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Creating Happy Guests

As we forge ahead towards becoming a service leader, we realise the importance of embarking on a service culture transformation to fulfil our mission of creating joyful experiences. This year's theme reaffirms our commitment to service excellence and our aspiration to portray Malaysia as a developed country with a first-world service culture.

"We realised that the human element makes up a big part of what service excellence is all about. While we are moving ahead with our Airports 4.0 initiative to improve service efficiency through a digitalised airport environment and the use of big data analytics, it will not take away the value of human interaction. Our focus has now shifted from merely providing customers with operational excellence to one that is more experiential. One of the first things we did was to form a Guest Advocacy division, that is responsible for providing strategic direction and driving customer improvement initiatives at our airports"

Raja Azmi Raja Nazuddin

Group Chief Executive Officer of Malaysia Airports



HELPING
GUESTS FEEL
AT HOME



CREATING
A WARM
MALAYSIAN
EXPERIENCE



CARING FOR
OUR GUESTS
AND THEIR
SPECIAL NEEDS

Embarking on a service culture transformation

17

critical touchpoints
identified throughout
the passenger journey
at the airport

6

distinct guest personas
identified based on
common preferences
and **characteristics** of
our passengers

40

catalysts who will **train**
and **coach** the
airport community

800

activists who will
cascade the ethos of
the **service culture**
transformation to
their peers

Enhancing customer experience and airport facilities

15

buggies in operation with

28

drivers in klia2

150

wheelchairs and

150

baby strollers
in klia2

200

Airport CARE Ambassadors
will be sent for '**People with
Reduced Mobility**' training to
provide better assistance to this
special group of people when they
travel through the airports



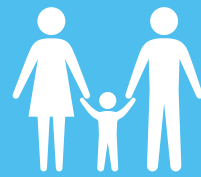
**BRIDGING
DISTANCES AND
CONNECTING
PEOPLE**



**PROVIDING
A SEAMLESS
EXPERIENCE
THROUGH
TECHNOLOGY AND
INNOVATION**



**RELISHING A
DIVERSITY OF
PLEASURES**



HELPING GUESTS FEEL AT HOME

As caring hosts, we continue to think of everyone in the family, from senior citizens to small children and everyone in between. Travelling should be a pleasant, convenient and comfortable experience and often it's the little things we do that make a big difference. We have provided 150 baby strollers at klia2 for the convenience and comfort of our guests.



CHAIRMAN'S LETTER TO SHAREHOLDERS



DEAR SHAREHOLDERS,

On behalf of the Board of Directors, it is my pleasure to enclose herewith a copy of the 2018 Annual Report and Audited Financial Statements of Malaysia Airports Holdings Berhad (the Company or Malaysia Airports) for the financial year ended 31 December 2018. The Annual Report 2018 also contains the Notice of the 20th Annual General Meeting (20th AGM) and a map showing the location of the 20th AGM. The 20th AGM will be held at Gateway Ballroom, Level 1, Sama-Sama Hotel, Kuala Lumpur International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan on Thursday, 2 May 2019 at 11.00 a.m.

The Annual Report 2018 and Audited Financial Statements provide a comprehensive statement of our strategic direction, latest undertakings, achievements and awards, corporate responsibilities and government initiatives, as well as the Company's financial disclosure for the shareholders' attention and review. These documents can also be accessed at our corporate website at www.malaysiaairports.com.my. As a point to note, we have incorporated elements of Integrated Reporting in the Annual Report 2018 in order to improve the quality of information provided to our stakeholders. This journey, which is undertaken in phases, is expected to complete over the next few years.

At the 20th AGM, 10 Ordinary Resolutions and 1 Special Resolution are proposed for consideration by the shareholders. The purposes and reasons for each resolution are explained under the Explanatory Notes of the Notice of the 20th AGM. I hope that you will find the brief explanation helpful in order to make an informed decision.

In line with the Company's dividend policy to distribute a dividend payout ratio of at least 50% of the consolidated annual net profit after taxation and minority interest annually, subject to availability of distributable reserves, the Board is recommending the payment of a final single-tier dividend of 9 sen per ordinary share in respect of the financial year ended 31 December 2018, subject to the shareholders' approval at the 20th AGM.

At the 20th AGM, the Board is recommending for retirement and re-election of Directors in accordance with the following Articles of the Company's Constitution:

(a) Article 129 of the Company's Constitution stipulates that any newly appointed Director shall hold office only until the next following AGM of the Company at which the Director is due to retire under this Article, when he/she shall retire but shall then be eligible for re-election. The Directors standing for re-election under Article 129 at the 20th AGM, are as follows:

- (i) Tan Sri Datuk Zainun Ali;
- (ii) Datuk Siti Zauyah Md Desa;
- (iii) Mr Ramanathan Sathiamutty;
- and
- (iv) Ms Wong Shu Hsien.

(b) Article 131 of the Company's Constitution expressly states that in every subsequent AGM, at least one-third of the Directors for the time being shall retire from office and the retiring Directors shall be eligible to seek for re-election. The Directors standing for re-election under Article 131 at the 20th AGM, are as follows:

- (i) Dato' Ir Mohamad Husin; and
- (ii) Datuk Azailiza Mohd Ahad.

I also believe that you should be able to comprehend the rest of the agenda/proposed resolutions which include, amongst others, the presentation of the Audited Financial Statements, the proposed payment of Directors' fees and benefits payable for the Non-Executive Directors of MAHB and all its Subsidiaries, and the re-appointment of the auditors, whereby brief explanations are also provided under the "Explanatory Notes" for your understanding.

In addition, in view of the requirement to streamline the Company's Constitution


to be in line with the Companies Act 2016 which was implemented with effect from 31 January 2017, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the recommended practices of the Malaysian Code on Corporate Governance 2017 and the prevailing statutory and regulatory requirements applicable to the Company, the Board had proposed for the revocation of the existing Constitution in its entirety with immediate effect, and in place thereof, a new Constitution as set out in the Circular to Shareholders dated 3 April 2019, be adopted.

The Board believes that all the proposed resolutions as set out in the Notice of the 20th AGM are in the best interest of the Company and its shareholders and further recommends that the shareholders vote in favour of all the resolutions.

Shareholders who are unable to attend the 20th AGM would still be able to exercise their rights to vote, by completing the Proxy Form enclosed in the Annual Report 2018, according to the instructions as provided in the Proxy Form, and submitting it to the Registered Office of the Company at Malaysia Airports Corporate Office, Persiaran Korporat KLIA, 64000 KLIA, Sepang, Selangor Darul Ehsan, not less than 48 hours before the time set for holding the 20th AGM or any adjournment thereof.

I look forward to meeting all the shareholders at the 20th AGM and sharing the latest updates and activities concerning the Company.

Yours sincerely,


Tan Sri Datuk Zainun Ali
 Chairman

ABOUT THIS REPORT

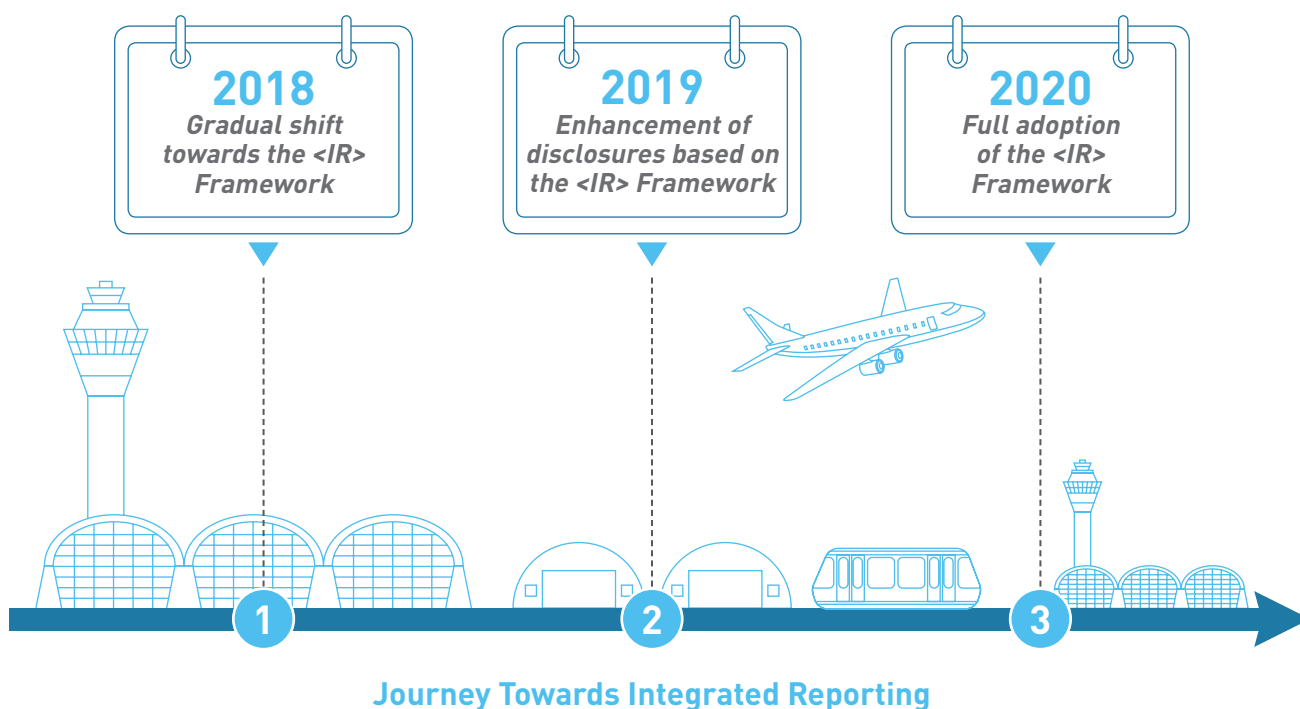
INTRODUCTION

Malaysia Airports Holdings Berhad (the Group or Malaysia Airports) is pleased to present our inaugural Integrated Annual Report for the financial year ended 31 December 2018. This year, we embarked on our first step towards integrated reporting in line with our commitment towards adhering to best practices in corporate reporting. This report intends to provide our key stakeholders with a concise and transparent overview of our ability to optimise our resources in creating and sustaining value over time.

We are committed towards the full adoption of the Integrated Reporting <IR> Framework by 2020, in order to improve the quality of information available to shareholders as well as promoting accountability, in consonance with the recommendation by the Malaysian Code on Corporate Governance (MCCG) 2017 on integrated reporting.

Reporting Boundary

This report is prepared with reference to the International Integrated Reporting Council's (IIRC) <IR> Framework and presents information significant to both the Group and our key stakeholders. This report details our value creation model, stakeholder interests, material matters, risks, corporate strategies, financial and strategic performance for the period from 1 January 2018 to 31 December 2018, covering the principle activities of the Group and all our subsidiaries, unless otherwise indicated. Detailed information on investments in which the Group has no controlling interests is not included.



KEY CONCEPTS

Value Creation

We understand that sustainable value creation does not happen in isolation. We create value through our ability to manage the deployment of key resources – our six capitals – in our business activities to deliver the desired outputs and outcomes over the short, medium and long-term for our key stakeholders, while considering trade-offs inherent in our strategic choices.

Our value creation model is described on Pages 34-35

Materiality

We apply the principle of materiality in assessing and deciding on disclosures to be included in this report. This report focuses on material matters that would substantively affect our ability to create value over the short, medium and long-term.

Our materiality assessment process and material matters identified are disclosed on Pages 41-58

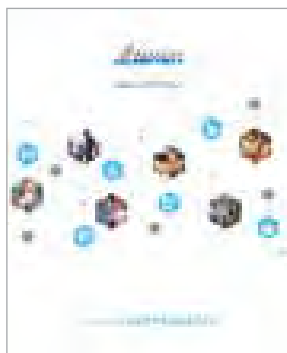
NAVIGATION ICONS

Throughout our integrated report, the following icons are used to illustrate the connectivity between sections:



ABOUT THIS REPORT

ANNUAL REPORTING SUITES



ANNUAL REPORT 2018

Objective

Provides a comprehensive report of the Group's performance, activities and outlook.

Frameworks applied

- ▶ Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- ▶ Malaysian Financial Reporting Standards
- ▶ International Financial Reporting Standards
- ▶ Companies Act 2016
- ▶ Malaysian Code on Corporate Governance 2017

Cross-referencing

Malaysia Airports website

www.malaysiaairports.com.my



SUSTAINABILITY REPORT 2018

Objective

Provides detailed disclosures of our management of sustainability risks and opportunities within the Economic, Environment and Social parameters.

Frameworks applied

- ▶ Global Reporting Initiatives (GRI) Standards - Core Option
- ▶ Main Market Listing Requirements of Bursa Malaysia Securities Berhad

ASSURANCE

We have obtained independent third-party assurance on the following sections:

Content	Assurance	Frameworks
Annual Financial Statements	Reasonable assurance	<ul style="list-style-type: none"> • Companies Act 2016 • Malaysian Financial Reporting Standards (MFRS) • International Financial Reporting Standards (IFRS)
Statement on Risk Management and Internal Control	Limited assurance	<ul style="list-style-type: none"> • Bursa Malaysia Securities Berhad Listing Requirements

FORWARD-LOOKING INFORMATION




The report contains forward looking statements (i.e. market outlook, targets) based on assumptions (i.e. events or external circumstances) which may or may not occur. These statements are not guarantees of future performance, therefore, undue reliance should not be placed on them. Malaysia Airports does not publicly update any and all forward-looking statements issued to reflect the latest information. Forward-looking statements issued in this report have not been reviewed or audited by Malaysia Airports' external auditor.

FEEDBACK

We are committed to continuously improve our reporting and we value inputs from our stakeholders in making these enhancements. Should you have any queries or feedback on this report, kindly contact:

 Email : CARE@malaysiaairports.com.my

 Phone : +603-8777 7000

 Address : Malaysia Airports Holdings Berhad, Malaysia Airports Corporate Office, Persiaran Korporat KLIA, 64000 KLIA Sepang, Selangor, Malaysia

CHAIRMAN'S STATEMENT



Tan Sri Datuk Zainun Ali

Chairman

On the back of increased passenger movements and stronger contribution from both our airport and non-airport operations, Malaysia Airports has delivered another year of encouraging revenue and earnings growth.

Beyond financial results, the Group has achieved various other noteworthy accomplishments. Among others, they include the completion of Langkawi International Airport (LGK) expansion works which had resulted in a capacity increase from 1.5 million passengers per annum (mppa) to 4 mppa, as well as the completion of the new boarding hall at Istanbul Sabiha Gokcen International Airport (SAW) which resulted in the airport's capacity increasing by 8 mppa to 41 mppa. For our Malaysia operations, we welcomed eleven new airlines and three charter flight services, and saw 44 new services launched by existing local and foreign airlines. Meanwhile, we welcomed three new airlines at SAW with 13 new services launched by existing carriers. We also kicked off the implementation of the Quality of Service (QoS) framework, strengthened our corporate governance framework and practices as well as enhanced the overall operational efficiency and capabilities across all our business operations.

DEAR STAKEHOLDERS,

It is an honour and a privilege to deliver this statement in my first year as Chairman of Malaysia Airports Holdings Berhad (the Group or Malaysia Airports).

In August 2018, the Group reached an all-time high market capitalisation of RM16.3 billion with close to 43% of our equity stake being held by foreign investors including super annuity funds. This reflects the strong confidence level among investors, both retail and institutional, in the Group's business performance, its business model and prospects going forward.

The sustainability and stability of our business performance are attributed to the value creation process we have developed, not only during the year under review but also throughout the preceding years. Given all that we have experienced and shared in FY2018, it has been a journey of progress achieved through technology and innovation, customer centricity service culture, strong core values, and sound business strategies.

It is on this positive note that as your Chairman, I am pleased to share with you the Group's Annual Report and Audited Financial Statements for the Financial Year Ended 31 December 2018 (FY2018).

FINANCIAL PERFORMANCE & BUSINESS HIGHLIGHTS

As at 31 December 2018, Group revenue had risen to RM4,851.7 million (FY2017: RM4,651.3 million) while profit before tax (PBT) had also increased to RM780.6 million (FY2017: RM338.8 million). Year-on-year, revenue and PBT had grown by 4.3% and 130.4% respectively. Higher Group PBT was

due to unrealised gain on the fair value of our investment in GMR Hyderabad International Airport Limited. Profit after tax (PAT) was RM727.3 million (FY2017: RM240.4 million). Year-on-year, PAT had improved by 202.6%.

The Group continues to register revenue and earnings growth. Group assets has strengthened to RM22,273.1 million, a 0.3% increase from the previous year, while our cash position remains healthy. The Group debt to equity ratio has also improved to 0.63 times compared to 0.70 times in the previous year.

HIGHLIGHTS AMIDST A YEAR OF CHANGE AND CHALLENGE

FY2018 was a year of considerable change and challenge especially on the local economic and political landscape.

Despite the turbulence encountered in FY2018, The Group's solid fundamentals has allowed us to forge ahead, exemplifying strength and resilience. Despite registering lower than forecasted passenger movements, we succeeded in achieving our earnings targets for the Group for the year under review. The highlights such as the abovementioned completion of expansion works at Langkawi International Airport and SAW in Turkey will allow for a more comfortable and conducive passenger experience thus increasing passenger movements and retail spending.

Equally important was the upgrading works at Bario short takeoff and landing port (STOLport). Bario STOLport is one of the 18 managed by the Group. Despite being economically challenged, the value of these STOLports is buttressed by the incredible access it provides to the remote communities in the far reaches of the country where they act as an avenue to communication and transportation, education, healthcare, economic opportunities and general well-being. Concomitantly, as part of our corporate responsibility, the passenger service charges (PSC) at these STOLports are waived for close to 160,000 passengers using the STOLports yearly.

We draw a measure of pride in having the privilege to serve our fellow Malaysians while maintaining profitability and sustainability as an airport operator. Apart from waiving the PSC at these STOLports, we also work towards ensuring the sustainable livelihood of these remote communities. Since 2014, we have joined forces with Persatuan Bomba Sukarela to provide training to selected members in the local community to be our Airport Fire and Rescue Service (AFRS) personnel. This partnership has benefited more than 180 rural residents. In 2018, we took this a step further by collaborating with Jabatan Bomba dan Penyelamat Malaysia to provide these personnel with a more comprehensive airport fire rescue and services training. This collaboration was successfully inked in January 2019.

CHAIRMAN'S STATEMENT



Newly expanded Langkawi International Airport

Today, beyond strengthening and increasing connectivity, airports must be able to deliver a memorable airport experience to passengers and other stakeholders. A key aspect of this notion is overall airport experience, which consists of facilities, amenities and services provided, overall terminal ambience, queue waiting times, time to exit the airport or to board and more.

Starting in 2018, Malaysia Airports started to embrace the Lean Six Sigma (Lean) methodology in our operations especially in initiatives that are expected to improve passenger flow through the airport. These have proven effective especially in optimising our operational and service

efficiency. Lean is a methodology that can be applied to various disciplines namely terminal operations, landside management, airside management, customer experience management and security screening. To date, 139 Lean initiatives have been identified of which, 90% have been implemented. These initiatives include improving wayfinding, reducing queue time, reducing congestion and providing helpful information to passengers at critical touchpoints, and improving maintenance.

We have also initiated a commercial reset strategy with its objective of raising the retail profile at our airports. The initial implementation of the commercial reset strategy can be

seen in the upgrading and expansion of Langkawi International Airport where we have introduced the 'first to airport' and 'first to Langkawi' brands such as Costa Coffee and Burger King. Being a global shopfront for international brands has positioned Langkawi airport as a destination in its own right, even for non-passengers. In addition, the commercial reset will also incorporate a unique local experience called 'Sense of Malaysia' to showcase our unique Malaysian heritage and brands to the world. This will be further augmented with the use of technology and e-commerce platforms which will optimise our retail space and generate stronger non-aeronautical revenues.

At its most basic, the heart and soul of any organisation is its people and culture. Cutting-edge technology and advanced artificial intelligence will not count for much, if the organisation is peopled with flawed personalities who are devoid of skills or lacking in high standards of accountability. It is critical that a positive corporate culture is infused in each and everyone in the organisation for it to remain buoyant, robust and effective. Given this imperative, one of the highlights for FY2018 was the service culture transformation to nurture our workforce to meet the requirements of today's dynamic, fast-evolving operating environment. In 2018, we identified change agents among our staff whom we have aptly named as 'Catalysts'. These catalysts will have access to training, coaching and continuous assessment so that they can rally the rest of their colleagues to come onboard with our growing emphasis on developing a people-first and service-oriented culture.

In December, we launched the 'Happy Guests, Caring Hosts' service culture transformation programme. This marks a further transition from the existing operational-centric culture, to a customer-centric culture. One major manifestation of this transformation was in making KL International Airport (KLIA) a 'Senior Citizen and Family-Friendly' airport. In doing this, we provided 150 free wheelchairs and 150 baby strollers at klia2 terminal to ease the walking distance and provide greater convenience to passengers. The effort has been well received with high

usage of the free wheelchairs and baby strollers from the first day of operations. We will be implementing the same at the KLIA Main Terminal in FY2019.

The full details of these and other operational highlights are given in the Management Discussion and Analysis section of this annual report.

DRIVING ORGANISATION-WIDE CORPORATE GOVERNANCE & INTEGRITY

As the top sets the tone for any organisation, it is imperative for the Board of Directors and Senior Management to unequivocally articulate and determine the direction of the company. The mantle of leadership necessarily includes stringent corporate governance. In 2018, the Board has played an active role in improving and enhancing our business practices and internal controls to be more aligned with the Malaysian Code of Corporate Governance 2017.

Improvements made include the rationalisation of Board Committees to reduce the occurrence of a single member of the Board sitting on three or more committees. The Board has also looked to ensure that as much as possible, Board Committees are chaired by an independent non-executive director (INED) and that said Committees comprise a majority of INED where possible.

Board Committees have also been restructured to ensure a better match with the respective skillsets of our Board members. The Company constitution has also been updated to be more aligned with today's dynamic business environment. To-date, Malaysia Airports' board composition comprise 55% female representation and has exceeded Malaysia's national agenda of achieving at least 30% female representation on the boards of listed companies by 2020.

I would like to welcome four of the newest Board members, Datuk Siti Zauyah binti Md Desa who was appointed on the 17 October 2018 as a Non-Independent Non-Executive Director, Mr Ramanathan Sathiamutty who was appointed on 1 January 2019 as an Independent Non-Executive Director, Miss Wong Shu Hsien who was appointed on 7 March 2019 as a Non-Independent Non-Executive Director and Dato' Dr. Amiruddin Muhamed who was appointed as Alternate Director to Datuk Siti Zauyah Md Desa on 13 March 2019.

Integrity and anti-corruption are compelling issues and the importance of a holistic approach in reinforcing values of integrity and anti-corruption comes into sharp focus. It is not sufficient to pay mealy mouthed lip service to these important codes of conduct if no serious efforts are jettisoned towards fulfilling and upholding the core values of good corporate governance in every way we can.

CHAIRMAN'S STATEMENT

Our workplace must have adequate safeguards and conditions to remove any risk of corruption; any transgression must be dealt with swiftly. Our workforce from the top down must be vigilant at all times and be conscious of the corrosive influence any transgression will generate. I am glad to note that the Group already has in place its whistle-blowing policy, as well as an independent committee to pursue any possible ethical breaches. Together with the Corporate Integrity Unit (CIU), the whistleblowing policy further strengthens our corporate governance framework. We have also commenced benchmarking

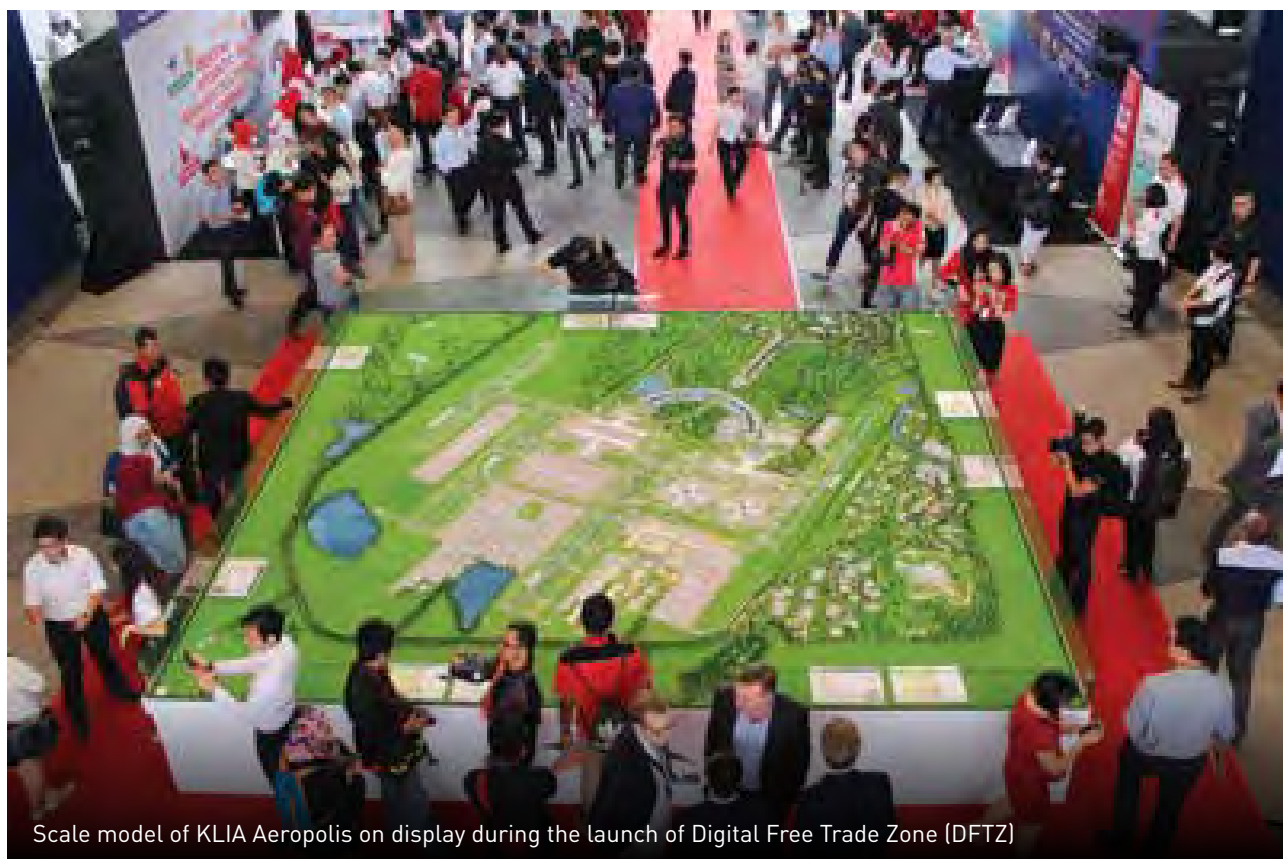
our corporate governance and related processes and practices to international standards, among which include the pursuit of ISO certification for our Anti-Bribery Management System (ABMS).

Ultimately, the measures adopted are to propel Malaysia Airports beyond frameworks, policies and processes and imbue a natural spirit of integrity and self-governance; where employees instinctively exemplify sound business ethics and value as a natural extension of their own values in their daily work.

OUTLOOK AND PROSPECTS

Though we expect continued headwinds, FY2019 looks promising for Malaysia Airports, given the strategic plans we have outlined under our Group Business Plan.

We have several priorities in FY2019, which we view as integral to our growth. They comprise five strategic pillars - becoming a best-in-class hub, delivering world-class service levels, strengthening non-aero business, unlocking potentials through Aeropolis, and expanding



Scale model of KLIA Aeropolis on display during the launch of Digital Free Trade Zone (DFTZ)

and diversifying through international business. Each pillar has its own strategies to contribute to Malaysia Airport's overall growth, progress and sustainability.

We operate in a highly regulated industry where mandatory compliance to numerous aviation regulations is required. The onus is on us to constantly seek ways to enhance our service levels and elevate customer experiences. We will continue to leverage our inherent strengths and opportunities, namely strong airline connectivity and extensive route offerings, as well as providing ample terminal and runway capacity.

We will also continue to emphasise building mutually beneficial relationships with all airport stakeholders. The airport is a multi-stakeholder environment and central to our relationships is the engendering of service excellence. We hope to be able to fortify further the valuable cooperation and goodness of spirit which we have built upon thus far with our stakeholders so that we can strengthen Malaysia's position as a great aviation hub.

We have been bold in our pursuit of excellence, especially in furthering our role as one of the country's economic catalyst. We can look forward to the continued progress of KLIA Aeropolis especially with the ongoing development of the KLIA Aeropolis DFTZ (Digital Free Trade Zone) Park under the Air Cargo & Logistics cluster, and the Subang Airport Regeneration initiative which

will unlock tremendous potential and value for the country's economy.

Beyond infrastructure and investments, we will enhance our service quality, notably with the full implementation of the QoS in KLIA, Langkawi International Airport and Kota Kinabalu International Airport in 2019.

With regards to the Regulatory Asset Base (RAB) framework, we hope to finalise the terms with all stakeholders in 2019. We draw several positives from the RAB as it will allow Malaysia Airports to earn a fair rate of return from capital invested i.e. for the development of airports under our management. With the RAB, we can expect to be more effective in enhancing airport facilities nationwide.

APPRECIATION AND ACKNOWLEDGEMENTS

On behalf of the Board, I wish to thank immediate past Chairman Tan Sri Syed Zainol Anwar Ibni Syed Putra Jamalullail for his immense contribution in bringing Malaysia Airports to our present level of success during his tenure. Tan Sri Syed Zainol's legacy of strong financial performance, excellent quality of services and operations and commitment to corporate governance and integrity will be carried on by the Board as we seek to build on the existing strong foundations and elevate Malaysia Airports further.

The Board also wishes to thank Datuk Mohd Badlisham Ghazali who had served with distinction as Managing Director during his years of service with Malaysia Airports, as well as Datuk Mohd Khairul Adib Abd Rahman and Dato' Mohd Izani Ghani who had served as Non-Independent Non-Executive Directors. We thank them for their contribution to the Group's success.

Congratulations go to Group Chief Executive Officer Raja Azmi Raja Nazuddin for stepping up to the challenge of helming Malaysia Airports and whose appointment was formalised on 4 January 2019.

Additionally, the Board wishes to recognise our staff for their professionalism and dedication during the year under review. We also express our sincere appreciation to the various ministries, government agencies, airline partners, retail partners, vendors and all other business partners, as well as our shareholders for being part of a positive FY2018 for the Group.

I look forward to journeying with you and together we will scale the heights of success in the coming year.


Tan Sri Datuk Zainun Ali
Chairman

IATA Airport Codes:

*KUL - KL International Airport
LGK - Langkawi International Airport
SAW - Istanbul Sabiha Gokcen International Airport*

Flight	Destination	Gate
9512	Kuala Lumpur	3A
9513	Chennai	3B
9514	Hu Chi Minh City	3C
9515	Singapore	3D
9516	Bangkok	3E
9517	Manila	3F
9518	Beijing	3G
9519	Shanghai	3H



CREATING A WARM MALAYSIAN EXPERIENCE

As the custodian of gateways into the country, we cherish our role in creating a lasting impression of Malaysia and its people. We showcase Malaysia's vibrant culture and warm hospitality so that our guests get a taste of the true Malaysian experience at our airports.



KEY HIGHLIGHTS

GROUP FINANCIAL PERFORMANCE

Revenue

RM4,851.7
million +4.3%

(FY2017: RM4,651.3 million)

EBITDA

RM2,383.5
million +24.2%

(FY2017: RM1,919.6 million)

Profit After Tax

RM727.3
million +202.6%

(FY2017: RM240.4 million)

Total Equity

RM9,140.7
million +4.9%

(FY2017: RM8,715.7 million)

AIRPORT PERFORMANCE

Group Passenger
Traffic Movements

133.2
million +4.1%

(FY2017: 128.0million)

Group Aircraft
Movements

1,232,735
+2.3%

(FY2017: 1,204,550)

Group Cargo
Movements

1,037,370
tonnes

+1.3%

(FY2017: 1,024,011 tonnes)

KUL ASQ Score

4.70 out of 5

(2017: 4.65)

KUL ASQ Rank

(> 40 mppa Category)

14th

(2017: 12th)

Total Destinations

KUL: >120

SAW: >160

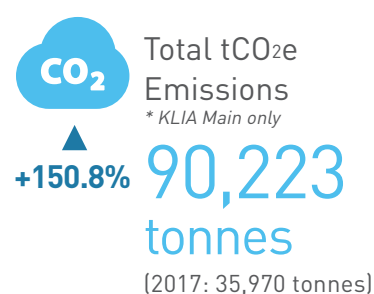
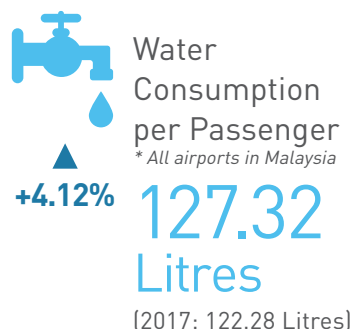
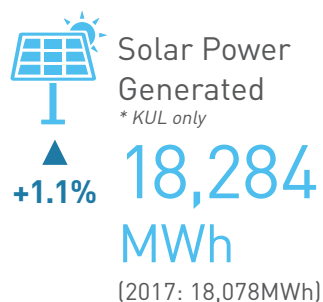
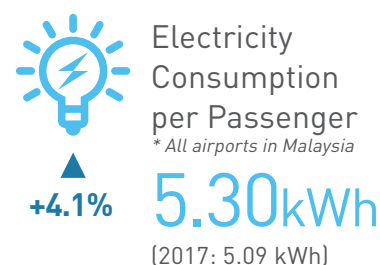
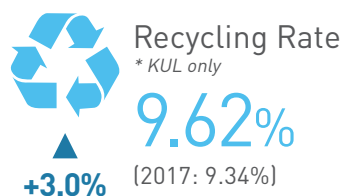
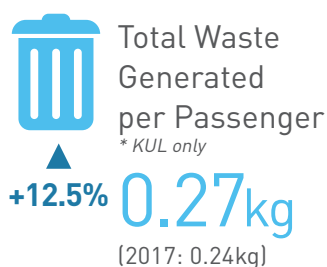
IATA Airport Codes:

KUL - KL International Airport

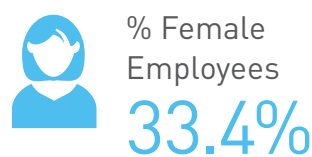
SAW - Istanbul Sabiha Gokcen International Airport

SUSTAINABILITY INDICATORS

Environment



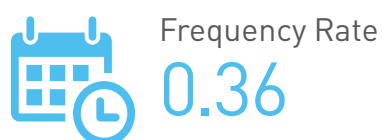
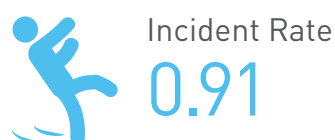
Social



Safety-Related Incidents

* Airport operations in Malaysia only

Accident Rate



AT A GLANCE

Malaysia Airports is involved in five key business activities: (1) airport services, (2) duty free and non-dutiable goods, (3) hotel, (4) project and repair maintenance and (5) agriculture and horticulture. Our business model, focuses not only on the airport business, but also on commercial and growth opportunities presented by the travel and aviation industry. The diversification of our business activities has not only allowed us to keep aviation charges at a competitive level, but also to maintain robust returns to our shareholders through synergistic values created. This model has allowed us to cross-subsidise the vital, but less lucrative operations of our smaller landing strips and airports.

Our competitive advantage:

- ▶ Strategically located in the heart of ASEAN and surrounded by high growth markets such as China and India
- ▶ Competitive aeronautical and passenger charges – one of the lowest in the world
- ▶ Excellent network of full-service and low-cost carriers
- ▶ Well-equipped terminals with convenient facilities
- ▶ KUL - two terminals with a combined capacity of 75 mppa
- ▶ KUL - Three-runway system allows for efficiency in flight operations
- ▶ KUL – 14th best connected airport in the world
- ▶ 100 sqkm land bank surrounding KLIA allows for aviation-related and commercial development



AIRPORT SERVICES

Manage, operate and maintain airports, and provide airport-related services.



Equity invested: RM4,419.3 million
Total Revenue: RM4,096.0 million
EBITDA: RM1,974.9 million



Group passenger traffic movements:
133.2 million



Number of airports operated: 40
(39 in Malaysia; 1 in Turkey)



Number of employees: 9,058



DUTY FREE

Operate duty free outlets and provide management service in respect of food and beverage outlets at designated airports.



Equity invested: RM16.5 million
Total revenue: RM834.2 million
EBITDA: RM75.5 million



Retail area: 65,870.3 sqm
Retail outlets: 552 outlets



Number of employees: 979



HOTEL

Manage and operate hotels.



Equity invested: RM92.7 million
Total revenue: RM92.5 million
EBITDA: RM24.0 million



3 Hotels:

5-star

Sama-Sama Hotel KLIA - 442 rooms

Transit Hotels:

Sama-Sama Express KLIA

Sama-Sama Express klia2



Number of employees: 405



PROJECT AND REPAIR MAINTENANCE

Provide consultancy, facility management services operations and maintenance of information and communication technology business ventures and provision of mechanical and electrical engineering.



Equity invested: RM7.5 million
Total revenue: RM240.3 million
EBITDA: RM40.3 million



Number of employees: 323



AGRICULTURE AND HORTICULTURE

Cultivate and sell oil palm and other agricultural products and carry out horticulture activities.



Equity invested: RM9.0 million
Total revenue: RM36.9 million
EBITDA: RM8.1 million



Oil-palm planted area: 6,646.3 ha

Fresh fruit bunches: 65,917.1 MT



Number of employees: 34

Refer to the Management Discussion and Analysis section in this report for more information on the performance and key developments of each of the five business activities

WHERE WE OPERATE



MALAYSIA



LEGEND

INTERNATIONAL

PENINSULA MALAYSIA

- KL International Airport (KUL)
- Langkawi International Airport (LGK)
- Penang International Airport (PEN)

SABAH

- Kota Kinabalu International Airport (BKI)

SARAWAK

- Kuching International Airport (KCH)

TURKEY

- Istanbul Sabiha Gokcen International Airport (SAW)

INDIA

- Rajiv Gandhi International Airport, Hyderabad

DOMESTIC

PENINSULA MALAYSIA

- Melaka Airport (MKZ)
- Sultan Abdul Aziz Shah Airport, Subang (SZB)
- Sultan Abdul Halim Airport, Alor Setar (AOR)
- Sultan Ahmad Shah Airport, Kuantan (KUA)
- Sultan Azlan Shah Airport, Ipoh (IPH)
- Sultan Ismail Petra Airport, Kota Bharu (KBR)
- Sultan Mahmud Airport, Kuala Terengganu (TGG)

SABAH

- Labuan Airport (LBU)
- Lahad Datu Airport (LDU)
- Sandakan Airport (SDK)
- Tawau Airport (TWU)

SARAWAK

- Bintulu Airport (BTU)
- Limbang Airport (LMN)
- Miri Airport (MYI)
- Mulu Airport (MZV)
- Sibau Airport (SBW)

SHORT TAKE-OFF AND LANDING PORTS (STOLPORTS)

PENINSULA MALAYSIA

- Pulau Pangkor (PKG)
- Pulau Redang (RDN)
- Pulau Tioman (TOD)

SABAH

- Kudat (KUD)
- Long Pasia (GSA)
- Semporna (SMM)

SARAWAK

- Bakalalan (BKM)
- Bario (BBN)
- Belaga (BLG)
- Kapit (KPI)
- Lawas (LWY)
- Long Akah (LKH)

- Long Banga (LBP)
- Long Lellang (LGL)
- Long Semado (LSM)
- Long Seridan (ODN)
- Marudi (MUR)
- Mukah (MKM)

OUR CORPORATE STRUCTURE

MALAYSIA AIRPORTS HOLDINGS BERHAD

100%

▶ **MALAYSIA AIRPORTS SDN BHD**

▶ **MALAYSIA AIRPORTS (SEPANG) SDN BHD**

➔ 30% MFMA DEVELOPMENT SDN BHD

▶ **MALAYSIA AIRPORTS CONSULTANCY SERVICES SDN BHD**

➔ 100% URUSAN TEKNOLOGI WAWASAN SDN BHD

➔ 49% MALAYSIA AIRPORTS CONSULTANCY SERVICES MIDDLE EAST LLC

▶ **MALAYSIA INTERNATIONAL AEROSPACE CENTRE SDN BHD**

▶ **MALAYSIA AIRPORTS (NIAGA) SDN BHD**

➔ 100% ERAMAN (MALAYSIA) SDN BHD

➔ 100% MALAYSIA AIRPORTS (MAURITIUS) PRIVATE LIMITED (IN LIQUIDATION)

▶ **MALAYSIA AIRPORTS (PROPERTIES) SDN BHD**

➔ 100% K.L. AIRPORT HOTEL SDN BHD

➔ 100% MAB AGRICULTURE-HORTICULTURE SDN BHD

➔ 20% KUALA LUMPUR AVIATION FUELLING SYSTEM SDN BHD

▶ **AIRPORT VENTURES SDN BHD**

➔ 100% MALAYSIA AIRPORTS TECHNOLOGIES SDN BHD

➔ 100% MALAYSIA AIRPORTS MSC SDN BHD

➔ 40% ISTANBUL SABIHA GOKCEN INTERNATIONAL AIRPORT INVESTMENT DEVELOPMENT AND OPERATION INC.

➔ 40% LGM AIRPORT OPERATIONS TRADE AND TOURISM INC.

100%

▶ **MAHB (MAURITIUS) PRIVATE LIMITED**▶ **MALAYSIA AIRPORTS CAPITAL BERHAD**▶ **MALAYSIA AIRPORTS (LABUAN) PRIVATE LIMITED**▶ **MALAYSIA AIRPORTS CITIES SDN BHD**➔ 40% ISTANBUL SABIHA GOKCEN INTERNATIONAL AIRPORT INVESTMENT
DEVELOPMENT AND OPERATION INC.

➔ 40% LGM AIRPORT OPERATIONS TRADE AND TOURISM INC.

▶ **KLIA AEROPOLIS SDN BHD**▶ **MALAYSIA AIRPORTS INTERNATIONAL SDN BHD**▶ **MA ELOGISTICS SDN BHD**

➔ 30% CAINIAO KLIA AEROPOLIS SDN BHD

▶ **MALAYSIA AIRPORTS (SUBANG) SDN BHD**

30%

▶ **SEGI ASTANA SDN BHD**

23%

▶ **AIRPORT COOLING ENERGY SUPPLY SDN BHD**

20%

▶ **ISTANBUL SABIHA GOKCEN INTERNATIONAL AIRPORT INVESTMENT DEVELOPMENT
AND OPERATION INC.**▶ **LGM AIRPORT OPERATIONS TRADE AND TOURISM INC.**

OUR CORPORATE STRUCTURE

MALAYSIA AIRPORTS HOLDINGS BERHAD (MAHB)

100% OWNED BY MAHB	
Malaysia Airports Sdn Bhd (MASB) (230646-U)	Management, operations, maintenance and provision of airport related services for designated airports in Malaysia other than KL International Airport (KLIA) and klia2.
Malaysia Airports (Sepang) Sdn Bhd (MA (Sepang)) (320480-D)	Management, operations, maintenance and provision of airport related services for KL International Airport (KLIA) and klia2.
Malaysia Airports Consultancy Services Sdn Bhd (MACS) (375245-X)	Provision of maintenance and technical services in connection with the airport industry.
Malaysia International Aerospace Centre Sdn Bhd (MIAC) (438244-H)	Planning, management and marketing for the development of Malaysia International Aerospace Centre at Sultan Abdul Aziz Shah Airport and other airports in Malaysia.
Malaysia Airports (Niaga) Sdn Bhd (MA (Niaga)) (281310-V)	Operating duty free, non-duty free outlets and providing services in respect of food and beverage outlets at airports in Malaysia.
Malaysia Airports (Properties) Sdn Bhd (MA (Properties)) (484656-H)	Provision of non-passenger related services which involves property management and establishing fixed asset requirements.
Airport Ventures Sdn Bhd (AVSB) (512527-U)	Investment holding.
Malaysia Airports Capital Berhad (MACB) (906593-U)	Investment holding.

100% OWNED BY MAHB	
Malaysia Airports Cities Sdn Bhd (MA Cities) (1114062-X)	Investment holding.
KLIA Aeropolis Sdn Bhd (KASB) (1212392-H)	Investment holding.
Malaysia Airports International Sdn Bhd (MAI) (1220825-V)	Investment holding for international and overseas ventures in airport businesses.
MA Elogistics Sdn Bhd (MA Elogistics) (1253685-H)	Investment holding.
Malaysia Airports (Subang) Sdn Bhd (MA (Subang)) (1306743-T)	Undertake all business relating to Subang Airport Regeneration.
MAHB (Mauritius) Private Limited (64825 C1/GBL)	Investment holding.
Malaysia Airports (Labuan) Private Limited (MA (Labuan)) (LL05298)	Investment holding.

30% OWNED BY MAHB	
Segi Astana Sdn Bhd (916663-H)	Development, management and operations of property.

23% OWNED BY MAHB	
Airport Cooling Energy Supply Sdn Bhd (923025-D)	Development, operations and maintenance of chilled water plant.

30% OWNED BY MA (SEPANG)

MFMA Development Sdn Bhd (1053024-K)	Development, operation and maintenance of a Factory Outlet Centre and its complementary components known as Mitsui Outlet Park at KLIA.
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100% OWNED BY MACS

Urusan Teknologi Wawasan Sdn Bhd (459878-D)	Provision of mechanical, electrical and civil engineering services.
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49% OWNED BY MACS

Malaysia Airports Consultancy Services Middle East LLC (62645)	Facilities maintenance services at airports.
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100% OWNED BY MA (NIAGA)

Eraman (Malaysia) Sdn Bhd (324329-K)	Dormant. Intended principal activity is general trading.
Malaysia Airports (Mauritius) Private Limited (59049 C1/GBL)	Dormant (in liquidation).

100% OWNED BY MA (PROPERTIES)

K.L. Airport Hotel Sdn Bhd (KLAH) (330863-D)	Owner of hotels known as Sama-Sama Hotel KLIA, Sama-Sama Express KLIA and Sama-Sama Express klia2.
MAB Agriculture-Horticulture Sdn Bhd (467902-D)	Cultivation and selling of oil palm and other agriculture products, and engaging in horticulture activities.

20% OWNED BY MA (PROPERTIES)

Kuala Lumpur Aviation Fuelling System Sdn Bhd (395396-X)	Development, management and operations of aviation fuelling system at KLIA.
--	---

100% OWNED BY AVSB

Malaysia Airports Technologies Sdn Bhd (MA Technologies) (512262-H)	Operations and maintenance of Information and Communication Technology business ventures.
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100% OWNED BY MA TECHNOLOGIES

Malaysia Airports MSC Sdn Bhd (516854-V)	Investment holding.
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30% OWNED BY MA ELOGISTICS

Cainiao KLIA Aeropolis Sdn Bhd (1258491-V)	Warehousing and storage services.
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**20% OWNED BY MAHB
40% OWNED BY MA CITIES
40% OWNED BY MA MSC**

Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc. (656447)	Operation, management and development and provision of airport related services.
LGM Airport Operations Trade and Tourism Inc. (660779)	Provision of management services in respect of transportation, parking, food and beverages, cleaning at the airport and construction of hotel and car park within the airport.

KEY MILESTONES



Establishment of
Malaysia Airports

1992



Opening of KLIA

1998



Full Acquisition of Istanbul
Sabiha Gokcen International
Airport in Turkey

2014



Opening of klia2



Launching of
Sama-Sama Hotel

2013



Graduation from
GLC Transformation
Programme

2015



Opening of Mitsui
Outlet Park KLIA,
Sepang

RtS2020

- Launch of Runway to Success 2020
- Launch of KLIA Aeropolis
- Ground breaking of Mitsui Outlet Park KLIA Sepang Phase 2

2016



Listing of Malaysia Airports
on KLSE Main Board
(now Main Market of Bursa Malaysia)

1999



Transfer of 50% Ministry of Finance (Inc)
stake to Khazanah Nasional

2004

klia 2

klia2 Ground
Breaking Ceremony

2010



Malaysia Airports becomes one of
Khazanah Nasional's top 20 GLCs

2006



Ground Breaking
of KLIA Aeropolis DFTZ Park

2017



- Ground Breaking of Subang Aerotech Park
- Launch of Airports 4.0
- Launch of Host Culture Transformation
- Expansion of Langkawi International Airport

2018

Happy Jo
Joyful Expe



CARING FOR OUR GUESTS AND THEIR SPECIAL NEEDS

We believe that travelling is for everyone and we strive to make our airports accessible and friendly to all guests, including those with special needs so that they too, will have a joyful experience.

At klia2, guests have access to 150 free wheelchairs and Airport CARE Ambassadors are ever-ready to assist them on their journey.



VALUE CREATION MODEL

OUR HISTORY DATES BACK TO 1992 WHEN WE WERE CORPORATISED AND INCORPORATED AS MALAYSIA AIRPORTS BERHAD FOLLOWING THE PASSING OF A BILL BY THE MALAYSIAN PARLIAMENT TO SEPARATE THE DEPARTMENT OF CIVIL AVIATION (DCA), NOW KNOWN AS THE CIVIL AVIATION AUTHORITY OF MALAYSIA (CAAM), INTO TWO ENTITIES WITH DIFFERENT SPHERES OF RESPONSIBILITY.

CAAM remains the provider for air traffic management and the regulatory body for safety and security of airports and the aviation industry in Malaysia, whilst we were licensed to focus on the operation, management, and maintenance of airports. Recently, on 1 March 2016, the Malaysian Aviation Commission (MAVCOM) was formally established under the Malaysian Aviation Commission Act 2015 to regulate economic and commercial matters related to civil aviation in Malaysia.

In 1999, we became the first airport in Asia and the sixth in the world to be public listed. Malaysia Airports Holdings Berhad was incorporated as a public limited company and listed on the Main Board of the Kuala Lumpur Stock Exchange.

We have come a long way since, weathering multiple economic turbulences, including the Asian financial crisis and the global financial crisis of 2007-2008. Today, we are one of the largest airport operator groups in the world – in terms of number of passengers handled – managing 39 airports across Malaysia (five international airports, 16 domestic and 18 STOLports) as well as one international airport Istanbul, Turkey. Apart from that, we also own 11% stake in Hyderabad's Rajiv Gandhi International Airport in India, and provide facilities management and IT services to Hamad International Airport in Doha, Qatar.



More information on each of our airports can be found on our corporate website at <https://www.malaysiaairports.com.my>.

Over the years, we are honoured to have had the opportunity to contribute towards the economic growth of our country. Apart from our direct contribution through taxes paid, we provide job opportunities, enable connectivity, support international trade and promote tourism. Our business model focuses not only on airport business but also on optimising commercial

and growth opportunities presented by the travel and aviation industry. While we continue to position our flagship airport – KL International Airport – as the preferred aviation hub by improving hub connectivity, airport services and guest experience for all stakeholders, we are equally focused on our responsibility to enable rural connectivity and operate remote airbases especially in Sabah and Sarawak. Connectivity is crucial for the development of our country, especially in rural areas. Our STOLports provide air connectivity for the people residing in rural areas, connecting them to other parts of the country in a shorter time and allowing them equal opportunity to pursue their dreams. As an example, our STOLport in Bario allows passengers to travel from Bario to Miri in just 50 minutes, as compared to land transportation, which would usually take up to 12 hours. We do not collect passenger service charge for our STOLports as one of our ways to give back to the community.

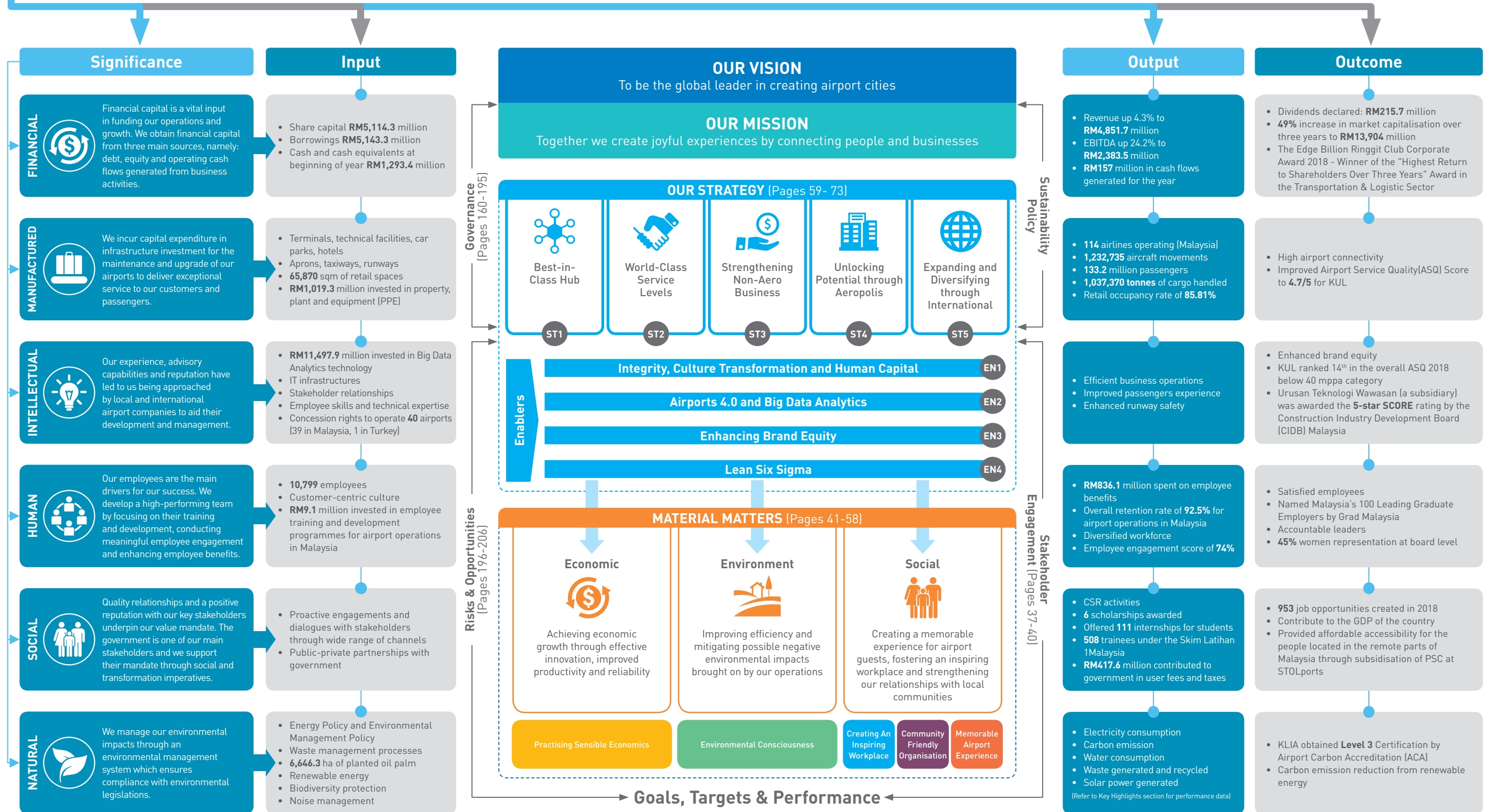
Our ability to achieve sustainable growth over the years is driven by our value creation model which is aligned with our vision to be a global leader in creating airport cities. Our value creation model aims to create value not just for our investors, but also to bring positive impact to all our key stakeholders. It guides us in making better strategic and operational decisions in our business activities through efficient allocation and utilisation of our six key resources – financial, manufactured, intellectual, human, social and natural capitals – in addressing our material sustainability matters and creating value for our stakeholders over the short, medium and long-term.

Our value creation model is illustrated in the following page.



Details on our Sustainability Policy is disclosed in Malaysia Airports' Sustainability Report FY2018, available on our corporate website at <https://www.malaysiaairports.com.my>.

OUR VALUE CREATION MODEL

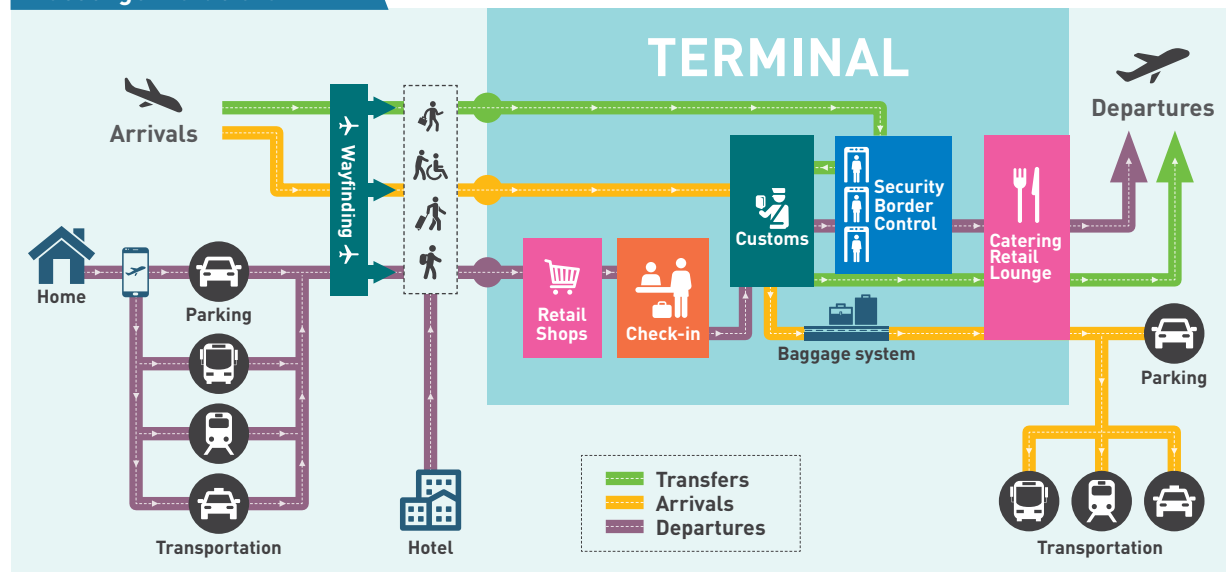


Our position in the airport value chain

Malaysia Airports is responsible for the safe and secure operation, management and maintenance of our airports, each of which is made up of two large sections – the landside and the airside. The landside of the airport typically consists of the terminal building, parking facilities and any other public areas on airport land. The airside of the airport covers the airport apron, taxiways and runways.

Alongside Malaysia Airports, other key agencies hold responsibility for the provision of safe and secure airport services. For example, the Civil Aviation Authority of Malaysia (CAAM) works to ensure the safety and security of airport operations, particularly at the airside, via the regulation, oversight and monitoring of our technical and safety standards. Additionally, the Air Traffic Controllers (ATC) under CAAM coordinate aircraft navigation, holding responsibility for the safe movement of aircraft, including during take-offs, landings and taxiing.

Passenger value chain



Elsewhere in the airport, Malaysia Airports works with a range of partners to maximise the quality and efficiency of airport services, for example: government agencies such as the Immigration Department and Royal Malaysian Customs Department, as well as private companies such as airlines and ground handlers. Key areas in which we work closest with these parties are at passenger checkpoints, such as check-in, immigration and customs checks, as well as baggage and ground handling.

A typical journey for departing passengers usually begins at home, where passengers have access to real-time airport information via the MYairports app. Through this app, passengers can track live updates on their flight's

information, and discover shopping and dining promotions available at our airports. Passengers may then choose to access the airlines' website or mobile app to complete a web check-in, before selecting any of a range of option to reach our airports, for example via car, cab, train or bus.

The passenger's first touchpoint with Malaysia Airports is upon his or her arrival at our airport. Here, we strive to make the arrival experience as seamless and convenient as possible, via clear and visible wayfinding throughout the airport terminal, mobility or wheelchair assistance where needed and provision of spaces for passengers to refresh, relax and recharge before flights (for example, Sama-Sama Hotel KLIA)

VALUE CREATION MODEL

Next, passengers typically make their way into the check-in hall, where they may choose to check their luggage in at a Self-Bag Drop machine (where available) or at a traditional check-in counter, which are manned by airline staff. Their luggage then travels through our Baggage Handling System for security screening before the airline appointed ground handler transports and stows the luggage in the right aircraft.

Meanwhile, trained Aviation Security (AVSEC) professionals perform a security check on passengers before clearing them to proceed to the immigration counters. Here, travel documents are checked by immigration officers before passengers are cleared to enter the departure hall, which is in the airside section of the airport terminal. As passengers typically have some dwell time prior to boarding, Malaysia Airports works to ensure that passengers have a wide variety of exciting retail and F&B options available, as well as adequate spaces to rest, relax and recharge prior to boarding. At the boarding gate, AVSEC officers conduct a final security check, in line with the security requirements of the flight's destination, prior to permitting a passenger to board his or her flight.

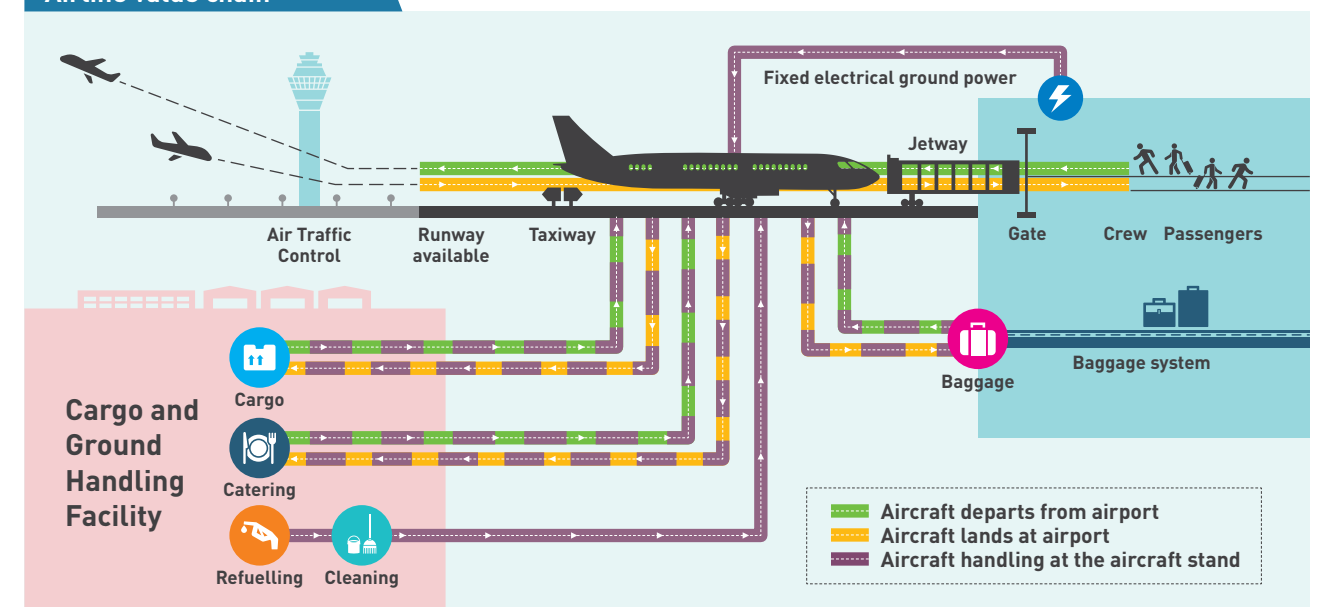
A typical journey for arriving passengers at our airports begins with disembarking the aircraft with the help of a passenger boarding bridge where available. Once in the

terminal building, Malaysia Airports provides the signage and guidance necessary for the passengers to make their way to the arrival border control, where immigration officers conduct a travel document check. Meanwhile, as arriving passengers make their way to the baggage reclaim hall from the border control, the airline appointed ground handlers transfer the correct luggage from the arriving aircraft to our baggage handling system. Our system then transports the arriving luggage to the correct baggage carousel, to be collected by their owners. After undergoing a customs check by the Royal Malaysian Customs Department, passengers then have a range of options to travel into the city, by car, taxi, train or bus.

At the airside, once all passengers have disembarked, airline staff undertake safety inspections, refuelling, cleaning, loading of inflight meals, and the stowing of luggage and cargo for the next flight. Meanwhile, in preparation for departure, the airline's ground staff inspect the aircraft for any damage, as well as the aprons for any debris or obstacles.

Upon a complete boarding of passengers, the pilot requests for a push-back from the ATC. Marshals assist in guiding the aircraft to the taxiway, and the pilot joins the take-off queue and receives take-off instructions from the ATC.



Airline value chain



ENGAGING WITH STAKEHOLDERS



We define our stakeholders as individuals or groups significantly impacted by our business activities, or those whose actions could affect our ability to create value through our strategic intents. We listen to and openly communicate with our key stakeholders about their concerns while being cognisant of issues deemed material to the Group. As the relationship between the Group and our key stakeholders is symbiotic, we actively monitor, are mindful of and are responsive to our stakeholders' concerns. We take our stakeholders' concerns and interests into account in any decision-making concerning the strategic direction of our businesses.

The table below sets out the engagement methods, areas of interest and our response to each of our stakeholder groups.



Key stakeholders	Methods of engagement	Areas of interest	Our response
 Employees	<ul style="list-style-type: none"> • Town halls, engagement sessions and employee activities • Focused group discussions on targeted issues • Employee portal • Employee engagement survey • Employee performance review 	<ul style="list-style-type: none"> • Employee well-being • Workplace safety • Work-life balance • Training and career Development • Corporate integrity • Employee engagement 	<ul style="list-style-type: none"> • Wellness programmes • Employee benefits and medical coverage • Whistleblowing policy • Occupational safety and health assessment • Childcare centre/kindergarten • Training needs analysis and performance appraisal • Integrity Pledge • Code of Ethics and Conduct
 Airlines	<ul style="list-style-type: none"> • Regular meetings and face-to-face discussions • Airline operating committees • Local carrier airlines meeting • Foreign carrier airlines meeting • Security facilitation meeting • Airline operator committee general meeting • Feedback surveys 	<ul style="list-style-type: none"> • Innovation and technology advancement • Airport safety • Terminal and building infrastructure 	<ul style="list-style-type: none"> • KLIA Awards • Runway Safety programme and Runway Safety Team meetings • Safety drills • SMS and Aerodrome certification • Renovating and modernising Terminals • Malaysian Aviation Consumer Protection Code 2016

ENGAGING WITH STAKEHOLDERS

Key stakeholders	Methods of engagement	Areas of interest	Our response
 Regulators and government	<ul style="list-style-type: none"> • Regular engagement, communication and dialogue • Consultation on regulatory matters 	<ul style="list-style-type: none"> • Regulatory compliance • Airport competitiveness • Land development and gazetting airport area • Carbon emissions • Licensing 	<ul style="list-style-type: none"> • Environment Strategy Roadmap (2016-2020) • Airport Carbon Accreditation Programme • Carbon Score Card to Ministry of Transport • Harnessing renewable energy • Regular audits and inspections • Communication, navigation and surveillance • Performance verification • Standards and certifications • Aerodrome Operator Licensing and Registration • Public-private partnerships • Foreign investments
 Investors	<ul style="list-style-type: none"> • Analyst briefing sessions • Roadshows • One-on-one engagements • Conference calls • Site visits 	<ul style="list-style-type: none"> • Financial returns • Governance and transparency • Company reputation • Regulatory compliance 	<ul style="list-style-type: none"> • Business and investment plans • FTSE4Good Bursa Malaysia Index • Malaysian Code on Corporate Governance 2017 • Publications and press releases • Awards and accolades • Sustainability reporting practice
 Tenants	<ul style="list-style-type: none"> • Standard Contracting Procedure • Annual Concessionaire Conference and Half-Yearly Mini Concessionaire Conference 	<ul style="list-style-type: none"> • Airport planning and development • Airport security and safety • Comprehensive internal practices • Landlord-Tenant Relationship • Customer satisfaction 	<ul style="list-style-type: none"> • Increased security measures in KLIA (e.g. CCTV surveillance) • Annual emergency evacuation exercises • Contractual covenant • Standard contracting procedure • Annual Concessionaire Conference and Half-Yearly Concessionaire Mini Conference • Cashless payment system • ASQ surveys

Key stakeholders	Methods of engagement	Areas of interest	Our response
 Vendors and Service Providers	<ul style="list-style-type: none"> • Networking sessions • Tenders and request for proposals • Site visits • Procurement audit 	<ul style="list-style-type: none"> • Procurement process • Prompt payments • Compliance 	<ul style="list-style-type: none"> • Procurement Policies, Procedures and Guidelines • eProcure • Vendor Management System • Procurement and Vendor Code of Ethics • Integrity Pact
 Passengers	<ul style="list-style-type: none"> • Airport Service Quality (ASQ) programmes • Social media • Complaint management 	<ul style="list-style-type: none"> • Airport Service Quality • Total Airport Experience • Customer service • Cleanliness • Communication and announcements • Immigration and transit • Passenger traffic • Curbside congestion • Airport security and Safety 	<ul style="list-style-type: none"> • ASQ Benchmarking Programme • Airport Customer Satisfaction Performance Programme • Customer Real Time Feedback Survey System • Cashless payment services • Pay It Forward campaign and washroom refurbishment • Customer experience management • Customer Affairs and Resolution Excellence (CARE) and iCARE • E-Convergence magazine and digital communication mediums (e.g. digital standee) • Airport CARE InfoCentre at KLIA Main terminal • Track transit and crowd management system • Identification of critical checkpoints and infrastructure (e.g. curbside, immigration and waiting areas) • MYairports mobile application

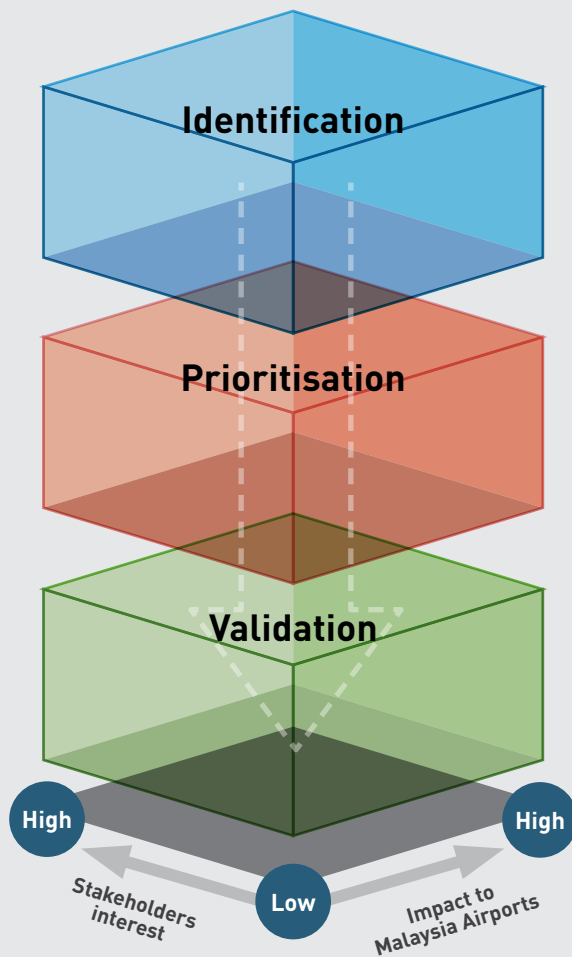
ENGAGING WITH STAKEHOLDERS

Key stakeholders	Methods of engagement	Areas of interest	Our response
 Local community	<ul style="list-style-type: none"> • Community engagement and outreach • Strategic partnerships • News media • Social media • Website 	<ul style="list-style-type: none"> • Employment opportunities • Access to education • Environmental impact • Corporate citizenship 	<ul style="list-style-type: none"> • Increasing employability in rural areas • Scholarship programmes • Ministry of Education Appreciation Award • Environmental monitoring • Harnessing renewable energy • Corporate Social Responsibility programmes • Corporate donations
 Media	<ul style="list-style-type: none"> • Media briefings/interviews • Website and events • Social media • Press conferences 	<ul style="list-style-type: none"> • Economic, Environmental and Social issues • Financial results • Media relations 	<ul style="list-style-type: none"> • Regular press releases and press briefings • Sound and transparent decision making • Announcement of quarterly financial results • Interviews and visits

MATERIAL MATTERS

Materiality assessment process

Guided by the <IR> Framework, we define materiality as matters that could substantively affect our ability to create value for our key stakeholders in the short, medium and long term. Material matters identified as relevant to our Group are continuously monitored and managed as they form the basis of our value creation model, and they affect our ability to deliver the desired output and outcomes in relation to the transformation of our 6 capitals. Our materiality assessment process is illustrated below:



01 Identification

A comprehensive list of material matters is identified based on a review and analysis of both internal and external sources of information, including Malaysia Airports' Sustainability Matrix FY2018, our strategic framework, media review, peer benchmarking, sector-specific regulations, standards as well as industry trends and challenges. Additionally, we conduct engagements with both our internal and external stakeholders to gain further insights on the Group's position and performance on sustainability.

