

# Anglian Water Group Results

Six months ended 30 September 2014

Investor Presentation  
10 December 2014

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



# 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.

# Agenda

- Overview
- Business Overview
- Financial Performance

**Peter Simpson**

Chief Executive  
Anglian Water Group Ltd



# Preparing for AMP6



## Integrated Main Works Capital



# IMWC



## Integrated Metering and Developer Services



# IMDS



## Integrated Operational Solutions



# IOS



## Integrated Maintenance and Repair



# IMR





# Driving excellence in customer satisfaction

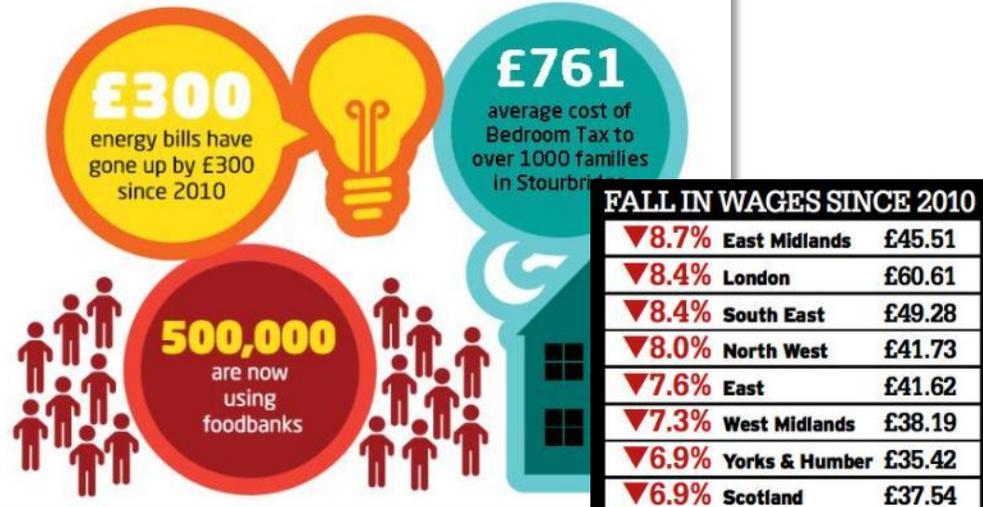


- Joint first place in combined qualitative and quantitative SIM league table, 2013/14
- First place overall in Qualitative SIM league table, 2011-2014



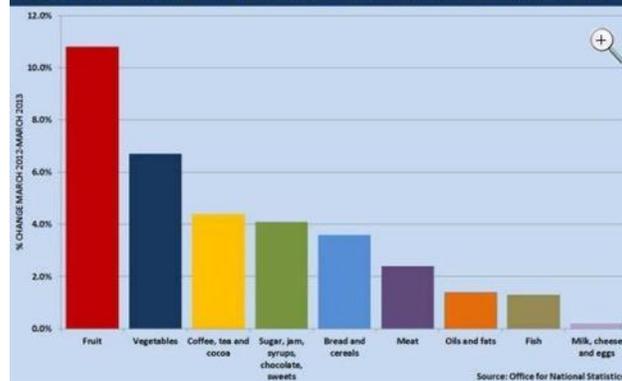
# Recognising challenges and supporting customers

## THE COST-OF-LIVING CRISIS IN NUMBERS



- 2014/15: didn't impose full rise in bills previously agreed with Ofwat – 'K' abated
- Saving customers £10m, or £4 off the average bill

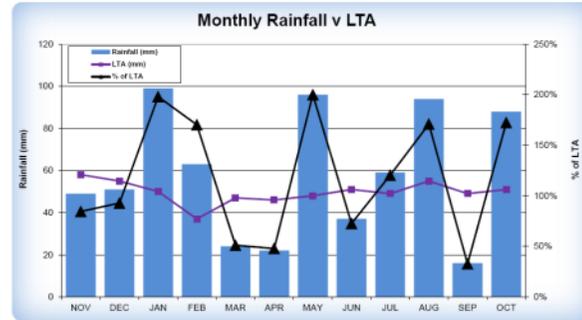
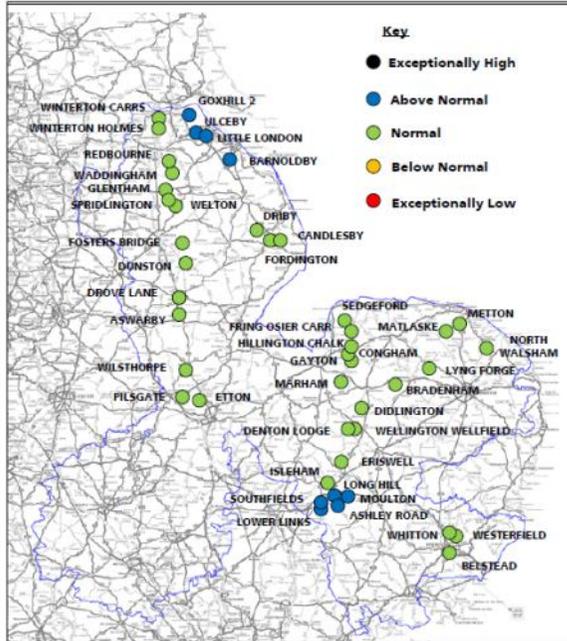
## HOW THE COST OF FOOD HAS SOARED IN THE LAST YEAR



# Rainfall: the good and the bad

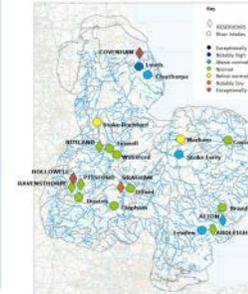
## GROUNDWATER

### REGIONAL GROUNDWATER SITUATION



## SURFACE WATER

### REGIONAL SURFACE WATER SITUATION



## Water company finally checking drain system

ANGLIAN WATER is finally taking action to work after a flood struck Southend in October 2013. The water company has announced a comprehensive survey of the drainage system, including the sewer network and gullies.



## Revealed: What went wrong when Southend flooded



The clean up from September's flood

First published Thursday 6 November 2014 in News

by Ian Burbidge

THE state of Southend's drains has been condemned as out of date and designed to 'unknown' standards in a long awaited report.

The long-awaited flooding report into why the borough flooded in August 2013 has been released, produced by independent engineering firm URS - more than a year after the downturn.



## Anglian Water sets out five-point action plan on Southend flooding

Thursday, November 6, 2014

Anglian Water has set-out a five-point action plan detailing the steps it is taking in response to recent flooding in Southend.

The plan continues work that has been in progress for several months, but goes further to address issues raised in the independent flood investigation for August 2013, currently being approved by Southend Borough Council.

## Flood report released

AN independent report into flooding in Southend has been produced.

Engineering company URS Infrastructure and Environment UK Ltd produced the report, detailing flooding across the borough and suggest steps to reduce it.

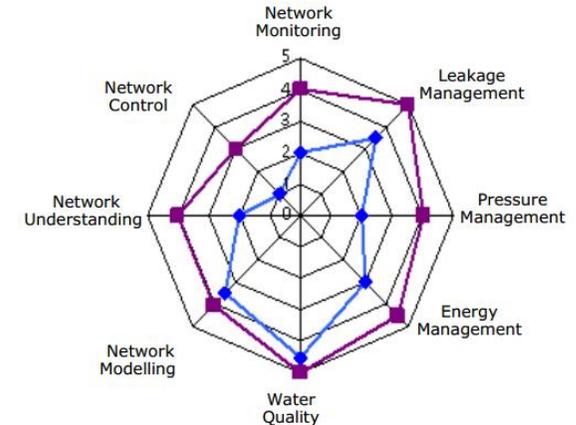
The report found flooding was "primarily a result of intense rainfall coinciding with a high spring tide" and likely resulted from a number of sources occurring simultaneously, including sur-

gullies in our ownership are working properly and routinely cleared.

"Anglian Water, who own assets below the ground, have just started their long-awaited survey into their assets and we eagerly await their findings.

