



Full Year Results Update 2025/26

18 June 2026

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South West Water Group

South West Water Limited (guarantor) credit ratings

		
Guarantor rating	Baa1	BBB+
Outlook	(Negative)	(Stable)

South West Water Finance plc (issuer)

- Issued £400m Bond in July 2024, maturing 2041
- Issued £250m Bond in December 2024, maturing 2032
- Issued £300m Bond in September 2025, maturing 2031
- Instrument rating Baa1 (Moody's) and A- (Fitch)

In March 2026 both Moody's and Fitch reaffirmed their ratings and outlooks for South West Water Ltd and South West Water Finance plc.

Return to profitability for 2025/26

Increase
in EBITDA¹

56.1%
year-on-year

More than doubling
operating profit²

£310m
(2024/25: £140m)

Return on
Regulated Equity

6.9% | **5.8%**
SWB | BRL

Focused start to
capital programme

£563m
(2024/25: £589m)

Strong investor
appetite

£485m
Debt raised in FY26

Resilient balance
sheet

61.9%
South West Water Group gearing

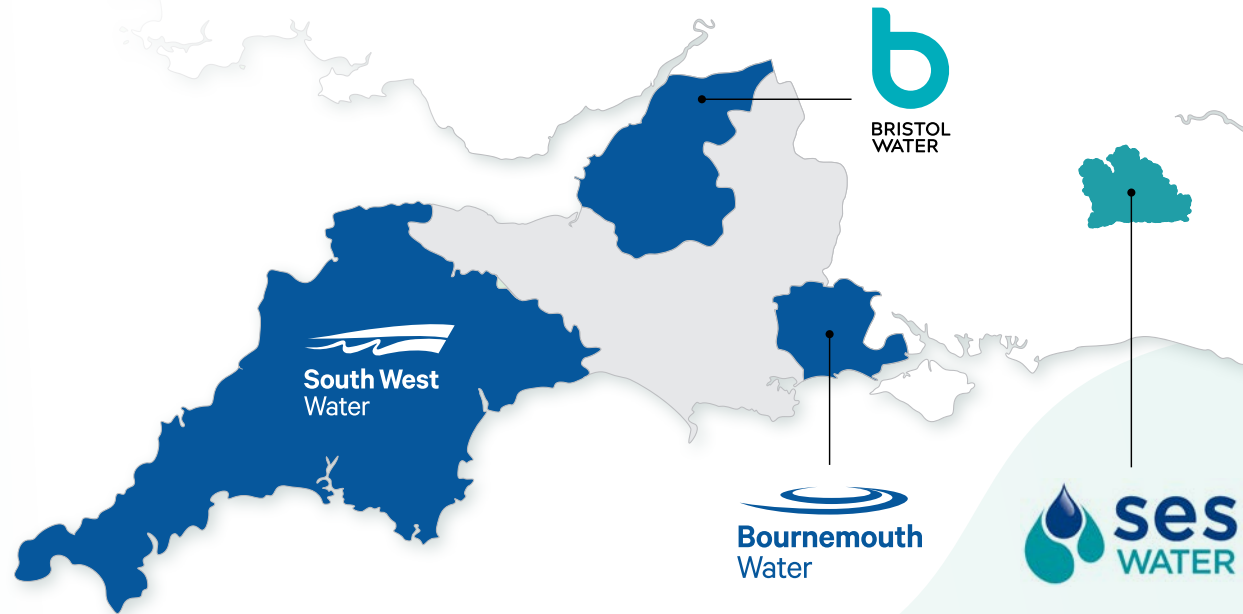
Introduction to our new CEO

Background & experience

- Continuation of a role within UK water, with c.25 years of previous water experience
- Opportunity to lead a UK listed water Group through an unprecedented transformative period
- Strong alignment with purpose and outcomes

First engagements

- Engagement sessions with colleagues and teams across the Group
- Visits to operational sites such as laboratories and water and wastewater treatment works across the regions
- Deep dive sessions into performance areas and delivery plan



