FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2017

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Chief Financial Officer
31st July 2017

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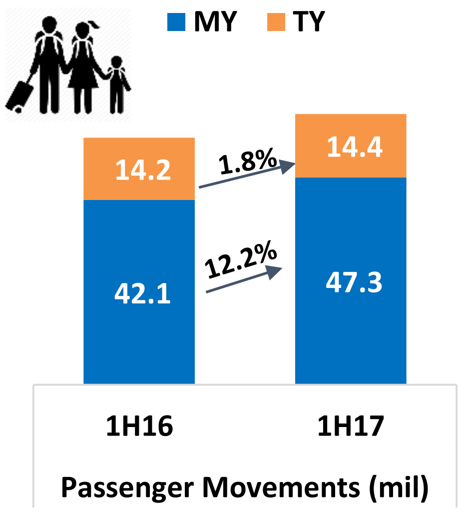
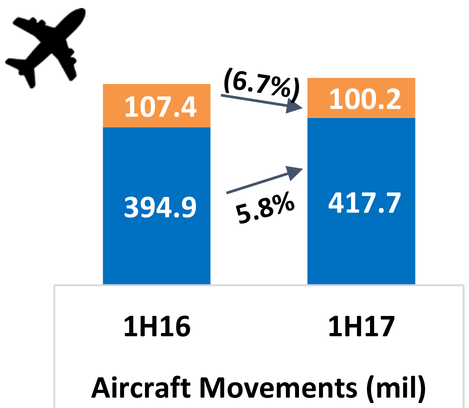
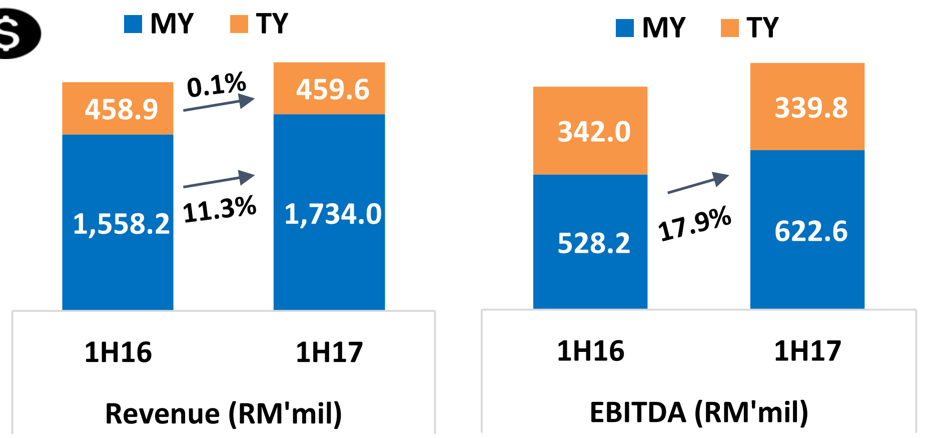
Key Highlights

1H17 Key Highlights







Foreign Shareholding

33.0%

Up 13.7ppt from 2016

Key Highlights

Group EBITDA up 10.6% to RM962.3 million, representing 53.6% of Headline KPI

- Group earnings up for PBT (↑245.0% to RM192.2 million) and PAT (↑416.2% to RM129.5 million)
- Improved earnings in line with stronger growth in revenue and EBITDA for Malaysia, supported by lower amortization & finance costs

Traffic growth in Malaysia and Turkey gaining momentum into 2H17 with airlines adding capacity

- Group passenger growth and aircraft movement ↑9.5% and ↑2.3% respectively
- KUL passenger traffic ↑14.5%, growing faster than BKK ↑6.7%, SIN ↑5.7% and HKG ↑1.5%
- Airlines re-introducing capacity at ISG with Pegasus adding 4 new destinations into Russia

Improved financial and operational performance reflective of market confidence

- Foreign shareholding at all time high of 33.0% as at 30 June 2017
- FY17 Interim dividend 5 sen (FY16: Interim dividend 4 sen)

Headline Key Performance Indicator (KPI)

	FY17 Target	1H17 Actual	1H16 Actual	FY16 Actual
Profitability (EBITDA)[1]	RM1,796.6mil	RM962.3mil (53.6%)	RM870.2mil (50.9%)	RM1,709.9mil
Malaysia Operations EBITDA[2]	RM1,001.6mil	RM622.6mil (62.2%)	RM528.2mil (53.3%)	RM990.9mil
Turkey Operations EBITDA	RM795.0mil	RM339.8mil (42.7%)	RM342.0mil (47.6%)	RM719.1mil
Airport Service Quality (ASQ)	> 40 mppa: KLIA Ranking Top 12	> 40 mppa: KLIA Ranking Top 12*	> 40 mppa: KLIA Ranking Top 9	> 40 mppa: KLIA Ranking Top 9

[1] % represents percentage achieved for the financial year
[2] Including overseas project and repair maintenance segment in Qatar
* ASQ Official ranking for 1H17 as at 17 July 2017.

Quarterly & Preceding Quarter Executive Summary

	Malaysia Airports (Malaysia)	2Qv2Q	2Qv1Q	ISG (Turkey)	2Qv2Q	2Qv1Q	Malaysia Airports (Group)	2Qv2Q	2Qv1Q
Revenue	RM863.6mil	+13.1%	(-0.8%)	RM236.3mil	+0.8%	+6.0%	RM1,100.0mil	+10.3%	+0.6%
Airport Operations	RM795.7mil	+12.4%	(-0.2%)	RM234.5mil	+1.2%	+6.0%	RM1,030.2mil	+9.7%	+1.1%
Non-Airport Operations	RM67.9mil	+22.7%	(-7.2%)	RM1.8mil	(-33.3%)	+0.0%	RM69.7mil	+20.2%	(-7.2%)
EBITDA	RM289.6mil	+18.7%	(-13.0%)	RM175.3mil	+0.9%	+6.6%	RM464.9mil	+11.3%	(-6.6%)
Net Assets							RM8,750.1mil	+1.7%	(-0.0%)
Passengers	23.9mil	+13.9%	+2.1%	7.8mil	+5.1%	+19.3%	31.7mil	+11.6%	+5.9%
Aircrafts	211,071	+8.1%	+2.2%	52,771	(-6.4%)	+11.2%	263,842	+4.9%	+3.9%

Malaysia Operations Performance (comprising of Malaysia & Qatar operations)

Turkey Operations Performance (comprising of ISG & LGM operations)

Group Performance

Year-to-date Executive Summary

	Malaysia Airports (1H17v1H16)		ISG (1H17v1H16)		Malaysia Airports Group (1H17v1H16)	
Revenue	RM1,734.0mil	+11.3%	RM459.6mil	+0.1%	RM2,193.6mil	+8.8%
Airport Operations	RM1,592.9mil	+10.5%	RM455.9mil	+0.6%	RM2,048.8mil	+8.2%
Non-Airport Operations	RM141.1mil	+20.4%	RM3.7mil	(-33.5%)	RM144.8mil	+18.0%
EBITDA	RM622.6mil	+17.9%	RM339.8mil	(-0.7%)	RM962.3mil	+10.6%
Net Assets					RM8,750.1mil	+1.7%
Passengers	47.3mil	+12.2%	14.4mil	+1.8%	61.7mil	+9.5%
Aircrafts	417,665	+5.8%	100,211	(-6.7%)	517,876	+3.1%

Malaysia Operations Performance

Turkey Operations Performance (comprising of ISG & LGM)

Group Performance

Group Financial Review

Significant Events

Malaysia Operations

- 23/01/17: Lucky Air commenced its 4x weekly Kunming service to KLIA
- 10/02/17: Himalaya Air commenced its 5x weekly Kathmandu service to KLIA
- 01/03/17: Malaysia Airports welcomes US-Bangla Airlines KLIA
- 14/02/17: Malaysia Airports kicked off its 25th Anniversary celebration with a remarkable milestone
- 07/03/17: Langkawi International Airport voted top 3 for 2016 ASQ awards – best airport by size (2-5 MPPA)
- 15/03/17: Malaysia Airports reaffirmed its commitment in enhancing airport security by signing an MOU with CyberSecurity Malaysia
- 23/03/17: Malaysia Airports signs MoU with Cainiao Network to explore the development of a regional e-commerce and logistics hub
- 06/06/17: Malaysia Airports bids farewell to Tan Sri Dato' Sri Dr Wan Abdul Aziz and welcomes its new chairman, Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail
- 08/06/17: Malaysia Airports welcomes Philippine Airlines at KLIA
- 10/06/17: Malaysia Airports welcomes Batik Air at KLIA
- 13/06/17: Malaysia Airports welcomes JC Cambodia at klia2
- 21/06/17: Malaysia Airports signs Aeropolis collaboration with Gyeongnam Techno Park & Skyways Technics

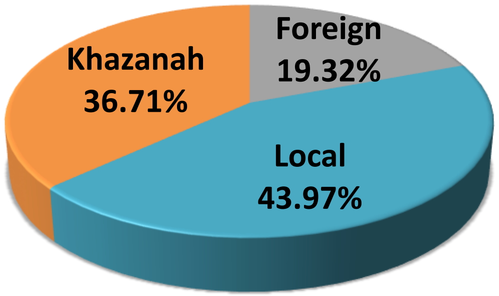
Turkey Operations

- 01/03/17: Malaysia Airports announces future plans for ISG and changes in leadership
- 04/04/17: Commissioning of new rapid taxiways at ISG
- 05/06/17: Commencement of boarding hall extension works to add 8 million passenger capacity

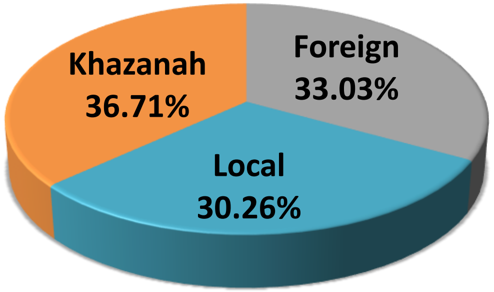
Shareholding & Borrowings Profile

Shareholding Profile

As at 31/12/2016



As at 30/6/2017

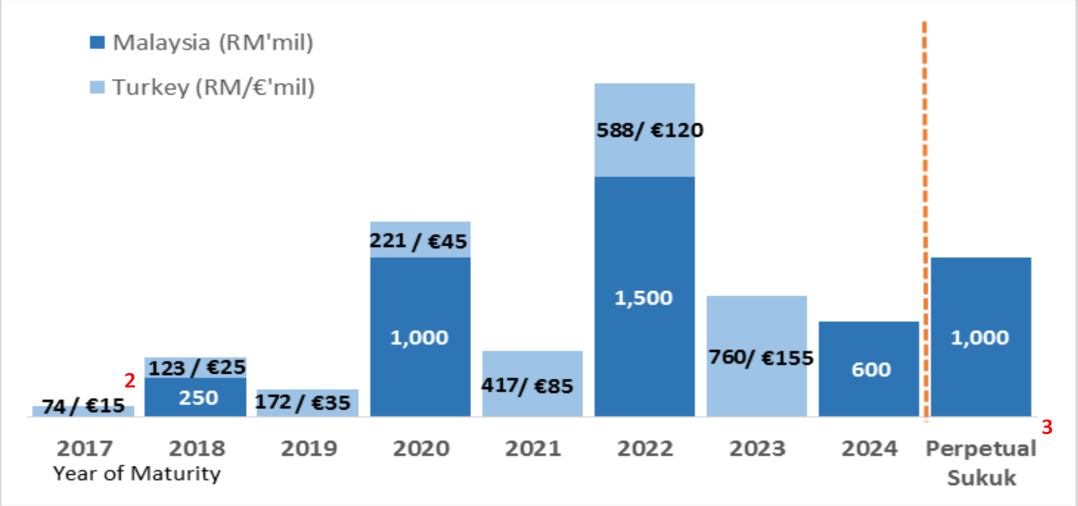


No. of paid-up share capital: 1,659,191,828

Financial Year	Dividend Reinvestment Plan Subscription Rate		Dividend Payment Per Share (sen)		Dividend Payout Ratio[1]
	Interim	Final	Interim	Final	Total
2012	46.2%	85.0%	6.00	7.63	50.0%
2013	88.4%	87.6%	6.00	5.78	50.0%
2014	53.4%	74.1%	2.00	3.60	61.2%
2015	N/A	N/A	4.00	4.50	58.1%
2016	N/A	N/A	4.00	6.00	55.5%
2017	N/A	N/A	5.00	-	-

