



# Full Year Results 2025/26

10 June 2026



## **Keith Haslett**

Pennon Chief Executive Officer

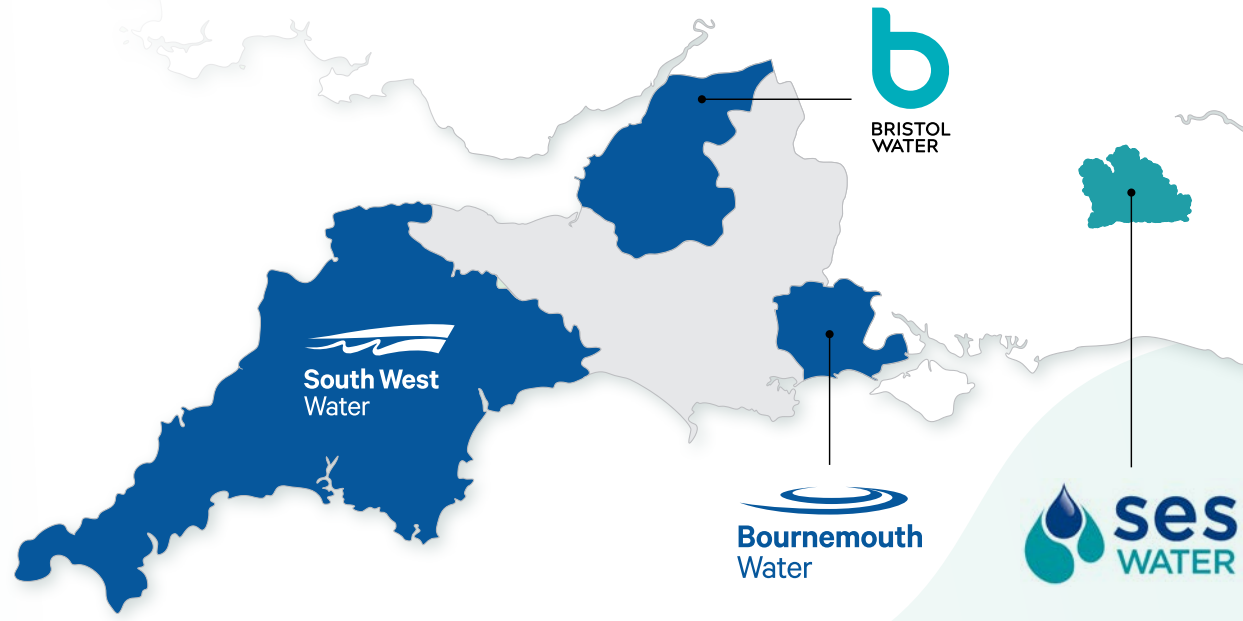
# Introduction

## 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**





**Laura Flowerdew**  
Pennon Chief Financial Officer

# Return to profitability for 2025/26

Increase  
in EBITDA<sup>1</sup>

**+55%**  
year-on-year

More than doubling  
operating profit<sup>1</sup>

**£326m**

(2024/25: £149m)

Return on  
Regulated Equity

**6.7%**

In-year RORE

Focused start to  
capital programme

**£644m**

(2024/25: £652m)

Dividend  
per share

**29.29p**

(2024/25: 31.57p)

Resilient balance  
sheet

**61.8%**

Water Group gearing

# Summary of financial performance

- **Return to profitability**
- **23% increase in revenues**
- **Operating profit more than doubling year on year**
- **Progressive dividend**

<b>Underlying<sup>1</sup></b> (£m unless otherwise stated)	<b>2025/26</b>	<b>2024/25</b>
<b>Revenue</b>	<b>1,291.4</b>	<b>1,047.8</b>
EBITDA	519.2	335.6
Operating profit	325.5	148.5
Net finance costs	(191.4)	(184.4)
JV PAT	1.0	0.8
<b>Profit/(loss) before tax – underlying</b>	<b>135.1</b>	<b>(35.1)</b>
Non-underlying items before tax <sup>2</sup>	(20.7)	(37.6)
<b>Profit/(loss) before tax</b>	<b>114.4</b>	<b>(72.7)</b>
Tax <sup>3</sup> (charge)/credit – current and deferred	(21.8)	15.9
<b>Profit/(loss) after tax</b>	<b>92.6</b>	<b>(56.8)</b>
Basic earnings/(loss) per share (p)	19.4	(16.1)
Adjusted basic earnings/(loss) per share (p) <sup>4</sup>	28.3	(10.3)
Dividend per share (p) <sup>5</sup>	29.29	31.57

# EBITDA growth

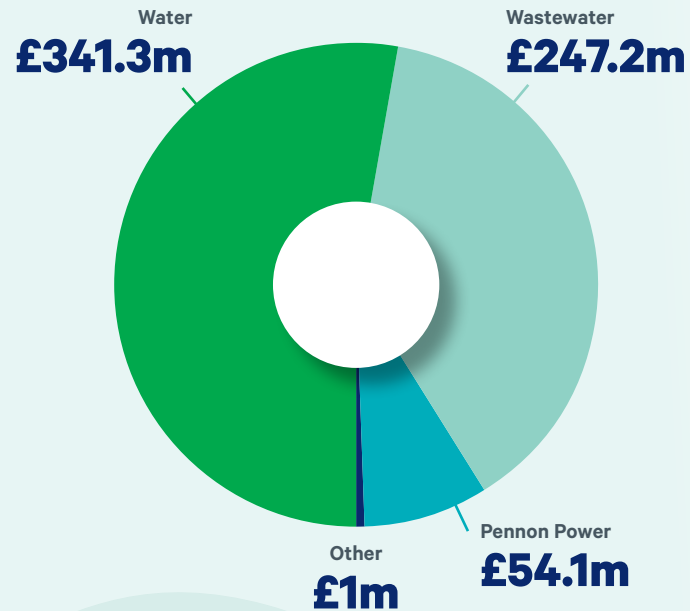
→ 55% increase in underlying EBITDA, achieved through revenue growth and focused cost management

