



FINANCIAL RESULTS FOR THE QUARTER ENDED 31 MARCH 2019

Raja Azmi Raja Nazuddin
Group Chief Executive Officer
31 May 2019

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The financial results should be read in conjunction with the audited Financial Statements for the year ended 31 December 2018 and the Interim Financial Statements for the quarter ended 31 March 2019.



Key Highlights

GROUP FINANCIAL PERFORMANCE

Revenue

RM1,252.3

million +5.2%¹

(1Q18: RM1,190.0 million)

EBITDA²

RM563.1

million (-3.2%)

(1Q18: RM581.8 million)

Profit Before Tax

RM164.6

million

Total Equity

RM9,210.1

million +0.8%

(FY18: RM9,140.7 million)

AIRPORT PERFORMANCE

Group Passenger
Traffic Movements

33.4

million +3.7%

(1Q18: RM32.2 million)

Group Aircraft
Movements

266,962

+1.1%

(1Q18: 263,988)

KUL ASQ Score

4.73 out of 5.00

(2018: 4.70)

KUL ASQ Rank

(> 40 mppa Category)

16th

(2018: 14th)

Notes:

1. Excluding Construction Revenue in relation to IC interpretation 12: Service Concession Arrangement (IC12)
2. Actual excluding Non-Core Items (NCI). NCI represents the unrealised gain on fair value of investment in GMR Hyderabad International Airport Limited (GHIAL-RM258.4mil), gain on disposal of investment in GMR Malé International Airport (GMIAL-RM28.2mil) and transaction costs related to divestment projects.



Headline Key Performance Indicator (KPI)

EBITDA (%)

MY² Operations EBITDA

TR³ Operations EBITDA

Airport Service Quality (ASQ)

	1Q18 Actual excl. NCI*	1Q18 Actual
EBITDA (%)	RM581.8mil (27.8%)	RM867.9mil
MY ² Operations EBITDA	RM393.7mil (32.5%)	RM679.8mil
TR ³ Operations EBITDA	RM188.1mil (21.4%)	RM188.1mil
Airport Service Quality (ASQ)	> 40 mppa: KLIA Ranking Top 13	> 40 mppa: KLIA Ranking Top 13

1Q19 Actual
RM563.1mil (26.0%)
RM356.0mil (28.8%)
RM207.0mil (22.3%)
> 40 mppa: KLIA Ranking Top 16




FY19 Target
RM2,163.6mil
RM1,236.1mil
RM927.5mil
> 40 mppa: KLIA Ranking Top 13

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

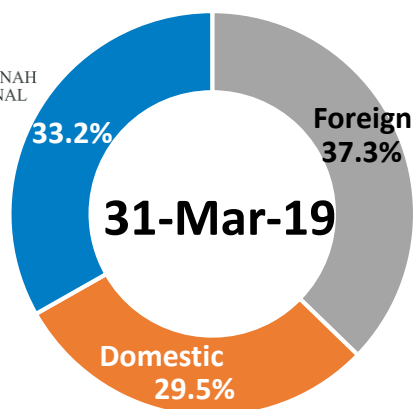
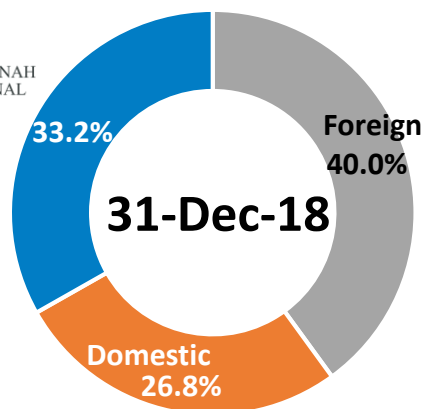
* Non-Core Items (NCI) represents the unrealised gain on fair value of investment in GMR Hyderabad International Airport Limited (GHIAL-RM258.4mil), gain on disposal of investment in GMR Malé International Airport (GMIAL-RM28.2mil) and transaction costs related to divestment projects.

	MY			TR			MAHB GROUP		
									
		1Qv1Q	1Qv4Q		1Qv1Q	1Qv4Q		1Qv1Q	1Qv4Q
Revenue incl. IC12	RM972.6mil	+3.1%	(-0.7%)	RM279.7mil	+2.6%	+2.7%	RM1,252.3mil	+3.0%	+0.1%
Revenue excl. IC12	RM972.6mil	+3.1%	(-0.7%)	RM279.7mil	+13.3%	+1.7%	RM1,252.3mil	+5.2%	(-0.2%)
Airport Operations	RM894.6mil	+2.5%	(-1.1%)	RM277.5mil	+13.4%	+1.8%	RM1,172.1mil	+4.9%	(-0.4%)
Non-Airport Operations	RM78.1mil	+10.6%	+4.1%	RM2.2mil	+2.9%	(-0.6%)	RM80.2mil	+10.4%	+4.0%
EBITDA	RM356.0mil	(-47.6%)	+77.5%	RM209.7mil	+11.5%	(-3.8%)	RM565.8mil	(-34.8%)	+35.1%
EBITDA excl. NCI*	RM356.0mil	(-9.6%)	+77.5%	RM207.0mil	+10.0%	(-5.1%)	RM563.1mil	(-3.2%)	+34.5%
Net Assets							RM9,210.1mil	+1.2%	+0.8%
Passenger Movement	25.4mil	+3.9%	(-0.4%)	8.1mil	+3.3%	(-1.2%)	33.4mil	+3.7%	(-0.6%)
Aircraft Movement	213,825	+0.7%	(-3.8%)	53,137	+3.1%	(-3.5%)	266,962	+1.1%	(-3.8%)

*Non-Core Items (NCI) represents the unrealised gain on fair value of investment in GMR Hyderabad International Airport Limited (GHIAL-RM258.4mil), gain on disposal of investment in GMR Malé International Airport (GMIAL-RM28.2mil) and transaction costs related to divestment projects.

Shareholding Profile

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

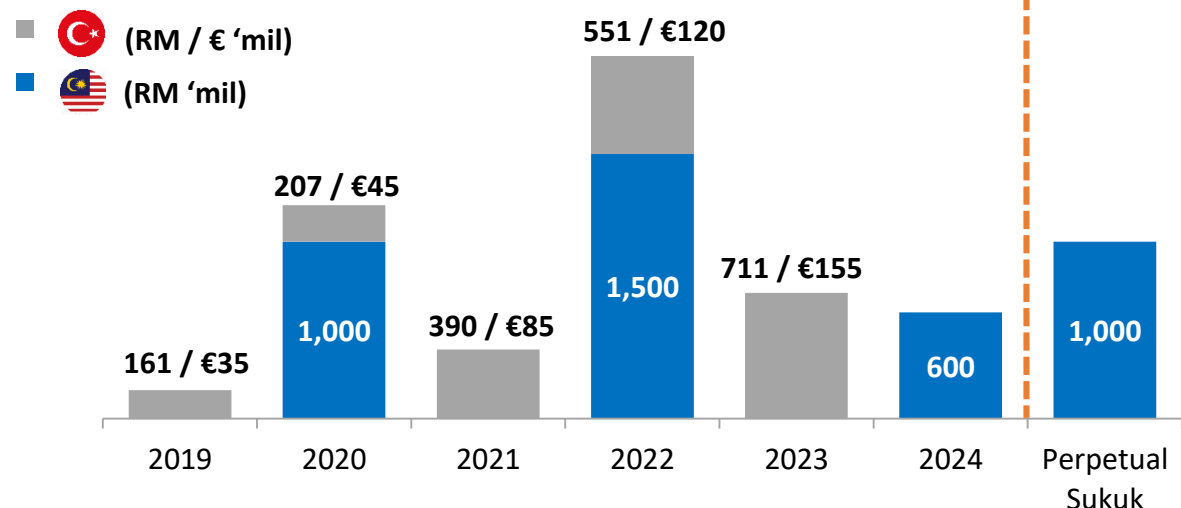


Dividend Profile

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	7.00	12.00	82.96	116.14	199.10	51.0%
2018	N/A	N/A	5.00	9.00	14.00	82.96	149.33	232.29	52.6%

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

Borrowing Profile



	1Q19	FY18
Net debt (RM 'mil) ²	2,749.6	2,350.3
Share of fixed-rate debt	100% ³	100% ³
Weighted average maturity (years)	4.28	4.45
Weighted average cost	4.07%	4.06%
Gross gearing ratio (times)	0.55x	0.56x

Credit Rating / Outlook

RAM (Reaffirmed on 19/12/18)	AAA / Stable
Moody's (Reaffirmed on 16/01/19)	A3 / Stable

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

²Net Debt = Total Debt – (Cash and Cash Equivalents *plus* Unit Trust and Bonds)

³After ISG's floating rate swap

2 Feb 2018

Proposed disposal by Malaysia Airports of its entire 11% equity interest in GHIAL (Proposed Disposal)

13 Mar 2018

Malaysia Airports collaborated with Axis REIT and Senior Aerospace as part of an initiative to revitalise Subang Aerospace Park

22 Mar 2018

KLIA won Routes Asia 2018 Marketing Award

27 Mar 2018

Proposed disposal by Malaysia Airports of its entire 23% equity interest in GMIAL

31 Jul 2018

ISG opened its new domestic boarding hall, increasing the terminal capacity from 33 mppa to 41 mppa

2 Jan 2019

Malaysia Airports terminated the agreement in relation to the Proposed Disposal

13 Dec 2018

Malaysia Airports launched 'Happy Guests, Caring Hosts' campaign in its effort to become a service leader

3 Dec 2018

The board of Malaysia Airports extended the deadline for the completion of the Proposed Disposal

21 Sep 2018

Ground breaking ceremony for a new dedicated processing centre for departing airline crew at klia2

1 Sep 2018

Langkawi International Airport expansion project completed with capacity increasing from 1.5mppa to 4.0mppa

28 Aug 2018

Declared single-tier interim dividend of 5.0 sen per ordinary share for FY18

4 Jan 2019

Appointment of Raja Azmi Raja Nazuddin as Group Chief Executive Officer of Malaysia Airports

17 Jan 2019

Appointment of Tan Sri Datuk Zainun Ali as Chairman of Malaysia Airports

10 Apr 2019

The Government of Malaysia had approved the extension of the Operating Agreement for an additional thirty-five (35) years, up to 2069

2 May 2019

Appointment of Dato' Mohd Shukrie Mohd Salleh as Chief Operating Officer of Malaysia Airports























































2 May 2019

Declared a single-tier final dividend of 9.0 sen per ordinary share for FY18












**Group Financial
Review**

Group 1Q19 Results (vs 1Q18)

