

Half year results presentation

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30 November 2023



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.

Focus on performance

£449m capital expenditure in period, over and above operating profit

+8.8% increase in revenue

Operating profit increased to **£252.3 million** +9.1% increase

100%

Event Duration Monitor coverage across 1,400+ storm overflows

Performance remains challenging, particularly around pollutions

Lead indicators show we're on the right track

Plan worth **£9bn** submitted to Ofwat, with one of the lowest bill rises in the industry

While still in penalty, significant improvement in 3 ODIs impacted by bad weather

11,000+

Smart sewer monitors installed by the end of 2023

Up three places in C-MeX and D-MeX

Leading on leakage, and upper quartile in Per Capita Consumption

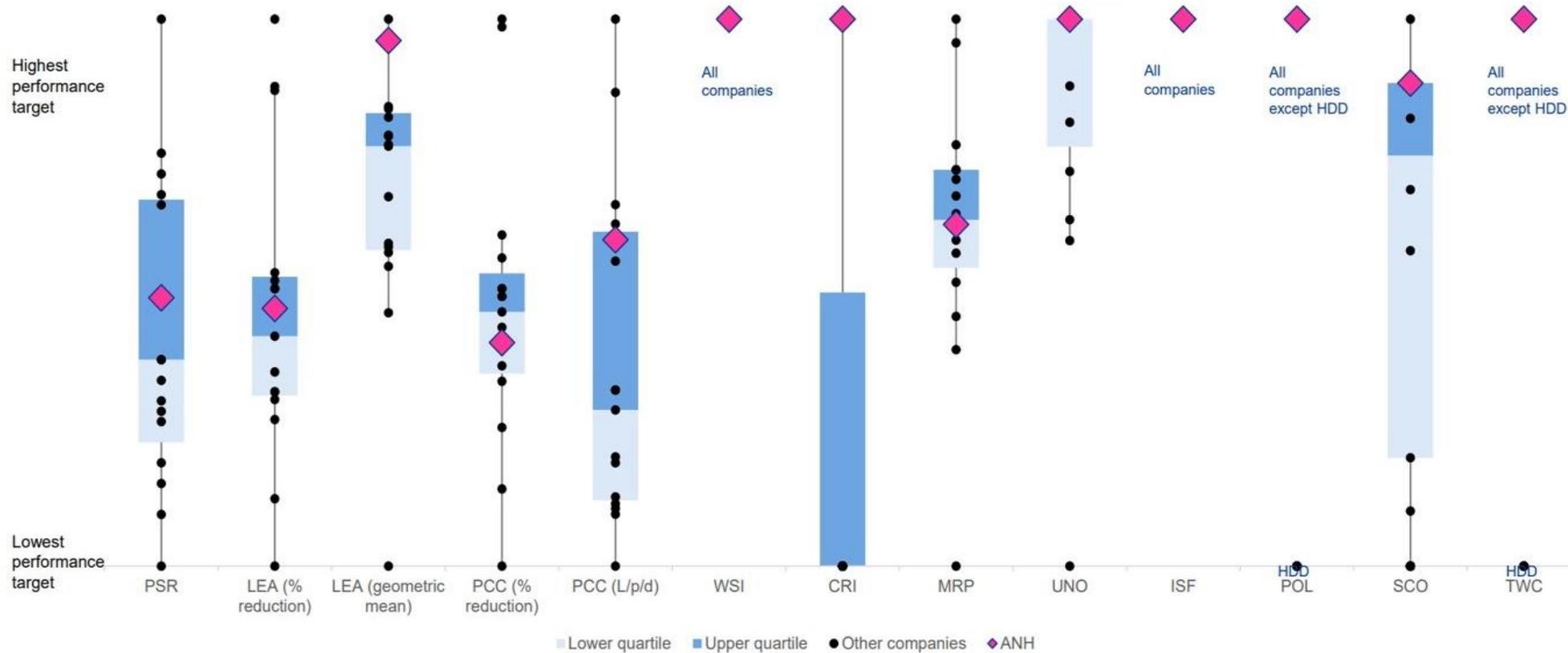
95,000+ smart meters installed YTD:
639,000 for the AMP to date

Record 333,000+

customers received financial support YTD, with support doubling in AMP8



How we compare to our peers



* Note that the statutory target for CRI is 0 but Ofwat use the performance commitment deadband as the target for CRI to allow for some fluctuation of performance within which no underperformance payments are applicable.



Ofwat Performance Commitment Review



To understand how we can improve, and how to assess our ambition levels we looked at our absolute performance vs other water companies

	Overall ranking (Actual)			Forecast	
	2020/21	2021/22	2022/23	2023/24	2024/25
Average (22-23)					
Hafren Dyfrdwy (HDD)	6	7	5	6	6
Northumbrian Water (NES)	8	8	6	7	9
Severn Trent Water (SVE)	3	2	4	2	3
South West Water (SWB)	7	5	3	4	1
United Utilities (UW)	5	4	8	9	7
Wessex Water (WSX)	2	1	1	3	5
Lagging (22-23)					
Anglian Water (ANH)	1	3	2	1	2
Dwr Cymru (WSH)	4	6	6	5	8
Southern Water (SRN)	11	11	10	7	4
Thames Water (TMS)	10	10	11	10=	10=
Yorkshire Water (YKY)	9	8	9	10=	10=