**Underlying EBITDA<sup>1</sup>**  
(£m)



# Building momentum in delivery

## 2025/26 Capital expenditure



→ **Year 1 capital expenditure of £643.6m**

→ **Record £3.2bn capital programme over K8**

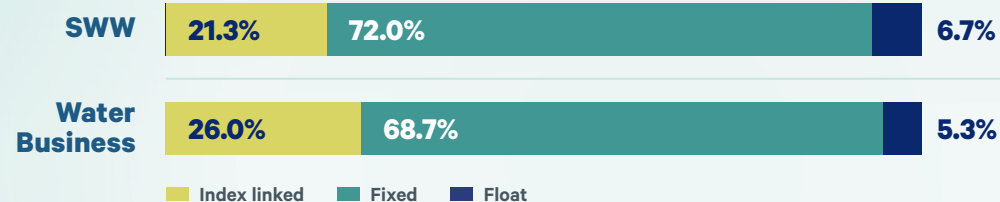
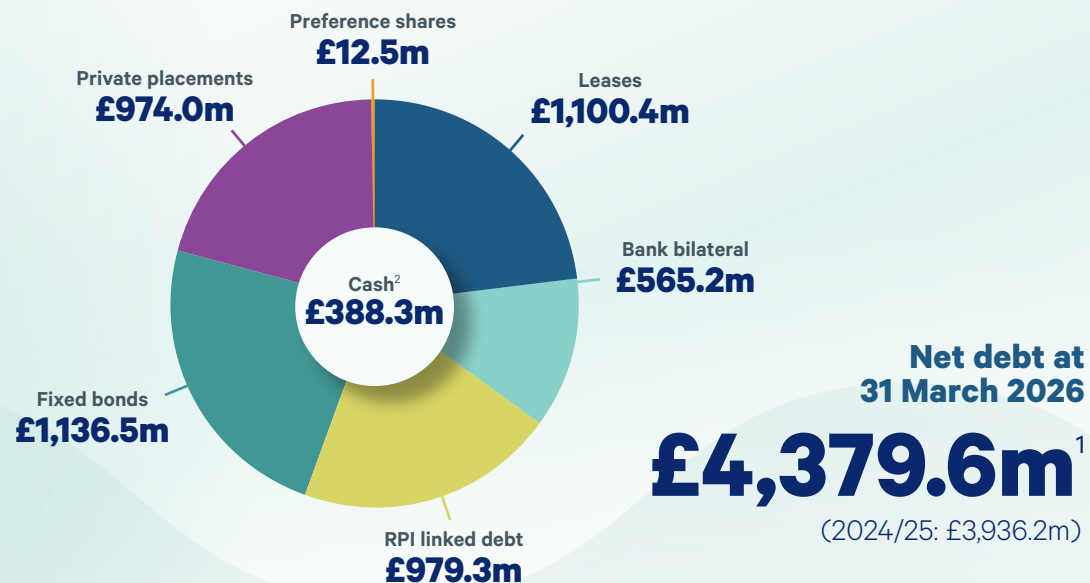
→ **Strong efficiencies being secured**



