

Non-Independent Research

*SP Angel provides research services to the Company

MiFID II Exempt

21 January 2026

Stock Data

Ticker	YU. LN
Share Price	1642p
Market Cap.	£278m

Share Price



Research

Simon Strong
+44 20 3470 0531
simon.strong@spangel.co.uk

Sales

Richard Parlons
+44 20 3470 0472
richard.parlons@spangel.co.uk

Grant Barker
+44 20 3470 0471
grant.barker@spangel.co.uk

Rob Rees
+44 20 3470 0535
rob.rees@spangel.co.uk

Abigail Wayne
+44 20 3470 0534
abigail.wayne@spangel.co.uk

George Krokos
+44 20 3470 0486
george.krokos@spangel.co.uk

Utilities Flash Note

Yu Group*

YU. LN

BUY

48% YoY meter growth

Yu Group reported a 48% organic growth in meter points in FY25E. Energy prices have stabilised meaning the negative drag that has held back reported revenue growth since 2023 has now played out. The implied YoY revenue growth rate of 5% in FY25E could accelerate this year as contracted order growth begins to match meter growth. The stock trades on an unwarranted 55% discount to the UK market and offers investors a progressive 4.3% dividend yield.

FY25 Trading update

The +48% YoY growth in meter points is expected to help deliver Group revenue of c£700m in FY25E. EBITDA is expected to be in line with expectations (SPA adjusted EBITDA forecast: £50.4m). Cash generation is expected to be strong and broadly in line with consensus which will continue to support the Group's progressive dividend policy.

Implied 3.2TW/h delivery

Expected revenues of c£700m suggests a YoY growth rate of c5%, while the +48% YoY increase in deployed meters implies a consistent growth rate between H1A & H2E. Grossing these meters up for equivalent volume of energy supplied suggests Yu Group could have delivered around 3.2TW/h to its customers last year.

2022 contracts rolling off

Many fixed term, three year contracts were signed in 2022 at the peak of the UK's energy crisis. These contracts are now being renewed at current market prices meaning that these older contracts, which were priced at materially higher levels, will no longer be a drag on revenue growth. It is therefore reasonable to assume that average monthly bookings should stabilise YoY relative to meter growth in FY26E.

Double digit order book growth likely

As at June 2025, contracted revenue for FY26E rose 15% YoY to stand already at £481m. We estimate that this figure could be substantially over £500m as at December 2025. While there is some expectation that energy prices will be stable, or could even rise, through 2026 and beyond, there are non-commodity related charges which will impact energy prices. The construction costs for Sizewell C will ultimately be passed on to consumers through a Regulated Asset Base pricing model, as will other transmission investment scheme costs. This could turn pricing trends from a headwind seen over the last three years into a tailwind.

Cautious forecasts

Our FY25E forecasts are unchanged following this trading update. Management raised its budget for bad debt provisioning to 2.7% of sales (+70bp YoY) last year but we continue to base our forecasts off a 3.0% provisioning rate. We see upside potential to our year end net cash forecast of £106m as this implies a small net cash outflow in H2E which feels unlikely given the trading update. The stock offers investors a 4.3% FY25E dividend yield and, in our view, an unwarranted 55% discount to the UK market on a p/e of <8x.

Financial statements& valuation

Table 1: Valuation data (2021A-2026E)

December, £'000	2021A	2022A	2023A	2024A	2025E	2026E
Sales (£m)	155.4	278.6	460.0	645.5	731.6	775.5
Adj. EBITDA (£m)	1.5	7.9	42.6	44.8	48.4	51.4
PBT (£m)	3.4	5.8	39.7	44.5	48.6	52.1
Basic EPS (p)	27.3	28.9	184.9	199.8	210.6	223.6
Dividend (p)	0.0	3.0	40.0	60.0	70.0	75.0
EV/Sales (x)	1.1	0.6	0.4	0.3	0.2	0.2
EV/adj. EBITDA (x)	103.1	21.7	4.1	3.6	3.5	3.3
P/e (x)	60.1	56.8	8.9	8.2	7.8	7.3
Yield (%)	0.0	0.2	2.4	3.7	4.3	4.6

