



MTR Corporation

Company Overview

December 2020 to January 2021

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.

COVID-19 update (Recurrent businesses)

For 1H2020, the estimated total financial impact of the COVID-19 outbreak on recurrent profit was ~HK\$5 billion, mainly due to:

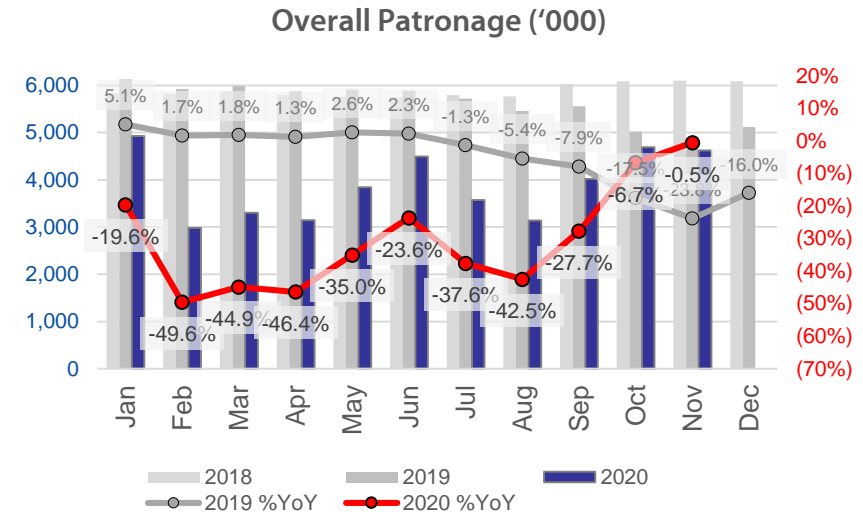
- Lower patronage
- Rental concession to tenants at station kiosks and shopping malls since February
- Lower advertising revenue
- Negative financial impact on Mainland China & International businesses

Since July 2020

- Domestic Services average weekday patronage declined in July (-33.0% YoY) and August (-38.6% YoY), after the 3rd wave of COVID-19 outbreak. YoY performance improved in September (-22.8% YoY), October (-3.4% YoY) and November (+2.3% YoY), due to the gradual recovery and low base in 2019
- Revenue loss during station closures (mainly cross-boundary stations)
- Rental concession remains, on case-by-case basis.
- Advertising activities remained weak
- Mainland China businesses continue to improve, following the re-opening in most cities.
- Overseas operations remain negatively affected, given the global outbreak.

COVID-19 update (Transport operations)

- The decline widened again after the 3rd wave of COVID-19 outbreak, with renewed work-from-home arrangement, tightened social distancing and school suspension.
- Lo Wu, Lok Ma Chau and West Kowloon stations remain closed.
- Significant drop in airport traffic.
- Overall tourists arrival fell 93% YoY for 11M2020
- “20% Rebate for Every Octopus Trip” will be offered from 1 July 2020 to 31 March 2021.
- Estimated revenue forgone will amount to about \$1.6 billion. The Government will bear half of the total actual revenue forgone with a cap of \$0.8 billion, while the Corporation will shoulder the remainder.



Patronage (% YoY)	1H2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020
Domestic Services (avg. weekday)	-32.0%	-33.0%	-38.6%	-22.8%	-3.4%	2.3%
Cross-boundary (avg. daily)	-87.5%	-99.7%	-99.6%	-99.5%	-99.1%	-99.2%
AEL (avg. daily)	-77.2%	-88.5%	-88.5%	-82.7%	-81.1%	-82.8%
High Speed Rail (avg. daily)	-89.7%	-100%	-100%	-100%	-100%	-100%
Overall	-36.4%	-37.6%	-42.5%	-27.7%	-6.7%	-0.5%

COVID-19 update (Station commercial and Property rental)

- Hong Kong retail sales were -25.3% YoY for 11M2020
- Retail sales at our portfolio were negatively affected by the decline in patronage and general slowdown in retail sales, for both station kiosk and shopping malls.
- Slowdown in advertising activities
- The LOHAS, our new mall at LOHAS Park, was opened by phase (about two-third opened so far), but preleasing has been slower than expected as a result of the COVID-19 outbreak.
- Full 6-month contribution in 2H2020 from the acquisition of remaining interests in Telford Plaza II and PopCorn 2
- In our station retail business, we are considering more flexible leasing terms and enhancing the telecom infrastructure to support tenants' new offline/online retail models.
- In our shopping malls, we are collaborating with e-commerce and online merchants who are planning to open pop-up stores across our portfolio. We are also exploring the possibility of adding more entertainment and sports facilities.

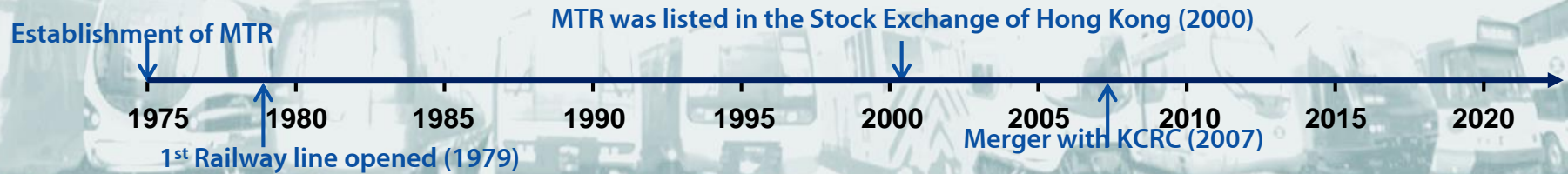
COVID-19 update (Cost control measures)

- Staff cost - recruitment freeze
- Transport operation: cut train services
- Others: cut discretionary spending

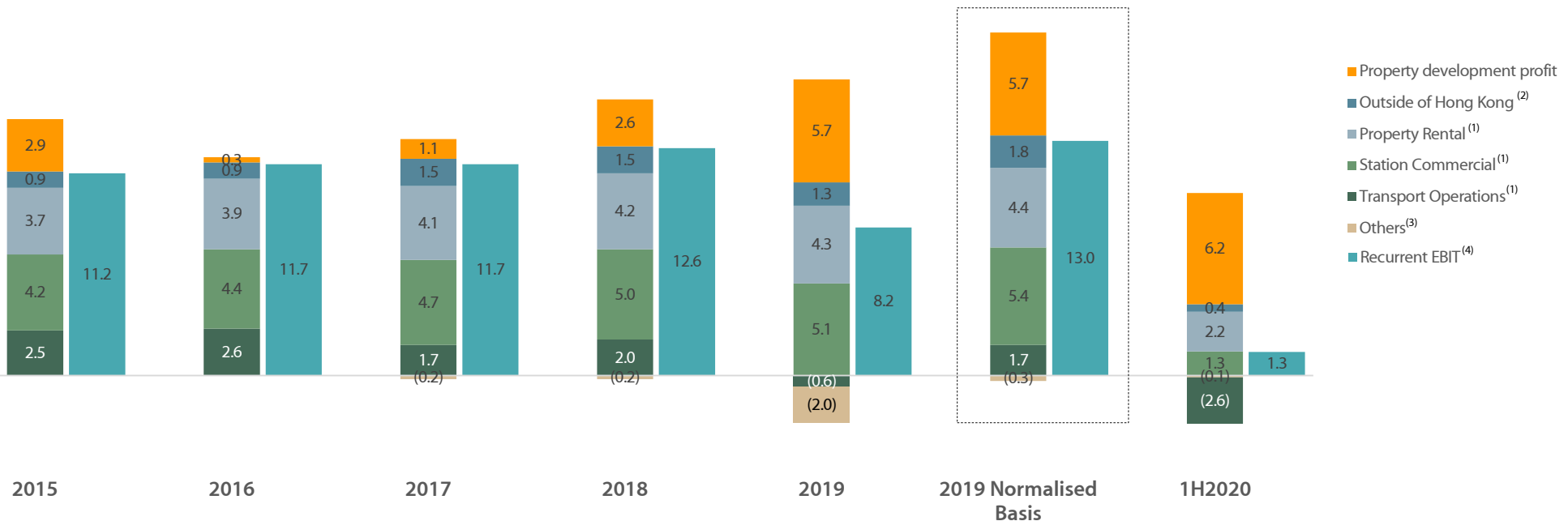
COVID-19 update (Property development)

- ~96% out of 503 units sold at Ocean MARINI (LOHAS Park package 9c)
- ~67% of 1,422 units sold at Sea to Sky (LOHAS Park Package 8)
- ~98% of 783 units sold at The Pavilia Farm I (Tai Wai Station)
- ~95% of 1,415 units sold at The Pavilia Farm II (Tai Wai Station)
- LOHAS Park package 10 is pending presale consents
- The tender of LOHAS Park package 12 and 13 were awarded in February and October, respectively
- Subjected to market condition, aim to tender out Wong Chuk Hang package 5 & 6 before March 2021
- Development profit from LP6 was recognized in 1H2020

MTR Today



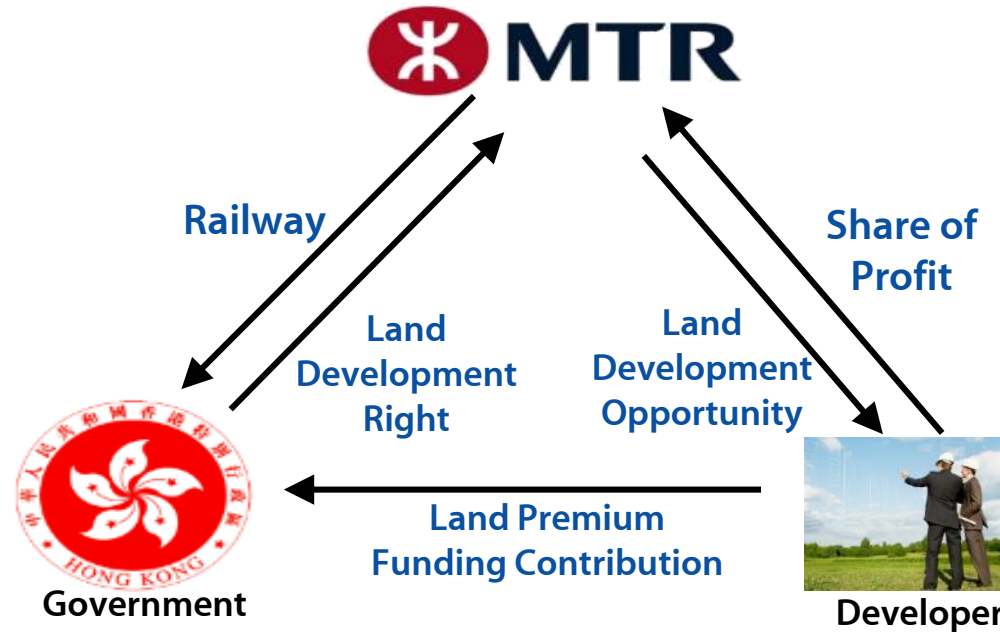
Total EBIT (HK\$ billion)



1. Net of depreciation, amortisation and variable annual payment to KCRC
2. Net of non-controlling interests and includes business development expenses
3. Includes consultancy, Ngong Ping 360, project management for HKSAR Government, share of EBIT from Octopus Holdings Limited and business development expenses
4. Recurrent EBIT: excludes property development profit
5. 2019 Normalised EBIT was estimates based on certain assumptions to represent financial information if the adverse impact of the public order events in Hong Kong on the Group's Hong Kong businesses (HK\$2.3 billion), and the provisions for the Hung Hom incidents of the SCL project in Hong Kong (HK\$2 billion) and the South Western Railway franchise agreement in The United Kingdom (HK\$0.4 billion) had been excluded.

