



PRESENTATION TO THE INVESTORS VIRTUAL ROADSHOW 2019/2020 ANNUAL REPORT

May 2021



CHAIRPERSON'S REPORT



MR. MAGASELA
MZOBE
CHAIRPERSON
OF THE BOARD

Bulk potable water treated and supplied from 17 water treatment works systems, totalled 509 million cubic metres (1 395MI/d) for the year, an 8% increase from the previous year (472 million cubic metres or 1 294MI/d in 2019).

CHIEF EXECUTIVE REPORT



**MS NOMALUNGELO
MKHIZE**

ACTING CHIEF EXECUTIVE

Umgeni Water's core business of providing bulk potable water to customers and providing water supplies fit for drinking and domestic use, as well as for industry, was performed exceptionally during this period.





- Legend**
- UW's Existing Customers
 - Newly Acquired Customers

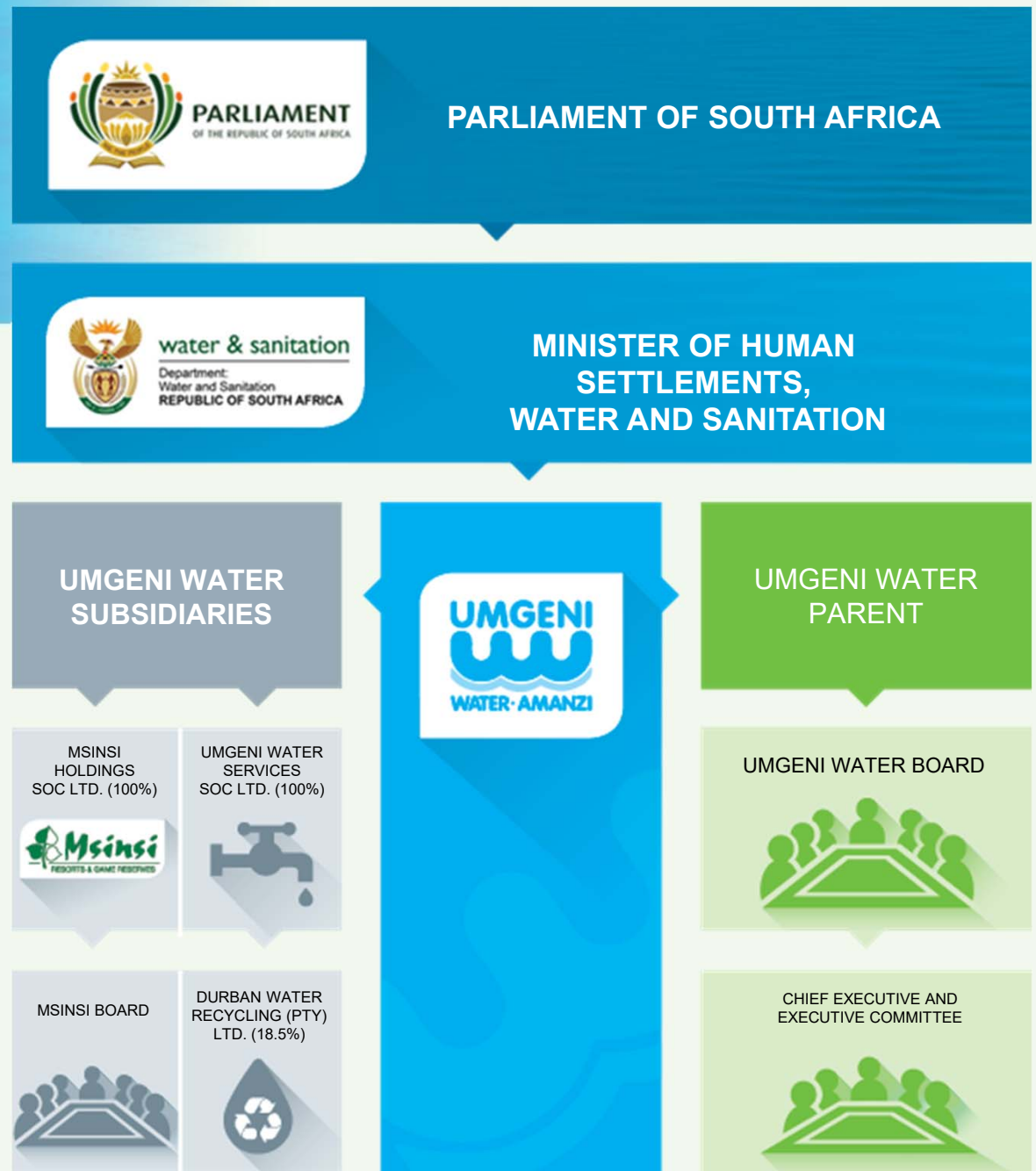
STRUCTURE OF UMGENI WATER

1273 Group Employees comprising:

- 1 008 Umgeni Water permanent
- 118 Msinsi permanent
- 147 Group fixed term contracts

Six (6) Umgeni Water Divisions:

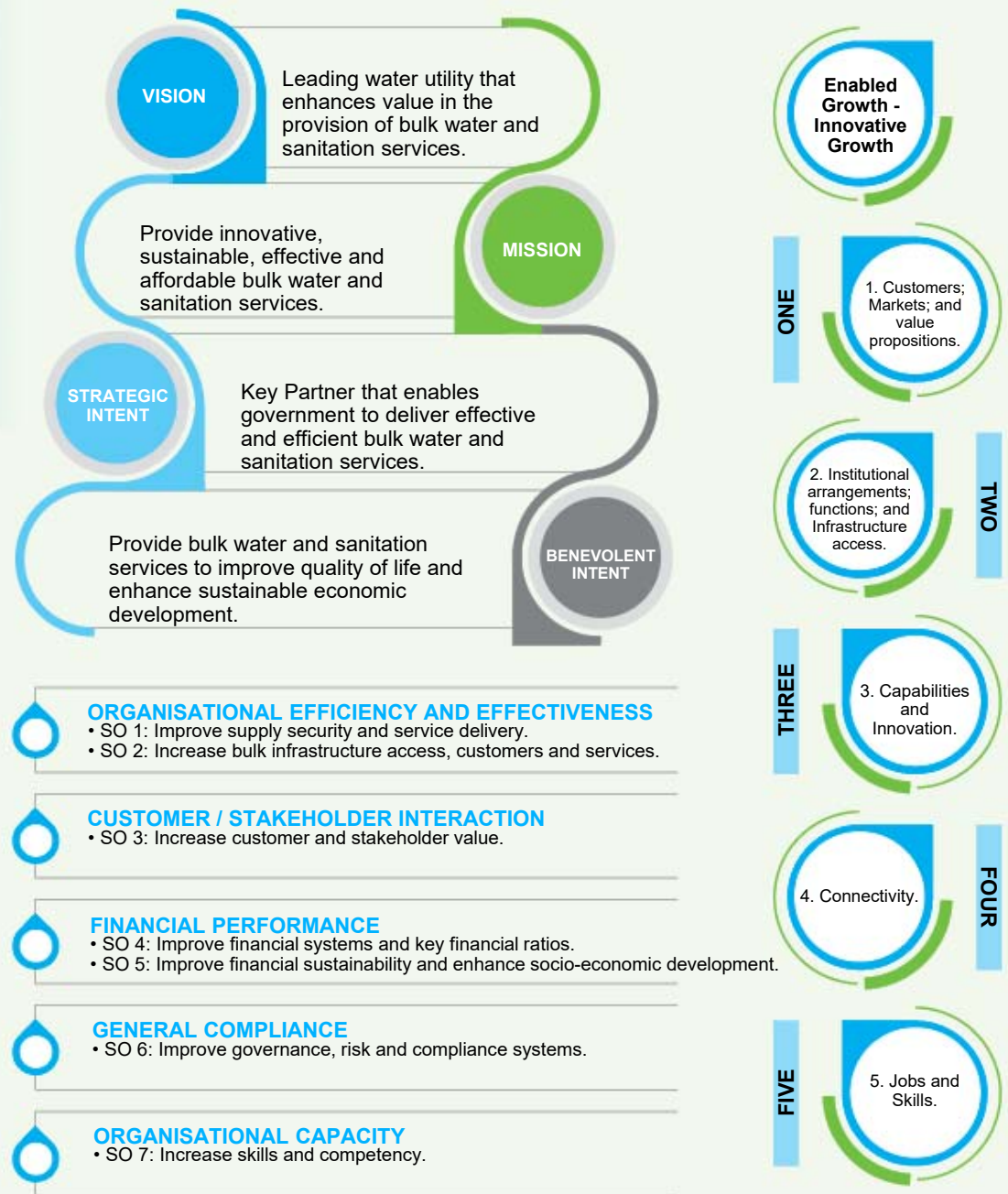
- Chief Executive Office
- Operations
- Scientific Services
- Infrastructure Development
- Finance
- Corporate Services



UMGENI WATER STRATEGY

We will be an entity that:

- Invests in its people/skills;
- Invests in technology and innovation;
- Invests in its relationships and partnerships;
- Adapts its culture and increases its commitment; and
- Positions itself through an aggressive and agile growth strategy.



WATER & WASTEWATER TREATMENT PROCESS

1. SOURCE

506 Million Cubic Metres of Raw Water Abstracted from 18 abstraction systems and dams.

2. WATER PURIFICATION

509 million cubic metres (1 395 Ml/d) of bulk potable water treated at 20 WTWs. Water is scientifically treated through various processes.

3. DISTRIBUTION TO MUNICIPAL STORAGE

Currently supplying 7 WSAs in an area spanning 57 492 km² - population of 8.5 million people (2.32 million households).

4. END USER

To Progressively serve KwaZulu-Natal, 14 WSAs 94 361 km², home to 11.06 million people and 2.87 million households.

7. RELEASE OF TREATED EFFLUENT BACK TO RIVER SYSTEM

32 Million cubic metres of wastewater treated at 11 WWTWs.

6. WASTEWATER TREATMENT

Domestic and industrial wastewater goes into WWTWs to be treated. Various processes are used for treatment of wastewater thus ensuring the final effluent discharged is not harmful to the environment.

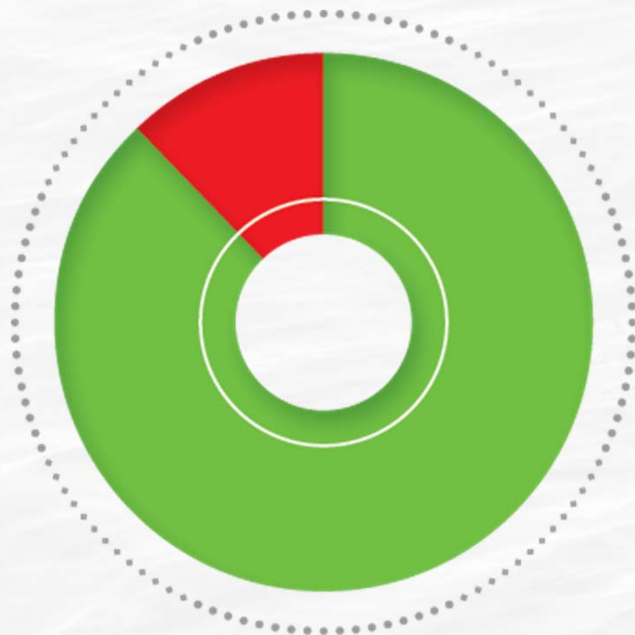
5. WASTEWATER RETICULATION

The transfer of wastewater through the Municipalities reticulation network.



