

Capital Markets Event  
27 September 2018

# United Utilities Group PLC

 **United  
Utilities**  
helping life flow smoothly



Steve Mogford  
Chief Executive

# Introduction



# Building on sustainable high performance

## Performing in AMP6



### Customer service

Service mark with distinction from UKICS



### Drinking water quality

Top WaSC for Mean Zonal Compliance  
Most improved company in 2017



### Environment

Assessed as 4\* by the EA for three consecutive years



### Governance

Attained world class status in Dow Jones Sustainability Index for eleven consecutive years

## Ready to go for AMP7



All green and amber WINEP3 schemes cost benefit tested



DWI support for schemes included in plan



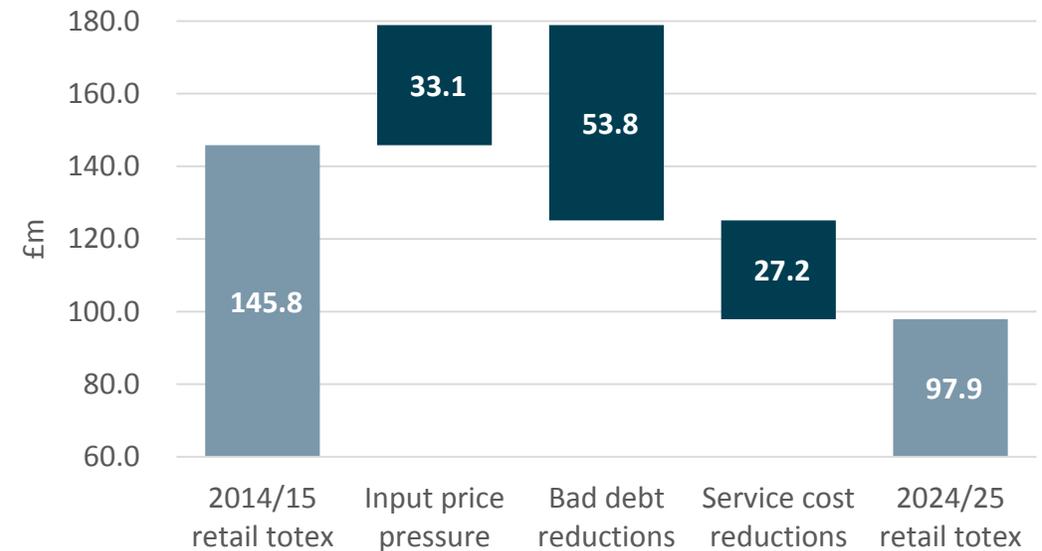
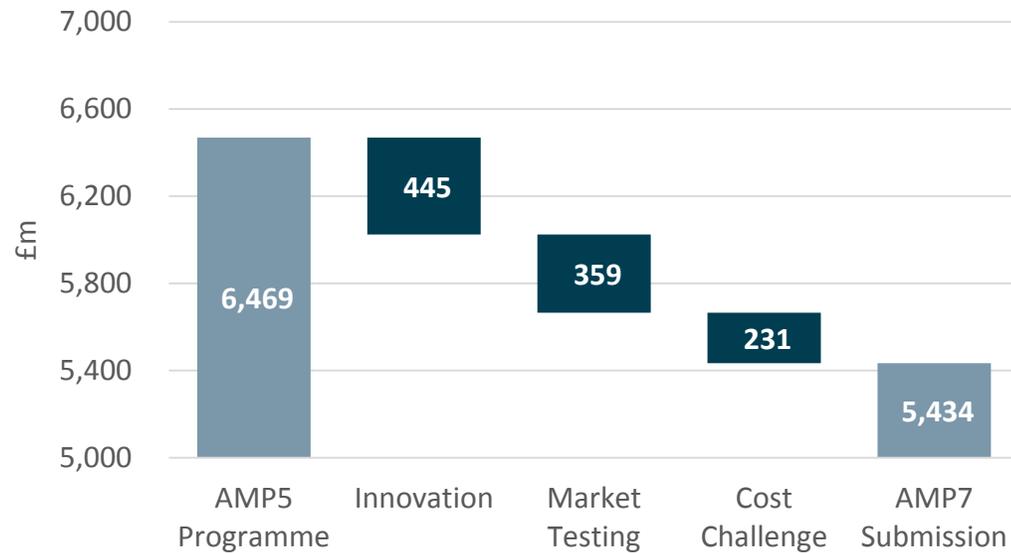
Ready to move forward on direct procurement



Detailed bottom-up plan by price control, delivering targets with efficient totex

# Efficiency in wholesale, efficiency in retail

We have stepped up to the efficiency challenge ahead of AMP7



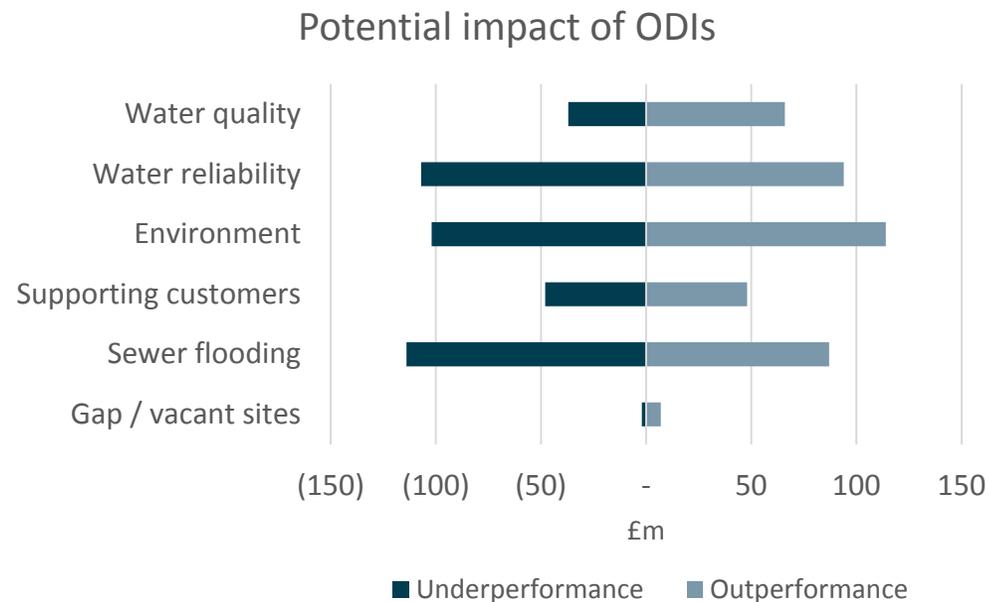
Innovation, market testing and cost challenge leading to **£1bn reduction in wholesale totex**



Overall **retail costs down by one third; bad debt down by half** by end of AMP7 vs start of AMP6

# ODI package balancing risk and reward

Appropriate balance of risk and reward  $\pm 2\%$  RoRE ( $\pm c£410m$ )



- ✓ Encourage **service improvement** and **protect customers** if we fall short
- ✓ Derived from **customer research** covering all aspects of service and environmental performance that are important to customers
- ✓ Adopted **common performance commitments** proposed by Ofwat and a comprehensive set of **bespoke commitments**

# Agenda

## Introduction & Summary

Auditorium



**Steve Mogford**

Chief Executive Officer

## Systems Thinking & Innovation

Auditorium



**Simon Chadwick**

Central Operations  
Director



**Kieran  
Brocklebank**

Head of Innovation

## Customer Service & Affordability

Auditorium



**Louise Beardmore**

Customer Service  
and People Director

**12:45 – 13:00** Introduction

**13:00 – 13:50** Breakout 1

**13:50 – 14:10** Break

**14:10 – 15:00** Breakout 2

**15:00 – 15:30** Customer Service  
& Affordability

**15:30 – 16:00** Summary

## Wastewater Service

Niederer Room



**Keith Haslett**

Director of Wastewater  
Network Plus

## Water Service

Toguo Room



**Martin Padley**

Director of Water and  
Scientific Services

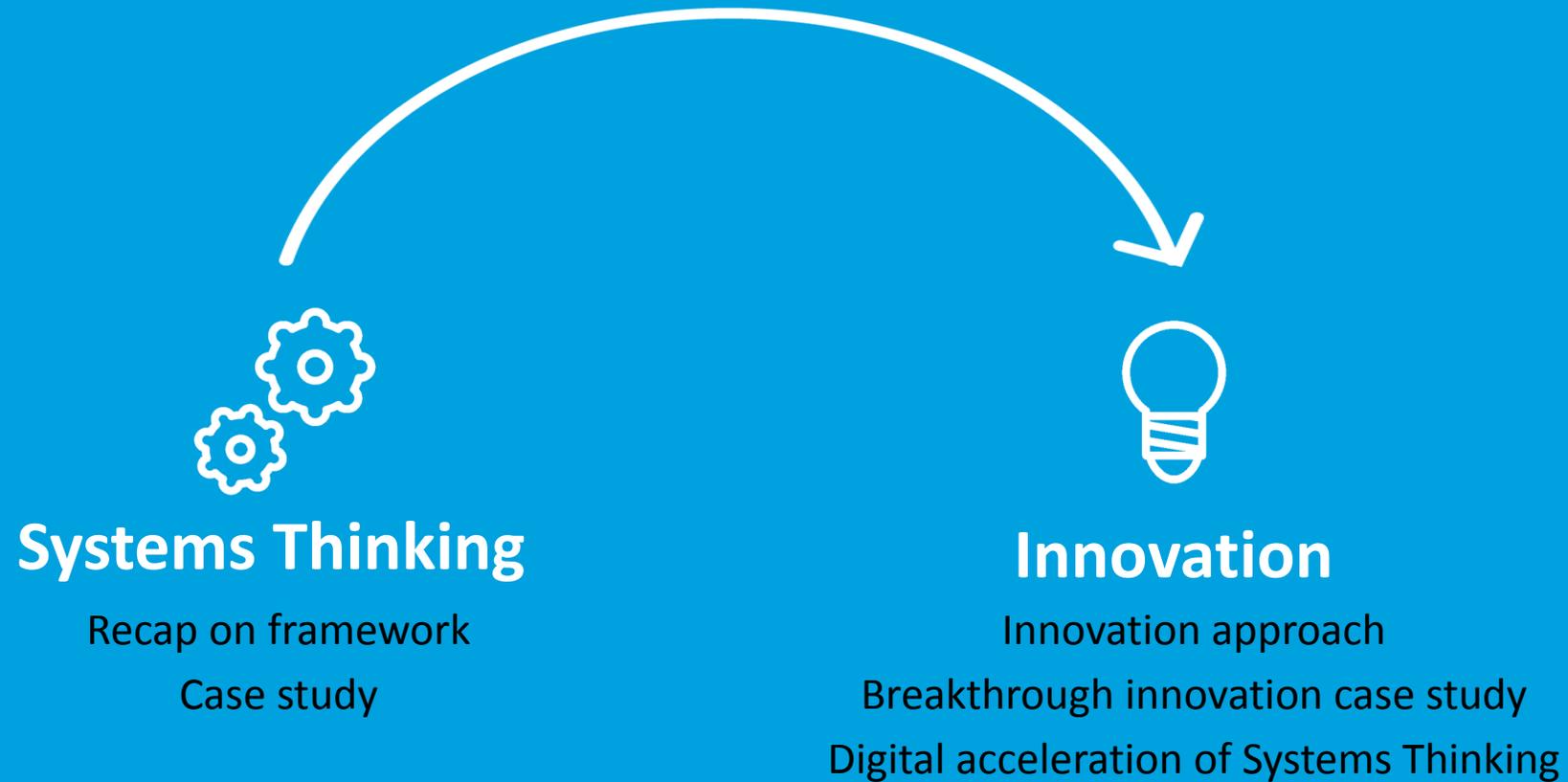


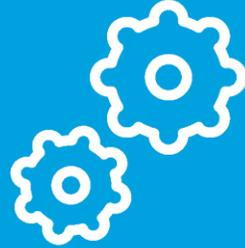
Simon Chadwick  
Central Operations Director

