

WONDERFUL ON TAP



# Full Year Results 2025/26

20 May 2026



*Expanding treatment capacity with our new  
Waste Treatment Works in Wanlip, Leicestershire*

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This document contains statements that are, or may be deemed to be, 'forward-looking statements' with respect to Severn Trent's financial condition, results of operations and business and certain of Severn Trent's plans and objectives with respect to these items.

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# AGENDA

1. **Overview**
2. **Financial performance and outlook**
3. **Operational delivery**
4. **Growth outlook**

**James Jesic**  
Chief Executive Officer



# DELIVERING FOR ALL STAKEHOLDERS

## Customers

Green on **c.80%** of customer performance measures, delivering **£73m<sup>1</sup>** of incentive reward

**£127m** in bill support for around **330,000** households

## Environment

Environmental improvements with a **41% reduction in average spills** and **35% reduction in pollutions**

Highly confident of **EPA 4\*** for a seventh consecutive year

## Shareholders

**Invested £1.9bn** driving 13% regulatory asset base growth

**64.5%** year-on-year earnings growth and **upgrading FY28 EPS outlook to at least 250p**

**c.£600m<sup>2</sup> reopener submission**

1. Outcome Delivery Incentives (ODIs) and Price Control Deliverables (PCDs) inflated to March 2026 CPIH.

2. In nominal prices using Oxford Economics April 2026 inflation forecast.

# INVESTMENT CASE FOR SEVERN TRENT PLC



Sustained investment delivering foreseeable long-term asset base growth



Inflation-linked regulatory framework with highly visible and predictable revenues



Performance-led culture driving operational excellence and meaningful customer outcomes



Strong track record of outperformance of regulatory incentives and double-digit returns



Long-term earnings growth and inflation-linked dividend



Witches Oak Water Treatment Works, Derbyshire



James' All People Roadshow

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**Helen Miles**  
Chief Financial Officer



# FY26 FINANCIAL HIGHLIGHTS

	FY26	FY25	Increase
<b>Revenue</b>	£2.8bn	£2.4bn	16.6%
<b>PBIT</b>	£861m	£590m	45.9%
<b>Adjusted earnings per share</b>	184.4p	112.1p	64.5%
<b>Dividend per share</b>	126.02p	121.71p	3.5%
<b>Capital investment</b>	£1.9bn	£1.7bn	16.7%



**Regulatory asset base: £15.4bn**



**Regulatory return: 17.2%**



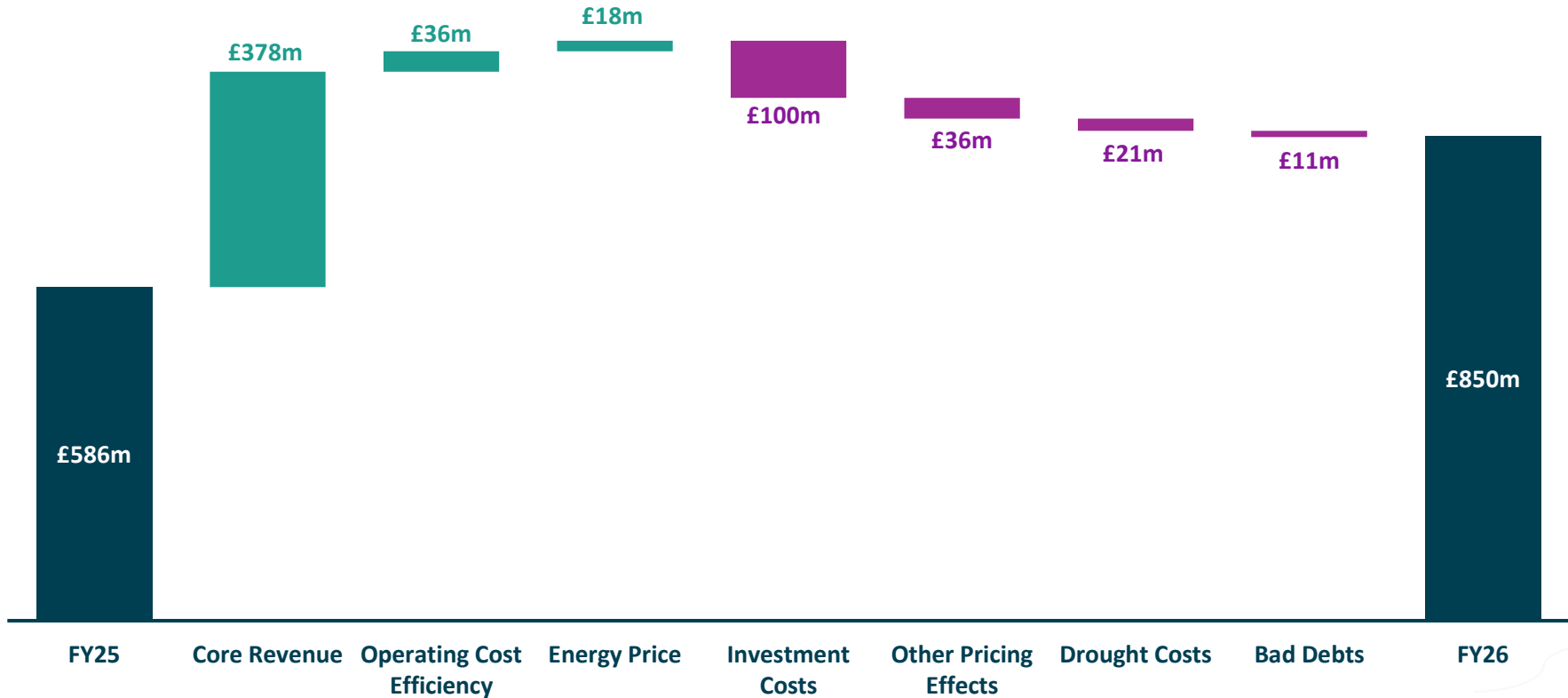
**Total performance incentives: £73m<sup>1</sup>**



