

## **Yorkshire Water Services Limited announces results for the year ended 31 March 2013.**

### **Financial highlights:**

- Operating profit before exceptional items is £331.5m (2012: £312.9m).
- Turnover increased to £936.2m (2012: £893.6m).
- Capital expenditure of £385.7m was made during 2012/13 (2012: £404.3m).
- At 31 March 2013 Yorkshire Water's Regulated Capital Value was £5,631m.

### **Chairman, Kevin Whiteman's statement:**

These preliminary results reflect good overall business performance. Over the past year we have kept operating costs under control, delivered yet another strong set of financial results and seen significant improvements in our operational performance. We have also made progress on reinvestment initiatives.

Our customers benefited from our continuing investment in the region's water supply system, with no restrictions being placed on their use of water supplies despite some 20 million customers in other parts of the UK being subject to hosepipe bans. Not only did the flexibility of our regional grid system ensure that public water supplies were unaffected, we were also able to utilise it to protect the environment. By increasing our abstraction from rivers and reservoirs in the north and west of our region, we were able to protect the underground aquifers in the east and south that were being affected by an environmental drought.

Our focus on meeting our leakage target also played its part in the Company maintaining a healthy balance between supply and demand. This year we out-performed our regulatory target recording our lowest ever level of leakage. This activity will continue as part of our strategic objective to be a water efficient region.

After a poor start to the year in terms of pollution prevention, a new more targeted and proactive approach to education, inspection and repair work saw a significant upturn in our performance by the year-end. This was despite the fact that the dry spring was followed by one of the wettest summers on record, causing widespread surface water and fluvial flooding in the region. Pollution prevention is an area of focus for future years and plans are now in place to build on the effectiveness of this year's work.

The company also recorded the best year ever in terms of health and safety. This is an achievement which is of particular importance for management and plans have been put in place to build on this performance and to target future improvement.

During the year, the company has balanced risk and reward between investors and customers. This has resulted in the company reinvesting in a number of schemes, including innovative energy schemes and improvements to the water network, which will directly benefit customers. Over this Asset Management Period the company will have re-invested over £123m in such schemes over and above our capital programme allowed for in customer prices at the last price review.

The company has also chosen not to apply for an interim determination of K. Instead additional costs, including those associated with the transfer of sewers, are being met by the company.

Excellent progress was made in developing the detail behind our vision and six new strategic objectives, which we will be talking to customers and stakeholders in detail as we prepare our business plan submission for Ofwat's PR14 price review process.

We believe it is essential that our plan has customer support and we have already invested a significant amount of time in gauging public opinion on what our future priorities should be and how much they are prepared to pay for the levels of service they require of us. This work is guided and informed by the independent Customer Challenge Group whose role is to ensure that customers' views are taken into account in developing the plan.

In 2013/14 we plan to widen out this engagement to the community of Yorkshire as a whole by carrying out our largest ever customer engagement exercise. We have made excellent progress in preparing for the price review and aim to continue our engagement with customers throughout the summer.

The publication of the Government's draft Water Bill in June was also a significant milestone for the industry, paving the way for greater retail competition for business customers, charities and other public bodies.

We welcomed the draft Water Bill and are actively supporting the industry's work to facilitate the introduction of the new, competitive market.

**Commenting on the company's end-of-year results, Richard Flint, the Chief Executive of Yorkshire Water, said:**

**"These results reflect another solid year for the company, its customers and investors.**

**"The flexibility of the region's water supply system ensured that we were able to minimise the impact of last year's extreme weather events on our customers and the environment alike.**

**"We have kept operating costs under control, have significantly out-performed our leakage reduction targets and our focus on pollution prevention means we continue to make strong progress in this area."**

**"We are also making good progress on developing our PR14 business plan"**