

Anglian Water Services Financing Plc

Anglian Water Services Limited

Investor Report

For the six months ended 30 September 2024

Prepared in accordance with International Financial Reporting Standards  
(IFRS)

FINAL

# Investor Report

## Contents

<b>General Overview and Business Update.....</b>	<b>4</b>
1.0 Financial Performance for the six months ended 30 September 2024 .....	4
2.0 Regulatory Update .....	14
3.0 Service Performance Overview.....	19
4.0 Capital Expenditure.....	21
5.0 Water Quality and Environmental Performance .....	22
6.0 Financing .....	26
7.0 Dividends .....	27
8.0 Significant Board / Management Changes .....	28
9.0 Sustainable Financing.....	31
<b>Ratios .....</b>	<b>33</b>
1.0 Historical & Current Test Period .....	33
2.0 Forward Looking.....	34
3.0 Computations .....	35
4.0 Interest Cover Ratios (ICR) .....	36
5.0 Regulatory Asset Ratios (RAR) .....	37
6.0 Regulatory Performance .....	38
7.0 Anglian Water Services Group – Movements in Debt Balances.....	39
8.0 Anglian Water Services Group – Profit & Loss Account .....	41
9.0 Anglian Water Services Group – Balance Sheet.....	42
10.0 Anglian Water Services Group – Calculation of Annual Finance Charge .....	44
11.0 Anglian Water Services Group – Derivatives Mark to Market Valuation.....	45

## ***Basis of Preparation***

All financial information in this report is unaudited and has been prepared in accordance with IFRS. The accounting policies used are consistent with those in the Statutory Accounts of Anglian Water Services Limited at 30 September 2024.

The information in this report is presented solely to comply with Schedule 11 of the Common Terms Agreement (CTA).

## **Disclaimer**

Any forward-looking statements made in this document represent management's judgment as to what may occur in the future. However, the company's actual results for the current and future fiscal periods and corporate developments will depend on a number of economic, competitive and other factors including some which will be outside the control of the company. Such factors could cause the company's actual results for current and future periods to differ materially from those expressed in any forward looking statements made in this document. Unless otherwise required by applicable law, accounting standard or regulation, Anglian Water does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

# General Overview and Business Update

This investor report covers the six months ended 30 September 2024.

## 1.0 Financial Performance for the six months ended 30 September 2024

### Summary Underlying Results (AWS Financing Group)

The consolidated financial results for the six months ended 30 September 2024 are summarised below:

	<b>2024</b>	<b>2023</b>
	<b>Total</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>
Revenue (excl. grants and contributions)	863.4	782.4
Grants and contributions	36.9	45.1
Other operating income	8.5	9.0
Operating costs	(418.6)	(388.8)
Depreciation and amortisation	(207.1)	(191.8)
<b>Operating profit</b>	<b>283.1</b>	<b>255.9</b>
Finance income <sup>1</sup>	21.7	24.1
Finance costs	(197.6)	(342.0)
<b>Underlying profit/(loss) before tax</b>	<b>107.2</b>	<b>(62.0)</b>
Finance income -fair value gains on financial derivatives	18.1	216.7
<b>Statutory profit before tax</b>	<b>125.3</b>	<b>154.7</b>
Tax charge	(32.6)	(40.0)
<b>Profit after tax</b>	<b>92.7</b>	<b>114.7</b>

<sup>1</sup> In order to show pre-tax performance on an underlying basis the fair value gains on financial derivatives have been excluded from the underlying finance income.

## **Revenue**

Revenue, excluding grants and contributions, for the six months was £863.4 million (2023: £782.4 million), an increase of £81.0 million (10.4%) on last year. The increase in revenue is as a result of the following factors:

- The price increase for customers following the regulatory pricing formula, £67.4 million increase.
- Household consumption up £12.9 million with warmer summer leading to increase in demand in the first half of the year. Non-household consumption down £1.0 million.
- Other increases in revenue of £1.7 million, with customer growth and increase in other appointed and non-appointed revenue.

The money we can raise from bills, along with how much we are allowed to invest in our service, is decided every five years through Ofwat's price-setting process and set out in our Final Determination (FD).

Grants and contributions represent the cash and asset contributions made principally by property developers and local authorities for connecting new property developments to the water and sewerage network, and for diverting existing infrastructure. In the six months to 30 September 2024, there has been a downturn in the housing/developer market in which grants and contributions revenue is directly linked.

## **Other operating income**

Other operating income comprises primarily external income from power generation, bio-solid sales to farms, rents received and various other non-core activities; this was consistent with prior years.

### Operating costs (including charge for bad and doubtful debts)

Operating costs including charges for bad and doubtful debt for the six months increased by £29.8 million (7.7%) to £418.6 million. The movement in operating costs of Anglian Water is principally due to inflation and costs such as tinkering within Water Recycling Operational Logistics, chemicals and salaries that have increased over and above inflation. These movements are explained in the table below:

	£m
Prior period	388.8
<b>Funded by FD</b>	
Inflation	10.8
<b>Weather related</b>	
Tankering	7.0
<b>Power</b>	1.3
<b>External/Government charges</b>	
Rates	2.9
Discharge permits	1.6
<b>Other significant items</b>	
Bad debt	2.2

Above inflation salary increases	5.2
Chemicals	2.9
Legal fee credit	(1.8)
Other	(2.3)
Total increase	29.8
<b>September 2024</b>	<b>418.6</b>

#### Inflation

The inflationary increases in our cost base formed part of the Final Determination and are therefore, whilst subject to a timing delay, funded through the inflationary increases in revenues.

#### Weather related

The wet weather during winter 2023/24 resulted in extremely high levels of water that continued into this financial year. Our spend on hired vehicles, mainly tankers, increased significantly as we continued to manage the flooding in the region.

#### Power

The increase in power is primarily a result of increased consumption at our water recycling sites due to the additional volumes of water flowing through these sites.

#### Rates and Discharge Permits

We saw increases in rates and discharge permits over and above inflation from the Local Authority and Environment Agency respectively.

### Other significant items

Salaries have increased by £5.2 million, partly due to increased employee numbers and partly due to the agreed pay rise of 6.0% which was above CPIH of 2.9%. In addition, chemical costs also increased as a result of costs rising above inflation and additional consumption due to the wet weather.

### **EBITDA**

EBITDA is the profit from continuing operations before interest, tax, depreciation and amortisation. This has increased by 9.5% to £490.2 million, which is consistent with the effect of the increases described above.

### **Depreciation and amortisation**

Depreciation and amortisation is up 8.0% to £207.1 million, primarily as a result of higher fixed asset balances as we construct and commission assets in line with our capital investment programme.

### **Operating profit**

Operating profit has increased by 10.6% to £283.1 million, which is consistent with the increase in EBITDA partially offset by the increase in depreciation.

### **Financing costs**

Adjusted net finance costs (excluding fair value gains and losses on financial instruments) decreased from £317.9 million in the six month period to September 2023 to £175.9 million in the equivalent period in 2024. This was the result of the non-cash impact of lower inflation on index-linked debt which decreased from £250.6 million to £101.2 million and an increase of £7.4 million in net interest expense primarily due to higher rates and increase debt. The decrease in indexation was due to a decrease in year-on-year average Retail Price Index (RPI) from 10.1% to 3.2% and year-on-year average Consumer Price Index (CPI) from 7.6% to 2.1%. We have both RPI-linked debt and CPI-linked debt to hedge the RCV.



