FINANCIAL RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER 2017

Raja Azmi Raja Nazuddin
Chief Financial Officer
24th November 2017

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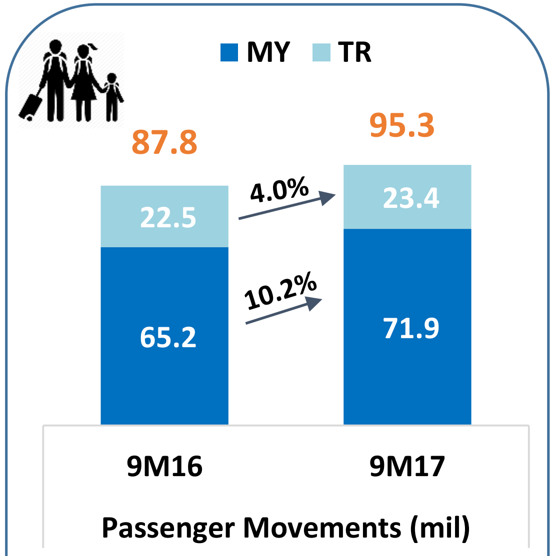
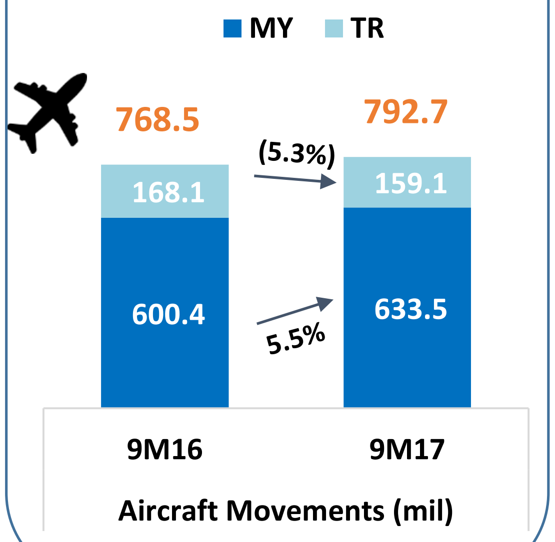
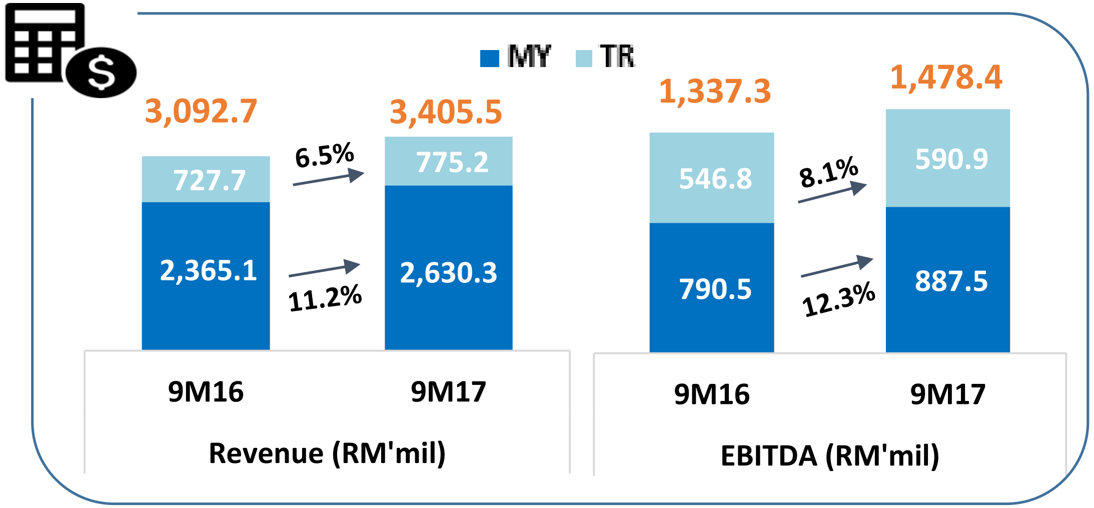
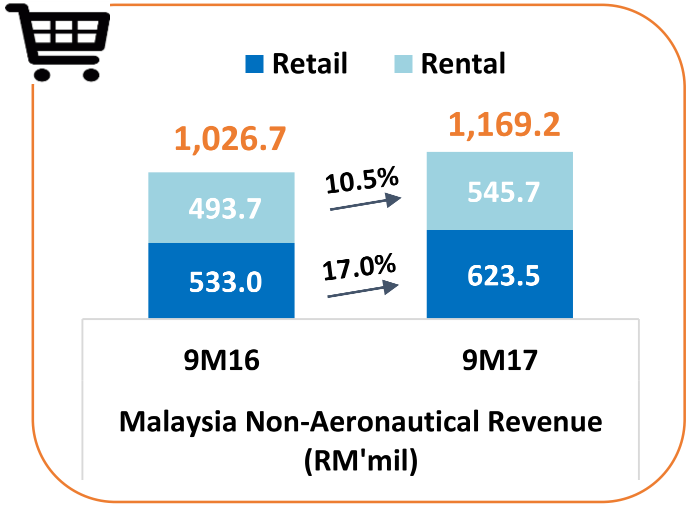
Key Highlights

9M17 Key Highlights









Key Highlights

Group EBITDA up 10.6% to RM1,478.4 million, representing 82.3% of Headline KPI

- Group earnings up for PBT (↑186.7% to RM282.9 million) and PAT (↑480.5% to RM209.2 million)
- Improved earnings in line with stronger growth in group revenue (↑10.1% to RM3,405.5 million) and EBITDA (↑10.6% to RM1,478.4 million) supported by lower amortization costs

Traffic growth in Malaysia and Turkey ↑10.2% and 4.0% respectively

- Group passenger growth and aircraft movement ↑8.6% and ↑3.1% respectively
- International traffic growth in Malaysia (↑14.7%) and Turkey (↑6.6%) outpacing respective domestic growth.
- 50.6% of traffic in Malaysia is International passengers (9M16: 48.7%) with non-ASEAN passenger accounting for more than half of international passengers
- KUL passenger traffic ↑12.7%, growing faster than BKK (↑7.6%), SIN (↑5.9%) and HKG (↑2.2%)

Surge in non-aeronautical revenue in Malaysia, ↑13.9% to RM1,169.2 million

- Mainly driven by improved retail and F&B sales per pax (↑12.3%) and rental at KUL (↑19.6%)

Headline Key Performance Indicator

	9M17 Actual	9M16 Actual	FY17 Target	FY16 Actual
Profitability (EBITDA)[1]	RM1,478.4mil (82.3%)	RM1,337.3mil (78.2%)	RM1,796.6mil	RM1,709.9mil
MY Operations EBITDA[2]	RM887.5mil (88.6%)	RM790.5mil (79.8%)	RM1,001.6mil	RM990.9mil
TR Operations EBITDA[3]	RM590.9mil (74.3%)	RM546.8mil (76.0%)	RM795.0mil	RM719.1mil
Airport Service Quality (ASQ)	> 40 mppa: KLIA Ranking Top 11	> 40 mppa: KLIA Ranking Top 9	> 40 mppa: KLIA Ranking Top 12	> 40 mppa: KLIA Ranking Top 9

[1] % represents percentage achieved for the financial year
[2] MY includes overseas project and repair maintenance segment in Qatar
[3] TR represents consolidated results from ISG & LGM in Turkey

Quarterly & Preceding Quarter Executive Summary

	MY			TR			MAHB GROUP		
		3Qv3Q	3Qv2Q		3Qv3Q	3Qv2Q		3Qv3Q	3Qv2Q
Revenue	RM896.3mil	+11.1%	+3.8%	RM315.6mil	+17.4%	+33.6%	RM1,212.0mil	+12.7%	+10.2%
Airport Operations	RM823.1mil	+11.7%	+3.4%	RM313.2mil	+17.6%	+33.5%	RM1,136.2mil	+13.3%	+10.3%
Non-Airport Operations	RM73.2mil	+4.4%	+8.0%	RM2.5mil	+2.1%	+38.1%	RM75.7mil	+4.4%	+8.8%
EBITDA	RM264.9mil	+1.0%	(-8.5%)	RM251.2mil	+22.7%	+43.3%	RM516.1mil	+10.5%	+11.0%
Net Assets							RM8,803.3mil	+2.2%	+0.6%
Passengers	24.7mil	+6.5%	+3.3%	9.0mil	+7.1%	+15.4%	33.7mil	+6.6%	+6.3%
Aircrafts	215,762	+5.0%	+2.2%	58,930	(-3.0%)	+11.6%	274,692	+3.2%	+4.1%

Year-to-date Executive Summary

	MY		TR		MAHB GROUP	
	Malaysia Airports	9M17v9M16	ISG	9M17v9M16	Malaysia Airports	9M17v9M16
Revenue	RM2,630.3mil	+11.2%	RM775.2mil	+6.5%	RM3,405.5mil	+10.1%
Airport Operations	RM2,416.0mil	+10.9%	RM769.0mil	+6.8%	RM3,185.0mil	+9.9%
Non-Airport Operations	RM214.4mil	+14.4%	RM6.2mil	(-21.2%)	RM220.5mil	+13.0%
EBITDA	RM887.5mil	+12.3%	RM590.9mil	+8.1%	RM1,478.4mil	+10.6%
Net Assets					RM8,803.3mil	+2.2%
Passengers	71.9mil	+10.2%	23.4mil	+4.0%	95.3mil	+8.6%
Aircrafts	633,515	+5.5%	159,141	(-5.3%)	792,656	+3.1%

Significant Events

Malaysia Operations

- 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
- 24/08/17: World's first Proof of Concept for Hajj pilgrims pre-clearance was conducted at KLIA
- 05/09/17: Eraman partners with Alipay to attract Chinese tourists to its duty free and travel retail stores
- 26/09/17: klia2, the first airport in Southeast Asia to earn the prestigious Gold Leed Building Certification

