

Anglian Water Group Results

Year ended 31 March 2015

Investor Presentation
5 June 2015

LOVE EVERY DROP. PUT WATER AT THE HEART
OF A WHOLE NEW WAY OF LIVING.



Disclaimer

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Any forward-looking statements made in this document represent management’s judgment as to what may occur in the future. However, the group’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 group. Such factors could cause the group’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, we do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

Agenda

- The year in context
- Performance update
- Our Business Plan: Final Determination
- Financial Performance

Peter Simpson

**Chief Executive
Anglian Water Services**

Performance update

2014/15: year in context: concluding AMP5

- 100% of regulatory obligations delivered.
- £2.1 billion programme completed, £439 million in 2014/15.
- Significant efficiencies delivered: £235 million reinvested.
- Moved early to outcomes-based planning: Love Every Drop.
- Customers at the heart of the business: industry-leading performance.
- Early decisions made; stayed ahead of fast-moving agenda.
- Impact of innovation: reducing embodied carbon, leakage, sewer blockages and increasing water efficiency.
- Exceptional H&S performance: halved accidents, severity and absence.
- Resilience investment validated: success during drought & deluge.



**CUSTOMER
ENGAGEMENT
FORUM**



2014/15: year in context: preparing for AMP6

- Finalised Business Plan, praised by regulator for stakeholder engagement.
- Customers helped shape plan; minimal changes to our proposals.
- Delivered largest price drop of water & sewerage companies, because of increased efficiency.
- Appointed long-term AMP6 capital partners.
- Robust five-year delivery plan in place.



love every drop.
anglianwater

TOGETHER WE HAVE A PLAN!

We'd like to thank everyone who helped us look to the future. Over 50,000 of you put customer priorities at the heart of our new plan.

OUR PROMISE ON THE COST OF LIVING

We will keep average water bills well below inflation for the next six years.

EXTRA HELP FOR THE MORE VULNERABLE

We'll increase to £1 million each year the help available for customers who struggle to pay. And we'll launch a special tariff for customers in need of support.

£5 BILLION TO SPEND ON YOUR PRIORITIES

Running the business, looking after essential equipment, protecting communities from drought, flooding, and a changing climate. We'll do this while helping the economy recover, and the region grow.

£60 MILLION WAR ON LEAKS

We hate them as much as you do. We have fewer leaks than ever before, but we can do more. And we will, because we know it matters to our customers.

WATER METERS: YOU'RE IN CONTROL

We'll connect 95% of homes to a meter by 2020, putting customers in control of how much they use, and how much they pay.

SECURING THE FUTURE TOGETHER

We'll spend almost £100 million to protect against things like fire, flood and drought. We don't want anything to get in the way of a safe, clean, reliable supply of water.

OUR FABULOUS ENVIRONMENT

We've spent £2.2 billion in the last twenty years to transform the quality of water in our environment. We'll continue to protect the countryside - it's everyone's big back garden.

For every drop of help, thank you.

Peter Simpson

Peter Simpson, Chief Executive



Find out more about our plans for the future
www.anglianwater.co.uk

INTEGRATED METERING AND DEVELOPER SERVICES



INTEGRATED MAIN WORKS CAPITAL



INTEGRATED MAINTENANCE AND REPAIR



INTEGRATED OPERATIONAL SOLUTIONS



love every drop
anglianwater

Outcomes-based business planning: it's how we work



Ten outcomes developed as part of PR14 Business Planning process.

We played a leading role in developing outcomes regulation in the water industry.

Outcomes are a natural extension of Love Every Drop and our approach to long-term planning.

Our strategies, plans and investment are aimed at delivering these ten outcomes for customers and the environment.

The outcomes are supported by the CEF and by our customers.

Satisfied customers

- Introduction of new CRM system to improve service speed and efficiency.
- Creation of new social customer service team.
- Improved web-based customer self service.
- Consistent performance in SIM tracker survey.
- 'Voice of the Customer' survey: 96% of customers satisfied or better.



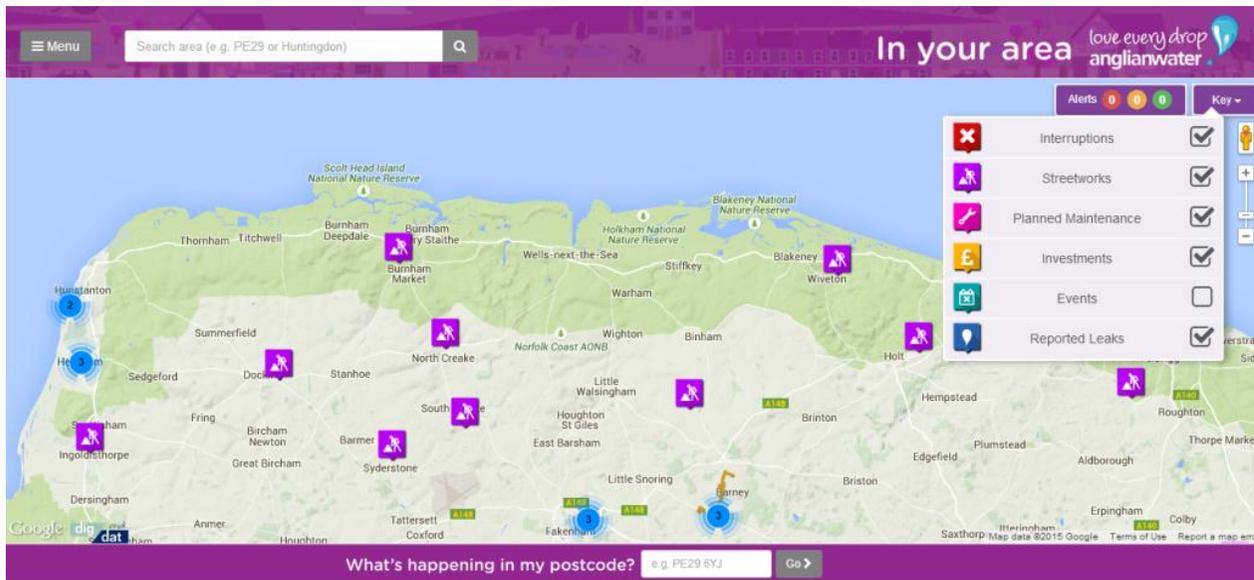
Institute of Customer Service
ServiceMark™ accredited

Ask Amanda

My name is Amanda, part of the Anglian Water team. I will answer the questions you have about Anglian Water.



Please enter your question here... >



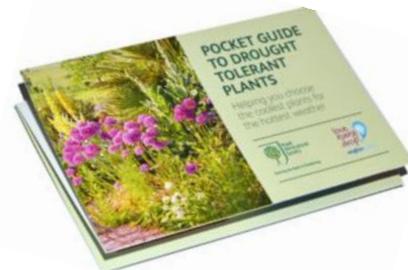
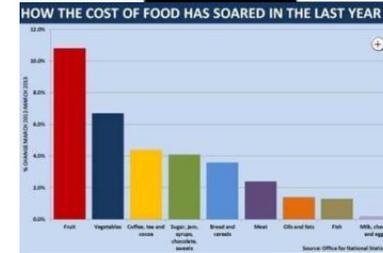
Fair charges



- Average annual bill reduced by 7% (April 15).
- Social Tariff launched to help low-income customers. Delivered with Citizens Advice Bureau.
- Exceeded AMP5 target for installation of meters and water-saving devices.
- More than 87,500 free home water audits carried out in AMP5.
- 30,000 free water-saving Garden Kits distributed, created in partnership with RHS.

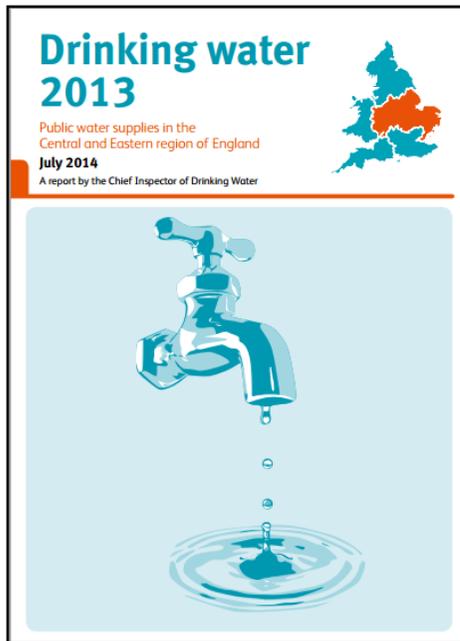


FALL IN WAGES SINCE 2010		
▼8.7%	East Midlands	£45.51
▼8.4%	London	£60.61
▼8.4%	South East	£49.28
▼8.0%	North West	£41.73
▼7.6%	East	£41.62
▼7.3%	West Midlands	£38.19
▼6.9%	Yorks & Humber	£35.42
	London	£37.54
	North West	£34.85
	South East	£31.93
	West Midlands	£25.41
	AVERAGE	£40.08



Safe, clean water

- Met AMP5 target for lead pipe replacement.
- Employed a team of catchment advisors to work with landowners to reduce pollution of raw water.
- Keep Water Healthy extended to small businesses.
- Continue to second scientists to DWI: groundbreaking initiative shares knowledge and experience.
- £44m Hall Water Treatment Works completed.



Resilient services



- Leakage down: 192ML/day – second lowest level ever.
- We spot 27% of leaks before they're reported.
- Optimised Water Networks: bursts down 32% saves 8.6ML/day.
- Integrated Leakage and Pressure Management: centralises real-time network information, making it easier to detect and control leakage.
- New telemetry system installation under way.
- New site-security measures: 40% drop in crime at AW sites.
- AW on 13 Local Resilience Forums, and Multi-Agency Support Group.
- Certified to ISO 22301 (Business Continuity Management).
- Keep it Clear campaign: blockages reduced by 52%.



