

FULL YEAR 2022 RESULTS

25th
May

SEVERN
TRENT
WONDERFUL ON TAP



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.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as ‘anticipates’, ‘aims’, ‘due’, ‘could’, ‘may’, 'will', 'would', ‘should’, ‘expects’, ‘believes’, ‘intends’, ‘plans’, 'projects', ‘potential’, ‘reasonably possible’, ‘targets’, ‘goal’, ‘estimates’ or words with a similar meaning, and, in each case, their negative or other variations or comparable terminology. Any forward-looking statements in this document are based on Severn Trent's current expectations and, by their very nature, forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future.

Forward-looking statements are not guarantees of future performance and no assurances can be given that the forward-looking statements in this document will be realised. There are a number of factors, many of which are beyond Severn Trent's control, that could cause actual results, performance and developments to differ materially from those expressed or implied by these forward-looking statements.

These factors include but are not limited to: the Principal Risks disclosed in our latest Annual Report and Accounts (which have not been updated since the date of its publication); changes in the economies and markets in which the Group operates; changes in the regulatory and competition frameworks in which the Group operates; the impact of legal or other proceedings against or which affect the Group; and changes in interest and exchange rates.

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LIV GARFIELD

Chief Executive

2021/22 HIGHLIGHTS

Continuing to deliver for all stakeholders

- Financially supporting an additional 100,000 customers
- Launched Get River Positive pledges
- Progressing well with £566m Green Recovery programme
- Best-ever operational performance with £79m ODIs[1]
- Strong financial performance

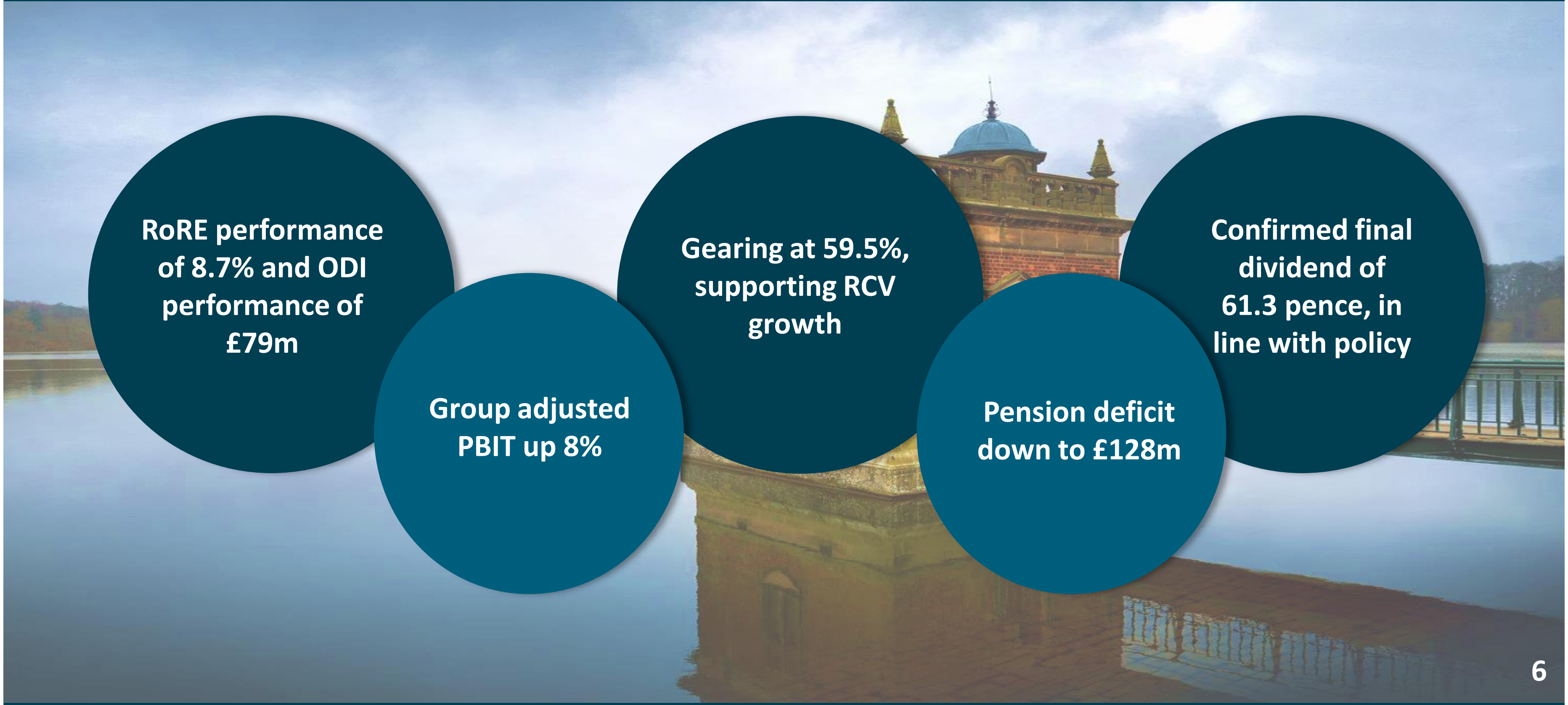
1. *Customer Outcome Delivery Incentives (ODIs) quoted in 2017/18 prices and pre-tax (applying corporation tax at 25%, the rate expected to be applicable when the ODIs are taken to revenue) unless otherwise stated.*

JAMES BOWLING

Chief Financial Officer

FULL YEAR FINANCIAL HIGHLIGHTS

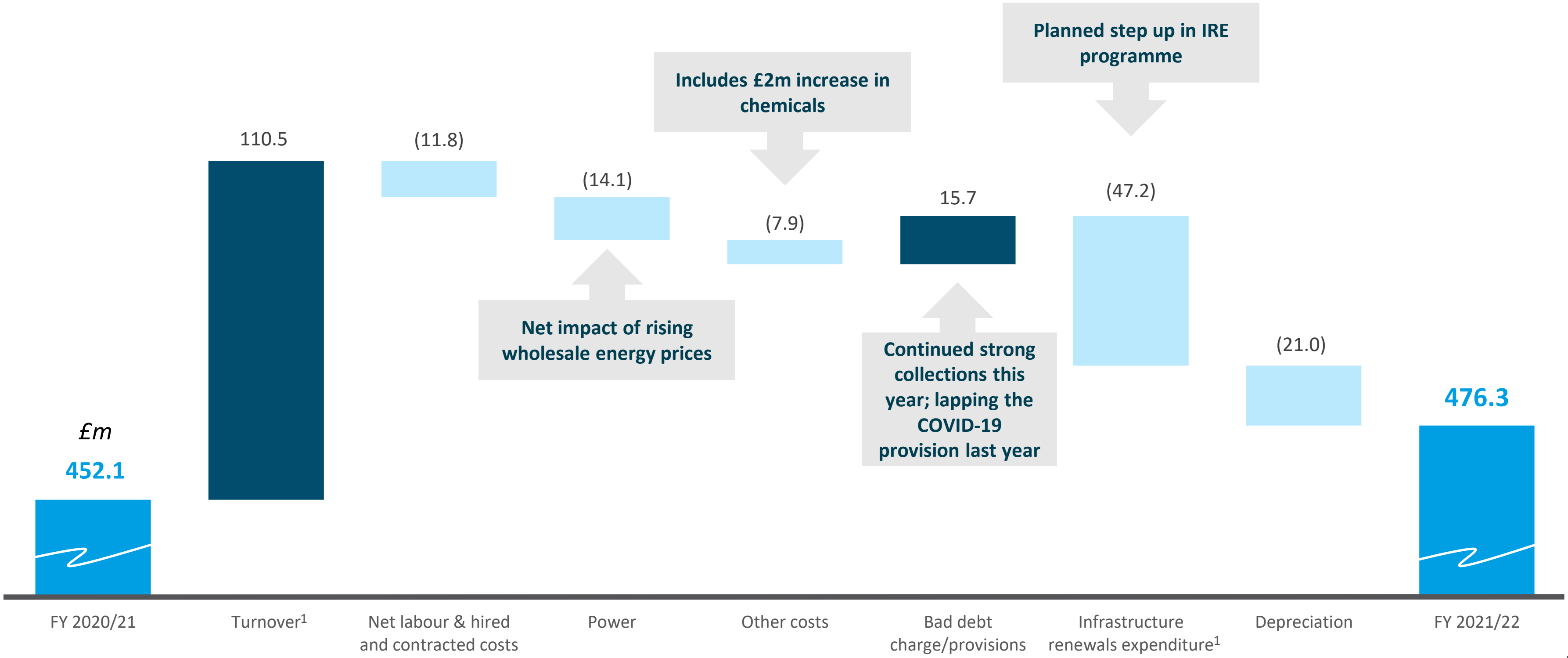
Strong financial performance, robust balance sheet, resilient business model



