

Press Release

Provisional clearance of Bournemouth Water merger from Competition and Markets Authority (CMA)

Pennon is pleased to note that the CMA has today provisionally cleared the acquisition of Bournemouth Water by Pennon and the subsequent merger of Bournemouth Water with South West Water.

After a thorough review and due consideration, the CMA has concluded that the merger is not likely to prejudice Ofwat's ability to compare water companies' performance and set price controls.

The CMA is now consulting on their provisional decision and Pennon will be responding positively to their findings ahead of the final decision due by the 22 November 2015.

Pennon will reiterate that the merger delivers tangible long-term benefits to both customers and shareholders as the water industry works towards market liberalisation in 2017, including:

- Creating significant benefits through a combined retail business structure
- Delivering synergies in corporate costs and other efficiency savings
- Improving customer services sharing best practice from across both businesses

Research undertaken by Pennon indicates that customers strongly support the benefits that emerge from this type of merger.

Since completion of the acquisition of Bournemouth Water on 15 April 2015, the South West Water and Bournemouth Water management teams have spent time exploring ways to deliver a more effective and efficient service to customers.

The CMA's press release can be viewed here:

<https://www.gov.uk/cma-cases/pennon-group-semcorp-bournemouth-water-investments-merger-inquiry>

Chris Loughlin, Executive Director of Pennon & Chief Executive of South West Water, said:

"We are pleased to note the provisional clearance of the Bournemouth Water acquisition without condition. Subject to receiving final clearance, we intend to merge Bournemouth Water with South West Water. We strongly believe this merger will deliver tangible long-term benefits to customers and shareholders."

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