

FY24 Interim Results



November 2023

FY24 Interim Results

Three key takeaways

1

Continued comfortable double-digit growth in normalised energy markets

Several months of rational energy market behaviour prove our ability to outcompete on an enduring basis

Have been delivering comfortable double-digit growth for over 2 years



2

Scope to accelerate growth through incremental opportunities

Deepened wholesale energy supply agreement opens up adjacent market opportunities

- Fixed price tariffs
- Small businesses
- EV charging tariffs



3

Long term 'win:win' business model with real growth momentum

~1m customers benefiting from the lowest tariffs in UK

Sustainable, high-quality earnings with increasing shareholder returns via dividends and share buybacks

H1 FY24 Highlights

A very strong first half performance

Customers

+14%

annualised

Comfortable double-digit organic customer growth, at an annualised rate of over 14%

Adj PBT

+36%

Reflecting continued high quality customer growth plus a temporary Q1 benefit

Dividend

+2p

Modest increase in interim dividend from 34p to 36p, supplemented by initial ~£10m share buyback in H2



Financial Performance

H1 FY24



Profit & loss (£m)

	H1 FY24	H1 FY23	Variance
Revenue	884	562	57%
Gross profit <i>Gross margin</i>	165 18.7%	112 19.9%	48%
Distribution expenses <i>% of revenue</i>	(25) 2.9%	(17) 3.1%	48%
Administrative expenses <i>% of revenue</i>	(76) 8.6%	(53) 9.5%	44%
Bad debt <i>% of revenue</i>	(19) 2.1%	(8) 1.5%	148%
Net interest & other income	(1)	(1)	
Profit before tax <i>(pre amortisation & share incentive costs)</i>	44	32	36%
EPS <i>(pre amortisation & share incentive costs)</i>	39p	34p	14%

Ongoing strong customer acquisition driving double-digit growth in sustainable profits

- After a higher Q1, energy retail prices have stabilised at ~£2,000 per annum

- Higher bad debt charge impacted by temporary moratorium of the installation of prepayment meters under warrant (Ofgem bad debt consultation under way)

- **Adjusted PBT up 36%**

- Adjusted EPS up 14% reflecting higher corporation tax rate

Administrative expenses, PBT and EPS are adjusted to exclude share incentive scheme charges (£2.4m in H1 FY24, £0.7m in H1 FY23) and the amortisation of the energy supply contract intangible asset (£5.6m in H1 FY24 and H1 FY23). PBT and EPS for H1 FY23 exclude the profit on disposal of Glow Green of £3.6m.

Balance sheet (£m)

	30 Sep 23	31 Mar 23	30 Sep 22	Var vs Sep 22
Fixed assets	33	34	34	(1)
Non-current assets	196	194	187	9
Net current assets	74	20	56	18
(Net debt)	(83)	(17)	(67)	(16)
Total	221	231	210	11
Share premium	151	151	150	1
Share capital & other	(3)	(3)	(3)	-
Retained earnings	72	83	63	9
Total	221	231	210	11

Net debt has returned to typical levels as one-off timing differences unwound during H1

- Reversal of one-off timing differences relating to wholesale energy supply payments

- £175m RCF facilities refinanced for 4 years plus 7-year £75m private placement

- **Net debt: £83m (0.7x EBITDA)**

Net current assets and Net debt have been adjusted to exclude the early receipt of funds from Government relating to £120.8m from the Energy Price Guarantee Scheme as at 31 March 2023, and £47.6m from the Energy Bills Support Scheme as at 30 Sep 2022.

Cashflow (£m)

	H1 FY24	H1 FY23
EBITDA	50.4	38.1
Working capital movement	(59.2)	0.5
Taxation	(13.1)	(7.7)
Capex	(6.3)	(4.9)
Interest & fees	(1.8)	(1.6)
Dividends	(36.4)	(23.7)
Other	0.9	2.4
(Increase) / decrease in net debt	(65.5)	3.1

Cash impacted by expected one-off timing differences unwinding during H1

- One-off working capital unwind in H1 following high energy prices in H2 last year
- Typical annual working capital consumption £25-£30m

- Planned returns to shareholders:
 - **Modest increase of interim dividend from 34p to 36p**
 - **Initial ~£10m share buyback in H2**

