Faculty of Economics & Business Administration ICADE

COX IPO: EVALUATING THE POTENTIAL FOR LONG-TERM VALUE CREATION

Author: José Olivé Calderón

Director: Javier Carbajo

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1. Abstract

This thesis investigates the Initial Public Offering (IPO) of COX Group, a Spanish company specializing in water and energy infrastructure. Launched in November 2024, the IPO occurred within a complex macroeconomic context but demonstrated strong investor interest. Employing a mixed-methods approach that combines academic research with qualitative interviews of senior executives, the thesis analyses how COX's IPO process has positioned the company for long-term value creation. The findings reveal that COX successfully raised €185 million, allocating funds to expand its water and energy transmission projects in Latin America, Africa, and the Middle East. While the stock has experienced some volatility due to global market uncertainties, analysts remain optimistic about the company's future performance, forecasting a significant upside potential. Overall, the study concludes that COX's disciplined approach (highlighted by strategic partnerships, asset rotation, and operational excellence) positions the company as an emerging leader in the global water and energy infrastructure sectors.

2. Introduction

The thesis will seek to further investigate the whole process and strategy behind the complex and successful IPO process of COX Group. The process was surrounded by a highly challenging macroeconomic environment as well being one of the two Spanish public offerings within 2024, making it a highly interesting topic to further deepen my knowledge upon such process. Furthermore, the thesis will follow a one-on-one interview methodology with the company's senior executive directors that will provide the study with comprehensive and valuable inputs on the main challenges and obstacles faced during the process.

2.1) What is COX Group

COX is a vertically and horizontal integrated utility of water and energy through an integrated business model encompassing the entire water and energy value chains: **Full water cycle** (desalination, purification, reutilization, treatment and integrated water resource management) and **Energy** (transmission and clean energy generation). Additionally, COX holds a strong record of over 55 years of experience in water desalination and presence across the entire energy value chain as well having a consolidated international presence across a diverse range of continents, from the Middle East to Africa and Latin America. Strategically, COX focuses on a build to own strategy, with 6 generation projects and 2 awarded concessions in transmission, paired with asset rotation in more mature markets. In financial terms, the company holds a strong financial position to capture growth in a rapidly growing industry. Indeed, it has demonstrated strong profitability with solid EBITDA and operating Cash Flow figures, together with a significant contract backlog of 1.6€ billion. Overall, a disciplined approach to project selection and a conservative capital structured positions the company for sustained financial strength.

2.2) Justification of the Research

The Spanish industry as well as the rest of the European member states have been particularly exposed to significant market volatility since the start of the Ukrainian war followed by the commencement of the war in the middle east with all the economic consequences that these wars have had amongst different industries and global markets overall. Indeed, in such scenario the Spanish market has only experienced two public offerings: Puig Brands and Cox Energy. In this spectrum it is interesting to further analyse first-hand the challenges that Cox faced during the whole process and how the overall macro environment has significantly affected investor’s confidence, leading to significant challenges in completing the process.

Additionally, I am eager to understand the rationale behind the public offering and how this process has positioned the company as a potential top competitor within the renewable energies' spectrum not only in Spain but globally. I am particularly interested in exploring the progress of renewable energy, especially as ongoing advancements in technology continue to complement and drive innovation in the industry.

2.3) Objectives of the Study

The main purpose of this study is to explore the IPO process of Cox and understand its strategic significance in the context of the Spanish stock market. This would be achieved through the following objectives:

- **Analyse the IPO process and strategy**: Identify and understand the steps and strategic decisions involved in Cox's recent IPO. This includes exploring the motives behind the IPO, the timing, the pricing strategies, and the overall market conditions that influenced the process.

- **Examine key factors influencing the success of the IPO**: Explore the financial, economic, and regulatory factors that shaped the outcome of Cox's IPO. This includes factors such as investor sentiment, economic conditions, and the performance of comparable companies.

- **Understand the macro environment in which the IPO has taken place**: Identifying the main macro-economic conditions affecting the IPO, understanding their relevance within the process comparing COX IPO success with failed processes within the same time frame.

- **Assess the role of key participants and stakeholders**: Through interviews, gain insights from key participants such as underwriters, company executives, investors, and regulatory authorities. Understand their perspectives on the challenges and opportunities faced during the IPO process.
- **Evaluate the impact of the IPO on the company's valuation and market performance**: Conduct a post-IPO analysis to understand how Cox's IPO influenced its stock performance, investor perception, and overall market positioning in the Spanish stock market.

- **Explore the broader implications of the IPO for the industry and market**: Analyse how Cox's IPO might set a precedent or reflect broader trends in the real estate sector or within the Spanish stock market, especially in the context of fluctuating economic conditions like inflation.

2.4) Methodology

This thesis will adopt a two-part methodology to assess the potential for long-term value creation stemming from the Cox IPO.

First, a comprehensive review of relevant academic and industry literature will be conducted. This review will establish a theoretical framework focused on Initial Public Offerings (IPOs) and the key factors that contribute to long-term value creation. We will analyse existing research on the determinants of successful IPOs, investor perceptions, and the performance trajectory of companies following their public offerings. Additionally, the review will provide an overview of Cox's historical and current market position, utilizing information from official reports, industry publications, and regulatory documents.

Second, we will conduct in-depth interviews with key executives involved in the Cox IPO process. These will include interviews with: **Nacho Moreno** (COX Group CEO), **Javier Garcia Arenas** (Chief of Strategy & Corporate Development) and **Meritxell Pérez** (Head of Investor Relations). The interviews will be designed as guided conversations to gather insights on their experiences and views regarding the IPO, being a unique source of information to all the information gathered, and at the company’s highest executive level. A structured questionnaire will be developed in advance to ensure that the information collected is systematic and comparable across different participants.

After gathering the interview data, I will analyse the results and compare them with findings from previous studies. This analysis aims to draw meaningful conclusions about the potential for long-term value creation from the Cox IPO and to provide insights into broader trends within the industry.

3. Theoretical Framework

It is crucial to understand the steps required to develop a successful IPO strategy. Indeed, all the steps and the confidence that the company transmits to initial investors during the process is key to the company's future success and evolution.

3.1) Concepts & Process of Initial Public Offerings (IPOs)

Continuing with our analysis I will further state the main concepts within an IPO together with the company's rationale to embrace on an initial public offering. Indeed, an Initial Public Offering (IPO) is a complex process involving several key technical concepts, as exemplified by the recent IPO of Cox ABG Group SA, a Spanish water and energy firm.

3.1.1) Concepts within an IPO

- Pricing and Valuation: Cox ABG Group SA set its IPO price at €10.23 per share, aiming to raise approximately €175 million. This pricing valued the company at around €849 million.

- Offering Size and Structure: The company initially planned to raise up to €222 million by offering between 17.57 million and 19.55 million new shares. However, the final offering size was adjusted to about €175 million and extra €10 million corresponding to the greenshoe allocation.