Kieran Brocklebank  
Head of Innovation

# Systems Thinking & Innovation

# Innovation at United Utilities





# Systems Thinking

Innovation in our  
operational strategy

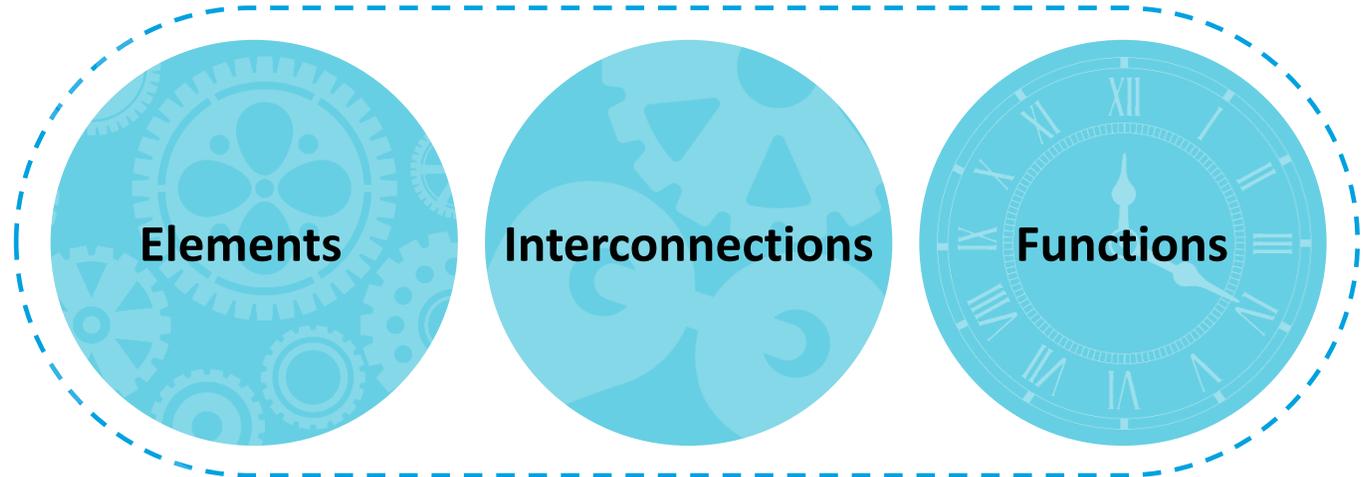
# An introduction to Systems Thinking capability

**Traditional analysis focuses on the individual pieces of what is being studied**

Systems Thinking focuses on how the things being studied interact with the other constituents of the system.

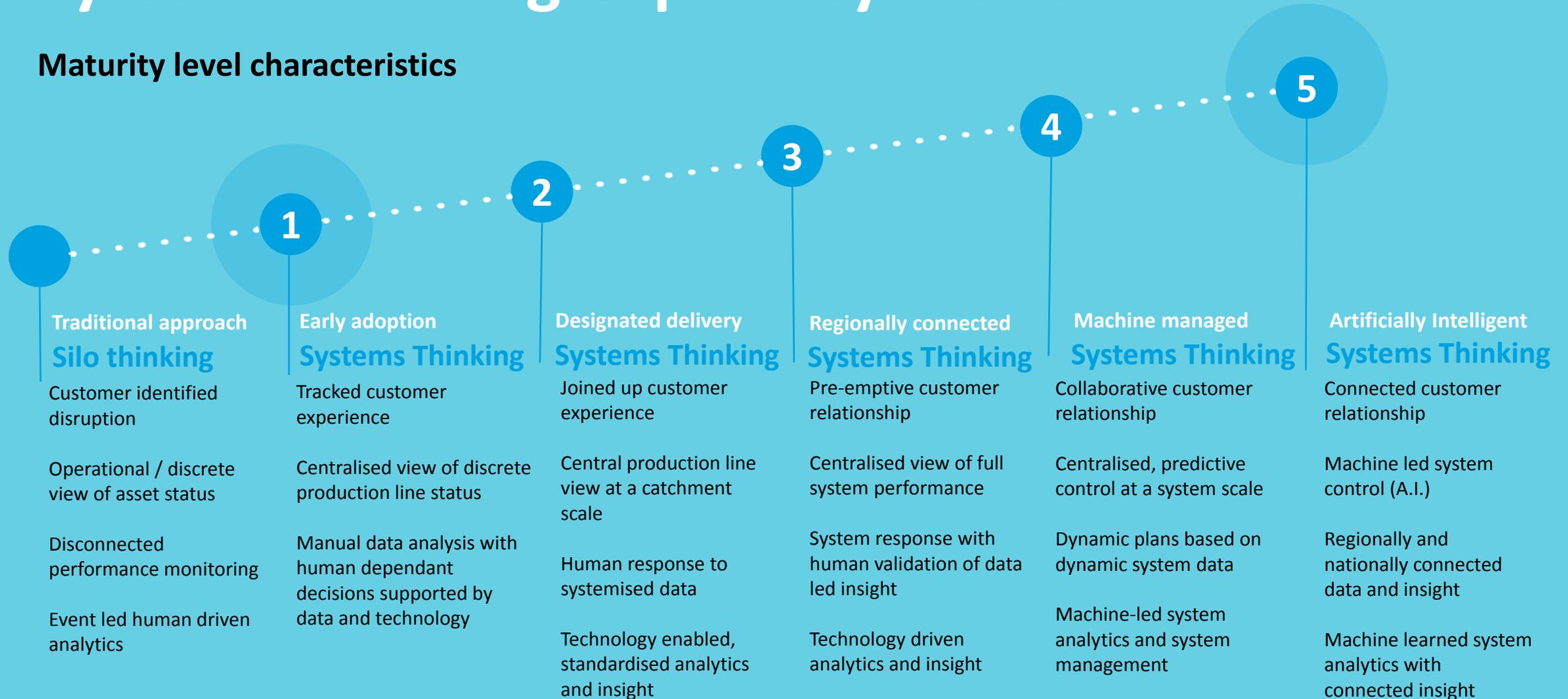
Instead of isolating smaller and smaller parts of the systems being studied, Systems Thinking works by expanding its view to consider larger and larger numbers of interactions as an issue is being studied.

## Components of a system



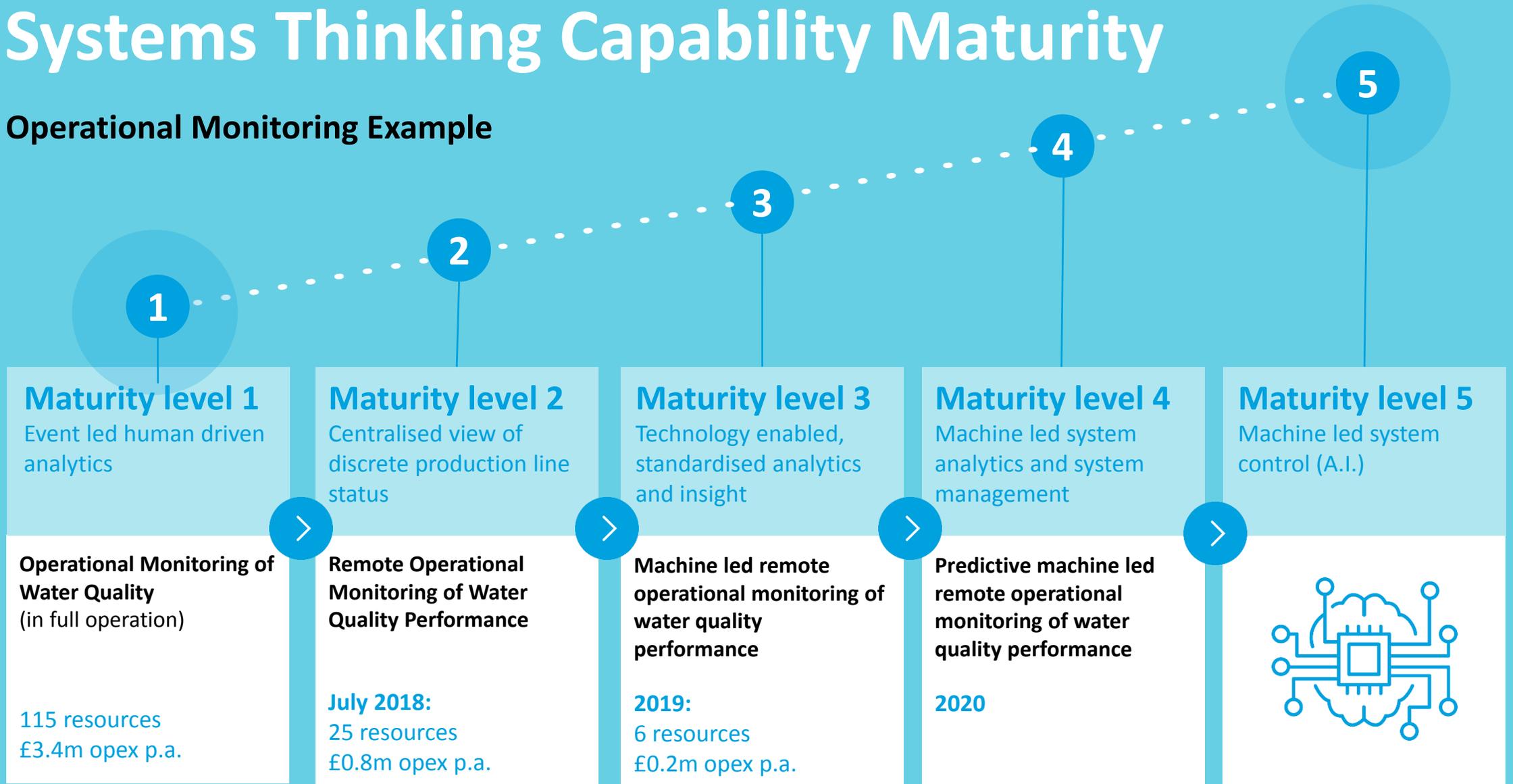
# Systems Thinking Capability Model

## Maturity level characteristics



# Systems Thinking Capability Maturity

## Operational Monitoring Example



# Accelerating delivery of Systems Thinking

Within our AMP7 plan we have proposed an innovative ODI to incentivise acceleration of Systems Thinking





# Our Innovation Strategy

**Kieran Brocklebank**  
Head of Innovation

# Innovation overview

Cheaper, faster, better, safer

## Our Strategy



### Accessing the innovation ecosystem

Triage

Idea scouts

Innovation Lab



### Prototyping breakthrough innovation

Dedicated team

Trial zones

Adapting



### Working with academia

Stimulating research

Applying research

Leveraging funding



### Inspiring innovation

New entrants

Employees

Value

Innovation Centre

**Harnessing and exploiting good ideas – big and small – to improve performance and reduce totex**



# First mover advantage

Maturing our Systems Thinking capability

Breakthrough Treatment Technology

# Breakthrough Results

## UV LED

There are two traditional approaches to treat water:

- MERCURY UV: remove **biological** contaminants and
- CHEMICAL DOSING : remove compounds that produce **taste & smell** issues (e.g. from algae)

These approaches are **high totex** technologies with little innovation due to a stable supplier market

Research has been underway since 2014 on an alternative treatment technology



### Mercury UV

#### OPEX

Start up times are slow  
Less efficient dosing control

#### Power-hungry

Difficult to replace & expensive

#### CAPEX

Excessive pipework  
Requires connection to grid



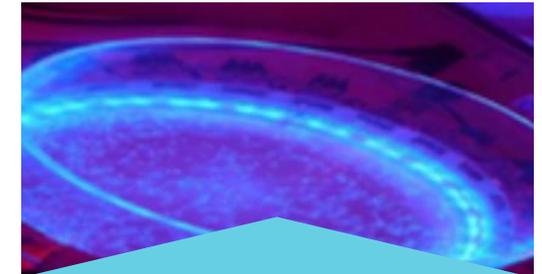
### Chemical dosing

#### OPEX

High dosing costs  
Difficult to handle

#### CAPEX

Deployable  
Large footprint



### Typhon UV LED

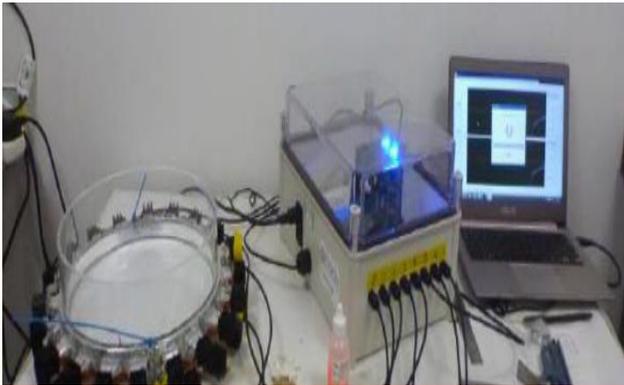
#### OPEX

Low energy costs  
Fast start up time  
Reduced maintenance

#### CAPEX

One technology multiple applications  
Modular / Plug and Play

# Typhon UV LED Collaboration



Lab scale  
Treatment for **5 litres/day**



**24**  
months



Pilot plant scale  
Treatment for **6,000,000**  
litres/day



**12**  
months



Full scale implementation  
Treatment for **30,000,000**  
litres/day

**Collaborative working  
with the supplier to  
develop the technology  
from pilot to full  
scale operation**

**Proven for biological and taste and smell at large scale** – a real scientific breakthrough and game-changer:

- This new technology uses up to 90% less energy, is more flexible and easier to operate
- Technology reduces reliance on chemical use
- Provides solution for increased resilience in water treatment
- Offers precision control for efficiency optimisation
- The physical footprint is up to 75% less than a traditional solution

# The Future of Typhon UV LED

## Benefits from the world's first installation of UV LED

A £280k whole life cost saving vs traditional UV solutions

- 22% decrease vs traditional treatment
- Opex saving, from reduced energy consumption and maintenance

## The future efficiency and performance possibilities are impressive, in three scenarios:

- Water biological – proven
- Water taste – technically capable, developing whole life cost comparison
- Wastewater biological – under development



Scale of opportunity:

**£8-10m saving**

Wastewater: trials – for late AMP7 / AMP8 implementation

During AMP6 we've delivered 47 other early adoption technology trials; these have already delivered >£7m of early benefit to customers and are forecast to deliver a further £70m of expected benefits by 2025 as part of our overall innovation plan.



