

MALAYSIA AIRPORTS HOLDINGS BERHAD

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

13th February 2015



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FY15 Outlook



FY14 Overview



**Group Financial
Review**



**Traffic
Statistics**



**Commercial
Revenue Analysis**



İSTANBUL SABIHA GÖKÇEN
ULUSLARARASI HAVALİMANI
Yatırım Yapım ve İşletme A.Ş.

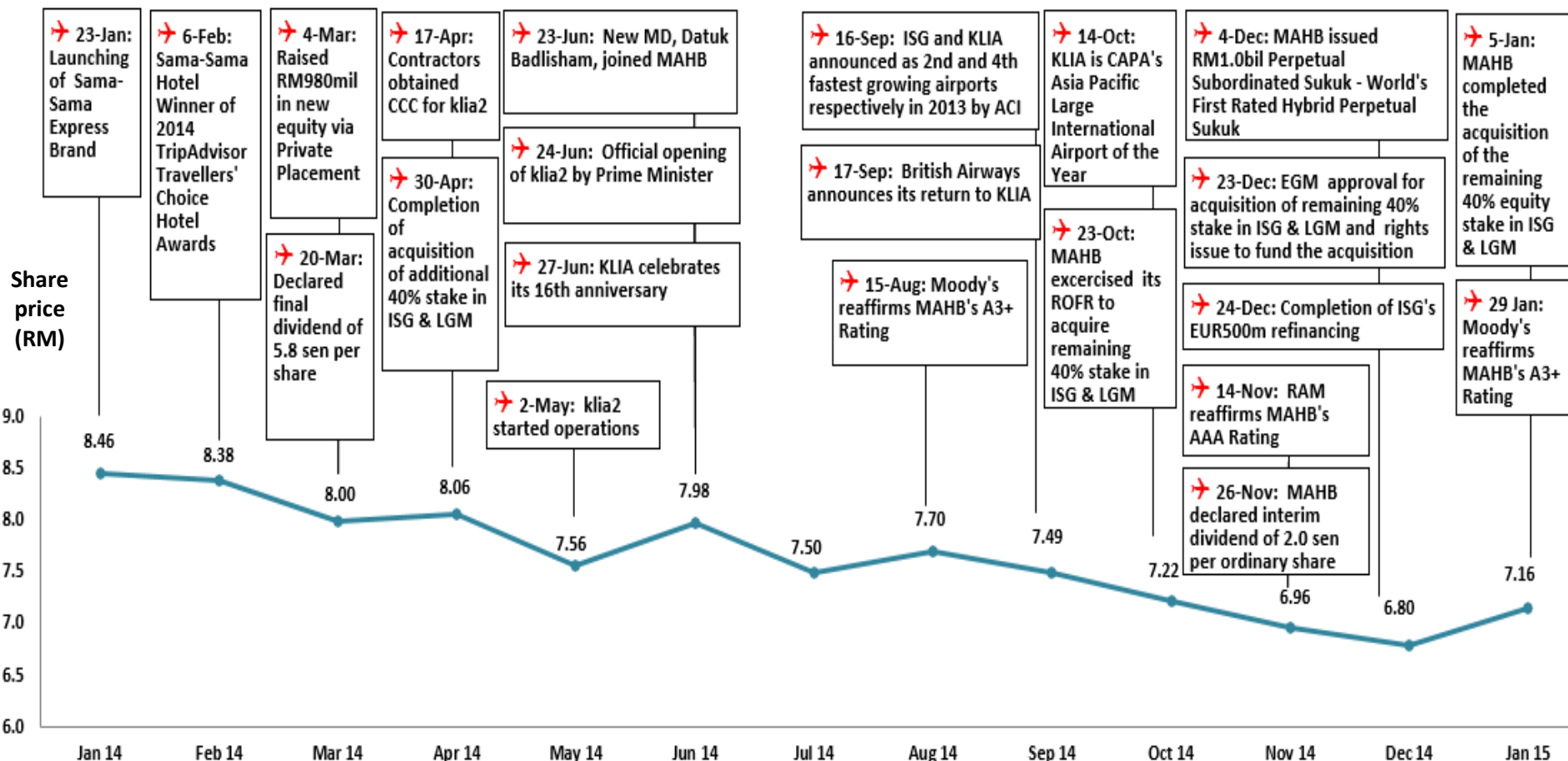
**ISG & LGM Financial
Performance**

FY14 OVERVIEW



		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
			*Restated Preceding Year		*Restated Preceding Year
		Current Year	Corresponding	Current Year to	Corresponding
		Quarter	Quarter	Date	Period
Note		31.12.2014	31.12.2013	31.12.2014	31.12.2013
		RM'000	RM'000	RM'000	RM'000
Revenue		711,334	1,120,767	3,343,722	4,098,759
Cost of inventories sold		(96,630)	(93,562)	(330,710)	(325,287)
Other income		54,129	42,048	166,672	135,083
Employee benefits expense		(146,023)	(176,019)	(619,335)	(569,917)
Construction costs		-	(417,155)	(633,880)	(1,563,883)
Depreciation and amortisation		(67,852)	(79,250)	(405,399)	(277,862)
Other expenses		(355,935)	(263,411)	(1,111,115)	(875,231)
Operating profits		99,023	133,418	409,955	621,662
Finance costs		(52,737)	(6,089)	(151,337)	(28,375)
Impairment of investment		(15,000)	(3,742)	(24,011)	(3,742)
Gain arising from remeasurement of fair value of investment		502,511	-	502,511	-
Gain on bargain purchase		379,105	-	379,105	-
Impairment of goodwill		(229,429)	-	(229,429)	-
Share of results:					
- associates		(1,533)	(39,877)	113	(39,385)
- jointly controlled entities		373	222	(52,736)	3,008
Profit before tax and zakat	7	682,313	83,932	834,171	553,168
Taxation and zakat	22	(19,432)	(47,475)	(85,622)	(175,481)
Profit for the year, net of tax and zakat		662,881	36,457	748,549	377,687
Discontinued Operation					
Loss from discontinued operation, net of tax	13	(4)	(44)	(58)	(140)
Profit for the year, net of tax and zakat		662,877	36,413	748,491	377,547

Significant Events



2014 Headline KPI

Key Performance Indicators (KPIs)	Actual 2013	Target 2014	Actual December 2014
Profitability* (EBITDA)	RM827.5 mil	RM861.4 mil	RM861.4 mil (100.0%)
Airport Service Quality	25–40 mppa: KLIA Ranking Top 4	40 mppa : KLIA Ranking Top 5	40 mppa : KLIA Ranking Top 7

Source: ASQ Official Results dated 21st January 2015 for 4Q14

Overview

- Overall growth outperformed 10-year average growth rate of 5.6%
- More than half of the growth occurred on airlines in emerging markets including Middle East and Asia Pacific
- Global passenger traffic demand ↑
- All regions experienced positive traffic growth

Overall YTD growth %

- Dec y-o-y:
 - Overall, 5.9%
 - Middle East, 13.0%
 - Asia Pacific, 5.8%
 - Latin America, 5.8%
 - Europe, 5.7%
 - North America, 3.1%
 - Africa, 0.9%

Drivers

- Sustained regional economic activity and acceleration of trade volumes
- Lower oil prices should be positive for economic activity
- Robust low cost airlines growth amidst uncertainty in Europe's economy

Source: IATA: Strong Demand for Air Travel Rises in 2014 dated 5th February 2015

Overview

- Pax growth ↑
- Pax growth: International Traffic > Domestic Traffic

Growth%

- Pax growth, 4.7% (International, 4.9% & domestic, 4.5%)
- KLIA, 3.0%
 - MTB, 0.3%
 - LCCT/klia2*, 5.9%

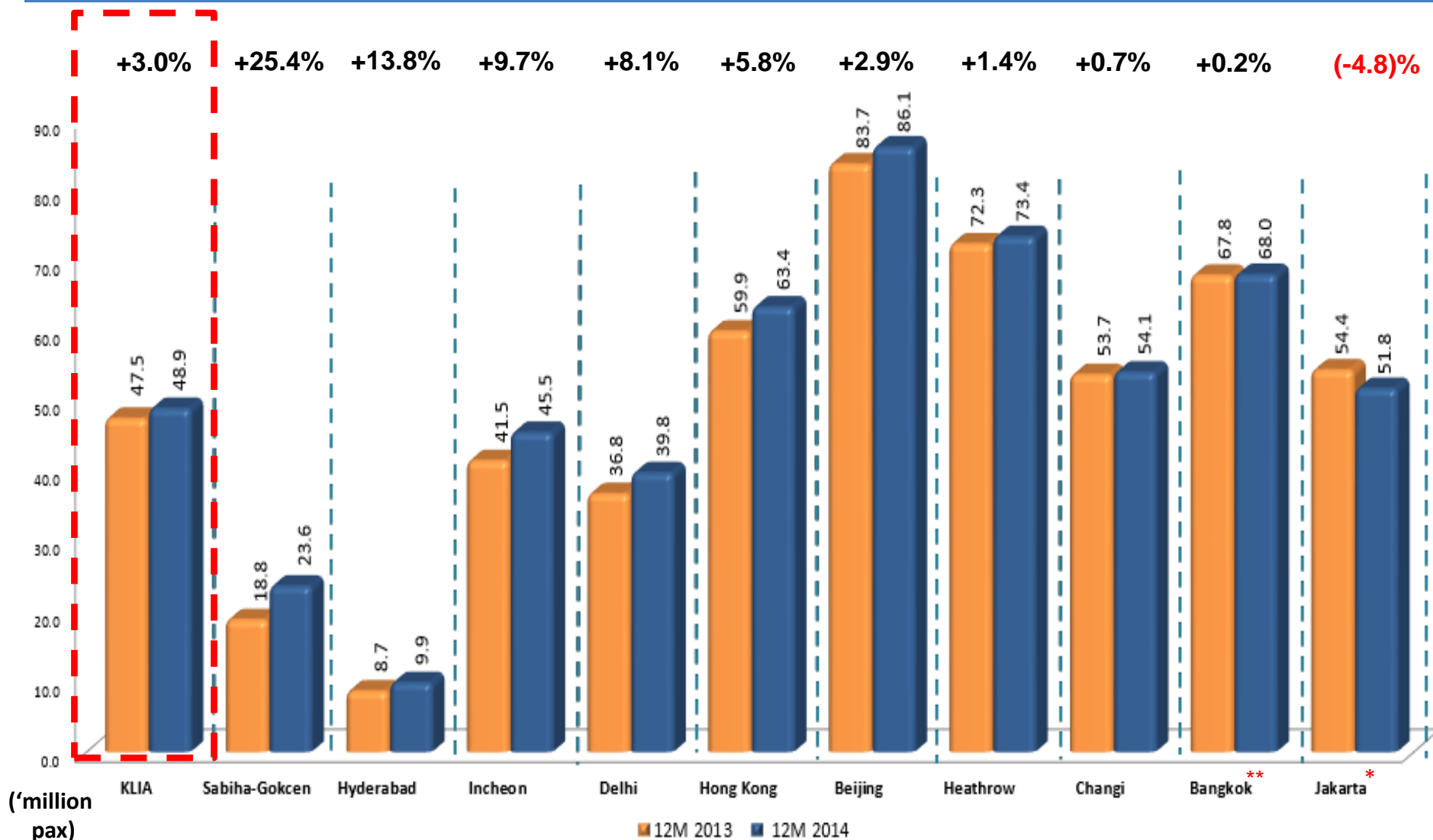
Drivers

- Modest demand for air travel
- Increase in international passenger traffic from LCCs
- Despite low/negative growth of other airports in the region, KLIA's growth outpaced most ASEAN capital airports
- Domestic travel remains strong

* 1st January 2014 to 1st May 2014 - LCCT

2nd May 2014 to 31st December 2014 – klia2 (with the exception of AirAsia - 9th May 2014 – 31st December 2014)

