



love every drop
anglianwater

Anglian Water Group Results

Six months ended
30 September 2017

Peter Simpson
Anglian Water Group
Chief Executive Officer

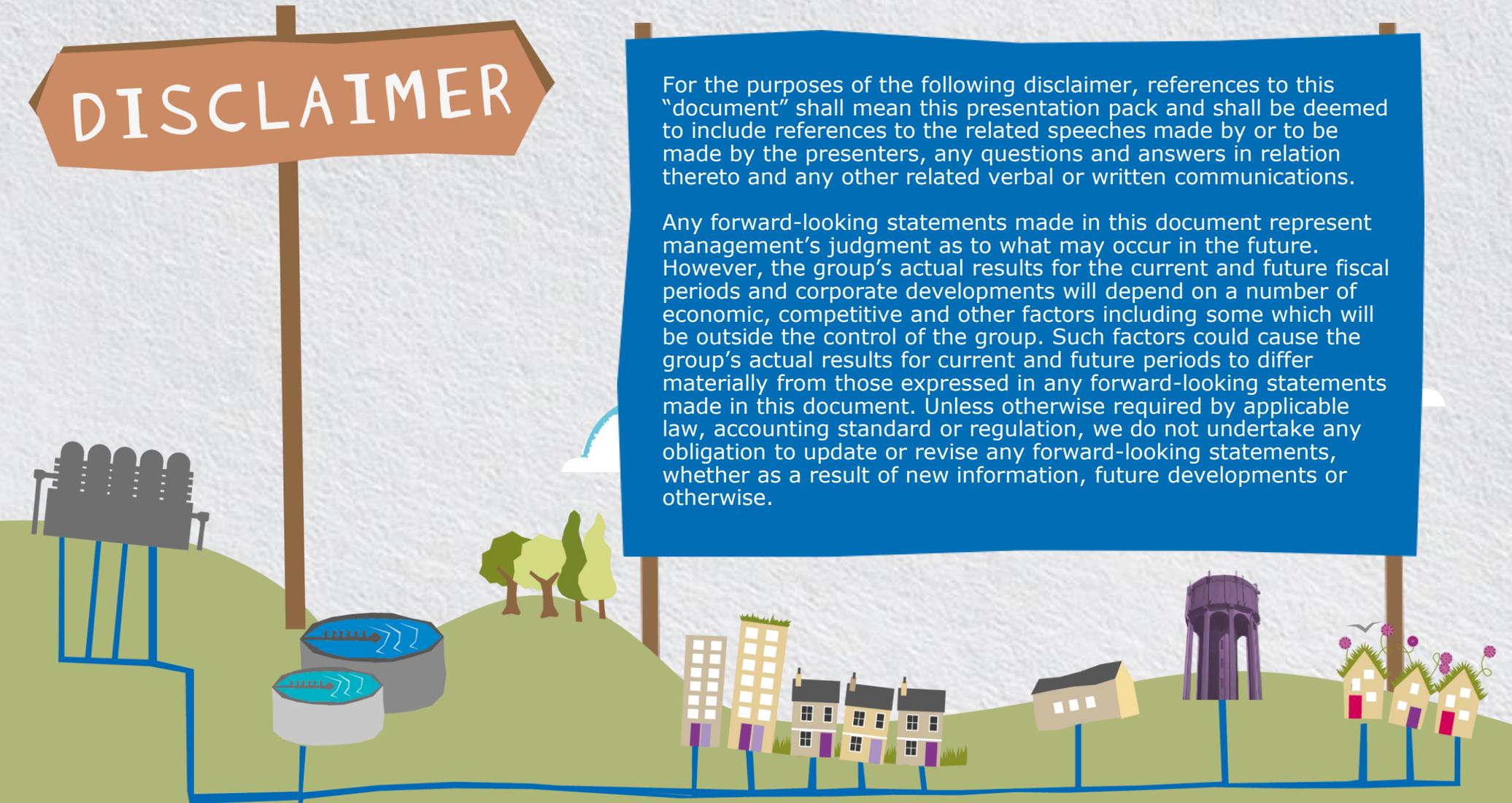
Scott Longhurst
Anglian Water Group
Managing Director, Finance
and Non-Regulated Business



DISCLAIMER

For the purposes of the following disclaimer, references to this “document” shall mean this presentation pack and shall be deemed to include references to the related speeches made by or to be made by the presenters, any questions and answers in relation thereto and any other related verbal or written communications.

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.





- **Business highlights**
- **Operational performance update**
- **Financial performance**
- **Refinance of Osprey Bond**
- **Summary**



Operational performance update

Peter Simpson
Anglian Water Group
Chief Executive Officer



2017/18 HALF YEAR HIGHLIGHTS

YEAR THREE OF AMP6: CHALLENGE AND ACHIEVEMENT



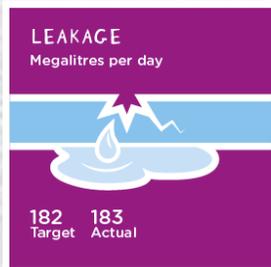
- Despite challenging external circumstances performance across the business remains strong and in line with our AMP6 plan.
- Totex outperformance continues in line with our expectations, and ODIs on track to deliver £6.2m reward in 2017/18.
- Leadership of the transition to the competitive market for non-household customers. Wholesale Service Centre running well.
- First UK utility to issue a Sterling Green Bond.
- Shop Window: industry first. Launched to very favourable reception from public and stakeholders.
- Top spot in half-year SIM. Includes best ever score for a WASC.
- Defra's published Strategic Priorities Statement extensively references our work on resilience and water resource management.
- Proud to be recognised as BITC Responsible Business of the Year for 2017.



DELIVERING FOR OUR CUSTOMERS: HIGHLIGHTS

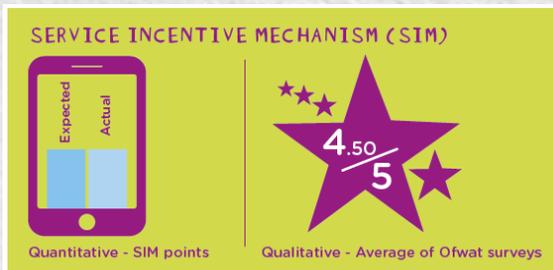


LEAKAGE – INDUSTRY LEADING PERFORMANCE



- Industry-leading and record low levels. Half the national average despite rural, distributed work.
- Down by 38% since privatisation, on track to hit 172MI/d by 2020.
- £124m invested over the AMP: 300-strong leakage team, Optimised Water Networks, Intensive Leakage Detection Teams, advanced pressure management.

CUSTOMER SERVICE – FIRST, YEAR TO DATE: BEST EVER SCORE



- Significant improvement against 2016/17 average.
- Major programme of customer experience improvements against backdrop of rising customer expectations.
- Number one in the AMP so far.
- Strong quantitative performance to add to qualitative measure at year end.

INTERRUPTIONS TO SUPPLY – STEP CHANGE IN PERFORMANCE



- Strong performance in first half, builds on excellent progress, down from 19mins at the start of AMP6.
- Driving very high customer satisfaction, prioritising restoration over repair.
- Dedicated Restoration Teams backed by significant investment in people and equipment.

A SUSTAINABLE BUSINESS, DELIVERING FOR CUSTOMERS, INVESTORS AND THE ENVIRONMENT



- Anglian Water is Business in the Community's Responsible Business of the Year for 2017.
- Simultaneously recognises the commitment to sustainability that runs through our business...
- ...and places a duty on us to help others innovate and grow sustainably.
- Builds on Queens Award for Enterprise for Sustainable Development (2015).



A SUSTAINABLE BUSINESS, DELIVERING FOR CUSTOMERS, INVESTORS AND THE ENVIRONMENT



- Successful launch of utility sector's first ever benchmark Sterling Green Bond.
 - Requires high standards for sustainability throughout.
 - We didn't have to make a single change to our day to day processes: sustainability is how we do business every day.
-
- We are selecting some of our largest and stand out schemes to be included, such as innovative water abstraction, drought and flood resilience schemes, and progressive water recycling and water resource management projects.

