

United Utilities Water Ltd

United Utilities PLC (UU) and United Utilities Water Limited's (UUV) ratings reflect Fitch's expectation that UUV and UU's financial profiles will remain commensurate with their current ratings for the price control period ending March 2025 (AMP7), supported by strong performance in the first four years of AMP7 (price control 2020-2025), and the group's public commitment to the ratings.

UUV met 79% of its performance commitments in the financial year to March 2024, earning net outcome delivery incentives (ODI) rewards of GBP33 million in real terms. The rating also considers UUV's strong record of outperforming the cost of debt allowance due to the low cost of debt embedded in its debt structure.

Key Rating Drivers

Ambitious AMP8 Business Plan: UUV submitted its response to Ofwat's draft determination in August 2024, proposing total expenditure (totex) of GBP13.6 billion (in real terms based on 2022/2023 prices). This is nearly double that for AMP7 and 20% higher than Ofwat's draft determination (DD) for AMP8 (price control 2025-2030). The company expects to fund this plan through bill increases and new debt, with any equity injection expected to be contingent on the final determination (FD).

This plan is based on Ofwat's DD's view of 3.66% weighted average cost of capital, including an equity for about GBP1.1 billion at UUV.

Higher Gearing on Increased Spend: Fitch expects UUV's net debt/shadow regulatory capital value (RCV) of around 65% by end-AMP7, still leaving moderate rating headroom under our negative sensitivity of 67%. The gearing includes additional investments of GBP765 million above UUV's baseline allowance, together with about GBP500 million of accelerated investments from AMP8 brought forward into AMP7.

AMP7 Credit Ratios Within Guidelines: We forecast average cash and nominal post-maintenance interest coverage ratios (PMICR) at about 2.1x and 2.5x, respectively, over AMP7. Both average credit metrics are commensurate with our rating sensitivities despite our expectations of weaker cash and nominal PMICR in FY25. In addition, we assume that group treasury arrangements will remain and therefore expect UU's net gearing to be below its negative sensitivity of 63% in AMP7.

Totex Overspend Expected: We expect UUV to accelerate about GBP500 million of AMP8 accelerated investments into AMP7. This is in addition to its investment plan of GBP765 million above Ofwat's final determination allowance in AMP7.

These investments, which are within our expectations, are aimed at improving customer service (GBP250 million), environmental improvements (GBP750 million), and increasing base allowances (GBP265 million) mainly related to the Water Industry National Environment Programme (WINEP) and green recovery schemes.

Clear Target for CSO Reduction: UUV is targeting a one-third sustainable reduction in the number of spills recorded from combined sewer overflows (CSOs) by end-2025 and a 60% reduction by end-2030. Fitch has not included any allowance for a fine from the ongoing investigation by Ofwat and the Environment Agency (EA), given limited visibility on the severity of a potential licence breach.

Ofwat could impose a fine of up to 10% of wastewater turnover in a given year, but we believe UUV is better placed than its peers with an industry leading EA performance rating of 4 stars (out of a possible 4).

Ratings

United Utilities Water Limited	
Long-Term IDR	BBB+
Senior Unsecured Debt - Long-Term A-Rating	A-
Outlooks	
Long-Term Foreign-Currency IDR	Stable

[Click here for the full list of ratings](#)

ESG and Climate

Highest ESG Relevance Scores	
Environmental	4
Social	3
Governance	3
2035 Climate Vulnerability Signal: 15	

Applicable Criteria

- [Corporate Rating Criteria \(November 2023\)](#)
- [Corporate Recovery Ratings and Instrument Ratings Criteria \(August 2024\)](#)
- [Sector Navigators - Addendum to the Corporate Rating Criteria \(June 2024\)](#)
- [Parent and Subsidiary Linkage Rating Criteria \(June 2023\)](#)

Related Research

- [Global Corporates Macro and Sector Forecasts](#)
- [UK Water Companies After the Draft Determination \(July 2024\)](#)
- [UK Water - Relative Credit Analysis \(June 2024\)](#)
- [Spotlight: UK Water Business Plans \(October 2023\)](#)
- [What Investors Want to Know: UK Water Companies \(April 2023\)](#)

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ODI Rewards: U UW achieved strong FY24 performance with net ODI rewards of GBP33 million in real terms (GBP25 million in FY23), driven by improvement in water supply interruption and other bespoke ODIs.