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

# Robust balance sheet

## Diversified debt portfolio



## Responsible gearing

Water Group gearing

**61.8%**

## Strong liquidity and funding position

Debt raised 2025/26

**c.£640m**

Available liquidity

**c.£1bn**

Sustainable Financing Framework

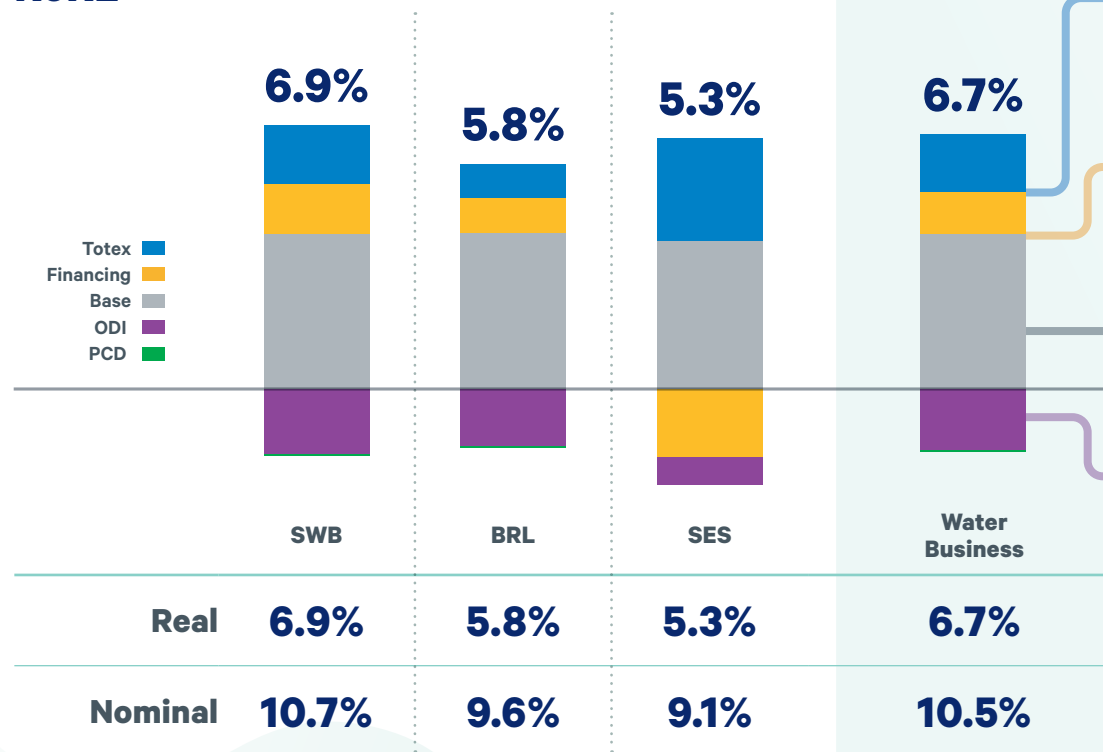
**76%**<sup>3</sup>  
in 2025/26

Water Group effective interest rate

**5.9%**

# 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:

<b>Water<sup>1</sup> c.£30m</b>	Supply interruptions	c.£12m	→ <b>Network resilience</b>
	Leakage	c.£10m	
	Mains repairs	c.£5m	
	Other	c.£3m	
<b>Wastewater<sup>1</sup> c.£12m</b>	Pollutions	c.£13m	→ <b>Continued focus on investment</b>
	Storm overflows	c.£5m	
	Offset by net rewards (incl. sewer flooding & bathing waters)	c.£(6)m	
<b>Customer c.£11m</b>	Measures of experience	c.£11m	→ <b>Customer transformation</b>

# Outlook 2026/27

		2025/26	2026/27 guidance		
<b>EBITDA</b>	<b>Water Group</b>	<b>Revenue</b>	<b>£1,022m</b>	<b>+£50-70m</b>	→ Allowed revenues
		<b>Costs</b>	<b>£511m</b>	<b>+2-5%</b>	→ Inflationary increases
	<b>Non-Regulated business</b>	<b>Revenue</b>	<b>£269m</b>	<b>+10-15%</b>	→ Tariff and new contract wins
		<b>Costs</b>	<b>£261m</b>	<b>+15-20%</b>	→ Wholesale cost pass through
<b>Other</b>	<b>Group</b>	<b>Depreciation</b>	<b>£194m</b>	<b>+5-10%</b>	→ Driven by ongoing investment programme
		<b>Financing costs (net)</b>	<b>£191m</b>	<b>+10-15%</b>	
		<b>Capital expenditure</b>	<b>£644m</b>	<b>£620-700m</b>	

# 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**

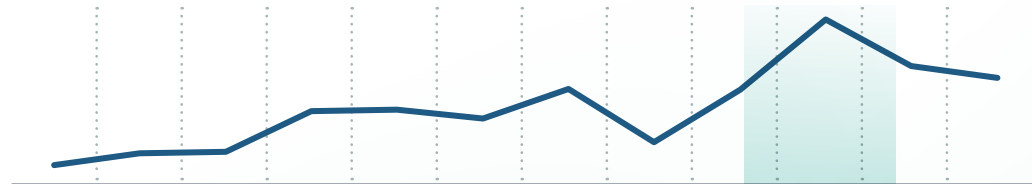


**Through focused investment**

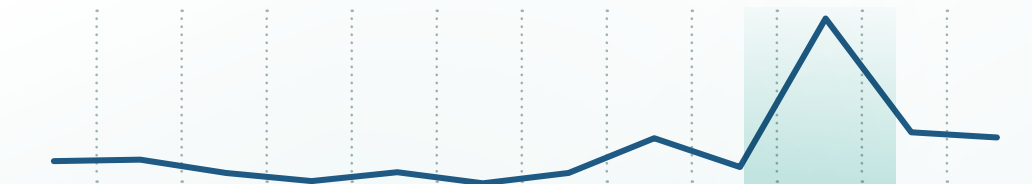
# Building water resources, improving water quality

## Managing water resilience

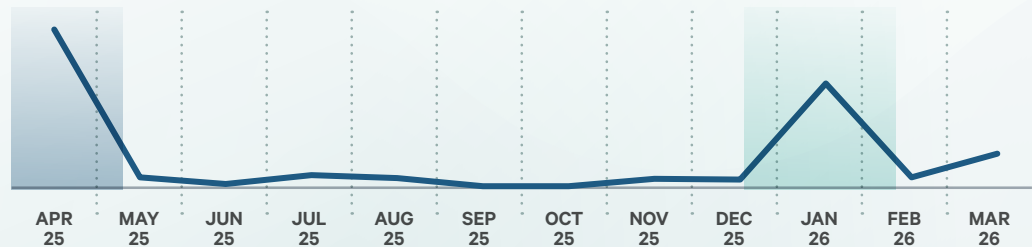
Leakage (megalitres per day)



Burst mains (per 1,000km of main)



Supply interruptions (minutes per property per month)

