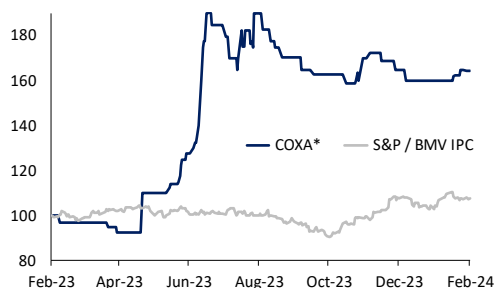


# COX: 4Q23 Results

Results fueled by the CA Infraestructuras and Cox Energy Europa acquisitions; we raised our target price to MXN\$64.0/share

COX A	BUY
Target Price (MXN\$)	\$ 64.00
Current Price (MXN\$)	\$ 33.80
Expected Dividend (MXN\$)	\$ 0.00
Potential Return	89.3%
Market Cap (MXN\$ Mn)	5,615
EV/ EBITDA	n.a.
P/E	n.a.
P/BV (current)	2.4x



## Opinion and recommendation

COX reported favorable 4Q23 results with strong revenue growth and positive EBITDA generation derived from the CA Infraestructuras and Cox Energy Europa acquisitions, as well as the expansion of the energy commercialization business.

We reiterate a BUY recommendation and raised the target price to MXN\$64.0/share, from MXN\$62.0/share, after having included this report in our projection model.

## Business portfolio

On September 29<sup>th</sup> 2023, COX acquired 100% of Cox Energy Europa, S.L., which included 40% of ibox Energy and 100% of Cox Energía Comercializadora, S.L.

On December 29<sup>th</sup> 2023, COX purchased a minority stake in CA Infraestructuras Energía 2023, S.L.U. During 2024, COX will look to acquire additional stakes. CA Infraestructuras has two assets in operation with a generation capacity of 220 MW and revenues of US\$156 million in 2023.

As a result of these transactions, 43% of revenue came from Mexico, 26% from Brazil, 13% from the Middle East, 10% from Algeria, 7% from Spain and a marginal portion from Chile.

## Project Portfolio

COX now has a portfolio of 57 projects in different stages of development, construction and operation with a potential capacity of 3.3 GW. On the other hand, the company interconnected and started operations of San Javier I, its first PMGD solar farm in Chile, which is part of a portfolio of five projects with a capacity of 42 MW.

On January 19<sup>th</sup>, 2024, COX began supplying energy to a Mexican multinational company for an estimated annual capacity of 10.4 MW and annual energy consumption of 75.7 GWh for the first power center. During the year, it expects to put into operation the remaining power centers for such a project.

On the other hand, it signed an agreement with Sociedad Deportiva Huesca for the operation of a green hydrogen plant using solar energy at the "El Alcoraz" Stadium in Spain, the first to use this technology in the country.

#### **4Q23 Results**

COX's revenues reached MXN\$1.28 billion in 2023, which represented an increase of nearly 200%, mainly due to the incorporation of CA Infraestructuras and Cox Energy Europe assets. The company also marketed more than 267.0 GWh/year of energy to end customers in America and Europe and sold more than 205,000 clean energy certificates.

COX recorded a positive EBITDA of MXN\$350.5 million, thus reversing last year's negative MXN\$163.5 million figure, due to the incorporation of CA Infraestructuras and Cox Energy Europe, as well as a stronger performance in Mexico's energy commercialization business. The company closed the quarter with a MXN\$83.9 million net loss in 2023, due to an extraordinary MXN\$140.1 million impairment charge of intangibles in the engineering, construction and others division, in addition to higher interests paid for the financing of the CA Infraestructuras assets, guarantee commissions and intercompany loans.