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

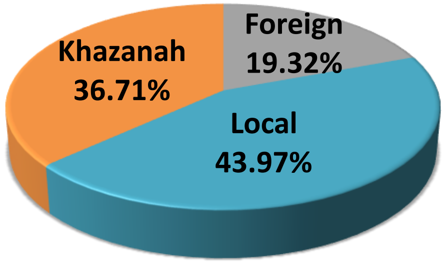
Group Financial Review

Equity Profile

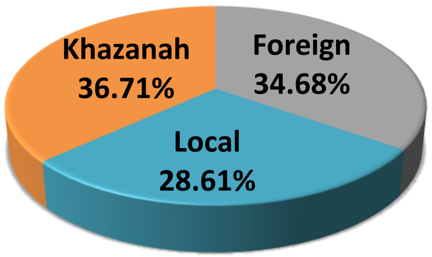
Shareholding Profile

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

As at 31/12/2016



As at 30/9/2017

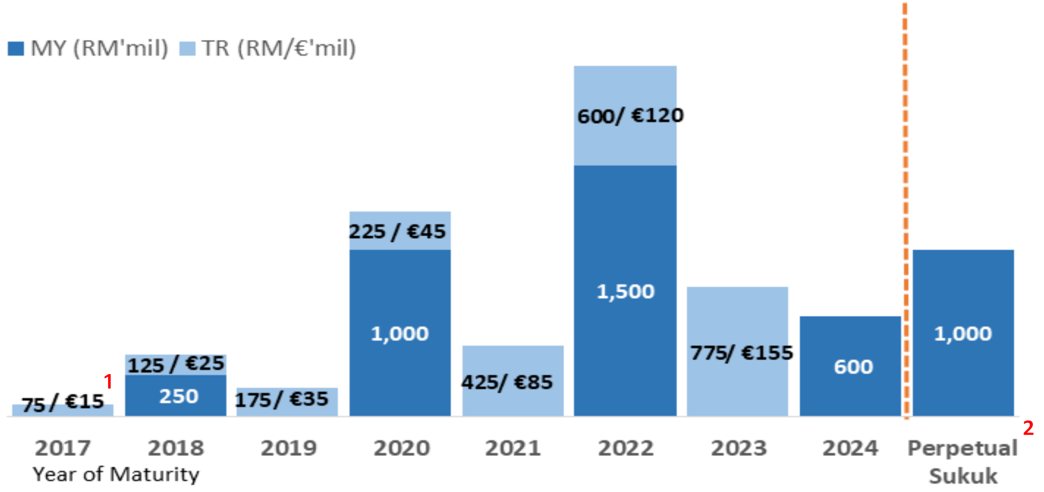


Dividend Profile

Financial Year	Dividend Reinvestment Plan Subscription Rate		Dividend Payment Per Share (sen)			Total Amount Paid (RM mil)			Dividend Payout Ratio*
	Interim	Final	Interim	Final	Total	Interim	Final	Total	Total
2012	46.2%	85.0%	6.00	7.63	13.63	72.60	92.86	165.46	50.0%
2013	88.4%	87.6%	6.00	5.78	11.78	73.95	78.87	152.82	50.0%
2014	53.4%	74.1%	2.00	3.60	5.60	27.48	59.47	86.95	61.2%
2015	N/A	N/A	4.00	4.50	8.50	66.37	74.66	141.03	58.1%
2016	N/A	N/A	4.00	6.00	10.00	66.37	99.55	165.92	55.5%
2017	N/A	N/A	5.00	-	-	82.96	-	-	-

* The dividend payout ratio is based on adjusted net core profit of the Group

Borrowings Profile



	30/9/2017	31/12/2016
Net debt (RM'mil)	3,625.4	3,816.8
Share of fixed-rate debt	100%[3]	100%[3]
Weighted average maturity (years)	5.55	5.61
Weighted average cost	3.99%	4.02%
Gross gearing ratio (times)	0.65x	0.64x

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

[1] €5.0mil has since been paid in June 2017

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

[3] After ISG's floating rate swap

Group 3Q17 Results (vs 3Q16)

(RM'mil)	3Q17 MY	3Q17 TR	3Q17 MAHB Group	3Q16 MY	3Q16 TR	3Q16 MAHB Group	MY Variance %	TR Variance %	MAHB Group Variance %
Revenue	**896.3**	**315.6**	**1,212.0**	**806.9**	**268.8**	**1,075.7**	▲ **11.1**	▲ **17.4**	▲ **12.7**
EBITDA	**264.9**	**251.2**	**516.1**	**262.3**	**204.7**	**467.1**	▲ **1.0**	▲ **22.7**	▲ **10.5**
Depreciation & Amortisation	(87.0)	(158.4)	(245.4)	(134.8)	(122.6)	(257.5)	▲ 35.5	▼ (29.1)	▲ 4.7
Finance Costs	(44.4)	(140.1)	(184.5)	(46.0)	(125.1)	(171.0)	▲ 3.5	▼ (12.0)	▼ (7.8)
Share of Assoc. & JV Profit	4.5	-	4.5	4.4	-	4.4	▲ 1.5	▬ -	▲ 1.5
PBT	**138.0**	**(47.3)**	**90.7**	**86.0**	**(43.0)**	**43.0**	▲ **60.6**	▼ **(10.1)**	▲ **111.1**
Taxation & Zakat	(21.6)	10.6	(11.0)	(10.3)	(21.7)	(32.0)	▼ (109.9)	▲ 148.9	▲ 65.6
Net Earnings	**116.4**	**(36.7)**	**79.7**	**75.6**	**(64.7)**	**11.0**	▲ **53.9**	▲ **43.3**	▲ **627.7**
EBITDA Margin (%)	29.6%	79.6%	42.6%	32.5%	76.2%	43.4%	▼ (3.0) ppt	▲ 3.4 ppt	▼ (0.8) ppt
PBT Margin (%)	15.4%	-15.0%	7.5%	10.7%	-16.0%	4.0%	▲ 4.7 ppt	▲ 1.0 ppt	▲ 3.5 ppt

Exchange rate used in profit and loss for 3Q17 : RM5.04/EUR
Exchange rate used in profit and loss for 3Q16 : RM4.56/EUR

Group 3Q17 Results (vs 3Q16)

(RM'mil)	3Q17			3Q16			MY Variance %	TR Variance %	MAHB Group Variance %
	MY	TR	MAHB Group	MY	TR	MAHB Group			
Revenue	896.3	315.6	1,212.0	806.9	268.8	1,075.7	▲ 11.1	▲ 17.4	▲ 12.7

Revenue grew by 12.7%

- Airport operations: RM1,136.2mil (+13.3%)
  - Aeronautical: RM605.1mil (+13.8%) mainly due to better than expected passenger growth in Malaysia leading to higher PSC revenue, further supported by higher international passenger growth in Turkey
  - Non-Aeronautical: RM531.1mil (+12.7%) mainly due to higher retail and rental revenue in Malaysia by RM33.8mil and RM14.5mil respectively. Rental revenue in Turkey also increased by RM11.6mil

- Non-airport operations: RM75.7mil (+4.4%)
  - Project and repair maintenance: RM38.1mil (-1.4%)
  - Hotel: RM27.2mil (+11.2%)
  - Agriculture & horticulture: RM10.3mil (+9.7%)

Group 3Q17 Results (vs 3Q16)

(RM'mil)	3Q17 MY	3Q17 TR	3Q17 MAHB Group	3Q16 MY	3Q16 TR	3Q16 MAHB Group	MY Variance %	TR Variance %	MAHB Group Variance %
EBITDA	264.9	251.2	516.1	262.3	204.7	467.1	▲ 1.0	▲ 22.7	▲ 10.5
PBT	138.0	(47.3)	90.7	86.0	(43.0)	43.0	▲ 60.6	▼ (10.2)	▲ 110.9

EBITDA increased by 10.5%

- Malaysia operations: EBITDA marginally up by 1.0% due to higher operating costs including staff costs, maintenance and user fees
- Turkey operations: EBITDA up by 22.7% in line with higher international passenger growth of 10.7% for the quarter

PBT increased by 110.9%

- Malaysia operations: Higher PBT due to lower amortisation cost arising from the extension of the Operating Agreement
- Turkey operations: Recorded a PBT of RM21.7mil (3Q16: PBT of RM6.5mil) prior to taking into account a loss of RM69.1mil (3Q16: RM49.5mil) primarily owing to the amortization of fair value of the concession rights subsequent to the acquisition

Group 3Q17 Results (vs 2Q17)

(RM'mil)	3Q17 MY	3Q17 TR	3Q17 MAHB Group	2Q17 MY	2Q17 TR	2Q17 MAHB Group	MY Variance %	TR Variance %	MAHB Group Variance %
Revenue	**896.3**	**315.6**	**1,212.0**	**863.6**	**236.3**	**1,100.0**	▲ **3.8**	▲ **33.6**	▲ **10.2**
EBITDA	**264.9**	**251.2**	**516.1**	**289.6**	**175.3**	**464.9**	▼ **(8.5)**	▲ **43.3**	▲ **11.0**
Depreciation & Amortisation	(87.0)	(158.4)	(245.4)	(87.0)	(127.7)	(214.8)	▲ 0.0	▼ (24.0)	▼ (14.3)
Finance Costs	(44.4)	(140.1)	(184.5)	(43.8)	(120.1)	(163.9)	▼ (1.3)	▼ (16.6)	▼ (12.6)
Share of Assoc. & JV Profit	4.5	-	4.5	6.1	-	6.1	▼ (25.9)	-	▼ (25.9)
PBT	**138.0**	**(47.3)**	**90.7**	**165.0**	**(72.7)**	**92.3**	▼ **(16.3)**	▲ **34.9**	▼ **(1.7)**
Taxation & Zakat	(21.6)	10.6	(11.0)	(42.1)	16.3	(25.8)	▲ 48.5	▼ (34.7)	▲ 57.2
Net Earnings	**116.4**	**(36.7)**	**79.7**	**122.9**	**(56.3)**	**66.5**	▼ **(5.3)**	▲ **34.8**	▲ **19.8**
EBITDA Margin (%)	29.6%	79.6%	42.6%	33.5%	74.2%	42.3%	▼ (4.0) ppt	▲ 5.4 ppt	▲ 0.3 ppt
PBT Margin (%)	15.4%	-15.0%	7.5%	19.1%	-30.7%	8.4%	▼ (3.7) ppt	▲ 15.8 ppt	▼ (0.9) ppt

Exchange rate used in profit and loss for 3Q17 : RM5.04/EUR
Exchange rate used in profit and loss for 2Q17 : RM4.80/EUR

Group 3Q17 Results (vs 2Q17)

(RM'mil)	3Q17			2Q17			MY Variance %	TR Variance %	MAHB Group Variance %
	MY	TR	MAHB Group	MY	TR	MAHB Group			
Revenue	896.3	315.6	1,212.0	863.6	236.3	1,100.0	▲ 3.8	▲ 33.6	▲ 10.2

Revenue grew by 10.2%

- Airport operations: RM1,136.2mil (+10.3%)
    - Aeronautical: RM605.1mil (+11.8%) mainly due to better than expected passenger growth in Malaysia leading to higher PSC revenue, further supported by higher international passenger growth in Turkey
    - Non-Aeronautical: RM531.1mil (+8.5%) mainly due to higher rental revenue in Turkey by RM41.5mil
- Non-airport operations: RM75.7mil (+8.6%)
    - Project and repair maintenance: RM38.1mil (+0.8%)
    - Hotel: RM27.2mil (+15.1%)
    - Agriculture & horticulture: RM10.3mil (+25.8%)

Group 3Q17 Results (vs 2Q17)

(RM'mil)	3Q17			2Q17			MY Variance %	TR Variance %	MAHB Group Variance %
	MY	TR	MAHB Group	MY	TR	MAHB Group			
EBITDA	264.9	251.2	516.1	289.6	175.3	464.9	▽ (8.5)	△ 43.3	△ 11.0
PBT	138.0	(47.3)	90.7	165.0	(72.7)	92.3	▽ (16.3)	△ 34.9	▽ (1.7)

EBITDA increased by 11.0%

- Malaysia operations: Lower EBITDA by 8.5% mainly due to higher operating costs including staff costs, maintenance and utilities
- Turkey operations: Higher EBITDA contributions by 43.3% due to improvement in international traffic in 3Q17 by 24.0% and higher rental revenue

PBT decreased by 1.7%

- Malaysia operations: Lower PBT by 16.3% was largely attributed to higher operating costs
- Turkey operations: Recorded a PBT of RM21.7mil (2Q17: LBT of RM13.5mil), prior to taking into account a loss of RM69.1mil (2Q17: RM59.2mil) primarily owing to the amortization of fair value of the concession rights subsequent to the acquisition

