

Research Flash

Genex Power (GNX) – SPECULATIVE BUY, TP 25cps

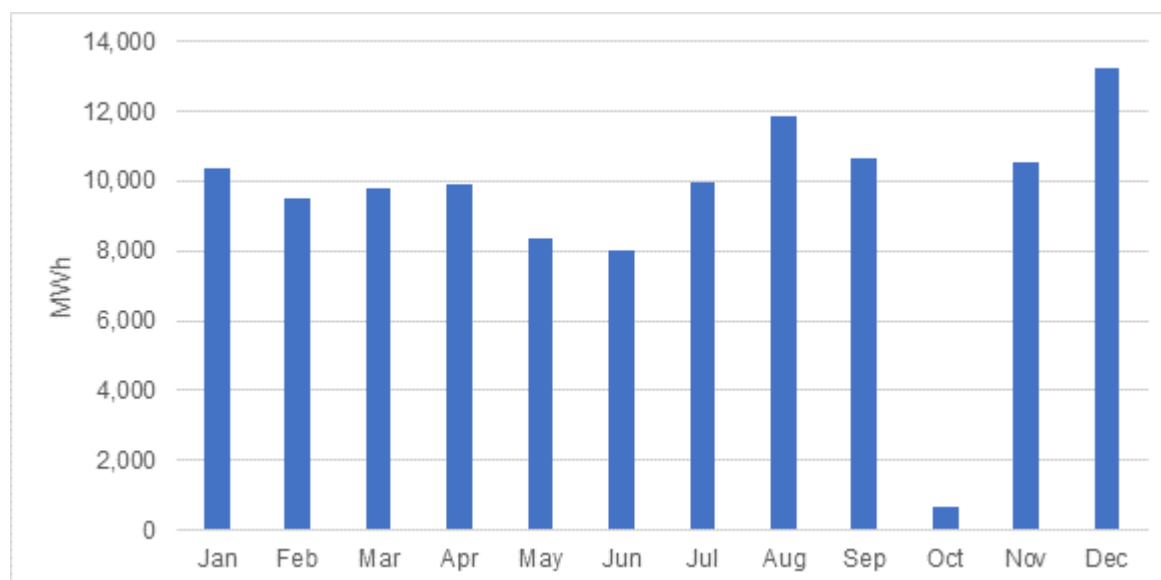
What happened:

- § Revenue down 10% qoq.
- § KS1 generation output down 25% qoq because of issues with the inverter in October.
- § Capex spend was \$17.5m as FID was taken on Jemalong.

Our view:

- § The surprise drop in output during October was unfortunate however GNX has successfully sought compensation from its contractors and suppliers in the past for damages.
- The K2-H offtake agreement continues to be renegotiated and we understand that a shorter duration agreement is being pursued than the ~20-25 year proposed agreement that wasn't successful. We don't have enough detail yet to update our valuation but we would expect the stock to rally strongly if an agreement was reached.
- We maintain our target price (25cps) and SPECULATIVE BUY recommendation.

Kidston Solar generation output – CY19



Source: Morgans, AEMO

Disclosures

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