

FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2018

Raja Azmi Raja Nazuddin Acting Chief Executive Officer 28th August 2018



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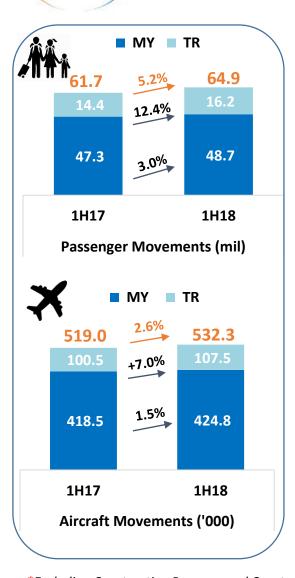
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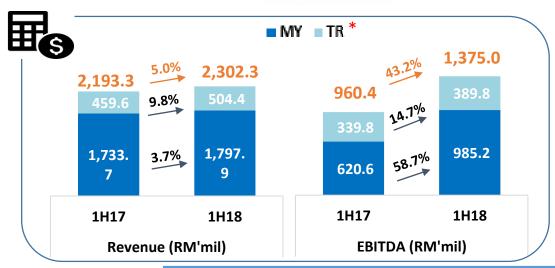
The financial results should be read in conjunction with the audited Financial Statements for the year ended 31 December 2017 and the Interim Financial Statements for the quarter ended 30 June 2018.

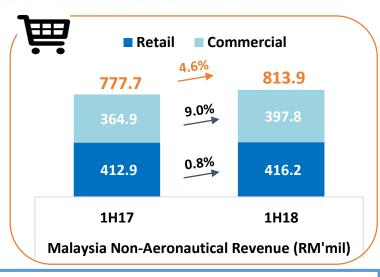




1H18 Key Highlights







Key Highlights

Group EBITDA increased from RM960.4mil to RM1,375.0mil, 43.2% higher compared to 1H17

- Increase in Group EBITDA is largely due to the unrealised gain on the fair value of investment in GMR Hyderabad Int'l Airport (RM258.4 mil), strong revenue growth and gain on disposal of GMR Male Int'l Airport (RM28.2 mil)
- Excluding the unrealised gain on fair value and disposal, Group EBITDA rose by 13.3% to RM1,088.4, mainly due the 8.3% overall growth in international passenger movements
- Group's PBT (个216.4%% to RM598.3 mil) and PAT (个317.4% to RM530.7 mil)

Group passenger growth and aircraft movement ↑5.2% and ↑2.6% respectively

- Traffic growth in Malaysia and Turkey ↑3.0% and ↑12.4% respectively
- International traffic growth higher for Malaysia (个7.5%) and Turkey (个12.5%)

Malaysia non-aeronautical revenue continues to grow by ↑4.6% to RM813.9 million

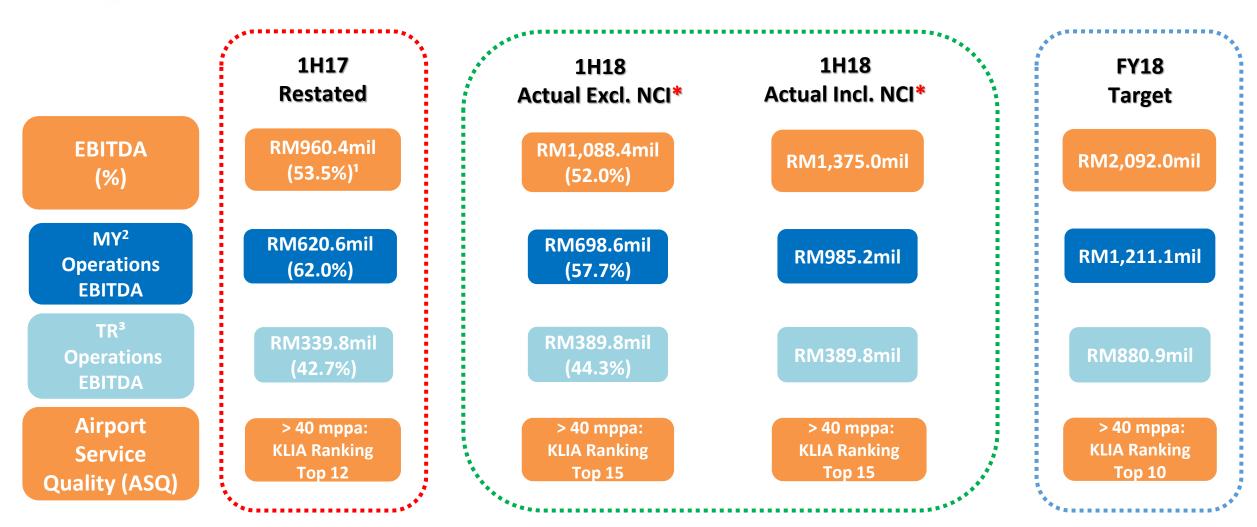
• Mainly driven by improved commercial revenues (个9.0%) in Malaysia

^{*}Excluding Construction Revenue and Construction Cost in relation to IC interpretation 12: Service Concession Arrangement (IC12)

Note: Prior period financials have been restated to reflect the changes in accounting policy as a result of the transition to the Malaysian Financial Reporting Standards, as disclosed in Notes 1 & 2 to the Interim Financial Statements for the quarter ended 30 June 2018



Headline Key Performance Indicator (KPI)



¹% represents percentage of KPI achieved for the financial year

² MY represents results from the Malaysian operation and overseas project and repair maintenance segment in Qatar

³ TR represents consolidated results from ISG & LGM in Turkey

^{*}Non-core items (NCI) represents the unrealised gain on fair value of investment in GMR Hyderabad Int'l Airport Limited (GHIAL-RM258.4mil) and gain on disposal of investment in GMR Malé Int'l Airport (GMIAL-RM28.2mil)



Quarter-on-Quarter & Preceding Quarter Executive Summary

		MY	
	M A AIR	LAYSIA PORTS	
		2Qv2Q	2Qv1Q
Revenue incl. IC12	RM854.8mil	(-1.0%)	(-9.4%)
Revenue excl. IC12	RM854.8mil	(-1.0%)	(-9.4%)
Airport Operations	RM789.6mil	(-0.8%)	(-9.5%)
Non-Airport Operations	RM65.2mil	(-3.9%)	(-7.6%)
EBITDA incl. NCI	RM305.4mil	+7.3%	(-55.1%)
EBITDA excl. NCI	RM305.4mil	+7.3%	(-22.3%)
Net Assets			
Passengers	24.3 mil	+2.3%	(-0.4%)
Aircraft	212,988	+1.8%	+0.5%

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	2Qv2Q	2Qv1Q
RM299.9mil	+26.8%	+10.0%
RM257.5mil	+8.9%	+4.3%
RM255.4mil	+8.8%	+4.3%
RM2.1mil	+13.7%	(-1.9%)
RM201.7mil	+15.1%	+7.2%
RM201.7mil	+15.1%	+7.2%
8.4mil	+7.2%	+7.7%
55,975	+14.7%	+8.6%

TR

MAL	AYSIA PORTS	
	2Qv2Q	2Qv1Q
RM1,154.7mil	+5.0%	(-5.0%)
RM1,112.3mil	+1.1%	(-6.5%)
RM1,045.0mil	+1.4%	(-6.5%)
RM67.3mil	(-3.4%)	(-7.4%)
RM507.1mil	+10.2%	(-41.6%)
RM507.1mil	+10.2%	(-12.8%)
RM9,025.6mil	+3.1%	(-0.8%)
32.7 mil	+3.5%	+1.5%
268,963	+4.2%	+2.1%

MAHB GROUP



Year-to-date Executive Summary

Revenue incl. IC12
Revenue excl. IC12
Airport Operations
Non-Airport Operations
EBITDA incl. NCI

Net Assets

Passengers

Aircraft

	MY	
	MALAYSI AIRPORT	1A () () () () () () () () () (
RM1	L,797.9mil	+3.7%
RM1	L, 7 97.9mil	+3.7%
F	RM1,662.1mil	+4.3%
	RM135.8mil	(-3.6%)
RIV	1985.2mil	+58.7%
RIV	1698.6mil	+12.6%
	48.7mil	+3.0%
	424,817	+1.5%

·	
ISG	1H18v1H17
RM572.6mil	+24.6%
RM504.4mil	+9.8%
RM500.2mil	+9.7%
RM4.2mil	+14.6%
RM389.8mil	+14.7%
RM389.8mil	+14.7%
16.2mil	+12.4%
107,524	+7.0%

