Our 2024/25 Interim Results

December 2024

Disclaimer

IMPORTANT: This presentation, its contents and any oral information or accompanying materials provided in connection with it (this "Presentation") are being provided to you solely for your information in connection with Thames Water Utilities Limited and its affiliates (the "Company") and not for any other purpose or for any other person. This Presentation may not be reproduced, redistributed, forwarded or disclosed to any other person or published, in whole or in part, for any purpose. Failure to comply with this directive may result in a violation of applicable laws. Neither this Presentation nor any of its contents may be used for any purpose other than for the purposes described to you above without the prior written consent of the Company.

This Presentation has been made available to you on the basis that you are a person into whose possession this Presentation may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. By viewing this Presentation, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of this Presentation, including by electronic transmission and (c) that you are a person into whose possession this Presentation may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. This Presentation is provided for informational purposes only and does not constitute or form part of, and should not be construed as, (i) an offer, solicitation or invitation to subscribe for, sell or issue, underwrite or otherwise acquire any securities, loans or other financing of the Company or any other person or entity, nor shall it, or the fact of its communication, form the basis of, or be relied upon in connection with, or act as any inducement to underwrite, arrange, sell, buy, participate in, syndicate or enter into any contract or commitment whatsoever with respect to any securities, loans or other financing of the Company (or any other person or entity), in each case in the United States or in any other jurisdiction; or (ii) any form of financial opinion, recommendation or investment advice with respect to any securities, loans or other financing of the Company (or any other person or entity) in the United States or in any other jurisdiction. This Presentation does not comprise a prospectus approved under the Prospectus Rules made under Part VI of the Financial Services and Markets Act 2000 of the United Kingdom. This document includes summary financial information and should not be considered a substitute for our full financial statements or reports. Any opinions presented herein are based on general information gathered at the time of writing and are subject to change without notice. The Company relies on information obtained from sources believed to be reliable but does not guarantee its accuracy or completeness. It should be noted the auditors of the Company have not reviewed the information herein and the information has not been independently verified. No assurance can be or is given that the transactions in this Presentation would in fact be executed. No reliance should be placed upon the information contained in this presentation by prospective investors, as the accuracy cannot be guaranteed. The information contained in this presentation has no regard to the specific investment objectives, financial situation or particular needs of any person.

This presentation contains statements that are forward-looking statements with respect to the financial condition, results of operations and business and business strategy of the Company. Forward-looking statements typically use words such as "believes", "anticipates", "expects", "intends", "plans", "targets", "projects", "may", "will", "could", "would" and "should" and words of similar import. Various known and unknown risks, uncertainties and other factors may cause the actual future results, financial situation, development, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Many of such factors involve assumptions and uncertainties that are beyond the Company's ability to control or estimate precisely, such as changes in laws or regulations and decisions by governmental bodies or regulators, and there can be no assurance that any changes will not negatively impact the Company, its operations, its attractiveness to existing or future investors or lenders, or its ability to implement strategic objectives. None of the future projections, expectations, estimates or prospects in this presentation should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in the presentation. This presentation should not be relied on as a guide to future performance, and should not be relied on in making any investment decision with respect to any securities. Neither the Company nor any of its shareholders, affiliates, directors, officers or employees assumes any obligation to update any forward-looking statements or any other information contained in this presentation.

No representation or warranty, express or implied, is made or given, and no responsibility is accepted, by or on behalf of the Company or any of its shareholders, affiliates, directors, officers or employees or any other person as to the accuracy, adequacy, usefulness, completeness or fairness of the information or opinions contained in this presentation or as to the reasonableness of any assumptions on which any of the information herein is based. The Company shall have no liability to any party for the quality, accuracy, timeliness, continued availability, or completeness of any information contained in this presentation. The Company does not accept any liability whatsoever for any direct, indirect or consequential losses to any person in relation to the distribution, or possession or reliance on this Presentation and its contents in contract, tort or otherwise.

This Presentation does not constitute an offer of any securities for sale in the United States. No securities of the Company have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. Accordingly, this Presentation has been prepared on the basis that you are either (i) "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act ("QIBs") or institutional "accredited investors" as defined in Rule 501(a)(1), (2), (3), (7) or (8) under the Securities Act ("IAIs") or (ii) outside the United States (within the meaning of Regulation S under the Securities Act ("Regulation S") and not a "U.S person" (as defined in Regulation S) ("U.S. Persons"). This Presentation is being sent at your request and, by accessing this Presentation, you represent to us that you are either (i) a QIB or an IAI; or (ii) outside the United States and not a U.S. Person.

Operational update

Chris Weston

Chief Executive Officer

Half year headlines

Sustained investment supports improvements

- £1 billion investment in infrastructure for second year
  - To deliver improvements for customers and the environment
- Delivering improvements in operational and underlying financial performance
  - Promising underlying financial performance, with increases in revenue and EBITDA
  - Lowest ever level of leakage and improvements in lost time injuries and complaints; extreme rainfall contributed to increase in pollutions
  - Thames Tideway Tunnel partially operational and testing delivers promising results
  - £67 million in support for customers in vulnerable circumstances
- Solid progress in putting us onto a more stable financial footing
  - Liquidity Extension Proposal agreed, and first milestones reached
  - Equity process progressing

Strategic building blocks of transformation

To support delivery of our business plan to 2030

New AO&CD operating model	• Combining Asset Management, Operations and Capital Delivery functions • Aligns end-to-end asset life cycle to support delivery of strategic plan • Aligns accountabilities with regulatory and performance requirements
Governance & decision making	• CEO-led monthly business reviews to increase oversight of priorities • Drive clearer accountability & transparency to drive performance improvement
Delivering within our means	• Consistently & efficiently deliver within our totex allowances set by Ofwat by 2030 • Consistently deliver agreed outcomes & performance for customers

Delivery of business plan for 2025 to 2030, supported by delivery of turnaround plan

