

## Severn Trent Capital Markets Day

Today Severn Trent are hosting a Capital Markets Day to bring to life our ambitious plans for AMP8 and beyond following acceptance of the PR24 Final Determination in January.

We are confident we can deliver a third consecutive AMP<sup>1</sup> of sector-leading operational performance, including reducing leakage by over 30% in the decade to 2030<sup>2</sup>, and following our installation of 1,500 interventions on storm overflows in the last year, we are well on our way to delivering our ambition of halving spills by 2030.

As a result, we are guiding to net operational outperformance in AMP8 of over £300m in nominal prices<sup>3</sup>. This includes up to £50m in Price Control Deliverables (PCDs), with the rest derived from ODI<sup>4</sup> rewards. We anticipate outperformance rewards to be concentrated towards the later stages of the AMP, therefore we are guiding to at least £25m in ODI rewards for FY26.

As we grow our business, we are committed to driving efficiency to protect customer bills and enable strategic reinvestment of totex. We are utilising AI to produce better, greener, more efficient designs and our unique Plug and Play programme is helping to deliver capital works faster and cheaper together with our culture of working smarter, which we bring to life at the event.

This gives us confidence we will deliver our programme within our totex allowance with the flexibility to absorb unexpected costs and reinvest in strategic initiatives that will further improve performance, including:

- Improving standards and capacity at over 400 pumping stations, as well as hiring a dedicated team of technical experts, to prevent pollution incidents.
- Investing an extra £50m into infiltration programmes to keep groundwater out of our sewers and reduce processing and treatment costs.
- Further investment in our Waste Operational Control Centre that is using advanced monitoring technology to detect and prevent waste incidents before they occur.
- Investing to insource a 450-strong mains renewal team to replace 1,400km of pipework, that will support in reducing leakage.

Looking beyond AMP8, we see this as the beginning of a multi-decade investment cycle. In addition to the real RCV<sup>5</sup> growth of 45% in AMP8, our Long Term Delivery Strategy (LTDS) indicates an RCV growth rate of around 20% on average each AMP over the next 25 years, underpinned by investment to mitigate and adapt to climate change, population growth and tightening environmental standards.

## Virtual options

For those unable to join us in person today, videos from the day will be made available on our website ([severntrent.com](https://severntrent.com)) as soon as practicable after the event.

## Footnotes

1. The regulatory cycle is broken up into five-year periods known as AMP (Asset Management Plan) periods. The current period is known as AMP7 (2020-2025), and AMP8 refers to the next period of 1 April 2025 to 31 March 2030.
2. Based on a 2020 baseline.
3. Based on all outperformance being recognised in revenue in 2027/28, which is the earliest point we can recognise AMP8 ODIs, using November 2026 and 2021 CPIH. Equivalent to £250m in 2022/23 prices. All figures are presented net of tax.
4. A framework made up of customer outcomes, measures, targets and incentives which provides companies with

rewards for achieving stretching performance targets and compensates customers if performance is below performance targets.

5. RCV is used to measure the capital base of a company when setting price limits. The RCV increases each year by a proportion of totex that is set at each price review and by an adjustment for inflation. The RCV is reduced each year through the run-off mechanism (which is similar to depreciation of fixed assets). The run-off amount is recovered through revenue in the year. RCV Growth figure is stated inclusive of AMP8 transition spend, which has been accelerated into AMP7 and will be included in the AMP7 closing RCV. Real growth of 45% is equivalent to 64% in nominal prices. Excluding transition spend, real RCV growth is 40% in AMP8 and nominal RCV growth is 60%.

## **Enquiries**

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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.

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All written or verbal forward-looking statements, made in this document or made subsequently, which are attributable to Severn Trent or any other member of the group or persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. The final PR24 Business Plan determination may be subject to further clarification or verification by Severn Trent or Ofwat. This document speaks as at the date of publication. Save as required by applicable laws and regulations, Severn Trent does not intend to update any forward-looking statements and does not undertake any obligation to do so. Past performance of securities of Severn Trent Plc cannot be relied upon as a guide to the future performance of securities of Severn Trent Plc.

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