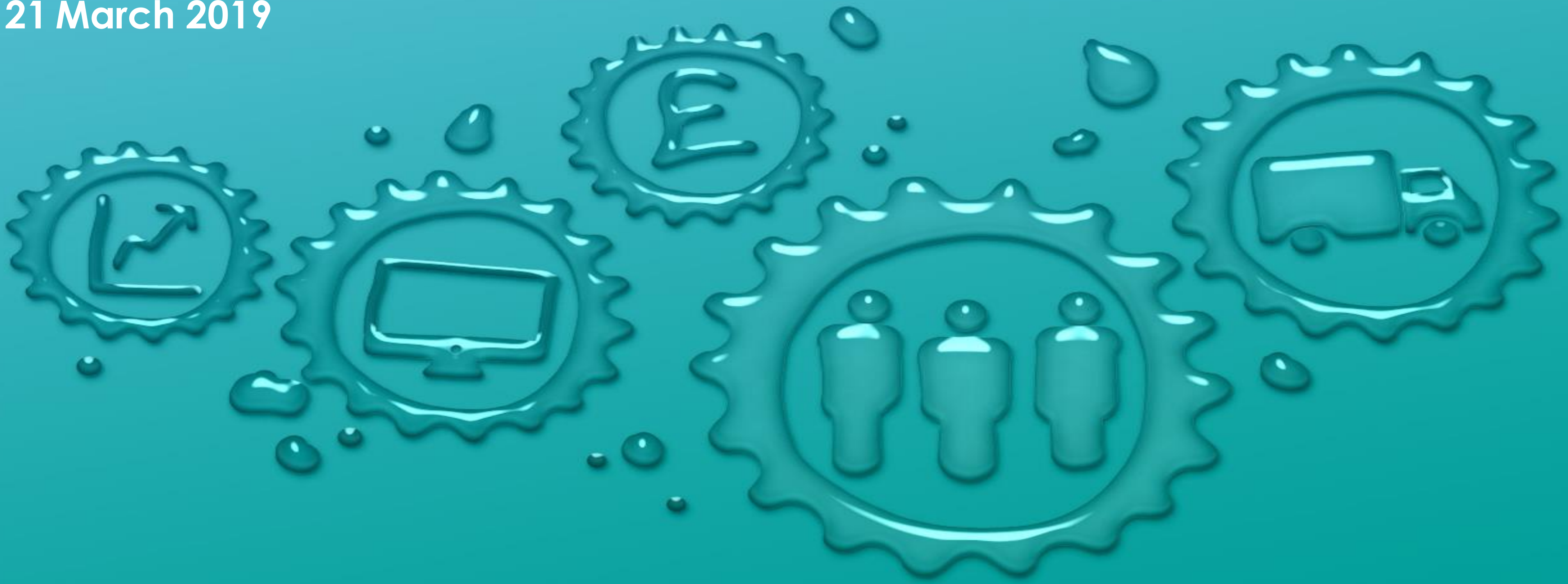
Water Plus

Presented by Tony Craig

21 March 2019



Agenda

- The water market – 2 years on….
- Expectations
- Market update
- Key market challenges
- The Water Plus Journey
- Summary and any questions

