



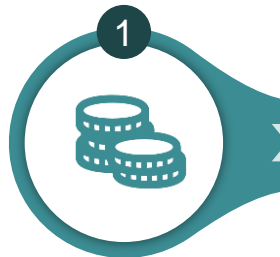
# PANEL DISCUSSION

## FINANCIAL SUSTAINABILITY OF MASS TRANSIT SYSTEMS (MTS)



# Implementation of MTS is complex & faces several unique challenges

## Capital Intensive



- High land acquisition cost
- UG sections, stations & high elevation owing to alignment along densely populated areas & presence of other infra (roads)
- Utilities relocation, road widening
- High tech-intensity

## Rising benchmark lending rates



- Debt is secured from MFIs/ DFIs
- Cost of debt linked to a benchmark rate (LIBOR/ SOFR/ EURIBOR). Reset every 6 months
- Such benchmark rates have witnessed steep upward movement over the last decade thereby impacting the viability

## Exchange rates variation



- Face severe exchange rate fluctuation risk owing to receipt of loan as PTA through Gol & import of plant/ equipment
- Variation cost can't be capitalized & impacts P&L
- Absence of natural hedge & hedging instrument

## Limited flexibility on Fares



- Fares fixed by fare fixation committee
- Being a public utility, fares cannot be increased beyond a certain range & hence fall behind the rising O&M costs owing to inflation

## Low Ridership



- Projected ridership critical in setting up operational plan, total costs & fin. closure
- Actual ridership < than the projected ridership
- Under-achievement deteriorates the financial viability & severely impacts ability to meet O&M obligations post commissioning

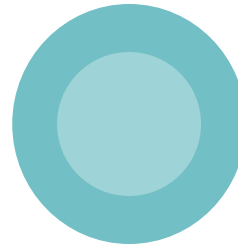
# Agencies adopt 3 approaches in their efforts to ensure financial viability

1



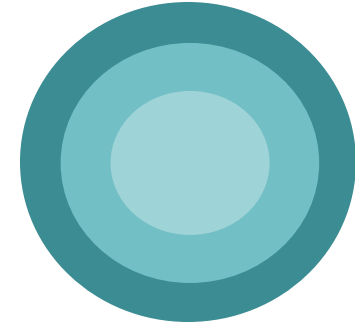
**Focus on core operations - optimize costs during construction, costs during operations, maximize ridership, introduce varied fare products**

2



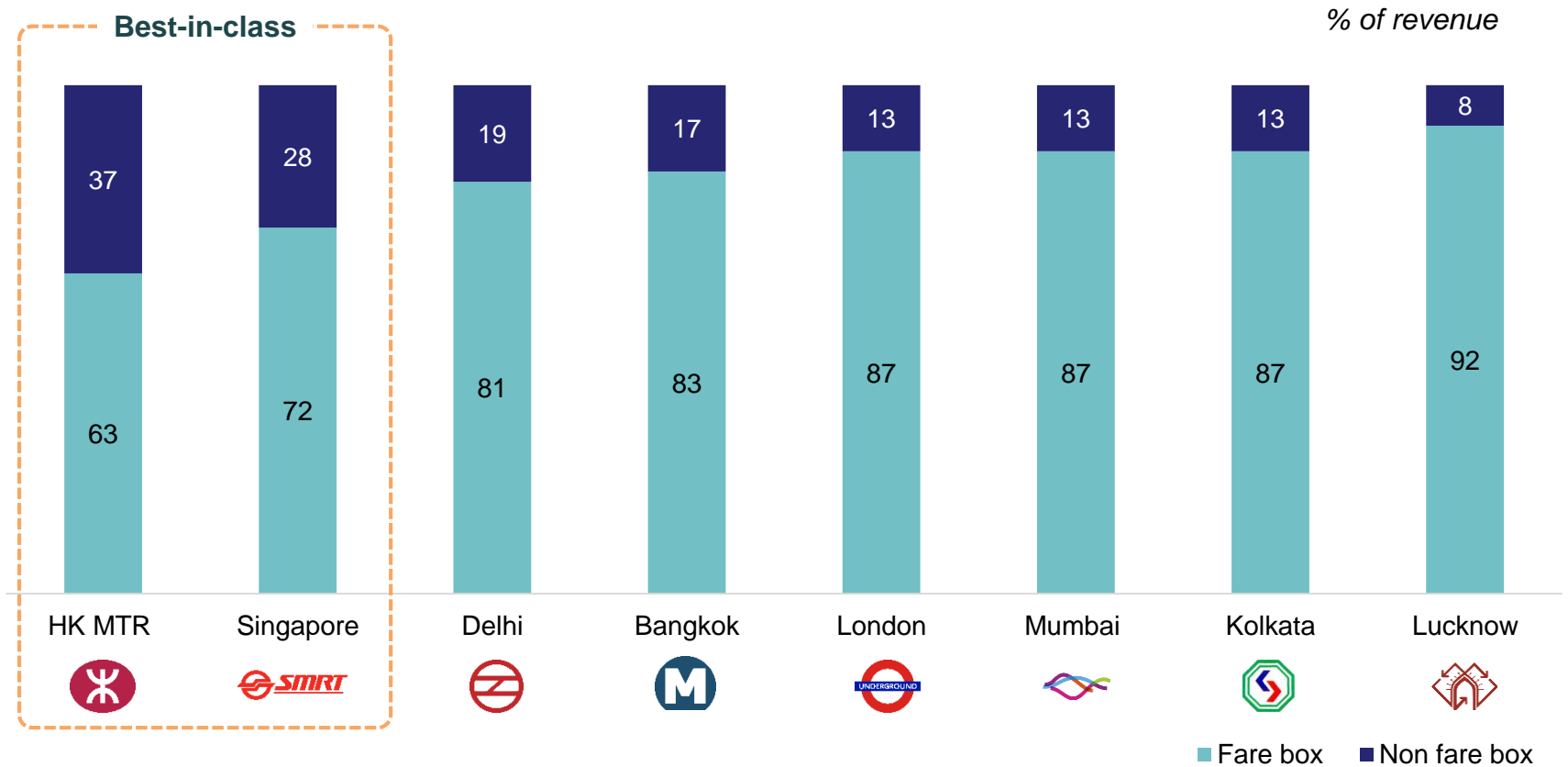
**Besides 1, develop alternate revenue streams incl. retail, advertising, real estate (TOD, VCF), last mile connectivity, consulting, telecommunication**