Water retail services



Renewable energy generation



Initial observations & opportunities

Observations

Quality teams and colleagues

A clear, strategic direction for growth

Challenges to address

Opportunities & areas of focus

Customer experience

Asset life-cycle

Environmental Performance Assessment

Energy management



Operational update

Delivering on our four strategic priorities

Building water resources, improving water quality



Tackling storm overflows and pollutions



Driving environmental gains and Net Zero



Supporting affordability, delivering for customers

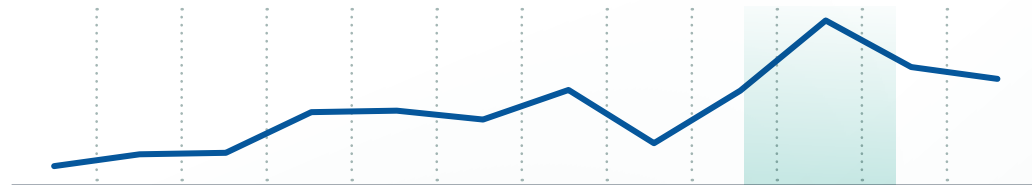


Through focused investment

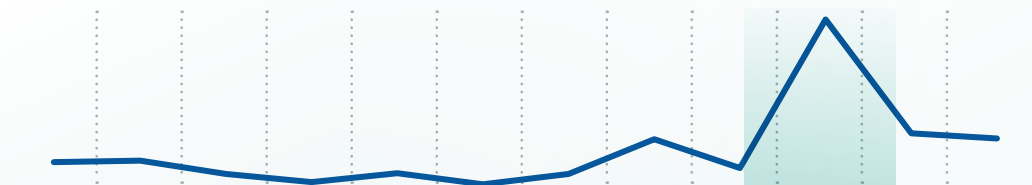
Building water resources, improving water quality

Managing water resilience

Leakage (megalitres per day)



Burst mains (per 1,000km of main)



Supply interruptions (minutes per property per month)



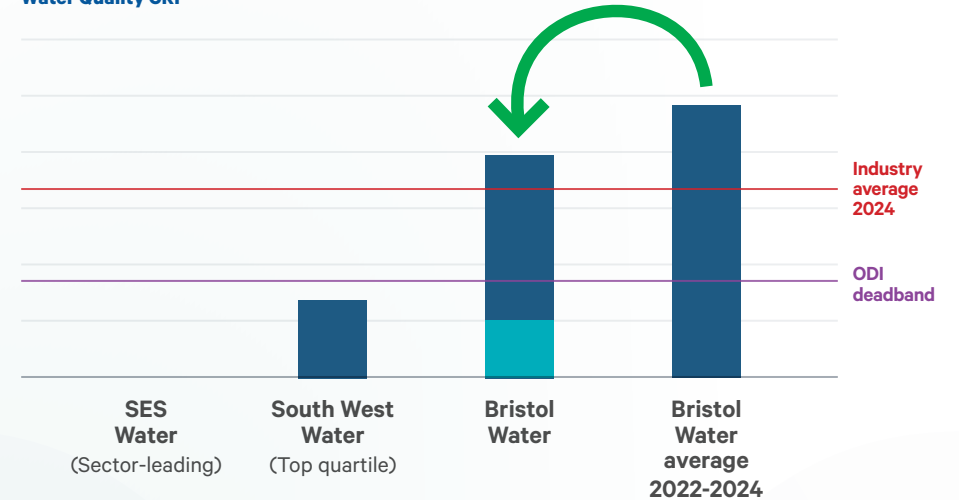
APR 25 MAY 25 JUN 25 JUL 25 AUG 25 SEP 25 OCT 25 NOV 25 DEC 25 JAN 26 FEB 26 MAR 26

