



Our PR24 Business Plan 2025-2030



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Our plans to transform performance

- Committed to delivering a step change in investment and performance
- Transitioning to a more focused, three-year turnaround plan
- Submitted an ambitious PR24 business plan that reflects difficult choices
- Record investment proposed to deliver performance improvements and put our business on a more sustainable path
- Our business plan is affordable, deliverable and financeable
- Both plans are supported by shareholders
- Looking forward to continuing constructive discussions with our regulators

Note: All figures are in 2022/23 (FY23) real prices unless otherwise stated



Refocusing our Turnaround Plan

Our turnaround will build on important foundations laid in the last two years

Turnaround Vision



“To build a more resilient & investible Thames Water that delivers positive outcomes for customers, communities and the environment, underpinned by strong foundational capabilities”

Turnaround Pillars

Foundational
Capabilities

Operational
Performance

Resilience

Financial Efficiency

Turnaround
Objectives

Build foundational
capabilities critical to
implementing &
sustaining the
turnaround

Stabilise & improve
operational
performance

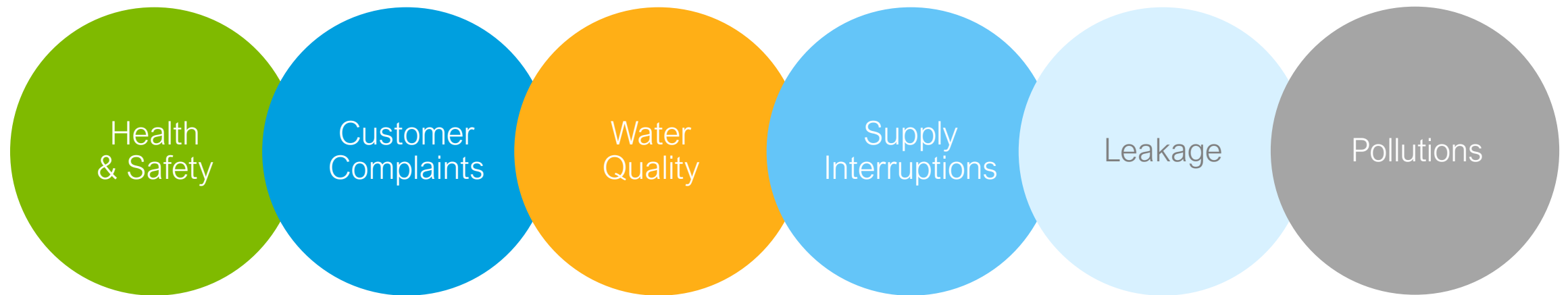
Improve business &
digital resilience

Ensure we are
financially efficient

Six operational priorities