- RoRE performance of 8.7% and ODI performance of £79m
- Group adjusted PBIT up 8%
- Gearing at 59.5%, supporting RCV growth
- Pension deficit down to £128m
- Confirmed final dividend of 61.3 pence, in line with policy

REGULATED WATER AND WASTE WATER PBIT

PBIT up 5% driven by recovery of revenue and improved customer collections



1. *Turnover includes £25.9 million of diversions activity, largely driven by HS2, which offsets expenditure in IRE.*

BUSINESS SERVICES

Strong performance in Business Services with earnings growth across the portfolio

Turnover	EBITDA	Adjusted PBIT
£143.6m *+6.6%*	£53.2m *+35.4%*	£38.5m *+49.2%*

Operating Services

Increased project work and **improved performance** on MoD and Coal Authority contracts

Property Development

£13m profit in the year; **half way** to our ten-year target of **£100m PBIT by Nov 2027**

Green Power

EBITDA up **24%** driven by **improved generation** and **increased energy prices**

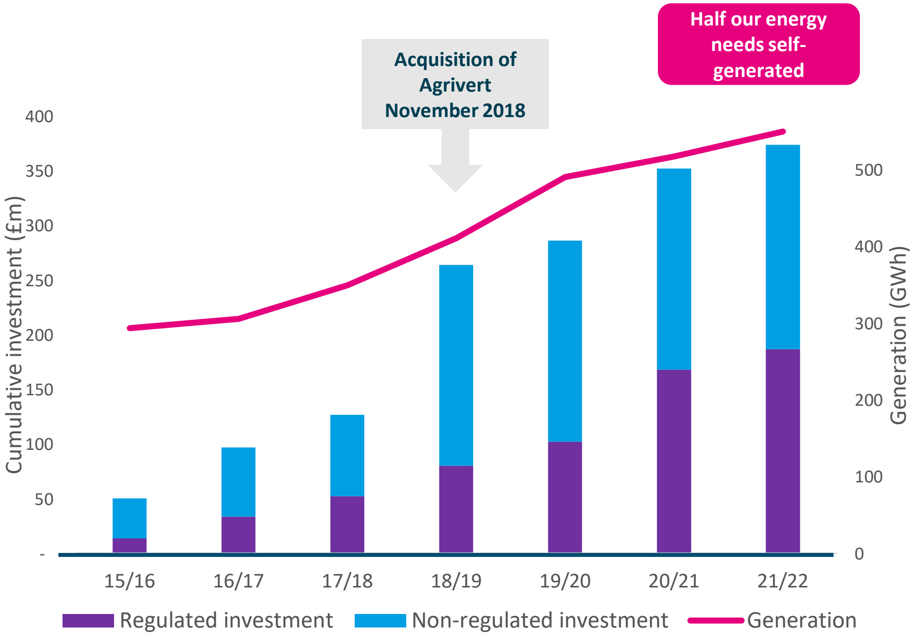
Record generation of **277GWh** from our non-regulated renewable energy sites

Second largest food waste business in the UK with over 500k tonnes of food waste recycled in the year

RENEWABLE ENERGY

A decade of investment delivering financial returns, Net Zero benefits and energy price hedging

£370m of investment in renewable energy generation, **mitigating the impact of rising market energy prices today** and **supporting our journey to Net Zero**



Benefitting from our natural hedge today

Group consumption of 1,090 GWh **offset by self-generation** of 550 GWh in **Bioresources and Green Power**[1]

Regulatory sharing mechanism results in **minimal impact from today's wholesale prices** on STW RoRE and Group RoE

Remaining P&L volatility from wholesale prices **managed through external hedging** agreements, **c.90%** of energy for FY23 **hedged**

1. *Figures include electricity and gas equivalent consumption and generation.*

INFLATION

Protecting our stakeholders in an inflationary world

Inflation-linked returns for our shareholders

Inflation-linked dividend growth for our investors

Improved financial resilience from **decreased gearing**

1% of inflation = c.2% equity return due to STW's capital structure, forecast inflation increasing our **AMP7 RCV growth by 18 percentage points**

Regulatory model indexation protection; **RoRE financing outperformance benefitting** from our considered debt strategy

Supporting our customers

Offering support to an **additional 100,000 customers** who are struggling to pay, through an enhanced **affordability scheme**

Smoothing customers' bills by deferring ODIs to future periods

Running our business efficiently to **keep future bills down**

Short-term impact

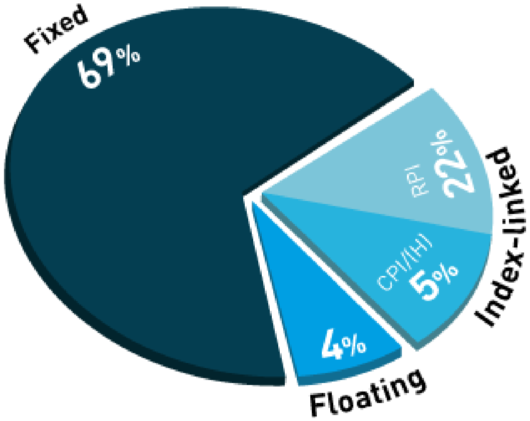
Revenue	↑	CPIH element built into our regulated revenue
Opex & Capex	↑	Increase in chemicals, fuel, energy and some capital costs
Finance costs	↑	Impact of inflation on our 27% index-linked debt

PLEASE CLICK BELOW FOR MORE ABOUT OUR AFFORDABILITY SCHEME

[HTTPS://YOUTU.BE/VBAHML3E5EE](https://youtu.be/VBAHML3E5EE)

FINANCING STRATEGY

Active treasury management providing resilience and returns in today's inflation environment



Majority of our debt is now fixed at **low interest rates; a low level of index-linked debt** relative to the sector reduces the impact of inflation on our finance costs

Recognised in Ofwat's Monitoring Financial Resilience report as a company with **stronger levels of resilience**

Net debt[1]	**£6,508m**
Average debt maturity	**13 years**
Index-linked debt	**27%**
Sustainable facilities agreed	**£1.1 billion**
Gearing[2]	**59.5%**

1. Includes cross currency swaps and loan receivable from joint venture.
2. Based on Severn Trent Water Group regulated net debt of £6,044m (31 March 2021: £6,152m) and HD regulated net debt of £36m (31 March 2021: £36m).

