

The Quest For Cash Visibility

10 February 2016

Andrew Griffiths - Assistant Treasurer
Anglian Water Group

LOVE EVERY DROP. PUT WATER AT THE HEART
OF A WHOLE NEW WAY OF LIVING.

Agenda

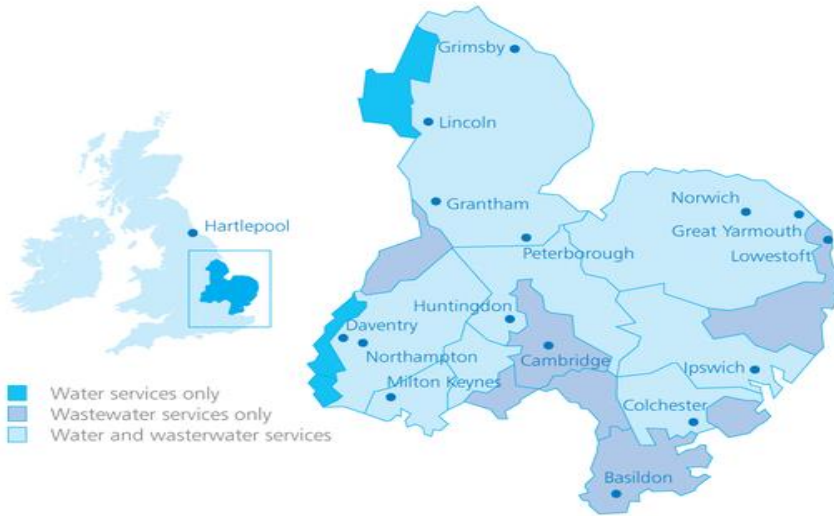


- Introduction to Anglian Water
- Group Treasury – Centralised Visibility
- Summary

Introduction to Anglian Water

Introduction to Anglian Water

A Major UK Water and Wastewater Utility in the East Of England



anglianwater

About us

- Regional water and wastewater utility for the east of England

Key statistics

- Serving 6.2 million customers
- Directly employ 4,200 people
- Investing £2.3 billion over 5 years in infrastructure
- Regulated Asset base of £6.9bn at September 2015

Maintaining

- 114,200 km of pipes (38,000 water and 76,200 wastewater)
- A quarter of England's water treatment infrastructure

Ownership

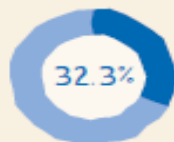
- Listed FTSE company until 2006
- Owned from 2006/07 by Osprey consortium of investors
 - CPP, Colonial First State, IFM and 3i

Who Owns us?



Colonial First State Global Asset Management is the consolidated asset management division of the Commonwealth Bank of Australia group.

% Ownership



Origin:
Australia



CPP
INVESTMENT
BOARD

The Canada Pension Plan (CPP) Investment Board is managed independently of the Canada Pension Plan by experienced investment professionals to help sustain the future pensions of 18 million Canadians.

% Ownership



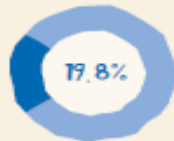
Origin:
Canada

OWNERSHIP



IFM Investors is a global asset manager owned by 30 Australian pension funds, specialising in infrastructure, private equity, debt investment and listed equity.

% Ownership

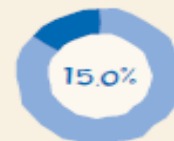


Origin:
Australia



3i is an International Investor focusing on private equity, infrastructure and debt management.

% Ownership



Origin:
UK

Goals, outcomes, and our strategic priorities



These protect our business and the environment for the long-term



SDS

This is our **Strategic Direction Statement (SDS)**. It sets out our key challenges and priorities for the twenty-five years to 2035.

Our **Water Resources Management Plan** is our strategy to ensure we have enough water for the next 25 years.



