

MALAYSIA AIRPORTS HOLDINGS BERHAD

ANALYST BRIEFING FINANCIAL RESULTS FOR THE QUARTER ENDED 31ST MARCH 2014

**Faizal Mansor
Chief Financial Officer
MAHB
24 April 2014**



Agenda



- **MAHB Overview**



- **1Q14 Overview**



- **Group Financial Review**



- **Commercial Revenue Analysis**



- **Traffic Statistics**



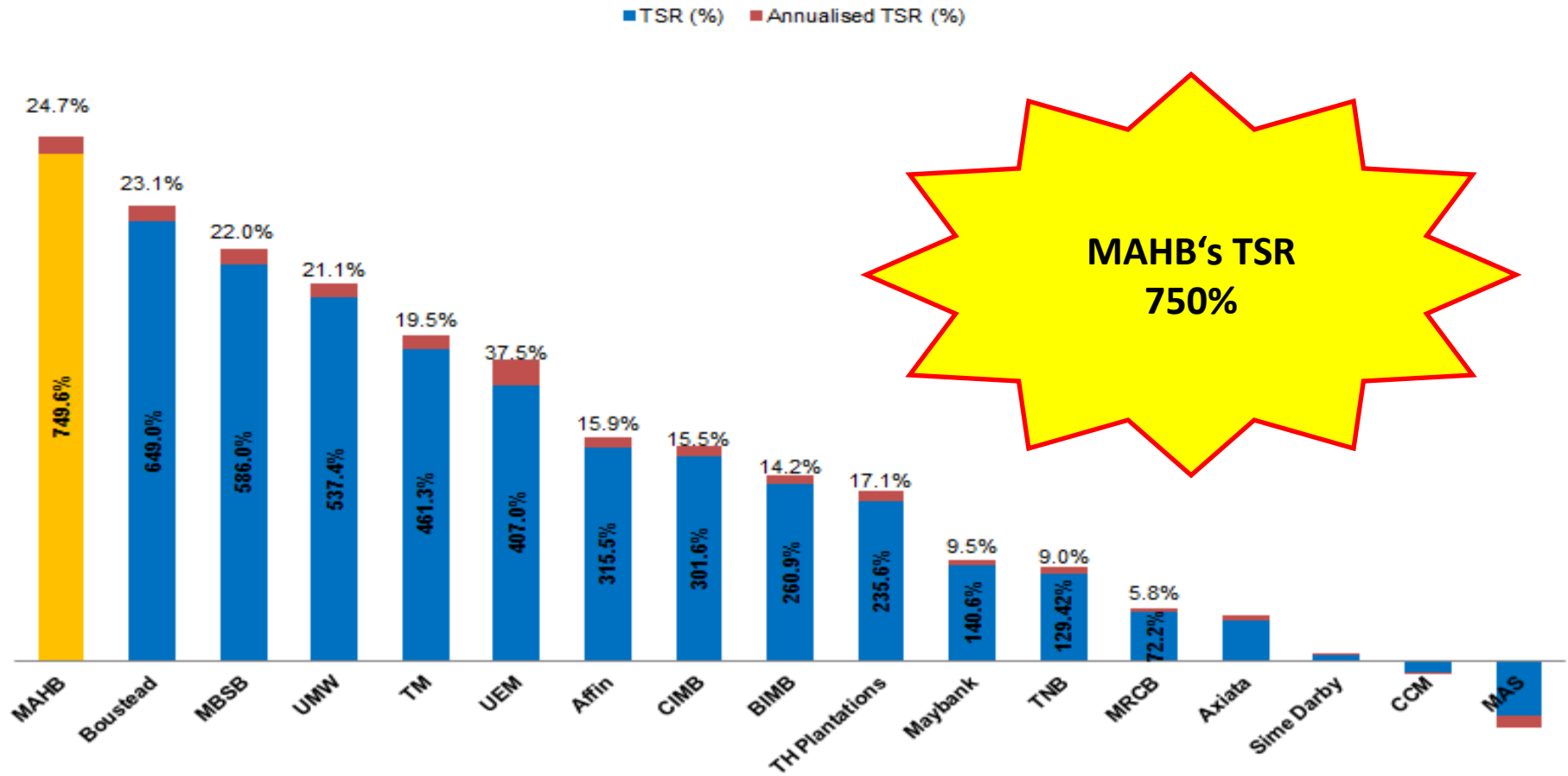
- **The Malaysia Airports Journey : Taking it to the Next Level**

MAHB OVERVIEW



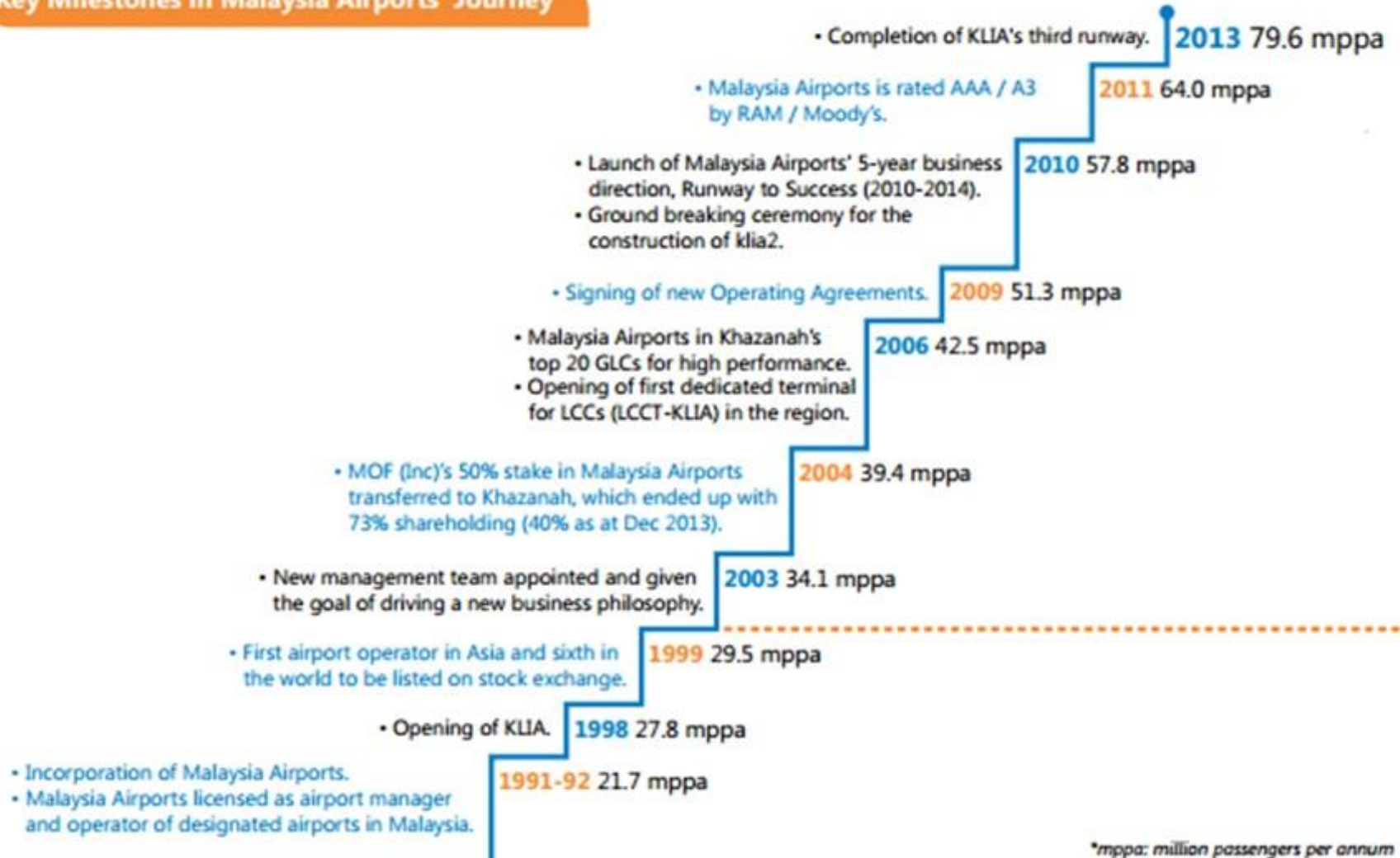
Total Shareholder Return for period of 2004-13

