



# MTR Corporation

## 2019 Annual Results

5 March 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.



# Results Highlights and Business Overview

Dr. Jacob Kam, CEO

# 2019 Highlights

## Financial Results

- Recurrent profit down 44.8%, mainly due to the impact from the public order events in Hong Kong, as well as provisions for the Shatin to Central Link project Hung Hom Construction Incidents and UK's South Western Railway franchise
- Underlying profit down 6.2%, with the increase in property development profit partly offsetting the decline in recurrent profit

## Highlights

- Kept Hong Kong moving through our dedication and commitment to excellence
- Train service delivery and passenger journeys on-time in our heavy rail remained world-class level of 99.9%, excluding impact from public and external events
- Commenced service on the Tuen Ma Line Phase 1 on 14 Feb 2020
- The latest estimate of Cost to Complete of the Shatin to Central Link Project has been submitted to Government. Government has already started the application of additional funding from Legislative Council
- Awarded two property packages in 2019 and one property package in Feb 2020
- Commenced service on Sydney Metro Northwest, the initial section of Hangzhou Line 5 and Macao LRT Taipa Line, as well as London extension between Paddington and Reading
- Being awarded Beijing Metro Line 17 O&M concession
- Contract concluded for the Sydney Metro City and Southwest PPP project

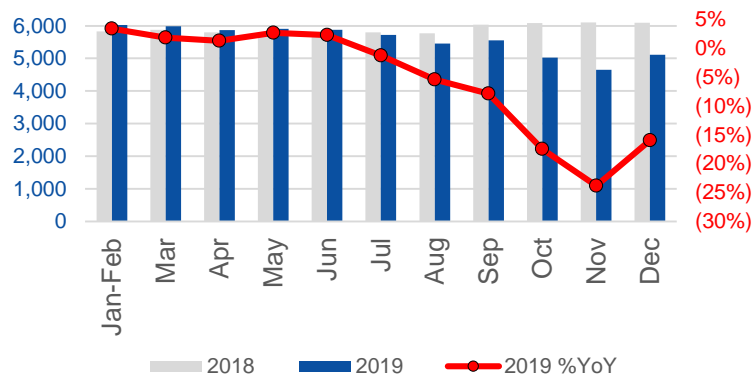


# **HONG KONG TRANSPORT OPERATIONS**



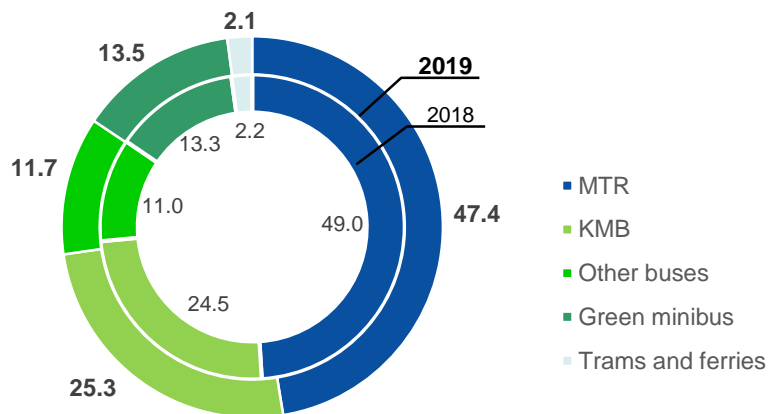
# Transport Operations

Average weekday patronage ('000)

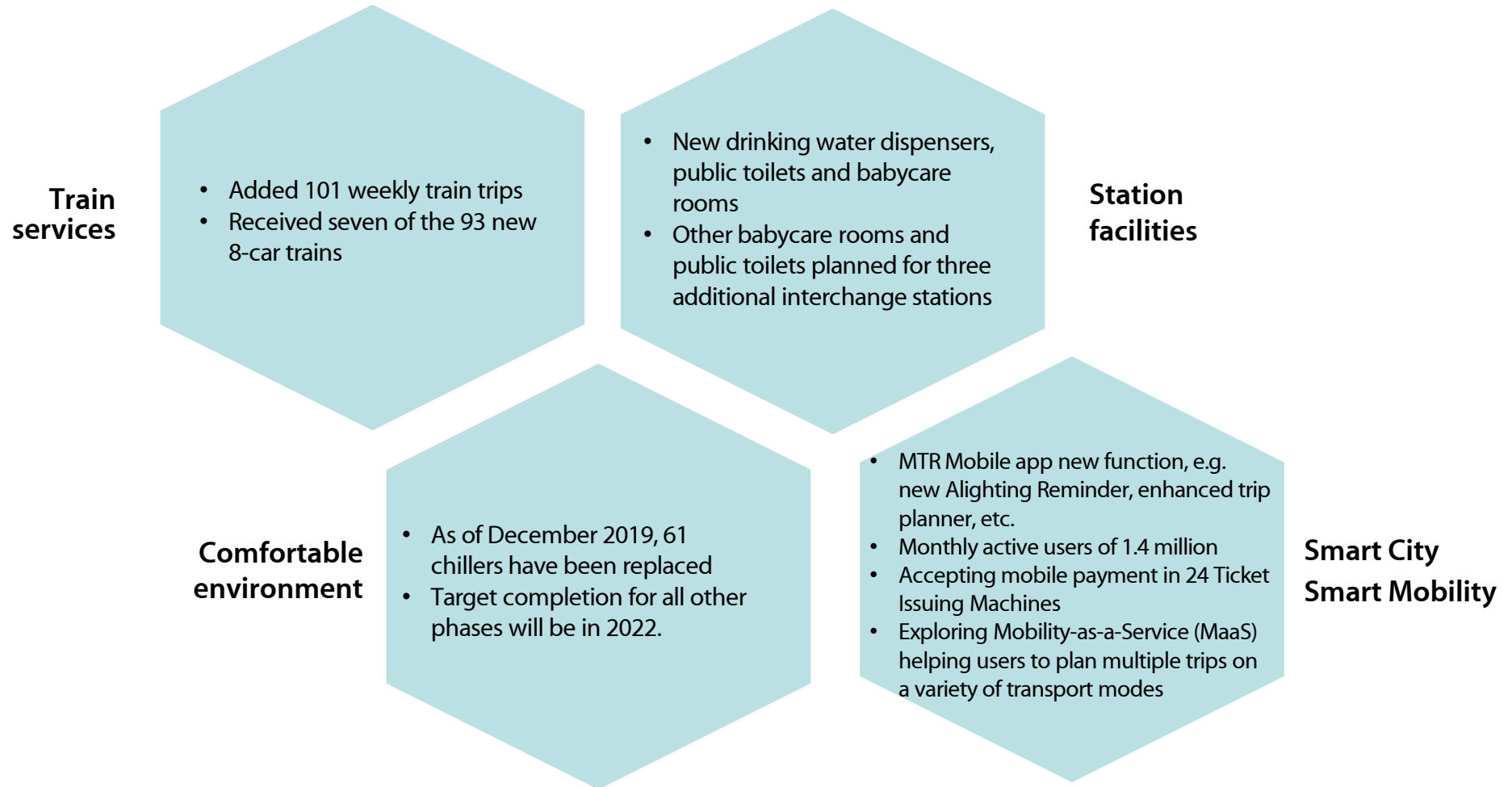


- Average weekday patronage fell to 5.61 million, a drop of 4.5% YoY (1H19: +2.5%; 2H19: -11.4%)
- Investigation panels on the two incidents
- Raised fare by 3.3% in June 2019, but also have offered a 3.3% rebate in Octopus fare

