

Half Year Results 2025/26

19 November 2025

WONDERFUL ON TAP



*Valve tower at
Carsington Reservoir, Derbyshire*

DISCLAIMERS

Cautionary statement regarding forward-looking statements

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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LIV GARFIELD

Chief Executive



HALF YEAR HIGHLIGHTS

4* EPA status

confirmed for a
record sixth
consecutive year

On track for
c. 90%
of performance
measures

Upgrading ODI
guidance to
at least £40m
net reward
in FY26

Halving
average storm
overflow spills in
2025 to
around 13

13%
asset base growth to
£15.4bn
this year

HELEN MILES

Chief Financial Officer



HALF YEAR FINANCIAL HIGHLIGHTS

£769m

investment in the
first half

Over £900m

new debt raised,
c. 80bps
lower than
allowance

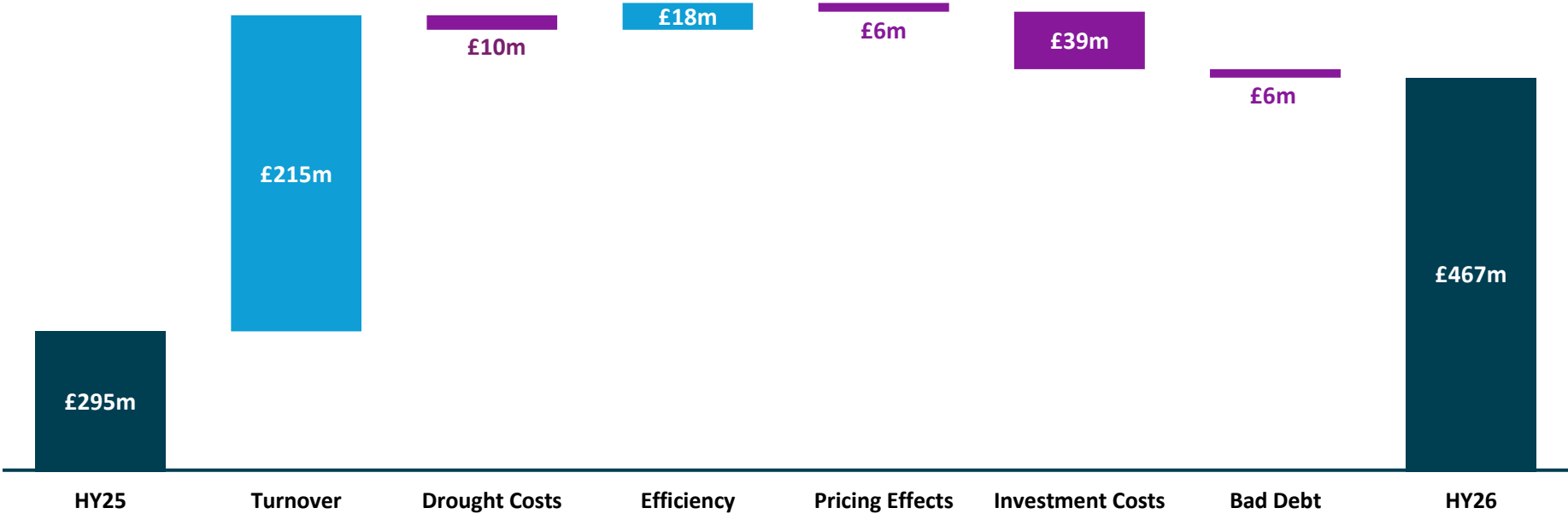
74%

first half adjusted
EPS growth

Regulatory Return of
around 13%
this year

Interim dividend
50.40p
in line with policy

59% INCREASE IN REGULATED WATER AND WASTEWATER PBIT



TARGETING AT LEAST £500M OF CAPITAL EFFICIENCIES IN AMP8

✓	Direct Procurement	Securing preferential rates
✓	Smart Solutions	On sub-£10m projects
✓	Value Engineering	Innovative technologies
✓	Plug and Play	Standardisation and modular systems



Contingency

Reinvestment for ODIs

Ofwat reopeners¹

¹ Additional expenditure approved by Ofwat over and above the Final Determination.

