

# Investor presentation



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8 June 2023



# 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.



## Operational progress: Leading with purpose

**No hosepipe ban**  
and protected the environment by not resorting to drought permits

**£22m**  
penalty — 73% due to 3 ODIs impacted by extreme weather

Record year of capital investment at  
**£725 million**  
(£1.7 billion AMP to date)

Lowest number of storm overflow spills in the industry — 15 vs an industry average of 29

**Industry-leading leakage performance continues**  
— 7.5% better than last year's leading result

**£93 million**  
environmental investment (WINEP), delivered ahead of schedule

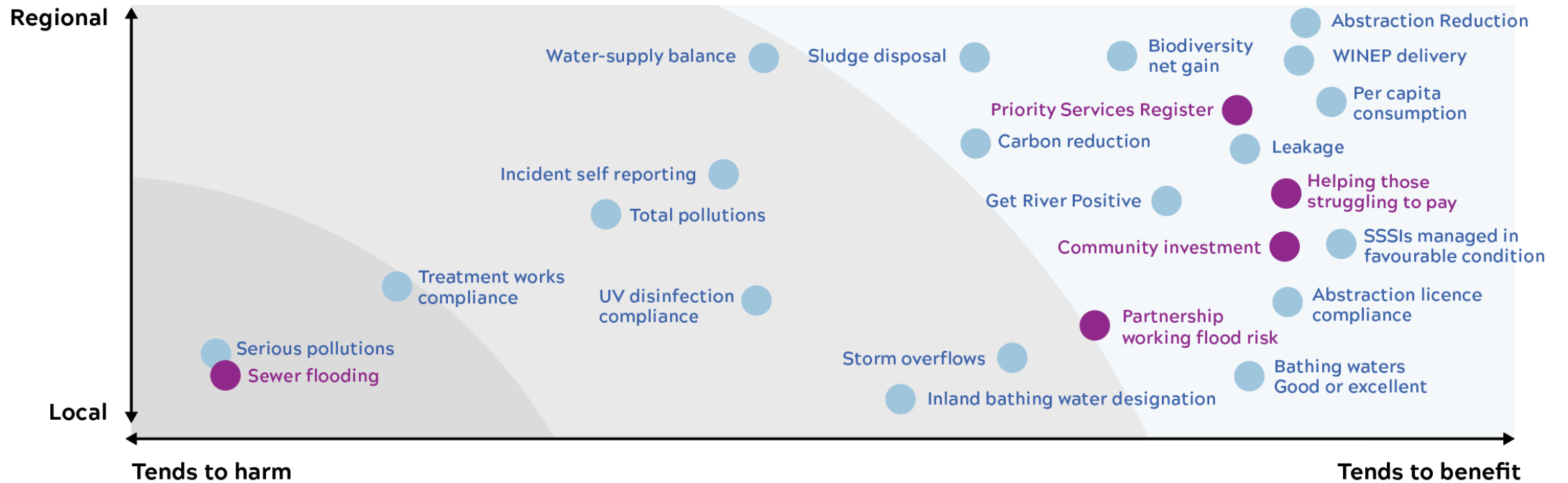
**Highest smart meter coverage**  
233,000 installed this year alone

**334,000**

vulnerable customers supported in 2022/23

# The broader picture

Environmental impact ● Social impact ●



These metrics are derived from the EPA, our ODI performance commitments, internal targets and ESG commitments including Get River Positive