- Underwriting and Book-Building: Before the IPO, Cox secured commitments from strategic investors for approximately 30% of the offering, including entities like AMEA Power, Corporación Cunext, and Attijariwafa Bank. This pre-commitment can enhance investor confidence and stabilize the offering.

- Regulatory Approval and Timing: The IPO process required approval from the Spanish securities regulator. Cox expected to finalize its listing prospectus by early November 2024, with shares anticipated to begin trading around November 14, 2024.

- Market Debut Performance: Upon listing, Cox's shares experienced a decline, highlighting the volatility and market reception risks associated with IPOs.

3.1.2) Process of an IPO

Additionally, it is crucial to understand the standardized **IPO process**. The execution takes 14-18 weeks and can be divided into three main areas of work: **Documentation and Due Diligence**, **Research and Marketing** and last **Structuring, Pricing and Allocation.**

- Documentation and Due Diligence: This process is present during the entire IPO execution and its crucial for the most effective execution of the marketing and pricing stage. Documentation wise, the company shall constantly be providing relevant information to regulators and potential buyers as the process develops and thus its present during the entire process until closing. However, the due diligence process consists of elaborating an exhaustive analysis in the financial, legal, business and operational, tax, regulatory and compliance as well as management and ESG assessment spectrums, culminating with the draft of the prospectus because of the exhaustive analysis in the areas just mentioned, that will be filed with competent regulatory body (CNMV in Spain).

- Research and Marketing: Once the due diligence process is finalized and thus with all the company's relevant information duly filed with the CNMV, the company shall commence seeking for demand. The phase starts by analysing market conditions and together with Investment Banks and Underwriters (who have been hired to assist the company during the process), they conduct a comparative analysis against similar publicly traded firms to establish/draft a competitive valuation for the company going public. During this phase, pilot fishing takes place where the company together with underwriters make efforts to select institutional (core) investors and incentivize investment in the company amongst them. Pilot fishing provides the company with feedback to potentially re-shape or re-define the IPO strategy. Once strategy is re-defined and the process advances, the roadshow starts, presenting the business model, financial statements and growth strategy to institution and retail investors, seeking to generate demand and thus a successful IPO subscription. Last, the market research helps to establish price range, investor selection and positioning.

- Structuring, Pricing and Allocation: First, the company together with Investment Banks structure the offering, including the number of shares being issued or the proportion of primary versus secondary shares amongst other factors. Second, the company reflects on investor sentiment based on the roadshow, market conditions, and comparable company valuations to set a definite price at which new shares will be issued (usually the night before the company starts to trade). Pricing mechanisms

include book building, fixed pricing or auctions depending on the IPO structure adopted. Finally, allocation phase takes place, where shares are distributed amongst investors, balancing long term price stability (institutional investors seeking to hold their position in the long term) and liquidity (potentially retail investors who would potentially sell their position in the short or medium run). In general term, the larger portion of the overall share allocation is distributed amongst institutional investors and a smaller share between retail investors for liquidity.
Overall, this stage is critical to achieve a strong market debut, maintain investor sentiment/confidence and setting the basis for a positive post-IPO performance.

3.2) Long-Term Value Creation - Pricing

In this part of the study, I will deepen the analysis on the pricing phase, as it comprehends and reflects the outcome of the due diligence and marketing phase of the process. We can clearly distinguish three different phases: **Preparation** (Pilot Fishing and Preparation of Research reports), **Education** (Pre-marketing) and **Selling** (Roadshow).

- Preparation (Pilot Fishing and Preparation of Research report): The phase starts by meeting with potential institutional investors, evaluating their confidence to invest in the company informally discussing different price levels in which they would willing to place an order. Based on this discussion and the feedback obtained from them, the company will re-shape their strategy to attend investors interest.
  Additionally, Equity research analysts from the Investment Bank firms hired by the company to advise them during the IPO execution, will develop detailed reports to educate investors ahead of the pre-marketing phase. These reports include Company analysis, Valuation models, Industry outlook as well as the company's risk management. Overall, this stage provides a strong foundation to investors to assess the company whilst the investment banking refines the pricing strategy/valuation range prior to the meeting with analysts, with which the Education (Pre-Marketing) phase starts.

- Education (Pre-Marketing): The education or pre-marketing phase is crucial to build investor awareness prior to the selling stage. The process starts with the presentation to analysts, where research analyst from underwriting banks presents their assessment of the company in question to institutional investors. Also, in this meeting analysts are prevented from providing a direct recommendation to buy the stock, but they provide valuation insights and trading industry comparable companies. The presentation to analyst is followed by the dissemination of equity research reports to institutional investors for them to deeply assess the investment opportunity. Once all the information is available to institutional investors these provide feedback on their concerns and overall sentiment which will set the guidelines to set the guidelines to fix the valuation/price range in the preliminary prospectus.

- Selling (Roadshow): This final phase is the most critical step before final pricing and stock allocation. The objective of this final stage is generating final demand, securing existing orders and finalize pricing based on market feedback from the previous stages. To do so, the company's management team travel to meet with different institutional investors, presenting the company's business model, financials, competitive advantages growth strategy and other relevant factors whilst providing investors with the opportunity to solve their remaining question by the management as well assessing the team's competency. Once all investors have been met and duly presented with all the corresponding presentations by the management team, the company builds the "Order Book", where investors submit their willingness to buy at different price levels and being duly compiled by underwriters, with which the company can determine overall demand and price sensitivity. Having built the book with all the corresponding orders at different price levels, the final IPO price is set, where the company and underwriters decide whether to set the price at the top, middle or bottom of the price range established along the previous phases of the process. Lastly, the company, together with underwriters, decides on stock allocation between institutional and retail investors based on their long-term investment interest and market stability, and market stability.

Overall, the roadshow or selling stage is the last opportunity for the company to maximize investor sentiment and ensure positive performance post-IPO and thus incentivising a smooth transition towards public markets.

4. Macroeconomic and Industry specific context at IPO

In this section, I will frame Cox IPO within the macroeconomic environment and the industry specific scenario months before the public offering as well during the IPO whilst analysing the industry future perspectives as a determinant factor for the success of the offering.

