MTR Corporation Limited

Summary	
Issuer Rating	AA+
Outlook	Stable
Location	Hong Kong
Industry	Public Transportation
Date	23 October 2025

Lianhe Global has affirmed 'AA+' global scale Long-term Issuer Credit Rating to MTR Corporation Limited ("MTRC" or "the company"); Issuer Rating Outlook Stable

Summary

The Issuer Credit Rating reflects MTRC's dominant market position in Hong Kong's mass transit rail sector, and revenue recovery supported by established network, strong market demand, diversified revenue streams and high operating efficiency. Moreover, there is a high possibility that the Government of the Hong Kong Special Administrative Region ("Hong Kong government") would provide very strong support to MTRC if needed, in light of its majority ownership, MTRC's strategic importance in the public transportation system, and the linkage between the Hong Kong government and MTRC, including appointment of directors in MTRC's board of directors ("BOD"), strategic alignment, major investment and financing plan decisions and ongoing government support. In addition, the Hong Kong government may face significant negative impact on its reputation and financing activities if MTRC encounters any operational and financial difficulties.

The Stable Outlook reflects our expectation that MTRC will maintain its market position and strategic importance, while the Hong Kong government will continue to ensure MTRC's stable operation.

Rating Rationale

The Sole Railway Operator Majority Owned by the Hong Kong Government: MTRC is the sole railway operator in Hong Kong, managing the domestic network, cross-boundary services, high-speed airport express railway and light-rail system. The Hong Kong government held 74.4% of MTRC's shares at end-September 2025. It is able to appoint MTRC's BOD and influence major business decisions and strategies, including the scope of its activities, investment decisions and dividend policy. MTRC employs a rail-plus-property model, integrating transport services with retail and commercial activities at stations. In 2024, its market share in public transport remained stable at 50.1%, with average weekday patronage increasing by 2.0% to 5.6 million. Revenue from rail and bus services surged by 14.3% to HKD23.0 billion, reflecting a strong recovery after the pandemic.

Strategic Importance and Strategic Alignment: MTRC operates the vital rail network in Hong Kong, serving millions of passengers daily and enhancing connectivity while supporting economic activity. By facilitating the movement of people and goods, MTRC contributes to economic growth and local development. The company continues to seek to strengthen its international presence in Mainland China, Europe, and Australia, showcasing Hong Kong's expertise in railway operations. MTRC's missions align closely with the Hong Kong government's strategic planning. Its missions are very important to local economy and social development and are very difficult to be replaced.

Ongoing Government Support: The Hong Kong government provides strong and stable support to MTRC by granting property development rights and subsidies to bridge funding gaps for railway line constructions. Additionally, under a service concession approach, MTRC operates as the main operator, supported by the Fare Adjustment Mechanism to

Analysts
Jack Li, CESGA
(852) 3462 9585
jack.li@lhratingsglobal.com

Joyce Huang, CFA
(852) 3462 9586
joyce.huang@lhratingsglobal.com

Applicable Criteria
General Corporate Rating Criteria (31 December 2021)
General Corporate Rating Criteria: Addendum (30 August 2022)

ensure reliable services while maintaining profitability. The government also collaborates with MTRC through project agreements for the financing, design, construction, operation, and maintenance of various railway extensions and new stations.

Diversified Revenue Streams with Substantial Capital Expenditures: MTRC boasts a diversified revenue stream primarily from Hong Kong transport operations, station commercial businesses, property development, rental and management, and business in Mainland China and international markets. MTRC incurs significant annual capital expenditures to expand, maintain and upgrade its assets and expand the network, with capital expenditures projected at HKD90.8 billion from 2025 to 2027. These investments require substantial capital and time to yield returns, potentially increasing future interest and depreciation expenses. A large portion of the company's operating cash flows is dedicated to these expenditures.

Steady Profitability and Low Debt Burden: MTRC's profit from recurrent businesses rose to HKD7.2 billion in 2024, representing a YoY increase of 68.4%, driven by increased patronage and the resumption of Cross-boundary and High-Speed Rail services. The gross margin grew to 29.8% in 2024 from 26.9% in 2023, with an EBITDA margin of 44.5%. Despite an increase in total debt to HKD77.6 billion at end-2024 from HKD59.5 billion at end-2023, the company maintained a low debt burden, with a debt/EBITDA ratio of 2.6x and an EBITDA interest coverage ratio of 15.1x in 2024. MTRC's debt structure includes 75% in capital market instruments and 25% in bank facilities, predominantly at fixed interest rates (72%) at end-2024.

