United Utilities Water Limited; United Utilities PLC

United Utilities Water Limited's (UUW) ratings reflect Fitch Ratings' expectation that the company's financial profile will remain commensurate with its ratings for the price control period ending March 2030 (AMP8). This considers our tightened rating sensitivities, as well as our assumption of net outcome delivery incentive (ODI) rewards and environmental fines. The group's solid operational performance and the low cost of debt embedded in its capital structure relative to the sector's further underpin its rating headroom.

The rating of United Utilities PLC (UU) reflects our increasing focus on its structural subordination to UUW, despite UU's lower consolidated gearing than UUW.

Key Rating Drivers

Rising Sector Risk: Ofwat's final determination (FD) offers a reasonable outcome for most UK water companies compared to the draft determination and is in line with our expectations. However, we anticipate moderately higher business risk in AMP8 due to increased environmental exposure, public scrutiny, and clawback risk, which is linked to the price control deliverables (PCDs) mechanism. Further uncertainties may arise from the Cunliffe review, the most significant regulatory reform since privatisation.

The sector faces increased risk of fines for operational and environmental underperformance and challenges in rebuilding trust with the public, government, and regulatory bodies. We expect the sector to enhance its assets to accommodate population growth and extreme weather conditions.

Revised Debt Capacity and Sensitivities: Fitch has revised the sector's debt capacity for AMP8, leading to a 0.1x increase in cash and nominal post-maintenance interest coverage ratios (PMICRs) for UUW. However, the negative sensitivity for net debt/regulatory capital value (RCV) remains at 67% because UUW is a positive outlier in the sector. In contrast, the gearing sensitivity has tightened by 2% across our utilities portfolio.

The affirmation is supported by solid operational performance and a target gearing of 55%-65% across AMP8 for United Utilities Group PLC (UU Group PLC). We tested the resilience of UUW's rating headroom by including environmental fines in the rating case, and under our cash flow assumptions, the company maintains limited gearing headroom but comfortable coverage headroom.

Limited Gearing Headroom: Fitch forecasts UUW's net debt/RCV around 66% by the end of AMP8, leaving limited rating headroom under our negative sensitivity of 67%. UUW plans to fund its investments through bill increases and new debt, with no equity issuance. However, we expect management to undertake mitigation measures to avert breaches of its net debt/RCV negative rating sensitivities.

Comfortable PMICRs Headroom: We forecast cash PMICR of 2.3x and nominal PMICR of 2.5x for AMP8, both comfortably above our negative rating sensitivities of 1.7x and 1.9x, respectively. Our ratios also assume an average cost of new debt at 5.3%, below the sector average.

Neutral Totex Performance: Net total expenditure (totex) for AMP8 is GBP13.3 billion (real terms, 2022-2023 prices), nearly double the GBP6.8 billion in AMP7, leading to an RCV of GBP21.8 billion by the end of AMP8, up from GBP15.4 billion in FY25. Despite a 5% reduction in the company's business plan, we expect UUW to adhere to regulatory cost allowances. This is based on AMP8 investments already in progress and a supply chain ready to handle increased totex. In addition, FD allowances have been set at around 10% higher than the draft determination.

Increased Enhancement Allowance: Enhancement expenditure for UUW are about 3.0x higher in AMP8 (GBP5.7 billion in real terms) than in AMP7. Storm overflows account for nearly 42% of the investments, and 28% are related to river health improvements. About 90% of enhancement expenditure is subject to the PCD mechanism. Under this framework, investments need to achieve Ofwat's benchmarks of allowance and timeline to mitigate the risk of a clawback. This mechanism ensures that investment funding is ringfenced, with any unspent allowances returned to customers.

ODI Rewards Expected: We forecast in-period ODI rewards of GBP80 million related to operational performance in AMP8. Since the cash impact of these penalties materialises with a two-year lag, we are projecting cash ODI rewards of about GBP160 million in AMP8 to include the amount related to the last two years of AMP7. In AMP8, we expect UUW to receive rewards, primarily for improvements in pollution incidents, external sewer flooding, and bathing water quality.

Regulatory Fines Forecast: Fitch forecasts about GBP140 million in total fines from the Environment Agency and Ofwat as baseline cash outflows, due to heightened regulatory scrutiny and stricter controls on wastewater networks. We have assumed fines across all companies operating wastewater networks and will adjust this assumption to reflect actual fines or a perceived reduction in risk, accordingly.

Structural Subordination of UU: Following its downgrade, UU's senior unsecured debt ratings is now one notch below UUW's. We are placing a greater emphasis on its structural subordination to UUW, despite UU's lower consolidated gearing. The downgrade also reflects the possibility of UU issuing debt during AMP8 to support UUW's financial profile.

Rating Sensitivities

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

- UUW: Adjusted total net debt/RCV above 67%, cash PMICR below 1.7x and nominal PMICR below 1.9x
- Deterioration in operational and environmental performance, resulting in lower ODI rewards or higher fines than Fitch's rating case
- UU: Adjusted total net debt/RCV above 69% or a downgrade of UUW

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

- UUW: Adjusted total net debt/RCV below 62%, combined with cash PMICR above 1.8x and nominal PMICR above 2.0x
- UU: An upgrade is unlikely, due to its structural subordination to UUW. However, an upgrade of UUW, combined with UU's consolidated leverage remaining below 64%, could lead to an upgrade

Issuer Profile

UUW is an Ofwat-regulated regional monopoly providing water and wastewater services in the north-west England with an RCV of GBP15.4 billion at FYE25. We forecast this to increase to about GBP21.8 billion by the end of AMP8.