**Regulated gearing: 63.6%**

1. Outcome Delivery Incentives (ODIs) and Price Control Deliverables (PCDs) inflated to March 2026 CPIH.

# 45% PBIT INCREASE IN REGULATED BUSINESS



# RESILIENCE IN ENERGY

Resilience in energy costs...

...and expanding solar generation in Green Power to self generate around 75% of Group energy needs by 2030



Severn Trent Water energy costs fully hedged for FY27 and around 90% hedged to FY29



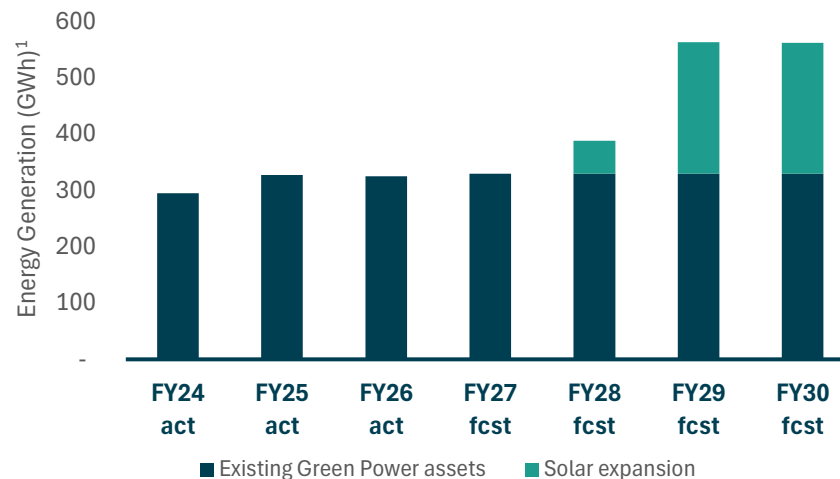
Average FY27 to FY29 import costs hedged at 12% below FY26 outturn hedged price



Self generating 61% of our energy consumption in FY26



Expansion of solar generation in Green Power



1. Generation volume includes gas and electricity, with gas volumes converted to electricity equivalents.

# DISCIPLINED FINANCING APPROACH SUPPORTING EARNINGS GROWTH

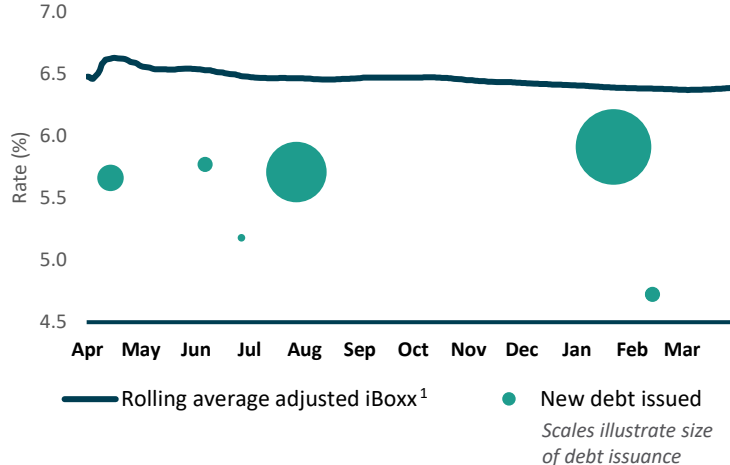
**£2.4bn** in cash and undrawn committed facilities

**63.6%** regulated gearing

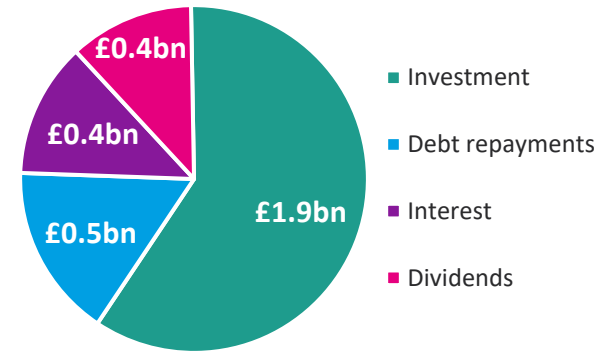
Pension deficit of **£21m**, expect to be **fully funded by 2030**

Debt mix **64%** fixed and **22%** index-linked

**£1.8bn** debt raised this year, **66 bps** below regulatory allowance, with an average tenor of **12 years**



**Around 60%** of cashflow used for capital investment



1. Average of S&P iBoxx GBP A/BBB Non-Financials 10+ year indices, plus 30bps adjustment to the AMP8 new debt allowance.

# GROWING EFFICIENTLY IS A PRIORITY

Targeting around £150m total operating cost efficiencies by 2030, with £36m delivered in FY26...