A SUSTAINABLE BUSINESS, DELIVERING FOR CUSTOMERS, INVESTORS AND THE ENVIRONMENT



Heigham Water Treatment works: project funded by the Green Bond

- £36 million scheme at Heigham Water treatment works will ensure sustainable water supplies for the city of Norwich for generations to come.
- Installation of a state of the art filtration system (largest of its kind in Europe) will mean we can meet the needs of a growing population at the same time as protecting the environment.
- Final solution will save almost £6m and more than 3,000tonnes (44%) of carbon versus original design.
- Protects the SSSI habitat along the River Wensum, allowing local flora and fauna to flourish.

The latest example of our continual innovation in the building of ever more resilient systems to meet challenges of growth and climate change.

HEIGHAM WATER TREATMENT WORKS EVERY DAY...

- SUPPLIES 40 MILLION LITRES OF CLEAN WATER
- TO OVER 100,000 CUSTOMERS AND BUSINESSES IN AND AROUND NORWICH.

This water comes from the River Wensum and is treated here at Heigham, before flowing out into pipes that deliver water to peoples taps. However the city is growing.

Norfolk is expected to become home to more than one million people by 2034, many of them will choose to live in and around Norwich.

This, combined with the fact that the county is one of the driest regions in the UK, means investment is required to make sure there is a ready supply of water to support the needs of people, businesses and the environment now and for the future.

THAT'S WHY WE'RE INVESTING £36 MILLION TO UPGRADE THIS SITE TO KEEP CUSTOMERS TAPS RUNNING FOR DECADES TO COME AND TO HELP PROTECT THE ENVIRONMENT AT THE SAME TIME.

SHAPING THE FUTURE: OUR REVISED SDS WILL SHORTLY BE PUBLISHED



- 25-year Strategic Direction Statement sets out our vision for the future we want to achieve.
- Extensively tested against online 'customer advisory board': hugely enriched our understanding of customer needs.
- Revised following feedback:
 - Digital transformation becomes Business as usual
 - Increased emphasis on natural capital approaches, including catchment management
 - Stepped up plans for smart metering
 - Increased engagement with developers of water efficient homes

"considering they have no competitors customers could change to, it does surprise me the lengths they are going to to ensure satisfaction. It is comforting to know there are still large companies looking at the whole picture."

"Anglian Water come across much more as a forward-thinking and proactive company. If they can scale this kind of engagement to the general population, they will be leading the way."

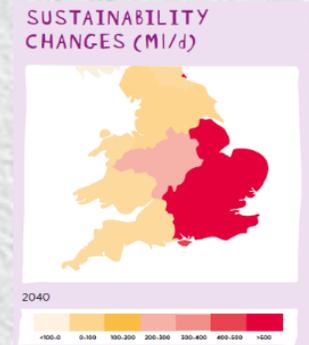
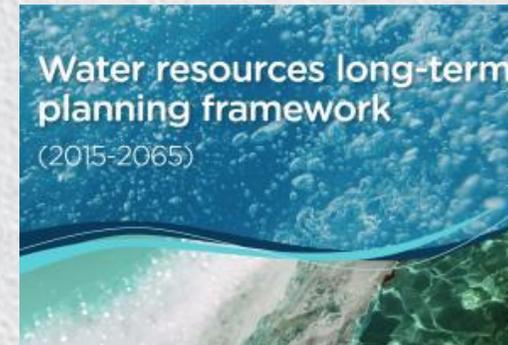
James W - Age: 35-54



SHAPING THE FUTURE: SETTING THE AGENDA TO DELIVER NATIONWIDE RESILIENCE



- We led national work to set out criticality of addressing issue of resilience: published the Water Resources Long Term Planning Framework
- Significant influence on Defra Strategic Priorities Statement
- Significant influence on National Infrastructure Commission, now recognising water scarcity in its own assessment of UK-wide infrastructure needs
- Now reflecting that in our own work with Water Resources East and in our Water Resources Management Plan, soon to be published



SHAPING THE FUTURE: PR19 – BUILDING AN OUTSTANDING BUSINESS PLAN



The right package
of investments...



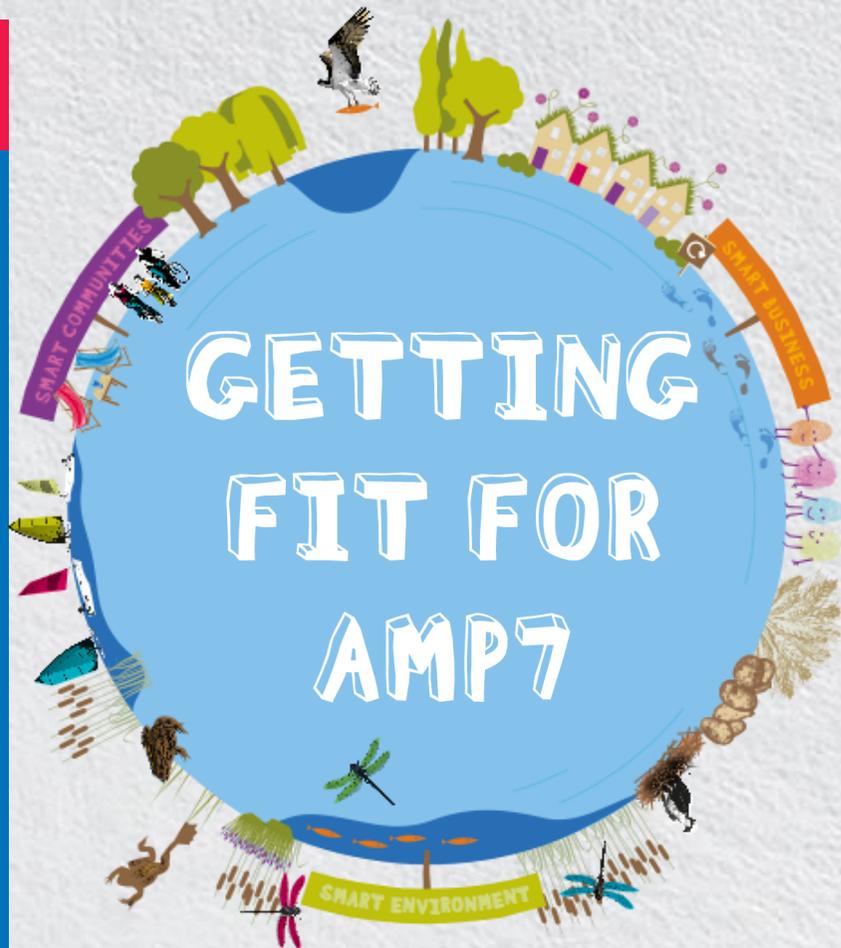
...supported
by the right
evidence...

...and
affordable
bills

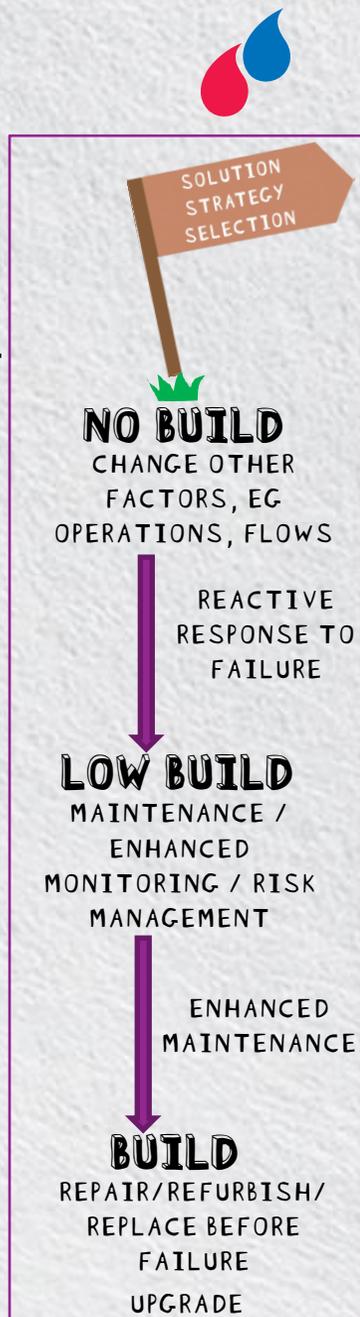


**Underpinned by the most comprehensive
customer engagement ever undertaken**

SHAPING THE FUTURE: GETTING FIT FOR AMP7, ADAPTING FOR THE FUTURE



- Shaping the business for AMP7 already well underway through our Spitfire programme delivering company-wide initiatives.
- £100m of reinvestment by 2020 into additional capital schemes, funded by lower cost capital solutions.
- £40m being reinvested this year with investments in digital transformation, customer experience transformation programme, and asset and operations strategy.
- **Objective: to hit the ground running in 2020.**



SHAPING THE FUTURE: ADDRESSING THE CHALLENGES OF TODAY



- Active influencing strategy underway: working with stakeholders and the public.
- Programme of lateral endorsement is attracting appropriate recognition.
- Recognising and responding to the challenges of public trust and confidence.





