ANALYST BRIEFING

FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH SEPTEMBER 2015

27th October 2015

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9M15 Overview

FY15 Outlook

Group Financial Review

Traffic Statistics

Commercial Revenue Analysis

ISG & LGM Financial Performance

9M15 OVERVIEW

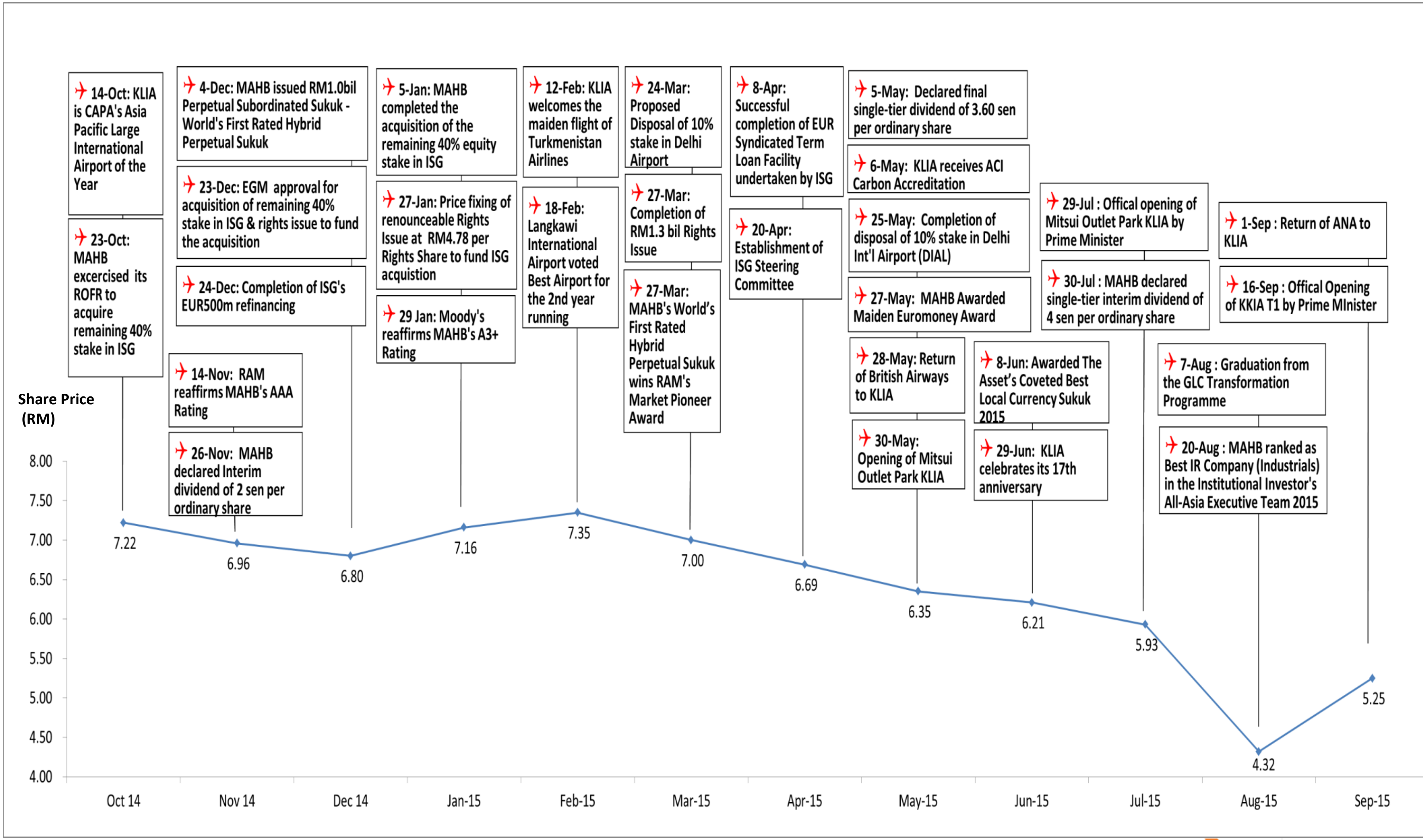
2015 Headline KPI

Key Performance Indicators (KPIs)	Actual 2014	Target 2015	Actual 9M15
Profitability (EBITDA)	RM861.4 mil*	RM1,522.4 mil	RM1,291.6 mil (84.8%)
MAHB	RM861.4 mil*	RM880.2 mil	RM770.2 mil (87.5%)
ISG & LGM	N/A	RM642.2 mil	RM521.4 mil (81.2%)
Airport Service Quality (ASQ)	> 40 mppa: KLIA Ranking Top 7	> 40 mppa: KLIA Ranking Top 5	> 40 mppa: KLIA Ranking Top 8**

* *Figures are without IC12 : Construction Revenue and Profit*

***ASQ Official Results dated 17th October 2015 for 9M15*

Significant Events



9M15 Overview: Global Aviation Industry

Overview

- Continued strong growth for domestic and international traffic
- YTD growth of 6.6% compared to 2014
- Global passenger traffic demand ↑
- All regions bar Africa experienced positive traffic growth

Overall YTD growth %

- August (Int'l) y-o-y:
  - Overall, 6.7%
  - Middle East, 13.1%
  - Asia Pacific, 8.1%
  - Latin America, 6.7%
  - Europe, 5.2%
  - North America, 3.1%
  - Africa, -0.9%

Drivers

- Industry load factors increased for the second consecutive month in August
- Although the global economic outlook is decidedly mixed, demand for aviation connectivity remains strong
- Continued low oil prices is expected to sustain growth and demand for passenger travel in 2015

Source: IATA: Strong Demand Momentum Maintained in August dated 1st October 2015

9M15 Overview: MAHB AIRPORT SYSTEM

Overview

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

Growth%

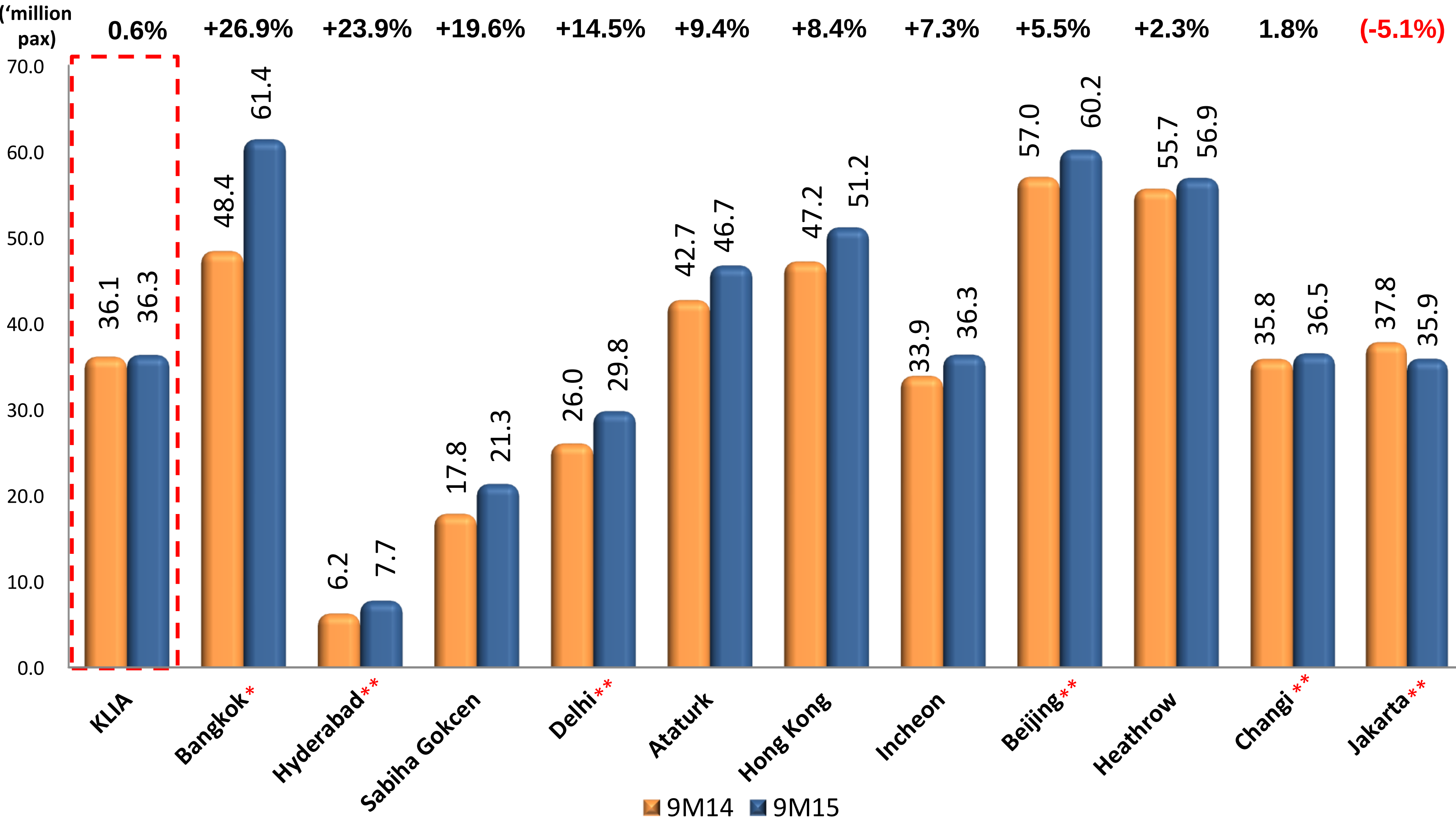
- Pax growth 5.9% (Domestic, 8.7% & Int'l, 2.5%)
- Malaysia 1.9% (Domestic, 3.5% & Int'l, 0.2%)
  - KLIA, 0.6%
    - MTB, -7.3%
    - LCCT/klia2*, 8.9%
- ISG 19.6% (Domestic, 23.3% & Int'l, 13.0%)

Drivers

- Overall traffic in Malaysia supported by summer and Raya holidays
- China and Middle East sectors continued to register strong positive growth
- Going forward the positive impact from lower ringgit on inbound travelers will be seen
- ISG traffic performance remains buoyant

**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



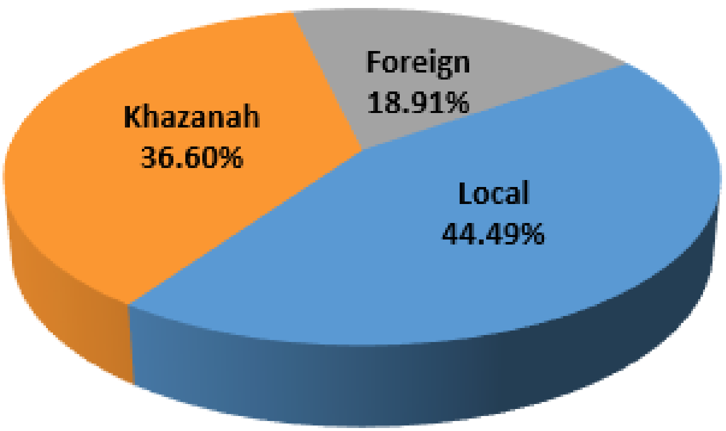
Sabiha Gokcen's pax movement market share in Istanbul has increased from 29.4% to 31.3% year-on-year

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

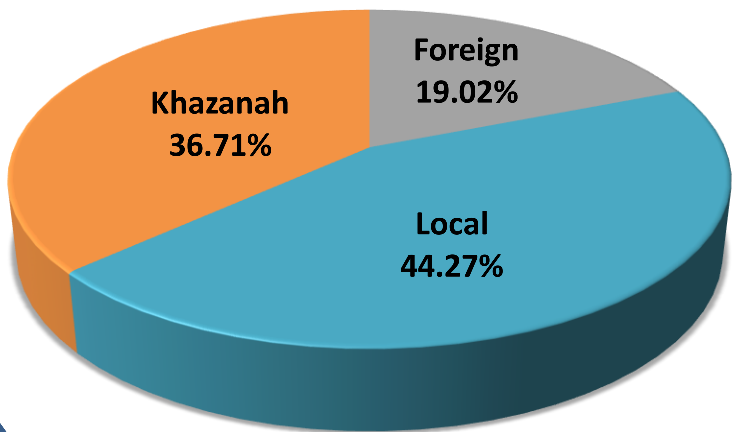
***Based on YTD August results*

Shareholding Analysis

As at 31/12/14



As at 30/09/15



- 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 9M15

REVENUE

	Malaysia		Turkey
Airport Operations	RM1,965.6mil	▲6.7%	RM674.3mil
Non-Airport Operations	RM185.1mil	▲45.8%	RM9.0mil