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

Rail + Property Business Model



MTR leads and coordinates the development processes including:

- Agrees with Government amount of property development rights for new rail extension
- Land premium is negotiated with Government on “greenfield basis”*, 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

*Greenfield basis = market value ignoring the presence of the railway

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



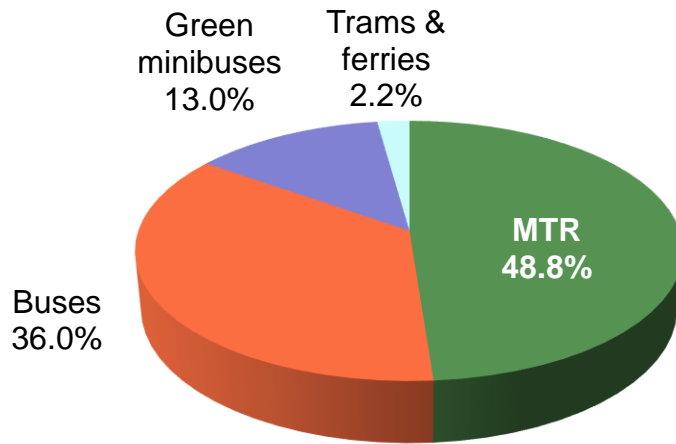
- Total GFA: 1,096,169 sq m (Retail: 82,750 sq m; Office: 231,778 sq m)
- ~5,800 residential units

HONG KONG TRANSPORT OPERATIONS

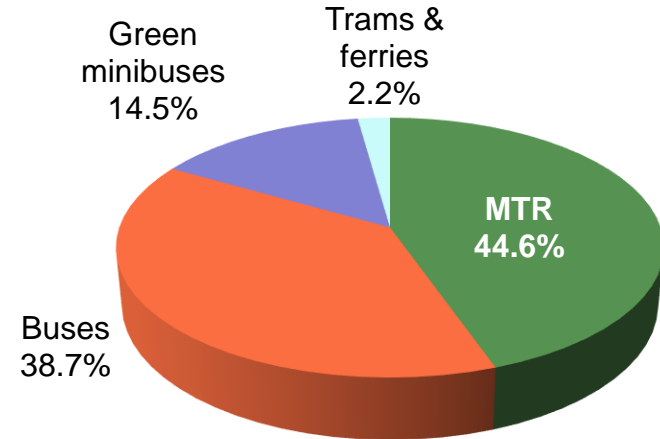


Market Share

Hong Kong Franchised Public Transport

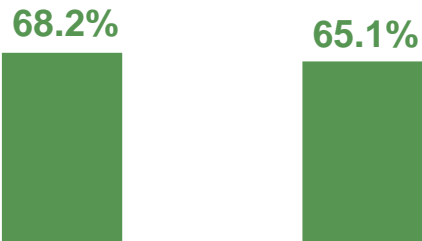


Jan – May 2019

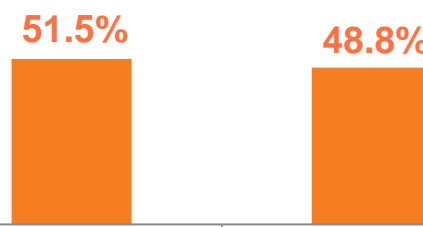


Jan – May 2020

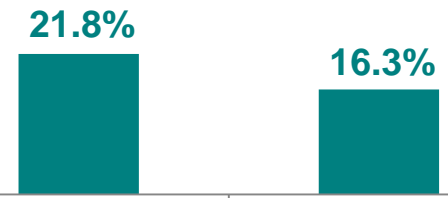
Cross-harbour



Cross-boundary & HSR



Airport Express



Jan-May 2019

Jan-May 2020

Jan-May 2019

Jan-May 2020

Jan-May 2019⁽¹⁾

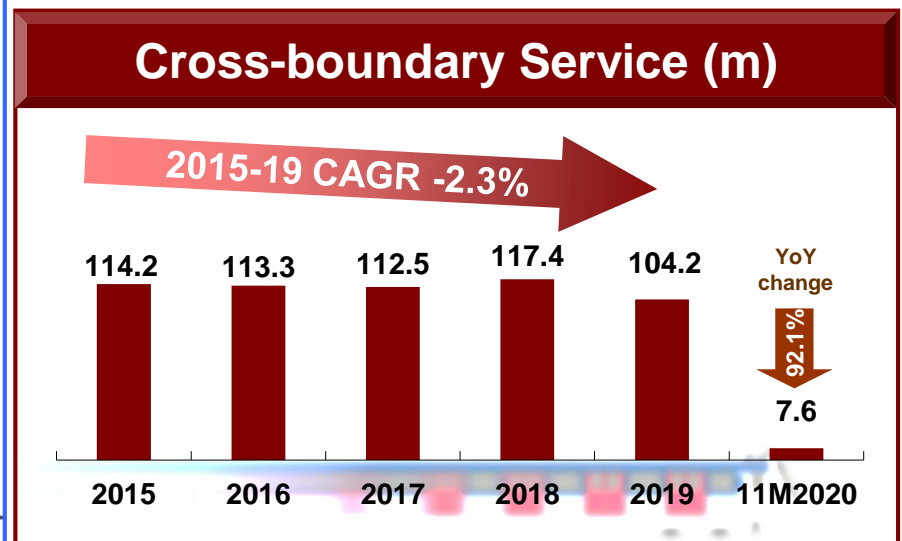
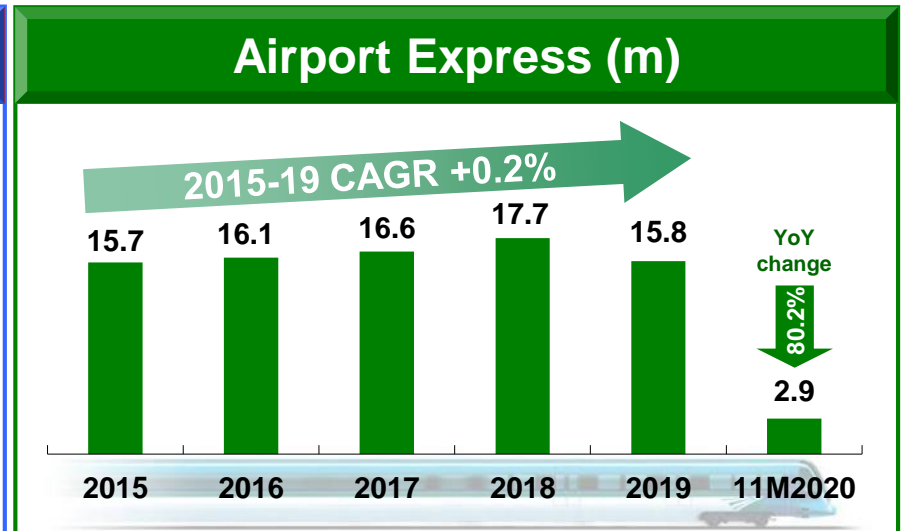
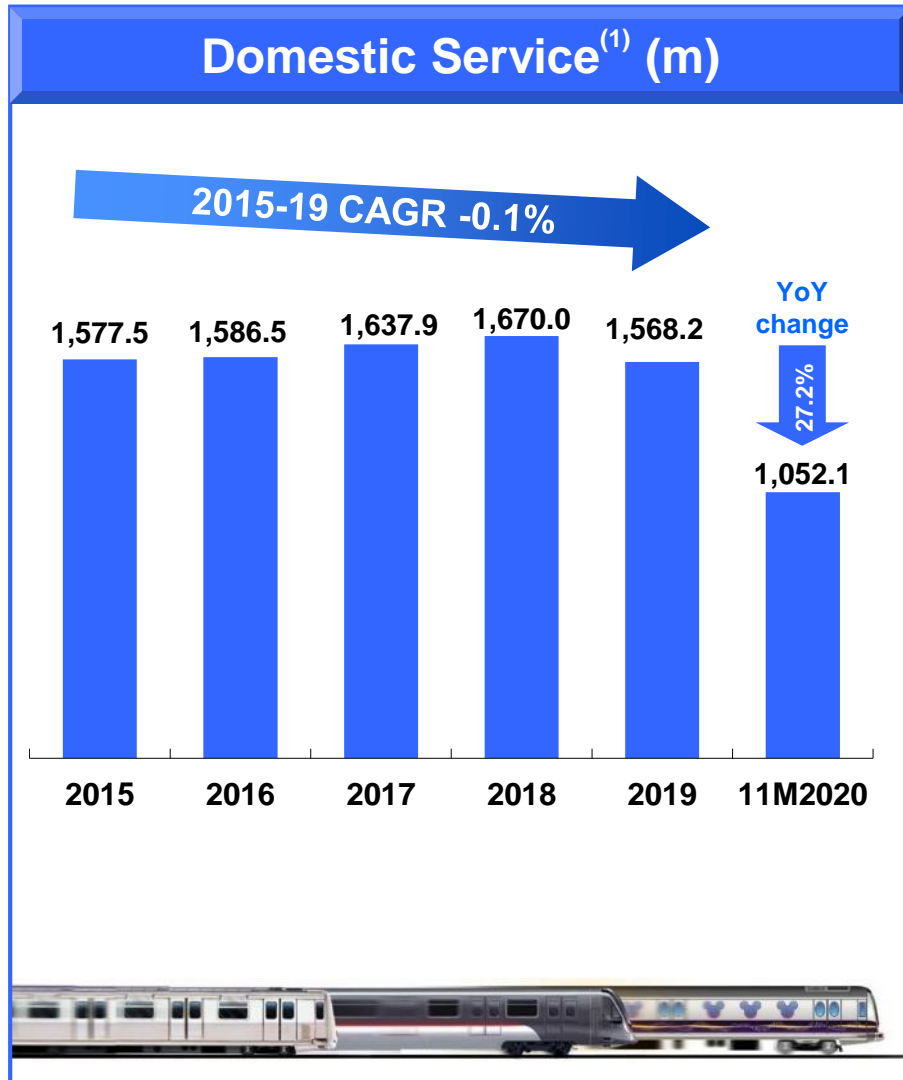
Jan-May 2020⁽¹⁾