(RM 'mil)	1Q19			1Q18			Variance %		Variance %		Variance %	
												
Revenue incl. IC12	972.6	279.7	1,252.3	943.1	272.7	1,215.8		3.1		2.6		3.0
Revenue excl. IC12	972.6	279.7	1,252.3	943.1	246.9	1,190.0		3.1		13.3		5.2
Other Income	64.1	5.6	69.7	337.1	4.7	341.8		(81.0)		19.3		(79.6)
Direct Cost	(199.8)	-	(199.8)	(185.4)	-	(185.4)		(7.8)		0.0		(7.8)
Operating Expenditure	(480.9)	(75.6)	(556.5)	(415.0)	(63.5)	(478.4)		(15.9)		(19.1)		(16.3)
Construction Cost	-	-	-	-	(25.8)	(25.8)		0.0		0.0		0.0
EBITDA	356.0	209.7	565.8	679.8	188.1	867.9		(47.6)		11.5		(34.8)
Depreciation & Amortisation	(106.3)	(135.0)	(241.3)	(89.6)	(128.4)	(218.0)		(18.6)		(5.2)		(10.7)
Finance Costs	(40.4)	(126.4)	(166.9)	(43.4)	(136.3)	(179.7)		6.8		7.2		7.1
Share of Assoc. & JV Profit	7.0	-	7.0	2.5	-	2.5		181.7		0.0		181.7
Profit before Tax & Zakat	216.3	(51.7)	164.6	549.2	(76.5)	472.7		(60.6)		32.4		(65.2)
Taxation & Zakat	(30.5)	15.4	(15.0)	(39.3)	11.1	(28.1)		22.4		38.4		46.5
Net Earnings	185.9	(36.3)	149.6	510.0	(65.4)	444.6		(63.6)		44.5		(66.4)
EBITDA Margin (%) (excl. IC12)	36.6%	75.0%	45.2%	72.1%	76.2%	72.9%		(35.5)ppt		(1.2)ppt		(27.8)ppt
PBT Margin (%) (excl. IC12)	22.2%	(18.5%)	13.1%	58.2%	(31.0%)	39.7%		(36.0)ppt		12.5ppt		(26.6)ppt

Exchange rate used in profit and loss for 1Q19 : RM4.64/EUR

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

(RM 'mil)	1Q19			1Q18			 Variance %		 Variance %		 Variance %	
							▲		▲		▲	
Revenue incl. IC12	972.6	279.7	1,252.3	943.1	272.7	1,215.8	▲	3.1	▲	2.6	▲	3.0
Revenue excl. IC12	972.6	279.7	1,252.3	943.1	246.9	1,190.0	▲	3.1	▲	13.3	▲	5.2

Group revenue grew by 5.2%*










✈ Airport operations: RM1,172.1mil (+2.5%)

- Aeronautical: RM646.4mil (+9.9%) mainly due to higher passenger movements in Malaysia and international passengers in Turkey by 3.9% and 18.5% respectively
- Non-Aeronautical: RM525.6mil (-0.6%) due to the on-going commercial reset exercise at KLIA Main

✈ Non-airport operations: RM80.2mil (+10.4%)

- Project and repair maintenance: RM48.5mil (+24.7%)
- Hotel: RM25.4mil (-2.8%)
- Agriculture & horticulture: RM6.4mil (-18.2%)

*Excluding Construction Revenue in relation to IC interpretation 12: Service Concession Arrangement (IC12)

(RM 'mil)	1Q19			1Q18			 Variance %	 Variance %	 Variance %
									
EBITDA	356.0	209.7	565.8	679.8	188.1	867.9	▼ (47.5)	▲ 11.5	▼ (34.8)
Profit before Tax & Zakat	216.3	(51.7)	164.6	549.2	(76.5)	472.7	▼ (60.6)	▲ 32.4	▼ (65.4)























































Group EBITDA decreased by 34.8%

- ✦ Malaysia operations: EBITDA fell by 47.5% mainly due to the absence of the non-core items recorded in 1Q18
- ✦ Malaysia operations: EBITDA excluding non-core items fell by 9.6% mainly due to higher provisions for doubtful debts, utilities and repairs & maintenance costs despite higher revenue
- ✦ Turkey operations: EBITDA increased by 11.5% in line with higher operating revenue

Group Profit before Tax & Zakat decreased by 65.4%










- ✦ Malaysia operations: Lower PBT by 60.6% mainly due to the absence of the non-core items recorded in 1Q18
- ✦ Malaysia operations: PBT excluding non-core items fell by 17.8% mainly due to lower EBITDA
- ✦ Turkey operations: Recorded PBT of RM5.4mil (1Q18: LBT of RM20.9mil) prior to taking into account a loss of RM57.1mil (1Q18: RM55.7mil) primarily owing to the amortization of fair value of the concession rights

Group 1Q19 Results (vs 4Q18)

(RM 'mil)	1Q19			4Q18			 Variance %		 Variance %		 Variance %	
												
Revenue incl. IC12	972.6	279.7	1,252.3	979.4	272.3	1,251.7	 (0.7)	 2.7	 0.1			
Revenue excl. IC12	972.6	279.7	1,252.3	979.4	274.9	1,254.3	 (0.7)	 1.7	 (0.2)			
Other Income	64.1	5.6	69.7	62.1	11.3	73.4	 3.3	 (50.4)	 (5.0)			
Direct Cost	(199.8)	-	(199.8)	(216.9)	-	(216.9)	 7.8	 -	 7.8			
Operating Expenditure	(480.9)	(75.6)	(556.5)	(624.0)	(68.1)	(692.1)	 22.9	 (11.0)	 19.6			
Construction Cost	-	-	-	-	2.6	2.6	 -	 -	 -			
EBITDA	356.0	209.7	565.8	200.6	218.1	418.8	 77.5	 (3.8)	 35.1			
Depreciation & Amortisation	(106.3)	(135.0)	(241.3)	(106.6)	(126.8)	(233.4)	 0.3	 (6.5)	 (3.4)			
Finance Costs	(40.4)	(126.4)	(166.9)	(43.0)	(128.0)	(171.0)	 6.0	 1.2	 2.4			
Share of Assoc. & JV Profit	7.0	-	7.0	13.1	-	13.1	 (46.4)	 -	 (46.4)			
Profit before Tax & Zakat	216.3	(51.7)	164.6	64.2	(36.7)	27.5	 237.1	 (40.9)	 499.2			
Taxation & Zakat	(30.5)	15.4	(15.0)	(3.2)	3.8	0.6	 (851.5)	 303.1	 (2,513.7)			
Net Earnings	185.9	(36.3)	149.6	61.0	(32.9)	28.1	 204.9	 (10.4)	 432.4			
EBITDA Margin (%) (excl. IC12)	36.6%	75.0%	45.2%	20.5%	79.3%	33.4%	 16.1ppt	 (4.4) ppt	 11.8 ppt			
PBT Margin (%) (excl. IC12)	22.2%	(18.5%)	13.1%	6.6%	(13.3%)	2.2%	 15.7ppt	 (5.1) ppt	 11.0 ppt			

Exchange rate used in profit and loss for 1Q19 : RM4.64/EUR

Exchange rate used in profit and loss for 4Q18 : RM4.75/EUR

(RM 'mil)	1Q19			4Q18			 Variance %	 Variance %	 Variance %
									
Revenue incl. IC12	972.6	279.7	1,252.3	979.4	272.3	1,251.7	▼ (0.7)	▲ 2.7	▲ 0.1
Revenue excl. IC12	972.6	279.7	1,252.3	979.4	274.9	1,254.3	▼ (0.7)	▲ 1.7	▼ (0.2)

Group revenue decreased by 0.2%*
















✈ Airport operations: RM1,172.1mil (-0.2%)

- Aeronautical: RM646.4mil (+0.2%) mainly due to higher passenger volumes in Turkey and the introduction of security fee revenue per international passenger
- Non-Aeronautical: RM525.6mil (-1.0%) mainly due to weaker growth in rental revenue for Turkey

✈ Non-airport operations: RM80.2mil (+4.0%)

- Project and repair maintenance: RM48.5mil (+4.8%)
- Hotel: RM25.4mil (-0.4%)
- Agriculture & horticulture: RM6.4mil (+18.5%)

*Excluding Construction Revenue in relation to IC interpretation 12: Service Concession Arrangement (IC12)

(RM 'mil)	1Q19			4Q18			 Variance %	 Variance %	 Variance %
									
EBITDA	356.0	209.7	565.8	200.6	218.1	418.8	 77.5	 (3.8)	 35.1
Profit before Tax & Zakat	216.3	(51.7)	164.6	64.2	(36.7)	27.5	 237.1	 (40.9)	 499.2










Group EBITDA increased by 35.1%

- ✦ Malaysia operations: Higher EBITDA by (+77.5%) mainly due lower provisions for doubtful debts, staff, maintenance and administrative costs in 1Q19
- ✦ Turkey operations: Lower EBITDA by (-3.8%) mainly due to stronger MYR against the Euro

Group PBT increased by 499.2%

- ✦ Malaysia operations: Higher PBT by (+237.1%) largely attributable to higher EBITDA
- ✦ Turkey operations: Recorded PBT of RM5.4mil (4Q18: RM15.2mil), prior to taking into account a loss of RM57.1mil (4Q18: RM52.0mil) primarily owing to the amortization of fair value of the concession rights

1Q19 EBITDA and PBT Reconciliation

(RM 'mil)	1Q19			1Q18			Variance (%)		
									
EBITDA excluding Non-core items (NCI) & Adjustments (Adj)	356.0	207.0	563.1	393.7	188.1	581.8	(9.6%)	10.0%	(3.2%)
NCI + Other Income - Gain on disposal of GMIAL	-	-	-	28.2	-	28.2			
NCI + Other Income - FV gain on investment in GHIAL	-	-	-	258.4	-	258.4			
Adj* + Other Income - ISG PPA interest income	-	2.7	2.7	-	2.7	2.7			
NCI + Other Expenses- Transaction cost	-	-	-	(0.5)	-	(0.5)			
EBITDA including NCI & Adj	356.0	209.7	565.8	679.8	188.1	867.9	(47.6%)	11.5%	(34.8%)
Adj* - Depreciation and Amortisation	(106.3)	(82.9)	(189.2)	(89.6)	(77.9)	(167.6)			
Adj* - Amortisation - ISG&LGM PPA concession rights fair value	-	(52.1)	(52.1)	-	(50.4)	(50.4)			
- Finance Costs - interest on borrowing and misc.	(40.4)	(21.2)	(61.6)	(43.4)	(25.1)	(68.5)			
- Finance Costs - ISG utilization fee expense	-	(97.5)	(97.5)	-	(103.3)	(103.3)			
Adj* - Finance Costs - ISG&LGM PPA interest expense	-	(7.7)	(7.7)	-	(7.9)	(7.9)			
+ Share of Assoc. & JV Profit	7.0	-	7.0	2.5	-	2.5			
Profit before Tax & Zakat including NCI & Adj	216.3	(51.7)	164.6	549.2	(76.5)	472.7	(60.6%)	32.4%	(65.2%)
- Taxation and Zakat	(30.5)	15.4	(15.0)	(39.3)	11.1	(28.1)			
PAT including NCI & Adj	185.9	(36.3)	149.6	510.0	(65.4)	444.6	(63.6%)	44.5%	(66.4%)

