

MALAYSIA AIRPORTS HOLDINGS BERHAD

ANALYST BRIEFING FINANCIAL RESULTS FOR THE QUARTER ENDED 31ST MARCH 2015

5th May 2015



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FY15 Outlook



1Q15 Overview



**Group Financial
Review**



**Traffic
Statistics**



**Commercial
Revenue Analysis**



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

**ISG & LGM Financial
Performance**

1Q15 OVERVIEW

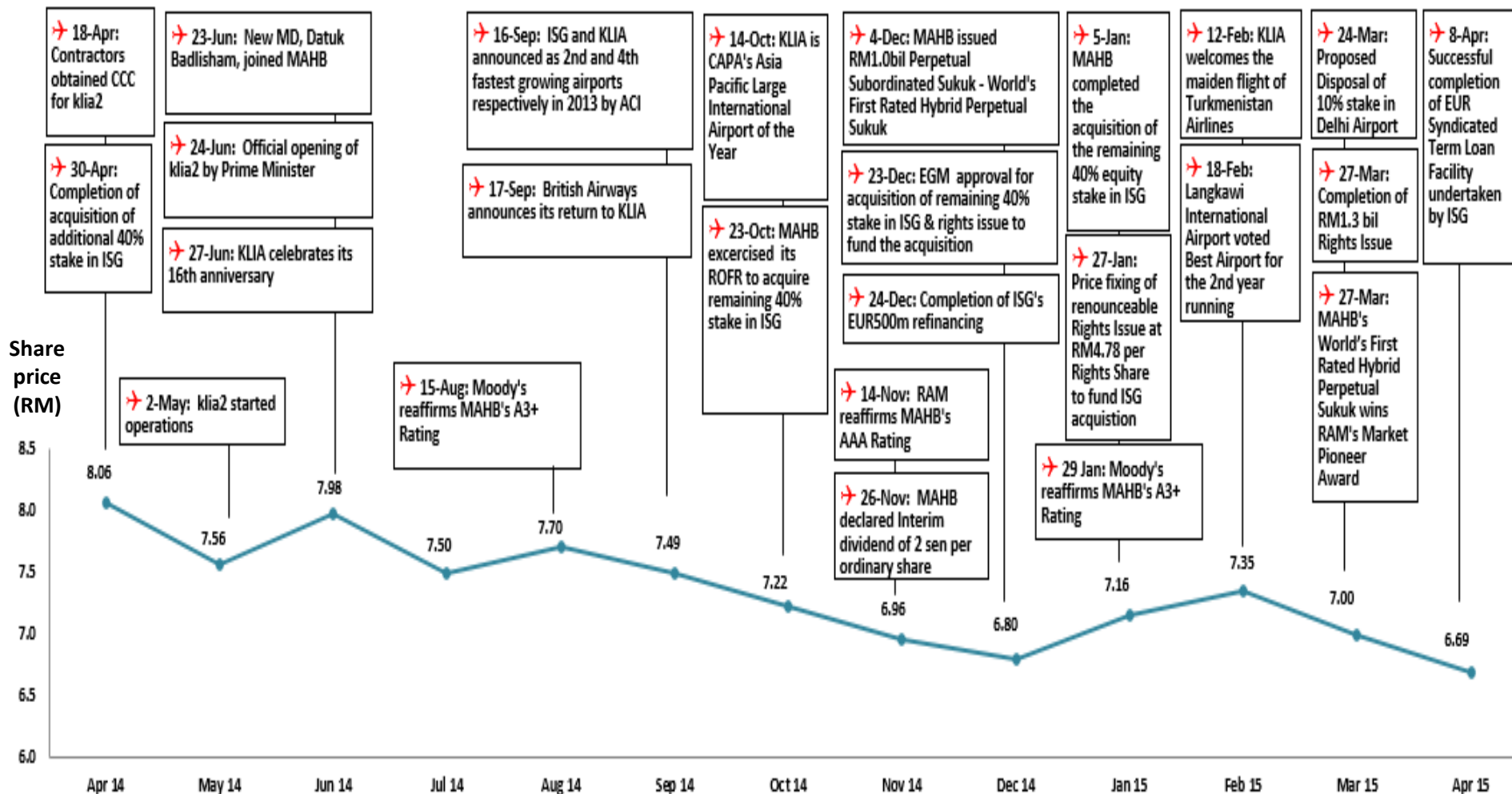


1Q15 Results

INDIVIDUAL QUARTER

	Current Year Quarter 31.03.2015 RM'000	Preceding Year Corresponding Quarter 31.03.2014 RM'000
Revenue	876,179	781,081
Cost of inventories sold	(87,881)	(85,572)
Other income	115,549	33,829
Employee benefits expense	(177,692)	(144,981)
Construction costs	-	(116,364)
Depreciation and amortisation	(205,250)	(66,139)
Other expenses	(322,885)	(210,045)
Operating profits	198,020	191,809
Finance costs	(159,913)	(7,261)
Impairment of investment	-	(4,571)
Share of results:		
- associates	115	(2,584)
- jointly controlled entities	1,074	1,584
Profit before tax and zakat	39,296	178,977
Taxation and zakat	(7,299)	(50,266)
Profit for the period, net of tax and zakat	31,997	128,711

Significant Events



2015 Headline KPI

Key Performance Indicators (KPIs)

Actual 2014

Target 2015

Actual March 2015

Profitability*
(EBITDA)

RM861.4 mil

RM1,522.4 mil

RM403.3 mil
(26.5%)

MAHB

RM861.4 mil

RM880.2 mil

RM277.3 mil
(31.5%)

ISG & LGM

N/A

RM642.2 mil

RM125.9 mil
(19.6%)

Airport Service Quality ('ASQ')

40 mppa: KLIA
Ranking Top 7

40 mppa:
KLIA Ranking Top 5

40 mppa : KLIA
Ranking Top 7 **

1Q15 Overview: Global Aviation Industry

Overview

- Strengthening in demand, YTD growth of 5.3% compared to 2014
- Lunar New Year celebrations contributed to the robust performance
- Global passenger traffic demand ↑
- All regions experienced positive traffic growth except Africa region

Overall YTD growth %

- Feb y-o-y:
 - Overall, 5.3%
 - Middle East, 8.3%
 - Latin America, 7.8%
 - Asia Pacific, 6.6%
 - Europe, 4.7%
 - North America, 3.1%
 - Africa, -1.4%

Drivers

- Solid demand for connectivity is offsetting economic weakness in some regions including the Eurozone
- The decline in oil prices supports economic activity and passenger demand in 2015
- Recent improvement in business confidence, which had been easing throughout much of H2 2014

Overview

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

Growth%

- Pax growth, 2.0% (Domestic, 4.7% & Int., -1.1%)
- Malaysia -1.5% (Domestic: 0.7%; Int.: -3.7%)
 - KLIA, -2.9%
 - MTB, -4.4%
 - LCCT/klia2*, -1.4%
- ISG, 16.7% (Domestic: 17.9%; Int.: 14.6%)

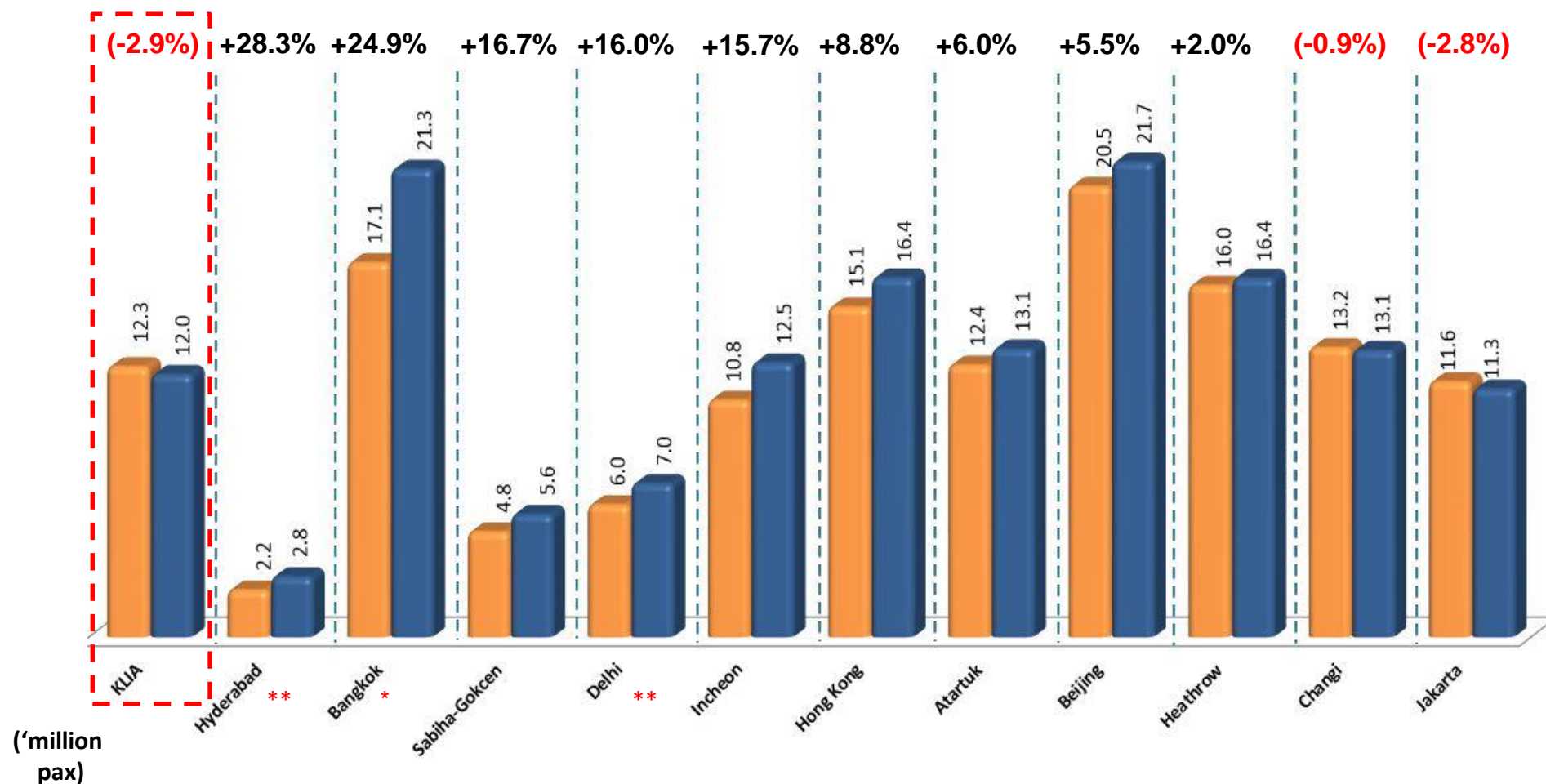
Drivers

- Modest demand for air travel
- Domestic travel remains strong
- Overall traffic in Malaysia supported by holidays and Formula 1
- Europe, South Asia and South East Asia sectors continued to register positive growth
- Continuous growth in Istanbul market driving growth

