the volatility of natural gas, crude oil and NGL prices and the price and demand of products derived from these commodities;
- competitive conditions in our industry and the extent and success of producers increasing production or replacing declining production and our success in obtaining new sources of supply;
- industry conditions and supply of pipelines, processing and fractionation capacity relative to available natural gas from producers;
- our dependence upon a relatively limited number of customers for a significant portion of our revenues;
- actions taken, inactions or non-performance by third parties, including suppliers, contractors, operators, processors, transporters and customers;
- our ability to effectively recover NGLs at a rate equal to or greater than our contracted rates with customers;
- our ability to produce and market NGLs at the anticipated differential to NGL index pricing;
- our access to markets enabling us to match pricing indices for purchases and sales of natural gas and NGLs;
- our ability to complete projects within budget and on schedule, including but not limited to, timely receipt of necessary government approvals and permits, our ability to control the costs of construction and other factors that may impact projects;
- our ability to consummate acquisitions, successfully integrate the acquired businesses and realize anticipated cost savings and other synergies from any acquisitions, including in respect of our acquisition of the TexStar rich gas system assets;
- our ability to manage over time changing exposure to commodity price risk;
- the effectiveness of our hedging activities or our decisions not to undertake hedging activities;
- our access to financing and ability to remain in compliance with our financing covenants;
- our ability to generate sufficient operating cash flow to fund our quarterly distributions;
- changes in general economic conditions;
- the effects of downtime associated with our assets or the assets of third parties interconnected with our systems;
- operating hazards, fires, natural disasters, weather-related delays, casualty losses and other matters beyond our control;
- the failure of our processing and fractionation plants to perform as expected, including outages for unscheduled maintenance or repair;
- the effects of laws and governmental regulations and policies;
- the effects of existing and future litigation; and
- other financial, operational and legal risks and uncertainties detailed from time to time in our filings with the U.S. Securities and Exchange Commission.

Developments in any of these areas could cause actual results to differ materially from those anticipated or projected, affect our ability to maintain distribution levels and/or access necessary financial markets, or cause a significant reduction in the market price of our common units.

The foregoing list of risks and uncertainties may not contain all of the risks and uncertainties that could affect us. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this presentation may not, in fact, occur. Accordingly, undue reliance should not be placed on these statements. We undertake no obligation to publicly update or revise any forward-looking statements as a result of new information, future events or otherwise, except as otherwise required by law.

Partnership Structure



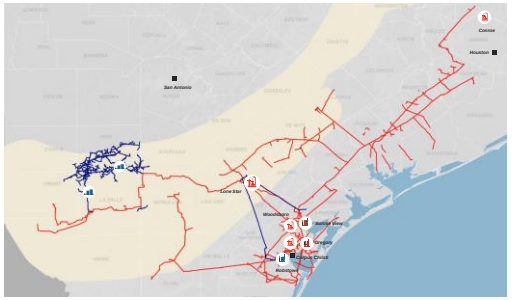
President & Chief Executive Officer
John E. Bonn

30+ Years' Experience

• President & COO	**Southcross Energy**
• President	**NiSource Midstream Services**
• Owner, President	**Ranger Interests, Inc.**
• VP, Commercial (Western Region)	**Enterprise Product Partners**
• Director, Commercial (Permian Basin)	**GulfTerra Energy Partners**
• Director, Commercial	**El Paso Field Services**
• Manager, Northeast Marketing	**Delhi Gas Pipeline**
• VP, Business Development	**Triumph Natural Gas**

- Bachelor of Science, Agricultural Engineering, Texas A&M
- Officer, United States Army and Army Reserves
- Board member, Texas Aggie Corps of Cadets Association
- Past board member, Marcellus Shale Coalition
- New Mexico Oil & Gas Association
- Past president, Natural Gas Society of North Texas

The Southcross Advantage



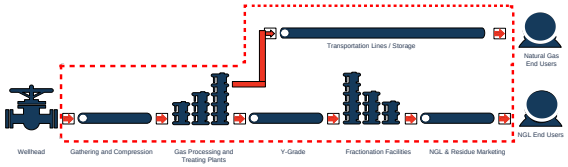
Premier Strategic Platform in the Eagle Ford