OUR STRATEGIC PRIORITIES

1 Influencing & responding to market reform & regulatory change

2 Responding to changing customer influence & power

3 Driving business efficiency & ODI performance

4 Securing long term water resources & resilience

5 Managing quality & environment risks

6 Developing our organisation & culture

Market Reform, Regulatory Change

- Getting into the best possible position for PR19, and establishing building blocks of the Price Review
- Understanding the implications of the Price Review methodology
- Launching refreshed SDS

Responding to changing customer influence

- Maintaining SIM top spot
- Further work on customer service improvement strategy
- Further developing digital and making use of new IT partners

Business efficiency & ODI performance

- Delivering AMP6 planned efficiencies
- Further development of our 'Fit for AMP7' strategies
- Completing highest level of capital spend in this AMP

Long term water resources

- Continuing to lead the industry, influencing gov't and regulators
- Attracting recognition for this approach
- Publish highly ambitious Water Resources Management Plan

Quality and environmental risks

- Expanding approach to catchment management
- Developing renewables strategy to support carbon neutrality by 2050.

Our organisation and culture

- Wellbeing and LIFE focus
- Extending Senior leadership development programme
- Cyber-risk management
- Embedding the 'shop window' - the water company of the future



love every drop
anglianwater 

Financial performance

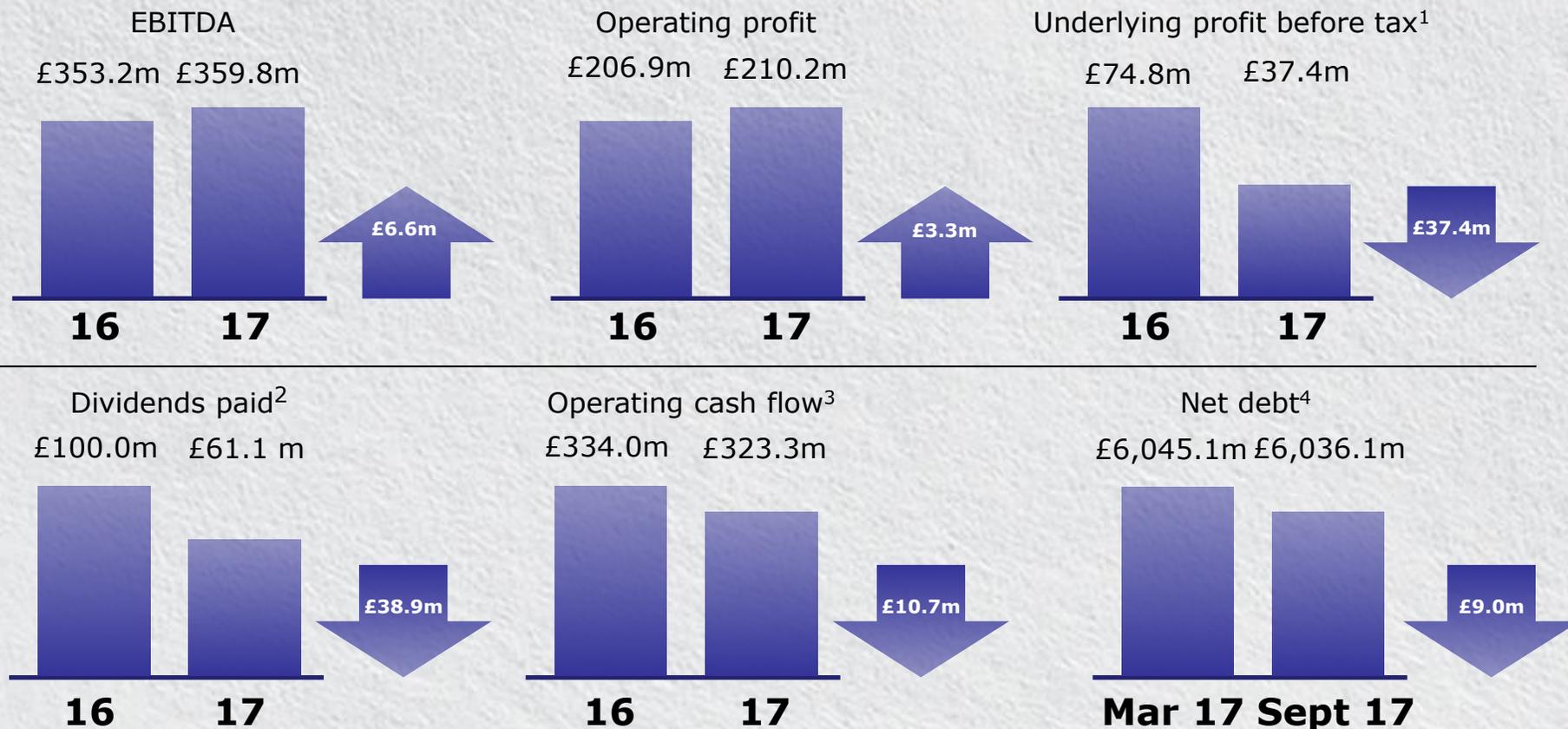
Scott Longhurst
Anglian Water Group
Managing Director, Finance
and Non-Regulated Business



ANGLIAN WATER FINANCIAL HIGHLIGHTS



Six months ended 30 September



¹ Excludes interest received of £96.4m (2016: £96.4m) from AWS Holdings Ltd, gain on derivatives of £122.2m (2016: loss of £238.7m) and profit on disposal of business of £4.6m (2016: nil).

² Excludes special dividend of £62.2m to partially fund the transfer of the NHH business (2016: nil).

³ Shown on a statutory accounts basis. Net cash inflow from operating activities after tax on a CTA basis is £319.7m (2016: £330.8m).

⁴ Shown on a statutory accounts basis, excluding derivatives. Net debt on a CTA basis is £5,910.3m (March 2017: £5,829.5m).

ANGLIAN WATER INCOME STATEMENT ¹



| | 2017 £m | 2016 £m |
|--|----------------|----------------|
| Revenue | 634.8 | 620.9 |
| Operating costs | (275.0) | (267.7) |
| EBITDA | 359.8 | 353.2 |
| Other operating income | 7.6 | 7.0 |
| Depreciation | (157.2) | (153.3) |
| Operating profit | 210.2 | 206.9 |
| Interest (excluding indexation) ² | (106.5) | (106.3) |
| Indexation charge | (67.1) | (27.2) |
| Finance income | 0.8 | 1.4 |
| <i>Underlying net finance costs</i> | <u>(172.8)</u> | <u>(132.1)</u> |
| Underlying profit before tax | 37.4 | 74.8 |