TR

MALAYSIA AIRPORTS 1H18v1H17 RM2,370.5mil +8.1% RM2,302.3mil +5.0% +5.5% RM2,162.4mil **RM140.0mil** (-3.1%) RM1,375.0mil +43.2% RM1,088.4mil +13.3% RM9,025.6mil +3.1%

64.9mil

532,341

MAHB GROUP

+5.2%

+2.6%

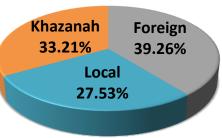


Equity Profile

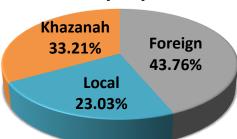
Shareholding Profile

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

As at 31/12/2017



As at 30/06/2018

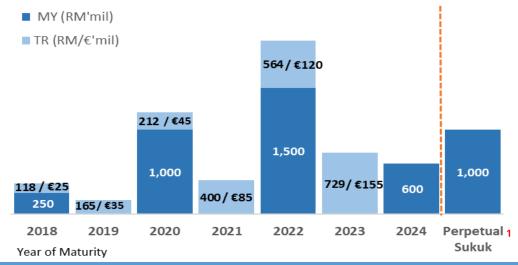


Dividend Profile

Financial	Dividend Reinvestment Plan Subscription Rate			Payment F (sen)	er Share	Tot	Dividend Payout Ratio*		
real	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	7.00	12.00	82.96	116.14	199.10	51.0%
2018	N/A	N/A	5.00	-	5.00	82.96	-	82.96	50.0%

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

Borrowing Profile



	31/06/2018	31/12/2017
Net debt (RM'mil)	3,147.6	2,977.8
Share of fixed-rate debt	100% <mark>²</mark>	100% <mark>²</mark>
Weighted average maturity (years)	4.77	5.28
Weighted average cost	4.05%	4.02%
Gross gearing ratio (times)	0.60x	0.63x

Credit Rating / Outlook	
RAM (Reaffirmed on 12/12/17)	AAA / Stable
Moody's (Reaffirmed on 15/01/18)	A3 / Stable

¹ Non call 10 year, fixed initial periodic distribution rate of 5.75% recognised in equity

² After ISG's floating rate swap



Significant Events

- Malaysia Operations 26/09/17: klia2, the first airport in Southeast Asia to earn the prestigious Gold Leed Building Certification 26/10/17: Malaysia Airports signed MOA with Malaysia Tourism Board and GMR Hyderabad Airport Limited (GHIAL) to promote tourism 03/11/17: Malaysia Airports and Cainiao Network (Alibaba's logistics arm) launched the Digital Free Trade Zone at KLIA Aeropolis 08/11/17: Malaysia Airports and Tourism Malaysia signed MOU at the World Travel Market to promote and develop tourism in Malaysia 02/02/18: Proposed disposal by Malaysia Airports of its entire 11% equity interest in GHIAL 07/02/18: Malaysia Airports concluded two partnership agreements and two MOUs at the Singapore Airshow 13/03/18: Malaysia Airports collaborated with Axis REIT and Senior Aerospace as part of an initiative to revitalise Subang Aerospace Park 22/03/18: KLIA won Routes Asia 2018 Marketing Award 27/03/18: Proposed disposal by Malaysia Airports of its entire 23% equity interest in GMR Male International Airport Limited (GMIAL) 04/06/18: MAHB launched MyAirports App, a new mobile app which provides a comprehensive airport travel guide 22/06/18: Malaysia Airports bid farewell to Datuk Badlisham Ghazali, Raja Azmi Raja Nazuddin to serve as Acting Group Chief Executive Officer 29/06/18: KLIA celebrated 20 years of service excellence and joyful memories as an aspiring global aviation hub

01/03/17: Malaysia Airports announced future plans for ISG and changes in leadership

Turkey Operations



- 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
- 20/10/17: Extension of ISG Concession Agreement by 2 years to a total of 22 years ending 27 August 2032





Group 2Q18 Results (vs 2Q17)

	2Q18			20	2Q17 (Restated)			MY		TR		MAHB Group	
(RM'mil)	MY	TR	MAHB Group	MY	TR	MAHB Group		Variance %		Variance %		Variance %	
Revenue incl. IC12	854.8	299.9	1,154.7	863.4	236.5	1,100.0		(1.0)		26.8		5.0	
Revenue excl. IC12	854.8	257.5	1,112.3	863.4	236.5	1,100.0		(1.0)		8.9		1.1	
Other Income	51.5	5.2	56.7	49.0	3.8	52.8		5.0		38.7		7.5	
Direct Cost	(175.2)	-	(175.2)	(192.3)	-	(192.3)		8.9		-		8.9	
Operating Expenditure	(425.7)	(61.1)	(486.8)	(435.4)	(65.0)	(500.5)		2.2		6.1		2.7	
Construction Cost	-	(42.4)	(42.4)	-	-	-		-		-		-	
EBITDA	305.4	201.7	507.1	284.7	175.3	460.0		7.3		15.1		10.2	
Depreciation & Amortisation	(87.8)	(123.2)	(211.0)	(87.0)	(127.7)	(214.8)		(0.9)		3.5		1.7	
Finance Costs	(45.4)	(135.8)	(181.2)	(45.0)	(120.1)	(165.1)		(0.9)		(13.1)		(9.7)	
Share of Assoc. & JV Profit	10.8	-	10.8	6.1	-	6.1		76.6		-		76.6	
PBT	183.0	(57.3)	125.6	158.7	(72.6)	86.2		15.3		21.0		45.8	
Taxation & Zakat	(51.4)	11.9	(39.5)	(40.6)	16.3	(24.3)		(26.7)		(26.6)		(62.4)	
Net Earnings	131.5	(45.4)	86.1	118.2	(56.3)	61.9		11.3		19.4		39.2	
EBITDA Margin (%) (excl. IC12)	35.7%	78.3%	45.6%	33.0%	74.1%	41.8%		2.8 ppt		4.2 ppt		3.8 ppt	
PBT Margin (%) (excl. IC12)	21.4%	-22.3%	11.3%	18.4%	-30.7%	7.8%		3.0 ppt		8.4 ppt		3.5 ppt	

Exchange rate used in profit and loss for 2Q18: RM4.70/EUR Exchange rate used in profit and loss for 2Q17: RM4.80/EUR



Group 2Q18 Results (vs 2Q17)

	2Q18			2Q17 (Restated)			MY	TR	MAHB Group
(RM'mil)	MY TR			MY TR		MAHB	Variance %	Variance %	Variance %
			Group			Group			
Revenue incl. IC12	854.8	299.9	1,154.7	863.4	236.5	1,100.0	(1.0)	<u>26.8</u>	5.0
Revenue excl. IC12	854.8	257.5	1,112.3	863.4	236.5	1,100.0	(1.0)	8.9	1.1

Group revenue grew by 1.1%*

- Airport operations: RM1,045.1mil (+1.4%)
 - Aeronautical: RM538.3mil (-0.5%) mainly due MARCS PSC adjustment mitigated by higher passenegr movements in Malaysia and Turkey
 - Non-Aeronautical: RM506.8mil (+3.6%) mainly due to higher commercial revenue in Malaysia and Turkey by 6.3% and 15.4% respectively
- Non-airport operations: RM67.3mil (-3.4%)
 - Project and repair maintenance: RM37.2mil (-1.5%)
 - Hotel: RM22.6mil (-4.9%)
 - Agriculture & horticulture: RM7.5mil (-8.2%)

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Group 2Q18 Results (vs 2Q17)

(RM'mil)	2Q18			2Q17 (Restated)			MY		TR		MAHB Group	
	MY	TR	MAHB Group	MY	TR	MAHB Group	١	Variance %		Variance %		Variance %
EBITDA	305.4	201.7	507.1	284.7	175.3	460.0		7.4		15.1		10.2
PBT	183.0	(57.3)	125.6	158.7	(72.6)	86.2		15.3		21.0		45.6

Group EBITDA increased by 10.2%

- Malaysia operations: EBITDA grew by 7.4% in tandem with higher commercial revenue and lower operating expenditure including staff costs
- Turkey operations: EBITDA up by 15.1% in line with higher passenger growth for the quarter by 7.2% compared to 2Q17

Group PBT increased by 45.6%

- Malaysia operations: Higher PBT by 15.3% was largely attributed to higher EBITDA and stronger contributions from associates
- Turkey operations: Recorded LBT of RM3.4mil (2Q17: LBT of RM13.5mil) prior to taking into account a loss of RM54.0mil (2Q17: RM59.0mil) primarily owing to the amortization of fair value of the concession rights



Group 2Q18 Results (vs 1Q18)

