ANALYST BRIEFING

FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE 2015

30th July 2015

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1H15 Overview

FY15 Outlook

Group Financial Review

Traffic Statistics

ISG & LGM Financial Performance

Commercial Revenue Analysis

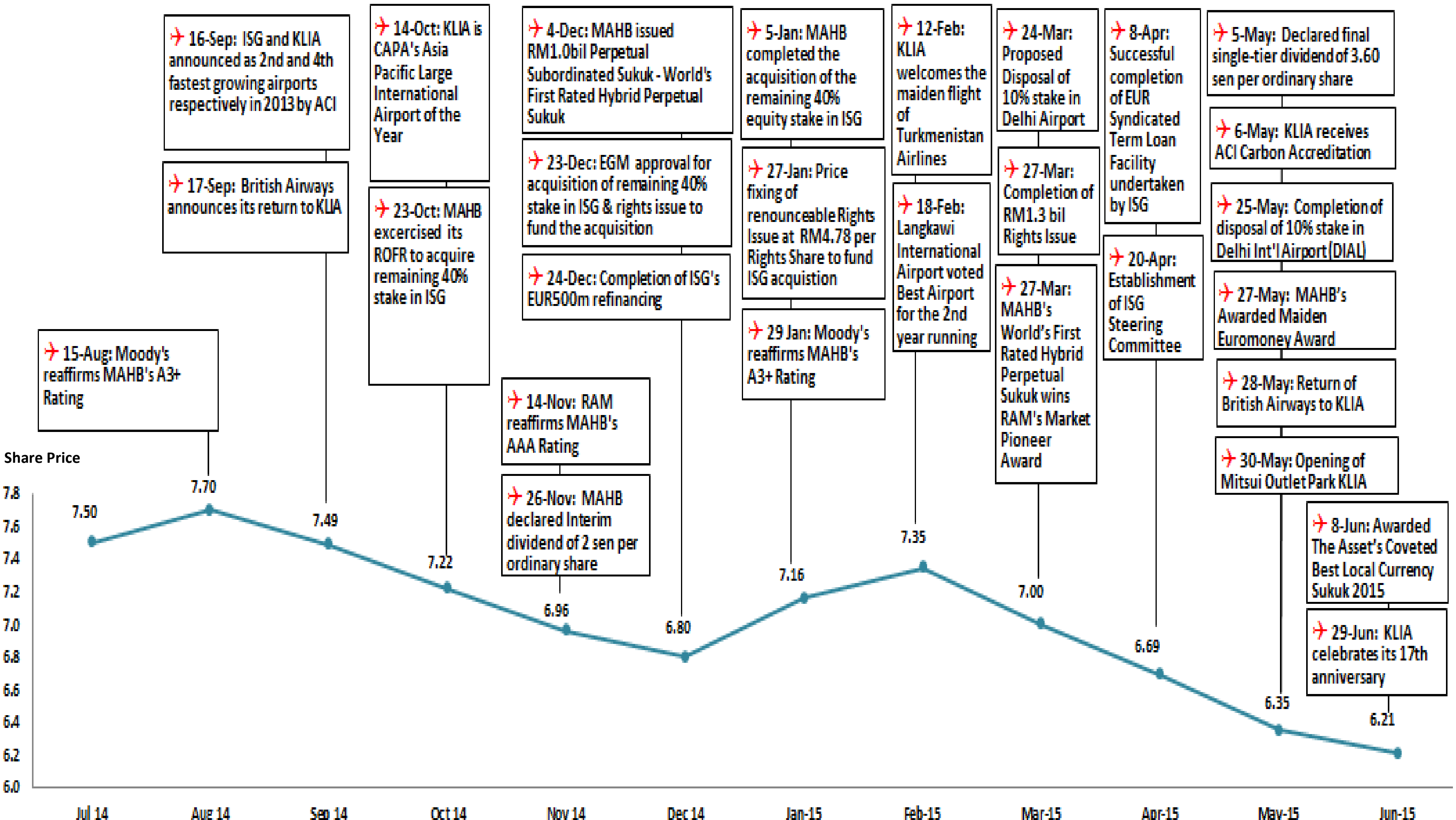
1H15 OVERVIEW

2015 Headline KPI

Key Performance Indicators (KPIs)	Actual 2014	Target 2015	Actual June 2015
Profitability* (EBITDA)	RM861.4 mil	RM1,522.4 mil	RM824.0 mil (54.1%)
MAHB	RM861.4 mil	RM880.2 mil	RM533.5 mil (60.6%)
ISG & LGM	N/A	RM642.2 mil	RM290.6 mil (45.3%)
Airport Service Quality (ASQ)	> 40 mppa: KLIA Ranking Top 7	> 40 mppa: KLIA Ranking Top 5	> 40 mppa: KLIA Ranking Top 7**

** Figures are without construction revenue and profit*
***ASQ Official Results dated 20th July 2015 for 1H15*

Significant Events



1H15 Overview: Global Aviation Industry

Overview

- Strengthening in demand, YTD growth of 6.3% compared to 2014
- Strength of international air travel in Asia Pacific comes despite a weakness in regional trade activity in recent months
- Global passenger traffic demand ↑
- All regions experienced positive traffic growth except Africa region

Overall YTD growth %

- May y-o-y:
  - Overall, 6.3%
  - Middle East, 11.5%
  - Asia Pacific, 9.3%
  - Latin America, 6.0%
  - Europe, 4.9%
  - North America, 3.1%
  - Africa, -1.9%

Drivers

- Industry load factors continue to show an upward trend
- Despite lower oil prices, airlines are adding capacity at a slower rate than the expansion in demand
- Economic outlook remains broadly positive with the fall in oil prices expected to sustain growth and demand for passenger travel in 2015

Source: IATA: Strong Traffic Growth Continues in May dated 2nd July 2015

1H15 Overview: MAHB AIRPORT SYSTEM

Overview

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

Growth%

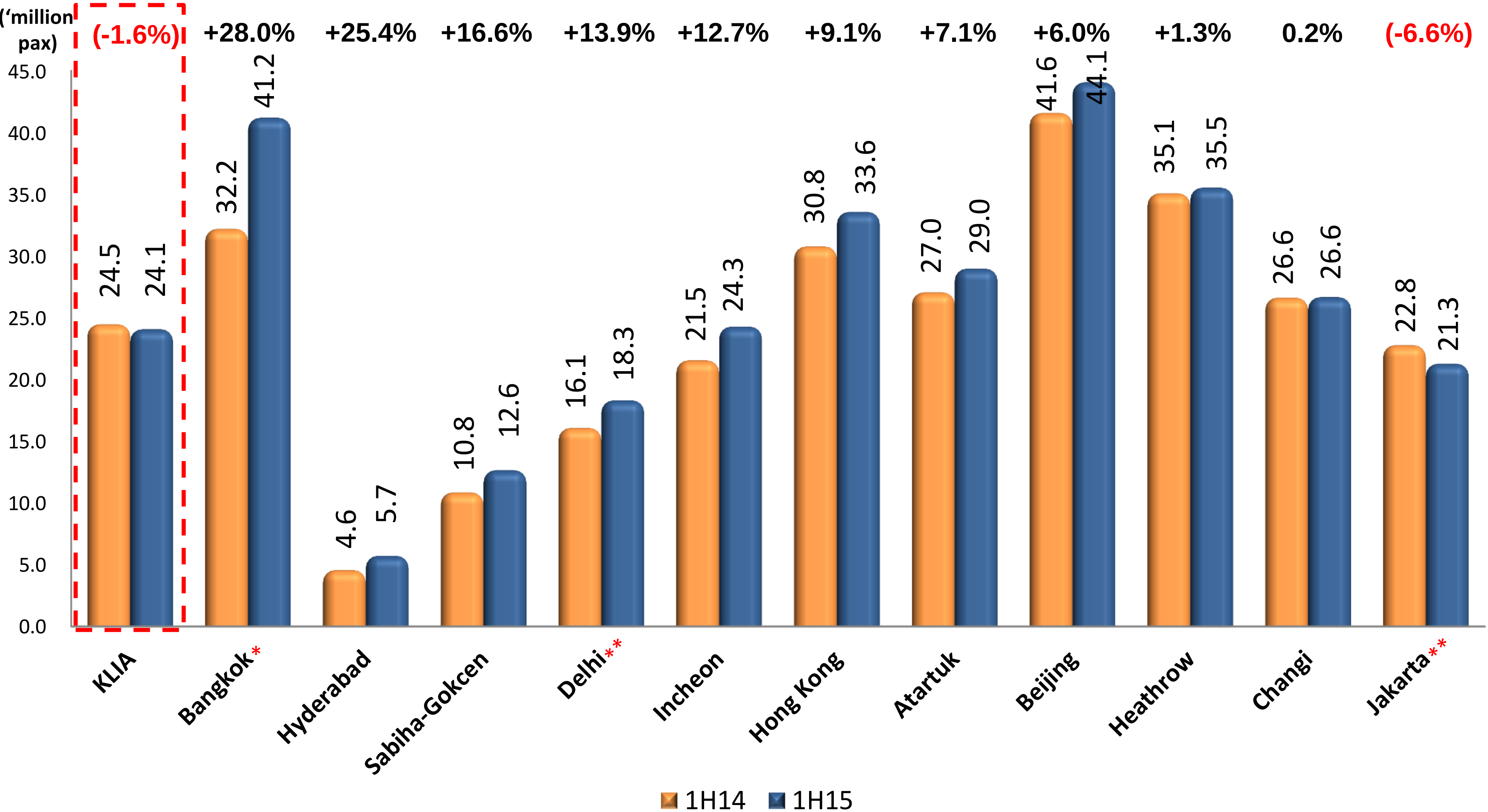
- Pax growth 3.5% (Domestic, 6.1% & Int'l, 0.3%)
- Malaysia 0.0% (Domestic, 1.8% & Int'l, -1.9%)
  - KLIA, -1.6%
    - MTB, -8.0%
    - LCCT/klia2*, 5.2%
- ISG 16.6% (Domestic, 19.3% & Int'l, 11.8%)

Drivers

- Domestic travel remains strong
- Overall traffic in Malaysia supported by holidays
- Europe, South Asia and South East Asia sectors continued to register positive growth
- China sector recorded double digit growth in May & Jun
- Stronger than anticipated ISG 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



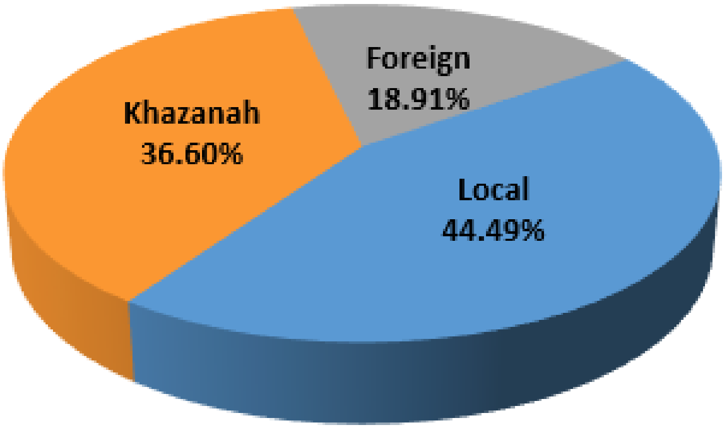
Sabiha-Gokcen's pax movement market share in Istanbul has increased from 28.6% to 30.4% year-on-year

**Bangkok's figure includes Suvarnabhumi Airport and Don Mueang International Airport*

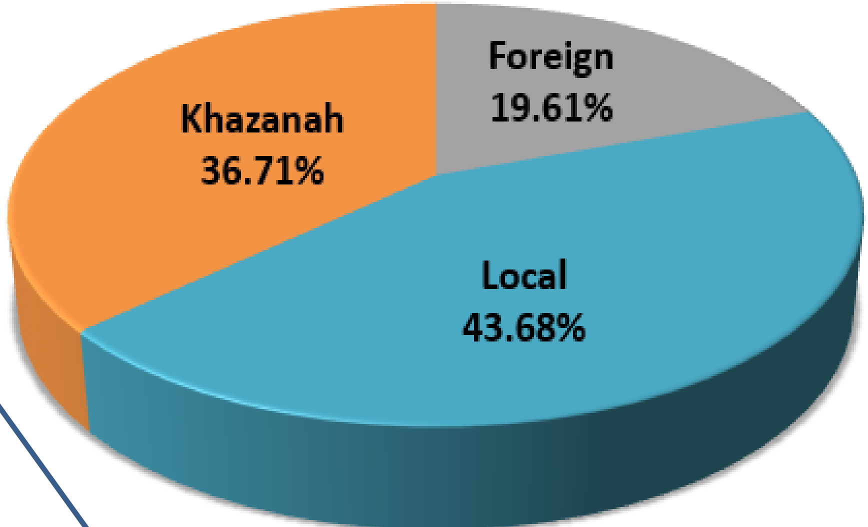
***Based on May results*

Shareholding Analysis

As at 31/12/14



As at 30/06/15



- 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% and 74.1% for FY14 interim and final dividend respectively
- Dividend Payout Ratio is at least 50% of Net Profit

Executive Summary 1H15

REVENUE

	Malaysia	Turkey
Airport Operations	RM1,294.4 mil ▲6.3%	RM395.0 mil
Non-Airport Operations	RM121.1 mil ▲58.1%	RM5.6 mil