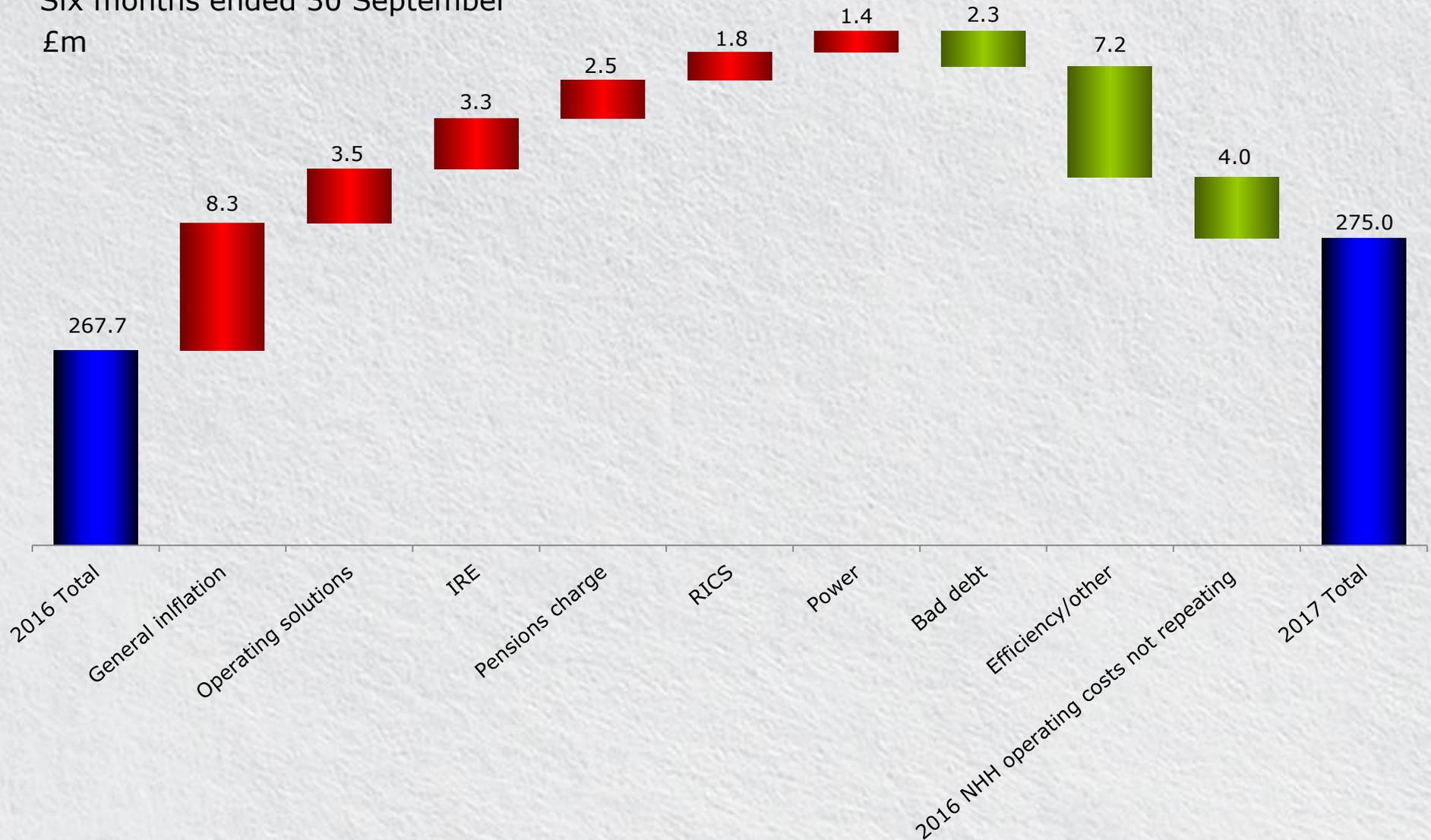
¹ Shown on an underlying basis (i.e. excluding fair value gains on derivatives of £122.2m (2016: loss of £238.7m)).

² Interest excludes the intra-group interest receivable of £96.4m (2016: £96.4m). A reconciliation to the statutory profit before tax is provided in appendix 3.

ANGLIAN WATER OPERATING COSTS



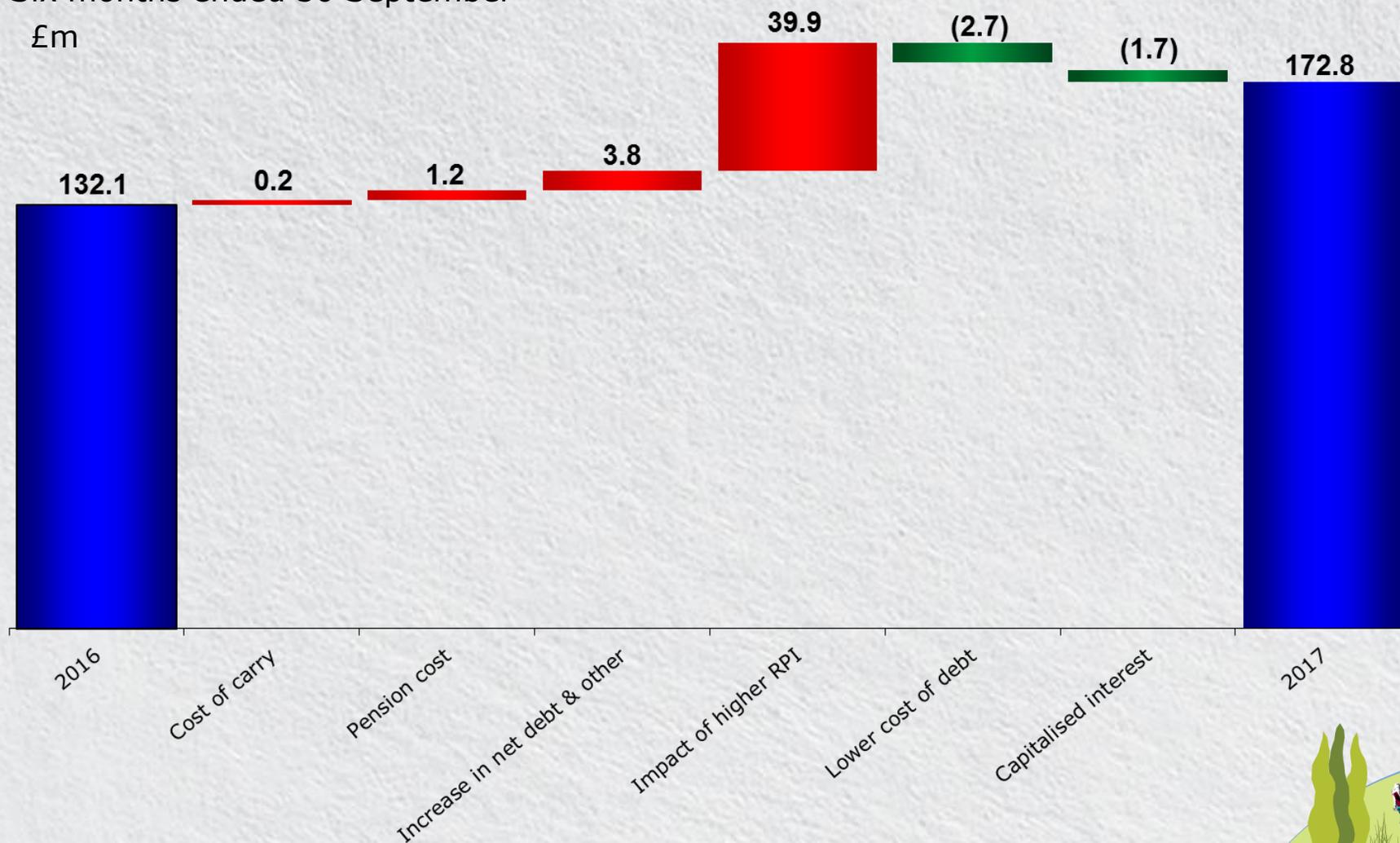
Six months ended 30 September
£m



ANGLIAN WATER INTEREST - EXCLUDING FAIR VALUE MOVEMENTS



Six months ended 30 September
£m



Fair value gains on derivatives of £122.2m excluded (2016: £238.7m loss)



ANGLIAN WATER CASH FLOW ON A CTA DEBT BASIS ¹



Six months ended 30 September

| | 2017 £m | 2016 £m |
|--|--------------------------|--------------------------|
| Income | 589.2 | 604.7 |
| Opex and taxation | (269.5) | (273.9) |
| Net cash inflow from operating activities | 319.7 | 330.8 |
| Capital maintenance expenditure | (106.8) | (92.1) |
| Post maintenance expenditure | 212.9 | 238.7 |
| Net interest | (112.5) | (131.2) |
| Free cash flow | 100.4 | 107.5 |
| Capital enhancement expenditure | (68.7) | (56.0) |
| Ordinary dividend | (61.1) | (100.0) |
| Special dividend | (62.2) | - |
| Disposal proceeds NHH | 78.9 | - |
| Pre-financing cash flows per CTA definition | (12.7) | (48.5) |

¹ CTA cash flows are on a different basis to those presented in the financial statements (see appendix 1 for reconciliation)