Financial Summary

(GBPm)	2026F	2027F	2028F	2029F	2030F
EBITDA	1,432	1,578	1,645	1,758	1,842
Cash PMICR (x)	2.4	3.1	2.1	1.8	1.9
Nominal PMICR (x)	2.7	3.1	2.4	2.2	2.3
Net debt/RAV (%)	67	66	67	67	66

Fitch Ratings, Fitch Solutions, UUW

Corporate Rating Tool Inputs and Scores

Fitch scored the issuer as follows, using our Corporate Rating Tool (CRT) to produce the Standalone Credit Profile (SCP):

United Utilities Water Limited

Business and financial profile factors (assessment, relative importance): Management (bbb, Lower), Sector Characteristics (a-, Higher), Market and Competitive Positioning (bbb+, Moderate), Diversification and Asset Quality (bbb+, Lower), Company Operational Characteristics (a-, Moderate), Profitability (bbb, Moderate), Financial Structure (bbb+, Higher), and Financial Flexibility (a-, Moderate).

The quantitative financial subfactors are based on custom CRT financial period parameters: 20% weight for each of the forecast years from 2026 to 2030 for cash and nominal PMICR and 100% weight for the forecast year 2030 for gearing.

The Governance assessment of 'Good' results in no adjustment.

The Operating Environment assessment of 'aa-' results in no adjustment.

The SCP is 'bbb+'.

To derive the Issuer Default Rating (IDR):

Application of Fitch's Parent Subsidiary Linkage Rating Criteria results in a consolidated profile+2 approach.

United Utilities PLC

Business and financial profile factors (assessment, relative importance): Management (bbb, Lower), Sector Characteristics (bbb, Higher), Market and Competitive Positioning (bbb+, Moderate), Diversification and Asset Quality (bbb+, Lower), Company Operational Characteristics (a-, Moderate), Profitability (bbb, Moderate), Financial Structure (a-, Higher), and Financial Flexibility (bbb+, Moderate).

The quantitative financial subfactors are based on custom CRT financial period parameters: 100% weight for the forecast year 2030 for gearing (end of current regulatory period).

The Governance assessment of 'Good' results in no adjustment.

The Operating Environment assessment of 'aa-' results in no adjustment.

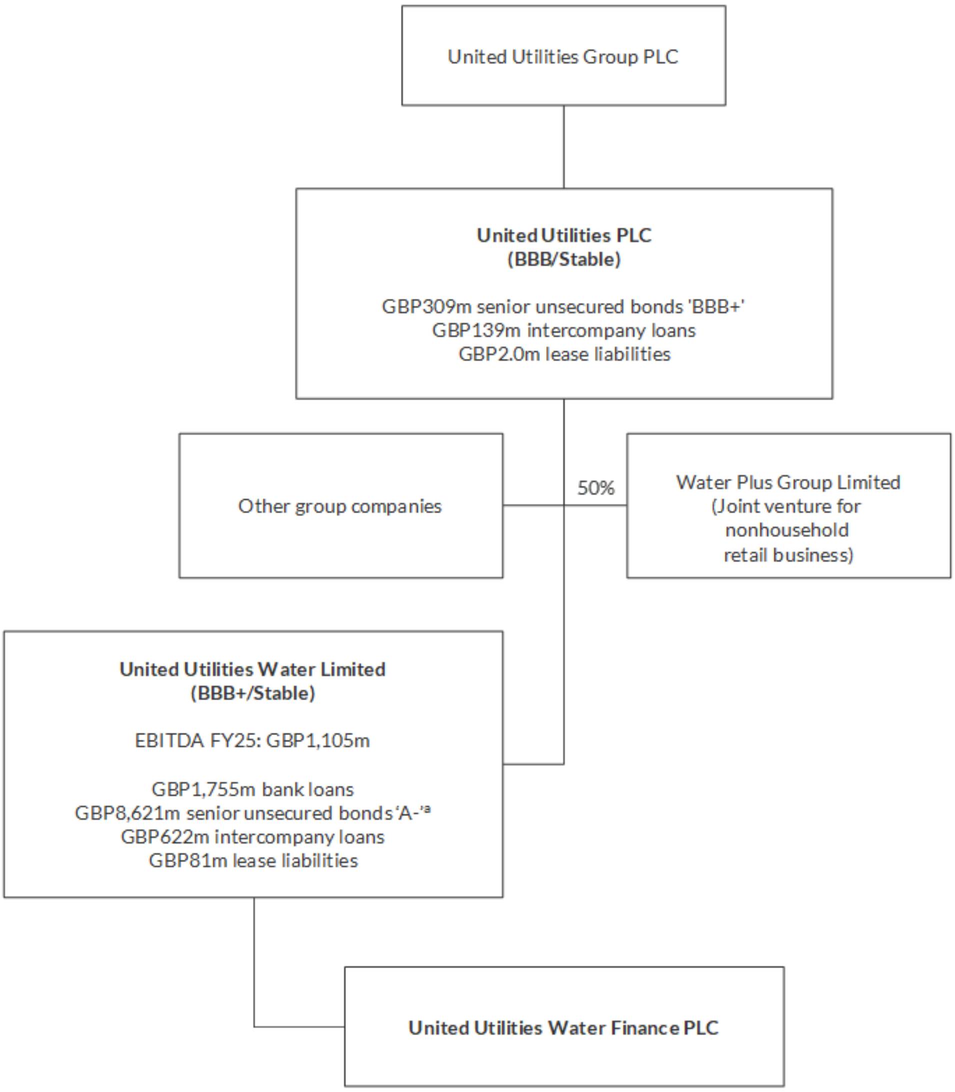
The calibration adjustment applies and results in an adjustment of -1 notch.

The SCP is 'bbb'.

To derive the IDR:

Application of Fitch's Parent Subsidiary Linkage Rating Criteria results in a consolidated profile+2 approach.

