CREDIT OPINION
24 June 2026

Update

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RATINGS

Anglian Water Services Ltd.

Domicile	United Kingdom
Long Term Rating	Baa1
Type	LT Corporate Family Ratings
Outlook	Stable

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

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Anglian Water Services Ltd.

Update following rating affirmation

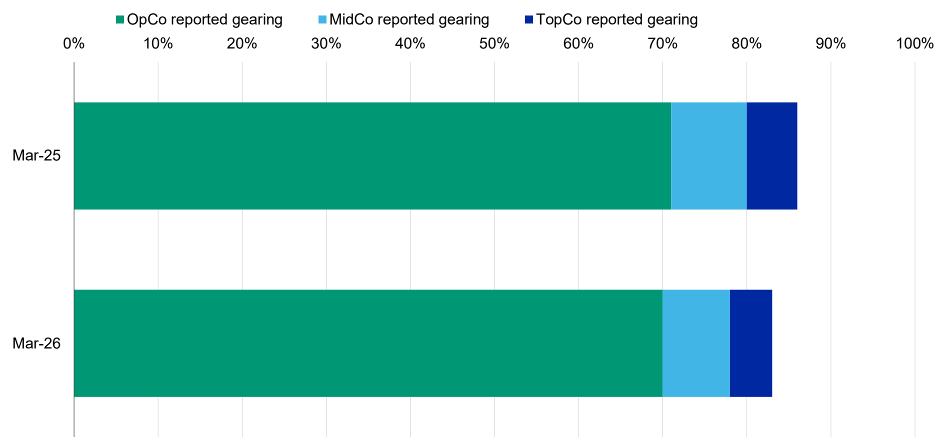
Summary

Anglian Water Services Ltd.'s (Anglian Water, CFR Baa1 stable) credit quality is supported by: (1) its low business risk as a monopoly provider of essential water and sewerage services, with a transparent and well-established regulatory regime; (2) moderate leverage at the operating company level; and (3) an improved AMP8 settlement following the CMA's final redetermination.

However, credit quality is constrained by: (1) sizeable holding company debt, albeit to be reduced throughout AMP8; (2) poor performance with respect to pollution; and (3) a deterioration in our view of the sector's business risk profile.

On 29 May 2026, we affirmed the ratings following the CMA's final redetermination and progress on the deleveraging strategy.

Exhibit 1
The Anglian Water group has started to progress its deleveraging plan
Reported Net Debt / RCV



Sources: Company reports, Moody's Ratings

Credit strengths

» Monopoly provision of water and wastewater services

» Well-established and transparent regulatory regime

» Moderate financial leverage at the operating company level

» Debt structural features, including distribution lock-up covenants, dedicated liquidity, and intercreditor and security arrangements, which provide some, albeit reduced, creditor protection from event risk

Credit challenges

» Increasingly challenging regulatory targets, which – coupled with adverse weather events – are expected to lead to operating performance penalties in AMP8, albeit moderated by the CMA redetermination

» Ongoing Environment Agency investigation could result in fines

» High level of holding company debt, albeit expected to reduce with equity commitment

Rating outlook

The stable outlook reflects our expectation that shareholders will continue to support the reduction in overall group leverage over AMP8.

Factors that could lead to an upgrade

Positive pressure is unlikely to develop until further progress in reducing overall group leverage is made.

Factors that could lead to a downgrade

The ratings could be downgraded if: (1) Anglian Water's leverage were expected to increase above 72% or its AICR to fall below 1.5x; (2) overall group leverage was not reduced over AMP8 in accordance with the stated target; (3) there was a significant increase in business risk for the sector as a result of legal and/or regulatory changes leading to a further reduction in the stability and predictability of regulatory earnings, which is not offset by other credit-strengthening measures; or (4) Anglian Water faced unforeseen funding difficulties, including failure to maintain a sustained forward-looking liquidity runway of at least 12 months.

Key indicators

Exhibit 2

Anglian Water Services Ltd.

	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	AMP8 Avg.
Adjusted Interest Coverage Ratio	1.4x	1.4x	1.4x	1.1x	1.0x	1.7x-1.9x
Net Debt / Regulated Asset Base	83.8%	64.5%	66.5%	69.0%	71.7%	67%-69%
FFO / Net Debt	6.5%	8.4%	7.9%	7.5%	7.4%	8%-9%
RCF / Net Debt	6.5%	6.7%	5.4%	6.4%	6.3%	7%-8%

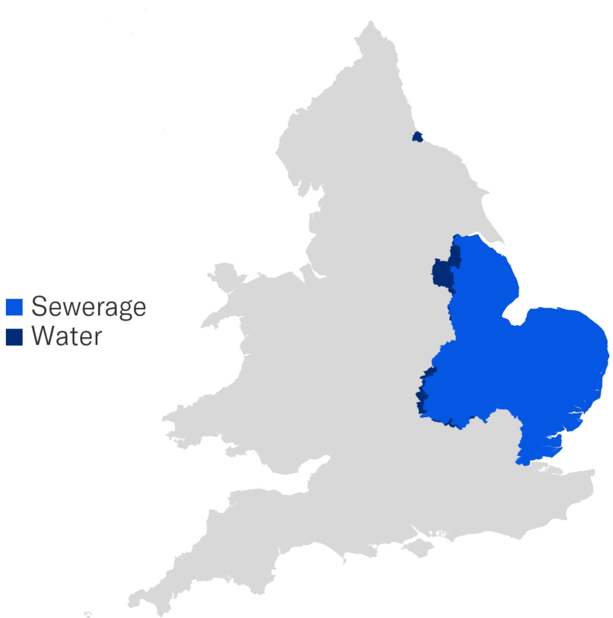
Moody's AICR reclassifies Grants and Contributions (G&Cs) income - which supports new connections activities - from operating cashflows to netting from capex; and is adjusted for revenue profiling including the impact of the PR19 CMA redetermination. All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. For definitions of Moody's most common ratio terms please see the accompanying User's Guide.
Source: Moody's Ratings

Profile

Anglian Water is the fourth largest of the 10 water and sewerage companies in England and Wales, with an RCV of £12.2 billion as of March 2026, and the largest in terms of geographical area. The company serves a population of over 7 million customers in the East of England, as well as in Hartlepool in the North East of England.