3



**Besides 1 & 2, develop new innovative frontiers incl. construction business, part-funding capex through PPP, leverage data**

# Metro systems have made varied interventions & have different **non fare revenue contribution**



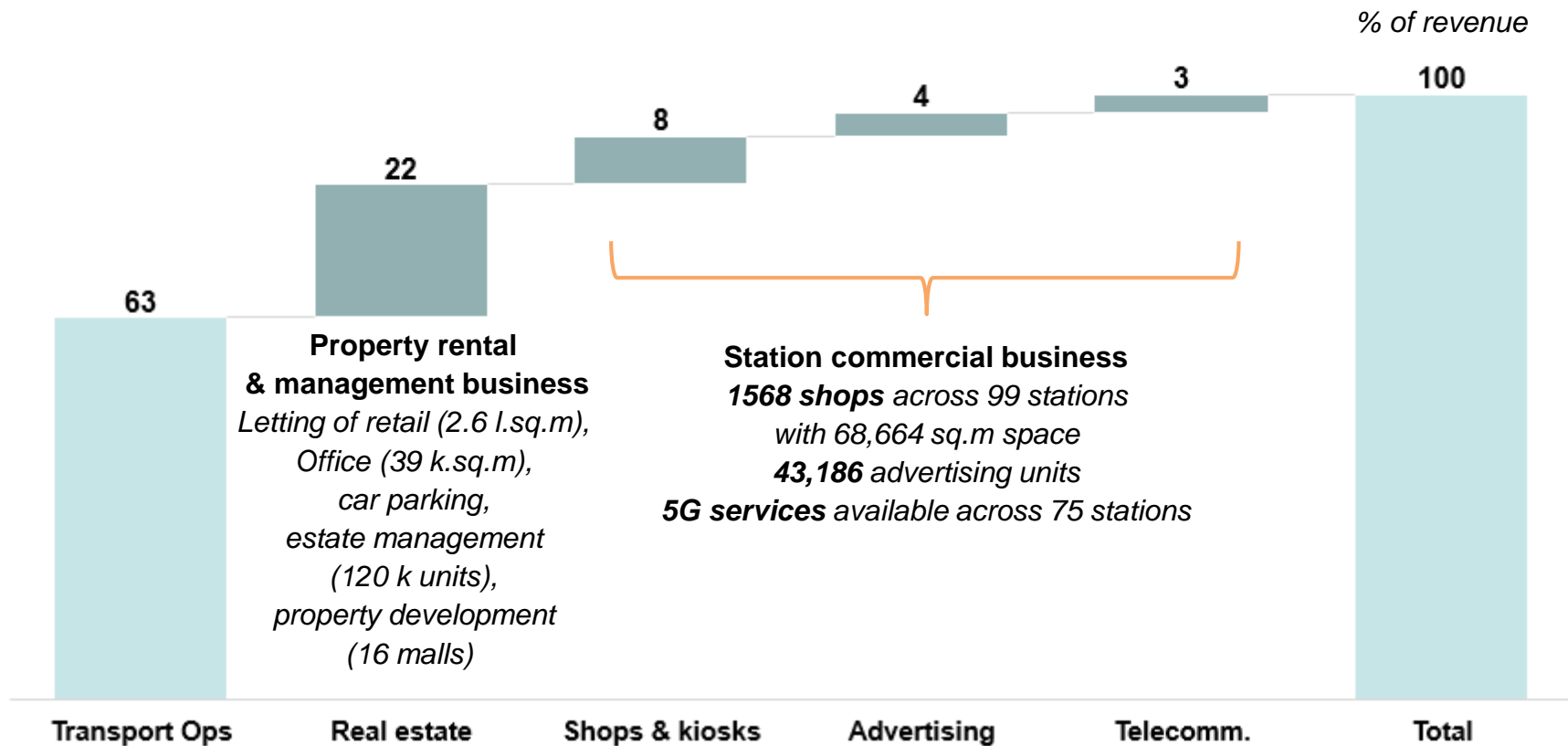
Source: Last available annual reports of respective MRTS systems.