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## Discounted Cash Flow Model

(Figures in Millions of MXN\$)	2025E	2026E	2027E	2028E	2029E	Perp.
OPERATING PROFIT	2,301	3,500	10,596	11,518	12,284	12,775
Tax Rate	30%	30%	30%	30%	30%	30%
Tax Shield	-690	-1,050	-3,179	-3,455	-3,685	-3,832
NOPLAT	1,611	2,450	7,418	8,062	8,599	8,942
Depreciation	308	533	1,906	1,964	2,022	2,103
Working Capital Changes	1,260	873	4,952	644	534	555
CAPEX	-5,609	-4,404	-27,178	-719	-431	-6,796
FCFF	-2,430	-548	-12,903	9,951	10,724	4,805
Perpetuity Growth Rate						4.0%
PV of Explicit Period (2025 - 2029E)						336
Perpetuity Value (@9.0x Exit Multiple)						43,245
PV of Perpetuity Value						20,423
Enterprise Value						20,759
Net Debt						2,600
Minority Interest						1,270
Market Value						16,889
<i>Outstanding Shares</i>						172
Target Price						P\$ 98.46
Liquidity Discount						35%
Adjusted Target Price						P\$ 64.00
Current Market Price						P\$ 33.80
Potential Return						89.3%
Average Cost of Debt						8.8%
LT Tax Rate						28.7%
After-Tax Cost of Debt						6.3%
Cost of Equity						18.4%
Market Risk Premium						7.3%
Risk-Free Rate						7.5%
Beta						1.49
% Total Debt						42.2%
% Capital						57.8%
WACC						13.3%

(Figures in Millions of MXN\$)

<b>INCOME STATEMENT</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>
Revenues	1,279	3,518	5,274	6,961	16,527	17,778	18,816
General Expenses	-126	-329	-398	-438	-663	-698	-719
Operating Profit	188	1,057	2,301	3,500	10,596	11,518	12,284
Depreciation and Amortization	-22	-29	-308	-533	-1,906	-1,964	-2,022
EBITDA	348	1,087	2,609	4,034	12,502	13,482	14,306
Financial Cost	-261	-151	-259	-504	-1,210	-1,975	-1,481
Pre-Tax Profit	-20	951	2,089	3,048	9,445	9,607	10,870
Income Tax & Profit Sharing	-64	-285	-627	-914	-2,834	-2,882	-3,261
<i>Tax and Profit Sharing Rate</i>	<i>-330.0%</i>	<i>30.0%</i>	<i>30.0%</i>	<i>30.0%</i>	<i>30.0%</i>	<i>30.0%</i>	<i>30.0%</i>
Profit Before Minorities	-84	665	1,462	2,134	6,612	6,725	7,609
Minority Interest	-165	-623	-589	-860	-2,665	-2,711	-3,068
Net Profit	-249	42	873	1,274	3,946	4,014	4,542
<b>BALANCE SHEET</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>
TOTAL ASSETS	7,990	8,183	13,982	18,730	48,550	47,970	46,929
Current Assets	2,582	2,704	3,114	3,906	7,970	8,572	9,070
LT Assets	5,408	5,478	10,868	14,824	40,580	39,398	37,859
TOTAL LIABILITIES	5,645	5,915	10,841	14,316	40,189	37,595	32,013
ST Liabilities	3,919	4,189	9,115	12,590	38,463	35,869	30,287
LT Liabilities	1,726	1,726	1,726	1,726	1,726	1,726	1,726
Total Debt	1,399	1,740	5,035	6,941	23,916	20,164	13,622
Net Debt	520	825	4,081	5,891	22,749	18,909	12,294
TOTAL CAPITAL	2,345	2,386	3,258	4,532	8,478	10,492	15,034
<b>CASH FLOW STATEMENT</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>
NET PROFIT	-84	665	1,462	2,134	6,612	6,725	7,609
Inv. Related Activities	280	600	895	1,160	2,581	2,681	2,773
Pre-Tax Cash Flow	256	-3,242	-2,006	-1,381	2,260	2,802	3,396
Working Capital Changes	-68	-157	1,260	873	4,952	644	534
Operating Cash Flow	189	-3,399	-746	-508	7,212	3,446	3,930
Investment Cash Flow	-203	1,450	-4,157	-2,948	-25,716	747	1,039
Financing Cash Flow	860	2,561	5,515	4,127	19,196	-3,531	-4,321
Net Incr. (Decr.) in Cash & Temp. Inv.	742	612	612	671	692	663	648
Beg. of Period Cash and Temp. Inv.	136	878	915	953	1,050	1,167	1,255
End of Period Cash and Temp. Inv.	878	915	953	1,050	1,167	1,255	1,328

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