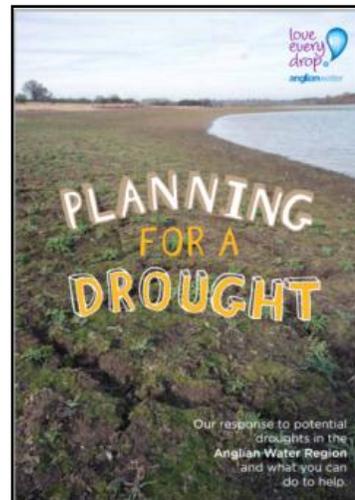
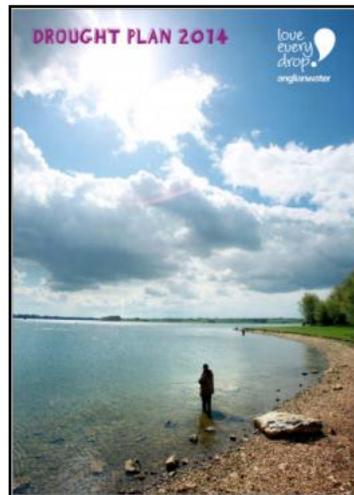
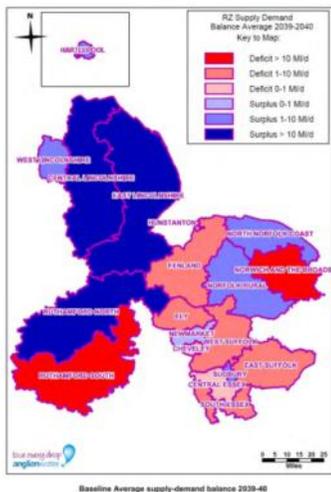
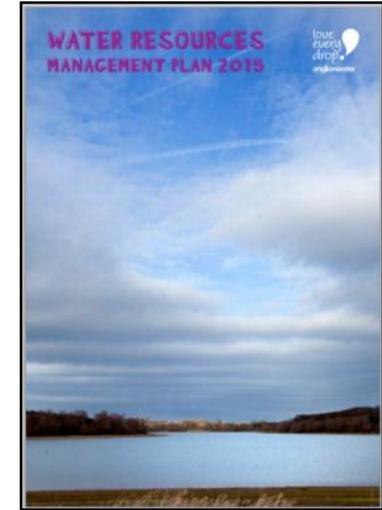
**Cambridgeshire and
Peterborough
Local Resilience Forum**



Supply meets demand



- Publication of Water Resources Management Plan.
- New sources of water in Norfolk and Lincolnshire.
- Region amongst fastest growing in UK: 40% increase in requests for planning advice (14/15).
- Growth of planning services team to support Local Planning Authorities: 15% increase in workload.
- Increased capacity at Cambridge, Bedford, and Uttons Drove WRCs.



A flourishing environment

- All 48 bathing waters met European standards (13th year); 43 met higher Guideline standard.
- Coastal catchment management team appointed.
- 99.9% of the 3,000 hectares of our SSSI land is in favourable or recovering condition.
- New partnership with Norfolk Wildlife Trust to manage Dereham Rush Meadow.
- Rutland Water: voted Britain's favourite nature reserve, and visited by Prince of Wales to celebrate 40-year partnership between AW and Wildlife Trust.



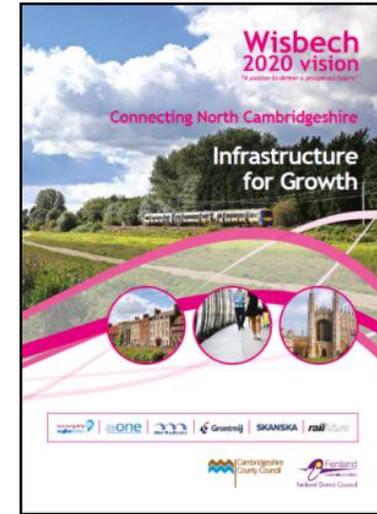
A smaller footprint

- Gross operational carbon emissions down by 6% (v's 2009/10 baseline).
- CHP: exceptional performance by in-house team. Output three times higher (14/15) than start of AMP5.
- Embodied (capital) carbon down 54% (v's 2009/10).
- Key role in Green Construction Board.
- 14% of our energy comes from self-generated renewable sources.
- 95.6% of all waste now recycled.
- Assured Biosolids Ltd incorporated to drive national assurance scheme.



Caring for communities

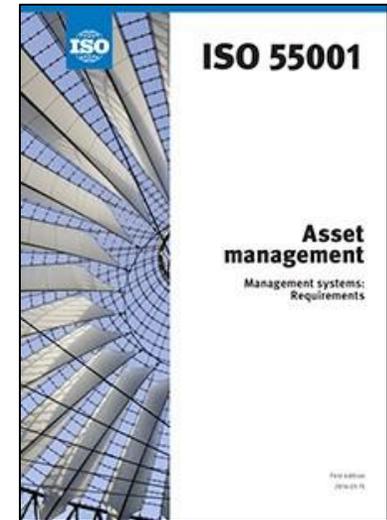
- Exceptional Health and Safety performance: best ever Accident Frequency Rate.
- OHSAS18001 accreditation, and RoSPA Gold Medal.
- BITC Workwell model will benchmark our performance.
- 109 apprentices; 16 more will join this year.
- Supported Fenland District Council to shape vision, through improved transport and infrastructure.
- Signed Armed Forces Covenant, committing to support reservists and ex-servicemen.
- Green Flags retained by Rutland, Grafham and Alton; opened the UK's largest inland beach at Rutland Water; Taverham Mills renovated and re-opened.



Investing for tomorrow



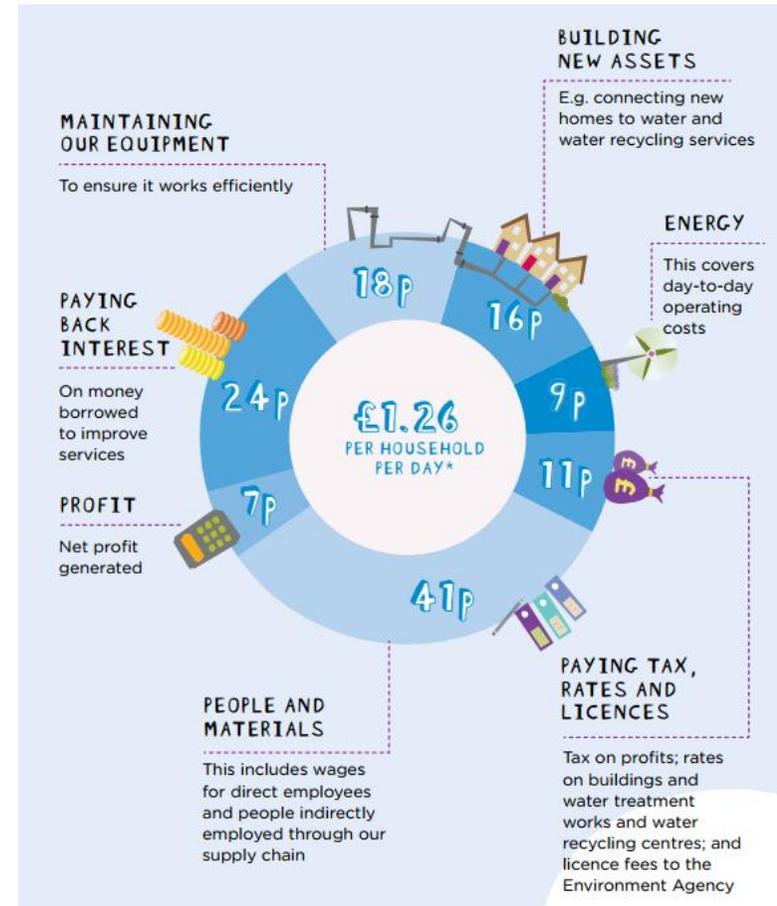
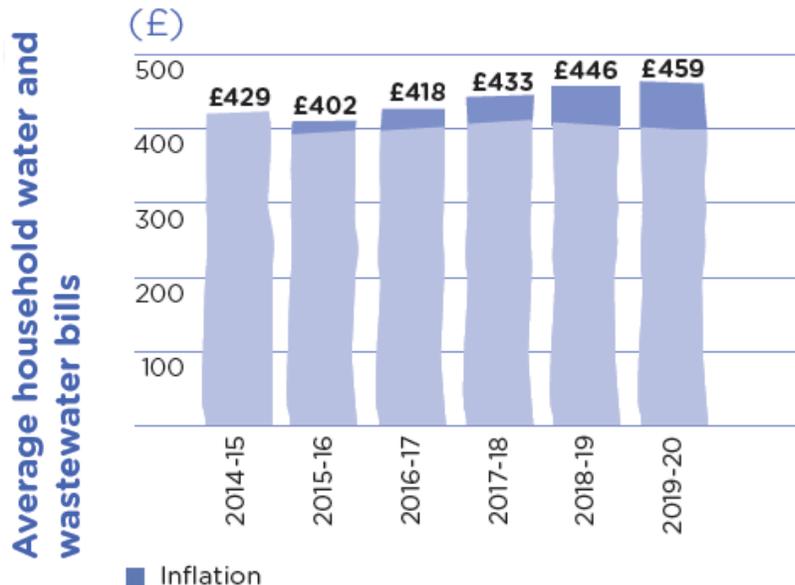
- Appointed partners for four, unique AMP6 Alliances: unparalleled integration and long-term collaboration.
- Outperformed FD on opex and capex, with capex efficiencies of £486m.
- Agreed £8.4m partnership fund for flood & coastal erosion projects.
- Stable serviceability across all areas.
- Reduction in Category 1 and 2 pollution incidents.
- Retained ISO 55001 accreditation for asset management. Also recertified to PAS55.