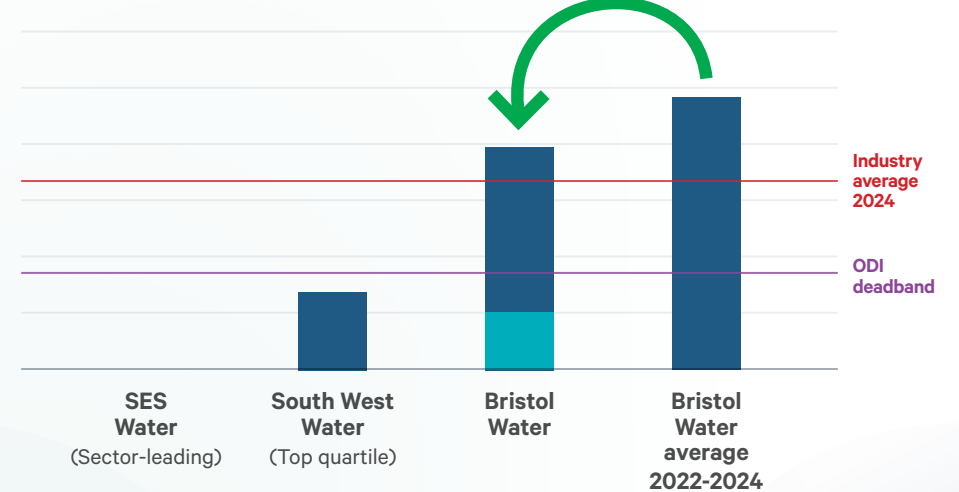


Severe storm events  
One-off incident at Dousland

### Impacted by weather

## Industry-leading water quality

Water Quality CRI<sup>1</sup>



Underlying performance - excluding an isolated sample failure

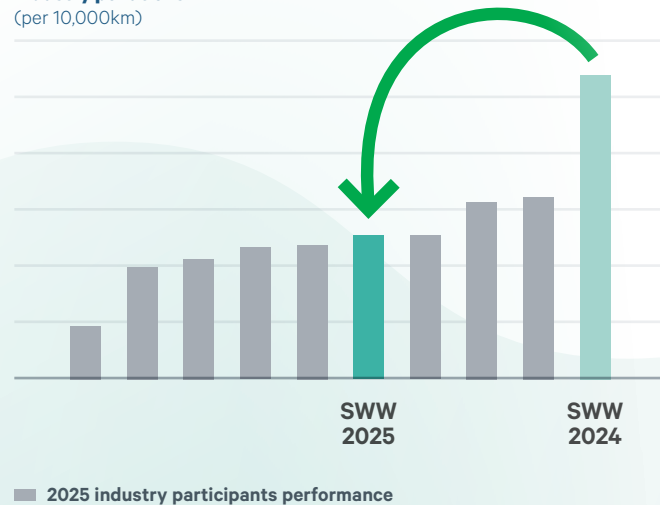


# Tackling pollutions and storm overflows

## Pollution incident reduction a key focus

**c.53%**  
reduction in  
pollutions<sup>1</sup>

Industry pollutions  
(per 10,000km)

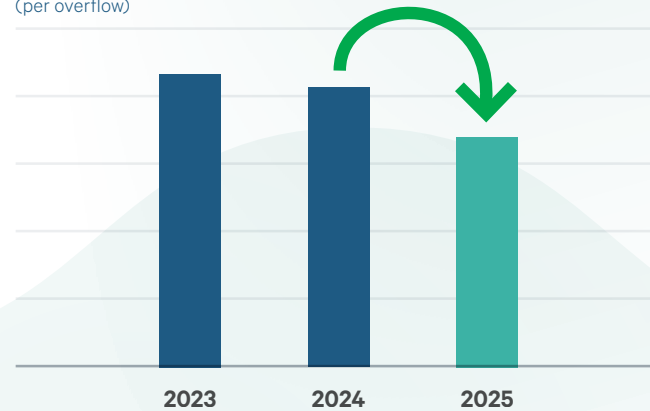


## Driving spills down through interventions

**17%**  
reductions in storm  
overflow spills

**c.50%**  
reduction of our  
highest spilling sites

Average spills  
(per overflow)

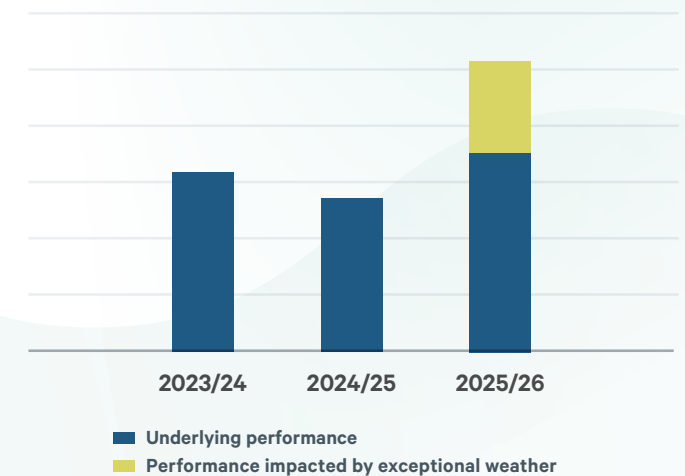


**100%** bathing water quality –  
fifth year in a row<sup>2</sup>

## Internal sewer flooding

2025/26 impacted by exceptional  
weather and storm events, but remaining  
**sector-leading**<sup>3</sup>

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.195,000**<sup>1</sup>

customers on affordability initiatives  
– a c.11% increase<sup>2</sup>

**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 Pennon'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 submission<sup>1</sup>