RISK REGISTER	
Risk	Control
High Potential for Failure of Water Policy	Control
High Potential for Failure of Water Policy	Control
High Potential for Failure of Water Policy	Control
High Potential for Failure of Water Policy	Control
High Potential for Failure of Water Policy	Control
High Potential for Failure of Water Policy	Control
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Our **risk register** prioritises significant risks to the business so we can put appropriate controls in place.

OUR STRATEGIC PRIORITIES

- 1 Influencing & responding to market reform & regulatory change
- 2 Responding to changing customer influence & power
- 3 Driving business efficiency & ODI performance
- 4 Securing long term water resources & resilience
- 5 Managing quality & environment risks
- 6 Developing our organisation & culture

These ensure we deliver for our customers



OUTCOMES

These are the ten **outcomes** we've agreed with our customers. The outcomes are, in essence, the future our customers have told us that we need to work towards.

These are the **Outcome Delivery Incentives (ODIs)**. They reward or penalise us financially if we exceed or miss our targets.

Outcome	Target	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
1. A secure, resilient water supply	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
2. A secure, resilient water supply	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
3. A secure, resilient water supply	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
4. A secure, resilient water supply	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
5. A secure, resilient water supply	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
6. A secure, resilient water supply	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
7. A secure, resilient water supply	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
8. A secure, resilient water supply	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
9. A secure, resilient water supply	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
10. A secure, resilient water supply	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

These make us a better business



GOALS

These are the twelve **goals** we've set internally. They define the kind of business we want to be.



These are the **behaviours** we need to demonstrate to deal with the challenges we face.

Group Treasury At Anglian Water

Centralised Visibility

Simplifying Cash Visibility

Divisional cash forecasts

Streamlined bank
account structure

Daily automated bank
files

Business critical same
day payments

Integrated controls
Debt and derivatives

Hosted TMS

Informed reporting and
analysis
Daily liquidity decisions

Divisional ERPs

Hosted BACSTEL-
IP HSM

Divisional cash actuals (settlement)

Putting the TMS at the heart of Treasury

Before

- Debt and derivatives only
- In-house servers, old versions
- No external automated links
- Multiple systems, data re-keyed
- Cash forecasts managed in Excel



After

- Cash forecasts and bank added
- Hosted, regular upgrades
- Hub for automated data transfers
- Link to banking payment system
- Integrated forecasting and reporting

Integrated Controls



- **Final check of all money leaving the door**
- **All payments agreed against forecasts**
- **Small pool of informed mandated signatories**