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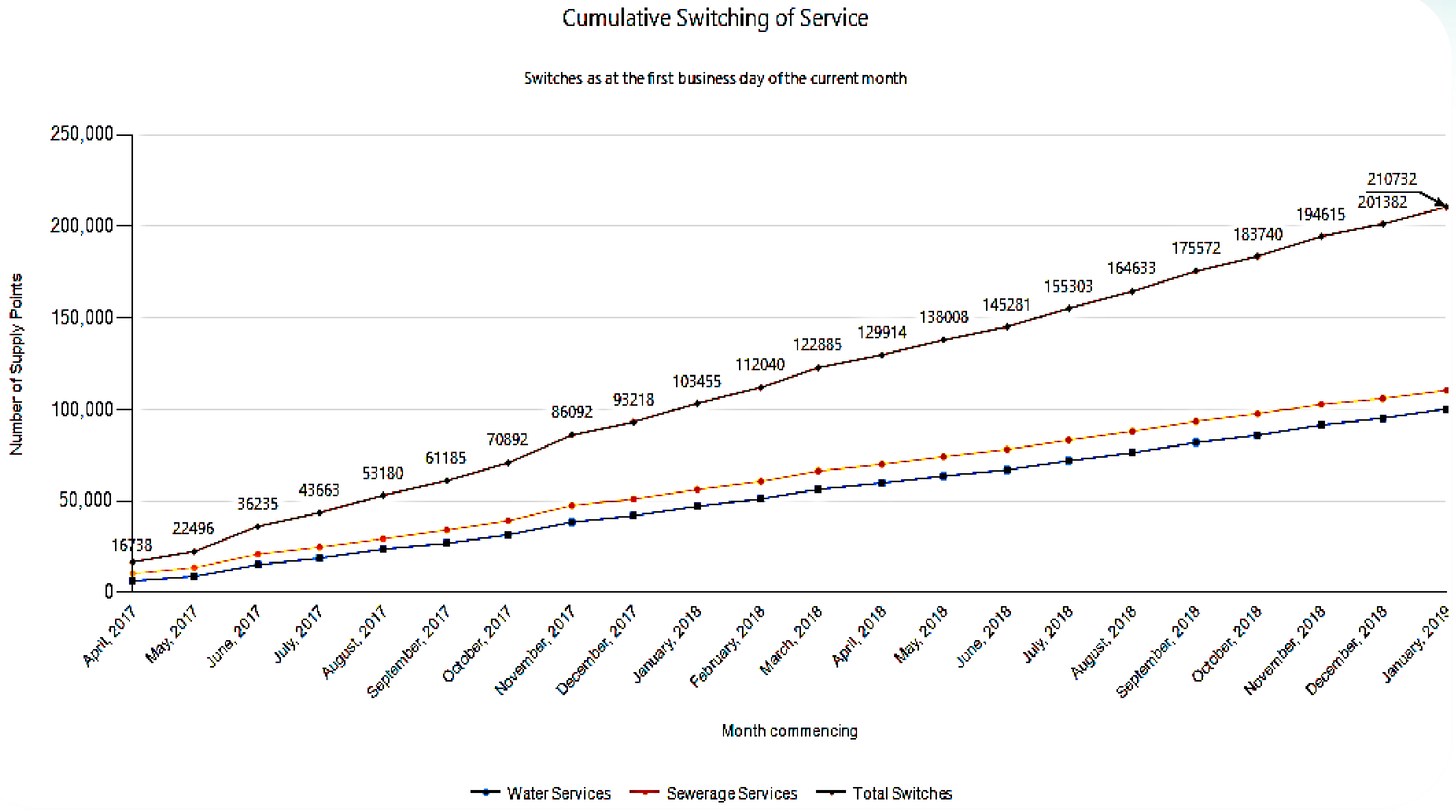
Retail water market - Expectations

More choice	• A greater choice of retailer's and new entrants • Switching decisions based not only on price • Increased services and more propositions on offer
Improvement to service	• Consolidation option for multi site customers • Making it easier for customers to do business • Multiple contact channels and dedicated points of contact
Downward pricing	• Tight margins • Retailer's having to be more cost efficient
Increased innovation	• New products, services and online tools • Improved water management services

The water market – and 2 years on…

- £2.5b annual revenue
- 1.2m businesses
- 8% of sites switched
- 30 plus retail licenses granted
- Complaint levels >1% of customer base



