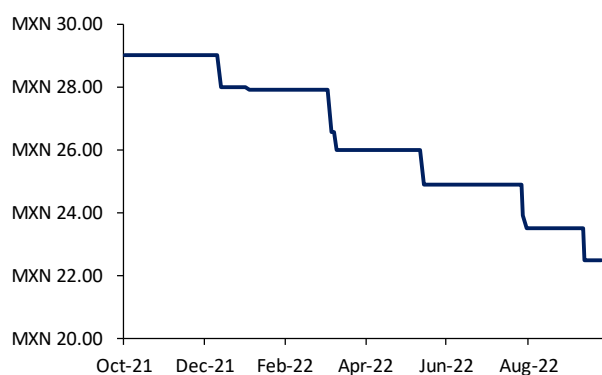


COX Energy América, S.A.B. de C.V. (BIVA: COX A)

Portfolio under construction and development grows 33% QoQ due to the incorporation of new projects in Colombia, Central America and Chile



| RECOMMENDATION | BUY |
|---------------------------|----------|
| Target Price (MXN\$) | \$ 50.00 |
| Current Price (MXN\$) | \$ 22.50 |
| Expected Dividend (MXN\$) | \$ 0.00 |
| Potential Return | 122.2% |
| Market Cap (MXN\$ Mn) | 3,710 |
| EV/ EBITDA | n.a. |
| P/E | n.a. |
| P/BV (current) | 3.1x |

Opinion and recommendation

COX reported positive 3Q22 results as its portfolio under construction and development increased 33% to 1,620 MWp in the quarter due to the incorporation of several projects in Colombia, Central America and Chile. In addition, revenues continued to rise in a significant way, the company signed a mandate for the structuring of financing for the Sol de Vallenar project and is managing the financing of the first package of projects in Chile. Construction on these projects is expected to start in 2023, which we think is good news.

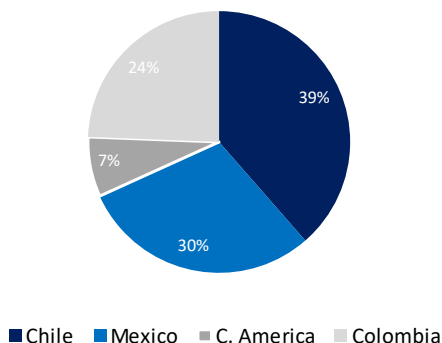
COX expects to list its shares on Spain's BME Growth in the coming weeks, which we believe will help it gain access to a more diversified investor base. In addition, it will be able to complete the iBox Energy acquisition.

After updating our projections model, we are raising our target price to MXN\$50.0/share, from MXN\$49.0/share, mainly due to the addition of the new projects, offset by the impact of higher interest rates. The recommendation remains BUY due to COX's attractive outlook.

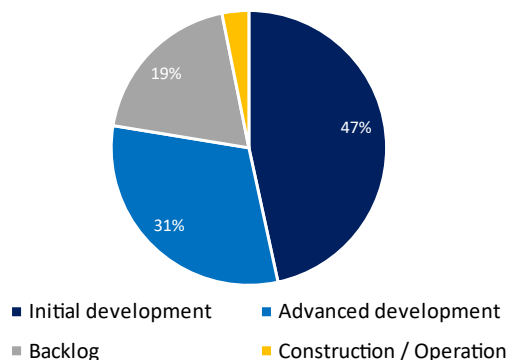
Portfolio

COX's portfolio under construction and development reached 1,620 MWp in 3Q22, while the identified opportunities were 800 MWp. This compares to 1,219 MWp of construction and development with identified opportunities of 1,098 MWp in 2Q22. The company incorporated six new projects in Colombia with capacity of 395 MWp, two in Central America with 70 MWp and two in Chile with 18 MWp. On the other hand, it eliminated the Apatzingán project with 12 MWp from its portfolio. As a result, COX now has 39% exposure in Chile, 30% in Mexico, 24% in Colombia and 7% in Central America.

