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PRESS STATEMENT

by Dato' Ir. Jaseni Maidinsa,
Chief Executive Officer,
PBA Holdings Bhd (PBAHB) and
Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP)

PENANG STATE GOVERNMENT PROVIDED RM140 MILLION LOANS TO AVOID A WATER TARIFF REVIEW IN 2017

- **“Soft loans” are for CAPEX projects, not cash flow.**

PENANG, Sunday (15/10/2017): Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP) would like to express its gratitude to the Penang State Government for providing “soft loans” to PBAPP to finance its capital expenditure (CAPEX) projects. These loans will allow PBAPP to succeed in its programmes to support a “No Water Rationing Policy” in Penang towards 2020.

PBAPP would like to reiterate that the state government loans are for CAPEX projects, and not for “cash flow”. PBAPP regrets the publication of news reports suggesting that PBAPP suffered from cash flow problems. Nothing can be further from the truth.

Please allow me to state clearly that PBAPP is not facing any cash flow issues in 2017. Our public listed holdings company, PBA Holdings Bhd (PBAHB) has been reporting operating profits and paying dividends to shareholders for 14 consecutive years since 2003.

However, PBAPP continuously invests in CAPEX projects to further improve water supply services in Penang, in line with its ISO 9001:2008 commitment towards continuous improvement. The cost of these CAPEX projects is high and requires ample financing. In the period 2008 – 2016, PBAPP had invested a total of RM484 million in 262 CAPEX projects in Penang.

In 2017, the people-friendly Penang State Government has stepped forward to provide two “soft loans” amounting to RM140 million to PBAPP to avoid a water tariff review.

The “soft loans” will primarily be used for projects related to water resource development; upgrading and construction of water treatment plants and reservoirs; laying new trunk mains; non-revenue water (NRW) management; as well as computerisation and geographical information system (GIS) projects.

Please note that all these projects are meant to further improve water supply services in Penang, and to avoid water rationing during extended dry seasons, for the benefit of 1.72 million people and thousands of businesses.

Since 2008, PBAPP’s main achievements are:

- No water rationing, unlike most other states that have, at some point or other, conducted water rationing exercises;
- Highest quality potable water that exceeds the standards set by the Ministry of Health; and
- The lowest domestic water tariffs in Malaysia (for the first 35,000 litres per month).

PBAPP will continue to invest in projects to sustain 100% urban and 99.8% rural water supply coverage, in tandem with the state’s socio-economic growth. The “soft loans” from the Penang State Government are being used to finance PBAPP’s CAPEX projects without incurring a water tariff review in Penang in 2017.

Thank You.

Dato’ Ir. Jaseni Maidinsa,
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