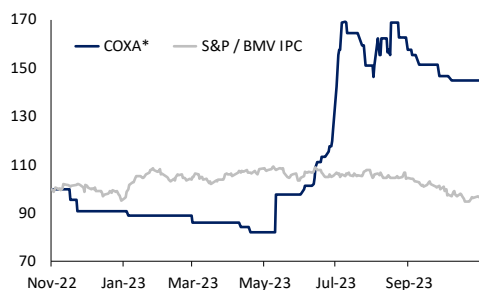


COX: 3Q23 Results

Portfolio grows 78% with the Cox Energy Europa acquisition; analyzes the potential purchase of Abengoa Energía

COX A	BUY
Target Price (MXN\$)	\$ 62.00
Current Price (MXN\$)	\$ 32.60
Expected Dividend (MXN\$)	\$ 0.00
Potential Return	90.2%
Market Cap (MXN\$ Mn)	5,415
EV/ EBITDA	n.a.
P/E	n.a.
P/BV (current)	4.3x



Opinion and recommendation

Cox Energy completed the acquisition of Cox Energy Europe which boosted its portfolio by 78% sequentially and reported favorable results in its energy commercialization business, exceeding our expectations. We reiterate our BUY recommendation and are raising our target price to MXN\$62.0/share, from MXN\$41.0/share.

Portfolio

On September 29th, Cox Energy acquired 100% of Cox Energy Europa, S.L., which owns 40% of Ibox Energy (development of solar energy projects in Europe) and 100% of Cox Energía Comercializadora (photovoltaic marketing and self-consumption in Spain). Cox Energy Europa has a portfolio of 27 projects in Spain with capacity of 1.9 GW. As a result, Cox Energy's total portfolio includes 70 projects with capacity of 4.3 GW.

In addition, Cox Energy is carrying out the analysis, study and negotiation for a possible acquisition, integration and consolidation of CA Infraestructuras Energía 2023, S.L. (Abengoa Energía), which has a consolidated equity of more than €60 million and is expected to generate an EBITDA of €50 million in 2023. CA Infraestructuras' assets include Abengoa Bioenergía Brasil, S.A., a company that operates a bioethanol energy co-generation plant with a capacity of 70 MW, and Abener Argelia S.L.U., a company that operates in Algeria a hybrid combined cycle plant with solar thermal technology for the generation of energy with capacity of 150 MW. This transaction is subject to applicable corporate, regulatory, administrative and legal approvals. We believe that this potential acquisition will be positive for Cox Energy as it will increase and diversify its sources of revenues, as well as improve its profitability.

On September 29th, 2023, Grupo Coxabengoa published the 2023-2027 Strategic Plan, which defines the initial objectives for the Energy division, including the possible incorporation into Cox Energy.

During the quarter, Cox Energy was awarded 38 MW in Guatemala for generation and consumption of solar electricity over 15 years, which represents a commitment of 106.0 GW/year, the San Javier project in Chile concluded the construction phase, while the self-consumption division signed two solar projects in Spain with a power of 2.8 MW and 921 KW, respectively. The company expects them to operate in 2Q24.

3Q23 Results

The marketing business recorded total revenues of MXN\$157.2 million in 3Q23, which represented an increase of 95.6%. It sold more than 200 GWh to clients in Latin America and Europe, and more than 220,000 clean energy certificates and guarantees of origin during the first nine months of the year. It closed new contracts with clients in Mexico, having more than 300 GW/year in operation.

However, operation and development costs rose 175.3% to MXN\$142.5 million as a result of higher purchases of energy. This was partially offset by a 19.1% reduction in operating expenses supported by operating leverage and expense control. For these reasons, the company generated negative EBITDA of MXN\$19.6 million in the quarter. It still expects to register positive EBITDA towards the end of the year. The net loss was MXN\$29.9 million in 3Q23, lower than the MXN\$32.9 million in 3Q22.

Balance sheet

Shareholders' equity was MXN\$1.26 billion at the end of 3Q23, rising 13.3% compared to 2Q23 which derived from the acquisition of Cox Energy Europa and the share subscription process. Worth mentioning that total assets grew 42.4% and liabilities were up by almost 100% with this transaction.