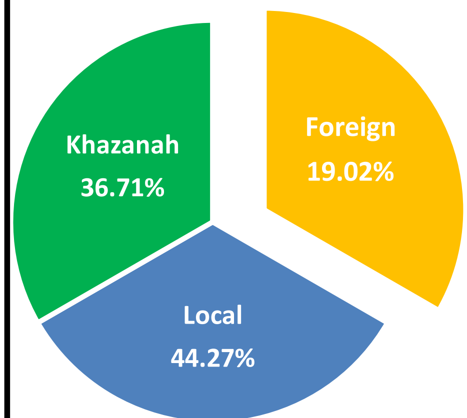
ISG PBT

1Q15	2Q15	3Q15
(-RM29.9mil)	RM9.5mil	RM30.9 mil

excluding net fair value amortisation

PASSENGERS / AIRCRAFTS

	PASSENGERS	AIRCRAFTS
Malaysia	62.4 million ▲1.9%	613,321 ▲5.8%
Turkey	21.3 million ▲19.6%	153,839 ▲19.4%



SHAREHOLDINGS ANALYSIS

Foreign Shareholdings

▲ 0.11ppt

REVENUE

RM2,834.1mil ▲ 43.9%

RM2,150.7mil ▲ 9.2%

RM683.4mil

EBITDA

RM1,291.6mil ▲ 108.3%

RM770.2 mil ▲ 24.2%

RM521.4mil

SIGNIFICANT EVENTS IN 3Q15

- Official opening of Mitsui Outlet Park KLIA
- Graduation from GLC Transformation Programme
- ANA returns to KLIA
- Official opening of KKIA T1

Group Performance (excluding IC12)

Malaysia Operations Performance (excluding IC12)

Turkey Operations Performance (comprising of ISG & LGM)

GROUP FINANCIAL REVIEW

9M15 Results

MALAYSIA AIRPORTS

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2015 RM'000	Preceding Year Corresponding Quarter 30.09.2014 RM'000	Current Year to Date 30.09.2015 RM'000	Preceding Year Corresponding Period 30.09.2014 RM'000
Revenue	1,017,926	675,760	2,834,065	2,632,388
Cost of inventories sold	(91,241)	(74,958)	(266,103)	(234,080)
Other income	24,960	46,447	276,978	112,544
Employee benefits expense	(192,235)	(168,314)	(580,966)	(473,312)
Construction costs	-	-	-	(633,880)
Depreciation and amortisation	(220,847)	(137,027)	(633,528)	(337,547)
Other expenses	(291,853)	(278,638)	(972,384)	(755,180)
Operating profits	246,710	63,270	658,062	310,933
Finance costs	(192,293)	(54,491)	(564,308)	(98,600)
Impairment of investment	-	-	-	(9,011)
Share of results:				
- associates	(168)	1,387	(1,969)	1,646
- jointly controlled entities	4,532	445	7,967	(53,109)
Profit before tax and zakat	58,781	10,611	99,752	151,859
Taxation and zakat	9,706	(8,979)	(19,380)	(66,190)
Profit for the period, net of tax and zakat	68,487	1,632	80,372	85,669
Discontinued Operation				
Loss from discontinued operation, net of tax	-	(54)	-	(54)
Profit for the period, net of tax and zakat	68,487	1,579	80,372	85,615
Attributable to:				
Owners of the parent	68,502	1,605	80,741	85,641
Non-controlling interests	(15)	(26)	(369)	(26)
	68,487	1,579	80,372	85,615
Earnings per share attributable to owners of the parent (sen):				
Basic for profit from continuing operations	1.63	0.12	2.38	6.41
Basic for loss from discontinued operation	-	-	-	-
Basic for profit for the period	1.63	0.12	2.38	6.41

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 Malaysia Operations (RM' million)
1Q14	59.3
2Q14	102.3
3Q14	120.9
4Q14	122.9
1Q15	120.0
2Q15	121.7
3Q15	121.9

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)	3Q15	3Q14	Var (%)	9M15	9M14	Var (%)	Cumulative since inception to YTD15	Cumulative since inception to YTD14
Construction Revenue	-	-	-	-	662.4	(100.0)	5,171.8	5,171.8
Construction Costs	-	-	-	-	(633.9)	(100.0)	4,940.7	4,940.7
Construction Profit	**-**	**-**	**-**	**-**	**28.5**	**(100.0)**	**231.0**	**231.0**

Group 3Q15 Results (vs 3Q14)

Description (RM'mil)	3Q15 * MAHB	3Q15 * ISG & LGM	3Q15 * MAHB Group Total	3Q14 MAHB (With IC12)	3Q14 IC 12	3Q14 MAHB Group Total (Without IC 12)	Without IC12 Var % (MAHB Only)	Without IC12 Var % (MAHB Group)
Revenue	735.1	282.8	1,017.9	675.8	-	675.8	▲ 8.8	▲ 50.6
EBITDA	236.7	230.8	467.6	200.3	-	200.3	▲ 18.2	▲ 133.4
Depreciation & Amortisation	(121.9)	(98.9)	(220.8)	(137.0)	-	(137.0)	▼ (11.0)	▲ 61.2
Finance Cost	(46.9)	(145.4)	(192.3)	(54.5)	-	(54.5)	▼ (14.0)	▲ 252.9
PBT	72.3	(13.5)	58.8	10.6	-	10.6	▲ 581.6	▲ 453.9
Taxation	4.1	5.6	9.7	(9.0)	-	(9.0)	▲ 145.8	▲ 208.1
Net Earnings	76.4	(7.9)	68.5	1.6	-	1.6	▲ 4582.3	▲ 4095.4
EBITDA Margin (%)	32.2%	81.6%	45.9%	29.6%		29.6%	▲ 2.6 ppt	▲ 16.3 ppt
PBT Margin (%)	9.8%	-4.8%	5.8%	1.6%		1.6%	▲ 8.3 ppt	▲ 4.2 ppt

**Figures are without IC12 construction revenue and profit*

Exchange rate used in profit and loss for 3Q15 : RM4.62/EUR

Group 3Q15 Results (vs 3Q14)

Revenue grew by 50.6%*

- Airport operations : RM950.5mil (+52.0%)
    - Aeronautical : RM510.2mil (+52.0%) was mainly due to ISG's aeronautical revenue of RM152.5mil, write back of airlines incentives of RM14.5mil for 2014 recognised in 3Q15 as well as higher passenger movements leading to higher PSC by RM10.9mil
    - Non-Aeronautical : RM440.3mil (+52.0%) arising from ISG & LGM's non-aeronautical revenue of RM126.9mil and higher retail revenue by RM26.9mil. This was however negated by lower rental revenue by RM3.2mil
- Non-airport operations : RM67.4mil (+33.7%)
    - Projects and repair & maintenance : RM36.7mil (+57.1%)
    - Hotel : RM21.7mil (+27.1%) mainly from LGM
    - Agriculture & horticulture : RM9.0mil (-9.6%)

**Figures are without IC12 construction revenue and profit*

Group 3Q15 Results (vs 3Q14)

PBT increased by 4.5x*

- The increase was due largely due to the following items:
  - Higher revenue from Malaysian operations by 8.8% or RM59.4mil
  - Lower total operating costs including lower user fees of RM7.9mil and write back of provision for doubtful debts amounting to RM34.9mil
  - Lower MAHB finance costs as well as depreciation and amortisation costs by 14.0% and 11.0% or RM7.6mil and RM15.1mil respectively

- However, the increase was offset against ISG & LGM's PBT, where for the current quarter, ISG & LGM recorded a PBT of RM38.1mil, however, owing to the fair valuation exercise on the acquisition, a loss of RM51.7 mil was recognised primarily due to the amortisation of fair value of the concession rights

**Figures are without IC12 construction revenue and profit*

Group 3Q15 Results (vs 2Q15)

Description (RM'mil)	3Q15* MAHB	3Q15* ISG & LGM	3Q15* MAHB Group Total	2Q15 * MAHB	2Q15 * ISG & LGM	2Q15 * MAHB Group Total	Var % (MAHB Only)	Var % (ISG & LGM Only)	Var % (MAHB Group)
Revenue	735.1	282.8	1,017.9	**721.0**	**218.9**	**940.0**	▲ **2.0**	▲ **29.2**	▲ **8.3**
EBITDA	236.7	230.8	467.6	**256.1**	**164.7**	**420.8**	▼ **(7.6)**	▲ **40.2**	▲ **11.1**
Depreciation & Amortisation	(121.9)	(98.9)	(220.8)	(121.7)	(85.7)	(207.4)	▲ 0.2	▲ 15.4	▲ 6.5
Finance Cost	(46.9)	(145.4)	(192.3)	(105.6)	(106.5)	(212.1)	▼ (55.6)	▲ 36.6	▼ (9.3)
PBT	72.3	(13.5)	58.8	**29.2**	**(27.6)**	**1.7**	▲ **147.3**	▲ **50.9**	▲ **3,405.1**
Taxation	4.1	5.6	9.7	(23.1)	1.4	(21.8)	▲ 117.8	▲ 312.6	▲ 144.5
Net Earnings	76.4	(7.9)	68.5	**6.1**	**(26.2)**	**(20.1)**	▲ **1152.8**	▲ **69.7**	▲ **440.6**
EBITDA Margin (%)	32.2%	81.6%	45.9%	35.5%	75.2%	44.8%	▼ (3.3) ppt	▲ 6.4 ppt	▲ 1.2 ppt
PBT Margin (%)	9.8%	-4.8%	5.8%	4.1%	-12.6%	0.2%	▲ 5.8 ppt	▲ 7.8 ppt	▲ 5.6 ppt

**Figures are without IC12 construction revenue and profit*

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

Exchange rate used in profit and loss for 3Q15: RM4.62/EUR

Group 3Q15 Results (vs 2Q15)

Revenue grew by 8.3%*

- Airport operations : RM950.5mil (+9.5%)
  - Aeronautical : RM510.2mil (+11.2%) was mainly due to higher ISG revenue by 38.0% or RM42.0mil in line with the increase in passenger movements and write back of 2014 airlines incentives of RM14.5mil recognised in 3Q15
  - Non-Aeronautical : RM440.3mil (+7.5%) arising from ISG & LGM's contribution of non-aeronautical revenue which rose by 20.1% or RM21.2mil due to higher commercial income from rental and duty free. Rental and retail income in Malaysia also contributed to the increase in non-aeronautical revenue by RM3.6mil and RM6.1mil respectively
- Non-airport operations : RM67.4mil (-5.9%)
  - Projects and repair & maintenance : RM36.7mil (-19.1%)
  - Hotel : RM21.7mil (+23.2%)
  - Agriculture & horticulture : RM9.0mil (+4.0%)

**Figures are without IC12 construction revenue and profit*

Group 3Q15 Results (vs 2Q15)

PBT up 34.1x*

- The increase in PBT is attributed to :
  - Lower operating costs in Malaysia: RM343.1mil (-19.5%) primarily due to write back of provision for doubtful debts of RM55.2mil, lower staff costs and user fees by 12.7% or RM20.6mil and 18.4% and RM13.4mil respectively
  - Lower finance costs for Malaysian operations by 55.6% arising from the redemption of debenture for DIAL at a premium amounting to RM59.2mil in 2Q15
  - Lower current period loss before tax position for ISG & LGM of RM13.6mil against RM27.6mil in the preceding quarter

- However, the increase in PBT was mitigated by the gain on disposal of DIAL of RM81.2mil in 2Q15

**Figures are without IC12 construction revenue and profit*

Group 9M15 Results (vs 9M14)

Description (RM'mil)	9M15*			9M14			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	2,150.7	683.4	2,834.1	2,632.4	(662.4)	1,970.0	▲ 9.2	▲ 43.9
EBITDA	770.2	521.4	1,291.6	648.5	(28.5)	620.0	▲ 24.2	▲ 108.3
Depreciation & Amortisation	(363.6)	(269.9)	(633.5)	(337.5)	-	(337.5)	▲ 7.7	▲ 87.7
Finance Cost	(201.0)	(363.3)	(564.3)	(98.6)	-	(98.6)	▲ 103.9	▲ 472.3
PBT	211.5	(111.8)	99.8	151.9	(28.5)	123.3	▲ 71.5	▼ (19.1)
Taxation	(32.9)	13.5	(19.4)	(66.2)	-	(66.2)	▼ (50.3)	▼ (70.7)
Net Earnings	178.6	(98.3)	80.4	85.7	(28.5)	57.1	▲ 212.9	▲ 40.8
EBITDA Margin (%)	35.8%	76.3%	45.6%	24.6%		31.5%	▲ 4.3 ppt	▲ 14.1 ppt
PBT Margin (%)	9.8%	-16.4%	3.5%	5.8%		6.3%	▲ 3.6 ppt	▼ (2.7) ppt
Gearing (%)			67.7%			81.6%		▼ (13.9) ppt
Net Asset per Share			5.37			4.05		▲ 32.6

**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
Exchange rate used in profit and loss for 3Q15: RM4.62/EUR

Group 9M15 Results (vs 9M14)

