

Traffic snapshot

- Airports in Malaysia handled 88.8million passengers, representing a 6.0% increase over 2015.
- Total passenger movements for MAHB System (including Istanbul SGIA) reached 118.5million passengers in 2016, the highest achieved for a year.
- 43.2million international passengers passed through MAHB airports in Malaysia in 2016, representing an 8.0% increase.
- International passenger growth momentum year-on-year picked up in the second half of 2016, improving from 5.0% in the first half to 11.0% in the second half.
- Average load factor overall was 74.8%, an improvement by 4.3 percentage points over 2015.
- KLIA surpassed the 50million mark in passenger handling for the first time, reaching over 52.6million passengers in 2016.
- Istanbul Sabiha Gokcen Airport total passengers increased by 4.8% in 2016.

Passenger Traffic Snapshot ('000), December 2016

Total	2016	2015	% YOY	2016	2015	%YOY
	December			Year- to-date		
KLIA	5,330	4,838	10.2%	52,624	48,938	7.5%
MASB Airports	3,422	3,328	2.8%	36,208	34,891	3.8%
Total	8,751	8,166	7.2%	88,832	83,830	6.0%
Istanbul SGIA ²	2,216	2,248	-1.4%	29,646	28,286	4.8%
Total MAHB System	10,967	10,414	5.3%	118,479	112,115	5.7%

International	2016	2015	% YOY	2016	2015	%YOY
	December			Year- to-date		
KLIA	3,768	3,419	10.2%	37,168	34,759	6.9%
MASB Airports	564	534	5.5%	6,075	5,285	14.9%
Total	4,332	3,953	9.6%	43,243	40,045	8.0%
Istanbul SGIA	702	736	-4.6%	9,532	9,704	-1.8%
Total MAHB System	5,035	4,690	7.4%	52,775	49,748	6.1%

Domestic	2016	2015	% YOY	2016	2015	%YOY
	December			Year- to-date		
KLIA	1,561	1,418	10.1%	15,456	14,179	9.0%
MASB Airports	2,858	2,794	2.3%	30,133	29,606	1.8%
Total	4,419	4,212	4.9%	45,589	43,785	4.1%
Istanbul SGIA	1,513	1,512	0.1%	20,115	18,582	8.2%
Total MAHB System	5,932	5,724	3.6%	65,704	62,367	5.4%

^{*}December is preliminary, where main variations if any lie largely from the non-scheduled or charter flights at domestic airports

¹LTM refers to the last twelve months, up to and including the month in question

²Istanbul SGIA is Istanbul Sabiha Gokcen International Airport with the SAW three-letter International Air Transport Association (IATA) code

KLIA Main & klia2 Passenger Traffic Snapshot ('000), December 2016

Airport	2016	2015	% YOY	2016	2015	%YOY
	December			Year- to-date		
KLIA Main						
Total	2,762	2,126	29.9%	25,506	22,619	12.8%
International	2,011	1,587	26.7%	18,937	17,581	7.7%
Domestic	751	539	39.2%	6,569	5,038	30.4%
klia2						
Total	2,568	2,711	-5.3%	27,118	26,320	3.0%
International	1,757	1,832	-4.1%	18,231	17,179	6.1%
Domestic	811	879	-7.8%	8,887	9,141	-2.8%

Aircraft Traffic Snapshot, December 2016

Total	2016	2015	% YOY	2016	2015	%YOY
	December			Year- to-date		
KLIA	32,289	30,506	5.8%	355,452	353,270	0.6%
MASB Airports	40,470	38,943	3.9%	455,121	462,070	-1.5%
Total	72,759	69,449	4.8%	810,573	815,340	-0.6%
Istanbul SGIA	16,592	16,946	-2.1%	220,290	206,180	6.8%
Total MAHB System	89,351	86,395	3.4%	1,030,863	1,021,520	0.9%

International	2016	2015	% YOY	2016	2015	%YOY
	December			Year- to-date		
KLIA	21,528	20,596	4.5%	239,131	238,344	0.3%
MASB Airports	4,905	4,792	2.4%	58,621	57,141	2.6%
Total	26,433	25,388	4.1%	297,752	295,485	0.8%
Istanbul SGIA	5,886	6,347	-7.3%	79,982	76,548	4.5%
Total MAHB System	32,319	31,735	1.8%	377,734	372,033	1.5%

Domestic	2016	2015	% YOY	2016	2015	%YOY
	December			Year- to-date		
KLIA	10,761	9,910	8.6%	116,321	114,926	1.2%
MASB Airports	35,565	34,151	4.1%	396,500	404,929	-2.1%
Total	46,326	44,061	5.1%	512,821	519,855	-1.4%
Istanbul SGIA	10,706	10,599	1.0%	140,308	129,632	8.2%
Total MAHB System	57,032	54,660	4.3%	653,129	649,487	0.6%

MAHB system's airport traffic performance

MAHB system of airports (including Istanbul SGIA) registered 118.5million passenger movements in 2016, an increase of 5.7% over 2015. International traffic recorded 52.8million passengers, a year-on-year increase of 6.1%, while domestic traffic recorded 65.7million passenger movements with a 5.4% growth compared to the same period in 2015. Overall aircraft movements grew by 0.9% with international and domestic movements registering a growth of 1.5% and 0.6% respectively.

