



South West  
Water

# Full Year Results Update 2024/25

4 June 2025



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# South West Water Group

## South West Water Limited (guarantor) credit ratings

		
Guarantor rating	<b>Baa1</b>	<b>BBB+</b>
Outlook	<b>(Negative)</b>	<b>(Stable)</b>

## South West Water Finance plc (issuer)

- Issued £400m Bond in July 2024, maturing 2041
- Issued £250m Bond in December 2024, maturing 2032
- Instrument rating Baa1 (Moody's) and A- (Fitch)



**In February 2025, following the Final Determination, both Moody's and Fitch reaffirmed their ratings and outlooks for South West Water Ltd and South West Water Finance plc**



# A resilient end to K7

**Delivering on our four strategic priorities**

**Serving more customers and communities across our regions**

**Point of inflection – reset and rebased for K8**

**Strong platform secured for the future**



**Robust outlook for K8**

# Delivering on our four strategic priorities in K7

Building water resources, improving water quality



Breaking the drought cycle

Sector-leading water quality

Tackling storm overflows and pollutions



100% Bathing Water quality

Sector-leading internal sewer flooding

2★ EPA

Driving environmental gains



RNAGS reduced 19% → 12%

144,000 hectares of catchment improvements

Supporting affordability, delivering for customers



100% affordability

c.70% ODIs delivered

With record investment

# Serving more customers and communities across our regions – a growing footprint

## Delivering efficiently



Two new state-of-the-art treatment works



First time sewerage and step change in water quality



Cheddar 2 investment approved



Securing financial resilience and Bough beach reservoir opportunities



## Growing shareholder base of customers

**WaterShare+**

# Robust outlook for K8

# Point of inflection

**Water efficiency initiatives driving lower revenue**

– ahead of K8 revenue reset

**Resetting**  
the cost base

**c.£76m**  
annualised savings

**On target**  
**c.£86m**  
in K8

**Record**  
capital investment

**Delivering**  
our outcomes for  
our customers  
and the  
environment

Cumulative WaterShare  
**RORE**  
**10.4%**<sup>1</sup>  
nominal

**6.0%**<sup>1</sup>  
real

**Strong**  
balance sheet

**£1.3bn**  
funding raised  
in 2024/25

**Rebased**  
dividend  
post Rights  
Issue

**3.4%**  
**growth**  
(CPIH)

## Reset and rebased for K8



# Strong platform for the future

**Solid business plans – already delivering**

**Step change in investment – 34% growth in RCV**

**Driving efficiency and innovation**



**Targeting c.7% RORE in K8 – continuing K7 outperformance run rate**



**‘outstanding’**



**‘standard’**





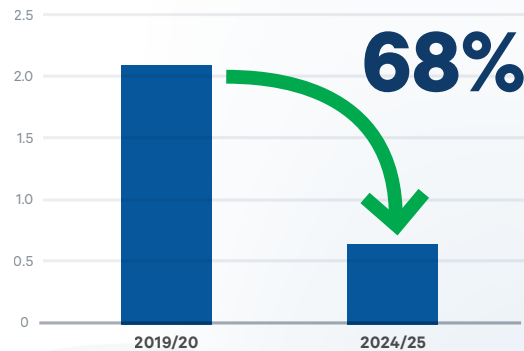
# Operational update



# Tackling pollutions and storm overflows

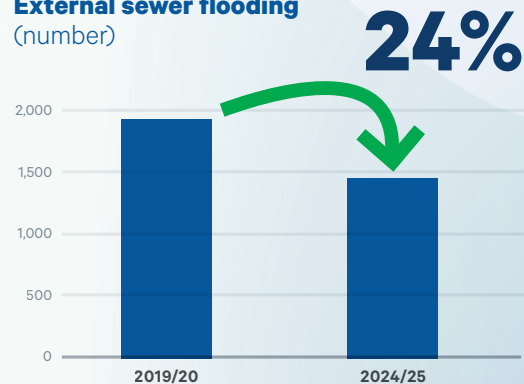
## Prioritising the impact on homes and businesses

Internal sewer flooding (per 10,000 properties)