Significant scale of pipeline and processing assets

Operating stability through interconnected system

Extensive footprint in the prolific Eagle Ford and Gulf Coast area

Blue chip, active producer customer base



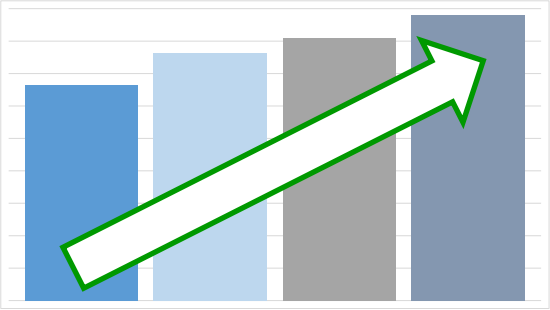
Fully Integrated Midstream Platform

Full spectrum of services creates competitive and economic advantages

Fractionation assets are a significant differentiator

Premium and growing markets for gas, NGLs and condensate

Corpus Christi region is growing rapidly and serving new export markets



Four Drivers of Growth

Fully utilize existing capacity

Develop organic growth projects

Drop-downs

Acquisitions

Premier Strategic Footprint with Scale to Succeed in the Eagle Ford

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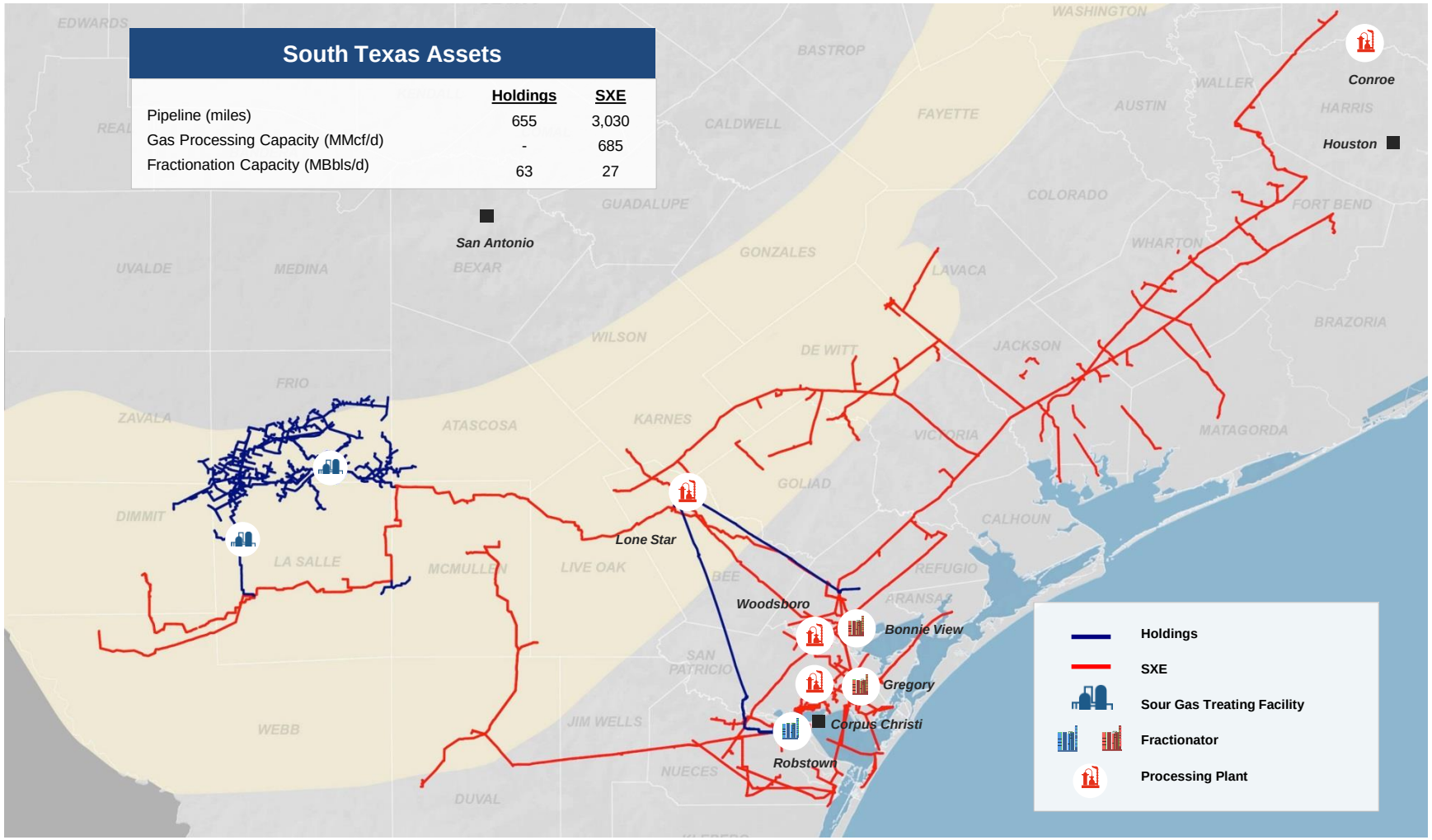
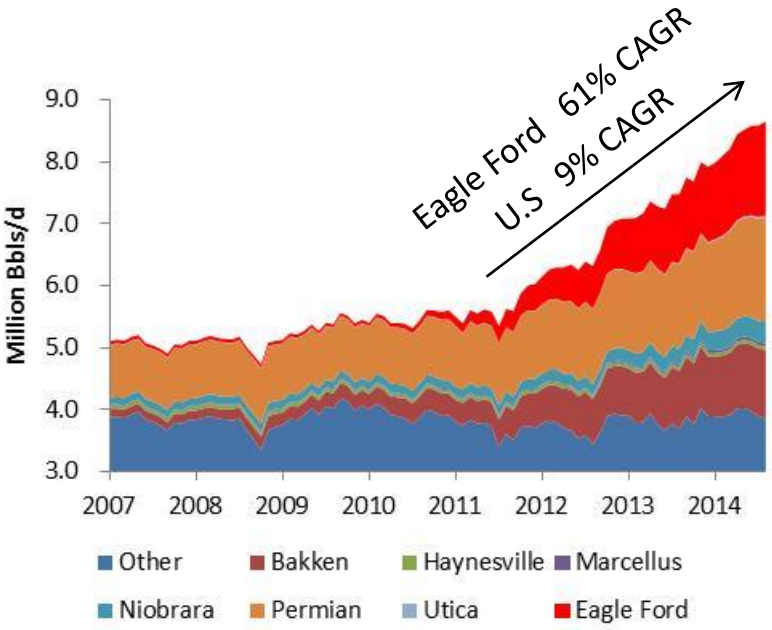


