

29 January 2025

United Utilities Group PLC
Final Determination and Q3 Trading Update

Final Determination

The board of United Utilities Water today announces that it has accepted the Final Determination covering the five years to March 2030.

Our £13 billion investment across 2025-30 will enable us to deliver on the things that matter for customers, communities and the environment, namely:

- Delivering c.£5.7bn enhancement expenditure, including an industry leading £2.4bn CSO programme to deliver a 60% reduction in spills from storm overflows this decade
- Improving water quality for over 2 million customers and enabling economic growth across the region
- Annual asset base growth of c.7%¹ per annum, taking our AMP8 closing asset base to over £21 billion¹
- Putting in place a sector leading £525m package of support, helping 1 in 6 households to pay their water bill by 2030
- Supporting 30,000 jobs and contributing £35 billion of economic value in the North West

Louise Beardmore, Chief Executive Officer, said:

"With the final determination agreed, we are now able to progress what will be the largest investment in water and wastewater infrastructure in over 100 years, to build a stronger, greener and healthier North West.

This historic £13 billion investment will support 30,000 jobs across the North West, bringing focused investment in skills and opportunities, supporting economic growth in our region.

Alongside record levels of investment, we are committed to maintaining affordable bills and providing support to customers who need it most. With a sector leading affordability package totalling £525m, we're putting in place financial support to approximately one in six households across the North West - that's approximately a 70% increase in the level of customer support provided this AMP.

Most importantly, today's announcement means we can move forward and deliver the step change in performance we all want to see."

Financing AMP8

The group is in a strong financial position, with gearing^{2,3} of 60% and £2.6 billion³ of liquidity extending out to FY27.

After careful consideration of the final determination, the board confirms its intention to continue to target gearing in the range of 55 to 65%, and to aim to maintain United Utilities Water long-term issuer credit ratings of at least Baa1 with Moody's, BBB+ with Standard & Poor's (S&P) and an issuer default rating of at least BBB+ with Fitch (senior unsecured debt rating A-). This assumes that each ratings agency maintains current published ratio thresholds/guidance for United Utilities' ratings and no further changes to sector risk assessments or ratings methodologies.

Group dividend policy

The board today announces that we will continue to grow the dividend by CPIH inflation, in line with our long-term dividend policy.

Q3 Trading Update

United Utilities has continued to deliver a strong operating performance in Q3. We maintain our FY25 financial guidance and remain on track to deliver net ODI rewards higher than last year's £34.5m

We recently announced a preferred bidder to design, build, finance and maintain the replacement of six tunnel sections under the Haweswater Aqueduct Resilience Programme (HARP). The aqueduct supplies water to 2.5 million

people in Cumbria, Lancashire and Greater Manchester and will be one of the largest water infrastructure projects undertaken in the North West, with an estimated construction cost between £2.5bn and £2.9bn⁴.

Future events

We will host a presentation and Q&A session with management at 9am, which can be accessed using the details provided below. A replay will be available on the company website.

Link: <https://us06web.zoom.us/j/86355733351?pwd=U4MU9dyFYAajwHIDwaXw9XauK5QuF.1>
Meeting ID: 863 5573 3351
Passcode: 464993

We will also be hosting a capital markets day on 19th June 2025 - details to follow.

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Notes

- 1 Nominal, based on OBR long-run CPIH forecasts
- 2 Measured as group net debt including loan receivable from joint venture divided by UUVs adjusted RCV adjusted for actual spend, timing differences and including full expected value of ex-post adjustment mechanisms
- 3 United Utilities Group gearing and liquidity as at 30-Sep 24
- 4 Project will be outsourced to a third party competitively appointed provider (CAP) under Direct Procurement for Customers (DPC)

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