Severe storm events
One-off incident at Dousland

Impacted by weather

Industry-leading water quality

Water Quality CRI¹



Underlying performance – excluding an isolated sample failure

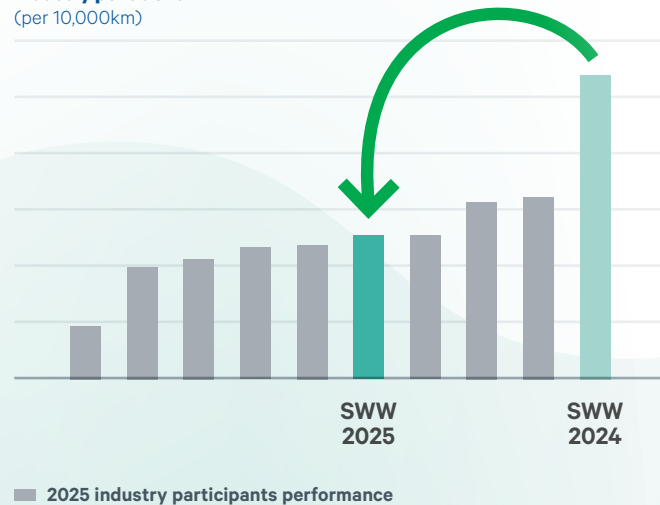


Tackling pollutions and storm overflows

Pollution incident reduction a key focus

c.53%
reduction in
pollutions¹

Industry pollutions
(per 10,000km)

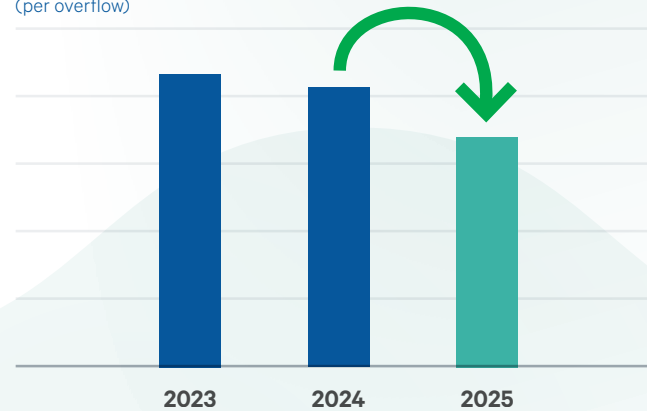


Driving spills down through interventions

17%
reductions in storm
overflow spills

c.50%
reduction of our
highest spilling sites

Average spills
(per overflow)

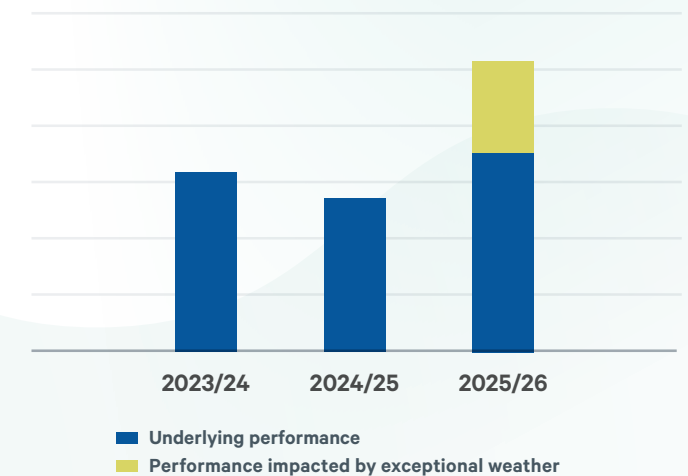


100% bathing water quality –
fifth year in a row²

Internal sewer flooding

2025/26 impacted by exceptional
weather and storm events, but remaining
sector-leading³

Internal sewer flooding
(per 10,000 sewer connections)



Delivering environmental gains

Commitment to Net Zero



2
Pennon Power solar farms
fully constructed

**4 sites –
155 GWh**
of annual generation
by 2030

Generating enough
electricity each year to power
c.50,000 homes
once all four sites
are fully operational

Enhancing sustainability performance



Planted
c.32,000 trees,
bringing the total
number of trees planted
since 2019 to over 420,000

Restored over
250 hectares
of peatland, engaging 2,370
people in events, volunteer
days and school excursions