		2Q18			1Q18			MY	TR	N	MAHB Group	
(RM'mil)	MY	TR	MAHB Group	MY	TR	MAHB Group		Variance %	Variance %	Variance %		
Revenue incl. IC12	854.8	299.9	1,154.7	943.1	272.7	1,215.8	V	(9.4)	10.0	~	(5.0)	
Revenue excl. IC12	854.8	257.5	1,112.3	943.1	246.9	1,190.0		(9.4)	4.3		(6.5)	
Other Income	51.5	5.2	56.7	337.1	4.7	341.8		(84.7)	11.4		(83.4)	
Direct Cost	(175.2)	-	(175.2)	(185.4)	-	(185.4)		5.5	-		5.5	
Operating Expenditure	(425.7)	(61.1)	(486.8)	(415.0)	(63.5)	(478.4)	•	(2.6)	3.8		(1.7)	
Construction Cost	-	(42.4)	(42.4)	-	(25.8)	(25.8)		-	(64.3)		(64.3)	
EBITDA	305.4	201.7	507.1	679.8	188.1	867.9	•	(55.1)	7.2		(41.6)	
Depreciation & Amortisation	(87.8)	(123.2)	(211.0)	(89.6)	(128.4)	(218.0)		2.1	4.0		3.2	
Finance Costs	(45.4)	(135.8)	(181.2)	(43.4)	(136.3)	(179.7)		(4.6)	0.4		(0.8)	
Share of Assoc. & JV Profit	10.8	-	10.8	2.5	-	2.5		330.9	-		330.9	
PBT	183.0	(57.3)	125.6	549.2	(76.5)	472.7	•	(66.7)	25.1		(73.4)	
Taxation & Zakat	(51.4)	11.9	(39.5)	(39.3)	11.1	(28.1)		(31.0)	7.1		(40.5)	
Net Earnings	131.5	(45.4)	86.1	510.0	(65.4)	444.6	•	(74.2)	30.6		(80.6)	
EBITDA Margin (%) (excl. IC12)	35.7%	78.3%	45.6%	72.1%	76.2%	72.9%		(36.4) ppt	2.1 ppt		(27.3) ppt	
PBT Margin (%) (excl. IC12)	21.4%	-22.3%	11.3%	58.2%	-31.0%	39.7%		(36.8) ppt	8.7 ppt		(28.4) ppt	

Exchange rate used in profit and loss for 2Q18: RM4.70/EUR Exchange rate used in profit and loss for 1Q18: RM4.79/EUR



Group 2Q18 Results (vs 1Q18)

	2Q18			1Q18			MY	TR	MAHB Group
(RM'mil)	MY	TR	MAHB	MY	TR	MAHB	Variance %	Variance %	Variance %
	IVII	11/	Group	IVII	",	Group	Variaties 70	Variance 70	Variance /0
Revenue incl. IC12	854.8	299.9	1,154.7	943.1	272.7	1,215.8	(9.4)	<u>10.0</u>	(5.0)
Revenue excl. IC12	854.8	257.5	1,112.3	943.1	246.9	1,190.0	(9.4)	4.3	(6.5)

Group revenue decreased by 6.5%*

- Airport operations: RM1,045.1mil (-6.5%)
 - Aeronautical: RM538.3mil (-8.5%) mainly due to MARCS PSC adjustment, mitigated by higher passenger movements in Turkey
 - Non-Aeronautical: RM506.8mil (-4.2%) mainly due to lower commercial and retail revenue in Malaysia by 4.4% and 8.3% respectively.
- Non-airport operations: RM67.3mil (-7.4%)
 - Project and repair maintenance: RM37.2mil (-9.1%)
 - Hotel: RM22.6mil (-13.6%)
 - Agriculture & horticulture: RM7.5mil (-3.1%)

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Group 2Q18 Results (vs 1Q18)

	2Q18			1Q18			MY	TR	MAHB Group	
(RM'mil)	MY	TR	MAHB	MY	TR	MAHB	Variance %	Variance %	Variance %	
	IVIT	IN	Group	IVIT IK		Group	Variance /0	Valiance /0	Valiance /0	
EBITDA	305.4	201.7	507.1	679.8	188.1	867.9	(55.1)	7.2	(41.6)	
PBT	183.0	(57.3)	125.6	549.2	(76.5)	472.7	(66.7)	25.1	(73.4)	

Group EBITDA decreased by 41.6%

- Malaysia operations: Lower EBITDA by 55.1% mainly due to absence of gain on non-core items
- Malaysia operations: EBITDA excluding non-core items decreased by 22.3% due to MARCS PSC adjustment
- Turkey operations: Higher EBITDA contributions by 7.2% due to higher international passenger movement by 10.4%

Group PBT decreased by 73.4%

- Malaysia operations: Lower PBT by 66.7% was largely attributable to lower EBITDA
- Malaysia operations: PBT excluding non-core items drop by 30.3% mainly due to lower EBITDA
- Turkey operations: Recorded LBT of RM3.4mil (1Q18: RM20.9mil), prior to taking into account a loss of RM54.0mil (1Q18: RM55.6mil) primarily owing to the amortization of fair value of the concession rights



Group 1H18 Results (vs 1H17)

		1H18		11	H17 (Resta	ted)		MY		TR		MAHB Group	
(RM'mil)	MY	TR	MAHB Group	MY	TR	MAHB Group		Variance %		Variance %		Variance %	
Revenue incl. IC12	1,797.9	572.6	2,370.5	1,733.7	459.6	2,193.3		3.7	4	24.6	Δ	8.1	
Revenue excl. IC12	1,797.9	504.4	2,302.3	1,733.7	459.6	2,193.3	_	3.7		9.8	_	5.0	
Other Income	388.6	10.0	398.5	101.1	7.3	108.4	_	284.4		35.9	_	267.6	
Direct Cost	(360.6)	-	(360.6)	(377.1)	-	(377.1)	_	4.4		-	_	4.4	
Operating Expenditure	(840.7)	(124.6)	(965.3)	(837.1)	(127.1)	(964.3)	~	(0.4)		2.0	~	(0.1)	
Construction Cost	-	(68.1)	(68.1)	-	-	-		-		-		-	
EBITDA	985.2	389.8	1,375.0	5.0 620.6 339.8 960.		960.4		58.7		14.7		43.2	
Depreciation & Amortisation	(177.4)	(251.6)	(429.0)	(174.9)	(267.8)	(442.6)	$\overline{}$	(1.5)		6.0	_	3.1	
Finance Costs	(88.8)	(272.1)	(360.9)	(89.0)	(250.6)	(339.6)		0.3	~	(8.6)	~	(6.3)	
Share of Assoc. & JV Profit	13.3	-	13.3	10.9	-	10.9		21.8		-	_	21.8	
PBT	732.2	(133.9)	598.3	367.6	(178.5)	189.1		99.2		25.0	_	216.4	
Taxation	(90.7)	23.1	(67.6)	(95.3)	33.4	(61.9)		4.8	~	(30.8)	$\overline{}$	(9.2)	
Net Earnings	641.5	(110.8)	530.7	272.3	(145.2)	127.1		135.6		23.7		317.4	
EBITDA Margin (%) (excl. IC12)	54.8%	77.3%	59.7%	35.8%	73.9%	43.8%	_	19.0 ppt		3.3 ppt	_	15.9 ppt	
PBT Margin (%) (excl. IC12)	40.7%	-26.5%	26.0%	21.2%	-38.8%	8.6%	_	19.5 ppt		12.3 ppt	_	17.4 ppt	
Net Asset per Share			5.43			5.24					_	3.6	

Exchange rate used in profit and loss for 1H18: RM4.70EUR Exchange rate used in profit and loss for 1H17: RM4.80/EUR



Group 1H18 Results (vs 1H17)

	1H18			11	H17 (Rest	ated)	MY	TR	MAHB Group	
(RM'mil)	MY	TR	MAHB Group	MY	TR	MAHB Group	Variance %	Variance %	Variance %	
Revenue incl. IC12	1,7 <u>9</u> 7. <u>9</u>	572.6	2,370.5	1,733.7	<u>45</u> 9.6	2,193.3	<u>3.7</u>	<u>24.6</u>	△ 8 <u>.1</u>	
Revenue excl. IC12	1,797.9	504.4	2,302.3	1,733.7	459.6	2,193.3	3.7	9.8	5.0	

