

FLASH NOTE

# Novavis Group - Buy

Target Price: PLN 3.29 | Close as of 28/08/2024: PLN 2.01

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## Preliminary results for IH'24

The company reported preliminary IH'24 financial results, which imply Q2'24 revenues of PLN 0.4mn and operating profit of PLN -0.8mn.

In a commentary, the Board notes the record numbers of applications for RES grid connections rejected by the DSO, which had a negative impact on Q2'24 results.

The Group has three projects for which the operators have issued connection conditions, namely two PV projects with a total capacity of 2.14 MW and one energy storage project with a capacity of 1 MW. In addition, the Group's project portfolio includes projects for which connection conditions have been prepared and applied for connection conditions for a total capacity of 215 MW (with prepayments paid as of now for a total of 204.63 MW) and are pending consideration by the DSO. Obtaining connection conditions for at least one of the large projects will greatly benefit the results realized by the Group, but at the moment the Management is currently unable to estimate the probability of such an event occurring.

(mn PLN)	Q2'24	Q2'23	y/y	Q2'24e	Diff	2024e	YTD
Revenues	0.4	2.6	-85%	0.5	-23%	18.4	18%
EBIT	-0.8	1.7	-144%	-0.5	-	11.1	10%
Net income	-1.4	1.4	-203%	-0.5	-	8.8	2%

## OPINION: NEUTRAL

*Preliminary results are close to our estimates. We expected a weak Q2'24. In our view, 2H'24 results could be markedly higher as there are signals from the market about renewed decision-making by DSOs in grid connections.*

*A negative reaction, in our view, is a buying opportunity.*

In this document we are not changing our recommendation, forecasts, or price target for Novavis.

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