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Media release

Thames Water ratings upgrade good news for EPIC investors

New Zealand infrastructure investment company Equity Partners Infrastructure Company says that a recent rating upgrade for Thames Water, the United Kingdom water company, is very good news for EPIC investors.

A just completed annual rating review process with Standard and Poor's saw Thames Water's senior secured debt rating move up from BBB+ to A-. Thames Water's Moody's rating remains at A3.

EPIC Chairman Don Walker said that the Standard and Poor's credit upgrade reflects the significant operational improvements made at Thames Water over the last three years.

"A credit upgrade improves the prospect of a company being able to successfully and more efficiently raise and restructure its financing requirements."

"This ratings upgrade, which resulted from the business' improved operational performance, will assist with any debt raising or refinancing by placing the company in an excellent position for any approach to the bond markets."

"To give an idea of Thames Water's capital requirements, the company has earmarked spending nearly £5bn on essential work to improve its ageing water pipes, sewers and other facilities over the next five years – equivalent to the New Zealand government's annual expenditure on the public health system."

EPIC Director Margaret Devlin, a former Managing Director of South East Water in the UK, said this is clearly positive for EPIC investors.

"Thames Water has been a very strong investment for EPIC. The last year saw some uncertainty, with the prospect of a tough regulatory decision on Thames Water's pricing structure for the next five years. In the event, the regulator's decision was relatively positive. That, coupled with the ratings upgrade, leaves Thames Water well placed to continue to perform strongly."

With around 1900 shareholders, EPIC is a successful New Zealand investment company with NZ\$158m in assets focused on international high quality, high yielding infrastructure assets. EPIC holds 2.61% of the issued capital of Thames Water Holding Co., which holds 47.65% of the issued capital of Thames Water. It also owns 17.49% of Moto International which owns 73.86% of the issued capital of Moto Holdings, the ultimate parent company of Moto Hospitality Limited, the leading operator of service areas on motorways and trunk roads in the United Kingdom.