



RtS2020

TO BE THE GLOBAL LEADER
IN CREATING AIRPORT CITIES

Introduction

This document is the Executive Summary of the “Malaysia Airports Runway to Success 2020 (RtS2020)”, charting our business direction for 2016 – 2020. RtS2020 is a follow-through from our earlier five-year business plan – “Malaysia Airports Runway to Success 2010 – 2014.” It is intended to provide an overview of the

next stage of our development as we shape Malaysia’s aviation industry and at the same time, contribute to the nation’s wealth-building efforts. It maps out our ambition “To Be the Global Leader in Creating Airport Cities.”



A more detailed version of the business plan which will facilitate our future growth in the 2016 to 2020 period is available on our website or from our corporate office.



MESSAGE FROM THE CHAIRMAN AND MANAGING DIRECTOR



TAN SRI DATO' SRI DR. WAN ABDUL AZIZ BIN WAN ABDULLAH

Chairman



DATUK BADLISHAM BIN GHAZALI

Managing Director

In 2010, Malaysia Airports Holdings Berhad (Malaysia Airports) had set out on an ambitious five-year journey with the core vision of building a world-class airport business.

Our mission then, was to provide world-class aviation gateways, manage a cost-effective airport network and services and exceed the expectations of all our stakeholders. We believe we have succeeded.

During those five years, Malaysia Airports had grown to be one of the world's largest private sector airport operators, managing a stable of 39 airports in Malaysia, two in India and one in Turkey.

We are benchmarked by global standards as amongst the top airports in the world; we

have been recognised as a leading airport operator and manager internationally; we have expanded our business and offered our expertise overseas and we have performed exceptionally well financially, rivalling our international competitors.

The last two years alone have been extremely exciting. We successfully opened klia2, a new terminal in KL International Airport (KLIA), which is the largest terminal in the world dedicated to low cost carriers (LCC). Built to handle 45 million passengers a year, it is more than four times larger than the earlier Low Cost Carrier Terminal

MESSAGE FROM THE CHAIRMAN AND MANAGING DIRECTOR



(LCCT), equipped with state-of-the-art facilities to cater to passenger convenience and operational efficiencies.

Combined, KLIA Main Terminal (KLIA Main) and klia2 cater to more than 60 airlines serving more than 120 direct destinations. With the opening of klia2, KLIA now is a three-runway airport system – making us the first airport in the region to have

three independent runways thus easing congestion and facilitating future growth.

The existence of a shopping mall annexe is also an innovation meant to enhance passenger experience and serves as a boost to our non-aeronautical revenue.

In 2014, for the first time in our history, our 39 airports in Malaysia handled more than



KLIA MAIN AND klia2

cater to
more than

60 
AIRLINES

servicing more than 120 direct destinations

MESSAGE FROM THE CHAIRMAN AND MANAGING DIRECTOR

80 million passengers, despite challenging regional economic conditions. Of this number, KLIA accounted for more than half, registering total passenger movements of almost 49 million, representing an increase of 3% over the previous year and one of the highest rates of growth among ASEAN countries. KLIA is now one of the top 20 busiest airports in the world, climbing from number 31 five years ago.

Our reputation as a world-class airport operator can also be seen from the success of our overseas ventures.

Since 1995, we have been involved in the management of six overseas airports - highlighting the confidence that the international community has in our abilities. Our biggest achievement was the full acquisition of Istanbul's second airport, the Sabiha Gokcen International Airport

Our reputation as a world-class airport operator can also be seen from the success of our overseas ventures.



MESSAGE FROM THE CHAIRMAN AND MANAGING DIRECTOR



(ISG) at the end of 2014. ISG is one of the world's fastest-growing airports and has been Europe's fastest-growing airport for the last five years.

From a shareholders' return perspective, Malaysia Airports' total shareholder return over the last decade is more than 500%, making us the second top performing government-linked company (GLC) in this area. Our market capitalisation has grown more than six times over the same period.

In recognition of our comprehensive efforts to enhance all aspects of operations, we continue to garner many awards. In 2014, KLIA won the Large Airport of the Year at the prestigious CAPA Awards for Excellence in Asia Pacific Aviation, acknowledging KLIA as the fastest-growing major airport in the region.

We continue to welcome new airlines and add more routes. Recent additions to the KLIA family include British Airways, All Nippon Airways, Indonesia AirAsia X, Air China and Shanghai Airlines/Hainan Airlines.

Our business landscape continues to evolve and we are ever mindful of the need to stay ahead of the curve. We therefore have a new target.

Runway to Success 2020 (RtS2020), our next five-year business plan, will see Malaysia Airports strive to become a "Global Leader in Creating Airport Cities." It will enable us to grow our commercial and non-aeronautical revenue even further and become a key economic generator for the nation.