...and locked in around 40% of our £500m capital efficiency target



**Removing cost of failure**  
through right-first-time approach



**Leveraging data and AI**  
to reduce costs and improve customer outcomes



**Vertically integrated & insourced capabilities**  
for regulated business



## Plug and Play

Standardisation and modular systems, based on motor industry approach

£103m



## Smart solutions

Working directly with tier 2 and 3 suppliers to deploy cost effective solutions on sub-£10m projects

£30m



## Value engineering

Innovative technologies reducing the need for additional infrastructure

£36m

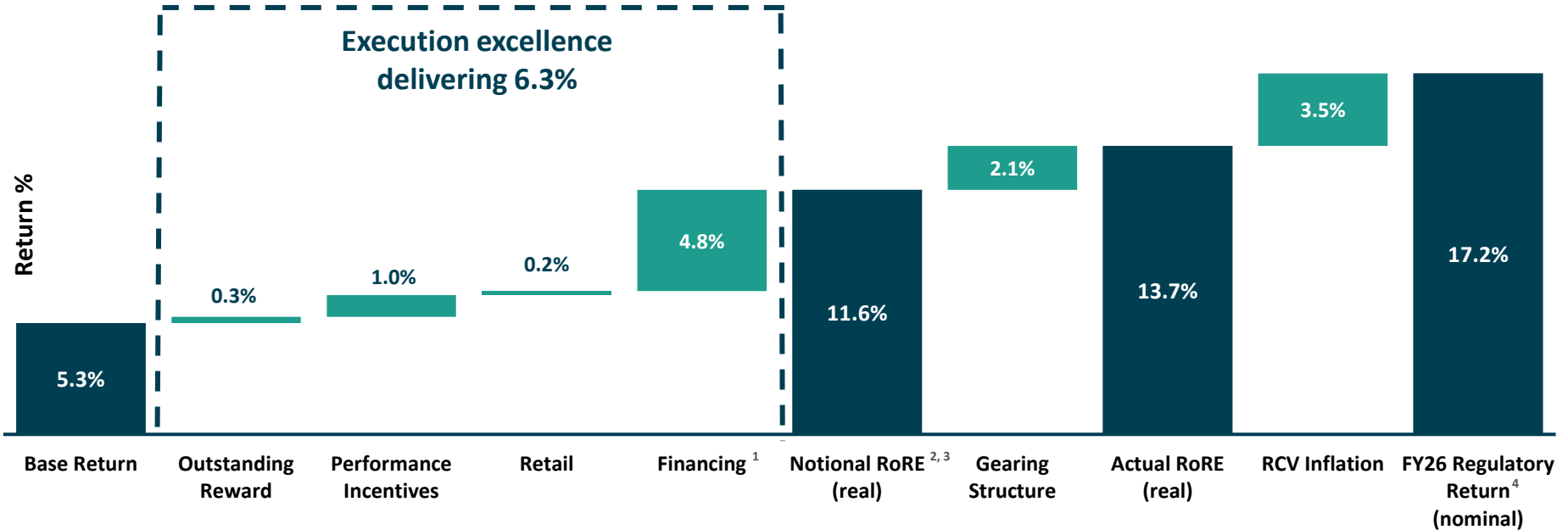


## Direct procurement

Securing preferential rates from kit manufacturers

£22m

# MULTIPLE LEVERS FOR DOUBLE-DIGIT RETURNS



1. Financing outperformance includes 2.3% for tax.

2. Based on notional company structure of 55% regulated gearing.

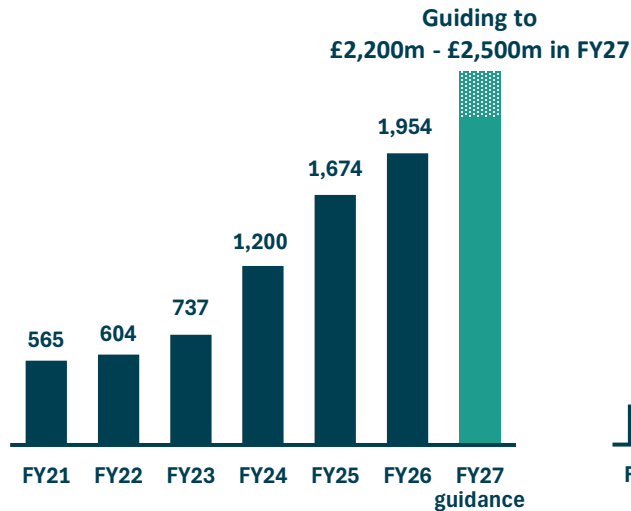
3. Return on Regulated Equity (RoRE), a measure of the return (after tax and interest) that companies have earned by reference to regulatory equity, where regulatory equity is calculated from the RCV and net debt.

4. Regulatory return comprises of the base return, outperformance and inflation as per table 1F of the Ofwat Annual Performance Report.

# TRACK RECORD OF DELIVERING OUR COMMITMENTS

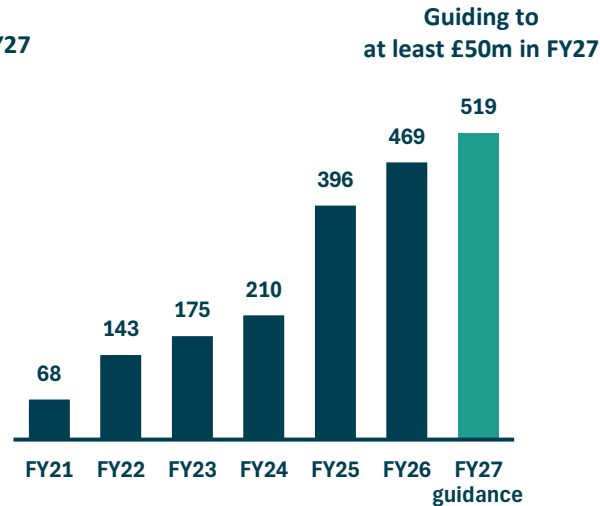
Consistently scaled up capital investment...