ISG PBT

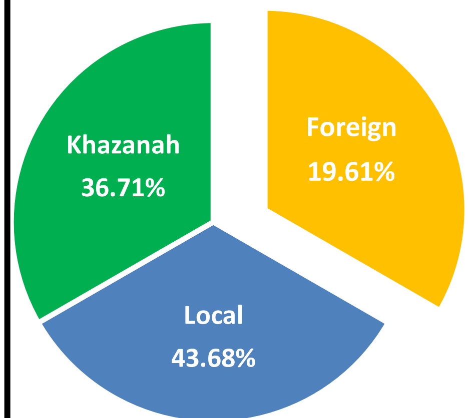
1Q15	2Q15
-RM29.9 mil	RM9.5 mil

excluding net fair value amortisation

PASSENGERS AIRCRAFTS

	Passengers	Aircrafts
Malaysia	41.3 million ▲0.0%	409,177 ▲6.3%
Turkey	12.6 million ▲16.6%	92,566 ▲17.0%

SHAREHOLDINGS ANALYSIS



Foreign Shareholdings
▲ 0.7%

REVENUE

RM1,816.1 mil
▲40.3%
RM1,415.6 mil
▲9.4%
RM400.6 mil

EBITDA

RM824.0 mil
▲96.4%
RM533.5 mil
▲27.1%
RM290.6 mil

SIGNIFICANT EVENTS IN 2015

- KLIA received ACI Carbon Accreditation
- British Airways returns to KLIA
- Opening of Mitsui Outlet Park KLIA
- Disposal of 10% stake in Delhi Int'l Airport (DIAL)

Group Performance (excluding IC12)
Malaysia Operations Performance (excluding IC12)
Turkey Operations Performance (comprising of ISG & LGM)


GROUP FINANCIAL REVIEW

1H15 Results

Condensed Unaudited Consolidated Statements Of Profit Or Loss For The Period Ended 30 June 2015

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2015 RM'000	Preceding Year Corresponding Quarter 30.06.2014 RM'000	Current Year to Date 30.06.2015 RM'000	Preceding Year Corresponding Period 30.06.2014 RM'000
Revenue	939,960	1,175,547	1,816,139	1,956,628
Cost of inventories sold	(86,982)	(73,549)	(174,863)	(159,122)
Other income	136,470	32,267	252,019	66,096
Employee benefits expense	(211,039)	(160,017)	(388,730)	(304,998)
Construction costs	-	(517,516)	-	(633,880)
Depreciation and amortisation	(207,431)	(134,381)	(412,680)	(200,520)
Other expenses	(357,646)	(266,497)	(680,531)	(476,542)
Operating profits	213,332	55,854	411,354	247,662
Finance costs	(212,101)	(36,848)	(372,015)	(44,109)
Impairment of investment	-	(4,440)	-	(9,011)
Share of results:				
- associates	(1,916)	2,843	(1,801)	259
- jointly controlled entities	2,361	(55,138)	3,435	(53,554)
Profit/(loss) before tax and zakat	1,676	(37,729)	40,973	141,247
Taxation and zakat	(21,787)	(6,945)	(29,086)	(57,211)
(Loss)/profit for the period, net of tax and zakat	(20,111)	(44,674)	11,887	84,036
Discontinued Operation				
Loss from discontinued operation, net of tax	-	-	-	-
(Loss)/profit for the period, net of tax and zakat	(20,111)	(44,674)	11,887	84,036

The condensed unaudited consolidated statement of profit or loss should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

FRS 138: Intangible Assets & FRS 116: Property, Plant and Equipment

Change in Depreciation and Amortisation Method

- The Group's infrastructure and construction assets in Malaysia were previously depreciated and amortised based on a straight line basis
- With effect from 1st Jan 2014, the Group had changed the depreciation and amortisation method for these assets to the Unit of Production Method ("UOP") **based on forecasted passenger during the concession period**
- These changes were made 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 has led to **a reduction in depreciation and amortisation by RM101.1 million** for FY2014
- Quarterly depreciation and amortisation charges under the 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
2Q15	121.7

Normalised for FY14

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)	2Q15	2Q14	Var (%)	1H15	1H14	Var (%)	Cumulative since inception to YTD15	Cumulative since inception to YTD14
Construction Revenue	-	540.8	(100.0)	-	662.4	(100.0)	5,171.8	5,171.8
Construction Costs	-	(517.5)	(100.0)	-	(633.9)	(100.0)	4,940.7	4,940.7
Construction Profit	**-**	**23.3**	**(100.0)**	**-**	**28.5**	**(100.0)**	**231.0**	**231.0**

Group 2Q15 Results (vs 2Q14)

Description (RM'mil)	2Q15*			2Q14			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	**721.0**	**218.9**	**940.0**	**1,175.5**	**(540.8)**	**634.7**	▲ **13.6**	▲ **48.1**
EBITDA	**256.1**	**164.7**	**420.8**	**190.2**	**(23.3)**	**166.9**	▲ **53.4**	▲ **152.0**
Depreciation & Amortisation	(121.7)	(85.7)	(207.4)	(134.4)	-	(134.4)	▼ (9.5)	▲ 54.4
Finance Cost	(105.6)	(106.5)	(212.1)	(36.8)	-	(36.8)	▲ 186.7	▲ 475.6
PBT	**29.2**	**(27.6)**	**1.7**	**(37.7)**	**(23.3)**	**(61.0)**	▲ **147.9**	▲ **102.7**
Taxation	(23.1)	1.4	(21.8)	(6.9)	-	(6.9)	▲ 233.2	▲ 213.7
Net Earnings	**6.1**	**(26.2)**	**(20.1)**	**(44.7)**	**(23.3)**	**(68.0)**	▲ **109.0**	▲ **70.4**
EBITDA Margin (%)	35.5%	75.2%	44.8%	16.2%		26.3%	▲ 9.22 ppt	▲ 18.5 ppt
PBT Margin (%)	4.1%	-12.6%	0.2%	-3.2%		-9.6%	▲ 13.67 ppt	▲ 9.8 ppt

**Figures are without IC12 construction revenue and profit*

Exchange rate used in profit and loss for 2Q15 : RM4.07/EUR

Group 2Q15 Results (vs 2Q14)

Revenue grew by 48.1%*

- Airport operations : RM868.3mil (+45.5%)
  - Aeronautical : RM458.9mil (+42.8%) was mainly due to ISG's aeronautical revenue of RM110.5mil, lower airlines incentives due to accrual of RM23.0mil for 2013 recognised in 2Q14 as well as higher aircraft and passenger movements leading to higher PSC and landing revenue of RM6.2mil and RM4.5mil respectively
  - Non-Aeronautical : RM409.4mil (+48.7%) arising from ISG & LGM's non-aeronautical revenue of RM105.7mil, as well as higher retail and rental revenue of RM16.6mil and RM11.8mil respectively
- Non-airport operations : RM71.6mil (+89.2%)
  - Projects and repair & maintenance : RM45.3mil (+256.7%)
  - Hotel : RM17.6mil (+3.6%) mainly from LGM
  - Agriculture & horticulture : RM8.7mil (+6.6%)

**Figures are without IC12 construction revenue and profit*

Group 2Q15 Results (vs 2Q14)

PBT increased by 102.7%*

- The increase was due to the the gain on disposal of DIAL of RM81.2mil and improved share of JCE profits of RM2.4mil compared to the net loss of RM55.1mil in 2Q14, primarily due to the one-off recognition of previously unrecognized ISG losses of RM42.5mil
- However, the increase was offset against the following items:
  - For the current quarter, ISG & LGM recorded a profit before tax of RM17.9mil, however, owing to the fair valuation exercise on the acquisition, a further RM45.5 mil loss was recognised primarily due to the amortisation of fair value of the concession rights
  - Higher operating costs for MAHB : RM426.1mil (+15.5%) primarily due to higher staff costs : RM162.0mil (+23.3%) arising from higher headcount, salary increment and one-off salary adjustment in May 2015
  - MAHB's finance cost : RM105.6mil (+186.7%) interest recognised in the income statement upon completion of klia2 starting May 2014 and for the redemption of debenture for DIAL at a premium (RM59.2mil)

Figures are without IC12 construction revenue and profit

Group 2Q15 Results (vs 1Q15)

Description (RM'mil)	2Q15 * MAHB	2Q15 * ISG & LGM	2Q15 * MAHB Group Total	1Q15* MAHB	1Q15* ISG & LGM	1Q15* MAHB Group Total	Var % (MAHB Only)	Var % (ISG & LGM Only)	Var % (MAHB Group)
Revenue	721.0	218.9	940.0	694.5	181.7	876.2	▲ 3.8	▲ 20.5	▲ 7.3
EBITDA	256.1	164.7	420.8	277.3	125.9	403.3	▼ (7.7)	▲ 30.7	▲ 4.3
Depreciation & Amortisation	(121.7)	(85.7)	(207.4)	(120.0)	(85.2)	(205.2)	▲ 1.4	▲ 0.6	▲ 1.1
Finance Cost	(105.6)	(106.5)	(212.1)	(48.5)	(111.4)	(159.9)	▲ 117.7	▼ (4.4)	▲ 32.6
PBT	29.2	(27.6)	1.7	110.0	(70.7)	39.3	▼ (73.4)	▲ 61.0	▼ (95.7)
Taxation	(23.1)	1.4	(21.8)	(13.9)	6.6	(7.3)	▲ 66.8	▼ (79.4)	▲ 198.5
Net Earnings	6.1	(26.2)	(20.1)	96.1	(64.1)	32.0	▼ (93.7)	▲ 59.1	▼ (162.8)
EBITDA Margin (%)	35.5%	75.2%	44.8%	39.9%	69.3%	46.0%	▼ (4.4) ppt	▲ 5.9 ppt	▼ (1.3) ppt
PBT Margin (%)	4.1%	-12.6%	0.2%	15.8%	-38.9%	4.5%	▼ (11.8) ppt	▲ 26.3 ppt	▼ (4.3) ppt

**Figures are without IC12 construction revenue and profit*
Exchange rate used in profit and loss for 1Q15: RM4.04/EUR
Exchange rate used in profit and loss for 2Q15: RM4.07/EUR

Group 2Q15 Results (vs 1Q15)

Revenue grew by 7.3%*

- Airport operations : RM868.3mil (+5.8%)
  - Aeronautical : RM458.9mil (+8.9%) was mainly due to higher ISG revenue by 24.3% or RM21.6mil in line with the increase in passenger movements as well as higher PSC and MARCS ERL revenue in Malaysia by RM9.2mil and RM7.5mil respectively
  - Non-Aeronautical : RM409.4mil (+2.4%) arising from ISG & LGM's contribution of non-aeronautical revenue which rose by 17.5% or RM15.8mil due to higher commercial income from rental and duty free
- Non-airport operations : RM71.6mil (+30.0%)
  - Projects and repair & maintenance : RM45.3mil (+65.6%)
  - Hotel : RM17.6mil (-19.4%) mainly from LGM
  - Agriculture & horticulture : RM8.7mil (+48.3%)

**Figures are without IC12 construction revenue and profit*

Group 2Q15 Results (vs 1Q15)

PBT reduced by 95.7%*

- The reduction is attributed to :
  - The unrealized forex gain of RM63.4mil that was recognised in 1Q15 due to the translation gain on the outstanding EUR279mil bridger loan
  - Higher finance costs for Malaysian operations by 117.7% arising from the redemption of debenture for DIAL at a premium amounting to RM59.2mil
  - Higher operating costs in Malaysia: RM426.1mil (+12.2%) primarily due to higher staff costs : RM162.0mil (+23.8%) arising from salary increment and bonus provision
- However, the decrease was offset against ISG & LGM's lower current period loss before tax of RM27.6mil against RM70.7mil in the preceding quarter and the gain on disposal of DIAL of RM81.2mil

**Figures are without IC12 construction revenue and profit*

Group 1H15 Results (vs 1H14)

Description (RM'mil)	1H15*			1H14			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	1,415.6	400.6	1,816.1	1,956.6	(662.4)	1,294.2	▲ 9.4	▲ 40.3
EBITDA	533.5	290.6	824.0	448.2	(28.5)	419.7	▲ 27.1	▲ 96.4
Depreciation & Amortisation	(241.7)	(171.0)	(412.7)	(200.5)	-	(200.5)	▲ 20.5	▲ 105.8
Finance Cost	(154.2)	(217.9)	(372.0)	(44.1)	-	(44.1)	▲ 249.5	▲ 743.4
PBT	139.2	(98.2)	41.0	141.2	(28.5)	112.7	▲ 23.5	▼ (63.7)
Taxation	(37.0)	7.9	(29.1)	(57.2)	-	(57.2)	▼ (35.3)	▼ (49.2)
Net Earnings	102.2	(90.3)	11.9	84.0	(28.5)	55.5	▲ 84.1	▼ (78.6)
EBITDA Margin (%)	37.7%	72.5%	45.4%	22.9%		32.4%	▲ 5.3 ppt	▲ 12.9 ppt
PBT Margin (%)	9.8%	-24.5%	2.3%	7.2%		8.7%	▲ 1.1 ppt	▼ (6.5) ppt
Gearing (%)			66.8%			82.1%		▼ (15.3) ppt
Net Asset per Share			5.10			4.05		▲ 26.0

