United Utilities

2026 Cost Change Draft Decision

13 August 2026

2026 Cost Change Draft Decision supports fundamentals

1

Draft Decision in line with expectations

- Draft Decision gives allowances of £975 million[1]
- Ofwat support the majority of UU's first AMP8 submission – 97% of scope
- On track to deliver c.£2.5bn through AMP8 re-opener process

2

Supportive regulatory backdrop

- New regulatory approach enabling annual submissions
- Enabling economic growth across the North West
- Discussions ongoing in relation to the funding of industrial growth projects

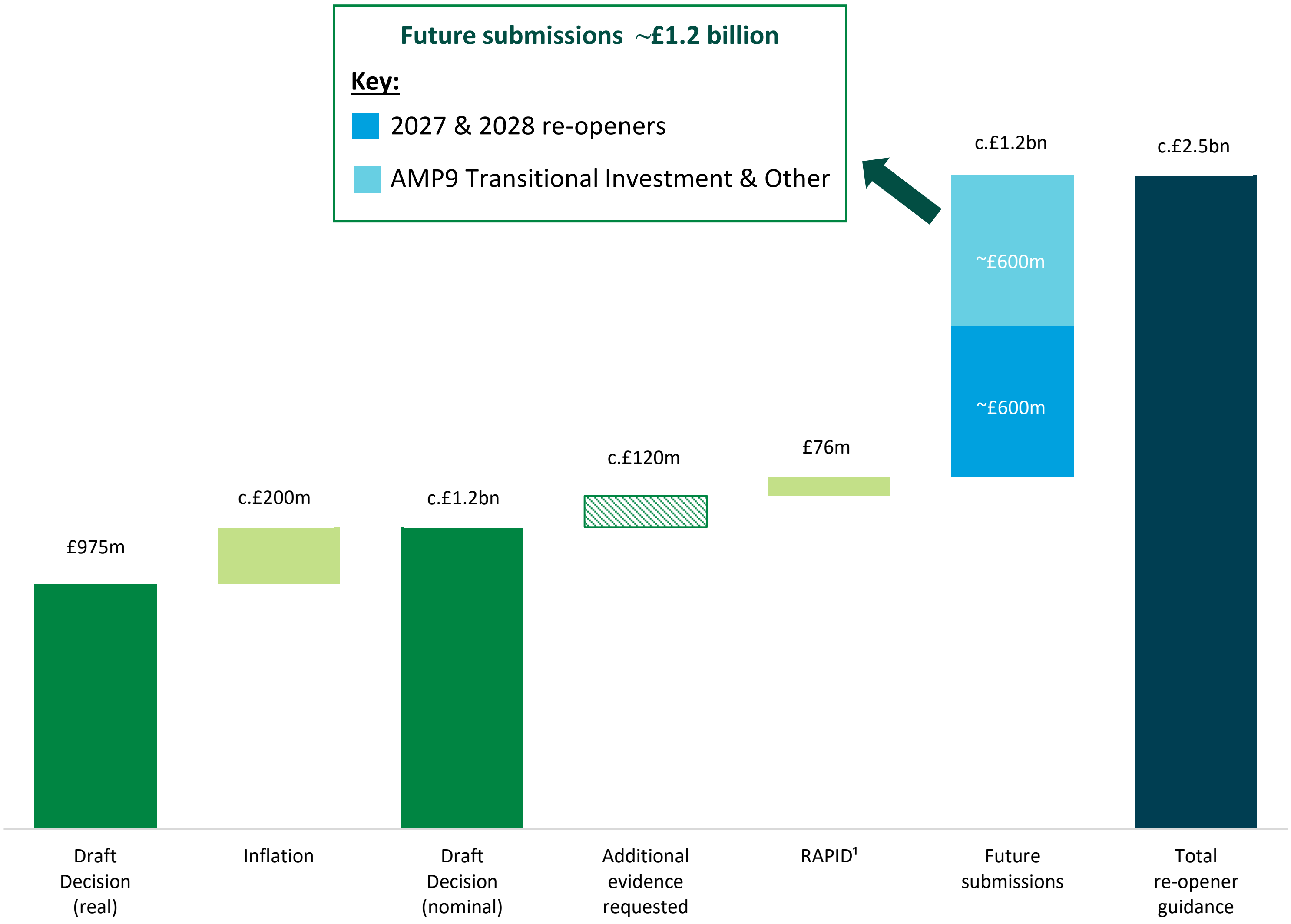
3

AMP8 guidance reiterated

- Capital investment of ~£11.5bn
- Asset base growing to £25bn by 2030, equating to ~10% CAGR[3]
- Delivering regulatory returns[2,3] of 10-11%

1. United Utilities 2026 Cost Change Draft Decision
2. 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
3. Assumes inflation of c.3.0% on average in AMP8

2026 re-opener: supporting growth, strategic projects and resilience



£975m totex approved[2]

The Draft Decision includes allowances of £975m (real), or c.£1.2bn after inflation.

