Full year results

Year ended 31 March 2025

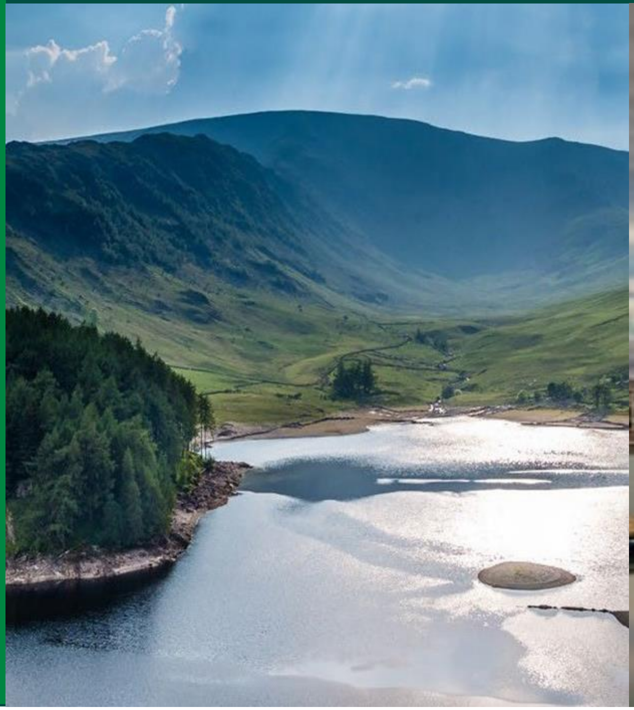
Thursday 15 May 2025

United Utilities

Water for the North West

Louise Beardmore

Chief Executive



United Utilities

Water for the North West

Key takeaways

1. Top quartile performer
2. 7% asset base growth
3. At least 100bps outperformance

FY25 Result

United Utilities

Water for the North West

Result highlights

Solid financial results

EPS Growth of c.50%

Strong balance sheet

60% gearing

Dividend

policy reaffirmed

Top quartile

80% performance commitments

Incentive performance

£24m ODI reward

13 consecutive years

‘Green’ on serious pollutions

CSO activations

24% reduction in spills per overflow in 2024

87% colleague engagement

+7% on the UK High Performance Norm

Financial highlights

Underlying operating profit[1]

£634m **+22%**

FY24:
£518m

Underlying EPS[1]

49.6p **+49%**

FY24:
33.3p

Returns

RoRE[2]: 6.7%

RoRE[3]: 6.1%

Capital investment

£1,083m **+47%**

FY24:
£737m

DPS

51.85p **+4%**

FY24:
49.78p

Gearing

60% **+1%**

FY24:
59%

1. Underlying profit measures are reconciled to reported profit measures in the appendices to this presentation
2. Return on Regulated Equity presented on a real basis prior to the impact of post intervention PCC performance due to the impact of COVID-19 and recalculated tax allowances, in line with Ofwat's information notice published on 31st March 2025
3. Return on Regulated Equity presented on a real basis reflecting adjustments for PCC performance due to the impact of COVID-19 and recalculated tax allowances, in line with Ofwat's information notice published on 31st March 2025