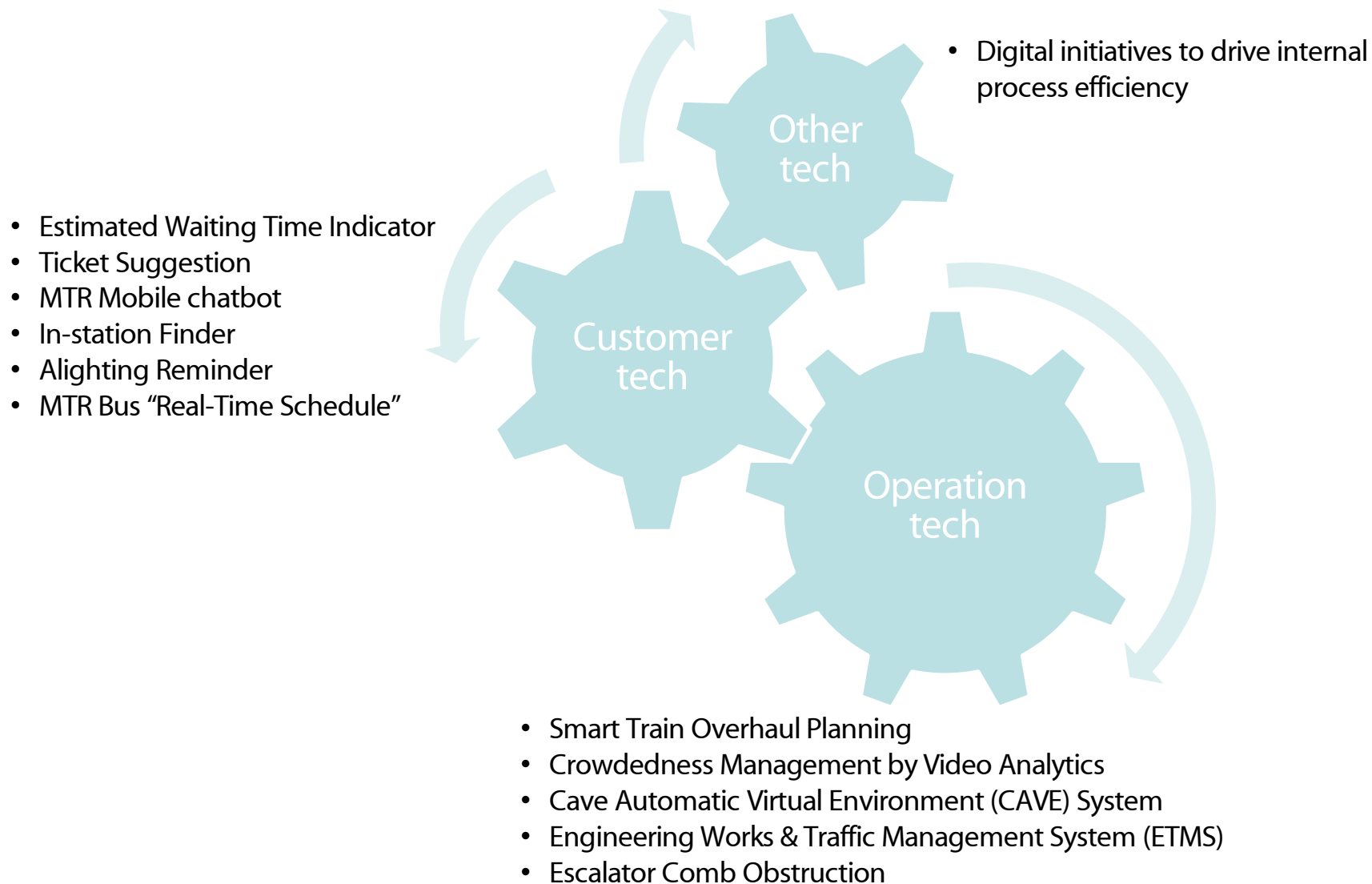
Market share of Major Transport Operators



# Asset Replacement and Customer Experience



# Technology / AI Initiatives

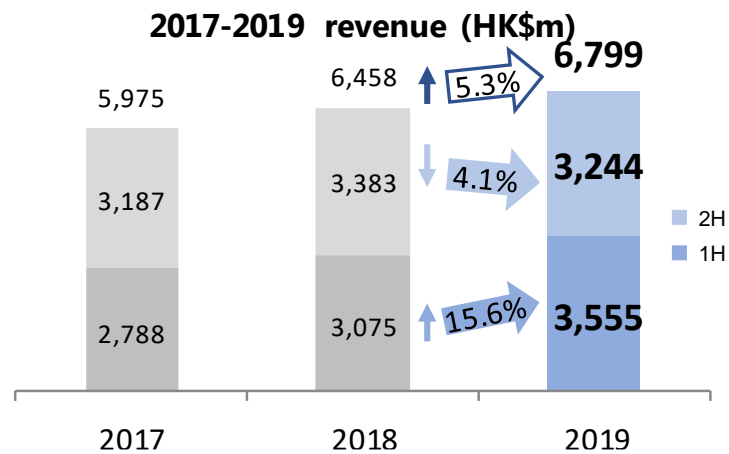






## **HONG KONG STATION COMMERCIAL BUSINESSES**

# Station Commercial Businesses



- Revenue growth mainly came from incremental contribution from HSR and slightly positive rental reversion at station kiosks
- Occupancy rates were over 99%
- Rental concession to affected tenants

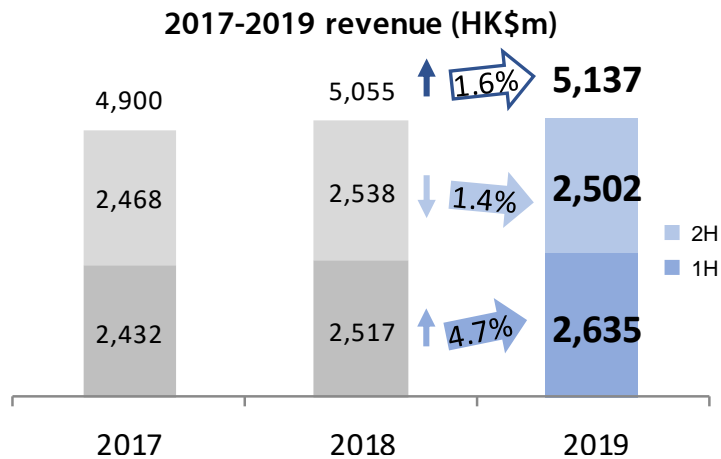




**HONG KONG  
PROPERTY**



# Property Rental and Management Businesses



- Shopping malls achieved slightly positive rental reversion
- Occupancy rates were close to 100% at our shopping malls and 18 floors office in 2ifc
- Rental concession to affected tenants



Elements

# Property Development

## Development Profit

- Post-tax profits of **HK\$5.5 billion** derived from the share of surplus proceeds from MALIBU and sharing in kinds from The LOHAS

## Project tendered

Project	Awarded	Developers
LOHAS Park Package 11 (1,850 units)	Apr 2019	Sino Land, K. Wah, China Merchants
Wong Chuk Hang Package 4 (800 units)	Oct 2019	Kerry Properties, Swire Properties, Sino Land
LOHAS Park Package 12 (2,000 units)	Feb 2020	Wheelock

## Pre-sale of Property Development Project

Property Development	Launched	Units sold (End-Dec 2019)
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### ■ MTR

GRAND MARINI (LOHAS PARK Package 9)	Sep 2019	83% of 503 units sold
MARINI (LOHAS PARK Package 9)	Aug 2019	49% 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
LP6 (LOHAS PARK Package 6)	Sep 2018	97.7% of 2,392 units sold
MALIBU (LOHAS PARK Package 5)	Mar 2018	98.1% of 1,600 units sold

### ■ As Agent for KCRC

Sol City (Long Ping Station Project)	Oct 2018	80.3% of 720 units sold
Cullinan West III (Nam Cheong Station Project)	Sep 2019	75.1% of 1,172 units sold



Wong Chuk Hang Station Packages



## **HONG KONG NETWORK EXPANSION**



# Shatin to Central Link

## Shatin to Central Link (SCL)

### Tai Wai to Hung Hom Section – 99.8% complete

- The Tuen Ma Line Phase 1, from Tai Wai Station to Kai Tak Station, was successfully opened on 14 Feb 2020
- We have entered into a two-year Service Concession Agreement to operate this extension
- Full Tuen Ma Line target opening in 2021
- Suitable measures for Hung Hom Stabling Sidings have been substantially completed in January 2020. Suitable measures at Hung Hom Station Extension and adjacent structures are progressing in accordance with the plan for target completion in mid-2020

### Hung Hom to Admiralty Section – 82.3% complete

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



Tuen Ma Line Phase 1 Opening



Cross Harbour Tunnel

# Shatin to Central Link

## Funding

- As the project owner, Government is responsible for the cost of the Shatin to Central Link Project
- The Corporation has completed further review of the latest estimate of the Cost to Complete which was submitted to Government
- This represents an increase of HK\$12,172.3 million (including additional Project Management Cost of HK\$1,371 million but excluding costs related to Hung Hom Extension Construction Incident), which is less than the previously estimated increase of HK\$16,501 million which was announced in December 2017
- The Government have made application to the Legislative Council for additional funding. The Corporation will work closely with government on the application. We hope that Legislative Council will approve the additional funding

