



KIWIRAIL FULL YEAR RESULTS

AUGUST 2013

KiwiRail Group

Logistics

- KiwiRail Freight
- Interislander



Shipping

- Interislander



Tourism Experiences

- Scenic → Alpine, Coastal & Northern Explorer
- Interislander



Public Transport

- TranzMetro Wellington



Infrastructure

- Construction
- Maintenance



Rollingstock

- Maintenance
- Refurbishment



The year that was ...

Outcomes as planned

<ul style="list-style-type: none">• DL (2nd 20) landed	<ul style="list-style-type: none">• Balance Sheet restructure completed
<ul style="list-style-type: none">• DL (1st 20) remediation successful	<ul style="list-style-type: none">• Random Drug and Alcohol introduced
<ul style="list-style-type: none">• Wagons -2nd tranche landed	<ul style="list-style-type: none">• Introduced one KiwiRail HSE function
<ul style="list-style-type: none">• I&E Restructure progressed	<ul style="list-style-type: none">• Staff response to weather events
<ul style="list-style-type: none">• Interislander full year post Aratere extension	<ul style="list-style-type: none">• Napier/Gisborne line mothball
<ul style="list-style-type: none">• Scenic Fleet AK's and new services	<ul style="list-style-type: none">• Hillside closure
<ul style="list-style-type: none">• Major Metro projects (DART, AEP, WMUP) near completion	<ul style="list-style-type: none">• Staff engagement, customer satisfaction and brand awareness all improving

The Current Year Explained

	30 June 2013 (NZ\$000s)	30 June 2012 (NZ\$000s)	Change
Operating revenues	726,986	715,800	11,186
Operating expenses	(618,753)	(610,819)	(7,934)
Operating surplus before major one-off items	108,233	104,981	3,252
Major one-off items	0	(27,391)	27,391
Net operating surplus	108,233	77,590	30,643
Depreciation and amortisation	(61,891)	(309,449)	247,558
Net finance costs & foreign exchange gains & losses	(3,400)	(34,700)	31,300
Loss on sale of land	46	(18,096)	18,142
Revaluation of land	0	(8,100)	8,100
Impairment	(399,307)	(2,199,190)	1,799,883
Grant income	181,740	172,337	9,403
Taxation (expense)/credit	0	14,500	(14,500)
Net profit/(loss) after taxation	(174,579)	(2,305,108)	2,130,529

