



Expanding and upgrading the transport backbone of Hong Kong

MetroRail
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Agenda

- **MTR Corporation - Business Overview**
- **Long term strategy for MTR's development**
- **Challenges and opportunities**
- **Integrating and upgrading the network**
- **Expanding the network**
- **Sustainable railway development**



Business Overview



MTR – world-leading performance

- **Passengers:** over 4m per day
- **Performance:** 99.9% punctuality
- **Staff:** 14,400 employees (21,000 worldwide)
- **Over 60 Awards won in 2011 for quality, service, sustainability**
- **Benchmarked as one of the most cost effective railways worldwide**



MTR – Financial Strength – December 2011

Operating Profit	£1.2 bn
Asset value	£10.6 bn
Gearing	11.9%
Market Capitalisation	£12.4 bn

Quoted on HK Stock Exchange plus member of
FTSE4Good Sustainability Index



MTR maximises Non-Fare revenue

- 32% of MTR railway revenue is non-fare box derived from retail outlets, advertising, telecoms, etc.
- Almost double the norm for world-wide metros
- For UK TOCs – typically only 10-15%



Telecommunications



Advertising



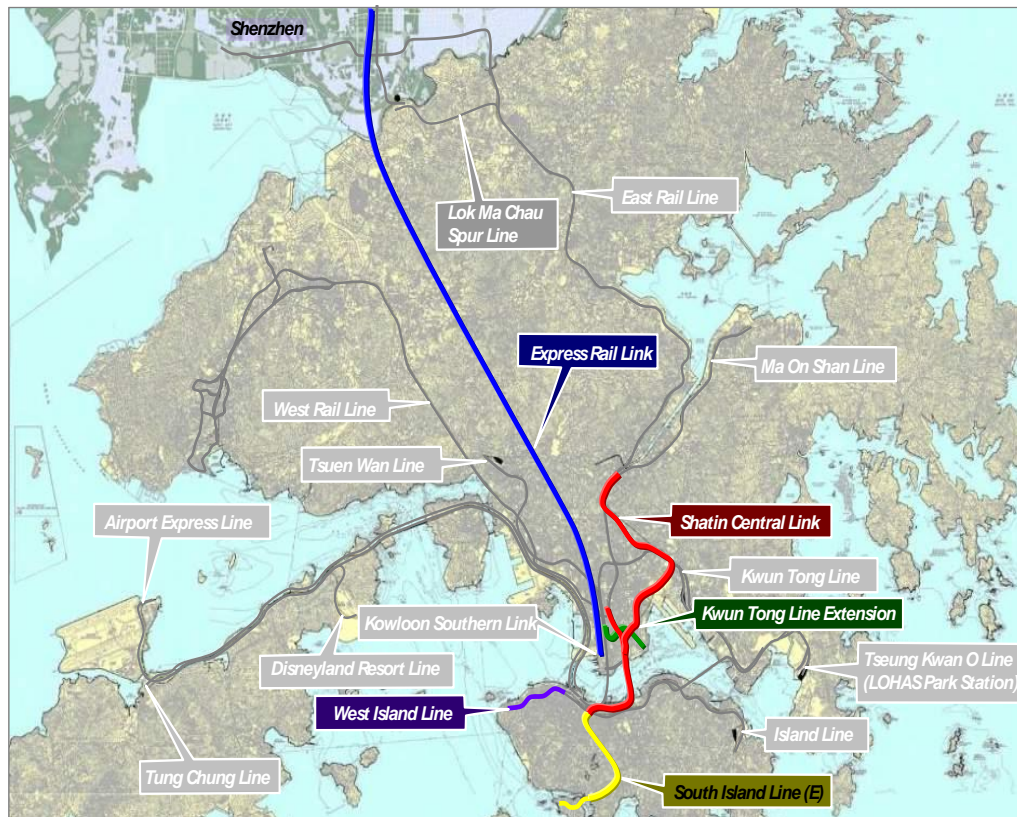
Station Kiosks

MTR Rail + Property Model

- Gov't grants MTR rights to develop space above tracks, stations & depots
- MTR partners with property development companies to develop the space
- MTR manages the design and integration with railway
- Property developer finances the development
- MTR shares the profit when the property is sold
- MTR retains estate management rights



