

Anglian Water half year results

Mark Thurston

Chief Executive Officer

Michael Bradley

Chief Financial Officer

Fraser Campbell

Group Director of Treasury, Corporate
Finance and Investor Relations

5 December 2024



Disclaimer



Cautionary statement regarding forward-looking statements

- This document contains statements that are, or may be deemed to be, 'forward-looking statements' with respect to Anglian Water's financial condition, results of operations and business and certain of Anglian Water's plans and objectives with respect to these items.
- Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'anticipates', 'aims', 'due', 'could', 'may', 'will', 'would', 'should', 'expects', 'believes', 'intends', 'plans', 'projects', 'potential', 'reasonably possible', 'targets', 'goal', 'estimates' or words with a similar meaning, and, in each case, their negative or other variations or comparable terminology. Any forward-looking statements in this document are based on Anglian Water's current expectations and, by their very nature, forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future.
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- Nothing in this document should be regarded as a profits forecast.



A strong half year

Mark Thurston
Chief Executive Officer



Half year headlines

Record capital investment of £529 million

Continue to be an industry leader on leakage

PSR end of AMP target achieved early, with over 13% of customers signed up

Supported over 357,000 customers when they needed it most

Performance continues to be challenging, particularly around pollutions

Prefunding for AMP8 underway, c.£600 million raised by end of September

11% increase in Operating Profit to £283 million

Moved from 7th to 6th place in the industry for CMeX

9% increase in revenue to £900 million

Installed our one millionth smart meter in October

Business wide transformation programme underway and lead measures showing signs of improvement



