



MTR Corporation

2020 Interim Results

6 August 2020

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.



Business Review

1H2020 Highlights

Recurrent Businesses in HK

- Adverse impact from COVID-19 across all businesses
- Various concessions, e.g. , additional fare concessions, rental concessions, etc
- Opening of Tuen Ma Line Phase 1 in February
- Service performance maintained, passenger journeys on time at 99.9%
- Acquired remaining interest of Telford Plaza II and PopCorn 2 in March

Property Development

- Profit booking from LP6 (LOHAS Park Package 6)
- Presale of new projects, e.g. OCEAN MARINI and SEA TO SKY
- Awarded LOHAS PARK Package 12 in February

Businesses Outside of Hong Kong

- Full line opening of Hangzhou Metro Line 5 in April
- Was awarded the Shenzhen Metro Line 13 PPP project
- Signed joint venture agreement for exploration and development of station commercial and related businesses in Chengdu

New Projects

- Approval of additional funding for Shatin to Central Link
- Commencement of design-related works on Tung Chung Line Extension and Tuen Mun South Extension

Smart Mobility

- New MTR Mobile app
- Introduction of smart asset management
- Use of robot and AI in operations and maintenance



Transport Operations

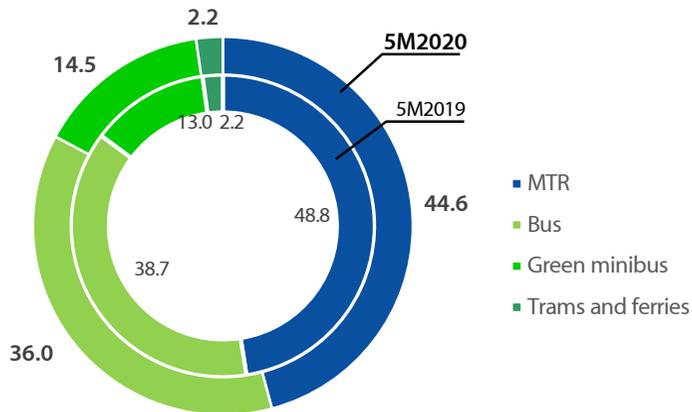
Average weekday patronage ('000)



1H2020

- Average weekday patronage fell to 3.79 million, a drop of 36.1% YoY
- Patronage were significantly hit by COVID-19, with work-from-home arrangement, social distancing, school suspension, border closure and declined tourist visitation.
- Patronage started to recover in May and June, but new COVID-19 measures started in July

Market share of Major Transport Operators



Recent update

- 20%-discount for Octopus users for 1st Jul 2020 – 1st Jan 2021
- Further patronage recovery would depend on COVID-19 development
- Lo Wu, Lok Ma Chau and West Kowloon stations remain closed until further notice.



Smart Mobility Initiatives

Enhance customer experience

- All-in-one MTR Mobile app
- New robots to help answer passenger enquiries

Strengthen rail tech infrastructure

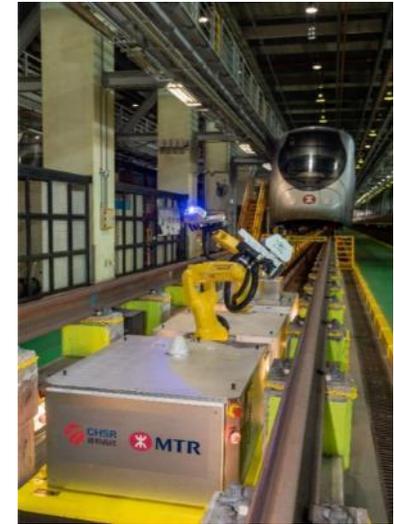
- Install sensors on new equipment
- Set up Data Studio
- Perform maintenance analysis using AI, IoT and cloud computing
- “Underframe Inspection Robot” to scan the underframe of trains



MTR Mobile app



Robotic “Smart Trainees”



Underframe Inspection Robot

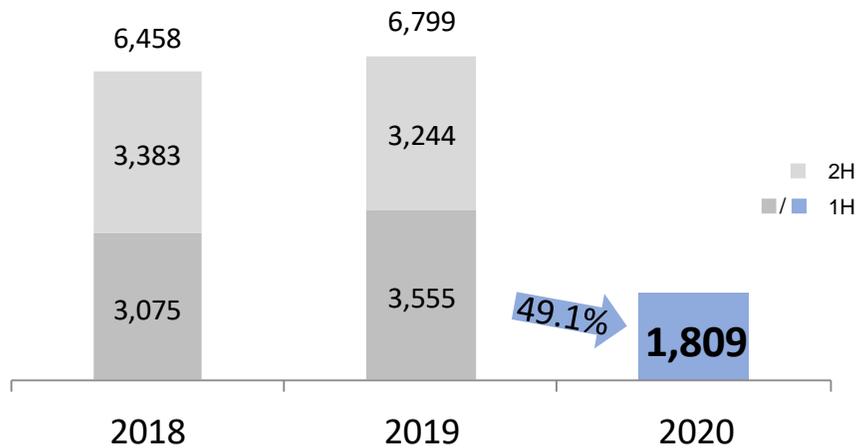


Data Studio



Station Commercial Businesses

2018-2020 revenue (HK\$m)



1H2020

- Decline across all segments, i.e. Duty Free Shops, station kiosks, advertising, telecom and others
- Revenue loss from station closures
- Rental concessions to tenants since February
- Occupancy rates were at 98.5%
- Rental reversion were at -5.4%

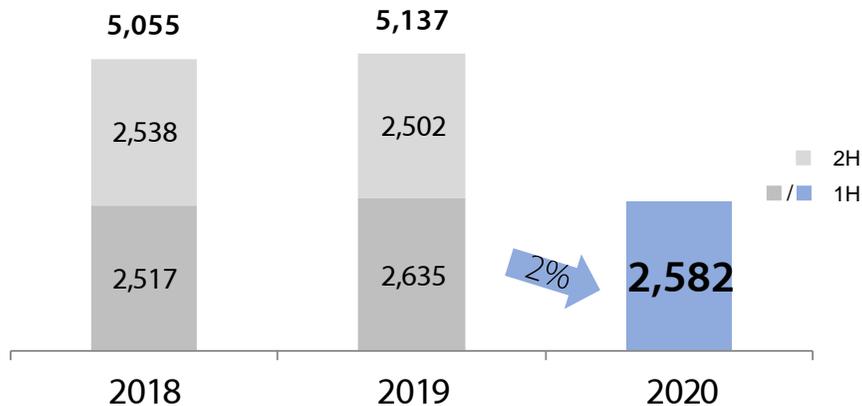
Recent update

- Reopening of cross boundary services and tourist-related trades are dependent on COVID-19 development
- Rental concessions continues based on the impact on different trade categories
- Advertising revenue is expected to rebound when the economy recovers



Property Rental and Management Businesses

2018-2020 revenue (HK\$m)



1H2020

- Rental concessions to tenants since February
- Occupancy at 99.2% for shopping malls and 99.8% for Two IFC
- Rental reversion at -17.6%
- Revaluation loss of HK\$6 billion for the portfolio

Recent update

- The LOHAS to be opened soon
- Rental concessions continues based on the impact on different trade categories
- Active promotions at various malls
- Construction works on Tai Wai and Wong Chuk Hang shopping centres are on track



Property Development

Development Profit

- Post-tax profits of **HK\$5.2 billion** was mainly derived from the share of surplus proceeds from LOHAS Park Package 6, as well as sales of inventory units.