**Industry-leading performance**

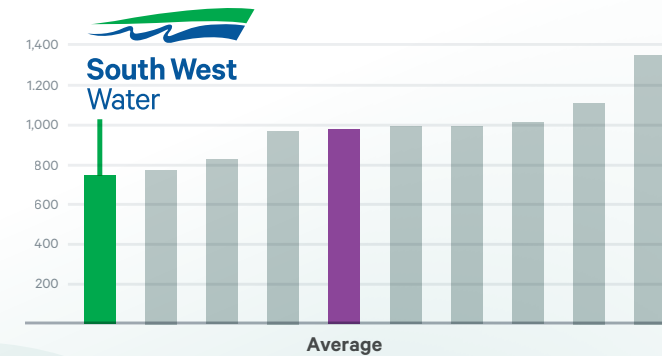
External sewer flooding (number)



**Top quartile performer**

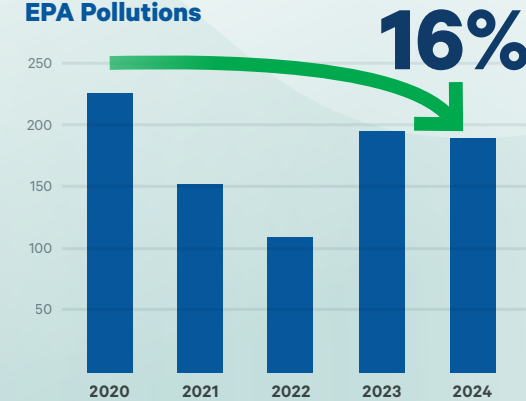
## Pollution incident reduction a key focus

Total emissions<sup>1</sup> (per 10,000km)



**Lowest number of pollutions to homes, businesses, water courses and land**

EPA Pollutions



**40%** reduction in network pollution incidents over K7

**30%** reduction in sewer collapses over K7

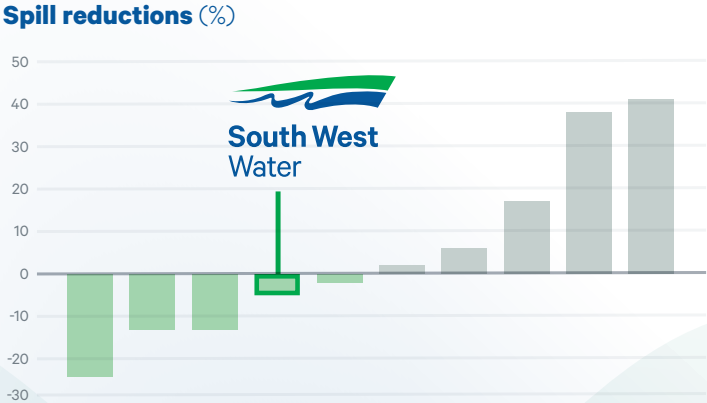
Anticipating 2★ EPA – plans to deliver 4★ for 2028 assessment

# Tackling storm overflows and pollutions

Progress made despite 2024 being the wettest hydrological year on record

## Driving spills down through interventions

One of only 5  
companies to  
reduce  
spills



**2/3**

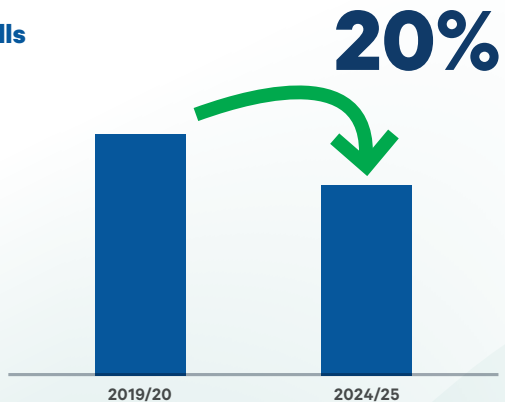
of 2023  
top spillers  
resolved

**c.15,000**

spills prevented  
through K7 WaterFit  
interventions

## Focus on bathing waters

Bathing water/  
Bathing season spills  
(number)



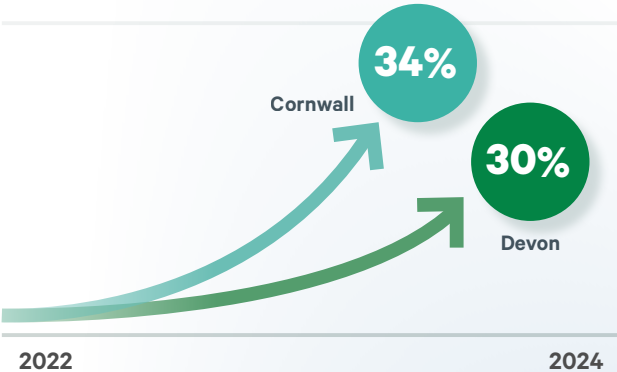
Bathing  
water spills  
**down  
20%  
over K7**

