

INVESTOR UPDATE

24 JUNE 2019

9:00 Update on annual results and construction progress

- Andy Mitchell – CEO
- Mathew Duncan – CFO

9:45 Leave for London Bridge City pier

10:00 Boat trip – sites and construction update

11:50 Stop at Blackfriars pier

12:00 End of trip at London Bridge pier



Tideway

An aerial photograph of London, England, taken during the 'golden hour' of sunset. The River Thames flows through the center of the city, with the iconic Tower Bridge spanning across it in the foreground. The city's dense urban landscape, including numerous skyscrapers and residential buildings, is visible under a sky of warm orange and yellow light. The water of the river reflects the low sun, and several boats are scattered along its length.

Our challenge is to build a new sewer for London to prevent the frequent pollution of the river Thames

Our vision is to not just clean up the Thames but to promote a change in the relationship between London (and Londoners) and their river

THE PROJECT

London today



On average, **39 million tonnes of untreated sewage** was entering the tidal River Thames every year. If nothing was being done about it, this would reach **70 million tonnes by 2020**.

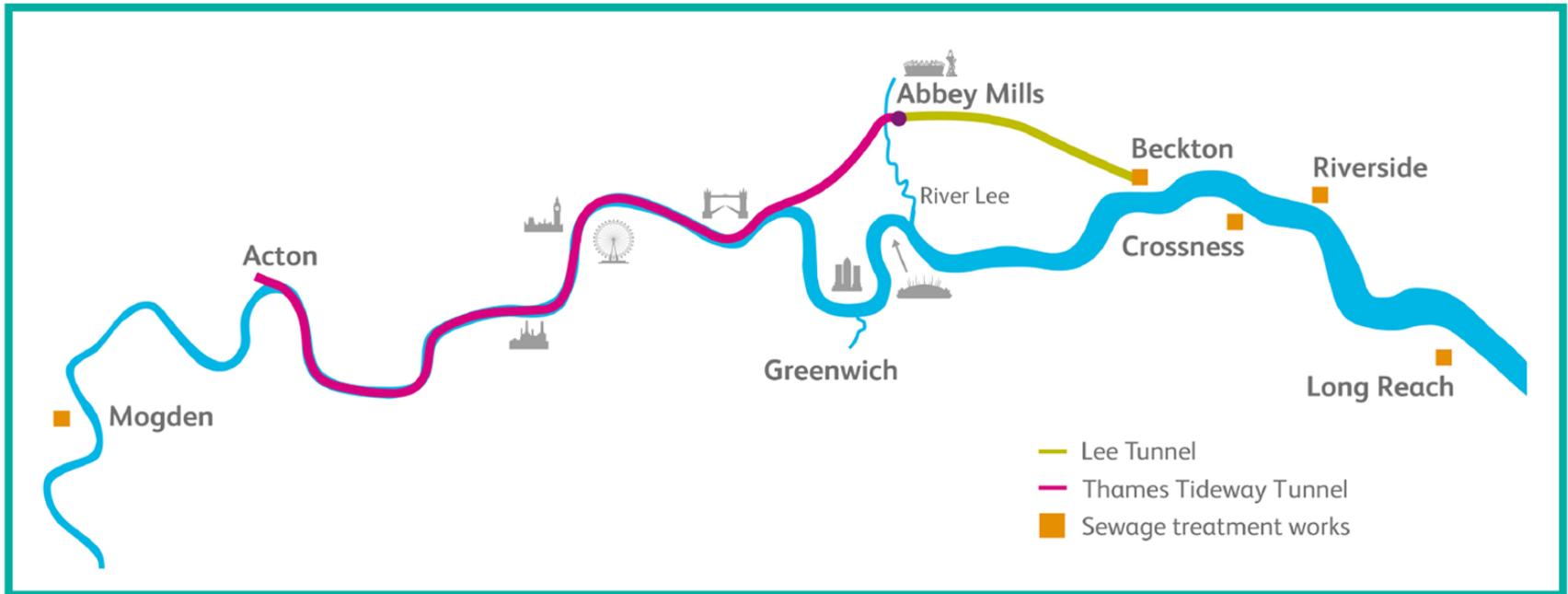


Now that the sewage treatment works upgrades and the Lee Tunnel have been implemented, the **annual average volume of all CSO discharges to the River Thames would be 18 million cubic metres**. However, discharges would still occur nearly 60 times in a typical year by 2020.

With the Thames Tideway Tunnel in place the system will discharge only four times in a typical year, up to **2.4 million cubic metres**.



The solution



THE THAMES TIDEWAY TUNNEL WILL STOP SEWAGE OVERFLOWING INTO THE RIVER, TRANSPORTING IT VIA THE LEE TUNNEL TO BECKTON SEWAGE TREATMENT WORKS FOR PROCESSING

Thames Tideway Tunnel – Route Map and Drive Strategy



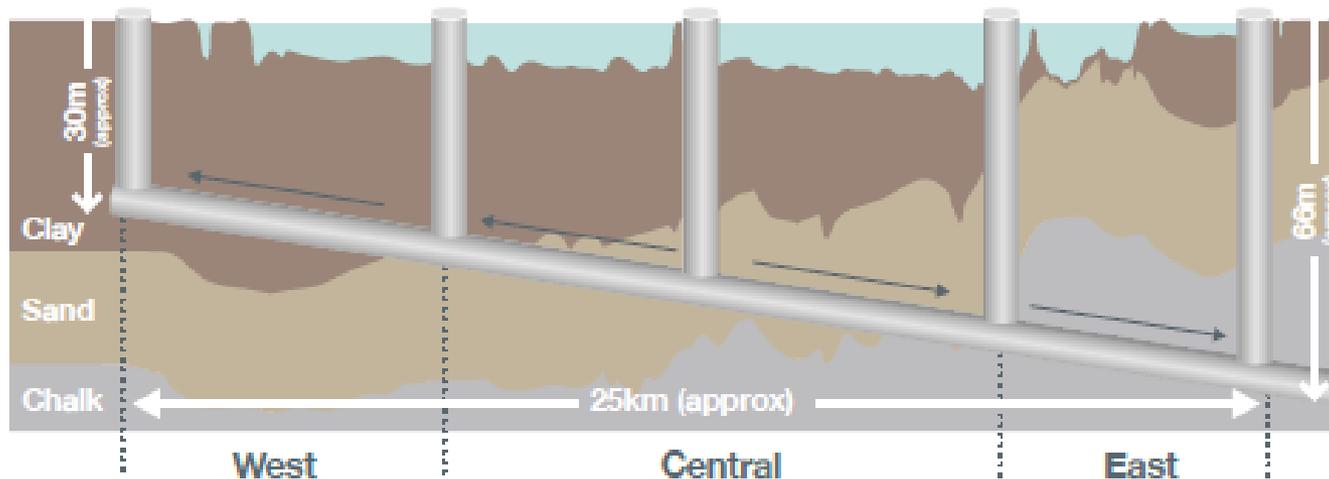
Acton Storm Tanks

Camwath Road Riverside

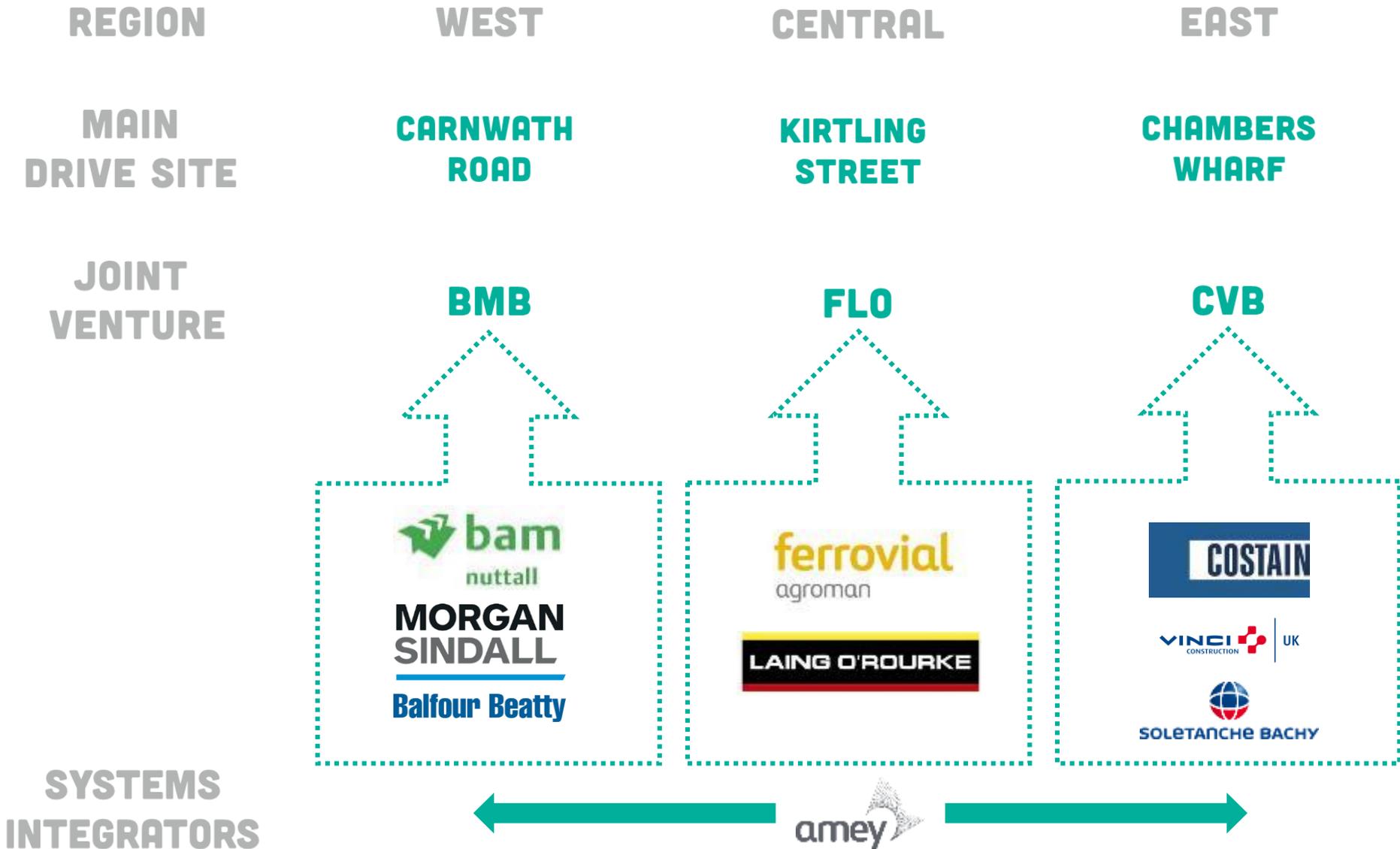
Kirtling Street

Chambers Wharf

Abbey Mills Pumping Station



Main Works Contractors

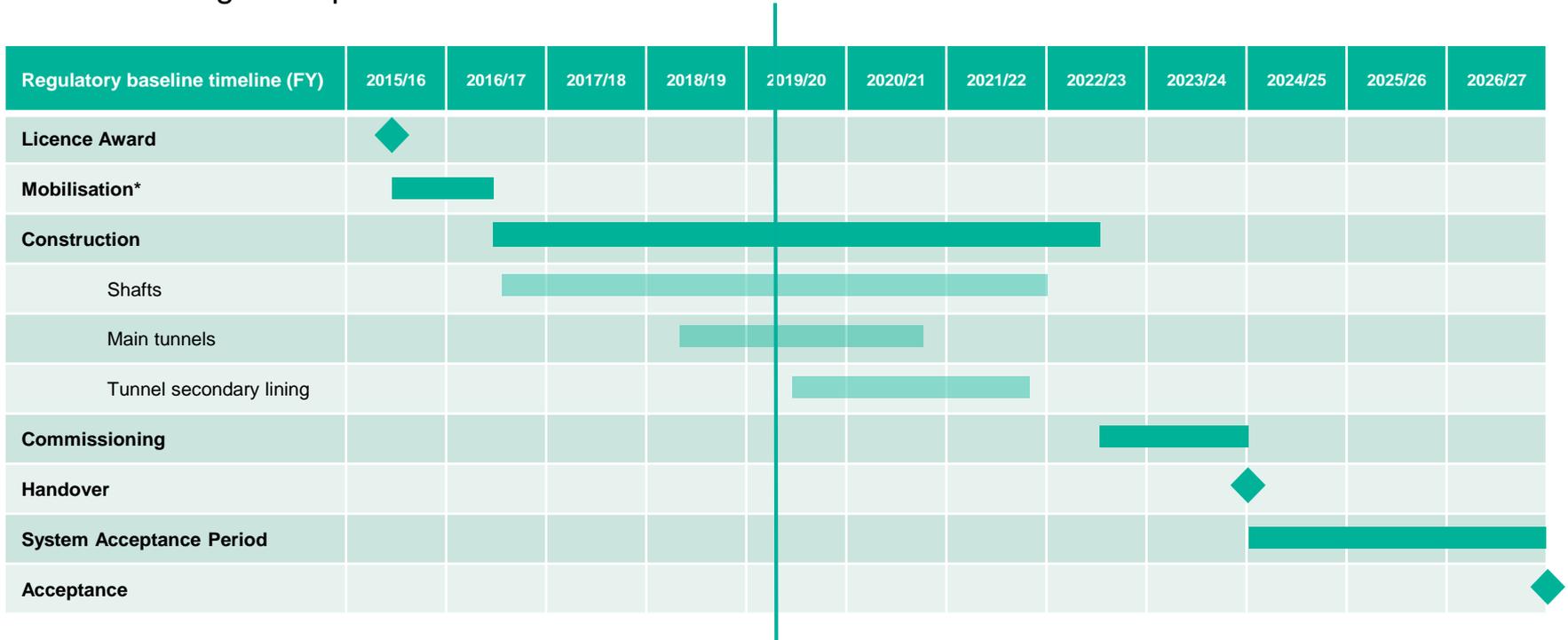


The scale of the project



Regulatory Baseline

As we are now present on 20 of our 21 sites, this outline schedule remains broadly representative of the project and its overall progress, although as we deliver the project we have made and will continue to make changes to specific site schedules.