Anglian Water opens gates to £9bn AMP6 framework

Fair profits

- 2014/15 - bills not increased by full allowance, saving customers £10m (£4 off average household bill).
- Average bills to fall 7% in 2015/16; largest percentage drop of any company.
- Committed to keeping bills flat (2015-20).
- 2014/15: total direct and indirect tax paid or collected £174m (exc Corporation Tax).



Our work is underpinned by a first-class reputation



THE QUEEN'S AWARDS
FOR ENTERPRISE:
SUSTAINABLE DEVELOPMENT
2015



Our Business Plan: Final Determination

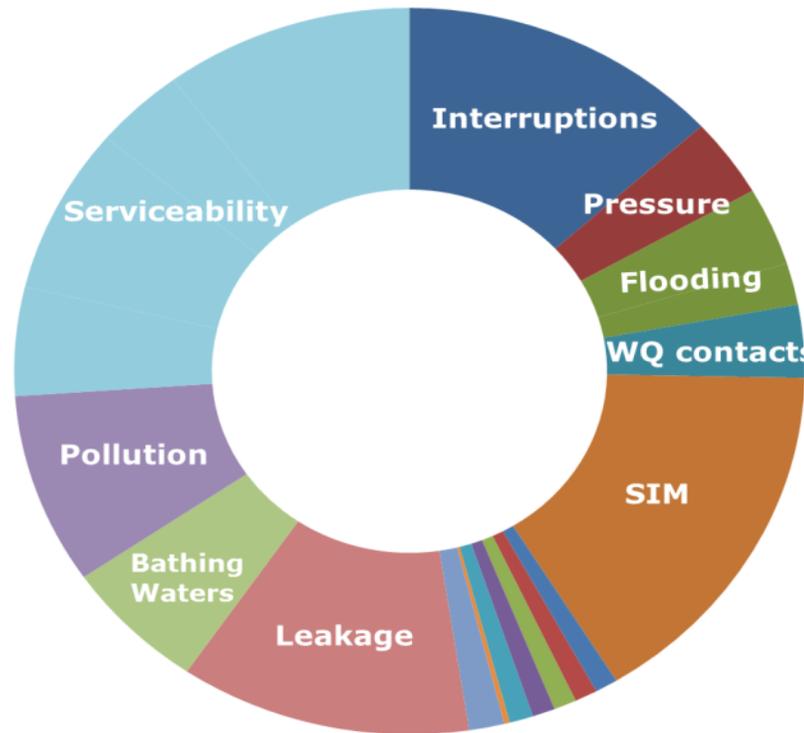
Anglian Water headlines



- **An increase in total allowed revenues of £9m** compared with Draft Determination (£5,696m compared to DD of £5,687m)
- **Totex (including retail) gap narrowed to £11m**
 - Cost threshold gap reduced from £50m to £13m
 - Retail indexation to 13-14 allowed, adding a further £11m and an increase of £2m compared with the June plan
- **Financeability** – To remedy tight ratios at the end of AMP6, Ofwat re-profiled PAYG to give flat bills across the AMP after a P0 in 2015-16.

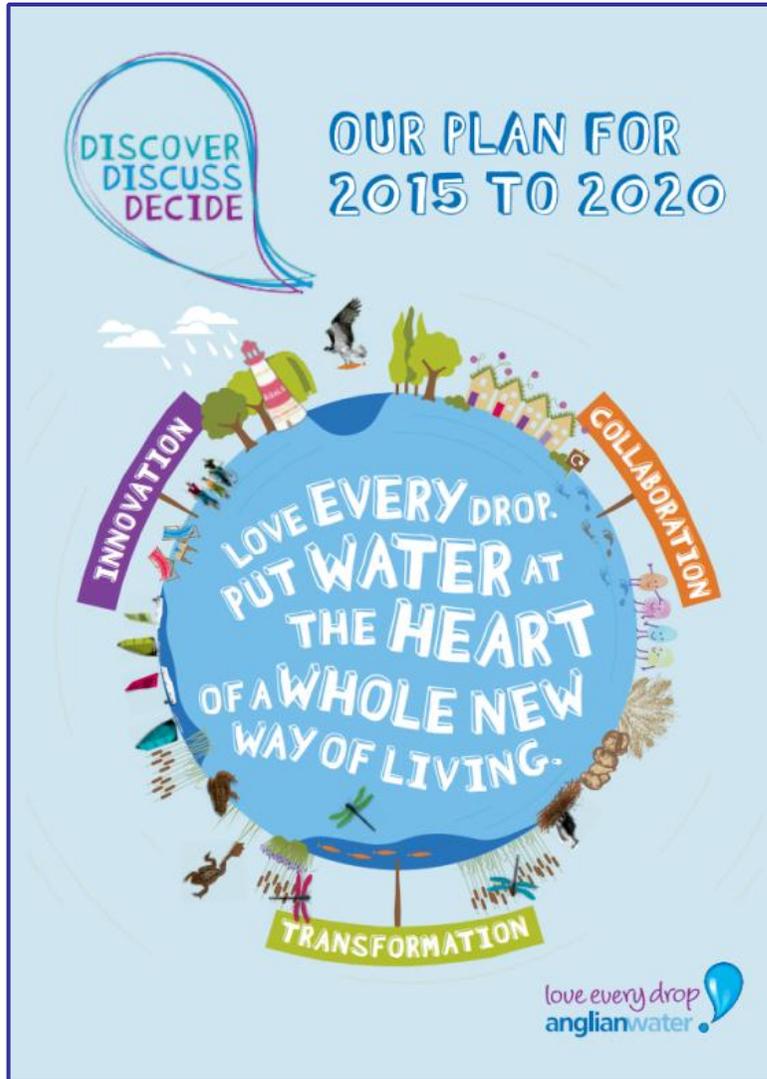
Outcome Delivery Incentives

Relative ODI Rewards/Penalties (Total)



Top 10 by financial impact	Other financial, lower impact
<ul style="list-style-type: none"> • Serviceability • SIM • Interruptions to supply • Leakage • Pollution incidents • Bathing waters • Low pressure • Internal flooding • Water quality contacts • External flooding 	<ul style="list-style-type: none"> • Per property water use • Mean zonal compliance • VFM perception (water) • VFM perception (sewerage) • Fairness of bills perception • Affordability perception • Single supplies
Special case (financial impact)	Reputational impact
<ul style="list-style-type: none"> • Environmental compliance (water) • Environmental compliance (sewerage) 	<ul style="list-style-type: none"> • Sustainable sewerage schemes • Qualitative SIM • Customer Satisfaction Index • Hosepipe bans • SOSI dry year • SOSI critical year • Favourable SSSIs • Operational carbon • Embodied carbon • Community perception

Looking ahead



- The business performed well in AMP5:
 - we've become increasingly efficient.
 - we lead the industry in customer service.
 - we have a first-class reputation.
- We continued to deliver excellent performance in the final year of AMP5.
- The agenda remains fast-moving, but we are well positioned.
- We have an excellent, customer-endorsed delivery plan for the next five years; and a capable, innovative alliance of partners to support its delivery.
- We are ready to do things differently to retain our industry-leading position.

Scott Longhurst

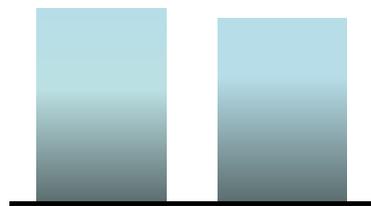
**Managing Director
Finance & Non Regulated Business**

Anglian Water Financial highlights

Year ended 31 March 2015

Underlying EBITDA

£728.6m £720.4m



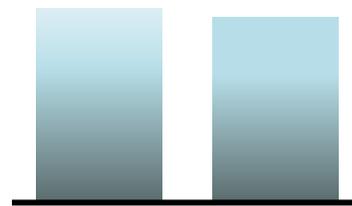
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Underlying operating profit

£468.9m £452.6m



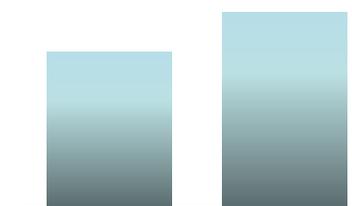
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Profit before tax¹

£167.9m £182.0m



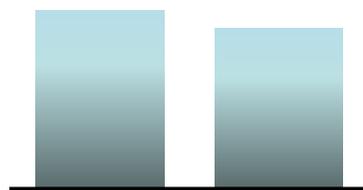
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Dividends paid

£202.1m £180.2m



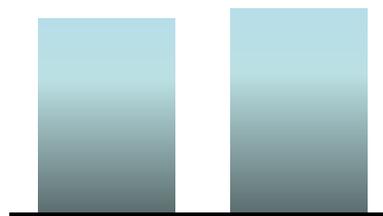
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Operating cash flow²

£691.9m £708.1m



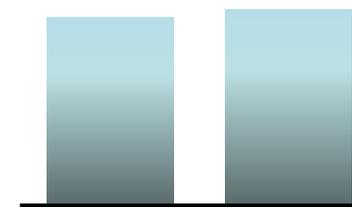
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15



Net debt³

£5,512.5m £5,649.2m



14

15



¹ Excludes interest received of £192.3m (2014: £192.3m) from AWS Holdings Ltd and loss on derivatives of £213.6m (2014: gain £81.0m).

² Shown on a statutory accounts basis. Net cash inflow from operating activities before tax on a CTA basis is £748.8m (2014: £719.9m).