**100%**  
bathing water  
quality –  
fourth year  
in a row<sup>1</sup>

# Building water resources, improving water quality

## Securing supply resilience into the future

Supplemented resources (%)



**100%**  
Supply Demand  
Balance index

**Exceeded target  
reservoir levels  
at March 2025**

**No restrictions  
anticipated this summer**




## Reducing demand and driving water efficiency



**Sector-leading demand  
reduction scheme**

**Innovative tariffs –  
driving 2-9% demand reduction**

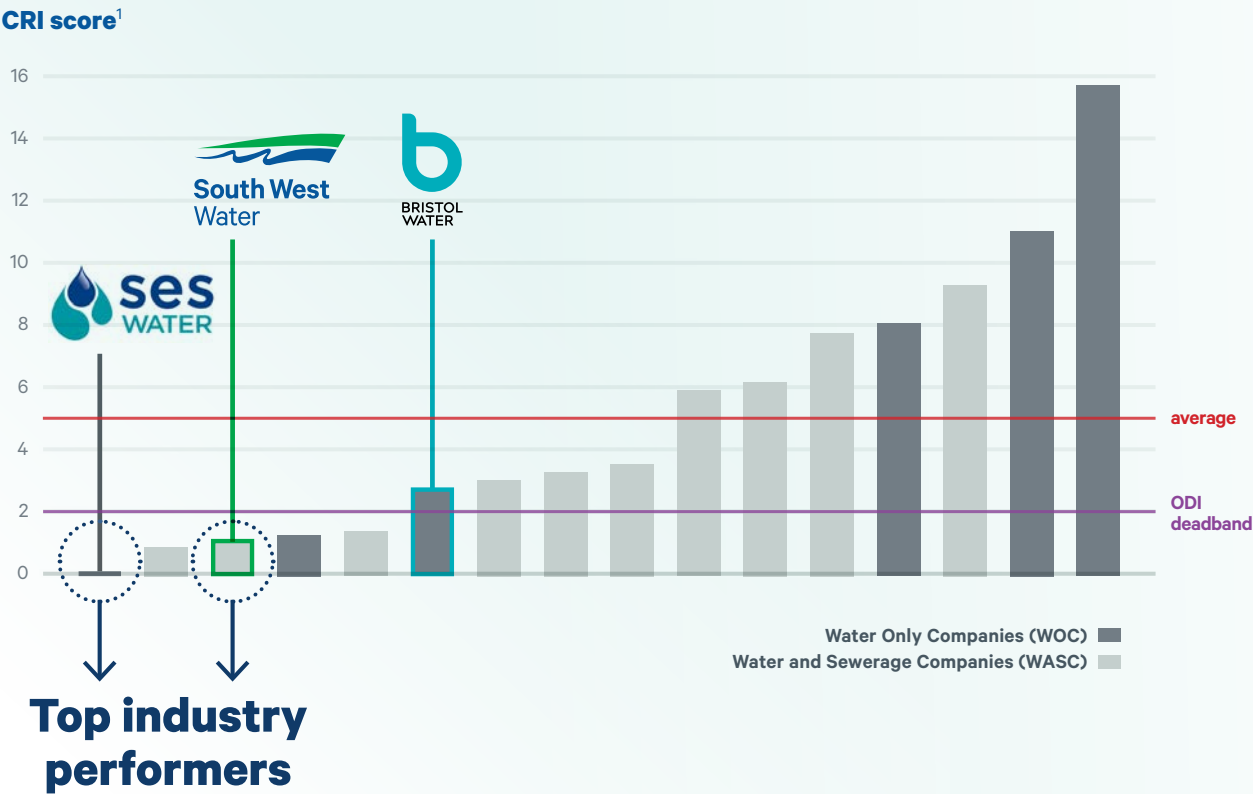
**Leakage reduction**

 South West Water	 BRISTOL WATER	 ses WATER
9%	4%	3%
Marginally missing target		Meeting target



