

**MALAYSIA AIRPORTS HOLDINGS BERHAD (MAHB OR THE GROUP)
HEADLINE KEY PERFORMANCE INDICATORS (KPIs)
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2017 (FY2017)**

The Headline KPIs are targets or aspirations meant to drive Malaysia Airports' performance in 2017. 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

Malaysia Operations

Despite the challenging environment, airports in Malaysia registered 89.0 million passenger traffic in 2016, a growth of 6.1% over 2015. The international sector recorded 43.3 million passenger traffic, an increase of 8.1% over 2015. Domestic traffic on the other hand recorded 45.6 million passengers, an improvement of 4.3% over the same period in 2015. Among the airports that registered a strong traffic increase in 2016 were KLIA (7.6%), Kota Kinabalu (10.5%), Penang (6.8%), Langkawi (13.7%), Alor Setar (9.6%) and Ipoh (21.2%).

KLIA crossed the 50 million passenger traffic level for the first time by recording 52.6 million passengers in 2016, an improvement by 7.6% over 2015. KLIA Main handled 25.5 million passengers, 12.9% higher than 2015 while klia2 handled 27.1 million passengers, a growth of 3.0% over 2015.

Aircraft movements for airports in Malaysia decreased by 0.5% 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 aircraft movements increased by 25.9% while aircraft movements by foreign airlines increased by 2.0%. Overall cargo movements declined by 9.1% in 2016 to 885,735 metric tonnes.

Overseas Operations

ISGIA handled 29.6 million passengers in 2016, an increase of 4.8% over 2015. Domestic passenger traffic increased by 8.3% while international passengers declined by 1.8%, mainly due to the various security incidents. Aircraft movements increased by 7.0% over 2015.

Outlook

Malaysia Operations

Air travel remains a function of GDP, consumer and business sentiments, and overall macroeconomic factors. GDP growth for Malaysia is estimated to be between 4% and 5% for 2017 while IMF has revised the global economy forecast at 3.4% for the same period. IATA meanwhile, has forecasted global and Asia Pacific scheduled passenger traffic growth for 2017 to be in the range of 5.1% and 7.0% respectively.

The Group began 2017 with a positive start as KLIA welcomed several new carriers in the first two months. The further increase in seat capacity offered by Malindo, the AirAsia Group and Malaysia Airlines for the immediate future also provides a positive outlook for 2017. Malaysia will also be hosting the Visit Asean@50 Campaign in conjunction with the Kuala Lumpur 2017 Sea Games, while the continued initiatives by the Government and Malaysia Airports to attract more guests from China and India also bodes well for inbound tourism to the country.

Based on the prevailing economic conditions and airlines confidence reflected in the seat capacity increases, the Malaysia passenger traffic in 2017 is expected to grow at 6.5% with international and domestic passenger traffic growing at 4.7% and 8.2% respectively.

Overseas Operations

2016 was a challenging year with Istanbul SGIA's passenger traffic negatively affected by the spate of security incidents and visa restrictions. We anticipate growth in the near term to be moderate and predominantly outbound driven. As a result, passenger traffic at ISGIA is expected to grow at 7.2% in 2017, with international and domestic passenger traffic growing at 12.7% and 4.6% respectively.

FY2017 Headline KPIs

Malaysia Airports' Headline KPIs for FY2017 are as follows:-

		2017 Headline KPI	Actual 2016
i.	Earnings before Interest, Tax, Depreciation and Amortisation ('EBITDA')	RM1,796.6 million	RM1,701.8 million
	Malaysia Operations	RM980.0 million	RM1,000.0 million
	Overseas business: Turkey Operations	EUR172.8 million (RM795.0 million - constant currency)	EUR155.6 million (RM710.9 million - actual currency)
	Qatar Operations	QAR19.5 million (RM21.6 million - constant currency)	-QAR7.2 million (-RM9.1 million - actual currency)
ii.	Airport Service Quality Awards	Above 40 mppa category: KLIA Ranking top 12	Above 40 mppa category: KLIA Ranking at no. 9

The Group's EBITDA KPI target for the financial year ending 2017 is RM1,796.6 million. The increase in the Group EBITDA will be in tandem with the expected growth in passenger traffic, both in Malaysia and Turkey.

However, the Group expects to incur additional operating expenditure in 2017, in line with several initiatives lined up under its five year business plan, Runway to Success 2020 (RtS2020). RtS2020 places priority on establishing KLIA as a preferred ASEAN hub, improving airport experience for all stakeholders, developing the Aeropolis, and expanding our presence overseas. Some of the initiatives include enhancing passenger experience via digitalisation, uplifting airport service quality and offerings, providing improved transfer connectivity between KLIA and klia2 and further development of KLIA Aeropolis.

As it celebrates its silver jubilee, Malaysia Airports will continue to redefine the role of airports as centres of economic and urban growth, developing them into multimodal destinations for cargo and logistics, aerospace as well as leisure and business. The Group will spur domestic and foreign investments, and strategically position Malaysia on the map as a global business hub for Southeast Asia, enhancing employment opportunities, stimulating the local economy and thus becoming a key economic accelerator for Malaysia.