

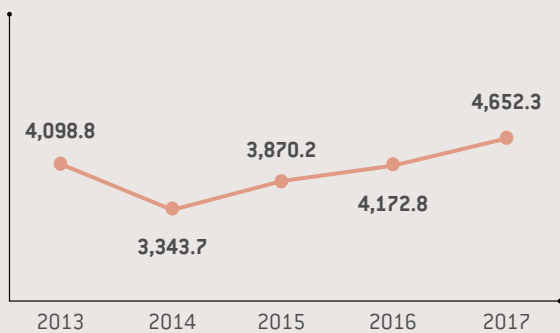
FIVE-YEAR FINANCIAL HIGHLIGHTS

REVENUE

(RM MILLION)

RM4,652.3

million

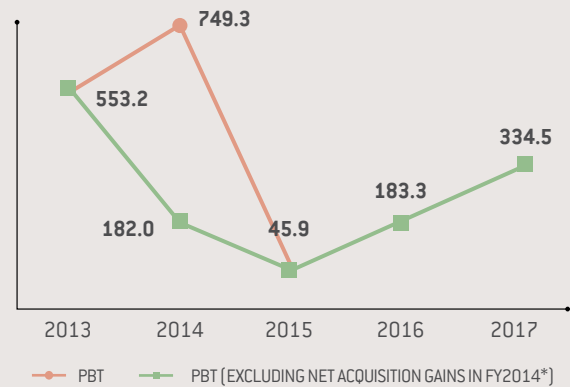


PROFIT BEFORE TAXATION (PBT)

(RM MILLION)

RM334.5

million



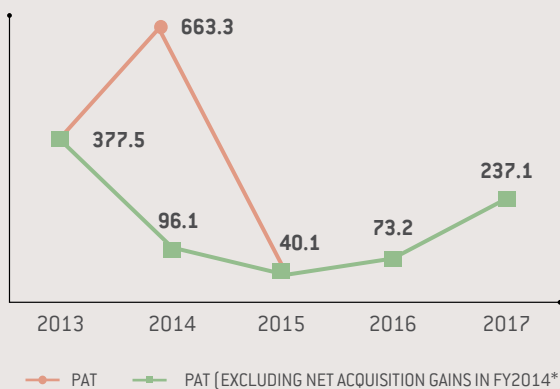
30

PROFIT NET OF TAXATION (PAT)

(RM MILLION)

RM237.1

million

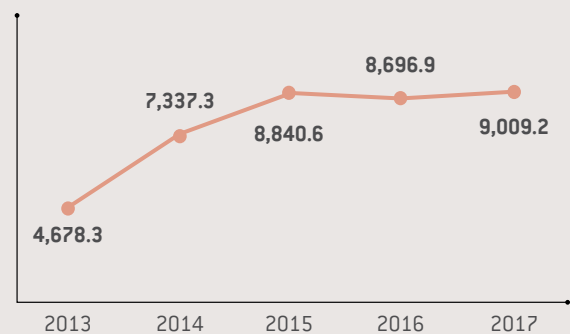


TOTAL EQUITY

(RM MILLION)

RM9,009.2

million



* Net acquisition gains in FY2014 includes gain on bargain purchase, gain arising from re-measurement of fair value of investment and impairment of goodwill totalling RM567.3 million

GROUP FIVE-YEAR SUMMARY



STATEMENT OF PROFIT OR LOSS

For the financial years ended 31 December

	2017 RM Million	2016 RM Million	2015 RM Million	2014 RM Million	2013 RM Million
Revenue	4,652.3	4,172.8	3,870.2	3,343.7	4,098.8
Profit before tax and zakat from continuing operations	334.5	183.3	45.9	749.3	553.2
Taxation and zakat	(97.4)	(110.2)	(5.8)	(85.9)	(175.5)
Profit from continuing operations, net of tax	237.1	73.2	40.1	663.4	377.7
Loss for the year from discontinued operations, net of tax	-	(0.0)	(0.0)	(0.1)	(0.1)
Profit for the year	237.1	73.2	40.1	663.3	377.5
Profit attributable to:					
Owners of the parent	236.5	70.4	40.9	663.4	377.4
Non-controlling interest	0.6	2.8	(0.8)	(0.1)	0.1
Profit for the year	237.1	73.2	40.1	663.3	377.5
Earnings per share attributable to equity holders of the Company (sen)					
Basic, for profit/(loss) from continuing operations	10.82	0.94	(1.09)	49.10	30.80
Basic, for loss from discontinued operations	-	-	-	-	(0.01)
Basic, for profit/(loss) for the year	10.82	0.94	(1.09)	49.10	30.79

GROUP FIVE-YEAR SUMMARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the financial years ended 31 December

	2017 RM Million	2016 RM Million	2015 RM Million	2014 RM Million	2013 RM Million
Assets					
Non-current assets	19,092.0	18,698.8	19,415.3	19,285.9	9,485.1
Current assets	3,403.7	2,589.6	2,576.9	2,912.2	1,038.2
Asset of disposal group classified as held for disposal	-	0.2	0.2	0.1	0.1
Total assets	22,495.6	21,288.6	21,992.3	22,198.2	10,523.3
EQUITY					
Share capital	5,114.3 ¹	1,659.2	1,659.2	1,374.2	1,232.4
Perpetual sukuk	997.8	997.8	997.8	997.8	-
Share premium	-	3,455.1	3,455.1	2,373.1	1,409.4
Distributable retained earnings	2,320.2	2,321.2	2,449.5	2,591.9	2,037.4
Fair value adjustment reserve	272.6	8.3	5.3	(1.9)	(0.6)
Hedging reserve	(28.6)	(37.4)	(13.5)	-	-
Other reserves	6.9	6.8	5.1	2.6	2.5
Foreign exchange reserve	325.8	283.8	282.8	(0.5)	(2.9)
	9,009.2	8,694.9	8,841.4	7,337.3	4,678.3
Non-controlling interest	-	2.0	(0.8)	-	-
Total equity	9,009.2	8,696.9	8,840.6	7,337.3	4,678.3
Non-current liabilities	11,252.8	10,825.9	10,927.7	11,129.7	4,674.5
Current liabilities	2,233.7	1,765.7	2,224.0	3,731.1	1,170.4
Liability of disposal group classified as held for disposal	-	0.0	0.0	0.0	-
Total liabilities	13,486.5	12,591.7	13,151.7	14,860.8	5,845.0
Total equity and liabilities	22,495.6	21,288.6	21,992.3	22,198.2	10,523.3
Net asset per share (RM)	5.43	5.24	5.33	5.34	3.80

¹ The Group's share premium account was transferred to form part of the Group's share capital pursuant to the Companies Act 2016 which come into force on 31 January 2017

GROUP QUARTERLY PERFORMANCE

02 Performance Review



Year 2017 In RM Million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2017
Financial Performance					
Operating revenue	1,093.6	1,100.0	1,212.0	1,246.8	4,652.3
Profit before tax and zakat from continuing operations	99.9	92.3	90.7	51.5	334.5
Profit from continuing operations, net of tax	63.0	66.5	79.7	27.9	237.1
Earnings per share (sen)	2.94	2.29	3.93	(0.07)	10.82
Year 2016 In RM Million					
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2016
Financial Performance					
Operating revenue	1,019.5	997.6	1,075.7	1,080.0	4,172.8
Profit before tax and zakat from continuing operations	38.2	17.5	43.0	84.6	183.3
Profit from continuing operations, net of tax	16.5	8.6	11.0	37.1	73.2
Earnings per share (sen)	0.13	(1.21)	(0.21)	0.49	0.94

KEY FINANCIAL HIGHLIGHTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the financial year ended 31 December 2017

	2017 RM Million	2016 RM Million	% Change
Revenue	4,652.3	4,172.8	11.5
Operating profit	1,030.0	857.4	20.1
Finance costs	(716.2)	(689.8)	3.8
Share of results of associates	5.8	1.7	246.1
Share of results of joint ventures	14.8	14.1	5.5
Profit before tax and zakat from continuing operations	334.5	183.3	82.4
Taxation and zakat	(97.4)	(110.2)	(11.6)
Profit from continuing operations, net of tax	237.1	73.2	224.0
Profit attributable to:			
Owners of the parent	236.5	70.4	236.0
Non-controlling interests	0.6	2.8	(78.0)
	237.1	73.2	224.0
Earnings per share attributable to owners of the parent (sen per share)			
- Basic, for profit from continuing operations	10.82	0.94	1,057.0