# Innovation Lab

Encouraging new entrants  
Accelerating technology development

# A reminder on the Innovation Lab

The first ever Innovation Lab in the water sector, designed to access the innovation ecosystem

1500 suppliers

80 applied

55 new to UU

22 presented

7 to join the lab

4 in development for long term contracts

## Our 5 problem areas



Connected water and customer



Proactive customer actions



Predictive asset maintenance



Safe and healthy worker



Future of water

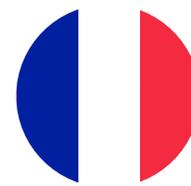
## Our 7 lab partners



UV LED treatment



Pipes with built in sensors



Water efficient showerhead



Motor condition monitoring



AI for water management



Sewer condition



Drones for safety



**Hear from one of  
our suppliers**



# Lab Results

Maturing our Systems Thinking capability

A.I. for Water Network Management

# Innovation Lab Results

## A.I. for water network management

One of our Innovation Lab partners developed a unique A.I. tool to manage utility infrastructure.

They joined the lab after struggling to get good engagement with other large water companies.

The approach is radically different from the traditional methods seen at other water companies.

### Traditional Industry Modelling Approaches

**Deterministic model** with no knowledge base

Numerical model **limited to single physical application**

Requires **significant human effort to calibrate** and maintain

**Slow simulation** takes hours to evaluate and collate results



# HARVI

HYBRID ADAPTIVE REAL-TIME VIRTUAL INTELLIGENCE

**Self-learning:** auto-corrects predictions

**Scalable** to multiple applications

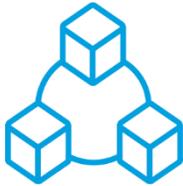
**Minimal human effort**

**Rapidly responsive** to system changes

# How HARVI generates recommendations

## Step 1

Build machine learning models



Extract historical hydraulic and chemical data



Learn temporal and spatial correlations between data

## Step 2

Feed real-time data to models



OSI PI



Twitter



CMMS

APIs



Netbase



Weather APIs



STS



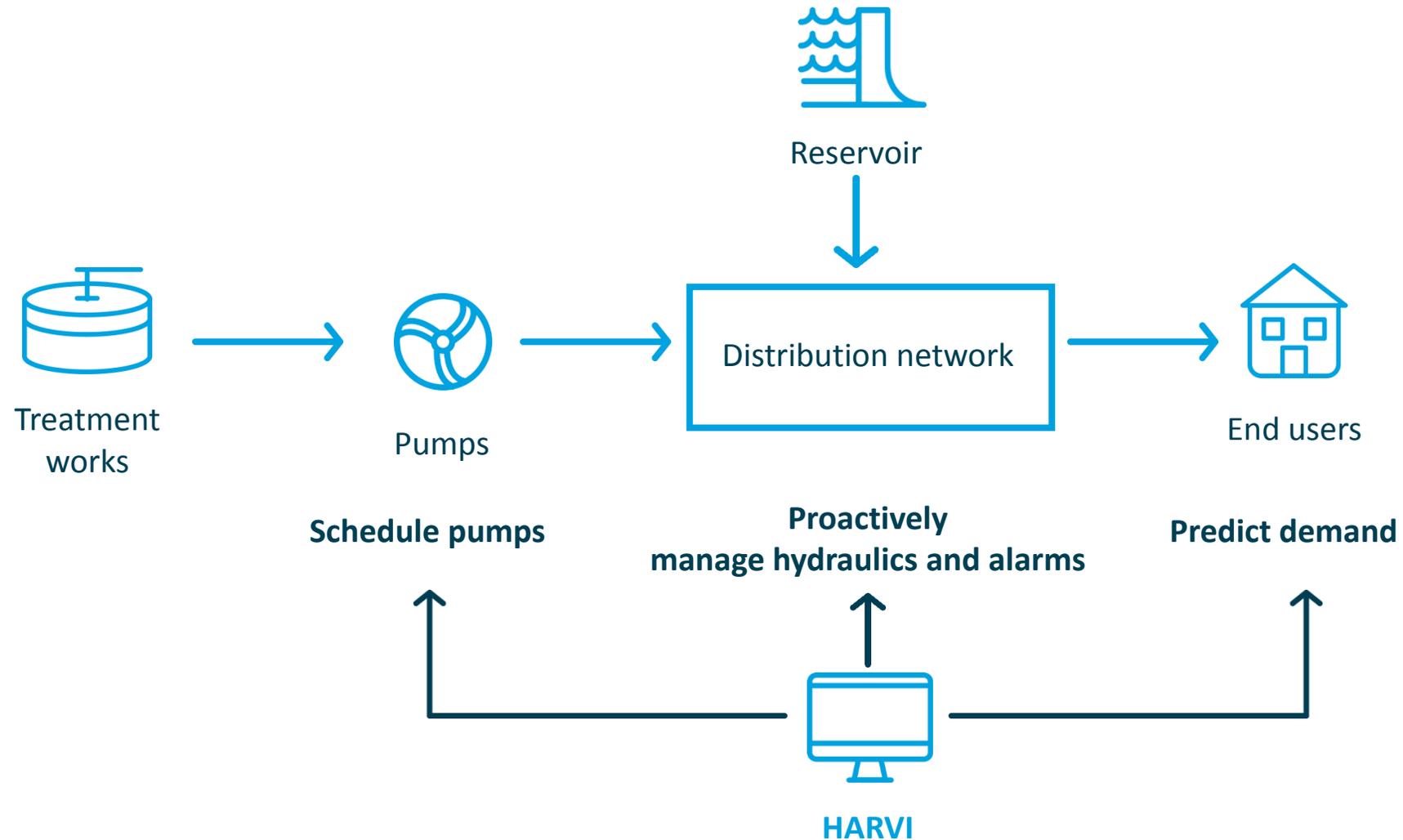
LIMS

## Step 3

Optimise system based on model simulations



# Area 1: Oldham



# Oldham Return On Investment

## The business case is good

Area 1: Oldham Energy Costs	
Baseline annual cost of operations (£)	230,367
Optimised annual cost of operations (£)	180,148
Savings (%)	22%
Cost savings per annum (£)	50,219
Cost savings AMP7 (£)	251,095
Payback Period	5 months

## The benefits are wider than just direct energy savings



Pump optimisation energy saving



Frees up time



Reduced asset monitoring alarms



Mobile visibility of system



Equivalent to 300 homes carbon saving

## The scalability and flexibility provide further opportunities

### Water network

Regional rollout (33 areas)  
Up to £10m savings across AMP7

### Water network

HARVI implementing recommendations remotely

### Wastewater

Real-time control platform for wastewater treatment work optimisation

### West Cumbria

Real-time control platform for the new West Cumbria water supply and distribution system

# Summary

- The previous case studies are examples of those that contribute to the £445m of innovation savings
- The holistic approach of Systems Thinking continues to unlock further innovation opportunities
- The disruption from digital technologies is providing alternative solutions, these are enabling us to accelerate the delivery of benefits
- Accenture's recent benchmarking report supports our comparative position on Systems Thinking maturity, and reinforces the potential scale of benefits that companies can deliver through such a strategy

**We are therefore confident in delivering the efficiencies set out in our AMP7 plan**



‘Accenture considers UUW to be leading the water sector in executing a system thinking approach in the way they operate their business....

this strategy necessitates a level of strategic maturity, long term focus and investment in innovation that is amongst the **most sophisticated in the sector**’

Accenture Benchmarking Report: Assurance of the systems thinking transformation journey. August 2018

‘We remain convinced that this strategic focus **will result in sector leading performance** both in terms of cost to serve, customer experience and environmental impact’

Accenture Benchmarking Report: Assurance of the systems thinking transformation. August 2018

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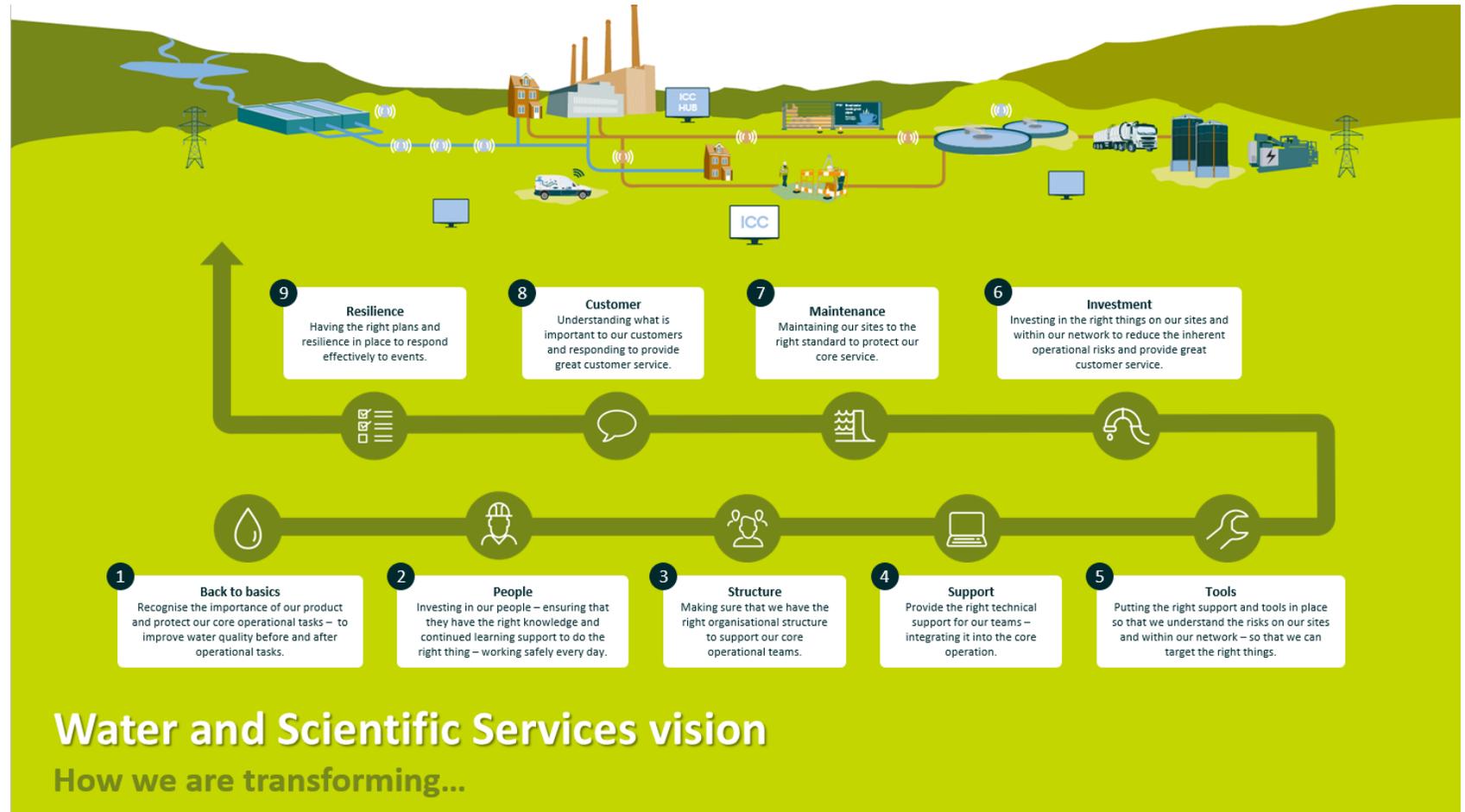
Martin Padley