Anglian Water is the principal operating subsidiary of the Anglian Water Group. The Group is ultimately owned by a consortium of the Canada Pension Plan Investment Board (32.9%), IFM Investors (19.8%), Infinity Investments S.A. (ultimately controlled by the Abu Dhabi Investment Authority, 16.7%), Igneo Infrastructure Partners (part of the First Sentier Investors Group, 15.6%), and a consortium of Dalmore Capital and GLIL Infrastructure LLP (15.0%).

Exhibit 3
Anglian Water's service area



Sources: Ofwat, Moody's Ratings

Exhibit 4
Price control overview

Regulatory regime	GB Water
Regulator	Ofwat
Previous price control	AMP7
Term	April 2020 - March 2025
Allowed return (appointee, vanilla CPIH-real)	3.20% (CMA)
Current price control	AMP8
Term	April 2025 - March 2030
Allowed return (appointee, vanilla CPIH-real)	4.20% (CMA)

Source: Ofwat, Moody's Ratings

Detailed credit considerations

Shareholders continue to support deleveraging the Group, as increased regulatory scrutiny makes multi-layered financing structure unviable

On 23 May 2025, Anglian Water announced[1] that its shareholders would provide a unconditional and legally binding commitment to inject £500 million of new equity into the wider Anglian Water Group.

As of March 2025, Moody's Net Debt to Regulatory Capital Value (RCV) stood at 71.7% at the operating company, 80.8% at Anglian Water (Osprey) Financing plc (MidCo), and 87.0% at Aigrette Financing (Issuer) plc (TopCo). At the time, the £1.7 billion of Anglian Water Group's holding company debt was equivalent to an additional 15% of Anglian Water's RCV, which then stood at £11.2 billion.

In line with the announcement, the first tranche of £300 million was delivered in September 2025. The proceeds were used to repay a £240 million bond at MidCo that matured in March 2026 as well as drawn MidCo revolving credit facility amounts. On 26 March 2026, MidCo also injected £170 million of equity into Anglian Water, supporting operating company deleveraging.

On 1 June 2026, the remaining £200 million tranche was injected into TopCo to repay a £200 million bank loan maturing in June 2026.

Anglian Water has committed to achieve reported Net Debt / RCV of 65% by the end of AMP8 in March 2030, which will be supported by debt raised at MidCo and contributed as equity capital into Anglian Water alongside the pure equity injections into the group. Since

August 2025, MidCo has raised £900 million of external debt in the public sterling markets, demonstrating strong access to capital markets across the group structure. The group is targeting Net Debt / RCV of 75% at MidCo by the end of AMP8.

We view the equity injections as demonstrating the shareholders' continued strong support of Anglian Water and the need to reduce overall group leverage in preparation for a long-term period of rising investment needs. Each of Anglian Water's five shareholder groups fully subscribed to their pro rata share of the equity, showing support across all shareholders.

We expect further shareholder funds will be needed at both the Anglian Water level as well as higher up the group structure to achieve the group's target leverage by the end of AMP8. Our current Baa1 rating assumes that shareholders will continue to provide the necessary support to the Group.

Ofwat requires any dividend payments to reflecting operating company performance and to not impair the financial resilience of the operating company. Anglian Water's structure also contains trigger event ratios, including Net Debt to RCV of 75%. A distribution block would adversely affect holding company debt service, exacerbating the need for shareholder support to avoid funding difficulties. MidCo has access to a £340 million Revolving Credit Facility (RCF, as of March 2025) which acts as a key risk mitigant to any potential distribution block.

CMA redetermination mitigates some PR24 final determination challenges

On 19 December 2024, Ofwat published its final determination for AMP8. Anglian Water received a comparatively favourable outcome, with a modest expenditure cut of 1.9% relative to the company's representations request. Nevertheless, in February 2025 Anglian Water announced it would refer its final determination to the Competition and Markets Authority (CMA) for redetermination, joining four other companies in appealing. The company cited investability concerns, and sought higher base allowances and company-specific ODI adjustments. The CMA published its final redetermination in March 2026.

Broadly neutral movement on allowances, but greater contingent options

In its final determination, Ofwat granted expenditure allowances for Anglian Water of £10,971 million (in 2022-23 prices, post adjustments for frontier shift and real price effects), a cut of 1.9% compared to the company's £11,180 million representations request. Anglian Water was overfunded for its enhancement programme, with the expenditure gap concentrated in base water and wastewater expenditure — the day-to-day operations and maintenance. The CMA's final redetermination granted expenditure allowances of £11,187 million, an increase of £260 million from Ofwat's decision and resulting in Anglian Water receiving 0.1% more than originally requested.