There was a fair value gain of £18.1 million on derivative financial instruments in the six months to September 2024, compared with a gain of £216.7 million in the six months to September 2023. The fair value gains in the current year are predominantly non-cash in nature and have no material effect on the underlying commercial operations of the business. The driving factor for the gain in 2024 was a rise in Anglian Water CDS curve by 25 basis points which decreased the discounted present value of derivatives, forward inflation and interest rates moved negligibly during the six-month period to September 2024. The gain was smaller in comparison with the same six-month period last year due to forward interest rates not increasing as much (2023: 93 basis points).

## Taxation

The tax charge for the period comprises:

	Half-year ended 30 September 2024 £m	Half-year ended 30 September 2023 £m	Year ended 31 March 2024 £m
<b>Current tax:</b>			
In respect of the current period	(26.7)	(17.3)	(47.3)
Adjustments in respect of prior periods	-	-	(0.4)
<b>Total current tax credit</b>	<b>(26.7)</b>	<b>(17.3)</b>	<b>(47.7)</b>
<b>Deferred tax:</b>			
Origination and reversal of temporary differences	59.3	57.3	82.8
Adjustments in respect of previous periods	-	-	(3.9)
<b>Total deferred tax charge</b>	<b>59.3</b>	<b>57.3</b>	<b>78.9</b>
<b>Total tax charge on profit on continuing operations</b>	<b>32.6</b>	<b>40.0</b>	<b>31.2</b>

Compared to the same period in the previous year, the total tax charge has decreased by £7.4 million to £32.6 million. This is primarily due to lower taxable profits.

We are one of the largest private investors in infrastructure in our region, having invested over £1 billion in the last two years. The Government actively encourages infrastructure investment and grants us capital allowances, which defer some of our corporation tax liabilities until a later period. Our customers directly benefit from the deferral as it helps to keep their bills lower.

In addition to the £32.6 million tax charge on the income statement, there is a charge of £9.3 million (2023: credit of £10.7 million) in the statement of other comprehensive income in relation to tax on actuarial gains on pension schemes and fair value gains on cash flow hedges.

### **Distributions available to the ultimate investors**

The Board has an approved dividend policy, under which dividend payments take account of a range of matters including service delivery for customers and the environment, current and future investment needs and financial resilience over the longer term.

In line with this dividend policy, an £88.6 million interim dividend was paid in the period (2023: £79.9 million final dividend), reflecting performance in the 2023/24 financial year. The base dividend was adjusted for a total of £51.1 million deduction to reflect service delivery for customers and the environment.

These dividends were paid against a backdrop of an equity injection of £1,165.0 million in 2021 and results in a net equity injection for the AMP of £731.4 million. Through these capital injections the company continues to benefit from the strong support of shareholders.

### **Financial needs and resources**

During the six-month period to September 2024, Anglian Water issued a 20-year £600 million bond. Repayments of £205.9 million were made in respect of maturing debt, which consisted of a £75 million 3.666% RPI index-linked 2024 and amortising payments on EIB index-linked debt.

At 30 September 2024, Anglian Water had borrowings net of cash of £7,440.8 million (£8,065.4 million including the fair valuation of derivatives), an increase of £463.9 million (an increase of £454.5 million including the fair value of derivatives) from 31 March 2024. The fair value of derivative financial liabilities was £624.6 million, excluding derivative financial liabilities of £8.8 million in respect of energy derivatives.

Net borrowings of £7,440.8 million comprised fixed, index-linked and variable-rate debt of £8,385.9 million, leases of £31.7 million and cash and deposits of £976.8 million. The increase in net borrowings, excluding the fair value of derivatives, primarily reflects the higher accretion on index-linked debt and continuing investment in our capital programme.

The business generated cash from operations of £375.3 million in the period (2023: £389.9 million). This decrease is primarily due to movements in working capital, principally as there is a natural delay before higher revenues flow into customer bills and subsequent cash collection combined with the timing of energy payments.

### **Liquidity**

The company's objective is to maintain flexibility, diversification and continuity of funding through access to different markets and debt instruments. At 30 September 2024, Anglian Water held cash, deposits and current asset investments of £976.8 million (March 2024: £1,004.4 million).

As at September 2024 Anglian Water has access to £1,000.0 million of undrawn facilities (March 2024: £1,025.0 million), to finance working capital and capital expenditure requirements. In addition, Anglian Water has access to a further £432.5 million of liquidity facilities (March 2024: £425.0 million), consisting of £294.0 million to finance debt service costs and £138.5 million to finance operating expenditure and maintenance capital expenditure in the event that the company was in an Event of Default on its debt obligations and had insufficient alternative sources of liquidity. All bank facilities and debt capital market issuance are issued pursuant to the Global Secured Medium Term Note Programme dated 30 July 2002 between the company, Anglian Water Services Financing (AWSF) and Deutsche Trustee Company Ltd (as agent and trustee for itself and each of the finance parties). This agreement provides that any facilities drawn by AWSF will be passed directly on to the company upon utilisation of the facility.

### **Interest rates**

The company's policy, as agreed by the Board, is to achieve a balanced mix of funding to inflation-linked, fixed and floating rates of interest. At 30 September 2024, taking into account interest rate swaps, 55.9 per cent (March 2024: 60.5 per cent) of the company's borrowings were at rates indexed to inflation, 30.3 per cent (March 2024: 28.4 per cent) were at fixed rates and 13.8 per cent (March 2024: 11.1 per cent) were at floating rates. At 30 September 2024, the proportion of inflation debt to regulated capital value was 45 per cent (March 2024: 47 per cent).

### **Pension funding**

At 30 September 2024, the closed defined benefit scheme had an IAS 19 accounting pension surplus (before deferred tax) of £50.0 million, compared to £30.7 million at 31 March 2024. This increase in surplus reflects a decrease in the

scheme's liabilities resulting from an increase in the corporate bond rate used to discount those liabilities on an accounting basis compared to a smaller decrease in our assets which are hedging gilt-based liabilities.

### **Annual Performance Report**

Under Condition F of its Licence, Anglian Water is obliged to provide the Water Services Regulation Authority, Ofwat, with additional accounting information to that contained in the statutory financial statements. This information is presented in the Annual Performance Report, a copy of which is available on the Anglian Water Services website: <https://www.anglianwater.co.uk/about-us/our-reports>.

## **2.0 Regulatory Update**

### **PR24 Draft Determination Representations**

We submitted our PR24 Draft Determination Representations to Ofwat on 28th August 2024. Ofwat's Draft Determination recognised the quality of our plan and the efficiency of our costs, resulting in one of the smallest Totex reductions in the sector. Ofwat's Draft Determination supported our ambitions in crucial areas, such as storm overflows and growth.

We raised in our Draft Determination representations that a number of material changes are needed to deliver a viable Final Determination that enables us to deliver for our customers, such as stretching assumptions of performance improvements that can be achieved without impact on customers' bills or given the realities of more extreme environmental challenges facing companies.

At a sector wide level, Water UK has raised that Ofwat's draft determination makes some fundamental mistakes that fail to provide sufficient funding or achievable targets for many companies. Although Anglian had one of the smallest totex reductions in the sector (-3% of requested totex) the totex challenge was much greater for most companies.