02 Prioritisation

Following the identification of material matters as abovementioned, key representatives consisting of both internal stakeholders (i.e. senior management and head of departments across the business) and external stakeholders (i.e. airlines, regulators, tenants, vendors and service providers) review, discuss and prioritise the identified material matters in a workshop exercise. The outcome from this prioritisation exercise is presented in the form of a materiality matrix.

03 Validation

The materiality matrix is validated by our senior management and submitted for Board approval.

MATERIAL MATTERS

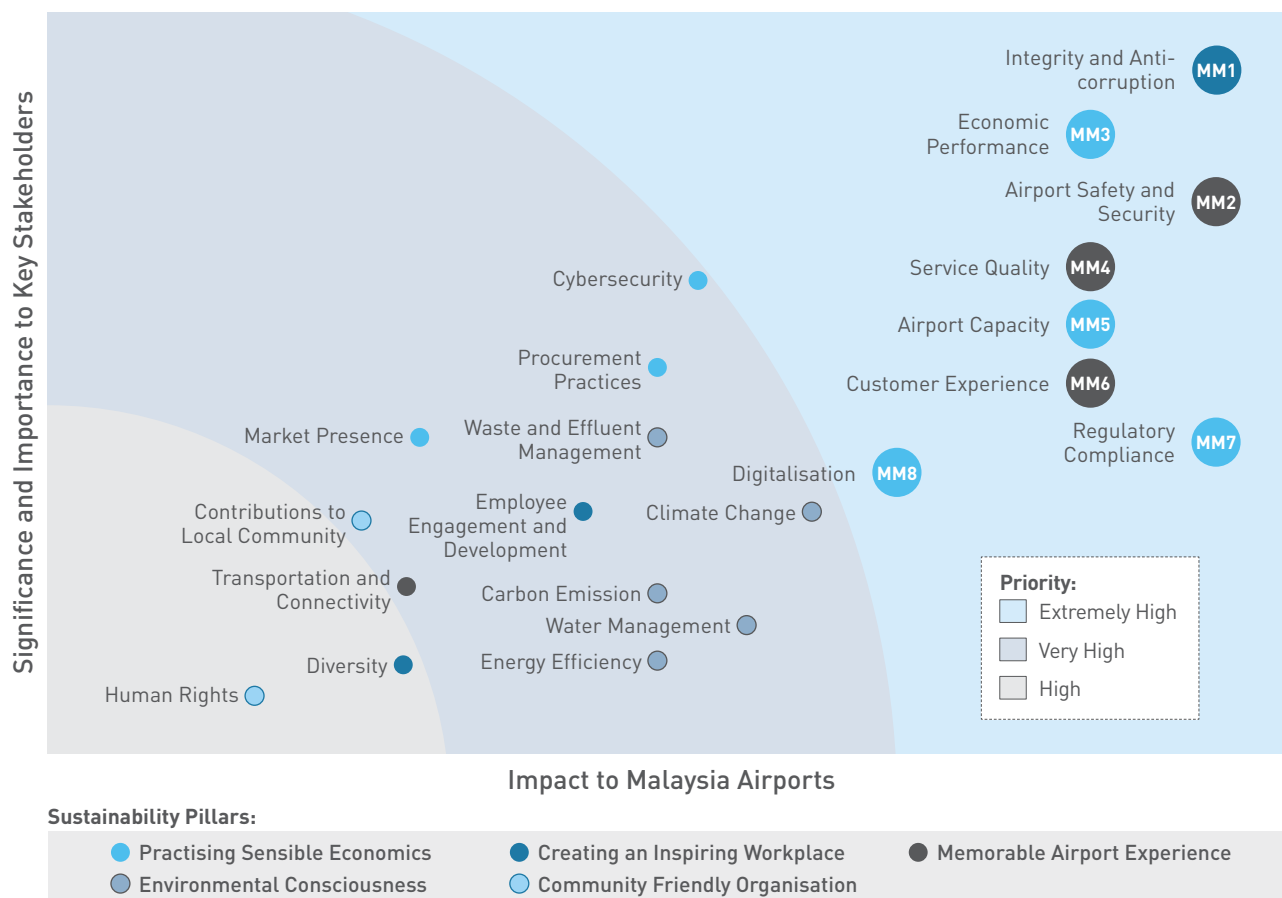
Materiality matrix

The materiality matrix plots material matters (MM) in two dimensions: (1) impact to Malaysia Airports and (2) significance to key stakeholders. The materiality matrix allows us to address and manage matters of utmost importance for the Group as well as our stakeholders. The material matters identified are categorised into our 5 sustainability pillars, as presented in the materiality matrix below.

In this report, we will focus our disclosures mainly on the eight extremely high priority material matters identified. Detailed disclosures on Malaysia Airports' material matters, including other high and very high priority material matters will be covered in Malaysia Airports' Sustainability Report FY2018.



Malaysia Airports' Sustainability Report FY2018 can be found on our corporate website at <https://www.malaysiaairports.com.my>.



Integrity and Anti-Corruption

Relevant Stakeholders



DEFINITION

Integrity refers to the act of upholding ethics in our everyday conduct in the workplace. This includes advocating anti-corruption across all levels of dealings. Acts of corruption include, among others, bribery, fraud, the offer or receipt of kickbacks in return for facilitating a transaction or appointment.

The recent amendment to Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 to include Corporate Liability Offense means that effective 2020, we, as a commercial organisation, would be liable for corruption offenses committed by any person associated with the Group, including our directors and employees. In addition, our directors and/or management may be personally liable for the same offence if the Group is found liable, unless the relevant individuals can prove that the offence was committed without their consent, and that they have exercised the requisite due diligence to prevent the commission of said offence. This amendment attests to the government's priority against corruption to reflect the univocal sentiments of Malaysians on the importance of anti-corruption across all enterprises in all levels of dealings.

We welcome this amendment in line with our efforts in fighting corruption and promoting the culture of integrity in Malaysia Airports. In 2014, we established a Corporate Integrity Unit (CIU), headed by an officer seconded from MACC to enforce the declaration of assets, implement integrity-vetting in our recruitment, develop policies related to entertainment, gifts and sponsorships, as well as introduce the code of ethics for our vendors.

We are one of the signatories of the Corporate Integrity Pledge (CIP) when it was launched in March 2011. With the CIP, the Group declares itself against corrupt practices in the effort to work towards creating a highly principled business environment in Malaysia.

We actively identify and mitigate any potential breach in integrity through our processes and committees, one of which is our Whistle-Blowing policy which outlines the proper procedures for employees to disclose instances of corruption with the assurance of confidentiality.

In 2018, six of our employees were investigated by the MACC for allegedly accepting bribes. As a Group, we received this news with grave concerns and a continued vehemence against any act of corruption. We were and are gravely concerned over this matter, strengthening our conviction against any type of corruption. We are fully cooperating with the MACC for the investigations and are taking proactive steps to instil awareness, accountability and inspire solidarity against corruption within the Group.

Further discussions on our key risks and mitigations are available in the SORMIC section of this report

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RISKS

Any unchecked act of corruption would grant unfair advantage to the delinquent at the expense of public trust in Malaysia Airports. Risks arising from falling short to address this material matter may include:

- 1) **Reputational risk** – Negative public perception would undermine investor confidence and adversely affect relationships with our stakeholders.
- 2) **Financial risk** – Operational inefficiency arising from dishonest decision-making would increase project and overall operation costs.

MATERIAL MATTERS

OPPORTUNITIES

While costs of corruption are commonly identified by businesses, benefits from the inverse is considered by the Group. Through upholding integrity and anti-corruption, the Group accrues the opportunity to gain investors' confidence by building a positive working culture based on honesty, openness and trust.

STRATEGY

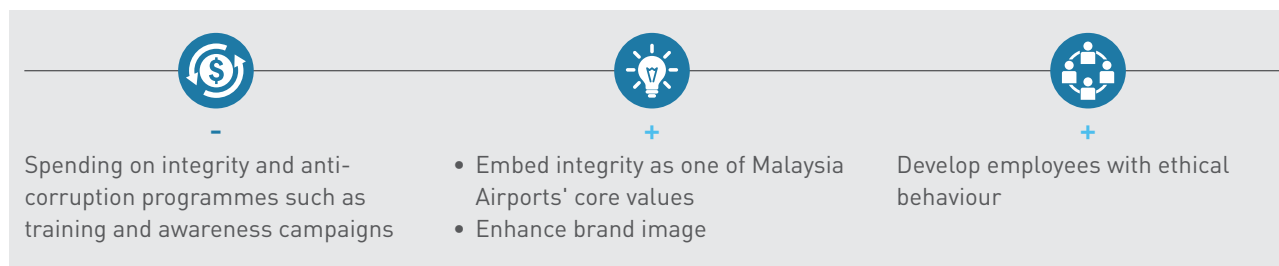
Further information on our strategy in addressing this material matter is available in the Strategy section of this report

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EN1 Integrity, Culture Transformation and Human Capital

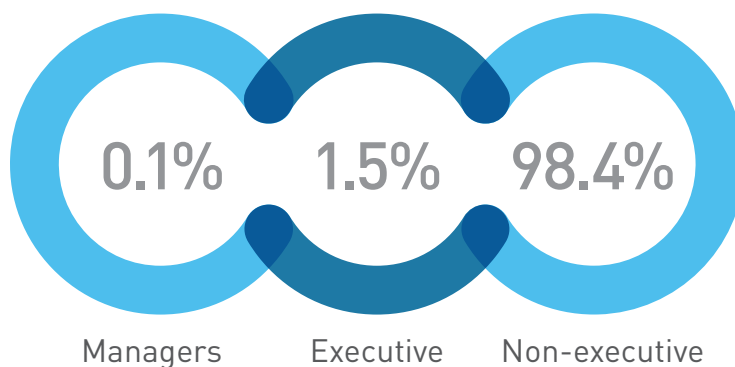
CAPITAL TRADE-OFFS

In managing this material matter, we invest in training programmes and conduct awareness campaigns which in turn would bring direct or indirect improvements to our intellectual and human capitals.



KEY PERFORMANCE INDICATORS

734
employees attended the anti-corruption briefings in 2018



Airport Safety and Security

Relevant Stakeholders



MM2

DEFINITION

Airport safety and security refers to the anticipation, recognition, evaluation and control of hazards or threats arising in or from the airport that could impair the safety, security, health and well-being of airport users, including our employees, vendors and passengers.

With the rise of security-related incidents and threats around the world, the management of security risks has become an area of increasing importance.

To mitigate security risks, we closely collaborate with key stakeholders and relevant government agencies such as Polis DiRaja Malaysia, National Disaster Management Agency (NADMA), Eastern Sabah Security Command (ESSCOM) within Malaysia as well as their international counterparts.

In 2018, we conducted a total of 70 Aerodrome Emergency Exercises (AEX), covering full-scale, partial-scale and table-top exercise across our airports, as required under Annex 14 of the International Civil Aviation Organisation (ICAO)'s provision in the Convention on International Civil Aviation and the Airport Safety Manual.

In October 2018, a large scale AEX was conducted at Kota Kinabalu International Airport which included a full scale exercise on scenarios such as air crashes on land and water rescue at the airport's boundary.

Through these exercises, the Group attested to the readiness of designated emergency personnel, the adequacy of systems and procedures and the quality of emergency equipment and communication protocols to meet emergency requirements.

The responsibility towards emergency preparedness is equally shouldered by our airport tenants. To enhance vigilance at terminal buildings nationwide, the Group launched its Malaysia Airports Fire Safety Manual, serving to enlighten tenants on their responsibilities to ensure compliance with fire safety precautions required at airports. The requirements of the manual have been incorporated into tenancy agreements to ensure that tenants would give due consideration to the serious matter of fire prevention in our airports.

Throughout 2018, the Group conducted Airport Fire and Rescue Services (AFRS) training programme comprising the *Kursus Sijil Sains Kebombaan* (KSSK) at the Fire Rescue Academy of Malaysia (FRAM) in Wakaf Tapai, Terengganu and the KLIA Basic Aircraft Fire Fighting Centre. These training programmes are designed to develop competent and skilled AFRS personnel capable of handling fire, emergency and rescue situations at our airports.

Further discussions on our key risks and mitigations are available in the SORMIC section of this report

Pages
196-206

RISKS

A breach in aviation safety and security may result in damages of great scales. Risks arising from failing to address this material matter may include:

- 1) **Operational risk** – The threat of terrorism, illicit drugs, uncontrolled disease and safety incidents could potentially disrupt airport operations, airport users and ultimately the nation.

MATERIAL MATTERS

OPPORTUNITIES

A focus on safety and security necessitates the research and development of new technologies to both enhance security and improve operational efficiency. This presents the Group with the opportunity to use analytics, biometric and facial recognition scanners to tighten security measures in our airports.

STRATEGY

Further information on our strategy in addressing this material matter is available in the Strategy section of this report

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59-73

ST1 Best-in-Class Hub

EN1 Integrity, Culture Transformation and Human Capital

CAPITAL TRADE-OFFS

There will be direct or indirect improvements in our manufactured, intellectual and social capitals through financial investments in safety and security infrastructures.



KEY PERFORMANCE INDICATORS

16

(FY17: 16)

SMS Certified airports

70

(FY17: 75)

AEX conducted with 100% completion rate

0.3

(FY17: 0)

Occupational disease rate

0.91

(FY17: 1.53)

Incident rate

0.36

(FY17: 0.62)

Frequency rate

9.46

(FY17: 17.54)

Severity rate

Economic Performance

Relevant Stakeholders



MM3

DEFINITION

Economic performance refers to the direct economic value generated and distributed by Malaysia Airports.

The Group's economic performance is reflective of our business agility and sustainability, which is important in attracting investors to fund the growth of our businesses.

To be economically viable in the foreseeable future, the Group is in the process of negotiating a cost-based airport aeronautical charges-setting framework, known as the Regulated Asset Based (RAB) framework. The negotiation process is currently ongoing with the Malaysia Aviation Commission (MAVCOM).

The RAB framework represents a departure from the present Operating Agreement (OA) in which Malaysia Airports plays the role of an airport operator and the Malaysian government both makes the call on and funds the expenses of any development capital expenditure (capex) incurred by our airports.

Under RAB, we would be able to recoup any capex spent by setting passenger service charges, landing charges and aircraft parking charges to reflect any forecasted capex. This mechanism would allow us to transfer capex expenses to airport users, thus ensuring a robust and sustainable economic performance for Malaysia Airports.

In addition, we are looking to further capture growth opportunities in our airport business by establishing KLIA as the Innovative Pilgrimage Hub.

Towards diversifying our sources of revenue to unlock further growth opportunities, we are striving to increase our non-aeronautical revenue through implementation of the Commercial Reset Strategy.

As we move forward, our vision is to be the global leader in creating airport cities. We ensure sustainable growth by capitalising on development opportunities presented by the availability of the vast land bank surrounding KLIA.

RISKS

Further discussions on our key risks and mitigations are available in the SORMIC section of this report

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196-206

Risks arising from failing to address this material matter may include:

- 1) **Financial risk** – The profitability of our business would impact our business liquidity and credit ratings.
- 2) **Strategic risk** – Poor implementation of initiatives would impact the delivery of our strategic focus areas.

MATERIAL MATTERS

OPPORTUNITIES

To strengthen our economic performance, we seek the opportunity to unlock new revenue streams through innovation and diversification. Diversification allows us to increase the Group's profitability and reduce overall risks.

STRATEGY

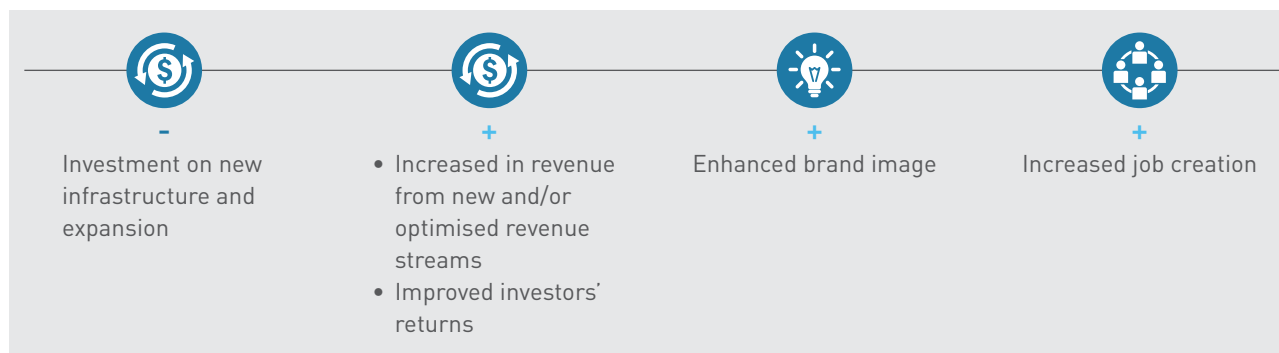
Further information on our strategy in addressing this material matter is available in the Strategy section of this report

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- ST1** Best-in-Class Hub
- ST3** Strengthening Non-Aero Business
- ST4** Unlocking Potential through Aeropolis
- ST5** Expanding and Diversifying through International
- EN2** Airport 4.0 and Big Data Analytics
- EN4** Lean Six Sigma

CAPITAL TRADE-OFFS

Our strategy to sustain and improve our economic performance would include allocating funds for airport expansion and investing in new infrastructures and upgrades. In return, this would lead to direct or indirect improvements to our financial, intellectual and human capitals.



KEY PERFORMANCE INDICATORS

Pages
76-110

Further analysis on the performance of our key business activities is available in the Management Discussion and Analysis section of this report.

Service Quality

Relevant Stakeholders



MM4

DEFINITION

Service quality refers to the quality of service at the airport with respect to the availability of facilities, infrastructures and good customer service.

Passengers travelling through airports in Malaysia are increasingly demanding for higher levels of service. For both international and domestic passengers, the act of benchmarking airports is becoming common, as competitions among airports are increasing observable.

Malaysia Airports is in the race to establish itself as the preferred hub in our region. To this end, improving service quality to customers through adequate provisions of facilities, equipment, assistance and services is paramount to the achievement of this aspiration.

Setting out to improve service quality for our customers, the Group is implementing initiatives to upgrade and refurbish airport facilities and equipment in phases, as detailed in our strategy section.

Further discussions on our key risks and mitigations are available in the SORMIC section of this report

Pages
196-206

RISKS

Risks arising from falling short to address this material matter may include:

- 1) **Reputational risk** – Falling short in ensuring good service would cause a drop in ASQ scores and ranking, thereby causing negative public perception to Malaysia Airports.
- 2) **Operational risk** – Parts of ensuring good service quality entails the regular maintenance of infrastructures, and failure to do so may result in operational inefficiency and/or hazard.
- 3) **Regulatory and compliance risk** – We might incur penalties by MAVCOM under the QoS implementation if the expected level of service quality is not met.

OPPORTUNITIES

We seek opportunities to ensure the delivery of an excellent service quality to our customers insofar as we may attract more visitors while increasing customers' satisfaction.

MATERIAL MATTERS

STRATEGY

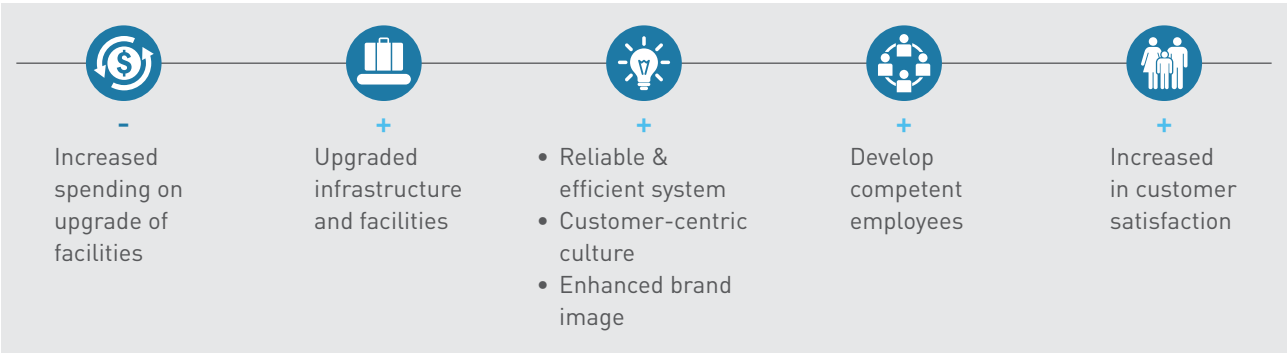
Further information on our strategy in addressing this material matter is available in the Strategy section of this report

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- ST1 Best-in-Class Hub
- ST2 World-Class Service Levels
- EN2 Airport 4.0 and Big Data Analytics
- EN4 Lean Six Sigma

CAPITAL TRADE-OFFS

Through the upgrading of existing facilities and infrastructures, financial capital is transformed into improved manufactured, intellectual, human and social capitals.



Airport Capacity

Relevant Stakeholders



DEFINITION

Airport capacity refers to the airport's ability to cater for the increasing passenger traffics and to manage capacity constraint through either space optimisation, airport expansion, or both.

A key concern facing Malaysia Airports is the capacity constraints at some of our airports, which has exceeded its designed capacity, resulting in congestion at critical passenger touchpoints.

The passenger traffic movements at our airports are forecasted to grow further driven by growth in middle-class with increasing purchasing power to afford air travels.

The current state of our airport capacity is illustrated in this section of this report.

Further discussions on our key risks and mitigations are available in the SORMIC section of this report

Pages
196-206

RISKS

Risks arising from falling short to address this material matter may include:

- 1) **Financial risk** – Expansion project may put a strain on the Group's financial standing and potential project overrun. However, failing to address airport capacity would result in missed opportunities due to uncaptured revenue.
- 2) **Reputational risk** – Airport congestion would negatively affect service levels, which could both demoralise our employees and affect Malaysia Airports airports' global ranking.
- 3) **Operational risk** – Airport congestion poses the problem of an increasing waiting time as well as congestions at the luggage reclaim areas.

OPPORTUNITIES

We embrace the opportunity to capture the increasing passenger traffic driven by economic growth in Asia and to redesign our terminal with modern and advanced features, which would allow our airports to be differentiators in the region.

MATERIAL MATTERS

STRATEGY

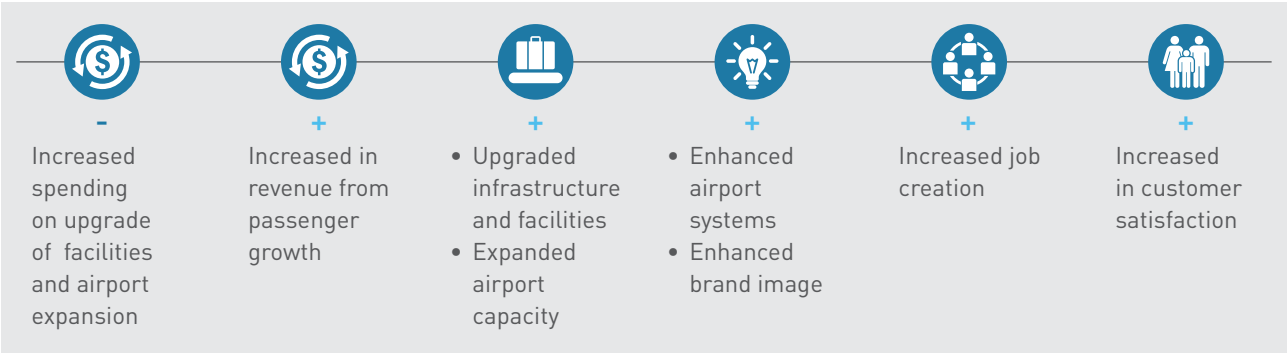
Further information on our strategy in addressing this material matter is available in the Strategy section of this report

Pages 59-73

ST1 Best-in-Class Hub

CAPITAL TRADE-OFFS

The increase in airport capacity would involve significant financial capital investment in upgrading works as well as new infrastructures which would bring positive impacts to our financial, manufactured, intellectual, human and social capitals.



Customer Experience

Relevant Stakeholders



MM6

DEFINITION

Customer satisfaction refers to the Total Airport Experience (TAE) for our customers, and TAE includes elements of wayfinding, connectivity to and from the airport, airport ambience and seamless travel.

An intrinsic link exists between service quality and customer experience. Malaysia Airports' prioritisation of both these material matters reflects the precedence customers take on Malaysia Airports' material sustainability matters.

While Malaysia Airports operated airports have obtained commendable positions in international rankings, the Group continues to improve our standards by focusing on customer experience to remain competitive within ASEAN and beyond. As a Group, we are motivated by our awareness that passengers' waiting times and interfaces with airport employees are becoming increasingly integral in determining passengers' satisfaction.

The Group's continuous focus to deliver a seamless Total Airport Experience (TAE) is in aspiration to achieve a world-class service culture. When fully implemented, the organisation would evolve from just a process or infrastructure-oriented airport to one which embraces human connection through deliberate placings of interaction points.

In 2018, the launch of our 'Happy Guests, Caring Hosts' service culture transformation programme is reflective of our emphasis on good customer service. This programme is expected to be further refined in early 2019, during which, we would commence a series of communications and training to disseminate a caring-hosts-culture to over 8,000 airport community members.

One of the key service highlights in 2018 was the initial deployment of Mandarin-speaking officials and guest relations personnel at the airport. These staff were deployed at strategic locations such as the satellite building, contact pier, immigration arrival and baggage reclaim areas. Besides Mandarin-speaking personnel, we also published Mandarin language guidebook, in the face of increasing tourism activities from China.

RISKS

Further discussions on our key risks and mitigations are available in the SORMIC section of this report

Pages
196-206

Risks arising from falling short to address this material matter may include:

- 1) **Reputational risk** – Falling short in ensuring good service quality would cause a drop in ASQ score and ranking, thereby causing negative public perception to Malaysia Airports.

OPPORTUNITIES

We seek the opportunity to work with vendors and service providers within the airport ecosystem to build a customer-centric culture, which feeds into elevating Malaysia Airports status as the most preferred hub for travelers.

MATERIAL MATTERS

STRATEGY

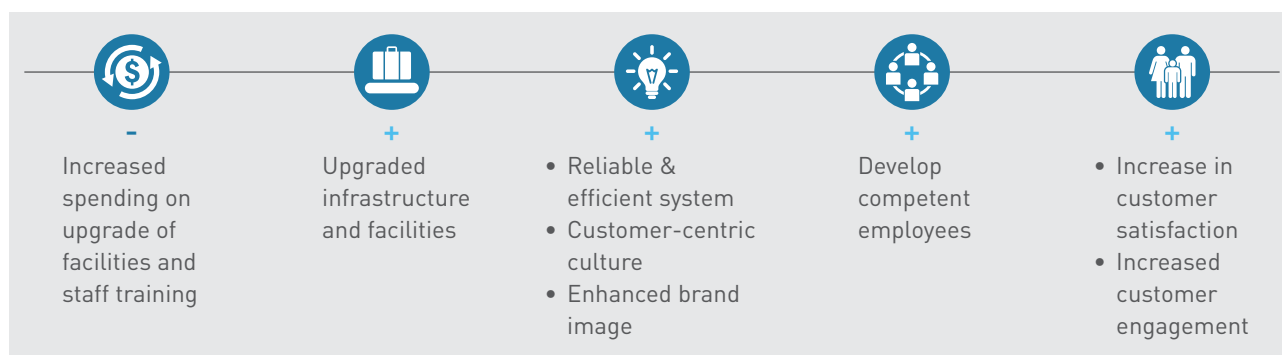
Further information on our strategy in addressing this material matter is available in the Strategy section of this report

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- ST2** World-Class Service Levels
- ST3** Strengthening Non-aero Business
- EN1** Integrity, Culture Transformation and Human Capital

CAPITAL TRADE-OFFS

Through investing in facilities and training sessions, financial capital is transformed into improved manufactured, intellectual, human and social capitals.

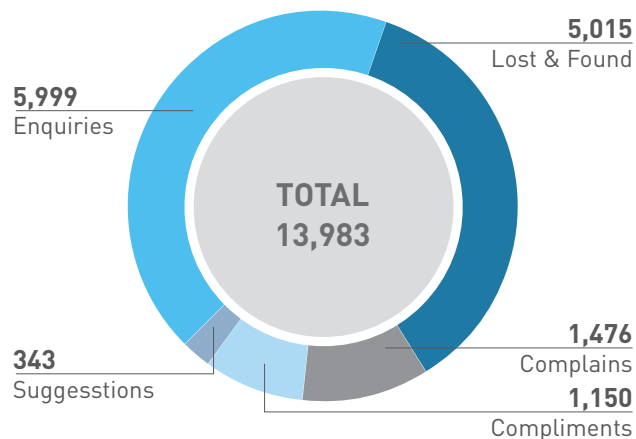


KEY PERFORMANCE INDICATORS

KUL ASQ Scores Improved In 2018

	2017	2018
Courtesy & helpfulness of airport staff	4.44	4.50
Comfort of waiting/gate areas	4.29	4.37
Speed of baggage delivery service	4.36	4.43
Waiting time to check-in queue/line	4.19	4.25
Waiting time at Passport/Personal ID	4.29	4.37
Ambience of the airport	4.57	4.59

Types of Feedback Received in 2018



Regulatory Compliance

Relevant Stakeholders



DEFINITION

Regulatory compliance refers to the compliance of all international and national laws and regulations, including environmental, social and operational regulations.

The airport sector is heavily-regulated. We comply with various national laws: Civil Aviation Offenses 1984, Civil Aviation Act 2015, Malaysia Civil Aviation Regulation 2016, and including, the Malaysian Aviation Commission (MAVCOM) regulations, as well as other environmental and social regulations.

Malaysia Airports welcomes the recently implemented Quality of Service (QoS) framework instituted by MAVCOM. In September 2018, the initial three QoS elements rolled out to KLIA include (1) the cleanliness of the passenger toilets (2) the cleanliness of staff washrooms and (3) the reliability of the ramp Wi-Fi.

In October 2018, another five elements were implemented at KLIA: (1) the availability and reliability of Aerotrain service at KLIA Main Terminal, (2) the availability of people movers such as lifts, (3) the availability of passenger boarding bridges (aerobridges), (4) the efficiency of the visual docking guidance system for aircraft and (5) airport operators' readiness to aircraft's arrival.

We are pleased that KLIA has achieved good scores on all the rolled-out elements which testifies to our commitment to provide high-level of service quality at our airports.

The Group strives to continue meeting our targets, especially after the full set of 28 elements are rolled out in 2019. In January 2019, we would expect an additional eight (8) elements to be implemented, and from July 2019, KLIA would be assessed on the full set of elements. This would be followed by the QoS being progressively implemented at other airports namely Langkawi, Kota Kinabalu and Subang in 2019.

Given our performance thus far in meeting the QoS targets, we are confident in maintaining a strong level of compliance to the QoS.

Further discussions on our key risks and mitigations are available in the SORMIC section of this report

Pages
196-206

RISKS

Risks arising from failing short to address this material matter may include:

- 1) **Regulatory and Compliance risk** – The newly introduced MAVCOM QoS regulation poses a risk of non-compliance to Malaysia Airports as constrained by our aged equipment.
- 2) **Financial risk** – Non-compliance to QoS puts Malaysia Airports at risks of receiving a penalty of up to 5% of our aeronautical revenue.
- 3) **Reputational risk** – Non-compliance to regulations may result in a loss of trust by the public, which affects investors' confidence.
- 4) **Operational risk** – Non-compliance may result in the forfeiture of the Group's license to operate.

MATERIAL MATTERS

STRATEGY

Further information on our strategy in addressing this material matter is available in the Strategy section of this report

Pages 59-73

- ST1 Best-in-Class Hub
- ST2 World-Class Service Levels
- EN1 Integrity, Culture Transformation and Human Capital

CAPITAL TRADE-OFFS

Through upgrading existing infrastructures and investing in staff trainings to meet MAVCOM's requirements, financial capitals used are translated into improved manufactured and intellectual capitals.



KEY PERFORMANCE INDICATORS

The Group has not identified any non-compliance with any applicable laws or regulations during the year. No fines nor non-monetary sanctions in relation to non-compliance of laws or regulations were observed in 2018.

Digitalisation

Relevant Stakeholders



MM8

DEFINITION

Digitalisation refers to digital framework encompassing infrastructure enhancement, capacity development and digital innovation that aims at terminal optimisation, operational efficiency, revenue generation and regulatory compliance.

In an increasingly competitive environment, airports around the world are investing heavily in the research and development of innovative technology to differentiate themselves. Many airports are embarking on airport digital transformation strategy to enhance passenger experience, strengthen airport security, improve operating efficiency and obtain insights on customer behaviors, among others.

During the year, we embarked on the Airport 4.0 initiative, a digital initiative across our selected airports network. The Airports 4.0 encompasses infrastructure enhancement, capacity development and digital innovation which comprises six (6) main components as follows:

- 1) Its drivers and enablers, as explained in page 59, the strategy section of this Integrated Report
- 2) The Internet/Industrial of Things (IIoT) framework
- 3) Supporting building blocks that are: intelligent enterprise, cyber and information security
- 4) Big data analytics (BDA) and artificial intelligence (AI)
- 5) Seven solutioning clusters
- 6) The United Digital Platform (UDP)

A key challenge pertaining to digitalisation facing Malaysia Airports is the trade-off in creating an ecosystem intelligent enough to anticipate customers' needs for a seamless traveling experience and not compromising the security and privacy of customers.

Our digitalisation journey is an ongoing one, targeted at every facet of operations, including both aero and non-aero businesses. For the aero business, the Group is looking into firstly, implementing the Airport Collaborative Decision Making, and secondly, enabling single-travel token in the distant future. For non-aero business, Malaysia Airports' commercial reset strategy assures a one-to-one relationship with target customers, with a consequential fine-tuning of retail offers reflecting customers' preferences.

Further discussions on our key risks and mitigations are available in the SORMIC section of this report

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196-206

RISKS

Risks arising from falling short to address this material matter may include:

- 1) **Information Technology risk** – Digitalisation inevitably poses cyber-security threats, particularly to our customers' data privacy.
- 2) **Operational risk** – Compromised system may cause operational disruption and early (trial) stages of digitalisation may be inefficient and costly.
- 3) **Strategic risk** – The decision to transition to digitalisation poses the trade-off between costs and a potential loss of market share due to other airports in the region adopting innovative technologies to improve customer experience.

MATERIAL MATTERS

OPPORTUNITIES

A successful digitalisation implementation would allow us to improve customer satisfaction through seamless travel experience and to strengthen our airport security through analytics, biometric and facial recognition scanners.

STRATEGY

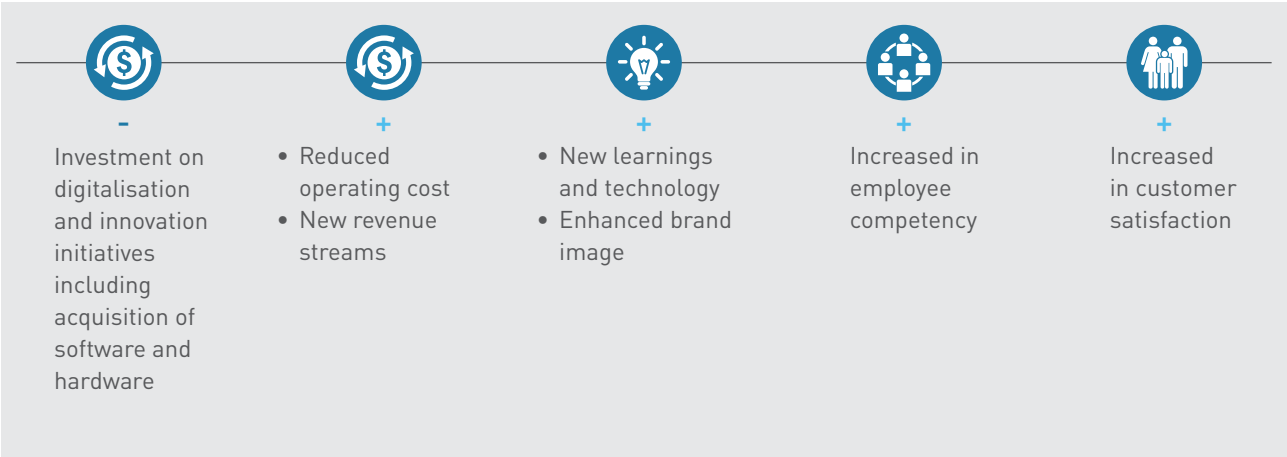
Further information on our strategy in addressing this material matter is available in the Strategy section of this report

Pages 59-73

- EN2 Airport 4.0 and Big Data Analytics
- ST3 Strengthening Non-Aero Business

CAPITAL TRADE-OFFS

Through investing in digitalisation and innovation initiatives, financial capital is transformed into improved financial, intellectual, human and social capitals.



STRATEGY

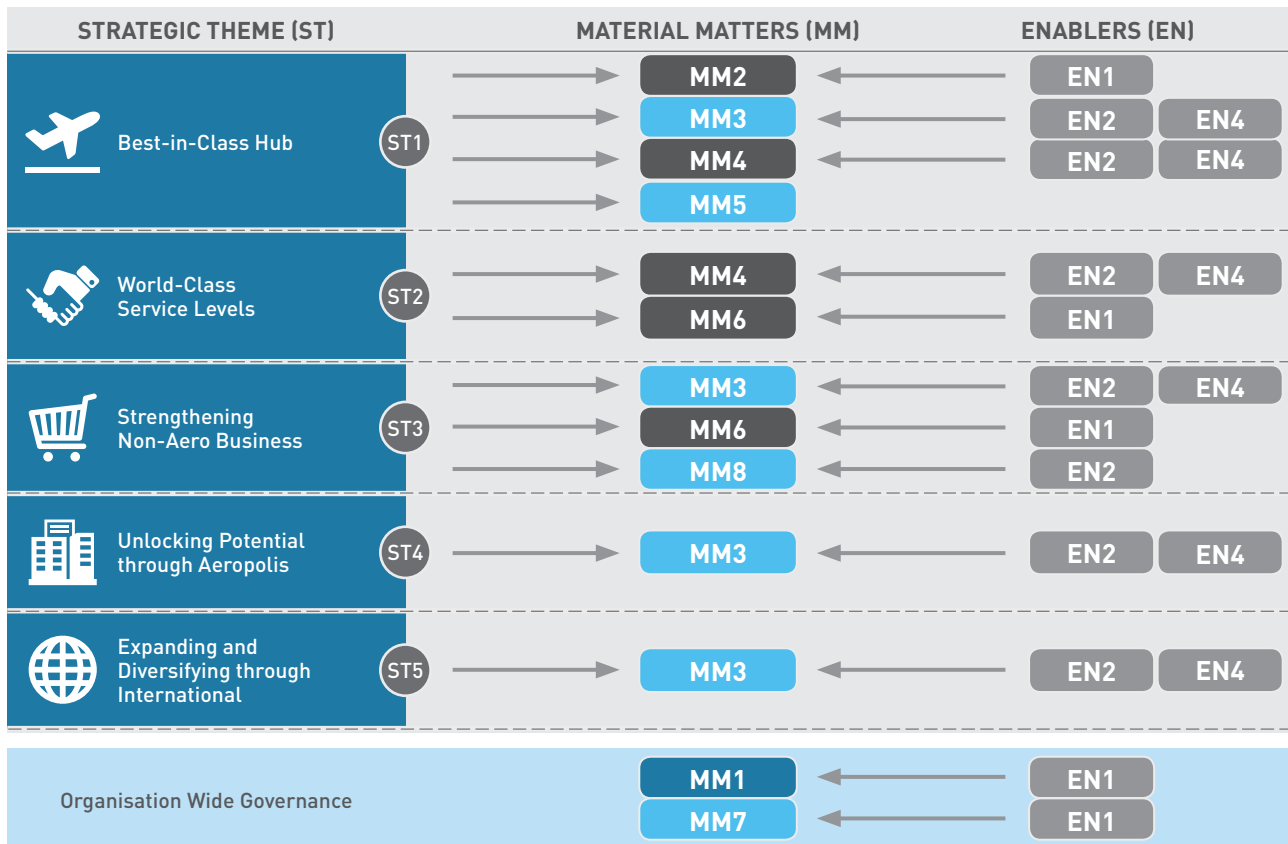
Our Corporate Strategy drives the achievement of the Group's overall aims while addressing material sustainability matters of relevance to our stakeholders. Our five-year business plan, Runway to Success 2020 (RtS2020), which aimed to chart our business direction from 2016 to 2020, was developed with the vision of positioning Malaysia Airports as the global leader in creating airport cities.

As earlier mentioned in the Chairman's Statement, an interim corporate strategy has been introduced in 2018. Our interim corporate strategy – or Strategy House – captures enhancements to our existing RtS2020 business plan as illustrated in the value creation model section, page 34, with an acute focus to address pressing issues for our business as a result of both internal and external changes. This interim corporate strategy would act as our short-term business plan for the interim, while a comprehensive business plan is expected to be launched at the end of 2019

or at early 2020 to guide us through the medium and longer term.

Aligned with our vision and mission, our interim corporate strategy is clustered into five strategic themes, focusing on both the fortification and expansion of our current procedures and operations to drive our business competitiveness through time. The implementation of our interim corporate strategy is supported by four key enablers, underpinned by high standards of corporate governance, and guided by our Sustainability Policy.

Our corporate strategy also responds to our stakeholders' concerns through the measure of our performance set against targets and goals aiming to address material matters, as well as risks and opportunities identified within the Group. The diagram below illustrates the relationship between our strategic theme, enablers and the extremely high priority material matters identified.



STRATEGY

ST1

**Strategic Theme 1:
Best-in-Class Hub**

Our aspiration towards becoming the 'Best-in-Class Hub' airport is a refinement from the previous 'KUL Hub' pillar of our Runway to Success 2020 (RtS2020) business plan.

Our detailed initiatives to provide best-in-class facilities to meet our passengers' needs reflect our aim to establish KUL as the preferred hub for travellers. Initiatives targeted to this aim may broadly be classified in five areas, namely (1) to upgrade key infrastructures reflecting our focus on passenger safety and comfort, (2) to uphold the highest standard of safety and security at our airports (3) to optimise capacity in light of the increasing passenger traffic, (4) to expand capacity in light of congestion arising from capacity constraints, and (5) to enhance connectivity through route development.

Infrastructure Upgrade**Baggage Handling System (BHS)**

Our BHS in KLIA Main terminal is due for an upgrading and we are meeting this objective through three initiatives, namely the BHS Operational Sustainability Plan, the Predictive Maintenance (PdM) programme, and a five-year Asset Replacement Programme. Each of these helps the current reliability of our baggage handling system in both a pre-emptive and preventive manner. Since its opening, KLIA Main's growth has increased by leaps and bounds. An upgrade to the 20-year old BHS is needed in order to meet its current and future passenger needs.

Improving our BHS performance through operational sustainability and asset replacement is consistent with our aim to achieve the airport Minimum Connecting Time (MCT) at KUL of 60 minutes. MCT is one of the main criteria for airlines to connect or interline, thus to drive transfer traffic.

Aerotrain

The same need for infrastructure upgrading applies to our Aerotrains at KLIA Main terminal. Our two initiatives for this purpose entail the Track Transit System (TTS) Operational Sustainability Plan, and a three-year Asset Replacement Programme. The former is a scheme to improve the current reliability of Aerotrains prior to replacement. The latter serves to both enhance Aerotrain reliability and to meet QoS targets. We are prompted to upgrade our Aerotrain for reasons similar to our upgrade of the BHS and this remains one of our pressing priorities.

KUL Runway upgrade

Upgrades are also being planned for all three runways at KUL within the next five years and will be implemented by stages to improve our runway safety and service levels.

Our airport pavements require constant monitoring and overlay to meet the gradient requirements set by CAAM and ICAO.

Our Airport Pavement Operational Sustainability Plan and the Asset Replacement Programme for Airport Pavement involve comprehensive maintenance works such as overlaying, resurfacing and strengthening works which may require temporary closures of the runways. This initiative serves to improve the functionality and reliability of our runways in the long-term and address potential future issues such as airfield pavement roughness identified through the Boeing Bump Index analysis conducted during the year.

KUL's Runway 3 will be upgraded in August 2019, while Runway 1 and 2 will be upgraded in 2021 and 2023 respectively.

We engage with our airport stakeholders such as airlines and CAAM regularly to inspect the runway and plan ahead of the upgrading works to avoid or mitigate potential operational disruptions which may cause inconvenience to the passengers.

Safety and Security



We place a high emphasis on the safety and security at our airports, reflecting our highest commitment towards safeguarding airport users against any criminal and accidental harm.

Our responsibility towards passenger safety extends beyond good infrastructure management to cover both preventive and preparatory measures in our airports.

Aerodrome Certification

The mitigation of airside safety risks is monitored through the Aerodrome Safety Management System (ASMS). Our safety processes are also subject to extensive internal and external inspections and audits by internal teams and regulators, who regularly test the effectiveness of our processes and identify improvement opportunities.

Aerodrome Certification is a process by which the airport operator demonstrates that their airports continuously meet regulatory safety requirements and provides standard conditions that airports are required to meet. Most of our airports are Aerodrome certified.

Safety Management System (SMS)

SMS is a formal, top-down, organisation-wide approach to manage safety risks and standardises safety protocols to assure the effectiveness of safety risk control. Most of our airports are SMS-certified by the ICAO.

Towards this certification, we have developed and established action plans on safety targets, hazard reporting, staff training, safety oversight, guidance material and satisfactory levels of safety.

We recognise that a successful SMS prevents and reduces accidents and incidents, enhances communication and improves productivity, all of which help improve the sustainable growth of the organisation.

Runway Safety

The Airports Standards Directive 106, captures the priority given to runway safety by the Department of Civil Aviation (DCA) now known as Civil Aviation Authority of Malaysia (CAAM). This directive embodies the guidelines for Runway Safety and the Runway Safety Programme, to be adhered to by airports in Malaysia.

Our five international airports and 12 domestic airports have a Runway Safety Team (RST) each. The RST consists of multidisciplinary stakeholders and that includes representatives from the following: aerodrome operator, aircraft operator, air traffic service provider and ground service provider. On the operational side, the RST is responsible for ensuring all take-off and landing on the runway are safe and accident-proof.

The most common hazard that the RST attends to is making sure that the demarcation of the runways is always clearly visible and not obstructed. They also need to make sure that the airfield ground light fittings and lightings are always functional and that the pavement condition does not cause danger. At our international airports, the RST meets three times a year whereas at the domestic airports, the RST meets twice a year. KUL is the only exception where the RST meets four times a year as it has the busiest runway in Malaysia, with high-volume air traffic. These meetings aim to bring together all stakeholders involved and discuss issues observed with regards to runway safety, as well as reasonable preventive and mitigation measures.

STRATEGY

To further enhance runway safety, a runway incursion detection system has been installed to detect and alert any unauthorised entry into the restricted area. For example, loop sensors and stop bar lights are used at BKL. The same are being used at KUL, and in addition, microwave sensors have been integrated with KUL’s stop bar lights. The lights play a crucial role in providing protection at runway intersections and reduce the risk of runway incursions. They also help minimise the risk of aircraft or vehicle identification error and enhance safety during low visibility operations.

Emergency Preparedness

Our Airport Fire and Rescue Service (AFRS) team, in particular, have consistently conducted emergency practices throughout the year, and is planning ahead to implement similar emergency exercises in 2019.

Exercises	Frequency	Action Plan
Partial exercise	1	Testing out scenarios such as biochemical attack, terrorism, and plane crash
Tabletop exercise	1	Discussing steps taken should emergency happens
Building Fire Evacuation exercise	5	Testing out fire evacuation scenario, including a Mass Evacuation during Hajj Season

Table 1.0: AFRS Initiatives for 2019

We continue to work closely with the relevant government agencies to implement security procedures and processes to strengthen the security at our airports nationwide.

Employee passes

As part of our security procedures, all our employees’ airport passes are valid for only one year and they are required to resubmit an application for the passes each year. The applications are vetted by the Chief Government Security Office (CGSO), which is responsible for security over all government assets. All newly recruited and key employees from selected departments undergo stringent background checks and recurrent checks by the CGSO.

Technology

We are also actively conducting trials and research on deploying technology to enhance our airport security measures considering the growing numbers of passengers. We are working on implementing x-ray and millimetre wave scanners at the security checkpoints at KUL to replace manual body searches. These scanners are able reveal metallic and non-metallic objects, so any weapons or explosives that concealed under clothing can be revealed. The body scanners are expected to be rolled out by the second half of 2019.

Capacity Optimisation



Traditionally, the only way for airports to service more passengers was to expand the infrastructure. With the advent of new technologies, we can now look at improving efficiency by redesigning our operations and processes.

We are embarking on airport capacity optimisation plan for some of our airports which are facing capacity constraints, starting with KLIA Main terminal. The KLIA Main terminal capacity optimisation is considered a medium-term solution prior to the eventual infrastructure expansion, to address concerns on congestion at check-in counters, departure immigration checkpoints, pre-boarding screening points and the passenger boarding bridges. Leveraging on efficiencies afforded by technology, we make use of platforms such as Big Data, Passenger Reconciliation System and Airport Collaborative Decision Making (ACDM) to optimise our procedures and processes.

We are optimising our public transportation area through the implementation of the Terminal Operating System and Central Ticketing System to reduce congestion. Our trans-border immigration counter and baggage carousels at the arrival areas are also redesigned in pursuit of this same goal.

Capacity Expansion

Capacity constraint at some of our airports is a persisting matter. As an example, KLIA Main terminal has been operating above its design capacity of 30 mppa, resulting in congestion at critical passenger touchpoints. Planning for capacity expansion for our selected airports are currently underway and will be carried out at various stages depending on the availability of funds.

Airport	Current Capacity (mppa)	Expansion Target (mppa)
KLIA Main Terminal	30.0	50.0
PEN	6.5	12.0
BKI	9.0	16.0
SZB	1.5	5.0
KCH	5.0	8.5
KBR	1.5	4.0
TWU	1.5	2.5
SBW	1.8	2.8

Table 2.0: Airports Expansion Target

Route Development

As China, India and ASEAN are poised to be the growth leaders in air travel demand, we respond to this opportunity by embarking on initiatives to enhance our route development. Reflecting our strategy towards becoming the Best-in-Class Hub, we actively capture the growing China, India and ASEAN markets at both KUL and other airports in Malaysia.

Our initiatives are focused in both expanding the presence of our existing network carriers and attracting new network carriers. We conduct more frequent engagements with our existing network carriers to explore the possibility of new routes. We offer tailored airlines support programmes, and join Routes Forum and overseas missions to attract new network carriers to KUL and other airports in Malaysia.

ST2

Strategic Theme 2: World-Class Service Levels

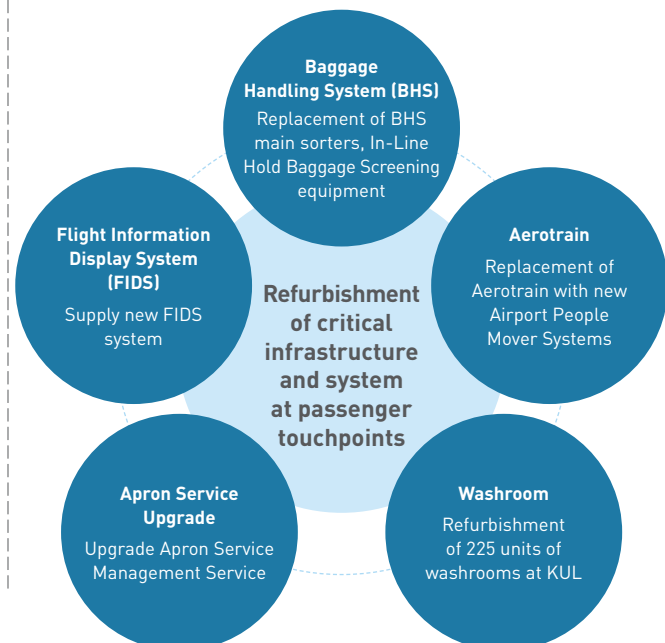
Our commitment towards providing world-class service levels is a refinement from the previous Total Airport Experience (TAE) pillar of our RtS2020 business plan.

Initiatives targeted to this aim may broadly be classified into three areas, namely (1) to achieve targets set under the Quality of Service (QoS) framework, (2) to nurture a customer-centric culture, inculcating a 'Host Culture' service mindset among the entire airport community, and (3) to improve our Airport Service Quality (ASQ) overall satisfaction score.

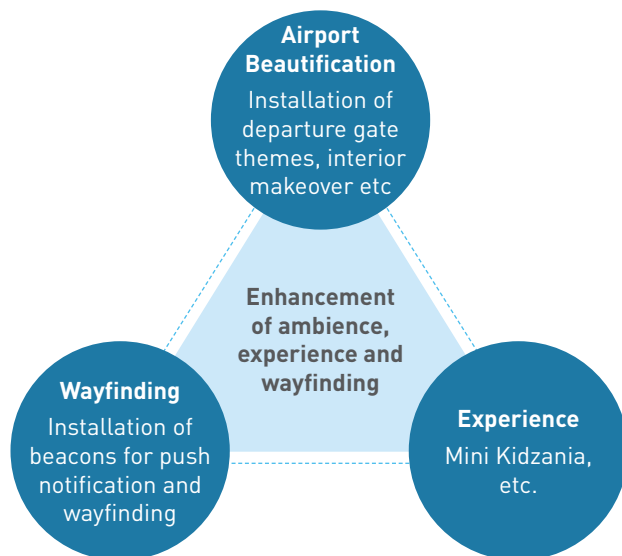
Quality of Service (QoS) Framework



The QoS framework which came into effect starting September 2018 will affect our aeronautical revenue from penalties imposed should we fall short in meeting its required targets. Our initiatives to enhance our current processes to comply with QoS are broadly centered on the refurbishment of critical infrastructure and systems at passenger touchpoints and the enhancement of ambience, experience and wayfinding in KUL.



STRATEGY



Customer-Centric Culture



Consistent with our strategy to provide a world-class service level, we have in place initiatives to inculcate a 'Host Culture' service mindset among the entire airport community using the Awareness, Communication, Education and Rewards and Recognition (ACER) framework which will be implemented in phases over a three-year period.

The ACER Framework

Awareness

- Enhance Service Leadership Immersion Programme

Communication

- Create 'wow' factors in cultivating Host Culture during townhall sessions
- Publish discretionary behaviour on a monthly basis

Education

- Leaders to demonstrate 'wow' factors during walkabout
- Apply ESQ training modules in shaping customer centricity culture DNAs for senior leadership

Rewards & Recognition

- Include discretionary behaviour points through e-MAGE and reward staff based on a culture of innovation
- Create digital and non-digital Hall of Fame for staff recognition
- Study visits to other best-in-class airports or industries for high performing staff

ASQ Benchmarking



Consistent with our goal to maintain our good standing in the ASQ rankings and improve the overall satisfaction score, we are enhancing critical checkpoints at KUL and other selected airports to improve guest experience. Our initiatives – similar to those of meeting QoS targets – are aimed at improving the ambience, wayfinding, and comfort at the arrival and departure, security, washroom and waiting areas.

ST3

Strategic Theme 3: Strengthening Non-Aero Business

Our commitment towards strengthening our non-aero business reflects the importance we place on the overall business resilience of the Group. Initiatives targeted to this strategic theme may broadly be classified into four areas, namely (1) the implementation of commercial reset strategy, (2) the development of an e-commerce platform, (3) the implementation of commercial revenue enhancement and (4) carpark improvement.

Commercial Reset Strategy



Consistent with our goal of raising the retail profile at Malaysia Airports' international and domestic airports, we have launched the commercial reset strategy for KUL, BKI, KCH and LGK which will be implemented over the next four years.

Commercial reset entails the re-alignment of product categories to allow the introduction of new brands across our airports' retail space. Space optimisation is a part of this process, and a vital part in achieve a more efficient retail allocation and an improved occupancy rate. Currently, most contracts with existing brands in our airports are extended on a business as usual (BAU) basis. With the commercial reset, we are embracing the opportunity to reformat our retail mix by aligning product categories with consumer preferences.

E-Commerce



Retailers and airlines have increased the degree and use of e-commerce to capitalise on the changing consumer trends. The trend of making sales online with collection at the airport has been rising, bypassing the brick and mortar sales channels at the airport which lead to sales leakages and under-recording of sales.

To address the leakages and capitalise on the expected high growth in Southeast Asia online market, we are developing an e-commerce platform which would also increase business touchpoints and improve passenger experience.

We strive to procure the best e-commerce service providers for the development of our e-Commerce platform which is expected to be launched in 2019.

Commercial Revenue Enhancement



We enhance our commercial revenues through improving category management, raising brand awareness and utilising innovative platforms.

Category management

We are cognisant on the need for establishing strong relationships with our tenants to enhance retail offerings, as evident in two of our current initiatives: retail benchmarking and retailer engagement.

- 1) Retail Benchmarking:
 - Identify business trends and opportunities through Airport Study Tours
 - Undertake pricing and product reviews to assist retailers towards improving their outlet sales.
- 2) Retailer Engagement:
 - Review and improve product offerings and placement
 - Share insights on travel retail industry, airport business and category performance
 - Provide platform for information sharing and best practices, with insights on service quality, sales strategy, digital marketing and in-store experience
 - Recognise, award and appreciate top performers in respective product categories.

Brand awareness

Our efforts towards increasing brand awareness include:

- 1) On-ground events:
 - Festive events
 - Tactical campaigns (KULinary, Proudly Malaysian, etc.)
 - Airline-targeted campaigns
- 2) Technology-based business platforms and communication media:
 - Digital directory
 - Mobile apps, e-commerce, loyalty programme and tourist privileges

STRATEGY

- 3) Communication and social media
- 4) Measuring and monitoring effectiveness of campaigns

Innovative platforms

We intend to capture revenue growth opportunities and enhance passenger convenience through innovative service offerings including:

- The introduction of digitised and technology-based media such as WeChatPay, Boost, vCash and GrabPay
- The introduction of premium services such as entertainment packages, limo services, concierge services, digital machines and coffee kiosks
- E-commerce platform

Carpark Improvement

Carpark is one of the contributors to our non-aero revenue, and we aim to enhance our carpark facilities to ensure sustainable carpark revenue and preservation.

Carpark Improvement at KLIA Main Terminal

- Implementation of tariff rate review for motorcycles
- Transformation of the bus terminal into an open concept by implementing the Terminal Operations System and the Centralised Ticketing System
- Implementation of marketing and promotions – Park & Dine, festive season and school holidays rate, targeted category campaign.

Carpark Improvement at Other Airports in Malaysia

- Taking over the management and operations of carpark at BTU, LBU and KBR
- Implementation of marketing and promotions – Park & Dine, festive season and school holiday rates, targeted category campaigns i.e. Promotions for preferred parking users at BKI, KCH and PEN

**ST4 Strategic Theme 4:
Unlocking Potential through Aeropolis**

Our commitment towards unlocking potential through Aeropolis is a refinement from the previous 'Aeropolis' pillar of our RtS2020 business plan.

Initiatives targeted to this aim may broadly be classified in five sections, namely (1) Digital Free Trade Zone, (2) greenfield development, (3) Cargo & Logistics development, (4) Business Aviation Hub, and (5) Outlet Park in Penang.

Digital Free Trade Zone (DFTZ)

In 2017, we partnered with Cainiao Network, the logistics arm of the Alibaba group to establish Cainiao's first regional e-Commerce world trade platform (WTP) hub outside of China. A 60-acre eFulfillment hub is being developed at the KLIA Aeropolis DFTZ Park which include an air cargo terminal, sorting hub, warehouses and a global fulfillment centre. This is expected to result in KLIA Aeropolis emerging as a leading e-commerce trans-shipment regional hub.

The Malaysia eWTP hub will be one of the six global logistics hubs of Cainiao Network with a target of 72-hour delivery worldwide at affordable cost. This catalytic project under the DFTZ initiative is set to double KUL's air cargo volume from 0.7 million tonnes per annum to 1.3 million tonnes per annum by 2028.

Greenfield Development

For greenfield development, we recognise the potential of monetisation from available land plots adjacent to the DFTZ to provide capacity for Tier 1 and 2 cargo operations. We aim to include a parallel DFTZ development of 11.5 acres at KLIA Aeropolis DFTZ Park.

Cargo & Logistics Development

For cargo & logistics development, we recognise that there is an increasing demand for Tier 2 and 3 warehousing. We aim to conduct continuous engagements with multinational companies intending to set up distribution centres in 2019, and conduct more Go-to-Market Request for Proposal by 2020.

Business Aviation Hub



The Subang Airport Regeneration Initiative (SARI) aims to transform Subang into a vibrant city airport that serves as a hub for business aviation complete with a comprehensive aerospace ecosystem. The initiative is in line with the Malaysia Aerospace Industry Blueprint 2030.

We recognise that the current 20.4% concentration on heavy, medium and light manufacturing in Selangor presents opportunities for Subang to be the preferred site for high-tech value industries.

In tandem with SARI, Malaysia Airports is also progressing with the Subang Aerotech Park, which is poised to emerge as Malaysia's leading industrial aviation park. Within the next five years, Subang Aerotech Park is expected to attract over RM1 billion in foreign and domestic investments while creating over 5,000 jobs including those that require knowledge or highly-skilled workers.

The Subang Aerotech Park will provide further impetus to the development of a stronger Aerospace SME supply chain, thereby helping to strengthen Malaysia's aerospace ecosystem and to regenerate the mature Subang aerospace ecosystem.

Outlet Park in Penang



With the success of our Mitsui Outlet Park (MOP) at KLIA, we are planning to expand MOP to Penang to monetise the commercial land at PEN. This will unlock the commercial potential of the land by leveraging the increased passenger traffic at PEN and will create a new revenue stream for us from rental income and service fees.

ST5

Strategic Theme 5: Expanding and Diversifying through International

Our commitment towards expanding and diversifying through International is a refinement from the previous 'International Expansion' pillar of our RtS2020 business plan.

MA International (MAI)



One of our initiatives to expand and diversify is through MAI, a platform to address funding and management of Malaysia Airports' international airport assets. Having in place clearly defined investment processes and strategies are essential for the successful execution of Malaysia Airports international aspirations.

Our processes and strategies are targeted towards creating a balanced portfolio, defining a detailed investment policy and partner selection criteria, establishing funding strategies, and strengthening our consultancy services.

MAI Processes and Strategies

Create Balanced Portfolio

- Mix of high growth investments in emerging markets and stable yield assets in developed markets

Define Investment Policy

- Finalise and approve a detailed investment policy that will be adhered to in making investment decisions moving forward

Partner Selection

- Tie-up with reputable partners that are synergistic to our strength
- Tie-up with financial investors with strong financial capability with capacity to provide capital for future investments

Establish Funding Strategy

- Obtain ring-fenced financing, backed by the cash flow of the project whenever possible
- Target financing structure of 60:40 debt-to-equity ratio in any new investment subject to the strength of the cash flow

Strengthen Consultancy Services

- Promote services under the brand name of Malaysia Airports, working together with the investment team to secure projects

STRATEGY

Istanbul Sabiha Gokcen (SAW) Airport



We are responsible for the operation, management, development and provision of airport-related services at SAW. Our strategies for SAW are focused towards enhancing profitability, customer satisfaction, operational excellence, employee development, and capacity expansion.

While our five strategic themes underscore our focus areas towards the achievement of our corporate strategy, our key enablers serve as the mechanisms reflecting our core values, through which we accomplish our corporate strategy.

SAW Strategies				
Revenue Growth and Profitability	Capacity Expansion	Customer Focus and Satisfaction	Operational Excellence & Digitalisation	Employee Development
<ul style="list-style-type: none"> • Increase international passenger traffic • Increase frequencies/ capacity of existing airlines • Increase non-aero business 	<ul style="list-style-type: none"> • Expand the second runway • Terminal expansion 	<ul style="list-style-type: none"> • Introduce a Loyalty Programme to offer personalised services • Introduce ASQ survey 	<ul style="list-style-type: none"> • Car finder for carpark • Way finder for Terminal • Shorten passport queue 	<ul style="list-style-type: none"> • Introduce career planning • Ensure talent retention • Staff exchange programme • Build a strong internal culture through defining core value

KEY ENABLERS



EN1

Integrity, Culture Transformation and Human Capital

The main drivers of our corporate strategy are our employees, and as such, at the forefront of our attention is our employees' integrity, work culture and competencies.

Integrity and anti-corruption



We signed the Corporate Integrity Pledge when it was launched in 2011 and by doing so, made a unilateral declaration against corrupt practices and expressed our resolve to work towards creating a highly-principled Malaysian business environment. It remains our priority to inculcate integrity in our employees' corporate fundamental core values to guide our employees' conduct.

Our Code of Ethics and Conduct, Disciplinary Management Guidelines and other guidelines covering gifts, conflict of interest and entertainment, support managers and employees in ensuring legally compliant and ethical behaviour at the workplace.

We are pushing the integrity agenda to the forefront across all levels of employees and management through the following initiatives:

- Implementation of the Anti-Bribery Management System (ABMS)
- Introduction of integrity programmes such as awareness campaigns, integrity and corruption module in the on-boarding programme as well as integrity ambassador programme

- Collaboration with subject matter experts such as Institut Integriti Malaysia, in implementing specific integrity programmes

We have obtained ISO 37001 ABMS certification for our procurement processes, and we have plans to mandate ABMS certification across all of our subsidiaries by 2020.

Culture Transformation



We are embarking on a long-term culture transformation programme to initiate and sustain a shift towards a customer centric culture, and to improve our Employee Engagement.

The culture transformation programme focuses on the following 10 elements and is expected to complete by 2021.