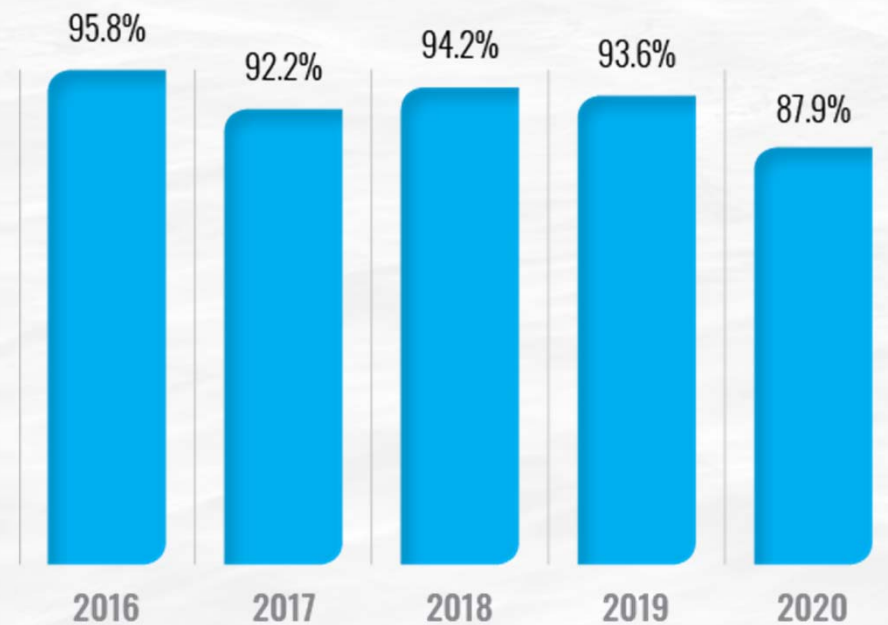
PERFORMANCE 2019/2020

Overall Performance (2019/2020)



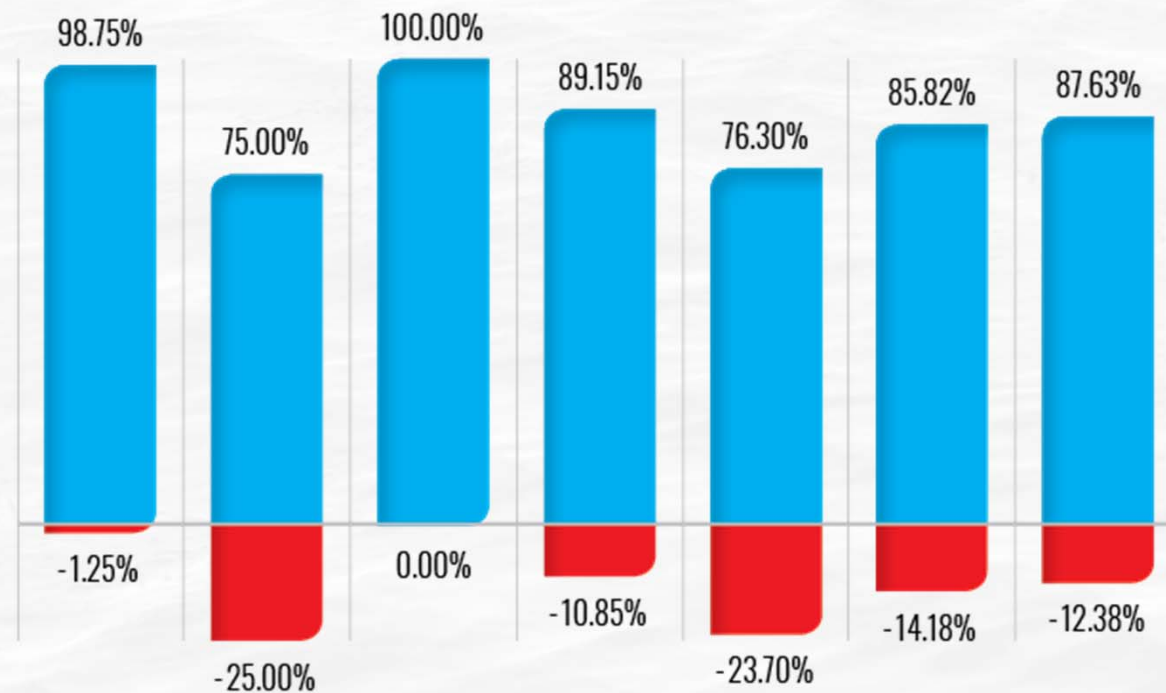
■ Performance **88%**
■ Variance **12%**

Five-Year Performance Trend



PERFORMANCE 2019/2020 continued...

Performance by Strategic Objective



	SO 1	SO 2	SO 3	SO 4	SO 5	SO 6	SO 7
PERFORMANCE	98.75%	75.00%	100.00%	89.15%	76.30%	85.82%	87.63%
VARIANCE	-1.25%	-25.00%	0.00%	-10.85%	-23.70%	-14.18%	-12.38%

PRODUCT QUALITY (WATER AND WASTEWATER)



Overall, compliance of the Umgeni Water bulk potable water supply systems was excellent for the period under review. The entity further ensured that wastewater was treated to safe levels in order to discharge back into water resources for social, environmental and other downstream uses.

Of the nine Wastewater Treatment Works (WWTW) managed by the entity, seven achieved greater than 90% compliance and two achieved more than 80% compliance.

Bulk Wastewater treated over this period was

32 MILLION

cubic metres per annum
(89Ml/d).



CUSTOMER SATISFACTION



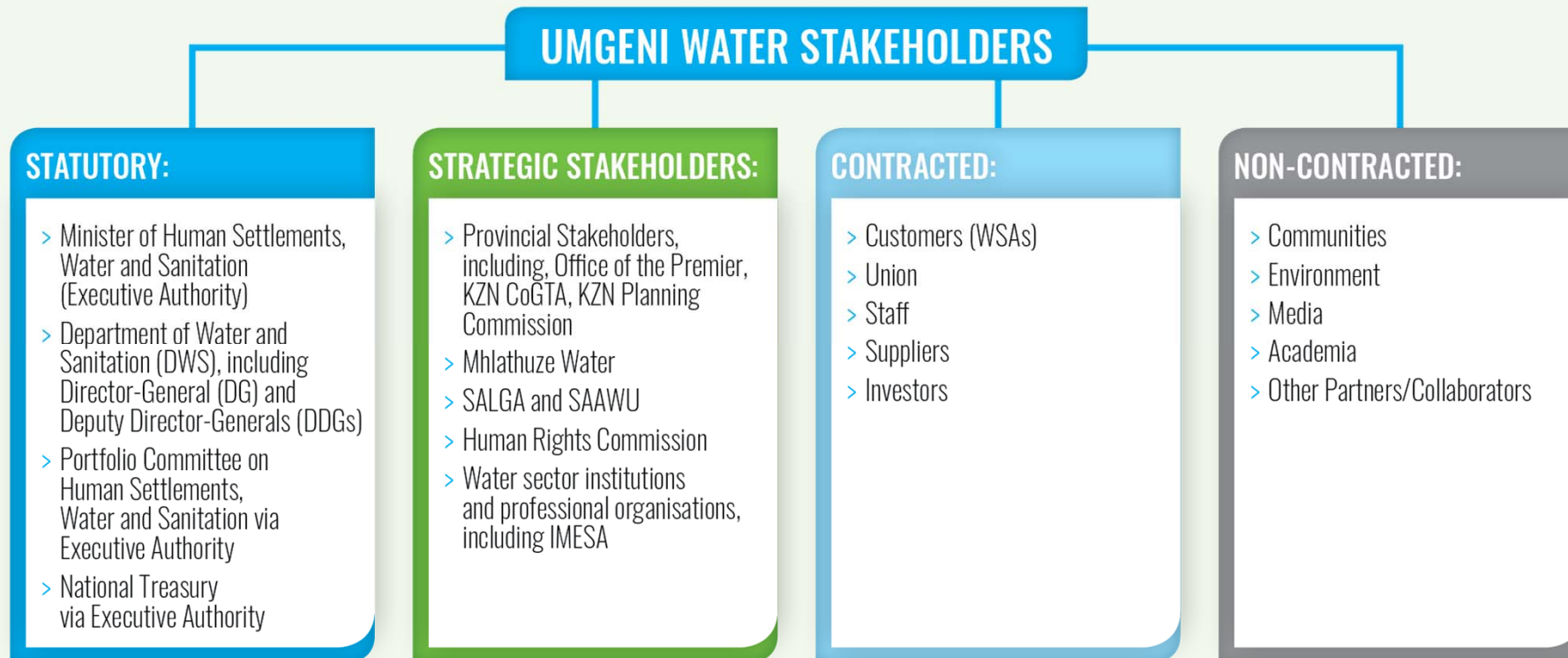
Bulk potable water treated and supplied from 17 water treatment works systems, totalled 509 million cubic metres (1 395MI/d) for the year, an 8% increase from the previous year (472 million cubic metres or 1 294MI/d in 2019).

Bulk wastewater treated from nine wastewater treatment works over this period amounted to 32 million cubic metres (89MI/d) for the year per annum (70 MI/d), a 10% increase from the preceding year (29 million cubic metres or 80MI/d in 2019).

STAKEHOLDER UNDERSTANDING AND SUPPORT



There was regular engagement with a wide range of stakeholders in the year. Stakeholders were also interested in future assurance of supply, asset management, capital infrastructure plans and future tariff charges, as well as opportunities for growth, jobs and partnerships.



INFRASTRUCTURE STABILITY



Spend performance for the year was R840m, of which R549m (R1.2b in 2019) was spent on bulk infrastructure augmentation, expansion, upgrades and rehabilitation projects. Of this, R184m (22%) went towards projects for rural development.

Overall, 55% of target water infrastructure project milestones were met.