KEY FINANCIAL HIGHLIGHTS

02 Performance Review



CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2017

	2017 RM Million	2016 RM Million	% Change
Assets			
Property, plant and equipment	424.1	455.5	(6.9)
Investments	555.7	353.6	57.2
Intangible assets	17,409.6	17,231.0	1.0
Other non-current assets	702.5	658.7	6.6
Current assets	3,403.7	2,589.6	31.4
Asset of disposal group classified as held for disposal	-	0.2	(100.0)
Total assets	22,495.6	21,288.6	5.7
Equity and liabilities			
Share capital	5,114.3 ¹	1,659.2	208.2
Perpetual sukuk	997.8	997.8	-
Share premium	-	3,455.1	(100.0)
Distributable retained earnings	2,320.2	2,321.2	(0.0)
Fair value adjustment reserve	272.6	8.3	3,197.7
Hedging reserve	(28.6)	(37.4)	(23.6)
Other reserve	6.9	6.8	1.3
Foreign exchange reserve	325.8	283.8	14.8
	9,009.2	8,694.9	3.6
Non-controlling interest	-	2.0	(100.0)
Total equity	9,009.2	8,696.9	3.6
Non-current liabilities	11,252.8	10,825.9	3.9
Current liabilities	2,233.7	1,765.7	26.5
Liability of disposal group classified as held for disposal	-	0.0	(100.0)
Total liabilities	13,486.5	12,591.7	7.1
Total equity and liabilities	22,495.6	21,288.6	5.7
Net asset per share (RM)	5.43	5.24	3.6
Return on assets	1.1%	0.3%	206.6

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¹ The Group's share premium account was transferred to form part of the Group's share capital pursuant to the Companies Act 2016 which came into force on 31 January 2017

GROUP SEGMENTAL ANALYSIS

REVENUE 2017 RM4,652.3 MILLION

Airport Services #	2,422.5	2,223.0
Duty Free & Non- Dutable Goods	855.2	740.9
Agriculture & Horticulture	39.2	34.3
Hotel	94.5	82.9
Project and Repair Maintenance	17.7	18.1
Other ®	0	0

MALAYSIA

Airport Services	1,085.7	958.8
Project and Repair Maintenance	137.6	114.7

OVERSEAS

PROFIT BEFORE TAXATION 2017 RM334.5 MILLION

Airport Services #	547.6	366.0
Duty Free & Non- Dutable Goods	41.4	25.6
Agriculture & Horticulture	7.9	5.8
Hotel	10.3	1.4
Project and Repair Maintenance	30.8	38.2
Other ®	(230.6)	(183.3)

MALAYSIA

Airport Services	(75.3)	(56.7)
Project and Repair Maintenance	2.4	(13.7)

OVERSEAS

■ 2017 ■ 2016

Note: The group revenue segmental analysis excludes inter-segment transactions

Airport Services revenues include IC 12 construction revenues amounting to RM57.9 million in FY2017 (FY2016: NIL)

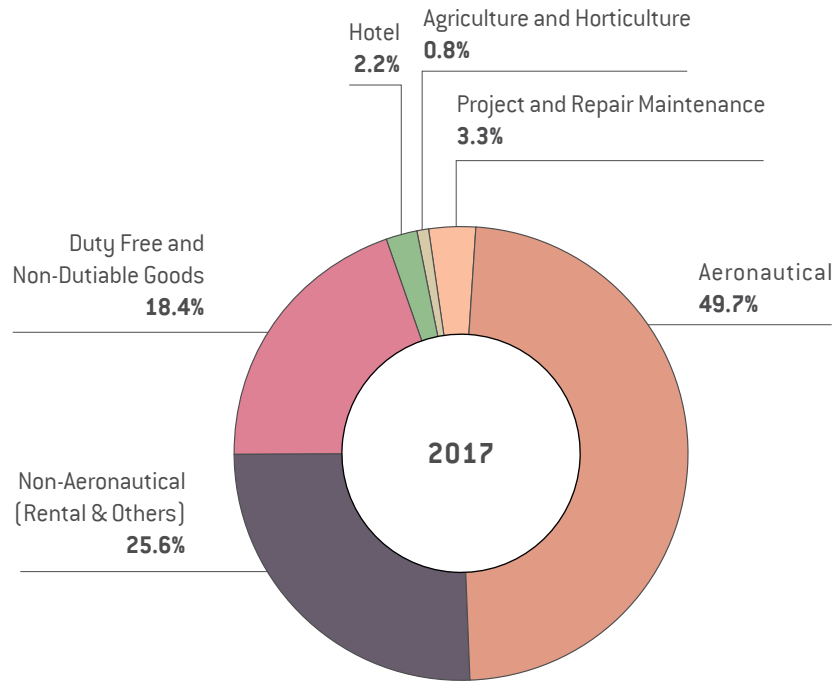
® Other segmental profit before taxation includes inter-segment eliminations and consolidation entries

