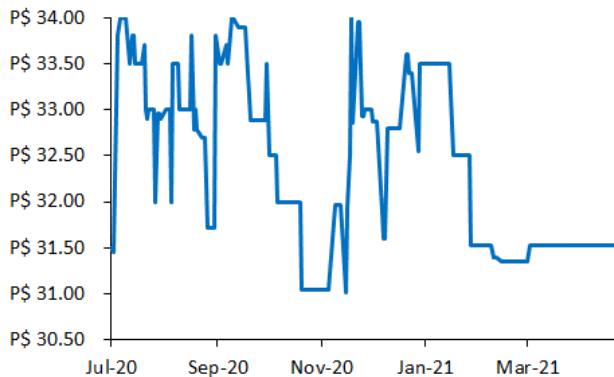


COX Energy America, S.A.B. de C.V. (BIVA: COXA)

1Q21: Takes Adequate Measures to Reach the 2020-2024 Strategic Plan and Diversify the Business Risk



RECOMMENDATION	BUY
Target Price (MXN\$)	\$ 65.00
Current Price (MXN\$)	\$ 31.53
Expected Dividend (MXN\$)	\$ 0.00
Potential Return	106.2%
Market Cap (MXN\$ Mn)	5,154
EV/ EBITDA	n.a.
P/E	n.a.
P/BV (current)	3.0x

Opinion and Recommendation

During the quarter, COX took several important measures, which included the appointment of José Antonio Hurtado as the new General Director, the reorganization of its functional structure in five business areas, and the approval of a MXN\$628 million capital increase. After the end of the quarter, the company announced the acquisition of 40% of Ibox Energy for €95 million (around MXN\$2.53 billion). We believe that these measures are appropriate as that they will help the company to fulfill its 2020-2024 Strategic Plan while diversifying its business risk. For this reason, we reiterate our BUY recommendation.

1Q21 Results

Because COX is still in the pre-operational phase of the projects, it recorded total revenues of MXN\$2.2 million in 1Q21, which relate mainly to the representation and power supply business in Mexico and the generation business in Chile. This figure compares to the MXN\$5.8 million in revenues for the same period of the previous year that included revenues from corporate services. The subsidiary COX Suministrador is expected to start billing the first MWh during the rest of 2021.

Operating costs and expenses reached MXN\$30.1 million, from MXN\$6.5 million, due to the company's increased activity in its different projects. This resulted in a MXN\$30.0 million operating loss in the current quarter, from a MXN\$0.7 million operating loss in the same period of the previous year. The financing result was a MXN\$28.5 million charge due to FX losses. The company closed the quarter with a MXN\$56.7 million net loss, higher than the MXN\$1.6 million net loss in 1Q20.

Financial Structure

The financial structure included MXN\$32.6 million in cash and temporary investments and no debt. Total assets amounted to MXN\$1.8 billion. This compares with cash and temporary investments of MXN\$54.9 million and total assets of MXN\$1.8 billion at the end of the previous year.

Capital Increase

On March 22, COX's shareholders approved a MXN\$628 million capital increase which includes the issuance of 18.5 million shares at a price of MXN\$34.0 each, of which 17.9 million are treasury shares and the rest are new shares to be subscribed. We believe that this issuance will help COX obtain a significant amount of resources to continue developing its projects. This transaction is still pending approval by the supervisor. The company can issue up to 4 million shares under the conditions that the administration so determines, without approval from the Shareholders' Meeting. In March, the company subscribed 916,408 shares amounting to MXN\$31.2 million.

Portfolio of Projects

After the end of the quarter, COX announced the acquisition of 40% of IBOX Energy for €95 million in order to diversify markets, currencies and regulatory risks. This company has operations in Spain and other countries of the European Union, such as Italy and Portugal. It has more than 4,000 MWp under development, of which more than 1,000 MWp are backed by long-term power purchase agreements (PPA's).

Martin Lara
+5255-6413-8563
martin.lara@miranda-gr.com

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Directorio

Jorge Gordillo Arias

Director de Análisis Económico y Bursátil
jgordillo@cibanco.com
(55) 1103 1103 Ext. 5693

James Salazar Salinas

Subdirector de Análisis Económico
jasalazar@cibanco.com
(55) 1103-1103 Ext. 5699

A Benjamín Álvarez Juárez

Analista Bursátil Sr.
aalvarez@cibolsa.com
(55) 1103-1103 Ext. 5620

Jesús Antonio Díaz Garduño

Analista Económico
jdiaz@cibanco.com
(55) 1103-1103 Ext. 5609

Omar Contreras Paulino

Analista Bursátil Jr.
ocontreras@cibanco.com
(55) 1103-1103 Ext. 5607

Dirección de Análisis Económico y Bursátil

Paseo de las Palmas N° 215, Piso 2, Col. Lomas de Chapultepec, C.P.
11000 CDMX
www.cibanco.com