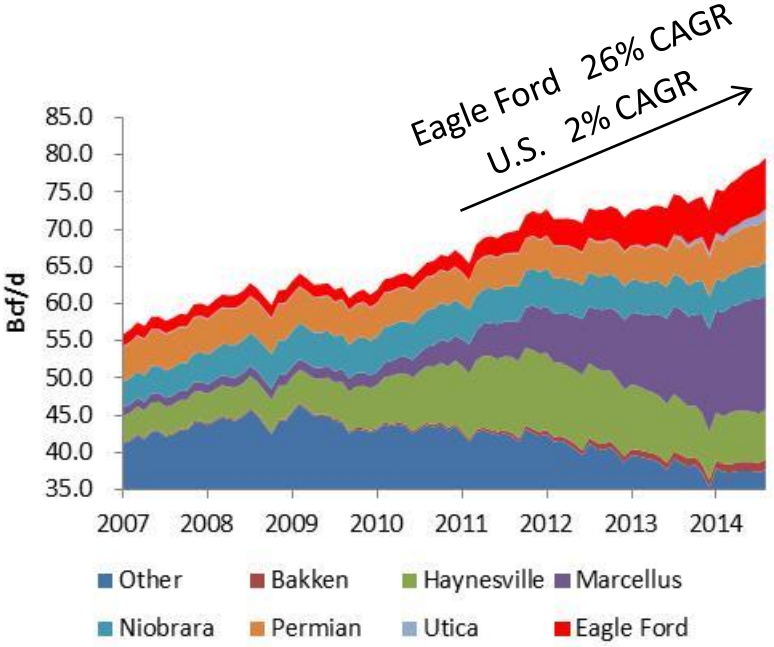
Eagle Ford Highlights

The Eagle Ford is a major driver of U.S. oil and natural gas production growth

U.S. Oil Production per Day



U.S. Natural Gas Production per Day



Source: EIA

Eagle Ford Has Attractive Producer Economics

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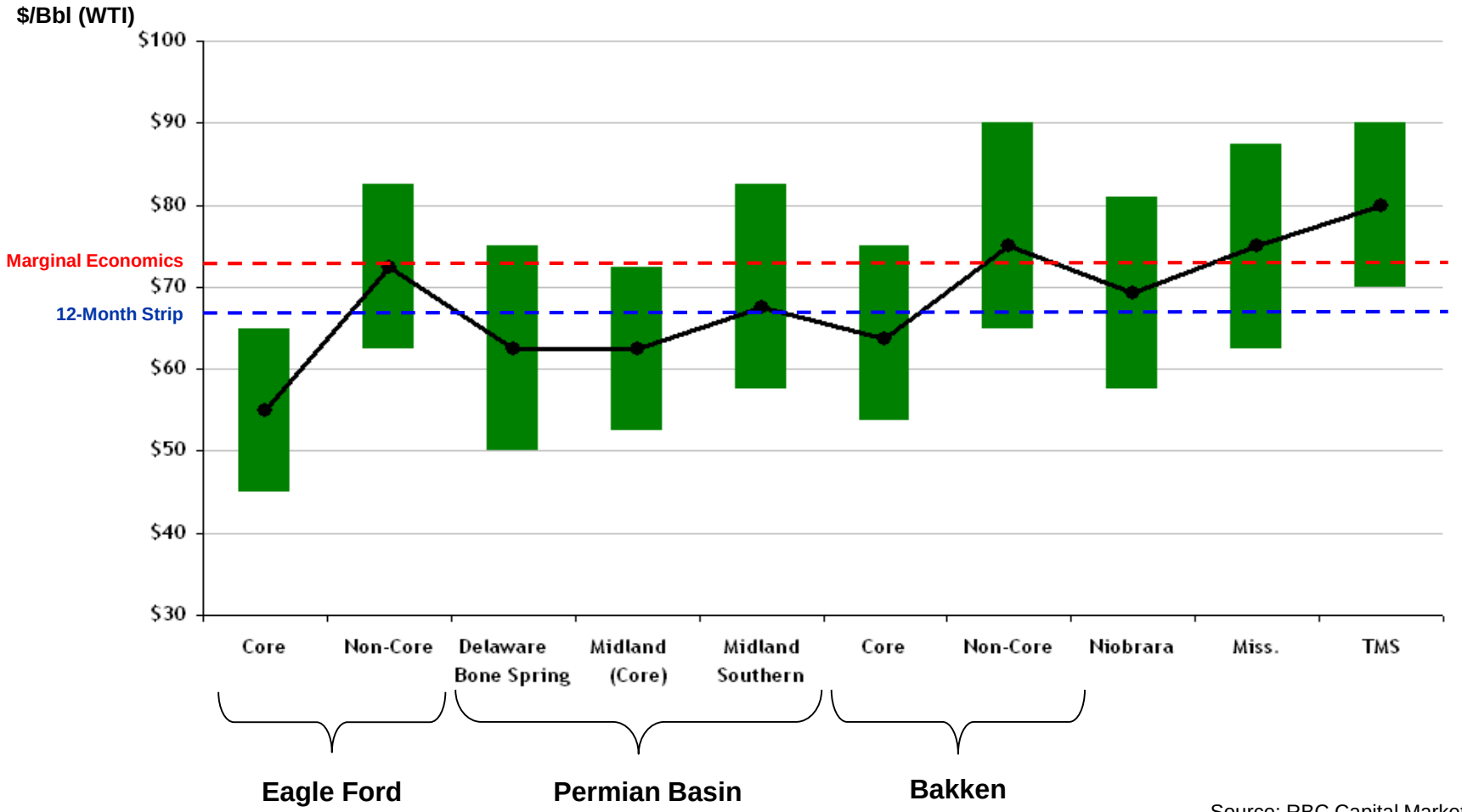
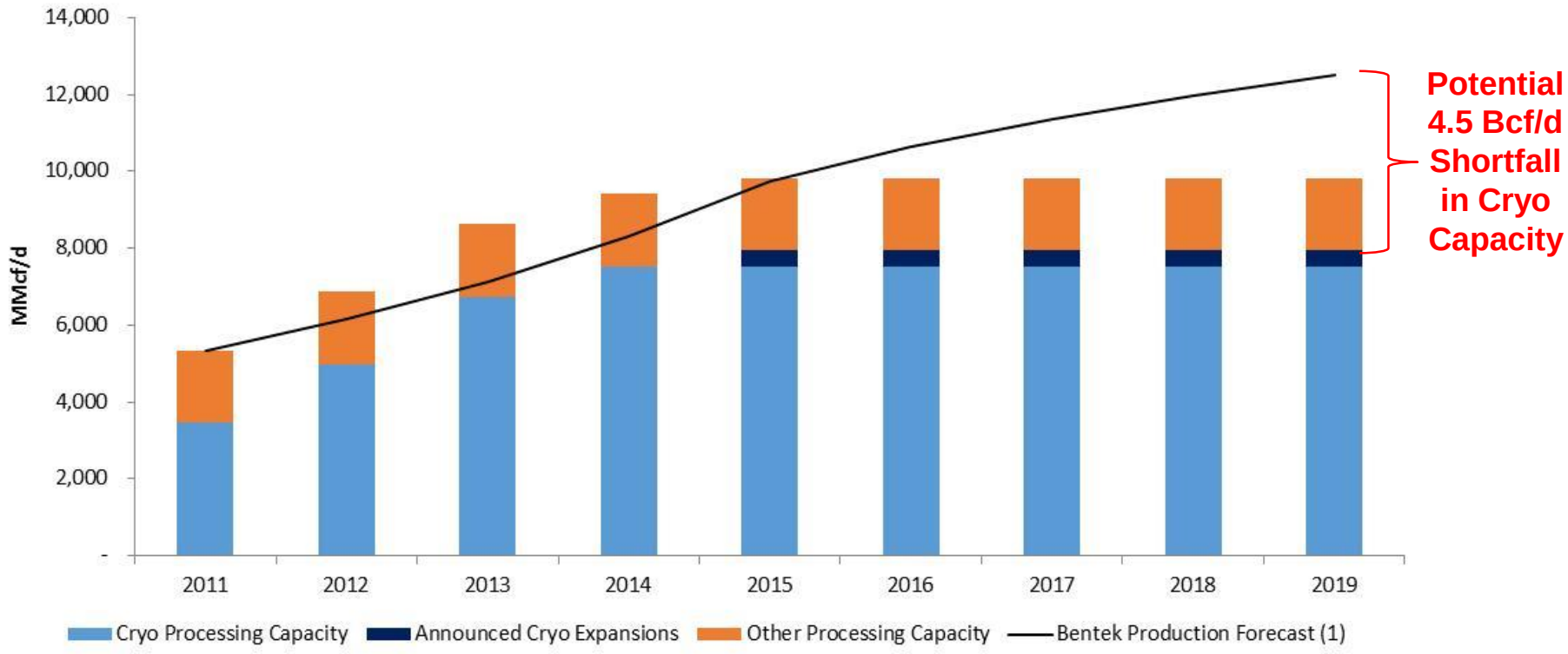
U.S. Oil Play Break-Even Assessment at December 1, 2014 Forward Strip Prices



Source: RBC Capital Markets

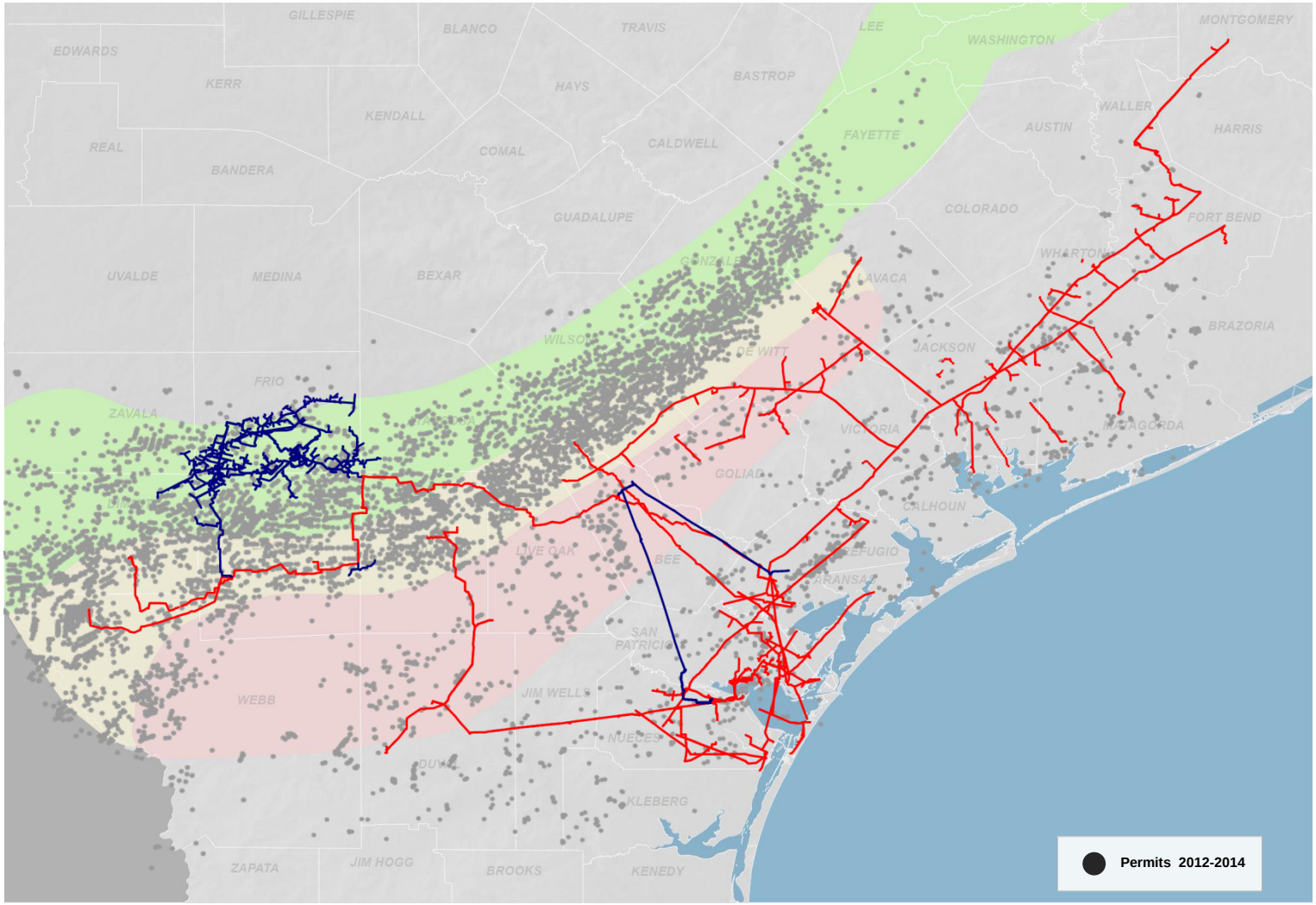
Texas Gulf Coast Production Expected to Exceed Processing Capacity