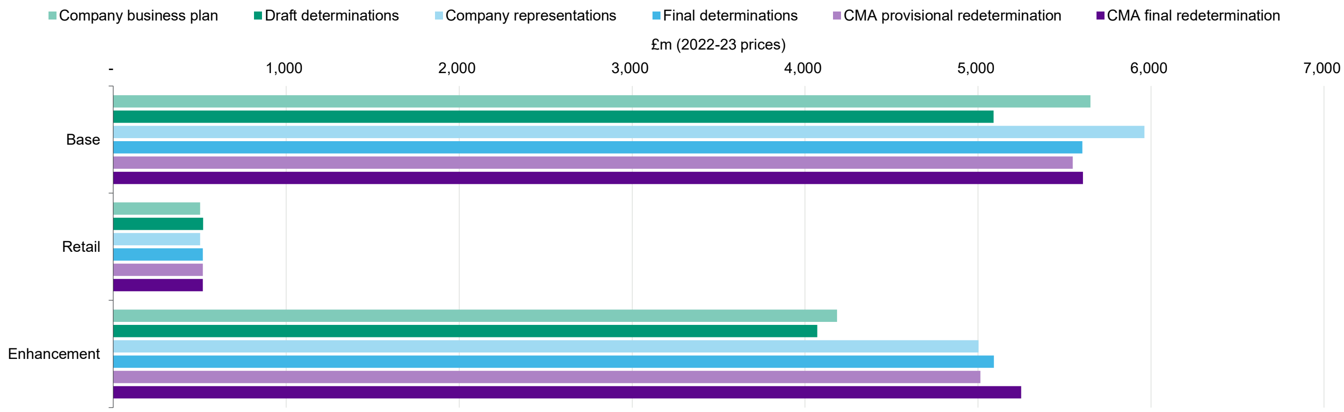
Under the CMA's approach, energy costs are captured within the base cost models rather than through the explicit uplift Ofwat had provided. However, the sector-wide true-up mechanism for actual movements in the selected energy cost index will continue to apply, providing protection against energy cost increases during the period. While rising energy costs may still present an in-period working capital risk, we understand that the company maintains a forward-looking hedging strategy and is well hedged over the first years of the regulatory period.

Anglian Water received an additional £113 million allowance for company-specific water meter boundary box replacements as well as an additional £42 million for sector-wide network reinforcement. However, the aforementioned changed to energy costs as well as a more demanding catch-up efficiency challenge left base cost funding broadly unaltered.

Similarly, enhancement allowances remained relatively flat, with additional allowances of £85 million for supply interconnectors, £45 million for water treatment growth, and £35 million for leakage, partially offset by a £155 million reduction in phosphorus removal funding. We note that Anglian Water was overfunded against its request for phosphorous removal and that management remain confident that they can deliver their programme with the revised funding.

Following the CMA's provisional redetermination, Anglian Water requested additional funding for works at the Cambridge Water Recycling Centre, after the UK Government confirmed it would no longer fund the site's relocation through the Housing Infrastructure Fund. The CMA ultimately allowed Anglian Water to access a further £184 million through Ofwat's large scheme gated process for this purpose.

Exhibit 5
CMA redetermination provides modest increase in allowances through contingent funding



Expenditure shown prior to adjustments for frontier shift efficiency, real price effects, and the deduction of developer services revenue. Amounts shown for the company's representations are taken from Ofwat's calculations. CMA enhancement includes gated allowance for Cambridge Water Recycling Centre.
Sources: CMA, Ofwat, Moody's Ratings

The CMA retained £811 million within enhancement allowances for the development of strategic resource options, including two large reservoirs with expected construction start dates towards the end of AMP8 or early AMP9. Both the Cambridge Fens and Lincs reservoirs have subsequently been deemed Nationally Significant Infrastructure Projects. These reservoirs are intended to be delivered by a separate infrastructure provider, under the same framework as Bazalgette Tunnel Limited's (Baa1 stable) Thames Tideway Tunnel.

Across the sector, the use of Price Control Deliverables (PCDs) - where specific allowances can be clawed back if associated outputs are not delivered within the AMP, prior to the existing totex sharing mechanism - has greatly expanded in AMP8. Under Ofwat's final determination, over £3.5 billion of allowances are subject to non-delivery PCDs, with a subset of £2.5 billion also subject to the clawback of time value of money (represented by the Weighted Average Cost of Capital (WACC)) if the programme is delivered later than the Ofwat determined schedule. Anglian Water's largest exposures relate to phosphorus removal and storm overflows. Ofwat is yet to publish revised PCD models for the redetermined allowances.

Uplift to the WACC
The CMA allowed a CPIH-deflated return of 4.20% with no assumed retail margin, compared to Ofwat's 3.97% wholesale WACC or 4.03% appointee WACC. This was marginally below the 4.29% allowed at the provisional redetermination.

Significant reduction in pollutions penalties; uncertainty remains over incentive redesign
At the PR24 Final Determination, Ofwat set more challenging operational targets for AMP8 compared to AMP7, with consequentially higher Outcome Delivery Incentive (ODI) penalties likely over the current regulatory period.

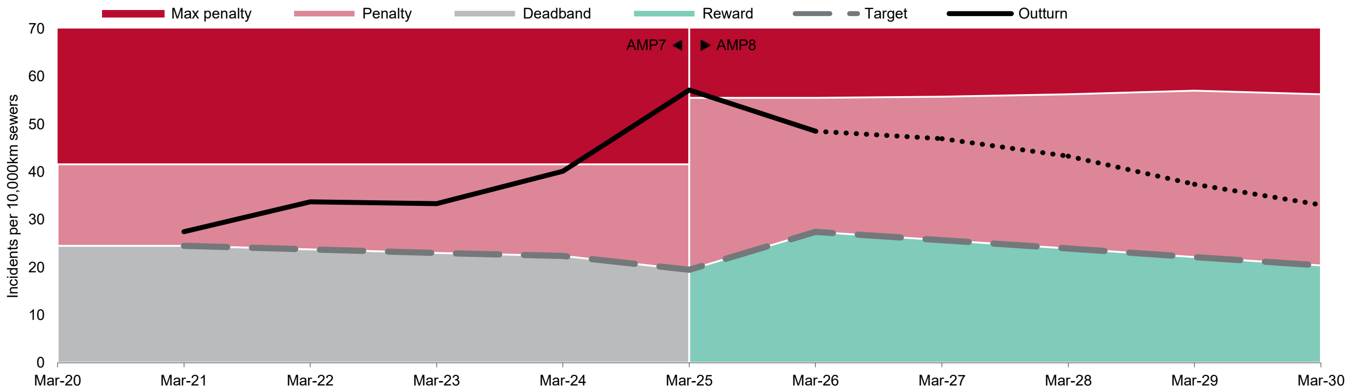
Anglian Water will benefit from changes in made by the CMA in setting less stringent ODIs, in particular for total pollution incidents - a measure where the company has been weak. The CMA revised the incentive rate to £0.74 million per incident / 10,000 km of sewers, down from £1.89 million set by Ofwat. This will significantly reduce the expected penalty accrue, given that Anglian Water expects to underperform the regulatory target throughout AMP8.