Source: KPMG report assessing industry performance in Year 3



Half year key financial metrics



Key financial summary



Delivering robust financials despite the challenging environment

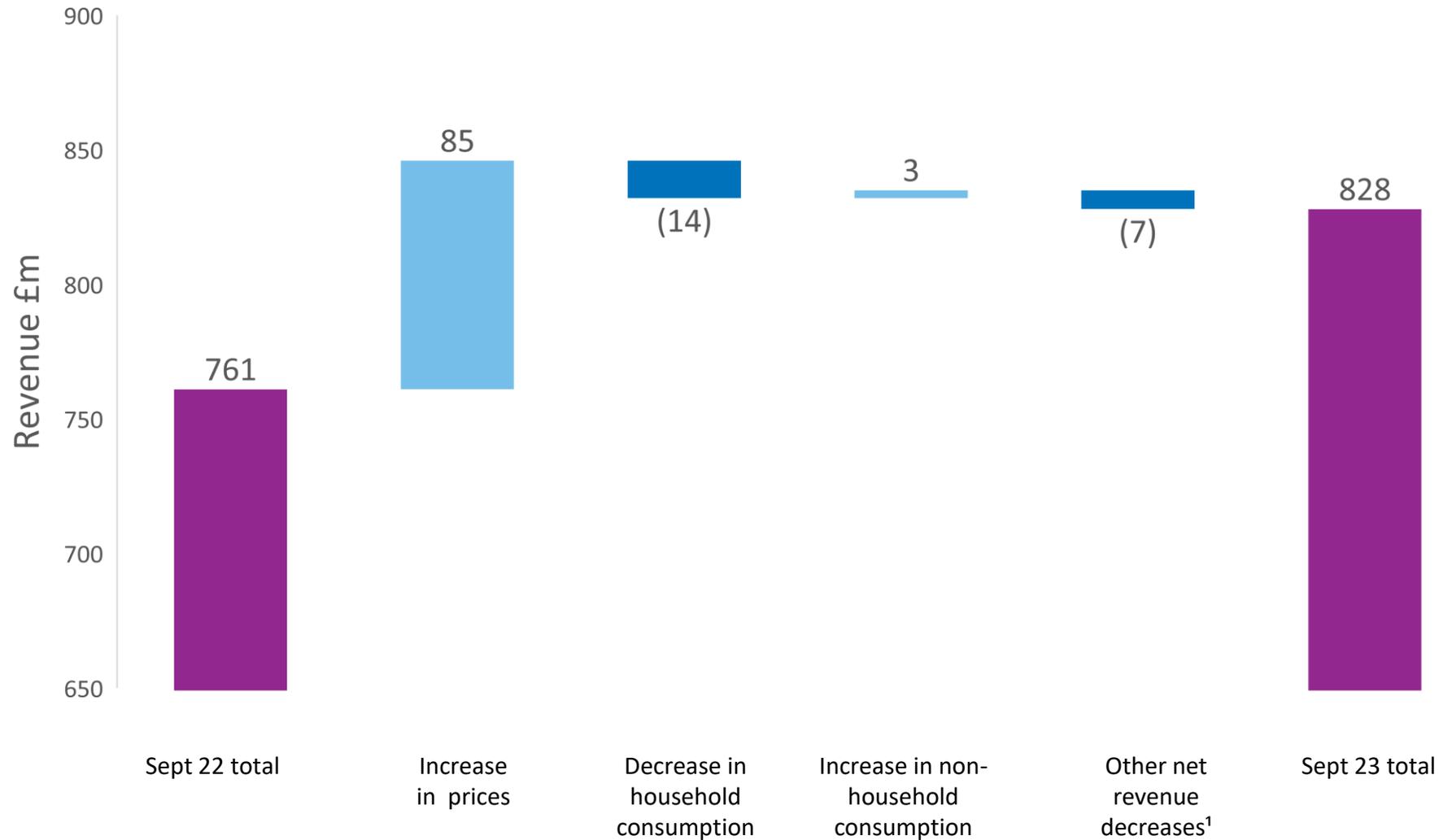
Revenue 2023: £828m 2022: £761m Up £67m (9%)	Operating profit 2023: £256m 2022: £231m Up £25m (11%)	Adjusted loss before tax¹ 2023: £62m 2022: £105m
Operating cash flow 2023: £390m 2022: £360m Up £30m (8%)	Net debt² 2023: £7,125m 2022: £6,167m	Dividends paid 2023: £79.9m 2022: £169m
RCV 2023: £10,020m 2022: £8,792m	Gearing 2023: 66% Senior AWS 2022: 65% Senior AWS	Strong credit ratings A-/A3/A-

¹ Shown before profit on derivatives of £217m (2022: profit of £664m)

² Shown on a CTA basis. Net debt on a statutory IFRS basis, excluding derivatives, is £6,693m (2022: £5,966m)