Group 9M17 Results (vs 9M16)

(RM'mil)	9M17 MY	9M17 TR	9M17 MAHB Group	9M16 MY	9M16 TR	9M16 MAHB Group	MY Variance %	TR Variance %	MAHB Group Variance %
Revenue	**2,630.3**	**775.2**	**3,405.5**	**2,365.1**	**727.7**	**3,092.7**	**11.2**	**6.5**	**10.1**
EBITDA	**887.5**	**590.9**	**1,478.4**	**790.5**	**546.8**	**1,337.3**	**12.3**	**8.1**	**10.6**
Depreciation & Amortisation	(261.9)	(426.1)	(688.1)	(390.6)	(367.4)	(758.0)	**32.9**	**(16.0)**	**9.2**
Finance Costs	(132.2)	(390.6)	(522.8)	(138.8)	(355.5)	(494.4)	**4.8**	**(9.9)**	**(5.7)**
Share of Assoc. & JV Profit	15.4	-	15.4	13.8	-	13.8	**11.7**	**-**	**11.7**
PBT	**508.7**	**(225.8)**	**282.9**	**274.9**	**(176.2)**	**98.7**	**85.1**	**(28.2)**	**186.7**
Taxation	(117.7)	44.0	(73.7)	(47.4)	(15.3)	(62.7)	**(148.3)**	**388.4**	**(17.7)**
Net Earnings	**391.1**	**(181.8)**	**209.2**	**227.5**	**(191.4)**	**36.0**	**71.9**	**5.0**	**480.5**
EBITDA Margin (%)	**33.7%**	**76.2%**	**43.4%**	**33.4%**	**75.1%**	**43.2%**	**0.3** ppt	**1.1** ppt	**0.2** ppt
PBT Margin (%)	**19.3%**	**-29.1%**	**8.3%**	**11.6%**	**-24.2%**	**3.2%**	**7.7** ppt	**(4.9)** ppt	**5.1** ppt
Net Asset per Share			**5.41**			**5.19**			**4.3**

Group 9M17 Results (vs 9M16)

(RM'mil)	9M17			9M16			MY Variance %	TR Variance %	MAHB Group Variance %
	MY	TR	MAHB Group	MY	TR	MAHB Group			
Revenue	2,630.3	775.2	3,405.5	2,365.1	727.7	3,092.7	▲ 11.2	▲ 6.5	▲ 10.1

Revenue increased by 10.1%

- Airport operations: RM3,185.0mil (+9.9%)
  - Aeronautical: RM1,672.8mil (+9.5%) largely due to better than expected passenger growth in Malaysia leading to higher PSC revenue
  - Non-Aeronautical: RM1,512.1mil (+10.4%) due to higher retail and rental revenue in Malaysia by RM90.5mil and RM52.0mil respectively

- Non-airport operations: RM220.5mil (+13.0%)
  - Project and repair maintenance: RM115.5mil (+9.3%)
  - Hotel: RM76.0mil (+14.8%)
  - Agriculture & horticulture: RM29.0mil (+25.0%)

Group 9M17 Results (vs 9M16)

(RM'mil)	9M17			9M16			MY Variance %	TR Variance %	MAHB Group Variance %
	MY	TR	MAHB Group	MY	TR	MAHB Group			
EBITDA	887.5	590.9	1,478.4	790.5	546.8	1,337.3	▲ 12.3	▲ 8.1	▲ 10.6
PBT	508.7	(225.8)	282.9	274.9	(176.2)	98.7	▲ 85.1	▼ (28.2)	▲ 186.7

EBITDA increased by 10.6%

- Malaysia operations: Higher EBITDA by 12.3% mainly due to stronger international passenger growth compared to 9M16 by 14.7%
- Turkey operations: Recorded an increase in EBITDA contributions by 8.1% in line with 6.6% growth in international passengers

PBT increased by 186.7%

- Malaysia operations: Higher PBT by 85.1% was largely attributed by the lower amortisation arising from the extension of the Operating Agreement
- Turkey operations: Recorded a LBT of RM36.1mil (9M16: LBT of RM11.3mil), prior to taking into account a loss of RM189.7mil (9M16: LBT of RM164.9mil) primarily owing to the amortization of fair value of the concession rights subsequent to the acquisition

9M17 EBITDA and PBT Reconciliation

	(RM'mil)	9M17 MY	9M17 TR	9M17 MAHB Group	9M16 MY	9M16 TR	9M16 MAHB Group	Variance MY %	Variance TR %	Variance MAHB Group %
	EBITDA excluding adjustments	**887.5**	**583.3**	**1,470.7**	**790.5**	**540.3**	**1,330.8**	**12.3%**	**8.0%**	**10.5%**
*Adj	+ Other Income - ISG PPA interest income	-	7.6	7.6	-	6.5	6.5			
	EBITDA including adjustments	**887.5**	**590.9**	**1,478.4**	**790.5**	**546.8**	**1,337.3**	**12.3%**	**8.1%**	**10.6%**
	- Depreciation and Amortisation	(261.9)	(252.2)	(514.2)	(390.6)	(218.9)	(609.5)			
*Adj	- Amortisation - ISG&LGM PPA concession rights fair value	-	(173.9)	(173.9)	-	(148.5)	(148.5)			
	- Finance Costs - interest on borrowing and misc.	(132.2)	(77.7)	(209.9)	(138.8)	(57.5)	(196.4)			
	- Finance Costs - ISG utilization fee expense	-	(289.5)	(289.5)	-	(275.2)	(275.2)			
*Adj	- Finance Costs - ISG&LGM PPA interest expense	-	(23.4)	(23.4)	-	(22.9)	(22.9)			
	+ Share of Assoc. & JV Profit	15.4	-	15.4	13.8	-	13.8			
	PBT including adjustments	**508.7**	**(225.8)**	**282.9**	**274.9**	**(176.2)**	**98.7**	**85.1%**	**-28.2%**	**186.7%**
	- Taxation and zakat	(117.7)	44.0	(73.7)	(47.4)	(15.3)	(62.7)			
	PAT including adjustments	**391.1**	**(181.8)**	**209.2**	**227.5**	**(191.5)**	**36.0**	**71.9%**	**5.0%**	**480.5%**

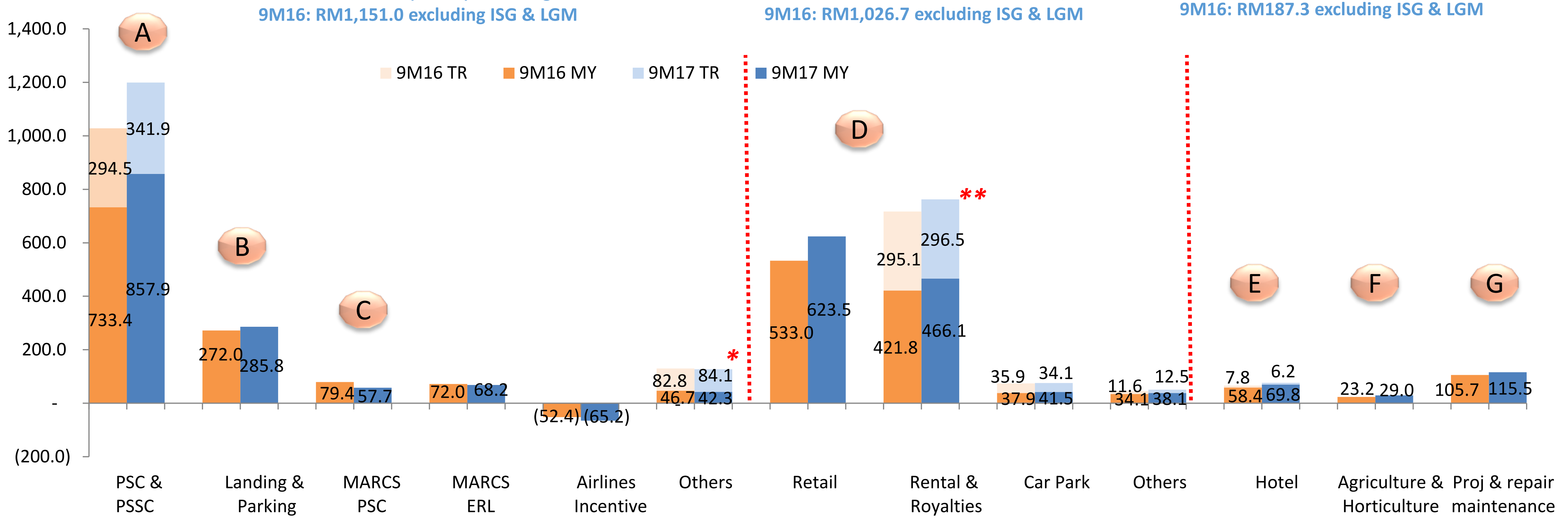
*PPA (Purchase Price Allocation) - Non-cash adjustments in respect of the fair valuation exercise on the Turkish operations under FRS3: Business Combination (9M17: RM189.7mil; 9M16: RM164.9mil)

Group Segmental Revenue

Aeronautical (RM 'mil)
9M17: RM1,672.8 (+9.5%)
9M16: RM1,528.3
9M17: RM1,246.8 (+8.3%) excluding ISG & LGM
9M16: RM1,151.0 excluding ISG & LGM

Non-Aeronautical (RM 'mil)
9M17: RM1,512.1 (+10.4%)
9M16: RM1,369.3
9M17: RM1,169.2 (+13.9%) excluding ISG & LGM
9M16: RM1,026.7 excluding ISG & LGM

Non-Airport Operations (RM 'mil)
9M17: RM220.5 (+13.0%)
9M16: RM195.2
9M17: RM214.4 (+14.4%) excluding ISG & LGM
9M16: RM187.3 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	**+17.0%**	**+5.1%**	**(-27.3%)**	**(-5.2%)**	**+24.5%**	**(-9.3%)**	**+17.0%**	**+10.5%**	**+9.6%**	**+11.7%**	**+19.5%**	**+25.4%**	**+9.3%**
Including ISG & LGM	**+16.7%**	**+5.1%**	**(-27.3%)**	**(-5.2%)**	**+24.5%**	**(-2.3%)**	**+17.0%**	**+6.4%**	**+2.4%**	**+10.7%**	**+14.7%**	**+25.4%**	**+9.3%**

**Included in Turkish operations' aeronautical revenue is ISG's jet fuel farm rental income of EUR5.7mil / RM27.8mil (9M16: EUR6.8mil / RM31.0mil)*

***Included in Turkish operations' rental and royalties is revenue generated from ISG's duty free business with Setur of EUR35.9mil / RM174.9mil (9M16: EUR39.3mil/ RM178.1mil)*

Group Explanatory Notes

A

PSC and PSSC

The increase in PSC and PSSC is in line with the higher international passenger movements in Malaysia and Turkey by 14.7% and 6.6% respectively. Malaysian passenger traffic was mainly driven by visa relaxation measures for Chinese and Indian tourists, Umrah traffic, currency advantage and increased tourism promotion. The Turkish operations meanwhile continues to see an improvement against 9M16 passenger movement by 4.0%

