

ESP Utilities Group Limited

Consolidated Interim Report

Period Ended

30 June 2024

Registered number 02612105

ESPUG Utilities Group Limited

Consolidated Interim Report
For the period ended 30 June 2024

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Directors

Anna Dellis
Nicholas Horler (resigned 21 June 2024)
Simon Lees
Simon Loh
Paul Miles
Adam Miller
Stephen Morris (resigned 9 July 2024)
Kevin O'Connor
Bernardo Sottomayor
Victoria Spiers
Yaad Virdee
Peter Whittaker

Secretary and registered office

Beach Secretaries Limited, Bluebird House, Mole Business Park, Leatherhead, KT22 7BA

Company number

02612105

Auditors

Deloitte LLP, 1 New Street Square, London, EC4A 3BZ

ESP Utilities Group Limited

Consolidated statement of comprehensive income For the period ended 30 June 2024

	6 months ended 30 June 2024 Unaudited £'000	6 months ended 30 June 2023 Unaudited £'000	12 months ended 31 December 2023 Audited £'000
Turnover	74,364	60,326	123,344
Cost of sales	(37,558)	(31,188)	(61,457)
Gross profit	36,806	29,138	61,887
Administrative expenses	(9,495)	(8,562)	(19,398)
Group operating profit	27,311	20,576	42,489
Other interest receivable and similar income	1,151	201	988
Interest payable and similar charges	(9,193)	(6,776)	(7,965)
Profit on ordinary activities before taxation	19,269	14,001	35,512
Taxation on profit on ordinary activities	(3,546)	(2,066)	(4,573)
Profit for the financial period and total comprehensive income for the period	15,723	11,935	30,939

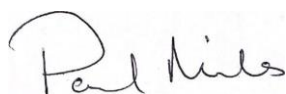
The statement of comprehensive income has been prepared on the basis that all operations are continuing operations. There were no items of other comprehensive income in the current and prior year.

ESP Utilities Group Limited

Consolidated balance sheet at 30 June 2024

	30 June 2024 Unaudited £'000	30 June 2024 Unaudited £'000	30 June 2023 Unaudited £'000	30 June 2023 Unaudited £'000	31 December 2023 Audited £'000	31 December 2023 Audited £'000
Fixed assets						
Tangible assets		470,683		429,308		450,436
Current assets						
Debtors	15,780		14,177		17,864	
Cash at bank and in hand	42,165		39,906		57,161	
	<u>57,945</u>		<u>54,083</u>		<u>75,025</u>	
Creditors: amounts falling due within one year	(34,740)		(33,230)		(50,188)	
Net current assets/(liabilities)		23,205		20,853		24,837
Total assets less current liabilities		493,888		450,161		475,273
Creditors: amounts falling due after more than one year		(456,668)		(424,792)		(456,843)
Provisions for liabilities		(29,911)		(24,162)		(26,844)
Net assets		7,309		1,207		(8,414)
Capital and reserves						
Called up share capital		156,426		156,426		156,426
Profit and loss account		(149,117)		(155,219)		(164,840)
		<u>7,309</u>		<u>1,207</u>		<u>(8,414)</u>

The consolidated interim report was approved by the Board of Directors and authorised for issue on 23 September 2024 and were signed on its behalf by:



Paul Miles
Director

ESP Utilities Group Limited
Consolidated statement of changes in equity
For the period ended 30 June 2024

	Share capital 30 June 2024 Unaudited £'000	Profit and loss account 30 June 2024 Unaudited £'000	Total equity 30 June 2024 Unaudited £'000	Share capital 30 June 2023 Unaudited £'000	Profit and loss account 30 June 2023 Unaudited £'000	Total Equity 30 June 2023 Unaudited £'000	Share capital 31 December 2023 Audited £'000	Profit and loss account 31 December 2023 Audited £'000	Total Equity 31 December 2023 Audited £'000
1 January	156,426	(164,840)	(8,414)	156,426	(167,154)	(10,728)	156,426	(167,154)	(10,728)
Comprehensive income for the period									
Profit for the period	-	15,723	15,723	-	11,935	11,935	-	30,939	30,939
Total comprehensive income for the period	-	15,723	15,723	-	11,935	11,935	-	30,939	30,939
Contributions by and distributions to owners									
Dividends paid	-	-	-	-	-	-	-	(28,625)	(28,625)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	(28,625)	(28,625)
30 June	156,426	(149,117)	7,309	156,426	(155,219)	1,207	156,426	(164,840)	(8,414)