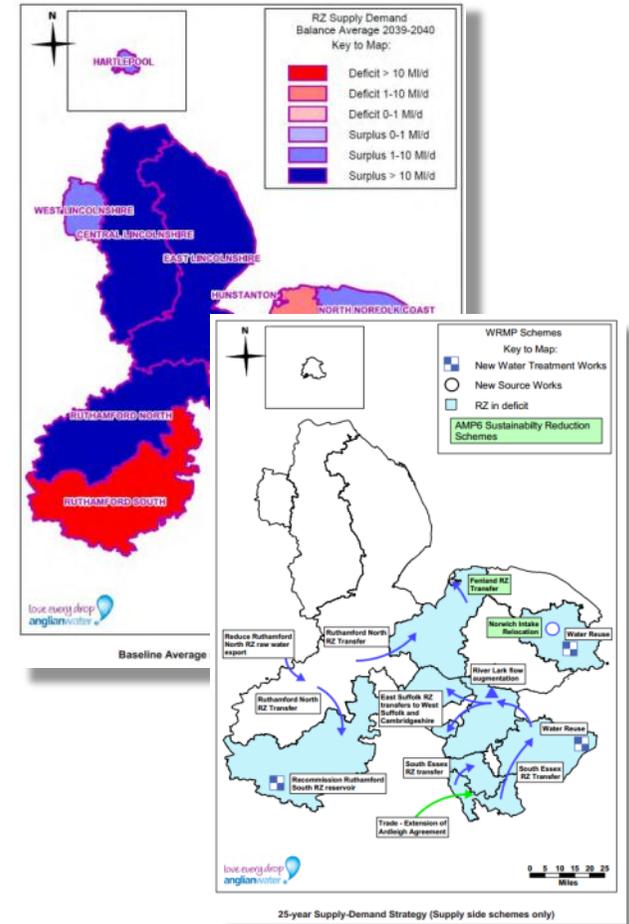
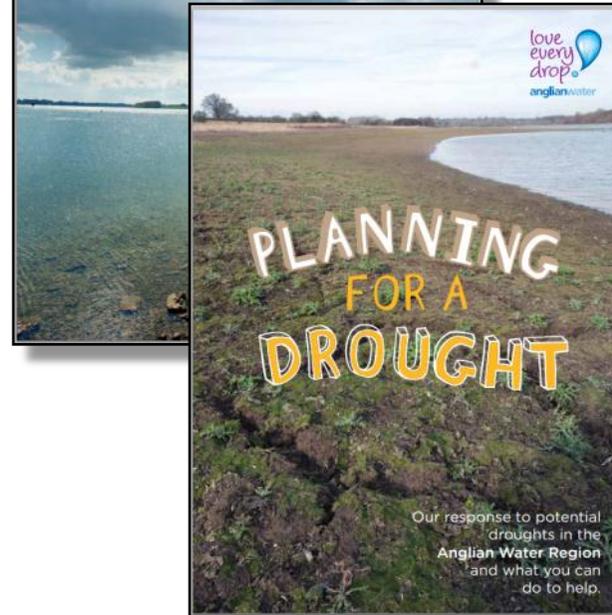
"Just as importantly, the report details how property owners and business operators could take practical steps to improve the flood resistance to their properties themselves."

# Building a network fit for the future



- Enough water to supply more than 39,000 people saved every day
- Over 25 schemes, covering one-fifth of Anglian Water region
- Largest to date launched in Peterborough
- Expansion planned in AMP6, target of 50% of network pressure managed by 2020

# Resource planning fit for the future



**Underpinned by Robust Decision Making methodology**

# Setting standards for the future



## Infrastructure Carbon Review One-year-on Conference

On 27 October the Green Construction Board hosted the Infrastructure Carbon Review One-Year-On Conference at the Department for Business Innovation and Skills.



The event was attended by over 130 delegates who came from a range of organisations across the infrastructure value chain. These include clients, contractors, consultants and businesses that provide the products and materials for infrastructure construction. The delegates representing a cross section of businesses who have signed the Infrastructure Carbon Commitment. The speakers shared their insight demonstrating that carbon reduction and cost saving go hand in hand within infrastructure construction.

Companies Thames Tideway Tunnel, Lafarge Tarmac, Temple Group, Kier Infrastructure and Bahale Trant Utilities became the latest Infrastructure Carbon Review (ICR).



**SINCE NOVEMBER 2013 THE INFRASTRUCTURE CARBON REVIEW HAS BEEN ENDORSED BY A RANGE OF ORGANISATIONS RESPONSIBLE FOR DELIVERING MANY OF THE UK'S LARGEST INFRASTRUCTURE CAPITAL PROJECTS, INCLUDING GOVERNMENT, CLIENTS, MAJOR CONTRACTORS, CONSULTANTS AND PROFESSIONAL SERVICES FIRMS.**

Many had already embarked on the low carbon journey. In the last year, all have taken steps to further reduce emissions, for the simple reason that evidence shows cutting carbon is good for business.

Some industry leaders have reported reductions in capital carbon emissions of up to 40% since 2010.

The UK has a legally-binding commitment to achieve a 100% reduction in its carbon emissions by 2050. The Construction Leadership Council has a clear ambition to achieve a 20% reduction in greenhouse gas emissions in the built environment by 2025. The Green Construction Board is taking this forward.

If emerging best practice is driven across the infrastructure sector over the coming years, an annual saving of 24 million tonnes of carbon dioxide equivalent could be achieved by 2050, delivering a benefit to the UK economy of up to £1.46 billion a year.

Chasing down the efficiencies that will bring these savings within reach is no mean task. It will require technical and commercial innovation – greater collaboration with supply chains and research institutions, but the reward is worth the effort. Infrastructure that is locked into old technologies is more likely to incur higher running costs. Engaging with the carbon reduction agenda will force changes in your organisation and supply chain that will sharpen your competitive edge.

Further, the issue of carbon reduction is not going to go away. The Infrastructure Carbon Review makes the case for action. It demonstrates that it is practical, achievable and cost-effective. We challenge you to get on board, make a difference and claim a share of the commercial reward.

Nick Bates MP  
Minister of State for Skills and  
Equalities with Responsibility  
for the Construction Sector

Dr Peter Hancock  
Government Chief  
Construction Advisor

**EACH OF THE ICR SIGNATORIES IS TACKLING CARBON REDUCTION IN A WAY THAT WORKS BEST FOR THEM. HERE'S A SNAPSHOT OF WHAT'S BEING DONE.**

### 1 INCENTIVISING SAVINGS

Crossrail has targeted carbon reduction from the outset. Delivery partners are scored in four categories from non-compliant to world-class, with performance reported to the CEO and finance director and made visible across the supply chain. Crossrail directors and partners are encouraged to achieve continuous improvement through financial incentives linked to carbon targets.

Next five years:  
Increased focus on incentivising low-carbon construction which saves more than 10% of whole life emissions.

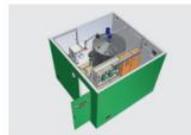


### 2 SHINING A SEARCHLIGHT ON CARBON

Anglian Water and @One Alliance have set challenging targets with their supply chain to deliver low carbon, low cost solutions. Rigorous project governance ensures carbon is measured and challenged against a baseline from three separate occasions before construction. Over 1300 carbon models for water infrastructure assets have been developed to enable engineers to optimise and identify optimal low carbon designs.

Goals so far:  
10% reduction in capital carbon against a 2010 baseline.

Next five years:  
Delivering against new carbon targets for 2020, including a 10% reduction in capital carbon from a 2010 baseline.



### 3 EXERTING INFLUENCE

Heathrow Airport Ltd takes a holistic view to reporting carbon, including end-user emissions from aircraft and passenger surface travel, giving a total footprint of 2.3MCO<sub>2</sub>e in 2013. Despite controlling only 12% of these emissions Heathrow drives reductions across the board through its supply chain. Leadership comes from the Heathrow Sustainability Partnership – 13 principal stakeholders encompassing every facet of the airport's operations, including three tier one core contractors.

Goals so far:  
Contractors achieved a 10% reduction in capital carbon from 2010 baseline for 130, saving £25M.

Next five years:  
Highlighting green product energy savings of 500kWh/annum by 2020 through energy saving in field infrastructure and terminal buildings.



### 4 UNLOCKING COMMERCIAL BENEFITS

Skanska has established a 'green fund' to back carbon reduction innovations, and other sustainability initiatives, reducing risk for clients and helping secure capital investment to drive whole-life savings. Skanska is regard at defined points during projects' delivery, commissioning or operating recycles.

Goals so far:  
Although only one project has so far been advanced with funding from the green fund, Skanska's willingness to underwrite risk has given clients confidence to invest in innovations that they would have considered before the fund was created.

Next five years:  
Skanska will give the fund in order to tackle increasingly ambitious carbon reduction projects.

### 5 INFORMING BETTER DESIGNS

Crestline has launched an 'Innovation portal' that invites and shares solutions to carbon reduction challenges from its supply chain. A tool for estimating carbon at an early stage in the project lifecycle has been developed and will enable comparison with actual as-built emissions to drive future improvements.

Next five years:  
Linking the tools to intelligently suggest innovations during the design process will allow the benefit of carbon reduction.