Sewer Flooding Biggest Challenge: Fitch expects internal sewer flooding to remain U UW's most challenging performance commitment for AMP7. U UW recorded internal flooding incidents of 4.35 against a target of 1.44 per 10,000 connections.

Financial Policy: Under its dividend policy United Utilities Group PLC expects to increase dividend distribution in line with CPIH over AMP7, while maintaining its public commitment to its target gearing of 55%-65%. If dividends at U UW exceed our expectations and result in U UW's consolidated net gearing rising above our negative sensitivity of 63%, we would consider a downgrade of U UW.

Ratings Aligned: U UW and U UW's Long-Term IDRs are equalised at 'BBB+', instead of a typical one-notch difference between the holding company (holdco) and the operating company (opco) for structural subordination and regulatory ring-fencing provisions. The equalisation reflects Fitch's assumption that group treasury arrangements will remain similar to AMP6 and therefore our expectation that the holdco's consolidated net gearing will remain significantly below that of the opco over the rest of AMP7.

Financial Summary

(GBPm)	2021	2022	2023	2024	2025F
EBITDA	1,045	1,029	875	934	1,169
Net debt to RCV (%)	65.3	64.4	65.3	65.7	65.0
Cash PMICR (x)	2.8	2.9	1.7	1.5	1.5
Nominal PMICR (x)	2.6	2.8	2.5	2.8	1.9

F = Forecast

Source: Fitch Ratings, Fitch Solutions

Rating Derivation Relative to Peers

U UW's ratings reflect adequate credit metrics and improving regulatory and operational performance. U UW is rated at the same level as its peer Severn Trent Water Limited (STWL; IDR BBB+/Stable, senior unsecured A-), but we view overall rating headroom as marginally lower for U UW than for STWL.

The senior unsecured rating of U UW and its peers benefits from a one-notch uplift due to their regulated cash flows, which in our view imply above-average creditor recoveries in a default. Wessex Water Services Limited's 'BBB+' senior unsecured rating reflects a weaker financial profile and is thus one notch below U UW's.

U UW's rating remains aligned with the rating of its opco U UW, given the group's treasury arrangements and our expectations that U UW's leverage will remain lower than that of the opco.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade:

- A sustained reduction in U UW's gearing to below 62%
- Cash PMICR above 1.9x and nominal PMICR above 2.0x at U UW on a sustained basis
- Sustained top-quartile regulatory performance

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade:

- Gearing above 67% at U UW, which could have a negative impact on both U UW and U UW's ratings
- Cash PMICR below 1.6x and nominal PMICR below 1.8x at U UW on a sustained basis
- An ambitious dividend policy for AMP7 leading to an increase in group gearing with a resulting adverse impact on U UW and U UW's financial metrics
- Additional debt-raising by U UW, which could be negative for its ratings, or changes to the group treasury arrangements leading to U UW's net gearing increasing above 63%

Liquidity and Debt Structure

Adequate Liquidity: At FYE24, U UW had cash and cash equivalents of GBP1.3 billion along with GBP555 million of undrawn committed borrowing facilities, combined with diverse access to capital markets. All this is sufficient to cover short-term debt maturities of about GBP924 million, and our expectations of negative free cash flow of GBP126 million in FY25.

ESG Considerations

U UW has an ESG Relevance Score of '4' for Exposure to Environmental Impacts due to the risk of exposure to severe weather events, which has a negative impact on the credit profile, and is relevant to the ratings in conjunction with other factors.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

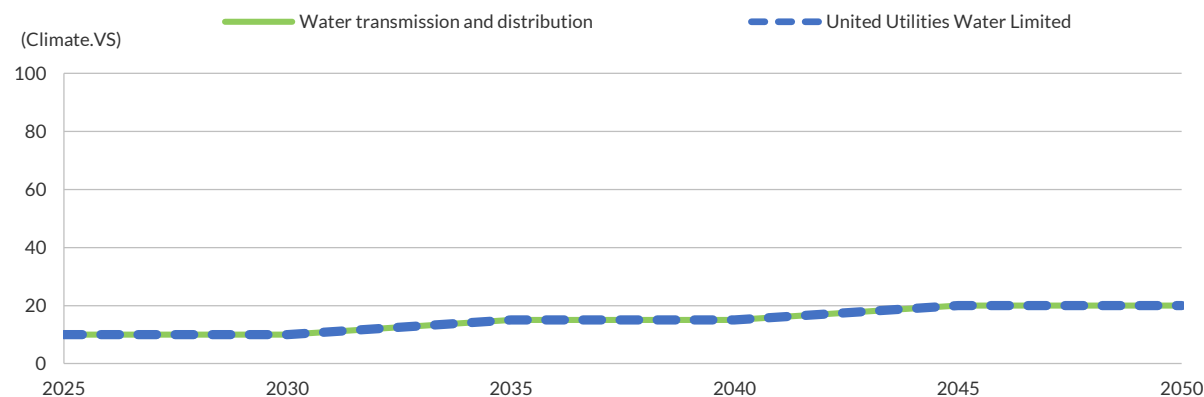
Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional consideration of these risks in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see Fitch's [Corporate Rating Criteria](#). For more detailed, sector-specific information on how Fitch perceives climate-related transition risks, see [Climate Vulnerability Signals for Non-Financial Corporate Sectors](#).