MESSAGE FROM THE CHAIRMAN AND MANAGING DIRECTOR

Our vision is not only about making KLIA a premier aviation hub in South East Asia, it is also about making KLIA a destination in its own right. We see KLIA as an international meeting place and a centre for business and entertainment – the ultimate airport city which attracts visitors from all over the world for business, tourism, leisure and shopping.

klia2 is an important player in our vision. It strengthens KLIA's position as the Next Generation Hub which in turn, is the cornerstone of the Aeropolis, one of the strategic priorities of RtS2020. The development of Aeropolis is perfectly aligned to Malaysia's development agenda such as the National Logistics and Trade

Facilitation Masterplan, and the National Aerospace Blueprint 2015 – 2030, which aims to create approximately 40,000 jobs; as well as the many tourism related initiatives geared towards quadrupling tourism receipts to RM79 billion in 2025.



MESSAGE FROM THE CHAIRMAN AND MANAGING DIRECTOR

As a service provider, it is important for Malaysia Airports to be a customer-centric organisation. In this realm, we aim to enhance the total airport experience (TAE) and uplift service quality, delivering an experience that will elevate passenger and partner expectations of the travel experience with Malaysia Airports.

Attracting, retaining and nurturing high calibre staff is crucial in order to lead our company forward. In recognition of the importance we attach to human capital development and making Malaysia Airports quite simply a great place to work, we are applauded as an Employer of Choice. Our career progression programmes are among the most sought-after in Malaysia.

But whilst our attention remains firmly focused on future strategy, we steadfastly adhere to the core qualities that have inked our reputation for unparalleled

efficiency in airport operations and management, a commitment to providing world-class services to all our clients and customers from airlines to passengers, concessionaires and other business partners and an unswerving adherence to sustainable and ethical practices.

Responsive to market needs, customer focus, teamwork, excellence in all our endeavours and loyalty were the key attributes which have generated the trust of our stakeholders – whether passengers, airlines or business entities – and have helped bring us to the prime place we now occupy.

Moving forward, we have rejuvenated our Brand Identity to be more aligned with our business direction. Our brand DNA has been redefined as Friendly and Firm, Business Driven and Responsible, and Progressive and Practical. We believe that inculcating the right culture is pivotal to the

delivery of our Mission to “Create Joyful Experiences by Connecting People and Businesses”, and the successful realisation of our Vision, which is, “To Be The Global Leader in Creating Airport Cities.”



TAN SRI DATO' SRI DR. WAN ABDUL AZIZ BIN WAN ABDULLAH

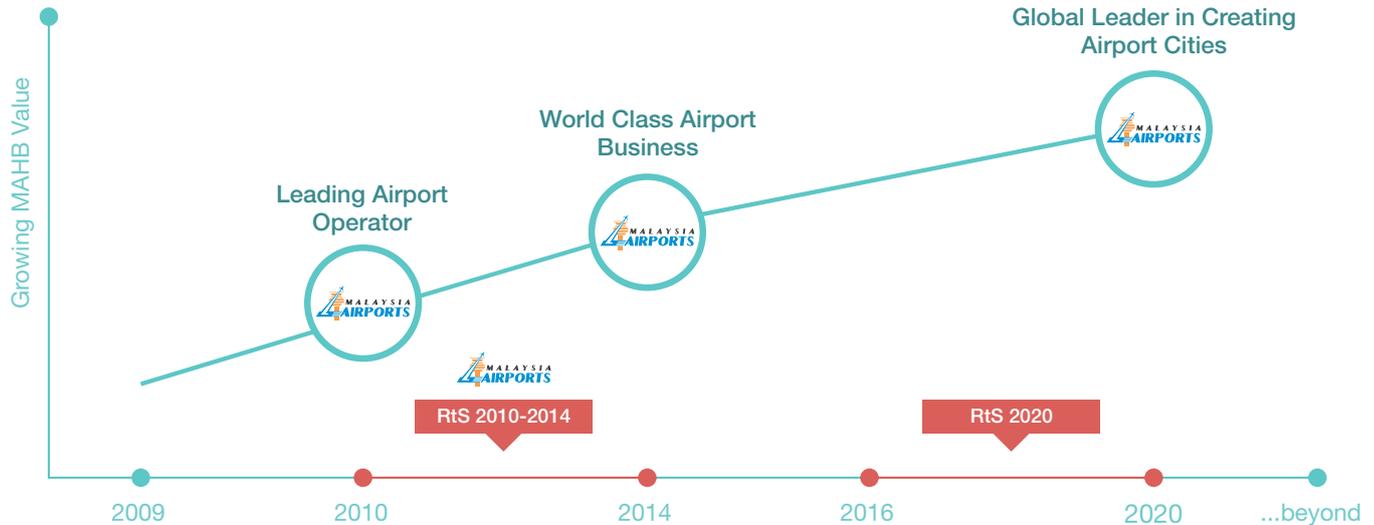
Chairman



DATUK BADLISHAM BIN GHAZALI

Managing Director

THE FOUNDATION HAS BEEN LAID FOR OUR FUTURE GROWTH



For more than two decades, Malaysia Airports has been at the centre of the development of Malaysia's aviation industry.