10 elements

KEY ENABLERS

People Capabilities



Recognising that the execution of our business goals is highly dependent on the capabilities of our leaders to steward resources in executing our strategies, we have in place mechanisms to enhance our leadership, including the Leadership Competency Development Programme, Airport Adoption Programme, Leadership Effectiveness Index, and other mentoring programmes to improve the leadership capabilities of our employees beyond formal classroom learning.

Our talent development initiatives include the Operationalising Succession Planning in e-MAGE and our talent classification, identification and profiling initiative.

We will review and enhance our existing education modules while introducing more targeted education modules to fit the needs of our employees, which will cover topics such as integrity, anti-corruption, security, occupational safety and health as well as customer service.

Human Resource (HR) Transformation



We are focusing our HR transformation programmes around improving HR end-to-end process and sustaining reward competitiveness.

Improve HR end-to-end process

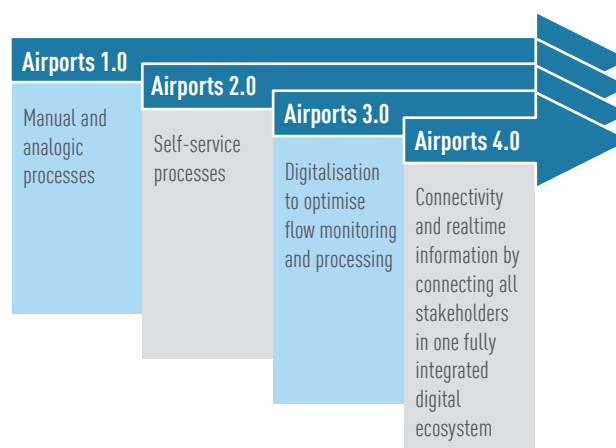
- Continuous deployment of a full-suite of integrated Employee and Manager Self-Service solutions via e-MAGE
- Enhanced Employee Experience via HR HelpDesk Services
- Automation of HR/Workforce Reporting
- On-time hiring of required talent to support company objectives
- Focus on policy & process improvements, documentation and compliance

Sustain Reward Competitiveness

- Implementation of Bonus Differentiation scheme for 2019
- Implementation of structured recognition programme (GCEO Awards & Group Leadership Awards).

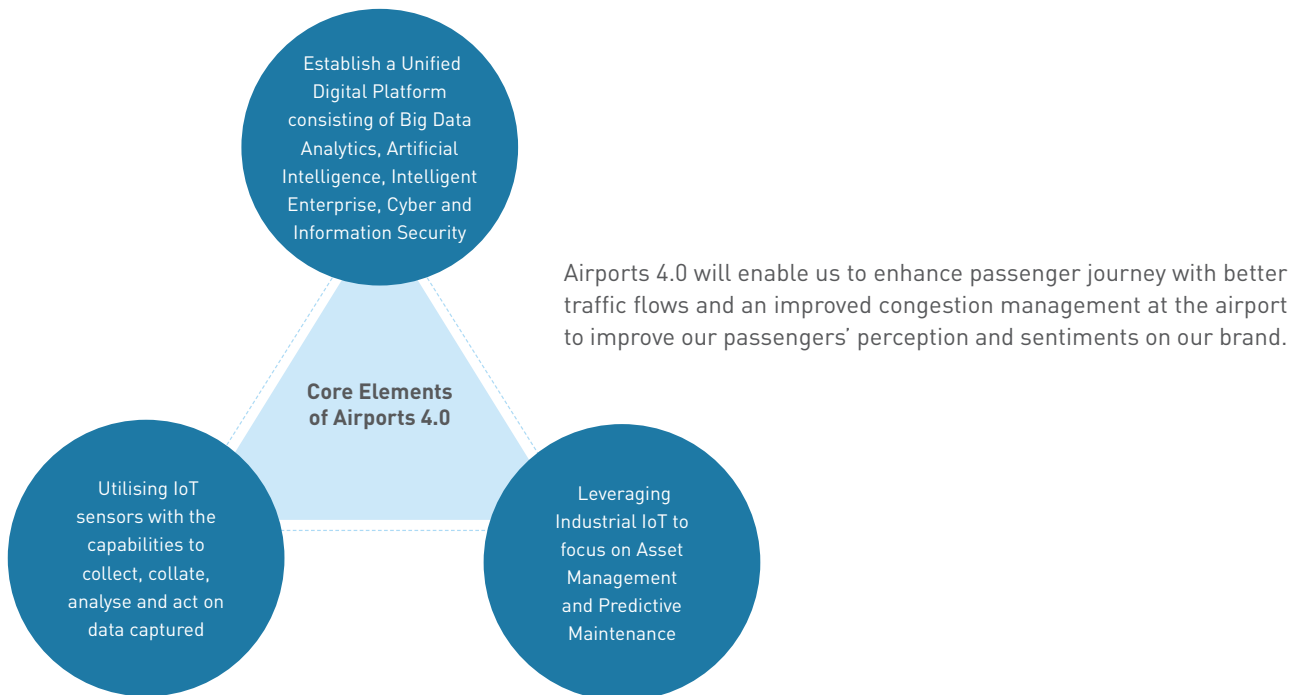
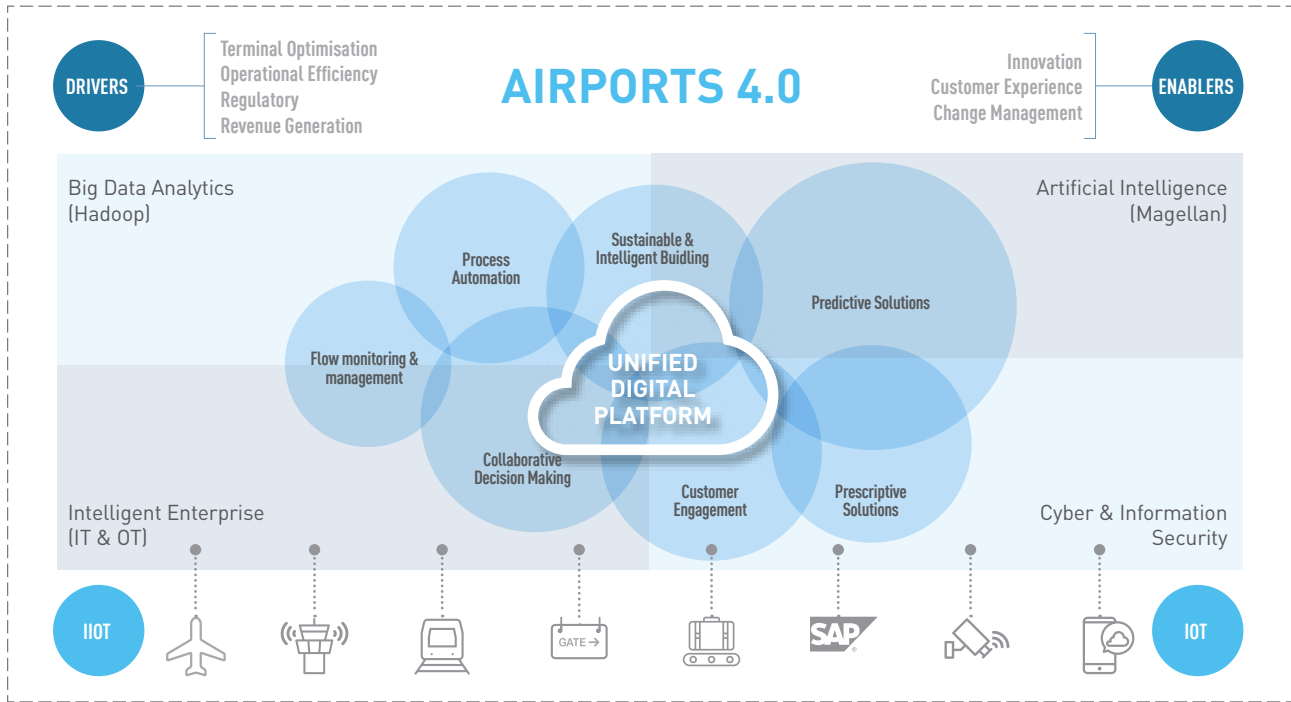
EN2 Airports 4.0 and Big Data Analytics

Airports 4.0 is our digital framework driving our infrastructure enhancement, capacity development, terminal optimisation, operational efficiency, revenue maximisation and regulatory compliance.



We have digitalised our processes at KUL as part of the Airports 3.0 initiative to include the provision self-check in and self-baggage drop counters as well as mobile application. The Airports 4.0 initiative will fully integrate our digital ecosystem and will enable a seamless travel experience for our passengers, leveraging business intelligence and BDA controlled across the passenger journey.

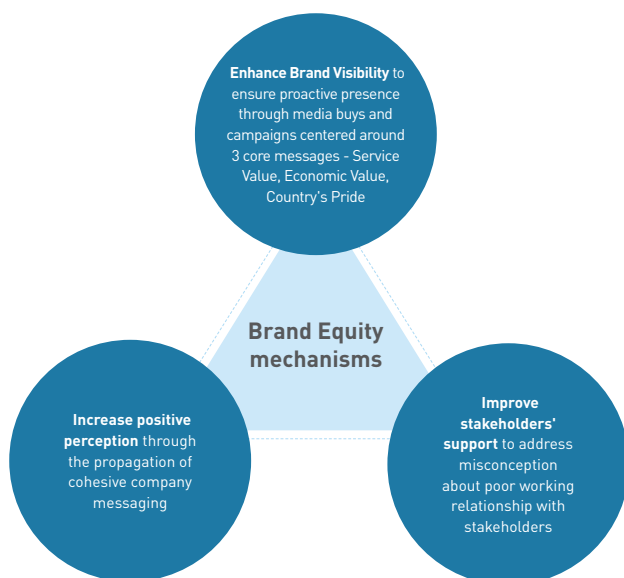
The core elements of our Airports 4.0 initiative are the establishment of a Unified Digital Platform, the utilisation of Internet of Things (IoT) sensors and Industrial IoT.



KEY ENABLERS

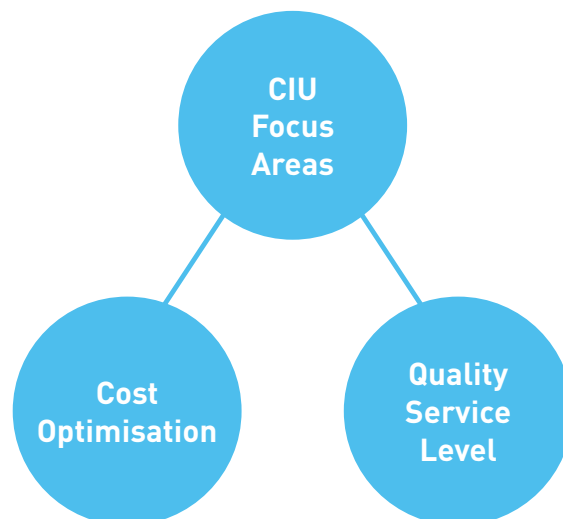
EN3 Enhancing Brand Equity

Our brand equity is one of the enablers of our corporate strategy, by virtue of our stakeholders' confidence in our brand identity. We are constantly enhancing our brand visibility to this end.

**EN4 Lean Six Sigma**

Lean Six Sigma is a combination of two process improvement methods: Lean and Six Sigma. The Lean process improvement methodology aims to eliminate non-value-added processes and procedures – also known as 'waste' – through work standardisation and flow; while Six Sigma focuses on reducing process variation and enhancing process control.

We have embraced the Lean Six Sigma methodology to improve efficiency and effectiveness of our operations especially in initiatives that focus on improving passenger journey through the airport. Continuous Improvement Unit (CIU) was formed to manage the Group's continuous improvement roll-out and therefore support our corporate strategy.



The implementation of Lean Six Sigma has started with MA Sepang, the Group finance department as well as the Group Procurement department. The effort will be embraced across the Group in stages following our five-year roadmap. In doing so, we have identified Five Success Factors as below:



In 2018, a total of 192 Lean Six Sigma initiatives have been identified and 81% of the initiatives have been implemented. These initiatives include improving wayfinding, reducing queue time, reducing congestion, providing helpful information to passengers and improving maintenance.

IATA Airport Codes:

KUL - KL International Airport
 BKL - Kota Kinabalu International Airport
 KCH - Kuching International Airport
 LGK - Langkawi International Airport
 PEN - Penang International Airport
 BTU - Bintulu Airport
 LBU - Labuan Airport
 KBR - Kota Bharu Airport
 SBW - Sibu Airport
 SZB - Subang International Airport
 TWU - Tawau Airport
 SAW - Istanbul Sabiha Gokcen International Airport



BRIDGING DISTANCES AND CONNECTING PEOPLE

We connect families and friends
together, near and far.

We enable connectivity to the
most remote locations in Malaysia
to ensure access to education,
healthcare and economic
opportunities.



MANAGEMENT DISCUSSION & ANALYSIS



Amidst a dynamic period of change and challenge, Malaysia Airports Holdings Berhad (the Group or Malaysia Airports) has continued to deliver another year of growth and progress. The improvements made across the financial year ended 31 December 2018 (FY2018) is reflected not only in financial performance, but also across our airport and non-airport operations, both within Malaysia and abroad.

Raja Azmi Raja Nazuddin

Group Chief Executive Officer

Through persistence and commitment, team spirit, innovation and continuous improvement, we have emerged stronger and better despite the many difficulties encountered during FY2018.

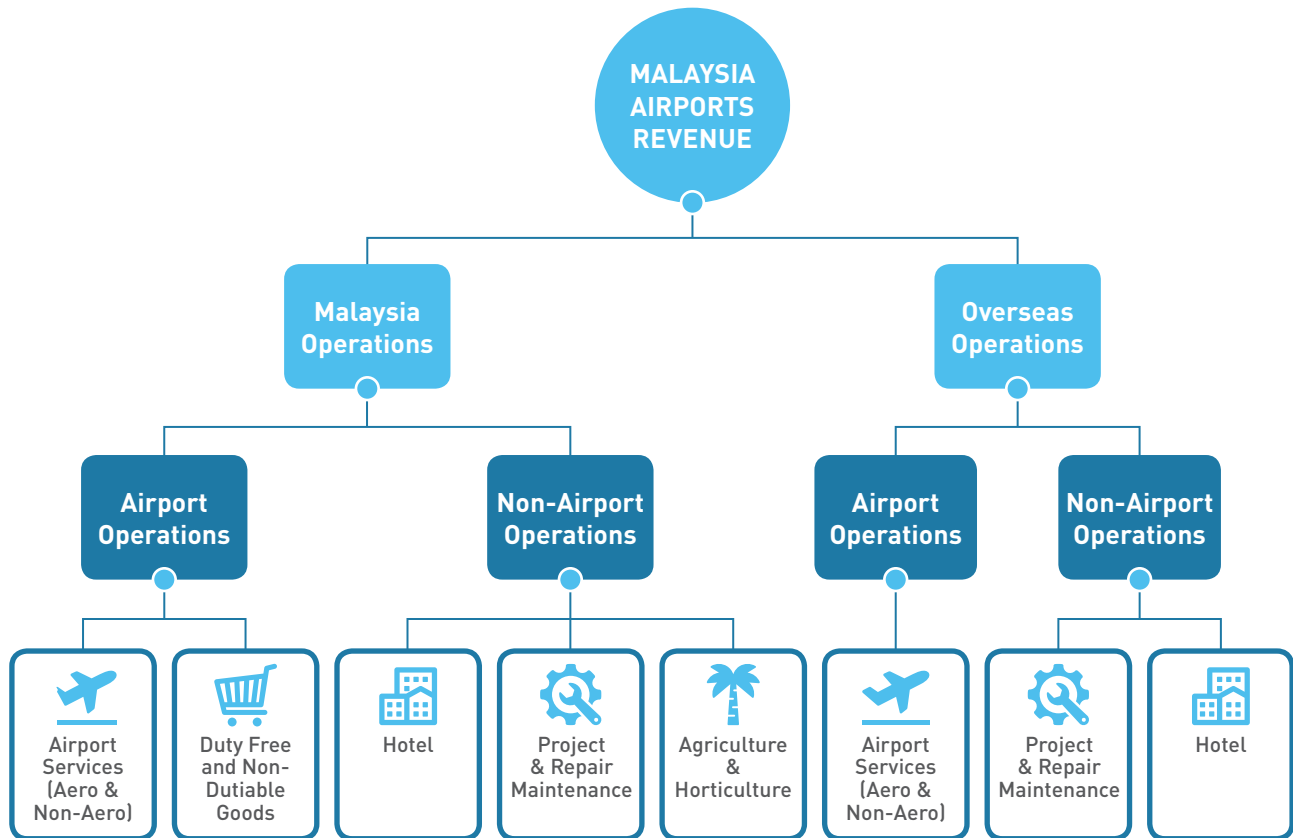
While we are cognisant that we have many more milestones to reach, we draw a measure of confidence from the various operational achievements and highlights realised in FY2018. As Group Chief Executive Officer, I am happy to share these accomplishments with you in what has been a year of significant transition and transformation for Malaysia Airports.

FINANCIAL PERFORMANCE

Stronger Revenues in FY2018

In FY2018, the Group recorded consolidated revenue of RM4,851.7 million, representing a growth of 4.3% over the financial year ended 31 December 2017 (FY2017: RM4,651.3 million). The rise in revenue was underpinned by growth in airport operations which increased by 4.7% to RM4,560.4 million (FY2017: RM4,354.8 million).

Strong passenger growth was the driver in improved revenue for airport operations comprising aeronautical



and non-aeronautical revenue which grew by 6.7% to RM2,404.3 million (FY2017: RM2,253.6 million) and 2.3% to RM2,090.5 million (FY2017: RM2,043.2 million) respectively. Aeronautical revenue consists of passenger service charges (PSC), landing, parking, aerobridge, check-in-counter charges etc. All of which saw stronger performance in FY2018. Meanwhile, non-aeronautical revenue stems from rental, duty free and non-dutiable goods and other commercial activities.

Business segments reported under non-airport operations are project and

repair maintenance, hotel operations, and agriculture and horticulture business. Our project, repair and maintenance revenue in FY2018 was mainly contributed by our facilities management and maintenance operations in Hamad International Airport in Qatar. We saw good revenue growth from this segment which increased by 8.4% to RM149.1 million (FY2017: RM137.6 million). However, the decline in revenue from our hotel operations, agriculture and horticulture business by 4.1% to RM99.0 million (FY2017: RM103.2 million) and 21.2% to RM30.1 million (FY2017: RM38.2 million) respectively

had contributed to the slight decline in the total Group revenue for our non-airport operations. Revenue for the Group's non-airport operations dropped slightly by 1.8% to RM291.3 million (FY2017: RM296.6 million).

From a geographical perspective, the Group's Malaysia operations recorded revenue of RM3,548.5 million with growth of 3.5% (FY2017: RM3,428.1 million), whilst Turkey and Qatar operations recorded revenue growth of 6.3% to RM1,154.1 million (FY2017: RM1,085.7 million), and 8.4% to RM149.1 million (FY2017: RM137.5 million) respectively.

MANAGEMENT DISCUSSION & ANALYSIS

Malaysia Airports Revenue Contribution by Geographic Location			
LOCATION	FY2018 (RM 'million)	FY2017 (RM 'million)	Y-o-Y
Malaysia	RM3,548.5	RM3,428.1	3.5%
Turkey	RM1,154.1	RM1,085.7	6.3%
Qatar	RM149.1	RM137.5	8.4%

A more detailed description of our revenue performance according to the business segments as well as by geographic locations can be found in the financial statements of this report.

Robust Earnings Growth

On the back of stronger revenues and improving operational efficiencies, Malaysia Airports met its earnings before interest, tax, depreciation and amortisation (EBITDA) target for the year under review.

EBITDA	Target FY2018 (Local Currency 'million)	Actual FY2018 (Local Currency 'million)	FY2017 (Local Currency 'million)
Malaysia Operations	RM1,189.3	RM1,209.2	RM1,124.8
Turkey Operations	EUR179.4	EUR181.1	EUR158.1
Qatar Operations	QAR19.8	QAR18.6	QAR11.7

In FY2018, EBITDA for Malaysia operations grew by 7.5% to RM1,209.2 million (FY2017: RM1,124.8 million) while EBITDA for our Overseas operations was also on the uptrend, increasing by 14.5% and 59.0% to reach EUR181.1 million (FY2017: EUR158.1 million) and QAR18.6 million (FY2017: QAR11.7 million) respectively for the Turkey and Qatar operations.

Group profits showed a significant year-on-year increase with profit before tax (PBT) and profit after tax (PAT) growing by 130.4% to RM780.6 million (FY2017: RM338.8 million) and 202.5% to RM727.3 million (FY2017: RM240.4 million) respectively.

Malaysia operations posted a PBT and PAT growth of 58.1% and 96.4% respectively to reach RM973.9 million (FY2017: RM616.2 million) and RM885.4 million (FY2017: RM450.8 million) respectively. Our Qatar operations also posted improved PBT and PAT of 55.2% and 24.6% respectively to reach RM15.7 million (FY2017: RM10.1 million) and RM13.6 million (FY2017: RM10.9 million) respectively.

We are pleased to see that our Turkey operations had posted a stronger EBITDA performance, increasing by 14.5% and had posted a positive profit position at subsidiary level. However, at Group level, due to fair value adjustments, our Turkey operations registered loss after tax position of RM171.7 million, a significantly lower loss when compared to FY2017 of RM221.3 million. With the expansion of the boarding hall at Istanbul Sabiha Gokcen International Airport (SAW) completed, we foresee the increase in passenger movements and retail spend per passenger to be on the uptrend and with that, we look forward to our Turkey operations contributing stronger profits to the Group.

Assets and Liabilities

Cash Balances, Bank Borrowings & Liquidity

On the back of prudent debt management and cash flow, the Group had improved its debt to equity ratio to 0.63 times (FY2017: 0.70 times). During the year, the Group's cash and cash equivalents position increased by 12.1% to RM1,450.5 million (FY2017: RM1,293.4 million). This was achieved despite the settlement of the Group's Senior Sukuk amounting to RM250.0 million in September 2018. The Group's Senior Term Facility for the Turkey operations was also reduced by EUR25.0 million (equivalent to RM118.0 million) during the year.

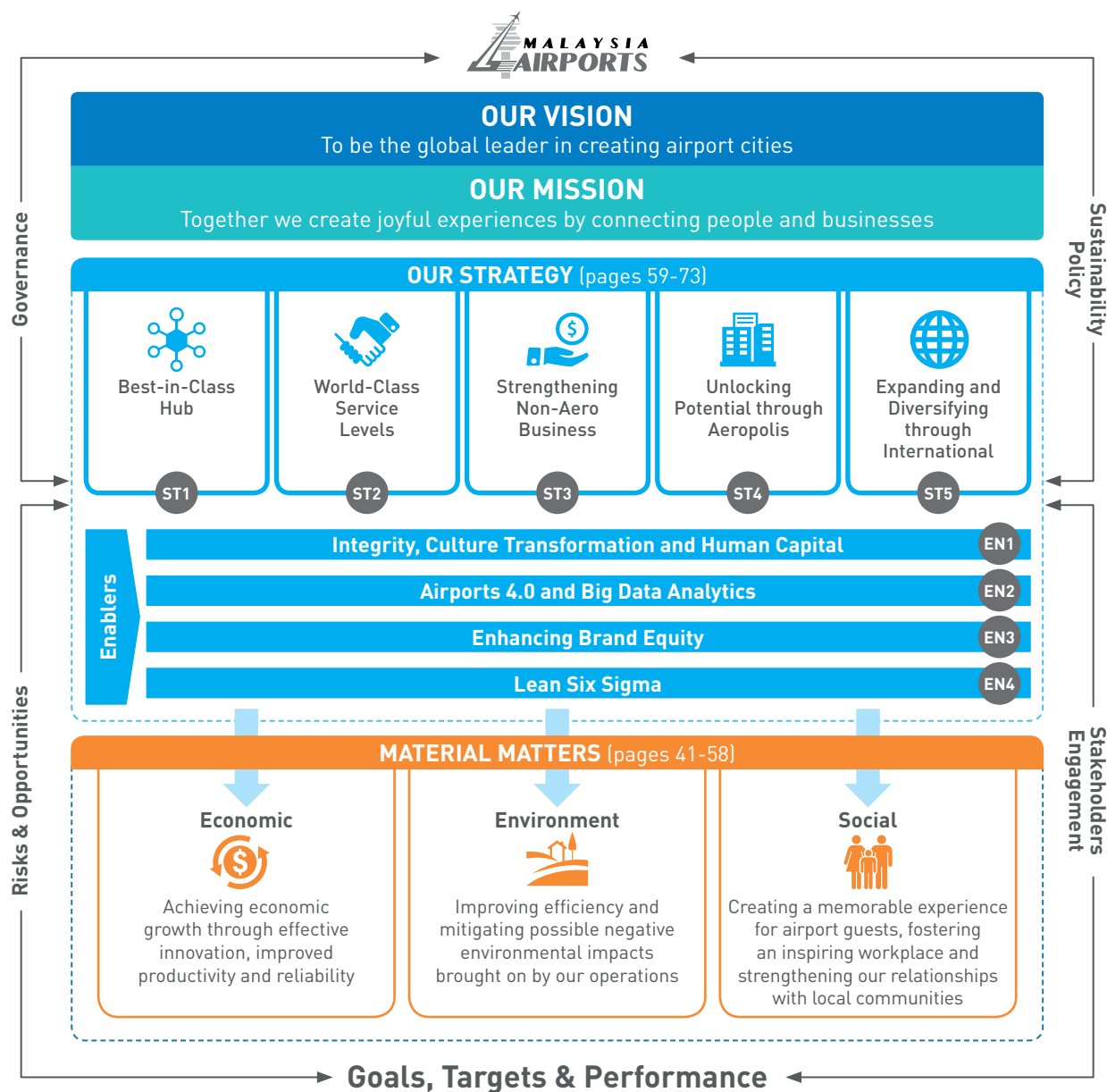
The reduction in both the Senior Sukuk and Senior Term Facility during the year effectively reduced the Group's borrowings by 7.3% to RM5,143.3 million (FY2017: RM5,549.3 million). The Group continues to strictly observe financial covenants to comply with funding requirements and internal guidelines.



MANAGEMENT DISCUSSION & ANALYSIS

A REALIGNED BUSINESS STRATEGY

2018 has seen the introduction of our transitional Group business plan or Strategy House, which is essentially, an evolved approach from our Runway to Success 2020 (RtS2020) five-year business plan launched in 2016.



The transition from RtS2020 to our Strategy House is in line with addressing stakeholders' concerns and to better address key issues and challenges, towards creating a more customer-centric, service-oriented culture and a truly world-class organisation.

The Strategy House is supported by five key strategic themes or pillars: Best-in-Class Hub, World-Class Service Levels, Strengthening Non-Aero Business, Unlocking Potential through Aeropolis and Expanding and Diversifying through International.

The implementation of our realigned corporate strategy is supported by a firm foundation of four key enablers and is underpinned by high standards of corporate governance and guided by our Sustainability Policy.

While the Group business plan remains a transitional framework, we believe that the progress we have achieved in FY2018 is a testament to its impact and effectiveness as reflected across our airport and non-airport operations. It provides an effective

platform for Malaysia Airports to respond proactively to the present operating conditions while adapting to the various changes we face and must embrace, both externally and internally.

We remain well on course towards the realisation of our long-term objectives and the eventual achievement of our business aims.

AIRPORT OPERATIONS

AIRPORT SERVICES – AERONAUTICAL BUSINESS

Passenger Traffic Movements

Overview

Despite turbulence in the global economy, 2018 continued to see an increase in air travel. The International Air Transport Association (IATA) has reported that demand grew 6.5% compared to 2017. The year under review was equally a challenging

year for Malaysia's aviation industry resulting from uncertainties on the global and regional fronts. The interim increase in fuel price, USA-China trade tensions, natural disasters and an aircraft crash incident in the region had to some degree affected the growth momentum.

Against this backdrop, the Group's network of airports registered 133.2 million passenger traffic movements, growing 4.1% over the preceding year. Passenger traffic movements at our airports in Malaysia grew by 2.6% to 99.1 million while Istanbul Sabiha Gokcen International Airport (SAW) grew by 8.8% to 34.1 million.

For our Malaysia operations, the 2018 growth was lower than expected from the forecast of 6.3% due to a number of factors including a softening in demand due to uncertainties related to the 14th general election (GE14), and global trade. Meanwhile, our flagship airport, KL International Airport (KUL) registered 60.0 million passenger traffic movements, a 2.4% increase from 2017.

Passengers	2018 ('million)	2017 ('million)	YoY
Group	133.2	128.0	4.1%
Malaysia Operations	99.1	96.6	2.6%
KUL	60.0	58.6	2.4%
Other Airports	39.1	38.1	2.7%
Turkey Operations (SAW)	34.1	31.3	8.8%



Details on business risk and opportunities is disclosed in the Strategy Section and Risk Section on pages 196 to 206

MANAGEMENT DISCUSSION & ANALYSIS

SAW recorded very encouraging growth of 8.8% rising to 34.1 million passenger traffic movements in 2018, largely contributed by an increase in flight frequencies and the opening of new services by existing carriers, as well as the arrival of new airlines.

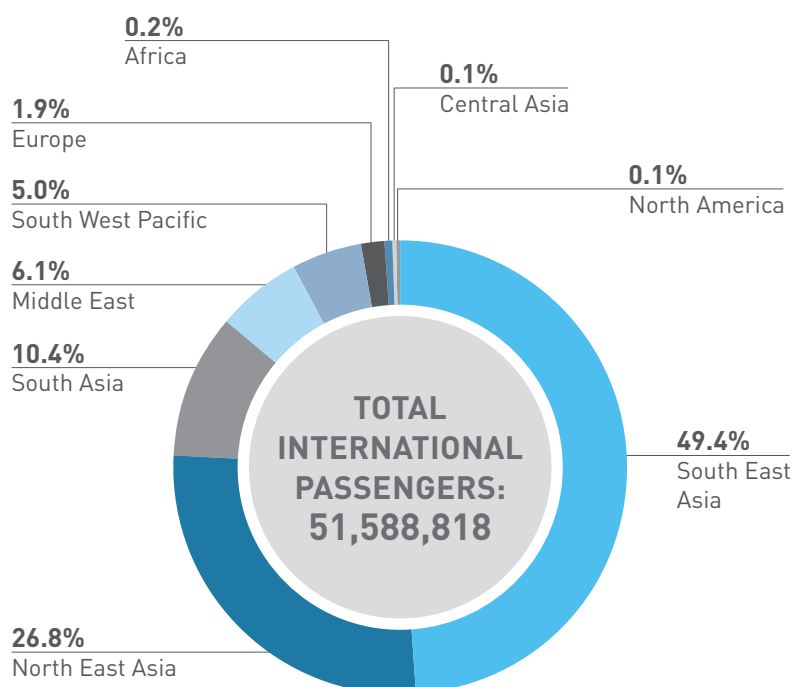
For our Malaysia operations, international passenger traffic accounted for 52.2% with 51.7

million movements at all 39 of our airports. This is a record high and represents an 4.6% growth from 49.5 million in 2017. This is the second consecutive year that international passenger traffic has exceeded domestic traffic growth and composition. We believe this will be the prevailing trend moving forward given various developments in the macro-economic environment.

Domestic passenger traffic for Malaysia operations remained relatively flat at 0.4% growth, increasing to 47.4 million movements. As indicated above, the softening in demand is partly attributed to the GE14. All months leading to the election registered negative performance for the domestic sector, a rather unusual phenomenon during election years based on historical data. This was aggravated by a shift by some local carriers of their airlines seat capacity offering from domestic to international sectors.

Nevertheless, there has been commendable developments in terms of domestic connectivity within Malaysia. We saw an increase in inter-airport connectivity domestically i.e. point to point without having to pass through KUL or Subang International Airport (SZB). There was a 13.2% increase in such passenger movements. On top of which, our strategy in growing the international sector at our other regional international airports i.e. Kota Kinabalu International Airport (BKI), Penang International Airport (PEN), Kuching International Airport (KCH) and Langkawi International Airport (LGK) had achieved commendable success. The introduction of more direct international flights to airports other than KUL had reduced the need for connecting flights through KUL and contributed to a 15.2% growth for international passenger traffic movements at these airports.

INTERNATIONAL PASSENGER TRAFFIC MOVEMENTS BY SECTORS AT AIRPORTS IN MALAYSIA



Passengers	2018 International ('million)	2017 International ('million)	YoY Growth (%)	2018 Domestic ('million)	2017 Domestic ('million)	YoY Growth (%)
Malaysia Operations	51.7	49.5	4.6	47.4	47.2	0.4%
KUL	43.6	42.4	2.7	16.4	16.1	1.7%
Other airports	8.1	7.0	15.5	31.0	31.1	(0.2)%
Turkey Operations (SAW)	11.7	10.3	12.9	22.4	21.0	6.7%

This increase in international traffic growth strengthened our revenue stream as the passenger service charge (PSC) imposed on international passengers is higher compared to domestic passengers.

We are happy to note that excellent airline and airport connectivity have also played a significant role in attracting more passengers to choose our airports, in tandem with improving service levels and customer friendly facilities.

Passenger Traffic Movements by Airports

KL International Airport

In 2018, KUL celebrated its 20th anniversary and continued apace in strengthening its position as a hub by preserving and growing its connectivity. Out of the 60.0 million KUL passenger traffic movements, KLIA Main terminal handled 28.1 million passengers and klia2 terminal handled 31.9 million passengers representing 46.9% and 53.1% of KUL total passenger traffic movements

respectively. Of this total, 72.6% or 43.6 million were international movements. We are pleased to welcome three new airlines to KUL in 2018, namely Condor, IndiGo and Citilink Indonesia.

Our connectivity to Germany and Europe has significantly improved with the arrival of Condor, a German-based carrier linking KUL to Frankfurt, Germany, thrice weekly. Apart from this, IndiGo, India's largest low-cost carrier, has chosen to operate routes connecting KUL to India via double daily flights from klia2 terminal to Delhi and Bangalore. IndiGo's presence is a welcome development for Malaysia Airports and Malaysia as there has been no Indian carrier operating after Air India Express ceased operations in 2017.

Meanwhile, other airlines in KUL have also expanded their operations in 2018 by operating new services and increasing flight frequencies. In 2018, 13 additional services were added to KUL by Malaysia Airlines, the AirAsia Group and Malindo Air. Among others, Australian connectivity was enhanced

when Malaysia Airlines recommenced its KUL-Brisbane route with a four times weekly frequency and increased the frequency of its KUL-Perth route from seven to 12 times a week.

One interesting highlight for KUL in 2018 was the continuation of the Hajj immigration pre-clearance initiative that had started in 2017. This Hajj pre-clearance system is the first of its kind in the world where pilgrims were pre-cleared for arrival immigration at their point of departure. This has significantly shortened waiting and arrival immigration clearance time by up to 85% at the destination airport. In 2017, 1,800 pilgrims had gone through immigration pre-clearance at KUL and the number increased to 36,000 in 2018. While this innovation is still at a proof-of-concept stage, we hope to see the formalisation of this arrangement in 2019 and perhaps expand it further for Umrah pilgrims. With this in place, KUL can serve as a magnet to attract Umrah pilgrims from neighbouring countries and further boost international passenger movements.

MANAGEMENT DISCUSSION & ANALYSIS

Other airports in Malaysia

In total, other airports in Malaysia welcomed six new airlines, three charter flights and 32 new services. Among the highlights include Qatar Airways operations for the PEN-Doha route, and Citilink Indonesia for the PEN-Jakarta route, as well as the arrival of TUI, one of the world's largest fly and cruise scheduled charter carriers from Birmingham, Manchester and London (Gatwick) in the United Kingdom (UK) to LGK.

Another charter flight by Sunday Airlines from Kazakhstan has also commenced service – flying direct to LGK from Almaty. This charter flight service is a result of a collaboration between Tourism Malaysia, Langkawi Development Authority and Malaysia Airports with Kompas Tour Operator, one of the main tour operators in Central Asia. The completion of LGK's expansion

and upgrade in November 2018 will further enhance Langkawi's position as a premier holiday destination. LGK now has the capacity to handle 4 million passengers per annum (mppa) and we look forward to the launch of the inaugural DOH-PEN-LGK route targeted to commence in 2019.

Malindo Air continued with its expansion plans by offering flights to new international destinations from BKI, PEN, LGK, SZB, KBR and IPH. Among the destinations include Banda Aceh, Changsha, Chengdu, Guangzhou, Guiyang, Kunming, Kuala Namu, Nanning, Silangit, Surat Thani, Tianjin, Wuhan, and Zhengzhou. The same goes for the AirAsia Group which offered new services from BKI, PEN and IPH to destinations such as Hanoi, Kunming, Macau, Phuket, and Singapore.

KCH received Royal Brunei Airlines, which has resumed services from Bandar Seri Begawan to Kuching in December 2018. This has made Kuching more accessible to key focus markets such as Melbourne, Shanghai and the UK. This new route will also support the Sarawak state government's effort in promoting Visit Sarawak Year 2019.

Kuantan Airport (KUA) received Scoot in February 2018, which opened the Kuantan-Singapore route. This makes Kuantan its sixth destination in Malaysia after KUL, PEN, KCH, LGK, and IPH. Meanwhile, MKZ received Wings Air which operates from Kuala Namu, Sumatera, Indonesia. Wings Air also operates daily flights from Pontianak to Miri and Pontianak to Kuching.



Inagural flight of Condor Airlines to KUL



Istanbul Sabiha Gokcen International Airport, Turkey (SAW)

In Turkey, SAW reached an important milestone when it celebrated its 10th anniversary in 2018. The year proved to be significant in more ways than one as it exceeded its internal passenger growth forecast of 7.4% with a higher 8.8% growth, and achieved its first profitability at the subsidiary level. Similar to the operations in Malaysia, international traffic grew faster than domestic with the former recording 12.9% and the latter 6.7% growth respectively. International passenger growth was supported by the increase in international routes especially to the Middle East, as well as an increase in new airlines and frequencies from existing airlines operating from SAW.

During the year, SAW welcomed three new airlines, Emirates, Wataniya Airways from Kuwait, and Pobeda, a Russian-based low-cost carrier.

Pobeda is a subsidiary of Aeroflot and connects SAW to both Moscow and St. Petersburg daily. Emirates which connects SAW and Dubai daily, is the first airline to operate a scheduled wide body operation at the airport and is the only service by Emirates to Turkey with a three-class configuration comprising first, business, and economy.

13 new international and domestic services were launched with Pegasus, SAW's base carrier leading the way, launching a total of seven routes. Qatar Airways has also upgraded one of its daily frequencies to its award-winning Dreamliner 787 aircraft during the summer period, making it the second airline to operate a scheduled wide body operation in SAW. The progressive introduction of wide-body aircraft is a clear sign

of the growing popularity of SAW as a destination for air travel with airlines expanding their capacity and enhancing service levels to cater to growing passenger traffic and increased service demands.

Another major highlight for the year was the opening of the new domestic boarding hall. The new 25,000 sqm facility with four passenger boarding bridges has increased SAW's capacity from 33 mppa to 41 mppa. Following these important milestones in 2018, we remain optimistic of SAW's further growth potential especially with the expected completion of the second runway at the end of 2019, as well as the completion of the Istanbul Metro connection linking the Asian side to the European side.

MANAGEMENT DISCUSSION & ANALYSIS

Improving Connectivity at Our Airports

The continued strong appeal of Malaysia as a tourist and trade destination and Malaysia's strategic location in the heart of ASEAN and Asia coupled with a wide range of tourist attractions continue to play a role in attracting international travellers. Certainly, the still relatively weaker ringgit against foreign currencies, the relaxation of visa requirements for China and India tourists and the growing pull factor of medical tourism have all contributed in enticing the world to our shores.

As an airport operator, we are committed to building a strong and mutually beneficial relationship with all airline partners to facilitate their growth. We also actively collaborate with organisations or authorities locally and abroad in destination

marketing efforts. In 2018, for our Malaysia operations, our intensified efforts had yielded rewarding results with 13 new airlines joining our community. We are also seeing new or returning airlines to our airports.

50 new routes were introduced with 458 additional frequencies per week instituted by our airline partners in 2018. This is partly attributed by the attractiveness of our Airline Incentive Programme (AIP). AIP III, which is an extension of its predecessor. The programme has been key to our continued success in attracting airline partners. Under AIP III, not only do new airlines receive a waiver on landing charges but also support to defray their operational costs in the first year of operations at our airports. They are also given various incentives in the form of marketing or promotional funds to drive awareness on new routes launched, as well

as rewards for passenger growth. Among the highlights in 2018 was the commencement of the Joint International Tourism Development Programme (JITDP). The programme is a joint initiative between Malaysia Airports and Tourism Malaysia that primarily aims to develop and acquire traffic into Malaysia by focusing on attracting tourists from key markets through the funding of approved media and promotional activities. For all our efforts in this, area we had won the Routes Asia 2018 Marketing Awards in both 'Overall' and 'Over 20 Million Passengers' categories. Meanwhile, marketing efforts in SAW primarily involves participation in trade conferences such as Connect Europe 2018 and the 2018 World Travel Market. SAW is currently ranked by Airports Council International (ACI) Europe as the 12th biggest airport in Europe in terms of number of passengers handled.



Fifty new routes were introduced with 458 additional frequencies in 2018

Commercial Aircraft and Cargo Movements

In 2018, commercial aircraft movements for the Group increased by 2.8% to 1,088,700 (2017: 1,059,036). Of this, movements at airports in Malaysia grew to 863,954 (2017: 848,112) which is a 1.9% increase from the preceding year. Consistent with the trend in passenger traffic movements, international aircraft movements increased by 5.4% to 348,945 (2017: 331,108), while movements for the domestic sector declined slightly by 0.4% to 515,009 (2017: 517,004).

Average load factor achieved for Malaysia operations was 74.1% (FY2017: 75.9%). Average load factor for international flights was 76.0% (FY2017: 76.8%), while for domestic flights was 72.1% (FY2017: 75.0%).

Growth of commercial aircraft movements for our Turkey operations was considerably better where international movements registered a 9.0% rise to 83,203 (2017: 76,353) and domestic movements increased 5.2% to 141,543 (2017: 134,571), bringing the total commercial aircraft movements at SAW to 224,746 (2017: 210,924), a 6.6% increase year-on-year.

Total cargo movements at all our airports in 2018 was above 1 million metric tonnes, rising by 1.3% to 1,037,370 metric tonnes (2017: 1,024,011). Malaysia operations registered an increase of 1.6% while Turkey operations saw a decline of

3.2%. Meanwhile, KUL which forms the bulk of our cargo movements handled 714,669 metric tonnes of cargo.

Good effort has been put to increase cargo capacity at KUL to accommodate new demand in years to come. The conversion of the old LCCT terminal into KLIA Air Cargo Terminal 1 (KACT 1) in late 2017 has contributed to materialising the plans to consolidate all our cargo operations in Klang Valley at KUL. KACT 1 now has three anchor tenants i.e. Pos Aviation, Raya Airways and Ground Team Red (GTR). Plans are also in place for DHL Express, a long-term anchor partner of Raya Airways to shift their operations to KACT 1 from SZB by 2021.

Together with KLIA Aeropolis DFTZ Park, a joint venture with Cainiao Smart Logistics Network that is currently being developed, we expect to almost double the cargo volume throughput at KUL from 0.7 million metric tonnes to 1.3 million metric tonnes.

Passenger Service Charge

Among factors included in the attractive proposition we offer airline partners are the low aeronautical charges. We reiterate that airports in Malaysia offer one of the world's lowest cost base for airline operations.

PSC is a key revenue source for the Group and the government

of Malaysia, and is an important component of revenue for the operational sustainability of Malaysia Airports. Malaysia Airports operates on a network of airports model, where we operate a limited number of profitable airports while continuing to sustain non-commercially viable ones to preserve connectivity and air transport accessibility for the people of Malaysia especially in the remote areas.

The PSC collected from selected few airports with high passenger traffic enables Malaysia Airports to continue fulfilling its social obligations to ensure that millions of Malaysians can continue to have air transport connectivity within Malaysia. Furthermore, even with the upward PSC revision at the beginning of 2017, passenger movements at airports in Malaysia continued to be on the uptrend, indicating that the PSC at levels imposed in Malaysia has had no negative effect on air travel.

PSC is paid by passengers and represents a small component compared to the overall airfare price. In the past, Malaysia Airports has provided to the Malaysian government between RM300 million and RM400 million per annum as user fees under the present PSC regime. In FY2018, the user fee amount was RM417.6 million (FY2017: RM391.8 million). PSC is a regulated charge and is set by the government of Malaysia.

MANAGEMENT DISCUSSION & ANALYSIS

Enhancing Capacity and Improving Facilities

Enhancing Capacity

As mentioned above, in 2018, we had increased the capacity of LGK from 1.5 mppa to 4.0 mppa and SAW from 33 mppa to 41 mppa.

The expansion in LGK was done with the aims of catering to future growth and enhancing passenger experience. The island of Langkawi's appeal as a tourist destination has been steadily increasing in the past several years. In 2018, international passenger traffic movements at LGK rose by 30.1% to about 0.4 million (2017: 0.3 million). There are currently five international destinations with direct connection to LGK. In catering for this growth, facilities at the airport has been upgraded to improve operational efficiencies and reduce congestion. The number of counters at passenger touchpoints has been increased from 24 to 30 for check-in counters and from 14 to 18 for immigration counters. An automated baggage handling system (ILHBS) with three levels of security screening has also been installed to enable enhanced baggage security and a more efficient check-in process. Other upgrades include increasing the number of boarding gates from five to eight.

Terminal ambience and passenger comfort level has also been enhanced. The total gross floor area (GFA) of the terminal building of 23,000 sqm allows for a comfort level of 22 sqm

per passenger. The additional GFA allows the airport to provide more options to passengers in terms of retail, F&B and services offerings. Additionally, 200 more car park bays has been added bringing the total to 600 bays. LGK's expansion was completed at the cost of about RM89 million.

SAW's increased capacity is a result of the completed new domestic boarding hall. Built at a cost of EUR26 million, the 26,000 sqm boarding hall features four new passenger boarding bridges, 1,000 sqm of shopping area, as well as comfortable waiting lounges and prayer rooms. The development of the second runway that is due to become operational by the end of this year will also allow the airport to handle up to 80 flight movements per hour, doubling its present capacity.

With regard to improving facilities, we do not only focus on big airports but also looked at the refurbishment of our STOLports. These STOLports are a major part of our social obligations to ensure transport accessibility for the people located in the remote parts of Malaysia. In 2018, we refurbished the Bario STOLport by upgrading the terminal infrastructure and waiting lounge as well as adding more motorcycle parking bays. Bario STOLport which has been in operation since 1996, has provided its surrounding community with much needed access to education, healthcare and economic opportunities.

Benchmarking Service Quality

A key element in elevating service quality is benchmarking our performance against a set of standards that is either recognised globally or set by the authorities. As such, all our international and domestic airports participate in such benchmarking programmes. In the case of KUL, PEN and LGK, we subscribe to the Airports Service Quality survey programme by Airports Council International (ACI), an international organisation that represents airports around the world. Other international airports, as well as one domestic airport i.e. SZB are on the Airport Customer Satisfaction Performance programme (ACSPP), a similar programme that measures the same elements and adheres to the same standards and measurement methodology as the ASQ programme.

For 2018, KUL had successfully increased our ASQ score to 4.70 out of 5.0 (2017: 4.65 out of 5.0) with KLIA Main and klia2 scoring 4.70 and 4.71 respectively. We are especially delighted with these results as it is the highest score we have achieved since 2015.

2018 was also the year when the Airport Quality of Service (QoS) framework was introduced by MAVCOM. We welcome the QoS as a mechanism to further enhance our services and it has many parallels with the existing ASQ programme that we have implemented. The airport operations sector is a highly competitive arena, where waiting

times and how long it takes to pass through the airport as well as standards of airport facilities are increasingly becoming integral in influencing traveller preferences for airports. Hence, the QoS is an effective means to further fine tune our operations and service delivery, in keeping with our bid to ensure world-class service quality at our airports.

We are happy to report that since the initial roll-out of the QoS in September 2018, KUL has achieved commendable scores in nearly all of the elements measured.

Given our performance thus far, we are confident of maintaining a strong level of compliance to the QoS in 2019.

From July 2019 onwards, KUL will be assessed on the full set of 28 service elements. This would be followed by the QoS being progressively implemented at other airports namely LGK, BKI and SZB. The financial impact to the Group in the event that we do not meet the targets set will be a maximum penalty amount of 5% of the aeronautical revenue from the respective airports.

Leveraging Emerging Technology

Airports around the world are embarking on the 4th Industrial Revolution i.e. Industry 4.0 or in the case of airports – Airports 4.0. To put it simply, Airports 4.0 is a comprehensive and seamless digitalisation of the

airport environment across all stakeholders. Insights gained through analytics will be used to drive future plans and priorities to increase airport capacity by enabling faster passenger flow and throughput while enhancing passenger experience and service levels. In the case of Malaysia Airports, we began to embark on Airports 4.0 through the implementation of technological innovations such as Big Data Analytics (BDA).

BDA aims to generate data insights and improve business processes including data driven decision making with respect to passenger experience, operational excellence, revenue maximisation and regulatory compliance. It involves five

QoS Performance for both terminals at KUL September – November 2018

No.	Service Quality Element	Target	2018 Terminal Results							
			KLIA Main				klia2			
			Sept	Oct	Nov	Dec	Sept	Oct	Nov	Dec
1	Cleanliness of washroom	90% pass	98%	98%	88%	87%	98%	99%	93%	74%
2	Ramp WiFi	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass
3	Staff Washrooms	80% pass	92%	95%	90%	87%	97%	94%	84%	84%
4a	Operator available before 10 mins of on-chock time	95% of arrivals	99.98%	100%	100%	100%	99.99%	99.89%	100%	100%
4b	Operator available before 5 mins of on-chock time	99% of arrivals	100%	100%	100%	100%	99.99%	99.89%	100%	100%
5	Lifts, Escalators & Walkalators	99.50%	99.91%	99.89%	99.89%	99.79%	99.60%	99.66%	99.70%	99.59%
6	Aerobridge availability	99.50%	99.78%	99.92%	99.99%	99.97%	100%	99.99%	99.99%	99.99%
7	VDGS Availability	99.50%	100%	100%	100%	99.95%	99.98%	99.99%	100%	99.98%
8a	Aerotrain - 2 trains	98.00%	99.34%	98%	98.40%	99.60%	N/A	N/A	N/A	N/A
8b	Aerotrain - 1 train	99.50%	100%	100%	100%	100%	N/A	N/A	N/A	N/A

MANAGEMENT DISCUSSION & ANALYSIS

critical activities i.e. data capture, data refinement and analytics (descriptive, diagnostic, predictive and prescriptive), insights to action, driving adoption and, technology and infrastructure management as well as governance. We have begun with five relevant business use cases – passenger sentiments, passenger tracking, retail analytics, financial analytics, and mobile applications. The business cases are then handled through a unified digital platform (UDP) so that we can have a single source of truth.

This single source of truth will allow us to facilitate collaborative decision-making and be more agile in responding to business needs. Such a platform also enables optimised allocation of airport resources and facilities in real time by multiple stakeholders, towards enhancing efficiency of airport operations while improving passenger experience.

We are still some way from realising the aspirations of Airport 4.0, but we are making steady progress towards this goal. 14 solutions under Airports 4.0 have been completed and released including the launch of the MYairports mobile app. The app is meant to help passengers plan their journey easily by getting live updates on flight information, and checking the time left to board their flights. The app also has a dynamic wayfinding feature, and include information on shopping and dining promotions. We are also in the midst of procuring IoT devices and solutions to strategically capture data that will support the analytics backbone of Airports 4.0.

Ensuring Happy Guests by Becoming Caring Hosts

One of our many aspirations is to portray Malaysia as a developed country with a first-world service culture. In order to do this, we will have to evolve from being just process or infrastructure-oriented to embrace an empathetic people-oriented culture across all touchpoints at the airport. The airport business is a people business and our travellers and our stakeholders are our guests so the onus is on us to deliver a positive experience across the value chain.

In 2018, we launched our 'Happy Guests, Caring Hosts' service culture transformation programme. This is a major effort to further ramp up the dissemination of a customer-first mindset among over 20,000 staff at KUL, including non-Malaysia Airports personnel.

In making this a success, we have taken the approach of forming a Guest Advocacy division, that is responsible for providing strategic direction and driving customer improvement initiatives. We have also identified 17 critical touchpoints throughout the passenger journey and identified six distinct guest personas based on their characteristics and preferences. With this in place, we have been able to design holistic solutions that would satisfy latent and unmet needs of our guests, and to drive strategic value for the organisation.

Six guest personas

A culture change is not an overnight transformation and requires a lot of intervention. We have begun to ignite this change through more than 800 employees who will serve as catalysts and activists in spearheading this change. This group of people have access to relevant training, coaching and continuous assessment in order to play the role of educating and inspiring those around them to internalise the 'Happy Guests, Caring Hosts' philosophy. We had begun the training sessions in 2018 and it will be ongoing throughout 2019.

This group of people also play a role in brainstorming for ideas that will serve to further nurture this change. Among early manifestations of this culture change is the provision of senior citizen and family-friendly facilities at KUL. We have provided 150 units each of free wheelchairs and baby strollers at klia2 for this purpose. We have also ramped up the free buggy service at klia2 by increasing its availability to a shorter 10-minute interval. Currently there are 15 buggies in operation with 28 drivers.

Other service highlights were the deployment of Mandarin speaking ambassadors to cater to the increasing number of Chinese guests who visit our country. Among the 139 Lean initiatives mentioned earlier in this report also include improvements in guest experience such as reducing queue time, reducing congestion, and providing helpful information to passengers at critical touchpoints. The application

of Lean methodologies has allowed us to achieve at 90% of the time an average immigration queue time of 10 minutes for departure and 15 minutes for arrival, and reducing the number of passengers that need to be re-screened at security checkpoints from 40% to 10%, thus making the process faster.

6 GUEST PERSONAS

Budget Traveller

- Comfortable waiting areas
- Free WiFi, plug points
- Friendly-staff
- Promotion and deals



Persona's specific pain points

- Insufficient luggage allowances
- Uncomfortable with authorities
- Missing out on promotions and discounts
- Constant repetition of airport announcements

Demanding Elite

- Being served
- High-end lounges
- Priority lanes, premium services
- Branded shops and F&B



Persona's specific pain points

- Lack of attention
- Average quality products and services
- No luxury brands

Emotional Traveller

- Unique experiences
- Easy access and convenience
- Comfortable and quiet zones
- Affordable food options



Persona's specific pain points

- Does not like cold environment and stern faces
- Pushy and crowded queues

Active Explorer

- Unique experiences
- Sharing experiences
- Interacting with people



Persona's specific pain points

- Lack of people to engage with
- No activities to do

Chair Warmer

- Easy access and convenience
- Comfortable and quiet zones
- WiFi, charging zones
- Hygienic toilets



Persona's specific pain points

- Uncomfortable interacting with people
- Bustling noise
- Long walking distance & stressful journey

Efficient Expert

- Efficient processes
- Saving time



Persona's specific pain points

- Long waiting time
- Slow processes



Scan here for the Guest Persona Video

MANAGEMENT DISCUSSION & ANALYSIS

We also continued the refurbishment of washrooms at KUL. So far, a total of 131 units out of 225 washrooms have been refurbished and the remaining 94 will be completed by 2020. For our efforts in ensuring high service level for washroom cleanliness we have been recognised at both national and international levels when we were awarded the ASEAN Public Toilet Standard award by ASEAN Tourism for setting the highest standards for a public infrastructure in Malaysia and *Tandas Bersih Bangunan Terminal* by the Ministry of Housing and Local Government.

As mentioned, we consider all stakeholders to be our guests. As such, improvement initiatives also include enhancing the experience of our airline partners. In 2018, we initiated the ground breaking for the

construction of a dedicated crew processing centre at klia2. This facility aims to optimise operational efficiency, improve turnaround time and on-time performance for airlines operating at klia2. This facility will enable departing airlines crew to reduce the time taken to reach the boarding gates by bypassing the terminal building and undergoing customs and immigration clearance at the centre. Time savings will be up to 66% for domestic flights and more than 40% for international flights. The centre is expected to be operational by May 2019.

Outlook and Future Strategies

Becoming a Best-in-Class Hub

The outlook for our airport services segment remains positive given the continued growth in international

tourist arrivals. According to IATA, global passenger growth forecast from 2016 to 2036 for the Asia Pacific region is expected to be at 4.6%, third highest after Africa and the Middle East. Malaysia Airports will continue to benefit in the long-run from the healthy air traffic growth trend supported by Malaysia's inherent strengths and competitive advantage which include an increasing middle class population, a strategic location within ASEAN, strong network connectivity, and low base for airlines operations.

Essentially, the aspiration remains to realise the vast potential of KUL to become a best-in-class hub. Hubs are airports which are used by one or more airlines to concentrate their passenger traffic and flight operations. They form part of the hub



Free wheelchairs and baby strollers in klia2

and spokes system where they serve as stop-over points to get passengers to their final destinations. Features of a good hub include a good mix of full service and low-cost carriers, high international flight frequencies, many international destinations, high international capacity, and excellent airport facilities and services. Strong global hubs typically have a high transfer passenger market share and are dominated by full-service carriers because of their strong long and medium/short haul connectivity.

From an infrastructure and capacity perspective, KUL has ample capacity with its combined terminal capacity of 75 mppa and three independent runway system. The completion of the new KL Air Traffic Control Centre (KL ATCC), expected to be operational in 2020, will allow KUL to handle up to 108 flight movements per hour from the present 78 per hour.

Our moving forward strategy include achieving a much shorter minimum connecting time (MCT) through interlining between the two terminals and improving the airline and transfer passenger mix. While more effort will be put in improving the connectivity between Malaysia and Europe. We will continue to work closely with Asian players given our proximity and the cultural similarities. This includes China, India and ASEAN which, given the burgeoning growth of their middle class with increased affluence and propensity for air travel, represents a huge market for us.

On top of this, we will continue to offer appropriate airline support programmes to facilitate growth, and collaborate with stakeholders such as tourism bodies and related parties through joint missions and joint marketing programmes.

Another key area that will be looked into is infrastructure and asset upgrade. As mentioned, in 2019, we will be following through on our Runway Sustainability Master Plan with a planned closure of Runway 3 in August. We have also initiated much needed plans to upgrade our 20-year old Baggage Handling System (BHS) that will improve efficiency and security. With the rapid passenger growth, the ageing Aerotrain service that has been in operation since 1998, has also exceeded its capacity and as such is a matter of priority in 2019. We are working on implementing Predictive Maintenance via IoT solutions in 2019 which will allow real time monitoring and give us the ability to detect any deviation and faults in the people-mover systems and BHS prior to any breakdowns.

Having seen the benefits and potential of BDA, we will continue to invest in such technology. Ultimately, the Group remains on track for the development of a roadmap towards the realisation of Airports 4.0.

We remain cognisant that technology may also bring risks and uncertainties. Other technology-related investments include upgrading infrastructure to mitigate cyber threats and to

meet growing business demands, to ensure compliance with QoS and more. Among other things, Malaysia Airports has engaged CyberSecurity Malaysia to develop a high-level strategic roadmap that will enable the Group to further strengthen its cybersecurity capabilities and maturity levels.

AIRPORT SERVICES – NON-AERONAUTICAL BUSINESS

Overview

Non-aeronautical revenue is derived from rental and other commercial activities, as well as duty free, and non-dutiable goods for the Group. On the back of growing passenger movements, in FY2018, Malaysia Airports saw non-aeronautical revenue from our Malaysia operations rise to RM1,618.0 million, a 1.9% increase year-on-year (FY2017: RM1,588.3 million). Sales per passenger (SPP) stood at RM27.80 with the highest recorded for KUL at RM37.5. The two terminals in KUL posted SPP of RM46.7 and RM29.3, at KLIA Main and klia2 respectively. Two international airports, namely BKI and KCH registered double digit sales growth of 17.7% and 11.9% respectively.

KUL is still lagging behind in terms of SPP when compared to peer airports within the region. Their average SPP stands at twice or thrice that of KUL despite equivalent or smaller total retail space at the airport. This is mostly attributed to retail mix and

MANAGEMENT DISCUSSION & ANALYSIS

lack of effective retail space zoning. This is why we have made the crucial decision to embark on a commercial reset strategy with the objectives of improving retail mix by introducing new brands, and reformatting the retail layout to maximise footfalls. The commercial reset has the ultimate aim of facilitating the growth of our retail partners and thus optimising revenue from rental yield for Malaysia Airports. The commercial reset will also focus on exploring more attractive leasing strategy in order to induce tenants to make the required investments, as well as leveraging technology to capitalise on the growing trend of online shopping.

In 2018, we started to implement initiatives that will raise the retail profile at our airports. They include the creation of 'retail-tainment' zones, the introduction of first-to-airport experiences, the curation of a 'sense of Malaysia' at the airport, and implementing digital innovations.

Commercial Reset

Creation of 'Retail-tainment' Zones

In 2018, we brought a novel concept to KUL by creating five new 'retail-tainment' zones. This concept goes beyond traditional passive retail formats, and encourages brands to inject experiential marketing experiences so as to induce impulse purchases.

We are happy to report that many premium brands were quick to jump on board in creating this concept at KUL. Brands such as Parfums Christian

Dior and Innisfree offered airport guests complimentary makeover sessions while they were waiting for their flights. The Hershey Company, on the other hand, introduced a mobile flotilla buggy that goes to the customers instead of waiting for them to walk into the outlet. Meanwhile, Atelier Cologne allows airport guests to explore their senses through sight, smell and touch.

Introduction of 'First-to-Airport' Experiences

The creation of the 'retail-tainment' zones has also allowed us to introduce several 'first-to-airport' experiences'. Parfums Christian Dior opened its first ever Dior Backstage pop-up stores in a South East Asian Airport. Similarly, Atelier Cologne's pop-up store is also the first of its kind in a South East Asian airport. The Hershey Company's mobile flotilla buggy is their first mobile retail concept in the world.

Meanwhile, at LGK, the first of our international airports to fully benefit from the commercial reset implementation has also introduced 'first-to-airport' or 'first-to-Langkawi' brands at the newly refurbished airport. Costa Coffee's first full-fledged café and Langkawi's first and only Burger King outlets are now in operation at LGK. With the inclusion of several major food and beverage brands, LGK has emerged as a go-to dining destination in Langkawi and has already improved by a 20% upside in real estate value from the benchmarked rate.

Curation of a 'Sense of Malaysia' at the Airport

In 2018, we continued to leverage on the vibrance and dynamism of Malaysian culture to showcase Malaysian hospitality at our airports. This is imperative as airports often deliver that all-important first impression of a country. We started embarking on creating authentic experiences by introducing a local ambience at Anjung Malaysia in KLIA Main terminal. The entire area was transformed to reflect local cultural nuances anchored on the theme of nostalgia. Since then, Anjung Malaysia has served as a placemaker to local architecture, products and cuisine at the airport.

We followed this through with a collaboration with the Malaysian Design Development Centre (DDEC). Two Malaysian experiences were curated at KUL. The first was the KuehKita campaign, which showcased a collection of modern and traditional Malaysian cookies and snacks in conjunction with the Hari Raya Aidilfitri celebration. The second was the Himpun campaign during the Merdeka and Malaysia Day month. The campaign sought to organise a curated event highlighting the best, the unique and the creative side of Malaysians through the many faces, talents, brands and products that are proudly made by Malaysians.

Implementing Digital Innovations

Our commercial reset strategy also takes into account the move towards Airports 4.0 where digitalisation of the

airport environment plays a large part in improving the retail experience. We had begun in 2017 to work with various mobile payment platform providers to provide this convenience to our guests. In 2018, KCH was the first of our airports to go truly cashless with launch of Digi's mobile payment app vcash. In ensuring the success of the initiative, Digi has also equipped KCH with high speed WiFi connection. Apart from vcash, there are currently five other mobile payment platforms on offer at our airports i.e. Alipay, WeChat Pay, Boost, and Samsung Pay.

Promoting Culinary Delights

Among the many attractions Malaysia has to offer is the diverse culinary delights available in the country

and the importance of F&B as a place-making factor that attracts people cannot be denied. Based on this premise, we have continued to leverage food as a strategic component of our efforts in raising the profile of the airport.

Throughout 2018, we continued to hold F&B-related campaigns and initiatives, a major one being the KULinary campaign. Now in its third consecutive year, Malaysia Airport's KULinary Top Food Outlet Award 2018 continued to gain traction and prominence. The event received strong interest from participating outlets and competition is intensifying as they vie to be ranked among the top 20 for each year. In 2018, a new category, Judges Choice award was introduced.

We had collaborated with Fried Chillies, a leading, independent online food media company to conduct anonymous reviews of more than 100 food outlets at both terminals in KUL. The criteria for evaluation comprised food quality, as well as service levels, overall restaurant ambience and total dining experience. In line with enhancing the airport experience for guests, we also held the 'Weekend Bites' food sampling session which featured top dishes from the top 20 KULinary restaurants.

We also participated in Taste MIGF 2018, a two-day gastronomical extravaganza. During the event, we featured three of our restaurants - Bumbu Desa, Fukuya and Grandmama's - under the banner



Kueh Kita Campaign at KUL

MANAGEMENT DISCUSSION & ANALYSIS



KULinary Campaign at KLIA

of 'Taste of Malaysia Airports'. Another interesting initiative was the introduction of 'mobile food' where our own brand, Eraman, introduced two coffee pushcarts and a food buggy service. The mobile food buggy offers cold and hot drinks, pastries and snacks for the convenience of airport guests at KLIA Main terminal from 7am to 11pm daily.

Duty-Free and Non-Dutiable Goods

Revenue from this business segment is solely derived from our fully-owned subsidiary Malaysia Airports (Niaga) or better known by its brand name Eraman. It is the largest travel retail and duty-free brand in Malaysia, operating 38 retail and 14 F&B outlets

in all five of our international airports and one domestic airport i.e. Labuan Airport (LBU).

In FY2018, revenue for this segment declined by 2.6% to RM834.2 million (FY2017:856.3 million) due to lower than forecast passenger traffic growth. Perfumes and Cosmetics registered the highest jump in revenue at 8.0% mainly due to its popularity among passengers from the North East Asia sector. F&B also recorded a positive jump as a result of new initiatives in setting up mobile kiosks and food buggy service at various locations in KLIA Main terminal.

In line with the commercial reset implementation, Eraman has also

embarked on plans for the brand to undergo a refresh with strong focus on improving retail mix and introducing new retail formats. Highlights in 2018 include the opening of dedicated monogram concept boutiques under the Perfumes and Cosmetics category. This trinity collaboration between Eraman, Malaysia Airports and the Estee Lauder Group had resulted in famous brands namely M.A.C, La Mer, Tom Ford and Jo Malone becoming part of the Eraman family, offering perfumes, skin care and cosmetics in BKI.

On top of this, Eraman set another milestone by opening three new dedicated Perfumes and Cosmetics boutique concept stores with leading

beauty houses namely M.A.C, Jo Malone and Gucci at KUL to cater to the ever-increasing demand from passengers, especially those from China. This Gucci boutique concept store is the first airport boutique concept store in South East Asia.

Another important highlight during the year was three of Eraman's own F&B outlets being awarded the KULinary Dining Choice Awards. They were Bibik Heritage at klia2, Mamak Kandaq Rice Penang and Pantai Timur at Food Garden KLIA Main terminal.

Rewarding Shopping Experience

Augmenting our commercial reset and in support of our tenants, 2018 saw Malaysia Airports continue to launch a series of exciting contests and other branding and marketing activities with the intention of encouraging customer spending. More importantly, these initiatives also add to the overall ambience and continue to shift mindsets that airports can be go-to destinations by themselves.

The first was the 'Licence to Win' shopping campaign which coincided with KUL's 20th Anniversary. This year, more lucrative prizes were offered to entice even more participants. They include a grand prize of an Aston Martin DB11 with 2X Malaysia Airlines business class return tickets to London and an exclusive tour of the Aston Martin factory. Other prizes included luxurious holiday packages and business class tickets to exciting holiday destinations. The campaign

had also received the Silver Award at the 2018 Promotions Marketing Awards Asia, Dragons of Asia under the category of Malaysia Best Marketing Discipline Campaign.

The second shopping campaign was the Eraman Shopping Extravaganza #25AmazingYears Contest. The four-month long contest offered prizes totalling RM1.2 million and attracted over 200,000 entries with participants coming from Malaysia, China, India, Indonesia, and Vietnam. During the period, the highest average value per entry was RM754, with the month of October recording the highest monthly sales of over RM65 million.

Eraman had also partnered with Maybank to launch the 'Prosperous Rebate at Eraman Malaysia 2018' in conjunction with the Chinese New Year celebrations. The campaign rewarded the first 5,000 Maybank card members from Malaysia, Singapore, Indonesia and Philippines with a one-off cash rebate worth RM50 when they spent a minimum of RM500 at Eraman outlets in KUL. This tactical campaign alone recorded an average increase of 45% year-on-year sales growth in the months of February and March 2018.

Outlook and Future Strategies

In the past decade, the role and purpose as well as operations of airports have evolved considerably due to a wide range of factors. These include but are not limited to ground-breaking technologies, the advent of Industry 4.0 and digitalisation,

heightened aviation security, and the change in typology of today's modern traveller.

All of these factors have invariably contributed to increased air travel and with that higher passenger movements. However, from a commercial or retail perspective, there is a diverging trend as while traffic continues to increase, it does not necessarily by default translate into increased retail spend. The impact of competition from online retail and a structural change in consumer preferences away from traditional retail areas continues to put pressure on retail spending at airports despite increasing passenger movement.

