

## Genex Power Limited Utilities

Rating  
**SPECULATIVE BUY**

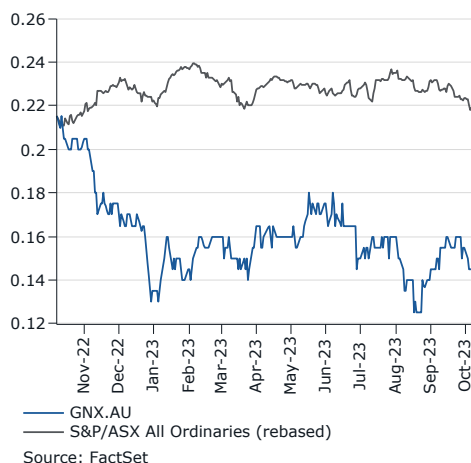
Price Target  
**A\$0.27**

**GNX-ASX**

Price  
**A\$0.14**

### Market Data

52-Week Range (A\$) :	0.12 - 0.22
Avg Daily Vol (000s) :	944.62
Shares Out. (M) :	1,385.2
Market Cap (A\$M) :	200.9
Dividend /Shr (A\$) :	0.00
Dividend Yield (%) :	0.0



Priced as of close of business 6 October 2023

Genex Power Limited is a power generation development company, which focuses on the production and storage of renewable energy. Its projects includes Kidston Solar, Kidston Pumped Hydro and Jemalong Solar.

**James Bullen** | Analyst | Canaccord Genuity (Australia) Ltd. | [jbullen@cgf.com](mailto:jbullen@cgf.com) | +61.2.9263.2728

## Fortescue offtake for Bulli Solar

GNX has secured a 25-year offtake for Bulli Creek Solar and Battery Project (BCP) with Fortescue Metals Group (FMG-ASX | Not Rated). The agreement provides for offtake of up to 337.5MW of solar energy and large-scale generation certificates from the BCS at a fixed nominal price over the 25-year period of the power purchase agreement (PPA).

This is a large step forward for the up-to2GW Bulli Creek Battery and Solar Project which GNX is seeking to develop in a JV with J-POWER (earning up to 50% of the project).

We retain our SPEC BUY rating and \$0.27 price target.

### Fortescue PPA underwrites BCP Stage 1

At 25 years this is one of the longest renewable PPAs we are aware of and provides a foundation for the development of the initial 450MW solar development at the BCP.

Fortescue intends to utilise the solar energy procured under the PPA for the operation of a green hydrogen and green ammonia facility in connection with its Gibson Island project (Gibson Island).

Conditions precedent (CP) for the PPA include financial close of the initial solar development by 31 December 2024, and Fortescue reaching a final investment decision in respect of Gibson Island by 31 December 2023. Given the proximity of the buyers' CP and its recent electrolyser supply agreement with EH2 it appears to us that Fortescue is confident in its ability to achieve a positive FID.

### Bouldercombe Battery Project update

GNX has confirmed that the fire during commissioning only damaged one of the 40 megapacks. Renew Economy has reported that data from PockeNem indicated that Bouldercombe operated at low levels just days after the fire, charging at rates of just over 5MW in the early evening, and discharging smaller amounts back into the grid. Furthermore, a controlled charge has now been completed and the company continues to believe that commissioning activities will resume in the coming weeks.

The cause of the Bouldercombe battery fire is not yet known, including whether a fault occurred within the battery module or on the other side of the inverter.

# Appendix: Important Disclosures

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## Investment Recommendation

Date and time of first dissemination: October 08, 2023, 20:41 ET

Date and time of production: October 08, 2023, 20:41 ET

## Target Price / Valuation Methodology:

Genex Power Limited - GNX

Our price target is based on a sum-of-the-parts analysis.

## Risks to achieving Target Price / Valuation:

Genex Power Limited - GNX

**Energy policy risk:** Australian energy policy has been extremely politicized over the last decade. Policy changes (both at a federal and state level) have occurred on numerous occasions. While we are hopeful that the NEG can provide the certainty craved by industry this outcome is far from certain.