Project tendered

| Project | Awarded | Developers |
|--|----------|------------|
| LOHAS Park Package 12 (2,000 units) | Feb 2020 | Wheelock |

Pre-sale of Property Development Project

| Property Development | Launched | Units sold (End-Jun 2020) |
|--|----------|------------------------------|
| MTR | | |
| SEA TO SKY (LOHAS Park Package 8) | Jun 2020 | 32% of 1,422 units sold |
| OCEAN MARINI (LOHAS Park Package 9C) | Mar 2020 | 88% of 503 units sold |
| GRAND MARINI (LOHAS Park Package 9B) | Sep 2019 | 92% of 503 units sold |
| MARINI (LOHAS Park Package 9A) | Aug 2019 | 94% of 647 units sold |
| GRAND MONTARA (LOHAS Park Package 7) | Jun 2019 | 100% of 504 units sold |
| MONTARA (LOHAS Park Package 7) | May 2019 | 100% of 616 units sold |
| As Agent for KCRC | | |
| Cullinan West III (Nam Cheong Station Project) | Sep 2019 | 76% of 1,172 units sold |



LOHAS Park Package 8: SEA TO SKY



Shatin to Central Link

Shatin to Central Link (SCL)

Tai Wai to Hung Hom Section – 99.95% complete

- The Tuen Ma Line Phase 1, from Tai Wai Station to Kai Tak Station, successfully commenced on 14 Feb 2020
- Entered into a two-year Supplementary Service Concession Agreement for the operation of TML1
- Full Tuen Ma Line target opening in Q3 2021
- Suitable measures for Hung Hom Station Extension, Stabling Sidings, Station Extension and adjacent structures have been completed

Hung Hom to Admiralty Section – 86.9% complete

- Target opening in Q1 2022 is still facing challenges and efforts are being made with the aim of optimising the programme

Funding

- The additional funding was approved by Legislative Council in June 2020

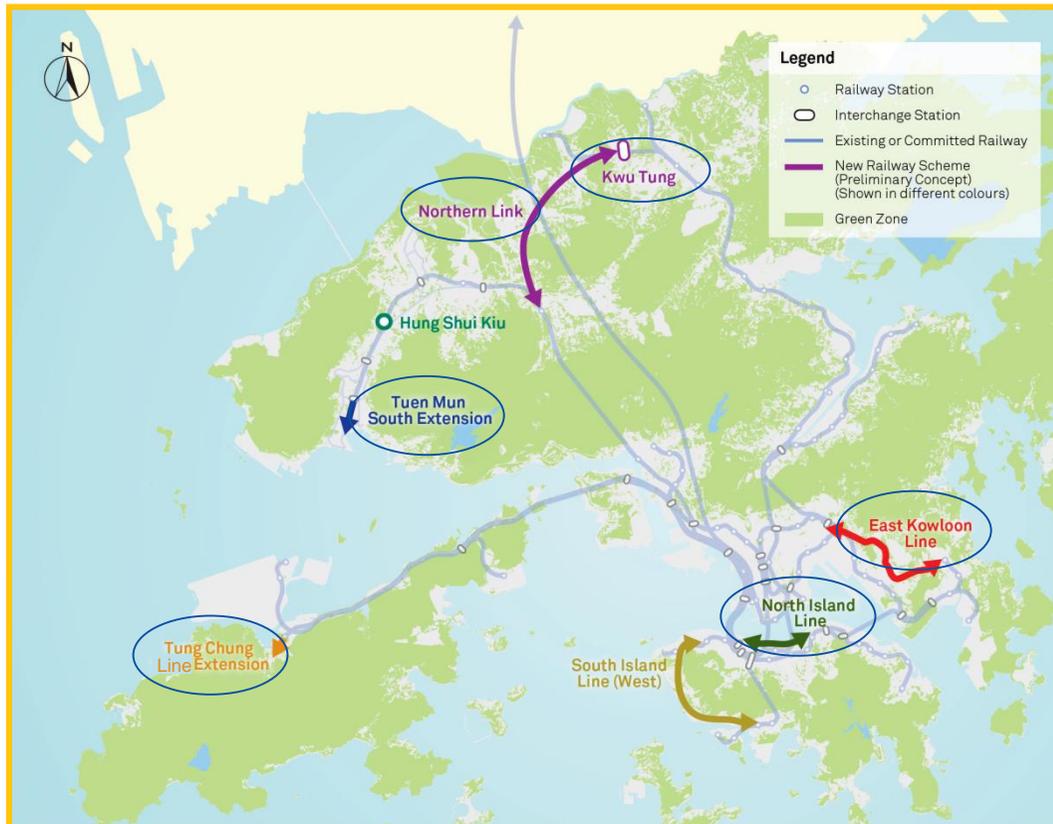




Railway Development Strategy 2014

A total of 7 new railway projects:

- Invited to proceed with detailed planning and design of (1) **Tung Chung Line Extension** and (2) **Tuen Mun South Extension**
- Proposal submitted: (1) Northern Link (and Kwu Tung Station), (2) East Kowloon Line, (3) North Island Line, and (4) Hung Shui Kiu Station
- Proposal to be submitted: (1) South Island Line (West)



| Project | Route Length (km) |
|--------------------------------------|-------------------|
| Tung Chung Line Extension | 1.3 |
| Tuen Mun South Extension | 2.4 |
| Northern Link (and Kwu Tung Station) | 10.7 |
| East Kowloon Line | 7.8 |
| North Island Line | 5.0 |
| Hung Shui Kiu Station | - |
| South Island Line (West) | 7.4 |
| Total | 34.6 |



Tung Chung Line Extension project

- On 7th April 2020, the Government invited The Corporation to proceed with detailed planning and design of the Tung Chung Line Extension project. The Corporation has commenced procurement of the preliminary design.
- Tung Chung East Station will be a key component of the transport infrastructure to support the Tung Chung New Town Extension (East) development.
- Tung Chung West Station, located west of the existing Yat Tung Estate, will serve incumbent residents and potential housing developments nearby, including the Tung Chung New Town Extension (West) planning areas.
- Funding arrangement will be negotiated on the basis of the ownership approach.



Source: LegCo document

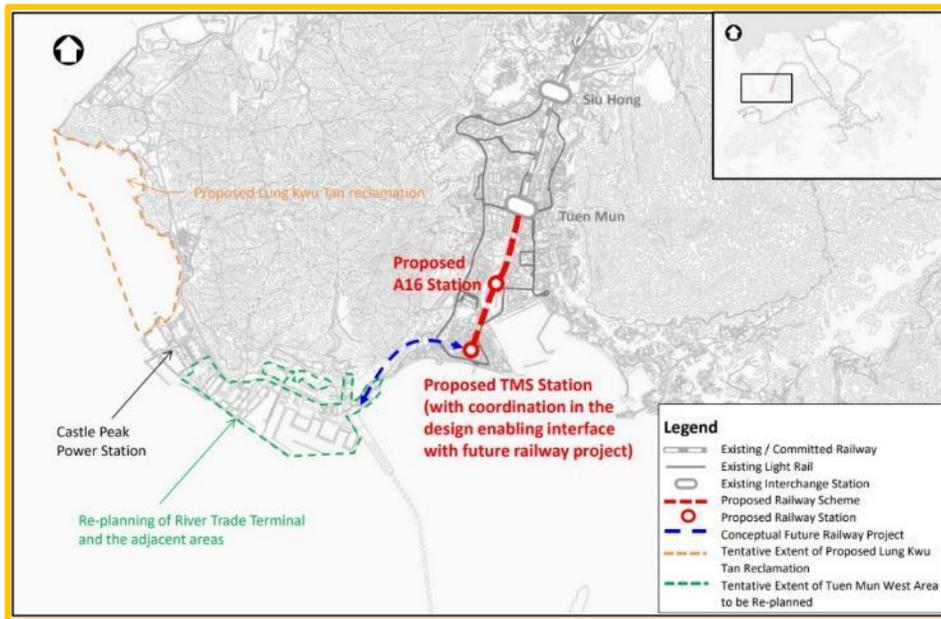
* Expected cost of HK\$18.7 billion (December 2016 prices) includes the cost of Airport Railway Extended Overrun Tunnel (AREOT) (Remaining Section). Route length of 1.3 km does not include the AREOT of about 460-metre. The AREOT (Remaining Section) is targeted to be in place by 2032.

| Tung Chung Line Extension | |
|-----------------------------|-------------------|
| Route length | 1.3 km* |
| No. of new stations | 2 |
| Estimated cost | HK\$18.7 billion* |
| Expected construction start | 2023 |
| Expected completion | 2029* |



Tuen Mun South Extension project

- On 29th May 2020, the Government invited The Corporation to proceed with detailed planning and design of the Tuen Mun South Extension project. The Corporation will immediately proceed with the procurement of the design.
- Tuen Mun South Station, located near the Tuen Mun Ferry Pier, will improve the railway services in Tuen Mun South.
- The proposed intermediate station, located in Tuen Mun Area 16, will unleash the housing development potential in the area.
- Funding arrangement will be negotiated on the basis of the ownership approach.