Appendix A2: Total Shareholders' Return ("TSR") 2004-2013



The Past Decade : From an Airport Operator to a World Class Airport Business

Key Milestones in Malaysia Airports' Journey



*mppa: million passengers per annum

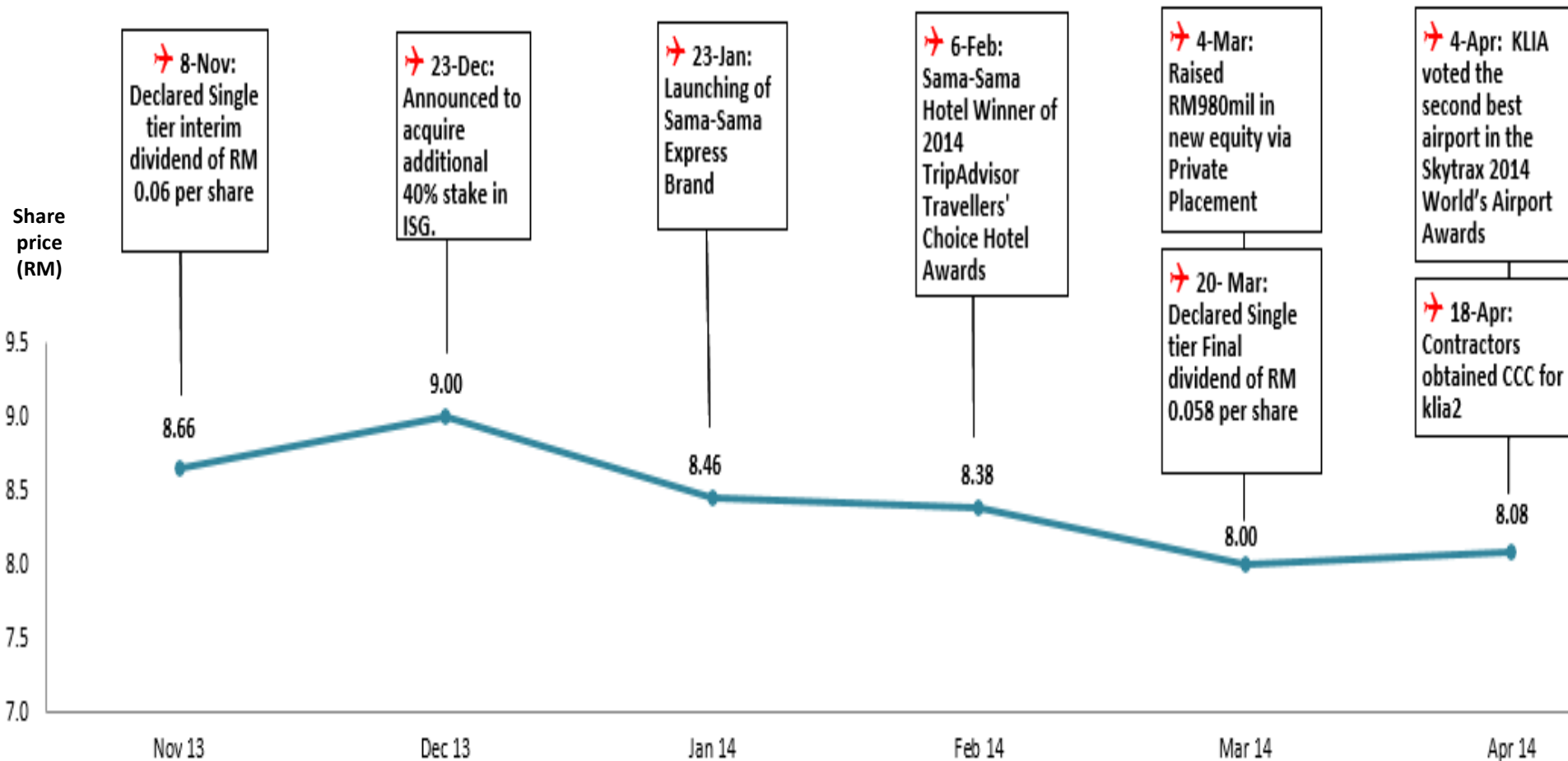
Achieving Our Vision of Becoming a World Class Airport Business

	2003	2013	Growth
Total Passenger Movement	34.1 mppa	79.6 mppa	▲ 2.3x
Total Aircraft Movement	415,280	737,753	▲ 1.8x
Revenue	RM894 million	RM2,463 million	▲ 2.8x
EBITDA (Margin)	RM223 million (25%)	RM827 million (34%)	▲ 3.7x
Share Price	RM1.69	RM9.00	▲ 5.3x
Aero : Non-Aero Ratio	46 : 54	49 : 51	Revenue and EBITDA have out-performed passenger and aircraft growth
KLIA Ranking (Passenger Traffic)	59th	20th	
Number of Destinations	100	132	
Number of Airlines	40	68	

1Q14 OVERVIEW



Significant Events



2014 Headline KPI

Key Performance Indicators (KPIs)

**Actual
2013**

**Target
2014**

**Actual
March
2014**

**Profitability*
(EBITDA)**

RM827.5 mil

RM861.0 mil

**RM252.7 mil
(29.3%)**

**Airport
Service
Quality**

**25–40 mppa –
ranking at no.4**

**40 mppa : KLIA
Ranking Top 5**

**40 mppa : KLIA
Ranking Top 7**

* Without construction profit

1Q14 Overview: Global Aviation Industry



Overview

- Solid demand passenger growth
- International passenger demand ↑
- Traffic ↑ in Asia Pacific
- Strong y-o-y traffic in Middle East

Overall YTD growth %

- Overall, 5.5%
- Feb y-o-y:
 - Asia Pacific, 4.0%
 - Middle East, 13.4%

Drivers

- Robust regional economic activity and acceleration of trade volumes
- Solid growth in business-related premium travel

1Q14 Overview: MAHB

Overview

- Pax growth ↑
- MTB pax growth > LCCT

Growth %

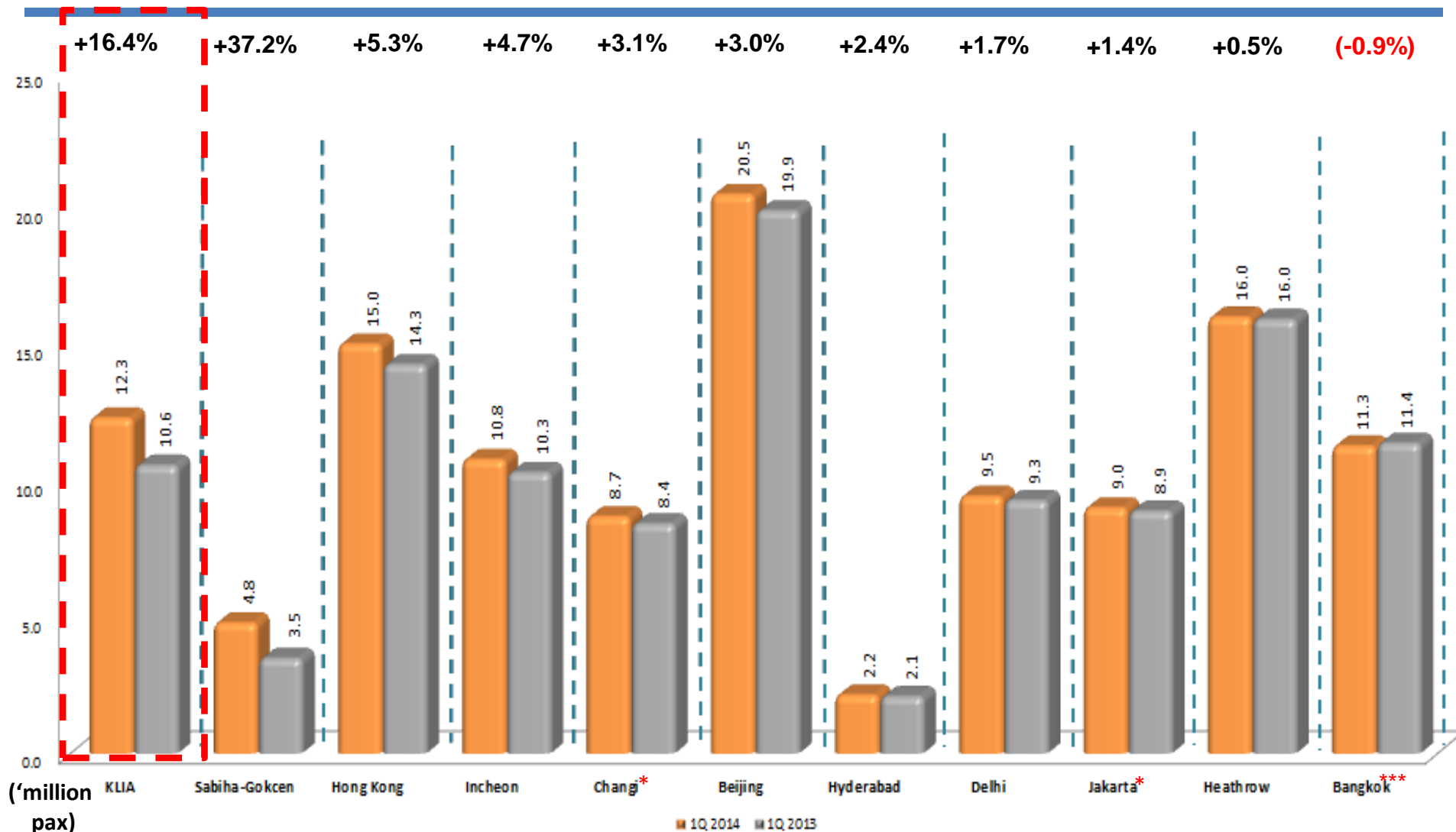
Pax growth, 18.1%
(International, 14.9%
& domestic, 21.5%)