# 2022/23 key financial metrics



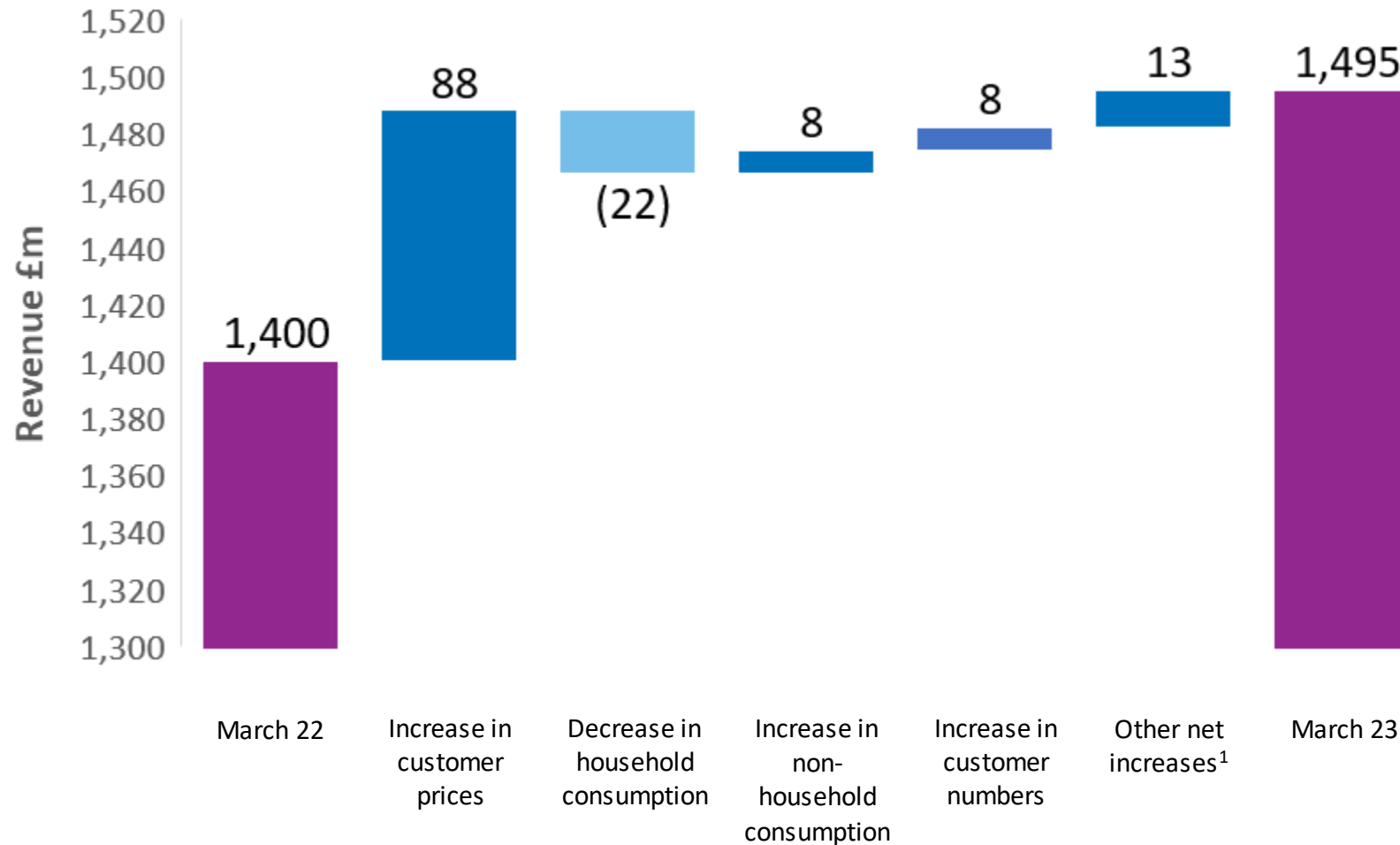
# Key financials summary

Delivering robust financials despite the challenging environment

<p><b>Revenue</b></p> <p>Up £95m (7%)</p>	<p><b>Operating profit</b></p> <p>Down £17m (4%)</p>	<p><b>Adjusted loss before tax<sup>1</sup></b></p> <p>2023: £287m 2022: £18m</p>
<p><b>Operating cash flow</b></p> <p>Down £39m (5%)</p>	<p><b>Net debt<sup>2</sup></b></p> <p>2023: £6,572m 2022: £5,694m</p>	<p><b>Dividends paid</b></p> <p>2023: £169m 2022: £96m</p>
<p><b>RCV</b></p> <p>2023: £10,020m 2022: £8,792m</p>	<p><b>Gearing</b></p> <p>2023: 66% Senior AWS 2022: 65% Senior AWS</p>	<p><b>Strong credit ratings</b></p> <p>A-/A3/A-</p>



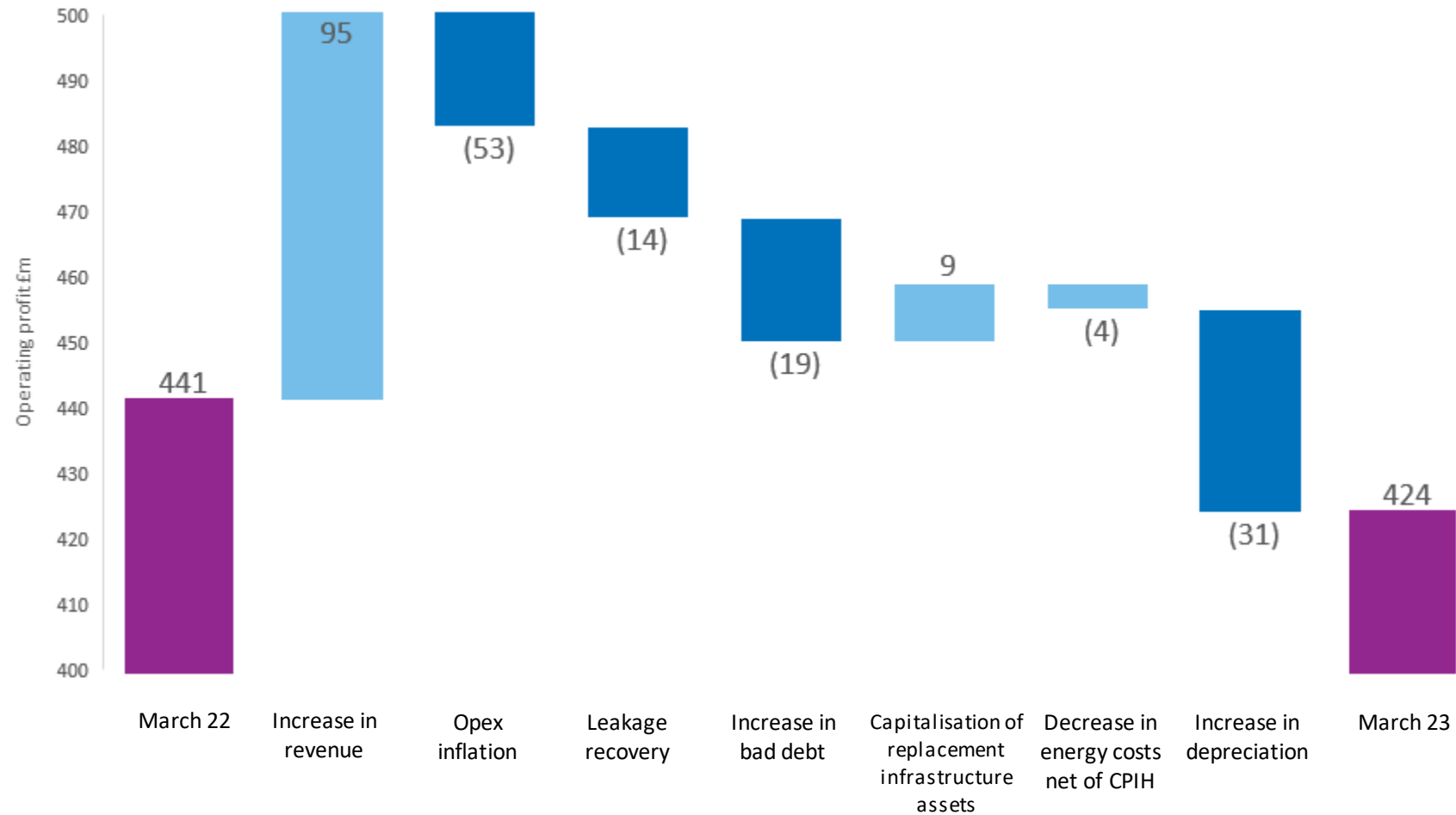
# Financials — revenue breakdown



Year ended  
31 March 2023

<sup>1</sup> Includes reduction in grants and contributions and prior year accrual and billing adjustments.