Group revenue grew by 5.0%*

- Airport operations: RM2,162.4mil (+5.5%)
 - Aeronautical: RM1,126.7mil (+5.5%) mainly due to higher international passenger growth in Malaysia and Turkey by 7.5% and 12.5% respectively, leading to higher PSC revenue
 - Non-Aeronautical: RM1,035.7mil (+5.6%) mainly due to higher commercial revenue in Malaysia by 9.0%
- Non-airport operations: RM140.0mil (-3.1%)
 - Project and repair maintenance: RM76.0mil (-1.8%)
 - Hotel: RM48.7mil (+0.0%)
 - Agriculture & horticulture: RM15.3mil (-16.8%)



Group 1H18 Results (vs 1H17)

	1H18			1	H17 (Resta	ted)	MY	TR	MAHB Group
(RM'mil)	MY	TR	MAHB	MAHB Group	TR	MAHB	Variance %	Variance %	Variance %
	IVII IIX		Group			Group			
EBITDA	985.2	389.8	1,375.0	620.6	339.8	960.4	58.7	14.7	43.2
PBT	732.2	(133.9)	598.3	367.6	(178.5)	189.1	99.2	25.0	216.4

Group EBITDA increased by 43.2%

- Malaysia operations: EBITDA grew by 58.7% mainly due to gain on non-core items of RM286.6mil
- Malaysia operations: EBITDA excluding non-core items grew by 12.6% in tandem with higher aeronautical and non-aeronautical revenue
- Turkey operations: EBITDA up by 14.7% in line with higher international passenger growth by 12.5%

Group PBT increased by 216.4%

- Malaysia operations: Higher PBT by 99.2% was largely attributed to higher EBITDA
- Malaysia operations: PBT excluding non-core items grew 21.2% attributed to higher revenue
- Turkey operations: Recorded LBT of RM24.4mil (1H17: LBT of RM58.0mil) prior to taking into account a loss of RM109.6mil (1H17: RM120.5mil) primarily owing to the amortization of fair value of the concession rights



1H18 EBITDA and PBT Reconciliation

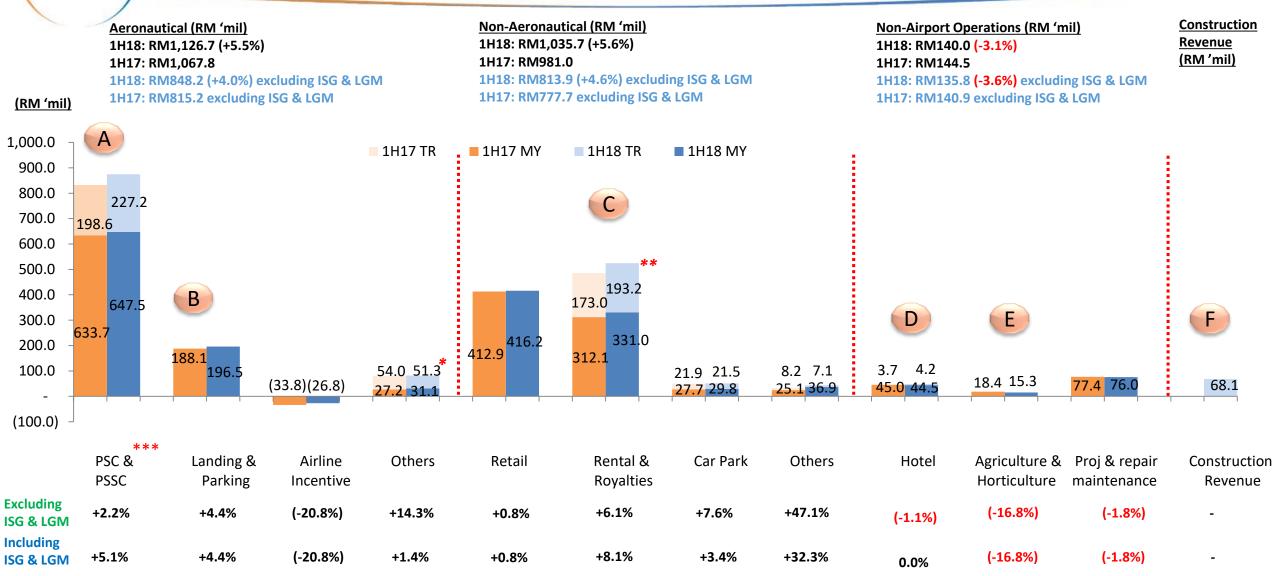
				1H18		1H1	7 (Restated	l)	Variance			
(1	RM'ı	mil)	MY	TR	MAHB Group	MY	TR	MAHB Group	MY %	TR %	MAHB Group %	
		EBITDA excluding adjustments & non-core items	698.6	387.1	1,085.7	620.6	337.3	957.9	12.6%	14.8%	13.3%	
N	ICI	+ Other Income - Gain on disposal of GMR Male Int'l Airport	28.2	-	28.2	-	-	-				
N	ICI	+ Other Income - FV gain on investment in GHIAL	258.4	-	258.4	-	-	-				
* A	\dj	+ Other Income - ISG PPA interest income	-	2.7	2.7	-	2.5	2.5				
	Ī	EBITDA including adjustments & non-core items	985.2	389.8	1,375.0	620.6	339.8	960.4	58.7%	14.7%	43.2%	
		- Depreciation and Amortisation	(177.4)	(151.9)	(329.3)	(174.9)	(157.4)	(332.2)				
* A	١dj	- Amortisation - ISG&LGM PPA concession rights fair value	-	(99.7)	(99.7)	-	(110.4)	(110.4)				
		- Finance Costs - interest on borrowing and misc.	(88.8)	(51.8)	(140.6)	(89.0)	(49.2)	(138.2)				
		- Finance Costs - ISG utilization fee expense	-	(204.7)	(204.7)	-	(186.1)	(186.1)				
* A	١dj	- Finance Costs - ISG&LGM PPA interest expense	-	(15.6)	(15.6)	-	(15.3)	(15.3)				
		+ Share of Assoc. & JV Profit	13.3	-	13.3	10.9	-	10.9				
		PBT including adjustments & non-core items	732.2	(133.9)	598.3	367.6	(178.5)	189.1	99.2%	25.0%	216.4%	
		- Taxation and zakat	(90.7)	23.1	(67.6)	(95.3)	33.4	(61.9)				
		PAT including adjustments & non-core items	641.5	(110.8)	530.7	272.3	(145.2)	127.1	135.6%	23.7%	317.4%	

Note: Included within current period retained earnings is a distribution to the perpetual sukuk holders amounting to RM28.5million (1H17: RM28.5million)

^{*}PPA (Purchase Price Allocation): Non-cash adjustments in respect of the fair valuation exercise on the Turkish operations under FRS3: Business Combination (1H18: RM109.9mil; 1H17: RM120.8mil)



Group Segmental Revenue



^{*}Included in Turkish operations' aeronautical revenue is ISG's jet fuel farm rental income of EUR3.8mil / RM17.9mil (1H17: EUR3.9mil / RM18.7mil)

^{**}Included in Turkish operations' rental and royalties is revenue generated from ISG's duty free business with Setur of EUR24.3mil / RM114.2mil (1H17: EUR20.5mil/ RM98.4mil)

^{***}Inclusive of MARCS PSC and MARCS ERL



Group Explanatory Notes

A

PSC and PSSC (inclusive of MARCS PSC and MARCS ERL)

The increase in PSC and PSSC is in line with the higher international passenger movements in Malaysia and Turkey by 7.5% and 12.5% respectively. Malaysian passenger traffic was mainly driven by visa relaxation measures for Chinese and Indian tourists, Umrah traffic, currency advantage and higher demand in air travel during Eid Al-Fitr holidays. The Turkish operations meanwhile showed continued recovery in passenger movements

B Landing & Parking

Landing & parking revenue in Malaysia increased due to higher international aircraft movements by 9.1%. Landing & parking revenue at ISG is collected by the Government of Turkey

Rental & Royalties

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

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



Group Explanatory Notes

D Hotel

The decrease in room revenue at Sama-Sama Hotel was contributed by: lower occupancy rate (1H18: 83.0%; 1H17: 84.9%) coupled with lower average room rate (1H18: RM303; 1H17: RM307)

Agriculture & Horticulture

The decrease was due to lower average price attained per Fresh Fruit Bunches (FFB) by 26.0% (1H18: RM511/MT; 1H17: RM645/MT) despite higher FFB production by 2.0% (1H18: 29,161 MT; 1H17: 28,624 MT)

