

**CREDIT OPINION**

9 January 2026

Update



**RATINGS**

**United Utilities Water Limited**

Domicile	United Kingdom
Long Term Rating	Baa1
Type	LT Issuer Rating
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

**Contacts**

Matthew Brown +44.20.7772.1043  
VP-Senior Analyst  
matthew.brown@moodys.com

Edoardo Gasparoni +44.20.3314.2277  
Lead Ratings Associate  
edoardo.gasparoni@moodys.com

Neil Griffiths-Lambeth +44.20.7772.5543  
Associate Managing Director  
neil.griffiths-lambeth@moodys.com

**CLIENT SERVICES**

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

# United Utilities Water Limited / United Utilities PLC

Update following H1 2025-26 reporting

**Summary**

[United Utilities Water Limited's](#) (UU Water, Baa1 stable) credit quality is supported by: (1) its position as a monopoly provider of essential water and wastewater services in the North West of England; (2) its track record of solid operational performance; and (3) its moderate leverage expressed as Net Debt / Regulatory Capital Value (RCV), which we expect to rise slightly in the upcoming regulatory period.

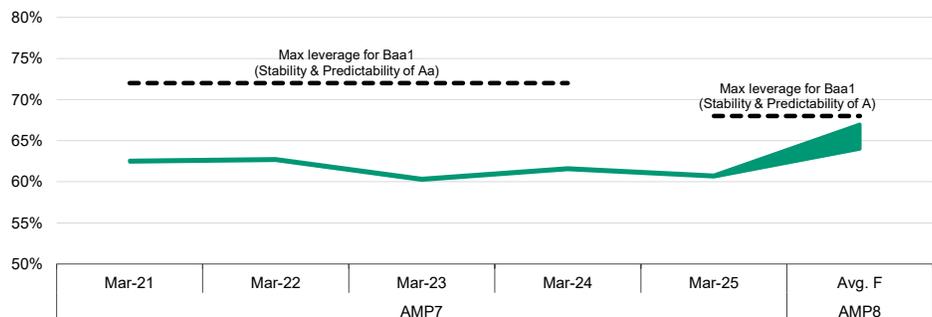
However, credit quality is constrained by a deterioration of the UK water sector's business risk amid a continuing trend of negative public perception resulting in more regulatory powers and a focus on enforcement, which led to higher cash flow volatility and leaner returns. The sector is also undergoing significant regulatory change, which adds to the uncertainty.

UU Water's intermediate parent, [United Utilities PLC](#) (UU PLC, Baa2 stable) is rated one notch below UU Water due to the structural subordination of its creditors, albeit the company currently maintains a net cash position. We expect UU Water's ultimate parent, United Utilities Group PLC (UU Group, unrated), to broadly align its Net Debt / RCV ratio with that of the operating company by the end of the period.

We forecast that UU Group will maintain Net Debt / RCV in the mid-60s in percentage terms and an Adjusted Interest Coverage Ratio (AICR) of around 2.0x on average in AMP8, under our projection of operational performance broadly in line with the regulatory settlement.

Exhibit 1

**We expect leverage will rise slightly in AMP8**  
**Moody's adjusted Net Debt / RCV for UU Group**



All ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Moody's forecasts are Moody's opinion and do not represent the views of the issuer.  
Source: Moody's Ratings

## Credit strengths

- » Stable cash flow generated from the monopoly provision of water and wastewater services
- » Moderate leverage
- » Historic track record of solid operational performance
- » Low interest costs, compared to both peers and regulatory assumptions

## Credit challenges

- » Deterioration in the sector's business risk profile amid growing public, political and regulatory scrutiny
- » More demanding efficiency and performance targets in AMP8 could increase cash flow volatility and may lead to penalties going forward
- » Ongoing investigation by Ofwat and the Environment Agency into the sector's performance with respect to wastewater assets

## Rating outlook

The stable rating outlook reflects our expectation that UU Group will be able maintain headroom to minimum ratio guidance for the current ratings even with a modest level of operational underperformance against the regulatory determination.

## Factors that could lead to an upgrade

Given UU Group's financial and dividend policy framework and UU Water's sizeable investment programme, an upgrade is not expected over the medium term. However, the ratings could be upgraded if financial metrics were to improve such that both UU Water and UU Group appeared likely to achieve Net Debt to RCV sustainably below 60% and an AICR consistently above 1.8x.

## Factors that could lead to a downgrade

Downward rating pressure would arise if: (1) Net Debt / RCV was expected to be persistently above 68% or AICR was expected to be persistently below 1.6x; (2) there was a significant increase in business risk for the sector as a result of legal or regulatory changes leading to a reduction in the stability and predictability of regulatory earnings, which are not offset by other credit-strengthening measures; or (3) unforeseen funding difficulties, including failure to maintain a sustained forward-looking liquidity runway of at least 12 months.

## Key Indicators

Exhibit 2

### United Utilities Group PLC

#### Consolidated group metrics drives rating positioning of UU Water and UU PLC

	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	2026F	AMP8 Avg.
Adjusted Interest Coverage Ratio	2.2x	3.0x	1.4x	1.4x	1.7x	2.0x - 2.2x	2.0x - 2.2x
Net Debt / Regulated Asset Base	62.5%	62.7%	60.3%	61.6%	60.7%	60% - 63%	64% - 67%
FFO / Net Debt	11.2%	11.7%	9.3%	8.9%	9.7%	9% - 11%	9% - 11%
RCF / Net Debt	7.2%	7.8%	5.5%	5.2%	5.9%	8% - 9%	7% - 8%

All ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Moody's forecasts are Moody's opinion and do not represent the views of the issuer.

Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody.com> for the most updated credit rating action information and rating history.

## Profile

United Utilities Water is the second largest of the 11 water and sewerage companies in England and Wales, with an RCV of around £15.0 billion as of 31 March 2025. The company serves a population of over eight million people in the North West of England.

United Utilities Water is the main operating subsidiary of United Utilities PLC, an intermediate holding company under United Utilities Group PLC. United Utilities Group PLC is one of three publicly listed water and wastewater groups, with a market capitalisation of around £8.3 billion as of December 2025.

Exhibit 3

### UU Water's service area



Source: Moody's Ratings

Exhibit 4

### Price control overview

Regulatory regime	GB Water
Regulator	Ofwat
Previous price control	AMP7
Term	April 2020 - March 2025
Allowed return (appointee, vanilla CPIH-real)	2.96%
Current price control	AMP8
Term	April 2025 - March 2030
Allowed return (appointee, vanilla CPIH-real)	4.03%

Sources: Ofwat, Moody's Ratings

## Detailed credit considerations

### Deterioration in the sector's business risk profile amid growing public, political and regulatory scrutiny

Over the past years, there has been a weakening of credit quality for nearly all UK water companies amid continued public scrutiny and heightened political and regulatory focus. Regulatory targets have become more demanding and penalties for those that fall short have continued to rise.

The perception that the water sector is "broken" has prompted a government-initiated strategic review<sup>1</sup>, and on 21 July 2025, the UK government announced plans to create a new single regulator for the water sector in England, and to work closely with the Welsh government to also establish a new economic regulator in Wales. The new regulator(s) will incorporate functions currently carried out by five separate bodies: Ofwat (the economic regulator for England and Wales), the Environment Agency (EA), Natural England/Natural Resources Wales (NRW) and the Drinking Water Inspectorate. The decision was made in response to a report, also published 21 July, by the Independent Water Commission led by Sir Jon Cunliffe, which includes 88 recommendations to the UK and Welsh governments (the Cunliffe Review)<sup>2</sup>.

Bringing economic and environmental regulation under one umbrella could reduce credit risk by aligning objectives. However, business risk will remain heightened during the transition period given significant regulatory change. In November 2024, [we changed our assessment of the stability and predictability of the regulatory environment for the UK water sector under our rating methodology to A from Aa](#). This assessment reflected our expectation that there would be regulatory changes, but also rising public dissatisfaction with the water sector, leading to political and regulatory focus on increasing penalties and enforcement. We also believe that the predictability and supportiveness of the regime has reduced despite a final determination for the current regulatory period

(running from 1 April 2025 to 31 March 2030 and known as AMP8) resulting in a more positive outcome for the sector than the draft determination.

Improving our view of stability and predictability of the regulatory environment will take time and will be subject to the new regulatory body developing a multiyear track record of consistently, and independently of government, applying transparent and predictable rules.

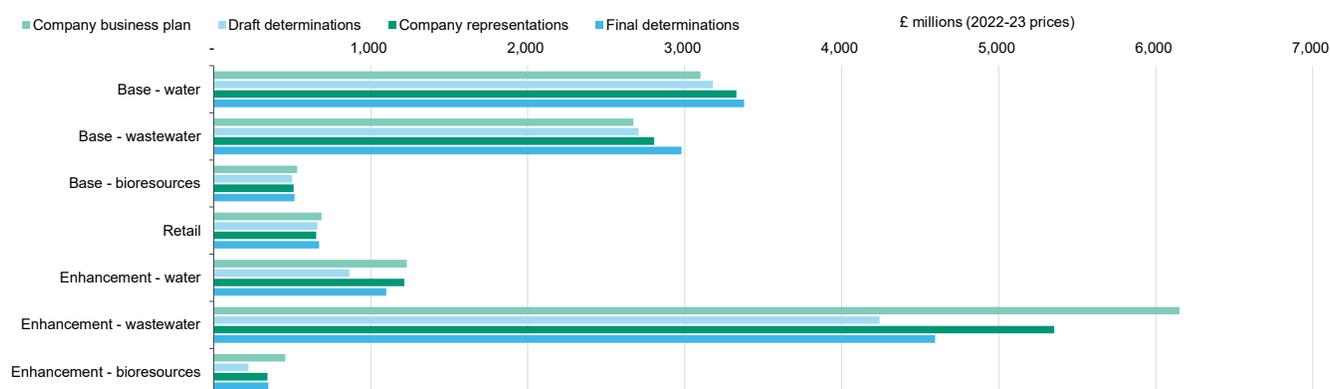
### PR24 final determination appears achievable

#### Final totex allowances are around 5% below the company's request

In its final determination, Ofwat granted expenditure allowances for UU Water of £13.3 billion (in 2022-23 prices, post adjustments for frontier shift and real price effects), 5.1% below the company's £14.0 billion representations request. This was a significant improvement from the 16.9% cut proposed at the draft determination stage, partially due to the reclassification of certain large schemes from contingent to funded, and is better than the sector on average which saw a 7.5% cut at final determinations.

Exhibit 5

#### Final determinations allowed only 5.1% less than requested



Expenditure shown prior to adjustments for frontier shift efficiency, real price effects, and the deduction of developer services revenue. Amounts shown for the company's representations are taken from Ofwat's calculations.

Source: Ofwat, Moody's Ratings

UU Water was marginally overfunded for its base expenditure programme - the day-to-day operations and maintenance of the network - reflecting Ofwat's assessment that the company is relatively efficient. The largest cut to the company's request was for wastewater enhancement, in particular the storm overflows and nutrients programmes. We expect that through optimisation of its investment plan, including realising totex efficiencies, UU Water will be able to deliver outturn enhancement expenditure close to regulatory allowances.