ANGLIAN WATER MOVEMENT IN DEBT ON CTA BASIS ¹

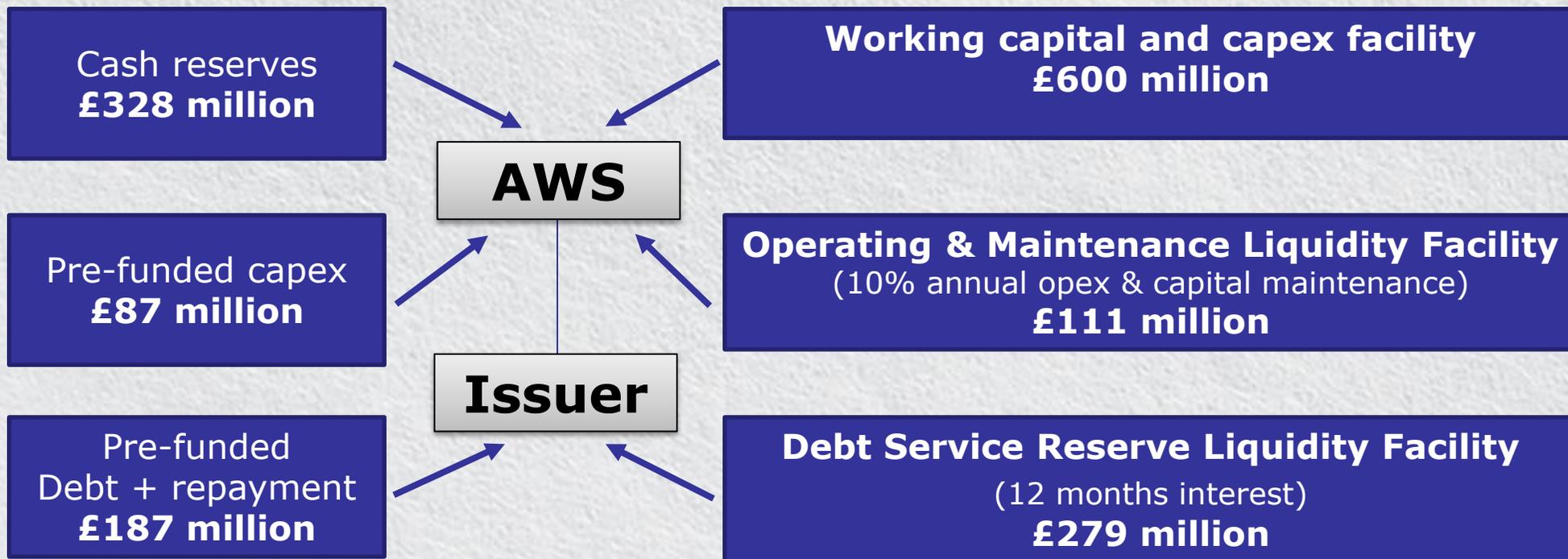


Six months ended 30 September

| | 2017 |
|------------------------------------|------------------|
| Gross debt at 31 March 2017 | (6,259.0) |
| New debt raised | (250.0) |
| Debt repaid | 63.5 |
| Indexation | (66.9) |
| Gross debt at 30 September 2017 | <u>(6,512.4)</u> |
| Less | |
| - Debt service account | 187.2 |
| - Tax reserve | 40.0 |
| - Capex reserve | 86.8 |
| - Other cash | <u>288.1</u> |
| Net debt per CTA definition | (5,910.3) |

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

ANGLIAN WATER LIQUIDITY AS AT 30 SEPTEMBER 2017



Total cash and investments
£602 million

| | |
|--------------------------|---------------------|
| Total facilities | £990 million |
| Total drawn | £ 0 million |
| Total undrawn facilities | £990 million |

ANGLIAN WATER KEY FINANCIAL RATIOS



Anglian Water Financial Ratios – Six Months Ended September 2017

| | September 2017 | Trigger Event | Default | September 2016 | March 2017 |
|--------------------------------|-----------------------|----------------------|----------------|-----------------------|-------------------|
| Class A RAR | 65.2% | 75.0% | - | 70.1% | 65.9% |
| Senior RAR | 77.9% | 85.0% | 95.0% | 80.8% | 79.0% |
| Class A ICR | 3.2 | - | 1.6 | 2.8 | 3.1 |
| Conformed Class A PMICR | 1.7 | 1.3 | - | 1.6 | 1.6 |
| Conformed Senior PMICR | 1.5 | 1.1 | - | 1.4 | 1.4 |
| Class A actual maintenance ICR | 2.1 | - | 1.0 | 2.0 | 2.0 |

Osprey Acquisitions Limited Financial Ratios – Six Months Ended 30 September 2017

| | September 2017 | Trigger Event | Default | September 2016 | March 2017 |
|----------------------|-----------------------|----------------------|----------------|-----------------------|-------------------|
| Senior RAR | 83.3% | 93.0% | 95.0% | 86.0% | 84.6% |
| Senior ICR | 2.8 | - | 2.0 | 2.8 | 2.6 |
| Dividend Cover Ratio | 6.1 | - | 2.0 | 4.8 | 3.5 |

RAR = Regulated Asset Ratio

ICR = Interest Cover Ratio

PMICR = Post Maintenance interest Cover Ratio

GREEN BOND



- Green bond launched in August 2017 at gilts + 82bps and a coupon of 1.625% raising £250 million to finance capital expenditure
- Assurance from DNV GL that all our water and wastewater projects meet the Green Bond Principles
- LRQA completed their 2nd audit in October 2017 of our carbon benchmarking and process
- On track to achieve our 56% target reduction in embodied carbon across all our water and wastewater projects
- Proceeds of £160m have been deployed across 200 projects to date with a target to save/avoid when completed



ANGLIAN VENTURE HOLDINGS BUSINESSES



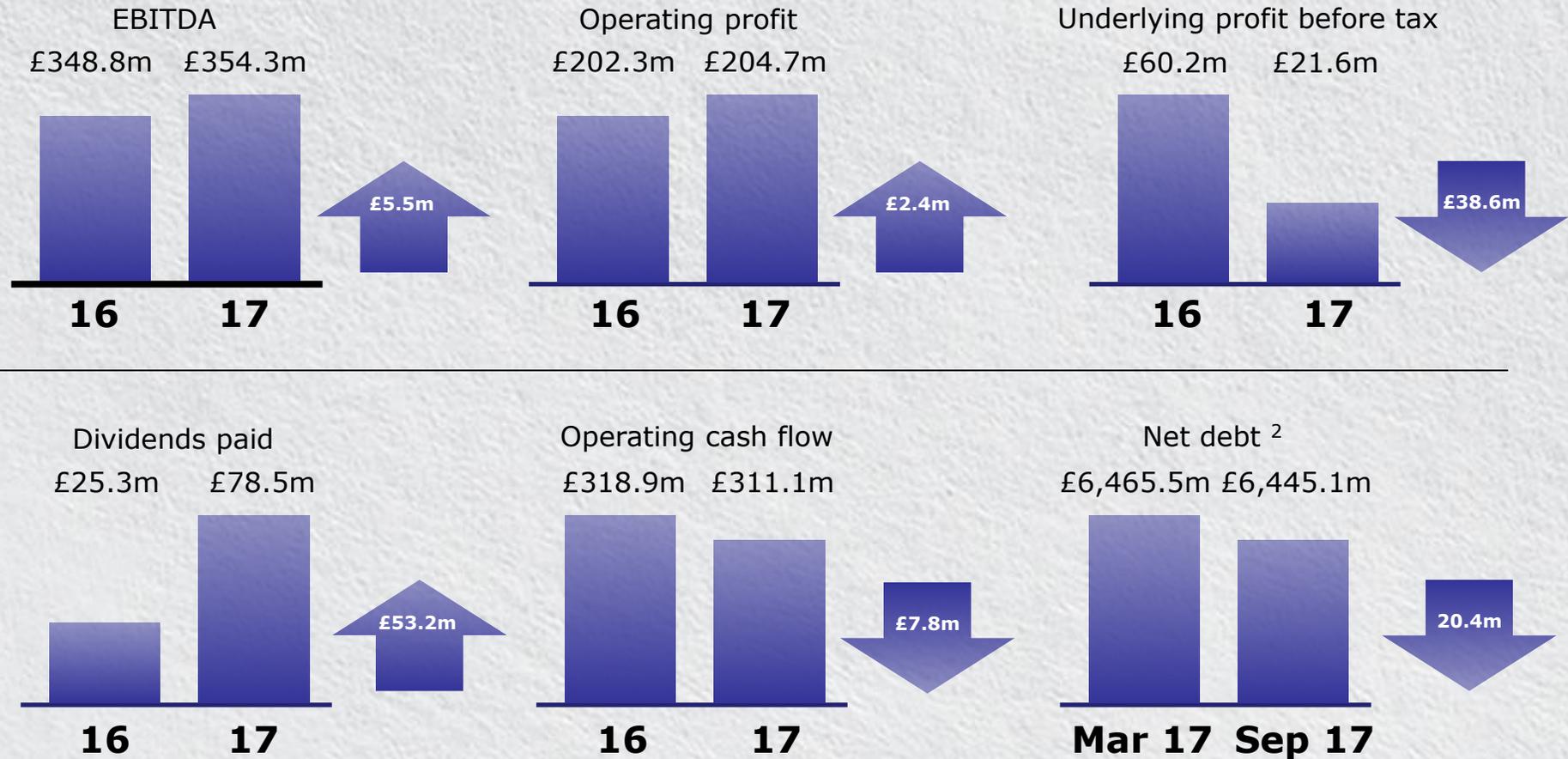
- Market opening on 1 April 2017 saw c.150,000 customers transfer to AWBN on a new billing system.
- Joint venture between AWB National and Northumbrian Water Business for combined business retail offering completed at end of August following CMA clearance.
- Property downsizing continued reducing off balance sheet debt to c.£1m.



