

Chief Executive Officer's review

Our BIG North West upgrade – for a stronger, greener, healthier future.



“ This year marks a truly defining moment for United Utilities and for the communities we are so proud to serve. We have begun the biggest upgrade to our region’s water and wastewater infrastructure in more than a century.

Efficient delivery at scale: the BIG North West upgrade

Our AMP8 capital delivery is progressing to plan. We have successfully recruited over 1,300 new colleagues to join United Utilities whilst at the same time onboarding over 100 suppliers to help us deliver our ambitious programme. The scaling-up of our activity has not impacted its quality, with the capital programme delivery incentive (CPDI), our measure of effective, efficient and quality delivery of the capital programme, hitting 100%. We have achieved our year one regulatory outcomes with our spend in line with the expected profile.

As AMP8 scales up, our award-winning approach to standardisation, Project Blueprint, is playing a vital role in keeping us within cost and quality allowances while accelerating delivery for customers and communities. By standardising designs, bulk-purchasing materials and embedding more efficient maintenance regimes, we are cutting cost and time across multiple projects. This approach allows us to identify repeatable solutions, streamline design, and secure critical components early.

Continuous improvement across our operations

We are pleased to report a strong start to the year, with the majority of our operational performance measures improving year on year. We met our stretching targets for both internal and external sewer flooding – two of the outcomes customers value most. Long-term investment in dynamic network management is supporting this improved performance, despite last year’s stormy weather, with internal sewer flooding down 42% and external flooding down 25%.

While the UK, overall, experienced a relatively dry year, the North West still saw above-average rainfall. Despite this, our spills performance improved, with activations falling 23% and duration falling 27% versus the prior year. We remain firmly on track to deliver a 60% reduction in spills by 2030 with our current performance showing a 47% reduction against our 2020 baseline.

We also made strong progress on smart metering, installing more than 200,000 meters during the year. This marks the first phase of a sustained rollout across the region. Smart meters are a critical enabler of better network insight, helping us identify losses earlier, improve water efficiency and support long-term demand management.

Due to the current geo-political environment, energy markets remain volatile. We continue to benefit from our disciplined and prudent energy hedging. Our hedging levels remain above policy minimums, reflecting proactive execution during the benign market conditions experienced in the third and fourth quarters. We are fully hedged for summer 2026 and over 90% hedged for winter 2026/27. In addition, the regulatory true-up mechanism introduced for AMP8 provides further protection against any potential future commodity price movements.

Future areas of focus

We are delivering strong all-round performance, while staying focused on the areas where we can go further. One of these is total pollution incidents – importantly, we recorded no category 1 pollutions, the most serious form of pollution. Despite a reduction in category 2 and 3 pollution incidents compared with the previous year, we expect an overall penalty for FY26 for this measure. Industry reporting rules have changed, meaning incidents previously excluded,

such as those caused by extreme weather and power supply interruption, are now counted. Around 21% of our 2025 incidents were linked to named storms, including 12% during Storm Éowyn. We remain fully committed to driving pollution down and are confident in our Pollution Incident Reduction Plan, which focuses on strengthening asset resilience, boosting customer engagement on responsible waste disposal and deepening partnerships to tackle wider pollution drivers.

Leakage is another key area of focus. This year we fixed more leaks than ever and replaced over 150 kilometres of mains, more than in the previous five years combined, supporting long-term leakage reduction and fewer supply interruptions. Our in-year leakage performance is the best the North West has ever seen. Despite this progress, we expect to miss our regulatory three-year rolling average target, reflecting the impact of prior years and the time it takes for the rolling methodology to capture improvements. We are confident that the investment and momentum built in year one will continue to strengthen performance as we move through the AMP.

Prioritising customers

Delivering a high-quality service every time customers contact us is central to building trust. We are proud that every caller speaks directly to our North West-based customer service team, whose strong service culture is reflected in our Trustpilot score of 4.5 (Excellent) out of 5. We remain above the median and ‘in reward’ for our regulatory customer service measures. While performance is strong, our ambition is higher: to deliver a consistently leading customer experience, benchmarked not just within the water sector but against the best service providers in any industry.