Operational performance - our six core metrics

Continued lowest ever level of leakage; high rainfall impacted pollutions

	HY25	HY24
LTI	20	26

	HY25	HY24
Leakage	536.5 Ml/d	557.1 Ml/d

	HY25	HY24
Pollutions [1]	359	257

	HY25	HY24
CRI [2]	1.86	1.19

	HY25	HY24
Complaints	31,600	38,900

	HY25	HY24
Supply interruptions	3m 42s	2m 52s

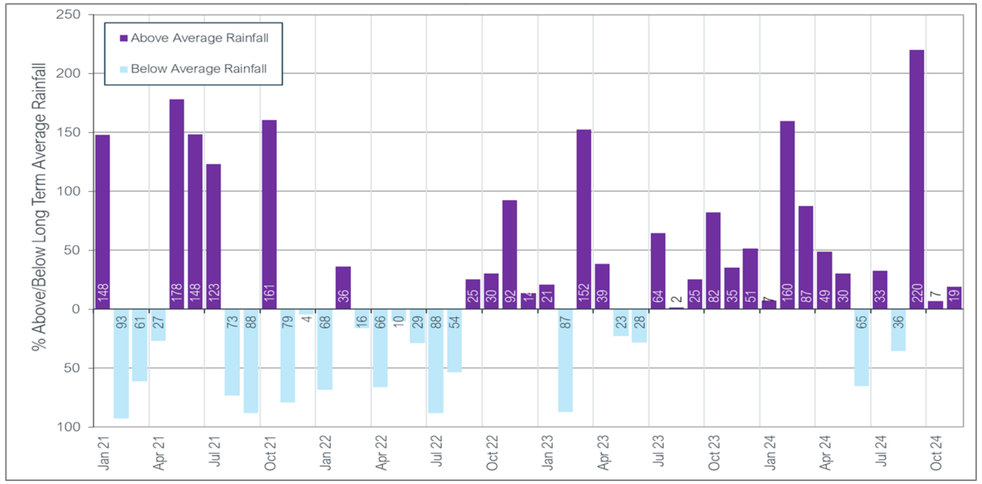
1. Total pollutions (category 1-3) - calendar year metric
2. Compliance Risk Index - Calendar year metric

Colour coded RAG status based on performance against internal targets

Record rainfall

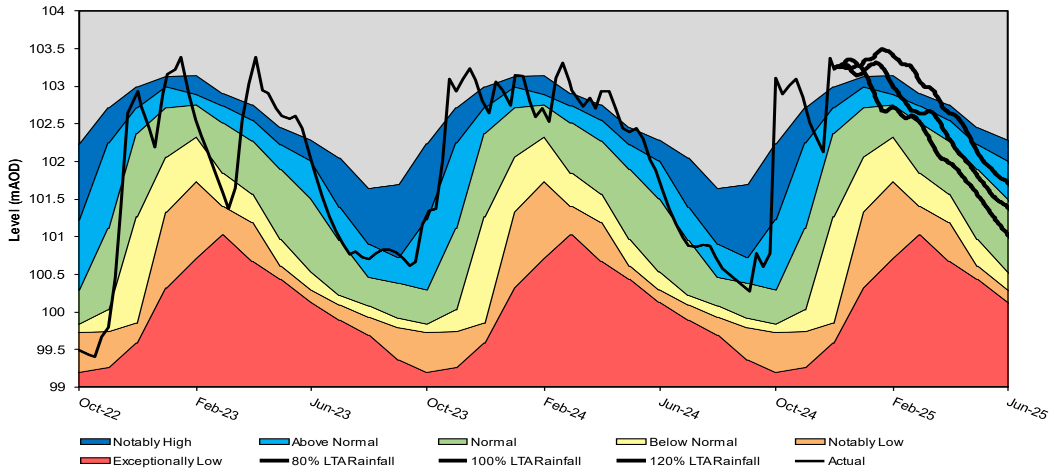
Extreme weather impact on waste network

- Pollutions and spills performance severely impacted by rainfall and groundwater
  - Wettest 12 months since records began
  - At 1 December - most sites recorded as having ‘Exceptionally High’ groundwater levels, where rapid recharge has occurred, i.e. in the Oolites
- Thames Tideway Tunnel goes into full operation in 2025, supporting 95% reduction in annual duration of discharges into Tidal Thames, together with Lee Tunnel and treatment works upgrades



WEST THAMES - AMPNEY CRUCIS - COTSWOLDS GREAT OOLITE

Actual groundwater levels with forecast groundwater levels from 01 December 2024



Source: Thames Water situation report: October 2024 summary

Our response to our PR24 draft determination

Proposals to enable an investible, financeable and deliverable business plan for AMP8

Cost allowances

A regulatory settlement grounded in reality

Welcome the new deliverability mechanism

Encouraged by use of a large-gated process – requires an in-period funding mechanism to enable efficient delivery

Outcomes

Require targets that are challenging but achievable given our starting point

Risk and return

Require an appropriate balance of risk and return and a weighted average cost of capital, including cost of equity, that appropriately remunerates risk

Turnaround oversight

Require an oversight regime that is proportionate

Require a final determination that allows flexibility in the event of unforeseen, mid-AMP volatility

Support introduction of an Aggregate Sharing Mechanism, however with a tighter threshold of 100bps for both costs and outcomes

Financial Performance

Alastair Cochran

Chief Financial Officer

Financial highlights

Improved underlying financial performance in the first half ("HY25")

Underlying Revenue[1]	Underlying EBITDA[1]	Underlying Profit After Tax[1]	Underlying Op. Cash Flow[1]
£1.3bn	£715m	£187m	£605m
+10%	+14%	+32%	+4%

Capex	RCV	Gearing[2]	Liquidity[3]
£1.0bn	£20.2bn	84.2%	£1.5bn
(1%)	+2%	+3.6ppts	(37%)