Texas Gulf Coast Region is forecasted to need an additional 2.0 to 4.5 bcf/d of processing capacity by 2019

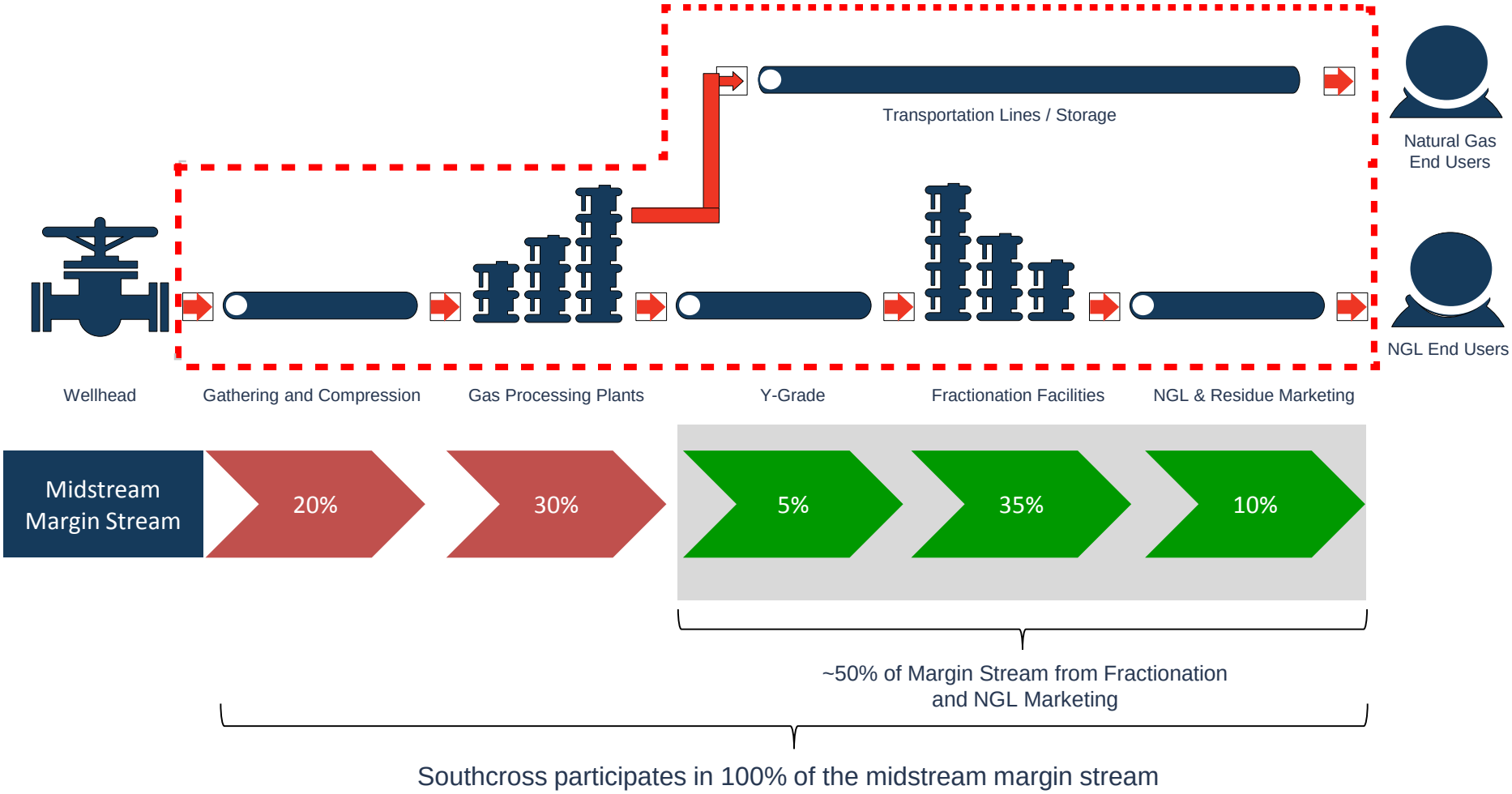


(1) Bentek Eagle Ford and Texas Gulf Coast production estimates
Note: Excludes plant retirements.

Well Positioned for Current Eagle Ford Activity



Full Spectrum of Services Creates Competitive and Economic Advantages



Note: Treating fees, when applicable, further supplement the margin stream

Lower Gulf Coast Projects Fuel Growth

Lyondell / Equistar Ethylene Capacity Expansion

- Lyondell to add 800 million lbs/year of ethylene capacity at Corpus Christi plant by 2016
- 20,000 Bbl/d of estimated increase in ethane demand by 2016

OxyChem Corpus Christi Development Projects

- OxyChem 110,000 Bbl/d propane export facility at Ingleside expected to begin operations in 2015
- OxyChem and MexiChem to build 1.2 billion lbs/year ethylene cracker in 2017 (34,000 Bbl/d ethane demand)

Trafigura – November 14, 2013 and September 11, 2014 Press Release

- Trafigura spending $500 million to expand dock facilities at Corpus Christi
- Expansion to meet increasing demand for water access for Eagle Ford production
- Buckeye Partners LP completes $860 million acquisition of 80% of Corpus Christi midstream business from Trafigura

Refining Projects

- Valero upgrading 325kb/d Corpus Christi refinery
- Flint Hills plans to reconfigure 230kb/d Corpus Christi West Refinery
- Martin Midstream, Magellan Midstream and Trafigura constructing condensate splitters at facilities in Corpus Christi

Cheniere – April 7, 2014, July 17, 2014 and October 8, 2014 Press Releases

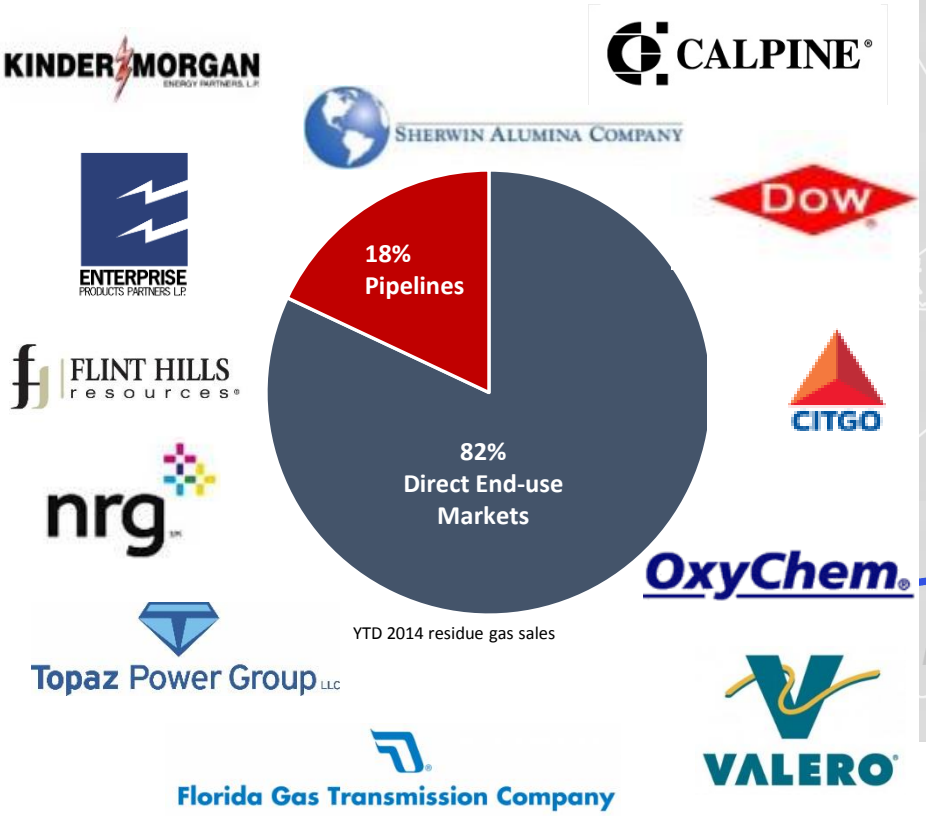
- Entered into 20 year LNG supply agreements with Endesa
- Signed agreement to supply EDF with 380,000 tons / year of LNG from Train 3 as early as 2019
- Expect to complete steps to final investment decision and construction by early 2015
- FERC issues final Environmental Impact Statement for project on October 8, 2014