With bills rising this year, we strengthened our sector-leading affordability support. Our ambition to help one in six customers is progressing well, with over 422,000 customers now receiving support. Working with partners such as the Department for Work and Pensions, we have proactively moved 180,000 customers onto better tariffs without them needing to get in touch. We know how important this support is, and we are proud to be among the first in the sector to achieve the Martin Lewis Money and Mental Health accreditation.

We are equally committed to accessibility. More than 580,000 customers are now registered for Priority Services, enabling us to tailor support for those who need it most. We are leading the sector both in the breadth of services offered and the number of customers enrolled, working closely with outreach partners to ensure our services flex and adapt to meet the needs of every community we serve.

A great place to work

Our 7,000 colleagues are at the forefront of the BIG North West upgrade, delivering for customers across the five counties. Given the size and scale of our investment programme, health and safety remains a top priority. Over the year, we have further strengthened our Home Safe and Well programme, which underpins our approach to occupational health and safety. The increased focus, awareness and capability delivered through these initiatives has resulted in meaningful improvements in safety performance. Our lost time injury rate reduced by 30% during the year, reflecting the collective commitment of our people to continuous improvement. These initiatives will remain central to our approach throughout AMP8 as we work towards sustained, long-term improvements in keeping colleagues safe.

Engaged, committed colleagues are central to our success. This year, 86% of employees took part in our engagement survey, and we are proud to report an outstanding 90% engagement score, well above global utilities and UK high-performance benchmarks. Our strong culture is also reflected in our Glassdoor rating of 4.6 out of 5. The strength of our brand as an employer is critical to ensure we retain and attract the talent that we need to deliver our ambitious plans.

Looking ahead: unlocking growth in the new economy

On 30 April, we submitted to Ofwat our plans for additional investment to support housing growth, the new economy and proactive asset replacement. This £1.4 billion programme reinforces our role as an enabler of the country's broader growth ambitions through the construction of essential infrastructure. We expect our investment could support a further 4,000 jobs across our supply chain, on top of the 30,000 supported by our existing AMP8 programme.

The investment programme sets out how we will deliver the vital water infrastructure required for thousands of new homes across the region, unlock capacity for data centre expansion and facilitate decarbonisation. We have also outlined further investment in our assets to strengthen the resilience and reliability of our networks, treatment works, and services.

It is a proposal which will enable an additional £17 billion of economic value in the North West and £31 billion nationally by 2050. It will support the housing growth that our region needs, and help to turbocharge the UK's digital economy. We expect Ofwat's draft decisions in August, with final decisions due in December.

Plans for a further circa £1.2 billion of investment are expected to be submitted for approval through subsequent submissions in 2027 and 2028 and transitional investment into AMP9, taking total incremental investment to circa £2.5 billion and total AMP8 capital investment to circa £11.5 billion.

This was supported by a highly successful equity placing of £800 million from new and existing shareholders, providing additional funds for the transformational investments we are making in the water and wastewater infrastructure of the North West.

Louise Beardmore
Chief Executive Officer

15 May 2026

Materiality

Our integrated annual report and financial statements aim to meet the information needs of our investors to help them make informed decisions regarding their participation, for example, whether to buy, hold or sell our shares or bonds, whether to engage with management on issues, and to inform voting. We have included information that we believe is material to these decisions, which is presented in a way that we believe is fair, balanced and understandable. Our assessment of materiality can be found on page 25.

Integrated Report and TCFD disclosure

This annual report is an Integrated Report and has been prepared and presented in accordance with the International <IR> Framework published by the International Integrated Reporting Council in January 2021. The board, which is responsible for the integrity of this report, has considered the preparation and presentation of this report and concluded that it is in accordance with the Framework. This report contains all climate-related financial disclosures required to be consistent with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and in line with the Listing Rules requirements (UK Listing Rule 6.6R(8)) and the 2022 amendments in S414CB (A1) of the Companies Act. In making our disclosures, we have considered 'Guidance for All Sectors' in the TCFD implementation guidance. Further supplementary detail, such as our 2024 adaptation progress report, Water Resilience Management Plan (WRMP) and supporting technical documents, are available on our website.