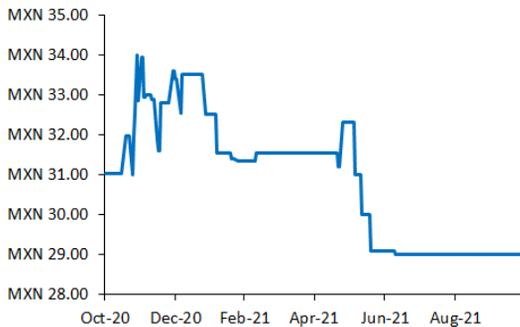


COX Energy America, S.A.B. de C.V. (BIVA: COXA)

3Q21 Results: Adjusts Portfolio by 9% in the Quarter



RECOMMENDATION	BUY
Target Price (MXN\$)	\$ 60.00
Current Price (MXN\$)	\$ 29.00
Expected Dividend (MXN\$)	\$ 0.00
Potential Return	106.9%
Market Cap (MXN\$ Mn)	4,787
EV/ EBITDA	n.a.
P/E	n.a.
P/BV (current)	2.8x

Opinion and Recommendation

COX adjusted its portfolio's attributable capacity 9% QoQ in 3Q21, to reflect the greater feasibility of the different projects. However, its portfolio capacity remains 10% above previous year's levels.

We are lowering our target price to MXN\$60.0/share, from MXN\$72.00/share after having included 3Q21 results in our projections model, higher interest rates and a more complex environment in the region. We continue with a BUY recommendation, which is subject to a successful completion of the capital increase, with which the company will be able to continue with its growth plan.

On the other hand, COX announced that it plans to list its shares on the "BME Growth" Spanish stock market, which we believe will help improve the liquidity of its shares.

Portfolio

COX adjusted its portfolio in order to reflect the greater feasibility of the projects in the different stages of development. It now has 30 projects with an attributable capacity of 1.98GWp, compared to 43 projects, with an attributable capacity of 2.17GWp in 2Q21, which implies a 9% QoQ reduction. However, it remains 10% above 3Q20.

The main changes were as follows: in Mexico, the Pinto Solar (100 MWp), Aparse (28 MWp) and Xalapa (70 MWp) projects were eliminated. In Chile, Valleland (74 MWp) and other minor projects were cancelled and the capacity of the Portezuelo + Storage Utility was reduced (from 170 MWp to 154 MWp). In Colombia, all existing projects (206 MWp) were replaced by those on the Atlantic Coast (360 MWp). In Central America, Chame Solar (25 MWp) and Cotoperri (162 MWp) were eliminated and the capacity of Sona Solar (26 MWp to 12 MWp) was adjusted. As a result, the current portfolio has an exposure of 50% to South America, 34% to North America and 16% to Central America, which means that it remains well diversified geographically.

COX signed a power purchase contract with a power distribution company in Colombia. Through this agreement, the companies will be able to develop renewable energy projects in the Atlantic Coast area that are in the initial development stage.

The company is waiting for regulatory approval to carry out the acquisition of 40% of Ibox Energy. It will finance this acquisition through the sale of certain Ibox Energy's assets, after having incorporated this company.

Capital Increase / Share Liquidity

COX is in the third subscription round of 18.5 million shares at a price of MXN\$34.0 each, for a total amount of MXN\$628 million, which could end in March of next year. So far, we estimate that the company has raised around 15% of the total amount in these three rounds. COX expects to complete this capital increase and have sufficient funds to carry out pending projects.

The company called an extraordinary meeting for next November 16th in which its shareholders will approve the listing of its shares in the “BME growth” Spanish stock market. We believe that this measure will help increase the shares liquidity. In addition, the company is considering implementing a buyback reserve in the future.