Revenue grew by 43.9%*

- Airport operations : RM2,639.9mil (+43.2%)
  - Aeronautical : RM1,390.6mil (+40.2%) was mainly due to ISG's aeronautical revenue of RM351.9mil, lower airlines incentives by 34.8% or RM25.4mil and higher aircraft and passenger movements leading to increase in landing and PSC revenue by RM9.8mil (3.7%) and RM6.7mil (1.2%)
  - Non-Aeronautical : RM1,249.3mil (+46.8%) arising from ISG & LGM's non-aeronautical revenue of RM322.5mil, as well as higher retail and rental revenue of RM39.9mil (+9.1%) and RM35.8mil (8.7%) respectively
- Non-airport operations : RM194.1mil (+52.9%)
  - Projects and repair & maintenance : RM109.3mil (+128.8%)
  - Hotel : RM61.2mil (+13.1%) mainly from LGM
  - Agriculture & horticulture : RM23.6mil (-5.9%)

**Figures are without IC12 construction revenue and profit*

Group 9M15 Results (vs 9M14)

PBT decreased by 19.1%*

- The decrease is attributed to:
  - Owing to the fair valuation exercise on the acquisition of ISG & LGM, a loss of RM142.4 million loss was recognised primarily due to the amortisation of fair value for concession rights. Prior to the loss being recognised, ISG & LGM recorded a PBT of RM30.6mil
  - Higher finance costs for Malaysian operations by RM102.4mil or 103.9% 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)
  - Higher operating costs for MAHB: RM1,148.8mil (+8.4%) primarily due to higher staff costs : RM434.2mil (+10.8%) arising from salary increment, higher headcount and average salary
- However, the decrease was cushioned by the realised forex gain of RM63.5mil (+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 RM53.1mil 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

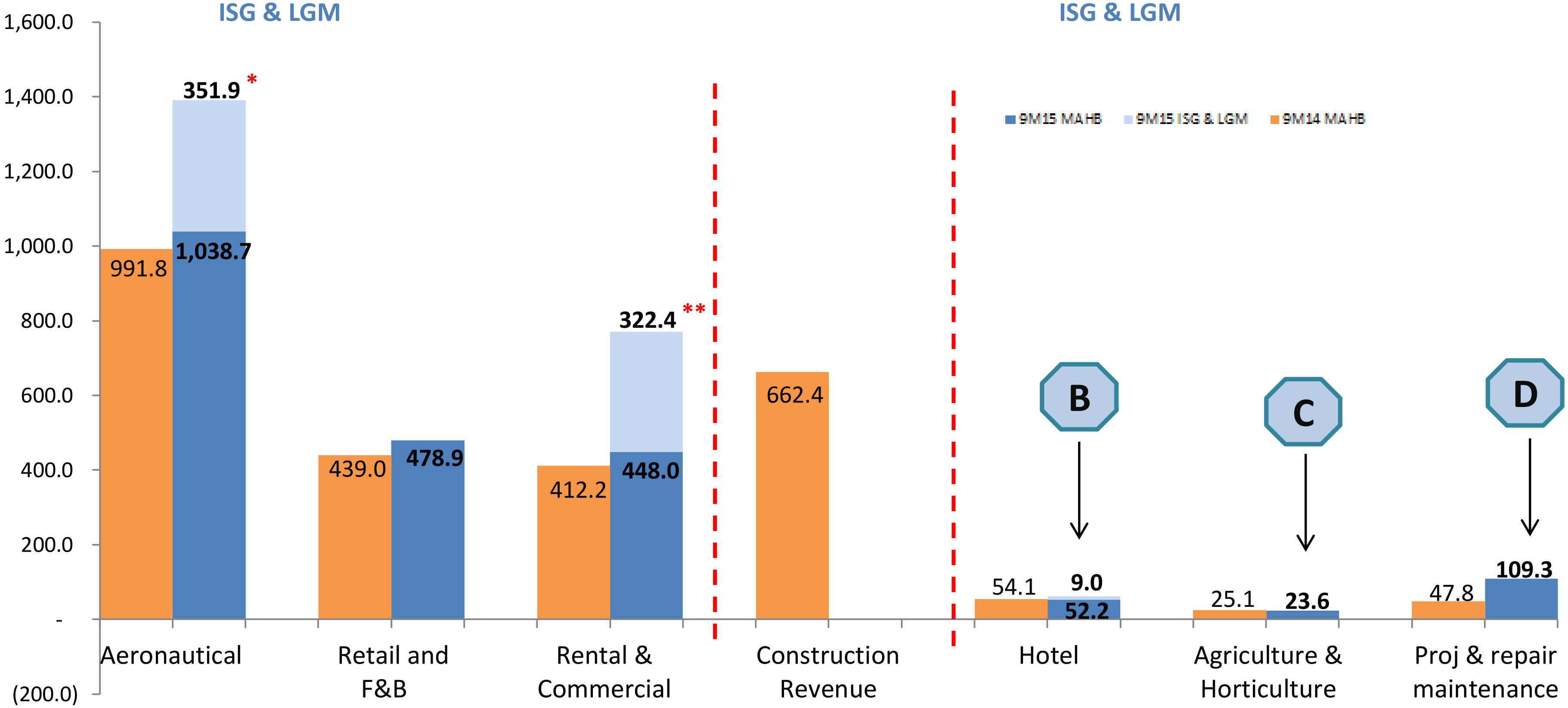
(RM 'mil)

Airport Operations (RM 'mil)
9M2015: RM2,639.9(+43.2%)
9M2014: RM1,843.0
9M2015: RM1,965.6(+6.7%) excluding ISG & LGM

A

Construction Revenue (RM 'mil)

Non-Airport Operations (RM 'mil)
9M2015: RM194.1(+52.9%)
9M2014: RM127.0
9M2015: RM185.1(+45.8%) excluding ISG & LGM



	Aeronautical	Retail and F&B	Rental & Commercial	Construction Revenue	Hotel	Agriculture & Horticulture	Proj & repair maintenance
Excluding ISG & LGM	+4.7%	+9.1%	+8.7%	(-100.0%)	(-3.6%)	(-5.9%)	+1.3x
Including ISG & LGM	+40.2%	+9.1%	+86.9%	(-100.0%)	+13.1%	(-5.9%)	+1.3x

**Included in ISG and LGM's aeronautical revenue is ISG's jet fuel farm rental income (RM33.9mil)*

***Included in ISG & LGM's rental and commercial revenue is revenue generated from ISG's duty free business with Setur (RM166.4ml)*

Group Explanatory Notes

A **Airport Operations**

Excluding IC12 effects, the Group's airport operations grew by 43.2% primarily due to ISG operations (RM674.3mil). MAHB's airport operations in Malaysia grew 6.7% 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 (9M15: 68.0%; 9M14: 76.0%)

Higher average room rate (9M15: RM379.26; 9M14: RM366.11)

C **Agriculture & Horticulture**

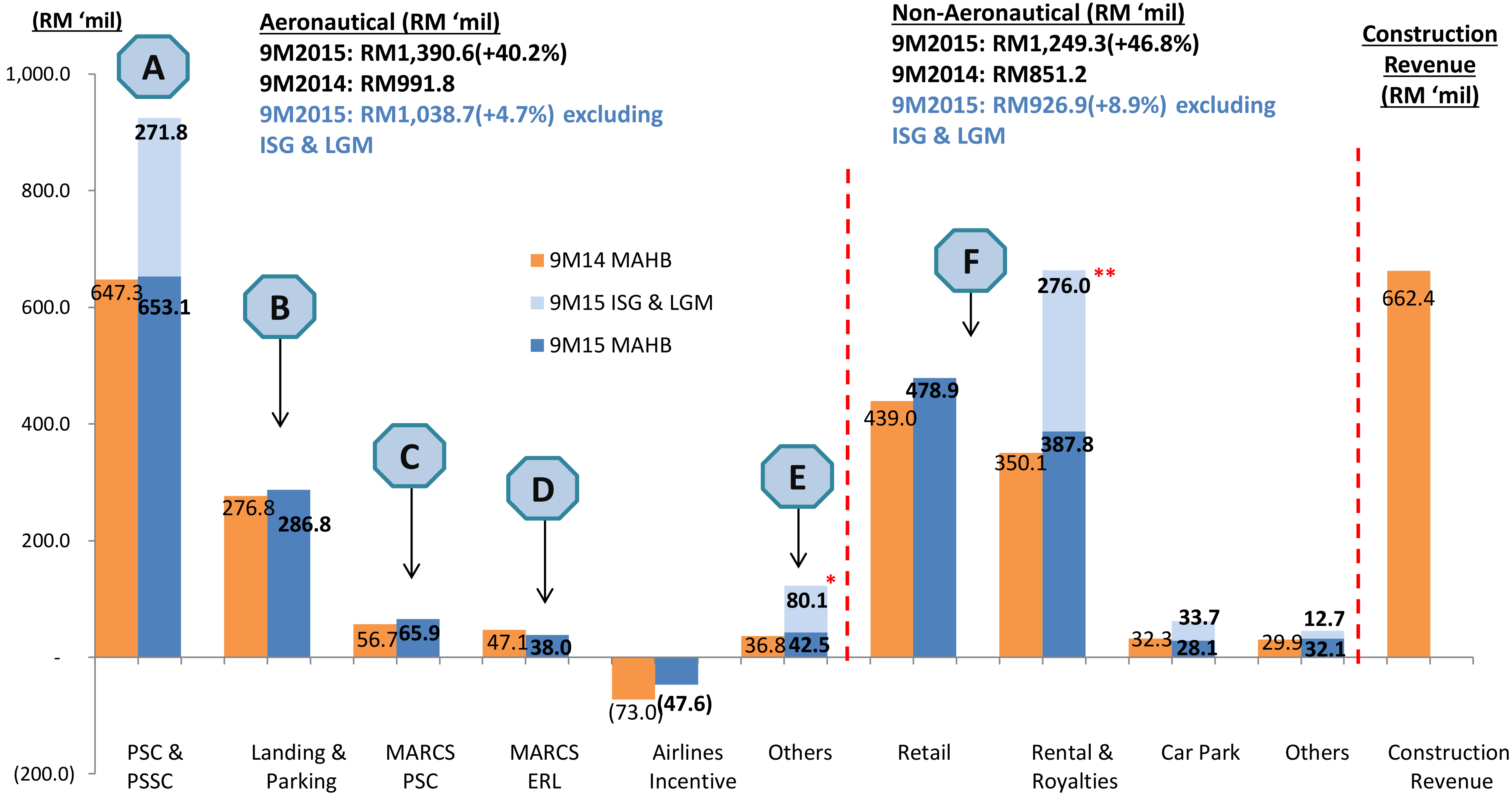
Revenue from the segment decreased due to lower price attained for FFB per tonne despite the higher output

(9M15: RM444.46/53,147MT; 9M14: RM516.89/49,397MT)

D **Projects and Repair & Maintenance**

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

Group Revenue Analysis: Airport Operations



	PSC & PSSC	Landing & Parking	MARCS PSC	MARCS ERL	Airlines Incentive	Others	Retail	Rental & Royalties	Car Park	Others	Construction Revenue
Excluding ISG & LGM	+0.9%	+3.6%	+16.1%	(-19.4%)	(-34.8%)	+15.3%	+9.1%	+10.8%	(-12.9%)	+7.4%	(-100.0%)
Including ISG & LGM	+42.9%	+3.6%	+16.1%	(-19.4%)	(-34.8%)	+2.3x	+9.1%	+89.6%	+91.6%	+50.1%	(-100.0%)

Included in ISG and LGM's other aeronautical revenue is ISG's jet fuel farm rental income (RM33.9mil)

***Included in ISG & LGM's rental and royalties revenue is revenue generated from the ISG's duty free business with Setur (RM166.4mil)*

Group Explanatory Notes

A

PSC and PSSC

The increase in PSC and PSSC is inline with the 1.9% increase in pax movements

B

Landing & Parking

Higher landing & parking revenue in Malaysia is in line with the 5.8% 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

MARCS ERL

MARCS ERL was recognised for payment remitted to ERL upon collection of PSC from the airlines

E

Aeronautical Others

Included in others is revenue from ISG's rental of fuel farm of RM33.9mil. ISG changed its business from fuel supply services to rental of its fuel farm in September 2014

F

Retail, Rental & Royalties

The increase is due to the increase in retail, rental and royalty revenue from KLIA and LCCT/klia2, particularly due to the larger commercial space at klia2 as well as revenue generated from ISG's duty free business with Setur of RM166.4mil