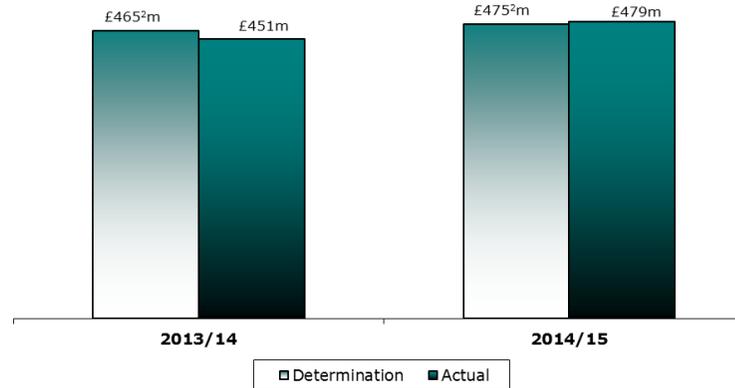
³ Shown on a statutory accounts basis, excluding derivatives. Net debt on a CTA basis is £5,632.0m (2014: £5,535.9m).

Anglian Water

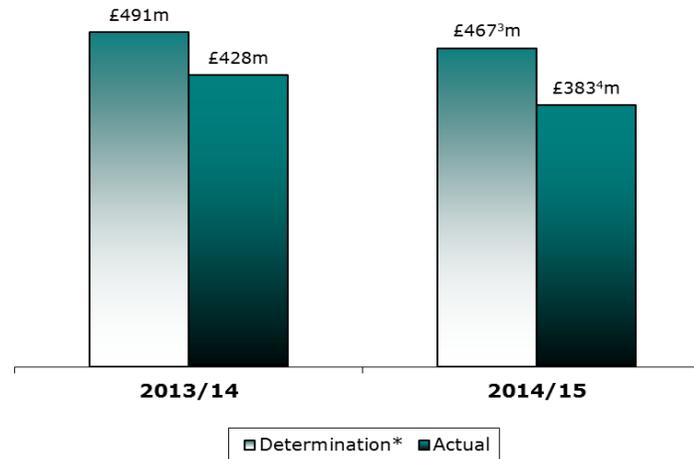
Outcome against AMP5 Final Determination (FD) ¹



- Overall operating expenditure is in line with the AMP5 determination, despite higher costs which have been absorbed by efficiency.
- Operating expenditure for 2014/15 slightly higher than Final Determination due to Carbon Reduction Charge (£4.8m), private sewers (£4.9m) and higher bad debt charge (£7.0m) than allowed for in the determination.
- Over AMP5 gross capital efficiencies of c.20% have been achieved before additional investment.
- Delivered AMP5 outputs whilst achieving targeted capital efficiencies.
- Re-invested a significant proportion of capital expenditure efficiencies



Opex



Capex

¹ Actuals shown on a UK GAAP basis to be consistent with FD, and FD restated to 2014/15 prices.

² FD opex adjusted for non-appointed business opex and the pension deficit payment for consistency.

³ FD capital expenditure adjusted to include non-appointed business capex of £1.1m and adjusted for our current estimate of positive COPI for 2014/15 (8.7% relative to 2007/08), although this remains subject to change.

⁴ 2014/15 actual capex excludes £57m of AMP6 transition expenditure.

Anglian Water

Income statement^{1,3}



		2015	2014
		£m	£m
Revenue	2.5%	1,244.3	1,214.0
Underlying operating costs	7.9%	(523.9)	(485.4)
% of revenue		42.1%	40.0%
Underlying EBITDA	-1.1%	720.4	728.6
Other operating income		12.9	12.3
Depreciation and amortisation		(280.7)	(272.0)
% of revenue		22.6%	22.4%
Underlying operating profit	-3.5%	452.6	468.9
Margin		36.4%	38.6%
Interest (excluding indexation) ²		(198.8)	(203.0)
Indexation charge		(71.8)	(98.0)
Net interest payable excluding fair value gains/(losses) on derivatives		(270.6)	(301.0)
Underlying profit before tax	8.4%	182.0	167.9

¹ Shown on an underlying basis (i.e. excluding fair value losses on financial and energy derivatives of £213.6m (2014: gain £81.0m))

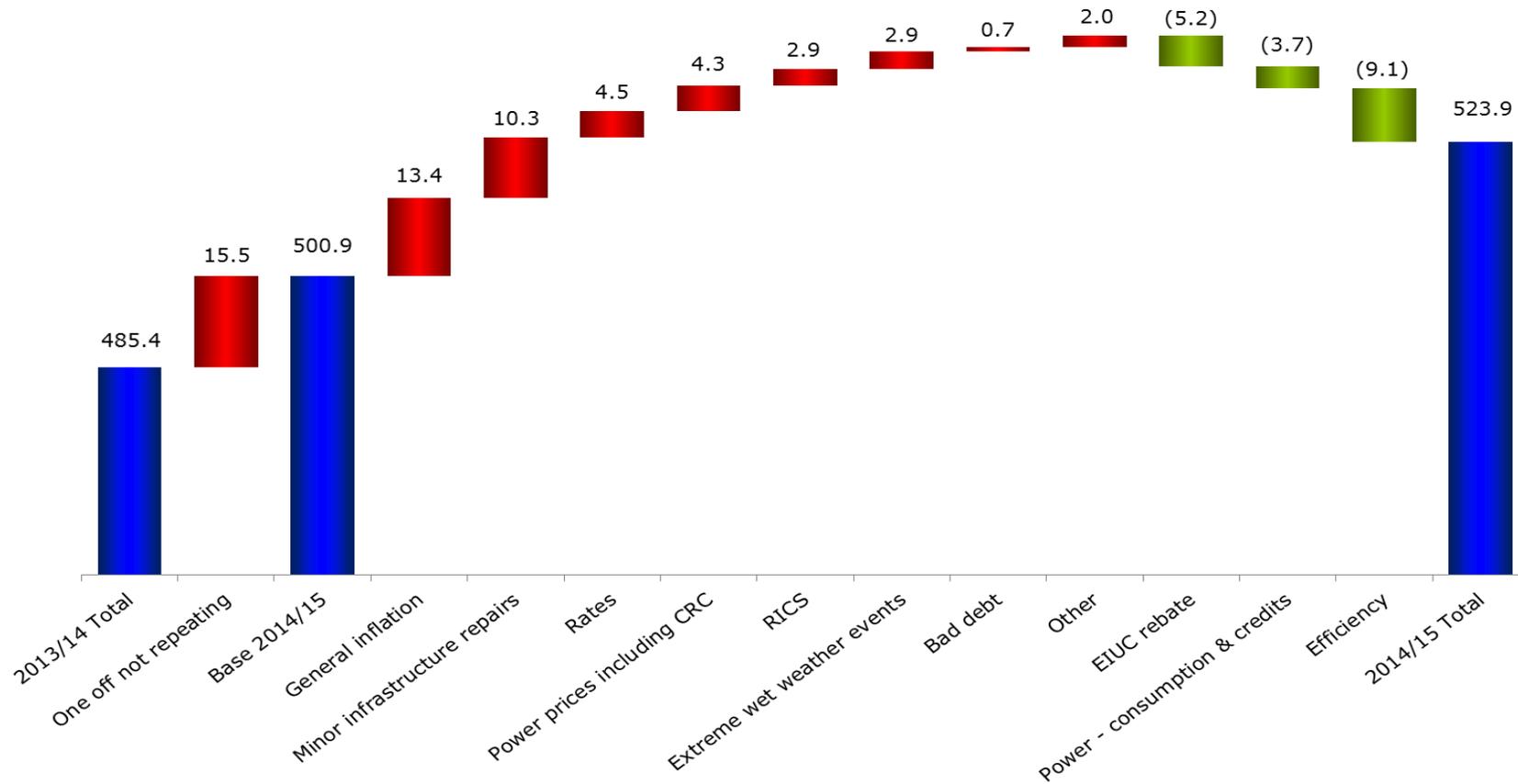
² Interest excludes the intra-group interest receivable of £192.3m (2014 £192.3m)

