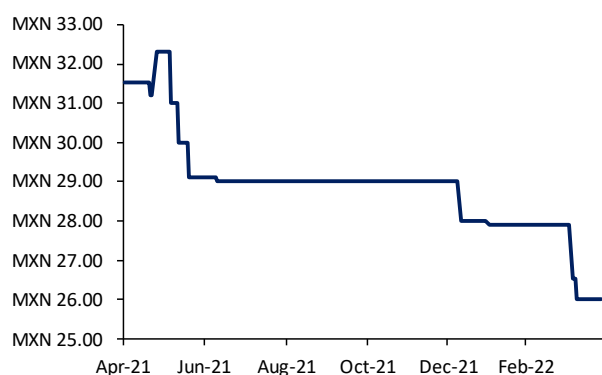


COX Energy América, S.A.B. de C.V. (BIVA: COX A)

Energy commercialization revenues increase in a significant way; portfolio remained unchanged



RECOMMENDATION	BUY
Target Price (MXN\$)	\$ 53.00
Current Price (MXN\$)	\$ 26.00
Expected Dividend (MXN\$)	\$ 0.00
Potential Return	103.8%
Market Cap (MXN\$ Mn)	4,288
EV/ EBITDA	n.a.
P/E	n.a.
P/BV (current)	3.1x

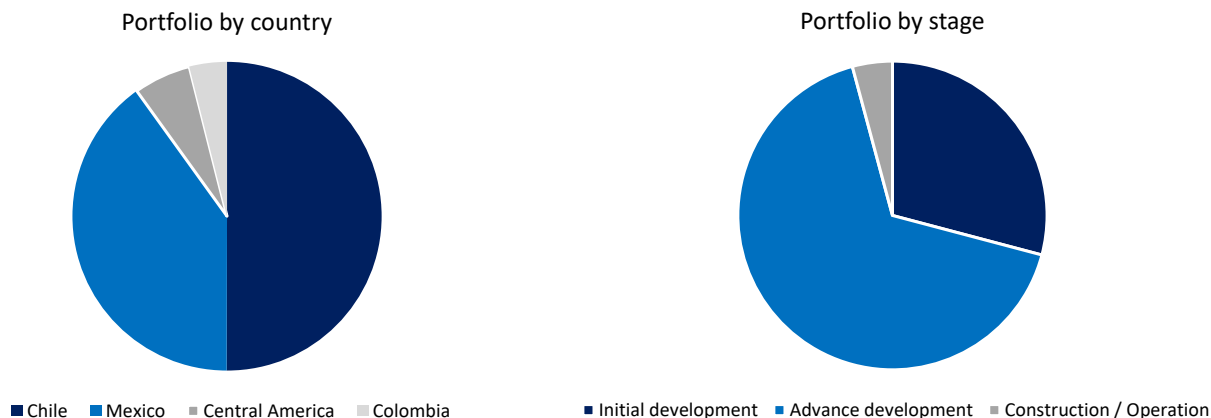
Opinion and recommendation

The most relevant of COX's 1Q22 results was that the energy commercialization and sale business grew in a significant way compared to the previous quarter and the previous year. This allowed the company to generate a slightly negative EBITDA, much stronger than in previous quarters. We expect this business results to accelerate in the coming quarters due to the contracts that the company has signed. Management mentioned in the conference call that it expects the EBITDA to reach MXN\$10 million by the end of the year. On the other hand, the portfolio remained unchanged compared to 4Q21. We reiterate our BUY recommendation with a target price of M\$53.0/share after these results.

Portfolio

COX's project portfolio remained unchanged compared to 4Q21. It continued to include 20 projects with a potential capacity of 1,219 MWp and other identified opportunities with a 1,098 MWh capacity. The breakdown of active projects was 29% in initial development, 67% in advanced development and backlog, and the remaining 4% in construction or operation, equally unchanged. By country, 50% of the projects are in Chile, 40.0% in Mexico and the rest in Guatemala, Panama and Colombia. Including the identified opportunities, 62.1% of the portfolio is in Chile, Colombia and Central America.

The company expects to make investments that will allow it to have projects under construction and operation with capacity of 250 MWp during 2022. In fact, it is structuring the financing of the PMGD projects in Chile (54 MWp), which will likely be operating during the rest of the year.



Capitalization / BME Growth dual listing

The Board of Directors extended the term for the share subscription until the end of 2022. Meanwhile, the company continued with the dual listing on the Spanish stock market BME Growth. It expects to conclude this process during the first half of the current year.

1Q22 Results

COX recorded total revenues of MXN\$79.5 million in 1Q22, up 230.0% YoY, deriving from the growth of the energy trading and sale business through Cox Energy Suministrador. The company mentioned in its conference call that it has signed several new contracts and that it expects its sales to grow exponentially in the coming quarters.