YTD Pax Movement

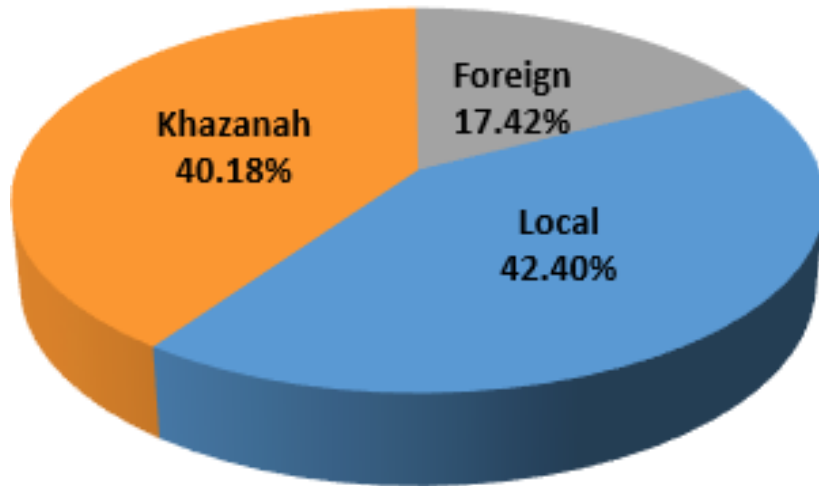


* Jakarta are based on November results

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

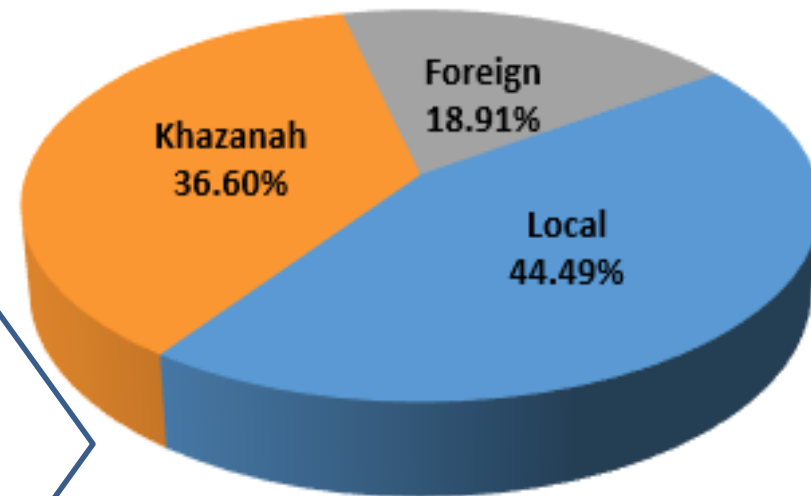
Shareholding Analysis

As at 31/12/13



- DRP subscription rate of 46.2% and 85.0% for FY12 interim and final dividend respectively
- DRP subscription rate of 88.4% and 87.6% for FY13 interim and final dividend respectively
- DRP subscription rate of 53.4% for FY14 interim dividend
- Foreign participation has grown by 1.5 ppt post March 2014 private placement which almost half of the deal was taken up by foreign investors
- Dividend Payout Ratio is at least 50% of Net Profit

As at 31/12/14



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
- klia2 and the expansion for Penang International Airport were completed in May 2014 and June 2013 respectively

Description (RM'mil)	4Q14	4Q13	Var (%)	FY14	FY13	Var (%)	Cumulative since inception to FY14	Cumulative since inception to FY13
Construction Revenue	-	437.2	(100.0)	662.4	1,635.9	(59.5)	5,171.8	4,509.4
Construction Costs	-	(417.1)	(100.0)	(633.9)	(1,563.9)	(59.5)	4,940.7	4,306.9
Construction Profit	-	20.1	(100.0)	28.5	72.0	(60.4)	231.0	202.5

Change in Depreciation Method

- During the current quarter under review, the Group had changed the depreciation method for its infrastructure and construction assets
- Previously, these assets were amortised based on straight line basis
- The Group has now changed the depreciation method to the Unit of Production Method ("UOP") **based on forecasted passenger during the concession period**
- The changes is to be consistent with the method applied for concession rights and to **better reflect the pattern in which the related asset's future economic benefits** are expected to be consumed by the entity
- The changes to UOP method is effective 1 January 2014, whereby the **impact is a reduction in depreciation by RM101.1 million**

FRS 3: Business Combinations

Acquisition of remaining 40% stake in ISG and LGM

- ✈ FRS 3 – Business Combinations refers the transaction as a business combination **achieved in stages**, sometimes also referred to as a step acquisition. It further states that:
 - In a business combination achieved in stages, the **acquirer shall re-measure its previously held equity interest in the acquiree at its acquisition-date FV and recognise the resulting gain or loss, if any, in profit or loss**
- ✈ Further, FRS 3 states that the acquirer shall recognise goodwill as of the acquisition date measured as the excess of (a) over (b) below:
 - (a) the aggregate of:
 - (i) the consideration transferred measured in accordance with this FRS, which generally requires acquisition-date FV;
 - (ii) the amount of any non-controlling interest in the acquiree measured in accordance with this FRS; and
 - (iii) in a business combination achieved in stages, the acquisition-date FV of the acquirer's previously held equity interest in the acquiree.
 - (b) the net of the acquisition-date amount of the identifiable assets acquired and the liabilities assumed measured in accordance with this FRS.

RM 'mil Description:

Gain on re-measurement of

FV of investment (ISG & LGM)	502.5	Excess of NA FV over the carrying amount of previously held equity investment
Gain on Bargain Purchase (ISG)	379.1	Gain arising from lower acquisition cost as compared to the FV of NA acquired
Goodwill - impaired (LGM)	(229.4)	Impairment of the difference of higher acquisition cost as compared to FV of NA acquired
	<u>652.2</u>	

Group 4Q14 Results (vs 4Q13)

Description (RM'mil)	4Q14			4Q13			Var % (With IC 12)	Var % (Without IC 12)
	With IC 12	IC 12	Without IC 12	With IC 12	IC 12	Without IC 12		
MAHB								
Revenue	711.3	-	711.3	1,120.8	(437.2)	683.6	▼ (36.5)	▲ 4.1
EBITDA	241.5	-	241.5	212.7	(20.1)	192.6	▲ 13.5	▲ 25.4
PBT	30.1	-	30.1	83.9	(20.1)	63.8	▼ (64.1)	▼ (52.8)
Net Earnings	10.7	-	10.7	36.5	(20.1)	16.4	▼ (70.7)	▼ (34.8)
Acquisition of ISG & LGM	652.2	-	652.2	-	-	-	-	-
Re-measurement Gain	502.5	-	502.5	-	-	-	-	-
Gain on Bargain Purchase	379.1	-	379.1	-	-	-	-	-
Goodwill - impaired	(229.4)	-	(229.4)	-	-	-	-	-
MAHB Group								
PBT	682.3		682.3	83.9		63.9	▲ 7.1 x	▲ 9.7 x
Net Earnings	662.9		662.9	36.5		16.5	▲ 17.2 x	▲ 39.3 x
EBITDA Margin (%)	33.9		33.9	19.0		28.2	▲ 15.0 ppt	▲ 5.8 ppt
PBT Margin (%)	4.2		4.2	7.5		9.4	▼ (3.25) ppt	▼ (5.20) ppt

Revenue grew by 4.1%*

- Airport operations : RM666.8mil (+4.3%)
 - Aeronautical : RM349.3mil (+7.7%) was mainly due to the recognition of MARCS PSC and increase in landing and parking charges
 - Non-Aeronautical : RM317.5mil (+0.7%) arising from higher retail and F&B rental income partially negated by lower contribution from other commercial income
- Non-airport operations : RM44.6mil (+1.1%)
 - Projects and repair & maintenance : RM18.3mil (+10.8%)
 - Hotel : RM20.0mil (+8.8%)
 - Agriculture & horticulture RM6.3mil (-31.7%)

PBT increase by 9.7x*

- Impact of FRS3: Business Combinations (RM652.2mil)
- Lower operating costs : RM355.0mil (-6.7%) primarily due to lower staff cost : RM118.2mil (-20.7%) arising from lower bonus provision
- Depreciation and amortisation : RM67.9mil (-14.4%) mainly due to change in depreciation method
- Lower share of associate and JCE losses : -RM1.2mil (-97.1%) due to improved ISG results (4Q14: -RM4.6mil; 4Q13:-RM41.6mil)
- However, the increase was offset against higher finance cost: RM52.7mil (+766.1%) being interest recognised in the income statement upon completion of klia2, impairment of investment in unquoted shares (RM15.0mil) and write-off of LCCT assets (RM50.7mil)

*Figures are without construction revenue and profit, ISG and LGM results are also excluded due to acquisition completion date

Group 4Q14 Results (vs 3Q14)

Description (RM'mil)	4Q14			3Q14			Var % (With IC 12)	Var % (Without IC 12)
	With IC 12	IC 12	Without IC 12	With IC 12	IC 12	Without IC 12		
MAHB								
Revenue	711.3	-	711.3	675.8	-	675.8	▲ 5.3	▲ 5.3
EBITDA	241.5	-	241.5	200.3	-	200.3	▲ 20.6	▲ 20.6
PBT	30.1	-	30.1	10.6	-	10.6	▲ 1.8 x	▲ 1.8 x
Net Earnings	10.7	-	10.7	1.6	-	1.6	▲ 5.7 x	▲ 5.7 x
Acquisition of ISG & LGM	652.2	-	652.2	-	-	-	-	-
Re-measurement Gain	502.5	-	502.5	-	-	-	-	-
Gain on Bargain Purchase	379.1	-	379.1	-	-	-	-	-
Goodwill - impaired	(229.4)	-	(229.4)	-	-	-	-	-
MAHB Group								
PBT	682.3		682.3	10.6		10.6	▲ 63.4 x	▲ 63.4 x
Net Earnings	662.9		662.9	1.6		1.6	▲ 413.3 x	▲ 413.3 x
EBITDA Margin (%)	33.9		33.9	29.6		29.6	▲ 4.3 ppt	▲ 4.3 ppt
PBT Margin (%)	4.2		4.2	1.1		1.1	▲ 3.1 ppt	▲ 3.1 ppt

Revenue increased by 5.3%*

- Airport operations : RM666.8mil (+6.6%)
 - Aeronautical : RM349.3mil (+4.1%) was mainly due to increase in passenger movements by 10.8% and implementation of new landing charges, mitigated by higher airline incentives
 - Non-Aeronautical : RM317.5mil (+9.6%) arising from higher retail revenue
- Non-airport operations : RM44.6mil (-11.6%)
 - Projects and repair & maintenance : RM18.3mil (-21.4%)
 - Hotel : RM20.0mil (+17.0%)
 - Agriculture & horticulture RM6.3mil (-37.4%)

PBT increased by 63.4x*

- Impact of FRS 3: Business Combinations (RM652.2mil)
- Lower operating costs : RM355.0mil (-7.9%) primarily due to lower staff cost : RM118.2mil (-15.2%) arising from lower bonus provision
- However, the increase was offset against impairment of investment in unquoted shares (RM15.0mil) and write-off of LCCT assets (RM50.7mil)
- Change in depreciation method to UOP effective 1 January 2014 results in reduction of full year depreciation of RM101.1mil

*Figures are without construction revenue and profit, ISG and LGM results are also excluded due to acquisition completion date

Group FY14 Results (vs FY13)

Description (RM'mil)	FY14			FY13			Var % (With IC 12)	Var % (Without IC 12)
	With IC 12	IC 12	Without IC 12	With IC 12	IC 12	Without IC 12		
MAHB								
Revenue	3,343.7	(662.4)	2,681.3	4,098.8	(1,635.9)	2,462.9	▼ (18.4)	▲ 8.9
EBITDA	890.0	(28.5)	861.4	899.5	(72.0)	827.5	▼ (1.1)	▲ 4.1
PBT	182.0	(28.5)	153.5	553.2	(72.0)	481.2	▼ (67.1)	▼ (68.1)
Net Earnings	96.3	(28.5)	67.8	377.5	(72.0)	305.6	▼ (74.5)	▼ (77.8)
Acquisition of ISG & LGM	652.2		652.2	-	-	-	-	-
Re-measurement Gain	502.5	-	502.5	-	-	-	-	-
Gain on Bargain Purchase	379.1	-	379.1	-	-	-	-	-
Goodwill - impaired	(229.4)	-	(229.4)	-	-	-	-	-
MAHB Group								
PBT	834.2		805.7	553.2		481.2	▲ 50.8	▲ 67.4
Net Earnings	748.5		720.0	377.5		305.6	▲ 98.3	▲ 1.4 x
EBITDA Margin (%)	26.6		32.1	21.9		33.6	▲ 4.7 ppt	▼ (1.5) ppt
PBT Margin (%)	5.4		5.7	13.5		19.5	▼ (8.1) ppt	▼ (13.8) ppt
Gearing (%)	87.9		90.8	85.3		88.9	▲ 2.7 ppt	▲ 1.8 ppt
Net Asset per Share (RM)	5.40		5.23	3.80		3.64	▲ 1.60 sen	▲ 1.59 sen