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

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

3. Market share for 2018 was rebased to reflect the impact on the opening of Hong Kong – Zhuhai – Macao Bridge.

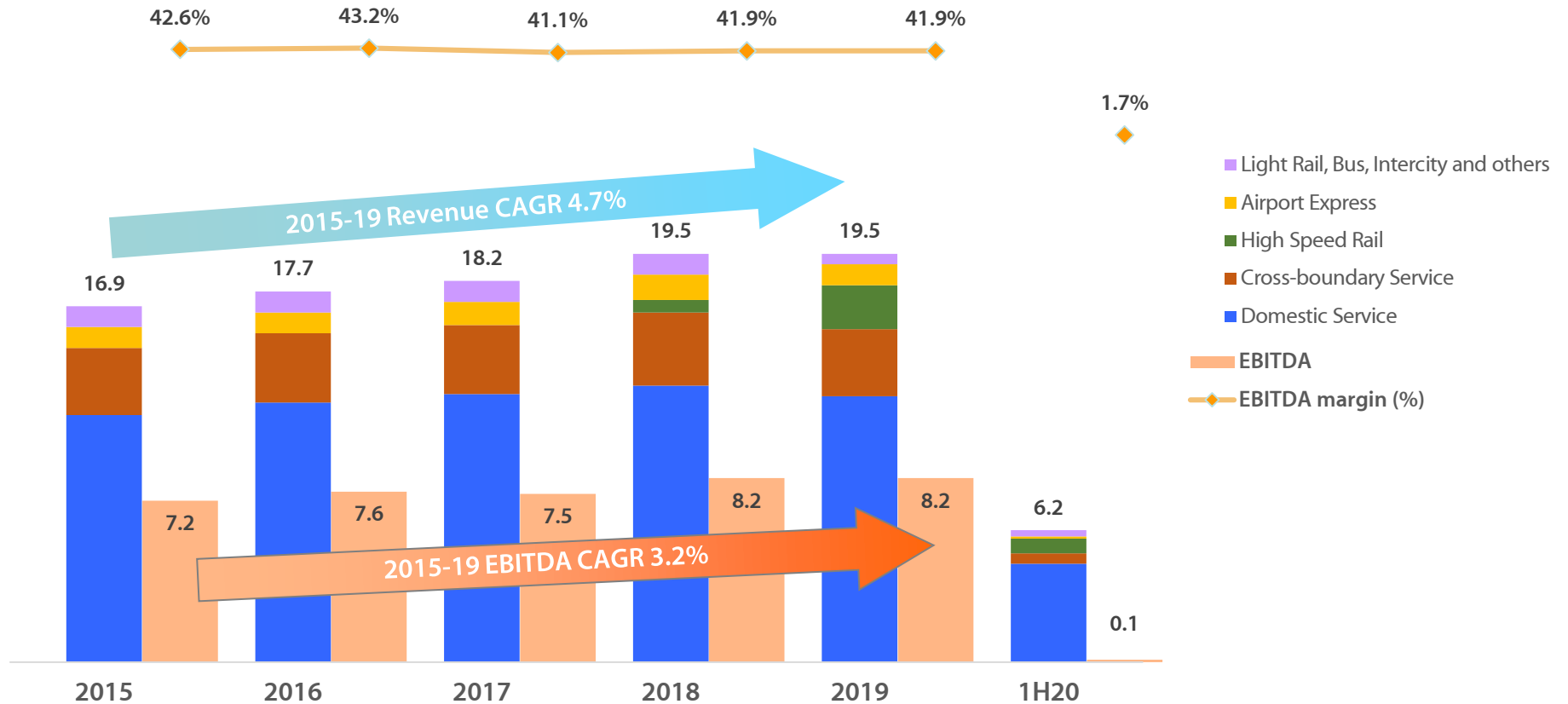
Patronage



1. Domestic Service comprises the Tsuen Wan Line, Kwun Tong Line, Island Line, South Island Line, Tseung Kwan O Line, Tung Chung Line, Disneyland Resort Line, East Rail Line (excluding Cross-boundary service), Tuen Ma Line Phase 1 and West Rail Line

Hong Kong Transport Operations

(HK\$b)



Fare Adjustment Mechanism (FAM)

- FAM – a direct drive mechanism providing a measure of certainty for fare setting
- Next scheduled review in 2022/23

$$\text{Fare Adjustment} = 0.5 * \Delta \text{CCPI} + 0.5 * \Delta \text{WAGE INDEX} - t$$

- Wage index: the yearly percentage change in the Nominal Wage Index (Transportation Sector)
- t: productivity factor

- Productivity Factor
 - t = greater of zero and 0.5 x CAGR in **Productivity** over a **reference period (t = 0 from 2017 to 2022)**
 - Productivity: $\frac{\text{HK Transport Operations Revenue}}{\text{HK Transport Operations Expenses}}$
- Fare Promotions – 3% rebate for Every Octopus Trip for at least 6 months (linked to profitability and service performance arrangements), and others
- Special applications from 2017 to 2022
 - Fare rise under FAM shall be reduced by 0.6 percentage point from 2017 to 2022
 - In 2017, it will be followed by a further 10% discount
- The “3.3% Rebate for Every Octopus Trip” for 2019/20 will be extended to the end of June 2020.
- New relief initiatives of “20% Rebate for Every Octopus Trip” will be offered from 1 July 2020 to 1 January 2021. The Government will bear half of the total actual revenue forgone with a cap of \$0.8 billion.
- Past Fare Adjustments

2009: +2.05%, effective in June 2010
 2011: +5.40%, effective in June 2012
 2013: +3.60%, effective in June 2014
 2015: +2.65%, effective in June 2016
 2017: +3.14%, effective in June 2018
 2019: no fare adjustment**

2010: +2.20%, effective in June 2011
 2012: +2.70%, effective in June 2013
 2014: +4.30%, effective in June 2015
 2016: no fare adjustment (1.49% rolled over to 2018/19)
 2018: +3.30%*, effective in June 2019

* The fare adjustment rate for the year 2019/20 should be +3.60%, by applying the FAM formula. In view of the “Affordability Cap”, 0.30% will roll over to 2021/22

** The fare adjustment rate for the year 2020/21 should be +2.55%, by applying the FAM formula. In view of the “Affordability Cap”, 1.28% will roll over to 2021/22; and 1.27% will roll over to 2022/2023)



HONG KONG STATION COMMERCIAL BUSINESSES



Hong Kong Station Commercial Businesses



Station Kiosks



Telecommunications

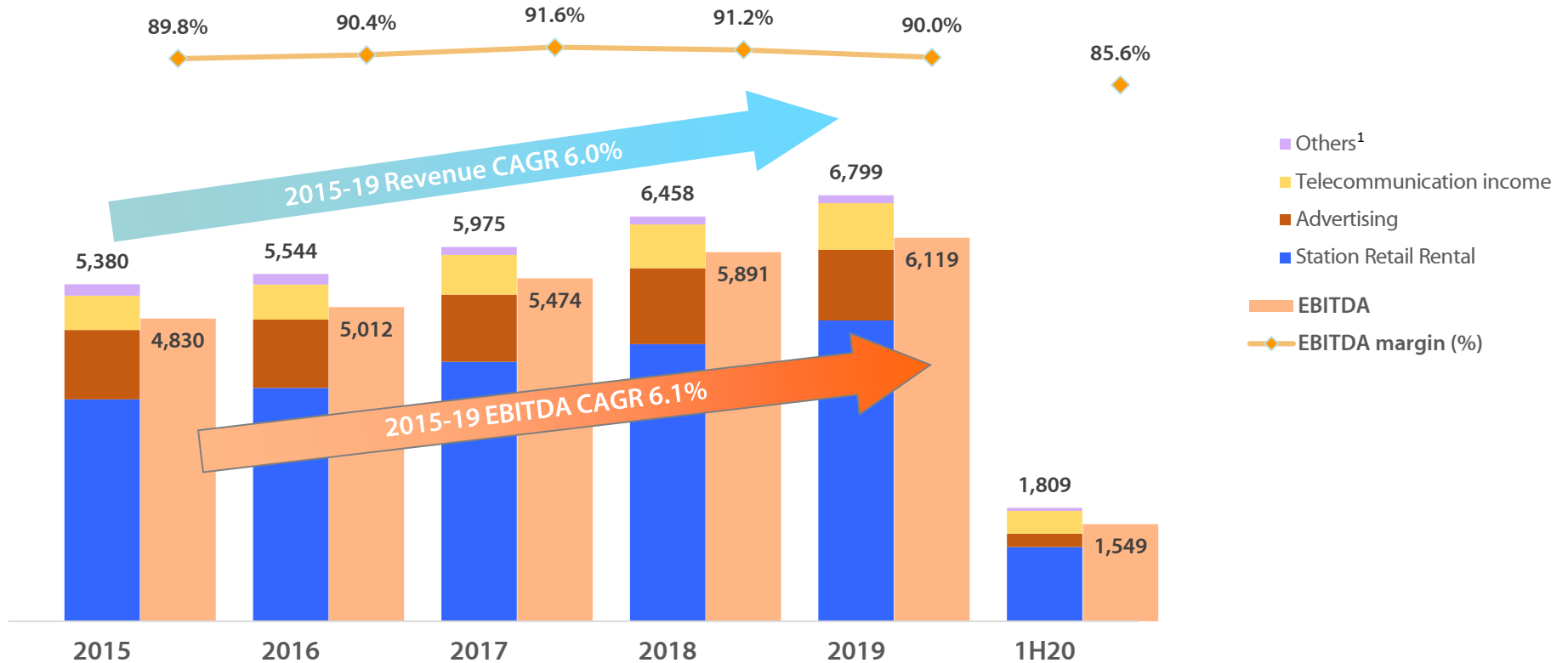


Advertising



Hong Kong Station Commercial

(HK\$m)



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

HONG KONG PROPERTY BUSINESSES



MTR Investment Property Portfolio

Elements (Retail)



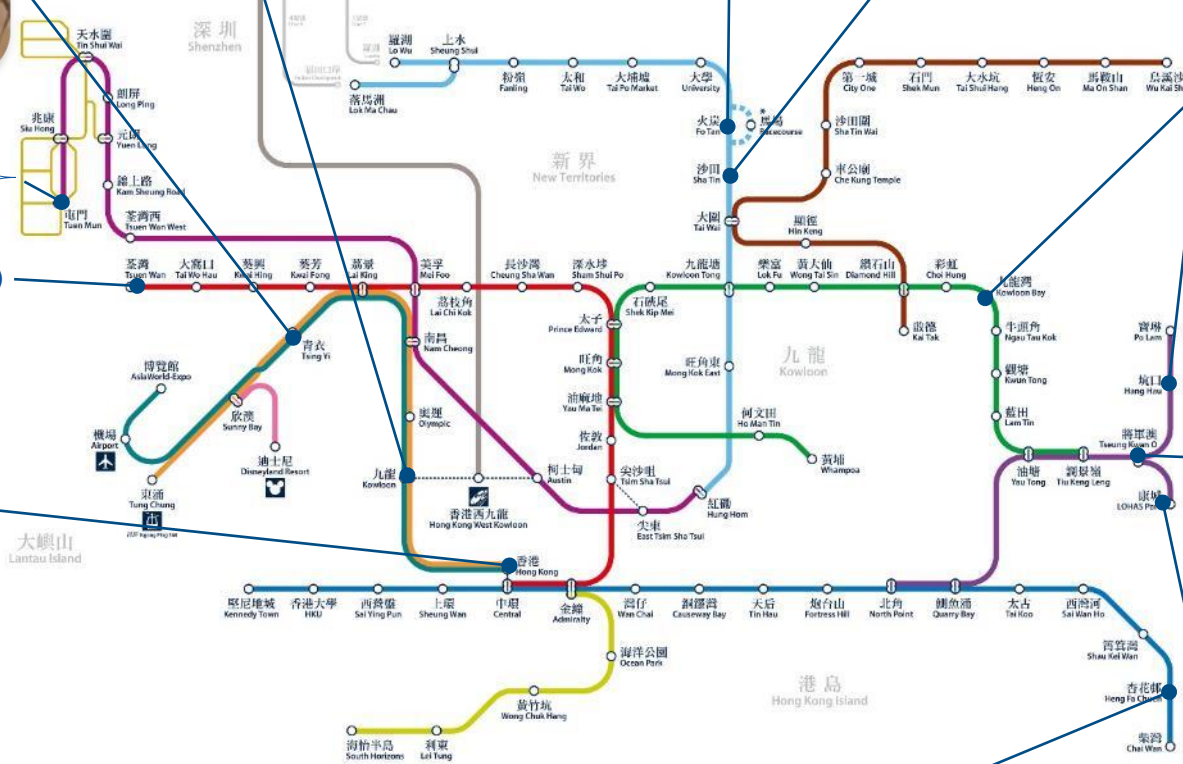
Maritime Square (Retail)



Ocean Walk Hanford Plaza Sun Tuen Mun Shopping Centre (Retail)

Luk Yeung Galleria (Retail)

Two IFC (Offices)



Telford Plaza (Retail)



The Lane (Retail)

PopCorn 1 & 2 (Retail)



The LOHAS (Retail)



Plaza Ascot (Retail)

Citylink Plaza (Retail)