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**

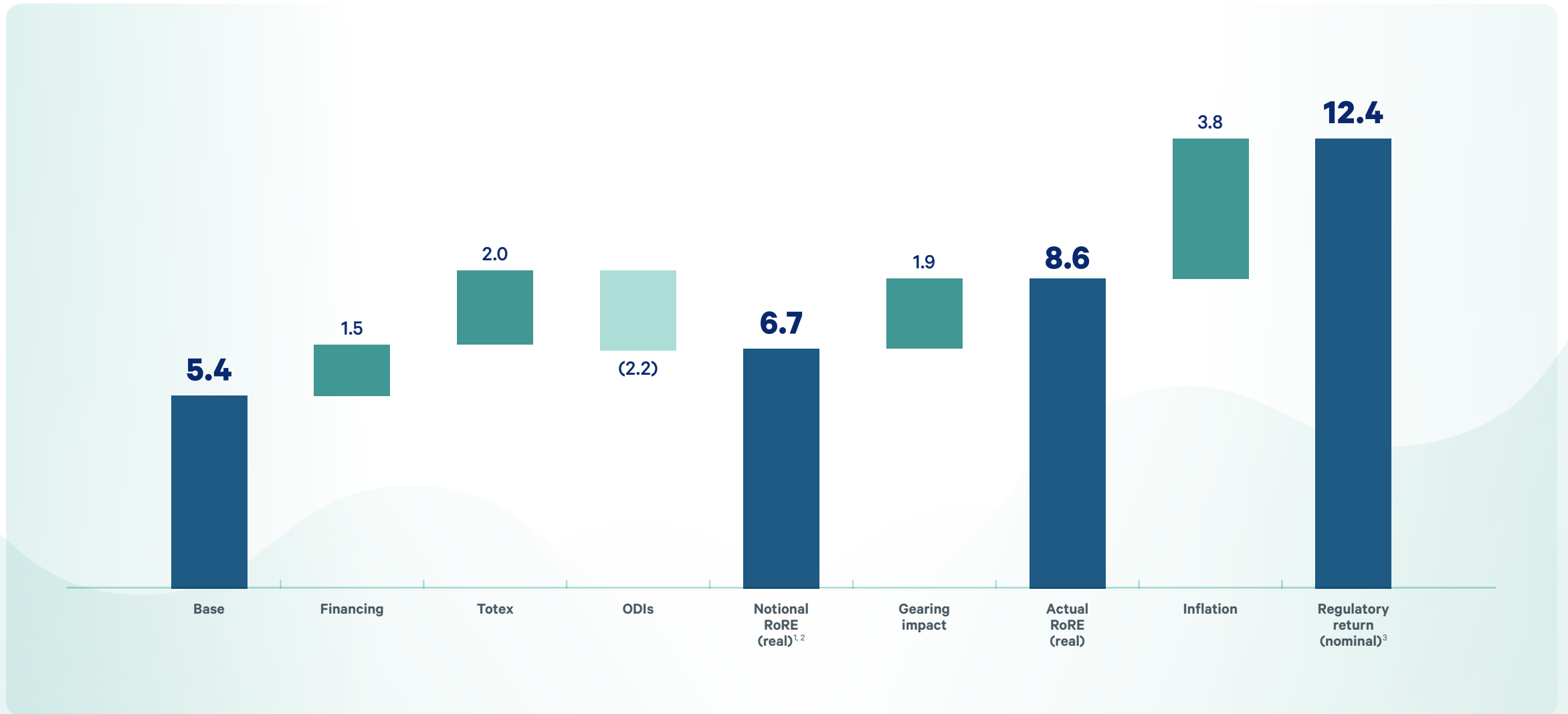


**Strategic update to come before the end of September 2026**



# Appendix

# 2025/26 Regulatory return (%)



# Operational KPIs – Water



## Water quality (CRI score)



## Taste, smell and colour (Contact per 1,000 population)



## Unplanned outage (%)



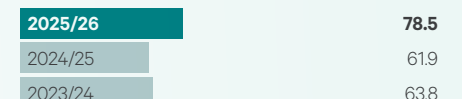
## Supply interruptions (Duration per property per year)



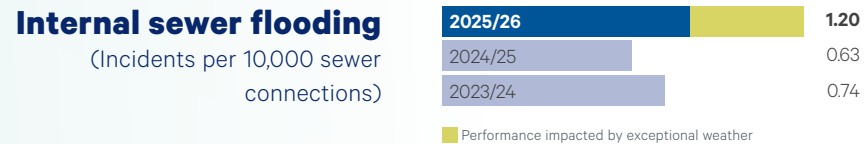
## Leakage (3-year average – megalitres per day)



## Mains repairs (Number of repairs per 1,000km)



# Operational KPIs – Wastewater



# EPA scorecard evolution

	EPA measure	Definition changes for 2026-2030	Year of application			Rating
			2026	2027	2028	
<b>Pollutions</b>	<b>Total pollutions</b>	WIRI guidance: + Dry day spills + Emergency overflows Removing environmental impact			✓	<b>5</b> Excellent (from 2028)
	<b>Serious pollutions</b>	No change	✓	✓	✓	<b>4</b> Good
	<b>Self-reporting</b>	No change	✓	✓	✓	<b>3</b> Fair
<b>Compliance</b>	<b>Discharge compliance</b>	+ Rolling average + Monitoring assessment	✓	✓	✓	<b>2</b> Requires improvement
	<b>Sludge compliance</b>	No change	✓	✓	✓	<b>1</b> Failing
	<b>Flow compliance</b>	<b>New</b> metric			✓	
	<b>Descriptive permit compliance</b>	<b>New</b> metric Based on EA site surveys	✓	✓	✓	
	<b>EDM operability</b>	<b>New</b> metric	✓	✓	✓	
<b>WINEP</b>	<b>WINEP investment profile</b>	No change Includes K7 overhang	✓	✓	✓	
<b>Water Resources</b>	<b>Water resources delivery</b>	<b>New</b> metric of WRMP activity delivered SBDI removed		✓	✓	
	<b>Abstraction compliance</b>	Shadow metric only	n/a	n/a	n/a	

→ For 2026, the EPA scorecard will change materially with a number of measures only impacting the EPA score from 2027 or 2028.