**28** LEADING ORGANISATIONS HAVE ENDORSED THE ICR AND PLEDGED ACTION TO CUT CARBON

**69** COMMITMENTS HAVE BEEN MET INTO ACTION AND ARE STARTING TO DELIVER RESULTS

**86%** ICR SIGNATORIES ARE SETTING CARBON PROJECTS

**+130 THOUSAND** UK EMPLOYEES COMMITTED TO THE ICR

**240 KT CO<sub>2</sub>** CUT FROM NINE LOW CARBON EXEMPLAR PROJECTS OF EQUAL VALUE

**£125 MILLION** SAVED THROUGH CARBON REDUCTIONS ACROSS THE NINE PROJECTS

**40% 25%** CAPITAL CARBON/COST SAVINGS ACHIEVED BY INDUSTRY LEADERS

**£1.5 BILLION** POTENTIAL ECONOMIC BENEFIT THROUGH CHASING DOWN CAPITAL CARBON

Find more examples of action being taken in the 'ICR one year on' brochure: [www.greenconstructionboard.org](http://www.greenconstructionboard.org)



Anglian Water is the largest water company to geographical area within England and Wales. In 2008 the company recognised the impacts of a changing climate and population growth were the biggest climate change challenges facing us.

The @One Alliance is a collaborative organisation, comprising several partners, brought together by the @One Alliance to deliver the infrastructure carbon reduction programme.

Anglian Water and the @One Alliance have fully endorsed the Infrastructure Carbon Review. We've endorsed a number of the key messages like both organisations and committed to take further action.

Responsibility for carbon reduction within Anglian Water is an board level with Chris Lawrence (Director) and Paul Gibbs (Director of Infrastructure and O&M).

Responsibility for carbon reduction within the @One Alliance is at board level with Dave Brown (CEO).

In 2010 Anglian Water published low carbon targets as part of its 'Love Every Drop' strategy with the @One Alliance.

Since 2009 Anglian Water and @One Alliance have separately organised a number of reports on carbon reduction and reducing costs, setting objectives on goals and providing best practice advice. Within the @One Alliance these events have led directly to the creation of a range of low carbon projects.

On 27 October 2014 the @One Alliance launched the sustainability hub as an aid to design engineers. The hub provides a central website of carbon, cost and water as engineers build up their designs. The hub also provides an alternative platform, reports, etc., in supporting engineers in identifying low carbon low cost solutions.

To set carbon reduction targets for our supply chain and make them a integral part of your performance objectives.

As a first step Anglian Water and @One Alliance have been added to become certified to a recognised carbon measurement and reduction scheme such as the Carbon Trust or Archifee (CMM).

Over 80% of targeted suppliers are now certified or working toward certification.



# Supporting communities

**Wisbech 2020 vision**  
"A passion to deliver a prosperous future"

Connecting North Cambridgeshire  
**Infrastructure for Growth**

Wisbech 2020 Vision is a joint initiative, led by the Leaders of Fenland District Council and Fenlandshire County Council, along with the local MP. This evolving vision aims to address current and future challenges facing Wisbech through increased partnership, working and joint participation.

The vision includes key social, economic and environmental improvements under the following headings:

- Wisbech - a great place to work**  
Working to grow new and existing business sectors, including and growing Wisbech as a commercial of business location.
- Wisbech - a great place to live**  
Working to improve the quality and quantity of housing, including and improving transport links.
- Wisbech - a great place to visit**  
Working to improve and develop the arts and culture of the town.

Partners: anglianwater, eone, Fenlandshire County Council, Fenland District Council, Grontrij, SKANSKA, railfuture.



## CAMBS TIMES

### They've been working on the (Wisbech) railway ...

# CAN YOU HEAR THE WHISTLE BLOWING?

**John Elworthy**  
john.elworthy@cambs.gov.uk

A Wisbech to Cambridge rail link is within five years to get the go-ahead at the launch of 'Infrastructure for Growth' yesterday.

A meeting in Wisbech also considered the A47 improvements likely in next month's Autumn Statement and prepared for the January unveiling of a master plan for a 317-acre Wisbech enterprise park.

Early next year a "strategic business case" for reopening the rail line is expected.

NE Cambs MP Steve Barclay said: "It is clear progress is being made

East of England have taken the lead on the campaign.

Anglian Water chief executive Peter Stimpson was a speaker at yesterday's launch.

An Anglian Water spokesman said: "The positive impact from a rail connection would be huge - an economic game changer in terms of job creation and attracting business and investment."

The spokesman also said building affordable homes in Wisbech would "help to reduce pressure on the over-heated housing markets, reinforcing the rapid expansion of Cambridge and reducing congestion."

County and district councillors also attended the launch.

even if we still have some way to go." The meeting, at the Boathouse, was told the rail link would raise

annual income by at least £11million locally, create 200 jobs at the enterprise park and help provide an extra 500 houses.

It would also boost house prices. A semi-detached in Wisbech sells for about £135,000 compared to £160,000 in Peterborough and £335,000 in



#### Gateway to growth

Wisbech, along the March, is a main focus for housing, employment and retail growth in Fenland.

All development should contribute to the provision of Wisbech as a strong, safe and community focused market town, preserving and enhancing its unique character and making appropriate use of its heritage assets to benefit its regeneration, heritage potential and sense of place.

However, the growth of Wisbech is constrained by the capacity of the highest quality of Wisbech as a strong, safe and community focused market town, preserving and enhancing its unique character and making appropriate use of its heritage assets to benefit its regeneration, heritage potential and sense of place.

#### Strategy

We are a Coalition of both public and private sector partners. Our priority is to deliver an economic, game-changer for North Cambridgeshire through an integrated strategy for rail, road and growth infrastructure. This programme will be the enabler for a sustainable transformation.

#### Wisbech and Cambridge - narrowing the gap

Wisbech is just 30 miles from the economic powerhouse of Cambridge. But with heavy congestion and parking charges of up to £20 a day when commuting to Cambridge is impractical, so are the long complex journeys currently available on public transport.

#### Economic Case - to Cambridge in under an hour

The railway from Wisbech to Cambridge, when opened to cover all the Cambridgeshire also benefit through an efficient and sustainable transportation. It would also boost house prices. A semi-detached in Wisbech sells for about £135,000 compared to £160,000 in Peterborough and £335,000 in Cambridge.

**Peak hour travel: Wisbech to Cambridge (indicative figures)**

Mode	Time	Cost	Capacity
Car	45 mins	£10	100
Train	45 mins	£10	100
Bus	45 mins	£10	100

#### Benefits to Cambridge

These improvements could see a reduced pressure on over-heated housing markets in Cambridge, providing a means to reduce the city's road congestion and help reduce congestion in the north. The cost of the rail reopening is estimated at between £20 and £70 million (depending on the option) and the estimated benefits from the reopening of the line are estimated at between £100 and £150 million per year. The economic case for reopening the line is compelling.

#### Investment potential in Wisbech

Housing and commercial offer in Wisbech compared with its neighbours.

Property type	Wisbech	March	Cambridge
Average Current House Price	£135,000	£160,000	£335,000
Average Selling Price	£135,000	£160,000	£335,000
Average Rental Yield	4.5%	4.5%	4.5%
Commercial property rent	£100,000	£100,000	£100,000
Industrial property rent	£100,000	£100,000	£100,000

**Wisbech 2020 vision**  
"A passion to deliver a prosperous future"

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Partners: anglianwater, eone, Fenlandshire County Council, Fenland District Council, Grontrij, SKANSKA, railfuture.



20/20 Vision meeting at the Boathouse Wisbech. Left: Cllr John Clark Leader of Fenland district council, MP Steve Barclay and Cllr Steve Count Leader of Cambs County Council. Picture: Steve Williams.