For 2025-26, Anglian Water reported 371 total category 1 - 3 pollution incidents, down from 437 in the previous year. On the normalised measured used for the ODI, this translates to approximately 49 incidents / 10,000 km of sewer, against a CMA revised target of 27.44. The company also reported 12 serious pollution incidents in 2025-26, against a regulatory deadband of 1 and up from 7 in the prior year.

Exhibit 6

Anglian Water is expected to accrue total pollutions penalties, albeit of a lower quantum following CMA redetermination

Evolution of ODI between AMP7 and AMP8



AMP8 reflects the CMA's final redetermination. Value for 2025-26 is provision. Dotted line represents Anglian Water's most recent pollutions summary.
Sources: CMA, Ofwat, company reports, Moody's Ratings

The Environment Agency (EA) has now published its updated Environmental Performance Assessment (EPA) methodology which applies from calendar year 2026 onwards. The new EPA is expected to result in a significant increase in reported pollutions across the sector due to methodology changes. See our latest UK Water Outlook for further details. Ofwat is currently consulting[2] on changing the total pollutions ODI so each company is measured against the sector average. While we still expect Anglian Water to incur penalties on the ODI, the quantum may change depending on the final design of the revised ODI. The CMA stated that its redetermined pollutions ODI rate should be the reference point for the revised ODI for the appellants.

The CMA additionally made changes to the external sewer flooding ODI - where Anglian Water argued it was being unfairly penalised for being a frontier performer - and to water supply interruptions and leakage.

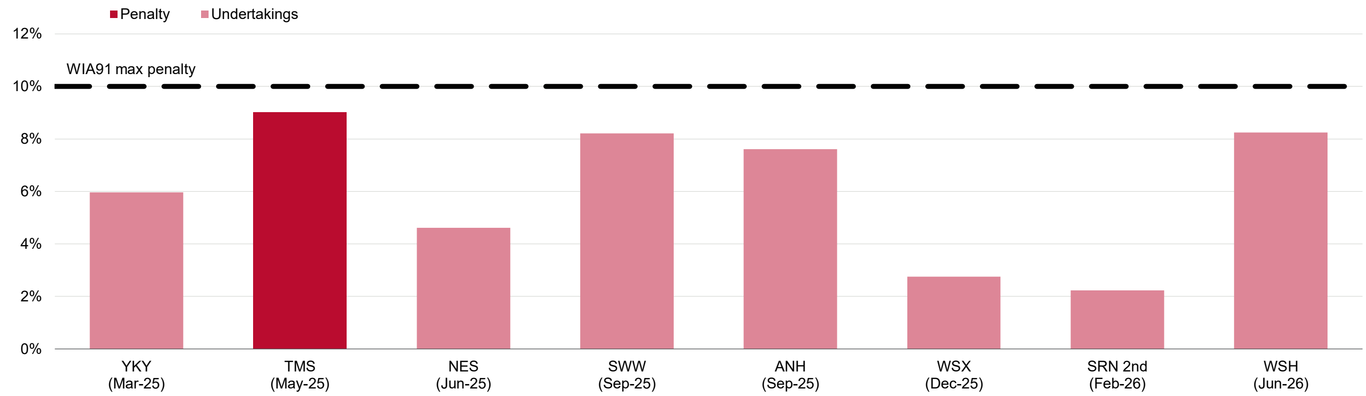
Management now expect to accrue total net ODI penalties of £111 million over the five years of AMP8, a significant improvement on their £219 million forecast on the basis of Ofwat's final determination. The company has provisionally reported a net ODI penalty of £10.5 million for 2025-26.

Ofwat's wastewater treatment enforcement case has concluded; EA's ongoing

On 18 November 2021, Ofwat and the Environment Agency (EA) announced[3] investigations into all wastewater companies into compliance with sewage treatment works permits and use of storm overflows. In March 2022, Ofwat opened enforcement cases against five wastewater companies, including Anglian Water[4]. Ofwat opened further cases in June 2022 and July 2024. Including an earlier 2019 enforcement case into Southern Water, Ofwat has now open enforcement activities against all 11 wastewater companies in England and Wales. The cases cover more than 2,200 individual sewage treatment sites.

Ofwat's enforcement cases can result in fines up to 10% of annual turnover of the relevant business segment. In September 2025, Ofwat accepted[5] Anglian Water's proposed undertakings of £62.8 million or 7.6% of relevant turnover in lieu of a fine. The undertakings will fund improvement works in eight catchment areas and well as establish a new community fund.

Exhibit 7
Anglian Water agreed undertakings worth 7.6% of relevant turnover



An earlier enforcement case against Southern Water concluded in October 2019 resulted in a £3 million penalty and undertakings worth £123 million - together 22.5% of relevant turnover - but which included additional enforcement for deliberate misreporting of information. In February 2026, Ofwat accepted further undertakings from Southern Water for the remaining compliance gaps.
Sources: Ofwat, Moody's Ratings

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

In the EA's annual Environmental Performance Assessment (EPA), Anglian Water scored '2-star requires improvement' for calendar year 2024, for the fourth year running. Across England and under the Welsh equivalent, all but one company scored 2-star or worse for 2024.

