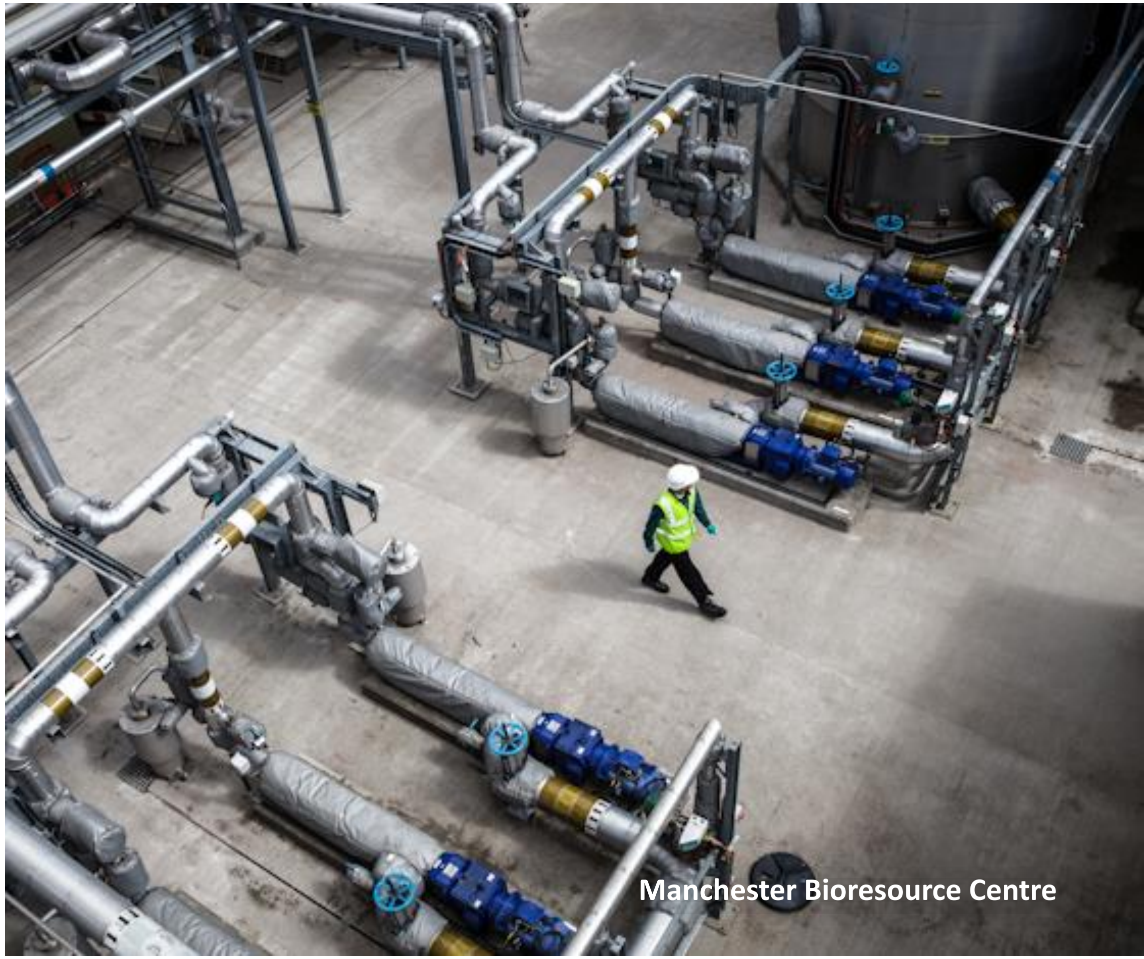
Full year results

Year ended 31 March 2023

Thurs 25 May 2023

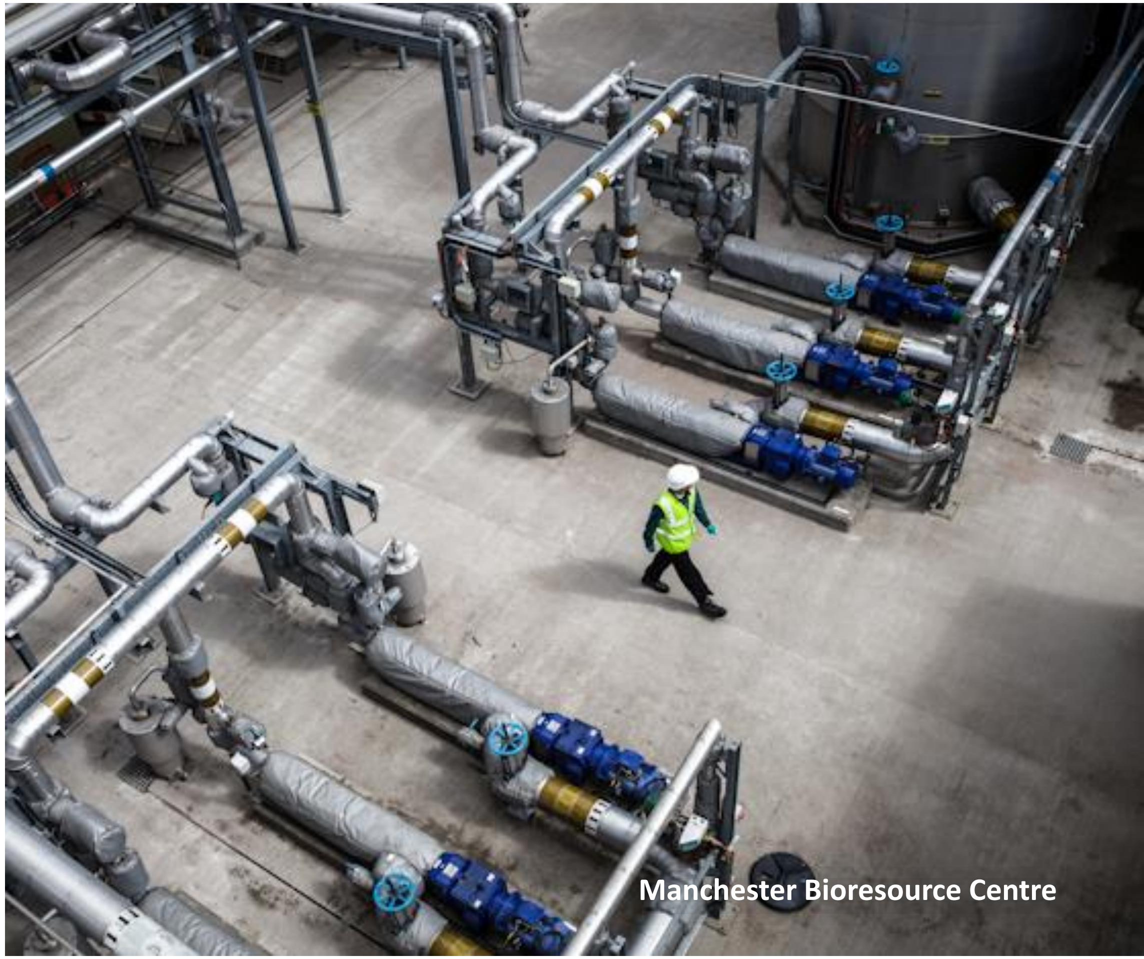


United Utilities

Water for the North West

Sir David Higgins

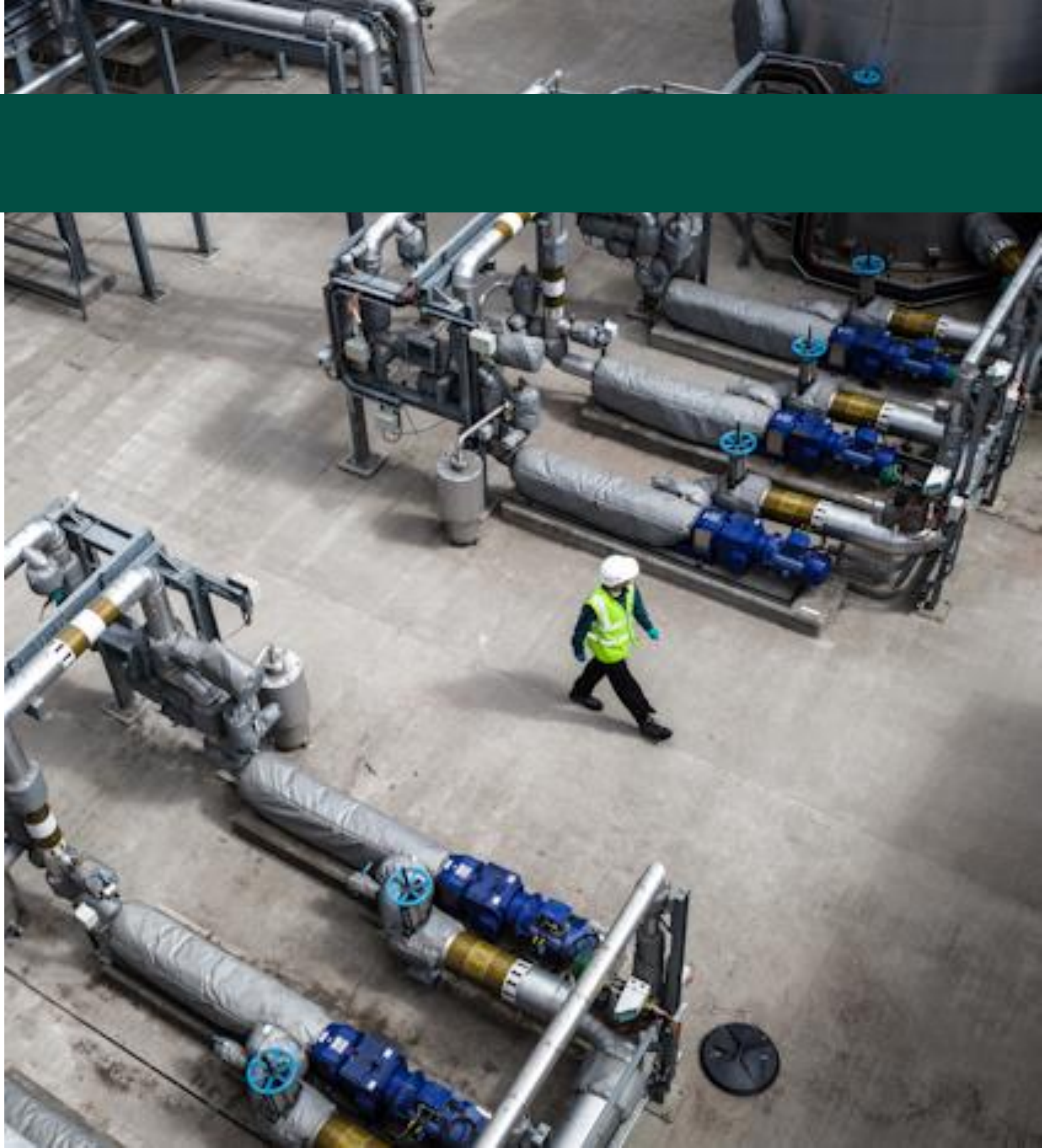
Chair



Today’s agenda

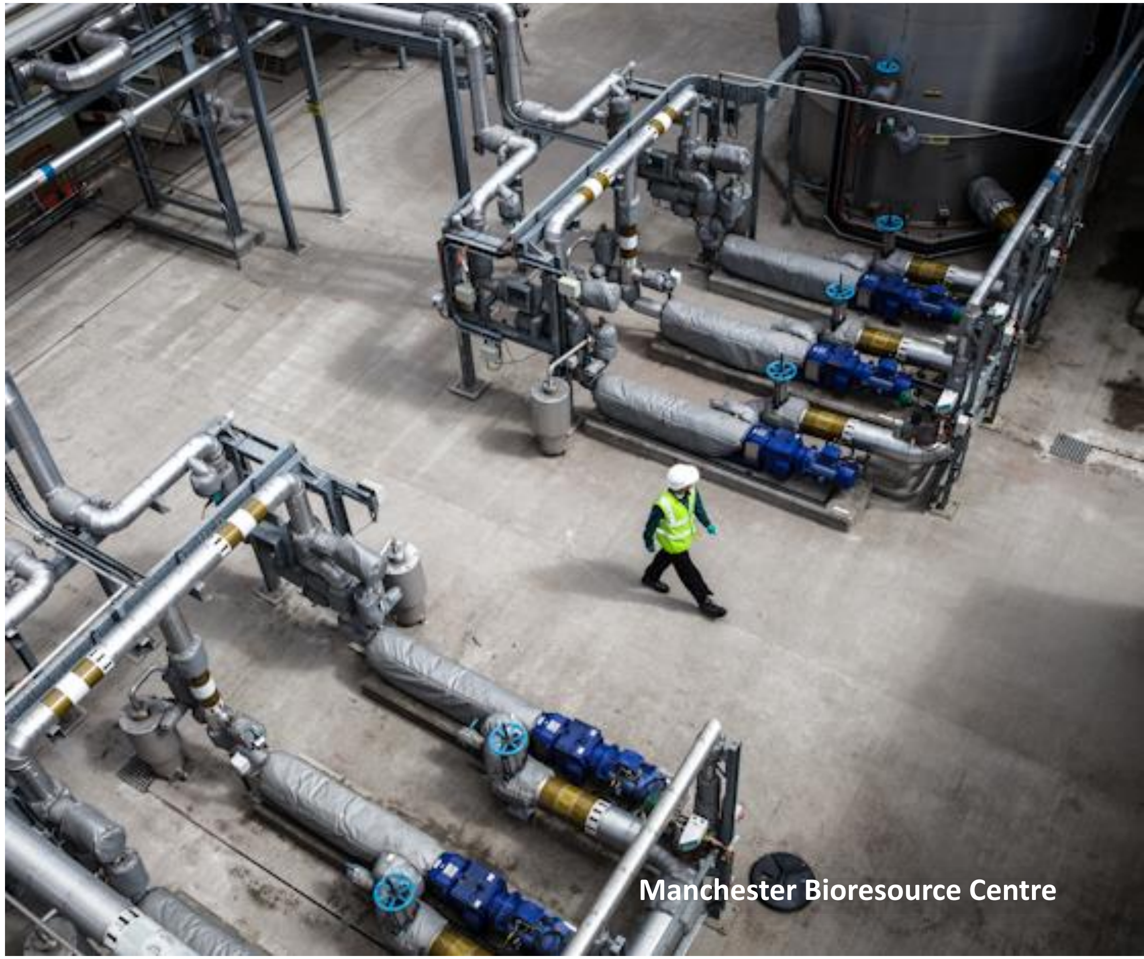
1. Operating performance
2. Financial performance
3. Strategy update

Q&A



Louise Beardmore

Chief Executive



Manchester Bioresource Centre

Under the spotlight but a more balanced debate is emerging

The real reason our waterways are so polluted

The issue of sewage in our rivers made waves in the local elections, but Britain's water quality is down to many long-standing problems

By Ben Wright
8 May 2023

United Utilities' first female boss makes pledge as she outlines £914m investment plans

The investment comes after the government signalled that water companies could face unlimited fines and penalties under new plans to tackle pollution

Water companies got England's sewage-ridden rivers and seas into this mess. Do we really trust them to clean it up?