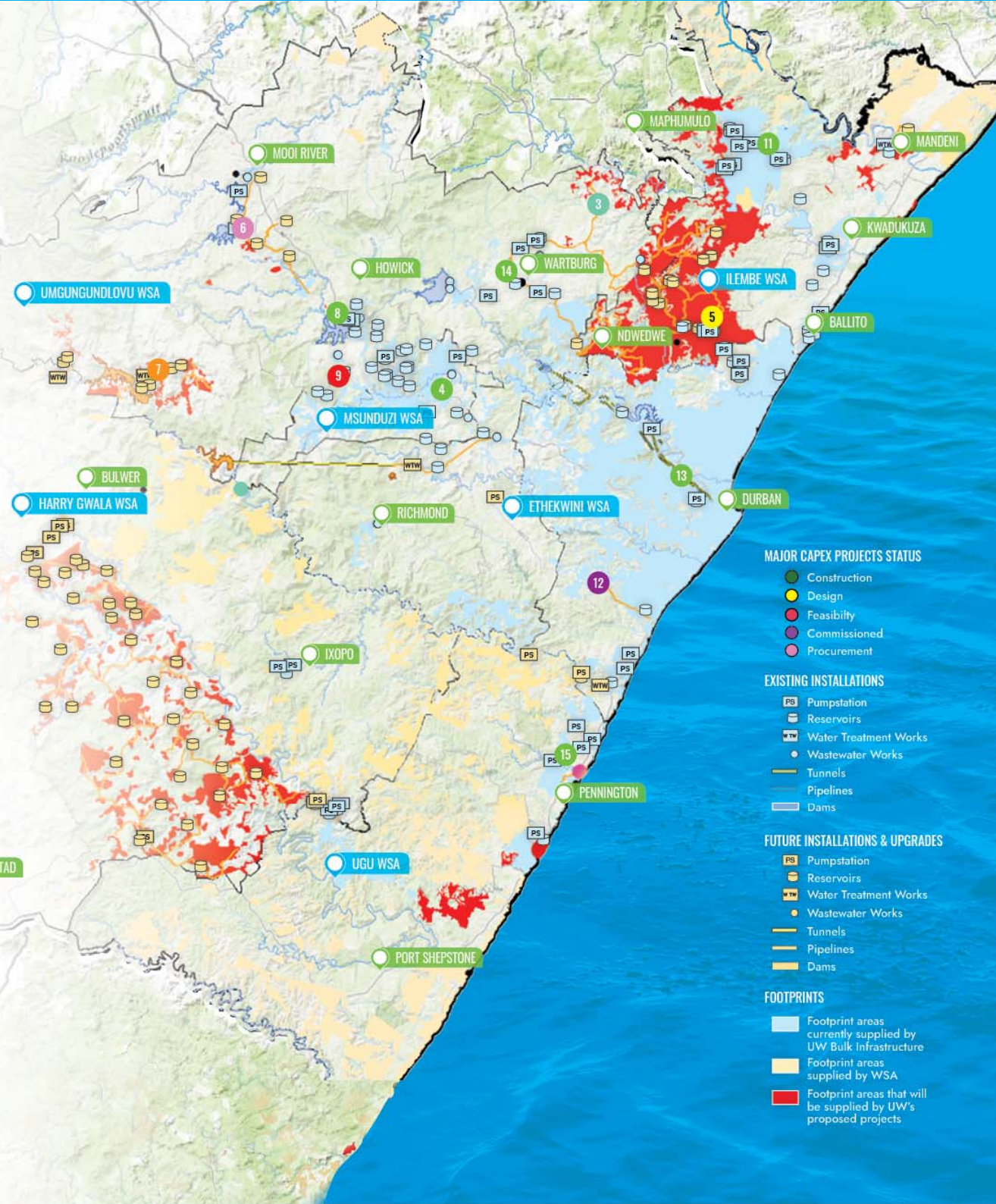


Umgeni Water investigates the feasibility of implementing these plans where they exist within its operational area, and feasible (financial and technical) projects are thereafter included within the organisations capital expenditure programme for implementation.

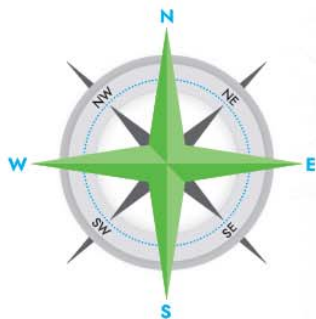
Umgeni Water's Current Bulk Infrastructure and Supply Footprint and the Status of Bulk Infrastructure implemented in the reporting period are shown in **Figure 9.7 (b)**.

Table 9.4: Major Projects Implemented in 2019/20

Project Name	Project Status	Objective	Major Customer	Total Project Budget (Rm)	Implemented as at 30 June 2020 (Rm)
1 Mkhomazi Bulk Water Supply Scheme	Detailed Feasibility	Augmentation	eThekweni MM, uMgungundlovu DM	6 123	11
2 Lower uMkhomazi Bulk Water Supply Scheme	Detailed Design	Augmentation	eThekweni MM, Ugu DM,	4 210	103
3 uMshwathi Bulk Water Supply Scheme (Wartburg Phases 1 - 3)	Commissioned	Rural Expansion	uMgungundlovu DM, iLembe DM	1 025	961
4 Darvill WWTW Capacity Increase	Construction	Upgrade	Msunduzi LM	1 102	945
5 uMshwathi BWSS Phase 4 (Southern Ndwedwe)	Detailed Design	Rural Expansion	iLembe DM	678	7
6 Greater Mpozana Regional Scheme Phase 1	Procurement	Rural Expansion	uMgungundlovu DM	757	694
7 Impendle BWSS	Preliminary Design	Rural Expansion	uMgungundlovu DM	401	12
8 Mpopomeni Wastewater Treatment Works	Construction	Rural Expansion	uMgungundlovu DM	389	47
9 Vulindlela Upgrade	Pre-Feasibility	Augmentation	Msunduzi LM	349	24
10 South Coast Phase 2b Kelso to Umdoni	Procurement	Expansion	eThekweni MM, Ugu DM	165	38
11 Maphumulo BWSS Phase 3: WTW Upgrade (6 Ml/d to 12 Ml/d)	Construction	Rural Expansion	iLembe DM	199	44
12 Nungwane Raw Water Aqueduct	Commissioned	Rehabilitation	Ugu DM	185	157
13 Durban Heights WTW – Rehabilitation of key installations	Construction	Rehabilitation	eThekweni MM	179	58
14 Trustfeeds WWTW	Construction	Rural Expansion	uMgungundlovu DM	103	93
15 Umzinto WTW	Construction	Upgrade	Ugu DM	81	76



Umgeni Water Infrastructure Map



COMMUNITY AND ENVIRONMENTAL SUSTAINABILITY

An average of 35% CPG was achieved with a total of CPG award value of R335 million (R180m in 2019). Of the total CPGs R165m (49%) was awarded to Black women-owned businesses (R162m in 2019).

In the 2019/20 reporting period, Umgeni Water created a total of 268 temporary jobs through its Capex Programme.

A total of R11.3m (R19.4m in 2019) was paid in wages to local labour.



A total of

268 TEMPORARY CAPEX PROGRAMME JOBS

were created during the year with

R11 million paid in wages to **local labour.**

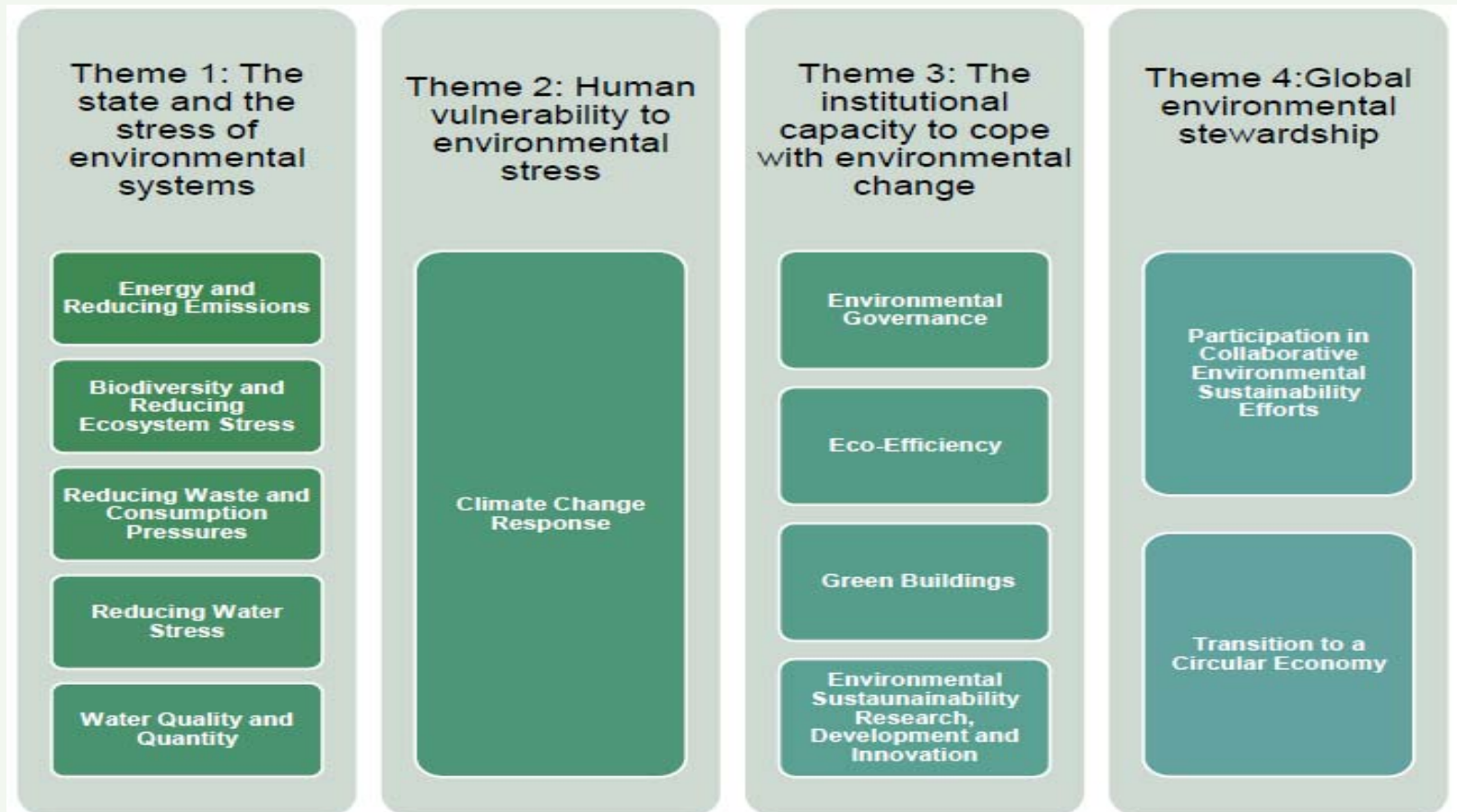


COMMUNITY AND ENVIRONMENTAL SUSTAINABILITY



In 2020 the Environmental Sustainability Strategy of Umgeni water was aligned to the National Development Plan (NDP) of South Africa that supports the globally recognised Sustainable Development Goals (SDGs)

The key priority areas of Environmental Sustainability Strategy are aggregated into four main thematic areas which cover:



OPERATIONAL OPTIMISATION

Water efficiencies have been ensured in the bulk business through careful water balancing per system. In the reporting period, water loss was maintained well below the entity's target level of 5%, with a total of 2.91% recorded for the year (2.25% in 2019).



Umgeni Water
has consistently
maintained
water loss levels

BELOW

5%

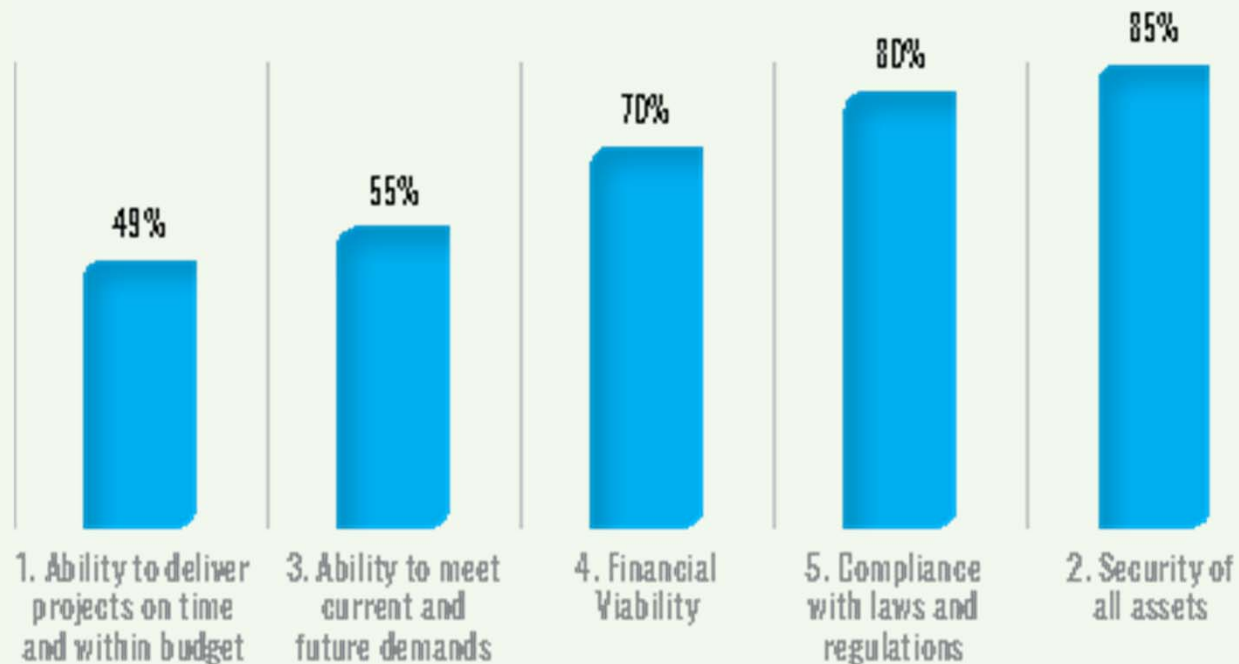
over the
years.