RtS2020 is a direct progression from our earlier five-year business plan which saw Malaysia Airports become a "World-Class Airport Business."

We look back on our achievements during that time with enormous pride, confident that they have created the conditions and platform for the next stage of our growth.

THE FOUNDATION HAS BEEN LAID FOR OUR FUTURE GROWTH



OUR VISION

“To Be the Global Leader in Creating Airport Cities.”

We aspire to be the worldwide benchmark for spearheading the establishment of urban townships and communities around the airports.



OUR MISSION

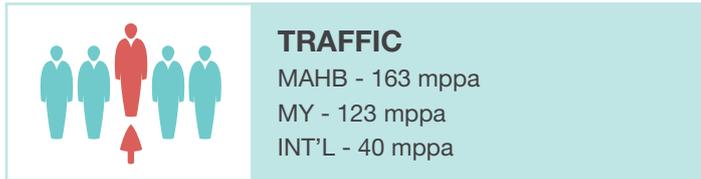
“Together We Create Joyful Experiences by Connecting People and Businesses.”

With the support of all our external partners - airlines, retailers, government agencies, contractors, media and the public - hand in hand with all our colleagues we provide and facilitate delightful and meaningful experiences for all our stakeholders. Meaningful experiences are created when people from different cultures, different backgrounds, different offerings and different needs converge at one place.

FORGING AHEAD WITH CLEAR TARGETS

Be the Global Leader in Creating Airport Cities

As Malaysia Airports strives to fulfill the vision “To Be the Global Leader in Creating Airport Cities,” our targets leading to 2020 include achieving:



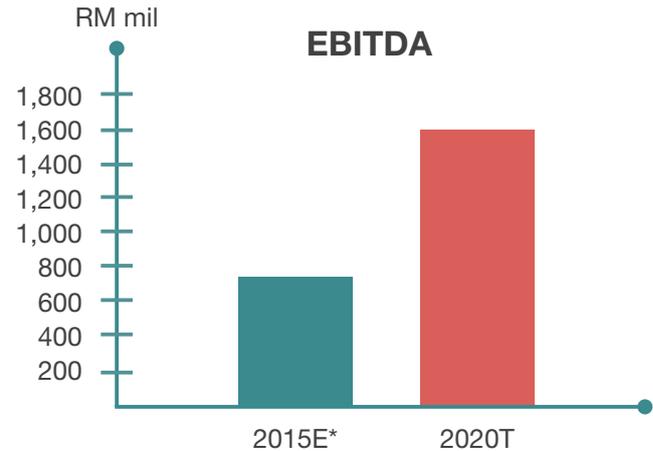
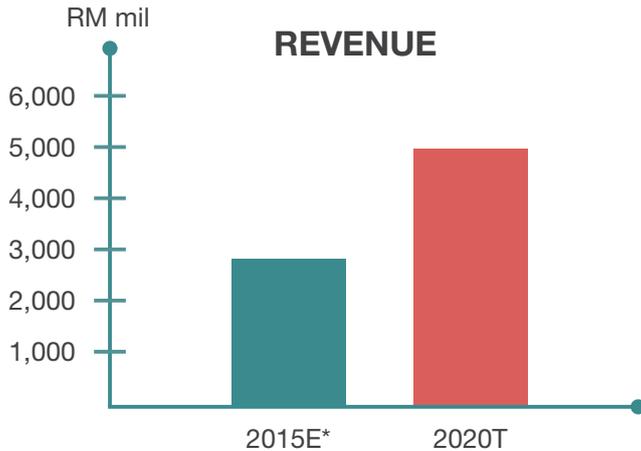
Legend:

MAHB : MAHB Group
 MY : MALAYSIA OPERATIONS
 INT'L : INTERNATIONAL OPERATIONS

FORGING AHEAD WITH CLEAR TARGETS

Malaysia Operations

	2015 Estimates*	2020 Target	CAGR
	RM mil	RM mil	
REVENUE	2,854	5,088	12%
EBITDA	779	1,589	15%



* 2015E is based on 9 months actual, and 3 months estimates.

