



MTR Corporation

Company Overview

July 2024

Forward-looking statements

Certain statements contained in this presentation may be viewed as forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of the Company to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements.

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1. 2023 Highlights

Recurrent Businesses in Hong Kong

- Benefited from continuing recovery in Domestic patronage, the resumption of Cross-boundary and High Speed Rail (HSR) and the related Duty Free businesses
- Passenger journeys on-time on heavy rail network maintained at 99.9%
- Concluded FAM review
- Opened two new shopping malls, The Wai at Tai Wai Station and The SOUTHSIDE at Wong Chuk Hang Station in July and December respectively

Property Development

- Initial booking on the fair value measurement gain of THE SOUTHSIDE shopping mall

New Projects

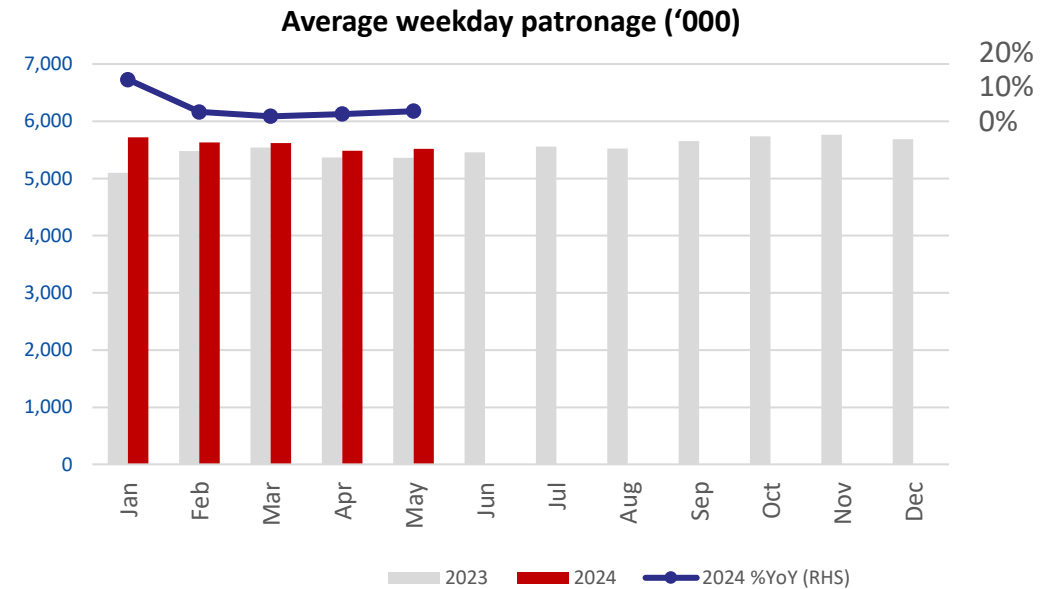
- Construction works commenced for Tung Chung Line Extension, Tuen Mum South Extension, Kwu Tung Station, and Oyster Bay Station

Businesses Outside of Hong Kong

- Early termination of concessions for both Stockholms pendeltåg and Mälartåg, and a loss provisions totaling HK\$1 billion were charged to 2023
- Concessions of South Western Railway in the UK and Melbourne's metropolitan train service were extended to May 2025 and mid-2026 respectively

Recent Updates on Hong Kong Transport Operations

- Continuing recovery in Domestic patronage, the resumption of Cross-boundary and High Speed Rail services
- Recovery was especially strong in High Speed Rail
- Further patronage growth will depend on overall economic growth, the pace of tourist recovery, changes in travel / work patterns, etc
- Average fare of Domestic Service in the 2023 was HK\$8.44 (2022: HK\$8.06)
- FAM review was concluded. Overall adjustment rate for 2024/25 was +3.09%, effective in Jun 2024



Patronage ('000)	2023	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024
Domestic Service (avg. weekday)	4,669	4,775	4,709	4,691	4,559	4,587
Cross-boundary	196	253	252	260	252	253
AEL	29.6	37.4	33.6	34.4	33.5	32.2
High Speed Rail	55.5	68.4	81.3	66.8	70.6	63.4
Light Rail & Bus	569	586	553	568	568	585

Recent Updates on Station Retail and Property Rental

- Hong Kong retail sales were -6.1% YoY YTD in 5M2024
- On 21 June 2024, THE SOUTHSIDE fully opened all 5 retail floors, with a total floor area of nearly 510,000 square feet
- Advertising revenue remains dependent on the extent of the economic recovery and improvement in consumer sentiment and spending

Recent Updates on Property Development

Land Tendering

■ Tendering activities

- Closely monitor market conditions and review our programme for tendering of property development projects as appropriate
- In the next 12 months or so, we expect to re-tender Tung Chung East Station Package 1

Property Sales

- Launched Seasons Place (LOHAS Park Package 12 Phases 12A) in March 2024
- Launched Blue Coast (THE SOUTHSIDE Package 3 Phases 3B) in April 2024
- Launched Onmantin (Ho Man Tin Station Package 1 (Phases IIA and IIB) in May 2024
- Obtained pre-sale consents for LOHAS Park Package 12 (Phases 12B) in August 2023, THE SOUTHSIDE Package 3 (Phases 3C) in December 2023 and LOHAS Park Package 12 (Phase 12C) in January 2024
- Applications for presale consent for LOHAS Park Package 13, THE SOUTHSIDE Package 5 and the Yau Tong Ventilation Building are in progress

Recent Updates on Mainland China and International Businesses

- Entered into supplementary agreements to early terminate our concessions for both Stockholms pendeltåg and Mälartåg effective 2 March 2024 and 16 June 2024 respectively, and loss provisions, totalling HK\$1.0 billion, in respect of those onerous contracts were charged to the Group's 2023 profit or loss

2. Business Review

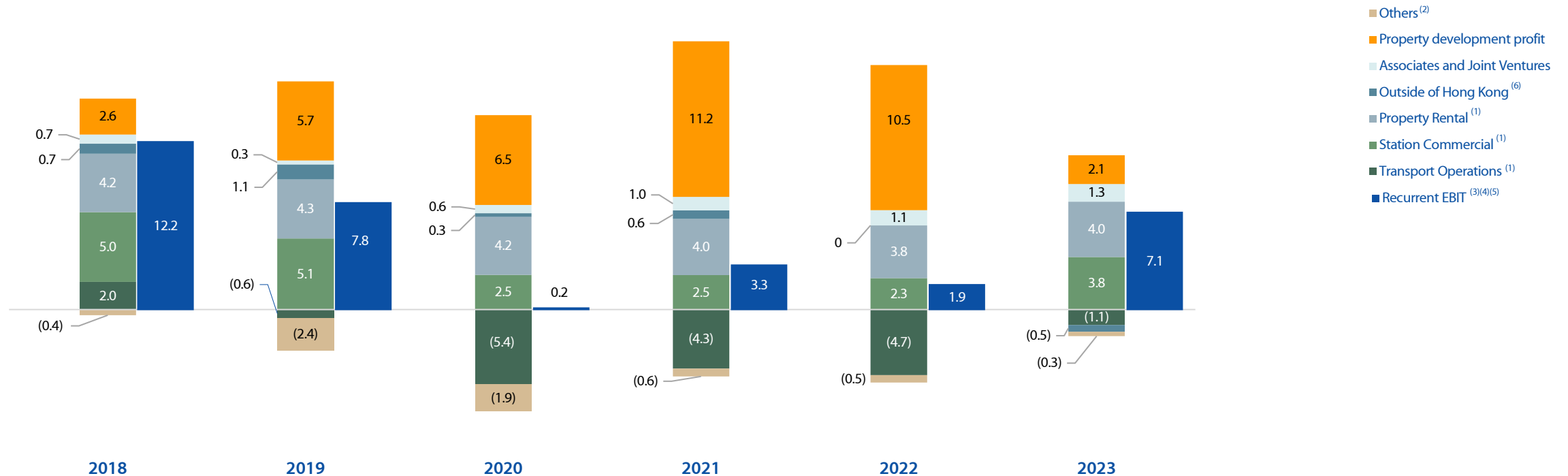
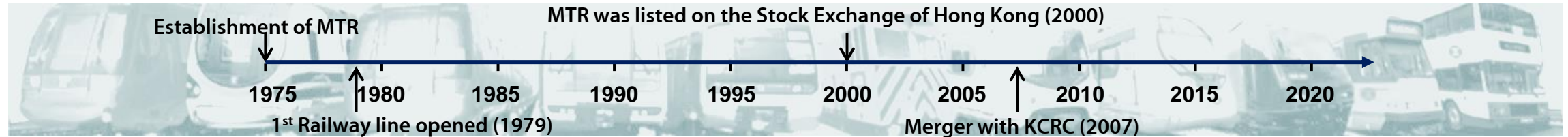
Keep Cities Moving

Innovation &
Technology
Application

Enhancing
Railway Services

Building New
Railway Projects

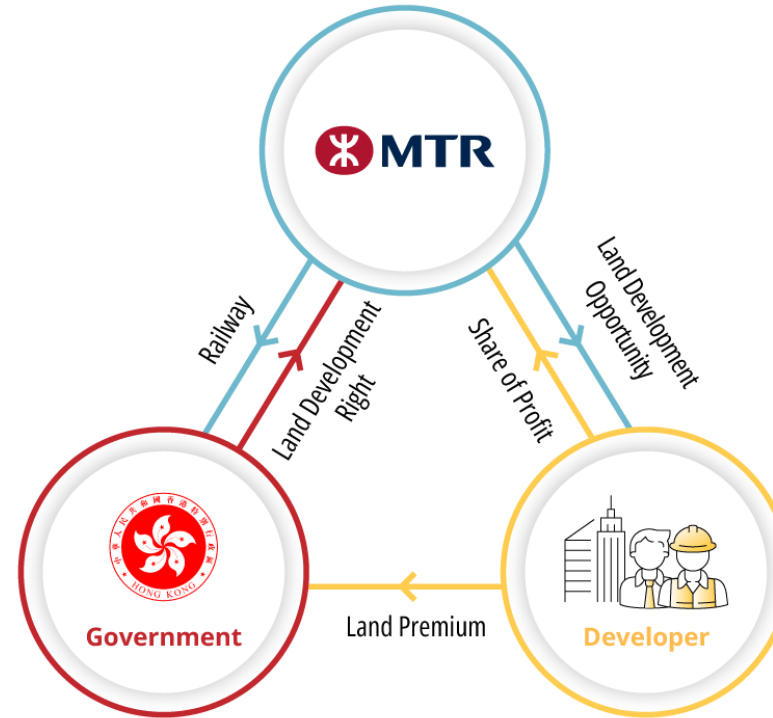
MTR Today



1. Net of depreciation, amortisation and variable annual payment to KCRC
2. Includes consultancy, Ngong Ping 360 and project management for HKSAR Government
3. Recurrent EBIT: excludes property development profit
4. 2019 EBIT included averse impact from the public order events (HK\$2.3 billion), and the provisions relating to the Hung Hom incidents (HK\$2 billion) and the South Western Railway franchise agreement (HK\$0.4 billion)
5. 2020 EBIT included the averse impact from COVID-19, and the provisions relating to SCL project management cost (HK\$1.4 billion)
6. 2022 & 2023 included the special loss provisions for onerous contracts and impairment losses

Vision: an internationally-recognised leading company that connects and grows communities with caring, innovative and sustainable services

Rail + Property Business Model



Note: This is a simplified model, only meant to illustrate and explain the general framework of the Rail plus Property model. Actual implementation may vary.

MTR leads and coordinates the development processes including:

- Agrees with Government amount of property development rights for new rail extension
- Land premium will be assessed on a full market value basis with certain agreed amounts deducted, prior to tender being offered to developers
- Tender property packages to developer partners
- MTR contributes property rights, oversees the design & construction
- Developers usually pay for land premium and development costs; MTR may contribute on a case by case basis
- Profit sharing with MTR by percentage of profits or assets in kind or lump-sum payment

Examples of MTR “Rail + Property” development

Tung Chung Station Development

- Total GFA: 1,030,634 sq m (Retail: 55,793 sq m; Office: 14,913 sq m)
- ~12,400 residential units



Tseung Kwan O LOHAS Park Development

- Total GFA: 1,650,000 sq m (Retail: 44,500 sq m)
- ~25,500 residential units



Kowloon Station Development



- Total GFA: 1,096,169 sq m (Retail: 82,750 sq m; Office: 231,778 sq m)
- ~5,800 residential units