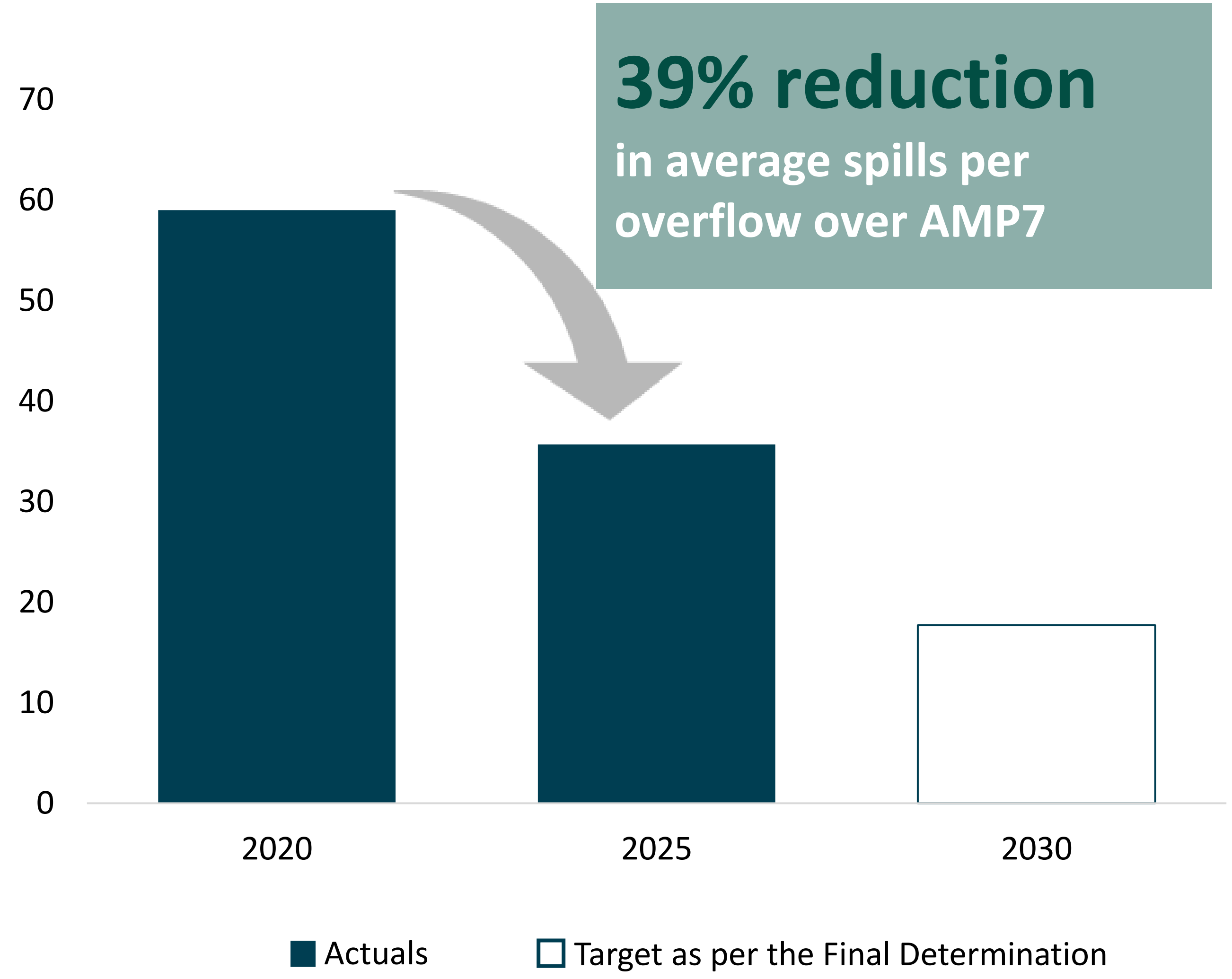
AMP7 Review

United Utilities

Water for the North West

Best in sector spills improvement

Average spills per overflow



Rainfall significantly
higher than average

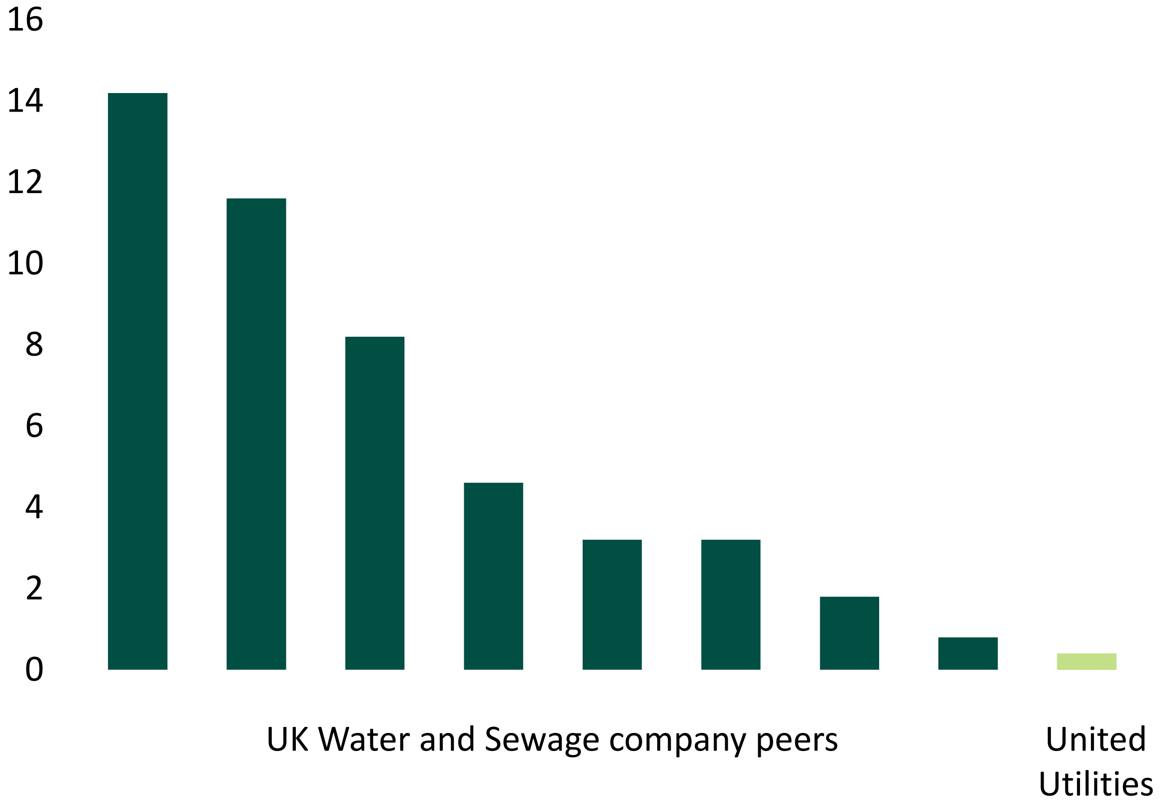
24% reduction
in spills per overflow in 2024

20,000 fewer spills
compared to 2023

31% reduction
in spill duration compared to 2023

Serious pollutions

Industry-leading performance on serious pollutions[1]



13
consecutive years 'Green' for serious pollutions

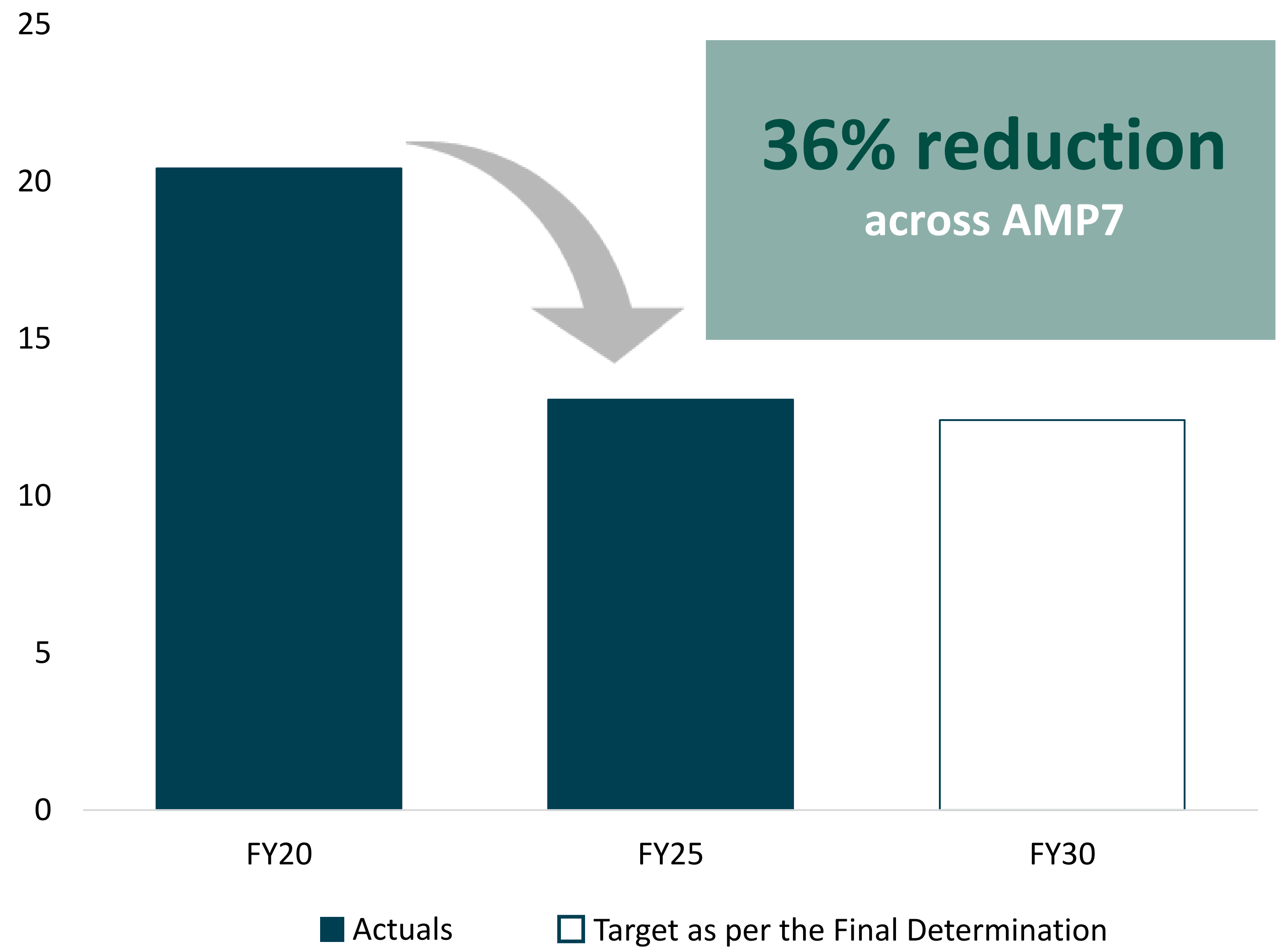
Drone squad
to monitor and detect pollutions

Investment into power resilience

1. 5-year average. Environment Agency EPA [Water and sewerage companies in England: environmental performance report 2023 - GOV.UK]

Wastewater Network performance

Number of sewer collapses per 1,000km of sewers



Industry leading
sewer sensor capability

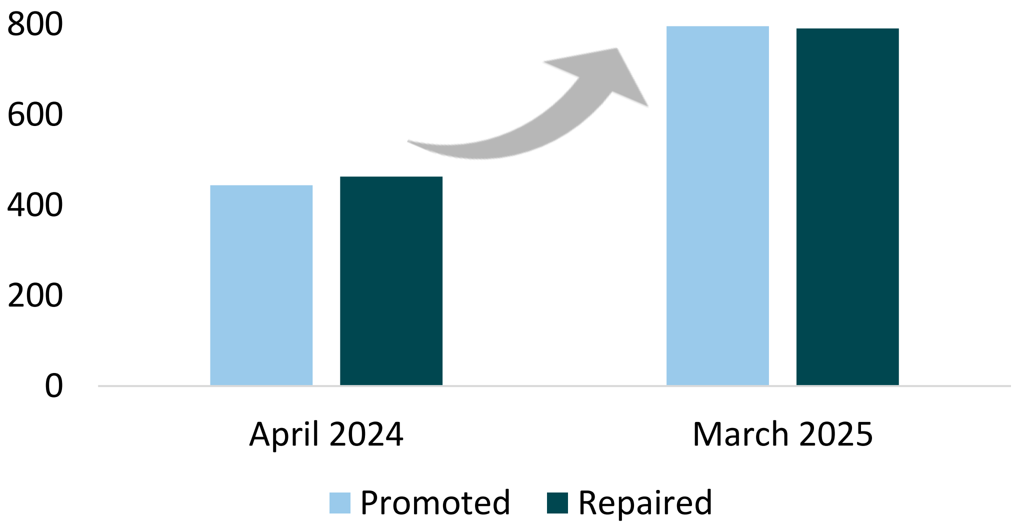
18% reduction
in sewer blockages across AMP7