Portfolio by country



Portfolio by development stage



COX signed a mandate to structure the financing for the Sol de Vallenar project (308 MWp) in Chile; construction is expected to start in early 2023. On the other hand, the administration is managing the financing for the first package of PGMD projects in Chile, whose construction is expected to start during 2023.

3Q22 Results

The energy supply and sale business recorded revenues of MXN\$80.4 million in 3Q22, significantly above the MXN\$7.3 million in 3Q21, although below the MXN\$132.0 million in 2Q22. The company has continued to close contracts with a capacity of 200 GWh/year. However, it incurred in operating and development costs of MXN\$51.7 million, which included extraordinary expenses for an unspecified amount, and administration and personnel expenses of MXN\$44.5 million. This resulted in a negative EBITDA of MXN\$13.4 million, compared to a positive figure of MXN\$13.0 million in the previous year, although better than the negative MXN\$73.9 million in 2Q22. The comprehensive financing cost was MXN\$24.7 million due to FX losses, translating into a MXN\$56.4 million net loss. On the other hand, the company reported total assets of MXN\$1,610.9 million, which included a MXN\$135.9 million cash position, and total liabilities of MXN\$422.4 million which relate to the intercompany loan provided by Cox Energy Solar.

Valuation of Generation Projects

| | Chile | Mexico | Colombia | C.A. | Total |
|----------------------------------|---------|--------|----------|--------|---------|
| Price per MW | 70 | 70 | 70 | 72 | |
| Annual Increase in Energy Prices | 4.00% | 5.00% | 7.00% | 5.00% | |
| Unlevered Beta | 0.56 | 0.56 | 0.56 | 0.56 | |
| Re-Levered Beta | 1.51 | 1.47 | 1.43 | 1.54 | |
| Risk-Free Rate | 6.60% | 8.50% | 12.00% | 7.43% | |
| Tax Rate | 27.0% | 30.0% | 33.0% | 25.0% | |
| Debt / Equity | 2.33 | 2.33 | 2.33 | 2.33 | |
| Market Risk Premium | 5.89% | 6.38% | 7.08% | 6.77% | |
| Cost of Equity | 15.5% | 17.9% | 22.2% | 17.8% | |
| Average Cost of Debt | 7.9% | 9.8% | 13.3% | 8.7% | |
| WACC | 10.2% | 12.2% | 15.9% | 11.5% | |
| PV | \$12.77 | \$6.44 | \$15.11 | \$5.65 | \$39.98 |

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 | 619 | 40% | 247.6 | 2023 | 0.65 | eración / COD / I | 30% | 1.25 |
| La Meseta | Chile | 160 | 30% | 48 | 2023 | 0.65 | COD | 70% | 1.50 |
| El Sol de Vallendar | Chile | 308 | 100% | 308 | 2023 | 0.65 | RTB | 20% | 1.00 |
| Iscali (Campeche) | Mexico | 300 | 100% | 300 | 2024 | 0.65 | RTB | 20% | 1.00 |
| 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% | 80 | 48 | 32 | 25.0% | 24 | 12.0% | 21 | 430.9 |
| La Meseta | 50% | 36 | 11 | 25 | 27.0% | 18 | 15.5% | 16 | 321.6 |
| El Sol de Vallendar | 50% | 154 | 20 | 134 | 27.0% | 98 | 15.5% | 85 | 1,717.9 |
| Iscali (Campeche) | 50% | 150 | 20 | 131 | 30.0% | 91 | 17.9% | 66 | 1,333.3 |
| La Granja Solar (Zacatecas) | 50% | 34 | 4 | 29 | 30.0% | 20 | 17.9% | 15 | 299.0 |
| Total Amount (MXN\$ Mn) | | | | | | | | | 4,102.6 |
| Probability | | | | | | | | | 100% |
| Price per Share (MXN\$) | | | | | | | | | 24.9 |