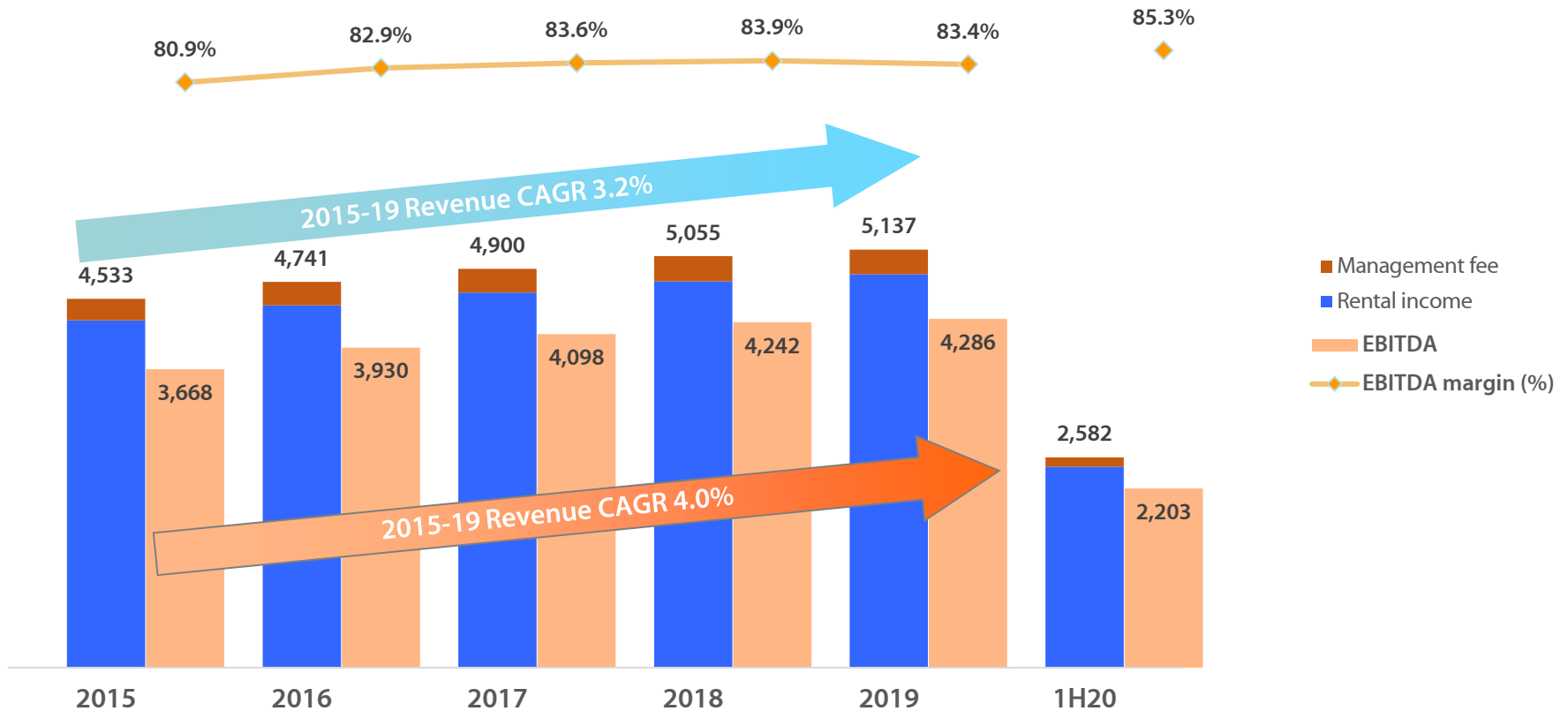
Paradise Mall (Retail)

- 13 malls – 230,263 sqm, Office – 39,410 sqm, Others – 17,764 sqm
- Total Area: 287,437 sqm LFA

* Lettable floor area attributable to MTR, as at 30 Jun 2020

Hong Kong Property Rental and Management

(HK\$m)



New Investment Property Initiatives

46% increase in attributable GFA of existing retail portfolio



Tai Wai Shopping Mall

- MTR contribution: HK\$7.5 billion
- Profit sharing in the residential development
- MTR will take ownership of and invest further in fitting out the shopping mall
- Shopping mall GFA: 60,620 sqm
- Expected project completion in 2023



The LOHAS

- MTR contribution: HK\$4.98 billion
- Profit sharing in the residential development
- MTR takes ownership of and invest further in fitting out the shopping mall
- Shopping mall GFA: 44,500 sqm
- Target opening: 1st phase opened in Aug 2020 (GFA ~6,000 sqm)
- With a large international standard indoor ice-skating rink and the biggest cinema in Tseung Kwan O



Wong Chuk Hang Shopping Mall

- Profit sharing in the residential development
- MTR will take ownership of and invest further in fitting out the shopping mall
- Shopping mall GFA: 47,000 sqm
- Expected project completion in 2023

Hong Kong Property Development



MTR Land bank⁽¹⁾ – 1.62 Million sqm GFA

• Tin Shui Wai Light Rail Stop
Awarded: 0.09m sqm GFA

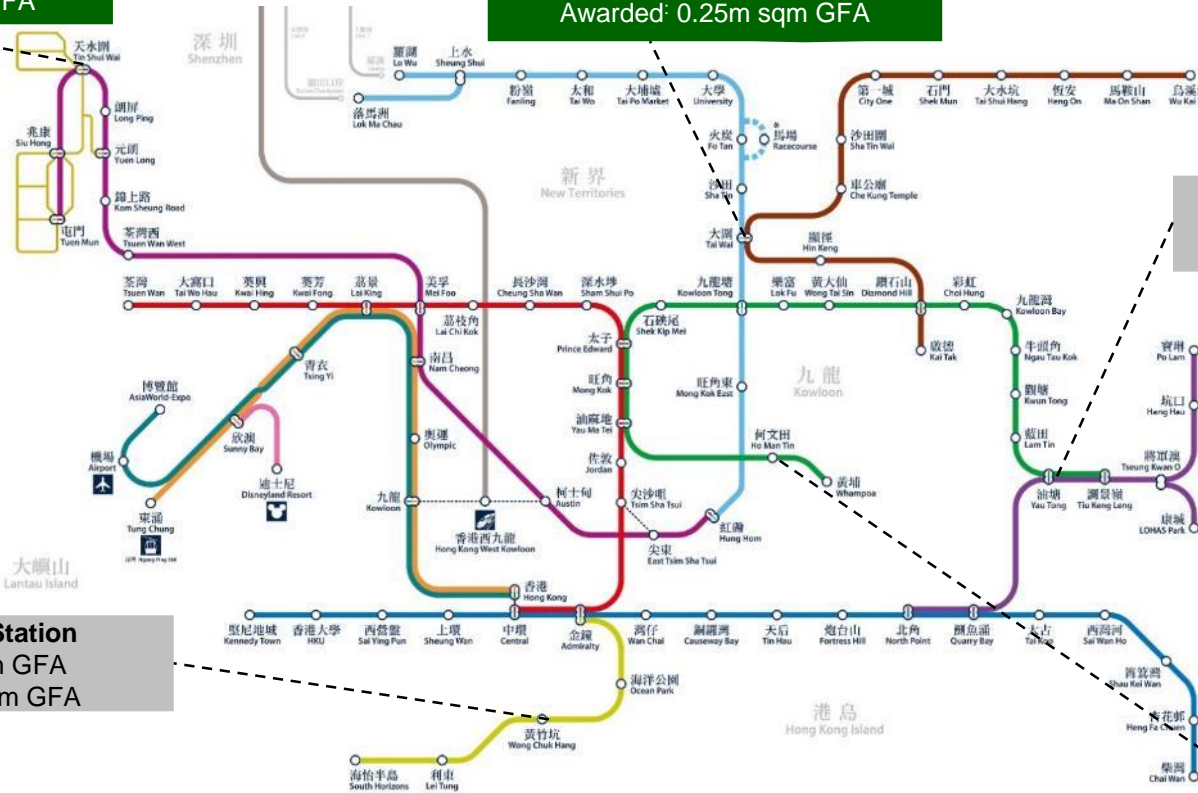
• Tai Wai Station
Awarded: 0.25m sqm GFA

• Yau Tong Ventilation Building
Awarded: 0.03m sqm GFA

• Wong Chuk Hang Station
Awarded: 0.30m sqm GFA
Unawarded: 0.11m sqm GFA

• LOHAS Park Station
Awarded: 0.71m sqm GFA

• Ho Man Tin Station
Awarded: 0.13m sqm GFA



Awarded = 1.51m sqm GFA
Unawarded = 0.11m sqm GFA

MTR Land bank

Land bank acquired from KCRC

1. Definitions of landbank:
 - Property development rights granted by the Government as part of the "Rail + Property" model or through acquisition from KCRC
 - Where profit has not yet been recognised, status in Jun 2020

Update on Hong Kong Property Development

Land Tendering

■ Tendering activities

- LOHAS Park Package 12 awarded to a subsidiary of Wheelock in Feb 2020
- LOHAS Park Package 13 awarded to a consortium by Sino Land, Kerry Properties, K. Wah International and China Merchants Land in Oct 2020
- Between now and March 2021, subject to market conditions, aiming to tender out Wong Chuk Hang Station Package 5 & 6

Property Sales

- Pre-sales of LOHAS Park Package 8, 9C and 10 and Tai Wai Station
- Pre-sales of West Rail residential projects where we act as agent for KCRC

Property Development

Development profit yet to be booked: about 22,500 residential units (GFA : 1.36 million sqm)

	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		✓	✓	Presale	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	2021
4	LOHAS Park Package 8	Oct 2015	Cheung Kong	97,000	1,422	✓	✓		Presale	2021
5	LOHAS Park Package 9	Dec 2015	Wheelock	104,110	1,653	✓	✓		Presale	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
16	LOHAS Park Package 13	Oct 2020	Sino Land, Limited Kerry Properties, K. Wah & China Merchants	143,690	2,550	✓	✓		Design	2026

MAINLAND OF CHINA AND INTERNATIONAL BUSINESSES



Mainland China and Overseas Strategies

Sweden:

- MTR Tunnelbanan
- MTR Pendeltågen
- MTR Mälartåg

Sweden:

- MTR Express
- MTR Tech
- Emtrain

United Kingdom:

- MTR Elizabeth
- South Western

Macao Light Rapid Transit Taipa Line

Beijing:

- BJL4
- BJL14
- BJL16
- Daxing Line
- BJL17

Hangzhou

- HZL 1
- HZL 5

Shenzhen

- SZL4
- SZL13

Sydney

- Metro Northwest
- Metro City & Southwest

Melbourne Trains Metro

Asset Light

- Focus on “asset light” operating rail concessions
- Franchise operations in UK, Stockholm and Melbourne

Asset Heavy

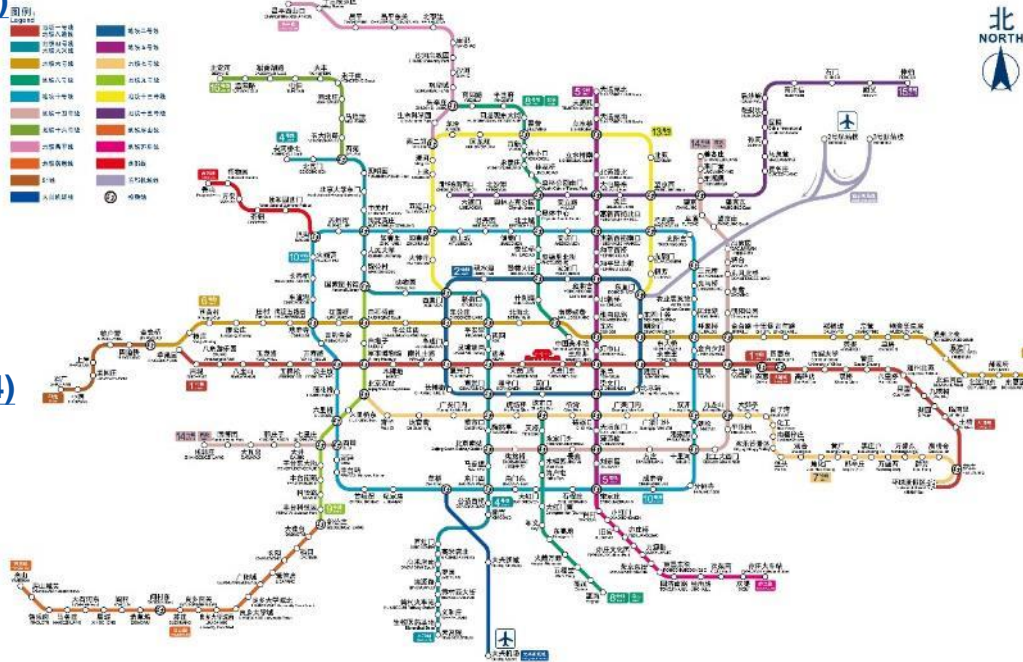
- Invest in urban rail networks
- Focus on development of rail networks within cities
- Operating rail businesses in Mainland China (Beijing, Shenzhen and Hangzhou), Sweden (MTR Express) and Australia (North West Rail Link)