Railway Expansion (5 projects in progress)

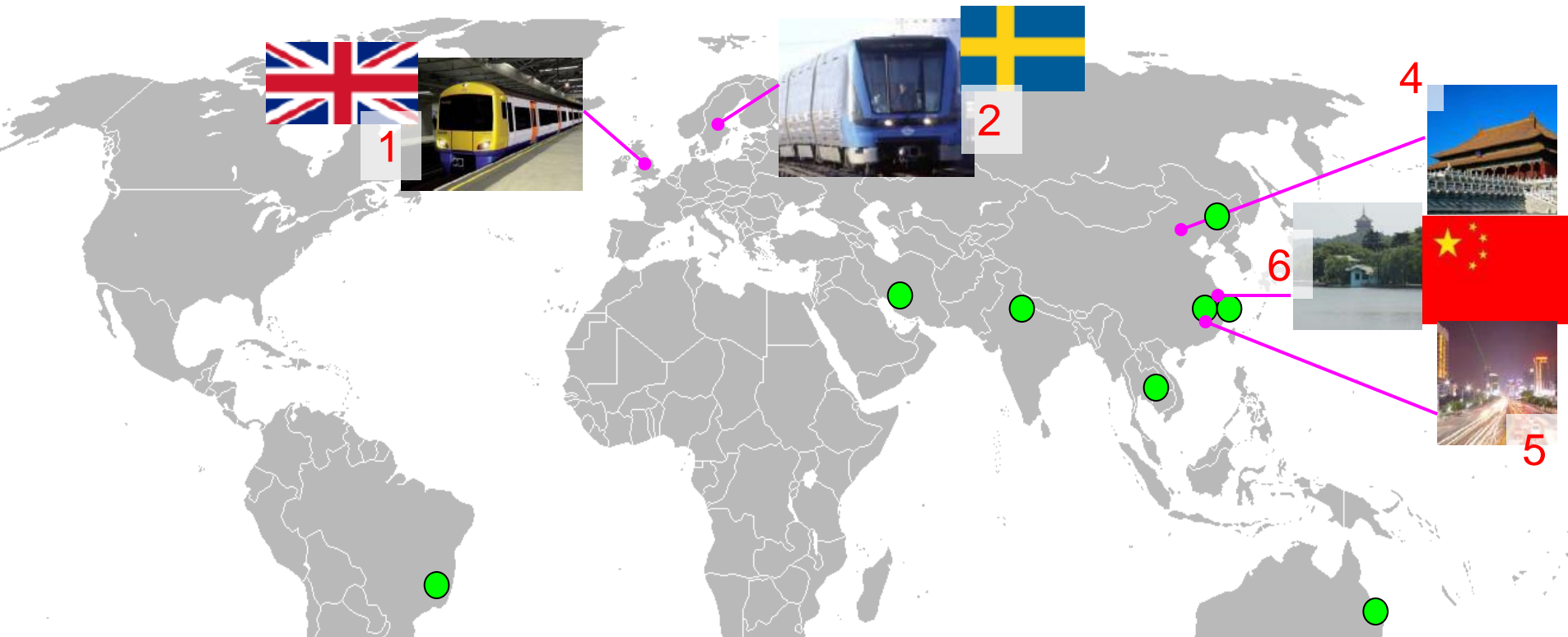


Project	Route Length km	No. of Stations	Target Completion
West Island Line	3	3	2014
South Island Line East	7	5	2015
Kwun Tong Line Extension	3	2	2015
Express Rail Link	26	1	2015
Shatin Central Link	17	10	2018 (Phase I) 2020 (Phase II)

Unprecedented Development!



