Pennon Group – A Busy Summer Ahead

Pennon Group plc (LON:PNN) (OTCMKTS:PEGRF) today released a trading update showing the group is on track to meet expectations for the current year to Mar 31st. Q4 2020 hedge fund letters, conferences and more The group sees real returns on regulated equity doubling from their base level of 3.9%. Customer bad debts caused by the […]

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Q4 2020 hedge fund letters, conferences and more

- The group sees real returns on regulated equity doubling from their base level of 3.9%.
- Customer bad debts caused by the pandemic have not worsened beyond earlier expectations.
- So far, the group has used proceeds from the £3.7bn disposal of Viridor to reduce debts, leaving Pennon with significant financial firepower.

Pennon Group Fails To Clarify How It Will Reinvest Viridor Proceeds

Commenting on the statement, Steve Clayton manager of the HL Select UK Income Shares fund, which holds Pennon Shares said:

“Today’s statement is reassuring but necessarily fails to provide full clarity on how Pennon will go about reinvesting the Viridor proceeds. But it looks as though whilst Pennon have not signed a deal yet, they may be reaching for the pen. The group say that by their full year results on June 3rd they will either have announced a deal to acquire another UK water company, and Southern Water is the name most often linked here, or they will make a substantial return of capital to their investors.

In an uncertain world, Pennon looks attractive. Either the most effective management team in the sector will get a major new set of assets to work with, or there will be an upfront cash return. Either way, Pennon looks set to have a busy summer ahead.”

The shares were little changed in early trading.

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