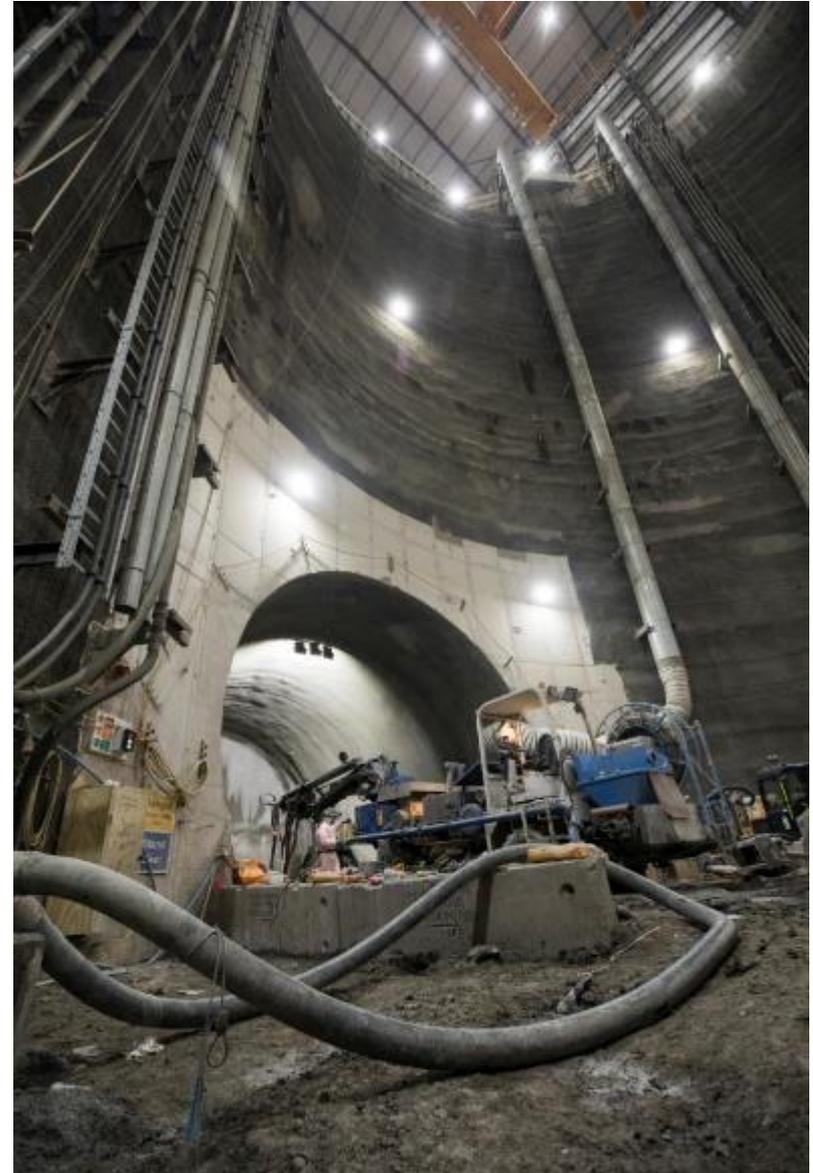
* Mobilisation activities shown from Licence Award to the start of Construction at the three main drive sites. Additional Mobilisation activities continue throughout construction (i.e. consents, procurement).

** The gap between shafts and commissioning reflects the need to complete additional construction activities after shafts are complete, prior to the start of commissioning (i.e. air management systems, structures, landscaping).

JUNE 2019 UPDATE

Overview

- Project 42.5% complete
- Four of six TBMs running, 2.7/25km of tunnel complete
- Enough liquidity to complete construction
- New cost estimate £3.8bn – eight per cent increase and still within £20-25 bill impact range
- Health and safety performance above industry norms, commitment remains to influence industry
- Legacy commitments – including jobs, skills and environment – on track
- Strong reputation – positive public profile and stakeholder relations
- Key challenges: commercial position with contractors; individual site programmes; maintaining health and safety performance; increase in marine logistics

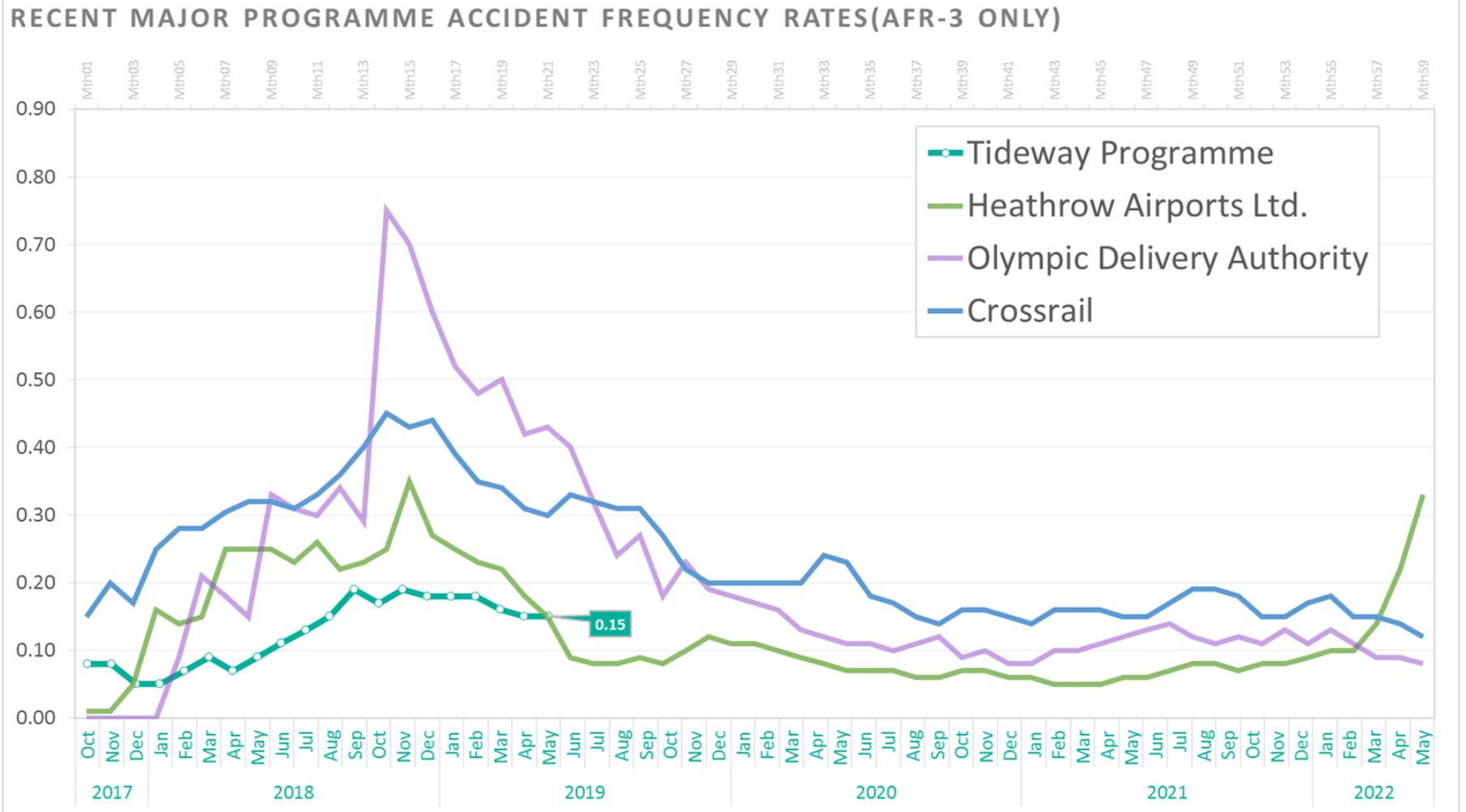


Health, safety and wellbeing

- Set a target of being “transformational”
- Key measure - Accident Frequency Rate (AFR3)
 - 13.6m work hours
 - 15 three-day lost time incidents and 3 seven-day lost time incidents, none life changing
 - AFR3 of 0.15 on project to date
- Focus to maintain / improve on this
- Playing an industry-leading role on mental health (case study to follow)
 - Now have 167 Mental Health First Aiders
 - Founding partner of Mates in Mind charity
- Major challenges ahead
 - Maintaining general site health and safety
 - Working in shafts and tunnels
 - Marine logistics

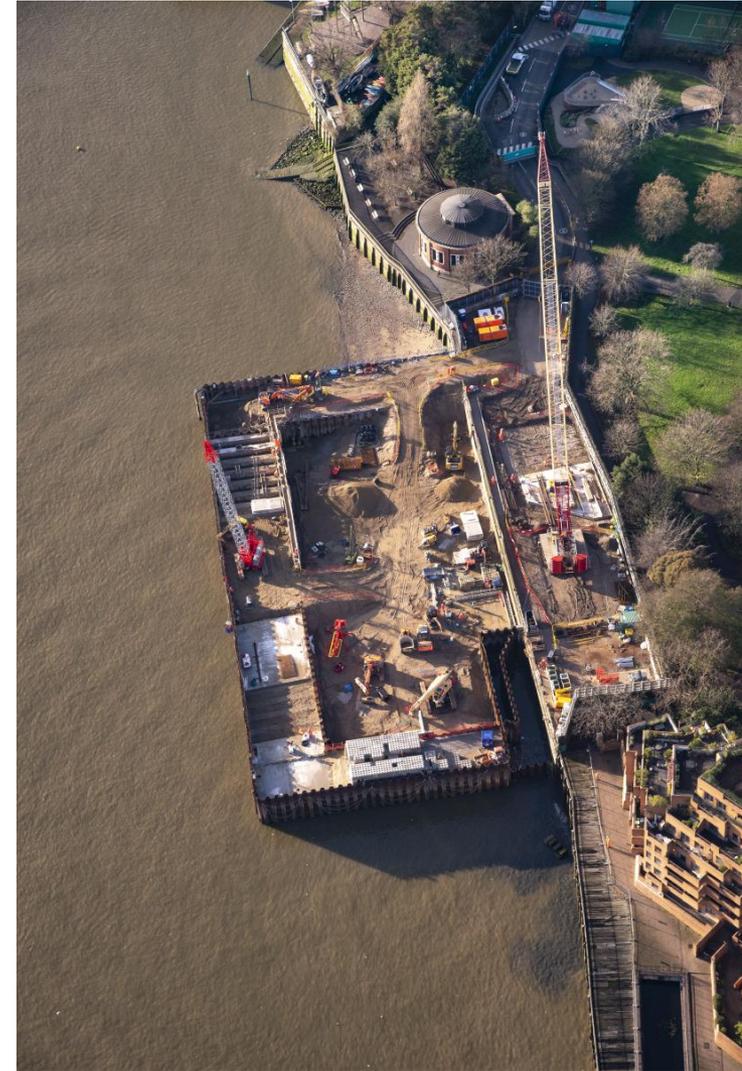


Benchmarking



What has been done to date

- The project is 42.5% complete
- RCV at £1,730 million (£1,542 million at 2014/15 prices)
- Four TBMs launched – three in main tunnel, one in connecting tunnel
 - Total Main Tunnel primary lining built is 2.69km
 - Rachel = 0.1km
 - Millicent = 2.25km
 - Ursula = 0.34km
 - Frogmore Connection Tunnel built is 84m
- Built eight cofferdams
- Total of 21 shafts to be built:
 - 5 are at full depth with base slab poured
 - 10 are under excavation
 - 1 is in walling construction
 - 5 have yet to start
- Implemented river strategy to transport equipment, materials and spoil by river - more than one million tonnes of material transported to date (case study to follow)

