

Thames Water Utilities Limited
Annual Performance Report 2016/17
Net debt and financial metric disclosures

We highlight the following comments in respect of our Annual Performance Report (APR) 2016/17:

- (i) An error was identified in the signage of the figures originally reported for borrowings in table 1E of the APR and the subsequent calculation of Net debt. We have presented a corrected version of table 1E below:

1E. Net debt analysis
As at 31 March 2017

	Interest rate risk profile			Total £m
	Fixed rate £m	Floating rate £m	Index linked £m	
Borrowings (excluding preference shares)	(5,238.0)	(76.4)	(5,517.4)	(10,831.8)
Preference share capital				0.0
Total borrowings				(10,831.8)
Cash				46.4
Short term deposits				1.0
Net debt				(10,784.4)
Gearing				83.31%
Adjusted Gearing				81.50%
Full year equivalent nominal interest cost	(267.1)	(1.1)	(215.2)	(483.5)
Full year equivalent cash interest payment	(267.1)	(1.1)	(82.8)	(351.0)
Indicative interest rates				
Indicative weighted average nominal interest rate	5.10%	1.50%	3.90%	4.46%
Indicative weighted average cash interest rate	5.10%	1.50%	1.50%	3.24%
Weighted average years to maturity	13.9	1.9	23.7	18.4

- (ii) As a result of the change to Net debt referenced in (i) and other minor calculation errors, we have also presented an update to table 4H below:

4H. Financial metrics

For the year ended 31 March 2017

Financial Metrics for the 12 months ended 31 March 2017

	Units	Metric
Financial indicators		
Net debt*	£m	10,784.418
Regulated equity*	£m	2,159.971
Regulated gearing	%	83.31%
Post tax return on regulated equity*	%	6.86%
RORE (return on regulated equity)*	%	3.86%
Dividend yield*	%	5.05%
Retail profit margin - Household	%	0.25%
Retail profit margin - Non household	%	(1.79%)
Credit rating	n/a	Baa1
Return on RCV**	%	4.73%
Dividend cover	dec	0.16
Funds from operations (FFO)**	£m	711.551
Interest cover (cash)	dec	3.01
Adjusted interest cover (cash)**	dec	1.44
FFO/Debt**	dec	0.07
Effective tax rate	%	3.43%
Free cash flow (RCF)	£m	602.390
RCF/capex	dec	0.52
Revenue and earnings		
Revenue (actual)	£m	2,022.984
EBITDA (actual)	£m	1,009.806
Borrowings		
Proportion of borrowings which are fixed rate	%	48.36%
Proportion of borrowings which are floating rate	%	0.71%
Proportion of borrowings which are index linked	%	50.94%
Proportion of borrowings due within 1 year or less	%	2.10%
Proportion of borrowings due in more than 1 year but no more than 2 years	%	1.90%
Proportion of borrowings due in more than 2 years but no more than 5 years	%	13.70%
Proportion of borrowings due in more than 5 years but no more than 20 years	%	39.90%
Proportion of borrowings due in more than 20 years	%	42.40%

* updated as a result of change to net debt referenced in (i)

** updated as a result of minor calculation errors