4.1) Macroeconomic Environment

Pre-IPO, the Spanish economic outpaced their European counterparts, with a strong GDP growth of 3,4% year-on-year by the third quarter of 2024, and a 0,8% growth quarter-on-quarter, making it the fastest growing economy amongst the Eurozone advanced nations. The key factors that contributed to this robust position of Spain's economy was driven by several factors: Labour market growth (with over 500.000 new registered during the last quarter of 2024), Boom in tourism (contributing 0,7% to the country's GDP growth) and declined inflation rates (with Headline inflation declined to 2.8% in 2024, driven by a slowdown in energy and food price inflation, with underlying price pressures easing more gradually).
Furthermore, during Cox IPO (November 2024), the Spanish economy was at its peak in terms of performance. The country's GDP projected growth was 3,0% for the full year, supported by a strong domestic market and a resilient labour market. Also, investor confidence was reinforced by the implementation of the Recovery, Transformation, and Resilience Plan (RTRP), which aimed to foster investment through lower financing costs. This favourable scenario in Europe, reinforced Cox agreed investors commitment to invest in a project with solid perspectives and decreasing financing costs within the Eurozone.
The post-IPO outlook in macroeconomic terms is of sustained growth though with caution, driven by the unstable climate set by the recently elected Trump administration, that affects investor sentiment due to installed market volatility. This uncertainty, which drives the fear of a potential recession of the U.S economy, leads to adjust future growth expectations within the Eurozone economies, but more specifically within Spanish economy. In this spectrum, Spain's GDP growth was forecasted at 2,3% in 2025 and 2,0% in 2026 (which implies a slow decline in the growing tendency observed in 2024). Also, inflation projection where more pessimistic, though with a continues projected decline to 2,2% in 2025 and 2,0% in 2026. Last, in terms of fiscal health, the general government deficit was projected to decrease from 3.0% of GDP in 2024 to 2.6% in 2025, with the debt-to-GDP ratio declining gradually, reaching 101.1% by 2026.
Overall, the Spanish economy had a strong position the months before and during Cox public offering, and a solid outlook towards the future, though with adjusted perspectives (still strong) driven by Trump's

administration recent decisions in economic matters that affect the global and more specifically the European economy.

4.2) Cox Industry Position within the Global Context

There are several factors that position Cox as a leading player within its industry in the national context and as a potential key player in the future global scenario within the industry. First, Cox is a leader player in Spain's O&M (Operation & Maintenance) for renewable energies, especially Solar PV. Thus, given Spain's favourable conditions for solar energy generation, it has become a hub for new investments in this sector, and given Cox knowhow in the matter, the company is well positioned to take advantage of future opportunities within the Spanish renewable energy sector. Second, there is an inherent interest by the European union to foster new renewable energy projects in the face of the energy transition process that union is aiming to execute by 2050. Thus, Cox IPO has provided the company with visibility and capital resources to opt for the development of these new projects in key geographies whilst continue to focus the efforts on emerging economies, where opportunities for greater growth are constantly present. Consequently, Cox will potentially benefit for rising opportunities in consolidated markets like the EU and continue to develop their activity in emerging or high growth market such as Latin America or Africa. Furthermore, Cox leverages its national expertise (knowhow in a highly competitive and consolidated market) to succeed in the global spectrum. Cox CEO, Nacho Moreno highlighted how "Cox is highly competitive in the national market which provides the company with the resources and reputational recognition to succeed in highly attractive projects the company aims to start developing in Saudi Arabia, now with the support of local and highly competitive partnerships developed through the public offering in November". This statement, emphasizes Cox unique outcome from the IPO process, gaining global visibility and access to highly competitive partnerships in the sector that will consolidate Cox position in the industry (on a national and international perspective) in the years to come.

Overall, Cox is strategically positioned as a national leader in Spain's O&M renewable energy sector, particularly in solar PV, and is emerging as a promising global player. The company's strong domestic track record, supported by Spain's solar potential and the EU's seeking for energy transition, allows Cox to leverage its knowhow for expansion in both developed and high-growth emerging markets. The visibility and capital resources obtained through its IPO have enhanced its ability to pursue international projects, including in regions like Latin America, Africa, and Saudi Arabia. Cox's proven competitiveness at home, combined with newly formed global partnerships, sets a strong foundation for future international success.

5. Empirical Analysis of the Cox IPO

The Cox IPO is a financial accomplishment that shall be evaluated from different perspectives. The fundraising process, investor interest, operational execution as well as long term performance are key steps that we ought to analyse in depth to deeply understand the outcome of such financial event. Additionally, it is important develop a brief overview of the company to understand its scenario and areas of impact prior to starting the IPO process and subsequent market debut.
Cox Group is a vertically integrated utility of Water and Energy focused on the growing sectors of water and energy infrastructure (inc. transmission), resulting from the integration of Cox Energy and the productive units of the Spanish industrial Abengoa group. Also, the company has an integrated business model encompassing the entire water and energy value chains complemented by other technologies enabling the clean energy transition:

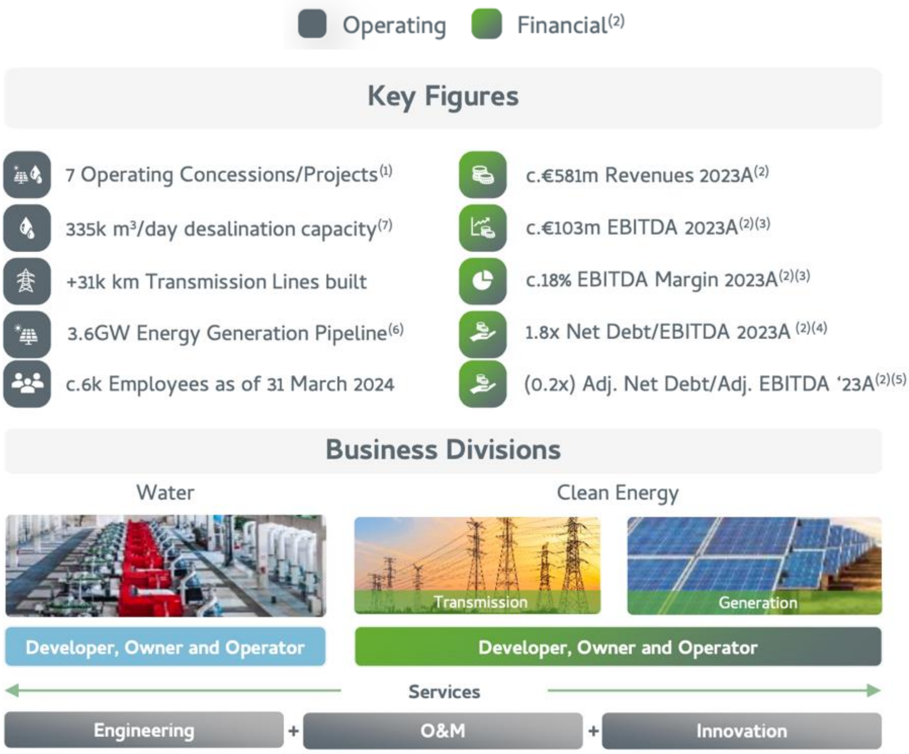
- **Full water cycle:** desalination, purification, reutilization, treatment and integrated water resource management
- **Energy:** transmission, clean energy generation and behind the meter (BTM)

Furthermore, the company holds an Internationally diversified portfolio:

- Water division focused on the Americas, Southern Europe and MENA
- Energy division focused on the Americas (mainly Chile, Brazil, Mexico and Colombia), Spain and South Africa

Last, the company is technologically diversified both in water (from desalination to purification) and energy (from solar PV and storage to solar thermal energy).
Additionally, I will highlight key operational and financial figures to develop a complete framework of the company prior to commencing their fundraising campaign. These metrics are further detailed in the following figure:

Figure 1: COX key operating and financial figures across its main divisions.