GROUP SEGMENTAL ANALYSIS

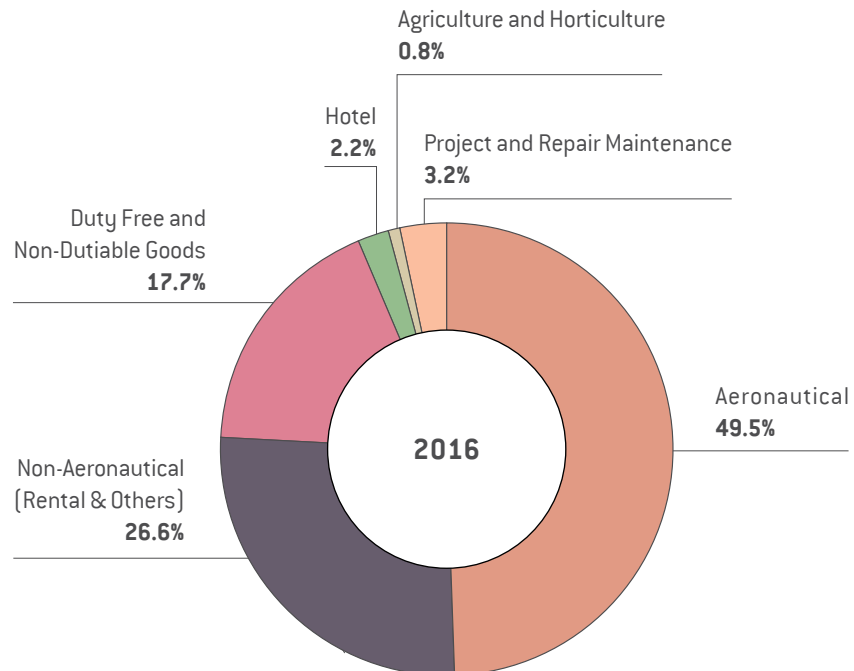
02 Performance Review



REVENUE 2017
RM4,652.3 MILLION

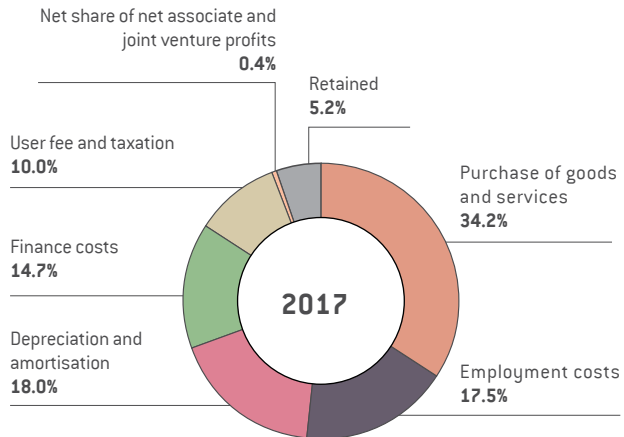


REVENUE 2016
RM4,172.8 MILLION

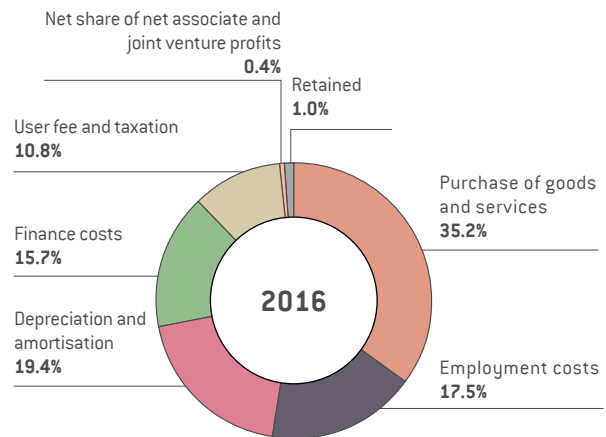


STATEMENT OF INCOME DISTRIBUTION

RM4,883.3 MILLION



RM4,393.5 MILLION



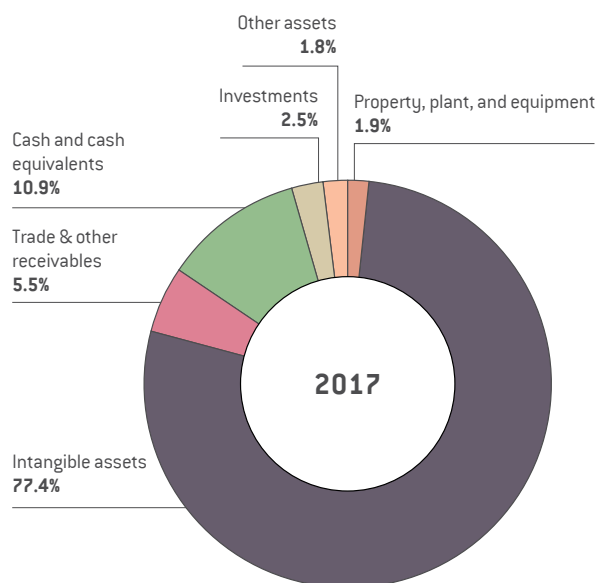
RM Million	2017	%	2016	%
Current income available for distribution	4,883.3	-	4,393.5	-
To supplier				
Purchase of goods and services	1,670.6	34.2	1,550.6	35.2
To employees				
Employment costs	852.1	17.5	770.3	17.5
Utilisation of assets				
Depreciation and amortisation	880.8	18.0	852.5	19.4
To financier				
Finance costs	716.2	14.7	689.8	15.7
To government				
User fee and taxation	489.2	10.0	472.6	10.8
To share of net associate and jointly venture profits				
Net share of net associate and joint venture profits	20.6	0.4	15.7	0.4
Retained for re-investment and future growth and dividend payment				
Current year	253.8	5.2	42.0	1.0
	4,883.3	100.0	4,393.5	100.0