Source: LegCo document

* Expected cost of HK\$11.4 billion (in December 2015 prices)

| Tuen Mun South Extension | |
|-----------------------------|-------------------|
| Route length | 2.4 km |
| No. of new stations | 2 |
| Estimated cost | HK\$11.4 billion* |
| Expected construction start | 2023 |
| Expected completion | 2030 |



New Shopping malls in the pipeline



The LOHAS

The LOHAS

- GFA: 44,500sqm
- With the largest indoor ice rink in Hong Kong and the largest cinema in Tseung Kwan O
- Phase One will open soon with shops and facilities to meet residents' basic needs (~6,000 sqm)

Tai Wai Shopping Centre
GFA: 60,620sqm
Expected project completion: 2023



An artist's impression of Tai Wai Shopping Centre



An artist's impression of Wong Chuk Hang Shopping Centre

Wong Chuk Hang Shopping Centre
GFA: 47,000sqm
Expected project completion: 2023



Property Development

Development profit yet to be booked: about 20,000 residential units (GFA : over 1.20 million sqm)

Expected completion in the next 7 years

| | Property Tender | Date of Tender Award | Developer partners | Residential Gross Floor Area (sq m) | Units | Profit model | | | Project Status | Expected completion |
|----|----------------------------------|----------------------|--|-------------------------------------|-------|---------------------------------|---------------------------|-----------------|--------------------|---------------------|
| | | | | | | Lump-sum Upfront and/or backend | Share of surplus proceeds | Sharing in kind | | |
| 1 | Tai Wai Station | Oct 2014 | New World | 190,480 | 3,090 | | ✓ | ✓ | Superstructure | 2022 |
| 2 | Tin Wing Stop | Feb 2015 | Sun Hung Kai | 91,051 | 1,976 | | ✓ | | Superstructure | 2024 |
| 3 | LOHAS Park Package 7 | Jun 2015 | Wheelock | 70,260 | 1,120 | | ✓ | ✓ | Presale, 100% sold | 2021 |
| 4 | LOHAS Park Package 8 | Oct 2015 | Cheung Kong | 97,000 | 1,422 | ✓ | ✓ | | Presale, 32% sold | 2021 |
| 5 | LOHAS Park Package 9 | Dec 2015 | Wheelock | 104,110 | 1,653 | ✓ | ✓ | | Presale, 92% sold | 2021 |
| 6 | LOHAS Park Package 10 | Mar 2016 | Nan Fung | 75,400 | 893 | ✓ | ✓ | | Superstructure | 2022 |
| 7 | Ho Man Tin Station Package 1 | Dec 2016 | Goldin Properties | 69,000 | 918 | ✓ | ✓ | | Foundation works | 2022 |
| 8 | Wong Chuk Hang Station Package 1 | Feb 2017 | Road King Infrastructure & Ping An Real Estate | 53,600 | 800 | ✓ | ✓ | | Superstructure | 2022 |
| 9 | Wong Chuk Hang Station Package 2 | Dec 2017 | Sino Land & Kerry Properties | 45,800 | 600 | ✓ | ✓ | | Superstructure | 2023 |
| 10 | Yau Tong Ventilation Building | May 2018 | Sino Land & CSI Properties | 30,225 | 800 | ✓ | ✓ | | Foundation works | 2025 |
| 11 | Wong Chuk Hang Station Package 3 | Aug 2018 | Cheung Kong | 92,900 | 1,200 | ✓ | ✓ | ✓ | Foundation works | 2024 |
| 12 | Ho Man Tin Station Package 2 | Oct 2018 | Chinachem | 59,400 | 843 | ✓ | ✓ | | Foundation works | 2024 |
| 13 | LOHAS Park Package 11 | Apr 2019 | Sino Land, K. Wah, China Merchants | 88,858 | 1,880 | ✓ | ✓ | | Design | 2025 |
| 14 | Wong Chuk Hang Station Package 4 | Oct 2019 | Kerry Properties, Swire Properties, Sino Land | 59,300 | 800 | ✓ | ✓ | | Design | 2025 |
| 15 | LOHAS Park Package 12 | Feb 2020 | Wheelock | 89,290 | 2,000 | ✓ | ✓ | | Design | 2026 |



New Property Development Opportunities

Siu Ho Wan Depot, Lantau Island

- Outline Zoning Plan was approved in February 2019
- ~14,000 public and private residential units, community facilities and a 30,000 sqm shopping mall, subject to other statutory approvals

Tung Chung Traction Substation & Pak Shing Kok Ventilation Building

- Outline zoning plans were gazetted in June 2020 for both projects



Siu Ho Wan Depot, Lantau Island



Tung Chung Traction Substation

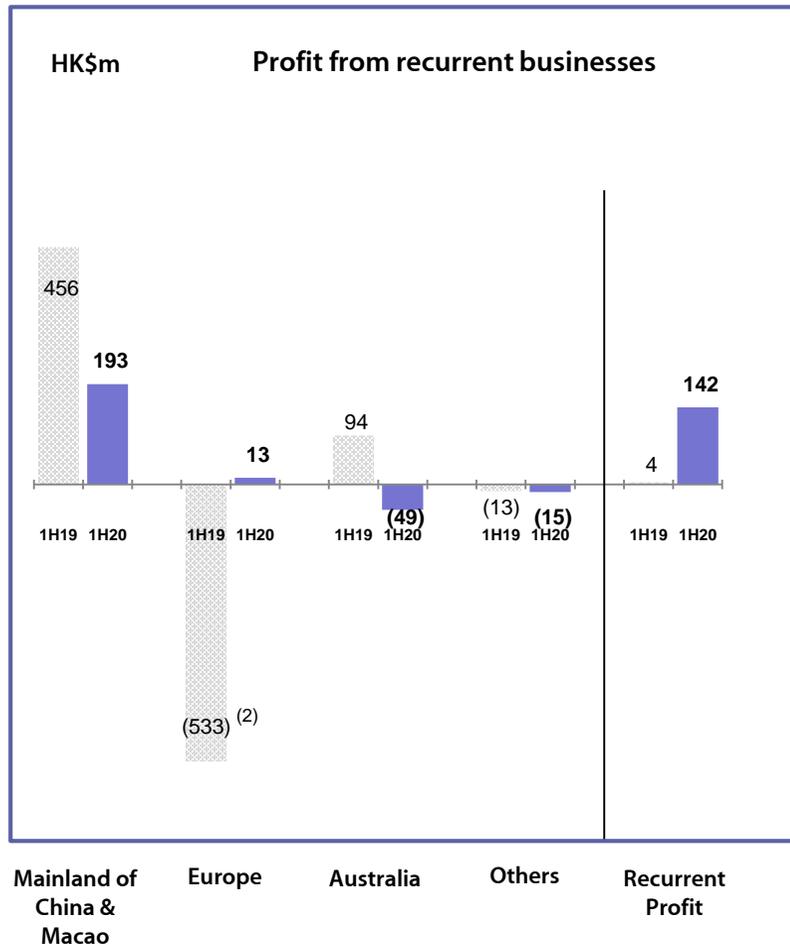


Pak Shing Kok Ventilation Building



Mainland of China and International Businesses

Recurrent profit: **HK\$142m⁽¹⁾**



1. Comprising net profit from Mainland of China and international business (MC&IB) subsidiaries net of non-controlling interests, and share of profit/(loss) from MC&IB associates and joint venture, and after Business development expenses.

2. The loss in 1H2019 was largely dragged by the provision relating to South Western Railway

Mainland of China and Macao

- **Beijing MTR and Hangzhou MTR** – lower contribution as impacted by COVID-19
- **MTR Shenzhen** – lower contribution as impacted by COVID-19. In Jul 2020, Shenzhen Municipal Government publicised a fare adjustment framework for Shenzhen Metro network, which will take effect from Jan 2021 for 5 years. If a suitable fare increase and adjustment mechanism are not implemented soon, the long-term financial viability of this line will be impacted.
- **Macao LRT Taipa Line** – smooth operation in general since the opening in Dec 2019, but with reduced patronage as a result of the pandemic

Europe

- **Stockholms pendeltåg, Sweden** – further improvements in operations and financials. However, loss-making position will likely remain for a year or so
- **MTRX, Sweden** – lower contribution as impacted by COVID-19
- **South Western Railway franchise, UK** – A provision of GBP43 million, representing the share of the maximum potential loss under the Franchise Agreement, was made in 1H2019
- **TfL Elizabeth Line, UK** – continue to support Transport for London on its phased opening

Australia

- **Sydney Metro North West (SMNW)** – Initial operating loss at O&M
- **Metro Trains Melbourne (MTM)** – lower contribution from operations as impacted by COVID-19, reached agreement with the State government for a support package for the impact due to COVID-19



Growth Beyond Hong Kong

Projects signed Beijing

Beijing Metro Line 17 (BJL17)

- BJL17 will be opened in phases, and the first phase opening of the line is targeted for the end of 2021
- We will lease the rolling stock over a 20-year period, with lease payments to be paid in two instalments after the opening of each phase

Foshan

Transit Oriented Development (TOD) technical assistance

- Provide TOD technical assistance to an associated company of Country Garden Group and Foshan Shunde District Metro Company Limited
- On a mixed-use property development adjacent to Chencun Station in the Shunde district

Shenzhen

Shenzhen Metro Line 4 North Extension

- Target opening at the end of 2020
- Received the first delivery of 6-car trains in April, out of a total of 24 new train sets
- Negotiations for the operation arrangement were also under way

Australia

Sydney Metro City and Southwest (SMCSW)