* 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

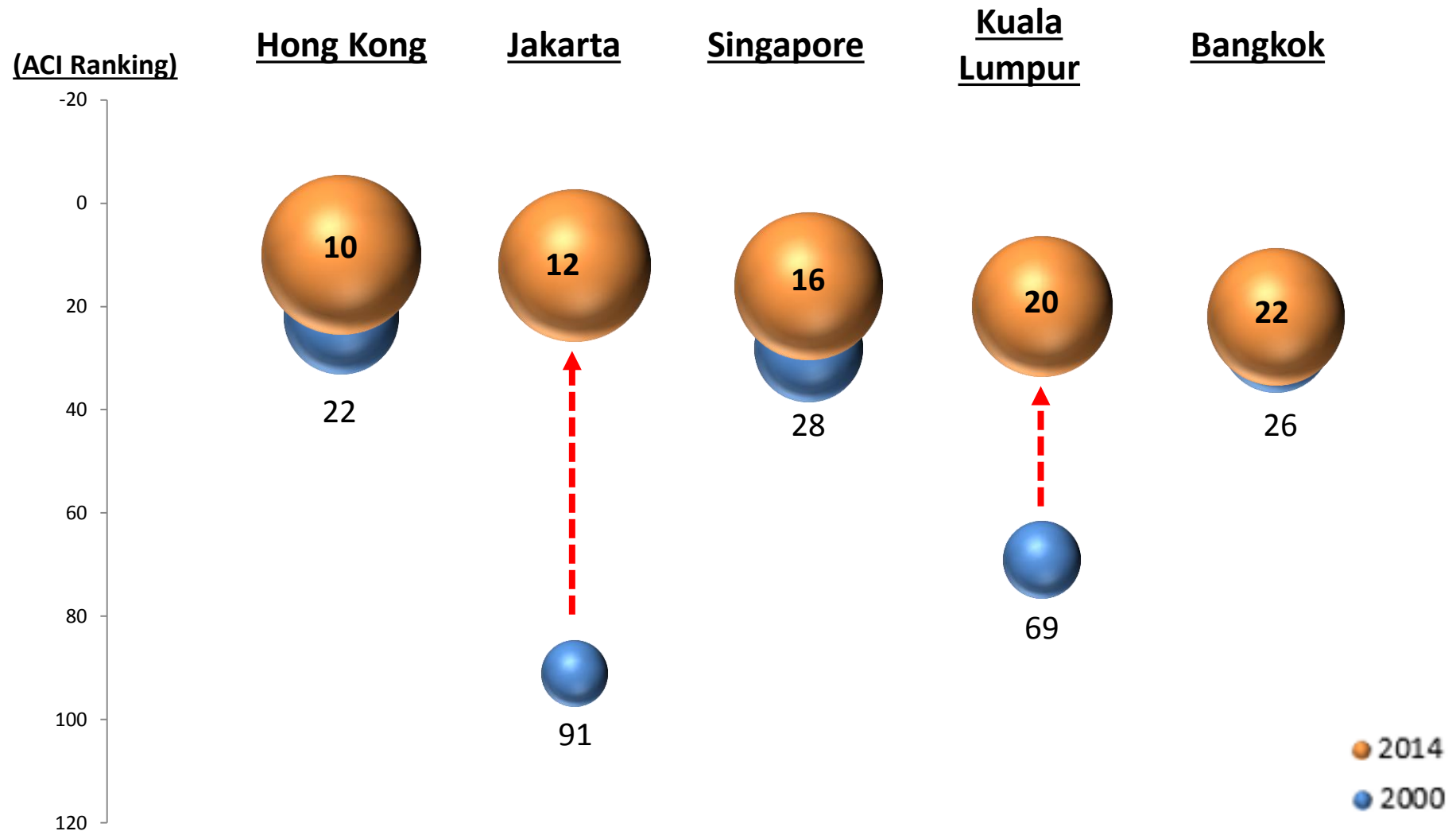


Sabiha-Gokcen's pax movement market share in Istanbul has increased from 27.9% to 30.0% year-on-year

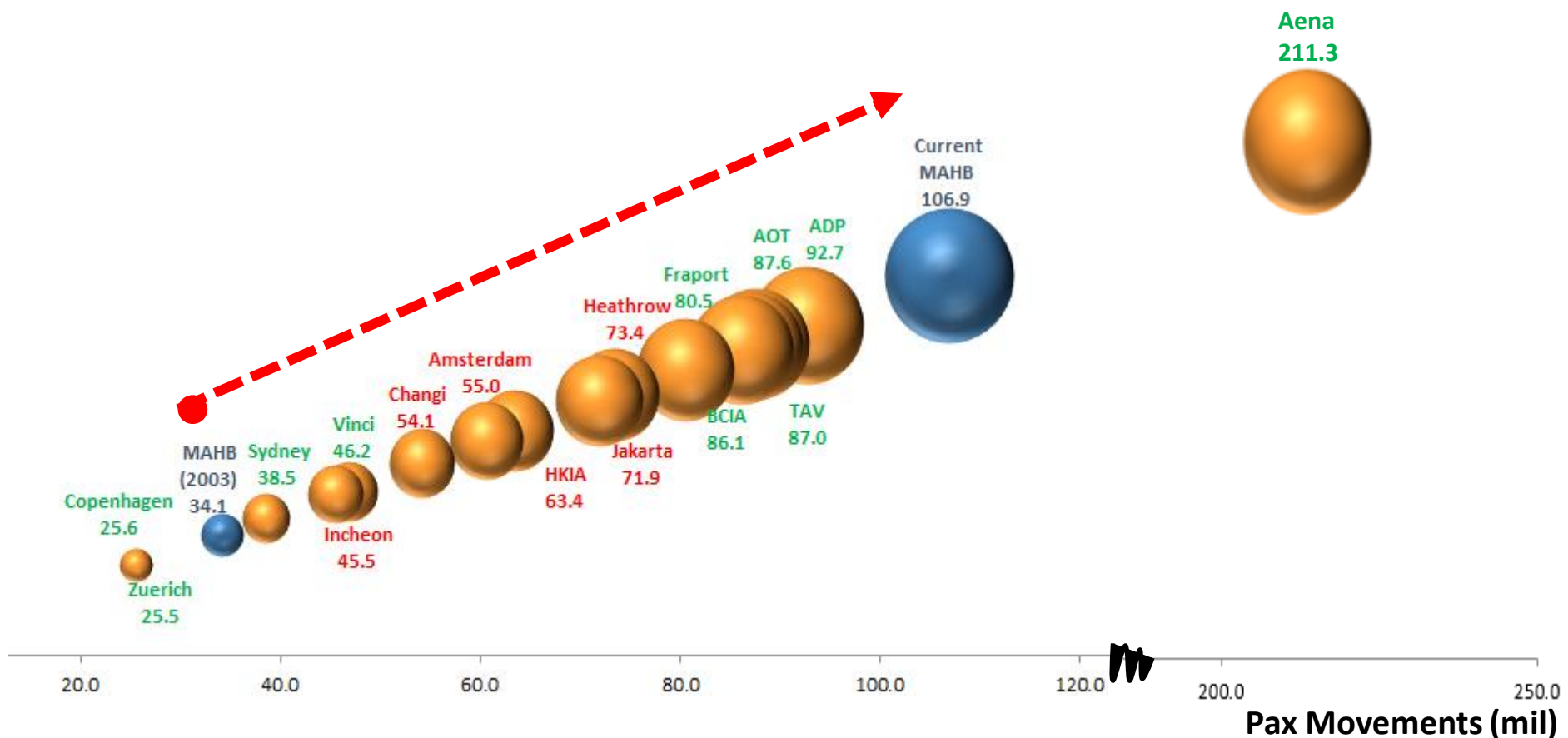
*Bangkok's figure includes Suvarnabhumi Airport and Don Mueang International Airport and is based on March results

**Delhi is based on February results

Regional Airport Ranking by Pax Volume



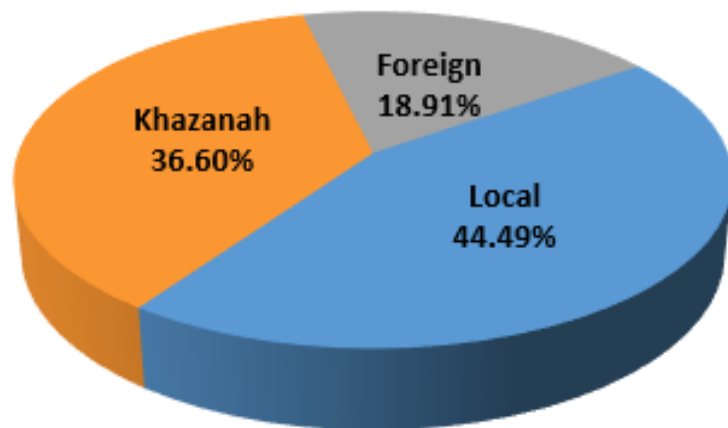
Quantum Leap : > 100mil Pax Movements Annually



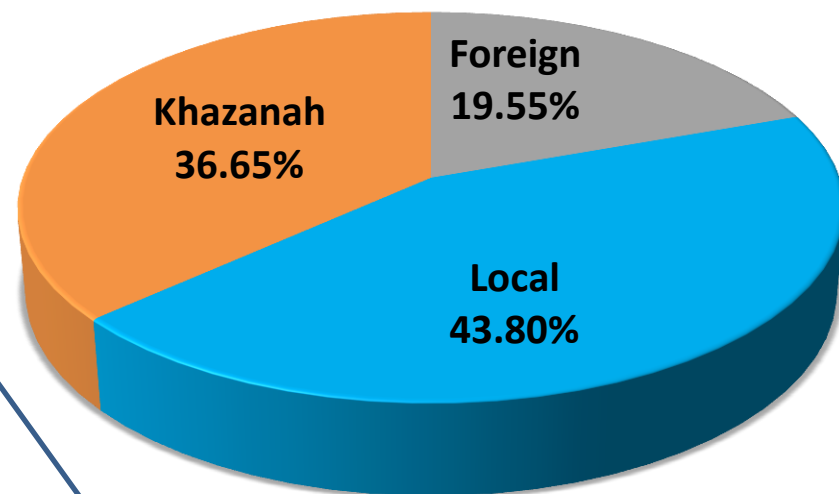
Note:
Pax number as at December 2014. All listed airport peers above includes main operating entity and its controlling subsidiaries. (Denoted in green)
For non-listed airport peers, the capital city's airport is taken as a benchmark. (Denoted in red)
Current MAHB includes ISG
AOT pax is based on financial year ended September 2014

Shareholding Analysis

As at 31/12/14



As at 31/03/15



- 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
- Dividend Payout Ratio is at least 50% of Net Profit

GROUP FINANCIAL REVIEW



FRS 116: Property, Plant and Equipment

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** for FY2014
- The normalized depreciation charges for 4Q2014 was RM122.9 million as compared to RM120.0 million in 1Q2015.
- The respective quarters under UOP method are as below:

Quarter	Depreciation & Amortisation under UOP method (RM'million)
1Q14	59.3
2Q14	102.3
3Q14	120.9
4Q14	122.9
1Q15	120.0

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)	1Q15	1Q14	Var (%)	YTD15	YTD14	Var (%)	Cumulative since inception to YTD15	Cumulative since inception to YTD14
Construction Revenue	-	121.6	(100.0)	-	121.6	(59.5)	5,171.8	4,631.0
Construction Costs	-	(116.4)	(100.0)	-	(116.4)	(59.5)	4,940.7	4,423.2
Construction Profit	-	5.2	(100.0)	-	5.2	(60.4)	231.0	207.7

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 1Q15 Results (vs 1Q14)

Description (RM'mil)	1Q15*			1Q14			Without IC12	
	MAHB	ISG & LGM	MAHB Group Total	MAHB (With IC12)	IC 12	MAHB Group Total (Without IC 12)	Var % (MAHB Only)	Var % (MAHB Group)
Revenue	694.5	181.7	876.2	781.1	(121.6)	659.5	▲ 5.3	▲ 32.9
EBITDA	277.3	125.9	403.3	257.9	(5.2)	252.7	▲ 9.7	▲ 59.6
Depreciation & Amortisation	(120.0)	(85.2)	(205.2)	(66.1)	-	(66.1)	▲ 81.5	▲ 210.3
Finance Cost	(48.5)	(111.4)	(159.9)	(7.3)	-	(7.3)	▲ 5.7 x	▲ 21.0 x
PBT	110.0	(70.7)	39.3	179.0	(5.2)	173.7	▼ (36.7)	▼ (77.4)
Taxation	(13.9)	6.6	(7.3)	(50.3)	-	(50.3)	▼ (72.4)	▼ (85.5)
Net Earnings	96.1	(64.1)	32.0	128.7	(5.2)	123.5	▼ (22.2)	▼ (74.1)
EBITDA Margin (%)	39.9%	69.3%	46.0%	33.0%		38.3%	▲ 1.6 ppt	▲ 7.7 ppt
PBT Margin (%)	15.8%	-38.9%	4.5%	22.9%		26.3%	▼ (10.5) ppt	▼ (21.9) ppt

*Figures are without construction revenue and profit

Exchange rate used in profit and loss for 1Q15: RM4.04/EUR

Exchange rate used in balance sheet for 1Q15: RM3.97/EUR

Group 1Q15 Results (vs 1Q14)

Revenue grew by 32.9%*

- Airport operations : RM821.1mil (+32.3%)
 - Aeronautical : RM421.4mil (+25.9%) was mainly due to ISG's aeronautical revenue of RM88.9mil, recognition of MARCS PSC for the full quarter and increase in landing and parking revenue but partially negated by lower PSC and MARCS ERL arising from decrease in passenger movements
 - Non-Aeronautical : RM399.6mil (+39.7%) arising from ISG & LGM's non-aeronautical revenue of RM89.9mil, higher rental and advertising income but partially negated by lower contribution from retail revenue
- Non-airport operations : RM55.1mil (+42.3%)
 - Projects and repair & maintenance : RM27.4mil (+132.7%)
 - Hotel : RM21.9mil (+9.1%) mainly from LGM
 - Agriculture & horticulture RM5.9mil (-15.3%)

Group 1Q15 Results (vs 1Q14)