B

Landing & Parking

Landing & parking revenue in Malaysia increased due to higher international and domestic aircraft movements by 10.3% and 2.7% respectively. Landing & parking revenue at ISG is collected by the Government of Turkey

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

Retail, Rental & Royalties

The increase was aided by improved contributions from higher retail, rental and royalty revenue attributed to:

- stronger spending per passenger in KLIA and klia2,
- escalation of rental rates, and
- MYR currency advantage

Group Explanatory Notes

E **Hotel**

The increase in room revenue at Sama-Sama Hotel was contributed by: Higher average room rate (9M17: RM405; 9M16: RM395) and higher occupancy rate (9M17: 82%; 9M16: 71%)

F **Agriculture & Horticulture**

The increase was due to higher average price attained per Fresh Fruit Bunches (FFB) by 11.3% (9M17: RM621/MT; 9M16: RM558/MT) coupled with the increase in FFB production by 13.1% (9M17: 46,287 MT; 9M16: 40,920 MT)

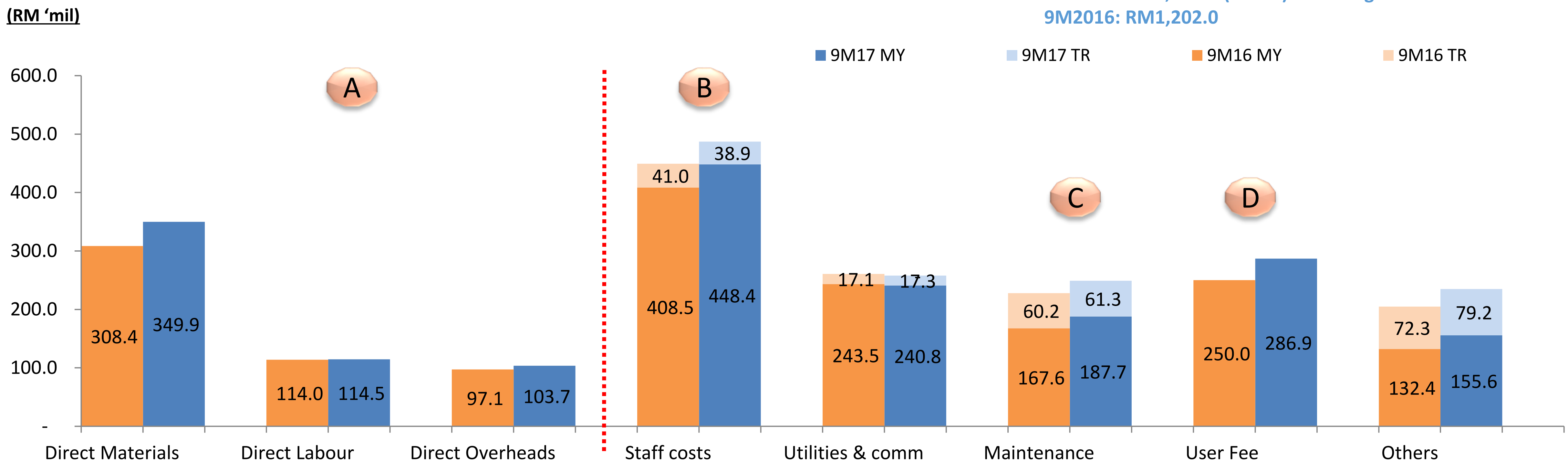
G **Project and Repair Maintenance**

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)
9M2017: RM568.1 (+9.4%)
9M2016: RM519.5

Operating Costs (RM 'mil)
9M2017: RM1,516.1 (+8.9%)
9M2016: RM1,392.6
9M2017: RM1,319.3 (+9.8%) excluding ISG & LGM
9M2016: RM1,202.0



	Direct Materials	Direct Labour	Direct Overheads	Staff costs	Utilities & comm	Maintenance	User Fee	Others
Excluding ISG & LGM	+13.5%	+0.4%	+6.8%	+9.7%	(-1.1%)	+12.0%	+14.8%	+17.5%
Including ISG & LGM	+13.5%	+0.4%	+6.8%	+8.4%	(-1.0%)	+9.3%	+14.8%	+14.7%

Group Explanatory Notes

A **Direct Costs**

Direct costs rose by 9.4% mainly due to higher sales generated from retail and non-airport operations 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% and salary adjustment in effective May 2017 despite the decrease in total number of staff from 10,071 in 9M16 to 9,796 in 9M17

C **Maintenance**

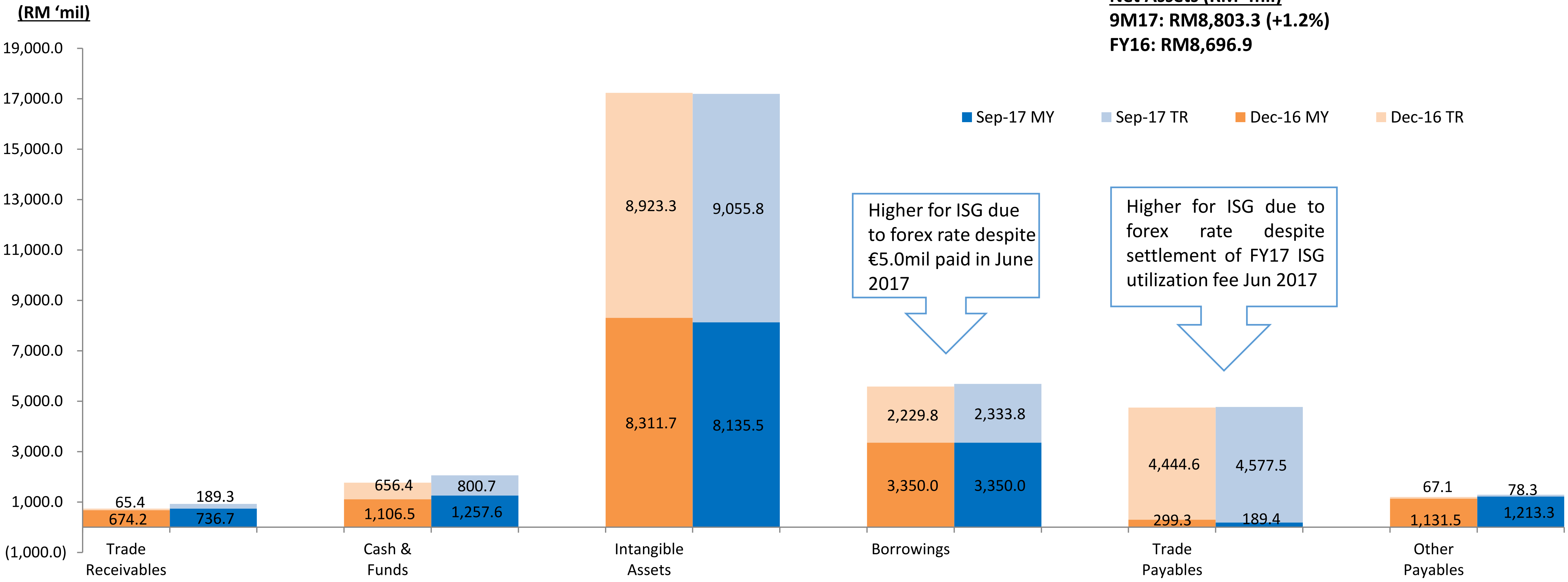
The increase in maintenance expenditure is largely attributed to KLIA and klia2 related costs such as maintenance for cargo screening system, taxiway and apron resurfacing and new contract for airside bussing services and shuttle. Other factors contributing to the increase in maintenance costs includes the expiry of the defect liability period of klia2 in FY17

D **User Fee**

The increase is mainly due to improvement in airport operations revenue and higher user fee rate (3Q17: 11.46%; 3Q16: 11.08%) as stipulated in the Operating Agreements

Group Balance Sheet Analysis

Net Assets (RM 'mil)
9M17: RM8,803.3 (+1.2%)
FY16: RM8,696.9



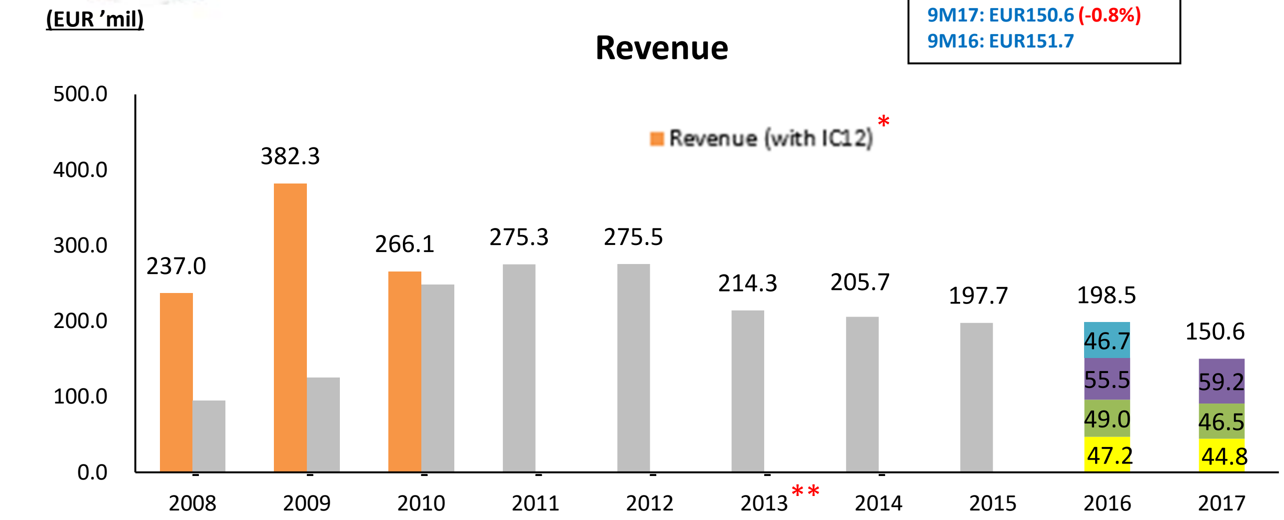
	Trade Receivables	Cash & Funds	Intangible Assets	Borrowings	Trade Payables	Other Payables
Excluding ISG & LGM	**+9.3%**	**+13.7%**	**(-2.1%)**	**0.0%**	**(-36.7%)**	**+7.2%**
Including ISG & LGM	**+25.2%**	**+16.8%**	**(-0.3%)**	**+1.9%**	**+0.5%**	**+7.8%**

Exchange rate used in balance sheet for 9M17: RM5.00/EUR
Exchange rate used in balance sheet for FY16: RM4.72/EUR