The FY24 revenue-weighted Climate.VS for U UW for 2035 is 15 out of 100, suggesting low exposure to climate-related risks in that year. This is line with the average for the water/wastewater utility sector.

Climate.VS Evolution

As of Mar 31, 2024



Source: Fitch Ratings

Liquidity and Debt Maturities

Liquidity Analysis

(GBPm)	2025F
Available liquidity	
Beginning cash balance	1,256
Rating case FCF after acquisitions and divestitures	-126
Total available liquidity (A)	1,130
Liquidity uses	
Debt maturities	-924
Total liquidity uses (B)	-924
Liquidity calculation	
Ending cash balance (A+B)	207
Revolver availability	555
Ending liquidity	762
Liquidity score (x)	1.8

F – Forecast.

Source: Fitch Ratings, Fitch Solutions, United Utilities Water Limited

Scheduled debt maturities

(GBPm)	31 Mar 24
2025	924
2026	589
Thereafter	8,939
Total	10,451

Source: Fitch Ratings, Fitch Solutions, United Utilities Water Limited

Key Assumptions

Fitch's Key Assumptions Within Our Rating Case for the Issuer

We used Ofwat's final determinations financial model used as our main information source.

- Allowed wholesale weighted average cost of capital of 1.92% (RPI-based) and 2.92% (CPIH-based) in real terms, excluding retail margins until FY25
- RCV 50% RPI-linked and 50% plus capital additions CPIH-linked since FY21
- RPI of 3.9% for FY25
- CPIH of 2.8% in FY25
- Allowed net total expenditure of GBP5.4 billion (wholesale and retail) in real terms (2017-2018 prices, net of grants and contributions) for AMP7
- Net cash ODI rewards of around GBP25 million in real terms for FY25
- Weighted average pay-as-you-go rate of 59% in AMP7

Summary of Financial Adjustments

- Profit and loss interest cost is adjusted by adding capitalised interest cost of GBP81 million in FY24
- Net debt includes upward adjustments for derivatives of GBP149 million in FY24
- Fitch reconciled statutory total debt and cash interest with annual report