HONG KONG TRANSPORT SERVICES
TRANSPORT OPERATIONS

AIM

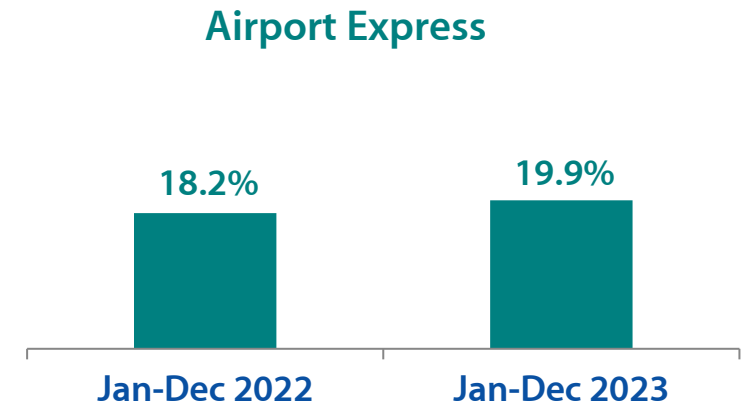
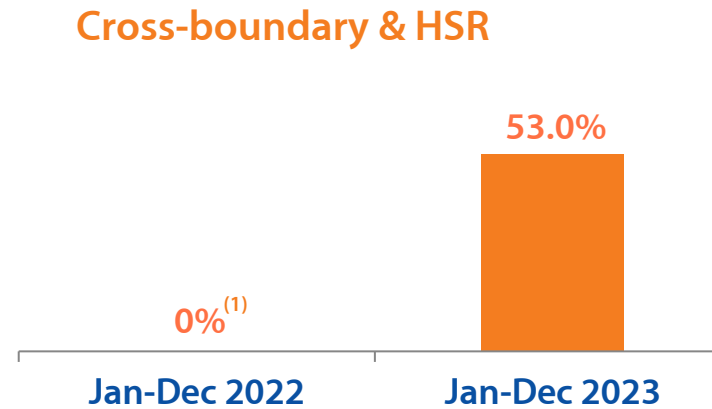
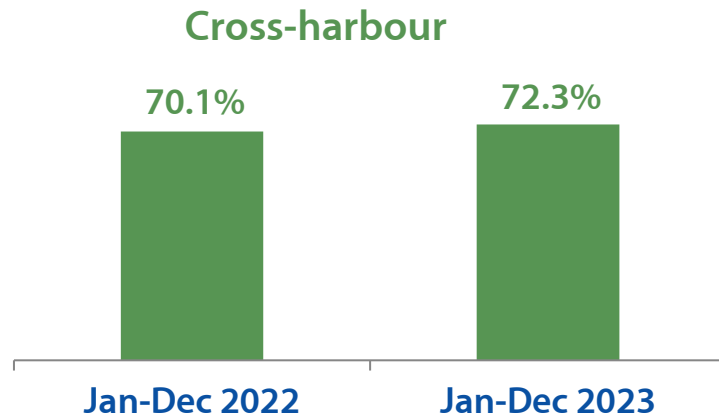
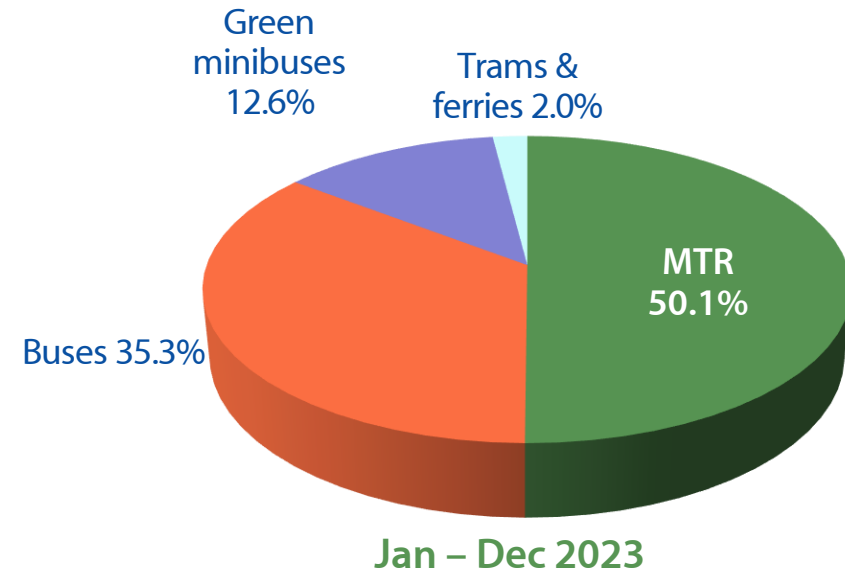
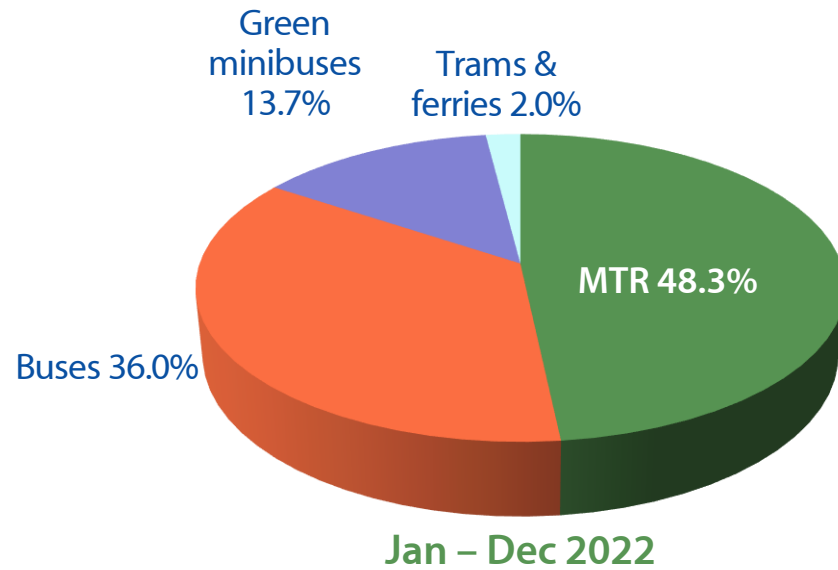
Our mission is to Keep Cities Moving with safe, reliable, accessible and environmentally friendly mass transit services. MTR's transport operations provide revenue that generates shareholder value while also funding the maintenance, improvement and expansion of its world-class rail networks, thus enabling the Company to grow sustainably alongside the communities it serves.

MTR system map



Note: (1) 99 heavy rail stations, 1 HSR station (ex. 68 light rail stops) and (2) 237km of heavy rail, 36km of light rail and 26 km of XRL

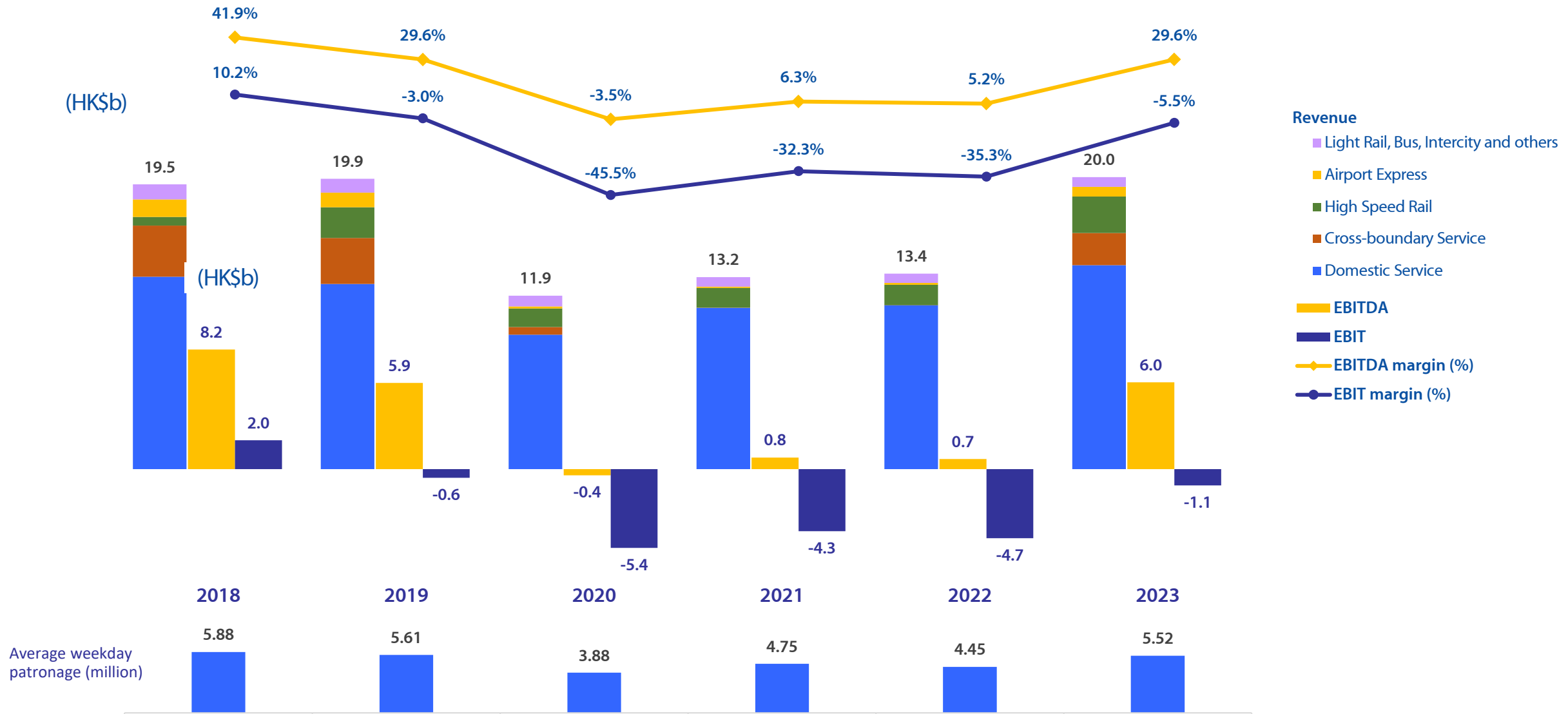
Hong Kong Franchised Public Transport: Market Share



Sources: The Transport Department / Immigration Department / Airport Authority Hong Kong

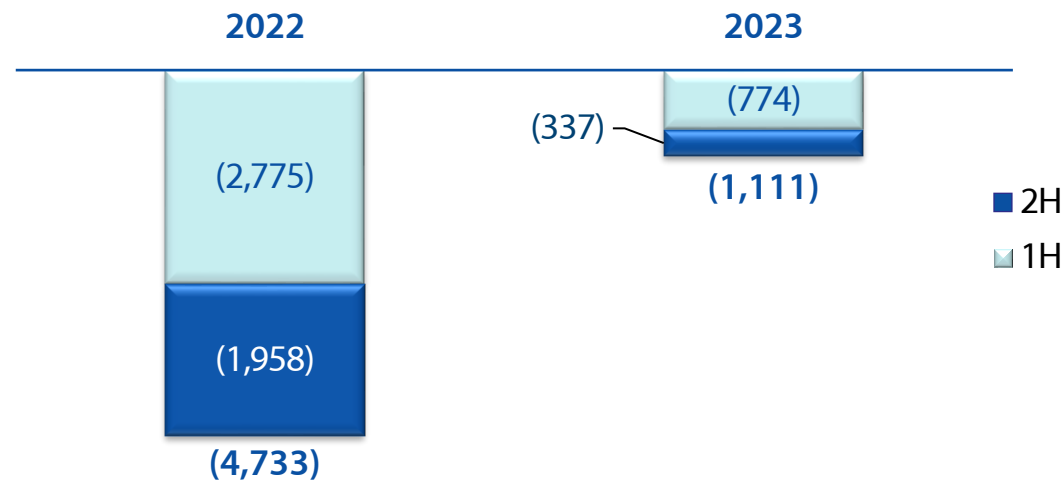
1. Cross-boundary & HSR were suspended during the period

Hong Kong Transport Operations



Hong Kong Transport Operations

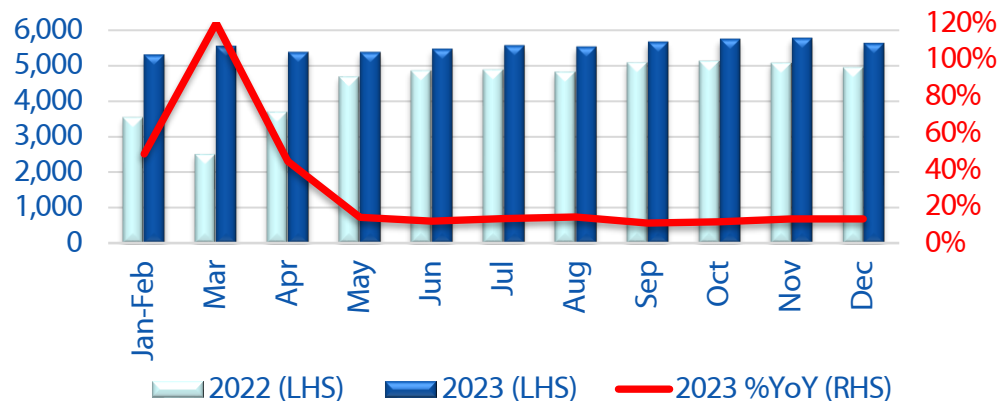
EBIT (HK\$m)



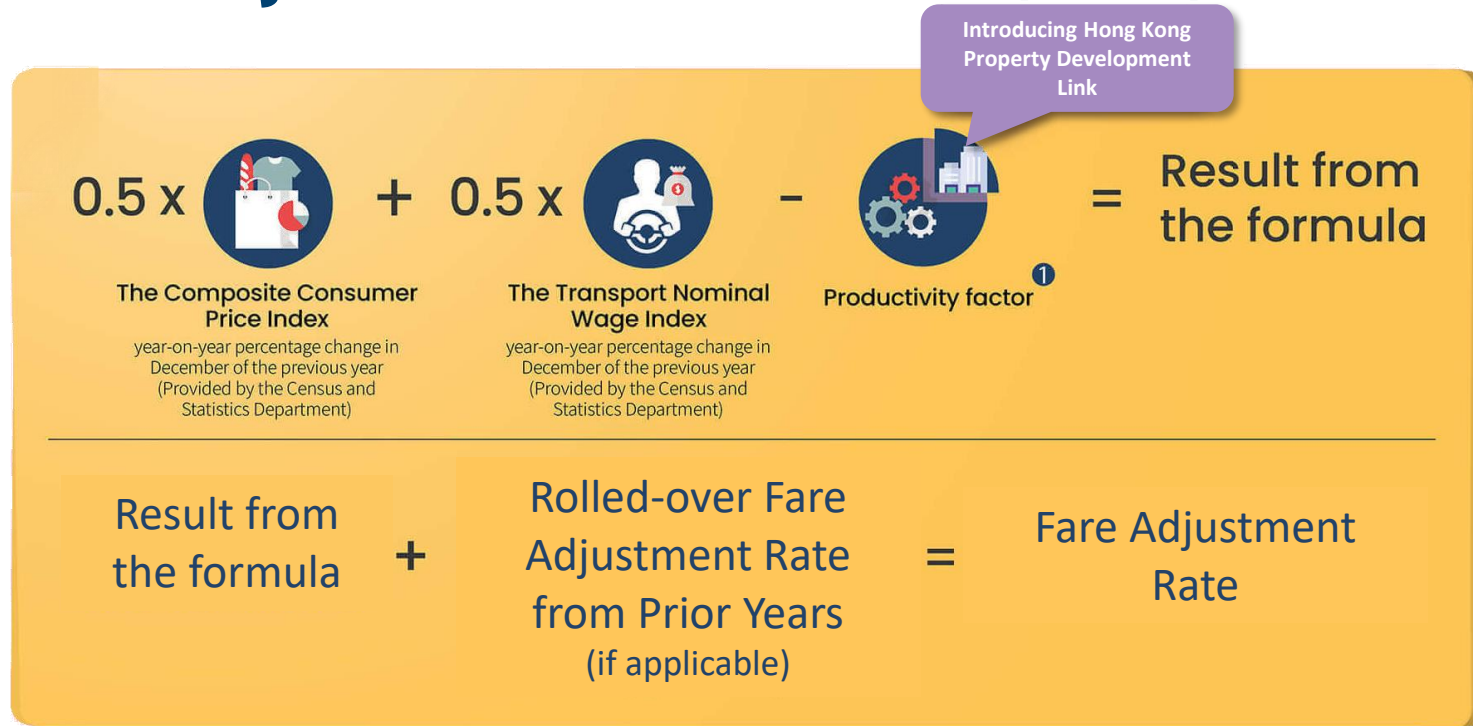
2023

- Average weekday patronage increased by 24.3% to 5.52 million
- Recovery in Domestic patronage, the resumption of Cross-boundary and High Speed Rail services
- Recovery was especially strong in High Speed Rail
- Additional patronage from the opening of the East Rail Line cross-harbour extension in May 2022
- Partially offset by (i) increased operating expenses; (ii) higher depreciation; and (iii) higher variable annual payment

Average weekday patronage ('000)



Fare Adjustment Mechanism (FAM)



Affordability-linked arrangement

The increase in the overall fare adjustment rate is capped at the change in Median Monthly Household income (MMHI) for the corresponding year under the “Affordability Cap”.