China & International Business



Country City	UK London	Sweden Stockholm	Australia Melbourne	China Beijing		China Shenzhen	China Hangzhou
Ref no.	1	2	3	4		5	6
Metro Line	Overground	All	All	Line 4	Daxing Line	Line 4	Line 1
Business mode	O&M	O&M	O&M	PPP	O&M	BOT	PPP
Period (Years)	7+2	8+6	8+3 or 7	30	10	30	TBC

● Completed consultancy services

MTR's long term strategy



***To be a Globally Recognized Leader
that Connects and Grows Communities
with Caring Service***



Strategic objectives for expansion

- Extensions to Hong Kong's railway network
- New metros for cities in mainland China
- Pursue the Rail + Property Model in Hong Kong and mainland china
- Franchises in UK and other European cities
- Concessions and franchises in Asia-Pacific
- Exploiting MTR expertise



Challenges & Opportunities



Challenges

- Capacity
- Environment
- Cost pressure
- Rising expectations



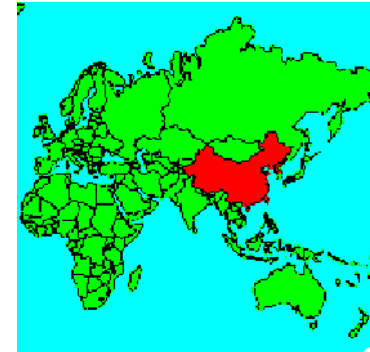
Opportunities

- Demand and growth



- Transferable skills and expertise

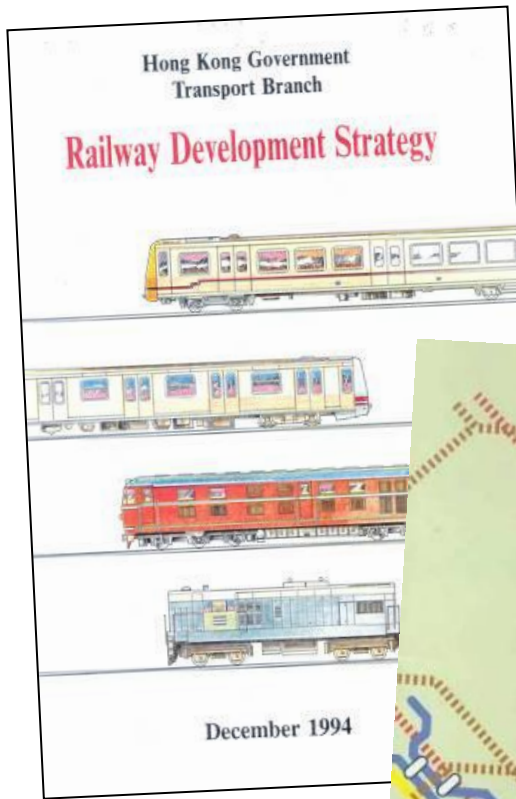
- Expansion in mainland China and internationally