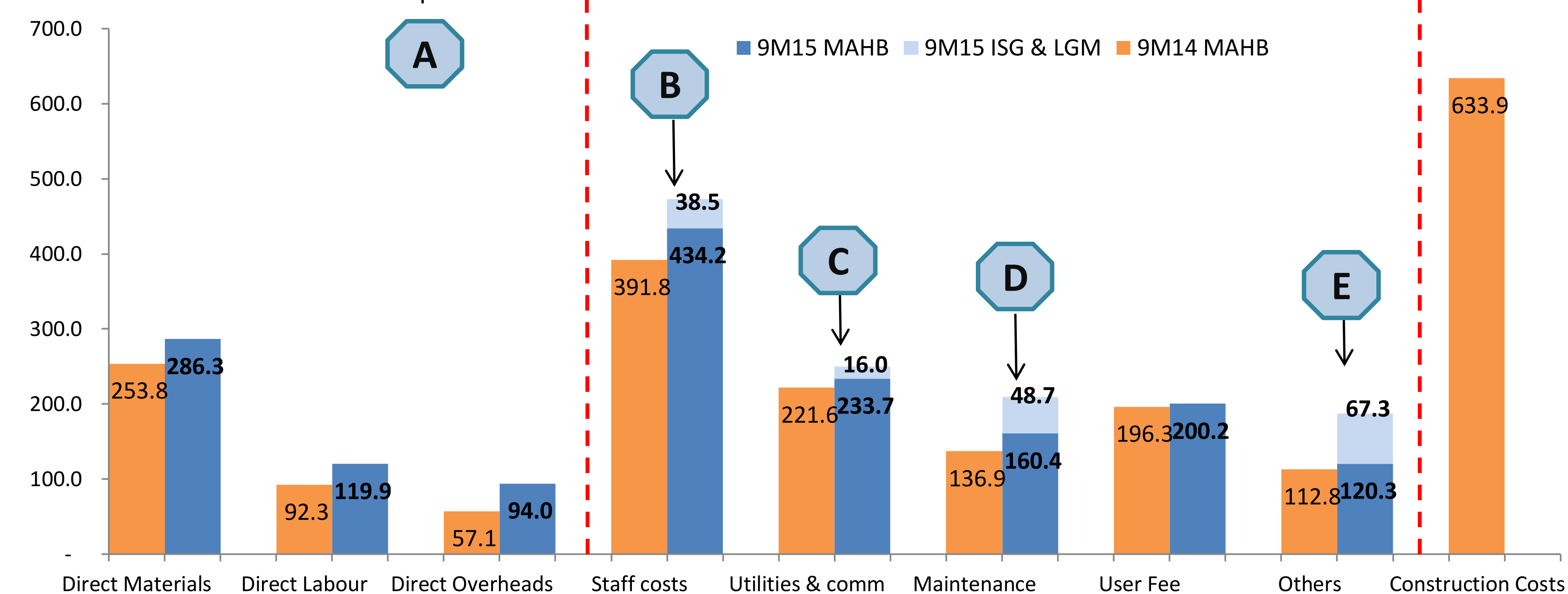
Group Operating Cost Analysis

(RM 'mil)

Direct Costs (RM 'mil)
9M2015: RM500.2(+24.1%)
9M2014: RM403.2

Operating Costs (RM 'mil)
9M2015: RM1,319.2(+24.5%)
9M2014: RM1,059.4
9M2015: RM1,148.8(+8.4%) 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	+12.8%	+29.9%	+64.6%	+10.8%	+5.4%	+17.2%	+2.0%	+6.7%	(-100.0%)
Including ISG & LGM	+12.8%	+29.9%	+64.6%	+20.7%	+12.7%	+52.8%	+2.0%	+66.3%	(-100.0%)

Group Explanatory Notes

A **Direct Costs**

24.1% 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 (9M15: RM 3,259; 9M14: RM3,129)
3) Higher number of klia2 staff (RM17.2mil, total number of employment for klia2 as Sept 2015 is 1,513)
4) Higher provision for bonus by RM9.3mil

C **Utilities Expenses**

Increase is due to higher consumption at MAHB airports in Malaysia mainly due to :

1) Chilled Water – ↑RM15.6mil or 25.6% (klia2's consumption: ↑ ~RM13.5mil)
2) Electricity at klia2 ↑~RM9.1mil due to larger space

However this was mitigated by cost saving initiatives at KLIA and other airports by RM10.7mil. Out of the total utilities expenses of RM233.7mil, RM61.4mil is recouped from tenants and recognised as part of other income

D **Maintenance**

Increase of RM23.6mil (+17.2%)in Malaysia is primarily due to larger terminal space to be maintained at klia2 (total ~RM29.2mil)

Group Explanatory Notes

E **Others**

Excluding ISG & LGM, the 6.7% increase in other costs is largely attributed to leasing of equipment at klia2 by RM12.8mil (such as baggage and passenger security system, trolleys), mitigated against the net write back of provision for doubtful debts by RM11.0mil

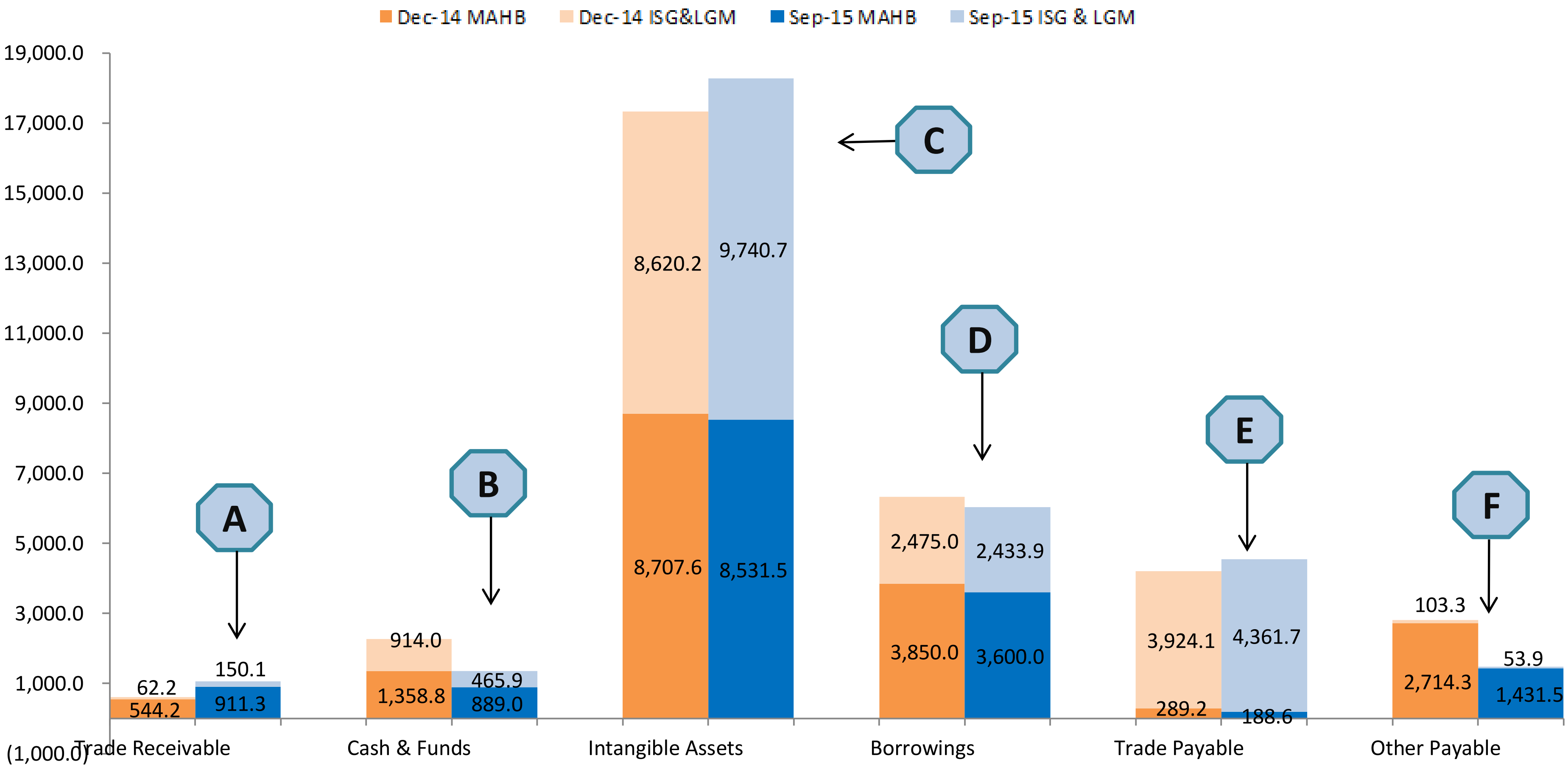
F **Finance costs**

The rise in finance costs is due to:

- Interest on borrowings of RM141.8mil 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	+67.5%	(-34.6%)	(-2.0%)	(-6.5%)	(-34.8%)	(-47.3%)
Including ISG & LGM	+75.0%	(-40.4%)	+5.5%	(-4.6%)	+8.0%	(-47.3%)

Exchange rate used in balance sheet for 9M15: RM4.94/EUR
Exchange rate used in balance sheet for FY14: RM4.25/EUR

Group Explanatory Notes

A <u>**Trade Receivable**</u>

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

B <u>**Cash and Funds**</u>

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 EUR80.0mil respectively

C <u>**Intangible Assets**</u>

Increase for ISG was due to the impact of forex translation from RM4.25/EUR on 31 December 2014 to RM4.94/EUR as at 30 September 2015. Cushioning the increase were amortisation charges of RM266.8mil for the concession rights and assets of ISG of which RM124.1mil 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, offset against the effects of forex translation on the higher EUR

RAM reaffirmed MAHB's AAA Rating as at 14 November 2014

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

E **Trade Payable**

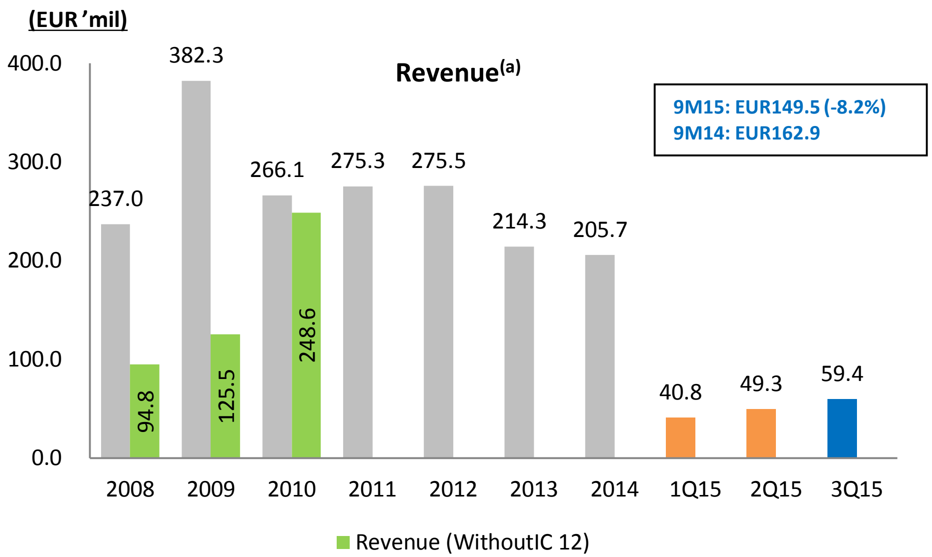
The increase in ISG's trade payables is due to the effects of forex translation on the utilization fee liability negated against the current year settlement of the utilization fee liability amounting to EUR95.6mil