³ The accounts are prepared on an IFRS basis

A reconciliation to the statutory profit before tax is provided in appendix 3

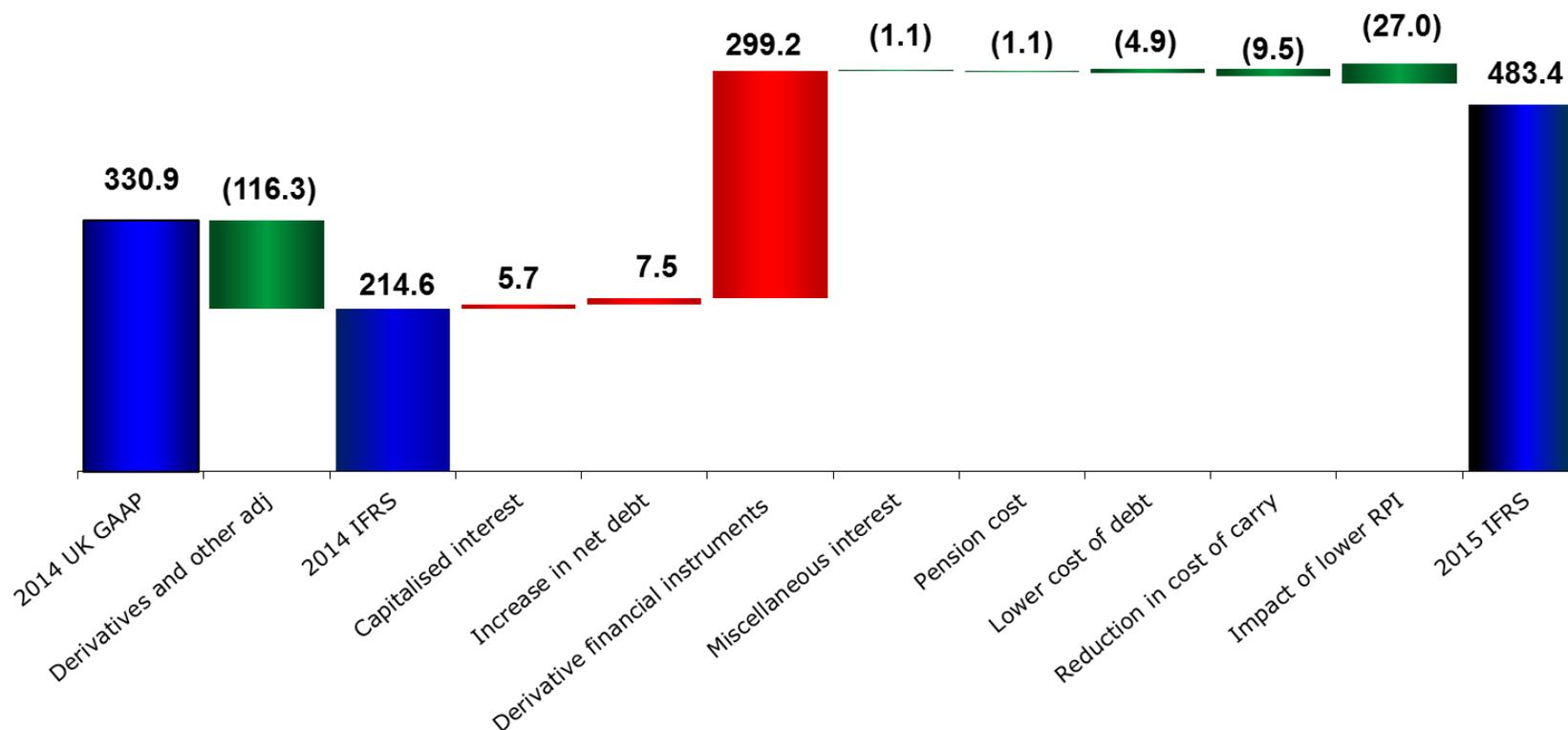
Anglian Water Operating costs

Year ended 31 March 2015
£m



Anglian Water Interest¹

Year ended 31 March
£m



¹ Excludes intra group interest received of £192.3m (2014: £192.3m).

Anglian Water

Cash flow on a CTA debt basis¹



Year ended 31 March 2015

	2015 £m	2014 £m
Income	1,212.4	1,170.4
Opex and taxation ²	(463.6)	(450.5)
Net cash inflow from operating activities	748.8	719.9
Capital maintenance expenditure	(193.5)	(227.9)
Post maintenance expenditure	555.3	492.0
Net interest	(209.8)	(223.5)
Free cash flow	345.5	268.5
Capital enhancement expenditure	(200.1)	(206.0)
Dividends	(180.2)	(202.1)
Customer rebate account ³	10.5	(10.5)
Pre-financing cash flows per CTA definition	(24.3)	(150.1)

¹ CTA cash flows are on a different basis to those presented in the financial statements

² includes tax received of £0.5m (2014: £nil)

³ Funds transferred to a non-distributable AWS bank account equivalent to reduction in 2014/15 revenue following decision to abate K

Anglian Water

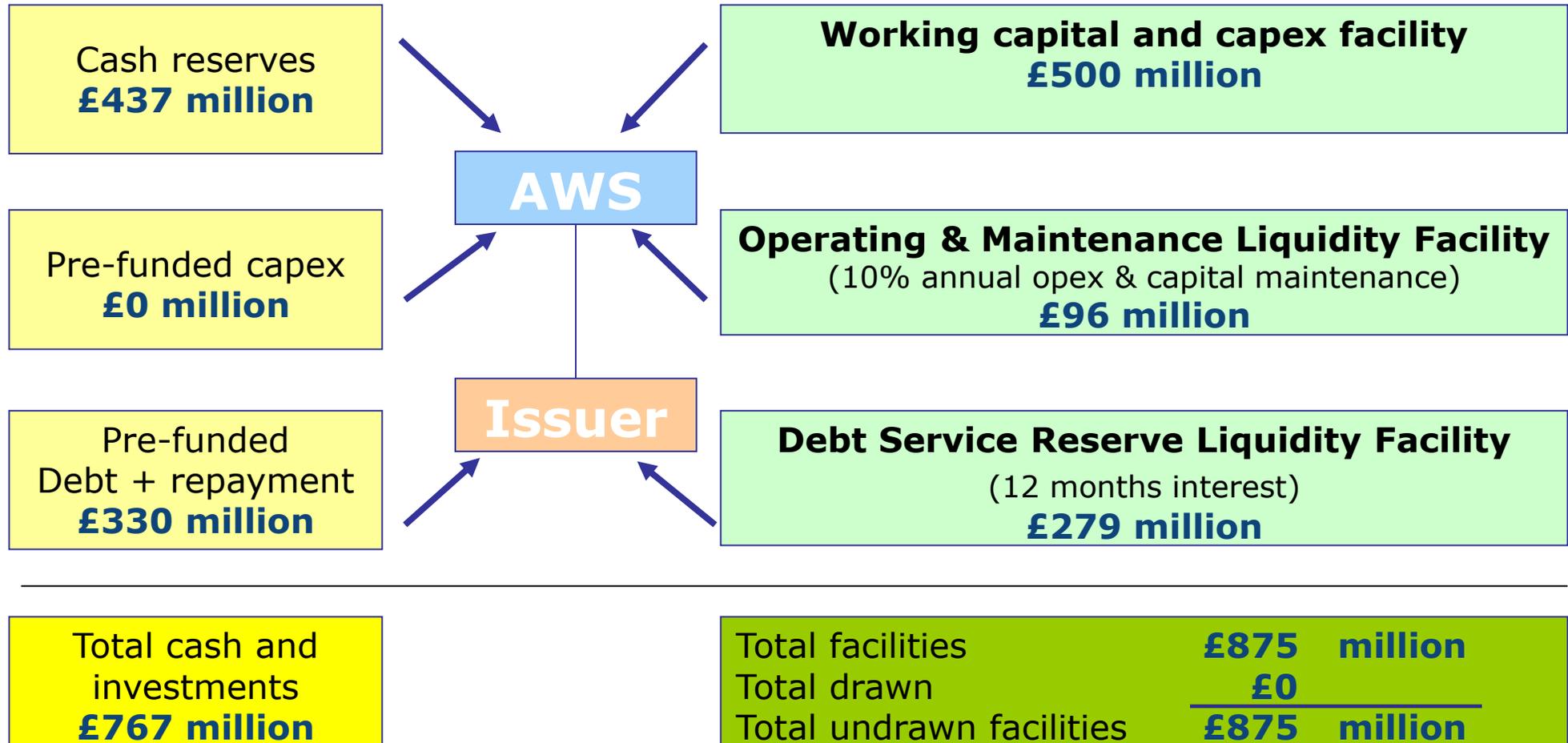
Movement in debt on CTA basis¹

Year ended 31 March 2015

	2015 (£m)
Gross debt at 31 March 2014	(6,212.1)
New debt raised	(185.0)
Debt repaid	69.7
Indexation	(71.8)
Gross debt at 31 March 2015	<hr style="width: 100%; border: 0.5px solid black;"/> (6,399.2)
Less	
- Pre-fund capex	-
- Debt service account	1.2
- Tax reserve	100.0
- General working capital	666.0
Net debt per CTA definition	<hr style="width: 100%; border: 0.5px solid black;"/> (5,632.0)

¹ CTA net debt is on a different basis to that presented in the financial statements (see appendix 2 for reconciliation)

Anglian Water Liquidity as at 31 March 2015



1. The previous facility was refinanced in March 2015 with a new £500m revolving credit facility.
2. Anglian Water entered into two new bilateral facilities of £50m each in May 2015 – these facilities are for general corporate purposes.

Anglian Water

Key Financial Ratios



Year ended 31 March 2015

Anglian Water Financial Ratios – Year Ended 31 March 2015

	March 2015	Trigger Event	Default	March 2014	March 2013
Class A RAR	68.4%	75.0%	-	67.7%	68.5%
Senior RAR	79.2%	90.0%	95.0%	79.6%	79.5%
Class A ICR	4.2	-	1.6	3.7	3.7
Class A PMICR	2.2	1.3	-	1.9	1.8
Conformed Class A PMICR	2.2	1.3	-	1.9	1.8
Senior PMICR	1.9	1.1	-	1.6	1.5
Conformed Senior A PMICR	1.9	1.1	-	1.6	1.5
Class A actual maintenance ICR	3.1	-	1.0	2.5	2.1

Osprey Acquisitions Limited Financial Ratios – Year Ended 31 March 2015

	March 2015	Trigger Event	Default	March 2014	March 2013
Senior RAR	85.0%	93.0%	95.0%	85.4%	85.6%
Senior ICR	2.7	-	2.0	2.8	2.6
Dividend Cover Ratio	2.7	-	2.0	4.6	4.2

RAR = Regulated Asset Ratio

ICR = Interest Cover Ratio

PMICR = Post Maintenance interest Cover Ratio

Additional Financial and Information Covenants

- Additional financial and information covenants have been added to the Anglian Water Common Terms Agreement to protect Secured Creditors (including Bondholders)
- Under Ofwat's new approach where the regulatory capital charges will be different, the existing post maintenance interest cover ratios will not protect Secured Creditors as originally intended
 - Current Cost Depreciation ("CCD") and Infrastructure Renewals Charge ("IRC") will no longer be published by Ofwat
- New conformed financial and information covenants have been added

Existing Adjusted Interest Cover Ratio ("PMICR")

- Class A PMICR 1.30:1
- Class A Average PMICR 1.40:1
- Senior PMICR 1.10:1
- Senior Average PMICR: 1.20:1
- PMICR
 - Means the sum of the ratios of Net Cash Flow less the greater of (a) the aggregate of CCD and IRC and (b) Capital Maintenance Expenditure, [Senior]/[Class A] (as appropriate) Debt Interest for each of the Test Periods comprised in a [Test Period]/[Rolling Average Period] divided by 3 (as appropriate)

Proposed Adjusted Interest Cover Ratio ("Conformed PMICR")