- KLIA, 16.4%
 - MTB, 19.4%
 - LCCT, 13.2%

Drivers

- Stronger demand for air travel
- Continuous positive impact from MAS' entrance into oneworld alliance
- Entrance of new airlines
- Increased full service travelers in MTB
- Visit Malaysia Year 2014 as catalyst
- Domestic travelling remain strong

YTD Pax Movement

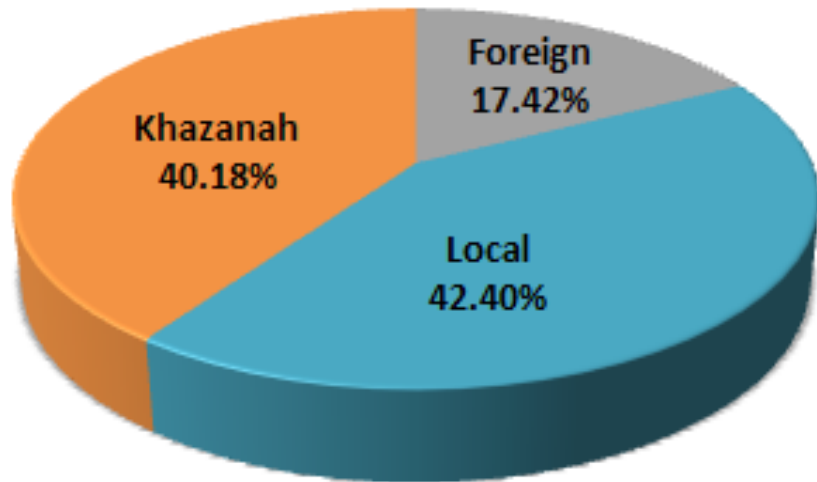


* Changi and Jakarta are based on Feb figure

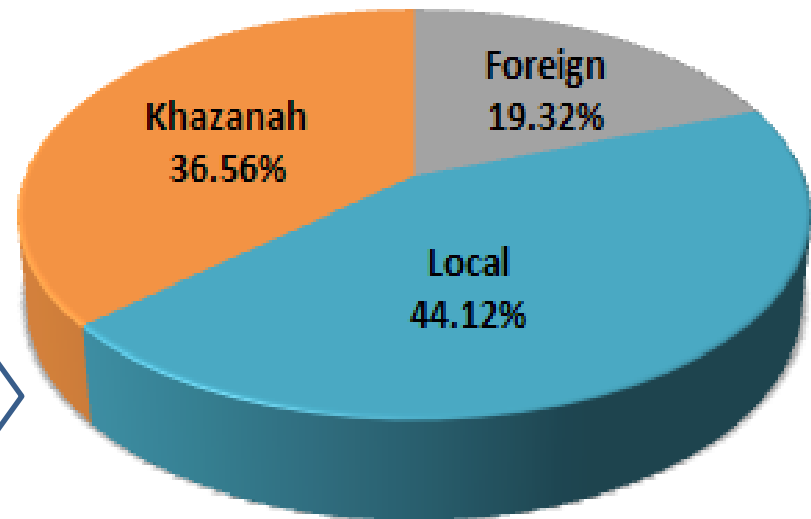
*** Bangkok's figure includes Suvarnabhumi Airport and Don Mueang International Airport and is based on Feb figure

Shareholding Analysis

As at 31/12/13



As at 13/03/14



- DRP subscription rate of 46.2% and 85.0% for FY12 interim and final dividend respectively
- DRP subscription rate of 88.5% for FY13 interim dividend
- Foreign participation has grown by 1.9% post March FY14 private placement which almost half of the deal was taken up by foreign investors
- Dividend Payout Ratio is 50% of Net Profit

GROUP FINANCIAL REVIEW



IC 12: Service Concession Arrangements

MAHB Group Construction Profit

- IC 12 addresses the accounting for “public-private” arrangements whereby a private sector operator involves in the construction/upgrading of infrastructure assets to be used in providing public service
- Under IC 12, the operator may provide construction services to the grantor in exchange for an intangible asset, i.e. a right to collect revenue in accordance with the Operating Agreements
- In accordance with FRS 138 Intangible Assets, the operator recognises the intangible asset at its fair value
- The fair value of the intangible asset is calculated by including certain mark-up on the actual cost incurred, estimated to reflect a margin consistent with other similar construction works
- The Group has estimated the mark-up used in calculating the fair value of the consideration receivables at an average of 4.5% and 7.5% on the cost incurred for klia2 and other developments and expansion to Penang International Airport, respectively and such the contract revenue and contract costs associated with the construction contract is recognised as revenue and expense respectively by reference to the stage of completion of the contract activity at the balance sheet date

Description (RM'mil)	1Q14	1Q13	Var (%)	Cumulative since inception to 1Q14	Cumulative since inception to 1Q13
Construction Revenue	121.6	454.6	(73.3)	4,631.0	3,328.2
Construction Costs	(116.4)	(435.0)	(73.2)	4,423.2	3,177.9
Construction Profit	5.2	19.7	(73.4)	207.7	150.2

1Q14 Results

Description (RM'mil)	1Q 2014			1Q 2013			Var % (With IC 12)	Var % (Without IC 12)
	With IC 12	IC 12	Without IC 12	With IC 12	IC 12	Without IC 12		
Revenue	781.1	(121.6)	659.5	1,027.2	(454.6)	572.5	▼ (24.0)	▲ 15.2
EBITDA	257.9	(5.2)	252.7	252.7	(19.7)	233.0	▲ 2.1	▲ 8.4
PBT	179.0	(5.2)	173.7	186.1	(19.7)	166.4	▼ (3.8)	▲ 4.4
Net Earnings	128.7	(5.2)	123.5	126.3	(19.7)	106.6	▲ 1.9	▲ 15.9
EBITDA Margin (%)	33.0		38.3	24.6		40.7	▲ 8.4 ppt	▼ (2.4) ppt
PBT Margin (%)	22.9		26.3	18.1		29.1	▲ 4.8 ppt	▼ (2.7) ppt

