PVK
... in service of Prague
Czech Republic: The Prague contract

KEY NUMBERS

 Lease contract: since 2001
 Turnover: 5.86 billion CZK
 Number of customers: 87,613
 Number of employees: 979

OUR SERVICES

✓ Production of drinking water
✓ Distribution of drinking water
✓ Collection of wastewater
✓ Treatment of wastewater

1.42 million inhabitants served with water
Drinking water network: 4,279 km
Water production: 101 millions m³

1.22 million inhabitants served with wastewater services
Wastewater network: 4,591 km
Treated wastewater: 136 millions m³
Veolia Water in Czech Republic

Example of Czech operating model - model of PVK

- City of Prague: Assets owner Insure the administrator renting right, Negotiations with authorities, Validation of the water sales price.
- PVS: Administrators insure assets administration, investments, renewals, rehabilitation, modernisation and development management, PVK’s repairs budget validation, following-up and controlling operator activities.
- PVK: Operator Operational management, ensuring water and wastewater service to the public Network maintenance and repairs management, PVS technical advisory, Invoicing, receivables recovering and cash collection – insurance the infrastructure – payment of rental fee to the Administrator.
Prague contractual scheme

1.4.1998

Prague Sewerage and Watersources

Prague Waterworks

Prague Water Supply and Sewerage Company, a joint stock company (operational company)

The sublease, repair and maintenance agreement

April 2001
66% shares Vivendi Water

December 2002
100% shares Vivendi Water

May 2003
Vivendi Water = VEOLIA WATER

November 2005
VEOLIA WATER = VEOLIA VODA

Pražská vodohospodářská společnost, a.s. (administrator off the property)
OUR ENGAGMENTS

- Contractual engagements
- Privatisation engagements

More than 100 commitments in our operational contract

System of the engagements defined in the privatisation project
SYSTEM OF THE PRIVATISATION ENGAGEMENTS

Customer engagements

• Tariff increase engagement
• Implementation of the new customer services standards
• Establish the call centre and the contact centre
• Implementation of the Chart of the customers rights
• Prague water museum
• Creation of the Foundation supporting the welfare services

Employees engagements

• System of the employees education – establishment of the Training centre available for all experts from Czech republic
• Programme of the employee benefits
• Work security
Operational and technical engagements

- Water losses engagement
- Study of the operational optimisation and technical automation
- Implementation the Centralised water management system – new Control centre
- Optimisation of the water network – pressures optimisation
- Engagement of the laboratories accreditation
- Implementation of the GIS
- Optimisation of the Prague WWTP – system of the anaerobic digestion
- Waste water quality engagements
- Operational charges optimisation
- Proposal of the new system of the investments optimisation
Our operational contract contains more than 100 different engagements that can be split in following categories

- **Water and sewage tariff calculation**
  - Clear calculation structure
  - Limit of the profitability
  - Approval of the city for every change
  - Without the city approval the operator can increase the tariffs for next year only by the inflation

- **Product and service quality**
  - Technical definition of the water quality and the quality of the rejected waste water
  - Definition of the minimal level the service quality (information standards, client reclamations, call centre and contact centre, network connections...)
  - Obligation to make every year the customer satisfaction survey
SYSTEM OF THE CONTRACTUAL ENGAGEMENTS

- **Infrastructure management**
  - Repairs and maintenance standards
  - Mandatory minimal volume of repairs for each year
  - Mandatory plan of the maintenance for each year
  - System of the reporting and controls of the repairs and maintenance
  - Duties concerning the cooperation on the city investment plan preparation and realisation
  - Complete insurance of the infrastructural assets
  - Obligation to exchange the information with the other utilities in Prague (obligation to develop GIS and TIS)
  - .......

- **Rental fees**
  - Rental fees are set each year by the city that has the right to decide about the level of the rent
  - The rent represents 45% of the OPEX and is fully used for the reinvestments
  - Contractual engagement of the operator to prepay the rent on the city appeal
SYSTEM OF THE CONTRACTUAL ENGAGEMENTS

- **Transfer of the risks from the assets owner to the operator**
  - Risks of volumes (rent is fixed for calculation period) and unpaid bills
  - Risks of the water and waste water quality
  - Risks of the repairs
  - Risks of OPEX evolution during the all contractual period (inflation tariff increase)
  - Full damages responsibility
  - ....

