

c o b a s

asset management

PORTFOLIO NEWS

April of 2023

Summary comment

Our funds had a stable performance in the month: Cobas Selección +0.2%, Cobas Internacional +0.3%, Cobas Grandes Compañías -0.2% and Cobas Iberia +0.6%.

April was a positive month for the stock market, especially for developed markets, but not so much for emerging markets, which closed with declines. Fewer fears about the banking sector's confidence crisis, positive macroeconomic data and the slowdown in inflation supported stock market performance. The last half of the month was marked by the publication of corporate results that generally exceeded expectations. Our portfolios ended the month with gains slightly below the indices.

1. Cobas Selección Portfolio Top 10

Holdings as of 31.12.2022

The Fund diversifies its equity exposure between our International and Iberian portfolios. The average diversification will generally implicate an exposure of around 90% to our International portfolio and 10% to our Iberian portfolio.

Company	Weight
Golar LNG	6.0%
CIR	4.4%
Wilhelmsen	3.9%
Babcock	3.7%
Maire Tecnimont	3.6%
Atalaya Mining	3.4%
Currys	3.1%
Danieli	3.1%
Técnicas Reunidas	2.8%
Renault	2.4%
Total weight Top 10	36.3%

* The positions of Maire Tecnimont, CIR and Wilhelmsen bring together the joint exposure to the different types of shares in the portfolio of these companies, the ISINs of which are shown below:
Maire Tecnimont: IT0004931058 and XXITV0000107; **CIR:** XXITV0000180 and IT0000070786; **Wilhelmsen:** NO0010571698 and NO0010576010.
 The information broken down by ISIN code is available in the report available on the CNMV portal.

1. International Portfolio

1. International Portfolio Top 10

Holdings as of 31.12.2022

Company	Weight
Golar LNG	6.8%
CIR	5.0%
Wilhelmsen	4.5%
Babcock	4.2%
Maire Tecnimont	4.2%
Currys	3.6%
Danieli	3.6%
Atalaya Mining	3.5%
Renault	2.7%
Kosmos Energy	2.4%
Total weight Top 10	40.7%

* The positions of Maire Tecnimont, CIR and Wilhelmsen bring together the joint exposure to the different types of shares in the portfolio of these companies, the ISINs of which are shown below:
Maire Tecnimont: IT0004931058 and XXITV0000107; **CIR:** XXITV0000180 and IT0000070786; **Wilhelmsen:** NO0010571698 and NO0010576010.
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1.1 BABCOCK 4.2%

On April 20, the company released an update on its business performance.

The group has confirmed that free cash flow generation for FY2023 has been significantly higher than expected, reflecting strong operational performance and the completion of the divestment program, including the injection of £100MM of program completion adjustments relating to European Emergency Air Services businesses.

As a result, the company expects to reinstate a dividend for fiscal year 2024.

Also, in the same note the company provides information on a contract signed with the UK Ministry of Defence for the delivery of 5 frigates.

According to the company, the development of the project is incurring a series of additional cost overruns, as a result of certain material macroeconomic changes that were not foreseen at the beginning of the contract. This has led to an increase in actual and projected costs to execute the program as planned.

So far, the company has not been able to reach agreement on the responsibility for the cost overruns and, if not resolved, the failure to recover these costs would result in a one-off provision of between £50-100MM, which would be reflected in the 2023 year-end results.



BABCOCK. 1 year evolution **Return:** **1 M** 6.2% **3 M** 3.9% **YTD** 12.5%

1.2 MARIE TECNIMONT 4.2%

Maire Tecnimont Spa announced on Wednesday that its subsidiary **NextChem Holding Spa** has completed the acquisition of an 83.5% stake in **Conser Spa**, a company of its own technology and process engineering based in Rome.

The transaction consideration is approximately €35.8mm, of which €28.4mm has been paid when signing the agreement and €7.4MM has been deferred and is subject to the fulfillment of certain conditions.

The acquisition agreement also includes an earn-out clause based on the achievement of specific operating results for the years 2023 and 2024 and a put and call option structure on the remaining 16.5% stake to be exercised over the next three years.

Founded more than 50 years ago, **Conser** has an extremely diverse portfolio of technology patents dedicated to energy transition and processes for high value-added fine chemicals products, including flexible and cost-effective technologies for the production of biodegradable plastics.

With excellent biodegradation qualities, these plastics have very promising market prospects, thanks to growing demand, particularly in Asia.

With this operation, **Maire** reinforces its leadership in the field of energy transition and circular economy.



MARIE TECNIMONT. 1 year evolution **Return: 1 M 1.5% 3 M 13.7% YTD 27.3%**

1.3 EXMAR 1.7%

On April 18, the major shareholders of **Exmar** launched a voluntary conditional cash tender offer for all shares and options of Exmar NV, not already owned by Saverex or persons affiliated with Saverex, with an offer price equal to €12.10 in cash per share "pre-dividend".