# Financials — operating profit breakdown

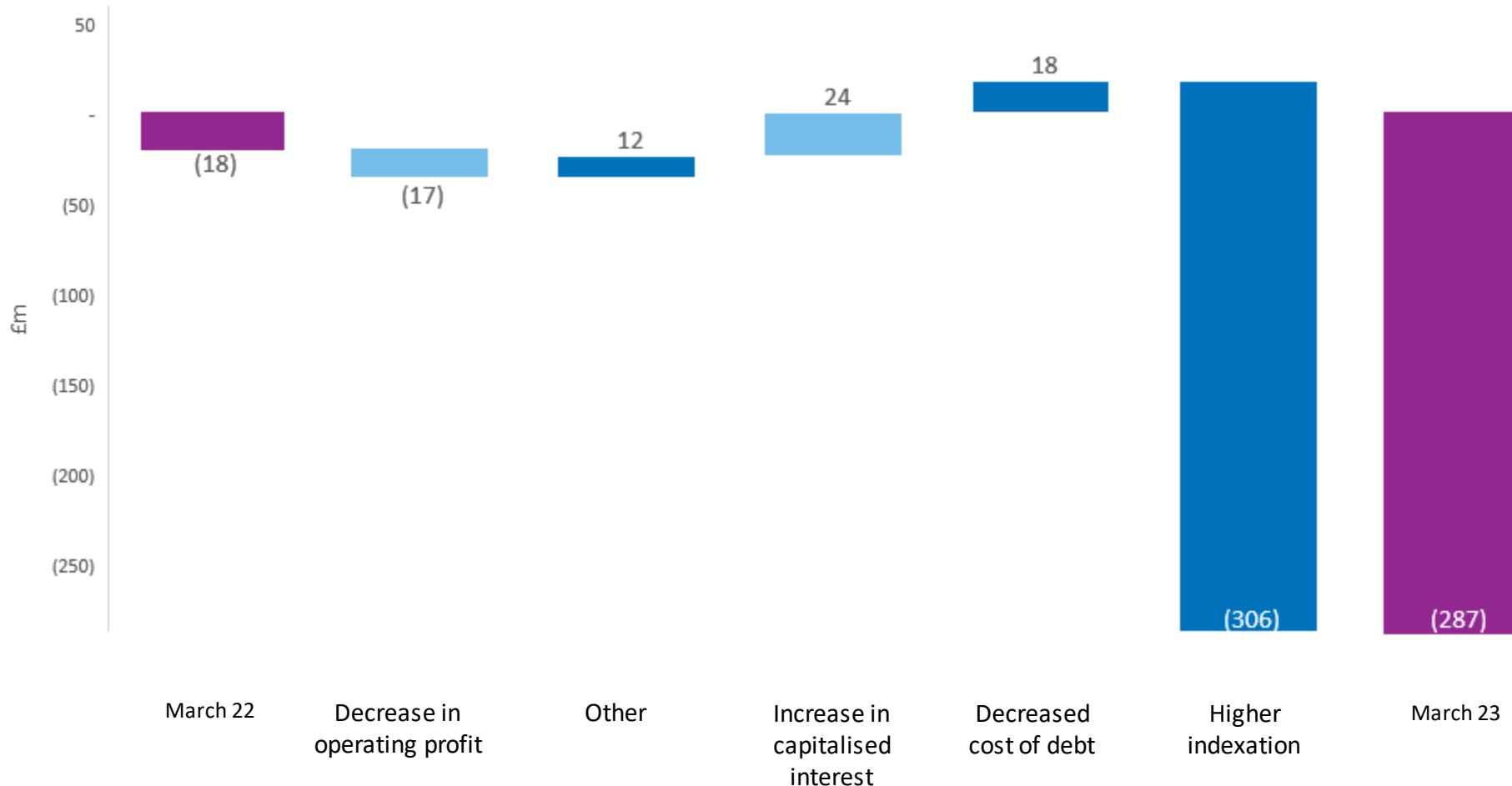


Year ended  
31 March 2023





# Financials — adjusted loss before tax<sup>1</sup>



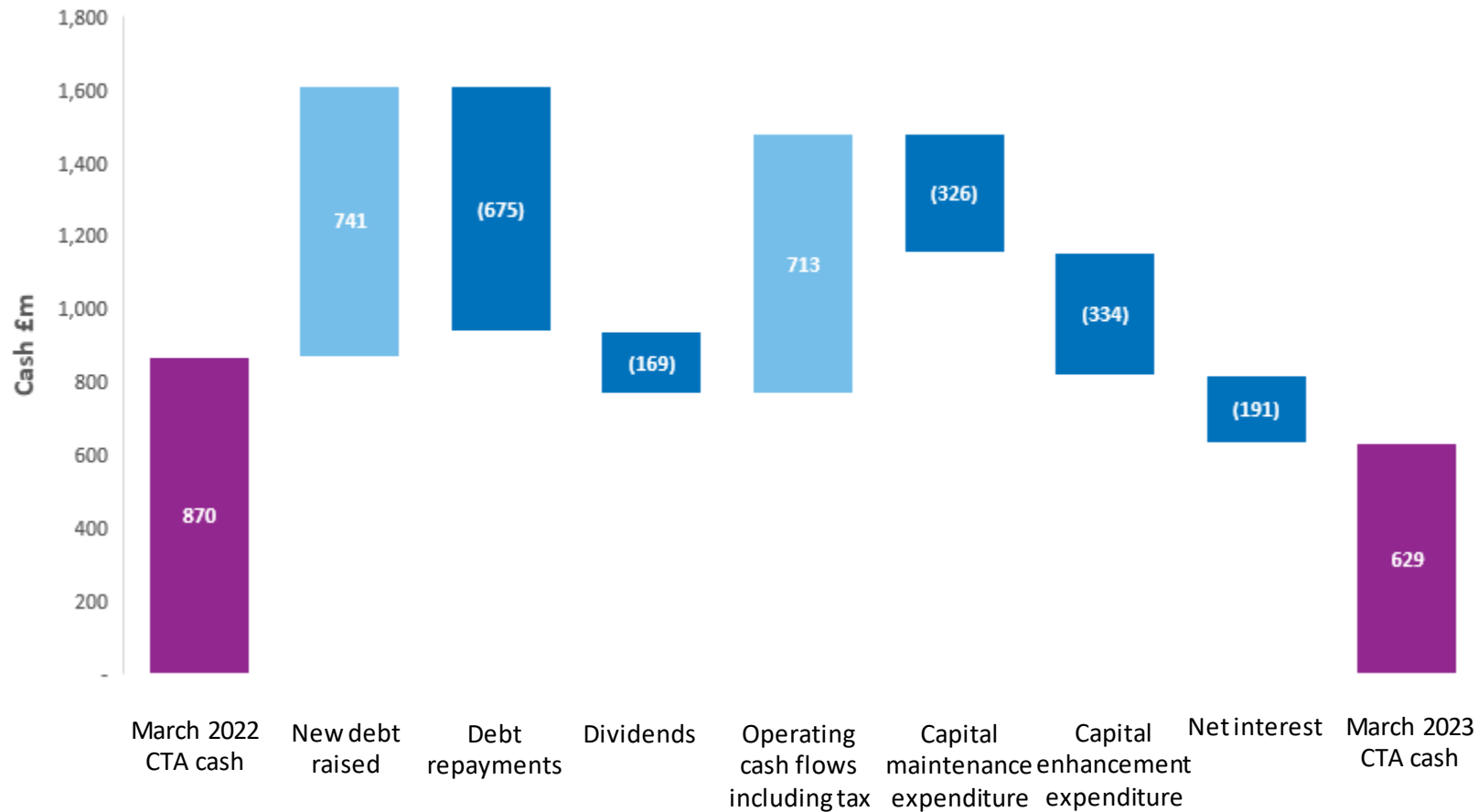
Year ended  
31 March 2023

<sup>1</sup> Shown before gain on derivatives of £645 million (2022: loss of £115 million).



# Financials — sources and uses of cash

Strong cash generation despite challenging environment



Year ended  
31 March 2023

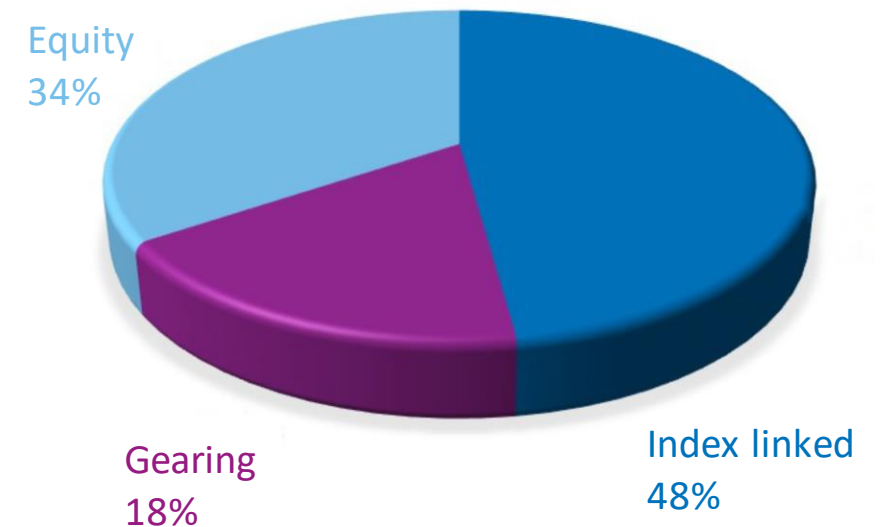
# Debt composition

Balanced debt composition ensures natural hedge to RCV and revenues

<p><b>Net debt<sup>1</sup></b></p> <hr/> <p><b>£6,572m</b></p>	<p>£878m increase in net debt</p>