Annual Capital Investment  
(£m)



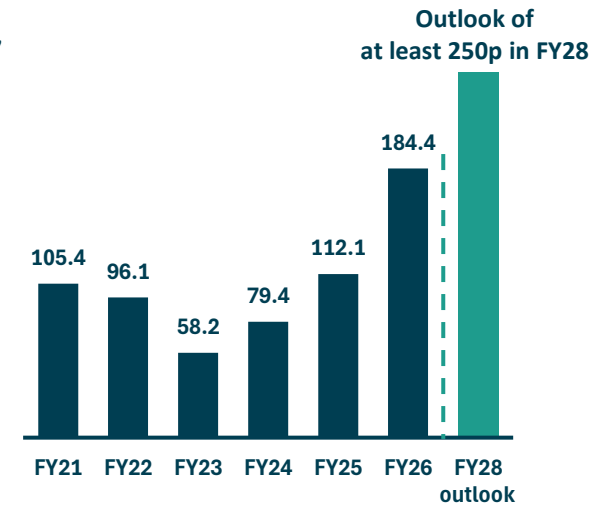
...with leading operational outperformance...

Cumulative annual performance  
incentive reward<sup>1</sup> since FY21  
(£m)



...and five years of EPS growth to  
FY28

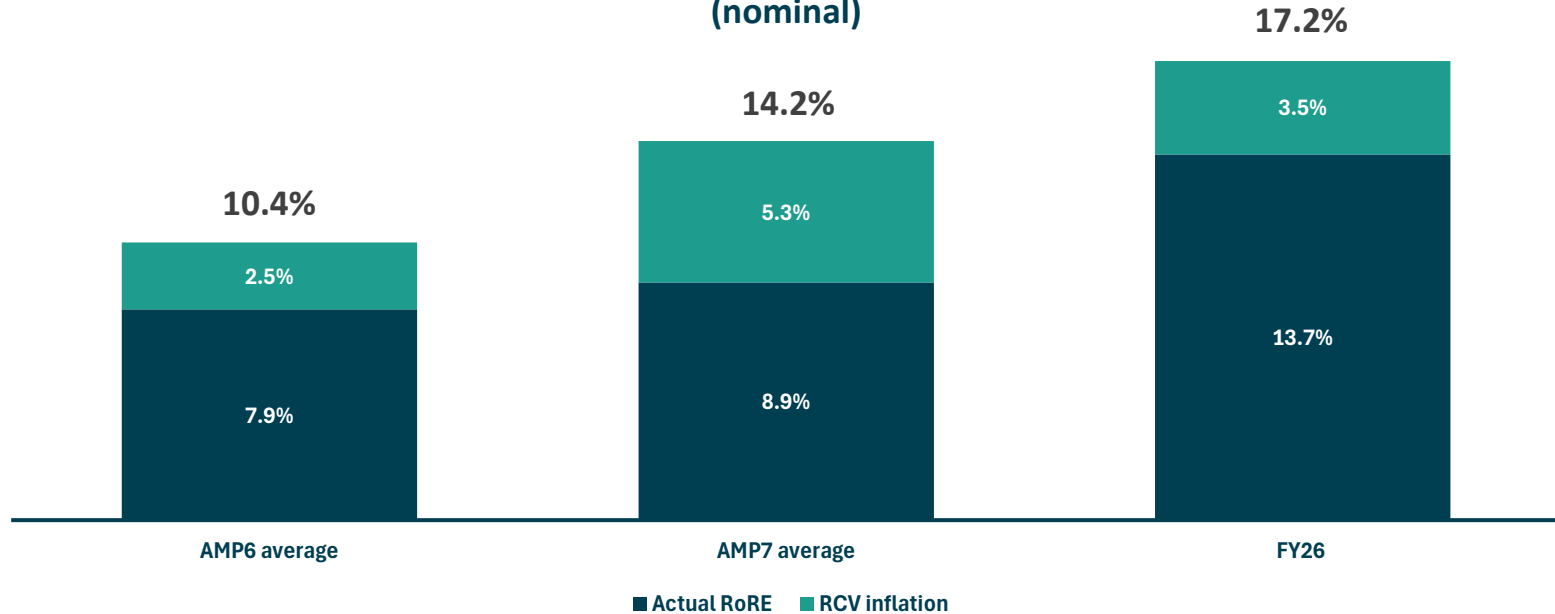
Annual Adjusted EPS  
(pence)



1. Outcome Delivery Incentives (ODIs) and Price Control Deliverables (PCDs) stated in year-end prices in the year they were earned, with FY27 guidance inflated to March 2026 CPIH.