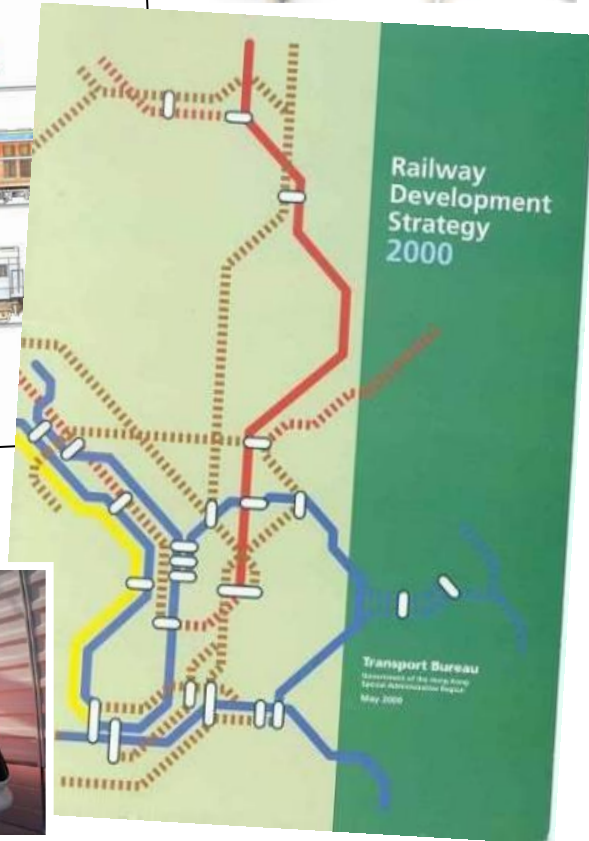
- Innovation



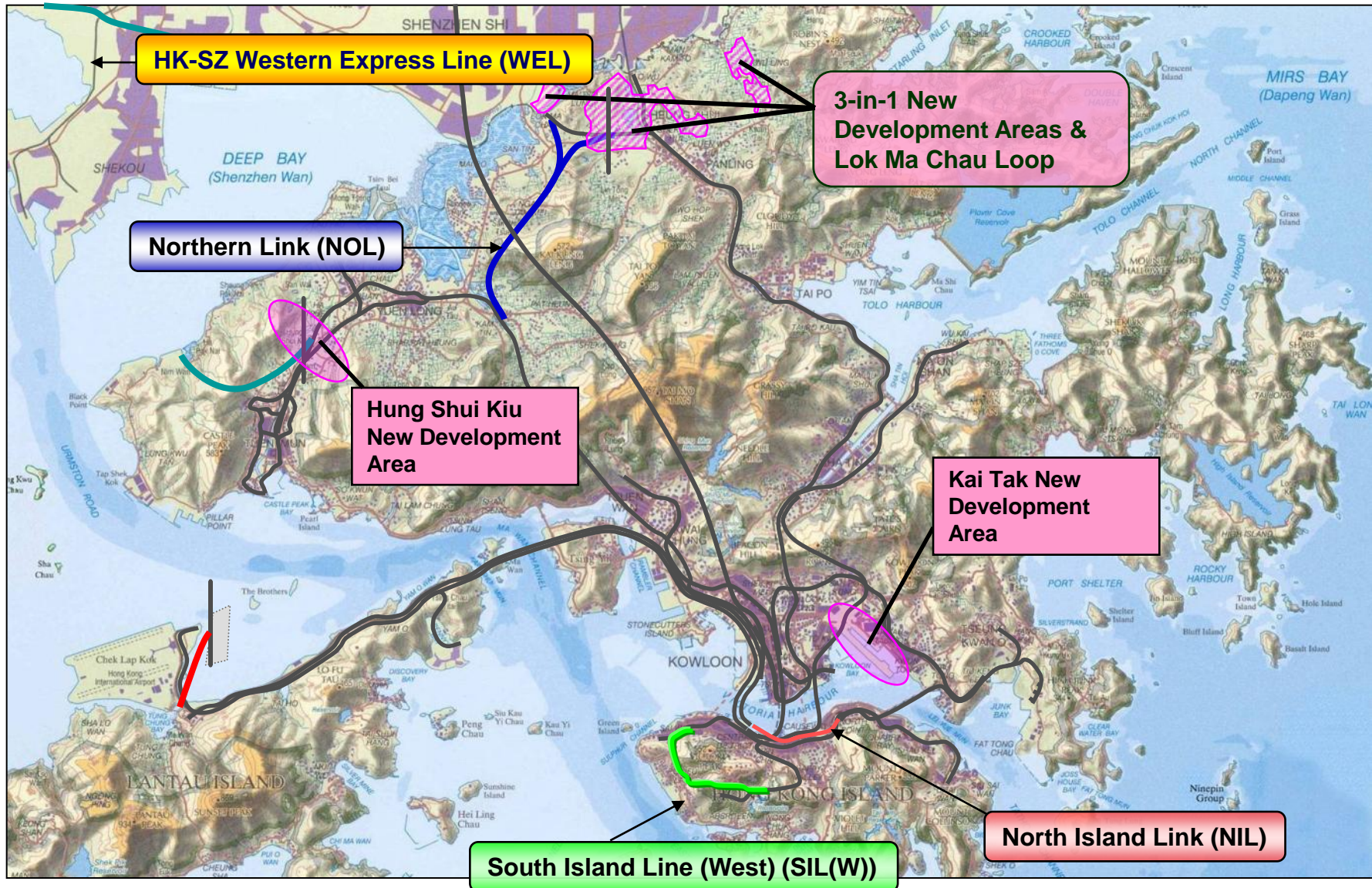
Government Railway Development Strategies