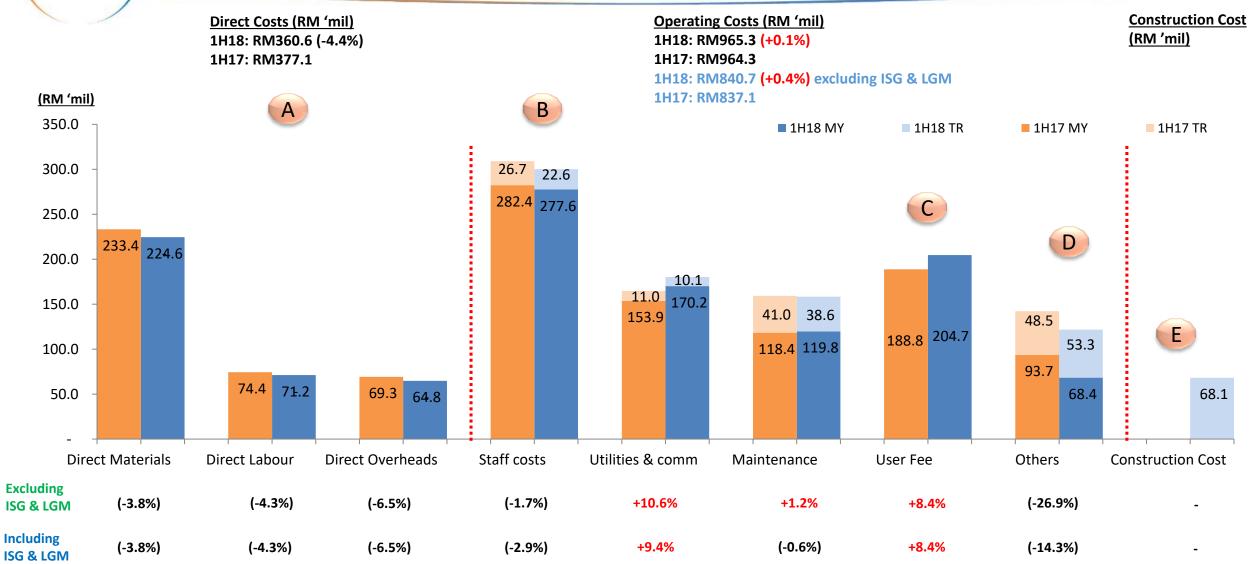
Construction Revenue (IC12: Service Concession Agreement)

IC12 addresses the accounting for 'public-private' arrangements whereby a private sector operator is involved in the construction/upgrading of infrastructure assets to be used in providing public service. Under IC12, the operator may provide construction services to the grantor in exchange for an intangible asset (ie. a right to collect revenue in accordance with the concession agreement)

The ISG boarding hall expansion was completed in July 2018



Group Operating Cost Analysis





Group Explanatory Notes

Direct Costs

Direct costs remain decreased mainly due to cost savings from direct labour and direct overheads coupled up with lower retail sales

B Staff Costs

Decrease in staff costs in Malaysia is mainly due to writeback of bonus provision of RM21.0mil

User Fee

The increase is mainly due to higher revenue for airport operations revenue and annual escalation of user fee rate (1H18: 11.73%; 1H17: 11.36%)

Others

The decrease in Malaysia is mainly due to write back of provision for doubtful debt (PDD) by RM10.6mil compared against a PDD of RM20.6mil in 1H17

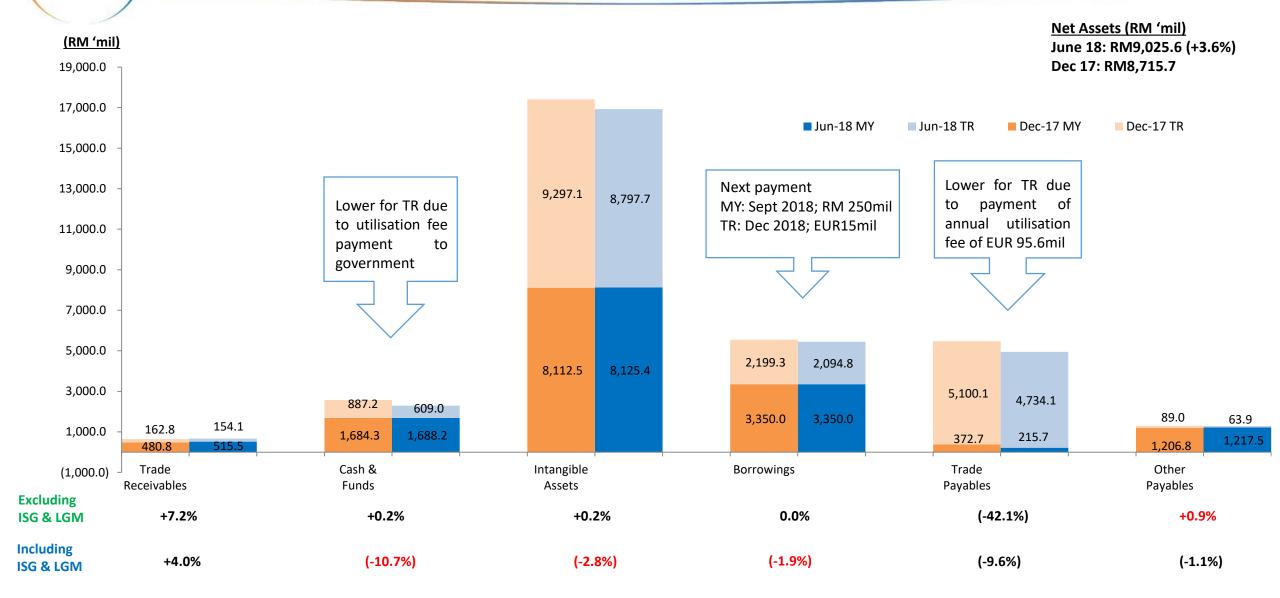
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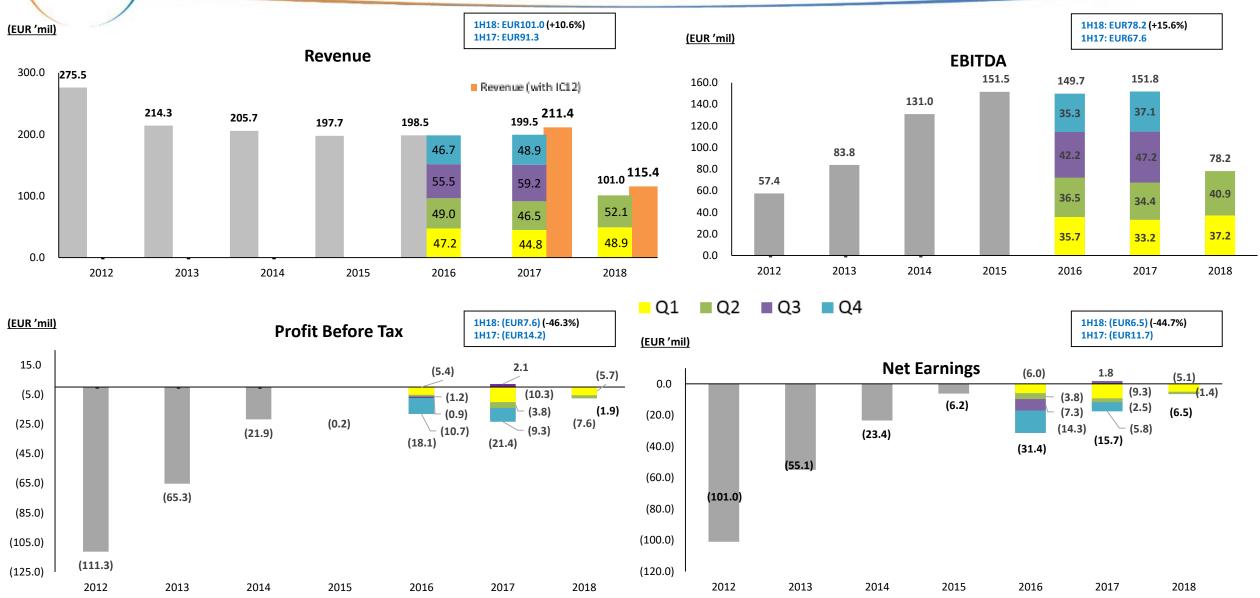
Group Balance Sheet Analysis