Across the sector, the use of Price Control Deliverables (PCDs) - where specific allowances can be clawed back if associated outputs are not delivered within the AMP, prior to the existing totex sharing mechanism - has greatly expanded in AMP8. For UU Water, over £5.4 billion of allowances are subject to non-delivery PCDs, with a subset of £3.1 billion also subject to the clawback of time value of money (represented by the Weighted Average Cost of Capital (WACC)) if the programme is delivered later than the Ofwat determined schedule. UU Water's largest exposures relate to storm overflows and sanitary parameters.

PCDs with the timing component have been calibrated so that the company is neutral if 75% of the programme is delivered on time. We estimate that if the company were a year late on its entire £3.1 billion programme (but still delivered the all outputs), it would incur a £120 million timing penalty.

#### Tougher performance commitments in AMP8 narrow room for outperformance

UU Water has been a strong performer operationally during AMP7, accruing £115 million of Outcome Delivery Incentive (ODI) rewards. However, this has been primarily driven by performance against bespoke company-specific ODIs (as discussed below), which play a much smaller role in AMP8. For the new price control, Ofwat has focused on common measures of performance, the majority of which have increasingly stretching performance commitment levels, which will limit opportunities for UU Water to continue to earn the same level of net rewards.

Several ODIs require a step-up in UU Water's performance to achieve the targets, and as a result we expect UU Water to incur moderate penalties at the start of AMP8. Performance is expected to improve towards the end of the AMP as the company's investment programme delivers improved performance outcomes.

As part of the company's H1 2025-26 results, management guide to an overall ODI net penalty in 2025-26, "*with performance improvements expected to be progressive*"<sup>3</sup>.

### Leverage to marginally increase over AMP8

In tandem with the acceptance of the PR24 final determinations, UU Group published its target gearing and dividend policy for AMP8. The Group's dividend policy is unchanged from AMP7, with dividends expected to grow with CPIH inflation (which matches the dividend policy of the other two listed water companies).

The Group's target gearing is between 55% - 65% over AMP8 on a reported consolidated Net Debt / RCV basis. UU's reported consolidated gearing was 60% as of September 2025, in line with our Moody's adjusted figure. We expect the reported gearing will be lower than Moody's adjusted gearing towards the end of AMP8, as our calculation uses the reported RCV whereas UU Group uses the shadow RCV which includes estimated end-of-AMP RCV true-ups.

Management aim to outperform the regulatory settlement on Return on Regulatory Equity (RoRE) by at least 100bps, which we expect will come mostly from financing outperformance. We consider the group well placed to deliver financing outperformance on new debt in AMP8, following significant gains over AMP7, supported by its low average cash interest costs compared with both peers and regulatory assumptions (around 2.8%, post derivatives, as of March 2025 at the UU Group level). The group's well-spread debt maturity profile means it has locked in sizeable outperformance on embedded debt for AMP8.

We expect the sizeable investment programme alongside dividends increasing with inflation will result in the Groups leverage rising modestly over AMP8; to around the mid-60s in percentage terms on a Moody's adjusted basis.

Net Debt / RCV at UU Group has been around 2-3 percentage points lower than that of UU Water in recent years due to the holding company having a net cash position. We expect this differential to reduce over AMP8, if UU Water pays a dividend in line with Ofwat's 4% of regulatory equity maximum guidance for its financeability assessment.

We expect that UU Group will maintain an average Adjusted Interest Coverage Ratio (AICR) above 2x over AMP8, well above minimum guidance for the Baa1 rating levels of 1.6x. This reflects that interest coverage metrics will be supported by the company's continued low interest costs, and, at the start of the period, by the receipt of sizeable performance rewards earned in the previous regulatory period but paid with a two year lag.

### Pollution investigation has yet to conclude

On 18 November 2021, Ofwat and the Environment Agency (EA) announced<sup>4</sup> investigations into all wastewater companies compliance with their sewage treatment works permits and the use of storm overflows. Between March 2022 and July 2024, Ofwat opened enforcement cases against 10 wastewater companies. Including an earlier 2019 enforcement case into [Southern Water Services Limited](#) (Ba1 stable), Ofwat has opened enforcement activities against all 11 wastewater companies in England and Wales. The cases cover more than 2,200 individual sewage treatment sites.

Ofwat's enforcement cases can result in fines of up to 10% of annual turnover of the relevant business segment. Between March to December 2025, Ofwat concluded its investigations into six wastewater companies, resulting in five cases of undertakings in lieu of fines ranging from 2.8% to 8.2% of wastewater turnover and a fine of 9.0% of wastewater turnover for [Thames Water Utilities Ltd.](#) (Caa3 stable). See [our UK Water Outlook 2026](#) for further details.

UU Water is one of four wastewater companies whose enforcement case remains open. There is currently no visibility on when Ofwat will announce provisional outcomes for the remaining companies.

The EA's parallel investigation is a criminal investigation, which carries a higher standard of proof, but potentially unlimited fines. There is currently no visibility on when the EA's investigation will conclude. One of the Cunliffe Review's recommendations is that "*The EA should accelerate their efforts to bring resolutions to long-running enforcement cases in consideration of the public interest of delivering justice for any historic offences*".

We expect UU Water to ultimately receive a fine or undertaking on the lower end of the scale given the company's strong historic track record of environmental performance. Between 2011 and 2023, UU Water scored either 3-star or 4-star (out of a maximum of 4) each year of the EA's Environmental Performance Assessment (EPA).