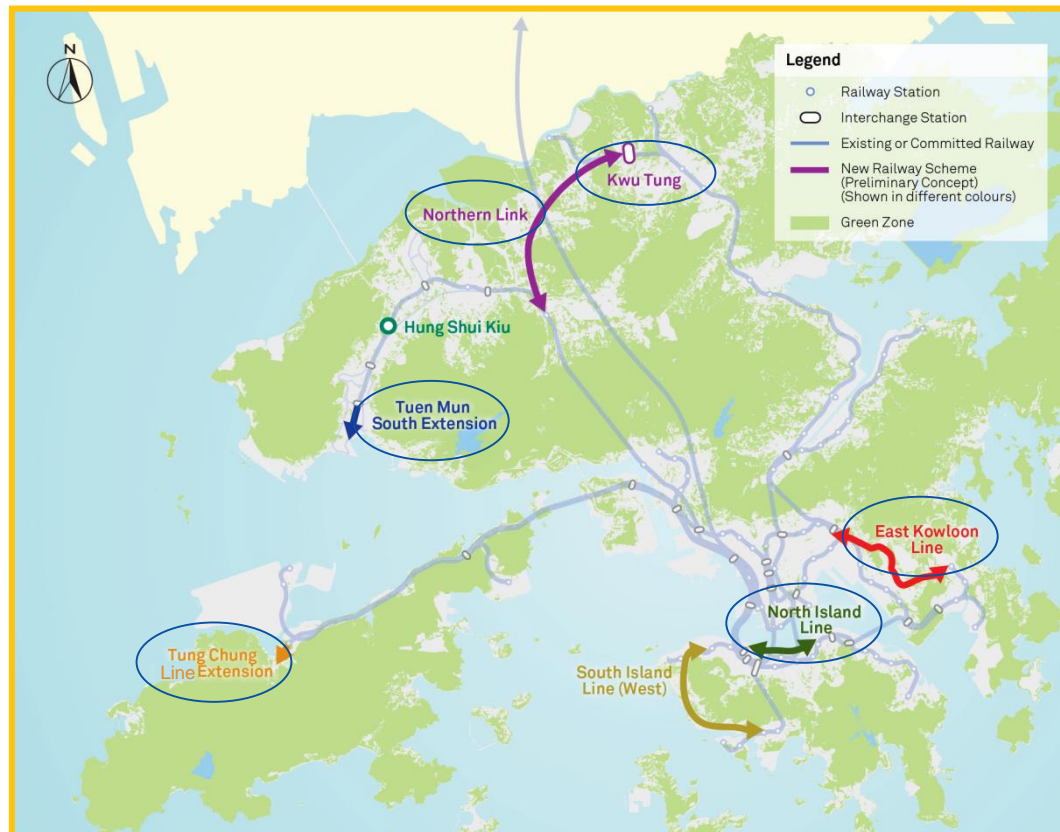


# Railway Development Strategy 2014

A total of 7 new railway projects:

- Proposal submitted: (1) Tuen Mun South Extension, (2) Northern Link (and Kwu Tung Station), (3) East Kowloon Line, (4) Tung Chung Line Extension and (5) North Island Line
- Proposal to be submitted in 2020: (1) Hung Shui Kiu Station and (2) South Island Line (West)

To commence detailed planning and design for **Tuen Mun South Extension, Northern Link (and Kwu Tung Station) and Tung Chung Line Extension**



Project	Route Length (km)
Tuen Mun South Extension	2.4
Northern Link (and Kwu Tung Station)	10.7
Tung Chung Line Extension	1.5
East Kowloon Line	7.8
North Island Line	5.0
Hung Shui Kiu Station	-
South Island Line (West)	7.4
<b>Total</b>	<b>34.8</b>

# New Investment Property Initiatives

**49% increase in attributable GFA of existing retail portfolio**



*An artist's impression of The LOHAS*

## **The LOHAS**

**LOHAS Park Shopping Centre**

**GFA: 44,500sqm**

**Target opening: 2H 2020**

**With the largest indoor ice rink in Hong Kong  
and the largest cinema in Tseung Kwan O**

**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 22,000 residential units (GFA : over 1.35 million sqm)

Expected completion in the next 6-7 years

	Property Tender	Date of Tender Award	Developer partners	Residential Gross Floor Area (sq m)	Units	Latest Project Status			
						Design	Foundation works	Super-structure	Pre-sale
1	Tai Wai Station	Oct 2014	New World	190,480	3,090	Completed	In progress	In progress	
2	LOHAS Park Package 6	Jan 2015	Nan Fung	136,970	2,392	Completed	Completed	In progress	In progress
3	Tin Wing Stop	Feb 2015	Sun Hung Kai	91,051	1,976	Completed	In progress		
4	LOHAS Park Package 7	Jun 2015	Wheelock	70,260	1,120	Completed	Completed	In progress	Completed
5	LOHAS Park Package 8	Oct 2015	Cheung Kong	97,000	1,422	Completed	Completed	In progress	
6	LOHAS Park Package 9	Dec 2015	Wheelock	104,110	1,653	Completed	Completed	In progress	
7	LOHAS Park Package 10	Mar 2016	Nan Fung	75,400	893	Completed	Completed	In progress	
8	Ho Man Tin Station Package 1	Dec 2016	Goldin Properties	69,000	918	Completed	In progress		
9	Wong Chuk Hang Station Package 1	Feb 2017	Road King Infrastructure & Ping An Real Estate	53,600	800	Completed	Completed	In progress	
10	Wong Chuk Hang Station Package 2	Dec 2017	Sino Land & Kerry Properties	45,800	600	Completed	Completed		
11	Yau Tong Ventilation Building	May 2018	Sino Land & CSI Properties	30,225	500	Completed			
12	Wong Chuk Hang Station Package 3	Aug 2018	Cheung Kong	92,900	1,200	In progress			
13	Ho Man Tin Station Package 2	Oct 2018	Chinachem	59,400	900	In progress			
14	LOHAS Park Package 11	Apr 2019	Sino Land, K. Wah, China Merchants	88,858	1,850	In progress			
15	Wong Chuk Hang station Package 4	Oct 2019	Kerry Properties, Swire Properties, Sino Land	59,300	800	In progress			
16	LOHAS Park Package 12	Feb 2020	Wheelock	89,290	2,000	In progress			



# Property Development

## Siu Ho Wan Depot, Lantau Island

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



Siu Ho Wan Depot, Lantau Island





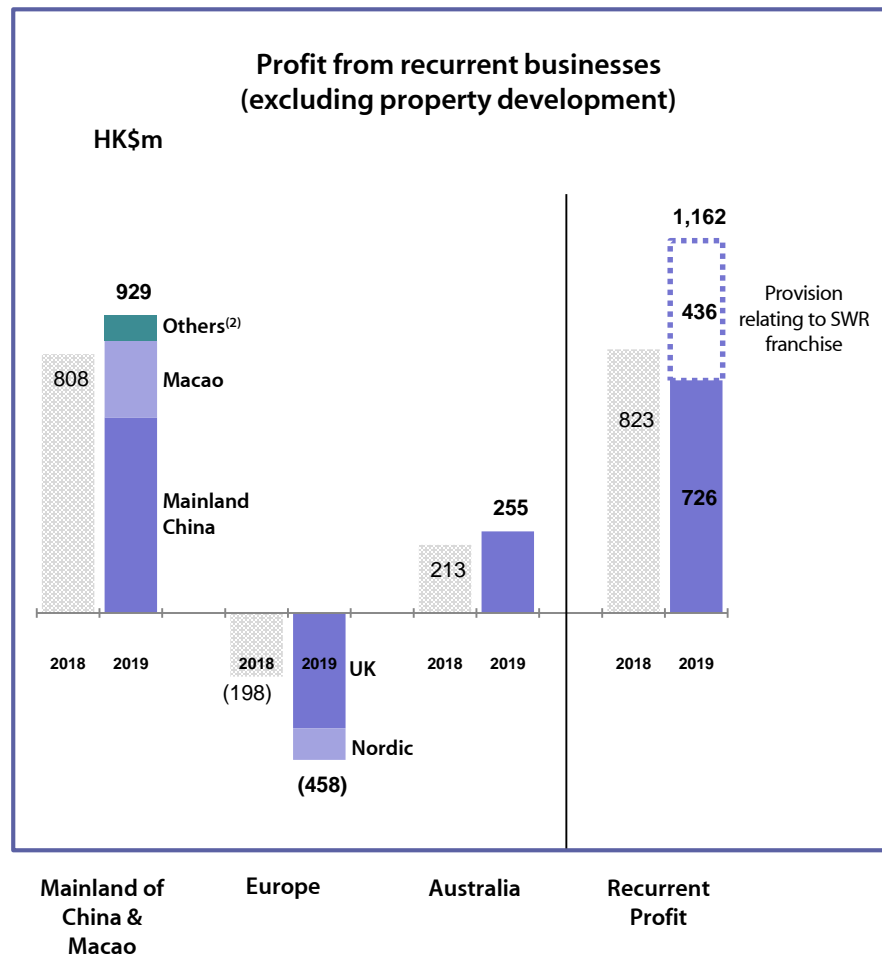
## **MAINLAND OF CHINA AND INTERNATIONAL BUSINESSES**

# Mainland of China and International Businesses

Recurrent profit (excluding business development expenses)<sup>(1)</sup> : **HK\$726m**

11.8%

Recurrent profit excluding South Western Railway provision:<sup>(1)</sup> HK\$1,162m, +41.2%



## Mainland of China

- **Beijing MTR and Hangzhou MTR** – steady operational and financial performance
- **MTR Shenzhen** – steady operational and financial performance. However, long-term financial viability will be impacted, if suitable fare adjustment mechanism not in place in the near future.