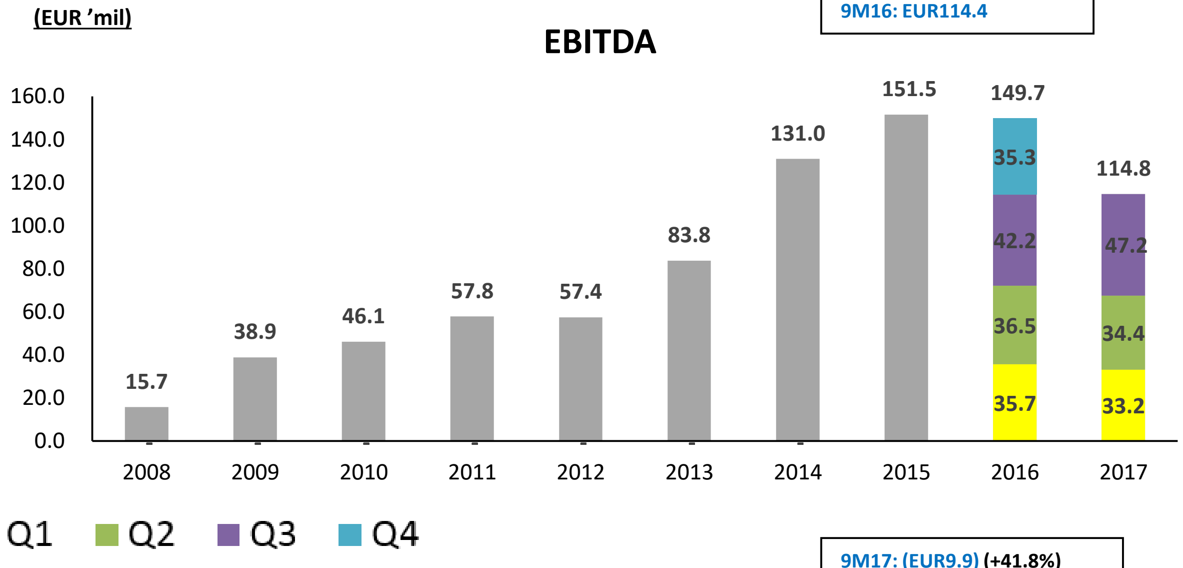
Turkish Operations (ISG & LGM) Financial Performance

ISG Income Statement Summary

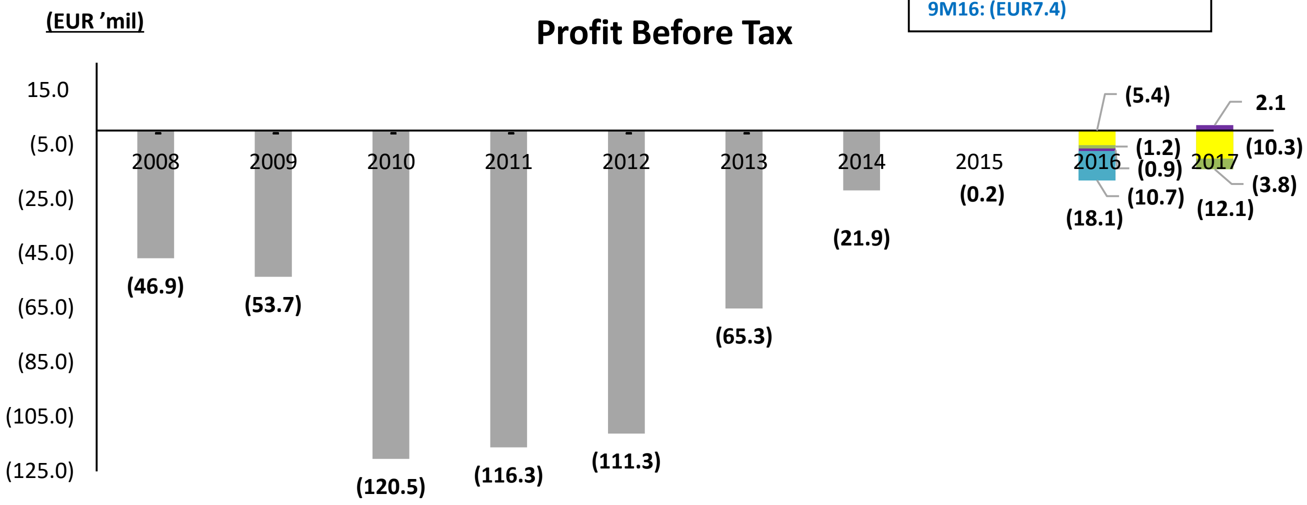
9M17: EUR150.6 (-0.8%)
9M16: EUR151.7



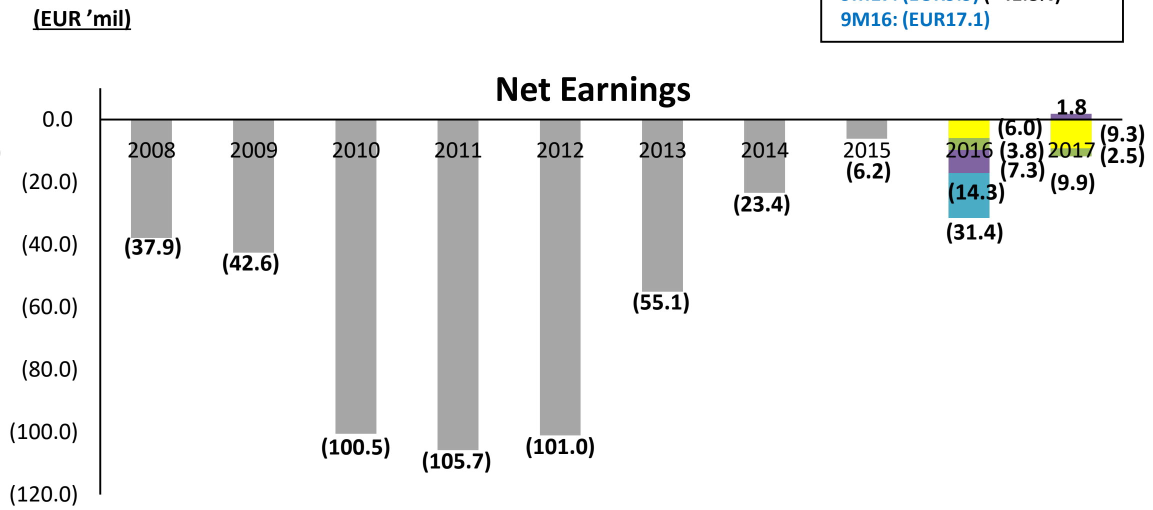
9M17: EUR114.8 (+0.3%)
9M16: EUR114.4



9M17: (EUR12.1) (-63.0%)
9M16: (EUR7.4)



9M17: (EUR9.9) (+41.8%)
9M16: (EUR17.1)



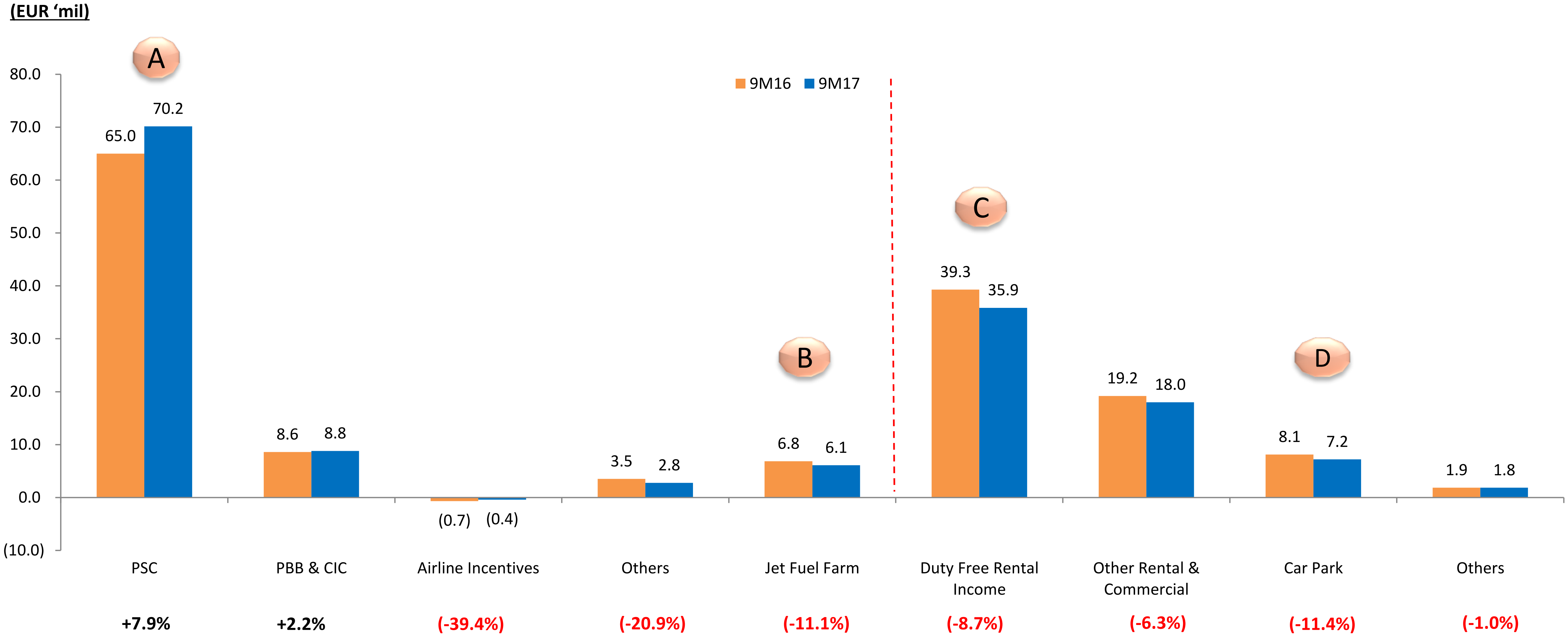
In relation to IC interpretation 12: Service Concession Arrangement whereby ISG recognised the construction revenues and costs by reference to the stage of completion of Sabiha Airport construction works

***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*

ISG Revenue Analysis

Aeronautical (EUR 'mil)
9M17: €87.4 (+5.0%)
9M16: €83.2

Non-Aeronautical (EUR 'mil)
9M17: €62.9 (-7.8%)
9M16: €68.5



ISG Explanatory Notes

A

PSC

The increase of 6.9% in PSC revenue is due to the 4.0% rise in passenger traffic, with international passenger movements increasing by 6.6%

- 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 (9M17:EUR15.38 ton; 9M16:EUR21.50 ton) and lower hydrant volume (9M17: 374Kton; 9M16: 421Kton)

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 46.0% (9M16: 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 (9M17: EUR8.81; 9M16: EUR9.39)
- Guaranteed spending per pax (9M17: EUR9.50; 9M16: EUR13.15)

D

Car Park

Car park revenue decreased by 11.4% due to the higher average exchange rate compared to 9M16 (9M17: TL 4.00/EUR; 9M16: TL 3.27/EUR) despite a 5% increase in car park tariff during the year

ISG Cost Analysis

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 6.4% decrease in other costs is mainly due to higher average foreign exchange rate despite the increase in security charges arising from more manpower (9M17: 680; 9M16: 624) and higher average salary (9M17: TL4,003 ; 9M16: TL3,808)

