

## NATIONAL PRESS RELEASE

**Pennon Group**  
(the “Group” or “Pennon”)

### **Pennon Group acquires SES Water**

Pennon Group, owner of South West Water, Bristol Water and Bournemouth Water, today announces the purchase of Sumisho Osaka Gas Water UK Limited, the holding company of Sutton and East Surrey Water plc (“SES Water”).

SES Water is a drinking water only supplier in the South East, supplying 160 million litres of clean water every day to around 745,000 customers across East Surrey, West Sussex, West Kent and South London. The Group employs 476 staff and is headquartered in Redhill, Surrey. It was put up for sale last year, by its owners Sumisho Osaka Gas Water UK Limited.

**SES Water is an well run, established business with a long heritage in the region, which Pennon recognises as key to delivering for customers and communities.** Following regulatory approvals, SES Water’s employees will join Pennon Group, bringing their expertise and local knowledge with them to ensure that customers have continuity and confidence in the high quality, local service delivery that they are used to.

**The acquisition of SES Water is in addition to Pennon’s current water business expected investment of £850 million over 24 months.** In October 2023, the Group also submitted its plans to double investment to £2.8 billion from 2025-30 across our four key areas of water quality and resilience and tackling storm overflows and pollutions, delivering for customers and addressing affordability, reaching net zero and enhancing environmental gains.

**Pennon has a strong track record of acquiring high quality businesses in the sector.** The acquisition of SES Water follows Pennon’s successful purchase and integration of Bournemouth Water in 2015 and Bristol Water in 2021, alongside the integration of water supply and wastewater in the Isles of Scilly in 2018.

**The acquisition also provides an opportunity for Pennon and SES Water to share best practice for the benefit of customers across the UK.** SES is a well-run operation with top performance for water quality, leakage and supply interruptions. By acquiring the business, Pennon will be able to roll out this know-how and best practice across its existing services in the UK, benefiting all of its customers.

**By bringing SES into The Pennon Group, there are unique benefits for customers and employees thanks to the successful Watershare+ programme, where customers can become shareholders in their local water company.** This has already seen over 90,000 Pennon customers become shareholders, including 30,000 from Bristol Water last year. Through WaterShare+, Pennon is the only company in the sector allowing customers to have a greater say in how their local water company is run through quarterly public meetings with Pennon’s leadership team.

**Commenting, Susan Davy, Group Chief Executive of Pennon Group, said:**

*“SES Water is a fantastic growth opportunity for Pennon, demonstrating our commitment to the UK water industry.*

*“As part of the Pennon Group, we will enhance SES Water’s financial resilience and better position the business to serve its customers and all stakeholders, as has proven to be the case with our acquisitions of Bournemouth Water and Bristol Water.*

*“We are able to invest in SES Water’s resources infrastructure, environment and people thanks to our strong financial performance and long-term UK shareholder base, delivering a seamless transition for SES Water’s customers while also providing an even more robust and reliable service to customers.*

*“Having submitted our biggest investment plan of £2.8 billion from 2025-30 to date, a plan which will create 2,000 new jobs and improve long-term water resilience, the acquisition of SES Water*

*comes at a time of great promise for our business, and I am looking forward to this next exciting chapter in our development.”*

**The acquisition provides SES Water with a strong platform for investment and growth as part of Pennon.** Following regulatory confirmation, Pennon intends to provide an equity injection to enhance SES Water’s financial resilience, bringing their gearing from 88% to within Pennon’s well-established water business gearing range of 55% to 65%, giving customers assurance that SES Water can invest sustainably over the long term in infrastructure and services.

**Pennon is one of the few operators in the UK water sector with a stock exchange listing,** providing a balance sheet and level of financial transparency that provides a strong platform for sustainable investment and growth to the benefit of all stakeholders, including customers and employees. Pennon has one of the strongest balance sheets in the water industry with the lowest level of net debt and one of the water industry’s lowest gearing levels.

As this acquisition demonstrates, it also has a level of financial flexibility to invest in high quality businesses such as SES Water in a sustainable manner, with the acquisition being partially funded by a contribution from Pennon’s shareholders through an equity raise, demonstrating their belief in the quality of the business.

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