**Figures are without IC12 construction revenue and profit*

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

Exchange rate used in profit and loss for 2Q15: RM4.07/EUR

Group 1H15 Results (vs 1H14)

Revenue grew by 40.3%*

- Airport operations : RM1,689.4mil (+38.7%)
  - Aeronautical : RM880.4mil (+34.2%) was mainly due to ISG's aeronautical revenue of RM199.4mil, lower airlines incentives by 25.6% due to accrual of RM23.0mil for 2013 recognised in 2Q14 and higher aircraft movements leading to increase in landing revenue by RM10.0mil (5.7%)
  - Non-Aeronautical : RM809.0mil (+44.1%) arising from ISG & LGM's non-aeronautical revenue of RM195.6mil, as well as higher retail and rental revenue of RM13.0mil (+4.3%) and RM39.0mil (15.1%) respectively
- Non-airport operations : RM126.7mil (+65.5%)
  - Projects and repair & maintenance : RM72.7mil (+197.1%)
  - Hotel : RM39.5mil (+6.6%) mainly from LGM
  - Agriculture & horticulture : RM14.5mil (-3.5%)

**Figures are without IC12 construction revenue and profit*

Group 1H15 Results (vs 1H14)

PBT decreased by 63.7%*

- The decrease is attributed to:
  - ISG & LGM's current period losses before tax of RM7.5mil (+100.0%), while owing to the fair valuation exercise on the acquisition, a further RM90.7 million loss was recognised primarily due to the amortisation of fair value for concession rights
  - Higher finance costs for Malaysian operations by 249.5% due to interest recognised in the income statement upon completion of klia2 starting May 2014 and from the redemption of debenture for DIAL at a premium (RM59.2mil)
  - MAHB's depreciation and amortisation : RM241.7mil (+20.5%) mainly due to commencement in klia2 operations in May 2014. The normalised deprecation for 1H14 is RM161.6mil, 49.6% lower than 1H15
- However, the decrease was cushioned by the realised forex gain of RM63.4mil (+100.0%) due to the translation gain on the settlement of the EUR279mil bridger loan as well as on the gain on disposal of DIAL of RM81.2mil
- Also included in the prior period's PBT was a net loss on JCE of RM55.1mil primarily due to the one-off recognition of previously unrecognized ISG losses of RM42.5mil

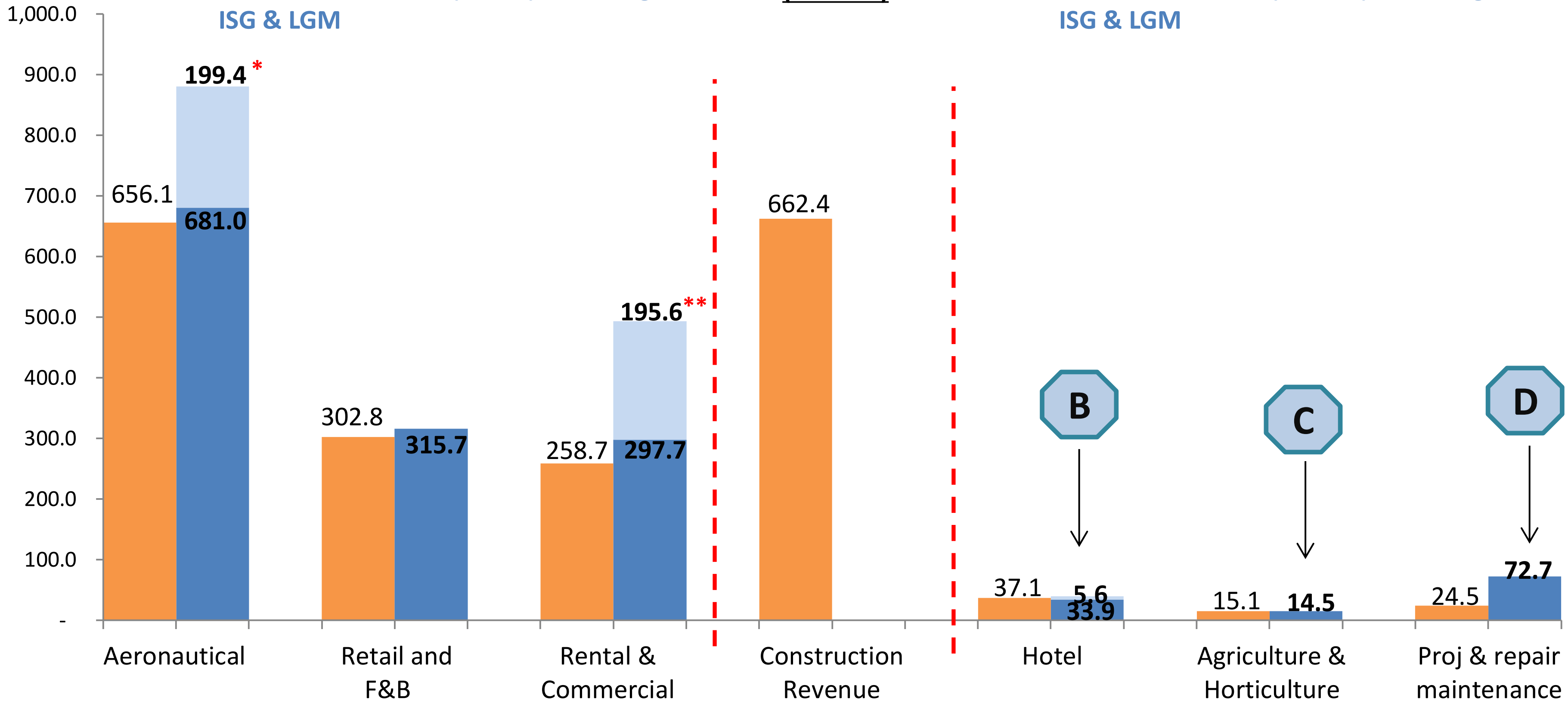
**Figures are without IC12 construction revenue and profit*

Group Segmental Revenue

Airport Operations (RM 'mil)
1H2015: RM1,689.4 (+38.7%)
1H2014: RM1,217.6
1H2015: RM1,294.4 (+6.3%) excluding ISG & LGM

Construction Revenue (RM 'mil)

Non-Airport Operations (RM 'mil)
1H2015: RM126.7 (+65.5%)
1H2014: RM76.6
1H2015: RM121.1 (+58.1%) excluding ISG & LGM



	Aeronautical	Retail and F&B	Rental & Commercial	Construction Revenue	Hotel	Agriculture & Horticulture	Proj & repair maintenance
Excluding ISG & LGM	+3.8%	+4.3%	+15.1%	(-100.0%)	(-8.5%)	(-3.5%)	+2.0x
Including ISG & LGM	+34.2%	+4.3%	+90.7%	(-100.0%)	+6.6%	(-3.5%)	+2.0x

**Included in ISG and LGM's aeronautical revenue is ISG's jet fuel farm rental income (RM18.8mil)*

***Included in ISG & LGM's rental and commercial revenue is revenue generated from ISG's duty free business with Setur (RM91.3mil)*

Group Explanatory Notes

A **Airport Operations**

Excluding IC12 effects, the Group's airport operations grew by 38.7% primarily due to ISG operations (RM395.0mil). MAHB domestic airport operations grew 6.3% due to stronger commercial performance in line with the larger commercial space at klia2

B **Hotel**

Excluding LGM, decrease in room revenue at Sama-Sama Hotel was contributed by the lower occupancy rate

Occupancy rate (1H2015: 66.0%; 1H2014: 78.0%)

Higher average room rate (1H2015: RM385.34; 1H2014: RM374.25)

C **Agriculture & Horticulture**

The segment decreased due to lower price attained for FFB per tonne (1H2015: RM461.53/31,320MT; 1H2014: RM552.97/27,109MT)

D **Projects and Repair & Maintenance**

Increase mainly due to the new facilities management and IT services projects won at the new Doha International Airport

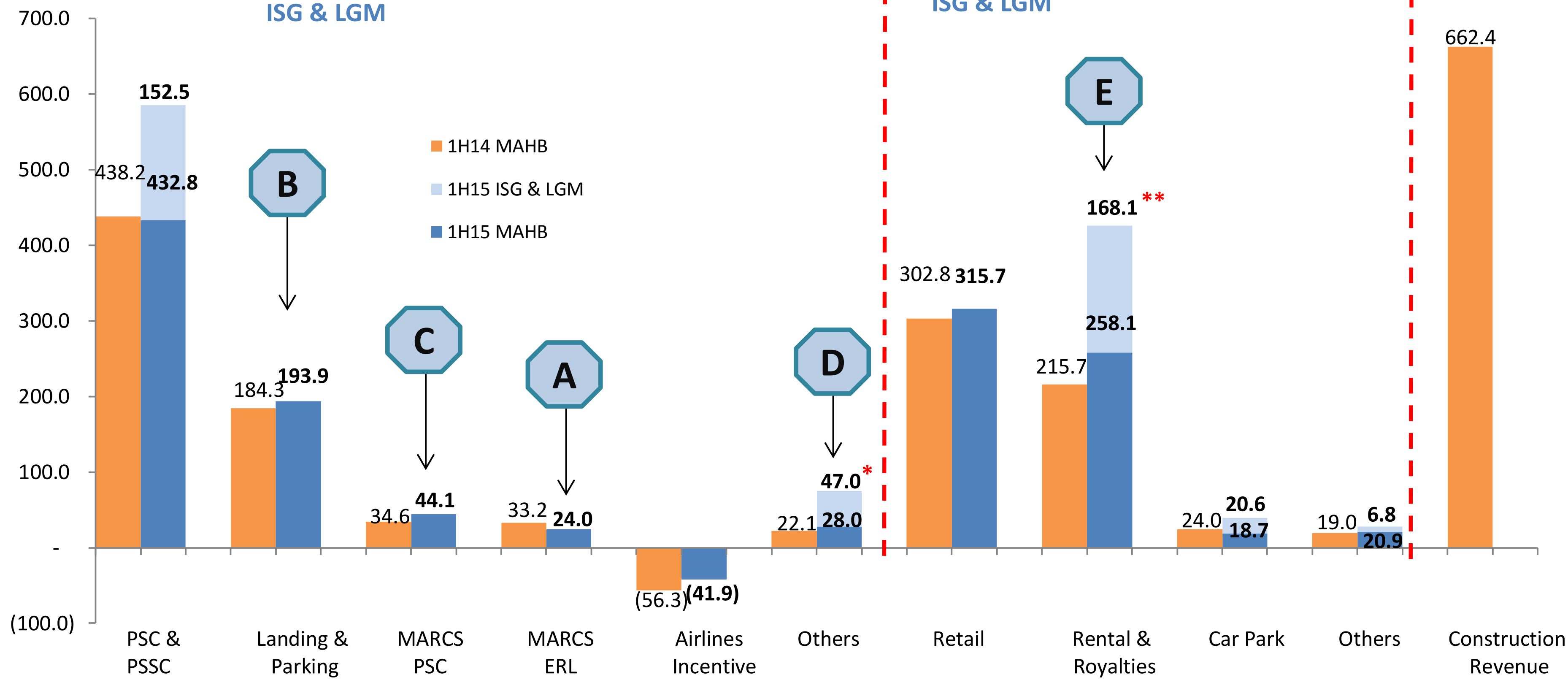
Group Revenue Analysis: Airport Operations

(RM 'mil)

Aeronautical (RM 'mil)
1H2015: RM880.4(+34.2%)
1H2014: RM656.1
1H2015: RM681.0 (+3.8%) excluding ISG & LGM

Non-Aeronautical (RM 'mil)
1H2015: RM809.0 (+44.1%)
1H2014: RM561.5
1H2015: RM613.5 (+9.3%) excluding ISG & LGM

Construction Revenue (RM 'mil)



	PSC & PSSC	Landing & Parking	MARCS PSC	MARCS ERL	Airlines Incentive	Others	Retail	Rental & Royalties	Car Park	Others	Construction Revenue
Excluding ISG & LGM	(-1.2%)	+5.2%	+27.6%	(-27.7%)	(-25.6%)	+26.6%	+4.3%	+19.6%	(-22.0%)	+10.3%	(-100.0%)
Including ISG & LGM	+33.6%	+5.2%	+27.6%	(-27.7%)	(-25.6%)	+2.4x	+4.3%	+97.6%	+63.7%	+46.2%	(-100.0%)

* *Included in ISG and LGM's other aeronautical revenue is ISG's jet fuel farm rental income (RM18.8mil)*

** *Included in ISG & LGM's rental and royalties revenue is revenue generated from the ISG's duty free business with Setur (RM91.3mil)*

Group Explanatory Notes

A

PSC, PSSC and MARCS ERL

Despite the flat growth in passenger numbers for airports operated by MAHB in Malaysia, lower PSC, PSSC and MARCS ERL is mainly due to decrease of 8.0% for pax movements at KLIA as compared to the increase of 5.2% for pax movements experienced at klia2.