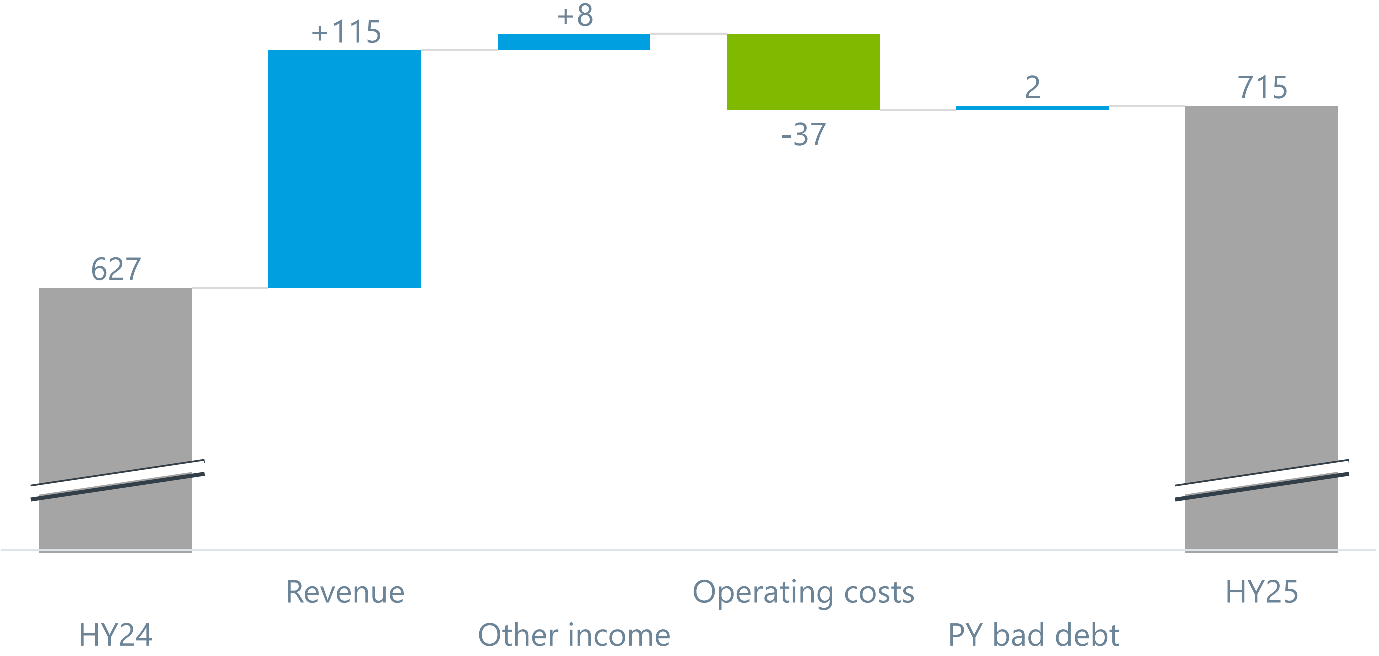
1. Excluding exceptional items and Bazalgette Tunnel Limited
2. Senior gearing: covenant net debt to Regulatory Capital Value ("RCV")
3. As at 30 September 2024; (Liquidity as at 30 November 2024 was £1.3bn, of which £0.9 billion is cash and cash equivalents and £0.4 billion undrawn facilities)

Underlying EBITDA

14% growth in underlying EBITDA

- 10% growth in revenue reflecting increase in tariffs
- Increase in other income driven by compensation for relocation of Guildford STW
- Margin expansion reflecting ongoing cost discipline
- 8% reduction in total bad debt charge to 3.9% of total household appointed revenue

Underlying EBITDA (£m)



Note: underlying results exclude exceptional items and Bazalgette Tunnel Limited

Underlying profit after tax

32% increase in underlying profit after tax

6 month period ended 30 September, £m	2024	2023	Variance
EBITDA	715	627	+88
Depreciation, amortisation & asset impairment	(386)	(382)	(4)
Operating profit	329	245	+84
Net finance expense	(195)	(209)	+14
Net gains on financial instruments	115	169	(54)
Profit before tax	250	206	+44
Tax	(62)	(64)	+2
Profit after tax	187	142	+45

Note: underlying results exclude exceptional items and Bazalgette Tunnel Limited; table includes rounding differences

Total loss after tax

Reported loss of £190 million reflecting impact of exceptional items recognised in period

Exceptional items (pre-tax)

- Expected credit loss of £311 million on inter-company receivable from TWUHL[1]
- £104 million provision related to Ofwat's investigation into sewage treatment works
- £40 million restructuring and transformation costs
- £11 million creditor engagement expenditure

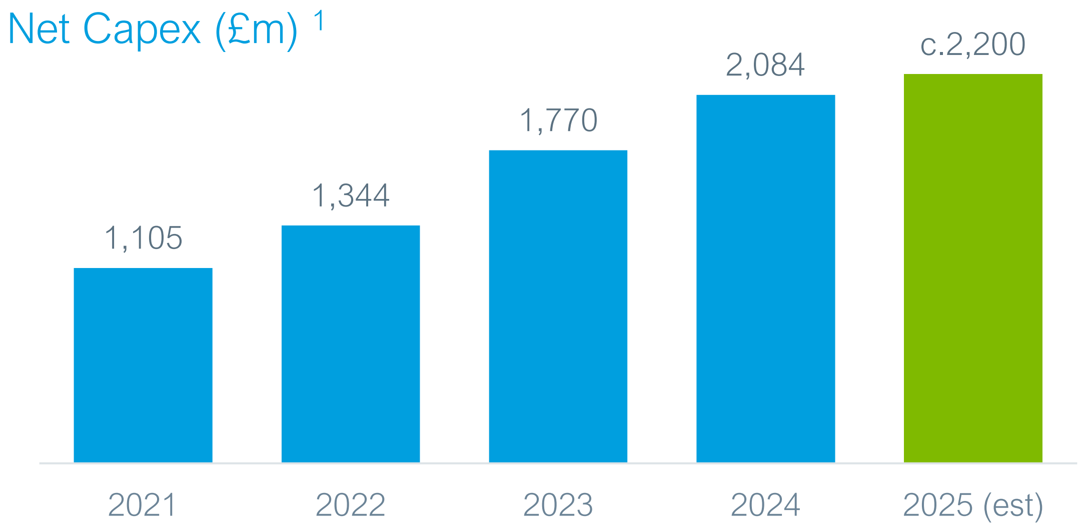
HY ended 30 September, £m	2024	2023	Variance
Underlying profit before tax	250	206	+44
Exceptional items [2]	(466)	(18)	(448)
BTL	67	59	+8
(Loss) / profit before tax	(149)	246	(395)
Total tax charge	(40)	(74)	+34
Total (loss) / profit after tax	(190)	172	(362)

Note: underlying results exclude exceptional items and Bazalgette Tunnel Limited; table includes rounding differences