PBT reduced by 77.4%*

- ISG & LGM's current period losses before tax of RM25.5mil (+100.0%) is mainly due to ISG's depreciation and amortization and step up in utilization fee, while owing to the fair valuation exercise on the acquisition, a further RM45.2 million loss was recognised primarily due to the amortisation of fair value for concession rights
- Higher operating costs for MAHB: RM379.6mil (+24.4%) primarily due to higher staff costs : RM130.8mil (+8.1%) arising from higher headcount, salary increment and one-off salary adjustment in April 2014
- MAHB's depreciation and amortisation : RM120.0mil (+81.5%) mainly due to commencement in klia2 operations
- MAHB's finance cost : RM48.5mil (+568.3%) interest recognised in the income statement upon completion of klia2 starting May 2014
- However, the decrease was offset against higher unrealized forex gain of RM63.4mil (+100.0%) due to the translation gain on the outstanding EUR279mil bridger loan as well as higher utilities recoupment income of RM30.9mil (+63.1%) arising form larger commercial space at klia2

Group 1Q15 Results (vs 4Q14)

Description (RM'mil)	1Q15*			4Q14			Without IC12	
	MAHB	ISG & LGM	MAHB Group Total	MAHB (With IC12)	IC 12	MAHB Group Total (Without IC 12)	Var % (MAHB Only)	Var % (MAHB Group)
Revenue	694.5	181.7	876.2	711.3	-	711.3	▼ (2.4)	▲ 23.2
EBITDA	277.3	125.9	403.3	241.5	-	241.5	▲ 14.8	▲ 67.0
Depreciation & Amortisation	(120.0)	(85.2)	(205.2)	(67.9)	-	(67.9)	▲ 76.9	▲ 2.0 x
Finance Cost	(48.5)	(111.4)	(159.9)	(52.7)	-	(52.7)	▼ (8.0)	▲ 2.0 x
PBT**	110.0	(70.7)	39.3	30.1	-	30.1	▲ 2.7 x	▲ 30.4
Taxation	(13.9)	6.6	(7.3)	(19.7)		(19.7)	▼ (29.7)	▼ (63.0)
Net Earnings**	96.1	(64.1)	32.0	10.4		10.4	▲ 8.3 x	▲ 2.0 x
FRS 3: Business Combination	-	-	-	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)	■ -	■ -
PBT	110.0	(70.7)	39.3	682.3		682.3	▼ (83.9)	▼ (94.2)
Net Earnings	96.1	(64.1)	32.0	662.6		662.6	▼ (85.5)	▼ (95.2)
EBITDA Margin (%)	39.9%	69.3%	46.0%	34.0%		34.0%	▲ 6.0 ppt	▲ 12.1 ppt
PBT Margin (%)	15.8%	-38.9%	4.5%	4.2%		4.2%	▲ 11.6 ppt	▲ 0.2 ppt

*Figures are without construction revenue and profit

** PBT, Net Earnings & PBT Margin (%) exclude the impact of FRS 3: Business Combination

Exchange rate used in profit and loss for 1Q15: RM4.04/EUR 21

Exchange rate used in balance sheet for 1Q15: RM3.97/EUR

Group 1Q15 Results (vs 4Q14)

Revenue increased by 23.2%*

- Airport operations : RM821.1mil (+23.1%)
 - Aeronautical : RM421.4mil (+20.6%) was mainly due to ISG's aeronautical revenue of RM88.9mil, but partially negated by lower PSC and MARCS ERL arising from decrease in passenger movements
 - Non-Aeronautical : RM399.6mil (+25.9%) arising from ISG & LGM's non-aeronautical revenue of RM89.9mil, higher rental income but partially negated by lower contribution from retail revenue
- Non-airport operations : RM55.1mil (+23.6%)
 - Projects and repair & maintenance : RM27.4mil (+49.3%)
 - Hotel : RM21.9mil (+9.4%)
 - Agriculture & horticulture RM5.9mil (-6.3%)

Group 1Q15 Results (vs 4Q14)

PBT decreased by 94.2%*

Stripping out the impact of FRS 3, PBT increased by 30.4%*

- Impact of FRS 3: Business Combinations on the acquisition of ISG & LGM's in the preceding quarter (RM652.2mil)
- ISG & LGM's current period losses before tax of RM25.5mil (+100.0%) is mainly due to ISG's depreciation and amortization and step up in utilization fee, while owing to the fair valuation exercise on the acquisition, a further RM45.2 million loss was recognised primarily due to the amortisation of fair value for concession rights
- MAHB's depreciation and amortisation : RM120.0mil (+76.9%) mainly due to adjustment in 4Q14 for change in depreciation method to UOP. The normalised deprecation in 4Q14 is RM122.9mil, 2.4% higher than 1Q15
- However, the decrease was offset against higher unrealized forex gain of RM63.4mil (+100.0%) due to the translation gain on the outstanding EUR279mil bridger loan
- Included in prior period's PBT were impairment of investment in unquoted shares (RM15.0mil) and write-off of LCCT assets (RM50.7mil)

Group Segmental Revenue

(RM 'mil)

Airport Operations (RM 'mil)

1Q2015: RM821.1 (+32.3%)

1Q2014: RM620.8

(1Q2015: RM642.3
(+3.5%) excluding ISG
and LGM)

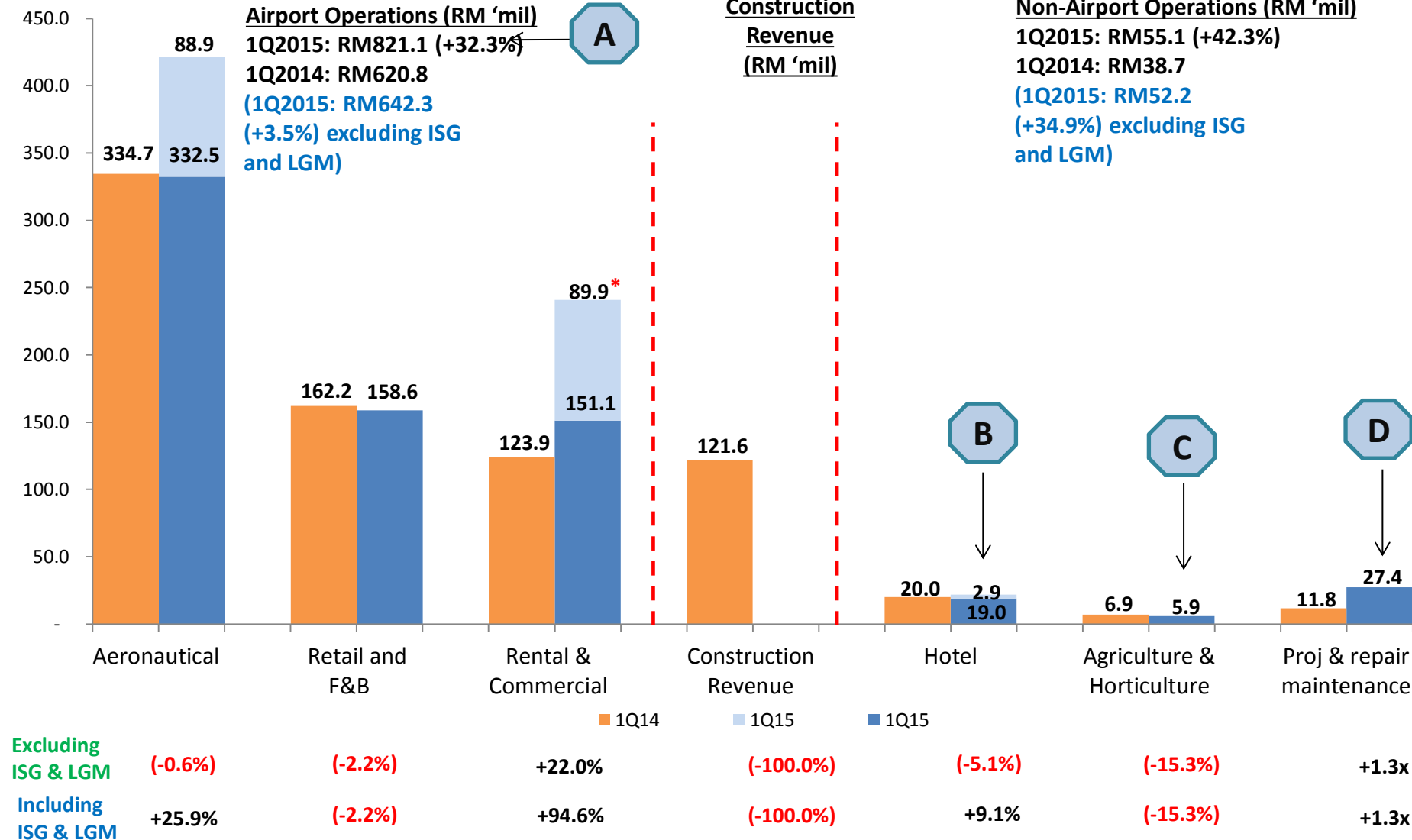
Construction Revenue (RM 'mil)

Non-Airport Operations (RM 'mil)

1Q2015: RM55.1 (+42.3%)

1Q2014: RM38.7

(1Q2015: RM52.2
(+34.9%) excluding ISG
and LGM)



* Included in ISG and LGM's rental and commercial revenue are ISG's revenue generated from the duty free business with Setur (RM41.0mil) and jet fuel farm rental (RM8.2mil)

Group Explanatory Notes

A Airport Operations

Excluding IC12 effects, the Group's airport operations grew by 32.3% primarily due to ISG operations (RM178.8mil). MAHB domestic airport operations grew by 3.5% on stronger commercial performance due to the increase in rental space at klia2

B Hotel

Excluding LGM, decrease in room revenue due to lower occupancy rate by 10ppt at Sama-Sama Hotel

Occupancy rate (1Q2015: 73.0%, 1Q2014: 83.0%) due to the unfortunate airlines tragedies;
Higher average room rate (1Q2015: RM400.22, 1Q2014: RM394.33)

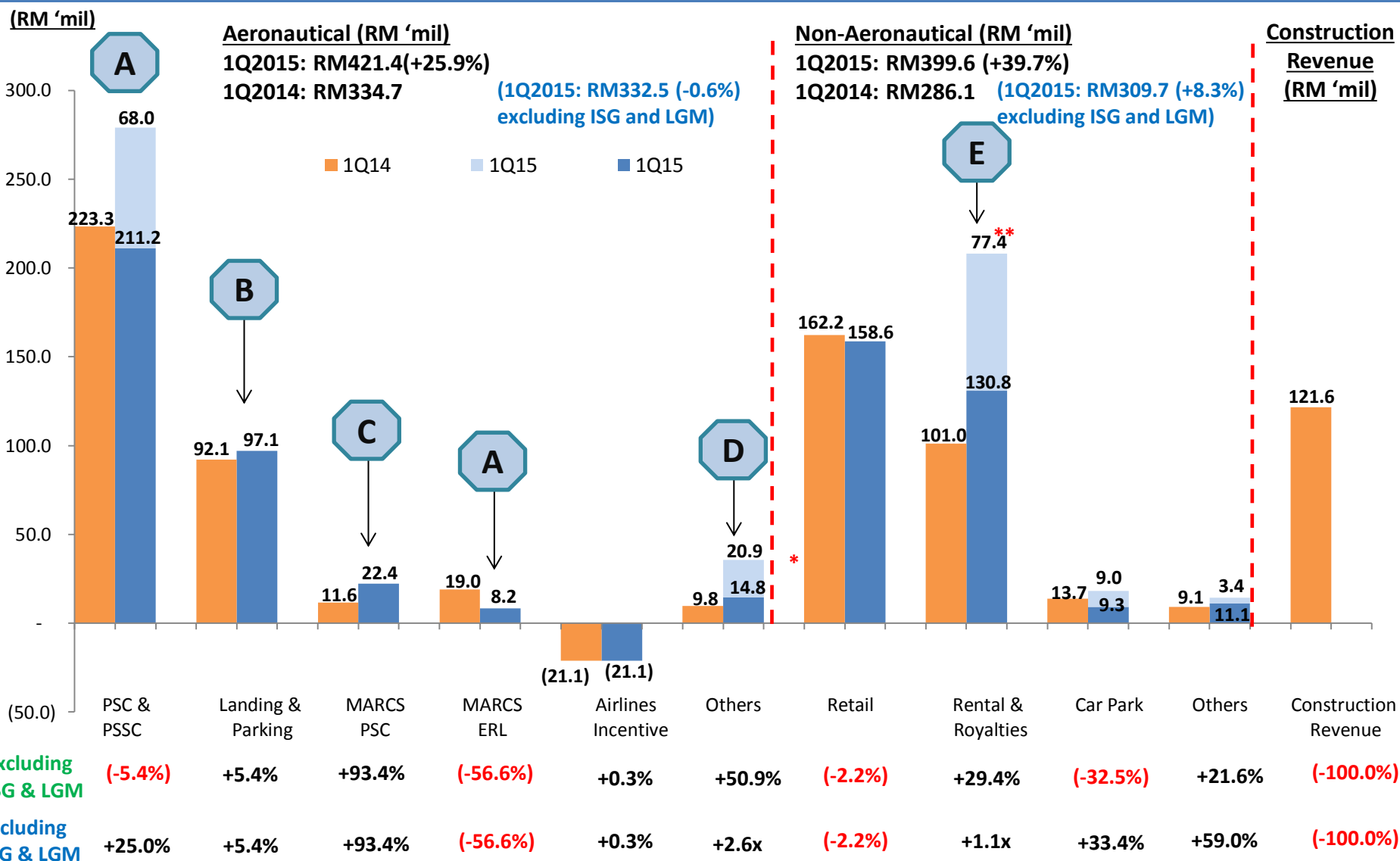
C Agriculture & Horticulture

The segment decreased due to lower price attained for FFB per tonne and production volume (1Q2015: RM475.33/12,148MT; 1Q2014: RM563.93/12,165MT)