<p><b>RCV</b></p> <hr/> <p><b>£10,020m</b></p>	<p>RCV reflects AMP7 capital investment and is adjusted in line with inflationary increase</p>
<p><b>Gearing</b></p> <hr/> <p><b>66%</b></p>	<p>AWS Gearing – 66% Osprey Gearing – 75% Aigrette Gearing – 82%</p>

Year ended  
**31 March 2023**

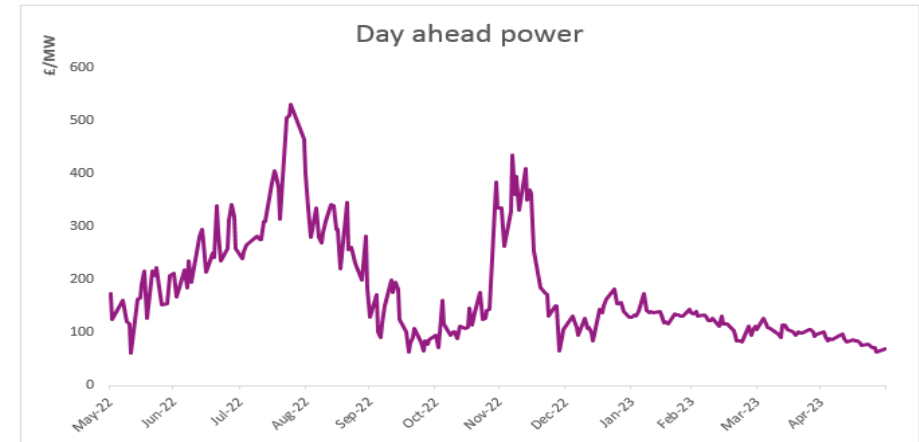
**AWS funding mix (% of RCV)**



# Managing the impacts of market volatility

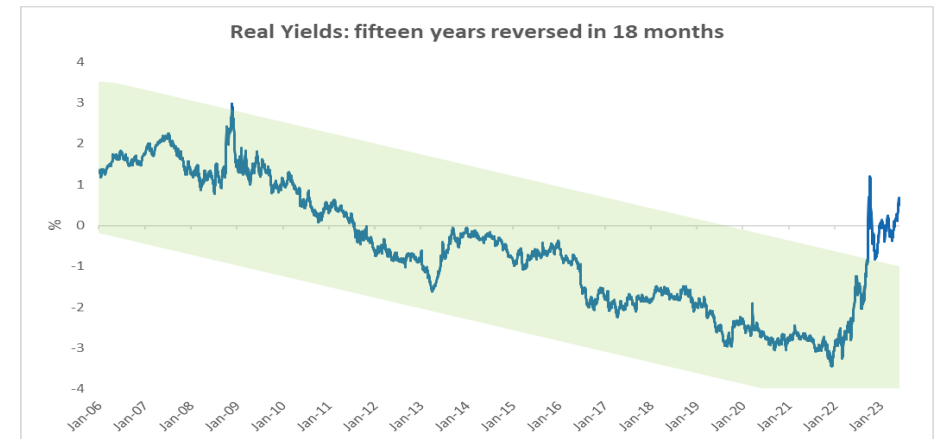
## Energy

- This is one of our significant cost components (£90m for FY22/23)
- Robust hedging strategy locked in energy prices prior to the start of FY22/23, ahead of Ukraine war
- FY23/24 energy exposure is majority hedged
- Energy risk management strategy closely linked to net zero 2030 journey



