South West Water

Half Year Results 2025/26

1 December 2025

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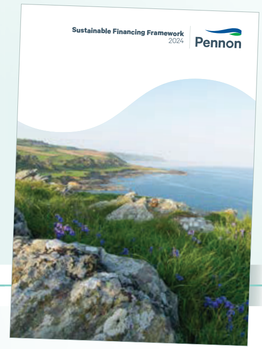
South West Water Group

South West Water Limited (guarantor) credit ratings

	Moody's Analytics	Fitch 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)



Both Moody's and Fitch reaffirmed their ratings and outlooks for South West Water Ltd and South West Water Finance plc following the Final Determination

Robust start to K8

Strong return to profitability for 2025/26

Operational successes – step change in wastewater performance

Momentum in capital investment maintained into the start of K8

Well positioned as the sector evolves

Strong return to profitability

Resilient underlying performance

EBITDA

£245.3m

South West Water Group gearing

60.1%

SWW Return on Regulated Equity

c.7.0%[1]

Investing to deliver

CAPEX

£273.8m

Investment grade credit ratings

Moody's Analytics | Fitch Ratings

Baa1 | BBB+

SWW guarantor

Strong liquidity

c.£850m

[1] Real cumulative RORE on underlying totex, financing and ODIs with notional gearing

Operational successes – step change in performance

Building water resources, improving water quality

Resilient water resources despite hot summer

Sector-leading water quality

Tackling storm overflows and pollutions

c.50%[1] **reduction** in pollutions

c.45%[1] **reduction** in SO spills

Net neutral ODIs in wastewater

Driving environmental gains

Biodiversity gains – impactful peatland restoration

Progress on energy portfolio – 2/4 sites complete

Supporting affordability, delivering for customers

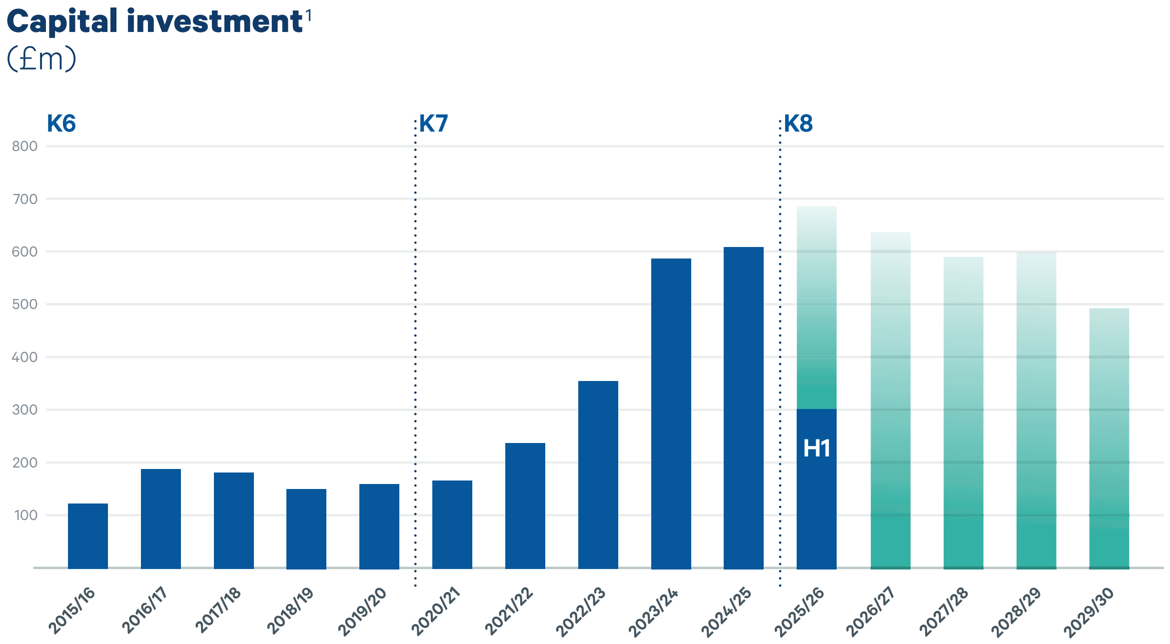
c.20%[2] **increase** in customers on one or more of our support tariffs