OSPREY ACQUISITIONS LTD FINANCIAL HIGHLIGHTS ¹



Six months ended 30 September

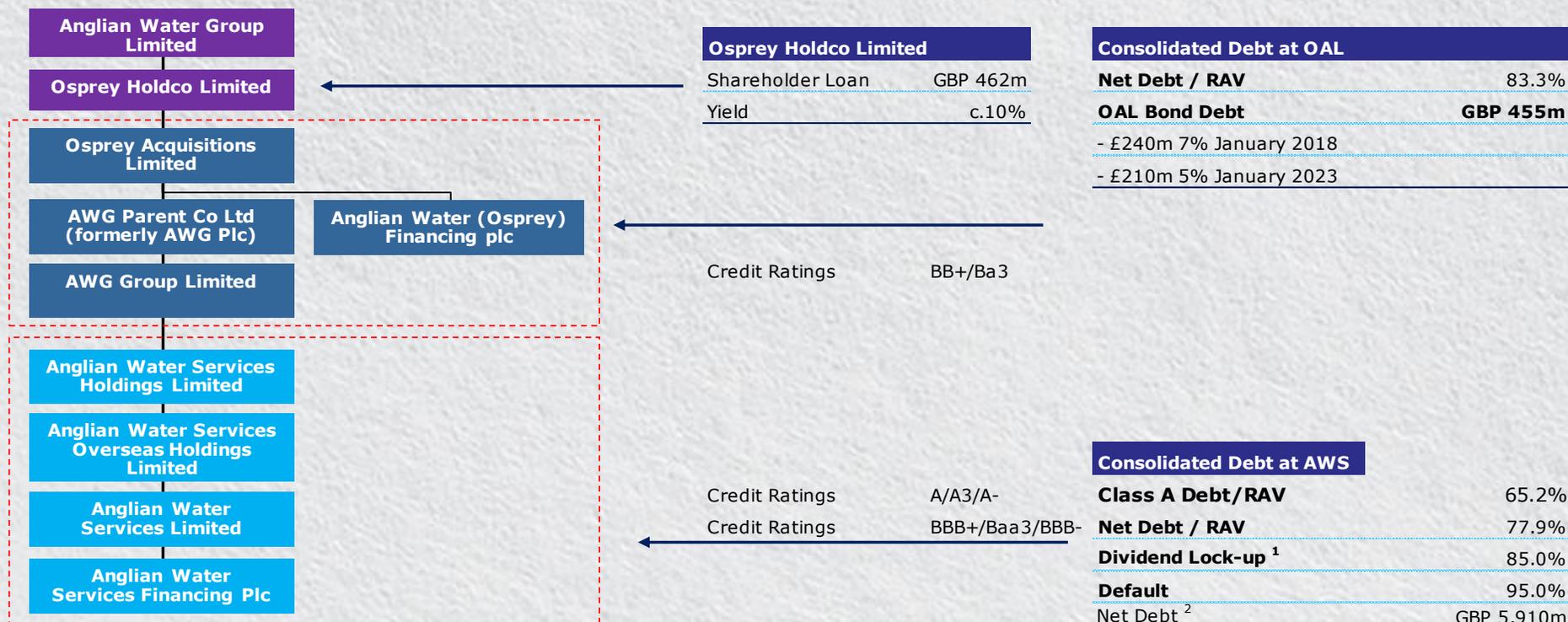


¹ Results presented here are for Osprey Acquisitions Limited consolidated accounts.

² Excludes loan from parent and fair value adjustment to debt arising on acquisition.

ANGLIAN WATER GROUP FINANCING STRUCTURE

CONSOLIDATED CAPITAL STRUCTURE AT 30 SEPTEMBER 2017



¹ Senior RAR Trigger Event is 90%, with Dividend lock up at 85%

² Consolidated Debt at AWS of £5,910m is prepared on a Common Terms Agreement (CTA) basis

SUMMARY



- Continued strong performance with innovation and collaboration our key focus.
- Delivering significant totex efficiencies and environmental improvements.
- Our first green bond has been highly regarded in setting the benchmark for others to follow and with our work with the Princes Trust for sustainability, promoting best practice for others to follow.
- Plans to simplify and further enhance transparency of our corporate structure.
- Gearing is reducing and we are on track to achieve our target shadow debt to RCV below 80% at Anglian Water by 2020
- Investor engagement now underway in respect of refinancing the £240m 5% Osprey bond maturing in January 2018



Questions



Appendices

INDEX OF APPENDICES

1. Anglian Water
 - Reconciliation of CTA operating cash flow
2. Anglian Water
 - Reconciliation of CTA net debt
3. Anglian Water
 - Reconciliation of underlying profit before tax
4. Anglian Water
 - Summary of new loans and repayments
5. Anglian Water
 - Debt maturity profile
6. Anglian Water
 - Derivatives mark to market valuation
7. Osprey Acquisitions
 - Income statement
8. Anglian Water Group
 - Financing structure
9. Osprey Acquisitions
 - Revenue segmental analysis
10. Osprey Acquisitions
 - Operating profit segmental analysis
11. Osprey Acquisitions
 - Group cash flow
12. Osprey Acquisitions
 - Net debt
13. Osprey Acquisitions
 - Operating cash flow
14. Osprey Acquisitions
 - Taxation





ANGLIAN WATER RECONCILIATION OF CTA OPERATING CASH FLOW

Six months ended 30 September

| | 2017 | 2016 |
|--|--------------|--------------|
| | £m | £m |
| Operating cash flow - statutory accounts basis | 323.3 | 334.0 |
| Commissions on facilities not used | (1.2) | (1.2) |
| Other items ¹ | (2.4) | (2.0) |
| Net cash inflow from operating activities - CTA basis | 319.7 | 330.8 |

¹ Other items include issue costs of new debt, adjustments for unpresented cheques, the reallocation of interest on Wing strategic mains refunds and cash in transit.



