
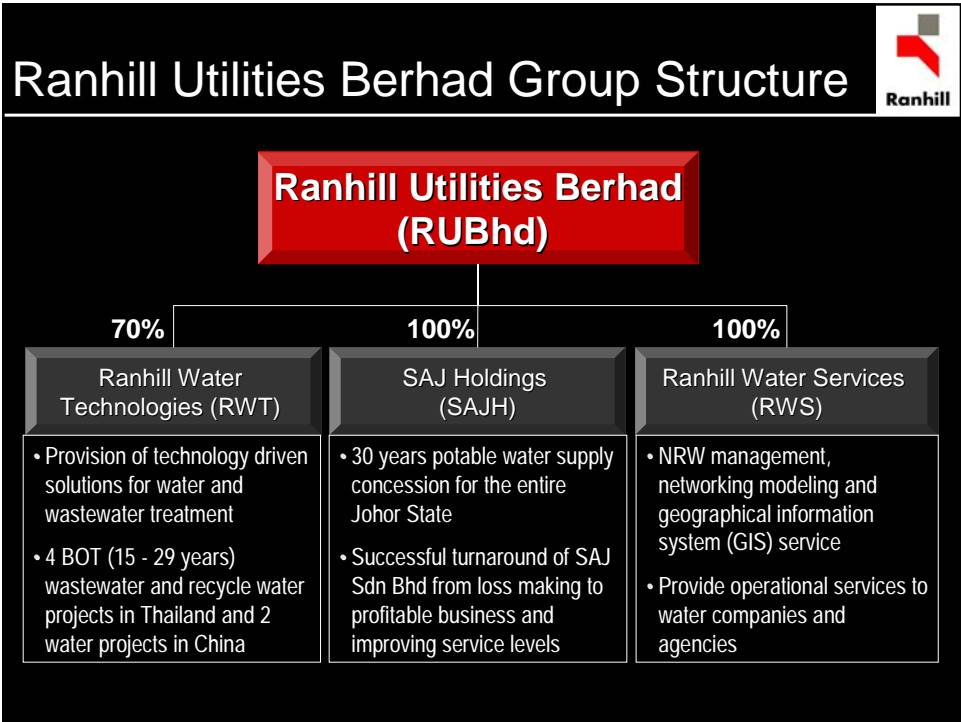


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|--|---|
| <b>Ranhill Utilities Berhad</b>                                    |  |
| <b>MANAGEMENT<br/>OF WATER UTILITIES<br/>IN DEVELOPING COUNTRY</b> |   |



## RUB: Key competitive advantages



### High barriers to entry

- Concessions for a fixed period of time.
- Monopolistic operations eliminate competition in the concession area.
- High ongoing capex requirements.

### G2G relationship

- Strong relationships with state and federal governments.
- Turnaround of loss making water utility has gained confidence from governments and improved future prospects of securing concessions.
- Improvement in service levels.

### Customer acceptance

- SAJH has been able to convince consumers of the need to pay for water.
- Acceptance by customers has enabled SAJH to return to profitability.

### Technical knowledge & skilled employees

- Has been able to lever a technical knowledge in overseas projects.
- Access to highly skilled personnel provides RUB with a strong competitive advantage.

### Sector experience

- Technical expertise and practical experience in engineering gives RUB a competitive advantage in water and wastewater.
- Ability to seize opportunities which combine water and wastewater for better economies of scale.

### Reputation

- Strong reputation positions well for future privatisation.
- Proven operator with good track record.