Revenue grew by 8.9%*

- Airport operations : RM2,509.8mil (+7.9%)
 - Aeronautical : RM1,341.1mil (+10.7%) due to the recognition of MARCS PSC, higher passenger and aircraft movements as well as the implementation of new landing charges
 - Non-Aeronautical : RM1,168.7mil (+4.9%) arising from higher rental income and marginal growth for retail revenue
- Non-airport operations : RM171.6mil (+24.5%)
 - Projects and repair & maintenance : RM66.1mil (+62.6%)
 - Hotel : RM74.1mil (+12.0%)
 - Agriculture & horticulture RM31.3mil (+1.2%)

PBT increased by 67.4%*

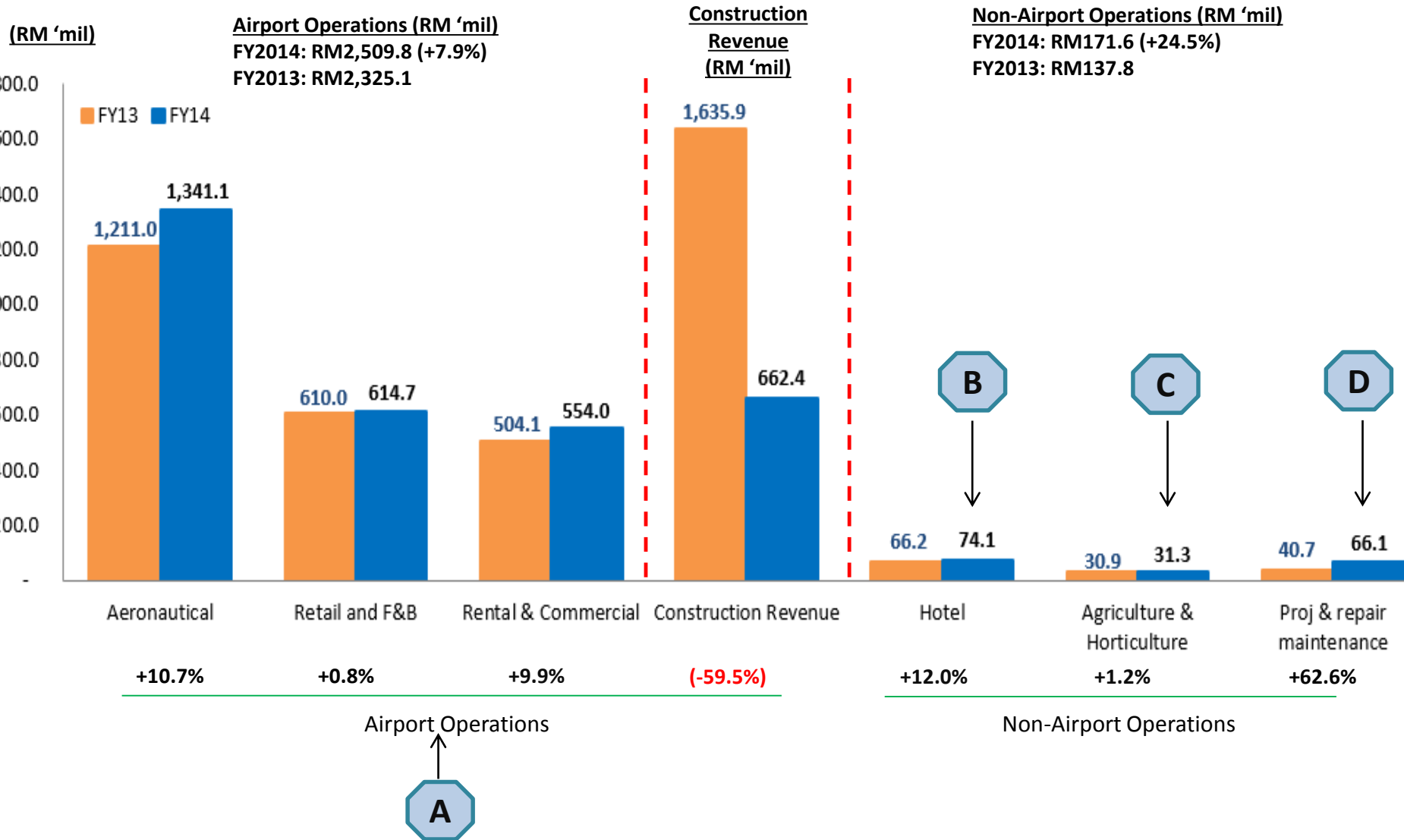
- Impact of FRS 3: Business Combinations (RM652.2mil)
- The increase was however mitigated by :
 - Higher operating costs : RM1,414.4mil (+13.4%)
 - Utilities : RM288.5mil (+37.1%) due to higher consumption and tariff hike since January 2014
 - Staff cost : RM510.0mil (+5.1%) in line with increase in manpower, one-off current period increment & salary adjustment and allowances
- Depreciation and amortisation : RM405.4mil (+45.9%) due to commencement of klia2 operations
- Finance cost : RM151.3mil (+433.3%) interest recognised in the income statement upon completion of klia2
- Impairment of investment in unquoted shares and associate (RM24.0mil) and write-off of LCCT assets (RM50.7mil)
- Share of associate and JCE losses (-RM52.6mil) due to one-off recognition of previously unrealized ISG losses upon completion of the 40% additional stake (RM42.5mil) and current period losses (RM19.4mil) for ISG

*Figures are without construction revenue and profit, ISG and LGM results are also excluded due to acquisition completion date

EBITDA & PBT without One-off and New Costs/Adjustments

Without Construction Profit	FY14 RM'mil	FY13 RM'mil	Var	
			RM'mil	%
EBITDA	861.5	827.5	34.0	4.1%
<u>Adjustment:</u>				
Airline incentive wrt 2013 performance	24.4	-	24.4	
<u>One-off</u>				
User Fee (Additional 50% in Jan-Mar 2014)	31.6	-	31.6	
User Fee on MARCS ERL (2008-2012)	-	22.2	(22.2)	
Total User Fee	31.6	22.2	9.4	
EBITDA without adjustments/one-off	917.5	849.7	67.8	8.0%
PBT	153.5	481.2	(327.7)	-68.1%
<u>New/Adjustment:</u>				
ISG share of loss for 60% stake May-Dec	15.8	-	15.8	
Airline incentive wrt 2013 performance	24.4	-	24.4	
<u>One-off:</u>				
ISG share of losses unrecognised in previous years	42.5	-	42.5	
User Fee (Additional 50% in Jan-Mar 2014)	31.6	-	31.6	
User Fee on MARCS ERL (2008-2012)	-	22.2	(22.2)	
Total User Fee	31.6	22.2	9.4	
LCCT impairment and write-off	50.7	-	50.7	
Costs relating to ISG acquisition	23.9	-	23.9	
Impairment of minority investment	15.0	-	15.0	
PBT without new costs/adjustments/one-off	357.2	503.3	(146.1)	-29.0%
<u>klia2 impact:</u>				
Depreciation - klia2	136.5	-	136.5	
Finance cost - klia2	145.1	-	145.1	
PBT without new costs/adjustments/one-off/klia2 impact	638.8	503.3	135.4	26.9%

Group Segmental Revenue



Group Explanatory Notes

A Airport Operations

Excluding IC12 effects, airport operations grew by 7.9% on stronger aeronautical revenue and commercial performance

B Hotel

Increase in room revenue due to improvement in occupancy rate by 7ppt as Sama-Sama Hotel was closed in stages from June 2012 to March 2013 for renovation works
Occupancy rate (FY2014: 75.0%, FY2013: 68.0%);
Higher average room rate (FY2014: RM371.30, FY2013: RM357.50)

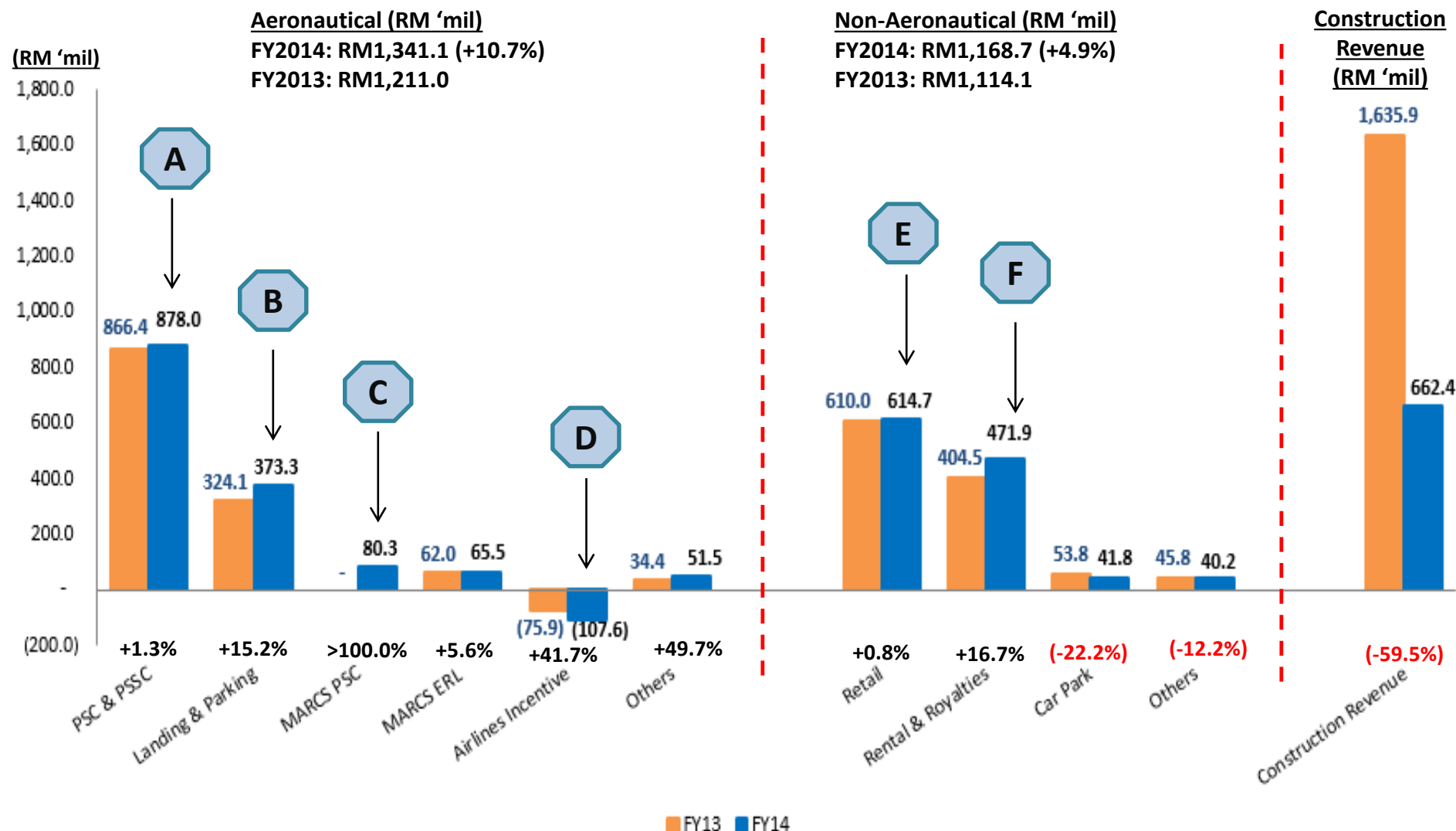
C Agriculture & Horticulture

The segment increased due to higher price attained for FFB per tonne despite lower production volume (FY2014: RM497.07/63,458MT; FY2013: RM471.68/64,819MT)