Director of Water and Scientific Services

# Water Service Performance



# AMP6 - enhancing our resilience



# Our transformation programme



## People

Mandatory Quality Training

Industry leading technical training & development

Industry leading Licence to Operate



## Processes

Systems Thinking:  
Visualisation and control

Engineer led HazRev and NetRev

Central Risk Management Team



3R approach:

Prioritising customer restoration

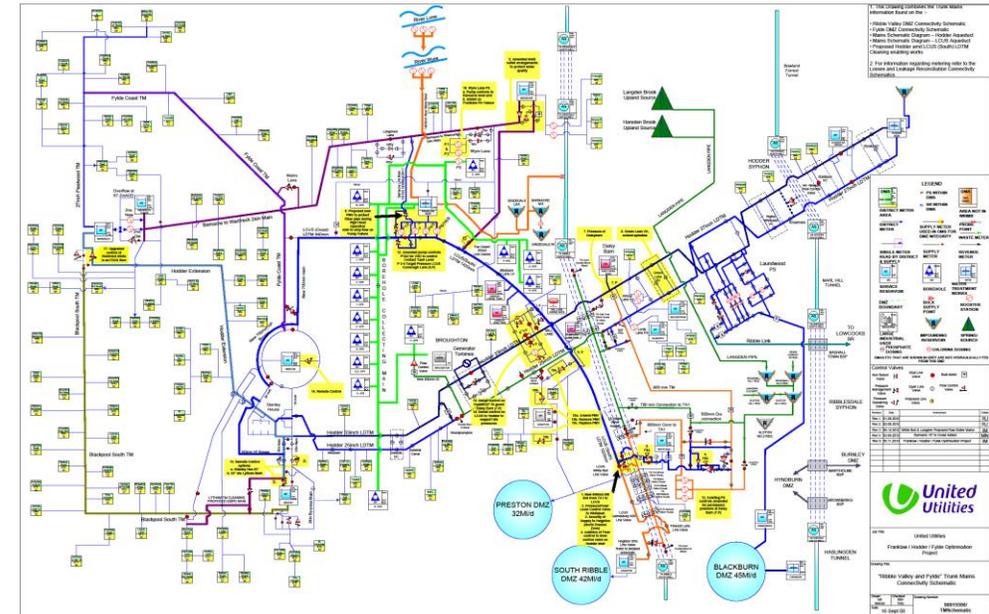
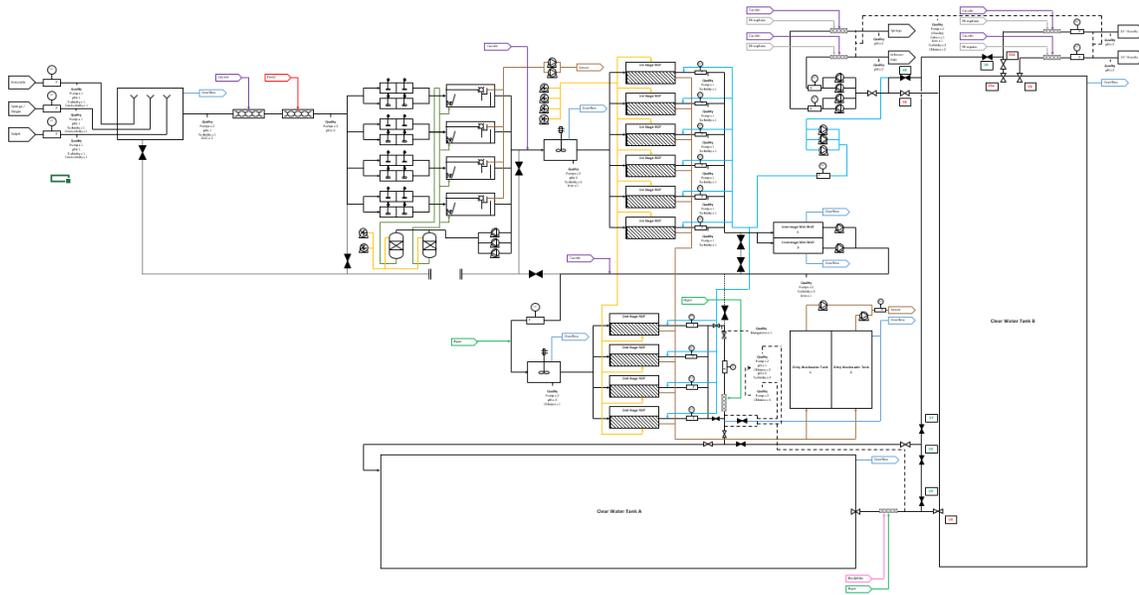
Largest UK water industry fleet of Alternative Supplies Vehicles (ASVs)

Major UV Treatment programme

Industry First:  
Installation of Shut Down/  
Start Up at ALL WTWs

Mains cleaning

# Evolving our risk based investment approach



HazRev is a very successful AMP6 innovative engineering led approach, reducing risk and optimising totex solutions at Water Treatment Works

During AMP7 we will extend the HazRev approach to Water Networks (NetRev) – delivering multiple customer, quality, interruptions, leakage and pressure benefits

# Interruptions – AMP7 strategy



## Continuation of successful ways of working

- Use of enhanced ASV fleet – the largest in the industry
- 3Rs has successfully reduced the impact of water supply interruptions to customers



## Targeted investment

- NetRev – understanding and effectively managing network risk
- Replacement of high consequence asbestos cement and PVC Mains



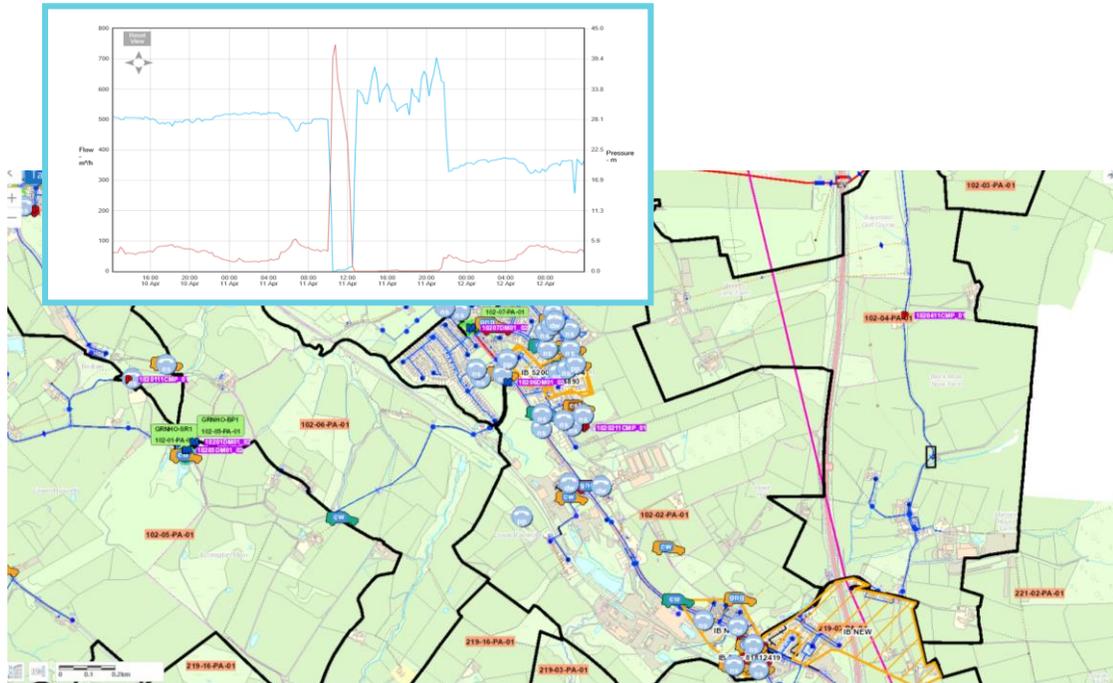
## New ways of working

- Formula One ASVs – deploying alternative supplies like a F1 pit team
- Increase strategic valve coverage to enable shut offs size



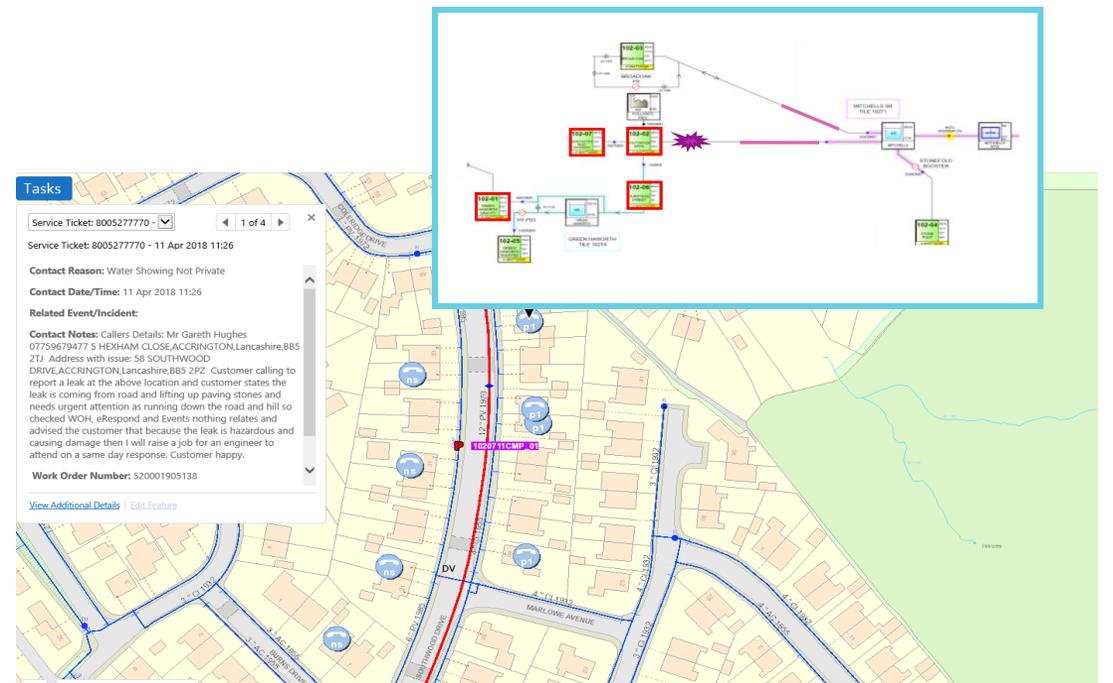
# Interruptions – real life case study

## UU's “3R” operational innovation in practice



### Systems Thinking

Central real time performance data



### Spatial Analysis

Central spatial impact assessment (2,549 properties affected), dispatch of field staff

# Interruptions – real life case study

## UU's “3R” operational innovation in practice

### Respond

Field mobilisation, risk assessments completed



### Restore

ASV injection points identified, ASVs dispatched and water restored to 2,525 properties within 3 hours



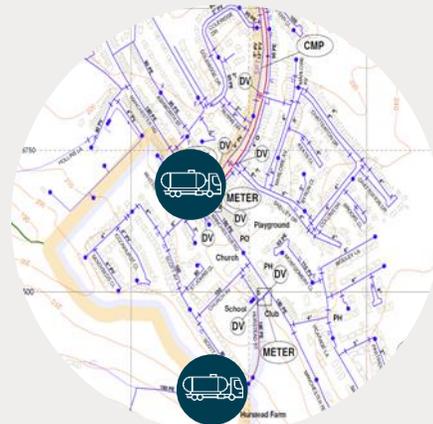
### Repair

Repair completed in parallel with restoration

### Benefits

# £3.3m

Net ODI penalty avoidance and improved customer service



	Previous Approach	3R's Approach
Duration	12:09	08:09
Properties Affected >3 hours	2,549	24
CML Impact	00:00:34	00:00:00
Penalty	£3,349k	£21k