# Building water resources, improving water quality

Clean, safe, drinking water – our customers’ number 1 priority



**Quality First**  
approach delivering results



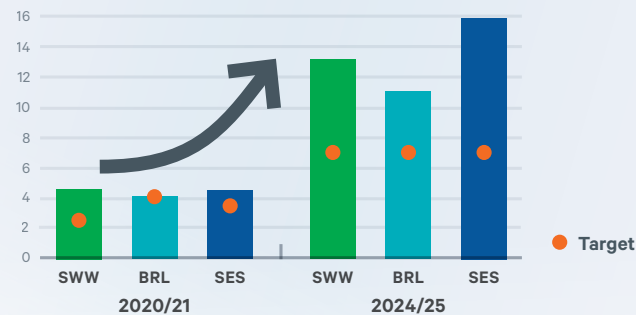
**Industry-leading  
CRI**

**>67%  
improvement**  
in SWW over K7

# Supporting affordability, delivering for customers and communities

## Supporting vulnerable customers

Priority Services Register (reach %)



**Exceeding  
our target  
every year**

Consumer debt  
**0.9%**  
of revenue –  
**upper quartile**

## Significant support packages



**Unlocking  
over £124m**  
of financial support

**100%**  
**affordability for K7**  
– meeting our zero  
water poverty pledge

## Working with our local communities



**24** customer  
**roadshows**  
engaging with over 1,000 customers

**55 charities**  
benefiting from our  
Neighbourhood Fund

**£200m support fund in place for K8**

# Delivering through our colleagues

**c.4,000  
brilliant colleagues**

– delivering for customers  
and the environment



**Supporting  
2,000  
jobs across our region**

**Confident  
in delivery**

– working with innovative  
supply chain

**amplify**

**MMB**  
MOTT MACDONALD  
BENTLEY

**bam**

**Clancy**

**Tilbury Douglas**

**MWH**  
TREATMENT

**Network  
Plusenvolve**



**c.4,000  
courses**

through our training centres

**680  
graduates &  
apprentices**



# Financial update





# South West Water key financial metrics

## Resilient underlying performance

EBITDA  
**£308.6m**

## South West Water gearing

**62.0%**

## SWW Return on Regulated Equity

**6.0%**<sup>1</sup>

## Investing to deliver

CAPEX  
**£588.7m**

## Investment grade credit ratings

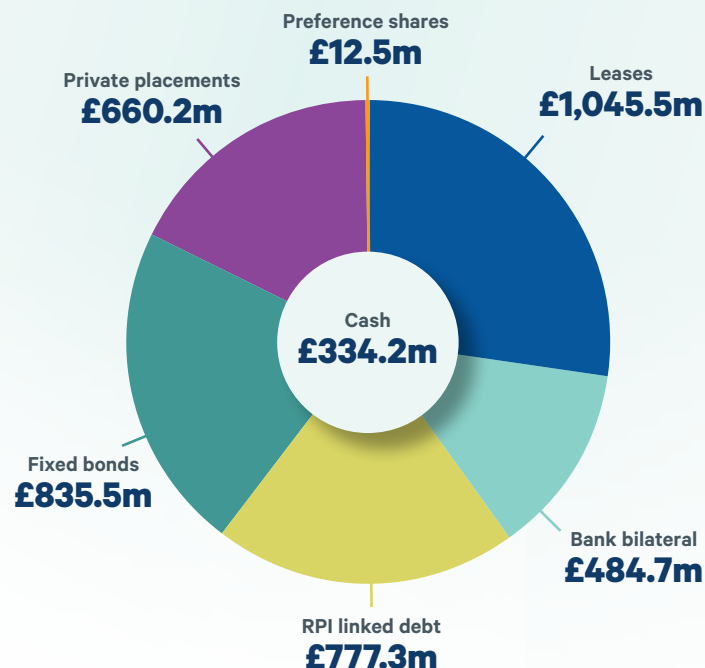
MOODY'S ANALYTICS   FitchRatings  
**Baa1   BBB+**  
SWW guarantor

## Strong liquidity

**£694.2m**

# South West Water – Financing our growth

## Diversified debt portfolio



Net debt  
at 31 March  
2025

**£3,481.7m<sup>1</sup>**

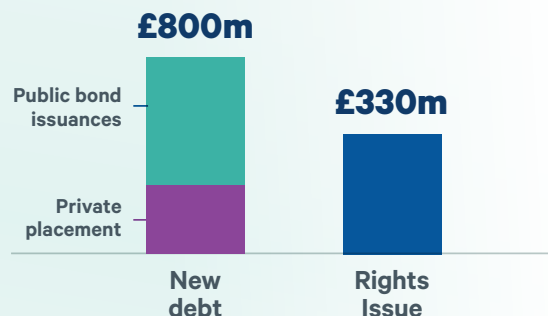
(FY 2023/24: £3,294.7m)