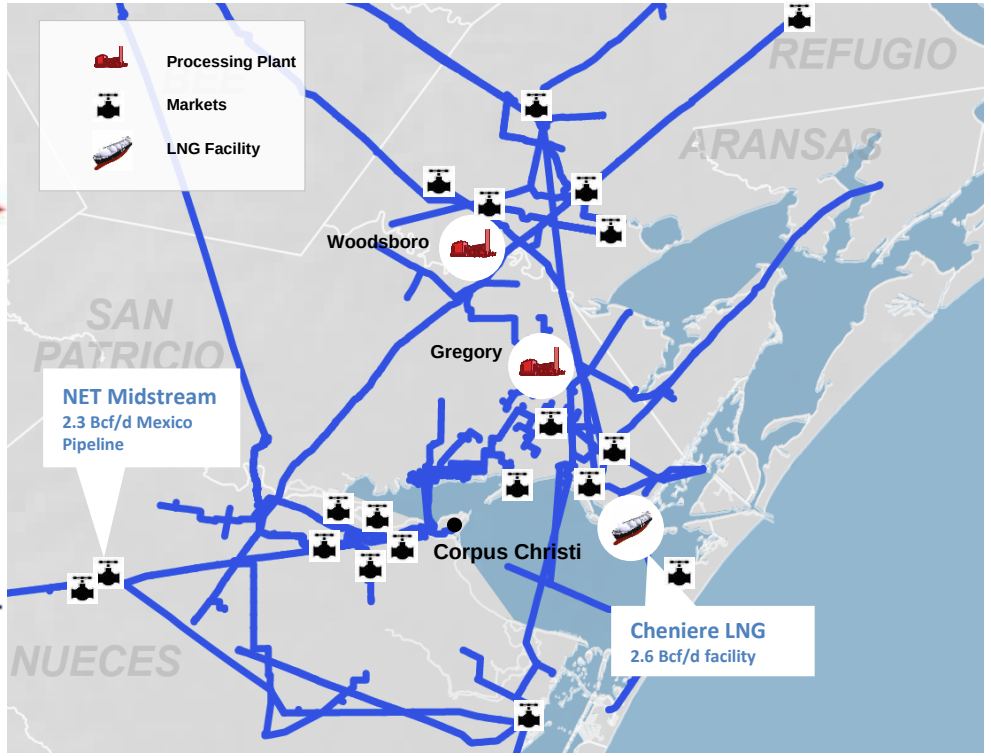
NET Midstream Pipeline to Mexico – November 17, 2014 Press Release

- 120-mile, 42” and 48” natural gas pipeline with 2.3 Bcf/d of initial capacity (expandable to 3.0 Bcf/d) was completed ahead of schedule and is now operational
- Long-term firm gas transportation agreement with MexGas Supply Ltd., a subsidiary of Pemex

Southcross Delivers Gas to Attractive End-use Markets

- System provides interconnects to every interstate pipeline in the region and diverse market outlets; both are an advantage in attracting producer contracts
- Local markets provide incremental downstream margins
- Multiple gas sale outlets including direct connections to industrial and electric generation markets





Multiple NGL Markets in Corpus Christi Area

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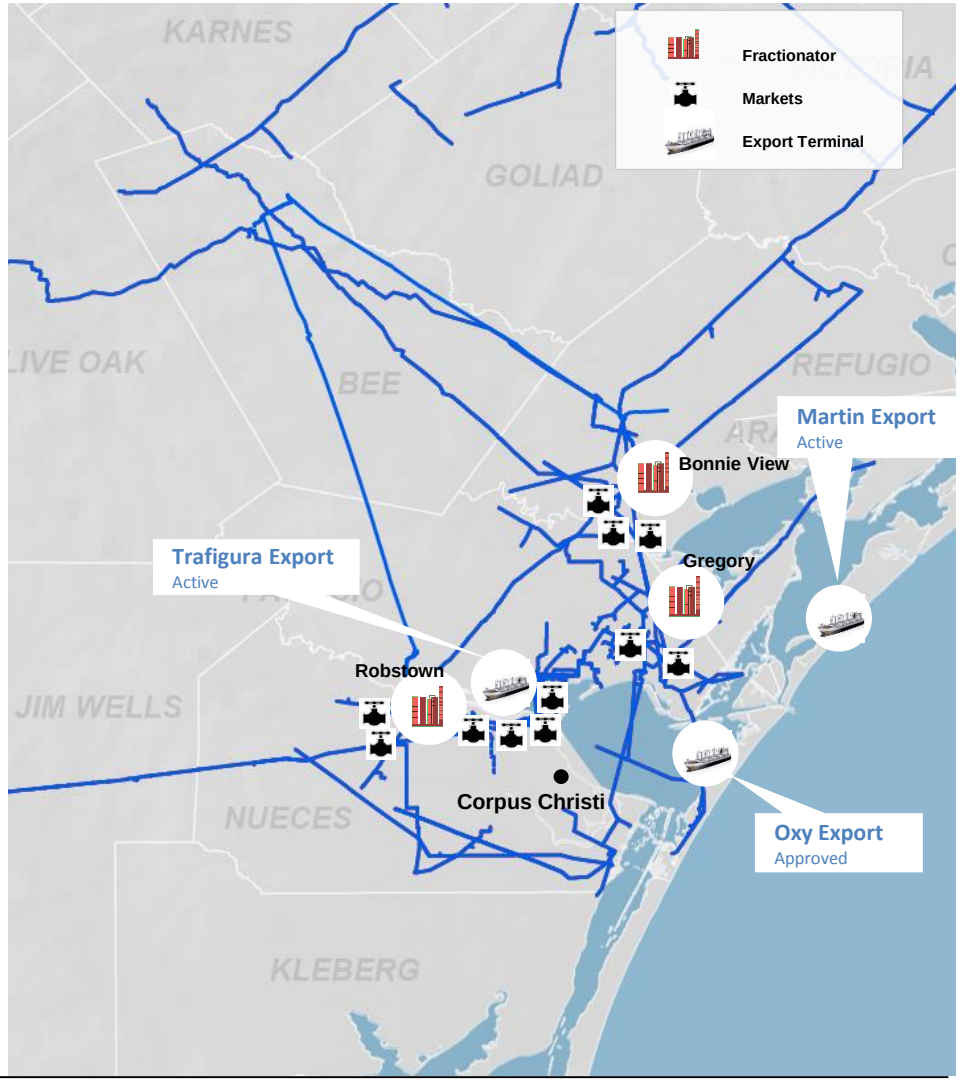
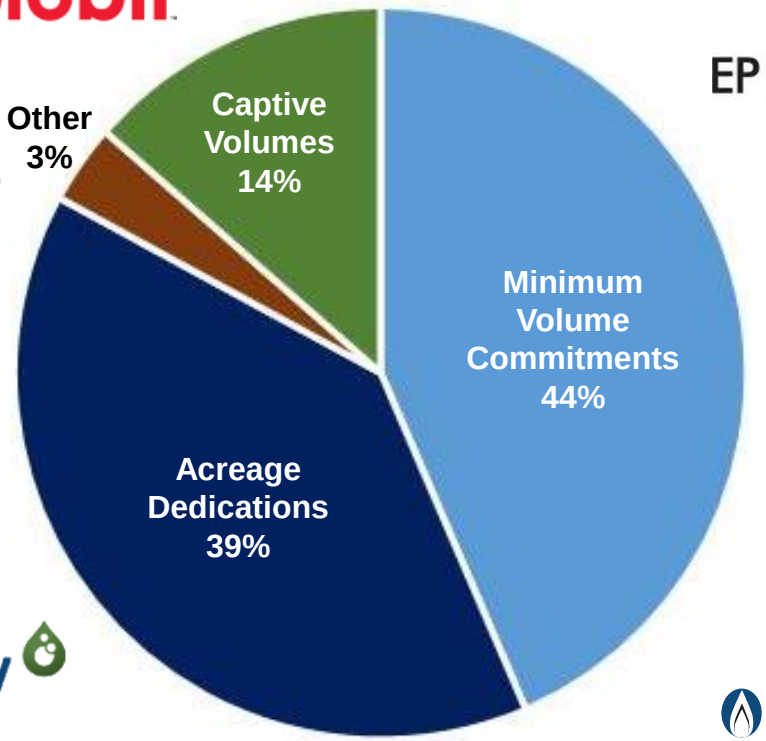
- Advantaged Southcross footprint in expanding Gulf Coast petrochemical infrastructure and NGL markets
- End-use NGL markets provide attractive pricing and market outlets
- New NGL export terminals near Corpus Christi
- Most North American ethane cracking is on the Gulf Coast and is expanding
- Attractive NGL customer base in the Corpus Christi market