Simplified Group Structure Diagram

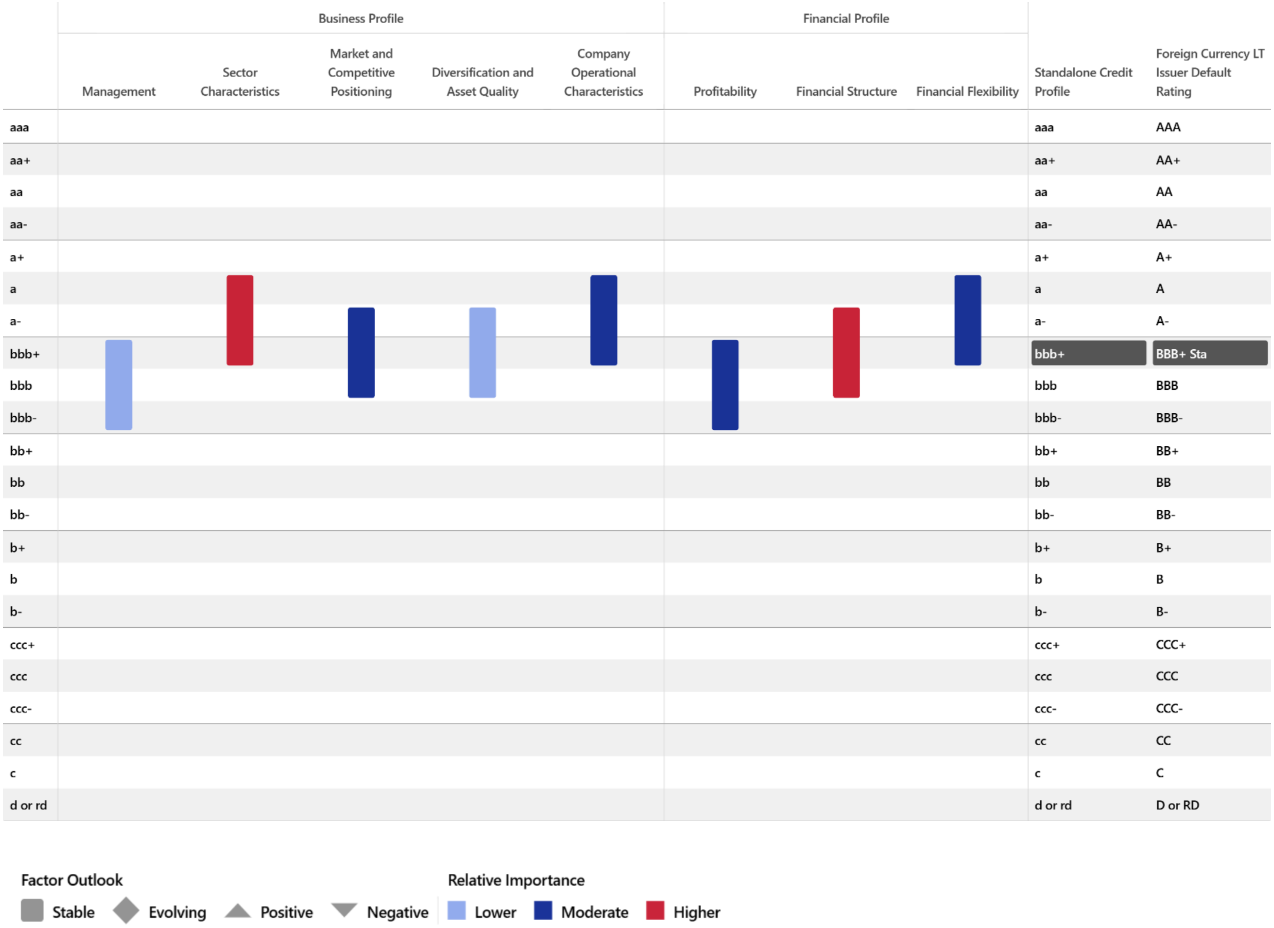


[a] Senior unsecured bonds issued by UUW and UUW Finance PLC (guaranteed by UUW).
Source: Fitch Ratings, Fitch Solutions, United Utilities Water Limited. As of 31 March 2025

Ratings Navigator

United Utilities Water Limited

EMEA Regulated Network Utilities



Additional Adjustments to the Standalone Credit Profile

	Assessment	Impact
Weakest link considerations	Not applied	0
Additional sector considerations	Not applied	0
B+ to CC considerations	Not applied	0
Governance	Good	0
Operating environment	aa-	0
Other risk elements	Not applied	0
Calibration	Not applied	0
Standalone Credit Profile		**bbb+**
Parent subsidiary linkage	Consolidated profile+2	BBB+
Government related entities	Not applied	—
Other criteria considerations	Not applied	0
Country ceiling considerations	Not applied	0

Factor/Subfactor	Score/Outlook/Importance	Description
Management	bbb/stable/lower	
Risk tolerance	bbb/moderate	Management committed to conservative risk profile. Only modest/short-term deviations from strategy allowed.
Management strategy	bbb/moderate	Good track record of implementing coherent and stable strategy.
Management quality	bbb/moderate	Experienced management or proven track record. Management composition is broadly stable. No evidence of material risk management weaknesses.

Factor/Subfactor	Score/Outlook/Importance	Description
Sector characteristics	a-/stable/higher	
Regulatory risk	a-/higher	Transparent frameworks with strong track record and multi-year predictable tariffs set by independent regulators; little political risk.
Licensing, ring-fencing, concessioning	a/moderate	Licensing includes effective ring-fencing provisions with creditworthiness requirements; limited concession renewal risk.
Cost and investment recovery	a/moderate	Tariff setting with challenge mechanisms that may marginally limit cost and investment recovery, with little regulatory lag.
Volume and price risk	a/moderate	High insulation from price and volume risk, little revenue under-recovery.