- **Others**
  - Preparation of the city technical standards
  - Mandatory length of the systematic annual inspections of the water and sewage netw.
  - Dealing with the clients about the conditions of the new connections
  - Keeping of the common server for the information exchange (reporting and information duties – operational, technical, customer, financial)
  - ....
OUR PERFORMANCE

LEAD

OPERATIONAL PERFORMANCE

LEARN

HR PERFORMANCE

ECONOMIC PERFORMANCE

CUSTOMER PERFORMANCE
TOTAL WATER SUPPLIED THOUSAND m³, LOST WATER/WATER SUPPLIED IN % IN 2000 – 2013

ECONOMIC PERFORMANCE

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<tbody>
<tr>
<td>Water losses in T m³</td>
<td>147,689</td>
<td>139,914</td>
<td>133,423</td>
<td>128,588</td>
<td>122,203</td>
<td>118,052</td>
<td>116,630</td>
<td>113,420</td>
<td>109,990</td>
<td>107,719</td>
<td>106,738</td>
<td>102,915</td>
<td>102,311</td>
<td>99,361</td>
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<tr>
<td>Financila evaluation</td>
<td>333,041</td>
<td>302,269</td>
<td>268,516</td>
<td>233,669</td>
<td>219,498</td>
<td>200,388</td>
<td>174,077</td>
<td>168,568</td>
<td>166,101</td>
<td>169,229</td>
<td>159,313</td>
<td>158,927</td>
<td>147,090</td>
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<tr>
<td>Savings</td>
<td>30,773</td>
<td>64,525</td>
<td>99,372</td>
<td>113,544</td>
<td>132,653</td>
<td>158,700</td>
<td>164,474</td>
<td>166,940</td>
<td>163,812</td>
<td>173,728</td>
<td>174,114</td>
<td>185,951</td>
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## Economic Performance

### Staff Evolution

<table>
<thead>
<tr>
<th>Year</th>
<th>Personnal charges 2001 increased by inflation</th>
<th>Real personnal charges</th>
<th>Savings</th>
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<tbody>
<tr>
<td>2001</td>
<td>472 398</td>
<td>425 972</td>
<td>54 929</td>
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<tr>
<td>2002</td>
<td>480 901</td>
<td>364 342</td>
<td>117 040</td>
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<tr>
<td>2003</td>
<td>481 382</td>
<td>377 371</td>
<td>117 490</td>
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<tr>
<td>2004</td>
<td>494 861</td>
<td>371 647</td>
<td>132 616</td>
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<tr>
<td>2005</td>
<td>504 263</td>
<td>397 023</td>
<td>119 847</td>
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<tr>
<td>2006</td>
<td>516 870</td>
<td>357 496</td>
<td>173 846</td>
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<tr>
<td>2007</td>
<td>531 342</td>
<td>307 800</td>
<td>257 017</td>
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<tr>
<td>2008</td>
<td>564 817</td>
<td>279 582</td>
<td>290 883</td>
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<tr>
<td>2009</td>
<td>570 465</td>
<td>304 460</td>
<td>274 562</td>
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<tr>
<td>2010</td>
<td>579 022</td>
<td>313 952</td>
<td>276 072</td>
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<tr>
<td>2011</td>
<td>590 023</td>
<td>327 201</td>
<td>282 293</td>
</tr>
<tr>
<td>2012</td>
<td>609 494</td>
<td>330 329</td>
<td>287 698</td>
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<td>2013</td>
<td>618 027</td>
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</table>
ECONOMIC PERFORMANCE

Comparison of the Savings (Losses + Staff) and Profit evolution

Total 2002 - 2013

260 M€ INVESTED BY VEOLIA
Veolia has created in Prague the Education and training centre called IES (Institute of Environmental Services)

- IES prepares for the employees the structures training and education programs for all categories of our employees
- IES cooperates with prestigious Czech universities preparing different degrees of education
- The programs are free for all Veolia employees
- IES represents the centre of the professional experience exchange

More than 100,000 participants of all IES´ trainings in total (from 2002)
HR PERFORMANCE
Health and Safety

- ZERO TOLERANCE TO RISK IN H&S
- PERSONAL EXAMPLE AND RESPONSIBILITY
- SHARING THE BEST PRACTICES
- First Aid Practical Training
OUR PERFORMANCE
Customer performance

- Call Centre
- Contact Centres
- Client Rights Chart
- Veolia FOUNDATION
- Regular Customers Satisfaction Research
- System of clients awareness
- Smart metering
- Smart phone applications

CUSTOMER

Veolia FOUNDATION
Single Customer Information System (CIS)

**Back Office**
- Distribution Network Data
- Water Meters Management
- Consumption Data
- Invoicing
- Collection
- Reporting, ...