'Better Futures Fund' launched

Delivered by our K7 investment

[1] Reduction over 10 months to October 2025 compared with October 2024; [2] Since H1 2024/25

Momentum in capital investment maintained into the start of K8



Over 60% of K8 PCD programme in delivery

[1] Capital investment across the Group including SWW, SES and Pennon Power

Well positioned for sector reform

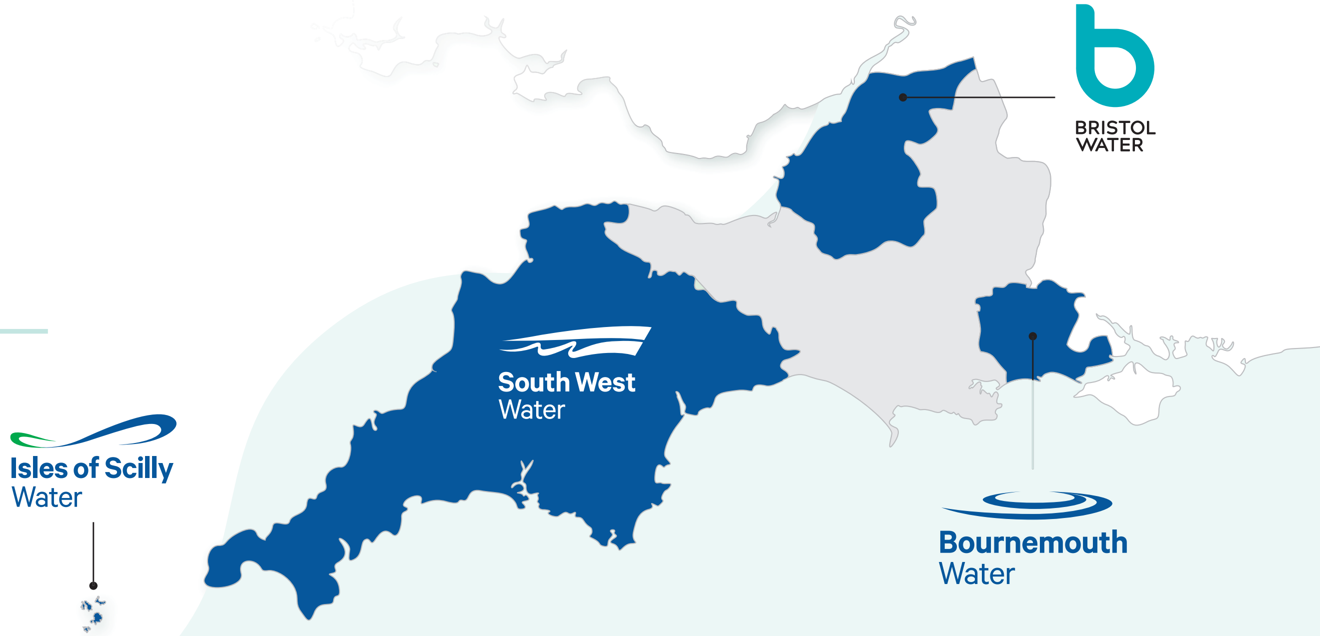
Engaged in regulatory reform process and transition planning

We expect the reforms to deliver:

- Clear long-term direction for UK water
- New single regulator and supervisory regime
- Customer focused
- Clear plans for improving water quality
- Securing water resilience
- A fair deal for investors, balancing risk and reward

Established regional model for Pennon through WaterShare+ customer panels

WaterShare+



Shaping the transition

Financial update

Financial framework over K8

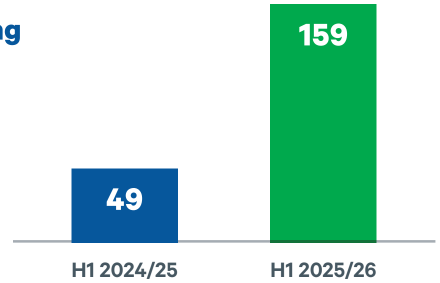
RORE	**7%**[1] **target returns** — 160 bps outperformance, 30 bps reward
Capital investment	**£3.2bn investment programme**
RCV growth	**34% to 2030**
Dividend policy	**Growing in line with CPIH**
Resilient balance sheet	**55-65% gearing policy for Water Group**
Investment grade credit ratings	Moody's: **Baa1** — FitchRatings: **BBB+**