Areas of focus

Driving performance and delivering for our customers and the environment

Addressing operational performance at an enterprise level

Ending AMP7 in a strong position, primed to succeed in AMP8

Securing an acceptable outcome at final determination



Securing an acceptable Final Determination

A WACC that provides fair returns for shareholders

A balanced risk/reward regime

Revised risk share mechanism for the new reservoirs

Prioritisation of the resilience and health of our assets

Sensible provision of pressure on base costs



Half year financials

Michael Bradley

Chief Financial Officer



Key financial summary

Robust financial results in a challenging environment

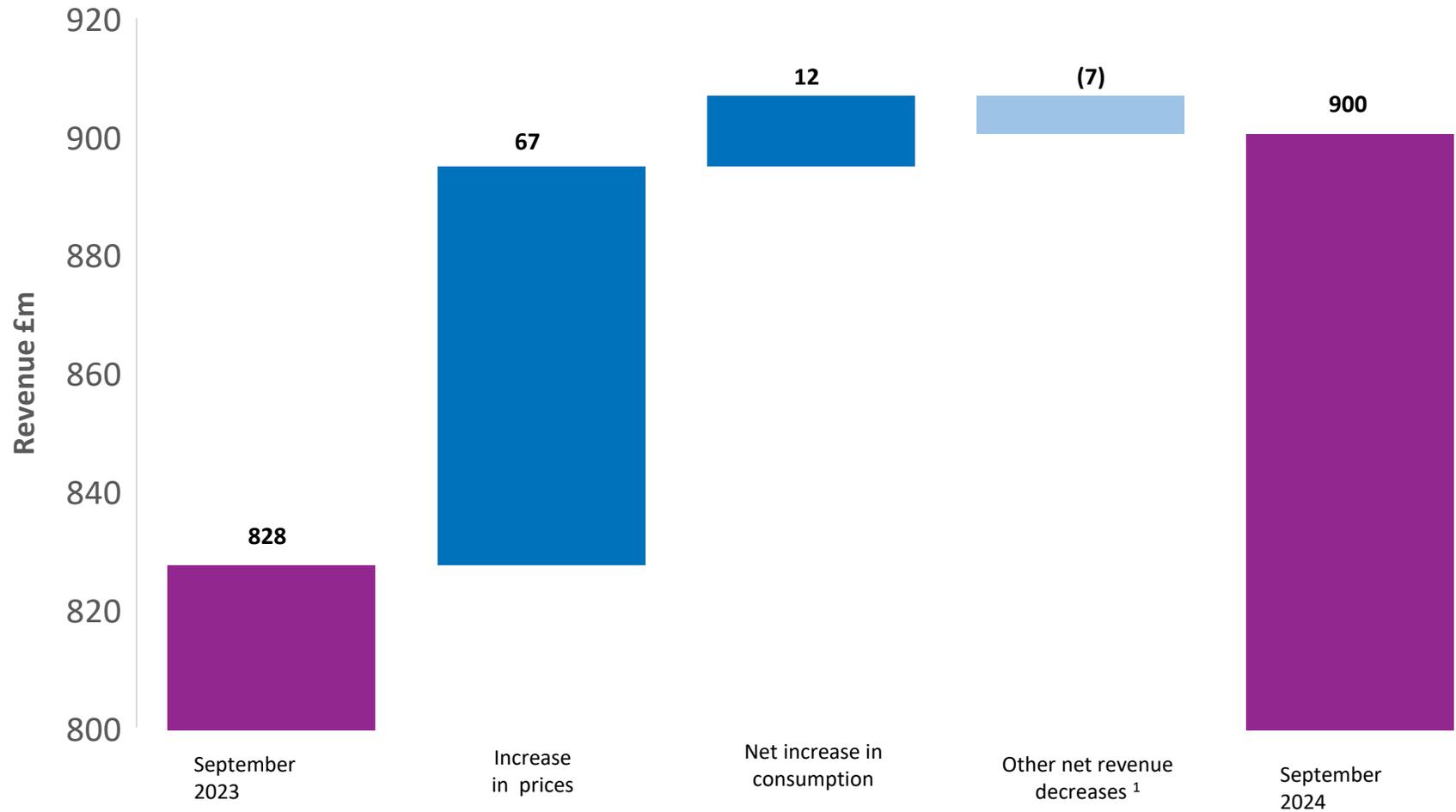
<p>Revenue</p> <p>2024: £900m 2023: £828m Up £72m (9%)</p>	<p>Operating profit</p> <p>2024: £283m 2023: £256m Up £27m (11%)</p>	<p>Adjusted profit/(loss) before tax¹</p> <p>2024: £107m 2023: £(62)m</p>
<p>Operating cash flow</p> <p>2024: £375m 2023: £390m Down £15m (4%)</p>	<p>Net debt²</p> <p>Sep 2024: £7,732m Mar 2024: £7,344m</p>	<p>Dividends paid</p> <p>2024: £88.6m 2023: £79.9m</p>
<p>RCV</p> <p>Sep 2024: £10,949m Mar 2024: £10,681m</p>	<p>Gearing</p> <p>Sep 2024: 71% Senior AWS Mar 2024: 69% Senior AWS</p>	<p>Credit ratings</p> <p>A-/A3/A-</p>

¹ Shown before gain on derivatives of £18m (2023: profit of £217m)

² Shown on a CTA basis. Net debt on a statutory IFRS basis, excluding derivatives, is £7,441m (2023: £6,977m)



