

2017 Traffic snapshot

- Total passenger movements for MAHB's network of airports (including Istanbul SGIA) increased by 7.8% in 2017, registering 127.9million movements, the highest passenger movements ever recorded by MAHB.
- Passenger movements at airports in Malaysia grew by 8.5% and registered a record of 96.5million passengers, surpassing the 90million mark for the first time.
- International passenger movements recorded a double-digit increase of 14.1% over 2016, reaching 49.3million passengers.
- Another milestone was reached when the international passenger market share exceeded 50% in 2017.
- Domestic passenger movements grew moderately at 3.2% over 2016.
- Overall average load factor for 2017 was 76.0%, the highest since 2012.
- KLIA passenger movements recorded a double-digit growth of 11.2% over 2016, registering 58.5million passengers.

Istanbul Sabiha Gokcen International Airport

- Total passengers surpassed the 30million mark registering 31.3million passengers, an increase of 5.6% over 2016.
- International and domestic passenger movements grew by 8.5% and 4.3% respectively.

Passenger Traffic Snapshot ('000), December 2017

Total	2017			2016		
	December	December	% YOY	Year- to-date	Year- to-date	%YOY
KLIA	5,587	5,349	4.5%	58,517	52,644	11.2%
International	4,139	3,783	9.4%	42,407	37,182	14.1%
- ASEAN	1,885	1,711	10.2%	19,984	17,358	15.1%
- Non-ASEAN	2,253	2,072	8.7%	22,423	19,824	13.1%
Domestic	1,449	1,566	-7.5%	16,110	15,461	4.2%
MASB Airports	3,406	3,540	-3.8%	38,019	36,333	4.6%
International	681	598	13.9%	6,988	6,111	14.4%
- ASEAN	424	391	8.4%	4,193	3,895	7.7%
- Non-ASEAN	257	207	24.4%	2,795	2,216	26.1%
Domestic	2,725	2,942	-7.4%	31,031	30,223	2.7%
Total MAHB	8,994	8,890	1.2%	96,536	88,977	8.5%
Istanbul SGIA²	2,581	2,221	16.2%	31,316	29,652	5.6%
Total MAHB System	11,575	11,110	4.2%	127,852	118,628	7.8%

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	December			Year- to-date		
KLIA	4,139	3,783	9.4%	42,407	37,182	14.1%
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Total KLIA & MASB	4,820	4,381	10.0%	49,395	43,293	14.1%
ASEAN	2,309	2,102	9.9%	24,176	21,253	13.8%
Non-ASEAN	2,511	2,279	10.2%	25,219	22,040	14.4%
Istanbul SGIA	835	704	18.6%	10,339	9,533	8.5%
Total MAHB System	5,655	5,085	11.2%	59,733	52,826	13.1%

Domestic	2017	2016	% YOY	2017	2016	%YOY
	December			Year- to-date		
KLIA	1,449	1,566	-7.5%	16,110	15,461	4.2%
MASB Airports	2,725	2,942	-7.4%	31,031	30,223	2.7%
Total	4,174	4,509	-7.4%	47,141	45,684	3.2%
Istanbul SGIA	1,746	1,517	15.1%	20,977	20,118	4.3%
Total MAHB System	5,920	6,026	-1.8%	68,119	65,802	3.5%

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

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

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 2017

Airport	2017	2016	% YOY	2017	2016	%YOY
	December			Year- to-date		
KLIA Main Total	2,715	2,781	-2.4%	28,245	25,524	10.7%
International	2,219	2,025	9.6%	22,088	18,951	16.6%
- ASEAN	824	752	9.6%	8,530	6,934	23.0%
- Non-ASEAN	1,394	1,273	9.5%	13,559	12,017	12.8%
Domestic	496	756	-34.4%	6,157	6,574	-6.3%
klia2 Total	2,872	2,569	11.8%	30,271	27,119	11.6%
International	1,920	1,758	9.2%	20,318	18,232	11.4%
- ASEAN	1,061	959	10.7%	11,454	10,424	9.9%
- Non-ASEAN	859	799	7.5%	8,864	7,807	13.5%
Domestic	952	811	17.5%	9,953	8,887	12.0%