Cobas AM, through the investment funds and other entities it manages, is a significant shareholder of the Company, controlling approximately 5.94% of the shares. Under the terms of the tender offer, or similar, we communicated that we would be willing to sell the shares under our control.

We believe that the tender offer price is a good reflection of the fair value of the company as of today and, therefore, it may be in the interest of the remaining shareholders to accept the offer.

This is positive news, which reaffirms our conviction that when we buy companies at 4-6x earnings, these situations can happen, because at some point it is reasonable that the market detects the valuation inefficiency, as has happened in this case.



EXMAR. 1 year evolution **Return:** 1M 22,5% 3M 53,7% YTD 47,2%

2. Iberian Portfolio

2. Iberian Portfolio Top 10

Holdings as of 31.12.2022

Company	Weight
Atalaya Mining	9.7%
Elecnor	8.9%
Técnicas Reunidas	8.7%
Semapa	8.4%
Vocento	4.4%
Miquel y Costas	4.4%
Ibersol	4.2%
CAF	4.2%
Tubacex	3.6%
Sacyr	3.4%
Total weight Top 10	59.7%

2.1 ATALAYA MINING 9.7%

The company presented an update on its 1Q2023 activity on April 17.

The start of the year has been positive, with copper production 5% above the same period of the previous year, but a decrease of 13% compared to the last quarter of 2022, with improved recovery levels thanks to the favorable characteristics of the ore.

As for copper prices, despite remaining at levels slightly below last year's average price, the situation is stabilizing, and the price is already above that recorded in the last quarter of last year.

As for electricity prices, they expect the fall in prices to have a positive impact on unit costs.

When including the contribution of the 10-year power purchase agreement they have made, the estimated realized electricity prices in 1Q2023 were around 50% lower than the average realized electricity price in 2022.

Finally, note that construction activities at the E-LIX Phase I plant continue, with commissioning activities expected in the second half of 2023. Once operational, the E-LIX plant is expected to produce high purity copper or zinc metals on site, allowing it to potentially achieve higher metal recoveries.



2.2 TECNICAS REUNIDAS 8.7%

Last April, the Spanish engineering company announced a €150MM capital issue, through the emission of 24.4MM new shares, at a preferential issue price of €6.15.

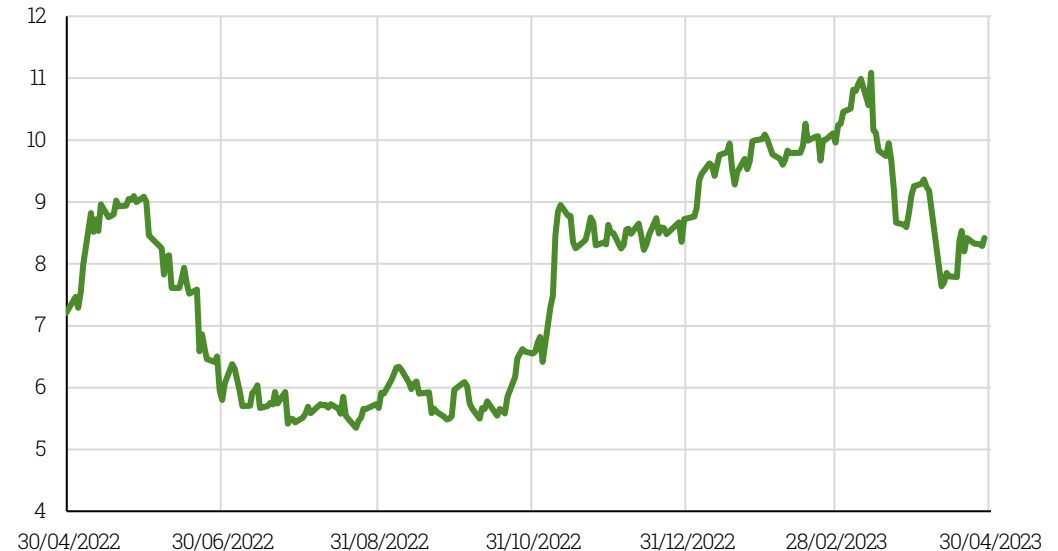
The reason for the operation is to strengthen the financial structure of the company, in order to face with guarantee a super investment cycle in the energy sector.

When competing for new contracts, bidders require collateral and guarantees to award contracts, and with this increase the company expects to be able to compete with guarantees for the contracts that are expected to come.

In the company's opinion, which we share, in recent years there has been an investment deficit in the oil and gas markets, and this past investment deficit, together with the growth in demand for these products, heralds an extraordinary wave of investment for the coming years.

This is why we at Cobas have decided to participate in the transaction by exercising our preferential subscription rights and therefore maintain our stake in the company's capital.

We understand that, although in the short term the transaction may put some pressure on the share price, in the medium and long term it is a reasonable transaction, which will give the necessary strength to the company's balance sheet to compete for new awards.