However in the most recent EPA, covering calendar year 2024, UU Water scored '2-star requires improvement', down from '4-star industry leading company' in 2023<sup>5</sup>. The reduction in score is primarily driven by the total pollutions metric, and reflects a wider trend with the sector scoring only 21 (out of a potential 40 stars) in 2024, against 27 in 2023. Management have noted that 2024 was a particularly wet and stormy year, and that a change in how the EA measured pollution incidents during major storms has adversely impacted performance across the sector.

On 6 June 2025, the Government announced it would ban UU Water from paying performance bonuses to its CEO and CFO after the Environment Agency recorded a single Category 1 Serious Pollution Incident in December 2024<sup>6</sup>, which is reflected in the aforementioned 2024 EPA.

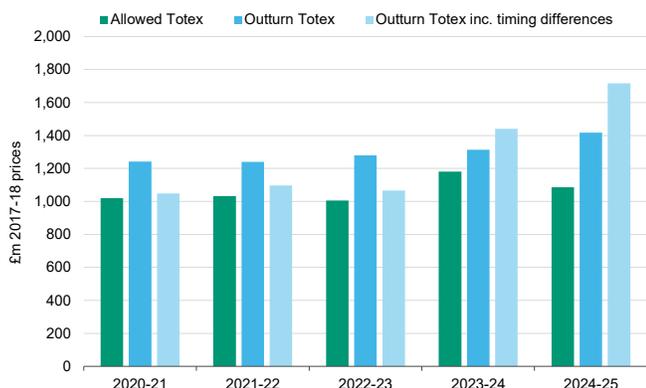
### Strong operational performance in AMP7

Over the five years of AMP7, UU Water spent £6.5 billion against allowances of £5.3 billion (in 2017-18 prices). However, over £1 billion of this was acceleration of planned AMP8 investment into AMP7. This acceleration allowed the company to prepare for the more challenging performance targets in AMP8, as well as aiding UU Water in earning sizeable ODI rewards during AMP7.

Across AMP7, the company accrued net ODI rewards of £115 million (2017-18 prices). UU Water accrued £205 million of bespoke company-specific ODIs, which was moderated by £90 million of common ODI penalties. The largest individual rewards were £52 million from reducing discolouration at the Vyrnwy aqueduct, £38 million from hydraulic internal flood risk resilience, and £35 million from voids - all of which were bespoke ODIs. The largest penalty was £50 million from internal sewer flooding.

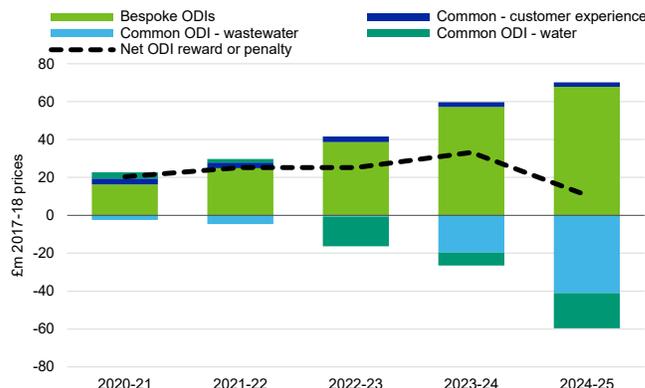
UU Water accrued an overall ODI reward in each year of AMP7, which apply with a two-year lag. Therefore, performance in the final two years of AMP7 will boost operating cashflow with in 2025-26 and 2026-27, supporting interest coverage metrics at the start of AMP8.

Exhibit 6  
Accelerated investment programme resulted in expenditure exceeding AMP7 allowances



Source: Company's regulatory reporting, Moody's Ratings

Exhibit 7  
Operational outperformance is driven by bespoke ODIs



Source: Company's regulatory reporting, Moody's Ratings

### HARP is the first project to be procured under DPC framework

At PR19, Ofwat introduced a new framework for the provision of major discrete water and wastewater infrastructure projects through third party providers, called [Direct Procurement for Customers \(DPC\)](#).

The replacement of one of UU Water's existing aqueducts, known as the Haweswater Aqueduct Resilience Programme (HARP) is the first project to be procured under the DPC framework. Following a competitive tender, UU Water awarded the contract to Cascade

Infrastructure<sup>Z</sup> (unrated), a consortium of STRABAG and Equitix, who are now the Competitively Appointed Provider (CAP) under the DPC regulation. The estimated construction cost is around £3 billion with construction works expected to start in 2026.

The original aqueduct, completed in the 1950s, is the largest potable water aqueduct by capacity and length in England and Wales. It is a key strategic asset to ensure water supply within UU Water's region, supplying 570ML per day to Manchester, Cumbria, the Pennines and Lancashire across 19 offtakes, providing a third of the water supplies to the region and serving 2.5 million people. Six tunnel sections along the 110km aqueduct route will be replaced, ensuring a resilient supply of quality drinking water for future generations.

The DPC project includes design, construction, testing, commissioning, planned and corrective maintenance of the tunnel assets as well as financing of these activities under a 25-year project agreement.

Construction risk will be largely passed on to the construction subcontractors of the CAP. UU Water responsibilities are limited in scope to items such as providing accurate design inputs and timely access. Under the DPC regulations, cost overruns are split between the CAP, its subcontractors, and UU Waters customers.

Approximately £25 million (in 2022-23 prices) of funding was included within UU Water's AMP8 totex allowance to fund preparatory works to be undertaken by UU Water.