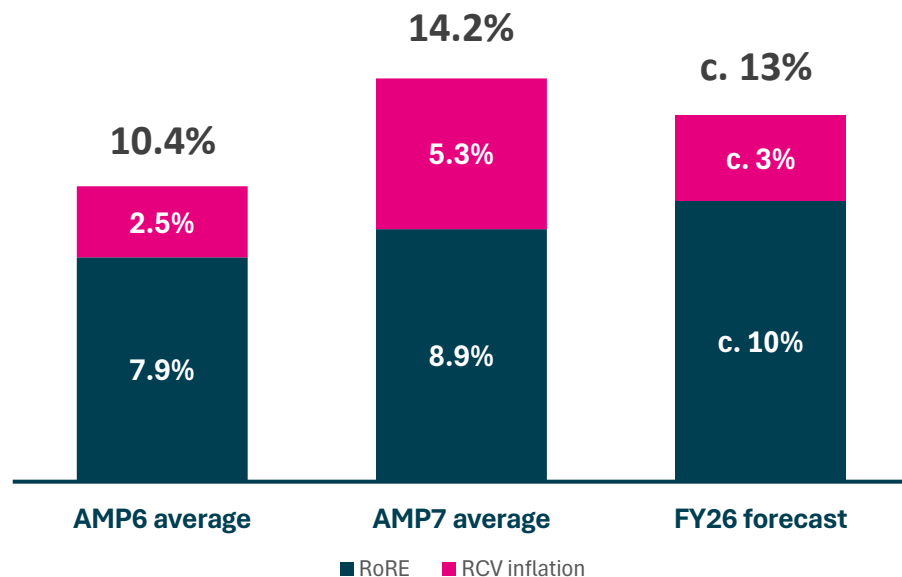
DELIVERING LONG-TERM VALUE

Nominal Regulated Capital Value (£bn)



Source: Regulatory Capital Value Updates (Ofwat), updated using Oxford Economics inflation forecast for AMP8. RCV includes Severn Trent Water and Hafren Dyfrdwy (HD).

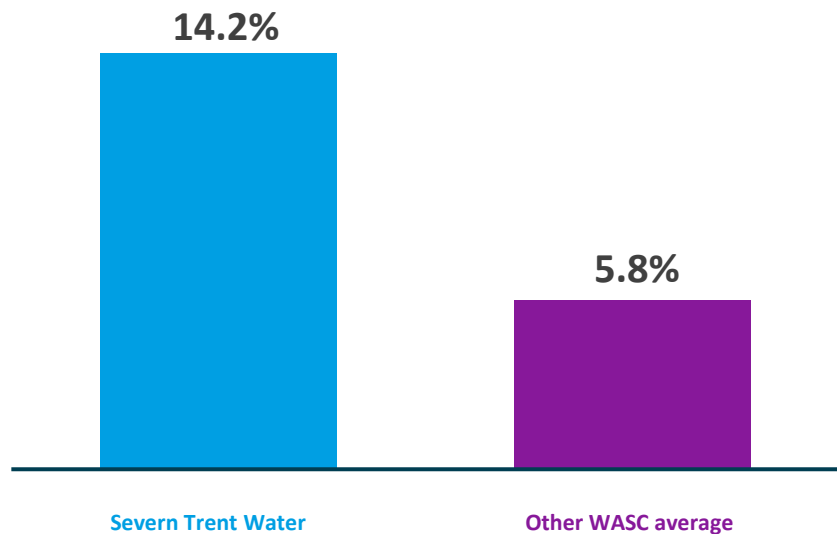
Regulatory Return of around 13% this year



Source: Severn Trent Water Annual Performance Report 2020, Ofwat's Monitoring Financial Resilience Report 2024-25, and internal modelling using Oxford Economics inflation forecast.

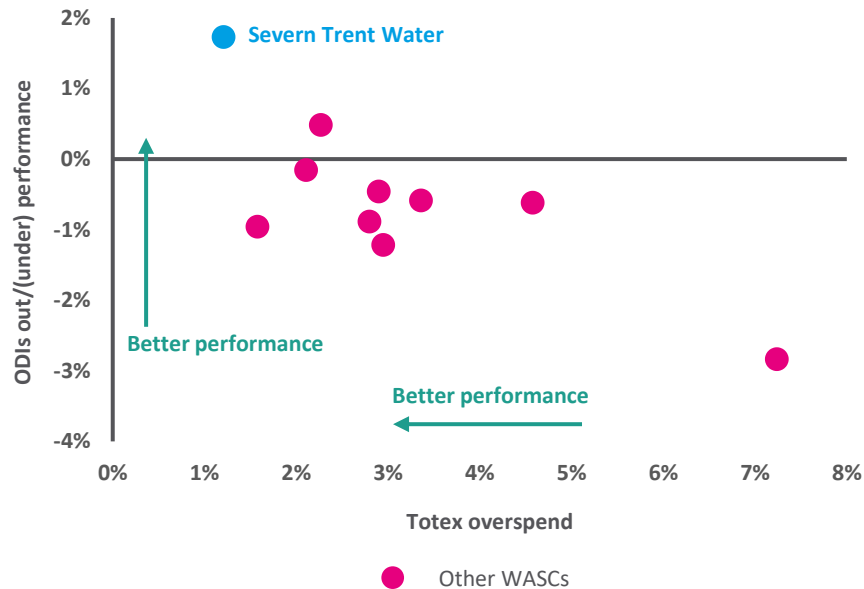
CONFIDENCE IN SUSTAINED OUTPERFORMANCE

Average AMP7 Regulatory Return



Source: Ofwat's Monitoring Financial Resilience Report 2024-25 excluding HD.