Financial Data

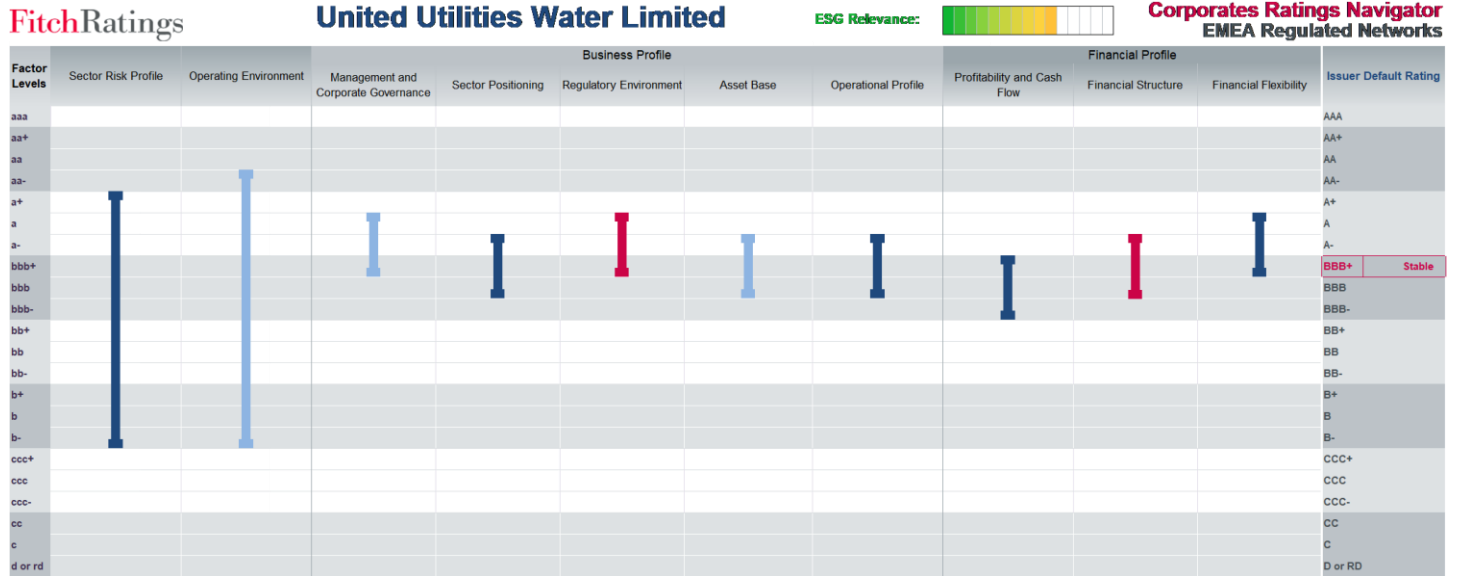
United Utilities Water Limited					
(GBPm)	2021	2022	2023	2024	2025F
Summary income statement					
Gross revenue	1,798	1,845	1,816	1,948	2,169
Revenue growth (%)	-2.8	2.6	-1.6	7.3	11.3
EBITDA before income from associates	1,045	1,029	875	934	1,169
EBITDA margin (%)	58.1	55.8	48.2	47.9	53.9
EBITDA after associates and minorities	1,045	1,029	875	934	1,169
EBIT	641	629	469	512	715
EBIT margin (%)	35.6	34.1	25.8	26.3	33.0
Gross interest expense	-186	-331	-501	-402	-398
Pretax income including associate income/loss	434	426	208	135	399
Summary balance sheet					
Shadow RCV	11,729	12,436	13,584	14,227	14,801
Net debt	7,644	8,006	8,874	9,344	9,615
Summary cash flow statement					
EBITDA	1,045	1,029	875	934	1,169
Cash interest paid	-143	-121	-116	-170	-253
Cash tax	-46	-37	12	1	-46
Dividends received less dividends paid to minorities (inflow/outflow)	–	–	–	–	–
Other items before FFO	-122	-37	-41	-9	-3
FFO	741	834	738	795	868
FFO margin (%)	41.2	45.2	40.6	40.8	40.0
Change in working capital	114	18	37	-39	-4
CFO (Fitch-defined)	855	853	775	756	864
Total non-operating/nonrecurring cash flow	–	–	–	–	–
Capex	-633	-627	-693	-764	–
Capital intensity (capex/revenue) (%)	35.2	34.0	38.1	39.2	–
Common dividends	–	-339	-454	-189	–
FCF	221	-113	-372	-197	–
FCF margin (%)	12.3	-6.1	-20.5	-10.1	–
Net acquisitions and divestitures	–	–	–	–	–
Other investing and financing cash flow items	–	–	6	33	–
Net debt proceeds	-157	-380	414	1,193	–
Net equity proceeds	–	–	–	–	–
Total change in cash	64	-493	48	1,029	-271
Calculations for forecast publication					
Capex, dividends, acquisitions and other items before FCF	-633	-966	-1,147	-953	-990
FCF after acquisitions and divestitures	221	-113	-372	-197	-126
FCF margin after net acquisitions (%)	12.3	-6.1	-20.5	-10.1	-5.8
Net Leverage ratios (x)					
Net debt to RCV (%)	65.3	64.4	65.3	65.7	65.0
Coverage ratios (x)					
Cash PMICR (x)	2.8	2.9	1.7	1.5	1.5
Nominal PMICR (x)	2.6	2.8	2.5	2.8	1.9

CFO – Cash flow from operations
Source: Fitch Ratings, Fitch Solutions

How to Interpret the Forecast Presented

The forecast presented above is based on Fitch Ratings' internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings' own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

Ratings Navigator



Bar Chart Legend:

Vertical Bars = Range of Rating Factor	Bar Arrows = Rating Factor Outlook
Bar Colors = Relative Importance	↑ Positive
█ Higher Importance	↓ Negative
█ Average Importance	↕ Evolving
█ Lower Importance	□ Stable