Additional evidence required

Ofwat has requested specific additional evidence on a small number of projects

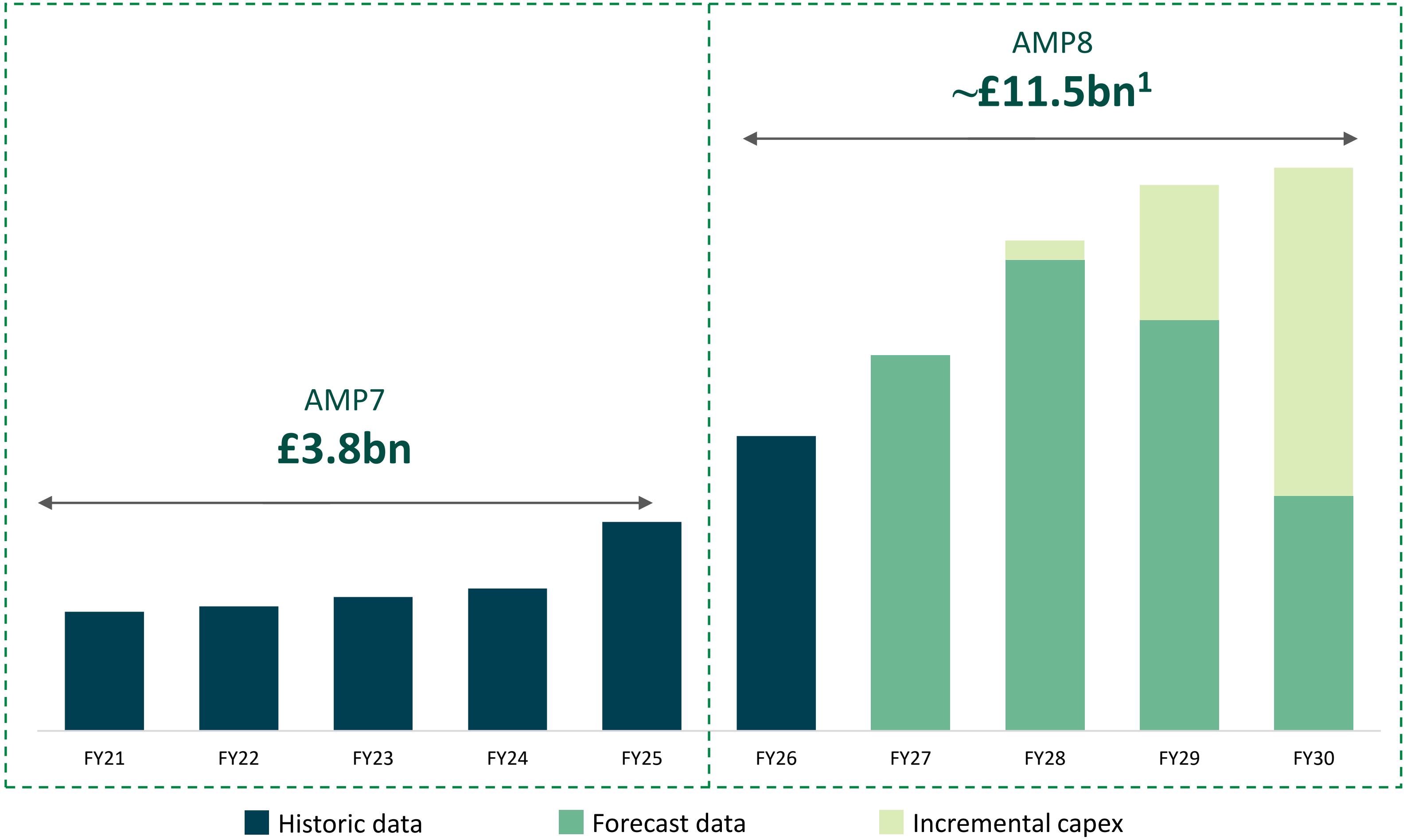
Future submissions

Future submissions of c.£1.2bn make up the majority of the balance to our £2.5bn re-opener capex