AMP7 ODIs vs Totex



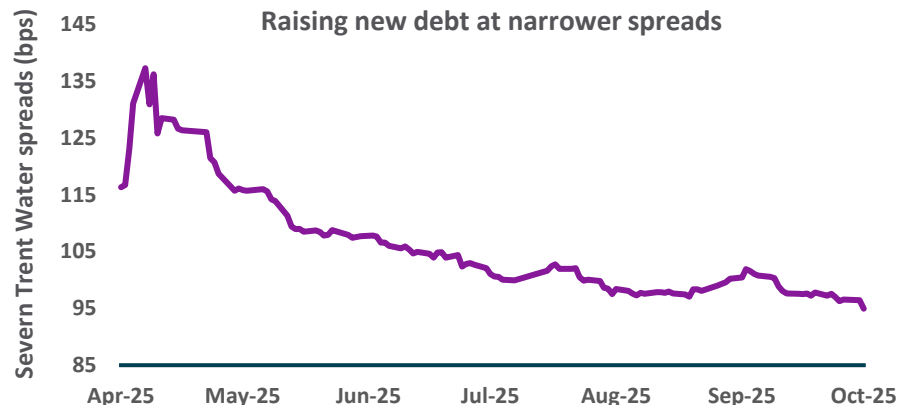
Source: Ofwat's Monitoring Financial Resilience Report 2024-25, excluding HD. On a notional company basis.

MAINTAINING OUR FINANCIAL STRENGTH

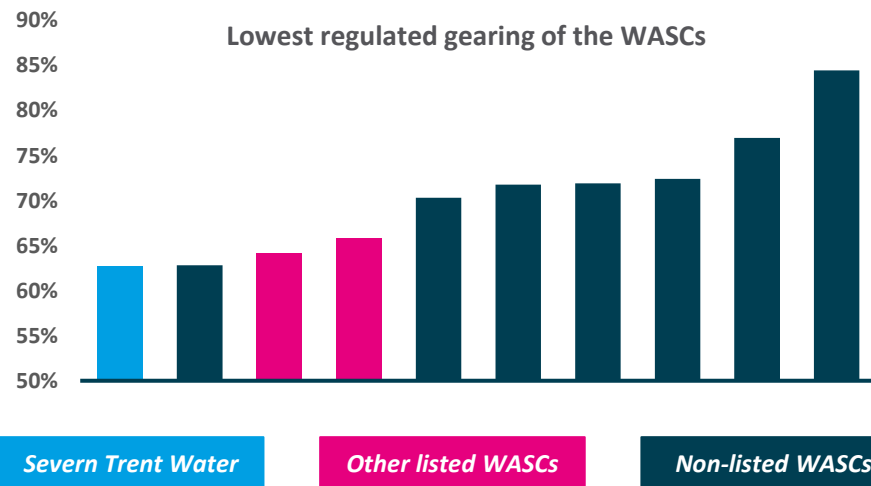
Over £900m debt issued this year, c. 80bps lower than regulatory allowance

61.5% regulated gearing and outlook of 60%-65% at FY30

Pension expected to be fully funded in AMP8¹



Source: Bloomberg.



Source: Ofwat's Monitoring Financial Resilience Report 2024-25, excluding HD.

¹In line with journey plan and latest forecasts.

AMP8 DERISKED WITH 54% OF OUR TOTEX PROTECTED

77%

Enhancement costs protected

38%

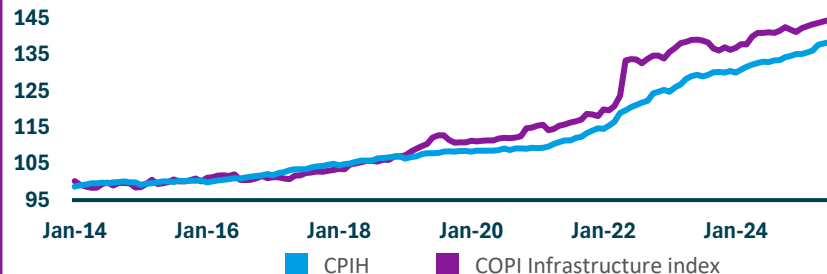
Base costs protected

100%

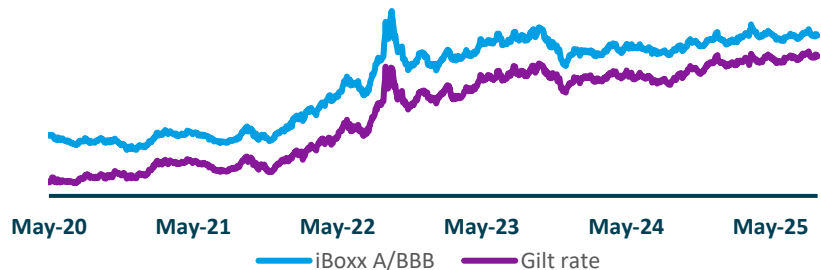
New debt allowance linked to
iBoxx plus 30 bps

Source: Office for National Statistics.

