

Transcript 4Q and Full Year 2023 Earnings Conference Call
COX ENERGY, S.A.B. DE C.V.
Wednesday, February 28th, 2024

SPEAKERS:

- José Antonio Hurtado, Chief Executive Officer
- Raquel Alzaga, Corporate Vice President
- Enrique González, Vice President of Investor Relations

SLIDE 1: COVER

Operator: Good morning, everyone. My name is Jorge, and I will be your call operator today. All lines are on mute to avoid any background noise. This is Cox Energy's Fourth Quarter and Full Year 2023 Earnings Call. There will be a Q&A session following the initial speaker presentation, and instructions will be provided at that time.

SLIDE 2:

SLIDE: SPEAKER'S PRESENTATION

Operator: Today we have with us Mr. **José Antonio Hurtado de Mendoza**, Chief Executive Officer, **Mrs. Raquel Alzaga**, Chief of Finance and Administration, and **Mr. Enrique Gonzalez**, Global Head of Investor Relations. They will talk to you about the results, recent developments, and the Company's strategy following the fourth-quarter 2023 Earnings Release issued yesterday, Thursday, February 27th.

If you have not received the report, please contact Cox Energy's Investor Relations department, and they will send it to you via email, or you can download it directly from the website. Please note that this call is only for investors and analysts, and questions from the media will not be accepted or addressed.

All forward-looking statements made during this conference are based on currently available information. Please refer to the legal notice in the Earnings Release for more information on this matter. Now, I hand it over to Mr. José Antonio Hurtado.

SLIDE 4: COX ENERGY, EMPRESA DEL GRUPO COXABENGOA

José Antonio Hurtado: Thank you, Jorge. Good morning, everyone, and welcome to our fourth-quarter and full-year 2023 Earnings Conference webcast. It's a pleasure to have all of you with us as we share the latest developments and results. As you know, 2023 was a transformative year for us, marked by milestones that shape our trajectory, clearly into the future.

I would like to start by highlighting the new structure of the Coxabengoa Group, of which Cox Energy is obviously a part. As some of you may know, Cox Abengoa has become a utilities company with a global presence, operating in more than 30 countries across America, Europe, Africa, and the Middle East. Its main focus lies in offering technological and innovative solutions that promote sustainable development. On a Group level, we are clearly positioned as leaders in the world of infrastructure.

The new structure of Coxabengoa consists of two main divisions: water and energy, sectors in which we excel globally. Additionally, the Group operates service and support areas for both divisions, mainly focusing on Operation & Maintenance (O&M), serving both its own assets, own assets services, and those of third parties; and, the technological development area, which has more than 400 researchers and engineers, with the aim of developing solutions and products that add value to our business areas, both in water and energy.

In the water sector, Coxabengoa has specifically stood out as a global leader offering comprehensive solutions, developing and operating leading and reference projects worldwide. Emblematic projects such as the Taweelah desalination plant in Abu Dhabi, the largest in the world, with nearly 1 million cubic meters treated per day, which has earned it renowned recognition, as the prestigious Desalination Plant of the Year Award at the Global Water Awards.

SLIDE 5: COX ENERGY: VERTICALLY INTEGRATED ENERGY UTILITY

José Antonio Hurtado: As for the energy sector led by Cox Energy, we are present throughout the value chain, from the promotion and development of assets in any type of technology, and present not only as mentioned before in the Americas and Europe but also expanding to the African continent and the Middle East, including, among other activities: construction, asset operation, and the delivery of value-added products and services to the end customer. This presence, throughout the energy utility value chain, allows the maximization of the business area's profitability.

Our strategic position in high-growth sectors such as renewable energy, water, and infrastructures, allows us to fully leverage our own technologies and existing synergies, consolidating us as benchmarks for the industry. Within the Coxabengoa Group, as mentioned before, there is a team dedicated to technological development that continues to be a determining pillar in terms of competitive advantages. This team works on Research and Development and Innovation projects, constantly improving both our current products and services, and acquiring new skills. With more than 250 active patents and a team, as previously stated, of more than 400 engineers specialized in the development of new technologies, this support area provides the Group with a unique and differentiating element.