- Net debt/EBITDA has now returned to 0.7x

Continued comfortable double-digit growth

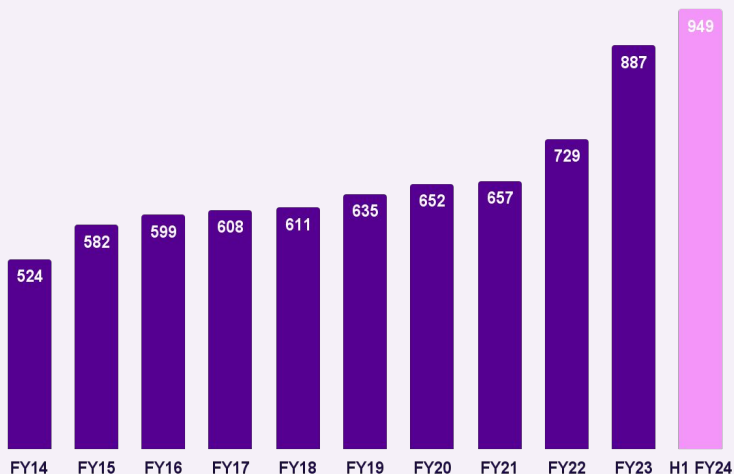
in normalised energy markets



Continued comfortable double-digit growth

In normalised energy markets

Customer Base Growth
(FY24 first half only)



Stable retail energy prices

- Several months now of ~£2,000 levels
- Future Price Cap forecasts stable at around £2,000
- Ongoing consumer demand for saving and earning



Stable & focussed regulatory environment

- A resilient and sustainable energy retail market
- Facilitating the energy transition



Rational competition from energy suppliers

- Reflecting low regulated margins & quarterly Price Cap reset
- Focussed on base retention, cost control and NAV obligations
- UW has been the lowest priced supplier for over 2 years

Scope to accelerate growth

through incremental opportunities



Scope to accelerate growth through incremental opportunities...

Deepening of energy supply relationship

- Updated agreement with EON secures terms for next decade
- Incremental growth opportunities
 - greater flexibility relating to fixed price tariffs
 - small business market
 - EV tariffs
- Enables full participation in energy transition as it gathers pace
- De-risks both parties due to more precise alignment with Ofgem price cap methodology
 - eg bad debt risk
- Allows us to focus on our core competencies of high quality multiservice customer acquisition and management