D Projects and Repair & Maintenance

Increase mainly due to the new facilities management work won including for the provision of facilities maintenance services at the new Doha International Airport (FY2014: RM42.8mil)

Group Revenue Analysis: Airport Operations



Group Explanatory Notes

A

PSC & PSSC

PSC & PSSC revenue has increased in tandem with passenger growth of 4.7%

B

Landing & Parking

Higher landing & parking revenue due to 7.3% increase in aircraft movements & approximately 10% hike in landing & parking charges (compounded annually effective 1 January 2012, 1 January 2013 and 1 January 2014)

C

MACRS PSC

MARCS PSC in relation to 2nd Tariff Cycle - PSC increase commencing 12 February 2014 as the new PSC rates are lower than the benchmark rates 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 RM 35; Domestic: RM6 to RM7)

D

Airlines Incentive

Higher incentives were accrued based on FY14 performance and adjustment of airline incentive in respect of 2013 performance

E

Retail

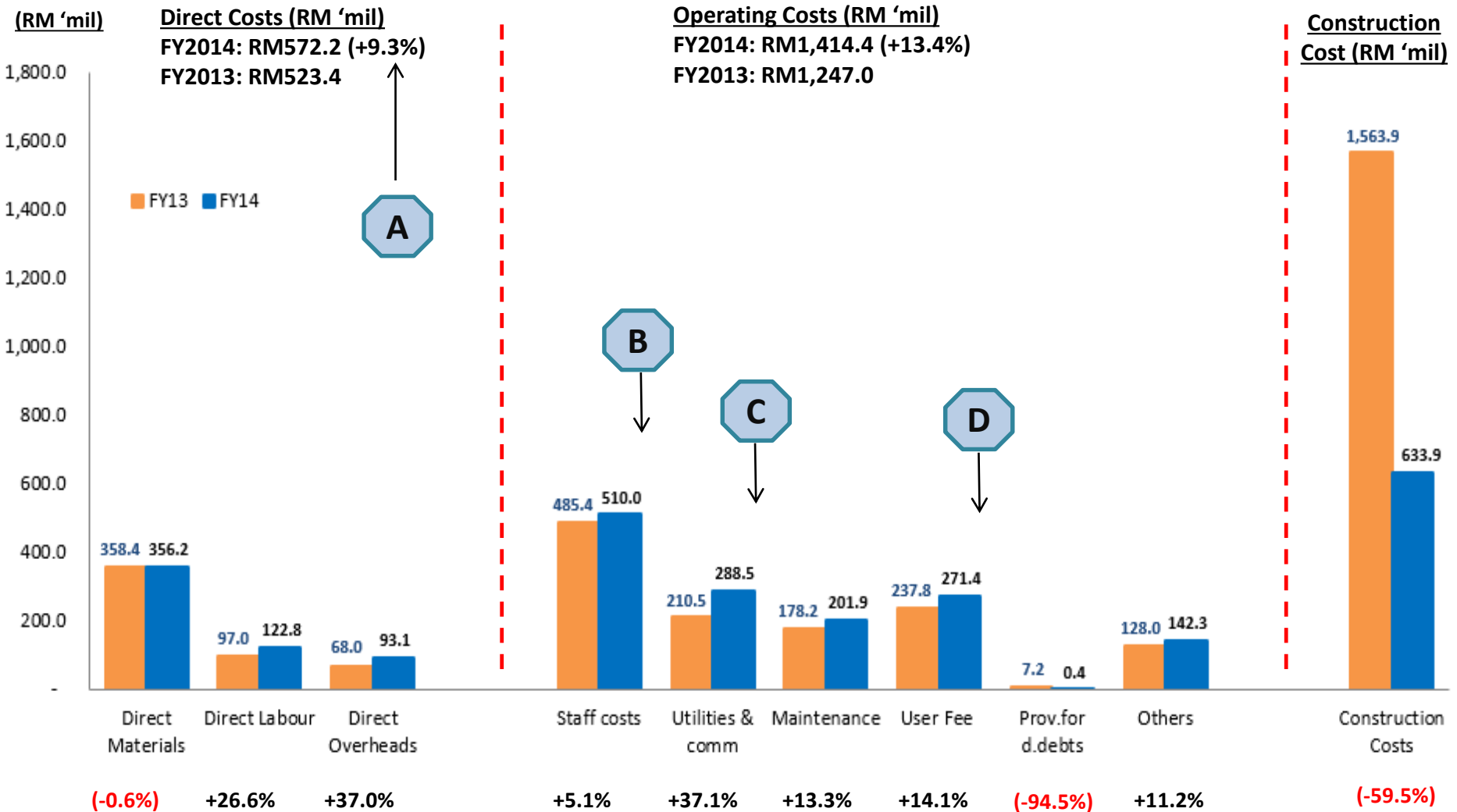
The retail business grew marginally by 0.8%

F

Rental

Increased rental and royalty revenue from KLIA and LCCT/klia2, particularly due to larger commercial space at klia2

Group Operating Cost Analysis



Group Explanatory Notes

A Direct Costs

9.3% increase in direct costs due to higher proportion of retail outlets in klia2 as compare to LCCT

B Staff Costs

Increase mainly due to:

- 1) 5% salary increment effective April 2014 and one-off salary benchmarking
- 2) Higher staff number from 9,419 in 2013 to 10,673 in 2014 mainly due to klia2
(RM20.7mil, total number of employment for klia2 as at December 2014 is 1,012)
- 3) Other staff benefits – RM25.2mil

C Utilities Expenses

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

- 1) Electricity – RM42.7mil (+30.8%) (KLIA's Consumption: ~RM19.6mil; tariff hike: RM 15.6mil).
15% increase in electricity tariff effective January 2014
- 2) Chilled Water – RM34.7mil (+74.6%) (KLIA's Consumption: ~RM8.4mil; increase in gas price: RM25.8mil). Increase in gas price of 11% and variable charges of 10% was effective January 2014

Group Explanatory Notes

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 fees to the Government, equal to a specified percentage of revenue derived from activities at the airports as a consideration for the Operating Rights granted to MAHB. The amount that had been recognised in the income statement represents half of the total user fee payable to the Government, 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 now fully recognised in the income statement.

The one-off impact for user fee (Jan-Mar 2013: 50% on P&L) vs. (Jan-Mar 2014: 100% on P&L) is RM9.4mil (+10.5%).

In addition, the user fee rate increased by 25bps (FY2014: 10.42%; FY2013: 10.04%) as stipulated in the Operating Agreements

E

Depreciation & Amortisation

Higher depreciation and amortisation of RM127.5mil was primarily due to commencement of klia2 operations

F

Share of results of jointly controlled entities

ISG current year losses of RM19.4mil (1Q14: RM3.7mil; 2Q14: RM8.3mil; 3Q14: RM2.8mil, 4Q14: RM4.6mil) and one-off recognition of previously unrealised losses upon the completion of the 40% additional stake amounting to RM42.5mil in April 2014

Group Explanatory Notes

G

Finance costs

The rise in finance costs is due to interest on borrowings being recognised in the income statement upon commencement of klia2 operations

H

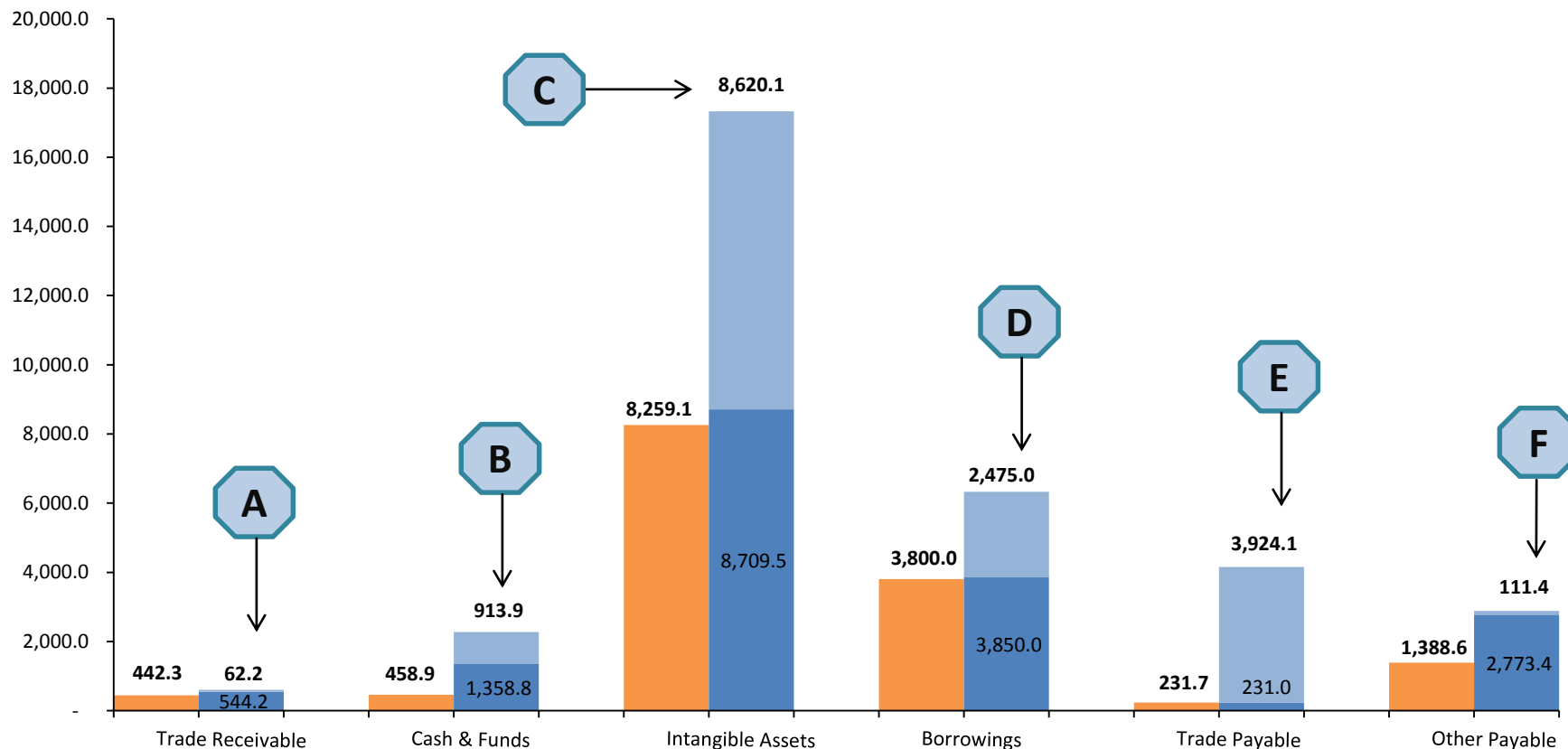
Tax and Zakat

The effective rate is currently ~36% when excluding the effect of JCE losses and FRS 3: Business Combinations on the PBT

Group Balance Sheet Analysis

(RM mil)

2013 MAHB 2014 MAHB 2014 ISG&LGM



Excluding ISG & LGM	+23.0%	+2.0x	+5.5%	+1.3%	(-0.3%)	+99.7%
Including ISG & LGM	+37.1%	+4.0x	+1.1x	+66.4%	+16.9x	+1.1x

Group Explanatory Notes

A Trade Receivable

The increase is primarily due to MARCS PSC 2014 as well as increase in aeronautical revenue receivables in line with revenue increase

B Cash and Funds

Higher cash and funds for the period is due to receipt of RM1 billion from MAHB's perpetual subordinated sukuk, the world's first rated hybrid perpetual sukuk

C Intangible Assets

Increase was due to the capitalisation of klia2 construction cost as well as concession rights (RM7.1bil) and concession assets (RM1.6bil) pertaining to ISG and LGM

D Borrowings

- Consolidated ISG borrowings of EUR500mil (refinanced old debts to 2.75% + EURIBOR, which was completed on 24 December 2014)
- MAHB revolving credit facilities - RM200mil settled in December 2014, and a further RM250mil was settled in January 2015
- RAM reaffirmed MAHB's AAA Rating as at 14 November 2014
- Moody's reaffirmed MAHB's A3+ Rating as at 29 January 2015