OPERATIONAL RESILIENCY



The entity's risks are well aligned to strategy and there are a total of five strategic risks, of which three risks (80%) have been managed to a level equal to or above reasonable (>55%) response effectiveness.



WATER RESOURCES ADEQUACY

In the reporting period, progress was made with the following water resource dam developments:

- Smithfield Dam (DWS) as part of the uMkhomazi Water

Project, for which the feasibility study was completed with further work required on the raw water environmental impact assessment and construction is still anticipated to be completed by 2030;

- Hazelmere Dam raising (DWS), for which construction is expected to resume in the near future and expected to be completed in 2021; and

- Ngwadini Dam (UW), as part of the Lower uMkhomazi

Scheme, for which the detailed design completed, construction is planned to start in 2021.



LEADERSHIP AND EMPLOYEE DEVELOPMENT



58 Artisans developed in areas of Electrical, Boilermaking, Instrumentation, Motor Mechanics and Mechanical Engineering Trades

39 Graduated developed under the NT Development Programme in various Engineering fields

31 Graduate Trainees, 37 in-service Trainees and 22 interns developed in various fields

144 Process Controllers developed through various Water and Wastewater Treatment courses

Nearly 27 000 hours spent in training and development of over 60% of the workforce

33% of the workforce were developed in formal qualifications that respond to critical and scarce skills

Umgeni Water spent

R33 million

in **Training and Development** on 63% of its workforce (**649 employees**).



FINANCIAL VIABILITY



The entity has maintained its reputation as a financially viable entity, creating significant value for customers and shareholders.

Strong results were achieved because of sound financial management in the year, notably:

- Revenue (Group) of R4.2bn was generated (R3.5bn in 2019);
- Net surplus (Group) was R1.3bn (R1.4bn in 2019); and
- Balance sheet reserves were strengthened to R10.7bn (R9.1bn in 2019).

The earned surplus for the year will be invested in support of the future five-year R16.7bn (escalated) capital investment programme, as well as used for debt reduction. As at 30 June 2020, a significant portion of capital investments were already committed.

FINANCIAL REPORT



MS. KAJAL SINGH

ACTING CHIEF
FINANCIAL OFFICER



FINANCIAL PERFORMANCE OVERVIEW

- Overall the financial performance of Umgeni Water in terms of the operating performance reduced by 5% emanating from the deteriorating economic conditions coupled with COVID-19.
- As a provider of essential water services, Umgeni Water's operations have not been directly disrupted by COVID-19-related lockdowns. There has been some impacts on customers which impair their ability to pay.
- Credit Ratings were reaffirmed at:
 - AA+/F1+ - FitchRatings
 - zaAAA/zaA-1+ - S&P Global ratings
- Credit Ratings reaffirmed on the back of solid financial metrics despite COVID-19 and weak South African economic growth.
- Solid Financial metrics include:
 - Adequate liquidity, largely reflecting Umgeni's significant cash and liquid investments, and low leverage.
 - solid revenue growth and cash accumulation partly due higher than anticipated cashflows from operations.

FINANCIAL PERFORMANCE OVERVIEW

Unqualified Audit Opinion

Maintained an unqualified external audit opinion despite prior period errors (detailed in note 31 of the financial statements). We did not have a Clean Audit as there were findings relating to compliance with legislation:

- Irregular expenditure of R713m of which R699m relates to contracts concluded in previous financial years; and R14m relates to deviations in terms of approvals hence non-compliances, in the current financial year.
 - Management has introduced preventative measures and corrective steps considered appropriate for improving internal controls and procedures.








FINANCIAL PERFORMANCE OVERVIEW

New Accounting Standards effective and adopted in the current year

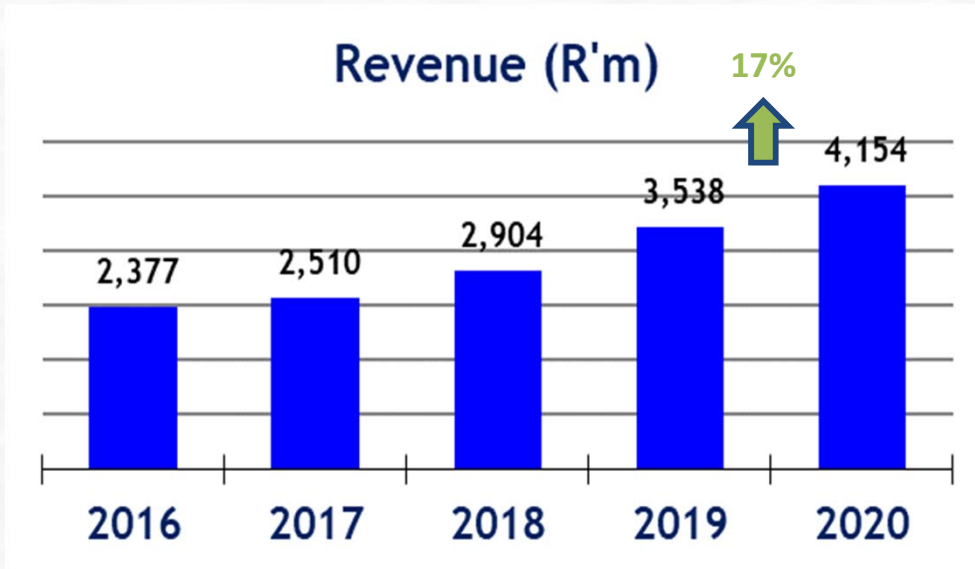
- IFRS 16 (Leases) – No significant impact. R3.6m lease liability recognised with corresponding right of use financial assets; additional and enhanced disclosures on leases as required by the standard.

OPERATING PERFORMANCE

Consolidated summarised statements of profit & loss

	2019		Movement
	2020	Restated	
	R'm	R'm	R'm
Revenue	4,154	3,538	616 
Cost of sales	(1,492)	(1,363)	(129) 
Gross profit	2,662	2,175	488
<i>GP%</i>	<i>64%</i>	<i>61%</i>	<i>3%</i> 
Other income	13	26	(13)
Other operating and administration expenses	(1,597)	(1,069)	(528) 
Profit from operations	1,078	1,132	(54) 
Net finance income	181	216	(35) 
Interest income	286	231	55
Finance costs	(105)	(14)	(91)
Share of profit from associate	5	6	(1)
Profit before tax	1,265	1,354	(89) 

Revenue increased by R616m, 17%

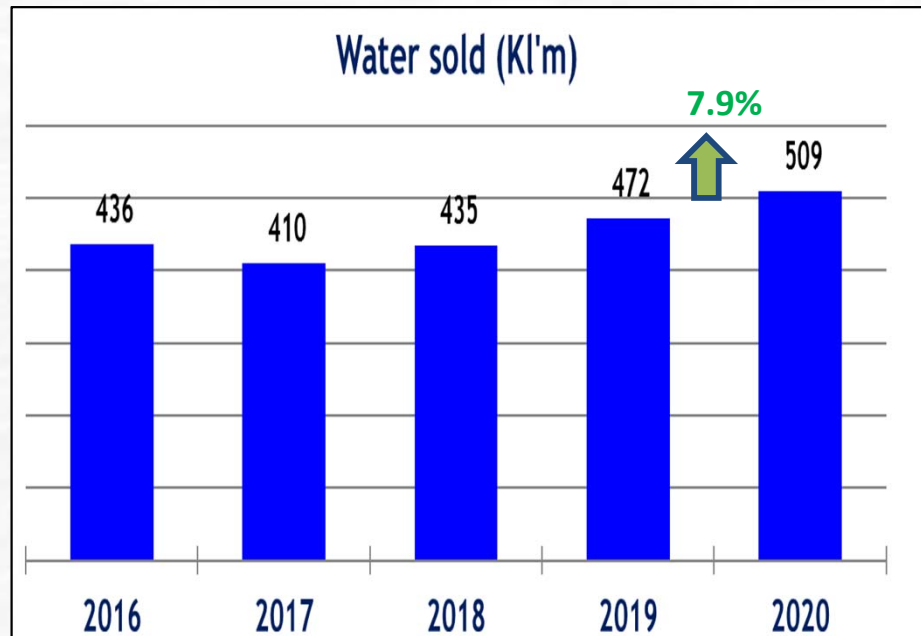


Bulk water revenue grew by 18%: 9.6% bulk water tariff increase combined with a 7.9% growth in sales volumes.

Waste water revenue increased by 8%: In line with contractual agreements with customers.

Section 30 revenue decreased by 6%: Decrease as a result of the completion of projects.

Bulk water sales volumes grew by 7.9%



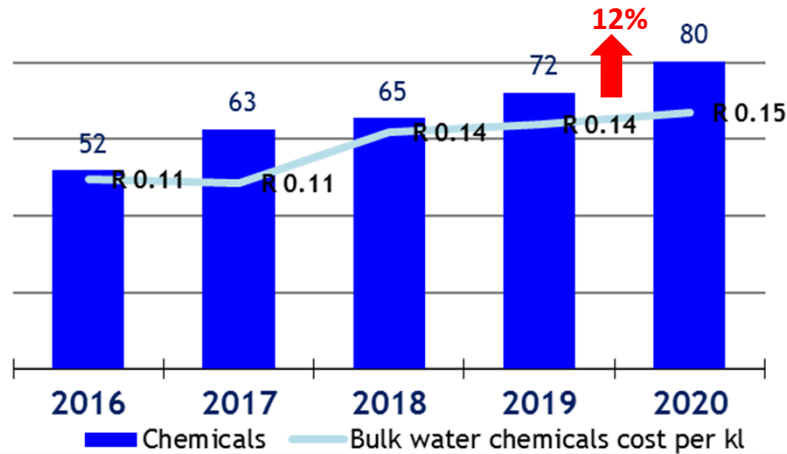
Volume by customer and % change

	2,019		2020	
	Kl'000		Kl'000	%
Ethekwini	335,724		355,835	6.0%
Msunduzi	71,040		77,286	8.8%
Umgungundlovu	20,426		22,905	12.1%
Siza	3,527		3,562	1.0%
Ugu	13,956		13,543	-3.0%
iLembe	18,646		20,731	11.2%
Harry Gwala	1,156		1,234	6.7%
Uthukela	7,192		13,998	100.0%
Other	134		124	(7.7%)
Total	471,801		509,218	7.9%

The main source of increased sales volumes were from Ethekwini Metro Municipality; Msunduzi Local Municipality and Uthukela District Municipality.