## Macao

- **Macao LRT Taipa Line** – higher contribution from projects management services

## Europe

- **Stockholms pendeltåg, Sweden** – narrowed loss mainly due to improvements in operational performance and customer satisfaction and reduced costs
- **MTR Express, Sweden** – Patronage continued to improve and loss narrowed further
- **South Western Railway franchise, UK** – made a provision of GBP43m representing the maximum potential loss under the Franchise Agreement
- **MTR Crossrail, UK** – higher contribution mainly due to higher concession payment received

## Australia

- **Sydney Metro North West (SMNW)** – higher profit from construction phase
- **Metro Trains Melbourne (MTM)** – lower contribution from operations due to service disruption, partly offset by higher profit from construction works
- **Sydney Metro City and Southwest (SMCSW)** – profit recognition from early works

1. Comprising net profit from Mainland of China and international business (MC&IB) subsidiaries net of non-controlling interests, and share of profit or loss from MC&IB associates and joint venture. Does not include business development expenses

2. Mainland of China property rental and management

# Growth Beyond Hong Kong

## Projects signed Beijing

### Beijing Line 17

- We were awarded the 49.7-km BJL17 O&M concession in December 2019

## Potential new projects Chengdu

### Chengdu Station Retail Businesses

- A Letter of Intent (LoI) was signed on 14 January 2020 in which the Company was invited by Chengdu Rail Transit Group to joint-venture with them in station retail businesses

## Australia

### Sydney Metro City 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
- Reached contractual close in November 2019
- Target opening in 2024

## Stockholm

### O&M of Roslagsbanan

- We submitted a bid for the O&M of Roslagsbanan, the commuter network connecting Stockholm and the northern part of the Stockholm archipelago
- Result is expected in the second quarter of 2020



# Financial Results

Mr. Herbert L.W. Hui, Finance Director

# Financial Highlights

## Contribution from Recurrent Businesses

2019 (HK\$m)	Recurrent Businesses		
	Hong Kong <sup>(1)</sup>	Outside of Hong Kong <sup>(1)</sup>	Total
Revenue	33,419	21,085	54,504
Change (YoY)	1.3%	1.0%	1.1%
Recurrent profit	4,455	525	4,980
Change (YoY)	(47.3%)	(6.3%)	(44.8%)
Recurrent profit excluding SCL/South Western Railway provisions, and adverse impact brought by the public order events in Hong Kong	8,751	961	9,712
Change (YoY)	3.4%	71.6%	7.7%

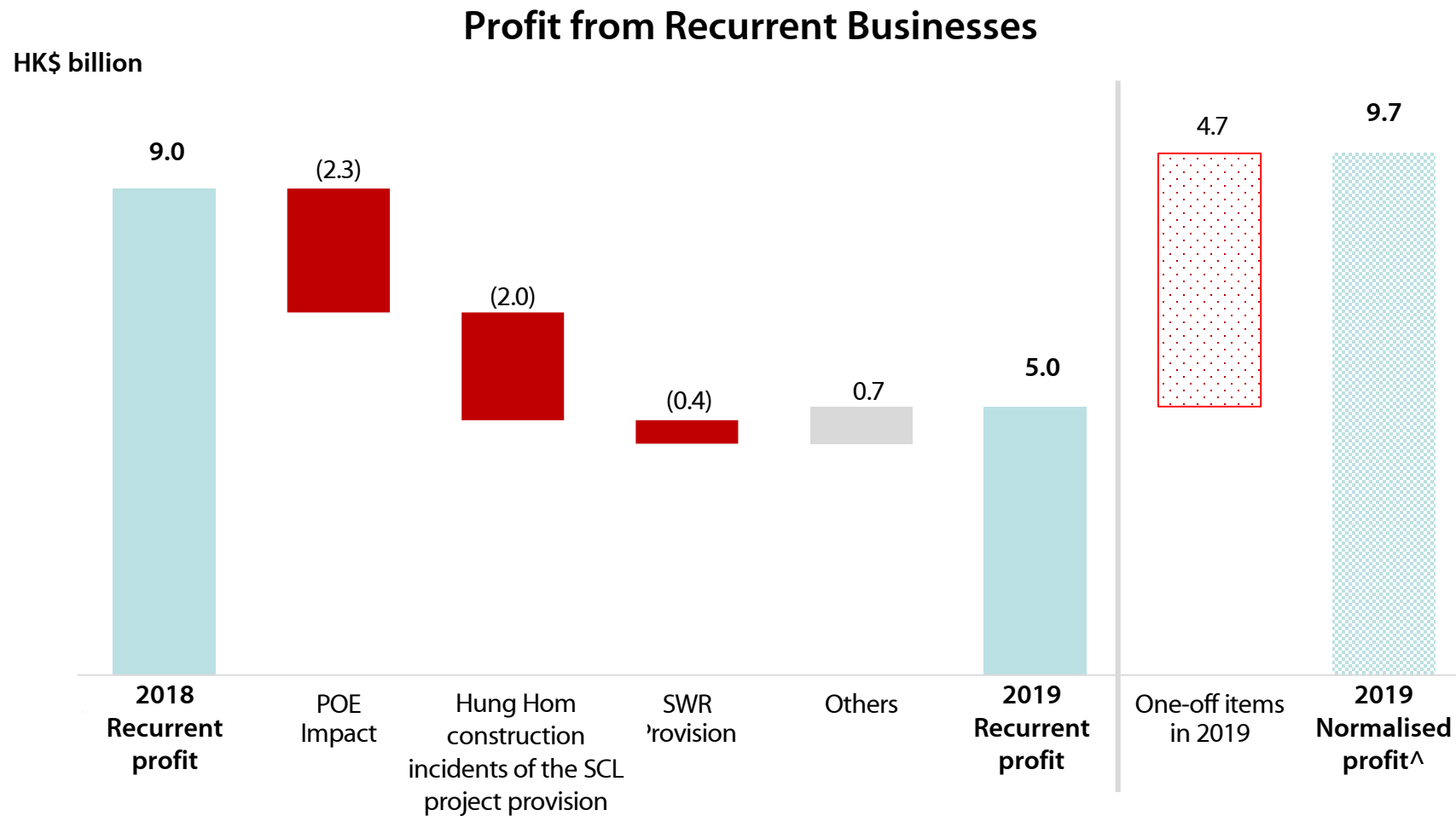
## Net Profit

(HK\$m)	2019	Change (YoY)
Profit from recurrent businesses <sup>(2)</sup>	4,980	(44.8%)
Post-tax profit from property development		
Hong Kong	5,531	156.9%
Mainland of China	49	(45.6%)
Sub-total	5,580	148.8%
Profit from underlying businesses <sup>(2)</sup>	10,560	(6.2%)
Investment property revaluation	1,372	(71.1%)
Reported net profit attributable to shareholders of the company <sup>(2)</sup>	11,932	(25.5%)
Reported EPS (HK\$) <sup>(2)</sup>	1.94	(26.5%)
Underlying businesses EPS (HK\$) <sup>(2)</sup>	1.72	(7.5%)
Ordinary dividend per share (HK\$)	1.23	2.5%

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 (2019: HK\$160m; 2018: HK\$148m)

# Financial Highlights



<sup>^</sup> Results on normalised basis are estimates based on certain assumptions to represent financial performance 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 construction 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