¹ **Productivity Factor :**
The respective value according to the Hong Kong Property Development Profit level in the pre-defined profit tiers below.

Hong Kong Property Development Annual Profit# (HK\$)	Productivity Factor
Below 5 billion	0.6%
>= 5 billion to <10 billion	0.7%
>= 10 billion	0.8%

#Hong Kong Property Development Profit represents “Profit for the year attributable to shareholders of the Company arising from property development in Hong Kong” in the previous financial year.

FAM – a direct drive mechanism providing stable sources of recurrent revenue

FAM history

Year	CCPI ¹ (% YoY)	Transport Nominal Wage Index ¹ (% YoY)	t-factor (%)	FAM Rate ² (%)	Implemented Fare Adjustment Rate ³ (%)
2009	2.1	(0.7)	-	0.70	-
2010	1.3	1.4	-	1.35	2.05
2011	2.9	1.5	-	2.20	2.20
2012	5.7	5.1	-	5.40	5.40
2013	3.7	2.9	(0.6)	2.70	2.70
2014	4.3	4.1	(0.6)	3.60	3.60
2015	4.9	4.9	(0.6)	4.30	4.30
2016	2.4	4.1	(0.6)	2.65	2.65
2017	1.2	3.3	(0.6)	1.65	-
2018	1.7	2.8	(0.6)	1.65	3.14
2019	2.5	5.9	(0.6)	3.60	3.30
2020	2.9	3.4	(0.6)	2.55	-
2021	(1.0)	(1.5)	(0.6)	(1.85)	(1.85)
2022	2.4	(0.2)	(0.6)	0.50	-
2023	2.0	3.6	(0.8)	2.00	2.30
2024	2.4	5.2	(0.6)	3.20	3.09

(Note 1) Composite Consumer Price Index (CCPI) and Transport Nominal Wage Index for December from the previous year are used

(Note 2) The FAM formula is used to calculate the overall rate of adjustment (FAM Rate) for MTR fares, with adjustments to be implemented in June each year, if applicable

(Note 3) For 2009, 2017 and 2022, FAM rate was within $\pm 1.5\%$, the FAM Rate was carried forward.

For 2019 and 2020, affordability cap was applied, the FAM Rate was partially or fully carried forward.

For 2010, 2018 and 2023, the Implemented Fare Adjustment Rate included the amount carried forward from previous year(s).

For 2017, after a one-off 10% adjustment, the adjustment rate of 1.49% was within $\pm 1.5\%$; and was carried forward; Special applications of $t = 0.6$ for 2017 to 2022.

For 2023, 2.30% included the 3.35% carried forward from previous years; a one-off adjustment -1.2%; and special deferrals of a total of 1.85%.

For 2024, affordability cap was applied, the remaining adjustment rate of 0.11% will be recouped in 2025/26: 0.06% and 2026/27: 0.05% and 1.85% deferred from 2023/24 will be carried forward to 2025/26 for recoupment.

For more information, please refer to our press releases

Leveraging **Innovation & Technology** for Efficient Railway Management and Operations



Introducing more **e-payment options**



Adopting **Building Information Modelling (BIM)** in new railway projects construction



Providing **Smart Services** in MTR Malls to enhance shopping experience



Harnessing **Innovation & Technology** for efficient maintenance and train management

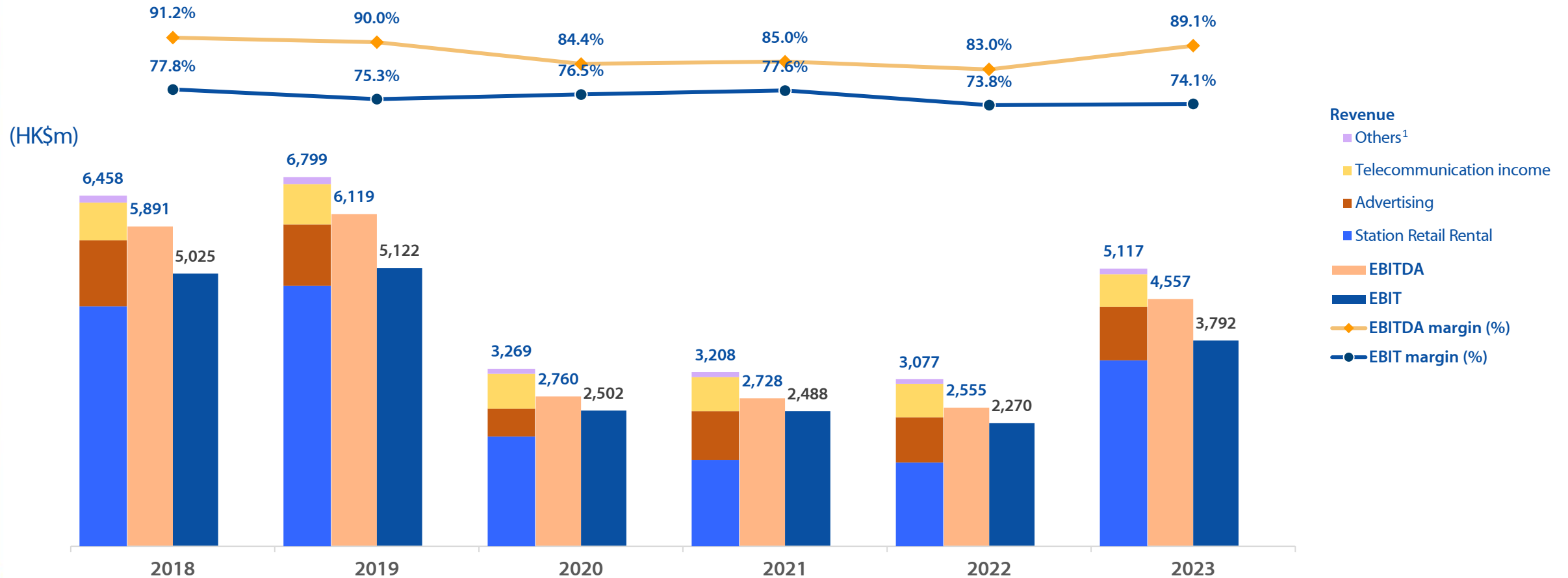


HONG KONG TRANSPORT SERVICES
STATION COMMERCIAL BUSINESSES

AIM

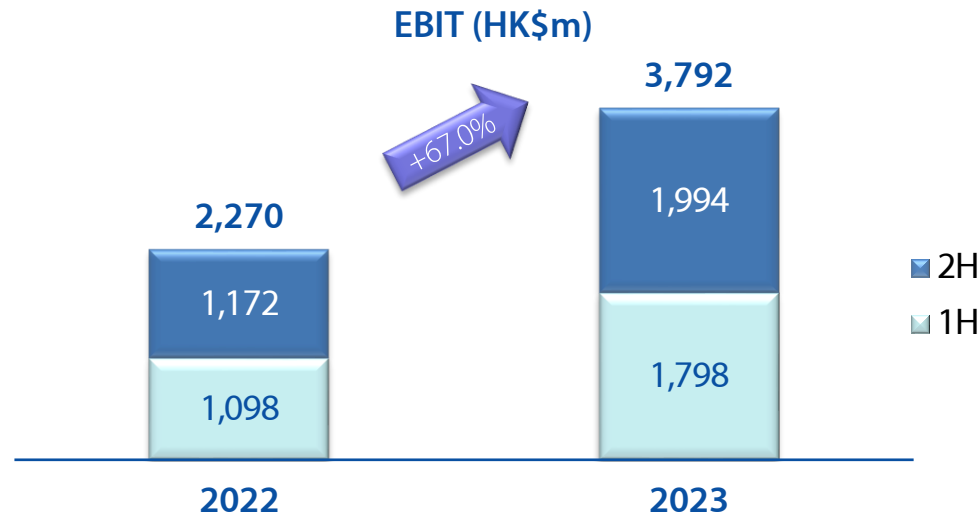
MTR strives to provide high-quality retail, advertising and telecommunications services throughout its network, bringing value to customers, business partners and shareholders.

Station Commercial Businesses



1. Include revenues from other station commercial business such as station car park and publications

Hong Kong Station Commercial Businesses



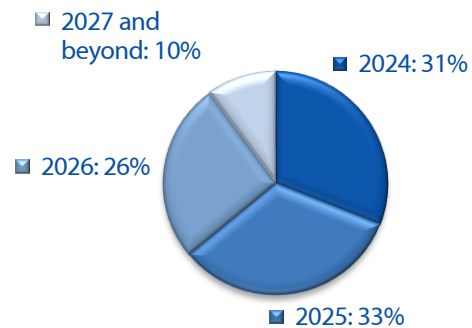
2023

- The significant increase in EBIT was predominantly due to the resumption of Duty Free Shop rental revenue
- Other station retail rentals continued to be adversely affected by overall negative rental reversions
- Advertising revenue increased by 17.3% due to general economic recovery and increased tourism from Mainland China
- Rental reversion and average occupancy rates for station kiosks were approximately -6.9% and 97.3%

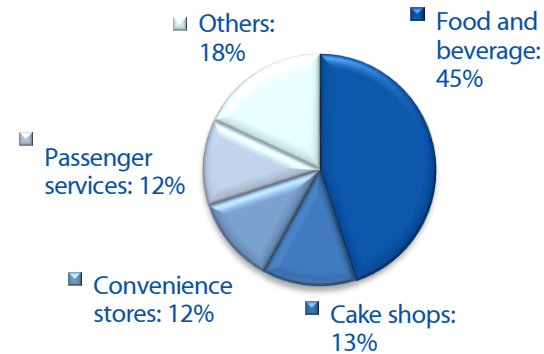
Outlook

- Our station retail business continue to be impacted by negative rental reversions, a lingering effect of the pandemic era
- Advertising revenue remains dependent on economic recovery as well as consumer sentiment and spending