- A 30-km extension of SMNW running through new underground central business district stations and beyond to Bankstown, with 18 additional metro stations
- Target opening in 2024

Chengdu

Chengdu Station Retail Businesses

- A joint-venture agreement was signed in June 2020 to set up a new company for exploration and development of station retail and related businesses in Chengdu

Hangzhou

Hangzhou Metro Line 4 rolling stock overhaul project

- Our rolling stock maintenance joint venture with the CRRC Nanjing Puzhen Co., Ltd. consortium won the tender in June 2020 for the Hangzhou Metro Line 4 rolling stock overhaul project

Shenzhen

Shenzhen Metro Line 13 (SZL13)

- Was awarded the SZL13 PPP project and the O&M concession for 30 years
- The 22.4-km line includes 16 stations
- Target opening at the in 2023



Growth Beyond Hong Kong

Potential new projects Greater Bay Area

Transport infrastructure and property/community projects

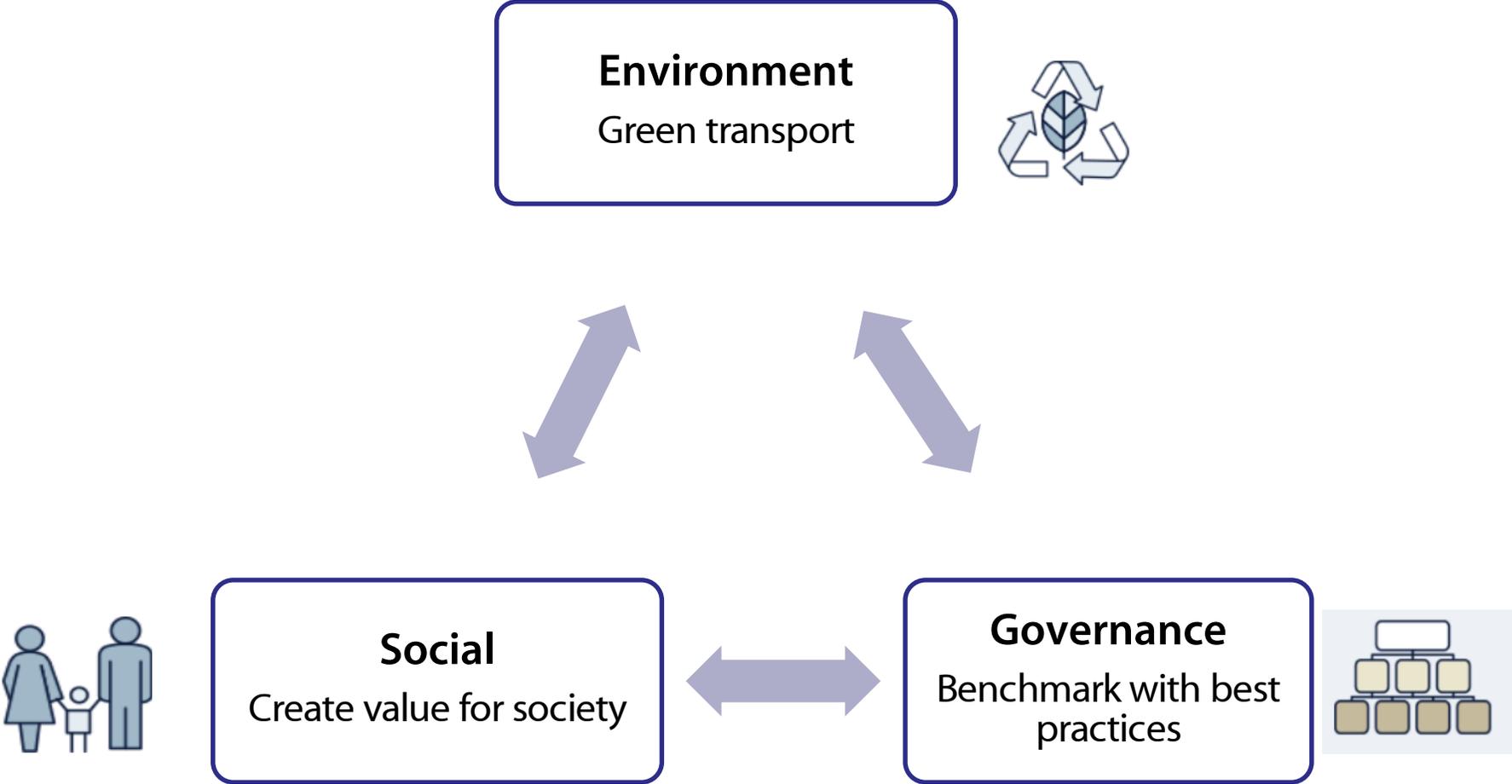
- Continued our discussions on opportunities for building transport infrastructure and property/community building projects in the Mainland of China, in particular, the Guangdong-Hong Kong-Macau Greater Bay Area

Sweden

Mälartåg

- Preparing for bid submission in September 2020

ESG Strategy and Initiatives



We are committed to operating responsibly as we connect and grow communities with a caring service. Fulfilling our long-term fiduciary responsibility, we incorporate ESG considerations into our operation to create value for all our stakeholders.

2019/2020 Environmental Initiatives

Efficient Use of Energy:

- Reduced electricity consumption per passenger-kilometer by 12% in our heavy rail network when compared with 2008 levels
- Reduced electricity consumption in our investment properties portfolio by 12% when compared with 2013 levels, meeting the 2023 target

Climate Change:

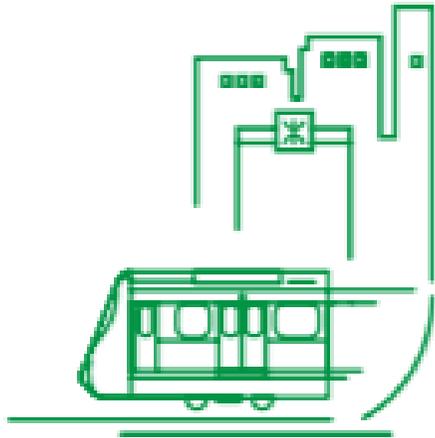
- Published a Climate Change Strategy to integrate climate change considerations into business strategy to ensure that climate risks are properly addressed in our operations

Pollution Prevention and Biodiversity:

- Continued to adopt air filtration technologies to improve indoor air quality, implemented various noise control measures to minimise nuisance and actively managed high ecological value wetlands to protect biodiversity



Environment – New Objectives



Carbon Reduction

- Develop long-term carbon reduction targets and roadmap up to 2050, covering
 - Rail operations and new rail development
 - Property management, investment property portfolio and new property developments
- Continue to serve as a low-carbon transportation mode to keep our cities moving sustainably

Social

Safety first – customers, contractors and staff:

- Reduced injuries requiring hospitalisation per 100 million passenger journeys by 20% on our heavy rail network in 2019 in HK compared to 2018

Customer Experience:

- Provided babycare rooms at 7 interchange stations and new stations under TML phase 1

Inclusion in our services and employment:

- Provided new washrooms with enhanced accessibility
- Provided Internship opportunities for University Students with Disabilities / Special Education Needs

Investing in communities and staff:

- Continued to offer programmes and activities to support and engage communities under the “Community Connect” platform
- Benefitted some 83,000 participants in our youth and children programmes in 2019



Governance

Board Structure and Diversity:

- Updated the Board Diversity Policy and refreshed the membership of our Board taking into account our Board skills matrix

Enterprise Risk Management:

- Identified and reviewed enterprise risks across all business units regularly and prioritised resources to manage emergent risks

Stakeholder Engagement:

- Dynamic and ongoing stakeholder engagement process welcomes and gathers diverse views, opinions and expectations from a wide range of stakeholders along our value chain

Ethics & Integrity:

- Organised education programmes including seminars and computer-based training for staff to explain Code of Conduct to ensure high standards of ethics and integrity in line with our values

Best Practices:

- Commitment to complying with revised HKEx ESG reporting standards



Financial Results

Financial Highlights

| 1H2020 (HK\$m) | Recurrent Businesses | | |
|--|--------------------------|-------------------------------------|---------|
| | Hong Kong ⁽¹⁾ | Outside of Hong Kong ⁽¹⁾ | Total |
| Revenue | 11,127 | 10,465 | 21,592 |
| Change (YoY) | (37.2%) | (0.9%) | (23.6%) |
| Recurrent business profit ⁽²⁾ | 291 | 142 | 433 |
| Change (YoY) | (89.1%) | n/m | (83.8%) |
| Change (YoY, excluding SCL/South Western Railway provisions in 1H2019) | (93.8%) | (67.7%) | (91.5%) |

| (HK\$m) | 1H2020 | Change (YoY) |
|--|---------|--------------|
| Recurrent business profit ⁽²⁾ | 433 | (83.8%) |
| Post-tax profit from property development | | |
| Hong Kong | 5,171 | 589.5% |
| Mainland of China | 29 | 16.0% |
| Sub-total | 5,200 | 571.0% |
| Underlying business profit ⁽²⁾ | 5,633 | 63.8% |
| Investment property revaluation | (5,967) | n/m |
| Reported net profit attributable to shareholders of the company ⁽²⁾ | (334) | n/m |
| Reported EPS (HK\$) ⁽²⁾ | (0.05) | n/m |
| Underlying businesses EPS (HK\$) ⁽²⁾ | 0.92 | 64.3% |
| Interim dividend per share (HK\$) | 0.25 | - |

n/m: not meaningful

1. Recurrent business profit from Hong Kong includes HK transport operations, HK station commercial, HK property rental and management, other businesses (mainly project management services to Government, Ngong Ping 360, and consultancy) and project studies and business development expenses. Recurrent business profit outside of Hong Kong includes business development expenses

2. Net of non-controlling interests (1H2020: HK\$23m; 1H2019: HK\$98m)

Segmental Profits of Underlying Businesses

| | 1H2020 | 1H2019 | Favourable/ (adverse) change | |
|--|--------------|--------------|------------------------------|---------------|
| (HK\$m) | | | HK\$m | % |
| Hong Kong transport operations ⁽¹⁾ | (2,579) | 952 | (3,531) | n/m |
| Hong Kong station commercial ⁽¹⁾ | 1,334 | 2,679 | (1,345) | (50.2) |
| Hong Kong property rental and management ⁽¹⁾ | 2,193 | 2,229 | (36) | (1.6) |
| Mainland of China and international railway, property rental & management (including share of EBIT from railway associates and joint venture) ⁽²⁾ | 422 | 392 | 30 | 7.7 |
| Project studies and business development expenses | (51) | (29) | (22) | (75.9) |
| Others ⁽³⁾ | (18) | (1,834) | 1,816 | 99.0 |
| EBIT on recurrent businesses | 1,301 | 4,389 | (3,088) | (70.4) |
| Interest and finance charges on recurrent businesses ⁽⁴⁾ | (619) | (570) | (49) | (8.6) |
| Tax on recurrent businesses ⁽⁵⁾ | (249) | (1,154) | 905 | 78.4 |
| Post-tax recurrent business profit | 433 | 2,665 | (2,232) | (83.8) |
| HK property development profit after tax | 5,171 | 750 | 4,421 | 589.5 |
| Mainland of China property development profit after tax and interest | 29 | 25 | 4 | 16.0 |
| Post-tax property development profit | 5,200 | 775 | 4,425 | 571.0 |
| Profit from underlying businesses | 5,633 | 3,440 | 2,193 | 63.8 |

Note:

n/m: not meaningful

All segmental profits shown are pre-tax profits

1. Net of depreciation, amortisation and variable annual payment to KCRC

2. Net of non-controlling interests and includes business development expenses; 1H2019 EBIT included a \$436 million provision in relation to South Western Railway franchise

3. Includes consultancy, Ngong Ping 360, project management for HKSAR Government and share of EBIT from Octopus Holdings Limited; 1H2019 EBIT included a \$2 billion provision in relation to Hung Hom Incident

4. Includes our share of interest and finance charges incurred by railway associates and joint venture

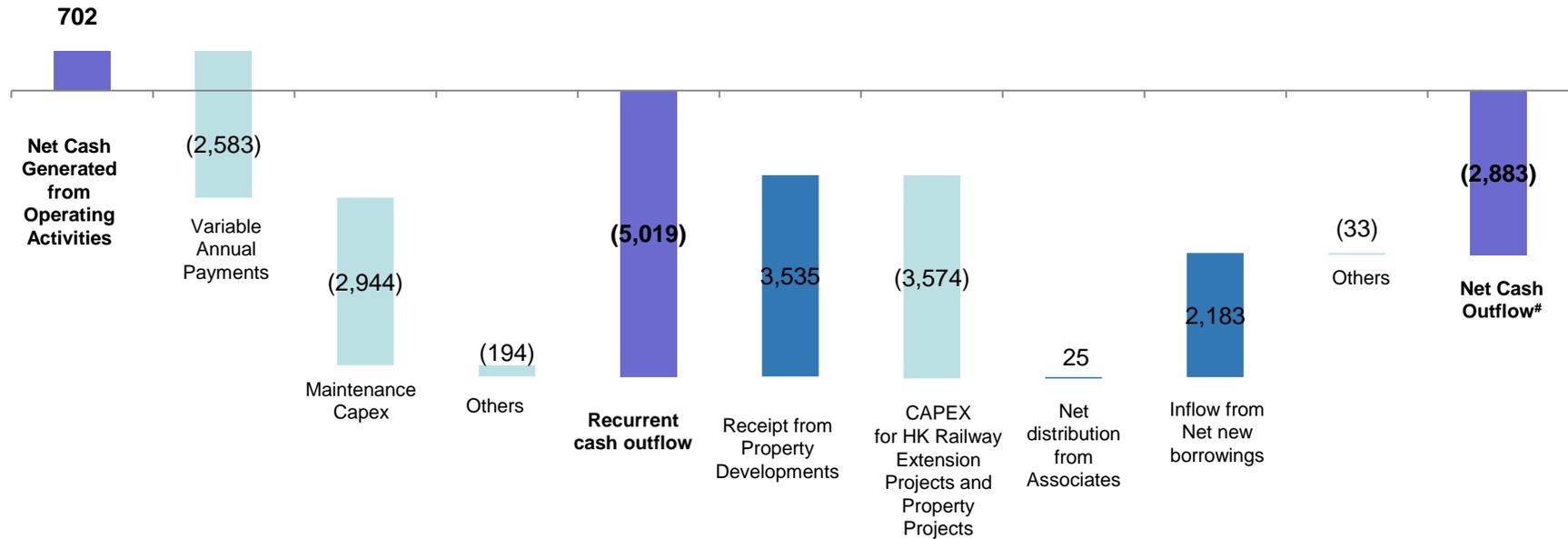
5. Includes our share of tax incurred by railway associates and joint venture

Consolidated Statement of Financial Position

| | 30 Jun 2020 | 31 Dec 2019 | Increase/ (Decrease) | |
|--|----------------|----------------|----------------------|--------------|
| | | | HK\$m | % |
| <i>(HK\$m)</i> | | | | |
| Assets | | | | |
| Investment properties | 89,017 | 91,712 | (2,695) | (2.9) |
| Other property, plant and equipment | 101,928 | 102,632 | (704) | (0.7) |
| Service concession assets | 31,269 | 31,261 | 8 | - |
| Property development in progress | 11,990 | 12,022 | (32) | (0.3) |
| Interests in associates & joint venture | 10,418 | 10,359 | 59 | 0.6 |
| Properties held for sale | 2,035 | 1,245 | 790 | 63.5 |
| Debtors and other receivables | 13,998 | 11,169 | 2,829 | 25.3 |
| Amounts due from related parties | 3,998 | 3,041 | 957 | 31.5 |
| Cash, bank balances and deposits | 18,098 | 21,186 | (3,088) | (14.6) |
| Others | 4,864 | 4,587 | 277 | 6.0 |
| Total Assets | 287,615 | 289,214 | (1,599) | (0.6) |
| Liabilities | | | | |
| Debts | 41,620 | 39,456 | 2,164 | 5.5 |
| Creditors, other payables and provisions | 34,451 | 33,315 | 1,136 | 3.4 |
| Current taxation | 1,243 | 2,024 | (781) | (38.6) |
| Amounts due to related parties | 5,587 | 2,990 | 2,597 | 86.9 |
| Obligations under service concession | 10,311 | 10,350 | (39) | (0.4) |
| Deferred tax liabilities | 13,612 | 13,729 | (117) | (0.9) |
| Others | 770 | 552 | 218 | 39.5 |
| Total Liabilities | 107,594 | 102,416 | 5,178 | 5.1 |
| Total Equity | 180,021 | 186,798 | (6,777) | (3.6) |

Cash Flow (Six months ended 30 Jun 2020)

