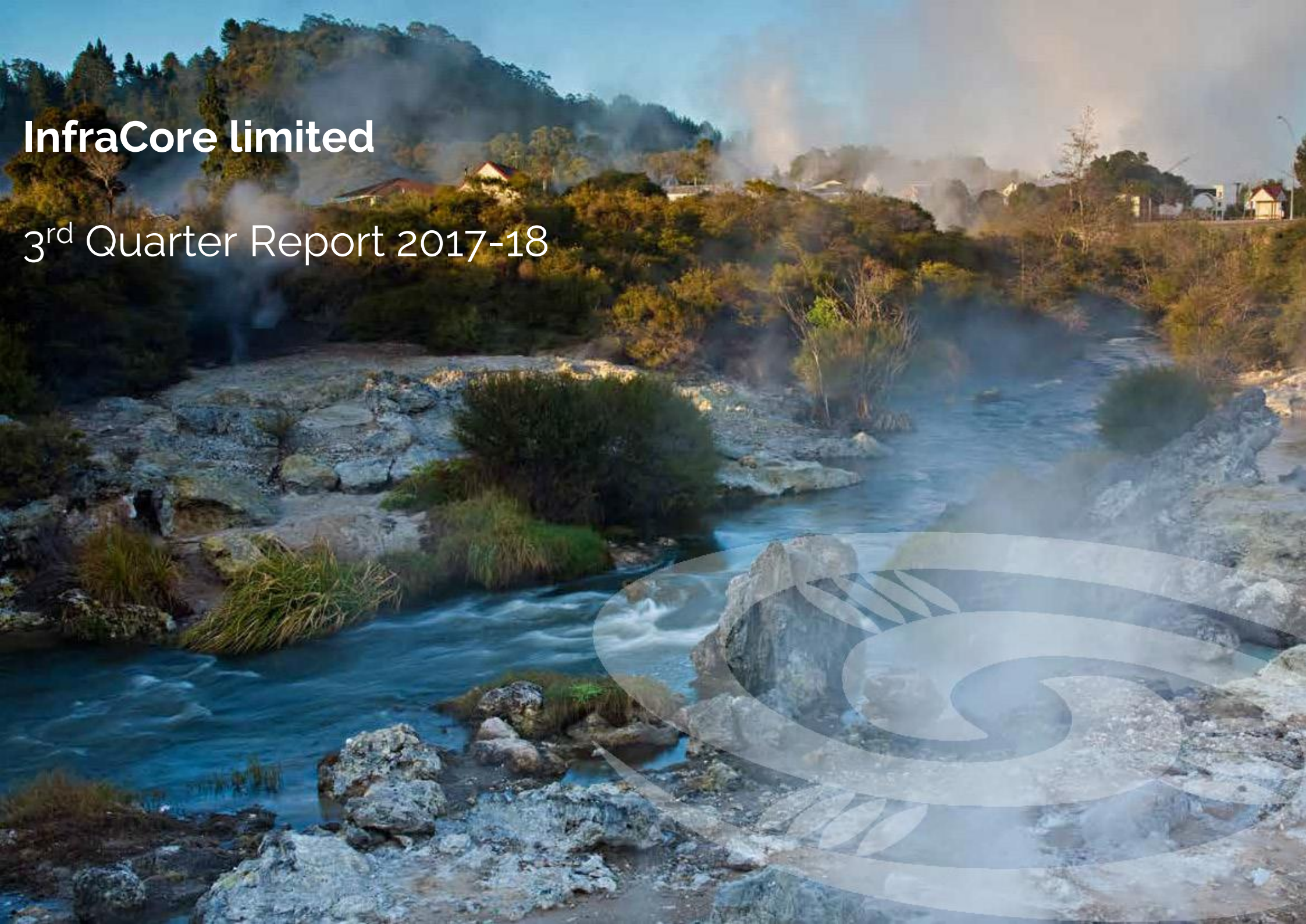


InfraCore limited

3rd Quarter Report 2017-18



Quarter summary

Key points

- Financial performance improved in Q3 vs 1H
 - Result for Quarter was close to breakeven
 - However, didn't recover any of the losses of first half so still \$300k ytd loss
 - Project work activity has picked up which is helping financial results
 - Good volume of work already in place for new financial year
 - Reviewing company's funding position with Council
- Operational
 - Lot of storm response work
 - Continue to work with Council to help manage expenditure vs budgets
 - Started implementing changes at the Nursery
 - Progressing well on project to implement Field Services Management FSM and Finance System to go live 1 July 2018

Financial position for quarter

Summary P&L \$M

	Budget For Q3 YTD 2017/18	Actual For Q3 YTD	Variance vs budget + = better - = worse
Income from RLC for core O&M work	7.99	7.85	-0.14
Income from RLC for other work	0.65	1.01	+0.36
Income from RLC for major projects	0.44	0.10	-0.34
Income from other sources	1.57	1.11	-0.46
Total Income	10.65	10.07	-0.58
Business costs	-9.65	-9.40	+0.25
Cost of services off Council (Inc rent)	-0.69	-0.69	0
Depreciation	-0.33	-0.30	+0.03
Total Costs	-10.67 *	-10.39	+0.28
Surplus(+)/Deficit(-)	-0.02	-0.32	-0.30

* Note a mistake was made in the report included in papers which showed expenditure as -\$10.688k should have been \$10.668k






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)	\$0.6m ¹
4. Delivery of project work (beating Quality, Time and Cost targets)	TBC
5. Net Profit Before Tax (NPBT) as a % of turnover = 2 to 8% for year	-3%
6. Growth in turnover year on year 5%+	104% ²
7. Percentage of income from non core RLC work (>+15%)	+22%
8. Core work charges to RLC on a \$ per head of population basis (<\$152 per head).	\$149
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	No Measure

1. Item 3 = Good news is \$1.7M is in place already for 2018-19

2. Item 6 = This measure is 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.	

* Not enough work coming in to sustain a dedicated Civils team at present

Conclusion

- Financials
 - Currently behind budget – won't be fully recovered
 - Now targeting to achieve breakeven
 - Volume of additional project work picked up has improved
 - Most of work we have picked up is for next financial year.
- Statement of Intent performance measures
 - On track to hit at least 5, hopefully 6, of our targets
 - Predicting we will miss the other 4
 - Main cause is the lower than budgeted amount of additional work which has hit profitability and turnover targets.
- Progress on strategic actions and plans is good.

QUESTIONS ?