19% reduction
in internal sewer flooding across AMP7

Water performance

Reduction in water quality contacts

Increase in find and fix rates for leakage



29% reduction

in water quality contacts over AMP7
– lowest level of water quality complaints ever

Lowest level of leakage

70% increase in find and fix rates in 2024/25

Lowest levels of PCC

7% reduction in per capita consumption
– upper quartile performance

Service performance

3rd highest C-MeX reward

across AMP7

4th highest D-MeX and Br-MeX

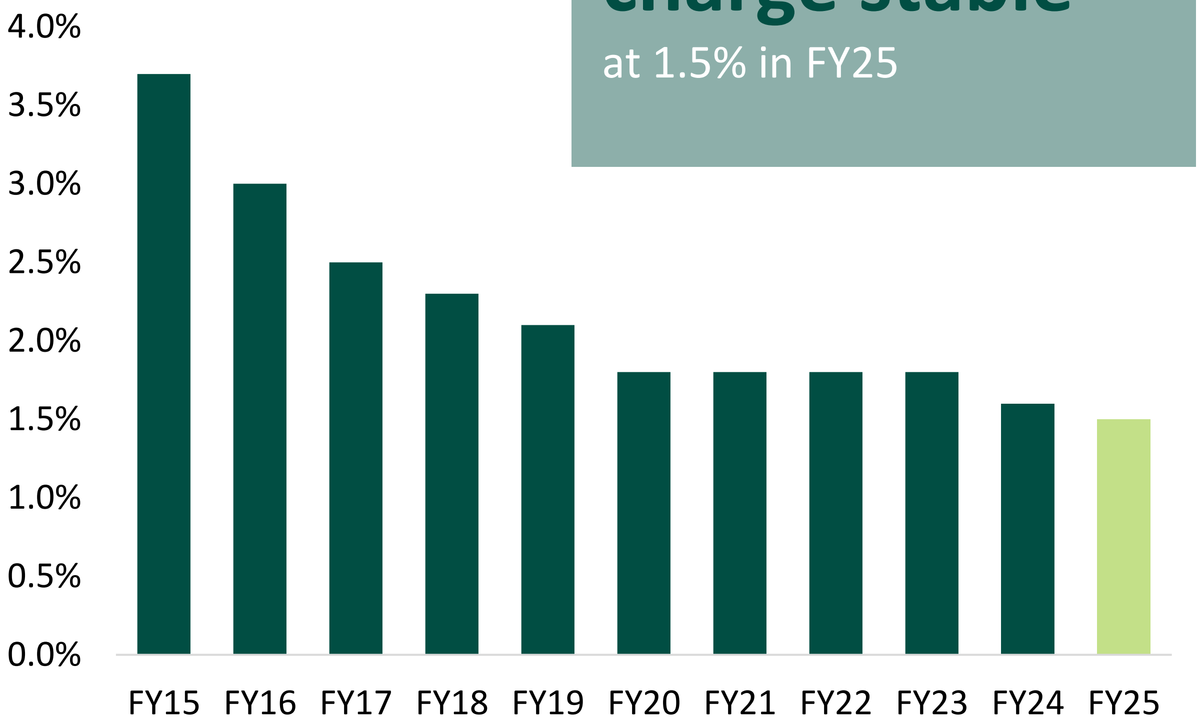
in 2024/25

Awarded the ServiceMark with Distinction

by the Institute of Customer Service

Affordability

Bad debt charge



Bad debt charge stable

at 1.5% in FY25

£525 million

affordability support package in AMP8

Supported 414,000 customers

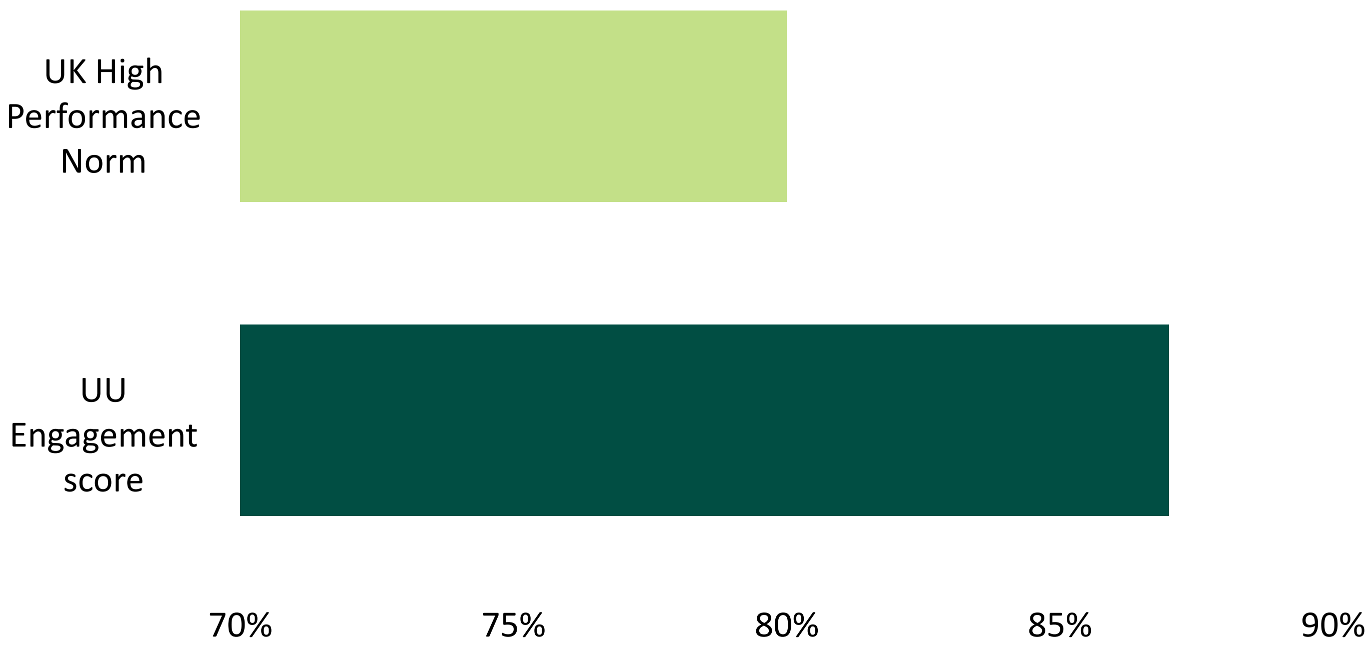
through AMP7 affordability schemes

c.540,000 households

on our Priority Services Register

People

Outperforming external benchmarks



Exceeding all external benchmarks with **employee engagement of 87%**

91% of colleagues are **proud to work for United Utilities**

30,000 jobs supported through our AMP8 programme

ESG performance

E

Environment

- **39% reduction in spills since 2020** - with almost 20,000 fewer spills in 2024 than 2023
- **Environmental Performance Assessment Serious Pollutions**– ‘Green’ every year since records began in 2011
- **Peatland restoration** – completed more than 3,000 hectares, surpassing our 2030 target

S

Social

- **Highly engaged colleagues** – 87% engagement outperforming UK HPNorm benchmark by 7%
- **Leading in vulnerability assistance** – with c.540,000 households signed up to our Priority Services Register
- **Award-winning inclusive employer** – 4th place in the Top 50 UK Inclusive Employers list 2024 and Top 10 in the REDI[1] Index

G

Governance

- **Component of the iconic Dow Jones Best-in-Class World Index** – one of only four companies in the Utilities sector to make the list
- **S&P Global** – recognised for 25 years of sustainability reporting
- **Fair Tax Mark** - accredited 6 years in a row