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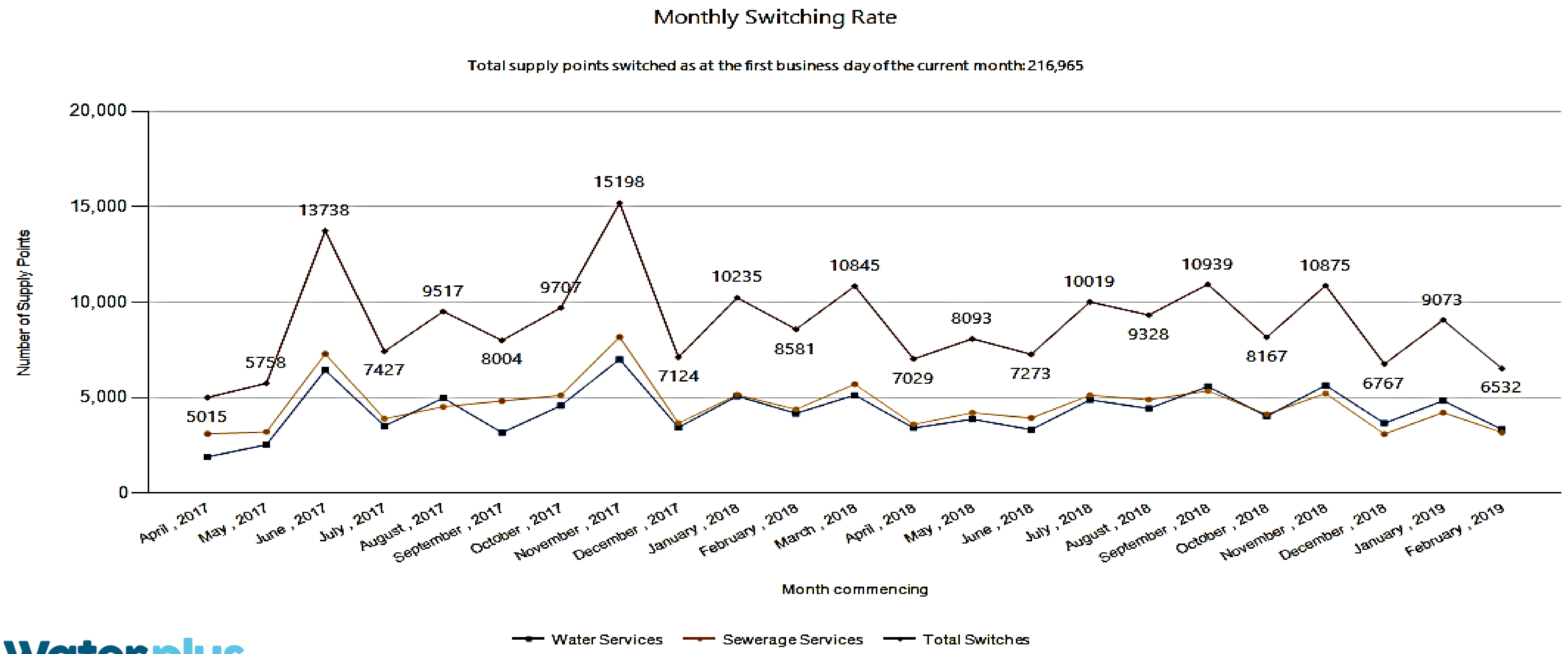
Monthly switching rates



