

FLASH NOTE

Novavis Group - Buy

Target Price: PLN 3.29 | Close as of 26/09/2024: PLN 1.81

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Final Q2'24 results

Novavis' final financial results are in line with the Board's estimates presented a few weeks earlier. The results are slightly weaker than we had anticipated in our forecasts.

It is worth noting that in Q2'24 the company did not achieve any significant milestones in the development of photovoltaic farm projects. The DSOs continued to delay issuing positive decisions in issuing grid connection permits.

(mn PLN)	Q2'24	Q2'23	y/y	Q2'24e	Diff	Preliminary	Diff	2024e	YTD
Revenues	0.4	2.6	-85%	0.5	-23%	0.4	0%	18.4	18%
EBITDA	-0.7	1.8	-143%	-0.4	87%	-	-	11.2	10%
EBITDA margin	-	67%		-80.0%		-		60.9%	
EBIT	-0.8	1.7	-144%	-0.5	-	-0.8	0%	11.1	10%
Net income	-1.3	1.4	-194%	-0.5	-	-1.4	-	8.8	3%

Cash flow from operations in Q2'24 was PLN -0.6mn, and net debt at the end of IH'24 was PLN 1.4mn.

In a letter to shareholders, the CEO indicates that the company is currently working on 700MW projects. Work has been accelerated on projects for the construction of energy storage facilities (these may be beneficiaries of KPO funds). With the distribution of KPO funds for grid modernization, it is possible to increase positive settlements in project connections to the grid.

OPINION: NEUTRAL

In our forecasts, we indicated that Q2'24 results would be noticeably weaker due to the lack of settlements under project connections to the grid. In our view, in the coming months, the chances of winning grid connections are increasing, which would translate into an increase in Novavis' revenues and financial results. As we indicated in our last recommendation, a negative reaction to Q2'24 results is a buying opportunity for the stock.

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

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