FORGING AHEAD WITH CLEAR TARGETS

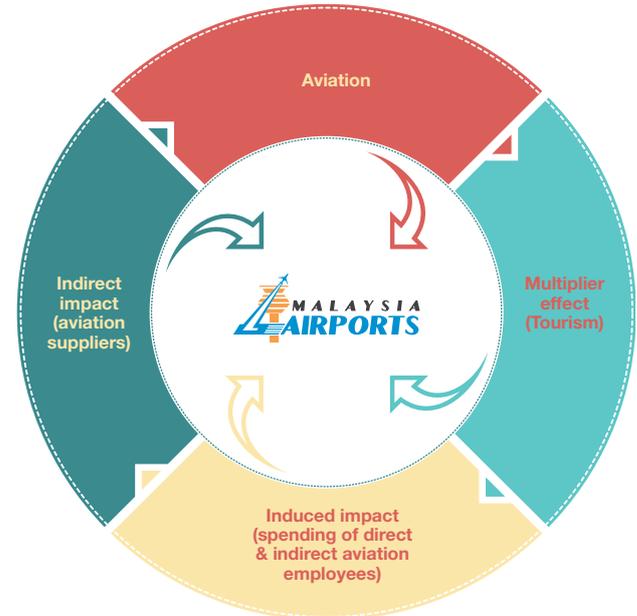
Malaysia Airports in Support of National Agenda

Attaining our RtS2020 goals will benefit our company and also enable us to continue to making significant contribution to Malaysia's economy as the nation strides towards achieving developed nation status.

The RtS2020 dovetails perfectly into several of the country's development agenda, the aims of which are to transform the country into a high-income nation by 2020 by increasing per capita Gross National Income (GNI), attracting foreign investments and through the creation of new jobs.

The implementation of RtS2020 leverages on platforms and plans created by the Malaysian government such as:

- Logistics & Trade Facilitation Masterplan (2015-2020), championed by the National Logistics & Trade Facilitation Taskforce (NLTF)
- Leading 2nd National Aerospace Blueprint: 2nd NABP (2015-2030), championed by the National Aerospace Industry Coordinating Office (NAICO)



The Aeropolis development has high economic growth potential with macroeconomic spillover effects

FORGING AHEAD WITH CLEAR TARGETS

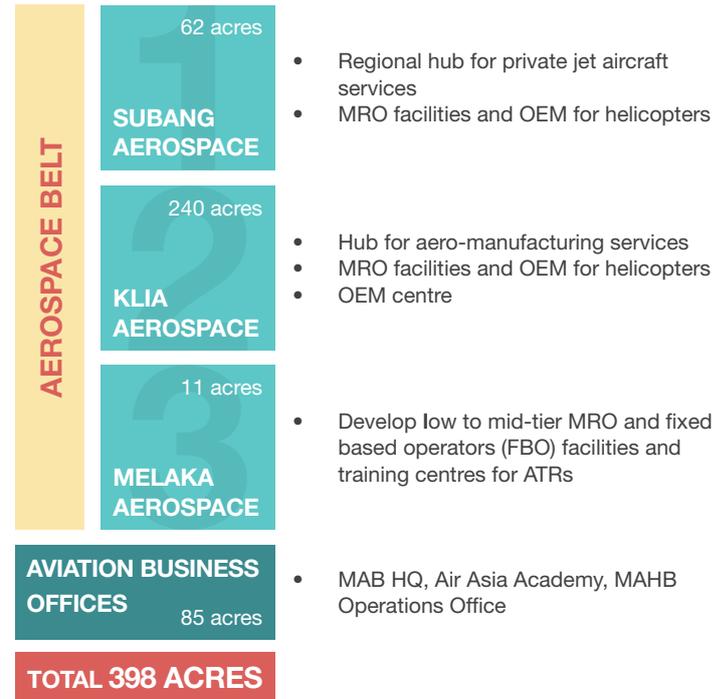
The set up of an aerospace belt will help build a supportive aviation and aerospace ecosystem

Development of clusters along the Subang-KLIA-Melaka corridor in line with national agenda



- EPP 1** • Maintenance, repair and operations (MRO)
- EPP 5** • Engineering services
- EPP 7** • Original Equipment Manufacturing (OEM)
- EPP 7** • Developing SMEs in the global aerospace manufacturing industry

These will attract critical mass and help Malaysia become a leading aviation business hub in the region



FORGING AHEAD WITH CLEAR TARGETS

Aeropolis development is expected to bring about RM7 billion in potential investments

AIR CARGO & LOGISTICS



Integrated cargo network stimulates high value cargo trade

- National and regional transshipment centres
- Cargo feeder centres

BUSINESS & AVIATION PARKS



Aerospace belt along Subang-KLIA-Melaka focuses on:

- Aero-manufacturing
- Original Equipment Manufacturer (OEM)
- High-end maintenance, repair and operations (MRO) hubs
- Research & Technology