# TRACK RECORD OF ATTRACTIVE RETURNS

Severn Trent Water Regulatory Return  
(nominal)



# GUIDANCE AND OUTLOOK

		FY26	FY27 Guidance
Regulated Water and Wastewater	Turnover	£2.6bn	Around £2.9bn
	Operating costs & IRE	£1.3bn	7% - 9% higher
	Total performance incentives <sup>1</sup>	£73m	At least £50m
Infrastructure Services	EBITDA	£55m	10% - 20% higher
Group	Net finance costs <sup>2</sup>	£302m	20% - 30% higher
	Capital investment	£1.9bn	£2.2bn - £2.5bn
<b>Long-Term Outlook</b>			
At least £300m in performance incentives across the regulatory period	Upgrading adjusted EPS outlook to at least 250p <sup>3</sup> in FY28	Regulated gearing between 60-65% at FY30	Infrastructure Services EBITDA around £100m in FY30

1. Outcome Delivery Incentives (ODIs) and Price Control Deliverables (PCDs), inflated to March 2026 CPIH.

2. Based on Oxford Economics April 2026 inflation forecast.

3. From 224p previously.

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**James Jesic**  
Chief Executive Officer



# OUR PRIORITIES



## Maintaining operational momentum

Building on our strong track record



## Delivering long-term asset base growth

Taking a strategic approach to growth



## Driving innovation

Artificial Intelligence (AI) boosting performance



## Improving customer centricity

Aligning the organisation to play their part



*River Leam in Warwickshire*

# RESILIENCE IN WATER

Supplying record levels of water with lowest ever leakage...

...and investing for the future



98% of customers with a second source of supply



Annual leakage down 23% over the past five years



Water quality complaints better than regulatory target



Around £500m renewing water mains over five years

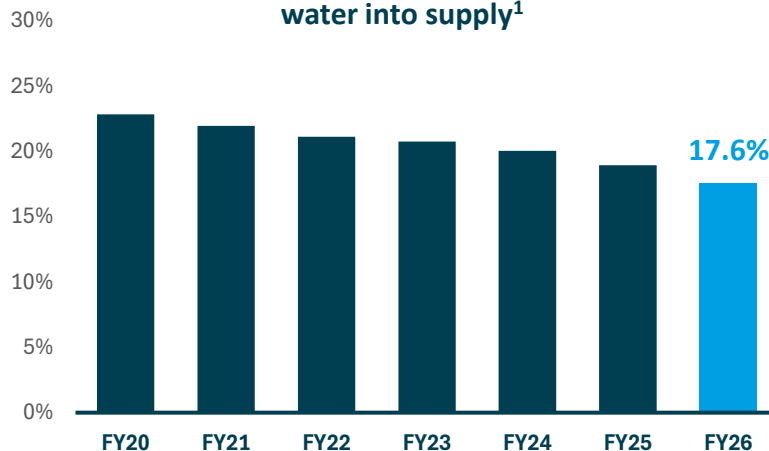


Around £1.4bn in resources and resilience by 2030



Around £170m in one of the UK's newest treatment works, online in FY27

Record low levels of leakage as a proportion of water into supply<sup>1</sup>



1. Based on three-year rolling average leakage and distribution input.

# DELIVERING LEADING PERFORMANCE IN WASTE

Driving environmental improvements...

...and delivering for customers



**£1bn invested this year**  
in asset upgrades and improving resilience



**9,000 new sensors installed**  
at high-risk pollution locations



**Upgraded 75 sewage pumping stations**  
reduced total pollutions by 35%, earning £17m<sup>1</sup> in reward, two serious pollutions confirmed



**Delivered over 3,000 CSO<sup>2</sup> interventions**  
with a 41% reduction in average spills, earning £10m<sup>1</sup> in reward

**Highly confident of EPA 4\*** for seventh year for 2025

**21% reduction**  
in customer complaints

**20% reduction**  
in internal sewer floodings

**12% reduction**  
in external sewer floodings

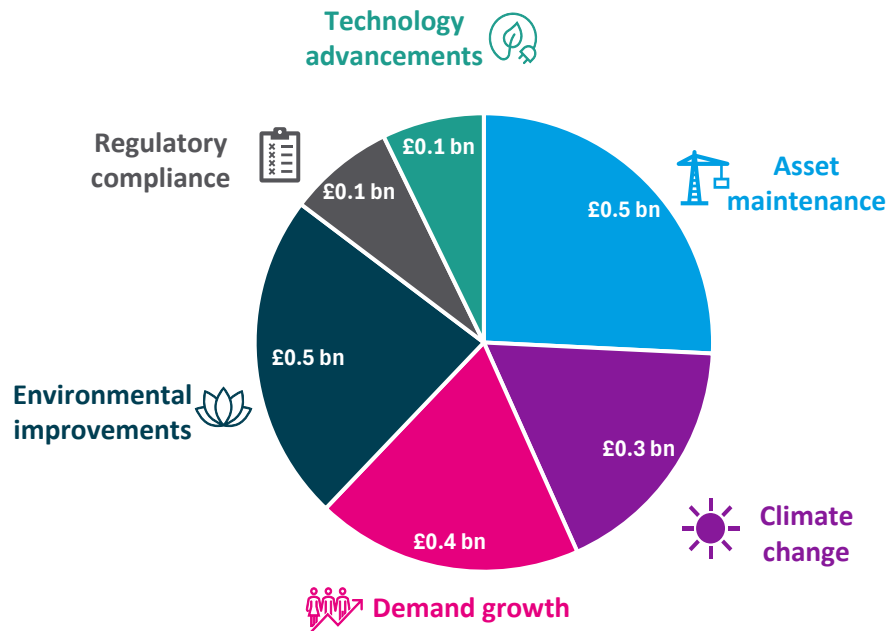


1. Outcome Delivery Incentives (ODIs) inflated to March 2026 CPIH.  
2. Combined Sewer Overflow.

# ACCELERATING PROGRAMME DELIVERY

£1.9bn investment delivered this year...

