



# 2017

## Performance Report

Charting new standards in the  
way we operate our business

## OUR VISION

To be the leading water operator in the region



**RM391.6  
million**

in capital works  
investment

**178.55km**

of aged pipes  
replaced



**169%**

growth in digital  
interaction with  
customers



**23.5%**

drop in calls  
received from  
customers

## 2017 Highlights

This annual Performance Report outlines our key operations, achievements and initiatives in 2017. One of our key focus areas was to reduce our non-revenue water (NRW) and we have achieved to reduce it from 32.2% in 2016 to 30.1% by end of 2017.

Our focus on leak detection, leak repairs, replacement of aged pipes as well as management of water pressure and monitoring of district metering zones helped in reducing NRW.

In 2017, we invested RM391.6 million

for capital works projects such as pipe replacement, construction and upgrading of water treatment plants and the distribution systems to augment supply capacities.

We also opened up our channels of communication with our customers via short messaging service (SMS) to deliver personalised announcements on water status.

We will continue to deliver the best possible experience to our customers as we strive towards becoming the leading operator in the region.

**99.71%**

overall water quality compliance



**30.1%**

non-revenue water (NRW) rate



## OUR MISSION

To deliver the best possible experience to our customers



*Semenyih 2 Water Treatment Plant*



## About Pengurusan Air Selangor

The water services industry in Selangor, Federal Territories of Kuala Lumpur and Putrajaya ("Distribution Area") has been highly fragmented and inefficient for more than two decades since the privatisation of water services which started in 1994. It is the aspiration of the State Government of Selangor to improve efficiency and restructure the water industry by moving towards a holistic operating model for the water supply services industry.

Pursuant thereto, Pengurusan Air Selangor Sdn Bhd ("Air Selangor") was set-up as the special purpose vehicle ("SPV") of the State Government of Selangor to be the single holistic licensee for the provision of water services in the Distribution Area pursuant to the water services industry restructuring.

### ACQUISITION OF WATER OPERATORS

Currently, the water services in the Distribution Area is handled by six (6) different water operators namely Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS"), PNSB Water Sdn Bhd ("PNSB Water") (formerly known as Puncak Niaga (M) Sdn Bhd), Konsortium ABASS Sdn Bhd ("ABASS"), Konsortium Air Selangor Sdn Bhd ("KASB"), Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ("SPLASH"), as well as Air Selangor for the Sungai Sireh and Semenyih 2 water treatment plants.

### CONSOLIDATION OF THE WATER INDUSTRY

Air Selangor has taken steps to consolidate the fragmented water industry through the acquisition of all the existing water services companies. As at 30 June 2018, the acquisition of SYABAS, PNSB Water, ABASS and KASB has been successfully completed. The acquisition of SPLASH is currently under discussion and is expected to be completed towards the end of 2018.