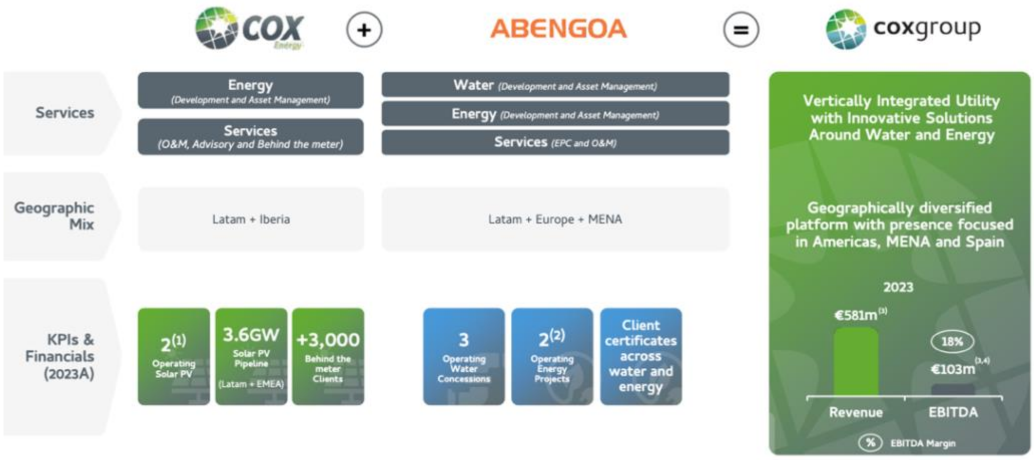


Overall, and based on the context presented of Cox Group, this section provides a financial and operational outlook that shapes the company's market and will determine future performance post IPO

5.1) Fundraising and Investor Relations

Cox began exploring fundraising strategies through a thorough selection of potential investors and further co-investment strategies, two years prior to its market debut, which exemplifies the importance to the company's financial and operational strategy within the process and to its future performance. In words of its CEO Nacho Moreno "Cox simplified its operational structure dividing its business into two clear and well-defined areas of impact: water and energy" to "properly define the investor relations strategy and seek to identify the most competitive alliances for these two divisions". Additionally, the Cox emerges from the acquisition of former Abengoa's water and energy divisions (which included other services such as engineering and procurement amongst its main operational activities) that had filed for bankruptcy in 2018. This scenario led the management team together with its president Enrique Riquelme to rename the acquired company to COX Group, aiming to disengage from the flawed reputational image Abengoa had on a national and international basis. This step was crucial to present the company as solid opportunity towards investors within the marketing phase. In the following figure I will present a more detailed and clearer image to illustrate Cox's composition:

Figure 2: COX group foundation composition



Having understood the context and framework in which the company was set to enter the IPO process, I will deepen my analysis in both the Fundraising and Investor Relations strategy, highlighting Cox perspectives post IPO.

5.1.1) Fundraising

As stated, and analysed previously, Cox primary offer structure consisted of €175 million and an a greenshoe of €10 million given the final capital raise base size. The funds raised through the IPO process were aimed to be used for (1) new and recently awarded water concessions, (2) captive energy projects and (3) new energy transmission concessions. The distribution/allocation of the Cox capital raise consisted in an institutional offering in Spain and internationally. In terms of the banking network that participated along the process and that where crucial in the accomplishment of the Cox recent market debut, from global coordinators to joint bookrunners and co-lead manager where:

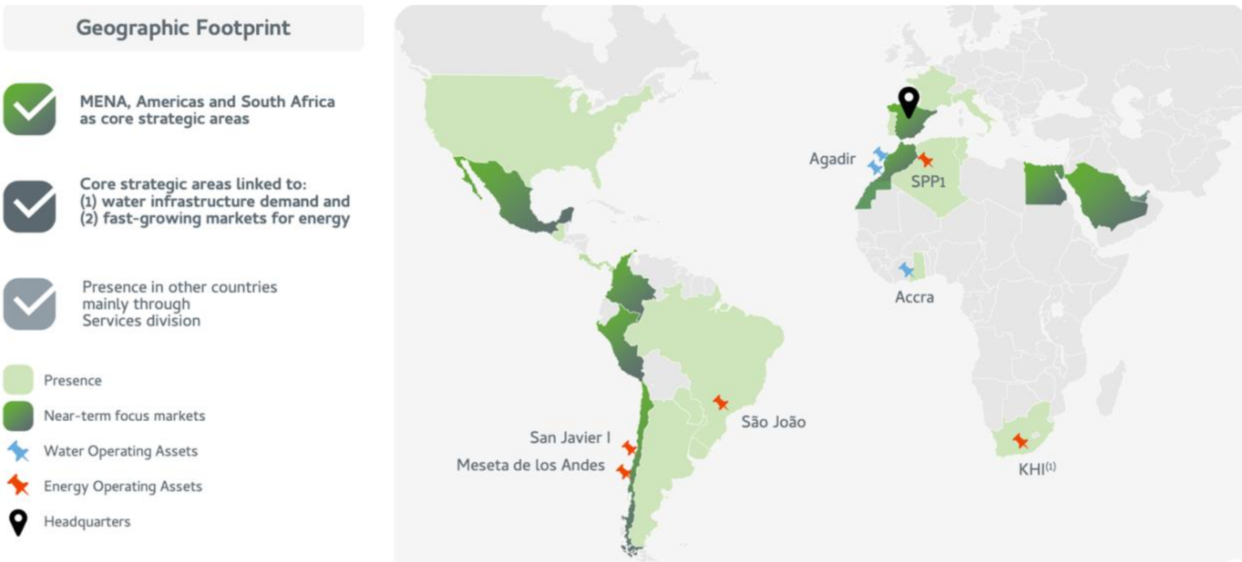
- **Global coordinators:** Banco Santander, BofA Securities, Citi.
- **Joint Bookrunner:** Alantra, JB Capital Markets
- **Co-Lead Manager:** BTG Pactual

The strategic selection of investment banking firms played a critical role in ensuring the success of Cox Energy's IPO, facilitating not only the technical execution of the offering but also the development and implementation of a high-caliber investor marketing campaign. These banks brought to the process a wealth of expertise in equity capital markets, as well as a deep understanding of investor relations dynamics, which proved instrumental in effectively communicating Cox’s investment case to both domestic and international stakeholders. Their involvement was not limited to the transactional aspects of the IPO; rather, they contributed meaningfully across all stages of the process, beginning with the pilot fishing phase and the preparation of the equity research reports. During these initial stages, the banks assisted Cox in testing investor sentiment, refining its equity story, and tailoring its messaging to resonate with various investor profiles—particularly those with medium- to long-term investment horizons and a strategic focus on energy and infrastructure assets in emerging markets.