We are engaging with Ofwat to support its Final Determination decision-making process. Ofwat is currently assessing companies' Draft Determination representations, and will publish the PR24 Final Determination on 19th December 2024.

### **Water company performance report 2023-24 and service commitment plan**

In October 2024, Ofwat published its Water Company Performance Report 2023-24. The report, which covers the period from April 2023 to March 2024, reflects a series of common Ofwat performance commitments for all water and sewerage companies. Ofwat uses the data submitted as part of Annual Performance Reports to assess whether overall a company's performance was considered Leading, Average or Lagging for the previous year. No companies were classified as 'leading companies' in 2023-24, with all companies classified as 'average' or 'lagging behind'.

Anglian was categorised in the 'lagging behind' category. Expectations regarding performance have increased as we progress through the AMP, with targets becoming incrementally tougher. Of the subset of measures Ofwat uses in its assessment, we met targets for five of the common performance commitments and were deemed behind target on seven. We are now required to publish a service commitment plan to outline the actions we intend to take to improve our performance.

### **Independent monitor for Thames Water**

Given concerns about the performance of Thames Water, Ofwat announced in 2024 that it would look to appoint a third party to monitor and report on company progress against its equity raise and transformation plans. In August 2024 Thames agreed to a series of special measures set out by Ofwat because of the investment credit rating downgrades by Moody's and S&P, violating one of the conditions of their operating license. These measures included the appointment of the monitor and developing plans to deliver an equity raise. Thames also submitted an updated turnaround to Ofwat alongside its response to the PR24 Draft Determination.

In October 2024, Ofwat confirmed that L.E.K Consulting has been appointed as an independent Monitor to report on the progress of Thames Water in achieving an equity raise and delivering its transformation plans.

### **Water (Special Measures) Bill**

The Water (Special Measures) Bill was introduced into Parliament on 4th September 2024. The bill proposes to significantly strengthen the power of the water industry regulators. This includes provision to prohibit the payment of performance-related pay, including bonuses, to water executives if they fail to meet high standards to protect the environment.

In addition, the bill proposes tougher penalties for water executives where companies fail to comply or obstruct environmental investigations. The bill also outlines the target to reach full coverage of independent monitoring at every sewage outlet, with water companies required to publish real-time data for all emergency overflows.

As of late October, the bill has been through the second reading in advance of committee review beginning early November.

### **National Audit Office review of regulation in the water sector**

Following previous reports published in 2015 and 2020, the National Audit Office (NAO) has scheduled a new study into the effectiveness of regulatory frameworks in incentivising investment in the water sector and achieving the outcomes set for the sector.

The study will look at whether:

- government and regulators are clear what outcomes the water industry needs to achieve and the investment needed
- regulation is successfully incentivising investment and meeting desired outcomes and targets
- regulators can respond to the current investment challenges



The NAO study is scheduled to commence in Spring 2025. Water companies have been invited to provide comment on the key challenges they have identified for investors in the sector in the medium- to long-term, as well as the challenges for achieving this within the current regulatory framework. In our response, we highlighted to the NAO:

1. The need for **alignment** across regulatory frameworks, guidance, and measures of success.
2. Ensuring **appropriate funding** to meet obligations and drive service improvements.
3. **More rigorous, evidence-led decision-making** to back regulatory actions.
4. **Avoiding duplication** of regulatory responsibilities.

### **Outturn Adjustment Mechanism for Outcome Delivery Incentives**

In October 2024, Ofwat published its consultation on the possibility of introducing an outturn adjustment mechanism at the PR24 final determinations. This mechanism, if implemented, would introduce an end-of-period reconciliation mechanism that adjusts returns for all companies in the 2025-30 period based on the outcomes they deliver, ensuring the median Outcome Delivery Incentive (ODI) penalty/reward (measured as a % of return on regulated equity, RoRE) is zero. It proportionally shifts the distribution of financial performance on ODIs across all companies relative to the median out- or underperformance. We will provide our response to Ofwat on this mechanism in early November 2024.

### **FFT investigations**

In 2021, Ofwat and the Environment Agency announced joint investigations into how all water and wastewater companies manage their sewage treatment works. Ofwat's investigation looks to determine if companies are meeting the requirements placed on them through the Urban Waste Water Treatment (England and Wales) Regulations 1994 which requires companies to operate their wastewater treatment works so that they can treat the flows that they would typically receive in normal operating conditions.

In August 2024, Ofwat proposed that three companies (Thames, Yorkshire, and Northumbrian) should receive fines totaling £168m collectively following investigation. Ofwat states the penalties are a result of findings that these companies have failed to ensure that discharges of untreated wastewater from storm overflows occurs only in exceptional circumstances, in part due to the failure to upgrade assets to meet the changing needs of the local areas they serve.

Currently Ofwat has enforcement activities underway against all 11 water and sewerage companies (WaSCs) in England and Wales. This includes the enforcement case into Southern in 2019, and the open enforcement cases into Anglian, South West and Wessex announced in 2022. In July 2024, Ofwat announced it has served formal notices on the remaining four companies to gather evidence for investigation.

While Ofwat has concerns which it must investigate, opening an enforcement case does not automatically imply the company has breached their legal obligations. Once Ofwat has fully investigated, it will publish details of its findings, with Anglian's findings due in December 2024.

### **3.0 Service Performance Overview**

This year, we've continued to enhance our services, all with one focus in mind: Making Today Great for our customers. We're committed to doing everything we can to ensure that every experience with us is nothing short of excellent.

Following customer reviews and testing our new improved online Myaccount portal and App was launched which not only improved accessibility for our customers but is now able to provide personalised affordability help and support. Further iterative updates are planned over coming months which will include enhanced functionality linked to our ever increasing number of smart meters and their data.

We have also increased our range of payment channels this year, to include Apple and GooglePay alongside card tokenisation all with the aim of making the payment process easier for our customers.

These changes were seen to positively influence an uplift in the Quarter 1 CMeX Scores with our overall Q1 score at 77.49 and 7th position in the industry league table.

In the quantitative league table for the Developer measure of experience (DMeX), year to date we have achieved a perfect score across all workstreams and maintained 100% throughout the first few months of year 5. In the qualitative league table, we received a score of 76.78 and 12th position.

We're proud to report that we met our 5 year(AMP) Priority Services Register (PSR) Performance Commitment target earlier this year, with just over 13.5% of customers on our register, or around 406,000 households. Many of these

customers have also been helped with our cost of living financial support package where we have also this year already achieved our annual target of financially supporting in excess of 309000 customer.

Our WaterCare package of support covering both the PSR and our financial support package continues to be underpinned by external audit and verification of our service offerings. We currently await news of our most recent ISO assessment and have more recently undertaken an audit conducted by the Money and Mental Health Policy Institute.

As an essential service provider, we recognise we have a duty to deliver wider benefits to society and for the millions of customers in our region – and supporting and enabling our customers who may need extra help is a core pillar in upholding that duty and delivering on our purpose. Our Purpose drives us to deliver outstanding service and support for our customers and as such we are proud to share our recently published customer vulnerability strategy [customer-vulnerability-strategy-2024.pdf \(anglianwater.co.uk\)](https://www.anglianwater.co.uk/customer-vulnerability-strategy-2024.pdf)

Our seasonal tariff trial which started in April 2024 shows early indications for positively influencing a reduction in discretionary water use. Subsequently we are now in the planning phase to widen the trial to further water stressed areas of our region.