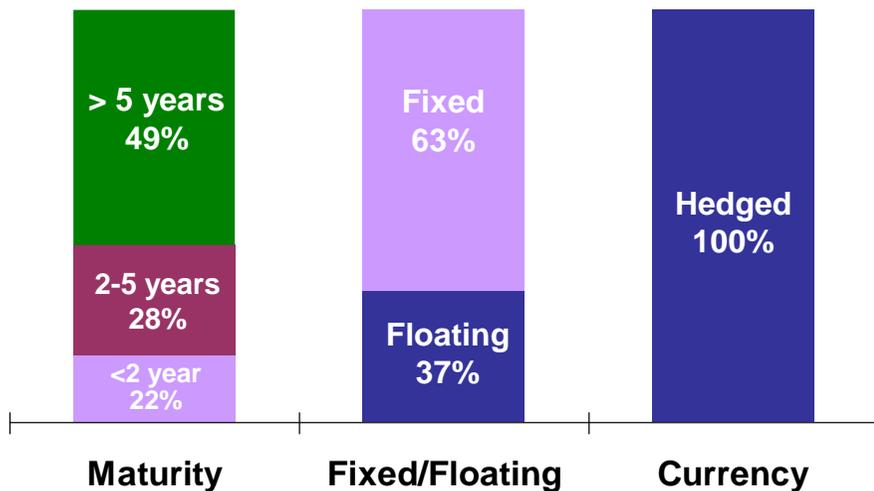
(HK\$m)



Excluding effect of exchange rate change

Financing and Credit Ratios

Company Debt Profile (30 Jun 2020)⁽¹⁾



Consolidated group borrowings and other obligations⁽²⁾:

HK\$41,620m (HK\$39,456m as at 31 Dec 2019)

Average cost of borrowing and other obligations⁽²⁾: **2.6%** (-0.1%pt YoY)

Interest and finance charges:
HK\$499m (+12.9% YoY)

| | 30 Jun 2020 | 31 Dec 2019 |
|--|---------------|---------------|
| Net Debt / Equity ratio⁽³⁾ | 18.9% | 15.4% |
| | 1H2020 | 1H2019 |
| Interest cover | 14.2x | 13.4x |

1. Excluding Mainland of China and overseas subsidiaries debts

2. Excluding obligations under service concession

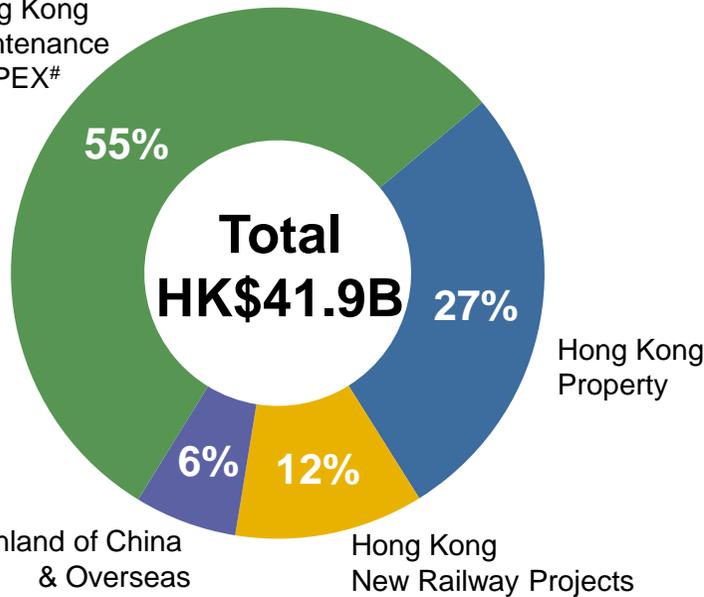
3. Including lease liabilities, obligations under service concession and loan from holders of non-controlling interests as components of debt

Capital Expenditure & Investments



2020-2022

Hong Kong
Maintenance
CAPEX#



Estimated spend:

2020 - HK\$14.9 billion

2021 - HK\$12.6 billion

2022 - HK\$14.4 billion

Total - HK\$41.9 billion

Includes the Maintenance CAPEX for the Existing Railway Assets and Advance Railway Works related to SCL

The Advance Railway Works related to SCL involve modifications to or upgrades or expansion of assets for which MTR is responsible under the existing service concession agreement with KCRC. This will predominantly be covered by the reduction in future maintenance CAPEX during the construction period of SCL Project which MTR would have otherwise incurred.



Outlook and Strategy

Outlook

Hong Kong Transport Operations

- Further patronage recovery would depend on the development of COVID-19
- Proceed detailed planning and design for Tung Chung Line Extension and Tuen Mun South Extension

Station Commercial and Property Rental

- Soft opening of The LOHAS in August
- Support tenants' new offline/online retail models
- Collaborate with e-commerce and online merchants

Business Outside of Hong Kong

- Continue to explore new opportunities

Property Development Businesses

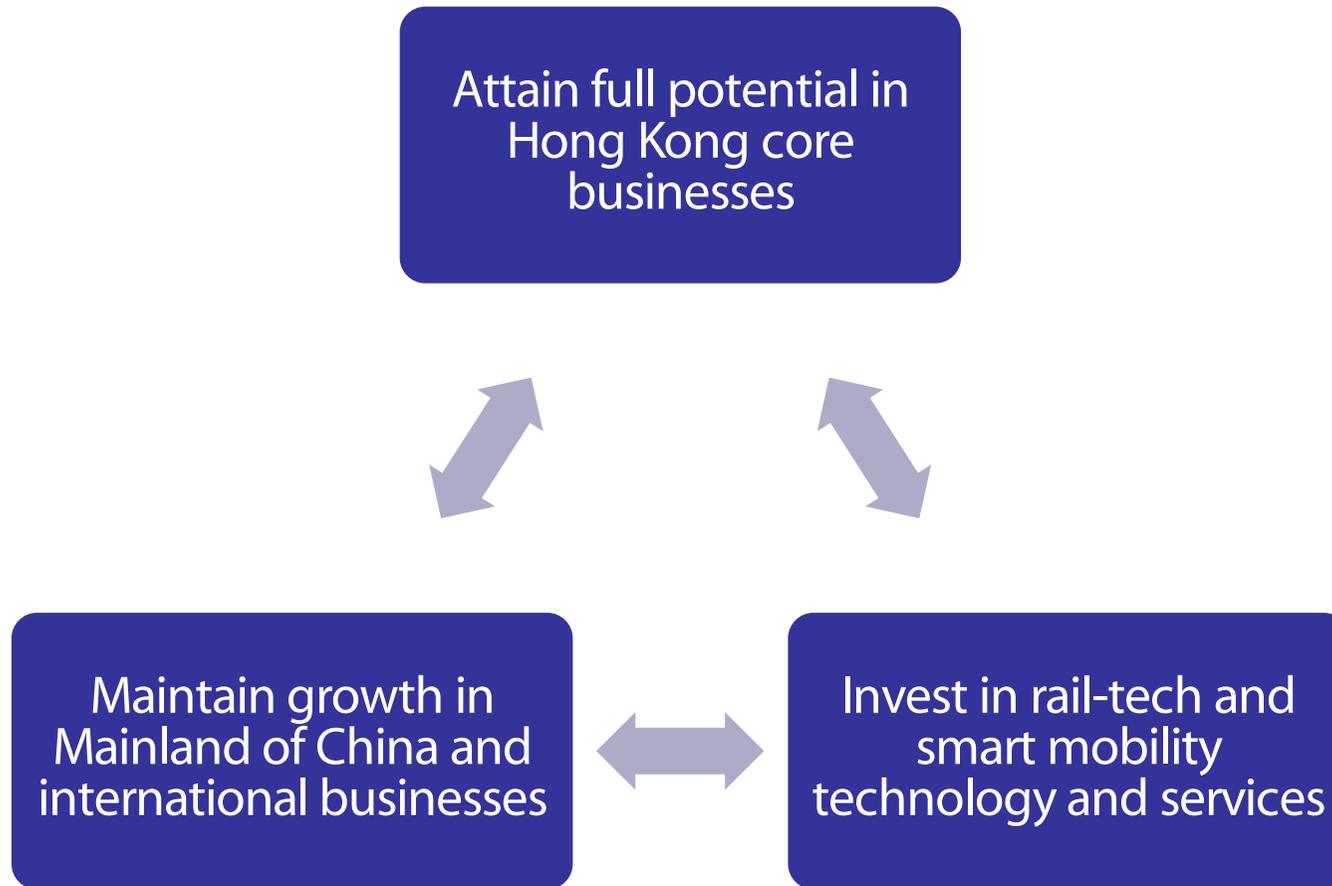
- Presale of LOHAS Park Package 10 and Tai Wai Station
- Subject to market conditions, aiming to tender out LOHAS Park Package 13 and Wong Chuk Hang Station Package 5 & 6, before March 2021

Smart Mobility

- Investing more in rail tech and mobility services that will strengthen our core business and enable long-term growth.

