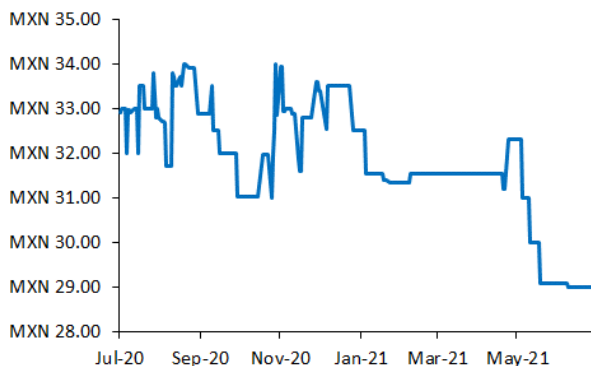


COX Energy America, S.A.B. de C.V. (BIVA: COXA)

2Q21 Results: Portfolio Increases 8% in the Quarter



RECOMMENDATION	BUY
Target Price (MXN\$)	\$ 72.00
Current Price (MXN\$)	\$ 29.00
Expected Dividend (MXN\$)	\$ 0.00
Potential Return	148.3%
Market Cap (MXN\$ Mn)	4,740
EV/ EBITDA	n.a.
P/E	n.a.
P/BV (current)	2.7x

Opinion and Recommendation

COX's portfolio continued to grow as it now includes 43 projects with a total attributable capacity of 2.17GWp. This represented a 156 MWp growth (+ 7.7%) in attributable capacity, compared to 1Q21.

After having included the new projects in our forecasting model, we are slightly adjusting our target price to MXN\$72.0/share, from MXN\$69.00/share. We continue with a BUY recommendation due to COX's excellent outlook. In our model we assume that the share subscription underway is successful.

Portfolio

COX Energy America's portfolio includes 43 projects with an attributable capacity of 2.17GW. The main changes compared to the previous quarter were as follows:

- The company added the Portezuelo “greenfield” project in Chile, with an estimated capacity of 170 MWp which includes battery storage.
- Signed agreements for the acquisition of RTB projects in Panama with an estimated capacity of 25MWp, which will begin construction in 2022.
- The company is negotiating the acquisition of a project in an advanced stage of development in the Dominican Republic with an estimated capacity of 162 MWp. This project includes long-term energy contracts that will start operating in the second half of 2023.
- As previously announced, COX reached an agreement to acquire 40% of the Spanish company Ibox Energy, which has an attributable capacity of 4GWp. This transaction is expected to close in September.
- Additionally, Sonnedix Cox Energy Chile Spa, a joint venture between Cox Energy America and Sonnedix Chile Holding Spa, obtained financing amounting to US\$120 million for the construction of the “Sonnedix Meseta de los Andes” project with a capacity of 160 MWp.

2Q21 Results

COX is still in the pre-operating stage. The company recorded revenues of MXN\$2.3 million mainly from the management and commercialization of energy in the Wholesale Electricity Market (MEM) and, to a lesser extent, from energy supply services in Chile under the ESCO-Self-consumption model. This figure compares with MXN\$1.3 million in 2Q20.

Operating expenses were MXN\$30.3 million in the quarter, down 15.8% YoY. This resulted in a negative MXN\$28.0 million EBITDA, lower than the negative MXN\$34.7 million EBITDA from the previous year.

The comprehensive financing cost was MXN\$8.5 million, below last year's MXN\$13.5 million charge, mainly due to a reduction in the FX loss.

COX recorded a MXN\$25.0 profit under the participation in the results of associates compared to a minimum amount. For this reason, 2Q21 net profits decreased to MXN\$13.6 million, from a MXN\$49.1 million net loss in 2Q20.

Total assets amounted to MXN\$1.8 billion, while total liabilities were only MXN\$76.9 million. Cash, equivalents and short-term investments totaled MXN\$24.0 million. The company is carrying out a MXN\$629 million share subscription offer, which we expect to be successful.

Communications

COX Energy America created the Vice-Presidency for Investor Relations, which will be headed by Enrique González Casillas, who has more than 12 years of experience in public companies. In addition, Christian Gastelum Rodríguez will be the Director of Financial Information and Markets.

ASG

COX will define its ESG strategy at the end of the year. The company is working on a global system of environmental and social administration in accordance with Convention 169 of the International Labor Organization, which seeks to protect the earth.