[1] Return on Regulated Equity on a real, notional basis

South West Water · K8 inflection point

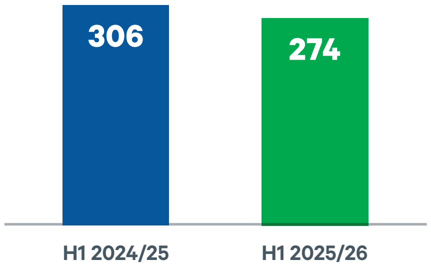
Step change in profitability

South West Water Statutory operating profit
(£m)



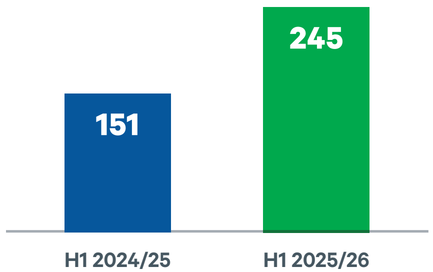
Ongoing investment at start of K8 cycle

South West Water Capex
(£m)



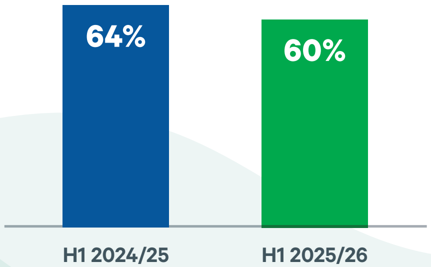
Strong return to profitability

South West Water EBITDA
(£m)



Gearing to supportive of K8 growth

South West Water gearing[1]
(%)



[1] 30 September 2025 net debt / shadow RCV at 31 March 2026

Step change in H1 financial performance

- **Strong return to profitability**
- **25% increase in revenues**
- **Operating profit more than doubling year on year**
- **Financing costs driving strong regulatory returns**

Underlying[1] (£m unless otherwise stated)	**H1 2025/26**	**H1 2024/25**
Revenue		**372.0**
EBITDA		151.2
Operating profit		82.5
Net finance costs		(80.1)
Profit/(loss) before tax – underlying		**(11.4)**
Non-underlying items before tax[2]		(19.5)
Profit/(loss) before tax		**(30.9)**
Tax[3] (charge)/credit – current and deferred	18.8	7.1
Profit/(loss) after tax	**54.7**	**(23.8)**

[1] Measures before non-underlying items; [2] Non-underlying items are adjusted for by virtue of their size, nature or incidence to enable a full understanding of financial performance; [3] Tax includes tax on underlying and non-underlying items

Investment continues to deliver our customers' priorities

Water Group[1] capital investment (£m)

	H1 2025/26	H1 2024/25
Clean water	154.2	185.0
Wastewater	125.0	130.8
Total	**279.2**	

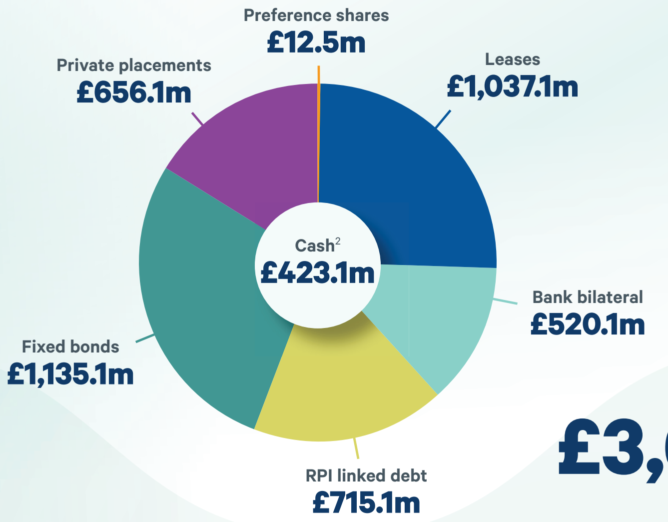
- **Record £3.2bn capital programme over K8**
- **On track to deliver Year-1 Price Control Deliverables**
- **1,000+ deliverables mobilised – shaped by our customers**
- **Strong efficiencies being secured**