## **4.0 Capital Expenditure**

2024/25 is the final year in the five-year AMP7 investment programme. Over the five years to 2025, we will invest a record £3 billion through our capital investment programme. This spend will help us achieve our Business Plan commitments and includes significant investments to ensure our region is resilient to the impacts of drought, climate change and population growth, alongside our largest ever programme of schemes delivering environmental protection.

Delivery against this investment programme remains strong with gross capital expenditure on an accruals basis across the appointed business increasing from £449 million in the first six months of 2023/24 to £529 million so far this year, as we continue to invest in our asset base to improve our performance for customers and the environment. As noted, the Board have agreed to an additional £350 million of capital investment in the current AMP to support delivery of our plan.

## **5.0 Water Quality and Environmental Performance**

Anglian Water is governed by a wide range of legislation covering quality of drinking water, discharges to the environment, waste disposal, water abstraction, access to land and environmental protection. The key regulators are the Drinking Water Inspectorate (DWI), the Environment Agency (EA) and Natural England (formerly English Nature). There is also close liaison with Environmental Health Officers and Consultants in Communicable Disease Control within the UK Health Security Agency and other environmental bodies.

### **Drinking Water**

Maintaining supplies of high-quality drinking water is Anglian Water's biggest priority, and there is engagement and investment from source to tap to maintain and improve on its performance. We have outlined a significant water quality enhancement programme in our PR24 business plan supported by the Drinking Water Inspectorate to address new and emerging water quality risks such as nitrate, lead and PFAS (forever chemicals).

A key measure is the number of contacts Anglian Water receives from customers about the appearance or taste and odour of their water and in 2023 we had a further improvement from 2022 with our lowest score across the past decade, at 0.86 customer contacts per 1,000 customers. Anglian Water are performing well in this area again in 2024 with an acceptability score to end of September at 0.70 contacts per 1,000 customers and we are currently on track to meet our very challenging ODI performance commitment, which was set at 0.85 contacts per 1,000 customers.

The Compliance Risk Index (CRI) is the headline water quality measure used by the DWI and Anglian Water's score to the end of September 2024 is estimated at 2.85. This is higher than Anglian Water would like it to be and is impacted predominantly by an increased number of water quality exceedances from its water treatment works. Anglian Water is delivering an improvement programme that is aimed at reducing the number of water quality exceedances from its assets.

We continue to develop our industry leading approach using insight from flow cytometry (bacteriological monitoring) and on-line water quality monitoring to gain detailed insight into the operation of our assets and understanding our proactive interventions to mitigate water quality risks and reduce failures. This industry leading approach extends to our Materials in Contact programme that has been developed to support adherence to Regulation 31. As part of this programme the AW Materials in Contact application has been developed. To enable active management and compliance monitoring against this regulation, a suite of reports and performance metrics are being finalised before the programme ends March 2025.

Another key water quality measure is the Event Risk Index (ERI) and Anglian Water have seen a deterioration in performance from last year, with an estimated score to end of September 2023 of 228.82, against a final score of 109.30 in 2022. The majority of this score (194.39) is the result of two single and separate *Clostridia perfringens* detections at Welton WTW that were detected through our enhanced monitoring on site. The impact on water quality was minimal, but as part of ongoing efforts to further minimise risk, the site has been investigated and continues to be under enhanced monitoring.

Three technical audits, on subjects including the AWS Customer Contact Centre, Welton WTW and Buckingham PWSZ Service Reservoirs were carried out by the Drinking Water Inspectorate (DWI) as part of its risk-based audit programme during 2024.

## **Water Recycling**

The EA will confirm our EPA 'star' rating for 2023 in the summer of 2024. As part of our ongoing strategic review of all aspects of our environmental performance, we continue to focus on the delivery of our Pollution Incident Reduction Plan (PIRP) ([Pollution Incident Reduction Plan \(anglianwater.co.uk\)](https://www.anglianwater.co.uk/about-us/our-strategies-and-plans/pollution-incident-reduction-plan/)). We continue to engage very constructively with the EA. <https://www.anglianwater.co.uk/about-us/our-strategies-and-plans/pollution-incident-reduction-plan/>  
<https://www.anglianwater.co.uk/about-us/our-strategies-and-plans/pollution-incident-reduction-plan/>

We successfully installed event duration monitoring (EDM) on all of our permitted storm overflows in 2023 outperforming in number and timescales specified in the Winep. We have also outperformed against the Environment Act requirement

of publishing live storm overflow data as we have been providing near-real time data on storm overflows to our customers since 30 April 2024. <https://eim-crb-web-ppd-01.azurewebsites.net/combined-sewer-overflow/search>

We are working closely with the EA, Defra and Ofwat to ensure ongoing compliance with the new regulations and performance commitments surrounding storm overflows in AMP7 and beyond. These huge datasets require additional resource, expertise and tools to ensure the complexities of quality assurance and validation techniques are completed accurately so that we can meet spill targets, reduce the risk of falsely reporting dry day spills and improving monitoring resilience.

## **Water Resources**

Autumn/Winter 2023/24 saw the wettest 6 months on record for the region with an exceptionally wet October, December and February. This attributed to the region seeing the wettest 12 month on record with 9 months of consecutively above average rainfall. The 6-month winter period saw 187% of the long-term average (LTA), with October and February experiencing 311% and 308% of their 1-month LTA respectively. February was also the wettest February for the region on record.

Effective Precipitation (EP) was seen in nearly all catchments with aquifer recharge starting early by mid-October. The consistent above average rainfall saw catchments reach saturation, leading to both groundwater and surface water flooding over the winter period.

Rainfall remained above average for the following months, with below average temperatures and as such we observed recharge in aquifers right through to the end of May this year, which is highly unusual. This resulted in a number of groundwater aquifers remaining at exceptionally high or higher than historical max levels well into the summer months and most sources are at normal or higher levels entering the winter period.



Currently, overall reservoirs levels are at 86% which is a healthy position post the summer period. River flows across the region have generally remained above normal or higher over the previous 6 months and so rivers are in a healthy position entering the refill season.

The region has seen groundwater and surface water storage stay high through the summer period and is classified as Normal (Non-Drought) as per our drought plan (DP22).

Anglian Water continues to work closely with the EA to review abstraction licences to ensure sustainable abstraction across its region. Anglian Water made one the industry's biggest commitment to abstraction – that is, reducing how much water we take from the environment by committing in WRMP19 to cap all groundwater licences to “historical maximum peak” levels wherever it was feasible to do so and as such we have delivered approximately 60 megalitres per day in abstraction licence reductions across our region in AMP7. Anglian Water will be going even further over the next 5 years reducing abstraction levels by an additional 174 megalitres a day.

Anglian Water has continued to focus on abstraction licence compliance with a strong performance recorded over the last 6 month period.

## 6.0 *Financing*

CTA gross debt increased by £367.5 million from March 2024 as a result of a bond issuance of £600.0 million and accretion on index-linked debt.

This was partially offset by the repayment of a £163.0 million (includes principal and accretion) on a bond which matured during the period, early repayment of swap accretion and amortising principal payments on the EIB debt.

Credit ratings as of 30 September 2024 were as follows:

Fitch Ratings:	A-; (stable outlook)
Standard and Poor's:	A-; (negative outlook)
Moody's:	A3; (stable outlook) Corporate Family Rating A3

## **7.0 Dividends**

In the six months ended 30 September 2024 dividends of £88.6 million have been paid out of the Anglian Water Services Financing Group to the Company's direct parent, AWG Group Limited (2023: £79.9 million).