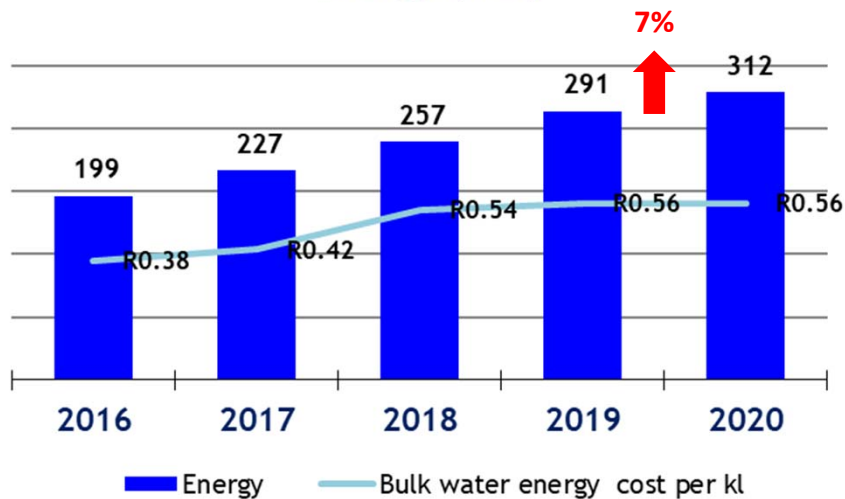
Cost of sales increased by R129m, 9%

Chemicals (R'm)



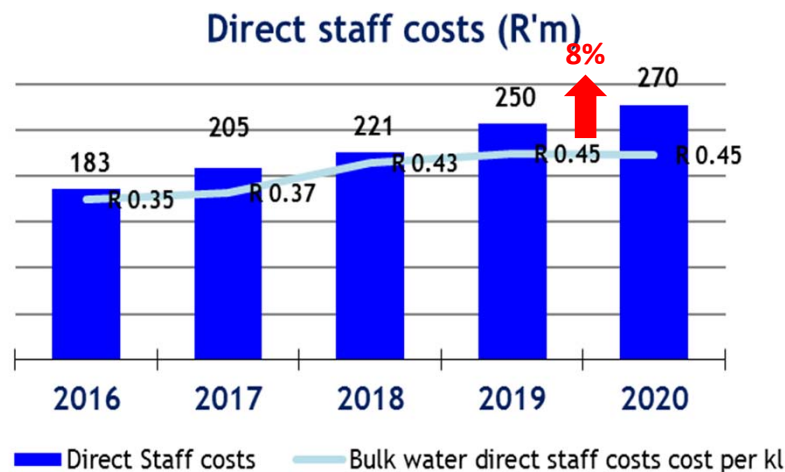
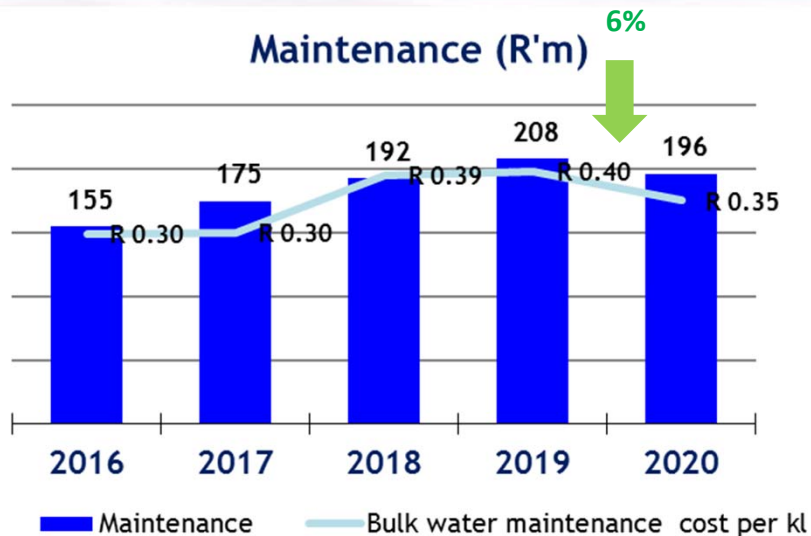
Increased usage resulting from the higher volumes treated for the current year, combined with an average increase in chemical prices of 9%.

Energy (R'm)



Average price increases of 14% offset by reduced pumping requirements.

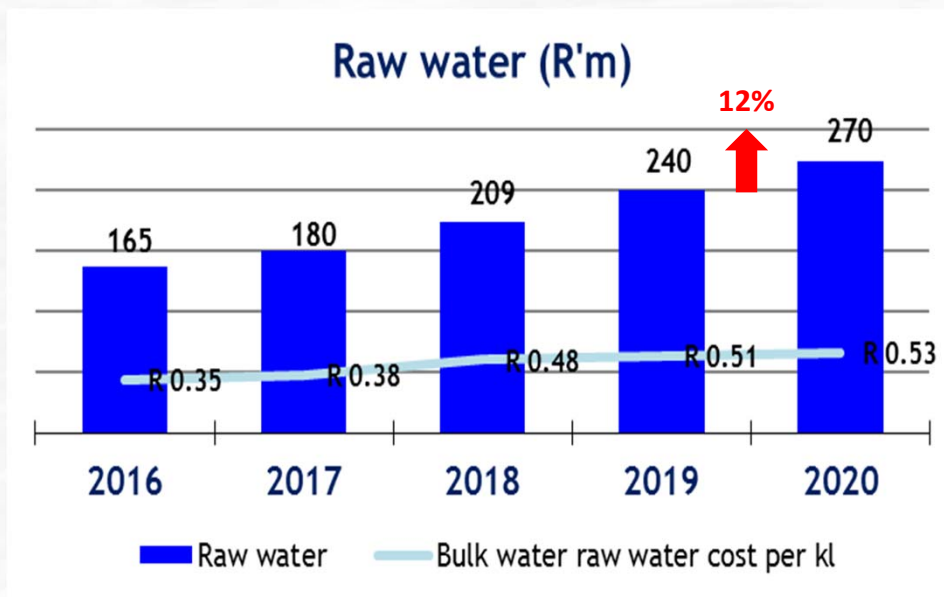
Cost of sales increased by R129m, 9% continued



As a result of the a reduction in internal maintenance arising form the downward revision of workshop rates as well as limited maintenance performed during the last quarter of the financial due to the COVID-19 lockdown.

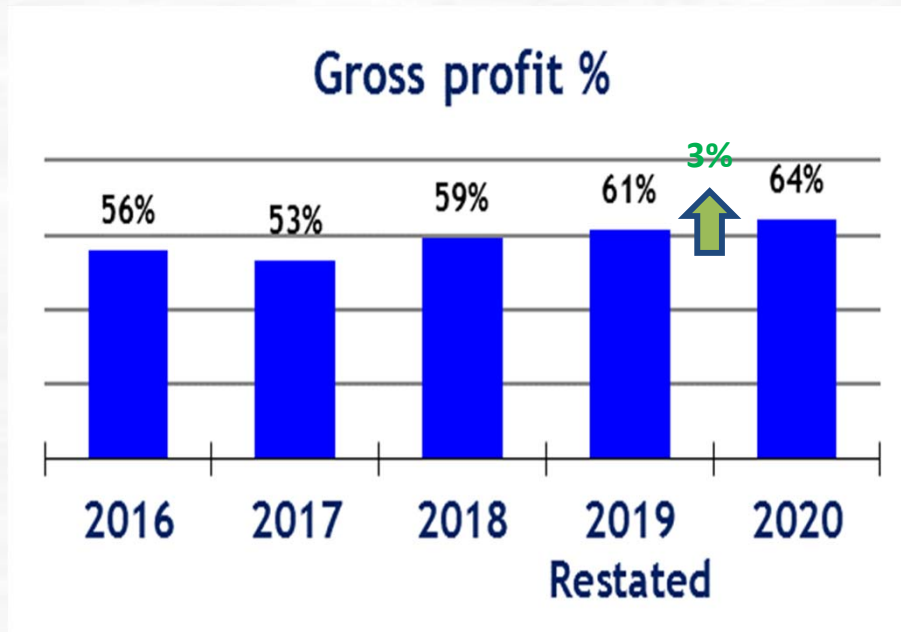
Direct staff costs increased by 8% mainly due to the average salary increases of 7.8%.

Cost of sales increased by R129m, 9% continued



The average raw water tariff increase was 2% for Mgeni system, 4% for Hazelmere system and 15% for Lower Thukela system, whilst volumes extracted from the Mgeni system which is the main source of supply were 9% higher.

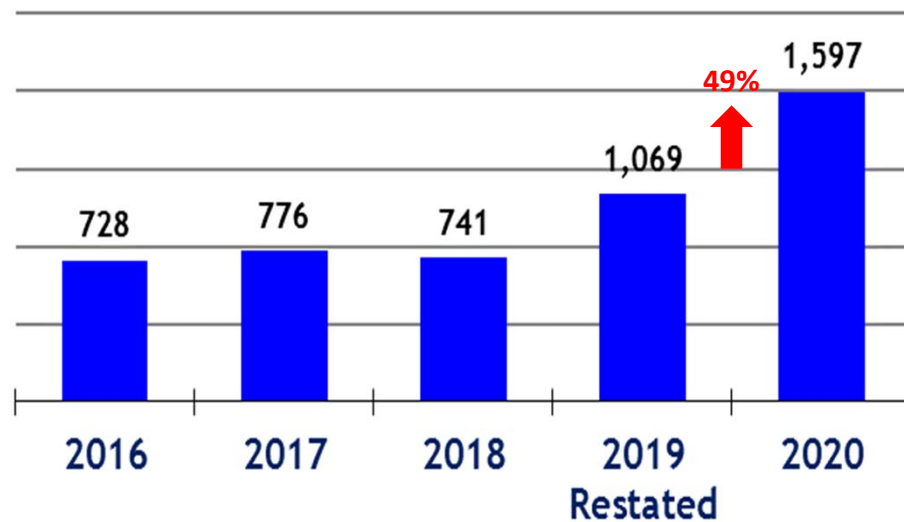
Gross profit margins improved by 3%



Primarily due to the revenue growth of 17% resulting from the 7.9% growth in sales volumes combined with the 9.6% tariff increase, whilst cost of sales increased by 9% resulting from the main cost drivers.

Other operating and administration expenses increased by R528m, 49%

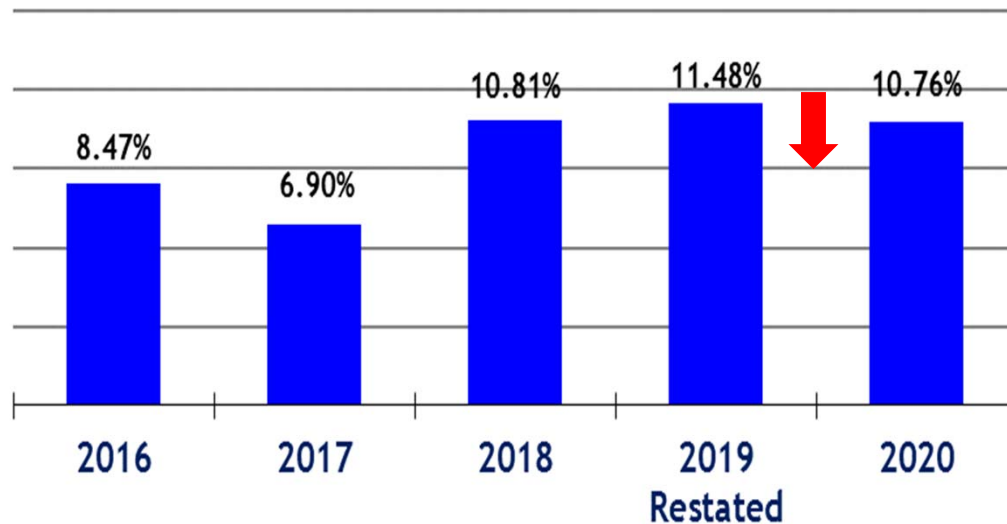
Other operating & admin costs (R'm)



Mainly due to increased allowance for credit losses of R274 million due to late and non-payments by customers and impairments of property, plant and equipment which totalled R189 million.