SLIDE 6: RELEVANT INFORMATION: COX ENERGY

José Antonio Hurtado: And if I move on directly to Cox Energy, a company that I have had the privilege of leading since 2021. I can tell you that 2023 has been an extraordinary year, marked by several significant milestones. Firstly, I want to highlight our dual-listing in Spain last July, a strategic step that has allowed us to expand our presence in the financial markets and improve the visibility of the Company among local and international investors.

Furthermore, as announced last October, we have completed the European platform integration through the acquisition of 100% of the representative shares of the equity of *Cox Energy Europa, S.L.* This acquisition has allowed us to integrate, among other things, a diversified set of assets and resources, including 40% of the development platform under *Ibexia Cox Energy Development, S.L.* and 100% of *Cox Energía Comercializadora, S.L.*

Another important milestone was the integration of Abengoa's energy production unit through the acquisition of "*Abengoa Energía*"'s assets, an operation announced last December. With this integration, we have strengthened our position in the market and expanded our project portfolio, adding new locations, capabilities, and technologies. This acquisition has allowed us to significantly increase our sources of revenue and expand the Company's geographic presence in key markets, as mentioned earlier, in the Americas, Europe, Africa, and the Middle East.

Regarding operational projects, as previously reported, through 2023 "*La Meseta*" project was launched as a 160-megawatt photovoltaic project, and the first PMGD project with a total portfolio of 43

megawatts, also photovoltaic in Chile. These operations demonstrate our ability to execute and operate, placing us as benchmarks in the renewable energy market in Chile.

In the Engineering Procurement and Construction (EPC) area, we are delivering a 600-megawatt thermal solar project in Dubai, divided into three 200-megawatt generation plants each. At the moment, we have projects under evaluation for more than €10 billion. Submitted offers for projects worth more than €3 billion, and listed on the shortlist for adjudication, projects worth more than €900 million. As a result of these milestones and other outstanding actions achieved during the year, we have reported record results at the end of 2023, tripling sales and with an EBITDA of €19 million, reflecting the solid operational performance of our company and the ability to generate value for our shareholders.

SLIDE 7: ADVANCED PIPELINE

José Antonio Hurtado: Moving on to operation and development issues, we closed the year with a portfolio of 3.3 gigawatts, distributed across 57 projects managed at different stages of development, construction, or operation.

SLIDE 8: OPERATIONAL ASSETS

José Antonio Hurtado: Throughout the year, we achieved several significant milestones that highlight our commitment to excellence and sustainable development, reinforcing our position as leaders in the sector. First, I would like to highlight again the commissioning of the “*La Meseta*” project in Chile, in strategic partnership with Sonnedix. Additionally, the commissioning, as mentioned earlier, of the first PMGD project in Chile, which is part of a portfolio of projects that total 43 megawatts of generation and is expected to come online in 2024.

SLIDE 9: OPERATIONAL ASSETS (2)

José Antonio Hurtado: Continuing with our expansion, the acquisition of *Abengoa Energía’s* assets further expands our portfolio. Included in this portfolio are two new assets already operating; adding up to a total capacity of 220 megawatts more. These assets are the “Solar Power Plant One” in Algeria, and the “Abengoa Bioenergy Brazil” project.

The first one, the plant in Algeria, is a hybrid combined cycle and a thermal solar plant, with a total capacity of 100 megawatts, as mentioned before, located in Algeria. The thermal solar part has a capacity of 25 megawatts in total, with a concession contract of 25 years.

The second one is a project located in Brazil, which includes, in addition to the sugar and methanol commercialization plant, a 70-megawatt cogeneration power plant. Which, last week, I had the opportunity to visit its operation and was impressed by the scale of the project and its excellence in execution. These new assets will be critical for our growth and profitability in the coming years. The operation of these two projects contributes a recurring EBITDA that exceeds €60 million annually.

SLIDE 10: ADVANCED PIPELINE: Americas

José Antonio Hurtado: In addition to these assets, as a result of the integration of Abengoa Energía's assets, new projects in development are being added, including two photovoltaic energy projects in Brazil, augmenting a capacity of 80 megawatts to the portfolio.