Lease expiry by area occupied*

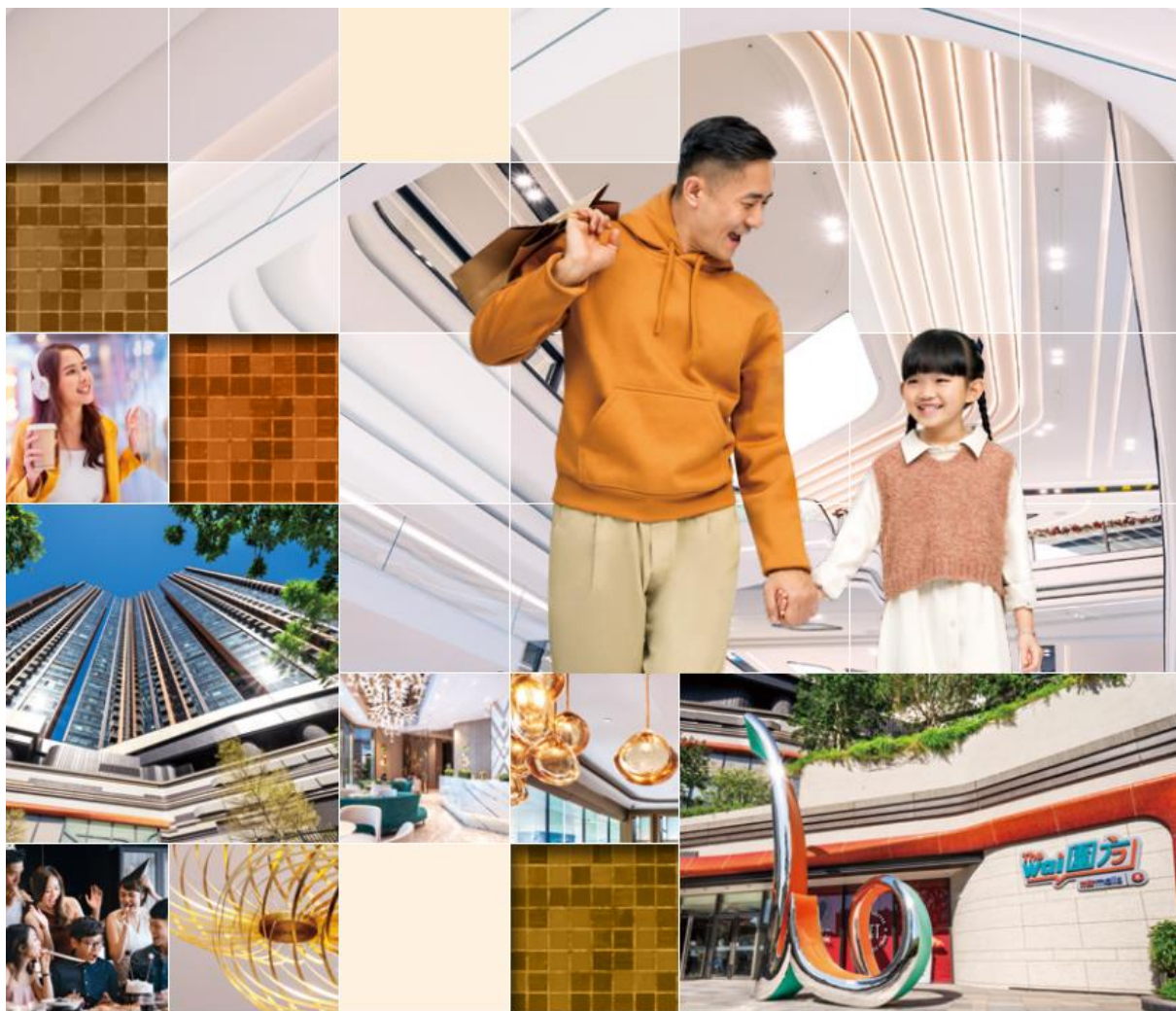


Trade mix by leased area**



* Station kiosks and Duty Free Shops

** Station kiosks, excluding Duty Free Shops

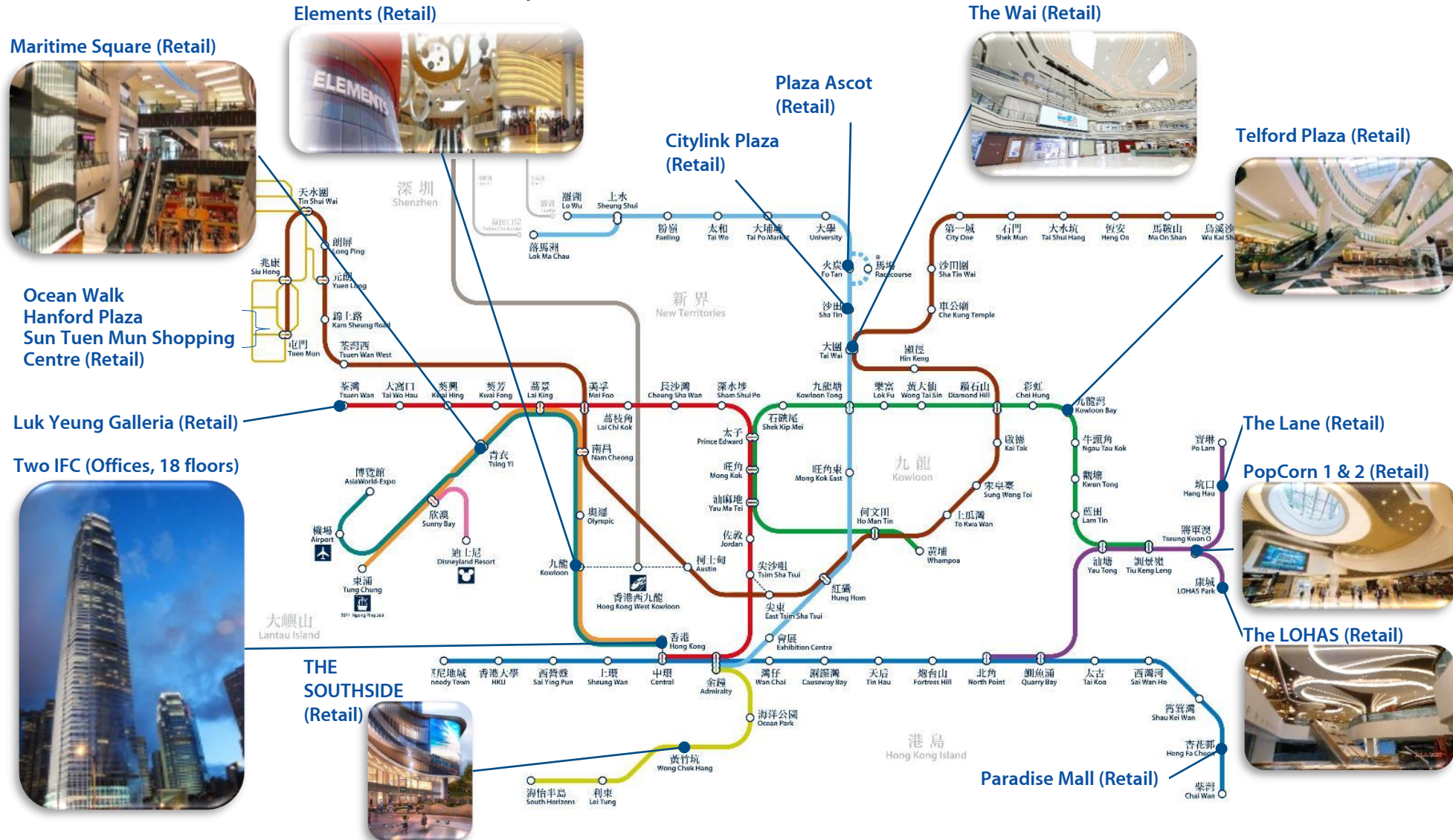


HONG KONG PROPERTY BUSINESSES

AIM

Through its property business, MTR seeks to develop, manage and rent quality residential and commercial projects along its railway network, creating thriving, integrated communities while generating revenue and shareholder value.

MTR Investment Property Portfolio

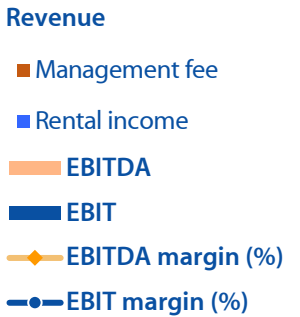
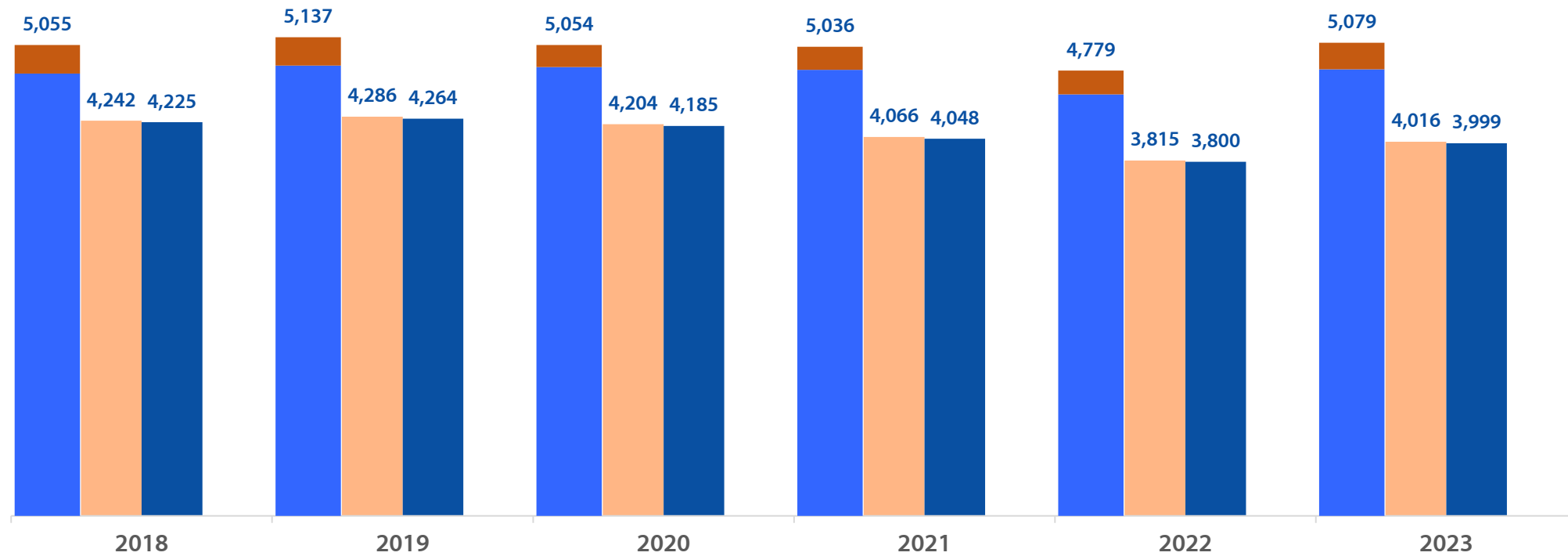


- 16 malls – 316,342 sqm, Office – 39,451 sqm, Others – 19,206 sqm (Lettable floor area attributable to MTR, as at 31 Dec 2023)
- The Wai (Retail) opened on 22 Jul 2023 and THE SOUTHSIDE Phase 1 (Retail) opened on 12 December 2023

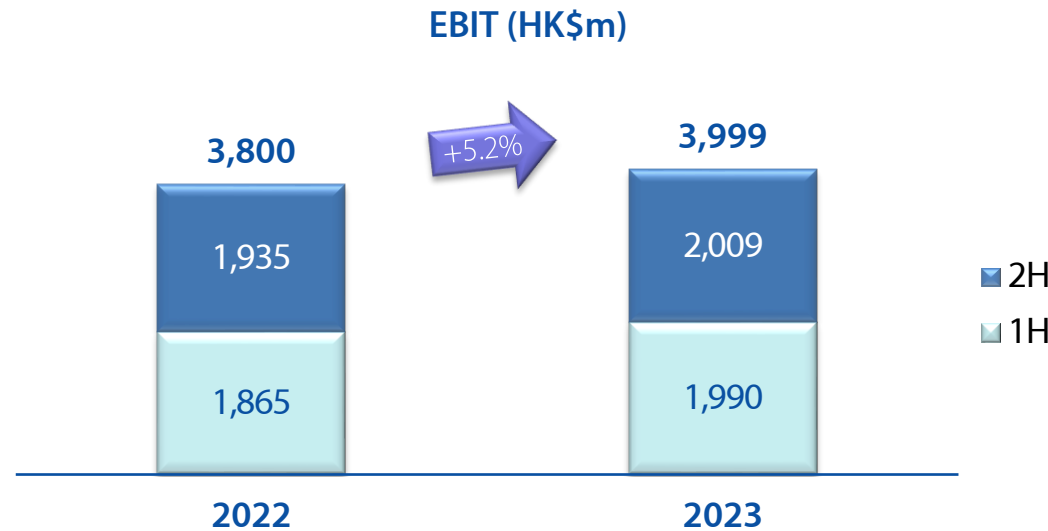
Property Rental and Management Businesses



(HK\$m)



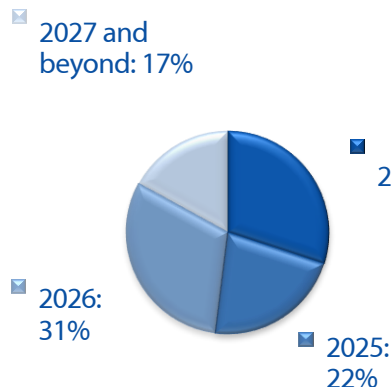
Hong Kong Property Rental and Management Businesses



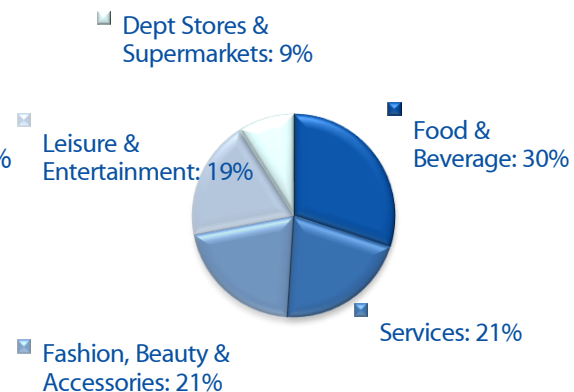
2023

- The increase in EBIT was mainly due to lower amortisation of rental concessions charged
- Revenue gains continued to be partially offset by negative rental reversions
- To spur mall traffic and help tenants' businesses recover. Highlights included hosting the "Happy Music Festival"; the "'Happy Together' Click & Grab Coupon" campaign; and an MTR Mobile "instant win" lucky draw promotion
- MTR shopping malls recorded a rental reversion of -8.4% and occupancy rate of 99%
- Two IFC recorded an average occupancy rate of 96%

Lease expiry by area occupied*



Trade mix by leased area*



Outlook

- Our property rental business continue to be impacted by negative rental reversions, a lingering effect of the pandemic era

Steady Progress in Property Businesses

The Wai at Tai Wai Station opened in July 2023

THE SOUTHSIDE at Wong Chuk Hang Station
1st phase of soft opening in December 2023

Progressing **14** residential property development projects under construction



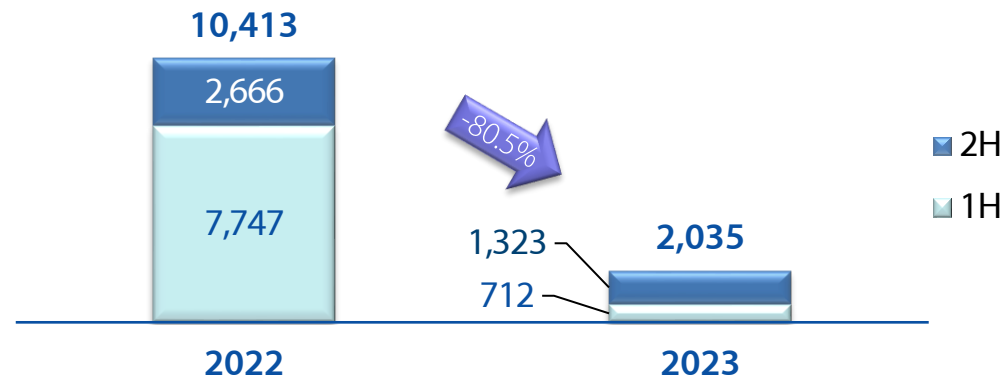
Continue to explore property development opportunities along existing and future railway lines, creating sustainable communities



Expanded our retail portfolio by approx. **30%** in attributable GFA

Hong Kong Property Development Businesses

Hong Kong Property Development Profit (Post-tax) (HK\$m)



Property Project Profit Recognised	GFA (sqm)	No. of Units
Villa Garda (LOHAS Park Package 11) – initial profit	n/m	n/m

Property Tendered	GFA (sqm)	No. of Units
Nil	Nil	Nil

2023

- Property development profits mainly derived from the initial profit recognition of LOHAS Park Package 11 and residual profits from various completed projects
- Pre-sales for IN ONE (Ho Man Tin Station Package 2), La Montagne (THE SOUTHSIDE Package 4 Phase 4A) and YOHO WEST (Tin Wing Stop Phase 1) were launched in 2023

Property Projects Launched	Launch Date	Units Sold (end Dec 2023)
La Marina (THE SOUTHSIDE Package 2)	Sep 2021	89% of 600 units sold
SOUTHLAND (THE SOUTHSIDE Package 1)	May 2021	79% of 800 units sold
Villa Garda I (LOHAS Park Package 11)	Jun 2022	79% of 592 units sold
Villa Garda II (LOHAS Park Package 11)	Jul 2022	24% of 644 units sold
Villa Garda III (LOHAS Park Package 11)	Aug 2023	26% of 644 units sold
IN ONE 1A (Ho Man Tin Station Package 2)	May 2023	17% of 447 units sold
IN ONE 1B (Ho Man Tin Station Package 2)	Mar 2023	98% of 183 units sold
IN ONE 1C (Ho Man Tin Station Package 2)	Apr 2023	95% of 214 units sold
La Montagne (THE SOUTHSIDE Package 4 Phase 4A)	Jul 2023	12% of 432 units sold
YOHO WEST (Tin Wing Stop Phase 1)	Nov 2023	77% of 1,393 units sold

n/m: not meaningful

Landbank (awarded)