Note: Included within current period retained earnings is a distribution to the perpetual sukuk holders amounting to RM14.2mil (1Q18: RM14.2mil)

*PPA (Purchase Price Allocation): Non-cash adjustments are in respect of the fair valuation exercise on the Turkish operations under MFRS3: Business Combinations (1Q19: RM57.1mil; 1Q18: RM55.7mil)

Group Segmental Revenue

Aeronautical (RM 'mil)

1Q19: RM646.4 (+9.9%)

1Q18: RM588.4

1Q19: RM484.0 (+7.1%) excluding ISG & LGM

1Q18: RM452.1 excluding ISG & LGM

Non-Aeronautical (RM 'mil)

1Q19: RM525.6 (-0.6%)

1Q18: RM528.9

1Q19: RM410.5 (-2.3%) excluding ISG & LGM

1Q18: RM420.4 excluding ISG & LGM

Non-Airport Operations (RM 'mil)

1Q19: RM80.2 (+10.4%)

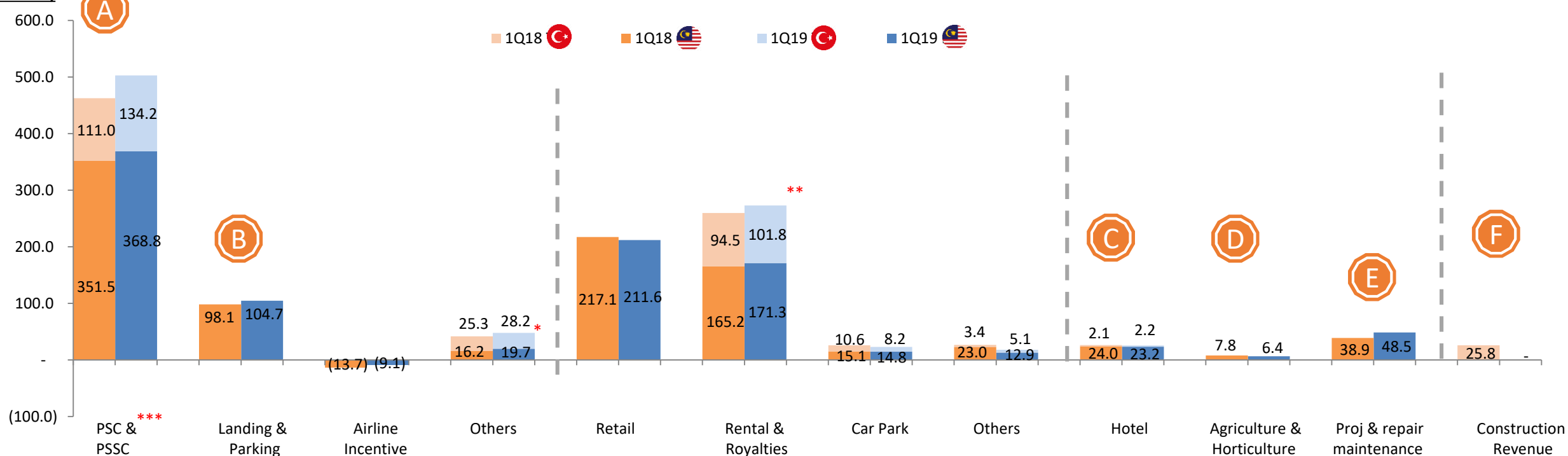
1Q18: RM72.7

1Q19: RM78.1 (+10.6%) excluding ISG & LGM

1Q18: RM70.6 excluding ISG & LGM

Construction Revenue (RM 'mil)

(RM 'mil)



Excluding ISG & LGM

+4.9%

+6.8%

(-33.5%)

+21.4%

(-2.5%)

+3.7%

(-2.0%)

(-44.1%)

(-3.3%)

(-18.2%)

+24.7%

-

Including ISG & LGM

+8.7%

+6.8%

(-33.5%)

+15.4%

(-2.5%)

+5.1%

(-10.6%)

(-31.9%)

(-2.8%)

(-18.2%)

+24.7%

-

*Included in Turkish operations' aeronautical revenue is ISG's jet fuel farm rental income of EUR1.7mil / RM8.0mil (1Q18: EUR1.9mil / RM 9.1mil)

**Included in Turkish operations' rental and royalties is revenue generated from ISG's duty free business with Setur of EUR13.5mil / RM62.7mil (1Q18: EUR11.6mil / RM55.6mil)

***Inclusive of MARCS PSC and MARCS ERL

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

The increase in PSC and PSSC is in line with the passenger movements in Malaysia and Turkey by 3.7% and 3.8% respectively with ISG also introducing PSSC of EUR3 for departing international passengers

B Landing & Parking

Landing & parking revenue in Malaysia increased due to higher domestic aircraft movements at KLIA (KLIA Main and klia2) by 2.5%. Landing & parking revenue at ISG is collected by the Government of Turkey

C Hotel

The decrease in room revenue for Malaysia operations was contributed by: lower occupancy rate (1Q19 : 82.7%; 1Q18 : 82.4%) coupled with lower average room rate (1Q19: RM405; 1Q18: RM419)

D Agriculture & Horticulture

The decrease was due to lower average price attained per Fresh Fruit Bunches (FFB) (1Q19: RM398/MT; 1Q18: RM529/MT) despite higher FFB production (1Q19: 14,978 MT; 1Q18: 14,612 MT)

E Project & Repair Maintenance

The increase in revenue is attributed to higher contact billings on the Qatar facility & IT systems management projects

F 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

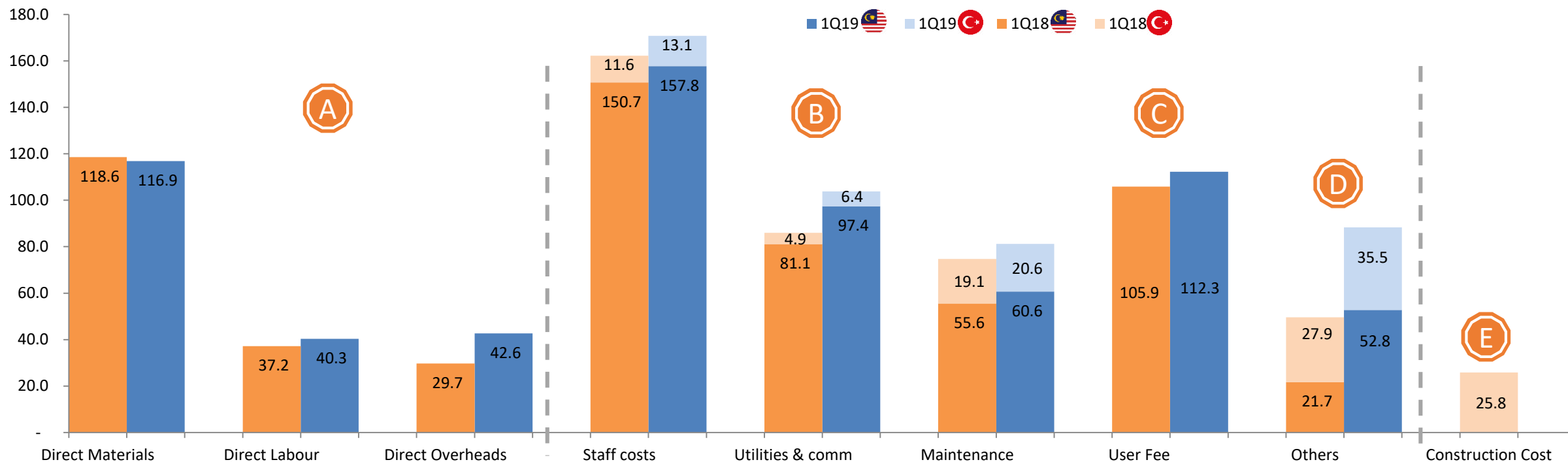
Group Operating Cost Analysis

Direct Costs (RM 'mil)
 1Q19: RM199.8 (+7.8%)
 1Q18: RM185.4

Operating Costs (RM 'mil)
 1Q19: RM556.5 (+16.3%)
 1Q18: RM478.4
 1Q19: RM480.9 (+15.9%) excluding ISG & LGM
 1Q18: RM415.0

Construction Cost (RM 'mil)

(RM 'mil)



	Direct Materials	Direct Labour	Direct Overheads	Staff costs	Utilities & comm	Maintenance	User Fee	Others	Construction Cost
Excluding ISG & LGM	(-1.4%)	+8.5%	+43.5%	+4.7%	+20.1%	+9.1%	+6.0%	+143.4%	-
Including ISG & LGM	(-1.4%)	+8.5%	+43.5%	+5.3%	+20.7%	+8.7%	+6.0%	+78.2%	-

A

Direct Costs

Direct costs increase is in line with the increase in revenue from the Project & Repair Maintenance segment

B

Utilities & Comm

Higher utilities due to increase in electricity tariff effective July 2018 as well as higher consumption

C

User Fee

The increase is mainly due to higher revenue for airport operations revenue and annual escalation of user fee rate (1Q19: 11.98%; 4Q18: (11.89%))

D

Others

Higher due to increase in provision for doubtful debts (1Q19: RM24.4mil, 1Q18: writeback of RM12.5mil)