# Leakage – AMP7 strategy



## Continuation of successful ways of working

- Additional and insourced leakage detection
- Extension of sniffer dogs in rural situations



## Targeted investment

- Installation of acoustic loggers within a significant proportion of the water network
- Satellite detection
- Innovative customer side leakage detection



## New ways of working

- Changes to contract working and incentives
- Transformation of detection linked



### Traditional approach

Well understood but labour intensive and low productivity



### Deployed loggers

Fast and targeted, real time dispatch and response, requires transformation in approach



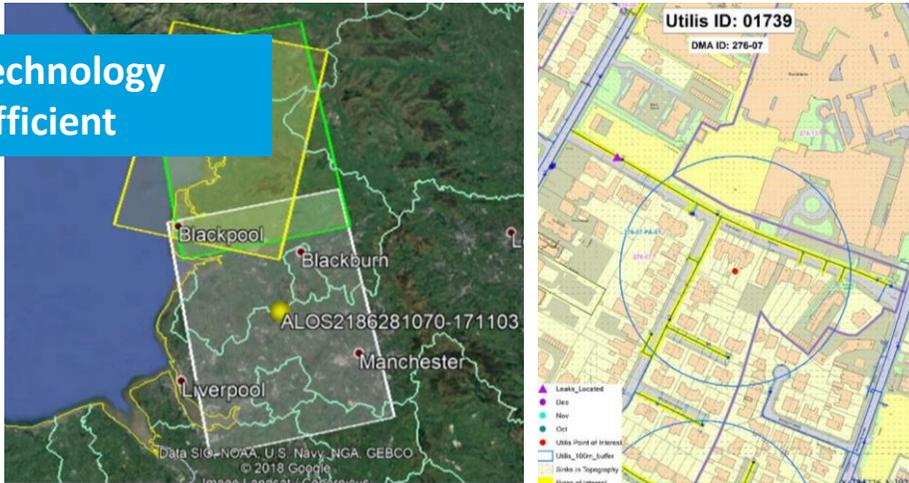
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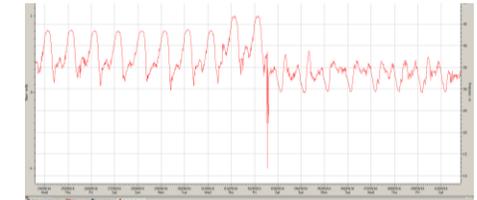
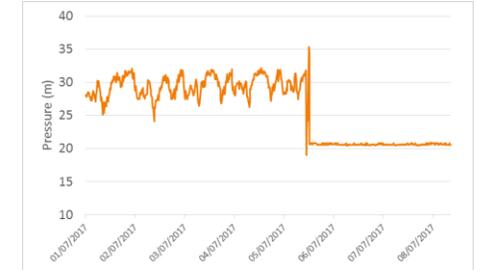
# Leakage – our plan

## Fast track deployment of new techniques

Satellite technology  
3x more efficient



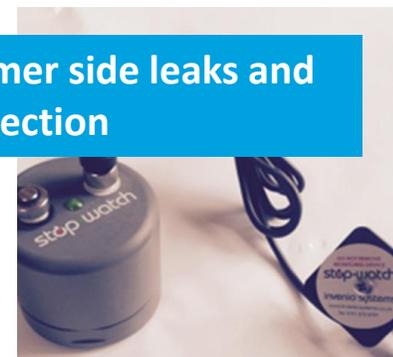
Pressure management  
- preventative



Acoustic loggers  
4-5x more efficient



Customer side leaks and  
gas injection



# Taste and smell – AMP7 strategy



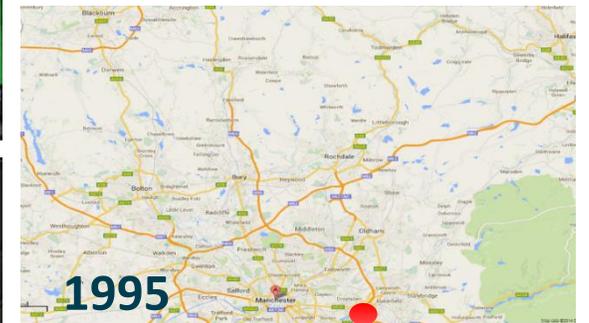
## Continuation of successful ways of working

- Water Transformation Programme
- Process consistency driver – HazRev
- Integration between laboratory, operational science and water teams



## Targeted investment

- Enhanced chlorine control dosing and monitoring, using chlorine decay assessments
- UV installation



## New ways of working

- Optimise carbon and chlorine control
- Changes to licence and training assessments



# Delivering an integrated plan

	ODI Drinking Water is Safe and Clean				ODIs: Reliable Supply									ODI Natural Environment			
	CRI	T&O	Lead	Looking After Water	Keeping Reservoirs Resilient	Interruptions to Supply	Unplanned Outage	Drought Resilience	Leakage	Mains Repairs	PCC	Low Pressure	Water Service Resilience	Pollution Incidents	Treatment Works Compliance	Abstraction Incentive Mechanism	Improving the Water Environment
<b>Water Resources</b>																	
Impounding Reservoirs																	
Raw Water Assets																	
Environmental Q																	
Catchment																	
<b>Water Network +</b>																	
Leakage																	
Targeted Water Mains Replacement																	
Supply Interruptions programme																	
Mains cleaning																	
Raw / non-potable water mains																	
Lead replacement																	
Aqueduct and HA T02 programme																	
Service reservoir programme																	
WTW maintenance and water quality programme																	
Resilience Programme																	
Instrumentation replacement																	



# Any questions?



Keith Haslett  
Director of Wastewater Network Plus

# Wastewater Service Performance



# Environment Compliance – AMP6 approach to leaders in the sector

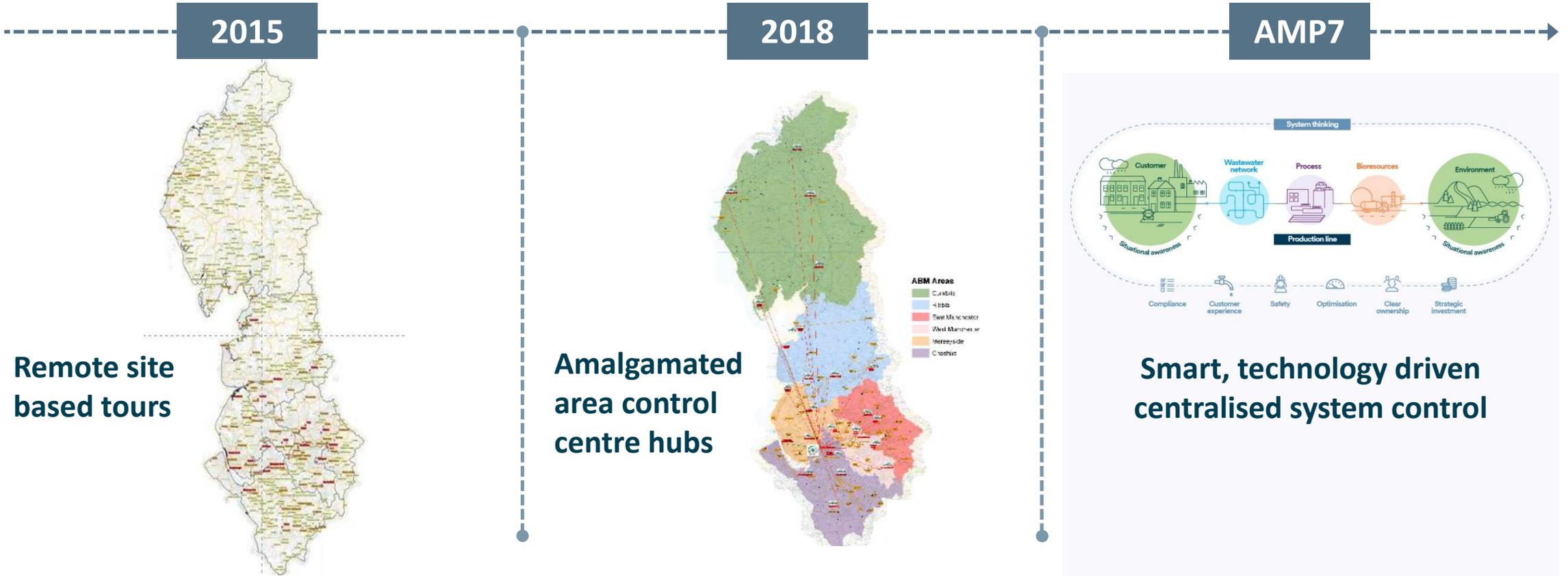
Examples of some of our best practice solutions that helped us on our journey to 4\* leading company status

- ✓ Achieved **4 star** rating for the past 3 years
- ✓ Large **investment of £1bn** on our wastewater treatment facilities
- ✓ **Upskilling** of our people to adapt to **new technology**
- ✓ **Staff engagement** to focus on improvement areas
- ✓ Network operating model that is the **envy of the industry**
- ✓ 2017 was our **best ever year of environmental performance**



**AMP6 ODI reward to date of £10m**

# Our journey to centralised Systems Thinking



**£48 million investment in AMP6**

# AMP7 strategy to environmental compliance



## Treatment work performance

Process automation

Signature monitoring

Risk management



## Spill performance

Event duration monitoring project

Real time monitoring

Dynamic network management



## Pumping station performance

Signature monitoring

Understanding our assets and how they perform end to end

Business rules using the monitoring

**Pushing the frontier in environmental performance**

# Wastewater Network Operating Model

Evolving the model to meet AMP7 commitments



**2008** **2011** **2018** **2025**

**Employees**



Employee engagement:  
**31% improvement**

**Customer**



Customer satisfaction and SIM:  
**30% improvement**

Written complaints:  
**62% reduction**

Stage 2 (including CCW):  
**92% reduction**

**Service**



Pollution Category 1&2:  
**93% reduction**

Pollution Category 3:  
**40% reduction**

Flooding Other Causes (FOC) internal:  
**45% reduction**

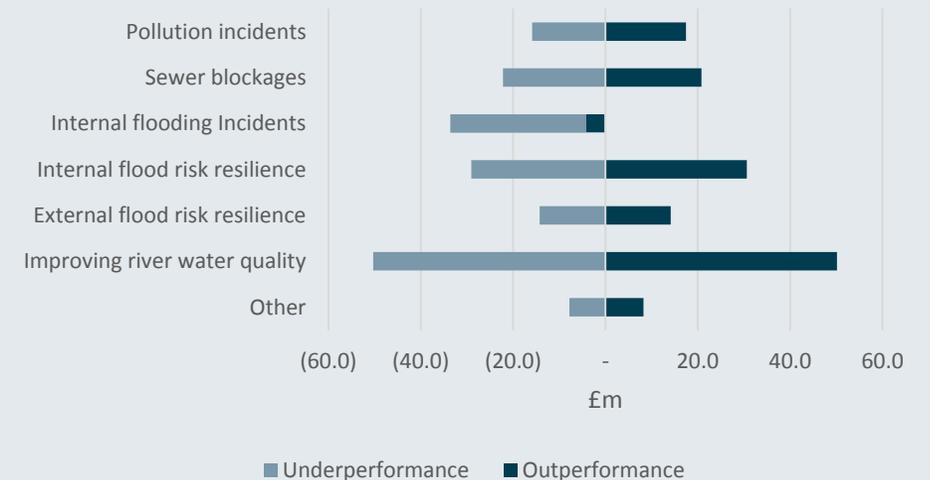
**AMP6 reward to date of £21m for network performance**

# Network – AMP7 Strategy

- ✓ Integrated Drainage Area Strategy (IDAS)
- ✓ Flood resilience
- ✓ Enhanced targeting
- ✓ Operating model
- ✓ Sustainable Urban Drainage System (SuDS)
- ✓ Customer engagement