Tin Wing Stop
Awarded: 0.09m sqm GFA

Tai Wai Station
Awarded: 0.06m sqm GFA

Tung Chung Traction Substation
Awarded: 0.09 m sqm GFA

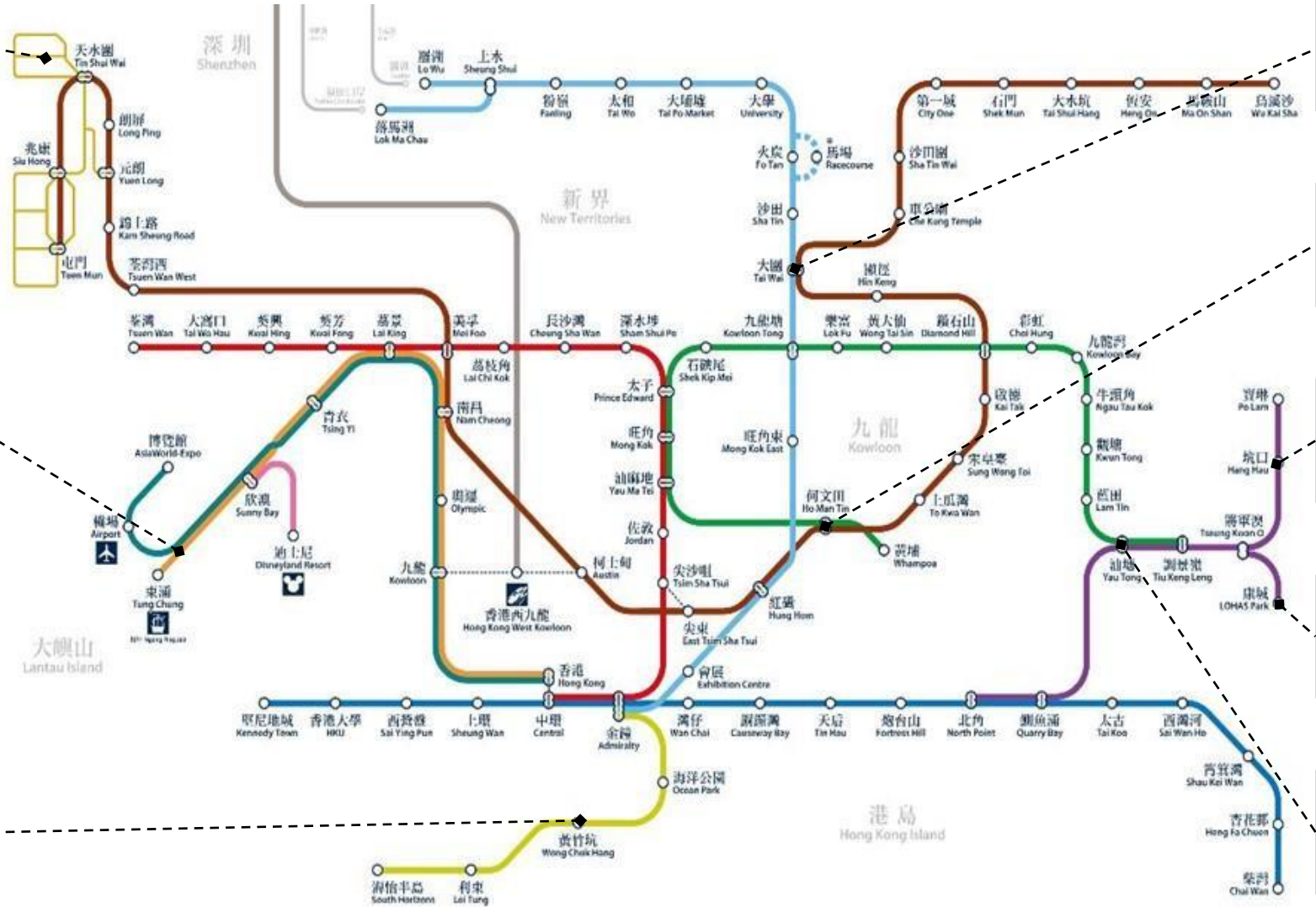
Ho Man Tin Station
Awarded: 0.13m sqm GFA

Pak Shing Kok Ventilation Building
Awarded: 0.03m sqm GFA

THE SOUTHSIDE
Awarded: 0.26m sqm GFA

LOHAS Park
Awarded: 0.32m sqm GFA

Yau Tong Ventilation Building
Awarded: 0.03m sqm GFA



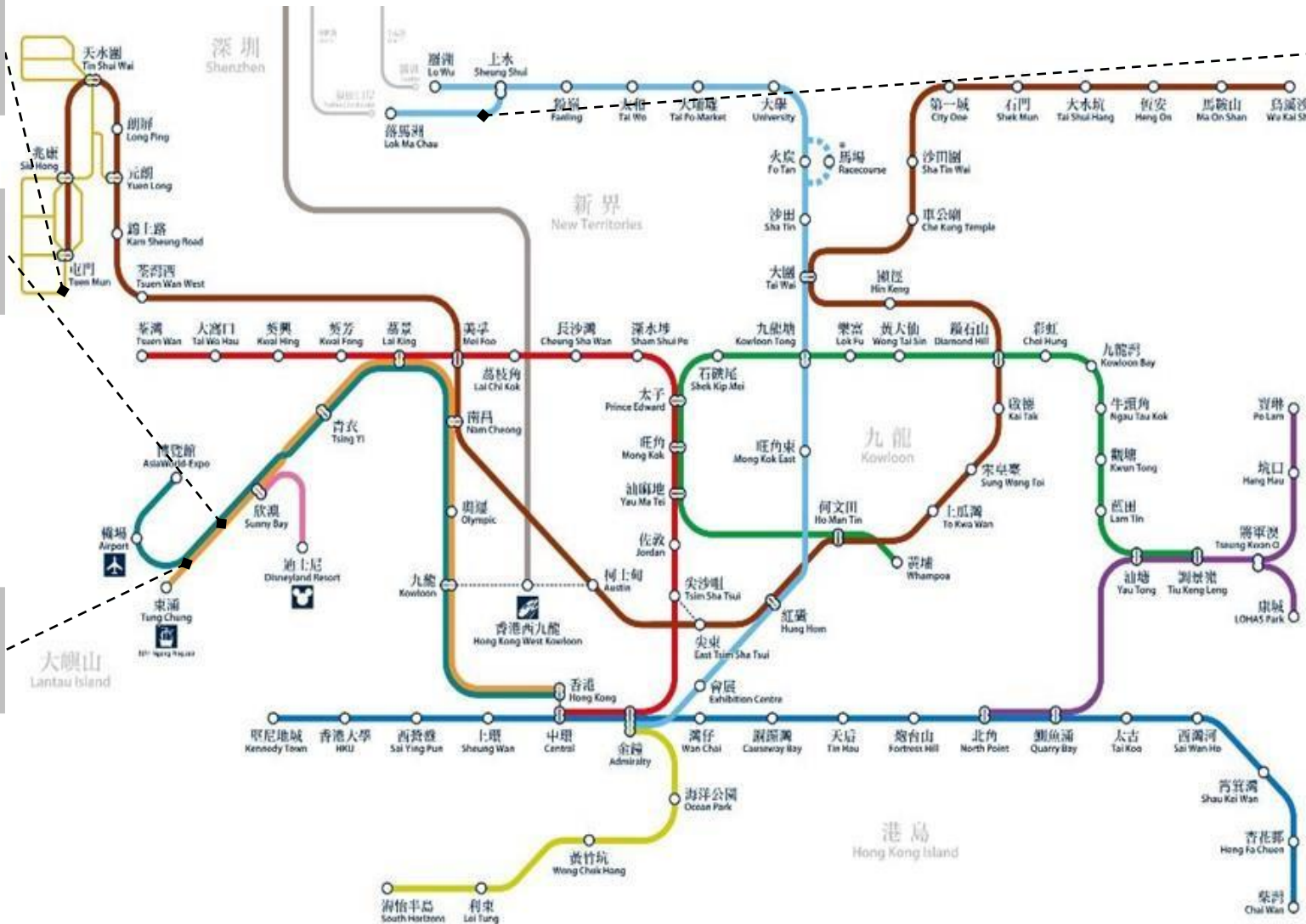
Landbank (new railway projects)

Tuen Mun South A16
Unawarded: 0.40m sqm GFA

Oyster Bay
Unawarded: 0.86m sqm GFA

Tung Chung East Station
Unawarded: 0.63m sqm GFA

Kwu Tung Station
Unawarded: 0.30m sqm GFA



Hong Kong Property Development

Development profit yet to be booked: ~17,000 residential units (GFA : 1.01 million sqm)

	Property Project Tender	Date of Tender Award	Developer partners	Residential Gross Floor Area (sq m)	Units	Profit model			Expected completion
						Lump-sum upfront and/or backend	Share of surplus proceeds	Sharing in kind	
1	Tai Wai Station Phase 3	Oct 2014	New World	63,845	892		✓		TBC
2	Tin Wing Stop	Feb 2015	Sun Hung Kai	91,051	1,918		✓		By phases from 2024 to 2025
3	Ho Man Tin Station Package 1	Dec 2016	Great Eagle	69,000	990	✓	✓		2024
4	Yau Tong Ventilation Building	May 2018	Sino Land & CSI Properties	30,225	792	✓	✓		2026
5	THE SOUTHSIDE Package 3	Aug 2018	Cheung Kong	92,900	1,200	✓	✓	✓	2025
6	Ho Man Tin Station Package 2	Oct 2018	Chinachem	59,400	844	✓	✓		2024
7	LOHAS Park Package 11	Apr 2019	Sino Land, K. Wah, China Merchants	88,858	1,880	✓	✓		2024
8	THE SOUTHSIDE Package 4	Oct 2019	Kerry Properties, Swire Properties, Sino Land	59,300	800	✓	✓		2024
9	LOHAS Park Package 12	Feb 2020	Wheelock	89,290	1,985	✓	✓		2026
10	LOHAS Park Package 13	Oct 2020	Sino Land, Kerry Properties, K. Wah & China Merchants	143,694	2,550	✓	✓		2026
11	THE SOUTHSIDE Package 5	Jan 2021	New World, Empire Development, CSI Properties and Lai Sun Dev	59,100	825	✓	✓		2026
12	THE SOUTHSIDE Package 6	Apr 2021	Wheelock	46,800	615	✓	✓		2028
13	Pak Shing Kok Ventilation Building	Apr 2022	New World and China Merchants Land	27,006	613	✓	✓		2031
14	Tung Chung Traction Substation	Jul 2022	Chinachem	87,288	1,600	✓	✓		2031

Note: Not including unawarded Property Development projects



AIM

MTR's Mainland China and international businesses enable the Company to bring its expertise in safe, reliable, low-carbon rail transit to major markets outside Hong Kong – thus providing diversified revenue streams, supporting a key growth pillar and promoting the MTR brand internationally.

MAINLAND CHINA AND
INTERNATIONAL BUSINESSES

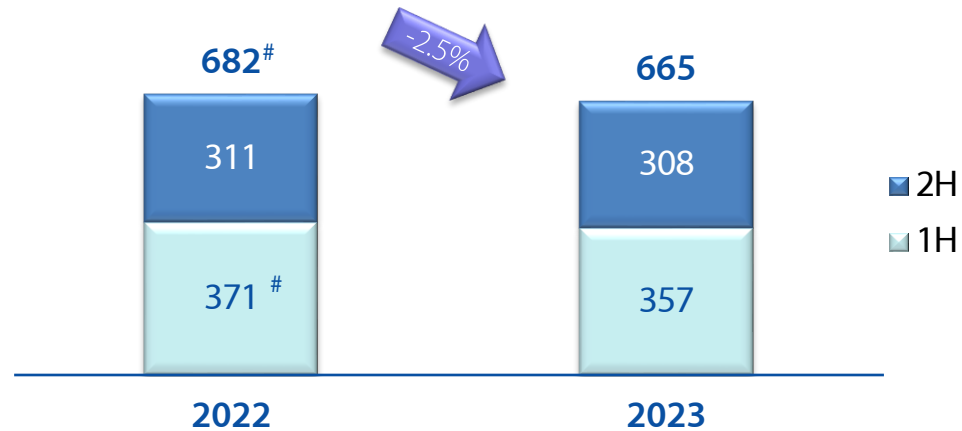
Mainland of China and Overseas Strategies



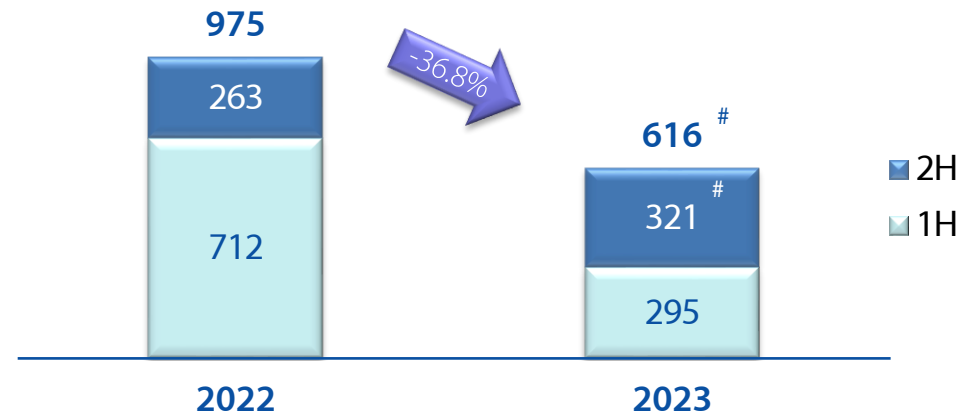
Note (1) The service contract of Stockholm Metro will end in 2025. Entered into supplementary agreements to early terminate our concessions for both Stockholms pendeltåg and Mälartåg effective 2 March 2024 and 16 June 2024 respectively. On 8 February 2024, we entered into an agreement to divest of MTRX. The transaction is expected to be completed by the end of May 2024, following regulatory approval.

Mainland China and International Businesses

Mainland China and Macao EBIT* (HK\$m)



International EBIT* (HK\$m)



2023

- **Mainland China:** Improved performance in Mainland China due to patronage recovery
- Continued losses with depletion of government subsidies at SZL4
- The long-term financial viability of HZL1 will be impacted if patronage remains at a lower level over a further period of time, especially when compounded by the lower average fare resulting from the expanded network
- **Macao:** The Macao Light Rapid Transit Taipa Line O&M contract will end in 2024
- **UK:** the Elizabeth line and South West Railway were extended to May 2025
- **Sweden:** Stockholm Metro service contract will end in May 2025
- HK\$1,022 million provisions made in respect of Stockholms Pendeltåg and Mälartåg
- **Australia:** Concession of Melbourne’s metropolitan train service extended to mid-2026
- Sydney Metro North West Line achieved stable operational performance
- Sydney Metro City & Southwest Project targets to launch passenger services of the City section of the line in 2024

* EBIT of Subsidiaries and Share of Profit of Associates and Joint Ventures from Recurrent Businesses

Excluding the special loss provisions, being provisions for onerous contracts for Stockholms Pendeltåg and Mälartåg Regional Traffic totaling 1,022 million in 2023, and impairment loss on Shenzhen Metro Line 4 of HK\$962 million in 2022



HONG KONG NETWORK EXPANSION

AIM

We strive to design and construct new railway projects that provide safe, reliable, affordable, accessible and low-carbon mass transit services for passengers, support the economic development of local communities, and ensure the future success of our “Hong Kong Core” strategic growth pillar.