3Q21 Results

COX remains in the pre-operating phase. The company posted revenues of MXN\$7.3 million in 3Q21, compared to MXN\$1.4 million in 3Q20. This improvement was mainly due to a greater number of clients in the energy commercialization business through Nexus Suministradora. The company mentioned in its press release that it closed a large number of contracts that will boost this business’ revenues, once these projects begin. Operating costs were MXN\$33.4 million in 3Q21, from MXN\$20.6 million the previous year. EBITDA was positive by MXN\$13.0 million due to MXN\$37 million in accounting reclassifications. Excluding such reclassifications, EBITDA would have remained negative by MXN\$24 million, in line with previous quarters. The company registered a MXN\$8.1 million net loss, from a MXN\$16.0 million net loss in 3Q20. Cash was MXN\$25.5 million, from MXN\$24.0 million in 2Q21 and MXN\$54.9 million in 3Q20. The company did not have any debt.

Valuation of Generation Projects

	Mexico	Chile	Colombia	C.A.	Total
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	7.53%	6.26%	8.04%	3.70%	
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	16.9%	15.2%	18.2%	14.1%	
Average Cost of Debt	8.8%	7.5%	9.3%	5.0%	
WACC	11.2%	9.8%	12.0%	7.7%	
PV	\$7.55	\$5.20	\$8.85	\$17.02	\$38.62

Asset Rotation

USD Mn	Country	Capacity	% attributable to COX	MWp attributable 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	2022	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
Iscali (Campeche)	Mexico	300	100%	300	2023	0.65	COD	70%	1.50
La Granja Solar (Zacatecas)	Mexico	336	20%	67	2024	0.65	RTB	20%	1.00

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	3,100.2
La Meseta	50%	36.0	10.9	25.1	27.0%	18.3	15.2%	15.9	326.2
El Sol de Vallendar	50%	154.0	20.0	134.0	27.0%	97.8	15.2%	84.9	1,742.6
Iscali (Campeche)	50%	225.0	68.3	156.8	30.0%	109.7	16.9%	80.3	1,646.8
La Granja Solar (Zacatecas)	50%	33.6	4.4	29.3	30.0%	20.5	16.9%	12.8	262.9
Total Amount (USD Mn)									7,078.8
Price per Share (MXN\$)									39.1

Sum-of-The-Parts

(Per Share Figures)

Generation	
Mexico	\$7.55
Chile	\$5.20
Colombia	\$8.85
Panama	\$17.02
40% of Ibox	\$12.98
Total Generation	\$51.60
Asset Rotation	
Total Valuation	\$90.70
Net Debt	\$3.59
Discount	31%
Target Price	\$60.00
Current Price	\$29.00
Potential Return	106.9%