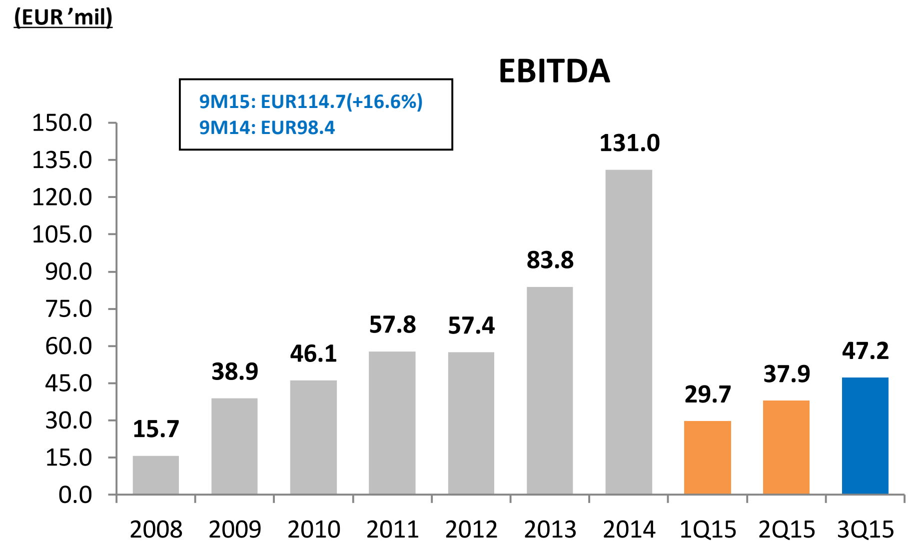
F **Other Payable**

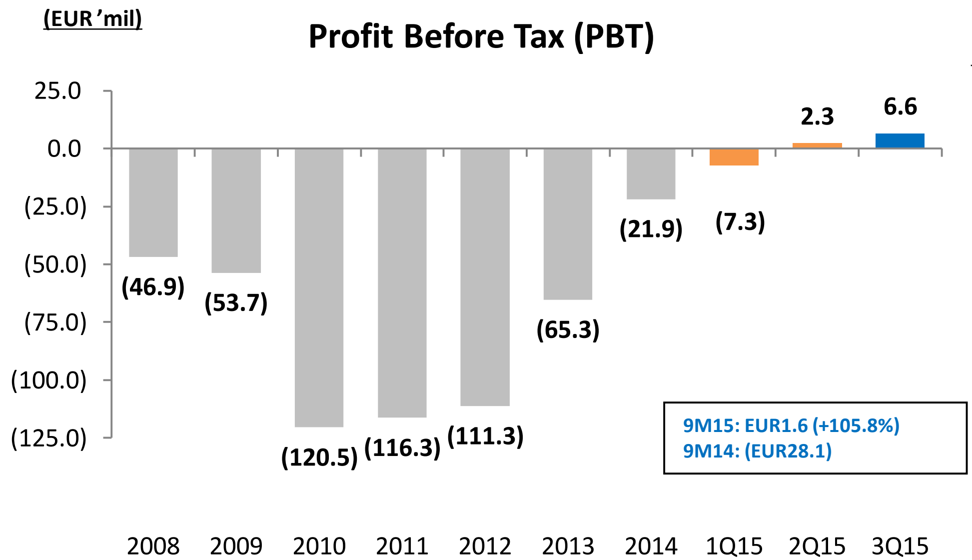
In January 2015, MAHB had settled the amount owing to Limak for EUR279.2mil in respect of the remaining 40% acquisition of ISG and LGM. Other payables in respect of ISG and LGM had reduced due to settlement of taxes and duties payables

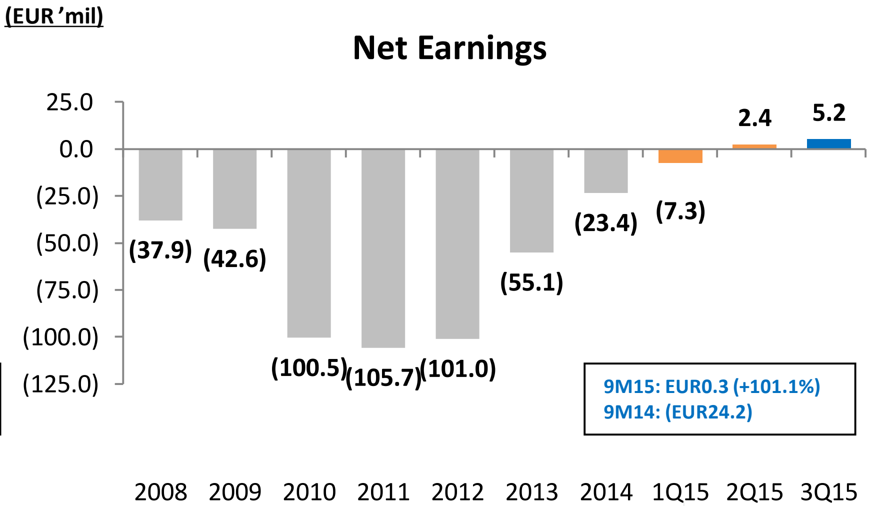
ISG & LGM FINANCIAL PERFORMANCE

ISG Financial Summary - Income Statement Highlights







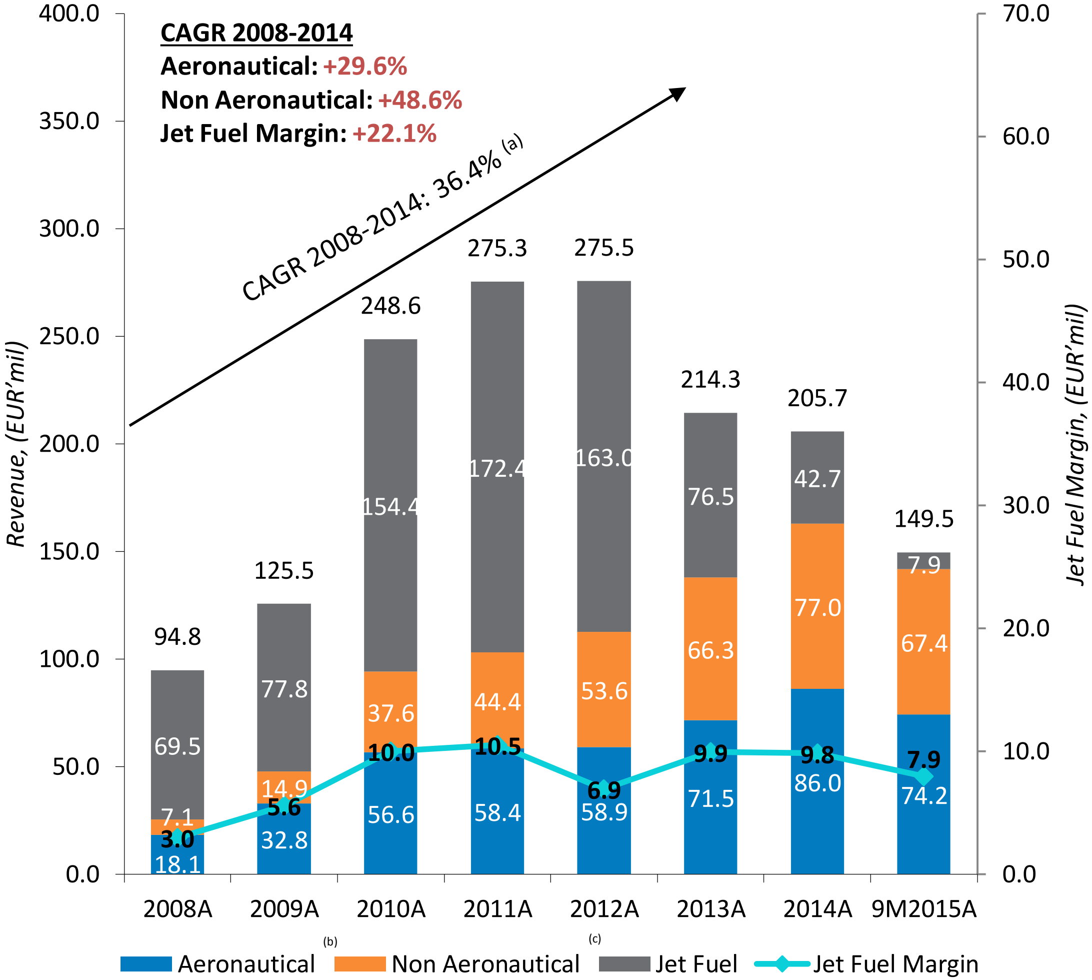


(a) Change of business in 2013 from supply of fuel to airlines to provision of fuel farm services to the fuel supplier

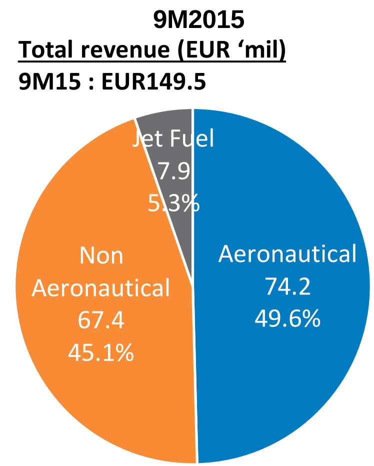
(b) In relation to IC interpretation 12: Service Concession Arrangement whereby ISG recognised the construction revenues and costs by reference to the stage of completion of Sabiha Airport construction works

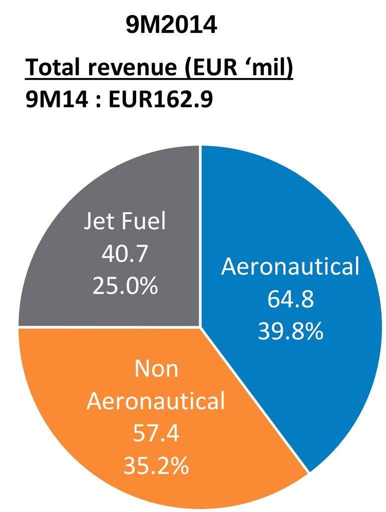
ISG Revenue Analysis Trend

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



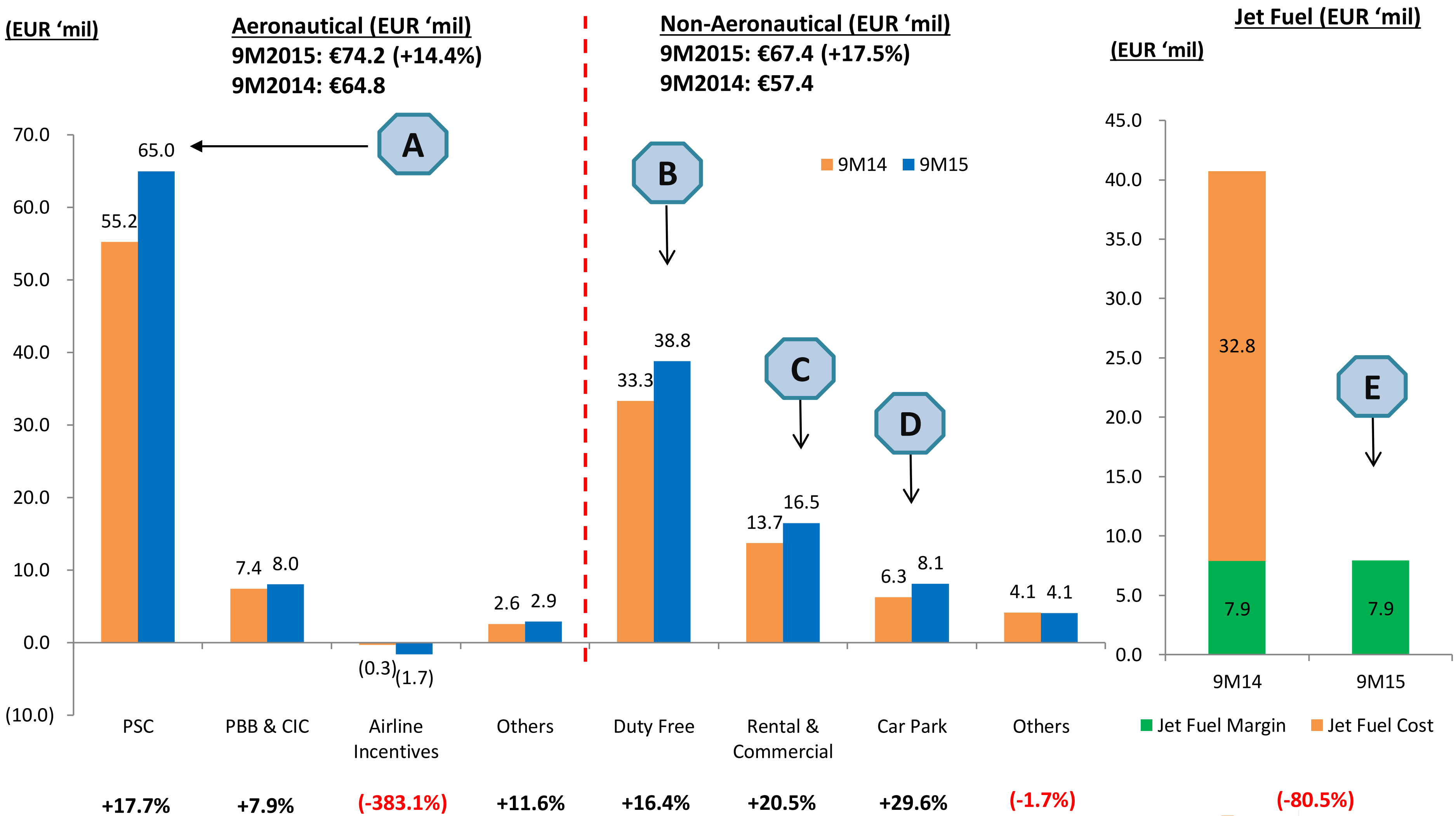
Increasing contribution from aero and non-aero segments





(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



ISG Explanatory Notes

A

Passenger Service Charge ("PSC")

17.7% increase in tandem with the 19.6% growth in passenger traffic

- International traffic grew 13.0%, while domestic traffic registered remarkable growth of 23.3%
- International PSC: EUR15; Domestic PSC: EUR3; Transit PSC: EUR5