Existing Businesses on Mainland of China – Beijing

Beijing Metro Line 16 (BJL16)

- 49%/ RMB 2.45billion
- 50km/ 29 stations
- 30 years
- Phase 1: Dec 2016; full line: target opening by 2021

图例	
红色	北京地铁
蓝色	北京轻轨
绿色	北京有轨电车
黄色	北京磁悬浮
紫色	北京单轨
棕色	北京其他
白色	北京其他
灰色	北京其他
黑色	北京其他



Beijing Metro Line 14 (BJL14)

- 49% ownership/ RMB 2.45billion
- 47.3km/ 37 stations
- 30 years
- Phase 1: May 2013; Phase 2: Dec 2014; Phase 3: Dec 2015 ; full line: target opening by 2021

Beijing Metro Line 4 (BJL4)

- 49%/ RMB 700 million
- 28km/ 24 stations
- 30 years
- Sep 2009

Beijing Metro Line 17 (BJL17)

- O&M contract
- 49.7km/ 20 stations
- 20 years
- Phase 1: target opening by end of 2021

Daxing Line

- O&M contract
- 22km/ 11 stations (Southward extension of BJL4)
- 10 years
- Dec 2010

Metro Line
• % Ownership/ equity investment
• Route length/ no. of stations
• Concession period
• Year of service commencement

Existing Businesses on Mainland of China – Shenzhen and Hangzhou; Macao

Shenzhen Metro Line 4 (Longhua Line)

- 100%/ RMB 2.4 billion
- 20.5 km/ 15 stations
- 30 years
- Jun 2011



Shenzhen Metro Line 13

- 83%/ RMB 4.91 billion
- 22.4 km/ 16 stations
- 30 years
- 2013

Macao Light Rapid Transit Taipa Line

- O&M contract of ~HK\$5.71 billion
- 9.3 km/ 11 stations
- 80 months
- 2019

Metro Line

- % Ownership/ equity investment
- Route length/ no. of stations
- Concession period
- Year of service commencement

Hangzhou Metro Line 1

- 49%/ RMB 2.2 billion
- 54km/ 34 stations (including a 5.7km 3-station extension under O&M)
- 25 years
- Nov 2012

Hangzhou Metro Line 5

- Up to 60%/ RMB 2.6 billion
- 51.5km/ 38 stations
- 25 years
- 2019



Existing Overseas Operations - Sweden

Stockholm Metro

MTR Tech

- Total investment: HK\$180 million (for 50% interest in TBT)
- 100% ownership
- Rolling stock maintenance for the metro network in Stockholm fully under our management
- Feb 2016

Stockholm Metro (MTR Stockholm)

- O&M concession for 8 years to 2017
- 6-year extension from 2017 to 2023
- 100% ownership
- Contract amount: HK\$20 billion
- 108km/ 100 stations
- Since Nov 2009



MTR Express

- Total investment: HK\$830 million
- 100% ownership
- 457km intercity service between Stockholm & Gothenburg
- Since Mar 2015

Intercity Service

Commuter Service

Stockholm Commuter Rail (MTR Pendeltågen)

- O&M concession for 10 years (with option to extend a further 4 years)
- 100% ownership
- Contract amount: SEK30 billion (14 years)
- 247km/ 53 stations
- Since Dec 2016



Existing Overseas Operations

Australia

Melbourne's Metropolitan Rail Services

- O&M concession for 7 years (plus a 3-year option)
- 60% ownership
- 390km and 217 stations
- 8-year concession since Nov 2009; new franchise to start on 30 Nov 2017

Sydney Metro Northwest (PPP) and City & Southwest

- Equity investment: AUD162 million
- 66km high capacity rapid transit & 31 stations
- Northwest commenced in May 2019, O&M for 15 years
- City & Southwest service commence in Nov 2024, O&M for 15 years



MTR Crossrail

- O&M concession for 8 years (with an option to extend 2 more years to 10 years)
- 100% ownership
- Contract amount: GBP1.4 billion
- 118km and 40 stations, including 42km of new tunnels across London
- Commenced first and second section of service in 2015 and 2018, respectively.

South Western Railway

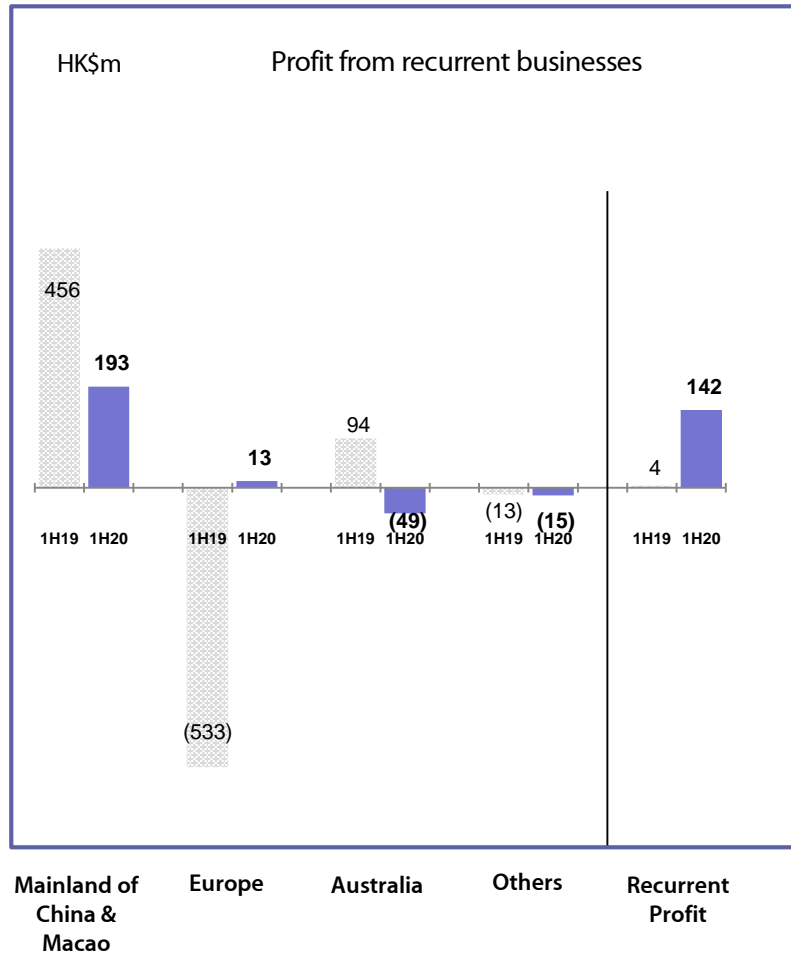
- The new franchise from Aug 2017 for 7 years (with the option for an 11-month extension)
- 70:30 joint venture between FirstGroup and MTR
- 998.2km network serving 203 stations (186 stations operator managed)
- Covers routes between London Waterloo and south western England, including Bristol, Exeter and Portsmouth



United Kingdom

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

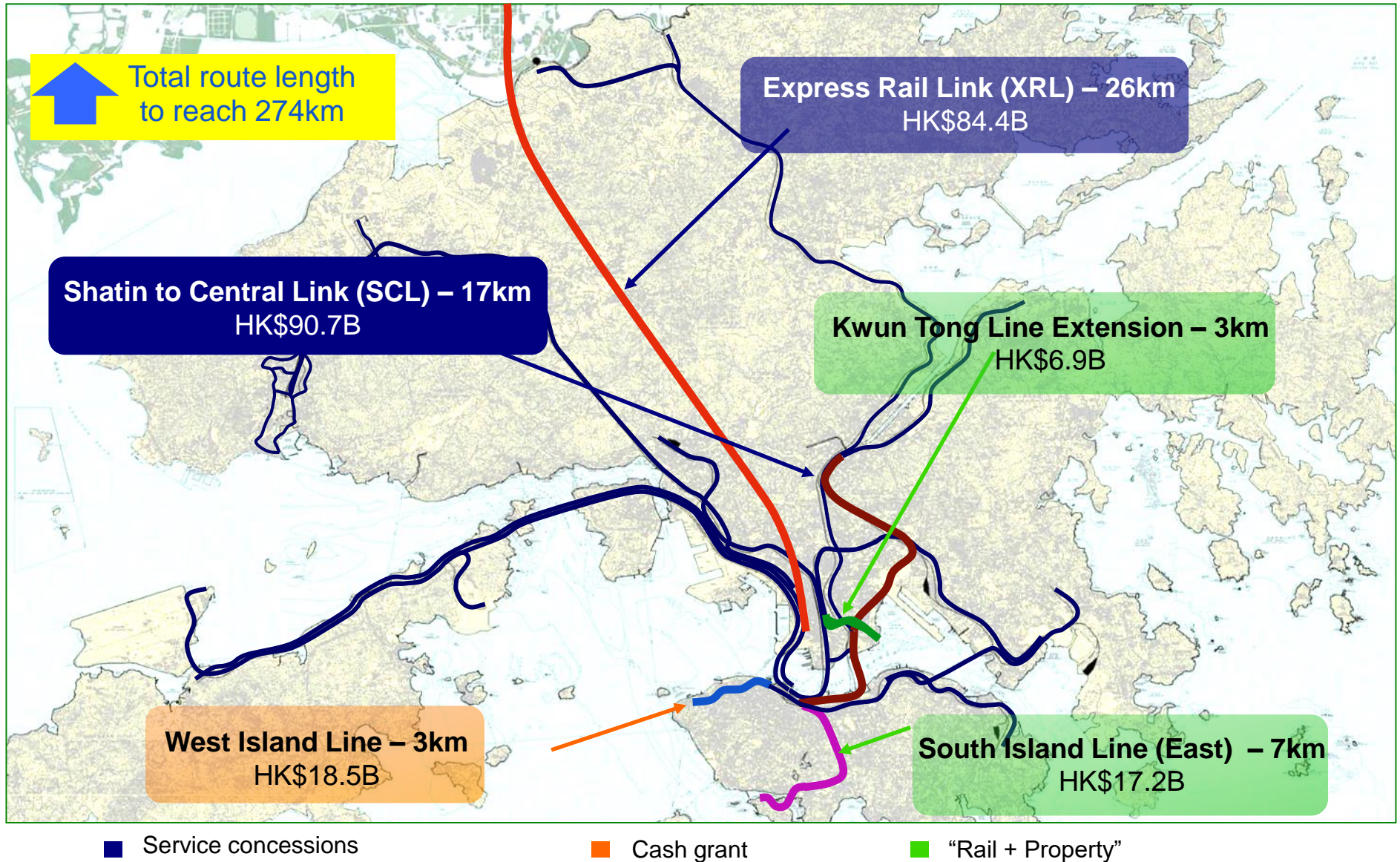
- **Sydney Metro North West (SMNW)** – Initial operating loss at O&M
- **Metro Trains Melbourne (MTM)** – lower contribution from operations as impacted by COVID-19, reached agreement with the State government for a support package for the impact due to COVID-19