...with scalable delivery



Maximum Price Control Deliverable (PCD) reward this year:

- ✓ Mains renewal
- ✓ Metering



### Lower programme delivery risk

Scalable solutions across over 2,000 projects this year



### Strong relationships with our supply chain

Over 150 suppliers, leveraging specialist providers



### Smarter delivery through AI and innovation

Optimised design solutions reducing scope and costs



### In-house capabilities and vertical integration

Giving us control and flexibility

# LEVERAGING AI TO ENHANCE PERFORMANCE



Capital

## Investment Optimisation

Using scenario modelling and data to inform efficient investment decisions

## Design & Routing

Optimised pipe routes, balancing cost, engineering constraints, and environmental impact



Operational

## Asset Optimisation

Reducing unplanned outages, optimising long-term operational maintenance and enabling predictive maintenance

## Sewer Inflow & Infiltration

Pinpointing locations, allowing for targeting the cause rather than the symptom to prevent pollutions and spills



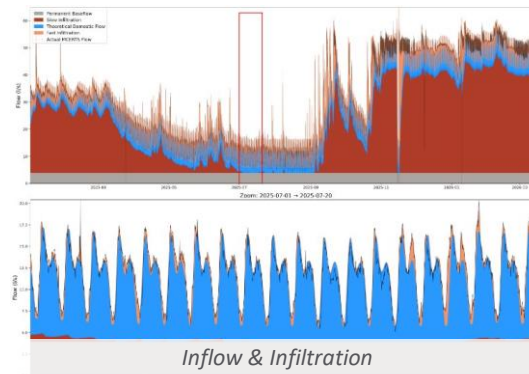
Customer and  
Environment

## Kraken

Insights, recommended actions and auto-drafted responses driving faster resolution and better customer service

## Extreme Weather Event Risk Management

Predicting impacts and risks of storms, enabling proactive interventions to reduce risk of pollutions



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# YEAR ONE REOPENER SUBMISSION



## Investing in waste resilience

Increasing sewer relining activity to provide resilience in our waste network



## Renewal of treated water storage tanks

Rebuilding and refurbishing water storage tanks and upgrading pipework and telemetry



## Increasing our sewage capacity

Additional sewage treatment capacity to support growth



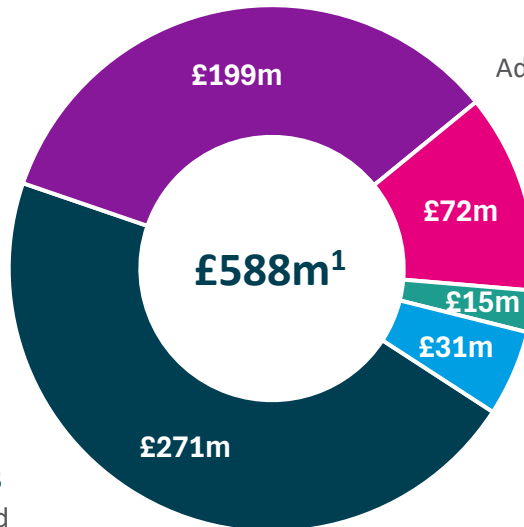
## Sewer inspections

Surveying our sewers to identify long-term investment requirements





## Upgrading boreholes

Redrilling and relining of boreholes to secure a high quality and resilient water source



1. In nominal prices using Oxford Economics April 2026 inflation forecast.

# TAKING A STRATEGIC APPROACH TO GROWTH

Asset class	Our asset base	Year one reopener submission
 Sewers	93,057km	Relining 172km and inspecting 9,800km of sewers, enabling AI driven analysis
 Sewage treatment works	938	Upgrading capacity at a further 8 works
 Distribution service reservoirs	479	Renewing 6 tanks
 Boreholes	101	Improvements to 11 boreholes representing 15% of the highest priority assets

## Factors we will consider

- 1 Unlocking future asset renewal business cases
- 2 Bill impact including performance incentive rewards
- 3 Funding and return
- 4 Timing of need
- 5 Changes to legal requirements e.g. PFAS, Cyber

# CONFIDENT DELIVERY OF OUR INVESTMENT CASE



## Sustained investment delivering foreseeable long-term asset base growth

At least 60% regulated asset base growth between 2025 and 2030



## Inflation-linked regulatory framework with highly visible and predictable revenues

Over half of our total expenditure to 2030 protected from above-CPIH increases



## Performance-led culture driving operational excellence and meaningful customer outcomes

£73m total performance incentives in FY26 and at least £300m to 2030



## Strong track record of outperformance of regulatory incentives and double-digit returns

17.2% regulatory return in FY26



## Long-term earnings growth and inflation-linked dividend

Dividend policy of annual growth by CPIH and outlook of at least 250p adjusted EPS in FY28



Lake Vyrnwy, Powys

# APPENDIX

# EBITDA<sup>1</sup>

31 March 2025		31 March 2026	Variance	Variance
£m		£m	£m	%
1,032	Regulated Water and Wastewater	1,334	302	29
47	Business Services	55	8	17
21	<i>Operating Services and Other</i>	26	5	24
23	<i>Green Power</i>	24	1	4
3	<i>Property Development</i>	5	2	67
(20)	Corporate and other	(15)	5	25
(1)	Consolidation adjustments	(3)	(2)	(200)
1,058	<b>Severn Trent Group</b>	1,371	313	30