Furthermore, the banks played a pivotal role in the phase of building investor awareness, leveraging their global distribution networks and institutional relationships to introduce Cox to a wide range of potential investors. Their deep sectoral insights enabled them to identify and target investors with a demonstrated interest in infrastructure, renewable energy, and frontier markets—areas where Cox has positioned itself as a high-growth operator. The banks also provided critical advisory support in shaping the format and content of the management roadshow, which is often considered one of the most influential components of an IPO process. They helped craft a narrative that aligned with prevailing market themes such as energy transition, sustainable infrastructure, and water security, thereby enhancing the relevance and timeliness of Cox’s offering. In doing so, they ensured that Cox's management team was well-prepared to address investor concerns and articulate a compelling long-term vision, reinforced by tangible financial metrics and a credible pipeline of upcoming projects.

In addition to coordinating investor meetings, the banks advised on timing considerations, pricing dynamics, and broader market sentiment, ensuring that the IPO was launched under favorable conditions. Their real-time feedback during the roadshow enabled agile strategic adjustments and ensured that investor demand was maximized while maintaining pricing discipline. The collaboration between Cox and its investment banking advisors thus extended far beyond transactional efficiency, establishing a foundation of strategic alignment and market intelligence that is likely to benefit the company in future capital markets interactions. The capital raised through this meticulously coordinated process is now being deployed to finance an ambitious expansion plan across both the water and energy segments, consistent with the strategic objectives outlined in previous sections. These investments span multiple geographies, including projects in Europe, Africa, the Middle East, and Latin America, reflecting the company’s global footprint and commitment to addressing infrastructure gaps in high-growth regions. In order to visualize the full extent of Cox’s international operations and strategic initiatives, an illustrative map has been developed. This visual representation underscores the company's presence across diverse regulatory and market environments, highlighting its capability to manage cross-border projects and adapt to local operational complexities. The map serves as a visual synthesis of Cox's operational strategy, demonstrating the breadth of its infrastructure portfolio and the geographic dispersion of capital deployment following the IPO. It reinforces the thesis that Cox is not only a domestic player in Spain but a growing international force in the sustainable energy and water sectors, as presented in the following figure:

Figure 3: COX group geographic footprint



Based on their international presence, Cox has emphasized its desire over the whole IPO process to find strategic investors in those areas in which is present but specially within the markets where it expects have an impact post IPO. These efforts are primarily focused in the Arab and South American and Moroccan markets (with the extension of a water desalination plant) as well as a strong emphasis on the national market. In the next section "Investors Relations" I will deepen into further detail regarding how Cox strategically allocated its public offering amongst those investors that would potentially lead to new opportunities in those countries in which the company has a strong interest and thus requires local knowledge and presence to be as effective as possible in the achievement of their objective. Through the analysis I will also highlight Cox's main co-investment projects as there are the main use of the capital raised performed by the company.

5.1.2) Investors Relations

Prior to deepening the research into the Investors Relations spectrum, it is important to highlight the pre-IPO investor structure. The ownership prior to the IPO was shape as represented in the following figure:

Figure 4: COX group pre-IPO ownership structure

Pre-IPO Cox Group shareholder structure (shareholders) consists of:

- **ERV:** includes stakes held by Inversiones Riquelme Vives, S.L. (72,83%) and Lusaka Investments, S.L.U. (5,00%) two entities of which Enrique Riquelme is ultimately the majority and sole shareholder, respectively.

- **Zardoya Family:** 17,52%

- **HNA:** 4,65%

Organizationally, Cox Group is organized under two mains units (i) Water and (ii) Energy; with Energy further subdivided into Transmission and Generation businesses (as mentioned in previous sections). Additionally, Cox Group has a listed subsidiary holding its energy generation assets: Cox Energy, S.A.B. de C.V. and it is currently listed in Mexico (BIVA) and Spain (BME Growth) Stock Exchanges since 2020 and 2023, respectively, with a 15% free float.

This represents the ownership structure pre-IPO and whilst also illustrates a quick overview on the subsidiaries listed on global markets. Based on the showcased structured we can now further understand where Cox allocated its ownership rights and how did the current structured changed because of the IPO process.

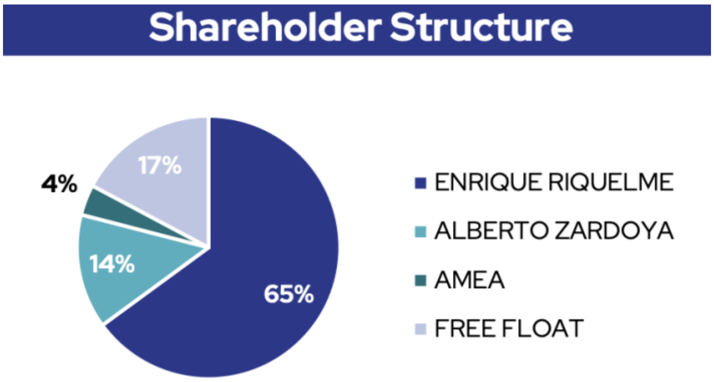
Continuing with the Investors Relations analysis, a key highlight was the participation of Amea Power LLC, a strategic investor in UAE, committing up to €30 million. As a cornerstone investor, their alliance in the early stages of the IPO process did not only provide a significant amount of up-front capital but a sound sense of confidence to the market with regards to the following and remaining phases of the process.

Additionally, Corporación Cunext Industries, S.L committed up to €20 million, being the second main investor within the IPO and thus together with Amea, the most relevant cornerstone investor. Cunext is based in Spain and specializes in the transformation of high-quality copper and aluminium, serving various sectors, including energy transmission, data and signal transmission, electric motors, automotive, railway, wind farms, industrial machinery, household appliances, telecommunications, and construction. It is the energy transmission sector in which Cox is truly interests and where they aim to progress as consolidated allies in the sector over the coming years.

Pre-IPO share capital owners', Inversiones Riquelme Vives S.L and Zardoya Family committed an additional €15 million and €10 million. Furthermore, Attijariwafa Bank provided and extra €5 million to the IPO structure. Overall, cornerstone investors contributed a total of €70 million, being Amea Power and Cunext key major players within the process, whilst the remaining €105 million of the total capital raise was allocated amongst institutional investors mainly and a smaller portion between retail investors.

Therefore, I am now in position to describe the post-IPO shareholding position of pre-IPO Cox shareholders (detailed at the beginning of the section) having concluded the capital raise process. To make it more visual, I have developed a detailed pie chart to better represents Cox's shareholding structure:

Figure 5: COX group post-IPO ownership structure



Last, after interviewing one of BofA investment bankers which actively participated in the process, he stated that "the allocation was structured strategically, bringing high quality institutional partners whilst obtaining a balance between liquidity and remaining control from the company's main shareholder ERV.