Factor/Subfactor	Score/Outlook/Importance	Description
Market and competitive positioning	bbb+/stable/moderate	
Market positioning	bbb/moderate	Local or regional monopoly asset owners, regional monopoly asset operators.
Non-regulated earnings (%)	a/moderate	up to 10%

Factor/Subfactor	Score/Outlook/Importance	Description
Diversification and asset quality	bbb+/stable/lower	
Asset diversification	bbb/moderate	Limited diversification by geography without regulatory diversification; regional utility.
Critical mass	a/moderate	Critical mass in one regulated asset; does not affect efficiency of operations (cost base, customer base, key personnel).
Asset quality	bbb/moderate	Mid-range asset quality not affecting opex and capex requirements compared with peers.
Residual life	bbb/moderate	The residual life of regulatory assets is in line with sector average.

Factor/Subfactor	Score/Outlook/Importance	Description
Company operational characteristics	a-/stable/moderate	
Performance measures	a/higher	Key performance measures in line with or above sector average and/or regulatory target.
Counterparty risk	bbb/moderate	Medium counterparty risk; medium collection rates for water suppliers. Some exposure to cyclical industries and/or customers.

Factor/Subfactor	Score/Outlook/Importance	Description
Profitability	bbb/stable/moderate	
Return on capital	bbb/moderate	Return on capital comparable with the regulatory benchmark.
Volatility of profitability	bbb/moderate	Stability and predictability of profit in line with utility peers.
Investment cycle	bbb/moderate	Investment cycle position and dividend policy contributing to negative free cash flow. Moderate flexibility in smoothing capex plans.

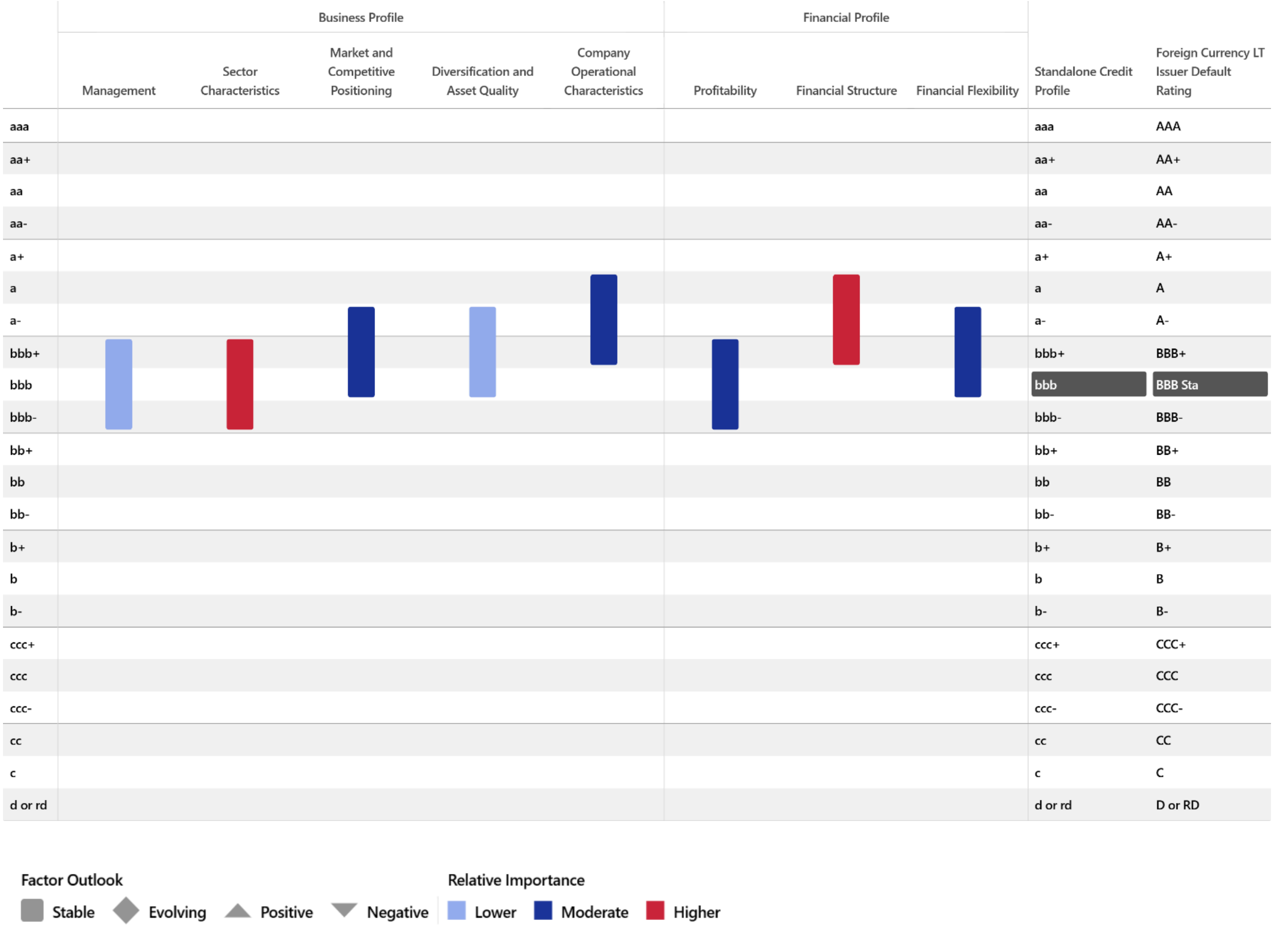
Factor/Subfactor	Score/Outlook/Importance	Description
Financial structure	bbb+/stable/higher	
FFO leverage (x)	N/A/n/a	Subfactor not relevant to the issuer.
FFO net leverage (x)	N/A/n/a	Subfactor not relevant to the issuer.
Adjusted net debt/asset base (or regulated asset base) (%)	bbb+/higher	70.0
Cash PMICR (x)	a/lower	2.2
Nominal PMICR (x)	a/lower	2.5

Factor/Subfactor	Score/Outlook/Importance	Description
Financial flexibility	a-/stable/moderate	
Financial access	a-/moderate	Unequivocal access through the cycle to: Local financial markets with FMD of 'a' and above, or International financial markets with (primarily) FMD of 'a' and above. If the issuer is an infrequent/ untested issuer, the issuer must be very likely to be able to freely access these markets through the cycle.
Liquidity	a-/moderate	No need for external funding beyond committed facilities in the next 12 months even under a severe stress scenario. Well-spread maturities. Diversified funding.
Ffo interest coverage (x)	N/A/n/a	Subfactor not relevant to the issuer.
Fx exposure	aa/lower	No material FX mismatch.
Dividend cover (x)	N/A/n/a	Subfactor not relevant to the issuer.