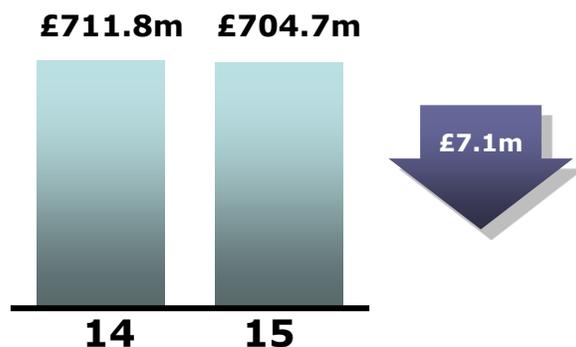
- Conformed Class A PMICR 1.30:1
- Conformed Class A Average PMICR 1.40:1
- Conformed Senior PMICR 1.10:1
- Conformed Senior Average PMICR: 1.20:1
- PMICR
 - Means the sum of the ratios of Net Cash Flow less the greater of (a) Depreciation (b) Capital Maintenance Expenditure, to [Senior]/[Class A] (as appropriate) Debt Interest for each of the Test Periods comprised in a [Test Period]/[Rolling Average Period] divided by 3 (as appropriate)

Osprey Acquisitions Ltd

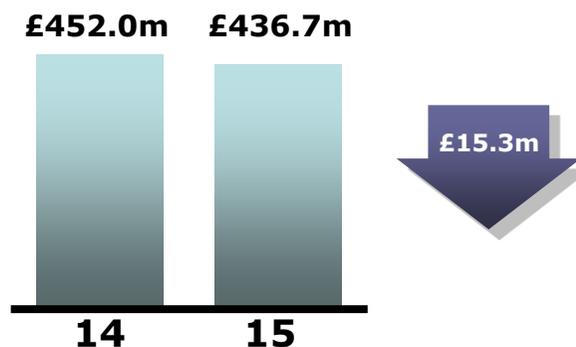
Financial highlights¹

Year ended 31 March 2015

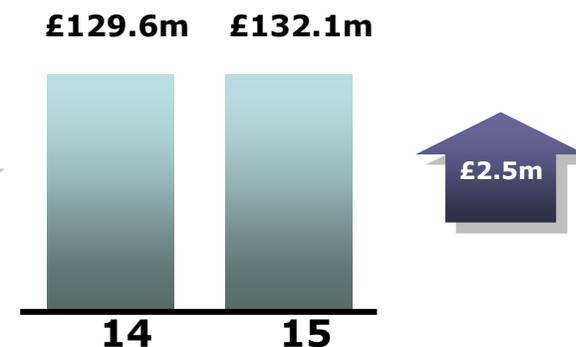
EBITDA



Operating profit ²



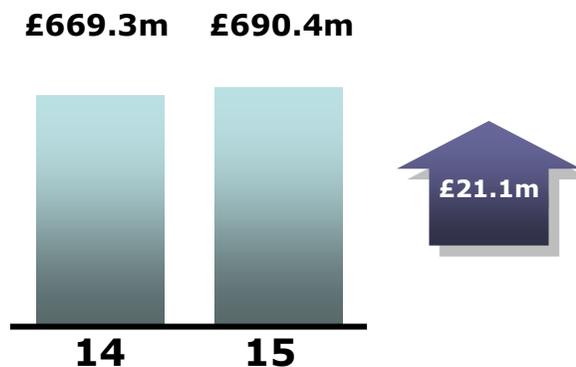
Profit before tax and goodwill amortisation ³



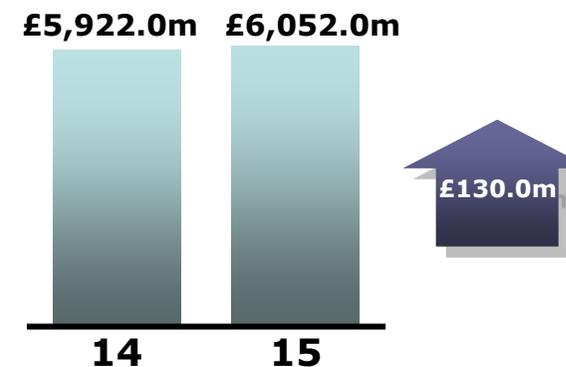
Dividends paid



Operating cash flow



Net debt (UK GAAP) ⁴



¹ Results presented here are for Osprey Acquisitions Limited consolidated accounts, prepared under IFRS.

² Excludes exceptional property costs of £6.9m and fair value losses on energy hedges of £0.8m (2014: £5.4m).

³ Excludes exceptional property costs of £6.9m and fair value losses of £209.3m (2014: gain of £85.6m).

⁴ Excludes loan from parent and fair value adjustment to debt arising on acquisition.

Non Regulated Business



Property

- Operating loss of £8.6m in line with expectations, compared to a loss of £9.2m for the comparative period.
- Off balance sheet debt down by a further £4.5m to a level of £61.9m, (our share £31.0m).
- Exceptional costs of £6.9m incurred in relation to the recoverable amount of joint ventures and the early disposal of properties.

Other businesses

- Mainly comprises Celtic Anglian Water, treated as a joint venture under IFRS
- Share of operating profit £1.7m, 2014 £2.7m.

Osprey Acquisitions Ltd

Operating profit segmental analysis

Year ended 31 March 2015



		2015 £m	2014 £m
Anglian Water	-3.5%	452.6	468.9
AWG Property		(8.6)	(9.2)
Head Office & other		(7.3)	(7.7)
	-3.4%	436.7	452.0

Osprey Acquisitions Ltd

Operating cash flow

Year ended 31 March 2015



	2015	2014
	£m	£m
Anglian Water	708.1	691.9
AWG Property	(5.7)	(9.8)
head office & other	(12.0)	(12.8)
Total operating cash flow	690.4	669.3

Osprey Acquisitions Ltd

Taxation

Year ended 31 March 2015



	2015 £m	2014 £m
(loss)/profit before tax	(84.1)	215.2
tax at UK rate of 21% (2014: 23%)	(17.7)	49.5
items not deductible for tax	4.2	4.5
reduction in corporation tax rate ¹	-	(185.5)
prior year adjustment	(19.3)	(3.8)
other items	(0.2)	(0.6)
tax credit for year	(33.0)	(135.9)

¹ 23% to 20%

Osprey Acquisitions Ltd

Dividends



Year ended 31 March 2015	£m
10 June 2014	56.5
10 December 2014	35.0
Total distributions to parent company	91.5

Year ended 31 March 2014	£m
10 June 2013	58.7
10 December 2013	80.1
Total distributions to parent company	138.8

2015 Holdco Refinancing Overview

Transaction Overview and Rationale

- Recognising the track record of the Anglian Water Group ("AWG" or the "Group") and stability in water regulation, a refinancing programme was undertaken through a combination of bank loan and debt capital markets financings.

Bank Markets

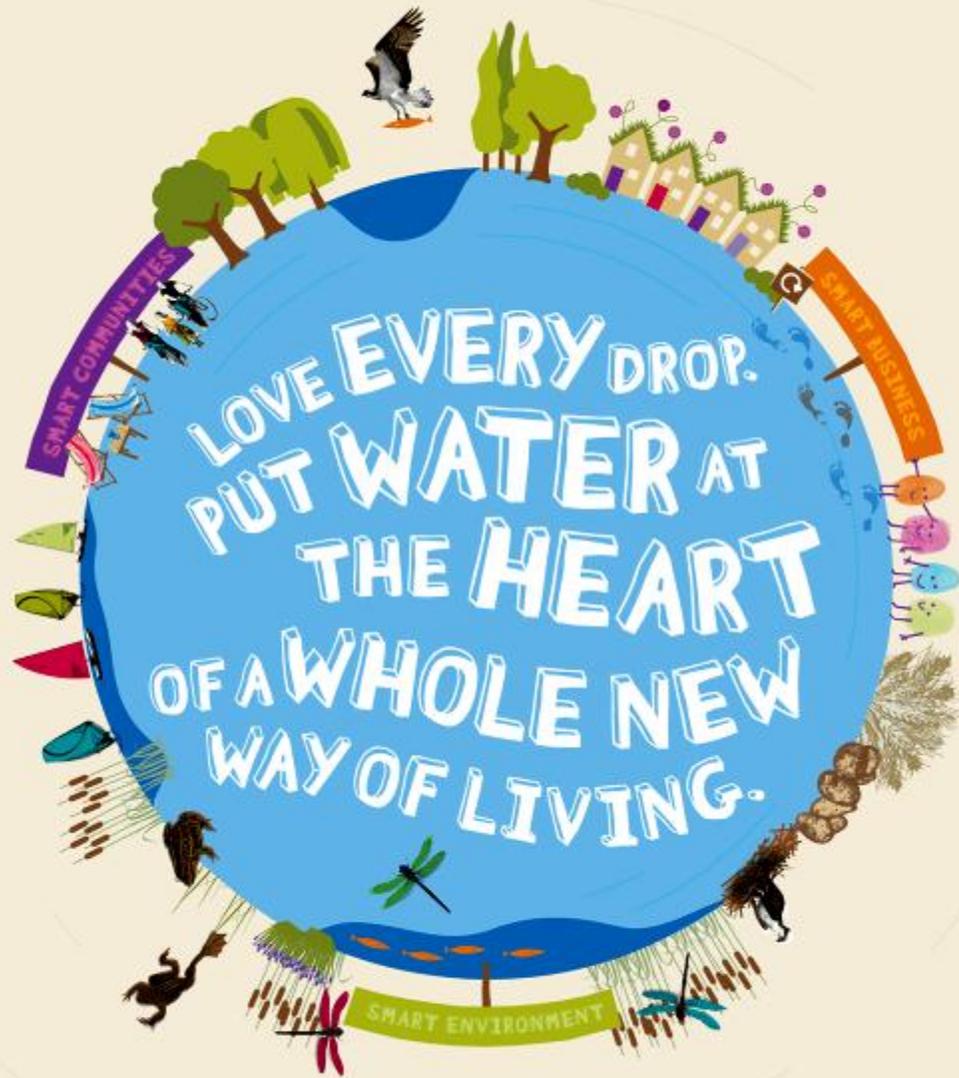
- On March 27 2015, Osprey Acquisitions Limited ("Osprey" or the "Company") successfully refinanced the existing bank facility dated 7 January 2011 with a new £125m revolving credit facility agreement (the "New RCF") with a final maturity date falling in March 2020.
- Drawn Margin Libor + 2.75%

Debt Capital Markets

- **Bond Issue:** In April, Osprey issued a £210m bond from the existing Guaranteed Secured Medium Term Note Programme. The Note matures in 2023 and has a coupon of 5%. The proceeds from the Offering have been used to redeem £110m of the £350m 7.00% Senior Secured Notes due 2018 pursuant to a concurrent tender offer, with the balance to reduce drawings under the new RCF.
- **Tender Offer:** Osprey announced on the 8th April 2015 a tender offer process on the existing £350m 7.00% Senior Secured Notes due 2018 by way of allocation codes. Notes of £110m were tendered.

