

Yorkshire Water Services Limited announces results for the year ended 31 March 2010.

During 2009/10, Yorkshire Water (“YW”) has delivered another strong financial, operating and customer service performance in a year in which the country has faced significant economic uncertainty and the Yorkshire region was hit by the worst winter weather for 30 years.

During the 5 years of AMP4, YW has delivered industry-leading levels of customer service and improved compliance with drinking water and environmental standards.

In addition, the company has delivered a £1.7bn capital programme, improved the quality of its assets and enhanced its record for health and safety.

YW have also featured in the top three of Ofwat’s Operating Performance Assessment (“OPA”) in each year during AMP4 and have been the only water and sewerage company (“WASC”) to achieve a consistent double ‘A’ banding for financial efficiency.

Highlights from 2009/10:

Financial

- A £262m capital investment programme was delivered on time and within budget during 2009/10. This included successfully concluding the vast majority of capital projects begun during the previous 5 years.
- Turnover increased by 3.7%, to £869.4m in 2009/10 from £838.4m in 2008/09. This was largely driven by the main charges average price increase of 5.5%. The increase in prices has been offset by the decline in demand from measured domestic and business customers, due to the current economic climate and water conservation awareness.
- Operating profit before exceptional costs increased by 6.2% to £376.3m. This includes £2.4m atypical costs incurred due to the severe weather experienced during January 2010.
- In July 2009 YW completed the financial restructuring of the business through a whole business securitisation, creating a stable platform from which to fund future activities. The strength and clarity of the covenants established by the whole business securitisation enabled YW to raise an additional £650m of new funding in July 2009, with the issue of new bonds oversubscribed.
- At 31 March YW’s Regulated Capital Value had risen to £4,556m.

Service

- YW were ranked third in Ofwat's OPA, now consistently in the top four since 2000/01.
- YW scored maximum points in the area of customer contacts, which includes billing contacts, complaint and call handling and meter reading, which saw YW rise from sixth to joint first in the Ofwat rankings.
- In February 2010, YW took a major step forward in a bid to improve customers' billing experience. Approximately 1.2m unmeasured customers were sent new look water bills which are simpler to read and easier to understand.
- Overall customer satisfaction for the year was 92%, a 5% increase on 2008/09.

Compliance

- YW achieved 100% compliance on look-up table discharge standards from waste water treatment works.
- Whilst overall water quality continued to improve in 2009, there was an increase in the number of compliance incidents due to the introduction of new monitoring for the pesticide metaldehyde.
- YW achieved maximum OPA points for the performance relating to Category 1 and 2 water and waste water pollution incidents. In 2009 there was a continuation of the recent reduction in incidents, with only 3 incidents during the year.
- The percentage of Sites of Special Scientific Interest (SSSIs) on YW's land in either 'recovering' or 'better' status rose to 98.8%, after Natural England approved three land restoration management agreements in the South Pennines. This means YW has already surpassed the statutory 95% target which Defra set for the end of 2010, a fantastic achievement.

Kevin Whiteman, Chairman of Yorkshire Water said:

"This has been another good year for Yorkshire Water, with industry leading performance in service and efficiency providing value for money for our customers. We have delivered positive performance throughout AMP4, including the achievement of a £1.7bn capital programme, and have built a robust platform for the next 5 years."