

## Traffic snapshot

- Total MAHB network of airports (including Istanbul SGIA) registered 4.0% growth for 2018 over 2017 with 133.1million passenger movements, the highest volume of passengers handled to date.
- International and domestic passenger movements registered a growth of 5.9% and 2.3% to 63.3million and 69.8million passenger movements respectively.
- Malaysia passenger movements recorded a growth of 2.5% over 2017, registering 99.0million passengers in 2018. International and domestic passenger movements grew by 4.5% and 0.4% respectively.
- Twenty foreign airlines and sixty international city pairs registered double-digit growth.
- Istanbul SGIA passenger movements registered 34.1million passengers, recording a growth of 8.8% in 2018 over 2017. International and domestics passenger movements recorded a growth of 12.9% and 6.7% respectively.

**Passenger Traffic Snapshot ('000), December and year 2018**

| Total                            | 2018          |               | 2017          |                | 2018           |              | 2017          |      |
|----------------------------------|---------------|---------------|---------------|----------------|----------------|--------------|---------------|------|
|                                  | December      | % YOY         | Year- to-date | %YOY           | Year- to-date  | %YOY         | Year- to-date | %YOY |
| <b>KLIA</b>                      | <b>5,661</b>  | <b>5,629</b>  | <b>0.6%</b>   | <b>59,959</b>  | <b>58,555</b>  | <b>2.4%</b>  |               |      |
| <i>International</i>             | <b>4,103</b>  | <b>4,178</b>  | <b>-1.8%</b>  | <b>43,580</b>  | <b>42,442</b>  | <b>2.7%</b>  |               |      |
| <i>ASEAN</i>                     | 1,889         | 1,903         | -0.7%         | 20,678         | 20,000         | 3.4%         |               |      |
| <i>Non-ASEAN</i>                 | 2,214         | 2,275         | -2.7%         | 22,902         | 22,441         | 2.1%         |               |      |
| <i>Domestic</i>                  | 1,559         | 1,451         | <b>7.4%</b>   | 16,379         | 16,113         | <b>1.7%</b>  |               |      |
| <b>MASB Airports</b>             | <b>3,741</b>  | <b>3,459</b>  | <b>8.2%</b>   | <b>39,074</b>  | <b>38,082</b>  | <b>2.6%</b>  |               |      |
| <i>International</i>             | <b>772</b>    | <b>699</b>    | <b>10.4%</b>  | <b>8,080</b>   | <b>7,012</b>   | <b>15.2%</b> |               |      |
| <i>ASEAN</i>                     | 469           | 442           | 6.2%          | 4,796          | 4,212          | 13.9%        |               |      |
| <i>Non-ASEAN</i>                 | 302           | 257           | 17.6%         | 3,284          | 2,800          | 17.3%        |               |      |
| <i>Domestic</i>                  | 2,969         | 2,760         | <b>7.6%</b>   | 30,994         | 31,071         | <b>-0.2%</b> |               |      |
| <b>Total MAHB</b>                | <b>9,402</b>  | <b>9,088</b>  | <b>3.5%</b>   | <b>99,034</b>  | <b>96,637</b>  | <b>2.5%</b>  |               |      |
| <b>Istanbul SGIA<sup>2</sup></b> | <b>2,644</b>  | <b>2,581</b>  | <b>2.5%</b>   | <b>34,059</b>  | <b>31,316</b>  | <b>8.8%</b>  |               |      |
| <b>Total MAHB System</b>         | <b>12,047</b> | <b>11,669</b> | <b>3.2%</b>   | <b>133,092</b> | <b>127,953</b> | <b>4.0%</b>  |               |      |