Discounted Cash Flow Model

(Figures in Millions of MXN\$)	2024E	2025E	2026E	2027E	2028E	Perp.
OPERATING PROFIT	187	6,141	6,565	6,742	9,401	9,965
Tax Rate	21%	27%	27%	27%	27%	30%
Tax Shield	-38	-1,658	-1,773	-1,820	-2,538	-2,691
NOPLAT	148	4,483	4,793	4,922	6,863	7,274
Depreciation	35	1,238	1,267	1,712	1,900	2,014
Working Capital Changes	131	3,102	266	-39	1,043	1,106
CAPEX	-126	-24,284	-6,338	-278	-8,729	-6,939
FCFF	188	-15,461	-13	6,317	1,077	3,455
Perpetuity Growth Rate						6.0%
PV of Explicit Period (2024 - 2028E)						-7,700
Perpetuity Value (@10.0x Exit Multiple)						34,549
PV of Perpetuity Value						21,307
Enterprise Value						13,607
Net Debt						-116
Minority Interest						30
Market Value						13,692
Outstanding Shares						166
Target Price						P\$ 82.43
Liquidity Discount						25%
Adjusted Target Price						P\$ 62.00
Current Market Price						P\$ 32.60
Potential Return						90.2%
Forward EV/EBITDA						1.8x
Forward P/E						5.9x
Average Cost of Debt						9.1%
LT Tax Rate						27.6%
After-Tax Cost of Debt						6.6%
Cost of Equity						17.5%
Market Risk Premium						6.4%
Risk-Free Rate						7.8%
Beta						1.50
% Total Debt						83.2%
% Capital						16.8%
WACC						8.4%

LATAM PORTFOLIO

Country	Project	MWp	Classification	% Cox	Partner	Attributable to Cox (MWp)	Electricity Sales Strategy	Estimated
Chile	El Sol de ValLENar	308.0	Backlog	100		308.0	PPA DisCo 2017	RTB 2023
	Utility Portezuelo + Storage	200.0	Advanced Development	100		200.0	Spot & PPA	RTB 2024
	La Meseta	160.0	In Operation	30	Sonnedix	48.0	PPA DisCo 2016 & 2017	En operación
	Machali (PMGD)	11.0	Backlog	100		11.0	Stabilized Price	RTB 2023
	Río Maule (PMGD)	11.0	Backlog	100		11.0	Stabilized Price	RTB 2023
	El Guindal (PMGD)	11.0	Backlog	100		11.0	Stabilized Price	RTB 2023
	Montenegro (PMGD)	11.0	Advanced Development	100		11.0	Stabilized Price	RTB 2024
	Chile I (PMGD)	9.0	Development	100		9.0	Stabilized Price	RTB 2024
	Chile II (PMGD)	9.0	Development	100		9.0	Stabilized Price	RTB 2024
	San Francisco (PMGD)	4.0	Backlog	100		4.0	Stabilized Price	RTB 2023
	San Javier (PMGD)	3.0	Under Construction	100		3.0	Stabilized Price	COD 2023
	Wallmart Piloto (ESCO)	0.210	In Operation	100		0.210	Private PPA	In operation
	Otros proyectos	419.0	Development	100		419.0	Stabilized Price & PPA	RTB 2025
Total Chile		1,156.2				1,044.2		
Mexico	Iscali	300.0	Advanced Development	100		300.0	Spot + Coverage	RTB 2024
	Atlacmulco	113.4	Advanced Development	100		113.4	Spot + Coverage	RTB 2024
	La Granja Solar	335.0	Advanced Development	20	GPG	67.0	Spot + Coverage	RTB 2024
Total Mexico		748.4				480.4		
C. America	Santa Rosa Solar	50.0	Development	100		50.0	Spot & PPA	RTB 2024
	Guatemala I	50.0	Development	100		50.0	Spot & PPA	RTB 2024
	Panamá I	20.0	Development	100		20.0	Spot & PPA	RTB 2024
	Other Projects	200.0	Development	100		200.0	Spot & PPA	RTB 2025
Total C. America & Caribbean		320.0				320.0		
Colombia	Dominica	100.0	Development	100		100.0	PPA/Spot	RTB 2024
	Lanzarote	80.0	Development	100		80.0	PPA/Spot	RTB 2024
	Pascua	60.0	Development	100		60.0	PPA/Spot	RTB 2024
	Egina	60.0	Development	100		60.0	PPA/Spot	RTB 2024
	Kos	20.0	Development	100		20.0	PPA/Spot	RTB 2024
	Jamaica	20.0	Development	100		20.0	PPA/Spot	RTB 2024
	Rodas	20.0	Advanced Development	100		20.0	PPA/Spot	RTB 2024
	Barbados	15.0	Advanced Development	100		15.0	PPA/Spot	RTB 2024
	Vanuatu	10.0	Development	100		10.0	PPA/Spot	RTB 2023
	Tenerife	10.0	Advanced Development	100		10.0	PPA/Spot	RTB 2023
	Other Projects	200.0	Advanced Development	100		200.0	PPA/Spot	RTB 2025
Total Colombia		595.0				595.0		
Total Portfolio		2,819.6				2,439.6		