STATEMENT OF FINANCIAL POSITION

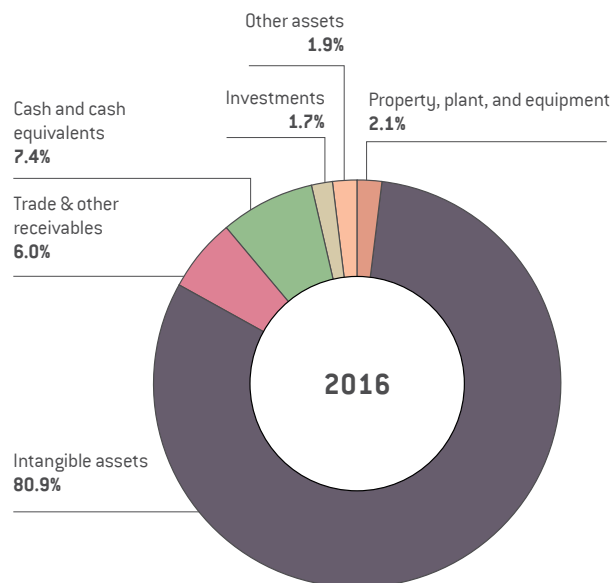
02 Performance Review



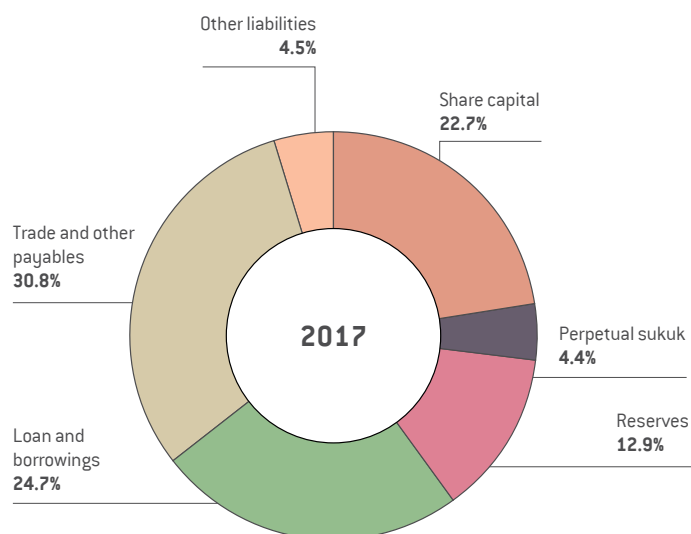
TOTAL ASSETS 2017
RM22,495.6 MILLION



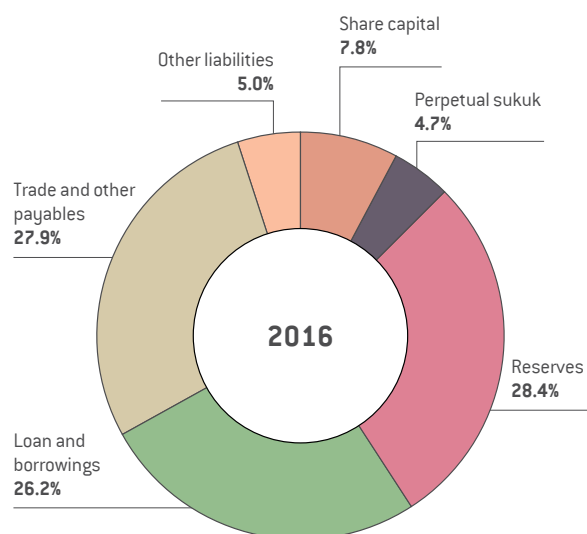
TOTAL ASSETS 2016
RM21,288.6 MILLION



EQUITY AND LIABILITIES 2017
RM22,495.6 MILLION

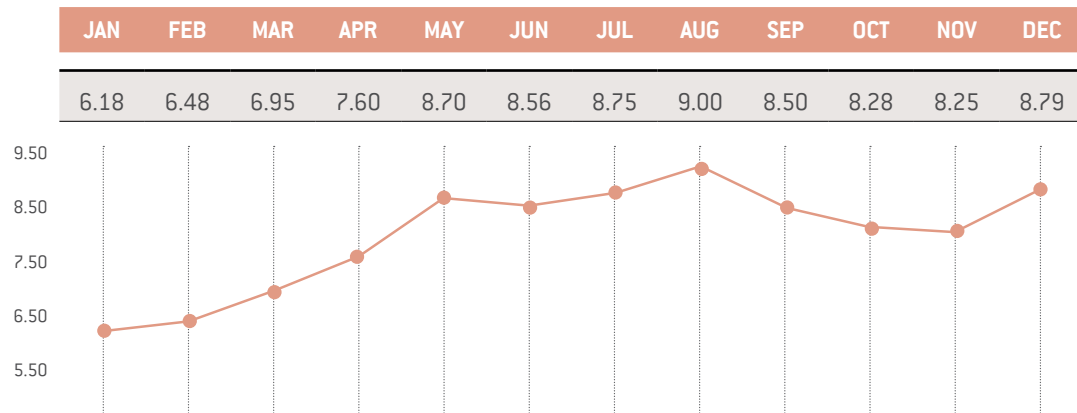


EQUITY AND LIABILITIES 2016
RM21,288.6 MILLION



SHARE PRICE, VOLUME TRADED, MARKET CAPITALISATION

2017 SHARE PRICE MOVEMENT

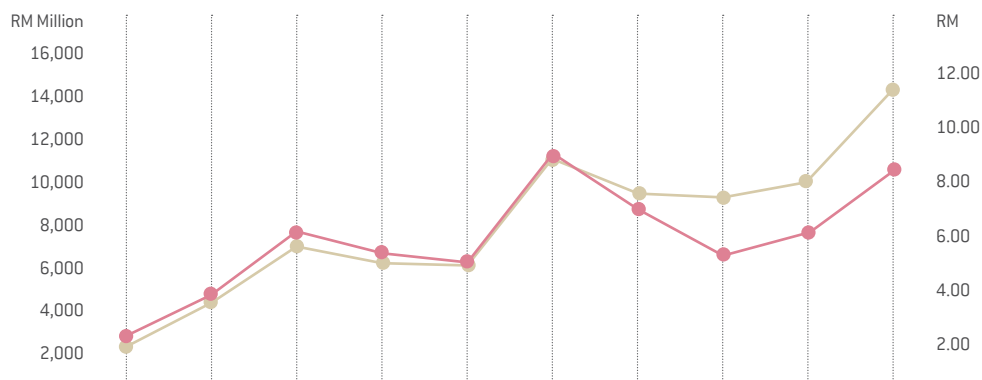


2017 MONTHLY TRADING VOLUME & SHARE PRICE STATISTICS

MONTH	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Volume (million)	36.71	63.90	102.80	86.46	142.31	91.99	51.29	55.75	43.38	74.73	52.30	58.48
High (RM)	6.36	6.84	7.30	7.68	8.97	9.45	8.93	9.12	9.17	8.62	8.79	8.98
Low (RM)	5.98	6.15	6.43	6.98	7.65	8.45	7.86	8.32	8.46	8.16	8.06	8.16
Closing Price (RM)	6.18	6.48	6.95	7.60	8.70	8.56	8.75	9.00	8.50	8.28	8.25	8.79

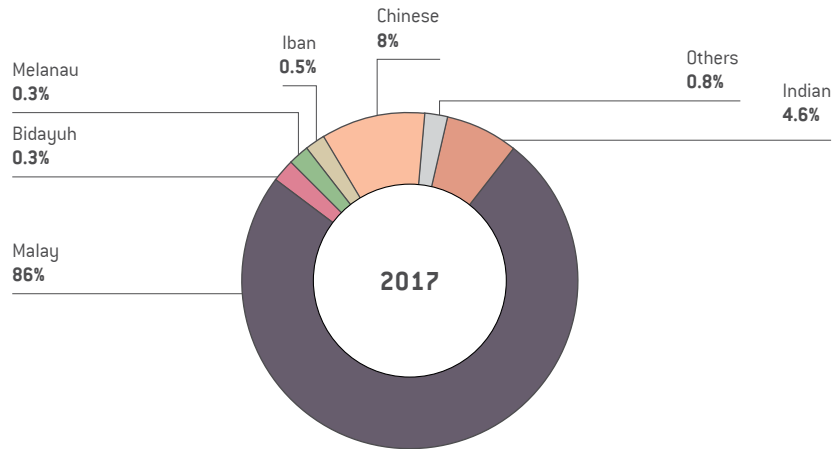
CLOSING PRICE AND MARKET CAPITALISATION

YEAR	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Closing price for the year (RM)	2.21	3.97	6.28	5.80	5.21	9.00	6.80	5.61	6.06	8.79
Market capitalisation (RM million)	2,431	4,367	6,908	6,380	6,304	11,092	9,344	9,308	10,055	14,584

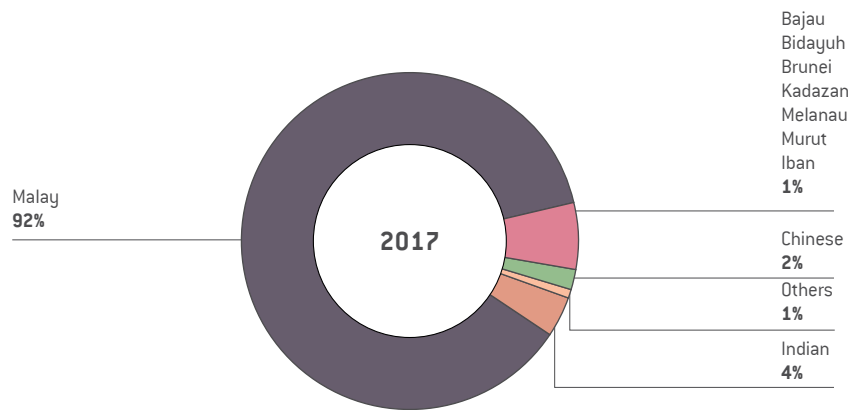


STATEMENT OF WORKFORCE

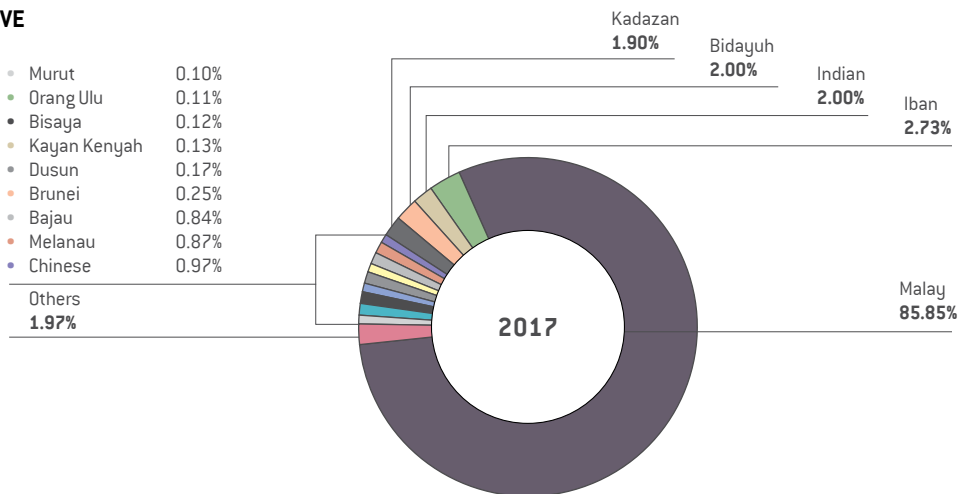
MANAGEMENT



EXECUTIVE



NON-EXECUTIVE



GROUP FINANCIAL PERFORMANCE

KEY FINANCIAL PERFORMANCE

Malaysia Airports Holdings Berhad (the Group) had registered earnings before interest, tax, depreciation and amortisation (EBITDA) of RM1,910.9 million for the financial year ended 31 December 2017 (FY2017), representing a growth of 11.8% when compared to the financial year ended 31 December 2016 (FY2016). The achievement was on the back of the strong growth in revenue, primarily arising from the Group's Malaysian Operations.

IC INTERPRETATION 12: SERVICE CONCESSION ARRANGEMENT

The Group adopted IC Interpretation 12: Service Concession Arrangements (IC12) effective 1 January 2011. IC 12 addresses the accounting for "public-private" arrangements whereby a private sector operator is involved in the construction and/or upgrading of infrastructure assets such as schools, roads and airports to be used in providing public service. The operator provides construction services to the grantor in exchange for an intangible asset, i.e. a right to collect revenue in accordance with the service concession arrangements.

In accordance with the Financial Reporting Standard 138: Intangible Assets (FRS 138), the Group recognises the intangible asset at its fair value. In line with the requirement of Financial Reporting Standard 111: Construction Contracts (FRS 111), the Group recognises the construction revenues and costs by reference to the stage of completion of the construction works of the development of Istanbul Sabiha Gokcen International Airport's (ISG) boarding hall expansion. In FY2017 the Group recognised the construction revenues in relation to the aforesaid project amounting to RM57.9 million. The Group also recognised the construction costs amounting to RM57.9 million for the above project in FY2017.

GROUP PROFITABILITY

Excluding construction revenue and costs, the Group registered revenue of RM4,594.4 million for FY2017 which was 10.1% higher than the RM4,172.8 million registered in its corresponding period in FY2016. Profit before tax (PBT) had increased by 82.4% to RM334.5 million while profit after tax (PAT) had also increased by 224.0% to RM237.1 million from RM73.2 million in FY2016.

The higher operating revenues were attributable to the improved results from airport operations segment which grew by 9.8% to RM4,296.8 million. Revenue in non-airport operations segments grew by 14.5% to RM297.6 million. The Group recorded a favourable PBT and PAT in line with improved revenue, despite an increase in costs. The increase in the Group's total cost was mainly due to increase in user fees, repair and maintenance cost, employee benefit expenses as well as other expenses within its Malaysian operations.

