



# 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



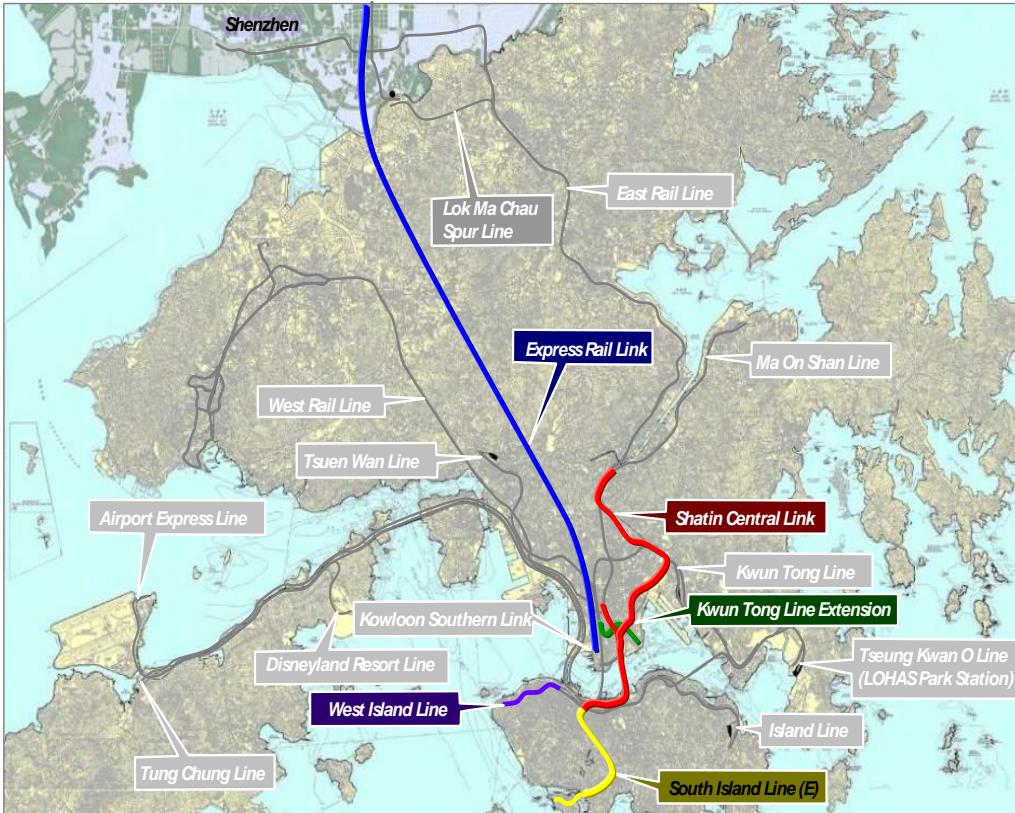
Station Kiosks

# 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)

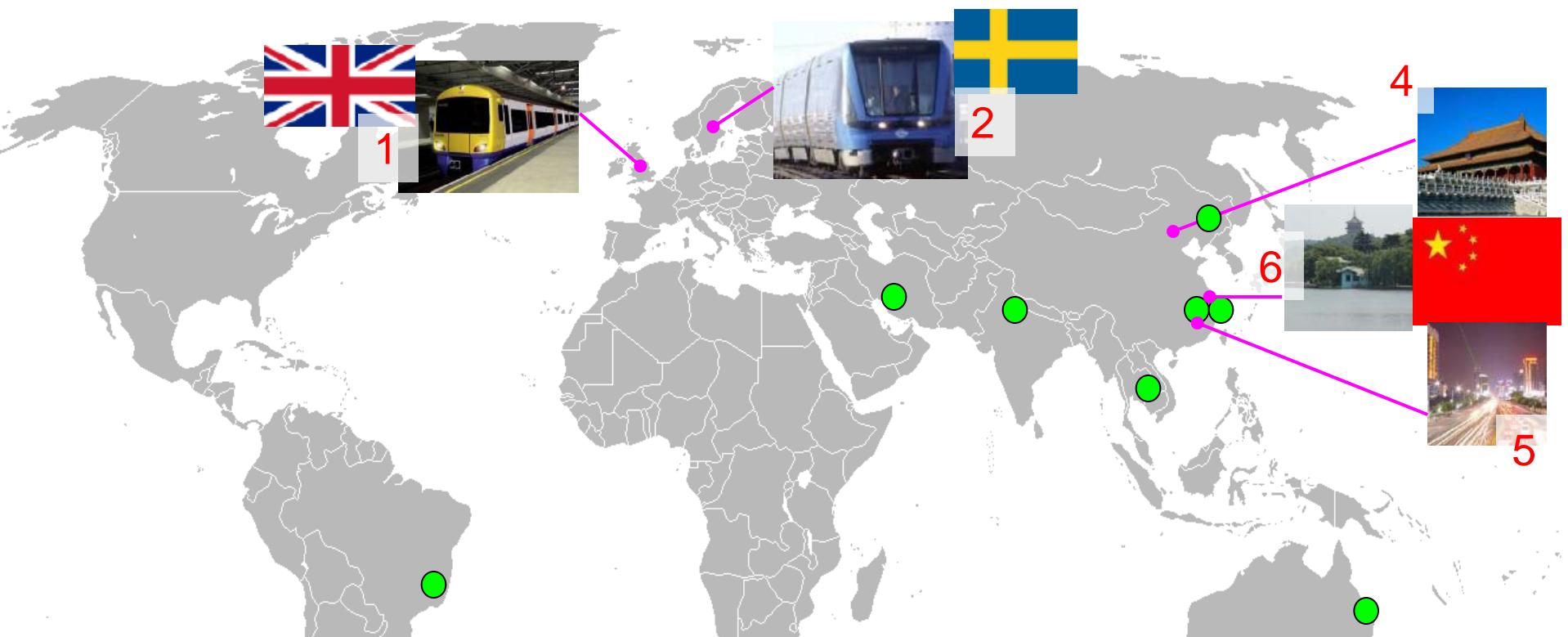


Project	Route Length km	No. of Stations	Target Completion
West Island Line	3	3	2014
South Island Line East	7	5	2015
Kwun Tong Line Extension	3	2	2015
Express Rail Link	26	1	2015
Shatin Central Link	17	10	2018 (Phase I) 2020 (Phase II)

Unprecedented Development!



# China & International Business



Country	UK	Sweden	Australia	China	China	China
City	London	Stockholm	Melbourne	Beijing	Shenzhen	Hangzhou
Ref no.	1	2	3	4	5	6
Metro Line	Overground	All	All	Line 4	Daxing Line	Line 4
Business mode	O&M	O&M	O&M	PPP	O&M	BOT
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