Valuation of Generation Projects

	Mexico	Chile	Colombia	C.A.	Sum
Price per MW	70	50	70	57	
Annual Increase in Energy Prices	3.00%	2.00%	2.00%	2.00%	
Unlevered Beta	0.56	0.56	0.56	0.56	
Re-Levered Beta	1.47	1.51	1.43	1.54	
Risk-Free Rate	6.67%	4.19%	7.04%	2.85%	
Tax Rate	30.0%	27.0%	33.0%	25.0%	
Debt / Equity	2.33	2.33	2.33	2.33	
Market Risk Premium	6.38%	5.89%	7.08%	6.77%	
Cost of Equity	16.1%	13.1%	17.2%	13.3%	
Average Cost of Debt	8.0%	5.5%	8.3%	4.1%	
WACC	10.4%	7.8%	11.0%	6.9%	
PV	\$16.37	\$9.57	\$3.86	\$19.09	\$48.89

Asset Rotation

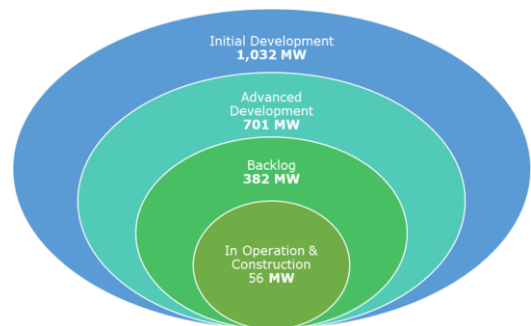
USD Mn	Country	Capacity	% atributable to COX	MWp atributable to COX	Potential Sale Date	Capex per MW (USD Mn)	Project Status	% of Total Capex	Sales Price per Mw (USD Mn)
Ibox	Europe	650	40%	260	2021	0.65	COD / RTB	30%	1.25
La Meseta	Chile	160	30%	48	2022	0.65	COD	70%	1.50
El Sol de Vallendar	Chile	308	100%	308	2022	0.65	RTB	20%	1.00
La Granja Solar (Zacatecas)	Mexico	336	30%	101	2022	0.65	RTB	20%	1.00
Iscali (Campeche)	Mexico	300	100%	300	2022	0.65	COD	70%	1.50
Valleland	Chile	74	100%	74	2023	0.65	RTB	20%	1.00
El Pinto Solar (Campeche)	Mexico	100	100%	100	2024	0.65	COD	70%	1.50

USD Mn	% to be Sold	Total Amount COX	Total Investment COX	Pre-Tax Profit	Tax Rate	After-Tax Profit	Discount Rate	PV (USD Mn)	PV (MXN\$ Mn)
Ibox	100%	325.0	115.9	209.1	25.0%	156.8	3.8%	151.1	3,021.7
La Meseta	50%	36.0	10.9	25.1	27.0%	18.3	13.1%	16.2	323.8
El Sol de Vallendar	50%	154.0	20.0	134.0	27.0%	97.8	13.1%	86.5	1,729.6
La Granja Solar (Zacatecas)	50%	50.5	6.6	43.9	30.0%	30.7	16.1%	26.5	529.5
Iscali (Campeche)	50%	225.0	68.3	156.8	30.0%	109.7	16.1%	94.5	1,890.7
Valleland	50%	37.0	4.8	32.2	27.0%	23.5	13.1%	18.4	367.4
El Pinto Solar (Campeche)	50%	75.0	22.8	52.3	30.0%	36.6	16.1%	23.4	467.8
Total Amount (USD Mn)									8,330.3
Price per Share (MXN\$)									46.0

Sum-of-The-Parts

(Per Share Figures)

Generation	
Mexico	\$16.37
Chile	\$9.57
Colombia	\$3.86
Panama	\$19.09
40% of Ibox	\$12.98
Total Generation	\$61.87
Asset Rotation	\$46.02
Total Valuation	\$107.90
Deuda Neta	\$3.27
Discount	31%
Target Price	\$72.00
Current Price	\$31.00
Potential Return	132.3%