## Key Industry Focus



1. Local water supply Facility and Service Licensee
2. Local sewerage Facility and Service Licensee
3. EPC contracts and BOT / concessions via RWT
4. Service contracts via RWS
5. Business opportunities through membranes technology application

### Geographic segments to be involved:

- Malaysia
- China
- Thailand
- Middle East Markets
- Other South East Asia countries

# Experience in Total Water Supply System Management

## SAJH 30-year concession with Johor's State Government in Malaysia



### State Government



Catchment Area, rivers & some dams

Concession: Source to Tap Capabilities (1,737 employees)



Abstraction

From river and dams



Production

- 43 treatment plants
- Production 1,315 mld
- Capacity 1,624 mld



Distribution

- 487 reservoirs
- >12,000 km pipeline



Customer

- 3.1 mil population
- 830,000 accounts
- > 99% coverage

- Successful turnaround from loss to profitable business and improving service levels.
- Average tariff : MYR 1.54/m<sup>3</sup>
- Guaranteed IRR band : IRR of 14-18%
- To design, construct, operate and maintain assets, including increasing capacity by 1,337mld over the concession period.
- In 2000, State Government requested SAJH to design, construct, operate and maintain the Semangar water treatment plant. In line with the zero dependency plan to enable Johor to be self-sufficient in treated water.
- Drinking Water Quality >98% Compliance (Ministry of Health Standards), through establishment of Central Lab - accredited with ISO/IEC 17025 certification (Dept of Standard Malaysia)
- Country highest reduction of NRW from above 45% to 29.9% (Sept 2006)
- Won Malaysian Water Association award for Best Management 2002
- SAJH's Organisational Climate Project was deem Best Workplace Practices by the Asian Forum on Corporate Social Responsibility 2005.

## RUB: Growth strategies



### Local water services

- Equity participation in corporatized entities.
- Participation in O&M contracts
- Malaysia 9<sup>th</sup> Plan – PFI strategy leverage on financing and O/M strength

### Local sewerage services

- Strategic studies of Johor sewerage services.
- Proposal for O&M of sewerage in Johor and other states.
- Malaysia 9<sup>th</sup> Plan – PFI strategy leverage on financing and O/M strength

### Regional water business

- Organic growth.
- Harness on key competencies.
- BOT bulk supply concession.
- Target O&M contracts.
- Water consultancy business in restructuring business model.

### International business

- Industrial park market (China, Thailand) – BOT investments
- Asset light entry – consultancy and O&M contracts
- Expansion in regulated markets.

### EPC work via RWT

- Niche market for compact treatment plant.

### O&M works via RWS

- Non-Revenue Water (NRW) contracts in Malaysia and Asia.
- Other O&M services from water providers.

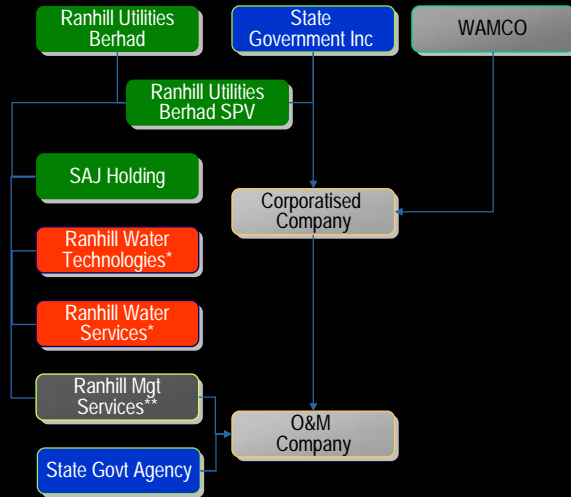
### Technology opportunities

- Desalination, membrane and industrial grade water.
- Strategic partnerships to enhance RWT.

# Working Relation - Business Model



- The Ministry of Energy, Water and Communications has expressed its view that states are encouraged to adopt a corporatisation model.
- It is anticipated that private sector participation will be in the following ways
  - Strategic partnerships
  - Limited equity participation
  - Private funding initiatives
  - O&M contractors – operators
  - Specialist technical input
- This exercise seeks to increase the commercial viability of the water utility sector in Malaysia through increased private sector participation in the market.
- It also presents an opportunity for the growth of service providers such as RWS and RWT in the sector.



\* vehicles to also provide services outside of group; i.e. EPC, NRW etc  
 \*\* vehicle to be set up

Thank You