D

Utilization Fee Finance Cost

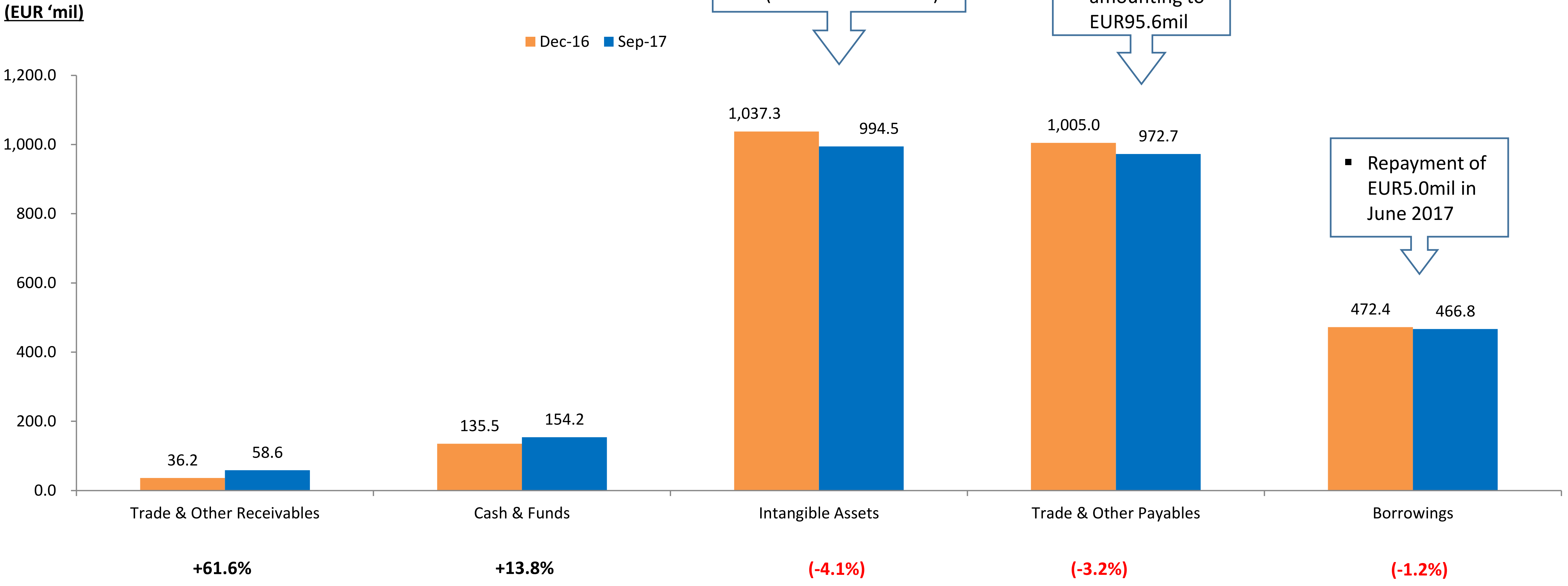
The utilization fee liability represents the present value of amounts payable to the Administration in accordance with the Concession Agreement for the operation of ISG for 22 years of extension period. The actual utilization fee payment is based on a step up basis of which the first cycle is EUR76.5 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 EUR59.6mil (9M16: EUR60.7mil) 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 9M17

ISG Balance Sheet Analysis



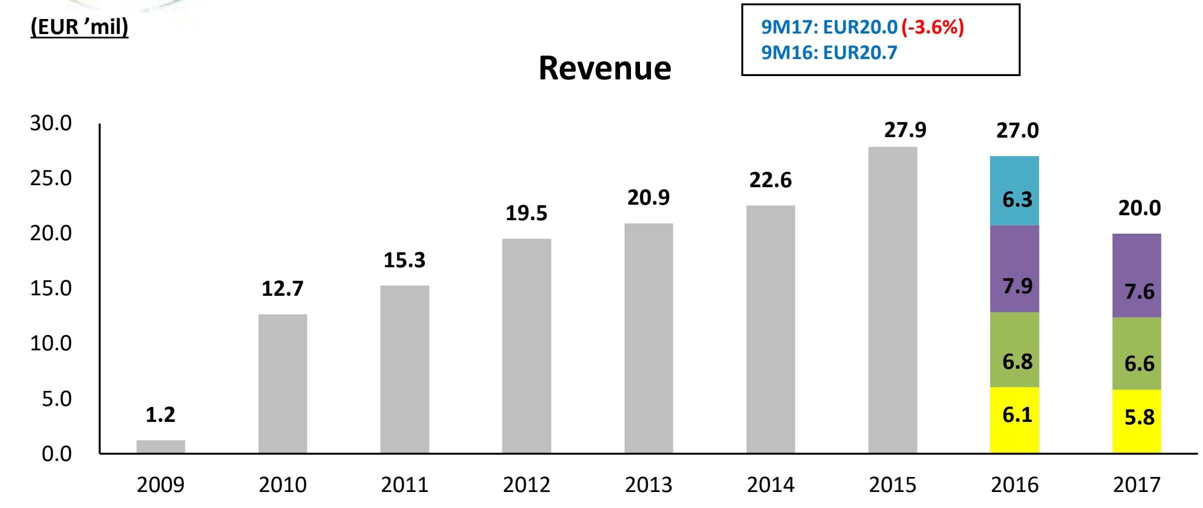
- Concession rights EUR683.5mil (FY16: EUR712.0mil)
- Terminal EUR251.0mil (FY16: EUR261.6mil)

- Settlement of the utilization fee liability amounting to EUR95.6mil

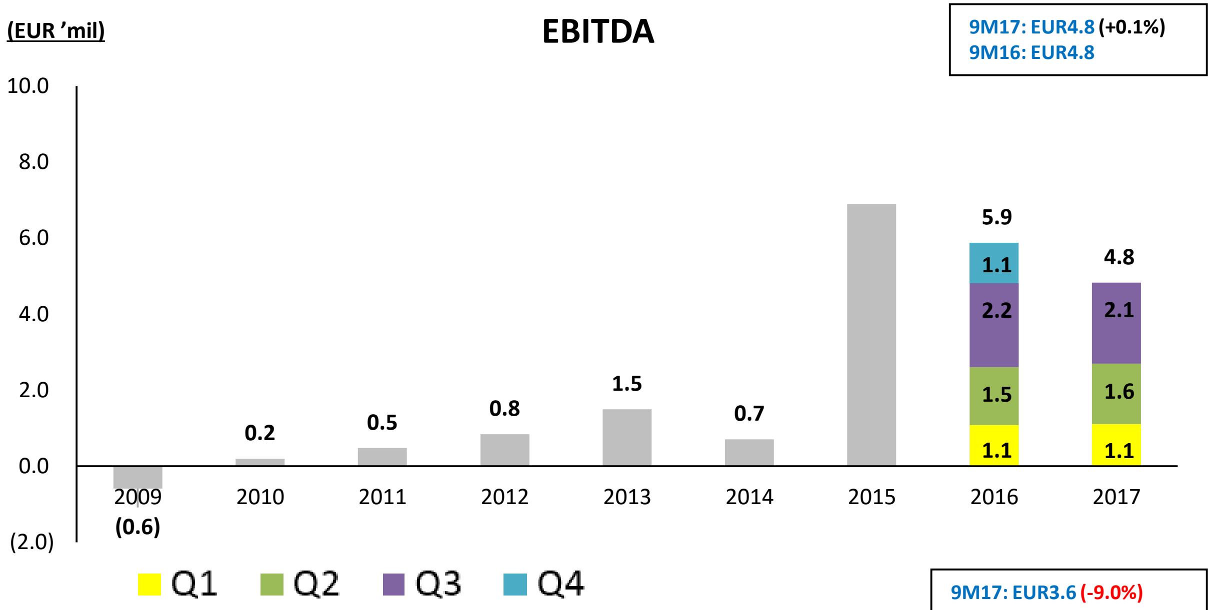
- Repayment of EUR5.0mil in June 2017

LGM Income Statement

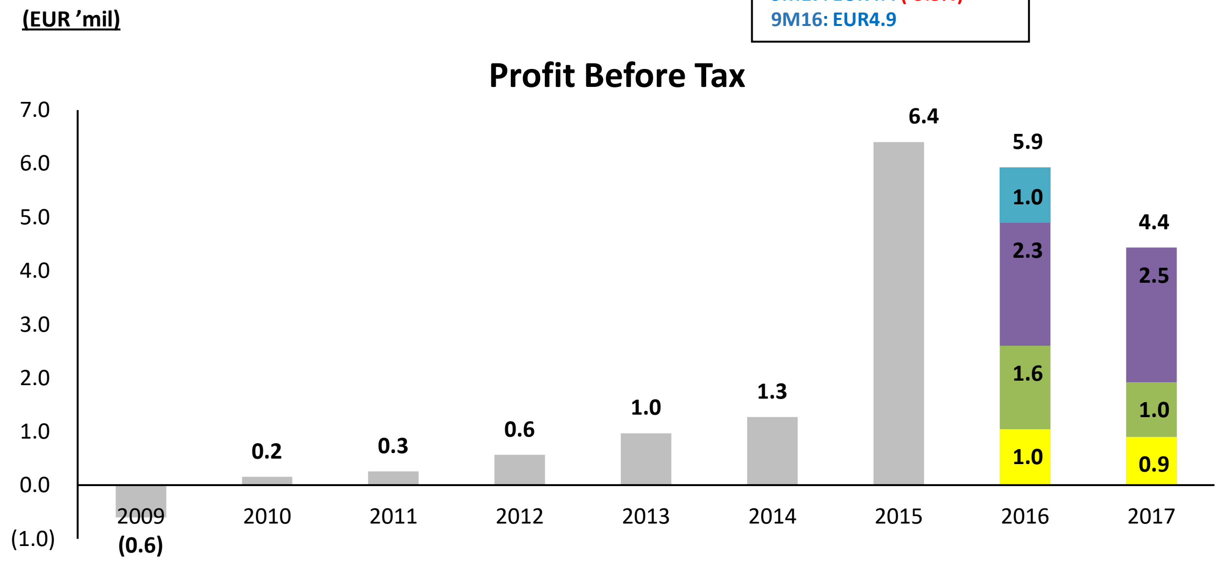
9M17: EUR20.0 (-3.6%)
9M16: EUR20.7



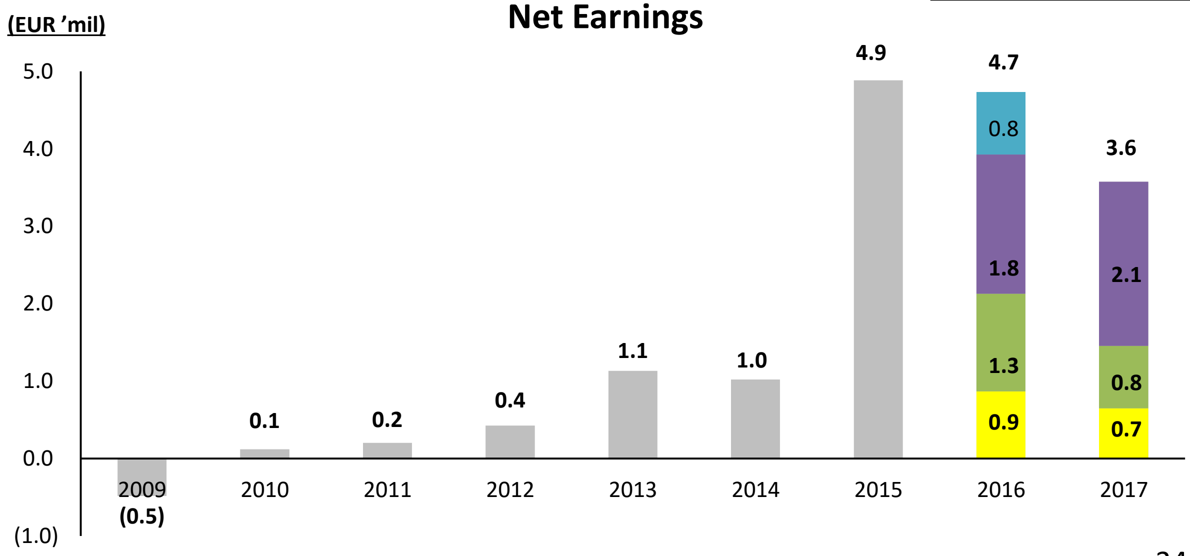
9M17: EUR4.8 (+0.1%)
9M16: EUR4.8



9M17: EUR4.4 (-9.5%)
9M16: EUR4.9



9M17: EUR3.6 (-9.0%)
9M16: EUR3.9



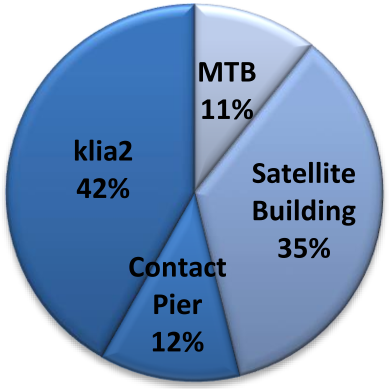
(a) Decrease in revenue for LGM is mainly due to lower CIP rental revenue due to Akbank Lounge which was closed with effect from August 2015.