Henry Swithinbank

CLEAN IT UP | RUTH KELLY

Water UK boss: We're sorry. This is our chance to put things right

Ruth Kelly | Thursday May 18 2023, 12.01am, The Times

Why addressing sewage spills was not a priority for the water industry or for Ofwat

Despite investors being asked to pay for upkeep, it is inevitable consumers will have to pay to stop sewage spills. The regulator's focus for the best part of the last two decades has been on keeping water bills down.

Ian King
Business presenter @iankingsky

Playing a pivotal role in the North West

Shaping our Purpose

Water makes the North West …

Stronger	Greener	Healthier

AMP7 Financial Framework

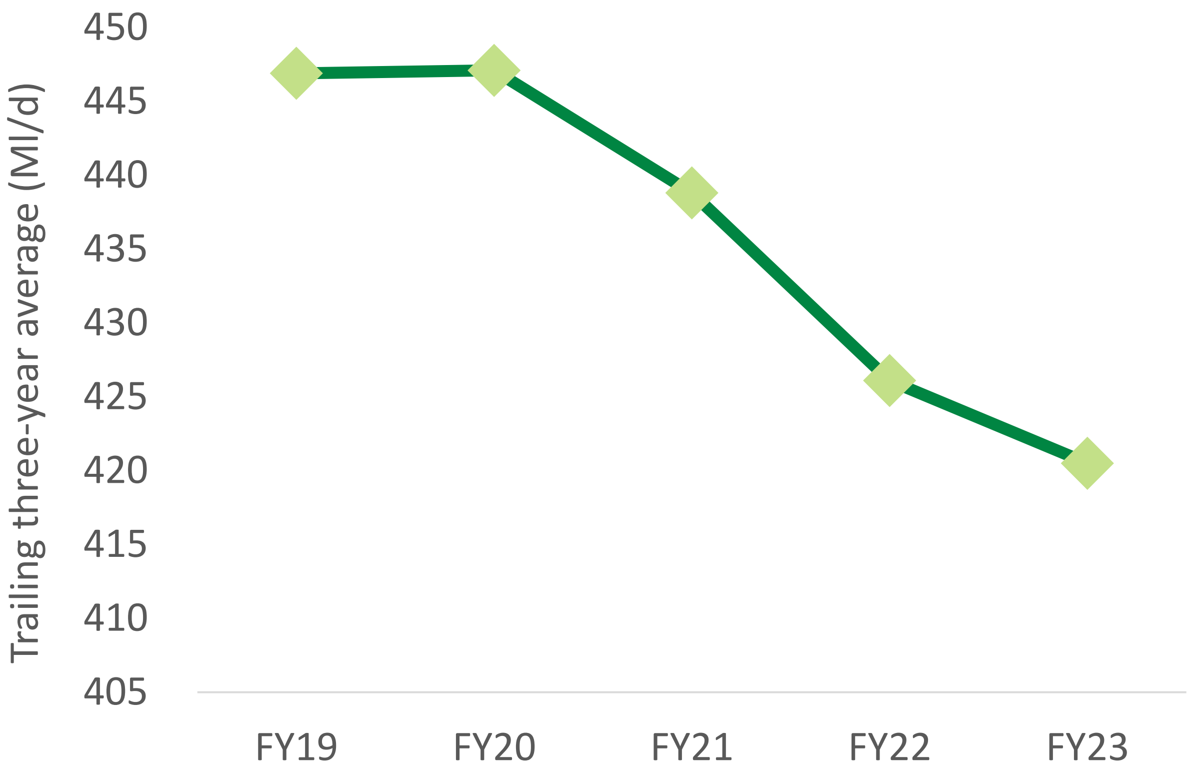
RoRE[1,2]	6 – 8% real
RCV Growth[1,3]	4 – 5% CAGR
Dividend Growth	Growing in line with CPIH
Strong Balance Sheet	Policy target 55 – 65% gearing

Moody's
A3 / stable
Fitch
A- / stable
Standard & Poor's
BBB+ / stable

1. Based on CPIH of 2.9% at Mar-24 and 2.2% a Mar-25
2. Average RoRE performance over AMP7, real RPI/CPIH blended basis
3. Average AMP7 CAGR. Includes the full expected value of AMP7 ex-post adjustment mechanisms as an adjustment to RCV

Water performance

Leakage Performance[1]



Best ever performance against our leakage performance commitment

Additional investment supporting 26% improvement in water quality contacts

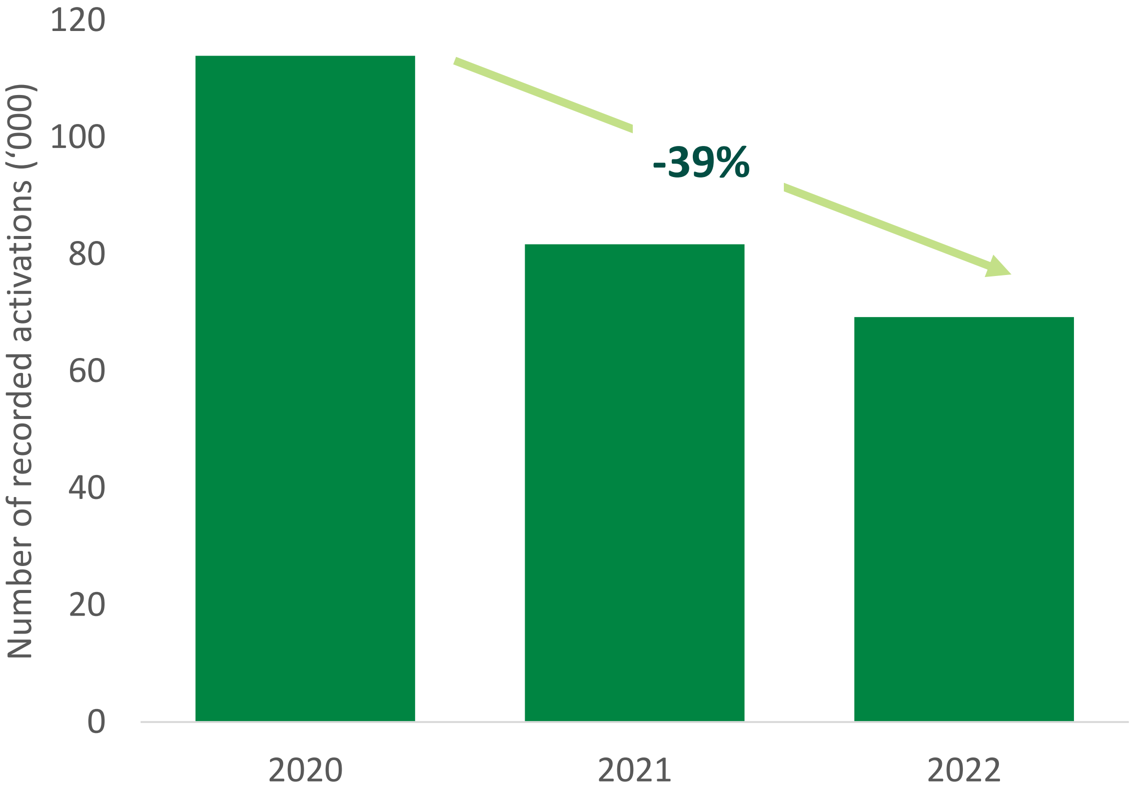
-9% in PCC[2] biggest reduction we have delivered – linking water and energy use

Water quality performance recognised by DWI

1. Measured on rolling three-year average
2. PCC - per capita consumption

Wastewater performance

Reported storm overflow activations



c£250m investment[1]