## 8.0 Significant Board / Management Changes

As at 30 September 2024, the of Board of Anglian Water Services Limited comprised:

Dr Ros Rivaz	Independent Non-Executive Chair
Kath Durrant	Independent Non-Executive Director
Ian Funnell	Independent Non-Executive Director
Zarin Patel	Senior Independent Non-Executive Director
Alistair Phillips-Davies	Independent Non-Executive Director
Mark Thurston	Chief Executive Officer, Executive Director
Tony Donnelly	Interim Chief Financial Officer, Executive Director
John Barry	Non-Executive Director
Alex Nassuphis	Non-Executive Director
Batiste Ogier	Non-Executive Director
Albena Vassileva	Non-Executive Director

Anglian Water is managed by the Executive Committee (which replaced the AWS Management Board) and as at 30 September 2024, in addition to the Executive Directors referred to above, included:

Amanda Bridger	People Director
Richard Eadie	Finance Director, AWS
Brian Ebdon	Director of Strategic Planning and Performance
Pete Holland	Director of Customer and Wholesale Services
Robin Price	Director of Quality and Environment
Ian Rule	Director of Water Business Stream
Claire Russell	Legal Director / Company Secretary
Emma Staples	Corporate Affairs Director
Sian Thomas	Director of Strategic Asset Management
Emily Timmins	Director of Water Recycling
Jason Tucker	Director of Strategic Delivery and Commercial Assurance

### **Anglian Water Services Financing Plc – Board Changes**

As at 30 September 2024, the Board of Anglian Water Services Financing Plc comprised:

Dr Ros Rivaz	Independent Non-Executive Chair
Kath Durrant	Independent Non-Executive Director
Ian Funnell	Independent Non-Executive Director
Zarin Patel	Senior Independent Non-Executive Director
Alistair Phillips-Davies	Independent Non-Executive Director
Mark Thurston	Chief Executive Officer, Executive Director
Tony Donnelly	Interim Chief Financial Officer, Executive Director
Fraser Campbell	Group Treasurer, Executive Director

Andrew Hodson Deputy Treasurer, Executive Director

Anglian Water will be holding a virtual meeting for investors on 5th December 2024.

## 9.0 Sustainable Financing

### Background

Anglian Water published an updated framework in February of 2024 under which it can issue Green, Social and Sustainability linked instruments to finance or refinance their Asset Management Plan for the periods 2020–2025 (AMP7) and 2025-2030 (AMP8). The updated framework has separated eligible capital expenditure into 8 sustainable categories and introduced a new set of ambitious and bespoke Key Performance Indicators (KPIs) and a portfolio approach in allocation of the bond proceeds, to align with long-term business ambitions. The framework aligns with the ICMA Green Bond Principles 2021 including the updated appendix I of June 2022, the Social Bond Principles 2023 and the Sustainability Bond Guidelines 2021, as published by the International Capital Market Association (“ICMA”). The framework also aligns with the Loan Market Association’s (“LMA”) Green Loan Principles 2023.

It is Anglian Water’s intention to follow, where possible, best practices in the market as the standards develop. In addition, it is assessing the steps required to align with European Union (EU) classification of environmentally sustainable economic activities (the European Union Green Taxonomy), the proposed UK taxonomy as well as the EU Green Bond Standard Principles. Anglian Water will be able to issue various funding instruments referred to as sustainable transactions in this document, including but not limited to Green, Social and Sustainability Bonds, private placements, bank facilities and leases.

The annual Sustainable Finance Impact Report 2024 and the latest framework is published on Anglian Water’s website and can be found here: <https://www.awg.com/siteassets/reports/sfir-report-2024.pdf>  
[sustainability-finance-framework-2024.pdf \(awg.com\)](https://www.awg.com/siteassets/reports/sfir-report-2024.pdf)

As of 30 September 2024, four sustainable debt instruments remained in the ringfenced account, the Green Loan 2040 GBP 100m, Green Bond 2039 GBP 560m, Green Bond 2043 £375m and Green Bond 2044 £600m with total proceeds equivalent to £1,620m of which £958m had been drawn.

In September 2024, Anglian Water returned to the sterling public market with a green bond issuance totalling GBP 600m. This will fund several sustainable categories, including but not limited to wastewater treatment, sustainable drainage systems, and water supply measures, all with the common theme of adapting to a changing climate.



# Ratios

## 1.0 Historical & Current Test Period

Anglian Water confirms that in respect of the year ended 31 March 2024 (in accordance with the CTA, the 6 months to 30 September 2024 is not a test period), by reference to the most recent financial statements that it is obliged to deliver in accordance with Paragraph 1 (Financial Statements) of Part 1 (Information Covenants) of Schedule 5 (Covenants) of the CTA:

	<b>Actual 31 Mar 2024</b>
a) The Class A RAR	<b>68.8%</b>
b) The Senior RAR	<b>88%</b>
c) The Class A ICR	<b>4.2:1</b>
d) The Class A PMICR <sup>1</sup>	<b>N/A</b>
e) The Senior PMICR <sup>1</sup>	<b>N/A</b>
f) The ratio of Net Cash Flow minus Capital Maintenance Expenditure to Class A Debt Interest	<b>2.3:1</b>
g) The Conformed Class A PMICR	<b>1.6:1</b>
h) The Conformed Senior PMICR	<b>1.6:1</b>
i) The Additional Senior RAR <sup>2</sup>	<b>68.8%</b>
j) The Additional Conformed Senior PMICR <sup>2</sup>	<b>1.6:1</b>
k) The Additional Conformed Senior Average PMICR <sup>2</sup>	<b>1.5:1</b>

<sup>1</sup> CCD and IRC are no longer used as the depreciation of RCV

<sup>2</sup> New requirement in the Class B accession deed

## **2.0 Forward Looking**

Anglian Water confirms that each of the above Ratios, the Conformed Class A Average PMICR, the Conformed Senior Average PMICR and the Additional Conformed Senior Average PMICR have been calculated in respect of each of the Test Periods for which they are required under the Common Terms Agreement (i.e. 31 March 2022 to 31 March 2025) and that none of those ratios have breached the Trigger Event Ratio Levels or caused Paragraph 20 (Ratios) of Schedule 7 (Events of Default) of the Common Terms Agreement to be breached. Forward looking calculations in respect of the periods to 31 March 2025 are based on Anglian Water's current Business Plan.

### **3.0 Computations**

Set out in sections 4.0 and 5.0 are the details necessary to make the computations.

Anglian Water also confirms that:

- (a) no Default or Potential Trigger Event is outstanding; and
- (b) Anglian Water Services Limited insurances are being maintained in accordance with:
  - (i) Schedule 16 (Insurances) of the Common Terms Agreement; and
  - (ii) the provisions of the Finance Leases.

