



## *Media Release*

13 August 2018

*For immediate release*

### **MALAYSIA AIRPORTS CLARIFIES ON BOO SU LYN'S ARTICLE PUBLISHED IN THE MALAY MAIL ON 10 AUGUST 2018**

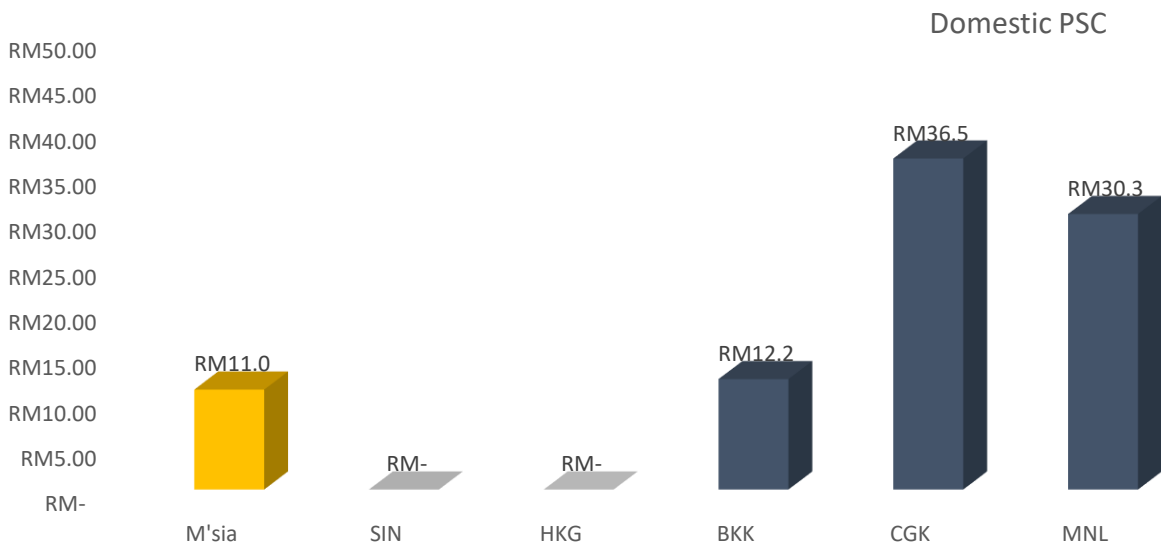
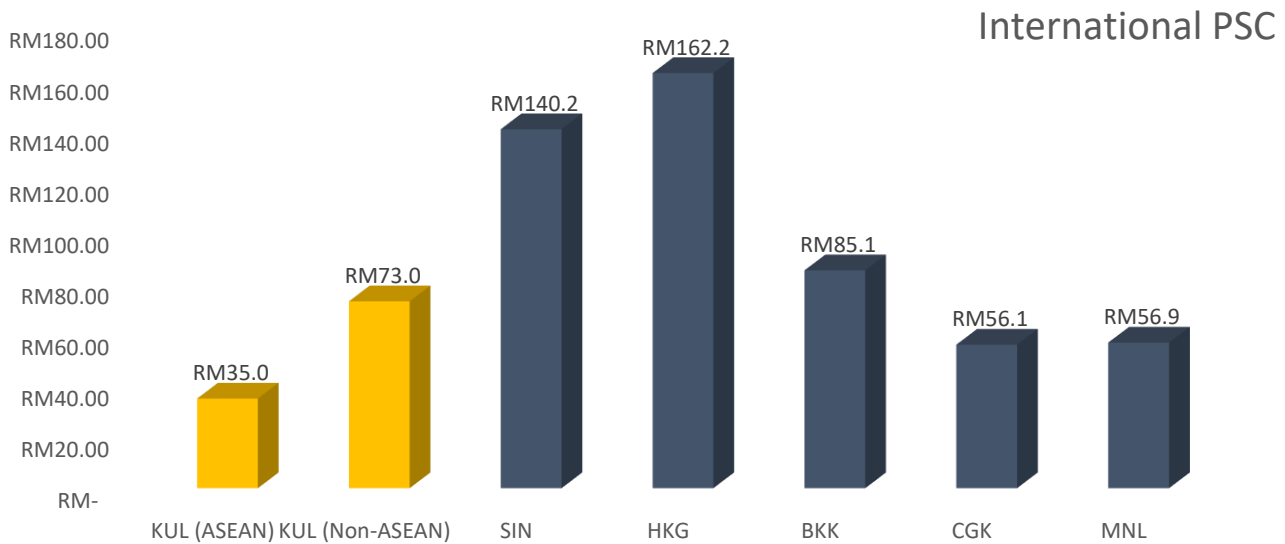
**SEPANG-** Malaysia Airports would like to clarify on the points raised in the article titled "The Case for Competition in Running Airports" written by Boo Su Lyn and published in the Malay Mail on 10 August 2018.