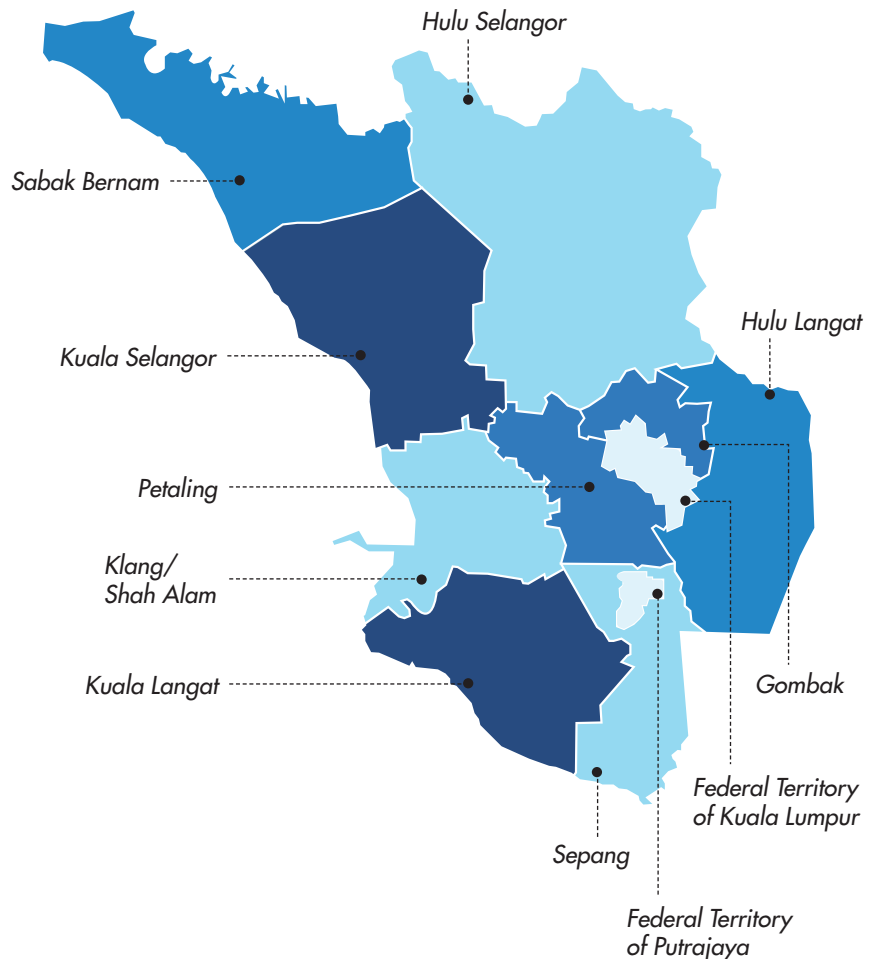
# OUR SERVICE

## AREAS

Providing clean and high quality water supply at affordable rates for our customers, is at the heart of everything we do daily. The economic growth in various sectors especially in the state of

Selangor, raised demand for water supply.

To cater to rising water demand, we will continuously work on improvements to deliver value to our customers.



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Area	Length of Pipes (km)	Consumer Accounts	Consumption (litre per capita per day)
Selangor	28,447	1,875,053	234
Kuala Lumpur & Putrajaya		348,875	199

\*As at end 2017

# From the **CEO's DESK**

## A SOLID END TO 2017

I am pleased to present the highlights of our achievements for 2017 in a new-look Performance Report. This report card captures the salient information which drives our business of providing water services to over 2,223,928 accounts – about 11 million people in Selangor, Putrajaya and Kuala Lumpur.

Our service population has been growing steadily and in the past 12 months we have seen a 3.9% growth in number of customers, mirroring the buoyant development in the areas we serve. To cater to the growing service population, we introduced initiatives to deliver value to our services, which in turn, saw us providing greater customer benefit.

### **A BOLD MOVE**

Our core strategy for 2017 has been to reduce Non-Revenue Water (NRW) and we are proud to announce that by end 2017, we had reduced our Non-Revenue Water, to 30.11%, a significant reduction from 32.6% in 2015 when we took over the water treatment and distribution service in Selangor, Putrajaya and Kuala Lumpur.

About 48.2% of our Capital Expenditure spending for 2017 was for NRW reduction initiatives, which were key in minimising loss of treated water, a precious resource crucial to secure supply for our customers, while remaining financially sustainable.

Asset management and replacement initiatives, which included replacement of

aging pipes and refurbishment of disused reservoirs and pump houses, were also key expenditure in 2017, covering a spend of 30.6%.

Managing water resources responsibly has always been our priority and we will continue with our initiatives for better service to our customers and the community, and ensure sustainability into the future. In 2017, we spent 9.3% of our Capex on development and upgrading of our distribution system, which included pressure improvement, network improvement and new pipeline works.

### **THE USE OF SMART TECHNOLOGY**

Leveraging on technology to plan for the future, we are happy to note that the implementation of the all new Customer Information System (CRIS) – a world class customer relationship management and billing system progressed well throughout 2017.

As the year drew to a close, the system went “live”. We hope in 2018, CRIS will be a key platform to augment online services for customers as well as our property and development stakeholders in our bid to provide greater convenience to all.