Source: Company Accounts, SP Angel forecasts

Table 2: Adjusted EBITDA calculation (2021A-2026E)

December, £'000	2021A	2022A	2023A	2024A	2025E	2026E
Operating profit	3,488	5,930	38,082	40,924	45,556	48,409
Non-recurring operational costs	644	0	0	0	0	0
Loss on derivatives contracts	-3,344	926	3,046	1,359	0	0
Depreciation of property plant and equipment	335	405	808	1,698	1,725	1,750
Amortisation of intangibles	352	648	680	848	1,100	1,200
Share based payment charges	249	284	1,258	3,987	2,000	2,000
Adjusted EBITDA	1,724	8,193	43,874	48,816	50,381	53,359
margin	1.1%	2.9%	9.5%	7.6%	6.9%	6.9%

Source: Company Accounts, SP Angel forecasts

Figure 1: UK gas price (5 yr)



Source: tradingeconomics.com

Table 3: Income statements (2021A-2026E)

December, £'000	2021A	2022A	2023A	2024A	2025E	2026E
Revenue	155,423	278,587	460,001	645,456	731,626	775,523
<i>growth YoY</i>	-	79.2%	65.1%	40.3%	13.4%	6.0%
Cost of sales	-140,180	-234,462	-376,959	-551,571	-614,566	-651,440
Gross Profit	15,243	44,125	83,042	93,885	117,060	124,084
<i>gross margin</i>	9.8%	15.8%	18.1%	14.5%	16.0%	16.0%
Operating costs	-14,206	-15,565	-26,347	-34,088	-47,556	-50,409
Share option charge	-249	-284	-1,258	-3,987	-2,000	-2,000
Net impairment losses	3,344	-21,420	-14,309	-13,527	-21,949	-23,266
Gain / (loss) on derivatives or non-recurring costs	-644	-926	-3,046	-1,359	0	0
Total operating costs	-11,755	-38,195	-44,960	-52,961	-71,504	-75,675
Adjusted EBITDA	1,475	7,909	42,616	44,829	48,381	51,359
Operating profit	3,488	5,930	38,082	40,924	45,556	48,409
<i>operating margin</i>	2.2%	2.1%	8.3%	6.3%	6.2%	6.2%
Finance Income	0	1	1,722	4,194	3,348	4,138
Finance costs	-96	-91	-105	-641	-353	-405
Profit/(Loss) before tax	3,392	5,840	39,699	44,477	48,551	52,142
Taxation	1,059	-1,071	-8,839	-10,978	-12,138	-13,035
Profit/(Loss) after tax	4,451	4,769	30,860	33,499	36,413	39,106
Earnings/(Loss) per share (GBp)						
Basic	27.3	28.9	184.9	199.8	210.6	223.6
Adjusted Basic	19.7	32.1	197.8	222.8	219.3	232.2
Basic diluted	25.6	26.2	169.4	186.7	197.3	209.6
Weighted Average Shares	16,281	16,316	16,650	16,741	17,019	17,019
Effect of shares issued in the year	19	181	37	29	0	0
Ordinary shares for basic earnings calculation	16,300	16,497	16,686	16,770	17,288	17,488
Dilutive effect of outstanding options	1,099	1,723	1,533	1,170	1,170	1,170
Ordinary shares for diluted earnings calculation	17,399	18,220	18,220	17,941	18,458	18,658
Dividend/share (£)	0.00	0.03	0.40	0.60	0.70	0.75
Interim	0.00	0.00	0.03	0.20	0.22	0.25
Final	0.00	0.03	0.37	0.40	0.48	0.50

Source: Company Accounts, SP Angel forecasts

Table 4: Cash flow statements (2021A-2026E)

