

Genex Power Limited

Building a diverse portfolio of renewable assets

Genex Power Limited (ASX:GNX) is a renewable power generation and storage company which has a renewable energy project portfolio across Australia. Major projects include the Kidston Clean Energy Hub in Queensland, comprised primarily of operating solar generation at the Kidston Solar Project (KSP1) and storage at the Kidston Pumped Storage Hydro Project (under construction), the operating Jemalong Solar Project (JSP) in NSW, and the Bouldercomb battery energy storage system (BBP) in Queensland which is currently under development. Genex has ~100MW of operating solar assets and is constructing 250MW of pumped storage hydro at its Kidston Clean Energy Hub. Up to ~520MW of additional generation and storage projects are in development or undergoing feasibility studies. During H1 FY22 GNX progressed construction of the Kidston Pumped Storage Hydro Project (K2H) and continued to advance the development of the BBP and Kidston Wind Project (K3W) projects. K2H is scheduled for energisation in Q2 FY25. The BBP has made significant progress in its development. GNX recently raised \$40m by way of a placement, issuing ~266.7m new shares at \$0.15/share and launched a \$10m share purchase plan. The funds raised, in addition to a \$35m senior debt facility, will be used primarily to reach financial close and fund construction of the BBP. GNX has signed a supply agreement with Tesla Motors Australia for the supply of battery modules for the BBP and has received approval from the AEMO for the generator performance standards for the BBP. An off-take agreement with Tesla guarantees a minimum level of revenues.

Business model

GNX is focused on developing a portfolio of renewable energy generation and storage projects in Australia. GNX's renewable portfolio includes large-scale batteries, pumped storage hydro, wind and solar generation across QLD and NSW. GNX has built a diverse pipeline from the feasibility stage to operating across different technologies. GNX underpins its projects with secured revenues via contracted volumes, with 84% of revenues contracted for 30 years (ASX release 23-Feb-22). GNX is positioned to help mitigate the impacts of intermittent power generators on energy prices via its large-scale storage projects and to help meet Australia's renewable energy targets via its generation projects.

H1 FY22 revenues up 51%

During H1 FY22, GNX progressed construction of the Kidston Pumped Storage Hydro Project (K2H), and continued to advance the development of the BBP and K3W projects. GNX had revenues and other income of \$11.96m in the period, an increase of 51% versus the pc, driven by the JSP completing construction and operating at full capacity for the entire period. GNX had a net loss before tax of \$4.41m; and net cash of \$36.6m as at 31-Dec-21.

Geographic focus, portfolio diversity unique on ASX

In the past two-three years there has been significant consolidation among ASX-listed renewable energy generation and storage companies. Remaining peers of similar scale include New Energy Solar (ASX:NEW), which invests in large-scale solar power plants generating emissions-free power in the US. Mercury NZ (ASX:MCY) is a larger NZ-based electricity retailer and generator, which generates power from hydro and geothermal sources. Larger Australian-based diversified companies such as Origin Energy (ASX:ORG) and AGL (ASX:AGL) include green power in their offerings to consumers in addition to more traditional power generation. Genex is unique in that its solely renewable generation and storage capacity are located in Australia. Its diversified portfolio from feasibility through to operating across solar, wind and storage is also unique on the ASX.

Historical earnings and ratios (In A\$m unless otherwise stated)

Year end	Revenue	EBITDA adj.*	NPAT adj.	NPAT rep.	EPS adj. (c)	EPS rep. (c)	EV/Revenue (x)^	EV/EBITDA(x)^
06/18a	8.52	(1.60)	(7.59)	(7.46)	(0.02)	(0.02)	35.6	n.a
06/19a	11.04	4.58	(6.71)	(5.48)	(0.02)	(0.02)	27.5	66.2
06/20a	10.39	0.59	(11.68)	(10.53)	(0.03)	(0.02)	29.2	n.m
06/21a	10.68	9.78	(1.97)	(18.73)	0.0	(0.03)	28.4	31.0

Source: Company data; *EBITDA, NPAT and EPS adjusted for one-time, non-cash items ^calculated using current enterprise value

Utilities

11th March 2022

Share Details

ASX code	GNX
Share price	\$0.145
Market capitalisation	\$155.2M
Shares on issue	1,070M
Net debt at 31-Dec-2021	\$148M
Free float	80.8%

Share Performance (12 months)



Upside Case

- Projects in feasibility stage move to construction
- Corporate activity in sector
- New tech advancements improving efficiency

Downside Case

- BBP does not achieve financial close
- Projects in development do not progress
- Renewable energy targets downgraded

Catalysts

- Q3 FY22 report April 22
- Q4 FY22 report July 22

Comparable Companies (Aust/NZ)

New Energy Solar (ASX:NEW), Mercury (ASX:MCY)

Board and Management

Dr Ralph Craven	Ind. Non-Executive Chair
James Harding	Chief Executive Officer
Simon Kidston	Non-Executive Director
Ben Guo	Non-Executive Director
Kenichi Seshimo	Non-Executive Director
Teresa Dyson	Non-Executive Director
Yongqing Yu	Non-Executive Director

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FINANCIAL SERVICES GUIDE

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AFSL 456663

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