Blue Chip Customer and Contract Base

Minimum volume commitments, acreage dedications and captive volumes should provide a solid and growing base of gas supply[1]



(1) Data from processed gas volumes for the Q4 guidance range.

Updates on Recent Key Projects

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Valley Wells System

- 100 MMcf/d sour gas treating facility; treated gas flows into SXE rich gas system
- Dedicated acreage in Dimmit and La Salle counties producing sour gas

Webb Pipeline

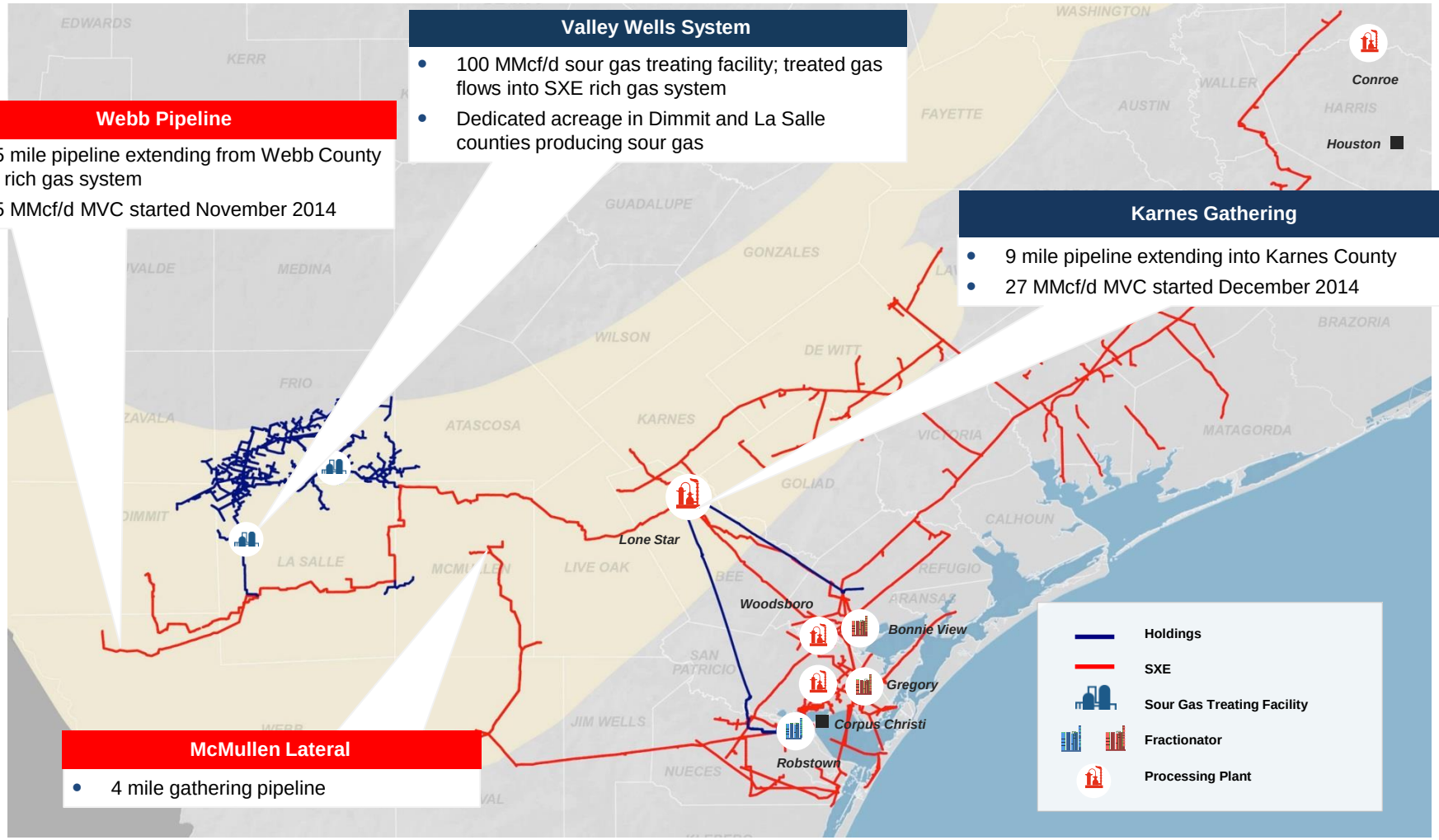
- 45 mile pipeline extending from Webb County to rich gas system
- 35 MMcf/d MVC started November 2014

Karnes Gathering

- 9 mile pipeline extending into Karnes County
- 27 MMcf/d MVC started December 2014