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, of which revenue for 1Q2015 is RM22.3mil (1Q2014: RM8.8mil)

Group Revenue Analysis: Airport Operations



*Included in ISG and LGM's other aeronautical revenue is ISG's jet fuel farm rental income (RM8.2mil)

**Included in ISG & LGM's rental and royalties revenue is revenue generated from the ISG's duty free business with Setur (RM41.0mil)

Group Explanatory Notes

A PSC, PSSC and MARCS ERL

PSC, PSSC and MARCS ERL revenue for airports operated by MAHB in Malaysia had decreased in tandem with decline in passenger growth of 1.5%

B Landing & Parking

Higher landing & parking revenue in Malaysia is due to 7.3% increase in aircraft movements. Landing & parking revenue at ISG is collected by the Government

C MARCS 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)

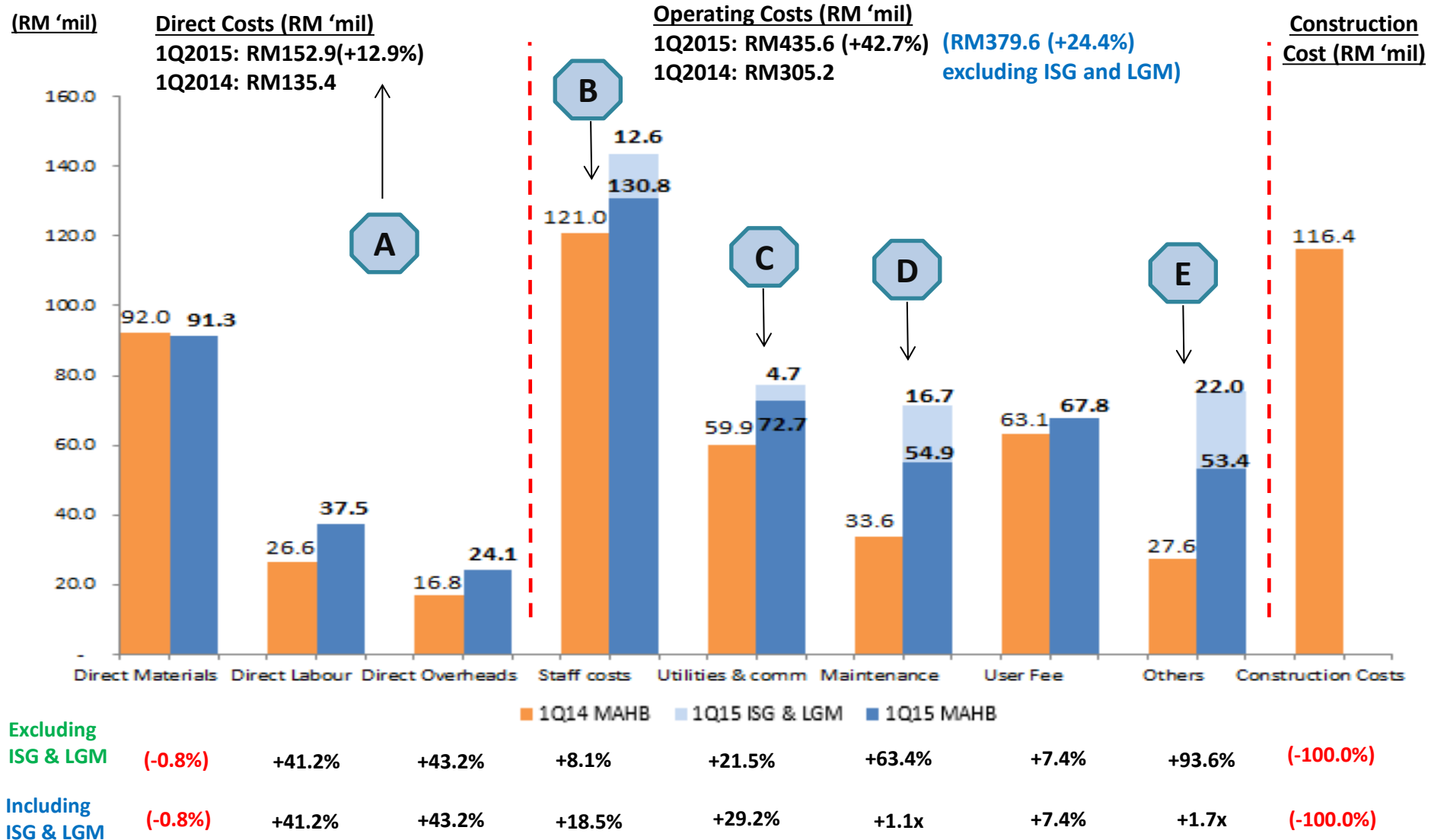
D Aeronautical Others

Included in others is revenue from ISG's rental of fuel farm of RM8.2mil. ISG changed its business from fuel supply services to rental of its fuel farm in September 2014

Rental & Royalties

E The increase is due to the increase of rental and royalty revenue from KLIA and LCCT/klia2, particularly due to larger commercial space at klia2 and revenue generated from ISG's duty free business with Setur of RM41.0mil

Group Operating Cost Analysis



Group Explanatory Notes

A Direct Costs

12.9% increase in direct costs in line with higher proportion of retail outlets in klia2 as compared to LCCT

B Staff Costs

Increase of staff costs in Malaysia mainly due to:

- 1) 5% salary increment effective April 2014 and one-off salary benchmarking
- 2) Higher staff number from 9,901 in 2014 to 10,640 in 2015 mainly due to klia2 (RM7.4mil, total number of employment for klia2 as at March 2015 is 1,107)

C Utilities Expenses

Increase consumption at MAHB airports in Malaysia mainly due to :

- 1) Electricity – RM44.4mil (+18.3%) (klia2's consumption: ↑~RM7.5mil due to larger space)
- 2) Chilled Water – RM21.6mil (+37.3%) (klia2's consumption: ↑ ~RM8.4mil)

Out of the total utilities expenses of RM72.7mil, RM30.9mil is recouped from tenants

D Maintenance

Increase of RM21.3mil (+63.4%) primarily due to larger terminal space to be maintained at klia2 (total ~RM16mil)

Group Explanatory Notes

E

Others

Excluding ISG & LGM, the 93.6% increase in other costs is largely attributed to leasing of equipment at klia2 (eg. trolley and passenger security system)

F

Finance costs

The rise in finance costs is due to:

- interest on borrowings of RM48.5mil being recognised in the income statement upon commencement of klia2 operations
- Utilization fee and borrowing cost for ISG

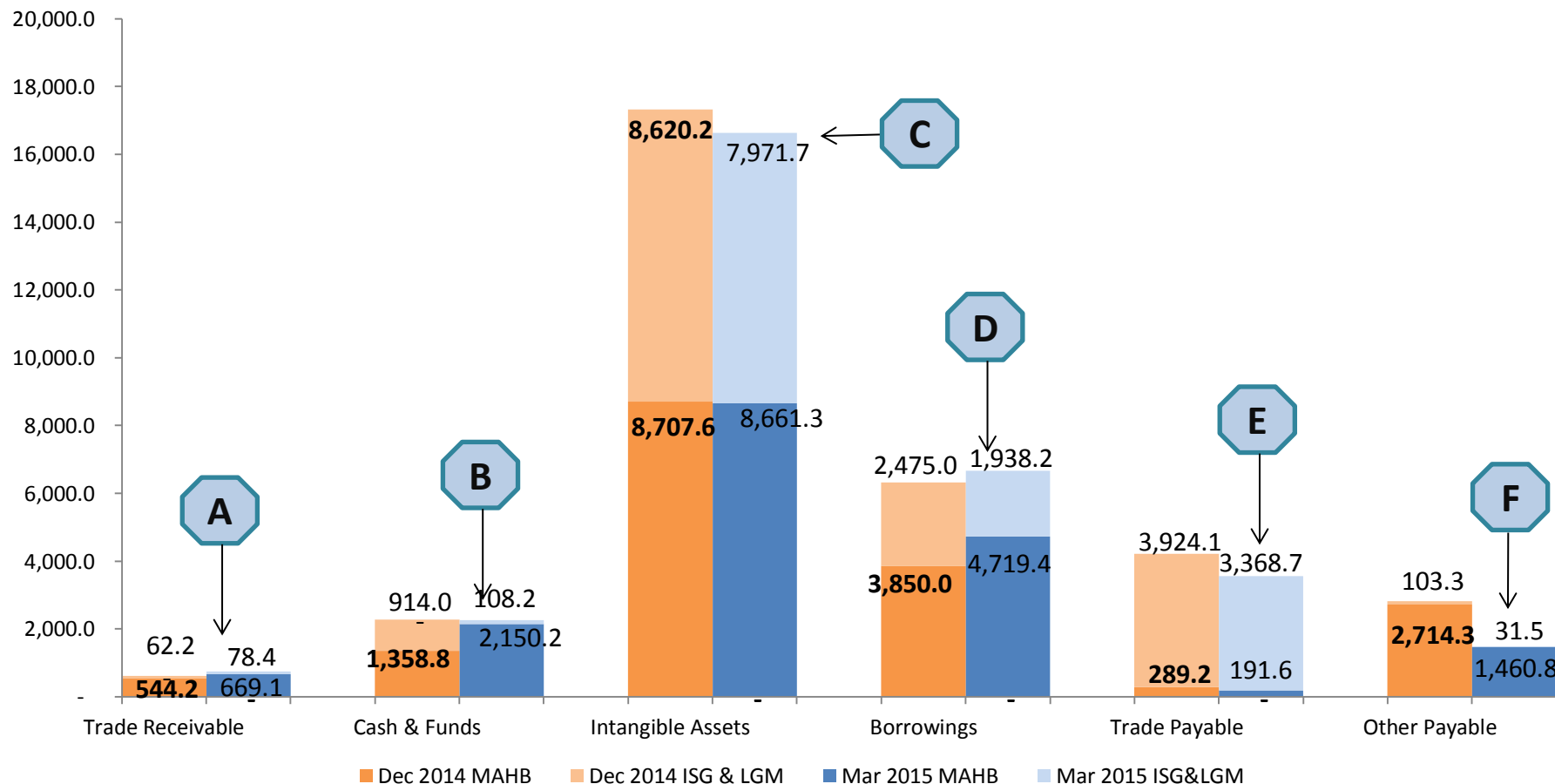
G

Tax and Zakat

The effective rate is currently ~19% when excluding the effect of JCE results on the PBT

Group Balance Sheet Analysis

(RM'mil)



Excluding ISG & LGM	+22.9%	+58.2%	(-0.5%)	+22.6%	(-33.7%)	(-46.2%)
Including ISG & LGM	+23.3%	(-0.6%)	(-4.0%)	+5.3%	(-15.5%)	(-47.0%)

Exchange rate used in balance sheet for 1Q15: RM3.97/EUR

Exchange rate used in balance sheet for 1Q14: RM4.25/EUR

Group Explanatory Notes

A

Trade Receivable

The increase is primarily due to increase in receivables from third parties in line with the increase in revenue from aeronautical and project, repair & maintenance businesses

B

Cash and Funds

Higher cash and funds for the period for MAHB is due to receipt of RM1.3bil from the proceeds of the Rights Issue, negated by the RM250.0mil repayment of the revolving credit facility. Cash and funds for ISG & LGM has reduced by 88.2% due to payment of utilization fees and YKB loan during the period

C

Intangible Assets

Decrease for ISG was primarily due to the impact of forex translation from RM4.25/EUR on 31 December 2014 to RM3.97/EUR as at 31 March 2015. Also contributing to the decrease is amortisation charges of RM84.2mil of the concession rights and assets of ISG