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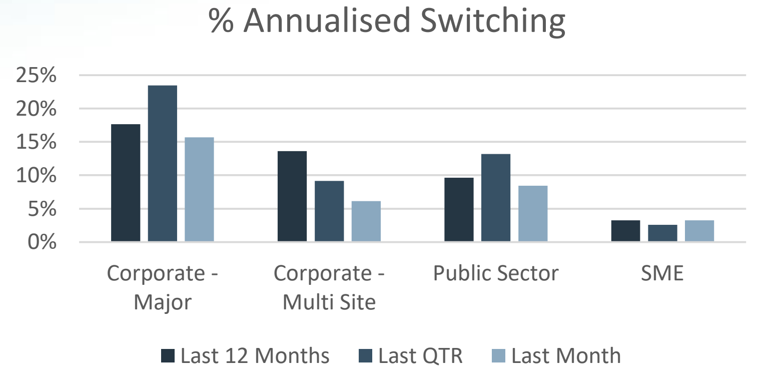
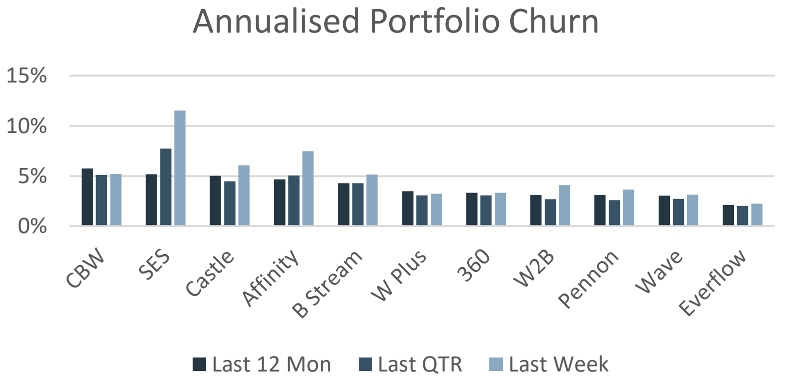
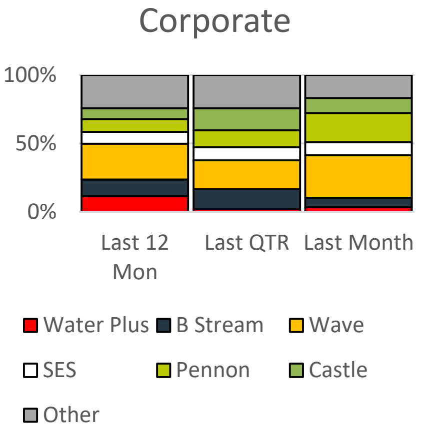
Market Summary

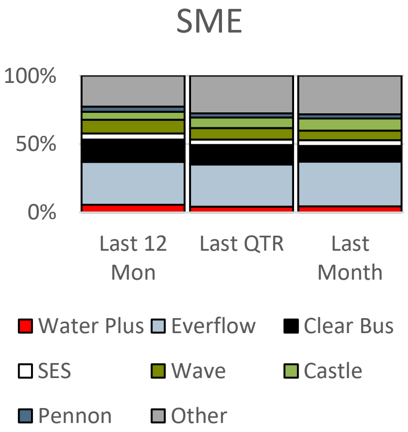
Market





Competitors





Annual Default Rev (£m)	Last 12 Mon			Last QTR			Last Month		
	Won	Lost	Net	Won	Lost	Net	Won	Lost	Net
Business Stream	£22.2	£26.8	-£4.6	£6.3	£7.2	-£0.9	£0.9	£2.0	-£1.1
Castle	£15.3	£57.7	-£42.4	£6.9	£11.1	-£4.3	£1.2	£3.5	-£2.3
Clear Business	£12.0	£5.2	£6.8	£1.8	£1.3	£0.6	£0.6	£0.4	£0.1
Everflow	£23.6	£1.9	£21.8	£4.3	£0.2	£4.2	£1.6	£0.0	£1.6
Pennon	£16.4	£7.4	£8.9	£4.9	£1.2	£3.6	£1.7	£0.4	£1.4
SES	£15.8	£1.3	£14.5	£4.0	£0.4	£3.6	£0.9	£0.1	£0.9
Water Plus	£20.7	£62.5	-£41.8	£1.2	£15.4	-£14.2	£0.5	£3.5	-£3.0
Wave	£45.3	£19.1	£26.2	£8.8	£5.6	£3.2	£2.6	£0.7	£2.0
Other	£37.5	£26.9	£10.6	£10.1	£6.0	£4.1	£1.9	£1.5	£0.5

Comments

Market

- Market activity has remained broadly consistent for the last 12 months
- Corporate customers remain the most active and hotly contested in the market
- An increase in Major switching has been observed in recent months
- SME market switching has remined law and is still largely driven by brokers

Competitor Strategies

- **Everflow** growing SME base through TPIs
- **Castle** active in Public Sector but low margins
- **Wave** active in brokered large SME & corporate
- **Business Stream** active in all market segments . Recently acquired Yorkshire book

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Key market challenges

- Standardisation of pricing
- Wholesaler processes and interactions
- The quality of the market data
- Low margins