FINANCING PERFORMANCE

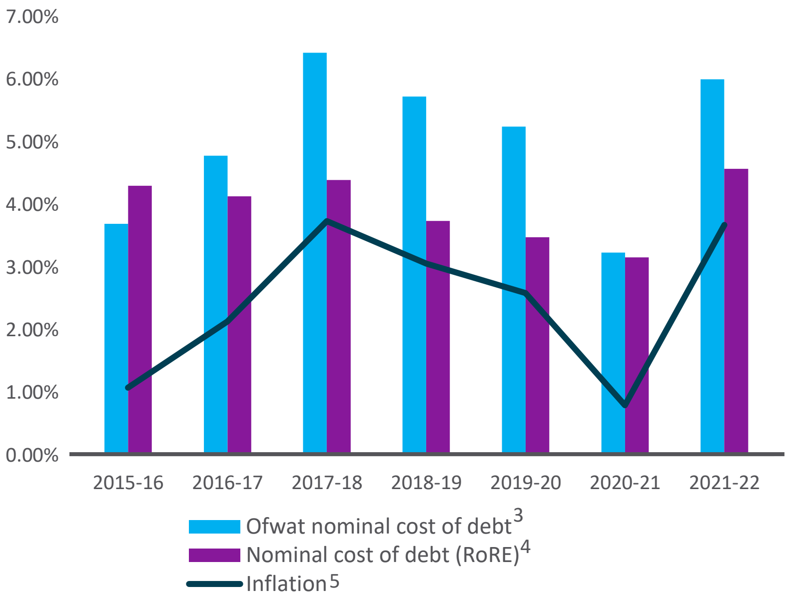
Cash cost of interest down, continuing to raise new finance below the iBoxx

Effective cash cost of interest[1]	**3.0%** down 10bps
Effective interest cost[2]	**4.7%** up 130bps

Continuing to outperform the iBoxx on all new debt raised

£500m new debt raised in the year,
£400m through our **Sustainable Finance Framework**

Track record of outperforming the nominal debt allowance

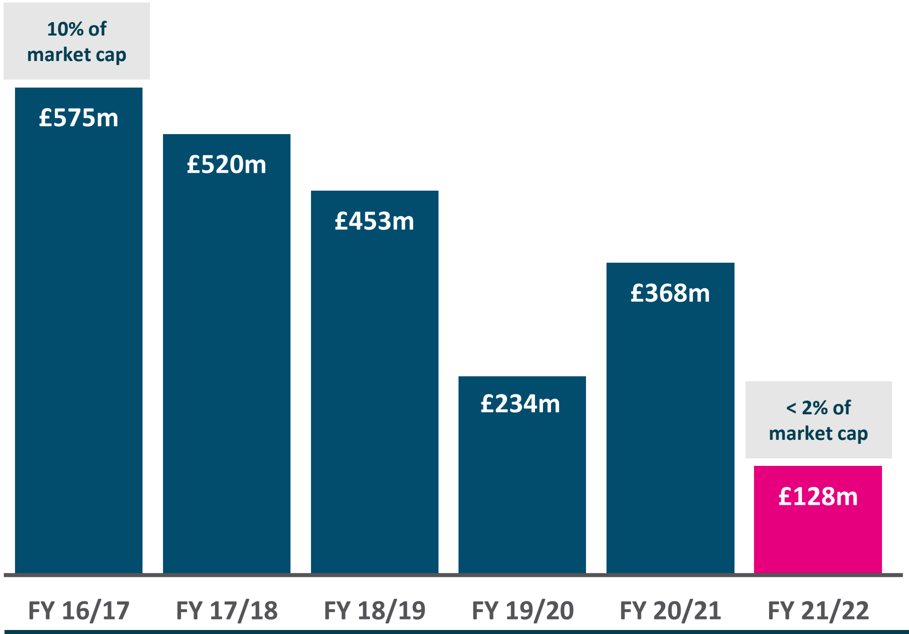


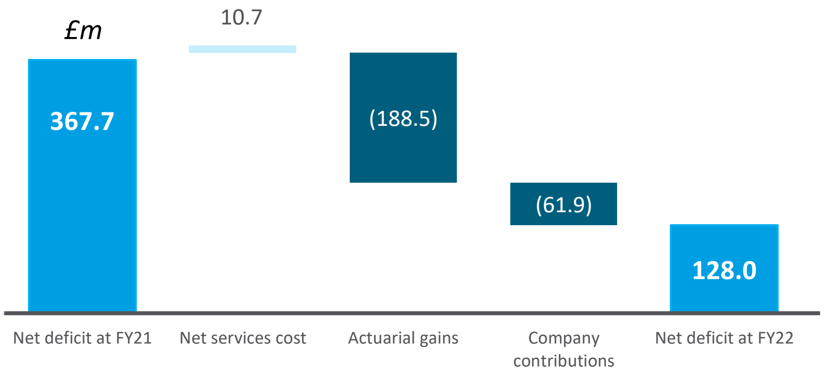
1. *Excludes inflation roll up on index-linked debt and net pension finance costs.*
2. *Includes inflation roll up on index-linked debt and capitalised interest, but excludes net pension finance costs.*
3. *Ofwat nominal cost of debt allowance calculated in line with Final Determination for AMP6 and AMP7, updated for actual inflation.*
4. *Severn Trent Water nominal cost of debt calculated in line with Ofwat RoRE methodology.*
5. *Inflation in years up to 2019-20 based on RPI; inflation in years 2020-21 to 2021-22 based on CPIH.*

PENSIONS PERFORMANCE

Strong asset performance, effective hedging, significantly reduced pension deficit

Deficit reduced by £400m since 2016/17– ahead of triennial plan





Continued sustainable cash contributions in line with trustee agreement

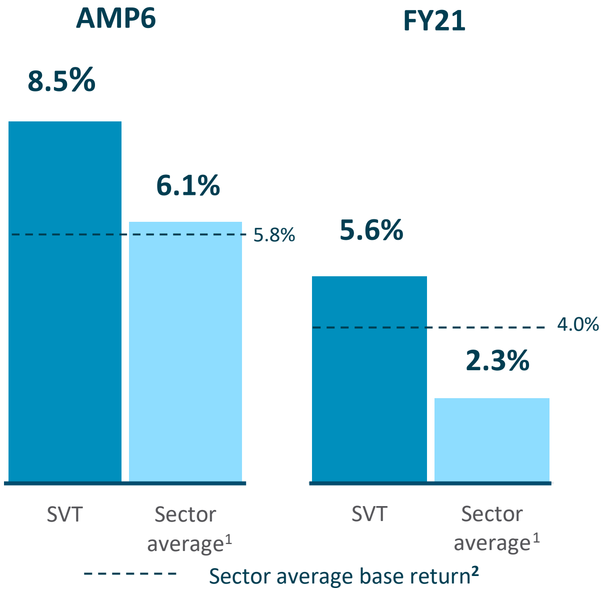
Increased hedging in place to reduce the impact of fluctuations in interest rates and inflation

Positive position to negotiate our triennial valuation on 31st March 2022

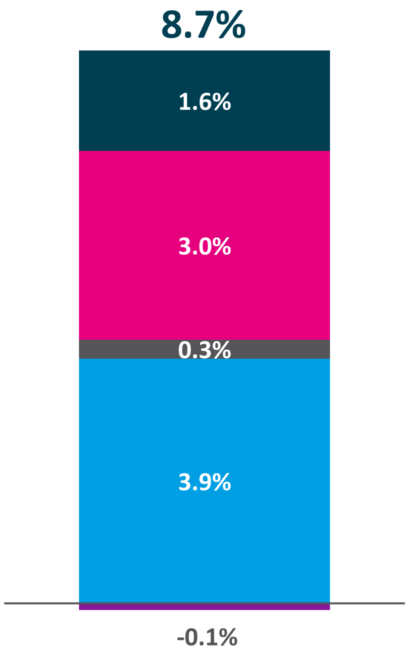
RETURN ON REGULATORY EQUITY

Strong RoRE: solid cost control, best-ever ODIs and financing outperformance

Consistently outperforming the sector average



FY22 RoRE



Best-ever performance with £79m on **Customer ODIs**

Financing returns[3] boosted by active treasury management and inflation strategy

