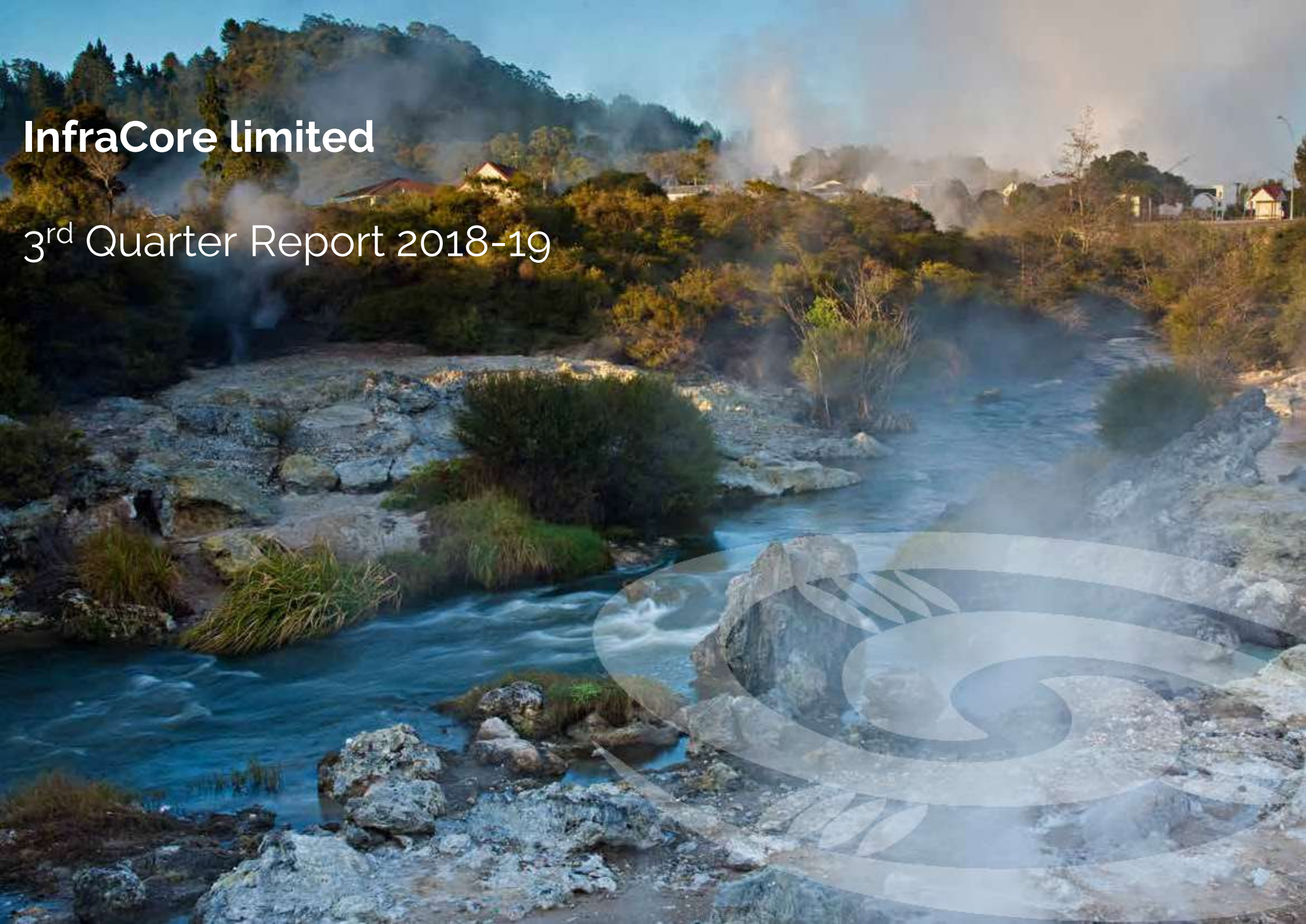


**InfraCore limited**

3<sup>rd</sup> Quarter Report 2018-19



# Quarter summary

- Q3 was a quarter of gradual financial recovery
  - At mid year InfraCore's bottom line was well behind budget but through Q3 it has been gradually recovering.
  - While the company will not hit its target for the year in terms of the additional work picked up, it has had some success through Q3 and is now generating regular monthly profits.
  - Projections to year end are that the company will make a small underlying profit of around \$100k, before allowing for one off cost items.
    - Currently on track for a 0.7% profit on turnover of around \$14M, just short of the budgeted return target of 1%.
- Operationally
  - Performance results for Rotorua operations and maintenance work have been good, with March recording some record setting KPI results.
  - Our new systems we have had in use since September are getting well established in the business and starting to yield efficiency, performance, service and financial benefits.

# Financial position for quarter

## Summary P&L

\$M

	Budget For 2018/19 YTD Q3	Actual For 2018/19 YTD Q3	Variance vs budget + = better - = worse	
Income from RLC for core work	8.07	8.13	+0.06	
Income from RLC for other work	0.87	0.80	-0.07	
Income from RLC for major projects	0.47	0	-0.47	
Income from other sources	2.33	1.33	-1.00	
<b>Total Income</b>	<b>11.74</b>	<b>10.26</b>	<b>-1.48</b>	<b>X</b>
Business costs (before exceptional items)	-10.41	-9.81	+0.60	
Cost of services off Council (Inc rent)	-0.60	-0.34	+0.26	
Depreciation	-0.59	-0.37	+0.22	
<b>Total Costs</b>	<b>-11.60</b>	<b>-10.52</b>	<b>+1.08</b>	<b>✓</b>
<b>Profit (+)/Loss(-) before exceptional items</b>	<b>+0.14</b>	<b>-0.26</b>	<b>-0.40</b>	<b>X</b>
Exceptional items	-0.47	-0.36	+0.11	
<b>Total Profit (+)/Loss(-)</b>	<b>-0.33</b>	<b>-0.62</b>	<b>-0.29</b>	<b>X</b>

# Statement of Intent Targets

Performance Measures	Q2 ytd
<b>Financial</b>	
1. Maintaining a sustainable financial position (underlying Net profit between +0 to +5%)	-2.5%