OPERATIONS REVIEW

The increase in airport operations revenue segment as mentioned above continued to be driven by the 9.3% growth in aeronautical revenue to RM2,253.6 million. This was largely attributed to the strong passenger growth of 7.9% to 128.0 million passengers. Total commercial aircraft movements grew by 2.6% to 1,059,037 movements while cargo movements rose by 7.9%, registering a volume of 1,024,011 metric tonnes.

The growth in non-aeronautical revenue also contributed to the overall increase in the airport operations segment. Non-aeronautical revenue recorded a growth of 10.4% to RM2,043.2 million on the back of improved performance in the retail and commercial businesses. Revenue from rental of space, advertising and other commercial segments grew 7.1% to RM1,189.5 million, contributed by higher occupancy rate and higher average rental resulting from increased in rental space at KLIA Main. The Group's own retail business, Eraman also registered a growth of 15.4% in FY2017.

TYPES OF REVENUE: AERONAUTICAL AND NON-AERONAUTICAL REVENUE

The Group's revenue base can be broadly classified under aeronautical and non-aeronautical revenues. Aeronautical revenue is mainly derived from airport operations business which entails the collection of passenger service charge (PSC), landing and parking fees, and other ancillary charges to airlines. Meanwhile, the non-aeronautical revenue is broadly derived from commercial activities in the airport operations business, and the non-airport operations business.

GROUP FINANCIAL PERFORMANCE

02 Performance Review

Commercial activities in the airport operations business comprises revenue from lease of commercial spaces (rental), operations of duty free and non-duty free outlets, management of food and beverages (F&B) outlets, management and operations of airport parking facilities, advertising business and the Free Commercial Zone at KLIA.

Total commercial activities above continues to be a key earnings driver, accounting for 43.9%, or RM2,043.2 million, to the Group's revenue. This is in line with the Group's long term plan to further grow this branch of business.

The non-airport operations business includes revenue derived from Sama-Sama Hotel and Sama-Sama Express operations, agriculture and horticulture activities, project and repair maintenance services and other activities that may be described in the Group's financial statement.

REVENUE BREAKDOWN	FY2017 (RM'000)	FY2016 (RM'000)	VARIANCE (%)
Airport Operations	4,354,725	3,912,824	11.3
1. Airport Services:			
Aeronautical	2,253,625	2,062,585	9.3
Non-Aeronautical (Rental & Others)	1,189,516	1,110,220	7.1
2. Duty Free and Non-Dutiable Goods	853,679	740,019	15.4
3. Construction Revenue	57,905	-	-
Non-Airport Operations	297,613	259,944	14.5
Hotel	103,151	92,839	11.1
Agriculture and Horticulture	39,213	34,341	14.2
Project and Repair Maintenance	155,249	132,764	16.9
Total Revenue	4,652,338	4,172,768	11.5

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BUSINESS SEGMENTS

The Group's business segment is divided into two sub-groups i.e. airport operations and non-airport operations.

Airport operations comprises airport services and operations of duty free and non-duty free outlets. Airport services includes aeronautical revenue generated from operating, managing and maintaining designated airports in Malaysia and ISG and providing airport related activities; and non-aeronautical revenue derived from rental and other commercial activities. The revenues generated from operations of duty free and non-duty free outlets are non-aeronautical revenue.

The non-airport operations comprises agriculture and horticulture activities, hotel operations and project and repair maintenance services. All non-airport operations income is non-aeronautical revenue.

SEGMENTAL REVENUE MALAYSIA OPERATIONS

1. Airport operations

(a) Airport services: This business segment comprises aeronautical and non-aeronautical revenues. Aeronautical revenue consists of collection of PSC, landing and parking fees, and other ancillary charges to airlines; while non-aeronautical revenue is generated from rental and other commercial activities. Aeronautical revenue increased by 8.0% to RM1,689.4 million in tandem with growth in passenger traffic. The improvement was also attributed to the recognition of Marginal Cost Support for Passenger Service Charge (MARCS PSC) as the PSC rates are lower than the benchmark rate as stipulated in the Operating Agreements signed with the Government.

Non-aeronautical revenue rose by 11.3% to RM734.6 million. This favourable variance was due to more aggressive marketing campaign and higher spending by passengers at KLIA.

GROUP FINANCIAL PERFORMANCE

(b) Duty free and non-dutiable goods: This business segment includes the operations of duty free and non-duty free outlets and management of F&B outlets at designated airports. This business segment grew by 15.4% to RM853.7 million in FY2017 attributed to stronger spending from passengers.

2. Non-airport operations

(a) Agriculture and horticulture: The agriculture and horticulture business segment activities include the cultivation and sale of oil palm and other agriculture products. The higher revenue contribution is due to the higher price attained for Fresh Fruit Bunch (FFB) per tonne, and higher production volume (FY2017: RM611/63,629MT; FY2016: RM588/57,629MT) resulting in revenue for the agriculture and horticulture segment to increase to RM39.2 million in FY2017, or 14.2% higher than the RM34.3 million registered in FY2016.

(b) Hotel: The hotel segment manages and operates Sama-Sama Hotel and Sama-Sama Express in Malaysia. The hotel segment revenue increased by 14.0% to RM94.5 million, mainly attributed to higher average occupancy rate (FY2017: 81%; FY2016: 73%) and higher average room rate (FY2017: RM413; FY2016: RM405).

(c) Project and repair maintenance services: The main activities include provision of mechanical, electrical and civil engineering services and the airport business consulting, maintenance and technical services. This segment

recorded negative growth of 2.2% in revenue to RM17.7 million in FY2017.

Overseas Operations

1. Airport operations

(a) Airport services: Excluding construction revenue, the increase in airport services revenue by 7.2% to RM1,027.8 million was mainly due to improved aeronautical revenue which grew by 13.1% to RM564.2 million. The growth is in line with the positive passenger growth at ISG by 5.6%.

2. Non-airport operations

(a) Project and repair maintenance services: The project and repair maintenance segment revenue relates to MACS Middle East LLC which provides facilities maintenance services at Hamad International Airport. The segment recorded positive growth of 20.0% at RM137.6 million in FY2017.

2. Non-airport operations

(a) Agriculture and horticulture: The agriculture and horticulture business PBT had increased by 36.0% to RM7.9 million from a PBT of RM5.8 million in FY2016 due to higher price attained for FFB per tonne and higher production output.

(b) Hotel: The hotel business recorded PBT of RM10.3 million in FY2017, showing a tremendous improvement compared to PBT of RM1.4 million recorded in FY2016. This was mainly due to higher average occupancy and room rate.

(c) Project and repair maintenance services: This segment recorded a PBT of RM30.8 million in FY2017 compared to a PBT of RM38.2 million in FY2016.

Overseas Operations

1. Airport operations

(a) Airport services: Overseas operations recorded an increase in LBT of RM75.3 million compared to a LBT of RM56.7 million in the previous year. The unfavourable variance was mainly due to higher depreciation and amortisation costs and finance costs.

2. Non-airport operations

(a) Project and repair maintenance services: The segment recorded a PBT of RM2.4 million as compared to a LBT of RM13.7 million in the previous year due to higher revenue generated by MACS ME.

SEGMENTAL PROFITABILITY

Malaysia Operations

1. Airport operations

(a) Airport services: In line with the increase in the airport services revenue, Malaysia operations recorded a PBT of RM547.6 million or 49.6% higher compared to RM366.0 million in FY2016.

(b) Duty free and non-dutiable goods: This segment generated a PBT of RM41.4 million in FY2017 from a PBT of RM25.6 million in FY2016, in tandem with the higher growth in sales.

GROUP FINANCIAL PERFORMANCE

02 Performance Review



ECONOMIC PROFIT

Economic Profit (EP) is used as a yardstick to measure shareholder value. EP is a measure of value created by a business during a single period reflecting how much return a business makes over its cost of capital, that is, the difference between the Company's rate of return and cost of capital. The Group recorded an economic loss of RM675.3 million for FY2017 as compared to a loss of RM661.5 million in FY2016. The higher economic loss in FY2017 was mainly due to higher operating earnings and weighted average cost of capital.

DIVIDENDS

A single-tier interim dividend of 5.00 sen per ordinary share in respect of the financial year ended 31 December 2017 amounting to 82.9 million was paid in 25 August 2017.