GROWTH INITIATIVES IN HONG KONG



Unprecedented HK Railway Growth



* Project cost estimates (before capitalised interest) subject to regular review

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

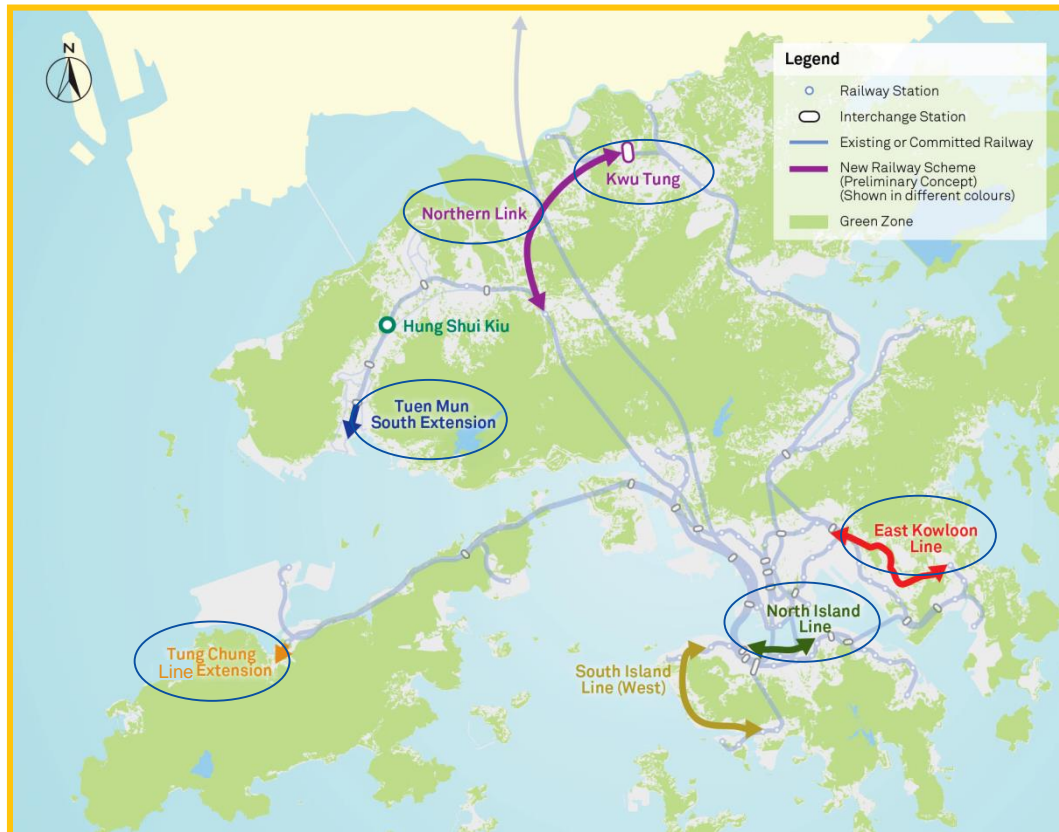
- The additional funding was approved by Legislative Council in June 2020



Railway Development Strategy 2014

A total of 7 new railway projects:

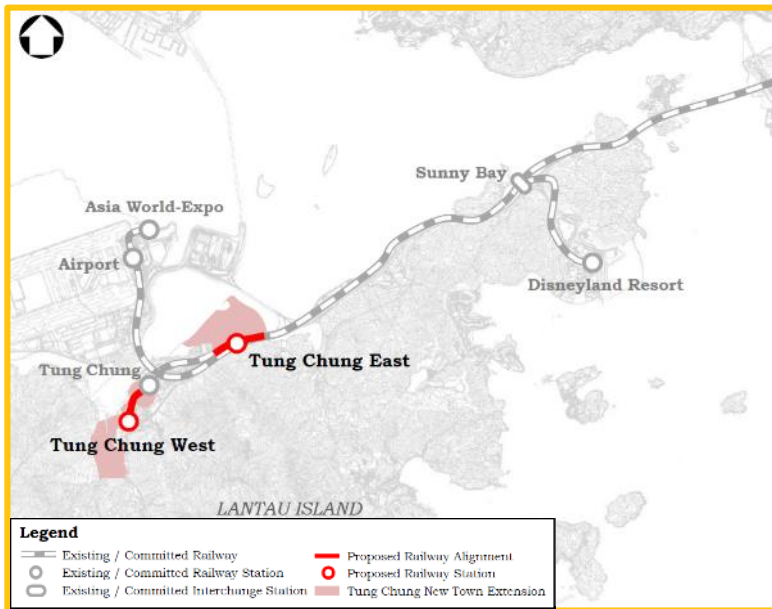
- Invited to proceed with detailed planning and design of (1) **Tung Chung Line Extension**, (2) **Tuen Mun South Extension** and (3) **Northern Link**
- Proposal submitted: (1) East Kowloon Line, (2) North Island Line, and (3) Hung Shui Kiu Station
- Proposal to be submitted: (1) South Island Line (West)



Project	Route Length (km)
Tung Chung Line Extension	1.3
Tuen Mun South Extension	2.4
Northern Link	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.



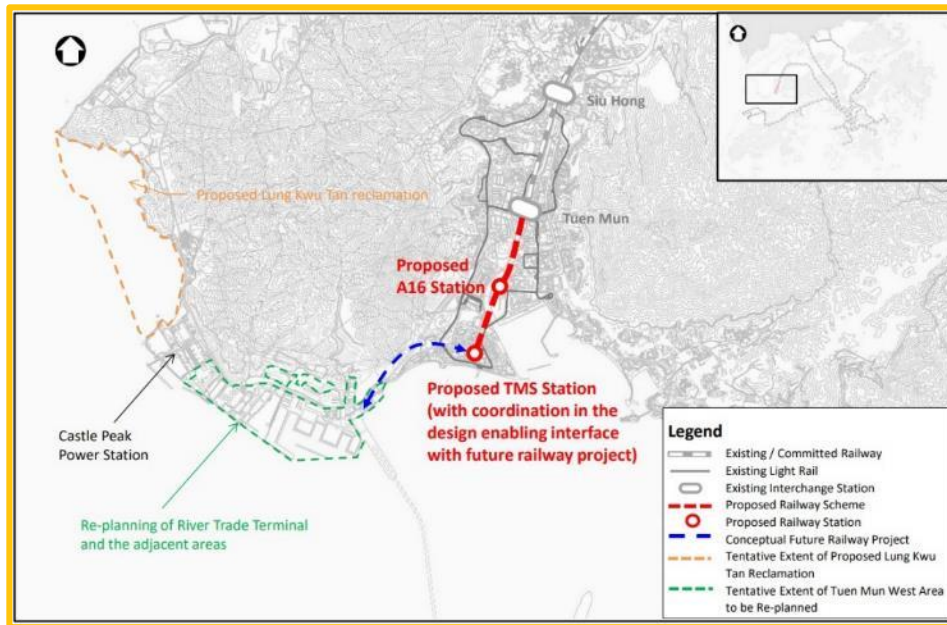
Source: LegCo document

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*

* 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.

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.



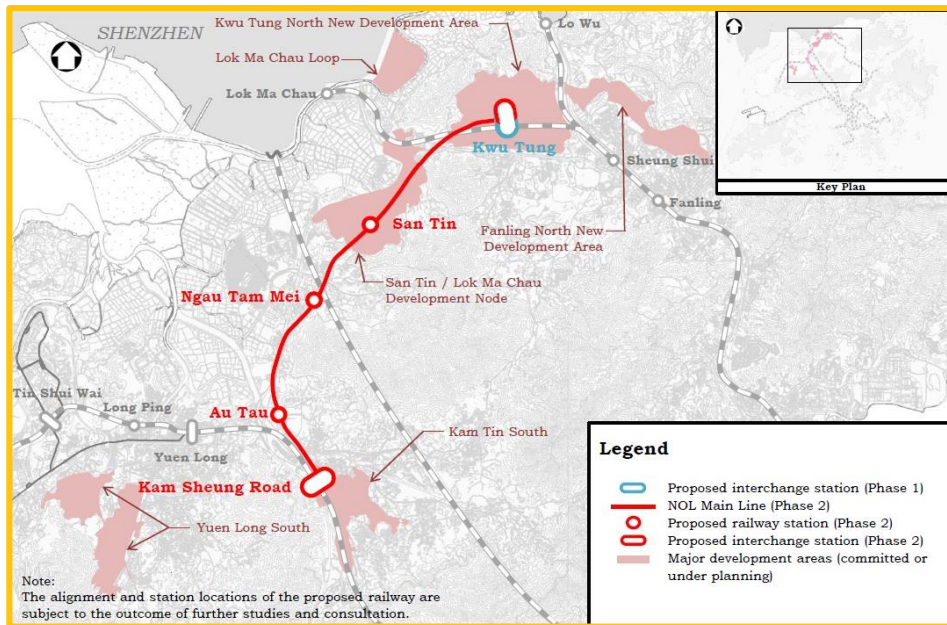
Source: LegCo document

* 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

Northern Link

- On 16th December 2020, the Government invited The Corporation to proceed with detailed planning and design of the Northern Link project. The Corporation will immediately proceed with the procurement of the design.
- The project comprises two phases: i) a new Kwu Tung Station, and ii) a railway line of about 10.7-km-long linking Kam Sheung Road Station of West Rail Line (future Tuen Ma Line) with the new Kwu Tung Station
- Upon completion of the project, a loop will be formed in Northwest New Territories to enhance transport network connecting east and west of the New Territories.
- Funding arrangement will be negotiated on the basis of the ownership approach.

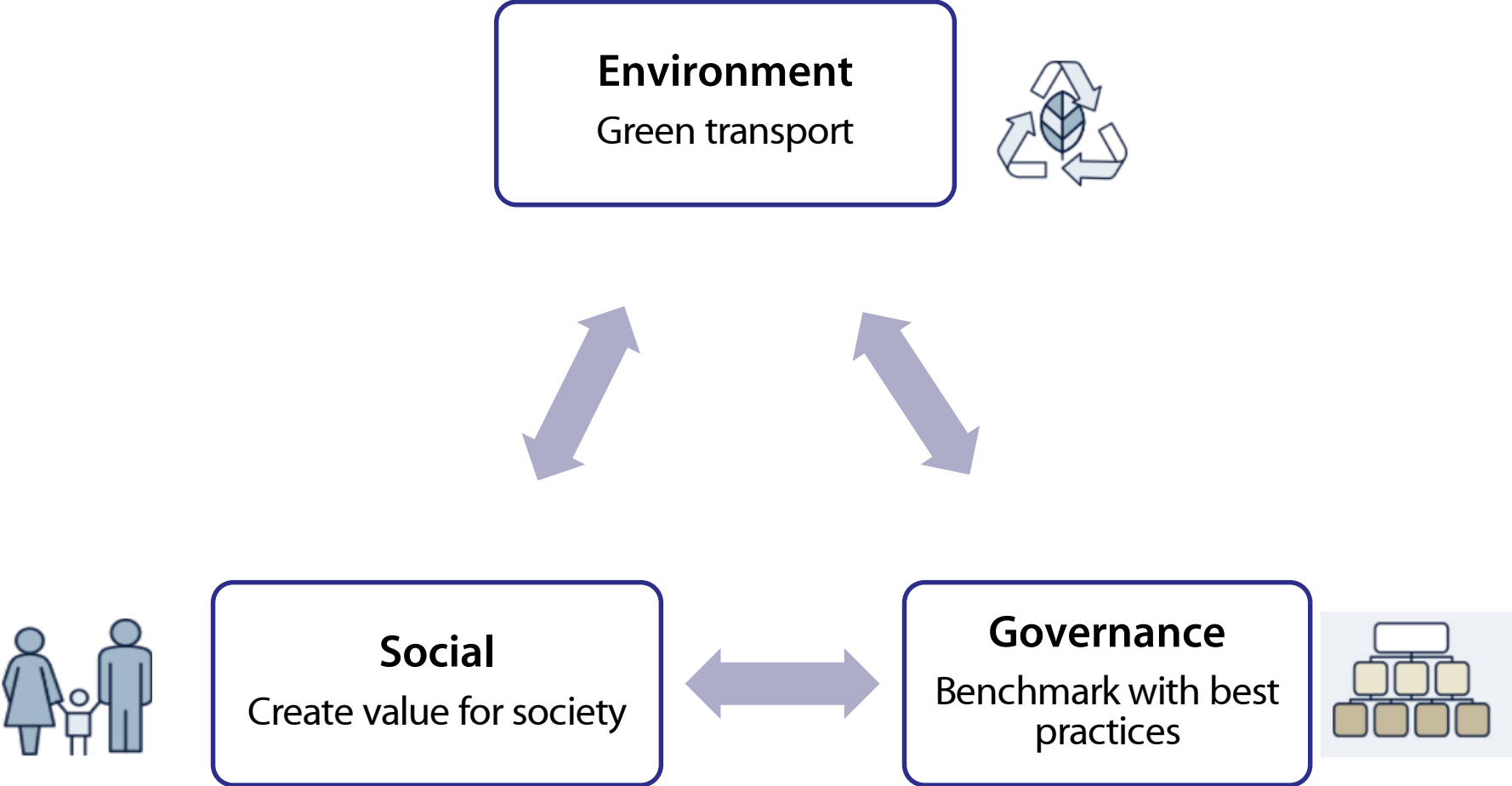


Source: LegCo document

* Expected cost of HK\$3.5 billion and \$58.5 billion for Phase 1 and Phase 2, respectively (in December 2015 prices)