Revenue breakdown

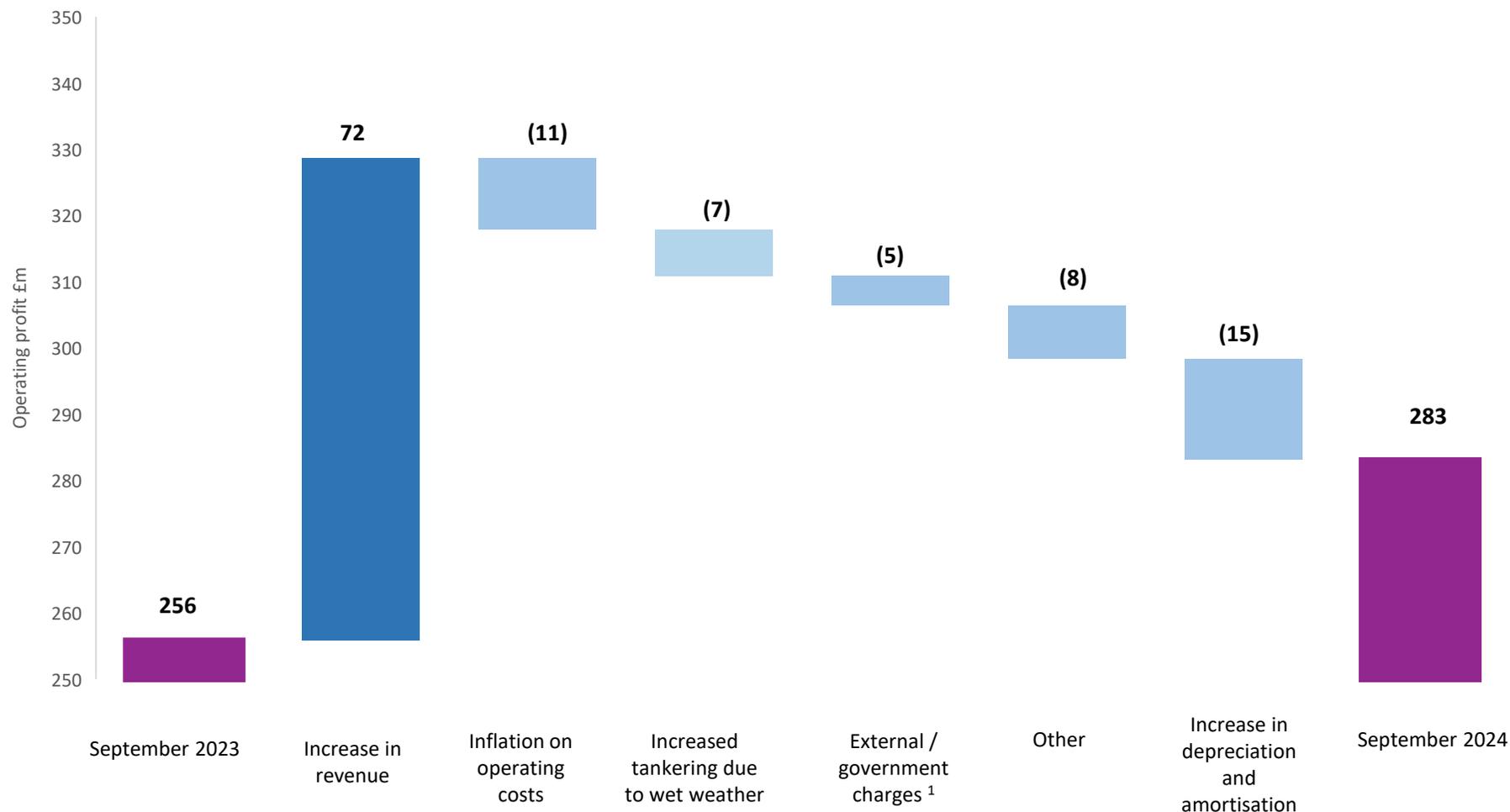


Period ended
30 September 2024

¹ Includes reduction in grants and contributions and other decreases in revenue, net of customer growth and increase in other appointed and non-appointed revenue.