Turkish Operations (ISG & LGM) Financial Performance



ISG Income Statement Summary

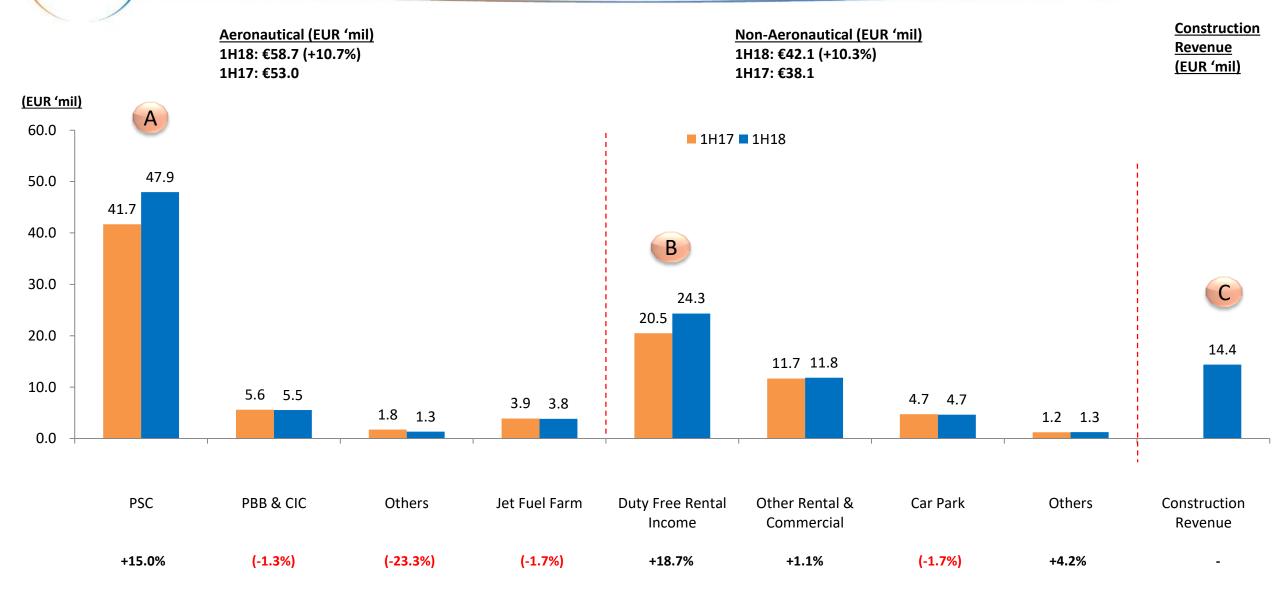


^{*}In relation to IC interpretation 12: Service Concession Arrangement whereby ISG recognised the construction revenues and costs by reference to the stage of completion of Istanbul Sabiha Gokcen International Airport expansion works

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



ISG Revenue Analysis





ISG Explanatory Notes



PSC

The increase of 15.0% in PSC revenue is due to the 12.5% rise in passenger traffic, with international passenger movements increasing by 12.8%

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



Duty Free Rental Income

The increase in duty free rental income was mainly due to the rise in international passenger traffic. ISG will receive revenue amounting to the higher of 46.0% (1H17: 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 (1H18: EUR8.60; 1H17: EUR9.27)
- Guaranteed spending per pax (1H18: EUR9.50; 1H17: EUR9.50)



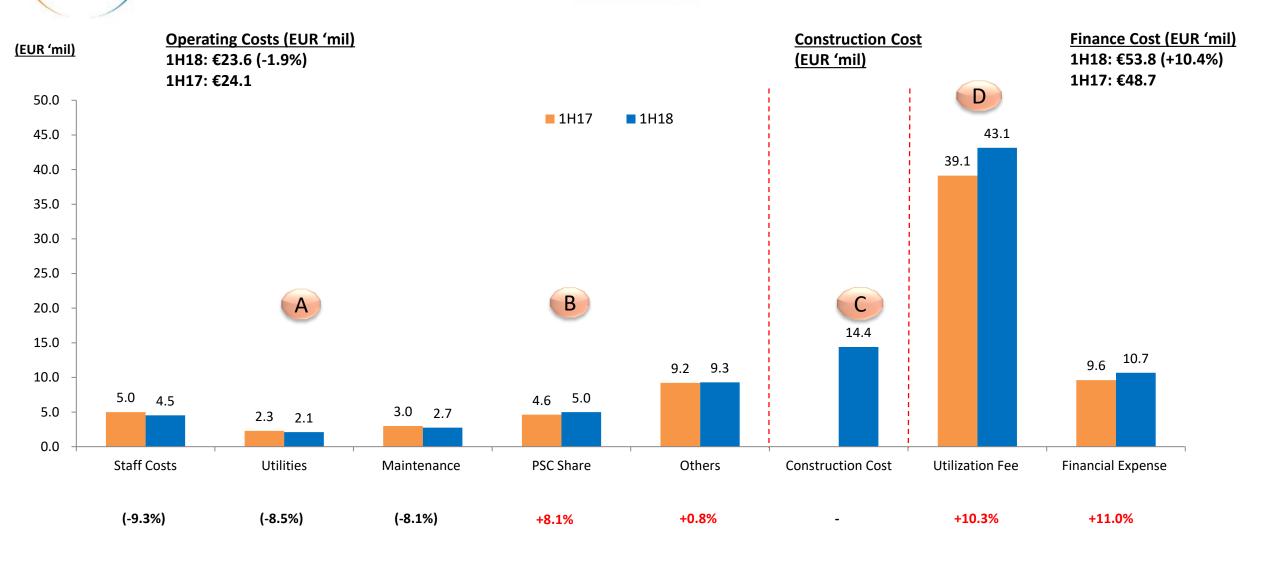
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The ISG boarding hall expansion was completed in July 2018



ISG Cost Analysis





ISG Explanatory Notes

- Staff Costs, Utilities & Maintenance
 - The decrease are largely attributable to the higher average exchange rate from Turkey Lira to EUR
- B PSC Share

The increase of 8.1% is due to 12.5% increase in passenger traffic, particularly international passenger traffic which increased by 12.5%

- International PSC share: EUR1.50; International Transfer PSC share: EUR2.50; Domestic Transfer PSC share: EUR0.50
- Construction Cost (IC12: Service Concession Agreement)

IC12 addresses the accounting for 'public-private' arrangements whereby a private sector operator is involved in the construction/upgrading of infrastructure assets to be used in providing public service. Under IC12, the operator may provide construction services to the grantor in exchange for an intangible asset (ie. a right to collect revenue in accordance with the concession agreement)

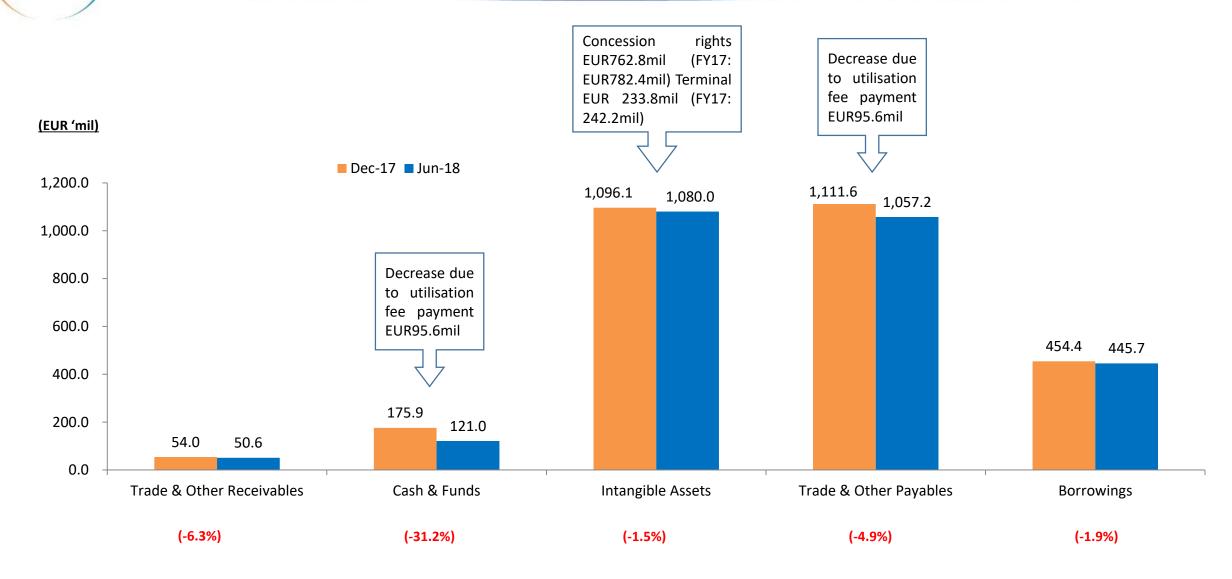
The ISG boarding hall expansion was completed in July 2018