**Regulatory approval risk:** Kidston is subject to a number of regulatory approvals which could slow the pace of development.

**Pricing risk:** Electricity and green credit pricing are historically volatile. While this risk can be mitigated by securing long-term offtake agreements for relevant parts of the project, this could result in lower or higher ultimate returns.

**Technology risk:** Pumped hydro and solar PV are mature technologies. Future advances in other technologies used to generate, manage and store electricity (e.g., large-scale battery storage) may be more efficient and/or more cost-effective and could adversely impact GNX's finances.

**Development risk:** the construction of a large development in remote QLD carries both budget and schedule risks. We believe the company will seek to minimise these risks through appropriate contracting strategies.

**Operational risk:** GNX will be subject to operational risks which are beyond its control. Operations may be curtailed or cancelled as a result of adverse weather conditions, mechanical difficulties, shortages or cost increases of consumables, external services failure (including energy and water supply), IT system failures etc. This risk is partially mitigated by having an experienced management team and using experienced contractors to plan for and manage such events.

**Key personnel risk:** A number of staff in GNX's management team has significant energy and/or hydroelectric industry experience and expertise. If one or more of these key personnel were to depart, it may be difficult to replace them adequately, in which case there could be an adverse effect on GNX's ability to execute its strategic plans.

**Financing risk:** GNX will require future financing to pursue its development plans. There is no guarantee that funding will be available on satisfactory terms, which could result in the Kidston Project not proceeding.

## Distribution of Ratings:

### Global Stock Ratings (as of 10/08/23)

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	616	67.03%	23.05%
Hold	118	12.84%	10.17%
Sell	15	1.63%	6.67%
Speculative Buy	160	17.41%	46.88%
	919*	100.0%	

\*Total includes stocks that are Under Review

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**BUY:** The stock is expected to generate risk-adjusted returns of over 10% during the next 12 months.

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**NOT RATED:** Canaccord Genuity does not provide research coverage of the relevant issuer.

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**SPECULATIVE:** Stocks bear significantly higher risk that typically cannot be valued by normal fundamental criteria. Investments in the stock may result in material loss.

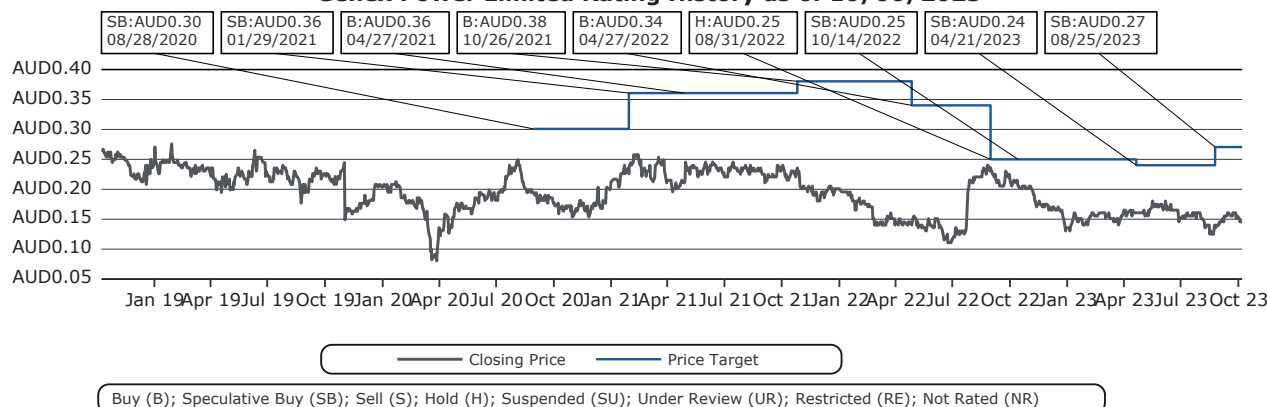
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### Genex Power Limited Rating History as of 10/06/2023



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