As such, we will continue to adapt and expand to tap pockets of consumer spending where growth is still holding up well. These are the F&B, high-street fashions and travel retail exclusives segments.

With research showing up to 70% of travellers preferring digital channels, a strong online presence is key to successful sales conversion. By creating a digital marketplace, airports can offer their customers personalised products and services and thus develop long-term customer loyalty.

Moving forward, Malaysia Airports will continue to explore the unique challenges and opportunities arising from digital activities and off-airport retail. The increasing digitalisation of passenger retail activities as well as the presence of off-airport

MANAGEMENT DISCUSSION & ANALYSIS

duty free stores has to some extent, impacted the dynamics of shopping at some airports, especially for those passengers who make planned purchases. The impulse-shopping passengers, many of whom are first-time travellers will also be the key target.

The key challenges for us would be in achieving a fine balance between understanding travellers' needs and expectations whilst executing the commercial reset implementation, airport expansion projects, complying with regulatory requirements, meeting the expectation of stakeholders, countering restrictions on duty-free allowances and modern passenger's typology changes.

The digital transformation is complex, encompassing the entire airport value chain and relying on multiple technologies. Hence, understanding the passenger and operations journey is key to grasping the potential of digital change as we explore to expand in and off-airport retail offerings in the 21st century marketplace. Ultimately, the multi-airport situation can lead to the development of a dominant e-commerce travel platform.

The klia2 integrated complex had begun with its 'airport-in-a-mall' concept, housing an array of favourite retail and lifestyle solutions to the passengers and the surrounding community. It not only acts as a transportation hub, but also complements the retail experience for visitors by offering products and brands targeting the upper middle

class. The whole KUL airport system and Mitsui Outlet Park KLIA Sepang (MOP) currently forms a strategic shopping destination within the KLIA Aeropolis airport city, and offers differing segmentations to suit different classes of visitors.

As we move forward with Airports 4.0, there is also opportunity to develop new monetisation streams, which supports our goal of driving non-aeronautical revenue.

NON-AIRPORT OPERATIONS

HOTEL

Overview

The Group's hotel activities consist of both operations in Malaysia and Turkey. Group revenue from this segment dropped by 4% to RM99.0 million (FY2017: RM103.2 million) with Malaysia operations contributing RM90.2 million (FY2017: RM94.5 million) and Turkey operations contributing RM8.8 million (FY2017: RM8.7 million). The Malaysia operations comprise managing three hotel properties and one airport service, while the Turkey operations manages one hotel property.

Revenue for the Malaysia operations is derived from the subsidiary KL Airport Hotel (KLAH) or better known by its brand name Sama-Sama Hotel. In addition to the five-star Sama-

Sama Hotel KL International Airport and two transit hotels under the same brand at KUL, the subsidiary also operates the Airport Fast Track service. Currently available at KLIA Main terminal, this is a premium kerbside-to-gate service that offers departing and arriving passengers the option to access fast track lanes for check-in, customs and immigration, transportation services, as well as buggy and concierge services.

Competition remains intense in the hospitality segment as Malaysia continues to face an excess supply of hotel rooms. Growth in hotel rooms continues to outpace growth of hotel guests. For the 2010-2016 period, the number of hotel guests grew at a compound annual growth rate of 5.3% versus hotel room supply at 12.5%. The situation was exacerbated by the presence of Airbnb and similar operators, which compete for a growing but limited number of guests. Data from market analytics firm AirDNA indicate that the number of Airbnb listings in Malaysia has been increasing.

However, the vast majority of hotels and rooms are centred in the city centre with little offerings close to KUL. Hence, our hospitality components retain a competitive niche given its close proximity to the airport and also gain benefit from excellent connectivity to the city centre and surrounding areas.

In FY2018, although there was a slight decline in revenue, Sama-Sama registered improved operating

profit growing 1.5% year-on-year to RM37.3 million, as well as improved EBITDA of 0.5% year-on-year to RM25.6 million.

Sama-Sama registered an improved operating profit growth of 1.5% year-on-year to RM37.2 million, however EBITDA falls short by 5.4% year-on-year to RM24 million. The shortfall in revenue was among others, contributed by the discontinuation of the Malaysian Grand Prix Formula One Championship at Sepang International Circuit.

During the year under review, our hotel operations clinched several local and international awards for outstanding service standards and hospitality. These included the prestigious Haute Grandeur Global Hotel Awards where Sama-Sama was selected as the Best Airport Hotel – Malaysia 2018 and Best Business Hotel – Malaysia 2018. Sama-Sama was also selected as winner of the Best Luxury Airport Hotel – South East Asia category in the 2018 World Luxury Hotel Awards.

Sama-Sama Express KLIA and Sama-Sama Express klia2 also clinched awards. The former was voted Best Airside Transit Hotel – Asia while the latter was judged the winner for the Best Eco/Green Hotel – South East Asia category.

Outlook and Future Strategies

We foresee the hospitality market to continue seeing an excess of room supply in 2019, given the rising number of hotels coming into the market.



Airbnb and similar operators are also increasing their room inventories.

However, given the advantageous location of our hotels and our excellent service levels and hospitality afforded to guests, we are quietly confident that our hotels will continue to see strong occupancy rates going forward. Coupled with the growing popularity of our Fast Track Service, we believe the future remains positive for our Hotel business segment.

PROJECT & REPAIR MAINTENANCE OPERATIONS

Overview

Revenue for this business segment comes from our Malaysia and Qatar operations. In FY2018, revenue rose by 4.5% to RM162.2 million (FY2017: 155.2) with Qatar operations

representing about 90% of the revenue stream. Qatar operations registered revenue of RM149.1 million (FY2017: RM137.6 million), growing by 8.4%. Meanwhile revenue from the Malaysia operations declined by 26.0% to RM13.1 million (FY2017: RM17.7 million).

Revenue for Malaysia operations is derived from two subsidiaries, Malaysia Airports Consultancy Services (MACS) and Urusan Teknologi Wawasan (UTW). MACS has continued to distinguish itself as a flagbearer for Malaysia Airports and Malaysian aviation by providing world-class airport operations and management consultancy services. In 2018, MACS was appointed as a Consultant to manage the ACI ASQ Benchmarking programme for KUL, and PEN. It also continued to provide consultancy services to BKI, KCH, LGK and SZB for their ACSPP programme. The ACSPP is a precursor programme for airports in Malaysia prior to scaling up to the ACI ASQ Benchmarking programme.

MANAGEMENT DISCUSSION & ANALYSIS

UTW is an asset and facility management services provider and provides consultancy and advisory services to KUL, PEN, SZB, KLCC Twin Towers & Tower 3, Masjid As-Syakirin KLCC, Maxis Tower, Exxon Mobil, Sepang International Circuit, Airbus Helicopters Malaysia, MOP, Port of Tanjung Pelepas and Persada Plus. In 2018, UTW became the first and only facilities management company to be awarded the 5-star SCORE rating by the Construction Industry Development Board (CIDB) Malaysia.

Revenue from our Qatar operations comes from our facilities management business in Hamad International Airport (DOH) in Doha. In 2018, our subsidiary, MACS Middle East (ME) was awarded a nine-month extension of the existing contract up to December 2018 to provide comprehensive facilities maintenance services, interim security services and custodial and janitorial services. The contract extension was valued at QAR3.4 million. The said contract was further extended for another nine months to September 2019 and was valued at QAR3.7 million.

MACS ME had also bagged the contract for the provision of a radio frequency identification system (RFID) to track suspicious baggage at DOH whereby a state-of-the-art system was deployed. Beyond the basic administration functions of tag registration and report generation, the deployed system also allowed for real-

time monitoring, tag reconciliation, dashboards and integration with the existing BHS to allow accurate matching of the suspicious baggage with the passenger details. Having deployed the system, MACS ME also secured an additional QAR11.3 million contract for equipment supply and maintenance support for the implemented baggage tracking system.

Outlook and Future Strategies

Going forward, MACS will continue to pursue long-term growth. This entails securing new projects from existing clients within the regions it presently operates in; while seeking new clients and expanding into new regions. Primarily, the focus is on smaller airports with 5 mppa capacity or below located across South East Asia, India, Middle East and North Africa.

Business development will be facilitated by working with potential customers and stakeholders for quicker entry into new markets. We may also initiate joint ventures with local partners to facilitate a smoother market entry and a shorter learning curve. With its focus on projects that generate fast and recurring income, coupled with its strong project management capabilities and good rapport with stakeholders, MACS is cautiously optimistic of securing additional projects in the upcoming financial year.

AGRICULTURE AND HORTICULTURE

The Group's agriculture operations comes under the purview of ISO9001:2015 certified subsidiary, MAB Agriculture-Horticulture (MAAH). MAAH is primarily focused on the cultivation and management of mature oil palm (5,972.6 hectares), and coconut (126.8 hectares) plantations as well as undertaking landscape activities at KUL (896.4 hectares).

MAAH also manages 673.7 hectares of immature oil palm areas ranging from plantings made between 2013 and 2015 which accounts for 10.1% of the total oil palm area of 6,646.3 hectares, spread across the 10km X 10km area surrounding KUL, Sibul, Miri and Bintulu. Beyond providing a recurring revenue stream, these green areas serve to mitigate the effects of noise pollution as well as provides an aesthetically pleasing view of the surrounding area. In 2018, sales of oil palm fresh fruit bunches accounted for 98.9% of total from agriculture operations whilst coconut and landscape activities constituted the remaining 1.1%. Revenue for this business segment for the year under review declined by 21.2% to RM30.1 million (FY2017: RM38.2 million). Nevertheless, MAAH expects to make a positive contribution to the overall Group revenue in 2019, given higher yield projected and improvement in crude palm oil (CPO) prices.

UNLOCKING VALUE VIA AEROPOLIS

The development of Aeropolis is focused on three core clusters i.e. Aerospace & Aviation, Air Cargo & Logistics, and MICE & Leisure.

Aerospace & Aviation

The development of the Aerospace & Aviation cluster happens mainly in Subang at the present moment due to the existing mature aerospace ecosystem. This is done under the Subang Airport Regeneration initiative which is expected to have a spill over effect into KLIA Aeropolis.

Subang Airport Regeneration Initiative

This initiative aims to transform Subang into a vibrant city airport that serves as a hub for business aviation replete with a comprehensive aerospace ecosystem and is in line with the Malaysia Aerospace Industry Blueprint 2030. Following this, in 2018, Malaysia Airports (Subang) (MA Subang) was incorporated as a full subsidiary to drive the regeneration initiative.

In tandem with the initiative, the development of the Subang Aerotech Park continues apace and is poised to emerge as Malaysia's and potentially South East Asia's leading industrial aviation park. Within the next five

years, it is expected to attract over RM1 billion in foreign and domestic investments while creating over 5,000 jobs. In 2018, it achieved its first significant milestone with the entry of Senior Aerospace UPECA, an international manufacturer of high technology components and systems, who will have a built-to-suit manufacturing plant and office facility to serve its global supply chain. This 179,000sqft facility will be fully equipped with state-of-the-art automation technology in aerospace manufacturing and developed by Axis-REIT, Malaysia's first and largest Islamic Business Space and Industrial Real Estate Investment Trust (REIT).



Artist impression of Airport Central under KLIA Aeropolis development

Scan here for the
KLIA Aeropolis video

MANAGEMENT DISCUSSION & ANALYSIS



Spirit Aerosystems at Subang Airport

During the year, Boustead Projects from Singapore has also agreed to co-invest with Malaysia Airports for the overall development of Subang Aerotech Park. The partnership is based on a unique built-to-suit lease back model which will offer customised, high grade industrial facilities to end tenants specialising in high value, high tech manufacturing and component MRO.

In realising the vision, we have also entered into several agreements and formalised understanding with relevant parties such as with the Asian Business Aviation Association (AsBAA) to tap on the knowledge, skills and experience of its 150 members across the region, MARA Corporation for the development of aviation-based human capital, Malaysian Investment Development Authority (MIDA) to facilitate foreign direct investments into Malaysia,

DAHER for the provision of logistics supply chain solution and management, and Execujet Aviation develop a business aviation maintenance, repair, operations (MRO) facility.

Air Cargo & Logistics

As mentioned earlier in this statement, the air cargo & logistics cluster is progressing very well in KUL, especially with the complete leasing of KACT 1 by three major tenants and the ongoing development of the KLIA Aeropolis DFTZ Park.

KLIA Aeropolis DFTZ Park

In 2017, Malaysia Airports together with Cainiao Network, the logistics arm of the Alibaba group came together to realise Cainiao's first regional e-Commerce world trade platform (WTP) hub outside of China. This had

resulted in KLIA Aeropolis emerging as a leading e-commerce trans-shipment regional hub. In 2018, the Shareholders' Agreement entered between Cainiao HK and MA eLogistics came into effect, with both parties completing their subscription of shares in the joint-venture (JV) company, Cainiao KLIA Aeropolis at 70% and 30% respectively. KLIA Aeropolis Park will be developed by the JV company on a 60-acre site within KLIA Aeropolis. The Malaysia eWTP hub will be one of the six global logistics hubs of Cainiao Network with a target of 72-hour delivery worldwide at affordable cost. Further air cargo & logistics development will be to cater to an increasing demand for Tier 2 and 3 warehousing. Following this, in 2019, we aim to conduct continuous engagements with multinational companies intending to set up distribution centres and conduct more go-to-market request for proposals by 2020.

MICE & Leisure

The development for the MICE & Leisure cluster was kicked-started with the development and subsequent opening of Mitsui Outlet Park KLIA Sepang (MOP) in 2016.

Mitsui Outlet Park KLIA Sepang

Set to be the largest outlet shopping mall in South East Asia upon the completion of its final phase (Phase 3), MOP completed its Phase 2 development in 2018. Phase 2 offers additional retail stores and outlets to expand the total number of retail operators including services, restaurant, fashion and other lifestyle stores to over 200. With the opening of Phase 2, MOP now measures a total gross floor area of 56,530 sqm – an increase of 16,530 sqm which could accommodate 70 new stores over 9,800 sqm of commercial space. Phase 2 also added 420 parking bays to provide a total of 2,520 parking bays for visitors.

EXPANDING AND DIVERSIFYING VIA INTERNATIONAL

Given our successful entry into Turkey and Qatar, we continue to seek opportunities to bring the Malaysia Airports brand to new shores – lending our proven expertise and experience to others, particularly in the regions we operate in.

Our unique advantage is that we have a diverse range of expertise from operating large international airports to remote STOLports. Beyond airports, we have a wealth of experience and proven capabilities in facilities and asset management for the aviation sector. The focus now is to further tap our expertise to venture forward into the growing international aviation business.

Our strategy would be to leverage on our existing presence overseas, which is in the Middle East and Turkey. In Turkey, we will continue to enhance our operations in SAW to achieve profit sustainability. SAW was a long-term, strategic play that has enabled the Group to gain a foothold in the lucrative European airport and aviation sectors, while growing our profile and brand name in the region. Hence, it is imperative we continue to invest and build on the good work achieved through SAW thus far.

In driving the development of our international business, the Group has established, MA International (MAI) to facilitate the expansion and diversification of our operations including addressing funding and management of our overseas airport assets.

FORWARD LOOKING STATEMENT

We foresee the external environment in 2019 to remain fluid and eventful with many challenges emerging for

all players in the aviation sector. Competition across the region is expected to intensify. In its October 2018 forecast, International Monetary Fund (IMF) has projected a lower 3.7% global growth in 2019 as compared to a higher 3.9% forecast previously. IMF had also revised Malaysia's economic growth downward to 4.6% for 2019 from an earlier forecast of 5.0%. 2019 may also see continued sluggish gross domestic product (GDP) growth. The Malaysian Institute of Economic Research (MIER) had revised down 2018 GDP to 4.7% from 5.5%.

China and several Asian economies are projected to experience somewhat weaker growth in 2019 in the aftermath of the United States of America's announcement of more restricted trade measures. A plus point for the aviation industry is the lower fuel (Brent crude) price which has come down by 30% and expected to remain relatively low for 2019. Nevertheless, traffic growth is expected to remain vulnerable with significant changes in the macro-economic environment despite the lower fuel price expected.

International Air Transport Association (IATA) has predicted a lower passenger demand in 2019 and immediate years. IATA has forecasted global scheduled passenger traffic growth for 2019 to be in the range of 6.0%. Meanwhile ACI global forecast which is based on airport passenger movements is slightly higher at 6.1%. Based on prevailing economic conditions and the airlines seat capacity offered, passenger traffic

MANAGEMENT DISCUSSION & ANALYSIS

for Malaysia in 2019 is expected to grow by 4.9% with international and domestic passenger traffic growing at 2.4% and 7.6% respectively.

Tourism support activities will be necessary to move the numbers in a maturing traffic. Tourist arrival target for 2019 has been revised down to 28.1 million from an earlier forecast of 34.5 million. However, this still is a significant increase of 8.9% from 25.8 million tourist arrivals in 2018. Malaysia retains its attractiveness as a tourist destination as well as a strategic location for investment and MICE related events. The recent announcement made to extend the visa exemptions for China and India tourists to December 2019 is expected would help support continued traffic growth.

For our overseas operations, passenger growth prospect for SAW in 2019 is expected to be moderate at 4.3%. The international and domestic passenger movements are expected to grow by 5.2% and 3.8% respectively. The growth focus for SAW will be within the Middle East, Commonwealth of Independent State (CIS) and Central Eastern Europe (CEE) regions which is currently underserved from SAW. The moderate growth is also partly due to capacity limitations pending the opening of the second runway.

We draw confidence from our innate strengths. Malaysia Airports has distinct positives which include our strategic geographic location, our strong value proposition through

the various support we offer our airline partners, our strong track record for safety and security, and a strong global branding. In terms of connectivity, we have an excellent hub and spokes model that puts travellers to Malaysia within easy reach to myriad of destinations across the world, let alone Asia.

Internally, we must continue to achieve greater operational integration towards unlocking synergy. Malaysia Airports requires a broader knowledge spectrum. There must be continued cross-sharing of ideas and knowledge with more inter-departmental work teams emerging to the fore. We are cognisant that these are some of the challenges we face but we are also inspired by these challenges as opportunities for betterment. In short, we will continue to strive to create a conducive environment for innovation and new ideas, to expand our knowledge base and to reduce bureaucracies and expedite decision-making processes.

Our greatest strength lies in the path we have charted for ourselves. Our corporate strategy, reflected in our Strategy House provides us with the impetus to progress forward. The new business plan is expected to be launched in 2020 which will guide us through the medium and longer-term horizons.

We have strengthened our fundamentals and accelerated our pace towards charting a better future. We will also continue to emphasis

building mutually beneficial relationships with all airline partners while developing a world-class service-oriented culture.

As mentioned in the Chairman's statement, we remain in close and constant engagement with all stakeholders on the matter of the Regulatory Asset Based (RAB) framework. While the RAB is a departure from the present operating agreement (OA), we view it positively as it will allow us to earn a fair rate of return for any capital invested for airport development. It will also allow us to ensure sufficient airport capacity and high standards of facilities services is maintained. The details are being finalised and we continue to share our perspectives on the RAB to ensure that the interests of stakeholders including shareholders are well represented going forward.

A NOTE OF APPRECIATION

On behalf of the Senior Management team, I would like to take this opportunity to thank the nearly 11,000 staff all over the world who have been at the forefront of our continued growth momentum in 2018. The airport business is a people business and we express our appreciation to our countless dedicated and competent staff for the professionalism exemplified in 2018.



Departure hall at klia2 terminal

I also wish to express our sincere gratitude to the various ministries, government agencies, airline partners, retail partners, vendors and all other business partners, as well as our shareholders.

Similarly, I convey my utmost appreciation to the Board of Directors of Malaysia Airports, past and present, for their wise counsel and confidence for supporting the management towards the greater growth and success of Malaysia Airports.

Let us continue together in the pursuit of continued excellence and greater achievements as we navigate the challenges and embrace the opportunities that awaits us all in 2019.

RAJA AZMI RAJA NAZUDDIN
GROUP CHIEF EXECUTIVE OFFICER

IATA Airport Codes:

KUL - KL International Airport
BKI - Kota Kinabalu International Airport
KCH - Kuching International Airport
LGK - Langkawi International Airport
PEN - Penang International Airport
IPH - Ipoh Airport
KBR - Kota Bharu Airport
KUA - Kuantan Airport
LBU - Labuan Airport
MKZ - Melaka Airport
SZB - Subang International Airport
SAW - Istanbul Sabiha Gokcen International Airport
DOH - Hamad International Airport

STRATEGIC PERFORMANCE

Strategic theme	Key indicators	Coverage	Future Target ¹	2018 Target	2018 Actual	2017 Actual
ST1 Best-in-class hub	Passenger traffic	Group	104.5mil	103.7mil	99.1mil	96.6mil
	Baggage Handling System (BHS) Availability	KUL	99.50%	99.50%	99.69%	99.40%
	KLIA Aerotrain availability	2 trains	98.50%	98.50%	98.11%	N/A
		1 train	99.70%	99.70%	99.90%	97.28%
ST2 World-class service levels	Achieving QoS Elements	KLIA Main	19/19	To meet each element's target that has gone live in 2018	Sep: 18/18 Oct: 18/18 Nov: 17/18 Dec: 17/18	N/A ²
		klia2	18/18		Sep: 16/16 Oct: 16/16 Nov: 16/16 Dec: 15/16	N/A ²
	Improve ASQ overall satisfaction score	KUL	4.75/5	4.72/5	4.70/5	4.65/5
		PEN	4.35/5	-	4.34/5	4.30/5
		LGK	4.66/5	-	4.64/5	4.47/5
	Improve Airport Customer Satisfaction Program (ACSP) overall satisfaction score	KCH	4.60/5	-	4.60/5	4.49/5
		BKI	4.42/5	-	4.40/5	4.48/5
ST3 Strengthening non-aero business	Commercial revenue	KLIA Main	RM504.0mil	RM515.4mil	RM503.4mil	RM465.3mil
		klia2	RM374.8mil	RM358.4mil	RM353.6mil	RM328.4mil
		MASB ³	RM210.9mil	RM186.6mil	RM190.0mil	RM189.0mil
	Non-aero revenue	Group	RM1,701.7mil	RM1,689.2mil	RM1,618.0mil	RM1,588.3mil
	Sales per pax	KLIA Main	RM45.61	RM43.70	RM43.38	RM43.56
		klia2	RM34.83	RM34.60	RM28.10	RM28.70
	Carpark revenue	KLIA and MASB	RM63.0mil	RM61.7mil	RM61.7mil	RM57.3mil
	Retail duty free revenue	MA Niaga	RM880.0mil	RM917.9mil	RM834.2mil	RM856.3mil
	Retail duty free EBITDA	MA Niaga	RM55.4mil	RM62.2mil	RM75.5mil	RM51.6mil

¹ Future targets refer to 2019 target, unless otherwise stated

² QoS first rolled out starting from September 2018

³ Other Airports in Malaysia

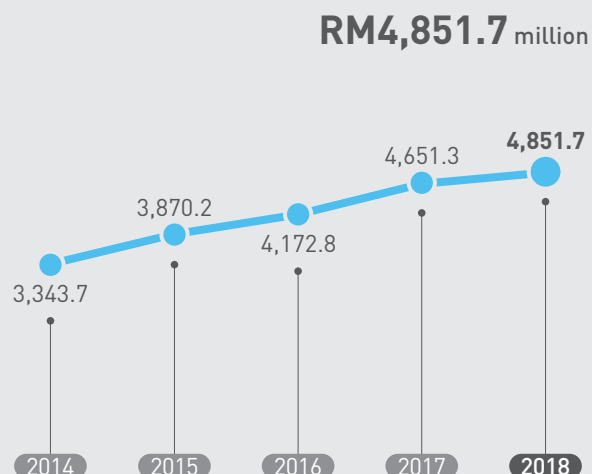
Strategic theme	Key indicators	Coverage	Future Target ¹	2018 Target	2018 Actual	2017 Actual
ST5 Expanding and diversifying through international	Passenger traffic	SAW	35.5mppa	33.6mppa	34.1mppa	31.3mppa
	Revenue	SAW	RM1,123.7mil	RM1,098.1mil	RM1,100.8mil	RM1,032.0mil
	EBITDA	SAW	RM902.6mil	RM844.8mil	RM830.7mil	RM739.9mil
EN2 Integrity, culture transformation and human capital	Anti-Bribery Management System (ABMS) Certification	Group	all subsidiaries by 2020	MA Sepang	None - MAHB and MA Sepang are scheduled for certification in 2019	N/A
	Employee engagement score	Malaysia operations	78.30%	74.00%	74.00%	74.00%
EN3 Enhancing Brand Equity (EN3)	Total PR value	Group	RM360.0mil	RM305.8mil	RM346.3mil	RM464.4mil
	CSR PR value	Group	RM55.0mil	RM16.0mil	RM35.6mil	RM10.2mil
	Brand sentiment score	Group	0.35	0.17	0.27	N/A
	Social media followers	Group	4.5mil	3.0mil	2.9mil	2.2mil

IATA Airport Codes:

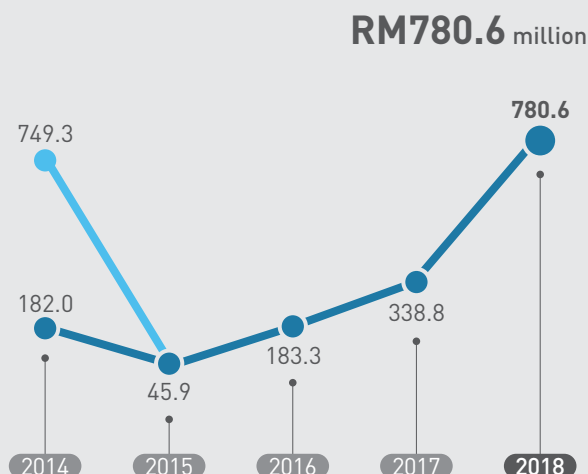
KUL - KL International Airport
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 SAW - Istanbul Sabiha Gokcen International Airport

FIVE-YEAR FINANCIAL SUMMARY

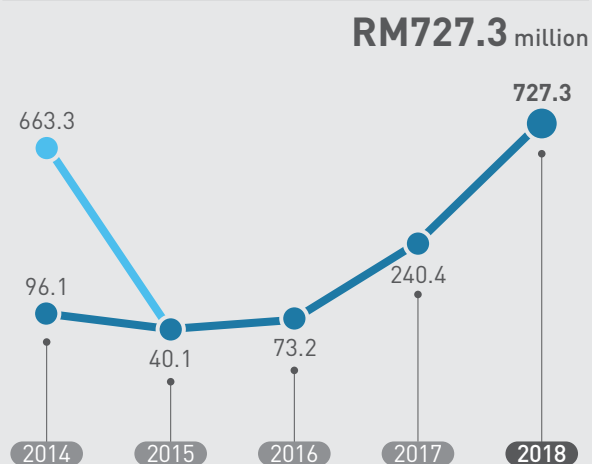
REVENUE (RM MILLION)



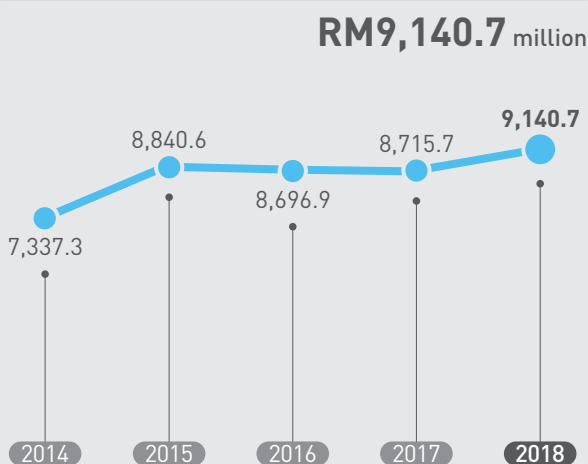
PROFIT BEFORE TAXATION (RM MILLION)



PROFIT FOR THE YEAR (RM MILLION)



TOTAL EQUITY (RM MILLION)



* Net acquisition gains in FY2014 includes gain on bargain purchase, gain arising from re-measurement of fair value of investment and impairment of goodwill totalling RM567.3 million

GROUP FIVE-YEAR SUMMARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the financial years ended 31 December

	2018	2017	2016	2015	2014
	RM Million	(Restated)* RM Million	RM Million	RM Million	RM Million
Revenue	4,851.7	4,651.3	4,172.8	3,870.2	3,343.7
Profit before tax and zakat from continuing operations	780.6	338.8	183.3	45.9	749.3
Taxation and zakat	(53.3)	(98.4)	(110.2)	(5.8)	(85.9)
Profit from continuing operations, net of tax	727.3	240.4	73.2	40.1	663.4
Loss for the year from discontinued operations, net of tax	-	-	(0.0)	(0.0)	(0.1)
Profit for the year	727.3	240.4	73.2	40.1	663.3
Profit attributable to:					
Owners of the company	727.3	239.8	70.4	40.9	663.4
Non-controlling interest	-	0.6	2.8	(0.8)	(0.1)
Profit for the year	727.3	240.4	73.2	40.1	663.3
Earnings per share attributable to equity holders of the Company (sen)					
Basic, for profit/(loss) from continued operations	40.37	10.98	0.94	(1.09)	49.10
Basic, for loss from discontinued operations	-	-	-	-	-
Basic, for profit/(loss) for the year	40.37	10.98	0.94	(1.09)	49.10

* The comparatives have been restated to effect changes for the adoption of the MFRS framework.

GROUP FIVE-YEAR SUMMARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the financial year ended 31 December

	2018	2017	2016	2015	2014
	RM Million	(Restated) RM Million	RM Million	RM Million	RM Million
ASSETS					
Non-current assets	18,010.2	18,832.0	18,698.8	19,415.3	19,285.9
Current assets	4,262.9	3,372.8	2,589.6	2,576.9	2,912.2
Asset of disposal group classified as held for disposal	-	-	0.2	0.2	0.1
Total assets	22,273.1	22,204.8	21,288.6	21,992.3	22,198.2
EQUITY					
Share capital ¹	5,114.3	5,114.3	1,659.2	1,659.2	1,374.2
Perpetual sukuk	997.8	997.8	997.8	997.8	997.8
Share premium	-	-	3,455.1	3,455.1	2,373.1
Distributable retained earnings	3,037.4	2,583.3	2,321.2	2,449.5	2,591.9
Fair value adjustment reserve	-	-	8.3	5.3	(1.9)
Hedging reserve	(24.9)	(28.6)	(37.4)	(13.5)	-
Other reserves	4.0	6.9	6.8	5.1	2.6
Foreign exchange reserve	12.0	42.0	283.8	282.8	(0.5)
	9,140.7	8,715.7	8,694.9	8,841.4	7,337.3
Non-controlling interest	-	-	2.0	(0.8)	-
Total equity	9,140.7	8,715.7	8,696.9	8,840.6	7,337.3
Non-current liabilities	10,999.7	11,262.7	10,825.9	10,927.7	11,129.7
Current liabilities	2,132.6	2,226.4	1,765.7	2,224.0	3,731.1
Total liabilities	13,132.4	13,489.1	12,591.7	13,151.7	14,860.8
Total equity and liabilities	22,273.1	22,204.8	21,288.5	21,992.3	22,198.2
Net asset per share (RM)	5.51	5.25	5.24	5.33	5.34

¹ The Group's share premium account was transferred to form part of the Group's share capital pursuant to the Companies Act 2016 which came into force on 31 January 2017

GROUP QUARTERLY PERFORMANCE

Year 2018 In RM Million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2018
Financial Performance					
Operating revenue	1,215.8	1,154.7	1,229.5	1,251.7	4,851.7
Profit before tax and zakat from continuing operations	472.7	125.6	154.8	27.5	780.6
Profit from continuing operations, net of tax	444.6	86.1	168.5	28.1	727.3
Earnings per share (sen)	25.94	4.33	9.28	0.82	40.37

Year 2017 (Restated) In RM Million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2017
Financial Performance					
Operating revenue	1,093.3	1,100.0	1,211.9	1,246.1	4,651.3
Profit before tax and zakat from continuing operations	102.9	86.2	92.4	57.4	338.8
Profit from continuing operations, net of tax	65.3	61.9	80.9	32.3	240.4
Earnings per share (sen)	3.02	2.89	4.00	1.07	10.98

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	2018 RM Million	2017 RM Million (Restated)	% Change
Revenue	4,851.7	4,651.3	4.3
Operating profit	1,496.1	1,038.8	44.0
Finance costs	(745.6)	(720.6)	3.5
Share of results of associates	12.8	5.8	121.0
Share of results of joint ventures	17.3	14.8	16.7
Profit before tax and zakat from continuing operations	780.6	338.8	130.4
Taxation and zakat	(53.3)	(98.4)	(45.9)
Profit from continuing operations, net of tax	727.3	240.4	202.6
Profit attributable to:			
Owners of the company	727.3	239.8	203.3
Non-controlling interests	-	0.6	(100.0)
	727.3	240.4	202.6
Earnings per share attributable to owners of the company (sen per share)			
- Basic, for profit from continuing operations	40.37	10.98	267.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

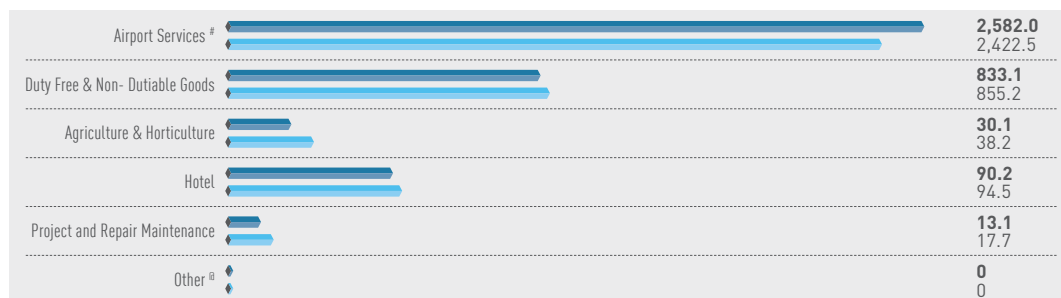
AS AT 31 DECEMBER 2018

	2018 RM Million	2017 RM Million (Restated)	% Change
Assets			
Property, plant and equipment	425.8	424.1	0.4
Investments	564.2	286.7	96.8
Intangible assets	16,765.0	17,409.6	(3.7)
Other non-current assets	255.3	711.6	(64.1)
Current assets	4,262.9	3,372.8	26.4
Asset of disposal group classified as held for disposal	-	-	-
Total assets	22,273.1	22,204.8	0.3
Equity and liabilities			
Share capital ¹	5,114.3	5,114.3	-
Perpetual sukuk	997.8	997.8	-
Distributable retained earnings	3,037.4	2,583.3	17.6
Fair value adjustment reserve	-	-	-
Hedging reserve	(24.9)	(28.6)	(12.9)
Other reserves	4.0	6.9	(42.2)
Foreign exchange reserve	12.0	42.0	(71.3)
	9,140.7	8,715.7	4.9
Non-controlling interest	-	-	-
Total equity	9,140.7	8,715.7	4.9
Non-current liabilities	10,999.7	11,262.7	(2.3)
Current liabilities	2,132.6	2,226.4	(4.2)
Total liabilities	13,132.4	13,489.1	(2.6)
Total equity and liabilities	22,273.1	22,204.8	0.3
Net asset per share (RM)	5.51	5.25	4.9
Return on assets	3.3%	1.1%	201.6

¹ The Group's share premium account was transferred to form part of the Group's share capital pursuant to the Companies Act 2016 which come into force on 31 January 2017

GROUP SEGMENTAL ANALYSIS

REVENUE 2018 RM4,851.7 MILLION

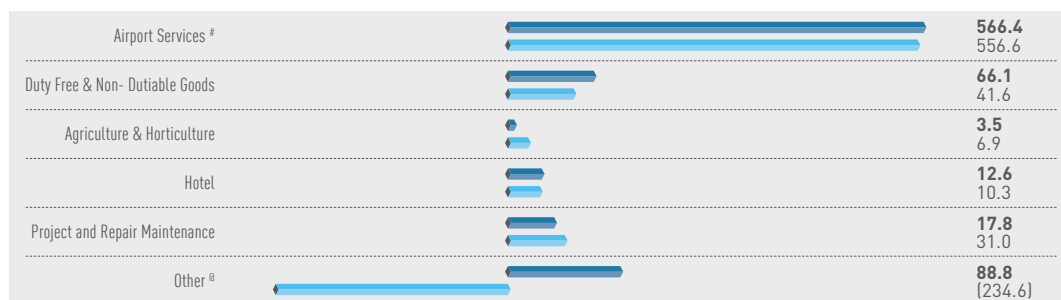


MALAYSIA

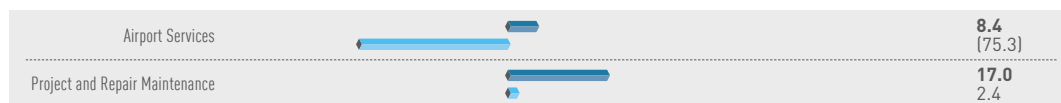


OVERSEAS

PROFIT BEFORE TAXATION 2018 RM780.6 MILLION



MALAYSIA



OVERSEAS

2018 2017

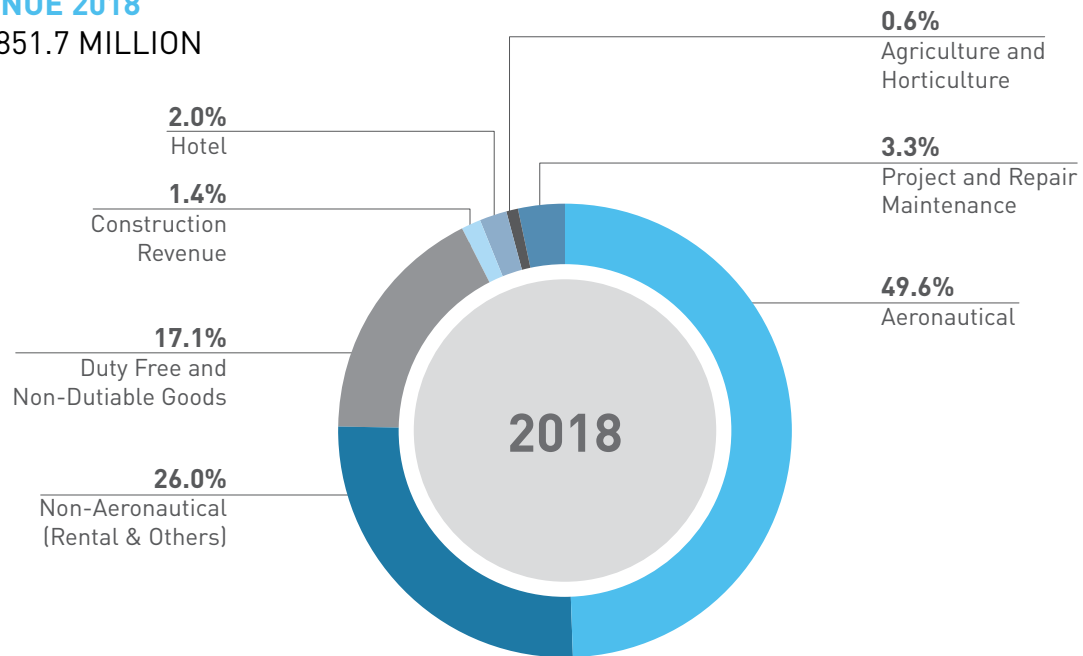
Note: The group revenue segmental analysis excludes inter-segment transactions

Airport Services revenues include IC 12 construction revenues amounting to RM65.6 million in FY2018 (FY2017: 57.9 million)

@ Other segmental profit before taxation includes inter-segment eliminations and consolidation entries

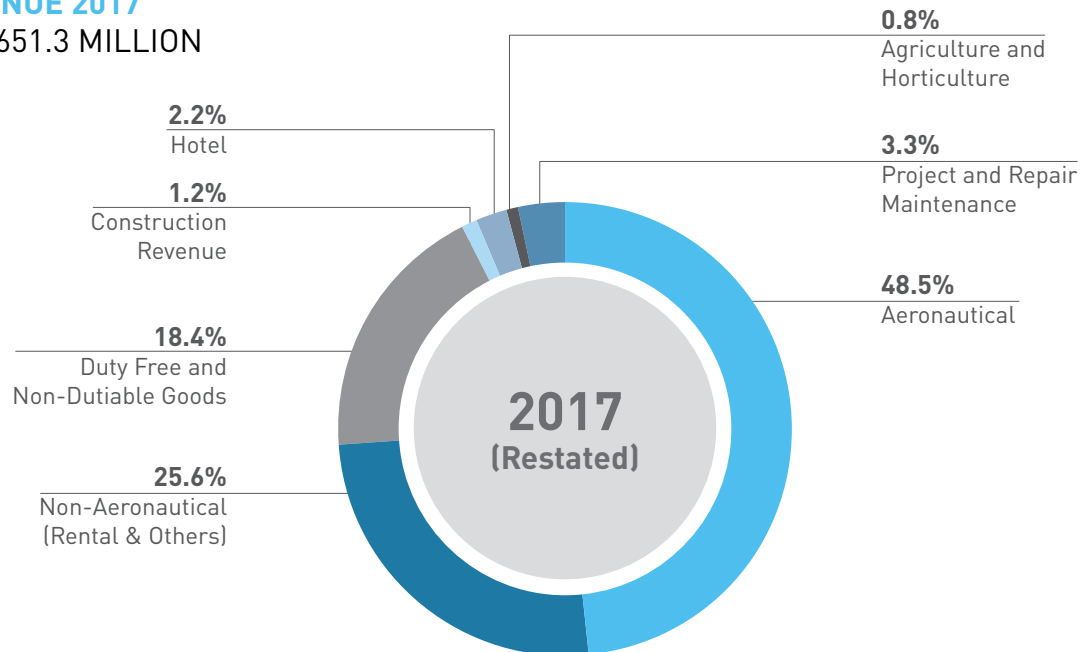
REVENUE 2018

RM4,851.7 MILLION

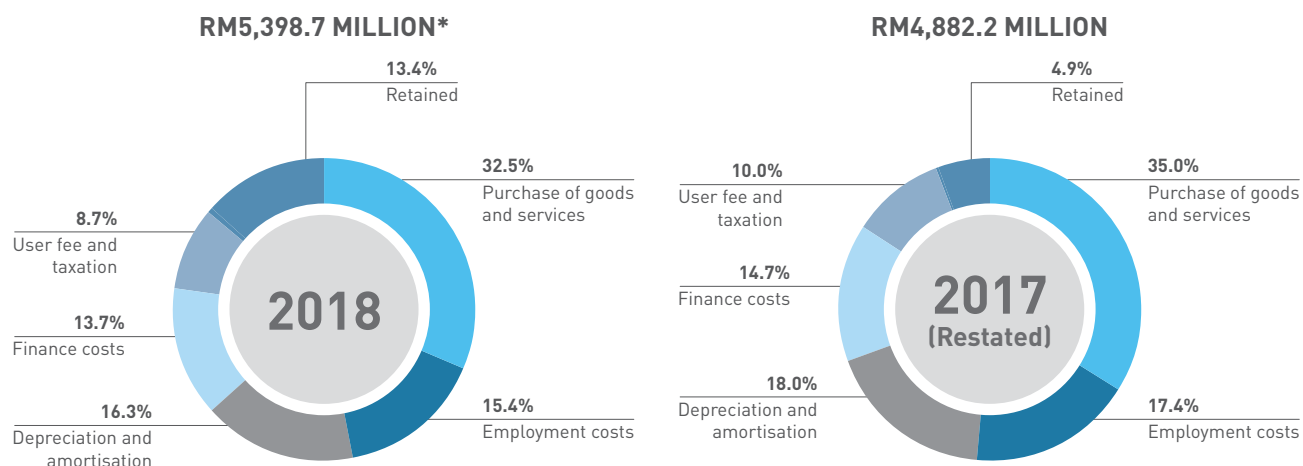


REVENUE 2017

RM4,651.3 MILLION



STATEMENT OF INCOME DISTRIBUTION

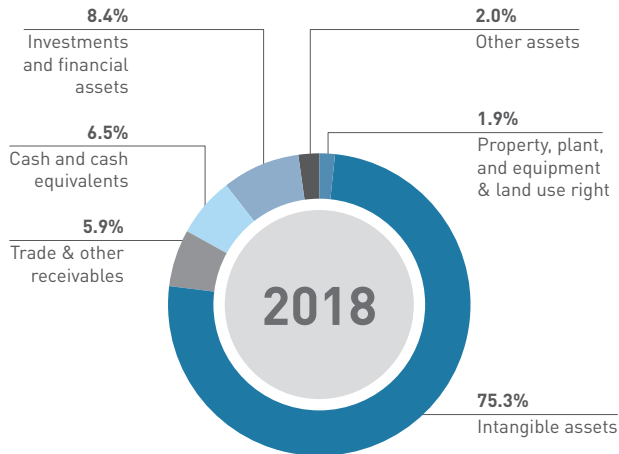


RM Million	2018	%	2017	%
Current income available for distribution	5,398.7	-	4,882.2	-
To supplier				
Purchase of goods and services	1,761.4	32.5	1,718.7	35.0
To employees				
Employment costs	836.1	15.4	852.1	17.4
Utilisation of assets				
Depreciation and amortisation	887.5	16.3	880.8	18.0
To financier				
Finance costs	745.6	13.7	720.6	14.7
To government				
User fee and taxation	470.9	8.7	490.2	10.0
Retained for re-investment and future growth and dividend payment				
Current year	727.3	13.4	240.4	4.9
	5,398.7	100.0	4,882.2	100.0

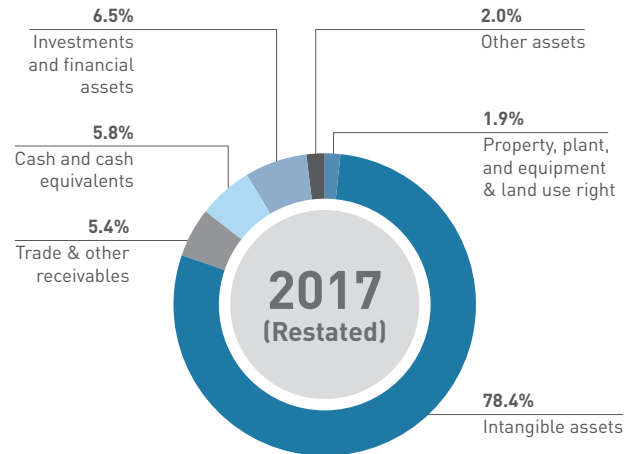
* Included in current income available for distribution is an unrealised gain on fair value on financial assets at fair value through profit or loss (RM258.4 million) and gain on disposal of investment in associate (RM28.2 million)

STATEMENT OF FINANCIAL POSITION

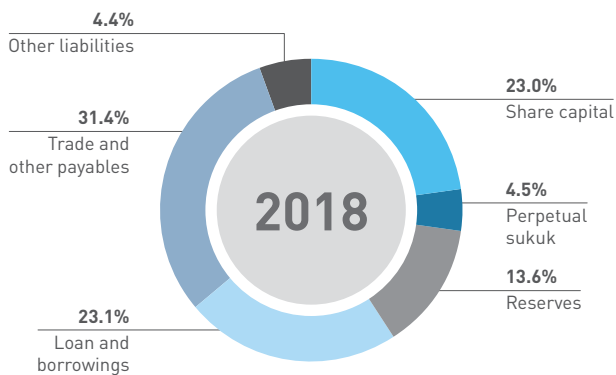
TOTAL ASSETS 2018
RM22,273.1 MILLION



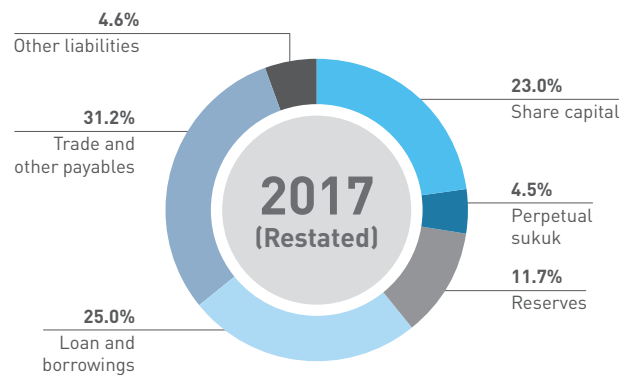
TOTAL ASSETS 2017
RM22,204.8 MILLION



EQUITY AND LIABILITIES 2018
RM22,273.1 MILLION



EQUITY AND LIABILITIES 2017
RM22,204.8 MILLION



GROUP FINANCIAL PERFORMANCE

KEY FINANCIAL PERFORMANCE

Malaysia Airports Holdings Berhad (Malaysia Airports or the Group) had registered earnings before interest, tax, depreciation and amortisation (EBITDA) of RM2,383.5 million for the financial year ended 31 December 2018 (FY2018), representing a growth of 24.2% when compared to the financial year ended 31 December 2017 (FY2017). The achievement was on the back of the strong growth in revenue, primarily arising from the Group's Malaysian Operations.

IC INTERPRETATION 12: SERVICE CONCESSION ARRANGEMENT

The Group adopted IC Interpretation 12: Service Concession Arrangements (IC12) effective 1 January 2011. IC 12 addresses the accounting for "public-private" arrangements whereby a private sector operator involved in the construction and / or upgrading of infrastructure assets such as schools, roads and airports to be used in providing public service. The operator provides construction services to the grantor in exchange for an intangible asset, i.e. a right to collect revenue in accordance with the service concession arrangements.

In accordance with the Malaysian Financial Reporting Standard 138: Intangible Assets (MFRS 138), the Group recognises the intangible asset at its fair value. In line with the requirement of Malaysian Financial Reporting Standard 111: Construction Contracts (MFRS 111), the Group recognises the construction revenues and costs by reference to the stage of completion of the construction works of the development of Istanbul Sabiha Gokcen International Airport's (ISG) boarding hall expansion. In FY2018 the Group recognised the construction revenues in relation to the aforesaid project amounting to RM65.6 million (EUR13.9 million). The Group also recognised the construction costs amounting to RM65.6 million (EUR13.9 million) for the above projects in FY2018.

GROUP PROFITABILITY

Excluding construction revenue and costs, the Group registered revenue of RM4,786.1 million for FY2018 which was 4.2% higher than the RM4,593.4 million registered in its corresponding period in FY2017. Profit before tax (PBT) has increased to RM780.6 million as compared to the PBT of RM338.8 million recorded in FY2017 while profit after tax (PAT) had also increased by 202.6% to RM727.3 million from RM240.4 million in FY2017.

The higher operating revenues were attributable to the improved results from airport operations segment which grew by 4.7% to RM4,560.4 million. Revenue in non-airport operations segments declined by 1.8% to RM291.3 million. The Group recorded a favourable PBT and PAT in line with improved revenue, despite an increase in costs. The increase in the Group's total cost was mainly due to higher utilities and administrative cost recorded during the year for Malaysian operations.

OPERATIONS REVIEW

The increase in airport operations revenue segment as mentioned above continued to be driven by the 6.7% growth in aeronautical revenue to RM2,404.3 million. This was largely attributed to the strong passenger growth of 4.1% to 133.2 million passengers. Total commercial aircraft movements grew by 2.8% to 1,088,700 movements contributed mainly from AirAsia Group of Companies, Malaysia Airlines and Malindo Air, while cargo movements rose by 1.3%, registering a volume of 1,037,369,696 metric tonnes.

The growth in non-aeronautical revenue also contributed to the overall increase in the airport operations segment. Non-aeronautical revenue recorded a growth of 2.3% to RM2,090.5 million on the back of improved performance in the retail and commercial businesses. Revenue from rental of space, advertising and other commercial segments grew 5.9% to RM1,259.2 million, contributed by higher occupancy rate and higher average rental resulting from increased in rental space at KLIA Main.

TYPES OF REVENUE: AERONAUTICAL AND NON-AERONAUTICAL REVENUE

Malaysia Airports' revenue base can be broadly classified under aeronautical and non-aeronautical revenues. Aeronautical revenue is mainly derived from airport operations business which entails the collection of passenger service charge (PSC), landing and parking fees, and other ancillary charges to airlines. Meanwhile, the non-aeronautical revenue is broadly derived from commercial activities in the airport operations business, and the non-airport operations business.

Commercial activities in the airport operations business comprises revenue from lease of commercial spaces (rental), operations of duty free and non-duty free outlets, management of food and beverages (F&B) outlets, management and operations of airport parking facilities, advertising business and the Free Commercial Zone at KLIA.

Total commercial activities above continue to be a key earnings driver, accounting for 43.1%, or RM2,090.5 million, to the Group's revenue. This is in line with the Group's long-term plan to further diversify MAHB's revenue streams by expanding this business segment.

The non-airport operations business include revenue derived from Sama-Sama Hotel and Sama-Sama Express operations, agriculture and horticulture activities, project and repair maintenance services and other activities that may be described in the Group's financial statement.

Revenue Breakdown	FY2018 (RM'Million)	FY2017 (RM'Million) (Restated)	Variance (%)
I) Airport Operations	4,560.4	4,354.7	4.7%
1. Airport Services:			
Aeronautical	2,404.3	2,253.6	6.7%
Non-Aeronautical (Rental & Others)	1,259.2	1,189.5	5.9%
2. Duty Free and Non-Dutiable Goods	831.3	853.7	-2.6%
3. Construction Revenue	65.6	57.9	13.2%
II) Non-Airport Operations	291.3	296.6	-1.8%
Hotel	99.0	103.2	-4.1%
Agriculture and Horticulture	30.1	38.2	-21.2%
Project and Repair Maintenance	162.2	155.2	4.5%
Total revenue	4,851.7	4,651.3	4.3%

GROUP FINANCIAL PERFORMANCE

BUSINESS SEGMENTS

The Group's business segment is divided into 2 sub-groups i.e. airport operations and non-airport operations.

Airport operations comprise of airport services and operations of duty free and non-duty free outlets. Airport services include aeronautical revenue generated from operating, managing and maintaining designated airports in Malaysia and ISG and providing airport related activities; and non-aeronautical revenue derived from rental and other commercial activities. The revenues generated from operations of duty free and non-duty free outlets are categorised as non-aeronautical revenue.

The non-airport operations comprise of agriculture and horticulture activities, hotel operations and project and repair maintenance services. All non-airport operations income is categorised as non-aeronautical revenue.

SEGMENTAL REVENUE

Malaysia Operations

1. Airport operations

- (a) Airport services:** This business segment comprises of aeronautical and non-aeronautical revenues. Aeronautical revenue consists of collection of PSC, landing and parking fees, and other ancillary charges to airlines; while non-aeronautical revenue is generated from rental and other commercial activities. Aeronautical revenue increased by 6.4% to RM1,797.0 million in tandem with growth in international passenger traffic.

Non-aeronautical revenue rose by 7.1% to RM786.7 million. This favourable variance was due to an indirect implication to a more aggressive marketing campaign undertaken by the tenant and resulting to higher spending by passengers at KLIA.

- (b) Duty free and non-dutiable goods:** This business segment includes the operations of duty free and non-duty free outlets and management of F&B outlets at designated airports. This business segment declined by 2.6% to RM831.3 million in FY2018 as compared to previous year.

2. Non-airport operations

- (a) Agriculture and horticulture:** The agriculture and horticulture business segment activities include the cultivation and sale of oil palm and other agriculture products. The lower revenue contribution is due to the lower price attained for Fresh Fruit Bunch (FFB) per tonne, despite the higher production volume (FY2018: RM464/67,056 MT; FY2017: RM611/63,458 MT) resulting in revenue for the agriculture and horticulture segment decreased by 21.2% to RM30.1 million in FY2018, lower than the RM38.2 million registered in FY2017.

- (b) Hotel:** The hotel segment manages and operates Sama-Sama Hotel and Sama-Sama Express in Malaysia. The hotel segment revenue decreased by 4.5% to RM90.2 million, mainly attributed to lower average occupancy rate (FY2018: 83%; FY2017: 86%) and lower average room rate.

- (c) **Project and repair maintenance services:** The main activities include provision of mechanical, electrical and civil engineering services and the airport business consulting, maintenance and technical services. This segment recorded negative growth of 25.9% in revenue to RM13.1 million in FY2018.

Overseas Operations

1. Airport operations

- (a) **Airport services:** Excluding construction revenues, the increase in airport services revenue by 5.9% to RM1,088.5 million was mainly due to improved aeronautical revenue which grew by 7.6% to RM607.2 million. The growth is in line with the positive passenger growth at ISG by 8.8% registering a total of 34.1 million passengers in FY2018.

2. Non-airport operations

- (a) **Project and repair maintenance services:** The project and repair maintenance segment revenue relates to MACS Middle East LLC (MACS ME) which provides facilities maintenance services at Hamad International Airport in Doha, Qatar. The segment recorded growth of 8.4% at RM149.1 million in FY2018.

SEGMENTAL PROFITABILITY

Malaysia Operations

1. Airport operations

- (a) **Airport services:** In line with the increase in the airport services revenue, Malaysia operations recorded a PBT of RM566.4 million in FY2018 from a PBT of RM556.6 million in FY2017.
- (b) **Duty free and non-dutiable goods:** This segment generated a PBT of RM66.1 million in FY2018 or 58.9% higher in tandem with the higher growth in sales.

2. Non-airport operations

- (a) **Agriculture and horticulture:** The agriculture and horticulture business PBT had decreased to RM3.5 million from a PBT of RM6.9 million in FY2017 due to lower price attained for FFB per tonne despite higher production output.
- (b) **Hotel:** The hotel business recorded PBT of RM12.6 million in FY2018, showing an improvement compared to PBT of RM10.3 million recorded in FY2017. This was mainly due lower operating cost despite lower average room rate and occupancy rate.
- (c) **Project and repair maintenance services:** This segment recorded a PBT of RM17.8 million in FY2018 compared to a PBT of RM31.0 million in FY2017.

GROUP FINANCIAL PERFORMANCE

Overseas Operations

1. Airport operations

- (a) Airport services:** Overseas operations recorded an increase in PBT of RM8.4 million compared to an LBT of RM75.3 million in the previous year, making it the first year for recording a PBT since ISG became MAHB's wholly-owned subsidiary in 2014. The favourable variance was mainly due to higher aeronautical and non-aeronautical revenue.

2. Non-airport operations

- (a) Project and repair maintenance services:** The segment recorded a PBT of RM17.0 million as compared to a PBT of RM2.4 million in the previous year due to higher revenue generated by MACS ME.

ECONOMIC PROFIT

Economic Profit (EP) is used as a yardstick to measure shareholder value. EP is a measure of value created by a business during a single period reflecting how much return a business makes over its cost of capital, that is, the difference between the Company's rate of return and cost of capital. The Group recorded an economic loss of RM342.7 million for FY2018 as compared to a loss of RM530.0 million in FY2017. The lower economic loss in FY2018 was mainly due to higher operating earnings.

DIVIDENDS

A single-tier interim dividend of 5.0 sen per ordinary share in respect of the financial year ended 31 December 2018 amounting to RM82.9 million was paid in 28 September 2018.

The board will propose a final dividend in respect of the financial year ended 31 December 2018 of 9.0 sen per ordinary share amounting to RM149.3 million for shareholders' approval at the forthcoming Annual General Meeting. Subject to approval of the shareholders, the total dividend declared will translate into a payout of 52.0% of total adjusted PAT, surpassing the Group's Dividend Policy of a minimum 50% payout ratio.

HEADLINE KEY PERFORMANCE INDICATORS (HEADLINE KPIS) FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2019 (FY2019)

The Headline KPIs are targets or aspirations meant to drive the MAHB's performance in FY2019. These Headline KPIs are disclosed publicly on a voluntary basis, signalling the Group's commitment towards transparent performance measures and good corporate governance.

These Headline KPIs shall not be construed as forecasts, projections or estimates of the Group or representations of any future performance, occurrence or matter as the Headline KPIs are merely a set of well-intended targets and positive aspirations of future performance aligned to the Company's strategy, mission and objectives.

The Headline KPIs are set based on the assumption that there will be no significant changes in the prevailing economic and political conditions, present legislation and/or government regulations, as well as with the expectation that business will continue to grow as expected.

FY2019 Headline KPIs

The Group's Headline KPIs for FY2019 are as follows:

FINAL	FY2019
(i) Group Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA):	RM2,163.6million
Malaysia Operations;	RM1,210.1 million
Overseas Operations	
Turkey Operations; and	EUR185.9 million (RM927.5 million*)
Qatar Operations	QAR24.1 million (RM26.0 million*)
(ii) Airport Service Quality Awards	Above 40 million pax category: KLIA Ranking Top 13

* 2019 Budgeted Exchange Rate : EUR1.00 : MYR4.99 ; QAR1.00 : MYR1.08

The Group's EBITDA Key Performance Indicator (KPI) target for FY2019 is RM2,163.6 million. The increase in the Group EBITDA KPI target will be in tandem with the expected growth in passenger traffic, both in Malaysia and Turkey.

FY2019 holds the promise of being another exciting year for Malaysia Airports. The Group remains committed in delivering high quality services to our stakeholders by embedding a customer-centric culture in airport operations to provide an innovative and digitalised airport experience for passengers, airlines and retailers. This will enable MAHB to achieve its business priorities and objectives for 2019, which includes moving towards 'Best-in-Class Hub' and providing 'World-Class Service Levels'.



PROVIDING A SEAMLESS EXPERIENCE THROUGH TECHNOLOGY AND INNOVATION

We are elevating guest experience by transforming the airport into a digitalised environment through Airports 4.0.

Key touchpoints along the passenger journey are automated to provide guests with a seamless experience when passing through the airport. With innovative technology such as the self-baggage drop facility, MYairports mobile app and big data analytics solutions, guests can now expect to breeze through the airport much faster than before.



BOARD OF DIRECTORS' PROFILE



TAN SRI DATUK ZAINUN ALI

Chairman
Non-Independent Non-Executive



Malaysian



Female



Aged 67



YBhg Tan Sri Datuk Zainun Ali was appointed as a Non-Independent Non-Executive Chairman of Malaysia Airports on 18 January 2019.

She has held various positions in the Legal and Judicial Service throughout her career since 1976. Before her elevation to the Bench, she was appointed the Registrar of Companies in October 1990 and the Chief Registrar of the Federal Court of Malaysia in November 1994. She was then appointed as the Judicial Commissioner of the High Court of Malaya, Kuala Lumpur in August 1996 and was elevated to the Court of Appeal Bench in July 2007. On 4 April 2012, she was appointed to the Federal Court Bench, where as a judge in the apex court, she contributed immensely to Malaysian Jurisprudence in several landmark judgments.

In recognition of her outstanding public service, YBhg Tan Sri Datuk Zainun Ali was awarded the Kesatria Mangku Negara (KMN) in 1991, Setia Mahkota Johor (SMJ) in 2001, Panglima Jasa Negara (PJN) in 2002 and Panglima Setia Mahkota (PSM) in 2015.

In addition, she has been a member of the Board of Advisory of the University of Malaya's Faculty of Law, Board of Studies at Ahmad Ibrahim Kuliyyah of Law, International Islamic University and Judicial & Legal Services Association (JALSOA).

She currently sits on the Board of Permodalan Nasional Berhad as a Director.

YBhg Tan Sri Datuk Zainun Ali graduated with a Bachelor of Laws degree (LLB) from the University of Malaya and thereafter, obtained her Masters of Law from the University of Cambridge, United Kingdom.

YBhg Tan Sri Datuk Zainun Ali is now a member of the Advisory Board of the United Nations Global Judiciary Integrity Network. She is among ten (10) members from the judicial fraternity worldwide appointed to the network based on their active engagement in advancing judicial integrity.



DATUK SITI ZAUYAH MD DESA

Non-Independent
Non-Executive Director



Malaysian



Female



Aged 60



Datuk Siti Zauyah Md Desa was appointed to the Board of Malaysia Airports as a Non-Independent Non-Executive Director on 17 October 2018. She is a member of Board Finance & Investment Committee, Board Procurement Committee and Board Risk Management Committee of Malaysia Airports.

Datuk Siti Zauyah started her career as a Quantity Surveyor with the Public Works Department in 1982, and later moved on to hold several other positions with a higher learning institution and several private sectors before pursuing her Diploma in Public Administration from the National Institute of Public Administration (INTAN). Upon graduation, she joined the Ministry of Finance Malaysia (MOF) and served in the Contract Management Division as Assistant Secretary from 1989 to 1993 before pursuing her Master in Business Administration (International Banking) at University of Manchester, United Kingdom.

She continued to serve as Assistant Secretary with the Tax Division and Finance Division at MOF before being promoted as Principal Assistant Secretary in 2001. In 2003, she was seconded to

the Asian Development Bank, Manila as Directors Advisor until August 2006. Upon her return, she continued her service with MOF and was appointed Deputy Secretary (Economy), Investment, MOF (Inc.) & Privatisation Division in April 2008. She was promoted as Under Secretary, Loan Management Division in November 2012 and later assumed the position of Under Secretary, Government Investment Company Division on 13 January 2014. On 12 December 2014, she was promoted as the Director of National Budget Office and on 2 February 2016, was further promoted to her current position as Deputy Secretary General (Policy), Ministry of Finance.

Datuk Siti Zauyah holds a Bachelor of Science (Honours) in Quantity Surveying from University of Reading, United Kingdom, a Diploma in Administration from the National Institute of Public Administration (INTAN) and a Master in Business Administration (International Banking) from University of Manchester, United Kingdom.

Datuk Siti Zauyah is currently the Deputy Secretary General (Policy) at the Ministry of Finance, Malaysia. She sits on the boards of various government and non-government related organisations such as Johor Corporation, Majlis Amanah Rakyat (MARA), Bank Kerjasama Rakyat Malaysia Berhad, Employees Provident Fund, National Trust Fund, Pengurusan Aset Air Berhad, Bintulu Port Holdings Berhad and Petroliaam Nasional Berhad (PETRONAS).

BOARD OF DIRECTORS' PROFILE


**WONG
SHU HSIEN**

Non-Independent
Non-Executive Director



Malaysian



Female



Aged 46



Wong Shu Hsien was appointed to the Board of Malaysia Airports as a Non-Independent Non-Executive Director on 7 March 2019. She is a member of Board Audit Committee, Board Nomination & Remuneration Committee and Board Finance & Investment Committee of Malaysia Airports.

Shu Hsien joined Khazanah Nasional Berhad in February 2005 from BinaFikir Sdn Bhd. Previously, she worked in a private equity firm called Emerging

Markets Partnership, the Principal Adviser to AIG Infrastructure Fund II. She is currently a Director of Investments at Khazanah Nasional Berhad. Shu Hsien sits on the Board of Directors of UEM Group Berhad, PLUS Malaysia Berhad and Projek Lebuh raya Usahasama Berhad.

She holds a Degree in Economics from Cambridge University and a Masters in Economics from the London School of Economics and Political Science. She is also a Chartered Financial Analyst.



HAJAH JAMILAH DATO' HASHIM

Non-Independent
Non-Executive Director



Malaysian



Female



Aged 61



Hajah Jamilah Dato' Hashim was appointed to the Board of Malaysia Airports as a Non-Independent Non-Executive Director on 1 June 2017. She is currently the Chairman of Board Risk Management Committee and a member of Board Procurement Committee of Malaysia Airports. She is also the Chairman of MAB Agriculture - Horticulture Sdn Bhd and a Board member

of Malaysia Airports (Sepang) Sdn Bhd and Malaysia Airports Sdn Bhd. She is also the Board representative leading the Lean Six Sigma initiative.

Hajah Jamilah has over 33 years of experience in Operations and Strategic Management. She began her career as a researcher in the Solar Energy Research Institute, USA. She joined Goodyear Malaysia (in 1985), one of the world's top tyre manufacturing company and served for 21 years in various capacities including as a Chief Chemist, Manufacturing Director, and Regional Business Process Improvement Director for Asia Pacific. She served as a Board member of Goodyear Malaysia Berhad from 2003 to 2005 along with playing an active role as the President of Women-in-Leadership in Asia Pacific movement.

She possesses an excellent track record of successfully implementing best business practices aimed at continuously improving efficiency, reducing operating costs whilst increasing productivity and leveraging expertise in global best practice and innovation. During her tenure at Goodyear Asia Pacific, she successfully led the design and implementation of Lean Six Sigma in the 11 Goodyear companies in addition to training and developing 20 Lean Six Sigma Specialists throughout the region.

She joined Khazanah in 2006 from Goodyear Asia Pacific before leaving to serve at Boustead Heavy Industries Corporation Berhad as a Director of the Strategic Management and Transformation Division in 2009. She then rejoined Khazanah in 2011. In Khazanah, she was key in establishing Khazanah Local and Foreign Offices, Business Continuity Infra and Corporate Development Unit to support start-ups and KLCs. She is also instrumental in raising the operation standard of Khazanah's support services (e.g. Operational Excellence, Corporate Development, ICT, Administration, Procurement, and Safety & Security) to world-class standards.

Hajah Jamilah graduated with a Bachelor of Science (Chemistry) from the California State University, USA and Masters in Science (Physical Chemistry) from University of Denver, USA. She also attended the Executive Education at Penn State University, USA, MINDA, Razak School of Government, London Business School and IMD (Lausanne, Switzerland).

She is currently also a Director of Cement Industries of Malaysia Berhad.