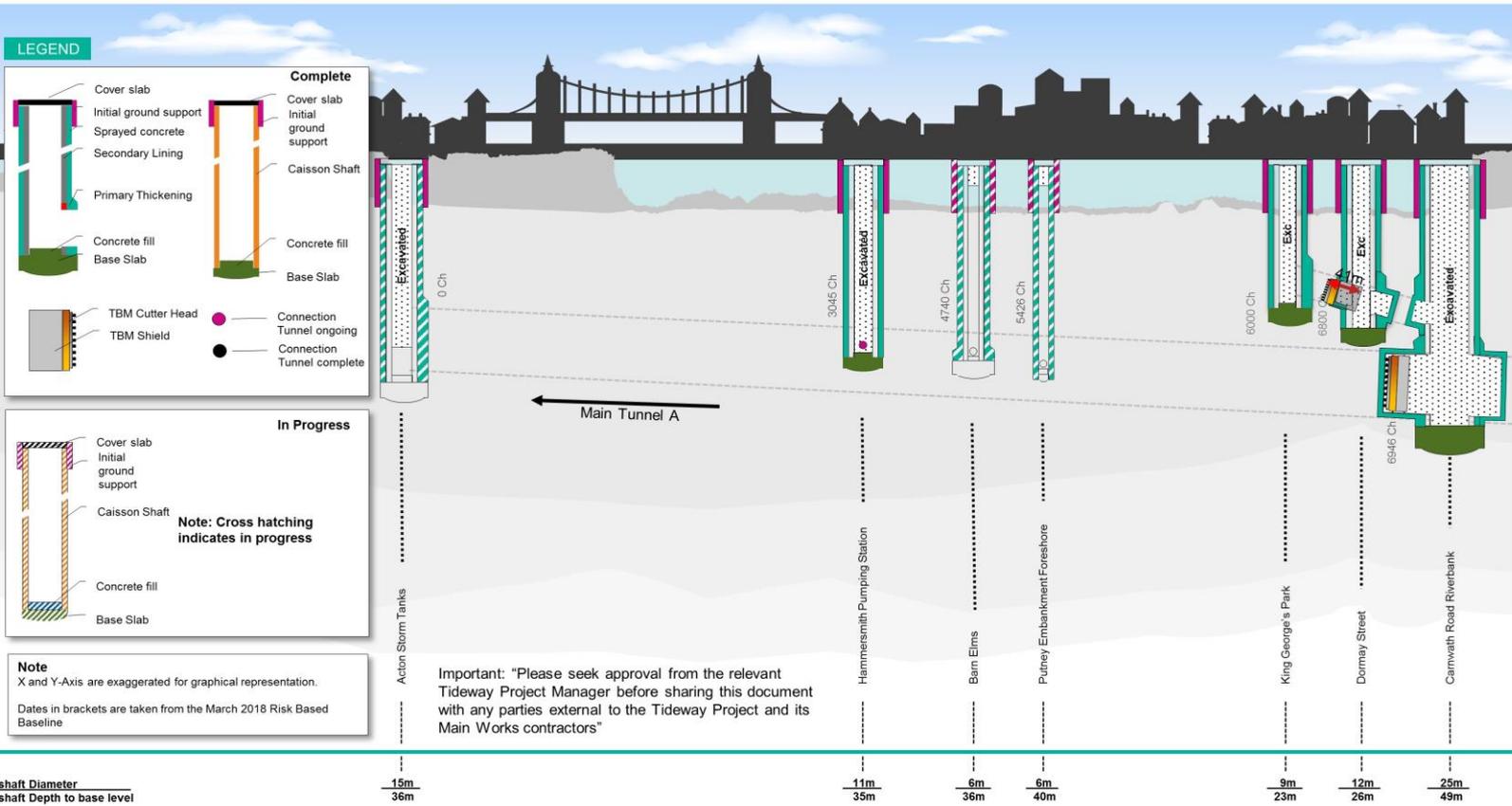


Tideway Schedule – West Delivery Area

The Slice Report

17 May 2019

ACTUAL PROGRESS FROM PRODUCTION DATA TABLES



PERFORMANCE

COMPLETE

50% WEST

43% OVERALL

Based upon 'Q4' CDB plus unimplemented Compensation Events

INFOGRAPHICS

SHAFTS

Element	Metric
Excavation Complete inc Base Slab	4/7
Lining Secondary Lining	0/6

TUNNELS

Primary Lining

0.04KM to 8.5KM

41 Rings installed

Secondary Lining

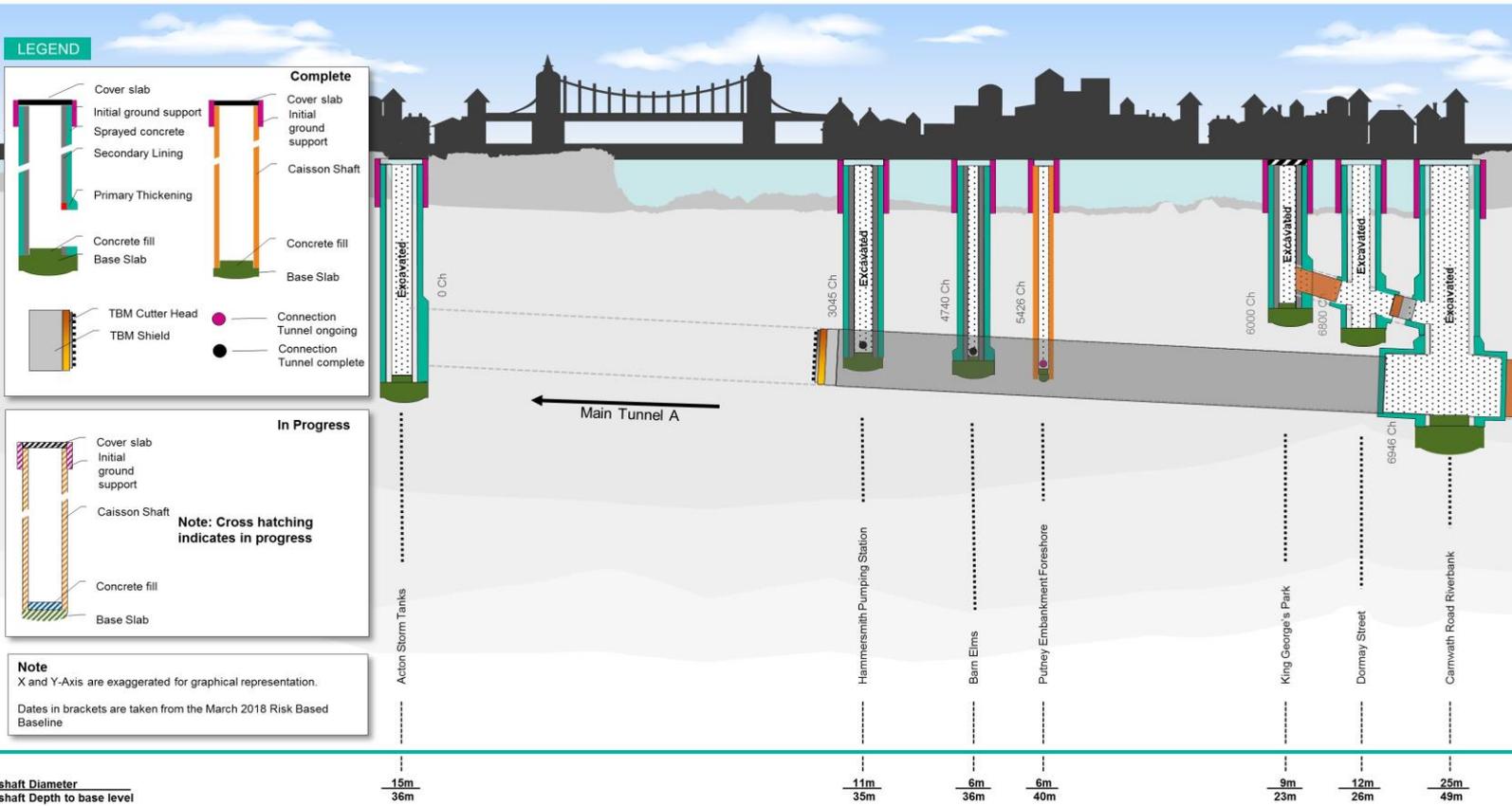
0.00KM to 8.5KM

Tideway Schedule – West Delivery Area

The Slice Report

31 Mar 2020

PROGRESS TAKEN FROM RISK ADJUSTED 'Q4' FORECAST AT MARCH 2019



PERFORMANCE

COMPLETE

73% WEST

60% OVERALL

Based upon 'Q4' CDB plus unimplemented Compensation Events

INFOGRAPHICS

SHAFTS

Element	Metric
Excavation Complete Inc Base Slab	7/7
Lining Secondary Lining	3/6

TUNNELS

Primary Lining

6.0KM 8.5KM

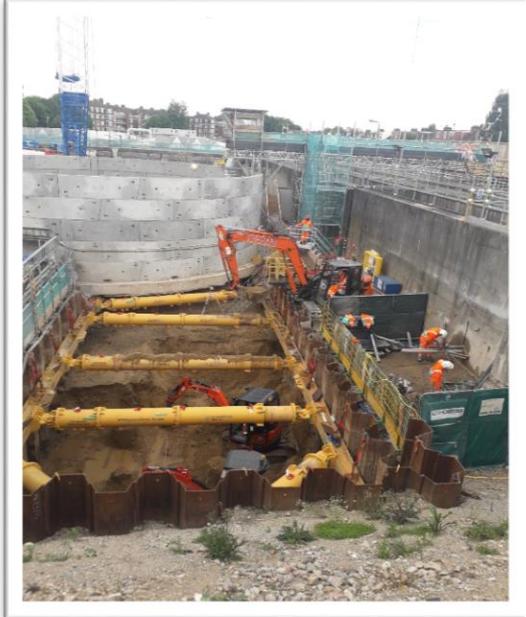
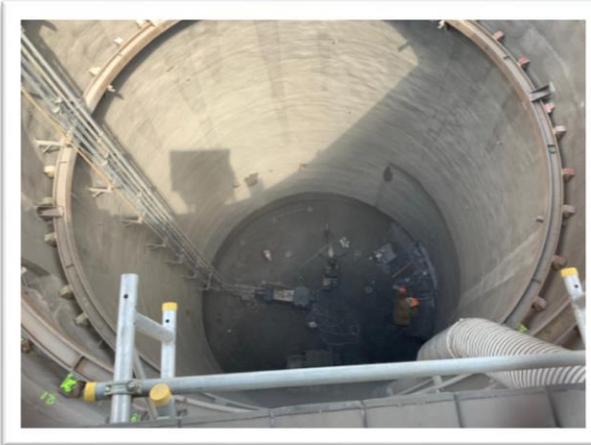
71%