## Interest rates

- Significant protection against rising interest rates from high level of fixed and inflation-linked debt
- AWS net interest costs have reduced (cash deposit earnings offsetting increased cost of floating rate debt)
- 93% of debt was hedged at AWS, 88% at Group



# Capital structure resilience enables competitive new debt funding

## Capital structure remains resilient in volatile environment

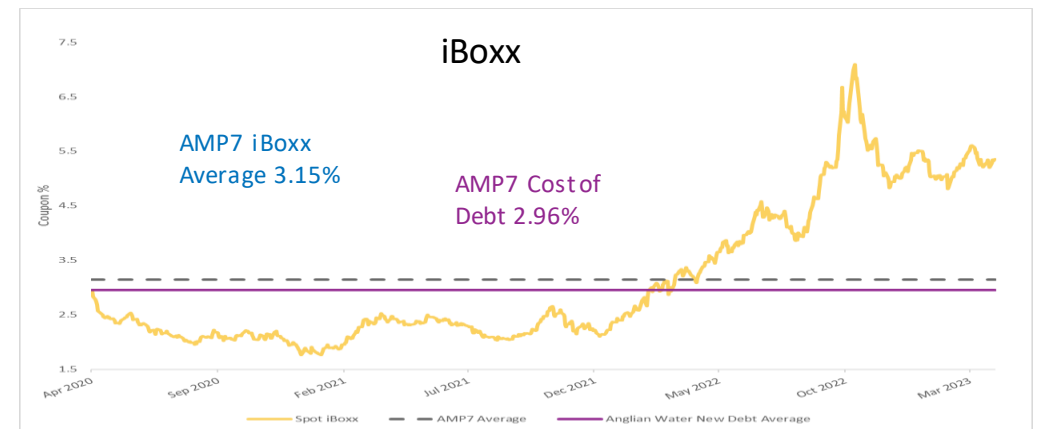
- AWS interest cover and gearing covenants have remained stable year on year
- AWS ratings have remained unchanged through FY22/23 at A-/A3/A-

	FY22/23
AWS Gearing Debt/RAV (class A trigger 75%)	65.6%
AWS interest cover covenant (class A PMICR trigger 1.3x)	1.6x

## Anglian Water new debt performance

Against a backdrop of increasing interest rates:

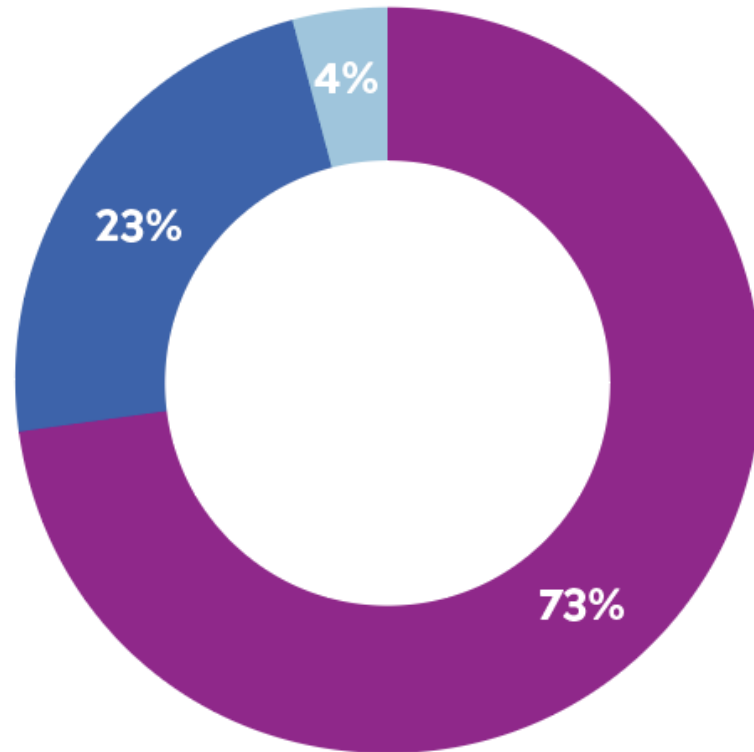
- AWS debt incurred during AMP receives iBoxx true up compensation
- AWS continues to outperform iBoxx