Delivering a turnaround in performance and a more resilient Thames Water

Priorities for the next three years



A PR24 plan that delivers for all our stakeholders

For Customers



A reliable, secure & affordable service

530,000

households with financial support

500km

of ageing water mains replaced

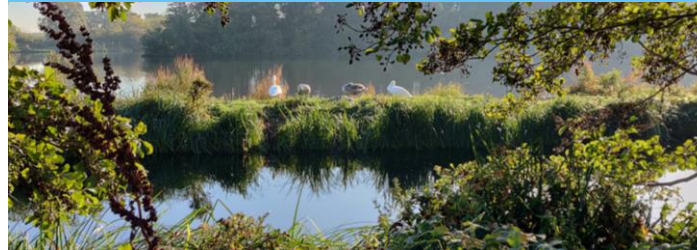
150km

of sewers upgraded

17%

reduction in the number of times sewage
floods into properties

For Communities



Creating jobs & enhancing biodiversity

600

more jobs for local people

27

wetlands & nature reserves maintained

10

community projects partnerships

1

commitment to reduce traffic
disruption with the GLA

For The Environment



Improving our environmental footprint

£885m

spent on reducing storm overflows

22%

reduction in leakage ¹

30%

reduction in pollution incidents

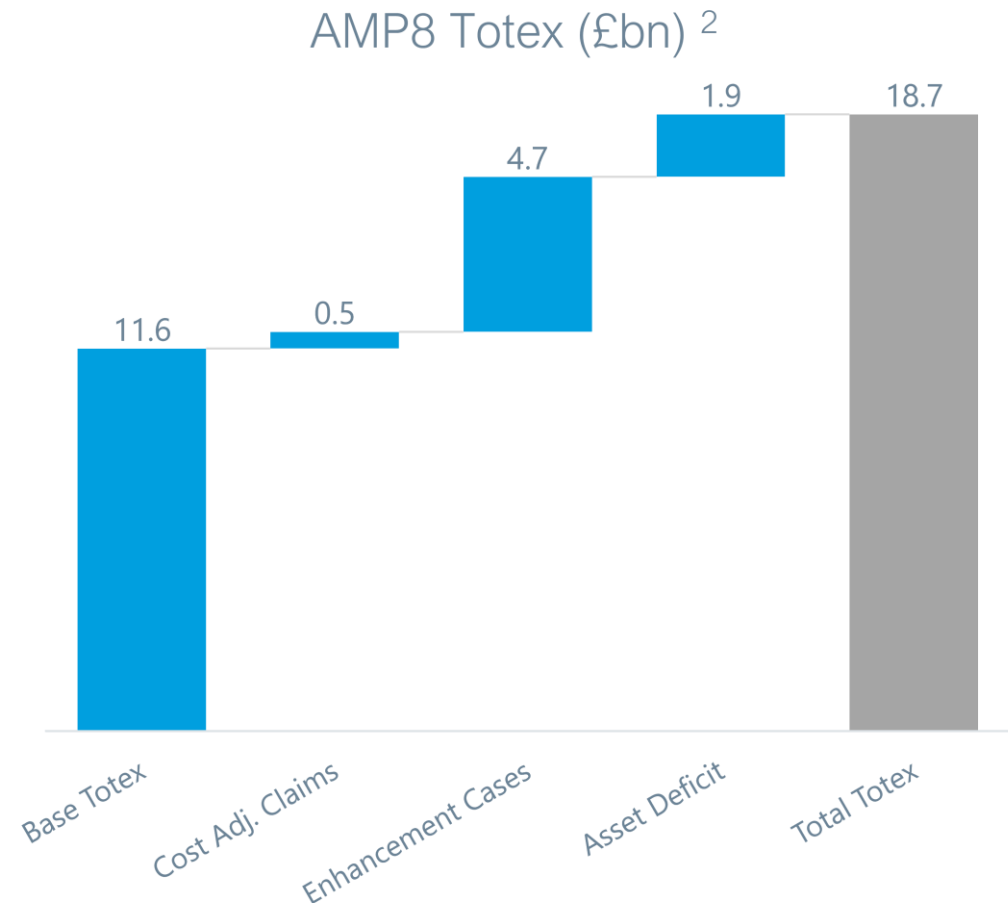
28%

reduction in storm overflows

Record investment to turnaround performance

Essential spend to deliver performance improvements and put our business on a more sustainable path

- 42% real increase in totex ¹
- **Cost adjustment claims:** fund network reinforcement & distribution mains replacement
- **Enhancement cases:** record investment to
 - Deliver statutory requirements
 - Address asset risks
 - Increase the resilience of our assets
- **Asset deficit:** funding to cover costs of managing - & limiting the decline in - our asset health