MICE, LEISURE & COMPLEMENTARY BUSINESS



- Theme park
- Retail and commercial development

MALAYSIA AIRPORTS STRATEGY HOUSE



TO BE THE GLOBAL LEADER IN CREATING AIRPORT CITIES

2020 KEY OUTCOMES

TRAFFIC

MAHB: 163 mppa
 MY: 123 mppa
 INT'L: 40 mppa

REVENUE

MAHB: RM7.6 bil
 MY: RM5.1 bil
 INT'L: RM2.5 bil

EBITDA

MAHB: RM3.3 bil
 MY: RM1.6 bil
 INT'L: RM1.7 bil

AEROPOLIS

~3,000 acres developed

STRENGTHEN THE CORE



KUL HUB

Evolve KUL into a hub with increased connectivity and seamless transfers



TOTAL AIRPORT EXPERIENCE (TAE)

Embed customer-centric culture to improve experience for passengers, airlines and retailers

EXPAND AND DIVERSIFY



AEROPOLIS

Stimulate economic activity of adjacent landside through logistics, aerospace and MICE/leisure segments



INTERNATIONAL EXPANSION

Diversify internationally, decentralising risk and exporting core airport capabilities

KEY STRATEGIC PRIORITIES

“To Be the Global Leader in Creating Airport Cities”

comprises **two** strategic thrusts:

- Strengthening our core airport business.
- Expansion and diversification.

These two strategic thrusts encompass **four** strategic priorities.



KUL HUB

Establishing KUL as the preferred ASEAN hub offering passengers increased connectivity and a seamless transfer experience.



Total Airport Experience

Embedding a customer-centric culture in airport operations to provide an innovative airport experience for all passengers, airlines and retailers.



Aeropolis

Stimulating economic activities through logistics, aerospace and MICE and leisure segments with a strong focus on development within the 100 sq km landbank surrounding KLIA.



International expansion

Diversifying internationally by actively identifying investment opportunities to build a balanced diversified portfolio of international assets and exporting selected capabilities within a structured framework.

KEY STRATEGIC PRIORITIES



Strengthening the Core

Combined, the **KUL HUB** and **TAE** strategic priorities will strengthen Malaysia Airports core business by:

- Uplifting aeronautical revenue through increased connectivity.
- Uplifting non-aeronautical revenue and improving our airport service quality scores through a redesign of our passenger flow, thus increasing passenger spend.

With RtS2020, the KUL Hub and TAE strategic priorities aim to:

- Connect 75 mppa by 2020 at KLIA.
- Consistently improve our airport service quality scores.
- Serve as a model for success to other airports under Malaysia Airports.

KUL Hub

The elevation of KLIA and klia2 to the preferred ASEAN hub consists of three main initiatives:

Strategic Route Development

This initiative is focused on increasing our connectivity and coverage by targeted route development across more airlines and attracting at least four or five new airlines to fly to Malaysia each year.

Our aim is to:

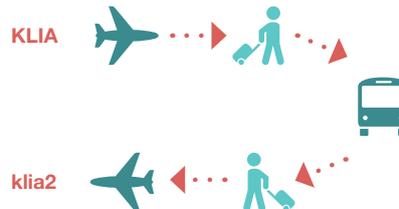
1. Improve short to medium haul connectivity in high growth markets.
2. Expand long haul destination coverage.

Seamless Airside Transfer & Interlining

The result of this initiative will be shorter transit times for full cost and low cost carrier passengers by between 18% and 40%.

The main features of this initiative will be:

- Enabling passenger transfers on the airside thereby eliminating extra clearance requirements.
- Transferring bags via airside agents behind the scenes.



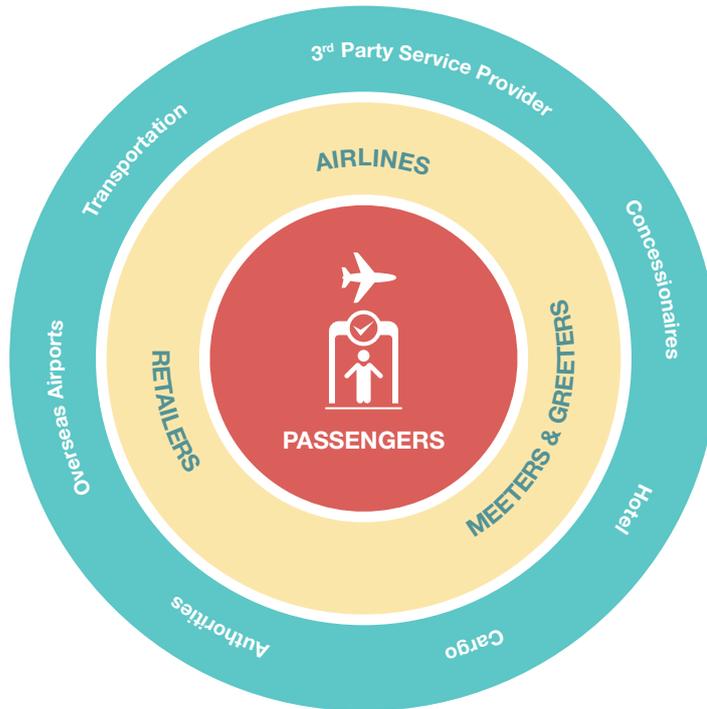
Capacity Expansion

The result of this initiative will be an increase of between 20 and 25 million passengers per annum (mppa) with the optimisation and expansion of the current terminal capacity.