39% reduction in reported storm overflow activations
since 2020

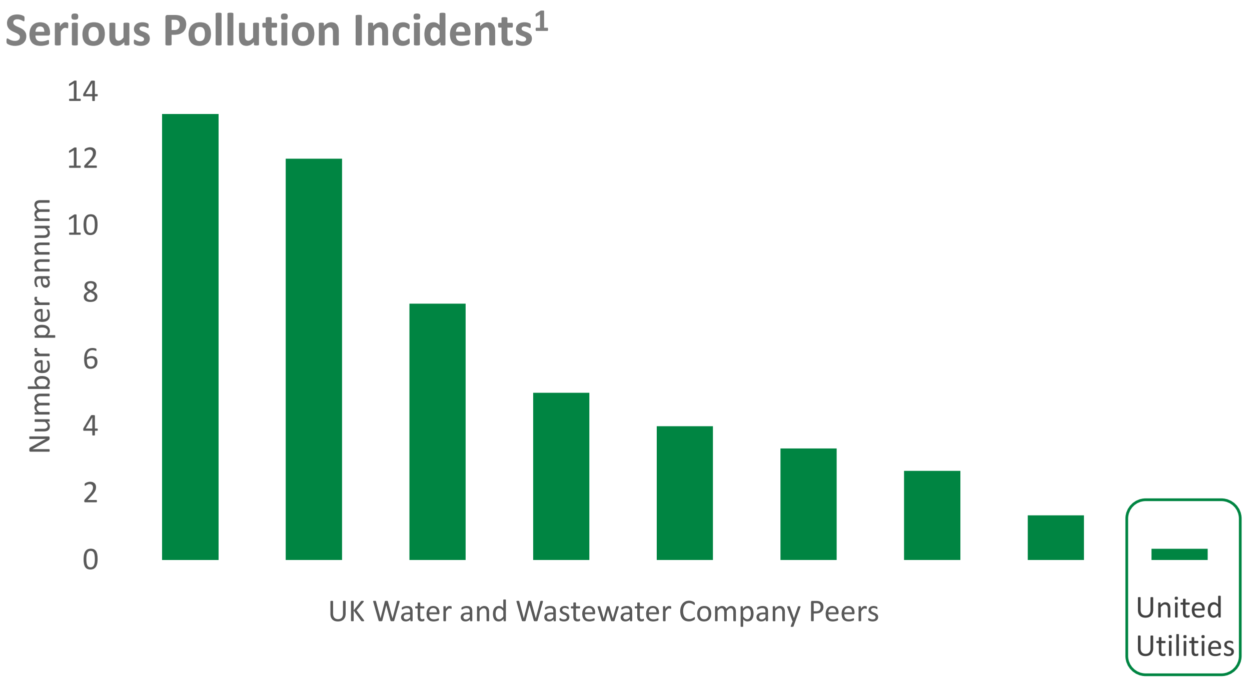
41% reduction in duration
since 2020

97% of storm overflows monitored
100% by end of 2023

1. Previously announced reinvestment of outperformance to deliver environmental improvements

Wastewater performance

Sector leading elimination of serious pollution incidents



Sector leader
on eliminating serious pollution incidents

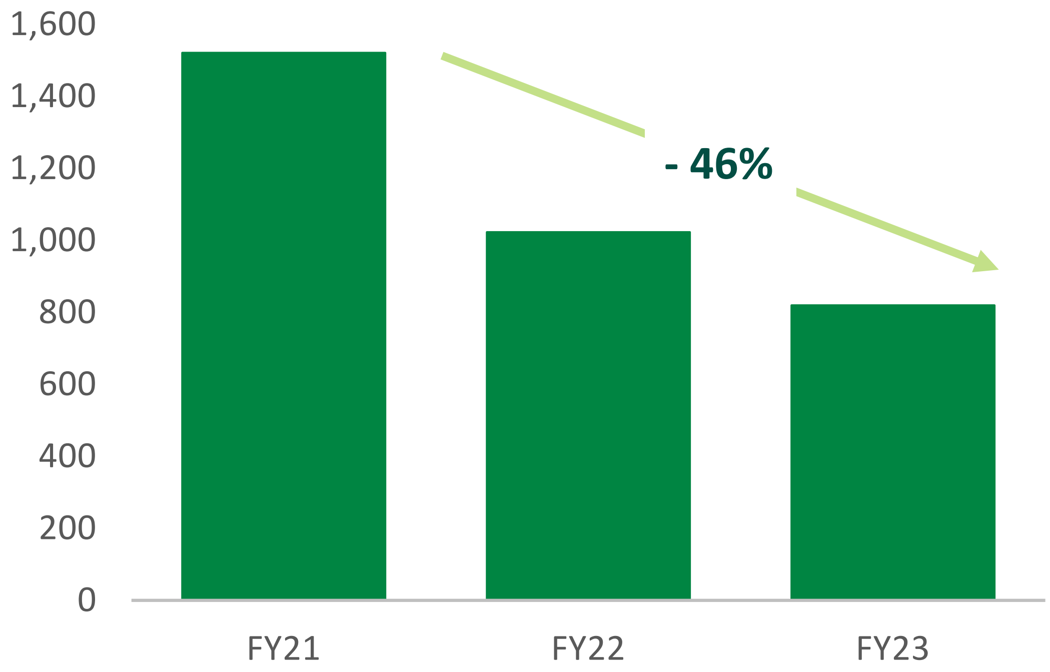
Zero serious pollutions
in this year

Reduced pollution incidents
by 39%
in AMP7 so far

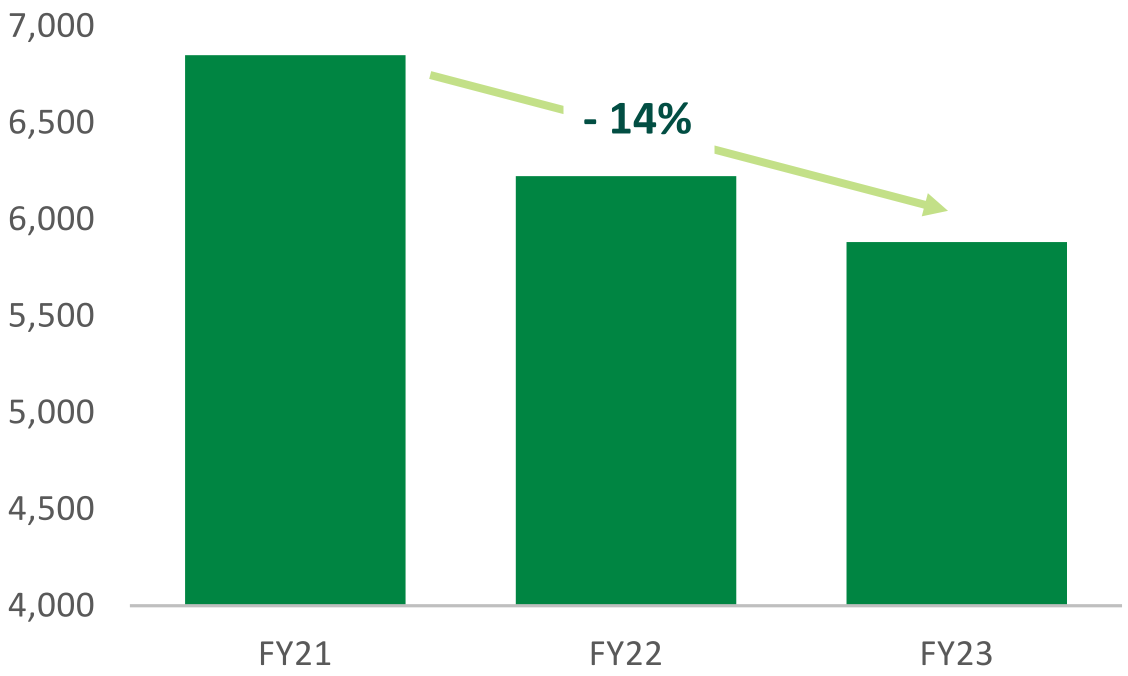
1. Trailing (3yr) average. Environment Agency EPA https://www.gov.uk/government/publications/water-and-sewerage-companies-in-england-environmental-performance-report-2021

Wastewater performance

Internal sewer flooding



External sewer flooding



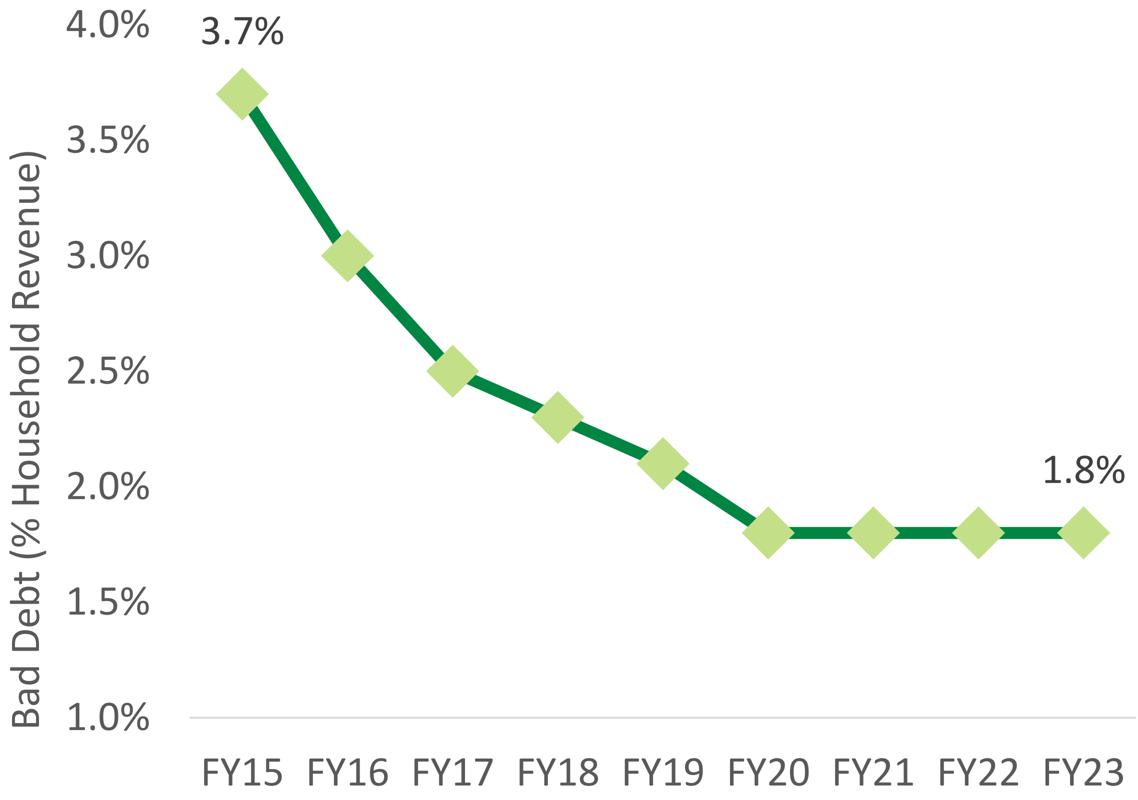
- **Best ever internal performance**
  46% reduction since start of AMP7

- **Reduction in external flooding**
  14% reduction since start of AMP7

Success of DNM showcased through lower flooding incidents

Customer performance

Household statutory bad debt



Best ever C-MeX position

and £3 million reward

£280m package of support

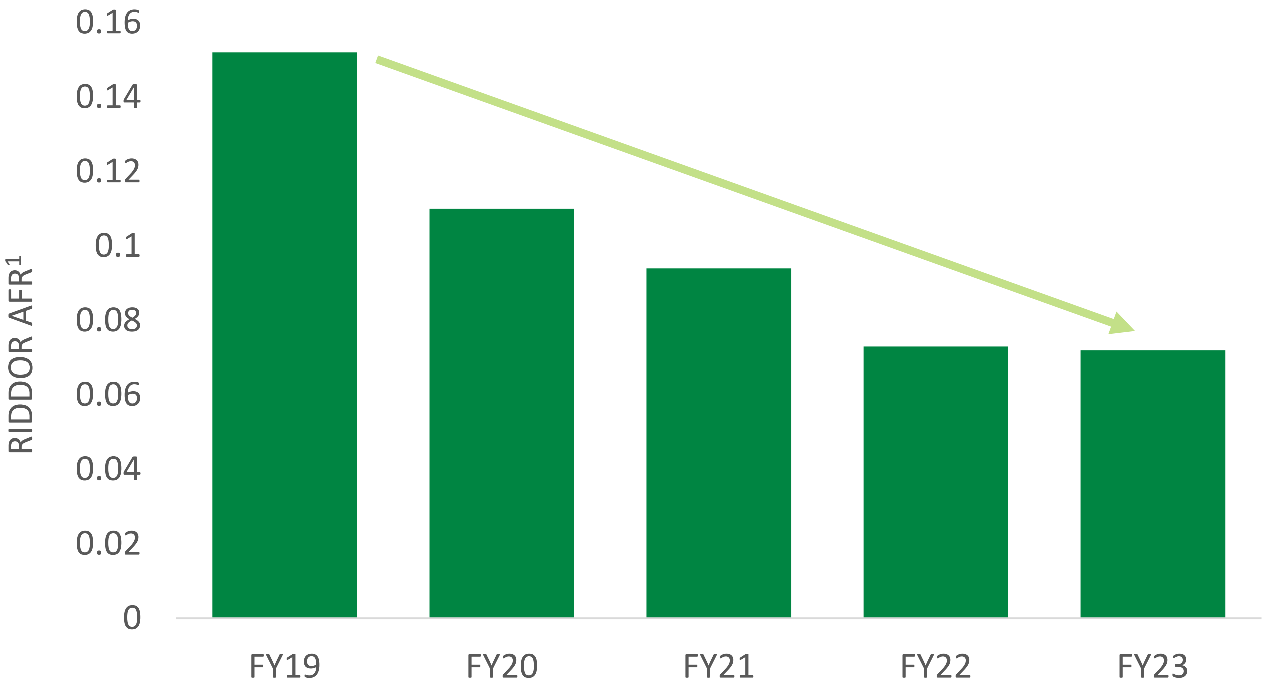
supporting over 330,000 customers in AMP7 so far

1.8% bad debt charge

supported by best ever current year cash collection rates

People

Always put safety first



Awarded our 11th consecutive Royal Society for the Prevention of Accidents (RoSPA) gold standard medal

1. Reporting of Injuries, Diseases or Dangerous Occurrences Regulations Accident Frequency Rate per 100,000 hours worked

Strong engagement, talent and diversity strength

82%
colleague engagement

Talent
UK apprentice of the year

Only UK Utility
to be ranked in top 100 companies in FT inclusive leaders index 2023

ESG performance

E

Protecting and enhancing the environment

- **EPA rating** – 4* in five of the last seven years
- **Achievement of Better Rivers commitments** – 39% reduction in reported activations

S

Supporting society

- **Customers supported** – supporting over 330,000 customers with £280m package
- **Graduates and apprentices** – recruited more graduates and apprentices than ever before

G

Responsible finance and governance

- **Dow Jones Sustainability Index** – one of only 3 utilities rated World Class
- **Fair Tax Mark** – certified for a 4th year

ODI performance

Best ever year with

83%

of performance commitments delivered

Strong performance

on voids, pollutions and flooding

Resulting in

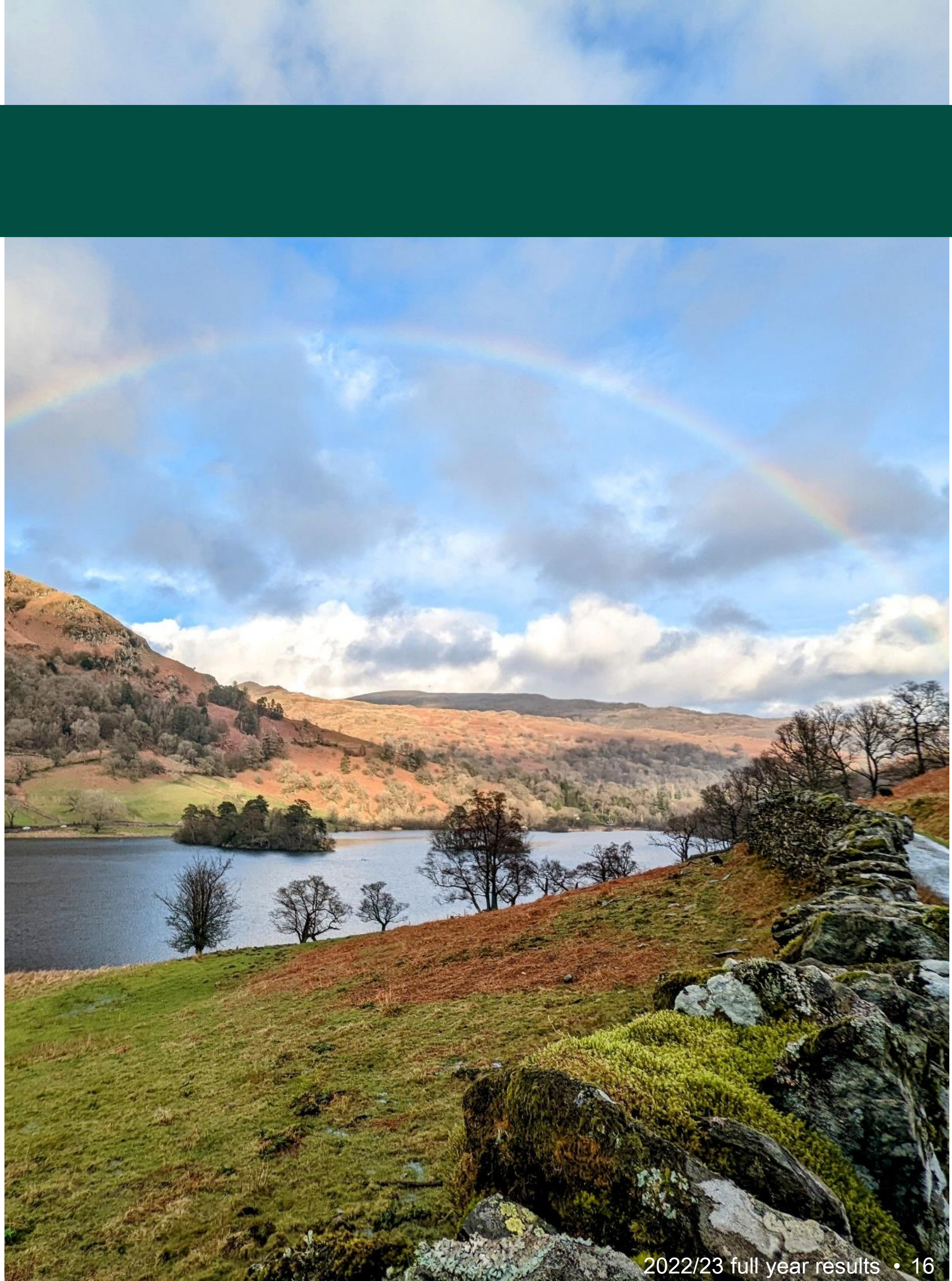
£25m

FY23 net customer ODI reward[1]