Projects & consultancy revenue has not been included. Mumbai: Mumbai Metro One Pvt Ltd

In the case of London, rail operations attributed to about 36% while last mile connectivity & other transport solutions (buses, streets, taxis) attributed to about 51% of the revenues.

# HK MTR follows a unique business model of **Rail plus Property**; Leased ~3 lakh sq.m. space during FY2022

Ridership  
~ 5.5 million per day  
Length: 241 km  
Stations: 167



**Total revenue in FY2022:** HK\$ 13.4 bn, real estate revenue (property rental & management): HK\$ 4.8 bn, shops & kiosks: HK\$ 1.63 bn, advertising: HK\$ 0.84 bn & telecommunication revenue: HK\$ 0.62 bn; Revenue from businesses other than Hong Kong business has not been considered.

Source: MTR Corporation Annual Report FY2022



- During FY2022, MTR launched **several promotions for station shops** via MTR Mobile and MTR Points to stimulate spending at station shops.
- MTR arranged **lucky draws** during June 2023 via MTR Mobile with prizes including annual passes, domestic ride tickets, cable car tickets, station shop coupons.
- MTR malls launched **shopping rewards** from May up till August 2023 with rewards including shopping, dining, & parking vouchers

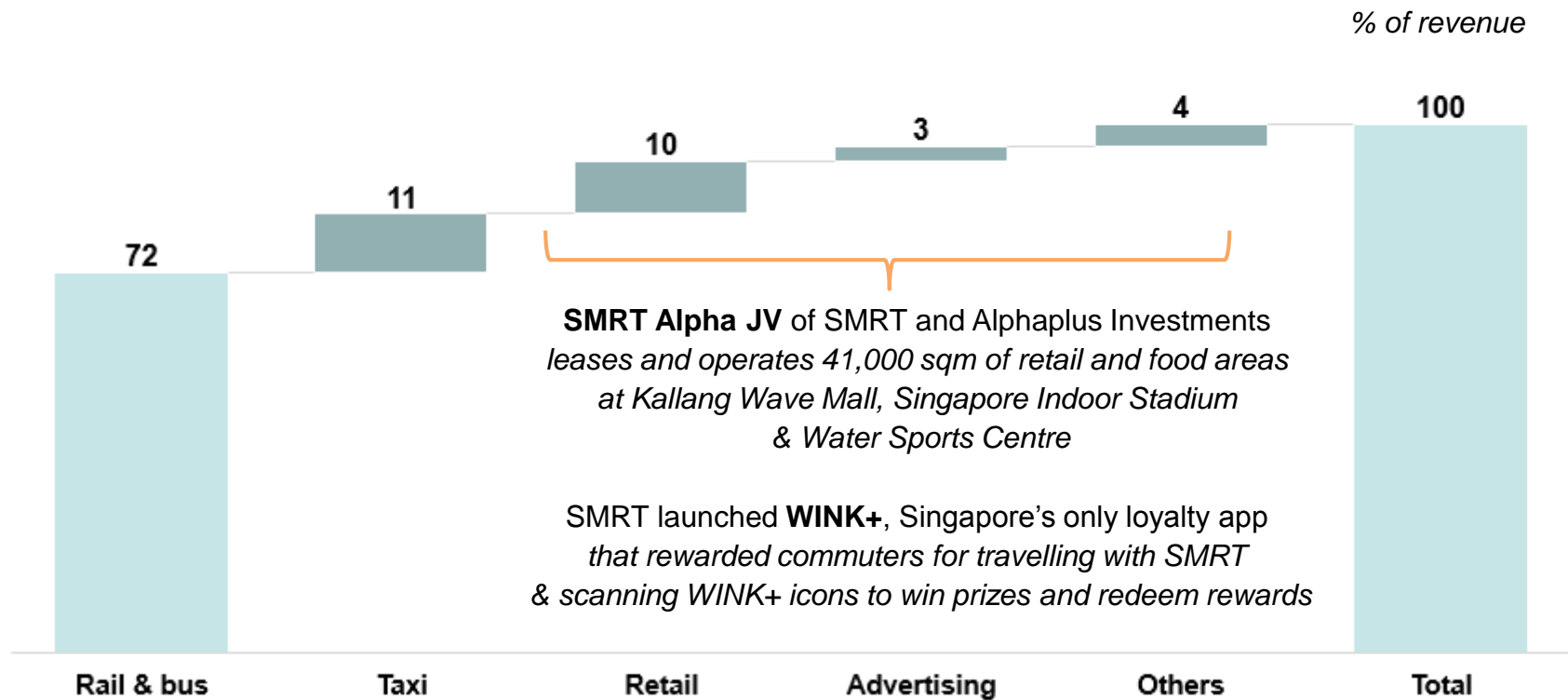


- Advertising units** comprise of:
- 30 sq. m LED screen with 55-inch LCD touch panel at Hong Kong station,
  - HD 65-inch LCD panels,
  - Animated zone featuring 95-inch digital screens at Lo Wu station,
  - 108-inch LED concourse network along Island line & Kwun Tong line

1. **MTR's promotion on Shopping Festival & coupons**; Source: MTR Press Release 'Happy Hong Kong Campaign' April 2023;
2. **7 x 4m Ultra High-Definition digital screen with a 55" touch screen at MTR Hong Kong Station**; Source: [JCDecaux Hong kong MTR](#)