Operating profit breakdown

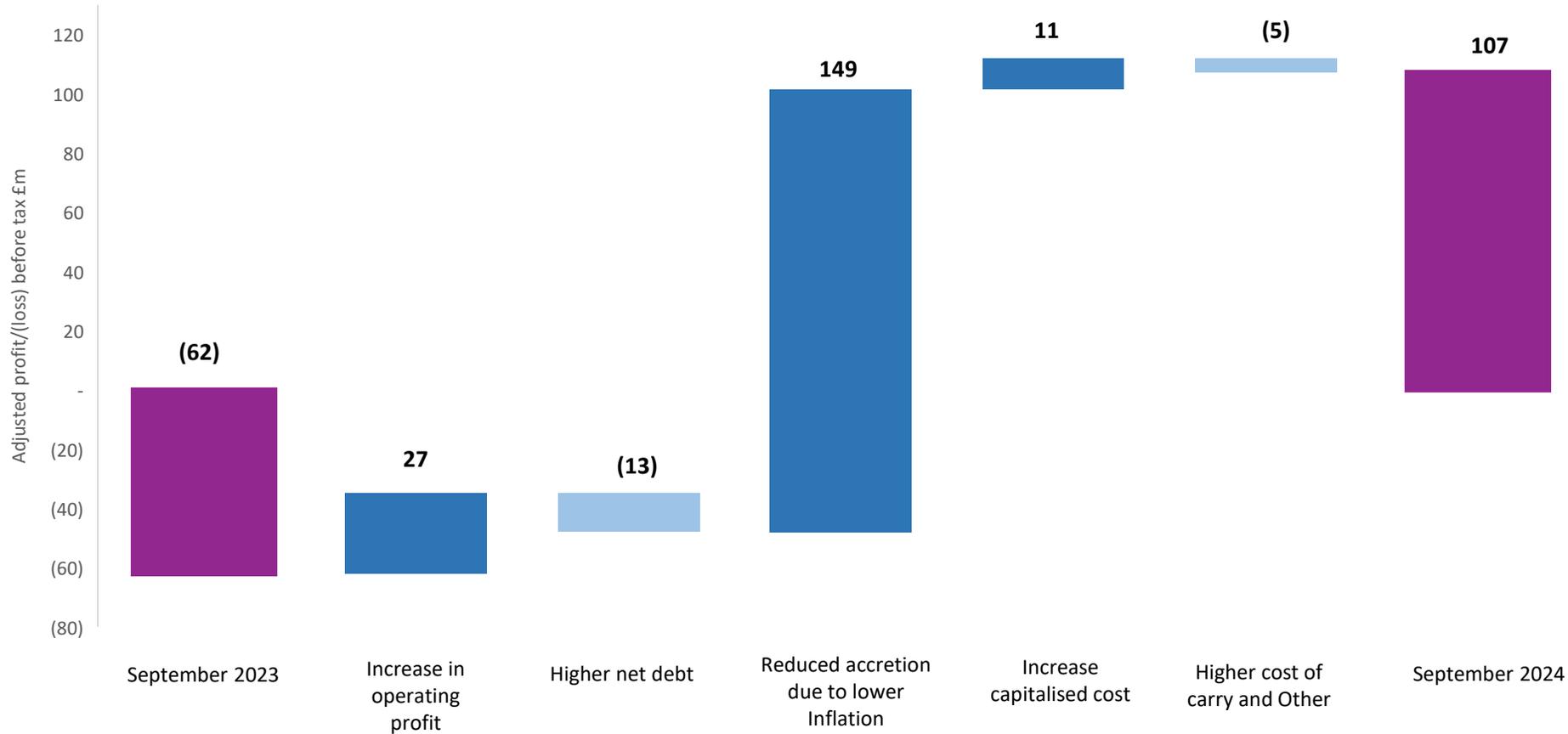


Period ended
30 September 2024

¹ Includes rates and discharge permits.