SLIDE 11: ADVANCED PIPELINE: EMEA

José Antonio Hurtado: A project in Morocco with a capacity of 100 megawatts, also in the development stage, estimated to be ready to start construction in 2025. And, finally, a project in South Africa, which is in the development phase with an estimated construction start date of 2027, with a capacity of 400 megawatts.

These projects will allow us to expand our global presence and take advantage of new opportunities in the previously mentioned markets, whether in the Americas, Europe, the Middle East or Africa.

SLIDE 12: EPC and New Technologies

José Antonio Hurtado: Lastly, as part of the acquisition of Abengoa Energía's assets have been integrated to, as I previously said, the Engineering and Construction division, also known as EPC and New Technologies, which are already working on exciting projects worldwide. I have already mentioned the ratios before, and this division will give us the capacity to build projects in development with our own capabilities, thus seeking to capture greater margins and improve profitability.

With its experience and proven track record, we are confident that it will play a crucial role in the success of Cox Energy. An example of the capabilities of this division is its participation in the construction of a renewable energy project, as I mentioned earlier, located in Dubai, which consists of three thermal solar plants with a capacity of 200 megawatts each, currently being delivered and located in the largest complex of its kind in the world, at the Mohammed Bin Rashid Al Maktoum Solar Park.

SLIDE 13: TRADING AND SELF-CONSUMPTION

José Antonio Hurtado: We continue working to meet the needs of our customers while seeking opportunities for growth and expansion in the market.

Our Commercialization Company in Mexico experienced strong growth, surpassing last year's revenues by more than 25%, demonstrating the strength and competitiveness of our operations in the country. Additionally, during 2023 we closed contracts with major clients, allowing us to secure energy sales contracts totaling over 400 gigawatts per year for 2024, doubling the closings we had in 2023. This puts us in a strong position to continue growing and expanding our presence in the renewable energy market. In the same way, we have launched the business of distributed generation and self-consumption in several countries where we operate; among others, Mexico, Colombia, and Chile, where we expect to benefit from our capabilities and resources to capitalize on these opportunities during 2024.

If you allow me to move on to the Commercialization Business in Spain, we continue to work to expand our operations in the country. In 2023, we closed operations that totaled more than 17 megawatts installed in self-consumption projects, and in the trading energy for end customers area, we delivered more than 47 gigawatt-hours to a total of over 2400 clients. At Cox Energy, the Commercialization of Energy business in Spain operates under five divisions that provide us with a competitive advantage, in addition to the added value it represents for our customers.

These areas are, firstly, solar self-consumption, either as “turnkey” projects or by directly assuming investment in the asset and accompanied by an energy purchase contract from the client. Secondly, smart grids in projects known as energy communities and virtual battery services. Thirdly, direct energy sales to end customers. Fourthly, innovative installations such as small-scale green hydrogen, whose input is renewable electrical energy. And finally, fifthly, we offer energy efficiency products that are in charge of installing energy-saving systems to reduce consumption and cost through tailor-made projects.

Finally, in the closing of 2023, we signed an agreement with “*Sociedad Deportiva Huesca*” to implement a Comprehensive Energy Plan at El Alcoraz Stadium, making it the first in Spain to have a green hydrogen plant powered by solar energy. This project is a clear example of our commitment to innovation and sustainability.

SLIDE 14: CONSOLIDATED RELEVANT FIGURES

José Antonio Hurtado: Moving on to the financial results, which you have the opportunity to consult in detail in the report we made available yesterday. We are very pleased with the financial results of 2023, derived from the achievements and milestones I mentioned earlier.

During the year 2023, we tripled our revenues in comparison to the previous year, closing at \$1,270 million pesos, which is approximately €70 million euros. This result is mainly due to the incorporation of Abengoa Energía assets, as well as the revenues reported of the consolidation, as I mentioned earlier, of Cox Energy Europa and the 25% growth in revenues from the Mexican Commercialization company.