Streamlined Bank Account Structure

TMS Bank Account Landscape

**Head Office Companies
Notional Pooling**

**Non-Regulated
Companies
Notional
Pooling**

**Non-Regulated
Companies
Standalone
Accounts**

**Minimise
accounts
outside the
TMS
landscape**

**Regulated Business
Physical Sweeps**

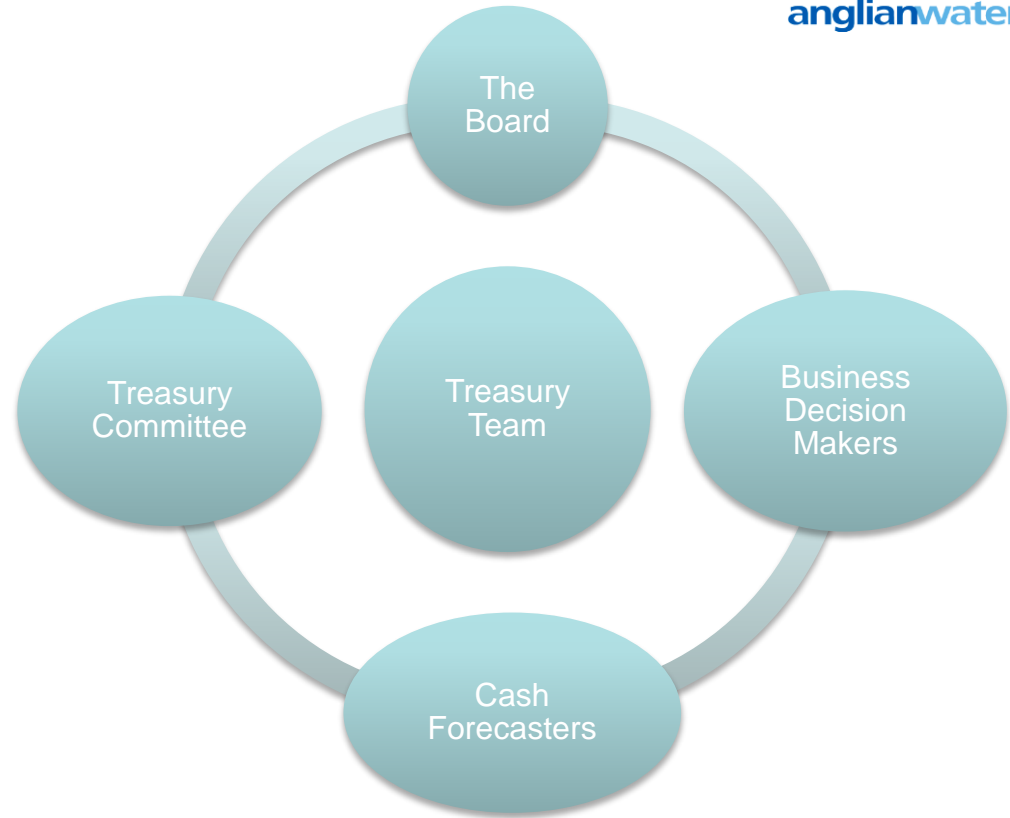
Integrated Cash Forecasts



- Influence business on importance of cash
- “Care”, “Persuade”, “Engage”
- Executive buy in is crucial
- Cannot separate cash from business activity

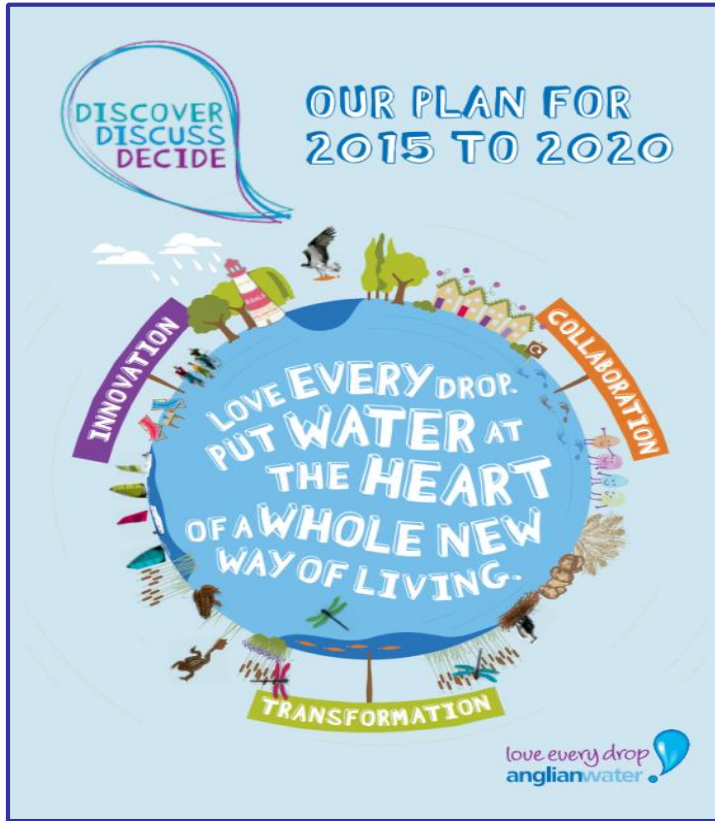
Informed reporting and analysis

- **Treasury visibility of forecasts and actuals**
- **Clear view of cash means strategic input during business planning**
- **Robust business decisions based up to date cash**



Summary

Looking ahead – the key to Visibility



- **Cash management is at the heart of our plan.**
- **Ready to do things differently to retain our industry-leading position.**
- **Innovation and investing in new technology are key.**