| International                | 2018         | 2017         | % YOY        | 2018          | 2017          | %YOY         |
|------------------------------|--------------|--------------|--------------|---------------|---------------|--------------|
|                              | December     |              |              | Year- to-date |               |              |
| <b>KLIA</b>                  | <b>4,103</b> | <b>4,178</b> | <b>-1.8%</b> | <b>43,580</b> | <b>42,442</b> | <b>2.7%</b>  |
| ASEAN                        | 1,889        | 1,903        | -0.7%        | 20,678        | 20,000        | 3.4%         |
| Non-ASEAN                    | 2,214        | 2,275        | -2.7%        | 22,902        | 22,441        | 2.1%         |
| <b>MASB Airports</b>         | <b>772</b>   | <b>699</b>   | <b>10.4%</b> | <b>8,080</b>  | <b>7,012</b>  | <b>15.2%</b> |
| ASEAN                        | 469          | 442          | 6.2%         | 4,796         | 4,212         | 13.9%        |
| Non-ASEAN                    | 302          | 257          | 17.6%        | 3,284         | 2,800         | 17.3%        |
| <b>Total KLIA &amp; MASB</b> | <b>4,874</b> | <b>4,877</b> | <b>-0.1%</b> | <b>51,660</b> | <b>49,454</b> | <b>4.5%</b>  |
| ASEAN                        | 2,358        | 2,345        | 0.6%         | 25,474        | 24,212        | 5.2%         |
| Non-ASEAN                    | 2,516        | 2,532        | -0.6%        | 26,186        | 25,241        | 3.7%         |
| <b>Istanbul SGIA</b>         | <b>969</b>   | <b>835</b>   | <b>16.1%</b> | <b>11,672</b> | <b>10,339</b> | <b>12.9%</b> |
| <b>Total MAHB System</b>     | <b>5,844</b> | <b>5,712</b> | <b>2.3%</b>  | <b>63,332</b> | <b>59,792</b> | <b>5.9%</b>  |

| Domestic                 | 2018         | 2017         | % YOY        | 2018          | 2017          | %YOY        |
|--------------------------|--------------|--------------|--------------|---------------|---------------|-------------|
|                          | December     |              |              | Year- to-date |               |             |
| KLIA                     | 1,559        | 1,451        | 7.4%         | 16,379        | 16,113        | 1.7%        |
| MASB Airports            | 2,969        | 2,760        | 7.6%         | 30,994        | 31,071        | -0.2%       |
| <b>Total</b>             | <b>4,528</b> | <b>4,211</b> | <b>7.5%</b>  | <b>47,373</b> | <b>47,183</b> | <b>0.4%</b> |
| <b>Istanbul SGIA</b>     | <b>1,675</b> | <b>1,746</b> | <b>-4.1%</b> | <b>22,387</b> | <b>20,977</b> | <b>6.7%</b> |
| <b>Total MAHB System</b> | <b>6,203</b> | <b>5,957</b> | <b>4.1%</b>  | <b>69,760</b> | <b>68,160</b> | <b>2.3%</b> |

\*Dec 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.

<sup>1</sup>LTM refers to the last twelve months, up to and including the month in question

<sup>2</sup>Istanbul 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 and year 2018

| Airport                | 2018         | 2017         | % YOY        | 2018          | 2017          | %YOY          |
|------------------------|--------------|--------------|--------------|---------------|---------------|---------------|
|                        | December     |              |              | Year- to-date |               |               |
| <b>KLIA Main Total</b> | <b>2,680</b> | <b>2,759</b> | <b>-2.9%</b> | <b>28,099</b> | <b>28,287</b> | <b>-0.7%</b>  |
| <b>International</b>   | <b>2,191</b> | <b>2,261</b> | <b>-3.1%</b> | <b>22,850</b> | <b>22,128</b> | <b>3.3%</b>   |
| ASEAN                  | 799          | 843          | -5.2%        | 8,872         | 8,548         | 3.8%          |
| Non-ASEAN              | 1,392        | 1,417        | -1.8%        | 13,978        | 13,580        | 2.9%          |
| <b>Domestic</b>        | <b>489</b>   | <b>499</b>   | <b>-2.0%</b> | <b>5,249</b>  | <b>6,159</b>  | <b>-14.8%</b> |
| <b>klia2 Total</b>     | <b>2,981</b> | <b>2,870</b> | <b>3.9%</b>  | <b>31,861</b> | <b>30,267</b> | <b>5.3%</b>   |
| <b>International</b>   | <b>1,911</b> | <b>1,917</b> | <b>-0.3%</b> | <b>20,730</b> | <b>20,314</b> | <b>2.0%</b>   |
| ASEAN                  | 1,090        | 1,060        | 2.9%         | 11,806        | 11,453        | 3.1%          |
| Non-ASEAN              | 822          | 858          | -4.2%        | 8,925         | 8,861         | 0.7%          |
| <b>Domestic</b>        | <b>1,070</b> | <b>952</b>   | <b>12.3%</b> | <b>11,130</b> | <b>9,953</b>  | <b>11.8%</b>  |