- Transport policy and town planning objectives
- Transportation needs, congestion situation and other opportunities
- High level studies on various aspects, such as feasibility, social and environmental impacts
- Economic and financial assessments
- Implementation programme and institutional arrangements
- Update and Review of Railway Development Strategy 2000 now in progress



Major long-term railway expansion



Integration and Upgrading



MTR – a vertically integrated railway in Hong Kong

- MTR has total responsibility for all railway assets plus all aspects of operation
- MTR's long-term and integrated concession enables whole life-cycle, and whole industry, investment decisions to be optimised



Benefits of Integration in MTR

- Rail + Property Model for investment
- Fare box and non-fare box revenues maximised
- Integral part of the sustainable community
- Captures full upside from transport benefits provided
- Integrated operations and infrastructure management
- Wheel / Rail interface issues optimised
- Maximising return on investment
- Improved performance and asset life



UK McNulty Report and MTR

McNulty Priorities

- Cost efficiency of operations
- Alliancing in infrastructure
- Savings in enhancement spend
- Wheel/ rail interface issues
- Rolling stock design
- Rail and Property
- Supply chain

MTR Expertise

- Benchmarked as top performing
- Operates fully integrated railway
- Optimises whole-life cost (asset life extension)
- Selective investment to optimise return
- Extensive experience in RS procurement (incl. Chinese RS)
- Acknowledged leader in Rail + Property model
- Proven supplier-partnering approach

London Overground – A transformed railway since take-over

Growth in Scale

	Nov 2007	Feb 2012
No. of daily Mon-Friday services	415	938
No. of staff	600	1,220
No. of stations operated	35	55
Average daily passengers	100k	350k



Improved Performance

Punctuality PPM	91%	96.96%
Fare evasion level	≥15%	< 2%
Customer Satisfaction (CSS)	69%	92%
Staff pride in working for LOROL	60%	93%



Delivered in successful partnership with TfL

Sustainable Railway Development



MTR's Sustainable Railway Development



South Island Line (East) (SIL(E))

- Rejuvenate old districts
- Provide connectivity to densely populated areas
- Congestion relief
- Stimulate economic activity



Existing Community Facilities



SIL(E) Ocean Park Station

Key Challenges:

- Visual Impact to Community
- Railway structures occupy green areas
- Parks permanently occupied



WIL Re-provided Public Swimming Pool



- Reduce height/massing
- Efficient Plan & Structure
- Costs Saved

SCL Ma Chai Hang Ventilation Building

Opportunities:

- Green the railway structures
- Minimize size of structures
- Re-provide leisure facilities

Air-borne Noise

Key Challenges:

- Noise disturb nearby community
- Re-radiated noise inside train compartments



Proposed Retrofitting of Noise Barriers at Viaducts



Olympic Station Noise Barriers



SIL(E) Wong Chuk Hang Viaducts

Opportunities:

- Install/retrofit noise barriers
- Trial use of rail dampers



MTR – Summary of outlook

- Major development programme for Hong Kong
- Growing international business
- Strong focus on sustainability



Thank You