Revenue grew by 15.2%*

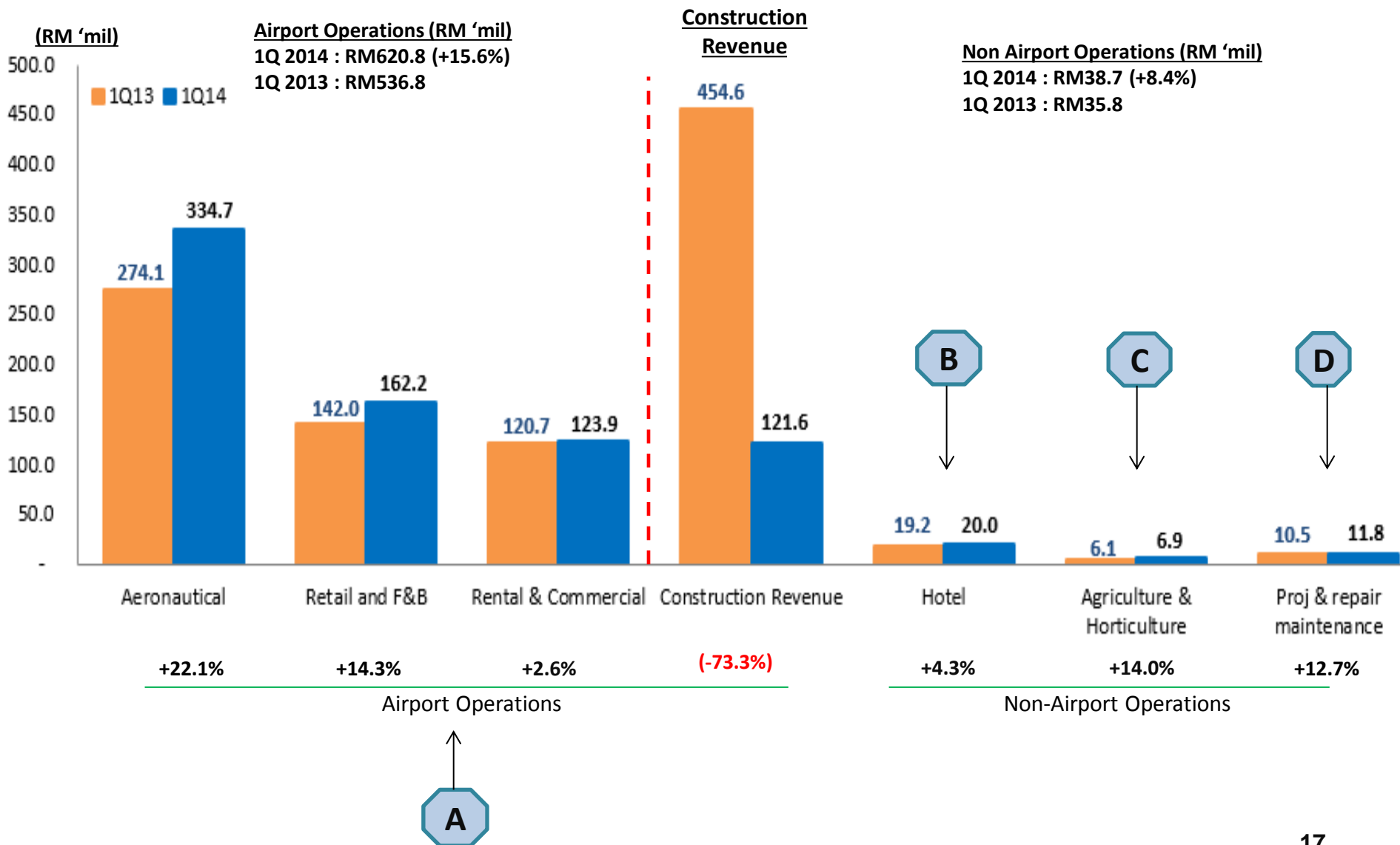
- Aeronautical revenue ↑ 22.1%
- Retail sales ↑ 14.3%
- Rental & Commercial ↑ 2.6%
- Non-airport operations ↑ 8.4%

PBT increased 4.4%*

- Increase in cost as User fees ↑ by RM37.3mil (144.2%) due to full amount being charged to P&L
- If the User fee is normalised, User fees should be RM31.5mil
 - EBITDA ↑ 22.0%
 - PBT ↑ 23.3%

* Figures are without construction revenue and profit

Group Segmental Revenue



Explanatory Notes

A Airport Operations

Excluding IC12 effects, airport operations grew 15.6% on stronger aeronautical and commercial performance

B Hotel

Increase in room revenue due to increase in occupancy rate by 24ppt despite lower average room rate (Occupancy rate (2014:82%, 2013:58%); Average room rate (2014:RM394.33, 2013:RM407.77))

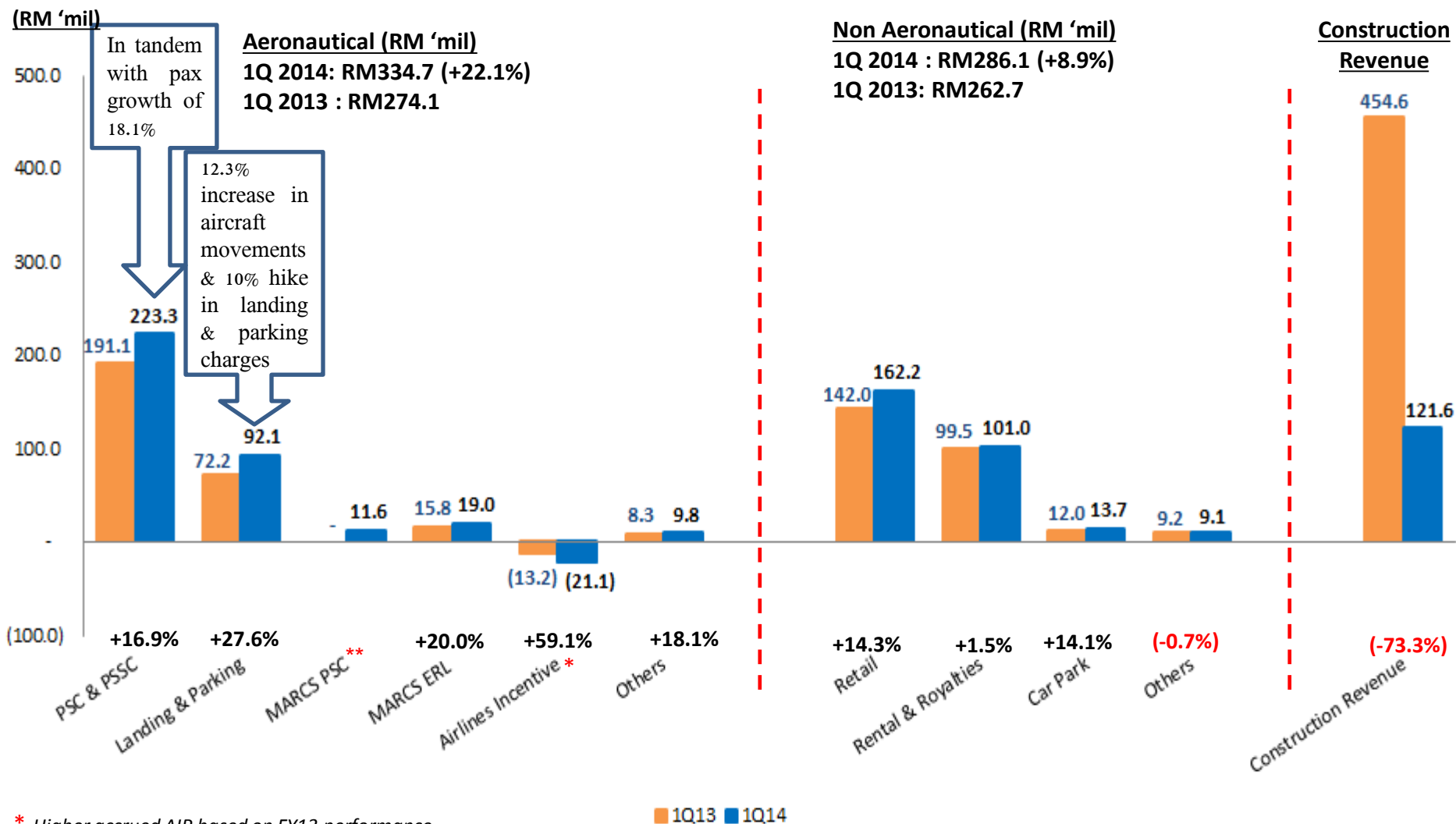
C Agriculture & Horticulture

Agriculture segment increase due to higher price attained for FFB per tonne despite lower production volume (2014: RM563.93/12,165 MT; 2013: RM455.91/13,199 MT)