On 14 May 2025, Anglian Water was fined £1.42 million by the Drinking Water Inspectorate (DWI) over the use of unapproved pipework coatings at four sites between 2016 and 2021[6]. Anglian Water had reported the failures to the DWI and pleaded guilty in court.

2026 reopener window

As part of PR24, Ofwat introduced regular cost change reopener windows, where companies can request additional expenditure allowances for items which were subject to uncertainty during the price control process.

Anglian Water has requested an additional £346 million during the May 2026 window, comprising of £176 million for treated water storage, £124 million for growth schemes, £31 million for gravity sewers, and £15 million for high voltage electricity assets.

Ofwat will publish its draft decision on the reopener request by 15 August and its final decision by 15 December.

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

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

The perception that the water sector is "*broken*" has prompted a government-initiated strategic review, and on 21 July 2025, the UK government announced plans to create a new single regulator for the water sector in England, and to work closely with the Welsh government to also establish a new economic regulator in Wales.[7] The new regulator(s) will incorporate functions currently carried out by five separate bodies: Ofwat (the economic regulator for England and Wales), the Environment Agency (EA), Natural England/Natural Resources Wales (NRW) and the Drinking Water Inspectorate. The decision was made in response to a report, also published 21 July, by the Independent Water Commission led by Sir Jon Cunliffe, which includes 88 recommendations to the UK and Welsh governments (the Cunliffe Review).[8]

The Government published its white paper on reform of the water sector in January 2026.[9] A more detailed transition plan, as well as revised interim Strategic Policy Statements to Ofwat and ministerial direction to the EA, are expected to be published during 2026.

Bringing economic and environmental regulation under one umbrella could reduce credit risk by aligning objectives. However, business risk will remain heightened during the transition period given significant regulatory change. In November 2024, we changed our assessment of the stability and predictability of the regulatory environment for the UK water sector under our rating methodology to A from Aa. This assessment reflected our expectation that there would be regulatory changes, but also rising public dissatisfaction with the water sector, leading to political and regulatory focus on increasing penalties and enforcement. We also believe that the predictability and supportiveness of the regime has reduced despite a final determination for the current regulatory period (running from 1 April 2025 to 31 March 2030 and known as AMP8) resulting in a more positive outcome for the sector than the draft determination.

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

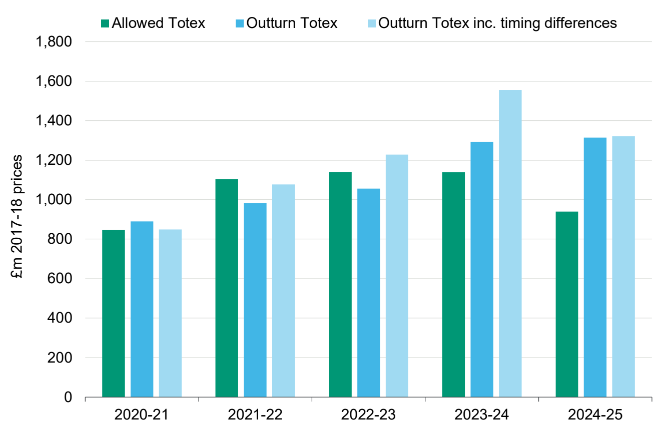
Modest overspend, weakening operational performance over AMP7

Over AMP7, Anglian Water spent £5.5 billion against allowances of £5.2 billion (in 2017-18 prices), an overspend of approximately 7%. Expenditure was below allowances in both 2021-22 and 2022-23, due to planning delays for its strategic pipeline. However, there was a significant step-up in expenditure from 2023-24 as the company accelerated preparations for AMP8.

Over the period, Anglian Water accrued cumulative ODI penalties of £91 million (in 2017-18 prices), with the net penalty position increasing as performance targets tightened. The largest single contributors were pollution incidents (£28.2 million), leakage (£26.4 million), and water supply interruptions (£19.7 million). The largest offsetting reward came from the C-MeX and D-MeX customer experience measures, at £7.7 million.

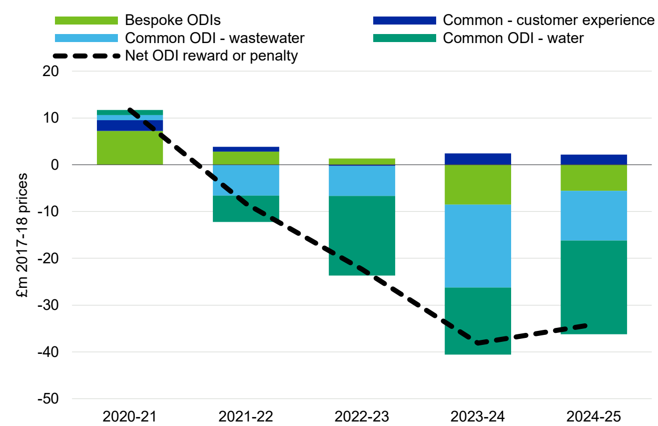
Operational performance over the last three years of AMP7 was significantly affected by extreme weather conditions. In 2022-23, a heatwave and drought led to record soil moisture deficits relative to the rest of the country, resulting in a material increase in mains bursts, supply interruptions, and leakage. Severe storms in 2023-24 adversely affected performance on pollution and internal sewer flooding, while exceptionally dry conditions in 2024-25 increased the frequency of pollution events.