The main features are:

- Optimisation of check-in counters, custom inspection centres and utilise remote stands.
- Expansion at the Contact Pier and Main Terminal Building.
- Redesign of passenger flow and retail areas.

TOTAL AIRPORT EXPERIENCE



TAE aims to enhance the airport experience for all our stakeholders - passengers, airlines and retailers – and build on our capabilities to uplift our service quality. This in turn will lift both our aeronautical and non-aeronautical revenue.

The salient features of the TAE strategic priority are:

- Defining the target experience for passengers and the airlines and retailers that serve them.
- Identifying opportunities to monetise passenger experience improvements thus driving non-aeronautical revenue growth.
- Identifying the actions and capabilities needed to increase airline connectivity and passenger traffic in order to drive aeronautical revenue growth.
- Delivering on TAE will require Malaysia Airports to become a customer-centric organisation.

TOTAL AIRPORT EXPERIENCE

These are three main initiatives that will improve TAE in KLIA which will then be replicated across all airports managed by Malaysia Airports.

Airline Experience



Airline Experience will be significantly enhanced through Strategic Airline Marketing focusing on airline relationship management, route analysis and development, account planning and tailored incentives. The Airline-Airport Performance will be further enhanced by extending performance monitoring on the ground handlers.

Passenger Experience



Passenger Experience will be enhanced through better connectivity, enhanced check-in processes and development of mobile applications. Examples include automatic bag drop counters, and mobile apps such as airport car park booking, premium airport services, airport guide and integrated online shopping directory. Operation improvements will be characterised by the new signature customer experiences, themed gate experience and Malaysian Hospitality.