5.2) Investment Operations

First, I will illustrate those key markets in which Cox holds significant market share. Based on this framework I will further explain existing investment scenarios following with the key strategic objectives on what are the strategies to follow amongst existing investments, such as in Morocco with the water desalination plan known as Agadir, and the on potential investment opportunities, especially in UAE.
I will divide the section analysis in two parts: Water and Energy. These are two markets in which Cox Groups operates, and their market impact is well diversified globally across these two divisions.

5.2.1) Water

Cox is focused on water desalination, water and wastewater treatment management technologies. Therefore, Cox philosophy is to **reduce the concerning issue of water scarcity** through **conservation, desalination and water & wastewater treatment.** Conservation efforts focus on reducing water loss and improving efficiency through measures like leakage reduction, efficient irrigation systems, the use of water-efficient products, and rainwater harvesting. Meanwhile, desalination provides an unlimited and drought-proof water source for coastal cities. Although these projects are technologically complex, they benefit from the combination of Cox's engineering expertise, and the heavy civil construction work carried out by local partners. Notably, the high technical requirements in desalination also create significant barriers to entry.

Finally, wastewater and water treatment solutions are gaining importance as they combine various types of facilities to meet the growing need for a complete water cycle. These projects typically involve a strong local partner component (which through its IPO strategy, the company has achieved invaluable alliances on a global perspective), making them both impactful and community driven.
Geographically, today's water concessions are in Morocco and Ghana, both in the African continent given the extreme necessity for clean, especially amongst the local communities. As I these continent presents a great opportunity for Cox because of its necessities in the water but also in the energy spectrum. I, will therefore proceed to provide further details on both the Moroccan and Ghana water projects currently in place.

- <u>Morocco:</u> The plant is more specifically located in the region of Agadir and is the largest desalination plant in Africa, with 275.000 cubic metres/day of reverse osmosis desalination (technique implemented), divided into two concessions: SEDA (Drinking water) & AEB (Irrigation).

    - SEDA: The concession treats 150.000 cubic metres/day of water for potabilization purposes and has generated a total EBITDA of €15,3 million in 2023. Moreover, Cox holds 51% ownership over the plant, after partnering with Moroccan stated owned infrastructure company (InfraMaroc). Additionally, the concession commenced in 2022 and is set to last until 2049.

    - AEB: It treats 125.000 cubic metres/day being destined towards irrigation for agricultural purposes. The plant has generated a total EBITDA of €1,8 million and the concession expires in 2049 having begun 2022. The fact that the service that AEB offers is cheaper, explain the significant lower EBITDA compared to that of SEDA.

  Agadir plant is expected to be expanded by 2026. The expansion will result in an increased capacity of water treatment of 50.000 cubic metres/day for SEDA and 75.000 cubic metres/day for AEB. After the plant extension, the total capacity will add to 200.000 cubic metres/day of water treatment.

- <u>Ghana:</u> The plant is in the region of Accra. It treats 60.000 cubic metres/day of water for ultrafiltration (cleaning water) plus reverse osmosis. In 2023, the plant generated a total EBITDA of €12.1 million. Additionally, Cox team is currently discussing a 10-year extension of the concession with the local authorities. In terms of ownership, Cox holds 56% of the plant economic rights whilst the remaining 44% is held by Sojitz Corporation, which is Japanese trading company which partnered with former Cox ownership, Abengoa.

5.2.2) Energy

Cox's energy division can be described as a vertically integrated utility operating across rapidly expanding renewable energy markets. The company maintains a robust presence throughout the entire energy value chain: Transmission, Generation, and Behind the Meter (BTM). BTM refers to energy generation, storage, or management that occurs at the consumer's location, typically aimed at reducing reliance on the central grid and lowering energy costs. As such, Cox Energy is not only engaged in the initial stages of energy generation and large-scale transmission but also plays a role at the end-consumer level. This comprehensive involvement enhances the company's value and significance within a critical societal function.
With an understanding of Cox's three primary areas of impact, the following sections will elaborate on each and analyze their contribution to the company's recent IPO success.

- Transmission: Cox currently holds a competitive edge in energy transmission tenders due to its superior engineering capabilities, as exemplified by a recently awarded concession in Brazil. The company benefits from an extensive legacy inherited from its Abengoa era, during which it built over 31,000 km of transmission lines and more than 330 substations. According to CEO Nacho Moreno, "the company possesses the know-how and experience to deliver significant shareholder value through existing concessions and new global tenders that will reinforce Cox's competitive advantage." In addition to its current Brazilian concession, Cox has identified opportunities encompassing 8,400 km of transmission lines and 64 substations, primarily in Latin America and Australia. These concessions typically have maturities ranging from 25 to 30 years, ensuring stable long-term cash flows, especially given that the counterparties are national electricity systems. Transmission infrastructure is inherently low-maintenance and static, requiring minimal operational oversight. Cox operates within a high-barrier-to-entry market, significantly limiting competition and enhancing its investment appeal. The company's strong track record and requisite client certifications position it among the few capable of qualifying for large-scale infrastructure tenders and securing related financing. Cox's vertical integration, from sourcing to asset operation, provides enhanced control over costs and timelines, while its local presence in strategic markets enables early access to opportunities and smooth regulatory navigation. These strengths contribute to higher margins, reduced risk, and more predictable returns, solidifying Cox's attractiveness in the energy infrastructure sector.

- Generation: Cox's generation strategy is based on three pillars: captive projects, selective development of attractive long-term projects (based on a build-to-own model), and asset rotation in mature markets. The company has extensive experience in asset development and construction; a capability inherited from its Abengoa roots. Additionally, Cox has demonstrated proficiency in developing generation projects and structuring power purchase agreements (PPAs) across various technologies, including photovoltaic (PV), concentrated solar power (CSP), and self-consumption systems. It currently has a 3.6 GW renewables pipeline, with 0.4 GW in operation or under construction. Geographically, Cox owns a bioenergy power plant in Brazil, two solar PV projects in Chile, a hybrid solar thermal energy plant in Algeria, and another in South Africa. Importantly, energy generation activities create synergies with Cox's water division, as energy is a major operational expenditure (OpEx) in water concessions. This interplay enhances project sustainability and tariff optimization. The company has also adopted a build-to-sell strategy in mature markets such as Spain.

- Behind The Meter: As previously explained, BTM encompasses localized energy generation, storage, and management, such as residential solar panel installations. Cox operates a profitable energy commercialization business in Mexico, Chile, Colombia, and Spain. In 2023, this division generated €44 million in revenues with an EBITDA of €1.7 million. This business line, a legacy from Abengoa, has been optimized through cost-cutting measures, particularly in Latin America. This segment holds significant potential, which was clearly communicated during the IPO process. Efficient cost structures promise improved margins in the short to medium term. Cox serves more than 3,000 clients globally, with a strong presence in Mexico and Spain. High energy prices have driven increased demand in Colombia and Chile over the past five years. Cox also benefits from market entry barriers such as licensing requirements, which are difficult to obtain, especially in Latin America. These attributes made BTM a compelling component of Cox's IPO value proposition.