#### **Likely accounting treatment and considerations around calculation of key ratios**

As the HARP project will be delivered under the DPC framework and built, financed and maintained by a Special Purpose Vehicle (SPV) for a certain period of time, it will likely fall under the definition of a lease under IFRS16 accounting standards.

Once a new tunnel section becomes available for use, a lease liability and corresponding right of use asset would be recognised on UU Water's balance sheet, and the lease liability would be included in UU Water's and the consolidated group's net debt position. However, the asset would not become part of UU Water's RCV for as long as it is owned and maintained by a project SPV under the DPC framework.

We expect that all the tunnel sections will be put into operational use over the course of AMP9 (which will run from 1 April 2030 to 31 March 2035). As such, the associated lease liability and right of use asset will increase with each additional tunnel put into operational use, peak when all tunnels are operational, and then decline in subsequent regulatory periods.

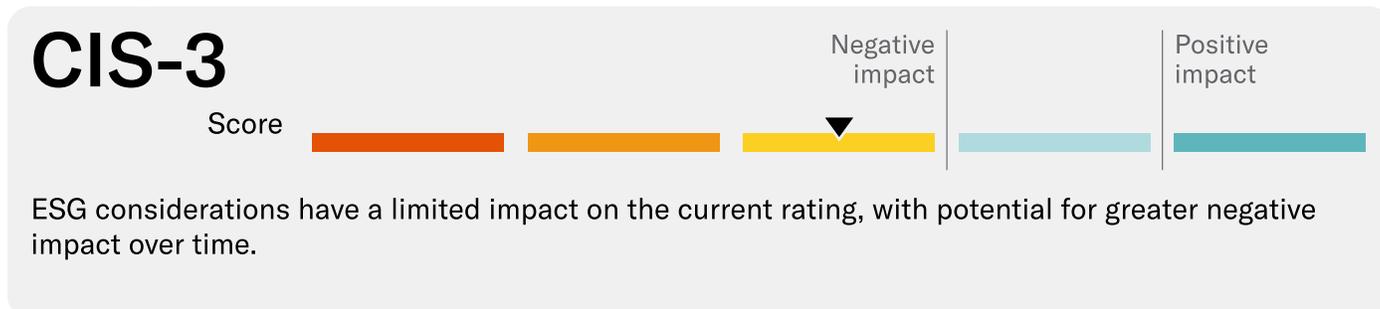
In assessing UU Water's and the wider UU Group's financial risk profile, we envisage to add the reported IFRS16 lease asset or liability (the difference in which will be minimal assuming a typical highly geared project finance structure) to UU Water's RCV. This would allow us to look at the financial metrics of the group in a way that is broadly comparable to a self-funding approach. It also reflects the importance of the asset to UU Water's operations as well as the likelihood that it would ultimately become part of the company's RCV at the end of any DPC project agreement (through the applicable regulatory price review process at that time). We note, however, that, depending on the gearing profile of the project SPV and the size of the project relative to the company's RCV at the time of lease recognition, this approach may result in a modest loss of financial flexibility for UU Water and the UU Group with respect to our ratio guidance.

Our prevailing ratio guidance will continue to reflect the key drivers of the groups credit quality. These include, but are not limited to, the sector's business risk profile, UU Water's operational performance, and developments with the HARP project (both pre- and post it being recognised on UU's balance sheet).

## ESG considerations

### United Utilities Water Limited's ESG credit impact score is CIS-3

Exhibit 8  
ESG credit impact score



Source: Moody's Ratings

UU's **CIS-3** indicates that ESG considerations have a limited impact on the current credit rating with potential for greater negative impact over time. The scoring reflects exposure to water management and pollution risks, but also recognises mitigating factors, in particular the regulated nature of water companies' activities and their investment requirements, including a forward-looking allowance for efficient cost. However, as investment needs continue to grow to tackle climate change and population growth, the resulting increase in regulated assets and their remuneration will have to continue to be supported by the regulatory tariff framework in order to avoid negative credit implications in the future.

Exhibit 9  
ESG issuer profile scores



Source: Moody's Ratings

### Environmental

UU's **E-3** reflects the company's moderate risk exposure to water management and natural capital, in particular though the company's wastewater operations. Treatment of sewage carries environmental risk, and failures can result in fines and reputational damage, but our scoring reflects the partial offset due to the company's strong historic track record.

### Social

UU's **S-4** score reflects elevated risk that public concern over environmental, social or affordability issues could lead to adverse regulatory or political intervention. While the risk is common to all regulated utilities, it is particularly acute for UK water companies, with public perception at an all-time low and heightened scrutiny over operational performance and dividend payments. Materially growing investment requirements to improve environmental performance and increase drought resilience will require bills to rise, exacerbating affordability concerns. The risks associated with societal trends and responsible production are balanced by UU Water's solid performance track record.