**Front Office**
- Call Centre
- Customer Centre
- Customer Data Evidence (customer info, contract, contact history and other)
- Campaign Administration
- Income and Outcome Mail Evidence

**Interface**
- GIS
- FIS
- Meter Readings
- Bank, ...

**Administration**
- Account roles administration
- Unified reports and export templates
- Unified lists and interface design

**Data**
- SČVK
- PVK
- Vodárna Plzeň
- 1. SČV
- RAVOS
- SVAS
- MOVO
- VOSS
- Vodárna Klatovy
Smartphone applications developed by Veolia Voda in the Czech Republic

For all consumers
- The application enables to find the nearest restaurants, cafés and hotels that offer tap water and gives details on them with the possibility of navigation.
- On iOS and Android devices
- [www.kohoutkova.cz](http://www.kohoutkova.cz)

For customers only
- Application „My waterPlus“ lets customers stay informed about their water consumption or contract details and allows them to update their data
- On iOS and Android OS devices

For all consumers
- In a real time, the online maps show the current water supply interruptions.
- “My water” offers basic information on water quality and a simple calculator of water consumption or carbon footprint.
- On iOS and Android OS devices
Operational events on Google maps in the Czech Republic

- Data from the emergency management is published on the company’s website
  - The information about planned interruptions is updated once a day, emergencies every 5 minutes.

- Precise information is provided:
  - For planned interruptions: date and time of the beginning and the completion
  - For emergencies: date and time of entry into the system and the expected date and time of emergency rectification

- Customers can review the information using their web browsers for the various maps on Google

- Customers can use standard features for working with the map (choice of map, search, zoom in...etc.) and can save the area of interest in the Favourites folder within the web browser
Regular clients satisfaction research

How satisfied are you in general with the level of the services provided by your drinking water supplier?

- Very satisfied - 36.1%
- Somewhat satisfied - 60.7%
- Somewhat dissatisfied - 2.9%
- Dissatisfied - 0.3%

- Annual research done by the independent institute
- About 5000 respondents from all population categories

How satisfied are you with the drinking water quality?

- Very satisfied - 37%
- Somewhat satisfied - 57.7%
- Somewhat dissatisfied - 5.3%

- Results of the research published
- Results of the research consulted with the city partners
OUR PERFORMANCE

OPERATIONAL PERFORMANCE

Operational performance
SWiM is the fifth generation of the most modern management system.

**WHY SMART?**
The system is working with the most modern technologies on the market.

**WHY INTEGRATED?**
System integrates ten different areas of water management.
Water infrastructure control system

Emergency management including an integrated system for managing substitute water supply

Cost monitoring and optimisation system

Water quality monitoring system

System for notifying customers, the public and key persons

Integrated crisis management

Resource management system

Integrated crisis management

Water production and consumption monitoring system

Preventive maintenance and repair planning system

System for the protection of water infrastructure assets

3,5 M€ investments
What does SWiM brings to customers?

**INFORMATION**
- Immediate information about the water supply interruptions (SMS+WEB)
- Tracking of the substitute water supply
- Information about the water quality

**REPAIRS**
- Higher flexibility = efficient reaction
- Reduction in the time of repairs
- Reduction of the city traffic disruptions

**QUALITY**
- Water quality on-line monitoring
- Information about the water analyses immediately available to the system users

**TARIFF**
- Efficient charges control
- Positive tariff impact
- Optimisation of the sources allocation
What does SWiM bring to us?

- Integration of different elements allow us to have a global view of its functioning
- Better cooperation and interface of the included elements

PROTECTION
- New standard of the water infrastructure protection
- On-line protection of the critical sites in cooperation with the Czech Police

CRISIS
- Quicker and more efficient reaction thanks to the integration
- System of communication inside and outside SWiM (army, police, city)

OPTIMISATION
- Management and optimisation of sources
- Charges reduction
- Availability of sources
REASONS FOR COOPERATION WITH A PRIVAT PARTNER

- Performance
- RISKS transfer
- Tariff control
- Inovations
- Investments
- CHOICE
Privat operator = Choice

Choice = Competition

Competition = Better price

Competition = Better quality

Better price + Better quality = Satisfied customer