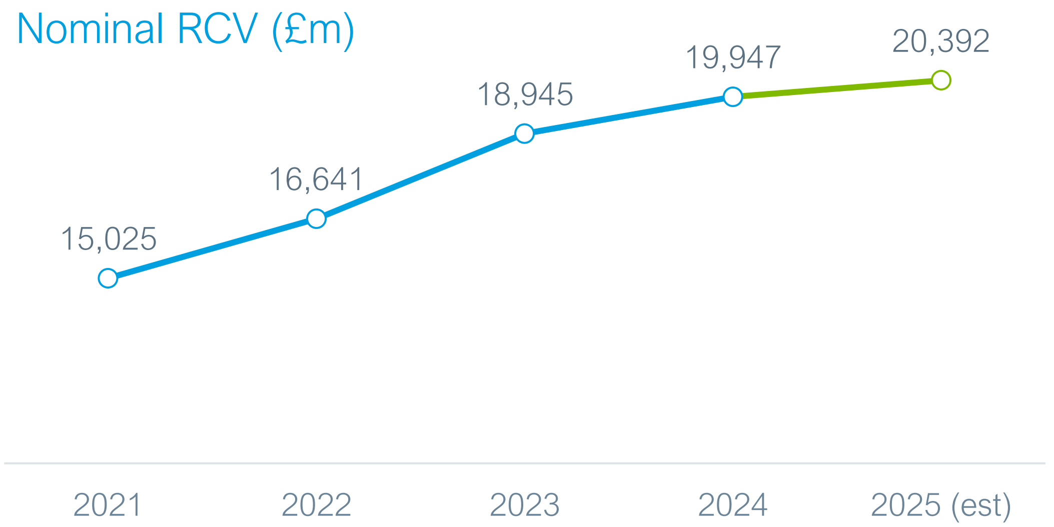
1. Thames Water Utilities Holding Limited (Thames Water Utilities Limited parent company)
2. Includes exceptional expected credit losses and finance fees and operating costs relating to restructuring recognised in the period

Investing to improve performance

Maintaining high levels of investment in our infrastructure



- Forecasting 6% increase in capital investment
- Investing to improve asset resilience, environmental performance & customer service
- Proposing to grow capex by c.120% in AMP8 [2]



- c.40% growth in RCV in AMP7 (22/23 real)
- RCV log-up claim of c.£900 million (22/23 real) [3]
- PR24 Full Plan would deliver c.60% growth in RCV in AMP8 (22/23 real)

1. Includes investment in property, plant, equipment, assets in development (intangible) and capitalised borrowing costs
2. Based on Company's DD response (full plan); actual wholesale capex, including TTT land sales, excluding retail capex (outturn prices)
3. Based on Company's DD response (full plan)

Restoring financial resilience

Liquidity Extension Transaction and equity raise on track

- Equity pre-marketing completed; formal marketing underway
- STID proposals approved: secured access to reserved cash
  - Current liquidity of £1.3bn as at 30 November 2024
- Agreed terms of Liquidity Extension Transaction
  - Up to £3.0bn super senior debt facility (£1.5bn backstopped by creditors)
  - Debt maturities to be deferred by two years
  - Financial covenants to be suspended
- Approval of interim Restructuring Plan will extend liquidity runway to October 2025
  - Ability to extend to May 2026 if Board appeals final determination to CMA
- Overall, the transaction allows the Group to continue to progress its equity raise and holistic recapitalisation post conclusion of PR24

Indicative timeline:

PR24 final determination (Dec-24)
↓
RP1 sanction hearing [1] (Jan-25)
↓
CMA "go/no go" deadline (Feb-25)
↓
Binding equity offers (H1 2025)
↓
Recapitalisation Transaction [2] (Jun-25)

1. The Liquidity Extension Transaction is to be implemented through an English law restructuring plan under Part 26A of the Companies Act 2006 (the "Restructuring Plan" or "RP1") to be proposed by Thames Water Utilities Holdings Limited
2. Lock-up agreement for a transaction involving the reinstatement, recapitalisation, restructuring, compromise or arrangement with creditors whether as part of or as a condition to an equity raise or a creditor-led transaction, or otherwise

Closing comments

Chris Weston

Chief Executive Officer

In summary

Continuing to navigate the right pathway forward

- Solid operational and underlying financial performance, despite headwinds
- Turnaround and transformation progressing
  - Requires consistent leadership, priorities, time and funding
- A critical point for Thames Water
  - Final determination is fundamental to our future

Appendix: Financial Analysis

Underlying Income Statement

32% increase in underlying profit after tax

Half year ended 30 September, £m	2024	2023	Variance
Revenue	1,326	1,211	+10%
Operating expenses	(1,075)	(1,035)	+4%
Other operating income	78	70	+11%
Operating profit	329	245	+34%
Net finance expense	(195)	(209)	(7%)
Net gains on financial instruments	115	169	(32%)
Profit before tax	250	206	21%
Tax	(62)	(64)	(3%)
Profit after tax	187	142	+32%