Northern Link	
Route length	10.7 km
No. of new stations	4
Estimated cost	HK\$62.0 billion*
Expected construction start – Phase 1	2023
Expected completion – Phase 1	2027
Expected construction start – Phase 2	2025
Expected completion – Phase 2	2034

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:

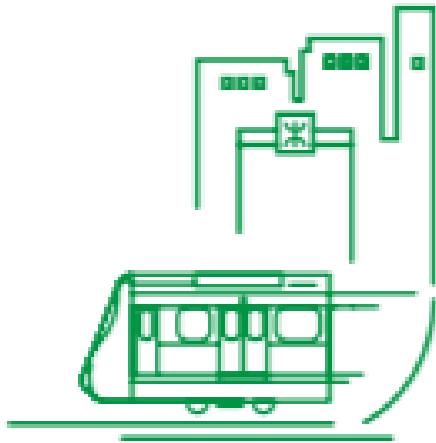
- Published a Climate Change Strategy to integrate climate change considerations into business strategy to ensure that climate risks are properly addressed in our operations

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
<i>Change (YoY)</i>	(37.2%)	(0.9%)	(23.6%)
Recurrent business profit⁽²⁾	291	142	433
<i>Change (YoY)</i>	(89.1%)	n/m	(83.8%)
<i>Change (YoY, excluding SCL/South Western Railway provisions in 1H2019)</i>	(93.8%)	(67.7%)	(91.5%)

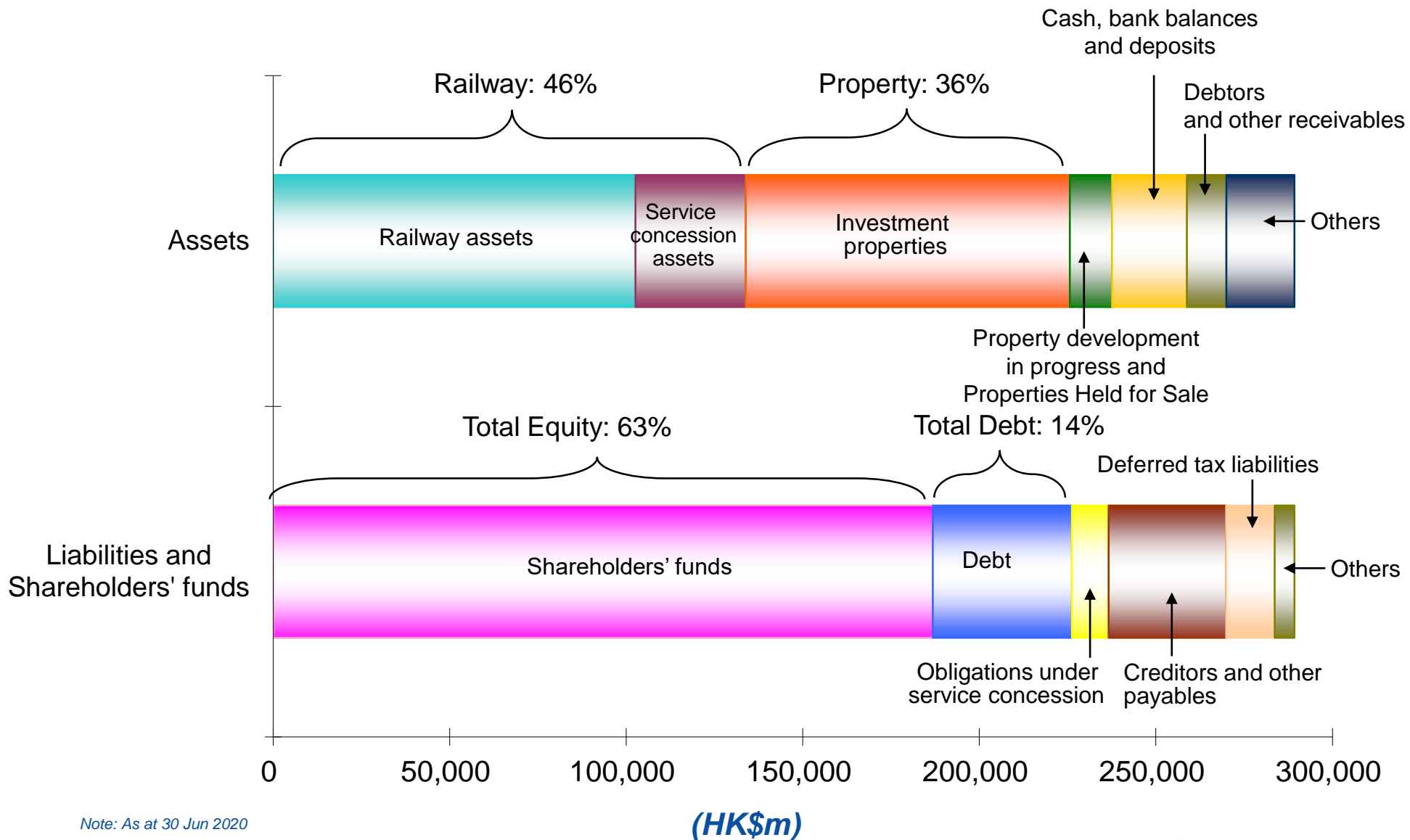
(HK\$m)	1H2020	Change (YoY)
Recurrent business profit⁽²⁾	433	(83.8%)
Post-tax profit from property development		
Hong Kong	5,171	589.5%
Mainland of China	29	16.0%
Sub-total	5,200	571.0%
Underlying business profit⁽²⁾	5,633	63.8%
Investment property revaluation	(5,967)	n/m
Reported net profit attributable 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)

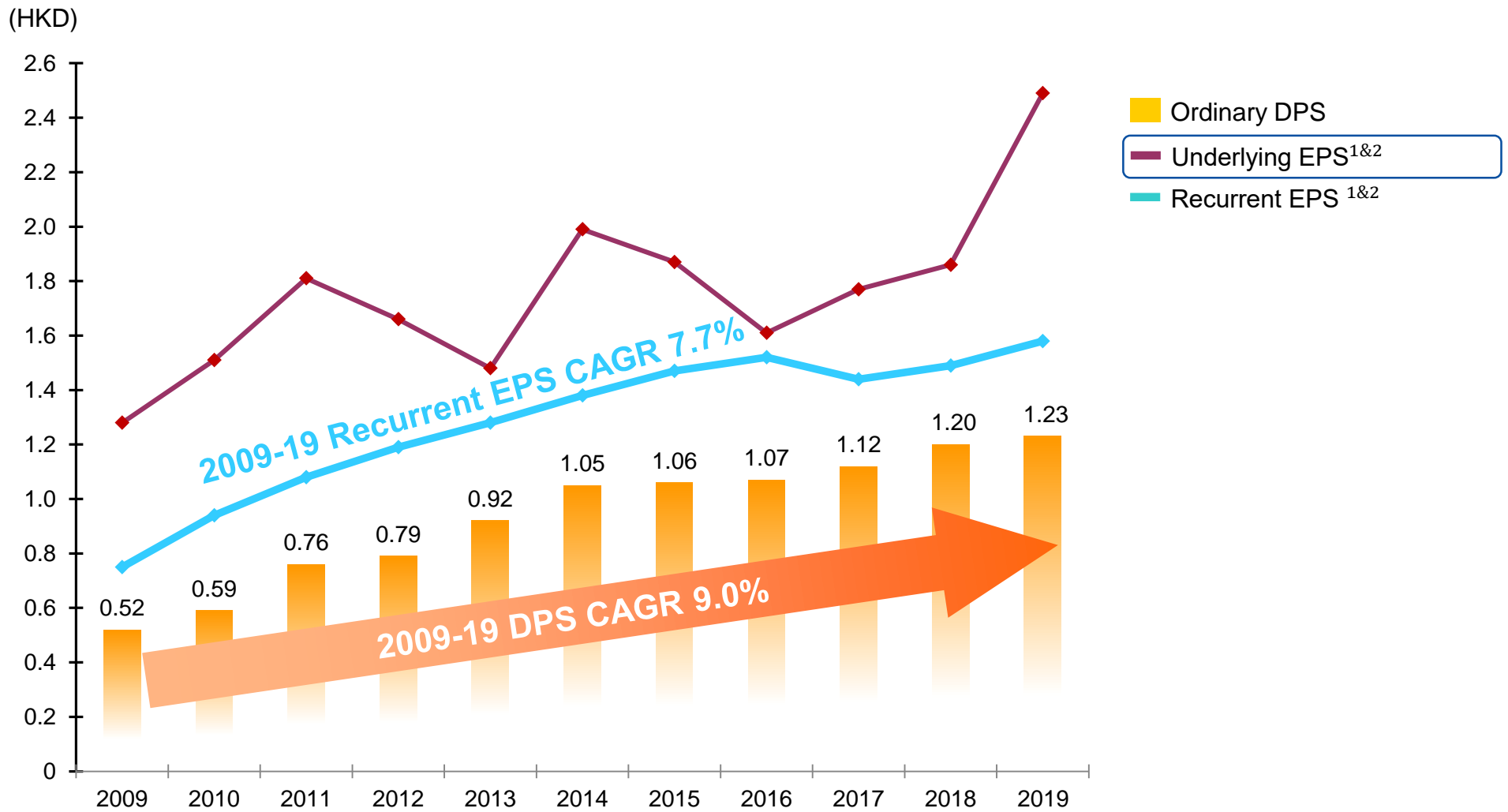
Consolidated Balance Sheet



Note: As at 30 Jun 2020

(HK\$m)

Progressive Dividend Policy



1. 2012 figures restated due to retrospective adoption of Revised HKAS19, Employee Benefits

2. 2019 figures are normalized exclude the provision in respect of SCL (HK\$2B), SWR (HK\$0.4B) and POE (HK\$2.3B)