## Strong liquidity and funding position

SWW  
gearing

**62%**

**£1.1bn**  
raised in 2024/25



Available  
liquidity

**c.£700m**

## Efficient financing

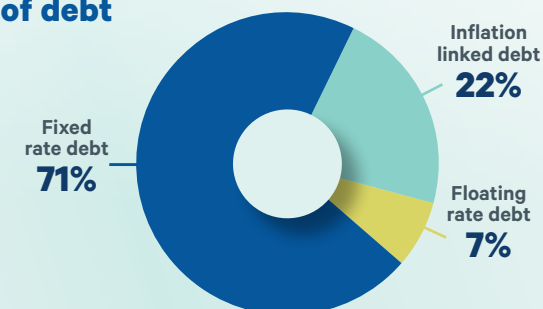
SWW effective  
interest  
rate<sup>2</sup>

**5.4%**

Average  
maturity

**14 years**

Mix of debt



**100%** Sustainable Financing  
Framework

# FY25 results shaped by customer demand measures and record K7 investment

- **SWW revenue flat, resulting from lower customer consumption**
- **Operational efficiencies partly offsetting cost pressures**
- **Financing costs reflect record capital programme**
- **Non-underlying costs**
  - Water quality event – interventions and customer support
  - Reshaping and transformation costs

<b>Underlying</b> (£m unless otherwise stated)	<b>2024/25</b>	<b>2023/24</b>	<b>Change</b>
<b>Revenue</b>	<b>737.7</b>	<b>729.8</b>	<b>1.10%</b>
Operating costs	(429.1)	(397.3)	8.00%
EBITDA	308.6	332.5	-7.20%
Depreciation and amortisation	(168.3)	(162.4)	3.60%
Operating profit	140.3	170.1	-17.50%
Net interest charge	(170.6)	(155.5)	9.70%
<b>(Loss)/profit before tax</b>	<b>(30.3)</b>	<b>14.6</b>	<b>-307.50%</b>
Non-underlying items before tax	(32.4)	(15.6)	-
<b>Loss before tax</b>	<b>(62.7)</b>	<b>(1.0)</b>	<b>-17.50%</b>

# Delivering efficient performance

**c.£75m**  
targeted K8  
run rate  
annualised  
savings

## Bristol Water integration



- Integration synergies achieved in full

2024/25

TARGETED K8 RUN RATE

£20m



**c.£20m**



Fully delivered

## Reshaping the business



- Improving how we work, being more efficient
- Reshaping the business to right size and right source
- Aligned to delivery of our strategic priorities