Secondary Lining

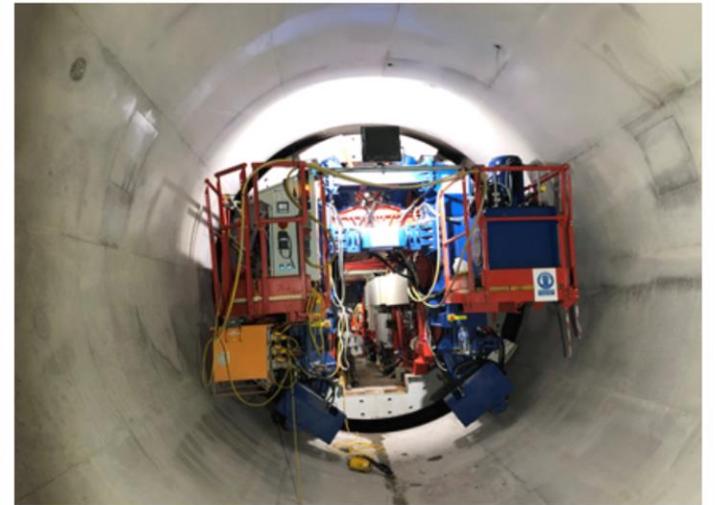
0.85KM 8.5KM

10%

Acton Storm Tanks



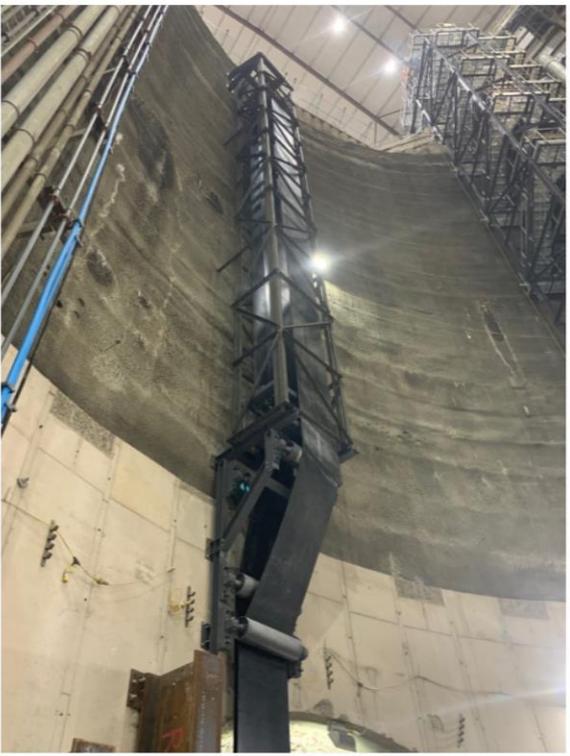
Hammersmith Pumping Station



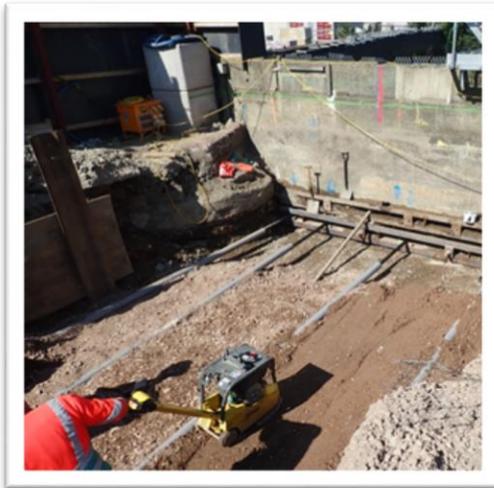
Putney Embankment Foreshore



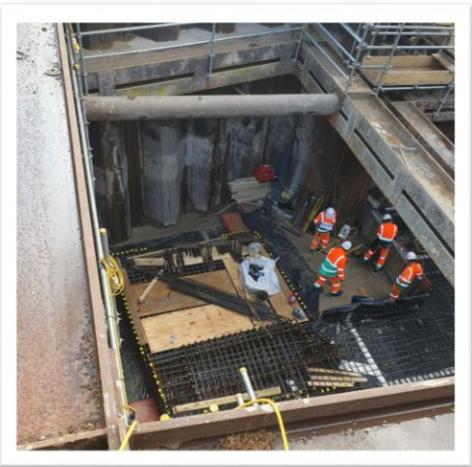
Carnwath Road Riverside



Dormay Street



King Georges Park



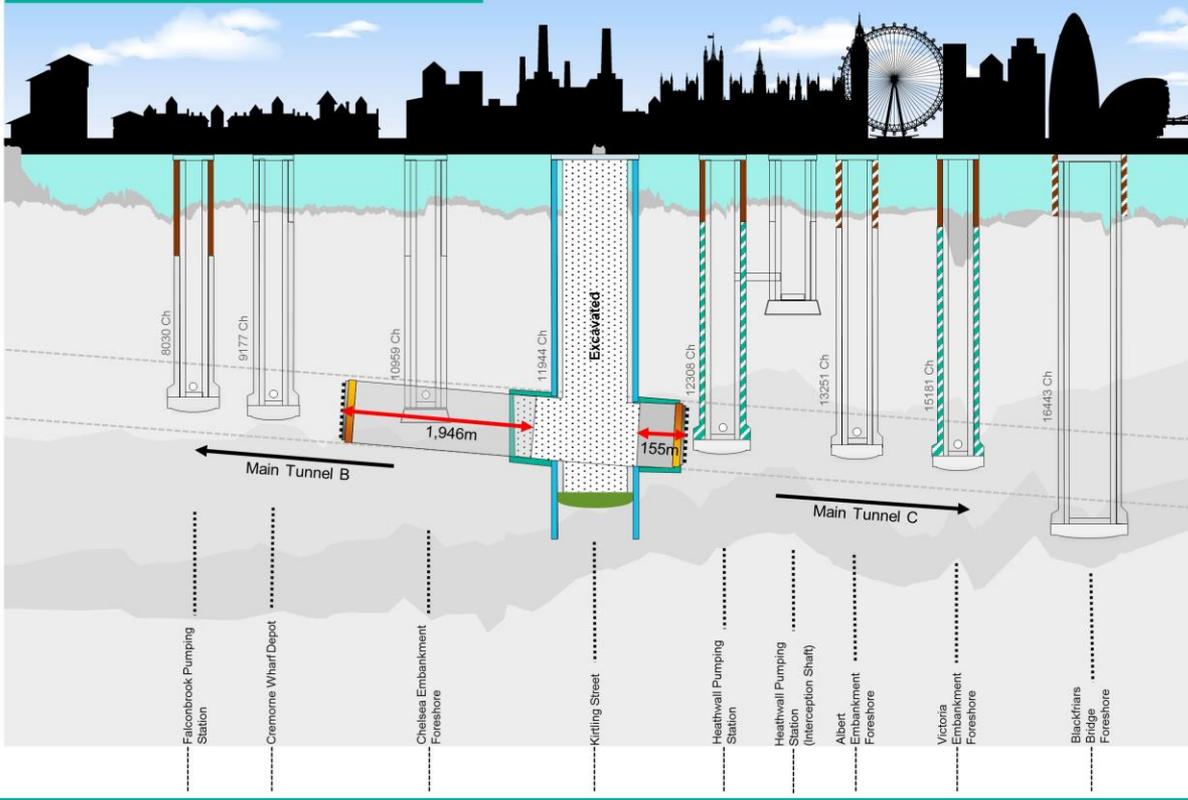
Tideway Schedule – Central Delivery Area

The Slice Report

17 May 2019

Business Intelligence Team

ACTUAL PROGRESS FROM PRODUCTION DATA TABLES



LEGEND

Complete

- Cover slab
- Initial ground support
- Secondary Lining
- Sprayed concrete
- Concrete fill
- Base Slab

In Progress

- Initial ground support
- Secondary Lining
- Sprayed concrete
- Concrete fill
- Base Slab

Complete

- Cover slab
- D-Wall
- Secondary Lining
- Concrete fill
- Base Slab

In Progress

- TBM Cutter Head
- TBM Shield
- Connection Tunnel ongoing
- Connection Tunnel complete

Note: Cross hatching indicates in progress

Note
X and Y-Axis are exaggerated for graphical representation.
Dates in brackets are taken from the March 2018 Risk Based Baseline
Heathwall Pumping Station - The Interception Shaft is shown as it utilises such similar construction methods to the main dropshaft and is of such a substantial depth (26m) that warrants its inclusion. Interception structures elsewhere are shallower and don't warrant such complexity in their construction.

PERFORMANCE

COMPLETE

42% CENTRAL **43% OVERALL**

Based upon 'Q4' CDB plus unimplemented Compensation Events

INFOGRAPHICS

SHAFTS

Element	Metric
Excavation Complete inc Base Slab	1/9
Lining Secondary Lining	0/9

TUNNELS

Primary Lining

2.10KM 12.6KM

1,167 Rings installed

Secondary Lining

0KM 12.6KM

Dropshaft Diameter	Dropshaft Depth to base level
9m	44m
8m	47m
12m	47m
30m	56m
16m	53m
10m	26m
16m	50m
13m	54m
22m	60m

Important: "Please seek approval from the relevant Tideway Project Manager before sharing this document with any parties external to the Tideway Project and its Main Works contractors"

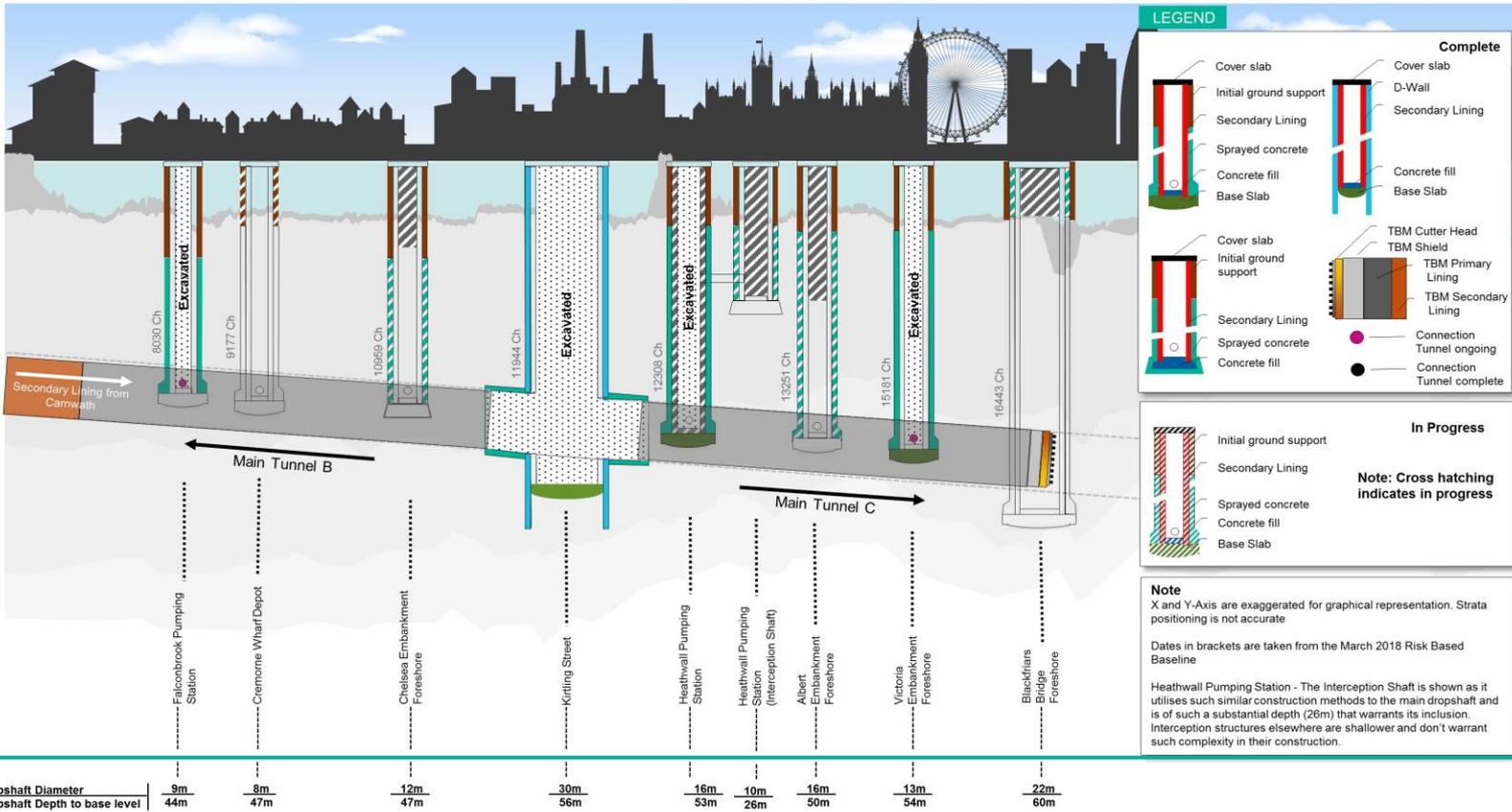
Tideway Schedule – Central Delivery Area

The Slice Report

31 Mar 2020

Business Intelligence Team

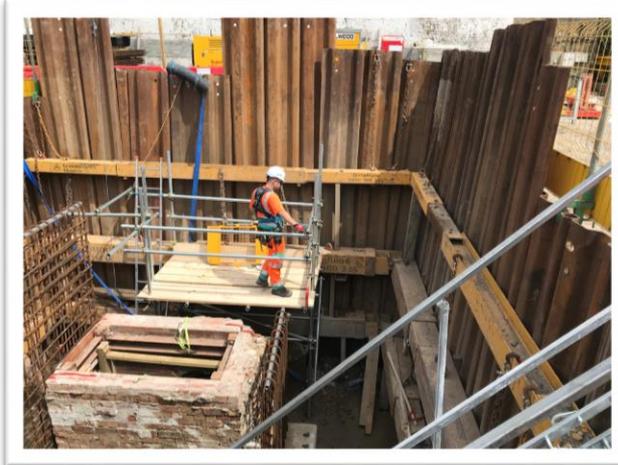
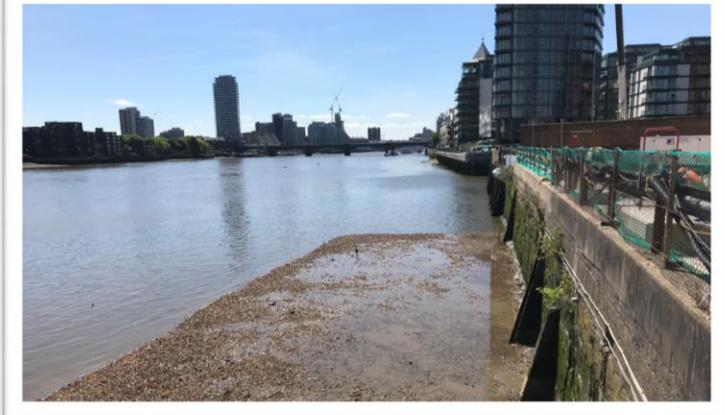
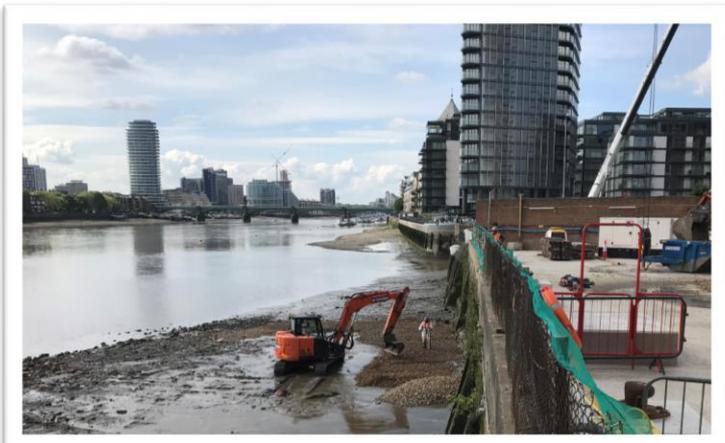
PROGRESS TAKEN FROM RISK ADJUSTED 'Q4' FORECAST AT MARCH 2019



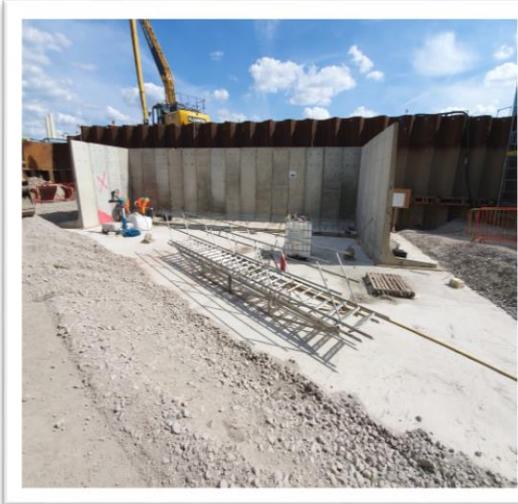
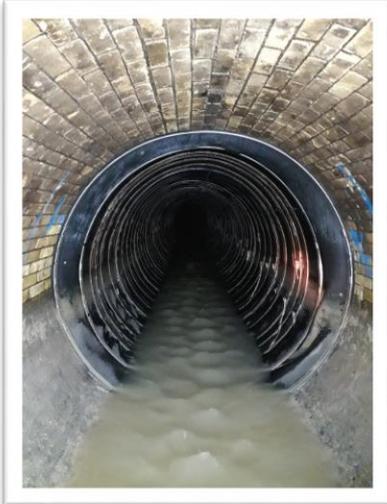
Falconbrook Pumping Station