Group Explanatory Notes

E

Trade Payable

The increase in trade payables is mainly due to ISG's utilization fee liability of RM3.4bil (recognized as non-current trade payables)

F

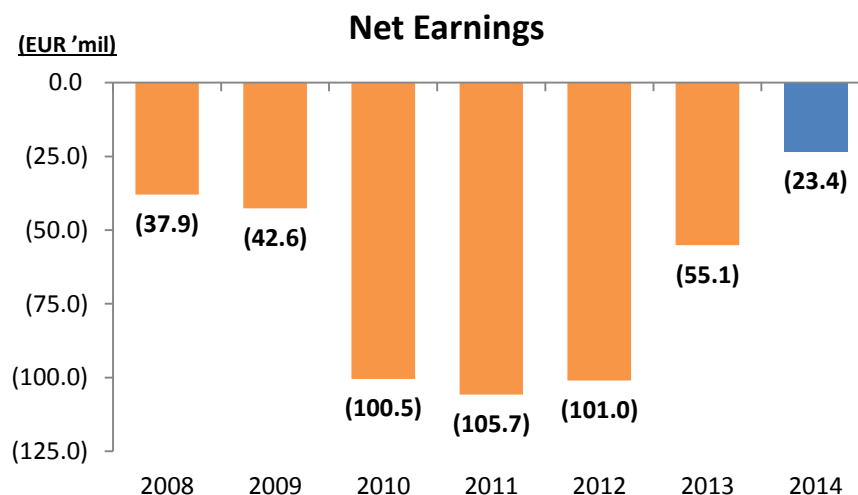
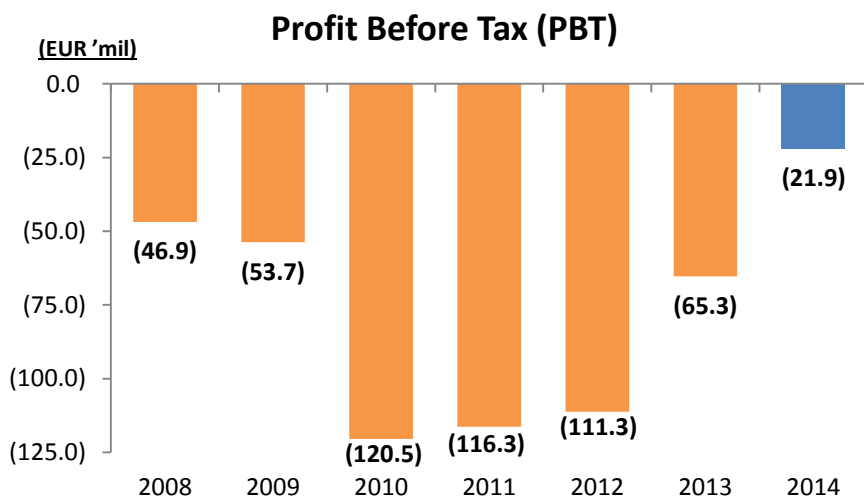
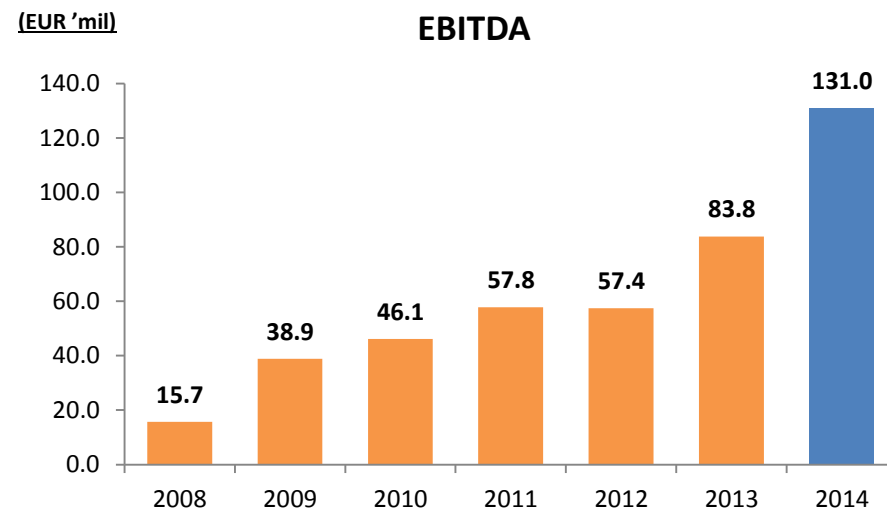
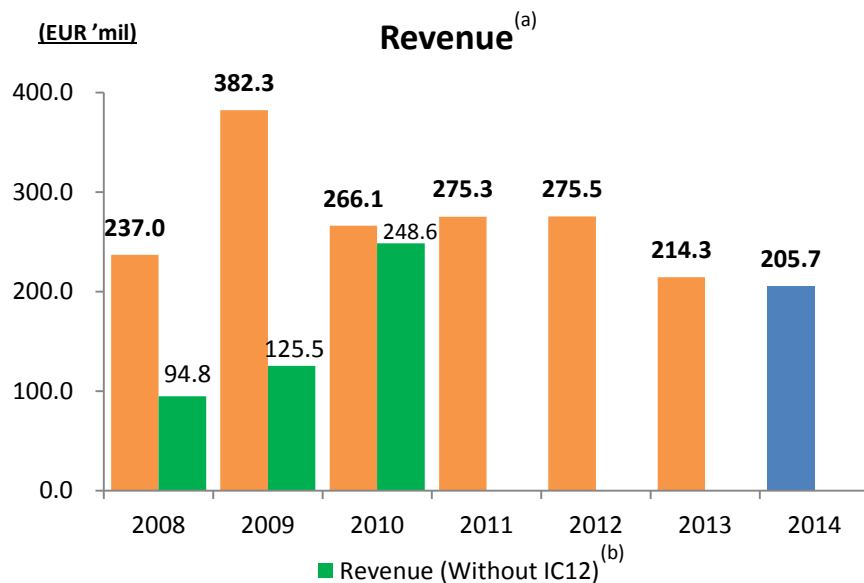
Other Payable

Included in other payables is an amount owing to Limak for RM1.2bil in respect of the remaining 40% acquisition of ISG and LGM. The amount owing to Limak was paid subsequently in January 2015 via a bridging loan facility

ISG & LGM FINANCIAL PERFORMANCE



ISG Financial Summary - Income Statement Highlights



(a) Change of business in 2013 from supply of fuel to airlines to provision of fuel farm services to the fuel supplier

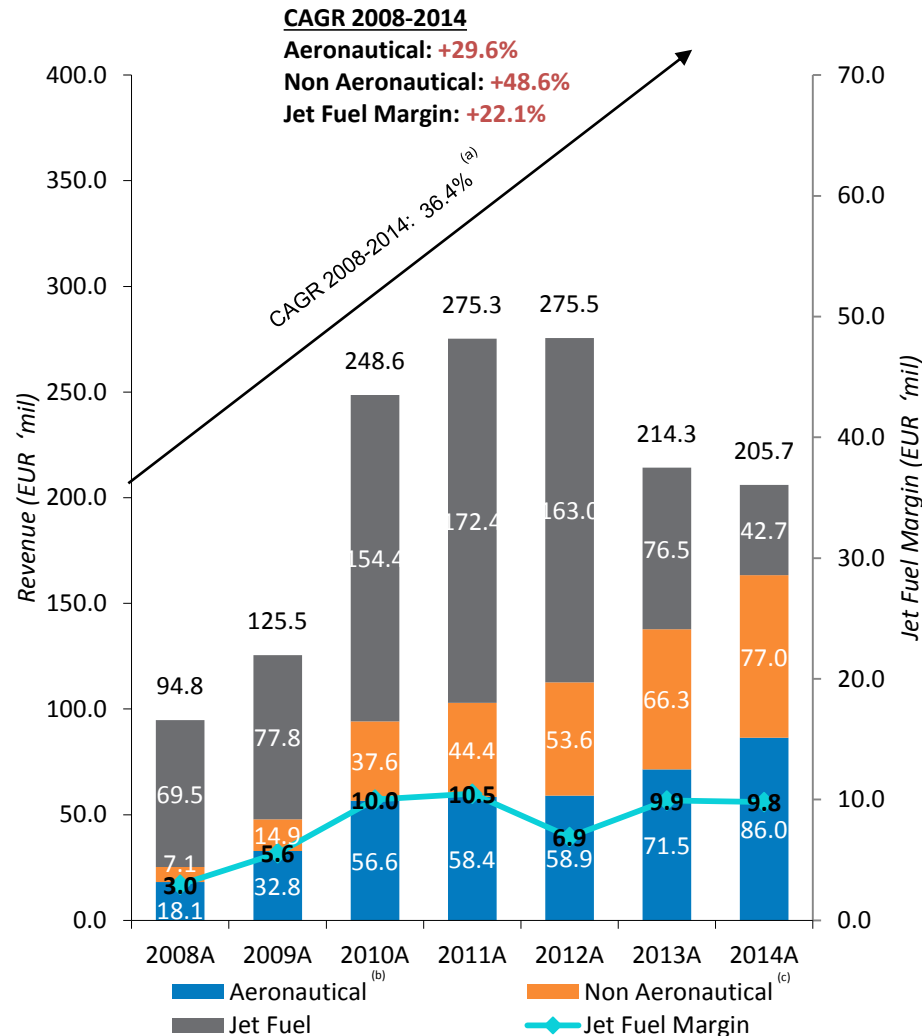
(b) In relation to IC interpretation 12: Service Concession Arrangement whereby ISG recognised the construction revenues and costs by reference to the stage of completion of Sabiha Airport construction works

Source: ISG

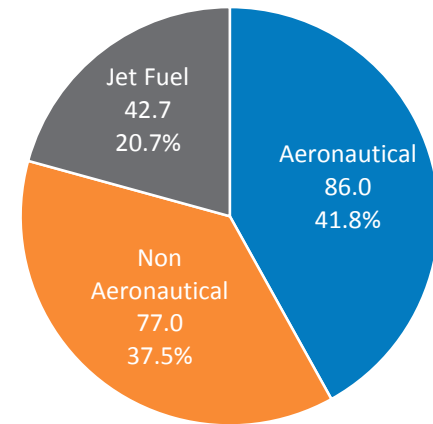
ISG Revenue Analysis Trend

36.4% CAGR on revenue growth before jet fuel impact^(a)

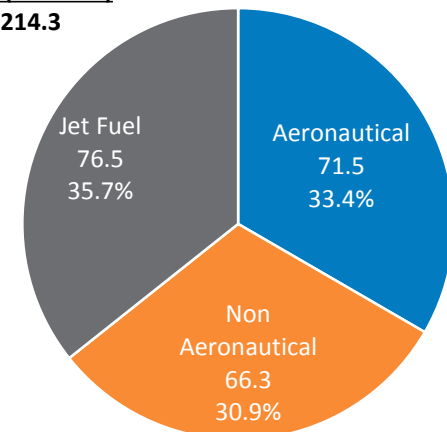
Increasing contribution from aero and non-aero segments