Financials — revenue breakdown

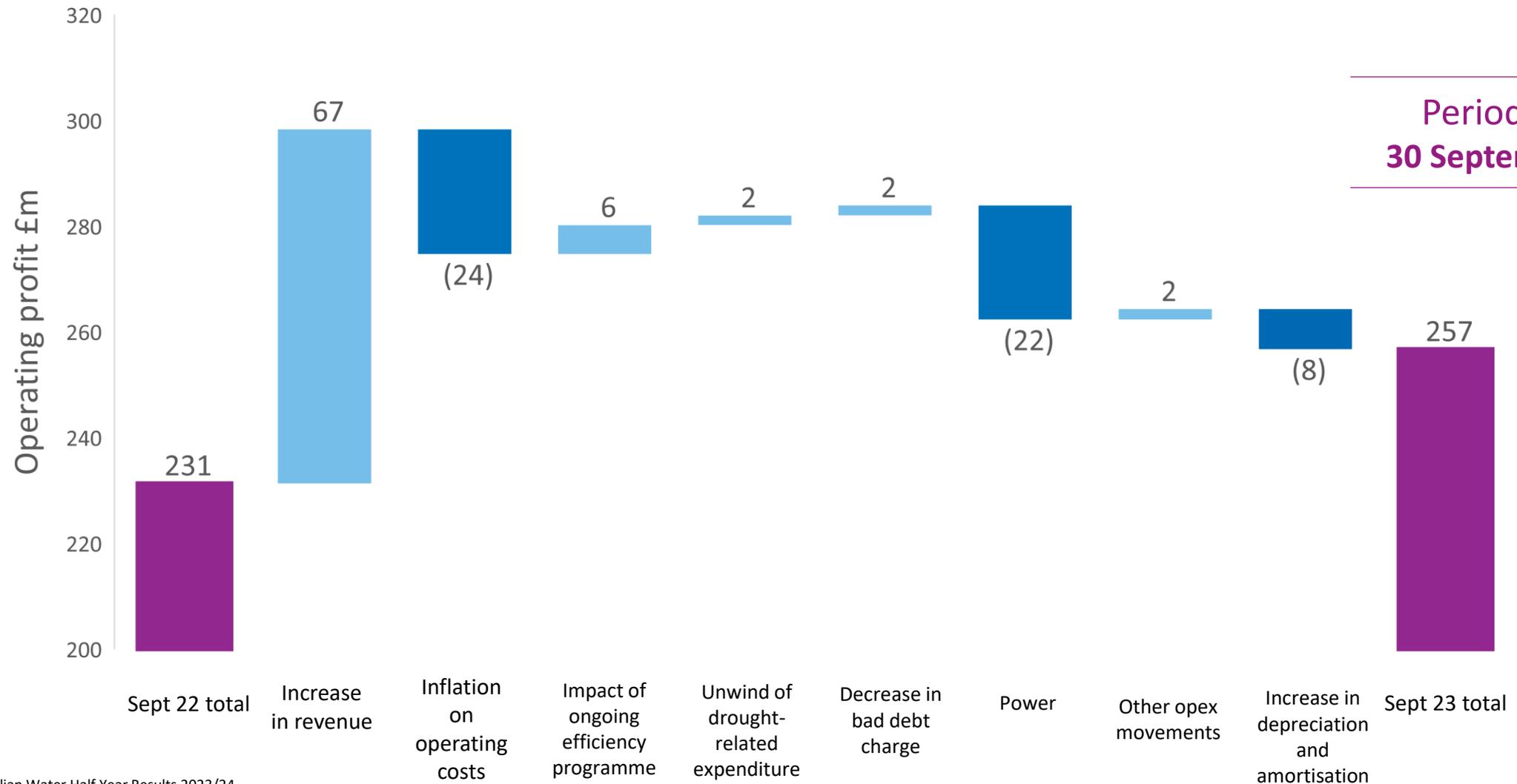


Period ended
30 September 2023

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.



