

28 March 2023

UNITED UTILITIES

Trading Update ahead of 2022/23 results

United Utilities announces the following trading update ahead of its full year results on 25 May 2023.

Supporting customers

Helping customers cope with cost of living challenges remains a top priority at United Utilities. The company's industry leading £280m package of customer support over AMP7 will continue to provide financial assistance for over 200,000 households with their water bill during 2023/24.

Sustainability focus

United Utilities continues to perform strongly across key ESG indices, having been assessed by Sustainalytics as a Top Rated Company for 2023 and ranked as World Class in the Dow Jones Sustainability Index (DJSI). We have improved our latest Carbon Disclosure Project (CDP) score, achieving an A- in the CDP climate change response 2022 and Leadership level across nine of eleven categories as well as being in the top quartile of the non-energy utility peer group.

In addition, United Utilities has been included in the Bloomberg Gender-Equality Index 2023, and ranked 11th in The Inclusive Companies Top 50 UK Employers List, recognising its commitment to more equal and inclusive workplaces.

Leading environmental performance

United Utilities remains a sector leader in minimising the number of serious pollution incidents, having again achieved a zero score in 2022/23. We have been ranked as a top 4-star performer in the Environment Agency's Environmental Performance Assessment ("EPA") in five of the last seven years. Our Better Rivers, Better North West plan is delivering environmental improvements and we have reduced the number of reported spills from CSOs by 38% since 2020, exceeding our 33% target two years earlier than expected.

Financial performance

ODI Performance: In December we experienced a period of extreme weather. While our teams and partners worked tirelessly to minimise disruption, some customers experienced short-term supply interruptions caused by rapid freeze-thaw events, leading to burst pipes. As a result, ODI performance for the year will be adversely impacted. Net ODI outperformance for 2022/23 is now expected in the range £20m to £25m. ODI guidance for AMP7 remains unchanged and we continue to target a net reward of c.£200m.

Operating result: Group revenue for 2022/23 is expected to be around 1% lower than previous guidance driven by timing effects, primarily lower consumption, which are fully recovered in future years. Operating costs are expected to be inline with previous guidance.

Net finance and tax: Underlying net finance expense for 2022/23 is expected to be around £175m higher than last year, some £10m higher than our previous guidance and largely as a consequence of higher inflation. Cash interest is expected to remain stable when compared to last year. We now expect an underlying tax credit for 2022/23 of between £15m and £25m, reflecting higher interest charge and a change in approach to carried forward tax losses.

Balance sheet: Group net debt is expected to increase compared with the interim result, largely reflecting the impact of inflation on index-linked debt. Gearing remains in range, supporting a solid A3 credit rating for United Utilities Water with Moody's and our AMP7 dividend policy.

Annual results presentation

United Utilities 2022/23 results will be presented by incoming CEO Louise Beardmore on 25 May 2023, which will include an update on group strategy.

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