D Project Repair & Maintenance

Increase mainly due to the provision facilities maintenance services at Doha International Airport

Revenue Analysis: Airport Operations



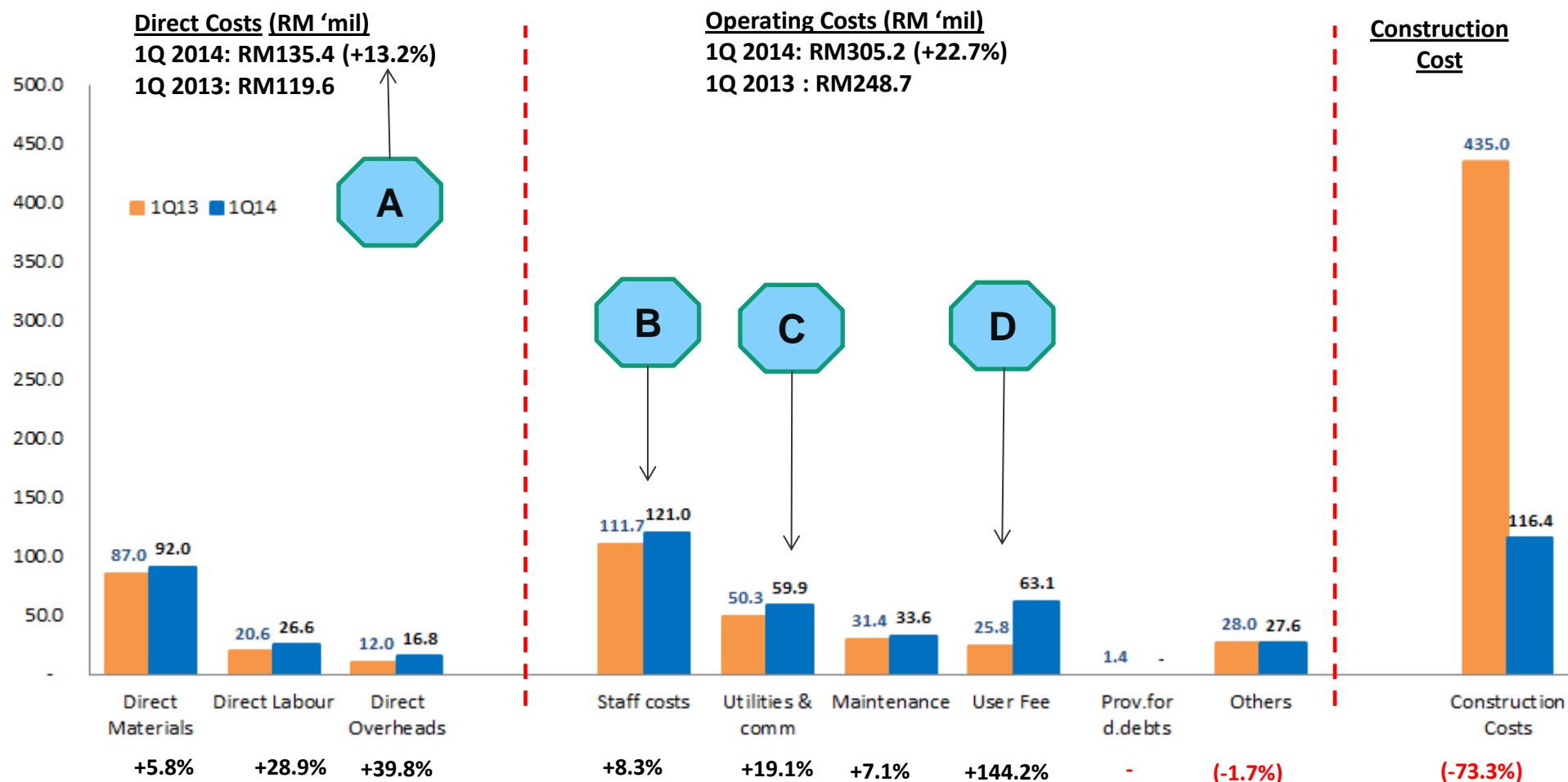
* Higher accrued AIP based on FY13 performance

** MARCS PSC claim was in relation to 2nd Tariff Cycle - PSC increase commencing 12 February 2014 as stipulated in the Operating Agreement (OA). The 2nd Tariff Cycle benchmark PSC rate :

- Full Service (International: RM65 to RM71; Domestic: RM9 to RM10)

- Low Cost (International: RM32 to RM35; Domestic: RM6 to RM7)

Group Cost Analysis



Explanatory Notes

A Direct Costs

13.2% increase in direct costs in tandem with 14.3% growth in retail sales.

B Staff Costs

Increase mainly due to:

- 1) 4% - 6% salary increment effective Apr 13 – RM8.1mil
- 2) Salary adjustment and benchmarking - RM6.0mil
- 3) Higher staff number from 9,005 in 2013 to 9,901 (mainly due to klia2) – RM2.2mil
- 4) However, lower provision of bonus in 2014: (-RM13.0mil)

C Utilities Expenses

Increase mainly due to higher consumption & higher tariff effective February 2014:

- 1) Electricity – RM4.9mil
- 2) Chilled Water – RM3.8mil

D User Fee

The higher user fee expense was attributable to the recognition of 100% user fee on the income statement. As set out in the Operating Agreements signed on 12 February 2009, MAHB is required to pay user fee to the Govt. which is equal to a specified percentage of revenue derived from activities at the airports as a consideration for the Concession Rights granted to MAHB. The amount had been recognised in the income statement represents half of the total user fee payable to the Govt., while the other half is to reduce the amount due for the Balance Residual Payment arising from MAHB's restructuring exercise which was completed in February 2009. Upon the full settlement of the Balance Residual Payment in April 2013, the user fee is fully recognised in the income statement.

In addition, User Fee rate increase by 25bps (Q1 2014:10.1% ; Q1 2013:9.8%)

Explanatory Notes

E Depreciation

Higher depreciation and amortisation was due to the capitalisation of newly completed projects:

- 1) Renovation of Penang International Airports (RM2.9mil)
- 2) Generation Plant operated by Airport Cooling Energy Supply Sdn Bhd (“ACES”) (RM1.6mil)
- 3) Hotel Renovation (RM1.4mil)

And lower depreciation of IT related equipment due to fully depreciated assets(RM1.5mil)

F Share of results of associates

- Further absorbed RM3.3mil losses from ISG due to additional injection of RM3.3mil
- RM828k share of losses by MFMA, 30% associate for Mitsui outlet Park KLIA (under construction and scheduled for operation in 2015)