# Segmental Profits of Underlying Businesses

	2019	2018	Favourable/ (adverse) change	
(HK\$m)			HK\$m	%
Hong Kong transport operations <sup>(1)</sup>	(591)	1,985	(2,576)	n/m
Hong Kong station commercial <sup>(1)</sup>	5,122	5,025	97	1.9
Hong Kong property rental and management <sup>(1)</sup>	4,264	4,225	39	0.9
Mainland of China and international railway, property rental & management (including share of EBIT from railway associates and joint venture) <sup>(2)</sup>	1,330	1,274	56	4.4
Project studies and business development expenses	(75)	(60)	(15)	(25.0)
Others <sup>(3)</sup>	(1,884)	104	(1,988)	n/m
<b>EBIT on recurrent businesses</b>	<b>8,166</b>	<b>12,553</b>	<b>(4,387)</b>	<b>(34.9)</b>
Interest and finance charges on recurrent businesses <sup>(4)</sup>	(1,104)	(1,428)	324	22.7
Tax on recurrent businesses <sup>(5)</sup>	(2,082)	(2,105)	23	1.1
<b>Post-tax recurrent business profit</b>	<b>4,980</b>	<b>9,020</b>	<b>(4,040)</b>	<b>(44.8)</b>
HK property development profit after tax	5,531	2,153	3,378	156.9
Mainland of China property development profit after tax and interest	49	90	(41)	(45.6)
<b>Post-tax property development profit</b>	<b>5,580</b>	<b>2,243</b>	<b>3,337</b>	<b>148.8</b>
<b>Profit from underlying businesses</b>	<b>10,560</b>	<b>11,263</b>	<b>(703)</b>	<b>(6.2)</b>

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

3. Includes consultancy, Ngong Ping 360, project management for HKSAR Government, share of EBIT from Octopus Holdings Limited and the HK\$2 billion provision relating to the Shatin to Central Link project Hung Hom construction incidents

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

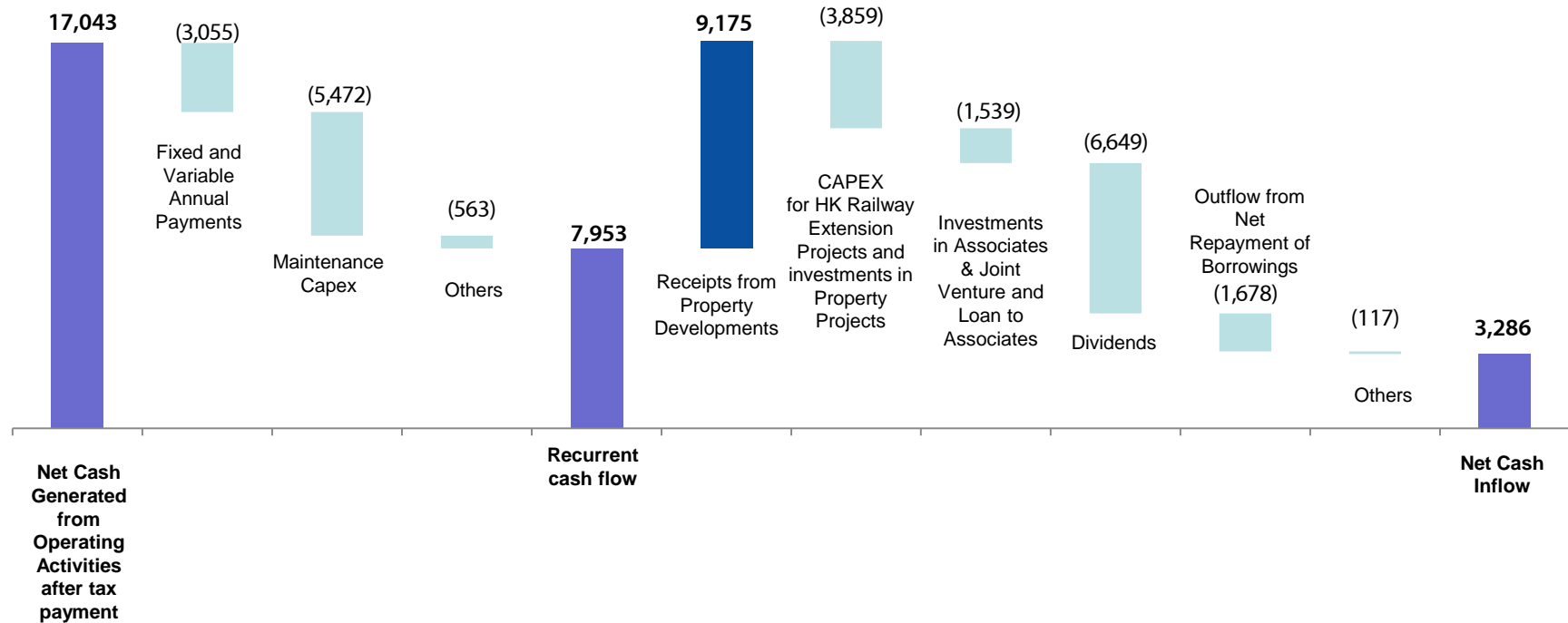
5. Includes our share of tax incurred by railway associates and joint venture

# Consolidated Statement of Financial Position

	31 Dec 2019	31 Dec 2018	Increase/ (Decrease)	
(HK\$m)			HK\$m	%
<b>Assets</b>				
Investment properties	91,712	82,676	9,036	10.9
Other property, plant and equipment	102,632	102,776	(144)	(0.1)
Service concession assets	31,261	30,473	788	2.6
Property development in progress	12,022	14,840	(2,818)	(19.0)
Interests in associates & joint venture	10,359	8,756	1,603	18.3
Properties held for sale	1,245	1,369	(124)	(9.1)
Debtors and other receivables	11,169	9,576	1,593	16.6
Amounts due from related parties	3,041	2,088	953	45.6
Cash, bank balances and deposits	21,186	18,022	3,164	17.6
Others	4,587	4,111	476	11.6
<b>Total Assets</b>	<b>289,214</b>	<b>274,687</b>	<b>14,527</b>	<b>5.3</b>
<b>Liabilities</b>				
Debts	39,456	40,205	(749)	(1.9)
Creditors, other payables and provisions	33,315	25,947	7,368	28.4
Current taxation	2,024	1,161	863	74.3
Amounts due to related parties	2,990	2,676	314	11.7
Obligations under service concession	10,350	10,409	(59)	(0.6)
Deferred tax liabilities	13,729	12,979	750	5.8
Others	552	691	(139)	(20.1)
<b>Total Liabilities</b>	<b>102,416</b>	<b>94,068</b>	<b>8,348</b>	<b>8.9</b>
<b>Total Equity</b>	<b>186,798</b>	<b>180,619</b>	<b>6,179</b>	<b>3.4</b>

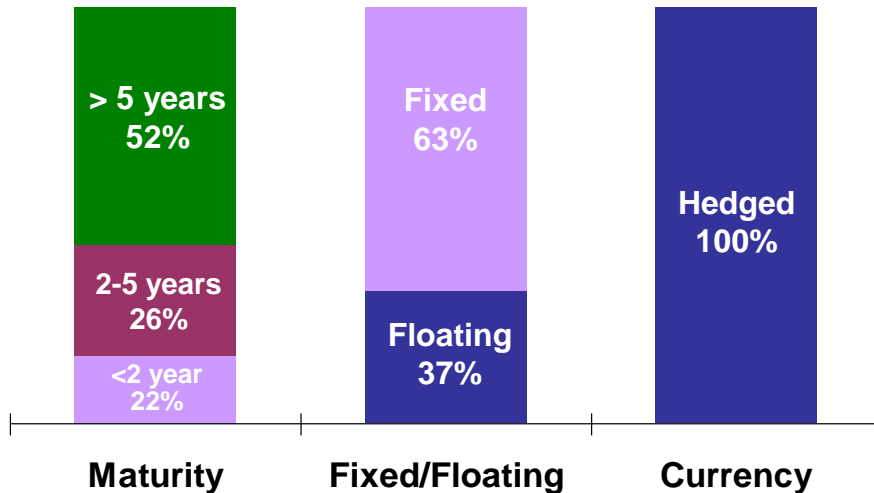
# Cash Flow (for the year ended 31 Dec 2019)

(HK\$m)



# Financing and Credit Ratios

## Company Debt Profile (31 Dec 2019)<sup>(1)</sup>



Consolidated group borrowings and other obligations<sup>(2)</sup>:

**HK\$39,456m** (HK\$40,205m as at 31 Dec 2018)

Average cost of borrowing and other obligations<sup>(2)</sup>: **2.9%**<sup>(3)</sup>

Interest and finance charges:  
**HK\$859m**<sup>(4)</sup>

	31 Dec 2019	31 Dec 2018
<b>Net Debt / Equity ratio<sup>(5)</sup></b>	<b>15.4%</b>	<b>18.1%</b>
	<b>2019</b>	<b>2018</b>
<b>Interest cover</b>	<b>15.3x</b>	<b>13.6x</b>

1. Excluding Mainland of China and overseas subsidiaries debts

2. Excluding obligations under service concession

3. Not directly comparable to the 2018 figure. Excluding lease liabilities and obligations under service concession, weighted average borrowing cost of the Group in 2019 was 2.8%, same as 2018.