Improved the management of
c.5,100 hectares
of farmland to improve water
quality and wildlife

Supporting affordability, delivering for customers

Supporting vulnerable customers



c.195,000¹

customers on affordability initiatives
– a c.11% increase²

c.309,000

customers on PSR

£200m

affordability support across K8

Listening to our customers



23


customer research pieces completed
in 2025/26 including progressive
tariff focus groups

569

Community drop-in sessions held

WaterShare+

Industry leading retailers


Pennon
Water Services

4.9
★ Trustpilot


water
business

4.8
★ Trustpilot


ses
BUSINESS
WATER

4.5
★ Trustpilot

Top priorities for coming months

Customer transformation

People & culture

Target operating model

Asset management & reliability

Capital investment programme

Comprehensive plan in progress – actions taken

Customer transformation

- Project Fusion go live – driving customer service improvements and cost efficiencies

People & culture

- Employee survey complete
- Introduce performance led culture

Target operating model

- Simplify and remove duplication
- Focus on delivery and performance

Asset management & reliability

- Appointment of Chief Asset Officer
- Cost change opportunities

Capital investment programme

- Deep dive into delivery plan and opportunities for acceleration

Comprehensive plan to reset AMP in progress

Well positioned for sector reform

White Paper and Transition Plan – a reset for the sector

Supportive of and shaping the direction of reform

- Welcome the clear shift in tone, approach, and ambition from government and regulators
- Builds on South West Water's strengths and reflects what we expected
- Keeping water as an attractive investment opportunity that delivers for customers and the environment



2026

Transition Plan published

Leadership for transition to new regulator appointed

Clean Water Bill

Cost change for new investment

2027

Ofwat to work with other regulators, Defra transition team and companies on approach to PR29

Government steer on statutory plans and long-term context to regulators and companies

Cost change for new investment

2028

Companies likely to submit draft plans

Start of transition to new regulatory framework ahead of finalising PR29

Cost change process – new mechanism for additional funding

Opportunity and further growth

Opportunity to accelerate investment on asset health, to support economic growth and new priorities.

- Pulling forward spend from PR29 into this AMP
- Enough regulatory certainty of additional allowances so that it can be successfully and efficiently financed
- Our approach requests an element of in-period funding to support financing and smooth out bill impacts.

Year 1 – c.£250 million submission¹

Asset health

Cyber

Growth



Timeline

By 1 May 2026
Company
submissions
to Ofwat

15 August 2026
Ofwat's Draft
Determination

15 December 2026
Ofwat's Final
Determination

In summary

Challenging start to AMP8



Building momentum for improved delivery



Strategic update to come before the end of September 2026



Financial update

SWW Group key metrics 2025/26

Increase
in EBITDA¹

£481.7m

(2024/25 £308.6m)

SWW effective
interest rate

5.7%

SWW Return on
Regulated Equity

6.9% | **5.8%**

SWB

BRL

Focused start to
capital programme

£563.3m

(2024/25: £588.7m)

SWW gearing

61.9%

(2024/25: 62.0%)