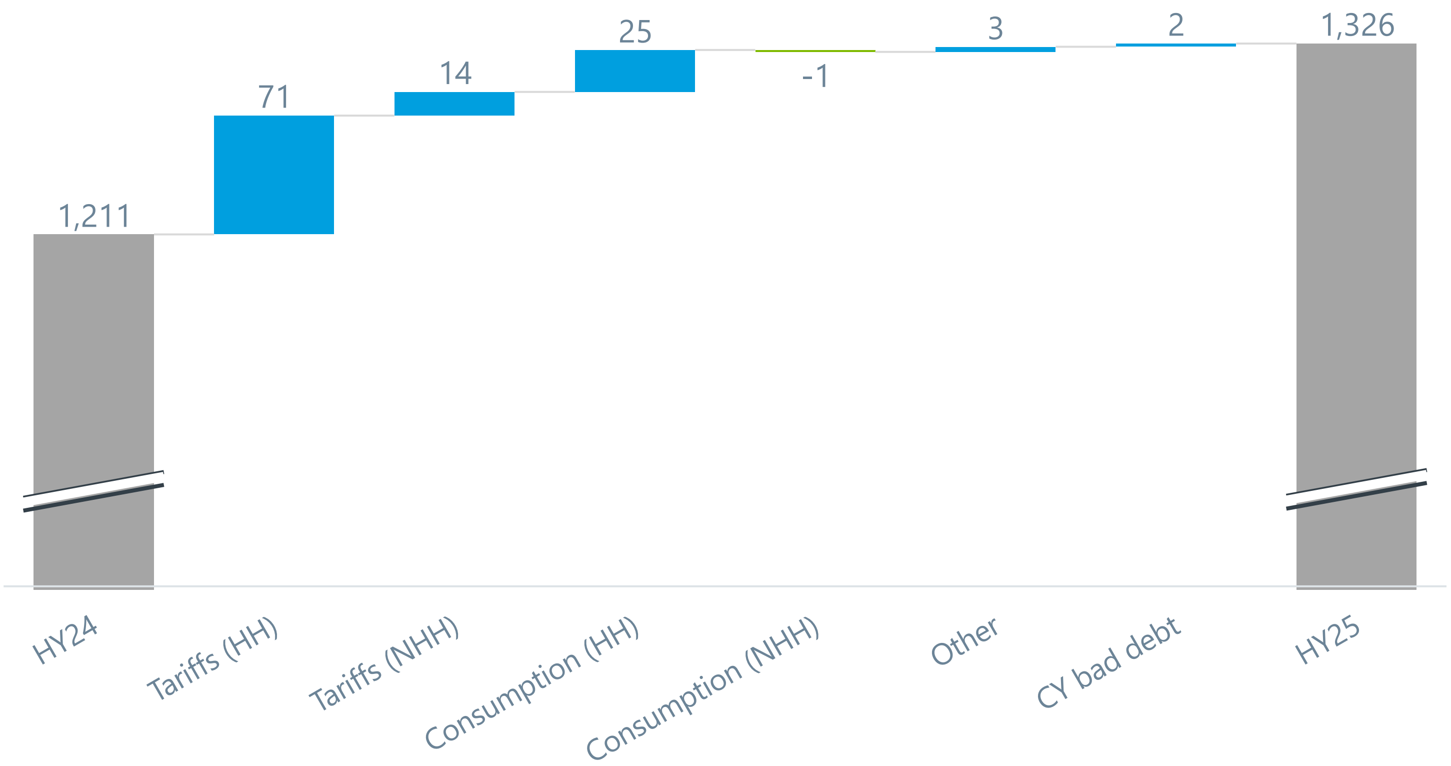
Note: Table may include rounding differences

Underlying Revenue

10% increase in revenue driven by higher tariffs & household consumption

HY ended Sep., £m	2024	2023
Household	1,085	989
Non-household	236	223
Other	10	9
Appointed revenue	1,331	1,221
Non-appointed	14	12
Gross revenue	1,345	1,232
Bad debt [1]	(19)	(21)
Underlying revenue	1,326	1,211

Underlying Revenue (£m) [2]



1. Bad debt relating to current year bills. The total bad debt charge, including the cost relating to prior year bills that is shown within operating expenses, was £44 million
2. 'Other' includes other appointed revenue and other non-appointed revenue

Note: Chart may include rounding differences

Underlying EBITDA

14% increase largely driven by higher revenue & other operating income, as well as operating cost discipline

Half year ended 30 September, £m	2024	2023	Variance
Revenue	1,326	1,211	+10%
Operating expenses	(664)	(628)	+6%
Other operating income	78	70	+11%
Impairments on financial and contract assets	(25)	(26)	(6%)
EBITDA	715	627	+14%
Depreciation, amortisation and asset impairment	(386)	(382)	+1%
Operating profit	329	245	+34%

Note: Table may include rounding differences

Underlying Net Finance Expense

7% decrease reflecting lower accretion & capitalised borrowing costs, partly offset by higher net interest

Half year ended 30 September, £m	2024	2023	Variance
Interest income on deposits	30	24	+27%
Interest income on i/co loans	36	34	+8%
Interest income on swaps	76	77	(1%)
Other interest income	-	-	-
Finance income	143	135	+6%
Interest expense on debt	(353)	(263)	+34%
RPI accretion on debt	(73)	(171)	(58%)
Net interest expense on DB obligation	(3)	(4)	(36%)
Interest on leases	(2)	(1)	+14%
Other finance fees & trading interest	(1)	(1)	(14%)
Capitalised borrowing costs	92	97	(5%)
Finance expense	(338)	(343)	(2%)
Net finance expense	(195)	(209)	(7%)

Note: Table may include rounding differences

Effective Cost of Interest

Lower effective cost of interest largely reflecting lower accretion on index-linked debt

Half year ended 30 September, £m	2024	2023	Variance
Net finance expense	(195)	(209)	+14
Interest on inter-company loans	(36)	(34)	+2
Capitalised borrowing costs	(92)	(97)	+5
Other adjustments	12	12	-
Swap accretion	(155)	(254)	+99
Adjusted net finance expense including swap accretion	(467)	(581)	114
Average notional net debt[1]	(16,674)	(15,203)	(1,471)
Average effective cost of interest (annualised)	5.6%	7.6%	(2.0%)
Covenant cash interest	(221)	(184)	(37)
Average effective cash cost of interest (annualised)	2.7%	2.4%	0.3%