B

Landing & Parking

Higher landing & parking revenue in Malaysia is in line with the 6.3% 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 RM18.8mil. ISG changed its business from fuel supply services to rental of its fuel farm in September 2014

E

Rental & Royalties

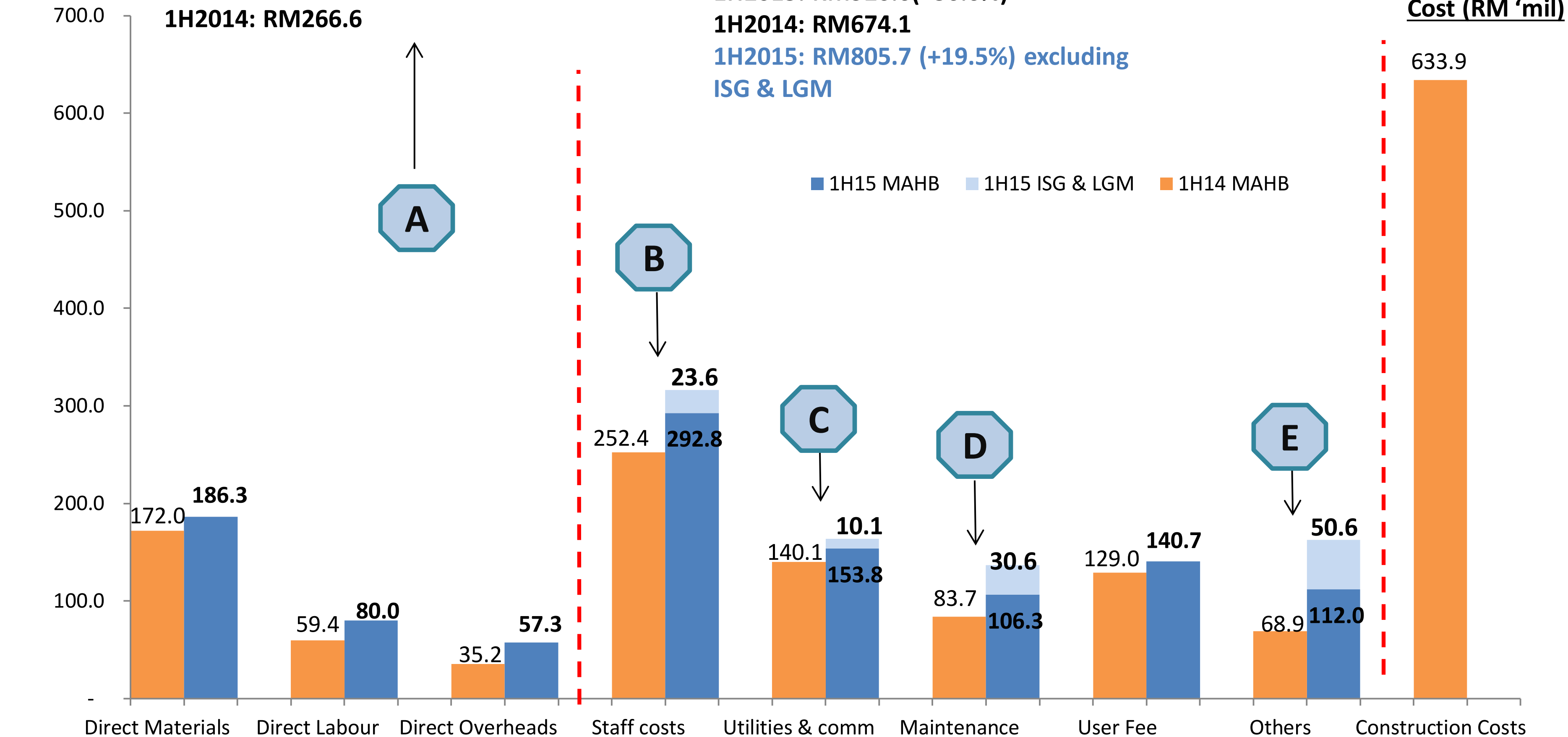
The increase is due to the increase in rental and royalty revenue from KLIA and LCCT/klia2, particularly due to the larger commercial space at klia2 and revenue generated from ISG's duty free business with Setur of RM91.3mil

Group Operating Cost Analysis

Direct Costs (RM 'mil)
1H2015: RM323.5(+21.4%)
1H2014: RM266.6

Operating Costs (RM 'mil)
1H2015: RM920.6(+36.6%)
1H2014: RM674.1
1H2015: RM805.7 (+19.5%) excluding ISG & LGM

Construction Cost (RM 'mil)



	Direct Materials	Direct Labour	Direct Overheads	Staff costs	Utilities & comm	Maintenance	User Fee	Others	Construction Costs
Excluding ISG & LGM	+8.3%	+34.7%	+62.6%	+16.0%	+9.8%	+27.1%	+9.1%	+62.6%	(-100.0%)
Including ISG & LGM	+8.3%	+34.7%	+62.6%	+25.3%	+17.0%	+63.7%x	+9.1%	+1.4x	(-100.0%)

Group Explanatory Notes

A **Direct Costs**

21.4% increase in direct costs in line with higher proportion of retail outlets in klia2 as compared to LCCT and higher revenue generated from project repair & maintenance segment

B **Staff Costs**

Increase of staff costs in Malaysia mainly due to:

1) 4.0% salary increment effective May 2015
2) Higher average salary per staff (1H15: RM 3,305; 1H14: RM2,969)
3) Higher number of klia2 staff (RM17.0mil, total number of employment for klia2 as at June 2015 is 1,481)
4) Higher provision for bonus by RM12.2mil

C **Utilities Expenses**

Increase consumption at MAHB airports in Malaysia mainly due to :

1) Electricity – RM3.8mil (+4.3%) (klia2's consumption: ↑~RM10.9mil due to larger space)
2) Chilled Water – RM9.7mil (+25.7%) (klia2's consumption: ↑ ~RM11.4mil)

Out of the total utilities expenses of RM153.8mil, RM59.0mil is recouped from tenants

D **Maintenance**

Increase of RM22.6mil (+27.1%) primarily due to larger terminal space to be maintained at klia2 (total ~RM26.8mil)

Group Explanatory Notes

E

Others

Excluding ISG & LGM, the 62.6% increase in other costs is largely attributed to leasing of equipment at klia2 by RM9.2mil (such as baggage and passenger security system, trolleys) and provision for doubtful debts by RM25.4mil

F

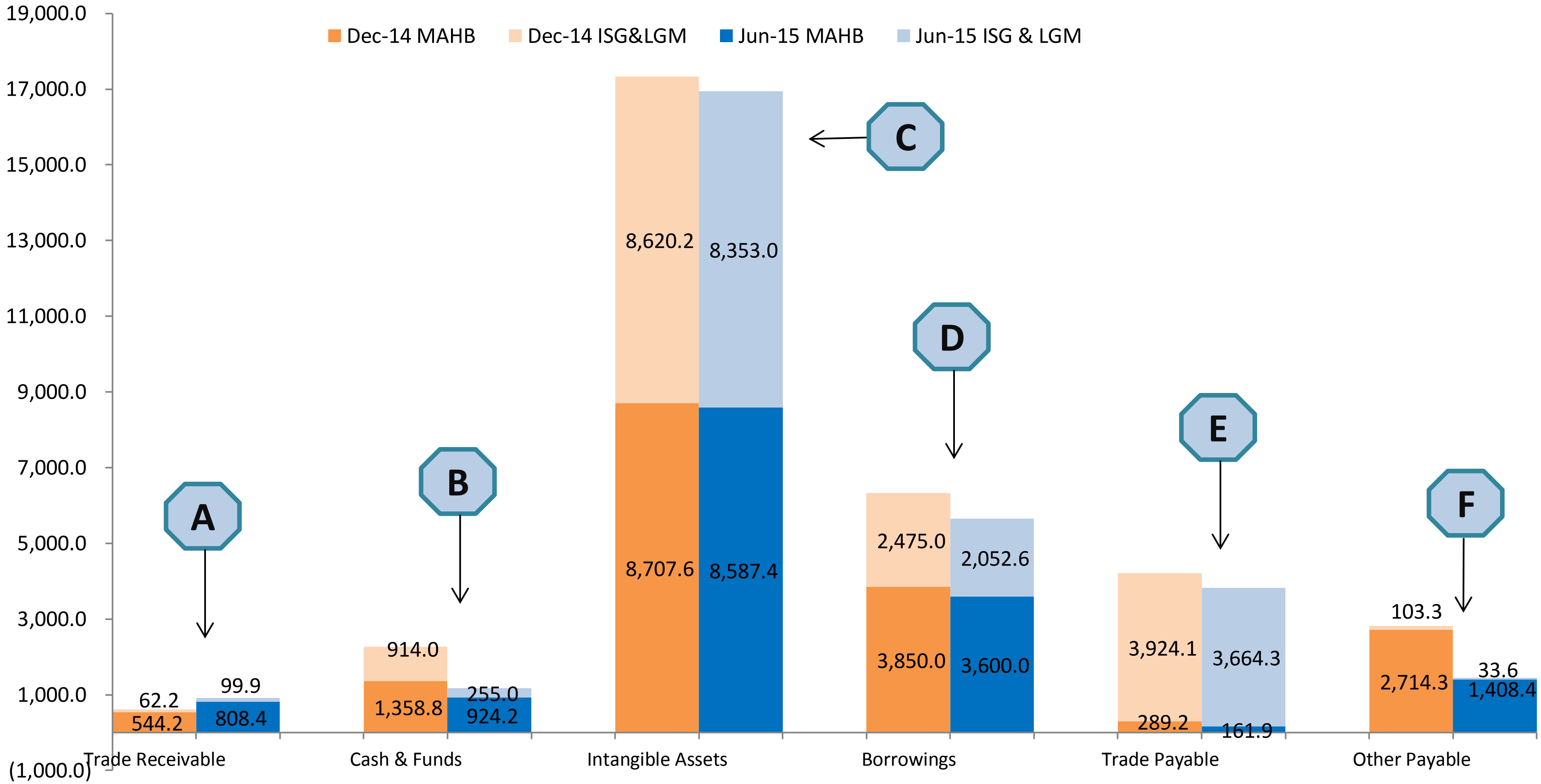
Finance costs

The rise in finance costs is due to:

- Interest on borrowings of RM95.0mil being recognised in the income statement upon commencement of klia2 operations
- Redemption of debenture for DIAL at a premium amounting to RM59.2mil
- Utilisation fee and borrowing costs of ISG

Group Balance Sheet Analysis

(RM'000)



	Trade Receivable	Cash & Funds	Intangible Assets	Borrowings	Trade Payable	Other Payable
Excluding ISG & LGM	**+48.6%**	**(-32.0%)**	**(-1.4%)**	**(-6.5%)**	**(-44.0%)**	**(-48.1%)**
Including ISG & LGM	**+49.8%**	**(-48.1%)**	**(-2.2%)**	**(-10.6%)**	**(-9.2%)**	**(-48.8%)**

Exchange rate used in balance sheet for 1H15: RM4.20/EUR
Exchange rate used in balance sheet for FY14: RM4.25/EUR

Group Explanatory Notes

A **Trade Receivable**

The increase is primarily due to increase in airport operations receivables from third parties and project, repair & maintenance businesses

B **Cash and Funds**

Lower cash and funds for the period for MAHB is mainly due to the repayment of the RM250.0mil revolving credit facility. Cash and funds for ISG & LGM had reduced by 72.1% due to the payment of utilization fees and YKB loan by EUR95.6mil and EUR87.0mil respectively

C **Intangible Assets**

Decrease for ISG was primarily due to the impact of forex translation from RM4.25/EUR on 31 December 2014 to RM4.20/EUR as at 30 June 2015. Also contributing to the decrease is amortisation charges of RM169.0mil for the concession rights and assets of ISG of which RM79.1mil relates to the amortisation on the fair valuation portion of the concession rights

Group Explanatory Notes

D **Borrowings**

The decrease is primarily due to :

- 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**

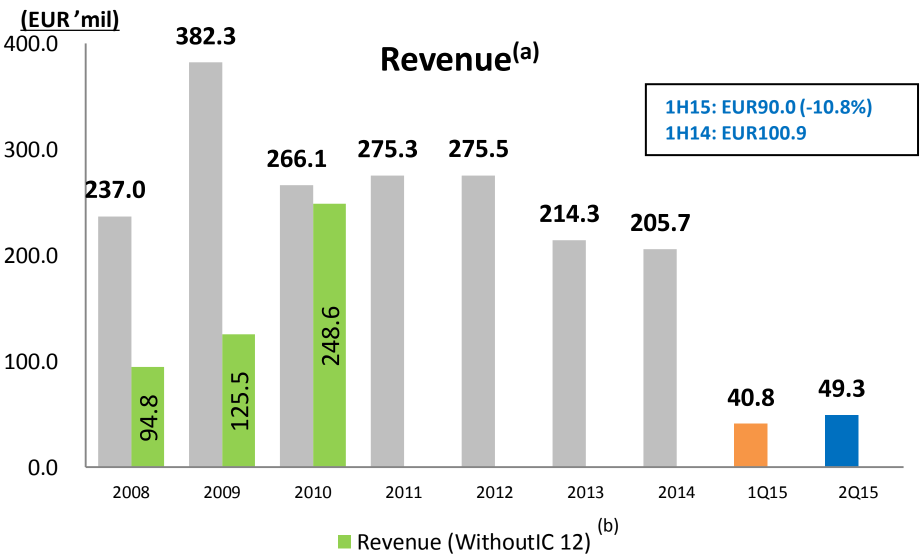
The decrease for MAHB trade payables is due to the settlement of third party payables via the proceeds raised from Perpetual Sukuk in December 2014. The decrease in ISG's payables is largely attributed to the effect of forex translation on the utilization fee liability as well as the current year settlement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

