

April 28th, 2022

COX: Resultado neutral, derivado de un portafolio sin modificaciones y avances en la generación de ingresos.

In line with estimates?

Neutral report, with results slightly higher than our estimates, derived from the growth in income, which was mainly driven by the energy sales and commercialization business through Cox Energy Suministrador.

Operating Profile and Revenues

During 1Q22, COX's portfolio under management remained unchanged from the previous quarter, standing at 1,219 MWp, represented by 20 projects based in Chile, Mexico, Guatemala, Panama and Colombia.

Likewise, the distribution of the portfolio by region remained unchanged, with Chile representing 50% of the total portfolio and Mexico 40%. In this sense, Chile's portfolio remained made up of 10 projects, with an estimated generation capacity of 610 MWp.

For its part, Mexico maintained its generation capacity and projects with respect to the previous quarter, standing at 488 MWp. Likewise, the Central American portfolio did not register variations, being made up of two projects based in Guatemala and Panama with an estimated generation capacity of 73 MWp. Finally, the Colombian portfolio continued with the 4 projects mentioned during the previous quarter, which add up to a generation capacity of 48 MWp.

Due to the foregoing, the classification of projects remained unchanged, being made up as follows: i) 29.1% in initial development; ii) 41.4% in development advancing; iii) 25.3% in backlog; iv) 4.2% under construction; and v) 1 minor project with an estimated capacity of less than 1MWp in the operation stage.

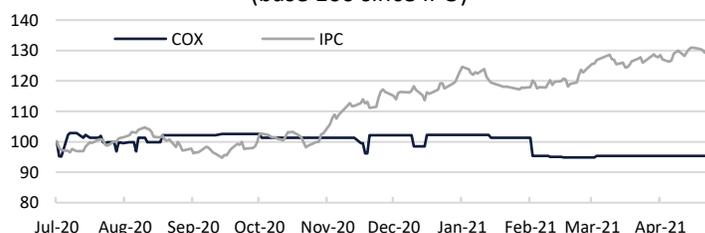
BUY	T.P.APR23*	P s.52.90
Price (COXA*)		P s.26.00
Max/min		26.00 / 34.00
P.T. Return		103.5%
Mkt Cap		4,288
TEV**		4,243
Outstanding shares		165
Float		15%
A.v. Trading Amount since IPO		>0.5 millions

Price as of 04/27/2022. Amounts in P s.

**Includes NIIF 16

Source: Apalache and COX

COX vs IPC (base 100 since IPO)



Operational Metrics	1Q22	1Q21	Var.
Number of Projects	20	20	0%
Under construction and operation (MWp)	51	51	0%
Advanced Development and Backlog (MWp)	813	813	0%
Initial development attributable to COX (MWp)	355	355	0%

In P s. millions

Financial Pos.	1Q22		
Cash & Cash eq	37		
Other ST Assets	252		
Fixed Assets	1305		
Total Assets	1593		
Debt (Financial and Related Pts)*	0		
Other Liabilities	203		
Total Liabilities	203		
Controlling interest	1372		
Non-controlling interest	18		
Shareholders' Equity	1390		
P & L	1Q22	1Q21	var
Revenues from Representation and Supply of Energy	79.4	2.0	>100%
Energy generation	0.1	0.1	na
Servicios Corporativos	0.0	0.0	na
Total Revenues	79.5	2.2	>100%
OPEX	-81	-30	169%
Operating Profit	(2)	(28)	-95%
Financing Result	4	(29)	na
Part. in results of associates	0	0	na
Earnings Before Taxes	3	(57)	na
Income taxes	0	0	n.a.
Net Profit	3	(56)	na
Controlling Net Profit	3	(56)	na
EBITDA**	(1)	(18)	-92%
EBITDA mgn	na	na	na
Net Debt / EBITDA U12M	<0.0x	<0.0x	na

* Includes IFRS 16 and credits with cost between related parties

**We calculated EBITDA as Operating Income + Depreciation for the period

Source: COX

Regarding projects under joint development, the solar farm in Mexico remained unchanged at the end of the period, with 20% owned by COX and an option to acquire an additional 10%, while the plateau project in Chile did not record changes.

Finally, the distribution of the portfolio by region was as follows: i) South America with 14 projects (658 MWp); ii) North America with 4 projects (488 MWp); and, iii) Central America with 2 projects (73 MWp).

It is important to highlight that in Mexico the electrical reform proposed by the current president has been rejected by Congress, so the outlook for the development of renewable projects in the country remains positive, as this is a market with high growth potential.

P&L

Due to the stage in which COX is currently, Revenues are not yet significant, however, they presented an advance of 230% with respect to Total Revenues for 2021, ending at Ps.79.5 million. This important advance derives from the increase in income from the energy sales and commercialization business through the subsidiary Cox Energy Suministrador, which has had a very dynamic behavior in recent months. In this sense, a considerable number of agreements have been closed, which will multiply revenues exponentially in the coming quarters.