[1] The dividend payout ratio is based on adjusted net core profit of the Group

Borrowings Profile



	31/6/2017	31/12/2016
Net debt (RM'mil)	3,934.9	3,821.8
Share of fixed-rate debt	100%[4]	100%[4]
Weighted average maturity (years)	5.66	5.61
Weighted average cost	4.01%	4.02%
Gross gearing ratio (times)	0.63x	0.64x

Credit Rating / Outlook	
RAM	AAA / Stable
Moody's	A3 / Negative

[2] €5.0mil has since been paid in June 2017

[3] Non-call 10 year, fixed initial periodic distribution rate of 5.75% recognised in equity

[4] After ISG's floating rate swap

Group 2Q17 Results (vs 2Q16)

(RM'mil)	2Q17 MAHB	2Q17 ISG & LGM	2Q17 MAHB Group Total	2Q16 MAHB	2Q16 ISG & LGM	2Q16 MAHB Group Total	MAHB Variance %	ISG & LGM Variance %	MAHB Group Variance %
Revenue	**863.6**	**236.3**	**1,100.0**	**763.3**	**234.3**	**997.6**	▲ **13.1**	▲ **0.8**	▲ **10.3**
EBITDA	**289.6**	**175.3**	**464.9**	**244.0**	**173.7**	**417.7**	▲ **18.7**	▲ **0.9**	▲ **11.3**
Depreciation & Amortisation	(87.0)	(127.7)	(214.8)	(129.7)	(121.2)	(250.9)	▲ 32.9	▼ (5.4)	▲ 14.4
Finance Costs	(43.8)	(120.1)	(163.9)	(46.1)	(108.5)	(154.6)	▲ 5.1	▼ (10.7)	▼ (6.0)
Share of Assoc. & JV Profit	6.1	-	6.1	5.3	-	5.3	▲ 15.0	▬ -	▲ 15.0
PBT	**165.0**	**(72.7)**	**92.3**	**73.5**	**(56.0)**	**17.5**	▲ **124.5**	▼ **(29.8)**	▲ **427.1**
Taxation & Zakat	(42.1)	16.3	(25.8)	(7.5)	(1.5)	(8.9)	▼ (464.1)	▲ 1,211.3	▼ (189.2)
Net Earnings	**122.9**	**(56.3)**	**66.5**	**66.0**	**(57.4)**	**8.6**	▲ **86.2**	▲ **2.0**	▲ **674.1**
EBITDA Margin (%)	33.5%	74.2%	42.3%	32.0%	74.1%	41.9%	▲ 1.6 ppt	▲ 0.0 ppt	▲ 0.4 ppt
PBT Margin (%)	19.1%	-30.7%	8.4%	9.6%	-23.9%	1.8%	▲ 9.5 ppt	▼ (6.9) ppt	▲ 6.6 ppt

Exchange rate used in profit and loss for 2Q17 : RM4.80/EUR
Exchange rate used in profit and loss for 2Q16 : RM4.51/EUR

Group 2Q17 Results (vs 2Q16)

(RM'mil)	2Q17			2Q16			MAHB Variance %	ISG & LGM Variance %	MAHB Group Variance %
	MAHB	ISG & LGM	MAHB Group Total	MAHB	ISG & LGM	MAHB Group Total			
Revenue	863.6	236.3	1,100.0	763.3	234.3	997.6	▲ 13.1	▲ 0.8	▲ 10.3

Revenue grew by 10.3%

- Airport operations: RM1,030.2mil (+9.7%)
  - Aeronautical: RM541.0mil (+9.7%) mainly due to better than expected passenger growth in Malaysia leading to higher PSC revenue
  - Non-Aeronautical: RM489.2mil (+9.5%) mainly due to higher retail and rental revenue in Malaysia by RM35.6mil and RM20.3mil respectively

- Non-airport operations: RM69.7mil (+20.2%)
  - Project and repair maintenance: RM37.9mil (+22.1%)
  - Hotel: RM23.6mil (+18.2%)
  - Agriculture & horticulture: RM8.2mil (+17.1%)

Group 2Q17 Results (vs 2Q16)

(RM'mil)	2Q17			2Q16			MAHB Variance %	ISG & LGM Variance %	MAHB Group Variance %
	MAHB	ISG & LGM	MAHB Group Total	MAHB	ISG & LGM	MAHB Group Total			
EBITDA	289.6	175.3	464.9	244.0	173.7	417.7	▲ 18.7	▲ 0.9	▲ 11.3
PBT	165.0	(72.7)	92.3	73.5	(56.0)	17.5	▲ 124.5	▼ (29.9)	▲ 427.1

EBITDA increased by 11.3%

- Malaysia operations: EBITDA up by 18.7% in line with solid passenger growth
- Turkey operations: Higher EBITDA contributions by 0.9%

PBT increased by 427.1%

- Malaysia operations: Higher PBT due to improved EBITDA and lower amortisation cost arising from the OA extension
- Turkey operations: Recorded a LBT to RM13.5mil (2Q16: PBT of RM1.7mil) prior to taking into account a loss of RM59.2mil (2Q16: RM57.7mil) primarily owing to the amortization of fair value of the concession rights subsequent to the acquisition

Group 2Q17 Results (vs 1Q17)

(RM'mil)	2Q17 MAHB	2Q17 ISG & LGM	2Q17 MAHB Group Total	1Q17 MAHB	1Q17 ISG & LGM	1Q17 MAHB Group Total	MAHB Variance %	ISG & LGM Variance %	MAHB Group Variance %
Revenue	**863.6**	**236.3**	**1,100.0**	**870.6**	**223.0**	**1,093.6**	▼ **(0.8)**	▲ **6.0**	▲ **0.6**
EBITDA	**289.6**	**175.3**	**464.9**	**333.0**	**164.5**	**497.5**	▼ **(13.0)**	▲ **6.6**	▼ **(6.6)**
Depreciation & Amortisation	(87.0)	(127.7)	(214.8)	(87.8)	(140.0)	(227.9)	▲ 0.9	▲ 8.8	▲ 5.7
Finance Costs	(43.8)	(120.1)	(163.9)	(44.0)	(130.4)	(174.5)	▲ 0.6	▲ 7.9	▲ 6.1
Share of Assoc. & JV Profit	6.1	-	6.1	4.8	-	4.8	▲ 27.2	▬ -	▲ 27.2
PBT	**165.0**	**(72.7)**	**92.3**	**205.9**	**(106.0)**	**99.9**	▼ **(19.9)**	▲ **31.4**	▼ **(7.6)**
Taxation & Zakat	(42.1)	16.3	(25.8)	(54.0)	17.1	(36.9)	▲ 22.1	▼ (4.9)	▲ 30.1
Net Earnings	**122.9**	**(56.3)**	**66.5**	**151.9**	**(88.9)**	**63.0**	▼ **(19.1)**	▲ **36.6**	▲ **5.5**
EBITDA Margin (%)	33.5%	74.2%	42.3%	38.2%	73.7%	45.5%	▼ (4.7) ppt	▲ 0.4 ppt	▼ (3.2) ppt
PBT Margin (%)	19.1%	-30.7%	8.4%	23.7%	-47.5%	9.1%	▼ (4.5) ppt	▲ 16.8 ppt	▼ (0.7) ppt

Exchange rate used in profit and loss for 2Q17 : RM4.80/EUR
Exchange rate used in profit and loss for 1Q17 : RM4.72/EUR

Group 2Q17 Results (vs 1Q17)

(RM'mil)	2Q17			1Q17			MAHB Variance %	ISG & LGM Variance %	MAHB Group Variance %
	MAHB	ISG & LGM	MAHB Group Total	MAHB	ISG & LGM	MAHB Group Total			
Revenue	863.6	236.3	1,100.0	870.6	223.0	1,093.6	▼ (0.8)	▲ 6.0	▲ 0.6

Revenue grew by 0.6%

- Airport operations: RM1,030.2mil (+1.1%)
  - Aeronautical: RM541.0mil (+2.7%) mainly due to better than expected passenger growth in Malaysia leading to higher PSC revenue
  - Non-Aeronautical: RM489.2mil (-0.5%) mainly due to lower rental revenue in Turkey

- Non-airport operations: RM69.7mil (-7.2%)
  - Project and repair maintenance: RM37.9mil (-4.1%)
  - Hotel: RM23.6mil (-6.0%)
  - Agriculture & horticulture: RM8.2mil (-21.9%)

Group 2Q17 Results (vs 1Q17)

(RM'mil)	2Q17			1Q17			MAHB Variance %	ISG & LGM Variance %	MAHB Group Variance %
	MAHB	ISG & LGM	MAHB Group Total	MAHB	ISG & LGM	MAHB Group Total			
EBITDA	289.6	175.3	464.9	333.0	164.5	497.5	(13.0)	6.6	(6.6)
PBT	165.0	(72.7)	92.3	205.9	(106.0)	99.9	(19.9)	31.4	(7.6)

EBITDA decreased by 6.6%

- Malaysia operations: Lower EBITDA by 13.0% mainly due to higher operating costs including salaries, maintenance and user fee
- Turkey operations: Higher EBITDA contributions by 6.6% due to higher international traffic in 2Q17 compared to 1Q17 by 19.9%, contributing to higher PSCs

PBT decreased by 7.6%

- Malaysia operations: Lower PBT by 19.9% was largely attributed to the higher operating costs despite the lower amortisation charges in 2Q17
- Turkey operations: Recorded a LBT of RM13.5mil (1Q17: LBT of RM44.5mil), prior to taking into account a loss of RM59.2mil (1Q17: RM61.4mil) primarily owing to the amortization of fair value of the concession rights subsequent to the acquisition

Group 1H17 Results (vs 1H16)

(RM'mil)	1H17 MAHB	1H17 ISG & LGM	1H17 MAHB Group Total	1H16 MAHB	1H16 ISG & LGM	1H16 MAHB Group Total	MAHB Variance %	ISG & LGM Variance %	MAHB Group Variance %
Revenue	**1,734.0**	**459.6**	**2,193.6**	**1,558.2**	**458.9**	**2,017.1**	▲ **11.3**	▲ **0.1**	▲ **8.8**
EBITDA	**622.6**	**339.8**	**962.3**	**528.2**	**342.0**	**870.2**	▲ **17.9**	▼ **(0.7)**	▲ **10.6**
Depreciation & Amortisation	(174.9)	(267.8)	(442.6)	(255.7)	(244.8)	(500.5)	▲ **31.6**	▼ **(9.4)**	▲ **11.6**
Finance Costs	(87.8)	(250.6)	(338.3)	(92.9)	(230.5)	(323.3)	▲ **5.5**	▼ **(8.7)**	▼ **(4.6)**
Share of Assoc. & JV Profit	10.9	-	10.9	9.3	-	9.3	▲ **16.5**	**-**	▲ **16.5**
PBT	**370.8**	**(178.6)**	**192.2**	**188.9**	**(133.2)**	**55.7**	▲ **96.2**	▼ **(34.1)**	▲ **245.0**
Taxation	(96.1)	33.4	(62.7)	(37.1)	6.5	(30.6)	▼ **(159.0)**	▲ **416.4**	▼ **(104.7)**
Net Earnings	**274.7**	**(145.2)**	**129.5**	**151.8**	**(126.7)**	**25.1**	▲ **80.9**	▼ **(14.5)**	▲ **416.2**
EBITDA Margin (%)	**35.9%**	**73.9%**	**43.9%**	**33.9%**	**74.5%**	**43.1%**	▲ **2.0** ppt	▼ **(0.6)** ppt	▲ **0.7** ppt
PBT Margin (%)	**21.4%**	**-38.9%**	**8.8%**	**12.1%**	**-29.0%**	**2.8%**	▲ **9.3** ppt	▼ **(9.8)** ppt	▲ **6.0** ppt
Net Asset per Share			**5.27**			**5.19**			▲ **1.7**