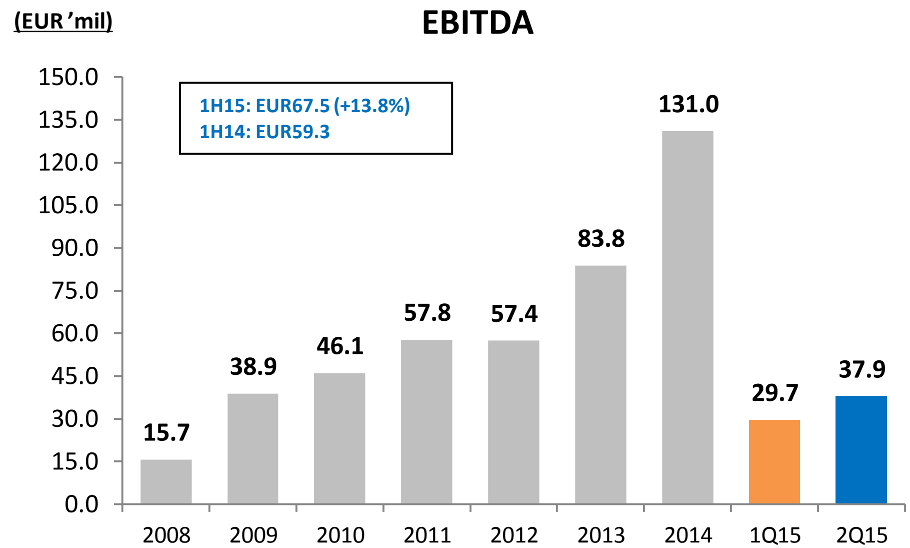
F **Other Payable**

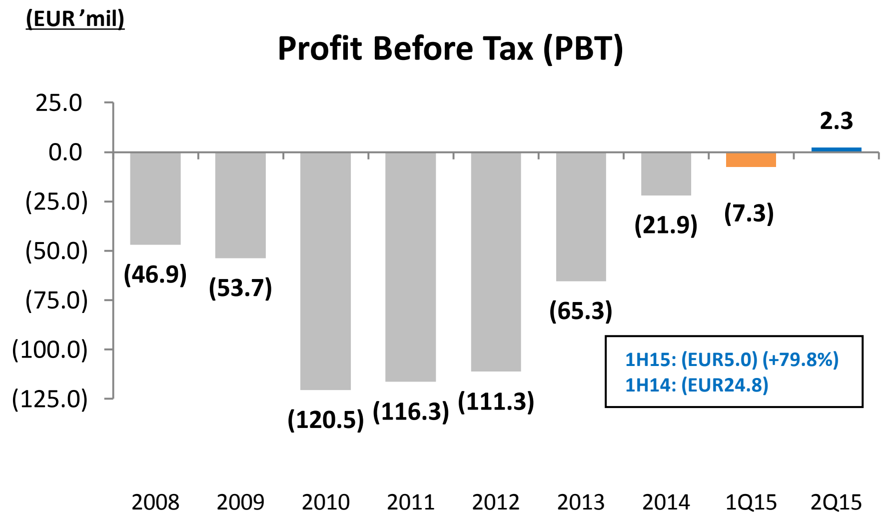
In January 2015, MAHB had settled the amount owing to Limak for EUR279.2mil in respect of the remaining 40% acquisition of ISG and LGM. Other payables in respect of ISG and LGM had reduced due to settlement of taxes and duties payables

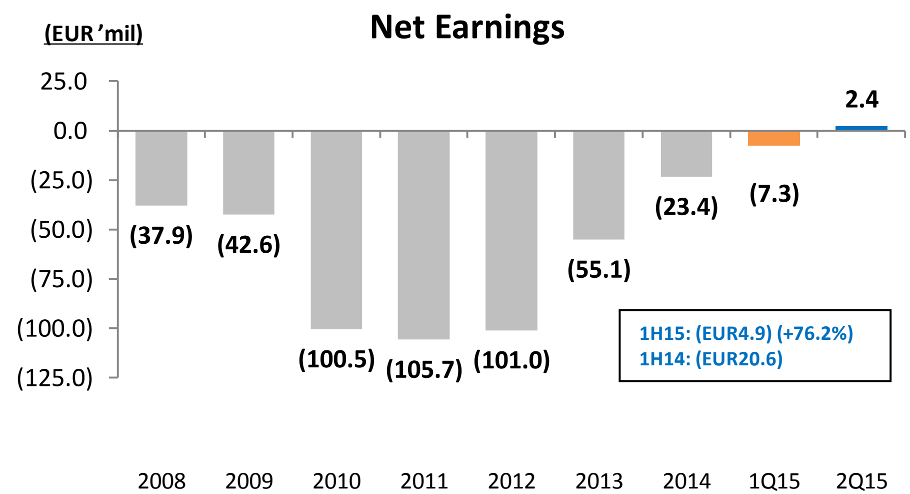
ISG & LGM FINANCIAL PERFORMANCE

ISG Financial Summary - Income Statement Highlights







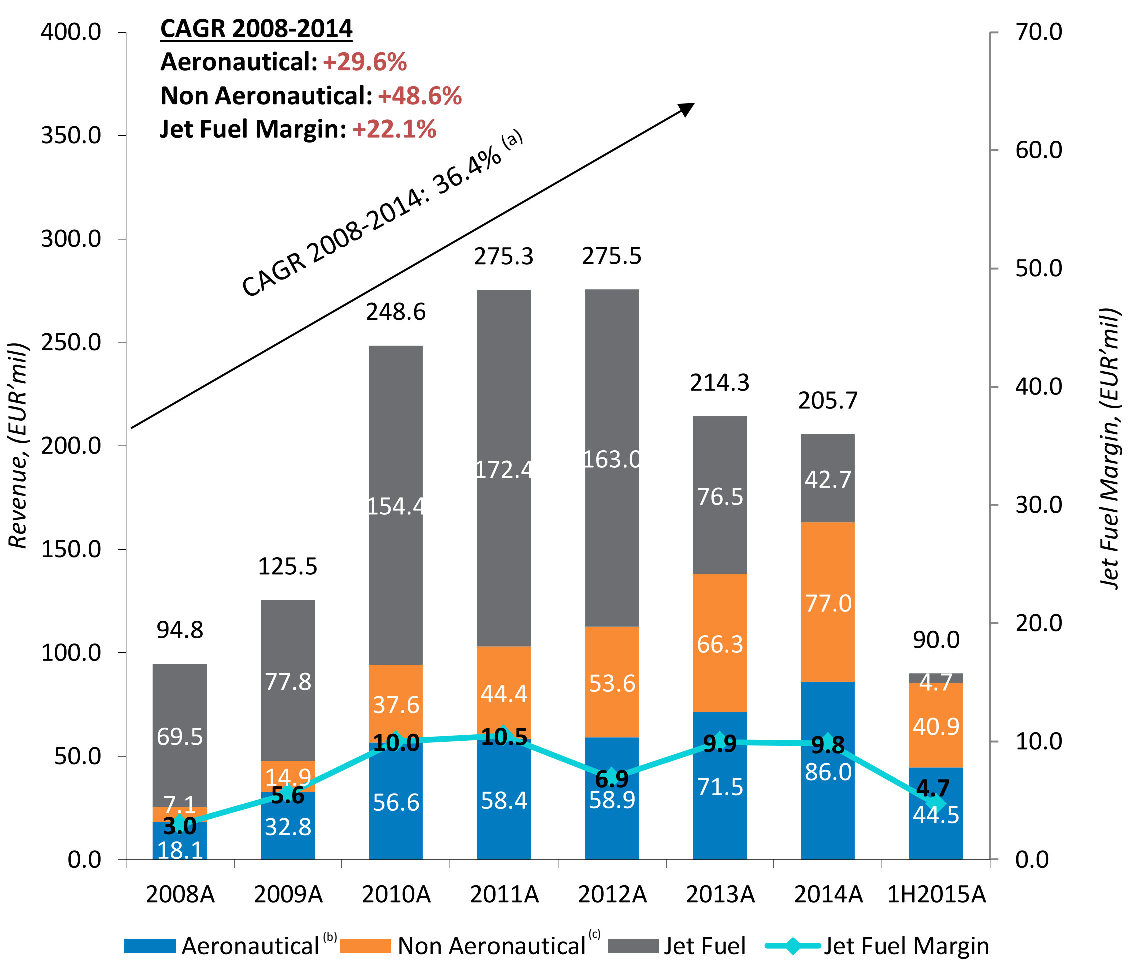


(a) Change of business in 2013 from supply of fuel to airlines to provision of fuel farm services to the fuel supplier

(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

ISG Revenue Analysis Trend

36.4% CAGR on revenue growth before jet fuel impact[a]

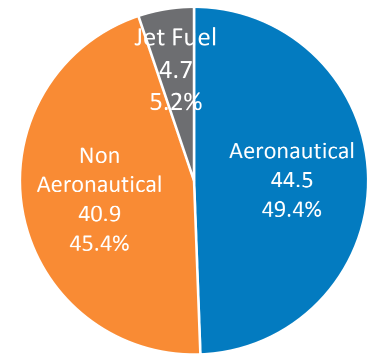


Increasing contribution from aero and non-aero segments

1H15

Total revenue (EUR 'mil)

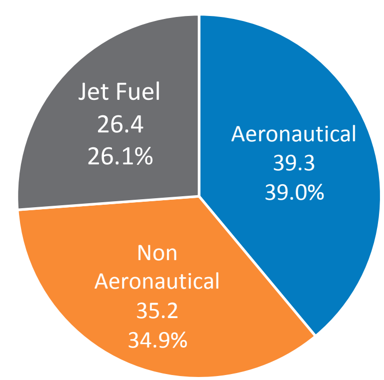
1H5 : EUR90.0



1H2014

Total revenue (EUR 'mil)

1H14 : EUR100.9



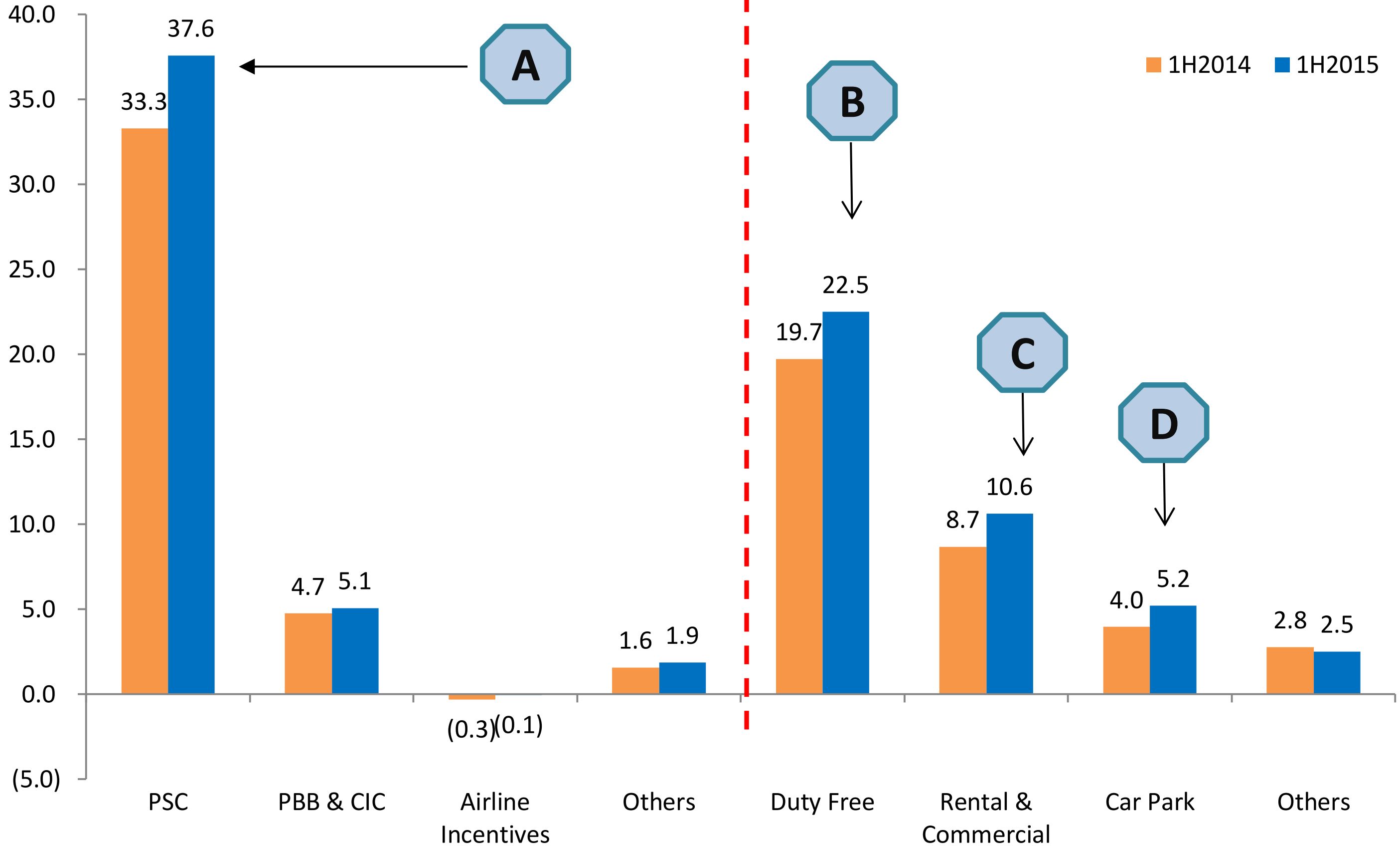
(a) Excludes jet fuel and IC12 revenue recognised from the construction of Sabiha Airport
(b) Excludes jet fuel revenue
(c) Excludes IC12 revenue recognised from the construction of Sabiha Airport