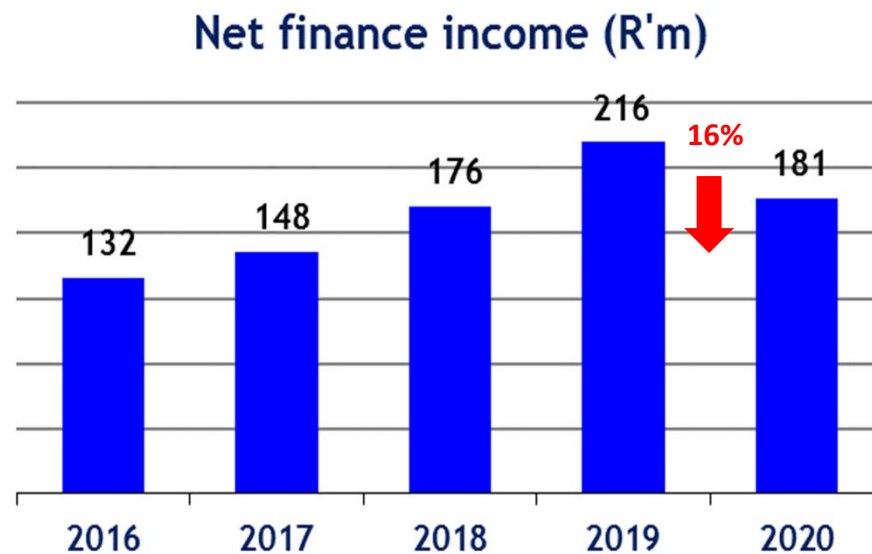
Return on assets, reduced marginally

Return on assets %



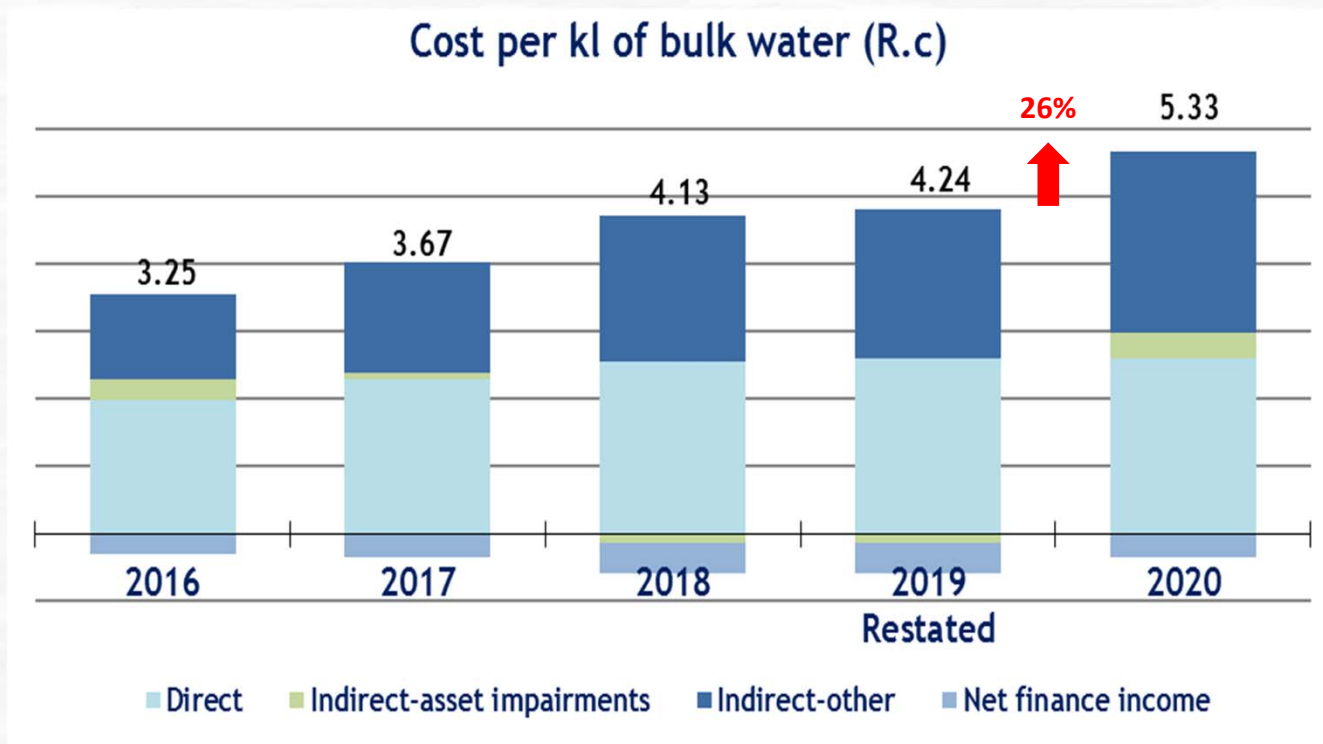
As a result of the reduced operating profits which declined by 5%, whilst PPE & Intangible assets by grew by 0,9% .

Net finance income reduced by R35m, 16%



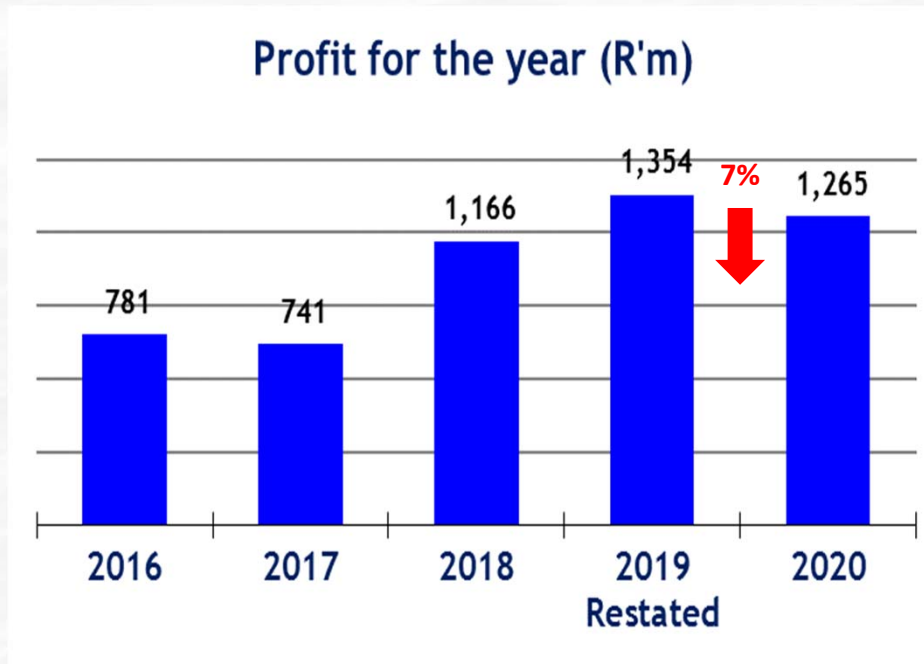
Net finance income was 16% lower as a result of an increase in finance costs. Interest income on investments increased by 24% to R286m (2019: R231m) while finance costs after borrowing costs capitalised was R106m (2019: R14m). Borrowing costs capitalised to qualifying assets were R87m (2019: R182m).

Bulk water cost per kl increased by 26%



Mainly due to higher other operating and administration expenses as a result of the increases in the allowance for credit losses and impairments of property, plant and equipment.

Profit for the year reduced by R89m, 7% yoy

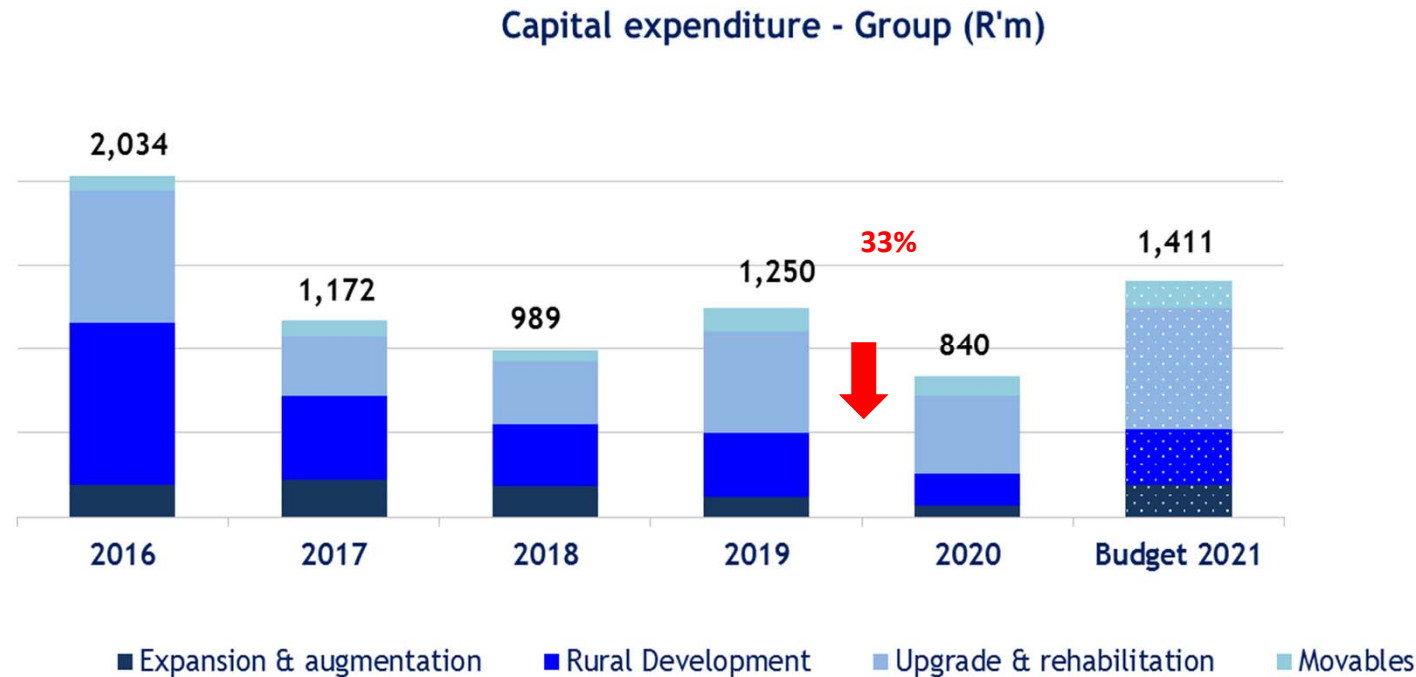


Predominantly due to the 49% increase in other operating and administration expenses, coupled with the 9% increase in cost of sales.