B

Duty Free

16.4% increase in revenue on the back of strong international passenger growth

Spending per pax (9M15: EUR8.76, 9M14: EUR8.72)

C

Rental & Commercial

Due to higher royalties from F&B tenants on the back of 19.6% growth in passenger traffic and higher average rent prices

D

Car Park

Increase is due to longer average parking time and a stronger Turkish Lira ("TL") exchange rate which has a favorable effect on car park revenue which is TL based (9M15: TL2.86/EUR; 9M14: TL2.98/EUR)

ISG Explanatory Notes

E **Jet Fuel**

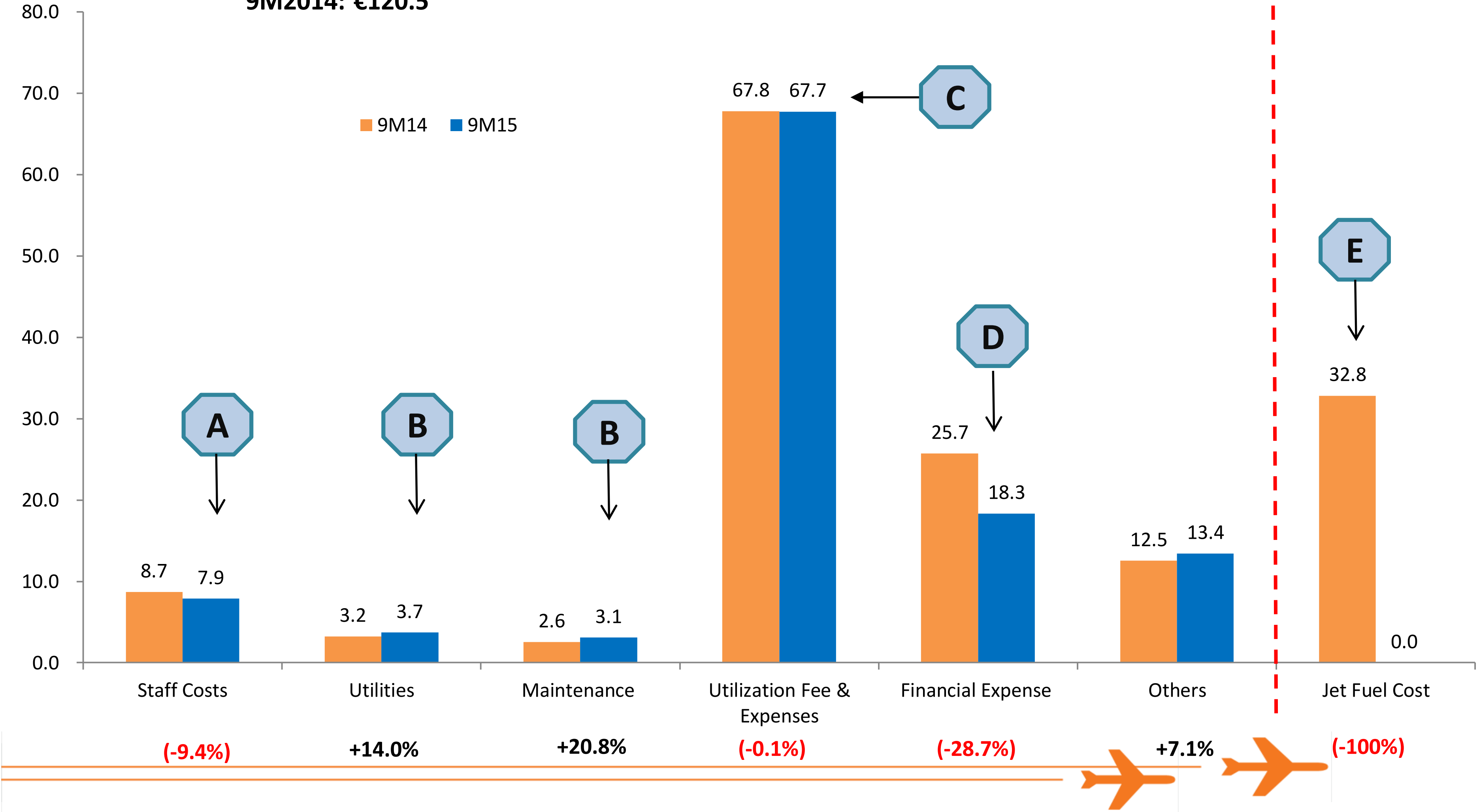
Total jet fuel revenue reduced by 80.5%. ISG changed its business from fuel supply services to rental of its fuel farm in September 2014.

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 9M15 remains consistent compared to 9M14

ISG Cost Analysis

(EUR ‘mil)

Operating Costs (EUR ‘mil)
9M2015: €114.2 (-5.3%)
9M2014: €120.5



Source: ISG

ISG Explanatory Notes

A **Staff Cost**

Decrease is due to:

- lower average number of staff (Sept 15: 371; Sept 14: 410)
- offset by stronger average TL exchange rate for in 9M15 compared to 9M14. Staff costs in ISG is mainly paid in TL

B **Utilities & Maintenance Costs**

14.0% 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 20.8% 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 (EUR61.3 million) and PSC share to the Government for international passenger and international transfer passengers (EUR6.4million)

ISG Explanatory Notes

D

Financial Expenses, net

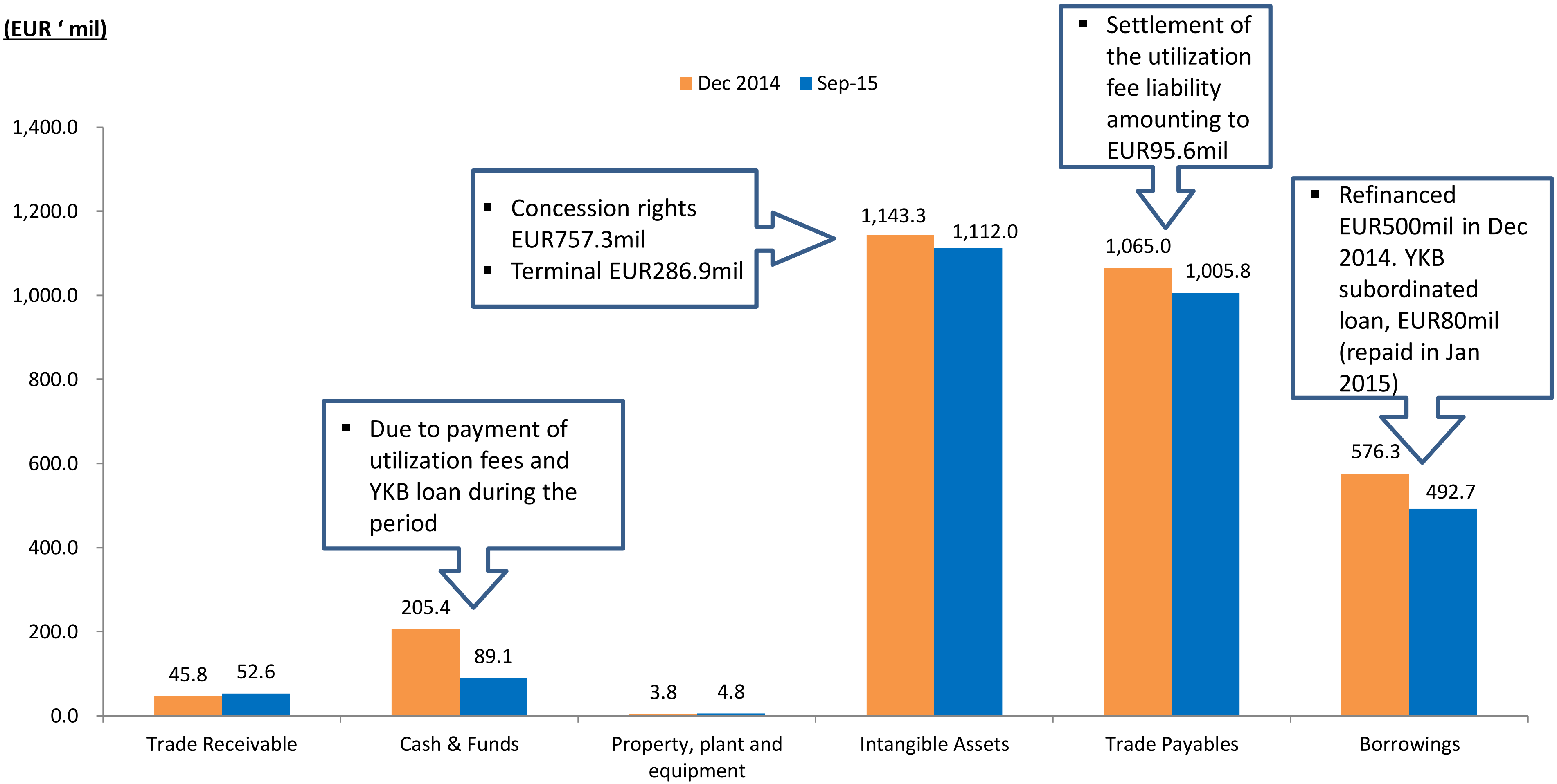
Decrease is due to the successful refinancing of the EUR500million ISG loan on 24 December 2014 which has reduced the interest rate to EURIBOR+2.5%

E

Jet Fuel Costs

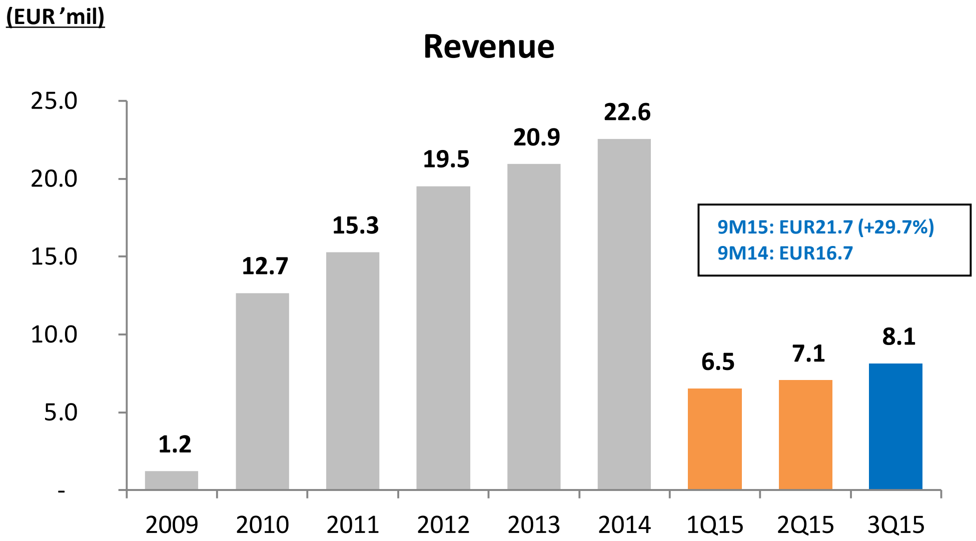
In September 2014, ISG changed its business from fuel supply services to rental of its fuel farm. By exiting the fuel supply business, ISG has been able to remove risks relating to the prices of fuel and exchange rate risk