Group 1H17 Results (vs 1H16)

(RM'mil)	1H17			1H16			MAHB Variance %	ISG & LGM Variance %	MAHB Group Variance %
	MAHB	ISG & LGM	MAHB Group Total	MAHB	ISG & LGM	MAHB Group Total			
Revenue	1,734.0	459.6	2,193.6	1,558.2	458.9	2,017.1	▲ 11.3	▲ 0.1	▲ 8.8

Revenue increased by 8.8%

- Airport operations: RM2,048.8mil (+8.2%)
  - Aeronautical: RM1,067.8mil (+7.2%) largely due to better than expected passenger growth in Malaysia leading to higher PSC revenue
  - Non-Aeronautical: RM981.0mil (+9.3%) due to higher retail and rental revenue in Malaysia by RM56.7mil and RM37.5mil respectively

- Non-airport operations: RM144.8mil (+18.0%)
  - Project and repair maintenance: RM77.4mil (+15.3%)
  - Hotel: RM48.7mil (+16.4%)
  - Agriculture & horticulture: RM18.7mil (+35.5%)

Group 1H17 Results (vs 1H16)

(RM'mil)	1H17			1H16			MAHB Variance %	ISG & LGM Variance %	MAHB Group Variance %
	MAHB	ISG & LGM	MAHB Group Total	MAHB	ISG & LGM	MAHB Group Total			
EBITDA	622.6	339.8	962.3	528.2	342.0	870.2	▲ 17.9	▼ (0.7)	▲ 10.6
PBT	370.8	(178.6)	192.2	188.9	(133.2)	55.7	▲ 96.2	▼ (34.1)	▲ 245.0

EBITDA increased by 10.6%

- Malaysia operations: Higher EBITDA by 17.9% mainly due to stronger passenger growth compared to 1H16
- Turkey operations: Recorded a slightly lower EBITDA contributions of 0.7%

PBT increased by 245.0%

- Malaysia operations: Higher PBT by 96.2% was largely attributed by the lower amortisation arising from the OA extension
- Turkey operations: Recorded a LBT of RM58.0mil (1H16: LBT of RM17.8mil), prior to taking into account a loss of RM120.6mil (1H16: LBT of RM115.4mil) primarily owing to the amortization of fair value of the concession rights subsequent to the acquisition

1H17 EBITDA and PBT Reconciliation

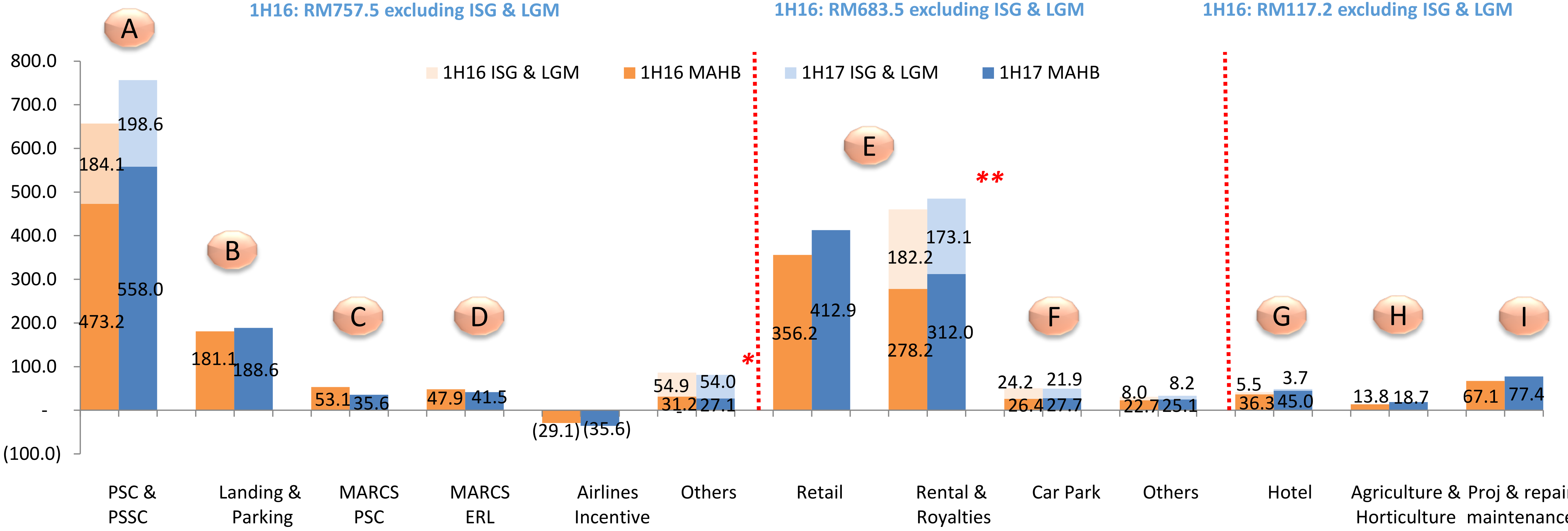
		1H17			1H16			Variance		
		MAHB RM'mil	ISG & LGM RM'mil	Total RM'mil	MAHB RM'mil	ISG & LGM RM'mil	Total RM'mil	MAHB %	ISG & LGM %	Total %
	EBITDA excluding adjustments	**622.6**	**334.9**	**957.4**	**528.2**	**337.6**	**865.8**	**17.9%**	**-0.8%**	**10.7%**
Adj	+ Other Income - ISG PPA interest income	-	4.9	4.9	-	4.4	4.4			
	EBITDA including adjustments	**622.6**	**339.8**	**962.3**	**528.2**	**342.0**	**870.2**	**17.9%**	**-0.7%**	**10.6%**
	- Depreciation and Amortisation	(174.9)	(157.4)	(332.2)	(255.7)	(140.2)	(395.9)			
Adj	- Amortisation - ISG PPA concession rights fair value	-	(110.4)	(110.4)	-	(104.6)	(104.6)			
	- Finance Costs - interest on borrowing and misc.	(87.8)	(49.2)	(136.9)	(92.9)	(35.1)	(127.9)			
	- Finance Costs - ISG utilization fee expense	-	(186.1)	(186.1)	-	(180.2)	(180.2)			
Adj	- Finance Costs - ISG PPA interest expense	-	(15.3)	(15.3)	-	(15.2)	(15.2)			
	+ Share of Assoc. & JV Profit	10.9	-	10.9	9.3	-	9.3			
	PBT including adjustments	**370.8**	**(178.6)**	**192.2**	**188.8**	**(133.2)**	**55.7**	**96.2%**	**-34.1%**	**245.0%**
	- Taxation and zakat	(96.1)	33.4	(62.7)	(37.1)	6.5	(30.6)			
	PAT including adjustments	**274.7**	**(145.2)**	**129.5**	**151.7**	**(126.7)**	**25.1**	**80.9%**	**-14.5%**	**416.2%**

Group Segmental Revenue

Aeronautical (RM 'mil)
1H17: RM1,067.8 (+7.2%)
1H16: RM996.5
1H17: RM815.2 (+7.6%) excluding ISG & LGM
1H16: RM757.5 excluding ISG & LGM

Non-Aeronautical (RM 'mil)
1H17: RM981.0 (+9.3%)
1H16: RM897.9
1H17: RM777.7 (+13.8%) excluding ISG & LGM
1H16: RM683.5 excluding ISG & LGM

Non-Airport Operations (RM 'mil)
1H17: RM144.8 (+18.0%)
1H16: RM122.7
1H17: RM141.1 (+20.4%) excluding ISG & LGM
1H16: RM117.2 excluding ISG & LGM



	PSC & PSSC	Landing & Parking	MARCS PSC	MARCS ERL	Airlines Incentive	Others	Retail	Rental & Royalties	Car Park	Others	Hotel	Agriculture & Horticulture	Proj & repair maintenance
Excluding ISG & LGM	**+17.9%**	**+4.1%**	**(-32.9%)**	**(-13.4%)**	**+22.7%**	**(-13.2%)**	**+15.9%**	**+12.2%**	**+4.9%**	**+10.2%**	**+24.0%**	**+35.5%**	**+15.3%**
Including ISG & LGM	**+15.1%**	**+4.1%**	**(-32.9%)**	**(-13.4%)**	**+22.7%**	**(-5.8%)**	**+15.9%**	**+5.4%**	**(-1.9%)**	**+8.2%**	**+16.4%**	**+35.5%**	**+15.3%**

**Included in ISG & LGM's aeronautical revenue is ISG's jet fuel farm rental income of EUR3.9mil / RM18.6mil (1H16: EUR4.8mil / RM21.5mil)*

***Included in ISG & LGM's rental and royalties revenue is revenue generated from ISG's duty free business with Setur of EUR20.5mil / RM97.5mil (1H16: EUR24.1mil/ RM109.0mil)*

Group Explanatory Notes

A

PSC and PSSC

The increase in PSC and PSSC is in line with the higher pax movements in Malaysia by 12.2% driven by visa relaxation measures for Chinese and Indian tourists, Umrah traffic, currency advantage and increased tourism promotion

B

Landing & Parking

Landing & parking revenue in Malaysia had increased due to higher aircraft movements by 5.8%. Landing & parking revenue at ISG is collected by the Government

C

MARCS PSC

MARCS PSC was accrued based on the net impact of the revised PSC against the benchmark PSC. MARCS PSC is lower for the period as several PSC rate categories were revised upwards against the benchmark PSC.