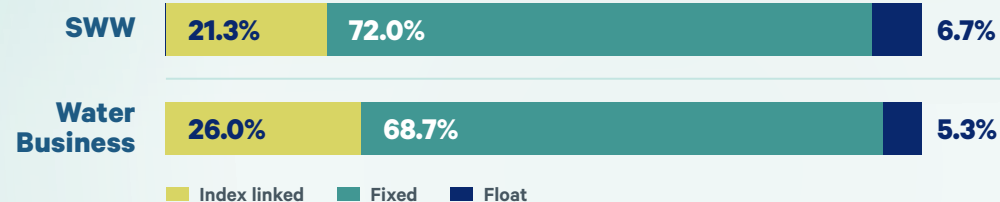
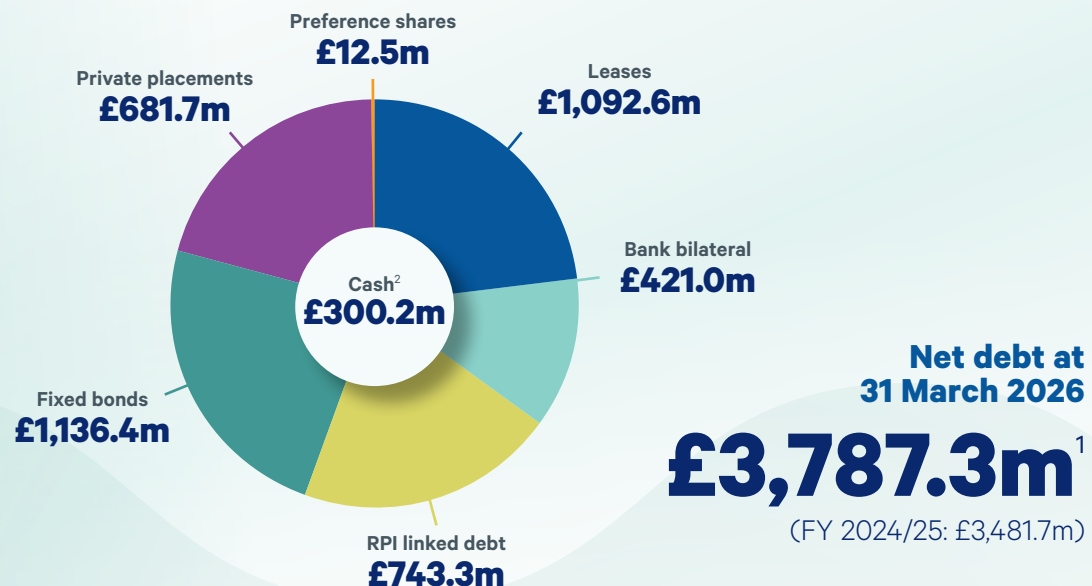
Strong liquidity

c.£745m

As at 31 March 2026

Robust balance sheet

Diversified debt portfolio



Responsible gearing and strong liquidity

SWW Group gearing **61.9%**

Debt raised 2025/26 **c.£485m**

Strong liquidity **c.£745m**

Efficient financing costs

SWW Group effective interest rate **5.7%**

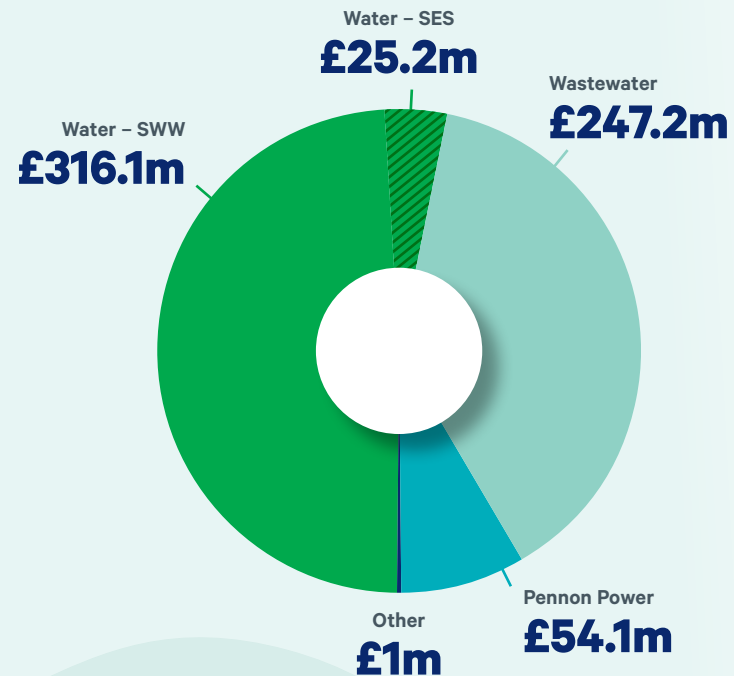
FY26 summary of financial performance

- **Return to profitability**
- **27% increase in revenues**
- **Operating profit more than doubling year on year**