Last but not least, our people are central to these achievements. Our governance and management practices will guide our people as it is our customers who are at the very heart of our efforts to improve our services.

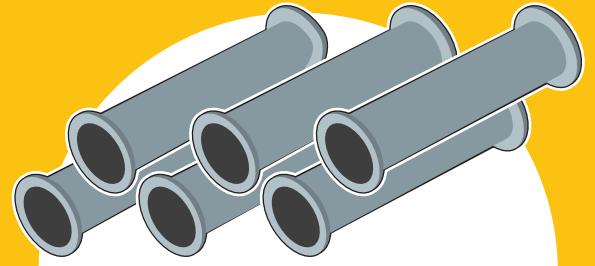
**Suhaimi Kamaralzaman**  
Chief Executive Officer

# OUR ASSETS

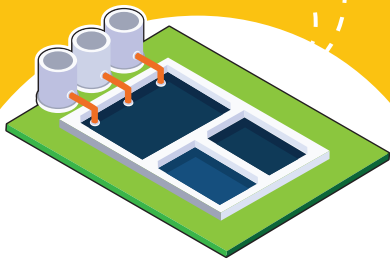
AT A GLANCE



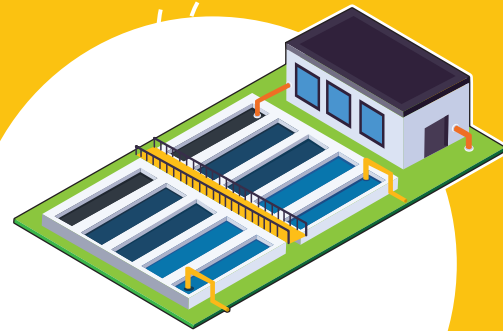
We get our water supply from **7 major dams** and **1 Off-River Storage**



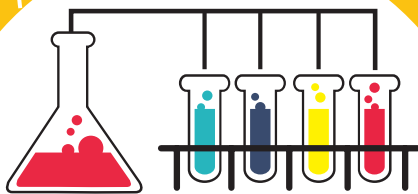
We manage **28,447km** of **pipeline** in Selangor, Federal Territories of Kuala Lumpur and Putrajaya



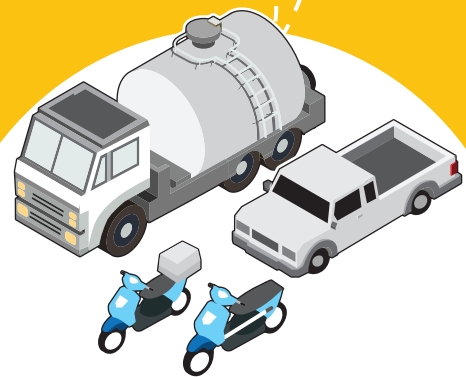
We operate **651 Pump Houses**, manage **1,573 Service Reservoirs** and **46 Balancing Reservoirs**



We manage **29 Water Treatment Plants**



We operate **3 Water Quality Labs** with samples taken from over **1,214 water sampling stations**



We manage a fleet of **377 Operational Vehicles**, **10 V-Riders** and **10 Q-Riders**





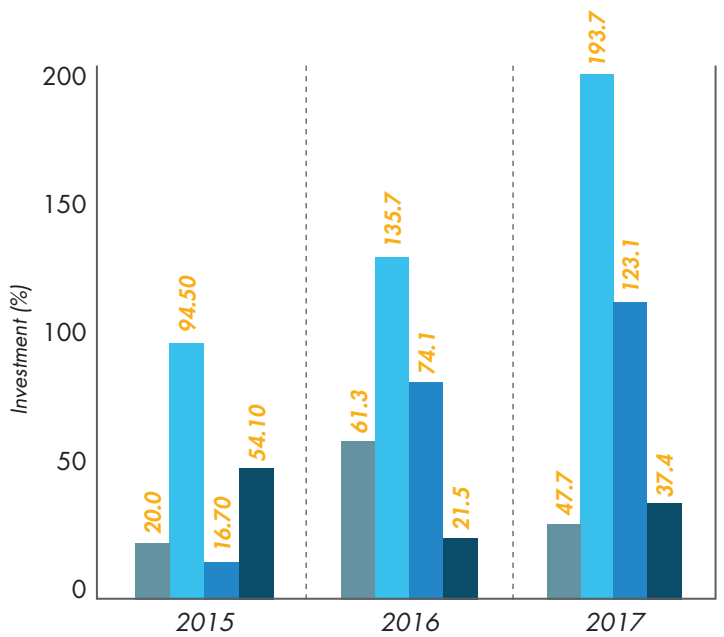
We are continually investing in our infrastructure to improve our service