BOARD OF DIRECTORS' PROFILE



DATUK SERI YAM KONG CHOY

Senior Independent
Non-Executive Director



Malaysian



Male



Aged 66



Datuk Seri Yam Kong Choy was appointed to the Board of Malaysia Airports as an Independent Non-Executive Director on 1 December 2013 and was subsequently appointed as Senior Independent Non-Executive Director on 2 November 2016. He is the Chairman of Board Finance & Investment Committee and a member of the Board Nomination & Remuneration

Committee of Malaysia Airports. He is also the Chairman of Malaysia Airports (Niaga) Sdn Bhd and K.L. Airport Hotel Sdn Bhd and a Board member of KLIA Aeropolis Sdn Bhd.

Datuk Seri Yam had an illustrious career spanning more than 35 years in the construction, real estate and corporate sectors with the last 12 years until 2008, helping two different award winning public listed property companies as their Chief Executive Officer (CEO) and Managing Director. Datuk Seri Yam was voted the "CEO of the Year 2002" for Malaysia by American Express Corporate Services and Business Times.

Trained as a building engineer in the United Kingdom with various companies and the British Civil Service, Datuk Seri

Yam is a Fellow of the Royal Institution of Chartered Surveyors and also qualified as a Fellow of the Chartered Institute of Building after his graduation in Building and Management Studies from University of Westminster, London. Upon his return to Malaysia, he had served in various large companies, such as Landmarks Berhad, Peremba Malaysia, Country Heights Holdings Berhad and Sunrise Berhad and was actively involved in the development of hotels, resorts, shopping malls, golf courses, international schools, residential and mixed developments in Malaysia, Australia, United Kingdom, Mauritius and South Africa.

Datuk Seri Yam is currently appointed as a Senior Independent Non-Executive Director of Paramount Corporation Berhad and also an Independent Director of Standard Chartered Saadiq Berhad and Cahya Mata Sarawak Berhad. He also serves as a member of the Board of Trustees of Standard Chartered Foundation and is the most recent Past President and Patron of the Real Estate and Housing Developers' Association of Malaysia. He is the incumbent Chairman of InvestKL Corporation and an Independent Non-Executive Director of Kwasa Land Sdn Bhd, a wholly-owned subsidiary of the Employees Provident Fund (EPF). Datuk Seri Yam had also established a private equity, corporate advisory and project management consultancy known as Impetus Alliance Advisors Sdn Bhd to provide advisory services to various companies in the region.



DATUK ZALEKHA HASSAN

Independent
Non-Executive Director



Malaysian



Female



Aged 66



Datuk Zalekha Hassan was appointed to the Board of Malaysia Airports as an Independent Non-Executive Director on 1 January 2014. She is the Chairman of the Board Procurement Committee, and a member of Board Nomination & Remuneration Committee and Board Risk Management Committee of Malaysia Airports. She is also the Chairman of Malaysia Airports Consultancy Services Sdn Bhd and Malaysia Airports (Sepang) Sdn Bhd.

She began her career in the Malaysian civil service in 1977, as an Assistant Director in the Training and Career Development Division of the Public Service Department. She continued to serve the Malaysian Government in several ministries including the Ministry of Health, Ministry of Social

Welfare and Ministry of National Unity and Social Development.

She later joined the Ministry of Finance (MOF) in 1997 as Senior Assistant Director of the Budget Division and continued to serve in various capacities including with the Government Procurement Division until her retirement in May 2011 as MOF's Deputy Secretary-General (Operations).

She was also the Government Procurement Advisor, MOF, from June 2011 until June 2013.

She graduated with a Bachelor of Arts (Honours) from University of Malaya. In 2006, she attended the Advance Management Programme at Harvard Business School, Harvard University, USA. Between 1997 and 2001, she also attended several leadership and management programs in South Africa, Japan and Korea.

She is presently an Independent Non-Executive Director of Telekom Malaysia Berhad and Chairman of Menara Kuala Lumpur Sdn Bhd.

BOARD OF DIRECTORS' PROFILE


**ROSLI
ABDULLAH**

Independent
Non-Executive Director



Malaysian



Male



Aged 66



Rosli Abdullah was appointed to the Board of Malaysia Airports as an Independent Non-Executive Director on 1 January 2014. He chairs the Board Audit Committee and is a member of Board Procurement Committee and Board Risk Management Committee of Malaysia Airports. He is also the Chairman of KLIA Aeropolis Sdn Bhd

and a Board member of Malaysia Airports Consultancy Services Sdn Bhd, Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc. and LGM Airport Operation Trade and Tourism Inc. He is the Chairman of Audit and Risk Committee of Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc and LGM Airport Operation Trade and Tourism Inc.

He has held various positions in the public and private sectors such as the Accountant General's office at the State and Federal treasury departments, Ministry of Finance; Chief Accountant in the Ministry of Works and Ministry of Education. He was attached to the Public Services Department and was Chief Accountant at the Government's

Pension Department and Secretary to the Teachers Provident Fund from 1989 to 1991.

He was appointed as Bursar of Universiti Putra Malaysia from 1991 to 1993 and Director of Corporate Services at the Accountant General's Department from 1993 to 1994. He was the Financial Controller/ General Manager of Finance at Kuala Lumpur International Airport Berhad from 1994 to 1996 before joining Putrajaya Holdings Sdn Bhd from 1996 to 2008 as Senior General Manager.

He obtained a Bachelor in Economics (Honours) and a Post-Graduate Diploma in Accounting from University of Malaya. He also holds a Master in Business Administration from Universiti Kebangsaan Malaysia.

He is a Chartered Accountant, member of the Malaysian Institute of Accountants (MIA) and had formerly served as a Council Member, Chief Executive Officer and as Registrar of MIA.

He currently sits on the Boards of Dagang NeXchange Berhad and Capitaland Malaysia Mall REIT Management Sdn Bhd.

Previously, he was a Board member and Chairman of the Audit Committee of Bank Pembangunan Malaysia Bhd and Keretapi Tanah Melayu Bhd. He was also the Chairman of i-VCAP Management Sdn Bhd.



DATO' IR MOHAMAD HUSIN

Independent
Non-Executive Director



Malaysian



Male



Aged 65



Dato' Ir Mohamad Husin was appointed as an Independent Non-Executive Director of Malaysia Airports on 15 August 2016. He is a member of Board Procurement Committee, Board Audit Committee and Board Finance & Investment Committee of MAHB. He is also the Chairman of Urusan Teknologi Wawasan Sdn Bhd and Malaysia Airports Sdn Bhd.

After graduation, he started his career as a Water Engineer in Public Works Department (JKR), Ministry of Works. He had served JKR for 35 years in various capacities including as a District Engineer, Assistant Director, State and Branch Director, respectively. He was the Director of Roads before he was promoted to the post of Deputy Director General, which he held in 2007 until his retirement in 2013.

During his career in the Government service, he was involved in the construction of development projects, and maintenance of government facilities, mainly involving roads, buildings, ports and airports.

He was also active in the road engineering and civil engineering fraternities and served in various capacities in organisations and societies such as Road Engineering Associations, Intelligent Transportation System and Institute of Engineers.

Dato' Ir Mohamad holds a Bachelor of Science (Honours) in Civil Engineering from University of Southampton, UK and a Master of Science in Civil Engineering from University of Pittsburgh, USA.

Currently, he also sits on the Boards of Johawaki Holdings Sdn Bhd, Bridgex Sdn Bhd and companies related to these groups.

BOARD OF DIRECTORS' PROFILE



DATUK AZAILIZA MOHD AHAD

Independent
Non-Executive Director



Malaysian



Female



Aged 58



Datuk Azailiza Mohd Ahad was appointed as an Independent Non-Executive Director of Malaysia Airports on 8 November 2016. She is the Chairman of Board Nomination & Remuneration Committee and a member of Board Audit Committee and Board Finance & Investment Committee of Malaysia Airports. She is also the Chairman of Whistleblowing Independent Committee of Malaysia Airports. She is the Chairman of Malaysia Airports International Sdn Bhd and a Board member of KLIA Aeropolis Sdn Bhd and Cainiao KLIA Aeropolis Sdn Bhd.

Datuk Azailiza Mohd Ahad has over 30 years of work experience in legal advisory work relating to domestic and international matters. She has undertaken work pertaining to preparing legal advice, the drafting and negotiation of agreements pertaining to major projects including

infrastructure projects (ranging from transportation, land development and energy production), international treaties and instruments, carrying out in-depth legal and policy research on various areas, providing legal advice on international dispute settlement, public and private international laws and constitutional and statutory interpretation. She has also been responsible in managing and executing consultancy projects to completion.

Datuk Azailiza Mohd Ahad has taken various roles as a Judicial and Legal officer with the Courts and the Attorney General's Chambers of Malaysia where she had served as a Magistrate, Senior Assistant Registrar, legal advisor to the Economic Planning Unit, Prime Minister's Department, as a Senior Federal Counsel with the Advisory and International Division, as the Head of the International Affairs Division, the Deputy Solicitor General I and Solicitor General of Malaysia.

Datuk Azailiza has a Bachelor of Laws from Universiti Malaya and is currently a Partner with Messrs Gani Patail Chambers (GPC).



RAMANATHAN SATHIAMUTTY

Independent
Non-Executive Director



Malaysian



Male



Aged 55



Ramanathan Sathiamutty was appointed as an Independent Non-Executive Director of Malaysia Airports on 1 January 2019. He is a member of Board Risk Management Committee and Board Finance & Investment Committee of MAHB. He is also a Board member of Malaysia Airports (Sepang) Sdn Bhd and Urusan Teknologi Wawasan Sdn Bhd.

Ramanathan began his career as a system engineer at IBM Corporation Malaysia and was subsequently appointed as the Managing Director for IBM Malaysia in January 2010. His career at IBM spanned 24 years and he was involved in the telecommunications, utilities, media and entertainment sectors.

Throughout his tenure at IBM, he was rotated through various roles and countries where he started of managing the venture capitalist portfolio based in Japan. This then led to a move to Korea where the assignment was to be part of Korea's senior leadership team to manage the consulting business. After a successful stint there, he was working in the US, leading a team to develop strategies on software acquisitions and finally moving to India to serve as the

managing partner for delivery at one of the largest telecommunications companies in India.

Ramanathan subsequently completed his assignment as he returned to Singapore to be part of the ASEAN leadership team. He is a sought after speaker and was engaged to speak at the ASEAN Leadership Exchange, 9th ASLI Leadership Forum and the 16th Malaysian Banking Summit.

He has strong experience in digital transformation, operation, strategic planning, strategic acquisition and talent development. He also has a proven track record in achieving positive results by developing a strong internal team, strategic business alliances, identifying new markets and developing agile business processes as well as proven success with developing people, driving growth and market share while controlling expenses.

Ramanathan obtained a Bachelor of Engineering (Honours) Degree in Electrical & Electronic Engineering from University Kebangsaan Malaysia. He also holds a Master of Business Administration (MBA) from Universiti Putra Malaysia and Executive Management Programme from the Harvard Business School and INSEAD.

He is currently the Advisor to Chief Executive Officer at Celcom Axiata Berhad. Prior to the said position, he had served Celcom Axiata Berhad as Chief Transformation Officer from 2016.

He also sits on the Board of Prestariang Berhad and Universiti Kebangsaan Malaysia.

BOARD OF DIRECTORS' PROFILE



DATO' DR. AMIRUDDIN MUHAMED

ALTERNATE DIRECTOR TO
DATUK SITI ZAUYAH MD DESA

Non-Independent
Non-Executive Director



Malaysian



Male



Aged 47



Dato' Dr. Amiruddin Muhamed was appointed to the Board of MAHB as Alternate Director to Datuk Siti Zauyah Md Desa on 13 March 2019.

He is currently the Deputy Under Secretary (Strategic and General) of the Government Investment Division of the Ministry of Finance. Before he was appointed to the position in August 2018, he was appointed as the Chief Executive Officer of Majlis Agama Islam dan Adat Melayu Perak (MAIPK), a position which he had held from 2014.

Prior to that, he held several positions in the Ministry of Finance, beginning with the Accountant General Department where he was the Assistant Director. He then moved to the Investment, MKD (Inc) and Privatisation Division where he was the Senior Principal Assistant Secretary.

Among his tasks was to manage the corporatisation and privatisation activities of agencies under the jurisdiction of specific Ministries. He later moved to the Strategic Investment Division.

Dato' Dr. Amiruddin holds a Doctor of Philosophy in Accounting and Finance from Durham University in the United Kingdom. He has a Master of Economics (Economic Development) and Bachelor of Accounting (Hon.) from Universiti Kebangsaan Malaysia.

Additional Information of the Board of Directors:

None of the Directors has any:

- 1. Family relationship with any other Director and/or major shareholder of MAHB;*
- 2. Conflict of interests with MAHB;*
- 3. Conviction for offences, other than traffic offences, for the past five years; and*
- 4. Public sanction or penalty imposed on Directors by any regulatory bodies during the financial year ended 31 December 2018.*

Details of the Directors' attendance at Board Meetings are set out in the Statement on Corporate Governance on page 160

GROUP SENIOR MANAGEMENT

KEY SENIOR MANAGEMENT

RAJA AZMI RAJA NAZUDDIN

Group Chief Executive Officer
Malaysian, Male, Aged 52
Date of appointment: 1 February 2016

AZLI MOHAMED

Chief Strategy Officer
Malaysian, Male, Aged 43
Date of appointment: 22 May 2017

IR SURADINI ABDUL GHANI

Head Customer Advocacy
Malaysian, Female, Aged 59
Date of appointment: 5 June 2017

MOHAMMAD NAZLI ABDUL AZIZ

Senior General Manager Commercial Services
Malaysian, Male, Aged 52
Date of appointment: 4 January 2016

AZMAN SHAH MOHAMED

Senior General Manager Human Resources
Malaysian, Male, Aged 54
Date of appointment: 1 September 2017

LEE YIANG MING

Senior General Manager Information Technology
Malaysian, Male, Aged 49
Date of appointment: 1 March 2019

MOHAMMAD SUHAIMI ABD MUBIN

Acting Senior General Manager MA Sepang
Malaysian, Male, Aged 52
Date of appointment: 1 January 2018

DATUK ABDULLAH KADIR BACHA

General Manager Regulatory Affairs & Stakeholder Management
Malaysian, Male, Aged 66
Date of appointment: 15 January 2016

KAMARUZZAMAN RAZALI

Acting General Manager MASB
Malaysian, Male, Aged 54
Date of appointment: 1 January 2018

DATO' AZMI MURAD

Executive Director ISG & LGM
Malaysian, Male, Aged 67
Date of appointment: 2 September 2015

SENIOR MANAGEMENT PROFILE



RAJA AZMI RAJA NAZUDDIN

Group Chief Executive Officer

Malaysian | Male | Aged 52

Raja Azmi was appointed as Group Chief Executive Officer of Malaysia Airports on 4 January 2019. Prior to this appointment, he was the Chief Financial Officer for three years.

His previous work experiences included being the Group Chief Financial Officer, and subsequently Executive Director of UDA Holdings Berhad, Managing Director/Chief Executive Officer of Zelan Berhad, Group Finance Director of UEM Group Berhad, and Executive Director of Time Engineering Berhad. He also held positions as Chief Financial Officer of Tronoh Consolidated Malaysia Berhad and Group Financial Controller of Sapura Telecommunications Berhad.

Raja Azmi started his career in 1987 with Coopers & Lybrand Malaysia before moving on to Malaysian Tobacco Company Berhad as an Internal Auditor and Marketing Accountant. He holds a Master of Business Administration from the University of Bath, UK. He is also a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

GROUP SENIOR MANAGEMENT

**AZLI MOHAMED**

Chief Strategy Officer

Malaysian | Male | Aged 43

Azli Mohamed joined Malaysia Airports on 22 May 2017 as the Chief Strategy Officer. He is in charge of the strategic and innovative execution for the business-side of the aviation-related units and overall group-level activities with focus in driving efficiency, organic and inorganic growth, digitalisation roll-out and maximising company's bottom line.

Having started his career in banking, Azli then focused in structured finance in a corporate-setting with strong emphasis on strategy, merger & acquisitions, business development and private equity in a cross-border and multi-industry environment. He joined Malaysia Airports from General Electric (GE), where he was the Chief Operating Officer for Malaysia operations. Prior to GE, Azli was with Mubadala Investment Company based in Abu Dhabi, UAE.

Azli has been trained at Crotonville - GE's premier Leadership Development Center, attended Executive Financial Leadership Programme by INSEAD and holds a Bachelor's Degree in Business Administration (Finance) from Universiti Utara Malaysia.

**IR. SURADINI ABDUL GHANI**

Head Customer Advocacy

Malaysian | Female | Aged 59

Ir. Suradini was appointed as Head of Customer Advocacy of Malaysia Airports on 5 June 2017. Over the past 26 years, she has served in various divisions in Malaysia Airports including as the Head of Engineering at KLIA, General Manager of Malaysia Airports Consultancy Services Sdn. Bhd, Senior General Manager of Human Resource Services and Senior General Manager of Non-Aviation Business.

Her experience covers engineering design and supervision, operation and maintenance of airport facilities, airport planning, project and contract management, airport consultancy and operation and management of airports abroad. She is a member of the Malaysian Institute of Human Resource Management, the Institute of Engineers Malaysia and the Board of Engineers Malaysia. She is also a Professional Electrical Engineer.

She holds a Bachelor of Science Degree in Electrical & Electronics Engineering from the University of Nottingham, UK, Postgraduate Diploma in Airport Engineering from Nanyang Technological University, Singapore and Masters in Business Administration from Universiti Teknologi MARA. She started her career as an Electrical Engineer with the Public Works Department in 1983 and later joined the Department of Civil Aviation Malaysia (now known as Civil Aviation Authority Malaysia, before joining Malaysia Airports).



MOHAMMAD NAZLI ABDUL AZIZ

Senior General Manager Commercial Services

Malaysian | Male | Aged 52

Mohammad Nazli joined Malaysia Airports as Senior General Manager Commercial Services on 4 January 2016. He is a Chartered Building Professional who graduated from the University of New South Wales, Australia and started his career in quantity surveying and project management. He was instrumental in the initial planning, marketing and sales of the award winning 2,300-acre Bukit Jelutong mixed development project - Kumpulan Guthrie Berhad's maiden foray into property development. Nazli was later attached to TDM Berhad, a listed vehicle of the Terengganu State Government, overseeing their business expansion into property, F&B and healthcare industries, both in Malaysia and the South East Asia region. In 2004, he was appointed as Senior General Manager of Commercial and Chief Operating Officer at KLCC Property Holdings Berhad, managing top-end commercial real estate and was in charge of the operations for various development components within the KLCC precinct.



AZMAN SHAH MOHAMED

Senior General Manager Human Resources

Malaysian | Male | Aged 54

Azman joined Malaysia Airports on 1 September 2017 as the Senior General Manager Human Resources. He has over 17 years of experience that spans across various spectrum of Human Resources, ranging from Strategic HR, Industrial Relations to Remuneration & Performance Management.

Prior to his appointment, he has held a senior management position in Group Human Capital Management, Telekom Malaysia Berhad. In his previous role, he has led various HR transformation programmes including compensation and benefit structure, i.e. formulation of long-term incentive plan for the company.

Azman holds a Masters in Business Administration from Central Michigan University.

GROUP SENIOR MANAGEMENT

**LEE YANG MING**

Senior General Manager Information Technology

Malaysian | Male | Aged 49

Lee Yiang Ming joined Malaysia Airports on 1 March 2019 as the Senior General Manager Information Technology. With more than 25 years of IT experience, he has assumed various management roles across a variety of industries including telecommunication and banking. He has also built specialisation in the areas of transformation, software quality and process engineering.

Prior to this appointment, Mr. Lee Yiang Ming served as the Executive Director with UOB Singapore. Lee holds a Degree in Business Computing from the University of Winnipeg, Canada.

**MOHAMMAD SUHAIMI ABDUL MUBIN**

Acting Senior General Manager MA (Sepang)

Malaysian | Male | Aged 52

Mohammad Suhaimi graduated with a Bachelor's Degree in Economics from University Malaya in 1989 and obtained his Post Graduate Diploma in Aviation and Airport Management from the National University of Singapore in 2007. He was accredited under the ACI-ICAO Airport Management Professional Accreditation Programme as an International Airport Professional in 2011. He started his career with the Department of Civil Aviation (now known as CAAM) at Subang International Airport since 1990 and continued to bring his aviation related expertise and experience to Malaysia Airports after its corporatisation. Suhaimi has approximately 30 years of aviation experience and has been in variety of management position managing domestic and International Airports across Malaysia.

He was appointed to his current role starting 1 January 2018, under his leadership, the team has achieved many accolades including bagging the Gold Awards in Regional Team Excellence Convention 2018. He is also currently on board as Director of Malaysia Airports (Properties) Sdn. Bhd.



DATUK ABDULLAH KADIR BACHA

General Manager Regulatory Affairs & Stakeholder Management

Malaysian | Male | Aged 66

Datuk Abdullah joined Malaysia Airports in 2016 as General Manager Regulatory Affairs & Stakeholder Management. He was appointed to his current role on 15 January 2016. An ex-Government servant, he had previously served over 33 years in key positions in the Federal Government and its agencies, including a stint as an aide in the private office of Tun Dr. Mahathir, Prime Minister from 1985 to 1990. He also has academic and private sector experience. From 1991 to 1994, he worked at Universiti Utara Malaysia and later at International Islamic University Malaysia. In 1999, he was appointed as the Chief Knowledge Officer of Multimedia Development Corporation (MDeC) and three years later was promoted to the position of Vice President.

In 2008, he joined the AlBukhary Group as IT Advisor and in the following year was appointed as Executive Director of Puncak Semangat Sdn. Bhd., a leading IT company within the same Group. During this time, he founded Altel - a 4G broadband company and was also instrumental in setting up MyTV Broadcasting Sdn. Bhd. which now provides digital TV Broadcasting services for RTM. He attained his first degree from Ealing Technical College, London, UK (Now Thames Valley University) and Masters Degree (MSc) in Information Science is from Loughborough University, UK.



KAMARUZZAMAN RAZALI

Acting General Manager MASB

Malaysian | Male | Aged 54

Kamaruzzaman was appointed as the General Manager Malaysia Airports Sdn. Bhd. (MASB) on 1 January 2018. Prior to this, he held the position of Senior Manager of Operations for MASB, overlooking the operations of all airports in Malaysia except for KLIA and klia2. His previous work experience includes being the Senior Airport Manager for Kota Kinabalu International Airport and also the Airport Manager for Miri Airport, Sultan Ismail Petra Airport, Kota Bharu and Sultan Mahmud Airport, Kuala Terengganu.

Kamaruzzaman started his career with the Department of Civil Aviation (now known as CAAM) in 1984, working with the Engineering Division at the then Sultan Ismail Airport, Johor Bahru. He then moved to join the Kuala Lumpur International Airport team in 2000 as the Operations Executive.

He holds a Degree in Business Administration from University Teknologi Mara and a Diploma in Airport Management from National University of Singapore. He is also accredited with the International Airport Professional from International Civil Aviation Organisation.

GROUP SENIOR MANAGEMENT

**ZAINOL MOHD ISA**

General Manager Planning Development and Compliance

Malaysian | Male | Aged 59

Zainol graduated with an Electrical Engineering (Power) Degree from Universiti Teknologi Malaysia and obtained a Postgraduate Corporate Diploma in Airport Engineering from Universiti Teknologi MARA under the Malaysia Airports Corporate Development Programme.

He is a certified International Airport Professional and a Member of the Institute of Value Management Malaysia. He began his career with the Public Works Department and was subsequently seconded to the Department of Civil Aviation (now known as CAAM) in 1981. He later joined Malaysia Airports when it was corporatised in 1992. He has 37 years of experience in airport operations and maintenance, planning and development, and project management including for operations management of events such as MotoGP and Formula 1 during their pioneering days. Prior to becoming the General Manager Planning, Development and Compliance, he has served MASB and MA (Sepang) where among notable achievements include Langkawi International Airport being named Asia Pacific's Best Airport in its category for the years 2013 and 2014, and turning around four non-profitable airports, KLIA as World's Best Airport in Immigration Services in 2017 and maintaining KLIA in top 10 ASQ ranking at No.7 in 2015 and 2016. He was appointed to his current role on 1 January 2018.

**MOHAMED SALLAUDDIN MOHAMED SHAH**

General Manager Airline Marketing

Malaysian | Male | Aged 56

Mohamed Sallauddin is the General Manager Airline Marketing at Malaysia Airports. He was appointed to his current role on 1 February 2008. He graduated with a Bachelor of Science Degree in Accountancy and Computer Science from Northern Illinois University, USA in 1985. He also holds a Master in Business Administration (Strategic Management) Degree from the International Business School, Universiti Teknologi Malaysia. His association with the aviation industry began when he was recruited by Malaysia Airlines as a Management Trainee in 1986. He further enriched his aviation repertoire when he joined Malaysia's first aircraft manufacturing company, Composite Technology Research Malaysia Sdn. Bhd. in 1997. His employment with Malaysia Airports in 2001 saw him joining the cadre that led the marketing of the international gateways managed by Malaysia Airports. This eventually led to the role of leading Malaysia Airports in organising Asia's first World Route Development Forum in Kuala Lumpur in 2008. He is highly committed in making KLIA the preferred ASEAN hub. He currently serves as a Council Member of the Institute of Marketing Malaysia and is also the Executive Board Member of the Pacific Asia Travel Association (PATA). His current appointment as an Executive Committee Member of PATA Malaysia Chapter too had facilitated his role to encourage passenger traffic growth at Malaysia Airports.



NASREIN FAZAL SULTAN

General Manager Risk Management and Compliance

Malaysian | Female | Aged 55

Nasrein is the General Manager Risk Management and Compliance. She was appointed to her current position on 1 January 2019. Prior to this, she was heading the Internal Audit Division since 1998. Before joining Malaysia Airports, she was the Finance Manager of a Sime Darby Group subsidiary. She also held several senior positions in the Finance division at SIRIM. She holds a Bachelor of Accounting (Hons) from Universiti Kebangsaan Malaysia. She is a Chartered Accountant registered with the Malaysian Institute of Accountants, a Chartered Member of the Institute of Internal Auditors Malaysia and has a Certification in Risk Management Assurance from the Institute of Internal Auditors Incorporated. In June 2018, she was elected as Board of Governor for The Institute of Internal Auditors Malaysia.



IR KHAIRIAH SALLEH

General Manager Engineering Malaysia Airports

Malaysian | Female | Aged 54

Ir Khairiah was appointed as General Manager Engineering Malaysia Airports on 1 February 2008. She holds a Bachelor of Science Degree in Civil Engineering from Old Dominion University, USA. Ir Khairiah is a Professional Engineer with the Board of Engineers Malaysia and a Member of the Institute of Engineers Malaysia. She represents the industry for the Engineering Accreditation Council, Board of Engineers Malaysia. She promotes reliability engineering and localised total productive maintenance in efforts to ensure world-class maintenance at KLIA and other airports in the Group. She is also known for her knowledge in energy efficiency, energy management and asset management. Her diversified expertise covers almost all of professional engineering services, such as engineering study and analysis, as well as planning, design, construction, commissioning, operation, maintenance and management of engineering works and projects. She was highly involved with the operational readiness and airport transfers for klia2, in addition to her current portfolio of Engineering Operations and Maintenance of airport systems and facilities for Malaysia Airports.

GROUP SENIOR MANAGEMENT

**NIK ANIS NIK ZAKARIA**

General Manager Corporate Communications

Malaysian | Female | Aged 55

Nik Anis holds a Bachelor of Science Degree in Economics from Northern Illinois University, USA, and has a total 29 years of working experience in various capacities including managing sales and marketing, customer service and operations, and corporate communications. Nik Anis worked at Mesiniaga Berhad, a public-listed IT company prior to joining Malaysia Airports as the General Manager Corporate Communications on 1 June 2009. Her corporate communications portfolio includes marketing and brand communication, employee communication, customer satisfaction management, corporate responsibility programmes, public relations and media relations. For the last 13 years, she has developed and implemented strategies and action plans to align corporate communications with the organisation's vision and objectives. She has been instrumental in spearheading the digital communication platforms and has established a dominant presence and branding for Malaysia Airports on the social media platforms. She is a former president of the International Association of Business Communicators Malaysia Chapter, a global association that promotes communication excellence within the industry.

**NORNAJIHAH ISMAIL**

General Manager Finance Services Business Partner

Malaysian | Female | Aged 49

With a strong foothold in Finance, Nornajihah draws on a solid foundation from her professional training in the Certified Chartered Accountancy and her excellent performance in the Executive MBA with a concentration in Airport Management. As a highly driven professional, she has vast experience across the multifaceted strategic functions of business, including financial reporting, financial operations, financial and business analytics, business process improvements, business advisory and multiple strategic initiatives at the group level. Critical leadership competencies she possesses include strong strategic focus, outcome-oriented, good business acumen and proven capability in providing realistic solutions in handling VUCA environment of today.

She received her initial professional training at Azman Wong Salleh & Co as Senior Auditor, after which she served as Head of Group Accounts in Padiberas Nasional Berhad prior to serving Malaysia Airports since 2006. Key highlights in her career include being selected for Khazanah Talent Programme and assigned for GLC Cross Assignments at Tenaga Nasional Berhad (2008-2009); entrusted to lead the first Cross Functional Team for Spend Management Initiatives of Malaysia Airports in 2008; lead the Group Budget Challenge Committee; members of Management Procurement Committee, Internal Audit Management Committee and Risk Management Committee. Amongst key projects she led in Malaysia Airports were the establishment of the Centralised Finance Shared Services and Business Partnering Business Model, Consolidated Group Approval Limit of Authorities, Transfer Pricing Guidelines, Vendor Invoice Management, Integrated Guidelines for Project Management Process Cycle, GST Implementation and Customer Billing Portal. Najihah also plays an instrumental role in the implementation readiness of the Regulated Assets-Based Framework for Aeronautical Charges, governed by MAVCOM.



VEELAYUDAN KRISHNAN NAIR

General Manager Research and Planning

Malaysian | Male | Aged 61

Veelayudan was appointed as the General Manager Research and Planning of Malaysia Airports on 3 May 2010. He holds a Bachelor of Science Degree in Agribusiness Science from Universiti Putra Malaysia. He began his career in the Malaysian civil service as Assistant Director in the Malaysian Administrative Modernisation Planning Unit at the Prime Minister's Department in 1983. He later joined the Department of Civil Aviation (now known as CAAM) in 1986 and continued to serve Malaysia Airports upon its corporatisation in 1992. During his 30 years in the aviation industry, he has held a variety of positions such as the Assistant Director of Air Transport Operations, Head of Administration, Finance and Public Relations, as well as the Head of Terminal Operations at the Subang International Airport. In 1996, he was tasked to set up the Research and Planning division and has been heading it since. He carries out economic, statistical and strategic analysis for the company and provides business intelligence and input on matters related to traffic performance, traffic forecasts, charges and other air transport economics-related matters. Currently, he is focusing on the implementation of Big Data Analytics and digital implementation for Malaysia Airports. He sits on the Board of Malaysia Airports (Sepang) Sdn. Bhd.

GROUP SENIOR MANAGEMENT

**ABD MALIK MOHD YUNUS**

General Manager Airport Fire & Rescue Service

Malaysian | Male | Aged 58

Abd Malik holds a Diploma in Mechanical Engineering from Universiti Teknologi MARA, a Master of Science in Emergency Response and Planning from Universiti Putra Malaysia, and a Graduate Diploma in Airport Management from the National University of Singapore under the Malaysia Airports-Airport Management Development Programme (AMDP). He has vast experience in Airport Fire and Rescue Service (AFRS) since his first appointment in the Department of Civil Aviation (now known as CAAM). He was given the task to head AFRS in Penang International Airport and KL International Airport (KLIA) and was directly involved in the establishment of AFRS during the construction of KLIA. He is a certified Green Book safety officer from the Department of Occupational Safety and Health, and was involved in achieving OHSAS certification for MA (Sepang) Sdn. Bhd. during his tenure as a Safety Officer. Abd Malik was seconded to Ibrahim Nasir International Airport, Maldives as the General Manager, Airport Rescue and Fire Fighting before being appointed to his current position. He was appointed as the General Manager Airport Fire & Rescue Service on 7 May 2012.

**RANDHILL SINGH**

General Manager Land Development

Malaysian | Male | Aged 42

Randhill joined Malaysia Airports in January 2008 and has since undertaken various roles and responsibilities across Transformation Management, Malaysia International Aerospace Centre and Group Corporate Planning.

Randhill has been instrumental in crafting the Runway to Success 2020 (RtS2020), a transformative 5-year business direction centred on enhancing the core airport business and customer experience, as well as driving the Group's expansion and diversification into airport city development and international airport investments. He currently leads the Land Development division, overseeing KLIA Aeropolis' development and real estate development across airports in Malaysia.

He has been responsible for the execution of Malaysia Airports' cross-border joint ventures related to real estate/ non-airport development within Malaysia, namely Mitsui Fudosan's 1st foray into ASEAN to develop Kuala Lumpur 1st premium outlet and most recently, Cainiao Network's 1st Electronic World Trade Platform (eWTP) Hub outside China & Regional E-Commerce hub at KLIA Aeropolis DFTZ Park, and most recently the development of the Subang Aerotech

Park which provides built to suit, modern industrial facilities for aerospace players.

He was appointed as the General Manager Land Development on 10 July 2017. Randhill is a certified International Airport Professional (IAP) and a Master of Business Administration (MBA) holder with a Degree in Civil Engineering from University Malaya.



ZULHIKAM AHMAD

General Manager Malaysia Airports (Niaga) Sdn. Bhd.

Malaysian | Male | Aged 47

Zulhikam graduated with a Bachelor Degree (Hons) in Accountancy from Nanyang Technological University, Singapore in 1996. Although a certified public accountant, he found his passion in retail. With more than 12 years' experience in a leading oil and gas company, Zulhikam started as a graduate trainee and was subsequently groomed to take on various roles within the organisation. His previous portfolio included Finance, Retail Operations, Health, Safety, Security and Environment (HSSE), as well as Training and Learning Development for Malaysia, Singapore and Asia Pacific. After that, he joined a leading international hypermarket chain from 2008 to 2010, where he led the turnaround of one of their outlets in Klang Valley. His last position before joining Malaysia Airports was as the General Manager of Sales and Operations for 7-Eleven stores in Malaysia where he served for five years from 2010 to 2015, and transformed their operations and business processes to where they are now. Since joining Malaysia Airports on 15 January 2015, he has successfully turned around the business in 2016 and 2017, leading MA (Niaga) on track to record a double-digit sales growth with the highest monthly sales recorded in the month of December 2017.

GROUP SENIOR MANAGEMENT

**RADIN ASRUL ADZA RADIN SOENARNO**

General Manager Information Technology

Malaysian | Male | Aged 52

Radin Asrul Adza graduated with a Bachelor of Science Degree in Electrical Engineering from University of Texas in 1990 and a Masters in Engineering Management from George Washington University in 1992. He is a certified ITIL Service Manager. With more than 25 years of working experience under his belt, he has honed his leadership capabilities and ICT technical competencies through roles in leading local, regional and global ICT strategy, operations and projects for both the MNC and GLC sectors. He was appointed as General Manager of Information Technology on 10 February 2015.

**ROSLI MOHD ISA**

General Manager Aviation Security

Malaysian | Male | Aged 59

Rosli holds a Bachelor of Science (Hons) degree from Universiti Sains Malaysia and was appointed to his current position on 1 October 2015. He was seconded from the Royal Malaysia Police (RMP) where his previous position was the Head of Special Investigation and Technical for Eastern Sabah Security Command (ESSCOM) in Lahad Datu. He started his career with RMP in 1985. With over 31 years of service, he has held various positions in administrative and operations in RMP. He was the Deputy Officer in Charge of Police District Kubang Pasu before being appointed as Deputy Officer in Charge of Criminal Investigation Intelligence & Operations Pulau Pinang. He was appointed as the Officer in Charge of Police District Hulu Perak and then, as Deputy Officer in Charge of Criminal Investigation Intelligence & Operations Johor. He was then appointed as the Officer in Charge of Police District Sandakan and not long after that, as the Deputy Officer in Charge of Criminal Investigation Intelligence & Operations Selangor. He has also served as an advisor to the Sierra Leone Police in Criminal Investigations while serving the United Nation Missions in Sierra Leone. He was part of the pioneer group when ESSCOM was established and held the post of Head of Special Investigation and Technical for two years.



IBRAHIM CHANG BOON TECK

General Manager Procurement and Contract

Malaysian | Male | Aged 53

Ibrahim was appointed as General Manager Procurement and Contract on 4 October 2016. Prior to this, he has held numerous supply chain leadership roles in top-notch companies such as Shell, F&N Coca Cola, Warner Lambert, Sapura Crest Petroleum and Perisai Petroleum. Arising from his 29 years journey and exposure in multiple industries ranging from oil and gas to fast moving consumer goods, he possesses a vast and rich body of knowledge, perspective and experience in procurement operations, contract management, cost optimisation, value engineering, project procurement and logistics. He graduated with an honours Degree in Econometrics from Universiti Kebangsaan Malaysia in 1989.



HANI EZRA HUSSIN

General Manager Commercial Business

Malaysian | Female | Aged 44

Hani Ezra joined Malaysia Airports in 2016. She was appointed as General Manager Commercial Business on 7 November 2016. She graduated in Chartered Institute of Marketing, UK and holds a Masters in Business Administration from the University of Dubuque, USA. She began her career in marketing in the fast moving consumer goods industry when she first joined F&N Dairies in 1997 where she was responsible for managing the company's leading and No.1 profitable brand. She then, moved on to Danone where she was entrusted to manage the company's most established and successful 50-year-old UK brand. She was responsible for all aspects of research and development, market research, product and packaging design as well as promotional initiatives for both above and below the line media.

Her retail career began in 2003 with Suria KLCC where she was responsible for the Marketing division, Customer Service as well as managing Retail Relations. Being the leading shopping mall at the heart of Kuala Lumpur, she and her team had to constantly reinvent and refresh marketing approaches and ideas to deliver an unparalleled shopping experience which contributed to the growth of retail sales for the mall. Her wealth of more than 20 years of experience in retail, marketing and branding will certainly be valuable in her efforts to grow Malaysia Airports as the preferred regional hub contributing to organisational profitability and performance as well as delivering a customer-centric culture that will provide memorable Total Airport Experience for all passengers, airlines and retailers.

GROUP SENIOR MANAGEMENT**LEE AI VIN**

General Manager Corporate Finance, Investor Relations and Treasury

Malaysian | Female | Aged 43

Ai Vin joined Malaysia Airports in 2015 and was appointed as General Manager Corporate Finance, Investor Relations and Treasury in June 2017. Ai Vin's primary areas of focus are on the corporate funding, investment and corporate structuring strategies for alignment to Malaysia Airports' overall business strategy and requirements to enhance shareholders value.

Prior to joining Malaysia Airports, Ai Vin worked in Transaction Advisory Services of Ernst & Young London. She has also worked in banking and financial advisory sectors in Malaysia and KPMG Singapore.

She has a total of 18 years' experience in financial and corporate transaction advisory in multiple sectors across Asia and Europe, specialising in business valuation, corporate restructuring, capital market fundraising, financial due diligence, divestment, merger and acquisition.

Ai Vin holds a Bachelor of Business in Accountancy. She is also a member of the Institute of Chartered Accountants of England and Wales, the CPA Australia (Certified Practising Accountants) and the Malaysian Institute of Accountants.



AZNI ARIFFIN

General Manager Company Secretarial & Legal Services

Malaysian | Female | Aged 49

Azni Ariffin is the General Manager Company Secretarial & Legal Services Division and the Company Secretary for Malaysia Airports and its Group of Companies. She was appointed to her current role on 15 January 2018. She holds a first-class honours LLB degree from International Islamic University Malaysia in 1993 and was called to the Malaysian Bar as an Advocate & Solicitor in 1994. She started her career as a Magistrate and Senior Assistant Registrar of the High Court of Malaya and thereafter ventured into the private sector where her exposure spans across various industries including property, investment holding, manufacturing, telecommunication & IT, financial and automotive. Azni brings with her 25 years of experience involving corporate governance, corporate secretarial, commercial and corporate laws as well as consulting work relating to cross-border legal issues and agreements.

She is licensed by the Companies Commission of Malaysia and a graduate of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).

Prior to joining Malaysia Airports, Azni was the Chief Legal Counsel & Company Secretary of Proton Holdings Berhad and its Group of Companies and Head of Group Corporate Secretarial of Malayan Banking Berhad. She had also been appointed as Head of Legal and Company Secretary of other private and public limited companies in her 25 years of working experience.

She is also the secretary for all Board Committees and Subsidiaries of Malaysia Airports.



AHMAD RIZAL OMAR

General Manager Financial Planning and Shared Services

Malaysian | Male | Aged 43

Ahmad Rizal Omar joined Malaysia Airports on 2 January 2018 as General Manager Financial Planning and Shared Service. He is responsible to oversee and drive the organisation's strategic financial planning, preparation of all financial management reports, budget planning and forecasting, taxation planning and compliance, financial management policy and guideline. Prior to his appointment, he was the Senior Vice President Investments at Khazanah Nasional Berhad. Ahmad Rizal has 17 years of working experience in investments evaluation and management, corporate finance and chartered accountancy experience in Asia Pacific region. He holds a Master of Finance from St Edmund's College, University of Cambridge Judge Business School. He completed his Business Accounting degree from Royal Melbourne Institute of Technology, Australia and is a Chartered Accountant with Malaysian Institute of Accountants and The Chartered Accountants of Australia and New Zealand.

GROUP SENIOR MANAGEMENT

**MEGAT ARDIAN WIRA MOHD AMINUDDIN**

General Manager Corporate Planning

 Malaysian | Male | Aged 46

Megat holds a Master's Degree in Aviation from Embry-Riddle Aeronautical University, and a Bachelor of Business Administration Degree in Marketing from Western Michigan University.

Started his career in the airline industry with AirAsia in 2004, Megat managed the Government Relations and Special Projects portfolio. He was responsible for negotiations between governments for landing rights and commercial terms from airports, and was a crucial member in the planning and construction of the first Low Cost Carrier Terminal in Southeast Asia.

In 2007, Megat joined Malaysia Airlines Berhad (MAS) as part of its critical Transformation Management Team to facilitate MAS' turnaround campaign, which eventually led to his appointment as the Special Officer to the Group CEO of MAS. In this capacity, Megat was responsible for assisting the GCEO with the formulation of long-term strategic plans and policies.

Subsequently in 2011, Megat left the aviation industry and joined General Electric as its Market Development Director for Malaysia and Brunei. His passion for aviation brought him back to the industry the following year, joining Flynas, a low-cost carrier based in Riyadh as its Chief Commercial Officer. It was a moment of pride for Megat when Flynas was awarded Leading Low-Cost Carrier in the Middle East for 2015 during his service with the airline. Megat also developed a Digital Strategy Roadmap for the airline which included Big Data Analysis and Social Media initiatives.

In 2016, he joined Malaysia Healthcare Travel Council (MHTC), an agency under the Ministry of Health Malaysia, as the Chief Marketing Officer to raise Malaysia Healthcare's profile and help the country realise its potential of becoming the globally-preferred destination for world-class healthcare services.

In 2017, Megat started consulting and training for IATA (International Air Transport Association) and other airlines on commercial strategy and transformation initiatives. Megat then joined Malaysia Airports in 2018 as the General Manager Corporate Planning, focusing on the company's strategic planning and growth as well as sustainability initiatives.



LINDAYANI TAJUDIN

General Manager Overseas Ventures

Malaysian | Female | Aged 47

Lindayani Tajudin joined Malaysia Airports as the General Manager Overseas Ventures Division on 5 July 2018.

Prior to this appointment, Lindayani was the Head / Vice President, Corporate Finance & Strategy for Malakoff Corporation Berhad, Malaysia. She has extensive experience and exposure in the area of Corporate Finance. Among her accomplishments was leading one of the largest initial public offering (IPO) exercise on the local stock exchange for Malakoff Corporation Berhad.

She is also well-versed with mergers and acquisitions, which involves financial assessment, due diligence, fund raising and high-stake negotiations. Lindayani has a good number of years leading her functional team on various international projects in Southeast Asia, Middle East and Australia.

She graduated from London School of Economics and Political Science with Bachelor of Science (Economics) (Hons) – Accounting and Finance. She is also a Fellow in ACCA and a MIA member.



MOHD ARIF JAAFAR

General Manager MA Sepang

Malaysian | Male | Aged 54

Mohd Arif had been appointed as the General Manager Operations for Malaysia Airports (Sepang) Sdn Bhd on 1 August 2016. Apart from attaining a bachelor's degree of Science in Human Resource Development from Universiti Putra Malaysia, he also holds a Graduate Diploma in Aviation and Airport Management from the National University of Singapore. His prolific journey continued as he was later accredited under the ACI-ICAO Airport Management Professional Accreditation Programme as an International Airport Professional. In 1997, he undergone an anti-terrorism assistance training programme held by the Federal Aviation Administration of USA (FAA) in Oklahoma.

Arif's career with Malaysia Airports started way back in 1994 and prior to his appointment as the General Manager of MA Sepang, he served in multitudinous divisions at Malaysia Airports as the Senior Manager of Penang International Airport and Terminal Manager of Kuala Lumpur International Airport. He also held the position of Airport Manager of Sultan Ismail Petra, Head of Security of Penang International Airport, Airport Manager of Sultan Azlan Shah Airport as well as Head of Security of Sultan Abdul Halim Airport. Ardent and confident with his ample amount of experience, he thrives to deliver the best in every aspect of his expertise.

GROUP SENIOR MANAGEMENT

**ROZITA ISMAIL**

General Manager Strategic Human Resources

Malaysian | Female | Aged 43

Rozita Ismail joined Malaysia Airports as the General Manager Strategic Human Resources on 22 October 2018. She graduated from Saint Louis University, St. Louis, Missouri with Bachelor of Arts.

Prior to this appointment, Rozita was heading the HR for Nestlé Manufacturing - Shah Alam, Malaysia. During her 10-year tenure at Nestlé, Rozita took on several key positions and assignments abroad including mission and expatriation assignments to Nestlé Head Office in Vevey, Switzerland.

Before that, she has assumed various HR related roles at several organisations including Maybank and Proton. With more than 14 years on the workforce, her vast experience encompasses broad range in the field of HR and her knowledge and exposure are mainly in the area of change management, organisation design, talent and leadership development, resourcing and performance management.

**NURSHUHAILA MOHD AMIN**

General Manager Urusan Teknologi Wawasan Sdn. Bhd. (UTW)

Malaysian | Female | Aged 45

Nurshuhaila began her career with Malaysia Airports in 2008 as the Manager of Corporate Planning at UTW. She was later promoted as Senior Manager, Corporate Development in 2012 and later was assigned to lead UTW as the covering General Manager in 2015. She is a Graduate Technologists with Malaysia Board of Technologists and an active member of Malaysia Association of Facility Management. With more than 15 years of experience in the Facilities Management industry, she has been involved in various Facility Management working committee and actively providing knowledge sharing session as the industrial lecturer with Polytechnic Malaysia.

Nurshuhaila holds a Master in Business Administration from Open University of Malaysia, a Degree in Computer Studies from University of Glamorgan, Wales, UK and a Diploma in Computer Science from Universiti Teknologi Mara.

She was appointed General Manager of Urusan Teknologi Wawasan Sdn. Bhd. (UTW) on 1 November 2018.



HAIRUZZAMAN SAGI

General Manager HR Business Partner

Malaysian | Male | Aged 49

Hairuzzaman is the General Manager Human Resources Business Partner at Malaysia Airports. He was appointed to his current role on 1 January 2019. He graduated with a Master's Degree in Human Resource Management from University Utara Malaysia (UUM). His involvement and exposure in the human resources field started in 1992 when he joined an Engineering firm under MMC. He has assumed various HR roles across different industries such as semiconductor manufacturing, oil & gas, engineering, retail and plantation. Throughout his career, he has assumed HRBP role covering South East Asia, Africa and Europe. He was a member of the Malaysian Employers Federation (MEF) IR Panel, MAPA Council, NLAC and NHRS Committee. He currently serves as a Panel Member of the Industrial Relations Court and SOCSO Appellate Board.



ANIFRUZAIDI AB. RAHIM

General Manager Project Management Office Malaysian

Malaysian | Male | Aged 52

Anifruzaiddi joined Malaysia Airports on 1 March 2019 as General Manager Project Management Office. Prior to this appointment, he was engaged by Landrum & Brown USA as the Senior Managing Consultant for Airport Operation Readiness program at King Abdulaziz International Airport.

He was also in Ranhill, a leading consulting firm in Malaysia, Malaysian Japanese Airport Consortium, Malaysia Airports Holdings Berhad (MAHB), Deutsche AeroConsult GmbH (DACo), Frankfurt Airport GmbH, Leading Edge Aviation Planning Professional (LEAPP), Hill International (Hill) and Landrum & Brown (L&B).

Anifruzaiddi has more than 25 years of experience in construction, airport development consultancy and airport operations. He has been engaged by International Civil Aviation Organisation (ICAO) as ORAT coordinator, facilitating and coordinating efforts in the operation readiness program at Suvarnabhumi Airport, Thailand. He was also involved in major international airports projects in the fields of Project Management, ORAT program and Facility Management.

He holds a Bachelor of Engineering (Hons) from University of Liverpool.

GROUP SENIOR MANAGEMENT

**AZHAR ARSHAD**

General Manager MAB Agriculture-Horticulture Sdn Bhd

Malaysian | Male | Aged 52

Azhar Arshad joined Malaysia Airports in 1998. Prior to this, he held several positions in Sime Darby Plantations and was posted to estates in Peninsula Malaysia focusing on oil palm and rubber plantations.

He started his career in 1988 in Sime Darby Plantations before joining MAB Agriculture-Horticulture Sdn Bhd (MAAH) as a Manager and was later promoted as Senior Manager till 2016 and later Acting as General Manager from March 2017. He was appointed to his current position on 1 June 2018.

He holds a Master of Business Administration from University of Victoria, Australia. He is also a member of Incorporated Society of Planters (ISP).

**SUNDRALINGAM KULENDRA**

Acting General Manager Sama-Sama Hotels KLIA

Malaysian | Male | Aged 55

Sundra Kulendra graduated with a Master's Degree in Hotel Management from Universite de Toulouse-Le-Mirail, France and Diploma in Hotel Management from Ecole Hotelier Les Roches, Switzerland. He studied and worked professionally in Switzerland for 12 years in various hotels and resorts. Returned to Malaysia in 1996 as the pre-opening team for Sunway Hotel & Resort till 1999. Enhanced his experience with Compass Group (MAL) as the General Manager Operations till 2008 where he joined the Pan Pacific Group.

Sundra is the Acting General Manager Sama-Sama Hotels KLIA since 16 April 2018. He plays a vital role during the rebranding exercise of Sama-Sama Hotel from Pan Pacific KLIA in 2013.



AINON MAHAT

Acting General Manager Internal Audit

Malaysian | Female | Aged 47

Ainon was appointed as Acting General Manager Internal Audit on 1 January 2019. She is a Certified Internal Auditor (CIA) and registered as Chartered Member of The Institute of Internal Auditors. She holds an Executive MBA with a concentration in Airport Management and received the distinguished Vice Chancellor Award upon her graduation from Universiti Teknologi Mara (UiTM). She also holds a Bachelor of Science in Business Administration majoring in Computer Business Information Systems from University of Arkansas, Fayetteville USA, a Graduate Diploma in Business Administration (Airport Management) from National University of Singapore and attended Executive Navigators Program by INSEAD, Singapore.

With substantial 22 years' experience in the areas of Governance, Risk and Compliance, she managed and participated in audits and business assurance which cut across the company's businesses to improve their business performance and enhance shareholders' value.

Prior to joining Malaysia Airports in 2001, she started her career with MIMOS and subsequently Infopro Sdn Bhd as the Quality Assurance Manager.



NABILLAH ZOLIFAH ZOLKIFLI

Acting General Manager Commercial Operations

Malaysian | Female | Aged 47

Nabillah was appointed as Acting General Manager Commercial Operations of Malaysia Airports on 14 January 2019. Over the past 21 years, she has served in various departments within Commercial Services in Malaysia Airports including Senior Manager of Retail Relations, Head of Contract Management in klia2, and several management positions for Commercial Project & Change, Commercial Business Development and Corporate Marketing for Sepang International Circuit Sdn Bhd, a subsidiary of Malaysia Airports then.

Her experience covers retail commercial planning, project and contract management, commercial management, operation and performance of airports across Malaysia, and liaison management with key players in the travel retail industry.

She holds a Bachelor of Business Administration (Hons.) from the International Islamic University Malaysia, Corporate Diploma in Airport Management (Commercial Services) from Universiti Teknologi MARA and participated in Malaysia Airports Navigators Programme by INSEAD Business School, Singapore.

She started her career as a Marketing Executive with Hong Leong Assurance Berhad in 1996, and later joined Arab-Malaysian Finance Berhad, before joining Commercial Services of Malaysia Airports.

GROUP SENIOR MANAGEMENT

OVERSEAS OPERATION

**DATO' AZMI MURAD**

Executive Director ISG & LGM

Malaysian | Male | Aged 67

Dato' Azmi started his aviation career in 1970 with the Department of Civil Aviation (now known as CAAM) as an Air Traffic Controller. From 1984 to 1998, Dato' Azmi was the Airport Manager for several domestic and international airports in Malaysia. When KLIA opened in 1998, he was appointed as the Head of Operations for MA (Sepang) Sdn. Bhd. His 14 years of experience as an Airport Manager at various airports has provided him with substantial experience and management acumen of airport operations. He then held various senior management positions covering different portfolios, namely General Manager of Sepang International Circuit in 2000, General Manager of Corporate Communications and Air Traffic Services in 2001, and later General Manager of MA (Sepang) Sdn. Bhd. from 2004 to 2006. Dato' Azmi was the Chairman of the Airport Council International World Facilitation and Services Standing Committee until November 2011. He was also the Chairman of Malaysia Airports Whistleblowing Independent Committee. He was appointed to his current position on 2 September 2015 and is now based in Istanbul, Turkey. In his current position, he chairs the Business Steering Committee and Management Procurement Committee of ISG and LGM. He is also a member of ISG and LGM's Audit and Risk Committee, Nomination and Remuneration Committee and Procurement Committee. Dato' Azmi holds 8,123 Malaysia Airports shares.

**AHMAD TARMIZI MOHD HASHIM**

Executive Director Malaysia Airports Consultancy Services Middle East LLC

Malaysian | Male | Aged 59

With over 30 years of experience in the aviation industry, Ahmad Tarmizi has worked in various countries including South Korea, United State of America, Australia, Canada, Zimbabwe, South Africa, Cambodia, Mexico and the Caribbean to name a few. He started his career as an Air Traffic Controller with Department Civil of Aviation (now known as CAAM). Opted to join Malaysia Airports Berhad in 1992, Tarmizi was heavily involved in the KLIA project and was instrumental in ensuring smooth operations of the new airport that opened for commercial operations in 1998.

An expert in Operations, Readiness and Airport Transfer (ORAT), in 1998 he left KLIA to pursue international airport consulting jobs in many parts of the world namely Incheon, Istanbul, Sydney, Harare and many more which then brought him to Montreal where he worked with the International Air Transport Association

(IATA) as its Head of Airport Development and Design. With IATA, he was involved in more airport projects in America, Europe and Asia. He then returned home and rejoined Malaysia Airports. Before being appointed as the Executive Director Malaysia Airports Consultancy Services Middle East LLC on 1 February 2016, he has held many positions which include being the Technical Director, Senior Airport Consultant and the General Manager of Malaysia Airports Consulting Services.

His current role allows him to expand his repertoire to include airport IT systems and Facility Management. Throughout his career, Tarmizi has been involved in more than 40 airport projects worldwide. He holds a Master of Business Administration (MBA) from Keele University, UK and a Postgraduate Diploma in Airport Management from the International Aviation Management Training Institute, Canada.



ERSEL GÖRAL

Chief Executive Officer ISG & LGM

Malaysian | Male | Aged 47

Ersel Göral graduated from Istanbul University's Business Administration School (English) in 1998. He started his career as Operations Supervisor at Celebi Ground Services in 1993 and was the Deputy General Manager at TAV Istanbul Ataturk Airport until 2005. He also served as General Manager at TAV Georgia from 2005 to 2007, followed by General Manager at TAV Tunisia until 2011. Between the year 2011 to 2015, he was the General Manager of ICF Airports, the operator of Antalya Airport. Prior to joining ISG as the Chief Executive Officer on 5 September 2017, Ersel also served as the Chief Integration Officer at Istanbul Grand Airport (IGA) in 2016.

Additional Information of the Senior Management:

None of the Management has any:

1. Any directorship of public companies and listed issuers;
2. Any family relationship with any director and or/ substantial shareholder of the listed issuer;
3. Any conflict of interest that he has with the listed issuer;
4. The list of convictions for offences within the past 5 years other than traffic offences, if any; and
5. Particulars of sanctions and penalty imposed by relevant regulatory bodies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

DEAR SHAREHOLDERS,

AS CHAIRMAN OF THE BOARD OF DIRECTORS (THE BOARD) OF MALAYSIA AIRPORTS HOLDINGS BERHAD (THE COMPANY OR MALAYSIA AIRPORTS), IT IS MY RESPONSIBILITY TO ENSURE THAT MALAYSIA AIRPORTS HAS SOUND CORPORATE GOVERNANCE PRACTICES AND AN EFFECTIVE BOARD. WE BELIEVE THAT GOOD CORPORATE GOVERNANCE IMPROVES LONG-TERM SUCCESS AND PERFORMANCE AS WELL AS SERVES AS A COMMITMENT TO OPEN AND TRANSPARENT COMMUNICATIONS WITH STAKEHOLDERS.

CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE

During the year, the Company continued to strengthen its corporate governance practices with the appointment of independent party to undertake independent evaluation on the Board, achievement of target of 30% women representation on the Board as well as other initiatives.

The Board considers that the Company has complied to a large extent with the Malaysian Code on Corporate Governance 2017 (MCCG 2017). This

Corporate Governance Overview Statement should be read together with the Corporate Governance Report 2018 of the Company (CG Report) which is accessible online at Malaysia Airports' website at www.malaysiaairports.com.my. The CG Report provides the details on how Malaysia Airports has applied each Practice as set out in the MCCG 2017 during the financial year ended 31 December 2018.

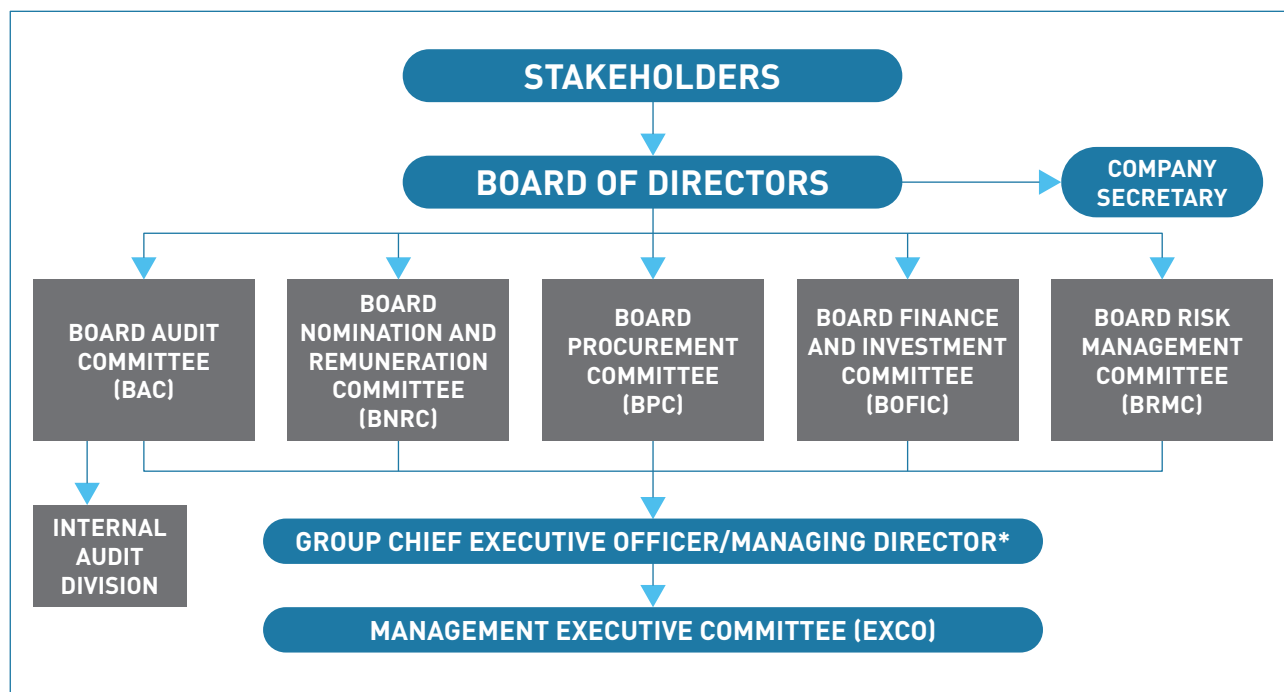
We are pleased to present our application and adoption of the recommendation and practices of MCCG 2017 throughout this statement. We hope that the information will assist you to understand on how the Board steers the Company, performs its oversight roles on risk management and internal controls and decisions are being made.

Tan Sri Datuk Zainun Ali
Chairman

INTRODUCTION

Corporate Governance Framework

Malaysia Airports operates with a clear and effective governance structure. With continuous guidance by the Board, the corporate governance structure remains robust and effective across the Company. Responsibility for good governance lies with the Board, and in order to ensure the effective discharge of its functions and responsibilities, the Board has delegated its powers to the relevant Board Committees and Group Chief Executive Officer as well as the Management Executive Committee. The Board, in implementing corporate governance, ensures accountability to the Company's shareholders and other stakeholders. Malaysia Airports' Corporate Governance Framework is demonstrated as below:



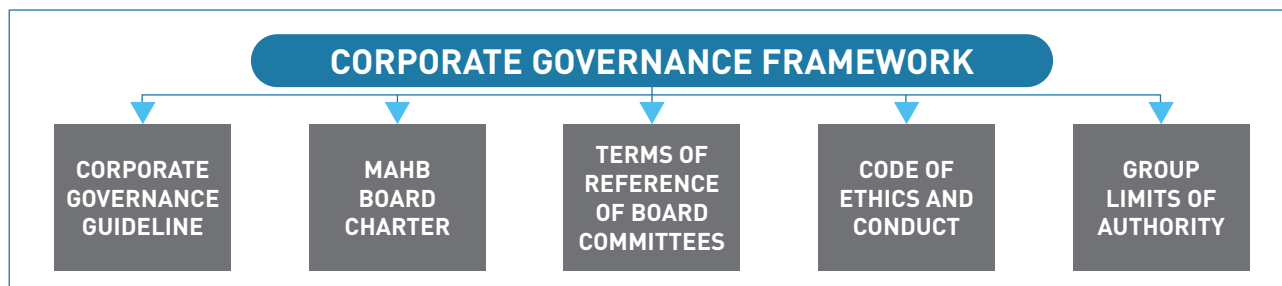
* From 23 June 2018, the Company had appointed Acting Group Chief Executive Officer with the expiry of the tenure of Managing Director. The term "Group Chief Executive Officer/Managing Director" shall be referred to as "GCEO/MD" throughout the Corporate Governance Overview Statement.

Malaysia Airports Corporate Governance Framework is premised upon the following statutory provisions, best practices and guidelines (Corporate Governance Guidelines):

- Companies Act 2016;
- Main Market Listing Requirements (Listing Requirements) of Bursa Malaysia Securities Berhad (Bursa Malaysia);
- Corporate Governance Guide (3rd Edition) issued by Bursa Malaysia Securities Berhad;
- Malaysian Code on Corporate Governance 2017 (MCCG 2017);
- The Green Book: Enhancing Board Effectiveness by the Putrajaya Committee on Government-Linked Companies (GLC) High Performance (Green Book); and
- Corporate Disclosure Guide issued by Bursa Malaysia Securities Berhad.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The following are the key components of Malaysia Airports Corporate Governance Framework:

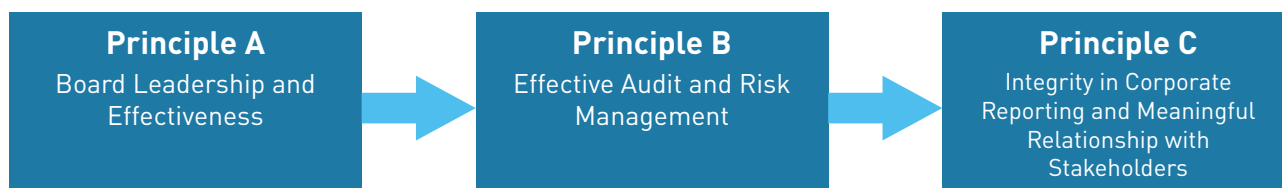


The Board reviews the above Corporate Governance Framework periodically. The Board also regularly assesses and enhances its Corporate Governance Framework, practices and principles in light of development in regulatory environment, international best practices, as well as the Company's needs.

The Corporate Governance Framework serves as a guide for the Board and Management in the performance and fulfilment of their respective obligations to Malaysia Airports and its stakeholders. The key objectives of the Corporate Governance Framework, are to ensure:

- (i) The existence of a capable and qualified Board with diverse backgrounds and skills;
- (ii) The establishment of appropriate roles for the Board and Board Committees;
- (iii) A collaborative and constructive relationship between the Board and Management; and
- (iv) Meaningful relationship with our stakeholders.

This Corporate Governance Overview Statement makes reference to the three (3) key Corporate Governance principles as set out in the MCCG 2017, which are:

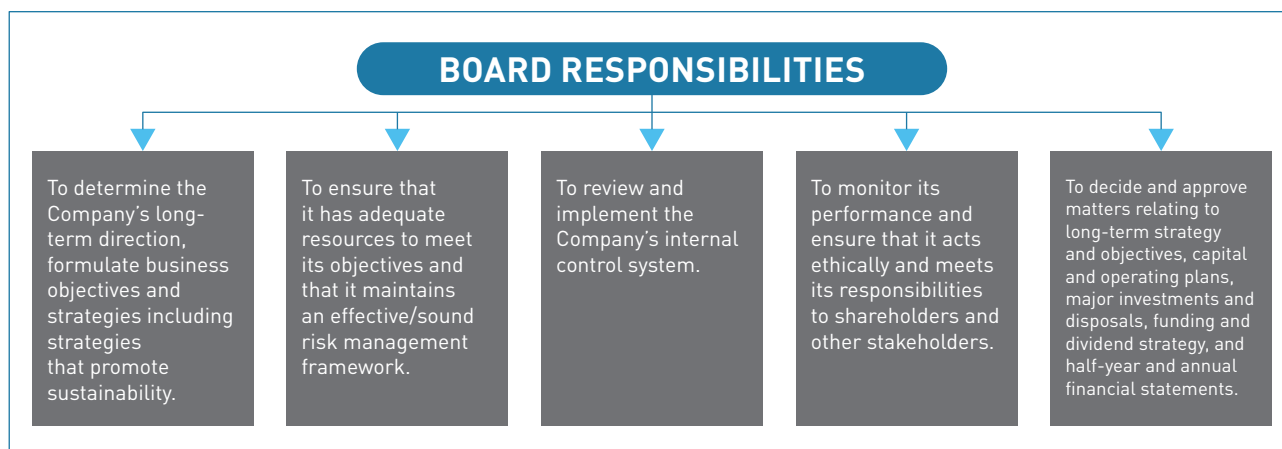


BOARD LEADERSHIP AND EFFECTIVENESS

LEADERSHIP

The Board

The Board is entrusted with the tasks of promoting the success of Malaysia Airports by steering and monitoring its affairs in a responsible and effective manner. Each member of the Board has a duty to act in good faith as well as in the best interest of Malaysia Airports and its subsidiaries (the Group). In discharging its duties and responsibilities, the Board is cognisant of the key roles it plays in charting the strategic direction of the Group and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:



A schedule of broad and overarching matters are reserved for our Board to ensure that the direction and control of the Company and the Group are firmly in the Board's hands. The Board reserved matters are incorporated in the Malaysia Airports' Board of Directors' Charter (Board Charter) and includes, inter alia, the following:

FORMAL SCHEDULE OF MATTERS RESERVED FOR THE BOARD

- ▶ Approval of the overall strategy, vision, values, and governance framework of the Group;
- ▶ Approval of the Company's Annual Report and Quarterly Financial Statements;
- ▶ Approval of dividend and the Company's dividend policy;
- ▶ Approval of the Group's annual budget and amendments to that budget in relation to the amount, borrowing and security, acquisitions and disposals of tangible/non-tangible assets and capital expenditure over a specified amount;
- ▶ Approval of the Company's long term financial plan and the annual capital expenditure programme;
- ▶ Approval of any significant change in the accounting policies and practices;
- ▶ Approval of all circulars, resolutions and corresponding documentation sent to the stakeholders;
- ▶ Approval of changes in the capital structure of the Company with regard to issuance or allotment of shares or other securities, or its status as a public listed company;
- ▶ Appointment, re-appointment or removal of the Directors and the recommendation for their election or re-election for the consideration of the shareholders, pursuant to the Company's Constitution;
- ▶ Appointment or removal of the GCEO/MD and Company Secretary;
- ▶ Recommendation to shareholders for the appointment, re-appointment or removal of the external auditors;
- ▶ Approval of the division of responsibilities between the Chairman and GCEO/MD; and
- ▶ Approval for the establishment of the Board Committees, their terms of reference, review of their activities and where appropriate, ratification of their decisions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Division of Roles between the Chairman and GCEO/MD

To ensure an effective discharge of responsibilities, there is a clear division of responsibilities between the running of the Board, and the executives responsible for the running of the day-to-day business operations of the Group. This division of responsibilities helps to ensure objectivity between the functions of the Board and Senior Management.

