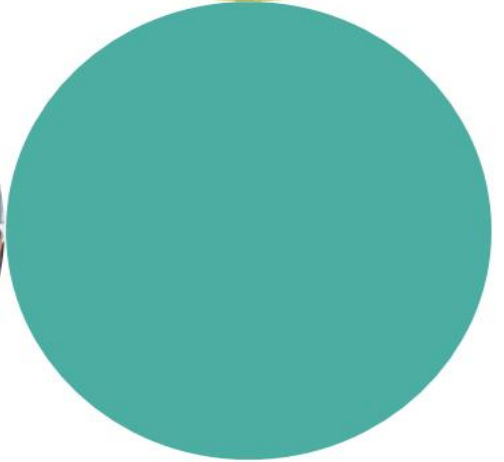
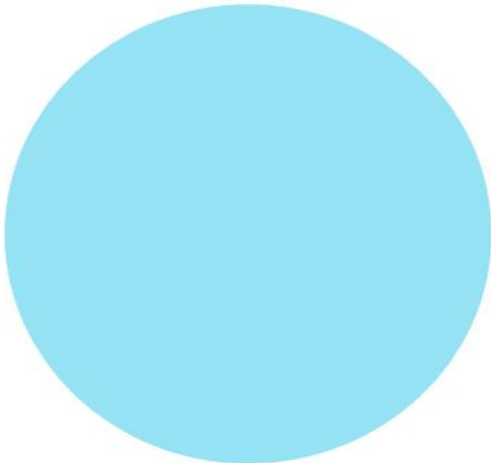


Quarterly Performance Report

March 2019



Financial Performance



Financial Results (\$'000s)

	9 months to March 2019			*PCP Last Year	Full Year 2018/19 SCI Budget
	Actual	Budget	Variance		
Operating revenue	1,937,661	1,998,570	(60,910)	1,812,372	2,660,295
Direct operating expenses	641,522	677,869	36,347	651,098	956,891
Depreciation / amortisation	367,152	378,881	11,729	360,704	510,133
Earnings before interest & tax (EBIT) ⁽¹⁾	928,986	941,821	(12,834)	800,570	1,193,271
less: Net interest expense	183,136	193,518	10,382	185,184	259,390
add: Developers' contribution	127,619	151,508	(23,888)	132,637	242,400
Operating surplus before tax	873,469	899,810	(26,341)	748,023	1,176,282
Income tax expense	261,564	269,803	8,239	224,430	352,430
Operating surplus after tax ⁽²⁾	611,905	630,007	(18,102)	523,593	823,852
Capital expenditure	474,580	506,610	32,030	563,350	738,279
Borrowings taken (repaid)	-	-	-	(5,794)	50,000
Net debt	5,851,801	5,870,235	18,434	5,862,534	6,213,985

Financial Performance Measures

	Full Year June 2018/19			Last Year Actual
	Forecast	Target	Variance	
Return on assets (%)	7.1	7.0	0.1	6.0
Debt to total assets (%)	35.0	34.9	(0.1)	35.1
Return on equity (%)	7.5	7.7	(0.2)	6.2

Net Accruals to Government (\$m)

	Forecast	Target	Variance	Last Year Actual
Represented by:				
Tax equivalents	362.0	367.4	(5.4)	288.4
Dividends provided	613.2	618.5	(5.3)	528.2
Operating Subsidies				
Non-Commercial Country Services	254.6	312.4	57.8	259.0
Revenue Concessions	166.0	149.2	(16.8)	148.0
Metropolitan Operations	(0.6)	2.7	3.3	2.0
Total Operating Subsidies	420.0	464.3	44.3	409.0
Net Accrual to Government ⁽³⁾	555.2	521.6	33.6	407.6

Comments

Year to date operating surplus after tax is \$18.1m unfavourable to target for the 9 months to 31 March 2019.

(1) Lower than assumed population growth is reflected in reduced water sales and together with a downward projection in operating subsidies, has contributed to the below budget revenue. This has been partially offset by lower operating expenses and depreciation as timing of spend is being optimised.

(2) Lower developers' contribution is attributed to reduced subdivision and development activity in the market and combined with lower net interest, income tax and the unfavourable EBIT result, has returned an unfavourable operating surplus after tax position of \$18.1m.

(3) Net Accrual to Government is projected to be higher due to the effect of a decrease in operating subsidies from Government (hence lower cost to Government).

* PCP - Prior Comparative Period.

Business Targets & Information



Performance Indicators

	Forecast	Full Year 2018/19		Status
			Target	
Our Customers and Stakeholders				
Customer Performance Index ⁽¹⁾	7.09	>=	7.30	Worse Than Target
Perth total per capita consumption (kL) ⁽²⁾	125	<=	125	On Target
Our Business				
Total cost per property (\$) ⁽³⁾	1,888	<=	1,981	Better Than Target
Net Accruals to Government (\$m)	555.2	>=	521.6	Better Than Target
People & Culture				
Safety Index	92.5	>=	92.5	On Target

Business Information

	Year to Date March	
	2019	2018
Water Properties Connected - Residential	994,842	981,574
- Non-Residential ⁽⁴⁾	125,767	126,454 ^(a)
Water Supplied - Metro (ML)	192,581	189,746
Wastewater Treated - Metro (ML)	103,030	101,790 ^(b)

Comments

- 1) Customer Performance Index forecast revised to reflect likely below target year-end performance score.
- 2) Perth total per capita consumption is forecast to achieve our corporate full year target, which is a reduction from last financial year (126kL).
- 3) The total cost per property is expected to be lower due to forecast operating costs being lower than target.
- 4) A portion of Non-Residential connections each year convert to Residential through the rezoning / development of land.

(a) Water Properties Connected - Non-Residential connections (March 2018) has been adjusted downwards based on auditors recommendation to exclude standpipe hire and abstraction meters for Perth Region.

(b) Wastewater Treated - Metro (ML) is adjusted downwards as a result of recalculation of flow data due to availability of new information.

Water Services Licence Compliance



The Water Corporation is required to comply with performance standards in our Water Services Licence. The table below summarises our expected performance against key Water Services Licence requirements.

Water Services Licence Measures	Forecast	March 2019		Variance	Notes
		Target			
Water Services					
Drought response (number of schemes on temporary restrictions)	0	n/a		-	
Services provided by agreement and farmlands - annual notification of conditions	95.0%	≥	95.0%	-	Reported Annually (Last result 95.8%)
Drainage - Design of new urban infrastructure	100.0%	=	100.0%	-	Reported Annually (Last result 100.0%)
Farmlands area water systems - pressure and flows are kept within the acceptable range	99.8%	=	99.8%	-	Reported Annually (Last result 100.0%)

Comments

The Water Corporation is committed to a high level of compliance in accordance with the Water Services Licence. There are no indications that these annual licence measures would not be achieved.