Our EBITDA also reached a record in the Company, exceeding \$350 million pesos, or nearly €19 million euros for the entire 2023, representing a margin over sales of over 27%. This EBITDA figure is mainly the result of the acquisition and integration operations carried out in 2023, and I would like to emphasize that the Abengoa Energía assets consolidated the results with one month of operation in the month of December, and the European platform, as mentioned earlier, with the full last quarter.

Regarding our liquidity position, we closed the year with a very good cash and equivalents position of over \$878 million pesos, or nearly €50 million euros, providing us with a solid financial base to continue investing in the future growth of the Company and to address any challenges that may arise.

It is worth noting that a significant portion of this cash and equivalent position is held as restricted guarantees, so during 2024, we will undertake the task of seeking to replace these liquid guarantees with financial instruments appropriate to each operation, and that it allow us to access resources for the upcoming growth. In line with the above, regarding Mexico, we have obtained more than \$15 million dollars in credit lines for our Commercialization business.

Finally, if we focus on the net profit for the year it closed with losses, as you can see. But this is mainly due to the recognition effect of non-recurring intangible impairments for projects in the Latin American region, due to current macroeconomic circumstances and a changing regulatory environment in the region. Therefore, management decided to conduct a thorough analysis of the Company's assets, considering the development stages of each one, in order to reflect the fair value of each of these projects. Excluding this non-recurring accounting effect, the adjusted net profit for the 12 months of 2023 would have been positive, and it would have reached a value of over \$56 million pesos, or what represents €3 million euros, which would represent or represents, a positive milestone in our reported results.

SLIDE 15: STRATEGY AND SUSTAINABILITY

José Antonio Hurtado: Regarding ESG issues, Cox Energy considers sustainability as one of the main pillars of its business strategy. Our main goal is to implement a culture of sustainable development through ESG initiatives and quantification mechanisms that allow us to continuously improve our processes and decisions, as well as increase our positive impact on society, the environment, and ultimately, on all of our stakeholders.

We have a key position to contribute to several Sustainable Development Goals and we are committed to the health and well-being of our staff and collaborators, implementing safety and health policies and practices that ensure a safe and healthy work environment. We consider our team to be our most valuable asset, and therefore, their well-being is clearly our priority.

In addition, we promote gender equality and diversity at all levels of our organization, fostering an inclusive and respectful environment where all individuals can thrive and reach their full potential. We strive to ensure access to clean water and sanitation for all, as well as to provide affordable and non-polluting energy through our renewable energy solutions. Our commitment to innovation and sustainable infrastructure drives us to build resilient infrastructure and promote inclusive and sustainable industrialization.

Likewise, we contribute to creating sustainable cities and communities by providing adequate basic services and building environmentally and socially friendly infrastructures. And all our ESG efforts are fundamental to our vision of a sustainable and prosperous future, and we are committed to climate

action, and with working collaboratively with all stakeholders to achieve a positive impact on the world and the environment.

During 2024, I will be directly working with the team to create well-defined strategies and objectives for what our actions will be on ESG issues. As well as the metrics and KPIs to meet, seeking at all times to align the Company and its strategy with the goals and objectives settled in the Global Compact and the Paris Agreement for 2030.

SLIDE 16: STOCK INFORMATION

José Antonio Hurtado: Regarding the stock market information and our stock's performance we are pleased to inform you that it has been truly outstanding. As of the close of February 21st, we have observed a growth of over 64%, year over year, in the Mexican market. While in the BME Group of Spain, the stock has experienced a growth of over 18% since our listing in July 2023. This performance is proof of the market's confidence in our strategy and our future as a listed company.

Furthermore, I am pleased to announce that we have extended the subscription period for the stock issuance process until June 28, 2024. During this process, we have subscribed a total of 6,645,945 shares, and this level of interest and participation demonstrates the solid support of our shareholder and investor base and their confidence in our long-term vision.

SLIDE 17: OUTLOOK 2024

José Antonio Hurtado: And allow me to look ahead and be excited about the prospects for the coming year. In 2023, we have far exceeded our expectations and the goals we set for ourselves, even surpassing our forecasted objectives, demonstrating the management's commitment to our shareholders, our customers, and stakeholders.