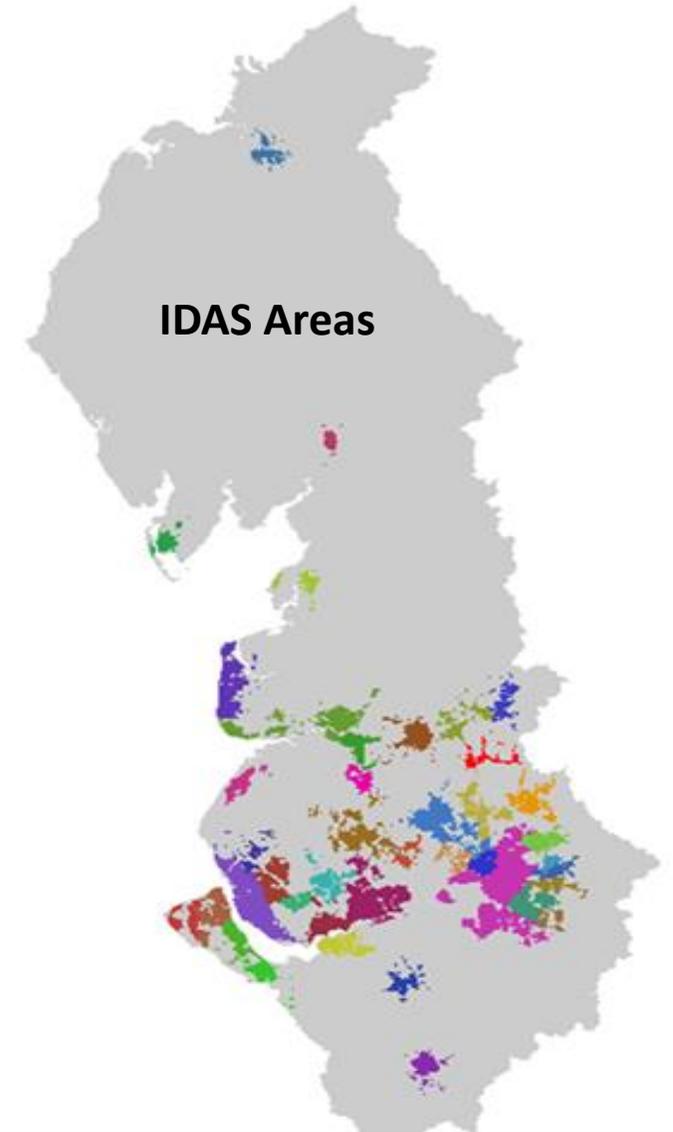


Potential impact of ODIs



# Integrated Drainage Area Studies

- **18** Integrated **D**rainage **A**rea **S**tudies completed
- **41** **C**atchments identified to complete IDAS studies
- Coverage will be **77% of our population**
- **Risk based approach** using network performance data
- Understanding 3rd parties to feed **situational awareness** and **Systems Thinking** approaches
- Reduces the risk of pollution events and properties flooding



**AMP7 TOTEX investment of £860m**



**Our approach to  
managing our  
Wastewater network**

A young child with curly hair is sitting at a table, holding a white cup to their mouth. The child is wearing a patterned shirt and a red necklace. The background is a blurred indoor setting. The text "Any questions?" is overlaid in large white font across the center of the image.

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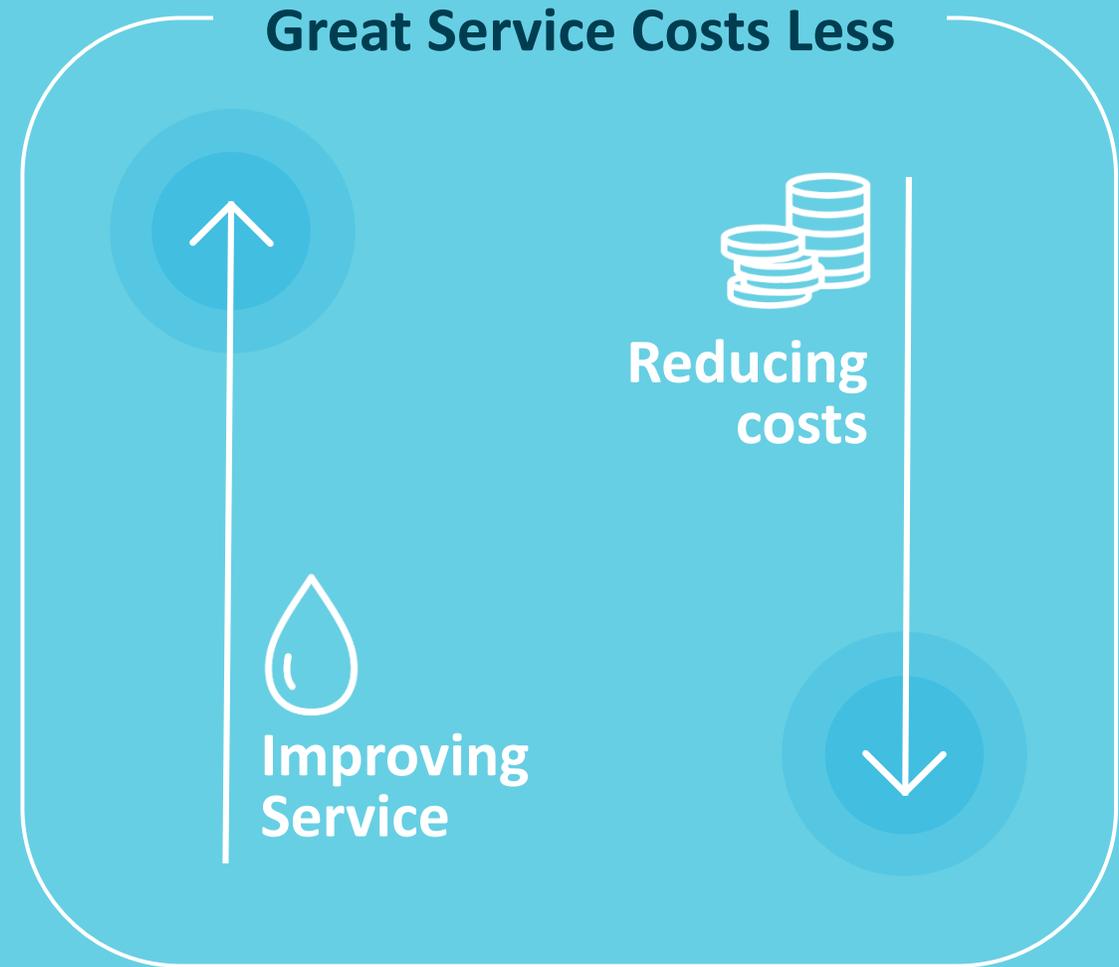
Louise Beardmore  
Customer Service and People Director

# Customer service

# Customer Service Strategy

Our clear household retail strategy continues into AMP7, delivering new services and capabilities now and in the future...

...and at the same time we are responding to the unique demographics of our region.





# Improving Service

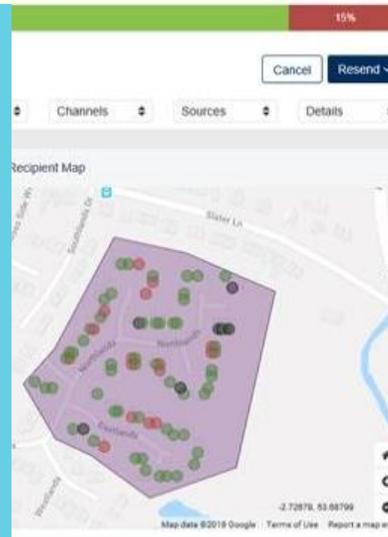
Step change in performance

# Leading Service

New capabilities are core to our improved levels of customer service

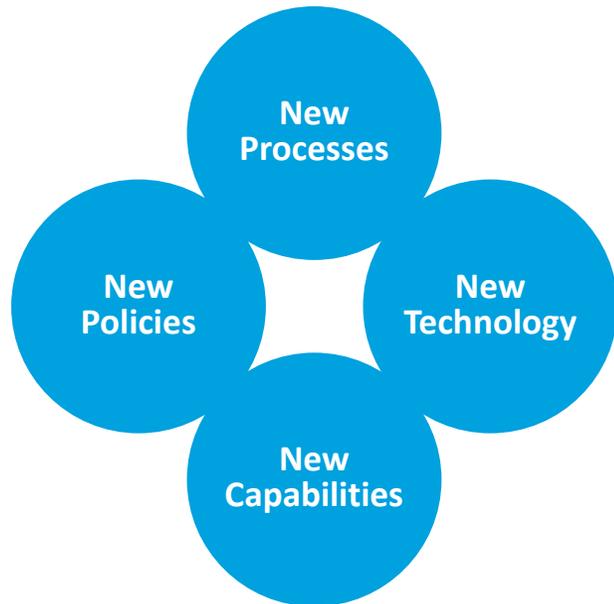
## Data matching and visualisation

Geographic data on network and property locations matched to customer contact records allow for swift identification and communication to impacted customers.



## Reduction in Dissatisfaction

- 34% reduction in stage 1
- 64% reduction in stage 2
- 2<sup>nd</sup> WASC for unwanted
- 4<sup>th</sup> for total complaints
- Leading listed



New technology

New channels and services

Better complaints handling

Proactive customer contacts

‘Tell Me’ - linking front line direct to decision makers

## New processes and activities delivering improved service



Moving Home



High Measured Bill



Customer Segmentation

# Driving Priority Services offering for our customers and the utility sector

Learning from all our insight and customer experiences, we identified the need to review and enhance the services offered to customers in vulnerable situations and to engage multi-agencies and third parties in the identification of these customers.

Independent Affordability and Vulnerability Panel as part of the Customer Challenge Group.

Registrations remain **strong and embedded** within core customer touchpoints

There are now more than **50,000** Priority Services customers registered

**Launched industry pilot** with Electricity North West to share priority services data

## Leading role in trialling a full data share protocol with Electricity North West

One of the most effective ways of identifying customers eligible for Priority Services is through sharing information with other organisations that maintain similar registers.

Results are positive, with clear lessons for wider roll-out of data sharing arrangements across the water and energy sectors.



## Our Priority services proposition has been shaped by insight...



Physical



Mental health



Life events



Language



Financial

← A complete and dedicated service when our customers need it most →

Working with partners, stakeholders and charities to drive registration. Training for employees to spot and support those customers who are 'suffering silently'

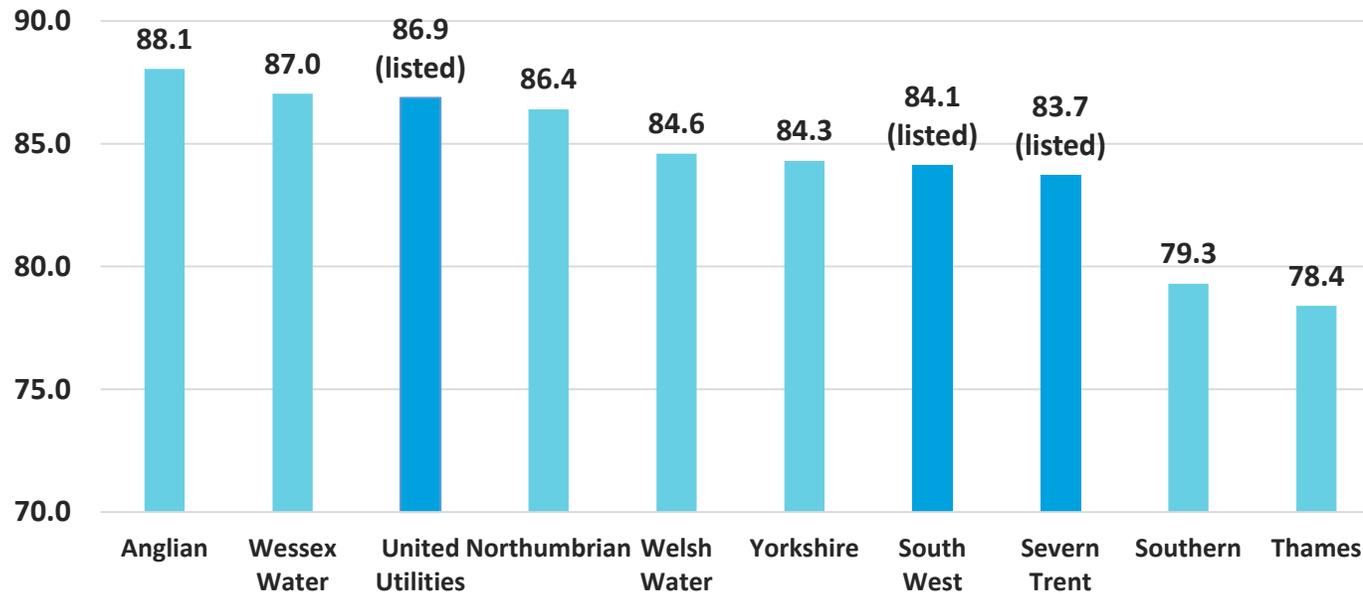
AMP 7 ODI +/- £1m

# SIM Performance

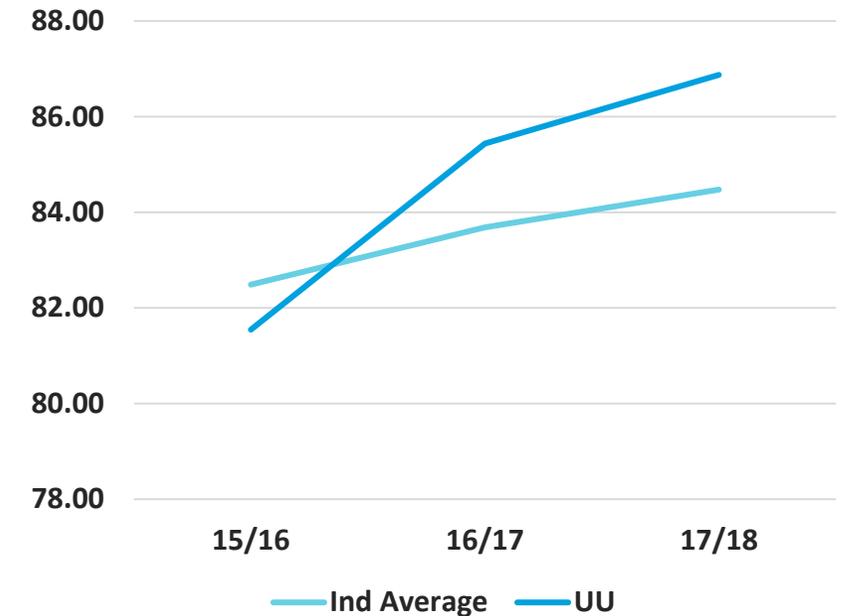
2017/18 saw us deliver big customer service improvements against the WASCs. Encouragingly we are significantly ahead of the other two listed companies.