1. Religious Equity, Diversity & Inclusion

Phil Aspin

Chief Financial Officer

United Utilities

Water for the North West

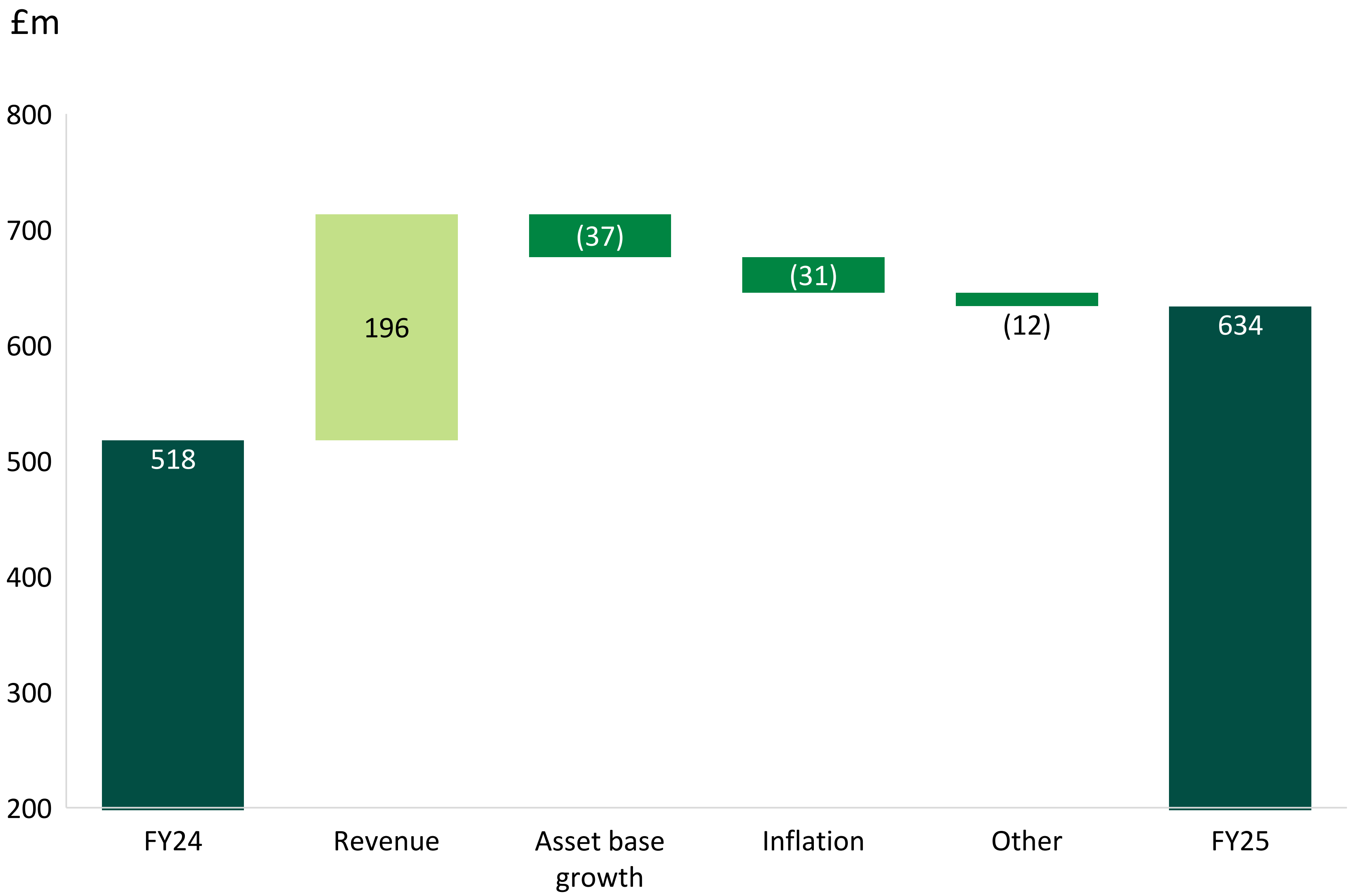
Financial highlights

Measure	Value	Change	FY24
Revenue	£2,145m	+10%	£1,950m
Underlying operating profit[1]	£634m	+22%	£518m
Reported operating profit[1]	£632m	+32%	£480m
Underlying EPS[1]	49.6p	+49%	33.3p
DPS	51.85p	+4%	49.78p
RCV gearing[2]	60%	+1%	59%

1. Underlying profit measures are reconciled to reported profit measures in the appendices to this presentation
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).

Underlying operating profit

22% increase in underlying operating profit



+10%

Revenue: **£2,145m**

- Regulatory adjustments: **£186m**

+6%

Underlying opex: **£1,511m**

- Asset base growth: **£37m**
- Inflationary increases: **£31m**
- Investing in performance: **£8m**

Interest, tax and earnings

Underlying net finance expense

FY25: £284m

FY24: £293m

Inflation charge on index-linked instruments of £162m (FY24: £252m)

Cash interest of £171m (FY24: £125m)

Underlying tax

FY25: £nil

FY24: £7m credit

'Full expensing' to continue to provide a **tax benefit** such that we expect a **FY26 current tax charge of nil**

Underlying profit after tax

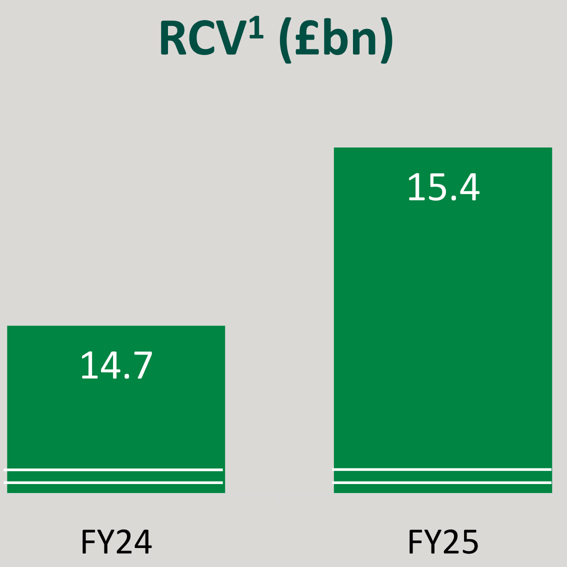
FY25: £338m

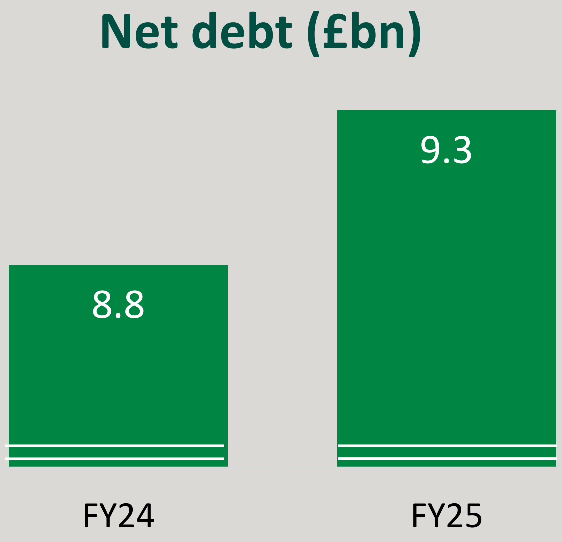
FY24: £227m

Underlying EPS of 49.6p

FY24: 33.3p

Financial strength





RCV gearing[2]

