

Tideway Annual Report and Accounts 2020/21 - republished regulatory tables

This document was published on 26 October 2021 and should be read alongside Tideway's Annual Report and Accounts published on 5 July 2021.1

It contains the following:

- Regulatory table 4B, replacing the version originally published on Tideway's website on 5
 July 2021 as a separate document. Page 166 of our Annual Report and Accounts refers to
 this table:
- Regulatory tables 1E and 4H, which supersede those published in Tideway's 2020/21 Annual Report and Accounts on pages 163 and 166-167 respectively; and
- Text relating to Tideway's Financing Cost Adjustment, which supersedes that published in Tideway's 2020/21 Annual Report and Accounts on page 171.

The figures that have been updated within these tables and text relate to Tideway's net debt, including among other things the presentation of a number of debt instruments in table 4B, the net debt total and split of debt between categories in table 1E, and metrics in table 4H that are calculated using the net debt figure. The changes align Tideway's reporting in these areas to Ofwat's regulatory accounting guidelines, and have been discussed with Ofwat prior to republication.

¹ https://www.tideway.london/media/5073/tideway-annual-report-2020-2021.pdf

Table 1E - Net Debt Analysis at 31 March 2021

For the 12 months ended 31 March 2021

lia da suisti a	Units	Five due to	Floating	Index	Tatal		
Line description	Units	Fixed rate	rate	RPI	CPI/CPIH	Total	
	1						
Interest rate risk profile		I					
Borrowings (excluding preference shares)	£m	1205.458	0.000	1301.280	289.290	2796.028	
Preference share capital	£m					0.000	
Total borrowings	£m					2796.028	
Cash	£m					-331.152	
Short term deposits	£m					-55.000	
Net Debt	£m					2409.876	
	1						
Gearing							
Gearing	%					83.414%	
Adjusted Gearing	%					57.105%	
	1						
Interest		I					
Full year equivalent nominal interest cost	£m	70.266	0	20.129	4.256	94.651	
Full year equivalent cash interest payment	£m	70.266	0	0.531	2.213	73.010	
	1						
Indicative interest rates							
Indicative weighted average nominal interest rate	%	5.829%	0.000%	1.547%	1.471%	3.385%	
Indicative weighted average cash interest rate	%	5.829%	0.000%	0.041%	0.765%	2.611%	
Time to meturity	1						
Time to maturity		20.205	0.000	24 200	40.220	24.440	
Weighted average years to maturity	nr	29.285	0.000	21.300	18.228	24.419	

1E - Notes to line items

Only those notes that have changed from the version published in Tideway's annual report and accounts are included below.

- The borrowings of £2,796.028m represents £720.377m shareholder loans, £1,090.149m intergroup loans (principal and accretion), £980.421m third party borrowings and £5.081m lease liabilities.
- The net debt figure differs from the Company's internal net debt amount of £1,710.4m presented in the strategic report. The company's internal net debt measure adjusts for the £720.4m shareholder loans, £34.1m intercompany loan accretion and bond discount, and -£55.0m short term deposits at 31 March 2021.

Table 4B – Analysis of Debt

For the 12 months ended 31 March 2021

As Table 4B disclosures align to table 1E, the Company has not included a reconciliation.