# Recognising success



**KEEP IT CLEAR:  
WINNER, ENGAGING  
CUSTOMERS ON  
SUSTAINABILITY**

**ENVIRONMENT  
AND CORPORATE  
SUSTAINABILITY:  
TOP 10 IN EUROPE**

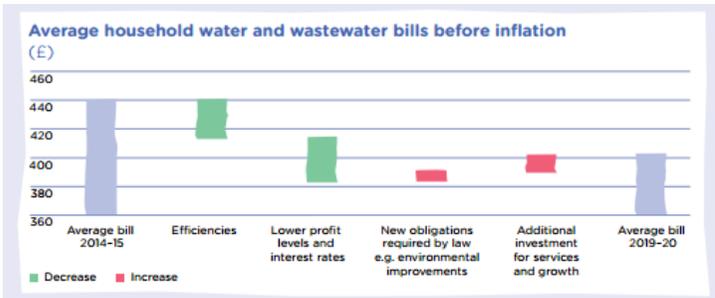


**UTILITY OF THE  
YEAR, 2014**

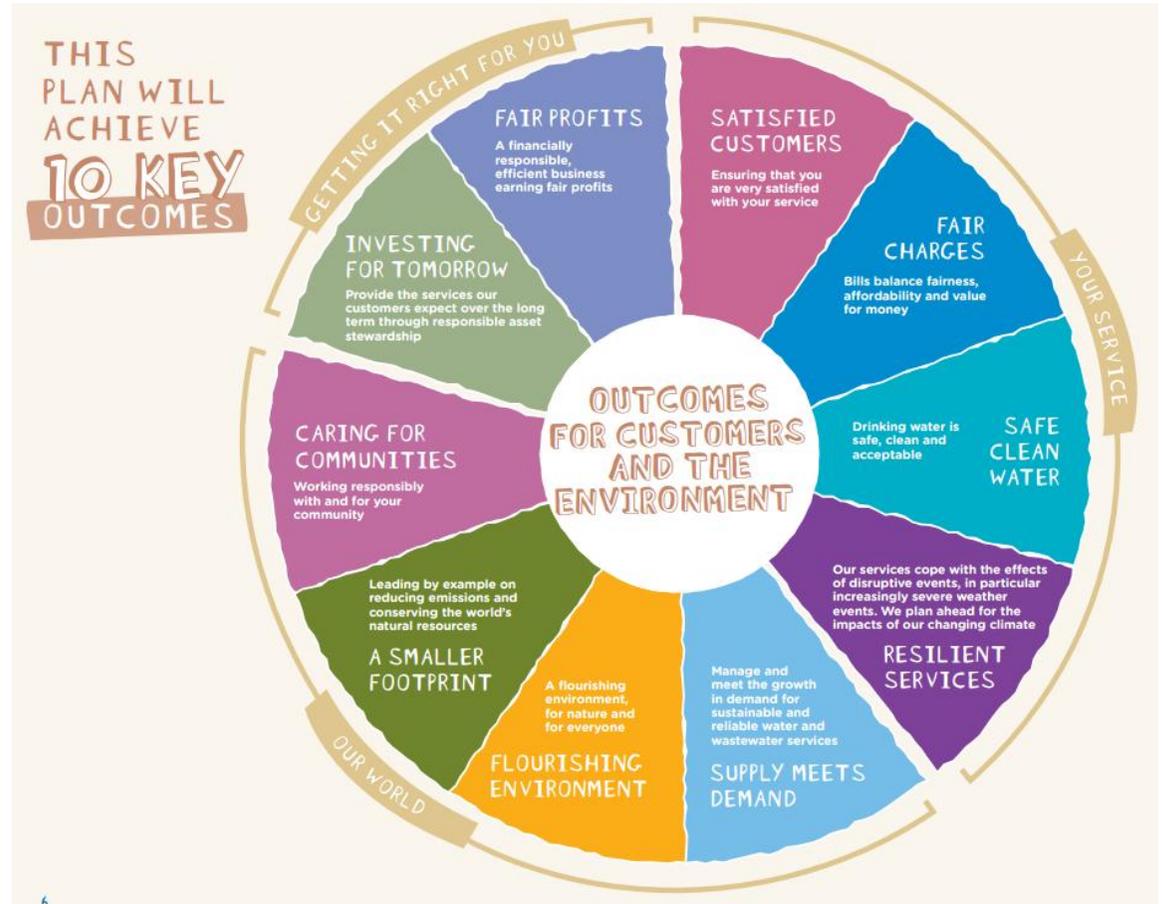


**PRINCE OF WALES AND  
DUCHESS OF CORNWALL VISIT  
RUTLAND WATER, JULY 2014**

# Looking ahead



business



# Scott Longhurst

Managing Director  
Finance & Non Regulated Business

# Financial Results

# Anglian Water Services Financial highlights

Six months ended 30 September

## EBITDA

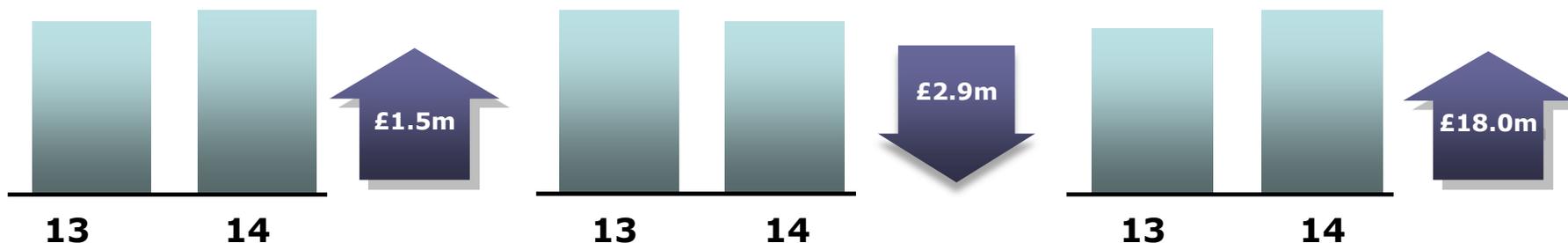
£397.1m    £398.6m

## Operating profit

£262.9m    £260.0m

## Profit before tax<sup>1</sup>

£86.9m    £104.9m



## Dividends paid

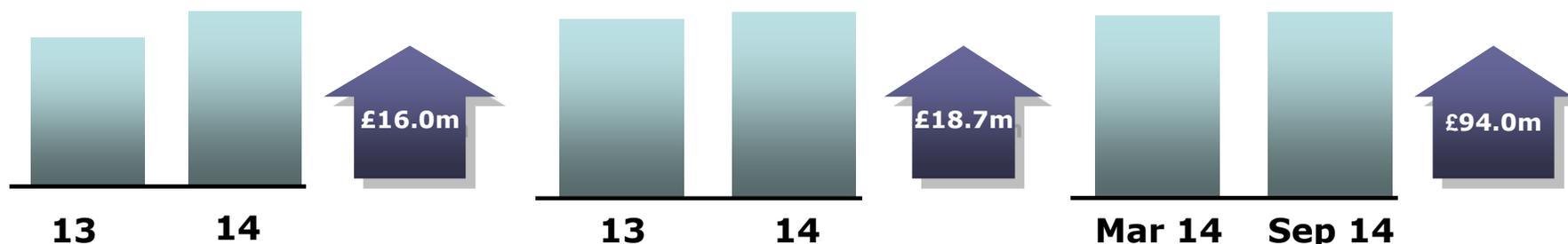
£95.0m    £111.0m

## Operating cash flow<sup>2</sup>

£351.4m    £370.1m

## Net debt<sup>3</sup>

£5,498.3m    £5,592.3m



<sup>1</sup> Excludes interest received of £96.4m (2013: £96.4m) from AWS Holdings Ltd.

<sup>2</sup> Shown on a statutory accounts basis. Net cash inflow from operating activities before tax on a CTA basis is £371.0m (2013: £349.4m). See appendix 1 for reconciliation.

<sup>3</sup> Shown on a statutory accounts basis. Net debt on a CTA basis is £5,614.7m (March 2014: £5,535.9m). See appendix 2 for reconciliation.