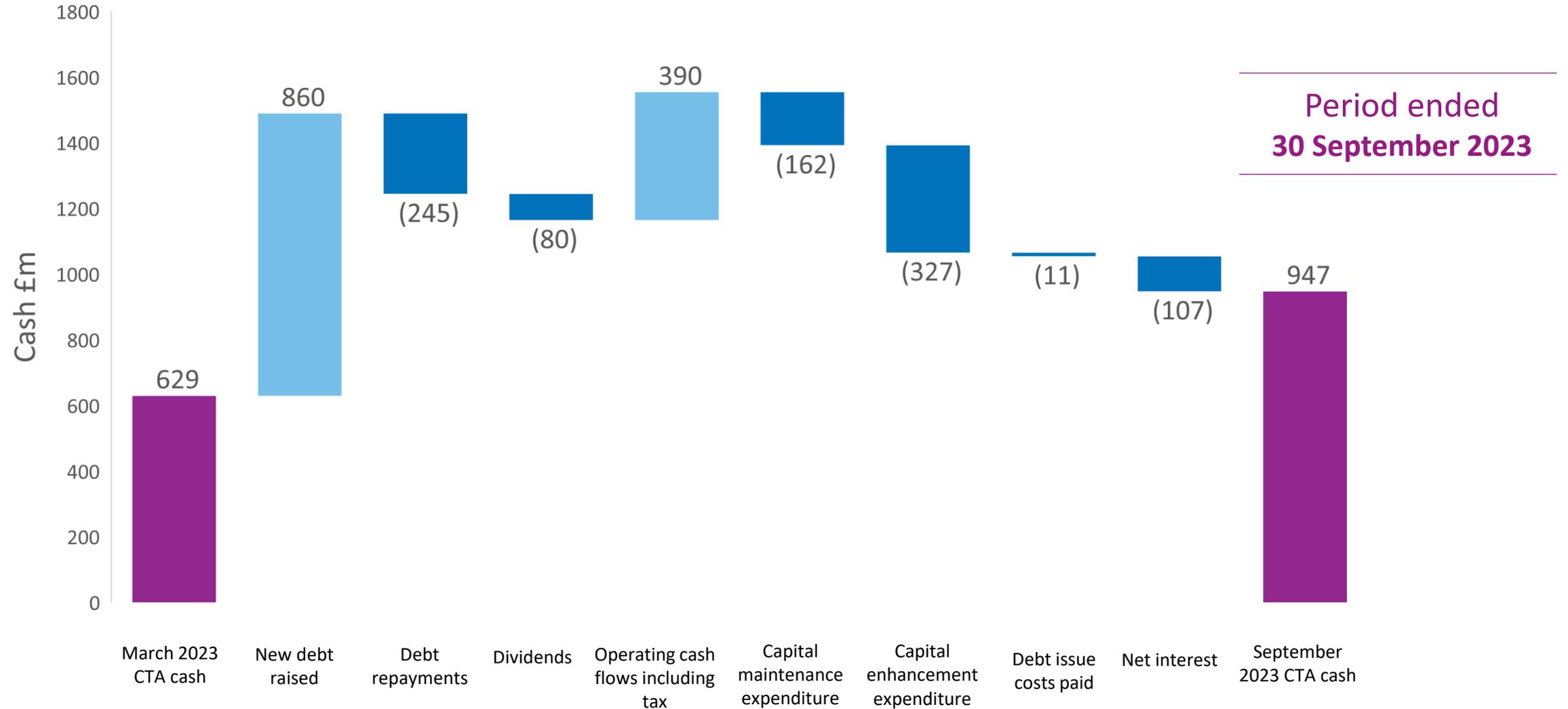
Financials — operating profit breakdown



Financials — sources and uses of cash



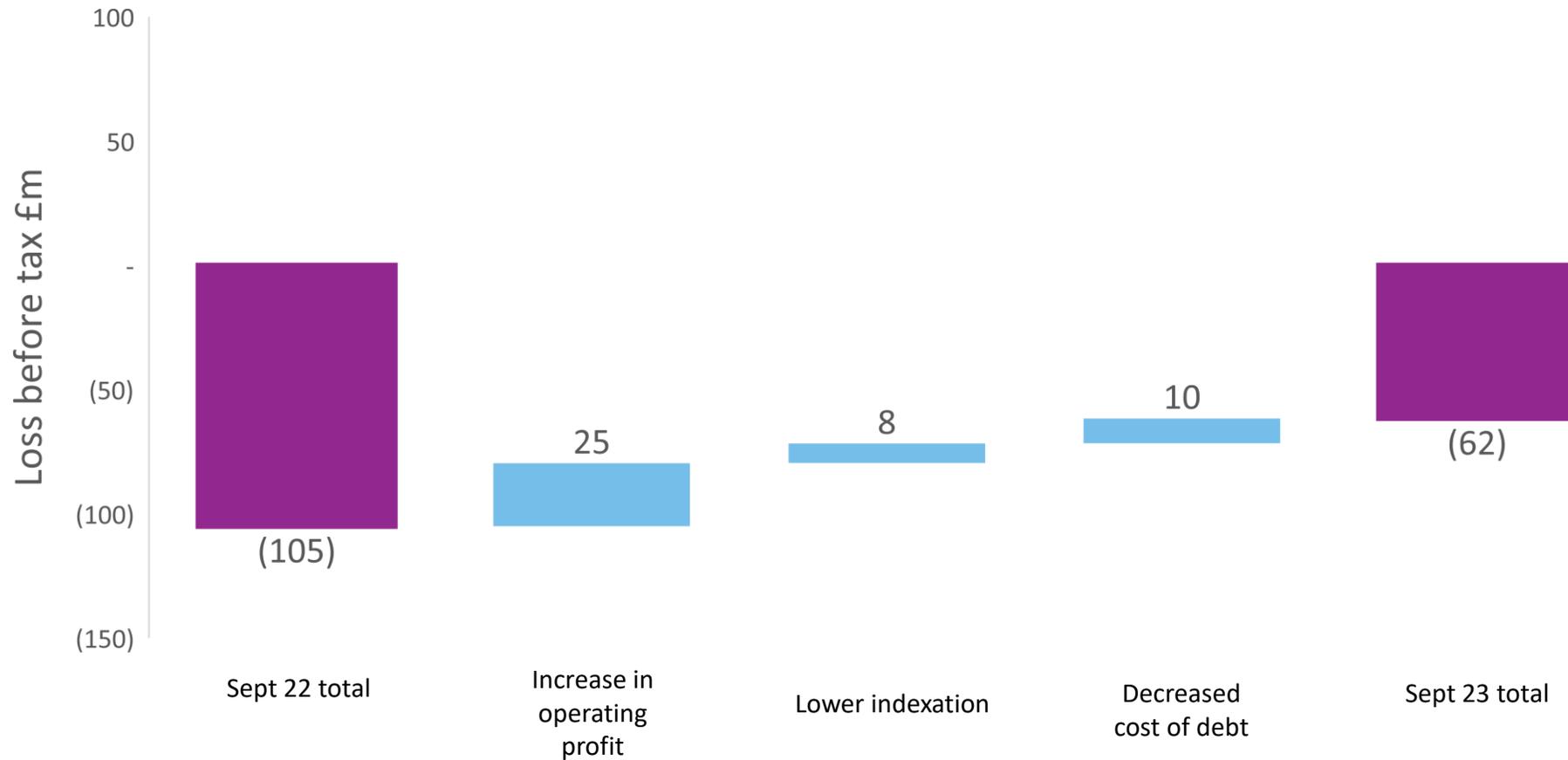
Strong cash generation despite challenging environment



Period ended
30 September 2023



Financials — adjusted loss before tax¹



Period ended
30 September 2023

¹ Shown before gain on derivatives of £217 million (2022: gain of £664 million).



Debt composition

Balanced debt composition ensures natural hedge to RCV and revenues

Net debt¹
£7,125m

£553m increase
in net debt

RCV
£10,350m

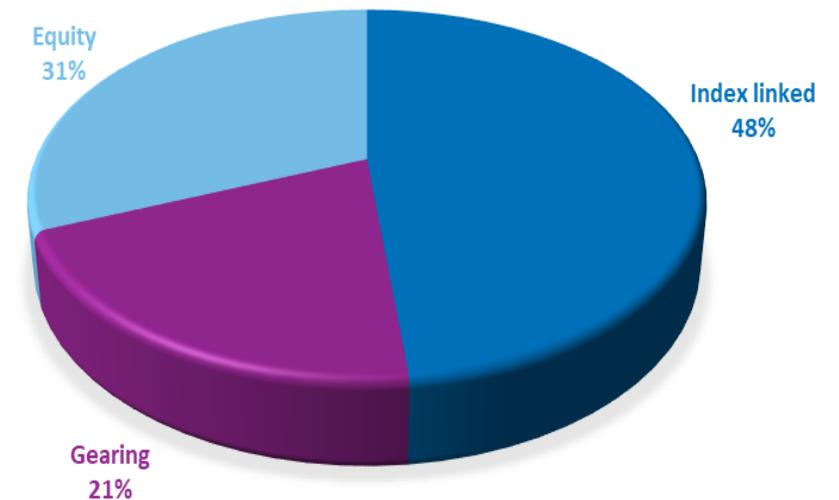
RCV reflects AMP7 capital
investment and is adjusted in line
with inflationary increase