Group Explanatory Notes

D Borrowings

The increase is primarily due to drawdown of EUR279.2mil Bridger Loan for settlement of amount payable to Limak, offset by:

- Repayment of MAHB's revolving credit facilities of RM250.0mil in January 2015
- Repayment of ISG's EUR80mil subordinated loan and LGM's EUR6.1mil term loan in January 2015

Moody's reaffirmed MAHB's A3+ Rating as at 29 January 2015

E Trade Payable

The decrease for MAHB trade payables is due to the settlement of third party payables via the proceeds raised from Perpetual Sukuk in December 2014. The decrease in ISG's payables is largely attributed to the effect of forex translation on the utilization fee liability as well as the current year settlement of the utilization fee liability amounting to EUR95.6mil

F Other Payable

In January 2015, MAHB had settled the amount owing to Limak for EUR279.2mil in respect of the remaining 40% acquisition of ISG and LGM. Other payables in respect of ISG and LGM had reduced due to settlement of taxes and duties payables

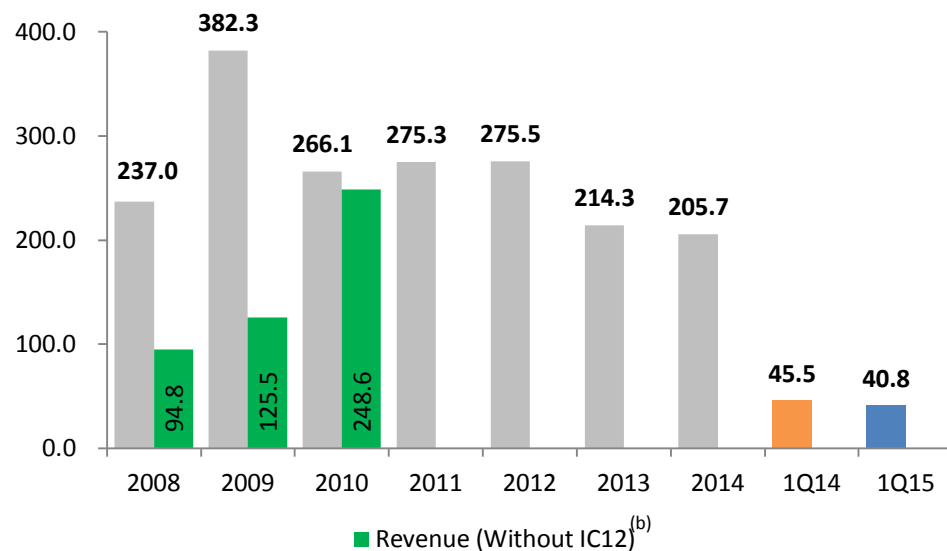
ISG & LGM FINANCIAL PERFORMANCE



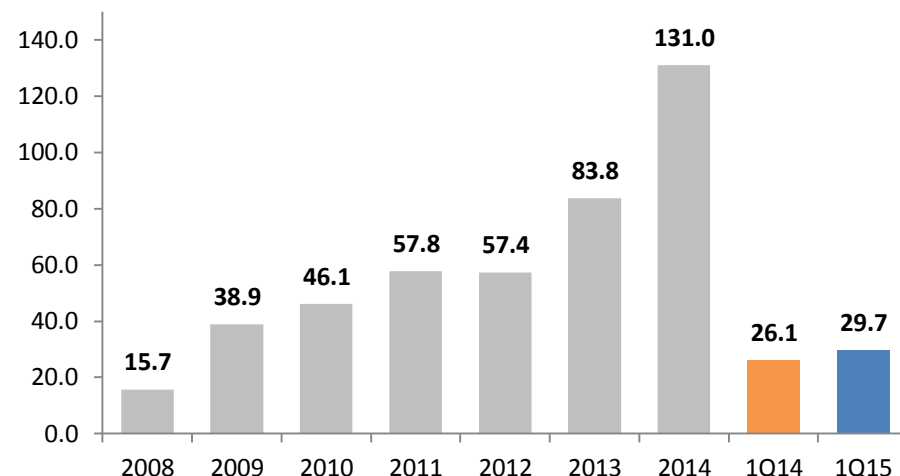
ISG Financial Summary - Income Statement Highlights



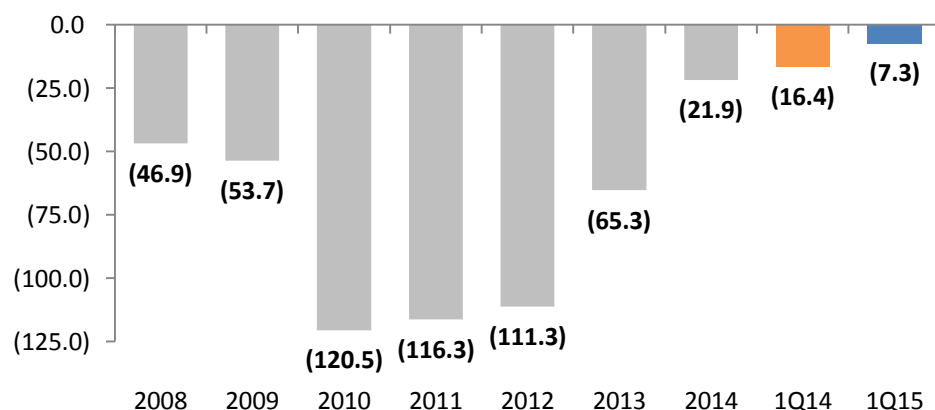
(EUR 'mil) **REVENUE ^(a)**



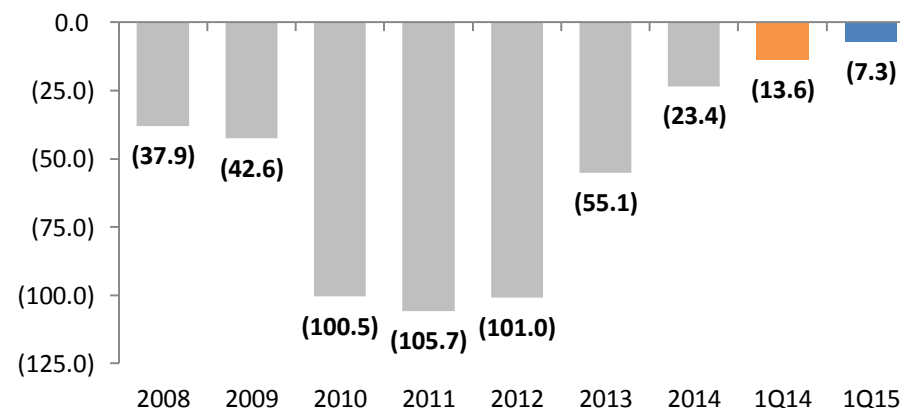
(EUR 'mil) **EBITDA**



(EUR 'mil) **Profit Before Tax (PBT)**



(EUR 'mil) **Net Earnings**



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

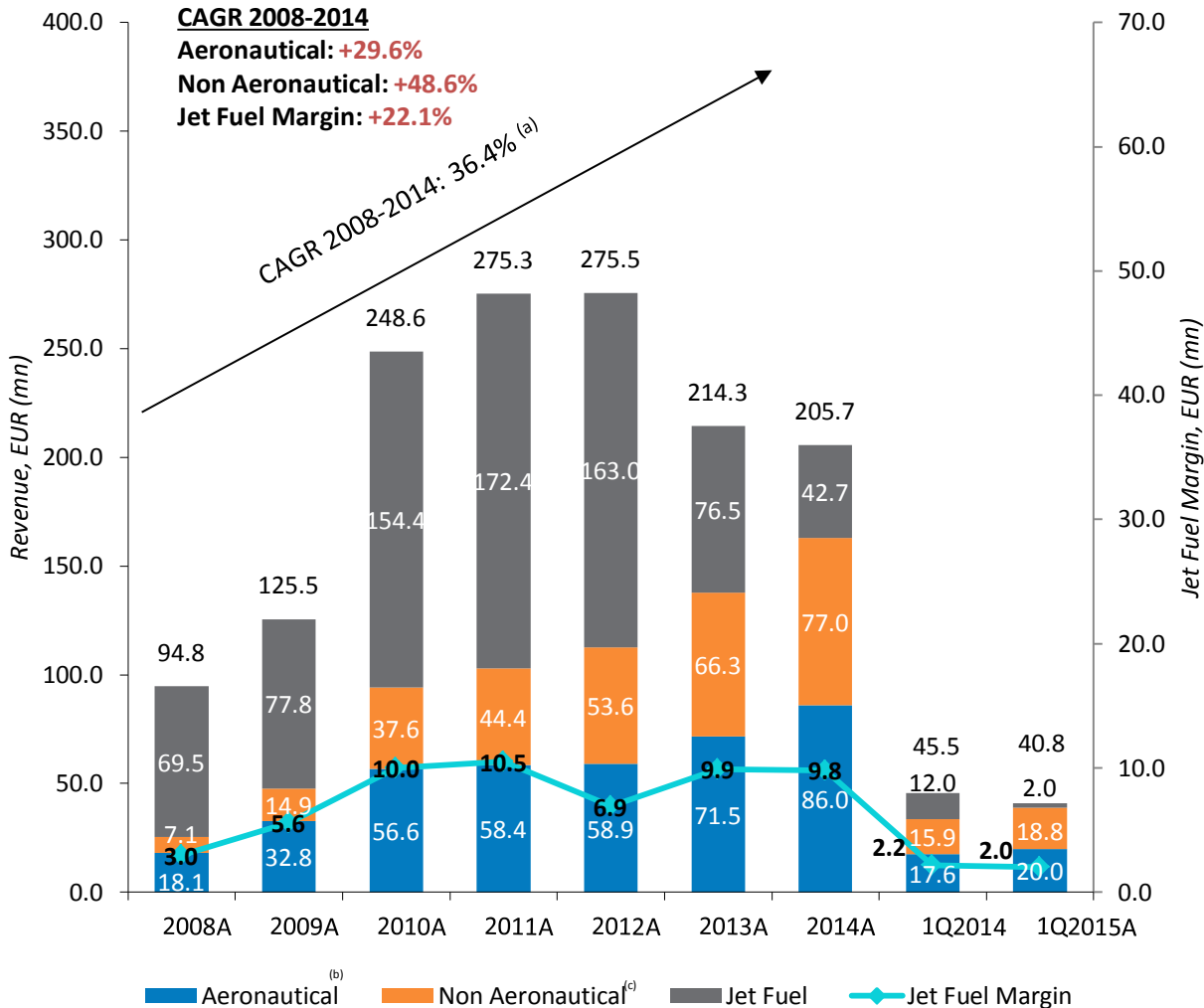
(b) In relation to IC interpretation 12: Service Concession Arrangement whereby ISG recognised the construction revenues and costs by reference to the stage of completion of Sabiha Airport construction works

Source: ISG

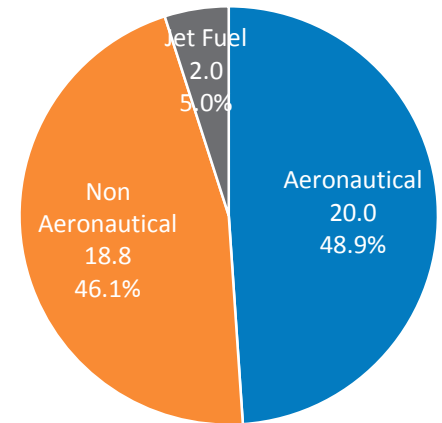
ISG Revenue Analysis Trend

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

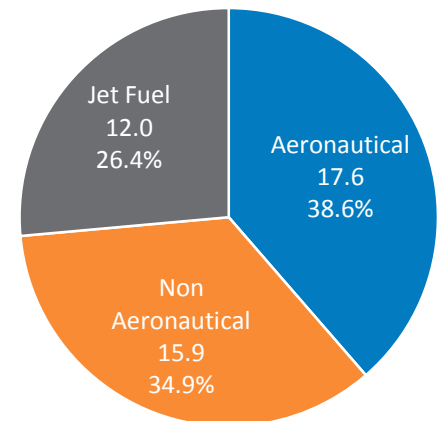
Increasing contribution from aero and non-aero segments