Factor/Subfactor	Score/Outlook/Importance	Description
Governance	Good/—/—	
Ownership and decision-making concentration	Good/moderate	No concentration in ownership and/or decision-making. Presence of effective checks and balances. Key person risk is immaterial. Decision-making is defensible from a governance perspective.
Group structure transparency and contagion risk	Good/moderate	Transparent group structure. No contagion risks.
Information quality/transparency	Good/moderate	Timely and good provision of financial and operational information, facilitating the analysis of the credit profile.

United Utilities PLC

EMEA Regulated Network Utilities



Additional Adjustments to the Standalone Credit Profile

	Assessment	Impact
Weakest link considerations	Not applied	0
Additional sector considerations	Not applied	0
B+ to CC considerations	Not applied	0
Governance	Good	0
Operating environment	aa-	0
Other risk elements	Not applied	0
Calibration	Applied	-1
Standalone Credit Profile		**bbb**
Parent subsidiary linkage/	Consolidated profile+2	BBB
Government related entities	Not applied	—
Other criteria considerations	Not applied	0
Country ceiling considerations	Not applied	0

Factor/Subfactor	Score/Outlook/Importance	Description
Management	bbb/stable/lower	
Risk tolerance	bbb/moderate	Management committed to conservative risk profile. Only modest/short-term deviations from strategy allowed.
Management strategy	bbb/moderate	Good track record of implementing coherent and stable strategy.
Management quality	bbb/moderate	Experienced management or proven track record. Management composition is broadly stable. No evidence of material risk management weaknesses.

Factor/Subfactor	Score/Outlook/Importance	Description
Sector characteristics	bbb/stable/higher	
Regulatory risk	bbb/higher	Less transparent frameworks, with emerging track record and multi-year tariffs; exposed to political risk. Medium-term predictability.
Licensing, ring-fencing, concessioning	bbb/higher	Less demanding licensing and ring-fencing provisions; moderate concession renewal risk.
Cost and investment recovery	a/moderate	Tariff setting with challenge mechanisms that may marginally limit cost and investment recovery, with little regulatory lag.
Volume and price risk	a/moderate	High insulation from price and volume risk, little revenue under-recovery.

Factor/Subfactor	Score/Outlook/Importance	Description
Market and competitive positioning	bbb+/stable/moderate	
Market positioning	bbb/moderate	Local or regional monopoly asset owners, regional monopoly asset operators.
Non-regulated earnings (%)	a/moderate	up to 10%

Factor/Subfactor	Score/Outlook/Importance	Description
Diversification and asset quality	bbb+/stable/lower	
Asset diversification	bbb/moderate	Limited diversification by geography without regulatory diversification; regional utility.
Critical mass	a/moderate	Critical mass in one regulated asset; does not affect efficiency of operations (cost base, customer base, key personnel).
Asset quality	bbb/moderate	Mid-range asset quality not affecting opex and capex requirements compared with peers.
Residual life	bbb/moderate	The residual life of regulatory assets is in line with sector average.

Factor/Subfactor	Score/Outlook/Importance	Description
Company operational characteristics	a-/stable/moderate	
Performance measures	a/higher	Key performance measures in line with or above sector average and/or regulatory target.
Counterparty risk	bbb/moderate	Medium counterparty risk; medium collection rates for water suppliers. Some exposure to cyclical industries and/or customers.

Factor/Subfactor	Score/Outlook/Importance	Description
Profitability	bbb/stable/moderate	
Return on capital	bbb/moderate	Return on capital comparable with the regulatory benchmark.
Volatility of profitability	bbb-/moderate	Stability and predictability of profit in line with utility peers.
Investment cycle	bbb/moderate	Investment cycle position and dividend policy contributing to negative free cash flow. Moderate flexibility in smoothing capex plans.

Factor/Subfactor	Score/Outlook/Importance	Description
Financial structure	a-/stable/higher	
FFO leverage (x)	N/A/n/a	Subfactor not relevant to the issuer.
FFO net leverage (x)	N/A/n/a	Subfactor not relevant to the issuer.
Adjusted net debt/asset base (or regulated asset base) (%)	a-/higher	60.0
Cash PMICR (x)	N/A/n/a	Subfactor not relevant to the issuer.
Nominal PMICR (x)	N/A/n/a	Subfactor not relevant to the issuer.

Factor/Subfactor	Score/Outlook/Importance	Description
Financial flexibility	bbb+/stable/moderate	
Financial access	a-/moderate	Unequivocal access through the cycle to: Local financial markets with FMD of 'a' and above, or International financial markets with (primarily) FMD of 'a' and above. If the issuer is an infrequent/ untested issuer, the issuer must be very likely to be able to freely access these markets through the cycle.
Liquidity	bbb/moderate	One-year liquidity ratio above 1.25x. Well spread debt maturity schedule but funding may be less diversified.
FFO interest coverage (x)	N/A/n/a	Subfactor not relevant to the issuer.
FX exposure	aa/lower	No material FX mismatch.
Dividend cover (x)	N/A/n/a	Subfactor not relevant to the issuer.