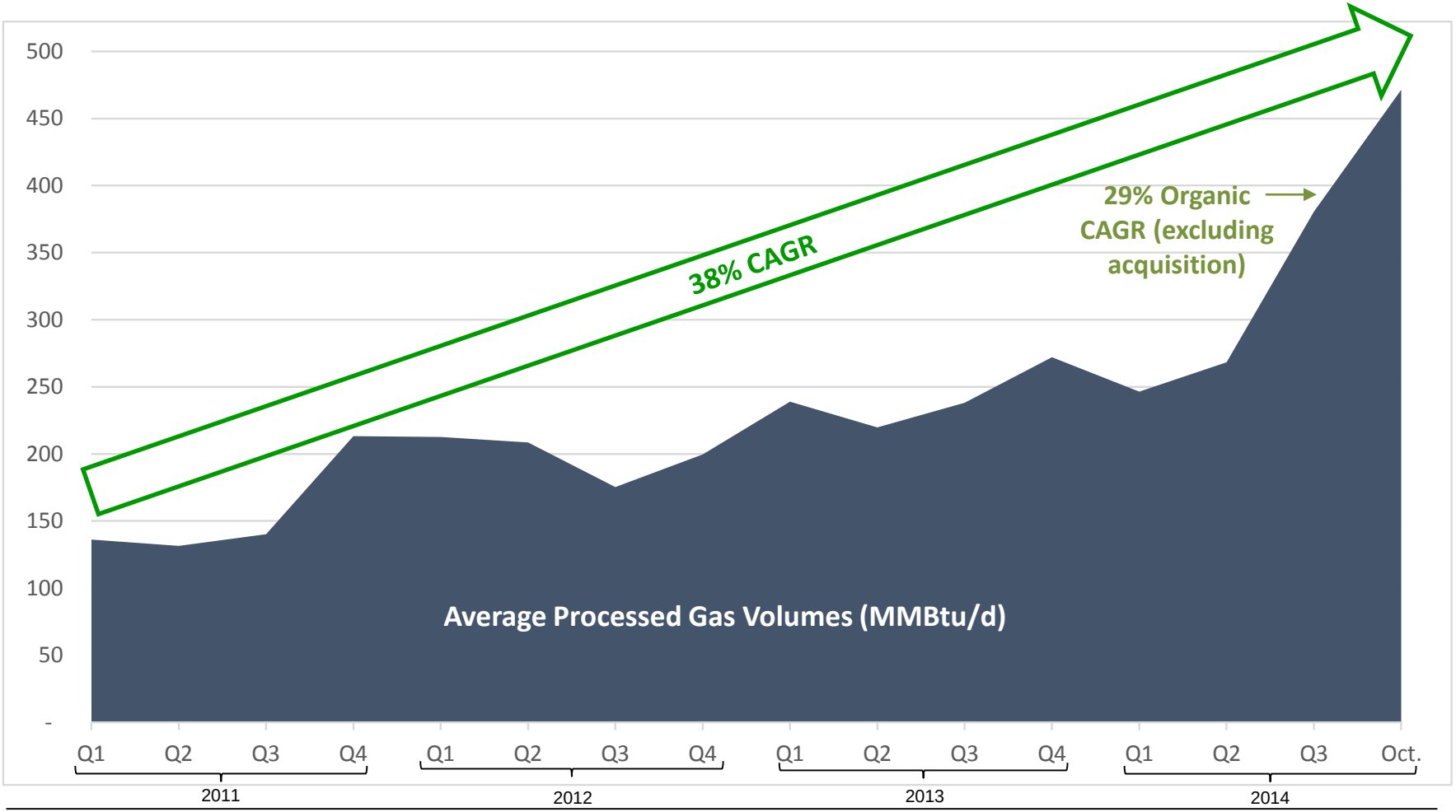
McMullen Lateral

- 4 mile gathering pipeline



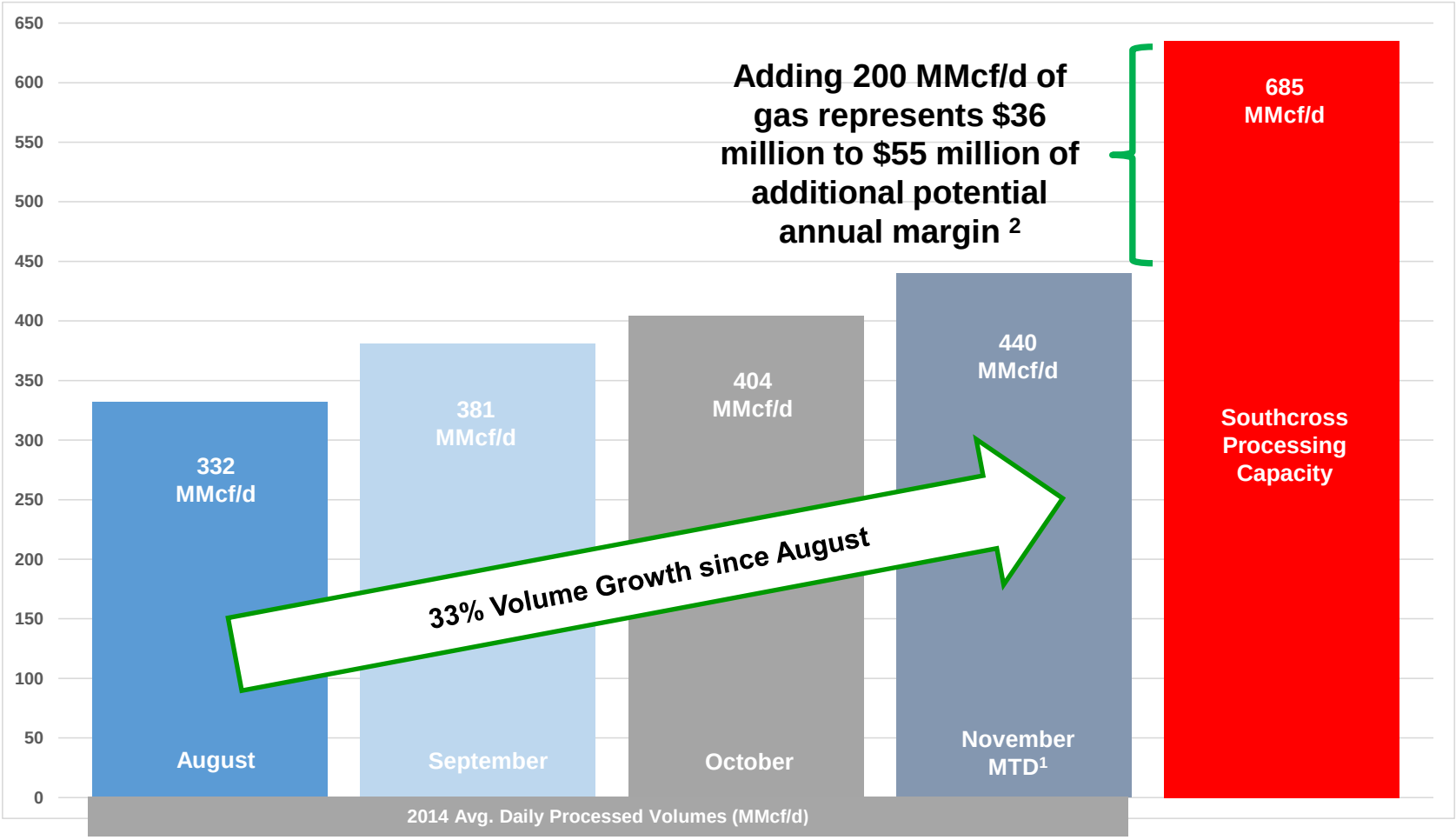
Rapid Growth of Southcross Processed Gas Volumes

38% compound annual growth rate in average daily processed gas volumes since 2011



Significant Growth Achievable From Existing Capacity

Significant available processing capacity presents cash flow growth opportunity



[1] As discussed on the November 7, 2014 SXE earnings call.
[2] At margin of $0.50 to $0.75 per mcf/d.