Commercial Revenue Analysis

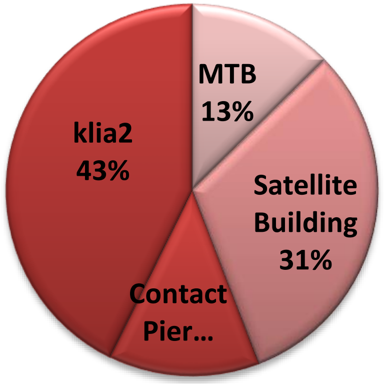
KUL - Total Retail and F&B Sales

Description	9M17 Sales* (RM'mil)	9M17 No. of Pax ('mil)	9M17 Sales per Pax (RM)	9M16 Sales (RM'mil)	9M16 No. of Pax ('mil)	9M16 Sales per Pax (RM)	Sales Per Pax Variance (%)
Main Terminal Building	167.0			154.5			
Satellite Building	553.9			385.3			
Contact Pier	188.5			160.1			
Total KLIA Main	909.4	21.1	43.08	699.9	18.3	38.16	▲ 12.9
Total klia2	637.5	22.2	28.67	522.2	20.1	25.97	▲ 10.4
Total KUL (KLIA Main + klia2)	1,546.8	43.3	35.69	1,222.1	38.5	31.78	▲ 12.3

Sales at KUL 9M17



Sales at KUL 9M16



- Higher sales at KLIA and klia2 is due to increase in sector movements from China (↑30.2%) contributed by additional new routes as well as increase in pax from ASEAN (↑16.4%), India (↑12.1%) and Australia (↑11.4%)

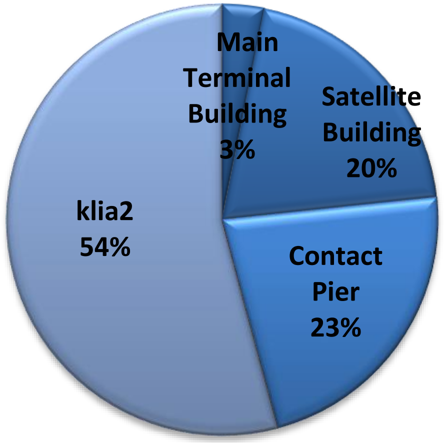
**Preliminary data*

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

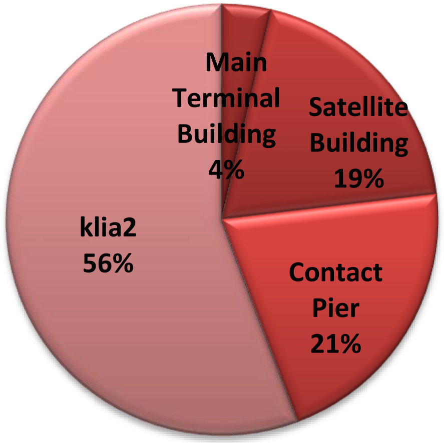
KUL - ERAMAN Retail Revenue

Description	9M17 Revenue (RM'mil)	9M17 No. of Pax ('mil)	9M17 Per Pax Revenue (RM)	9M16 Revenue (RM'mil)	9M16 No. of Pax ('mil)	9M16 Per Pax Revenue (RM)	Revenue Variance (%)	Revenue Per Pax Variance (%)
Main Terminal Building	16.8			17.0				
Satellite Building	108.3			90.8				
Contact Pier	120.7			98.7				
Total KLIA Main	245.8	21.1	11.65	206.5	18.3	11.26	19.0	3.4
Total klia2	290.5	22.2	13.07	259.9	20.1	12.93	11.8	1.1
Total KUL (KLIA Main + klia2)	536.3	43.3	12.37	466.4	38.5	12.13	15.0	2.0

Retail Revenue at KUL 9M17



Retail Revenue at KUL 9M16

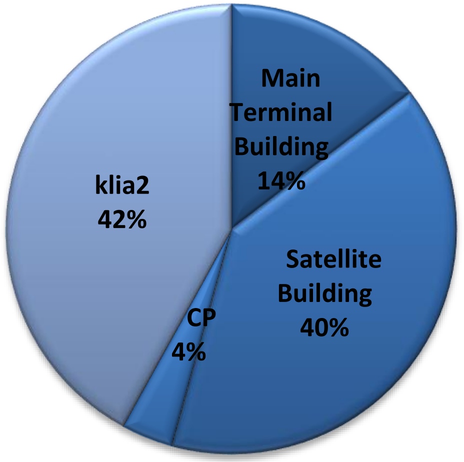


- There has been an aggressive marketing campaign from Eraman that had resulted in an improvement in sales per pax at KLIA
- Eraman commands about 45.6% of total sales per pax at klia2

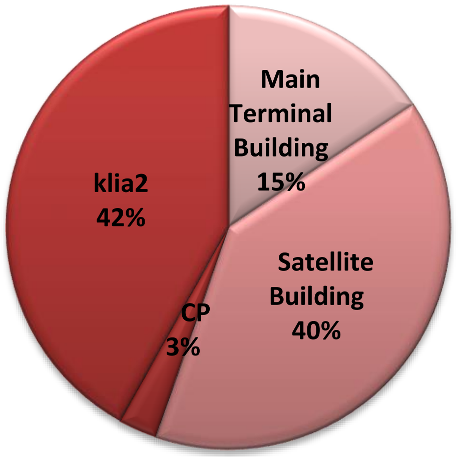
KUL - Retail & F&B Rental

Location	9M17						9M16						Revenue Variance (%)
	No. of Lease out	Space (Sqm)	Rental Revenue (RM'mil) MGP	Royalty	Total Rental	Rental Revenue (RM'000) per Sqm	No. of Lease out	Space (Sqm)	Rental Revenue (RM'mil) MGP	Royalty	Total Rental	Rental Revenue (RM'000) per Sqm	
Main Terminal Building	44	5,044	29.3	8.4	37.7	7.5	44	5,053	28.7	5.0	33.7	6.7	
Satellite Building	68	7,662	75.9	26.3	102.2	13.3	65	7,373	74.4	11.1	85.5	11.6	
Contact Pier	13	3,499	3.3	6.3	9.6	2.7	11	3,243	3.2	2.9	6.1	1.9	
Total KLIA Main	125	16,205	108.5	41.0	149.5	9.2	120	15,669	106.3	19.0	125.3	8.0	▲ 19.3
Total klia2	80	13,222	74.2	34.1	108.3	8.2	84	12,984	75.6	14.8	90.3	7.0	▲ 19.9
Total KUL (KLIA Main + klia2)	205	29,427	182.7	75.1	257.8	8.8	204	28,653	181.9	33.8	215.6	7.5	▲ 19.6

Total Rental at KUL 9M17



Total Rental at KUL 9M16



- 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	9M17	9M16
Total Duty Free spending per pax	EUR/Pax	8.81	9.32
Guaranteed spending per pax	EUR/Pax	9.50	13.15

Description	9M17			9M16			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	35.9	7.1	5,050.0	39.3	7.8	(8.7)	(8.7)

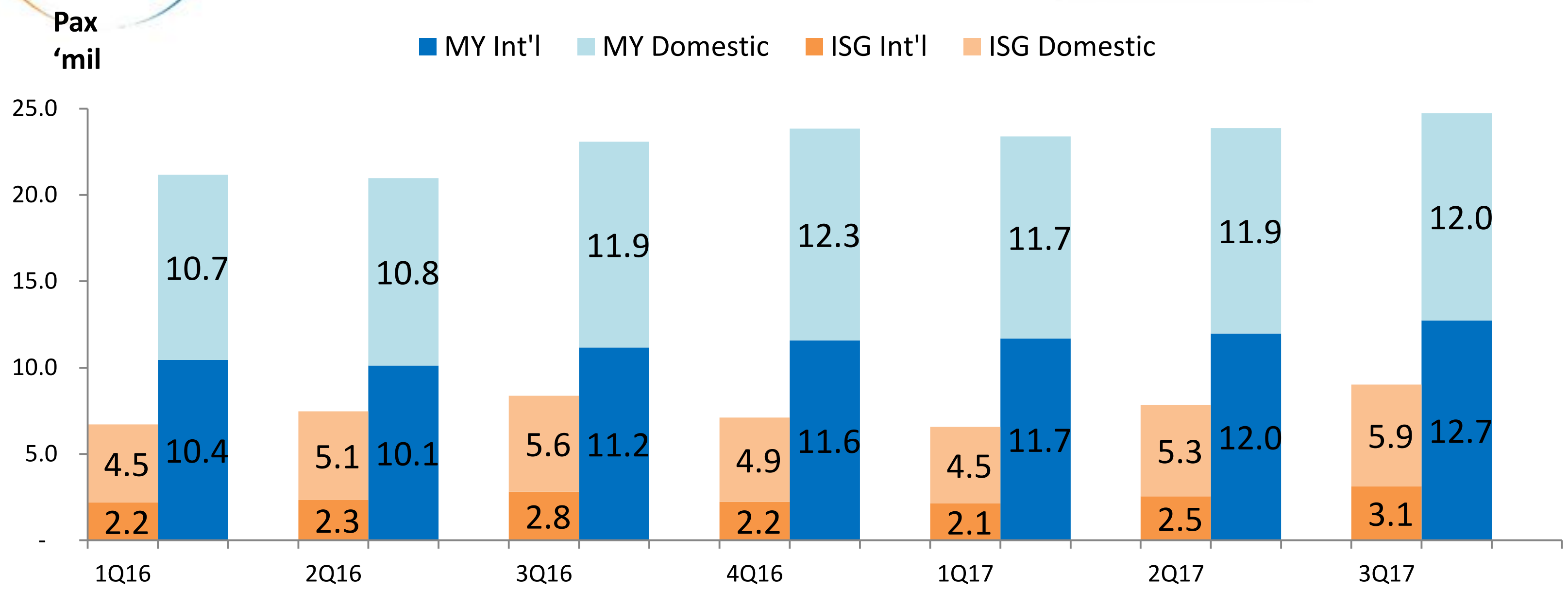
ISG's Retail & F&B Rental Analysis

Description	9M17			9M16			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	7.5	0.8	9,107.0	7.8	0.9	(3.1)	(3.1)
Retail	1,648.9	0.9	0.5	1,648.9	0.9	0.5	0.0	(0.0)
Total ISG	10,755.9	8.4	0.8	10,755.9	8.6	0.8	(2.8)	(2.8)