Underlying (£m unless otherwise stated)	2025/26	2024/25	2023/24
Revenue	937.8	737.7	729.8
Operating costs	(456.1)	(429.1)	(397.3)
EBITDA	481.7	308.6	332.5
Depreciation and amortisation	(172.0)	(168.3)	(162.4)
Operating profit	309.7	140.3	170.1
Net interest charge	(170.1)	(170.6)	(155.5)
Profit / (Loss) before tax	139.6	(30.3)	14.6
Non-underlying items before tax	(15.4)	(32.4)	(15.6)
Profit / (Loss) before tax	124.2	(62.7)	(1.0)

Building momentum in delivery

2025/26 Capital expenditure



→ Year 1 capital expenditure of £643.6m

→ Record £3.2bn capital programme over K8

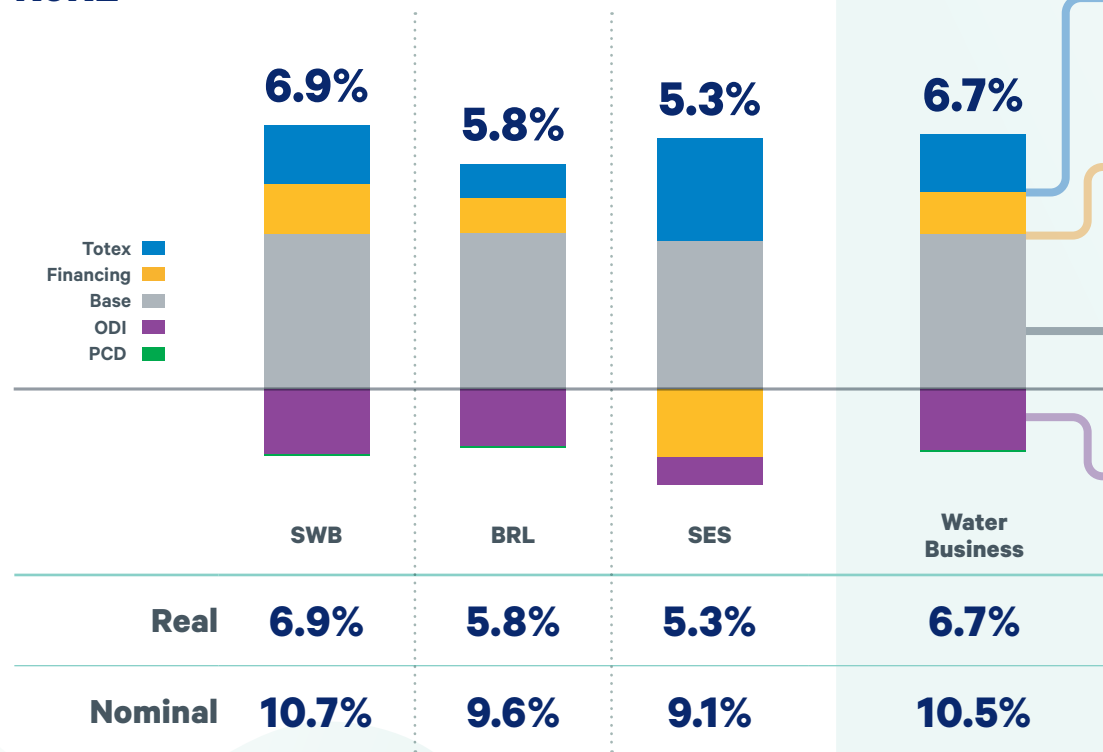
→ Strong efficiencies being secured



From top to bottom
Storm tank construction at Dawlish, Devon; Alderney Water Treatment Works, Bournemouth; solar panels at Cullerlie, Scotland

Real RoRE returns of 6.7% in year

2025/26
RoRE



Totex outperformance driven by capex efficiencies and timing

Financing – 140bps outperformance on allowed cost of debt

Base returns including 30bps from ‘outstanding’ business plan

ODI performance impacted by:

Water¹ c.£30m	Supply interruptions	c.£12m	→ Network resilience
	Leakage	c.£10m	
	Mains repairs	c.£5m	
	Other	c.£3m	
Wastewater¹ c.£12m	Pollutions	c.£13m	→ Continued focus on investment
	Storm overflows	c.£5m	
	Offset by net rewards (incl. sewer flooding & bathing waters)	c.£(6)m	
Customer c.£11m	Measures of experience	c.£11m	→ Customer transformation

Balance sheet – diversified funding portfolio

Balance at 31 March 2026

(£m)

Leasing	1,092.6
Bank bilaterals	421.0
Index-linked debt (RPI)	743.3
Fixed rate bonds	1,169.3
Private placements	681.6
Preference shares	12.5
Total	4,120.3
Cash	(300.2)
Net debt¹	3,820.1

Funding strategy

- Maintain two investment grade credit ratings
- Continued use of our diverse portfolio assessing the best options to support the business and our customers
- New fixed rate debt to align to iBoxx indices

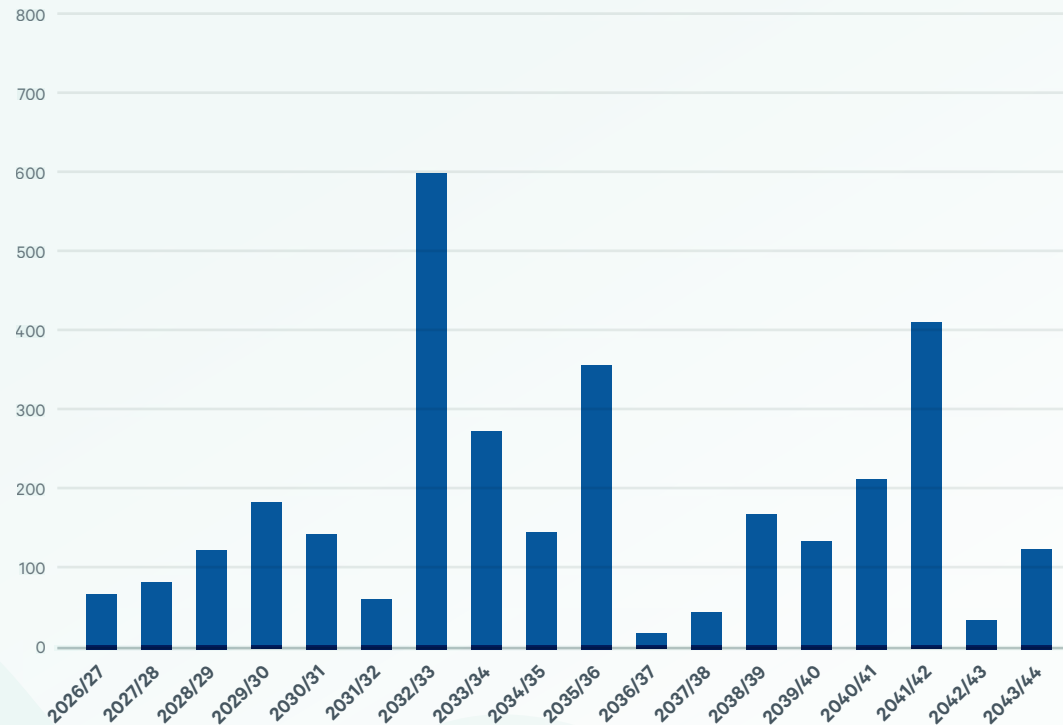
Financing considerations

- £640million raised in 2025/26 – similar quantum required per annum over the rest of the AMP
- £2.5billion EMTN programme established for SWW to further diversify portfolio – £950million raised under the programme to date with £300million raised in September 2025
- Continued use of fixed index-linked and floating rate debt
- Challenges due to volatile market conditions

Debt maturity profile

Group debt maturity profile

(£m)