E

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

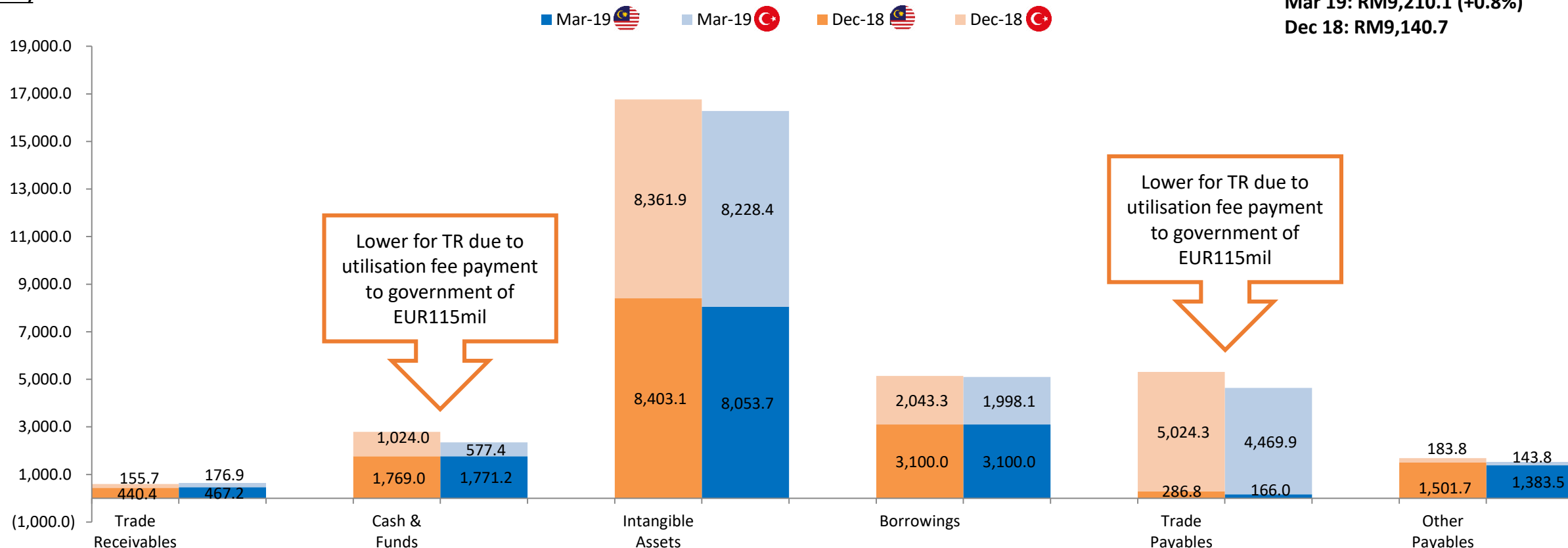
Group Balance Sheet Analysis

(RM 'mil)

Net Assets (RM 'mil)

Mar 19: RM9,210.1 (+0.8%)

Dec 18: RM9,140.7



Excluding ISG & LGM

+6.1%

+0.1%

(-4.2%)

-

(-42.1%)

(-7.9%)

Including ISG & LGM

+8.1%

(-15.9%)

(-2.9%)

(-0.9%)

(-12.7%)

(-9.4%)

Exchange rate used in balance sheet for 1Q19: RM4.59/EUR
Exchange rate used in balance sheet for FY18: RM4.73/EUR

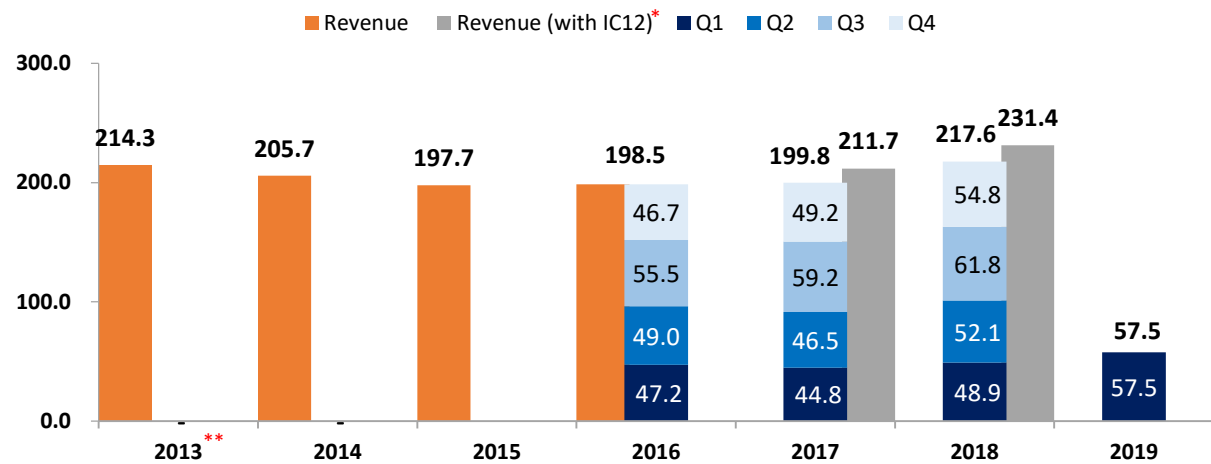


**Turkish Operations
(ISG & LGM) Financial
Performance**

ISG Income Statement Summary

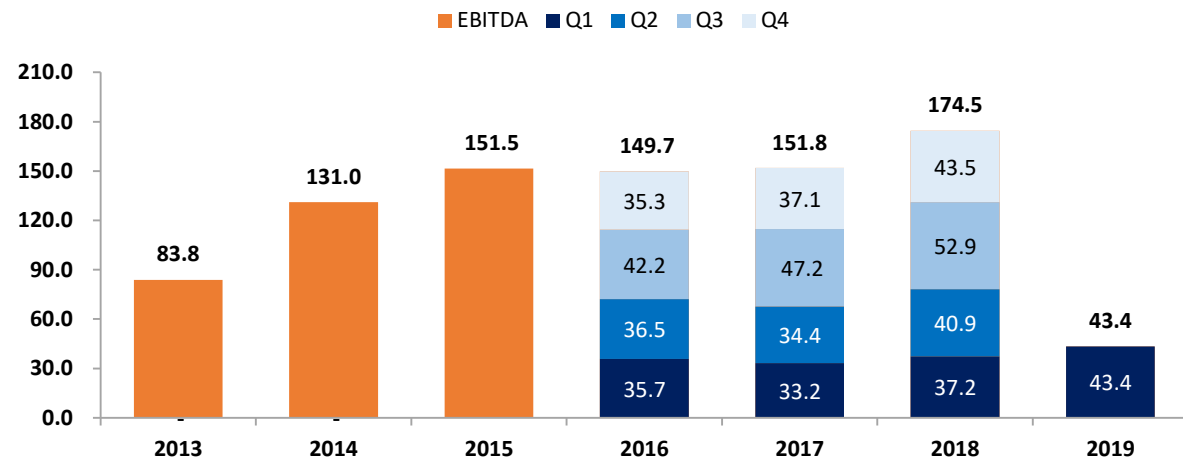
Revenue (EUR 'mil)

1Q19: EUR57.5 (+5.9%)
1Q18: EUR54.3



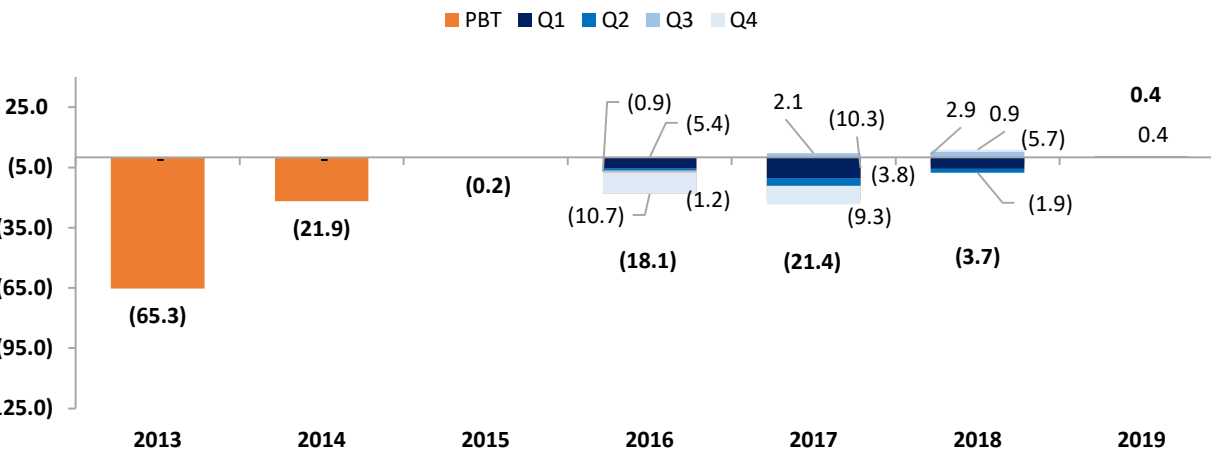
EBITDA (EUR 'mil)

1Q19: EUR43.4 (+16.4%)
1Q18: EUR37.2



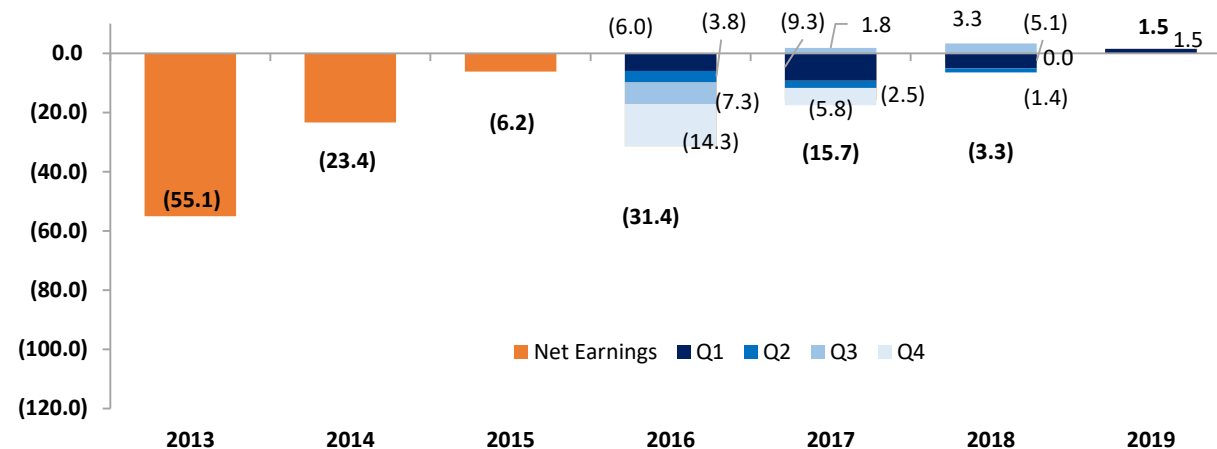
Profit Before Tax (EUR 'mil)

1Q19: EUR0.4 (+107.6%)
1Q18: EUR(-5.7)