Factor/Subfactor	Score/Outlook/Importance	Description
Governance	Good/—/—	
Ownership and decision-making concentration	Good/moderate	No concentration in ownership and/or decision-making. Presence of effective checks and balances. Key person risk is immaterial. Decision-making is defensible from a governance perspective.
Group structure transparency and contagion risk	Good/moderate	Transparent group structure. No contagion risks.
Information quality/transparency	Good/moderate	Timely and good provision of financial and operational information, facilitating the analysis of the credit profile.

Parent Subsidiary Linkage Analysis

Key Risk Factors and Notching Analysis

Parent	United Utilities PLC
Parent LT IDR	BBB
Subsidiary	United Utilities Water Limited
Subsidiary LT IDR	BBB+
Path	Stronger Subsidiary
Legal ring-fencing	Porous
Access and control	Porous
Notching matrix outcome	Parent consolidated profile+2
Override applied	No
Notching approach	—

LT IDR — Long-Term Issuer Default Rating
Source: Fitch Ratings

Stronger Subsidiary Notching Matrix

Access and control	Open	Porous	Insulated
With open ring-fencing	Parent consolidated profile	Parent consolidated profile+1	Parent consolidated profile+2[b]
With porous ring-fencing	Parent consolidated profile+1	Parent consolidated profile+2[b]	Parent consolidated profile+2[b]
With insulated ring-fencing	a	Standalone	Standalone

[a] It is unlikely that considerations for "insulated" legal ring-fencing would coexist with the conditions outlined under "open" for access and control. It is more likely that other factors relevant to legal ring-fencing or access and control, but not within this table, would move either one, or both, of the individual Linkage Factor Assessments (LFAs) to a "porous" level that would lead to a Parent consolidated+1, Parent consolidated+2 or standalone outcome. [b] Notching is capped at the subsidiary's Standalone Credit Profile.
Source: Fitch Ratings

Fitch's Key Rating-Case Assumptions

- Ofwat's FD financial model used as the principal source of information

- Neutral totex performance
- Net cash ODI rewards of GBP160 million in FY26-FY30
- Fines totalling GBP140 million from the Environmental Agency or Ofwat
- Nominal cost of new debt averaging 5.3%
- CPIH averaging 2.8% (starting at 3.3% in FY26 and decreasing to 2.5% by 2030). RPI averaging 3% (starting at 3.5% in FY26 and trending down to 2.5% by 2030)
- UUW Dividend averaging GBP300 million a year over FY26-FY30
- UU Group PLC group dividend policy increasing in line with CPIH a year over FY26-FY30, supported by UUW's dividend distributions
- No cash tax payments or pension-deficit recovery payments
- No material new debt at UU level

Liquidity and Debt Structure

As of FYE25, UUW held cash and cash equivalents of about GBP1.5 billion, along with undrawn committed borrowing facilities of around GBP905 million with various maturity dates. This is sufficient to cover negative free cash flow of about GBP1.4 billion over FY26 and FY27.

Liquidity and Debt Maturities

Liquidity Analysis

(GBPm)	2026F	2027F	2028F
Available liquidity			
Beginning cash balance	1,482	199	-776
Rating case FCF after acquisitions and divestitures	-679	-731	-1,189
Total available liquidity (A)	**803**	**-532**	**-1,965**
Liquidity uses			
Debt maturities	-604	-244	-370
Total liquidity uses (B)	**-604**	**-244**	**-370**
Liquidity calculation			
Ending cash balance (A+B)	199	-776	-2,335
Revolver availability	905	745	640
Ending liquidity	**1,104**	**-31**	**-1,695**
Liquidity score (x)	2.8	0.9	-3.6

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

Scheduled Debt Maturities

(GBPm)	31 Mar 2025
2026	604
2027	244
2028	370
Thereafter	9,860
Total	**11,078**

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

Financial Data

United Utilities Water Limited AMP8 — Forecasts

(GBPm)	Notes and formulas	FY26F	FY27F	FY28F	FY29F	FY30F
Post-maintenance cash flow						
EBITDA		**1461**	**1606**	**1673**	**1786**	**1871**
Environment Agency & Ofwat fines		-28	-28	-28	-28	-28
Cash ODI rewards/(penalties) (nominal)		52	52	23	18	16
Non-appointed EBITDA						
Fitch EBITDA		**1432**	**1578**	**1645**	**1758**	**1842**
Regulatory depreciation		-688	-723	-765	-811	-865
Cash tax		0	0	0	0	0
Pension deficit repair		0	0	0	0	0
Post-maintenance cash flow	**(a)**	**744**	**855**	**880**	**947**	**977**
Net cash interest paid (after interest received)	(b)	310	278	421	514	502
Cash PMICR (x)	**a/b**	**2.4**	**3.1**	**2.1**	**1.8**	**1.9**
Indexation of debt	(c)	170	161	165	169	144
RCV yoy indexation	(d)	534	487	534	572	539
Nominal PMICR (x)	**(a+d)/(b+c)**	**2.7**	**3.1**	**2.4**	**2.2**	**2.3**
Net debt to RCV						
Net debt	(a)	10,762	11,654	13,008	14,156	14,439
Shadow RCV	(b)	16,186	17,692	19,550	21,105	21,838
Net debt to RCV (%)	a/b	67	66	67	67	66
Other financial data						
CPIH forecast (%)		3.3	2.8	2.7	2.7	2.5
FCF positive/(negative) funded by debt		-679	-731	-1189	-979	-138
Totex out/(under) performance						
Refinancing needs		924	589	323	323	323
Average cost of new debt a year (%)		5.4	5.4	5.3	5.3	5.3
Dividends		-219	-246	-270	-389	-404
Equity		0	0	0	0	0
Rating sensitivities				**Negative**	**Positive**	**UUW**
Closing net debt to RCV (%)				67	62	**66**
Average cash PMICR (x)				1.7	1.8	**2.3**
Average nominal PMICR (x)				1.9	2.0	**2.5**

Source: Fitch Ratings, Fitch Solutions, Ofwat, companies' data

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.