Statement of Financial Position - Assets

	2020	2019 Restated	Movement	
	R'm	R'm	R'm	
ASSETS				
Non-current assets	9,272	9,553	(281)	
Property, plant & equipment	8,878	8,822	56	↑
Intangible assets	225	197	28	
Biological Assets	3	4	(1)	
Investment in associate	11	12	(1)	
Right of use assets	4	-	4	↑
Trade and other receivables	72	-	72	
Investments - financial instruments	79	518	(439)	
Assets held for sale	11	-	-	↑ R1,372m
Current assets	5,043	3,244	1,799	
Investments - financial instruments	4,225	2,415	1,810	
Inventories	22	19	3	
Trade and other receivables	774	723	51	↑
Bank	21	87	(66)	
TOTAL ASSETS	14,326	12,797	1,529	↑ 12% improvement

PPE & Intangibles increased marginally by 0.9%



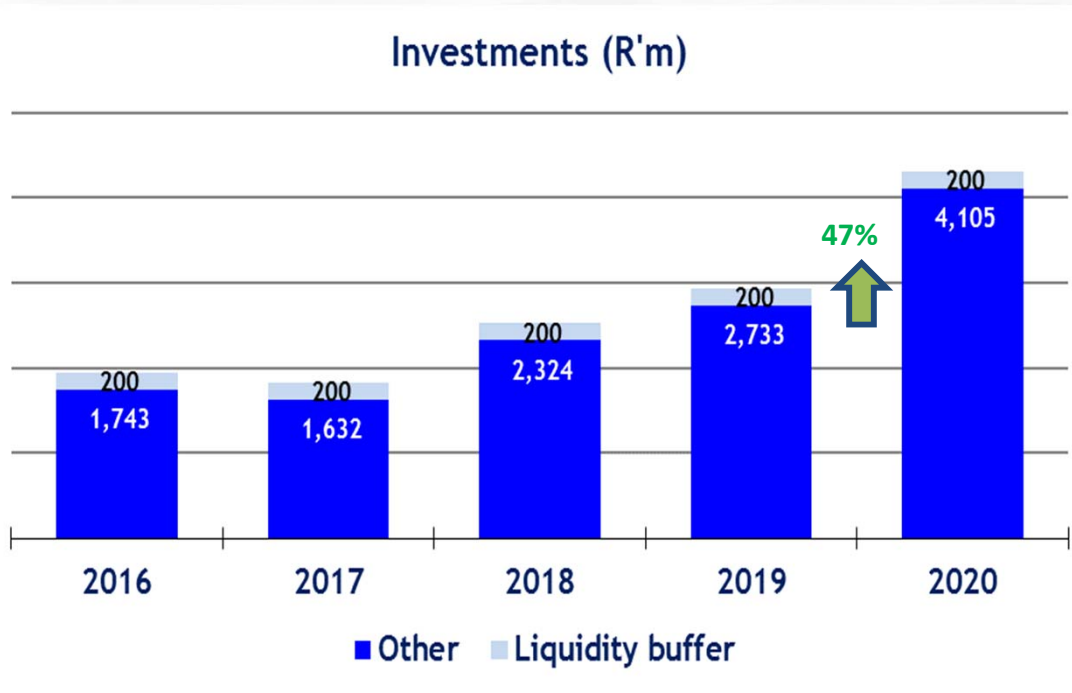
Capex spend on rural development projects totalled R184m (2019: R383m), upgrades R463m (2019: R810m).

Impairments on CWIP development projects were R184m (2019: R14m reversal)

Impairments on commissioned assets totalled R5m (2019: R47m reversal)

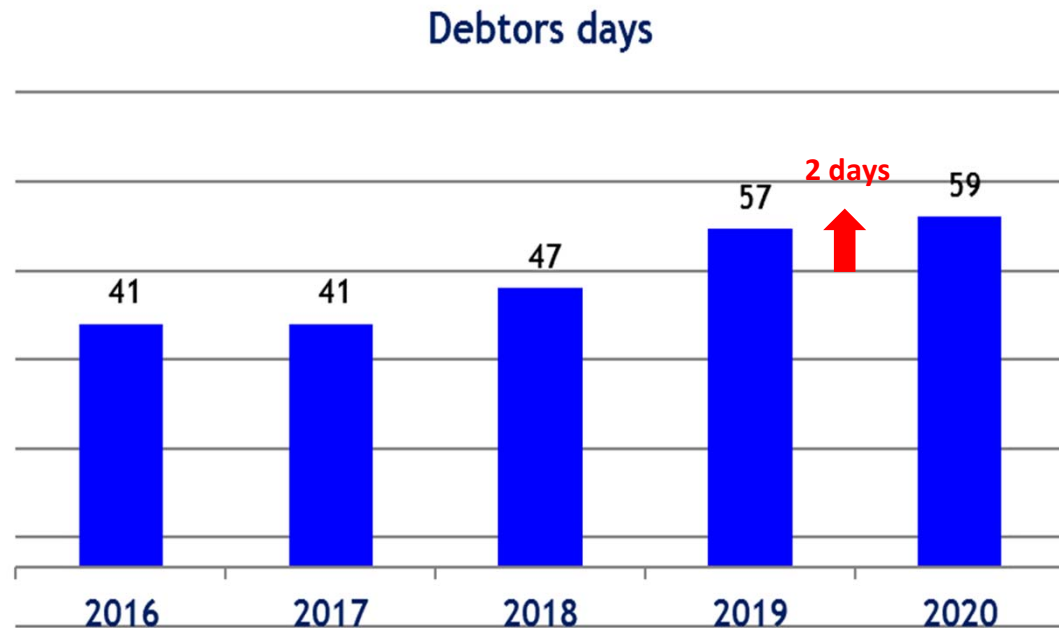
Total assets capitalised were R847m (2019:R695m). Major assets commissioned include the Darvill waste water treatment works upgrade.

Investments increased by R1,372m 47%



Increase due to reduced capital expenditure and regional bulk infrastructure grant funding received.

Debtors days increased by 2 days



Debtors days have deteriorated by 2 days and were 19 days above the target of 40. UTDM and Ugu DM were fully provided for. Higher Debtors days due to Msunduzi LM and UMDM who have been paying late and a payment agreement is in place with iLembe DM for recovery of the CUC.

Statement of Financial Position - Equity & Liabilities

	2020	2019 Restated	Movement
	R'm	R'm	R'm
EQUITY AND LIABILITIES			
Capital and reserves	10,678	9,120	1,559
Umgeni water capital	443	443	-
OCI Reserve	414	121	294
Accumulated profit	9,821	8,556	1,265
Non-current liabilities	1,714	2,485	(771)
Long-term debt	1,133	1,764	(630)
Other non-current liabilities	234	159	76
Provisions	18	1	17
Lease liability long term portion	2	-	2
Five year long service benefit	11	10	1
Post-retirement benefit obligations	315	551	(236)
Current liabilities	1,935	1,193	742
Short-term debt	684	83	601
Provisions	86	124	(38)
Accounts payable	1,008	838	171
Contract liabilities	133	130	4
Lease liability short term portion	1	-	1
Five year long service benefit	6	4	2
Post-retirement benefit obligations	16	15	1
TOTAL EQUITY AND LIABILITIES	14,326	12,797	1,529

Committed to R16bn capex programme over next 5 years

R29m

Retirement benefit liability reduced by R234m

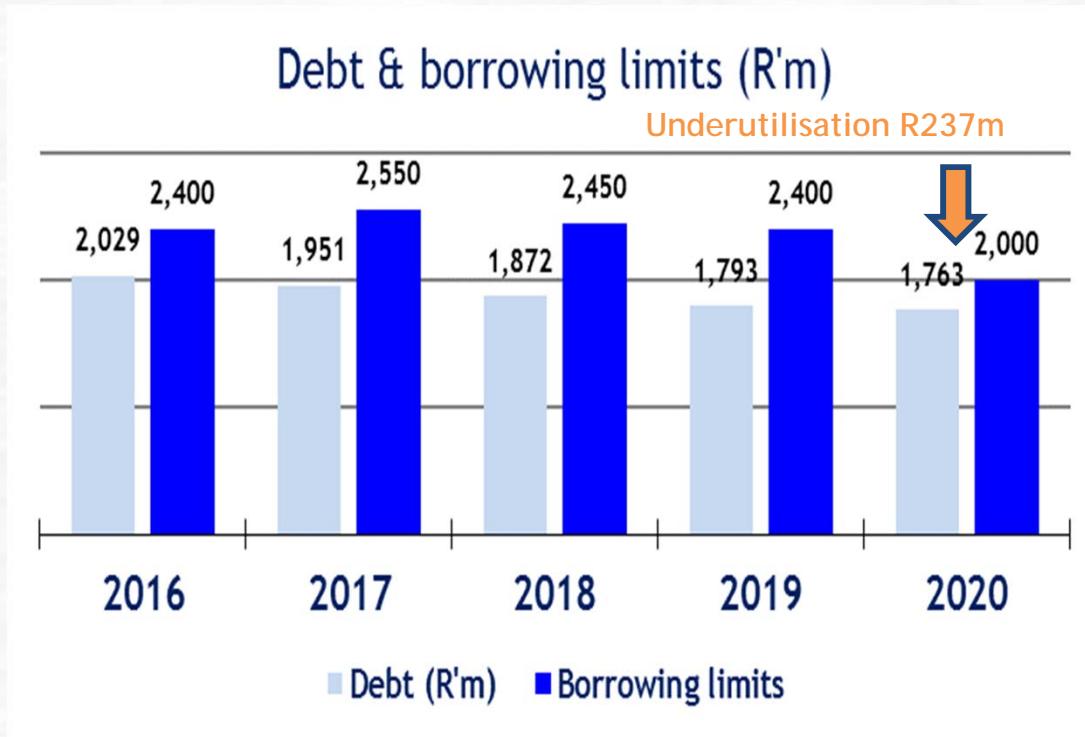
Defined benefit pension plan

In terms of IAS19, the group's retirement benefit plan is in an under-funded position of R0.1m (2019: R171m). Actuarial gains of R198m (2019: R24m).

Retirement Medical Aid

This scheme is currently unfunded and the group has recognised its full past service liability in the statement of financial position at the actuarial valuation of R331m (2019: R394m). Actuarial gains of R96m (2019: R26m).

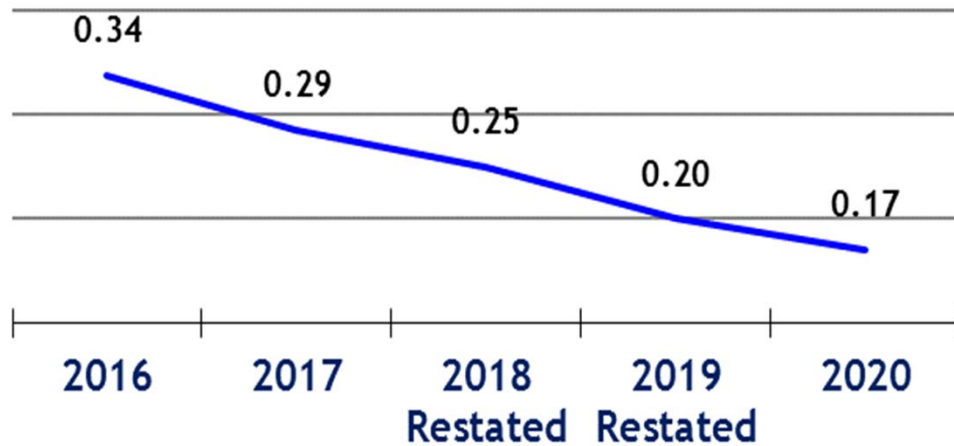
Gross borrowings reduced by R29m



R29m loans were repaid during the year, no new debt issued in 2020. All debt compliance covenants were met.