AMP7 guidance:

£200m

total ODI reward[1]



[1] Excluding per capita consumption, which Ofwat will be revisiting once there is a better understanding of the impact of COVID 19 and any enduring effects

Operational performance summary

Best ever performance against our leakage performance commitment

39% reduction in storm overflow activations

Zero serious pollution incidents in 2022/23

4 star

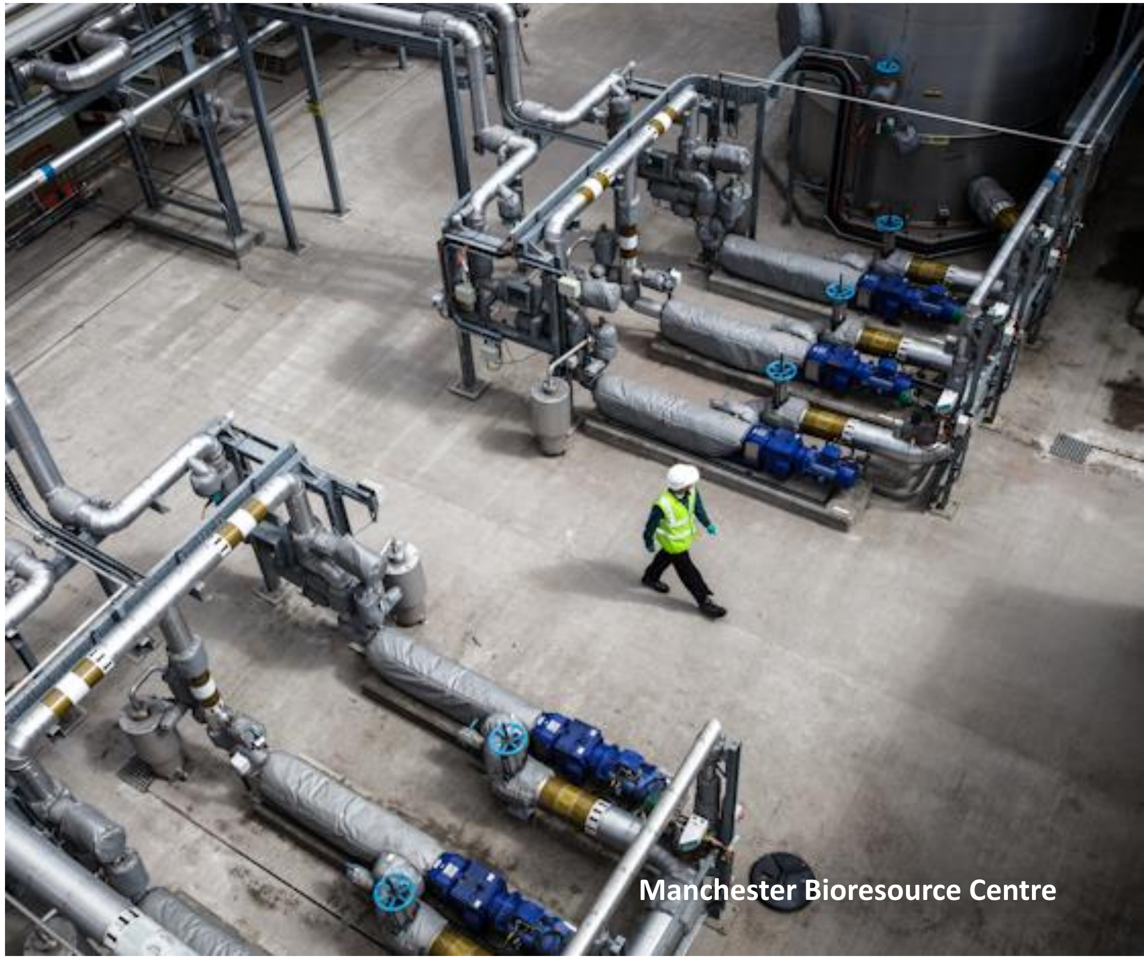
Environmental Performance Assessment

Leading customer service

330,000 customers supported so far this AMP with affordability support

Phil Aspin

CFO



Financial highlights

RoRE

11.0% real

FY22:
7.9% real

Revenue

£1,824m

FY22:
£1,863m

Underlying EPS[3]

(1.3)p

FY22:
53.8p

RCV gearing[1]

58%

FY22:
59%

Operating profit[2]

£441m

FY22:
£610m

DPS

45.51p

FY22:
43.5p

1. RCV gearing calculated as group net debt including loan receivable from joint venture/United Utilities Water Limited's adjusted RCV (adjusted for actual spend, timing differences and including full expected value of AMP7 ex-post adjustment mechanisms). Prior year figures have been re-presented for comparative purposes
2. Operating profit equivalent on both a reported and underlying basis
3. Underlying profit measures are reconciled to reported profit measures in the appendices to this presentation

AMP7 Financial Framework

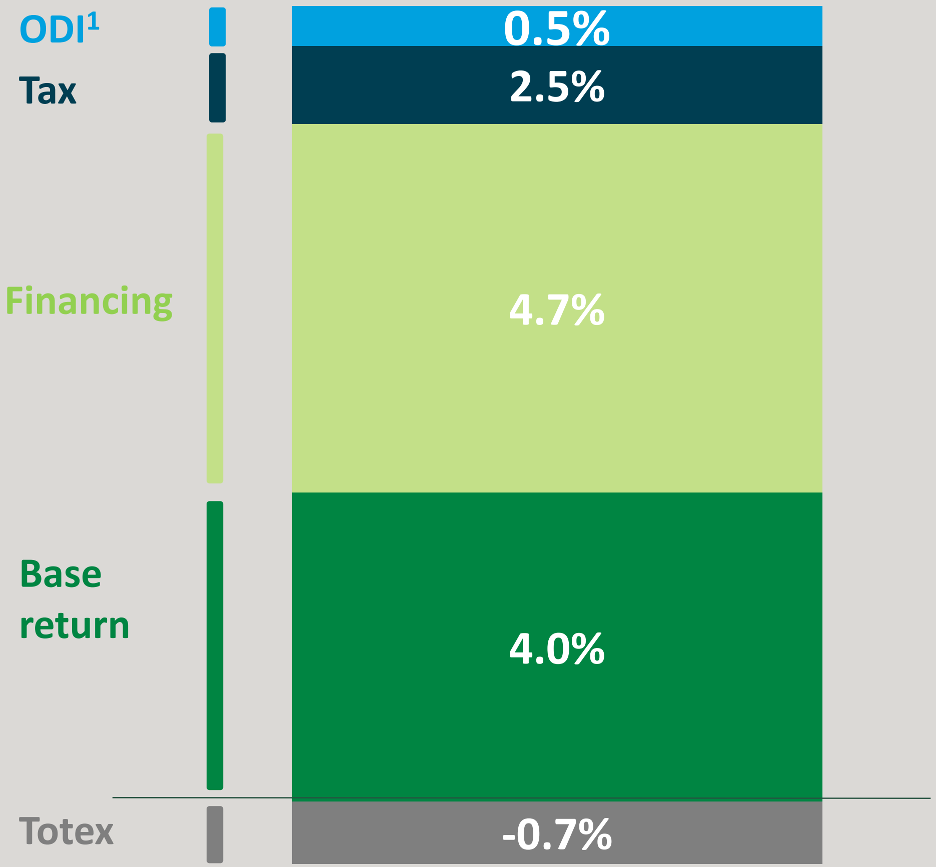
RoRE[1,2]	6 – 8% real
RCV Growth[1,3]	4 – 5% CAGR
Dividend Growth	Growing in line with CPIH
Strong Balance Sheet	Policy target 55 – 65% gearing

Moody's
A3 / stable
Fitch
A- / stable
Standard & Poor's
BBB+ / stable

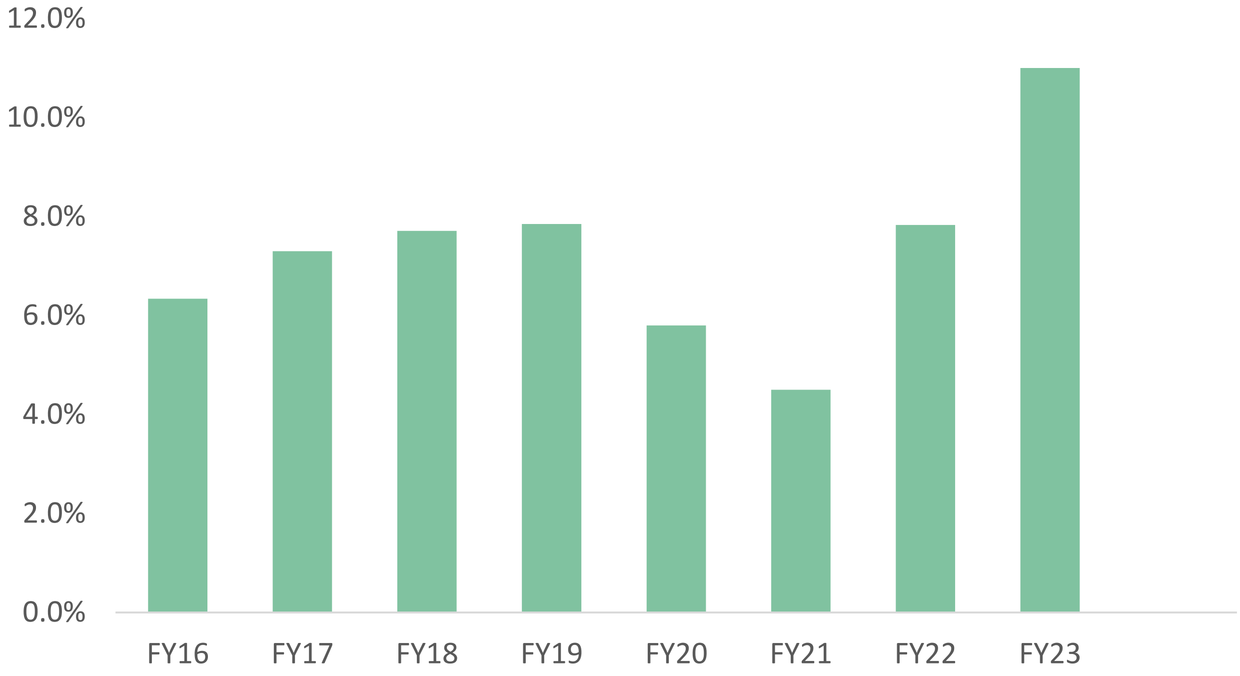
1. Based on CPIH of 2.9% at Mar-24 and 2.2% a Mar-25
2. Average RoRE performance over AMP7, real RPI/CPIH blended basis
3. Average AMP7 CAGR. Includes the full expected value of AMP7 ex-post adjustment mechanisms as an adjustment to RCV

Return on regulated equity (RoRE)

FY23 RoRE 11.0% real



RoRE progression[2]



AMP7 guidance[3]