ESP Utilities Group Limited

Consolidated statement of cash flows For the period ended 30 June 2024

	6 month ended 30 June 2024 Unaudited £'000	6 month ended 30 June 2023 Unaudited £'000	Year ended 31 December 2023 Audited £'000
Cash flows from operating activities			
Profit for the financial period	15,723	11,935	30,939
Adjustments for:			
Depreciation and amortisation of fixed assets	6,262	5,838	11,742
Net interest payable/(receivable)	8,042	6,575	6,976
Taxation expense	3,546	2,066	4,573
(Increase)/Decrease in trade and other debtors	1,563	2,735	(638)
Increase/(decrease) in trade creditors	(18,224)	(20,618)	(4,359)
Profit on disposal of tangible assets	(26)	(11)	(31)
Cash from operations	16,886	8,520	49,202
Interest paid	(9,420)	(5,604)	(13,095)
Taxation paid	77	107	(32)
Dividends paid	-	-	(28,625)
Net cash generated from operating activities	7,543	3,023	7,450
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets	76	13	72
Purchases of tangible fixed assets	(23,635)	(24,994)	(52,173)
Interest received	1,151	201	988
Net cash used in investing activities	(22,408)	(24,780)	(51,113)
Cash flows from financing activities			
Capex loan advanced	-	20,000	20,000
Capex loan repaid	-	-	(80,000)
Loan note issued	-	-	120,000
Debt issue costs incurred	(131)	-	(839)
Net cash from financing activities	(131)	20,000	59,161
Net (decrease) / increase in cash and cash equivalents	(14,996)	(1,757)	15,498
Cash and cash equivalents at beginning of year	57,161	41,663	41,663
Cash and cash equivalents at end of period	42,165	39,906	57,161
Cash and cash equivalents comprise:			
Cash at bank and in hand	42,165	39,906	57,161
Bank overdrafts	-	-	-
	42,165	39,906	57,161

ESP Utilities Group Limited

Notes forming part of the consolidated interim report For the period ended 30 June 2024

1 Financial Information

The interim financial information for the 6 months ended 30 June 2024 does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. It has been prepared using accounting policies and principles consistent with those applied in the preparation of the audited accounts of ESP Utilities Group Ltd for the period ended 31 December 2023.

The interim financial information has been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

2 Comparatives

The comparatives in the interim financial information are the figures included in the audited financial statements for ESP Utilities Group Ltd for the period ended 31 December 2023, together with the unaudited results for the 6 months ending 30 June 2023.

3 Analysis of Turnover

	6 months ended 30 June 2024 Unaudited £'000	6 months ended 30 June 2023 Unaudited £'000	12 months ended 31 December 2023 Audited £'000
Analysis by class of business:			
Gas transportation	24,828	21,742	44,092
Gas metering	6,815	5,428	11,738
Electricity distribution	42,215	32,791	66,768
Water & waste water	139	-	15
Release of deferred income on third party contributions	367	365	731
	74,364	60,326	123,344

The Group's revenue is generated in the United Kingdom (excluding Northern Ireland).

4 Debtors

	Group 30 June 2024 Unaudited £'000	Group 30 June 2023 Unaudited £'000	Group 31 December 2023 Audited £'000
Trade debtors	11,175	9,141	8,496
Other debtors	382	1,172	688
Amounts owed by Group undertakings	36	-	-
Corporation tax	338	580	894
Prepayments and accrued income	3,849	3,284	7,786
	15,780	14,177	17,864

All debtors are due within one year.

ESP Utilities Group Limited

Notes forming part of the consolidated interim report For the period ended 30 June 2024 (continued)

4 Debtors (continued)

The amounts owed by group undertakings relate to intercompany balances which do not bear interest and are repayable on demand by the Company when sufficient funds are available to do so.

5 Creditors: amounts falling due within one year

Group	30 June 2024 Unaudited £'000	30 June 2023 Unaudited £'000	31 December 2023 Audited £'000
Trade creditors	20,099	14,152	14,421
Loans due to Group undertakings	2,196	2,200	16,721
Loan note interest due	3,301	3,165	3,739
Taxation and social security	281	231	239
Other creditors	1,661	538	1,072
Accruals and deferred income	7,202	12,944	13,996
	<u>34,740</u>	<u>33,230</u>	<u>50,188</u>

Loans due to Group undertakings are currently attracting interest at a fixed rate of 8% (2023: 8%). The loan is repayable on demand.