ISG Revenue Analysis

(EUR 'mil)

Aeronautical (EUR 'mil)
1H2015: €44.5 (+13.2%)
1H2014: €39.3

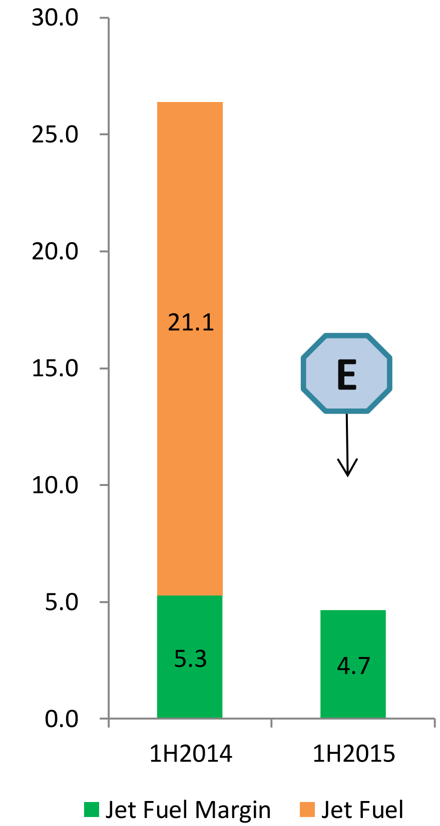
Non-Aeronautical (EUR 'mil)
1H2015: €40.9 (+16.2%)
1H2014: €35.2



+12.9% **+7.0%** **(-81.2%)** **+18.1%** **+14.0%** **+22.2%** **+31.6%** **(-9.1%)**

Jet Fuel (EUR 'mil)

(EUR 'mil)



(-82.4%)

ISG Explanatory Notes

A **Passenger Service Charge ("PSC")**

12.9% increase in tandem with the 16.6% growth in passenger traffic

- International traffic registered remarkable growth of 11.8%, while domestic passengers grew 19.3%
- International PSC: EUR15; Domestic PSC: EUR3; Transit PSC: EUR5

B **Duty Free**

14.0% increase in revenue on the back of strong international passenger growth

Spending per pax (1H15: EUR9.23, 1H14: EUR9.12)

C **Rental & Commercial**

Due to higher royalties from F&B tenants on the back of 16.6% 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 (1H15: TL2.86/EUR; 1H14: TL2.98/EUR)

ISG Explanatory Notes

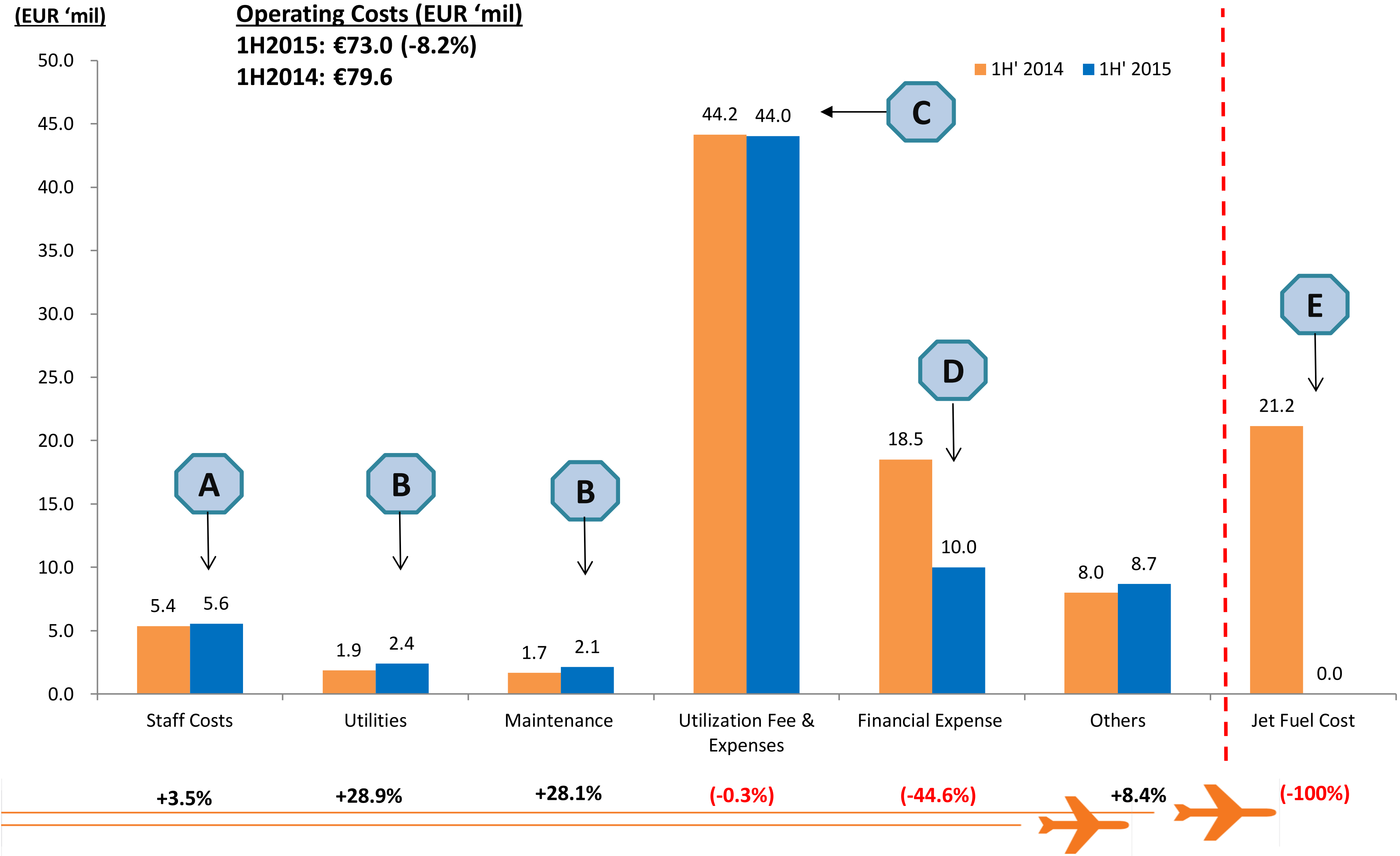
E **Jet Fuel**

Total jet fuel revenue reduced by 82.4%. 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 1H15 remains consistent compared to 1H14

ISG Cost Analysis

Operating Costs (EUR 'mil)
1H2015: €73.0 (-8.2%)
1H2014: €79.6



Source: ISG

ISG Explanatory Notes

A

Staff Cost

Increase is due to:

- Stronger TL exchange rate by 4% . Staff costs in ISG is mainly paid in TL
- 10% increase of salaries in 2015 but offset by lower average number of staff (1H2015: 365; 1H2014: 412)

B

Utilities & Maintenance Costs

28.9% increase in utilities is due to higher consumption of energy used in heating the airport as a result of worsening weather conditions in the first 4 months of 2015. The 28.1% increase in maintenance cost is due to expiration of the guarantees 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 (EUR40.2 million) and PSC share to the Government for international passenger and international transfer passengers (EUR3.8 million)

ISG Explanatory Notes

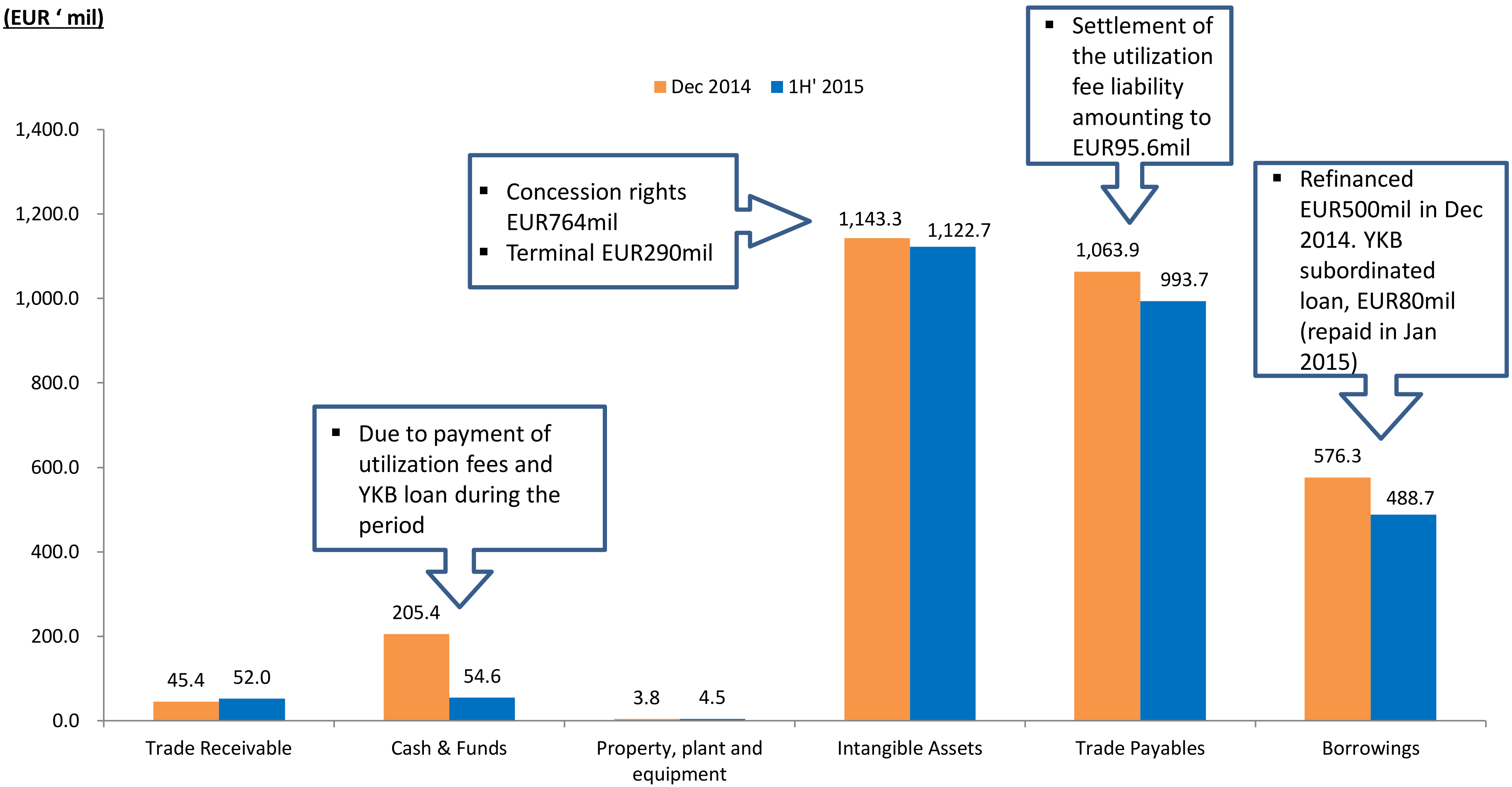
D **Financial Expenses, net**

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**

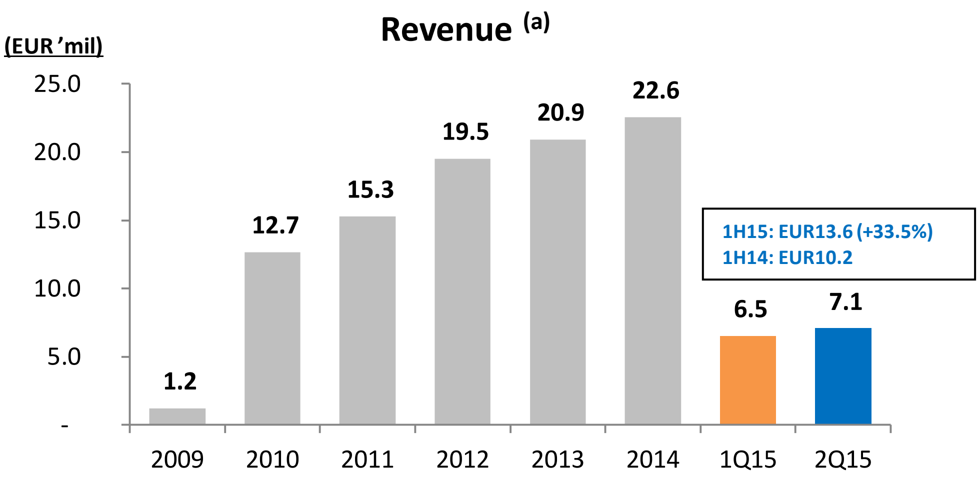
In September 2014, ISG changed its business from fuel supply services to rental of its fuel farm. By exiting the fuel supply business, ISG has been able to remove risks relating to the prices of fuel and exchange rate risk