£47m<sup>1</sup>



**c.£55m**

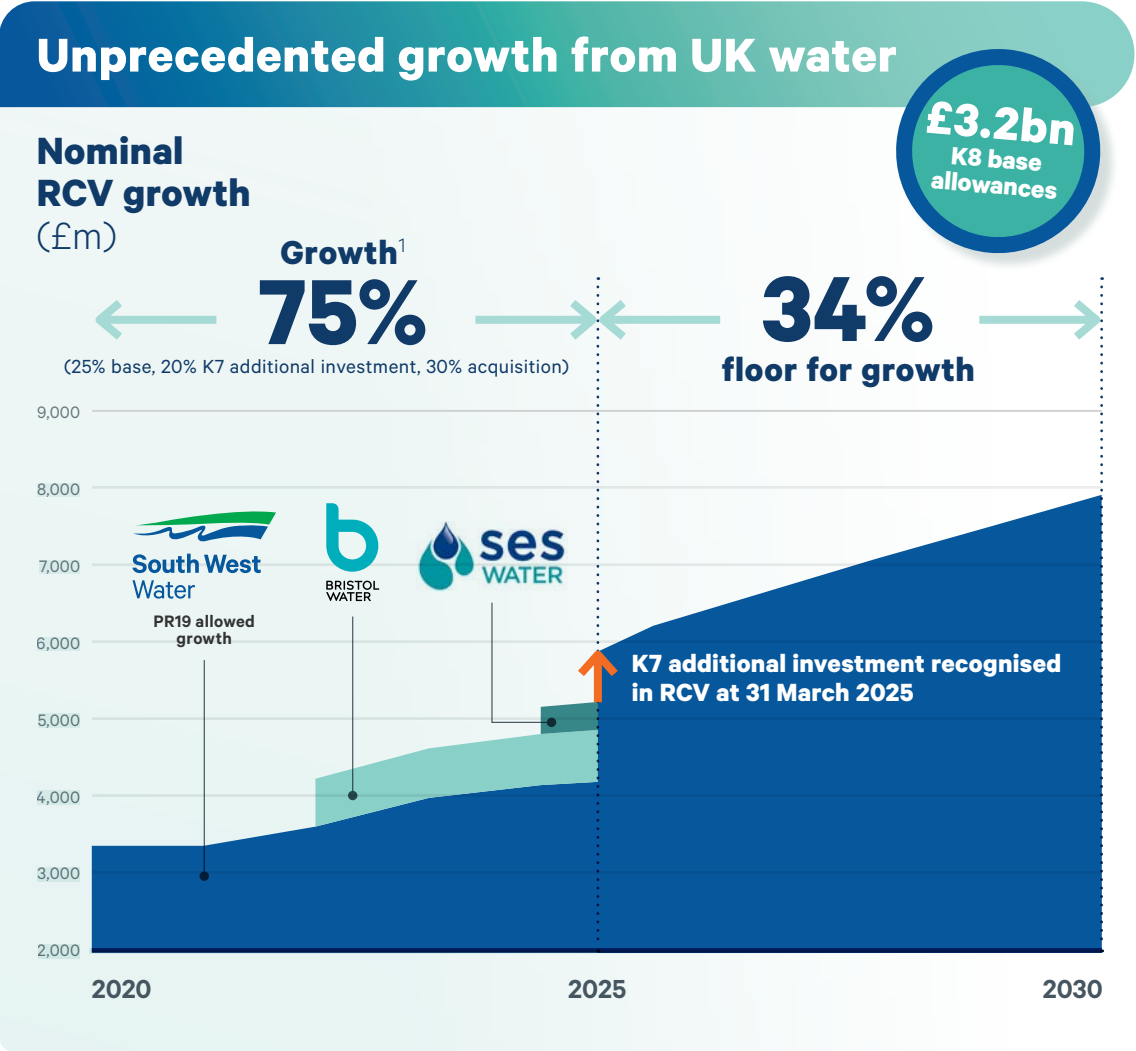
Ahead of plan

**£67m**





# Funding secured for next phase of growth



K7 outperformance

Cumulative SWW returns <sup>2</sup>	Shareholder value
<div>6.0% real</div> <div>10.4% nominal</div> <div>200 bps outperformance</div>	<div>K7 shareholder value c.£910m</div> <div>Dividends paid c.£200m</div> <div>Retained value<sup>3</sup> (including dividends declared) c.£710m</div>

Group capital investment (£m)

	2024/25	2023/24
South West Water	588.7	582.9
Clean water	325.2	369.3
Wastewater	263.5	213.6