New Railway Projects

Kwu Tung Station
 Est. cost: \$10.8B***
 Est. start: 2023
 Est. completion: 2027
 Status: Commenced construction

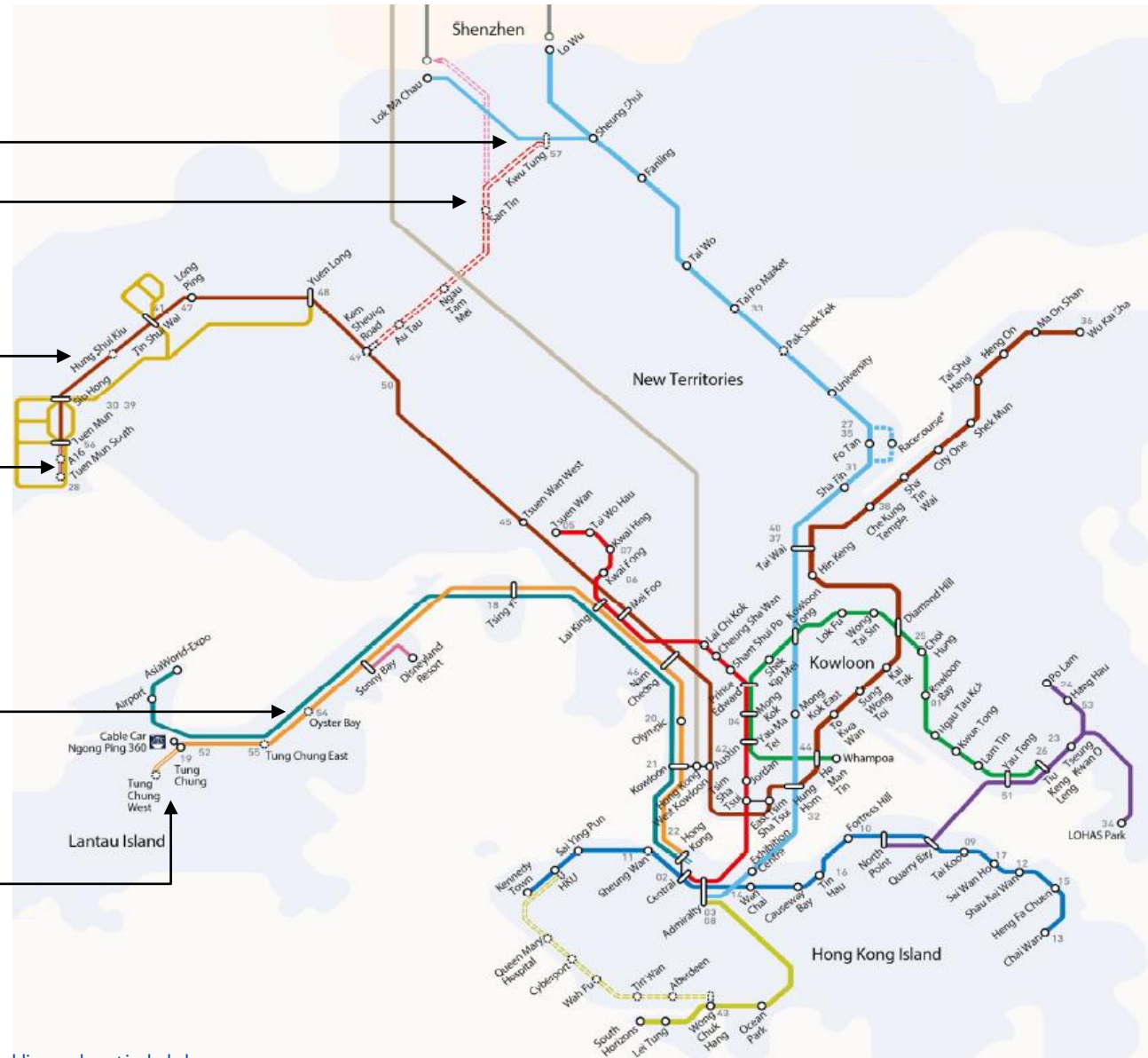
Northern Link
 Route length: 10.7 km
 Est. cost: \$58.5B*
 Est. start: 2025
 Est. completion: 2034
 Status: Gazetted

Hung Shui Kiu Station
 Est. cost: \$4.1B**
 Est. start: 2024
 Est. completion: 2030
 Status: Detailed design and planning

Tuen Mun South Extension
 Route length: 2.4 km
 Est. cost: \$18.2B
 Est. start: 2023
 Est. completion: 2030
 Status: Commenced construction

Oyster Bay Station
 Est. cost: \$6.7B****
 Construction start: 2023
 Est. completion: 2030
 Status: Commenced construction

Tung Chung Line Extension
 Route length: 2.5 km#
 Est. cost: \$24.2B
 Construction start: 2023
 Est. completion: 2029
 Status: Commenced construction



Challenges

- Availability of sufficient labour
- Works needing to be carried out at night during non-traffic hours

* Estimated cost in December 2015 prices
 ** Estimated cost in December 2018 prices
 *** Including cost of NOL Advance Works
 **** Total capital cost of Oyster Bay Station; cost of property enabling works not included
 # Including the diversion of ~1.2km-long-section of track between the existing Tung Chung Station and Sunny Bay Station; and westward extension of ~1.3km

Source: MTR, LegCo documents

Tung Chung Line Extension



Tung Chung East Station

- Entered into the project agreement for the Tung Chung Line Extension with the Government on 28 February 2023
- The project will be developed under the rail-plus-property model, with a total GFA of about 0.63m sqm (residential: about 0.46m sqm; retail about 0.06m sqm; office: about 0.11m sqm)
- Land premium shall be assessed at the full market value of the site, taking into account the presence of the railway, less the Reduction Amount**

New stations:	Tung Chung East Station Tung Chung West Station
Route length:	2.5km*
Expected completion:	Dec 2029
Estimated cost:	HK\$24.2 billion



Tung Chung West Station

Detailed announcement: https://www.mtr.com.hk/archive/corporate/en/investor/sehk/e2023_02_28_TUE_Inside_Information_Announcement.pdf

Note: Airport Railway Extended Overrun Tunnel not included

* Including the diversion of ~1.2km-long-section of track between the existing Tung Chung Station and Sunny Bay Station; and westward extension of ~1.3km

** Reduction Amount: a total fixed amount of HK\$18,364.50 million

Tuen Mun South Extension and Kwu Tung Station



Illustration of Kwu Tung Station

Tuen Mun South Extension (TME):

New stations:	A16 Station Tuen Mun South Station
Route length:	2.4km
Expected completion:	Dec 2030
Estimated cost:	HK\$18.2 billion*

Kwu Tung Station (KTU):

New station:	Kwu Tung Station
Expected completion:	Dec 2027
Estimated cost:	HK\$10.8 billion**

- Entered into the project agreement for the Tuen Mun South Extension (TME) and Kwu Tung Station (KTU) with the Government on 5 September 2023
- The projects will be developed under the rail-plus-property model. The site areas of the proposed development sites for TME and KTU are 6.11 hectares and 4.74 hectares, respectively
- Land premium shall be assessed at the full market value of the site, taking into account the presence of the railway, less the Reduction Amount***



Tuen Mun South Extension

Detailed announcement: https://www.mtr.com.hk/archive/corporate/en/investor/sehk/e_Inside_Information_Announcement_2023-09-05.pdf

* Including (1) TME Cost; and (2) RRIW Cost

** Including (1) KTU Cost and (2) Design Cost of NOL Main Line and NOL Advance Cost

*** Reduction Amounts for TME and KTU are HK\$24,201 million and HK\$ 15,160 million, respectively

Oyster Bay Property Development



Oyster Bay: artist's impression

Total GFA for private development: 860,500 sqm

- Residential: 826,000 sqm (~10,720 units);
- Commercial: 34,500 sqm

Expected completion date: 2030 – 2042

Expected cost (Oyster Bay Station): HK\$6,366 million

- Completed the land exchange documents for the Siu Ho Wan Depot and paid land premium in 2022
- The Development will incorporate ESG concepts, integrating a variety of natural elements, low carbon measures and eco-friendly features
- Construction of Oyster Bay Station commenced in 2023 and is expected to complete in 2030



Detailed announcement: https://www.mtr.com.hk/archive/corporate/en/investor/sehk/e_OYB_Inside_Information_Announcement.pdf

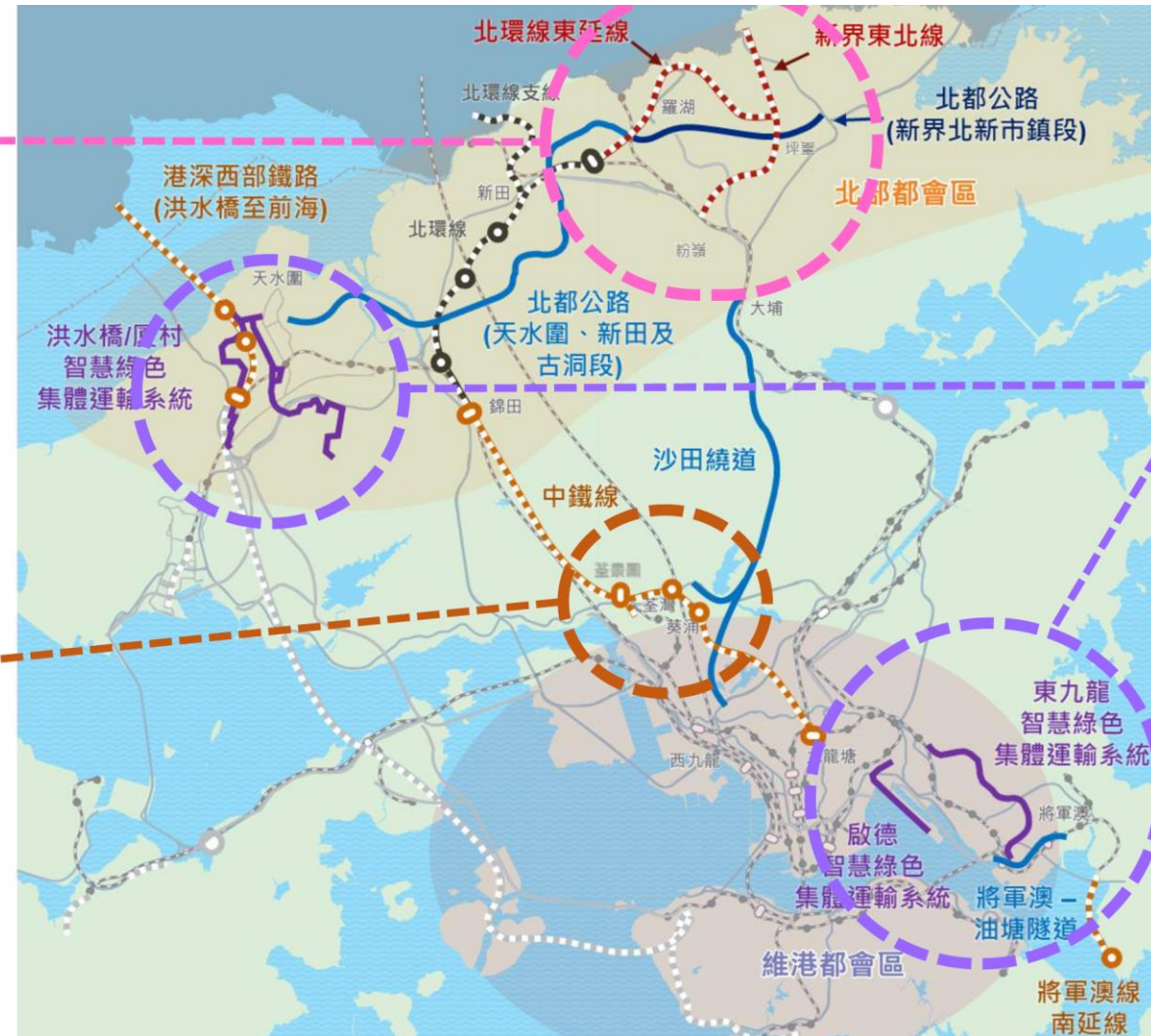
Hong Kong Major Transport Infrastructure Development

Two Railways and **One Major Road** for the new towns in the eastern part of the Northern Metropolis

- **Northern Link Eastern Extension**
- **Northeast New Territories Line**
- **Northern Metropolis Highway (New Territories North New Town Section)**

Enhanced **Three Railways** and **Three Major Roads** proposals

- **3 intermediate stations** at Northeast Tsuen Wan, Northeast Kwai Chung and Tsuen King Circuit on the **Central Rail Link** and transit to **Tsuen Wan Line**



Smart and Green Mass Transit System

- East Kowloon
- Kai Tak
- Hung Shui Kiu / Ha Tsuen

3. Financial Review



FINANCIAL REVIEW

Financial Highlights

(HK\$m)	2023	YoY % Change Favourable / (Unfavourable)
- Hong Kong ⁽¹⁾	31,027	43.5%
- Outside Hong Kong ⁽¹⁾	25,955	(0.2%)
Revenue from recurrent businesses	56,982	19.2%
- Hong Kong ⁽¹⁾	4,940	n/m
- Outside Hong Kong ⁽¹⁾⁽²⁾	363	(50.6%)
- Provisions for onerous contracts and impairment loss ⁽³⁾	(1,022)	(6.2%)
Recurrent business profit⁽²⁾	4,281	n/m
- Hong Kong	2,035	(80.5%)
- Outside Hong Kong	48	(28.4%)
Property development profit (post-tax)	2,083	(80.1%)
Underlying business profit⁽²⁾	6,364	(40.2%)
Gain from fair value measurement of investment properties (post-tax) ⁽⁴⁾	1,420	n/m
Reported net profit attributable to shareholders of the company⁽²⁾	7,784	(20.8%)
Reported EPS (HK\$)	1.26	(20.8%)
Underlying businesses EPS (HK\$)	1.03	(40.1%)
Total ordinary dividend per share (HK\$)	1.31	-

Note:

1. Recurrent business profit/(loss) in Hong Kong includes HK transport operations, HK station commercial, HK property rental and management, other businesses (mainly Investment in Octopus Holding Limited, Ngong Ping 360, and consultancy) and project studies and business development expenses. Recurrent business profit/(loss) outside of Hong Kong includes business development expenses
 2. Net of non-controlling interests (2023: HK\$304m profit; 2022: HK\$314m profit)
 3. Special loss provisions comprise provisions for onerous contracts for Stockholm pendeltåg and Mälartåg regional traffic totalling HK\$1,022 million in 2023 and impairment loss made for Shenzhen Metro Line 4 of HK\$962 million in 2022
 4. Gain from fair value measurement on investment properties comprises (i) fair value remeasurement of investment properties, (ii) fair value measurement of investment properties on initial recognition from property development, and (iii) related income taxes
- n/m: not meaningful

