



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

Line description	Units	Fixed rate	Floating rate	Index linked		Total
				RPI	CPI/CPIH	
Interest rate risk profile						
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
Gearing						
Gearing	%					83.414%
Adjusted Gearing	%					57.105%
Interest						
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
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 maturity						
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.

- 3 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.
- 6 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 4H – Financial Metrics
For the 12 months ended 31 March 2021

Line description	Units	Current year	AMP to date
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	
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>).