

VALUE CREATION MODEL

OUR HISTORY DATES BACK TO 1992 WHEN WE WERE CORPORATISED AND INCORPORATED AS MALAYSIA AIRPORTS BERHAD FOLLOWING THE PASSING OF A BILL BY THE MALAYSIAN PARLIAMENT TO SEPARATE THE DEPARTMENT OF CIVIL AVIATION (DCA), NOW KNOWN AS THE CIVIL AVIATION AUTHORITY OF MALAYSIA (CAAM), INTO TWO ENTITIES WITH DIFFERENT SPHERES OF RESPONSIBILITY.

CAAM remains the provider for air traffic management and the regulatory body for safety and security of airports and the aviation industry in Malaysia, whilst we were licensed to focus on the operation, management, and maintenance of airports. Recently, on 1 March 2016, the Malaysian Aviation Commission (MAVCOM) was formally established under the Malaysian Aviation Commission Act 2015 to regulate economic and commercial matters related to civil aviation in Malaysia.

In 1999, we became the first airport in Asia and the sixth in the world to be public listed. Malaysia Airports Holdings Berhad was incorporated as a public limited company and listed on the Main Board of the Kuala Lumpur Stock Exchange.

We have come a long way since, weathering multiple economic turbulences, including the Asian financial crisis and the global financial crisis of 2007-2008. Today, we are one of the largest airport operator groups in the world – in terms of number of passengers handled – managing 39 airports across Malaysia (five international airports, 16 domestic and 18 STOLports) as well as one international airport Istanbul, Turkey. Apart from that, we also own 11% stake in Hyderabad's Rajiv Gandhi International Airport in India, and provide facilities management and IT services to Hamad International Airport in Doha, Qatar.



More information on each of our airports can be found on our corporate website at <https://www.malaysiaairports.com.my>

Over the years, we are honoured to have had the opportunity to contribute towards the economic growth of our country. Apart from our direct contribution through taxes paid, we provide job opportunities, enable connectivity, support international trade and promote tourism. Our business model focuses not only on airport business but also on optimising commercial

and growth opportunities presented by the travel and aviation industry. While we continue to position our flagship airport – KL International Airport – as the preferred aviation hub by improving hub connectivity, airport services and guest experience for all stakeholders, we are equally focused on our responsibility to enable rural connectivity and operate remote airbases especially in Sabah and Sarawak. Connectivity is crucial for the development of our country, especially in rural areas. Our STOLports provide air connectivity for the people residing in rural areas, connecting them to other parts of the country in a shorter time and allowing them equal opportunity to pursue their dreams. As an example, our STOLport in Bario allows passengers to travel from Bario to Miri in just 50 minutes, as compared to land transportation, which would usually take up to 12 hours. We do not collect passenger service charge for our STOLports as one of our ways to give back to the community.