Exhibit 8
Backloaded overspend during AMP7



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

Exhibit 9
Anglian Water has been suffering increasingly large ODI penalties



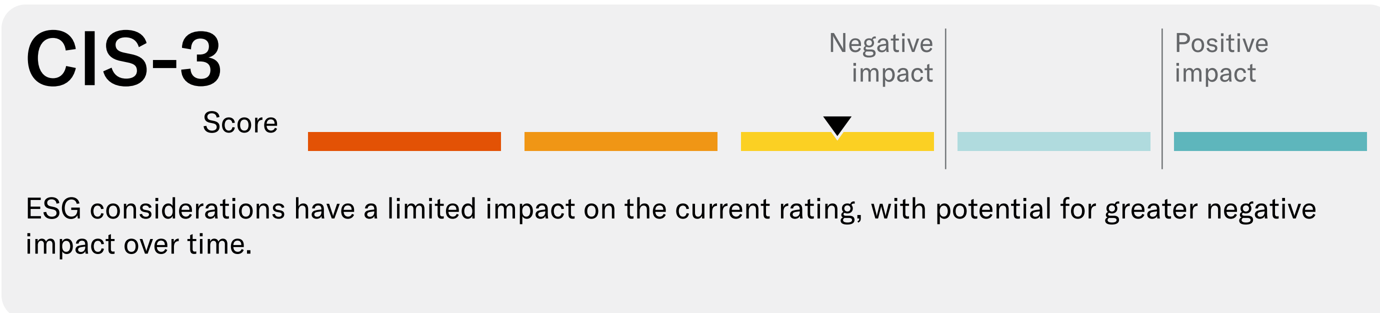
Sources: Company's regulatory reporting, Moody's Ratings

ESG considerations

Anglian Water Services Ltd.'s ESG credit impact score is CIS-3

Exhibit 10

ESG credit impact score

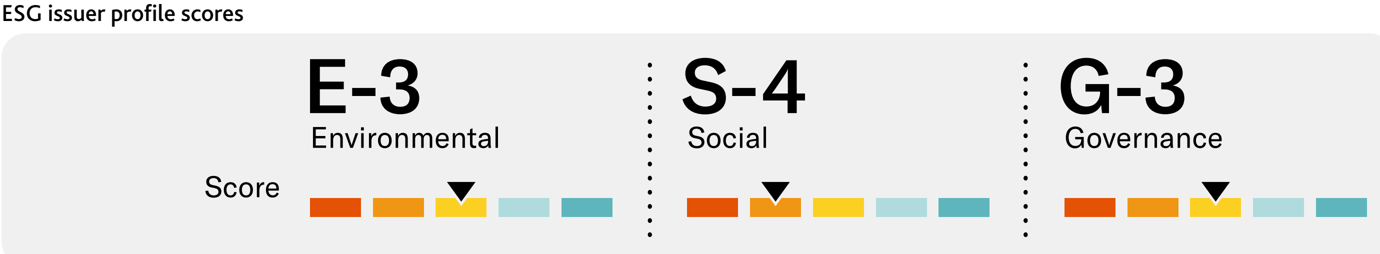


Source: Moody's Ratings

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

Exhibit 11

ESG issuer profile scores



Source: Moody's Ratings

Environmental

Anglian Water's **E-3** reflects the company's moderate risk exposure to water management and natural capital, which both also take into account the effects of water pollution. The EA estimates that overall water supply in England will need to increase by around 25% between 2025 and 2050 - mostly acutely in south east England. Anglian Water part of the Water Resources East region, which will require an additional 570 million litres a day by 2050, about 30% of current overall annual distribution input. It also faces the largest pressure from other water users, in particular agriculture and has currently little surplus water. As a wastewater company, Anglian Water is also exposed to the risk of pollution and associated fines. All the wastewater companies are currently under investigation or have been fined for sewage treatment permits and use of storm overflows.

Social

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

Governance

Anglian Water's **G-3** reflects its complex organisational structure with additional layers of debt-funded holding companies that rely on Anglian Water's distributions for their debt service. The moderate risk score for compliance and reporting reflects an ongoing investigation by the regulator and the EA into potentially non-permitted wastewater discharges into rivers by the wastewater companies in England and Wales.

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

Liquidity analysis

Anglian Water's liquidity is solid. As of 31 March 2026, Anglian Water held cash and cash equivalents of £552.9 million and short-term investments of £200 million. On the balance sheet date, the company had access to £1,100 million of undrawn committed liquidity facilities for general corporate purposes. These facilities have subsequently been upsized to £1,200 million with availability until 2029.

Additionally, the group has access to £440 million of stand-by liquidity facilities available if Anglian Water Services is in default and otherwise has insufficient liquidity. These facilities comprise of a £294 million Class A Debt Service Reserve, of which £250 million is a liquidity guarantee provided by Assured Guaranty, and a £146 million O&M Reserve. These facilities are typically renewed annually, but are subject to standby drawing if the renewal request is refused. Our assessment of liquidity excludes the stand-by facilities.

Anglian Water intends to raise approximately £900 million in new debt during 2026-27, with the equivalent of £700 million raised as of the date of publication.