Aircraft Traffic Snapshot, December 2017

Total	2017	2016	% YOY	2017	2016	%YOY
	December			Year- to-date		
KLIA	34,877	32,329	7.9%	386,020	355,519	8.6%
MASB Airports	39,321	41,069	-4.3%	461,976	456,065	1.3%
Total	74,198	73,398	1.1%	847,996	811,584	4.5%
Istanbul SGIA	17,213	16,592	3.7%	210,924	220,290	-4.3%
Total MAHB System	91,411	89,990	1.6%	1,058,920	1,031,874	2.6%

International	2017	2016	% YOY	2017	2016	%YOY
	December			Year- to-date		
KLIA	24,303	21,573	12.7%	266,820	239,203	11.5%
MASB Airports	5,881	5,195	13.2%	64,130	58,911	8.9%
Total	30,184	26,768	12.8%	330,950	298,114	11.0%
Istanbul SGIA	6,123	5,886	4.0%	76,353	79,982	-4.5%
Total MAHB System	36,307	32,654	11.2%	407,303	378,096	7.7%

Domestic	2017	2016	% YOY	2017	2016	%YOY
	December			Year- to-date		
KLIA	10,574	10,756	-1.7%	119,200	116,316	2.5%
MASB Airports	33,440	35,874	-6.8%	397,846	397,154	0.2%
Total	44,014	46,630	-5.6%	517,046	513,470	0.7%
Istanbul SGIA	11,090	10,706	3.6%	134,571	140,308	-4.1%
Total MAHB System	55,104	57,336	-3.9%	651,617	653,778	-0.3%

Traffic performance for Malaysia Airports Holdings Berhad's (MAHB) network of airports

MAHB network of airports (including Istanbul SGIA) registered 127.9million passenger movements in 2017, an increase of 7.8% over 2016. International traffic recorded 59.7million passengers, a year-on-year increase of 13.1%, while domestic traffic recorded 68.1million passenger movements with a 3.5% growth compared to the same period in 2016. Overall aircraft movements grew by 2.6% over 2016 with international movements grew by 7.7% while domestic movements declined by 0.3%.

On the local front, airports in Malaysia registered a record of 96.5million passenger movements, a growth of 8.5% over 2016. International sector recorded 49.4million movements, an increase of 14.1% over 2016. Domestic traffic on the other hand recorded 47.1million passenger movements, an increase of 3.2% over the same period in 2016. KLIA and Kota Kinabalu were among the airports that registered a double-digit growth in passenger movements. Other airports that also registered positive growth were Penang, Kuching, Langkawi, Kota Bharu, Melaka, Tawau and Bintulu. International

passengers recorded a double-digit growth for South Asia, South East Asia and North East Asia. The passenger traffic had significant incremental contribution from nationalities including China, Indonesia, India, Korea, Taiwan, Singapore, Thailand, United Kingdom, United States, Australia, Russia, Germany, Canada, Spain, Netherlands, Japan, New Zealand, Vietnam and Philippines.

Overall aircraft movements for airports in Malaysia increased by 4.5% in 2017. International movements increased by 11.0% while domestic sector increased by 0.7%. Overall average load factor for 2017 was 76.0%, the highest achieved since 2012. Despite the high increase in the international aircraft movements, average load factor for international sector was an all-time high of 77.0%. Overall cargo movements increased by 7.7% in 2017 to 964,166 metric tonnes, the first positive growth since 2014.

KLIA recorded 58.5million passengers in 2017, a double-digit growth of 11.2% over 2016. KLIA Main handled 28.2million passengers, 10.7% higher than 2016. klia2 handled 30.3million passengers, a growth of 11.6% over 2016. In 2017, sixteen airlines grew more than 20% at KLIA Main, while airlines at klia2 had a growth above 20% in 2017 over 2016. There was an increase of 10.6% and 7.2% of Malaysian travellers to international sectors at KLIA Main and klia2 respectively.