2. Establishing a sustainable level of turnover (Growth in turnover year on year 10%+)	+2%
3. Building income resilience (Percentage of income from non core RLC work 20%+)	21%
<b>Customer</b>	
4. Meeting customer's needs (customer satisfaction of 7+ out of 10)	7.5
5. Controlling cost of services to keep increases below CPI (<102.2%)	102%
6. Affordability – Keeping cost of core O&M services <\$150/head of population	\$148.63 /head

# Statement of Intent Targets

Performance Measures	Q1
<b>Internal Processes</b>	
7. Market Competitiveness - \$ value of additional work won \$3M+	+1.3M ytd
8. Project delivery and planning capabilities – (delivering Time & Cost & Quality targets)	Behind on costs
9. Targeting zero harm – reducing time lost to injury to less than 0.21% of time worked	0.06% ytd 0.20% 12mth avg
<b>Organisational Capacity</b>	
10. Improving staff engagement (year end engagement survey results up on historic levels)	TBD
11. Investment in people – Spend on training and development 2.5%+ of turnover	1.7% ytd
12. Lifting people’s capabilities – 10%+ of staff pursuing formal work related qualifications	10.4% ytd

# Key strategic Initiatives

Initiative	Status
Laying the foundations of a lasting partnership relationship with Council	
Building capabilities and committing to our community	

# What is happening in 4Q

- Expect continued gradual improvement in financial results
- Delivery of additional 3<sup>rd</sup> party project work won in Q3
- Maintaining good operational performance results
- Further process improvement through use of technology
- Budgeting and strategic planning for 2019-20

# Conclusion

- Financial
  - In Q3 we have recovered some ground on budget.
  - Have secured some additional project work for Q4.
  - % profit on turnover will be close to budget target.
- Operational
  - Good operational results in all teams.
  - Company currently has a full project workload.
- Strategic
  - Company in process of rebasing and reality checking its strategic direction, goals and needs for next 2 to 3 years.



# QUESTIONS ?