G Share of results of jointly controlled entities

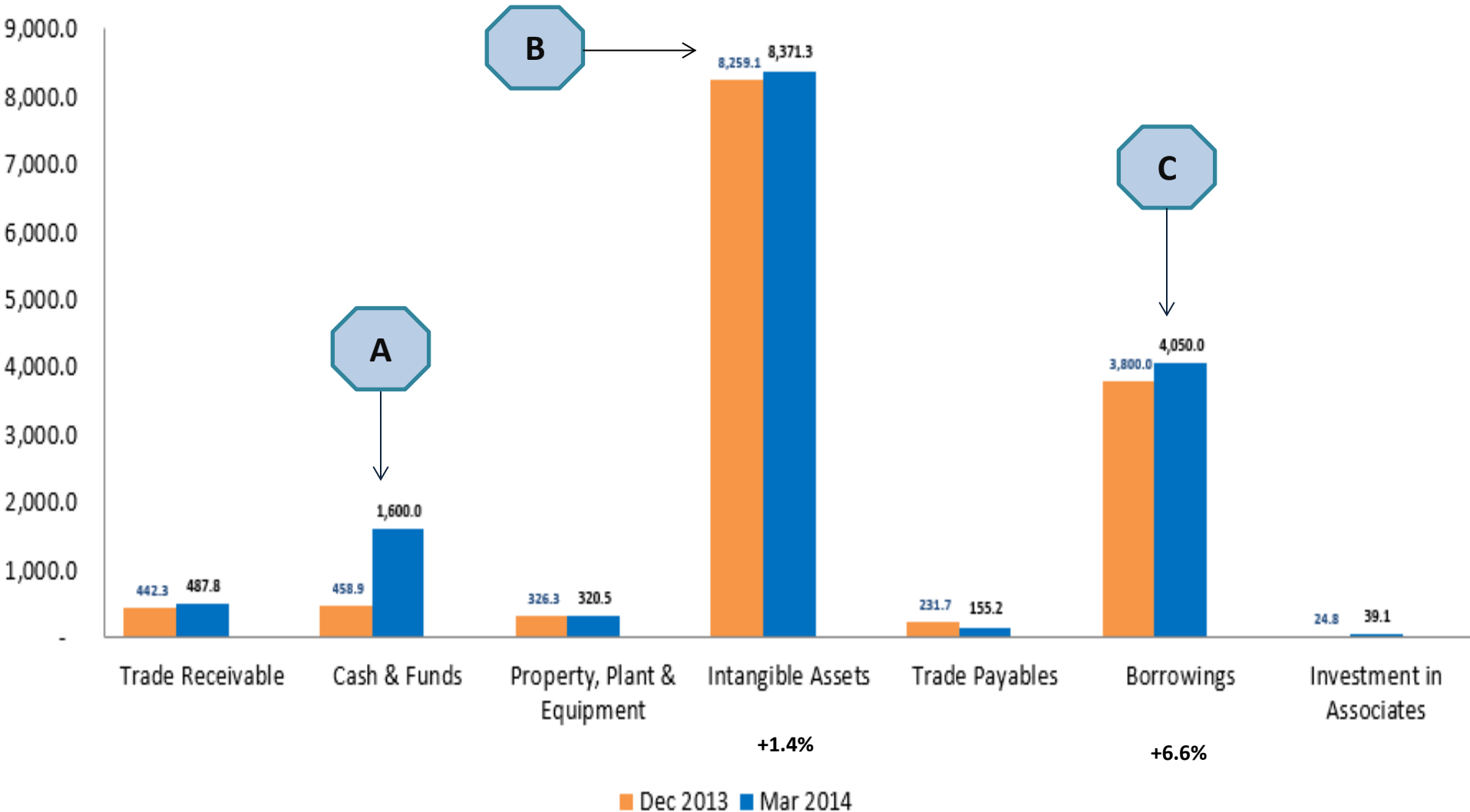
- ↑ RM1.6mil from 23%-held ACES

Explanation on 4Q13 vs 1Q14 cost decrease

- **Depreciation & amortisation** (4Q13: RM79 mil , 1Q14: RM66 mil). 1Q14 lower mainly due to
 - Lower amortisation of concession rights (based on projected pax numbers) for the first three quarters in FY13. High adjustment in 4Q13 with actual pax numbers .
- **Other expenses** (4Q13: RM263 mil , 1Q14: RM210 mil). 1Q14 lower mainly due to:
 - Due to settlement of operation and maintenance invoices in 4Q13 for services rendered throughout the year.
 - One off transaction cost in relation to ISG acquisition amounting to RM10 mil

Balance Sheet Analysis

(RM 'mil)



Explanatory Notes

A Cash & Funds

RM980 mil proceed raised from private placement to finance acquisition of additional 40% in ISG & LGM

B Intangible Assets

Higher due to construction cost recognised as assets for klia2 and Penang Airport

C Borrowings

- Drawdown of RM250mil RC in 1Q14
- AAA Rating reaffirmed by RAM

Revenue & Cost Analysis

-Airport Operations

<u>Description</u>	<u>1Q14</u>	<u>1Q13</u>	<u>Var (%)</u>
Total revenue per passenger movements (RM)	31.60	32.34	▼ (2.3)
Aeronautical revenue per passenger movements (RM)	16.26	15.74	▲ 3.4
Non-Aeronautical revenue per passenger movements (RM)	13.91	15.08	▼ (7.8)
Total operating cost per passenger movements (RM)	17.73	16.20	▲ 9.4
Total cost per passenger movements (RM)	20.92	19.61	▲ 6.7

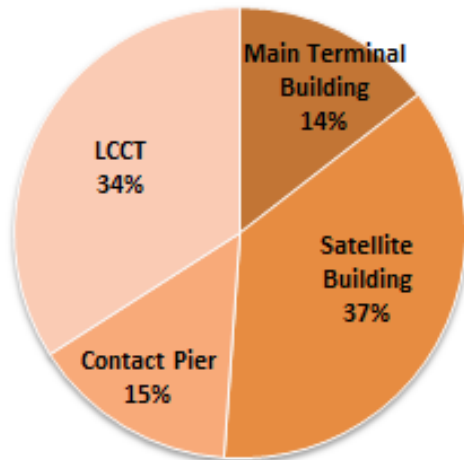
COMMERCIAL REVENUE ANALYSIS



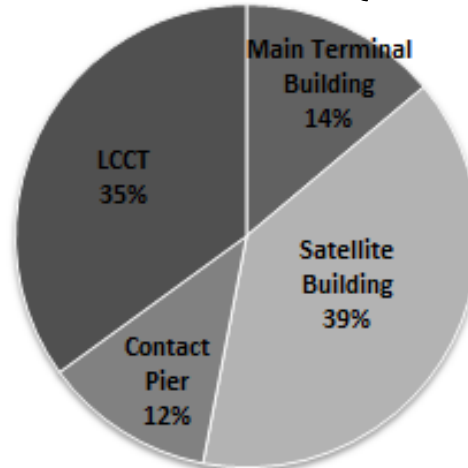
KLIA – Total Sales

<u>Description</u>	<u>1Q14</u>			<u>1Q13</u>			<u>Sales Variance (%)</u>
	<u>Sales (RM'mil)</u>	<u>No. of Pax ('mil)</u>	<u>Sales per Pax (RM)</u>	<u>Sales (RM'mil)</u>	<u>No. of Pax ('mil)</u>	<u>Sales per Pax (RM)</u>	
Main Terminal Building	53.1			45.7			
Satellite Building	134.5			129.0			
Contact Pier	54.4			39.5			
Total KLIA (exc.LCCT)	242.0	6.6	36.52	214.2	5.6	38.58	▲ 13.0
LCCT	124.9	5.7	21.92	115.3	5.0	22.89	▲ 8.3
Total KLIA & LCCT	367.0	12.3	29.77	329.6	10.6	31.12	▲ 11.4

Sales at KLIA 1Q14



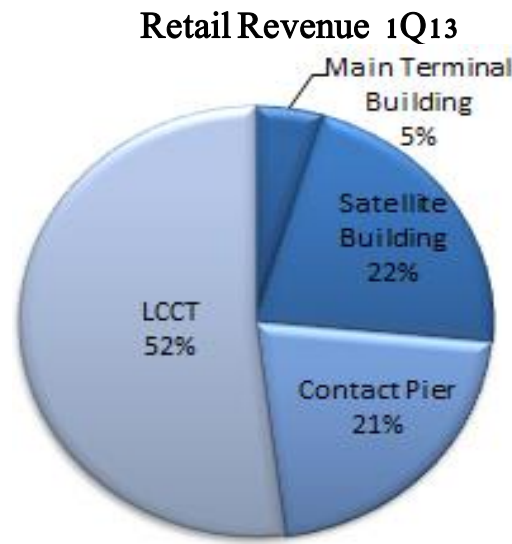
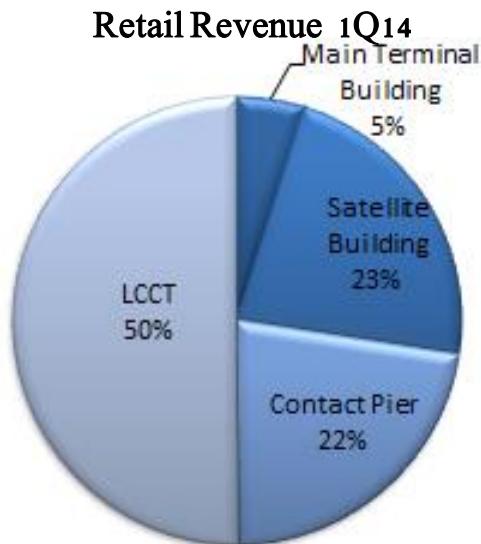
Sales at KLIA 1Q13