# CAPITAL WORKS INVESTMENT

Improving our services, especially in the supply and distribution of water, called for improvements in some of the water infrastructure which have exceeded the end of their design life.

In 2017, we invested RM401.9 million for capital works projects such as pipe replacement, initiatives to reduce Non-Revenue Water, upgrading of water treatment plants and the distribution systems. This investment has grown significantly from the RM292.6 million we invested in 2016 and RM185.3 million in 2015.

Our investments show our commitment to continually provide better service to our customers and minimise supply interruption stemming from aging infrastructure which are prone to bursts, leaks and breakdown.



- WTP Upgrading Works
- NRW Reduction Programmes
- Asset Management & Replacement
- Development & Upgrading of Distribution System

# OPERATING

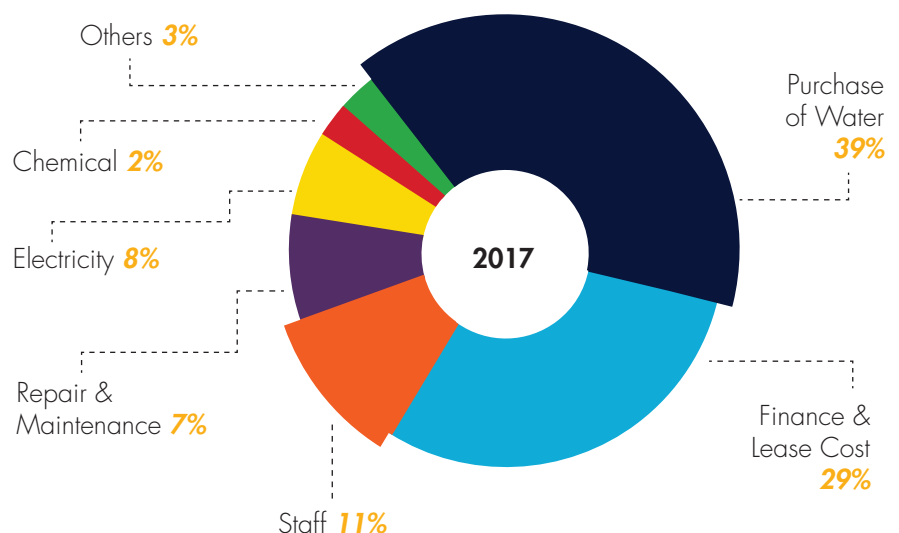
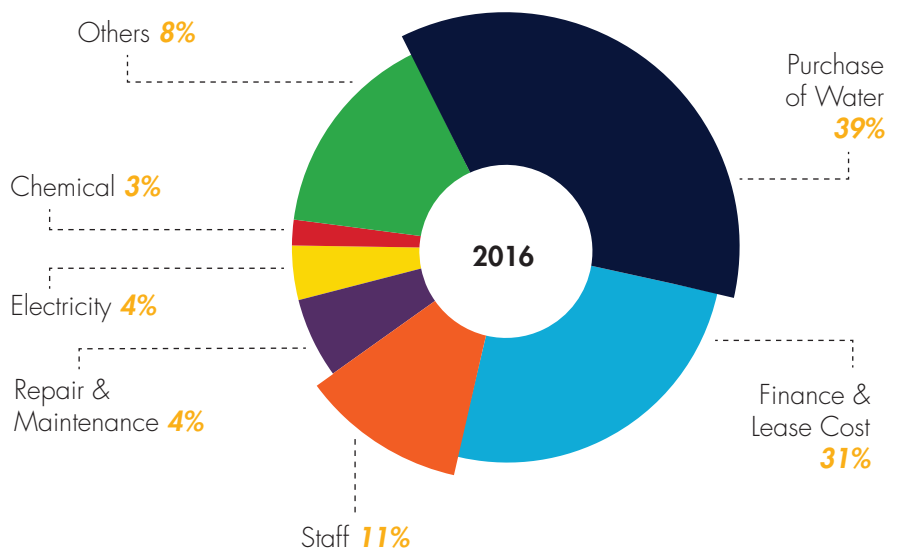
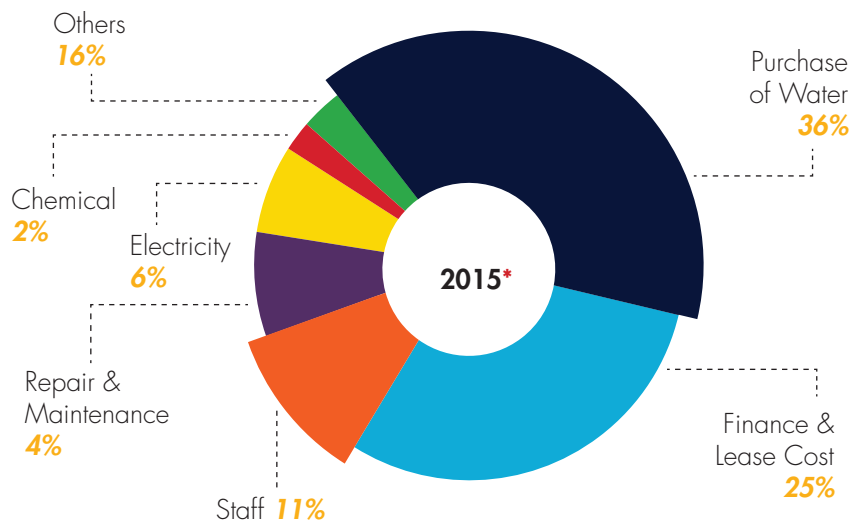
## EXPENDITURE