Boo Su Lyn had stated in her article that, "The absolute lack of competition means that any passenger service charge (PSC) can be imposed on passengers, as well as any landing and parking fees and ancillary charges on airlines ...". It needs to be highlighted here that the above statement is incorrect as the airport charges are regulated by the government. Prior to the formation of the Malaysian Aviation Commission (MAVCOM), this decision was under the purview of the Ministry of Transport (MOT) Malaysia, and it is now under the purview of MAVCOM. It was made known by MAVCOM that in determining the charges, the commission had engaged a world-renowned consultant to perform a detailed independent research and gone through a comprehensive user consultation process.

We also wish to put into perspective how our charges compare with other regional competitors. Malaysia's domestic PSC is RM11, and its international PSC is RM35 for ASEAN and RM73 for non-ASEAN destinations. Based on our data, passenger traffic is split about 50:50 between international ASEAN and non-ASEAN passengers, bringing the average international PSC to around RM54. The following table is a comparison of airport charges which shows that the charges at both terminals in KL International Airport (KLIA) i.e. KLIA Main Terminal and klia2

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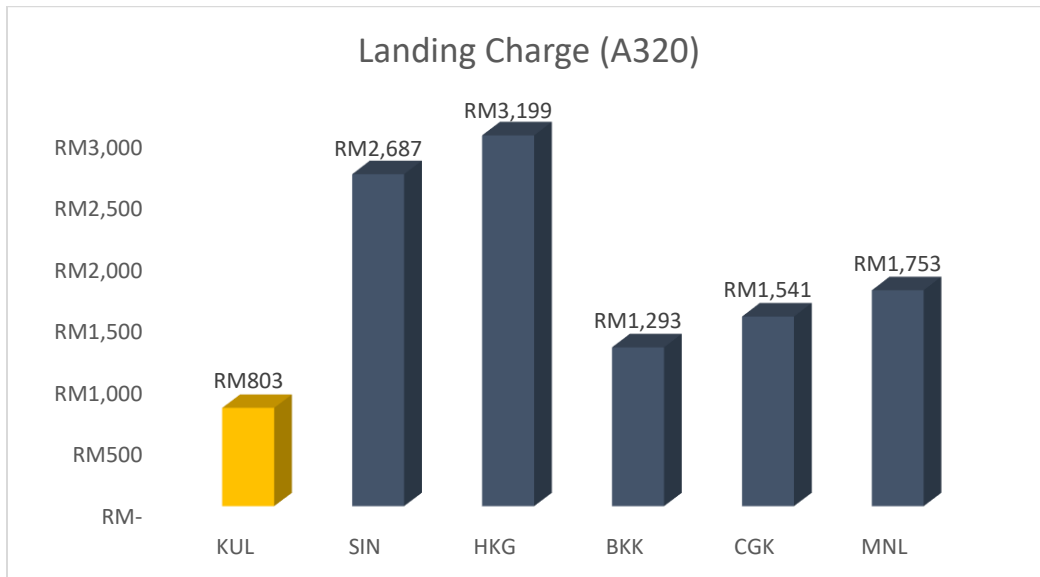
are the lowest in the region for domestic PSC and average international PSC. The source of these data is from publicly available information.



*NB: Exchange rates are correct as of July 2018*

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Likewise, Malaysia Airports landing and parking charges are also the lowest in the world among similar-sized airports as shown in the comparison table below:



In addition, in an annual authoritative study by LeighFisher - a global consulting firm founded in 1946 that combines deep market-specific knowledge with specialised expertise in three markets: Aviation, Infrastructure and Government, and Surface Transport covering North America, Europe, and Asia - it was found that Malaysia's charges are only one-third of the world's average for aeronautical revenue per aircraft movement (ATM), as well as for aeronautical revenue per passenger. The study had also shown that it was the lowest amongst the 50 airport operators group of companies benchmarked in the study.



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Ranking	Airport	Aero Revenue/ATM	Ranking Index
	<b>World Average</b>	<b>1,899.9</b>	<b>100.0</b>
2	Tokyo Narita	4,956.9	260.9
3	Hong Kong	4,080.6	214.8
4	Seoul Incheon	3,930.3	206.9
5	Singapore	3,285.8	172.9
36	Airports of Thailand	1,297.2	68.3
<b>50</b>	<b>Malaysia Airports</b>	<b>564.6</b>	<b>29.7</b>

Ranking	Airport	Aero Revenue/Passenger	Ranking Index
	<b>World Average</b>	<b>15.51</b>	<b>100.0</b>
2	Tokyo Narita	30.73	198.2
4	Seoul Incheon	24.36	157.1
5	Hong Kong	24.00	154.8
7	Singapore	20.33	131.1
47	Airports of Thailand	8.59	55.4
<b>50</b>	<b>Malaysia Airports</b>	<b>5.52</b>	<b>35.6</b>

Source: Leigh Fisher's Airport Performance Indicator Report (2017)

Note: Special Drawing Rights (SDR) used in converting local currencies to a single unit of currency