# Pennon Power

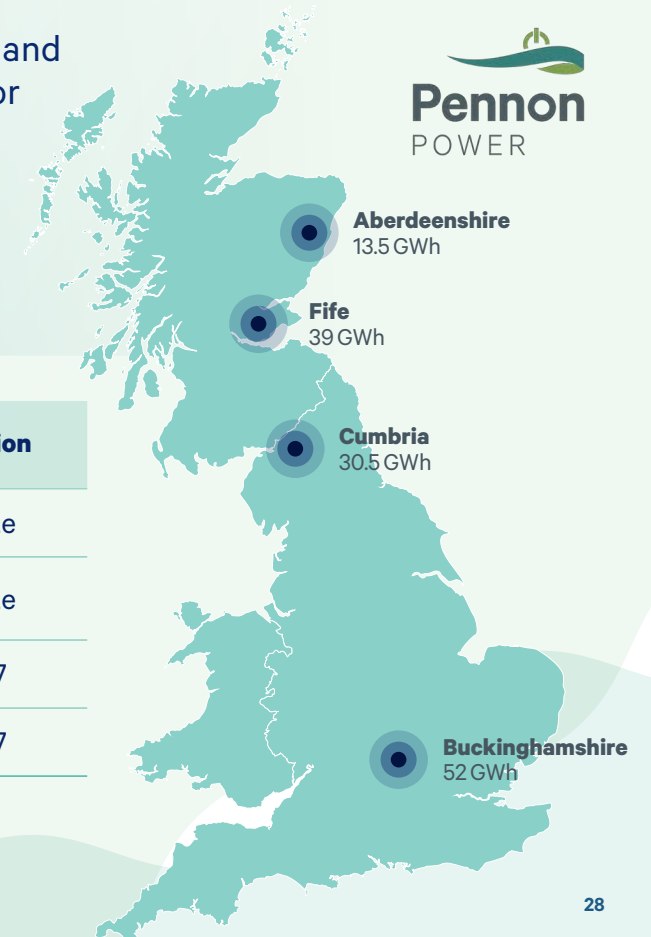


## Strategic rationale

- Equity returns in the range of 10-15%<sup>1</sup>
- Aligned with UK Net Zero 2025 targets
- Provides natural hedge against significant<sup>1</sup> energy costs
- Targeting 155 GWh of annual generation by 2030

## Standalone, debt-funded plan to complete

- Remaining funding until completion will be via debt
- We will review and optimise ownership and financing closer to or at completion



Site name	Total capital expenditure	Peak output	Annual generation	Battery storage	Status	PV infrastructure complete	Energisation
<b>Aberdeenshire</b>	£14m	16 MWp	14 GWh		Energised	Complete	Complete
<b>Fife</b>	£62m	45.1 MWp	39.9 GWh	60 MWh (2 hrs)	Energised	Complete	Complete
<b>Cumbria</b>	£33m	35.6 MWp	31.4 GWh		In construction	2026/27	2026/27
<b>Buckinghamshire</b>	£51m	51.8 MWp	55.7 GWh		In construction	2026/27	2026/27
<b>Total</b>	<b>£160m</b>		<b>141 GWh</b>	<b>60 MWh</b>			

# Flexible funding strategy

## Group debt

at 31 March 2026  
(£m)

	Gross debt	Net debt
<b>Pennon Group plc</b>	<b>365.3</b>	<b>364.9</b>
<b>Water Group</b>	<b>4,388.6</b>	<b>4,019.3</b>
SWW <sup>1</sup>	4,087.5	3,787.3
SES Water	301.1	232.0
Other Group companies	233.5	214.9
Intercompany borrowing eliminations <sup>2</sup>	(219.5)	(219.5)
<b>Total adjusted Group</b> (excluding FV and non-cash indebtedness)	<b>4,767.9</b>	<b>4,379.6</b>
Non cash indebtedness <sup>3</sup>	129.3	129.3
<b>Total Group</b>	<b>4,897.2</b>	<b>4,508.9</b>

## 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
- £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

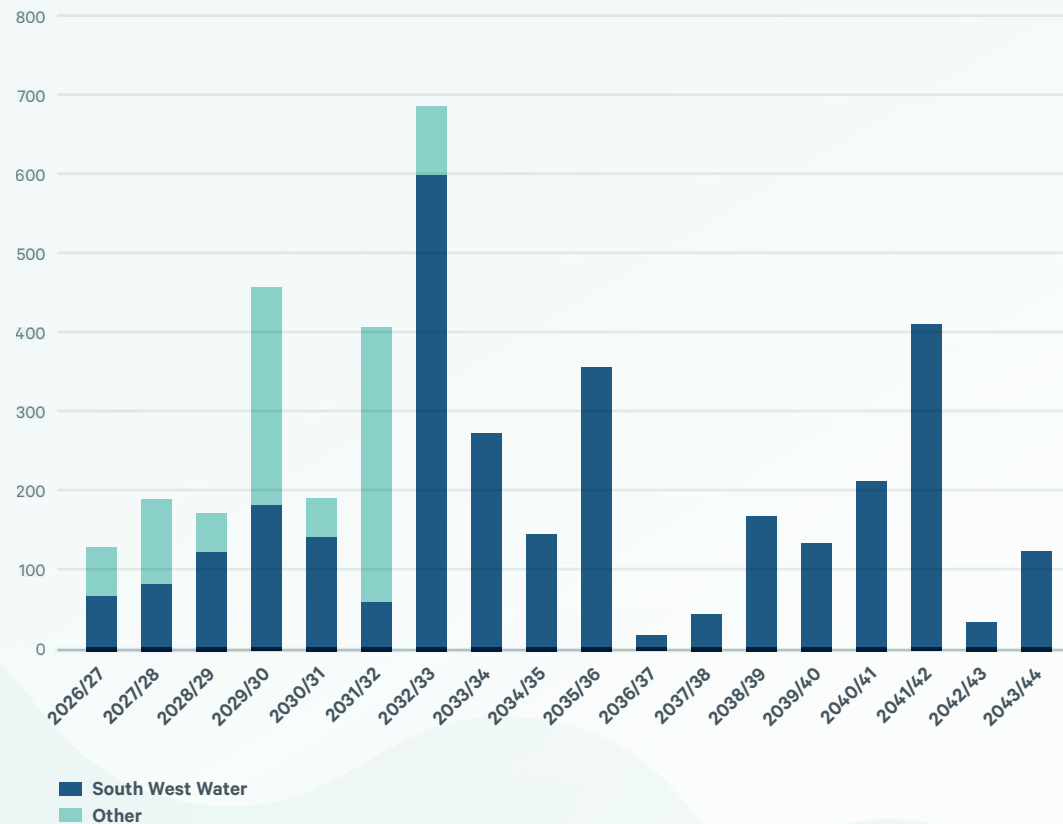
# Balance sheet – diversified funding portfolio

