

**MALAYSIA AIRPORTS HOLDINGS BERHAD ('MAHB' OR 'THE GROUP')**  
**HEADLINE KEY PERFORMANCE INDICATORS ('KPIs')**  
**FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2016 ('FY2016')**

The Headline KPIs are targets or aspirations meant to drive Malaysia Airports' performance in 2016. These Headline KPIs are disclosed publicly on a voluntary basis, signalling Malaysia Airports' commitment towards transparent performance measures and good corporate governance.

These Headline KPIs shall not be construed as forecasts, projections or estimates of Malaysia Airports 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 Malaysia Airports' 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.

**Malaysia Airports Traffic Overview**

The Group registered 83.7 million passenger movements in 2015 in Malaysia, an increase of 0.5% over 2014. International traffic recorded 40 million passengers, a decrease of 0.4%, while domestic traffic recorded 43.7 million passenger movements with a 1.2% growth compared to the same period in 2014. Aircraft movements recorded a 2.9% increase to 814,472 movements in 2015.

Istanbul SGIA registered double-digit growth in passenger movements of 19.7% to 28.3 million passengers for 2015, albeit with runway resurfacing works restricting airport operation hours. Domestic and international sectors grew by 23.7% and 12.8% to 18.6 million and 9.7 million passengers respectively. Aircraft movements recorded a 19.3% increase to 206,180 movements in 2015.

## Outlook

ICAO and IATA have projected global passenger traffic growth of 6.3% and 6.9% respectively for 2016. For Asia Pacific IATA forecast is a high 8.0% growth over 2015. Air travel is a function of GDP, consumer and business sentiments, and overall macroeconomic factors. The lower fuel price may help stimulate air travel demand in 2016 as profitability for airlines will increase and in turn, encourage increased seat offerings and lower fares. The recent ratification of the ASEAN Open Skies by Philippines would further help improve intra-ASEAN travel further.

While uncertainty persists for the global economy, the outlook for Malaysia Airports is expected to remain healthy. Asia-Pacific continues to be the world's largest air travel sector with ASEAN having a population of more than 600 million and augmented by China and India with their extraordinary large population and economic growth. Malaysia Airports continues to further develop KLIA's capacity as a regional hub with seamless connectivity, and to boost the Group's marketing efforts to attract new airlines.

The return of British Airways, All Nippon Airways and Air China in 2015 and the extensive code-share partnership between Malaysia Airlines and Emirates is a positive indication of continuing potential demand for air travel. Furthermore, the move by the Government of Malaysia to give Visa Free status to travellers from China and the implementation of eVisas will provide the added dynamism required by the industry in 2016. The Group also continues to collaborate closely with Tourism Malaysia to promote Malaysia as a vibrant tourist destination. Based on the prevailing factors, we expect 2016 passenger traffic for the Group's Malaysia operations to record 86.0 million movements, or 2.5% above 2015 passenger numbers.

Malaysia Airports is also banking on stimulating economic activity through logistics, aerospace and MICE/leisure segments for the Group's Aeropolis development, which will also serve as an engine for tourism growth. While for the Group's Turkey operations, growth remains robust as indicated by the recognition of being the fastest growing airport in Europe in FY15. Passenger traffic at ISG is expected to register double digit growth in 2016.

## FY2016 Headline KPIs

Malaysia Airports' Headline KPIs for FY2016 are as follows:-

		Budget 2016	Actual 2015
(i)	<b>Earnings before Interest, Tax, Depreciation and Amortisation ('EBITDA')</b>	RM1,716.0 million	RM1,573.0 million*
	Malaysia Airports (excluding Turkey Operations)	RM902.1 million	RM880.1 million*
	Overseas business: Turkey Operations	EUR180.9 million (RM813.9 million - constant currency)	EUR158.4 million (RM692.9 million - actual currency)
(ii)	<b>Airport Service Quality Awards</b>	Above 40 million pax category: <b>KLIA Ranking top 10</b>	Above 40 mppa: <b>KLIA Ranking at no. 8 **</b>

\* Excluding extraordinary items

\*\* The result was for the third quarter ended 30 September 2015. Result for the fourth quarter ended 31 December 2015 is not yet available as of the reporting date.

The Group's EBITDA KPI (excluding Turkey operations) for the financial year ending 2016 is RM902.1 million and overseas business (Turkey Operations - ISG & LGM) is EUR 180.9 million (or RM813.9 million). The increase in EBITDA will be in tandem with the expected growth in passenger movements, both in Malaysia and Turkey.

Despite expected prudent spending behaviour due to slow economy situation globally, we are confident that our business in Malaysia will continue to grow in tandem with expected increase in passenger movement. Combined with aggressive controls over spending (cost optimisation), Malaysia Airport is positive that 2016 EBITDA of RM902m is achievable.

The consolidation MAHB with ISG and LGM will strengthen MAHB's Group foothold and influence as an airport manager and airport operator and also reinforce our strategic position as a world class airport manager and operator.