Summary

- ✓ Delivered our AMP5 programme.
- ✓ AMP6 plan agreed with £5bn of combined operational capital investment over the next 5 years.
- ✓ Continued industry leader, delivering strong customer performance.
- ✓ Driving sustainable operating cost reductions and innovative asset management solutions.
- ✓ Delivering low cost, diversified financing solutions to ensure liquidity.



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every
drop. 
anglianwater

Index of appendices

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Anglian Water

Reconciliation of CTA operating cash flow

Year ended 31 March 2015

	2015 £m	2014 £m
Operating cash flow - statutory accounts basis	708.1	691.9
Infrastructure renewal expenditure ¹	44.6	34.2
tax received	0.5	-
commissions on facilities not used	(2.6)	(2.6)
other items ²	(1.8)	(3.6)
net cash inflow from operating activities - CTA basis	748.8	719.9

1 This element of infrastructure renewals expenditure is included in operating cash flow under IFRS (under UK GAAP this would have been capitalised)

2 other items includes issue costs of new debt and adjustments for unrepresented cheques

Anglian Water

Reconciliation of CTA net debt

	2015 £m	2014 £m
Net debt - statutory accounting basis ¹	5,649.2	5,512.5
unpresented cheques and payments ²	(10.0)	0.5
customer rebate account	-	10.5
uncleared statement cash	0.1	0.2
capitalised issue costs	29.7	29.4
IAS 39 adjustments	(37.0)	(17.2)
net debt - CTA basis	5,632.0	5,535.9

¹ The CTA net debt continues to be on UK GAAP basis, while statutory net debt is on IFRS basis

² March 2015 includes a BACS payment run for £10.4m which cleared the bank in April

Anglian Water

Reconciliation of underlying profit before tax

	2015 £m	2014 £m
Profit before tax on an underlying basis	182.0	167.9
Operating costs - fair value losses on energy hedges	(0.8)	(5.4)
Finance costs - fair value (losses)/gains on financial derivatives	(212.8)	86.4
Finance income - intra group interest receivable	192.3	192.3
Profit before tax as reported in the statutory accounts	160.7	441.2

Anglian Water

Summary of new loans and repayments

Year ended 31 March 2015

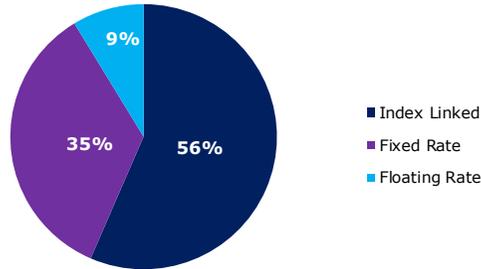
	2015 £m		2014 £m
debt raised		debt raised	
EIB Tranche 2 £125m 0.1% 2029	125.0	£35m 1.141% Class A Index-Linked 2042	35.0
EIB Tranche 3 £60m 0.01% 2030	60.0	£203.6m Class A US Private Placements	203.6
		£100.2m class B US Private Placements	100.2
		EIB £65m 0.41% Index-Linked 2029	65.0
Total debt raised	185.0	Total debt raised	403.8
Debt repaid		Debt repaid	
£100m Class B 6.75% Bond Fixed to Floating 2024 ¹	(60.8)	€650m 4.625% Fixed 2013	(453.2)
Finance lease	(8.9)	£258m Index-Linked Swap 2013	(97.6)
		£100m 12.375% Fixed 2014	(100.0)
		Finance Lease	(4.0)
Total dept repaid	(69.7)	Total debt repaid	(654.8)

¹ This is the residual balance following a tender offer in March 2013

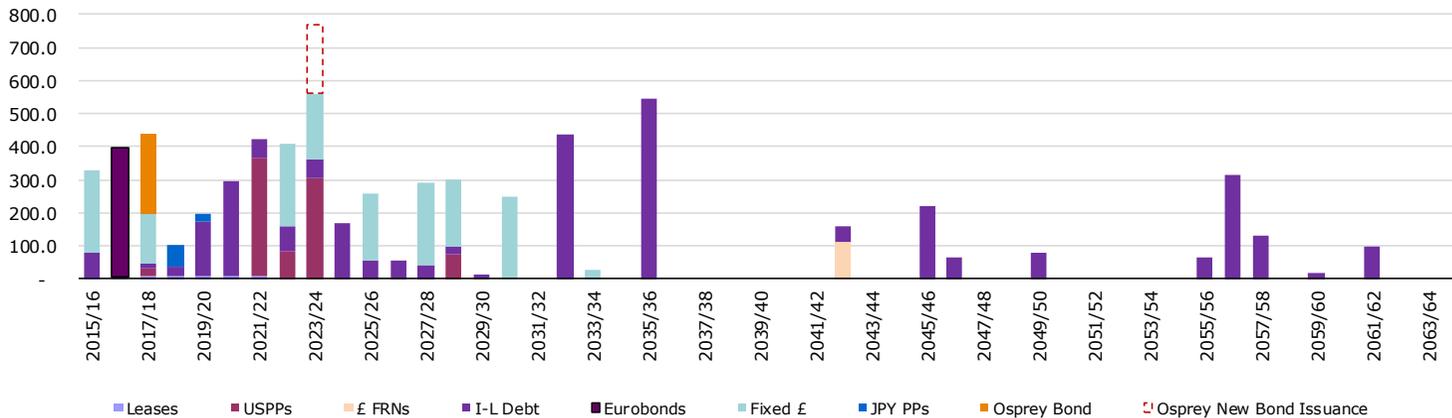
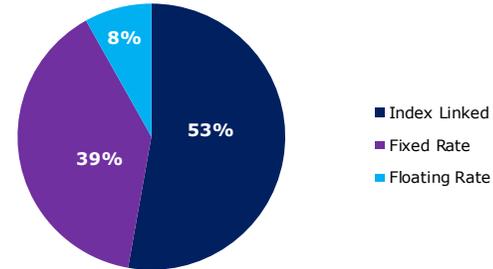


Anglian Water Debt Maturity Profile as at 31 March 2015

AWS Interest Profile



OAL Interest Profile



Debt maturity profile as at 31 March 2015 but adjusted to reflect £110m tender on Osprey £350m 2018 bond and new Osprey £210m 2023 bond issued in April 2015

Anglian Water Derivatives

Year ended 31 March 2015

Swap Type	Notional £m	MTM £m
Interest Rate Swap	2,247.8	(86.9)
Cross Currency Interest Rate Swap	1,085.6	51.6
RPI Swap ¹	565.9	(430.7)
	<u>3,899.3</u>	<u>(466.1)</u>
With Break Clause ¹	175.0	(130.5)
Without Break Clause	<u>3,724.3</u>	<u>(335.5)</u>
	<u>3,899.3</u>	<u>(466.1)</u>
Energy Derivatives	<u>Notional £m³</u>	<u>MTM £m⁴</u>
LEBA ² Power Swaps	<u>100.8</u>	<u>(21.4)</u>

Notes

¹The -£430.7m MTM value of the RPI swaps excludes accrued indexation which has already been charged to the profit and loss account amounting to £133.8m. The total £565.9m notional RPI swaps includes a £175m notional RPI Swap with a break clause. This break clause contains optional early termination on July 23 2022 and July 23 2027, applicable to both parties, but early termination is only exercisable by the bank counterparty should two or more rating agencies downgrade the rating of any of the Anglian Water Class A bonds below A-/A3/A by S&P, Moody's and Fitch.

²LEBA = London Energy Brokers Association.

³Notional value for Energy Derivatives represents locked in purchase price for power.

⁴Including forward purchases from suppliers MTM of energy hedging instruments is -£26.1m.

Analysis excludes swaption transactions exercisable in June 2016 with a notional value of £300m and a MTM value of -£147.6m.

