13 August 2026

United Utilities Group PLC

United Utilities Water welcomes the 2026 Cost Change Draft Decision

United Utilities Water (UUW) welcomes the publication of the Draft Decision in respect of the 2026 Cost Change re-opener, which supports the substantial majority of UUW's first AMP8[1] submission.

The Draft Decision includes allowances of c.£975 million[2] and keeps us firmly on track to deliver approximately £2.5 billion of investment through the annualised AMP8 re-opener mechanism. This investment will enhance resilience across our network and provide additional water and wastewater capacity, to support economic growth in the North West enabling the Government's housing, digital infrastructure and climate policy ambitions.

The Draft Decision demonstrates the value of Ofwat's new Cost Change framework in facilitating timely investment where additional needs emerge during the regulatory period. The framework provides greater flexibility to enable and accelerate infrastructure to support regional economic priorities while maintaining strong protections for customers.

We reiterate our financial framework, including c.£11.5 billion of capital investment[3], with our regulatory capital value expected to grow at around 10%[3,4] per annum to approximately £25 billion by 2030. We continue to target average regulatory returns of 10-11%[3,4,5]. Our financial framework also remains unchanged with our dividend growing in line with CPIH[6], and our target gearing range at 55-65%[7].

Whilst substantially all of our proposed programme has been supported in the Draft Decision, Ofwat has requested additional evidence for a limited number of projects as part of the consultation process. We look forward to continuing our constructive engagement with Ofwat and are confident in providing the further information required to demonstrate that these proposals represent the best value outcome for customers, remain fully deliverable and support long-term regional growth.

We will submit our response by 24 September 2026 ahead of the Final Decision in December 2026.

Louise Beardmore, Chief Executive Officer said:
"It is great to see this in-period regulatory mechanism working well, providing the opportunity to deliver the additional infrastructure needed to support the rapid economic growth we are seeing here in the North West, enabling businesses to grow, houses to be built and additional high quality jobs to be created."

Webcast

Management will host a short presentation at 11am (BST), followed by a Q&A, which can be accessed using the details below. A replay will be available on the company website.
https://teams.microsoft.com/meet/348575880564071?p=OMQBmRWudzWkCqk0it
Meeting ID: 348 575 880 564 071, Passcode: qC2V2o93

[1] The five-year regulatory period from April 2025 to March 2030

[2] Real AMP8 totex

[3] Over AMP8

[4] Assuming inflation of c.3% on average in AMP8

[5] Regulatory return is the average expectation for AMP8 of the return on regulatory equity comprising the base return, outperformance and inflation as per Table 1F of the Ofwat Annual Performance Report.

[6]Target dividend growth in line with CPIH based on FY26 DPS of 53.66 pence

[7]RCV gearing calculated as group net debt including loan receivable from joint venture/United Utilities Water Limited's adjusted RCV (adjusted for actual spend, timing differences and including expected value of AMP8 ex-post adjustment mechanisms)

[8] The 2026 Cost Change Draft Decision published by Ofwat

[9] United Utilities 2026 Cost Change submission

Contacts

Investors and Analysts

Chris Laybutt, Corp. Dev. & Capital Markets Director	+44 7769 556 858
Jennifer Platt, Investor Relations Manager	+44 7733 064 907

Media

Andrew Ward, Corporate Affairs Director	+44 734 168 3924
Graeme Wilson, Teneo Communications	+44 207 260 2700

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