Clockwise, from top left
Diffuser installation at Exmouth long-sea outfall, Storm tank construction in Dawlish, Alderney Water Treatment Works, Manganese investment in St Cleer

[1] Water Group including SES

South West Water · Balance sheet set for K8 delivery

South West Water Diversified debt portfolio



Net debt at 30 September 2025

£3,652.9m[1]

(FY 2024/25: £3,481.7m)

Efficient financing costs

South West Water effective interest rate	5.5%

Responsible gearing

South West Water gearing	c.60%

Strong liquidity and funding position

Debt raised H1 2025/26	c.£365m[3]
Group Available liquidity	c.£850m
Sustainable Financing Framework	100%[4]
Average maturity	12 years

[1] Net debt excluding acquisition related fair value adjustments and unamortised hedging adjustment; [2] Cash and cash equivalents and restricted funds; [3] Including £300m South West Water bond issuance in September 2025;
[4] 100% South West Water financing raised through its sustainable financing framework

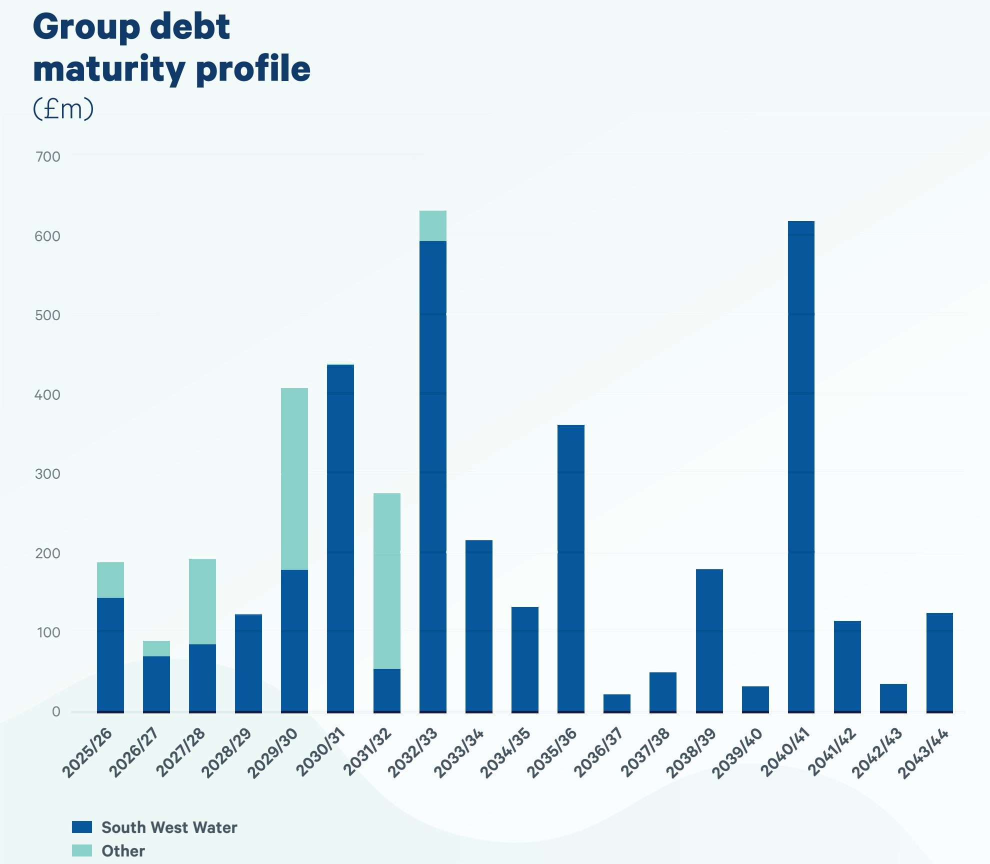
Transformative growth delivering long-term value