Construction Output Pricing Index vs inflation



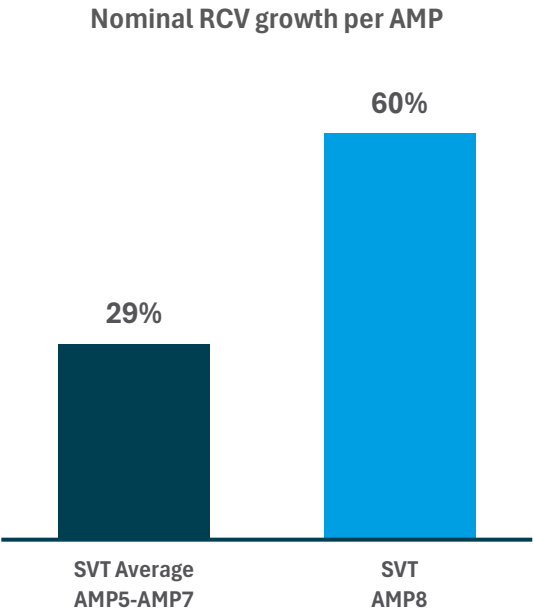
15 year gilt rate vs iBoxx



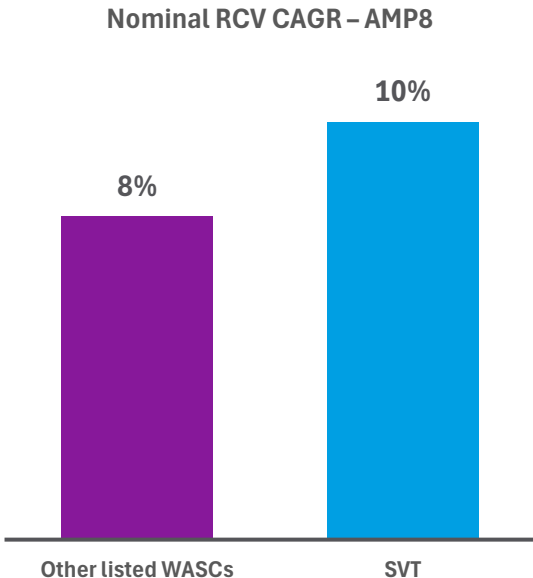
Source: Bloomberg and S&P.

SUSTAINED AND SIGNIFICANT GROWTH

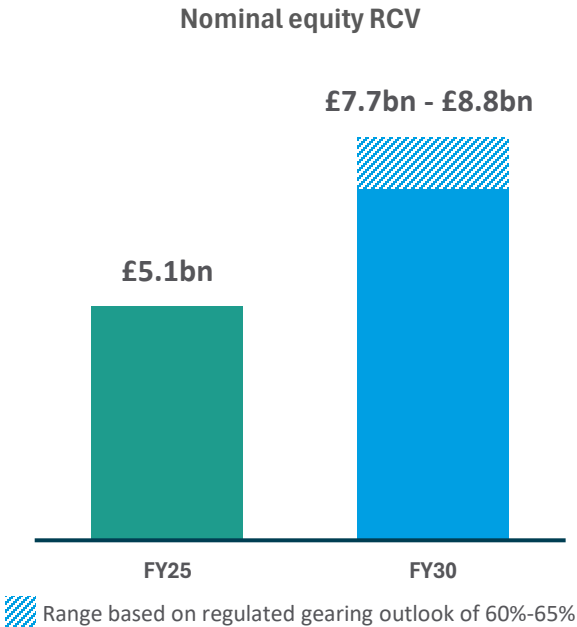
Growing more than ever before...



...more than our peers...



...and increasing value for shareholders



Source for all charts: Ofwat, updated with Oxford Economics inflation forecast.

INFRASTRUCTURE SERVICES: DOUBLING EBITDA TO £100M IN FY30



Complements
regulated business



Additional returns
enhance EPS growth



Cash positive for the
Group

Current
Businesses

Green Power

Operating Services

Property Development

Complementary
Acquisitions

Watertight

Industrial Water Jetting Systems

GUIDANCE AND OUTLOOK

		FY25	FY26	
Regulated Water and Wastewater	Turnover	£2.25bn	Around £2.6bn	
	Operating costs & IRE	£1.2bn	5% - 8% higher	Upgraded
	ODI outperformance	£68m	At least £40m	Upgraded
	STW Reg Return	11.9%	Around 13%	New guidance
Group	Net finance costs	£244m	25% - 30% higher	Updated
	Capital investment	£1.7bn	£1.7bn - £1.9bn	