D

MARCS ERL

MARCS ERL was recognised for payment remitted to ERL upon collection of PSC from the airlines. The decrease is due to slower collections of PSC from airlines during the period

E

Retail, Rental & Royalties

The increase was aided by improved contributions from higher retail, rental and royalty revenue from KLIA and klia2, attributed to stronger spending from North Asia and ASEAN pax and escalation in rental rates

Group Explanatory Notes

F **Hotel**

Excluding LGM, increase in room revenue at Sama-Sama Hotel was contributed by:
Higher average room rate (1H17: RM400; 1H16: RM396) and higher occupancy rate (1H17: 81%; 1H16: 65%)

G **Agriculture & Horticulture**

The increase was due to the increase in average price attained per Fresh Fruit Bunches (FFB) by 19.4% (1H17: RM645/MT; 1H16: RM540/MT) coupled with the increase in FFB production by 14.1% (1H17: 28,624 MT; 1H16: 25,095 MT)

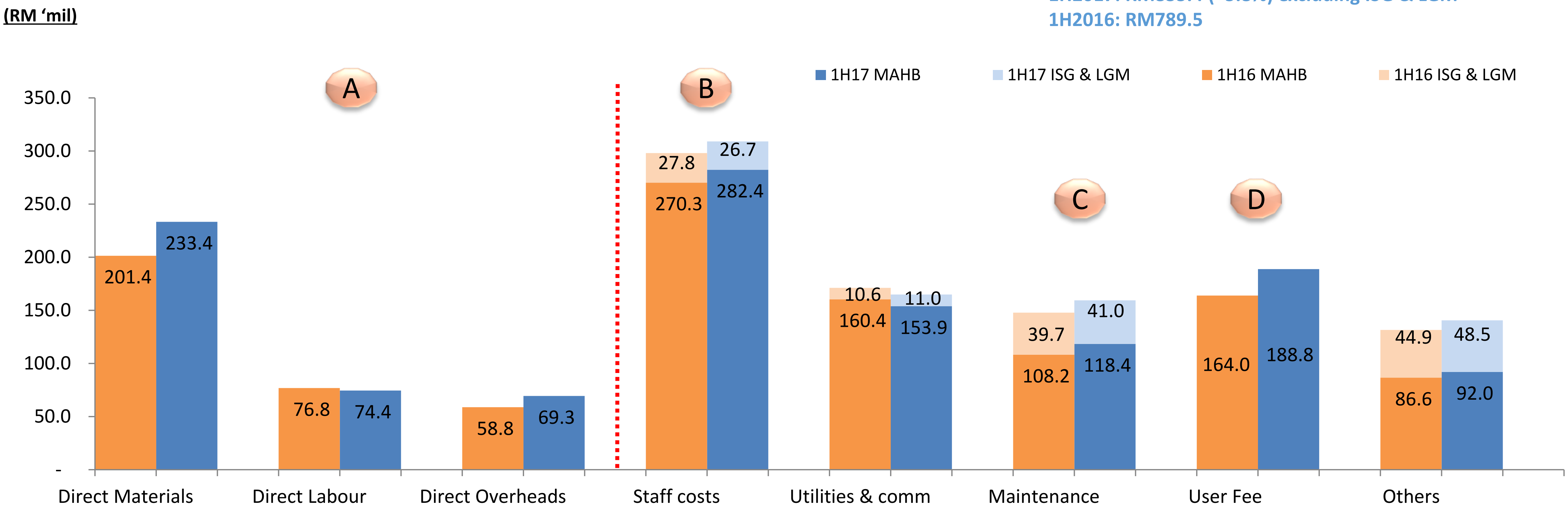
H **Project and Repair Maintenance**

Increase in revenue from the segment mainly comes from the higher contract value at MACS Middle East LLC which provides facilities maintenance services at Hamad International Airport

Group Operating Cost Analysis

Direct Costs (RM 'mil)
1H2017: RM377.1 (+11.9%)
1H2016: RM337.0

Operating Costs (RM 'mil)
1H2017: RM962.6 (+5.5%)
1H2016: RM912.5
1H2017: RM835.4 (+5.8%) excluding ISG & LGM
1H2016: RM789.5



	Direct Materials	Direct Labour	Direct Overheads	Staff costs	Utilities & comm	Maintenance	User Fee	Others
Excluding ISG & LGM	**+15.9%**	**(-3.0%)**	**+17.8%**	**+4.5%**	**(-4.1%)**	**+9.4%**	**+15.2%**	**+6.3%**
Including ISG & LGM	**+15.9%**	**(-3.0%)**	**+17.8%**	**+3.7%**	**(-3.6%)**	**+7.8%**	**+15.2%**	**+6.8%**

Group Explanatory Notes

A

Direct Costs

Direct costs rose by 11.9% mainly due to higher sales generated from the retail business thereby leading to higher direct material cost

B

Staff Costs

Increase in staff costs in Malaysia is mainly due to the annual increment of 3%-6% effective May 2017 and salary adjustment in 1H17 despite the decrease in total number of staff from 10,020 in 1H16 to 9,814 in 1H17

C

Maintenance

The increase in maintenance expenditure is largely attributed to KLIA and klia2 related costs such as maintenance for cargo screening system, taxiway and apron resurfacing and new contract for airside bussing services and shuttle

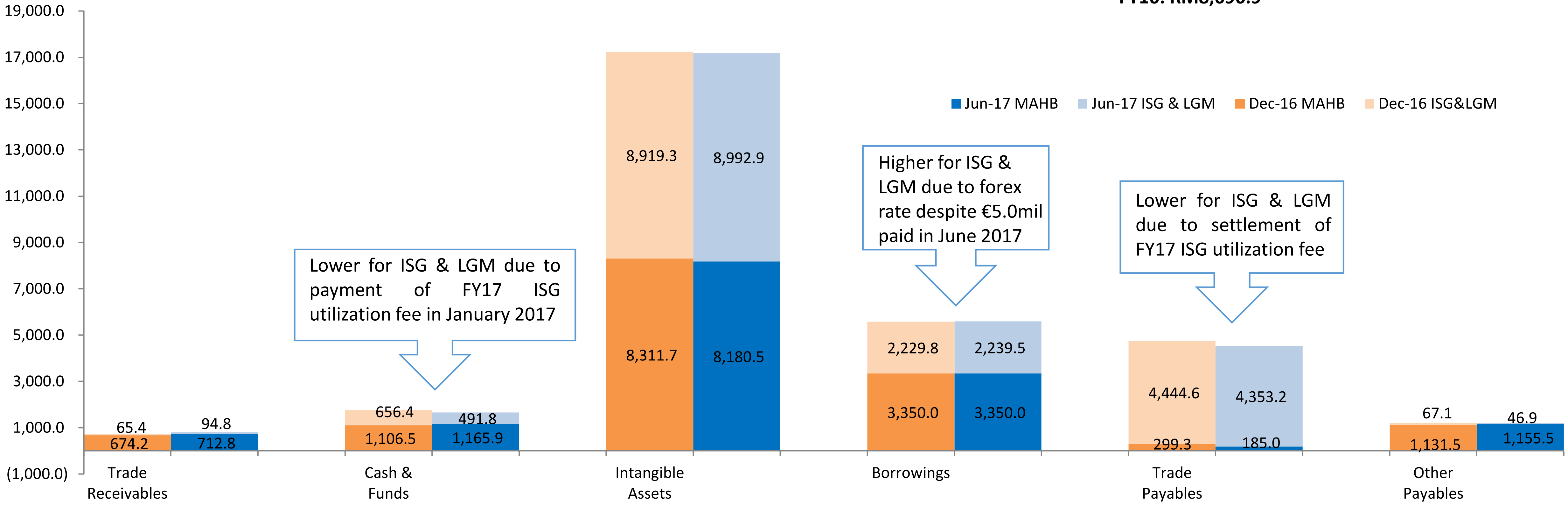
D

User Fee

The increase is mainly due to improvement in airport operations revenue and higher user fee rate (1H17: 11.35%; 1H16: 10.99%) as stipulated in the Operating Agreements

Group Balance Sheet Analysis

Net Assets (RM 'mil)
1H17: RM8,750.1 (+0.6%)
FY16: RM8,696.9



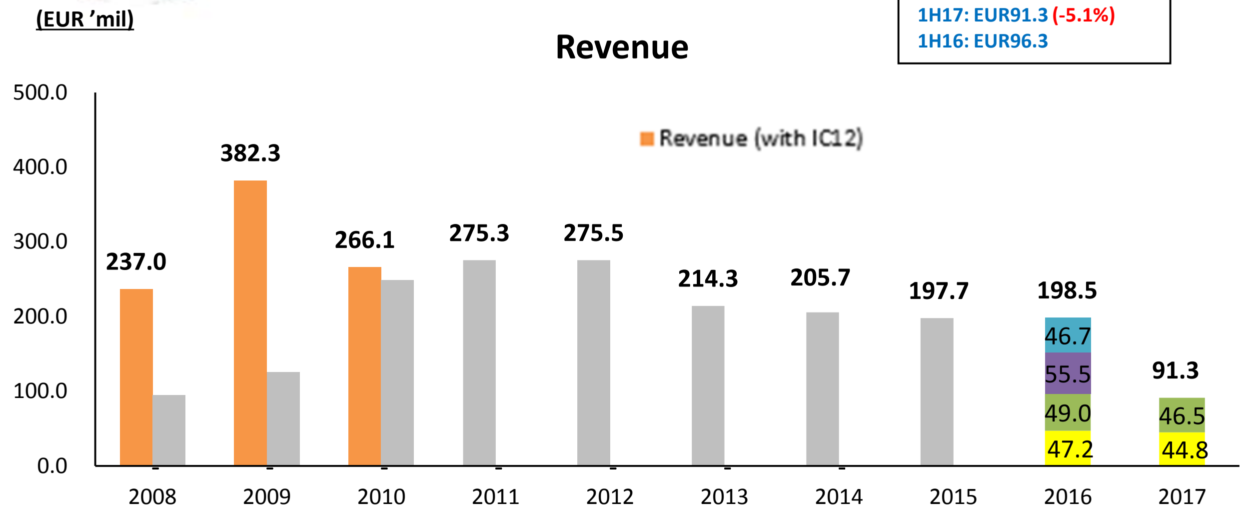
	Trade Receivables	Cash & Funds	Intangible Assets	Borrowings	Trade Payables	Other Payables
Excluding ISG & LGM	+5.7%	+5.4%	(-1.6%)	0.0%	(-38.0%)	+2.1%
Including ISG & LGM	+9.2%	(-6.0%)	(-0.3%)	+0.7%	(-4.3%)	+0.3%

Exchange rate used in balance sheet for 1H17: RM4.90/EUR
Exchange rate used in balance sheet for FY16: RM4.72/EUR