Adjusted profit/(loss) before tax¹

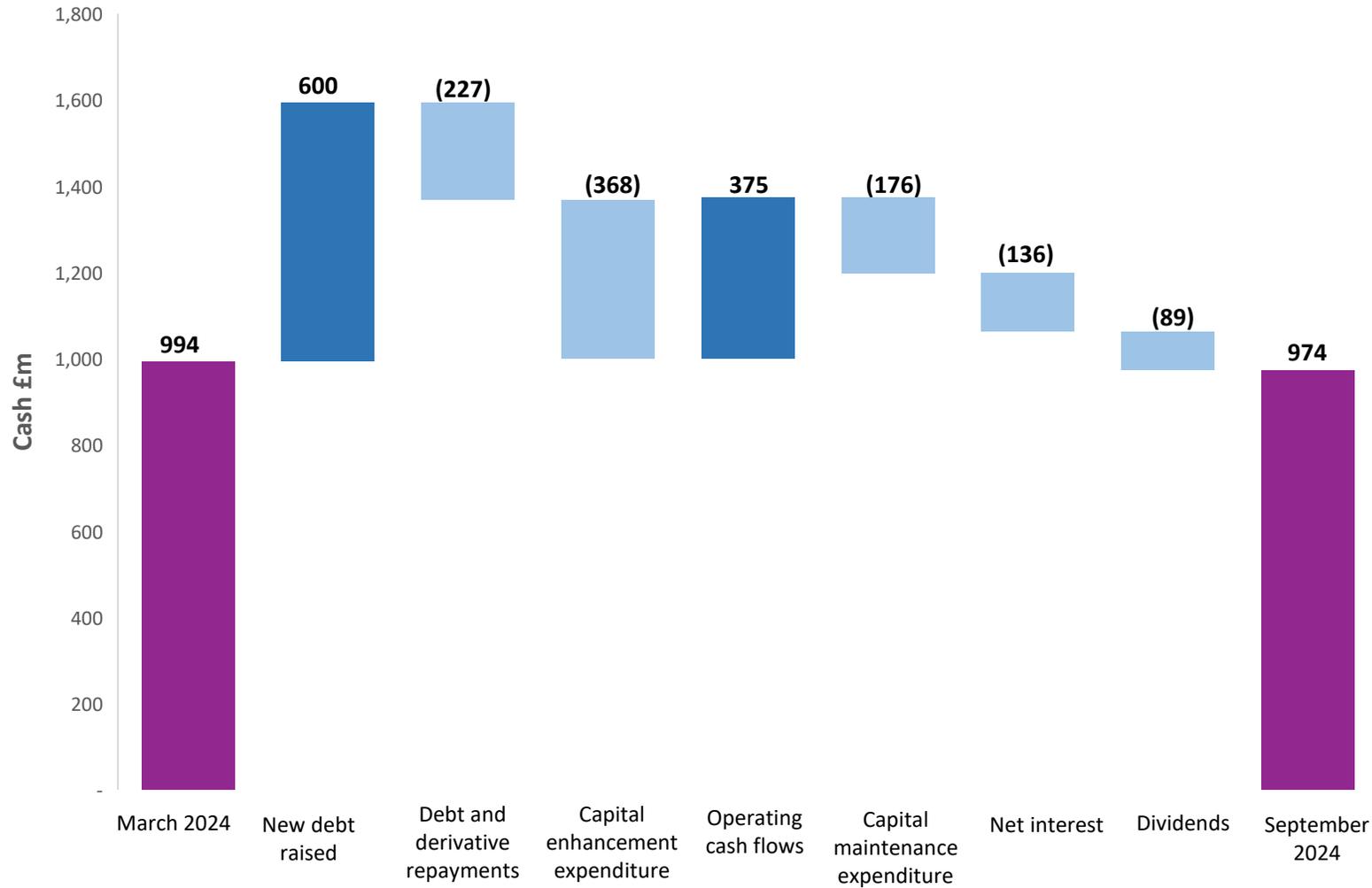


Period ended
30 September 2024

¹ Shown before gain on derivatives of £18 million (2023: gain of £217 million).



