

# The UK Water Sector

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## Lloyds' Presence in the Water Sector

- Major player within the sector
- Over £3bn of credit facilities in place
- Well suited to our product strengths:
  - ▶ Lending facilities
  - ▶ Acquisition facilities
  - ▶ Debt Capital Markets
  - ▶ Interest rate risk management
- Annual new funding requirement for sector of c.£5bn



## Water Sector - WaSCs



- **Scotland:**

- ▶ Scottish Water

- **England**

- ▶ Northumbrian Water
- ▶ United Utilities
- ▶ Severn Trent Water
- ▶ Yorkshire Water
- ▶ Anglian Water
- ▶ Thames Water
- ▶ Southern Water
- ▶ Wessex Water
- ▶ South West Water

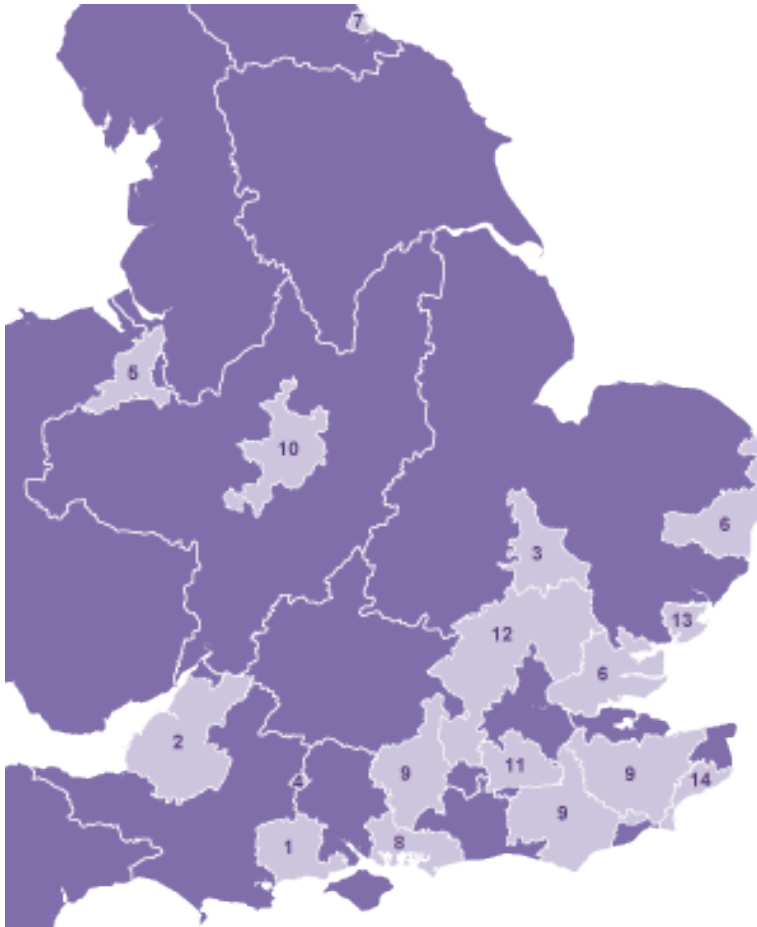
- **Wales**

- ▶ Dŵr Cymru Welsh Water

- **Northern Ireland**

- ▶ Northern Ireland Water

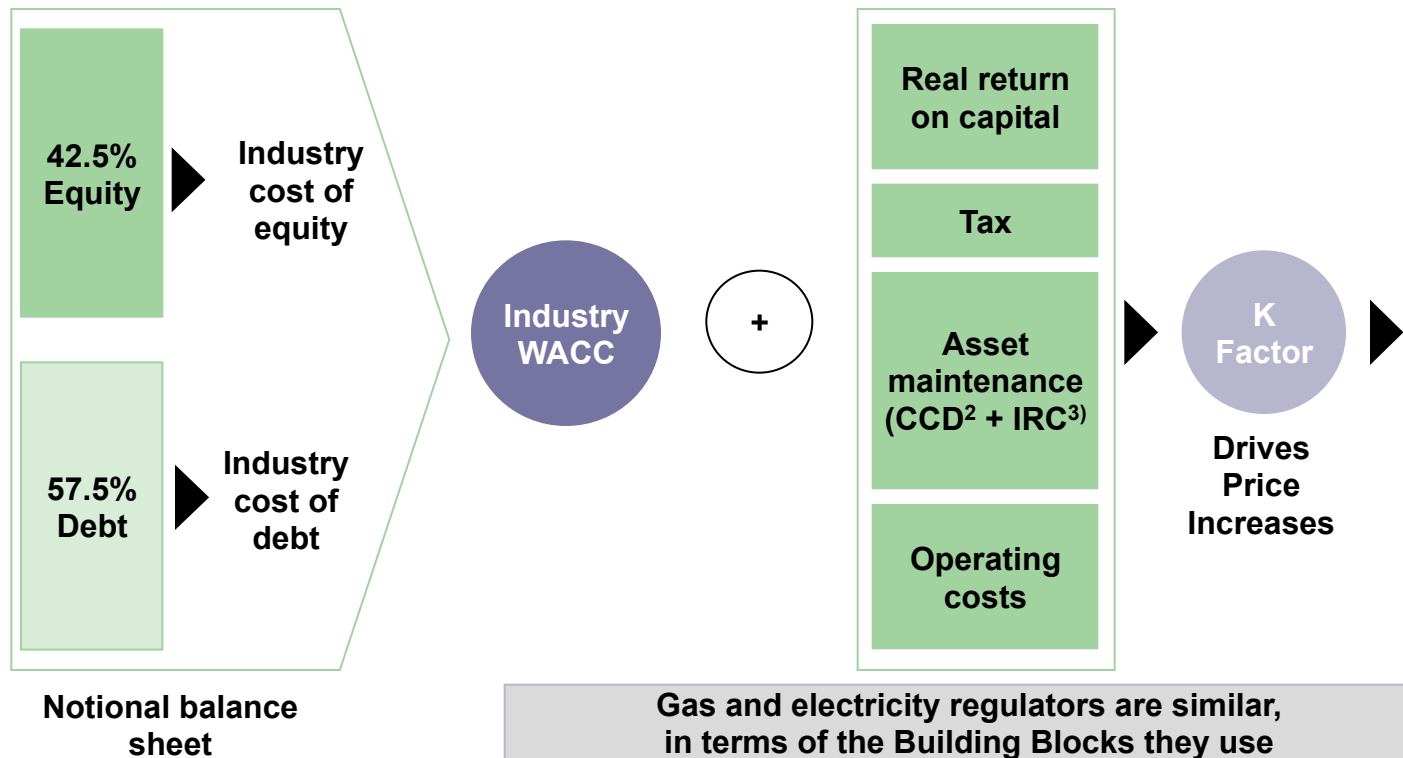
## Water Sector - WOCs



- 1** Sembcorp Bournemouth Water (formerly Bournemouth & West Hampshire)
- 2** Bristol Water
- 3** Cambridge Water
- 4** Cholderton and District Water
- 5** Dee Valley Water
- 6** Essex and Suffolk Water
- 7** Anglian Water Services
- 8** Portsmouth Water plc
- 9** South East Water
- 10** South Staffordshire Water
- 11** Sutton and East Surrey Water
- 12** Veolia Water Three Valleys
- 13** Veolia Water East
- 14** Veolia Water Southeast

## Water Sector Primer

- Economic Regulation: Cost Recovery or Incentives-based?
- Regulatory Capital Value (RCV or RAV)
- OFWAT's 'Building Blocks' formula



## Current Themes within the Water Sector

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### **M&A**

- High level of M&A within sector over last few years
- Only three publicly listed WaSCs and one WOC:

### **Drought & public perception**

- Wettest April since records began

### **Current legislative/regulatory proposals**

- Competition – Cave and Walker reviews
- S13 proposals to allow water companies greater flexibility to set price limits
- Licences would be changed so price limits are not set for five year periods

### **Government White Paper – Water for Life, Dec 2011**

- Securing sustainable water supplies
- Modernising current regulatory system