5.3) Post IPO Performance Management

To appropriately contextualize Cox Energy’s post-IPO strategic management, it is important to first revisit the core structure of the initial public offering (IPO). The offering consisted of a primary issuance of newly created shares, raising approximately €185 million, including the potential exercise of the over-allotment option (Greenshoe). Within this framework, Cox attracted a series of cornerstone investors who collectively contributed €100 million, providing a significant anchor to the transaction and conveying confidence in the company's long-term vision. These cornerstone commitments included €30 million from Amea Power LLC, €20 million from Corporación Cunext Industries S.L., €30 million from Enrique Riquelme, €15 million from Alberto Zardoya, and up to €5 million from Attijariwafa Bank. These investors were not merely passive financial participants but rather strategically aligned stakeholders capable of adding value beyond capital—most notably through access to regional networks, technical know-how, and potential co-investment pathways in high-growth geographies such as North Africa and the Middle East.

As a condition of their participation, Amea Power LLC and Corporación Cunext Industries entered into lock-up agreements, committing to maintain their shareholdings for a minimum of 180 calendar days following the company’s listing on the Spanish Stock Exchanges. Similarly, the company’s board of directors approved a share-based incentive plan aimed at rewarding key members of senior management and essential employees. These equity incentives are also subject to a more stringent 365-day lock-up period, further aligning executive interests with those of long-term shareholders and ensuring managerial focus on sustainable value creation. In parallel, the remaining €85 million of capital raised was allocated among a diversified pool of institutional and retail investors, with €10 million of that amount representing shares issued via the Greenshoe mechanism. This broader investor participation also ensures liquidity in the public markets and supports continued engagement with a wide spectrum of financial stakeholders.

Following the completion of the offering, Cox delineated a detailed capital allocation strategy focused on scaling its operations across three principal business lines: water concessions, captive and renewable energy generation, and energy transmission infrastructure. The company intends to deploy the newly raised capital across these domains, ensuring a balance between organic growth, technological innovation, and market diversification. Importantly, the participation of cornerstone investors such as Amea Power and Cunext is expected to generate co-investment synergies, enhance access to emerging markets, and strengthen project credibility with local stakeholders.

Within the water concessions segment, Cox has prioritized investments in two flagship projects. The first is a large-scale desalination plant in Agadir, Morocco, which is structured as two separate concessions—SEDA for drinking water and AEB for irrigation—with a combined treatment capacity of 275,000 cubic meters per day using reverse osmosis technology. The strategic partnership with Amea Power in this project has enabled Cox to navigate local regulatory frameworks more efficiently, benefiting from Amea's strong presence and local knowledge in the MENA region. This collaboration also enhances Cox's operational performance through regional expertise and facilitates the establishment of long-term institutional relationships. The second major water concession is located in Accra, Ghana, with a daily treatment capacity of 60,000 cubic meters combining ultrafiltration and reverse osmosis. The capital raised through the IPO is intended to increase this plant's capacity, improve energy efficiency, and deepen collaborations with local engineering firms. This approach was discussed during an interview conducted for this thesis with Cox CEO Nacho Moreno, who emphasized the importance of forming long-term, adaptive strategies in Africa that combine local partnerships with technological scalability.

Cox is also devoting substantial resources to its energy transmission division, which was a central pillar of the investment thesis presented during the IPO process. The company's strategy in this segment capitalizes on the relatively low operational costs and stable cash flows associated with long-term transmission contracts. Building on its historical expertise as the successor of Abengoa, Cox has identified a pipeline of €20 billion in transmission opportunities over the next 12 months, primarily in Latin America—especially Chile, Argentina, and Brazil—and in the Middle East. The company's focus is on technologically demanding projects that act as natural barriers to entry, thereby reducing competitive pressures. Cox leverages its integrated project development capacity and proven track record to differentiate itself in public-private bidding processes, an approach that mitigates both execution risk and regulatory friction. This business line benefits from economies of scale and from the global push to reinforce electricity grids to support expanding renewable energy sources, further enhancing its strategic relevance.

In the field of energy generation, Cox has adopted a balanced strategy that integrates both traditional and renewable energy sources. The portfolio encompasses solar photovoltaic, solar thermal, onshore wind, cogeneration, and combined-cycle gas turbines (CCGT), as well as emerging technologies such as green hydrogen, biofuels, and waste-to-energy solutions. This diversified approach allows the company to manage energy transition risks while remaining agile in adapting to regulatory shifts and evolving technological standards. Javier García, Cox's Head of Corporate Strategy, highlighted in an interview that while renewables represent the long-term objective, the transition must be executed progressively and responsibly. He noted that current limitations in energy storage technology make it imprudent to pursue an exclusively renewable strategy without compromising reliability. The dual-track model ensures that Cox maintains energy delivery capacity while building a foundation for future renewable expansion.

The capital raised from the IPO is also being directed toward existing energy generation projects, particularly in Spain, where Cox has an established presence. Furthermore, the company is targeting over 131 identified generation opportunities across various geographies, with a concentration in Spain and Saudi Arabia—two markets deemed critical to Cox's short- and medium-term performance. Recently, Cox secured two significant international contracts currently undergoing final documentation: the €102 million Phosphate 3 Phase 1 project in Saudi Arabia and the €66 million PVSP Harmony Gold project in South Africa. These projects are emblematic of the company's growing international credibility and its capacity to deliver complex projects in diverse regulatory environments.

Finally, Cox's Operations & Maintenance (O&M) division represents a cornerstone of the company's long-term cash flow strategy. This business unit is responsible for ensuring the operational integrity and efficiency of infrastructure assets, including energy generation plants, water treatment facilities, and environmental systems, whether owned by Cox or managed on behalf of third parties. The O&M division not only optimizes asset performance but also extends asset lifespans, reduces capital expenditures, and provides a stable stream of recurring revenues under long-term contracts. By internalizing maintenance functions, Cox significantly reduces its dependency on external contractors, allowing for improved cost control and faster response times. The O&M portfolio spans Europe, the Middle East, North Africa, and Latin America, and includes complex projects such as the PT4 combined cycle plant in Saudi Arabia, the Cerro Dominador solar thermal plant in Chile, and the Aguas de Valencia water management contract in Spain. With a pipeline of €923 million in identified O&M opportunities, Cox is well-positioned to expand this high-margin, low-volatility segment of its business.

In conclusion, Cox's post-IPO strategic trajectory demonstrates a clear and calculated plan for deploying capital in a manner that maximizes long-term shareholder value while supporting global infrastructure development. By aligning its investment priorities with macroeconomic trends and leveraging strong partnerships, the company is building a scalable, resilient business model capable of weathering market volatility and driving sustainable growth. The integration of strategic investors, a focus on operational excellence, and a diversified project pipeline across geographies and technologies collectively position Cox to emerge as a key player in the global energy and water infrastructure sectors in the years ahead.