60%

FY24: 59%

Responsible financing

Fully funded pension

Not subject to unfunded costs

Funding raised

c.£1.8bn

AMP8 funding well progressed

Liquidity

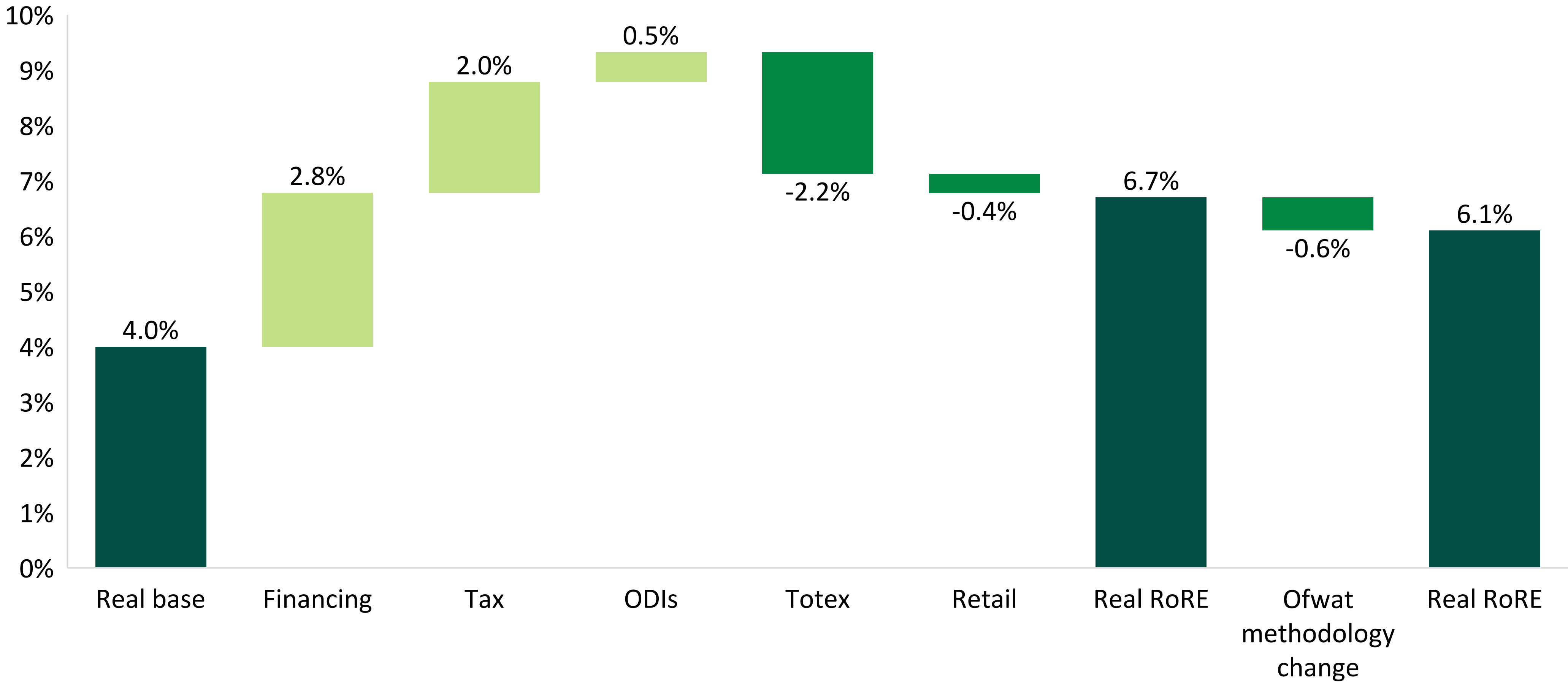
£2.8bn

Sufficient liquidity into 2027

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).

Return on regulated equity (RoRE)

AMP7 RoRE bridge



Financial framework

RoRE[1,2]	Aim to outperform by at least 100 bps
Capital Investment[3]	c.£9 billion across FY26-30
Asset Base Growth[3,4]	7% CAGR
Dividend Policy	Growing in line with CPIH
Strong Balance Sheet[5]	Target 55 – 65% gearing

Target ratings

Moody's
Baa1

Standard & Poor's
BBB+

Fitch
BBB+

1. Based on OBR long-run CPIH forecasts, consistent with BoE budget of 2% CPI
2. Average performance in AMP8 on a notional capital structure, real CPIH basis
3. Nominal, based on OBR long-run CPIH forecasts
4. Average AMP8 annual RCV growth rate on a nominal basis. Includes the full expected value of ex-post adjustment mechanisms as an adjustment to RCV
5. RCV gearing calculated as group net debt including loan receivable from joint venture/ United Utilities Water adjusted RCV, where RCV is adjusted for actual spend, timing differences and full expected value of ex-post adjustments

Technical guidance 2025/26

	FY25	y-o-y	
Revenue	£2,145m	▲	Revenue is expected to increase to between £2.5 billion and £2.6 billion in 2025/26 in line with the final determination, adjusted for inflation.
Underlying operating costs	£1,047m	▼	Underlying operating costs are expected to decrease, with higher costs associated with inflation and growth in the asset base, more than offset by lower IRE due to a more granular asset recognition, resulting in the greater component of network expenditure being capitalised.
Depreciation	£465m	▲	Growth in our asset base and the impact of a more granular asset recognition, means depreciation is expected to increase by around £50 million
Underlying finance expense	£284m	▲	Expected to increase by around £50 million, due to increased debt requirements to fund the step up in investment in AMP8
Underlying tax	£nil	↔	'Full expensing' expected to continue to provide tax benefits, resulting in no expected current tax charge
Capex	£1,083m	▲	Expected to be over £1.5 billion
ODIs	£24m	▼	Forecasting to incur a net penalty in FY26, reflecting the introduction of new performance commitments in AMP8, with performance improvements expected to be progressive.
Dividend[1]	51.85p	▲	FY26 dividend of 53.66p, in line with policy of growth in line with CPIH

1. Calculated using the November 2024 CPIH annual rate 3.5%

Financial summary

Solid financial result

- Underlying operating profit: £634m (+22%)
- Underlying EPS: 49.6p (+49%)

Financial strength

- RCV gearing of 60%[1]
- Fully funded pension scheme

Funding and liquidity position

- Liquidity of £2.8bn extending out to 2027
- AMP8 funding well progressed

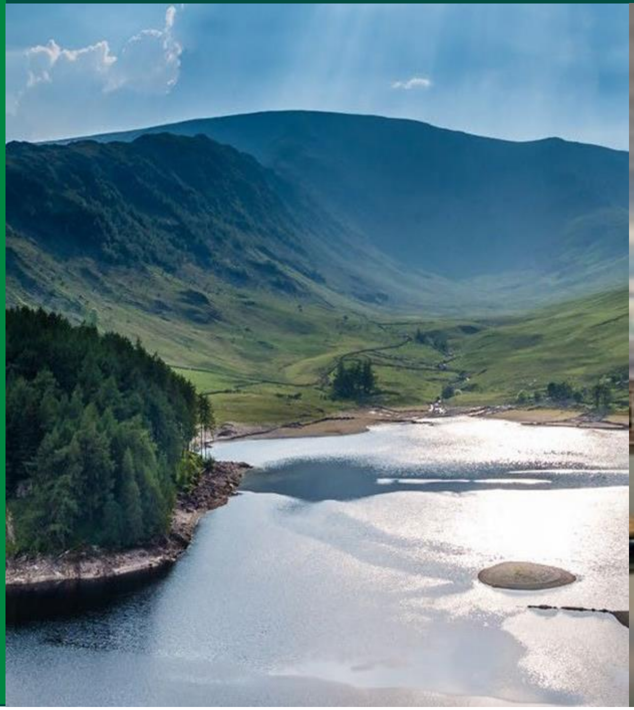
Dividend

- FY25 dividend: 51.85p
- Inflation-linked dividend maintained

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.