Segmental Profit/(Loss) of Underlying Businesses

	2023	2022	Favourable/ (Unfavourable) change	
Recurrent EBIT (HK\$m)				
EBIT ⁽¹⁾				%
- Hong Kong Transport Operations	(1,111)	(4,733)	3,622	76.5
- Hong Kong Station Commercial	3,792	2,270	1,522	67.0
- Hong Kong Transport Services	2,681	(2,463)	5,144	n/m
- Hong Kong Property Rental and Management	3,999	3,800	199	5.2
- Mainland China and International Railway, Property Rental and Management Subsidiaries ⁽²⁾	524	962	(438)	(45.5)
- Other Businesses, Project Study and Business Development Expenses	(341)	(539)	198	36.7
Share of Profit of Associates and Joint Ventures	1,259	1,095	164	15.0
Total Recurrent EBIT (before Special Loss Provisions)	8,122	2,855	5,267	184.5
Interest and Finance Charges	(1,213)	(1,061)	(152)	(14.3)
Income Tax	(1,302)	(361)	(941)	(260.7)
Non-controlling Interests	(304)	(314)	10	3.2
Recurrent Business Profit (Before Special Loss Provisions)	5,303	1,119	4,184	373.9
Provisions for Onerous Contracts and Impairment Loss ⁽³⁾	(1,022)	(962)	(60)	(6.2)
Recurrent Business Profit (After Special Loss Provisions) ⁽⁴⁾	4,281	157	4,124	n/m
Property Development Profit (Post-tax)	2,083	10,480	(8,397)	(80.1)
Underlying Business Profit ⁽⁵⁾	6,364	10,637	(4,273)	(40.2)

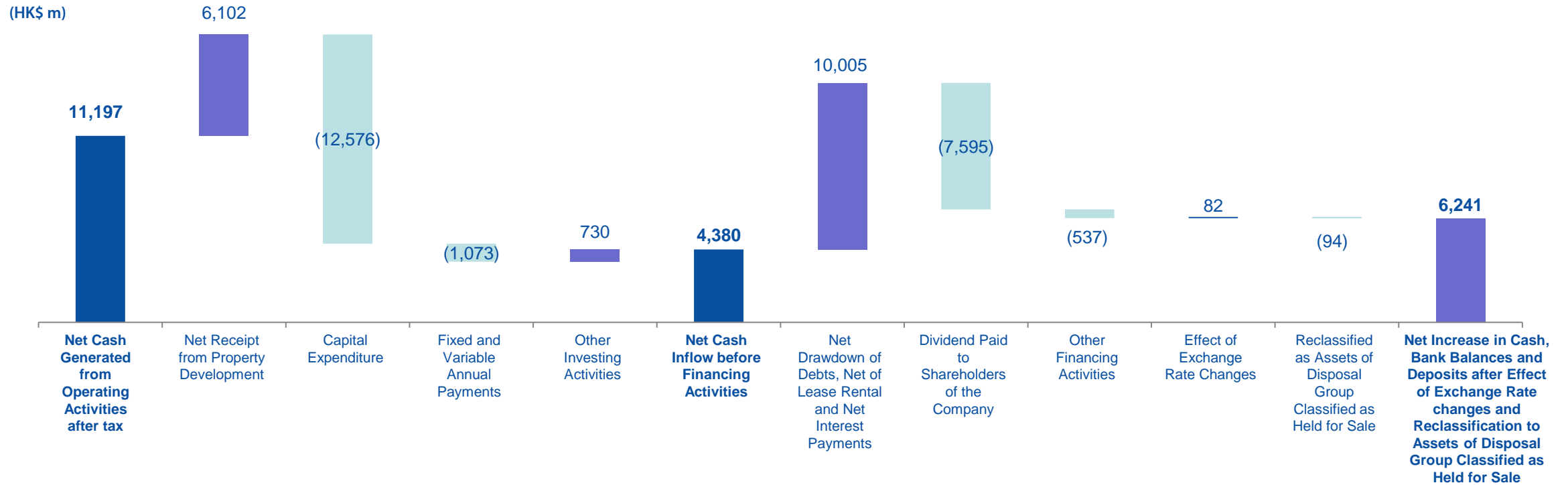
- Note:
- EBIT represents profit before interest, finance charges and taxation
 - Excluding the special loss provisions for onerous contracts and impairment loss
 - Special loss provisions comprise provisions for onerous contracts for Stockholm pendeltåg and Mälartåg regional traffic totalling HK\$1,022 million in 2023 and impairment loss made for Shenzhen Metro Line 4 of HK\$962 million in 2022
 - Recurrent business profit represents profit from the Group's Hong Kong transport operations, Hong Kong station commercial businesses, Hong Kong property rental and management businesses, Mainland China and international railway, property rental and management businesses and other businesses (excluding fair value measurement of investment properties in Hong Kong and Mainland China)
 - Underlying business profit represents profit from the Group's recurrent businesses and property development businesses
- n/m: not meaningful

Consolidated Statement of Financial Position

	31 Dec 2023	31 Dec 2022	Increase/ (Decrease)	%
(HK\$m)				
Assets				
Fixed Assets	238,636	229,491	9,145	4.0
Deferred Expenditure	378	2,540	(2,162)	(85.1)
Railway Construction in Progress	4,256	-	4,256	n/m
Property Development in Progress	41,728	41,269	459	1.1
Interests in Associates and Joint Ventures	12,785	12,338	447	3.6
Debtors and Other Receivables	13,756	13,889	(133)	(1.0)
Cash, Bank Balances and Deposits	22,375	16,134	6,241	38.7
Other Assets	12,512	11,420	1,092	9.6
Total Assets	346,426	327,081	19,345	5.9
Liabilities				
Total Loans and Other Obligations	59,491	47,846	11,645	24.3
Creditors and Other Liabilities	82,869	74,481	8,388	11.3
Obligations Under Service Concession	10,059	10,142	(83)	(0.8)
Deferred Tax Liabilities	15,151	14,700	451	3.1
Total Liabilities	167,570	147,169	20,401	13.9
Total Equity	178,856	179,912	(1,056)	(0.6)

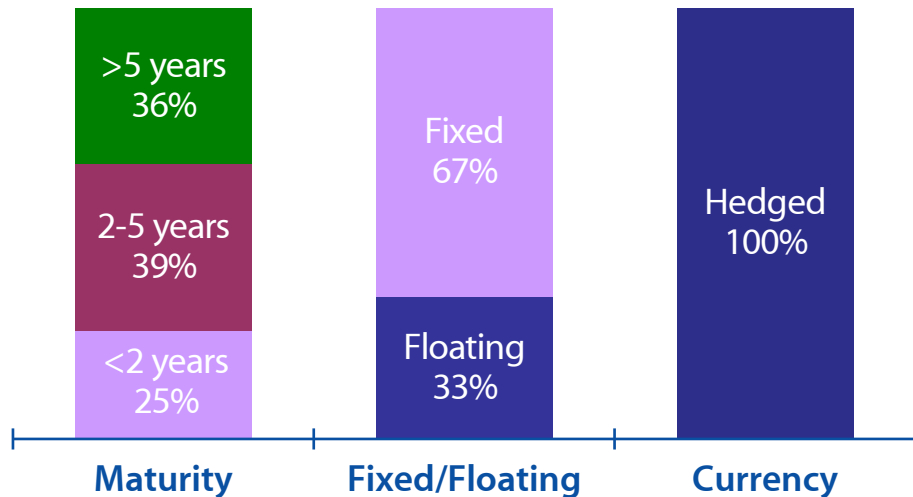
n/m: not meaningful

Consolidated Cash Flows for the year ended 31 Dec 2023



Financing and Credit Ratios

Company Debt Profile (31 Dec 2023)⁽¹⁾



Group's consolidated debt position⁽²⁾: HK\$59,491m
(HK\$47,846m as at 31 Dec 2022)

Average cost of interest-bearing borrowings: 3.5%
(+1.0% pt YoY)

Interest and finance charges for our recurrent businesses:
HK\$1,213m (+14.3% YoY)

	31 Dec 2023	31 Dec 2022
Net Debt / Equity ratio ⁽³⁾	26.5%	23.3%
Interest cover ⁽⁴⁾	9.8x	14.2x
Credit ratings, Long-term ratings (Rating agency)	AA+ / Aa3 / AA+ (S&P / Moody's / R&I)	

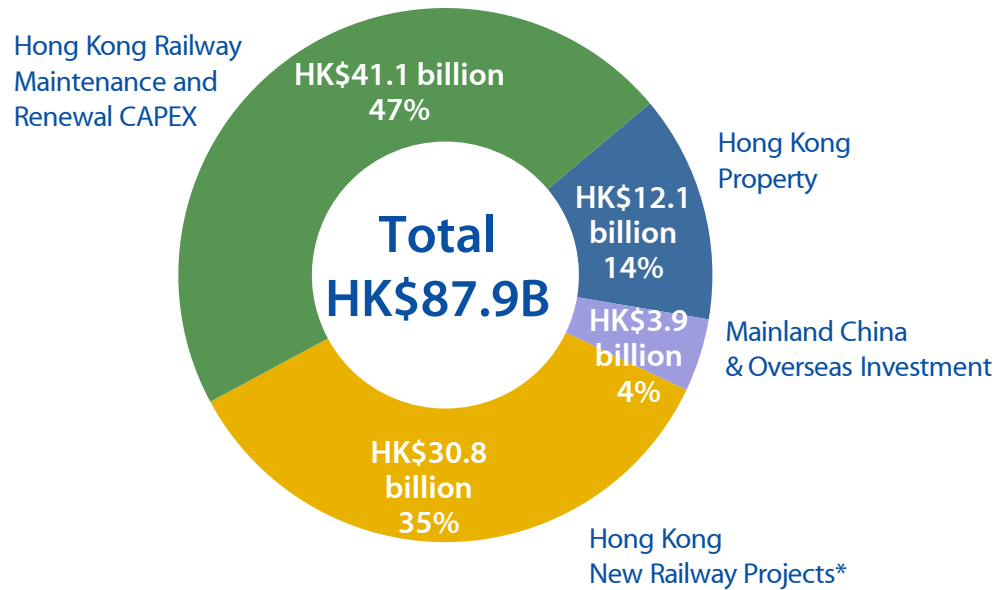
Note:

1. Excluding Mainland China and overseas subsidiaries debts
2. Excluding obligations under service concession
3. Including lease liabilities, obligations under service concession and loan from holders of non-controlling interests as components of debt
4. Operating profit before fair value measurement of investment properties, depreciation, amortisation, provisions for onerous contracts and impairment loss, variable annual payment, share of profit of associates and joint ventures divided by interest and finance charges before capitalisation and utilisation of government subsidy for Shenzhen Metro Line 4 operation

Capital Expenditure & Investments



2024-2026



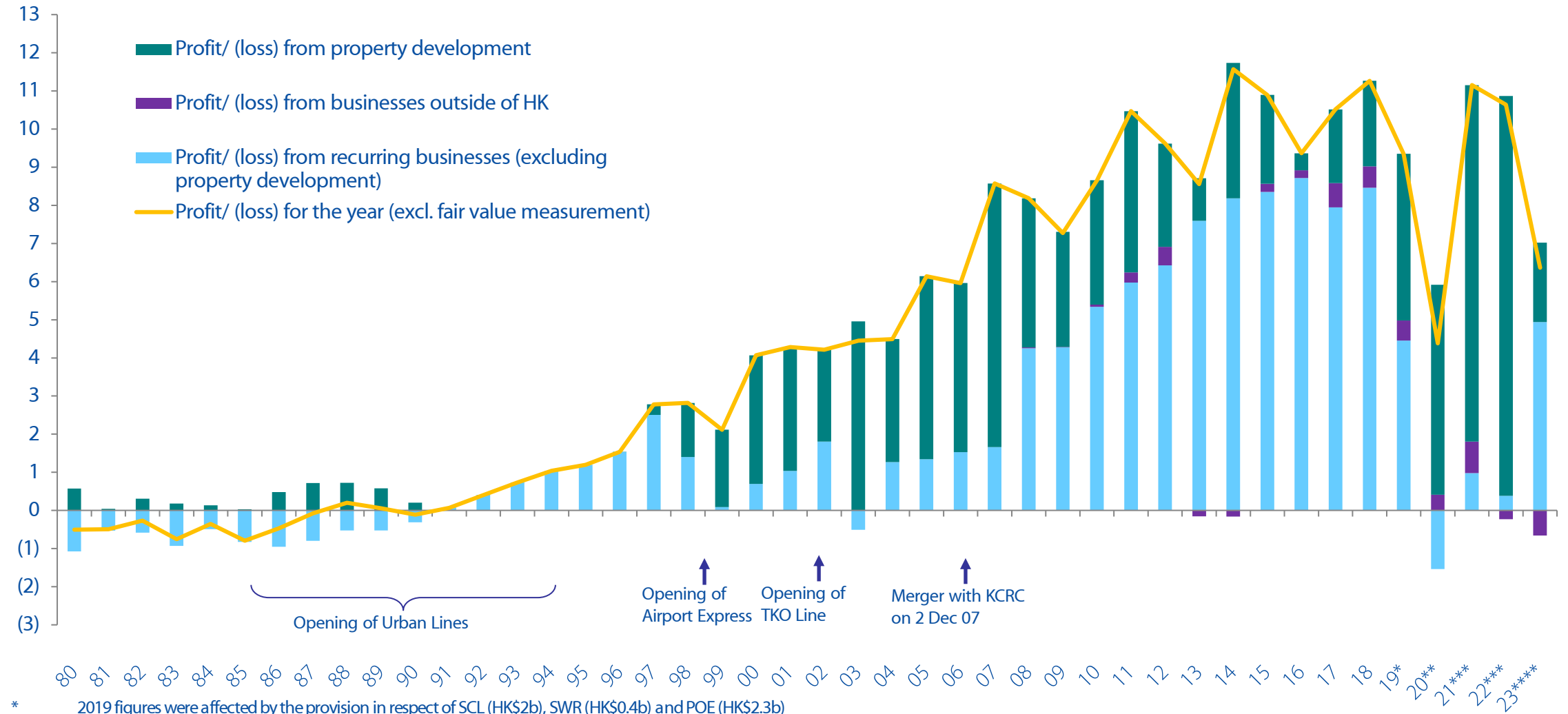
Estimated spend (HK\$Billion):

2024:	\$26.1
2025:	\$31.5
2026:	\$30.3
Total:	\$87.9

* including planning and design CAPEX but excluding related construction CAPEX of new railway projects which are subject to the signing of project agreements

Segment profit

(HK\$b)



* 2019 figures were affected by the provision in respect of SCL (HK\$2b), SWR (HK\$0.4b) and POE (HK\$2.3b)
 ** 2020 figures were affected by COVID-19 and the provision in respect of SCL (HK\$1.4b) *** 2021 & 2022 figures were affected by COVID-19
 **** 2023 special loss provisions comprise provisions for onerous contracts for Stockholm pendeltåg and Mälartåg regional traffic totalling HK\$1,022 million