- Sales per pax decreased due to some of the international flights were allocated from Satellite Building to Contact Pier.
- LCCT's sales per pax was lower due to overcrowding in F&B outlets

ERAMAN Retail Revenue

Description	1Q14			1Q13			Revenue
	Revenue	No. of Pax	Per Pax Revenue	Revenue	No. of Pax	Per Pax	Variance
	(RM'mil)	('mil)	(RM)	(RM'mil)	('mil)	Revenue (RM)	(%)
Main Terminal Building	6.8			5.8			
Satellite Building	31.5			31.7			
Contact Pier	31.3			23.7			
Total KLIA (Excl. LCCT)	69.6	6.6	10.51	61.3	5.6	11.03	▲ 13.7
Total LCCT	70.0	5.7	12.28	64.3	5.0	12.77	▲ 8.8
Total KLIA & LCCT	139.7	12.3	11.33	125.6	10.6	11.86	▲ 11.2



- Additional outbound flights to mainland China and chartered flight lead to higher sales.

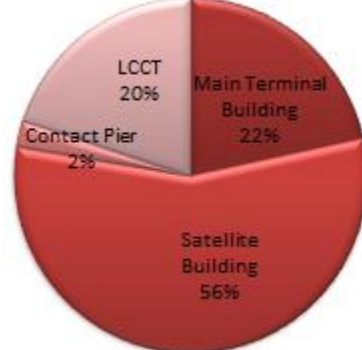
KLIA – Retail & F&B Rental

Location	1Q14						1Q13						Revenue Variance (%)
	No. of Lease out	Space (Sqm)	Rental Revenue (RM'mil)			Rental Revenue (RM'000) per Sqm	No. of Lease out	Space (Sqm)	Rental Revenue (RM'mil)			Rental Revenue (RM'000) per Sqm	
			MGP	Royalty	Total Rental				MGP	Royalty	Total Rental		
Main Terminal Building	41	5,000	8.5	0.9	9.5	1.89	39	4,736	8.8	0.7	9.5	2.02	
Satellite Building	69	8,037	22.1	4.3	26.5	3.29	67	6,949	22.9	3.2	26.2	3.77	
Contact Pier	10	2,864	0.9	0.9	1.9	0.66	9	2,969	1.0	0.7	1.7	0.57	
Total KLIA (Excl. LCCT)	120	15,901	31.6	6.2	37.8	2.38	115	14,654	32.8	4.6	37.4	2.55	▲ 1.1
Total LCCT	40	4,774	7.9	3.8	11.7	2.45	43	4,082	8.2	2.8	11.0	2.70	▲ 6.0
Total KLIA & LCCT	160	20,675	39.5	10.0	49.5	2.40	158	18,736	41.0	7.5	48.4	2.59	▲ 2.2

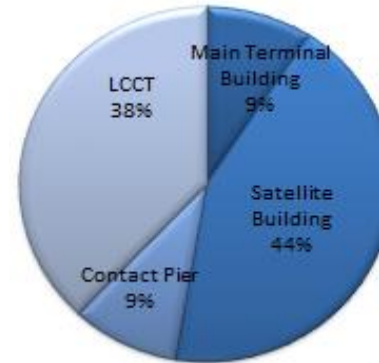
MGP at KLIA
1Q14



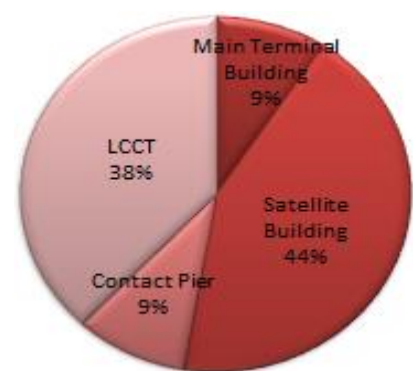
MGP at KLIA
1Q13



Royalty (Rent%) at
KLIA 1Q14



Royalty (Rent%) at
KLIA 1Q13



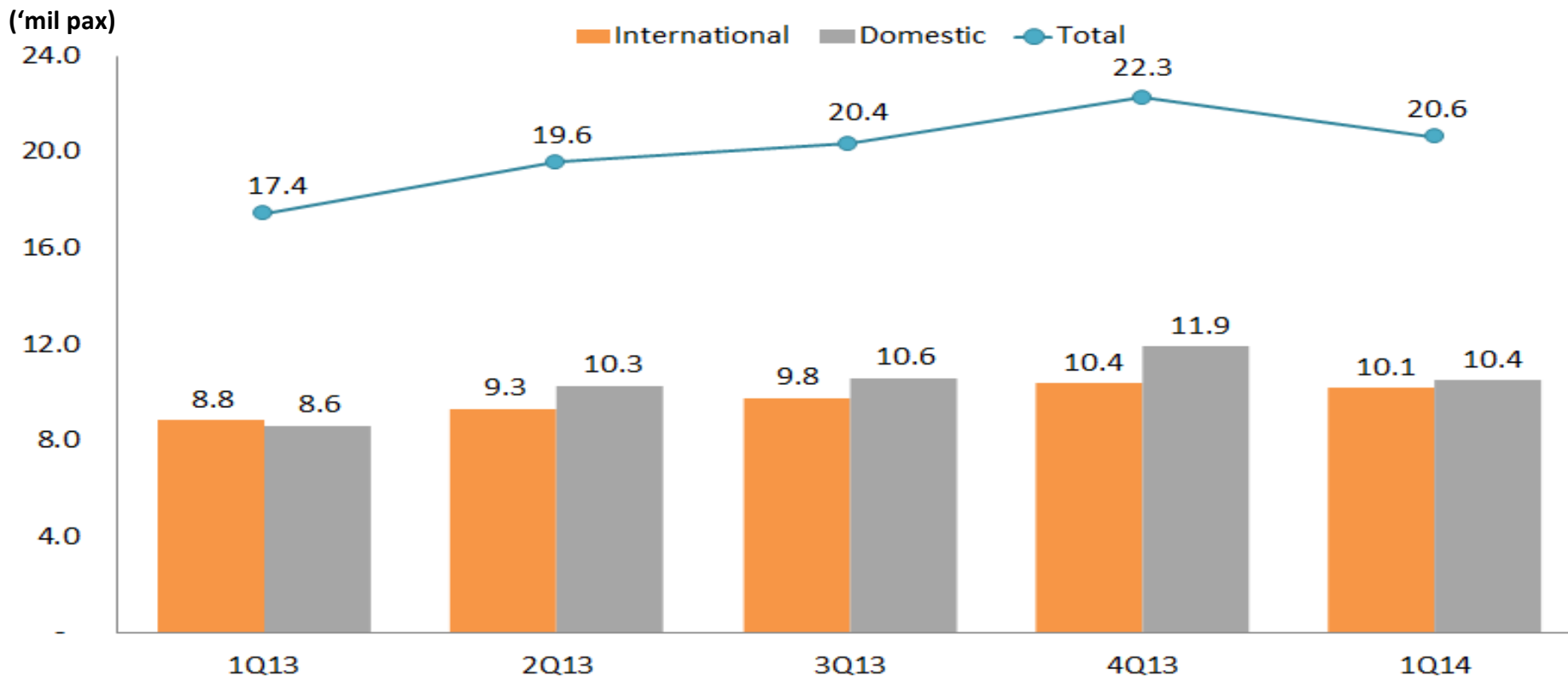
- Higher rental revenue was due to:
 - Higher monthly rent as vacant spaces were filled up;
 - Higher sales drove higher royalty;
 - More commercial initiatives and new promotional sites at Satellite Building.