The top 3 Opex items, by value, in 2017 were purchase of water, finance as well as lease cost and staffing. These 3 items make up 79% of our annual Opex.

While the cost for purchase of water had not changed since 2016, remaining at 39%, finance and leasing cost was reduced by 2% in 2017 as compared to the year before arising from efficiency gains achieved from measures taken to optimise borrowing costs e.g. refinancing of loans at lower interest rates.

Other 2017 Opex items include repair and maintenance (7%), chemical purchase (2%) and others (4%). We also allocated a higher percentage of our Opex on repair and maintenance works to provide better service to our customers.

*\*The 2015 figures provided here are simulated for comparative purposes only. The full financial consolidation of the Air Selangor Group was only undertaken in financial year ending 2016. The Air Selangor Group comprises Pengurusan Air Selangor Sdn Bhd and its subsidiaries namely SYABAS, PNSB Water, ABASS and KASB.*





79% of our  
Opex is attributed  
to the purchase of  
water, finance as well  
as lease cost and  
staffing



Complying to Water Quality Standards

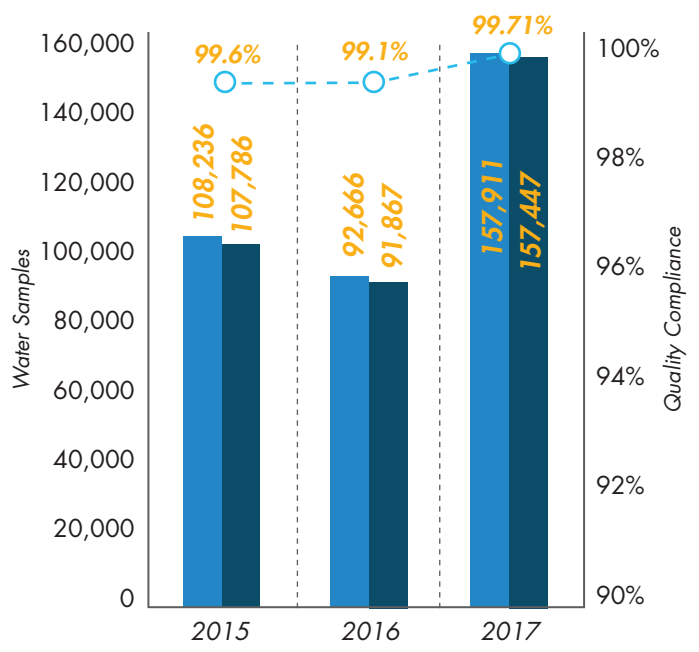
# WATER

## QUALITY

**P**roviding quality and clean water is our main business. Our treated water is safe for consumption as it complies with the National Drinking Water Quality Standards issued by Ministry of Health (MOH) Malaysia. In 2017, more than 157,447 water samples were collected for MOH to carry out tests and ensure compliance. This averages about 13,120 samples taken monthly from our 1,214 water sampling stations.