However, expenses also grew as a result of the increase in the purchase of energy, reaching MXN\$81.0 million, with an increase of 169.0%. As a result, EBITDA was slightly negative at MXN\$1.5 million, improving significantly on an annual and sequential basis. Management expects an EBITDA of MXN\$10 million by the end of the year.

The comprehensive financing result was MXN\$4.0 million positive, deriving mainly from a MXN\$2.9 million FX gain. The company closed the quarter with a positive MXN\$2.5 million net profit, thus reversing the MXN\$57.7 million net loss from the previous year. COX registered a cash position of MXN\$36.6 million and did not present any debt with cost.

Valuation of Generation Projects

	Mexico	Chile	Colombia	C.A.	Total
Price per MW	70	50	70	72	
Annual Increase in Energy Prices	4.00%	3.00%	4.00%	4.00%	
Unlevered Beta	0.56	0.56	0.56	0.56	
Re-Levered Beta	1.47	1.51	1.43	1.54	
Risk-Free Rate	6.50%	6.00%	7.00%	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	15.9%	14.9%	17.2%	14.1%	
Average Cost of Debt	7.8%	7.3%	8.3%	5.0%	
WACC	10.2%	9.6%	10.9%	7.7%	
PV	\$10.35	\$11.63	\$2.21	\$9.11	\$33.30

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	2023	0.65	COD / RTB	30%	1.25
La Meseta	Chile	160	30%	48	2023	0.65	COD	70%	1.50
El Sol de Vallenar	Chile	308	100%	308	2023	0.65	RTB	20%	1.00
Iscali (Campeche)	Mexico	300	100%	300	2024	0.65	COD	70%	1.50
La Granja Solar (Zacatecas)	Mexico	336	20%	67	2023	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	109.3	215.8	25.0%	161.8	3.8%	155.9	3,231.6
La Meseta	50%	36.0	10.9	25.1	27.0%	18.3	14.9%	15.9	330.3
El Sol de Vallenar	50%	154.0	20.0	134.0	27.0%	97.8	14.9%	85.1	1,764.5
Iscali (Campeche)	50%	225.0	68.3	156.8	30.0%	109.7	15.9%	81.7	1,693.3
La Granja Solar (Zacatecas)	50%	33.6	4.4	29.3	30.0%	20.5	15.9%	17.7	366.4
Total Amount (MXN\$ Mn)									7,386.0
Price per Share (MXN\$)									44.7

Sum-of-The-Parts

(Per Share Figures)

Generation	
Mexico	\$10.35
Chile	\$11.63
Colombia	\$2.21
Panama	\$9.11
40% of Ibox	\$14.24
Total Generation	\$47.53
Asset Rotation	
	\$44.75
Total Valuation	\$92.28
Deuda Neta	\$3.94
Discount	40%
Target Price	\$53.01
Current Price	\$26.00
Potential Return	103.9%

Country	Project	MWp	Classification	% Cox	Partner	Attributable to Cox (MWp)	Electricity Sales Strategy	RTB Estimated
Chile	El Sol de Vallenar	308.0	Backlog	100		308.0	PPA Disco 2017	RTB
	Utility Portezuelo + Storage	200.0	Initial Development	100		200.0	Stabilized Price	RTB 2023
	La Meseta	160.0	Advanced Development	30	Sonnedit	48.0	PPA Disco 2016 & 2017	COD 2022
	Machali (PMGD)	11.0	Advanced Development	100		11.0	Stabilized Price	COD 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)	11.0	Initial Development	100		11.0	Stabilized Price	RTB 2022
	San Francisco (PMGD)	7.0	Advanced Development	100		7.0	Stabilized Price	RTB 2022
	San Javier (PMGD)	3.0	In Construction	100		3.0	Stabilized Price	COD 2022
Walmart Piloto (ESCO)	0.210	In Operation	100		0.210	Private PPA	In operation	
	Total Chile	722.2				610.2		
Mexico	Iscali	300.0	Advanced Development	100		300.0	Spot + Coverage	RTB 2022
	Atacomulco	113.4	Advanced Development	100		113.4	Spot + Coverage	RTB 2022
	La Granja Solar	314.0	Advanced Development	20	GPG	62.8	Spot + Coverage	RTB 2023
	Apatzingan	12.0	Initial Development	100		12.0	Spot + Coverage	RTB 2023
	Total Mexico	739.4				488.2		
C. America	Santa Rosa Solar	50.0		100		50.0	Spot & PPA	RTB 2022
	Parita Solar	23.0	Initial Development	100		23.0	Spot & PPA	RTB 2022
	Total C. America & Caribbean	73.0				73.0		
Colombia	Lanzarote	15.0	Initial Development	100		15.0	Private PPA	RTB 2023
	Tenerife	11.0	Initial Development	100		11.0	Private PPA	RTB 2023
	Vanuatu	11.0	Initial Development	100		11.0	Private PPA	RTB 2023
	Rodas	11.0	Initial Development	100		11.0	Private PPA	RTB 2023
	Total Colombia	48.0				48.0		
	Total Portfolio	1,582.6				1,219.4		

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