Gearing
69%

AWS Gearing – 69%
Osprey Gearing – 78%
Aigrette Gearing – 84%

Period ended
30 September 2023

AWS funding mix (% of RCV)



Managing the impacts of market volatility

Energy

- This is one of our significant cost components
- Robust hedging strategy locked in year 4 energy prices prior to the start of the year, although some at more elevated levels than year 3
- Looking ahead, volatility has reduced — but forward contract pricing still significantly higher versus historical norms leading to increased energy costs
- Energy risk management strategy closely linked to net zero 2030 journey

One year forward pricing



Real Yields: fifteen years reversed in 18 months



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)
- 90% of debt was hedged at AWS, 86% at Group

Capital structure resilience enables competitive new debt funding



Capital structure remains resilient in volatile environment

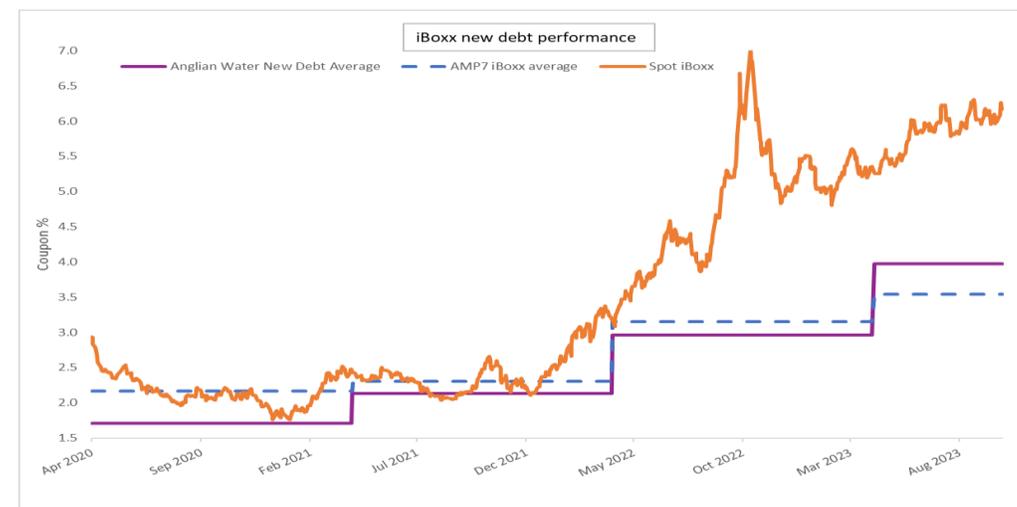
- AWS interest cover and gearing covenants have remained stable year on year
- AWS ratings have remained unchanged through HY23/24 at A-/A3/A-
- Ofwat's Financial Resilience Report rates Anglian Water as Standard (highest achievable rating)

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 track iBoxx

	HY23/24
AWS Gearing Debt/RAV (class A trigger 75%)	68.8%
AWS interest cover covenant (class A PMICR trigger 1.3x)	1.6x



Delivery and operational highlights



The unique challenges in Eastern England

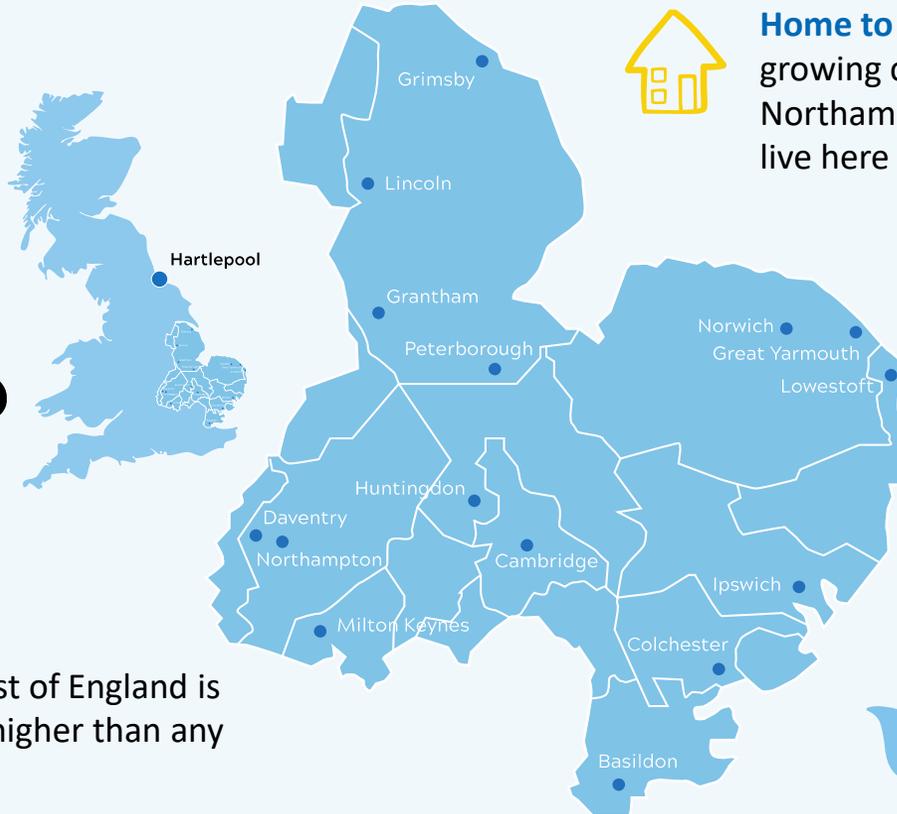


14 diverse counties in our region, all with differing environmental, social and economic needs

