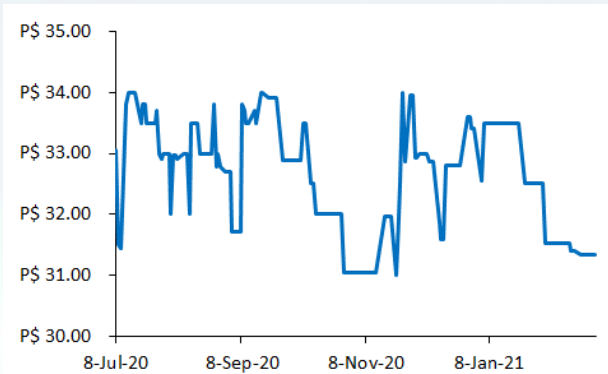


COX Energy America, S.A.B. de C.V. (BIVA: COXA) Confirms 2020-2024 Strategic Plan



RECOMMENDATION	BUY
Target Price (MXN\$)	\$ 65.00
Current Price (MXN\$)	\$ 31.35
Expected Dividend (MXN\$)	\$ 0.00
Potential Return	107.3%
Market Cap (MXN\$ Mn)	5,095
EV/ EBITDA 2020E	n.a.
P/E 2020E	n.a.
P/BV (current)	4.0x

Opinion and Recommendation

COX reported 4Q20 results. The company confirmed that it will continue with its 2020-2024 Strategic Plan, which we believe is excellent news, especially considering recent regulatory changes in Mexico, since this country represents 57% of the company's total project portfolio. For this reason, we reiterate our BUY recommendation with an MXN\$65.00 / share target price.

4Q20 Results

COX confirmed that it will continue with its 2020-2024 Strategic Plan despite the prevailing pandemic situation. The company expects to reach a capacity of 1,400 MWp and carry out divestments of 2,000 MWp at the end of the period. In fact, COX expects a significant acceleration in the execution of the targets listed in its Strategic Plan. It is considering the possibility of growing through acquisitions and the incorporation of new markets in its portfolio.

Strategic priorities for 2021 include the consolidation and acceleration of greenfield projects, the acquisition of COD assets (pre-commercial exploitation) and the rotation of assets of its portfolio. In fact, COX began the construction of the San Javier project in Chile, which will have an installed capacity of 3 MWp and will start operations during 2Q21. It is also considering non-binding proposals to divest certain assets that could materialize during the rest of 2021.

At the beginning of last February, the company announced that it will begin the construction of the Sol de Vallenar photovoltaic project in Chile during the second half of the year. It will have a capacity of 308 MWp and will involve an investment of US\$170 million. This project alone is expected to generate total revenues of around US\$1 billion over its more than 40-year useful life.

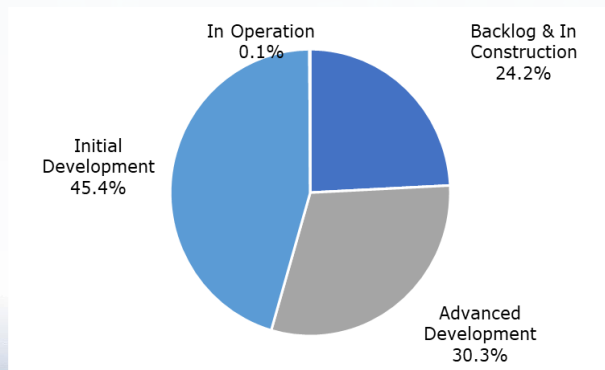
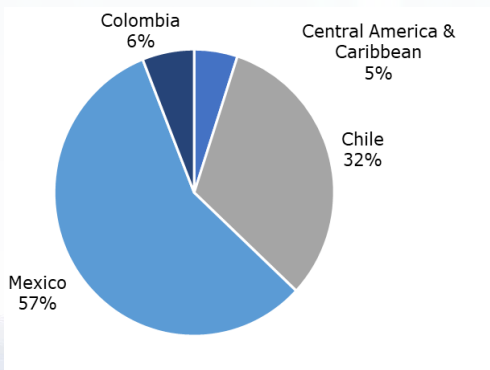
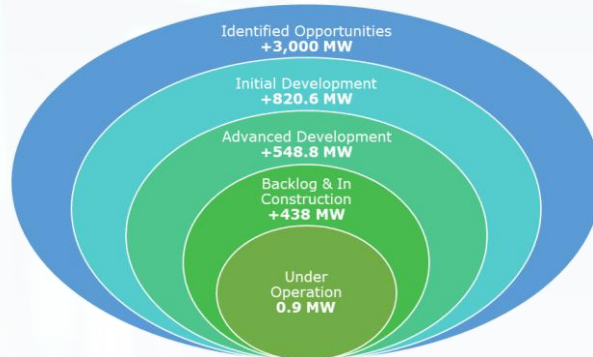
COX closely follows regulatory changes in all the countries where it operates, in particular in Mexico. The company mentioned in its report that it is evaluating the implications of the Mexican Electricity Law reform and that it will communicate to the market when it has sufficient and relevant information.

Last February 23rd, the Mexican Chamber of Deputies approved President AMLO's reform initiative to the Electric Industry Law without changes. It was turned over to the Senate, which will have another 30 days to approve it. This Law will give priority to the CFE in the dispatch of electrical energy through the Mexican Wholesale Market (MEM). Previously, there was a cost based criteria, which favored independent producers. Such reform also includes other aspects such as the revocation of contracts, the Clean Energy Certificates (CELs) and the elimination of electricity auctions.