4. Not directly comparable to the 2018 figure. Excluding the lease liabilities recognised under HKFRS 16, interest and finance charges would be HK\$820 million in 2019 compared with HK\$1,074 million in 2018

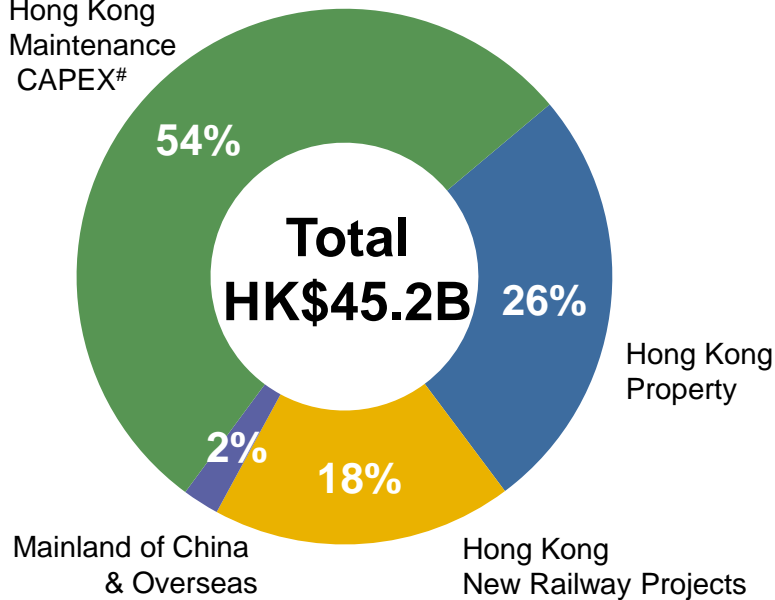
5. Including lease liabilities, obligations under service concession and loan from holders of non-controlling interests as components of debt

# Capital Expenditure & Investments



2020-2022

Hong Kong  
Maintenance  
CAPEX<sup>#</sup>



## Estimated spend:

2020 - HK\$17.3 billion

2021 - HK\$14.5 billion

2022 - HK\$13.4 billion

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Total - HK\$45.2 billion

<sup>#</sup> 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.

# ESG Strategy and Initiatives

## Environment

Green transport

E1

Efficient use of energy and land resources

E2

Adapting to climate change

E3

Pollution prevention and biodiversity

E4

Green financing

## Social

Stakeholder engagement

S1

Safety first – customers, contractors and staff

S2

Customer experience

S3

Investing in communities

S4

Investing in staff

## Governance

Benchmark with best practices

G1

Board structure and diversity

G2

Enterprise risk management

G3

Interest aligned with stakeholders

G4

Ethics and integrity

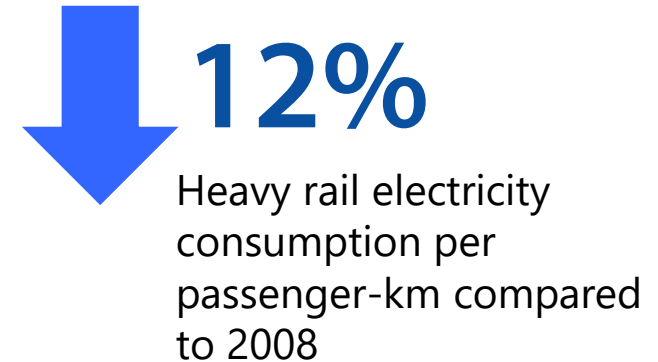
*Our goal is to contribute to the sustainability of the community through the way that we do our business by meeting and balancing the current and future needs of our stakeholders*



# Environment

## Efficient Use of Energy:

- Reduced 12% electricity consumption per passenger-kilometre in our heavy rail network when compared with 2008 levels



## Climate Change:

- Formulated 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, implement various noise control measures to minimise nuisance and actively manage high ecological value wetlands to protect biodiversity



# Social

## Safety First:

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

## Customer Experience:

- Provided babycare rooms at 7 interchange stations

## Investing in Communities:

- Continued to offer a wide range of programmes and activities that are carefully designed to support and engage communities under the “Community Connect” platform, with a particular focus on youth as our future leaders, benefitting 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

## 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



# Outlook

Dr. Jacob Kam, CEO

# Outlook

## Hong Kong Transport Operations

- The work from home and school closure measures coupled with much reduced tourist and local leisure travellers are having a significant negative impact on the patronage
- No actual adjustment to Octopus fares in 2020
- To complete the SCL project upon approval of the revised Cost-To-Complete of the project by LegCo and to ensure successful service commencement in due course
- To commence detailed planning and design for three new lines under RDS2014

## Station Commercial and Property Rental

- Retail sales likely to result in a decline in performance as a result of the public order events and recent Covid-19 outbreak.
- Relief measures on rentals implemented particularly as regards the small and medium tenants
- New lines bring in new business opportunities and revenues
- Opening of The LOHAS in 2H 2020

## Business Outside of Hong Kong

- Will continue to seek new opportunities for growth in markets outside Hong Kong

## Property Development Businesses

- In 2020, profit booking of LP6 is dependent on the construction progress
- Presale of LOHAS Park Package 8, 9C and 10 and Tai Wai Station
- Over the next 12 months or so, subject to market conditions, aiming to tender out LOHAS Park Package 13 and Wong Chuk Hang Station Package 5 & 6





# Appendix

# Consolidated Profit and Loss Account

	2019	2018	Favourable/ (adverse) change	
(HK\$m)			HK\$m	%
HK transport operations	19,938	19,490	448	2.3
HK station commercial and HK property rental & management businesses	11,936	11,513	423	3.7
Mainland of China & international railway, property rental and management subsidiaries	21,085	20,877	208	1.0
Other businesses	1,545	1,990	(445)	(22.4)
	<b>54,504</b>	<b>53,870</b>	<b>634</b>	<b>1.2</b>
Mainland of China property development	-	60	(60)	(100.0)
<b>Total revenue</b>	<b>54,504</b>	<b>53,930</b>	<b>574</b>	<b>1.1</b>
Operating expenses excluding Mainland of China & international subsidiaries <sup>(1)</sup>	(19,393)	(15,026)	(4,367)	(29.1)
Expenses relating to Mainland of China & international railway, property rental and management subsidiaries <sup>(2)</sup>	(19,760)	(20,001)	241	1.2
Expenses relating to Mainland of China property development	(25)	(35)	10	28.6
<b>Total operating expenses</b>	<b>(39,178)</b>	<b>(35,062)</b>	<b>(4,116)</b>	<b>(11.7)</b>
EBITDA excluding Mainland of China & international subsidiaries	14,026	17,967	(3,941)	(21.9)
EBITDA relating to Mainland of China & international railway, property rental and management subsidiaries	1,325	876	449	51.3
EBITDA relating to Mainland of China property development	(25)	25	(50)	n/m
<b>Total EBITDA</b>	<b>15,326</b>	<b>18,868</b>	<b>(3,542)</b>	<b>(18.8)</b>
HK property development profit	5,707	2,574	3,133	121.7
<b>Total operating profit</b>	<b>21,033</b>	<b>21,442</b>	<b>(409)</b>	<b>(1.9)</b>
Depreciation & amortisation	(5,237)	(4,985)	(252)	(5.1)
Variable annual payment	(2,583)	(2,305)	(278)	(12.1)
Share of profit or loss of associates and joint venture	288	658	(370)	(56.2)
Interest and finance charges	(859)	(1,074)	215	20.0
Investment property revaluation	1,372	4,745	(3,373)	(71.1)
<b>Profit before taxation</b>	<b>14,014</b>	<b>18,481</b>	<b>(4,467)</b>	<b>(24.2)</b>
Income tax	(1,922)	(2,325)	403	17.3
Non-controlling interests	(160)	(148)	(12)	(8.1)
<b>Reported net profit attributable to shareholders of the Company</b>	<b>11,932</b>	<b>16,008</b>	<b>(4,076)</b>	<b>(25.5)</b>
Reported earnings per share (HK\$)	1.94	2.64	(0.70)	(26.5)
<b>Profit from underlying businesses</b>	<b>10,560</b>	<b>11,263</b>	<b>(703)</b>	<b>(6.2)</b>
<b>Underlying businesses EPS (HK\$)</b>	<b>1.72</b>	<b>1.86</b>	<b>(0.14)</b>	<b>(7.5)</b>
<b>Final ordinary dividend per share (HK\$)</b>	<b>0.98</b>	<b>0.95</b>	<b>0.03</b>	<b>3.2</b>
<b>Total ordinary dividend per share (HK\$)</b>	<b>1.23</b>	<b>1.20</b>	<b>0.03</b>	<b>2.5</b>