Benefitting from 0.3% **fast-track premium[4]**

Continuing to outperform the **base return**

Totex allowance spent efficiently, delivering for our customers and environment

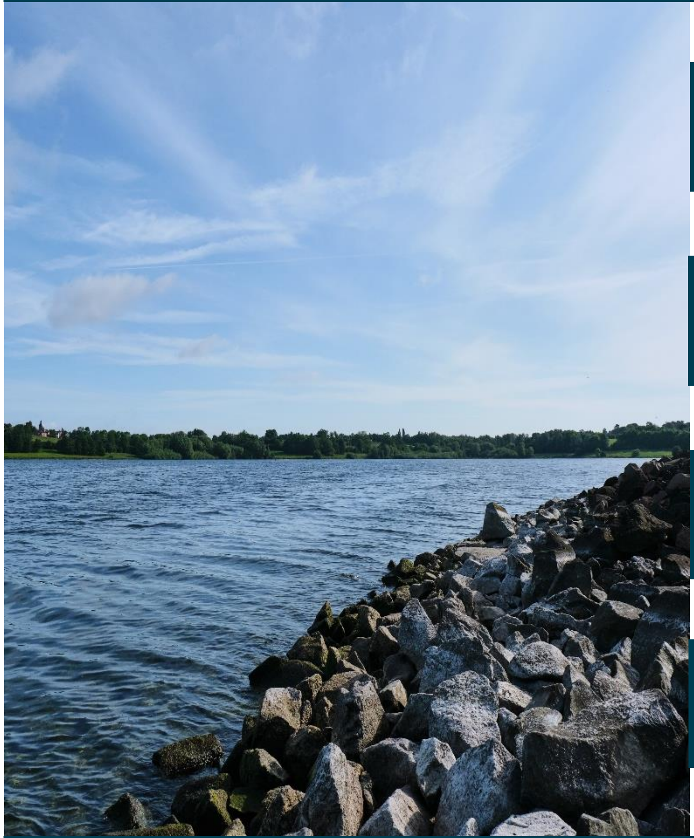
1. *Severn Trent and sector average RoRE taken from Ofwat's Monitoring Financial Resilience reports. Sector average includes all 17 companies in the sector in England and Wales.*
2. *The average of all water only and water and waste companies' base return. Severn Trent base return was 5.6% for AMP6 and 4.2% for year 1 of AMP7, including 0.3% fast-track premium.*
3. *Includes 1.0% for the variance on tax from the benefit of super deduction capital allowances and a prior year tax credit.*
4. *Fast track reward taken over the first two years of AMP7.*

FY23 TECHNICAL GUIDANCE

Regulated Water and Waste Water		FY22 Outturn	Year-on-year
Turnover[1]	£1.97 billion to £2.02 billion. Includes c.£60 million[2] for diversions income related to HS2, which is broadly offset in IRE.	£1.80bn	▲
Power costs	The Group has a natural economic hedge against higher energy prices, with Bioresources and Severn Trent Green Power generating the equivalent of around half of Group consumption. Reported RWWW power costs are expected to be c.£50 million higher year-on-year, with further wholesale price pressure broadly offset by higher revenue in Bioresources and Green Power.	£114m	▲
Other operating costs	Higher year-on-year, including £20 million increase in Green Recovery related opex, higher chemicals costs and other increases in line with inflation.	£631m	▲
Infrastructure renewals expenditure ('IRE')	c.20% higher year-on-year, including an increase in HS2[2] activity (which is broadly offset in turnover), together with an increase in base spend in line with AMP7 plan.	£198m	▲
ODIs[3]	Continued outperformance on increasingly stretching targets, delivering a net reward of at least £50 million.	£79m	▼
Business Services			
EBITDA (excl. property)	Higher year-on-year driven by increased revenue in Severn Trent Green Power.	£40m	▲
Property profit	On track to deliver £100 million profit over ten years to 2027. 2022/23 profits around 50% lower year-on-year due to timing of sales.	£13m	▼
Group			
Interest charge	c.20% higher year-on-year based on latest inflation[4] and interest rate forecasts.	£269m	▲
Adjusted effective current tax rate[5]	Adjusted effective current tax rate of around zero due to "super deduction" and other accelerated capital allowances on our substantial capital investment programme.	0.6%	↔
Capital investment[6]	£575 million to £675 million including Green Recovery, with the majority of spend in the second half of the year.	£604m	▲
Dividend[7]	2022/23 dividend of 106.82 pence, in line with our policy of annual growth by CPIH.	102.14p	▲

1. *Includes presentation of deferred income and diversions income released to turnover in the income statement.*
2. *For 2021/22, income and costs related to HS2 were £27 million respectively.*
3. *Customer Outcome Delivery Incentives are quoted pre-tax in 2017/18 prices. We assume a 25% rate of corporation tax to be in place when ODIs are taken into revenue.*
4. *Based on Oxford Economics inflation forecast, with index-linked debt comprising c.27% of our total debt.*
5. *Total effective tax rate is expected to be c.23%. This includes both current and deferred tax charges.*
6. *Guidance now set on an accruals basis; previously we have used a cash figure. 2021/22 cash capex was £594m. A full reconciliation on both the old and new basis can be found in our alternative performance measures in note 17 of our results announcement.*
7. *2022/23 dividend growth rate based on November 2021 CPIH of 4.6%.*

FINANCIAL SUMMARY



Strong financial performance, well positioned in a higher inflation environment

Customer ODIs expected to be at least £50m for FY23, in addition to over £150m earned in the AMP so far

Robust balance sheet, pension deficit down, gearing at 59.5% to support RCV growth

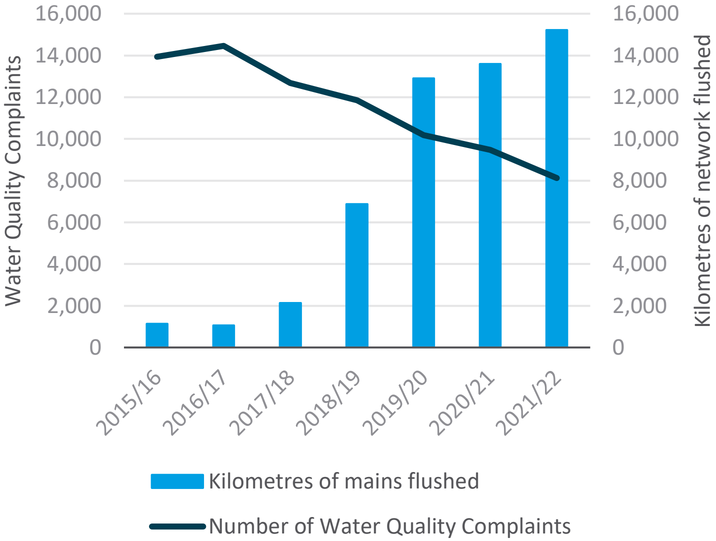
FY23 dividend expected to be 106.8 pence, in line with our CPIH-linked policy