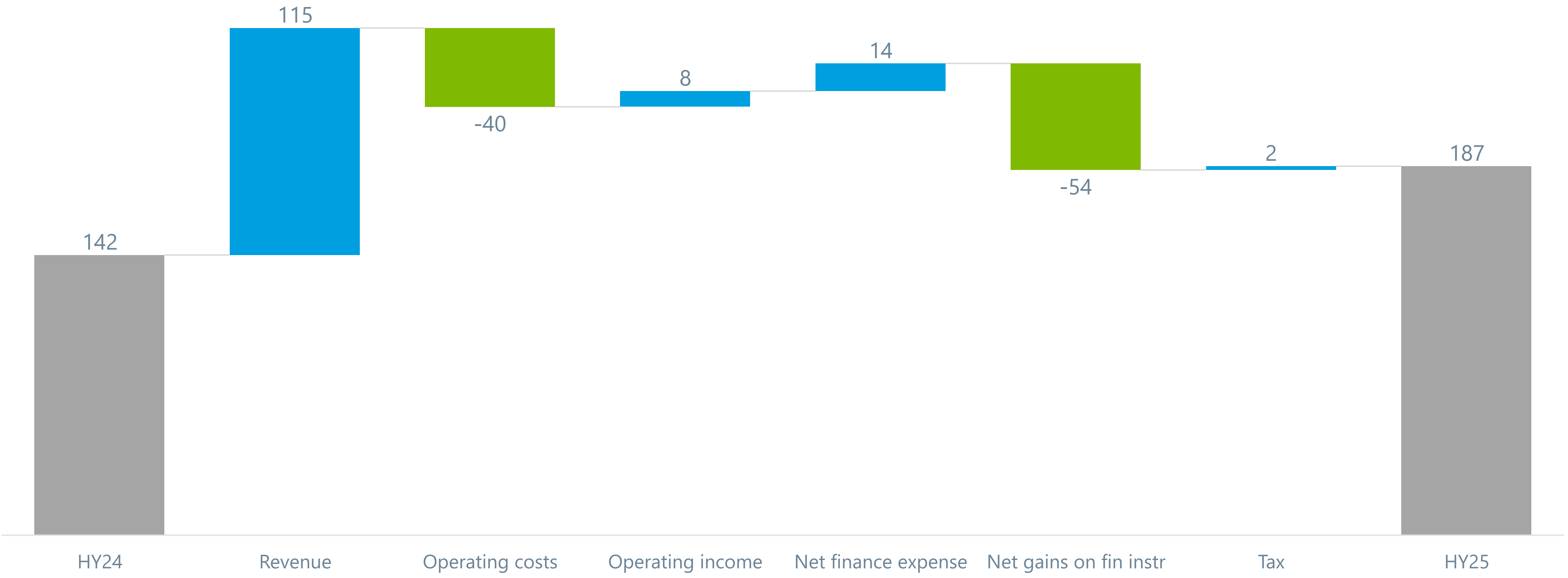
1. Post swap; excludes inter-company net debt

Note: table may include rounding differences

Underlying Profit After Tax

£45 million improvement in underlying profit after tax

Underlying profit after tax (£m)



Note: Chart may include rounding differences

Underlying Cash Flow Statement

4% increase in underlying operating cash flow

Half year ended 30 September, £m	2024	2023	Variance
Operating cash flow [1]	605	579	+26
Cash capex	(1,042)	(968)	(74)
Free cash flow	(437)	(389)	(48)
Net interest paid	(123)	(81)	(42)
Cash inflow / (outflow) from financing activities	518	(476)	+994
Net cash outflow [1]	(41)	(946)	+905
Opening cash (Group)	1,148	1,829	
Closing cash (Group) [2]	1,107	883	

1. Excludes BTL cash flow (2024: £5 million inflow; 2023: £5 million inflow)
2. Excludes BTL cash and cash equivalents

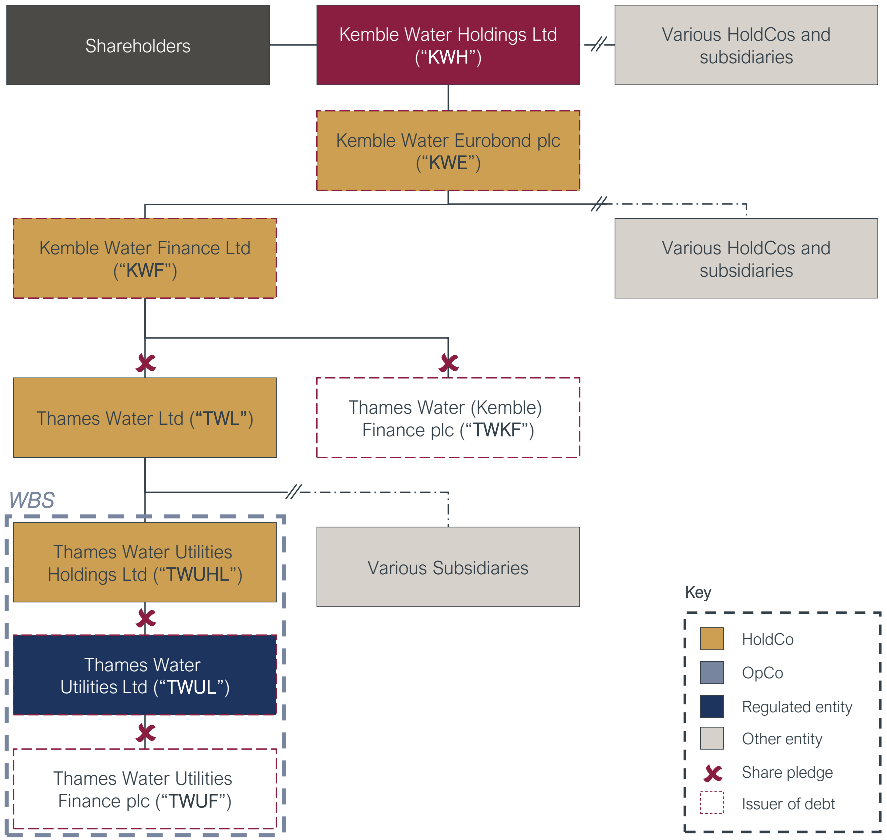
Capital & Corporate Structure

TWUL Group

TWUL Group capital structure [1]

As at 30-Sep-24, £m	TWUL	TWUF	Group
Secured bank loans	(1,796)	(1,306)	(3,102)
Private placements	(1,257)	(405)	(1,662)
Bonds	-	(10,833)	(10,833)
Class A	(3,053)	(12,544)	(15,597)
Secured bank loans	(542)	(199)	(741)
Bonds	-	(249)	(249)
Class B	(542)	(448)	(990)
Borrowings	(3,595)	(12,992)	(16,587)

Kemble Group corporate structure



1. Statutory borrowings as at 30 September 2024 excluding (i) interest payable on borrowings and (ii) fair value of derivative financial instruments (net liability: £1,341.1 million)