### Aircraft Traffic Snapshot, December and year 2018

| Total                    | 2018          | 2017          | % YOY       | 2018             | 2017             | %YOY        |
|--------------------------|---------------|---------------|-------------|------------------|------------------|-------------|
|                          | December      |               |             | Year- to-date    |                  |             |
| KLIA                     | 35,629        | 34,911        | 2.1%        | 398,719          | 386,054          | 3.3%        |
| MASB Airports            | 40,794        | 39,152        | 4.2%        | 465,202          | 462,058          | 0.7%        |
| <b>Total</b>             | <b>76,423</b> | <b>74,063</b> | <b>3.2%</b> | <b>863,921</b>   | <b>848,112</b>   | <b>1.9%</b> |
| Istanbul SGIA            | 18,228        | 17,213        | 5.9%        | 224,746          | 210,924          | 6.6%        |
| <b>Total MAHB System</b> | <b>94,651</b> | <b>91,276</b> | <b>3.7%</b> | <b>1,088,667</b> | <b>1,059,036</b> | <b>2.8%</b> |

| International            | 2018          | 2017          | % YOY        | 2018           | 2017           | %YOY        |
|--------------------------|---------------|---------------|--------------|----------------|----------------|-------------|
|                          | December      |               |              | Year- to-date  |                |             |
| KLIA                     | 24,166        | 24,400        | -1.0%        | 274,929        | 266,917        | 3.0%        |
| MASB Airports            | 5,959         | 5,880         | 1.3%         | 73,911         | 64,191         | 15.1%       |
| <b>Total</b>             | <b>30,125</b> | <b>30,280</b> | <b>-0.5%</b> | <b>348,840</b> | <b>331,108</b> | <b>5.4%</b> |
| Istanbul SGIA            | 7,249         | 6,123         | 18.4%        | 83,203         | 76,353         | 9.0%        |
| <b>Total MAHB System</b> | <b>37,374</b> | <b>36,403</b> | <b>2.7%</b>  | <b>432,043</b> | <b>407,461</b> | <b>6.0%</b> |

| Domestic                 | 2018          | 2017          | % YOY       | 2018           | 2017           | %YOY         |
|--------------------------|---------------|---------------|-------------|----------------|----------------|--------------|
|                          | December      |               |             | Year- to-date  |                |              |
| KLIA                     | 11,463        | 10,511        | 9.1%        | 123,790        | 119,137        | 3.9%         |
| MASB Airports            | 34,835        | 33,272        | 4.7%        | 391,291        | 397,867        | -1.7%        |
| <b>Total</b>             | <b>46,298</b> | <b>43,783</b> | <b>5.7%</b> | <b>515,081</b> | <b>517,004</b> | <b>-0.4%</b> |
| Istanbul SGIA            | 10,979        | 11,090        | -1.0%       | 141,543        | 134,571        | 5.2%         |
| <b>Total MAHB System</b> | <b>57,277</b> | <b>54,873</b> | <b>4.4%</b> | <b>656,624</b> | <b>651,575</b> | <b>0.8%</b>  |

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

MAHB network of airports (including Istanbul SGIA) recorded 133.1million passenger movements in 2018, a 4.0% growth over 2017. International passenger movements recorded 63.3million passengers with a year-on-year increase of 5.9% while domestic passenger movements increased by 2.3% recording 69.7million passengers over 2017. Overall aircraft movements increased by 2.8% with international and domestic aircraft movements recording an increase of 6.0% and 0.8% respectively over 2017.

On the local front, airports in Malaysia registered a 2.5% growth over 2017 with 99.0million passenger movements. International sector recorded 51.7million passenger movements with a growth of 4.5% while domestic sector recorded 0.4% growth with 47.4million passengers. International passenger movements continued to remain robust retaining more than 50% market share since January 2017.

Middle East, North America, North East Asia, South East Asia and South Asia recorded positive growth in 2018. Kota Kinabalu, Kuching, Tawau, Sibul, Bintulu, Kuantan, and Ipoh airports registered a double-digit growth in passenger movements. Overall aircraft movements increased by 2.8% in 2018. International and domestic aircraft movements increased by 6.0% and 0.8% respectively. Overall average load factor was 74.4% in 2018, 1.9 percentage points less than 2017. Overall cargo movements decreased by 0.9% in 2018 to 965,149 metric tonnes. The cargo performance was in line with the global cargo performance which has been sluggish.