# Anglian Water Profit and loss account

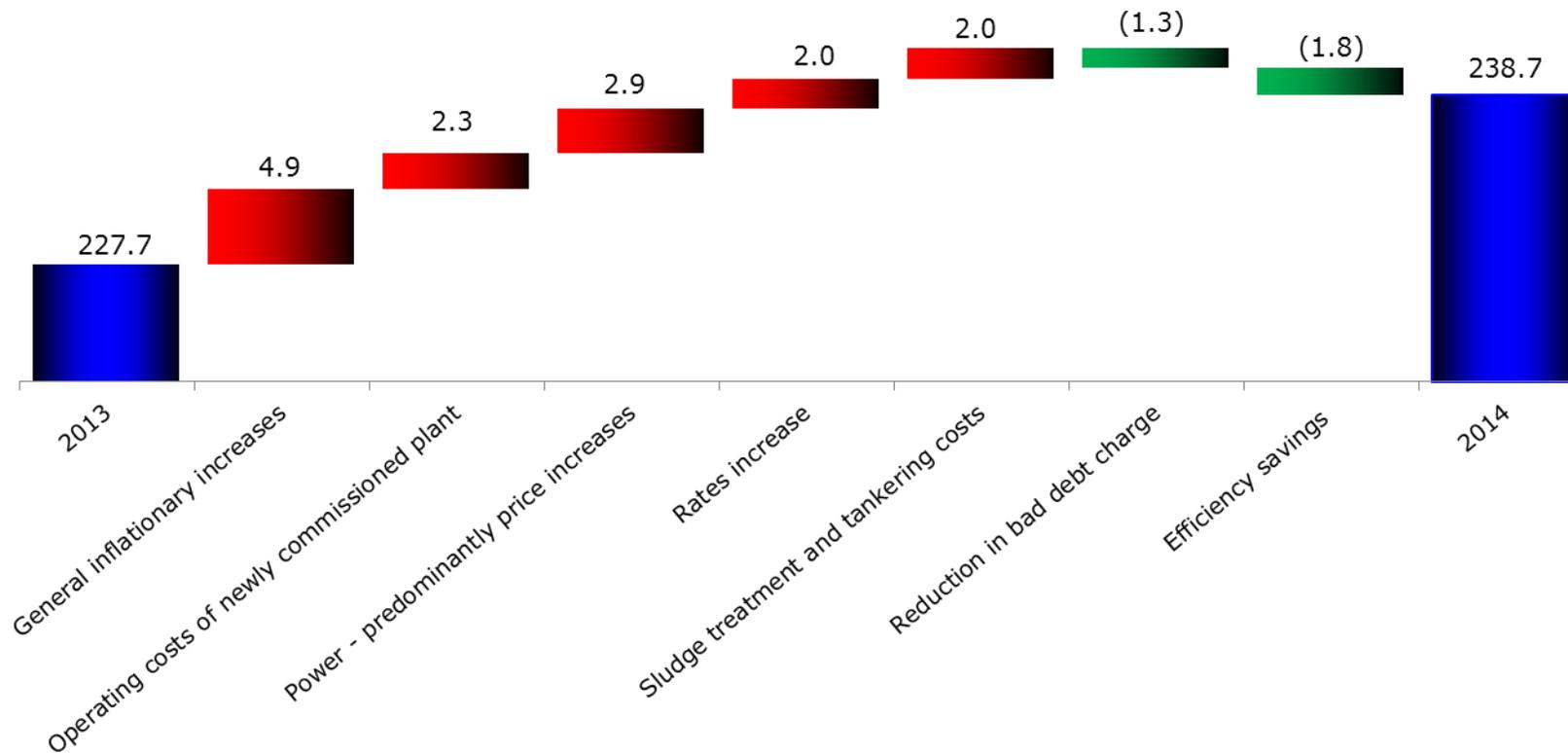
## Six months ended 30 September

		<b>2014</b> <b>£m</b>	2013 £m
<b>turnover</b>	2.0%	<b>637.3</b>	<b>624.8</b>
operating costs		(238.7)	(227.7)
<i>% of turnover</i>		<i>37.5%</i>	<i>36.4%</i>
<b>EBITDA</b>	0.4%	<b>398.6</b>	<b>397.1</b>
depreciation and amortisation		(138.6)	(134.2)
<i>% of turnover</i>		<i>21.7%</i>	<i>21.5%</i>
<b>operating profit</b>	-1.1%	<b>260.0</b>	<b>262.9</b>
<i>margin</i>		<i>40.8%</i>	<i>42.1%</i>
interest (excluding indexation) <sup>1</sup>		(111.4)	(118.3)
indexation charge		(43.7)	(57.7)
net interest payable		(155.1)	(176.0)
<b>profit before tax</b>	20.7%	<b>104.9</b>	<b>86.9</b>

<sup>1</sup> Interest excludes the intra-group interest receivable of £96.4m (2013: £96.4m).

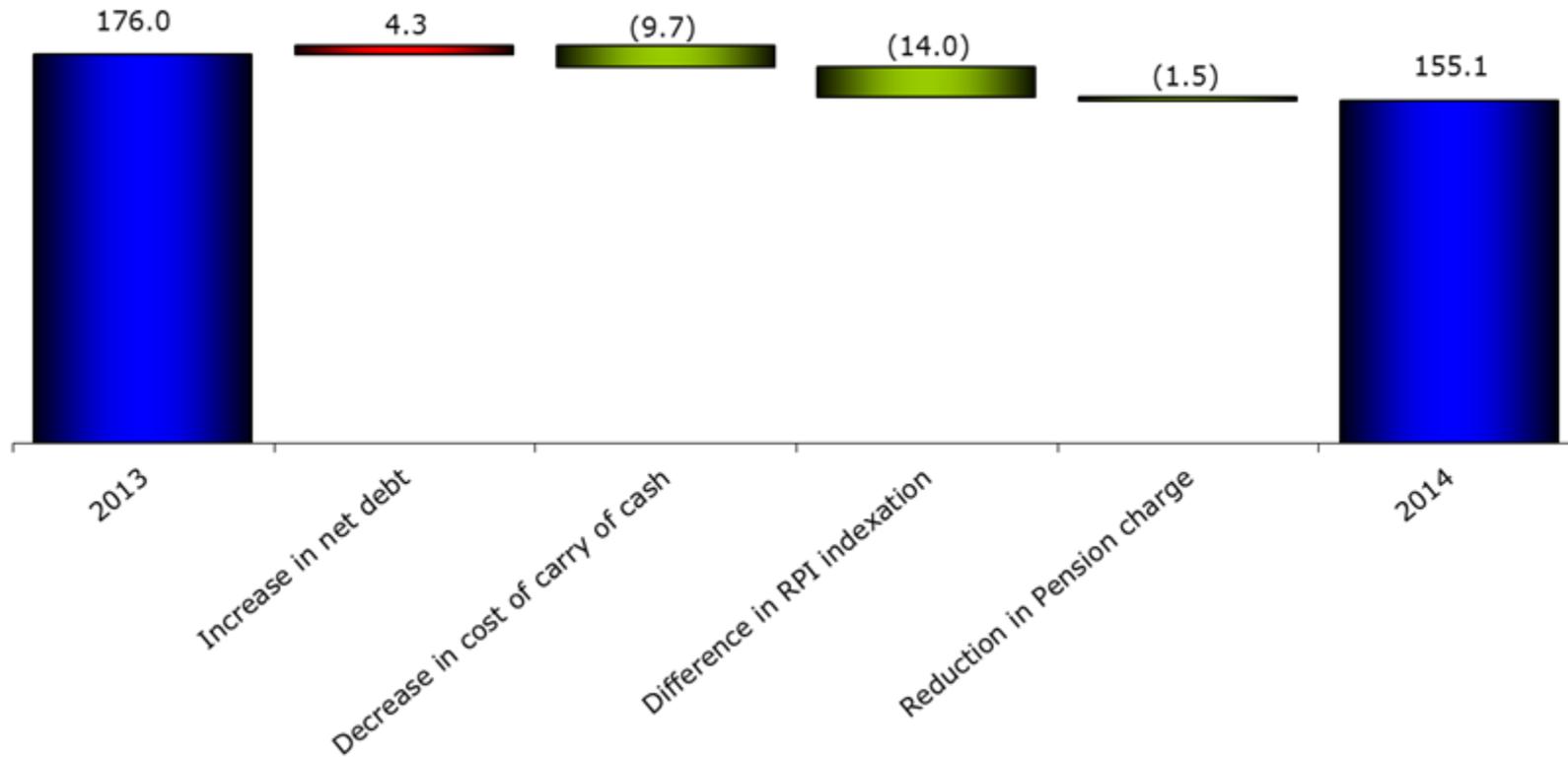
# Anglian Water Operating costs

Six months ended 30 September  
£m



# Anglian Water Interest

Six months ended 30 September  
£m



# Anglian Water

## Cash flow on CTA debt basis<sup>1</sup>



Six months ended 30 September

	<b>2014</b>	2013
	<b>£m</b>	£m
income	609.2	585.1
opex and taxation	(238.2)	(235.7)
net cash inflow from operating activities	<u>371.0</u>	<u>349.4</u>
capital maintenance expenditure	(84.8)	(103.6)
post maintenance capex cash flow	<u>286.2</u>	<u>245.8</u>
net interest	(126.3)	(123.2)
<b>free cash flow</b>	<b><u>159.9</u></b>	<b><u>122.6</u></b>
capital enhancement expenditure	(89.2)	(131.6)
dividends	(111.0)	(95.0)
<b>prefinancing cash flows per CTA definition</b>	<b><u>(40.3)</u></b>	<b><u>(104.0)</u></b>

<sup>1</sup> CTA cash flows are on a different basis to those presented in the financial statements.