Osprey Acquisitions Ltd

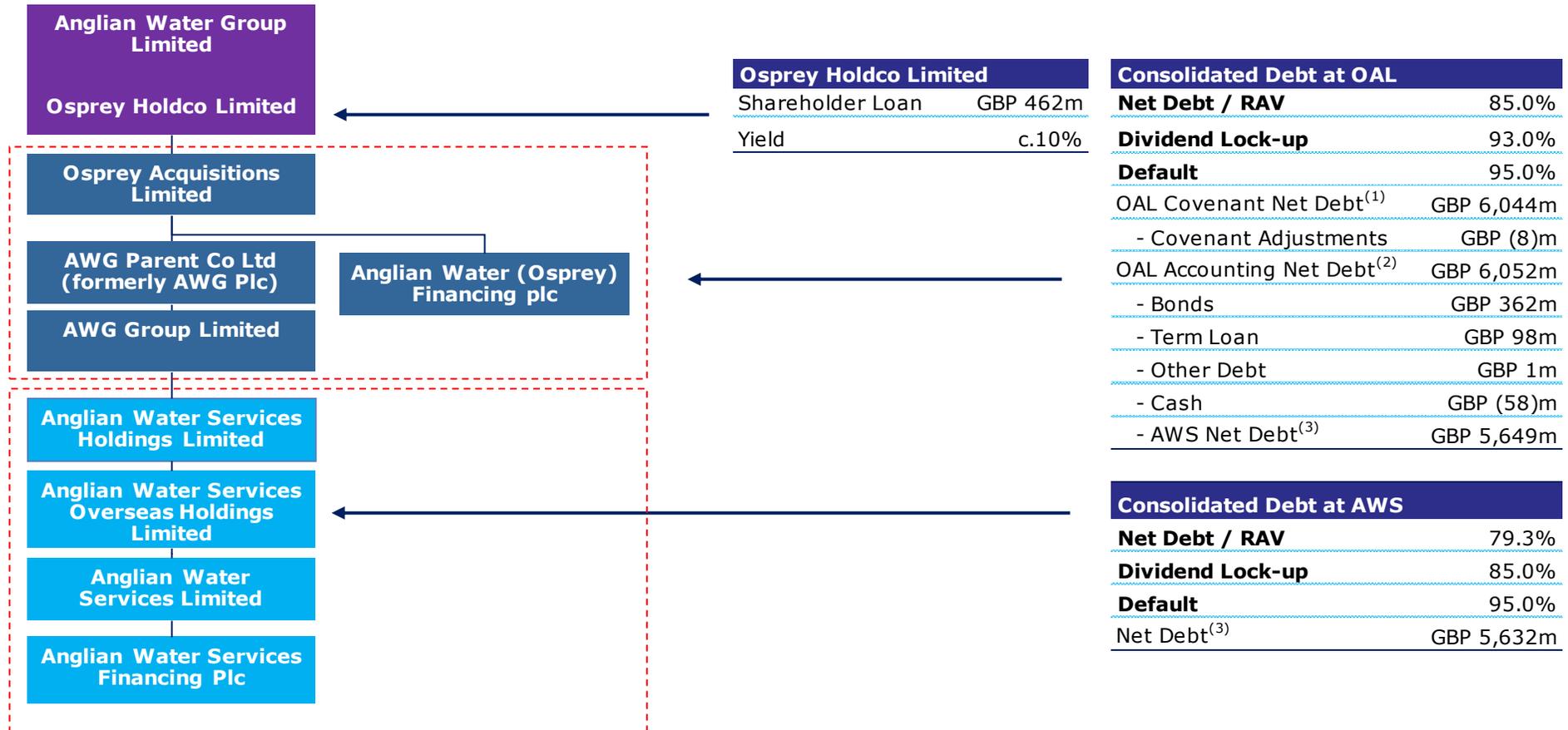
Income statement

Year ended 31 March 2015

		2015	2014
		£m	£m
Revenue	2.6%	1,254.4	1,222.6
Operating profit	-3.4%	436.7	452.0
Interest			
Interest		(233.4)	(226.4)
Indexation charge		(72.2)	(98.6)
share of joint ventures		1.0	2.6
PBTGAE	1.9%	132.1	129.6
exceptional property costs		(6.9)	-
fair value losses on energy hedges		(0.8)	(5.4)
fair value (losses)/gains on financial derivatives		(208.5)	91.0
(Loss)/profit before tax		(84.1)	215.2

Anglian Water Group financing structure

Consolidated Capital Structure at 31 March 2015



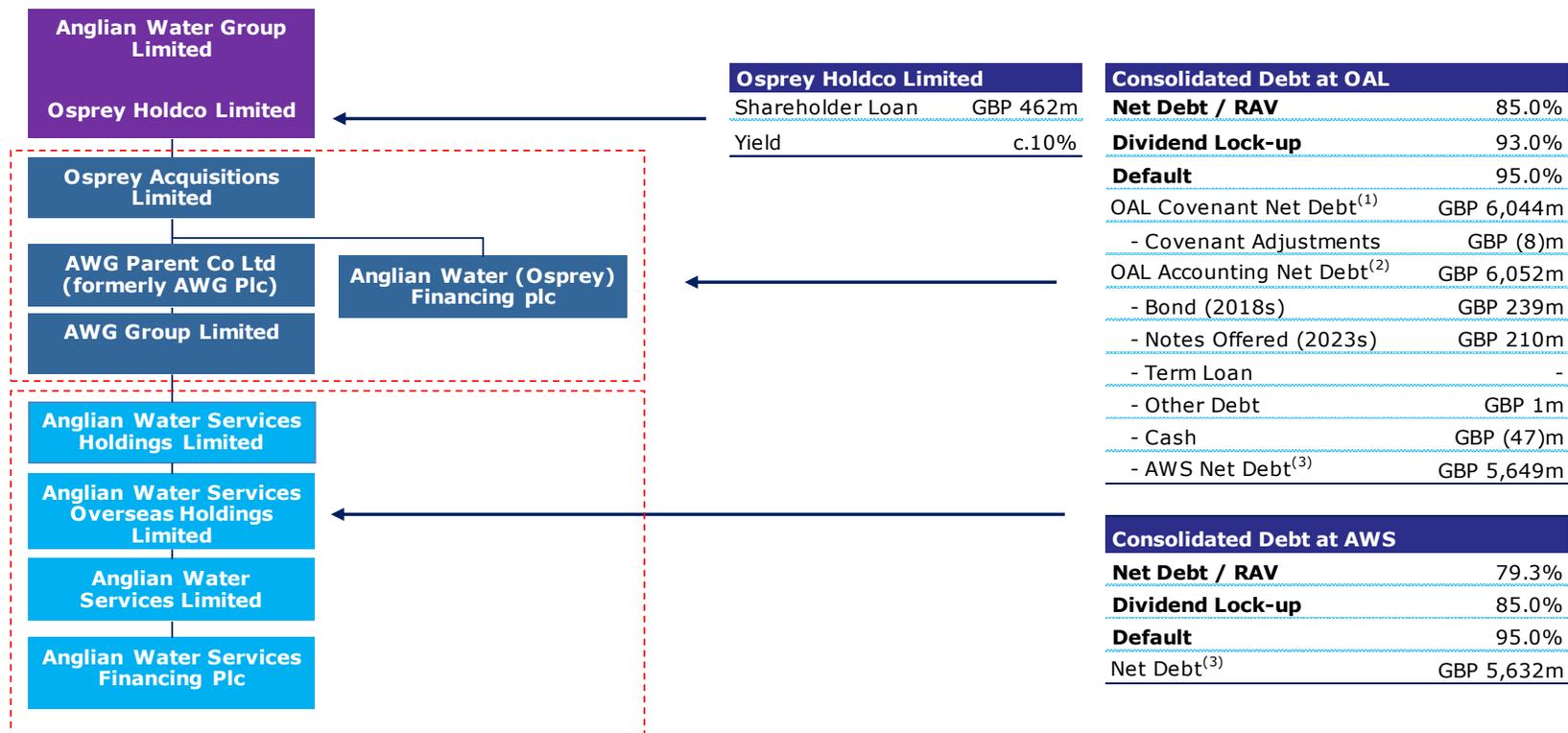
Notes: (1) OAL covenant net debt excludes issue costs and IFRS adjustments and includes guarantees of £5.6m

(2) Excludes Parent Co loan of £729m, fair value adjustments of £232m and derivatives

(3) AWS net debt of £5,649m excludes derivatives and is prepared on an IFRS accounting basis, whereas Consolidated Debt at AWS of £5,632m is prepared on a Common Terms Agreement (CTA) basis

Anglian Water Group financing structure

Consolidated Capital Structure Pro Forma Post Osprey Tender & New Issue Transaction April 2015



Notes: (1) OAL covenant net debt excludes issue costs and IFRS adjustments and includes guarantees of £5.6m

(2) Excludes Parent Co loan of £729m, fair value adjustments of £232m and derivatives

(3) AWS net debt of £5,649m excludes derivatives and is prepared on an IFRS accounting basis, whereas Consolidated Debt at AWS of £5,632m is prepared on a Common Terms Agreement (CTA) basis

Osprey Acquisitions Ltd

Revenue segmental analysis

Year ended 31 March 2015

		2015 £m	2014 £m
Anglian Water	2.5%	1,244.3	1,214.0
AWG Property		10.4	8.8
head office and other		-	-
less : intersegmental trading		(0.3)	(0.2)
total revenue	2.6%	1,254.4	1,222.6

Osprey Acquisitions Ltd

Group cash flow

Year ended 31 March 2015

	2015 £m	2014 £m
Group operating cash flow	690.4	669.3
Dividends received from joint ventures	1.6	1.8
Taxation	(10.6)	(11.8)
Capital expenditure	(360.0)	(400.8)
Net interest paid	(251.8)	(264.9)
Dividends paid	(91.5)	(138.8)
Indexation	(55.1)	(73.1)
Other non-cash movements in net debt	(53.0)	137.4
Movement in net debt	(130.0)	(80.9)

Osprey Acquisitions Ltd

Net debt

	2015 £m	2014 £m
Anglian Water¹	(5,649.2)	(5,512.5)
Non-regulated, including head office	35.2	17.3
	(5,614.0)	(5,495.2)
Osprey Acquisitions Limited		
£350m 7.0% bond 2018	(361.8)	(349.7)
£100m term facility	(98.2)	(98.3)
net cash	22.0	21.2
Osprey Acquisitions Group²	(6,052.0)	(5,922.0)

¹ Net debt on a UK GAAP statutory basis - see appendix 2 for reconciliation to CTA basis

² Excludes loan from parent company (£728.8m*) and fair value debt adjustments arising on acquisition (£231.9m)

* Total shareholder investment of £1,550m was put into Osprey Acquisitions Ltd from Osprey Holdco Ltd by a mixture of equity and subordinated debt. At 31 March 2015 this quasi-equity subordinated loan stands at £728.8m