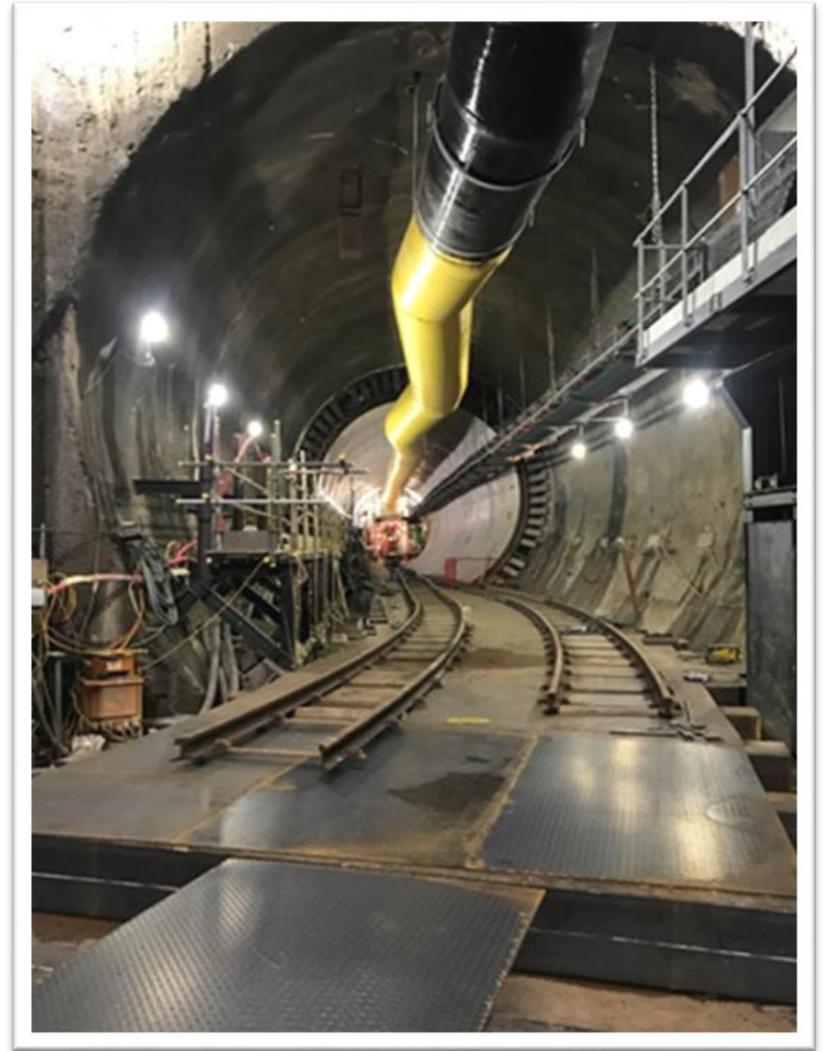
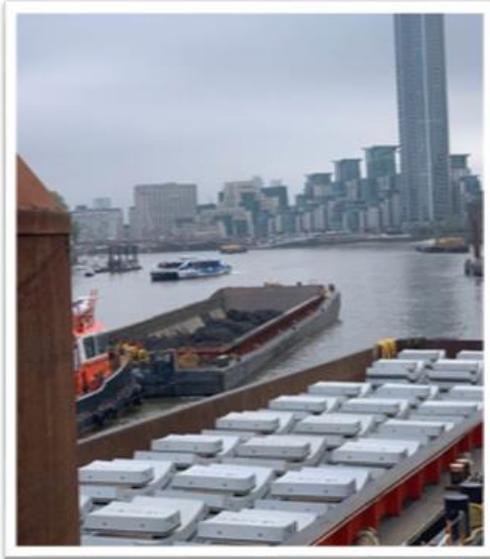
Cremorne Wharf



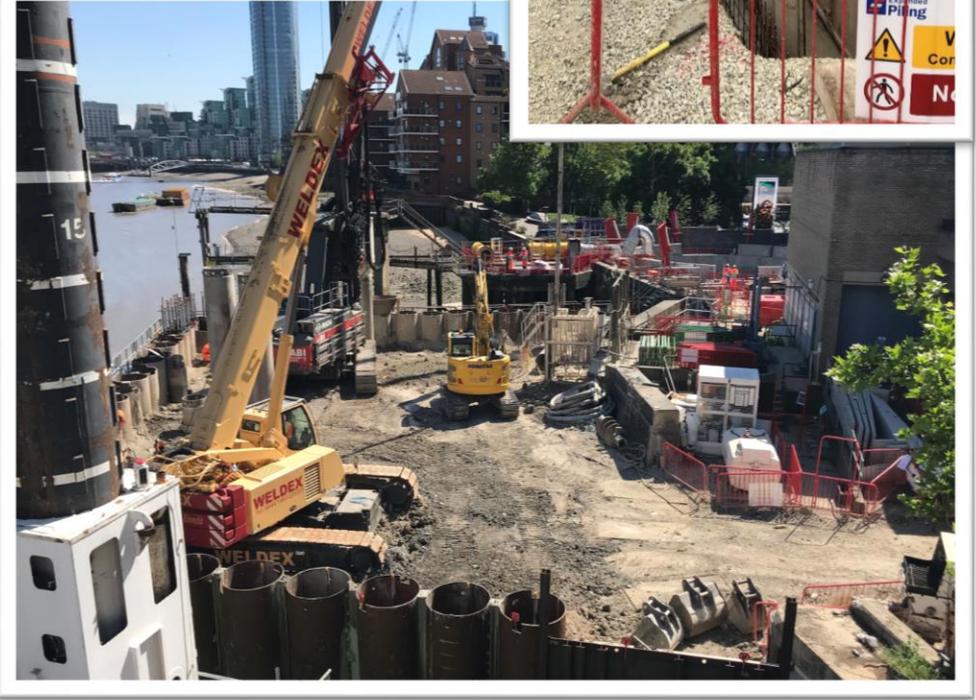
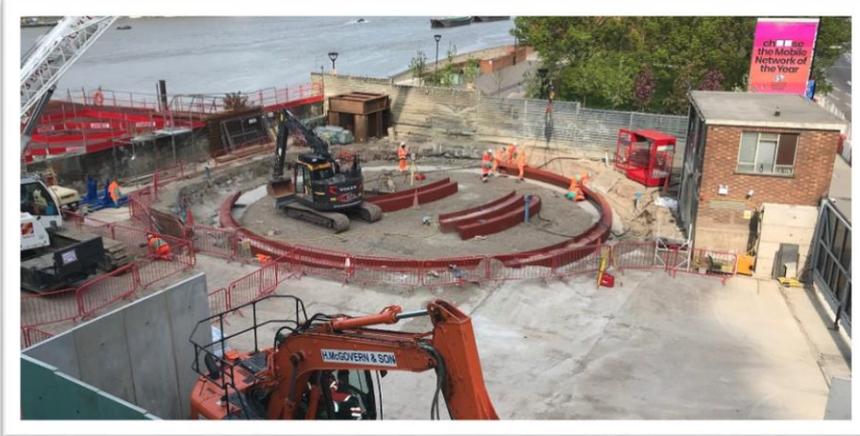
Chelsea Embankment



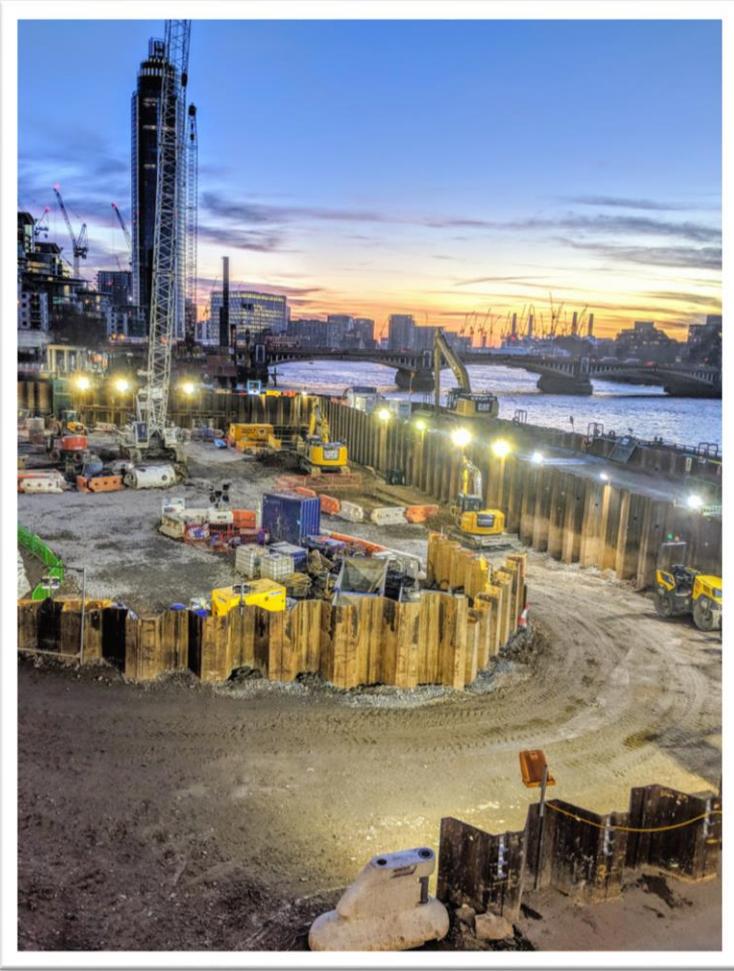
Kirtling Street - TBM B and TBM C



Heathwall Pumping Station



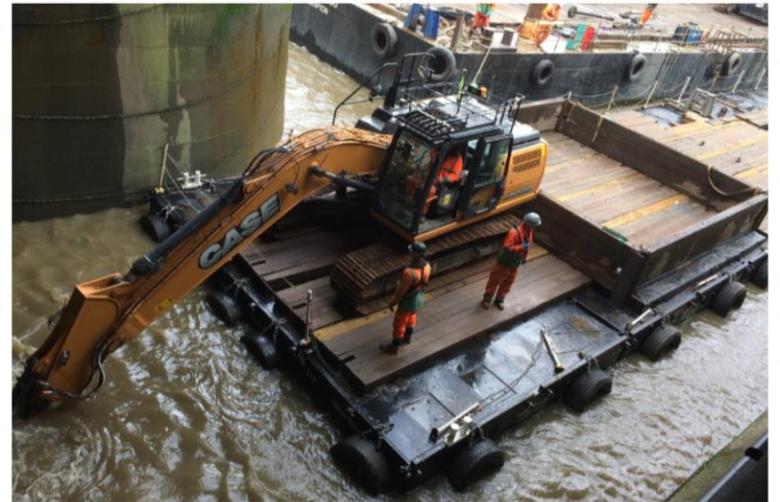
Albert Embankment Foreshore



Victoria Embankment Foreshore



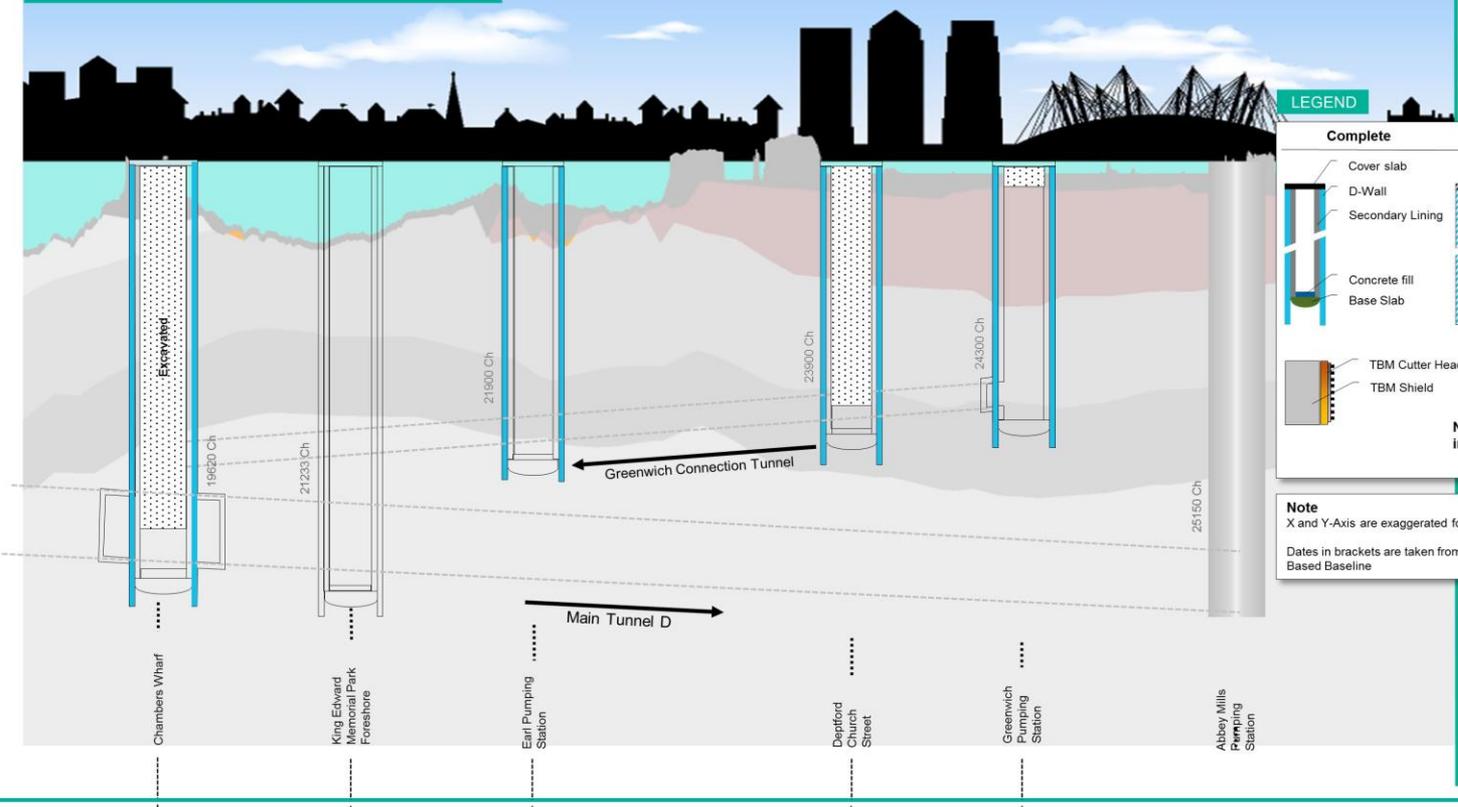
Blackfriars Foreshore



Tideway Schedule – East Delivery Area

17 May 2019

ACTUAL PROGRESS FROM PRODUCTION DATA TABLES



Dropshaft Diameter	25m	20m	17m	17m	17m	25.150m
Dropshaft Depth	72m	75m	64m	60m	62m	