ANGLIAN WATER RECONCILIATION OF CTA NET DEBT

| | September 2017 £m | March 2017 £m |
|---|----------------------------------|---------------------|
| Net debt - statutory accounting basis ¹ | 6,036.1 | 6,045.1 |
| Unpresented cheques and payments | (0.1) | 0.3 |
| Capitalised issue costs | 27.8 | 26.6 |
| IAS 39 adjustments | (153.1) | (242.1) |
| Unsecured solar lease | (0.4) | (0.4) |
| Net debt - CTA basis ¹ | 5,910.3 | 5,829.5 |

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

ANGLIAN WATER

RECONCILIATION OF UNDERLYING PROFIT BEFORE TAX



Six months ended 30 September

| | 2017 £m | 2016 £m |
|--|--------------------------|--------------------------|
| Profit before tax on an underlying basis | 37.4 | 74.8 |
| Finance costs - fair value gains/(losses) on financial derivatives | 122.2 | (238.7) |
| Finance income - intra group interest receivable | 96.4 | 96.4 |
| Profit on disposal of the non-household retail business | 4.6 | - |
| Profit / (Loss) before tax as reported in the statutory accounts | 260.6 | (67.5) |

ANGLIAN WATER

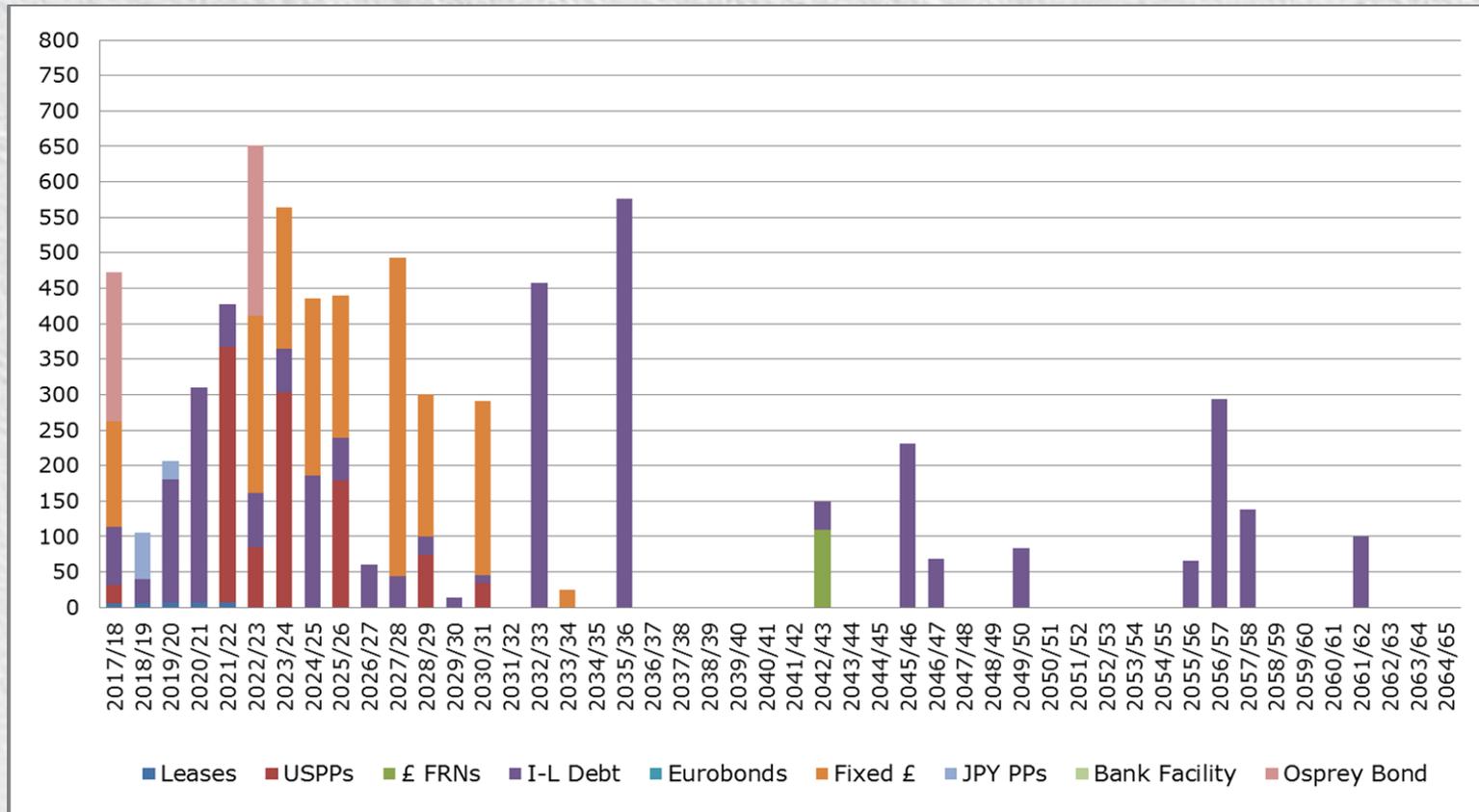
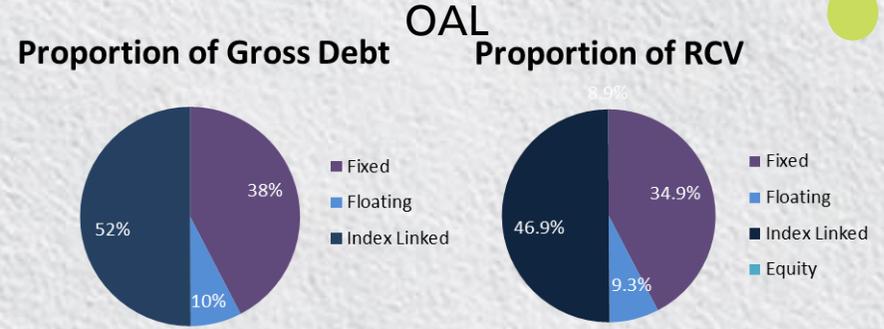
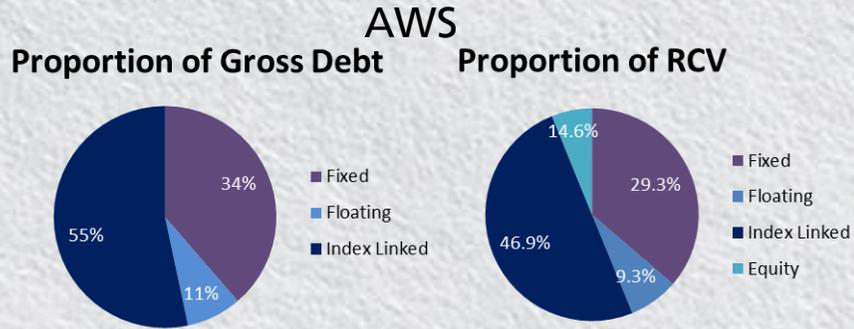
SUMMARY OF NEW LOANS AND REPAYMENTS



Six months ended 30 September

| | 2017 | | 2016 |
|---------------------------------|---------------|---|----------------|
| | £m | | £m |
| New Debt raised | | Debt raised | |
| £250m GRN 1.625% 2025 | 248.6 | £500m Revolving Credit Facility | 125.0 |
| | | £100m Bilateral Revolving Credit Facilities | 30.0 |
| | | \$150m 3.29% Private Placement 2026 | 104.2 |
| | | £55m 2.93% Private Placement 2026 | 55.0 |
| | | £20m 2.93% Private Placement 2026 | 20.0 |
| | | £35m Floating Rate Private Placement 2031 | 35.0 |
| Total debt raised | 248.6 | Total debt raised | 369.2 |
| Debt repaid | | Debt repaid | |
| £500m Revolving Credit Facility | (55.0) | €500 million 6.25% fixed rate bond 2016 | (394.0) |
| £75m EIB Tranche 1 0.53% 2027 | (4.3) | | |
| £75m EIB Tranche 2 0.79% 2027 | (4.3) | | |
| Total debt repaid | (63.5) | Total debt repaid | (394.0) |

ANGLIAN WATER DEBT MATURITY PROFILE AS AT 30 SEPTEMBER 2017



ANGLIAN WATER DERIVATIVES MARK TO MARKET VALUATION



Six months ended 30 September

Derivatives mark to Market Valuation

| | Notional £m | MTM £m |
|-----------------------------------|-------------|---------|
| Swap Type | | |
| Interest Rate Swap | 2,959.6 | (300.0) |
| Cross Currency Interest Rate Swap | 795.9 | 166.8 |
| RPI Swap ¹ | 565.9 | (493.0) |
| | 4,321.4 | (626.2) |

| Energy Derivatives | Notional £m³ | MTM £m⁴ |
|-------------------------------|--------------------------------|---------------------------|
| LEBA ² Power Swaps | 106.5 | (16.2) |

1 The -£493m MTM value of the RPI swaps excludes accrued indexation which has already been charged to the profit and loss account amounting to £94m. All RPI swaps are now PAYG with no break clauses.