LIV GARFIELD
Chief Executive

STRONG YEAR IN WATER

AMP6 investment and continued focus driving improvements

Water Quality Complaints vs Network Flushing



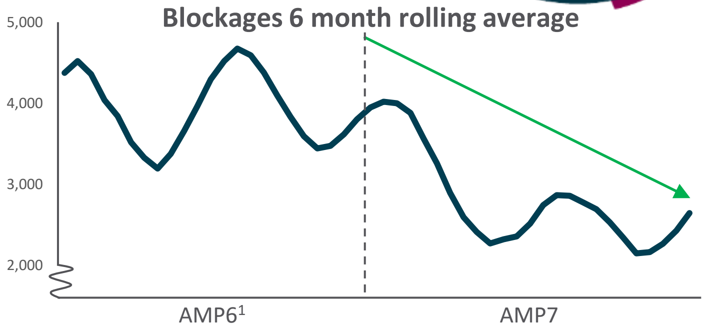
£15m reward[1]	10 out of 12 ODIs green
Water quality improvements	Water quality complaints **down 14% this year,** 44% down since 2016
Persistent low pressure	**10% reduction this year** following installation of localised pumping stations
Leakage reduction	Installation of over **110,000 meters** supporting our leakage plans

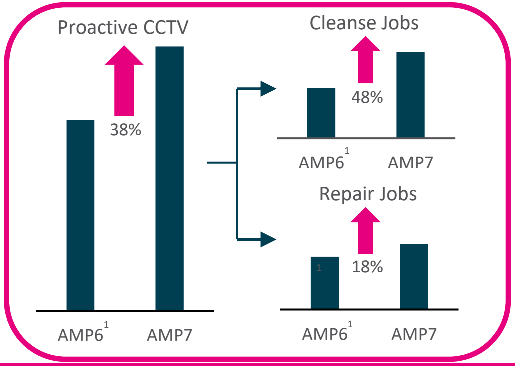
1. £ Group net reward after sharing. Figures quoted pre-tax and in 2017/18 prices unless otherwise stated. Number of measures reflect financial and non-financial ODIs for Severn Trent Water.

LEADING IN WASTE

Multi-pronged approach driving frontier performance

£34m reward	6 out of 8 ODIs green
Continued reduction in blockages	**Down 4% this year,** 33% down in AMP7 through investment in network repairs and cleansing
Mixed results on flooding	**13% reduction** in internal sewer flooding but a tough final quarter on external
Pollutions outperformance	Maintained strong performance, **outperforming target by 8%**





1. AMP6 data reflects 2018-2020. AMP7 data reflects 2020-2022.

MORE INFORMATION ABOUT THE EPA MEASURE-SET

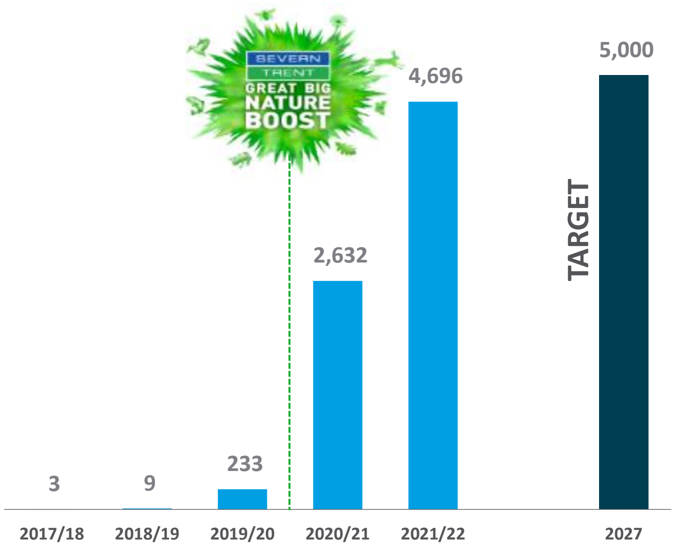
[HTTPS://YOUTU.BE/FN7NDNYCXSQ](https://youtu.be/FN7NDNYCXSQ)

ENHANCING OUR ENVIRONMENT

Building an environment for the future

£21m reward	All 4 ODIs green
4* EPA status	Confident in achieving for a third consecutive year
Great Big Nature Boost success	**Achieved over 90%** of our biodiversity improvement ahead of 2027 target
Progressing to Net Zero by 2030	Multiple trials underway

Biodiversity - net improvement (Hectares)



GET RIVER POSITIVE

Our five pledges to help transform the rivers in our region by 2030

We have reduced phosphate and ammonia from our operations since 1990s by **80%** and **72%** respectively

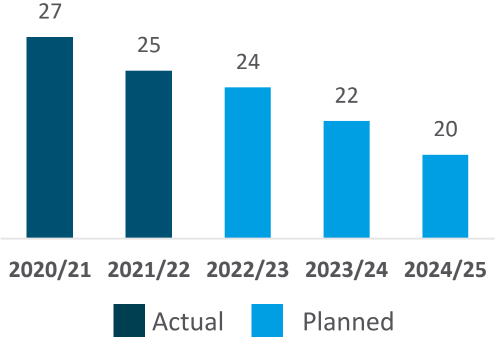
24% of RNAGs[1] are attributable to the water industry and we are **supporting others** to reduce their share too

We have **further to go** and welcome recent focus and tougher environmental targets

Our pledges

- **1. No harm to rivers from our operations**
- **2. Bathing quality rivers**
- **3. New deal for farmers**
- **4. New habitats for wildlife**
- **5. Transparent reporting on progress**

We will reduce the average number of spills to 20 by 2025



We will reduce the number of RNAGs to ZERO by 2030

TODAY	960
2025	700
2030	ZERO

1. *The Environment Agency's analysis of Reasons for Not Achieving Good Status (RNAGs) record the source, activity and sector involved in causing waters to be at less than good status.*

CLICK BELOW TO HEAR MORE ABOUT OUR WETLANDS INVESTMENT AT CINDERFORD

[HTTPS://YOUTU.BE/52AAKVSRYYC](https://youtu.be/52AAKVSRYYC)

INVESTING IN OUR FUTURE

Making good progress with AMP7 capital programme and Green Recovery

£604m capital invested this year

10% increased investment AMP to date vs last AMP

Delivered **100% of WINEP schemes** for this year

On core programme, live working on **over 10%** more sites vs last AMP

Waste treatment projects **75%** designed

70% of AMP7 WFD critical components procured in advance

£575m-£675m capital investment expected in Year 3

£566m Green Recovery programme underway

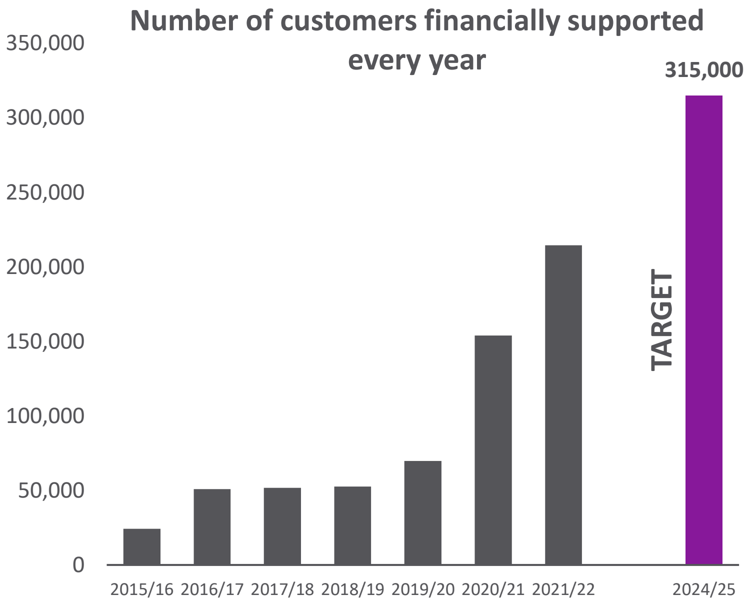
All schemes mobilised delivering solutions to our biggest challenges

- **The greening of Mansfield**
- **Two new bathing rivers**
- **Replacing lead pipes**
- **Acceleration of AMP8 WINEP schemes**
- **Increasing water supply capacity by 89 Ml/d**
- **Rolling out smart meters**

DELIVERING FOR OUR CUSTOMERS

Driving improvements in areas that matter for our customers

£9m reward	All 9 ODIs green
Making a difference	Today announcing financial support for a further **100,000 customers**
Increased multi-channel use	New virtual meter reading team **resolving 80%** of contacts without field visit
Customer service excellence	Leading the sector in D-MeX, C-MeX in reward for the first time



Graph illustrates 'Help When You Need It' performance measure.