<b>Balance at 31 March 2026</b> (£m)	<b>Pennon Group</b>	<b>Water Business</b>	<b>South West Water</b>
Leasing	1,100.4	1,093.9	1,092.6
Bank bilaterals	565.2	446.0	421.0
Index-linked debt (RPI)	1,057.9	979.3	743.3
Fixed rate bonds	1,179.7	1,169.2	1,169.3
Private placements	981.5	720.5	681.6
Preference shares	12.5	12.5	12.5
<b>Total</b>	<b>4,897.2</b>	<b>4,421.4</b>	<b>4,120.3</b>
Cash	(388.3)	(369.3)	(300.2)
<b>Net debt<sup>1</sup></b>	<b>4,508.9</b>	<b>4,052.1</b>	<b>3,820.1</b>

# Pennon Debt maturity profile

## Group debt maturity profile

(£m)



## Liquidity position

At 31 March 2026, Pennon Group had access to undrawn committed funds and cash and cash deposits totalling c.£1billion, including cash and other short-term deposits of £388.3million and £610million of undrawn facilities.

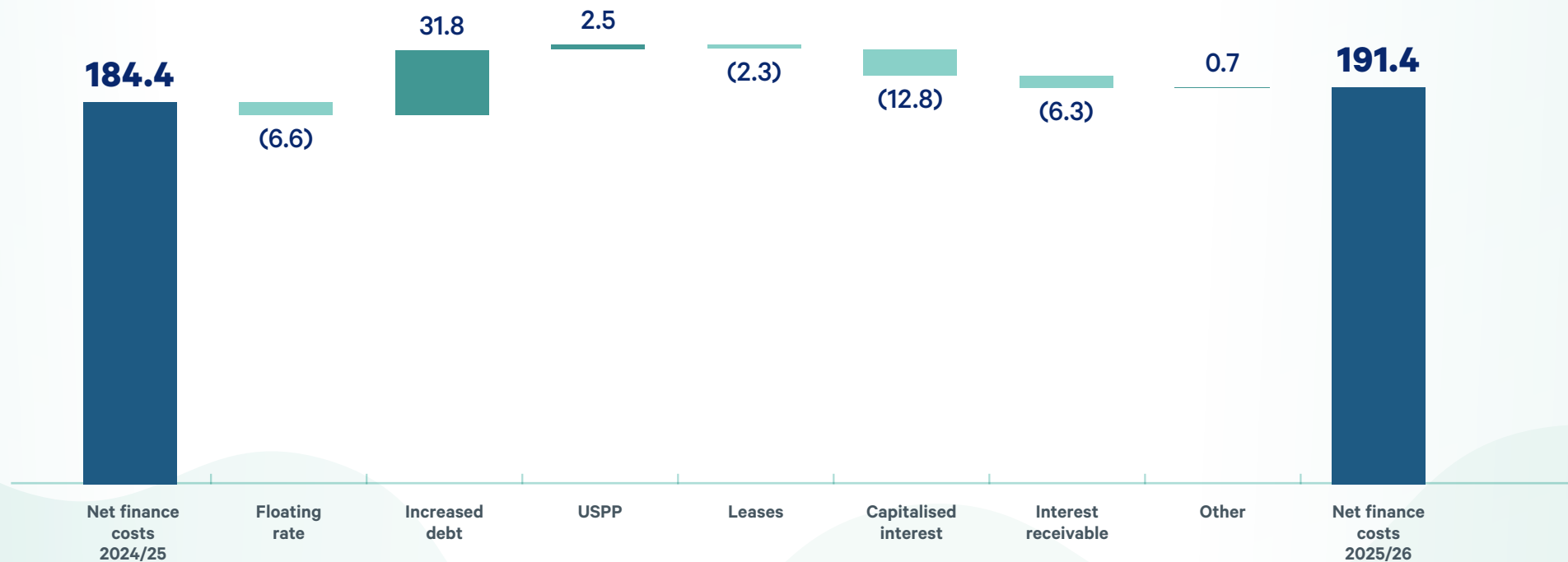
- In 2025/26 we have raised £485million for South West Water.
- South West Water's gross debt at 31 March 2026 was £4,087.5million excluding adjustments for non cash.
- The debt has a maturity profile of up to 31 years.
- Weighted average maturity of 12 years.