	•			•	•															
								Principal sum	Amount used to calculate											
						Instrument start		outstanding as at 31	nominal interest cost and	Years to						Nominal Interest	Cash Interest	Unamortised	Value per	Fair value of
Line description	Instrument identifier	Credit rating	Currency	Class/subordinat	Further information	date (if after	Years to maturity	March 2021 (excluding	cash interest payment (might be equal or differ	maturity x	Real RPI Coupor	Real CPI Coupon	Reference Interest Rate	Margin over market index	Nominal Interest Rate	Cost (Full year	Payment (Full	debt issue costs as at 31 March	balance sheet at	debt at 31
	identiller			1011		31/07/21)	maturity	unamortised debt	from principal sum	principal sum			interest Rate	market muex	Rate	equivalent)	year equivalent)	2021	31 March 2021	March 2021
								issue costs)	outstanding)									2021		
Units	Text	Text	Text	Text	Text	Date	Years	£m (nominal)	£m (nominal)	£m (nominal)	%	%	%	%	%	£m (nominal)	£m (nominal)	£m (nominal)	£m (nominal)	£m (nominal)
DPS	_	_	_	_	-	dd/mm/yy	1	3	3	3	2	2	2	2	2	3	3	3	3	3
						22////							_	_	_					
Fixed rate instruments																				
Shareholder loan	n/a	n/a	GBP	Subordinated to sec	ured deht		43.0	720.377	720.377	30976.211	6.40%	7.25%			8.00%	57.630	57.630	0.000	720.377	794.237
£230m US Private Placement	n/a	Baa1	GBP	Suborumuteu to see	Not amortising		11.5	230.000	230.000	2645.945	1.34%	2.14%			2.86%	6.578	6.578	0.000	230.000	242.323
Series 11- £250M Public Bond	XS1726309286	Baa1	GBP		Not amortising		6.7	250.000	250.000	1665.753	0.86%	1.66%			2.38%	5.938	5.938	0.000	250.000	265.925
Property Lease - Cottons	n/a	n/a	GBP		Operating lease		2.7	4.622	4.622	12.479	0.86%	1.66%			2.38%	0.110	0.110	0.000	4.622	4.622
Property Lease - Camelford	n/a	n/a	GBP		Operating lease		2.4	0.459	0.459	1.102	0.86%	1.66%			2.38%	0.011	0.011	0.000	0.459	0.459
£75m US Private Placement	n/a	BBB+	GBP		Deferred; not amortising	07/09/2021	20.0	0.000	0.000	0.000	0.90%	1.71%			2.42%	0.000	0.000	0.000	0.000	0.000
Totals for fixed rate instruments	.,, -					.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		1205.458	1205.458	35301.491						70.266	70.266	0.000	1205.458	1307.566
			I				1			1						10.200	10.000			
Floating rate instruments																				
RCF	n/a	Baa1	GBP		Undrawn: References LIBOR		4.8	0.000	0.000	0.000	0.00%	0.00%	0.00%	0.50%	0.50%	0.000	0.000	0.270		
Totals for floating rate instruments					, , , , , , , , , , , , , , , , , , , ,			0.000	0.000	0.000						0.000	0.000	0.270	0.000	0.000
RPI linked instruments																				
Series 5 - £100m RPI Bond	XS1436288846	Baa1	GBP		Not amortising		29.3	106.220	106.220	3108.036	0.69%				2.20%	2.335	0.731	0.000	106.017	163.689
Series 8 - £100m RPI Bond	XS1525510027	Baa1	GBP		Amortising		17.7	104.486	104.486	1848.752	0.25%				1.75%	1.831	0.260	0.000	104.198	131.964
Series 6 - £100m RPI Bond	XS1436289141	Baa1	GBP		Not amortising		30.3	103.167	103.167	3121.852	0.76%				2.27%	2.338	0.779	0.000	102.969	163.323
Series 9 - £125m RPI Bond	XS1643813667	Baa1	GBP		Amortising		26.3	136.862	136.862	3601.302	0.19%				1.69%	2.320	0.263	0.000	136.417	183.261
£100m RPI Loan	n/a	n/a	GBP		Amortising		23.8	102.555	102.555	2437.380	0.01%				1.51%	1.549	0.010	0.000	101.782	129.152
Series 1 - £25m RPI Bond	XS1430587433	Baa1	GBP		Amortising		25.2	25.367	25.367	639.898	1.04%				2.55%	0.647	0.263	0.000	25.310	39.971
Series 3 - £25m RPI Bond	XS1430590221	Baa1	GBP		Amortising		31.2	25.367	25.367	792.199	0.95%				2.47%	0.625	0.241	0.000	25.310	42.507
Series 7 £50m RPI Bond	XS1436289497	Baa1	GBP		Not amortising		31.3	50.735	50.735	1586.122	0.79%				2.30%	1.166	0.399	0.000	50.638	81.981
£35m US Private Placement	n/a	Baa1	GBP		Fixed rate hedged to RPI; not amortising		11.5	38.162	38.162	439.019	-0.42%				1.07%	0.410	-0.160	0.000	37.980	38.914
£35m US Private Placement	n/a	Baa1	GBP		Fixed rate hedged to RPI; not amortising		11.5	38.162	38.162	439.019	-0.49%				1.00%	0.383	-0.187	0.000	37.980	38.659
Series 2 - £25m RPI Bond	XS1430584091	Baa1	GBP		Deferred; amortising		25.0	0.000	0.000	0.000	1.04%				2.56%	0.000	0.000	0.000	0.000	0.000