OUR PEOPLE, OUR COMMUNITIES

Delivering benefits for our region

Community Fund	c.£2m awarded to 73 projects
New talent programmes	**47%** from social mobility cold spots
Embracing D&I	A Stonewall **Top 50 Employer** and 5th in the **Social Mobility Index**
Consistent retention levels	'**Best employee experience**' by CIPD and top 10% global utility engagement score

SUMMARY

Strong RoRE of 8.7%

88% of STW ODI measures in positive territory

Forecast AMP7 10.8% real RCV[1] growth

Additional 100,000 customers supported

1. Nominal RCV growth for the Group of 28.6% based on the Office of Budget Responsibility March 2022 forecast of inflation; includes Green Recovery and real options.

APPENDIX

GET RIVER POSITIVE – OUR PLEDGES

1. Ensure storm overflows and sewage treatment works do not harm rivers

- Based on Environment Agency measures (RNAGS), our operations will not be the reason for unhealthy rivers by 2030.
- We will reduce spills from storm overflows to an average of 20 per year by 2025.
- Using better data we will find and fix problems quicker than ever before at no extra cost to customers.

2. Create more opportunities for everyone to enjoy our region's rivers

- We will ensure that 90 percent of people in our regions live within an hour's drive of a bathing site.
- We'll improve 50km of rivers in Warwickshire and Shropshire, creating 15km of bathing quality rivers by 2025 and have plans to double the amount of bathing quality rivers in the Midlands within 10 years.
- We will work with local clubs to increase opportunities for water-based activities at our reservoir sites, starting this year.

3. Support others to improve and care for rivers

- On 1st May this year, we collectively launched a new deal for farmers, that includes incentivising regenerative farming practices in our region and providing access to green financing (through partnership working).
- We will campaign for the removal of the automatic right to connect for new development, i.e. building new homes.
- We will champion the Bill to ban wet wipes that contain plastic and will lobby for a ban on all wet wipes that are not 'Fine to Flush'.
- We will launch regional River Forums bringing all contributors to river health together.
- Later this year we'll launch a Get River Positive Community Fund to support community groups and charities wanting to/helping improve our region's rivers.
- We'll use our convening powers to help others address their contribution to river health* including hosting a Midlands River forum to bring all contributors to river health together.

4. Enhance our rivers and create new habitats so wildlife can thrive

- By 2030 we will have established new habitats for native species of wildlife, such as great crested newts, beavers, otters and cuckoos, in the Midlands - so our natural communities can thrive.
- Our River Rangers will work with community groups and organisations such as Warwickshire Wildlife Trust to care for rivers and address issues across our region.
- Our Get River Positive Community Champion volunteers will work with Waterside Care and the Canal and River Trust to clean and restore rivers and river banks across our region.
- We'll plant over a million trees across our region by 2025, and 1.3 million by 2027.

5. Open and transparent about our performance and our plans

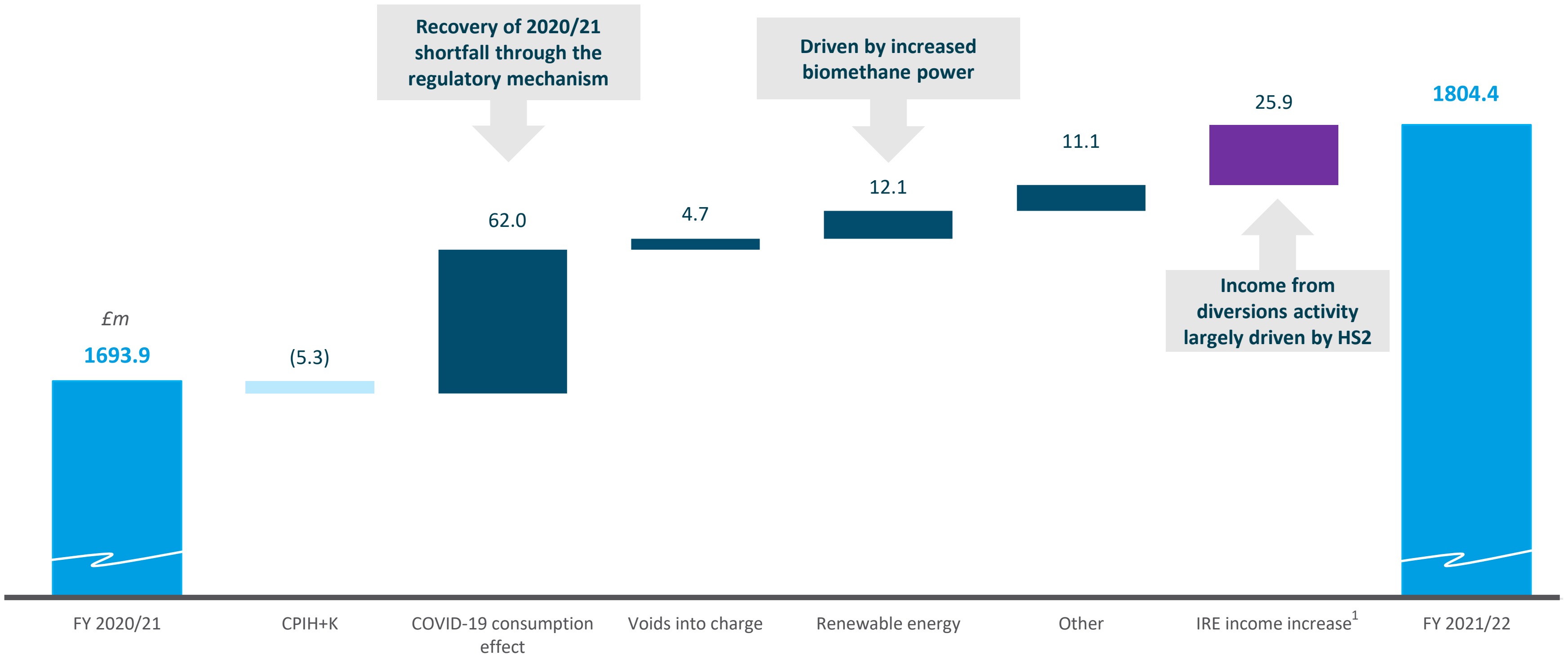
- We will work with NGOs to ensure we provide the river quality information people want and need to see by the end of 2022.
- We will make this information easily accessible via our websites by end of 2022.
- As well as 100% monitor coverage at our treatment works and on our storm overflows, later this year we will start monitoring wider river quality and share the results on our websites.