Louise Beardmore

Chief Executive



United Utilities

Water for the North West

Summary

Performing well operationally and financially

Consistent upper quartile performance

Financial strength and flexibility

Track record of delivery

Well positioned to step in to AMP8

Determined to drive a step change

Capital Markets Day

19th June 2025

Louise Beardmore
Chief Executive

Phil Aspin
Chief Financial Officer

Matt Hemmings
Chief Operating Officer

Jane Simpson
Commercial, Engineering and Capital Delivery Director

James Bullock
Regulation and Compliance Director

Adrienne McFarland
People Director

Mike Gauterin
Customer and Technology Director

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

Underlying income statement

Year ended 31 March £m	2025	2024	Change (%)
Revenue	**2,145.2**	**1,949.5**	**+10.0%**
Operating expenses	(857.0)	(787.1)	+8.9%
Infrastructure renewals expenditure	(189.5)	(205.8)	-7.9%
EBITDA	**1,098.7**	**956.6**	**+14.9%**
Depreciation and amortisation	(464.9)	(438.8)	+5.9%
Operating profit	**633.8**	**517.8**	**+22.4%**
Net finance expense	(284.4)	(293.2)	-3.0%
Share of profits/(losses) of joint ventures	(10.8)	(4.1)	+163.4%
Profit before tax	**338.6**	**220.5**	**+53.6%**
Tax	(0.3)	6.8	n/a
Profit after tax	**338.3**	**227.3**	**+48.8%**
Earnings per share (pence)	**49.6**	**33.3**	**+48.9%**
Dividend per ordinary share (pence)	**51.85**	**49.78**	**+4.2%**

Underlying operating profit

Year ended 31 March £m	2025	2024	Change (%)
Revenue	**2,145.2**	**1,949.5**	**+10.0%**
Employee costs	(224.1)	(204.7)	+9.5%
Power	(154.5)	(164.3)	-6.0%
Hired and contracted services	(133.9)	(108.2)	+23.8%
Materials	(81.1)	(65.8)	+23.3%
Chemicals	(63.0)	(61.3)	+2.8%
Property rates	(89.9)	(82.0)	+9.6%
Regulatory fees	(44.8)	(39.3)	+14.0%
Bad debts	(20.5)	(22.0)	-6.8%
Other expenses	(45.2)	(39.5)	+14.7%
	(857.0)	**(787.1)**	**+8.9%**
Infrastructure renewals expenditure (IRE)	(189.5)	(205.8)	-7.9%
Depreciation and amortisation	(464.9)	(438.8)	+5.9%
Total underlying operating expenses	**(1,511.4)**	**(1,431.7)**	**+5.6%**
Underlying operating profit	**633.8**	**517.8**	**22.4%**

Profit before tax reconciliation

Year ended 31 March £m	2025	2024
Operating profit	631.5	480.2
Net finance expense	(265.7)	(306.1)
Share of profits/(losses) of joint ventures	(10.8)	(4.1)
Reported profit before tax	**355.0**	**170.0**
Adjustments:		
Fleetwood outfall pipe fracture	2.3	37.6
Fair value losses/(gains) on debt and derivative instruments, excluding interest on derivatives and debt under fair value option	(18.7)	12.9
Underlying profit before tax	**338.6**	**220.5**

Profit after tax reconciliation

Year ended 31 March £m	2025	2024
Reported profit after tax	**264.7**	**126.9**
Adjustments:		
Fleetwood outfall pipe fracture	2.3	37.6
Fair value losses/(gains) on debt and derivative instruments, excluding interest on derivatives and debt under fair value option	(18.7)	12.9
Deferred tax adjustment	90.0	48.9
Tax in respect of adjustments to underlying profit before tax	(0.0)	1.0
Underlying profit after tax	**338.3**	**227.3**
Basic earnings per share (pence)	**38.8**	**18.6**
Underlying earnings per share (pence)	**49.6**	**33.3**

Finance expense

Year ended 31 March £m	2025	2024
Investment income	106.2	85.6
Finance expense	(371.9)	(389.3)
Allowance for expected credit losses- loans to joint venture	-	(2.4)
	(265.7)	**(306.1)**
Fair value losses/(gains) on debt and derivative instruments, excluding interest on derivatives and debt under fair value option	(18.7)	12.9
Underlying net finance expense	**(284.4)**	**(293.2)**
Adjustment for net pension interest income	(12.9)	(28.6)
Adjustment for capitalised borrowing costs	(68.5)	(81.0)
Effective net finance expense	**(365.8)**	**(402.8)**
Average notional net debt	**(9,057)**	**(8,504)**
Average effective interest rate	**4.0%**	**4.7%**
Effective interest rate on index-linked debt	4.3%	6.2%
Effective interest rate on other debt	3.8%	2.9%

Finance expense: index-linked debt

Year ended 31 March £m	2025	2024
Interest on index-linked debt	(43.7)	(40.8)
RPI adjustment (£2.4bn debt at Mar-24/2.5% indexation charge for the six months to Sep-24; £2.3bn debt at Mar-23/3.9% indexation charge for the six months to Sep-23) – 3 month lag[1]	(86.5)	(115.8)
CPI adjustment (£1.3bn debt at Mar-24/1.7% indexation charge for the six months to Sep-24; £1.1bn debt at Mar-23/3.6% indexation charge for the six months to Sep-23) – 3 month lag[2]	(39.2)	(51.3)
RPI adjustment (£0.9bn debt at Mar-24/1.0% indexation charge for the six months to Sep-24; £0.8bn debt at Mar-23/5.0% indexation charge for the six months to Sep-23) – 8 month lag[3]	(36.4)	(84.9)
Finance expense on index-linked debt[4]	**(205.8)**	**(292.8)**
Interest on other debt (including fair value option debt and derivatives)	(160.0)	(110.0)
Effective net finance expense	**(365.8)**	**(402.8)**

[1] Affected by movement in RPI between January 2024 and January 2025
[2] Affected by movement in CPI between January 2024 and January 2025
[3] Affected by movement in RPI between July 2023 and July 2024
[4] Adjusted to overlay the impact of inflation swaps

Derivative analysis

Year ended 31 March £m	2025	2024
Derivatives hedging debt	(98.6)	(49.4)
Derivatives – total accretion on inflation-linked swaps	(130.8)	(111.2)
Derivatives – fixing future real interest rates through inflation-linked swaps	126.9	123.8
Derivatives – hedging future nominal interest rates	178.0	173.8
Derivatives – hedging commodity prices	(27.4)	(34.8)
Net derivative asset position	**48.1**	**102.2**

- 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 derivatives 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 2025	31 Mar 2024	Change (%)
Property, plant and equipment	13,873.0	13,044.3	+6.4%
Retirement benefit surplus	302.3	268.0	+12.8%
Other non-current assets	181.0	210.6	-14.1%
Cash and bank deposits	1,672.6	1,399.3	+19.5%
Other current assets	399.9	348.4	+14.8%
Total derivative assets	340.7	382.8	-11.0%
Total assets	**16,769.5**	**15,653.4**	**+7.1%**
Gross borrowings	(10,788.6)	(10,001.4)	+7.9%
Other non-current liabilities	(3,092.2)	(2,888.5)	+7.1%
Other current liabilities	(596.2)	(426.8)	+39.7%
Total derivative liabilities	(292.6)	(280.6)	4.3%
Total liabilities	**(14,769.6)**	**(13,597.3)**	**8.6%**
TOTAL NET ASSETS	**1,999.9**	**2,056.1**	**-2.7%**
Share capital	499.8	499.8	0.0%
Share premium	2.9	2.9	0.0%
Retained earnings	1,178.0	1,242.3	-5.2%
Other reserves	319.2	311.1	+2.6%
SHAREHOLDERS' EQUITY	**1,999.9**	**2,056.1**	**-2.7%**
ADJUSTED NET DEBT[1]	**(9,271.9)**	**(8,689.0)**	**+6.7%**