1. Strategic water resources will be considered as part of Ofwat's Regulators' Alliance for Progressing Infrastructure Development (RAPID) process and is not included within the 2026 Cost Change Draft Decision
2. United Utilities 2026 Cost Change Draft Decision

Multi-decade growth opportunity underpinned by long-term drivers

Nominal capital investment (£bn)



1. Expectation of additional capital investment, to be determined through Ofwat re-openers, comprising Ofwat's 2026 Cost Change Process, Ofwat's 2027 Cost Change process, Ofwat's 2028 Cost Change Process and Transitional Investment

Additional growth drivers

Growth to support defence
Water and wastewater infrastructure to support defence sector expansion in North West

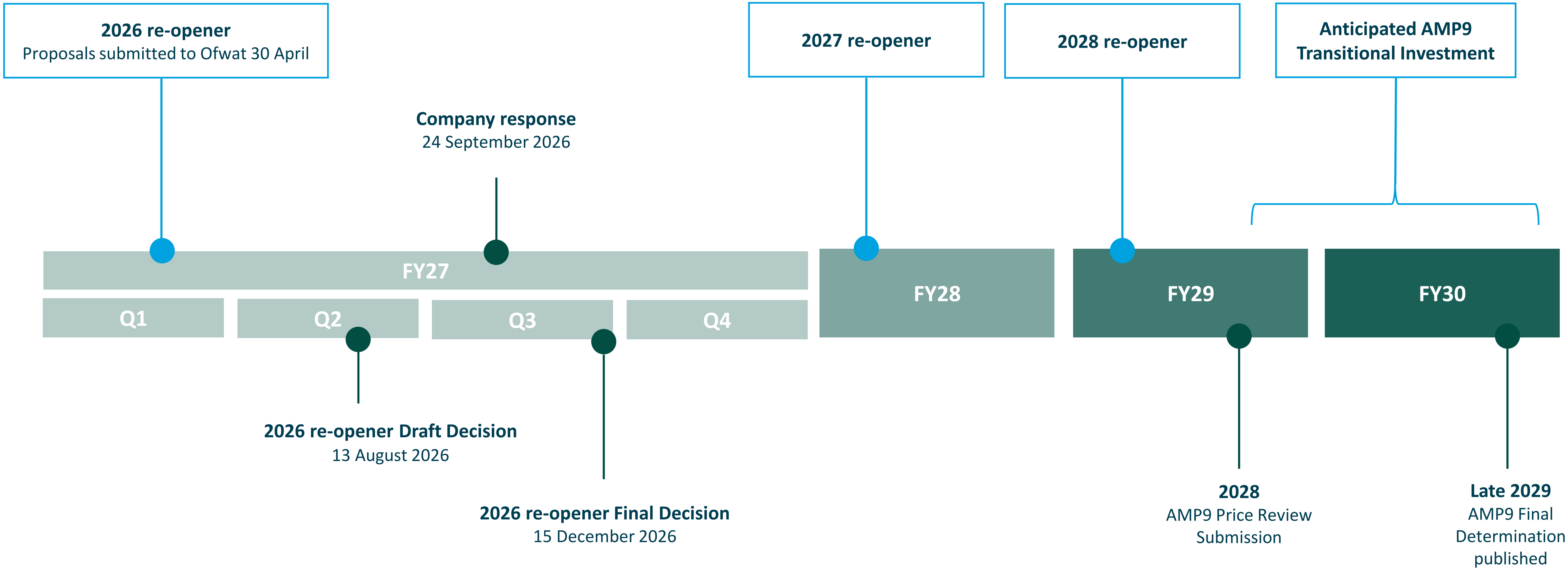
Proactive asset replacement
Proactively managing priority risks and accelerated mains replacement

Strategic priorities
Investment to drive place-based economic growth

Cyber security
Additional cyber security resilience

Maintaining momentum into AMP9
Maintaining pace of storm overflows programme

Targeted annualised process accelerating investment



Financial framework reiterated

Regulatory Return[1,2]	**10 – 11% nominal return**
Capital Investment	**~£11.5bn across FY26-30**
Asset Base Growth[2]	**~10% CAGR**
Dividend Policy	**Growing in line with CPIH**
Strong Balance Sheet	**Target 55 – 65% gearing**

Target ratings

Moody's	Baa1
Standard & Poor's	BBB+
Fitch	BBB+

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2. Assumes inflation of c.3.0% on average in AMP8

Any questions?