Utilization Fee Finance Cost

The utilization fee liability represents the present value of amounts payable to the Administration in accordance with the Implementation Agreement for the operation of ISG for 24 years. 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 granted in 2015 with the next step up occurring in 2019. The utilization fee finance cost of EUR43.1mil relates to interest expense on utilization fee liability for the period. The increase in utilization fee finance cost is due to the 2 year extension to the Implementation Agreement, granted in 2017

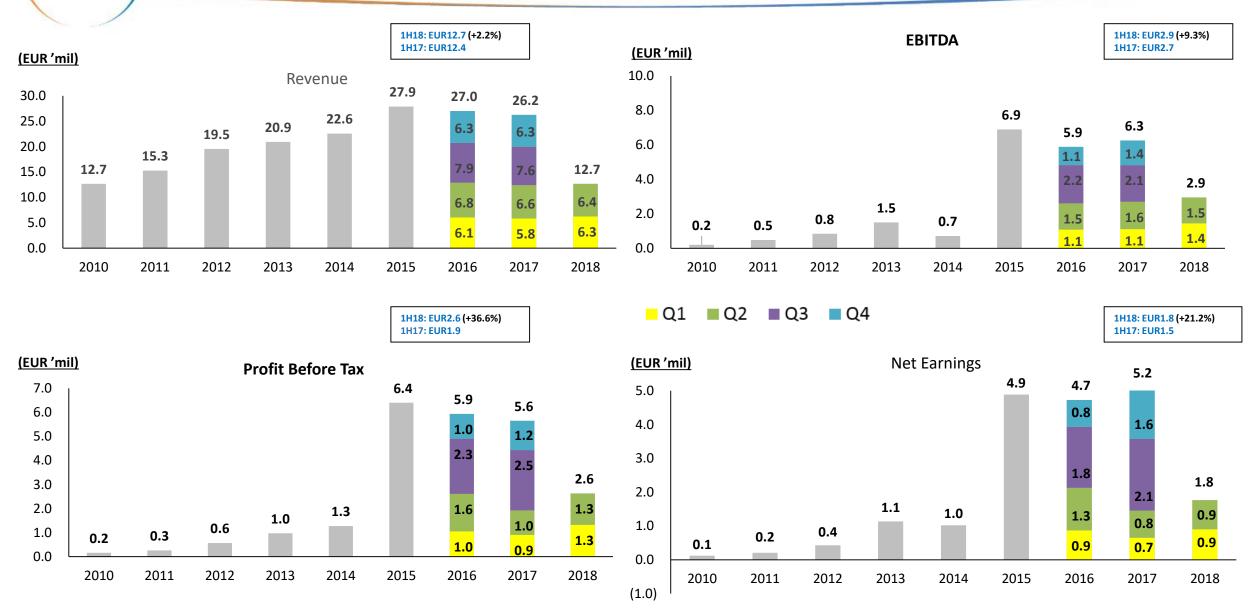


ISG Balance Sheet Analysis





LGM Income Statement



³⁴

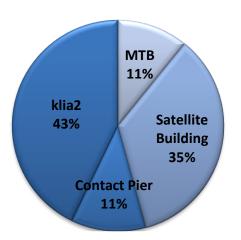




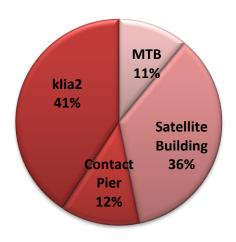
KUL - Total Retail and F&B Sales

		1H18*			1H17		Sales Per	
Description	Sales (RM'mil)	No. of Pax ('mil)	Sales per Pax (RM)	Sales (RM'mil)	No. of Pax ('mil)	Sales per Pax (RM)	Pax Variance (%)	
Main Terminal Building	114.7			111.1				
Satellite Building	368.1			360.8				
Contact Pier	121.1			124.7				
Total KLIA Main	603.9	13.7	43.97	596.6	13.9	42.82	2.7	
Total klia2	452.3	16.0	28.31	412.0	14.5	28.34	(0.1)	
Total KUL (KLIA Main + klia2)	1,056.2	29.7	35.55	1,008.7	28.5	35.43	a 0.4	

Sales at KUL 1H18



Sales at KUL 1H17



Higher sales per pax at KUL is due to increase in sector movements from China (个15.2%) contributed by additional new routes as well as increase in pax from ASEAN (个5.0%) and India (个14.8%) for 1H18

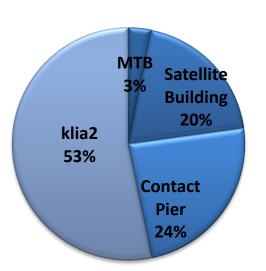
^{*}Preliminary data



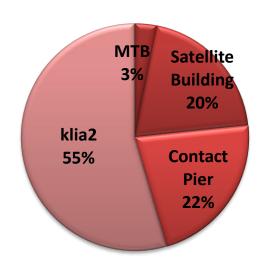
KUL - ERAMAN Retail Revenue

	17 7 7	1H18	بالماساسا		1H17		Revenue	Revenue Per
Description	Revenue	No. of Pax	Per Pax Revenue	Revenue	No. of Pax	Per Pax	Variance	Pax Variance
	(RM'mil)	('mil)	(RM)	(RM'mil)	('mil)	Revenue (RM)	(%)	(%)
Main Terminal Building	10.9			11.0				
Satellite Building	69.0			72.0				
Contact Pier	83.9			78.9				
Total KLIA Main	163.9	13.7	11.93	162.0	13.9	11.63	1.2	2.6
Total klia2	186.8	16.0	11.69	194.2	14.5	13.36	-3.8	(12.5)
Total KUL (KLIA Main + klia2)	350.7	29.7	11.80	356.2	28.5	12.51	<u> </u>	(5.6)

Retail Revenue at KUL 1H18



Retail Revenue at KUL 1H17



 Top selling duty free products are perfume & cosmetics, followed by tobacco & cigarettes with Chinese citizens being the top spenders per ticket

followed by ASEAN passengers

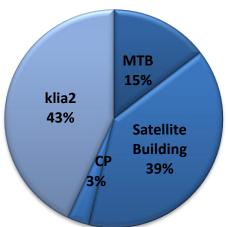
 Eraman commands about 41.3% of total sales per pax at klia2



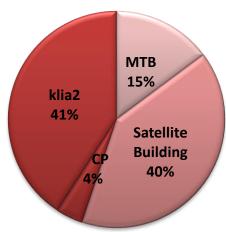
KUL - Retail & F&B Rental

		1H18 Rental Revenue (RM'mil) Ren				Rental		1H1 Rental	7 Revenue (RM'mil)	Revenue		
Location	No. of Lease out	Space (Sqm)	MGP	Royalty	Total Rental	Revenue (RM'000) per Sqm	out	Space (Sqm)	MGP	Royalty	Total Rental	Revenue (RM'000) per Sqm	Variance (%)
Main Terminal Building	45	5,140	20.9	6.2	27.2	5.3	44	5,044	19.9	6.1	25.9	5.1	
Satellite Building	69	7,808	54.3	18.3	72.6	9.3	67	7,582	51.5	19.1	70.6	9.3	
Contact Pier	13	3,499	2.3	3.7	6.0	1.7	12	3,453	2.2	4.8	7.0	2.0	
Total KLIA Main	127	16,447	77.5	28.2	105.7	6.4	123	16,079	73.5	29.9	103.5	6.4	2.2
Total klia2	90	14,264	49.7	30.4	80.1	5.6	73	12,948	50.3	21.2	71.5	5.5	12.1
Total KUL (KLIA Main + klia2)	217	30,711	127.3	58.6	185.9	6.1	196	29,027	123.8	51.1	174.9	6.0	6.2

Total Rental at KUL 1H18



Total Rental at KUL 1H17



- klia2 rental revenue per sqm increased due to higher tenancy
- Increase in royalty was contributed by positive sales growth mainly from top tenants at klia2



ISG - Duty Free & Rental Analysis

ISG's Duty Free Analysis*

	Unit	1H18	1H17
Average Duty Free spending per pax	EUR/Pax	8.60	9.27
Guaranteed spending per pax	EUR/Pax	9.50	9.50

		1H18			1H17		Rental	Rental/Sqm
Description	Space (Sqm)	Rental (EUR'mil)	Rental/Sqm (EUR'000)	Space (Sqm)	Rental (EUR'mil)	Rental/Sqm (EUR'000)		Variance (%)
Setur Duty Free	5,050.0	24.3	4.8	5,050.0	20.5	4.1	18.7	18.7

