

25 September 2017

PENNON GROUP PLC

Trading Statement

Pennon, one of the UK's largest environmental infrastructure groups, is issuing the following update ahead of its results for the half year ended 30 September 2017, which will be announced on 29 November 2017.

Pennon is on track to deliver in-line with management's expectations across both its water and waste businesses.

Progress is being made on the final agreements relating to the Greater Manchester PFI Contract. At Glasgow's Recycling and Renewable Energy Centre (GRREC), the ERF remains on schedule to enter final commissioning by the end of 2017.

On 11 September 2017, Pennon launched a tender offer for its 2013 6.75% hybrid alongside the issuance of a new 2017 hybrid. £286 million has been redeemed through the tender offer, while the remaining £14 million has been called. This process is expected to complete in October 2017. The new 2017 £300 million hybrid successfully completed on 22 September 2017 with an annual coupon rate of 2.875% and a first call date of 22 May 2020.

Outlook

Pennon continues to deliver a robust underlying financial performance for 2017/18. With our clear strategy and strong balance sheet, Pennon is well-placed to continue to deliver for customers, communities and shareholders.

Half Year Results - 29 November 2017

Pennon intends to announce its half year results for 2017/18 on Wednesday 29 November 2017. Further information on Pennon, Viridor and South West Water can be found on the Group's website, www.pennon-group.co.uk

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Cautionary statement in respect of forward-looking statements

Certain statements in this announcement are forward-looking statements relating to the Group's operations, performance and financial position based on current expectations of, and assumptions and forecasts made by, management. They are subject to a number of risks, uncertainties and other factors that could cause actual results, performance or achievements of the Group to differ materially from any outcomes or results expressed or implied by such forward-looking statements. The Group's principal risks were described in the 2017 Pennon Group Annual Report which can be viewed online at www.pennon-group.co.uk/AR2017. Such forward looking statements should therefore be construed in light of such risks, uncertainties and other factors and undue reliance should not be placed on them. They are made only as of the date of this announcement and no representation, assurance, guarantee or warranty is given in relation to them including as to their accuracy, completeness, or the basis on which they are made. No

obligation is accepted to publicly revise or update these forward-looking statements or adjust them as a result of new information or for future events or developments, except to the extent legally required. Nothing in this Statement should be construed as a profit forecast.