### Governance

UU's **G-2** reflects the widely diversified ownership and relatively simple corporate structure of the listed UU Group PLC as well as a balanced financial and dividend policy. Scoring at UU Water also takes into account regulatory requirements that ensure that

independent directors account for the largest single group on the company's board and the company's regulatory licence prescribing a minimum credit profile.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

### Liquidity analysis

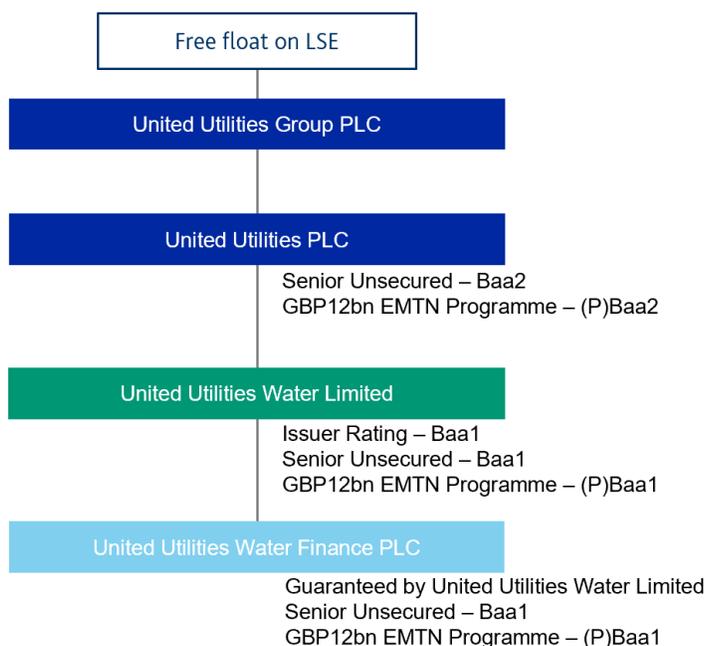
UU Group demonstrates a solid liquidity profile. As of 30 September 2025, the Group held cash and short-term deposits of around £1.9 billion and undrawn medium-term committed bank facilities of around £1.1 billion. We expect the currently available liquidity to be sufficient to cover the Group's overall requirements for 24 months, through the second half of 2028.

### Structural considerations

The Baa1 ratings for UU Water and its guaranteed financing subsidiary [United Utilities Water Finance PLC](#) (Baa1 stable) take into account the consolidated financial profile of wider group. The one notch differential between UU Water and UU PLC reflects the structural subordination of holding company debt relative to the operating company debt.

Exhibit 10

#### Debt structure at UU Group



Sources: Company reports, Moody's Ratings

## Rating methodology and scorecard factors

The group is rated using our [Regulated Water Utilities](#) methodology, published in August 2023.

The scorecard for UU Water includes 0.5 notches of uplift from regulatory ring-fencing provisions, which UU Water benefits from as part of its licence. We also take account of debt at the wider UU Group.

Exhibit 11

### Rating factors

#### United Utilities Water Limited

Regulated Water Utilities Industry Scorecard	Current FY Mar-25		Moody's AMP8 Forward View As of Dec 2025	
Factor 1 : Business Profile(50%)	Measure	Score	Measure	Score
a) Stability and Predictability of Regulatory Environment	A	A	A	A
b) Asset Ownership Model	Aa	Aa	Aa	Aa
c) Cost and Investment Recovery (Sufficiency & Timeliness)	A	A	A	A
d) Revenue Risk	Aa	Aa	Aa	Aa
e) Scale and Complexity of Capital Programme & Asset Condition Risk	Baa	Baa	Baa	Baa
<b>Factor 2 : Financial Policy (10%)</b>				
a) Financial Policy	Baa	Baa	Baa	Baa
<b>Factor 3 : Leverage and Coverage (40%)</b>				
a) Adjusted Interest Coverage Ratio (3 Year Avg)	1.4x	Ba	2.0x - 2.2x	Baa
b) Net Debt / Regulated Asset Base (3 Year Avg)	65.0%	Baa	64% - 66%	Baa
c) FFO / Net Debt (3 Year Avg)	8.5%	Ba	8% - 11%	Ba
d) RCF / Net Debt (3 Year Avg)	5.4%	Ba	6% - 8%	Baa
<b>Rating:</b>				
Scorecard-Indicated Outcome Before Notch Lift		Baa2		Baa1
Notch Lift		0.5		0.5
a) Scorecard-Indicated Outcome		Baa2		Baa1
b) Actual Rating Assigned				Baa1

All ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Moody's forecasts are Moody's opinion and do not represent the views of the issuer.

Source: Moody's Ratings

The scorecard for UU PLC reflects no notching uplift, as the regulatory ring-fencing provisions do not apply to the holding company.

Exhibit 12

## Rating factors

United Utilities PLC

Regulated Water Utilities Industry Scorecard		Current FY Mar-25		Moody's AMP8 Forward View As of Dec 2025	
	Measure	Score	Measure	Score	
<b>Factor 1 : Business Profile(50%)</b>					
a) Stability and Predictability of Regulatory Environment	A	A	A	A	
b) Asset Ownership Model	Aa	Aa	Aa	Aa	
c) Cost and Investment Recovery (Sufficiency & Timeliness)	A	A	A	A	
d) Revenue Risk	Aa	Aa	Aa	Aa	
e) Scale and Complexity of Capital Programme & Asset Condition Risk	Baa	Baa	Baa	Baa	
<b>Factor 2 : Financial Policy (10%)</b>					
a) Financial Policy	Baa	Baa	Baa	Baa	
<b>Factor 3 : Leverage and Coverage (40%)</b>					
a) Adjusted Interest Coverage Ratio (3 Year Avg)	1.4x	Ba	2.0x - 2.2x	Baa	
b) Net Debt / Regulated Asset Base (3 Year Avg)	61.7%	Baa	63% - 65%	Baa	
c) FFO / Net Debt (3 Year Avg)	8.9%	Ba	8% - 11%	Ba	
d) RCF / Net Debt (3 Year Avg)	5.2%	Ba	6% - 8%	Baa	
<b>Rating:</b>					
Scorecard-Indicated Outcome Before Notch Lift		Baa2		Baa1	
Notch Lift		0		0	
a) Scorecard-Indicated Outcome		Baa2		Baa1	
b) Actual Rating Assigned				Baa2	

All ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Moody's forecasts are Moody's opinion and do not represent the views of the issuer.