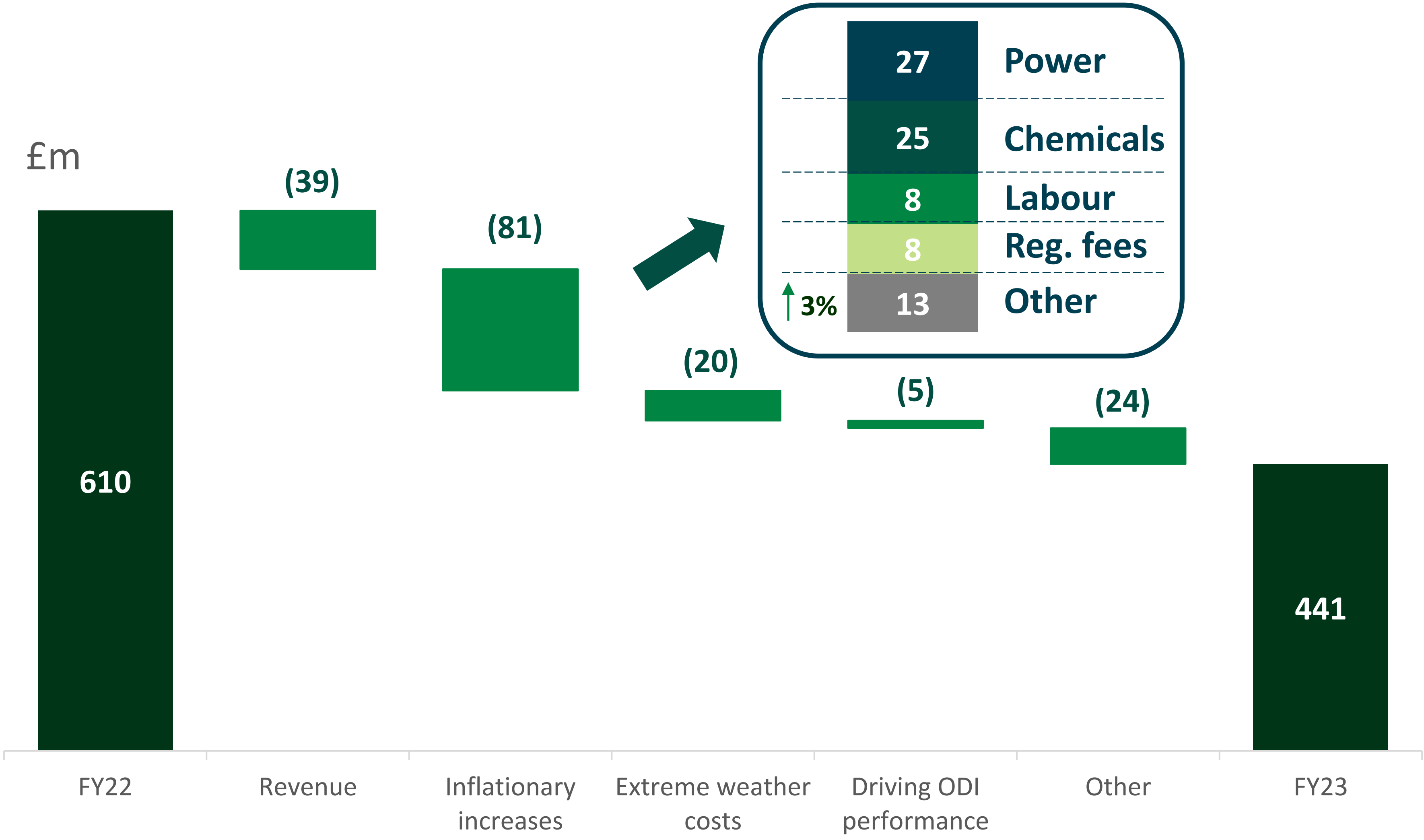
6-8% real

[1] Excluding per capita consumption, which Ofwat will be revisiting once there is a better understanding of the impact of COVID 19 and any enduring effects

[2] AMP6 (FY16-20) base return presented on an RPI basis, AMP7 (FY21-23) on an RPI/CPIH blended basis

[3] Based on CPIH of 2.9% at Mar-24 and 2.2% at Mar-25

Underlying operating profit



Revenue: £1,824m

- **£41m** recovered in FY25
- FY24 revenue **up by c.£150m**

Power: £131m

- FY23 actual price £91/MWh
- FY24 hedged 90% at £110/MWh
- FY24 forecast **c.£150m**

Chemicals: £57m

- FY24 costs **stable**

Operating costs & IRE: £960m[1]

- FY24 increase of **c.£60m**[1]

[1] Operating costs and IRE guidance includes power and chemicals guidance given above

Interest, tax and earnings

Underlying net finance expense

FY23: £475m

FY22: £306m

Inflation charge on index-linked debt of £520m (FY22: £256m)

Cash interest of £102m (FY22: £118m) continues **to benefit from refinancing at competitive rates**

Underlying tax

FY23: £25m credit

FY22: £65m credit

Reflects **'capital allowance super deductions'** worth **c£40m**

'Full expensing' expected to provide a tax benefit of c£45m in FY24 resulting in an expected current tax charge of nil

Underlying (loss)/profit after tax

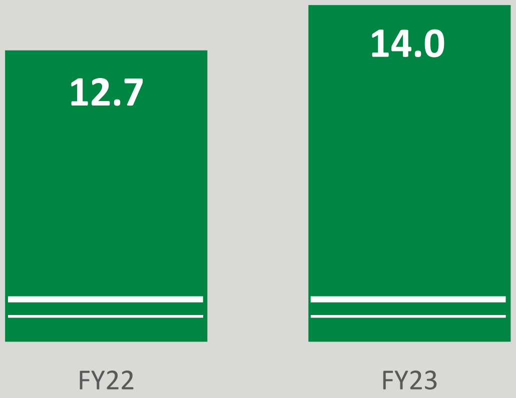
FY23: £(8.7)m

FY22: £367m

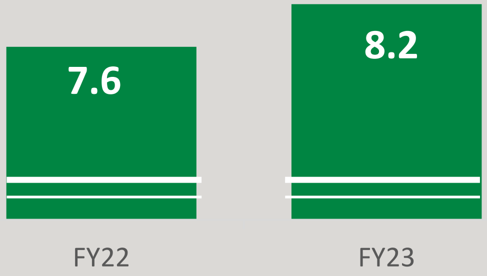
Underlying EPS of -1.3p (FY22: 53.8p)

Balance sheet

RCV[1] (£bn)



Net debt (£bn)



RCV growth[1]

10.0%

FY22: 7.8%

RCV gearing[2]

58%

FY22: 59%

Funding raised in the year

c. £500m

£300m sustainable bond raised

Liquidity

c. £900m

Cash coverage to August 2025

1. Includes the full expected value of AMP7 ex-post adjustment mechanisms as an adjustment to RCV.
2. RCV gearing calculated as group net debt including loan receivable from joint venture/United Utilities Water Limited's adjusted RCV (adjusted for actual spend, timing differences and including full expected value of AMP7 ex-post adjustment mechanisms). Prior year figures have been re-presented for comparative purposes.

Financial summary

Strong Returns

- FY23 RoRE: 11.0% real
- AMP7 Guidance: 6-8% real

Strong Balance Sheet

- RCV Gearing: 58%[1]
- Policy to target 55-65%

Growth Accelerating

- AMP7 RCV Growth: 4-5% CAGR
- Acceleration in AMP8

Dividend

- FY23: 45.51p
- Policy of growth in line with CPIH

1. RCV gearing calculated as group net debt including loan receivable from joint venture/United Utilities Water Limited's shadow (adjusted for actual spend and timing difference) RCV, Including full expected value of AMP7 ex-post adjustment mechanisms. Prior year figures have been re-presented for comparative purposes.

Strategy update

Louise Beardmore

Chief Executive

United Utilities

Water for the North West

Strategy update

Building our future plan

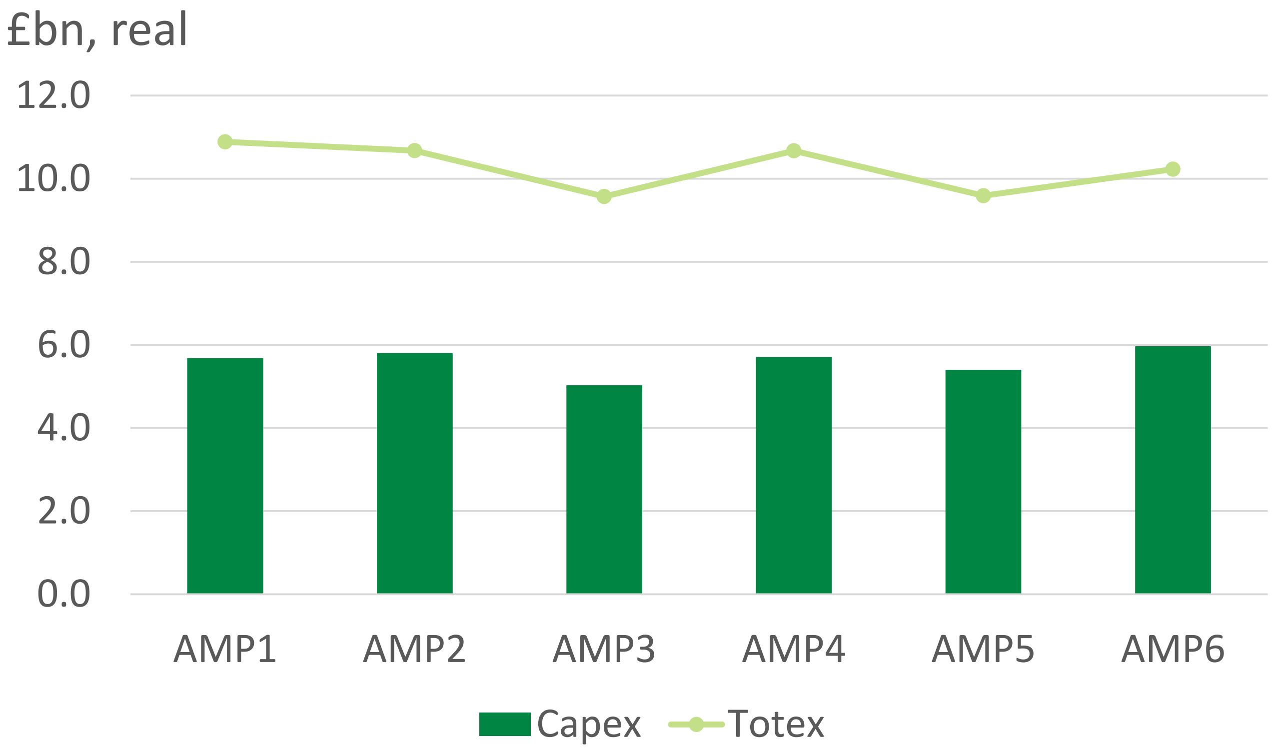
Better Rivers: Better North West

Greener future

Building our future plan

The Past

UK Water Average Investment



1. Source: Ofwat
2. Real, inflated to 2019-20 prices using RPI

The Future

1. **Customer expectations**
   - Improved services
2. **Population growth and climate change**
   - 1m increase by 2050
   - Resilience
3. **Enhanced environmental standards**
   - Storm overflows
   - Phosphate reductions

Building our future plan

PR24 Business Plan

DRINKING WATER

- Improve water quality
- Lead pipe removal
- Vyrnwy aqueduct

WATER RESOURCES

- Smart meters
- New water resources
- Leakage reduction

DRAINAGE & WASTEWATER

- Sewer flooding improvements
- Pollution reduction

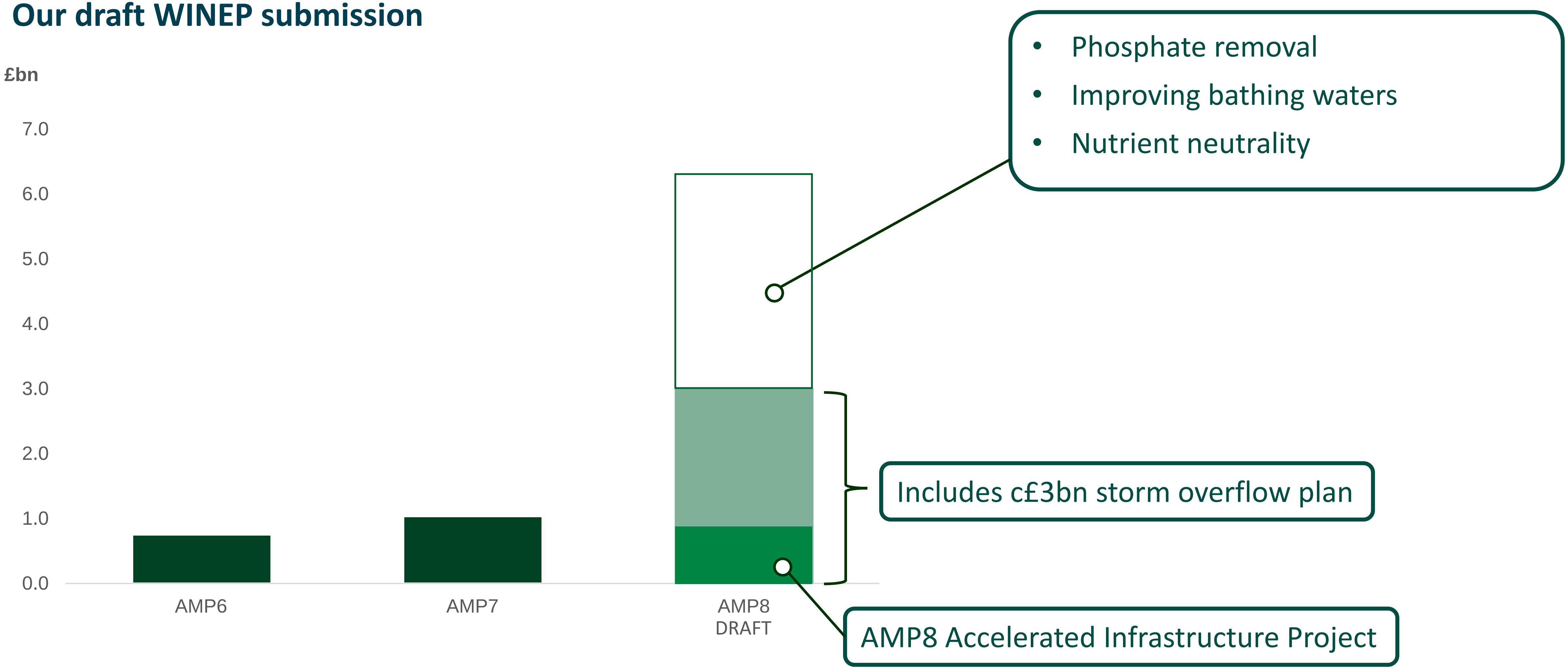
ENVIRONMENT (WINEP)