## 4.0 Interest Cover Ratios (ICR)

Interest Cover Ratios	Trigger/Default	Actual Period to 31 Mar 24	Actual Period to 31 Mar 23
		£m	£m
Income		1,497.3	1,396.2
Operating Expenditure		(731.7)	(683.2)
<b>Pre-capital maintenance cashflows</b>		<b>765.6</b>	<b>712.9</b>
Capital Maintenance Expenditure		(341.3)	(326.2)
<i>Depreciation</i>		<i>(475.2)</i>	<i>(423.5)</i>
<b>Post-Maintenance cashflow for PMICR</b>		<b>290.3</b>	<b>289.4</b>
<b>Post-Maintenance cashflow for Net Cash Flow ratio</b>		<b>424.3</b>	<b>386.8</b>
Net Interest		(184.3)	(185.2)
Enhancement Capital Expenditure		(651.0)	(334.0)
Premium paid on bond buyback		0.0	0.0
Ordinary Dividends		(79.9)	(169.0)
Shareholder reinvestment		0.0	0.0
<b>Pre-financing cashflows</b>		<b>(491.0)</b>	<b>(301.5)</b>
<b>Interest Payable on Class A Debt:</b>			
Finance Leases		0.0	0.0
Class A Bonds		(218.2)	(196.3)
MBIA Wrap Fees		(2.1)	(1.8)
Less Interest Receivable		35.9	12.9
Total net Class A debt interest		(184.3)	(185.2)
<b>Interest Payable on Class B Debt</b>			
Class B Bonds		0.0	0.0
<b>Total Net Interest payable on Senior Debt</b>		<b>(184.3)</b>	<b>(185.2)</b>
<b>Interest Cover Ratios:</b>			
Class A ICR	1.6:1	<b>4.2:1</b>	<b>3.8:1</b>
Conformed Senior PMICR	1.1:1	<b>1.6:1</b>	<b>1.6:1</b>
Conformed Class A PMICR	1.3:1	<b>1.6:1</b>	<b>1.6:1</b>
Ratio of Net Cash Flow minus Capital Maintenance Expenditure to Class A Debt Interest	1.0:1	<b>2.3:1</b>	<b>2.1:1</b>
Additional Conformed Senior PMICR	1.3:1	<b>1.6:1</b>	<b>1.6:1</b>
Additional Conformed Senior Average PMICR	1.4:1	<b>1.5:1</b>	<b>1.6:1</b>

## 5.0 Regulatory Asset Ratios (RAR)

Regulatory Asset ratios	Trigger/Default	As at 31 Mar 24 £m	As at 31 Mar 23 £m
<b>Class A Gross Debt:</b>			
Finance Leases		0.0	0.0
Class A Bonds etc		(8,338.3)	(7,201.6)
Total Class A Gross Debt		(8,338.3)	(7,201.6)
Less cash balances and Authorised Investments		994.2	629.4
Total Class A Net Debt		(7,344.1)	(6,572.2)
Class B		0.0	0.0
Total Senior Net Debt		(7,344.1)	(6,572.2)
<b>Regulatory Asset Value (RAV)<sup>1</sup></b>		<b>10,681.0</b>	<b>10,019.8</b>
<b>Regulatory Asset ratios:</b>			
Senior RAR	85.0%	<b>68.8%</b>	<b>65.6%</b>
Class A RAR	75.0%	<b>68.8%</b>	<b>65.6%</b>
Additional Senior RAR	75.0%	<b>68.8%</b>	<b>65.6%</b>

## 6.0 Regulatory Performance<sup>1</sup>

### Certificate of Compliance In Relation to Projected Regulatory Performance<sup>1</sup>

#### FD Wholesale Totex<sup>2</sup>

Financial period end	Business Plan		Figures for AMP8 based on Draft Determination				
	17/18 prices	22/23 prices	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29	31-Mar-30
Allowed Totex (Water Resources)	47.7	22/23 prices	132.4	147.3	128.4	123.2	93.4
Allowed Totex (Water Network)	390.1	22/23 prices	511.1	543.3	551.1	638.3	649.0
Allowed Totex (Waste Water Network)	487.3	22/23 prices	697.0	885.6	968.2	970.8	770.8
Allowed Totex (Bio-resources)	77.0	22/23 prices	113.8	155.6	153.0	143.0	118.0
Total FD Allowed Totex for PAYG	1,002.1	22/23 prices	1,454.2	1,731.8	1,800.7	1,875.2	1,631.2
<b>FD PAYG %</b>							
PAYG % Water Resources	87.6%		57.6%	53.6%	56.7%	54.8%	57.5%
PAYG % Water Network	58.9%		51.9%	48.2%	46.7%	40.8%	40.8%
PAYG % Waste Water Network	41.9%		41.5%	32.8%	30.7%	31.7%	41.4%
PAYG % Bio-resources	85.6%		64.2%	47.1%	48.1%	50.8%	61.2%
<b>FD fast money</b>							
Allowed Water Resources fast money	41.8	22/23 prices	76.3	79.0	72.8	67.5	53.7
Allowed Water Network fast money	221.8	22/23 prices	265.1	261.7	257.6	260.7	264.9
Allowed Waste Water Network fast money	204.2	22/23 prices	289.0	290.6	297.2	307.6	318.9
Allowed Bio-resources fast money	65.9	22/23 prices	73.1	73.3	73.7	72.7	72.3
Total fast money	533.7	22/23 prices	703.5	704.6	701.2	708.5	709.8
Total fast money	681.3	Outturn prices	827.4	845.2	858.0	884.3	903.6
Inflation to outturn prices	1.2765		1.1761	1.1996	1.2236	1.2481	1.2730
<b>FD slow money</b>							
Allowed Water Resources slow money	5.9	22/23 prices	56.1	68.3	55.6	55.6	39.7
Allowed Water Network slow money	168.3	22/23 prices	246.0	281.6	293.6	377.6	384.0
Allowed Waste Water Network slow money	283.1	22/23 prices	408.0	595.0	671.0	663.2	451.9
Allowed Bio-resources slow money	11.1	22/23 prices	40.7	82.3	79.4	70.3	45.8
Total slow money	468.4	22/23 prices	750.7	1,027.3	1,099.5	1,166.7	921.5
Total slow money	597.9	Outturn prices	882.9	1,232.3	1,345.3	1,456.2	1,173.1
G&C - Opex	(0.3)	Outturn prices	(1.1)	(1.2)	(1.2)	(1.2)	(1.3)
G&C - Capex	(80.1)	Outturn prices	(63.5)	(68.4)	(70.8)	(73.0)	(74.3)
Total fast + slow money (net of G&C)	1,198.8	Outturn prices	1,645.8	2,008.0	2,131.3	2,266.2	2,001.1
Retail Opex	81.9	Outturn prices	106.4	109.9	114.2	117.1	118.9
Total Appointed Totex	1,280.6	Outturn prices	1,752.2	2,117.9	2,245.5	2,383.3	2,120.0
<b>FD tax</b>							
Tax in revenue building block	5.1	22/23 prices	-	-	-	-	-
Tax in revenue building block	6.5	Outturn prices	-	-	-	-	-
<b>Pension</b>							
Pension deficit payments	-	17/18 prices	-	-	-	-	-
Pension deficit payments	-	Outturn prices	-	-	-	-	-
<b>Comparison FD wholesale allowances vs actual spend</b>							
FD fast money (net of G&C, excluding pensions)	680.9	Outturn prices	826.4	844.0	856.8	883.0	902.3
FD pension deficit payments	-	Outturn prices	-	-	-	-	-
FD slow money (net of G&C)	517.9	Outturn prices	819.4	1,164.0	1,274.5	1,383.2	1,098.8
FD fast + slow money (FD totex, net of G&C)	1,198.8	Outturn prices	1,645.8	2,008.0	2,131.3	2,266.2	2,001.1
Actual opex (net of G&C, excluding pensions)/forecast	754.4	Outturn prices	826.4	844.0	856.8	883.0	902.3
Actual capex (net of G&C)	999.6	Outturn prices	819.4	1,164.0	1,274.5	1,383.2	1,098.8
Actual opex + capex (actual totex net of G&C, excluding pensions)	1,754.0	Outturn prices	1,645.8	2,008.0	2,131.3	2,266.2	2,001.1
Disallowed costs	(5.6)	Outturn prices	-	-	-	-	-
Transitional expenditure	-	Outturn prices	-	-	-	-	-
Actual pension deficit payments <sup>3</sup>	19.2	Outturn prices	-	-	-	-	-
Retail capex <sup>4</sup>	10.6	Outturn prices	11.9	12.2	12.4	12.7	12.9
Actual opex minus FD fast money	87.1	Outturn prices	-	-	-	-	-
Actual capex minus FD slow money	481.7	Outturn prices	-	-	-	-	-
Actual opex + capex minus FD fast + slow money= (totex underspend)/totex overspend	568.8	Outturn prices	-	-	-	-	-
<b>Calculation of RCV</b>							
Closing RCV	10,936.6	Outturn prices	11,652.3	12,477.5	13,373.0	14,362.4	15,060.8
Totex cumulative overspend to clawback (table 4c in APR)	49.0	Outturn prices	-	-	-	-	-
AMP8 Midnight adjustment due to AMP8 transition spend and Defra AID	85.2	Outturn prices	-	-	-	-	-
AMP8 Midnight adjustment due to PR19 land sales	(9.4)	Outturn prices	-	-	-	-	-
AMP8 Midnight adjustment due to WINEP true up mechanism	(3.7)	Outturn prices	-	-	-	-	-
AMP8 Midnight adjustment due to Strategic Water Resource true up mechanism	26.9	Outturn prices	-	-	-	-	-
Blind year adjustment	22.1	Outturn prices	-	-	-	-	-
Shadow RCV <sup>5</sup>	11,106.7	Outturn prices	11,652.3	12,477.5	13,373.0	14,362.4	15,060.8