Source: Moody's Ratings

## Appendix

Exhibit 13

## Peer Comparison

## United Utilities Water Limited

(in £ millions)	United Utilities Water Limited Baa1 Stable			Severn Trent Water Limited Baa1 Stable			Northumbrian Water Ltd. Baa1 Negative		
	FY	FY	FY	FY	FY	FY	FY	FY	FY
	Mar-23	Mar-24	Mar-25	Mar-23	Mar-24	Mar-25	Mar-23	Mar-24	Mar-25
Revenue	1,799	1,948	2,139	1,966	2,122	2,214	861	919	1,017
EBITDA	859	935	1,179	901	892	1,068	345	409	455
Regulated Asset Base (RAB)	13,414	13,969	15,020	11,325	11,899	13,518	5,161	5,509	5,874
Total Debt	9,025	10,451	11,078	7,351	7,980	9,322	3,857	4,098	4,547
Net Debt	8,787	9,195	9,592	7,342	7,554	8,639	3,701	4,048	4,382
Adjusted Interest Coverage Ratio	1.4x	1.2x	1.6x	1.2x	1.0x	1.5x	0.8x	0.7x	0.9x
FFO / Net Debt	8.4%	8.0%	8.9%	8.8%	8.2%	9.1%	5.9%	5.7%	6.5%
RCF / Net Debt	3.2%	6.0%	6.8%	3.0%	4.2%	6.9%	2.9%	4.1%	5.6%
Net Debt / Regulated Asset Base	65.5%	65.8%	63.9%	64.8%	63.5%	63.9%	71.7%	73.5%	74.6%

All ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

Source: Moody's Financial Metrics™

Exhibit 14

## Moody's-adjusted debt reconciliation

## United Utilities Water Limited

(in £ millions)	2021	2022	2023	2024	2025
<b>As reported debt</b>	<b>8,715.5</b>	<b>8,370.5</b>	<b>9,025.0</b>	<b>10,451.2</b>	<b>11,078.1</b>
Non-Standard Adjustments	(406.5)	-	-	-	-
<b>Moody's-adjusted debt</b>	<b>8,309.0</b>	<b>8,370.5</b>	<b>9,025.0</b>	<b>10,451.2</b>	<b>11,078.1</b>
Cash & Cash Equivalents	(648.6)	(181.9)	(237.8)	(1,256.4)	(1,485.9)
<b>Moody's-adjusted net debt</b>	<b>7,660.4</b>	<b>8,188.6</b>	<b>8,787.2</b>	<b>9,194.8</b>	<b>9,592.2</b>

All ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Non-standard adjustments relate primarily to the removal of derivatives held in fair value hedge relationships or as cross currency hedges. Adjustment is only made where material.

Source: Moody's Financial Metrics™

Exhibit 15

## Moody's-adjusted Funds From Operations (FFO) reconciliation

## United Utilities Water Limited

(in £ millions)	2021	2022	2023	2024	2025
<b>As reported funds from operations (FFO)</b>	<b>826.4</b>	<b>849.6</b>	<b>754.5</b>	<b>777.6</b>	<b>902.2</b>
Pensions	3.2	1.4	2.5	5.8	5.7
Alignment FFO	(86.1)	(138.1)	(538.6)	(296.2)	(216.1)
Unusual Items - Cash Flow	-	(82.0)	-	-	-
Non-Standard Adjustments	53.9	256.2	519.7	251.8	161.8
<b>Moody's-adjusted funds from operations (FFO)</b>	<b>797.4</b>	<b>887.1</b>	<b>738.1</b>	<b>739.0</b>	<b>853.6</b>

All ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Non-standard adjustments relate primarily to accretion of index-linked debt.

Source: Moody's Financial Metrics™

Exhibit 16

Overview on selected historical Moody's-adjusted financial data  
United Utilities Water Limited

(in £ millions)	2021	2022	2023	2024	2025
<b>INCOME STATEMENT</b>					
Revenue	1,798	1,845	1,799	1,948	2,139
EBITDA	1,012	1,003	859	935	1,179
EBITDA Margin	56.3%	54.4%	47.7%	48.0%	55.1%
EBIT	608	603	453	513	734
EBIT Margin	33.8%	32.7%	25.2%	26.3%	34.3%
Interest Expense	195	379	653	481	478
<b>BALANCE SHEET</b>					
Cash & Cash Equivalents	649	182	238	1,256	1,486
Total Assets	13,123	13,944	14,044	15,276	16,373
Total Liabilities	10,776	11,781	12,517	13,997	15,010
<b>CASH FLOW</b>					
Funds from Operations (FFO)	797	887	738	739	854
Cash Flow From Operations (CFO)	944	870	794	744	909
Dividends	-	339	454	189	197
Retained Cash Flow (RCF)	797	548	284	550	657
Capital Expenditures	(635)	(628)	(689)	(737)	(989)
Free Cash Flow (FCF)	310	(97)	(349)	(182)	(277)
<b>INTEREST COVERAGE</b>					
EBITDA / Interest Expense	5.2x	2.6x	1.3x	1.9x	2.5x
Adjusted Interest Coverage Ratio	2.0x	2.9x	1.4x	1.2x	1.6x
<b>LEVERAGE</b>					
Debt / EBITDA	8.2x	8.3x	10.5x	11.2x	9.4x
Net Debt / EBITDA	7.6x	8.2x	10.2x	9.8x	8.1x
Debt / Book Capitalization	69.0%	66.4%	72.1%	76.8%	76.8%
Regulated Asset Base (RAB)	11,681	12,336	13,414	13,969	15,020
Net Debt / Regulated Asset Base	65.6%	66.4%	65.5%	65.8%	63.9%
FFO / Net Debt	10.4%	10.8%	8.4%	8.0%	8.9%
RCF / Net Debt	10.4%	6.7%	3.2%	6.0%	6.8%

All ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

Source: Moody's Financial Metrics™

## Ratings

Exhibit 17

Category	Moody's Rating
<b>UNITED UTILITIES WATER LIMITED</b>	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured -Fgn Curr	Baa1
Senior Unsecured -Dom Curr	Baa1
<b>PARENT: UNITED UTILITIES PLC</b>	
Outlook	Stable
Senior Unsecured	Baa2
<b>UNITED UTILITIES WATER FINANCE PLC</b>	
Outlook	Stable
Bkd Senior Unsecured	Baa1

Source: Moody's Ratings

## Endnotes

1 UK and Welsh Government [Governments launch largest review of sector since privatisation](#), 22 October 2024

- [2](#) Independent Water Commission [Final Report](#), 21 July 2025
- [3](#) United Utilities [2025/26 Half Year Results Statement](#), 13 November 2025
- [4](#) Ofwat [Water companies could face legal action after investigation launched into sewage treatment works](#), 18 November 2021.
- [5](#) Environment Agency [Water and sewerage companies in England: environmental performance report for 2024](#), 23 October 2025
- [6](#) DEFRA [Government's new law sees unfair bonuses banned for six water companies with immediate effect](#), 6 June 2025
- [7](#) United Utilities Group Plc [Haweswater Aqueduct Resilience Programme \(HARP\) update](#), 21 August 2025

© 2026 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved. CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED OR OTHERWISE MADE AVAILABLE BY MOODY'S (COLLECTIVELY, "MATERIALS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S MATERIALS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S MATERIALS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS DO NOT CONSTITUTE OR PROVIDE LEGAL, COMPLIANCE, INVESTMENT, FINANCIAL OR OTHER PROFESSIONAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES OR OTHERWISE MAKES AVAILABLE ITS MATERIALS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND MATERIALS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR MATERIALS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. FOR CLARITY, NO INFORMATION CONTAINED HEREIN MAY BE USED TO DEVELOP, IMPROVE, TRAIN OR RETRAIN ANY SOFTWARE PROGRAM OR DATABASE, INCLUDING, BUT NOT LIMITED TO, FOR ANY ARTIFICIAL INTELLIGENCE, MACHINE LEARNING OR NATURAL LANGUAGE PROCESSING SOFTWARE, ALGORITHM, METHODOLOGY AND/OR MODEL.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating or assessment is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the credit rating or assessment process or in preparing its Materials.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating or assessment assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it. MCO and all MCO entities that issue ratings under the "Moody's Ratings" brand name ("Moody's Ratings"), also maintain policies and procedures to address the independence of Moody's Ratings' credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service, Inc. and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at [ir.moody.com](http://ir.moody.com) under the heading "Investor Relations — Corporate Governance — Charter and Governance Documents - Director and Shareholder Affiliation Policy."

Moody's SF Japan K.K., Moody's Local AR Agente de Calificación de Riesgo S.A., Moody's Local BR Agência de Classificação de Risco LTDA, Moody's Local MX S.A. de C.V., I.C.V., Moody's Local PE Clasificadora de Riesgo S.A., Moody's Local PA Calificadora de Riesgo S.A., Moody's Local CR Calificadora de Riesgo S.A., Moody's Local ES S.A. de CV Clasificadora de Riesgo, Moody's Local RD Sociedad Calificadora de Riesgo S.R.L. and Moody's Local GT S.A. (collectively, the "Moody's Non-NRSRO CRAs") are all indirectly wholly-owned credit rating agency subsidiaries of MCO. None of the Moody's Non-NRSRO CRAs is a Nationally Recognized Statistical Rating Organization.

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657 AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for India only: Moody's credit ratings, Assessments, other opinions and Materials are not intended to be and shall not be relied upon or used by any users located in India in relation to securities listed or proposed to be listed on Indian stock exchanges.

Additional terms with respect to Second Party Opinions and Net Zero Assessments (as defined in Moody's Ratings Rating Symbols and Definitions): Please note that neither a Second Party Opinion ("SPO") nor a Net Zero Assessment ("NZA") is a "credit rating". The issuance of SPOs and NZAs is not a regulated activity in many jurisdictions, including Singapore. EU: In the European Union, each of Moody's Deutschland GmbH and Moody's France SAS provide services as an external reviewer in accordance with the applicable requirements of the EU Green Bond Regulation. JAPAN: In Japan, development and provision of SPOs and NZAs fall under the category of "Ancillary Businesses", not "Credit Rating Business", and are not subject to the regulations applicable to "Credit Rating Business" under the Financial Instruments and Exchange Act of Japan and its relevant regulation. PRC: Any SPO: (1) does not constitute a PRC Green Bond Assessment as defined under any relevant PRC laws or regulations; (2) cannot be included in any registration statement, offering circular, prospectus or any other documents submitted to the PRC regulatory authorities or otherwise used to satisfy any PRC regulatory disclosure requirement; and (3) cannot be used

within the PRC for any regulatory purpose or for any other purpose which is not permitted under relevant PRC laws or regulations. For the purposes of this disclaimer, "PRC" refers to the mainland of the People's Republic of China, excluding Hong Kong, Macau and Taiwan.

REPORT NUMBER 1466062