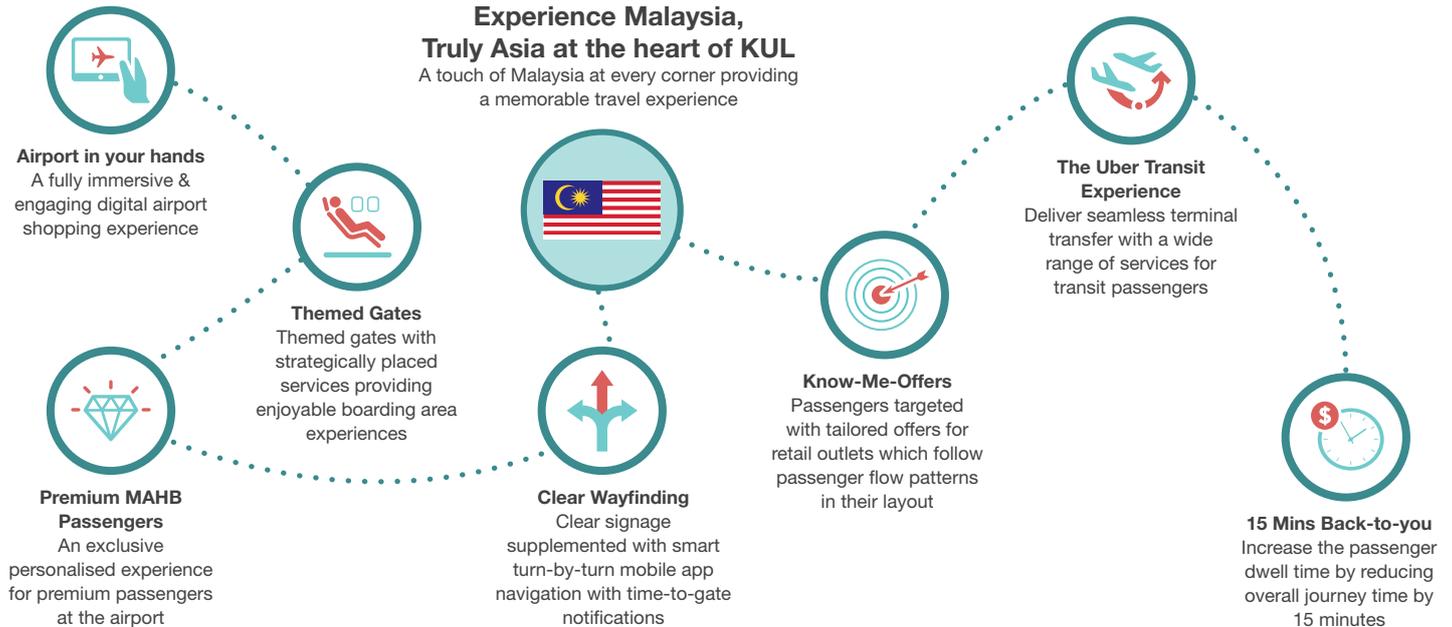
Retailer Experience



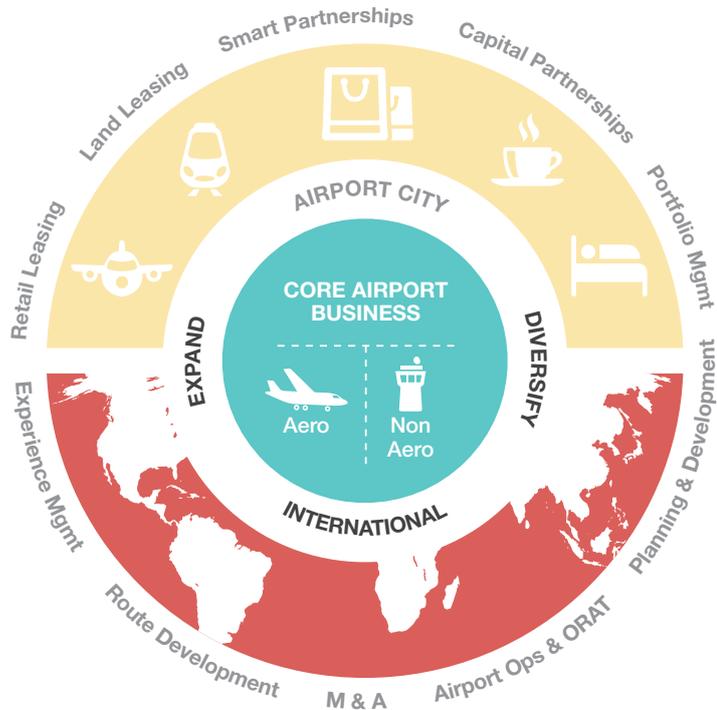
Retailer Experience will be enhanced by commercial improvements such as a passenger-centric mall operator, a retail optimisation plan and the Eraman Brand Refresh.

TOTAL AIRPORT EXPERIENCE

TAE aims to put passengers at ease and deliver memorable experiences



KEY STRATEGIC PRIORITIES



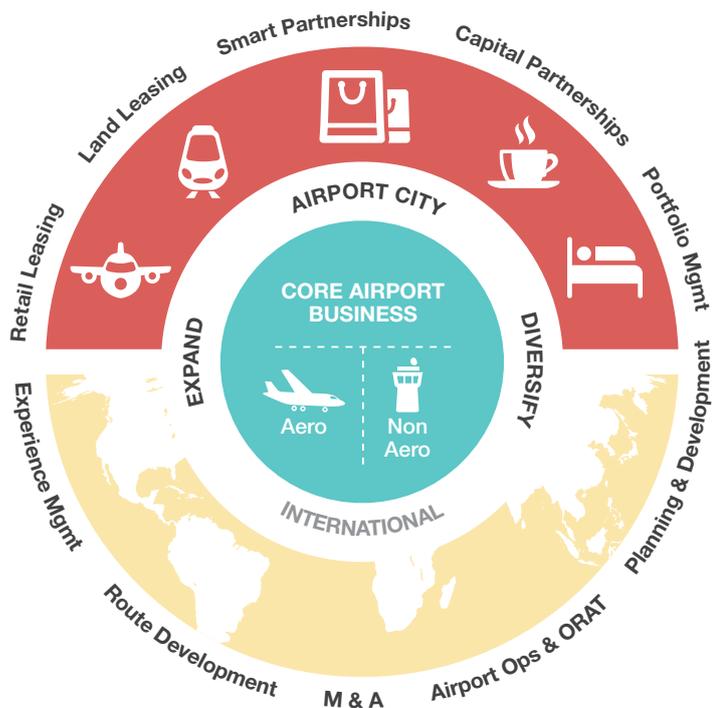
Expansion and Diversification

This strategy consists of two strategic priorities:

- Landside infrastructure and business development
- Focused and synergistic international investment.

The KLIA Aeropolis initiative is a central component.

AEROPOLIS



Airports are an increasingly important links to global markets and a major factor in a country's competitiveness. KLIA's land bank provides us with a unique opportunity to establish a platform for international business and trade that will enhance our business and contribute to Malaysia's economic development.