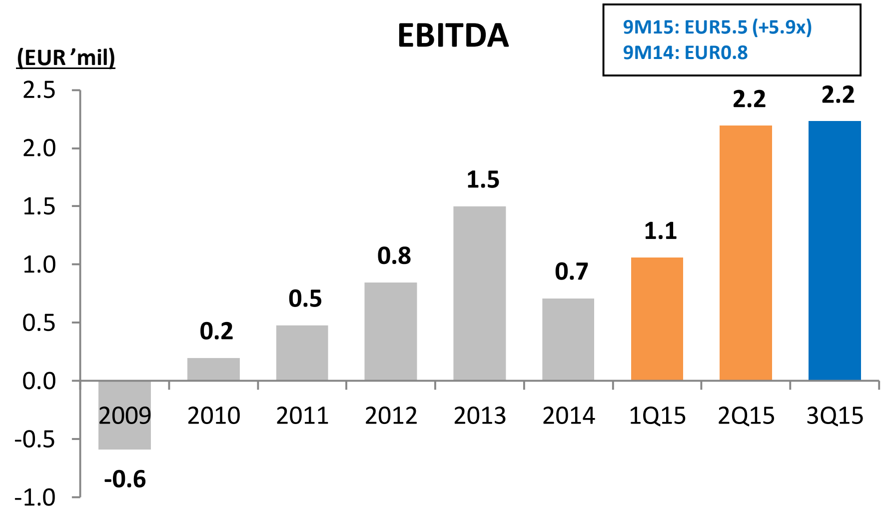
ISG Balance Sheet Analysis

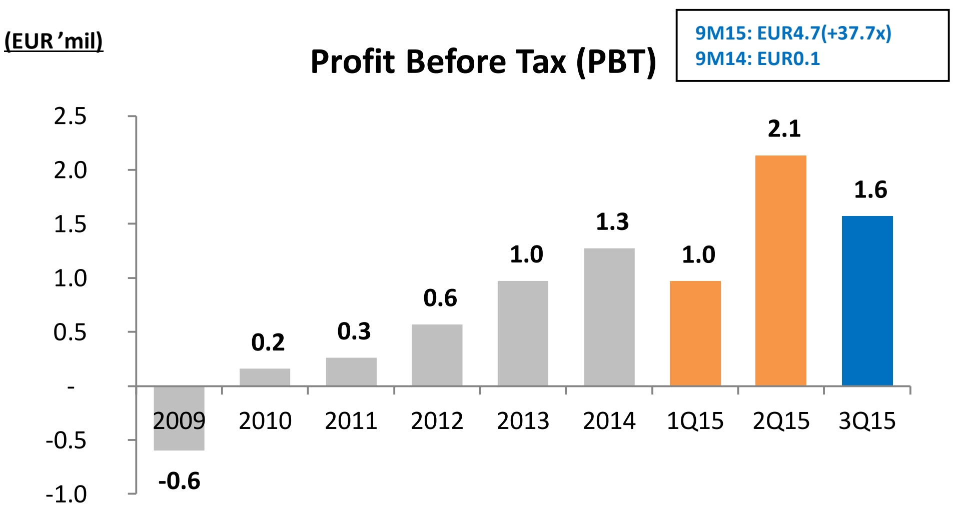


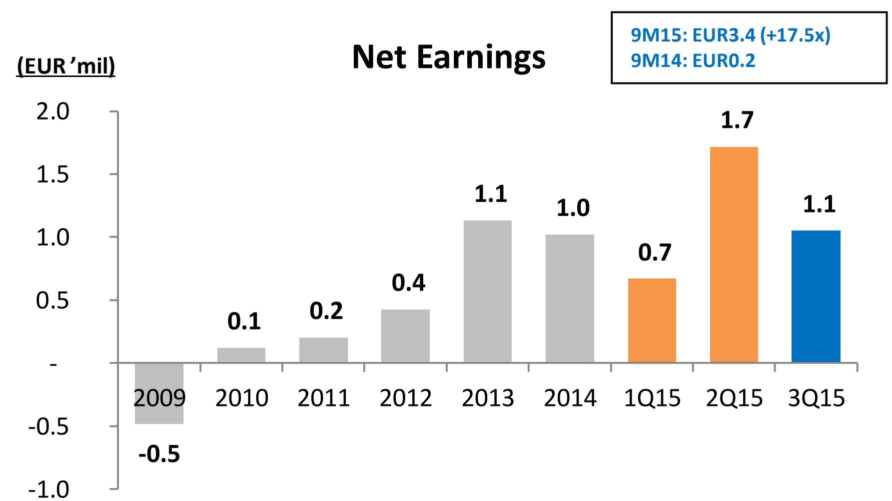
Trade Receivable	Cash & Funds	Property, plant and equipment	Intangible Assets	Trade Payables	Borrowings
+14.7%	**(-56.6%)**	**+27.8%**	**(-2.7%)**	**(-5.6%)**	**(-14.5%)**

LGM Financial Summary - Income Statement Highlights









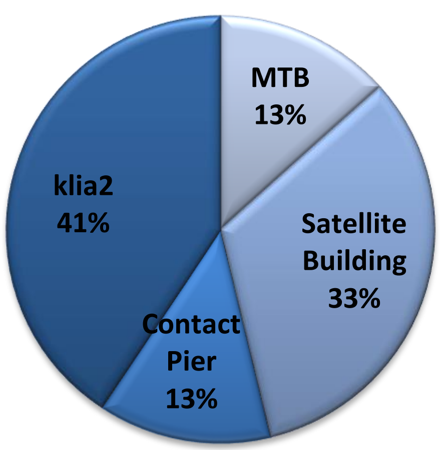
(a) Increase in revenue for LGM is mainly due to higher F&B sales as a result of in line with increase in ISG passenger numbers by 19.6%

COMMERCIAL REVENUE ANALYSIS

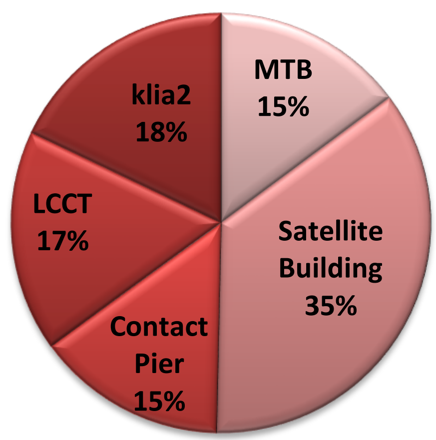
KLIA - Total Sales

Description	9M2015 Sales (RM'mil)	9M2015 No. of Pax ('mil)	9M2015 Sales per Pax (RM)	9M2014 Sales (RM'mil)	9M2014 No. of Pax ('mil)	9M2014 Sales per Pax (RM)	Sales Per Pax Variance (%)
Main Terminal Building	143.3			148.0			
Satellite Building	352.6			354.9			
Contact Pier	140.0			146.3			
Total KLIA (exc.LCCT/klia2)	635.9	17.2	36.93	649.2	18.6	34.94	▲ 5.7
LCCT	-	-	-	170.4	8.0	21.23	▲ 7.8*
klia2	436.8	19.1	22.89	179.1	9.5	18.87	▲ 21.3
Total KLIA	1,072.7	36.3	29.55	998.7	36.1	27.66	▲ 6.8

Sales at KLIA 9M15



Sales at KLIA 9M14



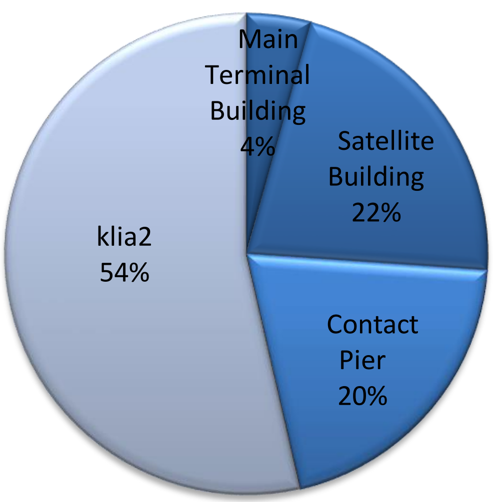
- Higher sales per pax at KLIA is due to the return of pax from China (who are notably higher spenders) along with increase in pax from South East Asia.
- Higher sales per pax for klia2 as compared to LCCT due to availability of more offerings at klia2

**Compared to 9M15 klia2 sales per pax*

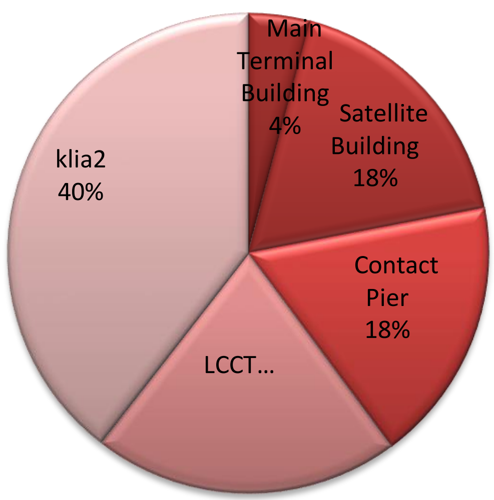
KLIA - ERAMAN Retail Revenue

Description	9M2015 Revenue (RM'mil)	9M2015 No. of Pax ('mil)	9M2015 Per Pax Revenue (RM)	9M2014 Revenue (RM'mil)	9M2014 No. of Pax ('mil)	9M2014 Per Pax Revenue (RM)	Revenue Per Pax Variance (%)
Main Terminal Building	18.0			19.7			
Satellite Building	91.2			84.9			
Contact Pier	85.1			85.0			
Total KLIA (exc.LCCT/klia2)	**194.3**	**17.2**	**11.29**	**189.6**	**18.6**	**10.20**	▲ **10.7**
LCCT	**-**	**-**	**-**	**98.4**	**8.0**	**12.26**	▼ **(4.1)***
klia2	**224.4**	**19.1**	**11.76**	**89.7**	**9.5**	**9.44**	▲ **24.6**
Total KLIA	**418.7**	**36.3**	**11.54**	**377.6**	**36.1**	**10.46**	▲ **10.3**

Retail Revenue 9M15



Retail Revenue 9M14



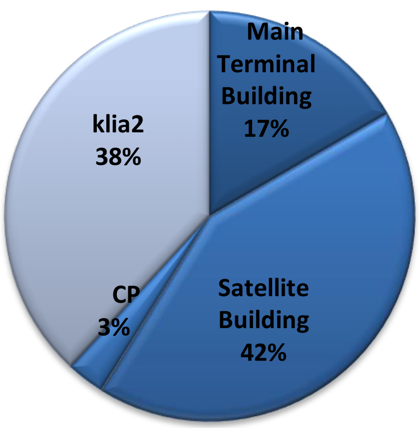
- There has been an aggressive marketing campaign from Eraman that had resulted in an improvement in sales per pax at KLIA
- Eraman commands about 51.4% of total sales per pax at klia2

Compared to 9M15 klia2 sales per pax

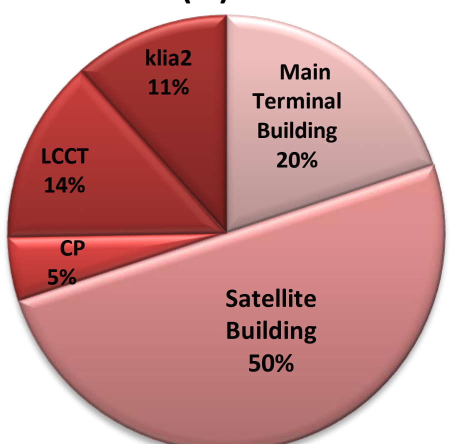
KLIA - Retail & F&B Rental

Location	9M2015 No. of Lease out	9M2015 Space (Sqm)	9M2015 Rental Revenue (RM'mil) MGP	9M2015 Rental Revenue (RM'mil) Royalty	9M2015 Rental Revenue (RM'mil) Total Rental	9M2015 Rental Revenue (RM'000) per Sqm	9M2014 No. of Lease out	9M2014 Space (Sqm)	9M2014 Rental Revenue (RM'mil) MGP	9M2014 Rental Revenue (RM'mil) Royalty	9M2014 Rental Revenue (RM'mil) Total Rental	9M2014 Rental Revenue (RM'000) per Sqm	Revenue Variance (%)
Main Terminal Building	37	4,779	27.0	4.3	31.3	6.6	41	5,000	26.2	5.3	31.5	6.3	
Satellite Building	59	7,481	70.1	9.9	80.0	10.7	69	8,037	67.9	11.8	79.7	9.9	
Contact Pier	10	3,197	3.0	2.4	5.4	1.7	11	3,406	2.9	3.9	6.8	2.0	
Total KLIA (exc.LCCT/klia2	106	15,457	100.1	16.6	116.7	7.6	121	16,443	97.0	20.9	117.9	7.2	▽ (1.0)
LCCT	-	-	-	-	-	-	40	4,774	10.3	4.5	14.8	3.1	△ 467.8*
klia2	89	13,374	76.0	8.1	84.1	6.3	105	15,620	40.0	1.8	41.9	2.7	△ 100.9
Total KLIA	195	28,831	176.1	24.7	200.8	7.0	266	36,837	147.3	27.2	174.6	4.7	△ 15.0

Total Rental (%) at KLIA 9M15



Total Rental (%) at KLIA 9M14



- Rental revenue for KLIA had decreased due to pending awards for new contracts with few tenants
- The reduced pax from China during 1H15 had affected negatively on royalty revenue contribution for KLIA
- Increase in klia2 rental over LCCT is as a result of larger commercial space available upon the opening of klia2