Strategy

Make MTR more environmentally, socially and financially sustainable





Appendix

Consolidated Profit and Loss Account

| | 1H2020 | 1H2019 | Favourable/ (adverse) change | |
|--|-----------------|-----------------|------------------------------|---------------|
| | | | HK\$m | % |
| (HK\$m) | | | | |
| HK transport operations | 6,234 | 10,690 | (4,456) | (41.7) |
| HK station commercial and HK property rental & management businesses | 4,391 | 6,190 | (1,799) | (29.1) |
| Mainland of China & international railway, property rental and management subsidiaries | 10,465 | 10,558 | (93) | (0.9) |
| Other businesses | 502 | 834 | (332) | (39.8) |
| Total revenue | 21,592 | 28,272 | (6,680) | (23.6) |
| Operating expenses excluding Mainland of China & international subsidiaries ⁽¹⁾ | (7,435) | (9,975) | 2,540 | 25.5 |
| Expenses relating to Mainland of China & international railway, property rental and management subsidiaries ⁽²⁾ | (10,156) | (9,886) | (270) | (2.7) |
| Expenses relating to Mainland of China property development | (4) | (10) | 6 | 60.0 |
| Total operating expenses | (17,595) | (19,871) | 2,276 | 11.5 |
| EBITDA excluding Mainland of China & international subsidiaries | 3,692 | 7,739 | (4,047) | (52.3) |
| EBITDA relating to Mainland of China & international railway, property rental and management subsidiaries | 309 | 672 | (363) | (54.0) |
| EBITDA relating to Mainland of China property development | (4) | (10) | 6 | 60.0 |
| Total EBITDA | 3,997 | 8,401 | (4,404) | (52.4) |
| HK property development profit | 6,168 | 898 | 5,270 | 586.9 |
| Total operating profit | 10,165 | 9,299 | 866 | 9.3 |
| Depreciation & amortisation | (2,613) | (2,592) | (21) | (0.8) |
| Variable annual payment | (457) | (1,506) | 1,049 | 69.7 |
| Share of profit or loss of associates and joint venture | 217 | (74) | 291 | 393.2 |
| Interest and finance charges | (499) | (442) | (57) | (12.9) |
| Investment property revaluation | (5,967) | 2,066 | (8,033) | n/m |
| Profit before taxation | 846 | 6,751 | (5,905) | (87.5) |
| Income tax | (1,157) | (1,147) | (10) | (0.9) |
| Non-controlling interests | (23) | (98) | 75 | 76.5 |
| Reported net (loss)/profit attributable to shareholders of the Company | (334) | 5,506 | (5,840) | n/m |
| Reported (loss)/earnings per share ("EPS") (HK\$) | (0.05) | 0.90 | (0.95) | n/m |
| Profit from underlying businesses | 5,633 | 3,440 | 2,193 | 63.8 |
| Underlying businesses EPS (HK\$) | 0.92 | 0.56 | 0.36 | 64.3 |
| Interim ordinary dividend per share (HK\$) | 0.25 | 0.25 | - | - |

n/m: not meaningful

Note 1: Includes project studies and business development expenses

Note 2: Excludes project studies and business development expenses

Cash flow

| (HK\$m) | 1H2020 | 1H2019 | Favourable/ (adverse) change | |
|---|-----------------|----------------|---------------------------------|---------------|
| | | | HK\$m | % |
| Cash Inflow | | | | |
| Cash flows from operations | 2,244 | 9,964 | (7,720) | (77.5) |
| Receipt of government subsidy for Shenzhen Metro Longhua Line operation | 587 | 608 | (21) | (3.5) |
| Receipts from property developments | 3,535 | 4,580 | (1,045) | (22.8) |
| Others | 161 | (66) | 227 | n/m |
| Total inflows | 6,527 | 15,086 | (8,559) | (56.7) |
| Cash Outflow | | | | |
| Tax paid | (2,072) | (522) | (1,550) | (296.9) |
| Purchase of tax reserve certificates | (57) | (7) | (50) | (714.3) |
| Capital expenditure and investments | | | | |
| - Hong Kong existing rail | (2,805) | (2,614) | (191) | (7.3) |
| - Hong Kong new rail | (77) | (175) | 98 | 56.0 |
| - Mainland of China and international businesses | (139) | (91) | (48) | (52.7) |
| - Property related | (3,497) | (469) | (3,028) | (645.6) |
| Variable annual payment | (2,583) | (2,305) | (278) | (12.1) |
| Net distribution from / (Investment and loans in) associates & joint ventures | 25 | (802) | 827 | n/m |
| Total outflows | (11,205) | (6,985) | (4,220) | (60.4) |
| Net cash (outflow)/inflow before financing | (4,678) | 8,101 | (12,779) | n/m |
| Cash inflow/(outflow) from net repayment | 2,183 | (3,955) | 6,138 | n/m |
| Net interest paid | (355) | (448) | 93 | 20.8 |
| Others | (33) | (49) | 16 | 32.7 |
| Net cash (outflow)/inflow[#] | (2,883) | 3,649 | (6,532) | n/m |

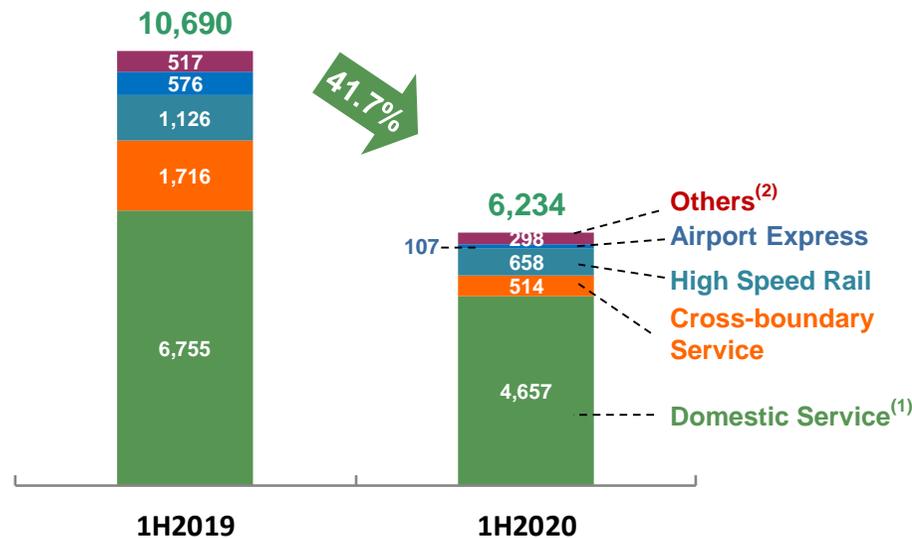
m/n: not meaningful

Excluding effect of exchange rate change

Hong Kong Transport Operations

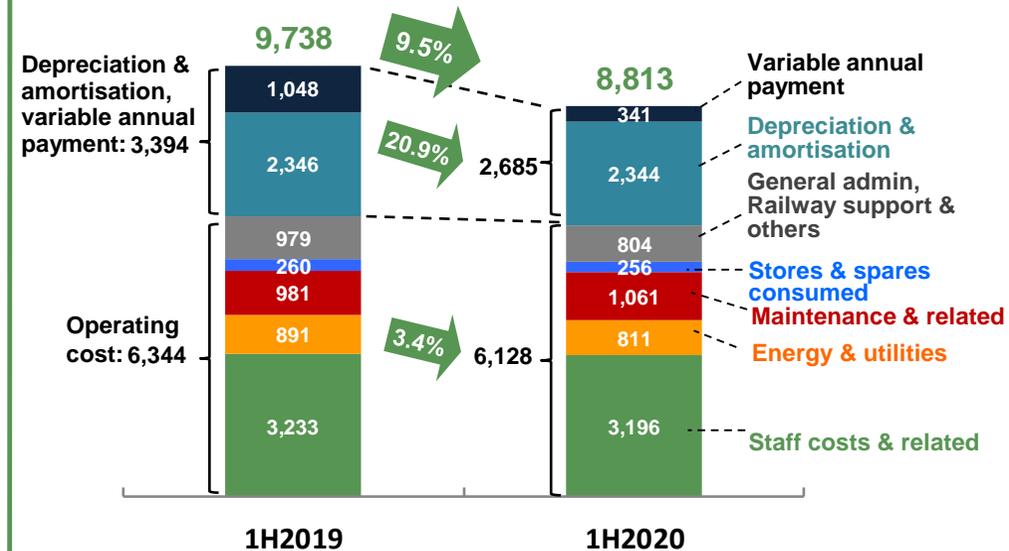
Revenue

(HK\$m)



Cost

(HK\$m)