Istanbul Sabiha Gokcen Airport total passengers surpassed the 30million mark for the first time in 2017, registering 31.3million passengers, an increase of 5.6% over 2016. International passengers increased by 8.5% while domestic passengers increased by 4.3%.

Overview of traffic

Passenger movements at airports in Malaysia registered a record 96.5million passengers surpassing the 90million mark for the first time, an increase of 7.5million passengers over 2016. This is the second highest increase in absolute passenger number achieved in the last 20 years. It is encouraging to note that passenger traffic was mainly driven by the international sector which grew by 14.1% over 2016. The international component of the overall passenger traffic had increased from 40% in the late 1990s to 51% in 2017. This is the first time that the international traffic has exceeded the domestic component. Despite the month-on-month decline in growth from July 2017, the domestic sector registered an overall 3.2% growth over 2016. The domestic demand for air travel remained credible based on a high average load of 75.1%, the highest since 2012. The lower domestic growth was partly due to reduction in airlines' seat capacity in the second half of 2017.

Overall international growth in Malaysia was contributed by both local and foreign carriers. 22 airlines registered double or triple digit increases over 2016 including AirAsia X, Malindo Air, China Airlines,

All Nippon Airways, Royal Jordanian, Shanghai Airlines, Xiamen Airlines, Saudi Arabian Airlines, Ethiopian Airlines, Eva Air, Indonesia AirAsia, Indonesia AirAsia X, Lion Air, Pakistan International Airlines, Regent Airways, Shenzhen Airlines, Silk Air, SriLankan Airlines, Thai AirAsia, Thai International Airways, Vietjet and Zest AirAsia. Domestic passenger growth was contributed by AirAsia and Malindo Air.

Istanbul SGIA's passenger traffic has picked up momentum after February 2017. The international sector recorded monthly double-digit growth from June 2017 onwards. About 96% of the overall traffic was contributed by 3 major carriers, namely, Pegasus Airlines, Turkish Airlines and Anadolujet. Pegasus Airlines, Qatar Airways and Flynas recorded more than 20% international growth over 2016.

Conclusion

The 2018 GDP growth for Malaysia was announced to be in the range of 5.0% and 5.5%, while IMF had revised the global economy forecast for 2018 in October 2017 to a higher 3.7%. Generally Malaysia and global economies for 2018 are seen to be stable by economists. IATA meanwhile, has forecasted global scheduled passenger traffic growth (in terms of RPKs) for 2018 to be in the range of 6.0% in 2018. ACI's global forecast which is based on airport passenger movements, is slightly higher at 6.1%. The Asia Pacific region growth forecast is expected to be higher.

Air travel is mainly driven by economic factors especially per capita income, business confidence and trade. The competition, supply and cost factors do play a role as they determine the availability of seats and fare level. It is assumed that fuel cost (single largest airline cost at 20% to 40%) will remain close to current prices.

Based on prevailing economic conditions and the additional airlines seat capacity offered, Malaysia passenger traffic in 2018 is expected to grow at 6.3% with international and domestic passenger traffic growing at 8.3% and 4.2% respectively. The projection was derived using forecast models combined with airlines' schedule filings. The passenger volume estimated also takes into account short term upswing from the 14th General Election movements, which is expected to be held in the first half of 2018. During past elections there has generally been higher than normal passenger growth.

Malaysia would continue to benefit from visa relaxation for Chinese and Indian tourists. The 2018 traffic numbers are again expected to be mainly contributed by China, India and South East Asia sectors which currently make up 75% of the international traffic. The China and India sectors are likely to continue with the double digit growth in 2018. With higher international traffic, the current portion of 20% transfers at KLIA will likely increase but marginally. The growing travelling local population

combined with increase in the per capita income will further support air travel growth. Passenger growth prospect for Istanbul SGIA in 2018 is expected to remain moderate.

Research and Planning

Malaysia Airports Holdings Berhad

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