Total revenue(EUR 'mil)
1Q'2015 : EUR40.8



Total revenue(EUR 'mil)
1Q'2014 : EUR45.5



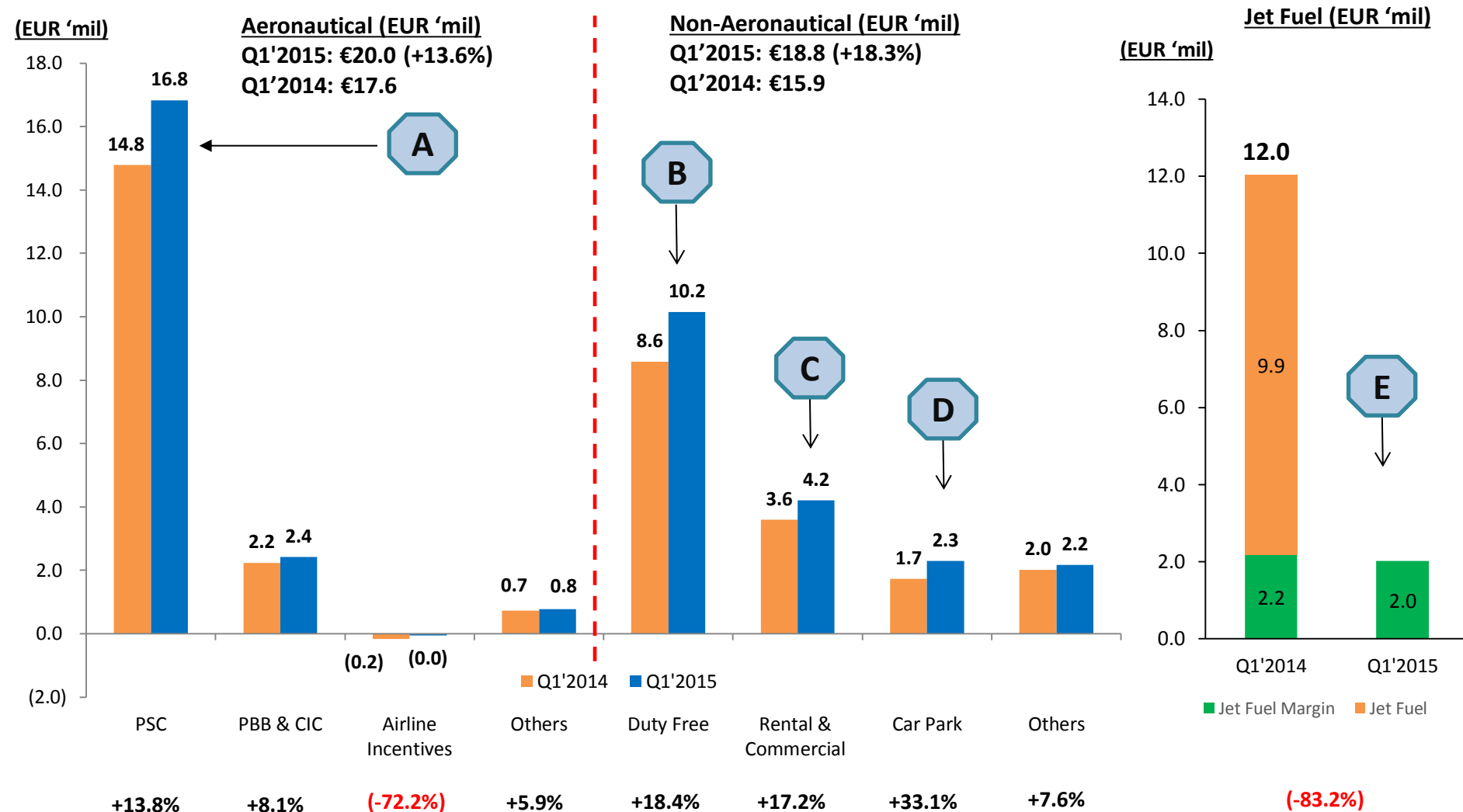
(a) Excludes jet fuel and IC12 revenue recognised from the construction of Sabiha Airport

(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”)

- 13.8% increase in tandem with the 16.7% growth in passenger traffic
- International traffic registered remarkable growth of 14.6%, while domestic passengers grew 17.9%
- International PSC: EUR15; Domestic PSC: EUR3; Transit PSC: EUR5

B

Duty Free

- 18.4% increase in revenue on the back of strong international passenger growth
- Spending per pax (1Q2015: EUR9.41, 1Q2014: EUR9.39)

C

Rental & Commercial

- Due to higher royalties from F&B tenants on the back of 16.7% growth in passenger traffic

D

Car Park

- Increase is due to a stronger Turkish Lira (“TL”) exchange rate which has a favorable effect on car park revenue which is TL based (1Q2015 TL2.77/EUR, 1Q2014 TL3.06/EUR)

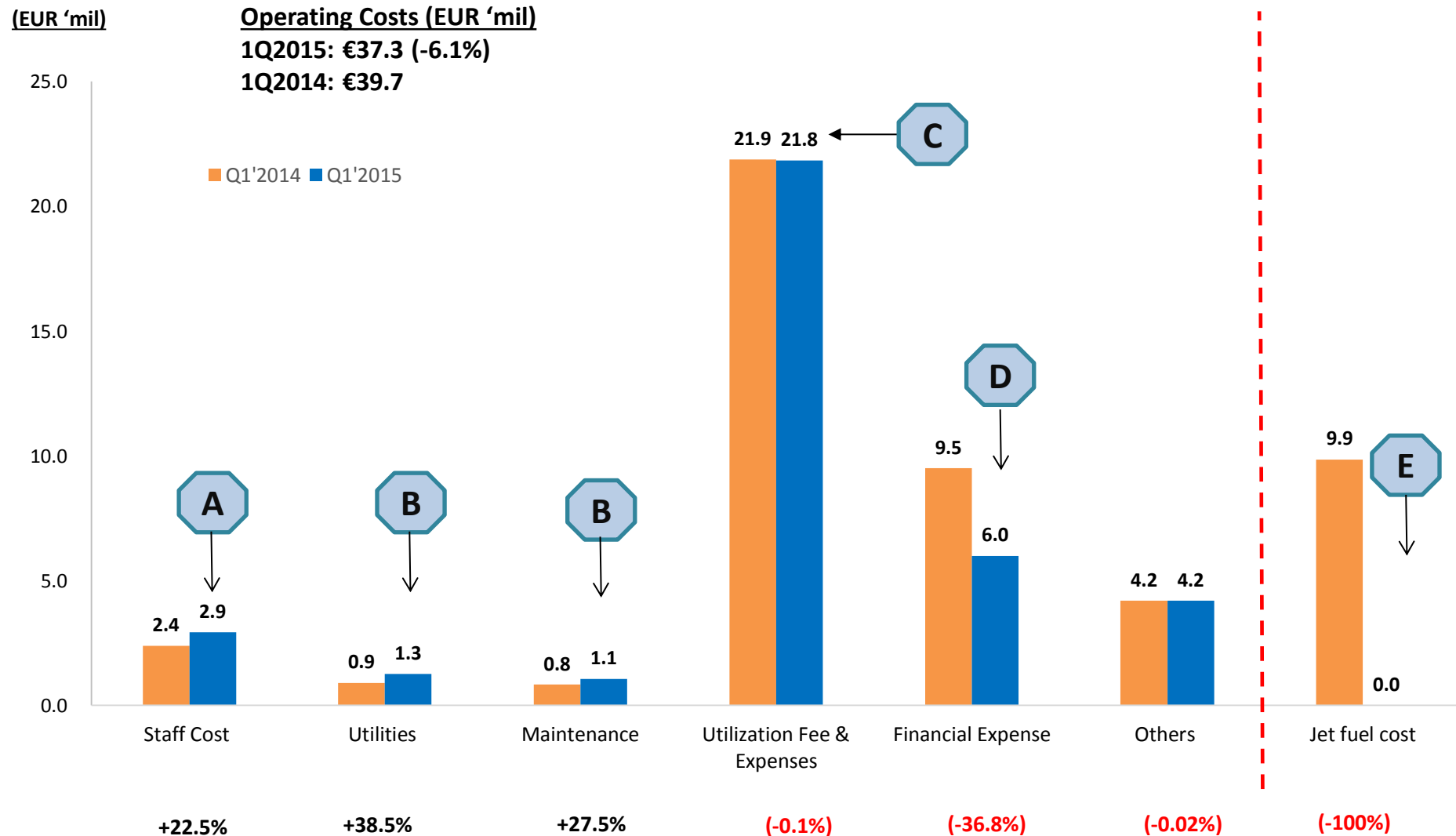
E

Jet Fuel

Total jet fuel revenue reduced by 83.2%. ISG changed its business from fuel supply services to rental of its fuel farm in September 2014.

This move eliminates the fuel price volatility risks and the related USD forex exposure. Despite the reduction in jet fuel revenue, net fuel margin in 1Q15 remains consistent compared to 1Q14

ISG Cost Analysis



ISG Explanatory Notes

A Staff Cost

Increase is due to:

- Stronger TL exchange rate by 10%. Staff costs in ISG is mainly paid in TL
- 10% increase of salaries in 2015

B Utilities & Maintenance Costs

38.5% increase in utilities is due to higher consumption of energy used in heating the airport as a result of worsening weather conditions during the quarter. The 27.5% increase in maintenance cost is due expiration of the warranty of equipment as well as the renewal of supplier contracts

C Utilization Fee & Expenses

The utilization fee liability represents the present value of amounts payable to the Administration in accordance with the Concession Agreement for the operation of the Facility for 20 years plus 22 months of extension period. The actual utilization fee payment is based on a step up basis of which the first cycle is EUR76.5 million, followed by an increase of EUR19.1 million every fifth year and so forth. The first step up to EUR95.6 million happened in 2015. The utilization fee and expenses includes interest expense on utilization fee liability (EUR20.1 million) and PSC share to the Government for international passenger and international transfer passengers (EUR1.7 million)

ISG Explanatory Notes

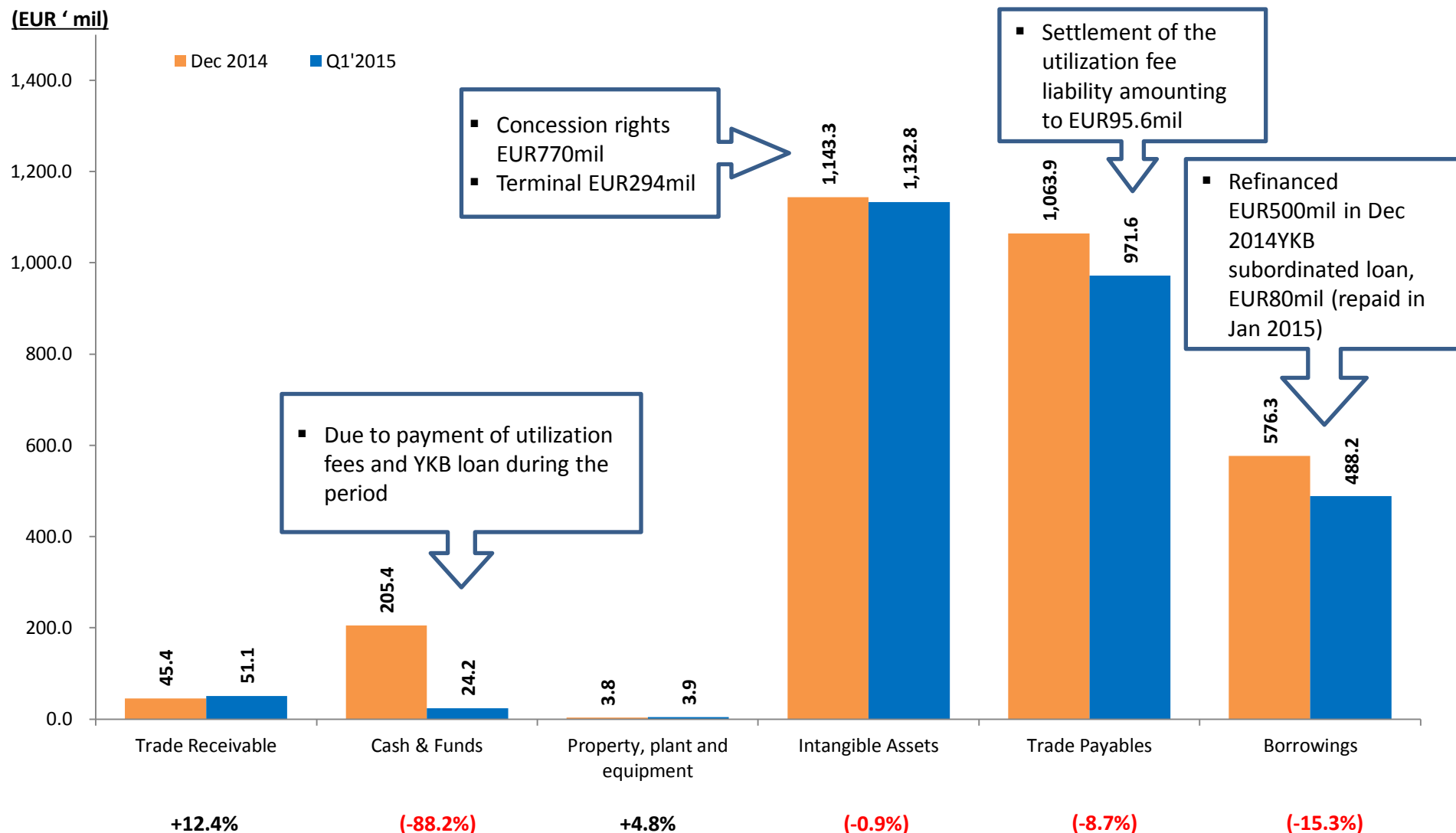
D Financial Expenses, net

Decrease is due to the successful refinancing of the EUR500million ISG loan on 24 December 2014 which has reduced the interest rate to EURIBOR+2.5%. Moving forward, ISG would have interest savings of approximately EUR20-25million per year