The Aeropolis particularly KLIA Aeropolis will be a hub for aviation, aerospace and logistics as well as an engine for tourism growth by:

- Establishing an integrated cargo network.
- Creating an aviation business ecosystem.
- Providing a joyful and immersive tourist experience.
- Supporting the business community.

The KLIA Aeropolis development initiative will stimulate economic activities through three identified clusters:

- Air cargo and logistics.
- Business and aviation parks.
- MICE (Meetings, Incentives, Conventions and Exhibitions), leisure and complementary business.

AEROPOLIS

These three key clusters were chosen based on commercial viability, airport synergies and their alignment to the country's development agenda such as the National Logistics and Trade Facilitation Masterplan, the National Aerospace Blueprint 2015-2030 as well as various tourism initiatives.

The three clusters support:

- National growth by attracting aviation-intensive businesses such as e-commerce, expanding the integrated freight and logistics network and supporting international trade.
- The macroeconomic agenda by supporting the national aerospace blueprint, generating approximately 40,000 jobs and providing an environment where ancillary business complements the core aviation ecosystem.
- Non-aeronautical growth through diversified service activities and providing destinations for locals, tourists and passengers.



The **Air Cargo and Logistics** cluster involves:

- Developing an integrated freight and logistics infrastructure to boost international gateway connectivity.
- Capitalising on the below-the-plane cargo and e-commerce megatrend to support the Logistics and Trade Facilitation Masterplan 2015-20 and ASEAN international trade.
- Increasing cargo growth to 8% annually by 2020.



The **Business and Aviation Parks** cluster will:

- Leverage on aviation intensive businesses such as fixed base operator, MRO and OEM and an alignment with the National Aerospace Blueprint 2015-30. The aim is to capture ~50% of southeast Asia's MRO services.
- Develop offices for aviation-related businesses to stimulate offshoots to pursue business park development beyond 2020.
- Support the creation of ~40,000 jobs and create ancillary business demand.



The **MICE, Leisure and Complementary Business** cluster will:

- Extend aviation city to incorporate diversified service activities to create an attractive destination targeting locals, passengers and tourists.
- Support the Tourism NKEA and KL Tourism Masterplan 2015-2025 which aims to quadruple tourism receipts from 2013 to 2025.

INTERNATIONAL EXPANSION

International expansion efforts are focused on diversifying internationally, decentralising risk and exporting core airport capabilities.

We will actively seek to expand and build a balanced, diversified portfolio of international assets and export selected capabilities within a structured expansion framework.

We will be led by three core principles in our investment approach:

- **Organic International Growth**

Continue to enhance and extract value from our Turkish assets by improving the current terminal and developing a new satellite terminal by 2018.

- **Investing in Core Global Assets**

Invest in high potential assets, capitalise on the privatisation wave by investing in airport assets that can be repositioned, and invest in stable income asset to secure a stable revenue base with minimal risk such as investing in well-established airports with high passenger traffic.

- **Exporting Core Capabilities**

Export consultancy capabilities in selected international markets to accelerate revenue growth and export airport operator capabilities to improve the efficiency of newly acquired assets and uplift profitability.



BECOMING THE GLOBAL LEADER IN CREATING AIRPORT CITIES

Malaysia Airports is on the verge of another exciting evolution. Our plans are ambitious but they are achievable.

The past decade has seen us transform from a traditional airport operator and manager into a global airport company with a comprehensive scope of services and skills. We are a competitive and renowned airport company with ventures and investment that goes beyond Malaysian shores. Today, we are a world-class airport business with a reputation for boldly raising the bar and setting the standards for global emulation.



BECOMING THE GLOBAL LEADER IN CREATING AIRPORT CITIES



RtS2020 is destined to exert a defining influence on the aviation landscape at home and abroad, bringing heightened levels of experience and satisfaction to our passengers, airlines, business partners and our employees; and enabling us to further fulfill our responsibility towards Malaysia's economic progress.

While the aviation industry is turbulent and competitive, we see huge potential in leveraging our competitive advantage to become more than just an airport. Our multi-disciplined expertise beyond airport operations and management, combined with available land bank and experience, will see us innovating our business and being recognised as a global benchmark in the establishment of urban townships and communities around the airports. KLIA, the flagship airport will be differentiated from its competitors by becoming the region's leading e-commerce and cargo

hub, as well as a key leisure destination in itself. It will also be central for air travel growth, especially within the economically developing ASEAN, a region home to more than 600 million people.

By 2020, we expect to welcome more than 120 million visitors to Malaysia. Of this number, some 75 million will arrive at KLIA and klia2.

Our KLIA Aeropolis, the ultimate airport city and central to our vision in becoming a "Global Leader in Creating Airport Cities" will further energise our distinction as a name synonymous with ground-breaking decision and execution.

We look forward to sharing our journey with you.

NOTES



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