Lowest rainfall at 2.14mm per day, versus the national average of 2.85mm

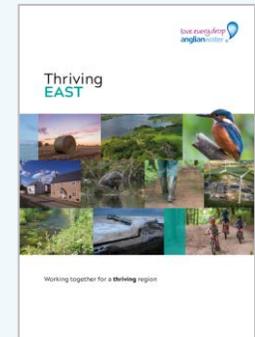


75% of land in the East of England is used for agriculture, higher than any other region



Home to 15% of England's population and four of the fast-growing cities Cambridge, Peterborough, Milton Keynes and Northampton mean that by 2043, 700,000 more people will live here

28% of land is below sea level, putting us at risk of flooding whilst hotter than average temperatures make us prone to drought



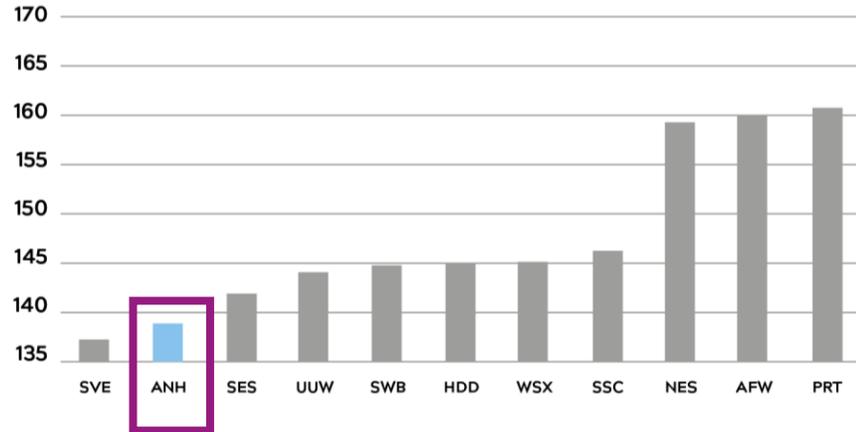
Businesses in the East are particularly water intensive, e.g. food processing



Water resilience



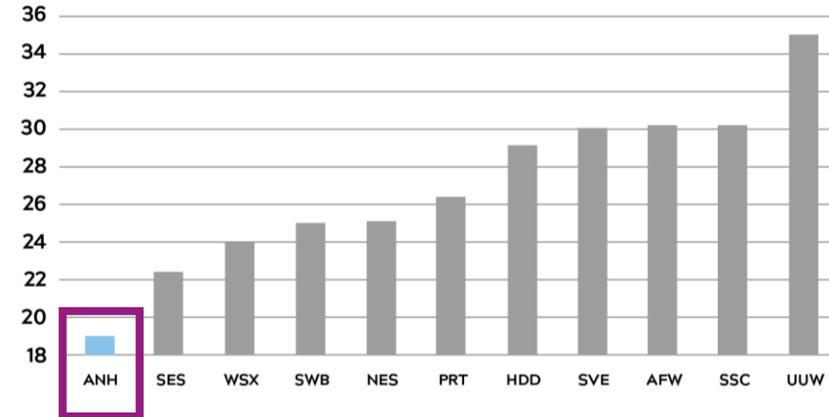
PCC – Litres per person per day



Low Per Capita Consumption

Water efficient customers now use circa **20-litres per day less** than they did four years ago, with customer PCC below the industry average

LEA – Geometric mean of normalised leakage per km and per property



Lowest leakage

Lowest leakage level per kilometre in the industry (absolute performance)

