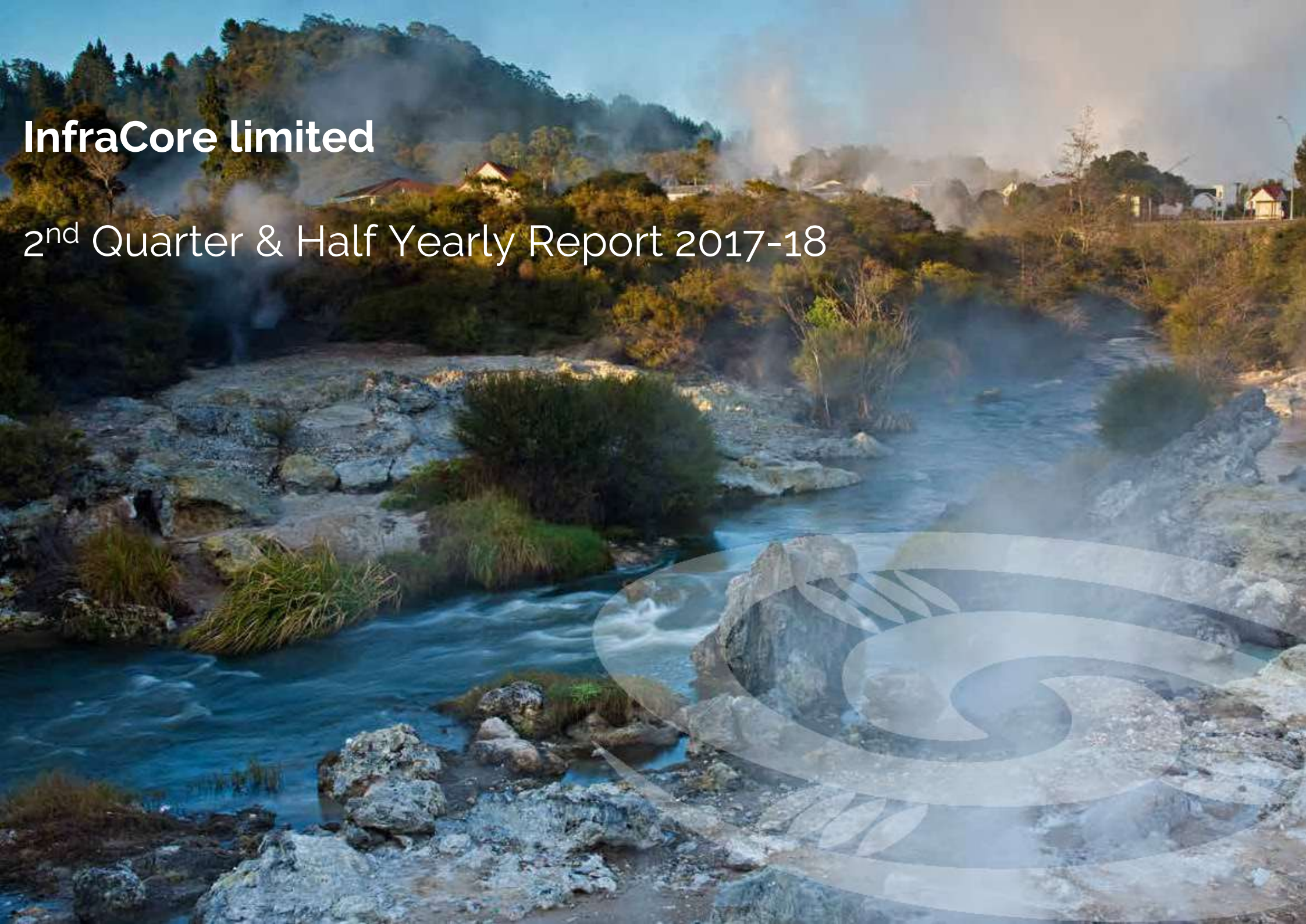


InfraCore limited

2nd Quarter & Half Yearly Report 2017-18



Quarter summary

Key points

- Financial results for quarter were mixed
 - The costs for Q2 were on plan, despite high materials spend
 - However, didn't recover the Q1 overrun
 - Have had success in picking up work, but not as much as planned
 - There has been an increase in RLC operational work, e.g.
 - Water reactive/repair volume up 7% on budget
 - A higher than expected amount of additional minor worksNot expected to continue as Council manages its budgets.
- Collective negotiations were completed in Q2
- New Field Services Management (FSM) system selected
 - Go live targeted for 1 July 2018
- Nursery review completed and changes implemented

Financial position for quarter

Summary P&L \$M

	Budget For 1H 2017/18	Actual For 1H	Variance vs budget + = better - = worse
Income from RLC for core work	5.32	5.36	+0.04
Income from RLC for other work	0.43	0.67	+0.24
Income from RLC for major projects	0	0	0
Income from other sources	0.99	0.63	-0.36
Total Income	6.75	6.67	-0.08
Business costs	-6.17	-6.28	-0.11
Cost of services off Council (Inc rent)	-0.46	-0.46	0
Depreciation	-0.22	-0.20	+0.02
Total Costs	-6.85	-6.94	-0.09
Surplus(+)/Deficit(-)	-0.10	-0.27	-0.17



Capital expenditure for first half of year was \$190k = below budget of \$250k

Statement of Intent Targets

Performance Measures	At half year
1. Meeting customer's needs (customer satisfaction >6 i.e. very good)	7.4
2. Cost to Serve - year on year core charges increase by less than CPI (<101.5% overall)	101.4%
3. Ability to win project work (\$1.5M+ won in year)	\$0.5
4. Delivery of project work (beating Quality, Time and Cost targets)	NA
5. Net Profit Before Tax (NPBT) as a % of turnover = 2 to 8% for year	-4% *
6. Growth in turnover year on year 5%+	104% *
7. Percentage of income from non core RLC work (>+15%)	+20%
8. Core work charges to RLC on a \$ per head of population basis (<\$152 per head).	\$152
9. Targeting a zero harm workplace – LTIFR per 200,000hrs <1.5	2.8
10. Improving staff engagement – A rating of 59% or more at year end	NA

* These measures are forecast to improve and turn green by year end

Key strategic actions

Action	Status
Introduction of new technology and systems to modernise and improve efficiency	
Review of Nursery operations and business.	
Building Civil Works team into a commercially sustainable business activity *	
Review of services delivery model with RLC to look to develop and evolve to best in class	
Building a high performing business and team.	

* As part of helping Council manage costs, InfraCore has temporarily scaled back its Civil Works team

Conclusion

- Financials
 - Currently behind budget – won't be fully recovered
 - Forecasting a reduced profit at year end, down on Sol target of \$250k
 - Still looking to pick up additional work, but likely impact will be in next year's books
- Statement of Intent performance measures
 - Financial and new work targets behind, but do expect some improvement over balance of year
 - Efficiency and service related measures looking good
- Progress on strategic actions and plans is good.
 - One exception is building civil works capability as company is scaling back services as work with Council to manage costs

QUESTIONS ?