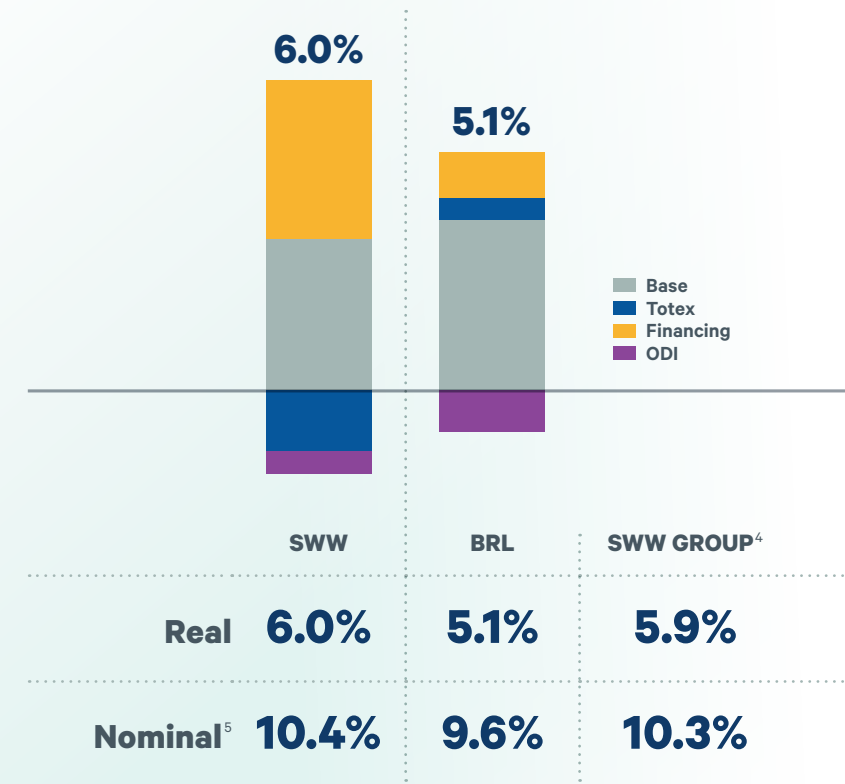
# RORE outperformance

## Cumulative RORE performance<sup>1</sup> (£m)

SWW & BRL	2020/ 21	2021/ 22	2022/ 23	2023/ 24	2024/ 25	Cumulative total
<b>Financials</b>						
<b>Totex</b>	60	33	-80	-73	-80	-140
<b>Financing</b>	14	53	133	55	89	344
<b>ODIs</b>	-12	1 <sup>2</sup>	-10	-14	-23	-58
<b>Total</b>	<b>96</b>	<b>94</b>	<b>8</b>	<b>-38</b>	<b>-14</b>	<b>146</b>

- 50% for 2024/25 ODIs impacted by water network issues (including one-off events)

## Cumulative WaterShare RORE<sup>3</sup>



- SES RORE for 2024/25 4.2%

# Balance sheet – diversified funding portfolio

## Balance at 31 March 2025

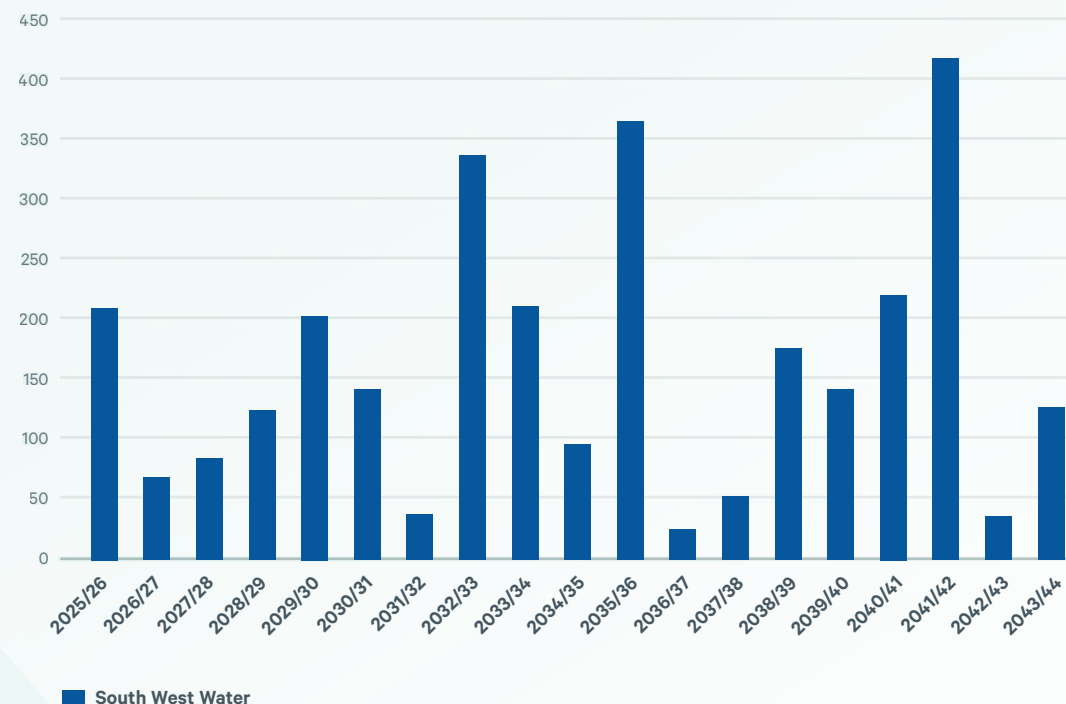
(£m)