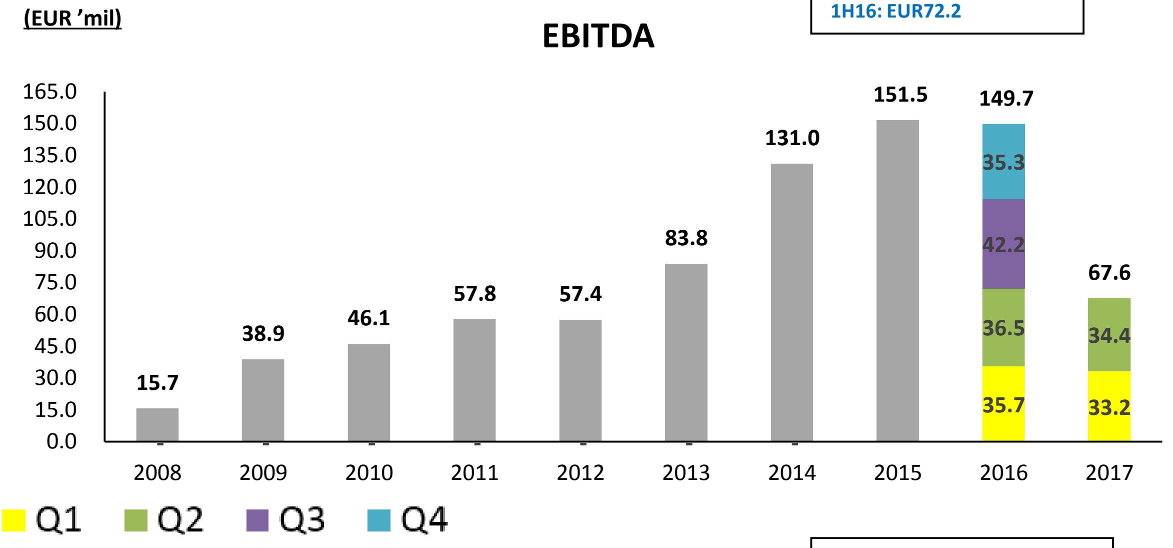
ISG & LGM Financial Performance

ISG Income Statement Summary

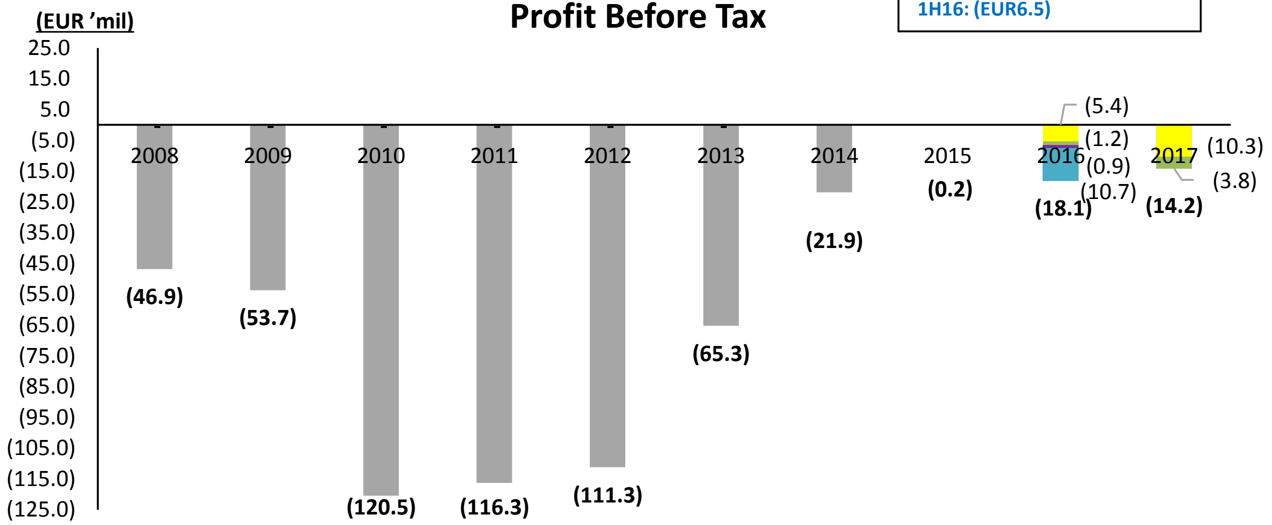
1H17: EUR91.3 (-5.1%)
1H16: EUR96.3



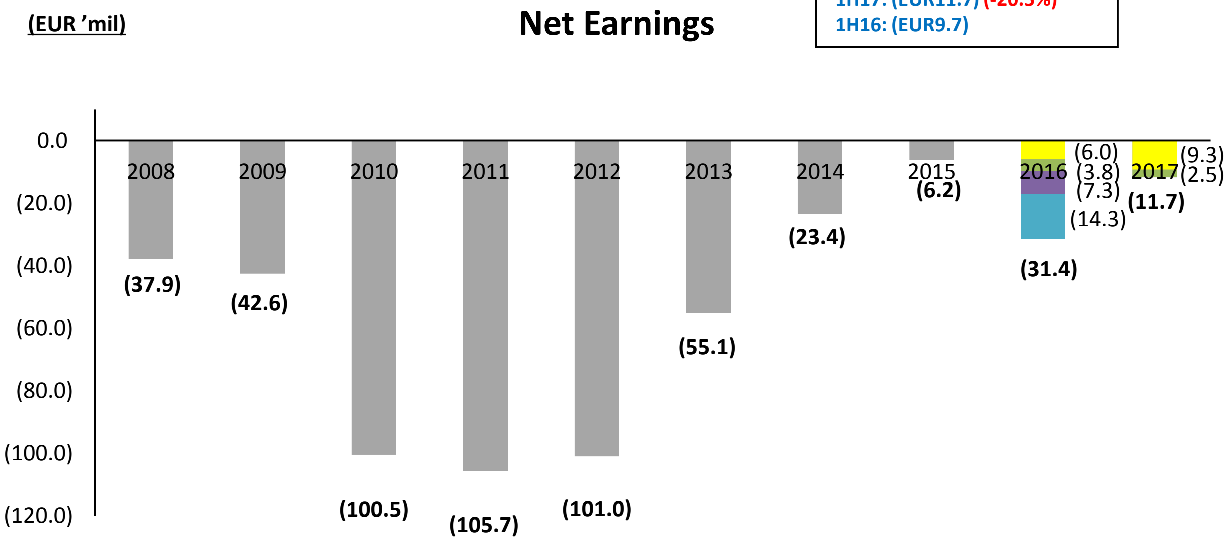
1H17: EUR67.6 (-6.4%)
1H16: EUR72.2



1H17: (EUR14.2) (-116.4%)
1H16: (EUR6.5)



1H17: (EUR11.7) (-20.5%)
1H16: (EUR9.7)



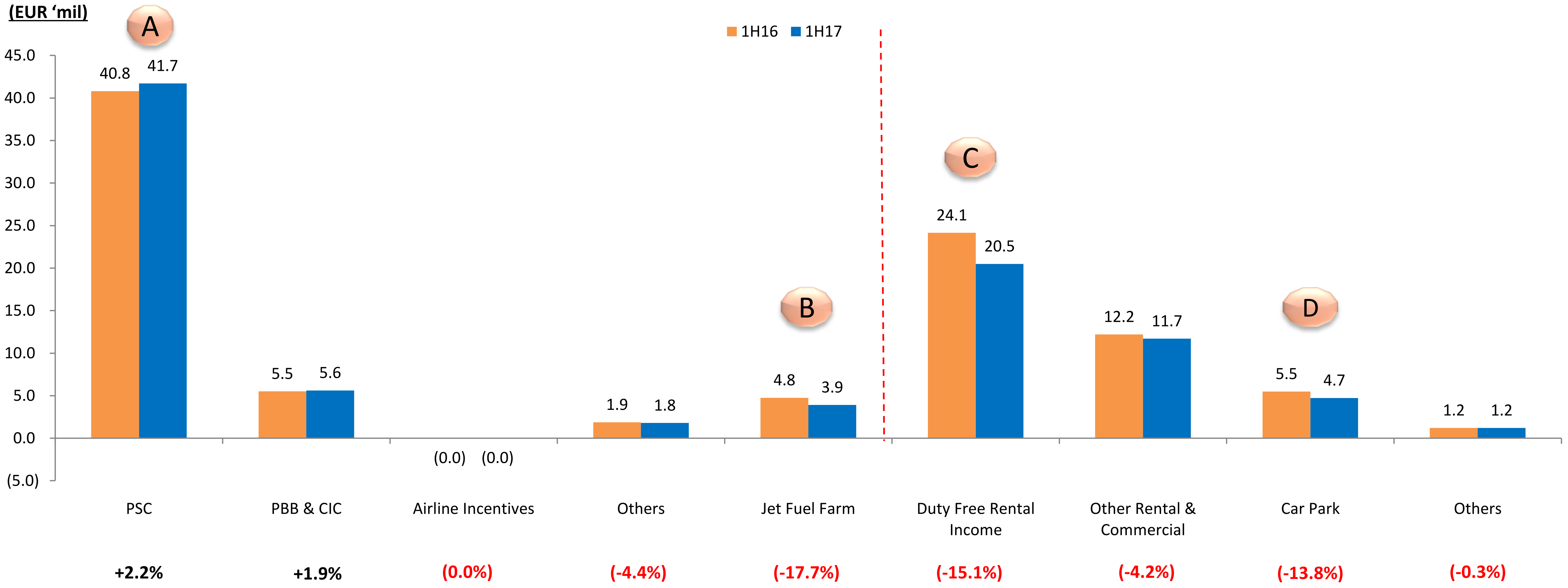
a) *Change of business in 2013 from supply of fuel to airlines to provision of fuel farm services to the fuel supplier . With effect from Sept 2014, ISG further changed its fuel farm business to outright rental of the farm in the form of variable rent (tariff) per ton of fuel supplied to airlines*

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

Aeronautical (EUR 'mil)
1H17: €53.0 (+0.1%)
1H16: €52.9

Non-Aeronautical (EUR 'mil)
1H17: €38.1 (-11.4%)
1H16: €43.1



ISG Explanatory Notes

A

PSC

An increase of 2.2% is due to the 1.8% rise in passenger traffic, particularly international passenger movements by 3.6%

- International PSC: EUR15; Domestic PSC: EUR3; International Transfer PSC: EUR5; Domestic Transfer (from 1 March 2016) PSC: EUR1

B

Jet Fuel Farm Rental

The lower jet fuel revenue is in respect of the revision of tariff by the airport authority, leading to lower revenue (1H17:EUR16.25ton; 1H16:EUR21.5 ton) and lower hydrant volume

C

Duty Free Rental Income

The decrease in duty free rental income was mainly due to a decrease in guaranteed spending per pax from setur despite the rise in international passenger traffic. ISG will receive revenue amounting to the higher of 46.5% (1H16: 41.5%) between: 1) guaranteed spending per pax which is the contractual income guaranteed by Setur; or (2) actual duty free spending per pax

- Average Spending per pax (1H17: EUR9.27; 1H16: EUR9.86)
- Guaranteed spending per pax (1H17: EUR9.50; 1H16: EUR12.84)

D

Car Park

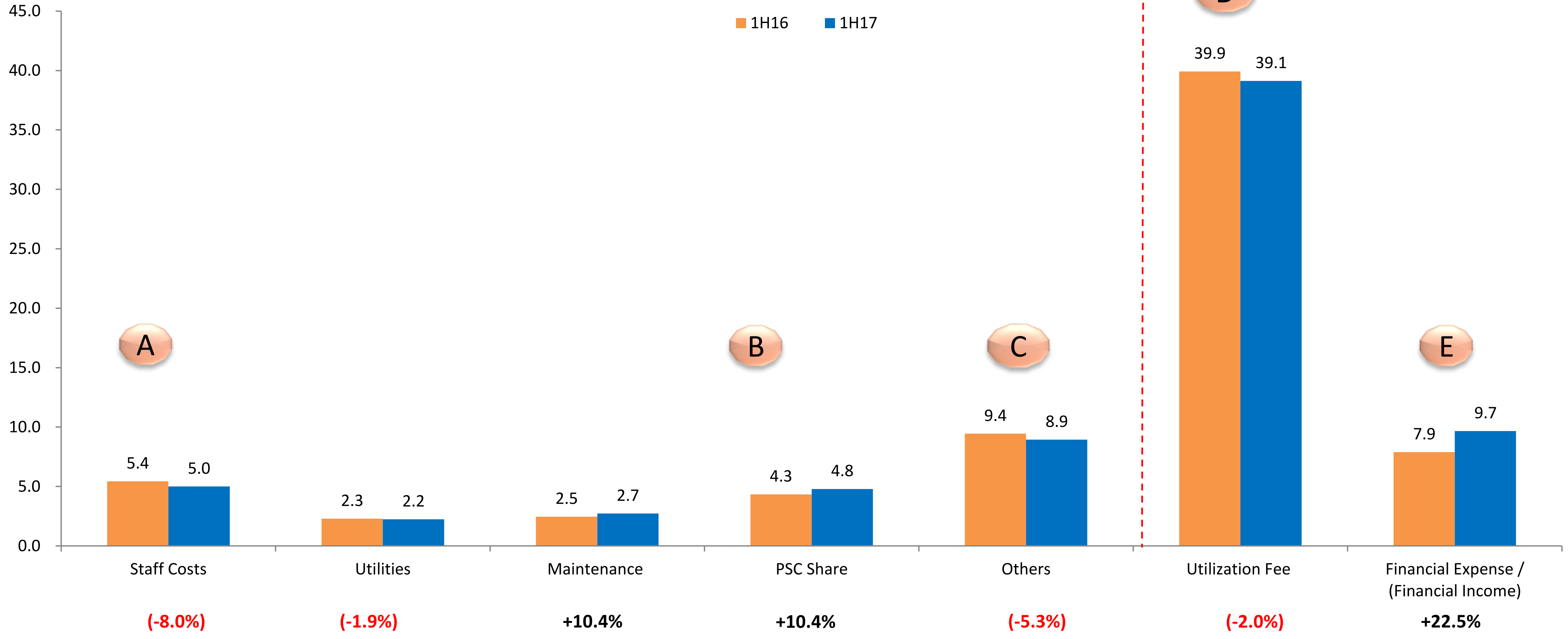
Car park revenue decreased by 13.8% due to the higher average exchange rate compared to 1H16 (1H17: TL 3.93/EUR; 1H16: TL 3.26/EUR) despite a 5% increase in car park tariff during the year