1. Earnings before interest, tax, depreciation and amortisation.

# NET FINANCE COSTS

Income statement charge £m	31 March 2025			31 March 2026		
	Capitalised interest £m	Gross interest incurred £m		Income statement charge £m	Capitalised interest £m	Gross interest incurred £m
164	103	267	Cash interest (including accruals)	<b>202</b>	<b>150</b>	<b>352</b>
10	–	10	Net pension finance cost	<b>7</b>	–	<b>7</b>
70	–	70	Inflation uplift on index-linked debt	<b>93</b>	–	<b>93</b>
244	103	347		<b>302</b>	<b>150</b>	<b>452</b>

# ADJUSTED EARNINGS PER SHARE

31 March 2025 £m	31 March 2026 £m	Variance £m	Variance %
590 Profit before interest and tax	<b>861</b>	271	46
(244) Net finance costs	<b>(302)</b>	(58)	(24)
346 Adjusted profit before tax	<b>559</b>	213	62
(1) Current tax in relation to prior years	<b>(3)</b>	(2)	(200)
1 Tax at the adjusted effective rate of 0% (2025: 0.1%)	–	(1)	(100)
(11) Share of current year loss of joint venture	<b>(2)</b>	9	82
335 Earnings for the purpose of adjusted basic and diluted earnings per share	<b>554</b>	219	65
299.5 Weighted average number of ordinary shares for basic earnings per share	<b>300.4</b>	0.9	–
112.1 Adjusted basic EPS (pence)	<b>184.4</b>	72.3	64

# ADJUSTED NET DEBT

31 March 2025 £m		31 March 2026 £m	Variance £m	Variance %
(785)	Bank loans	<b>(785)</b>	–	–
(8,798)	Other loans	<b>(10,087)</b>	(1,289)	(15)
(111)	Lease liabilities	<b>(104)</b>	7	6
1,045	Net cash and cash equivalents	<b>788</b>	(257)	(25)
23	Fair value accounting adjustments	<b>4</b>	(19)	(83)
10	Exchange on currency debt not hedge accounted	<b>79</b>	69	690
71	Loans receivable from joint ventures	<b>51</b>	(20)	(28)
(8,545)	Adjusted net debt	<b>(10,054)</b>	(1,509)	(18)