EBITDA:
HK\$106m

97.6%

Margin:
1.7%

39.0% pts

EBIT loss⁽³⁾⁽⁴⁾:
HK\$2,579m

Margin:
-41.4%

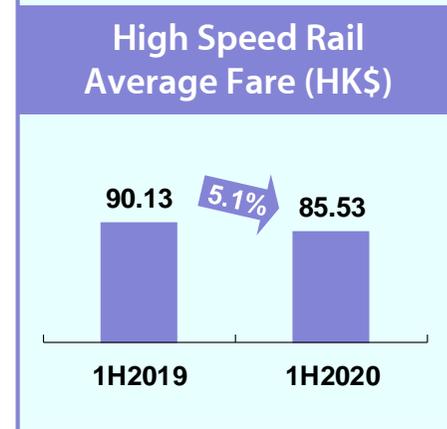
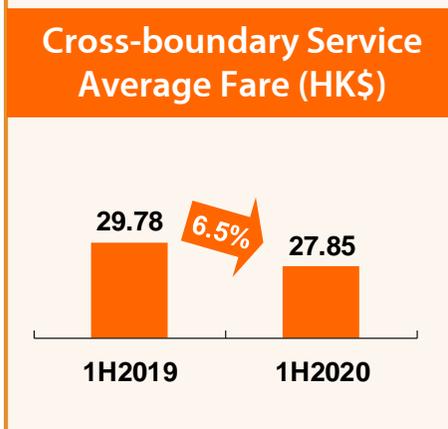
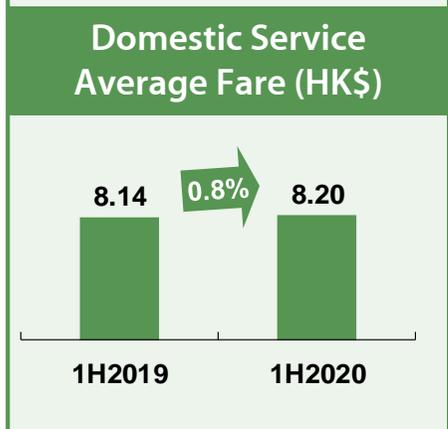
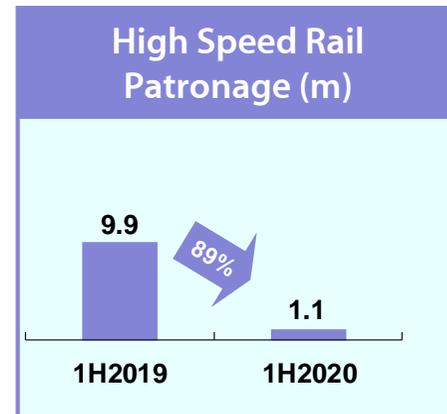
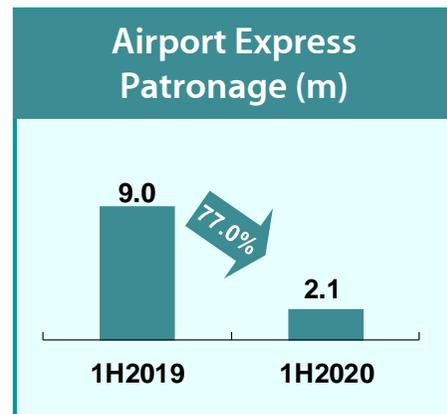
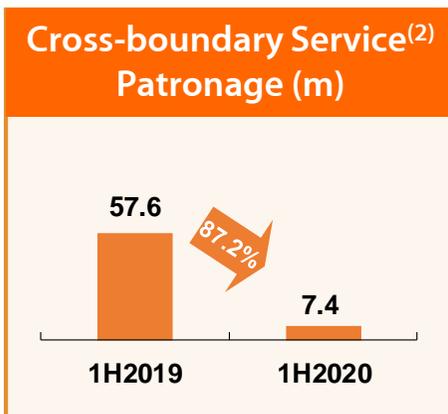
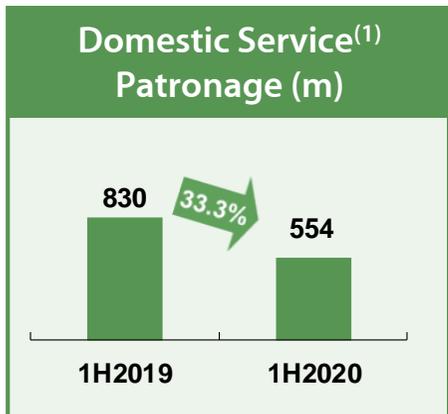
50.3% pts

- Domestic Service comprises the Kwun Tong, Tsuen Wan, Island, South Island, Tung Chung, Tseung Kwan O, Disneyland Resort, East Rail (excluding Cross-boundary Service), West Rail and Tuen Ma Line (Phase 1)
 - Others comprise Light Rail, Bus, Intercity and other rail related income
 - After depreciation, amortisation and variable annual payment to KCRC
 - EBIT of HK\$952 million in 1H2019
- MTR Corporation

Hong Kong Transport Operations

Total Patronage: **637 million**

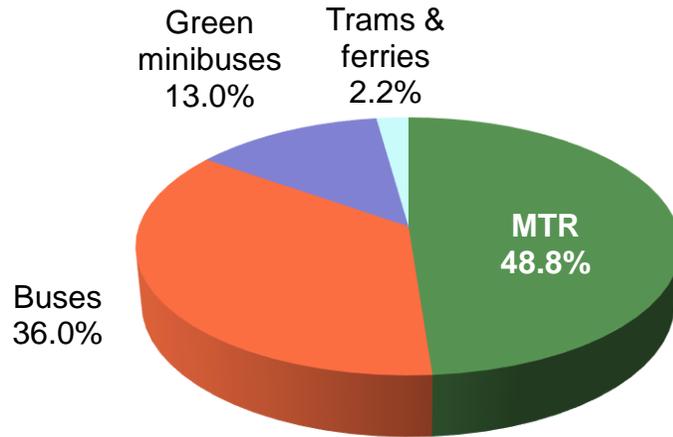
37.7%



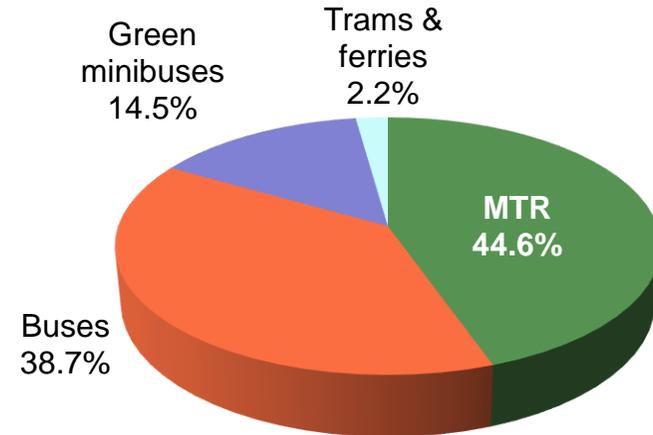
- Domestic Service comprises the Kwun Tong, Tsuen Wan, Island, South Island, Tung Chung, Tseung Kwan O, Disneyland Resort, East Rail (excluding Cross-boundary Service), West Rail and Tuen Ma Line Phase 1
- Does not include the High Speed Rail
- Following the government's measure to control the outbreak of COVID-19, express rail link West Kowloon control point and Intercity Hung Hom control point were closed since 30 Jan, Lo Wu and Lok Ma Chau Spur Line control point were closed since 4 Feb until further notice.

Market Share

Hong Kong Franchised Public Transport

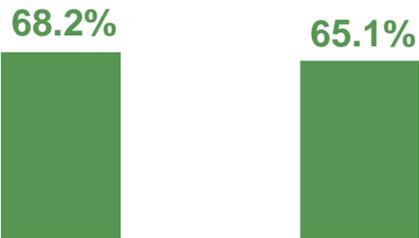


Jan – May 2019



Jan – May 2020

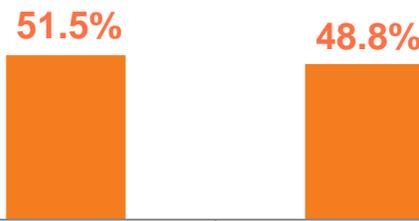
Cross-harbour



Jan-May 2019

Jan-May 2020

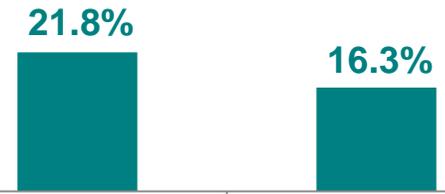
Cross-boundary & HSR



Jan-May 2019

Jan-May 2020

Airport Express



Jan-May 2019⁽¹⁾

Jan-May 2020⁽¹⁾

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

1. Calculation based on the proportion of air passenger using Airport Express over the total air passenger figures reported by the Airport Authority Hong Kong



MTR Corporation

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