Consistent with Practice 1.3 in MCCG 2017, the positions of Chairman and GCEO/MD of the Company are held by different individuals. The distinct and separate roles of the Chairman, who heads the Board, and GCEO/MD, who leads the Senior Management, also ensures a balance of power and authority, which in turn ensures that no individual has unfettered decision-making power. The respective roles of the Chairman and the GCEO/MD and their division of responsibilities are tabulated below:

ROLE OF CHAIRMAN	ROLE OF GCEO/MD
<ul style="list-style-type: none"> Lead the Board in setting the values and standards of the Company; Maintain a relationship of trust with and between the Board members; Ensure the provision of accurate, timely and clear information to Directors; Ensure effective communication with shareholders and relevant stakeholders; Act as facilitator for meetings to ensure: <ul style="list-style-type: none"> adequate notice of meetings; adequacy of information for Board meetings; no member dominates the discussion; full discussion takes place; variety of opinion among Board members is drawn out; outcome of discussions results in logical and coherent policy to guide the GCEO/MD and against which the performance of the Company can be monitored; and consensus is obtained in the Board meeting and when necessary, to call for vote. Arrange regular evaluation of the performance of the Board and Board Committees; Facilitate effective contribution from Board members and ensure constructive relations be maintained between Board members; Create the conditions required for the effectiveness of the overall Board and individual Directors, both inside and outside the boardroom including the appropriate balance of power, level of accountability and independent decision making; Lead discussions among Board members; Build a cohesive leadership team consisting of the Board and Senior Management; and Delegate responsibilities to other Directors, Board Committees and Management. 	<ul style="list-style-type: none"> Lead the day-to-day management of the Group. GCEO/MD is the Chairman of the Executive Committee (EXCO). The committee meets regularly to deliberate on all matters pertaining to the running and managing of Malaysia Airports and the Group; Responsible for implementing policies, strategies and decisions adopted and agreed by the Board; Provide a structure that facilitates clear reporting to the Board with high quality information and recommendations to enable informed decisions in all aspects of the Company's business and strategy; Answerable to the Board for the achievement of the agreed company's goals within the limitations of authority granted to the GCEO/MD by the Board; Report to the Board at each Board meeting and advise the Board in a timely manner on: <ul style="list-style-type: none"> all matters that materially affect the Company and its performance including any potential strategic or significant development prospects; any underperforming business/activities of the Company and outline proposals to rectify the situation; and all material matters that affect or could affect shareholders and the markets in which the shareholders' interests are located. Regularly review the succession plans for Senior Management with the Chairman and other Board members; and Represent the Company to major customers, employees, suppliers and professional associations.

Re-election and Re-appointment of Directors

In determining the Directors for retirement and re-election, one-third of the Directors, or a number nearest to one-third, who have been the longest in office since their last election shall retire by rotation at each Annual General Meeting (AGM). A director who is newly appointed during the year shall retire at the AGM following his or her retirement.

The Board, via BNRC, reviews the Directors who are subject to re-election or re-appointment at the AGM by giving due regard to his or her performance and the ability to continue to contribute to the Board in terms of knowledge, skills and experience. The Board submits its recommendation to the shareholders on the re-election or re-appointment at the AGM for approval thereof.

Board Committees

In order to provide effective oversight and leadership, our Board is assisted by five Board Committees as stated below. Similar to the Board, each Board Committee is supported by the Company Secretary and has access to independent advice and counsel as required for the performance of its duties.

BOARD NOMINATION AND REMUNERATION COMMITTEE (BNRC)

Chairman

Datuk Azailiza Mohd Ahad
Independent
Non-Executive Director



Members

- **Wong Shu Hsien**
Non-Independent Non-Executive Director
- **Datuk Seri Yam Kong Choy**
Senior Independent Non-Executive Director
- **Datuk Zalekha Hassan**
Independent Non-Executive Director

Key Functions

Determines criteria for Boards' or Board Committees' membership, structure, responsibilities and effectiveness; reviews the term of office and performance of the Board, other Board Committees and individual Director; formulates and reviews the policies and procedures on human resource with regards to recruitment, appointment, promotion and transfer of GCEO/MD and Senior Management.

Reviews, assesses and recommends to the Board, remuneration packages of the GCEO/MD and Senior Management as well as matters relating to employees of the Group, limited to Collective Agreement for Non-Executives, Terms and Conditions of Executives, quantum of bonus and annual increment for employees.

Composition

BNRC shall comprise at least three members, all of whom shall be NEDs with majority being Independent Non-Executive Directors (INED). The BNRC currently comprises a majority of INEDs.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD AUDIT COMMITTEE (BAC)

Chairman**Rosli Abdullah**

Independent

Non-Executive Director

**Members**

- **Wong Shu Hsien**
Non-Independent Non-Executive Director
- **Dato' Ir Mohamad Husin**
Independent Non-Executive Director
- **Datuk Azailiza Mohd Ahad**
Independent Non-Executive Director

Key Functions

Reviews and evaluates performance of External Auditors and Internal Audit Division in ensuring efficiency and effectiveness of the Company's operations, adequacy of internal control system, compliance with established policies and procedures, transparency in decision-making process and accountability of financial and management information. Review any related party transactions during each quarter.

Composition

BAC shall comprise no fewer than four members, all of whom are NEDs with majority being INEDs. At least one member must be a member of the Malaysian Institute of Accountants, or if he or she is not, then he or she must comply with Paragraph 15.09(1)(c) of the Listing Requirements of Bursa Malaysia.

The BAC currently comprises a majority of INEDs and the Chairman of BAC is a member of the Malaysian Institute of Accountants.

BOARD FINANCE AND INVESTMENT COMMITTEE (BOFIC)

Chairman**Datuk Seri Yam Kong Choy**

Senior Independent

Non-Executive Director

**Members**

- **Datuk Siti Zauyah Md Desa**
Non-Independent Non-Executive Director
- **Wong Shu Hsien**
Non-Independent Non-Executive Director
- **Dato' Ir Mohamad Husin**
Independent Non-Executive Director
- **Datuk Azailiza Mohd Ahad**
Independent Non-Executive Director
- **Ramanathan Sathiamutty**
Independent Non-Executive Director

Key Functions

Reviews and monitors the financial investment policy and financial investment portfolio of the Group.

Composition

BOFIC shall comprise no fewer than four members and at least one member must be an INED.

The BOFIC currently comprises a majority of INEDs.

BOARD PROCUREMENT COMMITTEE (BPC)**Chairman****Datuk Zalekha Hassan**

Independent

Non-Executive Director

**Members**

- **Datuk Siti Zauyah Md Desa**
Non-Independent Non-Executive Director
- **Jamilah Dato' Hashim**
Non-Independent Non-Executive Director
- **Rosli Abdullah**
Independent Non-Executive Director
- **Dato' Ir Mohamad Husin**
Independent Non-Executive Director

Key Functions

Review and approve procurement award of above RM5 million up to RM200 million, reviews and approves procurement policies and procedures, oversees and ensures efficiency and effectiveness of procurement process, and supports national development objectives.

Composition

BPC shall comprise at least three members, made up of both INEDs and Non-INEDs (NINEDs).

The BPC currently comprises a majority of INEDs.

BOARD RISK MANAGEMENT COMMITTEE (BRMC)**Chairman****Hajah Jamilah Dato' Hashim**

Non-Independent

Non-Executive Director

**Members**

- **Datuk Siti Zauyah Md Desa**
Non-Independent Non-Executive Director
- **Datuk Zalekha Hassan**
Independent Non-Executive Director
- **Rosli Abdullah**
Independent Non-Executive Director
- **Ramanathan Sathiamutty**
Independent Non-Executive Director

Key Functions

Formulates the overall risk management, occupational safety and health, ICAO safety management system and information security strategy of the Group and recommends for approval and/or approves (whenever applicable) any major risk decisions by the Group.

Composition

BRMC shall comprise at least four members, made up of both INEDs and NINEDs.

The BRMC currently comprises a majority of INEDs.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The details of the Terms of Reference (TOR) of each Board Committee are available on the Malaysia Airports's website at www.malaysiaairports.com.my. The summary of the TOR and activities carried out by the BAC are set out in the BAC Report from pages 207 to 211 of this Annual Report.

Except for BAC which reviews its TOR on an annual basis, other Board Committees review their TOR at least once in two years.

The Chairmen and members of each Board Committee shall be appointed by the Board. As a matter of good practice, during each Board meeting, the Chairmen of the respective Board Committees will report the outcome of the Board Committee meetings previously held to the Board, and the minutes of the Board Committee meetings would be tabled for the Board's information. This would enable the Board to raise its comments or views on all deliberations and decisions of the Board Committees.

Board Nomination and Remuneration Committee (BNRC)

The current composition of BNRC consists of NEDs with the majority being INEDs. The BNRC maintains its independence and objectivity in discharging its responsibility of overseeing Directors, Senior Management and specific matters relating to Human Resource issues and employees.

The BNRC carried its duties and responsibilities in accordance with its TOR. During the year, eight (8) BNRC meetings were held and the main activities undertaken by the BNRC were, amongst others, as follows:

MAIN ACTIVITIES OF THE BNRC FOR 2018

- | | |
|---|---|
| <ul style="list-style-type: none"> Reviewed and recommended the amendments to TOR of BNRC. | <ul style="list-style-type: none"> Reviewed and recommended Directors' remuneration for the External Directors and NEDs on the Boards of subsidiaries of Malaysia Airports. |
| <ul style="list-style-type: none"> Reviewed the succession plan for Senior Management. | <ul style="list-style-type: none"> Reviewed and recommended the setting of the Corporate Scorecard and Key Performance Indicators (KPIs) of the Senior Management for 2018 and 2019. |
| <ul style="list-style-type: none"> Reviewed and recommended Retirement and Re-election of Directors on the Board of MAHB at 19th AGM. | <ul style="list-style-type: none"> Reviewed the findings of BPE and determined Boards' initiatives. |
| <ul style="list-style-type: none"> Reviewed the time commitment and independence of INEDs and their tenure. | <ul style="list-style-type: none"> Approved the proposals to facilitate the recruitment and retention of Senior Management. |
| <ul style="list-style-type: none"> Established the succession plan framework for Directors of MAHB Group. | <ul style="list-style-type: none"> Reviewed and evaluated the appointment of new Directors on the Board. |
| <ul style="list-style-type: none"> Reviewed the composition of the Board, Board Committees and subsidiaries' Boards. | <ul style="list-style-type: none"> Determined the criteria for the appointment of Directors and External Director(s) on the Boards of subsidiaries of Malaysia Airports. |
| <ul style="list-style-type: none"> Approved the appointment of new Senior Management. | <ul style="list-style-type: none"> Reviewed and recommended the appointment of Company Secretary. |

For the year under review, the BNRC was chaired by Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail who was a Non-Independent Non-Executive Director. The appointment of Y.A.M Tan Sri Dato' Seri Syed Anwar Jamalullail as Chairman of BNRC was based on his exemplary leadership, experience and commitment to lead the Board's succession plan. In addition, his involvement was instrumental in driving the transformation of Human Capital as the most important element to support the Company's growth. It would be advantageous for the Chairman of the Company to lead the Committee in enabling the acceleration of the transformation of Human Capital. The Board is also of the view that the utmost important consideration in the leadership of the BNRC is the quality and valuable experience of the candidate who will chair the committee. Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail had stepped down as the Chairman of BNRC on 17 January 2019 pursuant to his stepping down as the Chairman of Malaysia Airports.

The Board ensures that the composition of BNRC consists majority INEDs. The quorum for the BNRC shall be at least two members, of which one should be an Independent Director. Such composition will allow for robust discussions and constructive assessment of matters presented to BNRC.

The BNRC maintains its independence and objectivity in discharging its responsibility of overseeing Directors, Senior Management and specific matters relating to Human Resource issues and employees.

Effective from 30 January 2019, the BNRC is chaired by Y.Bhg. Datuk Azailiza Mohd Ahad.

Board and Board Committee Attendance

The Board requires its members to devote sufficient time to effectively discharge their duties as Directors and to exercise their best endeavours to attend the meetings. In 2018, all Directors attended more than 50% of the Board meetings held during the financial year and have complied with the Listing Requirements in terms of attendance.

Board meetings and Board Committee meetings for the following financial year are scheduled in advance before the end of the present financial year to enable the Directors to plan accordingly and fit the year's meetings into their schedules. Special Board meetings may be convened to consider urgent proposals or matters that require urgent decision or deliberation by the Board.

Under normal circumstances, the Board is scheduled to meet once a month. Additional meetings may be convened as Special Board meetings, as and when necessary. In 2018, there were 19 Board meetings held, of which seven (7) were Special Board meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors	Number of Board Meetings attended/held (during the Directors' tenure)
Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail ¹ <i>Chairman/Non-Independent Non-Executive Director</i>	19 out of 19
Dato' Sri Dr. Mohmad Isa bin Hussain ² <i>Non-Independent Non-Executive Director</i>	5 out of 7
Mohd Shihabuddin bin Mukhtar ³ <i>Non-Independent Non-Executive Director</i> <i>(Alternate Director to Dr Mohmad Isa bin Hussain)</i>	1 out of 1
Datuk Siti Zauyah binti Md Desa ⁴ <i>Non-Independent Non-Executive Director</i>	4 out of 4
Datuk Mohd Khairul Adib bin Abd Rahman ⁵ <i>Non-Independent Non-Executive Director</i>	18 out of 19
Dato' Mohd Izani bin Ghani ⁶ <i>Non-Independent Non-Executive Director</i>	18 out of 19
Hajah Jamilah binti Dato' Hashim <i>Non-Independent Non-Executive Director</i>	18 out of 19
Datuk Seri Yam Kong Choy <i>Senior Independent Non-Executive Director</i>	19 out of 19
Datuk Zalekha binti Hassan <i>Independent Non-Executive Director</i>	19 out of 19
Rosli bin Abdullah <i>Independent Non-Executive Director</i>	18 out of 19
Dato' Ir. Mohamad bin Husin <i>Independent Non-Executive Director</i>	19 out of 19
Datuk Azailiza binti Mohd Ahad <i>Independent Non-Executive Director</i>	19 out of 19
Datuk Mohd Badlisham bin Ghazali ⁷ <i>Managing Director/Non-Independent Non-Executive Director</i>	10 out of 10

Notes:

¹ Resigned as Non-Independent Non-Executive Chairman with effect from 17 January 2019.

² Resigned as Non-Independent Non-Executive Director with effect from 10 May 2018.

³ Resigned as Non-Independent Non-Executive Director with effect from 10 May 2018.

⁴ Appointed as Non-Independent Non-Executive Director with effect from 17 October 2018.

⁵ Resigned as Non-Independent Non-Executive Director with effect from 31 January 2019.

⁶ Resigned as Non-Independent Non-Executive Director with effect from 28 February 2019.

⁷ Tenure as Managing Director ended on 22 June 2018.

Attendance at the Board Committee Meetings

The attendance of members at the Board Committee meetings held during the financial year ended 31 December 2018 is as detailed below:

Director	BAC	BNRC	BOFIC	BRMC	BPC
Non-Independent Non-Executive		Attendance			
Tan Sri Dato' Seri Syed Anwar Jamalullail ¹		8/8			
Datuk Mohd Khairul Adib bin Adib Rahman ²				4/4	
Dato' Mohd Izani bin Ghani ³	11/11	8/8	8/8		
Hajah Jamilah binti Dato' Hashim ⁴				4/4	16/16
Senior Independent Non-Executive		Attendance			
Datuk Seri Yam Kong Choy ⁵		7/7	7/8	4/4	
Independent Non-Executive		Attendance			
Datuk Zalekha binti Hassan		8/8		4/4	16/16
Rosli bin Abdullah	11/11			4/4	15/16
Dato' Ir Mohamad bin Husin ⁶	10/10		7/7		16/16
Datuk Azailiza binti Mohd Ahad ⁷	11/11	7/7	7/7		
Number of meetings held in financial year 2018	11	8	8	4	16

Notes:

¹ Resigned as Chairman of BNRC with effect from 17 January 2019.

² Appointed as Member of BRMC with effect from 26 January 2018 and resigned as Member of BRMC with effect from 31 January 2019.

³ Resigned as Chairman of BOFIC and Member of BAC and BNRC with effect from 28 February 2019.

⁴ Appointed as Chairman of BRMC with effect from 28 February 2019.

⁵ Appointed as Member of BNRC and Chairman of BRMC with effect from 26 January 2018 and resigned as Member of BAC with effect from 26 January 2018. Appointed as Chairman of BOFIC and resigned as Chairman of BRMC with effect from 28 February 2019.

⁶ Appointed as Member of BAC with effect from 26 January 2018.

⁷ Appointed as Member of BNRC with effect from 26 January 2018.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Activities of the Board During the Year

The main activities of the Board during the financial year ended 31 December 2018 include:

MAIN ACTIVITIES OF THE BOARD FOR 2018

- | | |
|---|--|
| <ul style="list-style-type: none"> Reviewed and approved the cumulative full year results for the financial year ended 31 December 2017 and approved the Directors' Report and Audited Accounts for the financial year ended 31 December 2017. | <ul style="list-style-type: none"> Reviewed and approved the Malaysia Airports Annual Group Planning. |
| <ul style="list-style-type: none"> Reviewed and approved the Quarterly Results for the financial year ended 31 December 2018 and the cumulative results for the financial year ended 2018. | <ul style="list-style-type: none"> Reviewed report on major litigation, claims and issues with substantial financial impact. |
| <ul style="list-style-type: none"> Approved the dividend payments and reviewed the solvency position of the Group. | <ul style="list-style-type: none"> Received updates and approved the Related Party Transactions by the Group. |
| <ul style="list-style-type: none"> Reviewed and approved the Business Plan and Budget for 2019. | <ul style="list-style-type: none"> Received updates on stakeholder communications and engagement strategy. |
| <ul style="list-style-type: none"> Reviewed and approved the Group performance and capital expenditure. | <ul style="list-style-type: none"> Received updates on whistleblowing program. |
| <ul style="list-style-type: none"> Reviewed and approved the Group's strategy including airport and business expansion plan. | <ul style="list-style-type: none"> Reviewed and validated the results of Board Performance Evaluation (BPE) for 2017 as well as the Board Improvement Plan. |
| <ul style="list-style-type: none"> Reviewed and approved the setting of the Corporate Scorecard and Key Performance Indicators (KPIs) of the Senior Management for year 2018 and 2019. | <ul style="list-style-type: none"> Reviewed and approved the project, investment and divestment. |

EFFECTIVENESS

Board Composition

During the financial year under review, there were five (5) NINEDs and five (5) INEDs. As at 15 March 2019, the Board comprises four (4) NINEDs and six (6) INEDs. The current Board composition complies with the Company's Constitution and exceeds the minimum one-third requirement for INEDs as set out in the Listing Requirements of Bursa Malaysia. The Board composition also complies with Practice 4.1 of MCCG 2017 that recommends board composition for Large Companies, as defined by the MCCG 2017, comprises majority independent directors. The Directors' profiles are available in pages 126 to 136 of this Annual Report.

The composition of the Board fairly reflects the interest of the Ministry of Finance (Incorporated), the Special Shareholder, which is adequately represented by the appointment of their nominees on the Board without compromising the interest of other shareholders, including the minority shareholders. Currently, two of the NINEDs are nominee directors from Khazanah Nasional Berhad (KNB), the major shareholder of the Company. The INEDs on the Board represent the minority shareholders' interest and their independent voice carry significant weight in the Board's decision-making process.

The Board regularly reviews its composition and the composition of the Board Committees to ensure appropriate balance as well as relevant skills and experience are present at all times. The Board also considers the need to rotate the membership of the Board Committees amongst the Board members in order to expose them to the different functions of the Board Committees according to their respective skills. Nevertheless, the utmost consideration when selecting members for each Board Committee is the expertise and time commitment of each Board member.

Independent Directors and its Tenure

The Board has established an independence standard to be met by the individual Directors where it considers "independence" to be a matter of individual judgment and conscience. A Director is independent only where he or she is free from any business or other relationship that might interfere with the exercise of his or her independent judgment.

In 2018, BNRC carried out a review of the Director's independence. It concluded that each of the five (5) Independent Non-Executive Directors (INEDs) were independent at that time and had carried out their duties in an objective and professional manner. The Board was satisfied that the INEDs had represented the interest of the minority shareholders as required from them by virtue of their roles and responsibilities. The Board will continue to monitor and review whether there are relationships or circumstances that could potentially affect their independence.

The following clauses are incorporated in the Board Charter to support objective and independent deliberation, review and decision-making process of the Board:

- The Board should include an appropriate composition of NINEDs and INEDs such that no individual or group of individuals can dominate the Board's decision-making process.
- INEDs shall provide independent judgement, experience and objectivity without being subordinated to operational considerations.
- The views of the INEDs should carry significant weight in the Board's decision-making process.

The Board undertakes that the rights of minority shareholders shall not be impaired in any manner and that the number and strength of the Independent Directors are adequate to promote the independence of the Board and to safeguard the rights of the minority shareholders.

The independence of the Directors is determined in accordance with the independence criteria in paragraph 1.01 of the Listing Requirements. In 2018, all five (5) INEDs satisfied the independence criteria.

The MCCG 2017 provides a limit of a cumulative term of nine (9) years for the tenure of an Independent Director, after which the Company may either seek the shareholders' approval for the Director to continue on the Board as Independent Director or the Company may re-designate the said Director as Non-Independent Director. However, the Board Charter provides that the tenure of the INEDs shall not exceed a cumulative term of nine (9) years or an age of 75 years old, whichever is earlier. To date, none of the INEDs of the Company have served more than nine (9) years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Senior Independent Non-Executive Director

In line with corporate governance best practices, Y.Bhg. Datuk Seri Yam Kong Choy has been appointed as Senior Independent Non-Executive Director since 1 November 2016.

As the Senior Independent Non-Executive Director, Y.Bhg. Datuk Seri Yam Kong Choy serves as a point of contact for shareholders and other stakeholders to voice their concerns relating to the affairs of the Group. The creation of this position will provide a sounding board for the Chairman and will also serve as an intermediary for other Directors, when necessary. His roles as Senior Independent Non-Executive Director include the following:

- Chair Board meetings where the Chairman is absent, or has not arrive within 15 minutes or if the Chairman is required to be excused from the meeting;
- Review the notification by the Chairman on acceptance of new directorship in other companies;
- Advise the Board if there is any potential conflict of interest by the Chairman;
- Lead board evaluation on the Chairman;
- Perform such duties as the Board may establish; and
- Encourage dialogue session between Independent Directors and the Management.

Shareholders, other stakeholders and any other parties may contact Y.Bhg. Datuk Seri Yam Kong Choy in writing to address any concerns relating to the affairs of the Group at the Company's registered address or via e-mail at sid@malaysiaairports.com.my.

Board Charter

The Board Charter provides guidance to the Board for the performance of its roles and responsibilities. Incorporated in the Board Charter are the roles and responsibilities of the Board, the balance and composition of the Board, the Board's authorities, schedule of matters reserved for the Board, the establishment of the Board Committees, processes and procedures for convening Board meetings, the Board's assessment and review of its performance, compliance with ethical standards, Board's access to information and advice, and the requirement for declaration of interest.

In 2018, the Board Charter was reviewed and enhanced to reflect changes to the latest Companies Act 2016 and MCG 2017. This is in line with Practice 2.1 of the MCG 2017 which provides that the Board Charter to be periodically reviewed and published on the company's website. The Board Charter is made available on the Company's website at www.malaysiaairports.com.my.

Director's Commitment

Our Board recognises that it is important for all Directors to be able to dedicate sufficient time to the Company in discharging their responsibilities. The letters of appointment for NINEDS and INEDs contain guidelines on expected time commitment required to be dedicated to the Company. Each individual Director confirms his or her understanding of such time commitment when the appointment is accepted. With regards to external appointments, the Board Charter provides that all Board members shall notify the Chairman of the Board before accepting new directorships. This shall include an indication of time that will be spent on any new appointment. In addition, the Board reviews the contributions from the Directors annually and whether they are spending sufficient time in performing their responsibilities as members of the Board of the Company. At present, in compliance with Paragraph 15.06 of the Listing Requirements, no individual Board member has more than five (5) directorships in listed issuers at any one time.

All Board members gave their confirmation to the Company that they will devote sufficient time and attention to the Company's cause throughout the year.

Nomination and Appointment of Directors

The nomination and appointment of Directors is a vital process as it determines the Board composition and quality of the Board's capacity and competency. The BNRC is entrusted by the Board to review candidates for new appointment to the Board and determine the criteria for the selection of new Directors.

The BNRC, in making its recommendation, will consider the following criteria in the selection of candidates:

- Skills, knowledge, competencies, expertise and experience;
- Professionalism;
- Integrity;
- Diversity;
- Commitment, contribution and performance; and
- In the case of candidates for the position of INEDs, the BNRC will also evaluate the candidate's ability to discharge such responsibilities or functions as expected of the INEDs.

The Board leverages on its members' network, shareholders' recommendation and industry database to source for potential candidates for appointment to the Board.

The process of appointment of Non-Executive Director (NED) is governed by the Appointment as Independent Non-Executive Directors Framework which provide step by step procedures from the point of nomination up to the appointment of the NEDs.

Balance, Diversity and Skills

The Board believes that a balance of experience, skill, competency, expertise, diversity and knowledge are the key elements for introducing different perspectives into the Boards' discussions and to ensure better analysis of risks and opportunities in leading a long-term sustainable business. With such balance, our Board ensures the continuity of effective oversight and informed decision making with respect to issues affecting the Company.

The Board considers the diversity in gender, age and culture of the existing Board members in seeking potential candidate(s) for new appointments on the Board. This helps to ensure an appropriate balance between the experienced perspectives of the long-term directors and new perspectives that bring fresh insights to the Board.

Malaysia Airports has always been supportive of the MCCG 2017's recommendation that Large Companies must have at least 30% women directors. Therefore, the Board had achieved a representation of four (4) women directors by October 2018 which makes more than 30% of the Board composition. A Board Gender Diversity Policy has also been established. It is provided that the Board will maintain at least three (3) women Directors on the Board at all times and will work towards achieving and maintaining the minimum of 30% women as members of the Board by year 2020, which shall thereafter be the minimum composition of women representation on the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The gender diversity philosophy is cascaded from the Board level to the key operational management throughout the Group. The Company will continue to take steps to promote diversity, including gender diversity, at operational management level and strive to inculcate a working environment which is free from discrimination. The policy on diversity is also implemented in recruitment and promotion processes.

Whilst having regard to gender diversity, the Board also recognises that diversity should also be considered from other facets such as cultural background, age, expertise, international and regional exposures and industry expertise.

Ensuring Quality of Information

The Chairman takes responsibility for ensuring that the Directors receive accurate, timely and clear information with regards to the Group's financial and operational performance as well as information contained in proposal papers submitted to the Board and Board Committees. This emphasis on quality information will enable the Board to make sound decision and provide the necessary advice to the Management. In order to ensure the Board has sufficient time to read and comprehend the contents of any of the papers, all Board and Board Committee papers are issued and submitted electronically to the Board and Board Committees in advance prior to the scheduled meetings. The Company Secretary will assist the Chairman to ensure the process of disseminating the information is effective and reliable at all times.

Under the current practice, notices of Board and Board Committee meetings are issued to the Directors and Board Committee members as well as all individuals invited to attend the meetings at least 14 days from the date of the meetings. The Company endeavours to ensure that the board papers are circulated to all Directors and Board Committees at least five (5) business days in advance to ensure that Directors are provided with sufficient time to prepare for board meetings and to facilitate robust discussions. In addition, in order to provide an in-depth discussion of the respective matters within a reasonable and sufficient time, the Chairman will decide on the agenda, structure and will prioritise the respective matters accordingly based on their relevancy, importance and urgency. Confidential papers or urgent proposals are presented and tabled at the Board meetings under a special agenda. The format and structure of the Board papers contain the right amount of details and are clear and concise.

The minutes of the previous Board meeting are circulated together with the Board papers for the following meeting for the Board's perusal before confirmation of the minutes. The summary of the minutes is also enclosed to ensure that the decisions, requests and requirements were recorded accurately and could be tracked and monitored upfront for clarity and ease of reference, as well as for the Board's comfort that actions are being followed up. In the best interest of good governance, the Board may reject any request for late submission of papers during the proceedings of the Board meetings, unless the matter is of genuine and exceptional circumstances, with the permission of the Chairman of the Board or Board Committees, respectively.

As a permanent agenda of the Board meeting, the Directors have a duty to declare immediately to the Board should they be interested, whether directly or indirectly, on any transaction proposed to be entered into by the Company. An interested Director shall abstain from deliberations and decision making on the said transaction. In the event a corporate proposal is required to be approved by the shareholders, any interested Directors shall abstain from voting on the resolutions relating to the corporate proposals and shall further undertake to ensure that persons connected to them similarly abstain from voting on the resolutions.

Induction and Professional Development

As required by the Listing Requirements of Bursa Malaysia, all Directors of Malaysia Airports have attended the Mandatory Accreditation Programme (MAP) for newly appointed Directors of listed issuers.

In addition, the Directors are advised on their legal obligations and other duties as directors of a listed company upon their appointment. The newly appointed Directors will receive a comprehensive induction briefing designed to provide a general understanding of the Group's businesses and operations, including the major risks faced within the environment of the Company's business as well as an overview of the additional responsibilities of NEDs.

Through the course of their directorship, the Board members are updated at Board meetings on any developments or changes affecting the Company and how the changes are affecting their responsibilities as Directors.

In order to ensure that Directors continue to improve their understanding on the issues faced by the Group, the Directors attended continuous professional development programmes during the year covering various topics ranging from governance, changes in statutory and regulatory requirements and industry trends. The following is a summary of professional development programs attended by Directors during the financial year ended 31 December 2018. In addition to the programs organised internally by Malaysia Airports, Directors also attended other trainings organised by third parties.

SKILL SETS REQUIRED	TRAININGS
Leadership	Women on Board - Values, Challenges and Managing Process
	Forbes Global CEO Conference
Strategy	Future Forward Forum 2018
Management/Business	Khazanah Megatrends Forum 2018
	Overview on Creating Shared Value
New Technologies/Digitalisation	Overview on Social Media – Crisis and Issue Management
	World-Class Digital Transformation & Innovation Conference 2018
Finance/Banking	Credit Risk Management Banking Sector
	Islamic Finance for Board of Directors' Programme
Accounting/Auditing	Adoption of Malaysian Financial Reporting Standards (MFRS) for MAHB Group and its Subsidiaries
	Financial Reporting by Listed Issuers
	MFRS/IFRS Technical Updates 2018
	MIA Conference 2018
	World Congress of Accountants 2018
	Audit, Internal Control and Fraud Detection Seminar 2018
	Practical Accounting Principles and Practices Series (Advanced Level)
	Cyber Security, Risk and Controls

CORPORATE GOVERNANCE OVERVIEW STATEMENT

SKILL SETS REQUIRED	TRAININGS
Sustainability Skills- Social & Environmental	WECP (World Energy Cities Partnership) Collaborative Actions through Using Best Practices of Smart Sustainable Cities Towards a Vibrant Green Economy & Industry 4.0 in Cities
	KWAP Inspire: Environmental Conference 2018
	CIOB-CIDB Novus Youth Arena Malaysia
Governance/Integrity	Training on Malaysian Code of Corporate Governance
	Governance for the Audit Committee Members
	Anti-Corruption Summit 2018 'Good Governance and Integrity for Sustainable Business Growth'
Procurement	7 th Annual National Procurement Conference 2018 - What's New in Procurement Governance?
	ProcureCon Asia 2018 - Transforming Procurement Together
Property Investment & Management	Digital Transformation Throughout the Property Lifecycle
	Annual Property Developers Conference (CEO Series 2018)
	The Malaysian Property Market – New Governance & Budget 2019
	Property Development – Sales & Marketing Management
Construction	International Construction Transformation Conference
Regulatory	The Mandatory Accreditation Programme (MAP)
	Anti-Money Laundering & Counter Financing of Terrorism Training for BoDs, Shariah Committee & MANCO Invest Malaysia 2018
	The Malaysian Anti-Corruption Commission Amendment Act 2018
	Cryptocurrency & Money Laundering Activities
Marketing/Sales/Retail/ Commercial	Overview on Foods Business Unit
	Developing the Right Product and Positioning to Drive Innovative Marketing and Branding
Human Capital Management	Overview on Group Human Resource
Land/Town Planning	Open Dialogue with the Minister of Housing & Local Government
International/Multinational	Overview on the Nestlé's Japan Business Landscape
	Overview on GOOGLE Japan and its Application to Businesses
	International Forum of Sovereign Wealth Funds (IFSWF) 2018 Conference
	Cainiao Global Smart Logistics Summit
IT Strategy & Governance/ICT	Cyber Security Awareness
	Digital Transformation Program

SKILL SETS REQUIRED	TRAININGS
Airport/Aviation	ACI 10 th Annual Airport Economics & Finance Conference & Exhibition
	Global Airport Development World (GAD) 2018
	ACI Asia-Pacific Small & Emerging Airports Seminar 2018
	CAPA World Aviation Outlook Summit
	ACI Airport Exchange Conference 2018
	The Trinity Forum – The Global Airport Commercial Revenues Conference
Operational Excellence/Process Improvement	Overview on the Nestlé Distribution Center
Risk Management	Building an Enterprise Risk Management (ERM) Framework

Board Performance Evaluation (BPE)

In 2018, the Board had appointed an independent consultant, namely Aon Hewitt Malaysia Sdn Bhd to provide independent advice in the evaluation of the Board's effectiveness. An Evaluation Questionnaire was developed to evaluate the Board, Board Committee and individual Directors which covers the following areas:

- Board composition;
- Board role and functioning;
- Information management;
- Corporate social responsibility;
- Monitoring company's performance;
- Board Committee effectiveness – General evaluation of committees;
- Board priorities;
- CEO performance evaluation and succession planning;
- Director development and management;
- Risk management;
- Board committee evaluation; and
- Director self/peer evaluation.

The strength and weaknesses identified from the evaluation was presented to BNRC for recommendation to the Board. The Board had further deliberated the findings of the BPE and views of each Board member, of which the findings are used as a yardstick to measure the Board's effectiveness. This will form the basis to formulate a Board Performance Improvement Plan (BPI) for the following year. Based on the results of the BPE for year 2018, the BPI identified by the Board mainly focuses on the right team, capabilities, processes and culture. This will be monitored by the Board on a quarterly basis to determine the progress of the action plans developed by the Management.

The BPE framework is reviewed periodically to ensure that BPE analysis is able to contribute to the Board's overall effectiveness and is part of an ongoing effort to drive continuous effectiveness of the Board and Board Committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is committed in conducting the performance evaluation which includes undertaking independent evaluation on the Board's effectiveness once every three years commencing from 2018. This will enable the Board's performance to be properly gauged to enable the Board to have a continuous improvement process.

Company Secretary

The Company Secretary plays an advisory role to the Board in relation to the Company's Constitution, proceedings of meetings, policies and procedures and compliance with the relevant statutory and regulatory requirements, guidelines as well as the principles and recommendations of best corporate governance practices. The Board are regularly updated by the Company Secretary on changes to the relevant statutory and regulatory requirements, particularly on areas relating to the duties and responsibilities and disclosure requirements of the Directors.

The Company Secretary acts as the intermediary between Management and the Board/Board Committees whereby any proposal papers and recommendations are brought to the Board/Board Committees through the Company Secretary for deliberation and approval. Thereafter, the Company Secretary will deliver the Board's/Board Committees' decisions to the Management for implementation. In this process, all the governance requirements are observed and implemented by the Company Secretary to ensure transparency and accountability are adhered at all times.

The functions of the Company Secretary are as tabulated below:

FUNCTIONS OF COMPANY SECRETARY	
<ul style="list-style-type: none"> Responsible for advising the Directors of their duties, responsibilities and obligations to disclose their interest in securities, prohibition on dealing of securities during the closed period, restriction on disclosure of price sensitive information, disclosure of any conflict of interest and related party transaction as well as disclosure of necessary information as required under the relevant legislations. 	<ul style="list-style-type: none"> Attend all Board, Board Committee and Shareholder meetings and ensure that all meetings are properly convened and proceedings of the Board, Board Committee, and Shareholder meetings and decisions thereof are properly recorded.
<ul style="list-style-type: none"> Assist the Board with interpreting legal and regulatory acts related to the Code, Listing Requirements of Bursa Malaysia and other related regulations and developments. 	<ul style="list-style-type: none"> Communicate decisions of the Board, Board Committee and Shareholder meetings to the relevant Management for necessary action and following-up on proposals or matters tabled at the Board or Board Committee meetings.
<ul style="list-style-type: none"> Provide full access and services to the Board. 	<ul style="list-style-type: none"> Prepare the agenda with the Chairman and notify all Directors of Board Meetings.
<ul style="list-style-type: none"> Advise the Board on its responsibilities to disclose material information to the shareholders and financial markets on a timely basis. 	<ul style="list-style-type: none"> Handle Company's share transactions and other duties as prescribed under the relevant legislations.
<ul style="list-style-type: none"> Notify the Chairman of any possible violations of legal and regulatory acts. 	<ul style="list-style-type: none"> Ensure execution of assessment for Directors and the Board/Board Committees.

FUNCTIONS OF COMPANY SECRETARY

- | | |
|--|--|
| <ul style="list-style-type: none"> • Ensure the appointment of new Directors, re-appointment and resignation of Directors are in accordance with the relevant legislations. | <ul style="list-style-type: none"> • Brief new Directors on organisational structure of the Company and procedures that regulate the operations of the Board. |
| <ul style="list-style-type: none"> • Facilitate the orientation of new Directors and provide assistance in Directors' training and development. | <ul style="list-style-type: none"> • Ensure availability of information required by new Directors for the proper discharge of their duties. |
| <ul style="list-style-type: none"> • Assist the Board and the Chairman on the implementation of MCCG 2017. | <ul style="list-style-type: none"> • Monitor compliance with the principles and recommendations of MCCG 2017 and inform the Board of any non-compliance. |
| <ul style="list-style-type: none"> • Ensure high standard of governance by keeping abreast of the latest enhancement in corporate governance and changes in the legal and regulatory framework. | |

The Directors have direct access to the advice and services of the Company Secretary. The Company Secretary works closely with the Management to ensure that there is timely and appropriate information flow to the Board and Board Committees and between the Board and the Management. In the performance of her duties, the Company Secretary is assisted by a dedicated team from the Company Secretarial Division.

The Company Secretary constantly keeps herself abreast and educated on the changes and developments in statutory and regulatory requirements, corporate governance and sustainability through continuous education and training. The training programmes attended by the Company Secretary in the financial year 2018 are as follows:

List of Trainings Attended by Company Secretary

- | |
|---|
| • MAICSA Annual Conference 2018 : Forging Forward, New Dimensions |
| • A Practitioner's Guide on Company Meetings under Companies Act 2016 |
| • Registration of Company and its Constitution |
| • Key Offences under Companies Act 2016 and Interest Schemes Act 2016 |
| • Read, Interpret and Analyse Financial Statements |
| • Share Registration Practical Issues |
| • No Par Value and Issuance of Shares and other Securities |
| • Khazanah Megatrends Forum 2018 |
| • Cyber Security Awareness |
| • Cyber Security, Risk and Controls |
| • Gearing Up for Corporate Liability |
| • Anti-Corruption Summit 2018 |

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Remuneration

The Board remuneration structure is reviewed by benchmarking the Chairman and the Directors' remuneration against peer companies, locally and regionally. This will in turn ensure the Board continues to provide the necessary oversight roles and mentoring out of the skills and experiences required for the effective management and operations of the Group. The calibre of the NEDs serving the Company is essential in upholding the high standards of corporate governance practised by the Group.

The Chairman and NEDs received the following fees for the financial year ended 31 December 2018:

1. MAHB

No.	FEE	CHAIRMAN	NON-EXECUTIVE DIRECTOR
1.	Directors' Fee	Monthly: RM15,000 Annually: RM180,000	Monthly: RM9,000 Annually: RM108,000
2.	Meeting Allowance		
	2.1 Board Meeting	RM5,000/meeting	RM3,000/meeting
	2.2 Board Committee Meeting	RM4,000/meeting	RM2,000/meeting
3.	Senior Independent Director Allowance		Monthly: RM1,000 Annually: RM12,000

2. Subsidiaries of MAHB

No.	TIER	CHAIRMAN	NON-EXECUTIVE DIRECTOR
	Directors' Fee		
	First Tier		
1.	Malaysia Airports Consultancy Services Sdn Bhd (MACS)		
2.	Malaysia Airports (Niaga) Sdn Bhd		
3.	K.L. Airport Hotel Sdn Bhd		
4.	KLIA Aeropolis Sdn Bhd	Monthly: RM4,000 Annually: RM48,000	Monthly: RM3,000 Annually: RM36,000
5.	Malaysia Airports International Sdn Bhd		
6.	Istanbul Sabiha Gokcen International Airport (ISG) and LGM Airport Operations Trade and Tourism Inc (LGM)*		
	Second Tier		
7.	Malaysia Airports Sdn Bhd		
8.	Malaysia Airports (Sepang) Sdn Bhd	Monthly: RM3,000 Annually: RM36,000	Monthly: RM2,000 Annually: RM24,000
9.	Urusan Teknologi Wawasan Sdn Bhd		
10.	MAB Agriculture-Horticulture Sdn Bhd		

No.	TIER	CHAIRMAN	NON-EXECUTIVE DIRECTOR
Meeting Allowance			
First Tier			
1.	Malaysia Airports Consultancy Services Sdn Bhd		
2.	Malaysia Airports (Niaga) Sdn Bhd		
3.	K.L. Airport Hotel Sdn Bhd		
4.	KLIA Aeropolis Sdn Bhd	RM1,500 per meeting	RM1,200 per meeting
5.	Malaysia Airports International Sdn Bhd		
6.	Istanbul Sabiha Gokcen International Airport (ISG) and LGM Airport Operations Trade and Tourism Inc (LGM)*		
Second Tier			
7.	Malaysia Airports Sdn Bhd		
8.	Malaysia Airports (Sepang) Sdn Bhd	RM1,200 per meeting	RM1,000 per meeting
9.	Urusan Teknologi Wawasan Sdn Bhd		
10.	MAB Agriculture-Horticulture Sdn Bhd		

3. Committee of MAHB's Subsidiaries

No.	TIER	CHAIRMAN	NON-EXECUTIVE DIRECTOR
Meeting Allowance			
1.	ISG and LGM*	RM2,500 per meeting	RM2,000 per meeting

4. Management Committee of MAHB

No.	TIER	CHAIRMAN	NON-EXECUTIVE DIRECTOR
Meeting Allowance			
1.	Whistleblowing Independent Committee	RM1,500 per meeting	RM1,000 per meeting

* To be paid to one subsidiary only (i.e ISG).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The details of the total remuneration of Directors for the FY2018 are summarised below:

Category	Salary, Bonus and Other Emoluments (RM)	Directors' Fees		Directors' Other Emoluments		Benefits- in-Kind		Total (RM)
		MAHB (a) (RM)	Subsi (b) (RM)	MAHB^ (c) (RM)	Subsi^ (d) (RM)	MAHB^^ (e) (RM)	Subsi^^ (f) (RM)	
Non-Executive Directors								
Y.A.M Tan Sri Dato' Seri Syed Anwar Jamalullail	0.00	180,000.00	0.00	166,622.00	0.00	35,200.00	0.00	381,822.00
Dato' Sri Dr Mohmad Isa Hussain <i>(Resigned with effect from 10 May 2018)</i>	0.00	45,000.00	0.00	45,000.00	0.00	10,000.00	0.00	100,000.00
Mohd Shihabuddin Mukhtar <i>(Alternate to Dato' Sri Dr Mohmad Isa) (Resigned as alternate with effect from 10 May 2018)</i>	0.00	0.00	24,000.00	6,000.00	2,000.00	0.00	0.00	32,000.00
Datuk Ruhaizah Mohamed Rashid <i>(Resigned with effect from 7 July 2017)</i>	0.00	0.00	0.00	0.00	0.00	10,000.00	0.00	10,000.00
Y.M. Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin <i>(Resigned with effect from 01 July 2017)</i>	0.00	0.00	0.00	0.00	0.00	10,000.00	0.00	10,000.00
Datuk Siti Zaayah Md Desa <i>(Appointed with effect from 17 October 2018)</i>	0.00	22,354.84	0.00	14,838.00	0.00	5,568.00	0.00	42,760.84
Datuk Khairul Adib Abd Rahman	0.00	108,000.00	24,000.00	68,672.00	0.00	15,568.00	0.00	216,240.00
Dato' Mohd Izani Ghani*	0.00	108,000.00	71,033.34	125,170.00	31,000.00	10,000.00	0.00	345,203.34
Hajah Jamilah Dato' Hashim*	0.00	108,000.00	44,000.00	111,864.00	7,000.00	10,000.00	0.00	280,864.00
Datuk Seri Yam Kong Choy	0.00	108,000.00	124,000.00	121,838.00	32,788.50	10,000.00	0.00	396,626.50
Datuk Zalekha Hassan	0.00	108,000.00	54,000.00	155,004.00	9,690.00	10,000.00	0.00	336,694.00
Rosli Abdullah	0.00	108,000.00	116,766.67	148,917.80	48,662.00	10,350.00	0.00	432,696.47
Dato' Ir Mohamad Husin	0.00	108,000.00	70,300.00	140,048.00	13,200.00	10,000.00	0.00	341,548.00
Datuk Azailiza Mohd Ahad	0.00	108,000.00	28,000.00	130,554.00	1,200.00	10,000.00	0.00	277,754.00
Total	0.00	1,111,354.84	556,100.01	1,234,527.80	145,540.50	156,686.00	0.00	3,204,209.15
Executive Director**								
Datuk Mohd Badlisham Ghazali	1,591,870.14	0.00	0.00	0.00	0.00	86,857.04	0.00	1,678,727.18
Grand Total	1,591,870.14	1,111,354.84	556,100.01	1,233,027.80	147,040.50	243,543.04	0.00	4,882,936.33

This disclosure is for the payment made to the respective Directors in financial year 2018.

* The amount of fee paid to Khazanah Nasional Berhad, the major shareholder of the Company, in respect of services rendered to the Company by Dato' Mohd Izani Ghani and Hajah Jamilah Dato' Hashim. Commencing from 1 October 2018, the Director's remuneration for Hajah Jamilah Dato' Hashim has been directly paid to her due to her retirement from Khazanah Nasional Berhad.

** Being the Managing Director.

^ Directors' Other Emoluments comprises Senior Independent Director allowance, meeting allowance, car allowance⁰, entertainment allowance⁰⁰ and out-of-pocket expenses.

^^ Benefits-in-kind comprises car⁰⁰, petrol⁰⁰, toll⁰⁰, driver⁰⁰, telecommunication devices, club⁰⁰, professional membership, leave passage[#] and Directors' appreciation gift.

⁰ For Chairman only.

⁰⁰ For Chairman and Managing Director only.

[#] For Managing Director only.

In line with the provision of the Board Charter, a review of the Directors' total remuneration shall be conducted at least once every two (2) years to ensure that remuneration levels are aligned at least at the 50th percentile of their appropriate peer group. The Board believes that the alignment of the remuneration offered to the Directors will enable the Company to continue to attract and retain individuals of the required calibre on the Board.

A review of the Directors' total remuneration has been conducted for 2019 and the review is reflected in the proposed Directors' remuneration for the period from 3 May 2019 to the next AGM in 2020 under Resolutions 2 and 3 of the AGM Notice 2019.

Senior Management Remuneration

The Board strives to ensure the Senior Management's remuneration package is competitive to be able to attract new talents, as well as to retain existing talents. Currently, the top five Senior Management's remuneration packages are within the range of RM50,000.00 to RM80,000.00 per month.

The Senior Management's performance is evaluated on a yearly basis where the corporate level of Key Performance Indicators (KPIs) are set by the Board and cascaded to the Senior Management. The Senior Management's performance is then reviewed in the middle of the year and the beginning of the following year.

EFFECTIVE AUDIT AND RISK MANAGEMENT

ACCOUNTABILITY

Ensuring Quality in Financial Reporting

In presenting the annual audited financial statements and quarterly financial results to the shareholders, the Directors aim to present a balanced and comprehensive assessment of the Group's position and prospects. The BAC assists the Board by reviewing the information disclosed and ensuring its completeness, accuracy and adequacy.

The Board is fully aware of the changes in the accounting policies with the implementation of the Malaysian Financial Reporting Standards (MFRSs) approved by the Malaysian Accounting Standards Board and has adopted the relevant MFRSs applicable for the financial year ended 31 December 2018.

The adoption of the MFRSs has changed a number of the Group's accounting policies. The principal effects of the changes in accounting policies resulting from the above adoption are set out in the Financial Statements 2018.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Risk Management and Internal Controls

The Board recognises the ultimate responsibility in ensuring that the Company practices a sound internal control system and the effectiveness of the internal control system is reviewed from time to time. The Board Committees have been entrusted with their respective defined functions which are aimed at supporting the Board's oversight roles of proper implementation of corporate governance practices, audit, risk management and internal control systems. The Board is guided by the Risk Management Policy Framework to ensure effective oversight of risks and controls in the Group. The effectiveness of risk management and internal controls is continuously reviewed to ensure that they are working adequately and effectively.

The following two (2) Board Committees are primarily responsible for risk management and internal control oversight:

- **Board Audit Committee**

The Board Audit Committee (BAC) plays a key role in the Company's governance structure. The BAC is positioned to rigorously challenge and ask probing questions on the Company's financial reporting process, related party transactions and conflicts of interest, internal control, internal audit and external audit processes.

It is provided under the Terms of Reference of the BAC that the former key audit partner to observe a cooling off period of at least two (2) years before being appointed as a member of the BAC. In line with MCCG 2017, the Chairman of the BAC is not the Chairman of the Board. The BAC comprised majority of Independent Directors.

During the year, the BAC members had attended professional development courses in accounting and auditing standards to keep themselves abreast of the recent development.

The BAC report is available at pages 207 to 211 of this Report.

- **Board Risk Management Committee**

The Board Risk Management Committee (BRMC) was established to oversee the Company's risk management framework and policies. The Committee is responsible to determine the Company's level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders' investments and the Company's assets.

The Corporate Risk Management Profile of the Group and the mitigation plan for the risks are being monitored by BRMC on a quarterly basis and updated to the Board for approval. The risks are categorised into several areas namely strategic, regulatory, operational, human capital, information technology, reputational and financial.

The Statement on Risk Management and Internal Control which provides the key features of the risk management framework and an overview of the internal control system of the Company is set out on pages 196 to 206 of this Report.

The Board's Professionalism

Code of Ethics and Conduct

Malaysia Airports' Code of Ethics and Conduct (the Code) is intended to provide clear guidelines on permissible or non-permissible conduct in the business practices of Malaysia Airports. The Code is implemented to ensure that all employees and its representatives comply with the same standards. It shall also serve as guidelines when making judgment calls on work ethics, including in bridging and fostering close relations between the Company and its customers. The business code of conduct for the Board is subject to the statutory duties of directors under various legislative enactments, and as stipulated under the Companies Act 2016, Listing Requirements of Bursa Malaysia and Securities Commission Act.

For the financial year under review, the Board has reviewed and approved the revised Code of Ethics and Conduct which amongst others include the addition of the new provisions on travel, donation, sponsorship, political contributions, declaration of assets, conduct in social media and Certification of compliance to Code of Ethics and Conduct.

The Code applies to all employees and representatives including agents, consultants, contractors and suppliers for the Company:

Employees

All employees of Malaysia Airports are required to understand and comply with the Code, uphold the integrity of the Company and adhere to all requirements and provisions of the law in force in every country where the Company conducts its business. The employees are also required to perform their work in a manner consistent with Malaysia Airports' policies, procedures, directives and guidelines as issued from time to time.

Line Managers

As leaders, Line Managers assume additional responsibilities of ensuring their direct reports understand and comply with the Code, promoting compliance and good ethical values via leadership by example. They should be diligently on the lookout for indications that unethical or illegal activities, malpractice or other irregularities have occurred and report the matter to the Head of Industrial Relations of Human Resources Division.

Business Partners and Suppliers

Suppliers are expected to conform to the principles and standards set out in the Code in their relationship and dealings with the Company. Violation of the Code will result in blacklisting by the Company. Meanwhile, business partners are encouraged to adopt similar principles and standards of behaviour. The Code is made available on the Company's Corporate website: www.malaysiaairports.com.my.

In line with the intended outcome on the establishment of Code of Ethics and Conduct as stipulated in the MCCG 2017, the Board is committed in promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Access to Information and Advice

The Management recognises the significance of providing timely and relevant information to the Board to enable them to discharge their duties effectively.

The Board receives detailed quarterly reports from members of Management in respect of their areas of responsibility. Appropriate KPIs are used to facilitate benchmarking and peer group comparison. Financial plans, including budgets and forecasts are regularly discussed at Board meetings. Monthly reports are issued to the Board, covering financial and operational highlights.

The interaction of Board with members of the Management has been strengthened. In addition to Management's presentations at Board meetings, Board members are also invited to attend Company events. All these measures facilitate the build-up of constructive relations and dialogue between the Board and the Management, as well as offering first-hand experience of mixing with the Group's employees and culture.

Directors are also kept updated of any material developments from time to time through notifications and circulars detailing relevant background and explanatory information. As described above, Directors also have access to the members of the Management and employees where appropriate. Collectively, these processes ensure that the Board receives the answers and information it needs to fulfil its obligations.

Independent Professional Advice

In the performance of their duties, the Directors may seek independent professional advice at the Company's expense. Professional advisers, consultants, auditors and solicitors appointed by the Company to advise on transactions or corporate proposals are invited to the Board meetings to brief the Board as well as to address issues of concern to the Directors.

If a Director considers that the professional independent advice is necessary, he or she shall first discuss the intention with the Chairman to bring the request to the Board for consideration. The reason for seeking independent professional advice and the proposed cost involved should be presented to the Board for approval and the Director concerned may proceed once Board's approval is obtained.

INTEGRITY IN CORPORATE REPORTING AND RELATIONSHIP WITH SHAREHOLDERS

RELATIONS WITH SHAREHOLDERS

Disciplined measurement of our performance is an important aspect of our strategy to achieve long-term success. Recognising that we are accountable to our stakeholders, the reporting of financial and non-financial results in a transparent fashion is critical to earn the trust and confidence of the stakeholders. A number of formal communication channels are used to account to shareholders to update on the performance of the Group. These include communication through the Annual Reports, periodic announcement of financial results and press releases.

Shareholders may raise questions to the Company by contacting the Investor Relations Division.

Investor Relations

The Company's Investor Relations Policy enables effective communication with the shareholders, potential investors, other stakeholders and the public in general. It is intended to give them a clear picture of the Group's performance and operations. To maintain transparency and effectively address matters and concerns raised by any parties, the Company has a dedicated email at ir@malaysiaairports.com.my to which stakeholders can direct their queries.

Malaysia Airports values transparent and coherent communication with the investment community to be consistent with commercial confidentiality and regulatory considerations. The Company's Investor Relations Policy aims at building long-term relationships with the shareholders and potential investors through appropriate channels for the management and disclosure of information. The shareholders and potential investors are provided with sufficient information on the business, operations and financial results of the Group in order to enable them to make the correct investment decisions.

In each and every quarter during the financial year ended 31 December 2018, Malaysia Airports continued to arrange analyst briefings in conjunction with the release of the Group's quarterly financial results. The briefings include information on the corporate overview, review of business operations and financial performance, updates on major transactions as announced to Bursa Malaysia, headline KPI achievements and the business outlook for the Group.

In addition to the above, Malaysia Airports also organises regular one-on-one meetings with investment analysts and fund managers throughout the year. The analysts and fund managers briefings will continue to be held regularly in 2019 onwards.

In line with our commitment towards corporate governance and best practice in investor relations, Malaysia Airports updates its website, www.malaysiaairports.com.my, regularly to ensure that only up-to-date information is provided to the shareholders and potential investors. The Company's website also allows the visitors to subscribe and receive the latest information about Malaysia Airports. This will enhance transparency and facilitate effective communication with the investment community.

Corporate Disclosure Policy

Malaysia Airports is committed to ensure that shareholders and the market are provided with accurate and timely information about the Group. Therefore, the Company upholds the practice of releasing all price sensitive information to Bursa Malaysia in a timely manner as stipulated by the Listing Requirements of Bursa Malaysia. Immediately after such information is released to Bursa Malaysia, it is then released to the market and investment community at large through media releases and social media platforms, the Company's website and other appropriate channels. Each division in Malaysia Airports is required to inform the Company Secretary on any significant event or potential price sensitive information concerning Malaysia Airports as soon as practicable the information is known.

Information via the Online Channels

Malaysia Airports employs a wide range of communication approaches such as direct communication and publication of all information relevant to the Group on its website at www.malaysiaairports.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company leverages on its website and social media platforms for purposes of providing information to its shareholders, stakeholders and the investment community at large. Information on the latest news on the Group are disseminated through media releases which is also featured in 'Media Centre' section on the website. Employees will also receive updates on any important news via internal communications platform such as emails. In addition, the Company dedicates a section to the investors on its website wherein corporate presentations, Annual Reports, quarterly financial results, annual financial statements, announcements, share prices and financial information are made available. Detailed information on the Company's investor relations activities are disclosed on pages 212 to 213 of this Annual Report.

Relationship with Institutional Shareholders

The Investor Relations team is responsible for managing the communication with institutional shareholders through briefings to fund managers and investment analysts. These activities are normally arranged after the release of the Group's quarterly results to Bursa Malaysia. Press conferences are also held to brief the members of the media and to highlight any significant events undertaken by the Group.

Relationship with Minority Shareholders

All shareholders will receive the Annual Report of the Company every year. The shareholders can also access the latest information on the Group's such as financial performance, group background and future events throughout the year on the Company's website at www.malaysiaairports.com.my.

The Board acknowledges the importance that the shareholders be informed of all material information affecting the Company in a timely manner by requiring the following:

- All announcements on quarterly financial results, change in the composition of the Board, etc., are disclosed to Bursa Malaysia within statutory timelines and immediately made available on the website;
- All information released to the stakeholders is to be placed on Malaysia Airports' website promptly following the release;
- Clear, accurate and sufficient information to enable shareholders and investors to make informed investment decisions; and
- All formal queries by Bursa Malaysia and other regulatory authorities are expeditiously responded to.

Annual General Meeting

The Board is equally interested in the concerns of the minority shareholders. The Company Secretary oversees the communication with these shareholders. The Board recognises the significance of the constructive use of AGM as an avenue for a dialogue with private shareholders based on the mutual understanding of objectives. Individual shareholders can put questions to the Chairman at the AGM. Chairmen of various Board Committees attend the AGM to respond to any questions on the activities of the Board Committees as provided under their respective terms of references.

The Notice of AGM is circulated 28 days before the date of the meeting to enable shareholders to go through the Annual Report, adopting the Practice under Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders of MCCG 2017 and fulfilling the minimum 21-day requirement under the Companies Act 2016 and the Listing Requirements of Bursa Malaysia. The additional time given to shareholders enables them to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or to appoint an attorney to attend on their behalf.

At the commencement of the AGM, the Chairman shall inform the shareholders on the resolutions put forth for approval and explain that the voting on all the resolutions shall be by poll pursuant to the Listing Requirements of Bursa Malaysia.

To assist the shareholders in exercising their rights, the Chairman shall read out the provisions of the Constitution on the shareholders' right to demand for a poll vote.

As guided by MCCG 2017, in facilitating greater shareholders' participation, the Board has taken proactive measure in leveraging technology in the 19th AGM held in 2018 by introducing electronic voting.

The Board will maintain good dialogue with shareholders by proactively arranging meetings, presentations and events, so as to better understand the views of the shareholders on a range of issues from strategy to corporate governance.

Shareholders are also encouraged to contact the following personnel pertaining to investor relations matters:

Lee Ain Vin
General Manager, Corporate Finance, Investor Relations & Treasury
Contact Details
Tel: 603-8777 7006
Fax: 603-8777 7570
E-mail: ir@malaysiaairports.com.my

The profile of Lee Ai Vin is enclosed on page 150 of this Annual Report.

Whistleblowing Policy

To augment the Code of Ethics, the Company's Whistleblowing Policy adopted by the Board, outlines when, how and to whom complaints may be made about the actual or potential corporate fraud or breach of ethics involving employees, Management or Director in the Group. It allows the whistleblower the opportunity to file complaints outside the Management line. The identity of the whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retribution. All complaints made by the whistleblowers are addressed to the Whistleblowing Independent Committee (WIC). The WIC will assess all information received and act in accordance to its terms of reference. Subsequently, the WIC will submit a report to the BAC at alternate BAC meetings.

Complaints can be channeled online at www.malaysiaairports.com.my via the Whistleblowing Programme Reporting of Concern Form, or emailed to wic_secretariat@malaysiaairports.com.my, or by calling the hotline at 03-8777 7314 or 019-659 2263.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the year, a total of 17 concerns were received, which covered broad areas of concerns as mentioned above, and where appropriate, actions have been taken to address the concerns.

Corporate Integrity

In 2018, the Malaysian Anti-Corruption Commission Act 2009 (MACC Act) was amended to incorporate, among others, a new Section 17A relating to offence by a commercial organisation or commonly known as corporate liability. In supporting the Malaysian Government's strong determination to fight corruption, the Company as a responsible corporate citizen has organised an awareness session on corporate liability attended by the employees of the Group. The briefing was delivered by MACC to the Management personnel of Malaysia Airports. Similar awareness session has also been conducted for the Board by way of a briefing on the provisions of corporate liability by Corporate Integrity Unit of the Company.

Section 17A of the MACC Act also specifies that if a commercial organisation has adequate procedures in place to prevent an act of corruption, the commercial organisation can use it as its defence in corruption cases involving persons associated with the commercial organisation. In December 2018, the Guidelines on Adequate Procedures pursuant to Section 17A of the MACC Act was launched by the MACC to assist commercial organisations in understanding the adequate procedures that should be implemented to prevent corrupt practices. The Company strives to adopt the principles as outlined by the Guidelines to enhance its efforts in eradicating corrupt practices in the business environment it operates.

Malaysia Airports has from the beginning implemented various policies and guidelines of corporate governance and anti-corruption which aims to eliminate corruption amongst our employees and stakeholders such as Code of Ethics and Conduct, whistleblowing policy, asset declaration, no gift policy and vendor integrity pact.

Dividend Policy

The Company's dividend policy entails the payment of dividend at a payout ratio of at least 50% of the consolidated annual net profit after taxation and minority interest commencing from the financial year 2007. Nevertheless, the actual amount and timing of the dividend payments will depend on the Company's cash flow position, results of operations, business prospects, current and expected obligations, and such other matters as the Board may deem relevant.

Instilling Sustainability

The Board believes that sustainability is integral to the long-term success of Malaysia Airports. Malaysia Airports manages its business responsibly by managing the economic, social and environmental aspects of its operations. Malaysia Airports publishes the Sustainability Report annually to communicate on its sustainability endeavours to the stakeholders. Together with the Annual Report, which highlights the financial aspects of the business, the Sustainability Report provides a clear, comprehensive and transparent representation of the Company's non-financial performance annually.

Further information on the Malaysia Airports' sustainability activities can be found in the Sustainability Report 2018. The Sustainability Report 2018 is also available on the Company's website.

The Responsibility of Management

The Board has established a main management committee, namely Executive Committee (EXCO), chaired by the Group Chief Executive Officer [Managing Director]. EXCO meetings are held on a frequent basis at least once a month to discuss and monitor the Company's performance and operations.

The Board has adopted policies and procedures such as Procurement Policies and Procedures (3Ps) and Group Approval Limit of Authority (GALOA) which determine matters that require the Board's approval and what can be delegated to the Board Committees or the Management, respectively.

In 2018, following an assessment on the existing GALOA which was performed by Messrs Ernst & Young, the external auditors, the GALOA has been revised to achieve the objectives of improving clarity, increasing speed as well as balancing empowerment and governance.

Indemnification of Directors and Officers

The Company's Directors and Officers are indemnified under Directors and Officers Liability Insurance against any liability incurred in the discharge of their duties while holding office as Directors and Officers of the Company. The Directors and Officers shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them.

Related Party Transactions

The Group adopts an internal compliance framework that ensures the Company complies with the Listing Requirements of Bursa Malaysia, including requirements relating to related party transactions (RPT) and recurrent related party transactions (RRPT). The Board, through the BAC, reviews and monitors all RPT and conflicts of interest situations, if any, on a quarterly basis. A Director who has an interest in a transaction must abstain from deliberating and voting on the resolution for the transaction at the meetings of the Board, the AGM or Extraordinary General Meeting.

The Company has established procedures regarding the RPT which are summarised as follows:

- All RPTs are required to be undertaken on an arm's length basis and on normal commercial terms which are not more favourable than those generally available to the public and other suppliers, and are not detrimental to the minority shareholders;
- All RPTs shall be reported to the BAC. Any member of the BAC, where deemed fit, may request for additional information pertaining to the transactions, including advice from independent advisers; and
- All RRPTs which are entered into pursuant to the shareholders' mandate are recorded by the Company.

Malaysia Airports did not seek any mandate from its shareholders pertaining to RRPT during the financial year under review.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Relationship with External Auditors

The Group's transparent and professional relationship with the External Auditors, Messrs Ernst & Young, is primarily maintained through the BAC. The key features underlying the BAC's relationship with the External Auditors are detailed in this Annual Report on page 209. The terms of engagement of the External Auditors are reviewed by the BAC prior to submission to the Board for approval.

The BAC works closely with the Management in assessing the suitability and independence of the External Auditors and has obtained confirmation from the External Auditors that they are and have been, independent throughout the conduct of the audit engagement.

In order to ensure full disclosure of matters, Messrs Ernst & Young are regularly invited to attend the BAC meetings as well as the AGM. For the financial year under review, two private sessions between BAC and the External Auditors were held in the absence of the Managing Director/Acting GCEO and the Management to discuss the adequacy of controls and any judgmental areas for greater exchange of views and opinions between both parties in relation to financial reporting.

In order to ensure that the External Auditors' independence and objectivity are not compromised by the provision of non-audit services, BAC's practice is to exclude them from providing services on merger and acquisition exercise, due diligence, management, strategic and IT consultancy, and other non-audit and non-tax-related services, unless the services offered by the External Auditors are more effective or competitively priced, and they are the expert in the field against other providers.

The fees paid or payable to the External Auditors during the financial year ended 31 December 2018 are provided in this Annual Report on page 215.

Statement of Directors' Responsibility in Preparing the Audited Financial Statements

The Companies Act, 2016 requires the Directors to prepare financial statements for each financial year in accordance with the Financial Reporting Standards, and places responsibility on the Directors to ensure that the financial statements provide a true and fair view of the financial position of the Company and its financial performance and cash flows for the financial year. The Board is satisfied that it has met its obligation to present a balance and understandable assessment of the Company's position in the Directors' Report and the Audited Financial Statements as set out in the Financial Statements 2018.

Statement on Compliance with the Listing Requirements of Bursa Malaysia in Relation to Application of Principles and Adoption of Best Practices of MCG 2017

This Corporate Governance Overview Statement is made in compliance with Paragraphs 15.25 of the Listing Requirements of Bursa Malaysia. The Board is pleased to report to its shareholders that to the best of its knowledge, the Company is satisfied that during the financial year ended 31 December 2018, the Company had applied most of the practices laid down in MCG 2017 and will endeavour to continuously adopt the principles set out in MCG 2017 from time to time.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board of Directors and approved at the Board of Directors' meeting held on 30 January 2019.

On behalf of the Board

Tan Sri Datuk Zainun Ali
Chairman

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Malaysia Airports in operating its business in 2018 faced various types of risks ranging from strategic, safety, finance, regulatory, operational, reputational, project, security etc. The risks are managed by ensuring adequate controls and mitigation plans are in place and ensuring improvements are made continuously.