n/m: not meaningful

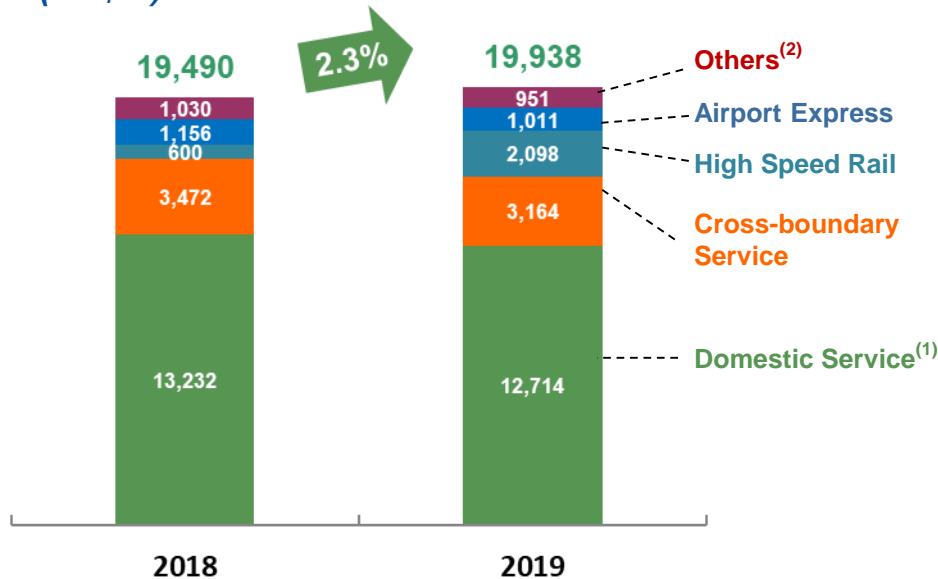
Note 1: Includes project studies and business development expenses

Note 2: Excludes project studies and business development expenses

# Hong Kong Transport Operations

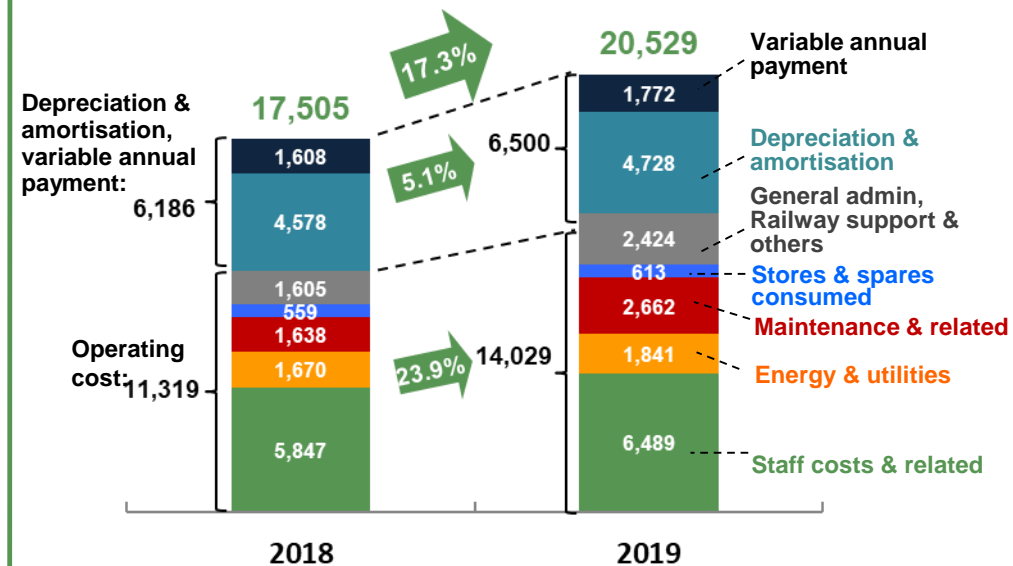
## Revenue

(HK\$m)



## Cost

(HK\$m)



**EBITDA:**  
**HK\$5,909m**

27.7%

**Margin:**  
**29.6%**

12.3% pts

**EBIT loss<sup>(3)(4)</sup>:**  
**HK\$591m**

**Margin:**  
**-3.0%**

13.2% 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 Ma On Shan lines
- Others comprise Light Rail, Bus, Intercity and other rail related income
- After depreciation, amortisation and variable annual payment to KCRC
- EBIT of HK\$1,985 million in 2018  
MTR Corporation

# Hong Kong Transport Operations

Total Patronage: **1.91 billion**

6.4%

Domestic Service<sup>(1)</sup>:  
HK\$12,714m

3.9%

Cross-boundary Service<sup>(2)</sup>:  
HK\$3,164m

8.9%

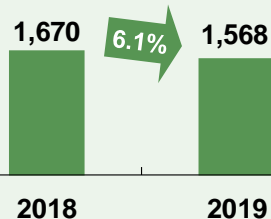
Airport Express:  
HK\$1,011m

12.5%

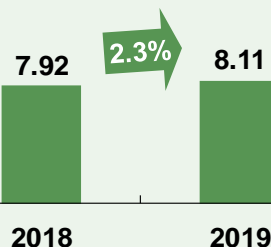
High Speed Rail:  
HK\$2,098m

250%

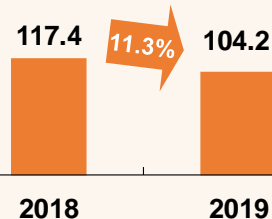
Domestic Service<sup>(1)</sup>  
Patronage (m)



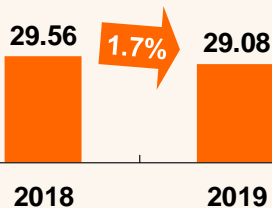
Domestic Service  
Average Fare (HK\$)



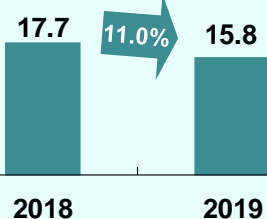
Cross-boundary Service<sup>(2)</sup>  
Patronage (m)



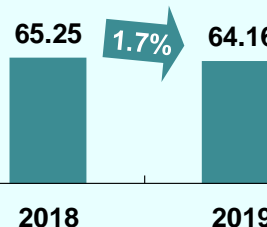
Cross-boundary Service  
Average Fare (HK\$)



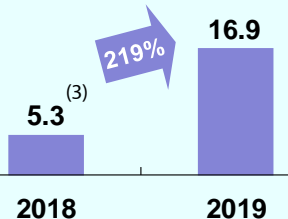
Airport Express  
Patronage (m)



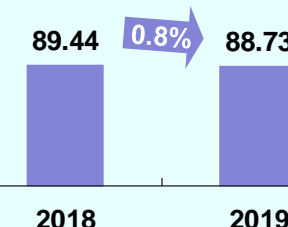
Airport Express  
Average Fare (HK\$)



High Speed Rail  
Patronage (m)



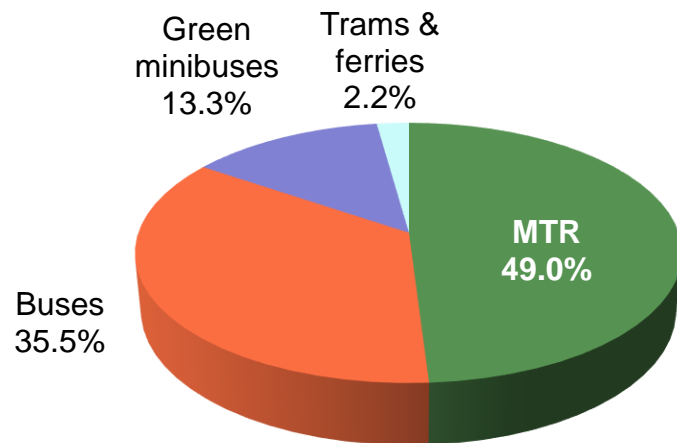
High Speed Rail  
Average Fare (HK\$)