- Storm overflows
- Phosphate reductions
- Nutrient neutrality

Base Expenditure

Building our future plan

Our draft WINEP submission



Building our future plan

Number of considerations for a plan of this size

1. Planning
2. Supply Chain Capacity
3. Capability
4. Need for ‘Green’ Innovation
5. Carbon and emission impacts
6. Outage Management
7. Customer and community impacts

Building our future plan

Three C's plan for delivery

Challenge

- Commissioned a **WINEP independent scrutiny and optimisation panel**
- Scrutiny panel **is retained** through AMP8 to challenge delivery

Capability

- Introduced **stakeholder managers** in each of our 5 counties
- **Recruited new design, delivery and commercial expertise** into the team
- **New PMO capability** focused on integration and risk management
- **Task team** to focus on **nature based solutions**

Capacity

- **Storm overflow delivery team** mobilising – 500 strong end of this year
- Appointed an **AMP8 Mobilisation and Organisational Readiness Partner**
- Refreshed and optimised our **delivery model**

Building our future plan

Customer bill impact




**Potential bill impacts from 2025:
£20 bill increase each year
(before inflation)**

Our plan seeks to ensure substantial financial support will be available

Building on our track record of affordability and vulnerability support for customers

Building our future plan

Next steps

June 2023	2 October 2023	May/June 2024	December 2024
'Your water, your say' session	Business plan submissions	Draft determinations	Final determinations

We will provide more detail on our plan in October

Strategy update

Building our future plan

Better Rivers: Better North West

Greener future

Better Rivers: Better North West

Storm Overflows in the North West

About Storm Overflows	Changing Pressures
They have been a feature of sewer systems for over **150yrs**	Over the next **25yrs** we expect more severe rainfall events more often
54% combined sewers compared to **average of 33%**	Average annual runoff **28% higher** than the average, meaning more water runs into our sewers
Sewers typically **15% full** during dry conditions – heavy rainfall causes overflows to activate	Our region’s population expected to grow by **1m** over the next 25 years

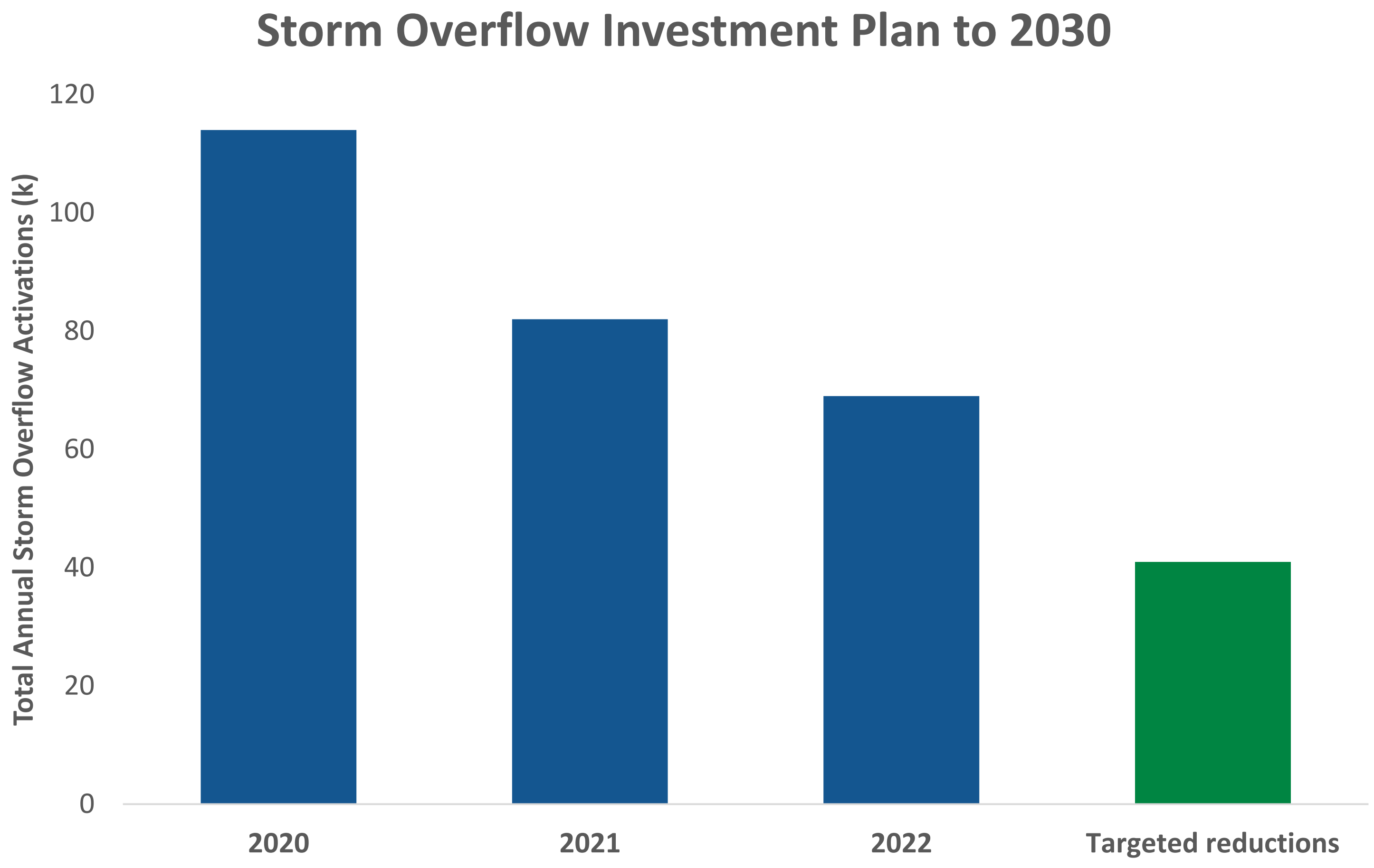
c£56bn

Government[1] estimate of investment required

Of the c£56bn total, **c£20bn** falls to the North West

[1]https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1101686/Storm_Overflows_Discharge_Reduction_Plan.pdf

Better Rivers: Better North West



Our AMP8 proposed plan:

Improving over

400

storm overflows

Targeting a

c.60% reduction

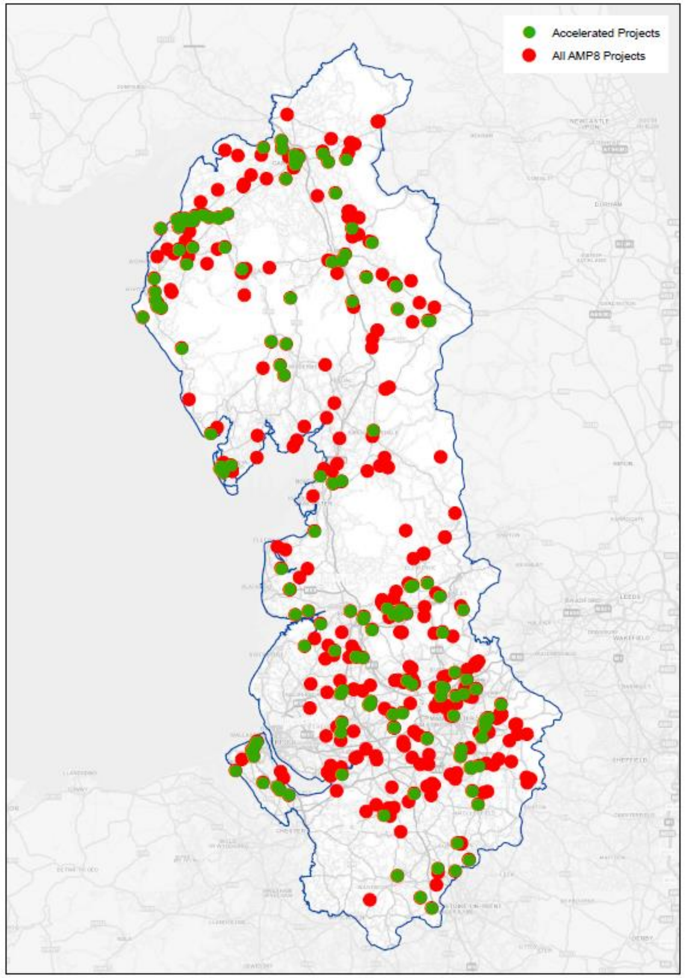
2020 baseline

From

59 to 20

activations post-investment

Better Rivers: Better North West



Accelerated infrastructure project[1] allows us to go further & faster

Over £900m of AMP8 investment provisionally approved

Around £200m accelerated into 2023-25

Mostly on reducing storm overflows

To deliver improvements to **154 storm overflows** including improvements to **Lake Windermere**

Representing **around one third** of the storm overflows we are targeting in AMP8

Allowing us to get to work **immediately**

1. Ofwat publication: https://www.ofwat.gov.uk/wp-content/uploads/2023/04/A0-accelerated-process-draft-decisions.pdf

Better Rivers: Better North West

Utilising sustainable solutions to reduce, recycle and rethink

Slowing the flow

- Undertaking the **largest UK smart water butt trial**
- **Solar powered**, using technology that forecasts rainfall and releases water ahead of storms
- Early finding show the smart water butts were **up to 75 times more effective**

Rethinking our network

- Rethinking how we manage our network **through DNM**
- DNM collects real time data from **our sewer network and pumping stations**
- AI platform **will allow us to address issues before they cause harm to the environment**

40,000 locations validated for sensor install

17,500 sensors in operation

410 colleagues trained in DNM

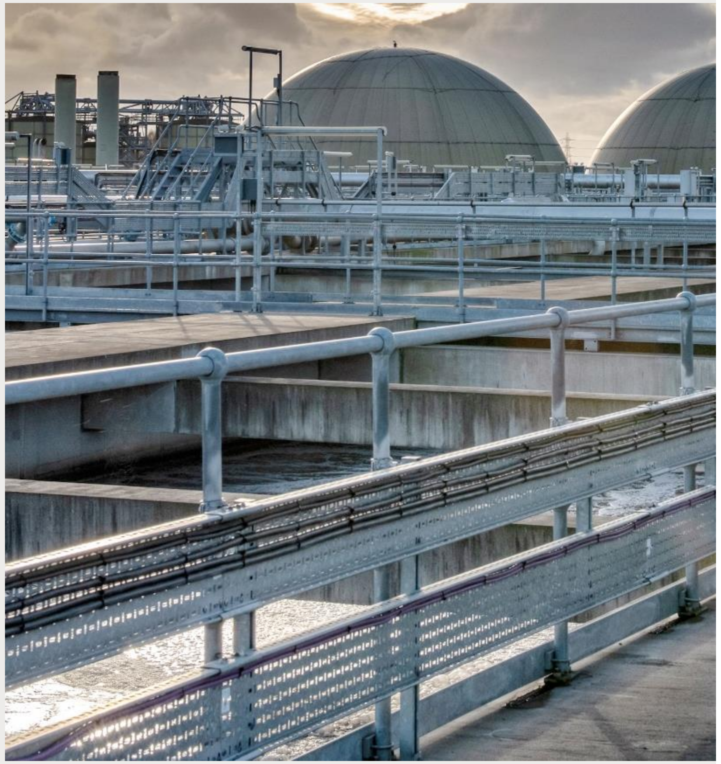
AI proactively identifying issues

Better Rivers: Better North West

We are stepping out into our communities

By our rivers

Come and see for yourself



In our high streets and church halls

Strategy update

Building our future plan

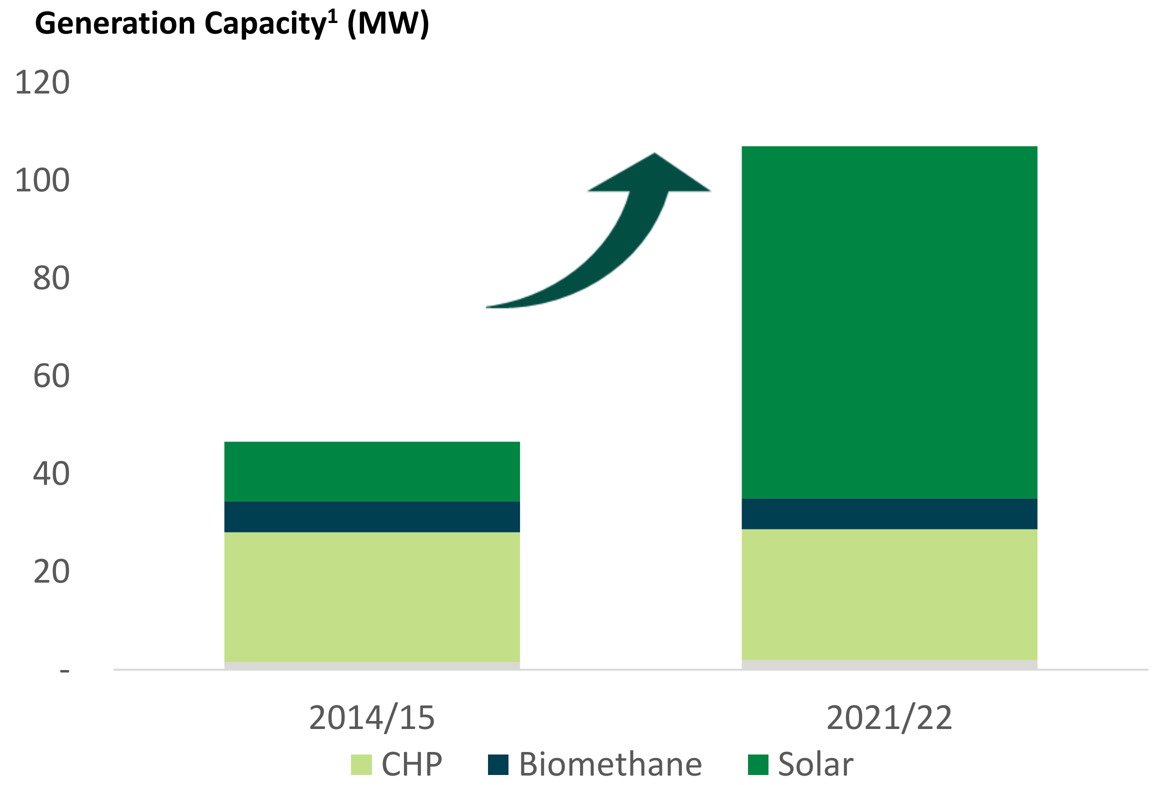
Better Rivers: Better North West

Greener future

Greener future

Adjacent opportunity to core water business

Strong track record of delivery



1. Includes 72MW wind and solar sold to SDCL for c£100m with benefits retained through long term power purchase agreements