Net Earnings (EUR 'mil)

1Q19: EUR1.5 (+129.9%)
1Q18: EUR(-5.1)



*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 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

Aeronautical (EUR 'mil)

1Q19: €35.0 (+23.0%)

1Q18: €28.5

Non-Aeronautical (EUR 'mil)

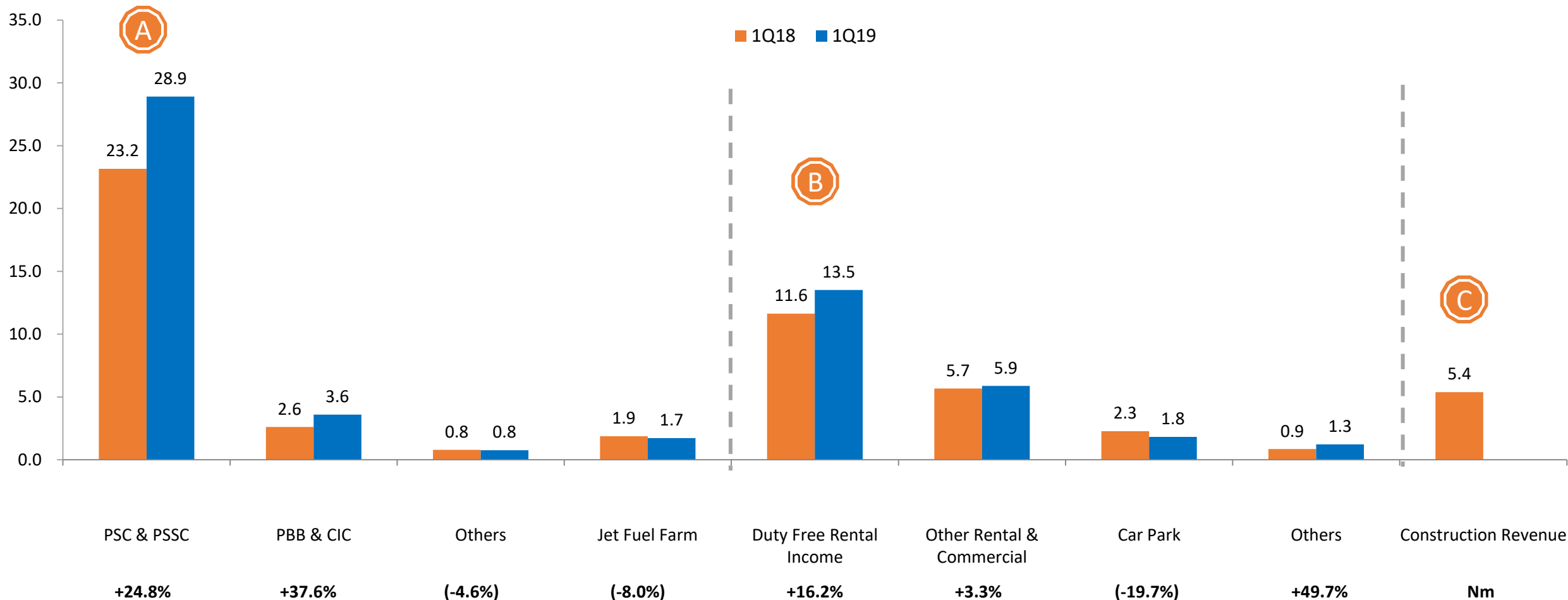
1Q19: €22.5 (+10.1%)

1Q18: €20.4

Construction Revenue (EUR 'mil)

(EUR 'mil)

(EUR 'mil)



A

PSC & PSSC

The increase of 24.8% in revenue is mainly due to the 18.5% increase in international passenger traffic supported by the introduction of passenger security service charges (PSSC) for all departing international passengers

International Charges (EUR)			Domestic Charges (EUR)	
PSC	PSSC	Transfer PSC	PSC	Transfer PSC
15.00	3.00	5.00	3.00	1.00

B

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% (1Q18: 46.0%) 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 (1Q19: EUR7.42; 1Q18: EUR8.72)
- Guaranteed spending per pax (1Q19: EUR9.50; 1Q18: EUR9.50)

C

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

ISG Cost Analysis

Operating Costs (EUR 'mil)

1Q19: €14.6 (+21.6%)

1Q18: €12.0

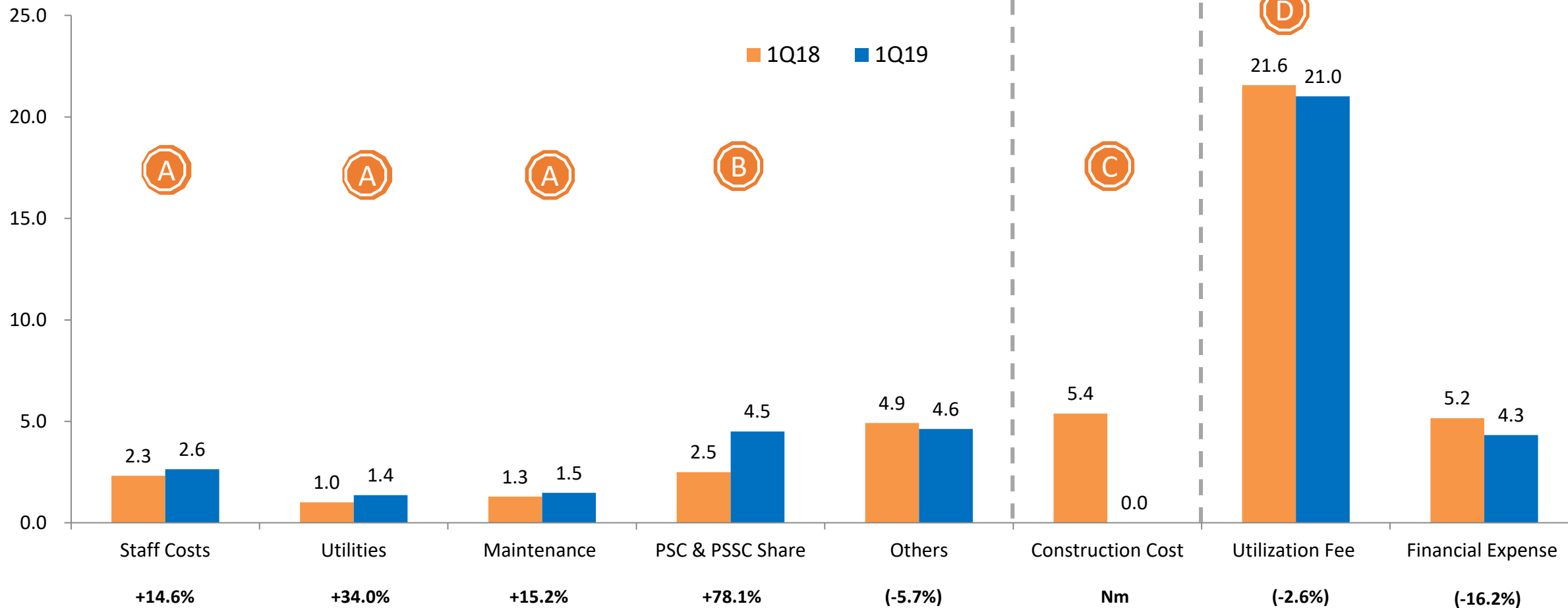
Construction Cost (EUR 'mil)

Finance Cost (EUR 'mil)

1Q19 €25.3 (-5.2%)

1Q18: €26.7

(EUR 'mil)



A

Staff, Utilities & Maintenance costs

The decrease was largely attributable to the higher average exchange rate from Turkish Lira to Euro, mainly impacting salaries, utilities and contract costs

B

PSC & PSSC Share

Relates to the share of PSC and PSSC to the Turkish Government upon an increase in PSC & PSSC tariff. The increase of 78.1% is due to higher international passenger growth and the introduction of PSSC for all departing international passengers

Revenue Share for International Charges (EUR)			Revenue Share for Domestic Charges (EUR)	
PSC	PSSC	Transfer PSC	PSC	Transfer PSC
1.50	1.50	2.50	-	0.5

C

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)

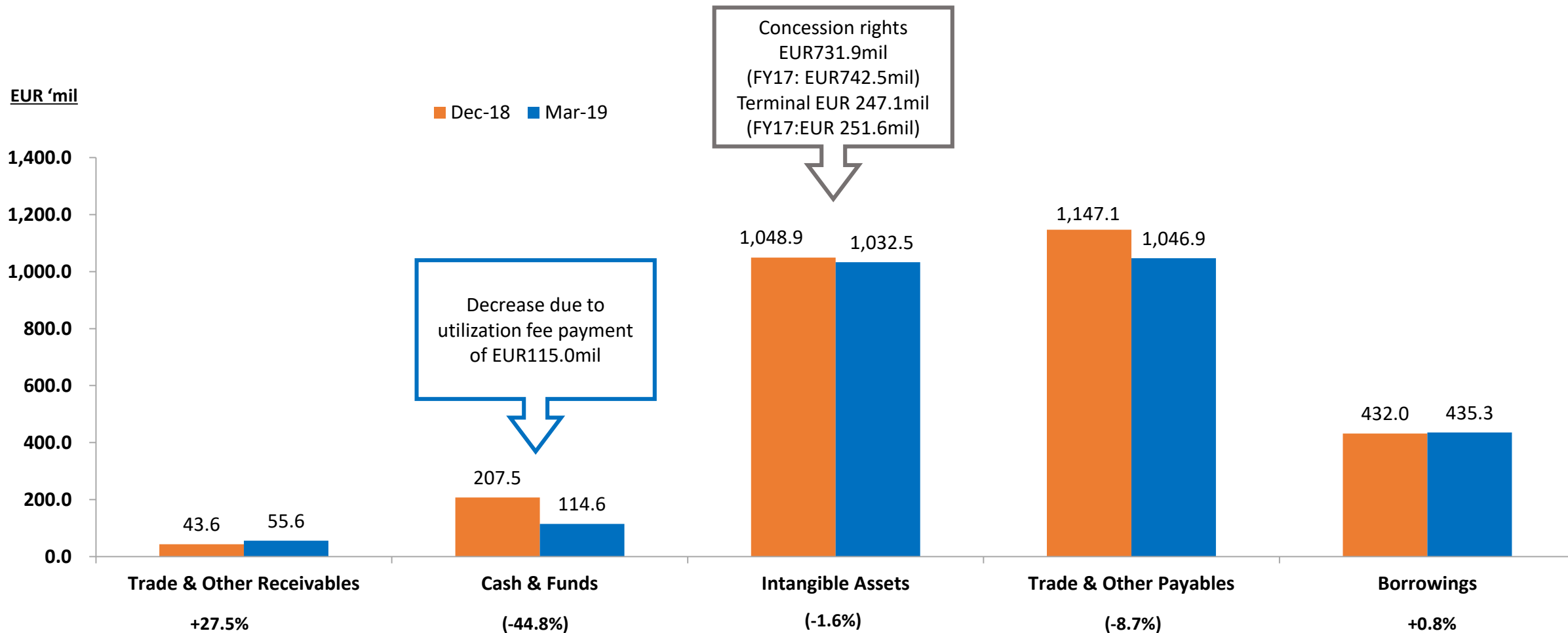
The ISG boarding hall expansion was completed in July 2018