E Jet Fuel Costs

In September 2014, ISG changed its business from fuel supply services to rental of its fuel farm. By exiting the fuel supply business, ISG has been able to remove risks relating to the prices of fuel and exchange rate risk

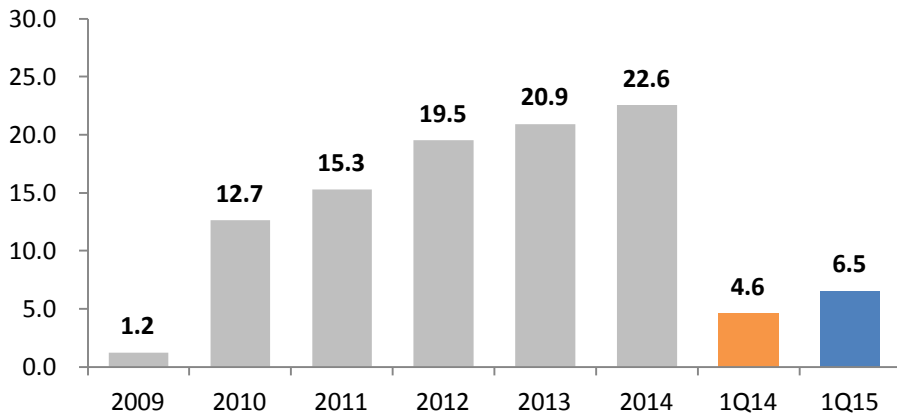
ISG Balance Sheet Analysis



LGM Financial Summary - Income Statement Highlights

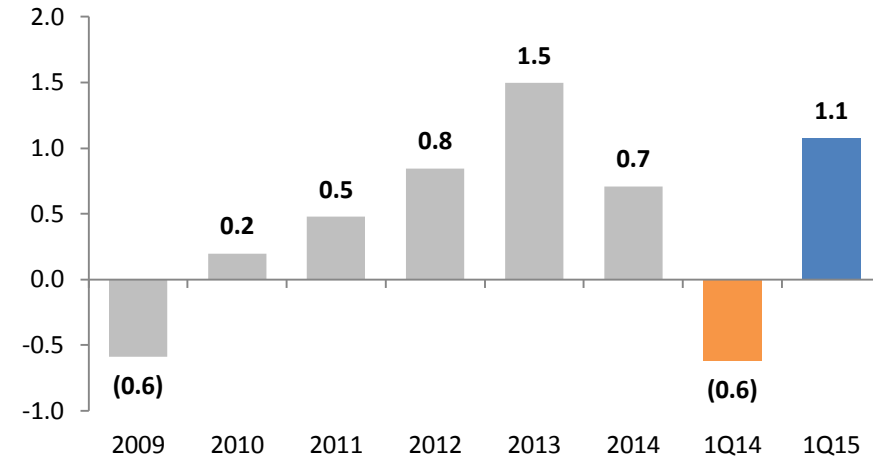
Revenue (a)

(EUR 'mil)



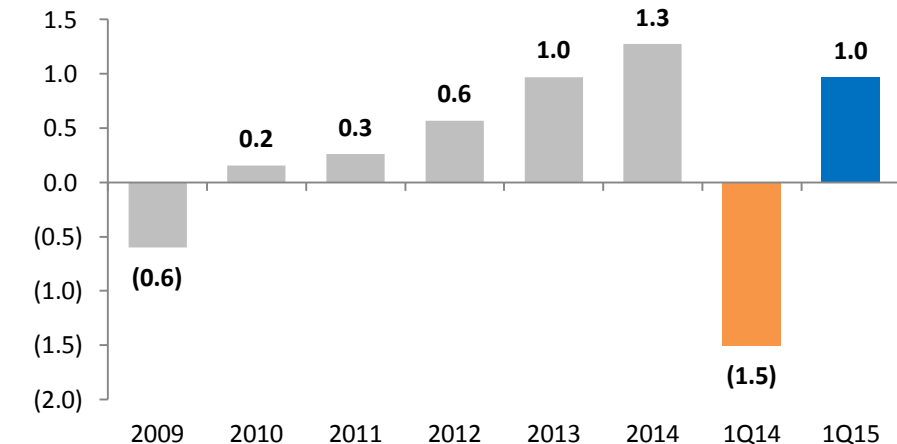
EBITDA

(EUR 'mil)



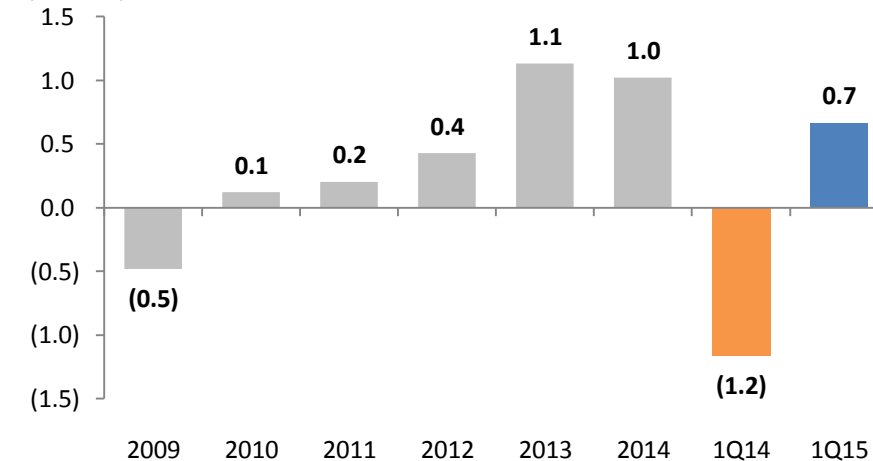
Profit Before Tax (PBT)

(EUR 'mil)



Net Earnings

(EUR 'mil)



(a) Increase in revenue for LGM due to higher F&B sales as a result of in line with increase in ISG passenger numbers by 16.7%

(b) Source: LGM

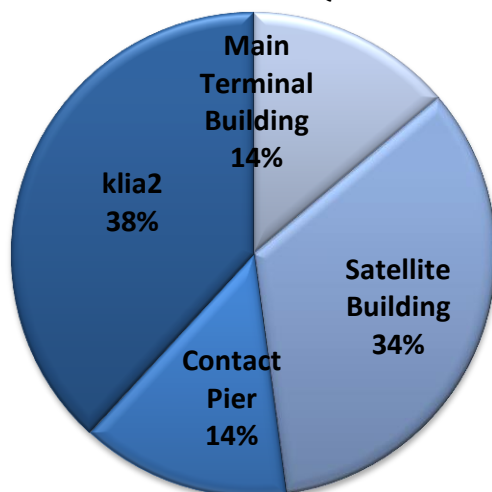
COMMERCIAL REVENUE ANALYSIS



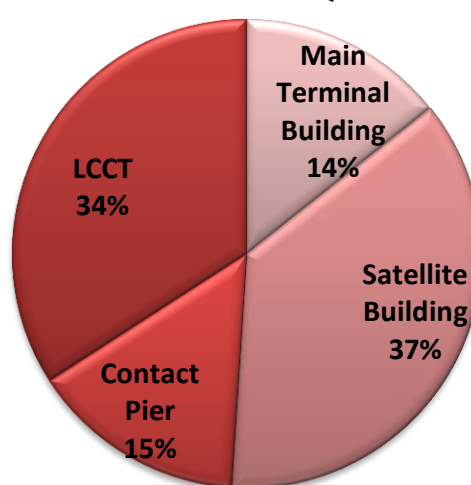
KLIA - Total Sales

Description	1Q 2015			1Q 2014 *			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	50.6			52.4			
Satellite Building	124.9			134.4			
Contact Pier	51.2			54.4			
Total KLIA (exc.LCCT/klia2)	226.7	6.0	37.79	241.2	6.6	36.41	▲ 3.8
LCCT	-	-	-	124.9	5.7	21.90	▲ 6.5
klia2	139.9	6.0	23.32	-	-	-	
Total KLIA	366.6	12.0	30.55	366.1	12.3	29.70	▲ 2.9

Sales at KLIA 1Q15



Sales at KLIA 1Q14



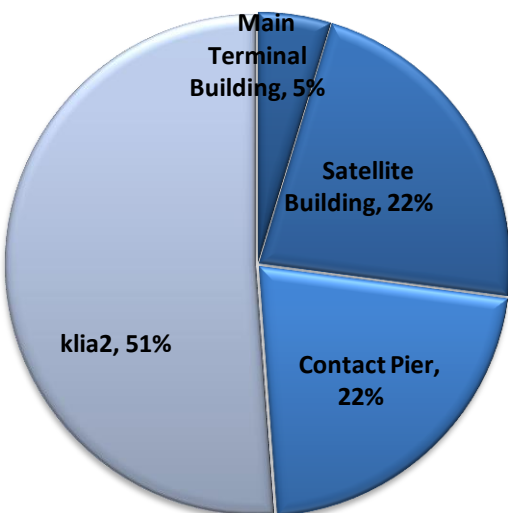
- Total sales at KLIA had reduced due to the reduction in China bound pax (who are notably higher spenders)
- Yet, sales per pax at KLIA had increased due to marketing campaigns such as TOUCH and istyle
- Higher sales per pax for klia2 as compared to LCCT due to availability of more offerings at klia2

*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

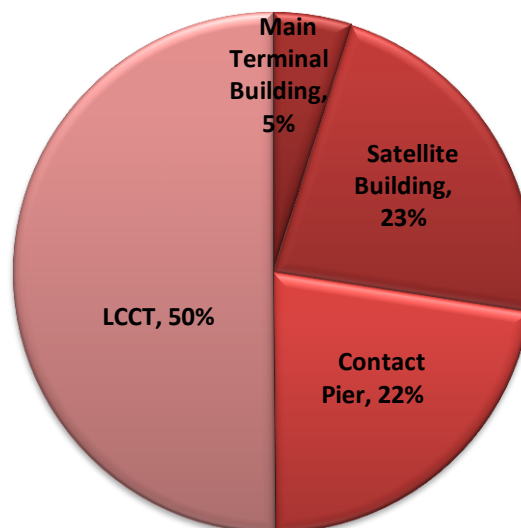
KLIA - ERAMAN Retail Revenue

Description	1Q 2015			1Q 2014*			Revenue Per Pax Variance (%)
	Revenue (RM'mil)	No. of Pax ('mil)	Per Pax Revenue (RM)	Revenue (RM'mil)	No. of Pax ('mil)	Per Pax Revenue (RM)	
Main Terminal Building	6.4			6.8			
Satellite Building	30.7			31.5			
Contact Pier	29.8			31.3			
Total KLIA (exc.LCCT/klia2)	66.9	6.0	11.16	69.6	6.6	10.51	▲ 6.2
LCCT	-	-	-	70.0	5.7	12.28	▼ (5.3)
klia2	70.1	6.0	11.63	-	-	-	
Total KLIA	137.1	12.0	11.40	139.6	12.3	11.32	▲ 0.7

Retail Revenue 1Q15



Retail Revenue 1Q14



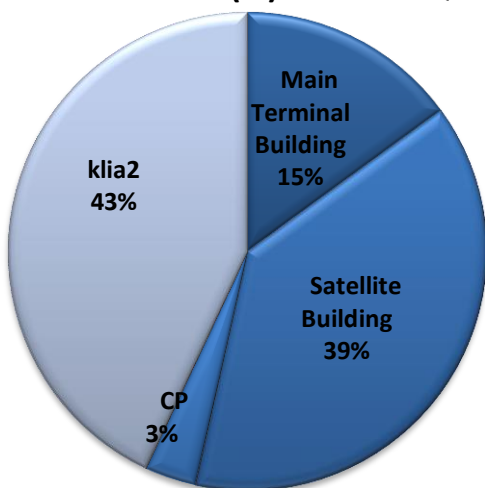
- There has been aggressive marketing campaign from Eraman that had resulted in an improvement in sales per pax at KLIA
- Eraman revenue per pax at klia2 had marginally reduced due reduction in China bound passengers
- Eraman commands about 50.1% of total sales per pax at klia2