ISG Cost Analysis

(EUR 'mil)

Operating Costs (EUR 'mil)
1H17: €23.7 (-1.1%)
1H16: €24.0

Finance Cost (EUR 'mil)
1H17: €48.8 (+2.0%)
1H16: €47.8



ISG Explanatory Notes

A

Staff Costs

The decrease in staff cost is largely attributable to the higher average exchange rate from Turkey Lira to EUR

B

PSC Share

This relates to the PSC share to the Government for the increase in PSC tariff

- International PSC share: EUR1.50; International Transfer PSC share: EUR2.50; Domestic Transfer PSC: EUR0.50

C

Others

The 5.3% decrease in other costs is mainly due to higher average foreign exchange rate despite the increase in security charges arising from more manpower (1H17: 675; 1H16: 625) and higher average salary (1H17: TL3,962 ; 1H16: TL3,751)

D

Utilization Fee Finance Cost

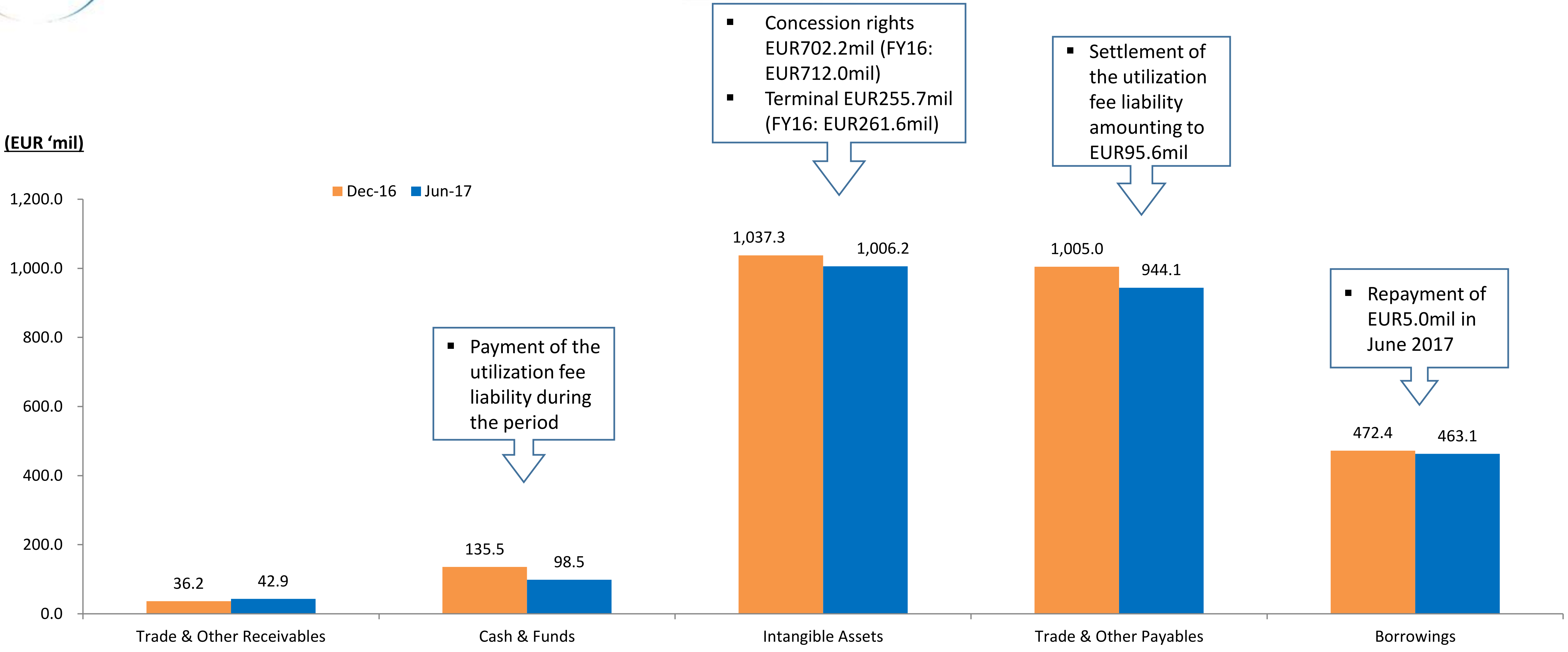
The utilization fee liability represents the present value of amounts payable to the Administration in accordance with the Concession Agreement for the operation of ISG for 20 years plus 22 months of extension period. The actual utilization fee payment is based on a step up basis of which the first cycle is EUR76.5 million, followed by an increase of EUR19.1 million for each step up. The first step up to EUR95.6 million happened in 2015 with the next step up occurring in 2019. The utilization fee finance cost of EUR39.1mil (1H16: EUR39.9mil) however relates to interest expense on utilization fee liability for the period

E

Financial Expenses, net

The increase is contributed by higher foreign currency loss in 1H17

ISG Balance Sheet Analysis

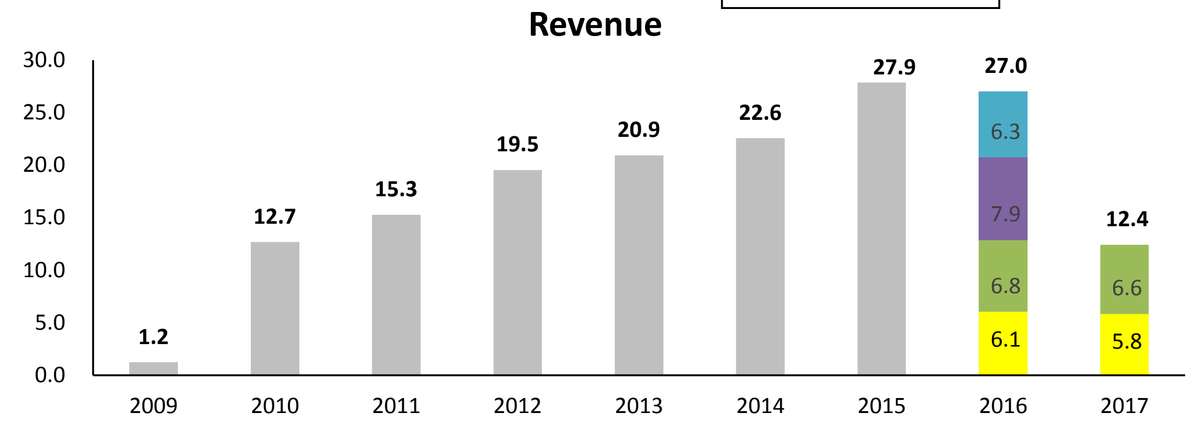


+18.5%	**(-27.3%)**	**(-3.0%)**	**(-6.1%)**	**(-2.0%)**

LGM Income Statement

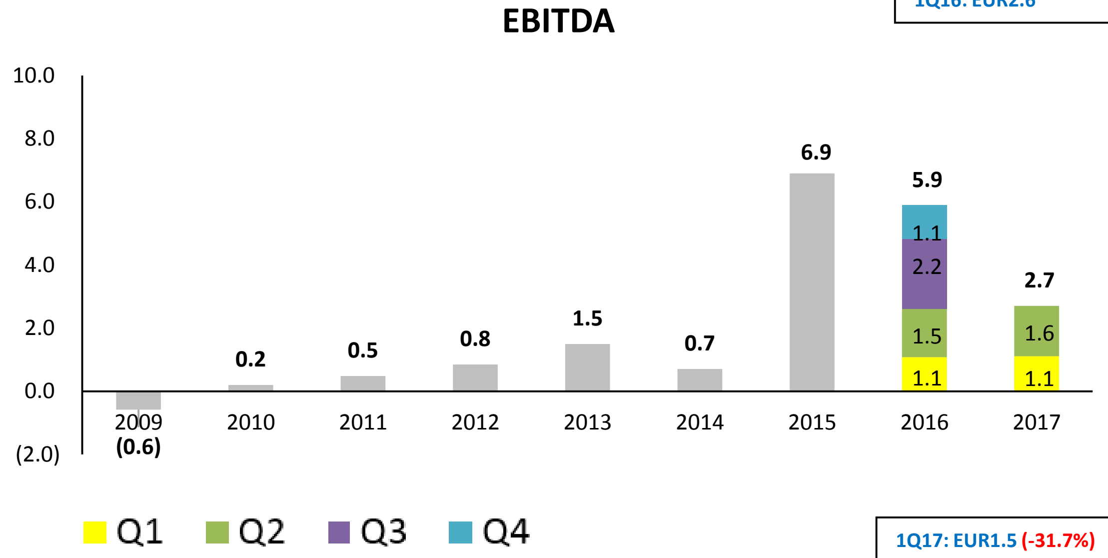
(EUR 'mil)

1H17: EUR12.4 (-3.6%)
1H16: EUR12.9



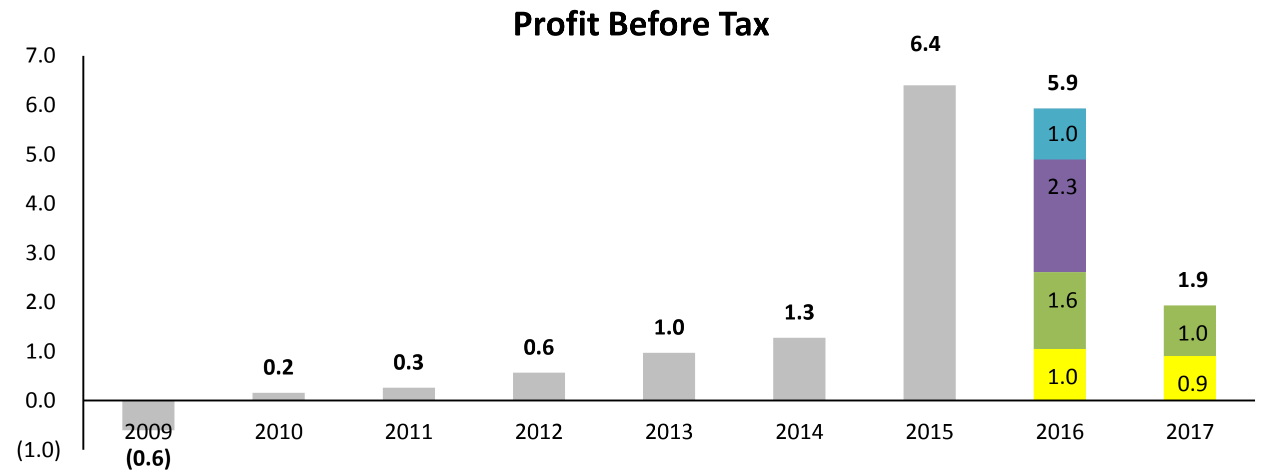
(EUR 'mil)