# Significant progress in a challenging year



## Composition of ODI penalty

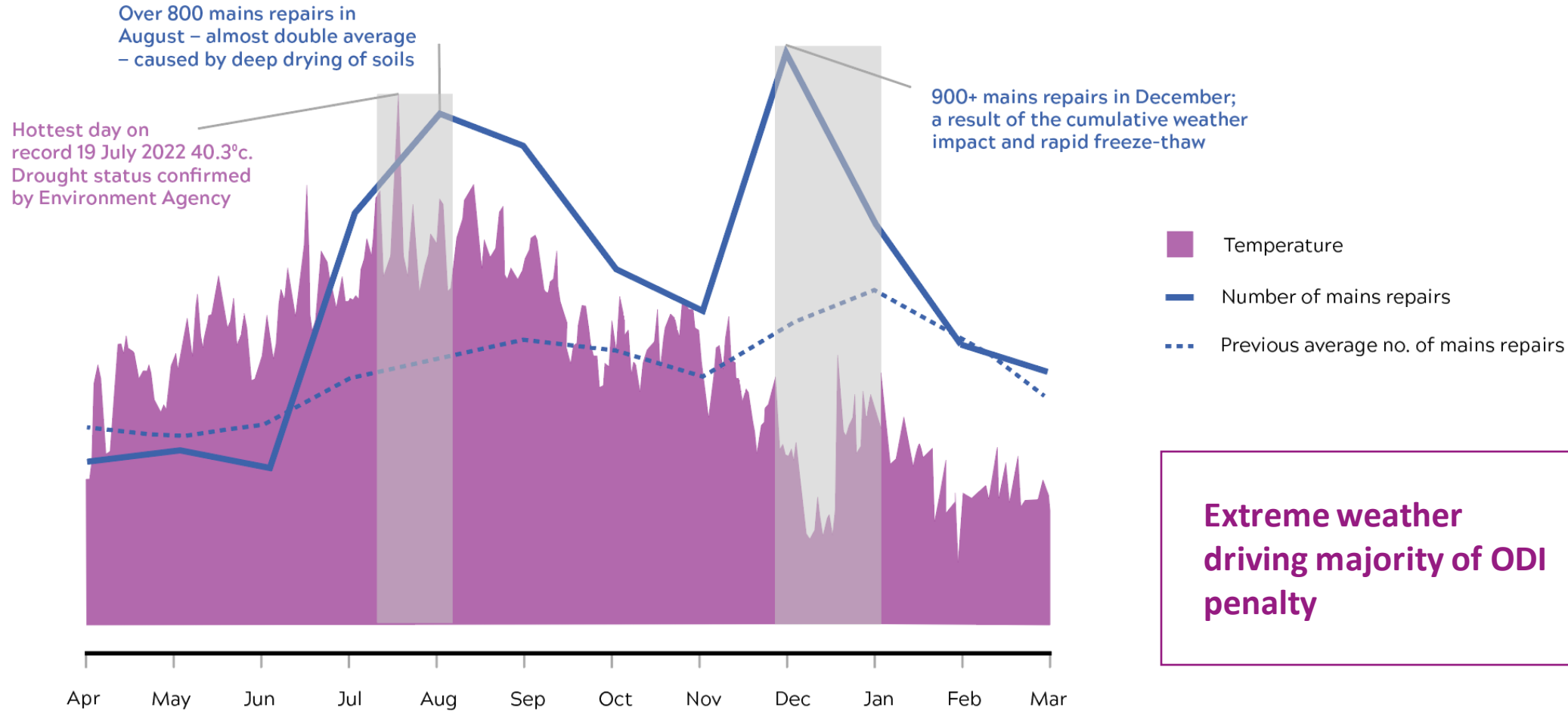


- 3 ODIs impacted by weather
- Flooding and pollutions
- Other

**£22m** penalty — 73% due to 3 ODIs impacted by extreme weather



# An unprecedented year of weather events:



**Extreme weather driving majority of ODI penalty**





# Protecting customers and the environment throughout drought

No hosepipe ban in Anglian Water region



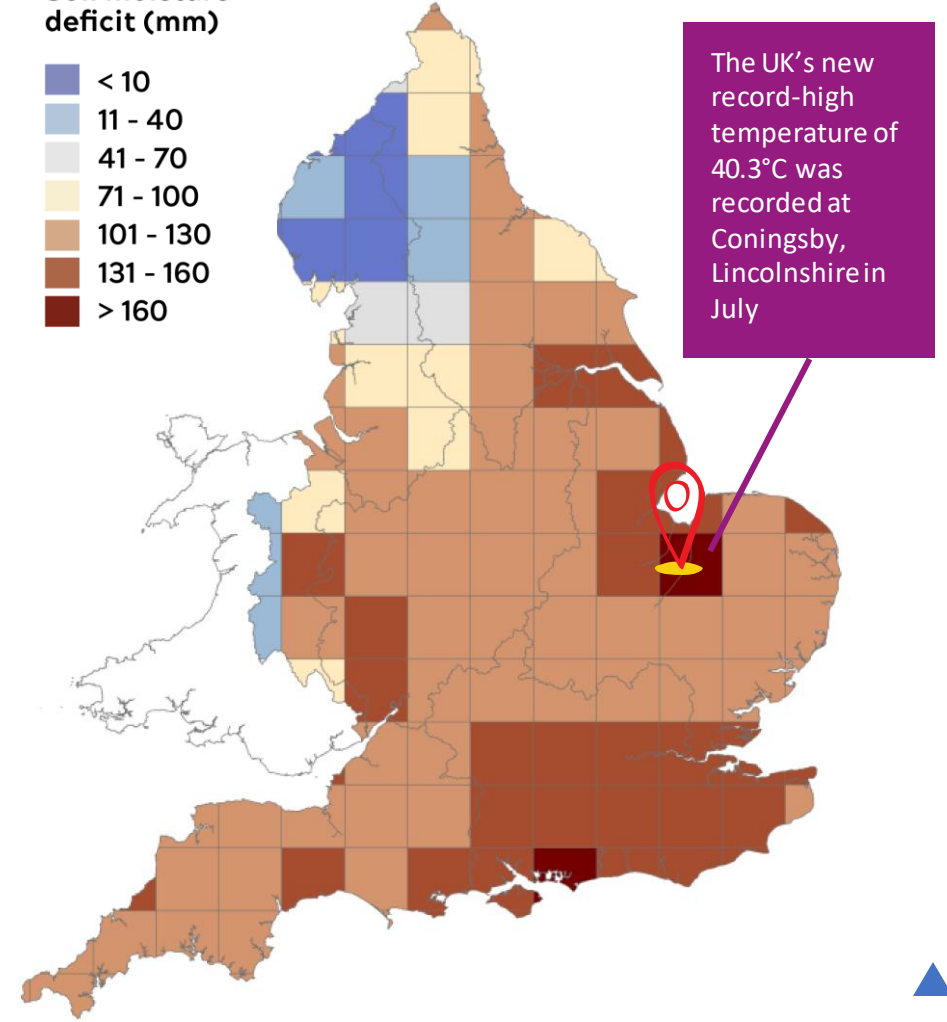
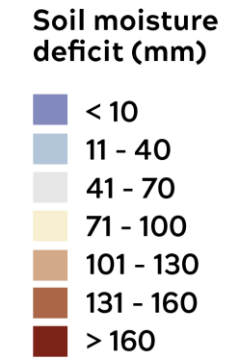
This year the UK saw only  
**62%**  
of its average summer rainfall

Protected the environment by not over-abstracting

Leading abstraction reduction this AMP

Bursts on a par with Beast from the East (but over a much longer period)

Strong performance on drinking water quality — the No.1 priority for customers



# Continue to be industry-leading on water resilience

Recorded our lowest ever leakage level — yet again outperforming last year's industry-leading position

Circa 84,000 leaks found and fixed last year — 7.5% better than last year's leading result

Lowest leakage level per kilometre in the industry at half the national average

Additional investment:  
**c.14m and £40m**  
supply side



Racing ahead on smart meters:

544,000 so far this AMP against a target of 548,000

helped us identify more than

**93,000**

Customer-side leaks, saving millions of litres of water

Lowest Per Capita Consumption (PCC) in the sector:

Water efficient customers now use circa 20-litres per day less than they did four years ago