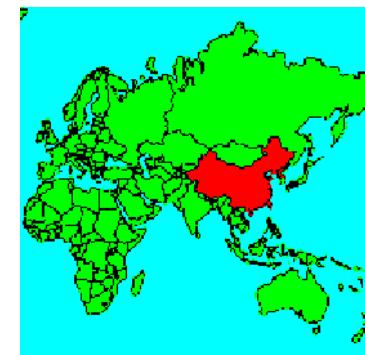
# Challenges

- Capacity
- Environment
- Cost pressure
- Rising expectations

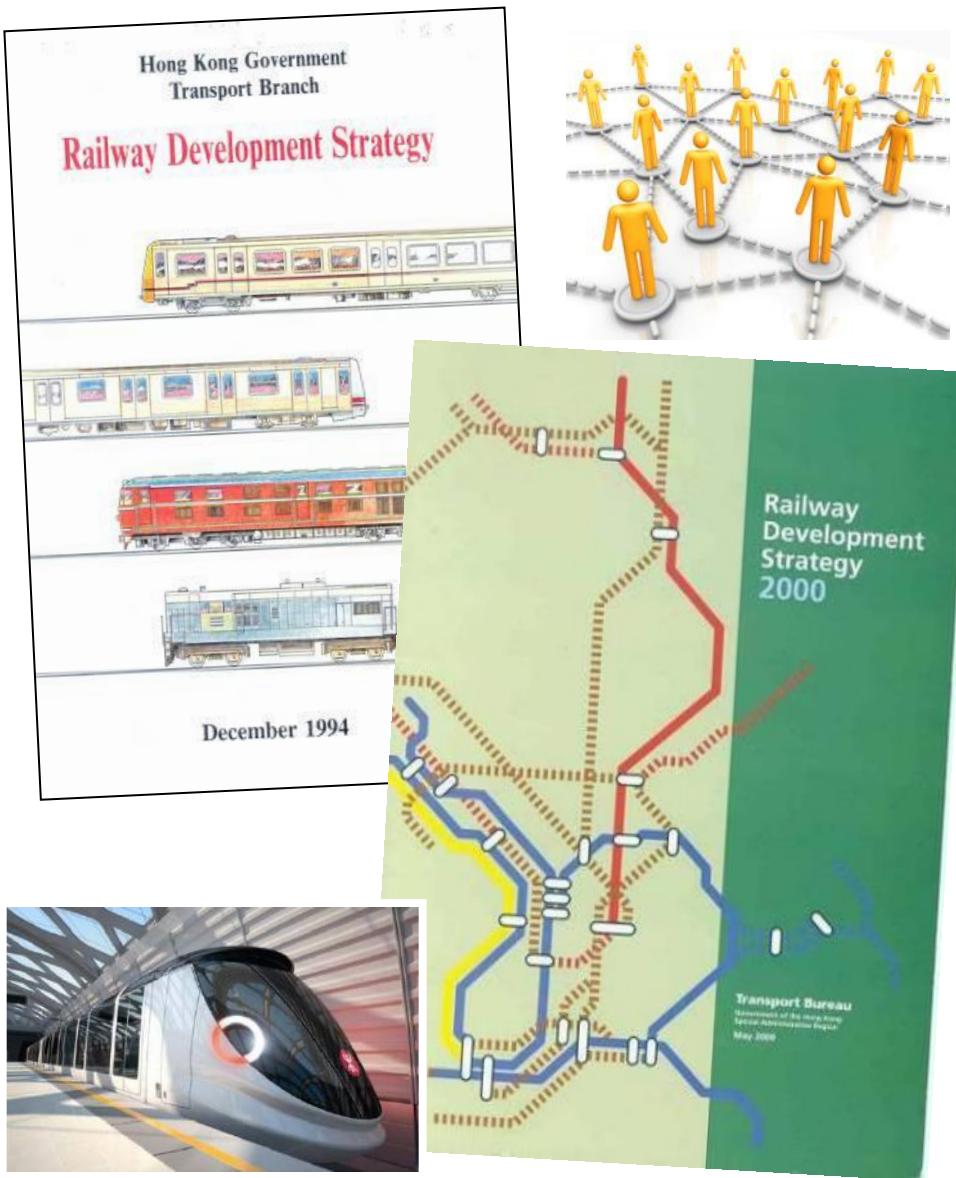


# Opportunities

- Demand and growth
- Transferable skills and expertise
- Expansion in mainland China and internationally
- Innovation