# SMRT operates multi-modal public transport services incl. rail, bus & taxi & offers tech. backed advertising with rider insights

Ridership  
~ 1.8 million per day  
Length: 167 km  
Stations: 112



**Total revenue in FY2016:** SG\$ 1.3 bn, rail & bus operations: SG\$ 0.929 bn, taxi: SG\$ 0.138 bn, retail rental: SG\$ 0.136 bn, advertising: SG\$ 0.04 bn, others: SG\$ 0.06 bn;

Source: SMRT Annual Report; SMRT Information Kit  
Annual Report last available for FY2016



1



SMRT Alpha offers **Singapore Sports Hub**, a fully integrated sports, entertainment & lifestyle hub including

- Singapore's highest indoor climbing wall **Climb Central**,
- Rooftop **water park** Splash-N-Surf,
- 24-hour **gym** Anytime Fitness,
- **Music, dance, and fitness school**
- **Local & international retail, food brands and services**

2



SMRT partnered with **The Walt Disney Company** across its transport, retail and digital networks through **themed & concept trains & buses** for promotions of movies like

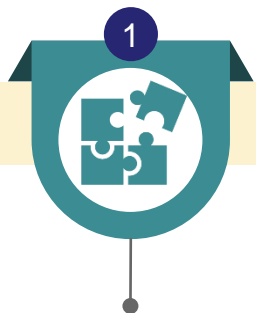
- **Pixar's Inside Out**,
- **Disney's Cinderella and Zootopia**
- **Star Wars: The Force Awakens**

Received a great engagement with commuters

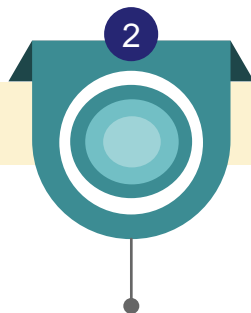
1. **Climb Central at Singapore Sports Hub**; Source: Climb Central, SG
2. **SMRT partnered with Disney & Lucas Film on promoting Star Wars: The Force Awakens on its trans & stations**; Source: SMRT Annual Report FY2016



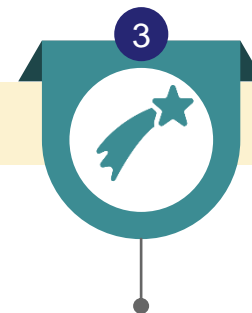
# This panel discussion has 3 objectives



Discuss & admit the complex environment & unique challenges being faced by mass transit systems



Share initiatives being undertaken by select India systems during implementation & operations for achieving financial sustainability



Discuss best-in-class measures being undertaken by transit systems elsewhere & their key enablers



# PANEL DISCUSSION...



THANK YOU

