

MTR Corporation Limited

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

Summary

Issuer Rating	AA+
Outlook	Stable
Location	Hong Kong
Industry	Public Transportation
Date	23 October 2026

Summary

The Issuer Credit Rating primarily reflects MTRC's strategic importance as the sole operator of Hong Kong's mass transit rail network, the majority government ownership, and strong linkage and alignment between the Hong Kong government and MTRC, underpinning a high possibility that the Hong Kong government would provide very strong support to MTRC if needed. Given MTRC's critical role and close government ties, any operational or financial distress at MTRC would severely disrupt essential public services, undermine confidence in the stability of Hong Kong's transport system, and negatively affect the local economy. It would also impair the borrowing capacity of other government-related entities.

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

Rating Rationale

Critical for Hong Kong's Public Transportation and Economy: MTRC operates the city's mass transit rail network, comprising the domestic commuter lines, cross boundary services, high-speed railway, airport express and light-rail system, ensuring mobility for both residents and businesses. With 1,959 million passenger journeys in 2025 and a 99.9% punctuality rate, MTRC maintains a solid market position in Hong Kong's urban transportation system. In addition to its operations in Hong Kong, MTRC also manages railway services in various cities in Chinese Mainland and overseas. By integrating with other modes of transport, MTRC supports the city's economic vitality and urban connectivity. Its role in undertaking major public projects, including new rail lines and infrastructure upgrades, reinforces its position as a critical driver of Hong Kong's sustainable growth.

Government Ownership and Alignment: The Hong Kong government is the majority shareholder of MTRC, holding 74.45% ownership as of end-June 2026, which gives it significant influence over governance, management appointments, and strategic direction. This strong ownership ensures that MTRC's operations remain closely aligned with the government's public policy objectives and urban development plans, while reinforcing the likelihood of government support whenever needed. MTRC has benefited from a favorable operating framework, including an inflation-linked fare adjustment mechanism and the advantage of generating profits through residential and commercial property development, to sustain its financial resilience.

Diversified Revenues and Sound Debt-servicing Capability: MTRC primarily derives revenues from transport operations, station commercial business, and property development and management. It reported recurrent revenue of HKD55.5 billion in 2025 and HKD26.2 billion in 1H2026. Transport remained the largest revenue contributor, while property development continued to be a key earnings driver. By geography, Hong Kong contributed more than 60% of MTRC's recurrent revenue, with Chinese Mainland and international operations making up the rest. Supported by robust business operations, MTRC maintained stable gross margin of around 30% between 2024 and 2025, Together

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Applicable Criteria

General Corporate Rating Criteria
(31 December 2025)

with strong income from property development business, MTRC's EBITDA leverage and EBITDA interest coverage remained healthy at 2.9x and 13.4x respectively in 2025.

Prudent Financial Policy: As a public transport operator and listed corporation, MTRC has maintained a prudent financial policy and market discipline and mainly relies on long-term funding to support its business operations. The company completed massive financing in 1H2026 to fund its planned HKD84.8 billion capital expenditure pipeline through 2028. As a result, its debt-to-capitalization ratio increased notably to a still adequate level of 42.7% at end-June 2026. Long-term debt remained dominated MTRC's maturity profile, with an average fixed-rate debt maturity of 10 years at end-June 2026. MTRC also secured undrawn committed banking facilities of more than HKD19.0 billion at end-June 2026 and cash on hand covering short-term debt obligations.

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, 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

The Mass Transit Railway Corporation was established in 1975 as a wholly government-owned entity, tasked with constructing and operating Hong Kong's urban metro system under prudent commercial principles to meet the city's transport needs. The company was re-established as MTRC in June 2000 and partially privatized with shares listed on the Hong Kong Stock Exchange on 5 October 2000. As of end-June 2026, the Hong Kong Government, through The Financial Secretary Incorporated, remained the controlling shareholder with 74.45% ownership.

MTRC aims to provide safe, efficient, and reliable public transportation while supporting sustainable urban development and enhancing quality of life in Hong Kong. MTRC adopts the "Rail plus Property" model, under which the company develops land around railway lines to unlock economic value, supporting the construction of railway projects as well as the substantial expenditure required for the operation, maintenance and renewal of the railway throughout its life cycle. Beyond residential and commercial developments, and property leasing under the Rail plus Property model, the company also operates a diversified portfolio of railway and property-related businesses. This business approach enables the sustainable development of MTRC and Hong Kong's railway network.

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