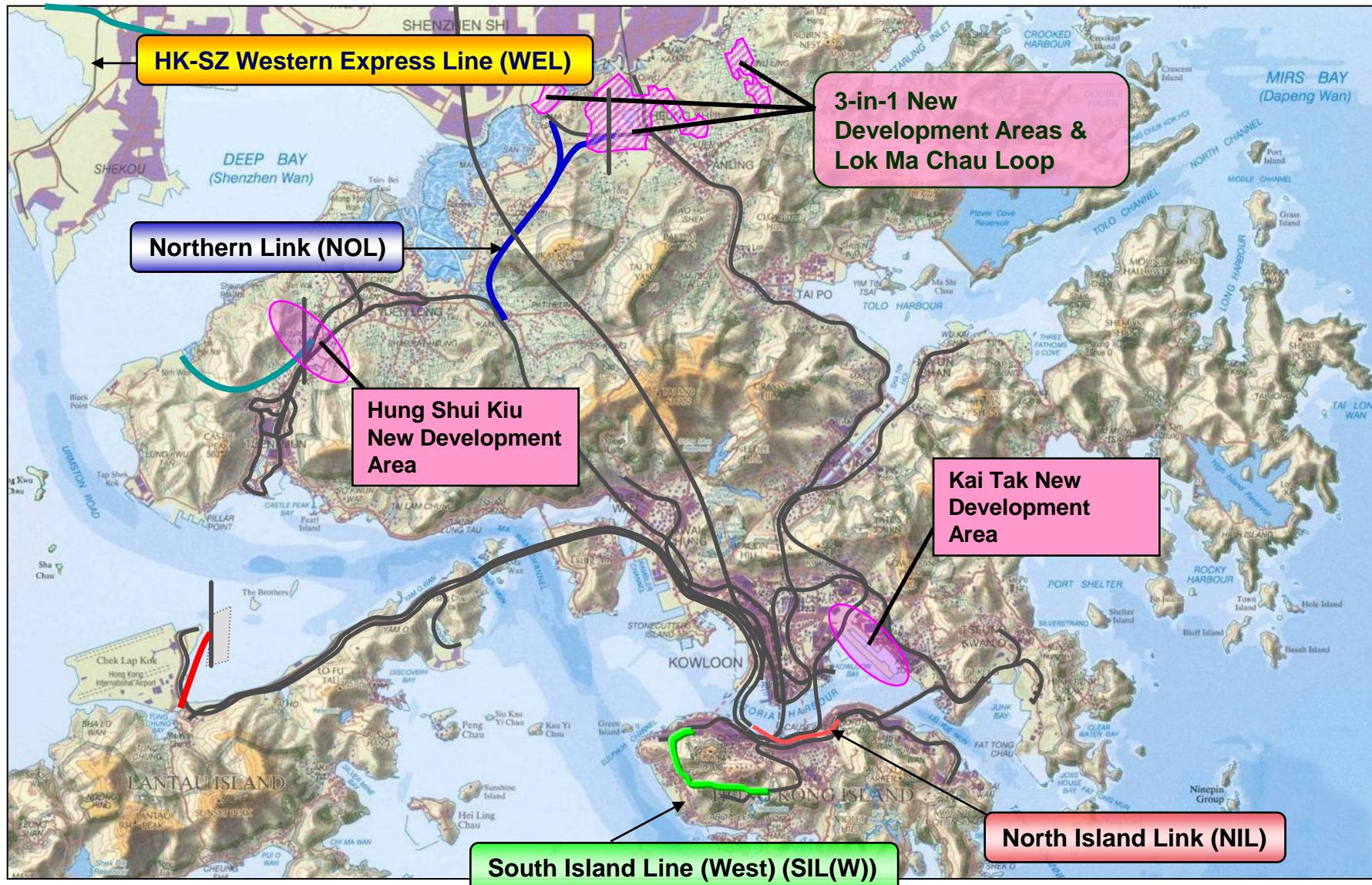


# Government Railway Development Strategies



- **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



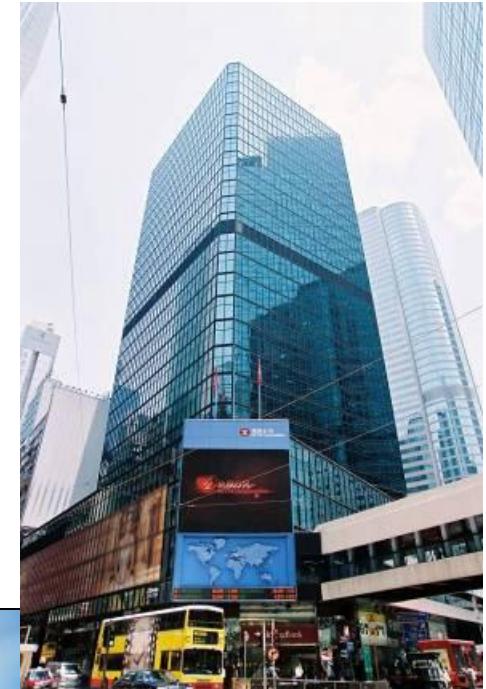
# MTR – a vertically integrated railway in Hong Kong

- **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



## Economical

- ✓ Create Employments
- ✓ Raise Property Values along Railway
- ✓ Rejuvenate and Prosper Districts

## Environmental

- ✓ Improve Air Quality
- ✓ Enhance Living Quality
- ✓ Adopt Electric-powered Trains
- ✓ 2.32 kWh / car-km

# 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**



**SCL Ma Chai Hang Ventilation Building**

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

## 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