2 LEBA = London Energy Brokers Association.

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



OSPREY ACQUISITIONS LTD

INCOME STATEMENT

Six months ended 30 September

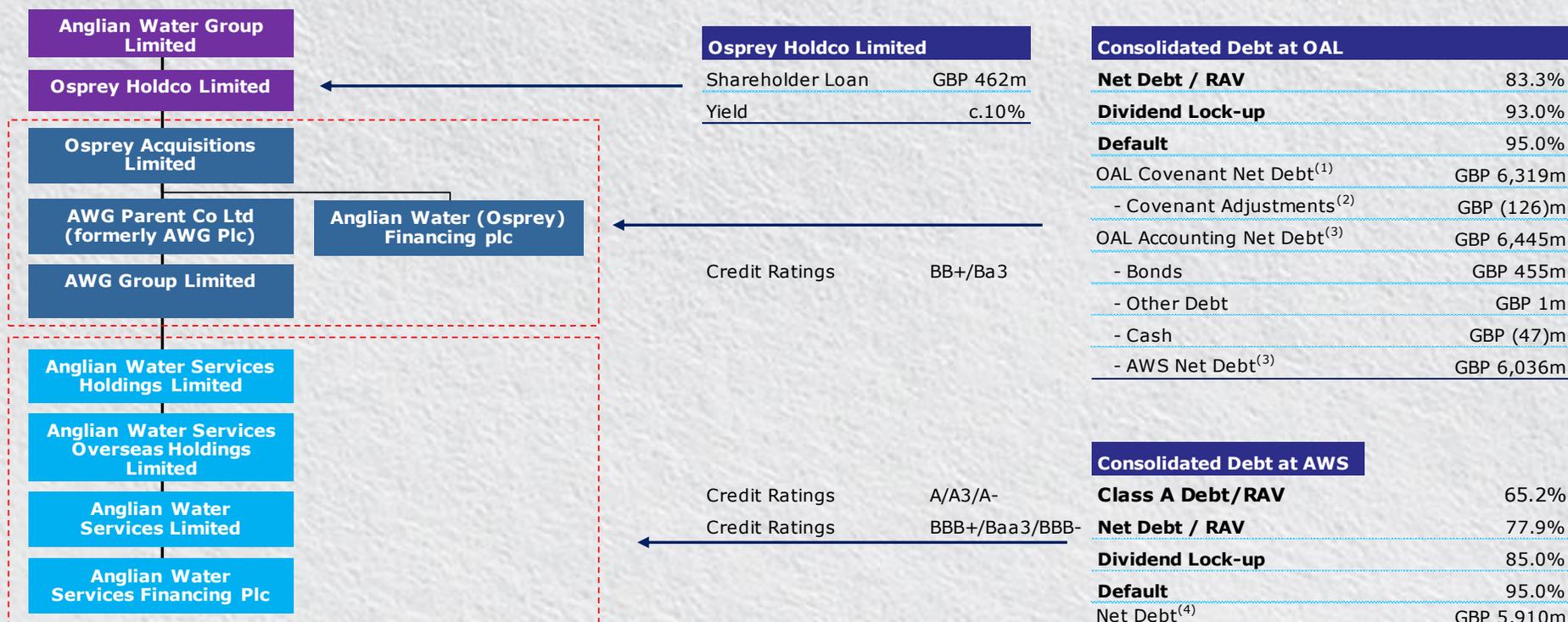
| | 2017 | 2016 |
|--|--------------|----------------|
| | £m | £m |
| Revenue | 643.2 | 624.4 |
| Operating profit | 204.7 | 202.3 |
| Interest | | |
| Interest | (115.9) | (115.0) |
| Indexation charge | (67.2) | (27.4) |
| Share of joint ventures | - | 0.3 |
| PBTGAE | 21.6 | 60.2 |
| Fair value gains/(losses) on financial derivatives | 123.6 | (234.2) |
| Profit on disposal of business ¹ | 4.6 | - |
| Profit on disposal of joint venture | - | 9.5 |
| Profit/(loss) before tax | 149.8 | (164.5) |

¹ Profit on transfer of AWS non-household business



ANGLIAN WATER GROUP FINANCING STRUCTURE

CONSOLIDATED CAPITAL STRUCTURE AT 30 SEPTEMBER 2017



(1) OAL Covenant net debt excludes issue costs and IFRS adjustments

(2) These adjustments are made to align accounting Net Debt to the CTA. The adjustments are; unamortised issue costs, FX/FV/inflation adjustments and interest accruals

(3) Excludes Parent Co loan of £729m, Fair Value adjustments to debt of £189m and derivatives of £715m

(4) AWS net debt of £6,036m excludes derivatives and is prepared on an IFRS accounting basis, whereas Consolidated Debt at AWS of £5,910m if prepared on a Common Terms Agreement (CTA) basis

OSPREY ACQUISITIONS LTD

REVENUE SEGMENTAL ANALYSIS



Six months ended 30 September

| | | 2017 £m | 2016 £m |
|-------------------------------|------|--------------|--------------|
| Anglian Water | 2.2% | 634.8 | 620.9 |
| Head Office and other | | 8.6 | 3.7 |
| less : intersegmental trading | | (0.2) | (0.2) |
| total revenue | 3.0% | 643.2 | 624.4 |



OSPREY ACQUISITIONS LTD

OPERATING PROFIT SEGMENTAL ANALYSIS ¹

Six months ended 30 September

| | 2017 | 2016 |
|--|--------------|--------------|
| | £m | £m |
| Anglian Water | 210.2 | 206.9 |
| Head Office and other | (5.5) | (3.8) |
| | 204.7 | 203.1 |
| less JVs operating profit ² | - | (0.8) |
| Operating profit | 204.7 | 202.3 |

¹ Excludes the Anglian Venture Holdings businesses as they are held above OAL in the Anglian Water Group Limited structure.

² Under IFRS reporting, joint ventures operating profit is excluded from reported operating profit. The Group's share of JV's operating profit is then included lower down the income statement.

OSPREY ACQUISITIONS LTD

GROUP CASH FLOW



Six months ended 30 September

| | 2017 | 2016 |
|--------------------------------------|--------------|----------------|
| | £m | £m |
| Group operating cash flow | 311.1 | 318.9 |
| Capital expenditure | (176.7) | (148.2) |
| Disposal proceeds | 79.0 | 14.0 |
| Net interest paid | (133.5) | (151.8) |
| Dividends paid | (78.5) | (25.3) |
| Indexation ¹ | (56.1) | (22.2) |
| Other non-cash movements in net debt | 75.1 | (99.9) |
| Movement in net debt | 20.4 | (114.5) |

¹ In addition to the above indexation on debt, there is a further £11.1m (2016: £5.2m) indexation on derivatives which is included for covenant purposes in calculating net difference

OSPREY ACQUISITIONS LTD

NET DEBT



| | September 2017 £m | March 2016 £m |
|---|----------------------------------|------------------------------|
| Anglian Water¹ | (6,036.1) | (6,045.1) |
| Head office and other | 21.3 | 12.8 |
| | (6,014.8) | (6,032.3) |
| Osprey Acquisitions Limited | | |
| £350m 7.0% bond 2018 | (242.4) | (241.9) |
| £210m 5.0% bond 2023 | (212.6) | (212.5) |
| Unamortised costs on undrawn bank facilities | 2.0 | 2.1 |
| net cash | 22.7 | 19.1 |
| | (6,445.1) | (6,465.5) |
| Osprey Acquisitions Group ² | | |

¹ Net debt on an IFRS 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 (£188.9m)

* 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 30 September 2017 this quasi-equity subordinated loan stands at £728.8m

OSPREY ACQUISITIONS LTD

OPERATING CASH FLOW



Six months ended 30 September

| | 2017 | 2016 |
|----------------------------------|--------------|--------------|
| Anglian Water | 323.3 | 334.0 |
| Head Office and other | (12.2) | (15.1) |
| Total operating cash flow | 311.1 | 318.9 |

OSPREY ACQUISITIONS LTD

TAXATION



| Six months ended 30 September | 2017 £m | 2016 £m |
|--|--------------|----------------|
| Profit/(loss) before tax | 149.8 | (164.5) |
| Tax at UK rate of 19% (2016: 20%) | 28.5 | (32.9) |
| Effects of recurring items: | | |
| Items not deductible for tax | 0.7 | 0.9 |
| Effects of non-recurring items: | | |
| Reduction in corporation tax rate ¹ | - | (58.1) |
| Items not taxable | (0.9) | (1.9) |
| Difference between rates of CT and DT | (0.5) | 7.0 |
| Other permanent differences | (2.6) | - |
| Prior year adjustment | 4.1 | 7.2 |
| Tax charge/(credit) for the period | 29.3 | (77.8) |

¹ reduction in future corporation tax rates from 18% to 17% used to calculate deferred tax



love every drop
anglianwater