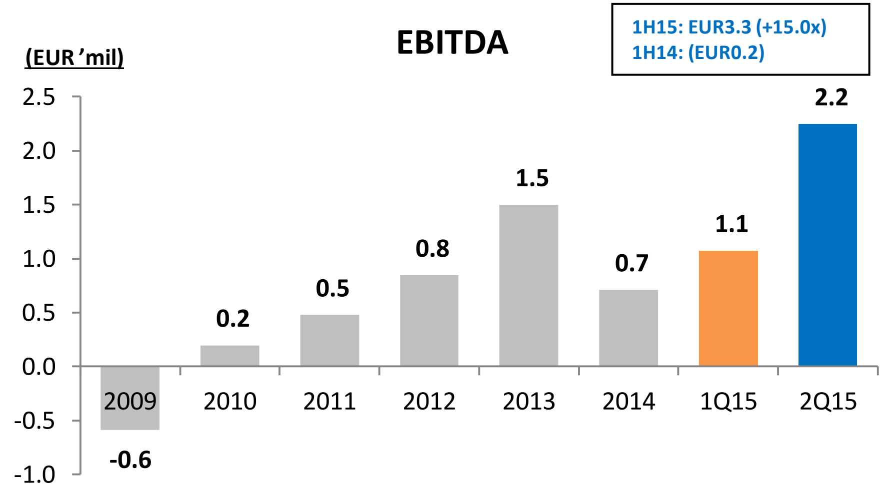
ISG Balance Sheet Analysis

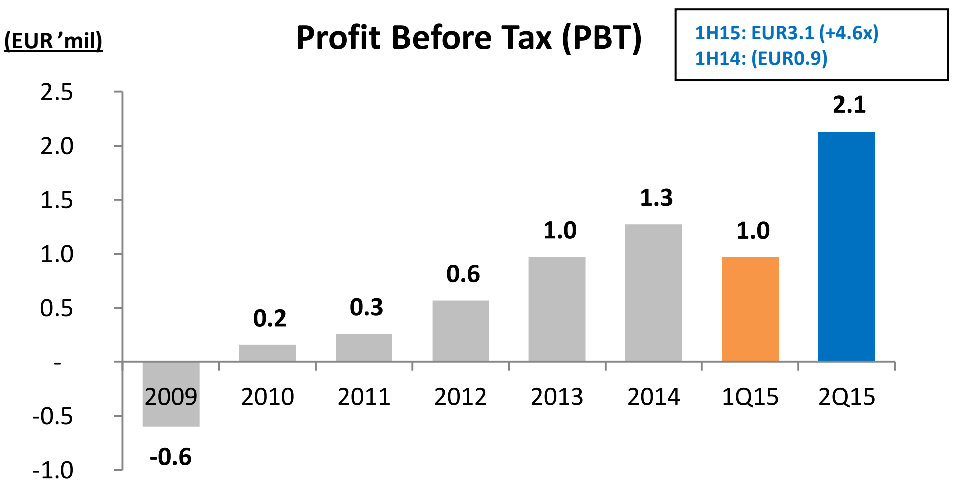


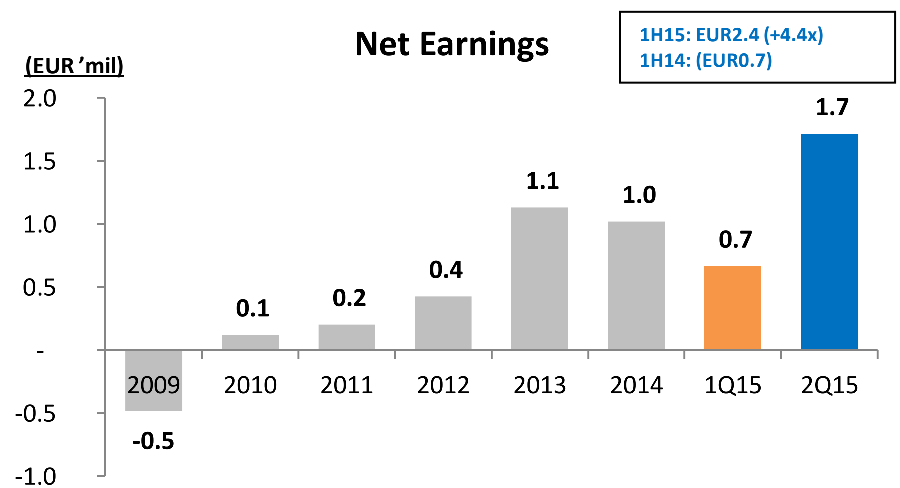
Trade Receivable	Cash & Funds	Property, plant and equipment	Intangible Assets	Trade Payables	Borrowings
+14.6%	**(-73.4%)**	**+20.7%**	**(-1.8%)**	**(-6.6%)**	**(-15.2%)**

LGM Financial Summary - Income Statement Highlights









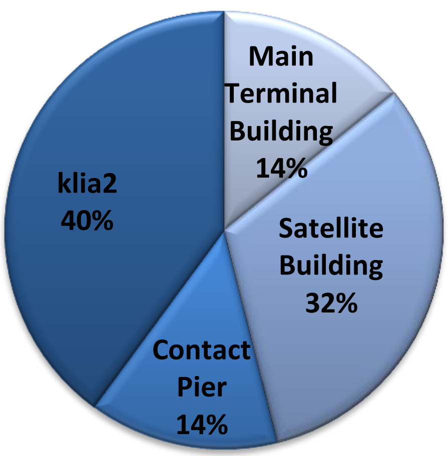
(a) Increase in revenue for LGM due to higher F&B sales as a result of in line with increase in ISG passenger numbers by 16.6%


COMMERCIAL REVENUE ANALYSIS

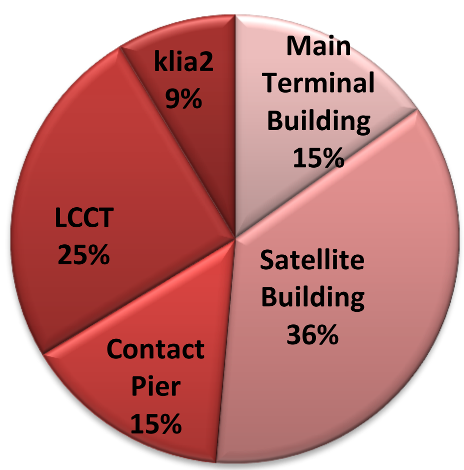
KLIA - Total Sales

Description	1H2015 Sales (RM'mil)	1H2015 No. of Pax ('mil)	1H2015 Sales per Pax (RM)	1H2014 Sales (RM'mil)	1H2014 No. of Pax ('mil)	1H2014 Sales per Pax (RM)	Sales Per Pax Variance (%)
Main Terminal Building	98.2			103.3			
Satellite Building	220.4			246.6			
Contact Pier	97.1			102.3			
Total KLIA (exc.LCCT/klia2)	415.7	11.7	35.43	452.2	12.7	35.48	▽ (0.1)
LCCT	-	-	-	170.4	8.0	21.23	△ 5.5
klia2	276.0	12.3	22.41	58.6	3.7	15.93	△ 40.7
Total KLIA	691.7	24.1	28.76	681.2	24.5	27.86	△ 3.2

Sales at KLIA 1H15



Sales at KLIA 1H14



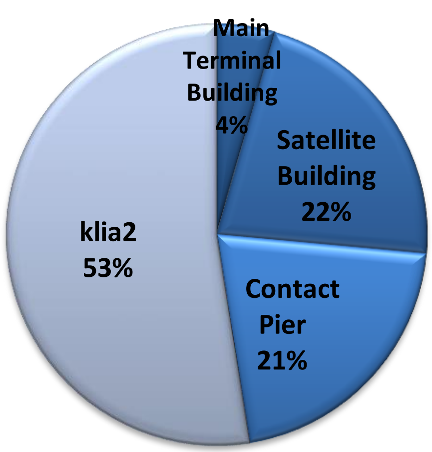
- Total sales at KLIA had reduced due to the reduction in China bound pax (who are notably higher spenders). Signs of improvement on the return of Chinese pax have been noted in 2Q15

- Higher sales per pax for klia2 as compared to LCCT due to availability of more offerings at klia2

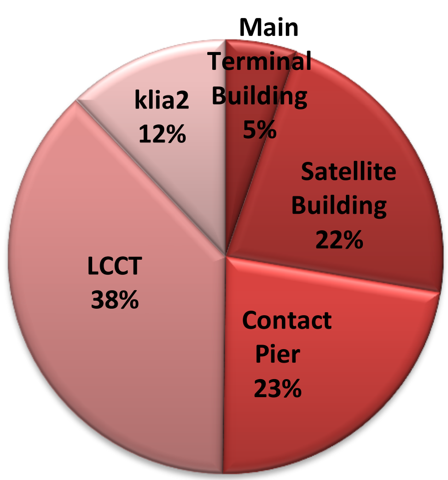
KLIA - ERAMAN Retail Revenue

Description	1H2015 Revenue (RM'mil)	1H2015 No. of Pax ('mil)	1H2015 Per Pax Revenue (RM)	1H2014 Revenue (RM'mil)	1H2014 No. of Pax ('mil)	1H2014 Per Pax Revenue (RM)	Revenue Per Pax Variance (%)
Main Terminal Building	12.3			13.8			
Satellite Building	60.3			58.4			
Contact Pier	57.7			58.9			
Total KLIA (exc.LCCT/klia2)	130.3	11.7	11.11	131.1	12.7	10.29	▲ 8.0
LCCT	-	-	-	98.4	8.0	12.26	▼ (4.6)
klia2	144.1	12.3	11.70	31.6	3.7	8.59	▲ 36.1
Total KLIA	274.4	24.1	11.41	261.1	24.5	10.68	▲ 6.8

Retail Revenue 1H15



Retail Revenue 1H14

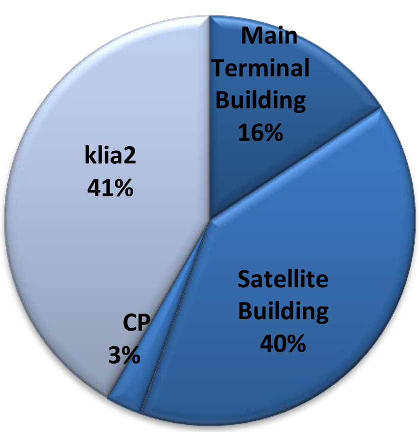


- There has been an aggressive marketing campaign from Eraman that had resulted in an improvement in sales per pax at KLIA
- Eraman commands about 52.2% of total sales per pax at klia2

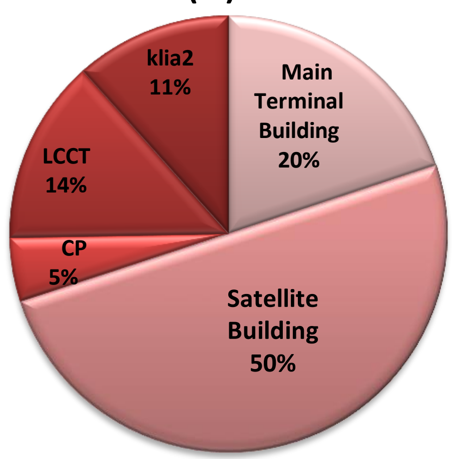
KLIA - Retail & F&B Rental

Location	1H2015						1H2014						Revenue Variance (%)
	No. of Lease out	Space (Sqm)	Rental Revenue (RM'mil) MGP	Rental Revenue (RM'mil) Royalty	Rental Revenue (RM'mil) Total Rental	Rental Revenue (RM'000) per Sqm	No. of Lease out	Space (Sqm)	Rental Revenue (RM'mil) MGP	Rental Revenue (RM'mil) Royalty	Rental Revenue (RM'mil) Total Rental	Rental Revenue (RM'000) per Sqm	
Main Terminal Building	38	4,804	18.0	3.0	21.0	4.4	41	5,000	17.4	4.0	21.4	4.3	
Satellite Building	65	7,762	46.7	6.5	53.3	6.9	69	8,037	45.1	8.8	53.9	6.7	
Contact Pier	11	3,407	2.0	1.8	3.8	1.1	10	2,864	1.9	3.1	5.1	1.8	
Total KLIA (exc.LCCT/klia2	114	15,973	66.8	11.3	78.1	4.9	120	15,901	64.4	16.0	80.4	5.1	▽ (2.9)
LCCT	-	-	-	0.0	0.0	-	40	4,774	10.3	4.4	14.7	3.1	▲ 279.0
klia2	96	14,316	51.2	4.6	55.8	3.9	104	15,701	12.2	0.3	12.5	0.8	▲ 347.2
Total KLIA	210	30,289	118.0	15.9	133.9	4.4	264	36,376	86.9	20.7	107.6	3.0	▲ 24.4

Total Rental (%) at KLIA 1H15



Total Rental (%) at KLIA 1H14



- Rental revenue per Sqm for KLIA had decreased due to pending awards for contracts with few tenants
- 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