Net Debt

Statutory basis

As at, £m	30 Sep 2024	31 Mar 2024	Variance
Secured bank loans & private placements	(5,504)	(5,005)	(499)
Bonds	(11,082)	(11,101)	+19
Borrowings	(16,587)	(16,106)	(481)
Interest payable	(280)	(243)	(37)
Total borrowings	(16,867)	(16,349)	(518)
Leases	(50)	(53)	+3
Bank overdraft [1]	-	(127)	+127
Gross debt (principal, accretion and unamortised fees)	(16,917)	(16,528)	(389)
Cash & cash equivalents	1,119	1,281	(162)
Net debt (statutory basis)	(15,798)	(15,247)	(551)
Net debt (covenant basis) [2]	(16,997)	(16,071)	(926)

Note: table may include rounding differences

1. Bank overdraft as at 31 March 2024 reflects the impact of £130 million committed external payments where cash settlement occurred on 2nd and 3rd April 2024
2. For reconciliation to statutory net debt, see note 12 of consolidated interim financial statements for 30 Sep 2024; and note 20 of consolidated financial statements for 31 Mar 2024

Borrowings

Reconciliation between covenant and statutory basis

As at, £m	30 Sep 2024	31 Mar 2024	Variance
GBP bonds	(8,497)	(8,443)	(54)
Foreign currency bonds	(2,644)	(2,720)	+76
United States Private Placements	(1,664)	(1,719)	+55
GBP loans	(3,855)	(3,298)	(557)
Lease liability	(50)	(53)	+3
Gross debt (covenant basis) [1]	(16,709)	(16,233)	(476)
Lease liability	50	53	(3)
Unamortised IFRS 9 adjustments	(18)	(18)	-
Unamortised debt issuance costs and discount	91	92	(1)
Borrowings (statutory basis)	(16,587)	(16,106)	(481)
Post swap gross debt (covenant basis)	(18,118)	(17,356)	(762)

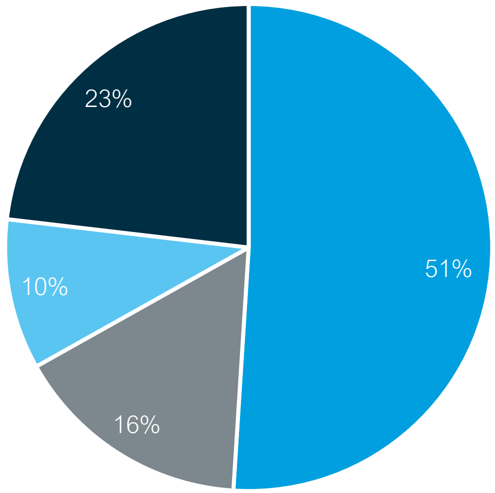
Note: table may include rounding differences

1. Debt principal outstanding plus debt accretion (excludes swap accretion)
2. Debt principal outstanding plus debt and swap accretion and FX

Financing our investment programme

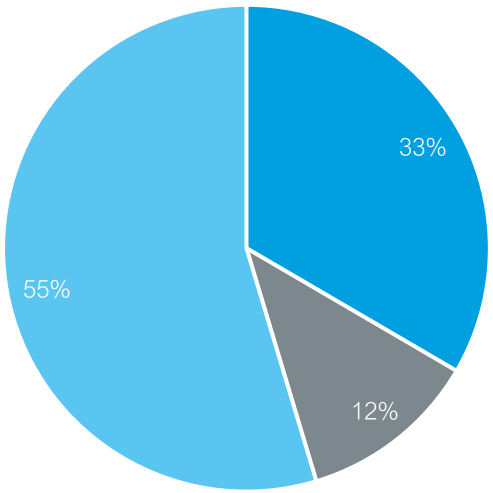
Focused on maintaining financial resilience

Gross debt profile [1,2]



- GBP bonds: £8,497m
- Foreign currency bonds: £2,644m
- United States Private Placements: £1,664m
- GBP loans: £3,855m

Interest rate profile [1,3]



- Fixed Rate £6,037m
- Floating Rate £2,159m
- Index-linked £9,872m

Funding & credit ratings

No new debt raised in H1 FY25

5.6% effective cost of interest [5]

£1.5bn of liquidity (30-Sep-24)

12-year average debt tenure

Ratings [4]	CFR	Class A	Class B
S&P	-	CC (neg)	C (neg)
Moody's	Caa1 (neg)	Caa1 (neg)	C (neg)

1. At 30 September 2024
2. Covenant basis: principal outstanding plus accretion (excluding swaps)
3. Covenant basis: post-swap principal outstanding plus accretion
4. Latest ratings
5. 2.7% (annualised) effective cash cost of interest

Debt Maturity

Average debt maturity term of 12 years

Debt maturity profile at 30 September 2024: next 15 years (£m) [1,2]

1.Excluding future accretion.
2.To 31 March 2040

Financial Covenants & Thresholds

Multiple trigger events occurred or forecast

As at period ended	Sep 2024	Mar 2025	Mar 2026	Lock-up	Trigger Event	Event of Default
PMICR – Senior	n/a	0.88x	1.01x	-	1.10x	-
PMICR – Class A	n/a	1.02x	1.27	-	1.30x	1.00x
Gearing (RAR) – Senior	84.2%	88.2%	73.6%	85%	90%	95%
Gearing (RAR) – Class A	79.0%	81.8%	69.1%	-	75%	-

Financial covenant assessment as at 30 September 2024

- Class A gearing trigger event
- Trigger Event for Capital Expenditure Material Deviation in Projections for AMP7
- Trigger Event for less than 12 months liquidity available for working capital and capital expenditure