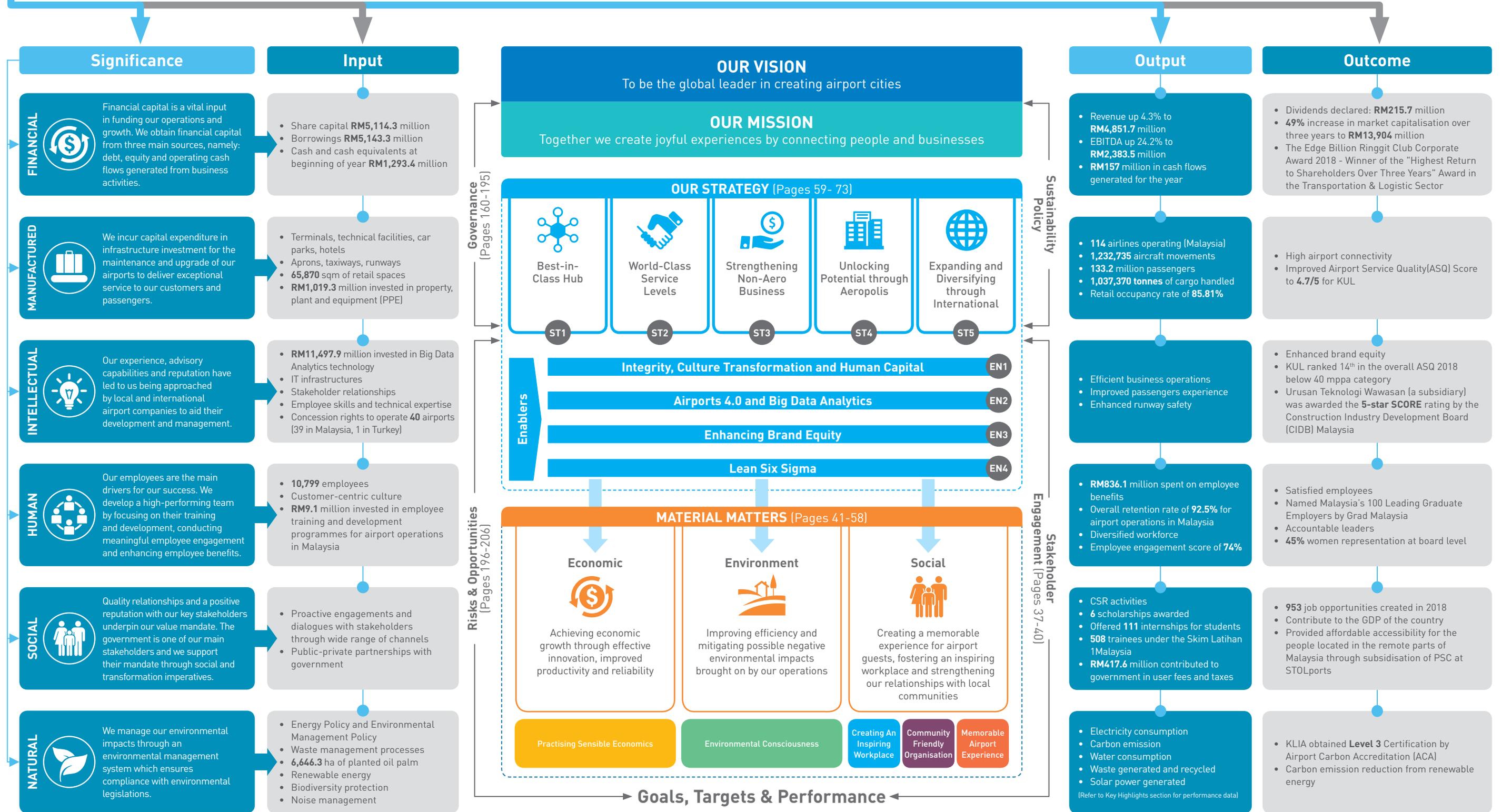
Our ability to achieve sustainable growth over the years is driven by our value creation model which is aligned with our vision to be a global leader in creating airport cities. Our value creation model aims to create value not just for our investors, but also to bring positive impact to all our key stakeholders. It guides us in making better strategic and operational decisions in our business activities through efficient allocation and utilisation of our six key resources – financial, manufactured, intellectual, human, social and natural capitals – in addressing our material sustainability matters and creating value for our stakeholders over the short, medium and long-term.

Our value creation model is illustrated in the following page.



Details on our Sustainability Policy is disclosed in Malaysia Airports' Sustainability Report FY2018, available on our corporate website at <https://www.malaysiaairports.com.my>

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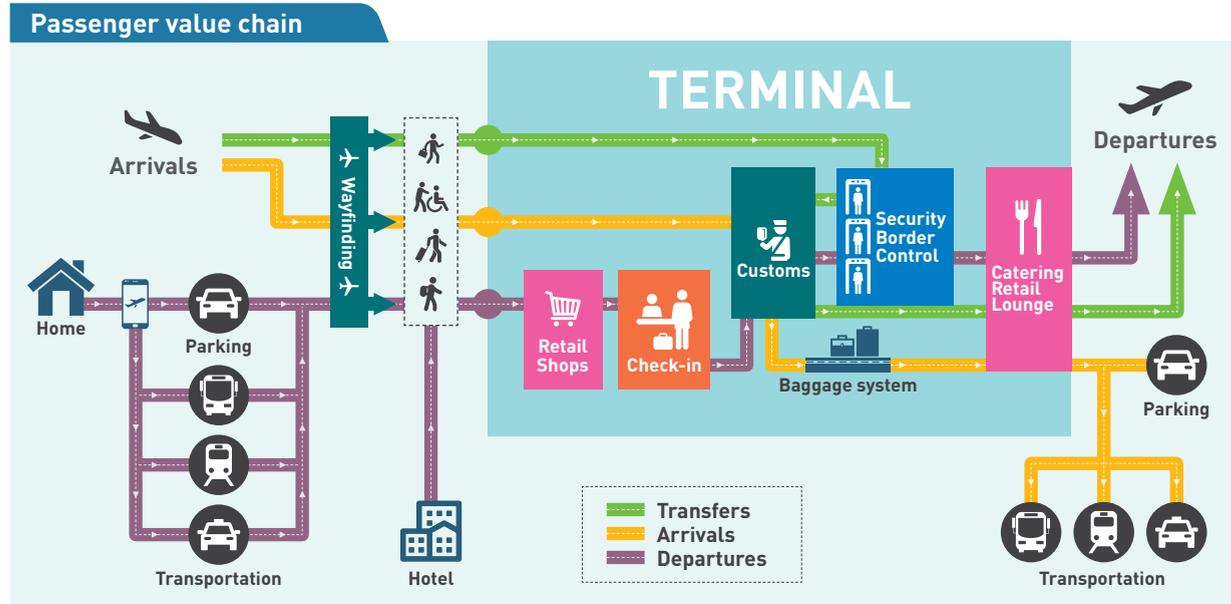
Goals, Targets & Performance