*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

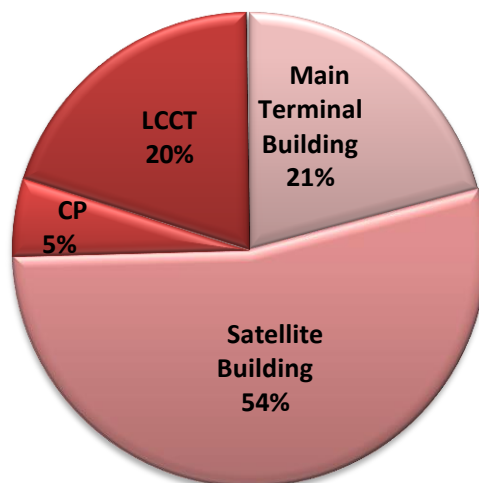
KLIA - Retail & F&B Rental

Location	1Q 2015							1Q 2014							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	39	4,953	9.0	1.4	10.5	2.1	41	5,000	8.7	1.7	10.4	2.1			
Satellite Building	65	7,510	23.4	3.5	27.0	3.6	69	8,037	22.5	4.2	26.7	3.3			
Contact Pier	10	2,864	1.0	1.4	2.4	0.8	10	2,864	1.0	1.7	2.6	0.9			
Total KLIA (exc.LCCT/klia2)	114	15,327	33.4	6.4	39.8	2.6	120	15,901	32.1	7.5	39.6	2.5	▲ 0.5		
LCCT	-	-	-	0.0	0.0	-	40	4,774	7.4	2.5	9.9	2.1	▲ 204.8		
klia2	105	15,607	27.2	2.9	30.1	1.9	-	-	0.1	-	0.1	0.0			
Total KLIA	219	30,934	60.6	9.4	70.0	2.3	160	20,675	39.6	10.0	49.6	2.4	▲ 41.0		

Total Rental (%) at KLIA 1Q15



Total Rental (%) at KLIA 1Q14



- Rental revenue per Sqm for KLIA had increased due to opening of several new outlets offering high end products lines
- The reduced pax from China had affected negatively on royalty contribution for KLIA
- Increase in klia2 rental over LCCT is as a result of larger commercial space available upon the opening of klia2

ISG – Duty Free & Rental Analysis

ISG's Duty Free Analysis

	<u>unit</u>	<u>1Q 2015</u>	<u>1Q 2014</u>
Total Duty Free Spending per pax	Eur/pax	9.41	9.38
Guaranteed Spending per pax*	Eur/pax	12.59	12.34

<u>Description</u>	<u>1Q 2015</u>		<u>1Q 2014</u>		<u>Revenue Variance (%)</u>
	<u>Space (Sqm)</u>	<u>Total Rental (EUR'mil)</u>	<u>Space (Sqm)</u>	<u>Total Rental (EUR'mil)</u>	
Setur Duty Free	5,050	10.2	5,050	8.6	▲ 18.4

ISG's Retail & F&B Rental Analysis

<u>Description</u>	<u>1Q 2015</u>		<u>1Q 2014</u>		<u>Revenue Variance (%)</u>
	<u>Space (Sqm)</u>	<u>Total Rental</u>	<u>Space (Sqm)</u>	<u>Total Rental</u>	
Food & beverage	8,758	2.2	8,758	1.9	
Retail	1,535	0.3	1,438	0.2	
Total ISG	10,293	2.5	10,196	2.1	▲ 16.9

* ISG will receive rental revenue amounting to the higher of 41.5% between: (1) guaranteed spending per pax which is the contractual income guaranteed by Setur; or (2) duty free spending per pax.

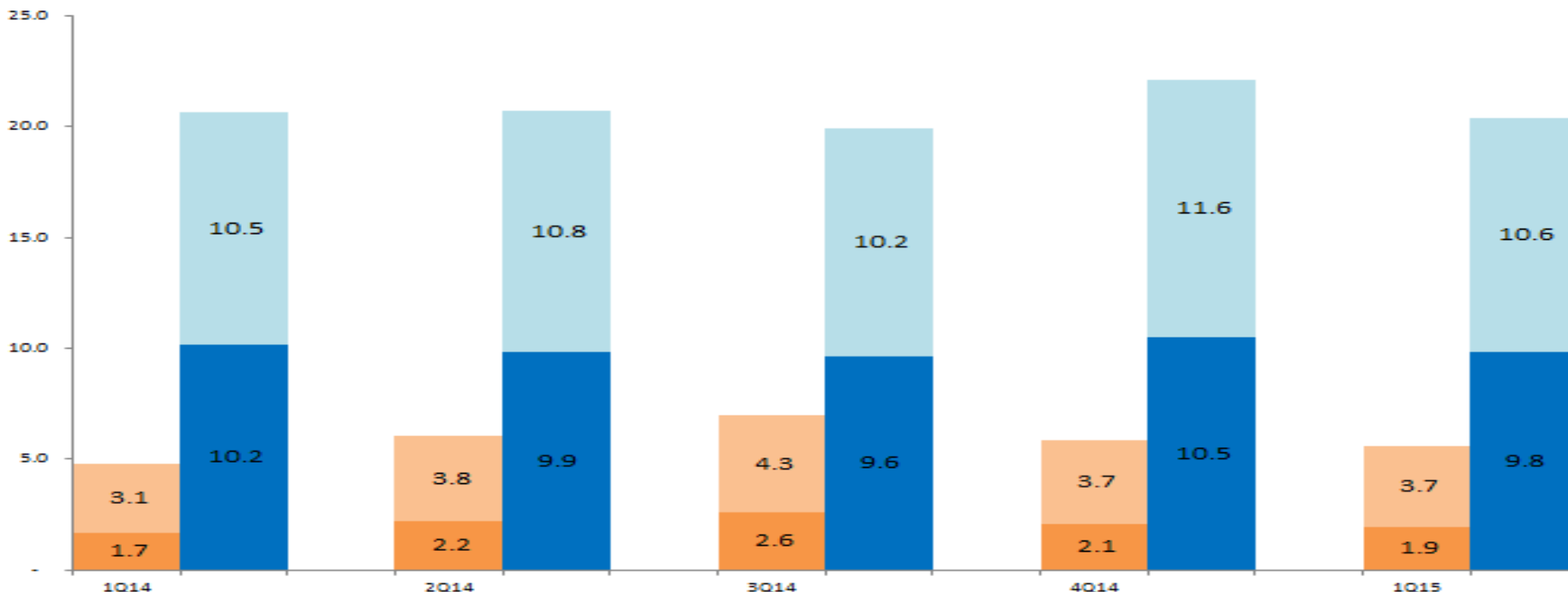
TRAFFIC STATISTICS



Pax Movement

('mil pax)

MAHB Int'l MAHB Domestic ISG Int'l ISG Domestic

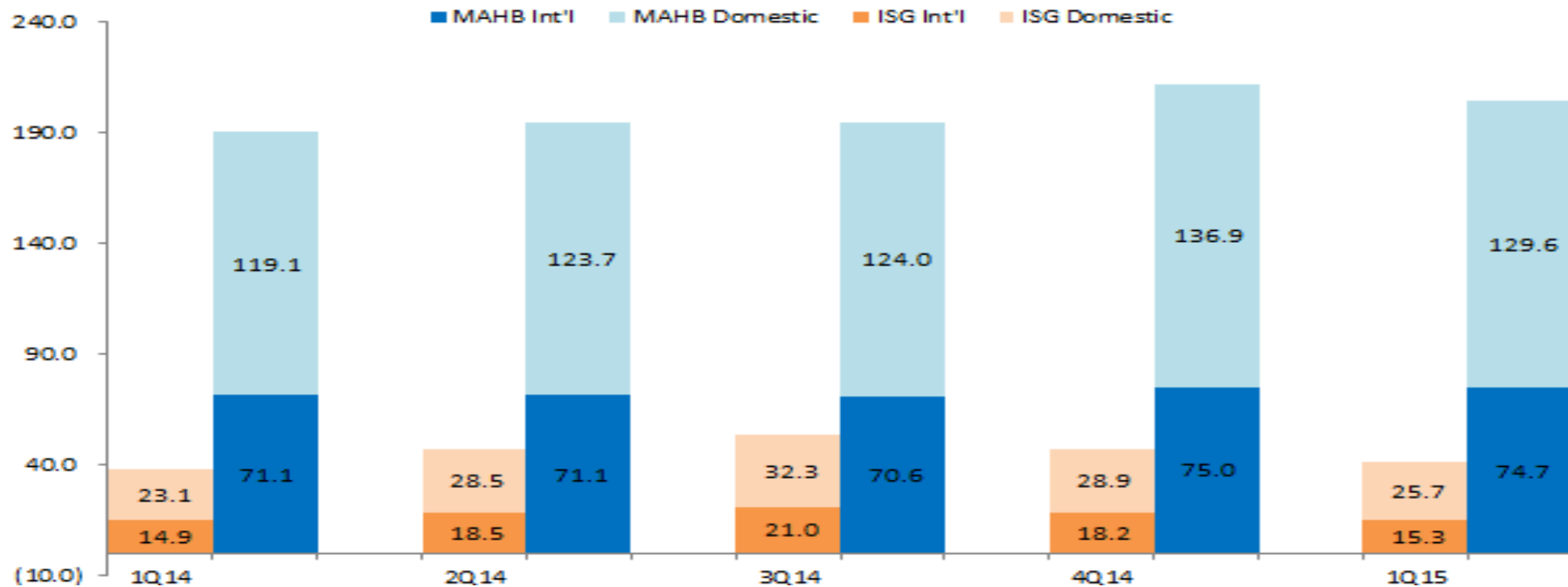


Description	MTB			LCCT/klia2			KLIA			Other Airports			MAHB			ISG			MAHB Group		
	1Q15	1Q14	Var %	1Q15	1Q14	Var %	1Q15	1Q14	Var %	1Q15	1Q14	Var %	1Q15	1Q14	Var %	1Q15	1Q14	Var %	1Q15	1Q14	Var %
International	4.6	4.8	▼ (3.8)	4.0	4.0	▼ (0.3)	8.6	8.8	▼ (2.2)	1.2	1.4	▼ (13.3)	9.8	10.2	▼ (3.7)	1.9	1.7	▲ 14.6	11.7	11.9	▼ (1.1)
Domestic	1.3	1.4	▼ (6.6)	2.1	2.1	▼ (3.3)	3.4	3.6	▼ (4.6)	7.2	6.9	▲ 3.5	10.6	10.5	▲ 0.7	3.7	3.1	▲ 17.9	14.2	13.6	▲ 4.7
Total	5.9	6.2	▼ (4.4)	6.0	6.1	▼ (1.4)	12.0	12.3	▼ (2.9)	8.4	8.3	▲ 0.7	20.3	20.7	▼ (1.5)	5.6	4.8	▲ 16.7	26.0	25.5	▲ 2.0

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

Aircraft Movement

('000)



Description	MTB			LCCT/klia2			KLIA			Other Airports			MAHB			ISG			MAHB Group		
	1Q15	1Q14	Var %	1Q15	1Q14	Var %	1Q15	1Q14	Var %	1Q15	1Q14	Var %	1Q15	1Q14	Var %	1Q15	1Q14	Var %	1Q15	1Q14	Var %
International	31.8	31.8	▼ (0.1)	28.1	24.0	▲ 17.3	59.9	55.8	▲ 7.4	14.7	15.3	▼ (3.9)	74.7	71.1	▲ 5.0	15.3	13.6	▲ 12.6	90.0	84.8	▲ 6.2
Domestic	12.9	13.9	▼ (7.5)	15.9	14.1	▲ 12.7	28.7	28.0	▲ 2.7	100.8	91.1	▲ 10.6	129.6	119.1	▲ 8.8	25.7	21.8	▲ 18.1	155.3	140.9	▲ 10.2
Total	44.7	45.7	▼ (2.3)	44.0	38.1	▲ 15.6	88.7	83.8	▲ 5.8	115.5	106.5	▲ 8.5	204.2	190.3	▲ 7.3	41.0	35.4	▲ 15.9	245.3	225.6	▲ 8.7

FY15 OUTLOOK



FY2015 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

MALAYSIA AIRPORTS HOLDINGS BERHAD

PEJABAT KORPORAT

PERSIARAN KORPORAT KLIA

64000 KLIA

SEPANG, SELANGOR

TEL: 603-87777000 FAX: 603-87777778

www.malaysiaairports.com.my