Structural considerations

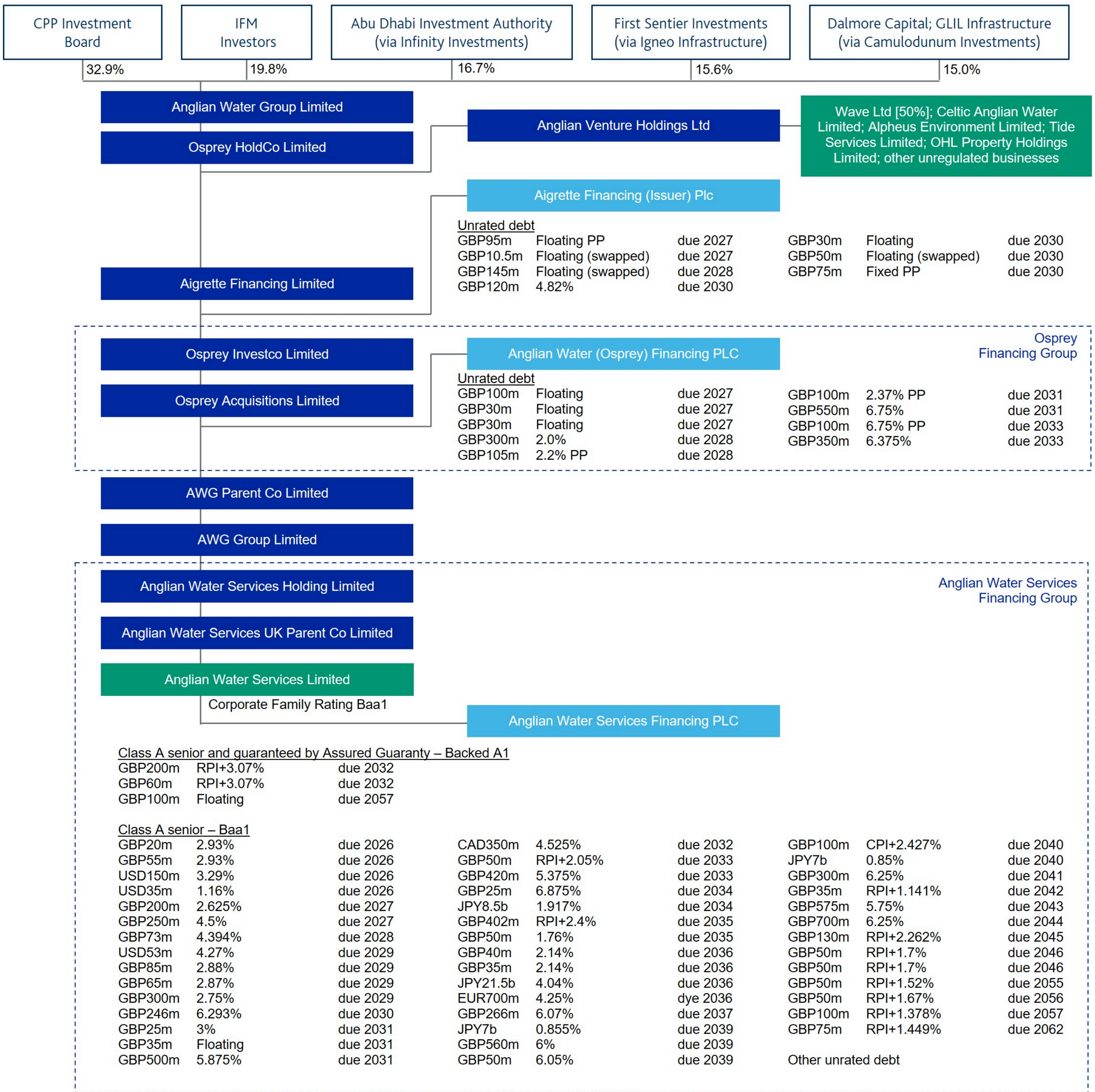
Anglian Water's Corporate Family Rating (CFR) is assigned to the Anglian Water Services Financing Group as if it had a single class of debt and was a single consolidated legal entity, and reflects our opinion on the expected loss associated with the financial obligations within the group. The CFR consolidates the legal and financial obligations of Anglian Water, its financing subsidiary Anglian Water Services Financing plc and the two intermediate holding companies within the group, and factors in the credit enhancements of the financing structure. It does not take into account the obligations of holding companies above the Anglian Water Services Financing group.

We also rate the bonds issued by financing subsidiary Anglian Water Services Financing plc. The bonds were originally issued either as part of a Class A senior tranche or a Class B junior tranche, although the existing Class B bonds were aligned in seniority and rights with the Class A bonds following a consent solicitation in September 2021. The Class A bonds are rated in line with the CFR. Anglian Water has committed to issue no further Class B debt.

The rating of the Class A bonds also factors in super-senior obligations – including the mark-to-market of the company's swaps – which would rank ahead of the senior notes in a default. Anglian Water's exposure is much smaller (around 5.5% of March 2025 RCV) than that of Southern Water or Yorkshire Water, whose derivative fair values were around 20% and 15% of March 2025 RCV, respectively. Anglian Water's exposure, therefore, does not warrant any further rating adjustment.

Exhibit 12

Anglian Water Group structure



Debt balances as of March 2026 for OpCo, updated for subsequent rated debt issuance. MidCo and TopCo unrated debt balances reflect publicly disclosed updates, but full March 2026 balances have not yet been published

Sources: Company reports, Moody's Ratings

Reduced credit enhancement from debt structural features

Anglian Water's CFR takes into account the covenant and security package incorporated in its financing programme, which is designed to insulate the company's creditworthiness from that of its ultimate shareholders and improve creditors' protection in a default scenario. As part of its 2021 capital restructuring, Anglian Water tightened its overall covenant and security package.

Event risk protection provided by the bond covenant and security package includes inter alia restrictions on acquisition and disposals (subject to limited defined exceptions), limitation on non-core activities and a dividend lock-up if senior leverage increases above 75% of RCV (previously 85%) or senior PMICR falls below 1.3x (previously 1.1x) in a single year (Moody's AICR differs from the PMICR covenant definition). In addition, the financing structure provides for creditor step-in rights if certain trigger events occur.

The transaction documents also include (1) a first-ranking fixed charge over the shares in the company, plus first-ranking fixed and floating charges over all the assets, rights and undertakings of Anglian Water; and (2) the agreement by financial creditors to give up their individual rights to petition for insolvency proceedings. We recognise that the benefit of the security provided to bondholders is limited because of the regulated and essential nature of the services provided by Anglian Water, as governed by its licence and the Water Industry Act 1991. The financing programme requires Anglian Water to maintain specified liquidity, as is typical for highly covenanted structures.