Operating Environment

aa	Economic Environment	a	Strong combination of countries where economic value is created and where assets are located.
aa-	Financial Access	aa	Very strong combination of issuer-specific funding characteristics and the strength of the relevant local financial market.
b-	Systemic Governance	aa	Systemic governance (eg rule of law, corruption, government effectiveness) of the issuer's country of incorporation consistent with 'aa'.
ccc+			

Sector Positioning

a	Operation Type	bbb	Local or regional monopoly asset owners, regional monopoly asset operators.
a-	Non-Regulated Earnings (% of Total Earnings)	a	up to 10%
bbb+			
bbb			
bbb-			

Asset Base

a	Diversification	bbb	Limited diversification by geography without regulatory diversification, regional utility.
a-	Critical Mass	a	Critical mass in one regulated asset, does not affect efficiency of operations (cost base, customer base, key personnel).
bbb+	Asset Quality and Residual Life	bbb	Mid-range asset quality not affecting opex and capex requirements compared with peers. The residual life of regulatory assets is average.
bbb			
bbb-			

Profitability and Cash Flow

a-	Return on Capital	bbb	Return on capital comparable with the regulatory benchmark.
bbb+	Volatility of Profitability	bbb	Stability and predictability of profit in line with utility peers.
bbb	Investment Cycle	bbb	Investment cycle position and dividend policy contributing to negative free cash flow. Moderate flexibility in smoothing capex plans.
bbb-			
bb+			

Financial Flexibility

a+	Financial Discipline	a	Clear commitment to maintain a conservative policy with only modest deviations allowed.
a	Liquidity	a	No need for external funding beyond committed facilities in the next 12 months even under a severe stress scenario. Well-spread maturities. Diversified funding.
a-	FFO Interest Coverage	n.a.	
bbb+	FX Exposure	aa	No material FX mismatch.
bbb	Dividend Cover	n.a.	

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

Management and Corporate Governance

a+	Management Strategy	a	Coherent strategy and good track record in implementation.
a	Governance Structure	a	Experienced board exercising effective checks and balances. Ownership can be concentrated among several shareholders.
a-	Group Structure	a	Group structure has some complexity but mitigated by transparent reporting.
bbb+	Financial Transparency	bbb	Good-quality reporting without significant failings. Consistent with the average of listed companies in major exchanges.
bbb			

Regulatory Environment

a+	Independence, Transparency, Predictability	a	Transparent frameworks with strong track record and multi-year predictable tariffs set by independent regulators; little political risk.
a	Licensing, Ring-Fencing, Concessioning	a	Licensing includes effective ring-fencing provisions with creditworthiness requirements; limited concession renewal risk.
a-	Cost and Investment Recovery	a	Tariff setting with challenge mechanisms that may marginally limit cost and investment recovery, with little regulatory lag.
bbb+	Volume and Price Risk	a	High insulation from price and volume risk, little revenue under-recovery.
bbb			

Operational Profile

a	Performance Measures	a	Key performance measures in line with or above sector average and/or regulatory target.
a-	Counterparty Risk	bbb	Medium counterparty risk; medium collection rates for water suppliers. Some exposure to cyclical industries and/or customers.
bbb+			
bbb			
bbb-			

Financial Structure

a	FFO Leverage	n.a.	
a-	FFO Net Leverage	n.a.	
bbb+	Adjusted Net Debt/Asset Base (or Regulated Asset Base)	bbb	70%
bbb	Cash PMICR	a	2.2x
bbb-	Nominal PMICR	a	2.5x

Credit-Relevant ESG Derivation

United Utilities Water Limited has 1 ESG rating driver and 12 ESG potential rating drivers			Overall ESG	
	key driver	0	issues	5
➔	Exposure to extreme weather events - negative (e.g. risk of drought and flooding) or positive (e.g. additional return on capex for network weather-resilience)	driver	1	issues
➔	Emissions from operations	potential driver	12	issues
➔	Energy and fuel use in operations; entities' financial targets for losses/shrinkage	potential driver	1	issues
➔	Water usage in operations; water utilities' financial targets for water quality, leakage and usage	potential driver	1	issues
➔	Impact of waste including pollution incidents; discharge compliance; sludge disposal	potential driver	0	issues
➔	Product affordability and access	potential driver	0	issues
Showing top 6 issues				

For further details on Credit-Relevant ESG scoring, see page 3.