Boo Su Lyn had also compared KLIA's ranking in Skytrax against Singapore's Changi International Airport (Changi) stating that Changi had retained its top spot since 2013. We believe that this cannot be deemed as an 'apple to apple' comparison. Members of the public will find that Changi subscribes to the International Civil Aviation Organization's (ICAO) principle of non-discriminatory airport charges i.e. the same airport charges apply to all airlines. Changi's charges \* are higher and more varied than KLIA's in that they include additional items such as airport levy and airport development fee which are used to pay for its airport development cost, on top of the PSC. Despite the uniform operating conditions for full service carriers (FSC) and low-cost carriers (LCC) in Changi, their LCC international traffic volume has overtaken KLIA. The same can be said for Bangkok's Suvarnabhumi International Airport. This



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presents the case strongly for successful airports to allow airlines to compete on their own strengths within a uniform environment without losing economic value for their respective countries.

[\\*http://www.changiairport.com/content/dam/cacorp/documents/changiairportgroup/List%20of%20Fees%20and%20Charges.pdf](http://www.changiairport.com/content/dam/cacorp/documents/changiairportgroup/List%20of%20Fees%20and%20Charges.pdf)

Malaysia Airports is an airport operator group managing a network of 39 airports (5 international airports, 16 domestic airports and 18 STOLports) in Malaysia, more than 75% of which are not commercially viable. These airports are managed on a cross-subsidisation model in order to provide the Malaysian people with the required connectivity among its smaller towns and rural outposts. Maintaining this network of airports has involved a huge outlay of both capital and operational expenses.

It is also worth noting that 70% of the international passenger traffic for Malaysia comprise foreigners who are enjoying the lower PSC offered to travel to our country. On the contrary, Malaysians and other nationalities who travel to or from other countries pay a much higher PSC at other foreign airports which has contributed to the development and betterment of those airports such as Changi. Following Boo Su Lyn's arguments that PSC is meant to cover the cost of use for terminal facilities, the higher aeronautical revenue enjoyed by Changi may have allowed for more superior facilities leading to the retention of its position in Skytrax's ranking.

Nevertheless, Skytrax is not the only global airport benchmark being used by airports worldwide. An important one used by airports worldwide is the global Airport Service Quality (ASQ) by Airports Council International (ACI) where KLIA (both KLIA main terminal and klia2 as one airport system) had ranked 12<sup>th</sup> in the world in 2017 for airports handling more than 40



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million passengers per annum (mppa), surpassing other major airports such as Dubai which was ranked 20<sup>th</sup> and Amsterdam Schiphol which was ranked 26<sup>th</sup>. If we were to compete against Changi's ranking, it may be in the nation's interest to consider emulating their charging model.

Airport operations and management in Malaysia is done in a highly regulated environment. As mentioned above, all its aeronautical charges are entirely determined by regulatory authorities. Therefore, it is inaccurate for Boo Su Lyn to insinuate that Malaysia Airports can charge whatever price it likes because it is a monopoly. In the case of Malaysia Airports, we are governed by the operating agreements we have with the Malaysian government which has stringent mechanism for revision of charges. It also part of the operating agreements that these charges must be below regional levels. Malaysia Airports is not able to introduce any ancillary charges unless decided by the government and by this argument, cannot be considered a monopoly.

As a public listed company, Malaysia Airports owes it to our shareholders to sustain our business growth through a balanced cost and revenue model. Notwithstanding, Malaysia Airports has been supporting the growth of airlines operating in Malaysia throughout the years with its low charges and incentive programmes. In the case of the low-cost airlines operating at our airports, over the last ten years this had amounted to more than RM1.5 billion market advantage through differentiated charges excluding the incentives.

We hope our clarification will give better context to the members of the public on this matter.

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### **About Malaysia Airports**

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Malaysia Airports is one of the world's largest airport operator groups in terms of number of passengers handled. It manages and operates 39 airports in Malaysia and one international airport in Istanbul, Turkey. The 39 airports in Malaysia comprise of five international airports, 16 domestic airports and 18 Short Take-Off and Landing Ports (STOLports). Its main airport, the Kuala Lumpur International Airport, which also houses klia2, the 4th best terminal serving low-cost carriers (as rated by Skytrax for year 2018) is striving towards being the preferred global aviation hub. The two latest marketing awards won by Malaysia Airports at the prestigious Routes Asia 2018 for the "Overall" and "Over 20 Million Passengers" categories is a testimony to the organisation's commitment in providing the best connectivity at all its airports. Over the years, Malaysia Airports and its airports have also received numerous other awards that acknowledged its commitment towards excellence in various areas such as service, engagement, corporate responsibility and governance.

Malaysia Airports Holdings Berthed is listed on the Main Board of Bursa Malaysia Securities Berthed ("Bursa Malaysia")

*For more information on MAHB, please visit [www.malaysiaairports.com.my](http://www.malaysiaairports.com.my).*

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