

Genex Power (GNX) – ADD, TP 33cps

Early goals being met at Kidston Hydro but solar had a soft quarter

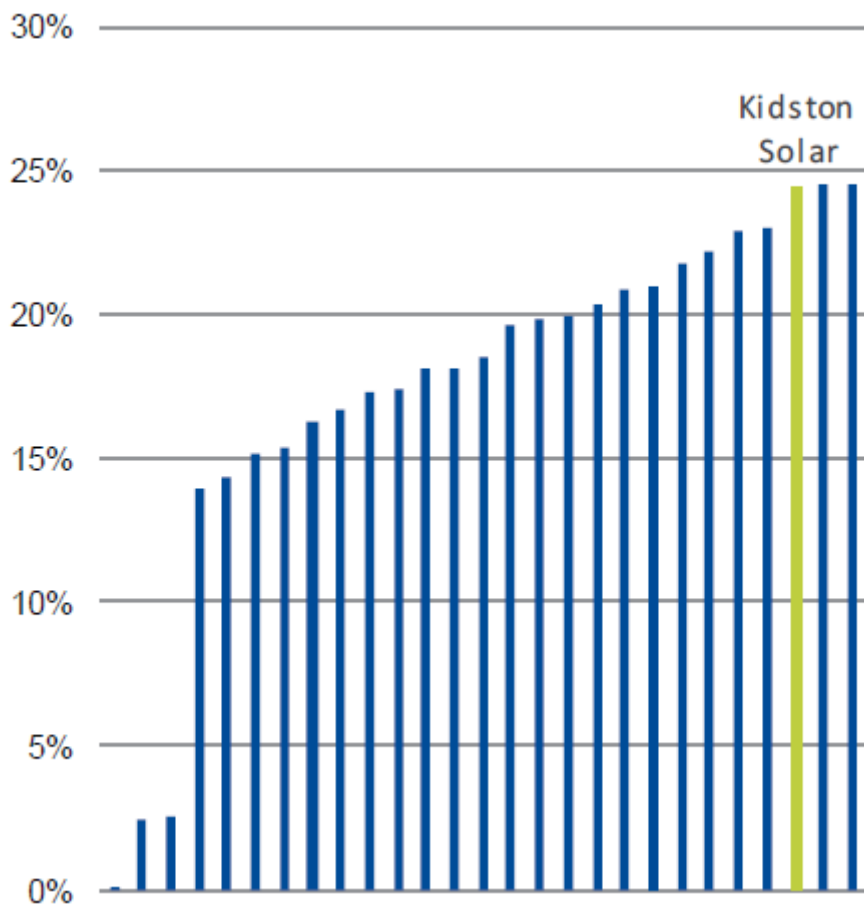
GNX reported a number of early items being completed on the Kidston Hydro and that some major civil works (main access tunnel and dam embankment) will commence this quarter. The company was also became operating cashflow positive with sales from the Jemalong solar farm. Production from Kidston Solar was weaker than pcp (-15%) but the plant still performed comparatively strongly against other facilities. We will review market data as this quarter progresses before updating our financial forecasts though.

We retain our ADD rating and price target (33cps) and continue to see GNX as one of the best renewable energy opportunities on the ASX.

1Q22 highlights:

- Combined revenue of \$5.1m from Jemalong and Kidston Solar.
- Net operating cashflow of \$536k (+\$2.3m qoq).
- Jemalong production of 22.2GWh (21% qrtly capacity factor excluding transmission losses) was in-line with our estimate in our note on 11 Oct.
- Kidston Solar produced 26.0GWh (-15% on pcp, 24% qrtly capacity factor excluding transmission losses) and in-line with our estimate in our note on 11 Oct.
- Kidston Hydro airstrip, site office and access roads complete with the workers camp 90% complete and commencement of major civil works expected this quarter.
- Capital expenditure of \$60.1m, presumably all on Kidston Hydro.
- Closing cash balance of \$41.8m with \$55.9m net coming from debt drawdown.

1QFY22 QLD solar farm capacity factors (generation / maximum output)



Source: Morgans estimates, AEMO

Disclosures

Analyst(s) own shares in the following stock(s) mentioned in this report: GNX

The following Analyst(s) have a threshold interest in the financial products referred to in this publication: Max Vickerson. For these purposes, a threshold interest is defined as being a holder of more than \$50,000 in value or 1% of the financial products on issue, whichever is the lesser.

Corporate disclosure: Morgans Corporate Limited was Joint Lead Manager & Underwriter to the Placement & Entitlement Offer of shares in Genex Power Limited in March 2021 and received fees in this regard.