5.4) Exit Strategies

Cox's exit strategies are a fundamental component of its value creation model, designed to reach an efficient balance between long-term cash flow generation together with capital recycling for growth. After my interview held with Cox CEO, Nacho Moreno, he emphasized that "Cox will adopt a selective asset rotation approach, particularly within its Energy Transmission and Renewable Generation divisions, where it develops, constructs, and operates infrastructure assets with the objective of retaining ownership in strategic markets whilst rotating assets in mature/lower-growth geographies, for example, in a mature market like Spain, we have actively monetized operational and de-risked assets, as we did through our divestment of 683 MW in energy generation projects, crystallizing value and unlocking cash to reinvest in higher-return opportunities". Simultaneously, in fast-growing regions such as Latin America, MENA, and Africa, Cox prioritizes long-term ownership of energy and water infrastructure assets (supported by long-term O&M contracts, detailed in section 4.3) to secure predictable cash flows and maintain a strategic foothold in markets with increasing demand for infrastructure services. The company's substantial €6.2 billion pipeline of energy transmission opportunities and 3.6 GW renewables pipeline underscores the scale of its growth ambitions, where capital recycling through asset rotation will play a crucial role in funding expansion without increasing reliance on external financing.

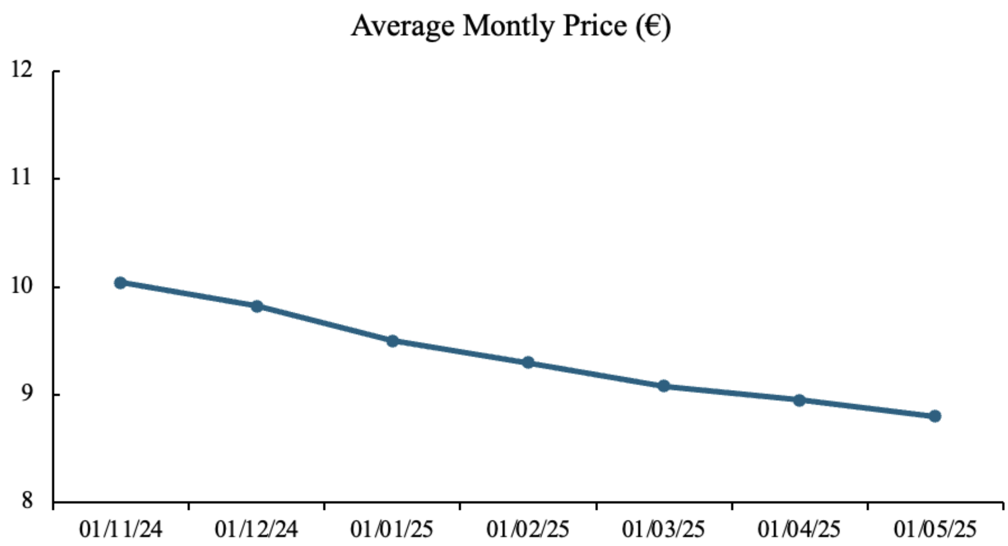
Furthermore, Cox's demonstrated capability in executing complex transactions, supported by its in-house development and operational expertise, positions it to extract attractive returns through structured sales, partial divestments, or capital partnerships, while often retaining O&M contracts post-rotation to continue benefiting from the operational upside, thus Cox will still benefit from O&M sustainable returns as the company will continue to increase their operational flow in emerging economies whilst simultaneously liquidating those projects in mature and low return markets/geographies . This strategy not only enhances capital efficiency and de-risks the portfolio but also provides flexibility to adapt its asset base to evolving market conditions, optimize its balance sheet post-IPO, and ultimately deliver higher returns to shareholders.

6. Conclusion

Last, as a conclusion to the thesis I will translate my research to the company's share value and further identify the potential share value that can be created driven by the company's strategy explained throughout the thesis. Indeed, I will answer to the initial statement and main objective of this thesis "COX IPO: EVALUATING THE POTENTIAL FOR LONG-TERM VALUE CREATION".

COX Group's IPO in November 2024 marked a significant milestone in the Spanish market, signalling investor confidence amidst global economic uncertainties. Since its debut at €10.23 per share, COX's stock experienced fluctuations, closing at approximately €9.06 by mid-March 2025. Thus, the following figure illustrates COX historical share prices since its market debut the 15th of November of 2024, that shows that decreasing tendency previously mentioned, mainly driven by the market instability generated by Trump's administration, amongst other factors.

Figure 6: COX ABG Group Historical Share Price (Monthly Average):



Despite this, the company's robust fundamentals and strategic initiatives have garnered positive attention from analysts. Indeed, analyst coverage includes the potential share price that Investment Banking analysts consider as a target for COX, which is optimistic/strong given the company's sustainable long-term strategy and track record performance in key markets. Thus, to further illustrate COX position according to analysts, I have developed the following table, that summarizes Investment Banks believe on the potential reach of COX ABG Group share:

Figure 7: Investment Bank's recommendation on COX group share

Investment Bank	Analysts	Recommendation	Target Price (€)	Date
Santander	Fernando Lafuente, Francisco Bores	BUY	15.40	24/12/24
JB Capital	Peter Bisztyga	BUY	17.00	24/12/24
Alantra	Óscar Najar, Lourdes Domínguez	BUY	14.80	11/3/25
Bank of America	Jorge Guimaraes, Ignacio Domenech	NEUTRAL	13.00	24/12/24
Citibank	Jenny Ping, Ella Walker Hunt	NEUTRAL	11.90	24/12/24

The average target price among these analysts is approximately €14.42, suggesting a potential upside of over 50% from current levels.

These optimistic projections are underpinned by COX's integrated business model, strategic investments in water and energy infrastructure, and a growing backlog of service contracts. As COX continues to execute its expansion plans and capitalize on emerging market opportunities, it is well-positioned to deliver long-term value to shareholders and establish itself as a key player in the global infrastructure sector.

7. Declaration of use of Generative AI Tools

I, José Olivé Calderón, a student of the Bilingual Business Administration and Management program at Universidad Pontificia Comillas, hereby declare that in the preparation of my bachelor's Thesis entitled "COX IPO: Evaluating the Potential for Long-Term Value Creation", I have used the Generative Artificial Intelligence tool ChatGPT and/or similar generative AI tools solely within the scope of the following activities:

- Research Brainstorming: Used to generate and outline potential research topics.

- References: Utilized in conjunction with other platforms, such as Science, to locate preliminary references, which were subsequently reviewed and validated.

- Stylistic and Language Editing: Used to enhance the linguistic and stylistic quality of the written text.

I affirm that all information and content presented in this thesis are the result of my own research and individual effort, except where otherwise indicated and where proper credit has been given (including appropriate references in the thesis and explicit acknowledgment of the use of ChatGPT or similar tools). I am fully aware of the academic and ethical implications of submitting non-original work and accept the consequences of any violation of this declaration.

Date: 1 June 2025

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