



RAND WATER

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28 February 2011

MEDIA STATEMENT

RAND WATER HALF YEAR RESULTS

The Board of Directors of Rand Water, Africa's largest water utility, are pleased to announce the results for the half-year ended 31 December 2010. The period under review has been marked by a recovering domestic economy with a modest outlook. Although the returns for the previous year were somewhat modest and not at the levels that we were aiming for, the Group has made significant progress in the first half of 2010/11 year and we are satisfied that the group is on course to meet the market's expectations.

Rand Water provides bulk water to more than 11 million people in the Gauteng Province, parts of the Mpumalanga Province, the Free State Province and the North West Province. On average approximately 3,800 Ml of potable water is pumped to customers every day. Rand Water's area of supply is estimated to be 18,000 km² with an additional 13,000 km² joint area of service with other Water Boards. Rand Water's ability to provide quality, reliable and efficient bulk water services to an area that is not located near any major waterway, through 3,300 kilometers of pipeline infrastructure and purification technology, is a unique feat in the global water sector.

Rand Water has achieved solid financial performance for the half-year ended 31 December 2010. The Group experienced revenue growth of 21% compared to the same period last year to R3 billion from R2.5 billion with volume increase contributing 5.56% towards the growth. Net income generated for the period increased by 51% to R390 million from R 259 million. The Group has a healthy balance sheet with the gearing ratio of 14% reflecting the available debt raising capacity of the organization.

Rand Water Chief Executive, Percy Sechemane says that “The group is undertaking major infrastructure renovations to ageing infrastructure the majority of which relates to the augmentation and rehabilitation over the next five years. Rand Water has taken significant strides towards the provision of appropriate infrastructure to enhance its bulk water services provision. In this regard, the business outlaid R417 million of capital expenditure in the first six months of the year which was funded through internally generated resources and we are confident that similar levels to the previous year will be attained.” The Group invested R910 million in 2010 (2009: R986 million) of capital expenditure.

The Group remained cash positive reporting closing cash balance of R929 million with a cash generated from operations increasing by 137% to R391 million compared to the same period last year. The cash generated from operations as well as accumulated cash reserves have been utilised to fund the capital expenditure for the period.

Rand Water remains confident that the prospects for the year ahead are positive.

Issued by Rand Water, Monday, 28 February 2011

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