

Press Release

CMA clears merger of Bournemouth Water with South West Water

The Competition and Markets Authority (CMA) today unconditionally cleared the acquisition by Exeter-based Pennon Group Plc of Bournemouth Water and the subsequent merger of Bournemouth Water with South West Water.

Following an extensive review, the CMA stated that the merger is unlikely to prejudice the ability of Ofwat, the industry's economic regulator, to compare water companies' performance and set price controls.

Pennon acquired Bournemouth Water in April from Singapore-based Sembcorp Holdings Ltd for £100.3 million.

Bournemouth Water is a water-only company providing high quality drinking water to a population of 440,000 in Dorset, Hampshire and part of Wiltshire. South West Water provides water and waste water services to a population of 1.7 million in Devon, Cornwall and parts of Somerset and Dorset.

The integration of Bournemouth Water with South West Water will lead to the consolidation of retail services and development of wholesale operations. The two companies have been exploring ways to share best practice and support services in order to deliver a better and more efficient service to customers.

The merger is expected to conclude by April 2016 with the operational integration substantially completed by the end of 2016/17.

Chris Loughlin, Pennon Group Board Director and Chief Executive of South West Water, said: "We're delighted to get the go-ahead to bring two good water companies together. Bournemouth Water is a well-respected, high-performing company and an excellent cultural and operational fit with South West Water. We strongly believe that the merger will deliver long-term benefits for both customers and shareholders."

Bob Taylor, Managing Director of Bournemouth Water, said: "We welcome today's announcement and look forward to the opportunities being part of the Pennon Group will bring."

Although no conditions were attached to the CMA approval, South West Water will:

- improve services and reduce bills for customers in both service areas as a result of the merger
- continue separately to report the regulatory performance of South West Water and Bournemouth Water until at least 2020
- ensure that the separate 2015-20 business plans of South West Water and Bournemouth Water continue to be delivered separately
- retain the Bournemouth Water name and brand
- ensure the merger delivers greater innovation and enhanced customer service, through the sharing of best practice