Sources and uses of cash



Period ended
30 September 2024



Funding

Fraser Campbell

Group Director of Treasury, Corporate
Finance and Investor Relations



Debt composition

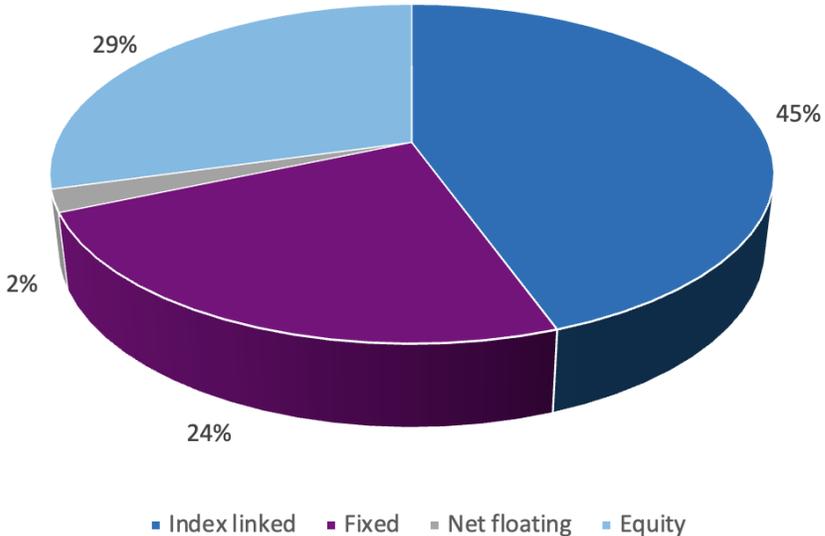
Balanced debt composition ensures natural hedge to RCV and revenues

<p>Net debt¹</p> <hr/> <p>£7,732m</p>	<p>£388m increase in net debt from Mar-24</p>
<p>RCV</p> <hr/> <p>£10,949m</p>	<p>RCV reflects AMP7 capital investment and is adjusted in line with inflationary increase</p>
<p>Gearing</p> <hr/> <p>71%</p>	<p>AWS Gearing – 71% Osprey Gearing – 79% Aigrette Gearing – 85%</p>