TECNICAS REUNIDAS. 1 year evolution **Return: 1M -9.0% 3M -16.5% YTD -3.5%**

2.3 TUBACEX 3.6%

Tubacex presented the best quarterly results in terms of both sales and EBITDA in its history last April.

Revenues reached €232MM and EBITDA €30MM, 47% and 60% higher respectively than 1Q2022, confirming the progressive growth path initiated since the end of 2021.

In turn, the EBITDA margin on sales stood at 13%, consolidating compliance with the strategic objective of profitability.

From a balance sheet point of view, net financial debt has been reduced by €0.3MM during the period and the leverage ratio has fallen to 2.8x EBITDA, anticipating the achievement of the target set for 2025.

The beginning of 2023, driven by a dynamic energy market in terms of investment and visibility, has confirmed the company's forecasts, consolidating the recovery of results in all its key indicators. **Tubacex** therefore strengthens its position as a multi-energy player in the current energy transition scenario.

The first quarter of 2023 has also been a historic quarter in terms of order intake, allowing us to maintain the portfolio amount at the record level of €1,650MM, thus demonstrating the presence and strength of the markets in which the company operates.

The company expects to maintain quarterly results for the remainder of the year in line with current levels.

High ROCE ✓ Attractive Ratios Net Cash ✓ Shareholder of Control



TUBACEX. 1 year evolution Return: 1 M 1.2% 3 M 1.9% YTD 22.0%

3. **Large Cap** Portfolio

3. Large Cap Portfolio Top 10

Holdings as of 31.12.2022

Company	Weight
Golar LNG	6.8%
Affiliated Managers	5.2%
Renault	4.5%
CK Hutchison	4.0%
Samsung C&T	3.9%
Viatis	3.8%
Atalaya Mining	3.5%
Fresenius SE & CO	3.4%
Harbour Energy	3.4%
Teva Pharmaceutical	3.3%
Total weight Top 10	41.7%

3.1 RENAULT 4.5%

On April 20, the French automaker presented its results for the first quarter of 2023.

These are positive results, with a 30% increase in turnover, with double-digit growth in both the automobile and finance divisions.

In terms of volumes, units sold increased by 14%, with growth at both **Renault** and **Dacia** levels.

Within this growth, it is worth highlighting, on the one hand, the sales of electric vehicles, which have an increasing weight in the product mix (38% in the first quarter between hybrids and electric vehicles), and on the other hand, the improvement in prices and in the sale of C-segment vehicles, which are more profitable and have a higher profit margin for the company.

The strong order backlog at the end of March and all upcoming launches will continue to support the group's commercial activity.

They confirm their financial outlook for fiscal year 2023 with:

- A Group operating margin above or equal to 6%.
- Automotive operating free cash flow greater than or equal to €2,000Mn.



RENAULT. 1 year evolution **Return:** **1 M** -10.6% **3 M** -9.7% **YTD** 0.7%

3.2 SAMSUNG C&T 4.5%

The South Korean company has published its financial results for 1Q2023, highlighting a 21.8% increase in net profit compared to the same period of the previous year.

Specifically, it has obtained a net profit of 370,000MM won (approximately 300MM\$), driven by the increase in demand in the construction sector and the increase in steel prices.

In addition, the company posted a 16.8% increase in revenue to 6.25BN won (about \$5,080MM). This increase was mainly due to growth in the construction and trading businesses, as well as in the renewable energy area.

In terms of profit margins, there was an improvement in its gross profit margin by almost 1% compared to 1Q2022, reaching 13.1%. On the other hand, the operating profit margin was 7.7%, an increase of 1.7 percentage points compared to the same period last year.

Samsung C&T is optimistic about the future, as it expects construction demand to remain strong in the coming quarters, especially in countries such as **South Korea** and the **United States**, where there is an increase in infrastructure investment. In addition, the company is working on new renewable energy projects, which is expected to contribute to sustained long-term growth.



SAMSUNG C&T 1 year evolution **Return:** 1M 1.1% 3M -7.7% YTD -3.4%

3.3 HYUNDAI 1.8%

Last April, the Asian automaker presented its 1Q2023 results.

It posted a 92% increase in profits, thanks to an increase in vehicle production, in a context of reduced global chip shortages and resistance from strong demand for its high-margin sport utility vehicles.

Overall sales growth, especially for the luxury SUV and Genesis models, as well as favorable exchange rates, helped boost revenues in the first quarter despite the adverse economic environment.

Electric vehicle sales increased 48%YoY.

On the other hand, the company sets a pay-out of 25% on net income. In addition, it announced a plan to write off 1% of its existing own shares each year for the next three years.



HYUNDAI 1 year evolution **Return:** 1M 15.9% 3M 26.9% YTD 49.8%

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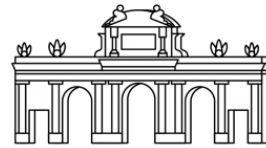
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