

FLASH NOTE

# Novavis Group - Accumulate

Target Price: PLN 3.12 | Close as of 08/05/2024: PLN 2.15

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## Q1'24 results preview

In Q1'24, we assume that **sales revenue** will be higher q/q, but weaker y/y.

In Q1'24, we still believe Novavis faced a **lack of decisiveness on the part of the Distribution System Operators in issuing connection conditions** for photovoltaic farms. The main reason for this is the fear of changes in positions at the DSOs (state-owned companies) and the risk of slandering decision-makers for personal gain from the connection conditions issued. As a result, the **number of RES connection permits issued has dropped noticeably since the October 15 elections**, and the number of transactions in ready-to-build (RTB) farm projects has slowed down. The situation should slowly stabilize in 2H'24 (at which point personnel changes at the DSOs may slow down). It is noteworthy that the situation encourages RES developers to pursue their case at the ERO, which may challenge the DSO's refusal to connect.

In our view, lower sales will translate into a decline in **EBITDA** to around PLN 1mn (-74% y/y). **Net profit** should oscillate above PLN 0.4mn.

(mn PLN)	Q1'24e	Q1'23	y/y	2024e	YTD
Revenues	3.2	4.9	-34%	18	17%
EBITDA	1.0	3.8	-74%	11	9%
EBITDA margin	31.3%			61%	
EBIT	1.0	3.8	-75%	11	9%
Net income	0.4	3.5	-90%	9	4%

## OPINION: NEUTRAL

Q1'24 results will be higher q/q and noticeably weaker y/y. We are still waiting for the DSOs to change their policies in issuing grid connection conditions. In our opinion, there are chances that the situation will improve in 2H'24.

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

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