

Genex Power ^{GNX}

Final terms agreed on Hydro construction

Rating*:	BUY	Price Target*:	\$0.33	Analyst:	Luke Macnab
Risk:	Speculative	Share Price:	\$0.21		+61 2 9250 8930 lmacnab@baillieu.com.au

*Note: Rating and Price Target recorded at pre-announcement levels as detailed in our research report dated 28 February 2020. This may be subject to review or change.

- Construction terms agreed: GNX has agreed final terms and pricing with the contractors responsible for the construction of the K2-Hydro project. Construction is forecast to take 45 months and cost c.\$600m (including contingencies, excluding development costs and Powerlink transmission line). This agreement is valid until 30 September 2020. Parties responsible are:
 - Engineering, Procurement and Construction: McConnell Dowell/John Holland JV
 - Electromechanical Equipment: ANDRITZ Hydro
 - Connection Infrastructure (K2H to Powerlink): Beon Energy
 - Construction Camp operator: ISS Facility Services
 - Owner's Engineer: Entura (part of Hydro Tasmania)
 - Operations & Maintenance: ANDRITZ Hydro
- September quarter financial close expected: GNX has also received extensions of previous offers from NAIF (debt financing), Powerlink (grid connection and transmission line construction) and AEMO (GPS approval) until 30 September 2020. The company is targeting financial close within the next 3 months, with two key matters remaining to be resolved: (1) finalising a deal for an Equity Investor to take a stake of up to 50% in K2-Hydro, and (2) finalising terms with the Queensland Government on the co-funding of the transmission line.
- Investment view: GNX has been only minimally impacted by COVID-19, with staff working from home and no impact on the operation of Kidston Stage 1 and construction of Jemalong. The company is working closely with stakeholders on finalising the financial close of the K2-Hydro project, which we believe will result in significant crystallisation of value for GNX in the next few months. BUY maintained.

Disclosure: E.L. & C. Baillieu Limited has acted in a corporate advisory role and raised capital in a placement for GNX, and earned fees in relation to that activity in the past 12 months.

Disclaimer

The information in this email is to provide an update on the relevant security. There are no changes to the recommendation of the security. You should refer to our published research (where applicable) for further information including financials and valuations.

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