# Anglian Water

## Movement in debt on CTA basis<sup>1</sup>

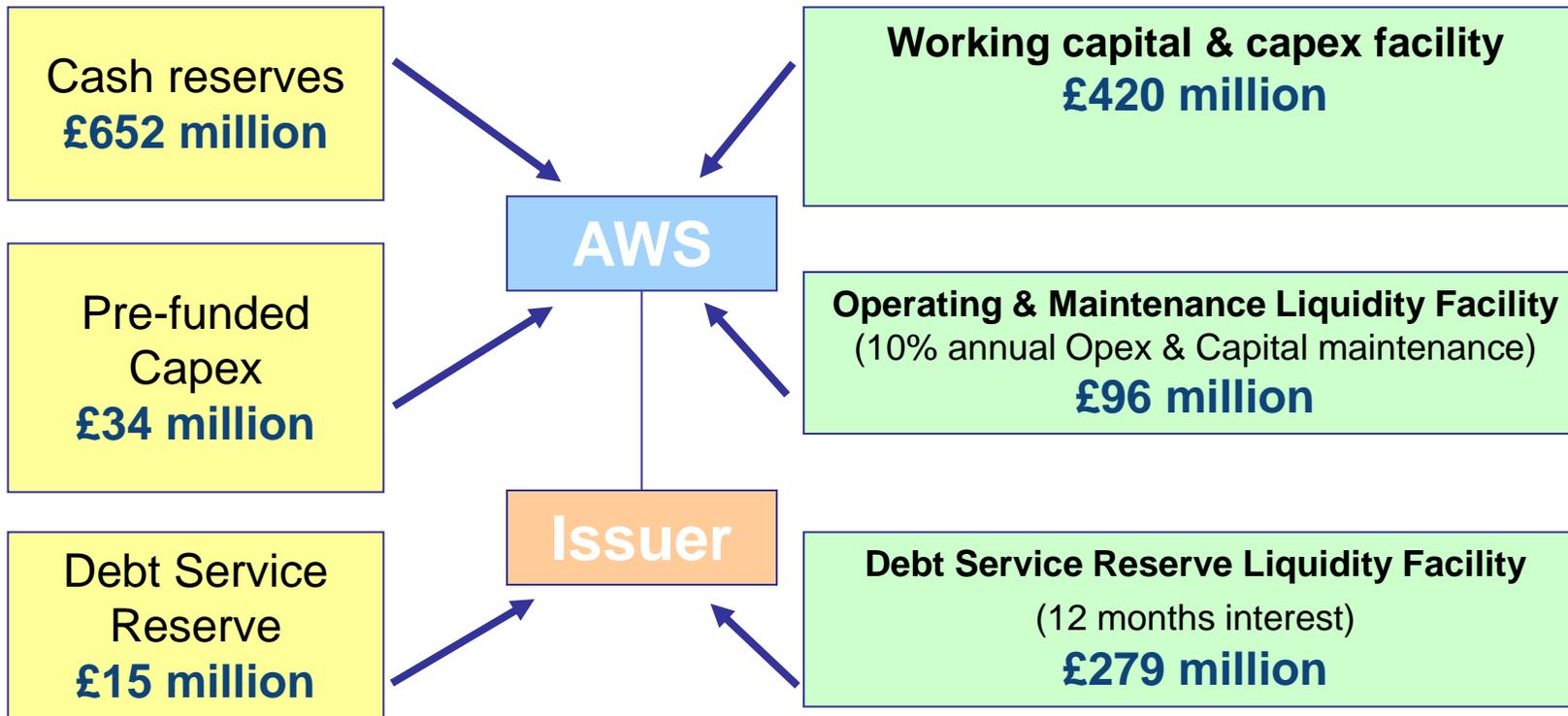
Six months ended 30 September

	<b>2014</b> <b>£m</b>
gross debt at 31 March 2014	(6,212.1)
new debt raised <sup>2</sup>	(125.0)
debt repaid <sup>2</sup>	65.5
indexation	(43.7)
gross debt at 30 September 2014	<u>(6,315.3)</u>
less cash	
- pre-funded capex	34.4
- debt service account	15.2
- tax reserve	100.0
- general working capital	551.0
<b>net debt per CTA definition <sup>1</sup></b>	<b><u>(5,614.7)</u></b>

<sup>1</sup>The CTA net debt is on a different basis to that presented in the financial statements.

<sup>2</sup> See appendix 6 for details

# Anglian Water Liquidity as at 30 September 2014



Total cash and investments  
**£701 million**

Total Facilities	<b>£795 million</b>
Total drawn	<u>£0</u>
Total undrawn facilities	<b>£795 million</b>

# Anglian Water

## Key financial ratios

Six months ended 30 September



	September 2014	trigger	default	September 2013	March 2014
Class A RAR	68.5%	75.0%	n/a	69.4%	67.7%
Senior RAR	79.3%	85.0%	95.0%	80.1%	79.6%
<b>Six month ratios</b>					
Class A ICR	3.3	n/a	1.6	3.2	n/a
Class A PMICR	1.7	1.3	n/a	1.6	n/a
Senior PMICR	1.5	1.1	n/a	1.4	n/a
<b>Rolling 12 month ratios</b>					
Class A ICR	3.7	n/a	n/a	3.6	3.7
Class A PMICR	1.9	n/a	n/a	1.7	1.9
Senior PMICR	1.7	n/a	n/a	1.5	1.6

RAR = Regulated Asset Ratio

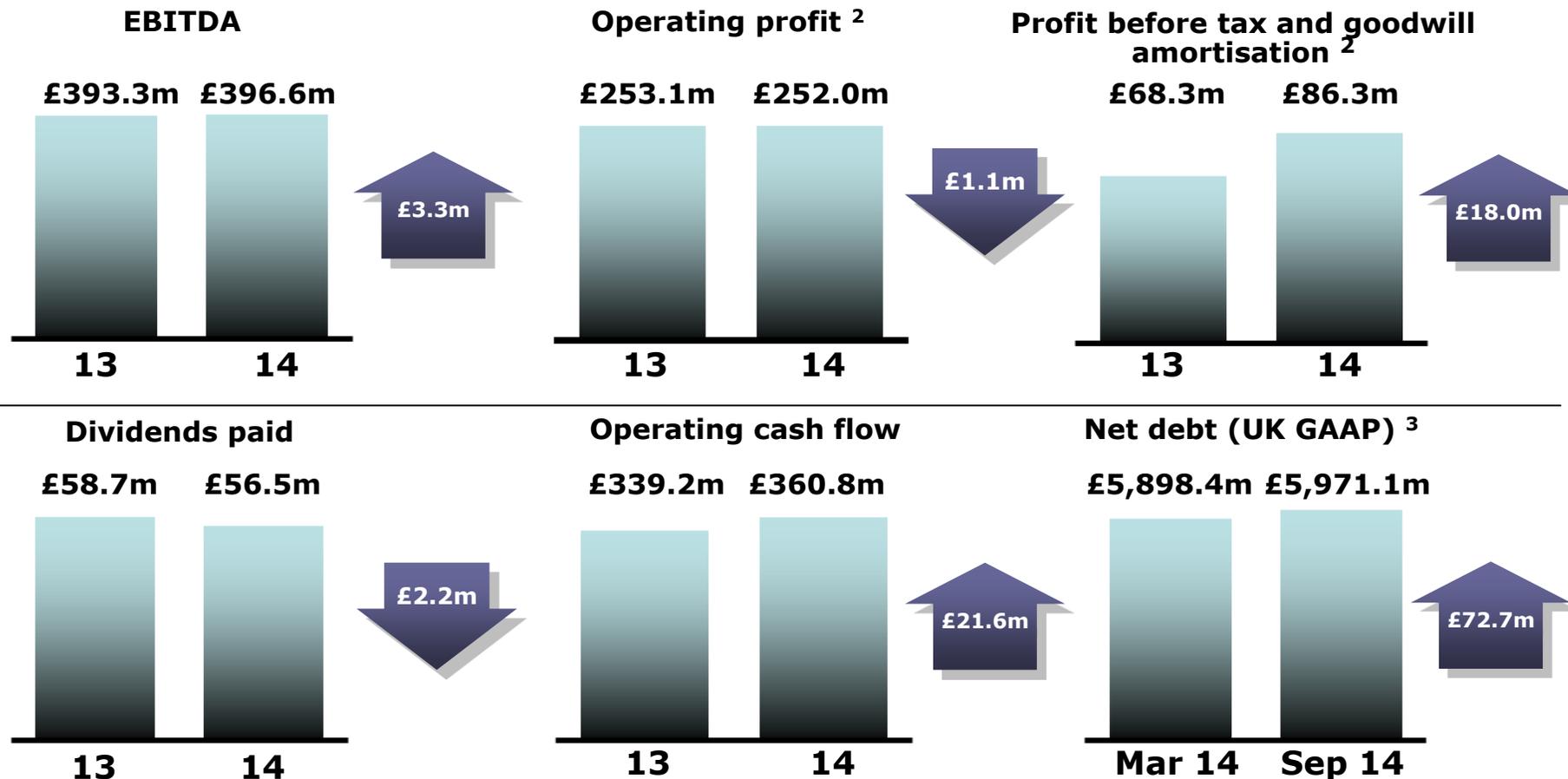
ICR = Interest Cover Ratio

PMICR = Post Maintenance Interest Cover Ratio

# Osprey Acquisitions Ltd

## Financial highlights<sup>1</sup>

Six months ended 30 September



<sup>1</sup> Results presented here are for Osprey Acquisitions Limited consolidated accounts.