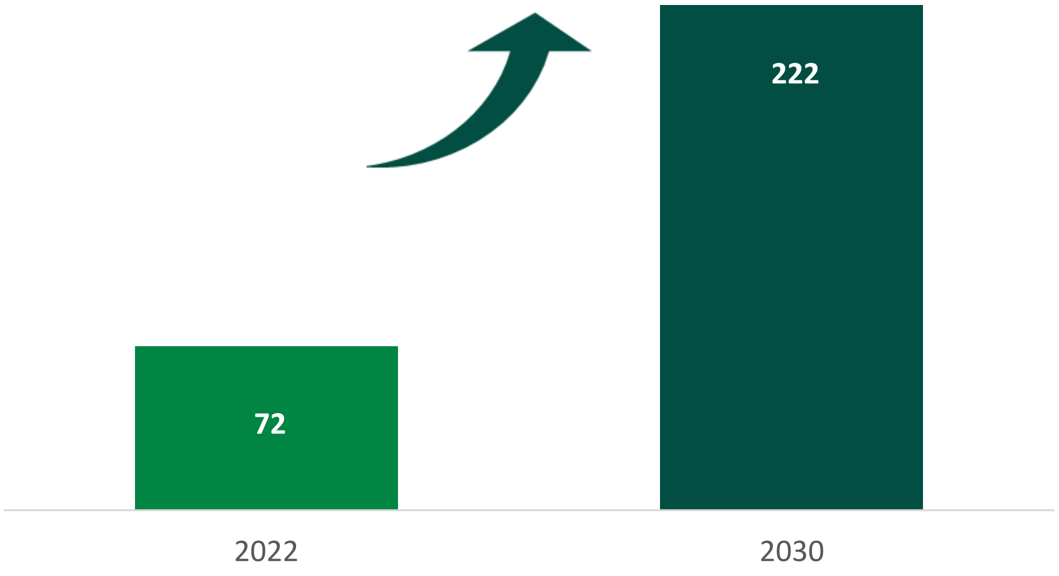
England's largest corporate land owner

56,000 Ha of land	**140 sites identified for development**
Strategic focus on resilience and net zero	**Our future business plan will drive up our power consumption**

Greener future

Clean energy strategy

Gross clean energy additions[1] ~150MW
By end of decade



1. Excludes CHP and Biomethane

Our clean energy strategy…

Targeting **50%** self-generation by 2030	**150MW** development plan by 2030
Combination of **solar** and **batteries**	**Behind the meter** and grid connected

…funds recycled from sale of UURE

Water makes the North West …

Stronger

Greener

Healthier

Cautionary statement

This presentation contains certain forward-looking statements with respect to the operations, performance and financial condition of the group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. These forward-looking statements include without limitation any projections or guidance relating to the results of operations and financial conditions of the group as well as plans and objectives for future operations, expected future revenues, financing plans, expected expenditure and any strategic initiatives relating to the group, as well as discussions of our business plan and our assumptions, expectations, objectives and resilience with respect to climate scenarios. The forward-looking statements reflect knowledge and information available at the date of preparation of this presentation and the company undertakes no obligation to update these forward-looking statements. Nothing in this presentation should be construed as a profit forecast.

Certain regulatory performance data contained in this presentation is subject to regulatory audit.

This announcement contains inside information, disclosed in accordance with the Market Abuse Regulation which came into effect on 3 July 2016 and for UK Regulatory purposes the person responsible for making the announcement is Simon Gardiner, Company Secretary.

Supporting information

Technical guidance 2023/24

	FY23	y-o-y	
Revenue	£1,824m	▲	Expected to increase by around £150m, largely reflecting CPIH inflation of 9.3%, partially offset by £20m net impact of over/under-recovery in FY23 and FY22
Underlying operating costs	£960m	▲	Expected to be around £60m higher, largely driven by inflation, with largest inflationary pressures to power and labour costs, along with operating cost impact of additional investments
Underlying finance expense	£475m	▼	At least £150m lower, due to the impact of inflation. Every 1% change in inflation gives rise to a c£45m swing in interest charge
Underlying tax	£25m credit	▼	'Full expensing' expected to provide a tax benefit of c£45m, resulting in no expected current tax charge
Capex	£694m	▲	Expected to be in the range of £720-800m, reflecting additional investment, green recovery, and AMP8 acceleration capital programmes
ODI rewards	£25m	▲	Targeting a net reward of over £50m, consistent with £200m total AMP7 guidance

AMP7 additional investment

Previously announced investment:

Approved incremental base investment

Subject to existing regulatory mechanisms established at PR19 and Green Recovery e.g. WINEP scheme at Bolton

£265m

Business case supported investment

Driving improved customer performance and ODIs e.g. £100m investment in Dynamic Network Management (DNM)and £100m investment in drinking water quality improvements

£250m

Investment of outperformance to improve environmental outcomes

e.g. Accelerating delivery against Environment Act requirements and improving river health alongside additional emerging environmental scope

£250m

AMP8 accelerated investment:

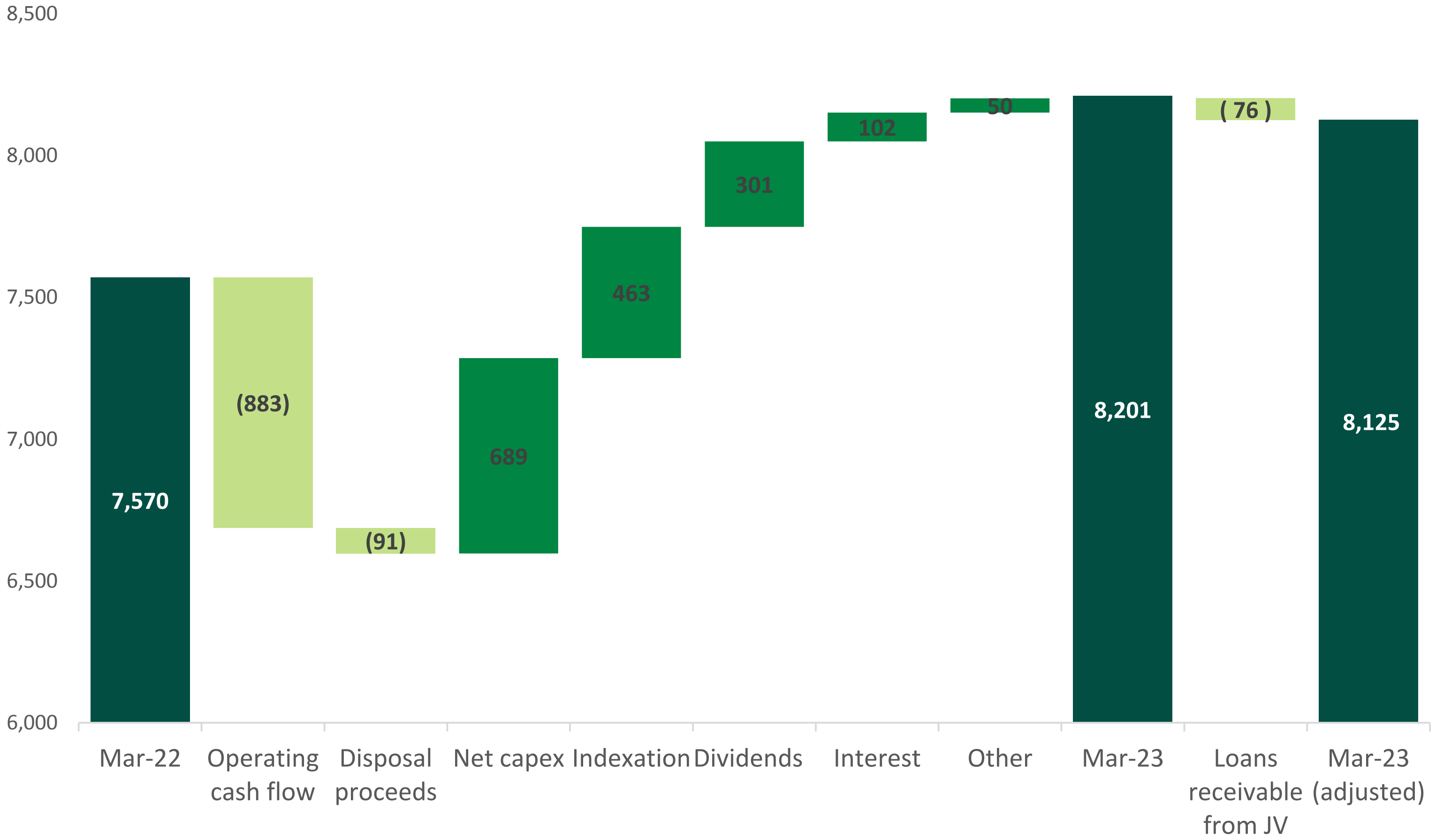
Accelerated Infrastructure Project

In April 2023, Ofwat gave draft approval to bring forward c.£200m of AMP8 investment for key environmental improvements in the region

£200m

RCV gearing

Net debt £m



RCV £m

	£m
FD RCV (17/18 prices)	10,859
Inflation	2,558
AMP7 ex-post adjustments	583
Mar-23 Adjusted RCV	**14,000**

RCV gearing: 58%

Underlying income statement

Year ended 31 March £m	2023	2022	Change (%)
Revenue	**1,824.4**	**1,862.7**	**-2%**
Operating expenses	(766.5)	(665.0)	
Infrastructure renewals expenditure	(193.5)	(169.5)	
EBITDA	**864.4**	**1,028.2**	**-16%**
Depreciation and amortisation	(423.6)	(418.2)	
Operating profit	**440.8**	**610.0**	**-28%**
Net finance expense	(475.1)	(306.3)	
Share of profits/(losses) of joint ventures	-	(1.8)	
(Loss)/Profit before tax	**(34.3)**	**301.9**	**-111%**
Tax	25.6	65.1	
Profit after tax	**(8.7)**	**367.0**	**-102%**
Earnings per share (pence)	**(1.3)**	**53.8**	**-102%**
Total dividend per ordinary share (pence)	**45.51**	**43.5**	**+4.6%**

Underlying operating costs

Year ended 31 March £m	2023	2022	Change (%)
Revenue	**1,824.4**	**1,862.7**	**-2%**
Employee costs	(192.2)	(184.3)	+4%
Power	(130.8)	(99.6)	+31%
Hired and contracted services	(103.7)	(95.4)	+9%
Materials	(132.7)	(90.8)	+46%
Property rates	(87.1)	(90.5)	-4%
Regulatory fees	(36.7)	(28.4)	+29%
Bad debts	(22.7)	(23.4)	-3%
Other expenses	(60.6)	(52.6)	+15%
	(766.5)	**(665.0)**	**+15%**
Infrastructure renewals expenditure (IRE)	(193.5)	(169.5)	+14%
Depreciation and amortisation	(423.6)	(418.2)	+1%
Total underlying operating expenses	**(1,383.6)**	**(1,252.7)**	**+10%**
Underlying operating profit	**440.8**	**610.0**	**-28%**

Profit before tax reconciliation

Year ended 31 March £m	2023	2022
Operating profit	440.8	610.0
Investment income and finance expense	(215.7)	(168.3)
Share of losses of joint ventures	-	(1.8)
Profit on disposal of United Utilities Renewable Energy	31.2	-
Reported profit before tax	**256.3**	**439.9**
Adjustments:		
Fair value (gains) on debt and derivative instruments, excluding interest on derivatives and debt under fair value option	(259.4)	(138.0)
Profit on disposal of United Utilities Renewable Energy	(31.2)	-
Underlying (loss)/profit before tax	**(34.3)**	**301.9**

Profit after tax reconciliation

Year ended 31 March £m	2023	2022
Reported profit/(loss) after tax	**204.9**	**(56.8)**
<u>Adjustments:</u>		
Fair value (gains)/losses on debt and derivative instruments, excluding interest on derivatives and debt under fair value option	(259.4)	(138.0)
Deferred tax adjustment	76.6	562.5
Tax in respect of adjustments to underlying profit before tax	0.4	(0.7)
Profit on disposal of United Utilities Renewable Energy Limited	(31.2)	-
Underlying profit after tax	**(8.7)**	**367.0**
Basic earnings per share (pence)	**30.0**	**(8.3)**
Underlying earnings per share (pence)	**(1.3)**	**53.8**