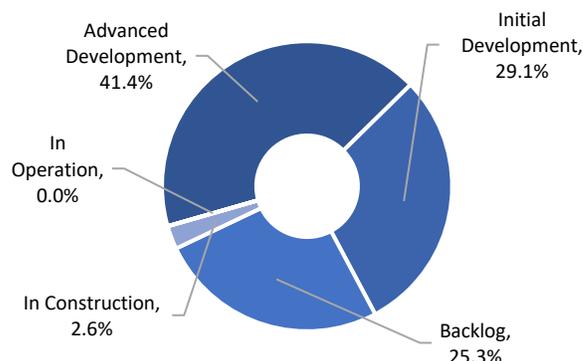
These revenues largely correspond to sales for management and marketing of energy in the Wholesale Electricity Market in Mexico (MEM in Spanish), while a smaller part corresponds to revenues from electricity supply services in Chile, based on the ESCO Self-Consumption Model.

Regarding Operating Expenses, these were Ps.81.0 million, an increase of Ps.50.9 million compared to the same period of the previous year. This increase is mainly due to the increase in energy purchase expenses.

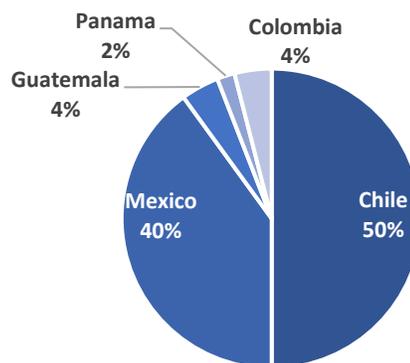
Due to the above, EBITDA for the quarter was Ps.(1.4) million. It should be noted that EBITDA is not a relevant metric given the greenfield situation of the issuer's projects.

Regarding Net Income, this presented a positive result for the first time, due to the generation of income from the supplier, standing at Ps.2.5 million.

Global Portfolio Status
Weighted by Probability of Success



COX Property Portfolio(D&O)
Weighted by Probability of Success



Balance Sheet

At the end of the quarter, COX does not maintain debt with financial entities, however, we believe that in the future, leverage will lead to greater dynamism in the development of the issuer's projects.

Our Recommendation

Considering the performance of the portfolio and the uncertainty about the global economic performance, we have adjusted our 12-month (March 2023) Target Price (PO) downwards, placing it at Ps.52.90 from the previous Ps.59.00, which continues to represent a potential return of more than 100% with respect to the closing price of last April 27, for which we ratify our fundamental investment recommendation in BUY. This decrease in the PO is mainly derived from the economic slowdown in Latin America and high inflation environments, which could lead to a slowdown in the development of projects and a higher cost of these, derived from the general rise in interest rates of reference.

It should be noted that COX authorized the extension of the term for the share subscription process, which will remain in force until the end of 2022. Likewise, the issuer indicated that during the quarter it continued with the dual listing process on the BME Growth stock exchange of Spain, which they estimate will be completed before the end of 2Q22. In this sense, the European market maintains a growing interest in the renewable energy sector given its high potential for growth and profitability, for which we believe that this will considerably pay for the issuer's marketability, as well as greater confidence.

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1. Featured Valuation Metrics (Sum of Parts)

COX Property Portfolio	Mexico	Chile	Colombia	Panama	Guatemala
Price per MW (USD)	68	51	92	65	81
Inflation Energy	5%	4%	5%	4%	4%
CAPEX per MW (USD)	650,000	650,000	650,000	650,000	650,001
Risk-free rate	6.50%	7.00%	5.00%	0.00%	1.75%
Tax Rate	30%	27%	33%	25%	25%
Cost of Leveraged Capital	17.2%	15.5%	20.9%	17.7%	15.2%
% Financing Capital	30%	30%	30%	30%	30%
% Senior Financing (A)	50%	50%	50%	50%	50%
<i>Spread b.p.</i>	120	120	120	120	120
<i>Maturity years</i>	20	20	20	20	20
<i>Years of grace</i>	2	2	2	2	2
% Junior Financing (B)	20%	20%	20%	20%	20%
<i>Spread b.p.</i>	250	250	250	250	250
<i>Maturity years</i>	15	15	15	15	15
<i>Years of grace</i>	3	3	3	3	3
Dividend % CFO after debt service	70%	70%	70%	70%	70%
Contribution to Target Price*	21.10	31.09	1.15	1.19	2.42

Source: COX and Apalache

200 b.p. premium

2. Featured Valuation Metrics (Sum of Parts)

Asset turnover	Estimated Sale	Stage @ sale	USD MM/MW
La Meseta	2Q22	COD	0.65
La Granja Solar	1Q23	RTB	0.65
Committed power in PPAs @ sale	50%		
% of total CAPEX RTB	20%		
% of total CAPEX COD	70%		
Exit multiple RTB (MM USD/MW)	0.95 x		
Exit multiple COD (MM USD/MW)	1.50 x		
Tax Rate	30.0%		
Discount rate	16.4%		
Contribution to Target Price*	1.69		

Fuente: COX y Apalache

3. Featured Valuation Metrics (Sum of Parts)

Other Corporate	2022 FY (Ps.)	Annual Growth
Other Income*	-	n.d.
Corporate Expenses	145,000,000	2.0%
Discount rate	16%	
Residual Net Growth Year 20	2%	
Target Price Contribution*	-5.75	

Source: COX and Apalache

*No 20% discount for liquidity.

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