1Q17: EUR2.7 (+3.3%)
1Q16: EUR2.6



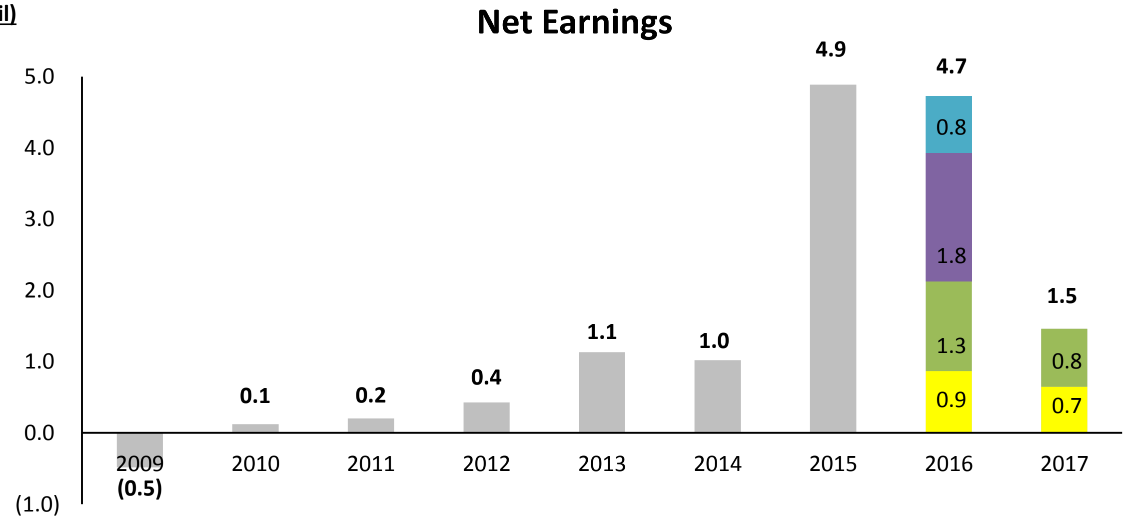
(EUR 'mil)

1H17: EUR1.9 (-26.1%)
1H16: EUR2.6



1Q17: EUR1.5 (-31.7%)
1Q16: EUR2.1

(EUR 'mil)



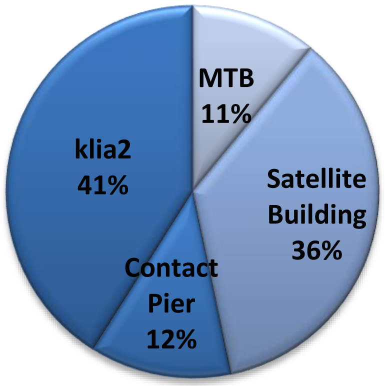
(a) Decrease in revenue for LGM is mainly due to lower CIP rental revenue due to Akbank Lounge which was closed with effect from August 2015.

Commercial Revenue Analysis

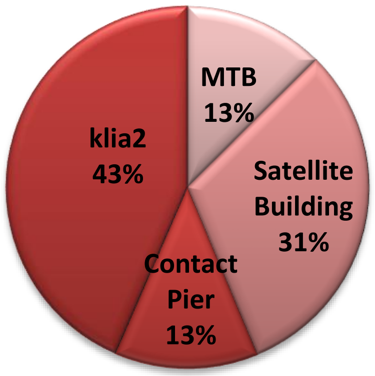
KLIA - Total Retail and F&B Sales

Description	1H17 Sales (RM'mil) *	1H17 No. of Pax ('mil)	1H17 Sales per Pax (RM)	1H16 Sales (RM'mil)	1H16 No. of Pax ('mil)	1H16 Sales per Pax (RM)	Sales Per Pax Variance (%)
Main Terminal Building	113.1			100.6			
Satellite Building	369.3			250.7			
Contact Pier	126.2			102.6			
Total KLIA (Main)	608.6	13.9	43.81	453.9	11.3	40.30	▲ 8.7
klia2	413.9	14.5	28.47	349.6	13.6	25.79	▲ 10.4
Total KLIA + klia2	1,022.5	28.4	35.97	803.5	24.8	32.37	▲ 11.1

Sales at KLIA 1H17



Sales at KLIA 1H16



- Higher sales at KLIA and klia2 is due to increase in pax from China contributed by additional new routes as well as increase in pax from ASEAN, Middle East and Australia

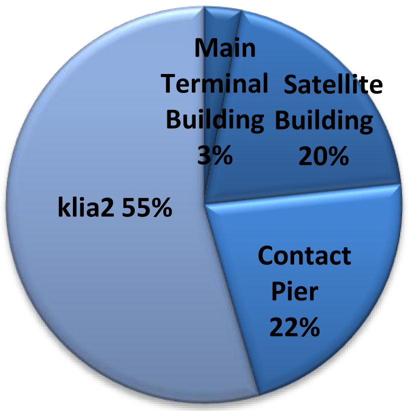
**Preliminary data*

Note: Data includes permanent retail and F&B while services & promotion is excluded.

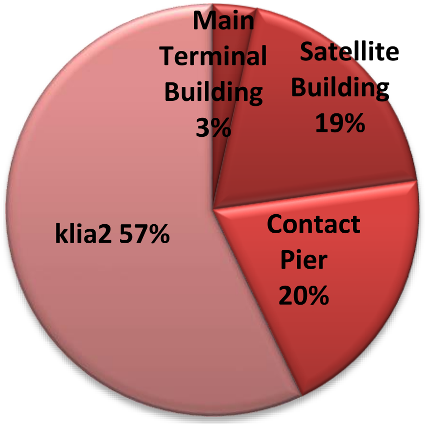
KLIA - ERAMAN Retail Revenue

Description	1H17 Revenue (RM'mil)	1H17 No. of Pax ('mil)	1H17 Per Pax Revenue (RM)	1H16 Revenue (RM'mil)	1H16 No. of Pax ('mil)	1H16 Per Pax Revenue (RM)	Revenue Variance (%)	Revenue Per Pax Variance (%)
Main Terminal Building	11.0			10.7				
Satellite Building	72.0			60.4				
Contact Pier	78.9			63.0				
Total KLIA (Main)	162.0	13.9	11.66	134.0	11.3	11.90	▲ 20.9	▽ (2.0)
klia2	194.2	14.5	13.36	178.5	13.6	13.16	▲ 8.8	▲ 1.5
Total KLIA + klia2	356.2	28.4	12.53	312.5	24.8	12.59	▲ 14.0	▽ (0.5)

Retail Revenue at KLIA 1H17



Retail Revenue at KLIA 1H16

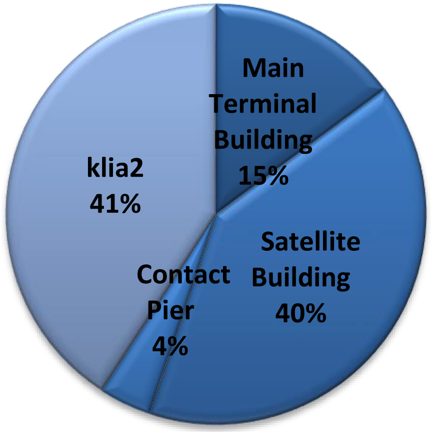


- Despite the higher KLIA MTB revenue for ERAMAN arising from higher spending pax and higher average prices of liquor and cigarette, revenue per pax had dropped due to the increase in pax upon relocation of Malindo on 15 Mar 2016
- Eraman commands about 46.9% of total sales per pax at klia2

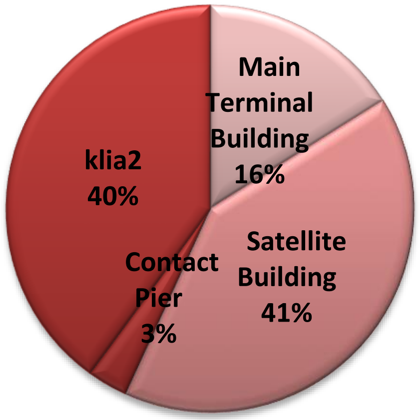
KLIA - Retail & F&B Rental

Location	1H17 No. of Lease out	1H17 Space (Sqm)	1H17 Rental Revenue (RM'mil) MGP	1H17 Rental Revenue (RM'mil) Royalty	1H17 Rental Revenue (RM'mil) Total Rental	1H17 Rental Revenue (RM'000) per Sqm	1H16 No. of Lease out	1H16 Space (Sqm)	1H16 Rental Revenue (RM'mil) MGP	1H16 Rental Revenue (RM'mil) Royalty	1H16 Rental Revenue (RM'mil) Total Rental	1H16 Rental Revenue (RM'000) per Sqm	Revenue Variance (%)
Main Terminal Building	44	5,044	19.9	6.1	26.0	5.2	44	5,053	18.7	3.7	22.3	4.4	
Satellite Building	67	7,582	51.5	19.0	70.5	9.3	66	7,769	48.4	8.2	56.6	7.3	
Contact Pier	12	3,453	2.2	4.8	7.0	2.0	11	3,243	2.1	2.4	4.5	1.4	
Total KLIA (Main)	123	16,079	73.5	29.9	103.5	6.4	121	16,065	69.2	14.3	83.5	5.2	▲ 24.0
klia2	73	12,948	50.3	21.2	71.5	5.5	84	12,984	45.7	9.8	55.5	4.3	▲ 28.7
Total KLIA + klia2	196	29,027	123.8	51.1	174.9	6.0	205	29,049	114.9	24.1	139.0	4.8	▲ 25.8

Total Rental (%) at KLIA 1H17



Total Rental (%) at KLIA 1H16



- KLIA rental revenue per sqm increased due to annual increase in MGP rates at 5%
- Increase in royalty was contributed by positive sales growth mainly from top tenants

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	1H17	1H16
Total Duty Free spending per pax	EUR/Pax	9.27	9.87
Guaranteed spending per pax	EUR/Pax	9.50	12.84

Description	1H17			1H16			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	20.5	4.1	5,050.0	24.1	4.8	(15.1)	(15.1)

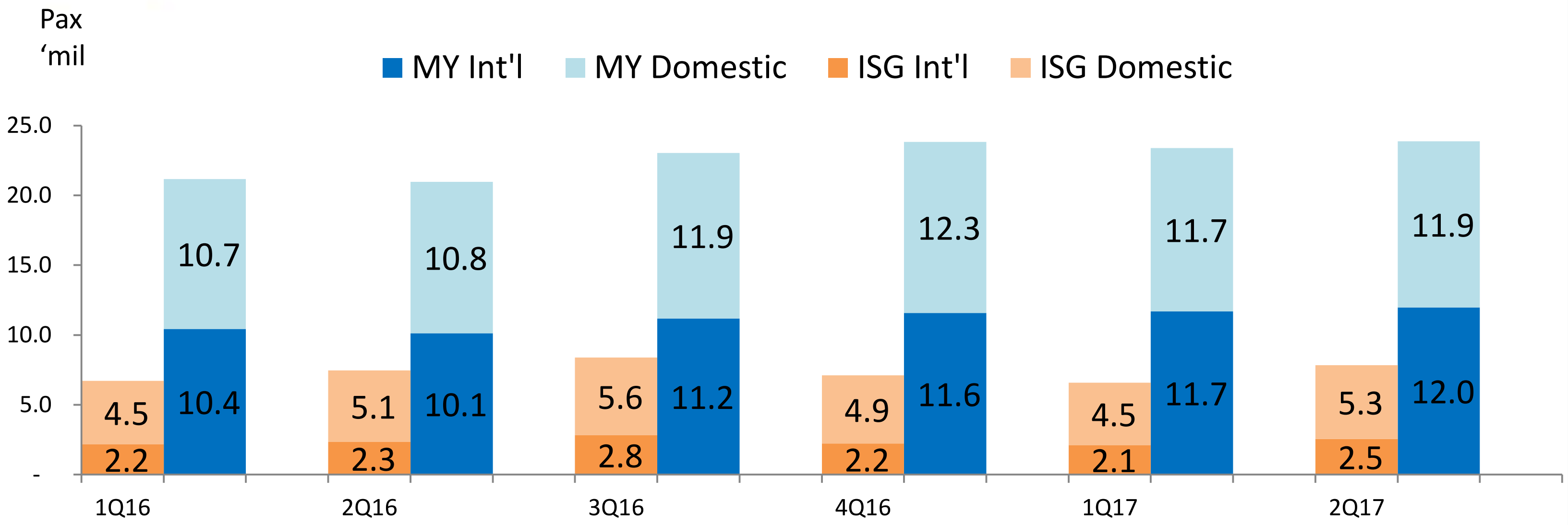
ISG's Retail & F&B Rental Analysis

Description	1H17			1H16			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	9,107.0	4.7	0.5	9,107.0	4.9	0.5	(3.0)	(3.0)
Retail	1,648.9	0.6	0.3	1,602.2	0.5	0.3	7.6	4.6
Total ISG	10,755.9	5.3	0.5	10,709.2	5.4	0.5	(1.9)	(2.3)