<sup>2</sup> Excludes goodwill amortisation of £34.3m (2013: £34.3m).

<sup>3</sup> Excludes loan from parent and fair value adjustment to debt arising on acquisition.

# Non regulated business

## Property

- Steady progress in the challenging UK commercial property market
- Operating loss of £1.3m in line with expectations, compared to a loss of £2.3m for the comparative period
- Off balance sheet debt down by a further £4.2m to a level of £62.2m, (our share £31.1m)
- Agreed refinancing has secured funding for Joint Ventures through to March 2016

## Other businesses

- Mainly comprises Celtic Anglian Water
- Sterling turnover £11.7m, up from £11.1m. Euro turnover increased by €1.5m
- Operating profit unchanged from prior period at £1.6m
- Operating cash flow in line with prior period at £1.7m, 2013 £1.8m

# Osprey Acquisitions Ltd

## Operating profit segmental analysis



Six months ended 30 September

		<b>2014</b>	2013
		<b>£m</b>	£m
<b>AnGLIAN Water</b>	(1.1)%	<b>260.0</b>	<b>262.9</b>
AWG Property		(1.3)	(2.3)
head office and other		(0.7)	(1.5)
	( 0.4)%	<b>258.0</b>	<b>259.1</b>
depreciation of fair value adjs <sup>1</sup>		(6.0)	(6.0)
<b>Osprey Acquisitions operating profit</b>	( 0.4)%	<b>252.0</b>	<b>253.1</b>

<sup>1</sup> Depreciation of fair value adjustments relates to the revaluing of fixed assets to RCV on acquisition by the Osprey consortium.

# Osprey Acquisitions Ltd

## Operating cash flow

Six months ended 30 September



	<b>2014</b>	2013
	<b>£m</b>	£m
<b>Anglian Water</b>	<b>370.1</b>	<b>351.4</b>
AWG Property	(3.6)	(5.0)
Head office and other	(5.7)	(7.2)
<b>total operating cash flow</b>	<b>360.8</b>	<b>339.2</b>

# Osprey Acquisitions Ltd

## Taxation

Six months ended 30 September 2013

	PBT £m	Effective rate <sup>1</sup> %	Tax £m
<b>profit before tax</b>			
before goodwill	86.3	24.4%	(21.1)
goodwill amortisation	(34.3)	-	-
current year deferred tax liability discounting	-	-	9.3
decrease in discount rate	-	-	(17.0)
<b>total profit per statutory accounts</b>	<b>52.0</b>	<b>n/a</b>	<b>(28.8)</b>

<sup>1</sup> Before goodwill amortisation, deferred tax discounting and prior year adjustments

# Osprey Acquisitions Ltd Dividends



## Half-year ended 30 September 2014

£m

10 June 2014

56.5

**total distributions to parent company**

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**56.5**

## Half-year ended 30 September 2013

£m

10 June 2013

58.7

**total distributions to parent company**

---

**58.7**

# Osprey Acquisitions Limited

## Financial ratios



	<b>September 2014</b>	<b>dividend lock-up</b>	<b>default</b>	<b>September 2013</b>	<b>March 2014</b>
Senior RAR	84.9%	93.0%	95.0%	86.0%	85.4%
Senior ICR	2.9	n/a	2.0	2.7	2.8
Dividend Cover Ratio	4.5	n/a	2.0	4.6	4.6

RAR = Regulated Asset Ratio

ICR = Interest Cover Ratio

# Summary



- ✓ Continued industry leader, delivering strong customer performance
- ✓ Delivered Business Plan to Ofwat
- ✓ Delivering low cost, diversified financing solutions to ensure liquidity

# Appendices

# Index of appendices

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# Anglian Water

## Reconciliation of CTA operating cash flow

Six months ended 30 September

	<b>2014</b>	2013
	<b>£m</b>	£m
<b>underlying operating cash flow</b>	<b>370.1</b>	<b>351.4</b>
commissions on facilities not used	(1.3)	(1.3)
other items <sup>1</sup>	2.2	(0.7)
<b>net cash inflow from operating activities - CTA basis</b>	<b>371.0</b>	<b>349.4</b>

<sup>1</sup>Other items includes issue costs of new debt, other debt related fees and movement in unrepresented cheques.

# Anglian Water

## Reconciliation of CTA net debt

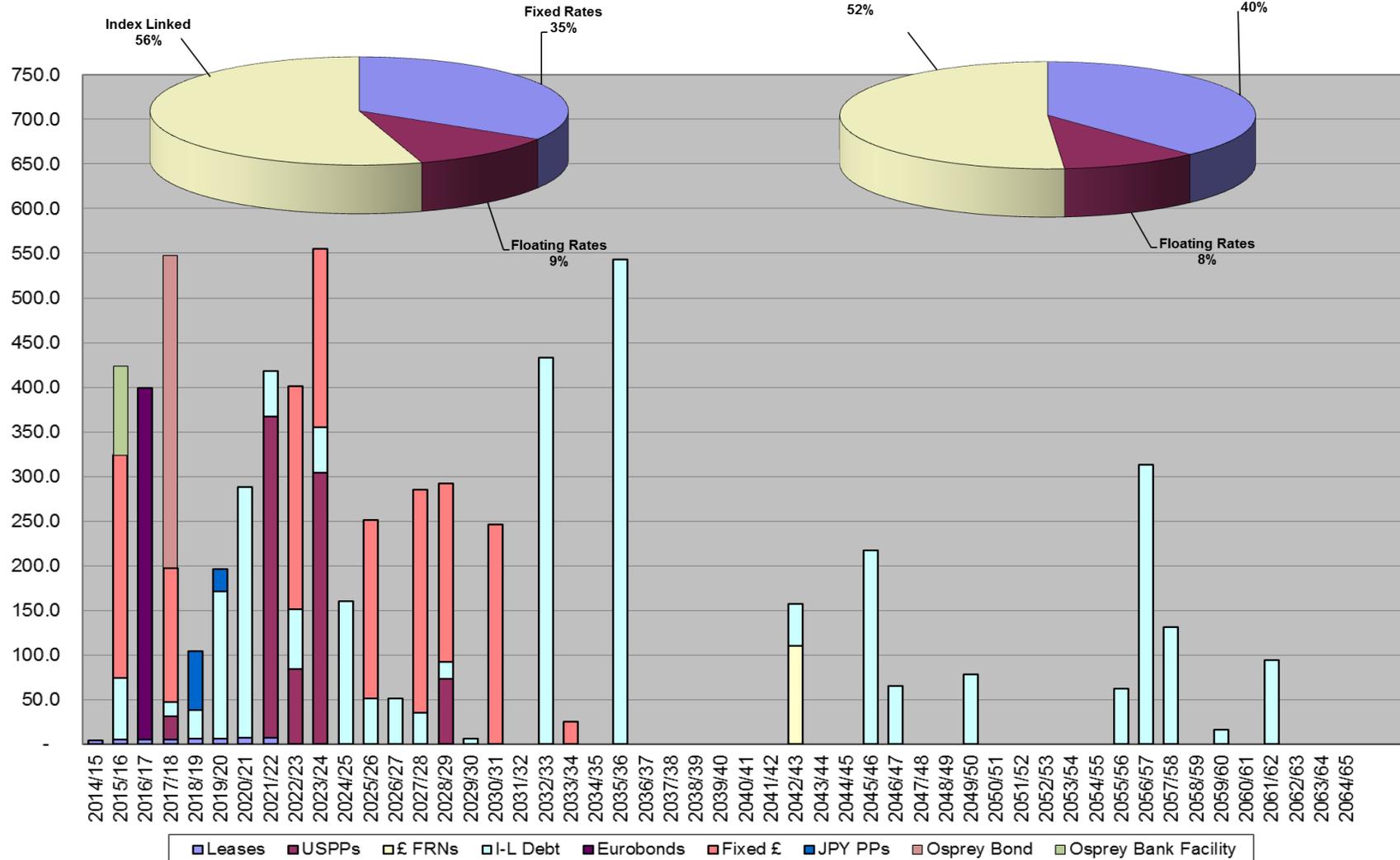
	Sep-14 £m	Mar-14 £m
<b>net debt - statutory accounting basis</b>	<b>5,592.3</b>	<b>5,498.3</b>
unpresented cheques and payments <sup>1</sup>	(8.3)	0.5
customer rebate account	5.3	10.5
uncleared statement cash	0.2	0.2
capitalised issue costs	25.2	26.4
<b>net debt - CTA basis</b>	<b>5,614.7</b>	<b>5,535.9</b>

<sup>1</sup>September 2014 includes a BACS payment run for £8.1m which cleared the bank in October

# Debt Maturity Profile as at 30 September 2014

## AWS Interest Profile

## OAL Interest Profile



# Anglian Water - Derivative Mark to Market Valuation

## Derivative Mark to Market Valuation as at 30 Sep 2014

Swap Type	Notional £m	MTM £m
Interest Rate Swap	1,955.9	(35.2)
Cross Currency Interest Rate Swap	1,085.6	54.5
RPI Swap <sup>1</sup>	565.9	(505.5)
	<u>3,607.4</u>	<u>(486.2)</u>
With Break Clause <sup>1</sup>	175.0	(143.7)
Without Break Clause	3,432.4	(342.5)
	<u>3,607.4</u>	<u>(486.2)</u>
<b>Energy Derivatives</b>	<b><u>Notional £m<sup>3</sup></u></b>	<b><u>MTM £m<sup>4</sup></u></b>
LEBA <sup>2</sup> Power Swaps	<u>93.0</u>	<u>(9.6)</u>

### Notes

<sup>1</sup>The (£505.5m) MTM value of the RPI swaps excludes accrued indexation which has already been charged to the profit and loss account amounting to £127.0m. 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.