Drop-Down Inventory

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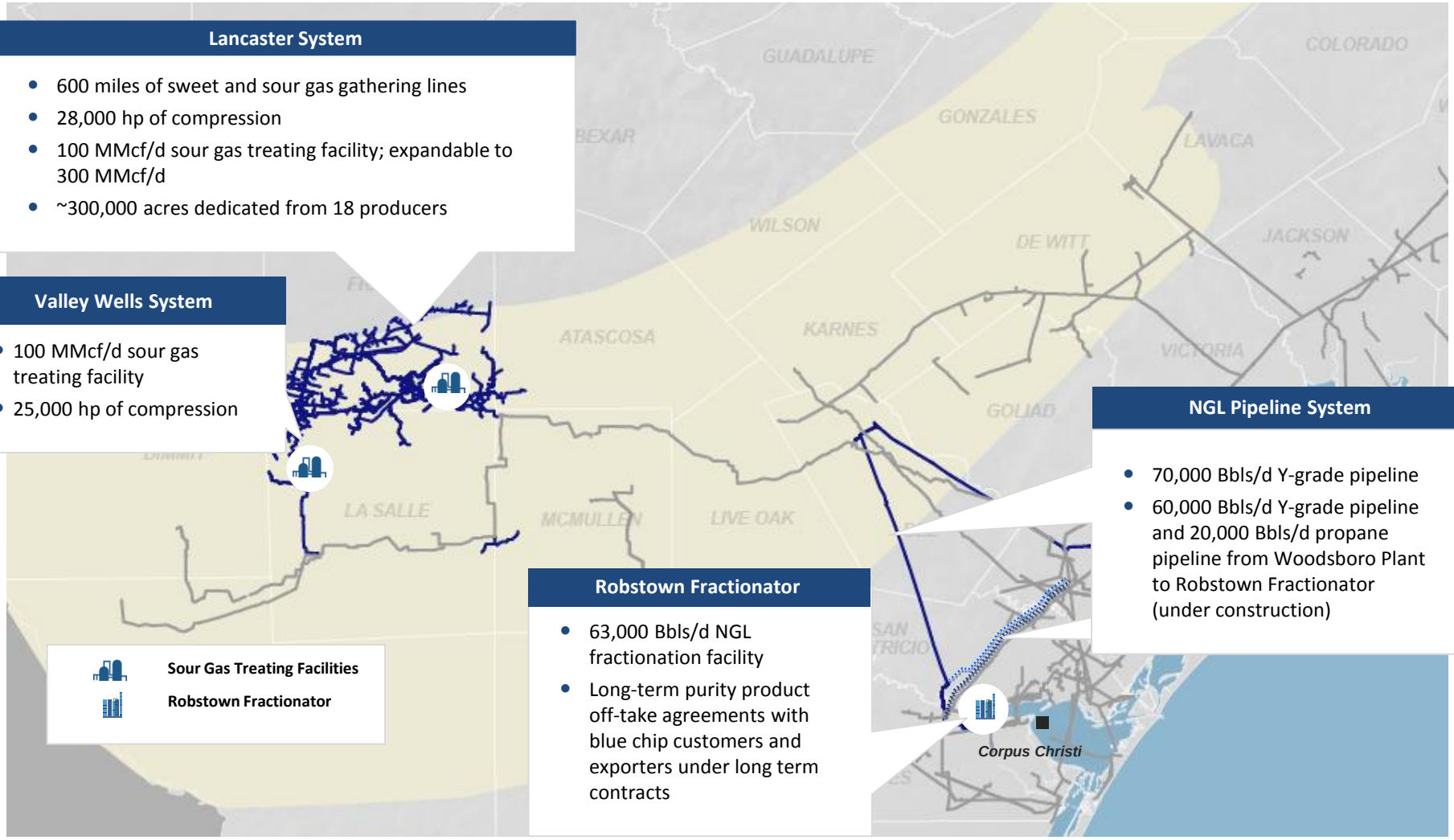

Lancaster System

- 600 miles of sweet and sour gas gathering lines
- 28,000 hp of compression
- 100 MMcf/d sour gas treating facility; expandable to 300 MMcf/d
- ~300,000 acres dedicated from 18 producers

Valley Wells System

- 100 MMcf/d sour gas treating facility
- 25,000 hp of compression

Robstown Fractionator

- 63,000 Bbls/d NGL fractionation facility
- Long-term purity product off-take agreements with blue chip customers and exporters under long term contracts

NGL Pipeline System

- 70,000 Bbls/d Y-grade pipeline
- 60,000 Bbls/d Y-grade pipeline and 20,000 Bbls/d propane pipeline from Woodsboro Plant to Robstown Fractionator (under construction)

Enable Consistent Distribution Growth

- Expected near-term path to 1.0x distribution coverage
  - Recent new minimum volume commitment contracts are expected to add $7 million to $8 million in full quarter Adjusted EBITDA
  - Existing base of strong producer customers is expected to continue to grow production at current commodity price levels

- Existing commitment from Holdings to forgo subordinated unit distributions while coverage is less than 1.0x provides support for common units

- Expect to fill processing plant capacity within 12 to 18 months
  - Potential to start-up new processing plant in 2016

- Supplement organic growth through expected drop-downs

Expect to achieve at least 1.0x coverage of common units in Q1 2015 → **Expect to grow distributions in 2015** → **Expect further growth through filling asset capacity & completing drop-downs**

Southcross Fact Sheet

NYSE Ticker	SXE
Total Units	50.9 million units[1]
Unit Price	$14.30[2]
Market Capitalization	$728 million[2]
Debt at Sept 30, 2014	$458 million
Quarterly Distribution	$0.40 per unit ($1.60 per unit on an annualized basis)
Current Yield	11.2%[2]

[1] Includes 14.9 million Class B convertible units; excludes GP units

[2] As of December 5, 2014

Non-GAAP Financial Measures

We believe that Adjusted EBITDA is a widely accepted financial indicator of our operational performance and our ability to incur and service debt, fund capital expenditures and make distributions.

We define Adjusted EBITDA as net income/loss, plus interest expense, income tax expense, depreciation and amortization expense, equity in losses of joint venture investments, certain non-cash charges (such as non-cash unit-based compensation, impairments, loss on extinguishment of debt and unrealized losses on derivative contracts), major litigation costs net of recoveries, transaction-related costs, revenue deferral adjustment, loss on sale of assets and selected charges that are unusual or non-recurring; less interest income, income tax benefit, unrealized gains on derivative contracts, equity in earnings of joint venture investments and selected gains that are unusual or non-recurring.

Adjusted EBITDA is used as a supplemental measure by our management and by external users of our financial statements, such as investors, commercial banks, research analysts and others, to assess:

- the financial performance of our assets without regard to financing methods, capital structure or historical cost basis;
- the ability of our assets to generate cash sufficient to support our indebtedness and make future cash distributions;
- operating performance and return on capital as compared to those of other companies in the midstream energy sector, without regard to financing or capital structure; and
- the attractiveness of capital projects and acquisitions and the overall rates of return on investment opportunities.

Adjusted EBITDA is not a financial measure presented in accordance with GAAP. We believe that the presentation of this non-GAAP financial measure provides useful information to investors in assessing our financial condition, results of operations and cash flows from operations. Net income/loss is the GAAP measure most directly comparable to Adjusted EBITDA, and a reconciliation of Adjusted EBITDA to net income/loss is included in this presentation. Adjusted EBITDA should not be considered an alternative to net income, operating cash flow or any other measure of financial performance presented in accordance with GAAP. Non-GAAP financial measures have important limitations as an analytical tool because each excludes some but not all items that affect the most directly comparable GAAP financial measure. You should not consider Adjusted EBITDA in isolation or as a substitute for analysis of our results as reported under GAAP. Because Adjusted EBITDA may be defined differently by other companies in our industry, our definition of this non-GAAP financial measure may not be comparable to similarly titled measures of other companies, thereby diminishing its utility.

Reconciliation to Adjusted EBITDA

(Dollars in Thousands)	Three Months Ended,				
	9/30/2013	**12/31/2013**	**3/31/2014**	**6/30/2014**	**9/30/2014**
Reconciliation of net loss to Adjusted EBITDA:					
Net (loss) income	**$ (4,069)**	**$ 674**	**$ (1,289)**	**$ (2,961)**	**$ (24,778)**
Add (deduct):					
Depreciation and amortization expense	9,447	8,590	8,528	8,978	11,629
Interest expense	3,587	3,855	2,973	1,771	4,596
Loss on extinguishment of debt	-	-	-	-	2,316
Unit-based compensation	552	542	529	1,082	609
Income tax (benefit) expense	125	(19)	8	56	69
Unrealized (gain) loss	-	(120)	(32)	175	207
Revenue deferral adjustment	-	-	1,182	444	444
Gain on sale of assets	-	(25)	-	(45)	-
Loss on asset disposal	-	-	4	-	334
Major litigation costs, net of recoveries	-	517	273	630	488
Transaction-related costs	-	-	303	4	10,506
Equity in losses of joint venture investments	-	-	-	-	3,308
Impairment of assets	-	-	-	-	1,556
Other, net	20	24	18	44	-
Adjusted EBITDA	**$ 9,662**	**$ 14,038**	**$ 12,497**	**$ 10,178**	**$ 11,284**