Long term 'win:win' business model

with real momentum



A one-stop shop for all your home services

Over 950,000 households taking 3m services



Energy



Broadband



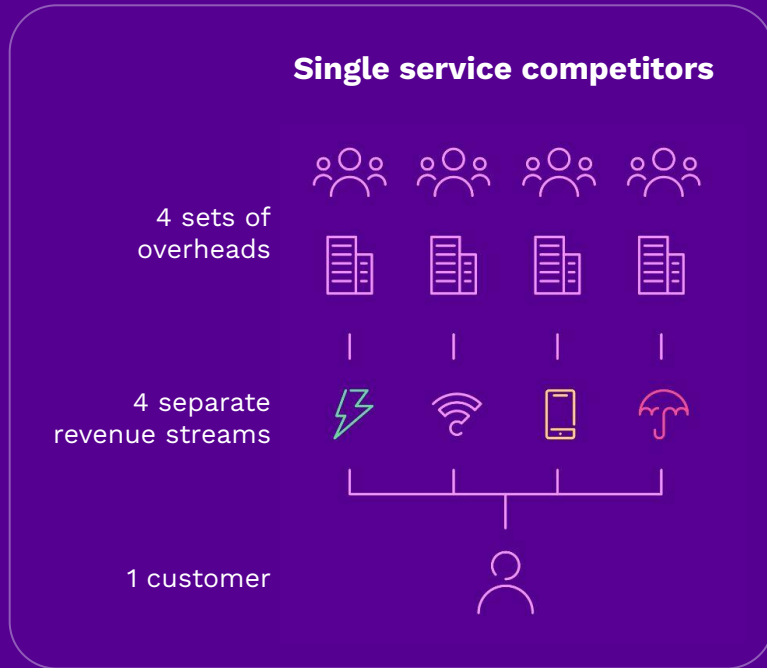
Mobile



Insurance

One set of overheads, multiple revenue streams

A long term, sustainable cost advantage

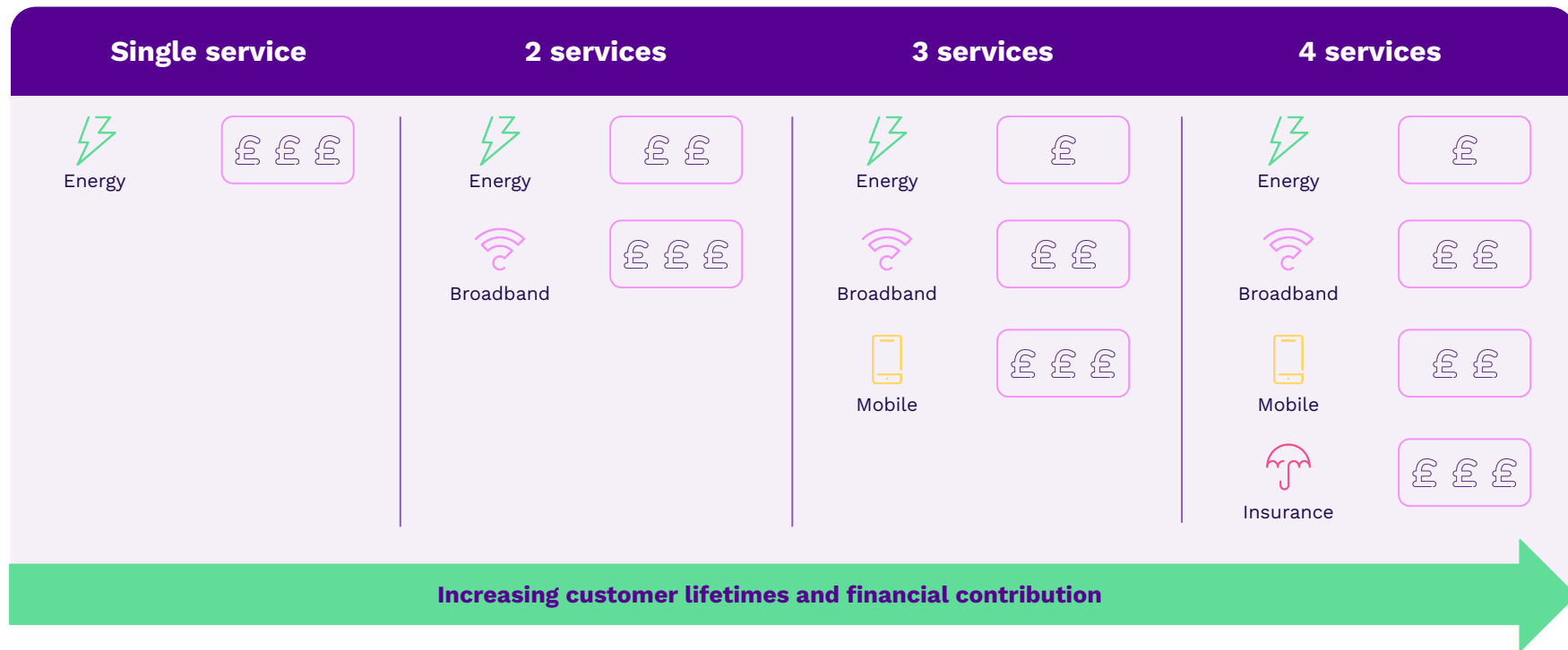


VS



Multiservice proposition delivering value for all stakeholders

More services = lower prices = greater lifetimes



The UK's only multiservice provider



Unique ability to acquire multiservice customers