Total revenue(EUR 'mil)
FY 2014 : EUR205.7



Total revenue(EUR 'mil)
FY 2013 : EUR214.3



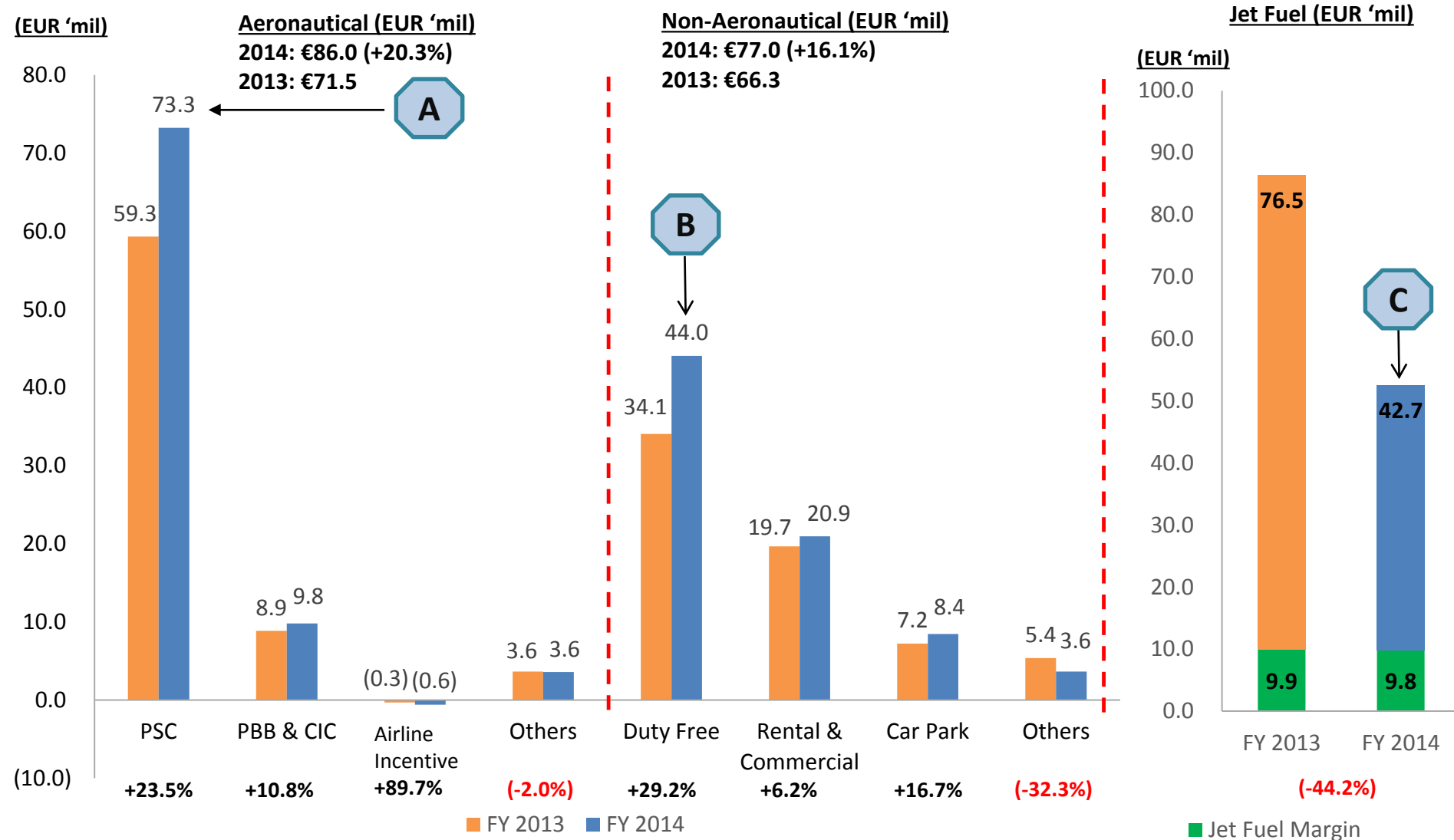
(a) Excludes jet fuel and IC12 revenue recognised from the construction of Sabiha Airport

(b) Excludes jet fuel revenue

(c) Excludes IC12 revenue recognised from the construction of Sabiha Airport

Source: ISG

ISG Revenue Analysis



A

Passenger Service Charge (“PSC”)

- 23.5% increase in tandem with the 25.4% growth in passenger traffic
- International traffic registered remarkable growth of 26.3%, while domestic passengers grew 25.4%
 - International PSC: EUR15; Domestic PSC: EUR3; Transit PSC: EUR5

B

Duty Free

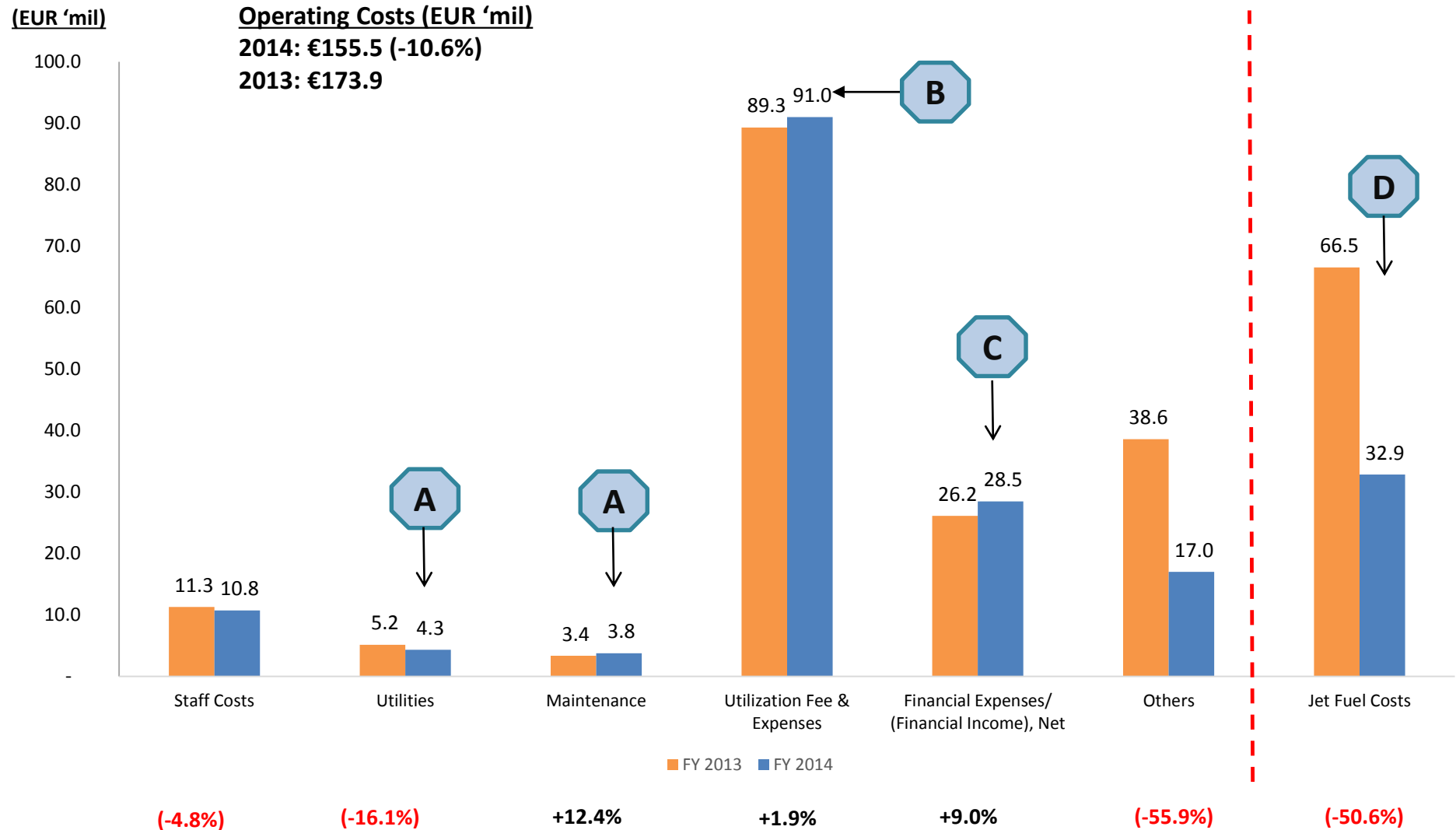
- 29.2% increase in revenue on the back of strong international passenger growth
- Current spend per pax is ~EUR8.90

C

Jet Fuel

- Total jet fuel revenue reduced by 44.2% as there is a change of business in 2013 from supply of fuel to airlines to provision of fuel farm services to the fuel supplier
- Net fuel margin in 2014 remain unchanged compared to 2013

ISG Cost Analysis



A Utilities & Maintenance Costs

12.4% increase in maintenance cost, while decrease in utilities cost by 16.1%, despite the airport experiencing strong passenger growth of 25.4%

B Utilization Fee & Expenses

1.9% increase in payment to the Government being Government's share of EUR1.50 and EUR2.50 PSC per departing international passenger and international transfer passenger respectively

C Financial Expenses, net

Movement in financial expenses, net, relates to mark to market fair value changes of ISG's swap instrument. Unwinding of swap was done concurrent with refinancing in December 2014

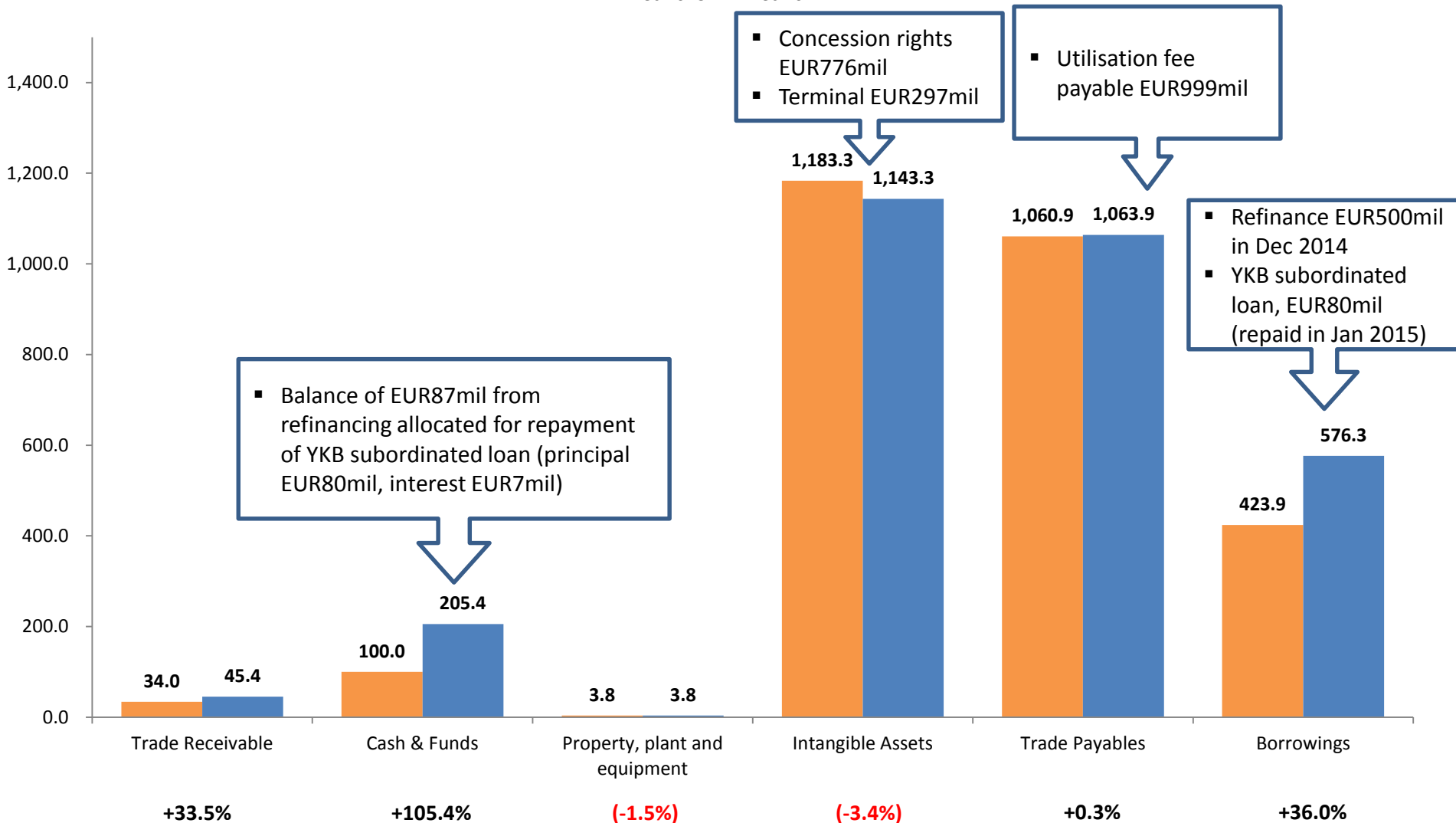
D Jet Fuel Costs

The 50.6% decline in jet fuel costs is due to change of the fuel farm business model in February 2013 from supply of fuel to airlines to provision of fuel farm services to the fuel suppliers. In September 2014, ISG had outsourced the operations of the fuel farm at a fixed rent. By exiting the fuel supply business, ISG has been able to remove risks relating to the prices of fuel and exchange rate risk

