

**MALAYSIA AIRPORTS HOLDINGS BERHAD (MAHB OR THE GROUP)
HEADLINE KEY PERFORMANCE INDICATORS (KPIs)
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2019 (FY2019)**

The Headline KPIs are targets or aspirations meant to drive MAHB's performance in 2019. 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, estimates 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 MAHB'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.

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

2018 was a challenging year for the aviation industry in Malaysia against a backdrop of uncertainty. The interim increase in fuel price, US-China trade tensions, few natural disasters and an aircraft crash incident in the region had to a certain degree affected the growth momentum. In addition, the anticipated higher passenger movements related to 2018 General Elections did not take place, unlike in the past. There was an increasing number of direct flights among Regional International Airports and domestic airports bypassing KLIA and Subang, improving intra-domestic connectivity.

MAHB's network of airports (including Istanbul SGIA) recorded 133.1 million passenger movements in 2018, a 3.9% growth over 2017. International passenger movements recorded 63.3 million passengers with a year-on-year increase of 5.9% while domestic passenger movements increased by 2.2% recording 69.8 million passengers over 2017. Overall aircraft movements increased by 2.8% with international and domestic aircraft movements recording an increase of 6.1% and 0.7% respectively over 2017.

On the local front, airports in Malaysia registered a 2.3% growth over 2017 with 99.0 million passenger movements. International sector recorded 51.6 million passenger movements with a growth of 4.2% while domestic sector recorded 0.2% growth with 47.4 million passengers. Overall aircraft movements increased by 1.9%. International aircraft movements increased by 5.4% while domestic aircraft movements declined by 0.4%. Overall cargo movements increased by 1.8% in 2018 to 973,709 metric

tonnes. KLIA passenger movements registered 59.9 million in 2018, a growth of 2.0% over 2017. International and domestic passenger movements grew by 2.4% and 1.2% respectively. Malaysia passenger movements traffic performance was mainly driven by the international sectors. Sixty city pairs registered double-digit growth over last year. The main contributors for international traffic were AirAsia group, Malaysia Airlines group and Malindo Air. Twenty foreign airlines registered a double-digit growth in 2018.

Istanbul SGIA passenger traffic registered a growth of 8.9% in 2018 over 2017 with 34.1 million passengers. International and domestic passenger movements increased by 13.6% and 6.7% respectively. Total aircraft movements increased by 6.5%, with both international and domestic aircraft movements recording an increase of 8.9% and 5.1% respectively. Similar to 2017, Istanbul SGIA's growth has been focused more on international routes in 2018 which grew by 12.9% that year.

Outlook 2019

The global economy continues to face trade barrier challenges. IMF has projected a lower 3.7% global growth in 2019 in its October 2018 forecast as compared to a higher 3.9% in an earlier forecast. China and several Asian economies are projected to experience somewhat weaker growth in 2019 in the aftermath of the United States of America's announced more restricted trade measures.

IATA has predicted a lower passenger demand in 2019 and immediate years. IATA has forecasted global scheduled passenger traffic growth (in terms of RPKs) for 2019 to be in the range of 6.0%. ACI's global forecast which is based on airport passenger movements is slightly higher at 6.1%. Fuel price (Brent crude) has come down by 30% and is expected to remain relatively low for 2019, a positive factor for air travel.

Malaysia's GDP is expected to grow by 4.9% in 2019. Air traffic growth is expected to remain vulnerable with significant changes in the macro-economic environment despite the lower fuel price expected. Increasing trade tension between US and China also remains as a concern. Based on prevailing economic conditions and airlines seat capacity offered, Malaysia passenger traffic is expected to grow in 2019 by 5.4% in 2019 with international and domestic passenger traffic growing at 2.3% and 8.8% respectively. The domestic passenger traffic increase is essentially expected to be a correction from the 2018 performance. Aircraft movements is a derivative of passenger movements and will likely follow similar trend.

Passenger growth prospect for Istanbul SGIA 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 moderate growth is partly due to capacity limitations pending the opening of the second runway.

FY2019 Headline KPIs

Malaysia Airports' Headline KPIs for FY2019 are as follows:

		2019 Headline KPI	Actual 2018 (Unaudited)
i.	Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	RM2,163.6 million	RM2,092.1 million
	Malaysia Operations	RM1,210.1 million	RM1,209.2 million
	Overseas business: Turkey Operations	EUR185.9 million (RM927.5 million*)	EUR181.1 million (RM862.1 million - actual currency)
	Qatar Operations	QAR24.1 million (RM26.0 million*)	QAR19.8 million (RM20.8 million - actual currency)
ii.	Airport Service Quality Awards	Above 40 mppa category: KUL Ranking top 13	Above 40 mppa category: KUL Ranking at no. 14

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

The Group's EBITDA KPI target for the financial year ending 2019 is RM2,163.6 million. The increase in the Group EBITDA is in tandem with the expected growth in passenger traffic, both in Malaysia and Turkey.

2019 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'.