COX continues in the pre-operating phase in most of its projects which is why it has not recognized revenues from its main generation business. The company recorded revenues of MXN\$1.8 million in 4Q20 and MXN\$15.5 million in 2020, which relate to the representation of energy sales in the Mexican Wholesale Market and distributed generation in Chile. Operating expenses were MXN\$34.0 million in 4Q20 and MXN\$117.7 million in 2020, which led to a negative EBITDA of MXN\$31.9 million and MXN\$101.5 million, respectively. Likewise, the net loss was MXN\$48.6 million in the quarter and MXN\$100.2 million in the year.

Total assets amounted to M\$1,268.7 million at the end of the quarter, which included short-term assets of MXN\$284.8 million and long-term assets of MXN\$1,007.2 million. COX has cash and temporary investments of MXN\$54.9 million and did not present any debt. There are no comparisons of these results since the company carried out a corporate restructuring on April 10, 2020.

Country	Project	MWp	Classification	% Cox	Partner	Attributable to Cox (MWp)	Electricity Sales Strategy	RTB Estimated
Mexico	La Granja Solar (Zacatecas)	300.0	Advanced Development	30	Global Generation Power	90.0	Spot + Supplier Coverage	RTB 2021
	Iscali (Campeche)	300.0	Advanced Development	100		300.0	Spot + Supplier Coverage	RTB 2020
	Atiacmulco (CDMX)	114.0	Advanced Development	100		114.0	Spot + Supplier Coverage	RTB 2021
	Aparse (Sonora)	24.0	Advanced Development	100		24.0	Spot + Supplier Coverage	RTB 2020
	El Pinto Solar (Campeche)	500.0	Initial Development	100		500.0	Spot + Supplier Coverage	RTB 2022
Total Mexico		1,238.0				1,028.0		
Colombia	Pradera	20.0	Initial Development	100		20.0	Spot	RTB 2021
	Granja	10.0	Advanced Development	100		10.0	Spot	RTB 2021
	Quillagua	18.0	Initial Development	100		18.0	Spot	RTB 2022
	Valle	23.0	Initial Development	100		23.0	Spot	RTB 2022
	Cultivo	37.0	Initial Development	100		37.0	Spot	RTB 2022
Total Colombia		108.0				108.0		
Central America & Caribbean	La Huayca 1	30.0	Initial Development	100		30.0	Spot	RTB 2021
	Totoralillo	35.0	Initial Development	100		35.0	Spot	RTB 2022
	Currazal Bajo	28.0	Initial Development	100		28.0	Spot	RTB 2022
Total Central America & Caribbean		93.0				93.0		
Chile	El Sol de Vallenar	308.0	Backlog	100		308.0	PPA Disco 2017	RTB 2020
	Valleland	74.0	Backlog	100		74.0	Spot	RTB 2020
	La Meseta	175.0	Backlog	30	Sonneditx	52.5	PPA Disco 2016	RTB 2020
	Wallmart Piloto (ESCO)	0.210	In Operation	100		0.210	PPA Walmart	COD 2018
	Frusur (ESCO)	0.241	In Construction	100		0.241	PPA Frusur	COD 2021
	Frigorifico San Esteban (ESCO)	0.134	In Construction	100		0.134	PPA San Esteban	COD 2021
	Duoc UC (ESCO)	0.245	Backlog	100		0.245	PPA Duoc	COD 2021
	Frigorifico San Rafael (ESCO)	0.322	In Construction	100		0.322	PPA San Rafael	COD 2021
	MERCK (ESCO)	0.295	Backlog	100		0.295	PPA Merck	COD 2021
	San Javier (PMGD)	3.0	In Construction	100		3.0	Stabilized Price	COD 2021
	San Francisco (PMGD)	10.8	Initial Development	100		10.8	Stabilized Price	RTB 2021
	Bulnes (PMG)	10.8	Initial Development	100		10.8	Stabilized Price	RTB 2021
	Río Maule (PMGD)	10.8	Initial Development	100		10.8	Stabilized Price	RTB 2021
	Thor Solar (PMGD)	10.8	Initial Development	100		10.8	Stabilized Price	RTB 2021
	Utility Nihne	10.8	Initial Development	100		10.8	Stabilized Price	RTB 2021
	Utility Itahne	10.8	Initial Development	100		10.8	Stabilized Price	RTB 2021
	Fénix Solar (PMGD)	10.8	Initial Development	100		10.8	Stabilized Price	RTB 2022
	Arconte Solar (PMGD)	10.8	Initial Development	100		10.8	Stabilized Price	RTB 2022
	El Alamo Solar (PMGD)	10.8	Initial Development	100		10.8	Stabilized Price	RTB 2022
	Temera Solar (PMGD)	10.8	Initial Development	100		10.8	Stabilized Price	RTB 2022
	Licuguay Solar (PMGD)	10.8	Initial Development	100		10.8	Stabilized Price	RTB 2022
	Curepto 1 (PMGD)	10.8	Initial Development	100		10.8	Stabilized Price	RTB 2022
	Balica Solar (PMGD)	10.8	Initial Development	100		10.8	Stabilized Price	RTB 2022
Total Chile		701.8				579.3		
Total Portfolio		2,140.8				1,808.3		



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