PERFORMANCE COMPLETE

36% EAST **43% OVERALL**

Based upon the 'Q4' CDB plus unimplemented Compensation Events

INFOGRAPHICS

SHAFTS

Element	Metric
Excavation Complete inc Base Slab	0/5
Lining Secondary Lining	0/5

TUNNELS

Primary Lining

OKM 10.1KM

Secondary Lining

OKM 10.1KM

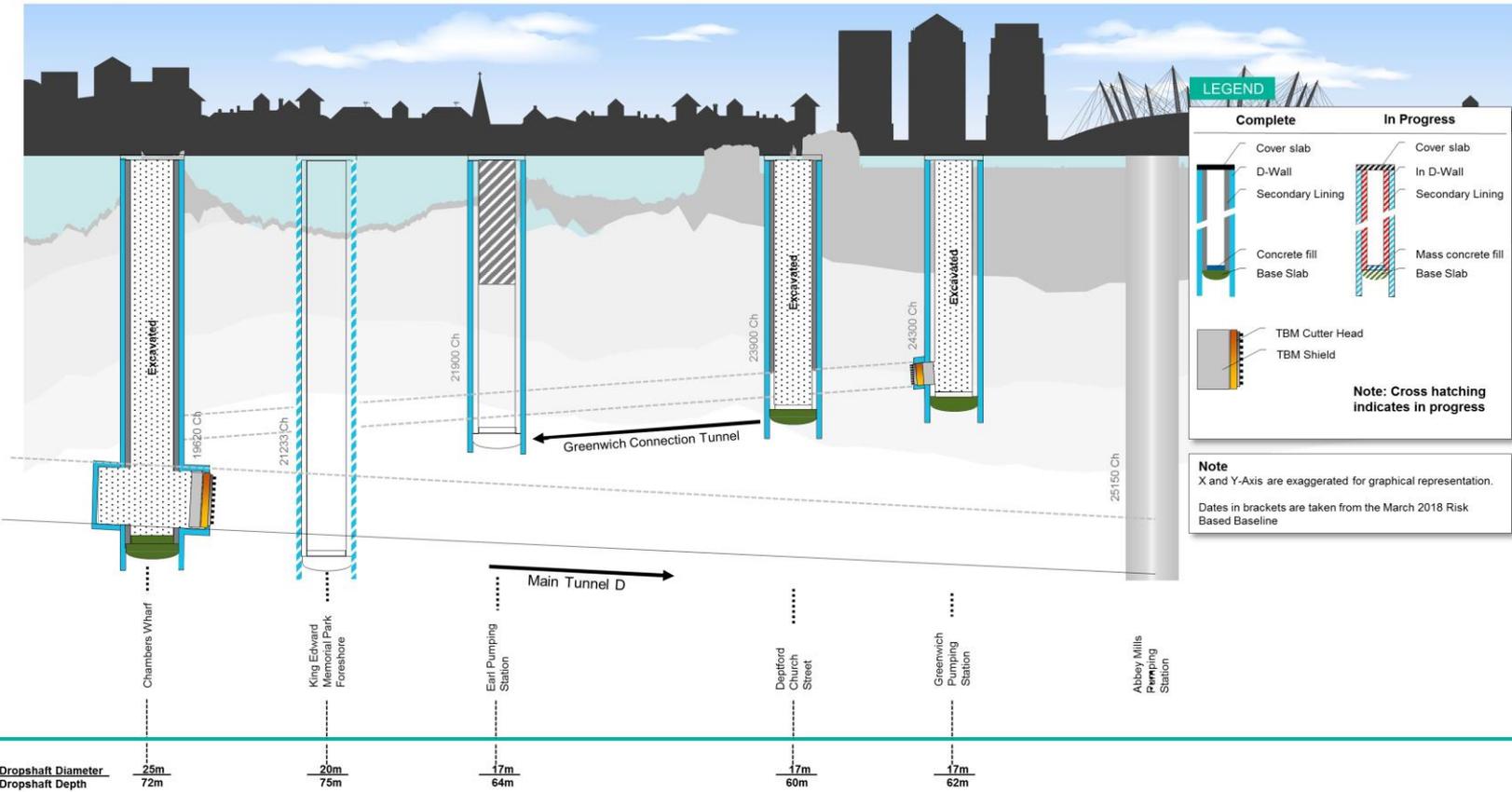
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Tideway Schedule – East Delivery Area

The Slice Report

31 Mar 2020

PROGRESS TAKEN FROM RISK ADJUSTED 'Q4' AT MARCH 2019



PERFORMANCE COMPLETE

49% EAST **60% OVERALL**

Based upon the 'Q4' CDB plus unimplemented Compensation Events

INFOGRAPHICS

SHAFTS

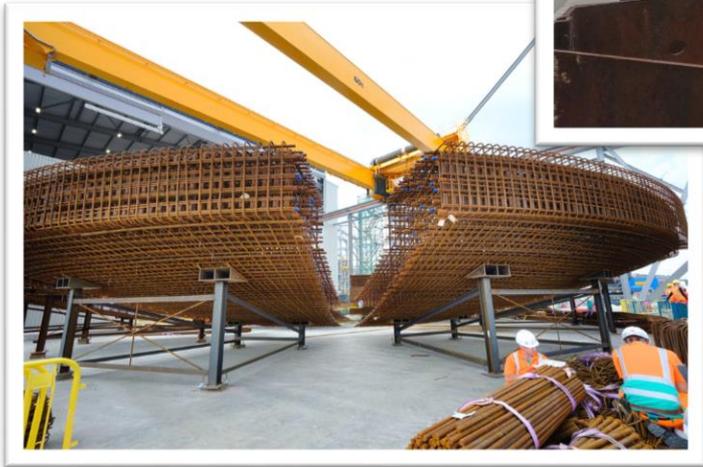
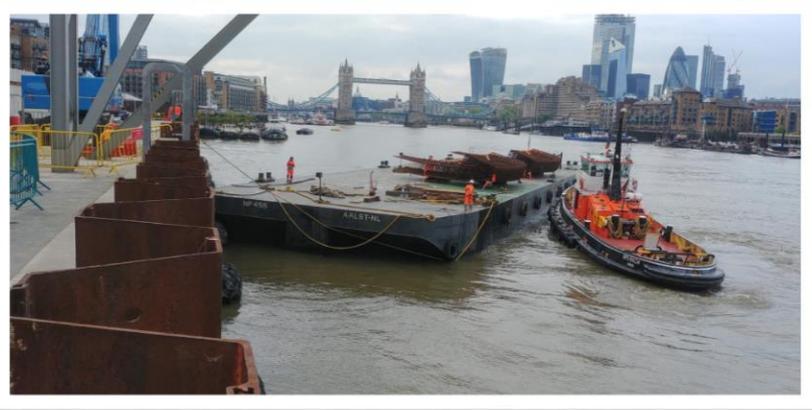
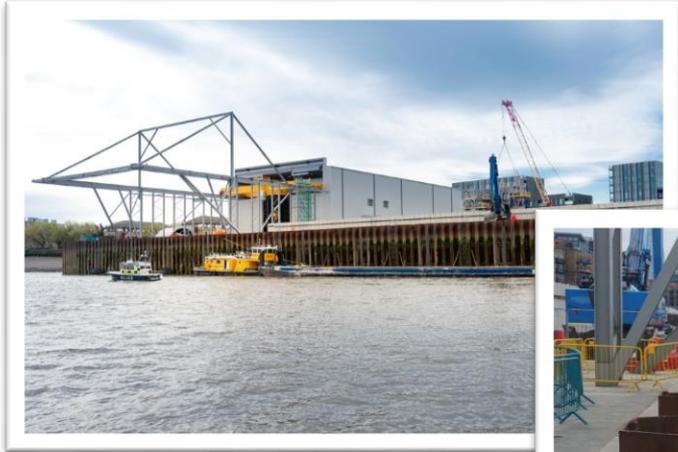
Element	Metric
Excavation Complete inc Base Slab	3/5
Lining Secondary Lining	2/5

TUNNELS

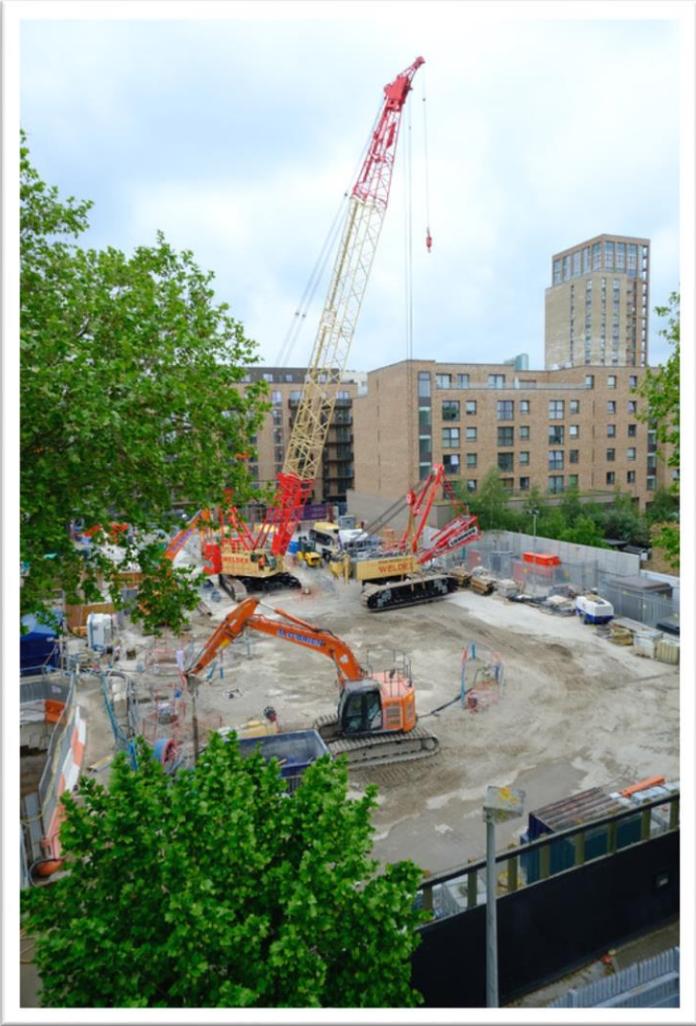
Primary Lining: 0.0KM to 10.1KM (0%)