#### NOTES:

- Forward Projections only provided to Rating Agencies, Assured Guarantee, the Security Trustee (on a confidential basis) and Bank Lenders
- Appointed Business only as per CTA.
- Pension deficit payments reflect only the wholesale element and are forecasted in line with the pension deficit recovery plan.
- Retail capex forecast is based on current year results.
- Shadow RCV is based on the Draft Determination in line with the Ofwat calculation.

## 7.0 Anglian Water Services Group – Movements in Debt Balances

CTA Gross Debt <sup>1</sup>	Closing Balance	New Issues	Repayment	Indexation	Other	Closing Balance
	31 Mar 2024					30 Sep 2024
	£m	£m	£m	£m	£m	£m
£200 million 6.625% fixed rate 2029	200.0			0.0		200.0
£200 million wrapped 3.07% RPI index-linked 2032	433.2			5.1		438.3
£60 million wrapped 3.07% RPI index-linked 2032	116.0			2.2		118.2
£246 million 6.293% fixed rate 2030	246.0			0.0		246.0
£75 million 3.666% RPI index-linked 2024	162.4		(163.0)	0.6		0.0
£402 million 2.4% RPI index-linked 2035	535.6			17.8		553.3
£50 million 1.7% RPI index-linked 2046 - 1	97.1			1.2		98.3
£50 million 1.7% RPI index-linked 2046 - 2	95.8			1.6		97.4
£40 million 1.7164% RPI index-linked 2056	77.7			1.1		78.9
£50 million 1.6777% RPI index-linked 2056	97.2			1.4		98.6
£60 million 1.7903% RPI index-linked 2049	116.6			1.6		118.2
£50 million 1.3825% RPI index-linked 2056	96.0			1.5		97.4
£100 million 1.3784% RPI index-linked 2057	192.0			2.9		194.9
£100 million wrapped floating rate 2057	100.0			0.0		100.0
£75 million 1.449% RPI index-linked 2062	135.2			3.5		138.7
£50 million 1.52% RPI index-linked 2055	90.3			2.4		92.6
£110 million floating rate 2043	110.0			0.0		110.0
£25 million 6.875% fixed rate 2034	25.0			0.0		25.0
£130 million 2.262% RPI index-linked 2045	224.4			4.9		229.4
£250 million 4.5% fixed rate 2027	250.0			0.0		250.0
£73.3 million 4.394% fixed rate 2028	73.3			0.0		73.3
£50 million 2.05% RPI index-linked 2033	78.3			1.7		80.1
£200 million 4.5% fixed rate 2026	200.0			0.0		200.0
£35 million 1.141% RPI index-linked 2042	53.8			1.2		54.9
£55 million 2.93% fixed rate fixed rate 2026	55.0			0.0		55.0
US\$150 million 3.29% fixed rate 2026	104.3			0.0		104.3
£35 million floating rate fixed rate 2031	35.0			0.0		35.0
£20 million 2.93% fixed rate 2026	20.0			0.0		20.0
£200 million 2.6225% fixed rate 2027	200.0			0.0		200.0
£250 million 1.625% fixed rate 2025	250.0			0.0		250.0
£300 million 2.75% fixed rate 2029	300.0			0.0		300.0
£85 million 2.88% fixed rate 2029	85.0			0.0		85.0
£25 million 3.0% fixed rate 2031	25.0			0.0		25.0
US\$53 million 4.27% fixed rate 2029	40.1			0.0		40.1
<b>Sub Total</b>	<b>4,920.1</b>	<b>0.0</b>	<b>(163.0)</b>	<b>50.7</b>	<b>0.0</b>	<b>4,807.8</b>