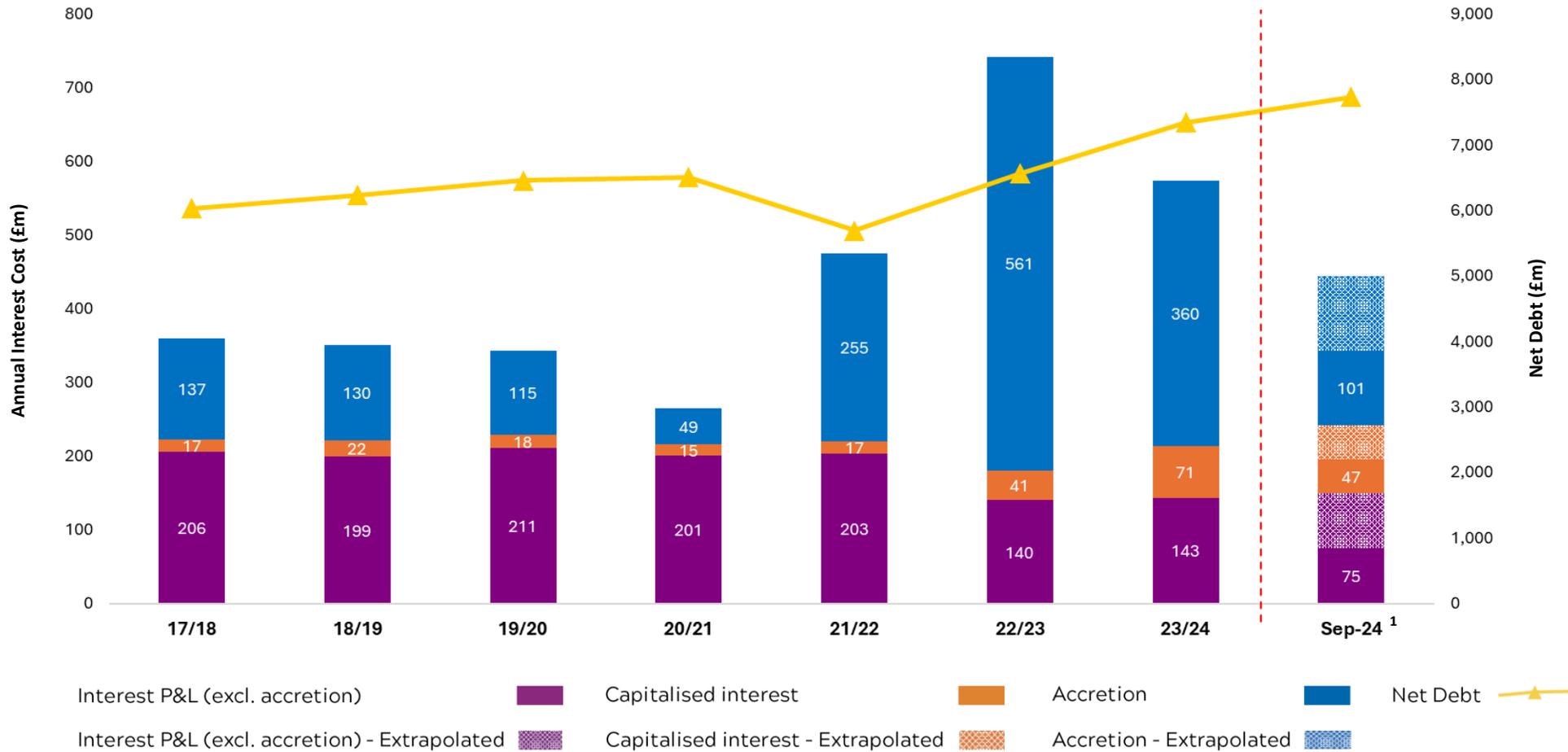
¹Shown on a CTA basis. Net debt on a statutory IFRS basis, excluding derivatives, is £7,441m (Mar-24: £6,977m)

Period ended
30 September 2024

AWS funding mix (% of RCV)