KLIA passenger movements registered 60.0million passengers in 2018, a growth of 2.4% over 2017. International and domestic passenger movements grew by 2.7% and 1.7% respectively. klia2 passenger movements increased by 5.3% with 31.9million passengers while KLIA Main Terminal passenger movements decreased by 0.7% to 28.1million passengers.

Istanbul SGIA passenger traffic registered a growth of 8.8% in 2018 over 2017 with 34.1million passengers. International passenger movements increased by 12.9% to 11.7million passengers while domestic passenger movements increased by 6.7% to 22.4million passengers. Pegasus Airlines commenced daily operations to Jeddah and Sharjah and also four times weekly flights to Rotterdam in December 2018. Emirates operations from Istanbul SGIA to Dubai had also increased to daily flights in December. Total aircraft movements increased by 6.6% in 2018, with both international and domestic aircraft movements recording an increase of 9.0% and 5.2% respectively.

### **Overview of traffic**

2018 was a challenging year for the aviation industry in Malaysia against a few backdrops 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. The 2.5% growth or 99.0 million passengers volume for 2018 was lower than expected. While this lower growth follows a much higher 8.6% growth in 2017, the lower number is partly due to the shift of airlines seat capacity by some of the local carriers from domestic to international sectors, resulting in much lower growth for the domestic sector in the first half of 2018. In addition, the anticipated higher passenger movements related to the 14<sup>th</sup> General Elections did not take place. Historically, higher passenger movements were recorded during election years. There was also a structural shift in passenger movements within the network of airports with an increasing number of direct flights among regional international airports and domestic airports, bypassing KLIA and Subang. Such direct domestic movements increased by 13.2% to 12.2million in 2018 over 2017, improving intra-domestic connectivity. Similarly, the direct international traffic to these airports also improved by 16.2%. This naturally reduced the connecting traffic through KLIA.

The 2018 growth came about through airlines additional frequencies, direct connectivity and new routes that were not operated by other airlines previously. In 2018, Citilink Garuda Indonesia, Condor Flugdienst, a leisure airline from Germany and Indigo Airlines, a low-cost airline from India commenced operations at KLIA Main Terminal and klia2. Thai AirAsia commenced operations to Kota Kinabalu International Airport from Don Muang and Qatar Airways commenced operations to Penang International Airport from Doha. TUI Airways has commenced fortnightly charter operations from Birmingham to Langkawi International Airport for the first time.

Malaysia passenger movements traffic performance was mainly driven by the international sectors. Sixty city pairs registered double-digit growth over last year, including Tianjin, Jeju, Brisbane, Cam Ranh, Ningbo, Guiyang, Sihanouk, Nanjing, Honolulu, Jinjiang, Bhubaneswar, Zhengzhou, Amritsar etc.

The main contributors for international traffic in 2018 were from AirAsia group, Malaysia Airlines group and Malindo Air. Twenty foreign airlines registered a double-digit growth in 2018. This includes Batik Air, Philippine Airlines, Lucky Air, Shanghai Airlines, Iraqi Airways, Jin Air, China Eastern, Oman Air, US Bangla Airlines, Xiamen Airlines etc.

Similar to 2017, Istanbul SGIA's growth has been focused more on international routes in 2018 which grew by 12.9%.

## **Conclusion**

Global economy continues to face trade barrier challenges. IMF has projected a lower 3.7% global growth in 2019 in its October forecast as compared to a higher 3.9% previous 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. It is a positive factor for air travel. Malaysia's GDP is expected to grow by 4.9% in 2019. However, 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 remains a concern. Based on prevailing economic conditions and the airlines seat capacity offered, Malaysia passenger traffic in 2019 is expected to grow by 4.9% with international and domestic passenger

traffic growing at 2.4% and 7.6% respectively. The higher domestic growth is a correction from the lower capacity provided in 2018. The recent announcement made to extend the 15-day visa exemptions for China and India tourists to December 2019 would help spur traffic. Tourism support activities are necessary to move the numbers in a maturing traffic. 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 growth focus for ISG will be within the Middle East, CIS and Central Eastern Europe (CEE) regions which is currently underserved from Istanbul SGIA. The moderate growth is also partly due to capacity limitations pending the opening of the second runway.

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*10 January 2019*