Secondary Lining: 0KM to 10.1KM

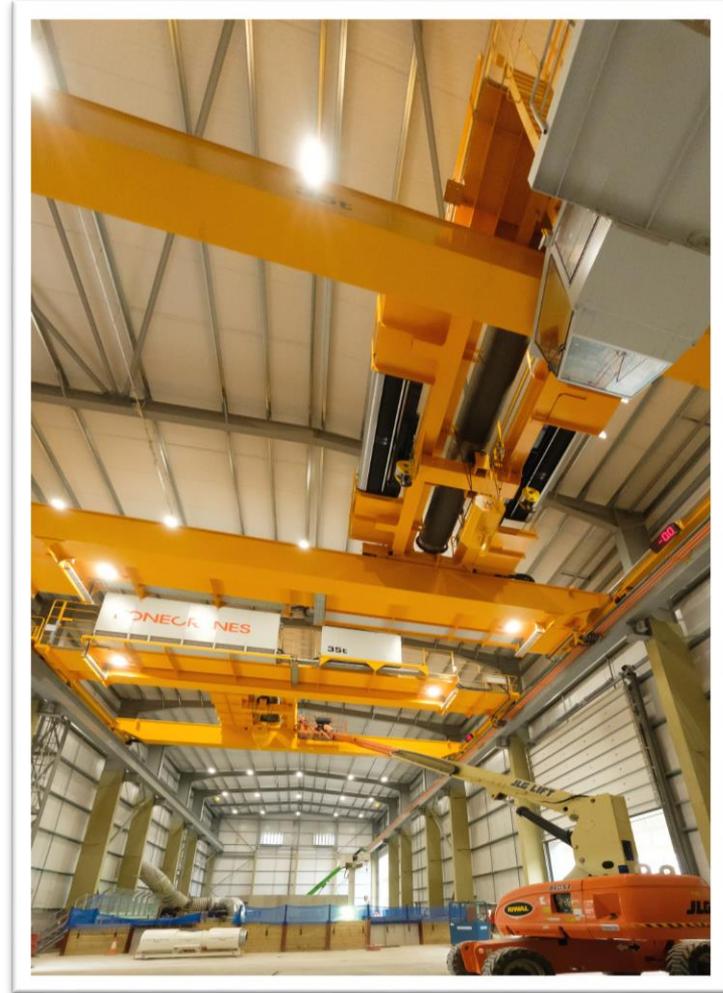
Chambers Wharf



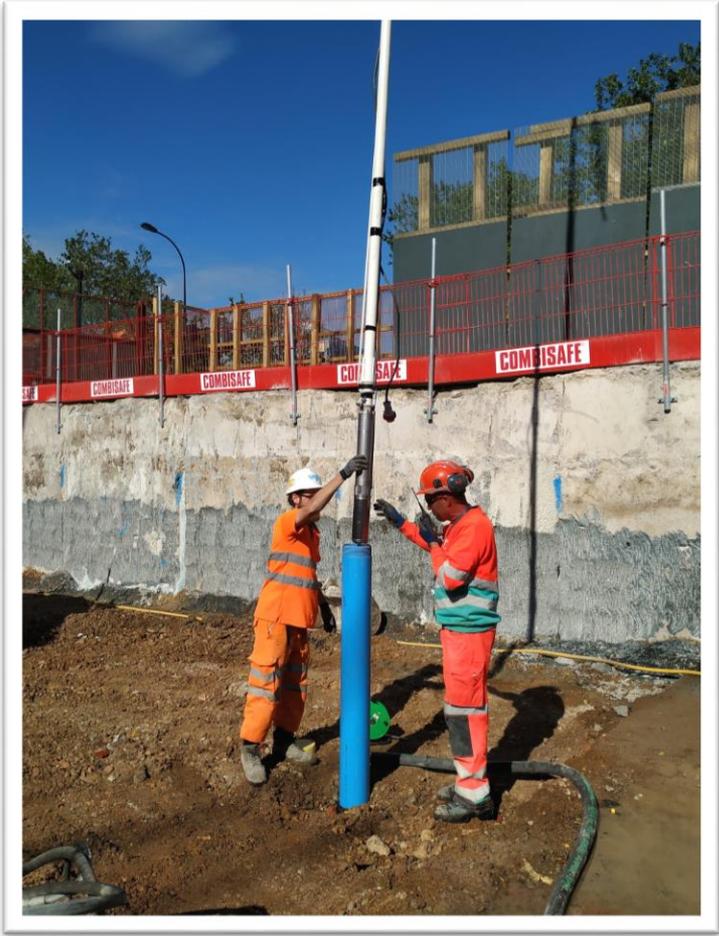
Earl Pumping Station



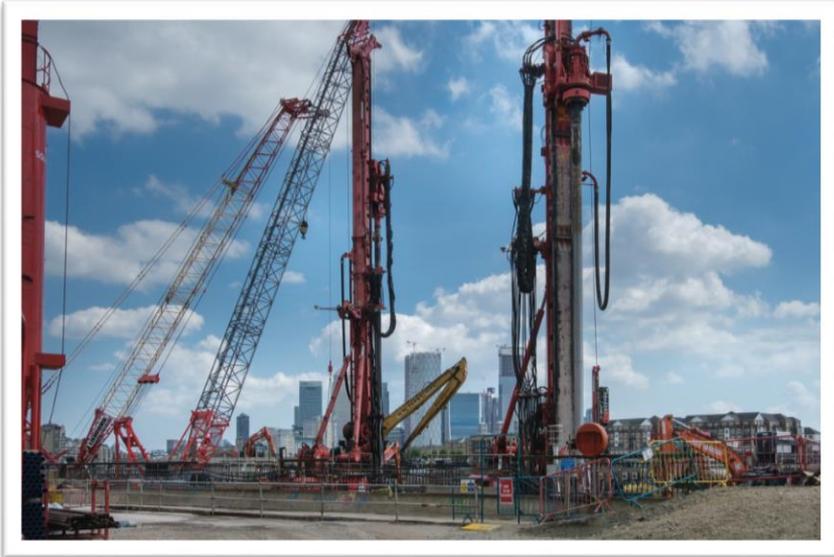
Greenwich Pumping Station



Deptford Church Street



King Edward Memorial Park Foreshore



East TBM Selina



Creating a Legacy

ECONOMY



ENVIRONMENT



HEALTH, SAFETY & WELLBEING



PEOPLE



PLACE

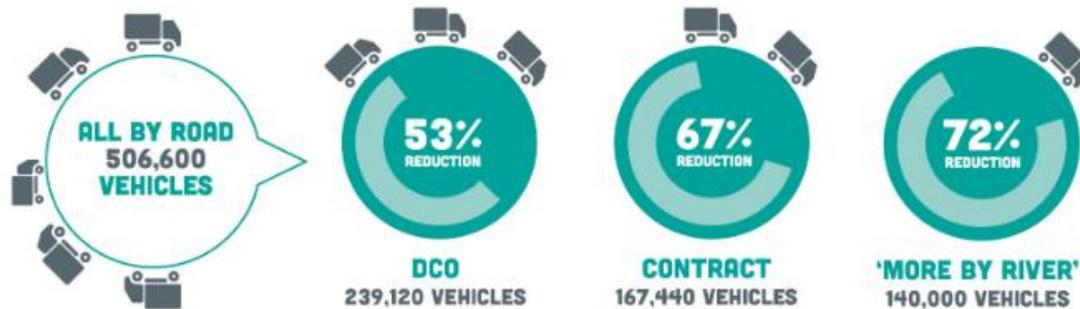


Legacy Plan

- Legacy strategy to boost the river economy, increase jobs, improve safety standards and drive down carbon emissions
- 5 themes — Environment; Health, Safety and Wellbeing; Economy; People; and Place
- 54 commitments – 39 live of which 35 on target (90%)
- Legacy commitments contributing to the UN Sustainable Development Goals



More by River



- 114,800 lorry movements avoided to date – one million tonnes of material moved by River so far
- One 1,000-tonne barge can carry the same load as 50 lorries



Air quality study – 1,000 tonne barge will, on average, produce:

- 54% fewer nitrogen oxides
- 86% less nitrogen dioxide
- 95% less carbon monoxide
- 90% less carbon dioxide than its standard HGV equivalent

Regatta London

**RE
GAT
TA** LDN

**TAKING OVER THE THAMES
FOR THE UK'S NEWEST
CHALLENGE EVENT**

CENTRAL LONDON - 29 SEPTEMBER 2019

**KAYAK, CANOE, SUP OR
ROW 12 MILES THROUGH
THE HEART OF LONDON**

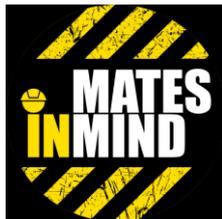
**ICONIC AND UNIQUE
EXPERIENCE; NO OTHER
BOATS AND STOPPING
THE TIDE**

**CELEBRATE THE RIVER
AND THE ENVIRONMENT
THROUGH SPORT**

**HELP RAISE HUNDREDS
OF THOUSANDS OF
POUNDS FOR AMAZING
CHARITIES**

Mental Health

- ONS 2017 study found that the risk of suicide among low-skilled male labourers, particularly those working in construction roles, was 3 times higher than the male national average
- Tideway is playing an industry-leading role on mental health
- Now have 167 Mental Health First Aiders
- Founding partner of Mates in Mind charity
 - a pioneering programme backed by Tideway and designed to tackle mental health issues in construction
 - It aims to provide clear information to employers on available support and guidance on mental health, mental illness and mental wellbeing, and how they can address this within their organisations



FINANCING AND REGULATORY UPDATE

Tideway Delivery Model

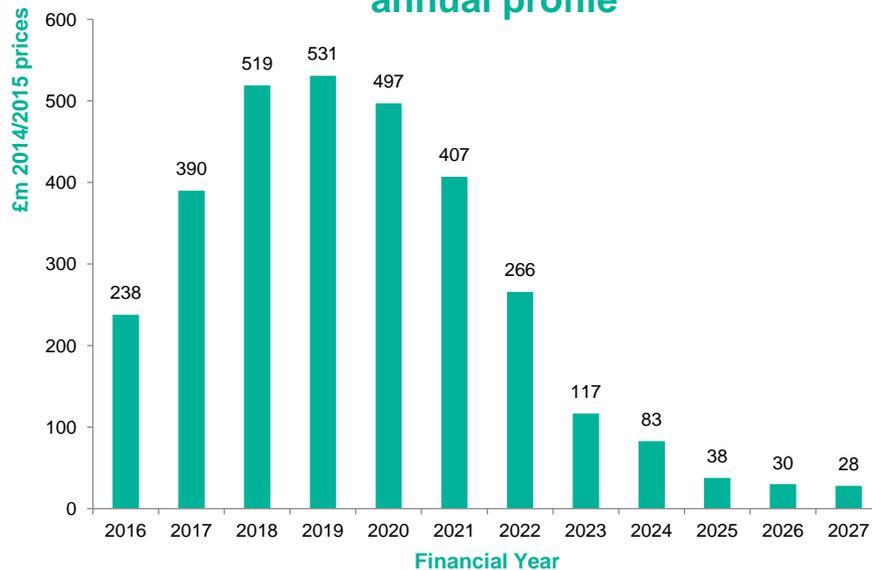
- First project to be developed under the Specified Infrastructure Projects Regulations
 - New company independent from Thames Water
- Tideway's business as a regulated utility company is to design, build, commission and maintain the Thames Tideway Tunnel, a simple asset with 120 year design life
- Being delivered through “design and build” contracts by major contracting joint ventures
- RPI-linked revenue collected from Thames Water's wastewater customers
- Fixed real WACC until 2030
 - No direct impact from PR19
- Benefits from a support package provided by the UK Government
- Owned by Allianz (34.26%), Amber (21.32%), Dalmore (33.76%) and DIF (10.66%)

New independent utility with regulatory framework set until 2030

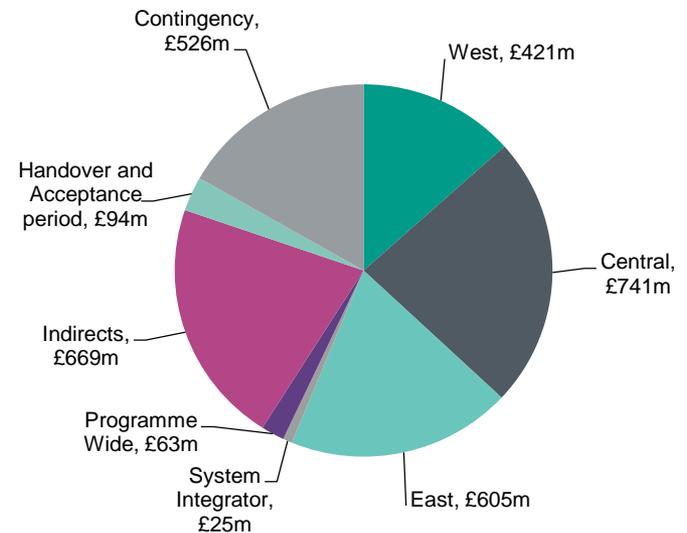
Investment Programme

- Original regulatory baseline cost of £3,144m (14/15 prices)
- Direct Works of £1,855m (Main Works Contractors, System Integrator and Programme Wide)
- Indirects of £669m (resources, insurances, facilities, IT)
- Handover and Acceptance period £94m
- Contingency of £526m
- Annual profile reflects regulatory baseline construction programme

Original regulatory baseline cost - annual profile



Illustrative management build up to original regulatory baseline cost 2014/2015 prices*