The board will propose a final dividend in respect of the financial year ended 31 December 2017 of 8.00 sen per ordinary share amounting to RM132.7 million for shareholders' approval at the forthcoming Annual General Meeting. Subject to approval of the shareholders, the total dividend declared will translate into a payout of 55.1% of total adjusted PAT, surpassing the Group's Dividend Policy of a minimum 50% payout ratio.

HEADLINE KEY PERFORMANCE INDICATORS (KPIs)

The Headline KPIs are targets or aspirations meant to drive the Group's performance in 2018. These Headline KPIs are disclosed publicly on a voluntary basis, signalling the Group's commitment towards transparent performance measures and good corporate governance.

HEADLINE KPIs

These Headline KPIs shall not be construed as forecasts, projections or estimates of the Group 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 Company'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.

FINAL	FY2018
(i) Group Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	RM2,092.0 million
Malaysia Operations	RM1,189.3 million
Overseas Operations	
Turkey Operations	EUR179.4 million (RM880.9 million - constant currency*)
Qatar Operations	QAR19.8 million (RM21.8 million - constant currency*)
(ii) Airport Service Quality Awards	Above 40 million passengers category: KLIA Ranking Top 10

* Exchange Rate: EUR: MYR - 4.91; QAR: MYR - 1.10

The Group's EBITDA KPI target for FY2018 is RM2,092.0 million. The increase in the Group EBITDA will be in tandem with the expected growth in passenger traffic, both in Malaysia and Turkey.

FY2018 holds the promise of being another exciting year for the Group. 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 is in line with the Total Airport Experience strategic pillar under Runway to Success 2020 in enhancing the airport experience across all touch points for our stakeholders.

AIRPORT PERFORMANCE BENCHMARK

Airports tend to operate under different circumstances in terms of aviation activities, commercial activities, site constraints, governance and ownership structure, etc., and as a result, there are no specific performance indicators that individual airports would find consistently relevant and useful. For example, privatised airports are likely to focus on different financial performance indicators than non-profit government-owned airports. Larger airports are likely to focus on different performance indicators compared to smaller airports. Airports with large developable land areas are likely to focus on different performance indicators than tightly constrained airports in large urban areas. As such, benchmarking becomes relatively complex. These are well-illustrated in the International Civil Aviation Organisation's (ICAO) Airports Economics Manual and Airport Council International's (ACI) Guide to Airport Performance Measures.

Even among airports with similar characteristics, managers may have different views regarding which performance indicators are most important, and how many performance indicators the airport should track. A smaller set of closely monitored performance indicators tend to be a more effective performance management tool than a larger set of performance indicators that attracts less focus.

Airport benchmarking is divided into two types of comparisons; firstly the internal or self-benchmarking, where an airport compares its performance with itself over time; and secondly external or peer benchmarking where an airport compares its performance against other airports, either at a single point in time or over a period of time. Malaysia Airports' Annual Report and the accompanying Sustainability Report cover both these areas to some detail. In addition, this section attempts to cover only those areas of benchmarking not covered elsewhere in this report but considered as being of some relevance to the esteemed stakeholders and shareholders.

When comparing one airport to another, some of the typical factors that drive different results and should be considered in making comparisons include passenger volume, capacity constraints, mix of international and domestic traffic, mix of local and transfer passengers, mix of passenger carrier service (full-service network, low-cost, charter), mix of passenger versus cargo activity, degree of outsourcing, range of services provided by the airport, airport development programme status, weather conditions, geographic location, urban versus rural location, physical size of the airport,

public transportation access and usage, regulatory environment, local labour conditions, and ownership and governance structure.

Internal benchmarking, where an airport compares its performance with itself over time, is less complex than external benchmarking because the number of variables that change at an airport from one year to another is limited. However, year-over-year comparisons may not be simple as the variables involved may have changed. The complexities involved in making airport comparisons do not suggest that external benchmarking is totally meaningless but rather to show that many indicators will be useful primarily for internal benchmarking and even internal benchmarking should be viewed not as an end in itself. For external benchmarking results to be meaningful, it is essential to find truly comparable "peer" airports in terms of the many factors that drive the indicator and many performance indicators measure or include as a denominator, passengers, aircraft movements, or other factors which are largely beyond the airport's control.

The common benchmarks reflected in the ICAO and ACI documents are as below:

- (i) Core measurements that shows the activity level at the airports such as passengers and categories of passengers, aircraft movements, cargo movements, airlines and destinations.
- (ii) Safety and security statistics such as runway accidents and incursions, bird strikes and occupational injuries. Safety indicators are used to track air field safety issues as well as safety issues involving other portions of the airport, including roadways and general employee safety. Security indicators may be used to track security violations, thefts and crimes, and responsiveness.
- (iii) Service quality levels such as customer satisfaction, delay statistics, security, passport, check in and baggage clearing times. Service quality indicators focus both on how passengers perceive the level of service provided by the airport, and on objective measures of service delivery.
- (iv) Productivity/cost effectiveness such as passengers/aircraft movements per employee, aircraft movements per gate, total cost per passenger/aircraft movement, operating cost per work load unit etc. These indicators of airport efficiency measure the resources used to produce a certain volume of activity, e.g., departures per gate or total passengers per airport employee.

AIRPORT PERFORMANCE BENCHMARK



- (v) Financial and commercial measurements such as aeronautical/non-aeronautical revenue per passenger/aircraft, non-aeronautical operating revenue as a percentage of total revenue, EBITDA per passenger etc. Financial/commercial performance indicators are used to track the airport's financial performance, including airport charges, airport financial strength and sustainability, and the performance of individual commercial functions.
- (vi) Environmental-related such as carbon footprint, waste reduction percentage, utilities/energy usage per passenger, water consumption per passenger etc. Environmental indicators are used to track an airport's progress in minimising the environmental impacts of its operations.

ICAO produces annually airport financial statistics but it is published not early enough while the financial information on airports is limited and difficult to obtain. In addition, for airport operators that are listed, the available data from published accounts is for the whole Group. Even Malaysia Airports' published accounts does not carry detailed accounts of individual airports. Other organisations which have done airport benchmarking include ACI, LeighFisher, Skytrax and International Air Transport Association (IATA). Data obtained from IATA suggest that KL International Airport (KLIA) is competitive in terms of passenger service charges and passenger security service charges and landing charges compared against other airports in the region. LeighFisher's Report 2017 that tracks the world's top 50 airports (or airport group), indicate that aero revenue per passenger as well as per aircraft movement at Malaysian airports is only around one-third of the benchmarked average.

RANKING	AIRPORT	AERO REVENUE/PASSENGER (SDR)	RANKING INDEX
	WORLD AVERAGE	8.56	100.0
4	Tokyo Narita	13.46	157.3
18	Seoul Incheon	8.97	104.8
25	Hong Kong	8.00	93.5
28	Singapore	7.56	88.4
44	Airports of Thailand	5.15	60.2
48	Malaysia	3.25	38.0

Source: Page 108 of LeighFisher's 2017 Airport Performance Indicators

On the passenger traffic side, KLIA continues to register high growth in the region in 2017. The traffic performance of some airports in the region is as follows:

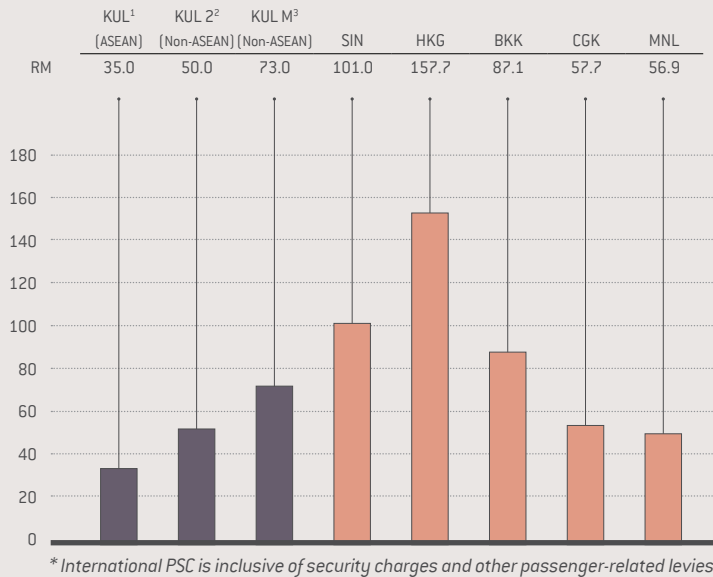
AIRPORT	2017	% CHANGE
Hong Kong International Airport (HKG)	72,728,000	+3.5
Changi International Airport Singapore (SIN)	62,221,000	+6.0
Soekarno-Hatta International Airport Jakarta (CGK)	62,913,700	+8.1
Suvarnabhumi Airport Bangkok (BKK)	60,860,600	+8.9
Incheon International Airport Seoul (ICN)	62,157,800	+7.4
KL International Airport (KUL)	58,554,627	+11.2