Strong and Stable Liquidity and Funding: The liquidity of MTRC is sufficient. It has cash, bank balances and deposits of HKD27.9 billion and total available committed banking facilities of HKD20.9 billion at end-2024, which was sufficient to cover its short-term debt. Besides, MTRC has a very good accessibility to the financing channels, as demonstrated by the continued success and increasing debt issuance scale in the past three years. In 2024, MTRC arranged HKD31.4 billion of financing, including HKD23.5 billion from bond issuances with maturities ranging between two to thirty years, and HKD7.9 billion bank loans with maturities ranging between two to five years.

Rating Sensitivities

We would consider downgrading MTRC's rating if (1) there is perceived weakening in support from the Hong Kong government, particularly due to its reduced strategic importance with diminished policy role or government functions, or (2) there is a significant reduction of the Hong Kong government's ownership of MTRC, or (3) there is a downgrade in our internal credit assessment on the Hong Kong government.

We would consider upgrading MTRC's rating if there is an upgrade in our internal credit assessment on the Hong Kong government.

Company Profile

MTRC was incorporated in Hong Kong on April 26, 2000, taking over from the Mass Transit Railway Corporation on June 30, 2000. It was partially privatized on October 5, 2000, with shares listed on the Hong Kong Stock Exchange (00066.HK). The Hong Kong government held approximately 74.4% of the shares through the Financial Secretary Incorporated at end-September 2025. It is able to appoint MTRC's BOD and senior management and influence MTRC's major business decisions and strategies, including the scope of its activities and investment decisions and its dividend policy.

MTRC aims to provide safe, efficient, and reliable public transportation while supporting sustainable urban development and enhancing quality of life in Hong Kong. It is the sole operator of Hong Kong's mass transit rail network, comprising the domestic network, cross boundary services, high-speed airport express railway and light-rail system. MTRC mainly generate its revenue from Hong Kong transport operations, station commercial businesses, property development, rental and management, as well as subsidiaries in Mainland China and international markets.

Disclaimer

Credit rating and research reports published by Lianhe Ratings Global Limited ("Lianhe Global" or "the Company" or "us") are subject to certain terms and conditions. Please read these terms and conditions at the Company's website: www.lhratingsglobal.com

A credit rating is an opinion which addresses the creditworthiness of an entity or security. Credit ratings are not a recommendation to buy, sell, or hold any security. Credit ratings do not address market price, marketability, and/or suitability of any security nor its tax implications or consequences. Credit ratings may be subject to upgrades or downgrades or withdrawal at any time for any reason at the sole discretion of Lianhe Global.

All credit ratings are the products of a collective effort by accredited analysts through rigorous rating processes. No individual is solely responsible for a credit rating. All credit ratings are derived by a credit committee vesting process. The individuals identified in the reports are solely for contact purpose only.

Lianhe Global conducts its credit rating services based on third-party information which we reasonably believe to be true. Lianhe Global relies on information generally including audited financial statements, interviews, management discussion and analysis, relevant third-party reports, and publicly available data sources to conduct our analysis and uses reasonable measures so that the information it uses in assigning a credit rating is of sufficient quality to support a credible credit rating. However, Lianhe Global has not conducted any audit, investigation, verification or due diligence. Lianhe Global does not guarantee the accuracy, correctness, timeliness, and/or completeness of the information. Credit ratings may contain forward-looking opinions of Lianhe Global which may include forecasts about future events which by definition are subject to change and cannot be considered as facts. Please see Lianhe Global's website for the last rating action and the rating history. Please see Lianhe Global's website for the methodologies used in determining ratings, further information on the meaning of each rating category, and the definition of default.

Under no circumstances shall Lianhe Global, its directors, shareholders, employees, officers and/or representatives or any member of the group of which Lianhe Global forms part be held liable to any party for any damage, loss, liability, cost, expense or fees in connection with any use of the information published by the Company.

Lianhe Global receives compensation from issuers, underwriters, obligors, or investors for conducting credit rating services for solicited ratings.

Credit ratings included in any rating report are disclosed to the rated entity (and/or its agents) prior to publishing. Credit rating and research reports published by Lianhe Global are not intended for distribution to, or use by, any person in any jurisdiction where such use would infringe local laws and regulations. Any user relying on information available through credit rating and research reports is responsible for consulting the relevant agencies or professionals accordingly to comply with the applicable local laws and regulations.

All published credit ratings and research reports are the intellectual property of Lianhe Global. Any reproduction, redistribution, or modification, in whole or part, in any form by any means is prohibited unless such user has obtained prior written consent from us.

Lianhe Global is a subsidiary of China Lianhe Credit Rating Co., Ltd. The credit committee of Lianhe Global has the ultimate power of interpretation of any methodology or process used in the Company's independent credit ratings and research.