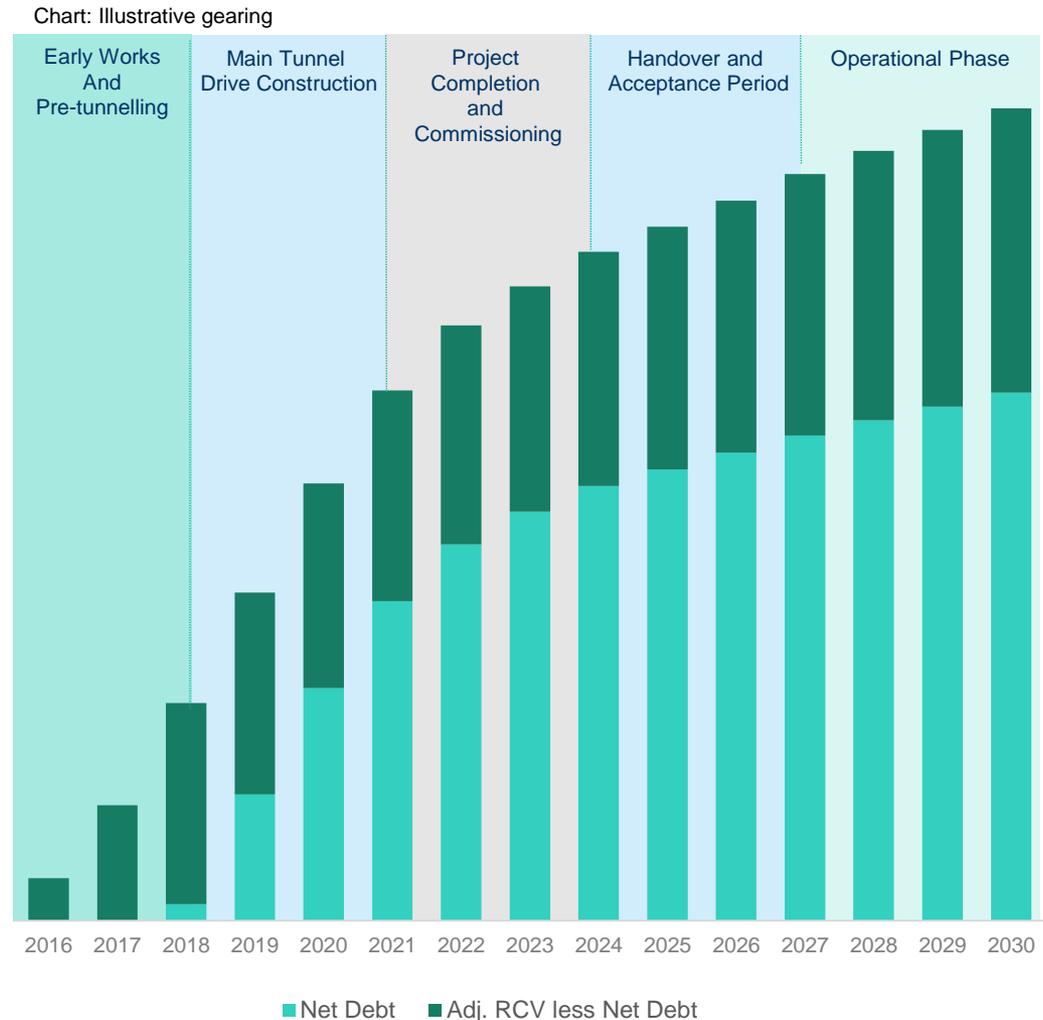


*Set in August 2015

Original regulatory funding baseline derived from robust bottom-up estimate

Financing Strategy

- Maintain a low risk financing position, preserving the Baa1/BBB+ credit ratings and a strong liquidity position at all times
- “Equity first”: £1.3bn equity (committed and backed by LCs) is funding the investment programme to start of tunnelling
- Leverage only rises at the back end of construction, hand-in-hand with progress on the delivery of the investment programme
- Debt programme combining inflation linked debt to match RCV growth with nominal issuance



Prudent financing structure with accelerated equity funding

Tideway financing – as of 31 March 2019

Total liquidity of £2.5bn, comprising £655m of cash and £1.84 bn of undrawn debt facilities

Funding raised to date provides Tideway with liquidity through construction

Innovative strategy of pricing bonds with long deferral periods to match our investment profile

Implemented green bond strategy

£1.3bn shareholder funds contributed 2015-2017

£2.5bn long-term debt raised 2016-2018
£500m revolver credit facility

£700m forward start EIB loan

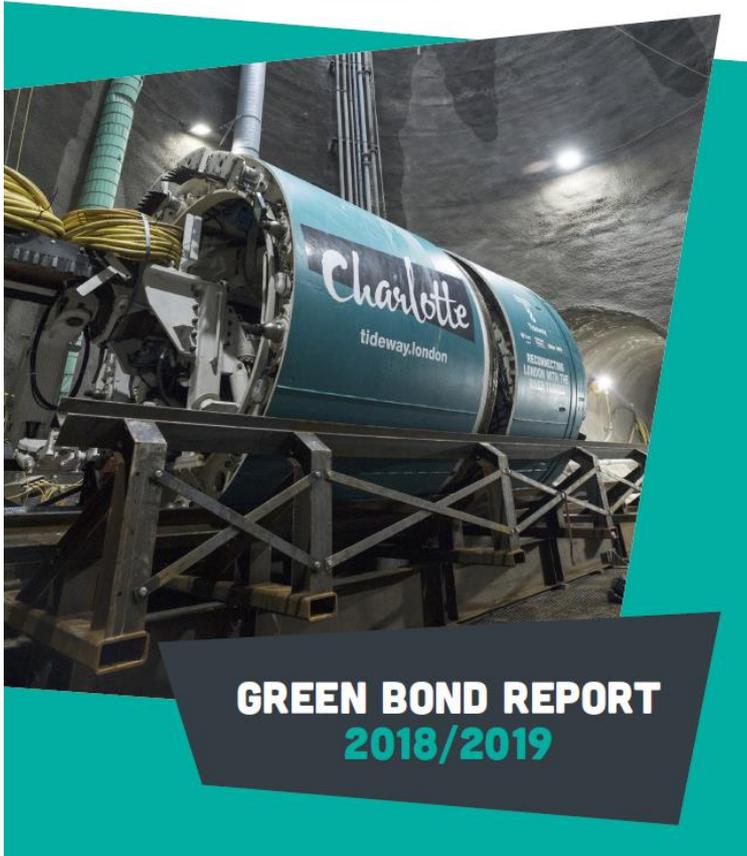
£625m bonds of which £450m are Green Bonds

£800m forward starting bonds of which £325m are Green Bonds

£100m forward start inflation-linked loan

£300m US private placement

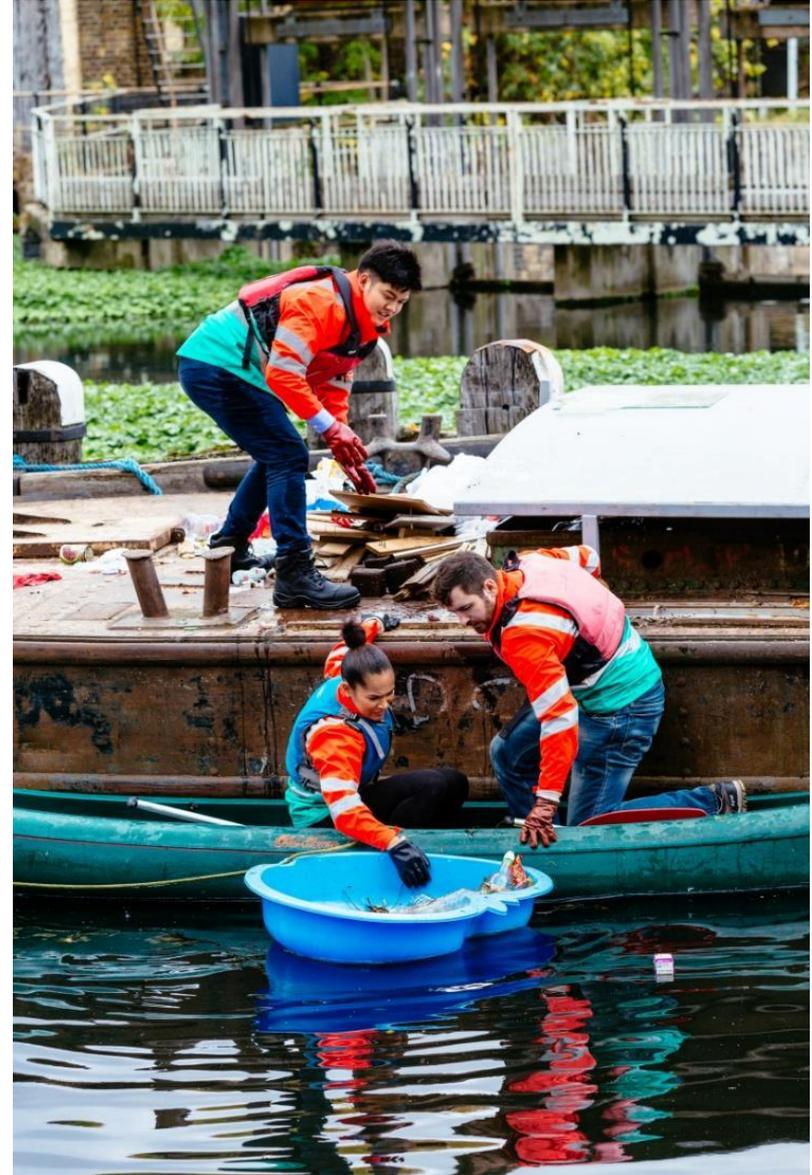
Tideway Green Bonds - £775 million



- Tideway published Green Bond Framework in November 2017, aligning financing with the company's mission
- Issued six Green Bonds since November 2017 - £775 million
- Green evaluation by Standard & Poor's - joint-highest overall score of 95/100
- Green Bond Report in 2018/19 to report on allocation of proceeds and impact of project

Financing Plan

- In April 2019, we updated our estimate of overall costs based on work left to do - £3.8bn compared to a £3.5bn regulatory baseline which represents an 8% increase
 - £140m Blackfriars – a redesign and reprogramming of the works at Blackfriars Bridge Foreshore
 - £120m King Edward Memorial Park Foreshore site – unforeseen ground condition issues
 - £54m More by River strategy
- This adds c£100m to the long-term financing needs at current gearing targets, which is well within the £500m RCF
- Gearing - Senior RAR 2018/19 – 32.2%
- Interest cover - FFO ICR 2018/19 – 3.4x
- We remain an opportunistic issuer



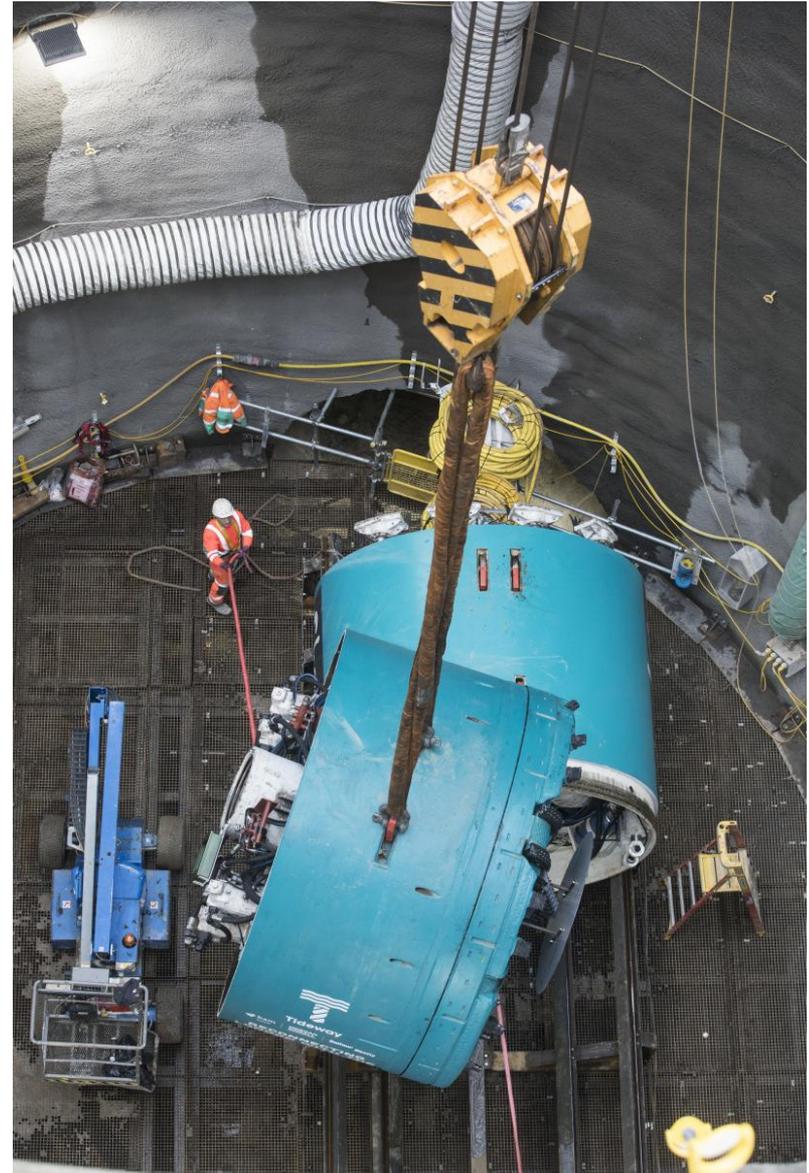
Regulation Update

- Regulatory period to 2030 with RPI
- Ofwat consulting on modifying the ring-fencing provisions of water companies' licences, including strengthening the provisions on maintaining an investment grade credit rating and reporting of material issues
- Informally agreed with Ofwat a number of licence modifications intended to:
 - simplify and clarify certain elements of the licence
 - align its Board leadership, transparency and governance obligations to Ofwat's updated expectations
- Expected to come into effect in summer 2019 - none of the modifications are expected to have a material effect



Interface with Thames Water

- Thames Water has completed the enabling works for the Company to mobilise onto its sites
- Now working on the facilitation of the connection of the TTT to the Sewer Network
- Tideway and Thames Water are implementing detailed asset protection arrangements for the Sewer Network
- Developed a joint approach to address the requirements for the second half of the TTT project including those relating to land and commissioning
- Developing proposed performance commitments and incentives for the 2020-25 regulatory period that align Thames Water's interests with the TTT project.
- These proposals are being discussed with Ofwat with the aim of securing their inclusion in the final determinations of the 2019 price review for Thames Water



Credit Highlights

Critical UK infrastructure

Strong delivery capability

Supportive regulatory and contractual framework

Stable and highly visible revenue profile

Creditor friendly financial structure

Over 40% project completion

Financing plan substantially de-risked