Country	Project	MWp	Classification	% Cox	Partner	Attributable to Cox (MWp)	Electricity Sales Strategy	RTB Estimated
Mexico	La Granja Solar	314.0	Advanced Development	20	GPG	62.8	Spot + Coverage	RTB 2023
	Iscali	300.0	Advanced Development	100		300.0	Spot + Coverage	RTB 2022
	Atzacmulco	113.4	Advanced Development	100		113.4	Spot + Coverage	RTB 2022
	KM 110	126.0	Initial Development	100		126.0	Spot + Coverage	RTB 2022
	Peralta	60.0	Initial Development	100		60.0	Spot + Coverage	RTB 2023
	Apatzingan	12.0	Initial Development	100		12.0	Spot + Coverage	RTB 2023
	Total Mexico	925.4				674.2		
	Atlantic Coast Projects	390.0	Initial Development	100		390.0	Private PPA	RTB 2022
	Total Colombia	390.0				390.0		
Central America	Capira Solar	12.0	Initial Development	100		12.0	Spot & PPA	RTB 2022
	Parita Solar	12.0	Initial Development	100		12.0	Spot & PPA	RTB 2022
	Sona Solar	12.0		100		12.0	Spot & PPA	RTB 2022
	Rio Grande Solar	23.0		100		23.0	Spot & PPA	RTB 2022
	Santa Rosa Solar	50.0		100		50.0	Target Price	RTB 2022
	San Antonio	80.0		100		80.0	Target Price	RTB 2022
	Jutiapa	120.0	Initial Development	100		120.0	Target Price	RTB 2022
	Total C. America & Caribbean	309.0				309.0		
Chile	El Sol de Vallenar	308.0	Backlog	100		308.0	PPA Disco 2017	RTB 2021
	Utility Portezuelo + Storage	154.0	Initial Development	100		154.0	Stabilized Price	RTB 2023
	La Meseta	160.0	Advanced Development	30	Sonnedix	48.0	PPA Disco 2016 & 2017	COD 2022
	Walmart Piloto (ESCO)	0.210	In Operation	100		0.210	Private PPA	COD 2018
	Goodyear (ESCO)	3	In Construction	100		3	Target Price	RTB 2021
	San Javier (PMGD)	3.0	In Construction	100		3.0	Stabilized Price	COD 2022
	San Francisco (PMGD)	7.0	Advanced Development	100		7.0	Stabilized Price	RTB 2022
	Machali (PMGD)	11.0	Advanced Development	100		11.0	Stabilized Price	RTB 2022
	Río 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)	10.0	Initial Development	100		10.0	Stabilized Price	RTB 2022
	Santa Elvira (PMGD)	11.0	Initial Development	100		11.0	Stabilized Price	RTB 2022
	La Cumbre (PMGD)	3.0	Initial Development	100		3.0	Stabilized Price	RTB 2023
	Mocha (PMGD)	8.0	Initial Development	100		8.0	Stabilized Price	RTB 2023
	Callejón (PMGD)	11.0	Initial Development	100		11.0	Stabilized Price	RTB 2023
Siete Puntos (PMGD)	11.0	Initial Development	100		11.0	Stabilized Price	RTB 2023	
	Total Chile	722.2				610.2		
	Total Portafolio	2,346.6				1,983.4		

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

Disclaimer

The current report was prepared by Miranda Global Research ("Miranda GR") for CI Casa de Bolsa, S.A. de C.V. The information is presented in summarized form and is not meant to be complete. There are no declarations or guarantees, expressed or implicit, in respect to the accuracy, impartiality or integrity of the information.

Miranda GR, in accordance to applicable legislation, has made sure that the presented personalized recommendation is reasonable to the client, as it has verified congruency between the client's profile and the profile of the financial product. Under no circumstance should it be understood that the fulfillment of the previously mentioned recommendation, guarantees the result or the success of the proposed strategies in the presented document.

The information included in this presentation was obtained from public and/or private sources. Projections or previsions included in this presentation, are a generalized recommendation and are based on subjective assumptions and estimations about events and circumstances that have not yet happened and are subjected to significant variations. Therefore, it is not possible to guarantee that any of the results included in the current report will happen in the future, in other words, it does not guarantee the result or the success of the posed strategies.

This report has been prepared solely with informational purposes. No declarations are made in respects to precision, sufficiency, veracity or accuracy of the information and opinions hereby included. Miranda GR will not answer (either because of negligence or for any other reason) for any damage or detriment derived or related to the use of this report or its content, or any connection to the report. Miranda GR is not responsible for the use or association with this report, including but not limited to, any declaration, expressed or implicit or guarantees or omissions included in this information.

This report is based on facts and/or events that have happened up to this date, consequently any future facts and/or events can impair the conclusions hereby expressed. Miranda GR does not assume any responsibility to update, review, rectify or invalidate this report based on any future occurrence.

The opinions related to this report eventually expressed by Miranda GR, should be considered only as suggestions/recommendations to better operate various topics related to the presentation.

This report and its contents are property of Miranda GR and cannot be reproduced or broadcast in part or in its entirety without the previous written consent of Miranda GR.

Miranda Global Research receives fees from COX Energy America, S.A.B. de C.V. for independent analyst services.