Social impact of word of mouth route to market

Our growing community of 60,000+ Partners

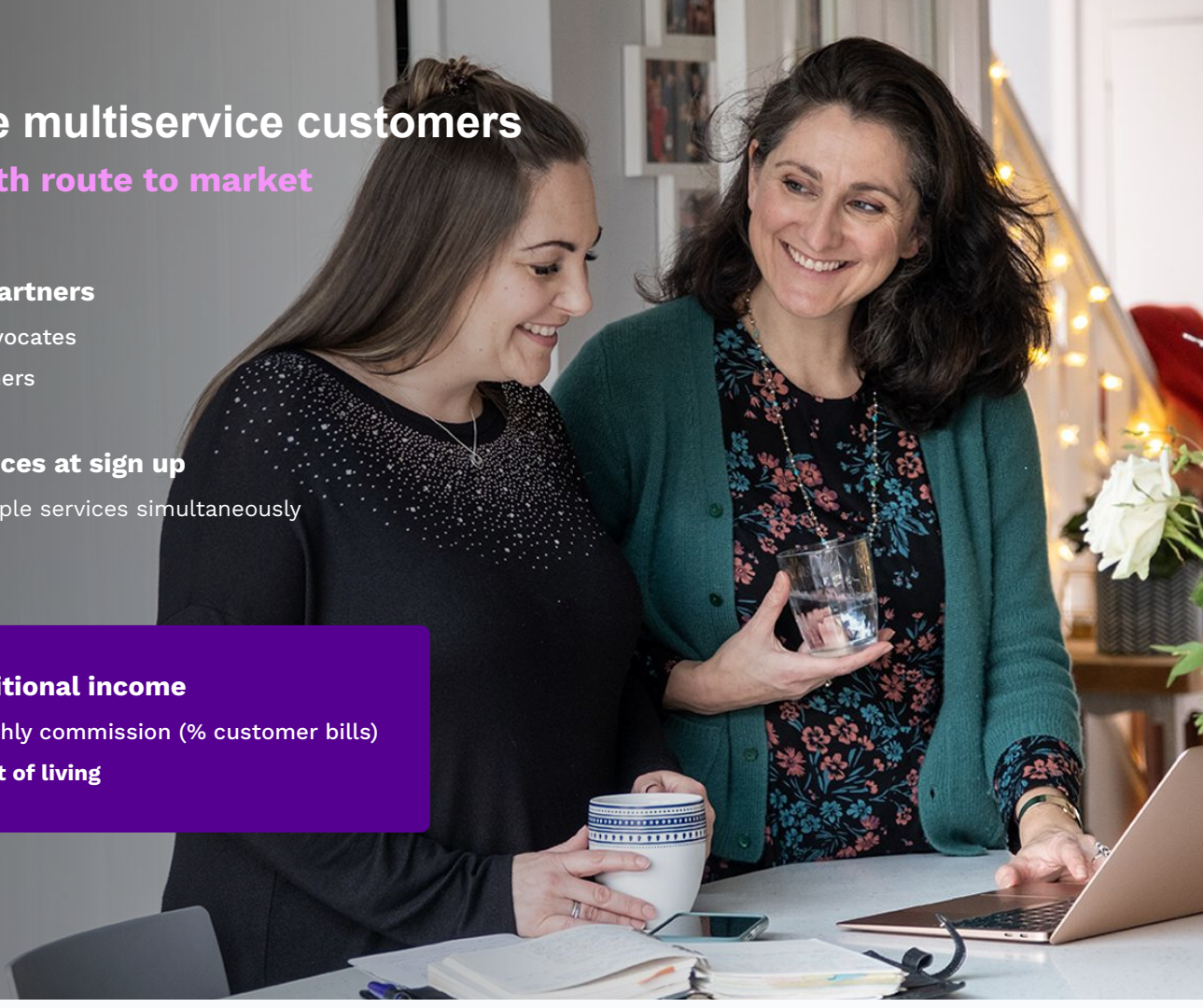
- Self-employed, part-time UW brand advocates
- Recommending UW to potential customers

>70% of new customers take 2+ services at sign up

- Overcome the inertia to switching multiple services simultaneously
- A genuine barrier to entry

A proven opportunity to earn an additional income

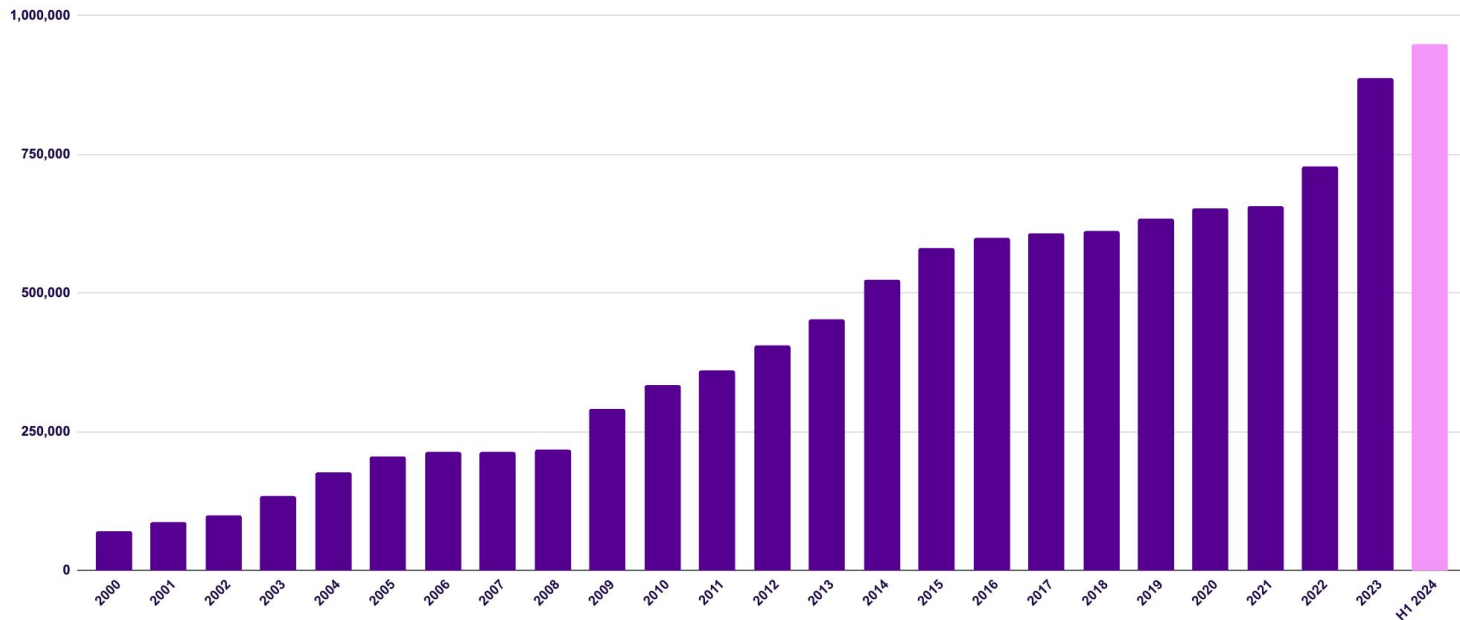
- Immediate income and recurring monthly commission (% customer bills)
- High demand in response to rising cost of living