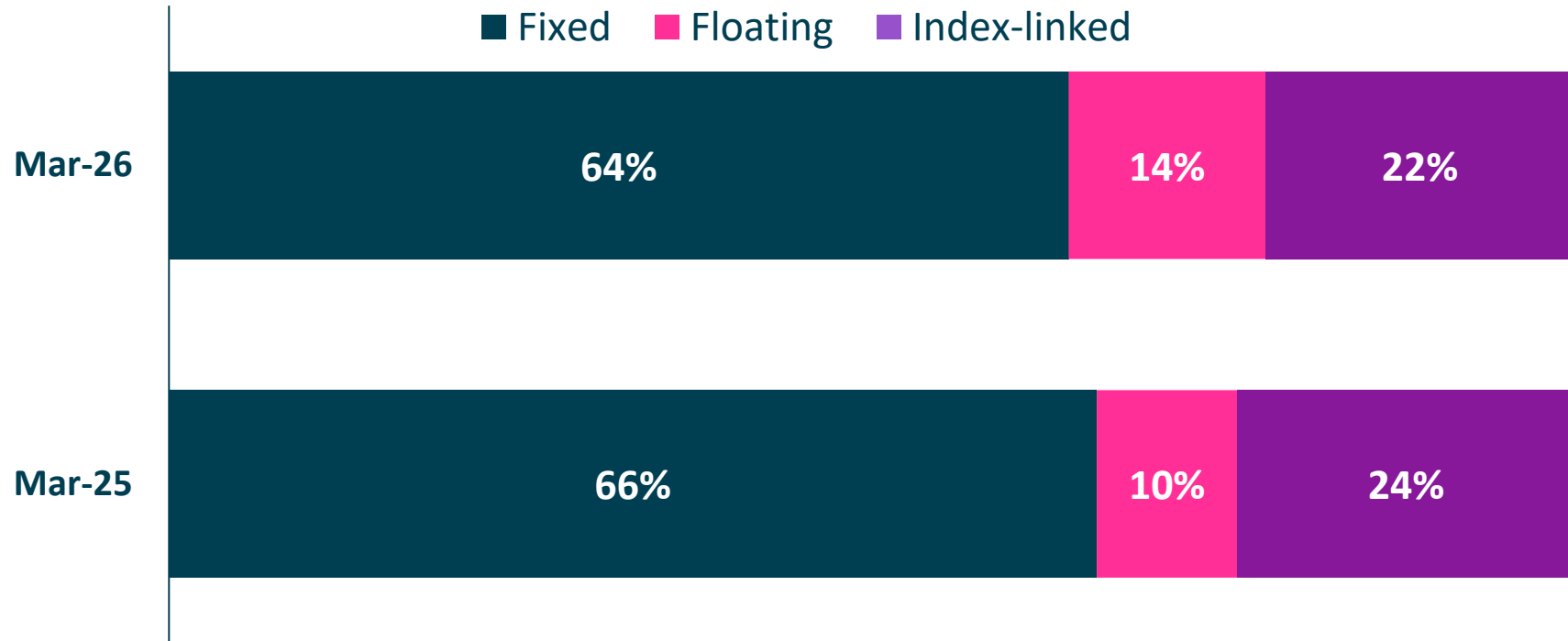
# FAIR VALUE OF DEBT <sup>1</sup>

31 March 2025		31 March 2026	Variance	Variance
£m		£m	£m	%
(784)	Floating rate debt <sup>2</sup>	<b>(778)</b>	6	1
(6,097)	Fixed rate debt	<b>(7,252)</b>	(1,155)	(19)
(1,703)	Index-linked debt	<b>(1,720)</b>	(17)	(1)
<b>(8,584)</b>		<b>(9,750)</b>	(1,166)	(14)
1,045	Net cash and cash equivalents	<b>788</b>	(257)	(25)
71	Loans due from joint venture	<b>51</b>	(20)	(28)
23	Fair value accounting adjustments	<b>4</b>	(19)	(83)
10	Exchange on currency debt not hedge accounted	<b>79</b>	69	690
<b>(7,435)</b>	Fair value of net debt	<b>(8,828)</b>	(1,393)	(19)
<b>(8,545)</b>	Adjusted net debt (previous slide)	<b>(10,054)</b>	(1,509)	(18)
<b>(1,110)</b>	Difference	<b>(1,226)</b>		

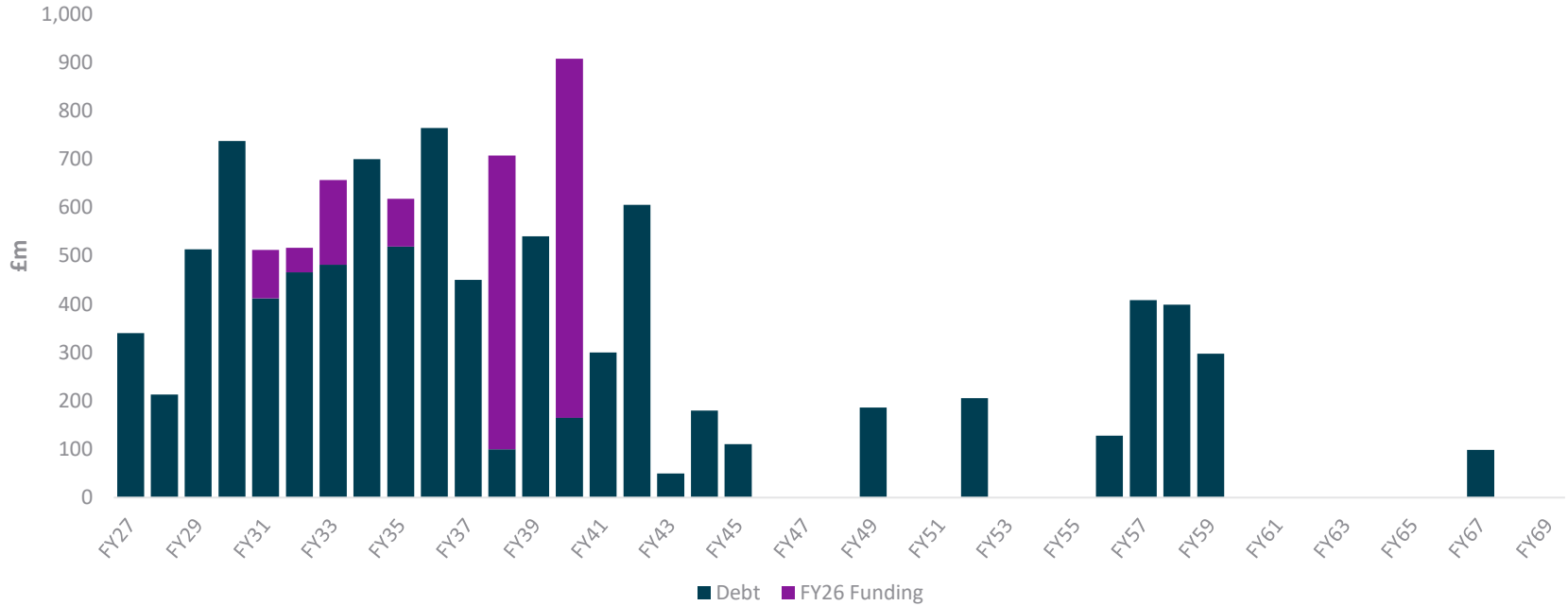
1. The floating, fixed and index-linked debt classification above is shown before the impact of interest rate swaps or cross currency swaps.

2. The floating rate debt excludes the overdraft amount as this is included within net cash and cash equivalents.

# GROSS DEBT MIX



# DEBT MATURITY



# GEARING AND CREDIT RATINGS

31 March 2025	Adjusted net debt/RCV	31 March 2026
62.7%	Regulated Gearing <sup>1</sup>	63.6%

31 March 2025			31 March 2026		
Severn Trent Water	Severn Trent Plc		Severn Trent Water	Severn Trent Plc	Outlook
Baa1	Baa2	Moody's	Baa1	Baa2	Stable
BBB+	BBB	Fitch	BBB+	BBB	Stable

1. Based on Severn Trent Water Group adjusted net debt of £9,681m (31 March 2025: £8,487m) and Hafren Dyfrdwy adjusted net debt of £90m (31 March 2025: £81m) divided by FD RCV of £15,367m.

2. Based on Severn Trent Plc Group adjusted net debt of £10,054m (31 March 2025: £8,545m).