Outlook

Adjusted EPS doubling between
FY25 and FY28

Regulated gearing between
60% - 65% at FY30

Doubling Infrastructure Services
EBITDA to around £100m in FY30

See appendix (slides 26 and 27) for details

LIV GARFIELD

Chief Executive



CREATING VALUE FROM GROWTH



Work in progress at Wanlip Waste Treatment Works



**Asset base
investment**



**Performance
culture**



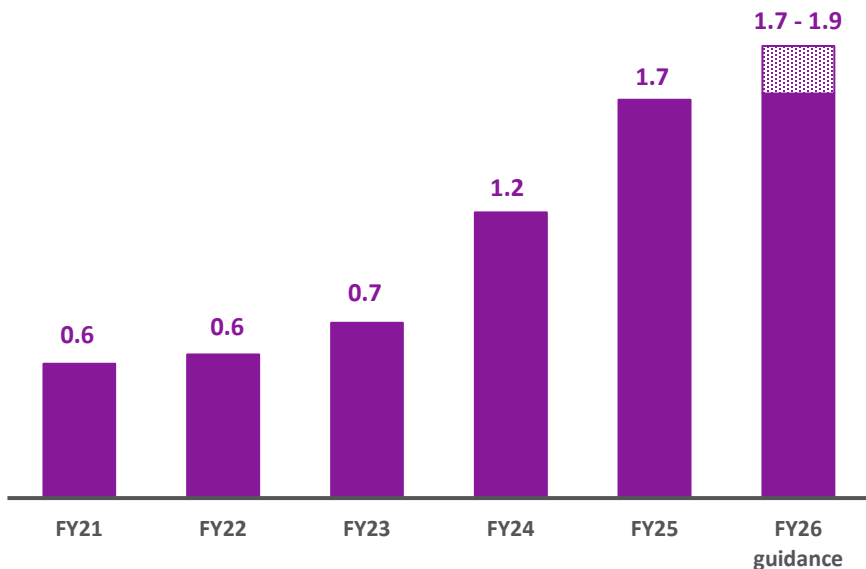
**Insourced
workforce**



**Fast start to
AMP8**

FAST START TO AMP8 INVESTMENT PROGRAMME

Capital investment since the start of AMP7 (£bn)



Source: Annual Report and Accounts FY21-FY25, and current year guidance.

Confidence in AMP8 delivery



80% of enhancement schemes contracted by March 2027



Thousands of capital projects in AMP8



Plug and Play assets can be deployed across multiple projects

On track for maximum Price Control Deliverable (PCD) rewards this year

Mains Renewals



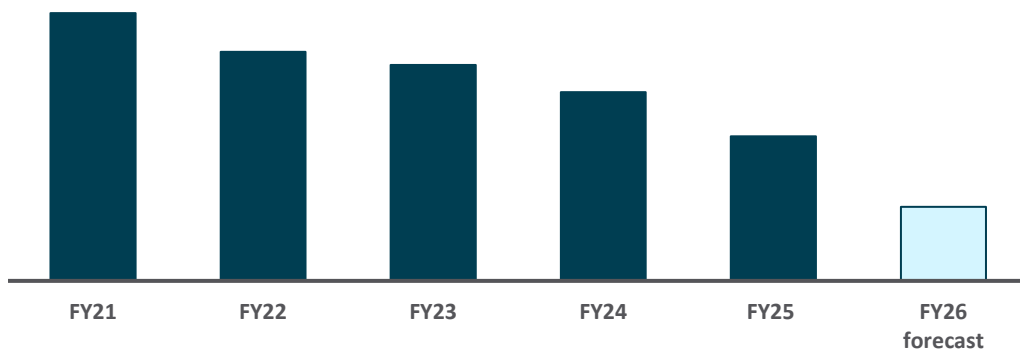
Metering



CONSISTENTLY OUTPERFORMING IN WATER

Hitting leakage target for eighth consecutive year...

Megalitres per day leakage since the start of AMP7



Source: Annual Performance Reports FY21-FY25, and current year forecast.

No-dig technology used on **around half** of communication pipe repairs

Around half of our network remotely pressure-controlled this year

Reduction of bursts of **over 20%** in pressure-controlled areas

...and on track to deliver other key water ODIs

Supply Interruptions



Compliance Risk Index (CRI)



Water Quality Complaints



LEADING SPILLS PROGRAMME

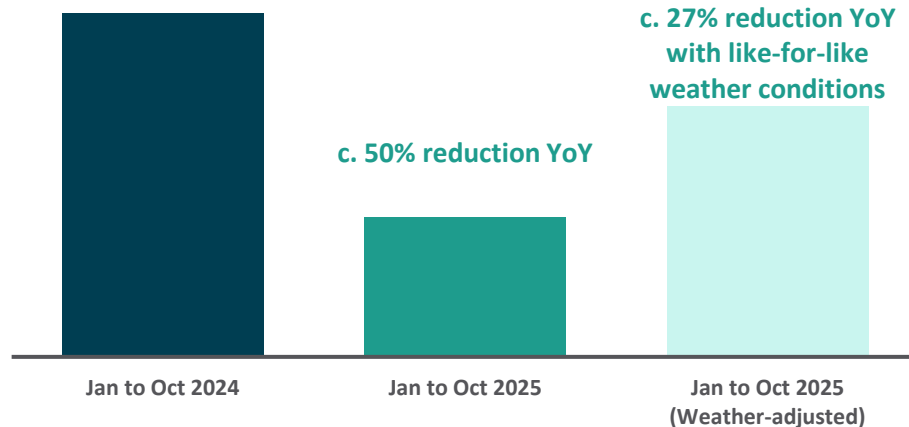
£1.5bn storm overflow investment by 2030

to approach world-leading spill levels

Significant opportunity beyond 2030

getting all storm overflows to 10 spills

Average storm overflow spills



Source: Internal data from Event Duration Monitors.