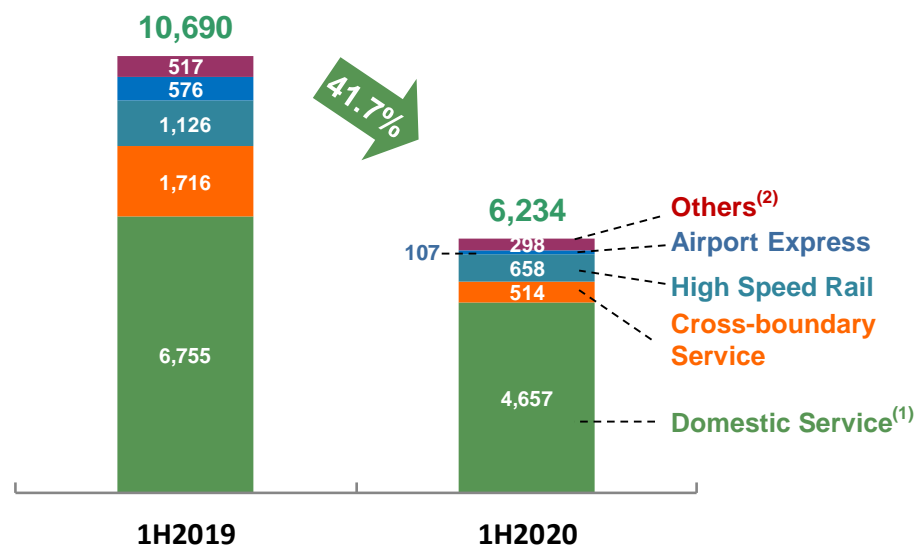


Appendix

Hong Kong Transport Operations

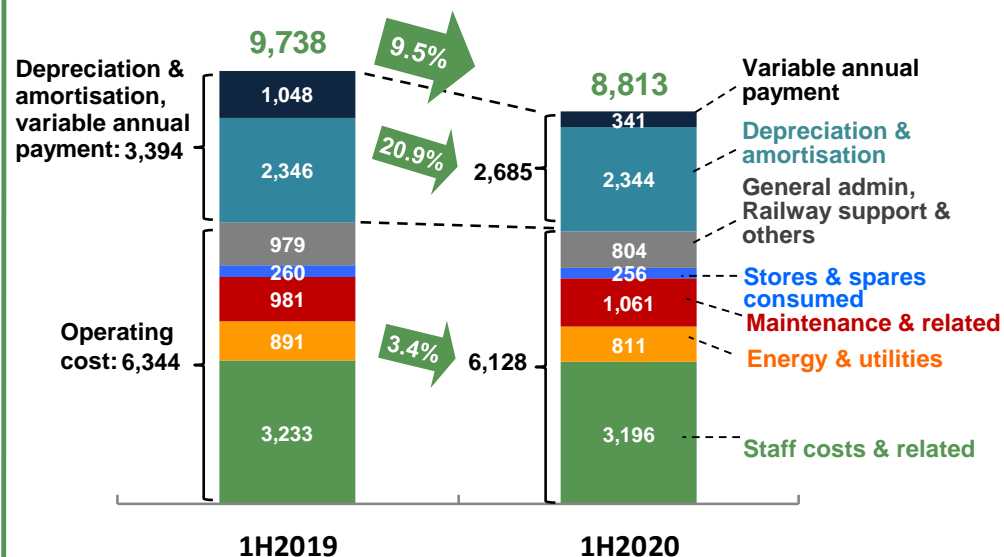
Revenue

(HK\$m)



Cost

(HK\$m)



EBITDA:
HK\$106m



Margin:
1.7%



EBIT loss⁽³⁾⁽⁴⁾:
HK\$2,579m

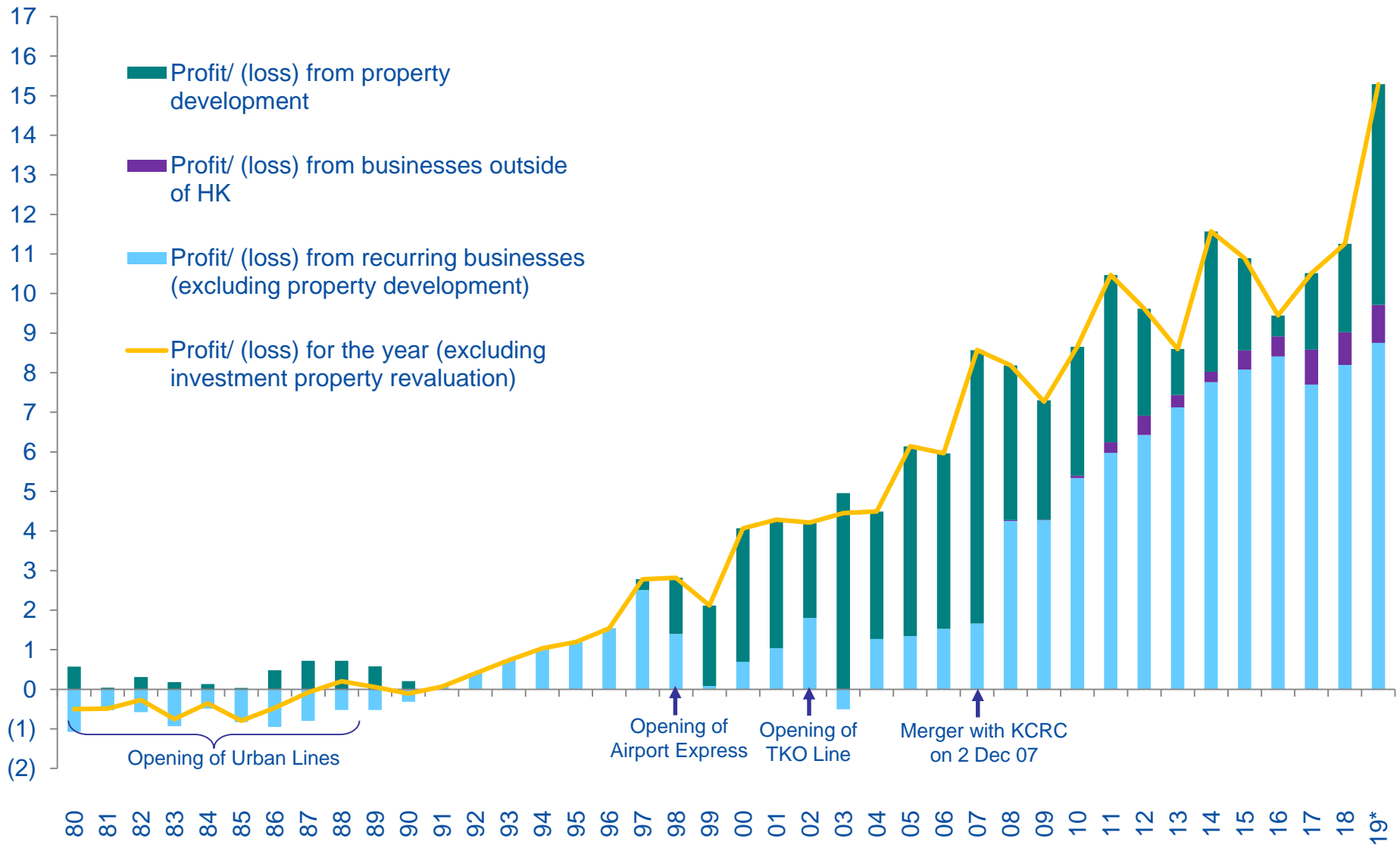
Margin:
-41.4%



1. 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)
2. Others comprise Light Rail, Bus, Intercity and other rail related income
3. After depreciation, amortisation and variable annual payment to KCRC
4. EBIT of HK\$952 million in 1H2019

Segment profit

(HK\$b)



* 2019 figures are normalized exclude the provision in respect of SCL (HK\$2B), SWR (HK\$0.4B) and POE (HK\$2.3B)

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

Consolidated Statement of Financial Position

<i>(HK\$m)</i>	30 Jun 2020	31 Dec 2019	Increase/ (Decrease)	
			HK\$m	%
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

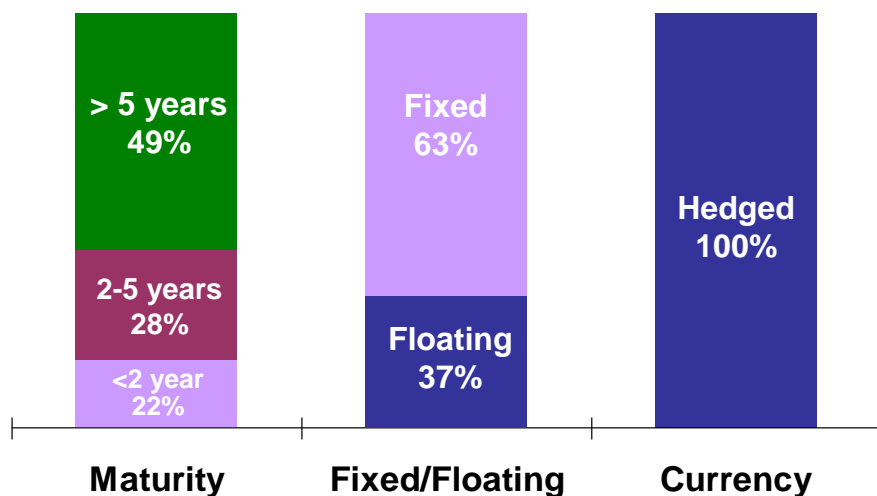
(HK\$m)	1H2020	1H2019	Favourable/ (adverse) change	
			HK\$m	%
Cash Inflow				
Cash flows from operations	2,244	9,964	(7,720)	(77.5)
Receipt of government subsidy for Shenzhen Metro Longhua Line operation	587	608	(21)	(3.5)
Receipts from property developments	3,535	4,580	(1,045)	(22.8)
Others	161	(66)	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

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%
Interest cover	14.2x	13.4x

1. Excluding Mainland of China and overseas subsidiaries debts

2. Excluding obligations under service concession

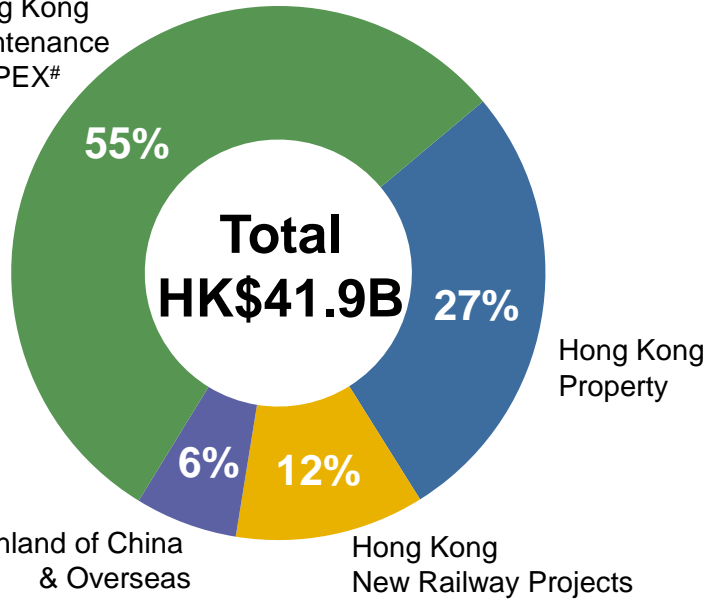
3. Including lease liabilities, obligations under service concession and loan from holders of non-controlling interests as components of debt

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.

Business Update

Patronage	Jan to Nov 2020* (YoY%)
- Domestic services	Down 27.2%
- Airport express	Down 80.2%
- Cross-boundary services	Down 92.1%
- High-speed-rail	Down 93.3%
Fare	Mid-2020
- FAM	No fare adjustment**
Total tenant sales turnover	Jan to Nov 2020 (YoY%)
Station commercial	
- Station kiosks	Underperform
- Duty free shops	Shops closed during Feb-Nov***
Shopping malls	
- Elements	Underperformed
- Shopping malls excluding Elements	In line
Industry statistics	Jan to Nov 2020 (YoY%)
- Hong Kong retail sales	Down 25.3%
- Hong Kong tourist arrivals	Down 93.2%

Source: Company data and government figures

* Patronage breakdown of different services is only available up to Nov 2020

**The fare adjustment rate for the year 2020/21 should be +2.55%, by applying the FAM formula. In view of the "Affordability Cap", 1.28% will roll over to 2021/22; and 1.27% will roll over to 2022/2023)

*** 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.



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