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

ISG – Duty Free & Rental Analysis

ISG's Duty Free Analysis

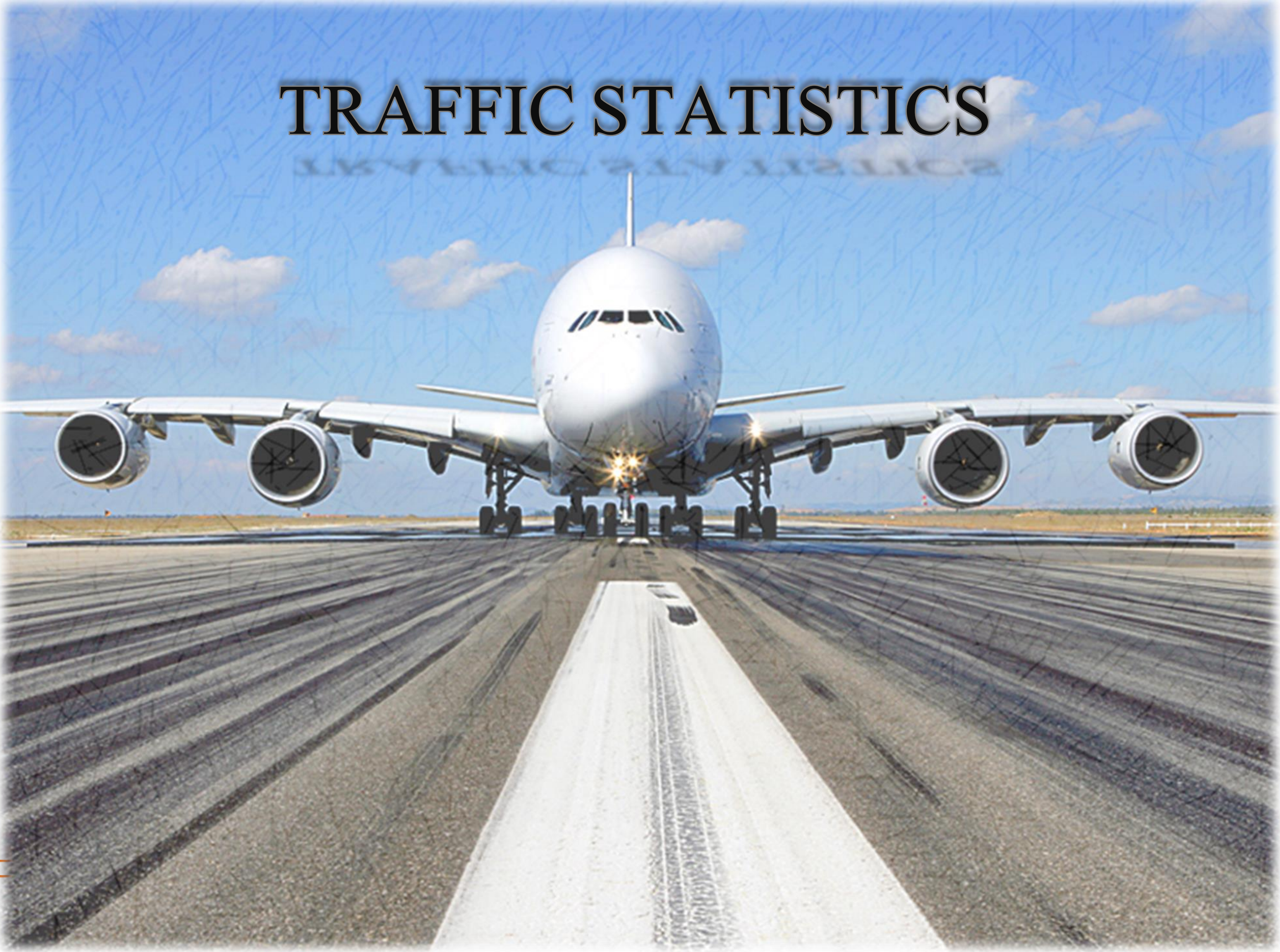
	Unit	1H 2015	1H2014
Total Duty Free Spending per pax	EUR/Pax	9.23	9.12
Guaranteed Spending per pax*	EUR/Pax	12.59	12.34

Description	1H 2015			1H 2014			Rental Variance (%)	Rental/Sqm Variance (%)
	Space (Sqm)	Rental (EUR'mil)	Rental/Sqm (EUR'000)	Space (Sqm)	Rental (EUR'mil)	Rental/Sqm (EUR'000)		
Setur Duty Free	5,050.0	22.5	4.5	5,050.0	19.6	3.9	▲ 14.8	▲ 14.8

ISG's Retail & F&B Rental Analysis

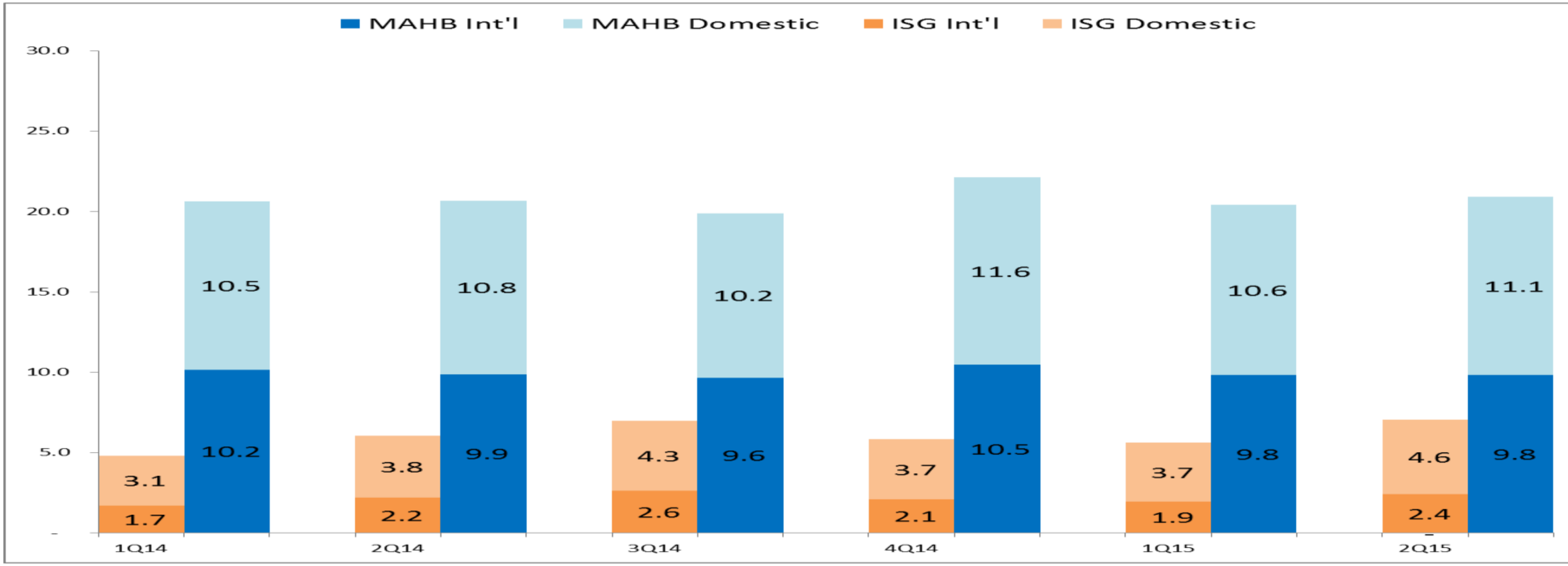
Description	1H 2015			1H 2014			Rental Variance (%)	Rental/Sqm Variance (%)
	Space (Sqm)	Total Rental (EUR'mil)	Rental/Sqm (EUR'000)	Space (Sqm)	Total Rental (EUR'mil)	Rental/Sqm (EUR'000)		
Food & Beverage	8,758.0	4.6	0.5	8,758.0	4.0	0.5	▲ 16.1	▲ 16.1
Retail	1,602.2	0.5	0.3	1,680.9	0.5	0.3	▲ 4.8	▲ 10.0
Total ISG	10,360.2	5.1	0.5	10,438.9	4.5	0.4	▲ 14.9	▲ 15.8

* 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

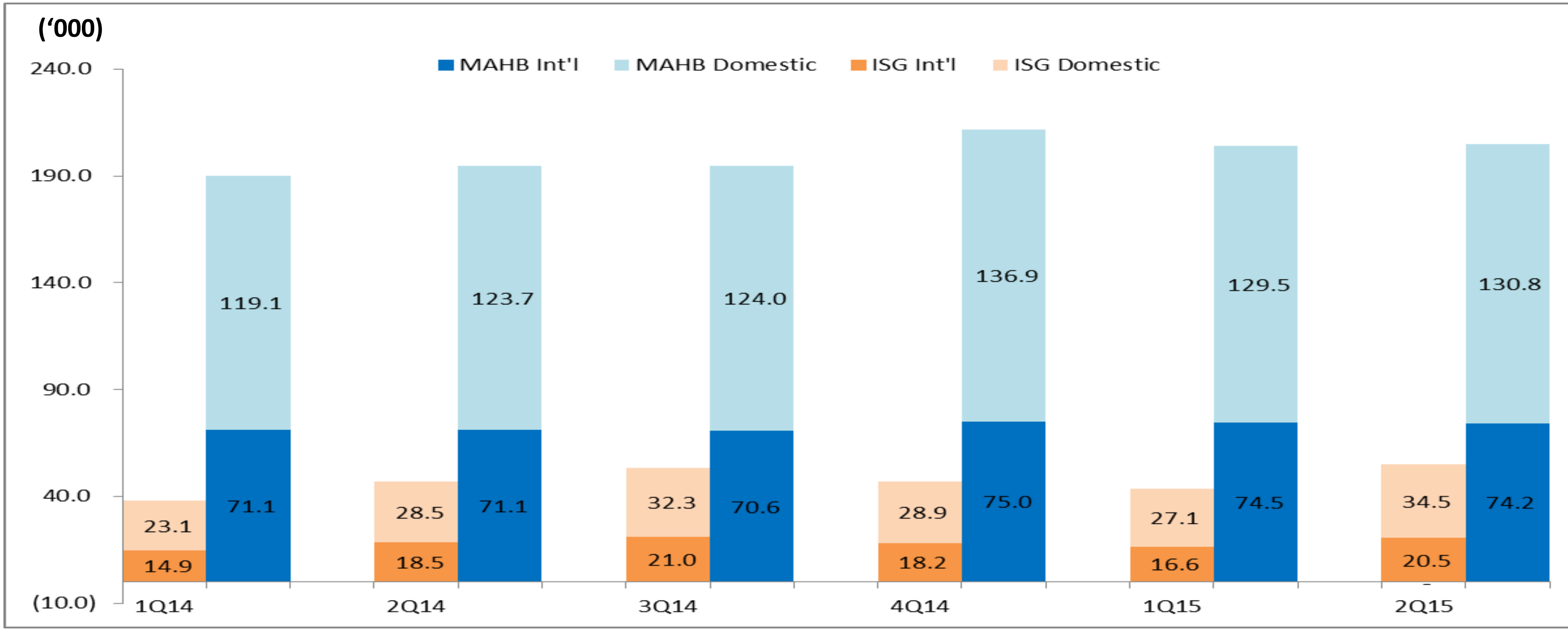
Pax Movement

('mil pax)



Description	MTB			LCCT/klia2			KLIA			Other Airports			MAHB			ISG			MAHB Group		
	1H15	1H14	Var %	1H15	1H14	Var %	1H15	1H14	Var %	1H15	1H14	Var %	1H15	1H14	Var %	1H15	1H14	Var %	1H15	1H14	Var %
International	9.1	9.7	(5.8)	8.0	7.6	4.6	17.1	17.3	(1.2)	2.5	2.7	(6.2)	19.6	20.0	(1.9)	4.4	3.9	11.8	24.0	23.9	0.3
Domestic	2.6	3.1	(14.6)	4.3	4.1	6.4	6.9	7.1	(2.7)	14.8	14.2	4.0	21.7	21.3	1.8	8.3	7.0	19.3	30.0	28.3	6.1
Total	11.7	12.7	(8.0)	12.3	11.7	5.2	24.1	24.5	(1.6)	17.3	16.9	2.4	41.3	41.3	0.0	12.6	10.8	16.6	54.0	52.2	3.5

Aircraft Movement



Description	MTB			LCCT/klia2			KLIA			Other Airports			MAHB			ISG			MAHB Group		
	1H15	1H14	Var %	1H15	1H14	Var %	1H15	1H14	Var %	1H15	1H14	Var %	1H15	1H14	Var %	1H15	1H14	Var %	1H15	1H14	Var %
International	63.4	63.2	▲ 0.3	56.2	48.7	▲ 15.5	119.5	111.8	▲ 6.9	29.1	30.4	▼ (4.2)	148.7	142.3	▲ 4.5	34.4	30.8	▲ 11.9	183.1	173.0	▲ 5.8
Domestic	25.5	26.7	▼ (4.6)	31.8	29.1	▲ 9.1	57.3	55.8	▲ 2.6	203.2	187.0	▲ 8.7	260.5	242.8	▲ 7.3	58.1	48.3	▲ 20.3	318.6	291.1	▲ 9.4
Total	88.8	89.9	▼ (1.2)	88.0	77.8	▲ 13.1	176.8	167.7	▲ 5.4	232.4	217.4	▲ 6.9	409.2	385.1	▲ 6.3	92.6	79.1	▲ 17.0	501.7	464.2	▲ 8.1


FY 15 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 ANA** and continued initiatives by the Government including **2015 Year of Festivals**

**Without construction profit*

THANK YOU

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