

Severn Trent Plc – Purchase of Agrivert

Severn Trent today announces the purchase of Agrivert Holdings Ltd and its subsidiaries containing the UK Operating businesses for a total consideration of £120 million.

Founded in 1994, Agrivert UK is a leader in renewable energy generation from food waste, with five well-established food waste anaerobic digestion (AD) plants and five green and comingled waste composting sites, located to the south and west of the Severn Trent region.

Agrivert's UK operations will be added to Severn Trent's existing non-regulated Green Power Business, and will be reported within the Business Services segment. The plants will complement Green Power's two operating food waste AD plants at East Birmingham (Coleshill) and West Birmingham (Roundhill) and one under construction in Derby (on track for commissioning by the end of the financial year). The acquisition will add 106 GWh per annum of energy generation to the 354 GWh currently produced by Severn Trent's broader energy and renewables portfolio.

The purchase of Agrivert UK will take Severn Trent's investment in energy and renewables to approximately £300m by 2020, reflecting its commitment to become a sector leader in sustainable resource efficiency, whilst driving down carbon emissions.

Liv Garfield, Severn Trent Chief Executive said; "We're delighted to welcome Agrivert UK into the Severn Trent Group. Renewable energy is strategically important to Severn Trent and the UK as a whole as we work towards achieving our decarbonisation targets and delivering attractive shareholder returns. Agrivert UK strengthens our established presence in anaerobic digestion where we have been leaders in the water sector for many years. We have worked in partnership with Agrivert UK on a number of projects in recent years and have been hugely impressed by their engineering capability and expertise."

Alexander Maddan, Agrivert's Chief Executive said "As we finalised the latest expansion of our AD fleet, it was a natural juncture to create an even more competitive business by combining Agrivert UK with the Severn Trent Group. Our familiarity with the Severn Trent Group gives us great confidence that the Agrivert UK business is being transferred into good hands, allowing Agrivert Limited to concentrate on the engineering and overseas markets."

The total enterprise consideration is £120 million, subject to customary closing adjustments, which will be paid from existing cash and bank facilities, including the repayment of approximately £60 million of debt at closing.

In the last full financial year ended 31/12/17 the acquired Agrivert businesses recorded revenue of £26million and EBITDA of £10 million.

It is anticipated the transaction will be completed by the end of the calendar year.

EY Corporate Finance acted as sole financial adviser to Severn Trent.

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.

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