Our Water Quality Department also carries out its in-house water sampling and testing using independent accredited and testing laboratories to ensure standards are maintained at all times.

We are proud to note that we maintained an overall compliance of 99.71% to always provide clean and safe drinking water to our customers despite the challenges we faced with raw water quality in 2017.



- Quality Analysis (Number of tests carried out)
- Quality Compliance (Number of samples taken)
- Quality Compliance (%)

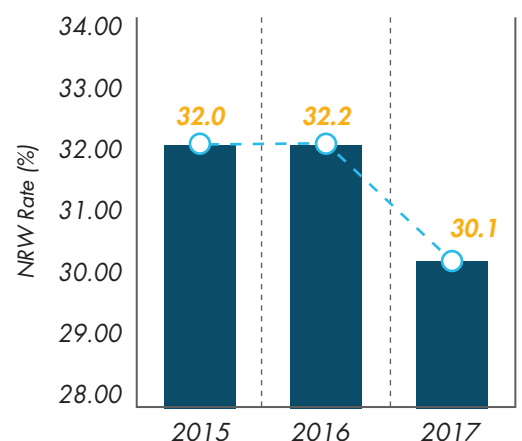


We reduced our NRW from 32.2% in 2016 to 30.1% in 2017

# NON-REVENUE WATER

**R**educing Non - Revenue Water was one of our key targets for 2017. We invested over RM193.6 million in various programmes to reduce the amount of treated water that is lost along the distribution system before it reaches our customers. We are pleased to note that our efforts bore fruit and we managed to reduce our NRW from 32.2% in 2016 to 30.1% in 2017.

This was made possible with a slew of programmes such as the setting-up of in-house leak detection teams, undertaking leak repair works, replacement of aged and faulty meters, replacement of aged pipes, management of water pressure and monitoring of District Metering Zones.



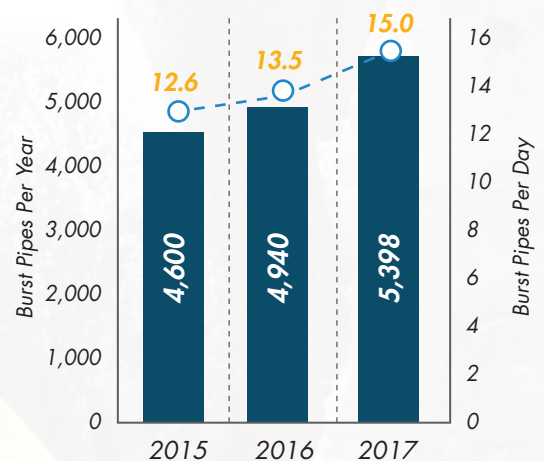
14.4%  
reduction in  
pipe leaks with  
various NRW  
initiatives