ISG Balance Sheet Analysis

(EUR ' mil)

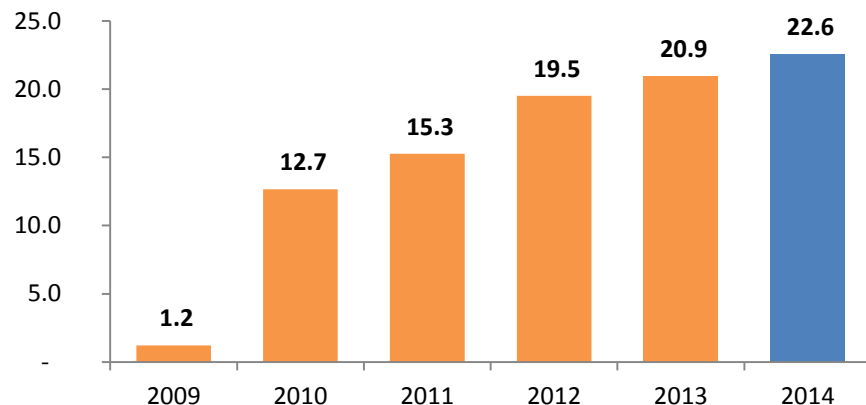
■ Dec 2013 ■ Dec 2014



LGM Financial Summary - Income Statement Highlights

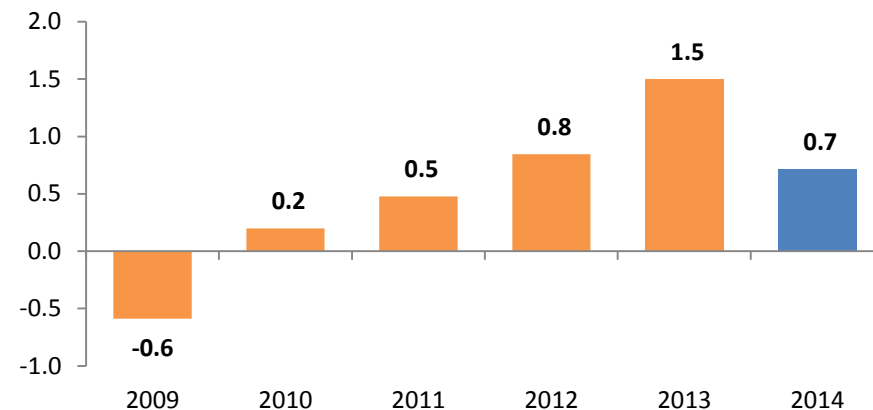
(EUR 'mil)

Revenue



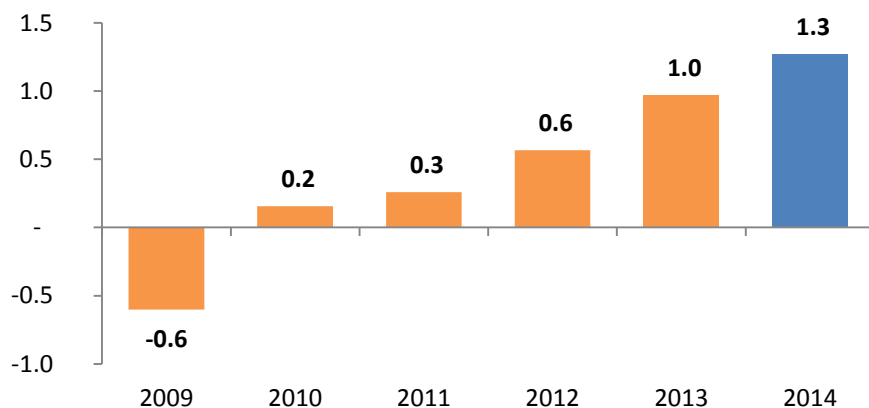
(EUR 'mil)

EBITDA



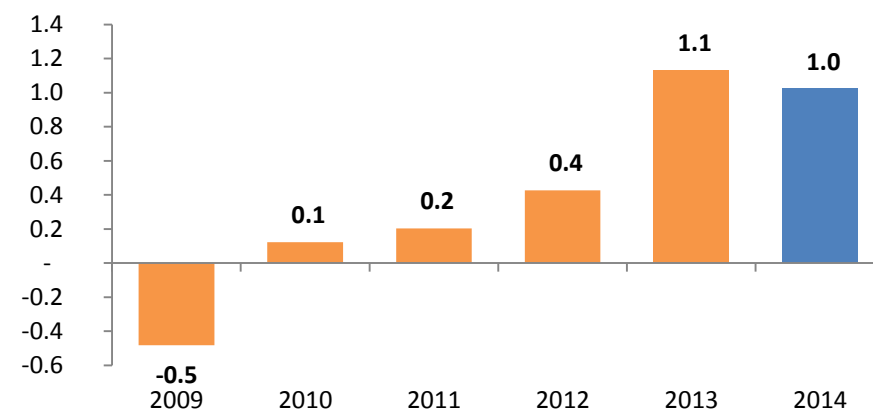
(EUR 'mil)

Profit Before Tax (PBT)



(EUR 'mil)

Net Earnings



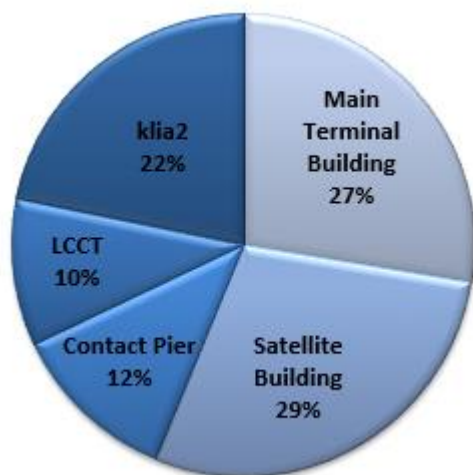
COMMERCIAL REVENUE ANALYSIS



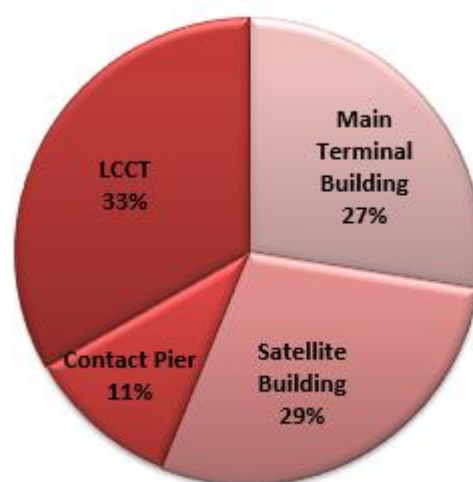
KLIA - Total Sales

Location	FY14			FY13*			Sales Per Pax Variance (%)
	Sales (RM'mil)	No. of Pax ('mil)	Sales per Pax (RM)	Sales (RM'mil)	No. of Pax ('mil)	Sales per Pax (RM)	
Main Terminal Building	553.8			587.6			
Satellite Building	574.7			610.8			
Contact Pier	235.7			227.3			
Total KLIA (exc.LCCT/klia2)	1,364.2	24.9	54.79	1,425.7	24.8	57.49	▼ (4.7)
LCCT	205.9	8.0	25.74	709.1	22.7	31.24	▼ (17.6)
klia2	437.5	16.0	27.34	-	-	-	— -
Total KLIA	2,007.6	48.9	41.06	2,134.8	47.5	44.94	▼ (8.6)

Sales at KLIA FY14



Sales at KLIA FY13



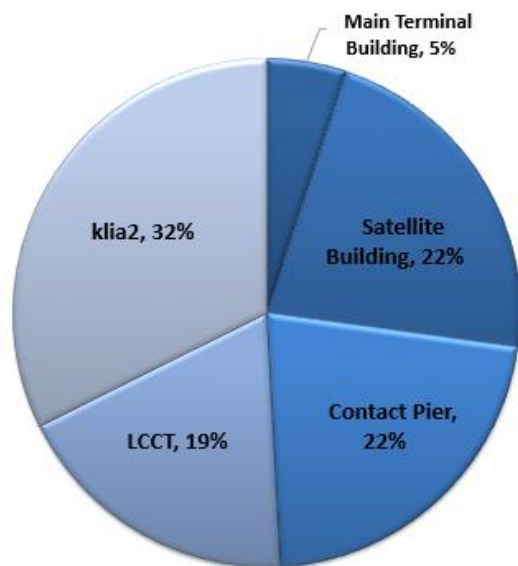
- Sales per pax at KLIA decreased marginally due to reduction in China bound pax (who are notably higher spenders)
- Lower sales per pax for klia2 as compared to LCCT due to most outlets at klia2 were fully open only by September 2014

*The breakdown of passengers by airport has not been restated to reflect a like-for-like comparison arising from Malindo Air and Lion Air's migration to klia2

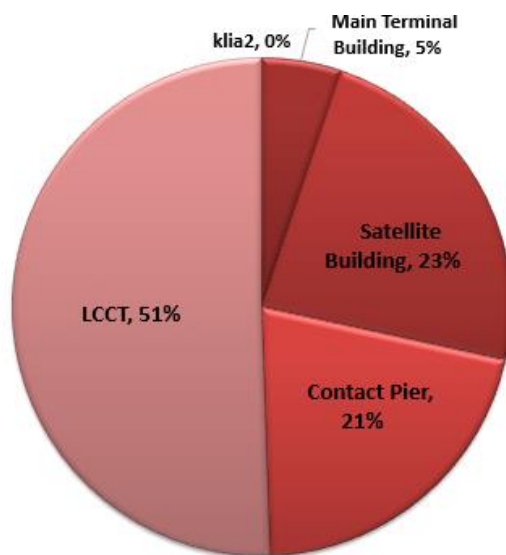
KLIA - ERAMAN Retail Revenue

Description	FY14			FY13 *			Revenue Per
	Revenue (RM'mil)	No. of Pax ('mil)	Per Pax Revenue (RM)	Revenue (RM'mil)	No. of Pax (mil)	Per Pax Revenue (RM)	Pax Variance (%)
Main Terminal Building	27.0			27.4			
Satellite Building	117.1			124.0			
Contact Pier	116.5			112.0			
Total KLIA (exc.LCCT/klia2)	260.6	24.9	10.47	263.4	24.8	10.62	▽ (1.4)
LCCT	98.4	8.0	12.30	269.3	22.7	11.86	▲ 3.7
klia2	171.6	16.0	10.73	-	-	-	▬ -
Total KLIA	530.6	48.9	10.85	532.7	47.5	11.21	▽ (3.2)

Retail Revenue FY14



Retail Revenue FY13



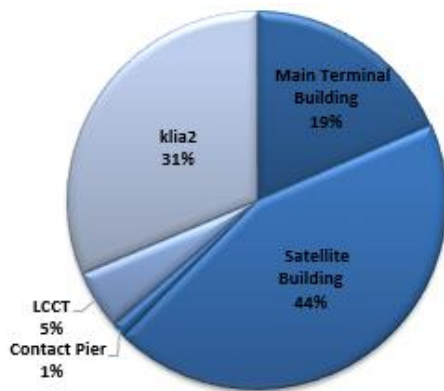
- Eraman revenue per pax at KLIA had marginally decreased due reduction in China bound passengers
- Lower Eraman revenue per pax for klia2 as compared to LCCT due to fit out works at the flagship Eraman klia2 emporium being completed at the end of September 2014.
- Eraman commands about 39.2% of total sales per pax at klia2

* The breakdown of passengers by airport has not been restated to reflect a like-for-like comparison arising from Malindo Air and Lion Air's migration to klia2