Sum-of-The-Parts

(Per Share Figures)

| | |
|-------------------------|----------------|
| Generation | |
| Mexico | \$6.44 |
| Chile | \$12.77 |
| Colombia | \$15.11 |
| Panama | \$5.65 |
| 40% of Ibox | \$14.24 |
| Total Generation | \$54.21 |
| Asset Rotation | \$24.85 |
| Total Valuation | \$79.07 |
| Deuda Neta | \$6.74 |
| Discount | 31% |
| Target Price | \$50.00 |
| Current Price | \$22.50 |
| Potential Return | 122.2% |

| 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 2023 |
| | Utility Portezuelo + Storage | 200.0 | Initial Development | 100 | | 200.0 | Spot & PPA | RTB 2023 |
| | La Meseta | 160.0 | Under Construction | 30 | Sonnedit | 48.0 | PPA DisCo 2016 & 2017 | COD 2022 |
| | Chile I & II (PMGD) | 18.0 | Initial Development | 100 | | 18.0 | Stabilized Price | RTB 2024 |
| | 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) | 11.0 | Initial Development | 100 | | 11.0 | Stabilized Price | RTB 2022 |
| | San Francisco (PMGD) | 4.0 | Backlog | 100 | | 4.0 | Stabilized Price | RTB 2022 |
| | San Javier (PMGD) | 3.0 | Under Construction | 100 | | 3.0 | Stabilized Price | COD 2022 |
| Walmart Piloto (ESCO) | 0.210 | In Operation | 100 | | 0.210 | Private PPA | In operation | |
| | Total Chile | 737.2 | | | | 625.2 | | |
| Mexico | Iscali | 300.0 | Advanced Development | 100 | | 300.0 | Spot + Coverage | RTB 2023 |
| | Atlacomulco | 113.4 | Advanced Development | 100 | | 113.4 | Spot + Coverage | RTB 2023 |
| | La Granja Solar | 314.0 | Advanced Development | 20 | GPG | 62.8 | Spot + Coverage | RTB 2023 |
| | Total Mexico | 727.4 | | | | 476.2 | | |
| C. America | Santa Rosa Solar | 50.0 | Initial Development | 100 | | 50.0 | Spot & PPA | RTB 2024 |
| | Guatemala I | 50.0 | Initial Development | 100 | | 50.0 | Spot & PPA | RTB 2024 |
| | Panamá I | 23.0 | Initial Development | 100 | | 23.0 | Spot & PPA | RTB 2024 |
| | Total C. America & Caribbean | 123.0 | | | | 123.0 | | |
| Colombia | Dominica | 100.0 | Initial Development | 100 | | 100.0 | PPA/Spot | RTB 2024 |
| | Lanzarote | 80.0 | Initial Development | 100 | | 80.0 | PPA/Spot | RTB 2024 |
| | Pascua | 60.0 | Initial Development | 100 | | 60.0 | PPA/Spot | RTB 2024 |
| | Egna | 60.0 | Initial Development | 100 | | 60.0 | PPA/Spot | RTB 2024 |
| | Kos | 20.0 | Initial Development | 100 | | 20.0 | PPA/Spot | RTB 2024 |
| | Jamaica | 20.0 | Initial Development | 100 | | 20.0 | PPA/Spot | RTB 2024 |
| | Rodas | 20.0 | Initial Development | 100 | | 20.0 | PPA/Spot | RTB 2024 |
| | Barbados | 15.0 | Initial Development | 100 | | 15.0 | PPA/Spot | RTB 2024 |
| | Vanuatu | 10.0 | Initial Development | 100 | | 10.0 | PPA/Spot | RTB 2023 |
| Tenerife | 10.0 | Initial Development | 100 | | 10.0 | PPA/Spot | RTB 2023 | |
| | Total Colombia | 395.0 | | | | 395.0 | | |
| | Total Portfolio | 1,982.6 | | | | 1,620.4 | | |

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