The Water Plus Journey

We are working behind the scenes to make things smoother for our customers

Next 1-3 Months

- Improved service process including additional resources
- Catch-up billing on a small number of complex accounts
- Improvements to our bill transparency
- Improve our online customer portal and launch broker pricing portal
- Dedicated TPI Account Manager

Next 3-6 months

- Improved wholesaler management processes
- Continued systems unification to improve billing and service reliability
- End to end query tracking
- Further improvements to billing validation processes

Pricing Portal Launch

- Launched in partnership with UD group
- Ability to quote across all areas and multiple sites
- Value threshold of £150k
- Ability to flex commissions
- Quote to full contract stage
- Full reporting

Why Water Plus?

Safe pair of hands
(knowledge and expertise)

Collaborative approach

Invest in long term relationships

Innovative

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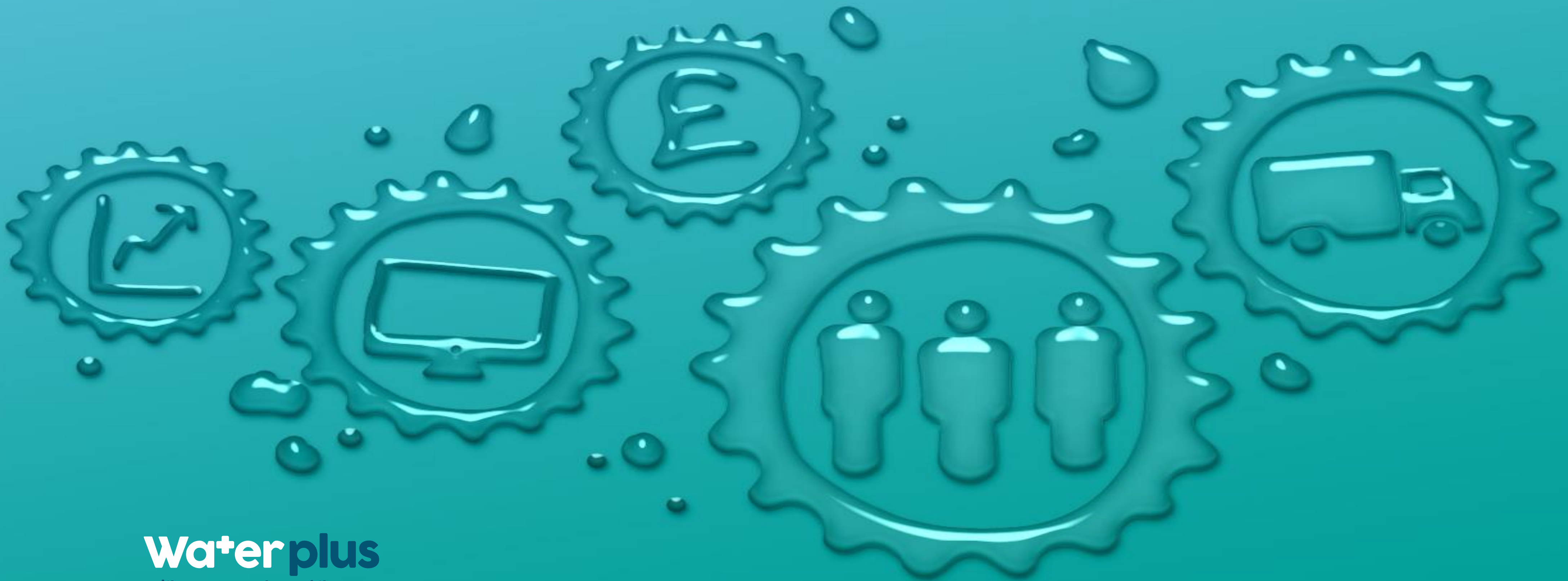
Summary

- The market is maturing broadly in line with expectations
- System and market issues have caused some service challenges for most retailers
- Innovation has been slow to happen but some retailers are now focused in this area
- There is a significant opportunity for TPIs/brokers and other water efficiency providers

Thank you

Any questions?



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