

**Genex Power** <sup>GNX</sup>

## First energisation of Jemalong

Rating*:	BUY	Price Target*:	\$0.33	Analyst:	Luke Macnab
Risk:	Higher	Share Price:	\$0.20		+61 2 9250 8930
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\*Note: Rating and Price Target recorded at pre-announcement levels as detailed in our research report dated 28 August 2020. This may be subject to review or change.

- **Energisation achieved:** GNX's 50MW Jemalong Solar Project has achieved transformer energisation for the first time, following the completion of solar panel installation in the past few weeks. This is the second GNX project to commence operations, after the 50MW Kidston Stage 1 Solar project (K1S). Jemalong will potentially double GNX's revenue once it reaches full production, estimated at around 125GWh.
- **Selling at spot:** Electricity generated by Jemalong will be initially be sold into the NEM on a merchant basis at spot rates, where daytime electricity prices in NSW averaged c.\$62/MWh in November. Revenue will also be generated from the sale of Large-Scale Generation Certificates, which sold for c.\$30 in November. We understand there is a strong possibility of a PPA being negotiated for a portion of the output in the future (our guess is during CY21).
- **Investment view:** This is another positive development for GNX, underpinning a significant increase in revenue, cashflow and value over the next 12 months. Nonetheless, the primary focus for management (and investors) is reaching financial close on the K2-Hydro project, with previous announcements suggesting it would be achieved by the end of CY20 (ie the next few weeks). We continue to believe that this will crystallise a significant amount of value for GNX investors. BUY maintained.

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