

United Utilities Group PLC

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Citigroup cuts United Utilities to 'neutral' from 'buy' after 12-month target price reached

Citigroup has downgraded its rating for United Utilities Group PLC (LON:UU.) to 'neutral' from 'buy', with the stock having reached its 12-month target price of 878p.

In a note to clients, analysts at the US bank said: "In our view, the shares now trade close to its justified RAV premium and is now fairly valued."

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They added: "From a regulatory perspective, barring any unexpected movement on the final allowed WACC (December) and operational targets (April), we essentially have regulatory clarity, to a large part, until 2025.

"For us, United Utilities must now work to deliver what appears to be a set of challenging cost reduction targets, reducing the historic costs by 20% in order to meet its forward-looking cost targets."

The analysts also pointed out that nationalisation risk is subsiding.

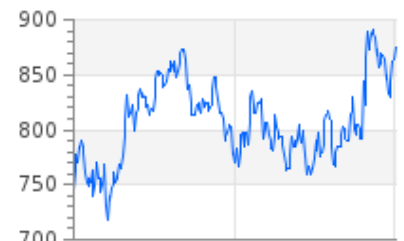
They concluded: "While the UK political landscape and public opinions remain fluid, the recent fall in the Labour Party popularity in the opinion polls does highlight the subsiding risks of nationalization, at least for now, in our view."

In late morning trading, shares in United Utilities were 0.4% higher at 848.20p, still below the Citigroup's target price.

Price: 874

Market Cap: £5.96 billion

1 Year Share Price Graph



November 2018 May 2019 November 20

Share Information

Code: UU.

Listing: LSE

| | | |
|----------------|-------------|------------|
| 52 week | High | Low |
| | 895.6 | 713 |

Sector: Power & Utilities

Website: www.unitedutilities.com

Company Synopsis:

United Utilities Group Plc (United Utilities), formerly United Utilities PLC, is a United Kingdom-based company. The Company's regulated subsidiary, United Utilities Water PLC (United Utilities Water), holds licenses to provide water and sewage services to a population of some seven million people in north west England.

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