Fitch Adjusted Financials

Reconciliation of Key Financial Metrics for United Utilities Water Limited

(GBPm)	Notes and formulas	31 Mar 2025
Post-maintenance cash flow		
Fitch EBITDA		**1,105**
Regulatory depreciation		-756
Net Cash tax (paid)/received		8
Pension deficit repair		-3.5
PAYG adjustment		0
Post-maintenance cash flow	**(a)**	**353**
Net cash interest paid (after interest received)	(b)	186
Cash PMICR (x)	**a/b**	**1.9**
Indexation of debt	(c)	162
RCV yoy indexation	(d)	463
Nominal PMICR (x)	**(a+d)/(b+c)**	**2.3**
Net debt to RCV		
Interest-bearing loans and borrowing		11,078
Cash and equivalents (unrestricted)		-1,482
Derivatives adjustments		313
Net debt	(a)	9,909
RCV	(b)	15,367
Net debt to RCV (%)	**a/b**	**64.5**

Source: Fitch Ratings, Fitch Solutions, Ofwat, UUWL

Reconciliation of Key Financial Metrics for United Utilities PLC

(GBPm)	Notes and formulas	31 Mar 2025
Net debt to RCV		
Interest-bearing loans and borrowing		10,928
Cash and equivalents (unrestricted)		-1,673
Derivatives adjustments		313
Net debt	(a)	9,569
RCV	(b)	15,367
Net debt to RCV (%)	a/b	62.3

Source: Fitch Ratings, Fitch Solutions, Ofwat, United Utilities PLC

Peer Analysis

UUW's is rated at the same level as Severn Trent Water Limited (STWL; IDR BBB+/Stable; senior unsecured: A-), given its solid performance and conservative capital structure. STWL's gearing headroom is supported by GBP1 billion equity injection. South West Water Limited (SWW: IDR BBB+/Stable; senior unsecured: A-) shares the same ratings as UUW, but we expect its parent company, Pennon Group PLC's rights issue of GBP490 million to support SWW's rating headroom in AMP8.

The senior unsecured rating of UUW and the aforementioned peers benefits from a one-notch uplift from their IDRs, 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 mainly reflects a weaker financial profile and is thus one notch below UUW's.

Navigator Peer Comparison

Issuer		Business profile (Score/Relative Importance)					Financial profile (Score/Relative Importance)		
Name	IDR/Outlook	Management	Sector Characteristics	Market and Competitive Positioning	Diversification and Asset Quality	Company Operational Characteristics	Profitability	Financial Structure	Financial Flexibility
United Utilities Water Limited	BBB+/Stable	bbb	a-	bbb+	bbb+	a-	bbb	bbb+	a-
Severn Trent Water Limited	BBB+/Stable	bbb	a-	bbb+	bbb+	a-	bbb	bbb+	a-
South West Water Limited	BBB+/Stable	bbb	a-	bbb+	bbb+	bbb+	bbb	bbb+	a-

Relative importance: Higher Moderate Lower

Source: Fitch Ratings

Issuer		Business profile (Score/Outlook)					Financial profile (Score/Outlook)		
Name	IDR/Outlook	Management	Sector Characteristics	Market and Competitive Positioning	Diversification and Asset Quality	Company Operational Characteristics	Profitability	Financial Structure	Financial Flexibility
United Utilities Water Limited	BBB+/Stable	bbb	a-	bbb+	bbb+	a-	bbb	bbb+	a-
Severn Trent Water Limited	BBB+/Stable	bbb	a-	bbb+	bbb+	a-	bbb	bbb+	a-
South West Water Limited	BBB+/Stable	bbb	a-	bbb+	bbb+	bbb+	bbb	bbb+	a-

Rating categories: b/ccc bb bbb a aa ▲▼ Factor outlook direction.

Source: Fitch Ratings

Peer Financial Summary

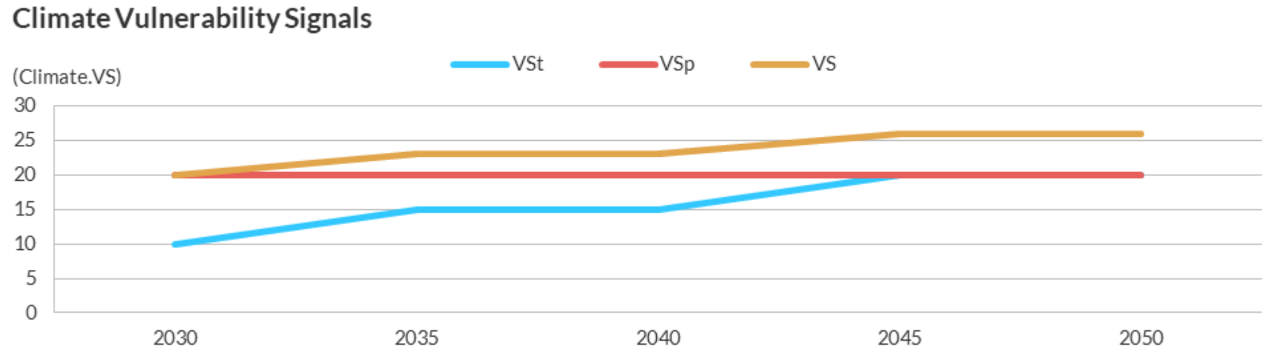
Company	Senior unsecured debt rating	Financial statement date	EBITDA (GBPm)	Total Interest (GBPm)	Cash PMICR (x)	Nominal PMICR (x)	Net debt/ RCV (%)
United Utilities Water Limited	A-						
		2030F	1,842	646	1.9	2.3	66
		2029F	1,758	683	1.8	2.2	67
		2028F	1,645	586	2.1	2.4	67
		2027F	1,578	439	3.1	3.1	66
		2026F	1,432	480	2.4	2.7	67
Severn Trent Water Limited	A-						
		2030F	2,030	689	1.8	2.5	66
		2029F	1,903	668	1.9	2.4	67
		2028F	1,675	620	1.7	2.3	68
		2027F	1,414	549	1.4	2.2	67
		2026F	1,236	474	1.4	2.2	66
South West Water Limited	A-						
		2030F	628	229	1.5	2.3	66
		2029F	603	215	1.6	2.3	66
		2028F	610	206	1.8	2.5	65
		2027F	561	190	1.8	2.6	65
		2026F	516	204	1.5	2.3	64
Wessex Water Services Limited	BBB+						
		2030F	554	216	1.5	2.2	71
		2029F	538	180	1.9	2.6	69
		2028F	502	166	2.0	2.6	69
		2027F	439	150	1.9	2.5	71
		2026F	408	133	2.0	2.9	71
Northumbrian Water Limited	BBB+						
		2030F	715	300	1.5	2.0	70
		2029F	680	283	1.5	2.0	70
		2028F	642	257	1.6	2.1	69
		2027F	595	217	1.7	2.3	68
		2026F	552	184	1.9	2.6	66