**Currently, 86% of rivers don't achieve good ecological status, with other sectors accounting for 76% of reasons for rivers not achieving good ecological status.*

For more information, please visit stwater.co.uk/get-river-positive

REGULATED WATER AND WASTE WATER REVENUE

Increased Regulated Water and Waste Water revenue as consumption returns to a normal level

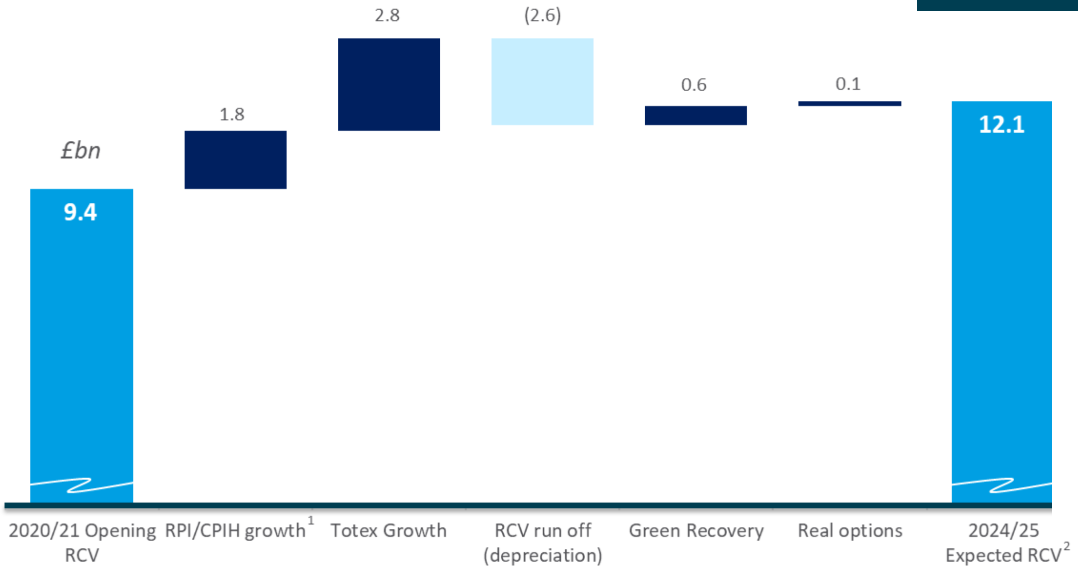


1. *£25.9 million of diversions activity, largely driven by HS2, which offsets expenditure in IRE.*

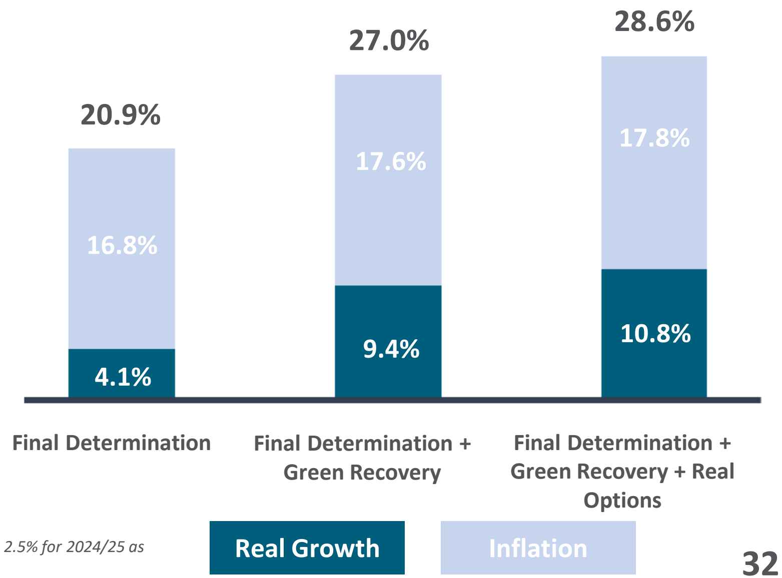
REGULATORY CAPITAL VALUE

Green Recovery and inflation driving RCV growth of 29%

Nominal growth of 28.6%
CAGR 5.2%
Real growth of 10.8%



Nominal RCV Growth



1. *Assumes forecast CPIH of 4.0% for 2022/23, 1.5% for 2023/24, and 1.9% for 2024/25 and forecast RPI of 5.5% For 2022/23, 2.3% for 2023/24 and 2.5% for 2024/25 as per the Office of Budget Responsibility March 2022 forecast.*
2. *Total midnight adjustment of £15m (2017/18 CPIH adjusted prices) as per Ofwat's PR19 Blind year adjustment consultation (September 2020) will be applied at PR24.*

ADJUSTED EBITDA[1]

2021 £m		2022 £m	Variance £m	Variance %
816.1	Regulated Water and Waste Water	**861.3**	45.2	5.5
39.3	Business Services	**53.2**	13.9	35.4
(4.9)	Corporate and other	**(6.7)**	(1.8)	(36.7)
850.5	**Severn Trent Group**	**907.8**	57.3	6.7

1. *Earnings before interest, tax, depreciation, amortisation and amortisation of acquired intangible assets.*

BUSINESS SERVICES ADJUSTED EBITDA[1]

	Regulated £m	Non Regulated £m	Total £m
Operating Services and Other	4.0	18.5	22.5
Green Power	0.2	17.3	17.5
Property Development	10.1	3.1	13.2
Adjusted EBITDA	14.3	38.9	53.2
Depreciation[2]	–	(14.7)	(14.7)
Adjusted PBIT	14.3	24.2	38.5

1. *Earnings before interest, tax, depreciation, amortisation and amortisation of acquired intangible assets.*
2. *Excluding amortisation of acquired intangible assets.*

SEGMENTAL ADJUSTED PBIT[1]

2021 £m		2022 £m	Variance £m	Variance %
452.1	Regulated Water and Waste Water	**476.3**	24.2	5.4
25.8	Business Services	**38.5**	12.7	49.2
(5.1)	Corporate and other	**(6.9)**	(1.8)	(35.3)
–	Consolidation adjustments	**0.4**	0.4	100.0
472.8	**Severn Trent Group**	**508.3**	35.5	7.5

1. *Profit before interest, tax and amortisation of acquired intangible assets.*

DEPRECIATION[1]

2021 £m		2022 £m	Variance £m	Variance %
364.0	Regulated Water and Waste Water	**385.0**	21.0	5.8
13.5	Business Services	**14.7**	1.2	8.9
0.2	Corporate and other	**0.2**	–	–
–	Eliminations	**(0.4)**	(0.4)	(100.0)
377.7	**Severn Trent Group**	**399.5**	21.8	5.8

1. *Including amortisation of intangible assets and depreciation of right-of-use assets, before amortisation of acquired intangible assets.*

NET FINANCE COSTS

2021 Income statement charge £m	2021 Capitalised interest £m	2021 Gross interest incurred £m		2022 Income statement charge £m	2022 Capitalised interest £m	2022 Gross interest incurred £m
162.5	30.4	192.9	Cash interest (including accruals)	**156.2**	**34.5**	**190.7**
5.4	–	5.4	Net pension finance cost	**6.7**	**–**	**6.7**
19.2	–	19.2	Inflation uplift on index-linked debt	**106.5**	**–**	**106.5**
187.1	30.4	217.5		**269.4**	**34.5**	**303.9**

ADJUSTED EARNINGS PER SHARE

2021 £m		2022 £m	Variance £m	Variance %
472.8	Adjusted profit before interest and tax	**508.3**	35.5	7.5
(187.1)	Net finance costs	**(269.4)**	(82.3)	(44.0)
3.6	Reduction in expected credit loss on loan receivable	**0.2**	(3.4)	(94.4)
289.3	Adjusted profit before tax	**239.1**	(50.2)	(17.4)
(33.0)	Tax at the adjusted effective rate of 0.6% (2021: 11.4%)	**(1.4)**	31.6	95.8
3.6	Current tax in relation to prior years	**4.8**	1.2	33.3
(8.9)	Share of current year loss of joint venture	**(2.2)**	6.7	75.3
251.0	Earnings for the purpose of adjusted basic and diluted earnings per share	**240.3**	(10.7)	(4.3)
238.1	Weighted average number of ordinary shares for basic earnings per share	**247.9**		
105.4	Adjusted basic EPS (pence)	**96.9**		