We've been growing our market share for 25+ years

Now over 2 years into our next phase of double-digit organic customer acquisition

Annual customer base growth (FY24 first half only)



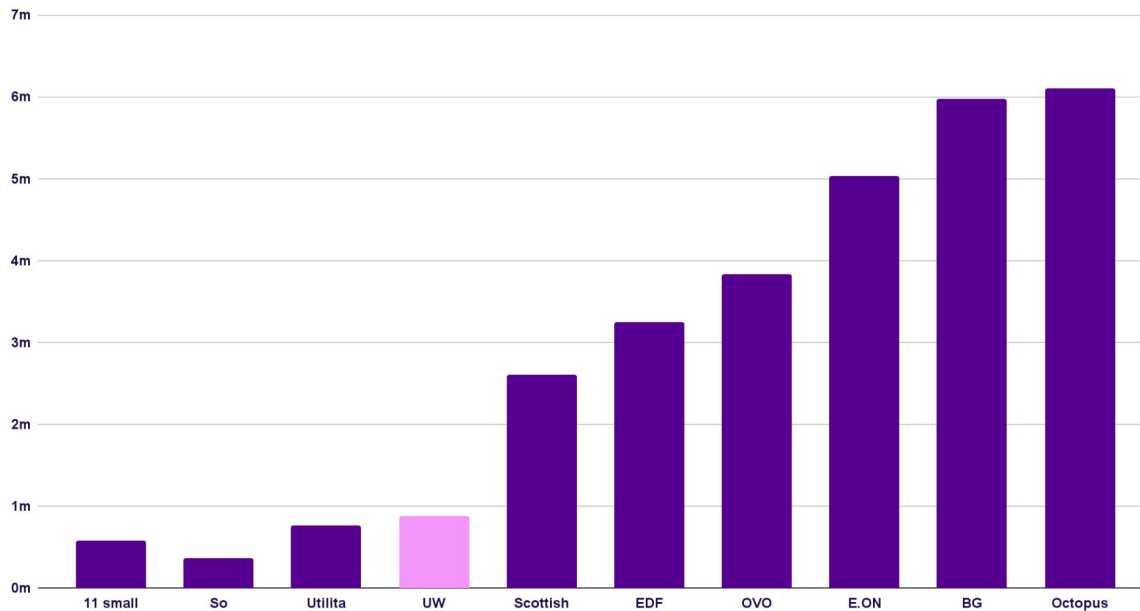
Outlook



Medium term goal - Scaling from 1m to 2m customers

97 out of every 100 UK households is with another supplier...

7th largest residential supplier of electricity in the UK



Outlook - A hugely exciting time for the business

What we expect...

In H2

Continued demand for additional income as a UW Partner

Further high quality growth

- 1 millionth customer

Initial share buyback

- ~£10m



FY24

Strong customer growth

- Comfortable double-digit
- Current run rate ~14%

Adj PBT

- In line with expectations
- Broker estimates: £110-£116m

Shareholder returns

- Modest increase in full year dividend



Medium term

New opportunities delivering incremental customer growth from FY26 (SME, EV)

Increasing our market share in each of our 4 services

Scaling the business from 1m -> 2m customers

Shareholder returns outstripping customer growth

Get in touch

Utility Warehouse
508 Edgware Road
London, NW9 5AB

[Telecomplus.co.uk](https://telecomplus.co.uk)



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