December, £'000	2021A	2022A	2023A	2024A	2025E	2026E
Cash Flow from operating activities						
Profit/(Loss) for the financial period	4,451	4,769	30,860	33,499	36,413	39,106
Adjustments for:						
Depreciation of property, plant and equipment	255	325	400	704	725	750
Depreciation of right of use assets	80	80	408	994	1,000	1,000
Amortisation of intangible assets	352	648	680	848	1,100	1,200
Profit on disposal	0	0	0	-39	0	0
Unrealised loss (gain) on derivative contracts	-3,344	926	3,046	0	0	0
Change in stock	0	-345	-201	177	0	0
Change in trade and other receivables	-19,700	-17,000	-26,208	-11,174	-15,345	-7,817
Change in customer acquisition costs	0	0	-8,478	-12,335	0	0
Change in industry related deposits	0	0	6,838	-2,586	0	0
Change in cash collateral deposits lodged with trading counterparties	0	0	-49,820	49,820	0	0
Change in trade and other creditors	17,468	23,889	39,108	-4,921	6,285	3,265
Increase in renewable obligation liability	0	0	10,476	13,457	0	0
Employee costs, benefits provisions & other	0	0	-108	-570	0	0
Net finance income	0	-1	-444	-123	3,348	4,138
Finance costs	96	91	105	641	353	405
Taxation	-1,059	1,071	8,839	10,978	12,138	13,035
Corporation tax paid	0	0	-627	-11,282	-12,138	-13,035
Share based payment charge	249	284	1,258	3,987	2,000	2,000
Cash received on customer contracts	378	0	0	0	0	0
Net cash from operating activities	-774	14,737	16,132	72,075	35,878	44,047
Cash flows from investing activities						
Purchase of property, plant and equipment	-2,629	-215	-576	-2,151	-500	-499
Payment of software development costs	-1,079	-2,210	-130	-1,280	-1,300	-1,380
Purchase of Smart Meters	0	0	-796	-6,261	-7,097	-7,523
Acquisitions	0	-216	0	0	0	0
Net cash from investing activities	-3,708	-2,641	-1,502	-9,692	-8,897	-9,402
Cash flows from financing activities						
Net proceeds from issue of new shares	-12	22	125	-3,619	0	0
Net interest	-77	-76	-106	-352	-353	-405
Equity dividends paid	0	0	-1,002	-9,399	-10,949	-12,533
Debt facility Smart Meters - drawdown	0	0	356	4,647	5,267	5,583
Net change in borrowings & lease obligations	-120	-121	-496	-933	0	0
Net cash from financing activities	-209	-175	-1,123	-9,656	-6,034	-7,355
Net increase in cash and cash equivalents	-4,691	11,921	13,507	52,727	20,947	27,291
Gross cash and cash equivalents at start of the period	11,740	7,049	18,970	32,477	85,204	106,152
Gross cash and cash equivalents at end of the period	7,049	18,970	32,477	85,204	106,152	133,443
Net cash (debt)	7,049	18,970	32,125	80,459	96,139	117,847
Free cash flow	-4,559	12,020	14,524	62,031	26,629	34,241
Free cash flow margin	-2.9%	4.3%	3.2%	9.6%	3.6%	4.4%

Source: Company Accounts, SP Angel forecasts

Table 5: Balance sheet (2021A-2026E)

December, £'000	2021A	2022A	2023A	2024A	2025E	2026E
Current Assets						
Stock	0	345	546	369	369	369
Trade & other receivables	37,359	54,339	127,222	97,115	112,460	120,278
Financial derivative assets	3,102	1,484	0	0	0	0
Trade and other receivables	40,461	55,823	127,222	97,115	112,460	120,278
Cash and cash equivalents	7,049	18,970	32,477	85,204	106,152	133,443
Total Current Assets	47,510	75,138	160,245	182,688	218,981	254,090
Non Current Assets						
Property, plant and equipment	3,751	3,641	4,613	12,318	12,093	11,842
Right-of-use asset	193	113	1,676	1,844	844	-156
Intangible assets	1,333	3,111	2,561	2,993	2,793	2,613
Deferred tax	5,932	5,300	1,969	2,842	2,842	2,842
Trade receivables and derivative/other assets	870	1,562	5,231	11,786	11,786	11,786
Total Non Current Assets	12,079	13,727	16,050	31,783	30,358	28,927
Total Assets	59,589	88,865	176,295	214,471	249,339	283,017
Current Liabilities						
Trade payables	-3,690	-4,636	-6,492	-10,237	-16,522	-19,787
Accrued expenses and deferred income	-34,545	-55,281	-88,737	-108,568	-78,650	-62,042
Other payables	-11,508	-13,943	-32,635	-17,627	-17,868	-18,576
Total Current Liabilities	-49,743	-73,860	-127,864	-136,432	-113,039	-100,404
Trades & other payables	-541	-206	-1,281	-2,970	-158	-158
Borrowings	0	0	-352	-4,745	-10,012	-15,596
Non Current Liabilities	-541	-206	-1,633	-7,715	-10,170	-15,754
Total Liabilities	-50,284	-74,066	-129,497	-144,147	-123,209	-116,158
Net Assets	9,305	14,799	46,798	70,324	126,130	166,858