Source: ACI (Preliminary)

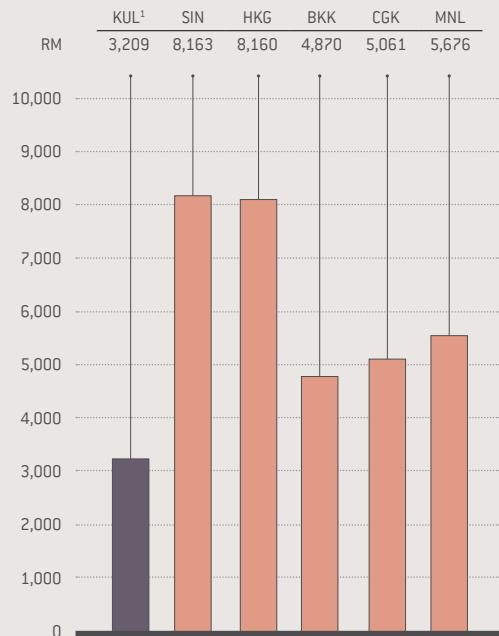
AIRPORT PERFORMANCE BENCHMARK

Benchmarking of airport charges provides a glimpse of airlines and passengers cost for using an airport. Passenger service charges and aircraft landing at some airports in the region is as follows:

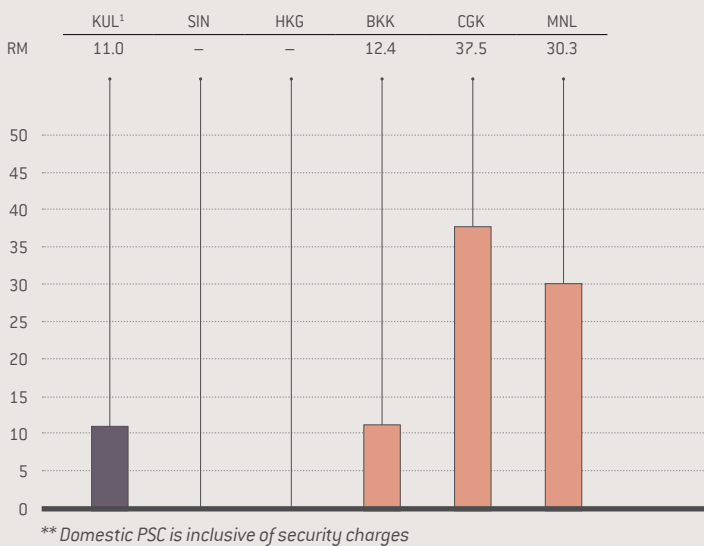
INTERNATIONAL PSC*



LANDING CHARGE (A330)



DOMESTIC PSC**



With respect to benchmarking of airport charges, airports globally structure their charges in different ways. Some airports may have higher charges than other airports due to revenue optimisation reasons, charge structure reasons, as well as due to provision of higher level of facilities and services. For measure of productivity, airports which are congested may appear to have higher productivity, in the form of higher passenger and aircraft movements per hour when in fact they reduce the economic efficiency of commercial aviation.

¹ KUL refers to KL International Airport

² KUL 2 refers to the klia2 Terminal

³ KUL M refers to the KLIA Main Terminal

DIVIDEND POLICY



Dividend policy is one of Malaysia Airports' most important financial policies as shareholders' equity is an important source of a company's working capital.

A good dividend policy always serves in the best interests of the company and its shareholders.

A company may use dividends as a signal to inform investors regarding the stability and growth prospects of the company. Apart from maximisation of shareholders' wealth, the company may be able to earn the confidence of its shareholders and attract prospective investors to invest in its shares, which further increases the value of the company. A dividend policy may also reduce investors' uncertainty as they seek to secure income from stable or steadily increasing dividend.

Commencing from the financial year ended 31 December 2007, Malaysia Airports adopts a dividend policy with a dividend payout ratio of at least 50% of the consolidated annual net profit after taxation and minority interest, subject to availability of distributable reserves. The rationale for the dividend policy is as follows:

- (i) to return excess cash of Malaysia Airports to shareholders
- (ii) improves the return on equity of the Group
- (iii) consistent with best practices of public listed companies

The summary of dividends declared and paid to the shareholders of Malaysia Airports for the financial years ended 31 December 2007 to 2017 are tabulated below:

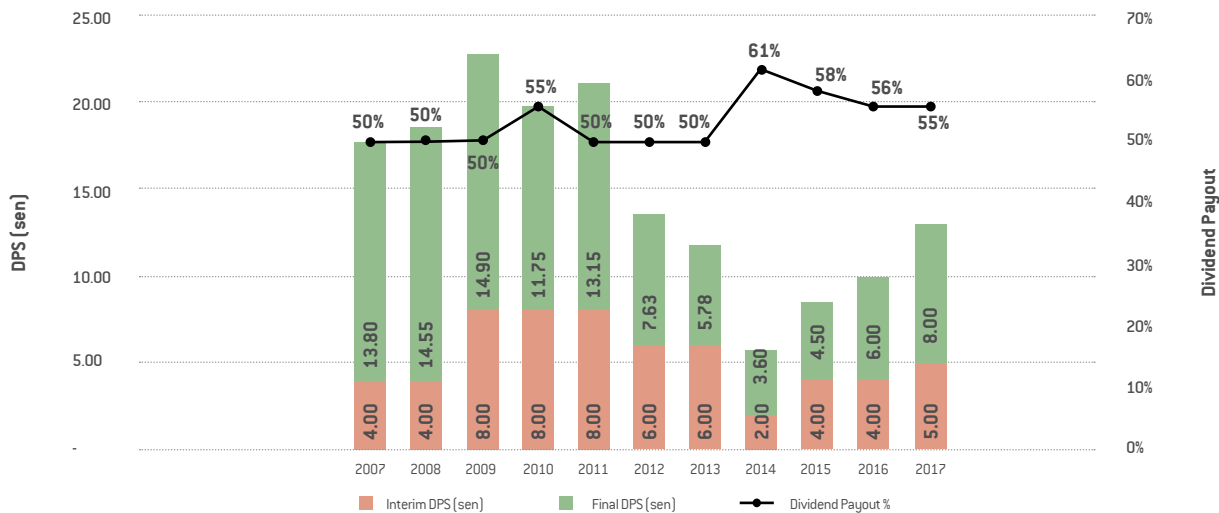
DIVIDENDS DECLARED FROM 2007 TO 2017

FINANCIAL YEAR	INTERIM DIVIDEND (SEN)		FINAL DIVIDEND (SEN)		PAYOUT RATIO (%)
	FRANKED	SINGLE TIER	FRANKED	SINGLE TIER	
2007	4.00		13.80		50.00
2008	4.00		14.55		50.00
2009	8.00		14.90		50.00
2010	8.00		11.75		55.40
2011	8.00		12.85	0.30	50.00
2012		6.00		7.63	50.00
2013		6.00		5.78	50.00
2014		2.00		3.60	61.20
2015		4.00		4.50	58.10
2016		4.00		6.00	55.50
2017		5.00		8.00	55.10

DIVIDEND POLICY

DIVIDEND PER SHARE (DPS) SEN

The graph above shows that Malaysia Airports has been able to maintain high dividend levels resulting from the robust earnings of the Company. The dividend payments signal management's expectation of high future earnings as well as commitment to rewards its shareholders.