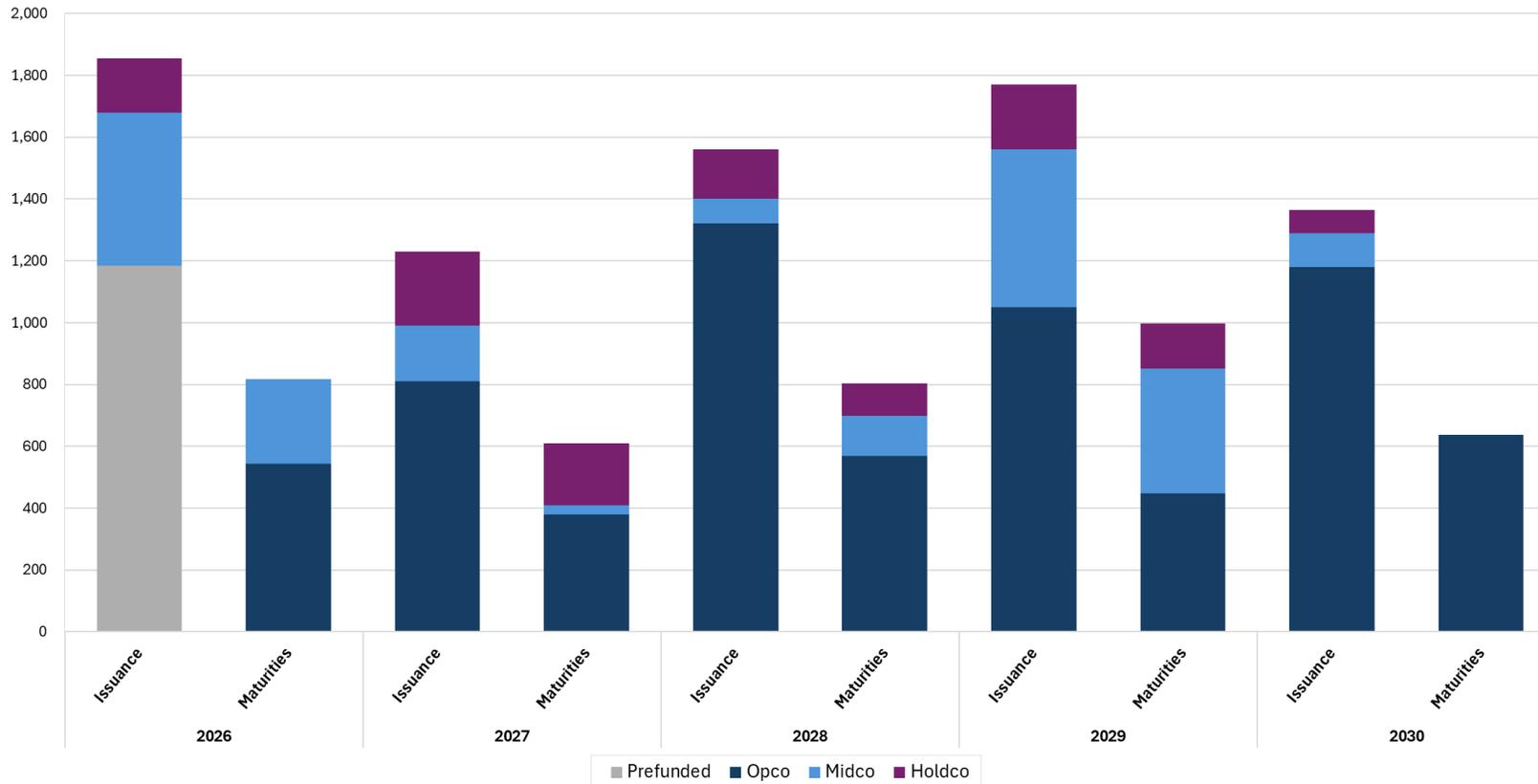


AWS Interest performance



¹Sep-24 numbers are actuals for half year and are multiplied by two for full-year approximation

Over £7.5bn AMP8 debt funding required



- c£1.4bn Opco funding raised in last 12 months
- Year 1 Opco funding needs addressed
- Year 1 Holdco funding - Shareholder loan discussions progressing
- Year 1 Midco funding needs - addressed after Final Determination



Recent Opco rating agency action

S&P

A- negative outlook to A-
Creditwatch negative,
early November

90 days to remove Creditwatch
or downgrade AWS

Time to review Final Determination
before definitive decision

Part of wider negative action on
8+ water companies

Moody's

A3 stable to A3 on review
for downgrade, mid-
November

Indicated maximum 65%
gearing A3 rating, 72%
Baa1 rating

Part of sector wide negative
watch/downgrade action

Impact

AWS one of strongest
rated water companies

Ofwat financial resilience
report — affirmed
strongest category

Ongoing commitment to
maintain strong
investment grade ratings



AMP8 funding plan

Opco funding market remains strong,
£950m raised in last three months alone

Midco markets more challenging. Recent
Midco deal at Cadent — market appetite
in regulated businesses continues

Midco funding plans to be reviewed after
Final Determination

Shareholders discussions on loan funding
at Holdco progressing well



Final thoughts

Mark Thurston
Chief Executive Officer



Areas of focus through to start of AMP8

Driving **strong performance** for the remainder of AMP7

Ofwat's **Final Determination** of our Business Plan

Financial resilience to close AMP7, start AMP8

Continue **constructive conversations** with shareholders

Assured delivery for our customers from the start of AMP8





Any questions?