D

Utilization Fee Finance Cost

The utilization fee liability represents the present value of amounts payable to the Turkish Government 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 was in 2015 with the next step up to EUR114.8mil occurring in 2019. The utilization fee finance cost of EUR21.0mil relates to interest expense on utilization fee liability for the period

ISG Balance Sheet Analysis

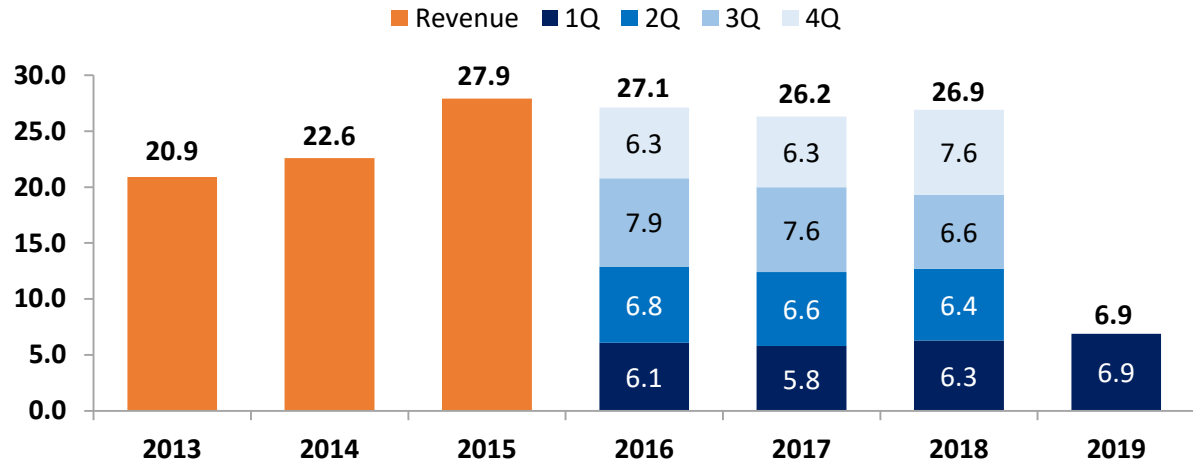




LGM Income Statement

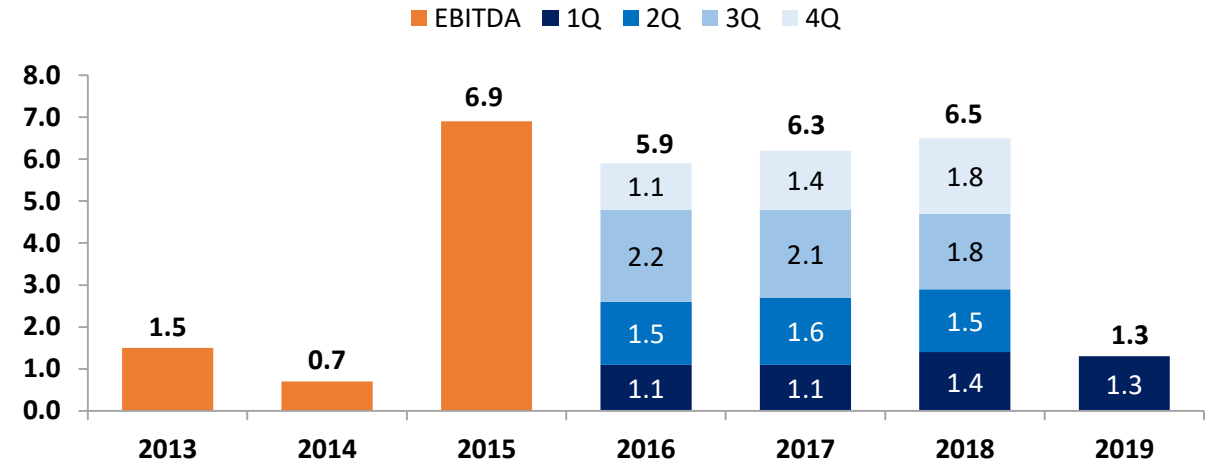
Revenue (EUR 'mil)

1Q19: EUR6.9 (+10.8%)
1Q18: EUR6.3



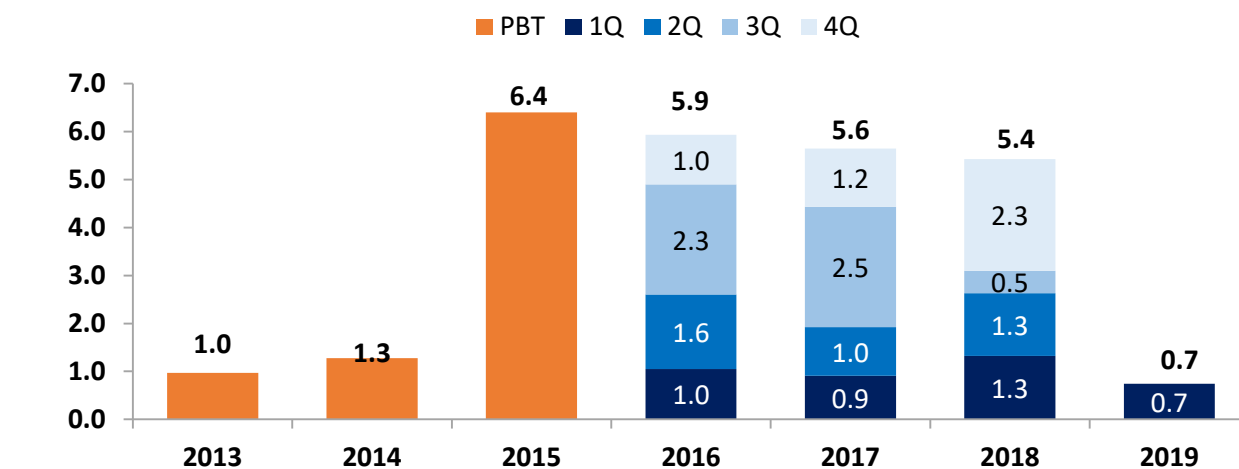
EBITDA (EUR 'mil)

1Q19: EUR1.3 (-13.2%)
1Q18: EUR1.4



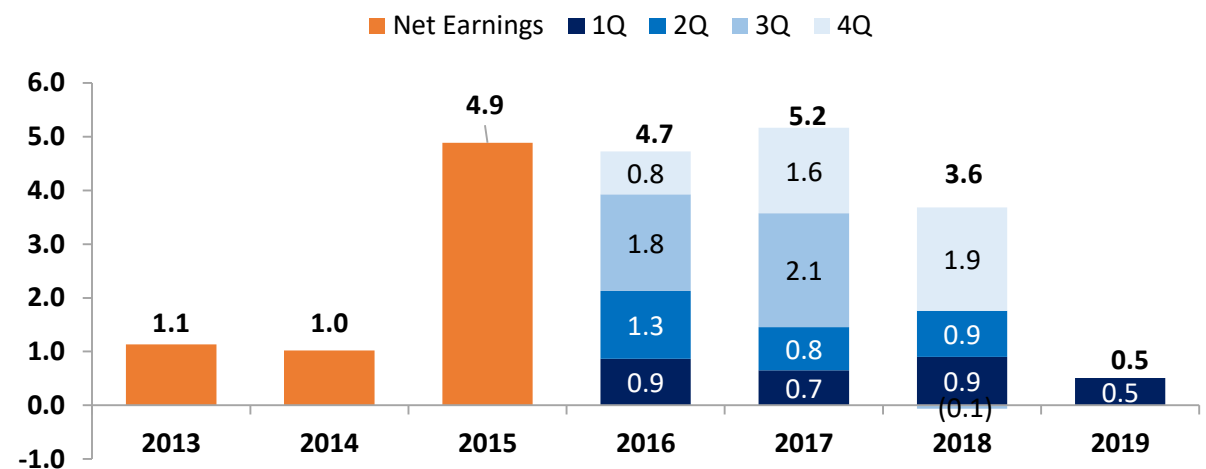
Profit Before Tax (EUR 'mil)

1Q19: EUR0.7 (-44.1%)
1Q18: EUR1.3



Net Earnings (EUR 'mil)

1Q19: EUR0.5 (-43.2%)
1Q18: EUR0.9



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

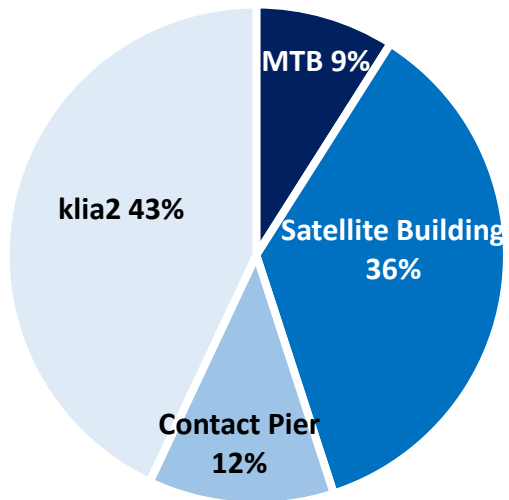


**Commercial Revenue
Analysis**

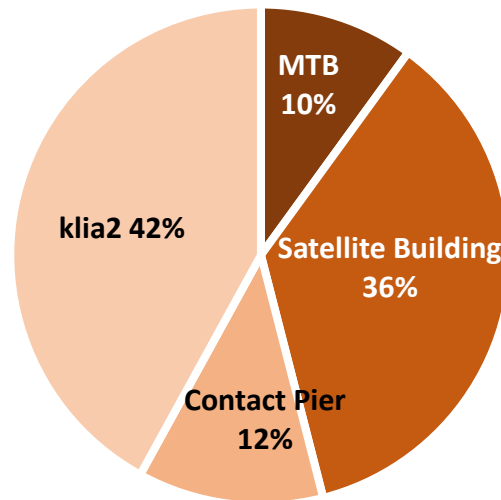
KUL - Total Retail and F&B Sales

Description	1Q19			1Q18			Sales Per Pax Variance (%)
	Sales (RM 'mil)	No. of Pax ('mil)	Sales per Pax (RM)	Sales (RM 'mil)	No. of Pax ('mil)	Sales per Pax (RM)	
Main Terminal Building	47.5			56.7			
Satellite Building	188.1			197.2			
Contact Pier	61.6			63.8			
Total KLIA Main	297.2	7.0	42.63	317.7	6.9	46.03	▼ (7.4)
Total klia2	228.2	8.2	27.92	231.3	8.1	28.59	▼ (2.3)
Total KUL (KLIA Main + klia2)	525.4	15.1	34.69	549.0	15.0	36.62	▼ (5.3)

Sales at KUL 1Q19



Sales at KUL 1Q18



Lower sales per pax at KUL was mainly contributed by:

- Tight customs enforcement in China and Malaysia
- A faster domestic passenger growth of 4.7% as compared to the decrease of 0.3% in international passengers
- Continuation of commercial reset in KLIA Main

Note: No. of pax includes domestic passengers. Data includes permanent retail and F&B while services & promotion is excluded.