<sup>2</sup>LEBA = London Energy Brokers Association.

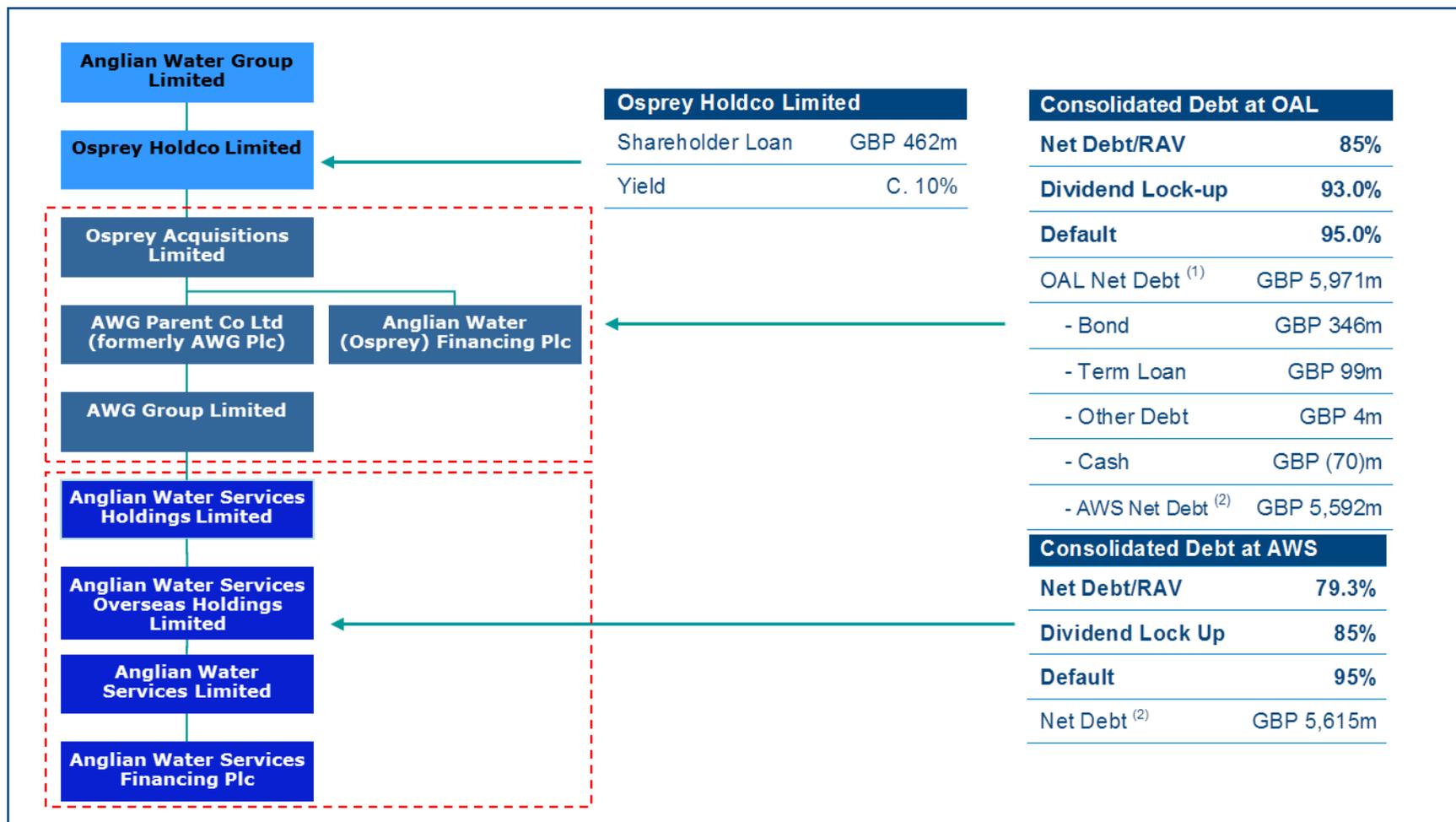
<sup>3</sup>Notional value for Energy Derivatives represents locked in purchase price for power.

<sup>4</sup>Including forward purchases from suppliers MTM of energy hedging instruments is (£12.0m).

Analysis excludes swaption transactions exercisable in June 2016 with a notional value of £300m and a MTM value of (£99.0m).

# Anglian Water Group financing structure

## Consolidated Capital Structure at 30 September 2014



<sup>1</sup> Excludes Parent Co loan of £729m and Fair Value adjustments of £296m.

<sup>2</sup> AWS Net debt of £5,592.3m is prepared on an accounting basis whereas Consolidated Debt at AWS of £5,615m is prepared on a Common Terms Agreement (CTA) basis.

# Anglian Water

## Summary of new loans and repayments

Six months ended 30 September

	2014 £m		2013 £m
<b>Debt raised</b>		<b>Debt raised</b>	
EIB Tranche 2 £125m 0.1% 2029	125.0	£35m 1.141% Index Linked 2042	35.0
		£420m Authorised Loan Facility drawdown	67.0
<b>Total debt raised</b>	<u>125.0</u>	<b>Total debt raised</b>	<u>102.0</u>
<b>Debt repaid</b>		<b>Debt repaid</b>	
£100m Class B 6.75% Bond Fixed to Floating 2014/2024	(60.9)		
Finance Lease RTS	(4.6)		
<b>Total debt repaid</b>	<u>(65.5)</u>	<b>Total debt repaid</b>	<u>-</u>

# Osprey Acquisitions Ltd

## Profit and loss account

Six months ended 30 September

		<b>2014</b> <b>£m</b>	2013 £m
<b>turnover</b>	+ 2.4%	<b>656.4</b>	640.9
<b>operating profit</b>	( 0.4)%	<b>252.0</b>	253.1
<b>interest</b>			
interest <sup>1</sup>		(121.8)	(126.9)
indexation charge		(43.9)	(57.9)
<b>PBTGAE</b>	+ 26.4%	<b>86.3</b>	68.3
amortisation of goodwill		(34.3)	(34.3)
<b>profit before tax</b>		<b>52.0</b>	34.0

# Osprey Acquisitions Ltd

## Group cash flow

Six months ended 30 September

	<b>2014</b>	2013
	<b>£m</b>	£m
<b>Group operating cash flow</b>	<b>360.8</b>	<b>339.2</b>
Net interest paid	(147.2)	(144.0)
Taxation	0.3	-
Capital expenditure	(183.4)	(235.6)
Dividends paid	(56.5)	(58.7)
Indexation	(43.9)	(57.9)
Other non-cash movements in net debt	(2.8)	(2.8)
<b>Movement in net debt</b>	<b>(72.7)</b>	<b>(159.8)</b>

# Osprey Acquisitions Ltd

## Net debt

	September 2014 £m	March 2014 £m
<b>Anglian Water <sup>1</sup></b>	<b>(5,592.3)</b>	<b>(5,498.3)</b>
<b>Non-regulated, including head office</b>	<b>45.9</b>	<b>23.0</b>
	<b>(5,546.4)</b>	<b>(5,475.3)</b>
<b>Osprey Acquisitions Limited</b>		
- £350m 7.0% bond 2018	(346.5)	(346.0)
- £100m term facility	(98.8)	(98.3)
- net cash	20.6	21.2
<b>Osprey Acquisitions group <sup>2</sup></b>	<b>(5,971.1)</b>	<b>(5,898.4)</b>

<sup>1</sup> Net debt on a UK GAAP statutory basis - see appendix 2 for reconciliation to CTA basis.

<sup>2</sup> Excludes loan from parent company (£728.8m\*) and fair value debt adjustments arising on acquisition (£296.0m).

\* 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 2014 this quasi-equity subordinated loan stands at £728.8m.