GROUP BALANCE SHEET

31 March 2021 £m		31 March 2022 £m	Variance £m	Variance %
10,261.4	Property, plant and equipment, right-of-use assets, intangible assets and goodwill	**10,609.3**	347.9	3.4
–	Investment in joint venture	**16.5**	16.5	100.0
15.2	Working capital	**14.8**	(0.4)	(2.6)
(1,259.1)	Deferred income	**(1,353.4)**	(94.3)	(7.5)
(367.7)	Net retirement benefit obligations	**(128.0)**	239.7	65.2
(43.2)	Provisions	**(60.3)**	(17.1)	(39.6)
(0.2)	Current tax	**6.2**	6.4	3,200.0
(906.0)	Deferred tax	**(1,320.6)**	(414.6)	(45.8)
(117.9)	Other derivative financial instruments	**(12.8)**	105.1	89.1
7,582.5	Capital employed	**7,771.7**	(189.2)	(2.5)
1,138.7	Equity	**1,263.9**	(125.2)	(11.0)
6,443.8	Net debt	**6,507.8**	(64.0)	(1.0)
7,582.5		**7,771.7**		

CAPITAL EXPENDITURE (NET CASH)[1]

2021 £m		**2022 £m**	Variance £m	Variance %
584.1	Regulated Water and Waste Water	**588.7**	4.6	0.8
9.1	Business Services	**5.6**	(3.5)	(38.5)
593.2	Severn Trent Group	**594.3**	1.1	0.2

1. Including purchases of property, plant and equipment, intangible assets, proceeds on disposal of property, plant and equipment and contributions and grants received.

NET DEBT

31 March 2021 £m		31 March 2022 £m	Variance £m	Variance %
(1,011.1)	Bank loans	**(782.5)**	228.6	22.6
(5,471.3)	Other loans	**(5,823.5)**	(352.2)	(6.4)
(121.3)	Lease liabilities	**(117.4)**	3.9	3.2
44.0	Net cash and cash equivalents	**107.7**	63.7	144.8
31.9	Cross currency swaps	**28.3**	(3.6)	(11.3)
84.0	Loan receivable from joint venture	**79.6**	(4.4)	(5.2)
(6,443.8)	Net debt	**(6,507.8)**		

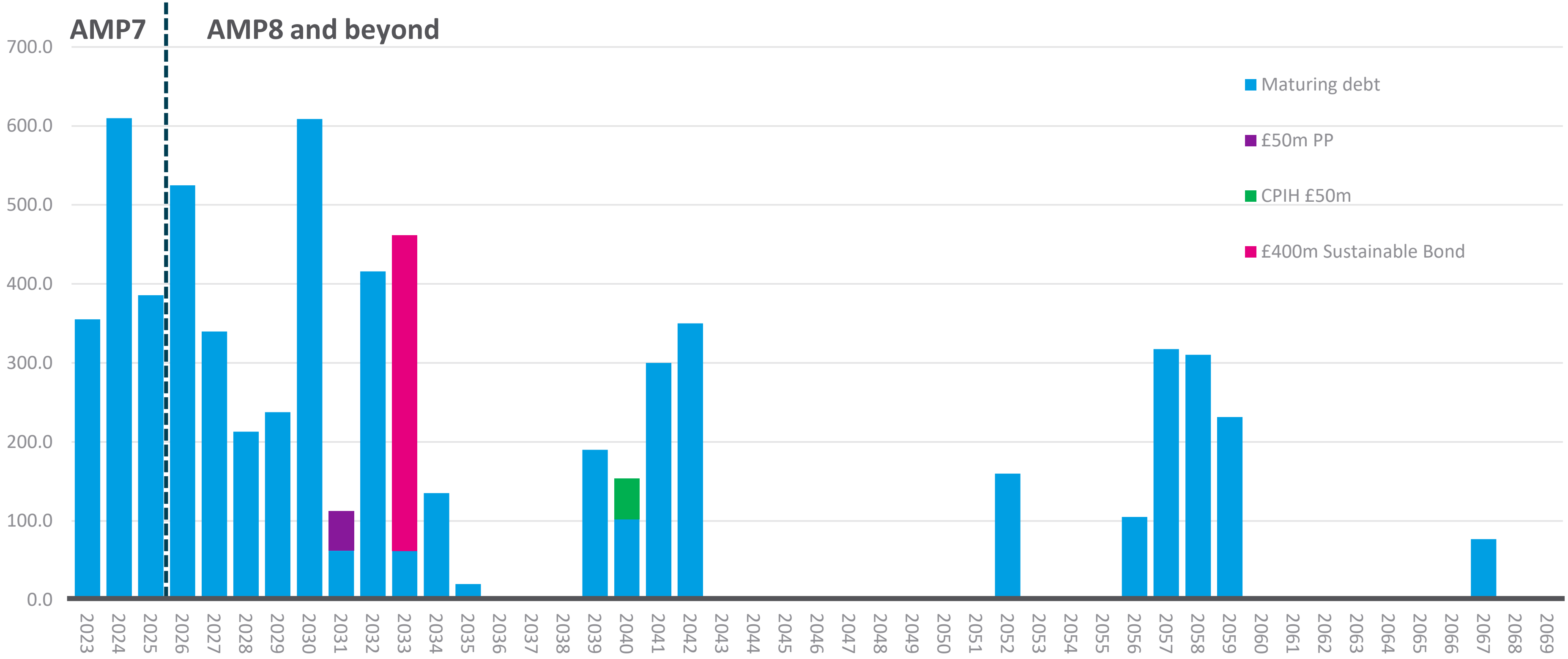
1. *Average monthly debt was £6,278.2 million (31 March 2021: £6,236.1 million).*

FAIR VALUE OF DEBT [1]

31 March 2021[2] £m		31 March 2022 £m	Variance £m	Variance %
(1,045.9)	Floating rate debt	**(814.0)**	231.9	22.2
(4,376.4)	Fixed rate debt	**(4,379.6)**	(3.2)	(0.1)
(2,636.3)	Index-linked debt	**(2,605.6)**	30.7	1.2
(8,058.6)		**(7,799.2)**	259.4	3.2
44.0	Net cash and cash equivalents	**107.7**	63.7	144.8
84.0	Loan receivable from joint venture	**79.6**	(4.4)	(5.2)
31.9	Cross currency swaps	**28.3**	(3.6)	(11.3)
(7,898.7)	Fair value of net debt	**(7,583.6)**		
(6,443.8)	Net debt (previous slide)	**(6,507.8)**		
(1,454.9)	Difference	**(1,075.8)**		

1. *The floating, fixed and index-linked debt classification above is shown before the impact of interest rate swaps or cross currency swaps.*
2. *Restated to reclassify three debt instruments between floating and fixed rate debt, resulting in a net £10.3 million increase in the fair value of fixed rate debt and a net £4.9 million decrease in the fair value of floating rate debt.*

DEBT MATURITY



On 9 May 2022 the Group completed the refinancing of an existing £100.0 million bank loan maturing in August 2023 with a new £150.0 million bank loan maturing in May 2030.

GEARING AND CREDIT RATINGS

30 September 2021	31 March 2021	Net debt/RCV[1]	31 March 2022
63.8%	67.5%	Severn Trent Plc Group[2]	**63.7%**
60.8%	64.5%	Regulated Gearing[3]	**59.5%**

31 March 2021			31 March 2022		
Severn Trent Water	Severn Trent Plc		**Severn Trent Water**	**Severn Trent Plc**	**Outlook**
Baa1	Baa2	Moody's	Baa1	Baa2	**Stable**
BBB+	BBB	Standard and Poor's	BBB+	BBB	**Stable**

1. *Estimated RCV at 31 March 2022.*
2. *Based on statutory net debt of £6,508m (31 March 2021: £6,444m).*
3. *Based on Severn Trent Water Group regulated net debt of £6,044m (31 March 2021: £6,152m) and HD regulated net debt of £36m (31 March 2021: £36m).*