# Progress tackling serious pollutions

## Key areas of focus

1

Narrow  
watercourses

2

Third party  
damage to  
assets

3

Unmonitored  
locations (high  
proportion of rural  
communities)

4

Data-driven  
decisions



# Sector-leading in reducing spills

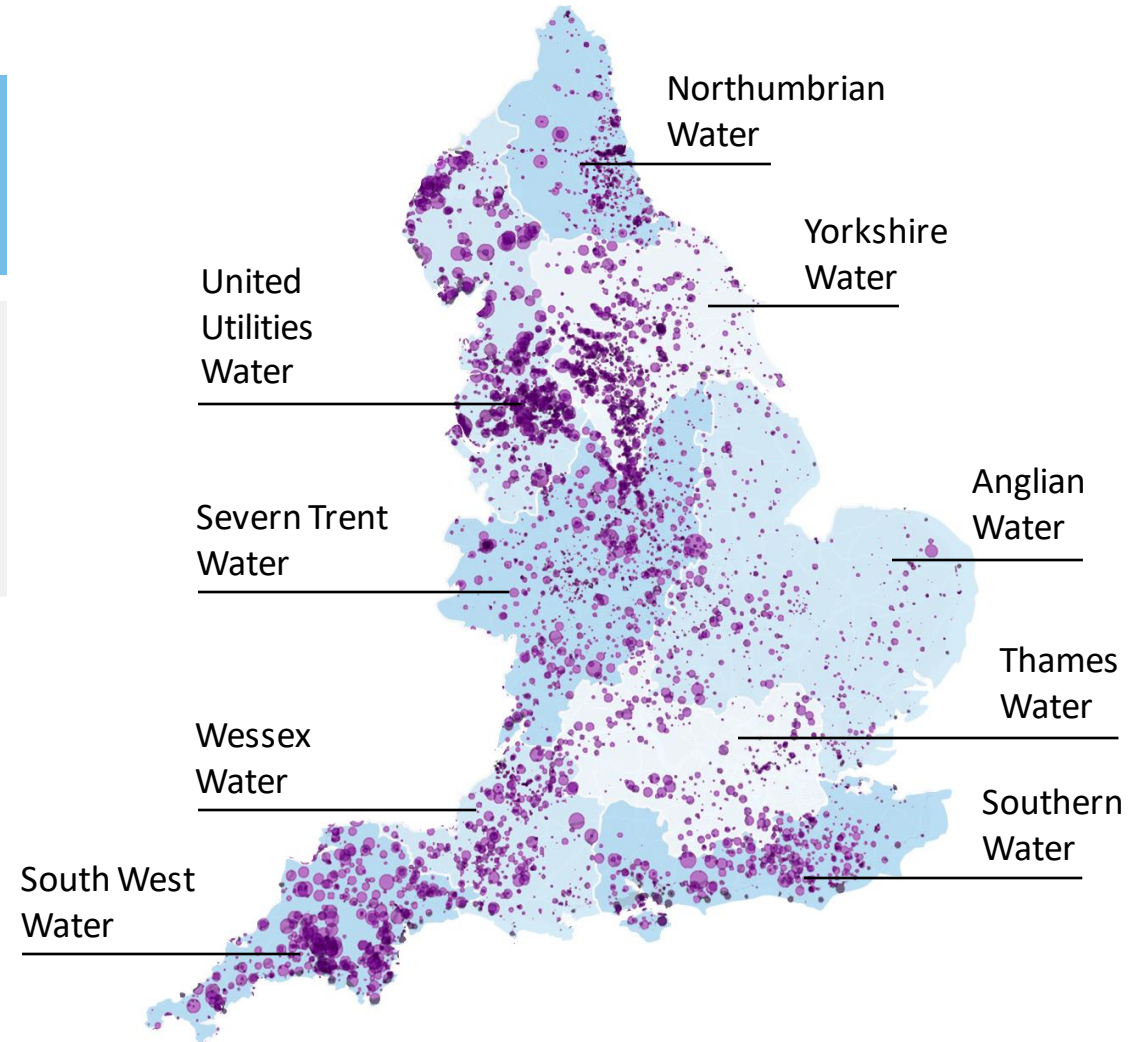
Least active storm overflows at 15 spills versus industry average of 29

Duration of spills has **more than halved**, and is well below national average

Spills **cut by 54%** on last year

At **86%** event duration monitor (EDM) and will achieve full coverage by the end of 2023

£200m (of £800m WINEP) invested to reduce spills, including 40 new storm tanks adding 11,000m<sup>3</sup> extra capacity this year alone



Source: the Environment agency and the BBC



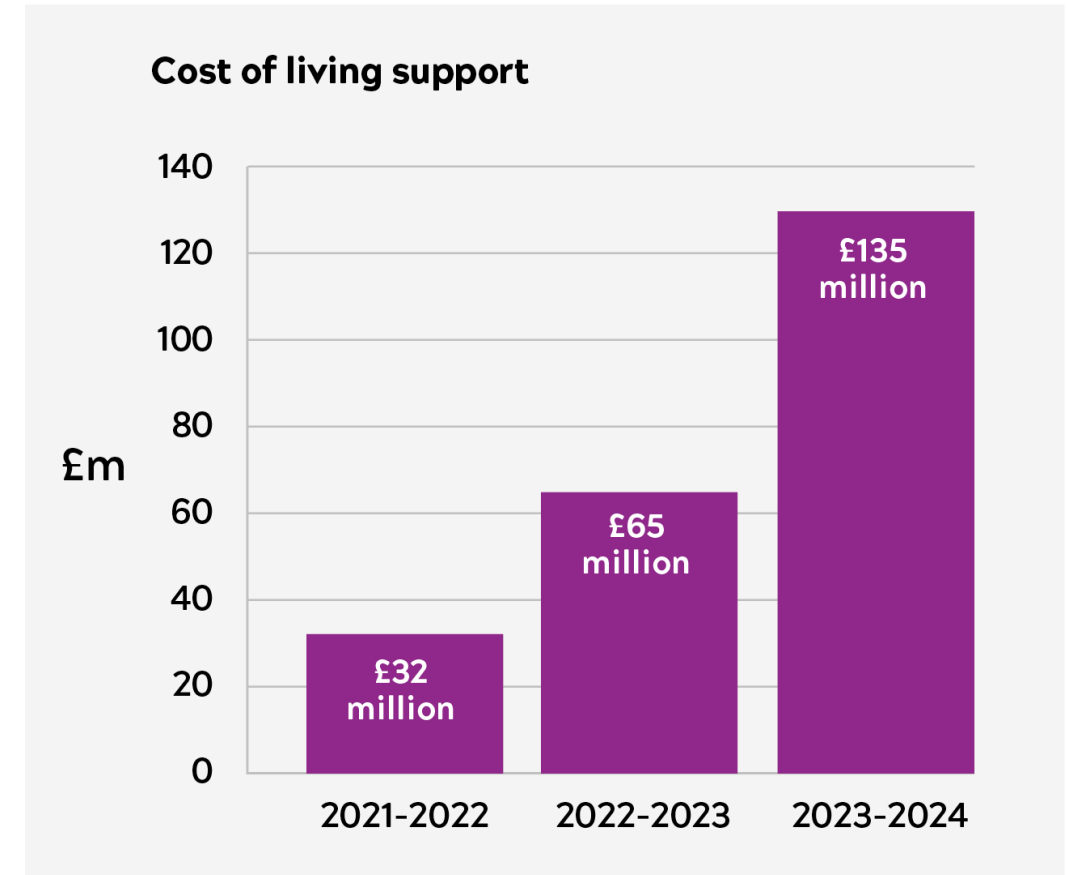
# Record number of people helped in 2022/23