[Refer to Key Highlights section for performance data]

Our position in the airport value chain

Malaysia Airports is responsible for the safe and secure operation, management and maintenance of our airports, each of which is made up of two large sections – the landside and the airside. The landside of the airport typically consists of the terminal building, parking facilities and any other public areas on airport land. The airside of the airport covers the airport apron, taxiways and runways.

Alongside Malaysia Airports, other key agencies hold responsibility for the provision of safe and secure airport services. For example, the Civil Aviation Authority of Malaysia (CAAM) works to ensure the safety and security of airport operations, particularly at the airside, via the regulation, oversight and monitoring of our technical and safety standards. Additionally, the Air Traffic Controllers (ATC) under CAAM coordinate aircraft navigation, holding responsibility for the safe movement of aircraft, including during take-offs, landings and taxiing.



Elsewhere in the airport, Malaysia Airports works with a range of partners to maximise the quality and efficiency of airport services, for example: government agencies such as the Immigration Department and Royal Malaysian Customs Department, as well as private companies such as airlines and ground handlers. Key areas in which we work closest with these parties are at passenger checkpoints, such as check-in, immigration and customs checks, as well as baggage and ground handling.

A typical journey for departing passengers usually begins at home, where passengers have access to real-time airport information via the MYairports app. Through this app, passengers can track live updates on their flight's

information, and discover shopping and dining promotions available at our airports. Passengers may then choose to access the airlines' website or mobile app to complete a web check-in, before selecting any of a range of option to reach our airports, for example via car, cab, train or bus.

The passenger's first touchpoint with Malaysia Airports is upon his or her arrival at our airport. Here, we strive to make the arrival experience as seamless and convenient as possible, via clear and visible wayfinding throughout the airport terminal, mobility or wheelchair assistance where needed and provision of spaces for passengers to refresh, relax and recharge before flights (for example, Sama-Sama Hotel KLIA)

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Next, passengers typically make their way into the check-in hall, where they may choose to check their luggage in at a Self-Bag Drop machine (where available) or at a traditional check-in counter, which are manned by airline staff. Their luggage then travels through our Baggage Handling System for security screening before the airline appointed ground handler transports and stows the luggage in the right aircraft.

Meanwhile, trained Aviation Security (AVSEC) professionals perform a security check on passengers before clearing them to proceed to the immigration counters. Here, travel documents are checked by immigration officers before passengers are cleared to enter the departure hall, which is in the airside section of the airport terminal. As passengers typically have some dwell time prior to boarding, Malaysia Airports works to ensure that passengers have a wide variety of exciting retail and F&B options available, as well as adequate spaces to rest, relax and recharge prior to boarding. At the boarding gate, AVSEC officers conduct a final security check, in line with the security requirements of the flight's destination, prior to permitting a passenger to board his or her flight.

A typical journey for arriving passengers at our airports begins with disembarking the aircraft with the help of a passenger boarding bridge where available. Once in the

terminal building, Malaysia Airports provides the signage and guidance necessary for the passengers to make their way to the arrival border control, where immigration officers conduct a travel document check. Meanwhile, as arriving passengers make their way to the baggage reclaim hall from the border control, the airline appointed ground handlers transfer the correct luggage from the arriving aircraft to our baggage handling system. Our system then transports the arriving luggage to the correct baggage carousel, to be collected by their owners. After undergoing a customs check by the Royal Malaysian Customs Department, passengers then have a range of options to travel into the city, by car, taxi, train or bus.

At the airside, once all passengers have disembarked, airline staff undertake safety inspections, refuelling, cleaning, loading of inflight meals, and the stowing of luggage and cargo for the next flight. Meanwhile, in preparation for departure, the airline's ground staff inspect the aircraft for any damage, as well as the aprons for any debris or obstacles.

Upon a complete boarding of passengers, the pilot requests for a push-back from the ATC. Marshals assist in guiding the aircraft to the taxiway, and the pilot joins the take-off queue and receives take-off instructions from the ATC.