We will continue to focus on a sustainable and profitable long-term growth. As well, we are excited about the potential of our new portfolio and the businesses in which we are involved, which present a series of exciting opportunities for growth and expansion. Regarding business opportunities, we are exploring future synergies with the Coxabengoa group, which will allow us to maximize our relationship and collaboration.

We intend to expand in the energy commercialization and generation market, with a primary focus on developing and operating distributed generation and self-consumption projects in the countries where

we operate, as I have mentioned before. We are also analyzing new geographies, including those mentioned, for example, in South Africa or Morocco, where we see significant opportunities in the short term.

We are excited about the opportunities that await us in 2024, and with the new structure and capabilities, we will achieve the goals and targets set, seeking to create the greatest value for all our stakeholders. And I reiterate my thanks for your support, for your continued support and trust in Cox Energy. And please, Jorge, open the floor for questions and answers. Thank you very much.

SLIDE 18: QUESTION AND ANSWER SESSION

Operator: Thank you, José Antonio. Now we will conduct the Q&A session.

If you would like to ask a question, please press the "Raise Hand" button located at the bottom of the screen. If you are connected by phone, please dial *9. We remind you that all lines are muted. When it's your turn to ask a question, you will be given permission to speak. Then you can activate your microphone and ask your question. Now we will move on to receive questions.

Our first question comes from Martin Lara. Please state your full name, the name of your company, and then ask your question.

Martin Lara: Good morning. I'm Martin Lara from Miranda Global Research. Thank you for the call and congratulations on the results. I have several questions. How do you see the revenues and EBITDA in 2024? And the second one is, how do you view the regulatory environment in the regions where you operate?

José Antonio Hurtado: Let me, Martin. I can, if you want, answer the second question and for the first one, I'll hand it over to Raquel, Raquel Alzaga, or Javier. Well, regarding the regulatory environment, I would almost answer differently. That is, we are in the countries where we want to be. And there are countries, as you can check in the presentation and the information we have provided, where the regulatory environments are not necessarily similar, and neither are the political environments. But, what we do have is the knowledge of the countries, we know how to do things, we know the business, and how we want to structure it. Whether it's through public tenders, venturing through a market strategy: to the spot markets, or with private clients. That is, we have platforms in each country, we have a very defined

strategy, and we are not so concerned about the different regulatory systems because those are the rules of the game that we have to play by, and we are very clear on how to do business.

And regarding the 2024 budgets, I don't think we are going to give specific figures, obviously, but what can be inferred from what I have mentioned, at least, is that as you have seen with the assets we have just acquired, the EBITDA is already going to take a differential leap, going at least from 18 to 60 and much more, and obviously we will be capitalizing on all the other businesses we are discussing. That is, sales will increase significantly, and therefore all the other financial ratios will have a differential leap, right?

Martin Lara: Okay, thank you very much. And an accounting question, are you consolidating 100% of CA Infraestructuras' results?

José Antonio Hurtado: We are consolidating 100%, and you can see it in the balance sheet, which is recorded at 100%, and that is information that was obviously published yesterday. And what we have recorded in 2023, clearly in the income statement, income sheet, or P&L. What it records, as previously stated, are three months of the European platform, because the purchase was made at the end of September, on September 29th, and one month from the purchase of the assets that came from Abengoa. Regarding what you mentioned about “CA Infraestructuras”, as you clearly know, as far as I am aware, the purchase was precisely made at the beginning of December.

Martin Lara: Okay, thank you very much.

Operator: We remind you that to ask a question from a phone line, you must dial *6 to activate the microphone. At the moment, we have not received any more questions. So, this concludes our question and answer session. I would like to like to hand the call back over to José Antonio Hurtado for final remarks.

SLIDE 19: FAREWELL

José Antonio Hurtado: Thank you very much, Jorge.

Well, I want to thank everyone, everyone who has accompanied us today and furthermore to everyone who is following the Company's progress, especially our investors and shareholders. And please, do not

hesitate to contact us if you have more questions. We sincerely appreciate your interest in Cox Energy and look forward to speaking with all of you again very soon. Thank you very much.

Operator: This concludes our call for today. You may now disconnect.