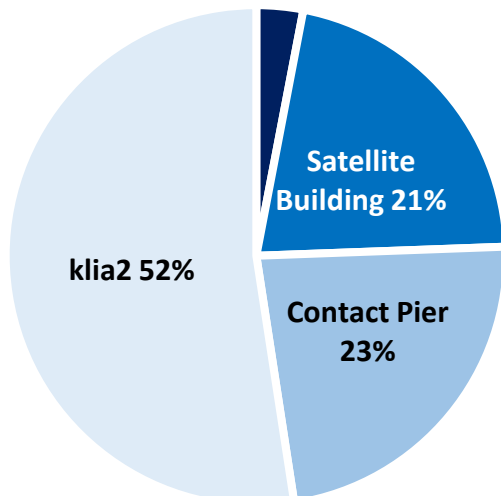
KUL - ERAMAN Retail Revenue

Description	1Q19			1Q18			Revenue Variance (%)	Revenue Per Pax Variance (%)
	Revenue (RM 'mil)	No. of Pax ('mil)	Per Pax Revenue (RM)	Revenue (RM 'mil)	No. of Pax ('mil)	Per Pax Revenue (RM)		
Main Terminal Building	5.1			4.9				
Satellite Building	36.4			34.0				
Contact Pier	39.4			43.9				
Total KLIA Main	80.9	7.0	11.60	82.8	6.9	11.99	▼ (2.3)	▼ (3.3)
Total klia2	89.1	8.2	10.90	100.6	8.1	12.44	▼ (11.4)	▼ (12.3)
Total KUL (KLIA Main + klia2)	170.0	15.1	11.22	183.4	15.0	12.23	▼ (7.3)	▼ (8.2)

Retail Revenue at KUL

1Q19

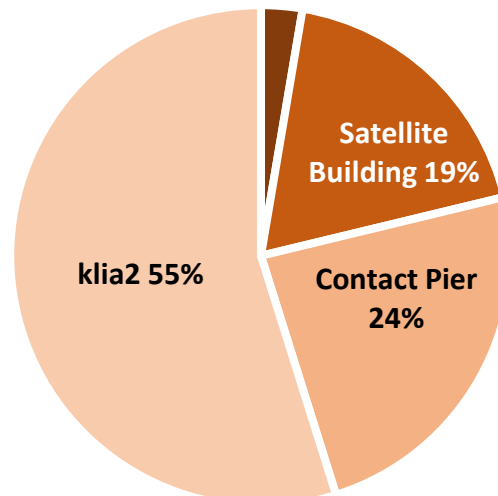
MTB 3%



Retail Revenue at KUL

1Q18

MTB 3%

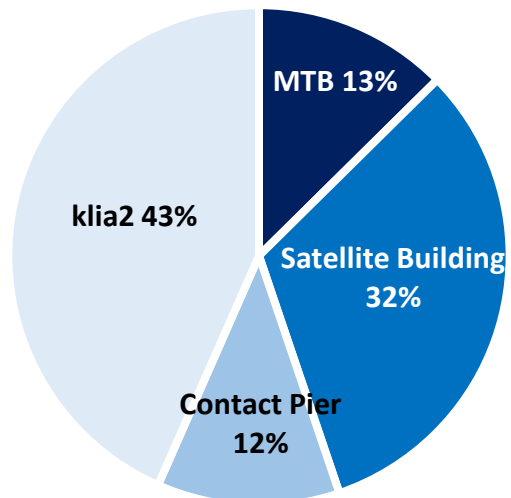


- Top selling duty free products are perfume & cosmetics, followed by tobacco & cigarettes with Chinese citizens still being the top spenders per ticket followed by ASEAN passengers
- Eraman commands about 39.0% of total sales per pax at klia2

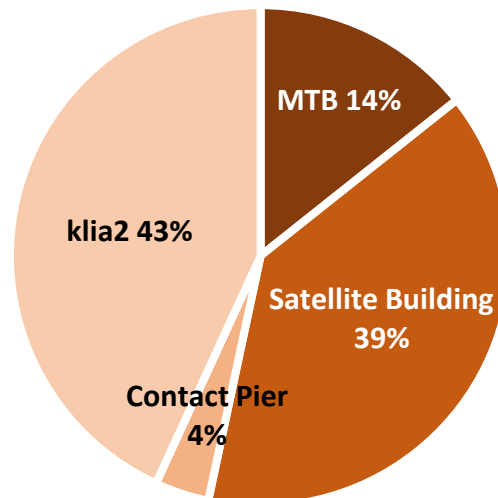
Note: No. of pax includes domestic passengers

Location	1Q19						1Q18						Rental Revenue per sqm Variance (%)
	No. of Lease out	Space (Sqm)	Rental Revenue (RM 'mil)			Rental Revenue (RM '000) per Sqm	No. of Lease out	Space (Sqm)	Rental Revenue (RM 'mil)			Rental Revenue (RM'000) per Sqm	
			MGP	Royalty	Total Rental				MGP	Royalty	Total Rental		
Main Terminal Building	32	4,616	9.8	1.6	11.4	2.5	45	5,140	10.2	3.2	13.4	2.6	
Satellite Building	60	6,634	22.9	6.2	29.1	4.4	69	7,808	26.4	10.0	36.4	4.7	
Contact Pier	9	3,163	3.6	7.0	10.6	3.4	13	3,499	1.1	2.2	3.3	0.9	
Total KLIA Main	101	14,413	36.4	14.7	51.1	3.5	127	16,447	37.7	15.4	53.1	3.2	▼ (3.8)
Total klia2	104	14,981	25.2	14.0	39.2	2.6	87	13,907	25.1	15.2	40.3	2.9	▼ (2.7)
Total KUL (KLIA Main + klia2)	205	29,394	61.6	28.7	90.3	3.1	214	30,354	62.8	30.5	93.3	3.1	▼ (3.2)

Total Rental at KUL 1Q19



Total Rental at KUL 1Q18



- KLIA Main recorded a higher rental revenue per sqm despite the on-going commercial reset
- Occupancy rate for KLIA Main dropped by 4ppt to 88%, while klia2 increased by 4ppt to 77%

ISG's Duty Free Analysis*

	Unit	1Q19	1Q18
Average Duty Free spending per pax	EUR/Pax	7.42	8.72
Guaranteed spending per pax	EUR/Pax	9.50	9.50

Description	1Q19			1Q18			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	13.5	2.7	5,050.0	11.6	2.3	▲ 16.2	▲ 16.2

ISG's Retail & F&B Rental Analysis

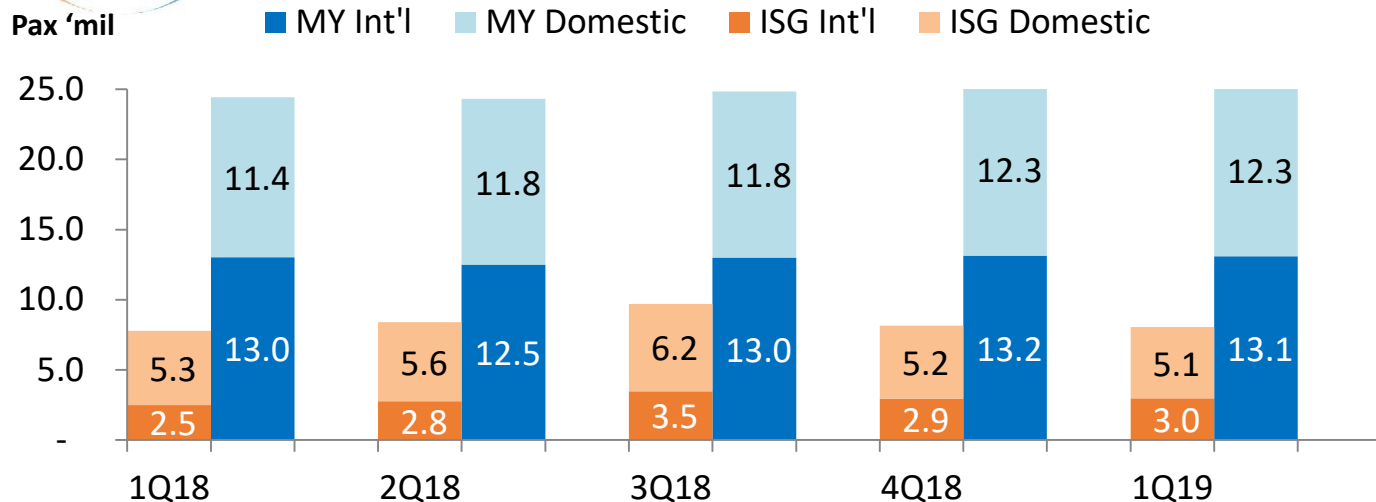
Description	1Q19			1Q18			Rental Variance (%)	Rental/Sqm Variance (%)
	Space (Sqm)	Total Rental (EUR 'mil)	Rental/Sqm (EUR'000)	Space (Sqm)	Total Rental (EUR 'mil)	Rental/Sqm (EUR'000)		
Food & Beverage	10,120.6	2.6	0.3	9,107.0	2.4	0.3	▲ 10.5	▼ (0.6)
Retail	2,841.9	1.6	0.6	1,742.4	1.2	0.7	▲ 30.8	▼ (19.8)
Total ISG	12,962.5	4.3	0.3	10,849.4	3.6	0.3	▲ 17.4	▼ (1.7)

* ISG will receive rental revenue amounting to the higher of 46.0% (FY17: 46.0%) between: (1) guaranteed spending per pax which is the contractual income guaranteed by Setur; or (2) duty free spending per pax

A white circle with a double border. The inner border is orange and the outer border is blue. The text "Traffic Statistics" is centered inside the circle.

