



23<sup>rd</sup> May 2017

PBA HOLDINGS BHD AGM 2017 MEDIA RELEASE 1

## **8.8% INCREASE IN REVENUE AND AN 8.0% DIVIDEND PAYOUT FOR 2016**

- **By avoiding rationing in Penang, PBA Holdings Bhd (PBAHB) recorded an 8.8% increase in revenue.**
- **The 17<sup>th</sup> AGM of PBA Holdings Bhd approved a final dividend of 4.5% for the financial year ending 31/12/2016. PBAHB shareholders will receive a total dividend of 8.0% for 2016.**

PENANG, Tuesday, 23/5/2017: PBA HOLDINGS BHD (Stock reference: PBA – 5041) reported a revenue of RM326.7 million for the 2016 financial year. This represents an increase of 8.8% year-on-year in comparison with the 2015 revenue of RM300.3 million.

By continuing to sustain Penang's record of 'no water rationing' during a Super El Niño year, PBA Holdings Bhd (PBAHB) successfully increased its proceeds from the sale of water in the State of Penang. In 2016, PBAHB 'sold' an average of about 827 million litres per day (MLD) as compared to 813 MLD in 2015.

PBAHB's primary subsidiary, Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP) also worked hard to manage costs, and managed to convince the Inland Revenue Board (Lembaga Hasil Dalam Negeri) to grant an extension in reinvestment allowances for completed water projects in Penang. This tax initiative provided PBAHB with about RM7.1 million in corporate tax refunds.

With these positive developments, PBAHB recorded a profit after tax (PAT) of about RM61.8 million in 2016.

In continuing to reward shareholders, the PBAHB Board of Directors proposed a 4.5% final dividend payout for 2016. This brought the total dividend payout for the year to 8.0%, reflecting a 1.0% increase over the 7.0% total dividend payout for 2015.

This final dividend payout was approved during PBAHB's 17<sup>th</sup> annual general meeting (AGM) today.

## **MOST OF PBAHB'S PAT FOR 2016 WILL BE REINVESTED INTO WATER SUPPLY PROJECTS FOR PENANG**

As such, about RM13.2 million of PBAHB's PAT of RM61.8 million will be paid out as dividends to 8,961 shareholders. Almost all of the remaining RM48.6 million will be allocated towards funding critical water supply projects in Penang in 2017.

Among the key projects that will be funded by the 2016 PAT is the laying of a 3<sup>rd</sup> submarine treated water pipeline from Butterworth to George Town.

This new submarine pipeline will increase PBAPP's capacity to deliver treated water from the Sungai Dua Water Treatment Plant in Seberang Prai to rapidly developing areas on Penang Island. It will also 'back up' the 1<sup>st</sup> submarine pipeline that was commissioned in 1973, and which has almost reached the end of its design life.

In other words, the 3<sup>rd</sup> submarine pipeline project, with a design capacity of 350 million litres per day (MLD) will enhance Penang's assurance of 'no water rationing' on Penang Island, especially during prolonged dry seasons.

Other projects that will be funded by the 2016 PAT include new 900mm pipelines from Jalan Chain Ferry to Permatang Pauh in Seberang Prai Utara; from Bukit Dumbar to Jalan Yeap Chor Ee and Jalan Mesjid Negeri on Penang Island; and from Kampung Genting to Bukit Penara in Balik Pulau.

Part of the funds will also be allocated for the development of a Water Supply Command Centre in the Sungai Dua Water Treatment Plant; and the upgrading of PBAPP's geographical information system (GIS) to enable more efficient monitoring of Penang's water supply systems.

## **GROWTH IN CONSUMPTION AND CONSUMERS SINCE 2008**

It has been about 8 years since the present Board of Directors was appointed to direct PBAHB and PBAPP.

In these 8 years, Penang's water demand increased by about 11.2%, from 744 MLD in 2008 to 827 MLD in 2016. At the same time, the number of registered water consumers in Penang increased by about 23.9%, from 476,179 consumers in 2008 to 598,797 consumers in 2016.

Meanwhile, in the first quarter of 2017 alone, new projects with a total investment value of about RM643 million were announced in Penang, by local and international companies such as Aemulus, Industrialised Building Systems, the Penang Automation Cluster, ViTrox, Pentamaster, Walta and Luxsoft.

The abovementioned facts and figures outline the prospects of PBAPP and PBAHB towards 2020.

Nevertheless, with a geographical footprint of only 1,048 sq.km, Penang is a water-stressed state with limited raw water resources.

On its part, PBAPP will intensify its water demand management initiatives in Penang to reduce high per capita domestic consumption, so as to ensure water supply sufficiency towards 2020.

However, the Federal Government must also play its role.

The Federal Government assumed responsibility for regulating water supply services at national-level, with the implementation of the Water Services Industry Act (WSIA 2006). It has also agreed to implement new raw water resource projects for Penang under the National Water Services Restructuring Initiative (NWSRI).

As such, to ensure continuous good water supply services in Penang and the Northern Corridor Economic Region (NCER), the Federal Government should:

- Stop logging in Ulu Muda which is affecting the quantity and quality of water available from Sungai Muda;
- Implement the Sungai Perak Raw Water Transfer Scheme (SPRWTS) to address the raw water needs for North Perak and Penang until 2050; and
- Avoid further delays to the Mengkuang Dam Expansion Project (MDEP).

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