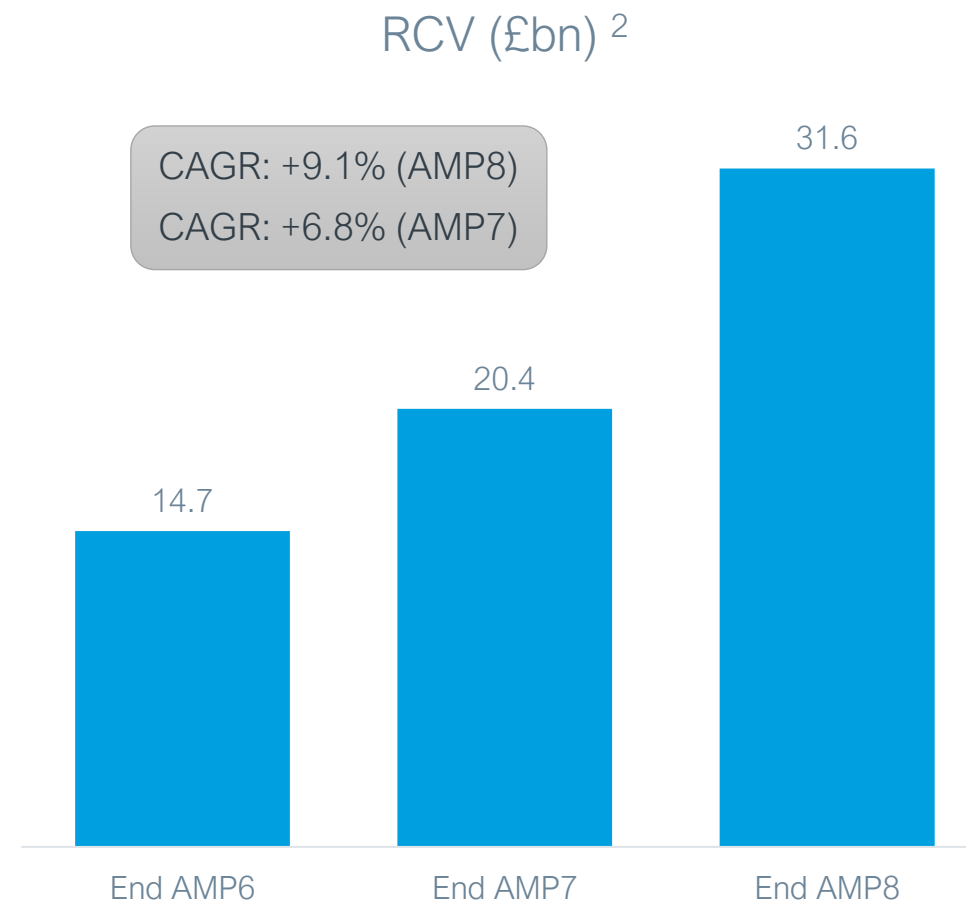
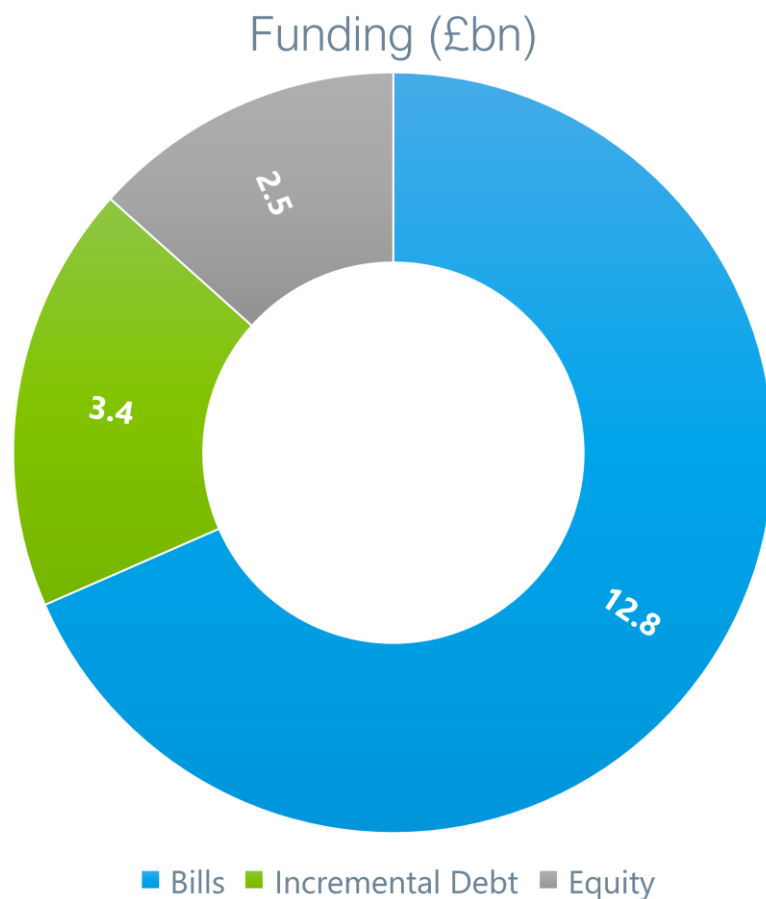


1. AMP8 (PR24 Plan) vs. AMP7 totex (forecast)

2. 2022/23 (FY23) real prices

Funding growth

Accelerating RCV growth is reliant on additional shareholder funding and retaining all available income ¹