Now expecting a reward for AMP6 SIM performance.

SIM WaSC positioning 2017/18



UU SIM score vs Industry average



AMP 7 C-MeX +/-£68m

# Leading on service beyond the water sector

## SIM

Qualitative + Quantitative performance **trending significantly above** industry average

**United Utilities is now a leader amongst all companies**

**Best listed performer**



Step change in ranking and performance

**+ 5.1 point increase in 12 months**

We have made significant progress in the latest UK Customer Satisfaction Index, 2nd water company overall, 1st out of the 10 WASCs.

**The most improved Utility company**

**Most improved**



Service Mark is a national standard recognising an organisation's achievement in customer service, and its commitment to upholding those standards.

There are only 14 companies in the country who have achieved a 'Distinction'

**Only listed water company to achieve 'Distinction'**





# Reducing Costs

Significant reduction in  
operational costs and bad debt

# Achieving Cost to Serve targets

Reducing Cost to Serve continues to be a significant area of focus. In the last four years we have effectively reduced Cost to Serve per customer from over £50/Hh to £38/Hh.

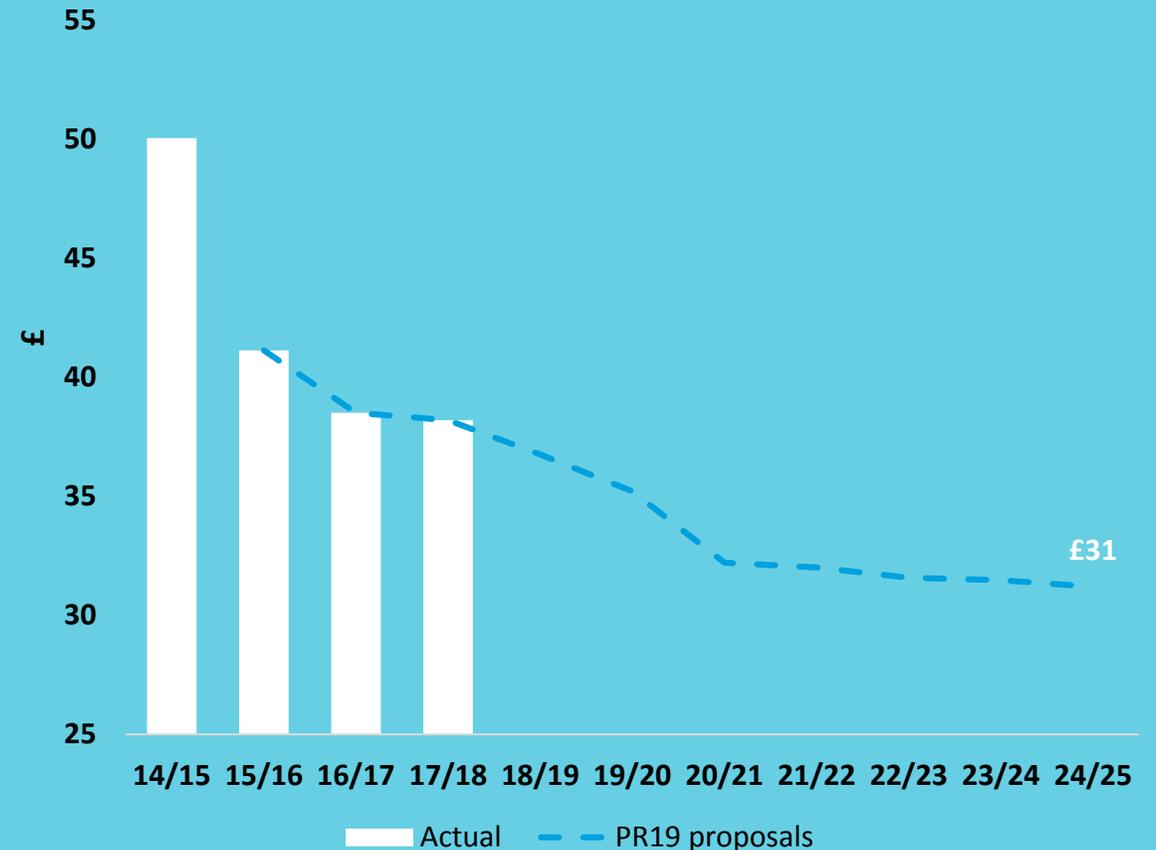
## Driving down Cost to Serve



We have put in place a series of initiatives to reduce costs without negatively impacting on customer service:

- Operational costs
- Bad debt reduction

Cost to Serve - £ per customer



# Driving down operational costs

As customers increasingly choose automated channels we are focused on ensuring these channels continue to deliver a great customer experience.

Our digital channels continue to grow in scale and sophistication. 43% of customer interactions now automated.

## Digital shift enables operational cost reductions



We have put in place a series of initiatives to reduce costs without negative impact on customer service:

- Delivering operational efficiencies
- Growing digital penetration
- Customers choosing to use self service channels

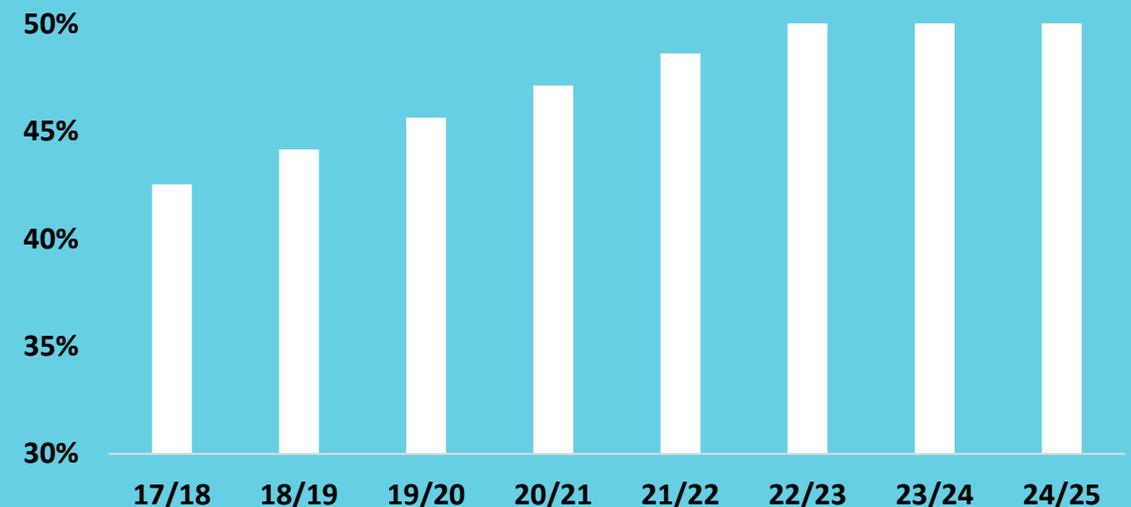
More than 750,000 customers now registered for our online customer portal, My Account.



**Our Mobile App now enables customers to report a leak**

Customers can report a leak on the go, both reducing contact handling costs and speeding up leak detection.

% of automated/self serve transactions



# Tackling customer bad debt

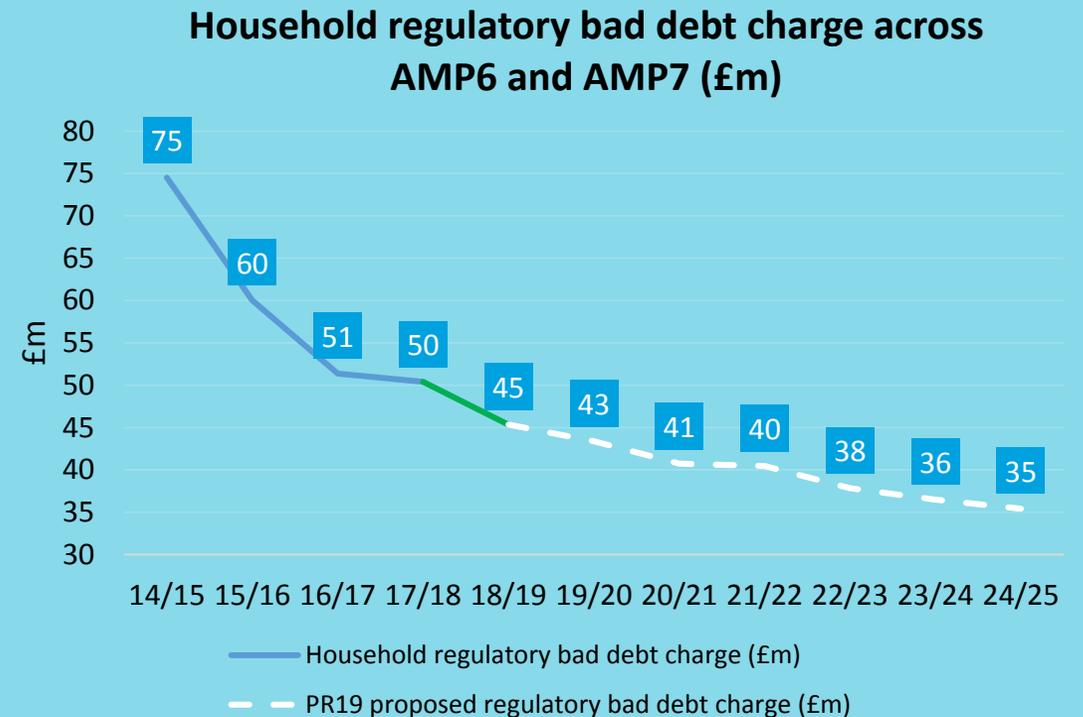
“We have concluded United Utilities has a mature bad debt function with deep knowledge of the water industry and its associated challenges... Key debt management activities are in place and well developed. We have therefore concluded that UU’s approach is substantially in line with Ofwat’s leading standards.”

