Quarterly Performance Report

September 2019

Financial Performance



Financial Results ($'000s)

	3 months to September 2019			*PCP	Full Year 2019/20
	Actual	Budget	Variance	Last Year	SCI Budget
Operating revenue	609,106	621,258	(12,152)	603,687	2,742,288
Direct operating expenses	218,670	220,304	1,634	208,683	984,511
Depreciation / amortisation	125,970	125,424	(546)	121,289	530,426
Earnings before interest & tax (EBIT) (1)	**264,466**	**275,530**	**(11,064)**	**273,715**	**1,227,352**
less: Net interest expense	55,794	61,774	5,980	62,424	255,262
add: Developers' contribution	41,831	46,271	(4,440)	41,386	223,100
Operating surplus before tax	**250,503**	**260,027**	**(9,524)**	**252,677**	**1,195,190**
Income tax expense	75,147	77,912	2,765	75,811	358,102
Operating surplus after tax (2)	**175,356**	**182,115**	**(6,759)**	**176,866**	**837,088**
Capital expenditure	122,859	140,296	17,437	153,922	719,810
Borrowings taken (repaid)	-	28,261	28,261	1,124	110,000
Net debt	6,168,166	6,207,880	39,714	6,132,783	6,320,002

Financial Performance Measures

	Full Year June 2019/20			Last Year
	Forecast	Target	Variance	Actual
Return on assets (%)	6.8	7.3	(0.5)	7.1
Debt to total assets (%)	35.1	35.0	(0.1)	34.9
Return on equity (%)	7.1	7.7	(0.6)	7.4
Net Accruals to Government ($m)				
Represented by:				
Tax equivalents	339.0	360.9	(21.9)	360.7
Dividends provided	596.8	620.1	(23.3)	604.6
Operating Subsidies				
Non-Commercial Country Services	272.1	280.6	8.5	254.6
Revenue Concessions	156.8	171.1	14.3	166.0
Metropolitan Operations	2.0	1.1	(0.9)	(0.6)
Total Operating Subsidies	430.9	452.8	21.9	420.0
Net Accrual to Government (3)	**504.9**	**528.2**	**(23.3)**	**545.3**

Comments

Year to date operating surplus after tax is $6.8m lower than budget for the 3 months to 30 September 2019.

(1) Lower than assumed population growth is reflected in reduced service revenue and water sales, and together with a lower l evel of claims for operating subsidies in 18/19, 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 w ith lower net interest, income tax and the unfavourable EBIT result, has returned an unfavourable operating surplus after tax position of $6.8m.

(3) Net Accrual to Government is projected to be lower than budget due to lower profitability.

* *PCP - Prior Comparative Period.*

Business Targets & Information



Performance Indicators

	Full Year 2019/20			
	Forecast		Target	Status
Our Customers and Stakeholders				
Customer Performance Index	7.20	>=	7.20	On Target
Perth total per capita consumption (kL)	126	<=	126	On Target
Our Business				
Total cost per property ($) (1)	2,005	<=	1,999	Worse Than Target
Net Accruals to Government ($m) (2)	504.9	>=	528.2	Worse Than Target
People & Culture				
Safety Index	92.5	>=	92.5	On Target

Business Information

	Year to Date September	
	2019	2018
Water Properties Connected - Residential	1,000,810	988,625
- Non-Residential (3)	125,916	126,139
Water Supplied - Metro (ML)	49,541	47,578 (a)
Wastewater Treated - Metro (ML) (4)	34,890	37,044 (b)

Comments

1) The total cost per property is expected to be marginally higher due to additional costs related to commercial contracts in the North-West Region together with increased production (10GL) at our Southern Seawater Desalination Plant.

2) Net Accrual to Government is projected to be lower than budget due to lower profitability.

3) A portion of Non-Residential connections each year convert to Residential through the rezoning / development of land.

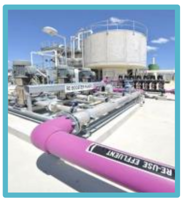
4) Wastewater treated has decreased over the same period last year due to lower rainfall and subsequently less water infiltration into the wastewater system.

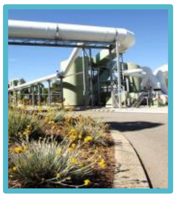
(a) Water Supplied - Metro (ML) is adjusted downwards as a result of the Annual Principal Statistics review.

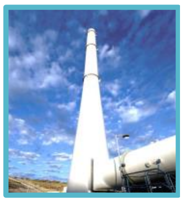
(b) Wastewater Treated - Metro (ML) is adjusted downwards as a result of recalculation of flow data due to availability of new information.

WATER CORPORATION

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

Water Services Licence Measures	September 2019 Forecast		Target	Variance	Notes
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 97.7%)
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.