ISG's Retail & F&B Rental Analysis

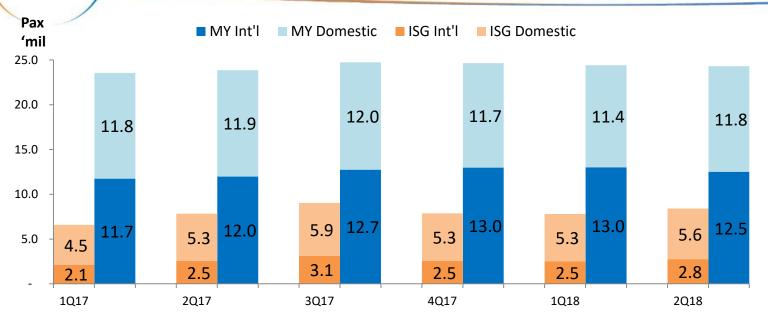
		1H18			1H17		Rental	Rental/Sqm
Description	Space (Sqm)	Total Rental (EUR'mil)	Rental/Sqm (EUR'000)	Space (Sqm)	Total Rental (EUR'mil)	Rental/Sqm (EUR'000)		Variance (%)
Food & Beverage	9,107.0	4.9	0.5	9,107.0	4.7	0.5	3.6	3.6
Retail	1,930.0	1.3	0.7	1,648.9	1.1	0.7	17.8	a 0.7
Total ISG	11,037.0	6.2	0.6	10,755.9	5.9	0.5	6.4	3.7

^{*} ISG will receive rental revenue amounting to the higher of 46.0% (1H17: 41.5%) between: (1) guaranteed spending per pax which is the contractual income guaranteed by Setur; or (2) duty free spending per pax





Passenger movements (Pax)



- Total MAHB network of airports registered
 5.2% growth
- Positive development in Turkey continued with 12.4% increase total passenger while international passenger traffic grew by 12.5%

	KLIA Main		KLIA Main klia2 KLIA (KUL)		MAS	MASB Airports MY Airports			ISG (SAW)		MAHB Group					
	1H18	1H17	Var %	1H18	1H17 Var %	1H18	1H17	Var %	1H18	1H17Var_%	1H18	1H17 Var %	1H18	1H17Var %	1H18	1H17 Var %
International	11.1	10.6	4.6	10.5	9.8 🔺 7.0	21.6	20.4	5.7	3.9	3.3 📤 18.5	25.5	23.7 🔺 7.5	5.3	4.7 📤 12.5	30.8	28.4 📤 8.3
Domestic	2.7	3.3	(20.4)	5.4	4.7 🔺 15.8	8.1	8.0 📤	0.8	15.1	15.6 🔻 (2.9)	23.2	23.6 🔻 (1.6)	10.9	9.7 📤 12.4	34.2	33.3 📤 2.5
Total	13.7	13.9 🔻	(1.4)	16.0	14.5 📤 9.9	29.7	28.5	4.3	19.0	18.9 📤 0.9	48.7	47.3 📤 3.0	16.2	14.4 📤 12.4	64.9	61.7 📤 5.2

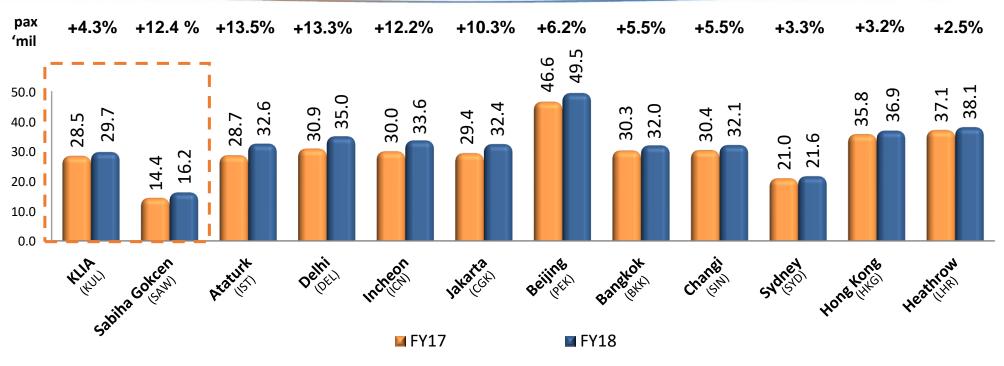
New destinations for home-based carriers in 1H18

Malaysia Airlines KUL-Brisbane	<u>AirAsia/AirAsiaX</u> KUL-Jaipur KUL-Malé KUL-Hua Hin	Malindo Air BKI-Chengdu BKI-Changsha BKI-Guangzhou BKI-Tianjin	LGK-Chengdu PEN-Banda Aceh IPH-Medan LGK-Kunming	LGK-Guiyang KUL-Melbourne	Pegasus Airlines SAW-Erbil SAW-Damman SAW-Muscat	Turkish Airlines SAW-Damman SAW-Bahrain
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^{*}MASB Airports refers to the 38 Malaysian airports other than KLIA/KUL operated by Malaysia Airports Sdn Bhd.



Airport Peers Passenger Movements



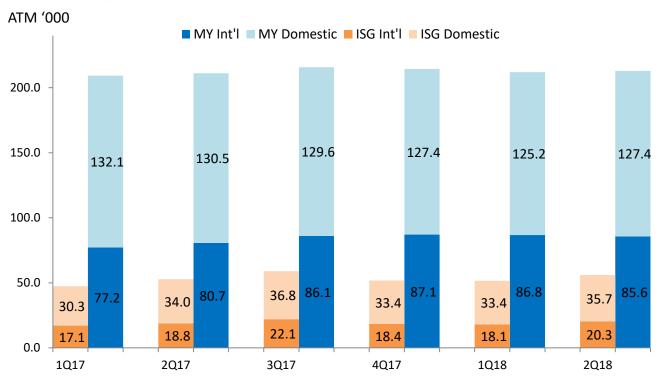
Source: Various airport websites, IATA



- Industry-wide revenue passenger kilometers increased by 7.8% year-on-year in June, up from 6.0% in April.
- The first six months of the year produced growth of 7.0%, a robust, above-trend performance, but down on that of the same period in 2017.
- International RPKs for the Asia Pacific airlines grew by 9.5% year-on-year growth in June.
- Passenger traffic has continued to trend upwards strongly in seasonally adjusted terms supported by a combination of robust regional economic growth and ongoing increases in the number of options for travelers.



Aircraft Movements (ATM)



Snapshot of new services from foreign based carriers in 1Q17

Airline	Routing	Frequency	Effective
	New Airl	ines	
Xiamen Air	Beijing-BKI	Daily	16/1
Wings Air	Pontianak-KCH	14x weekly	24/1
Bassaka Air	PhnomPenh-KUL	Daily	31/1
Scoot	Singapore-KUA	3x weekly	2/2
Qatar Airways	Doha-PEN	3x weekly	6/2
Wings Air	Pontianak-MYY	7x weekly	15/3
Citilink Indonesia	Jakarta-PEN	7x weekly	25/3
Wings Air	Medan - MKZ	7x weekly	20/4
	New Ser	vice	
Wataniya Airways	Kuwait-SAW	Daily	25/3
Emirates	SAW-Dubai	5x weekly	8/6
	Additional Fr	equency	
China Southern	Guangzhou-PEN	7x to 14x weekly	1/6
China Airlines	Taipei-PEN	6x to 7x weekly	7/6
Qatar Airways	Doha-PEN	3x to 4x weekly	17/6

	KLIA Main klia2			KLIA (KUL) MASB Airports*				MY Airports		ISG (SAW)	MAHB Group			
	1H18	1H17 Var %	1H18	1H17 Var %	1H18	1H17 Var %	1H18	1H17 Var %	1H18	1H17 Var %	1H18	1H17 Var %	1H18	1H17 Var %
International	75.0	70.6 🛆 6.3	61.6	56.9 🔺 8.2	136.6	127.5 🔺 7.	1 35.9	30.5	5 172.4	157.9 🛆 9.1	38.5	36.1 🛕 6.5	210.9	194.1 🛆 8.7
Domestic	24.9	29.8 🔻 (16.5	35.6	30.3 🛕 17.3	60.4	60.1 🛆 0.	6 192.2	200.5 🔻 (4.	2) 252.4	260.5 (3.1)	69.1	64.3 🛕 7.3	321.5	324.9 🔻 (1.1)
Total	99.9	100.3 🔻 (0.5	97.1	87.2 🛕 11.4	197.0	187.5 📤 5.	0 228.0	231.0 🔻 (1.	4) 424.8	418.5 📤 1.5	107.5	100.5 📤 7.0	532.3	519.0 📤 2.6

^{*}MASB Airports refers to the 38 Malaysian airports other than KLIA/KUL operated by Malaysia Airports Sdn Bhd



Notes



Notes



Notes



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