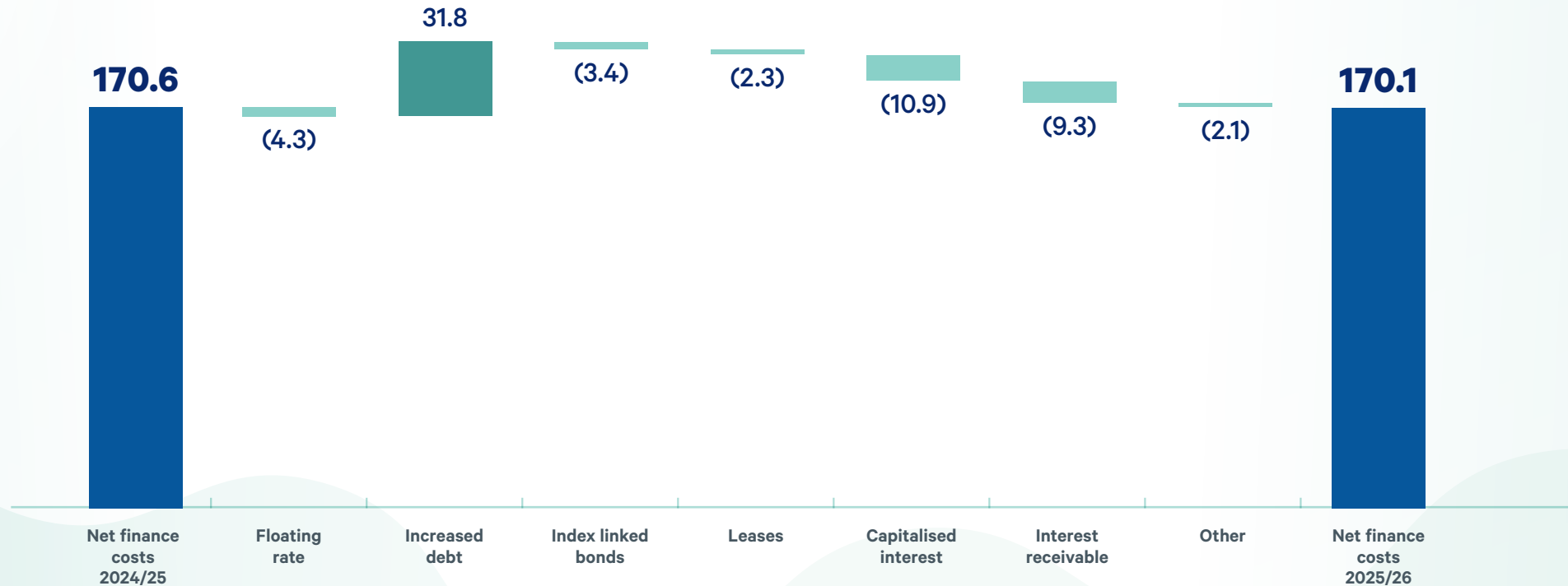
Liquidity position

At 31 March 2026, South West Water had access to undrawn committed funds and cash and cash deposits totalling £750million, including cash and other short-term deposits of c.£300million and c.£450million of undrawn facilities.

- In 2025/26 we have raised £485million for South West Water.
- South West Water's gross debt at 31 March 2026 was £4,087.5million excluding adjustments for non cash.
- The debt has a maturity profile of up to 31 years.
- Weighted average maturity of 12 years.

Financing costs

- Stabilisation in inflation and rates increased by new debt to fund the ongoing investment programme
- Increased interest capitalisation based on capital programme
- SWW effective interest rate 5.7%



Net interest analysis

(£m unless otherwise stated)

	2025/26	2024/25
Underlying net interest charge	(170.1)	(170.6)
Less: pensions net interest	(1.6)	(1.1)
Non-debt related interest	(2.4)	2.2
Add: capitalised interest	(34.0)	(23.1)
Net interest for average rate calculation	(208.1)	(192.6)
Split between:		
Interest payable	(191.2)	(177.3)
Capitalised interest payable	(34.0)	(23.1)
Other finance income	17.1	7.8
Net interest payable	(208.1)	(192.6)
Effective interest rate (%)	5.7 ¹	5.4