Debt to equity ratio improved by 15%




Gross debt: Equity (ratio)



Improvement due to scheduled repayment of loans and increased capital and reserves resulting from the profits for the year.

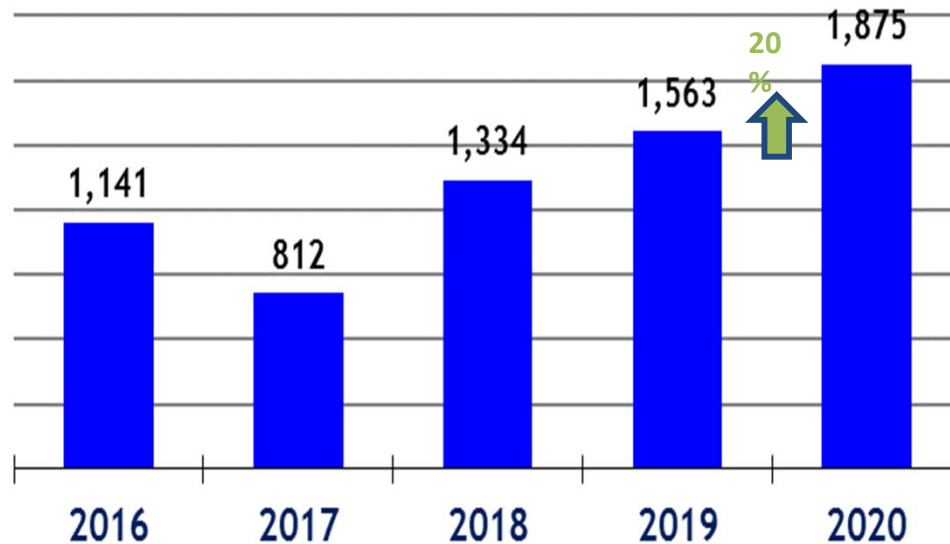
ANALYSIS OF CASHFLOWS

Summarised Statement of Cashflows

	2020	2019	Movement
	R'm	R'm	R'm
Net cash from operating activities	1,875	1,563	312 
Net cash used in investing activities	(609)	(1,047)	438 
Net cash used in financing activities	(1,332)	(456)	(877) 
Net cash increase in cash and cash equivalents	(66)	61	(127)
Opening balance	87	26	61
Closing balance	21	87	(66)

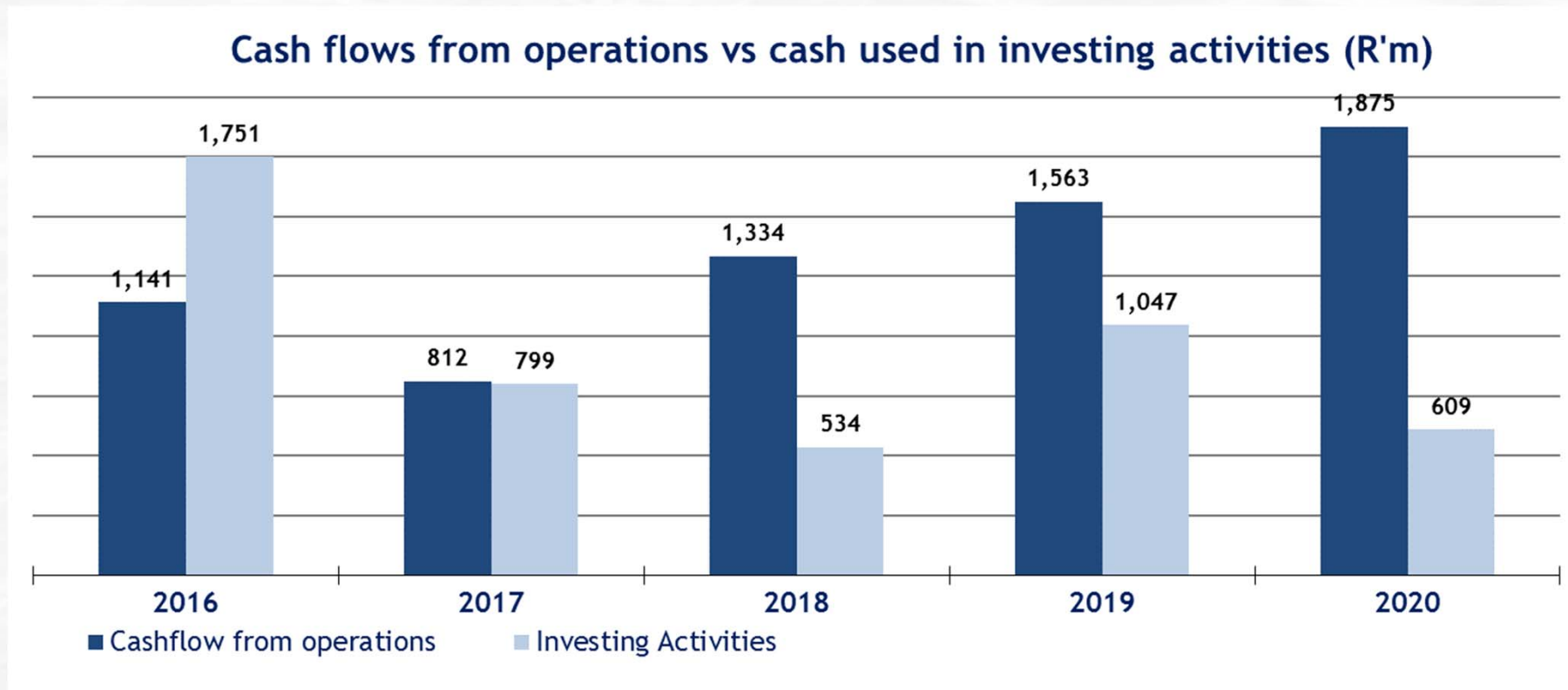
Cashflow from operations, improved by R312m, 20%

Cashflow from operations (R'm)



Improvement primarily due to the higher operating surplus after adjusting for non-cash items, the increase is mainly as a result of the 7.9% bulk water sales volumes growth combined with the 9.6% bulk water tariff increase

Cashflow from operations vs cash used in investing activities



The operating cash after scheduled repayment of debt was sufficient to fund investing activities requirements associated with capital expenditure, all surplus cash was invested in line with investment policy.

FUTURE INITIATIVES

Infrastructure plan 2021 to 2026

CASHFLOWS UNESCALATED								
CAPEX CATEGORY	Actual F'20	Total 2021 - 2026	Forecast					
			F21	F22	F23	F24	F25	F26
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
AUGMENTATION	67,793	4,507,922	188,343	423,945	752,096	1,001,950	1,095,828	1,045,761
DEVELOPMENT	184,095	4,917,961	319,088	513,454	893,358	972,859	1,228,850	990,352
EXPANSION	2,639	488,488	19,328	61,803	89,254	94,192	139,985	83,927
REHABILITATION	131,362	2,304,487	555,988	485,549	538,494	544,456	130,000	50,000
UPGRADE	332,107	1,373,513	326,579	231,227	343,513	167,922	210,773	93,499
IMMOVABLE	717,996	13,592,371	1,409,325	1,715,978	2,616,715	2,781,380	2,805,436	2,263,538
Adj CP 2021		15,249,612	1,829,366	2,203,147	2,626,169	2,871,733	2,883,990	2,835,316
% Increase / (Decrease)		-11%	-23%	-22%	0%	-3%	-3%	-20%
EQUIPMENT & VEHICLES	1,894	185,001	95,230	18,071	24,700	15,500	16,500	15,000
INFORMATION COMMUNICATION TECHNOLOGY	100,399	676,389	114,389	169,000	149,000	83,000	79,000	82,000
LABORATORY & PROCESS SERVICES	25,769	61,406	30,112	7,035	10,739	7,450	6,070	
MOVABLE	128,062	922,797	239,732	194,106	184,439	105,950	101,570	97,000
Adj CP 2021		367,739	291,973	13,576	16,709	17,911	17,570	10,000
% Increase / (Decrease)		151%	-18%	1330%	1004%	492%	478%	870%
TOTAL CAPITAL BUDGET	846,058	14,515,167	1,649,057	1,910,084	2,801,154	2,887,330	2,907,006	2,360,538

The spend over the next 5 years will be focussed on augmentation projects (31% of total programme); developmental projects (34%) and rehabilitation of the existing systems (16%).

FUTURE INITIATIVES

Funding requirements 2021 to 2026

FUNDING REQUIREMENTS Financial Year (R'm)	Short term		Medium Term			L/Term
	F21	F22	F23	F24	F25	F26
Operational Cash flows	1,428	1,358	1,661	1,990	2,574	3,226
CapEx - Gross (Escalated)	(1,605)	(1,934)	(3,051)	(3,339)	(3,615)	(3,156)
Net Operating and CapEx cash flow	(177)	(576)	(1,390)	(1,348)	(1,041)	70
CapEx - Grants: Confirmed	201	-	-	-	-	-
CapEx - Grants: to be confirmed	-	-	-	-	-	-
Financing activities - capital						
Existing Debt	(29)	(25)	(25)	(25)	(25)	(25)
UG26 issued March 2016						(935)
UG21 repayment	(600)	-				
New Debt	-	-	933	1,333	1,233	633
Financing activities - Net Finance costs						
Existing financial instruments	(67)	(7)	(20)	(41)	(66)	(83)
New Debt	-	-	(114)	(277)	(427)	(510)
Funding Requirements	(672)	(608)	(615)	(358)	(325)	(850)
Redemption Portfolio	363	-	(7)	(312)	(301)	621
Redemption Portfolio - Interest earned	258					52
Net Incremental Funding Requirement p.a.	(52)	(608)	(622)	(669)	(627)	(177)
Net (Funding) Investing requirements						
Opening Balance Available investments	3,190	3,138	2,530	1,908	1,238	612
Closing Balance	3,138	2,530	1,908	1,238	612	435

Funding Strategy in support of the 2021 Corporate Plan

- Key projects to ensure an assurance of water supply in the Umgeni Water area of operation will require at least R16.7bn over the next 5 years.
- It is anticipated that at least R5bn will need to be raised from the DCM or through collaboration with DFI's and the balance to be raised through the tariff.
- In terms of the funding strategy Umgeni Water will be looking to ramping up its borrowings starting from 2023 and up to 2026.
- Delays in borrowings would occur only if the infrastructure spend slows down further or if higher tariff increases are secured from customers.

IN SUMMARY

- Improvement in financial position confirms financial resilience and the ability of UW to raise funding on the strength of its balance sheet without Government Guarantees.
- Although the rate of capital infrastructure investment has been slow, there has been no significant impact on maintenance capital.
- UW will continue to assess the financial viability and benefit of incurring costs and investing in current projects.
- The focus for the ensuing years will be preserving the financial resources to maintain financial sustainability and resilience to deliver the key water resource infrastructure to support the strategies of:
 - Provision of efficient and cost-effective water and sanitation;
 - Enhanced security of water supply to support economic growth; and
 - Enabled and innovative growth to quicken the pace of infrastructure implementation and find sustainable and innovative solutions for current and future markets in the water service provision value chain.

THANK YOU