Note: Space is based on occupied space and excluding Eraman's space. Data for 2014 & 2013 are referred to permanent retail and F&B including Services & Promotion

TRAFFIC STATISTICS



Pax Movement

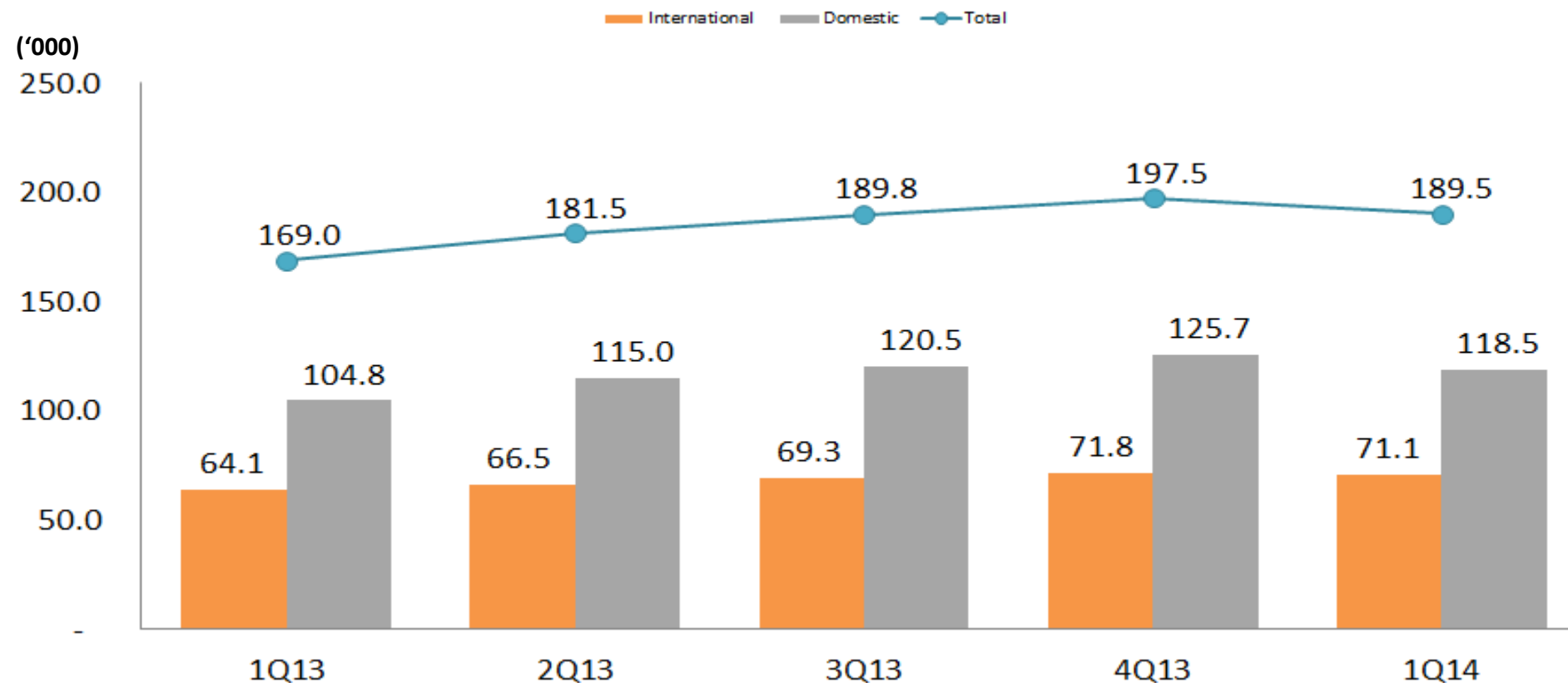


Description	MTB			LCCT			KLIA			Other Airports			Total		
	1Q14	1Q13	Var %	1Q14	1Q13	Var %	1Q14	1Q13	Var %	1Q14	1Q13	Var %	1Q14	1Q13	Var %
International	5.0	4.4	▲ 14.6	3.8	3.2	▲ 17.4	8.8	7.6	▲ 15.8	1.4	1.2	▲ 9.3	10.1	8.8	▲ 14.9
Domestic	1.6	1.2	▲ 37.0	1.9	1.8	▲ 5.9	3.6	3.0	▲ 18.0	6.9	5.6	▲ 23.3	10.4	8.6	▲ 21.5
Total	6.6	5.6	▲ 19.4	5.7	5.0	▲ 13.2	12.3	10.6	▲ 16.4	8.3	6.8	▲ 20.8	20.6	17.4	▲ 18.1

• Stronger pax growth is driven by :

1. Expansion of local carriers (Malaysia Airlines' entry into the Oneworld Alliance) as well as additional and reinstatement of routes
2. Positive economic outlook and VMY as catalyst

Aircraft Movement



Description	MTB				LCCT				KLIA			Other Airports			Total					
	1Q14	1Q13	Var %		1Q14	1Q13	Var %		1Q14	1Q13	Var %		1Q14	1Q13	Var %					
International	31.8	27.6	▲	15.4	24.0	21.8	▲	9.7	55.8	49.4	▲	13.0	15.3	14.7	▲	3.8	71.1	64.1	▲	10.8
Domestic	14.0	11.3	▲	23.9	14.1	14.3	▼	(1.3)	28.1	25.6	▲	9.8	90.4	79.3	▲	14.0	118.5	104.8	▲	13.0
Total	45.8	38.9	▲	17.9	38.1	36.1	▲	5.4	83.9	75.0	▲	11.9	105.7	94.0	▲	12.5	189.6	168.9	▲	12.3

The Malaysia Airports Journey Taking it to the Next Level



Taking it to the Next Level

Malaysia Airports' New Brand DNA



Our Vision :

'To be the Global Leader in Creating Airport Cities'

We aim to achieve...

**Our Targets
(Year 2020)**

Passenger
Movement -
Exceeding
110 mppa

Revenue Target -
Exceeding
RM5.0 billion

EBITDA target -
Exceeding
RM1.65 billion

KLIA Aeropolis -
Exceeding
3,000 acres of
commercial land
developed

Aero : Non Aero
Ratio - Achieving
55% of non-aero
ratio

THANK YOU

MALAYSIA AIRPORTS HOLDINGS BERHAD

PEJABAT KORPORAT

PERSIARAN KORPORAT KLIA

64000 KLIA

SEPANG, SELANGOR

TEL: 603-87777000 FAX: 603-87777778

www.malaysiaairports.com.my



PROGRESS PHOTOS



Progress Photos @ 1 April 2014



Progress Photos @ 1 April 2014



Terminal Building

Progress Photos @ 1 April 2014



Progress Photos @ 1 April 2014

Airside



Progress Photos @ 1 April 2014

SkyBridge



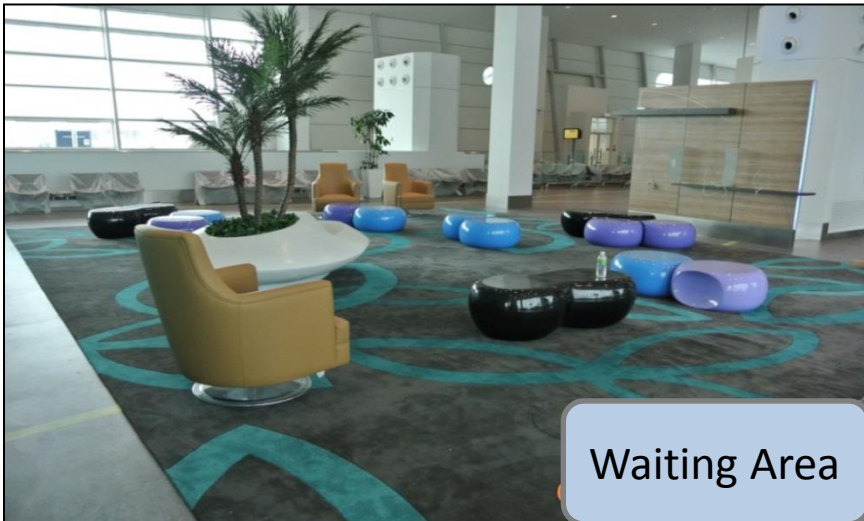
Progress Photos @ 1 April 2014



ATC Tower



Check-in Area



Waiting Area

