Passenger Traffic Snapshot ('000), Dec 2015

Total	2015 Dec	2014 Dec	% YOY	2015 Year- to-date	2014 Year- to-date	%YOY
KLIA	4,828	4,850	-0.5%	48,929	48,930	-
MASB Airports	3,236	3,435	-5.8%	34,796	34,418	1.1%
Total MY airports	**8,064**	**8,285**	**-2.7%**	**83,726**	**83,348**	**0.5%**
Istanbul SGIA[2]	2,248	1,837	22.4%	28,286	23,632	19.7%
Total MAHB System	**10,312**	**10,122**	**1.9%**	**112,011**	**106,980**	**4.7%**

International	2015 Dec	2014 Dec	% YOY	2015 Year- to-date	2014 Year- to-date	%YOY
KLIA	3,408	3,461	-1.5%	34,748	34,796	-0.1%
MASB Airports	489	530	-7.6%	5,240	5,353	-2.1%
Total MY airports	**3,897**	**3,991**	**-2.3%**	**39,988**	**40,150**	**-0.4%**
Istanbul SGIA	736	633	16.3%	9,703	8,604	12.8%
Total MAHB System	**4,633**	**4,623**	**0.2%**	**49,691**	**48,753**	**1.9%**

Domestic	2015 Dec	2014 Dec	% YOY	2015 Year- to-date	2014 Year- to-date	%YOY
KLIA	1,421	1,389	2.3%	14,181	14,134	0.3%
MASB Airports	2,746	2,905	-5.5%	29,556	29,064	1.7%
Total MY airports	**4,167**	**4,294**	**-3.0%**	**43,738**	**43,198**	**1.2%**
Istanbul SGIA	1,512	1,205	25.5%	18,583	15,028	23.7%
Total MAHB System	**5,679**	**5,499**	**3.3%**	**62,320**	**58,227**	**7.0%**

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

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

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

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KLIA Main & klia2 Passenger Traffic Snapshot ('000), Dec 2015

Airport	2015	2014		2015	2014	
	Dec		% YOY	Year- to-date		%YOY
KLIA Main						
Total	**2,123**	**2,425**	**-12.5%**	**22,616**	**24,904**	**-9.2%**
International	1,584	1,846	-14.2%	17,578	18,987	-7.4%
Domestic	539	579	-6.9%	5,038	5,917	-14.9%
klia2						
Total	**2,706**	**2,425**	**11.6%**	**26,314**	**24,026**	**9.5%**
International	1,824	1,615	13.0%	17,170	15,809	8.6%
Domestic	882	810	8.8%	9,143	8,217	11.3%

Aircraft Traffic Snapshot, Dec 2015

Total	2015	2014		2015	2014	
	Dec		% YOY	Year- to-date		%YOY
KLIA	30,522	31,387	-2.8%	353,286	339,650	4.0%
MASB Airports	38,445	42,269	-9.0%	461,186	451,912	2.1%
Total	**68,967**	**73,656**	**-6.4%**	**814,472**	**791,562**	**2.9%**
Istanbul SGIA	16,946	14,105	20.1%	206,180	172,808	19.3%
Total MAHB System	**85,913**	**87,761**	**-2.1%**	**1,020,652**	**964,370**	**5.8%**

International	2015	2014		2015	2014	
	Dec		% YOY	Year- to-date		%YOY
KLIA	20,566	21,056	-2.3%	238,314	227,453	4.8%
MASB Airports	4,717	5,297	-10.9%	57,044	60,440	-5.6%
Total	**25,283**	**26,353**	**-4.1%**	**295,358**	**287,893**	**2.6%**
Istanbul SGIA	6,347	5,184	22.4%	76,548	66,991	14.3%
Total MAHB System	**31,630**	**31,537**	**0.3%**	**371,906**	**354,884**	**4.8%**

Domestic	2015	2014		2015	2014	
	Dec		% YOY	Year- to-date		%YOY
KLIA	9,956	10,331	-3.6%	114,972	112,197	2.5%
MASB Airports	33,728	36,972	-8.8%	404,142	391,472	3.2%
Total	**43,684**	**47,303**	**-7.7%**	**519,114**	**503,669**	**3.1%**
Istanbul SGIA	10,599	8,921	18.8%	129,632	105,817	22.5%
Total MAHB System	**54,283**	**56,224**	**-3.5%**	**648,746**	**609,486**	**6.4%**

2015 MAHB traffic performance

MAHB system of airports (including Istanbul SGIA) registered 112.0million passenger movements in 2015, an increase of 4.7% over 2014. International traffic recorded 49.7million passengers, a year-on-year increase of 1.9%, while domestic traffic recorded 62.3million passenger movements with a 7% growth compared to the same period in 2014. Overall aircraft movements grew by 5.8% with international and domestic movements registering a growth of 4.8% and 6.4% respectively.

