



Water Purification – secures contract to provide world’s largest fixed film denitrification system

Severn Trent Services has been awarded a contract to supply their TETRA® Denite® denitrification system for use at the Baltimore City Department of Public Works' Patapsco Waste Water Treatment Plant. The tertiary treatment system will help reduce the plant's discharge of total nitrogen and total phosphorus, significantly reducing nutrients flowing to the Patapsco River and, ultimately, the Chesapeake Bay. The Patapsco Waste Water Treatment Plant is undergoing upgrades and expansion over the next two years. Once completed, it will be the largest installed fixed film denitrification system in the world.

Fixed film Denite application

Business review

Severn Trent Services – Overview

Our Severn Trent Services business is one of the world’s leading suppliers of water and waste water operational and treatment solutions. We are a respected global brand, known throughout the world for operating at the forefront of advanced water technology and for our quality, reliability and stability. We enjoy a strong position in our selected markets.

Platform for growth

Severn Trent Services remains focused on our core group skills of water and waste water treatment and operations complementary to our UK regulated business, Severn Trent Water.

Our Operating Services business performed well and continued to show year on year growth.

The first half of the year was challenging, particularly in our Water Purification and Analytical Services businesses. Our customers found difficulty in accessing project financing due to the economic slowdown, uncertainty about government economic stimulus packages, and declining oil prices. We quickly addressed these issues by restructuring the parts of the business most impacted and by lowering costs so that we were better positioned for growth on a global basis. At the same time we made appropriate measured investments to seed new markets and geographic areas, and to develop new technologies and products. Second half results in the

business improved when compared to the first half, reflecting an improved operating environment and a lower cost base in the business. This sequential growth in Severn Trent Services turnover and profit was 5% and 49% respectively, with Water Purification the largest contributor at 16% and 67% improvement respectively. Stronger market drivers, an increase in the pipeline of projects and a healthy order book give us confidence in our position for sustainable growth.

Turnover in Severn Trent Services was £336.5 million in 2009/10, down 0.8% on 2008/09. Profit before interest, tax and exceptional items was £28.7 million, down 5.9%.

We have three principal business groups

- **Operating Services** provides contract operating services to manage and maintain water and waste water plants and networks worldwide. We are a leading provider in the United States and United Kingdom, one of the few integrated water operators in Italy and are building our presence in Ireland.
- **Water Purification** is one of the leading global providers of advanced technologies and products for water and waste water disinfection, filtration, adsorption and marine/offshore waste water treatment.
- **Analytical Services** is a leader in UK environmental water testing services.

£207.2m

Turnover in our Operating Services business
2009 – £200.1m

£101.8m

Turnover in our Water Purification business
2009 – £107.6m

£27.5m

Turnover in our Analytical Services business
2009 – £31.6m



More information about Severn Trent Services
www.severntrentservices.com



We kept our position and our customers, we maintained our margins and we are ideally placed for the economic recovery.



Len Graziano
President and Chief Executive Officer

While the global recession has resulted in a slowdown this year, the market for water and waste water products and services remains strong with substantial prospects for growth in the four areas we serve. That is because the drivers of the water and waste water business – water scarcity, population growth, climate change and higher regulatory requirements – remain strong.

We focus on the higher growth and higher margin market segments and geographies where our broad line of products and services meet the significant needs of our customers.