	South West Water
Leasing	1,045.7
Bank bilaterals	547.3
Index-linked debt (RPI)	715.1
Fixed rate bonds	835.1
Private placements	660.2
Preference shares	12.5
<b>Total borrowings</b>	<b>3,815.9</b>
Less: cash/liquid investments	(334.2)
<b>Net borrowings</b>	<b>3,481.7</b>

# Debt maturity profile

## SWW debt maturity profile

(£m)



## Liquidity position

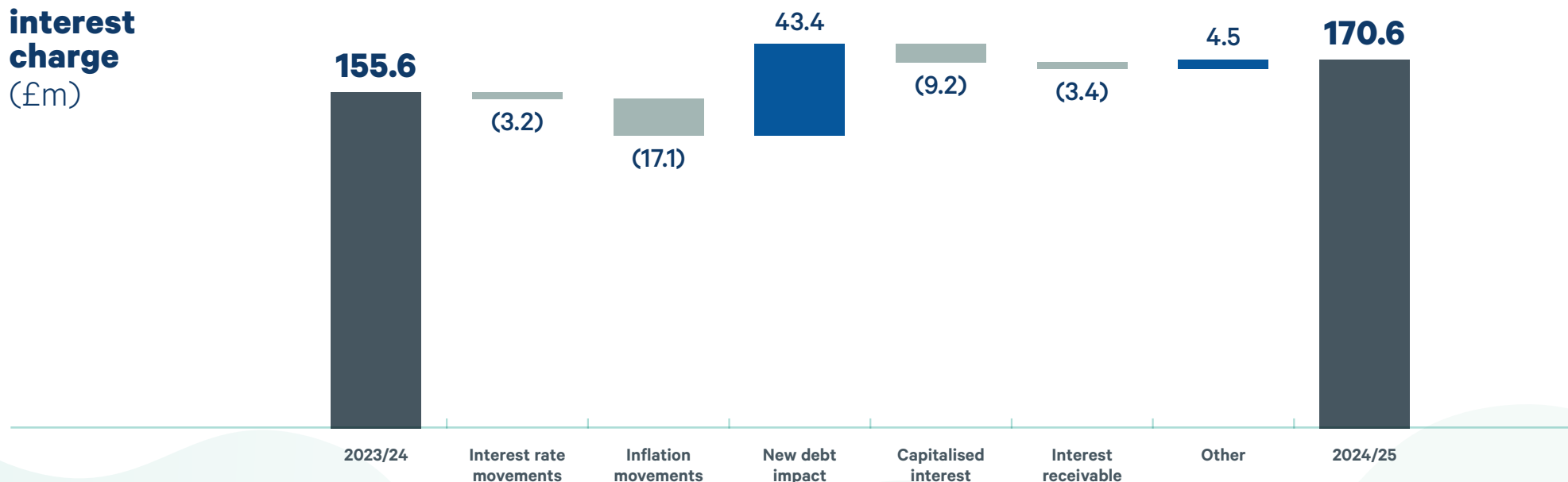
- At 31 March 2025, Pennon Group had access to undrawn committed funds and cash and cash deposits totalling c.£977.9m, including cash and other short-term deposits of £417.9m and c.£560m of undrawn facilities.
- In 2024/25 we have raised c.£800m for South West Water.
- South West Water's gross debt at 31 March 2025 was £3,815.9m. The debt has a maturity profile of up to 32 years.
- Weighted average maturity of 14 years.



# Financing costs

- Full year impact of SES
- Reduction in inflation and rates offset by new debt to fund the ongoing investment programme
- SWW effective interest rate 5.4%

## Total interest charge (£m)



# Net interest analysis

(£m unless otherwise stated)

	2024/25	2023/24
<b>Underlying net interest charge</b>	<b>(170.6)</b>	<b>(155.5)</b>
Less: pensions net interest	(1.1)	(1.4)
Non-debt related interest	(23.1)	(14.1)
Add: capitalised interest	4.5	-
<b>Net interest for average rate calculation</b>	<b>(190.3)</b>	<b>(171.0)</b>
Split between:		
Interest payable	(175.0)	(161.8)
Capitalised interest payable	(23.1)	(14.1)
Other finance income	7.8	4.9
<b>Net interest payable</b>	<b>(190.3)</b>	<b>(171.0)</b>
Effective interest rate (%) <sup>1</sup>	5.4%	5.6%