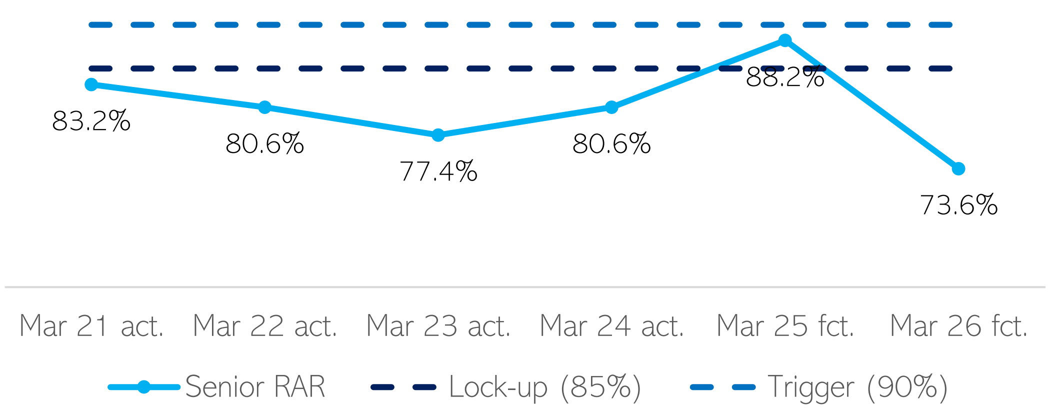
Forecast financial covenant assessment for year ended 31 March 2025 and 31 March 2026

- Class A PMICR trigger event
- Senior PMICR trigger event

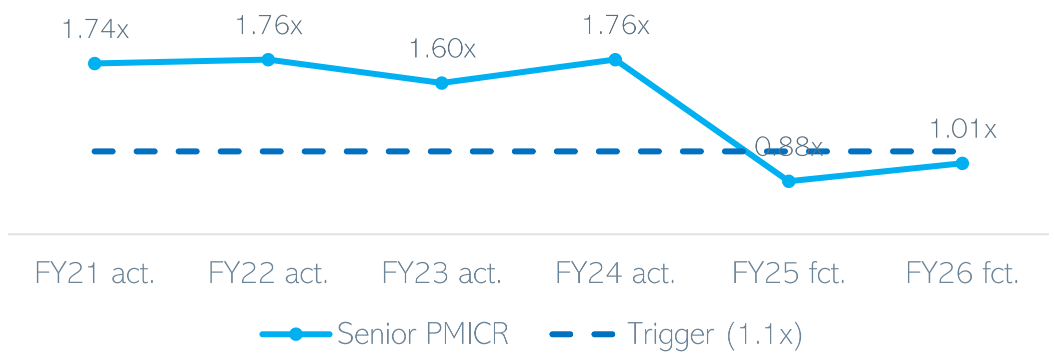
Financial Covenants

Trigger events are projected in 2025[1] (base case forecast)

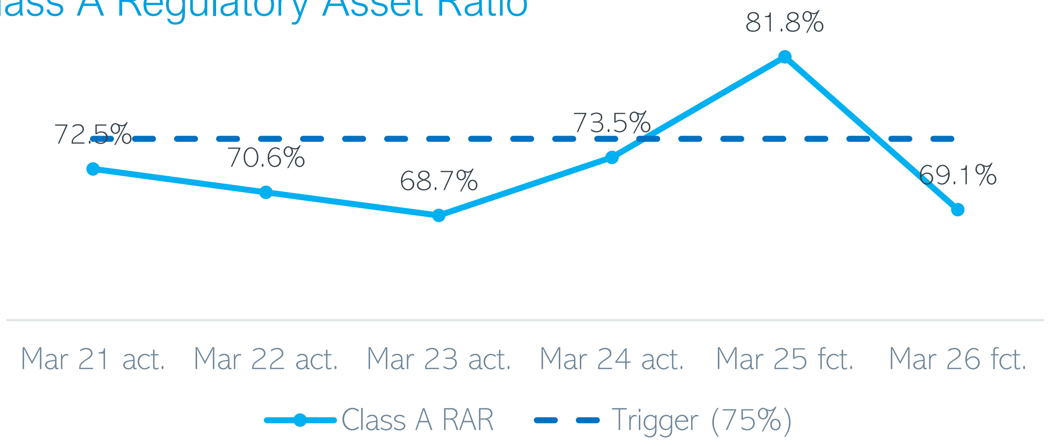
Senior Regulatory Asset Ratio



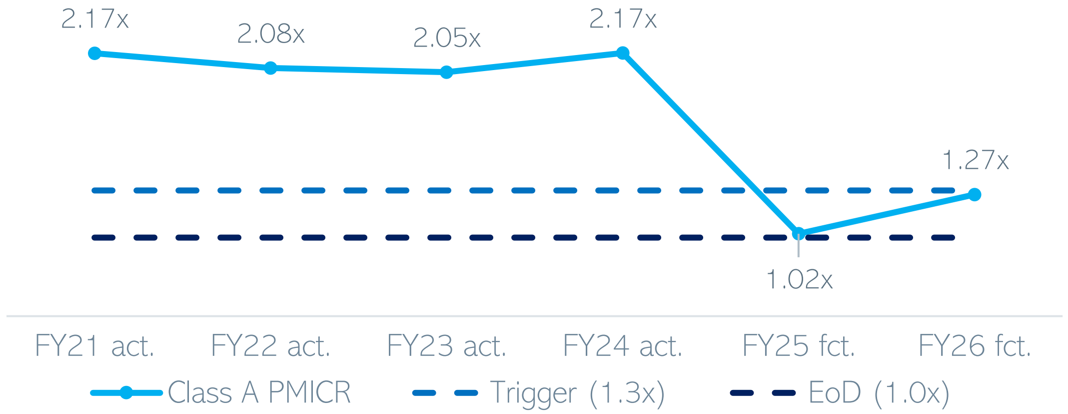
Senior Post Maintenance Interest Cover Ratio



Class A Regulatory Asset Ratio



Class A Post Maintenance Interest Cover Ratio



1. In addition to a Trigger Event from Class A RAR of 79% at 30 September 2024

Pensions

£33 million decrease in IAS19 accounting pension deficit

- Latest triennial valuations as at 31 March 2022 approved
- Reduction in net deficit reflects £20m in Company contributions & changes in actuarial assumptions
- Current recovery plan targets eliminating deficit by 2029

£m	30 September 2024	31 March 2023	Variance
TWPS	1,100	1,094	+6
TWMIPS	502	523	(21)
Fair value of scheme assets	1,602	1,617	(15)
TWPS	(1,215)	(1,247)	(32)
TWMIPS	(473)	(490)	(17)
Present value of DB obligations	(1,688)	(1,737)	(49)
TWPS	(115)	(153)	(38)
TWMIPS	29	33	(4)
Net pension surplus / (deficit)	(86)	(119)	(33)

debt.investorrelations@thameswater.co.uk