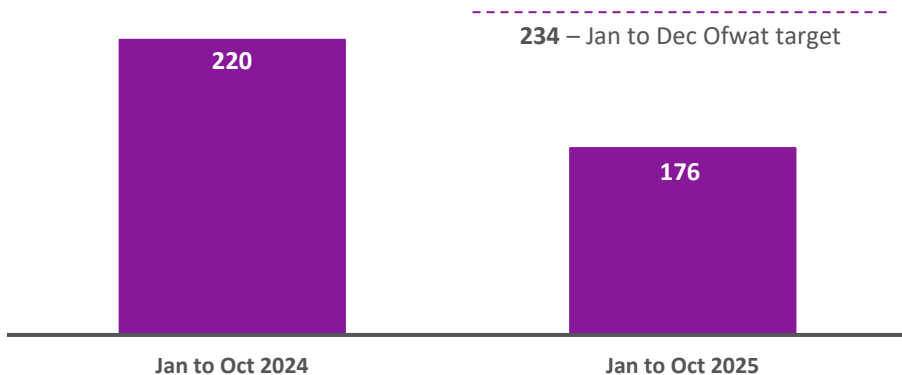
> 2,700 interventions delivered

Lowest average spills in 2024

Achieving 2030 target in 2025

ON TRACK FOR 100% OF WASTE AND ENVIRONMENT TARGETS

20% reduction in pollutions YTD

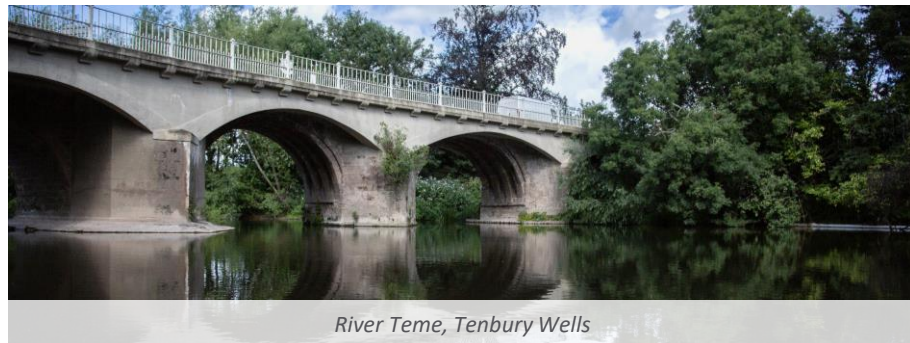


Source: Internal reporting against Ofwat target.

Investing **£400m** across five years:

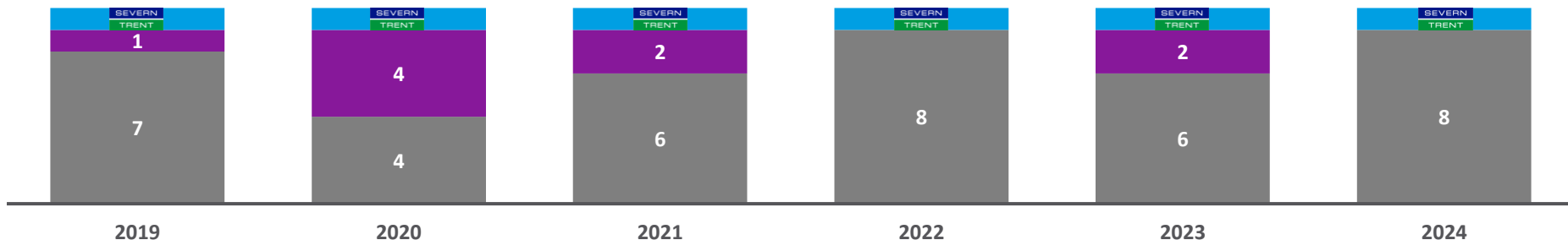
- **Upgrading over 400** of our highest priority pumping stations
- **Sevenfold increase** in our annual investment in proactive works
- **Utilising AI** to predict and prevent future pollutions

On track for all other waste and environment ODIs



SIX CONSECUTIVE YEARS OF EPA 4*

Environment Agency EPA ratings



Source: Environment Agency Environmental Performance Assessment (EPA) 2019-2024.