Series 4 - £25m RPI Bond	XS1430589728	Baa1	GBP		Deferred; amortising		31.0	0.000	0.000	0.000	0.95%				2.47%	0.000	0.000	0.000	0.000	0.000
Series 13 - £150m RPI Bond	XS1802472891	Baa1	GBP		Deferred; not amortising	13/04/2022	10.0	0.000	0.000	0.000	0.01%				1.51%	0.000	0.000	0.000	0.000	0.000
Series 15 - £50m RPI Bond	XS1821454912	Baa1	GBP		Deferred; amortising	16/05/2022	19.5	0.000	0.000	0.000	0.07%				1.58%	0.000	0.000	0.000	0.000	0.000
Series 16 - £50m RPI Bond	XS1821455216	Baa1	GBP		Deferred; amortising	16/05/2023	18.5	0.000	0.000	0.000	0.17%				1.68%	0.000	0.000	0.000	0.000	0.000
Series 17 - £75m RPI Bond	XS2034702824	Baa1	GBP		Deferred; not amortising	05/08/2021	15.0	0.000	0.000	0.000	0.01%				1.51%	0.000	0.000	0.000	0.000	0.000
£80m EIB Loan Tranche 1	n/a	n/a	GBP		Floating rate hedged to RPI; amortising		17.1	84.920	84.920	1448.169	-0.13%				1.37%	1.166	-0.106	0.000	84.498	88.150
£80m EIB Loan Tranche 2	n/a	n/a	GBP		Floating rate hedged to RPI; amortising		17.1	83.487	83.487	1423.736	-0.12%				1.38%	1.149	-0.102	0.000	83.073	88.100
£80m EIB Loan Tranche 3	n/a	n/a	GBP		Floating rate hedged to RPI; amortising		17.1	82.415	82.415	1405.458	-0.02%				1.48%	1.221	-0.015	0.000	82.006	88.840
£40m EIB Loan Tranche 4A	n/a	n/a	GBP		Floating rate hedged to RPI; amortising		17.1	40.895	40.895	697.405	-0.65%				0.84%	0.342	-0.267	0.000	40.775	41.992
£40m EIB Loan Tranche 4B	n/a	n/a	GBP		Floating rate hedged to RPI; amortising		17.1	40.895	40.895	697.405	-0.85%				0.64%	0.261	-0.347	0.000	40.775	41.206
£40m EIB Loan Tranche 5A	n/a	n/a	GBP		Floating rate hedged to RPI; amortising		17.1	40.588	40.588	692.162	-0.47%				1.02%	0.416	-0.190	0.000	40.469	42.695
£40m EIB Loan Tranche 5B	n/a	n/a	GBP		Floating rate hedged to RPI; amortising		17.1	40.588	40.588	692.162	-0.50%				0.99%	0.403	-0.203	0.000	40.469	42.575
£40m EIB Loan Tranche 6A	n/a	n/a	GBP		Floating rate hedged to RPI; amortising		17.1	40.353	40.353	688.163	-0.50%				0.99%	0.399	-0.203	0.000	40.239	42.557
£40m EIB Loan Tranche 6B	n/a	n/a	GBP		Floating rate hedged to RPI; amortising		17.1	40.353	40.353	688.163	-0.64%				0.85%	0.342	-0.259	0.000	40.239	42.000
£40m EIB Loan Tranche 7A	n/a	n/a	GBP		Floating rate hedged to RPI; amortising		17.1	40.203	40.203	685.601	-0.50%				0.99%	0.400	-0.200	0.000	40.068	42.892
£40m EIB Loan Tranche 7B	n/a	n/a	GBP		Floating rate hedged to RPI; amortising		17.1	40.203	40.203	685.601	-0.44%				1.06%	0.424	-0.176	0.000	40.068	42.633
£30m EIB Loan Tranche 8A	n/a	n/a	GBP		Undrawn; Floating rate hedged to RPI; amortising		16.8	0.000	0.000	0.000	-0.50%				0.99%	0.000	0.000	0.000	0.000	3.422
£15m EIB Loan Tranche 8B.1	n/a	n/a	GBP		Undrawn; Floating rate hedged to RPI; amortising		16.8	0.000	0.000	0.000	-0.60%				0.89%	0.000	0.000	0.000	0.000	1.563
£15m EIB Loan Tranche 8B.2	n/a	n/a	GBP		Undrawn; Floating rate hedged to RPI; amortising		16.8	0.000	0.000	0.000	-0.60%				0.89%	0.000	0.000	0.000	0.000	1.563
£40m EIB Loan Tranche 9	n/a	n/a	GBP		Undrawn; amortising	12/01/2022	16.3	0.000	0.000	0.000	0.01%				1.51%	0.000	0.000	0.000	0.000	0.000
£40m EIB Loan Tranche 10	n/a	n/a	GBP		Undrawn; amortising	16/07/2022	15.8	0.000	0.000	0.000	0.01%				1.51%	0.000	0.000	0.000	0.000	0.000
Totals for RPI linked instruments								1305.984	1305.984	27817.606						20.129	0.531	0.000	1301.280	1623.610
CPI linked instruments																				
Series 10 - £75M CPI Bond	XS1662621603	Baa1	GBP		Amortising		21.7	79.429	79.429	1721.125		0.83%			1.53%	1.218	0.658	0.000	79.405	105.351
Series 12 - £200M CPI Bond	XS1726310961	Baa1	GBP		Amortising		16.9	210.203	210.203	3558.185		0.74%			1.45%	3.038	1.556	0.000	209.885	262.306
Series 14 - £75m CPI Bond	XS1819532760	Baa1	GBP		Deferred; amortising	16/05/2022	25.3	0.000	0.000	0.000		0.95%			1.66%	0.000	0.000	0.000	0.000	0.000
Totals for CPI linked instruments								289.632	289.632	5279.310						4.256	2.213	0.000	289.290	367.657
Totals for all instruments								2801.074	2801.074	68398.407						94.651	73.010	0.270	2796.028	3298.832
Inflation Assumptions		_																		
RPI %	1.50%																			