# PIPE BURSTS

## AND LEAKS

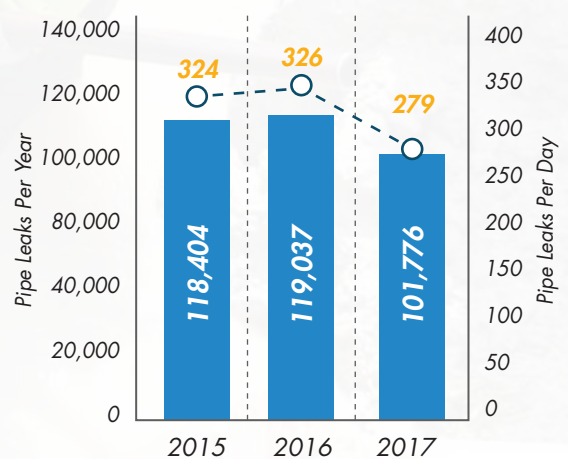
In 2017, the total number of pipes which burst was 5,398 compared to 4,940 in 2016. Aging pipes that gave way, failed due to volatile pressure or were damaged by third party works, contributed to this rise. However, as for pipe leaks, we saw a 14.4% reduction with the various NRW initiatives such as leaks inspection and pipe replacement programme.

### Pipe Burst



- Burst Pipes Per Year
- Average Burst Pipes Per Day

### Pipe Leaks



- Pipe Leaks Per Year
- Average Pipe Leaks Per Day

# PIPE REPLACEMENT

## PROGRAMME

**A**reas with the highest frequency of pipe bursts are listed as hotspots for pipe replacement programme. In 2017, 34 hotspots were identified for pipe replacement works. The cost for replacing pipes in these hotspots was RM161.2 million. The aging Asbestos Cement pipes were replaced with High Density Polyethylene (HDPE) and Ductile Iron pipes which are more resilient to pressure and weather changes.

The total length of pipes in Selangor, Kuala Lumpur and Putrajaya is 28,447 kilometres. The pipe materials are Mild Steel, Asbestos Cement, Ductile Iron and Plasticised Polyvinyl Chlorine.

### Pipe Replacement In Kilometres

Year	Length
2015	No projects awarded
2016	144.5 KM (23 hotspots)
2017	178.55 KM (34 hotspots)

Pipes  
replaced in  
34 hotspots



# CUSTOMER

## INTERACTION












Our customers communicated with us via six main channels, namely through our Call Centre at 15300, counter service at all 10 regions, via e-mail and facsimile, as well as via Short Messaging Service (SMS) and postal letters.

### INCOMING CALLS

In 2017, we received 1,008,764 calls. The calls were highest in the month of October following the activation of Code Yellow ERP due to a pipe burst in Sierramas, Sungai Buloh. On average in 2017, we received 2,764 calls per day on water, billing, meter cases and general enquiries. In 2017, the number of calls received had dropped by 23.5% compared to the year before as our customers reached out to us via the many other channels of communication.

### SIGNIFICANT GROWTH IN CUSTOMER INTERACTION

Our interaction with our customers via SMS in 2017 grew 169% from the year before to 16,061 SMSes were sent out to provide water supply information to our customers. This growth also shows how we are providing better customer service by utilising the SMS service in disseminating water interruption notices directly to affected customers.

Communication Channels	2015	2016	2017
 SMS	6,939	5,963	16,061
 Fax	10,332	7,377	7,859
 E-mail	67,132	80,314	93,970
 Postal	56	105	303
 Calls	1,216,538	1,318,700	1,008,764
 Counter	672,543	604,317	578,958
 Facebook	–	24,780	35,492
 Twitter	–	–	348
 Instagram	–	–	2,714
 WhatsApp	446	446	501
 mySYABAS	32,624	80,974	106,347



# DOWNLOAD OUR BRAND NEW APP!

YOUR WATER  
INFO AT YOUR  
FINGERTIPS!



*Sg. Semenyih Water Treatment Plant*







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