Credit-Relevant ESG Derivation

United Utilities Water Limited has 1 ESG rating driver and 12 ESG potential rating drivers

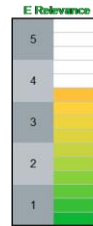
- ➔ United Utilities Water Limited has exposure to extreme weather events which, in combination with other factors, impacts the rating.
- ➔ United Utilities Water Limited has exposure to emissions regulatory risk but this has very low impact on the rating.
- ➔ United Utilities Water Limited has exposure to energy regulatory risk but this has very low impact on the rating.
- ➔ United Utilities Water Limited has exposure to water management risk but this has very low impact on the rating.
- ➔ United Utilities Water Limited has exposure to waste & impact management risk but this has very low impact on the rating.
- ➔ United Utilities Water Limited has exposure to access/affordability risk but this has very low impact on the rating.

Showing top 6 issues

			ESG Relevance to Credit Rating	
key driver	0	ISSUES	5	
driver	1	ISSUES	4	
potential driver	12	ISSUES	3	
	1	ISSUES	2	
not a rating driver	0	ISSUES	1	

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	3	Emissions from operations	Profitability and Cash Flow
Energy Management	3	Energy and fuel use in operations; entities' financial targets for losses/shrinkage	Profitability and Cash Flow
Water & Wastewater Management	3	Water usage in operations; water utilities' financial targets for water quality, leakage and usage	Operations, Profitability and Cash Flow, Financial Structure, Financial Flexibility
Waste & Hazardous Materials Management; Ecological Impacts	3	Impact of waste including pollution incidents; discharge compliance; sludge disposal	Operations, Profitability and Cash Flow, Financial Flexibility
Exposure to Environmental Impacts	4	Exposure to extreme weather events - negative (e.g. risk of drought and flooding) or positive (e.g. additional return on capex for network weather-resilience)	Operations, Profitability and Cash Flow, Financial Flexibility



How to Read This Page

ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant. The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance. The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact. Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

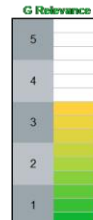
Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	3	Product affordability and access	Profitability and Cash Flow, Regulatory Environment
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Quality and safety of products and services; data security	Profitability and Cash Flow
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Profitability and Cash Flow, Financial Structure, Financial Flexibility
Employee Wellbeing	2	Worker safety and accident prevention	Financial Structure, Financial Flexibility
Exposure to Social Impacts	3	Social resistance to major projects that leads to delays and cost increases	Operations, Profitability and Cash Flow



Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance

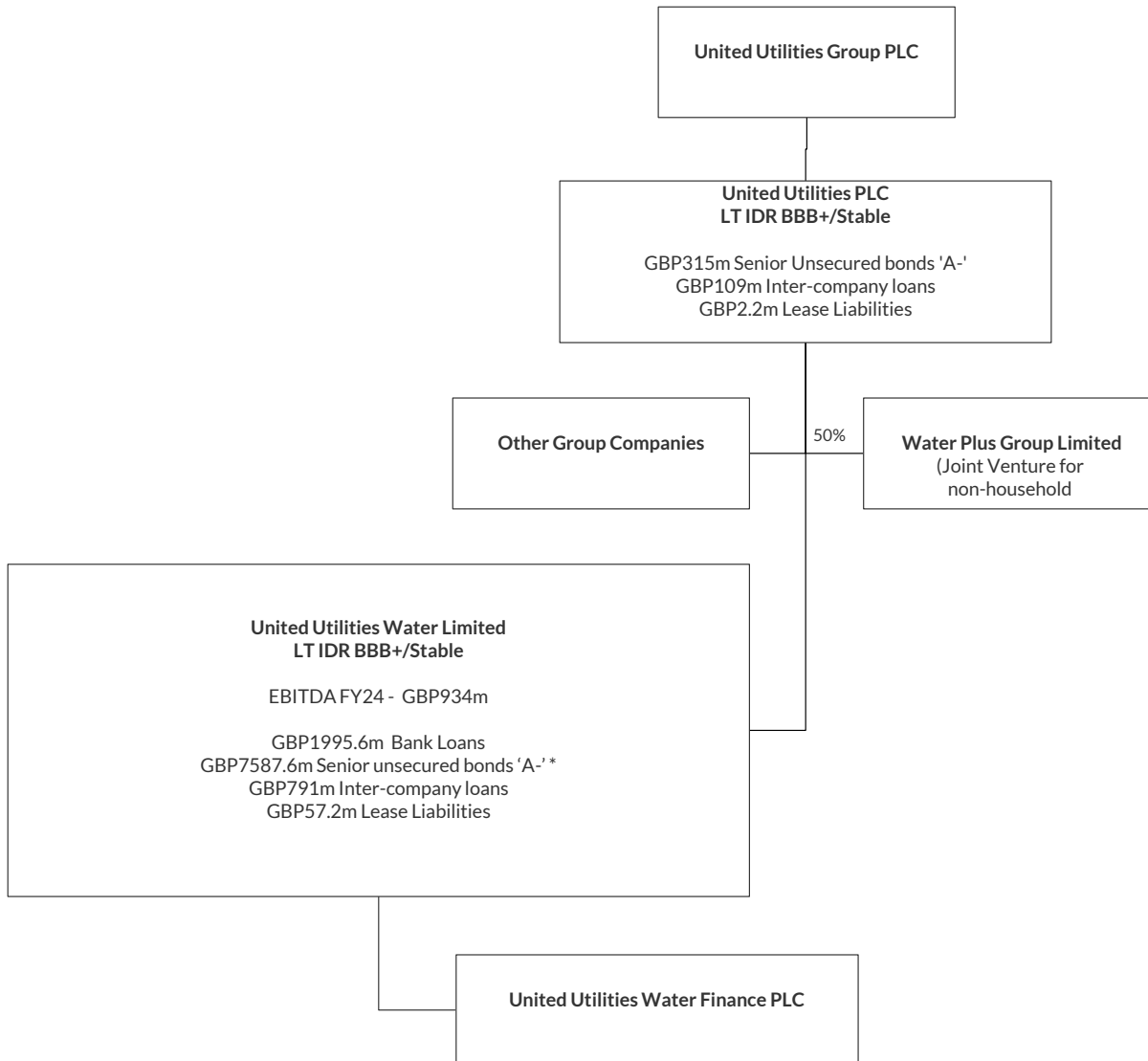


CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

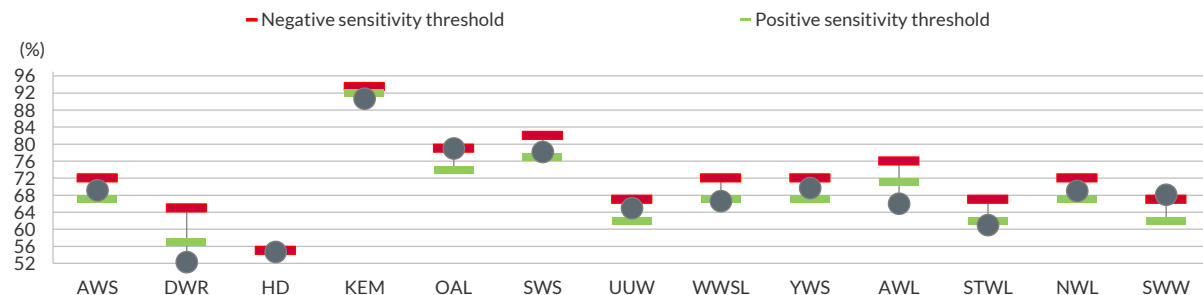
Simplified Group Structure Diagram



* Senior unsecured bonds issued by UUL and UUL Finance PLC (guaranteed by UUL).
Source: Fitch Ratings, Fitch Solutions, UUL, As at 31 March 2024

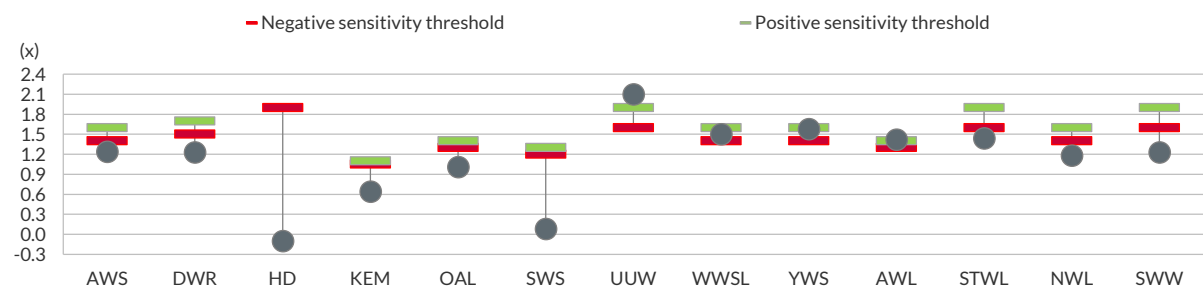
Peer Financial Summary

Rating Headroom by Gearing (FY25)