Racing ahead on smart meters

639,000 installed so far this AMP — on target

1.1 million installed by the end of the AMP



Our plan to reduce pollutions



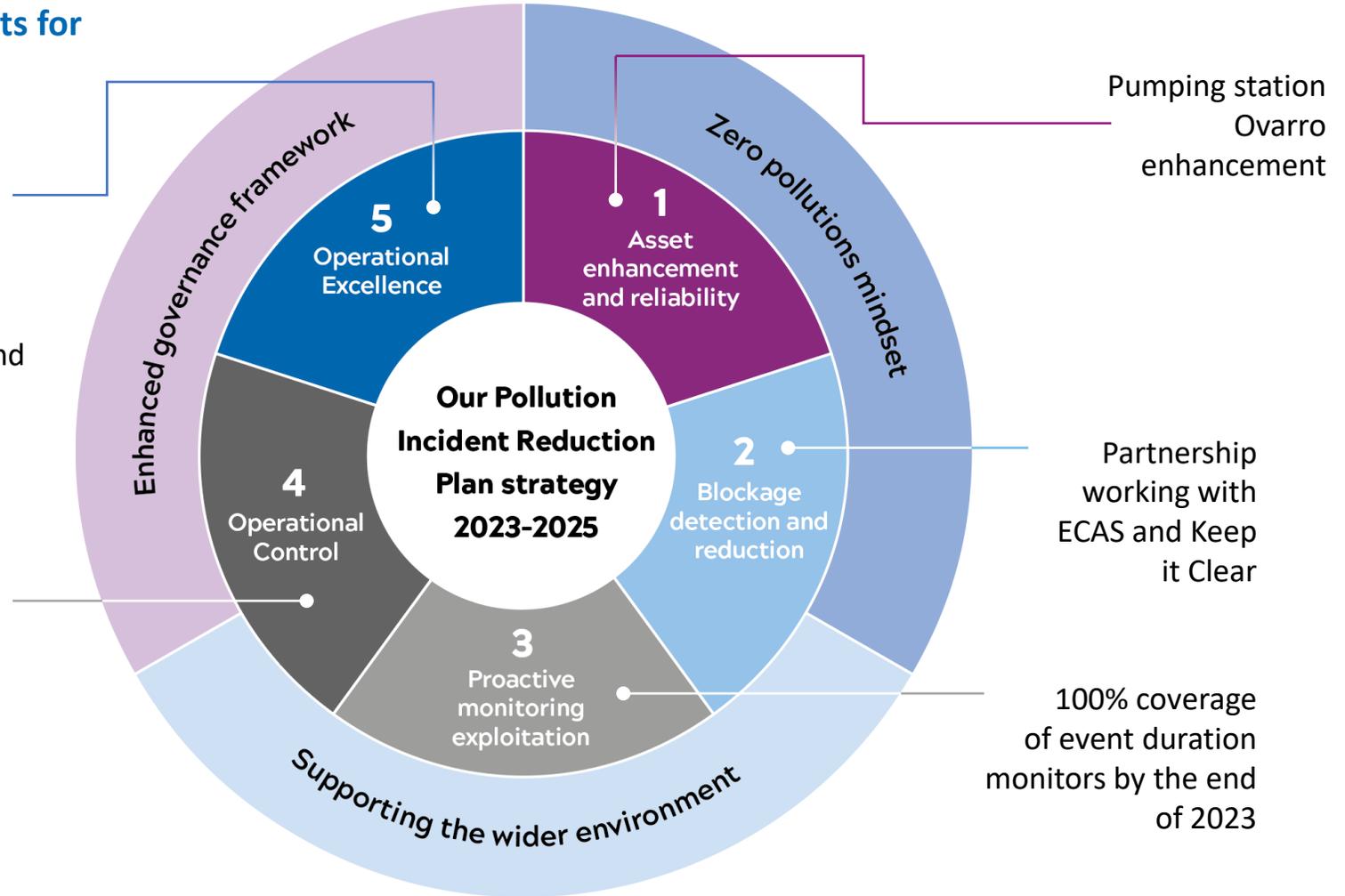
Key insights into our region informing areas of focus:

- 1 Narrow, flat watercourses
- 2 Third party damage to assets
- 3 Unmonitored locations
- 4 Data-driven decision

Activity highlights for the period

100% of sewer cleansing and wet well cleansing programmes to be complete by the end of 23/24

11,000+ smart sewer monitors installed in the period



Get River Positive



£7 million shareholder reinvestment allocated to partnership projects, delivering several improvements over the remainder of the AMP



Match funding generated to date totals more than **£8.5 million**

- **21** projects already underway
- **18** projects in final sign off stages
- **10** projects are now complete

In addition:

- Live storm overflow map launching by the end of 2023
 - Supporting four sites to achieve bathing water designation
 - Citizen Science and Farm Cluster programmes launched
 - Supporting on landscape scale initiatives in our region
-

Our GRP commitments



Pledge 1

Ensure storm overflows and sewage treatment works do not harm rivers



Pledge 2

Create more opportunities for everyone to enjoy our region's rivers



Pledge 3

Support others to improve and care for rivers



Pledge 4

Enhance our rivers and create new habitats so wildlife can thrive



Pledge 5

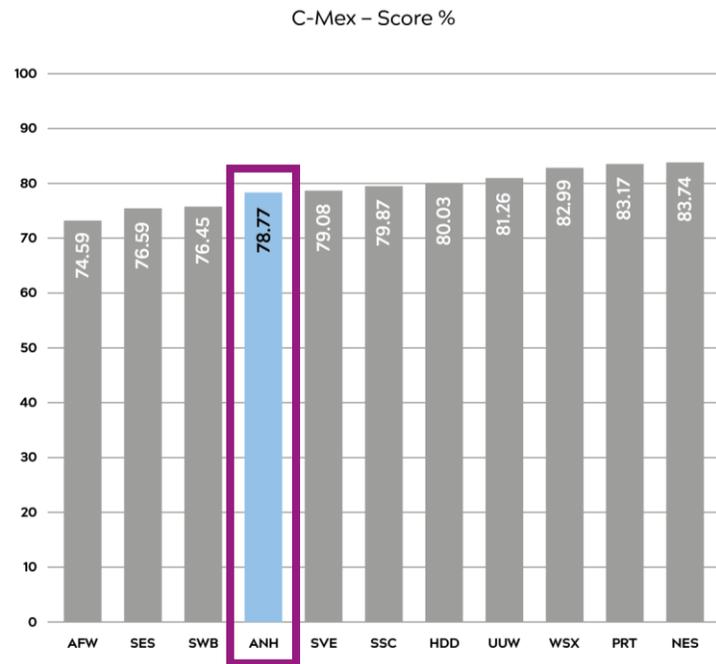
Be open and transparent about our performance and our plans



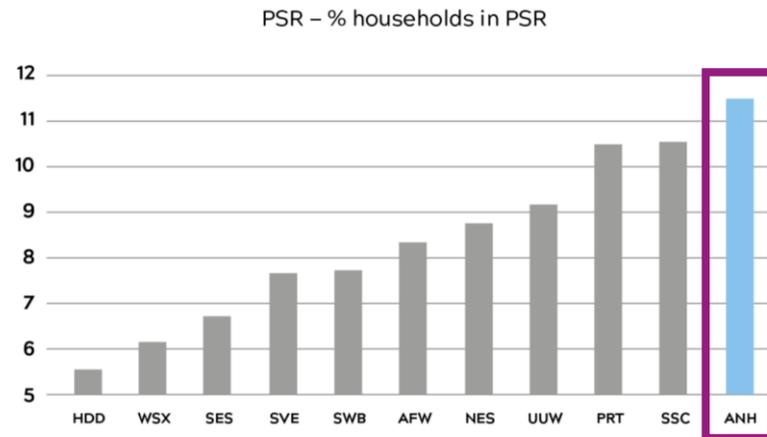
Looking after our customers



Race for C-MeX: table shows how little difference there is between most companies