* *Compared to 9M15 klia2 sales per pax*

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

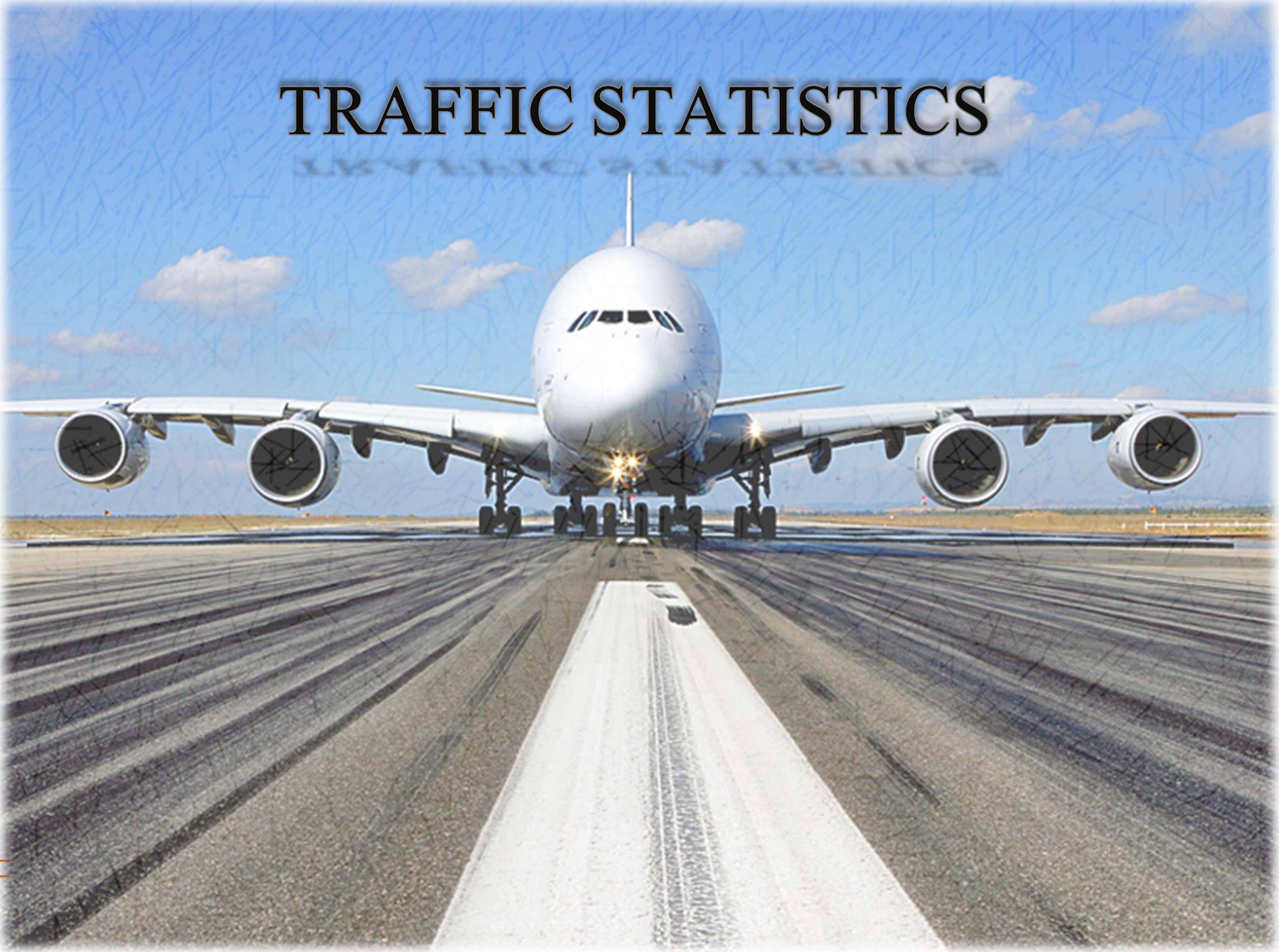
	Unit	9M15	9M14
Total Duty Free Spending per pax	EUR/Pax	8.76	8.72
Guaranteed Spending per pax*	EUR/Pax	12.84	12.59

Description	9M15			9M14			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	38.8	7.7	5,050.0	33.3	6.6	▲ 16.4	▲ 16.4

ISG's Retail & F&B Rental Analysis

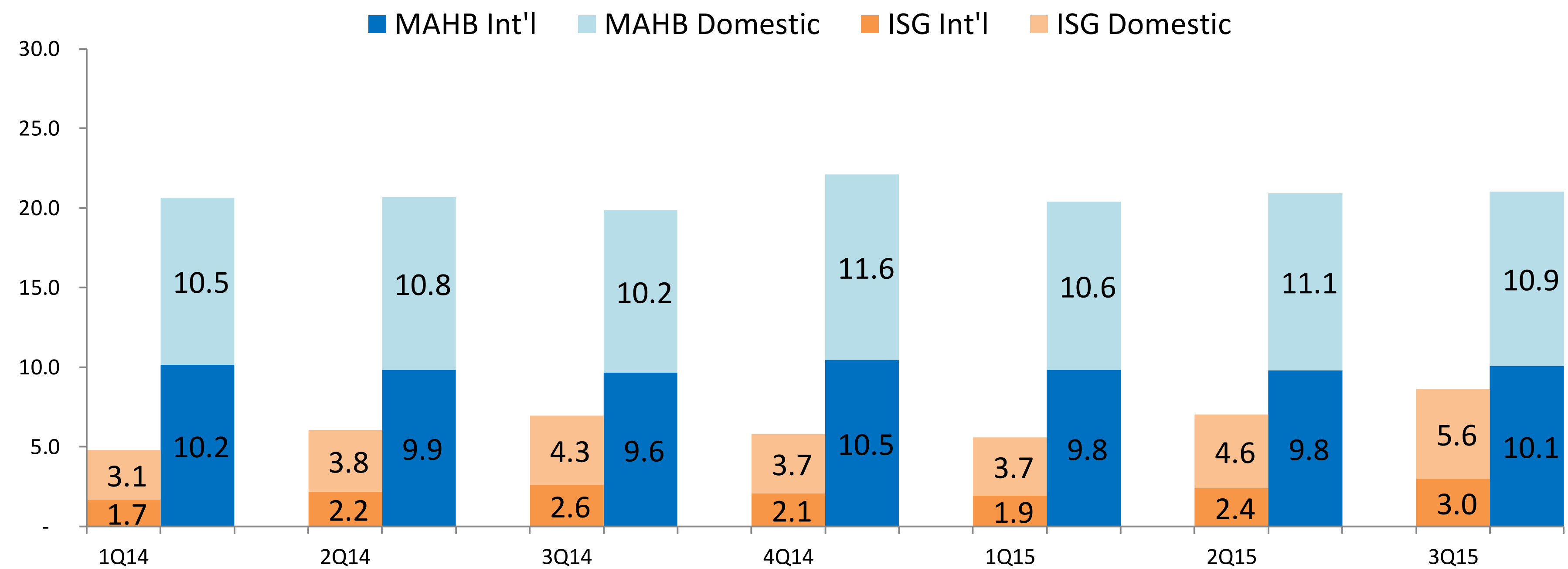
Description	9M15			9M14			Rental Variance (%)	Rental/Sqm Variance (%)
	Space (Sqm)	Total Rental (EUR'mil)	Rental/Sqm (EUR'000)	Space (Sqm)	Total Rental (EUR'mil)	Rental/Sqm (EUR'000)		
Food & Beverage	8,758.0	7.5	0.9	8,758.0	6.3	0.7	▲ 18.5	▲ 18.5
Retail	1,553.1	0.9	0.6	1,311.4	0.7	0.5	▲ 24.4	▲ 5.1
Total ISG	10,311.1	8.3	0.8	10,069.4	7.0	0.7	▲ 19.1	▲ 16.3

* 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

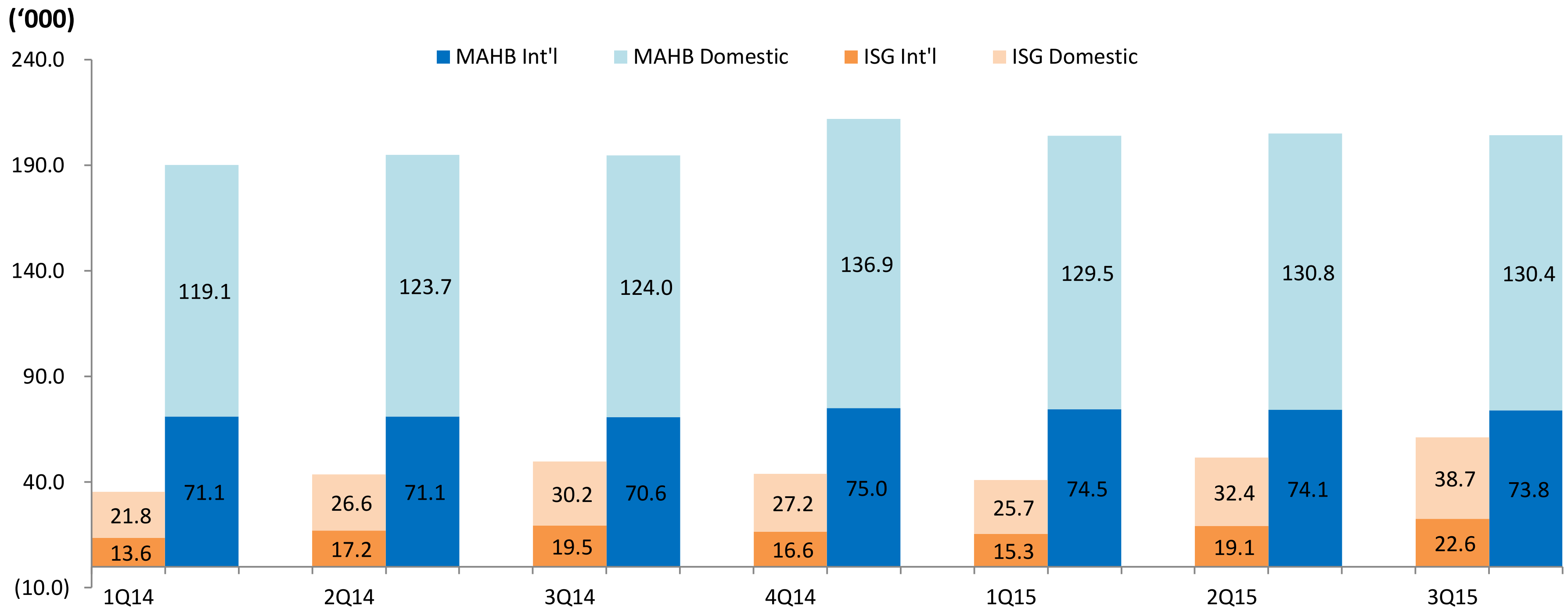
Pax Movement

('mil pax)



Description	MTB			LCCT/klia2			KLIA			Other Airports			MY Airports			ISG			MAHB Group		
	9M15	9M14	Var %	9M15	9M14	Var %	9M15	9M14	Var %	9M15	9M14	Var %	9M15	9M14	Var %	9M15	9M14	Var %	9M15	9M14	Var %
International	13.5	14.2	▼ (5.2)	12.3	11.5	▲ 7.5	25.8	25.7	▲ 0.5	3.9	4.0	▼ (1.5)	29.7	29.7	▲ 0.2	7.4	6.5	▲ 13.0	37.1	36.2	▲ 2.5
Domestic	3.7	4.4	▼ (14.4)	6.7	6.0	▲ 11.7	10.5	10.4	▲ 0.7	22.2	21.1	▲ 4.8	32.6	31.5	▲ 3.5	13.9	11.3	▲ 23.3	46.6	42.8	▲ 8.7
Total	17.2	18.6	▼ (7.3)	19.1	17.5	▲ 8.9	36.3	36.1	▲ 0.6	26.1	25.1	▲ 3.8	62.4	61.2	▲ 1.9	21.3	17.8	▲ 19.6	83.7	79.0	▲ 5.9

Aircraft Movement



Description	MTB			LCCT/klia2			KLIA			Other Airports			MY Airports			ISG			MAHB Group		
	9M15	9M14	Var %	9M15	9M14	Var %	9M15	9M14	Var %	9M15	9M14	Var %	9M15	9M14	Var %	9M15	9M14	Var %	9M15	9M14	Var %
International	93.1	93.4	(0.4)	85.8	74.2	15.7	178.9	167.6	6.8	43.4	45.3	(4.1)	222.3	212.9	4.4	57.0	50.3	13.5	279.4	263.2	6.2
Domestic	38.3	38.5	(0.6)	47.5	44.1	7.8	85.8	82.6	3.9	305.2	284.2	7.4	391.0	366.8	6.6	96.8	78.6	23.2	487.8	445.4	9.5
Total	131.4	132.0	(0.4)	133.3	118.3	12.8	264.7	250.2	5.8	348.6	329.5	5.8	613.3	579.7	5.8	153.8	128.8	19.4	767.2	708.5	8.3


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%)
- **Outlook by IMF:**
  - IMF in October 2015 has further revised the global economy forecast downward for 2015 to 3.1% from 3.5% projected in April and 3.3% in July
  - Slower growth in emerging and developing economies with downside risks due to pressure on commodity prices, currencies and financial markets
- The return of British Airways in May and All Nippon Airways in September provide the added dynamism required by the industry
- In addition, Air China and Hainan Airlines are coming back to KLIA in the fourth quarter
- Continued push by the Government to promote tourism such as Visa free for Chinese tourists as well as newer incentives as announced in the 2016 Budget including eVisa initiatives

*Without construction profit

THANK YOU