On track to deliver 7% RORE target for K8

Transformative growth, long-term value

[1] Based on cumulative South West Water WaterShare RORE (excluding Bristol and SES) on a real/notional balance sheet nominal returns based on real 4.4% average inflation over K7; [2] Outperformance reflects the average cumulative net outperformance for totex, financing and ODIs inclusive of tax benefits over the regulatory period after sharing mechanisms (where applicable) in real terms on a notional balance sheet; [3] Comprises acquisitions and organic growth (including Green Recovery, accelerated investment and transition spend)

Debt maturity profile



Liquidity position

At 30 September 2025, South West Water had access to undrawn committed funds, cash and cash deposits totalling c.£850 million, including cash and other short term deposits of £423.1 million and £435 million of undrawn facilities.

- In 2025/26 we have raised £365 million for South West Water.
- South West Water's gross debt at 30 September 2025 was £4,076 million excluding adjustments for non cash.

The debt has a maturity profile of up to 32 years.

- Weighted average maturity of 12 years.

Net interest analysis

(£m unless otherwise stated)	Water Group H1 2025/26	Water Group H1 2024/25	South West Water H1 2025/26	South West Water H1 2024/25 restated
Underlying net interest charge	**(94.6)**	**(89.9)**	**(86.3)**	**(80.2)**
Less: pensions net interest	(1.1)	(0.8)	(0.9)	(0.6)
Non-debt related interest	(1.1)	0.8	(1.1)	0.8
Add: capitalised interest	(9.7)	(10.3)	(9.6)	(10.2)
Net interest for average rate calculation	**(106.5)**	**(100.2)**	**(97.9)**	**(90.2)**
Split between:				
Interest payable	(107.6)	(95.9)	(96.9)	(84.0)
Capitalised interest payable	(9.7)	(10.3)	(9.6)	(10.2)
Other finance income	10.8	6.0	8.6	4.0
Net interest payable	**(106.5)**	**(100.2)**	**(97.9)**	**(90.2)**
Effective interest rate (%)[1]	5.6%	5.4%	5.5%	5.3%

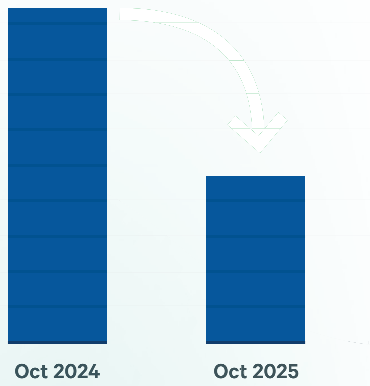
[1] A measure of the mean average interest rate payable on net debt, which excludes unamortised hedging adjustment and interest costs not directly associated with net debt

Operational update

Driving step change in wastewater performance

Pollution incident reduction a key focus

c.50% reduction in Cat 1-3 pollutions

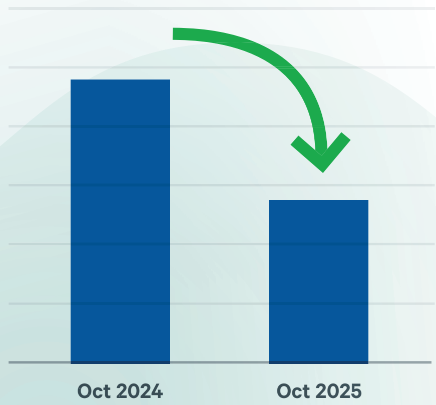


c.75% reduction in repeat pollutions down as a result of our proactive approach

Driving spills down through interventions

c.45% reductions in storm overflow spills year to date

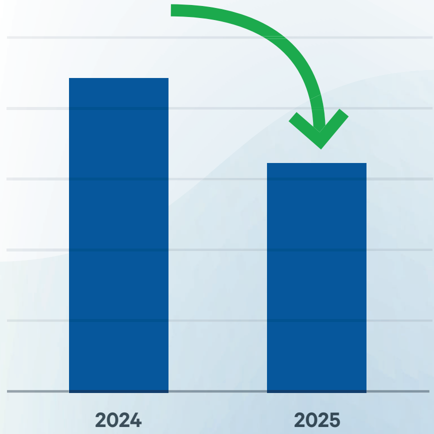
c.6,000 spills avoided due to interventions (c.20,000 over the last 18 months[1])