Traffic Statistics

Passenger movements (Pax)



† Total MAHB network of airports registered 3.7% growth
 † There has been an increase in domestic passenger movements for MAHB airports excluding ISG. Furthermore, there has also been an increase in direct international services to MASB airports which has reduced some movements through KLIA
 † Positive developments in Turkey continued, with an 3.3% increase total passenger for 1Q19, contributed by international passenger traffic growth of 18.5%

	KLIA Main			klia2			KLIA (KUL)			MASB Airports*			MY Airports			ISG (SAW)			MAHB Group		
	1Q19	1Q18	Var %	1Q19	1Q18	Var %	1Q19	1Q18	Var %	1Q19	1Q18	Var %	1Q19	1Q18	Var %	1Q19	1Q18	Var %	1Q19	1Q18	Var %
International	5.7	5.7	▼ (0.1)	5.4	5.4	▼ (0.6)	11.0	11.0	▼ (0.3)	2.1	2.0	▲ 5.6	13.1	13.0	▲ 0.6	3.0	2.5	▲ 18.5	16.1	15.5	▲ 3.4
ASEAN	2.1	2.1	-	3.1	3.0	▲ 3.0	5.2	5.1	▲ 1.7	1.2	1.1	▲ 5.9	6.4	6.3	▲ 2.5						
Non-ASEAN	3.5	3.5	▼ (0.2)	2.3	2.4	▼ (5.0)	5.8	5.9	▼ (2.1)	0.9	0.9	▲ 5.1	6.7	6.8	▼ (1.2)						
Domestic	1.3	1.2	▲ 5.8	2.8	2.7	▲ 4.2	4.1	4.0	▲ 4.7	8.2	7.5	▲ 9.2	12.3	11.4	▲ 7.7	5.1	5.3	▼ (3.8)	17.4	16.7	▲ 4.0
Total	7.0	6.9	▲ 0.9	8.2	8.1	▲ 1.0	15.1	15.0	▲ 1.0	10.3	9.5	▲ 8.4	25.4	24.4	▲ 3.9	8.1	7.8	▲ 3.3	33.4	32.2	▲ 3.7

New destinations for home-based carriers in 1Q19

Malaysia Airlines

KUL-Kochi

AirAsia/AirAsiaX

KUL-Taipei-Osaka
KUL-Fukuoka

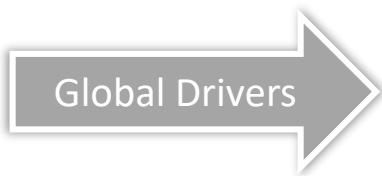
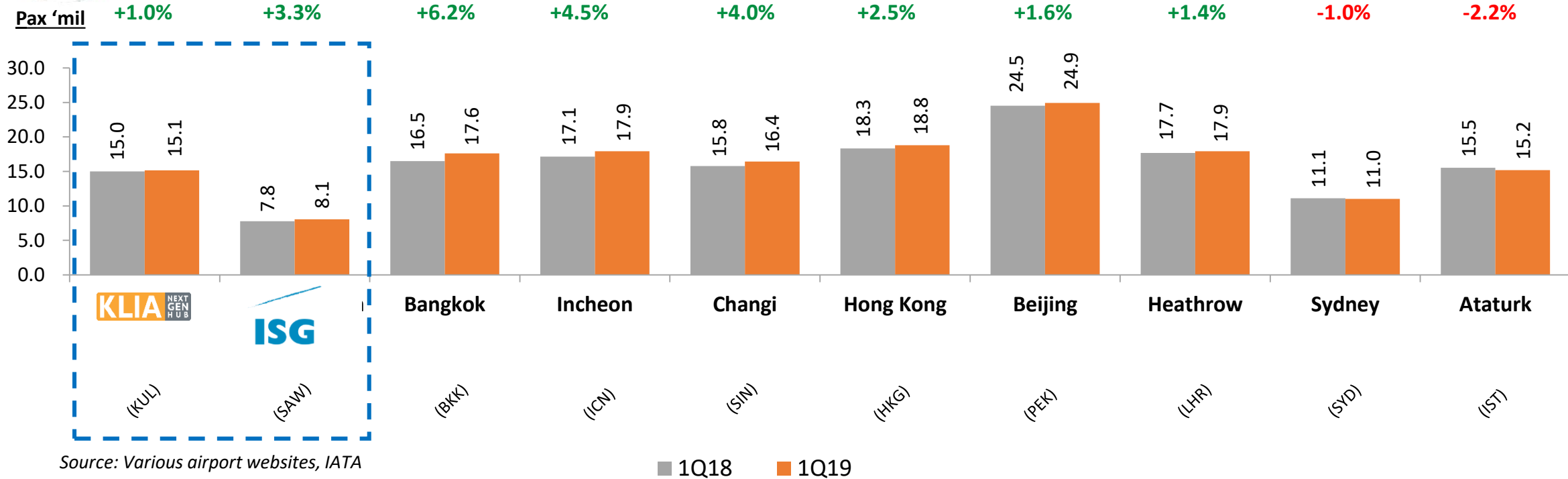
BKI-Bintulu
BKI-Sibu
BKI-Bandar Seri Begawan

Malindo Air

KUL-Hokkaido
MKZ-Kota Bharu
MKZ-Langkawi
LGK-Phuket

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

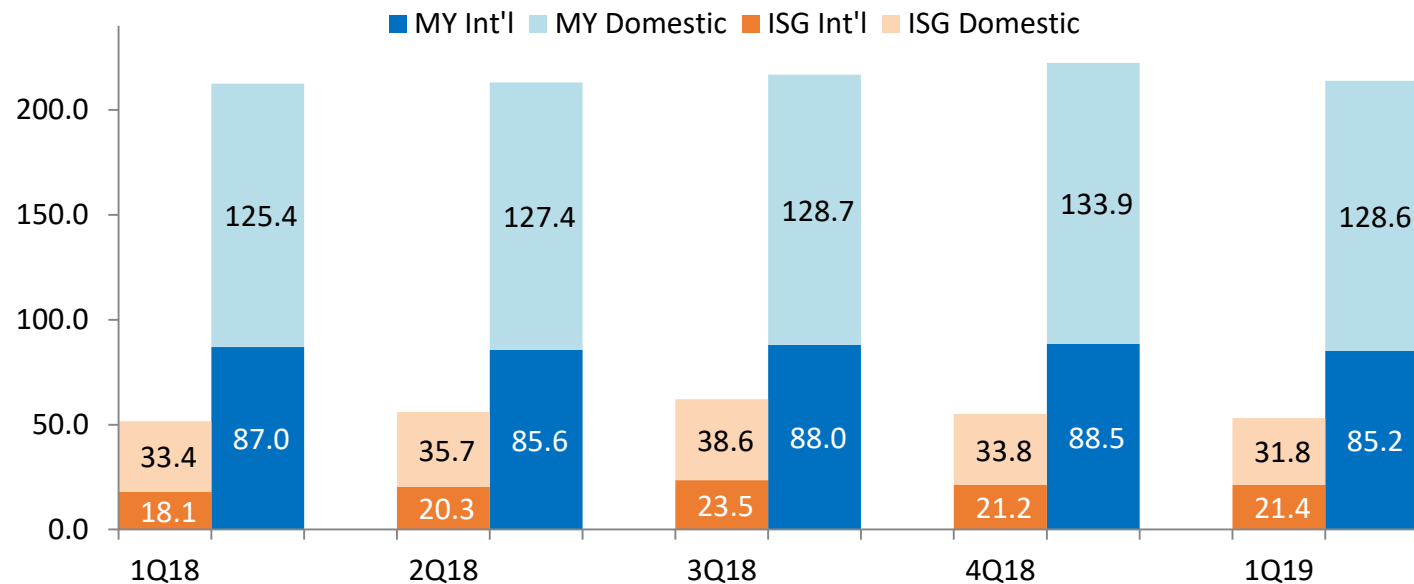
Airport Peers Passenger Movements



- Upward trend remains despite slowing Revenue Passenger Kilometer (RPK) growth in March 2019 due to the earlier timing of the 2018 Easter Holiday timing which boosted demand in March 2018
- However, the underlying growth rate has been relatively steady at a 4.1% annualized pace since October
- Economic backdrop remains less supportive. The moderation in industry-wide RPK growth over the past year or so has come alongside a softening in some of the key indicators and concerns about the broader global economic outlook

Source: IATA: Air Passenger Market Analysis (8May 2019)

ATM '000



Snapshot of new services from foreign based carriers in 1Q19

Airline	Routing	Frequency	Effective
<i>New Services</i>			
Citilink Indonesia	Surabaya-KUL	4x weekly	30/1
Thai Airasia	Chiang Rai-KUL	4x weekly	31/1
Citilink Indonesia	Jakarta-KUL	4x weekly	26/2

	KLIA Main			klia2			KLIA (KUL)			MASB Airports*			MY Airports			ISG (SAW)			MAHB Group		
	1Q19	1Q18	Var %	1Q19	1Q18	Var %	1Q19	1Q18	Var %	1Q19	1Q18	Var %	1Q19	1Q18	Var %	1Q19	1Q18	Var %	1Q19	1Q18	Var %
International	36.6	37.8	▼(3.2)	31.0	31.0	▲0.2	67.6	68.8	▼(1.7)	17.6	18.2	▼(3.4)	85.2	87.0	▼(2.1)	21.4	18.1	▲17.9	106.6	105.1	▲1.4
Domestic	13.0	12.2	▲6.6	18.2	17.5	▲4.3	31.2	29.7	▲5.2	97.4	95.8	▲1.7	128.6	125.4	▲2.5	31.8	33.4	▼(5.0)	160.4	158.9	▲1.0
Total	49.6	50.0	▼(0.8)	49.3	48.4	▲1.7	98.8	98.5	▲0.4	115.0	114.0	▲0.9	213.8	212.4	▲0.7	53.1	51.5	▲3.1	267.0	264.0	▲1.1

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

MALAYSIA AIRPORTS HOLDINGS BERHAD

**MALAYSIA AIRPORTS CORPORATE OFFICE
PERSIARAN KORPORAT KLIA
64000 KLIA
SEPANG, SELANGOR
www.malaysiaairports.com.my**

**TEL: +603-8777 7000 FAX: +603-8777 7776
EMAIL: ir@malaysiaairports.com.my**