** ISG will receive rental revenue amounting to the higher of 46.0% (9M16: 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



- Total MAHB network of airports registered 8.6% growth for 9M17
- International growth at Malaysia airports ↑14.7%, led by KLIA ↑13.1%. KLIA sector movements to China (↑30.2%) and India (↑12.1%) supported by visa relaxation measures, with ASEAN movements also (↑16.4%)
- Positive development in Turkey continued with 6.6% increase in international passenger traffic for 9M17

	KLIA Main			klia2			KLIA (KUL)			MASB Airports*			MY Airports			ISG (SAW)			MAHB Group		
	9M17	9M16	Var %	9M17	9M16	Var %	9M17	9M16	Var %	9M17	9M16	Var %	9M17	9M16	Var %	9M17	9M16	Var %	9M17	9M16	Var %
International	16.3	13.7	▲ 19.2	15.0	13.5	▲ 10.8	31.3	27.2	▲ 15.0	5.1	4.5	▲ 13.1	36.4	31.7	▲ 14.7	7.8	7.3	▲ 6.6	44.2	39.0	▲ 13.2
Domestic	4.8	4.7	▲ 3.1	7.3	6.6	▲ 10.1	12.1	11.3	▲ 7.2	23.4	22.2	▲ 5.3	35.5	33.5	▲ 5.9	15.6	15.2	▲ 2.8	51.1	48.7	▲ 4.9
Total	21.1	18.3	▲ 15.1	22.2	20.1	▲ 10.6	43.3	38.5	▲ 12.7	28.5	26.8	▲ 6.6	71.9	65.2	▲ 10.2	23.4	22.5	▲ 4.0	95.3	87.8	▲ 8.6

New destinations for home-based carriers in 9M17

Malaysia Airlines
KUL-Nanjing
KUL-Wuhan
KUL-Fuzhou

AirAsia/AirAsiaX
KUL-Bhubaneswar
KCH-Pontianak
KUL-Osaka-Hawaii
KUL-Sihanoukville
KUL-Nha Trang
LGK-Shenzhen

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

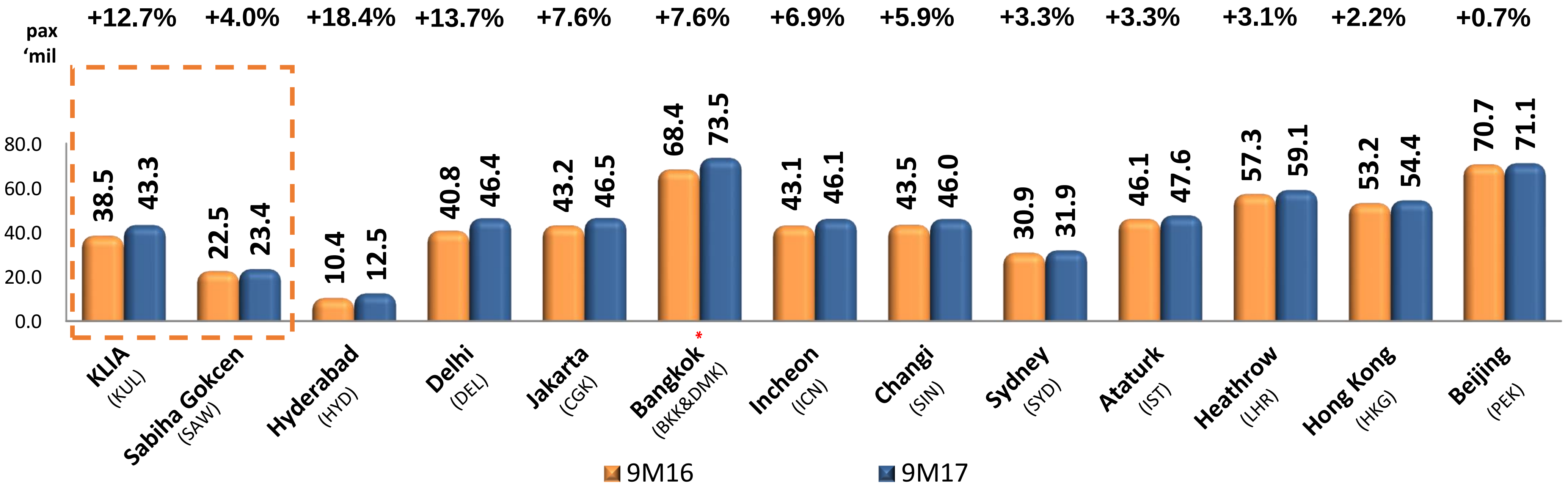
Pegasus Airlines
SAW-Volvograd
SAW-Samara
SAW-Nizhny Novgorod
SAW-Abu Dhabi
SAW-Kastamonu
SAW-Sinop

Turkish Airlines
SAW-Abu Dhabi
SAW-Baghdad

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



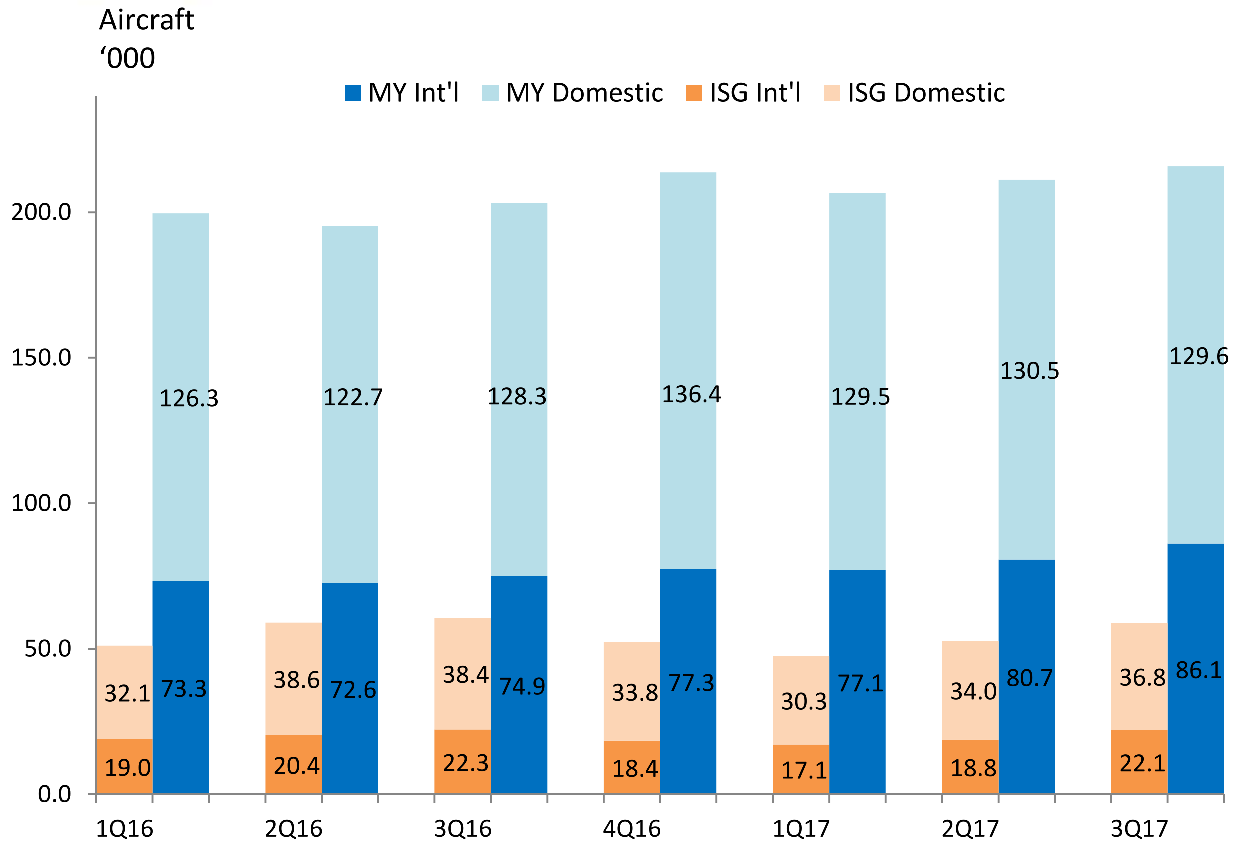
Global Drivers

- Industry – wide revenue passenger kilometres (RPKs) increase by a solid 5.7% in September compared to a year ago.
- The global passenger load factor increased by 0.3 percentage points compared to September 2016, to a record high for the month of 81.6%.
- Airlines based in Asia Pacific posted the fastest year-on-year international RPK growth rate in September for the second time in 20 months supported by the robust growth in China.
- Hurricanes Irma and Maria weighed on volumes this month, but their impacts are expected to largely be temporary.

Source: IATA: Hurricane impacts visible in Sept, alongside a slowing RPK trend (2nd November 2017)

* *Bangkok's figure includes Suvarnabhumi Airport (↑7.6%) and Don Mueang International Airport (↑7.5%)*
Source: Various airport websites, IATA

Aircraft Movements



Snapshot of new services from foreign based carriers in 9M17

	Airline	Routing	Frequency	Effective
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
	Eurowings	SAW-Cologne	4x weekly	16/6
	China Southern Airlines	Guangzhou - LGK	3x weekly	11/7
	Eurowings	SAW-Stuttgart	4x weekly	15/7
New Services	**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
	Batik Air	Medan-KUL-MAA	Daily	23/7
	Batik Air	Denpasar-KUL-MAA	Daily	26/8
Upgraded Services	**China Airlines**	Taipei – PEN	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 (KUL)			MASB Airports*			MY Airports			ISG (SAW)			MAHB Group		
	9M17	9M16	Var %	9M17	9M16	Var %	9M17	9M16	Var %	9M17	9M16	Var %	9M17	9M16	Var %	9M17	9M16	Var %	9M17	9M16	Var %
International	108.7	94.4	▲ 15.1	87.9	82.6	▲ 6.4	196.7	177.0	▲ 11.1	47.2	44.0	▲ 7.3	243.9	221.0	▲ 10.3	58.0	61.6	▼ (5.9)	301.8	282.6	▲ 6.8
Domestic	42.6	41.2	▲ 3.4	47.0	44.0	▲ 6.8	89.6	85.1	▲ 5.2	300.1	294.3	▲ 2.0	389.6	379.4	▲ 2.7	101.2	106.5	▼ (5.0)	490.8	485.9	▲ 1.0
Total	151.3	135.6	▲ 11.6	134.9	126.6	▲ 6.6	286.2	262.1	▲ 9.2	347.3	338.3	▲ 2.7	633.5	600.4	▲ 5.5	159.1	168.1	▼ (5.3)	792.7	768.5	▲ 3.1

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Notes

Thank You

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