Severn Trent Water

Other companies with 4*

Non-4* companies

WINEP delivery



Supply-Demand Balance Index



Self-reporting of pollutions



Serious pollutions



Total pollutions



Discharge permit compliance



Sludge use and disposal



22

CUSTOMERS, COMMUNITIES AND COLLEAGUES

Delivering for customers

Accelerated AMP8 investment to deliver early customer benefits

Frontloaded capital programme to fast-track improvements

Further improving performance levels for customers

£575m affordability package



Customers enjoying cycle paths at Upper Derwent Valley reservoir

Giving back to our communities

Second place in 2025 Social Mobility Index

c. 15,000 attendees at our employability events since 2023



Education team visiting a local school

Perpetuating our high-performance culture



Reservoir Rangers at Upper Derwent Valley

Engagement score of **8.8/10** within the **top 5% of utilities**

Trustpilot score of **4.9** the highest in the FTSE100

LONG-TERM VALUE CREATION



1

Early and sustained investment

60% asset base growth in AMP8

2

Top operational performance

At least £300m of AMP8 outperformance

3

Strong financial growth

EPS doubling between FY25 and FY28

4

Creating shareholder value

Long-term growth beyond AMP8

APPENDIX

TECHNICAL GUIDANCE 2025/26

Regulated Water and Wastewater		FY25	Year-on-year
Turnover	Around £2.6 billion including HS2 related income.	£2.25bn	▲
Operating costs & IRE	5% - 8% higher year-on-year including continued investment in operational performance and increases in national insurance and pay.	£1.2bn	▲
ODIs ¹	At least £40 million of ODI reward.	£68m	▼
STW Regulatory Return ²	Around 13%.	11.9%	▲
Infrastructure Services			
EBITDA	15% - 25% increase year-on-year driven by higher property profits and the performance of our new acquisitions.	£47m	▲
Group			
Net finance costs ³	25% - 30% higher year-on-year driven by higher inflation and includes additional debt to fund the AMP8 investment programme.	£244m	▲
Adjusted effective current tax rate	Adjusted effective current tax rate of nil due to "full expensing" and other accelerated capital allowances on our substantial capital investment programme.	0.1%	↔
Capital investment	Set to invest between £1.7 billion - £1.9 billion.	£1.7bn	▲
Dividend ⁴	2025/26 dividend of 126.02 pence, in line with our AMP8 policy of annual growth by CPIH.	121.71p	▲

1. Outcome Delivery Incentives are quoted post-tax in 2022/23 prices.

2. Regulatory return: the return generated on actual regulatory equity, calculated using average gearing applied to the Final Determination RCV. It encompasses the base return, outperformance, and the uplift to our RCV from inflation.

3. Based on Oxford Economics October inflation forecast. Index-linked debt comprises around a quarter of our total debt.

4. 2025/26 dividend growth rate based on November 2024 CPIH of 3.53%.

OUTLOOK STATEMENT

Long-term earnings

Our long-term earnings outlook remains unchanged. We project Group adjusted EPS to double in the 3-year period to 2027/28, from 112.1 pence in 2024/25, benefitting from regulated revenue growth including ODI outperformance, continued cost management, and our strategic approach to financing. We expect this Group adjusted EPS growth to be weighted towards 2025/26 reflecting our bill profile.

In addition, we anticipate increasing EBITDA from Infrastructure Services to around £100 million in the period 2029/30, driven by growth in Network Services as well as our Green Power, Operating Services, and Property businesses. This includes our long-term plan to achieve £150 million of profit from our Property business by 2032.

Financial resilience

We expect regulated gearing to be between 60% – 65% at the end of the AMP. We expect Plc gearing to remain within thresholds consistent with our current credit ratings.

EBITDA¹

H1 2024 £m		H1 2025 £m	Variance £m	Variance %
510.6	Regulated Water and Wastewater	704.2	193.6	37.9
24.4	Infrastructure Services	21.3	(3.1)	(12.7)
13.0	Operating Services and Other	11.8	(1.2)	(9.2)
-	Network Services	(1.3)	(1.3)	n/a
10.5	Green Power	9.4	(1.1)	(10.5)
0.9	Property Development	1.4	0.5	55.6
(10.8)	Corporate and other	(7.2)	3.6	33.3
(0.6)	Consolidation adjustments	(2.1)	(1.5)	(250.0)
523.6	Severn Trent Group	716.2	192.6	36.8

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

NET FINANCE COSTS

Income statement charge £m	Capitalised interest £m	H1 2024		Income statement charge £m	Capitalised interest £m	H1 2025
		Gross interest incurred £m				Gross interest incurred £m
79.9	43.0	122.9	Cash interest (including accruals)	95.4	72.0	167.4
5.0	–	5.0	Net pension finance cost	3.4	–	3.4
39.7	–	39.7	Inflation uplift on index-linked debt	62.4	–	62.4
124.6	43.0	167.6		161.2	72.0	233.2

ADJUSTED EARNINGS PER SHARE

H1 2024 £m		H1 2025 £m	Variance £m	Variance %
297.8	Profit before interest and tax	466.2	168.4	56.5
(124.6)	Net finance costs	(161.2)	(36.6)	(29.4)
0.6	Share of current year profit/(loss) of joint venture	(1.6)	(2.2)	(366.7)
173.8	Adjusted profit before tax	303.4	129.6	74.6
(0.2)	Current tax	(0.1)	0.1	50.0
173.6	Earnings for the purpose of adjusted basic and diluted earnings per share	303.3	129.7	74.7
299.4	Weighted average number of ordinary shares for basic earnings per share (m)	300.3	0.9	0.3
58.0	Adjusted basic EPS (pence)	101.0	43.0	74.1