** ISG will receive rental revenue amounting to the higher of 46.5% (1H16: 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

Passenger Movements



Drivers

- Total MAHB network of airports registered 9.5% growth for June 2017
- Increase in passenger traffic driven by visa relaxation measures for Chinese and Indian tourists, Umrah travel, competitive fares as well as favourable exchange rate for foreign tourists
- Positive development in Turkey which reflects an encouraging outlook for ISG's traffic growth

	KLIA Main			klia2			KLIA			MASB Airports			MY Airports			ISG			MAHB Group		
	1H17	1H16	Var %	1H17	1H16	Var %	1H17	1H16	Var %	1H17	1H16	Var %	1H17	1H16	Var %	1H17	1H16	Var %	1H17	1H16	Var %
International	10.6	8.5	▲ 24.4	9.8	9.1	▲ 7.7	20.4	17.6	▲ 15.8	3.3	2.9	▲ 11.9	23.7	20.6	▲ 15.2	4.7	4.5	▲ 3.6	28.4	25.1	▲ 13.1
Domestic	3.3	2.8	▲ 20.1	4.7	4.4	▲ 6.1	8.0	7.2	▲ 11.5	15.5	14.4	▲ 8.2	23.6	21.6	▲ 9.3	9.7	9.7	▲ 0.9	33.3	31.2	▲ 6.7
Total	13.9	11.3	▲ 23.3	14.5	13.6	▲ 7.2	28.4	24.8	▲ 14.5	18.8	17.3	▲ 8.8	47.3	42.1	▲ 12.2	14.4	14.2	▲ 1.8	61.7	56.3	▲ 9.6

New destinations for home-based carriers in 1H17

Malaysia Airlines
KUL-Nanjing
KUL-Wuhan
KUL-Fuzhou

AirAsia/AirAsiaX
KUL-Bhubaneswar
KCH-Pontianak
KUL-Osaka-Hawaii

Malindo Air
BKI-Taipei
KUL-Dhaka
KUL-Ahmedabad-Jeddah
KUL-Guangzhou
KUL-PEN-Haikou
KUL-Chittagong
KUL-Denpasar-Brisbane
PEN-Singapore

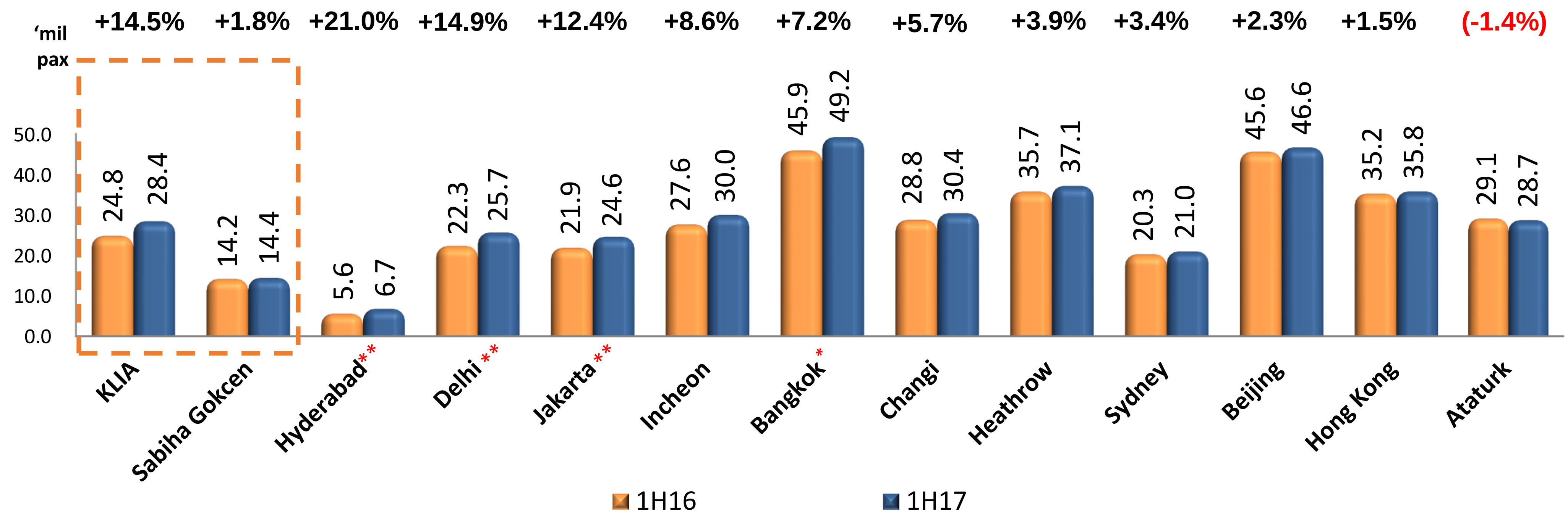
Pegasus Airlines
SAW-Grozny
SAW-Volvograd
SAW-Samara
SAW-Nizhny Novgorod
SAW-Abu Dhabi
SAW-Kastamonu

Turkish Airlines
SAW-Abu Dhabi

Anadolu Jet
SAW-Dalaman
SAW-Merzifon
SAW-Erzincan
SAW-Igdir

*MASB Airports refer to 38 airports other than KLIA operated by Malaysia Airports Sdn. Bhd.

Airport Peers Passenger Movements



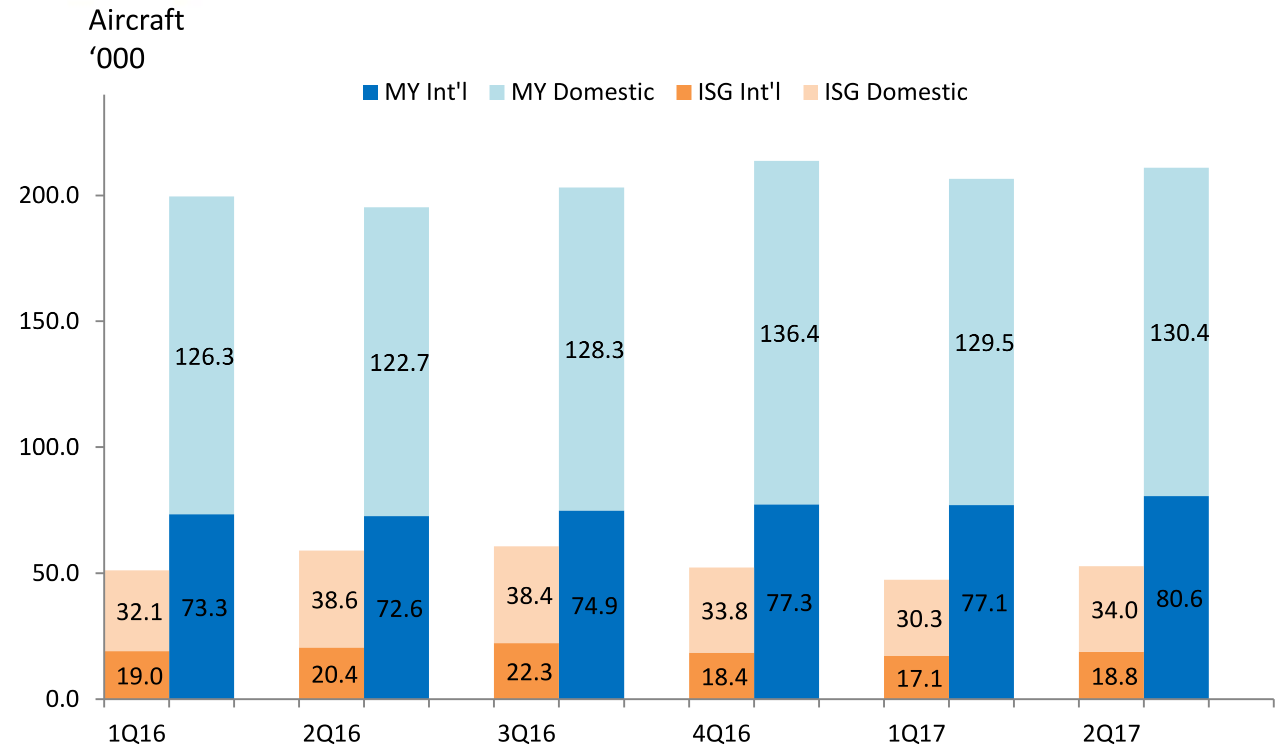
Global Drivers

- Having reached a six-year high of 10.9% in April, year-on-year growth in global RPKs slowed to (a still robust) 7.7% in May.
- While lower airfares are continuing to stimulate air passenger demand, the degree of stimulation is starting to ease, partly reflecting upward pressure on airlines' costs.
- The seasonal adjusted industry-wide load factor has remained close to a record high, and the industry-wide load factor 80.1%.

Source: IATA: Passenger demand growth slows in May, but remain robust 6th July 2017

* *Bangkok's figure includes Suvarnabhumi Airport (+6.7%) and Don Mueang International Airport (+8.2%)*
** *Based on YTD May results*

Aircraft Movements



New services from foreign based carriers in 1H17

Airline	Routing	Frequency	Effective date
New Airlines			
Himalaya Airlines	Kathmandu-KUL	5x weekly	10/2
US-Bangla Airlines	Dhaka-KUL	5x weekly	1/3
Philippine Airlines	Manila - KUL	Daily	8/6
Batik Air	Jakarta – KUL	Daily	10/6
JC Cambodia	Phnom Penh – KUL	2x weekly	13/6
Air Manas	SAW-Bishkek	5x weekly	16/6
New Service			
Lucky Air	Kunming-KUL	4x weekly	16/1
Thai Smile	Bangkok-BKI	Daily	26/3
Xiamen Airlines	Fuzhou-BKI	3x weekly	9/1
Lion Air	Medan – KUL	Daily	24/5
Thai Smile	Bangkok - KUL	Daily	25/5
Upgraded Service			
China Airlines	Taipei – Penang	From 7x to 10x weekly	14/5
Oman Air	Muscat - KUL	From 7x to 14x weekly	26/6
Shanghai	Shanghai - KUL	From 7x to 14x weekly	30/6

	KLIA Main			klia2			KLIA			MASB Airports			MY Airports			ISG			MAHB Group		
	1H17	1H16	Var %	1H17	1H16	Var %	1H17	1H16	Var %	1H17	1H16	Var %	1H17	1H16	Var %	1H17	1H16	Var %	1H17	1H16	Var %
International	70.5	60.4	16.8	56.9	56.7	0.2	127.4	117.1	8.8	30.3	28.8	5.1	157.7	145.9	8.1	35.9	39.3	(8.7)	193.6	185.2	4.5
Domestic	29.7	25.6	16.1	30.3	29.8	1.6	60.1	55.5	8.3	199.9	193.5	3.3	260.0	249.0	4.4	64.3	68.1	(5.5)	324.3	317.0	2.3
Total	100.3	86.0	16.6	87.2	86.5	0.7	187.4	172.6	8.6	230.2	222.3	3.6	417.7	394.9	5.8	100.2	107.4	(6.7)	517.9	502.3	3.1

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Thank You

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