Outperformed this year's ODI target, **providing support to 334,000 unique customers** this year

Largest-ever support package planned in 2023/24 of **£135 million**, building on £65 million package delivered in 2022/23

Industry-leading number of customers on the **Priority Services Register, now at 11.4%**

Across AMP7 we will provide **£323 million in direct support**



# Largest ever single year of capital investment



## On track to meet our ambitious investment goals

**£725 million**  
invested in the East of England in the period, totalling **£1.7 billion AMP to date**

**Plans for two new reservoirs announced to secure future water supplies**

**WINEP environmental programme delivery ahead of schedule**

**Rapid smart meter roll out**

**c.4,500+ smart meters being installed each week**

**1.1 million by the end of the AMP**

## Strategic Pipeline On track for completion



**Early investment unlocked through Ofwat's Accelerated Infrastructure Delivery Plan**



# Making strides in carbon reduction and resilience

## Progressing our plan to reach our ambitious 2030 goals



**Chris Stark**  
Chief Executive of the Climate  
Change Committee

### Ofwat breakthrough challenge

Leading three projects focused on reducing carbon emissions across our sector:

- Enabling Whole Life Carbon
- Triple Carbon Reduction
- Safe Smart Systems

**63.2%**

reduction in capital carbon last year, against a 2010 baseline

**6.1%**

reduction in operational carbon against a 2018 baseline



Process emissions remain our biggest challenge

# Looking ahead





# Planning and investing for the future

Protecting and enhancing our environment for future generations



Securing future water supplies



Unwavering support for customers



## Price Review 2024 and beyond

### Long term direction strategy

Alignment of our strategic ambitions to a Long-Term Delivery Strategy, delivering adaptively-planned investment over multiple AMPs

### Strategic direction statement

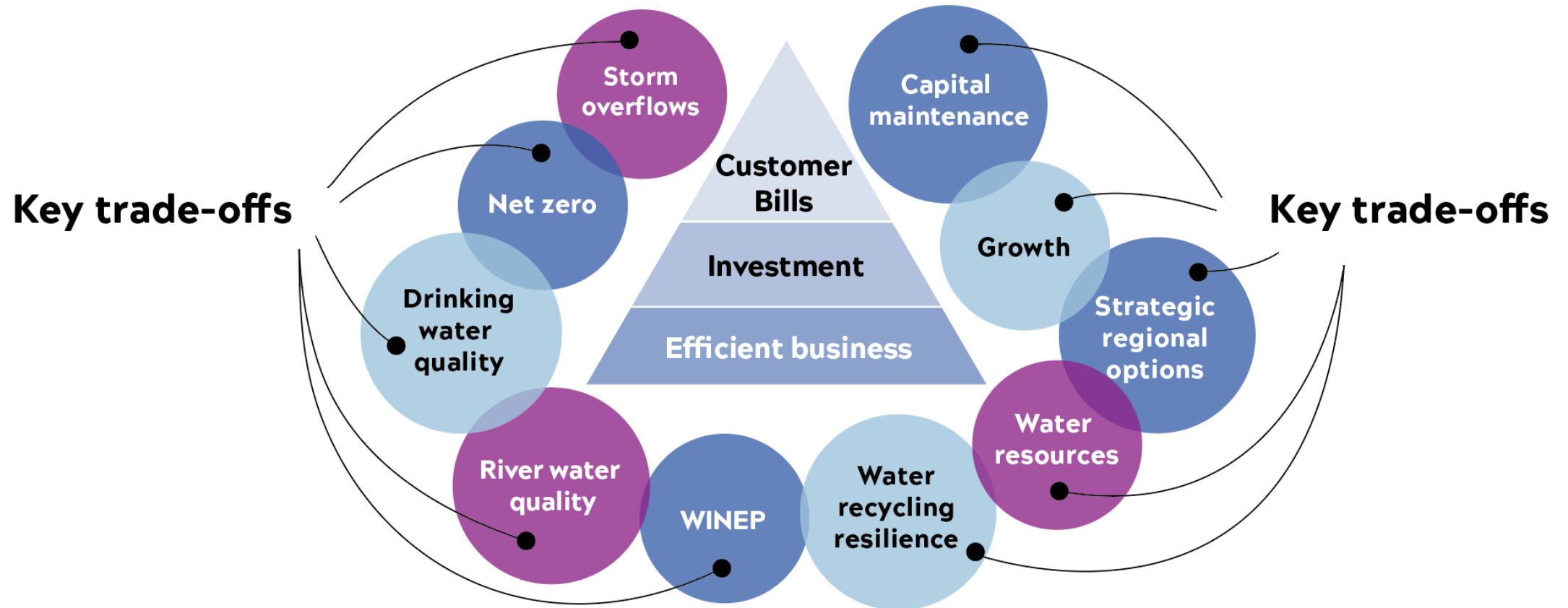


Adaptively-planned investment decisions over multiple AMPs



# Strategic priorities through AMP8 and AMP9

Adaptively planning to achieve our vision: taking the long-term view



# 2022/23 in summary

A purpose-driven business with customers and the environment at the heart of everything we do



**Any questions**