<b>CTA Gross Debt (cont'd)<sup>1</sup></b>	<b>Closing Balance 31 Mar 2024</b>	<b>New Issues</b>	<b>Repayment</b>	<b>Indexation</b>	<b>Other</b>	<b>Closing Balance 30 Sep 2024</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
£65 million 2.87% fixed rate 2029	65.0			0.0		<b>65.0</b>
JPY 7 billion 0.855% fixed rate 2039	50.9			0.0		<b>50.9</b>
£65 million amortising 0.835% CPI index-linked 2040	78.9			1.3		<b>80.2</b>
£50 million 1.76% fixed rate 2035	50.0			0.0		<b>50.0</b>
JPY 7 billion 0.85% fixed rate 2040	50.4			0.0		<b>50.4</b>
£35 million 2.14% fixed rate 2036	35.0			0.0		<b>35.0</b>
£40 million 2.14% fixed rate 2036	40.0			0.0		<b>40.0</b>
US\$35 million 1.16% fixed rate 2026	25.5			0.0		<b>25.5</b>
C\$ 350 million 4.525% fixed rate 2032	224.8			0.0		<b>224.8</b>
£242 million 6.07% fixed rate 2037	242.0			0.0		<b>242.0</b>
£24 million 6.07% fixed rate 2037	24.0			0.0		<b>24.0</b>
£300 million 5.875% fixed rate 2031	300.0			0.0		<b>300.0</b>
£560 million 6.0% fixed rate 2039	560.0			0.0		<b>560.0</b>
JPY 8.5 billion 1.917% fixed rate 2034	44.5			0.0		<b>44.5</b>
£375 million 5.75% fixed rate 2043	375.0			0.0		<b>375.0</b>
£100 million 2.427% CPI index-linked 2040	100.1			1.4		<b>101.5</b>
£600 million 6.25% fixed rate 2044	0.0	600.0		0.0		<b>600.0</b>
Operating Leases (Vehicles)	9.6			0.0	(1.0)	<b>8.5</b>
Index Linked Swaps	353.8			37.0	(126.8)	<b>264.0</b>
£75 million EIB amortising 0.53% RPI index-linked 2027	35.8		(6.1)	0.8		<b>30.5</b>
£75 million EIB amortising 0.79% RPI index-linked 2027	35.8		(6.1)	0.8		<b>30.5</b>
£150 million EIB amortising 0% RPI index-linked 2028	92.8		(11.8)	2.0		<b>83.0</b>
£65 million EIB amortising 0.41% RPI index-linked 2029	48.8		(5.0)	1.1		<b>44.9</b>
£125 million EIB amortising 0.1% RPI index-linked 2029	102.0		(9.4)	2.2		<b>94.8</b>
£60 million EIB amortising 0.01% RPI index-linked 2030	53.2		(4.5)	1.2		<b>49.8</b>
£100 million 1.588% fixed rate 2024	100.0			0.0		<b>100.0</b>
£26.1 million 0.01% CPI index-linked 2035 - 1	31.7			0.4		<b>32.1</b>
£26.1 million 0.01% CPI index-linked 2035 - 2	31.7			0.4		<b>32.2</b>
£100 million amortising 3.017% CPIH index-linked 2040	107.0			1.9		<b>108.9</b>
£75 million floating rate 2029	75.0			0.0		<b>75.0</b>
£75 million floating rate 2032	75.0			0.0		<b>75.0</b>
<b>Total</b>	<b>8,338.3</b>	<b>600.0</b>	<b>(205.9)</b>	<b>101.2</b>	<b>(127.8)</b>	<b>8,705.8</b>

<sup>1</sup>Before accounting adjustments which are not within CTA definition of Net Debt and not including Other Leases.



## 8.0 Anglian Water Services Group – Profit & Loss Account

### Summary Underlying Results (AWS Group)

The consolidated financial results for the six months ended 30 September 2024 are summarised below:

	<b>2024</b>	<b>2023</b>
	<b>Total</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>
Revenue (excl. grants and contributions)	863.4	782.4
Grants and contributions	36.9	45.1
Other operating income	8.5	9.0
Operating costs	(418.6)	(388.8)
Depreciation and amortisation	(207.1)	(191.8)
<b>Operating profit</b>	<b>283.1</b>	<b>255.9</b>
Finance income <sup>1</sup>	21.7	24.1
Finance costs	(197.6)	(342.0)
<b>Underlying profit/(loss) before tax</b>	<b>107.2</b>	<b>(62.0)</b>
Finance income – fair value gains on financial derivatives	18.1	216.7
<b>Statutory profit before tax</b>	<b>125.3</b>	<b>154.7</b>
Tax charge	(32.6)	(40.0)
<b>Profit after tax</b>	<b>92.7</b>	<b>114.7</b>

<sup>1</sup> In order to show pre-tax performance on an underlying basis the fair value gains on financial derivatives have been excluded from the underlying finance income.

## 9.0 Anglian Water Services Group – Balance Sheet

At 30 September 2024

		£m	£m	£m
Intangible assets				282.0
Property, plant and equipment				11,764.9
Derivative financial instruments classified as current and non-current assets				141.5
Retirement benefit surpluses				79.1
Net current liabilities excluding cash and debt repayable in less than one year				(10.2)
Retirement benefit obligations				(29.1)
Derivative financial instruments classified as current and non-current liabilities				(774.9)
Creditors amounts falling due after more than one year excluding debt				(1,676.2)
Cash and cash equivalents	Payments Account	225.6		
	Capex Reserve	668.6		
	Tax reserve	40.0		
	Debt Service	42.6	976.8	
Financing liabilities	Bonds (excluding accrued interest)	(8,385.9)		
	Leases	(31.7)	(8,417.6)	
	Net Debt (excluding derivatives)			(7,440.8)
				<u>2,336.3</u>
<b>Net assets</b>				
Capital and reserves	Share capital			32.0
	Share premium			1,165.0
	Reserves b/f			1,107.0
	Profit for the period			92.7
	Dividend paid			(88.6)

Actuarial gains on pension schemes	15.2
Income tax on items that will not be reclassified	(3.8)
Gains on cash flow hedges	27.7
Losses on cost of hedging reserve	(5.4)
Income tax on items that may be reclassified	(5.5)

**Capital and reserves**

2,336.3

## 10.0 Anglian Water Services Group – Calculation of Annual Finance Charge

<b>Instrument</b>	<b>Actual Interest Paid To 30 Sep 24 £m</b>	<b>Actual Interest Paid To 30 Sep 23 £m</b>	<b>Actual Interest Paid to 31 Mar 24 £m</b>
<u>Class A Debt</u>			
AAA Wrapped Debt	13.4	10.0	19.3
Other Class A Debt	143.7	115.0	204.4
<b>Annual Finance Charge</b>	<b>157.1</b>	<b>124.9</b>	<b>223.7</b>

The Annual Finance Charge represents cash interest paid by Anglian Water Services Limited for each of the actual periods set out above.

## 11.0 Anglian Water Services Group – Derivatives Mark to Market Valuation

<b>Derivative Counterparties Mark to Market Valuations as at 30/09/2024</b>				
<b>External Swap Counterparties</b>	<b>Nominal Amount £m</b>	<b>MTM Positive Values £m</b>	<b>MTM Negative Values £m</b>	<b>MTM Total Values £m</b>
BARCLAYS BANK	1,057.9	24.3	(54.1)	(29.8)
BNP PARIBAS BANK	1,318.2	25.8	(14.1)	11.7
BGL BNP PARIBAS	0.0	0.0	(38.2)	(38.2)
CBA BANK	25.0	1.6	0.0	1.6
HSBC BANK	733.0	0.3	(80.8)	(80.5)
JP MORGAN BANK	1,045.8	14.8	(192.1)	(177.3)
LLOYDS BANK CORPORATE MARKETS PLC	998.9	18.7	(106.2)	(87.5)
MORGAN STANLEY BANK	647.2	52.2	(34.4)	17.8
MORGAN STANLEY (SENNEN)	0.0	0.0	(63.6)	(63.6)
MUFG SECURITIES EMEA PLC	172.3	0.0	(3.2)	(3.2)
SANTANDER UK PLC	292.6	0.0	(10.9)	(10.9)
SCOTIA BANK	279.2	3.7	(16.3)	(12.6)
SMBC BANK	122.7	0.0	(4.2)	(4.2)
THE TORONTO-DOMINION BANK	64.2	0.0	(2.6)	(2.6)
EXTERNAL INVESTORS	0.0	0.0	(154.1)	(154.1)
<b>Total</b>	<b>6,757.1</b>	<b>141.4</b>	<b>(774.9)</b>	<b>(633.5)</b>
<b>Notes</b>				
1. All Swaps are transacted under ISDA agreements between Anglian Water Services Financing Plc and External Swap Counterparty.				
2. Valuations include accrued interest to valuation date.				