DIVIDEND REINVESTMENT PLAN

In our commitment to reward shareholders as well as to strengthen the Group's capital base, Malaysia Airports had established a dividend reinvestment plan (DRP). The DRP allows shareholders of Malaysia Airports to reinvest their dividends into new ordinary share(s) of RM1.00 each in Malaysia Airports shares. The rationale for the DRP is as follows:

- (i) enhance shareholders' value via the subscription of new Malaysia Airports shares where the new Malaysia Airports shares issued typically bears a discount
- (ii) provide the shareholders with greater flexibility in meeting their investment objectives by providing a choice of receiving cash or reinvesting in Malaysia Airports
- (iii) dividends that are reinvested are utilised to fund the continuing business growth of the Group
- (iv) improve liquidity of Malaysia Airports' shares traded on the Main Market of Bursa Malaysia Securities Berhad

The details of the past six DRP exercises completed by the Company is as shown in the table below:

Financial Year	Type of dividend	Dividend per share	Total dividend amount (RM Million)	Number of shares made available for investment	Number of shares re-invested	Subscription (%)
2012	Interim	6.00	72.60	15,343,229	7,088,046	46.2%
	Final	7.63	92.86	18,060,421	15,355,833	85.0%
2013	Interim	6.00	73.95	9,169,678	8,102,473	88.4%
	Final	5.78	78.87	10,901,346	9,553,502	87.6%
2014	Interim	2.00	27.48	4,479,556	2,391,485	53.4%
	Final	3.60	59.47	9,909,098	7,342,222	74.1%

FINANCIAL CALENDAR

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GENERAL MEETING

9 APRIL 2018

NOTICE OF 19TH ANNUAL
GENERAL MEETING

8 MAY 2018

19TH ANNUAL GENERAL
MEETING

FINANCIAL YEAR 2017

QUARTERLY RESULTS ANNOUNCEMENTS

28 APRIL 2017

Unaudited consolidated results for the
1st quarter ended 31 March 2017

31 JULY 2017

Unaudited consolidated results for the
2nd quarter ended 30 June 2017

24 NOVEMBER 2017

Unaudited consolidated results for the
3rd quarter ended 30 September 2017

21 FEBRUARY 2018

Unaudited consolidated results for the
4th quarter ended 31 December 2017

HEADLINE KEY PERFORMANCE INDICATORS ANNOUNCEMENT

21 February 2018

2018 Headline Key Performance Indicators

DIVIDENDS

Final Single-Tier Dividend of 6.0 sen per ordinary share		Single-Tier Interim Dividend of 5.0 sen per ordinary share	
25 May 2017	Notice of book closure date	31 July 2017	Notice of book closure date
9 June 2017	Entitlement date	15 August 2017	Entitlement date
16 June 2017	Payment date	25 August 2017	Payment date

INVESTOR RELATIONS



Scan this QR code to view Malaysia Airports' Investor Relations Portal.

INVESTOR RELATIONS

At Malaysia Airports, we dedicate our efforts in continuously creating and maximising values for our esteemed shareholders. We understand the importance to continually engage our existing shareholders and prospective investors to keep them up to date with insights, strategies, business performance and latest developments within the Group. Our comprehensive Investor Relations Programme was implemented to consistently deliver effective, timely and transparent communication with the investment community.

QUARTERLY FINANCIAL RESULTS AND ANALYST BRIEFING

Malaysia Airports organises presentations with teleconferencing facilities during quarterly financial result briefings to the media, equity and fixed income analysts as well as the fund managers. Site visits and meetings held at our facilities are also held regularly with members of the investment community, including with the Minority Shareholder Watchdog Group (MSWG), to keep them abreast with the Group's latest developments. Our proactive Investor Relations initiatives ensure timely dissemination of relevant information to the public and investment community for better understanding of the financial, operational performance as well as key strategies of the Group.

Malaysia Airports further emphasises on timely disclosure through the circulation of investor presentation. Presentation of financial results and performance are prepared in a concise and transparent manner and are made available on our website in conjunction with the release of financial results announcement to Bursa Malaysia Securities Berhad. Hardcopies of the presentations are disseminated to participants who attended the briefings.

INVESTOR ENGAGEMENT

One-on-one Meetings, Conference Calls and Investor Conferences

The senior management and Investor Relations teams have been actively participating in meetings and conference calls with institutional investors, fund managers, analyst and rating agencies held in Malaysia as well as abroad. We participated in over 540 meetings, conference calls and presentations organised either internally or by local and foreign research houses, as an effort to continuously reach out to a wider investor base.

The team's efforts have not come unnoticed, as the company ranked as the 2nd Best Malaysian Company for Investor Relations at the 2017 IR Magazine Awards & Conference South East Asia. Malaysia Airports was also well recognised at the 2017 Malaysia Investor Relations Association (MIRA) Awards. Among the categories which Malaysia Airports was ranked highly for were:

- 1st place for Best CEO for IR (Mid Cap) – Datuk Badlisham Ghazali
- 6th place for Best CFO for IR (Mid Cap) – Raja Azmi Raja Nazuddin
- 2nd place for Best IR Professional (Mid Cap) – Zeid Abdul Razak
- 7th place for Best Company for IR (Mid Cap)
- 4th place for Quality of One-on-One Meetings (Overall)
- 5th place for Business Knowledge & Insights of an IR Team (Overall)

Investor Relations Portal

In further efforts to enhance access by various stakeholders, the Investor Relations unit maintains an Investor Relations portal, on the company's website, <http://www.malaysiaairports.com.my>. The website offers an effective communication platform with a wide range of information for shareholders, prospective investors and the general public including the key financial highlights, annual reports, financial results, investor presentation, press releases, and disclosures to Bursa Malaysia Securities Berhad.

Investor Feedback

To further strengthen the relationship with the investing community, we value their feedback or enquiries which can be communicated directly to us via our dedicated email address at ir@malaysiaairports.com.my.

The Investor Relations team endeavours to provide timely responses to feedback or queries by ongoing engagement and direct communication with the stakeholders.

MALAYSIA AIRPORTS' CREDIT RATING

Malaysia Airports is committed towards sound financial position and robust balance sheet. In FY2017, Malaysia Airports continues to exhibit strong financial and operating fundamentals; as evident by its strong investment grade credit ratings:

RATING AGENCY	CREDIT RATING
RAM	AAA
Moody's	A3

Malaysia Airports is committed to maintain the above ratings, which is achieved via prudent and pragmatic capital management approach taken by the Group in the course of doing its business.

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 Fax : +603 8777 7830
 Email : ir@malaysiaairports.com.my

INVESTOR RELATIONS

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CONFERENCES, ROADSHOWS AND EVENTS IN 2017

5 JANUARY

CIMB Annual Malaysia Corporate Day, Kuala Lumpur

6 JANUARY

DBS Pulse of Asia Conference, Singapore

27 - 28 MARCH

Credit Suisse Asian Investment Conference, Hong Kong

2 - 3 MAY

CIMB Non Deal Roadshow, Stockholm & Frankfurt

4 - 5 MAY

Maybank Invest Asia, London

15 - 16 MAY

dbAccess Asia Conference, Singapore

28 JUNE

Goldman Sachs Non Deal Roadshow, Hong Kong

29 JUNE

HSBC Annual Transport & Logistics Conference, Hong Kong

5 JULY

RHB One Belt, One Road, One Asia Regional Conference, Kuala Lumpur

25 - 26 JULY

Bursa Malaysia Invest Malaysia, Kuala Lumpur

2 - 3 AUGUST

UBS Non Deal Roadshow, Sydney

11 - 12 SEPTEMBER

CLSA Investor's Forum, Hong Kong

27 NOVEMBER -

1 DECEMBER

Nomura Investment Forum, Tokyo

4 DECEMBER

Macquarie Non Deal Roadshow, Singapore

Equity Research Coverage

Affin Hwang Investment Bank Berhad	KAF Seagroatt & Campbell Securities Sdn. Bhd.
Alliance DBS Research Sdn. Bhd.	Kenanga Investment Bank Berhad
AmResearch Sdn. Bhd.	Macquarie Capital Securities (Malaysia) Sdn. Bhd.
CIMB Investment Bank Berhad	Maybank Investment Bank Berhad
Citi Research	MIDF Amanah Investment Bank Berhad
CLSA Limited	Nomura Securities Malaysia Sdn. Bhd.
Credit Suisse Securities (Malaysia) Sdn. Bhd.	RHB Research Institute Sdn. Bhd.
Deutsche Bank Equity Research	TA Securities Holdings Berhad
Goldman Sachs Global Investment Research	UBS Securities Malaysia Sdn. Bhd.
Hong Leong Investment Bank Berhad	UOB Kay Hian Pte. Ltd.
JP Morgan Securities (Malaysia) Sdn. Bhd.	