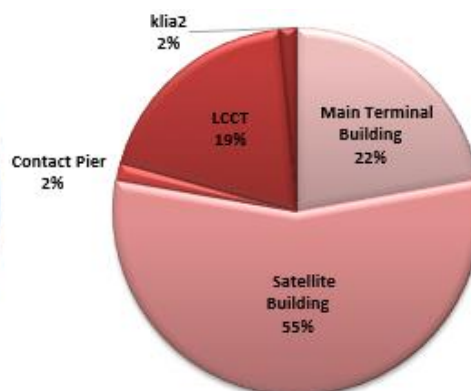
KLIA - Retail & F&B Rental

Location	FY14						FY13						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				MGP	Royalty				
Main Terminal Building	56	6,204	37.7	6.5	44.2	7.1	56	6,204	39.2	7.4	46.6	7.5	
Satellite Building	70	8,466	89.8	9.7	99.5	11.8	74	8,978	98.0	10.6	108.6	12.1	
Contact Pier	11	2,874	2.6	8.7	11.3	3.9	11	2,874	2.8	6.6	9.4	3.3	
Total KLIA (exc.LCCT/klia2)	137	17,544	130.2	24.8	155.0	8.8	141	18,056	140.0	24.6	164.6	9.1	▼ (5.8)
LCCT	55	5,582	10.3	4.7	15.0	2.7	55	5,582	33.9	11.1	45.0	8.1	73.4
klia2	112	15,643	64.1	3.6	67.7	4.3	-	-	2.7	-	2.7	0.0	
Total KLIA	304	38,769	204.6	33.1	237.7	6.1	196	23,638	176.6	35.7	212.3	9.0	▲ 12.0

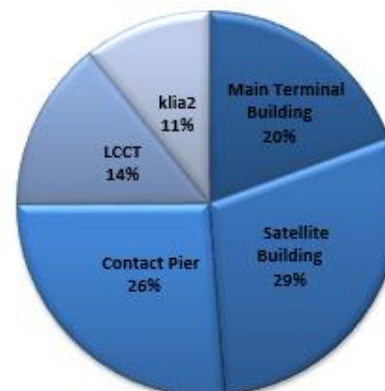
MGP at KLIA FY14



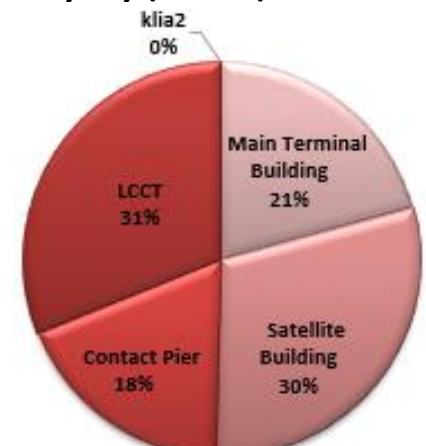
MGP at KLIA FY13



Royalty (Rent%) at KLIA FY14



Royalty (Rent%) at KLIA FY13

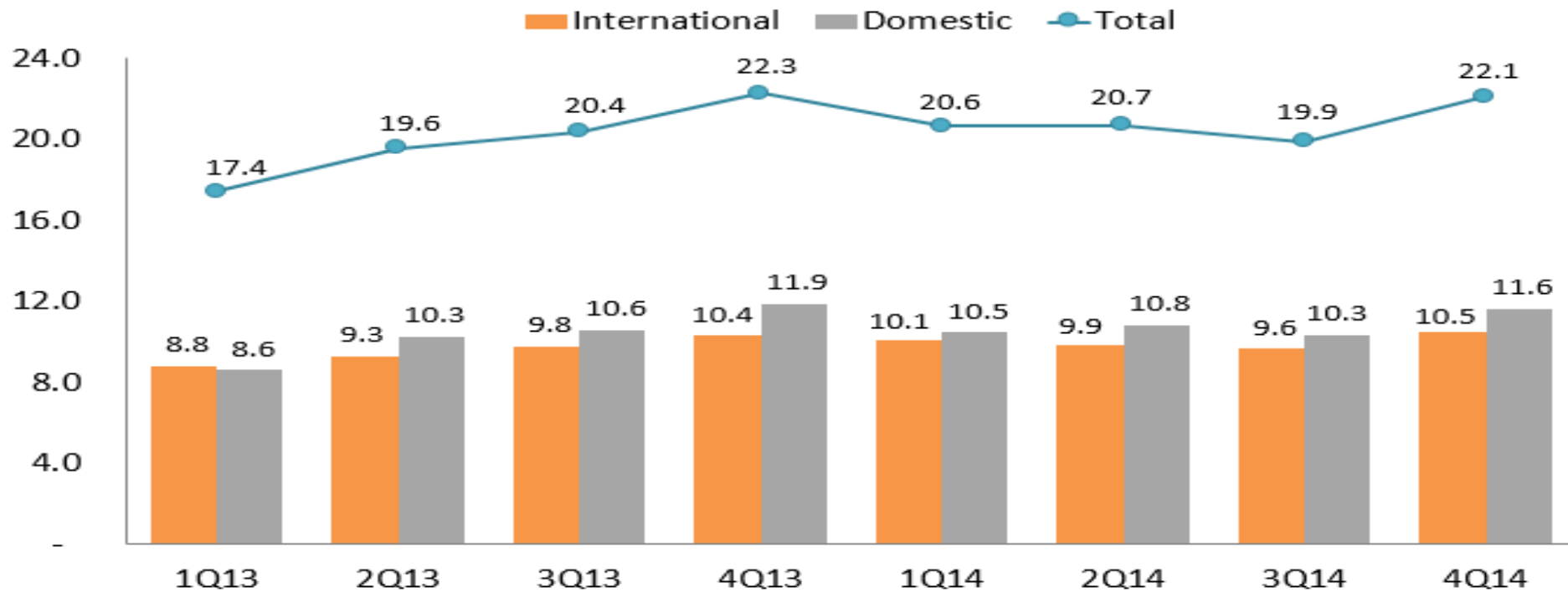


Note: Space is based on occupied space and excluding Eraman's space. Data includes permanent retail and F&B including Services & Promotion

TRAFFIC STATISTICS



Pax Movement

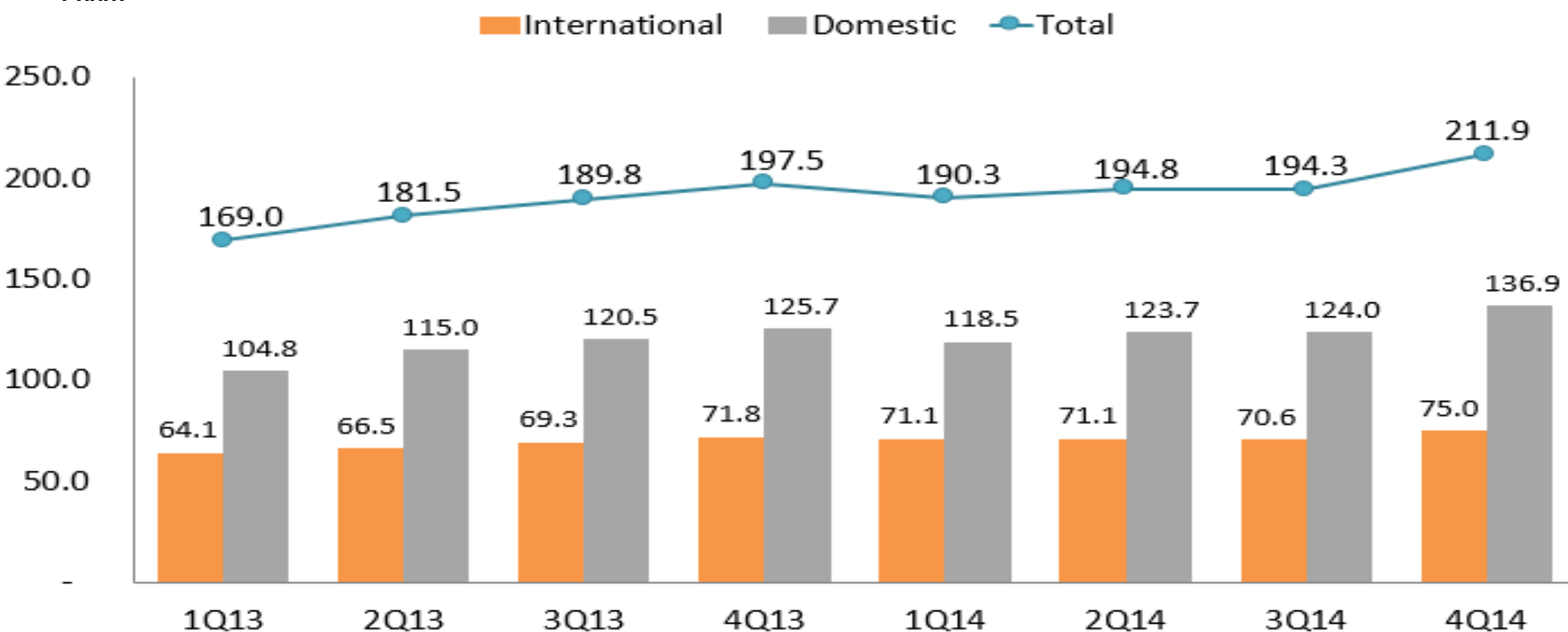


Description	MTB			LCCT/klia2			KLIA			Other Airports			Total		
	FY14	FY13	Var %	FY14	FY13	Var %	FY14	FY13	Var %	FY14	FY13	Var %	FY14	FY13	Var %
International	19.0	18.9	▲ 0.2	15.8	14.0	▲ 12.7	34.8	33.0	▲ 5.5	5.4	5.3	▲ 1.0	40.1	38.3	▲ 4.9
Domestic	5.9	5.9	▲ 0.8	8.2	8.7	▼ (5.2)	14.1	14.5	▼ (2.8)	29.1	26.8	▲ 8.4	43.2	41.3	▲ 4.5
Total	24.9	24.8	▲ 0.3	24.0	22.7	▲ 5.9	48.9	47.5	▲ 3.0	34.4	32.1	▲ 7.2	83.3	79.6	▲ 4.7

Enhanced growth prospect for 2015 due to Malaysia Year of Festivals and return of British Airways will strengthen KLIA's position as oneworld's South East Asia hub.

Aircraft Movement

('000)



Description	MTB			LCCT/klia2			KLIA			Other Airports			Total		
	FY14	FY13	Var %	FY14	FY13	Var %	FY14	FY13	Var %	FY14	FY13	Var %	FY14	FY13	Var %
International	125.0	119.4	▲ 4.7	102.3	91.4	▲ 11.9	227.4	210.8	▲ 7.8	60.3	61.0	▼ (1.3)	287.6	271.9	▲ 5.8
Domestic	52.0	54.0	▼ (3.7)	60.4	60.7	▼ (0.5)	112.3	114.7	▼ (2.1)	391.6	351.3	▲ 11.5	504.0	466.0	▲ 8.1
Total	177.0	173.4	▲ 2.1	162.7	152.1	▲ 7.0	339.7	325.5	▲ 4.3	451.9	412.3	▲ 9.6	791.6	737.9	▲ 7.3

FY13 figures have been restated to reflect Malindo Air and Lion Air migration to LCCT/klia2 for a like-to-like comparison

FY15 OUTLOOK



FY2015 Headline KPI

Key Performance Indicators (KPIs)

Target 2015

Profitability*
(EBITDA)

RM1,522 mil

RM880 mil – MAHB
RM642 mil - ISG & LGM

**Airport
Service
Quality**

**40 mppa: KLIA
Ranking Top 5**

FY2015 Outlook

- **2015 Passenger growth:**
 - **MAHB 3%** (Int'l: 3%, Dom: 3%)
 - **ISG: 15%** (Int'l: 19%, Dom: 12%)
- **Asia Pacific has emerged as the strongest performer behind Middle East** among the key global aviation markets
- **Optimistic trends:**
 - The decline in crude oil prices translating into cheaper jet fuel costs and **lower air fares**
 - Continued **rising business confidence and robust GDP performance** in key emerging markets like ASEAN and North Asia
- **Full year of operations at klia2, reaping the benefits of:**
 - Strong passenger movements in the LCC market
 - Enhancements in retail and commercial operations
- MAHB to benefit from the **return of British Airways** and continued initiatives by the Government including **2015 Year of Festivals**

THANK YOU

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