Source: Fitch Ratings, Fitch Solutions. Ofwat, companies

Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify credits with higher exposure to climate-related risks. If Fitch identifies an entity as higher risk (i.e. its Climate.VS in 2035 is 50 or higher), the entity receives additional analysis and consideration 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 Fitch's latest Climate Vulnerability Signals for Non-Financial Corporate Sectors report.

The Climate.VS for 2035 is 23 out of 100. This reflects a VSp of 20 and a VSt of 15. The results of our Climate VS screener did not indicate an elevated risk for UUW and UU.

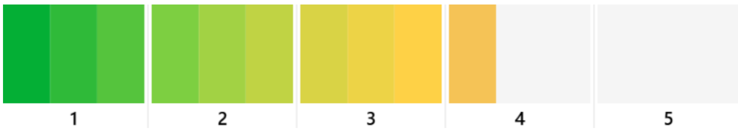


Source: Fitch Ratings

ESG Considerations

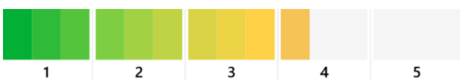
UUW and UU each has a ESG Relevance Score of '4' for Exposure to Environmental Impacts due to the risk of exposure to severe weather events, which has a negative impact on the credit profile, and is relevant to the ratings in conjunction with other factors.

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 www.fitchratings.com/topics/esg/products#esg-relevance-scores.



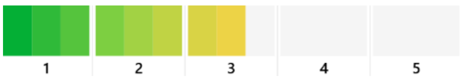
Environmental Relevance Scores

General issues	Score	Sector-specific issues	Reference
GHG Emissions & Air Quality	3	Emissions from operations	Profitability
Energy Management	3	Energy and fuel use in operations; entities' financial targets for losses/shrinkage	Profitability
Water & Wastewater Management	4	Water usage in operations; water utilities' financial targets for water quality, leakage and usage	Company Operational Characteristics; Profitability; Financial Structure; Financial Flexibility
Waste & Hazardous Materials Management; Ecological Impacts	3	Impact of waste including pollution incidents; discharge compliance; sludge disposal	Company Operational Characteristics; Profitability; 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)	Company Operational Characteristics; Profitability; Financial Flexibility



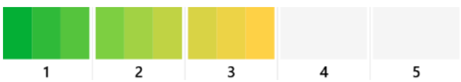
Social Relevance Scores

General issues	Score	Sector-specific issues	Reference
Human Rights, Community Relations, Access & Affordability	3	Product affordability and access	Profitability; Sector Characteristics
Customer Welfare — Fair Messaging, Privacy & Data Security	3	Quality and safety of products and services; data security	Profitability
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Profitability; 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	Company Operational Characteristics; Profitability



Governance Relevance Scores

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



ESG Scoring	Credit-Relevant ESG Scale		
ESG relevance scores range from '1' to '5' based on a 15-level colour 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 general and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signalling the credit relevance of the sector-specific issues to an issuer's overall credit rating. The Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The panels underneath the relevance scores tables are visualisations of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The Score columns summarise rating relevance and impact to credit from ESG issues. The column on the far left identifies any ESG relevance subfactor issues that are drivers or potential drivers of an issuer's credit rating (corresponding with scores of '3', '4' or '5'). 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 and sector-specific issues draw on the classification standards published by the UN Principles for Responsible Investing, the Sustainability Accounting Standards Board and the World Bank.		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 the 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 the 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 the Navigator.
		2	Irrelevant to the entity rating but relevant to the sector.
		1	Irrelevant to the entity rating and irrelevant to the sector.

Ratings

United Utilities Water Limited

Long-Term Issuer Default Rating (IDR)	BBB+
Senior Unsecured Debt — Long-Term Rating	A-
Outlook	
Long-Term Foreign-Currency IDR	Stable
United Utilities Water Finance PLC	
Senior Unsecured Debt — Long-Term Rating	A-
United Utilities PLC	
Long-Term IDR	BBB
Senior Unsecured Debt — Long-Term Rating	BBB+
Outlook	
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	23
Transition (Climate.VSt)	15
Physical (Climate.VSp)	20

Applicable Criteria

Corporate Rating Criteria (January 2026)
Sector Navigators — Addendum to the Corporate Rating Criteria (January 2026)
Country-Specific Treatment of Recovery Ratings Criteria (February 2026)
Parent and Subsidiary Linkage Rating Criteria (June 2025)
Corporates Recovery Ratings and Instrument Ratings Criteria (August 2024)

Related Research

Global Corporates Macro and Sector Forecasts
UK Water in AMP8: Navigating Challenges (May 2025)
UK Water — Peer Credit Analysis (August 2025)

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SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.