Country	Project	MWp	Classification	% Cox	Partner	Attributable to COX (MWp)	Electricity Sales Strategy	RTB Estimado
Mexico	La Granja Solar	314.0	Advanced Development	20	GPG	62.8	Spot + Coverage	RTB 2022
	Iscali	300.0	Advanced Development	100		300.0	Spot + Coverage	RTB 2021
	Atlacomulco	114.0	Advanced Development	100		114.0	Spot + Coverage	RTB 2022
	Aparse	28.0	Advanced Development	100		28.0	Spot + Coverage	RTB 2022
	El Pinto Solar	100.0	Initial Development	100		100.0	Spot + Coverage	RTB 2023
	Peralta	60.0	Initial Development	100		60.0	Spot + Coverage	RTB 2023
	Xalapa (Veracruz)	70.0	Initial Development	100		70.0	Spot + Coverage	RTB 2023
	Apatzingan	12.0	Initial Development	100		12.0	Spot + Coverage	RTB 2023
Total México		998.0				746.8		
Colombia	Pitalito	12.0	Initial Development	100		12.0	Spot	RTB 2021
	Paicol	12.0	Initial Development	100		12.0	Spot	RTB 2021
	Nuevo Principio	12.0	Initial Development	100		12.0	Spot	RTB 2022
	Corinto	50.0	Initial Development	100		50.0	Spot	RTB 2022
	San Coveñas	100.0	Initial Development	100		100.0	Spot	RTB 2022
		20.0	Initial Development	100		20.0	Spot	RTB 2022
Total Colombia		206.0				206.0		
Central America & Caribbean	Capira Solar	12.0	Initial Development	100		12.0	Spot & PPA	RTB 2022
	Parita Solar	26.0	Initial Development	100		26.0	Spot & PPA	RTB 2022
	Sona Solar	12.0	Initial Development	100		12.0	Spot & PPA	RTB 2022
	Chame Solar	25.0	Initial Development	100		25.0	Spot & PPA	RTB 2022
	Rio Grande Solar	23.0	Initial Development	100		23.0	Spot & PPA	RTB 2022
	Cotoperi	162.0	Advanced Development	100		162.0	Target Price	RTB 2022
	Santa Rosa Solar	50.0	Initial Development	100		50.0	Target Price	RTB 2022
	San Antonio	80.0	Initial Development	100		80.0	Target Price	RTB 2022
Jutiapa	120.0	Initial Development	100		120.0	Target Price	RTB 2022	
Total C. America & Caribbean		510.0				510.0		
Chile	El Sol de Vallenar	308.0	Backlog	100		308.0	PPA Disco 2017	RTB 2021
	Valleland	74.0	Backlog	100		74.0	Spot	RTB 2021
	La Meseta	175.0	In Construction	30	Sonnex	52.5	PPA Disco 2016 & 2017	RTB 2021
	Walmart Piloto (ESCO)	0.2	In Operation	100		0.2	PPA	In operation
	Frigorifico San Rafael (ESCO)	0.32	Stand by	100		0.320	PPA	RTB 2021
	Goodyear (ESCO)	2.50	Advanced Development	100		2.500	Target Price	RTB 2021
	Duracasse Industrial	0.5	Advanced Development	100		0.500	Target Price	RTB 2021
	Universidad Austral (ESCO)	0.25	Backlog	100		0.250	PPA	COD 2021
	San Javier (PMGD)	3.0	Under Construction	100		3.0	Stabilized Price	COD 2021
	San Francisco (PMGD)	11.0	Advanced Development	100		11.0	Stabilized Price	RTB 2022
	Machali	11.0	Advanced Development	100		11.0	Stabilized Price	RTB 2022
	Rio Maule (PMGD)	11.0	Advanced Development	100		11.0	Stabilized Price	RTB 2022
	Montenegro (PMGD)	11.0	Initial Development	100		11.0	Stabilized Price	RTB 2022
	El Guindal (PMGD)	11.0	Initial Development	100		11.0	Stabilized Price	RTB 2022
	Santa Elvira (PMGD)	11.0	Initial Development	100		11.000	Stabilized Price	RTB 2022
	La Cumbre (PMGD)	3.0	Initial Development	100		3.000	Stabilized Price	RTB 2023
	Mocha (PMGD)	8.0	Initial Development	100		8.000	Stabilized Price	RTB 2023
	Callejon (PMGD)	11.0	Initial Development	100		11.000	Stabilized Price	RTB 2023
	Siete Puntos (PMGD)	11.0	Initial Development	100		11.0	Stabilized Price	RTB 2023
Utility Portezuelo + Storage	170.0	Initial Development	100		170.0	Stabilized Price	RTB 2022	
Total Chile		832.8				710.3		
Total Portafolio		2,546.8				2,173.1		

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