Strong C-MeX performance: moved from 9th place to 6th



Customers on the Priority Services Register, now at 11.9% — the highest in the industry

Our highest D-MeX score to date (90.43), and ranked fourth

Strong retailer satisfaction performance

Provided record affordability support to 333,000 customers

Between now and the end of the AMP we will provide more than £200m in customer support (£135m in 2023/24 and £69m in 2024/25)



Update on capital investment

On track to meet our ambitious investment goals

Plans for two new raw water reservoirs to secure future water supplies

- Area: **6.3km²** (1,500 acres)
- To walk around: **9 miles, 2-3 hours**
- Max depth: **21m**
- Max water volume: **57 million m³**



Strategic Pipeline continues to secure water supplies for generations and protect important environments.



£449 million

invested in the East of England in the period (compared to £281 million for the same period in 2022/23)

WINEP environmental programme delivery on track

£860 million

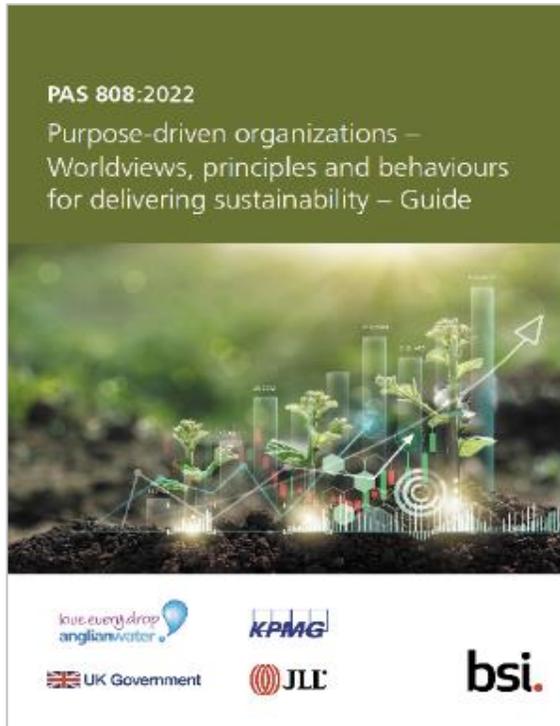
green bond raised to finance capital expenditure to the end of the AMP (2025)



Holding ourselves to account



Our purpose is to bring environmental and social prosperity to the region we serve through our commitment to Love Every Drop.



“
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The provisional outcomes of the assessment have commended Anglian Water for the extent of maturity seen in relation to the embedment of the purpose-driven principles and behaviours defined by PAS808.

Peter Hickmott | BSI Lead Auditor



G R E S B
★ ★ ★ ★ ★ 2023

Board transitions ahead of AMP8

Peter Simpson announces his retirement from Anglian Water

Interim Group CFO Tony Donnelly appointed

Dr Ros Rivaz is joining Anglian Water as Chair of our Board



Looking to the future: AMP8



Enabling social and environmental prosperity in Eastern England



Our 25-year Strategic Direction Statement



Our plan is worth over £9 billion. In 2025, excluding inflation, our bills will rise just 11p per day. By 2030, average bills will cost £1.57 per day, a total rise of 21p a day over the five-year period.

By 2030 we will:

Support **all customers** at risk of water poverty

Double our investment in the environment to **£4bn** to enable nature recovery

Use nature-based solutions to create an area **the size of 100 football pitches** of treatment wetlands along with **52 new** sustainable urban drainage schemes

Achieve a **70%** reduction in capital carbon against our 2010 baseline

Reduce per capita consumption to **124 litres** per person per day while again reducing leakage to new industry-leading levels

Invest **£476m** to accommodate housing growth, with **700,000** more people expected to live here in the next 20 years

Plan for **2 new reservoirs** with our Strategic Pipeline network extended to build further drought resilience and environmental protection

Increase capacity of our waste water network by **112 Olympic sized swimming pools**, reducing pollution risk and spills

Renew **695km** of vulnerable pipes to futureproof our water mains and sewers against climate impacts

Launch a new **Medical Needs Discount**, an industry-first, providing financial aid to those with specific medical needs at zero extra cost to any customer



73% of customers surveyed accepted our plan

What our AMP8 plan will deliver



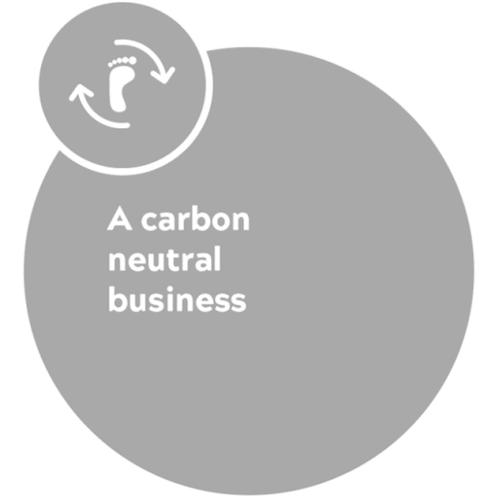
£2.1bn



£785m



£1.1bn



£352m

Double our investment in the environment to **£4bn** to enable nature recovery

£4.7bn
Wholesale Base costs

£537m
Retail

In summary

A purpose-driven business with customers and the environment at its core

An ambitious plan
which will deliver
what our region
needs, and our
customers want

Steady in-year
operational
performance, with
lead indicators showing
we're on the right track

Unwavering
support for our
vulnerable
customers, when
they need it most



Any questions