[1]Net debt reconciliation can be found on the next slide

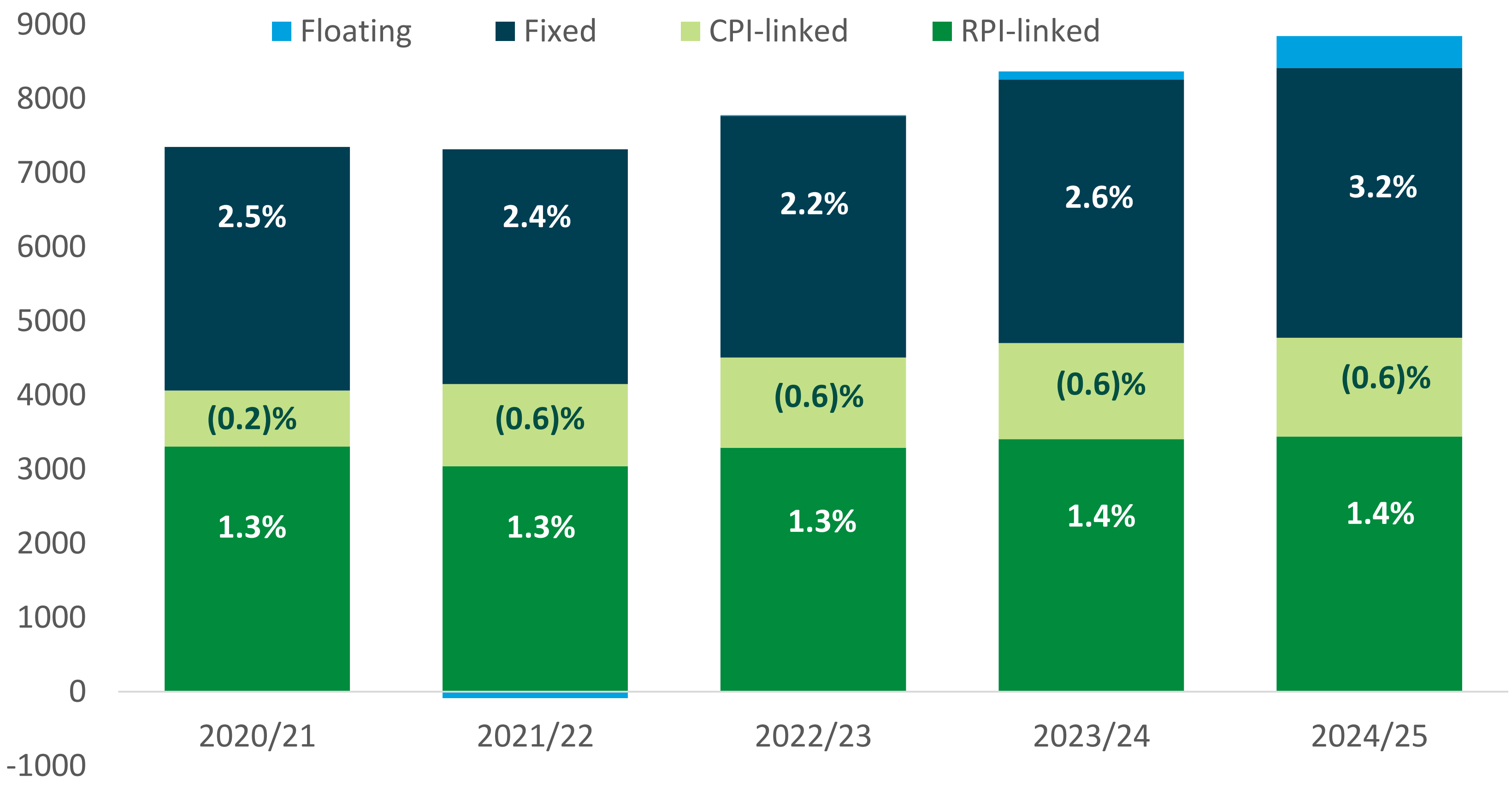
Reconciliation of net debt

At £m	31 Mar 2025	31 Mar 2024
Cash and bank deposits	(1,672.6)	(1,399.3)
Total derivative assets	(340.7)	(382.8)
Gross borrowings	10,788.6	10,001.4
Total derivative liabilities	292.6	280.6
Balance sheet net debt	**9,067.9**	**8,499.9**
Exclude:		
The fair value impact of:		
Interest rate derivatives fixing future nominal interest rates	178.0	173.8
Inflation derivatives fixing future real interest rates	126.9	123.8
Electricity derivatives fixing future electricity costs	(27.4)	(34.8)
Include:		
Loan receivable from JV	(73.5)	(73.7)
Adjusted net debt	**9,271.9**	**8,689.0**

Adjusted net debt includes the loan receivable from our JV, Water Plus, and excludes the impact of derivatives that are not hedging specific debt instruments to provide a fairer reflection of the net debt amount the group is contractually obliged to repay. This includes deducting the fair value of derivatives fixing future real interest rates through inflation-linked swaps but adding back the cumulative indexation accretion on these swaps that will be paid at the end date of the swaps. This approach is more consistent with that taken by credit rating agencies, and better reflects the regulatory economics relating to the group's treasury activities.

Financing performance

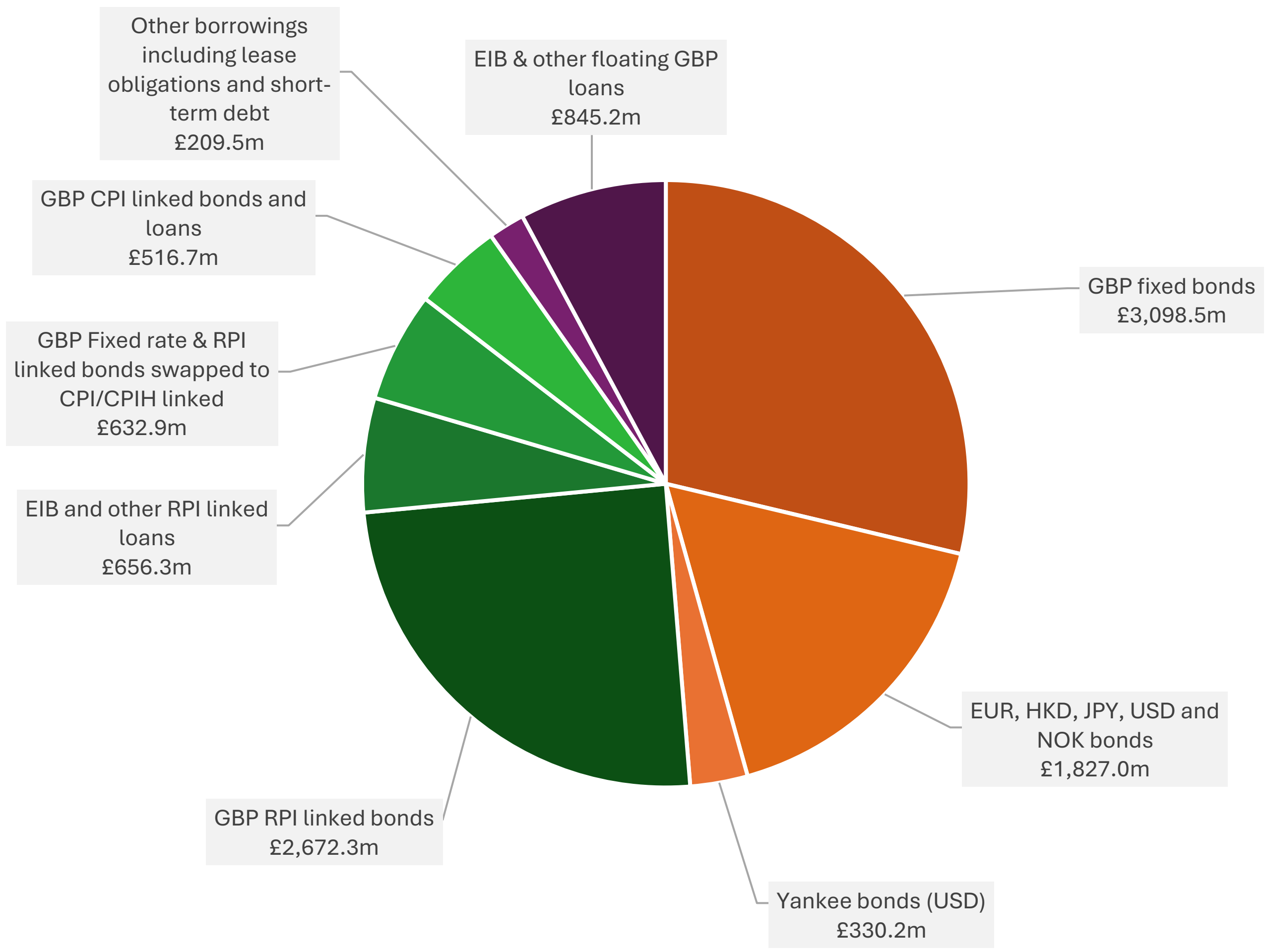
Existing debt locked in at rates favourable to the AMP7 allowed cost of embedded debt



The rates shown are real rates for the index-linked debt and nominal rates for the fixed rate debt.
Floating rate debt will be progressively fixed in line with 10 year reducing balance hedging policy.