Finance expense

Year ended 31 March £m	2023	2022
Investment income	47.0	19.4
Finance expense	(262.7)	(187.7)
	(215.7)	**(168.3)**
Fair value (gains)/losses on debt and derivative instruments, excluding interest on derivatives and debt under fair value option	(259.4)	(138.0)
Underlying net finance expense	**(475.1)**	**(306.3)**
Adjustment for net pension interest income	(28.7)	(14.3)
Adjustment for capitalised borrowing costs	(127.5)	(52.7)
Effective net finance expense	**(631.3)**	**(373.3)**
Average notional net debt	**7,849**	**7,368**
Average effective interest rate	**8.0%**	**5.1%**
Effective interest rate on index-linked debt	12.4%	7.0%
Effective interest rate on other debt	2.2%	2.5%

Finance expense: index-linked debt

Year ended £m	2023	2022
Interest on index-linked debt	(21.4)	(35.7)
RPI adjustment (£2.3bn debt at Mar-22/13.4% charge; £2.2bn debt at Mar-21/7.8% charge) – 3 month lag[1]	(302.6)	(166.9)
CPI adjustment (£1.1bn debt at Mar-22/10.0% charge; £1.1bn debt at Mar-21/5.4% charge) – 3 month lag[2]	(113.9)	(58.4)
RPI adjustment (£0.8bn debt at Mar-22/12.3% charge; £0.8bn debt at Mar-21/3.8% charge) – 8 month lag[3]	(103.2)	(30.9)
Finance expense on index-linked debt[4]	**(541.1)**	**(291.9)**
Interest on other debt (including fair value option debt and derivatives)	(90.2)	(81.4)
Effective net finance expense	**(631.3)**	**(373.3)**

[1] Affected by movement in RPI between January 2022 and January 2023
[2] Affected by movement in CPI between January 2022 and January 2023
[3] Affected by movement in RPI between July 2021 and July 2022
[4] Adjusted to overlay the impact of inflation swaps

Derivative analysis

At 31 March £m	2023	2022
Derivatives hedging debt	(20.3)	198.5
Derivatives hedging interest rates	219.0	10.7
Derivatives hedging commodity prices	25.6	111.0
Total derivative assets and liabilities	**224.3**	**320.2**

- Derivatives hedging debt; hedge our non index-linked debt into sterling, floating interest rate debt. Typically these are designated in fair value hedge accounting relationships.
- Derivatives hedging interest rates; the majority fix our sterling interest rate exposure on a 10 year rolling average basis. A portion of these derivatives instead fix future real interest rates through inflation-linked swaps.
- Derivatives hedging commodity prices; fix a proportion of our future electricity prices in line with our policy. These are in addition to prices fixed in the physical market with power purchase agreement which are not subject to fair value measurement.
- Derivatives hedging specific debt instruments are included within net debt to eliminate, to a certain extent, the fair value recognised in borrowings and thereby present a more representative net debt figure.
- Further details of our group hedging strategy can be found in the Group financial statements.

Statement of financial position

At £m	31 Mar 2023	31 Mar 2022	Change (%)
Property, plant and equipment	12,570.7	12,147.5	+3%
Retirement benefit surplus	600.8	1,016.8	-41%
Other non-current assets	235.7	259.5	-9%
Cash	340.4	240.9	+41%
Other current assets	302.5	314.9	-4%
Total derivative assets	477.1	457.4	+4%
Total assets	**14,527.2**	**14,437.0**	**+1%**
Gross borrowings	(8,435.4)	(7,979.8)	+6%
Other non-current liabilities	(2,940.5)	(2,983.3)	-1%
Other current liabilities	(389.8)	(378.8)	+3%
Total derivative liabilities	(252.8)	(137.2)	+84%
Total liabilities	**(12,018.5)**	**(11,479.6)**	**+5%**
TOTAL NET ASSETS	**2,508.7**	**2,957.4**	**-15%**
Share capital	499.8	499.8	0%
Share premium	2.9	2.9	0%
Retained earnings	1,652.6	2,038.5	-19%
Other reserves	353.4	416.2	-15%
SHAREHOLDERS' EQUITY	**2,508.7**	**2,957.4**	**-15%**
NET DEBT[1]	**(8,200.8)**	**(7,570.0)**	**+8%**

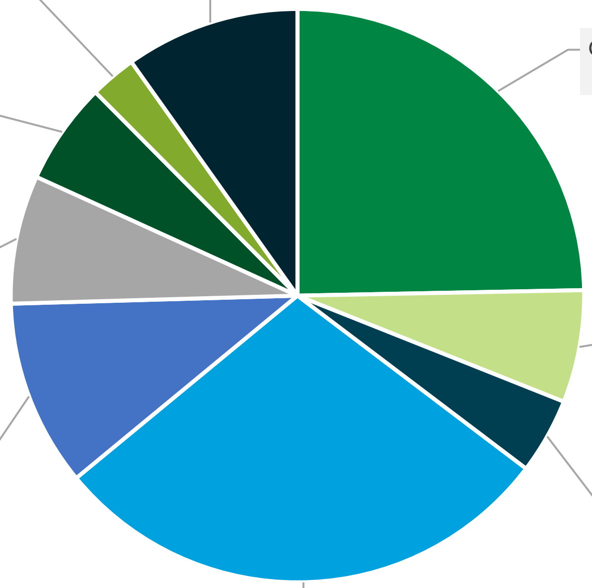
[1]Net debt reconciliation can be found on slide 49

Reconciliation of net debt

At £m	31 Mar 2023	31 Mar 2022
Cash	340.4	240.9
Total derivative assets	477.1	457.4
Gross borrowings	(8,435.4)	(7,979.8)
Total derivative liabilities	(252.8)	(137.2)
Balance sheet net debt	**(7,870.7)**	**(7,418.7)**
Exclude the fair value impact of:		
Interest rate derivatives fixing future nominal interest rates	(201.2)	(55.1)
Inflation derivatives fixing future real interest rates	(103.3)	14.8
Electricity derivatives fixing future electricity costs	(25.6)	(111.0)
Net debt	**(8,200.8)**	**(7,570.0)**

Financing and liquidity at 31 March 2023

Gross Debt = £8,435.4m



Headroom / prefunding = £867m

	£m
Cash and short-term deposits[1]	340.3
Medium-term committed bank facilities[2]	700.0
Short-term debt	(58.3)
Term debt maturing within one year	(115.0)
Total headroom / prefunding	**867.0**

[1] Excludes £297.5m net proceeds from a £300m public bond issued with a value date of 6 April 2023, and £99.8m net proceeds from a £100m 9-year loan executed on 21 April 2023.

[2] Excludes £150m of facilities maturing within one year.

Debt structure at 31 March 2023

United Utilities Group PLC

United Utilities PLC
Baa1 stable; BBB- stable; A- stable[7]

Yankees:
- $400m in 28s

United Utilities Water Limited
A3 stable; BBB+ stable; A- stable[7]
Ring-fenced and regulated by Ofwat

Euro MTNs:
- £300m in 27s
- £50m in 32s[1]
- £200m in 35s
- £100m in 35s[1]
- £35m in 37s[1]
- £70m in 39s[1]
- £100m in 40s[1]
- £50m in 41s[1]
- £100m in 42s[1]
- £20m in 43s[1]
- £50m in 46s[1]
- £50m in 49s[1]
- £510m in 56s[1]
- £150m in 57s[1]

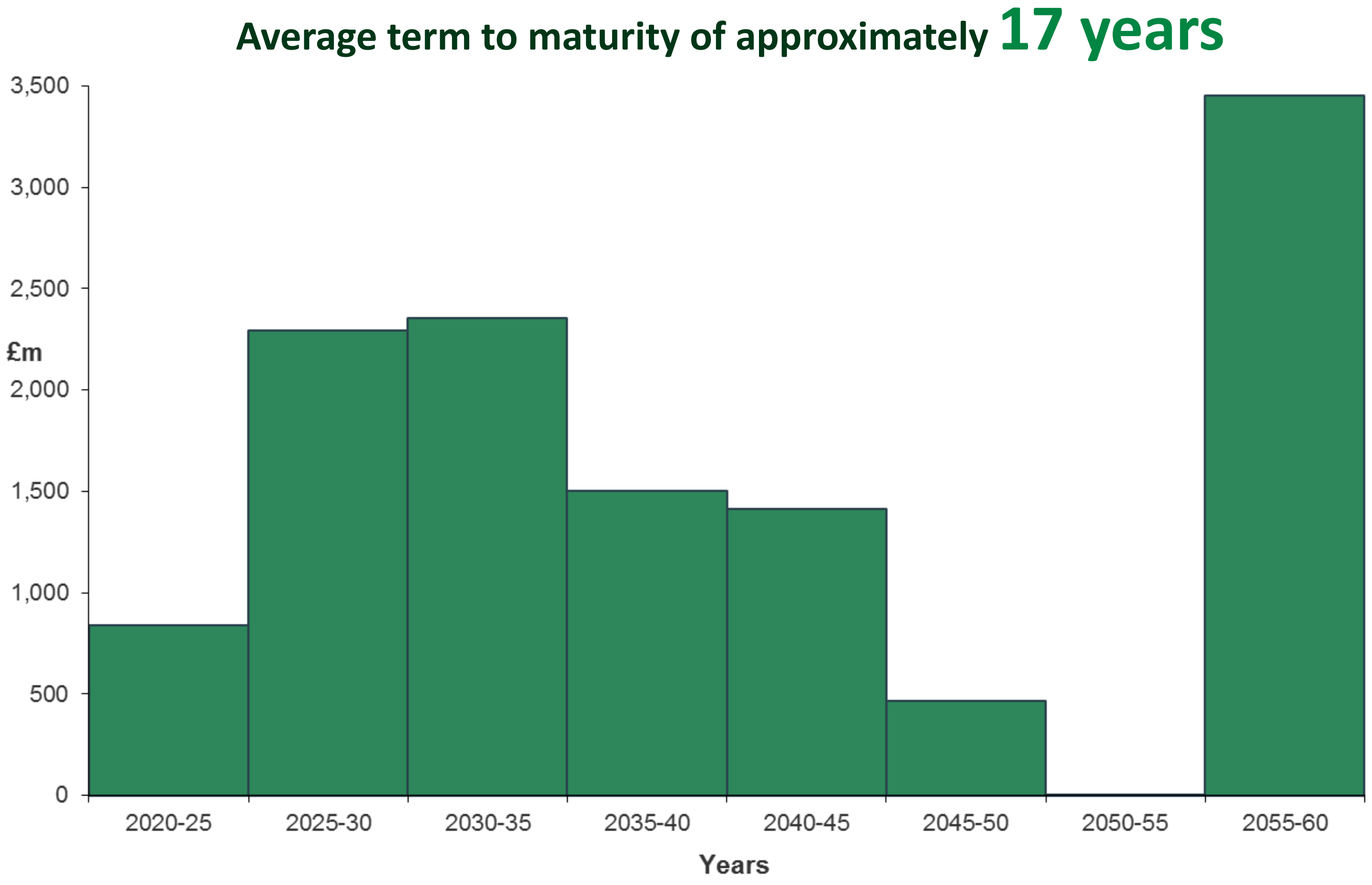
Other debt:
- EIB RPI-linked loans £419m[1]
- Other RPI-linked loans £200m[1]
- CPI-linked loans £100m[2]
- Other EIB loans £445m
- Short-term loans £46m
- ¥10bn dual currency loan
- Other sterling loans £410m

United Utilities Water Finance PLC[6]
Guaranteed by United Utilities Water Ltd

Euro MTNs:
- £450m in 25s
- £25m in 25s[1]
- HK$320m in 26s
- HK$739m in 26s
- €52m in 27s
- HK$830m in 27s
- £20m in 28s[1]
- £100m in 28s
- £300m in 29s[2]
- £35m in 30s[1]
- ¥11bn in 30s
- €30m in 30s
- £425m in 31s[4]
- €30m in 31s
- HK$600m in 31s
- US$35m in 31s
- £38m in 31s[3]
- £20m in 31s[2]
- €28m in 32s
- €26m in 32s
- €30m in 33s
- £350m in 33s[5]
- £27m in 36s[3]
- £29m in 36s[3]
- £20m in 36s[2]
- £60m in 37s[2]
- ¥8.5bn in 37s
- £325m in 38s
- £300m in 38s
- £125m in 40s[2]
- £300m in 42s
- £32m in 48s[2]
- £33m in 57s[2]

[1] RPI linked finance
[2] CPI linked finance / fixed rate finance subsequently swapped to CPI linked
[3] RPI linked finance subsequently swapped to CPI linked
[4] £100m and £75m fixed rate tranches of this bond have been swapped to CPI linked
[5] Two £50m fixed rate tranches of this bond have been swapped to CPI/CPIH linked
[6] United Utilities Water Finance PLC (UUWF) is a financing subsidiary of United Utilities Water Limited (UUW) established to issue new listed debt on behalf of UUW. Notes issued by UUWF are unconditionally and irrevocably guaranteed by UUW and are rated in line with UUW's credit ratings
[7] Senior unsecured debt ratings published by Moody's; Standard & Poor's; Fitch respectively

Term debt maturity profile as at 31 March 2023[1]



[1] Future repayments of index-linked debt include RPI/CPI/CPIH market derived forecasts out to 2027, subsequently transitioning to an average annual RPI rate of 3% and an average annual CPI/CPIH rate of 2%