IBOX ENERGY PORTFOLIO

Country	Project	MWp	Classification	% Cox	Partner	Attributable to Cox (MWp)	Electricity Sales Strategy	Estimated
Iberia Solar II	Babajoz Solar	7.0	Under Construction	100		7.0	Spot & PPA	COD 2024
	Cortes de Peleas Central	7.0	Under Construction	100		7.0	Spot & PPA	COD 2024
	La Merida Central 19	7.0	Under Construction	100	Sonnex	7.0	Spot & PPA	COD 2024
	Carmona Central 36	7.0	Backlog	100		7.0	Spot & PPA	RTB 2024
	Carmona Solar 36.1	7.0	Backlog	100		7.0	Spot & PPA	RTB 2024
	Guarramón Solar 81	7.0	Backlog	100		7.0	Spot & PPA	RTB 2024
	Palma del Condado Solar 555	6.0	Backlog	100		6.0	Spot & PPA	RTB 2024
Total Iberia Solar II		48.0				48.0		
Iberia Solar III	Garanda Solar 165	34.0	Backlog	100		34.0	Spot & PPA	COD 2024
	Granada Solar 166	34.0	Backlog	100		34.0	Spot & PPA	COD 2024
	Granada Solar 167	34.0	Backlog	100	GPG	34.0	Spot & PPA	COD 2024
Total Iberia Solar III		102.0				102.0		
Iberia Solar IV	Mediterráneo I	37.0	Advanced Development	100		37.0	Spot & PPA	RTB 2024
	Mediterráneo V	37.0	Advanced Development	100		37.0	Spot & PPA	RTB 2024
	Mediterráneo VI	35.0	Advanced Development	100		35.0	Spot & PPA	RTB 2024
	Mediterráneo II	35.0	Advanced Development	100		35.0	Spot & PPA	RTB 2024
	Mediterráneo III	35.0	Advanced Development	100		35.0	Spot & PPA	RTB 2024
	Other Projects	34.0	Advanced Development	100		34.0	Spot & PPA	RTB 2024
Total Iberia Solar IV		213.0				213.0		
Iberia Solar V	Oleo Solar	98.0	Development	100		98.0	Spot & PPA	RTB 2025
	Bermejales Solar	48.0	Development	100		48.0	Spot & PPA	RTB 2025
Total Iberia Solar V		146.0				146.0		
Iberia Solar VI	Real Solar	90.0	Development	100		90.0	Spot & PPA	RTB 2025
	Luengo	84.0	Development	100		84.0	Spot & PPA	RTB 2025
	Toledo Solar	78.0	Development	100		78.0	Spot & PPA	RTB 2025
	Sancho Panza	66.0	Development	100		66.0	Spot & PPA	RTB 2025
	Puerta Solar	44.0	Development	100		44.0	Spot & PPA	RTB 2025
	Bellota Solar	34.0	Development	100		34.0	Spot & PPA	RTB 2025
	Azuer III	30.0	Development	100		30.0	Spot & PPA	RTB 2025
	Other Projects	867.0	Development	100		867.0	Spot & PPA	RTB 2026
Total Iberia Solar VI		1,293.0				1,293.0		
	Boadilla	100.0	Development	100		100.0	Spot & PPA	RTB 2025
Total Portfolio		1,902.0				1,902.0		

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