On the domestic front, airports in Malaysia registered 83.7million passenger movements, a growth of 0.5% over 2014. International sector recorded 40million movements, a decrease of 0.4% over 2014. Domestic traffic on the other hand recorded 43.7million passenger movements, an increase of 1.2% over the same period in 2014. Given the backdrop of the unexpected and pointed currency volatility affecting the local currency in much of 2015, this was perhaps not wholly unexpected. In the same vein, it was thus perhaps similarly not unexpected that there was more domestic travel and less international travel. However, a similarly significant short-term cause may have been the removal of significant capacity by certain locally-based carriers which was not fully replaced by other carriers given the brief amount of time that other carriers had to respond.

December 2015 continued to register the highest number of passengers for the year crossing the 8million mark again. November and December traffic performance was better than expected, in spite of the seemingly negative growth. Among the airports that registered an increase of traffic in 2015 include Kota Bharu, Subang, Langkawi, Penang, Alor Setar, Ipoh and Melaka. Ipoh and Melaka experienced very high growth rates (more than 100%) with the improved facilities and ASEAN liberalisation, albeit from a relatively much more modest base. Overall cargo movements in 2015 was 982,892 metric tonnes, a decline of 2.4% which is line with the industry’s trend.

KLIA passengers recorded 48.9million passengers, same as 2014. KLIA Main handled 22.6million passengers, 9.2% lower than 2014. KLIA Main decline was partly due to route cuts by Malaysia Airlines and the shift of Jetstar Asia, Malindo and Lion Air’s operations to klia2. klia2 handled 26.3million passengers, a growth of 9.5% in 2015 over 2014. klia2 growth was contributed mainly by AirAsia's and Malindo's growth. Malindo grew by over 60% while AirAsia as a group grew by a more modest low-single-digit percentage over 2014. Despite a reduction in frequencies by Malaysia Airlines, there were double-digit increase in passengers between KLIA and India, Pakistan, Philippines, Qatar and Thailand, while single-digit growth was recorded between KLIA and Saudi Arabia, Singapore, United Kingdom, Cambodia, Vietnam and China. KLIA aircraft movements grew by 4.0% with international and domestic movements registering a growth of 4.8% and 2.5% respectively. Cargo movements was 734,543 metric tonnes in 2015. A total of 67 airlines operated from KLIA to 133 destinations in 2015.

Istanbul SGIA continued to register double-digit growth of 19.7% for 2015 over 2014 albeit runway resurfacing works that restricted airport operation hours. Domestic and international sectors grew by 23.7% and 12.8% respectively. Overall aircraft movements registered 19.3% in 2015.

Overview of traffic

Traffic growth of 4.7% for the MAHB system of airports is a positive indication of continuing potential demand for air travel. Despite another challenging year, Malaysia's passenger traffic grew by 0.5% in 2015 over 2014. Traffic was affected by frequencies and route cuts, impact from haze, China economic slowdown and unfavourable economic conditions at home. Since early last year Malaysia Airlines which carries one third of Malaysia's traffic has cut frequencies and seat capacity offerings gradually by a double digit percentage. AirAsia X has also been facing difficulties and there has been geo-political (Middle-East) and consumer confidence issues (as indicated by MIER surveys) after the global oil price drop. Nevertheless, demand for air travel continued to hold as was indicated by December's average load factor of 79.3% which was the highest recorded for a month in the last two years.

Confidence in China market is picking up. Destinations such as Chongqing, Fuzhou, Tianjin, Xian, Xiamen and Zhengzhou destinations achieved double and triple digit growth in passengers. India, Pakistan and certain Middle East markets also recorded commendable growth rates.

Istanbul SGIA's passenger traffic performance remained robust with a double digit growth throughout the year supporting the overall passenger performance of MAHB system of airports.

Industry Outlook

The Government of Malaysia announced 4% to 5% GDP growth for Malaysia for 2016. IMF in October 2015 has further revised the global economy forecast downward for 2016 to 3.6% from 4.0% projected in April and 3.8% in July. IMF announced slower growth in emerging and developing economies with downside risks due to pressure on commodity prices, currencies and financial market.

IATA predicted travel business to remain strong in 2016, especially for North America and Europe. Cargo performance is expected to remain weak in 2016. While the lower global oil prices is expected to be positive for air travel, IATA has cautioned on a dampening impact from softening business confidence in the emerging markets. At home, MIER surveys indicate weakening consumer confidence and spending. Malaysia Airlines seat capacity cuts is expected to continue into 2016. It is foreseen the restructured airline would position itself strongly by the second half of 2016. Airlines seat capacity offerings in Malaysia is expected to remain flat. However, there has been significant improvements in the average load factor by as much as 6.5% in the last two months of 2015 and we expect this trend would continue to a certain extent into 2016.

Based on the prevailing factors, we expect 2016 passenger traffic for Malaysia airports to record 86.0million movements, or 2.5% above 2015 passenger numbers. Aircraft movements is expected to grow along the passenger growth at 2.4% in 2016. Istanbul SGIA is expected to grow by over 20% in 2016 with 34.3million passengers. In total, MAHB system of airports is expected to handle over 120million passenger movements, at over 7% growth above 2015.

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