With our view of an increased business risk for the sector, we also believe that the benefit of credit-enhancing features in Anglian Water's financing structure has reduced. This is because in an environment where companies will have to invest more and potentially incur larger penalties, the amount of cash flow that may be locked up during a trigger event is diminished. In addition, as investment needs are rising and likely require equity injections in future periods, any potential longer-term distribution block could be detrimental rather than protective. Nevertheless, we believe that an organised intercreditor approach, additional emergency liquidity reserves and share security can add value but this is limited to around half a rating notch.

Rating methodology and scorecard factors

Anglian Water's is rated using our Regulated Water Utilities methodology, published in August 2023. The Baa1 CFR is in line with the forward looking scorecard-indicated outcome.

Exhibit 13

Rating methodology scorecard

Anglian Water Services Ltd.

Regulated Water Utilities Industry	Current FY 31/03/2025		Moody's AMP8 Forward View As of May 2026	
Factor 1 : Business Profile(50%)	**Measure**	**Score**	**Measure**	**Score**
a) Stability and Predictability of Regulatory Environment	A	A	A	A
b) Asset Ownership Model	Aa	Aa	Aa	Aa
c) Cost and Investment Recovery (Sufficiency & Timeliness)	Baa	Baa	Baa	Baa
d) Revenue Risk	Aa	Aa	Aa	Aa
e) Scale and Complexity of Capital Programme & Asset Condition Risk	Baa	Baa	Baa	Baa
Factor 2 : Financial Policy (10%)				
a) Financial Policy	Ba	Ba	Ba	Ba
Factor 3 : Leverage and Coverage (40%)				
a) Adjusted Interest Coverage Ratio (3 Year Avg)	1.1x	B	1.7x-1.9x	Baa
b) Net Debt / Regulated Asset Base (3 Year Avg)	69.2%	Baa	67%-69%	Baa
c) FFO / Net Debt (3 Year Avg)	7.6%	Ba	8%-9%	Ba
d) RCF / Net Debt (3 Year Avg)	6.0%	Baa	7%-8%	Baa
Rating:				
Scorecard-Indicated Outcome Before Notch Lift		Ba1		Baa2
Notch Lift		1.0		1.0
a) Scorecard-Indicated Outcome		Baa3		Baa1
b) Actual Rating Assigned				Baa1

All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate any significant acquisitions or divestitures.

Source: Moody's Ratings

Ratings

Exhibit 14

Category	Moody's Rating
ANGLIAN WATER SERVICES LTD.	
Outlook	Stable
Corporate Family Rating	Baa1
ANGLIAN WATER SERVICES FINANCING PLC	
Outlook	Stable
Bkd Senior Secured	Baa1
Underlying Senior Secured -Dom Curr	Baa1

Source: Moody's Ratings

Appendix

Exhibit 15
Moody's-adjusted debt breakdown
Anglian Water Services Ltd.

(in £ millions)	2021	2022	2023	2024	2025
As reported total debt	6,935.7	6,492.0	6,881.0	7,981.3	8,740.1
Pensions	44.8	41.8	33.0	30.8	26.6
Non-Standard Adjustments	0.0	0.0	340.0	353.8	300.2
Moody's-adjusted total debt	6,980.5	6,533.8	7,254.0	8,365.9	9,066.9
Cash & Cash Equivalents	(285.9)	(870.7)	(633.1)	(1,004.4)	(1,019.0)
Moody's-adjusted net debt	6,694.6	5,663.1	6,620.9	7,361.5	8,047.9

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Non-standard adjustments relate primarily to the removal of derivatives held in fair value hedge relationships or as cross currency hedges or addition of cumulative accretion on inflation-linked derivatives (from March 2023).
Source: Moody's Financial Metrics™

Exhibit 16
Moody's-adjusted funds from operations (FFO) breakdown
Anglian Water Services Ltd.

(in £ millions)	2021	2022	2023	2024	2025
As reported funds from operations (FFO)	**632.4**	**722.0**	**728.3**	**765.0**	**858.7**
Pensions	39.3	17.3	24.5	2.9	27.2
Alignment FFO	(16.7)	(233.1)	(545.0)	(330.2)	(218.2)
Cash Flow Presentation	(220.7)	(223.6)	(186.2)	(198.1)	(216.3)
Non-Standard Adjustments	2.2	194.0	502.9	310.3	141.9
Moody's-adjusted funds from operations (FFO)	**436.5**	**476.6**	**524.5**	**549.9**	**593.3**

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Non-standard adjustments relate primarily to adding back annual inflation accretion to FFO.
Source: Moody's Financial Metrics™

Endnotes

1 Anglian Water Services Financing Plc PRN Anglian Water announces £500m shareholder equity injection, 23 May 2025
2 Ofwat Consultation on changes to three PR24 environmental performance commitments, 29 October 2025
3 Ofwat Water companies could face legal action after investigation launched into sewage treatment works, 18 November 2021
4 Ofwat PN 10/22: Five water companies targeted in next phase of Ofwat wastewater treatment work investigation, 9 March 2022
5 Ofwat Notice of Ofwat's decision to accept section 19 undertakings from Anglian Water Services Limited, 9 September 2025
6 DWI Anglian Water Services Limited fined for drinking water offence, 14 May 2025
7 DEFRA Press Release Ofwat to be abolished in biggest overhaul of water since privatisation, 21 July 2025
8 Independent Water Commission Final Report, 21 July 2025
9 UK Government A New Vision for Water: White Paper, 20 January 2026

REPORT NUMBER 1483767