Financing and liquidity at 31 March 2025

Gross Debt = £10.8bn



Liquidity = £2.8bn

	£m
Cash, cash investments and bank deposits	1,672.6
Undrawn committed bank facilities	1,150.0
Spot liquidity as at 31 March 2025	**2,822.6**

Debt structure at 31 March 2025

United Utilities Group PLC

United Utilities PLC
Baa2 stable; BBB- stable; BBB+ stable[7]

Yankees:
- $400m in 28s on-lent at issue to UU Water

United Utilities Water Limited
Baa1 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 £321m[1]
- Other RPI-linked loans £100m[1]
- CPI-linked loans £100m[2]
- Other EIB loans £361m
- Short-term loans £37m
- ¥10bn dual currency loan
- Other sterling loans £508m

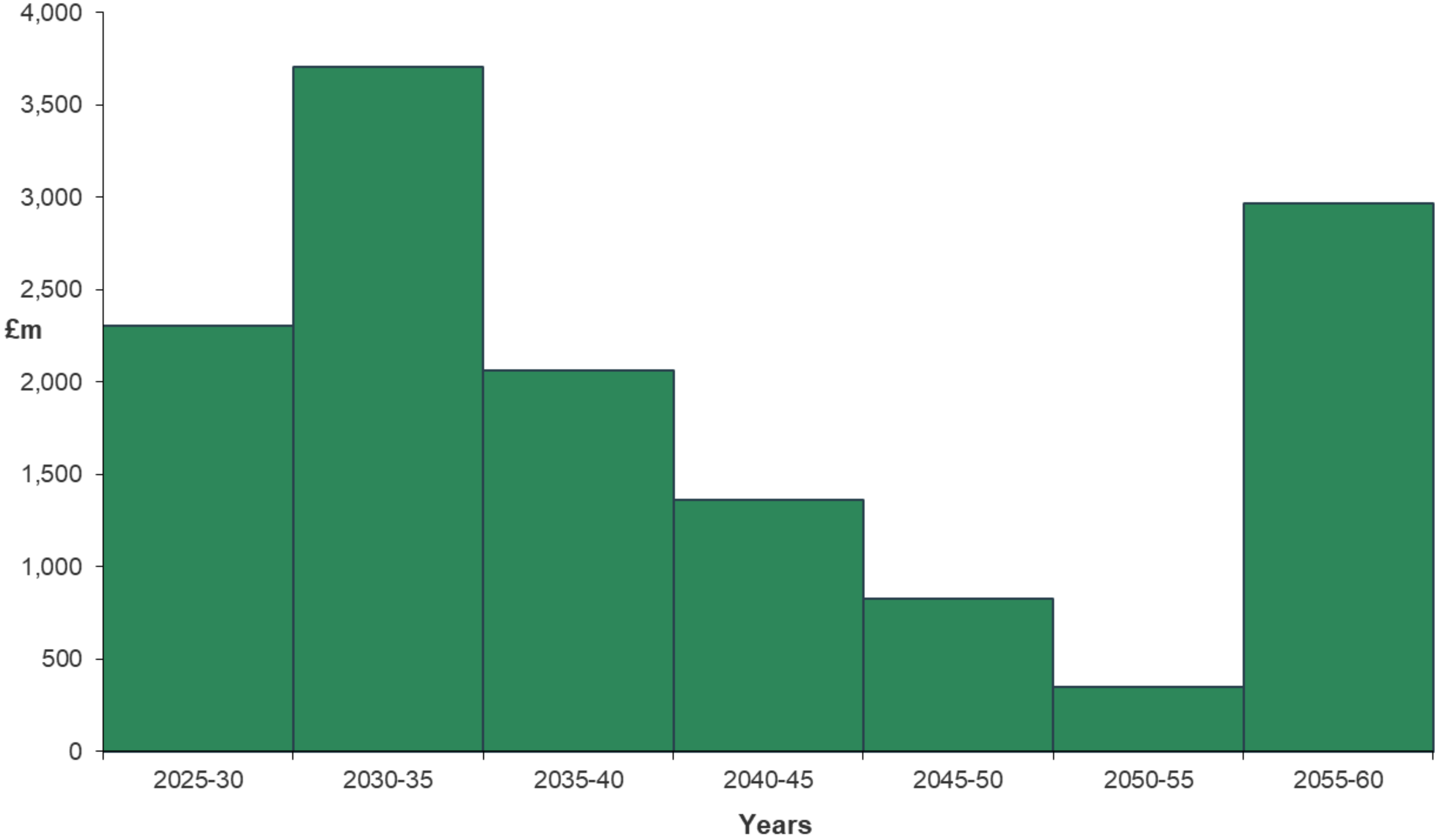
United Utilities Water Finance PLC[6]
Guaranteed by United Utilities Water Ltd

Euro MTNs:
- £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
- €650m in 33s
- £350m in 33s[5]
- €825m in 34s
- NOK1.5bn in 35s
- £400m in 36s
- £27m in 36s[3]
- £29m in 36s[3]
- £20m in 36s[2]
- £60m in 37s[2]
- ¥8.5bn in 37s
- £400m in 38s
- £300m in 38s
- £125m in 40s[2]
- £300m in 42s
- £400m in 46s
- £32m in 48s[2]
- £350m in 51s
- £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 2025[1]

Average term to maturity of approximately 15 years



[1] Future repayments of index-linked debt include RPI/CPI/CPIH market derived forecasts out to 2029, subsequently transitioning to an average annual RPI rate of 2.4% and an average annual CPI/CPIH rate of 2%

Glossary

Key Term	Definition
AMP7 / AMP8	The regulatory cycle is broken up into five-year asset management plan (AMP) periods. AMP7 ran from 1 April 2020 to 31 March 2025. AMP8 will run from 1 April 2025 to 31 March 2030.
PCs / ODIs	Ofwat sets performance commitments (PCs) with annual targets, and many have outcome delivery incentives (ODIs) attached to reward companies for outperformance or compensate customers by imposing penalties for underperformance.
RoRE	Return on regulated equity (RoRE) measures the regulatory returns (after tax and interest) that companies have earned by reference to the notional regulated equity. In AMP7, notional equity was 40% of the RCV. In AMP8 it has been increased to 45%. RoRE comprises a base allowed return plus or minus any out or under performance earned across totex, ODIs, financing costs and tax.
RCV / PAYG / run-off	Regulatory capital value (RCV) is used to measure the asset base of a company when setting price limits. RCV increases each year by a proportion of totex set at each price review and an adjustment for inflation, and reduces by RCV run-off. In each year, the pay-as-you-go (PAYG) rate sets the amount of in-period totex to be recovered in revenue, and the RCV run-off rate sets the amount of prior period totex to be recovered in revenue. Shadow RCV is adjusted for actual spend and timing differences
Totex	Expenditure allowances are set in terms of total expenditure (totex) rather than separately for operating expenditure (opex) and capital expenditure (capex).
WaSC	Water and sewerage companies (WaSCs) provide water and wastewater services for customers, while water-only companies (WOCs) provide only water services.