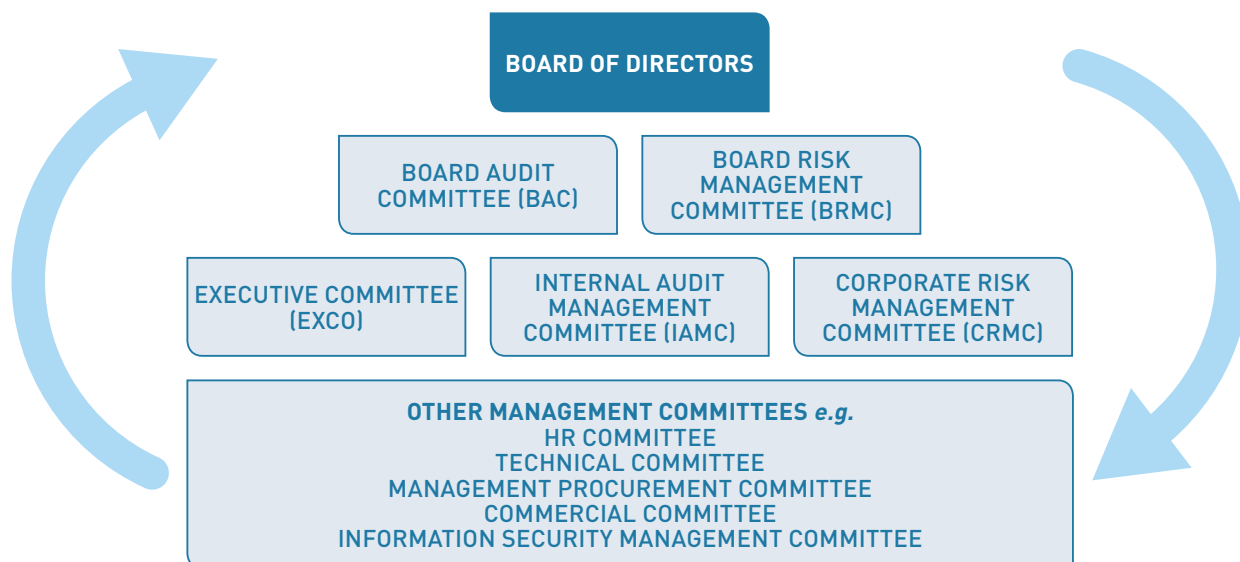
RISK GOVERNANCE

1. The Board of Directors (The Board) is responsible and accountable in implementing a sound risk management and internal control framework in Malaysia Airports, in order to respond appropriately to business challenges for the achievement of the Group's short and long-term objectives.

This is in pursuant to Para 15.26(b) of *Bursa Malaysia Securities Berhad (BMSB) Main Market Listing Requirements and Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Companies*.

The Board Risk Management Committee (BRMC) and Board Audit Committee (BAC) are in place to promote governance, transparency and accountability towards the establishment of an appropriate control environment in Malaysia Airports, and review its adequacy and integrity on a periodic basis to ensure its effectiveness.

2. Management via the Corporate Risk Management Committee (CRMC) and Internal Audit Management Committee (IAMC) are responsible to manage agreed risk treatments and monitor risk controls directed by the respective Board Committees to provide a sustainable business environment in Malaysia Airports.

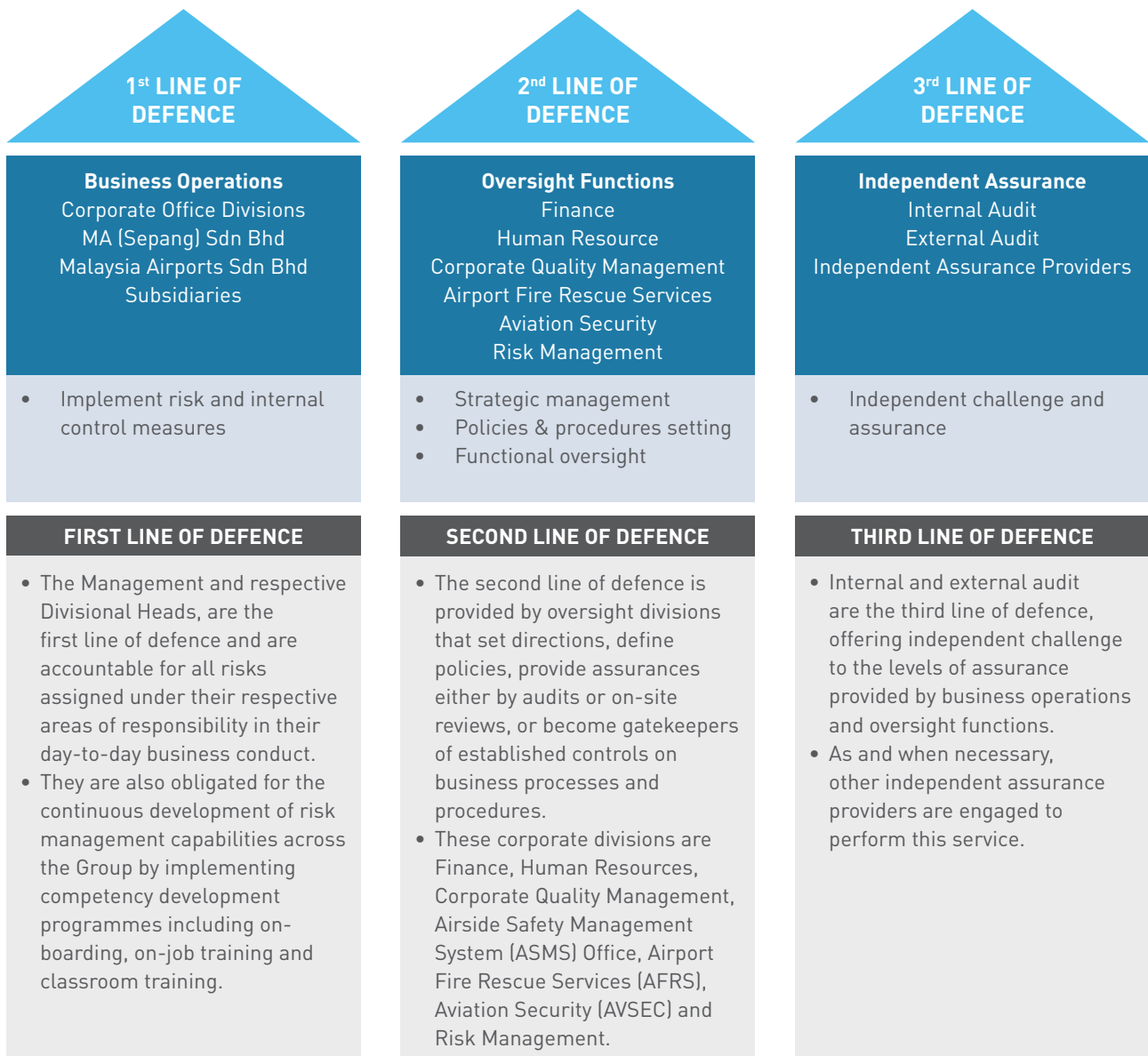


RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

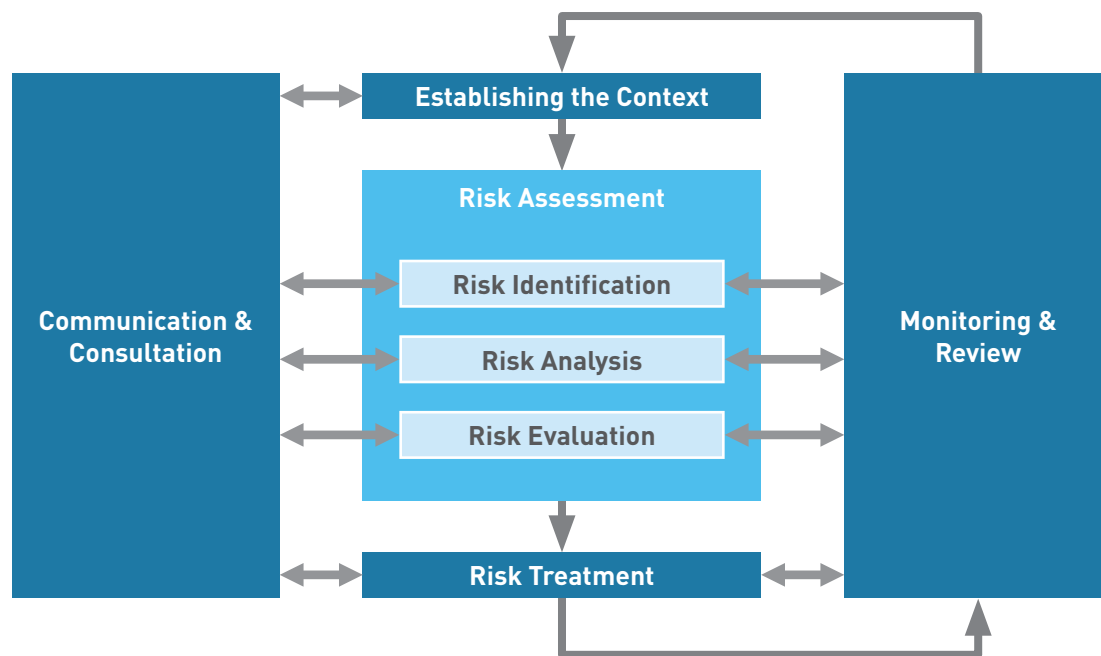
Malaysia Airports' risk management and internal control system is guided by *ISO 31000: Risk Management - Guidelines* and the COSO Framework.

INTERNAL CONTROL MODEL /THREE LINES OF DEFENCE MODEL

In implementing this framework and effective risk reporting, Malaysia Airports adheres to the Three-Lines of Defence Model as follows:



RISK MANAGEMENT PROCESS



STRATEGIC

Background

On 21 December 2016, the Cabinet of Malaysia approved in principle the extension of both MA(S) Sdn Bhd and MASB's OA for an additional 35 years, up to the year 2069. The negotiation for the finalisation of this new OA remains in progress to date.

Risk

- Uncertainty over the formalisation of the extension may delay the determination of a viable business model for Malaysia Airports, impacting on business sustainability.
- Potential non-alignment between new OA and the RAB framework slated to be finalised by MAVCOM in 2019 due to the need to properly align User Fees determination against the aeronautical charges that are to be determined under the RAB Framework.

Mitigation

- Malaysia Airports is currently in discussions with the Ministry of Transport (MOT) and making good progress towards coming to an agreement on the new OA terms in 2019.
- Discussions with MAVCOM on the RAB Framework also considered any related developments in the OA negotiations.

Opportunities

- Restructuring of User Fees to keep tariffs competitive.
- Introduction of higher level of flexibility and mitigates risk for new airport entrants, divestments and shutdowns.

B. Regulated Asset Base (RAB)**Background**

A Regulated Asset Base (RAB) framework whereby aeronautical charges are set to reflect projected costs depending on negotiations between Malaysia Airports and MAVCOM every three to five years.

Risk

- The determination of the aeronautical charges may not accurately reflect the airports' financial needs of the upcoming regulatory period of three to five years.

Mitigation

- Malaysia Airports is currently in discussions with MAVCOM on the design of the RAB Framework which is expected to be introduced in 2019. The discussion includes the mechanism for charges determination which would detail out the full informational requirements to do so.

Opportunities

- Enabling new investors to participate and unlocking performance with greater transparency.
- Enabling pricing differentiation.

C. Commercial Reset Strategy**Background**

A commercial reset strategy was commenced in 2018 to raise the retail profile of Malaysia Airports. This was cognisant of the fact that the retail mix, offerings and ambience of the airports have not changed for the past five to ten years resulting in Malaysia Airports' travel retail performance lagging behind competitors.

Risk

- Incorrect strategy and/or poor strategy execution.
- Missed opportunity to capitalise on high travel retail growth.
- Widening of competitive gaps with regional competitors.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Mitigation

- Examination and validation of the strategy up to Board level.
- Implementation phase to undergo due process (e.g. procurement governance process, value management).
- Realignment of product categories.
- Enhance/Upgrade on ambience at airports i.e. facelifts /décor etc.

Opportunities

- Enabling Malaysia Airports to capitalise on Asia Pacific's expected high growth in travel retail (11% vs 8.9% global) between 2017-2023.
- Preferred choice of premium brands hence increasing profile/margins.
- Generating sales growth through e-commerce platform.

D. Execution of Aeropolis Initiatives

Background

Approval in-principle was received by the Government for KLIA land lease extension for 99 years in December 2016. However, the finalisation and execution of the KLIA Aeropolis land lease agreement with FLC remains in progress to date.

Risk

- Missed opportunity to capitalise on the available land area e.g. through land monetisation/potential sublease revenue.
- Loss of opportunity to capitalise on the catalytic effects of KLIA Aeropolis cluster development e.g. potential increase in cargo volume/freighter flights.

Mitigation

- Engagements with relevant ministries, particularly the Ministry of Transport (MOT) to achieve a positive outcome.
- Internally, initiatives have been put in place to operationalise KLIA Aeropolis Sdn Bhd (KASB) to ensure smooth execution of Aeropolis initiatives once the land lease agreement is finalised.

E. Moving Towards a Digital Airport

Background

Increasing challenge of processing growing passenger volumes while maintaining optimal service levels.

Risk

- Environment: KLIA is a live airport and having constant ongoing works would be of concern due to possible adverse impact on passenger comfort levels.
- Technology: There is a risk of procuring short-lived technology which would be in use for only a short period of time. Also, there is risk of technology chosen not being able to sync with existing systems in place.
- Human element: Personnel may need retraining to operate the new systems in place.
- Operational Efficiency: Unable to maximise efficiency and scale up to meet demands or capitalise on growth.
- Loss in revenue opportunity due to inefficiency at each passenger touchpoints.

Mitigation

- Establishing a Unified Digital Platform (Big Data Analytics, Artificial Intelligence, Intelligent Enterprise, Cyber and Information Security).
- Utilising Internet of Things (IoT) sensors capable of collecting, collating, analysing and acting on data captured.
- Leverage on Industrial IoT to focus on Asset Management and Predictive Maintenance.
- Implement use cases via Big Data Analytics (BDA) to improve QoS, passenger experience, operational efficiency, and optimise revenue.
- Drive culture transformation programme focusing on customer centricity across the organisation. A 'Happy Guests, Caring Hosts' service culture transformation programme was launched on 13 December 2018.

Opportunities

- Ability to utilise several initiatives under Airports 4.0 strategy to address MAVCOM Quality of Service (QoS) requirements.

F. International Ventures**Background**

International expansion is part of Malaysia Airports' Strategy and the Board's vision to create a global brand.

Risk

- Financial and sovereign exposure arising from investments abroad.

Mitigation

- Establishment of framework to assess risks including the sovereign risks of the prospective territories.
- To partner strong strategic and financial parties.

REGULATORY & COMPLIANCE**G. Implementation of Quality of Service (QoS)****Background**

The Quality of Service (QoS) scheme introduced by MAVCOM covers 28 elements. (Eight (8) elements have come into effect in 2018 for KUL) which are split into four categories:

1. Passenger comfort and facilities
2. Passenger and baggage flows
3. Operator and staff facilities
4. Queueing times

Risk

- Malaysia Airports faces potential financial penalties (5% of aeronautical revenue) following the implementation of the QoS in the event the targets are not met.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Mitigation

- Malaysia Airports is embarking on numerous projects to enable us to better respond to the elements in the QoS such as refurbishments of critical infrastructure and systems at critical passenger touchpoints. Improvements to airport ambience is also being undertaken.
- Back-to-back commitment Service Level Agreements (SLA) with partners are also put in place.

Opportunities

- Ability to capitalise on favourable QoS benchmarks to increase reputation/credibility with stakeholders.

OPERATIONAL

H. Ageing Assets and Technology & Capacity Issues

Background

Airport assets and technology need to be constantly upgraded and airport capacity needs to be increased to ensure that they are capable of handling the increased load factors with the increased number of passengers.

Risk

- Breakdowns of the Aerotrain and Baggage Handling System at KLIA Main terminal.
- Negative perception towards the airports.
- Penalties by MAVCOM under QoS implementation.

Mitigation

- Asset replacement programmes are in place on top of the planned, preventive maintenance programmes.
- Optimisation programmes for airports reaching capacity.

I. Safety & Security

Background

Malaysia Airports' as the premier airport operator in Malaysia needs to ensure the safety and security of our assets and everyone on site.

Risk

- Security incidents or accidents occurring at our airports and premises.

Mitigation

- Malaysia Airports complies with the required safety and security requirements. Audits are also carried out by the authorities and regulators to ensure that these are in place. Exercises such as Acts of Aggression and Aircraft Crash Practices are also carried out by the airports and authorities as part of this requirement to ensure all agencies are aware of their roles and responsibilities in the event of an incident.

HUMAN CAPITAL

J. Succession Planning

Background

Finding and retaining good and high performing talents is essential in manpower planning in order to achieve optimal service delivery and meet business growth demands.

Risk

- Optimal service delivery and business growth demands might be hindered.

Mitigation

- Improve leadership capabilities of current line managers beyond formal classroom learning.
- Development of talent bench for succession planning to ensure long-term sustainability of the company.

K. Integrity

Background

As part of Malaysia Airports' ethos and in-line with the amended MACC Act in 2018, there is a concerted focus on inculcating integrity into the workforce.

Risk

- Possible negative public perception.

Mitigation

- Constant reinforcement of promoting integrity and ethical behaviour across all levels e.g. Integrity Talks & Integrity Pledge to/by staff.
- A Whistleblowing Independent Committee that is chaired by an Independent Non-Executive Director, is set-up whereby the governing policy is to deal with disclosure of improprieties and is applicable to all employees of the Malaysia Airports Group of Companies, external parties who have business relationships with the Group and members of the public.
- Started the journey towards implementing Anti-Bribery Management System (ABMS) certification.

INFORMATION TECHNOLOGY

L. Global Cyber Attacks

Background

Increased cases of cyberattacks throughout the world warrants increased vigilance for Malaysia Airports as it is the custodian of the main gateways into the country.

Risk

- Operational disruptions could occur in the event that our systems are compromised. This could lead to financial penalties i.e. for missed flights, for reimbursements of missed slots etc.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Mitigation

- Malaysia Airports has been engaging with CyberSecurity Malaysia since 2016 to conduct audits on our Cybersecurity Programme and intensifying action plans to strengthen our cyber threat defence and response readiness.
- Malaysia Airports is currently working on its Cybersecurity Acceleration Programme to implement the action plans recommended by CyberSecurity Malaysia.

FINANCIAL

M. Affirmation of Positive Credit Ratings

Background

Malaysia Airports' rating reaffirmation is premised on its performance, with the expectations that its credit metrics will remain at levels appropriate to meet its business growth demands which would require sizeable capex in the coming years.

Risk

- Higher cost of capital should the ratings be affected.

Mitigation

- Malaysia Airports has been closely monitoring and managing its finances, funding and gearing ratios on a daily basis by applying prudent practices.
- Consistent communication with investors and stakeholders are done on a continuous basis to provide confidence in maintaining its AAA/A3 ratings.

N. Project Overruns and Variation Orders

Background

Malaysia Airports has numerous projects ongoing at any one time. There are possibilities that at times there will be project overruns, and this has adverse implications to the company.

Risk

- Major project overruns would impact the operations as well as the financials of the Group.

Mitigation

- An integrated guideline for Project Management Process Cycle (PMPC) was published on 1 May 2018 and this is adhered to prior to embarking on projects.

REPUTATION

0. Negative Perception of the Public

Background

Malaysia Airports being a public-listed company as well as a Government-Linked Company is always under public's scrutiny. On a daily basis there are numerous airport-related news articles, tweets, postings etc.

Risk

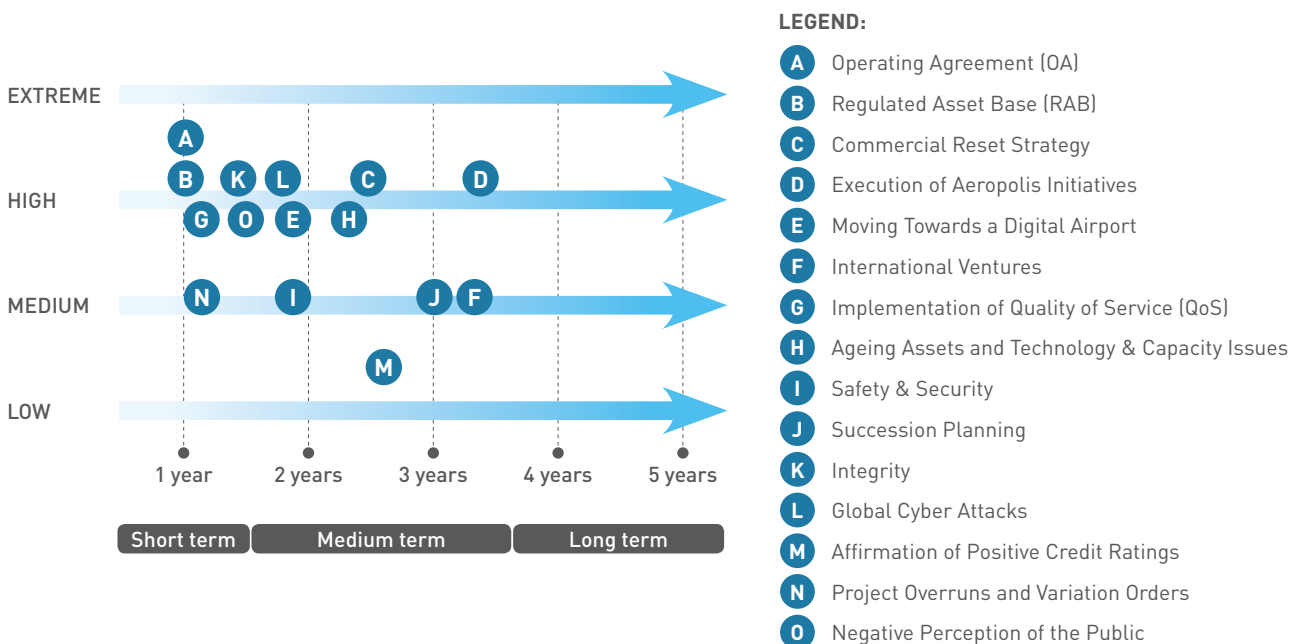
- Impact to Malaysia Airports' brand and, to an extent, the share price.
- Impact to stakeholder relationships due to a possible misperception of Malaysia Airports being an unreliable partner.

Mitigation

- Ensure that the services provided are as per the required standard and to monitor and share positive news of the company e.g. corporate social responsibility activities and improvements undertaken at the airports.
- Constantly engage with stakeholders as most issues can be solved through close working relationships.
- Ensure aggressive and proactive presence through media buys and campaigns centred around three core messages – Service Value, Economic Value and Country's Pride.

OVERVIEW OF KEY RISKS OVER TIME

Below is the overview of key risks likelihood of occurrence within the short, medium and long term:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

ASSURANCE BY GROUP CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

In relation to the risk management process, the Group Chief Executive Officer and Chief Financial Officer to the best of their ability and knowledge confirm that the Group's risk management and internal control system is operating adequately and effectively as at 31 December 2018.

CONCLUSION BY THE BOARD OF DIRECTORS

For the financial year under review, the Board considers the system of risk management and internal controls described in this statement to be satisfactory and has not resulted in any material loss, contingency or uncertainty, and risks are reasonably managed within the context of the Group's business environment.

The Board and Management will continue to take measures to strengthen the control environment and monitor the health of the risk management and internal controls framework.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Bursa Malaysia Listing Requirements, the External Auditors have reviewed this Statement for inclusion in the 2018 Annual Report of MAHB Group, and have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

BOARD AUDIT COMMITTEE REPORT

The function of Board Audit Committee (BAC) is to assist the Board in fulfilling its oversight responsibilities. The BAC had reviewed and evaluated the performance of External Auditors and Internal Audit Division in ensuring efficiency and effectiveness of the Company's operations, adequacy of internal control system, compliance with established policies and procedures, transparency in decision-making process, accountability of financial and management information, and review on any related party transactions during each quarter.

MEMBERSHIP

The BAC comprises four (4) Non-Executive Directors of whom three (3) are Independent Directors. All meetings are attended by at least a quorum of three (3) members with a majority of independent members, to ensure an effective BAC whilst independence of BAC is not impeded. The membership of BAC is as follows:

Rosli bin Abdullah

(Chairman)

Independent Non-Executive Director

Datuk Azailiza binti Mohd Ahad

Independent Non-Executive Director

Dato' Ir Mohamad bin Husin

Independent Non-Executive Director

(appointed as member w.e.f 26 January 2018)

Wong Shu Hsien

Non-Independent Non-Executive Director

(appointed as member w.e.f 7 March 2019)

Datuk Seri Yam Kong Choy

Senior Independent Non-Executive Director

(resigned as member w.e.f 26 January 2018)

Dato' Mohd Izani bin Ghani

Non-Independent Non-Executive Director

(resigned as member w.e.f 28 February 2019)

The Chairman of the BAC is a member of the Malaysian Institute of Accountants. The Chairman of the BAC is also the Chairman of the Audit and Risk Committee (ARC) of Istanbul Sabiha Gokcen Uluslararası Havalimani Yatırım Ve İşletme A.Ş (ISG) and LGM Havalimani İşletmeleri Ticaret Ve Turizm A.Ş (LGM).

All members of the BAC are financially literate and have sufficient understanding of the Company's business. Members of the BAC attended related Directors' training and continuous professional development. In addition, the BAC practices a cooling-off period of two (2) years for former audit partner before being appointed as a member of the BAC.

BOARD AUDIT COMMITTEE REPORT

For the financial year under review, the performance and effectiveness of the BAC has been evaluated by the Board. Having reviewed the BAC's performance, the Board is satisfied that the BAC members had discharged their functions, duties and responsibilities in accordance with the terms of reference of the BAC.

MEETINGS

Whilst the BAC Terms of Reference requires the Committee to meet six (6) times a year, during the year under review, the BAC met eleven (11) times with the following record of attendance:

Name of Director	Attendance
Rosli bin Abdullah	11/11
Dato' Mohd Izani bin Ghani	11/11
Datuk Azailiza binti Mohd Ahad	11/11
Dato' Ir Mohamad bin Husin	10/10
Datuk Seri Yam Kong Choy	1/1
Wong Shu Hsien	-

Aside from the BAC members, attendance during the meetings include the General Manager Internal Audit and the Company Secretary, who is also the Secretary to the BAC. Representatives of Senior Management were invited to deliberate on matters related to their purview. The External Auditors' representatives were invited to attend the meetings as and when required.

The BAC also held two (2) private discussions with the External Auditors and one (1) private discussion with Internal Audit Division without the presence of the Management.

The minutes of the BAC meetings were circulated to all members of the Main Board and material issues were discussed at the Main Board meetings.

SUMMARY OF WORK OF THE BAC AND HOW IT HAS MET ITS RESPONSIBILITY

The BAC carried out its duties in accordance with its Terms of Reference (available on the website) during the financial year ended 31 December 2018.

The main activities undertaken by the BAC were as follows:

Financial Results

- Reviewed and monitored the financial position and performance of the Group on quarterly basis.
- Reviewed the quarterly financial results of the Group before recommending to the Board of Directors.
- Reviewed the audited results of the Group with the External Auditors before recommending to the Board of Directors.
- Ensured compliance to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, applicable accounting standards in Malaysia, provisions of Companies Act 2016 and other legal and regulatory requirements.

Internal Audit

- Reviewed and approved the Internal Audit Division (IAD)'s Risk-based Internal Audit Plan, budget and staffing requirements to ensure adequacy of resources, competencies and coverage on key risk areas.
- Reviewed the audit reports issued by IAD on the effectiveness and adequacy of governance, risk management, operational and compliance processes. The BAC then considered those recommendations including the Management's responses, before proposing that the control weaknesses be rectified and recommendations for improvements be implemented.
- Reviewed follow-up reports by the IAD on the status of actions taken by the Management on recommendations suggested in the audit reports.
- Reviewed follow-up reports by the IAD on External Auditors' findings as set out in the Management Letter and status of actions taken by the Management on issues raised by the External Auditors.
- Evaluated the performance of the IAD and recommended improvements.

External Audit

- Evaluated the performance of the External Auditors and made recommendations to the Main Board on the appointment and audit fees.
- Reviewed the External Auditor's scope of work and audit plans for the financial year.
- Reviewed with the External Auditors their Management Letter together with the management responses.

Related Party Transactions

- Reviewed and approved the related party transactions entered into by the Group, including the review and monitoring of recurrent related party transactions for which shareholders' mandate has been granted, to determine whether the transactions are in the best interest of the Group; fair, reasonable and on arms-length commercial terms; internal control procedures are sufficient and have been complied with; and in compliance with relevant provisions of the Main Market Listing Requirements (MMLR), if any.

Annual Reporting

- Reviewed the Board Audit Committee Report and Statement of Risk Management and Internal Control for onward Board approval, for publication in the 2018 Annual Report.

Other Activities

- Deliberated all matters pertaining to whistleblowing programme, ethics, integrity, corruption, abuse of power and other scope covered under the MACC Act 2009.
- Reviewed and approved Corporate Integrity Unit (CIU)'s Annual Plan and budget.
- Reviewed and approved the Key Performance Indicators and assessed the performance of the Head of CIU.
- Reviewed and approved the revised Terms of Reference (TOR) of CIU and TOR of Whistleblowing Independent Committee (WIC).

BOARD AUDIT COMMITTEE REPORT

- Approved the appointment of a new WIC member.
- Reviewed the status reports on the whistleblowing programme and CIU activities tabled during the year.
- Approved related mandatory company's announcement to Bursa Malaysia Securities Berhad in compliance with MMLR.
- Reviewed the revised BAC Terms of Reference for approval by MAHB Main Board.

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The BAC is assisted by the IAD in the discharge of their duties and responsibilities. The Internal Audit function of the Group is independent of operations and endeavours to provide independent, objective assurance and consulting services to add value and improve the Group's operations. IAD assists the Group in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and internal control processes.

IAD uses a risk-based approach to determine the priorities of the internal audit activities, consistent with the strategies of the Group (i.e. Runway to Success 2020). The annual audit plan is reviewed periodically to cater for changes in the risk exposure and operating environment. An Audit Management System is used to enhance the effectiveness and efficiency of the audit process. Audit engagements are guided by the Committee of Sponsoring Organisations (COSO) and Control Objectives for Information and Related Technologies (COBIT) framework in ensuring IAD conforms to the Standards and deliver value-added services.

The IAD audit universe includes functions of governance, risk management and review of controls in the areas of, but not limited to corporate functions, governance & compliance, information systems, airports (operations, engineering, revenue management, safety and security) and other Subsidiaries business in aviation services, airport commercial & retail, facilities & infrastructure management, hospitality management, airport consultancy, plantation and aeropolis.

On periodic basis, IAD presented to the BAC the updates on its activities comprising key highlights of areas reviewed, follow-up of outstanding issues, progress of the 2018 Annual Audit Plan and ad hoc assignments. The Internal Audit function of subsidiaries in Turkey; ISG and LGM reports to the General Manager IAD of Malaysia Airports, and related updates on activities were presented to the ARC of ISG and LGM.

During the financial year, the Group IAD issued a total of seventy-one (71) reports inclusive of eight (8) from ISG and five (5) from LGM. There were also three (3) updates to BAC on corrective actions of follow-up audits.

Among the key areas covered during the financial year were:

Corporate: Commercial (Total Airport Experience (TAE), Revenue Management, Promotional Activities), Human Resource (Organisation Resource & Productivity, Performance Management, Recruitment, Travelling Management), Contract Management & Operations, Vendors Due Diligence, AVSEC Intelligence & Investigation, Child Care Centre.

Governance: Environment Management, Tender Management, Anti-Bribery Management System.

Finance: Corporate Finance, One-Stop Centre, Cash Management and surprise cash check at various locations.

IT: User Activity Logs, Websites, Revenue Systems IT General Controls at MYY & SBW.

Operations: Domestic Airport Operations (PEN, MYY, SBW, AOR), Engineering (Passenger Boarding Bridge, Building Services), Operations Management, Free Commercial Zone, Airport Fire & Rescue Services, Cleaning Contract, Stock Variance, Stocktake Inventory Management, KUL VIP Fastrack, Facilities Management, Airport Consultancy Business Operations.

Out-sourcing and co-sourcing arrangements with external service firms were sought to provide specialised service and data analytics assistance as subject matter experts in complementing the internal audit function.

Others: Related Party Transactions, Investigations and special reviews on specific areas as requested by the Board, Board Committees, Management or arising from the Whistleblowing Programme.

The Internal Audit reports arising from these assignments are issued to the Management for their responses and corrective actions. The Management is responsible for ensuring that corrective actions are taken on reported weaknesses within the required time frame. The Internal Audit reports are then presented at the respective Board of Subsidiaries (where applicable) subsequent to tabling at the BAC. Internal Audit Management Committee meetings were held to debrief on the matters of concern.

As at 31 December 2018, IAD had a total of 20 auditors, made up from diverse backgrounds as follows:

Discipline	No. of Internal Auditors	Percentage (%)
Accounting, Actuarial, Finance & Business	12	60
Information Technology & Business	4	20
Engineering	3	15
Operations	1	5
Total	20	100

All staff are required to disclose any relationship or conflict of interest to safeguard against impairment of objectivity and independence.

External quality assessment by a qualified independent reviewer is conducted every five years since year 2008 to ensure that audit work performed by the Internal Auditors is in line with The Institute of Internal Auditors standards. Based on the external quality assessment conducted by The IIA Malaysia in 2018, the IAD has fulfilled the key objectives in accordance with The IIA's International Standards for the Professional Practice of Internal Auditing, with the rating of 'Generally Conform'.

For the financial year 2018, total internal audit expenditure incurred for MAHB was RM3.89 million whilst for ISG and LGM was TL544,772.5 (equivalent to EUR91,770.6 or RM434,074.7).

INVESTOR RELATIONS

INVESTOR RELATIONS

At Malaysia Airports, we dedicate our efforts in continuously creating and maximising values for our esteemed shareholders. We understand the importance to continuously engage our existing shareholders and prospective investors to keep them up to date with insights, strategies, business performance and latest developments within the Group. Our comprehensive Investor Relations Programme was implemented to consistently deliver effective, timely and transparent communication with the investment community.

QUARTERLY FINANCIAL RESULTS AND ANALYST BRIEFING

Malaysia Airports organises presentations with teleconferencing facilities during quarterly financial result briefings to the media, equity and fixed income analysts as well as the fund managers. Site visits and meetings held at our facilities are also held regularly with members of the investment community, to keep them abreast with the Group's latest developments. Our proactive Investor Relations initiatives ensure timely dissemination of relevant information to the public and investment community for better understanding of the financial, operational performance as well as key strategies of the Group.

Malaysia Airports further emphasises on timely disclosure through the circulation of investor presentation. Presentation of financial results and performance are prepared in a concise and transparent manner and are made available on our website in conjunction with the release of financial results announcement to Bursa Malaysia Securities Berhad. Hardcopies of the presentations are disseminated to participants who attended the briefings.

INVESTOR ENGAGEMENT

- **One-on-one Meetings, Conference Calls and Investor Conferences**

The senior management and Investor Relations teams have been actively participating in meetings and conference calls with institutional investors, fund managers, analyst and rating agencies held in Malaysia as well as abroad. We participated in over 555 meetings, conference calls and presentations organised either internally or by local and foreign research houses, as an effort to continuously reach out to a wider investor base.

The team's efforts have not come unnoticed, as the company won best award for highest return to shareholders over three years at The Edge Billion Ringgit Club 2018. Senior Manager of Investor Relations, Zeid Abdul Razak was ranked 2nd best IR Professional in Malaysia by Institutional

Investor. Malaysia Airports was also well recognised at the 2018 Malaysia Investor Relations Association (MIRA) Awards. Among the categories which Malaysia Airports was ranked highly for were:

2nd place for Best IR Professional (Mid Cap) – Zeid Abdul Razak
9th place for Best IR Website (Mid Cap)

- **Investor Relations Portal**

In further efforts to enhance access by various stakeholders, the Investor Relations unit maintains an Investor Relations portal, on the company's website, <http://www.malaysiaairports.com.my>. The website offers an effective communication platform with a wide range of information for shareholders, prospective investors and the general public including the key financial highlights, annual reports, financial results, investor presentation, press releases, and disclosures to Bursa Malaysia Securities Berhad.

- **Investor feedback**

To further strengthen the relationship with the investing community, we value their feedback or enquiries which can be communicated directly to us via our dedicated email address at ir@malaysiaairports.com.my.

The Investor Relations team endeavours to provide timely responses to feedback or queries by ongoing engagement and direct communication with the stakeholders.

MALAYSIA AIRPORTS CREDIT RATING

Malaysia Airports is committed towards sound financial position and robust balance sheet. In FY2018, Malaysia Airports continues to exhibit strong financial and operating fundamentals; as evident by its strong investment grade credit ratings:

Rating Agency	Credit Rating
RAM	AAA
Moody's	A3

Malaysia Airports is committed to maintain the above ratings, which is achieved via prudent and pragmatic capital management approach taken by the Group in the course of doing its business.

Investor Relations Contact:-

Zeid Abdul Razak, Investor Relations

Tel: +603 8777 7495

Fax: +603 8777 7830

E-Mail: ir@malaysiaairports.com.my

CONFERENCES, ROADSHOWS AND EVENTS IN 2018

4-5 JANUARY

CIMB Annual Malaysia Corporate Day, Kuala Lumpur

16 JANUARY

Alliance Investment Bank Corporate Day, Kuala Lumpur

23 JANUARY

Bursa Malaysia Invest Malaysia, Kuala Lumpur

21-22 MARCH

Credit Suisse Asian Investment Conference, Hong Kong

21-25 MAY

Maybank Invest Asia, London & Edinburgh

26 JULY

Citi C-Suite Investor Corporate Day, Kuala Lumpur

1-2 AUGUST

UBS Non-Deal Roadshow, Melbourne & Sydney

29 AUGUST

Macquarie ASEAN Conference, Singapore

30 AUGUST

Citi Non-Deal Roadshow, Singapore

12-13 SEPTEMBER

CLSA Investors' Forum, Hong Kong

22-25 OCTOBER

JP Morgan Non-Deal Roadshow, Chicago, Boston & New York

3-4 DECEMBER

Nomura Investment Forum, Tokyo

6 DECEMBER

Citi ASEAN Top Picks Day, Kuala Lumpur



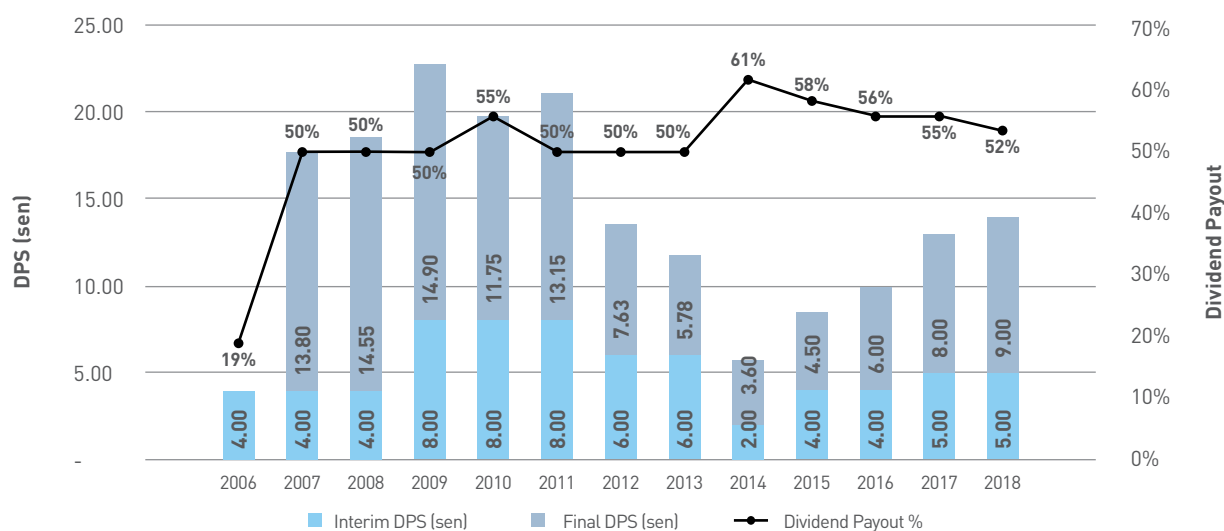
Scan here for our
Investor Relations
microsite

Equity Research Coverage

Affin Hwang Investment Bank Berhad	JPMorgan Securities (Malaysia) Sdn. Bhd.
Alliance DBS Research Sdn. Bhd.	KAF-Seagroatt & Campbell Securities Sdn. Bhd.
AmResearch Sdn. Bhd.	Kenanga Investment Bank Berhad
CIMB Investment Bank Berhad	Macquarie Capital Securities (Malaysia) Sdn Bhd
Citi Research	Maybank Investment Bank Berhad
CLSA Limited	MIDF Amanah Investment Bank Berhad
Credit Suisse Securities (Malaysia) Sdn. Bhd.	Nomura Securities Malaysia Sdn. Bhd.
Deutsche Bank Equity Research	RHB Research Institute Sdn. Bhd.
Goldman Sachs Global Investment Research	TA Securities Holdings Berhad
Hong Leong Investment Bank Berhad	UBS Securities Malaysia Sdn Bhd
The Hongkong and Shanghai Banking Corporation Ltd	UOB Kay Hian Pte Ltd

DIVIDEND POLICY

Financial Year	Interim Dividend (sen)		Final Dividend (sen)		Payout Ratio (%)
	Franked	Single Tier	Franked	Single Tier	
2007	4.00		13.80		50.00
2008	4.00		14.55		50.00
2009	8.00		14.90		50.00
2010	8.00		11.75		55.40
2011	8.00		12.85	0.30	50.00
2012		6.00		7.63	50.00
2013		6.00		5.78	50.00
2014		2.00		3.60	61.20
2015		4.00		4.50	58.10
2016		4.00		6.00	55.50
2017		5.00		8.00	55.10
2018		5.00		9.00	52.00



ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with paragraph 9.25 of the Bursa Malaysia Listing Requirements.

1. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

There were no proceeds raised by the Company from any corporate proposal during the financial year ended 31 December 2018.

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid to the External Auditors, Messrs Ernst & Young, during the financial year ended 31 December 2018, are as follows:-

	COMPANY (RM)	%	GROUP (RM)	%
Audit Fee	344,000	24.29	1,380,000	51.61
Non-audit Fee	1,072,000	75.71	1,294,000	48.39
Total	1,416,000	100.00	2,674,000	100.00

The nature of the services rendered for the non-audit fees incurred are corporate advisory services, review of the statement of Risk Management and Internal Control, review of the statement of User Fee, and review of GALOA.

3. MATERIAL CONTRACTS

There were no material contracts nor any contracts entered into by the Company and/or its subsidiaries involving interests of directors and/or major shareholders either subsisting as at 31 December 2018 or entered into since the end of the previous financial year ended 31 December 2017.

4. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE

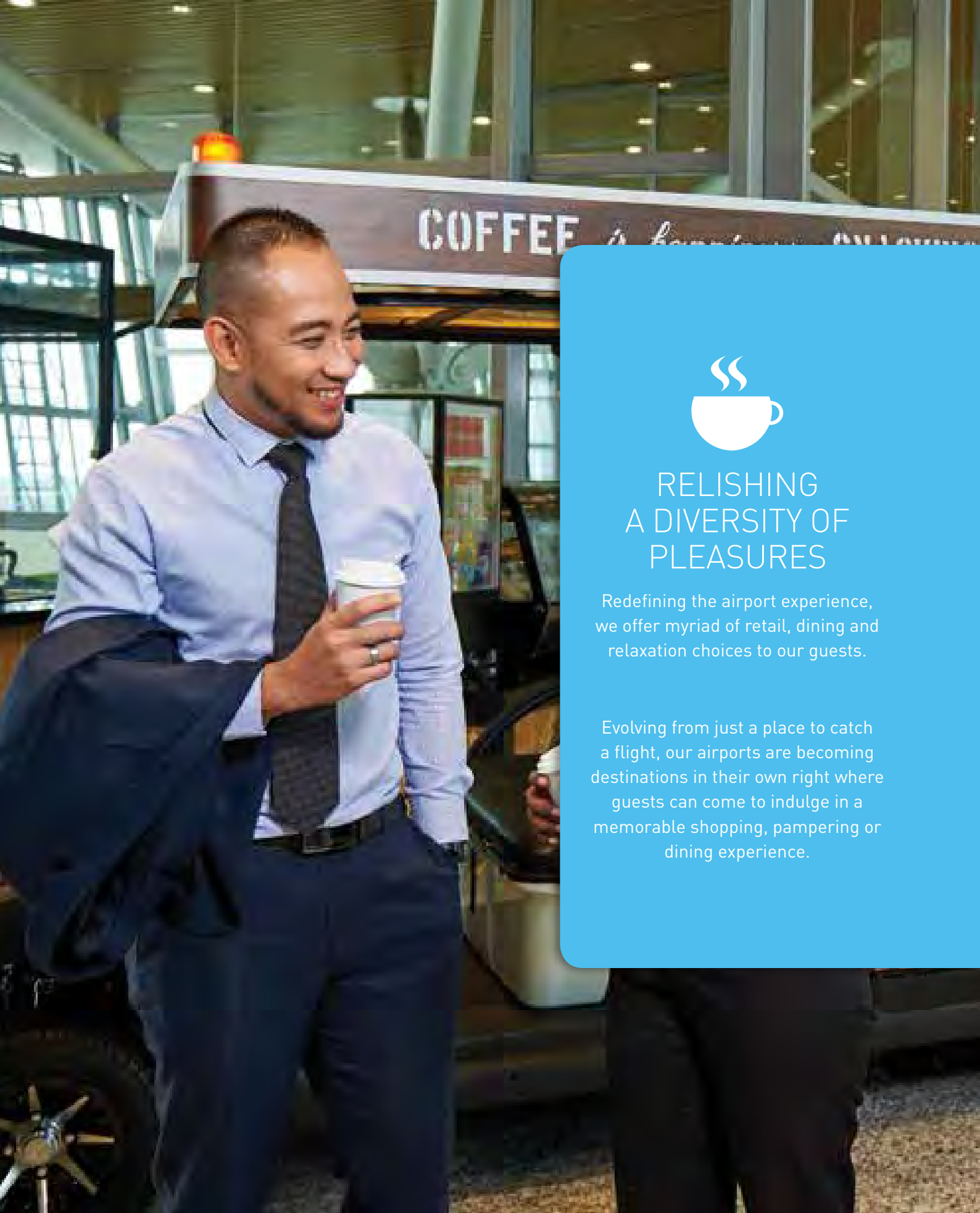
There were no recurrent related party transactions of a revenue nature entered into by the Company during the financial year ended 31 December 2018.

5. EMPLOYEES SHARE OPTION SCHEME

There were no Employees Share Option Scheme granted by the Company during the financial year ended 31 December 2018.

6. CORPORATE SOCIAL RESPONSIBILITY

Please refer to our Sustainability Report 2018.



RELISHING A DIVERSITY OF PLEASURES

Redefining the airport experience, we offer myriad of retail, dining and relaxation choices to our guests.

Evolving from just a place to catch a flight, our airports are becoming destinations in their own right where guests can come to indulge in a memorable shopping, pampering or dining experience.

is awesome • GET BOTH!



CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Datuk Zainun Ali
(Chairman)
(Non-Independent Non-Executive)

Datuk Siti Zauyah Md Desa
(Non-Independent Non-Executive)

Wong Shu Hsien
(Non-Independent Non-Executive)

Hajah Jamilah Dato' Hashim
(Non-Independent Non-Executive)

Datuk Seri Yam Kong Choy
(Senior Independent Non-Executive)

Datuk Zalekha Hassan
(Independent Non-Executive)

Rosli Abdullah
(Independent Non-Executive)

Dato' Ir. Mohamad Husin
(Independent Non-Executive)

Datuk Azailiza Mohd Ahad
(Independent Non-Executive)

Ramanathan Sathiamutty
(Independent Non-Executive)

Dato' Dr Amiruddin Muhamed
(Non-Independent Non-Executive)
(Alternate Director to Datuk Siti Zauyah Md Desa)



COMPANY SECRETARY

Azni Ariffin
(LS 0008791)

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Fax : 603-2095 9076/78

PRINCIPAL BANKERS

CIMB Bank Berhad
Malayan Banking Berhad
Citibank Berhad

STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad
Stock code: 5014
Stock Name: AIRPORT

2018 SNAPSHOTS

219

MEDIA HIGHLIGHTS

SALUR RM8.13B

Salur perantara handling 27 perantara handling MAHB

MAHB mengumumkan bahawa 27 perantara handling telah dipilih untuk menguruskan operasi handling di Lapangan Terbang Antarabangsa Kuala Lumpur (KLIA) dan KLIA2. Salur perantara handling ini akan beroperasi pada 1 Januari 2019.

Inisiatif Airport 4.0

MAHB memperkenalkan Inisiatif Airport 4.0 yang bertujuan untuk meningkatkan pengalaman penumpang melalui penggunaan teknologi digital. Inisiatif ini termasuk penggunaan aplikasi mobile, sistem bagasi digital, dan sistem keselamatan yang lebih canggih.

Processing hub for airline crew at klia2

MAHB mengumumkan bahawa KLIA2 akan beroperasi sebagai pusat pemrosesan untuk kakitangan maskapai. Fasilitas ini akan menyediakan kemudahan untuk kakitangan maskapai, termasuk bilik rehat, bilik makan, dan bilik mandi. Fasilitas ini akan beroperasi pada 1 Januari 2019.

德国第二大航空登陆KLIA

Maskapai Lufthansa mengumumkan bahawa mereka akan membuka destinasi baru ke KLIA. Destinasi ini akan beroperasi pada 1 Januari 2019. Maskapai ini akan beroperasi dengan pesawat Airbus A350-900.

MAHB expected to make a few major announcements in 2019

MAHB dijangka akan membuat beberapa pengumuman penting pada tahun 2019. Pengumuman-pengumuman ini termasuk mengenai pembangunan infrastruktur, peningkatan keselamatan, dan peningkatan pengalaman penumpang.

机场税出炉前夕 大马机场股价波动

点股台

KLIA2 akan beroperasi sebagai pusat pemrosesan untuk kakitangan maskapai. Fasilitas ini akan menyediakan kemudahan untuk kakitangan maskapai, termasuk bilik rehat, bilik makan, dan bilik mandi. Fasilitas ini akan beroperasi pada 1 Januari 2019.

Developers wanted for project at MAHB's Subang Aerotech Park

MAHB mengumumkan bahawa mereka sedang mencari pengembang untuk projek pembangunan di Subang Aerotech Park. Projek ini akan melibatkan pembangunan infrastruktur, termasuk jalan raya, jambatan, dan kemudahan lain.

GLOBAL TRANSIT HUB STRATEGY

MAHB mengumumkan bahawa mereka telah menetapkan strategi untuk menjadikan KLIA sebagai pusat transit global. Strategi ini melibatkan peningkatan infrastruktur, peningkatan keselamatan, dan peningkatan pengalaman penumpang.

Latihan skala penuh uji keberkesanan AEP LTAK

MAHB mengumumkan bahawa mereka telah melaksanakan latihan skala penuh untuk menguji keberkesanan AEP LTAK. Latihan ini melibatkan semua kakitangan MAHB dan bertujuan untuk memastikan operasi berjalan lancar.

Scan here for company news releases

2018 SNAPSHOTS



MAHB targets 10 new airlines in 2019

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Malaysia Airports kendali 89.8 juta penumpang

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MAHB handles 89.8 mln passengers for January to November this year

KUALA LUMPUR (Bernama) — Malaysia Airports handles 89.8 million passengers for January to November this year, up from 89.2 million in the same period last year, according to a report released by the Malaysia Airports Holdings Berhad (MAHB) today.

The report also shows that MAHB handled 8.9 million passengers in November, up from 8.7 million in the same month last year.

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德国神鹰航空登陆大马

【本報訊】德国神鹰航空（Eagle Air）已正式登陆马来西亚，成为首家在马来西亚运营的德国航空公司。神鹰航空的航班将连接马来西亚的吉隆坡与德国的柏林。

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Malaysia Airports handled 89.8m passengers till Nov this year

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Untung bersih MAHB meningkat RM168.49 juta pada suku ketiga

KUALA LUMPUR (Bernama) — Malaysia Airports Holdings Berhad (MAHB) reported a net profit of RM168.49 million for the third quarter, up from RM168.49 million in the same quarter last year.

The report also shows that MAHB handled 8.9 million passengers in November, up from 8.7 million in the same month last year.

2018 SNAPSHOTS

EVENT HIGHLIGHTS

CORPORATE EVENTS

INKING OF AGREEMENTS WITH TWO MAJOR AEROSPACE PLAYERS ACTS AS CATALYST TO THE SUBANG AIRPORT REGENERATION INITIATIVE

We forged ahead with our plans for the Subang Airport Regeneration Initiative by inking several partnership agreements and Memoranda of Understanding (MoU) with major aerospace and industry players at the Singapore Airshow 2018.

**MALAYSIA AIRPORTS WELCOMES GLOBAL AEROSPACE PLAYERS INTO SUBANG AEROTECH PARK**

This synergistic collaboration with Axis REIT and Senior Aerospace is part of the initiative to revitalise the Subang Aerospace ecosystem. The ground-breaking ceremony was held for Senior Aerospace UPECA's build-to-suit manufacturing plant and office facility that will serve its global supply chain.

CASHLESS AIRPORT INITIATIVE IN KUCHING TO BOOST SARAWAK'S DIGITALISATION EFFORTS

We are elevating the airport experience for our passengers at Kuching International Airport (KCH) by introducing the new cashless airport initiative. This is a new digital initiative at KCH in collaboration with Digi Telecommunications through its e-wallet app vcash.

ENJOY A WHOLE NEW DIGITAL AIRPORT EXPERIENCE WITH MYAIRPORTS APP

We launched a new app called MYairports for passengers of KL International Airport to enjoy a whole new digital airport experience. Among the early manifestations under the Airports 4.0 initiative, this mobile app enables users to plan their journey to the airport ahead of time and be guided throughout the passenger journey from home to the boarding gate.





Scan here for all
company events

COLLABORATION WITH MAJOR AVIATION PLAYERS TO POSITION MALAYSIA AS A GLOBAL HUB

We signed four Memoranda of Understanding (MoUs) with major aviation players namely Daher, ExecuJet, IER and XPeranti and Sigfox at the Farnborough International Airshow (FIA). The partnerships with IER, XPeranti and Sigfox are part of the co-creation framework under the Airports 4.0 initiative that will result in enhanced passenger services that are automated and digitalised. Meanwhile, the partnerships with aviation players, Daher and ExecuJet are part of the Subang Airport Regeneration initiative that is expected to boost the current aerospace ecosystem and provide more solutions to the country's aviation industry.

CONCESSIONAIRES CONFERENCE 2018

Themed 'Future of Travel Retail', we held the annual Concessionaires Conference to provide a platform for airport professionals and concessionaires to network and share insights on current and future developments in the industry.



ACI ASIA-PACIFIC SMALL AND EMERGING AIRPORTS SEMINAR 2018

We continue our efforts to facilitate the growth of the aviation industry by hosting delegates of international experts from 29 countries at the Airport Council International (ACI) Asia-Pacific (APAC) Small and Emerging Airports Seminar (SEAS) 2018. Held in Langkawi, it serves as a unique platform for the promoting of exchange and sharing of best practices and expertise among small and emerging airports in the region.



LAUNCH OF HOST CULTURE TRANSFORMATION PROGRAMME

In our bid to become a service leader, we focus on ensuring that we provide world-class infrastructure in tandem with a first-world service mindset. The launch signified the start of an organisation-wide service culture transformation programme involving not only Malaysia Airports personnel, but also the whole airport community. The launch was also held together with the Launch of Senior Citizen and Family-Friendly facilities at klia2 where a total of 300 units of free wheelchairs and baby strollers are provided for the convenience of our airport guests.

2018 SNAPSHOTS

EMPLOYEE

AVIATION SECURITY PASSING OUT PARADE

Our aviation security personnel undergo rigorous training modules not only by Malaysia Airports but also by Polis DiRaja Malaysia (PDRM). New recruits commemorate the completion of their training by going through a Passing Out Parade ceremony.



COLLABORATING WITH UNIVERSITI TEKNOLOGI MARA TO IMPROVE SERVICE QUALITY

We signed a Memorandum of Understanding with Universiti Teknologi MARA (UiTM) to develop and support research in avionics and airport operations for both organisations. Acting as an information sharing platform, it will help airports personnel to enhance their knowledge and expertise, while also helping to improve students employability.

KLIA CELEBRATES 20 YEARS OF SERVICE EXCELLENCE AND JOYFUL MEMORIES AS AN ASPIRING GLOBAL AVIATION HUB

In 2018, KL International Airport celebrated 20 years of service excellence and joyful memories as an aspiring global aviation hub. The momentous event was held at the airport with more than 600 guests joining in the celebration to appreciate passengers and recognise airport staff who have played a role in contributing to the success of KLIA.



16TH LOYAL SERVICE AWARD

A total of 584 employees were celebrated in the annual event to appreciate those who had been loyal to the organisation and contributed in making Malaysia Airports a renowned airport operator.



RETIREE APPRECIATION NIGHT 2018

A total of 100 retirees were feted at Sama-Sama Hotel, KLIA - a meaningful event that was filled with nostalgia and joyful memories for the celebrants.

26TH ANNIVERSARY CELEBRATION

In conjunction with the 26th anniversary of Malaysia Airports, we held simultaneous celebrations at all our airports in Malaysia to mark the establishment of the organisation.



2018 SNAPSHOTS

COMMUNITY

COLLABORATING WITH CARE4ALL AND ALUMNI TEACH FOR MALAYSIA (TFMA) TO IMPROVE EDUCATION QUALITY FOR RURAL STUDENTS

We worked together with University of Malaya and Teach For Malaysia Alumni to assist residents and students at Rumah Mayung, Miri, Sarawak to inculcate community, social and educational values. We also provided financial assistance to repair the Sg Manong Bridge and paint Sekolah Kebangsaan Sg. Manong.

KELAS@CERIA THROUGH AIRPORT @ COMMUNITY PROGRAMME TARGETS TO PROVIDE CONDUCIVE CLASSROOM ENVIRONMENT

We helped to create a more conducive learning environment, by repairing and refurbishing existing classrooms at Sekolah Kebangsaan Subang. Realising the school's potential in rugby and archery, related sports equipment were also contributed.

**BRINGING CHEER TO 80 STUDENTS FOR AIDILFITRI**

Under our Ceria Ramadan project, a total of 80 students from SK Sungai Rawang and SK Taman Sepang Putra Park were provided with festive apparel, gift hampers and duit raya to help them prepare for the Aidilfitri celebration.

**BRINGING HOPE TO SENIOR CITIZENS THROUGH OUR JOYFUL HOME PROJECT**

We continue to bring hope to senior citizens by refurbishing of their dilapidated homes. Among the recipients was Encik Ibrahim Jumaat an 83-year old who resides in Sepang.

BRINGING JOY TO CHILDREN THROUGH PLAY AND EXPLORATION AT KIDZANIA KUALA LUMPUR

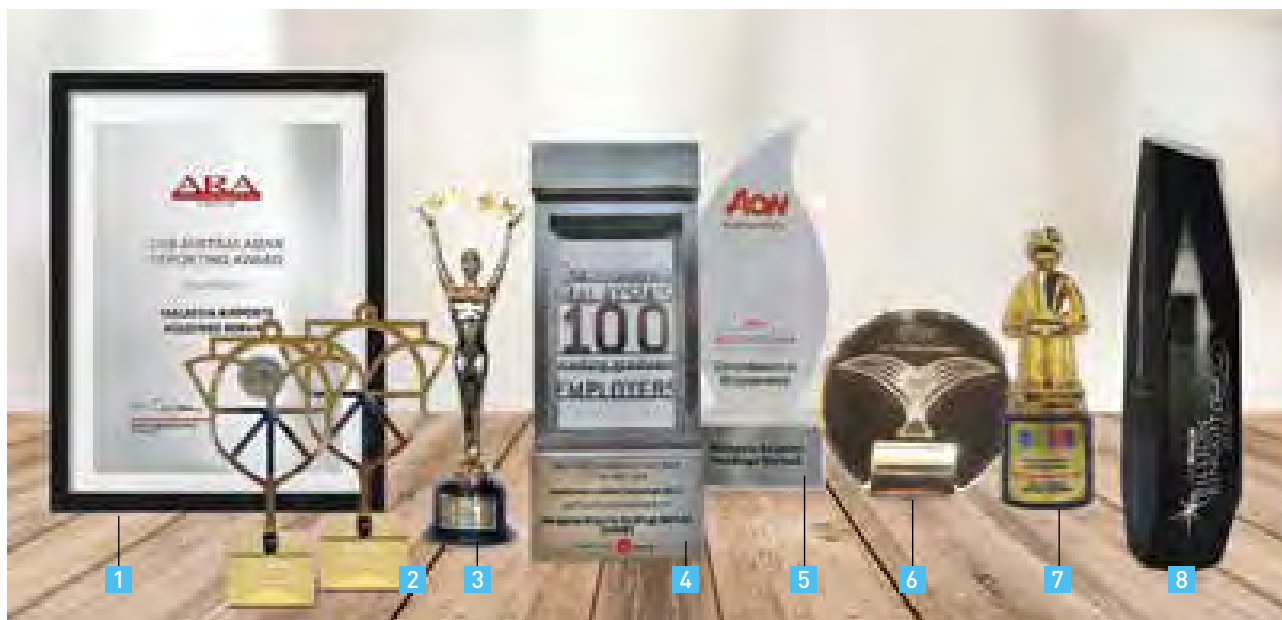
We brought joy to more than 100 children through play and exploration at Kidzania Kuala Lumpur. The children who were from the local orphanage Rumah Amal Baitul Barokah Wal Mahabbah in Kampung Giching Hilir, Sepang spent an exciting day at KidZania Kuala Lumpur, an educational theme park that is well-known for its experiential learning activities.



ENHANCING ENGLISH LITERACY AMONG PRIMARY SCHOOL STUDENTS THROUGH BEYOND BORDERS 'ACT IT UP' DRAMA COMPETITION

Four schools under our Beyond Borders school adoption programme - SK Dengkil, SK Bukit Bangkong (A), SJK (C) Wah Lian, and SJK (T) Dengkil participated in the competition which required them to re-enact stories from the books that we had provided. The event also recognised outstanding students who performed well in their English examinations.

AWARDS AND ACCOLADES



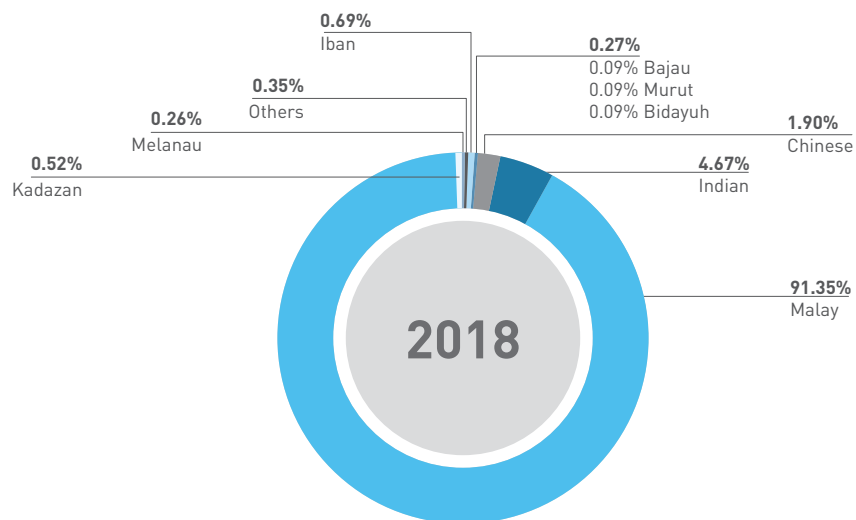
- 1 Silver Award** at the Australasian Reporting Award 2018 for 2016 annual report
- 2 Haute Grandeur Global Hotel Awards** for Best Business Hotel and Best Airport Hotel in Malaysia for Sama Sama Hotel KLIA
- 3 World Luxury Hotel Awards** for Sama-Sama Hotels
 - **Regional Winner for Luxury Airport Hotel** for Sama-Sama Hotel KLIA
 - **Asia Winner for Air Transit Hotel** for Sama-Sama Express KLIA
 - **Regional Winner for Luxury Eco/ Green Hotel** category for Sama-Sama Express klia2.
- 4 Most Popular Graduate Employer of the Year (Leisure, Travel & Hospitality)** at the gradmalaysia Malaysia's 100 Leading Graduate Employers Award
- 5 Special Recognition Award for Commitment to Engagement** at AON Best Employers Malaysia 2018 Award
- 6 Routes Asia 2018 Marketing Awards** for outstanding marketing services of new air routes and development of existing services
- 7 Best in Customer Experience Engagement** at the Social Media Excellence Award
- 8 Highest Return to Shareholders Over Three Years award** for Transportation & Logistics Sector at The Edge Billion Ringgit Club 2018
- 9 Airport Carbon Accreditation - Level 3 (Optimisation)** for KLIA
- 10 National Energy Awards (NEGTA 2018) for Category I: Energy Efficiency (Large Building)** for sustainable practices at Kota Kinabalu International Airport
- 11 Four Gold Awards** at the Regional Team Excellence Convention 2018 for innovation in engineering practices



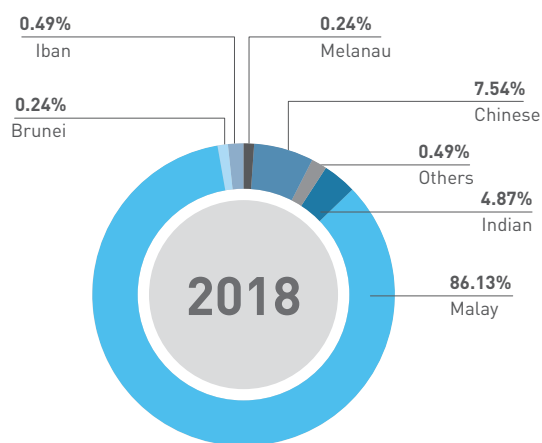
Scan here for Past Awards & Accolades

STATEMENT OF WORKFORCE

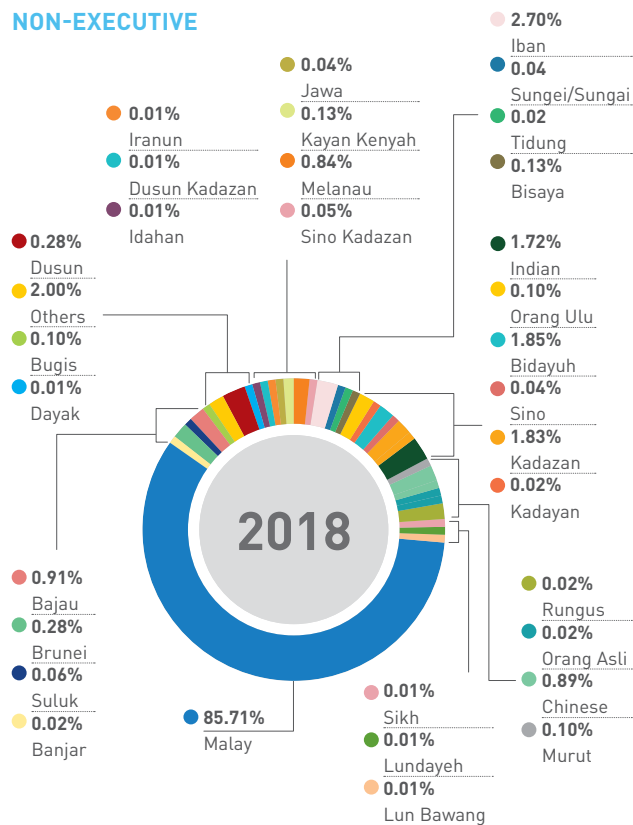
EXECUTIVE



MANAGEMENT



NON-EXECUTIVE



AIRPORT PERFORMANCE BENCHMARK

Airports tend to operate under different circumstances in terms of aviation activities, commercial activities, site constraints, governance and ownership structure, etc., and as a result, there are no specific performance indicators that individual airports would find consistently relevant and useful. For example, privatised airports are likely to focus on different financial performance indicators than non-profit government-owned airports. Larger airports are likely to focus on different performance indicators compared to smaller airports. Airports with large developable land areas are likely to focus on different performance indicators than tightly constrained airports in large urban areas. As such, benchmarking becomes relatively complex. These are well illustrated in the International Civil Aviation Organisation's (ICAO) Airports Economics Manual and Airport Council International's (ACI) Guide to Airport Performance Measures.

Even among airports with similar characteristics, managers may have different views regarding which performance indicators are most important, and how many performance indicators the airport should track. A smaller set of closely monitored performance indicators tend to be a more effective performance management tool than a larger set of performance indicators that attracts less focus.

Airport benchmarking is divided into two types of comparisons; firstly, the internal or self-benchmarking, where an airport compares its performance with itself over time; and secondly external or peer benchmarking where an airport compares its performance against other airports, either at a single point in time or over a period of time. Malaysia Airports' Annual Report and the accompanying Sustainability Report cover both these areas to some detail. In addition, this section attempts to cover only those areas of benchmarking not covered elsewhere in this report but considered as being of some relevance to the esteemed stakeholders and shareholders.

When comparing one airport to another, some of the typical factors that drive different results and should be considered in making comparisons include passenger volume, capacity constraints, mix of international and domestic traffic, mix of local and transfer passengers, mix of passenger carrier service (full-service network, low-cost, charter), mix of passenger versus cargo activity, degree of outsourcing, range

of services provided by the airport, airport development programme status, weather conditions, geographic location, urban versus rural location, physical size of the airport, public transportation access and usage, regulatory environment, local labour conditions, and ownership and governance structure. Internal benchmarking, where an airport compares its performance with itself over time, is less complex than external benchmarking because the number of variables that change at an airport from one year to another is limited. However, year-over-year comparisons may not be simple as the variables involved may have changed. The complexities involved in making airport comparisons do not suggest that external benchmarking is totally meaningless but rather to show that many indicators will be useful primarily for internal benchmarking and even internal benchmarking should be viewed not as an end in itself. For external benchmarking results to be meaningful, it is essential to find truly comparable "peer" airports in terms of the many factors that drive the indicator and many performance indicators measure or include as a denominator, passengers, aircraft movements, or other factors which are largely beyond the airport's control.