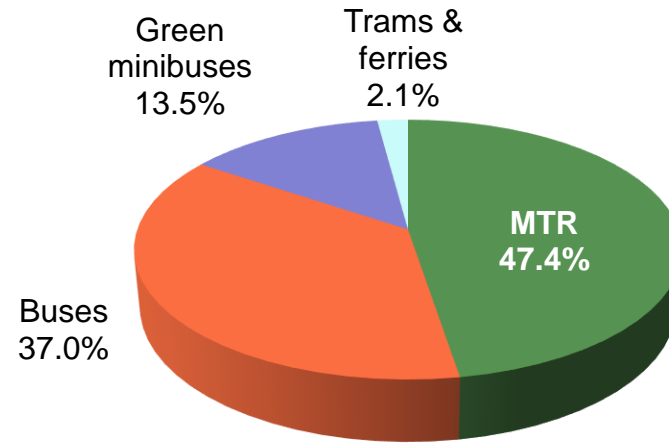
1. Domestic Service comprises the Kwun Tong, Tsuen Wan, Island, South Island, Tung Chung, Tseung Kwan O, Disneyland Resort, East Rail (excluding Cross-boundary Service), West Rail and Ma On Shan lines
2. Does not include the High Speed Rail
3. Commenced operation on 23 September 2018

# Market Share

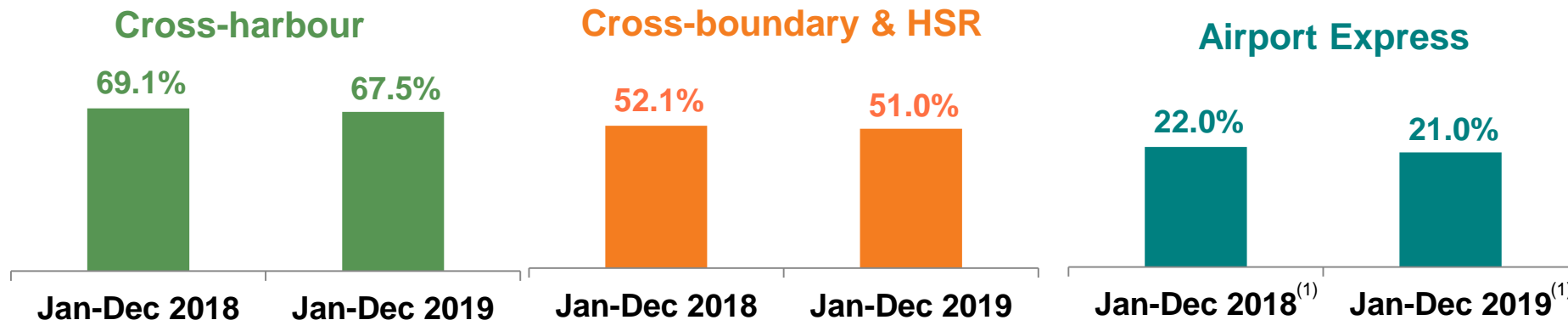
## Hong Kong Franchised Public Transport



Jan – Dec 2018<sup>(2)</sup>



Jan – Dec 2019



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

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



# Hong Kong Station Commercial Businesses

Revenue: HK\$6,799m  
Operating Cost: HK\$680m  
5.3% 19.9%

EBITDA: HK\$6,119m  
Margin: 90.0%  
3.9% 1.2%pts

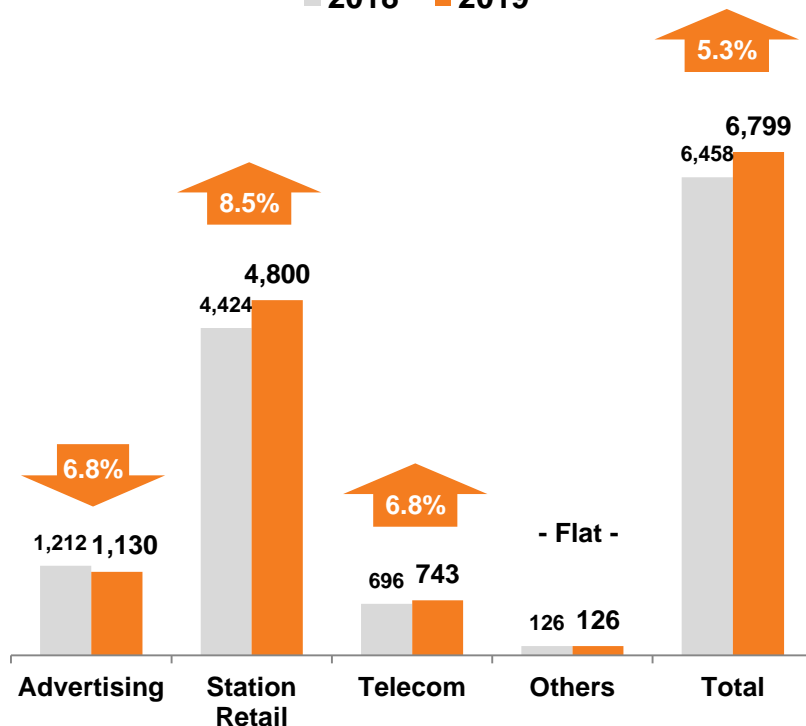
Depreciation & Amortisation: HK\$192m  
Variable Annual Payment: HK\$805m  
10.3% 16.3%

EBIT<sup>(1)</sup>: HK\$5,122m  
Margin: 75.3%  
1.9% 2.5%pts

(HK\$m)

## Revenue

■ 2018 ■ 2019



1. After depreciation, amortisation and variable annual payment to KCRC

- **Advertising** Both tourism and retail markets contracted in the second half of the year. To offset the slump in advertising sales, we launched new digital formats, a series of aggressive and flexible sales packages as well as sales incentive programmes.
- **Station retail**
  - Revenue increase attributable to
    - incremental contribution from HSR
    - positive rental reversion
  - 1,492 shops and 67,337 sqm station retail space as at 31 Dec 2019
- **Telecom** incremental revenue from new contracts and capacity enhancement projects

# Hong Kong Property Rental and Management Businesses

Revenue: HK\$5,137m  
↑1.6%

Operating Cost: HK\$851m  
↑4.7%

EBITDA: HK\$4,286m  
↑1.0%

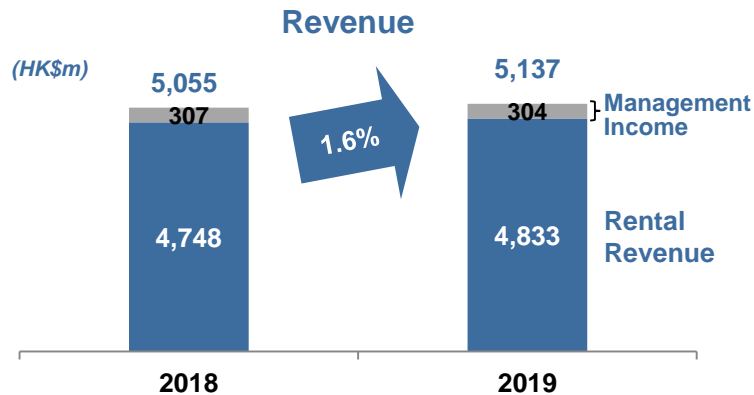
Margin: 83.4%  
↓0.5%pt

Depreciation & Amortisation: HK\$16m  
↑33.3%

Variable Annual Payment: HK\$6m  
↑20.0%

EBIT<sup>(1)</sup>: HK\$4,264m  
↑0.9%

Margin: 83.0%  
↓0.6%pt



- Slightly positive rental reversion at shopping malls
- 13 MTR shopping malls and 18 floors at Two IFC office were close to 100% let in 2019
- Leases expiring in 2019 had been renewed or re-let at times when market sentiment was positive
- Investment properties LFA – 31 Dec 2019
  - HK Retail: **217,774** sqm<sup>(2)</sup>
  - HK Offices: **39,410** sqm<sup>(2)</sup>
  - Others: **17,764** sqm<sup>(2)</sup>



Paradise Mall



Maritime Square

1. After depreciation, amortisation and variable annual payment to KCRC  
2. Lettable floor area attributable to MTR  
MTR Corporation