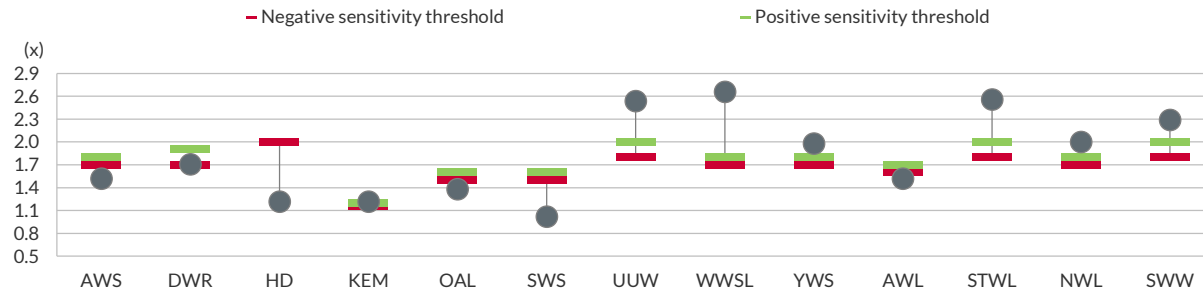
Ratios for DWR and AWL reflect senior class A debt. Kemble sensitivities at 'B' before the downgrade to 'RD'.
Source: Fitch Ratings, Fitch Solutions, companies' data

Rating Headroom by Cash PMICR (Five-Year Average)



Ratios for DWR and AWL reflect senior class A interest. Kemble sensitivities at 'B' before the downgrade to 'RD'.
Source: Fitch Ratings, Fitch Solutions, companies' data

Rating Headroom by Nominal PMICR (Five-Year Average)



Ratios for DWR and AWL reflect senior class A interest. Kemble sensitivities at 'B' before the downgrade to 'RD'.
Source: Fitch Ratings, Fitch Solutions, companies' data

Key

AWS	Anglian Water Services Limited
DWR	Dwr Cymru (Financing) UK Ltd
HD	Hafren Dyfrdwy
KEM	Kemble Water Finance Limited
OAL	Osprey Acquisitions Limited
SWS	Southern Water Services Limited
UUW	United Utilities Water Limited
WWSL	Wessex Water Services Limited
YWS	Yorkshire Water Services Limited
AWL	Affinity Water Limited
STWL	Severn Trent Water Limited
NWL	Northumbrian Water Limited
SWW	South West Water Limited

Source: Fitch Ratings, Company Filings.

Fitch Adjusted Financials

Reconciliation of Key Financial Metrics for United Utilities Water Limited

(GBPm)	31 Mar 24
Interest-bearing loans and borrowings	10,451
- Derivatives adjustments	-149
- Cash and equivalents	1,256
= Net debt	9,344
+ Pension deficit not funded by customers	0
= Pension adjusted net debt (a)	9,344
Economic regulatory asset value (b)	14,227
Net debt/RAV (%)	65.7
Pension adjusted net debt/regulatory asset value (a/b) x 100 (%)	65.7
Operating EBITDA	934
- Regulatory Depreciation	-739
- Net Tax (paid)/received	1.4
- Pensions	0
Post maintenance cash flow = EBITDA - regulatory depreciation - tax - pensions (c)	196
Consolidated cash interest (d)	131
Post-maintenance interest cover ratio (x)	1.5
Post-maintenance cash flow/cash interest c/d	
RCV Indexation	870
Nominal Post Maintenance Cash Flow = Post Maintenance Cash Flow + RCV Indexation (e)	1,066
Net Debt Indexation	252
Total senior unsecured interest = Cash Interest + Net Debt Indexation (f)	383
Nominal PMICR (x) = Nominal Post Maintenance Cash Flow/Total senior unsecured interest e/f	2.8

Source: Fitch Ratings based on company accounts and investor reports

Reconciliation of Key Financial Metrics for United Utilities PLC

(GBPm)	31-Mar-24
Interest-bearing loans and borrowings	10,107
- Derivatives adjustments	-149
- Cash and equivalents	1,399
= Adjusted Net debt	8,857
+ Pension deficit not funded by customers	0
= Pension adjusted net debt (a)	8,857
Economic regulatory asset value (b)	14,227
Net debt/RAV (%)	62.3
Pension adjusted net debt/regulatory asset value (a/b) x 100 (%)	62.3

Source: Fitch Ratings based on company accounts and investor reports

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