

## PBAHB AGM 2015 PRESS RELEASE :

### **7.5% DIVIDEND PAYOUT FROM PBA HOLDINGS BHD**

PENANG, 28/5/2015: For the 12<sup>th</sup> year in a row, PBA HOLDINGS BHD (Stock reference: PBA - 5041) is paying out dividends to its shareholders.

Chairman YAB Tuan Lim Guan Eng said the dividend yield for PBA Holdings Bhd (PBAHB) shareholders was 7.5% for the financial year 2014.

Today, the company's Annual General Meeting (AGM) approved a final single tier dividend of 4%. As at 7<sup>th</sup> April 2015, the company had 8,884 shareholders.

YAB Lim said the company's policy of rewarding shareholders on an annual basis for 12 consecutive years proved that PBAHB stocks represented a stable and rewarding long-term investments.

"PBAHB is not only a leading organisation in water supply. We are also a public-listed entity that believes in rewarding our shareholders yearly," he said.

PBAHB is the holdings company for Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP), the licensed water operator that serves the State of Penang. PBAHB's core business is water supply in Penang.

YAB Lim, who also serves as Penang Chief Minister, said PBAHB reported revenue amounting to RM261.02 million in 2014, as compared to RM251.73 million in 2013. This represented a 3.69% increase year-on-year.

However, PBAHB's cost of sales (which includes the costs of electricity, petrol, chemical and maintenance costs) increased by 6.62% during the year in review, from RM183.46 million in 2013 to RM195.60 million in 2014.

Taking into account other variances in administrative expenses, interest income, share of profits and income tax expense, PBAHB's profit after tax (PAT) was RM24.76 million in 2014, as compared to RM27.93 million in 2013.

"Please note that while we focused in cost efficiency in the face of increasing costs, the nature of our business does not allow us to arbitrarily increase 'product pricing' (water tariffs) without State and Federal approval," YAB Lim said.

### **PENANG WATER TARIFF REVIEW 2015**

On 1<sup>st</sup> April 2015, PBAPP implemented the Penang Water Tariff Review 2015 (PWTR 2015) to manage water demand more effectively and promote water conservation in Penang.

The PWTR 2015 was approved and gazetted by the Federal Government on 15<sup>th</sup> February 2015, about 7.5 months after PBAPP submitted its final proposal to the National Water Services Commission (SPAN) on 30<sup>th</sup> July 2014.

The main rationales of the PWTR 2015 are to address the challenges of water sufficiency in the time of climate change, and to avoid water rationing in Penang at all costs.

As such, YAB Lim said, PBAHB did not wish to speculate on the financial impact of the PWTR 2015.

“We cannot predict consumer response as this review is meant to lower the high per capita domestic consumption in Penang. At the same time, water consumption is subject to various socio-economic and cultural factors, including the Federal Government’s implementation of the 6% GST throughout Malaysia with effect from 1<sup>st</sup> April 2015,” he said.

However, he said, the PWTR 2015 should help to sustain PBAHB’s business in the long run, in view of the fact that PBAPP needs to ensure sufficient water to “sell” and generate continuously, 24 hours a day, everyday, in Penang.

“At the same time, as the PWTR 2015 is structured to reduce per capita domestic water consumption, we hope to see a reduction in domestic water supply subsidies that amounted to RM74.77 million in Penang in 2014. With higher costs and lower revenue brought about by economic uncertainties following the implementation of the GST, there will be some pressure on profits,” he added. “We will monitor the results and report on this at the end of the 2015 financial year.”

## PROSPECTS FOR THE FUTURE

As one of the main factors affecting water consumption in Penang is economic growth and PBAPP primarily generates profits from trade consumption, PBAHB’s prospects for the future are related to the following considerations:

- Penang’s GDP was about RM63 billion in 2013 and it contributes to about 25% of Malaysia’s total imports and exports;
- Total investments in Penang was valued at RM48.2 billion in the seven-year period from 2008 – 2014. This represents a 93.6% growth in comparison to the preceding seven-year period of 2001 – 2007 of RM24.9 billion.
- Shared services and out-sourcing (SSO) companies such as Citigroup, IHS, Atmel, First Solar, Osram and Jurong Shipyard are expanding operations.
- Upcoming transformational projects include the RM11.3 billion joint ventures between the Penang Development Corporation (PDC) and Temasek Holdings of Singapore to develop a Business Outsourcing and Information Technology



Outsourcing (BPO-ITO) and Penang International Technology Park, as well as IKEA's RM8.0 billion commercial and mixed development project.

On its part, YAB Lim said, PBAPP would continue to implement sustainable water supply management initiatives to ensure that it continues to meet all of Penang's water supply needs in 2015 and beyond.

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