6 Creditors: amounts falling due after more than one year

Group	30 June 2024 Unaudited £'000	30 June 2023 Unaudited £'000	31 December 2023 Audited £'000
Loan notes	425,618	313,247	425,536
Capex loan	-	80,000	-
Deferred income	31,050	31,545	31,307
	<u>456,668</u>	<u>424,792</u>	<u>456,843</u>

The deferred income relates to contributions, from owner-occupiers of premises, partly to offset the capital expenditure on the infill networks, which are received at the time of initial connection. These receipts are released to the statement of comprehensive income account over the useful life of the related assets.

ESP Utilities Group Limited

Notes forming part of the consolidated interim report For the period ended 30 June 2024 (continued)

6 Creditors: amounts falling due after more than one year (continued)

The loan notes are secured by an All Assets charge over the assets of the Group, and are structured as follows: -

£54m at 2.69% Senior Secured Tranche A note due 6th October 2027
£85m at 3.05% Senior Secured Tranche B note due 6th October 2032
£60m at 6.67% Senior Secured Tranche A note due 19th October 2033
£30m at 2.116% Senior Secured note due 13th February 2035
£30m at 2.53% Senior Secured note due 30th June 2036
£85m at 3.35% Senior Secured Tranche C note due 6th October 2037
£30m at 2.736% Senior Secured note due 13th May 2041
£60m at 6.91% Senior Secured Tranche note due 19th October 2043

There were no drawdowns on the £100m capital expenditure facility during the 6 months to June 2024. The £100m facility remains in place. Interest is payable at SONIA +1.62%. The bank loans are secured by an All Assets charge over the assets of the Group.

The analysis of loans due to Group undertakings is as follows:

Group	30 June 2024 Unaudited £'000	30 June 2023 Unaudited £'000	31 December 2023 Audited £'000
In one year or less, or on demand	2,196	2,200	16,721
In more than one year but not more than two years	-	-	-
In more than two years but not more than five years	-	-	-
In more than five years	-	-	-
	2,196	2,200	16,721

ESP Utilities Group Limited

Notes forming part of the consolidated interim report
For the period ended 30 June 2024 (*continued*)

6 Financial instruments

The Group's financial instruments may be analysed as follows:

	Group 30 June 2024 Unaudited £'000	Group 30 June 2023 Unaudited £'000	Group 31 December 2023 Audited £'000
Financial assets			
<i>measured at amortised cost:</i>			
Cash at bank	42,165	39,906	57,161
Trade debtors	11,175	9,141	8,496
Other debtors	382	1,172	688
	<u> </u>	<u> </u>	<u> </u>
Financial liabilities			
<i>measured at amortised cost:</i>			
Trade creditors	20,099	14,152	14,421
Loans due to Group undertakings	2,196	2,200	16,721
Loan note interest	3,301	3,165	3,739
Other creditors	1,661	538	1,072
Accruals	7,202	12,944	13,996
Loan notes	374,618	313,247	374,536
Capex loan	-	80,000	-
	<u> </u>	<u> </u>	<u> </u>
<i>measured at fair value through profit or loss</i>			
Loan notes	51,000	-	51,000
	<u> </u>	<u> </u>	<u> </u>
8 Capital commitments			
Group	30 June 2024 Unaudited £'000	30 June 2023 Unaudited £'000	31 December 2023 Audited £'000
Contracted but not provided for	185,541	187,232	185,804
	<u> </u>	<u> </u>	<u> </u>
9 Reconciliation of operating profit to EBITDA			
Group	30 June 2024 Unaudited £'000	30 June 2023 Unaudited £'000	31 December 2023 Audited £'000
Group Operating Profit	27,311	20,576	42,489
Add back net depreciation	5,895	5,473	11,009
	<u> </u>	<u> </u>	<u> </u>
EBITDA	33,206	26,049	53,498
	<u> </u>	<u> </u>	<u> </u>

ESP Utilities Group Limited

Notes forming part of the consolidated interim report
For the period ended 30 June 2024 (*continued*)

10 Related party disclosures

The Group's immediate holding company is Zoom Gas Pipelines Limited, a company registered in England and Wales. The Group's ultimate holding company is Zoom Holding Limited, a company registered in England and Wales. The Group is ultimately controlled by 3i MIA LP, an English limited partnership, which is managed by 3i Investments plc. 3i Investments plc is wholly owned by 3i Group plc. The general partner of 3i MIA LP is 3i Managed Infrastructure GP (2017) LLP.

The largest group in which the results of the Group are consolidated is that headed by Zoom Holding Limited. A copy of these consolidated financial statements is available from Companies House.

The registered office of all Group companies is Bluebird House, Mole Business Park, Leatherhead, KT22 7BA.

There are no related party transactions in the year, other than those with wholly owned group companies which are exempt from disclosure under FRS102.