On the home front, airports in Malaysia registered 88.8million passenger movements, a growth of 6.0% over 2015. International sector recorded 43.2million movements, an increase of 8.0% over

2015. Domestic traffic on the other hand recorded 45.6million passenger movements, an improvement of 4.1% over the same period in 2015. Among the airports that registered a strong increase in traffic in 2016 include Kota Kinabalu, Penang, Langkawi, Alor Setar, Ipoh, Tawau and Mulu. Ipoh experienced high growth rate (more than 20%) following the introduction of a direct service to Singapore.

KLIA recorded 52.6million passengers in 2016, an improvement by 7.5% over 2015. KLIA Main handled 25.5million passengers, 12.8% higher than 2015. This was additionally contributed by the transfer of Malindo Air and Lion Air from klia2 to KLIA Main. klia2 handled 27.1million passengers, a growth of 3.0% in 2016 over 2015.

Aircraft movements for airports in Malaysia decreased by 0.6% in 2016 mainly due to the reduction in domestic aircraft movements of 5.9% by AirAsia, Malaysia Airlines and Firefly. On the other hand, Malindo Air aircraft movements increased by 25.9% while the foreign airlines aircraft movements increased by 2.0%. Overall cargo movements declined by 10.4% in 2016 to 882,593 metric tonnes.

December 2016 continued to register the highest number of passengers for the year crossing the 8million mark and almost touching 9million. International sector recorded 4.3million passengers with a 9.6% increase while domestic sector recorded 4.4million passengers, representing a growth of 4.9%. Overall aircraft movements increased by 4.8%. There was an increase of 4.1% and 5.1% respectively for international and domestic aircraft movements in Malaysia over December 2015.

Istanbul SGIA handled 29.6million passengers in 2016, an increase of 4.8% over 2015. International passengers declined by 1.8% while domestic passengers increased by 8.2%. For December 2016, passenger movements decreased by 1.4% compared to December 2015.

Overview of traffic

Traffic growth of 6.0% for MAHB's Malaysia Airports in 2016 is an indication of continuing latent demand for air travel. It is encouraging to note that international passenger growth momentum year-on-year had picked up in the second half of 2016, improving from 5.0% in the first half to 11.0% in the second half. In addition, average load factors remained buoyant for both domestic and international traffic at 74.4% and 75.3% respectively.

Overall international growth in Malaysia was contributed by both local and foreign carriers. 27 airlines registered double or triple digit growth over 2015 including AirAsia, AirAsia X, Malindo Air, Air China, All Nippon Airways, KLM, British Airways, China Southern Airlines, Mahan Air, Oman Air, Royal Jordanian, Shanghai Airlines, Xiamen Airlines, Spring Airlines, Eastar Jet, Saudi Arabian Airlines,

Qatar Airways, China Airlines and Turkish Airlines. Domestic passenger growth was contributed by AirAsia, Malaysia Airlines and Malindo Air.

All the five international airports in Malaysia grew between 3.0% and 13.6%, and 11 of the 21 international and domestic airports posted growth ranging from 1.0% to 21%. This growth is achieved despite capacity reduction by Malaysia Airlines and its subsidiary, Firefly as part of its restructuring process.

Passenger traffic to and from a large number of countries increased in 2016 by double digit, including China, Vietnam, Korea, Japan, Qatar, Saudi Arabia, Oman, Taiwan, Turkey, Sri Lanka, Iran, Laos, Pakistan, Mauritius and New Zealand.

Istanbul SGIA's passenger traffic was negatively affected by the spate of security incidents and visa restrictions that affected tourism traffic to Turkey. The international traffic year-on-year went into negative territory after the first incident in June 2016. However, the decline has been reducing over the months from -10.2% in June to -4.4% in December.

Conclusion

The GDP growth for Malaysia is forecast between 4% and 5% for 2017. IMF in October 2016 has revised downwards the global economy forecast for 2016 to 3.1% and 3.4% for 2017. IMF has slightly marked down 2016 growth prospects for advanced economies while marking up those in the rest of the world. IATA predicted that global scheduled passenger traffic growth for 2017 will be in the range of 5.1% and for Asia Pacific it is expected to be 7.0%. Cargo demand is expected to increase by 3.5%. The Malaysia passenger traffic in 2017 is expected to continue to perform well in view of the upward trend in the second half of 2016. Seat capacity offered by airlines for the immediate future does provide a positive outlook for 2017. Passenger growth prospect for Istanbul SGIA remains subdued.

Research and Planning

Malaysia Airports Holdings Berhad

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