Deloitte Debt Management capability review 2018

## Driving down bad debt



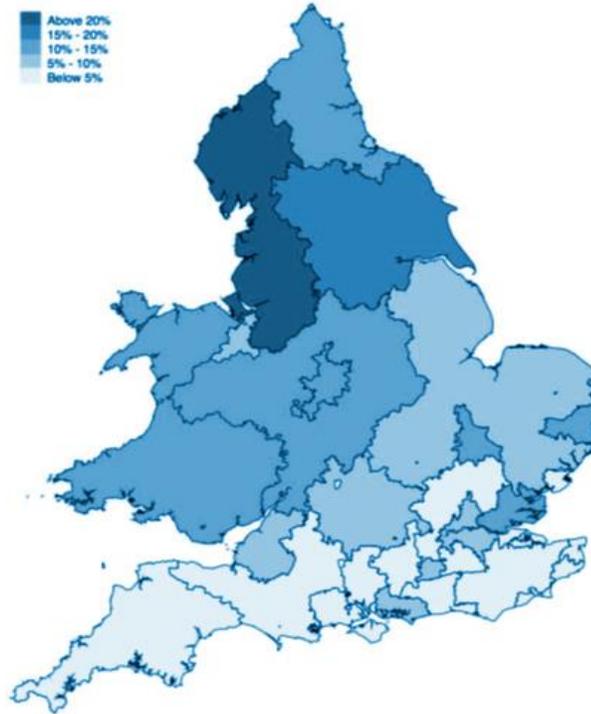
- 1. Improving data** – Better data leads to more accurate billing
- 2. Credit sharing** – Combining data held by Credit Reference Agencies, UU and other partners
- 3. Enforcement** – Where appropriate utilising a full suite of debt collection enforcement options
- 4. Affordability schemes** – Widest range of affordability support options in the industry
- 5. Payment plan optimisation** – Getting customers on the right payment plan for them



# Our proposals to address the affordability challenge

The North West faces some specific affordability challenges. Encouraged to see factors of deprivation built into Ofwat's draft econometric models.

We have designed our plans in full recognition of the environment in which we operate.



Households in the North West sit in the top decile of arrears risk according to external data from Equifax

Regional Levels of Deprivation

	1% most deprived	5% most deprived	10% most deprived	20% most deprived
United Utilities	41%	32%	27%	21%
Anglian	8%	7%	8%	9%
Northumbrian	13%	11%	11%	11%
Severn Trent	16%	22%	24%	22%
Southern	4%	4%	5%	5%
South West	1%	2%	2%	2%
Thames	0%	3%	9%	18%
Wessex	3%	2%	2%	3%
Yorkshire	20%	20%	17%	13%

AMP 7 ODI +/- £24m

# Our proposals go further on affordability support

We will continue to increase the reach of our financial assistance schemes, with an enhanced focus on alleviating water poverty.

 **Support tariffs “back on track”**

**£46m for 2020-25**

Discounted tariffs for low income households

 **UU Trust “restart grant”**

**£18m for 2020-25**

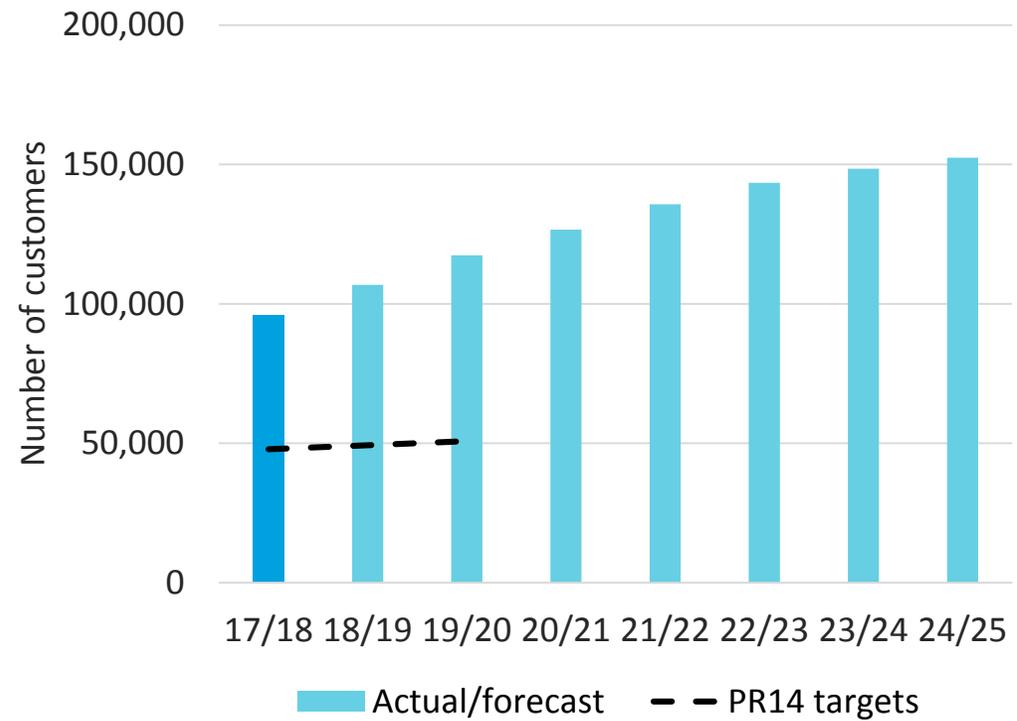
Provides grants to customers struggling to pay the water bill

 **Social tariffs “help to play”**

**£7m for 2020-25**

Caps annual charges for pensioners in receipt of pension credit

Number of customers on Financial Assistance Schemes compared to FD assumption



# Our industry leading approach to affordability support

We have fundamentally changed our approach to help those on low to middle incomes.

Redesigned old schemes, and introducing new ones to help customers that need it most



## Increased reach of assistance schemes

**34,000** benefiting from accelerated arrears clearance schemes

**32,000** more customers helped this year

Continue award winning **Town Action Plans**, engaging hard to reach customers

Sustainable payment plans

Specialist advice on the doorstep

Town action focused

"Weight off our shoulders"

"Guy was brilliant, really helpful"

"Lovely, absolutely brilliant, so nice, helpful"



Winner of **Responsible Approach to Consumers Award**

CICM British Credit Awards 2018

Winner of **Vulnerable customers team of the year**

The Credit Awards 2018

Shortlisted for **Best vulnerable customer support team**

U&T Awards 2017



# New propositions supporting low and middle income households

## Lowest Bill Guarantee

Helping customers overcome concerns about metering

Developed a busting the myths of metering campaign.

New Lowest Bill Guarantee/price promise proposition.

Signed up independent consumer advocate – Gloria Hunniford.

Targeted promotion to pensioners/empty nesters where we know they will save if they switch and may be influenced by the endorsement.



## Take a Break

New payment break scheme to help low income households manage day to day household budgets

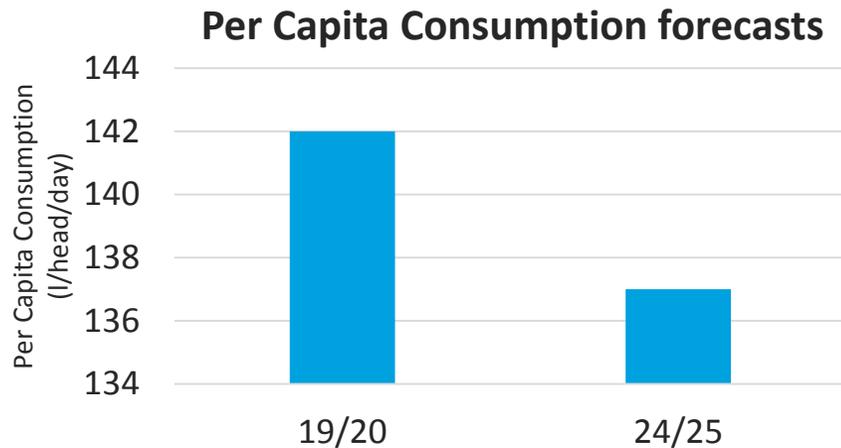
We currently offer Payment Breaks as a key support option for helping customers to manage short-term financial pressures, such as the transition onto Universal Credit.

Similar to schemes in the financial services sector, a payment break offers customers the option of reducing or delaying bill payments for a short period to help them manage through an unexpected financial shock.



# Promoting efficient use of water

We plan to utilise the latest in live consumption reporting and insight from behavioural economics to help us achieve Per Capita Consumption targets



AMP 7 ODI for Per Capita Consumption +/- £5m  
 AMP7 ODI for Helping customers look after water in their home +/- £4m

## Home Usage Reports



Mobilising to go live with our new home usage reports this year.

Digitally focused

Behavioural science led

Piloting different interventions to see which drives best engagement and reduction in consumption

Initial pilot targeting 140,000 metered customers

**United Utilities**  
 Making life even sweeter

Your water usage  
 For: [Address line of supply property]

Dear Mr Smith

Welcome to your new monthly water usage report which shows how much water you've used compared to other similar homes in your local area. It's also available on My Account, our online portal, where you can track your water usage and find ways to save water to help you save on your bills.

[VIEW MY USAGE NOW](#)

**Your usage in July\* compared to others**  
 You used approximately 13% more water than similar homes

Efficient homes	8,000 litres
Average homes	7,400 litres
<b>You</b>	<b>8,000 litres</b>

8,000 litres are equivalent to 128 showers or 104 baths

**How you're doing**

Great Good **Using more than average**

**Tips for saving water**

- Go full load**: Your washing machine uses more for two half loads than for a single full load. Only use half load when you have to.
- Gone in 60 seconds**: Knocking a minute off your shower time will save about 9 litres per shower and will also cut your energy bills.
- Easy on the tap**: A running tap wastes over 6 litres per minute. Turn the tap off when brushing teeth and washing hands.

Visit [My Account](#) now  
 Any questions? [Get in touch](#) (please select other enquiries)

Please do not reply to this email as it is sent from an unmonitored email account, if you would like to get in touch please use the link above.  
 \*Monthly water usage is calculated using available meter reads. Reads are taken remotely, if you don't receive a report we may not have been able to take a recent read.

# Well placed for the next AMP

Improving service and reducing costs for customers today and our future customers

## Service

Ofwat SIM Survey Annual Report

Industry Leading



UU and ENW first utility data share for Priority Services customers



Register for Priority Services

Leading Priority Services proposition



Institute of Customer Service: UKCSI results – July 2018  
**Most improved Utility**  
Achieved ICS ServiceMark with **Distinction**

## Cost

Since 2014/15 we have reduced regulatory bad debt

**by £25m/yr**



The highest DD penetration across the industry at 70% **despite our affordability challenges**

Using segmentation and external data to **drive efficient service and cash collection**



**>750,000** customers registered for My Account portal

Reduced Cost to Serve per a customer from over

**£50 to £38**

## Innovation

Highest digital presence with **43% of customer contacts automated**

New **payment break** scheme helping customers to avoid falling into arrears



Co-creation with our **7,300 Water Talk panel** helping design our services and propositions



**First fully integrated app in sector**

New Mobile App capabilities coming. Recently launched 'Report a leak' capabilities

**More than 115,000** customers being helped through one of our support schemes

# External recognition for our great performance

We are receiving external recognition for best practice in Customer Services, Collections and Debt Management and Complaint Handling.

## WOW!



Best rising star - Victoria Chester from our contact centre in Whitehaven

100 Club - 30 of our Field staff won the 100 award as they have received over 100 personal nominations each direct from customers

Customer experience delivery of the year - best large business

WOW! Awards WINNERS November 2017 

## Social



#1 in the January 2018 water brand influence report 

## Complaint Handling



Best Utilities  
Pro-active Complaint Handling – Utilities Team – Utilities, Trains & Housing  
UK Complaint Handling Awards WINNERS February 2018 

## Cash Collection



Water Team of the Year  
U&T Awards WINNER September 2018 



Vulnerable Customer Team of the Year  
Credit Awards HIGHLY COMMENDED May 2018 

Outstanding Conduct in Collections  
Credit Awards Finalist May 2018



Responsible approach to Consumers  
2018 CICM British Credit Awards WINNER February 2018 

Project of the Year  
2018 CICM British Credit Awards Finalist February 2018



Water Team of the Year  
U&T Awards WINNER October 2017 

Best Vulnerable Customer Support Team  
U&T Awards Finalist October 2017



Excellence in Treating Customer Vulnerability – Collections & Debt Management  
Credit Awards WINNER May 2017 



# What Customers Think of The Plan

A young child with curly hair is sitting at a table, holding a white cup to their mouth. The child is wearing a patterned shirt and a red necklace. The background is a blurred indoor setting. The text "Any questions?" is overlaid in large white font across the center of the image.

Any questions?



Steve Mogford  
Chief Executive

# Summary and Q&A



## Cautionary statement

This presentation contains certain forward-looking statements with respect to the operations, performance and financial condition of the group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this presentation and the company undertakes no obligation to update these forward-looking statements. Nothing in this presentation should be construed as a profit forecast.

Certain regulatory performance data contained in this presentation is subject to regulatory audit.

This announcement contains inside information, disclosed in accordance with the Market Abuse Regulation which came into effect on 3 July 2016 and for UK Regulatory purposes the person responsible for making the announcement is Simon Gardiner, Company Secretary.