The common benchmarks reflected in the ICAO and ACI documents are as below:

- I. Core measurements that shows the activity level at the airports such as passengers and categories of passengers, aircraft movements, cargo movements, airlines and destinations.
- II. Safety and security statistics such as runway accidents and incursions, bird strikes and occupational injuries. Safety indicators are used to track air field safety issues as well as safety issues involving other portions of the airport, including roadways and general employee safety. Security indicators may be used to track security violations, thefts and crimes, and responsiveness.
- III. Service quality levels such as customer satisfaction, delay statistics, security, passport, check in and baggage clearing times. Service quality indicators focus both on how passengers perceive the level of service provided by the airport, and on objective measures of service delivery.

- IV. Productivity/cost effectiveness such as passengers/aircraft movements per employee, aircraft movements per gate, total cost per passenger/aircraft movement, operating cost per work load unit etc. These indicators of airport efficiency measure the resources used to produce a certain volume of activity, e.g., departures per gate or total passengers per airport employee.
- V. Financial and commercial measurements such as aeronautical/non-aeronautical revenue per passenger/aircraft, non-aeronautical operating revenue as a percentage of total revenue, EBITDA per passenger etc. Financial/commercial performance indicators are used to track the airport's financial performance, including airport charges, airport financial strength and sustainability, and the performance of individual commercial functions.
- VI. Environmental-related such as carbon footprint, waste reduction percentage, utilities/energy usage per passenger, water consumption per passenger etc. Environmental indicators are used to track an airport's progress in minimising the environmental impacts of its operations.

ICAO produces airport financial statistics annually, but it is published not early enough while the financial information on airports is limited and difficult to obtain. In addition, for airport operators that are listed, the available data from published accounts is for the whole Group. Even Malaysia Airports' published accounts does not carry detailed accounts of individual airports. Other organisations which have done airport benchmarking include ACI, LeighFisher, Skytrax and International Air Transport Association (IATA). Data obtained from IATA suggest that KL International Airport (KLIA) is competitive in terms of passenger service charges and passenger security service charges and landing charges compared against other airports in the region. LeighFisher's Report 2018 that tracks the world's top 50 airports (or airport group), indicate that aero revenue per passenger as well as per aircraft movement at Malaysian airports is only around one-third of the benchmark average.

Ranking	Airport	Aero Revenue/Passenger (USD)	Ranking Index
	World Average	11.54	100.0
4	Tokyo Narita	18.73	162.4
21	Hong Kong	11.57	100.2
24	Singapore	11.22	97.3
31	Delhi	10.08	87.3
42	Airports of Thailand	6.90	59.9
48	Malaysia Airports	4.41	38.2

Source: Leigh Fisher's 2018 Airport Performance Indicators

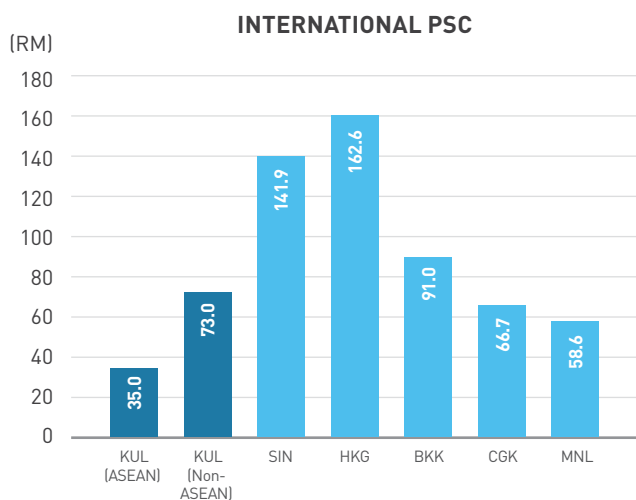
On the passenger traffic side, KLIA continues to register growth in the region in 2018. The traffic performance of some airports in the region is as follows:

Airport	2018	% Change
Hong Kong International Airport (HKG)	74,562,000	2.6%
Incheon International Airport Seoul (ICN)	68,350,784	10.0%
Soekarno-Hatta International Airport Jakarta (CGK)	66,908,159	6.2%
Changi International Airport Singapore (SIN)	65,628,000	5.5%
Suvarnabhumi International Airport Bangkok (BKK)	63,378,923	4.1%
KL International Airport (KUL)	59,988,409	2.4%

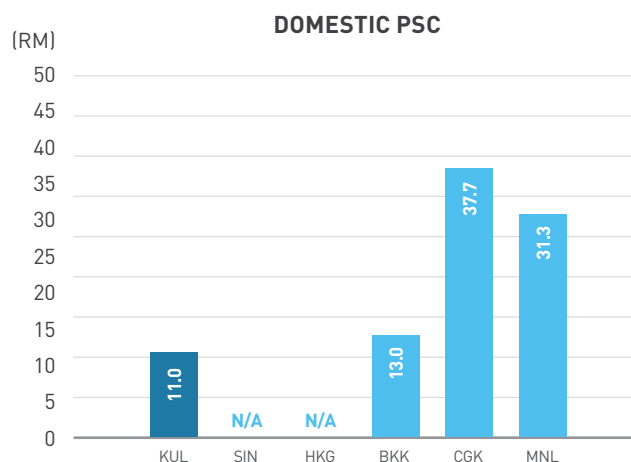
Source: ACI (Preliminary)

AIRPORT PERFORMANCE BENCHMARK

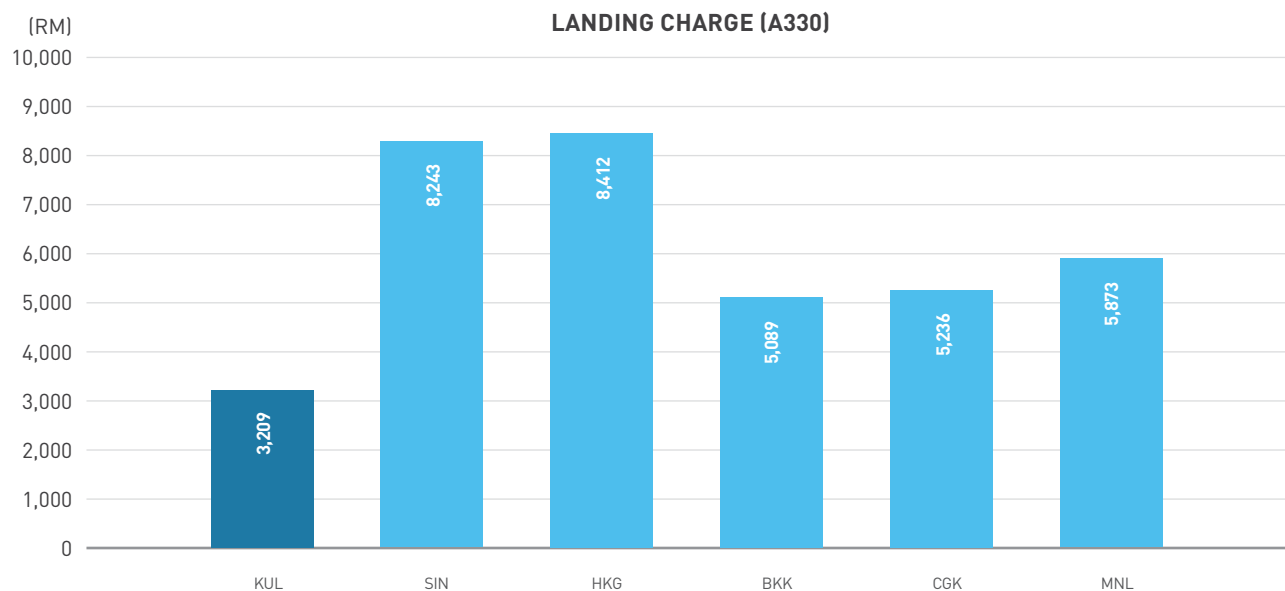
Benchmarking of airport charges provides a glimpse of airlines and passengers cost for using an airport. Passenger service charges and aircraft landing at some airports in the region are as follows:



* Internationally PSC is inclusive of security charges and other passenger-related levies



** Domestic PSC is inclusive of security charges



AIRPORTS STATISTICS

With respect to benchmarking of airport charges, airports globally structure their charges in different ways. Some airports may have higher charges than other airports due to revenue optimisation reasons, charge structure reasons, as well as due to provision of higher level of facilities and services. For measure of productivity, airports which are congested may appear to have higher productivity, in the form of higher passenger and aircraft movements per hour when in fact they reduce the economic efficiency of commercial aviation.

TOTAL MAHB GROUP TRAFFIC 2018

PASSENGER MOVEMENTS		2018	2017	+/-
MY passengers	[international]	51,708,189	49,453,634	4.6%
	[domestic]	47,393,619	47,183,188	0.4%
	[Total]	99,101,808	96,636,822	2.6%
SAW passengers	[international]	11,671,870	10,338,816	12.9%
	[domestic]	22,387,047	20,977,293	6.7%
	[Total]	34,058,917	31,316,109	8.8%
Total MAHB Group		133,160,725	127,952,931	4.1%

AIRCRAFT MOVEMENTS		2018	2017	+/-
MY commercial aircraft	[international]	348,945	331,108	5.4%
	[domestic]	515,009	517,004	-0.4%
	[Total]	863,954	848,112	1.9%
SAW commercial aircraft	[international]	83,203	76,353	9.0%
	[domestic]	141,543	134,571	5.2%
	[Total]	224,746	210,924	6.6%
Total commercial aircraft		1,088,700	1,059,036	2.8%
MY All other aircraft		136,511	136,772	-0.2%
SAW All other aircraft		7,524	8,742	-13.9%
Total MAHB Group		1,232,735	1,204,550	2.3%

CARGO MOVEMENTS [ton]		2018	2017	+/-
MY cargo movements	[international]	777,761	771,161	0.9%
	[domestic]	194,343	185,455	4.8%
	[Total]	972,104	956,616	1.6%
SAW cargo movements	[international]	57,498	59,652	-3.6%
	[domestic]	7,768	7,742	0.3%
	[Total]	65,266	67,395	-3.2%
Total MAHB Group		1,037,370	1,024,011	1.3%

Note : MY - MAHB Airports

SAW - IATA code for Istanbul Sabiha Gokcen International Airport, Turkey

AIRPORTS STATISTICS

TRAFFIC 2018 MALAYSIA OPERATIONS

PASSENGER MOVEMENTS		2018	2017	+/-
Terminal passengers	[international]	51,588,818	49,335,866	4.6%
Terminal passengers	[domestic]	47,321,717	47,063,125	0.5%
Transit passengers		191,273	237,831	-19.6%
Total passenger movements		99,101,808	96,636,822	2.6%

AIRCRAFT MOVEMENTS		2018	2017	+/-
Commercial aircraft	[international]	348,945	331,108	5.4%
Commercial aircraft	[domestic]	515,009	517,004	-0.4%
Total commercial aircraft		863,954	848,112	1.9%
All other aircraft		136,511	136,772	-0.2%
Total aircraft movements		1,000,465	984,884	1.6%

CARGO MOVEMENTS [ton]		2018	2017	+/-
Cargo movements	[international]	764,652	757,256	1.0%
Cargo movements	[domestic]	191,458	183,321	4.4%
Transit cargo		15,994	16,039	-0.3%
Total cargo movements		972,104	956,616	1.6%

MAIL MOVEMENTS [ton]		2018	2017	+/-
Mail movements	[international]	26,212	27,027	-3.0%
Mail movements	[domestic]	1,950	5,782	-66.3%
Transit mail		177	153	15.4%
Total mail movements		28,338	32,962	-14.0%



Scan here for
Airports Statistics

STATEMENT OF SHAREHOLDINGS

AS AT 1 MARCH 2019

SHARE CAPITAL

Issued and Fully Paid-Up Capital : RM1,659,191,829/-

Class of Equity Securities : 1,659,191,828 Ordinary Shares and
One Special Rights Redeemable Preference Share

Voting Rights : One vote per ordinary share
The Special Share has no voting right other than that referred to in
Note 27 of the Audited Financial Statements

ANALYSIS OF SHAREHOLDINGS AS AT 1 MARCH 2019

A. DISTRIBUTION OF SHAREHOLDINGS (MALAYSIAN & FOREIGN)

Size of Holdings	No. of Holders		No. of Holdings		Percentage	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1 – 99	568	14	8,293	342	0.00	0.00
100 – 1,000	3,094	43	2,588,587	22,517	0.16	0.00
1,001 – 10,000	4,172	106	11,038,957	478,513	0.67	0.03
10,001 – 100,000	338	334	9,305,725	15,513,028	0.56	0.93
100,001 – 82,959,590 (*)	133	525	277,259,520	634,907,992	16.71	38.27
82,959,591 and above (**)	2	0	708,068,354	0	42.68	0.00
Total	8,307	1,022	1,008,269,436	650,922,392	60.77	39.23
Grand Total	9,329		1,659,191,828		100.00	

Remark: * Less than 5% of Issued Holdings

** 5% and above of Issued Holdings

Note(s) : The above information is based on records as provided by Bursa Malaysia Depository Sdn Bhd and number of holders reflected is in reference to CDS account numbers.

STATEMENT OF SHAREHOLDINGS AS AT 1 MARCH 2019

B. LIST OF TOP 30 SECURITIES ACCOUNT HOLDERS AS AT 1 MARCH 2019

(without aggregating securities from different securities accounts belonging to the same person)

Name of Shareholders	No. of Holdings	Percentage
1. KHAZANAH NASIONAL BERHAD	551,033,428	33.21
2. CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD</i>	157,034,926	9.46
3. KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	37,601,900	2.27
4. AMANAHRAYA TRUSTEES BERHAD <i>AMANAH SAHAM BUMIPUTERA</i>	30,541,300	1.84
5. CITIGROUP NOMINEES (ASING) SDN BHD <i>CITIGROUP GLOBAL MARKETS LIMITED</i>	27,833,207	1.68
6. CARTABAN NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)</i>	20,024,000	1.21
7. CARTABAN NOMINEES (ASING) SDN BHD <i>GIC PRIVATE LIMITED FOR GOVERNMENT OF SINGAPORE (C)</i>	19,055,092	1.15
8. DB (MALAYSIA) NOMINEE (ASING) SDN BHD <i>BNYM SA/NV FOR ASIAN GROWTH LEADERS FUND</i>	15,626,000	0.94
9. MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)</i>	14,411,400	0.87
10. HSBC NOMINEES (ASING) SDN BHD <i>JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND</i>	14,397,300	0.87
11. HSBC NOMINEES (ASING) SDN BHD <i>JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND</i>	14,307,716	0.86
12. CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)</i>	14,274,666	0.86
13. DB (MALAYSIA) NOMINEE (ASING) SDN BHD <i>SSBT FUND IE1B FOR VANECK FUNDS – EMERGING MARKETS FUND</i>	14,177,000	0.85
14. AMANAHRAYA TRUSTEES BERHAD <i>AMANAH SAHAM MALAYSIA 2 - WAWASAN</i>	13,000,000	0.78
15. CITIGROUP NOMINEES (ASING) SDN BHD <i>UBS AG</i>	12,736,718	0.77
16. CARTABAN NOMINEES (TEMPATAN) SDN BHD <i>PAMB FOR PRULINK EQUITY FUND</i>	12,659,900	0.76
17. CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR AIA BHD</i>	12,073,783	0.73
18. CITIGROUP NOMINEES (ASING) SDN BHD <i>CBHK FOR KUWAIT INVESTMENT AUTHORITY (FUND 208)</i>	11,290,200	0.68
19. HSBC NOMINEES (ASING) SDN BHD <i>TNTC FOR NEW ZEALAND SUPERANNUATION FUND</i>	10,634,391	0.64

Name of Shareholders	No. of Holdings	Percentage
20. CARTABAN NOMINEES (ASING) SDN BHD <i>SSBT FUND 52H3 FOR MFS RESEARCH INTERNATIONAL FUND</i>	10,602,000	0.64
21. DB (MALAYSIA) NOMINEE (ASING) SDN BHD <i>STATE STREET AUSTRALIA FUND REMI FOR RETAIL EMPLOYEES SUPERANNUATION TRUST</i>	10,200,142	0.61
22. CITIGROUP NOMINEES (ASING) SDN BHD <i>CBHK FOR HOSTPLUS POOLED SUPERANNUATION TRUST (NORTHCAP CAP)</i>	9,252,546	0.56
23. AMANAHRAYA TRUSTEES BERHAD <i>AMANAH SAHAM MALAYSIA</i>	8,736,000	0.53
24. HSBC NOMINEES (ASING) SDN BHD <i>BPSS SYD FOR NORTHCAP CAPITAL GLOBAL EMERGING MARKETS FUND</i>	8,383,710	0.51
25. DB (MALAYSIA) NOMINEE (ASING) SDN BHD <i>BNYM SA/NV FOR ASIAN DRAGON FUND (BLACKROCK GBL F)</i>	8,182,300	0.49
26. HSBC NOMINEES (ASING) SDN BHD <i>TNTC FOR COMMONWEALTH SUPERANNUATION CORPORATION</i>	8,073,028	0.49
27. CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 9)</i>	7,764,679	0.47
28. PERMODALAN NASIONAL BERHAD	7,169,500	0.43
29. MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)</i>	7,055,400	0.43
30. HSBC NOMINEES (ASING) SDN BHD <i>JPMCB NA FOR TCORPIM EMERGING MARKET SHARE FUND</i>	6,679,586	0.40

STATEMENT OF SHAREHOLDINGS AS AT 1 MARCH 2019

C. LIST OF SECURITIES ACCOUNT HOLDERS OF SPECIAL RIGHTS REDEEMABLE PREFERENCE SHARE AS AT 1 MARCH 2019

1. The Minister of Finance (Incorporated)

D. SUBSTANTIAL SHAREHOLDERS AS AT 1 MARCH 2019

(as shown in the register of substantial shareholders)

Name of Substantial Shareholders	No. of Shares held		Percentage
	Direct	Indirect	
Khazanah Nasional Berhad	551,033,428	-	33.21
Employees Provident Fund Board	176,791,092	-	10.66

E. DIRECTORS' SHAREHOLDINGS AS AT 1 MARCH 2019

(as shown in the register of directors' shareholdings)

Name of Directors	No. of Shares		Percentage
	Direct	Indirect	
1. Tan Sri Datuk Zainun Ali	-	-	-
2. Datuk Siti Zauyah Md Desa	-	-	-
3. Hajah Jamilah Dato' Hashim	-	-	-
4. Datuk Seri Yam Kong Choy	-	-	-
5. Datuk Zalekha Hassan	-	-	-
6. Rosli Abdullah	-	-	-
7. Dato' Ir. Mohamad Husin	-	-	-
8. Datuk Azailiza Mohd Ahad	-	-	-
9. Ramanathan Sathiamutty	-	-	-

INFORMATION FOR SHAREHOLDERS AND INVESTORS

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : 603-2084 9000
Fax: 603-2094 9940/2095 0292

LISTING

The Company's ordinary shares are listed on the Main Market of Bursa Malaysia Securities Berhad in Malaysia.

MALAYSIAN TAXES ON DIVIDEND

Single tier dividend received by shareholders will be exempted from tax in Malaysia.

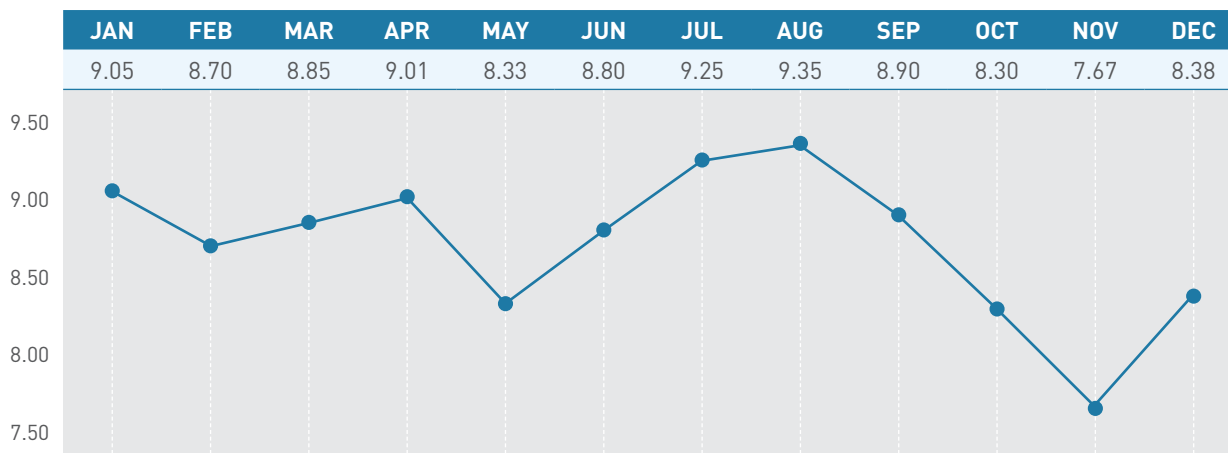
ANNUAL REPORT

The Annual Report is available to the public who are not shareholders of the Company, by writing to:

The Company Secretary
Malaysia Airports Holdings Berhad
Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang
Selangor Darul Ehsan
Tel : 603-8777 7011
Fax: 603-8777 7512

SHARE PRICE, VOLUME TRADED AND MARKET CAPITALISATION

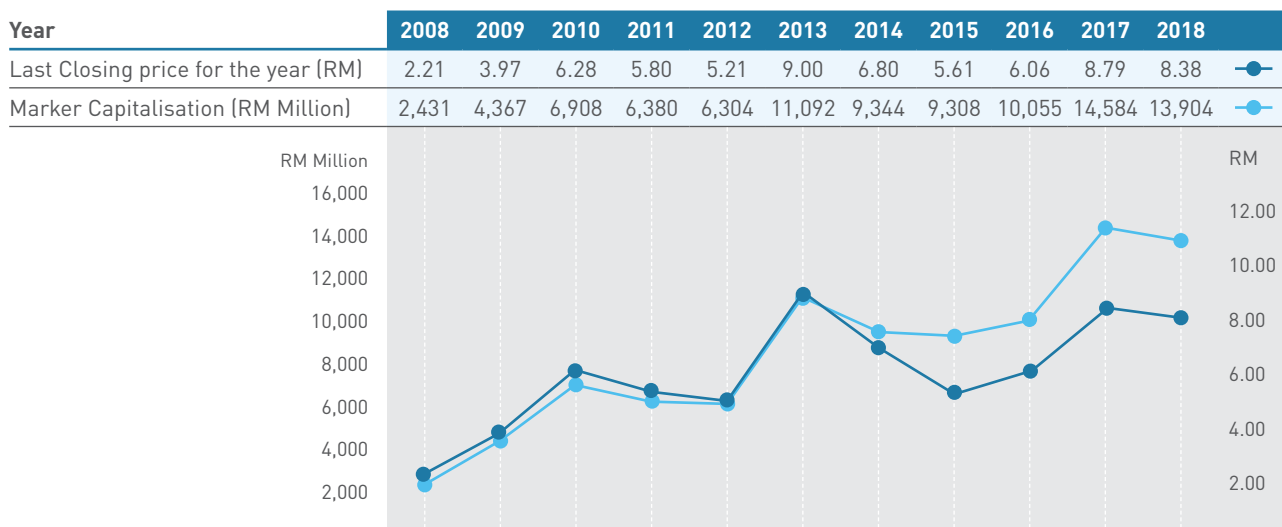
2018 SHARE PRICE MOVEMENT



2018 MONTHLY TRADING VOLUME & SHARE PRICE STATISTICS

MONTH	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Volume ('Million)	56.21	130.04	68.12	38.89	72.33	73.26	96.65	114.18	49.38	55.31	63.16	32.00
High (RM)	9.40	9.45	8.99	9.26	9.25	9.25	9.28	9.98	9.46	8.91	8.39	8.64
Low (RM)	8.61	8.29	8.59	8.79	7.98	8.40	8.60	9.04	8.75	8.00	7.26	7.43
Closing Price (RM)	9.05	8.70	8.85	9.01	8.33	8.80	9.25	9.35	8.90	8.30	7.67	8.38

CLOSING PRICE AND MARKET CAPITALISATION



FINANCIAL CALENDAR

241

GENERAL MEETING

3 APRIL 2019

NOTICE OF 20th
ANNUAL GENERAL MEETING

2 MAY 2019

20th ANNUAL GENERAL
MEETING

FINANCIAL YEAR 2018

QUARTERLY RESULTS ANNOUNCEMENTS

28 MAY 2018

Unaudited consolidated
results for the 1st quarter
ended 31 March 2018

28 AUGUST 2018

Unaudited consolidated
results for the 2nd quarter
ended 30 June 2018

21 NOVEMBER 2018

Unaudited consolidated
results for the 3rd quarter
ended 30 September 2018

28 FEBRUARY 2019

Unaudited consolidated
results for the 4th quarter
ended 31 December 2018

HEADLINE KEY PERFORMANCE INDICATORS ANNOUNCEMENT

28 February 2019

2019 Headline Key Performance Indicators

DIVIDENDS

Final Single-Tier of Dividend of 8 sen per ordinary share

8 May 2018	Notice of book closure date
25 May 2018	Entitlement date
6 June 2018	Payment date

Single-Tier Interim Dividend of 5 sen per ordinary share

28 August 2018	Notice of book closure date
18 September 2018	Entitlement date
28 September 2018	Payment date

LIST OF PROPERTIES

LEASED PROPERTIES	DESCRIPTION AND EXISTING USE	TENURE	LAND AREA	BUILT-UP AREA (SQM)	NET BOOK VALUE AS AT 31 DEC 2018 (RM'000)
MALAYSIA AIRPORTS (SEPANG) SDN. BHD. FEDERAL LAND COMMISSIONER	KLIA	25 years (Expiry date - 11 February 2034)	22,165 acres	-	-
Location: District Of Sepang, Selangor Malaysia					
MALAYSIA AIRPORTS HOLDINGS BHD. FEDERAL LAND COMMISSIONER**	Sultan Abdul Aziz Shah Airport	60 years (Expiry date - 31 December 2066)	1,122 acres	-	-
Location: District of Petaling, Selangor Malaysia					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Penang International Airport	25 years (Expiry date - 11 February 2034)	826.99 acres	-	-
Location: District of Barat Daya, Penang Malaysia					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Langkawi International Airport	25 years (Expiry date - 11 February 2034)	409.15 acres	-	-
Location: District of Langkawi, Kedah					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Kuching International Airport	25 years (Expiry date - 11 February 2034)	322.43 acres	-	-
Location: District of Kuching, Sarawak					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Sultan Abdul Halim Shah Airport	25 years (Expiry date - 11 February 2034)	294.42 acres	-	-
Location: District of Alor Setar, Kedah					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Sultan Azlan Shah Airport	25 years (Expiry date - 11 February 2034)	352.03 acres	-	-
Location: District of Ipoh, Perak					

LEASED PROPERTIES	DESCRIPTION AND EXISTING USE	TENURE	LAND AREA	BUILT-UP AREA (SQM)	NET BOOK VALUE AS AT 31 DEC 2018 (RM'000)
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER Location: District of Batu Berendam, Melaka	Batu Berendam Airport, Melaka	25 years (Expiry date - 11 February 2034)	239.70 acres	-	-
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER Location: District of Kuantan, Pahang	Sultan Ahmad Shah Airport	25 years (Expiry date - 11 February 2034)	86.27 acres	-	-
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER Location: District of Kuala Terengganu, Terengganu	Sultan Mahmud Airport	25 years (Expiry date - 11 February 2034)	365.54 acres	-	-
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER Location: District of Kota Bharu, Kelantan	Sultan Ismail Petra Airport	25 years (Expiry date - 11 February 2034)	895.28 acres	-	-
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER Location: District of Miri, Sarawak	Miri Airport	25 years (Expiry date - 11 February 2034)	1,722.31 acres	-	-
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER Location: District of Sibul, Sarawak	Sibu Airport	25 years (Expiry date - 11 February 2034)	1,138.87 acres	-	-
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER Location: District of Bintulu, Sarawak	Bintulu Airport	25 years (Expiry date - 11 February 2034)	1,512.28 acres	-	-

LIST OF PROPERTIES

LEASED PROPERTIES	DESCRIPTION AND EXISTING USE	TENURE	LAND AREA	BUILT-UP AREA (SQM)	NET BOOK VALUE AS AT 31 DEC 2018 (RM'000)
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Limbang Airport	25 years (Expiry date - 11 February 2034)	651.45 acres	-	-
Location: District of Limbang, Sarawak					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Mulu Airport	25 years (Expiry date - 11 February 2034)	576.31 acres	-	-
Location: District of Miri, Sarawak					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Bario STOLport	25 years (Expiry date - 11 February 2034)	74.52 acres	-	-
Location: District of Miri, Sarawak					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Ba'kelalan STOLport	25 years (Expiry date - 11 February 2034)	14.81 acres	-	-
Location: District of Limbang, Sarawak					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Long Lellang STOLport	25 years (Expiry date - 11 February 2034)	28.14 acres	-	-
Location: District of Miri, Sarawak					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Long Banga STOLport	25 years (Expiry date - 11 February 2034)	36.45 acres	-	-
Location: District of Miri, Sarawak					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Kapit STOLport	25 years (Expiry date - 11 February 2034)	26.46 acres	-	-
Location: District of Kapit, Sarawak					

LEASED PROPERTIES	DESCRIPTION AND EXISTING USE	TENURE	LAND AREA	BUILT-UP AREA (SQM)	NET BOOK VALUE AS AT 31 DEC 2018 (RM'000)
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Mukah STOLport	25 years (Expiry date - 11 February 2034)	6.63 acres	-	-
Location: District of Mukah, Sarawak					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Redang STOLport	25 years (Expiry date - 11 February 2034)	33.51 acres	-	-
Location: District of Kuala Terengganu, Terengganu					
MALAYSIA AIRPORTS (NIAGA) SDN. BHD.	48 units of apartments	Freehold	-	3,791	1,934
Location: Desa Cempaka, Bandar Baru Nilai Mukim Nilai, District of Seremban Negeri Sembilan, Malaysia					
MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD.	4 units of apartments	Freehold	-	342	632
Location: Genting Permai Park & Resort District of Bentong, Pahang Malaysia					
MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD.	14 units of apartments	Freehold	-	774	739
Location: Teluk Dalam, Pulau Pangkor District of Manjung, Perak Malaysia					

LIST OF PROPERTIES

LEASED PROPERTIES	DESCRIPTION AND EXISTING USE	TENURE	LAND AREA	BUILT-UP AREA (SQM)	NET BOOK VALUE AS AT 31 DEC 2018 (RM'000)
MALAYSIA AIRPORTS SDN. BHD. Location: CL 205357688 Sierra Estates Condominium Jalan Ranca-Ranca Federal Territory of Labuan Malaysia	32 units of apartments	Leasehold of 99 years (Expiry date - 31 December 2089)	-	3,175	-
MALAYSIA AIRPORTS SDN. BHD. Location: CL 205359593 Kg. Nagalang Federal Territory of Labuan Malaysia	Land (Residential)	Leasehold of 99 years (Expiry date - 31 December 2090)	1.10 acres	-	245
MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD. Location: CL 205317951 Kg. Nagalang Federal Territory of Labuan Malaysia	Land (Agricultural)	Leasehold of 99 years (Expiry date - 31 December 2077)	1.22 acres	-	201
MALAYSIA AIRPORTS SDN. BHD. Location: District of Subang, Selangor Malaysia	APAC building (Ex-Cargo Complex)	A total right of occupation of 60 years (Expiry date - 31 December 2066)	6.5 acres	35,072	6,854
MALAYSIA AIRPORTS SDN. BHD. Location: District of Subang, Selangor Malaysia	6 units of single storey houses (Masjid Quarters)	A total right of occupation of 60 years (Expiry date - 31 December 2066)	3.58 acres	1,376	492
MALAYSIA AIRPORTS SDN. BHD. Location: District of Subang, Selangor Malaysia	Helicopter Centre (Airbus (M) Facility)	A total right of occupation of 60 years (Expiry date of 31 December 2066)	21 acres	10,000	29,170

LEASED PROPERTIES	DESCRIPTION AND EXISTING USE	TENURE	LAND AREA	BUILT-UP AREA (SQM)	NET BOOK VALUE AS AT 31 DEC 2018 (RM'000)
MALAYSIA AIRPORTS HOLDINGS BHD.	Malaysia Airports Corporate office KLIA	A total right of occupation of 25 years (Expiry date - 11 February 2034)	3 acres	9,997	14,711
Location: District of Sepang, Selangor Malaysia					
MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD.	Malaysia Airports Child Care Centre	A total right of occupation of 25 years (Expiry date - 11 February 2034)	1.94 acres	1,963	2,327
Location: District of Sepang, Selangor Malaysia					

Note:

- * Pursuant to the KLIA Land Lease Agreement dated 18 October 1999 entered into between Malaysia Airports (Sepang) Sdn. Bhd. (MA (Sepang)) and the Federal Land Commissioner (FLC). MA (Sepang) has been granted the right of use of the KLIA land for a period of 50 years.

However, following a restructuring exercise for Malaysia Airports, the Land Lease Agreement was replaced by a new Land Lease Agreement dated 12 February 2009. MA (Sepang) has been granted the right of use of the KLIA land for a period of 25 years.

- ** Pursuant to the Land Lease Agreement dated 26 October 2007 entered into between Malaysia Airports Holdings Bhd (MAHB) and the FLC, MAHB has been granted a lease of land of Sultan Abdul Aziz Shah (SAAS) Airport for a period of 60 years.

GROUP CORPORATE DIRECTORY

MALAYSIA AIRPORTS HOLDINGS BERHAD AND GROUP

Registered Address:
Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang
Selangor Darul Ehsan
Tel : +603-8777 7000
Fax : +603-8777 7778/+603-8777 7512

MALAYSIA AIRPORTS HOLDINGS BERHAD (487092-W)

MALAYSIA AIRPORTS SDN BHD (230646-U)

MALAYSIA AIRPORTS CONSULTANCY SERVICES SDN BHD (375245-X)

MALAYSIA AIRPORTS CITIES SDN BHD (1114062-X)

KLIA AEROPOLIS SDN BHD (1212392-H)

MALAYSIA AIRPORTS INTERNATIONAL SDN BHD (1220825-V)

MA ELOGISTICS SDN BHD (1253685-H)

MALAYSIA AIRPORTS (SUBANG) SDN BHD (1306743-T)

Business Address:
Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang
Selangor Darul Ehsan
Tel : +603-8777 7000
Fax : +603-8777 7778/+603-8777 7512

MALAYSIA AIRPORTS (SEPANG) SDN BHD (320480-D)

Business Address:
4th Floor, Airport Management Centre
Kuala Lumpur International Airport
64000 KLIA, Sepang
Selangor Darul Ehsan
Tel : +603-8776 2000/+603-8777 8888
Fax : +603-8926 5510/+603-8926 5209

MALAYSIA AIRPORTS (NIAGA) SDN BHD (281310-V)

Business Address:
3rd Floor, Airport Management Centre
Kuala Lumpur International Airport
64000 KLIA, Sepang
Selangor Darul Ehsan
Tel : +603-8776 8600
Fax : +603-8787 3747

MALAYSIA AIRPORTS (PROPERTIES) SDN BHD (484656-H)

Business Address:
Block C, Ground Floor
Short Term Car Park
64000 KLIA, Sepang
Selangor Darul Ehsan
Tel : +603-8776 8401
Fax : +603-8776 8181

K.L. AIRPORT HOTEL SDN BHD (330863-D)

Business Address:
Sama-Sama Hotel
Kuala Lumpur International Airport
Jalan CTA 4B, 64000 KLIA
Sepang, Selangor Darul Ehsan
Tel : +603-8787 3333
Fax : +603-8787 5855

MAB AGRICULTURE-HORTICULTURE SDN BHD (467902-D)

Business Address:
4th Floor, Airport Management Centre
Kuala Lumpur International Airport
64000 KLIA, Sepang
Selangor Darul Ehsan
Tel : +6019-282 4362
Fax : +6019-216 3025

MALAYSIA INTERNATIONAL AEROSPACE CENTRE SDN BHD (438244-H)

Business Address:
Sultan Abdul Aziz Shah Airport
47200 Subang
Selangor Darul Ehsan
Tel : +603-784 63870
Fax : +603-784 63300

MALAYSIA AIRPORTS TECHNOLOGIES SDN BHD (512262-H)

Business Address:
3rd Floor, Airport Management Centre
Kuala Lumpur International Airport
64000 KLIA, Sepang
Selangor Darul Ehsan
Tel : +603-8776 8341
Fax : +603-8786 8680

URUSAN TEKNOLOGI WAWASAN SDN BHD (459878-D)

Business Address:
1st Floor, Civil Engineering Building
Engineering Complex
Kuala Lumpur International Airport
64000 Sepang
Selangor Darul Ehsan
Tel : +603-8776 7002
Fax : +603-8787 2455

ISTANBUL SABIHA GÖKÇEN ULUSLARARASI HAVALİMANI YATIRIM YAPIM VE İŞLETME A.S. (656447)

Business Address:
Istanbul Sabiha Gökçen Uluslararası Havalimanı,
Terminal Binası Yönetim Katı, Pendik
34912 İstanbul
Tel : +90 216 588 8000
Fax : +90 216 588 8010

LGM HAVALİMANI İŞLETMELERİ TİCARET VE TURİZM A.S. (660779)

Business Address:
Istanbul Sabiha Gökçen Uluslararası Havalimanı,
Terminal Binası Yönetim Katı, Pendik
34912 İstanbul
Tel : +90 216 588 8000
Fax : +90 216 588 8010

AIRPORT DIRECTORY

INTERNATIONAL AIRPORTS

KL INTERNATIONAL AIRPORT

64000 KLIA Sepang
Selangor Darul Ehsan, Malaysia
T : 603-8777 8888
F : 603-8926 5510

KOTA KINABALU INTERNATIONAL AIRPORT

Beg Berkunci No. 134
Aras 5, Bangunan Terminal
88740 Kota Kinabalu Sabah, Malaysia
T : 6088-325 555
F : 6088-325 511
(STOLports under the supervision of Kota Kinabalu
International Airport: Kudat & Long Pasia)

KUCHING INTERNATIONAL AIRPORT

Peti Surat 1070
93722 Kuching, Sarawak, Malaysia
T : 6082-454 242
F : 6082-458 587

LANGKAWI INTERNATIONAL AIRPORT

07100 Padang Mat Sirat, Langkawi
Kedah Darul Aman, Malaysia
T : 604-955 1311
F : 604-955 1314

PENANG INTERNATIONAL AIRPORT

11900 Bayan Lepas Pulau Pinang,
Malaysia
T : 604-252 0252
F : 604-643 5339

DOMESTIC AIRPORTS

MELAKA AIRPORT

75350 Melaka, Malaysia
T : 606-317 5860
F : 606-317 5214

SULTAN ABDUL AZIZ SHAH AIRPORT

47200 Subang
Selangor Darul Ehsan, Malaysia
T : 603-7845 3245
F : 603-7846 3679

SULTAN ABDUL HALIM AIRPORT

06200 Alor Setar
Kedah Darul Aman, Malaysia
T : 604-714 6876
F : 604-714 5345

SULTAN AHMAD SHAH AIRPORT

26070 Kuantan
Pahang Darul Makmur, Malaysia
T : 609-531 2123/2100
F : 609-538 4017
(STOLport under the supervision of Sultan
Ahmad Shah Airport: Tioman)

SULTAN AZLAN SHAH AIRPORT

31350 Ipoh
Perak Darul Ridzuan, Malaysia
T : 605-318 8202
F : 605-312 2295
(STOLport under the supervision of Sultan Azlan
Shah Airport: Pangkor)

SULTAN ISMAIL PETRA AIRPORT

Pengkalan Chepa
16100 Kota Bharu, Kelantan Darul
Naim, Malaysia
T : 609-773 7400
F : 609-773 3852

SULTAN MAHMUD AIRPORT

21300 Kuala Terengganu Terengganu
Darul Iman, Malaysia
T : 609-667 3666
F : 609-662 6670

BINTULU AIRPORT

97000 Bintulu, Sarawak, Malaysia
T : 6086-339 163
F : 6086-337 011
(STOLport under the supervision of Bintulu
Airport: Belaga)

LIMBANG AIRPORT

98700 Limbang Sarawak, Malaysia
T : 6085-212 090
F : 6085-214 979

MIRI AIRPORT

P.O. Box 851
98008 Miri, Sarawak, Malaysia
T : 6085-615 271
F : 6085-615 208
(STOLports under the supervision of Miri
Airport: Mulu, Long Seridan, Long Banga, Long
Lellang, Long Akah, Marudi, Bakelalan, Long
Semado, Lawas and Bario)

MULU AIRPORT

Peti Surat 851
98008 Miri, Sarawak, Malaysia
T : 6085-615 204/205
F : 6085-614 537

SIBU AIRPORT

Peti Surat 645
96000 Sibu, Sarawak, Malaysia
T : 6084-307 770
F : 6084-307 709
(STOLports under the supervision of Sibu
Airport: Mukah & Kapit)

LABUAN AIRPORT

Jalan Tun Mustafa Peti Surat 80569
87015 W.P. Labuan Sabah, Malaysia
T : 6087-416 007/415 015
F : 6087-410 129

LAHAD DATU AIRPORT

P.O. Box 213
91108 Lahad Datu, Sabah, Malaysia
T : 6089-881 033
F : 6089-881 618

SANDAKAN AIRPORT

P.O. Box 1719
90719 Sandakan, Sabah, Malaysia
T : 6089-667 782/786
F : 6089-667 778

TAWAU AIRPORT

P.O. Box 60132
91011 Tawau, Sabah, Malaysia
T : 6089-950 777
F : 6089-950 781
(STOLport under the supervision of Tawau
Airport: Semporna)

NOTICE OF THE 20th ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 20th Annual General Meeting (20th AGM or the Meeting) of Malaysia Airports Holdings Berhad (MAHB or the Company) will be held at Gateway Ballroom, Level 1, Sama-Sama Hotel, KL International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan on Thursday, 2 May 2019 at 11.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Directors and Auditors Reports thereon.
Please refer to Explanatory Note A

2. To declare and approve the payment of a final single-tier dividend of 9.00 sen per ordinary share in respect of the financial year ended 31 December 2018 as recommended by the Directors.
Please refer to Explanatory Note B **Ordinary Resolution 1**

3. To approve the payment of Directors' fees up to an amount of RM3,276,000.00 to the Non-Executive Directors (NED) of the Company with effect from 3 May 2019 until the next AGM in 2020, as follows:
 - (a) Payment made by the Company amounting to RM1,656,000.00; and
 - (b) Payment made by the Company's Subsidiaries amounting to RM1,620,000.00.**Please refer to Explanatory Note C** **Ordinary Resolution 2**

4. To approve the payment of Directors' benefits payable up to an amount of RM1,999,515.00 to the NED of the Company with effect from 3 May 2019 until the next AGM in 2020, as follows:
 - (a) Payment made by the Company amounting to RM1,551,900.00; and
 - (b) Payment made by the Company's Subsidiaries amounting to RM447,615.00.**Please refer to Explanatory Note D** **Ordinary Resolution 3**

5. To re-elect Tan Sri Datuk Zainun Ali who shall retire in accordance with Article 129 of the Company's Constitution and who being eligible, offers herself for re-election.
Please refer to Explanatory Note E **Ordinary Resolution 4**

6. To re-elect Datuk Siti Zauyah Md Desa who shall retire in accordance with Article 129 of the Company's Constitution and who being eligible, offers herself for re-election.
Please refer to Explanatory Note F **Ordinary Resolution 5**

7. To re-elect Mr Ramanathan Sathiamutty who shall retire in accordance with Article 129 of the Company's Constitution and who being eligible, offers himself for re-election.
Please refer to Explanatory Note G **Ordinary Resolution 6**

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| <p>8. To re-elect Ms Wong Shu Hsien who shall retire in accordance with Article 129 of the Company's Constitution and who being eligible, offers herself for re-election.
Please refer to Explanatory Note H</p> | <p>Ordinary
Resolution 7</p> |
| <p>9. To re-elect Dato' Ir Mohamad Husin who shall retire in accordance with Article 131 of the Company's Constitution and who being eligible, offers himself for re-election.
Please refer to Explanatory Note I</p> | <p>Ordinary
Resolution 8</p> |
| <p>10. To re-elect Datuk Azailiza Mohd Ahad who shall retire in accordance with Article 131 of the Company's Constitution and who being eligible, offers herself for re-election.
Please refer to Explanatory Note J</p> | <p>Ordinary
Resolution 9</p> |
| <p>11. To re-appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.
Please refer to Explanatory Note K</p> | <p>Ordinary
Resolution 10</p> |

AS SPECIAL BUSINESS

- | | |
|--|--|
| <p>12. To approve the revocation of existing Constitution with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in the Circular to Shareholders dated 3 April 2019 accompanying the Company's Annual Report 2018 be and is hereby adopted as the Constitution of the Company AND to authorise the Directors of the Company to assent to any modification, variation and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such actions as may be considered necessary to give full effect to the foregoing.
Please refer to Explanatory Note L</p> | <p>Special
Resolution 1</p> |
| <p>13. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.</p> | |

By Order of the Board

AZNI ARIFFIN

LS 0008791

Company Secretary

Sepang, Selangor Darul Ehsan

3 April 2019

NOTICE OF THE 20th ANNUAL GENERAL MEETING

Notes to the Notice of the 20th AGM

Proxy

1. Section 334 of the Companies Act 2016 (CA 2016) provides that a member of a company shall be entitled to appoint another person or persons as his/her proxy or proxies to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of members of the company. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
2. A corporation which is a member, may by resolution of its Board of Directors or other governing body authorises such person as it thinks fit to act as its representative at the Meeting, in accordance with Article 104 of the Company's Constitution.
3. The instrument appointing a proxy/representative shall be in print or writing under the hand of the appointer or his/her duly constituted attorney, or if such appointer is a corporation, under its common seal or the hand and seal of its attorney.
4. The instrument appointing a proxy/representative must be deposited at the Registered Office of the Company at Malaysia Airports Corporate Office, Persiaran Korporat KLIA, 64000 KLIA, Sepang, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

Voting by Poll

5. Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in this notice to be voted by poll.

Members Entitled to Attend

6. For the purpose of determining a member who shall be entitled to attend the 20th AGM, the Company shall request Bursa Malaysia Depository Sdn Bhd in accordance with Article 48(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 to issue a Record of Depositors as at 24 April 2019. Only a depositor whose name appears on the Record of Depositors as at 24 April 2019 shall be entitled to attend the said Meeting or appoint proxies to attend, participate, speak and/or vote on his/her behalf.
7. Please be reminded that the 20th AGM is a private meeting between the directors, shareholders, proxies, duly authorised representatives and the auditors. As such, non-shareholders are barred from entering the Meeting. However, any disabled shareholder may be allowed to enter the Meeting accompanied by a person who is not a shareholder.
8. Shareholders' attention is hereby drawn to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which allows a member of the Company which is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991, who holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) to appoint multiple proxies in respect of each omnibus account it holds.

Explanatory Note A:

9. The Audited Financial Statements is laid in accordance with Section 340(1)(a) of the CA 2016 and meant for discussion only as the Audited Financial Statements do not require shareholders' approval under the provision of Section 251(1) of the CA 2016. As such, this Agenda item is not to be put forward for voting.

Explanatory Note B for Ordinary Resolution 1:

10. In accordance with Article 154 of the Company's Constitution, the Board is recommending that the shareholders approve the payment of the final dividend.

With reference to Section 131 of the CA 2016, a company may only make a distribution to the shareholders out of available profits of the company if the company is solvent. On 28 February 2019, the Board of Directors of MAHB (the Board) had considered the amount of dividend and decided to recommend the same for the shareholders' approval.

The Board is satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within 12 months immediately after the distribution date which would be announced by the Company after the 20th AGM in accordance with Sections 132(2) and (3) of the CA 2016.

Explanatory Notes C and D for Ordinary Resolutions 2 and 3:

11. Section 230(1) of the CA 2016 provides amongst others, that "the fees" of the directors, and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board has agreed that the shareholders' approval shall be sought at the 20th AGM on the Directors' fees and benefits payable with effect from 3 May 2019 until the next AGM in 2020 (Relevant Period).
- (i) Ordinary Resolution 2: Shareholders' approval is to be sought on the payment of Directors' fees up to an amount of RM3,276,000.00 to the NED of the Company throughout the Relevant Period as follows:
 - (a) Payment made by the Company amounting to RM1,656,000.00; and
 - (b) Payment made by the Company's Subsidiaries amounting to RM1,620,000.00.
 - (ii) The Board Nomination and Remuneration Committee had conducted a review on the Directors' fees and the overall Board Remuneration framework, to determine the competitiveness of NED's remuneration, having regard to the level of responsibility, expertise and time commitment. The Board believes that the alignment of the remuneration offered to the Directors will enable the Company to continue to attract and retain individuals of the required caliber on the Board.

NOTICE OF THE 20th ANNUAL GENERAL MEETING

- (iii) Based on the outcome of the review, the Board agreed that the Directors' fees for the NED need to be reviewed in view of the heavy responsibility and time commitment required in line with the expansion of the business of the Company and the new regulatory requirements imposed under the law.
- (iv) With regard to the two-tier remuneration system of Directors of the Company's Subsidiaries, the Board is of the view that the roles, responsibilities and accountability of Directors of the Second Tier Companies are no lesser than that of the First Tier Companies. Having regard to the complexity and high risks of the businesses which will become a major threat to the performance of the Company if not appropriately monitored, the Board has decided that the Directors' fees and Meeting Allowance for all the Company's Subsidiaries be standardised.
- (v) The comparison between the current Directors' fees for NED as approved by the shareholders of the Company at the 19th AGM held on 8 May 2018 and the new proposed fees are as follows:

No.	Description	Current Fees		New Proposed Fees	
		Chairman	NED	Chairman	NED
1.	The Company Directors' fees	RM180,000 per annum	RM108,000 per annum	RM216,000 per annum	RM144,000 per annum
2.	Directors' fees for the Company's Subsidiaries:				
		<u>First Tier Companies</u>			
		RM48,000 per annum	RM36,000 per annum	RM48,000 per annum	RM36,000 per annum
		<u>Second Tier Companies</u>			
		RM36,000 per annum	RM24,000 per annum		

- (vi) Ordinary Resolution 3: Shareholders' approval is to be sought on the payment of Directors' benefits payable up to an amount of RM1,999,515.00 to the NED of the Company throughout the Relevant Period, as follows:
- (a) Payment made by the Company amounting to RM1,551,900.00; and
- (b) Payment made by the Company's Subsidiaries amounting to RM447,615.00.
- (vii) The proposed total payment of Directors' benefits payable (under Ordinary Resolution 3) has taken into account the standardisation of Meeting Allowance for the Company's Subsidiaries due to the abolishment of the two-tier remuneration system of Directors of the Company's Subsidiaries as well as the removal of allocation of Meeting Allowance for other potential committee as the Company does not foresee that there will be any other committee to be formed in the Relevant Period.

- (viii) The comparison between the current Directors' benefits payable for NED as approved by the shareholders of the Company at the 19th AGM held on 8 May 2018 and the new proposed fees are as follows:

No.	Description	Current Fees		New Proposed Fees	
		Chairman	NED	Chairman	NED
1.	Senior Independent Director's Allowance of the Company (per month)	N/A	RM1,000	N/A	No Change
2.	Meeting Allowance (per meeting):				
	(A) The Company				
	(i) Board	RM5,000	RM3,000	No Change	No Change
	(ii) Board Committees	RM4,000	RM2,000	No Change	No Change
	(B) Board of the Company's Subsidiaries				
		<u>First Tier Companies</u>		RM1,500	RM1,200
		RM1,500	RM1,200		
		<u>Second Tier Companies</u>			
		RM1,200	RM1,000		
	(C) Committee of Company's Subsidiaries				
	(i) Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc (ISG); and LGM Airport Operations Trade and Tourism Inc (LGM)#	RM2,500	RM2,000	No Change	No Change
	(D) Other Committees of the Company	RM4,000	RM2,000	Nil	Nil
3.	Other Claimable Benefits			Directors' appreciation gift, out of pocket expenses, car allowance*, entertainment allowance*, petrol*, toll*, telecommunication devices, club* and professional membership.	

* Chairman only.

Deemed as one meeting due to the fact that the contents of the meetings are similar in nature and meetings are held on the same day.

NOTICE OF THE 20th ANNUAL GENERAL MEETING

- (ix) In determining the estimated total amount of Directors' fees and benefits payable for the NED of the Company during the Relevant Period, the Board has considered various factors including the number of scheduled meetings for the Board, Board Committees and Boards of the Company's Subsidiaries and the number of NED involved in these meetings based on the current number of NED as well as inclusion of provisional sum as contingency for future appointment of NED of the Company on the Boards of the Company's Subsidiaries and increase in number of Board and committee meetings due to business expansion.
- (x) Payment of the Directors' fees and benefits payable to the NED of the Company will be made by the Company on a monthly basis and/or as and when incurred should the proposed Ordinary Resolutions 2 and 3 have been passed at the 20th AGM.
- (xi) The Board is of the view that it is just and equitable for the NED of the Company to be paid the Directors' fees and benefits payable on monthly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiaries throughout the Relevant Period.
- (xii) In the event where the payment of Directors' fees and benefits payable during the Relevant Period exceeds the estimated amount sought in the 20th AGM, a shareholders' approval is to be sought in the next AGM in 2020 on the payment of the exceeded amount.
- (xiii) The proposed Ordinary Resolutions 2 and 3 are in accordance with Article 98 of the Company's Constitution and if passed, shall be effective from 3 May 2019.

Explanatory Notes E, F, G and H for Ordinary Resolutions 4 to 7:

12. Article 129 of the Company's Constitution stipulates that any newly appointed Director shall hold office only until the next following AGM of the Company at which the Director is due to retire under this Article, when he shall retire but shall then be eligible for re-election.

Pursuant to Article 129, Tan Sri Datuk Zainun Ali, Datuk Siti Zauyah Md Desa, Mr Ramanathan Sathiamutty and Ms Wong Shu Hsien are standing for re-election at the 20th AGM.

The Board has conducted an assessment on the independence of Mr Ramanathan Sathiamutty, an Independent NED, who is seeking re-election at this 20th AGM inclusive of his skills, experience, character, integrity, competency and contribution.

The Profile of the Directors standing for re-election are provided on pages 126, 127, 128 and 135 of the Board of Directors' Profile in the Annual Report 2018.

Explanatory Notes I and J for Ordinary Resolutions 8 and 9:

13. Article 131 of the Company's Constitution expressly states that in every subsequent AGM, at least one-third of the Directors for the time being or the number nearest to one-third shall retire from office and the retiring Directors shall be eligible to seek for re-election thereof.

Pursuant to Article 131, Dato' Ir Mohamad Husin and Datuk Azailiza Mohd Ahad are standing for re-election at the 20th AGM.

The Board has conducted an assessment on the independence of the Directors who are seeking re-election at the 20th AGM inclusive of their skills, experience, character, integrity, competency and contribution.

The profiles of the Directors standing for re-election are provided on pages 133 and 134 of the Board of Directors' Profile in the Annual Report 2018.

Explanatory Note K for Ordinary Resolution 10:

14. The Board Audit Committee and the Board have considered the re-appointment of Messrs Ernst & Young (EY) as Auditors of the Company and collectively agreed that EY has met the relevant criteria prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Explanatory Note L for Special Resolution 1:

15. The proposed Special Resolution 1 if passed, will give full effect to the New Proposed Constitution as set out in Appendix III of the Circular to Shareholders dated 3 April 2019 accompanying the Company's Annual Report for the financial year ended 31 December 2018. The rationale of the New Proposed Constitution is to ensure continued compliance and to bring the existing Constitution of the Company in line with the following laws and regulations:

- (i) Latest amendments made to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which was issued on 29 November 2017;
- (ii) CA 2016 which came into effect on 31 January 2017; and
- (iii) Malaysian Code on Corporate Governance 2017.

In view of the numerous amendments which would entail substantial amendments to the existing Constitution, the Board had proposed for the revocation of the existing Constitution in its entirety with immediate effect, and in place thereof, a new Constitution as set out in the Circular to Shareholders dated 3 April 2019, be adopted. The New Proposed Constitution shall take effect immediately once Special Resolution 1 is passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the 20th AGM.

STATEMENT ACCOMPANYING NOTICE OF THE 20TH ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:

1. The Directors who are retiring pursuant to Article 129 of the Company's Constitution and seeking re-election are as follows:
 - (a) Tan Sri Datuk Zainun Ali;
 - (b) Datuk Siti Zauyah Md Desa;
 - (c) Mr Ramanathan Sathiamutty; and
 - (d) Ms Wong Shu Hsien.
2. The Directors who are retiring pursuant to Article 131 of the Company's Constitution and seeking re-election are as follows:
 - (a) Dato' Ir Mohamad Husin; and
 - (b) Datuk Azailiza Mohd Ahad.

The profiles of the above Directors are set out in the section entitled "Board of Directors' Profile" from pages 126 to 136 of the Annual Report 2018. Their shareholdings in the Company are set out in the section entitled "Statement of Shareholdings" on page 238 of the Annual Report 2018.

AGM ADMINISTRATIVE DETAILS

20th ANNUAL GENERAL MEETING (20th AGM) OF MALAYSIA AIRPORTS HOLDINGS BERHAD (THE COMPANY OR MALAYSIA AIRPORTS)

Date	: Thursday, 2 May 2019
Time	: 11.00 a.m.
Meeting Venue	: Gateway Ballroom, Level 1, Sama-Sama Hotel, KL International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan

How to get there?

By Car

Sama-Sama Hotel, KL International Airport is an 80 km drive from the Kuala Lumpur City Centre, a 40 km drive from Petaling Jaya, and a 30 km drive from Putrajaya/Cyberjaya via the North-South Expressway Central Link (ELITE). The signposts are visibly placed with directions to the right location.

By Express Rail Link

The Express Rail Link service can be boarded at the KL Sentral Station.

Parking

- Ample parking spaces are available at Sama-Sama Hotel and at the KLIA Main terminal car park. There is a covered connecting bridge between the terminal building and Sama-Sama Hotel.
- The Company will only bear parking charges incurred by shareholders/proxies attending the 20th AGM who park their vehicles at the car park at the above mentioned locations.
- The validation counter for free parking will only be opened after the conclusion of the 20th AGM.

Registration

- Registration will commence at 8.30 am. at the front entrance of Gateway Ballroom, Level 1 of Sama-Sama Hotel.

- Please produce your original identification card during registration to the registration staff for verification.
- Please note that you are not allowed to register on behalf of another shareholder/proxy, even with the production of original identification card of that other shareholder/proxy.
- If you are attending the meeting as shareholder as well as proxy, you will only be registered once and will be given one (1) identification wristband to enter the meeting hall.
- Please note that you will not be allowed to enter the meeting hall without wearing the identification wristband. There will be no replacement of lost or misplace of the identification wristband.
- After registration, please vacate the registration area immediately and proceed to the meeting hall.

Refreshment

- Light breakfast will be available before the commencement of the 20th AGM.
- Brunch will be served after the 20th AGM.
- No food or beverages are allowed in the Gateway Ballroom.

Touch & Go Card

- Touch & Go card will be distributed to each person, who is present personally, whether attending as shareholder or proxy. Each person shall be eligible for one (1) Touch & Go card only.

Door Gift Policy

- Door gifts will be given to shareholders or proxies upon successful registration.
- Each person, whether attending as shareholder or proxy, shall be eligible for one (1) door gift only.
- A shareholder who is also attending as a proxy is entitled to a maximum of two (2) door gifts irrespective of the number of shareholders he/she represents.
- Where a shareholder appoints two (2) proxies, only the proxy who registers first is eligible for the door gift.

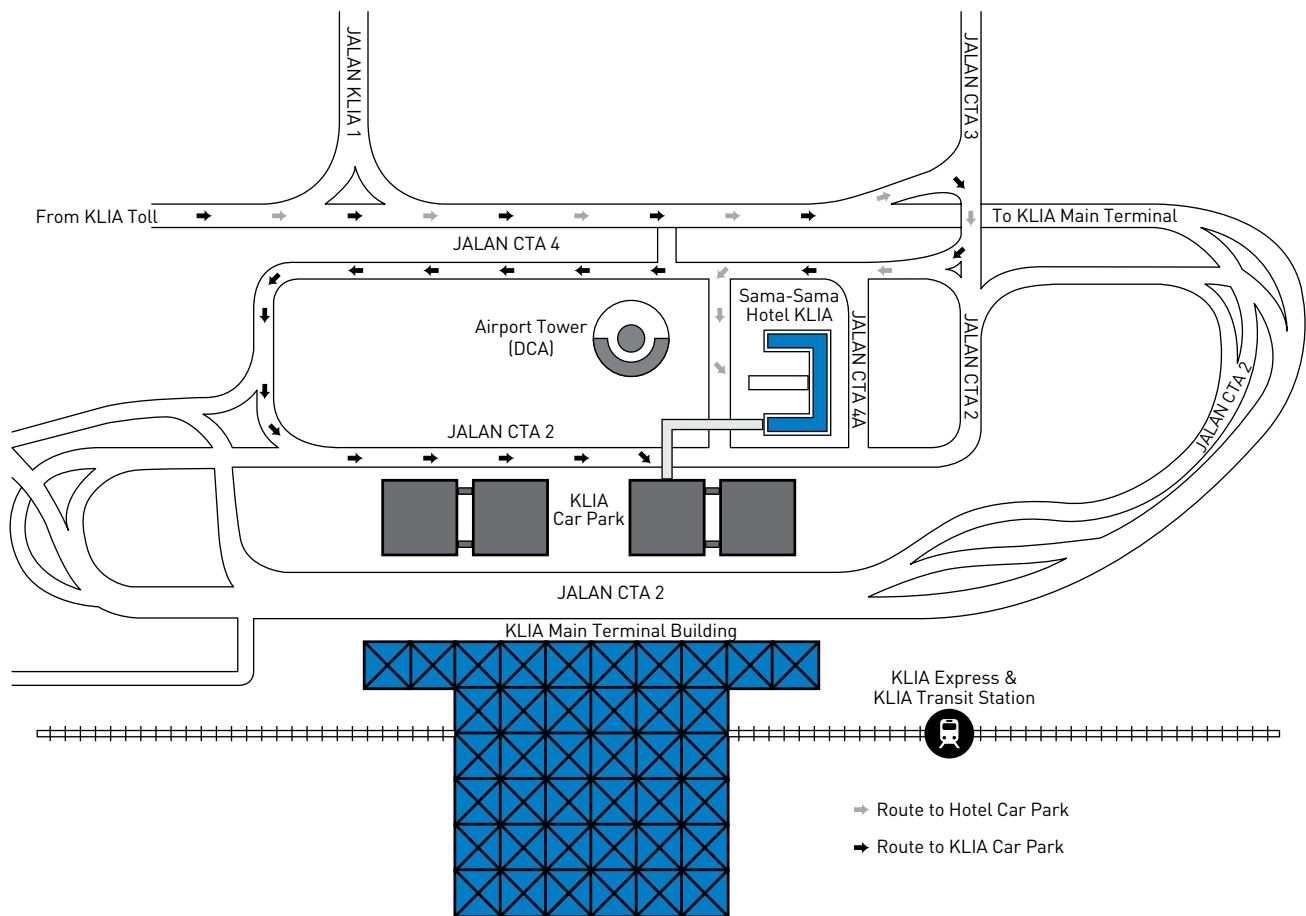
Mobile Devices

- Please ensure that all mobile devices are switched off during the proceedings of the 20th AGM to ensure smooth and uninterrupted proceedings.

Voting Procedure

- The voting at the 20th AGM will be conducted by poll in accordance with the Paragraph 8.29A of Bursa Malaysia Securities Berhad's Main Market Listing Requirements.
- The Company has appointed Securities Services (Holdings) Sdn Bhd as the Poll Administrator to conduct the poll by way of electronic voting (e-voting) and Commercial Quest Sdn Bhd as scrutineers to verify the poll results.
- Each shareholder/proxy will be provided with the e-voting device to cast his/her vote, and the Chairman will make the declaration of the poll result of each resolution after the completion of voting for each resolution.

MAP TO THE AGM VENUE



PROXY FORM

Malaysia Airports Holdings Berhad (487092-W)
Incorporated in Malaysia



CDS Account No.	No. of Shares Held

I/We NRIC No./Passport No./Company No.
[FULL NAME IN CAPITAL LETTERS]

..... of
[FULL ADDRESS]

.....being a Member(s) of MALAYSIA
AIRPORTS HOLDINGS BERHAD, hereby appoint
[FULL NAME IN CAPITAL LETTERS]

..... NRIC No./Passport No.

of
[FULL ADDRESS]

or failing him/her NRIC No./Passport No.
[FULL NAME IN CAPITAL LETTERS]

..... of
[FULL ADDRESS]

or failing him/her the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the 20th Annual General Meeting (20th AGM or the Meeting) of the Company to be held at Gateway Ballroom, Level 1, Sama-Sama Hotel, KL International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan on Thursday, 2 May 2019 at 11.00 a.m. for the following purposes:

Please indicate with an 'X' in the space provided below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

NO.	RESOLUTIONS		FOR	AGAINST
1.	ORDINARY RESOLUTION 1	To declare and approve the payment of a final single-tier dividend of 9.00 sen per ordinary share in respect of the financial year ended 31 December 2018 as recommended by the Directors.		
2.	ORDINARY RESOLUTION 2	To approve the payment of Directors' fees up to an amount of RM3,276,000.00 to the Non-Executive Directors of the Company with effect from 3 May 2019 until the next AGM in 2020, as follows: (a) Payment made by the Company amounting to RM1,656,000.00; and (b) Payment made by the Company's Subsidiaries amounting to RM1,620,00.00.		
3.	ORDINARY RESOLUTION 3	To approve the payment of Directors' benefits payable up to an amount of RM1,999,515.00 to the Non-Executive Directors of the Company with effect from 3 May 2019 until the next AGM in 2020, as follows: (a) Payment made by the Company amounting to RM1,551,900.00; and (b) Payment made by the Company's Subsidiaries amounting to RM447,615.00.		
4.	ORDINARY RESOLUTION 4	To re-elect Tan Sri Datuk Zainun Ali who shall retire in accordance with Article 129 of the Company's Constitution and who being eligible, offers herself for re-election.		
5.	ORDINARY RESOLUTION 5	To re-elect Datuk Siti Zaayah Md Desa who shall retire in accordance with Article 129 of the Company's Constitution and who being eligible, offers herself for re-election.		
6.	ORDINARY RESOLUTION 6	To re-elect Mr Ramanathan Sathiamutty who shall retire in accordance with Article 129 of the Company's Constitution and who being eligible, offers himself for re-election.		
7.	ORDINARY RESOLUTION 7	To re-elect Ms Wong Shu Hsien who shall retire in accordance with Article 129 of the Company's Constitution and who being eligible, offers herself for re-election.		
8.	ORDINARY RESOLUTION 8	To re-elect Dato' Ir Mohamad Husin who shall retire in accordance with Article 131 of the Company's Constitution and who being eligible, offers himself for re-election.		
9.	ORDINARY RESOLUTION 9	To re-elect Datuk Azailiza Mohd Ahad who shall retire in accordance with Article 131 of the Company's Constitution and who being eligible, offers herself for re-election.		
10.	ORDINARY RESOLUTION 10	To re-appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
11.	SPECIAL RESOLUTION 1	To approve the revocation of existing Constitution with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in the Circular to Shareholders dated 3 April 2019 accompanying the Company's Annual Report 2018 be and is hereby adopted as the Constitution of the Company AND to authorise the Directors of the Company to assent to any modification, variation and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such actions as may be considered necessary to give full effect to the foregoing.		

As witness my/our hands this day of, 2019.

Signature of Member/Common Seal

Notes:

1. Section 334 of the Companies Act 2016 [CA 2016] provides that a member of a company shall be entitled to appoint another person or persons as his/her proxy or proxies to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of members of the company. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
2. A corporation which is a member, may by resolution of its Board of Directors or other governing body authorises such person as it thinks fit to act as its representative at the Meeting, in accordance with Article 104 of the Company's Constitution.
3. The instrument appointing a proxy/representative shall be in print or writing under the hand of the appointer or his/her duly constituted attorney, or if such appointer is a corporation, under its common seal or the hand and seal of its attorney.
4. The instrument appointing a proxy/representative must be deposited at the Registered Office of the Company at Malaysia Airports Corporate Office, Persiaran Korporat KLIA, 64000 KLIA, Sepang, Selangor Darul Ehsan or you may fax to +03-8777 7512 not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
5. Shareholders' attention is hereby drawn to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which allows a member of the Company which is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991, who holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) to appoint multiple proxies in respect of each omnibus account it holds.

STAMP

The Company Secretary
Malaysia Airports Holdings Berhad (487092-W)
Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang
Selangor Darul Ehsan

www.malaysiaairports.com.my

MALAYSIA AIRPORTS HOLDINGS BERHAD (487092-W)

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