Source: Company Accounts, SP Angel forecasts

DISCLAIMER: Non-independent research

This note has been issued by SP Angel Corporate Finance LLP ("SP Angel") in order to promote its investment services and is a marketing communication for the purposes of the European Markets in Financial Instruments Directive (MiFID) and FCA's Rules. It has not been prepared in accordance with the legal requirements designed to promote the independence or objectivity of investment research and is not subject to any prohibition on dealing ahead of its dissemination.

SP Angel considers this note to be an acceptable minor non-monetary benefit as defined by the FCA which may be received without charge. In summary, this is because the content is either considered to be commissioned by SP Angel's clients as part of our advisory services to them or is short-term market commentary. Commissioned research may from time to time include thematic and macro pieces. For further information on this and other important disclosures please see the Legal and Regulatory Notices section of our website [Legal and Regulatory Notices](#)

While prepared in good faith and based upon sources believed to be reliable SP Angel does not make any guarantee, representation or warranty, (either express or implied), as to the factual accuracy, completeness, or sufficiency of information contained herein.

The value of investments referenced herein may go up or down and past performance is not necessarily a guide to future performance. Where investment is made in currencies other than the base currency of the investment, movements in exchange rates will have an effect on the value, either favourable or unfavourable. Securities issued in emerging markets are typically subject to greater volatility and risk of loss. The investments discussed in this note may not be suitable for all investors and the note does not take into account the investment objectives and policies, financial position or portfolio composition of any recipient. Investors must make their own investment decisions based upon their own financial objectives, resources and appetite for risk.

This note is confidential and is being supplied to you solely for your information. It may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published in whole or in part, for any purpose. If this note has been sent to you by a party other than SPA the original contents may have been altered or comments may have been added. SP Angel is not responsible for any such amendments.

Neither the information nor the opinions expressed herein constitute, or are to be construed as, an offer or invitation or other solicitation or recommendation to buy or sell investments. Opinions and estimates included in this note are subject to change without notice. This information is for the sole use of Eligible Counterparties and Professional Customers and is not intended for Retail Clients, as defined by the rules of the Financial Conduct Authority ("FCA").

Publication of this note does not imply future production of notes covering the same issuer(s) or subject matter.

SP Angel, its partners, officers and or employees may own or have positions in any investment(s) mentioned herein or related thereto and may, from time to time add to, or dispose of, any such investment(s).

SPA has put in place a number of measures to avoid or manage conflicts of interest with regard to the preparation and distribution of research. These include (i) physical, virtual and procedural information barriers (ii) a prohibition on personal account dealing by analysts and (iii) measures to ensure that recipients and persons wishing to access the research receive/are able to access the research at the same time.

SP Angel Corporate Finance LLP definition of research ratings: Expected performance over 12 months: Buy - Expected return of greater than +15%, Hold - Expected return from -15% to +15%, Sell - Expected return of less than -15%.

Neither the information nor the opinions expressed herein constitute, or are to be construed as, an offer or invitation or other solicitation or recommendation to buy or sell investments. Opinions and estimates included in this note are subject to change without notice. This information is for the sole use of Eligible Counterparties and Professional Customers and is not intended for Retail Clients, as defined by the rules of the Financial Conduct Authority ("FCA"). SP Angel does not provide broking or investment advisory or management services to retail clients.

SP Angel provides research services to Yu Group