ADJUSTED NET DEBT

31 March 2025 £m		30 September 2025 £m	Variance £m	Variance %
(784.7)	Bank loans	(787.4)	(2.7)	(0.3)
(8,798.0)	Other loans	(9,844.2)	(1,046.2)	(11.9)
(111.1)	Lease liabilities	(113.7)	(2.6)	(2.3)
1,044.8	Net cash and cash equivalents	1,449.2	404.4	38.7
23.1	Fair value accounting adjustments	18.6	(4.5)	(19.5)
9.4	Exchange on currency debt not hedge accounted	73.9	64.5	686.2
71.2	Loans receivable from joint ventures	53.8	(17.4)	(24.4)
(8,545.3)	Adjusted net debt	(9,149.8)	(604.5)	(7.1)

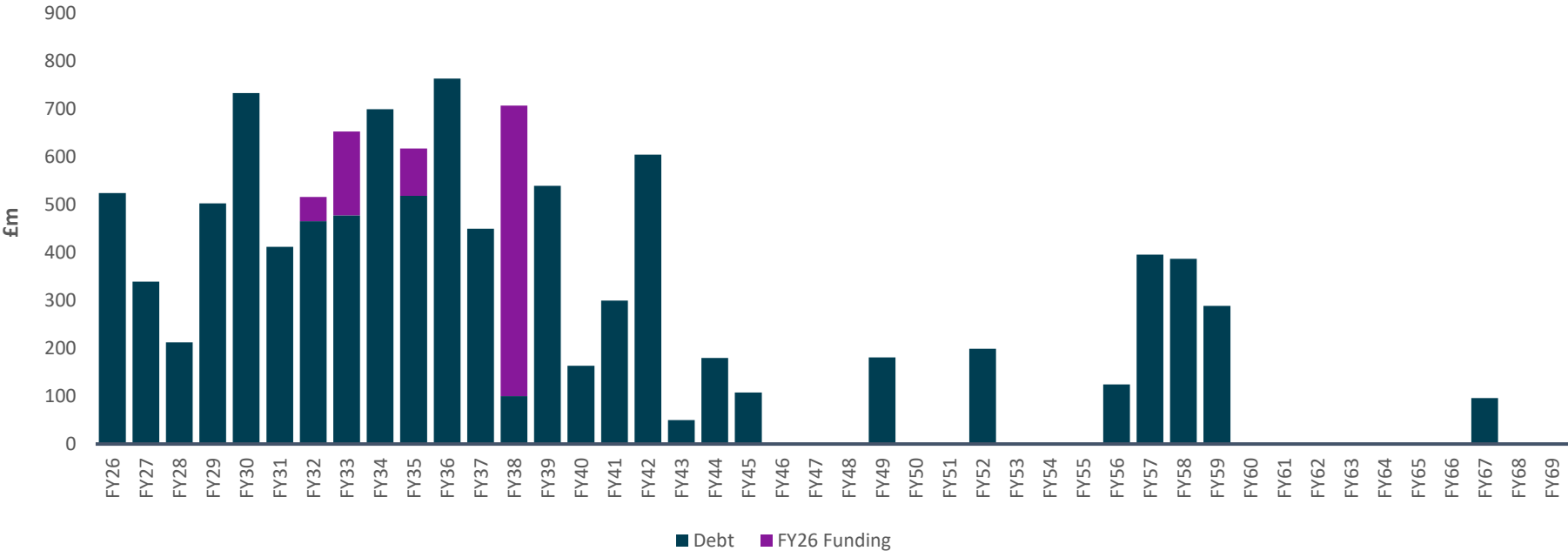
FAIR VALUE OF DEBT ¹

31 March 2025 £m		30 September 2025 £m	Variance £m	Variance %
(783.8)	Floating rate debt ²	(779.8)	4.0	0.5
(6,096.8)	Fixed rate debt	(7,164.6)	(1,067.8)	(17.5)
(1,703.4)	Index-linked debt	(1,647.4)	56.0	3.3
(8,584.0)		(9,591.8)	(1,007.8)	(11.7)
1,044.8	Net cash and cash equivalents	1,449.2	404.4	38.7
71.2	Loans due from joint venture	53.8	(17.4)	(24.4)
23.1	Fair value accounting adjustments	18.6	(4.5)	(19.5)
9.4	Exchange on currency debt not hedge accounted	73.9	64.5	686.2
(7,435.5)	Fair value of net debt	(7,996.3)	(560.8)	(7.5)
(8,545.3)	Adjusted net debt (previous slide)	(9,149.8)	(604.5)	(7.1)
(1,109.8)	Difference	(1,153.5)		

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.

DEBT MATURITY PROFILE



GEARING AND CREDIT RATINGS

31 March 2025			Adjusted net debt/RCV			30 September 2025 ¹		
62.7%			Regulated gearing			61.5%		
31 March 2025						30 September 2025		
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 regulated adjusted net debt of £8,832m (31 March 2025: £8,487m) and Hafren Dyfrdwy regulated adjusted net debt of £88m (31 March 2025: £81m) divided by estimated FD RCV of £14,511m, calculated using opening and closing FD RCV for the year.