# Pennon Net debt movements

<b>Pennon Group – summarised net debt flow</b> (£m)	<b>2025/26 flows</b>	<b>2024/25 flows</b>
<i>Net debt excluding other non-cash indebtedness – 1 April</i>	(3,936.2)	(3,684.8)
<b>Opening balance 1 April</b>	<b>(4,078.2)</b>	<b>(3,844.8)</b>
Cash generated from operations	529.7	233.6
Corporation tax received	1.0	3.0
Net interest paid	(154.6)	(132.0)
Capital investment	(632.8)	(666.7)
Proceeds from dividend forfeiture	1.7	-
Proceeds from Rights Issue	-	491.0
Share Issue transaction costs	(5.6)	(15.4)
Ordinary dividends paid	(133.7)	(126.9)
Non-cash index-linked accretion	(43.3)	(33.4)
Other movements	6.9	13.4
<b>Closing balance 31 March</b>	<b>(4,508.9)</b>	<b>(4,078.2)</b>
<i>Net debt excluding other non-cash indebtedness – 31 March</i>	<i>(4,379.6)<sup>1</sup></i>	<i>(3,936.2)</i>

# Pennon 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%



# Penon Net interest analysis

	Water Group		South West Water	
(£m unless otherwise stated)	2025/26	2024/25	2025/26	2024/25
<b>Underlying net interest charge</b>	<b>(189.7)</b>	<b>(189.4)</b>	<b>(170.1)</b>	<b>(170.6)</b>
Less: pensions net interest	(2.0)	(1.5)	(1.6)	(1.1)
Non-debt related interest	(2.4)	2.2	(2.4)	2.2
Add: capitalised interest	(34.2)	(23.3)	(34.0)	(23.1)
<b>Net interest for average rate calculation</b>	<b>(228.3)</b>	<b>(212.0)</b>	<b>(208.1)</b>	<b>(192.6)</b>
Split between:				
Interest payable	(212.1)	(197.3)	(191.2)	(177.3)
Capitalised interest payable	(34.2)	(23.3)	(34.0)	(23.1)
Other finance income	18.0	8.6	17.1	7.8
<b>Net interest payable</b>	<b>(228.3)</b>	<b>(212.0)</b>	<b>(208.1)</b>	<b>(192.6)</b>
Effective interest rate (%)	5.9	5.5	5.7 <sup>1</sup>	5.4

# Pennon Balance sheet – Pensions

Pensions (£m)	As at 31 March 2026	As at 31 March 2025
Pension schemes' assets	605	704
Pension schemes' liabilities	(573)	(673)
<b>Net pension schemes' assets</b>	<b>32</b>	<b>31</b>
Deferred tax	(4)	(4)
<b>Net of tax pension schemes' assets</b>	<b>28</b>	<b>27</b>

## Main PGPS scheme

- Triennial valuation for 31 March 2025 complete
- Scheme in surplus
- No deficit recovery contributions

## Bristol Water scheme buy out completed

- Wind up progressing as planned

## SES Water

- Net surplus of c.£3million acquired – liabilities fully insured

# Disclaimer

For the purposes of the following disclaimers, references to this “document” shall mean this presentation pack and shall be deemed to include references to the related speeches made by or to be made by the presenters, any questions and answers in relation thereto and any other related verbal or written communications.

This document contains certain “forward-looking statements” with respect to Pennon Group’s financial condition, results of operations and business and certain of Pennon Group’s plans and objectives with respect to these matters which may constitute “forward-looking statements”.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as “anticipate”, “aim”, “believe”, “continue”, “could”, “due”, “estimate”, “expect”, “forecast”, “goal”, “intend”, “probably”, “may”, “plan”, “project”, “seek”, “should”, “target”, “will”, “negative” and related and similar expressions, as well as statements in the future tense.

By their very nature forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future.

Forward-looking statements are not guarantees of future performance and no assurance can be given that the forward-looking statements in this document will be realised. Various known and unknown risks, uncertainties and other factors could lead to substantial differences between the actual future results, financial situation, development or performance of the Group and the estimates and historical results given herein.

There are a number of factors that could cause actual results, performance or achievements of Pennon Group to differ materially from any outcomes or results expressed or implied by such forward looking statements and include all risks described in the Pennon Group Annual Report to be published in June 2026; changes in the economics and markets in which the Group operates, changes in the regulatory and competition frameworks in which the Group operates, the impact of legal proceedings against or which affect the Group; and changes in interest and exchange rates. 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. Nothing in this document should be construed as a profit forecast.

All written or verbal forward-looking statements, made in this document or made subsequently, which are attributable to Pennon Group or any other member of the Pennon Group or persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. Pennon Group may or may not update these forward-looking statements.

This document is not an offer to sell, exchange or transfer any securities of Pennon Group or any of its subsidiaries and is not soliciting an offer to purchase, exchange or transfer such securities in any jurisdiction.

Without prejudice to the above, whilst Pennon Group accepts liability to the extent required by the Listing Rules, the Disclosure Rules and the Transparency Rules of the UK Listing Authority for any information contained within this document which the Company makes publicly available as required by such Rules:

- a) neither Pennon Group nor any other member of Pennon Group or persons acting on their behalf shall otherwise have any liability whatsoever for loss howsoever arising, directly or indirectly, from use of the information contained within this document;
- b) neither Pennon Group nor any other member of Pennon Group or persons acting on their behalf makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained within this document; and
- c) no reliance may be placed upon the information contained within this document to the extent that such information is subsequently updated by or on behalf of Pennon Group.

Past performance of securities of Pennon Group cannot be relied upon as a guide to the future performance of any securities of Pennon Group.