Progressive Ordinary Dividend Policy



1. For 2019, figures were affected by the provision in respect of SCL (HK\$2b), SWR (HK\$0.4b) and POE (HK\$2.3b). For 2020, figures were affected by COVID-19 and the provision in respect of SCL (HK\$1.4b). For 2021, figures were affected by COVID-19. For 2023, special loss provisions comprise provisions for onerous contracts for Stockholm pendeltåg and Mälartåg regional traffic totalling HK\$1,022 million

4. Environmental, Social & Governance



ESG Strategy - Fostering Social Inclusion (Objective 1)



Environmental and Social Objective 1 SOCIAL INCLUSION



Universal Basic Mobility

Short- and Mid-term KPIs:

- ◆ Enhancements of **MTR · Care app** – roll out In-station Navigation function for the whole heavy rail network for visually impaired, call-for-assistance service for hearing impaired, and automatic ramp booking service for physically impaired by 2025
- ◆ Launch / expansion of **1-2 caring initiatives** in 2024
- ◆ **No less than 1 million average daily passenger trips** will benefit from **fare concessions** in 2024
- ◆ Completion of a **Safety Culture Survey** for Hong Kong-based MTR employees with **action plan** addressing relevant insights issued within 2024

Long-term KPI:

- ◆ **100% of our new stations** will be **accessible** (including barrier free entrances, wide gates, accessible toilet and baby care room)

Ongoing fare concessions to different passenger sectors of the community, including Children, Students, Elderly and Persons with Disabilities. (Based on 2020 figure)



Diversity & Inclusion

Short- and Mid-term KPIs:

- ◆ **At least 25%** of our Board of Directors will be **women** by 2025
- ◆ **DEI training** will be provided to **managers and supervisors** involved in the traineeship programme for Persons with Disabilities ("PWD") or ethnically diverse in 2024
- ◆ **150 DEI training events** for staff will be held in 2024
- ◆ **10 secondary schools with diverse student bodies** will be reached out for career sharing/ job shadowing in 2024
- ◆ **10%** of our **interns** will be **PwD** or **ethnically diverse** in 2024
- ◆ **Workplace inclusiveness** will be **enhanced** in 2024 through:
 - Reviewing recruitment requirement
 - Enhancing accessible facilities in office buildings
 - Communicating results of DEI survey with stakeholders and prioritising 3 areas for follow up actions



Equal Opportunities

Short- and Mid-term KPIs:

- ◆ **HK\$100 million** will be spent on direct local **community investment and donations** from 2022 to 2025
- ◆ **200,000 people** will **benefit** from our community programmes and volunteering projects from 2022 to 2025

ESG Strategy – Advancement & Opportunities (Objective 2)



Environmental and Social Objective 2 ADVANCEMENT & OPPORTUNITIES



Employees

Short- and Mid-term KPIs:

- ◆ At least **5 learning days** will be provided to employee on average every year
- ◆ **200+ employment and pre-employment opportunities** will be provided for young talents in 2024
- ◆ At least **10 wellness related activities/events** will be organised for employees in 2024
- ◆ **Over 75%** of our **managed residential properties** will sign the **Heart Caring Charter** and organise **wellness activities** to promote healthy lifestyles for employees by 2024



Business Partners

Short- and Mid-term KPIs:

- ◆ **HK\$250 million** will be spent on **green procurement** in 2025; rising to **HK\$350 million** in 2030
- ◆ **30+ suppliers** to attend **training** on calculation of carbon emissions
- ◆ **15+ supplier review audits** will be conducted in 2024
- ◆ **15+ supplier review meetings** will cover ESG in 2024
- ◆ Conduct a **preliminary survey** about **carbon emissions** from our major suppliers by 2024



Future Skills & Innovation

Short- and Mid-term KPIs:

- ◆ **50,000+ people** will benefit from our **future skills and innovation programmes** (including those by MTR Academy) from 2022 to 2025
- ◆ **HK\$300 million+** will be **invested in startups** from 2022 to 2025

ESG Strategy – Greenhouse Gas Emissions Reduction (Objective 3)



Environmental and Social Objective 3

GREENHOUSE GAS EMISSIONS REDUCTION



Carbon Emissions

Short- and Mid-term KPIs:

- ◆ **200+** additional **EV charging stations** will be installed across office buildings, malls and station carparks by 2025
- ◆ At least **30 e-buses** will be introduced by 2026
- ◆ **100%** of executive private vehicles will be replaced by **EV** or be cancelled by 2027
- ◆ **50,000+ people** will participate in our **low-carbon initiatives** in 2024
- ◆ **Over 70%** of our **managed residential properties** will collaborate with other partners to **promote green lifestyles** to our residents in 2024

Long-term KPI:

- ◆ Strive to achieve **carbon neutrality** by 2050



Clean Energy & Energy Efficiency

Short- and Mid-term KPIs:

- ◆ **20% chiller energy saving** expected after completing Batch 2 chiller replacement project in our **stations** by 2026
- ◆ Around **20% chiller energy saving** expected after completing chiller replacement programme in **Headquarters** in 2024 as compared with 2019
- ◆ Over **70%** of our **managed residential properties** will conduct **energy audit** for the common areas and develop **energy saving plan** by 2025
- ◆ **100% existing shopping malls** (with full operation in 2022) will complete **energy audit** for the common areas and develop **energy saving plan** by 2025
- ◆ Conduct a programme in **4 MTR shopping malls** to engage and assist **tenants** in identifying **energy saving measures** by 2025
- ◆ **3 additional solar PV systems** will be installed in depots and stations in 2024
- ◆ Conduct a **trial project** on **Hydrogen Fuelled Light Rail Vehicle** in 2024



Waste Management

Short- and Mid-term KPIs:

- ◆ **Over 50%** of **residential estates** will participate in the **Mulching Pilot Scheme** organised by Y-Park to uplift the use of wood chips in sites' landscaped areas by 2024
- ◆ **8 additional water dispensers** will be installed across **stations** in 2023-24



Green and Low-carbon Designs

Short- and Mid-term KPIs:

- ◆ **1,400+** more **bike parking spaces** will be provided around stations and properties managed by MTR by 2025
- ◆ **5% water** will be **saved** in 2025 with 2018 level as baseline for our **shopping malls**
- ◆ Review and update contract specification to promote the use of **low-carbon concrete** in new railway projects by 2024

Long-term KPI:

- ◆ **100%** future **new stations & new residential development projects** will aim to attain **BEAM Plus Gold** or above certification

MTR's Science-based GHG Emissions Reduction Targets

- Targets in line with a 'well-below 2° C trajectory' and approved by the Science Based Targets initiative
- With 2019 as the base year, GHG emissions to be reduced, by 2030, by:
 - ❖ 46.2% per passenger kilometre for rail transport
 - ❖ 58.6% per square metre of floor area for investment properties
- Pledged to reduce absolute indirect GHG emission by 13.5%
- Continue to improve energy efficiency, increase the generation of renewable energy, and incorporate green features and energy efficiency measures in the planning, design, construction and operation of our railway network and properties
- Strive to achieve Carbon Neutrality by 2050



Sustainable Finance Portfolio (As of 31 Dec 2023)

#	Name of Project	Classification	Total Project Amount	Cost Incurred up to Dec 2023	Amount Financed by Sustainable Finance Proceeds
Train Lines and Infrastructure					
A	Kwun Tong Line Extension	Low Carbon Transportation	HK\$ 6,900 million	HK\$ 6,581 million	HK\$ 5,425 million
B	South Island Line (East)	Low Carbon Transportation	HK\$ 17,200 million	HK\$ 17,073 million	HK\$ 14,044 million
C	Replacement of 1 st Generation M-Trains	Low Carbon Transportation	HK\$ 7,100 million	HK\$ 2,092 million	HK\$ 1,448million
D	Replacement of Rail Power Line	Low Carbon Transportation	HK\$ 4,900 million	HK\$ 792 million	HK\$ 200 million
E	Battery Locomotives Acquisition	Low Carbon Transportation	HK\$ 265 million	HK\$ 63 million	HK\$ 63 million
M	Replacement of Light Rail Vehicles	Low Carbon Transportation	HK\$ 989 million	HK\$ 989 million	HK\$ 989 million
Energy Efficiency Improvement					
F	Replacement of Chillers at Stations/Depot Facilities	Energy Efficiency	HK\$ 1,100 million	HK\$ 1,039 million	HK\$ 1,039 million
G	Trackside Energy Storage (pilot)	Energy Efficiency	HK\$ 21 million	HK\$ 21 million	HK\$ 21 million
H	Smart Intelligent Power Module (R-IPM)	Energy Efficiency	HK\$ 98 million	HK\$ 90 million	HK\$ 90 million
I	Regenerative Station Energy Saving Inverter System	Energy Efficiency	HK\$ 8 million	HK\$ 7 million	HK\$ 7 million
Sustainable Stations and Buildings					
J	Maritime Square Extension	Sustainable Real Estate	HK\$ 2,600 million	HK\$ 2,527 million	HK\$ 2,527 million
K	Carbon Neutral Station Design	Sustainable Transit Station	HK\$ 5 million	HK\$5 million	HK\$ 5 million
Biodiversity Preservation					
L	Lok Ma Chau Wetland	Biodiversity and conservation	HK\$ 4~5 million per year	HK\$ 31 million (from 2017)	HK\$ 31 million
Total:			HK\$ 41,200 million	HK\$ 31,310 million	HK\$ 25,889 million

- As of 31 Dec 2023, Sustainable Finance contributed over 40% of our total loan/debt of HK\$ 59 billion.
- Total Green House Gas emission avoided was estimated to be around 95,500 tonnes of CO2 equivalent

Appendix

Hong Kong Transport Operations

	2023	2022
Patronage (million)		
- Domestic Service	1,586.7	1,334.6
- Cross-boundary Service	71.5	0.4
- High Speed Rail	20.1	-
- Airport Express	10.8	3.1
- Light Rail and Bus	207.7	180.0
Total	1,896.8	1,518.1
Average fare (HK\$)		
- Domestic Service	8.44	8.06
- Cross-boundary Service	30.85	9.55
- High Speed Rail	81.45	-
- Airport Express	61.19	41.27
P&L (HK\$m)		
- Domestic Service	13,995	11,245
- Cross-boundary Service	2,206	4
- High Speed Rail	2,503	1,401
- Airport Express	664	128
- Light Rail and Bus	658	561
- Others	105	65
Total Revenue	20,131	13,404
Staff Costs and Related Expenses	(6,917)	(6,341)
Maintenance and Related Works	(2,387)	(2,221)
Energy and Utilities	(2,427)	(1,991)
General and Administration Expenses	(940)	(878)
Stores and Spares Consumed	(605)	(636)
Railway Support Services	(375)	(186)
Government Rent and Rates	(155)	(155)
Other Expenses	(371)	(305)
EBITDA	5,954	691
Depreciation and amortization	(5,232)	(5,151)
Variable Annual Payment	(1,833)	(273)
EBIT	(1,111)	(4,733)
EBITDA Margin (%)	29.6%	5.2%
EBIT Margin (%)	(5.5%)	(35.3%)

Hong Kong Station Commercial Businesses

(HK\$m)	2023	2022
- Station Retail Rental Revenue	3,429	1,544
- Advertising Revenue	981	836
- Telecommunication Income	603	616
- Other Station Commercial Income	104	81
Total Revenue	5,117	3,077
Operating expenses	(560)	(522)
EBITDA	4,557	2,555
Depreciation and Amortisaion	(249)	(237)
Variable Annual Payment	(516)	(48)
EBIT	3,792	2,270
EBITDA Margin (%)	89.1%	83.0%
EBIT Margin (%)	74.1%	73.8%
Average Occupancy Rate (% , Station Kiosks)	97.3%	97.3%
Rental Reversion (% , Station Kiosks)	(6.9%)	(14.6%)

Hong Kong Property Rental and Management; and Hong Kong Property Development

Hong Kong Property Rental and Management (HK\$m)	2023	2022
- Property Rental	4,795	4,525
- Property Management	284	254
Total Revenue	5,079	4,779
Operating Expenses	(1,063)	(964)
EBITDA	4,016	3,815
Depreciation and Amortisation	(11)	(13)
Variable Annual Payment	(6)	(2)
EBIT	3,999	3,800
EBITDA Margin (%)	79.1%	79.8%
EBIT Margin (%)	78.7%	79.5%
Average Occupancy Rate (% Malls)	99.0%	99.0%
Average Occupancy Rate (% Two ifc)	96.0%	94.0%
Rental Reversion (% Malls)	(8.4%)	(9.0%)
Hong Kong Property Development (HK\$m)	2023	2022
- Share of Surplus and Interest in Unsold Properties from Property Development	2,335	11,473
- Agency Fee and Other Income from West Rail Property Development	8	128
- Overheads and Miscellaneous Studies	(14)	(12)
Hong Kong Property Development Profit (pre-tax)	2,329	11,589
Hong Kong Property Development Profit (post-tax)	2,035	10,413

Note: In 2023, Hong Kong property development profit was mainly derived from initial profit recognition from Villa Garda (LOHAS Park Package 11) and residual profits from various completed projects

Mainland China and International Businesses

(HK\$m)	2023	2022
Recurrent Businesses Revenue of Subsidiaries	25,955	26,016
EBITDA		
- Melbourne Train	1,000	997
- Sydney Metro Northwest	73	30
- Sydney Metro City & Southwest	75	135
- Nordic Group	(397)	(75)
- London Elizabeth Line	35	73
- Shenzhen Metro Line 4	112	(24)
- Others	174	129
	1,072	1,265
Depreciation and Amortisation	(548)	(303)
EBIT*	524	962
EBITDA Margin (%)	4.1%	4.9%
EBIT Margin (%)	2.0%	3.7%
Recurrent Business (Loss)/Profit (Net of Non-controlling interests)*	(134)	295
Associates & Joint Ventures		
Share of Profit	757	695
Profit/(Loss) Attributable to Shareholders of the Company		
Arising from Recurrent Businesses (before Business Development Expenses and Special Loss Provisions*)	623	990
- Business Development Expenses	(260)	(255)
Arising from Recurrent Businesses (after Business Development Expenses but before Special Loss Provisions*)	363	735
- Special Loss Provisions*	(1,022)	(962)
Arising from Recurrent Businesses (after Business Development Expenses and Special Loss Provisions*)	(659)	(227)
- Arising from Mainland China Property Development	48	67
Arising from Underlying Businesses	(611)	(160)

*Special loss provisions represent provisions for onerous contracts for Stockholm pendeltåg and Mälartåg regional traffic totalling HK\$1,022 million in 2023 and impairment loss for Shenzhen Metro Line 4 of HK\$962 million in 2022

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