1. Shareholders have acknowledged the need for additional equity indicatively in the region of £2.5 billion in AMP8

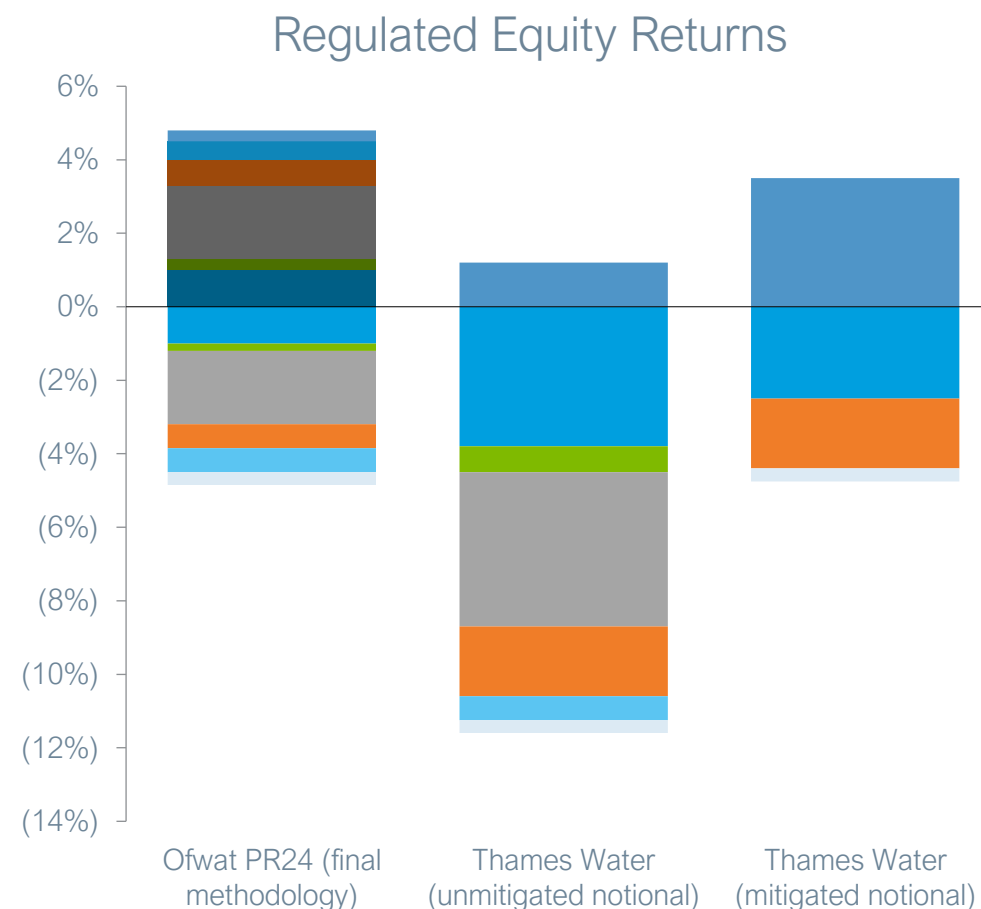
2. Nominal value (AMP7 & AMP8 forecast)

A financeable & investible plan

Returns need to be competitive to secure capital and fully reflect risk profile & changing market conditions

Returns

Real CPIH Basis	Ofwat Early View	Refreshed Early View	Thames Water PR24 Plan
Wholesale WACC	3.23%	3.52%	4.25%
Gearing (notional)	55%	55%	55%
Cost of equity	4.1%	4.4%	5.7%
Cost of debt	2.6%	2.9%	3.1%



Our ambitious plan

Delivering what our customers have told us are their top priorities

Affordable

- Average daily combined bill will be £1.59 in AMP8
- Average monthly bill will rise by £14.55
- Additional £60m funding for our new innovative rising block tariff
- Over 530,000 households will benefit from financial support
- We will provide an average 59% discount for directly billed, income deprived customers by 2030

Deliverable

- Launched our refocused, three year Turnaround Plan
- Introduced our new regional operating model
- Onshoring and insourcing key roles and capabilities
- Delivering 7x increase in AMP7 in our Capital Delivery capability
- Increasing supply chain capacity, extending frameworks & suppliers
- Spending £500m to enhance our digital capabilities
- We have clear plans to develop the workforce we need to succeed

Financeable

- Plans target BBB+/Baa1 credit ratios
- Assumes no dividends are paid to our external shareholders
- Average gearing forecast to reduce to 71%
- PMICR strengthening to 2.1x
- Proposed plan offers sufficient returns for further shareholder funding of £2.5bn in AMP8
- Plan is financeable for notional & actual capital structure

Committed to deliver a step change in investment & performance

INVESTMENT

A record level of investment



£18.7bn

Total spend across our business



£4.7bn

To improve the quality of our services



£1.59

Average daily water and wastewater bill



530k

Households getting help with their bills

FOR CUSTOMERS

A safe and reliable service for you



£12.1bn

To improve your service



17%

Reduction in the number of times sewage floods into properties



75%

Of eligible customers on the priority services register



500km

Of replaced water mains

FOR COMMUNITIES

Having a positive impact on your community



600

Apprentices, graduate scheme applicants and summer interns on placements



27

Wetlands and nature reserves open to the public



1

Key commitment to cut down disruption caused by our streetworks

FOR THE ENVIRONMENT

Improving the environment



£6.6bn

To improve the environment



£885m

Investment in reducing storm overflows



30%

Drop in pollution incidents



22%*

Reduction in leakage
*AMP8 reduction based on a 2019/20 baseline

All £ are in 2022/23 prices



debt.investorrelations@thameswater.co.uk