Focus on bathing waters

100%[2] water quality – fifth year in a row

c.25% reduction in spill durations

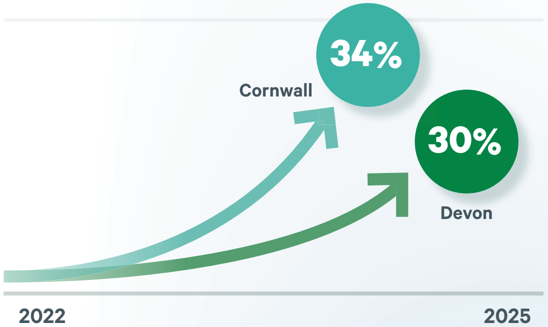


[1] Cumulative spills avoided, reflecting impact of wetter weather in 2024; [2] On a like for like basis excluding those beaches designated in 2024

Resilient water resources, industry leading water quality

Resilient reservoir
despite a hot, dry

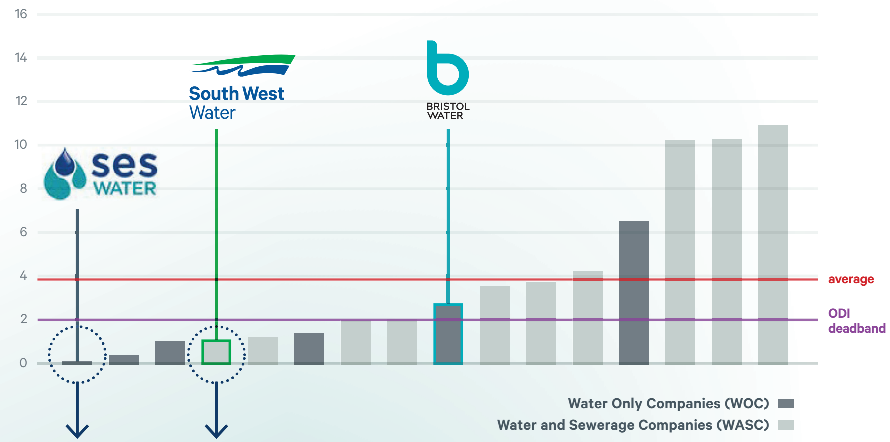
Supplemented resources (%)



100%
Supply Demand Balance index

No restrictions
to customers across all our regions

CRI score[1]



Top industry performers

Quality First
approach delivering results

Underpinned by our investment

[1] Data from Ofwat's 2024/25 Water Company Performance Report published October 2025

Driving environmental gains

Commitment to Net Zero

2
solar sites
fully constructed

Aberdeenshire site energised

4 sites – 40%[1]
of Group energy requirements by 2030

Contributing to
50%[1]
total renewable energy generation

Enhancing biodiversity

Peatland Programme delivering impactful restoration and engagement during H1

350+
volunteer hours
contributed to vegetation and invertebrate monitoring

50
stakeholders events
engaging partners, volunteers, students and regulators

300
hectares
of planned restoration, involving 15+ stakeholders

[1] Group energy requirements excluding SES, including battery storage

Supporting our customers through increased support

Significant support packages, supporting vulnerable customers

Priority Services Register
industry leader

c.20%
increase in customers benefitting from one of more of our support tariffs[1]

Fusion
Transforming customer experience

- Investing in customer experience platform
- Business wide focus on customer service
- Using AI to support customer experience

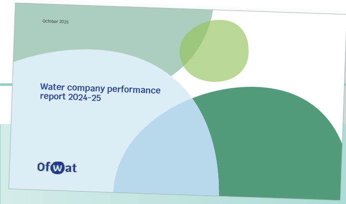
Working with our local communities

290 drop-in sessions
engaging over 5,000 customers

£5m Better Futures Fund
benefitting over 55,000 people

[1] Since H1 2024/25

Delivering on our commitments

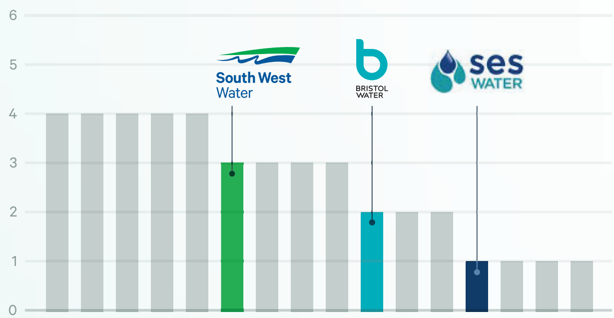


Ofwat 2024/25 Water Company Performance Report[1]

