3RD QUARTER FINANCIAL HIGHLIGHTS

October 22, 2014

Financial Performance

(In Million PhP)	Sept 2014	Sep 2013	% Change	YTD 2014	YTD 2013	% Change (YTD)
Net Water Sales	118.6	114.8	3%	1069.9	1015.3	5%
Operating Expenses	91.4	92.8	-2%	818.4	805.3	2%
Net Income	22.8	16.4	39%	209.3	165.0	27%
Cash Balance				1,217	1,021	19%
Capital Expenditures				77.1	160.6	-52%
Total Assets				3,567	3,324	7%
Total Debt				1,459.3	1,376.2	6%

Financial Ratios

(YTD Values)	2014	2013		Target	
Current Ratio	4.1	4.0	↑	2.0	↑
Debt Ratio	41%	41%	–	40%	↓
Ave. OPEX/SC/Month	567	590	↑	673	↑
Operating Ratio	76.5%	79.3%	↑	87%	↑
Net Income Ratio	19.6%	16.3%	↑	9.5%	↑
No. of Months in OPEX	5.2	2.7	↑	2.0	↑
Collection Efficiency	93.3%	94.0%	↓	93.0%	↓

- As of the end of the 3rd quarter, the water district has sold more than 41.4 million cubic meters – an increase of 3.9% from last year. This increase in sales volume has led to a revenue growth of 5.4% or P 54.6 million.
- However, actual sales volume missed the target by 4.7% or about 7,500 cubic meters per day. The variance is primarily driven by our unattained production targets. This will be explained in detail in our Operational Highlights Report.
- Operating expense for the past 3 quarters had only increased by a mere 2% or P 13.1 million as against last year of the same period. This is lower than the current inflation rate of 4.4%. The operating ratio remains at 76% which makes us 2.8 percentage points more cost efficient than last year.
- To date, net income ratio stands at 19.6%. This surpasses both last year's and the target by 3.3 and 10.1 percentage points, respectively.
- Net cash inflow as of August is P 154.9 million after a total disbursement of P 638.8 million for operating costs, P 119.5 million for debt service, P 75.7 million for capital expenditures and P 75.8 million for other cash disbursements. This brings a cash balance of P1.16 billion, P 810.2 million is earmarked for capital expenditures leaving free cash equivalent to 5.2 months of operating expenses.

ERNIE T. DELCO
Acting General Manager