otals for all instruments	
nflation Assumptions	
PI %	1.50%
PI %	0.70%
ndicative interest rates	
ndicative weighted average nominal interest rate	3.38%
ndicative weighted average cash interest rate	2.61%
ndicative debt portfolio breakdown	
loating rate debt as percentage of total debt (gros	0.00%
ixed rate debt as percentage of total debt (gross)	43.04%
PI linked debt as percentage of total debt (gross)	46.62%
PI linked debt as percentage of total debt (gross)	10.34%
all index (CPI and RPI) linked debt as percentage of total debt (gross)	56.96%
ixed rate debt and index linked debt as ercentage of total debt (gross)	100.00%
Veighted average years to maturity	24.4

Table 4H – Financial Metrics

For the 12 months ended 31 March 2021

Line description	Units	Current year	AMP to date
	1		
Financial indicators			
Net debt	£m	2409.876	
Regulatory equity	£m	479.176	
Regulatory gearing	%	83.41%	
Post tax return on regulatory equity	%	-19.80%	
RORE (return on regulatory equity)	%	0.00%	0
Dividend yield	%	0.00%	
Retail profit margin - Household	%	0.00%	
Retail profit margin - Non household	%	0.00%	
Credit rating - Fitch	Text	BBB+ (Stable)	
Credit rating - Moody's	Text	Baa1 (Negative)	
Credit rating - Standard and Poor's	Text	n/a	
Return on RCV	%	0.00%	
Dividend cover	dec	0.00	
Funds from operations (FFO)	£m	-14.160	
Interest cover (cash)	dec	0.11	
Adjusted interest cover (cash)	dec	0.11	
FFO/Net debt	dec	-0.006	
Effective tax rate	%	0.00%	
RCF	£m	-14.160	
RCF/Net debt	dec	-0.006	
	0.00	0.000	
Revenue and earnings]		
Revenue (actual)	£m	0.000	
EBITDA (actual)	£m	0.000	
Borrowings]		
Proportion of borrowings which are fixed rate	%	43.11%	
Proportion of borrowings which are floating rate	%	0.00%	
Proportion of borrowings which are index linked	%	56.89%	
Proportion of borrowings due within 1 year or less	%	0.00%	
Proportion of borrowings due in more than 1 year but no more than 2 years	%	0.00%	
Proportion of borrowings due in more than 2 years but but no more than 5 years	%	0.18%	
Proportion of borrowings due in more than 5 years but no more than 20 years	%	51.60%	
Proportion of borrowings due in more than 20 years	%	48.22%	

Financing Cost Adjustment

The financing cost adjustment is a mechanism in Tideway's Licence that shares the impacts of movements in the market cost of debt, above certain thresholds, between Tideway and Thames Water's customers. To ensure transparency in relation to this adjustment, Tideway is required by Part A of Appendix 1 of its Licence to report on:

- Net debt (as defined by the Licence). At 31 March 2021 this was £1689.5m. This figure was
 calculated by taking Tideway's net debt of £2409.9m (as per table 1E) and removing the
 £720.4m of shareholder loans. Shareholder loans are included in Tideway's net debt using
 the definitions in the Regulatory Accounting Guidelines but are not included in the net debt
 figure calculated in accordance with Tideway's Licence.
- The basis of the calculation of the Financing Cost Adjustment and its component parts: this
 is included in Tideway's annual Revenue Statement (see
 https://www.tideway.london/media/4900/tideway-revenue-statement-181220.pdf).