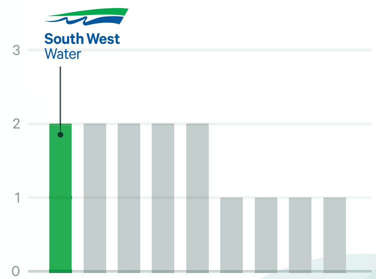
Company categorisation

	2023/24	2024/25	2025/26
Leading			
Average	South West Water → Bristol Water → SES Water	South West Water → Bristol Water →	South West Water Bristol Water SES Water
Lagging	One off event	SES Water	Return to in-line performance

Water performance



Wastewater performance



Upper quartile performance in common ODIs

SES Water	Bristol Water	South West Water
• Water quality	• C-MeX	• Internal sewer flooding • Water quality • Bathing water quality • Biodiversity

[1] Number of Water and Wastewater common ODIs achieved by each company in 2024/25, as published by Ofwat in October 2025

Embedding innovation in our delivery

Centre for Resilience in Environment, Water and Waste

State-of-the-art microplastics lab, focused on three main areas

Microplastics in sewage sludge

- Investigating techniques and optimisation opportunities for the measurement of microplastics in final sludge

Toxicology of microplastics in soil

- Understanding what the potential 'safe' or 'acceptable' levels of microplastics for UK habitats are and how the activities of the water sector are contributing

Future fibres – plastics in the fashion industry

- Studying the development of real time, digital monitoring tools to track microfibres and textiles waste through the wastewater system

Using AI in bid to make water network lead free

Lead replacement is a challenge across the whole UK water sector

CREWW is developing a new model to improve the accuracy of lead pipe location prediction:

- Bringing together South West Water's existing records with new data sources and applying machine learning techniques to allow it to improve as more information is gathered from the field
- Helping to remove up to 40,000 lead pipes over K8
- Supporting the commitment to be lead-free by 2050

Outcome Delivery Incentives

Measures	South West Water	Bristol Water
Unplanned outage	Met in at least one year in K7	Met in at least one year in K7
Internal sewer flooding	Industry upper quartile in 2024/25	n/a
Bathing water quality	Industry upper quartile in 2024/25	n/a
Biodiversity	Industry upper quartile in 2024/25	Met in at least one year in K7
Water supply interruptions	Met in at least one year in K7	Met in at least one year in K7
Compliance risk index	Met in at least one year in K7	Area of focus
C-MeX	Area of focus	Industry upper quartile in 2024/25
Leakage	Met in at least one year in K7	Met in at least one year in K7
Repairs to burst mains	Met in at least one year in K7	Met in at least one year in K7
Customer contacts about water quality	Met in at least one year in K7	Met in at least one year in K7
D-MeX	Met in at least one year in K7	Met in at least one year in K7
External sewer flooding	Met in at least one year in K7	n/a
Sewer collapses	Met in at least one year in K7	n/a
Discharge permit compliance	Met in at least one year in K7	Met in at least one year in K7
Serious pollution incidents	Area of focus	Met in at least one year in K7
Per Capita Consumption	Met in at least one year in K7	Area of focus
Total pollution incidents	Area of focus	Met in at least one year in K7

New measures

On track	Embodied greenhouse gas emissions – bespoke
On track	Operational greenhouse gas emissions (water)
On track	Operational greenhouse gas emissions (wastewater)
On track	River water quality (phosphorus)
Area of focus	Storm overflows
On track	Business demand
Area of focus	BR-MeX

- Met in at least one year in K7
- Industry upper quartile in 2024/25
- On track
- Area of focus