Our underlying, true operating performance

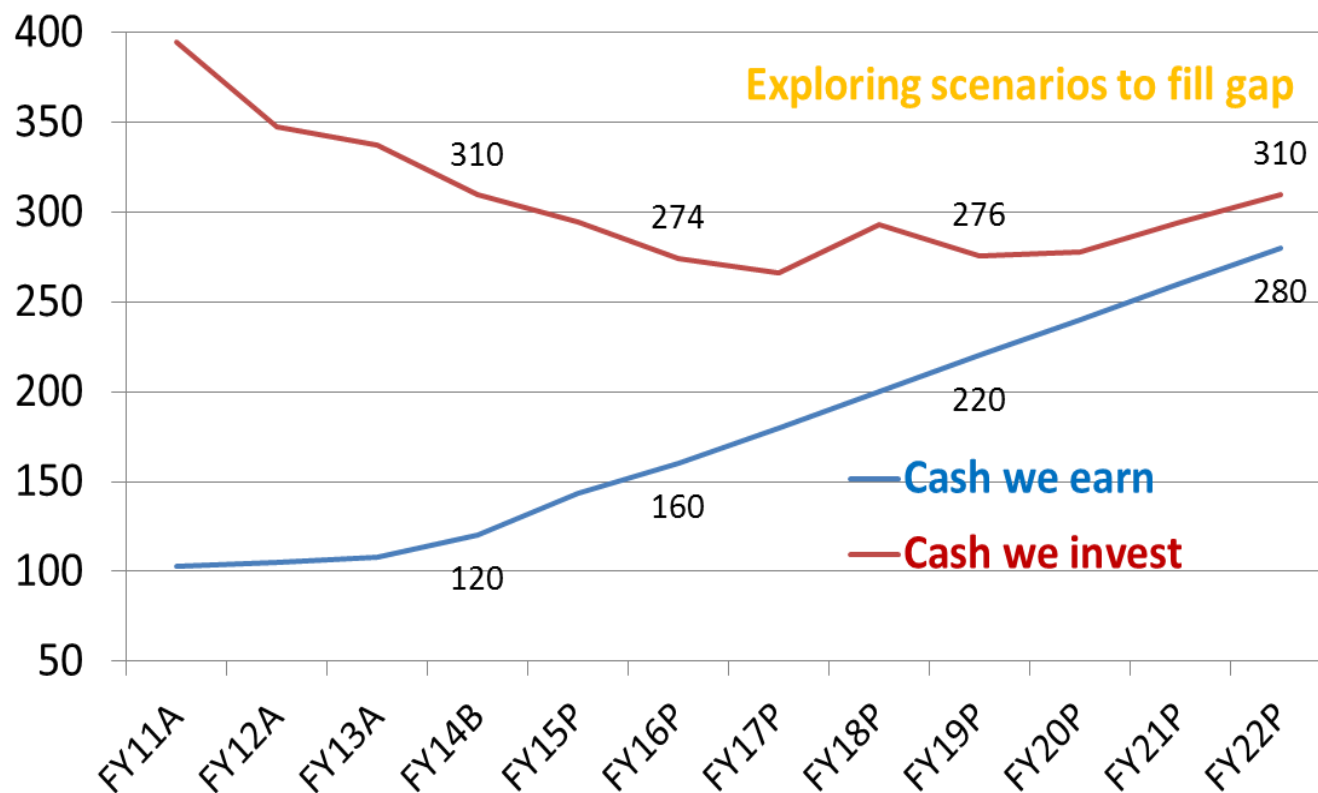
Large, unusual one-offs

Impacted by the change to valuing our assets on a commercial basis

Large 2012 one-off to get assets to commercial value. Current year includes \$50m due to market value moves (incl. scrap value commodity movements) and \$135m related to Metro.

Pathway to cash sustainability

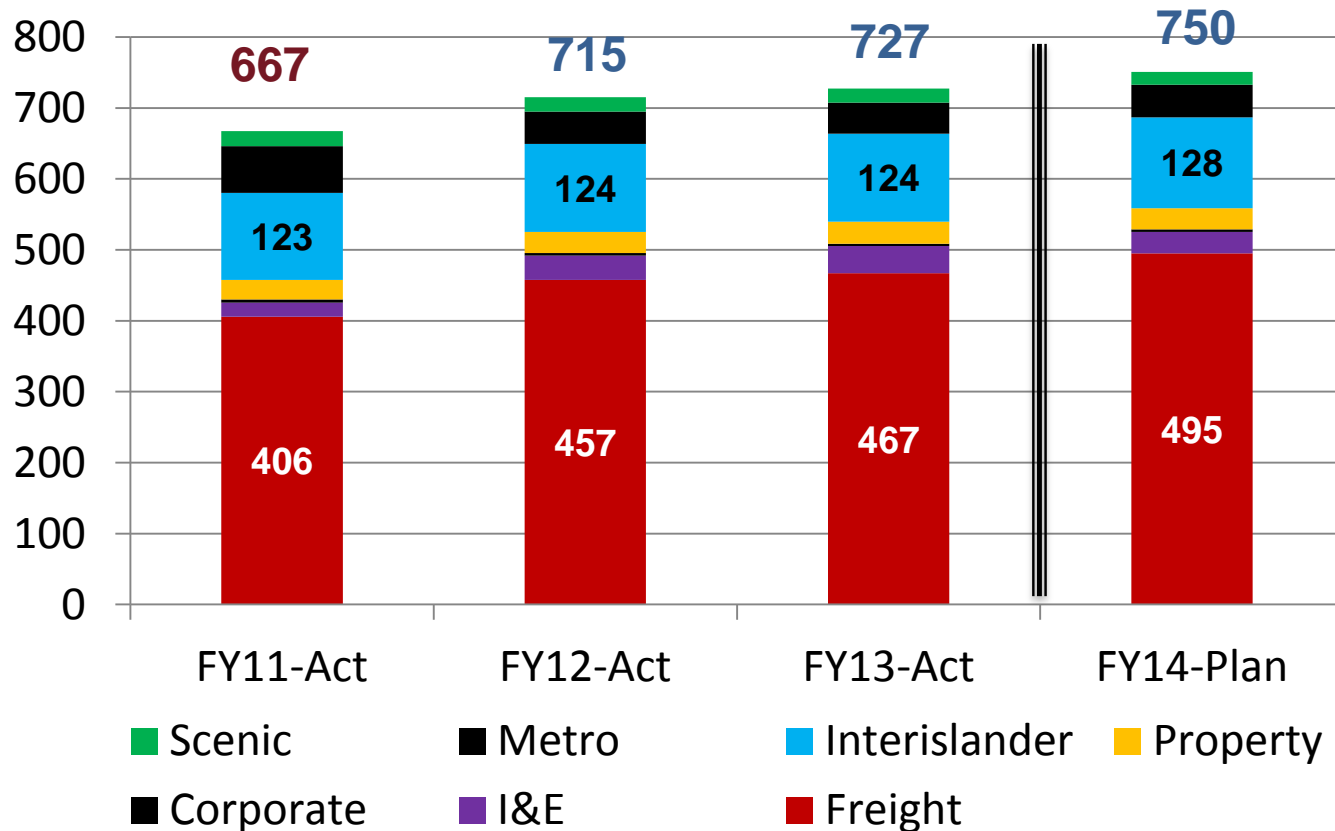
Base Case Projections (\$m)



Note FY22 plan capital investment includes one off spend for refurbishing the *Aratere*, in the following year spend will return to prior year levels

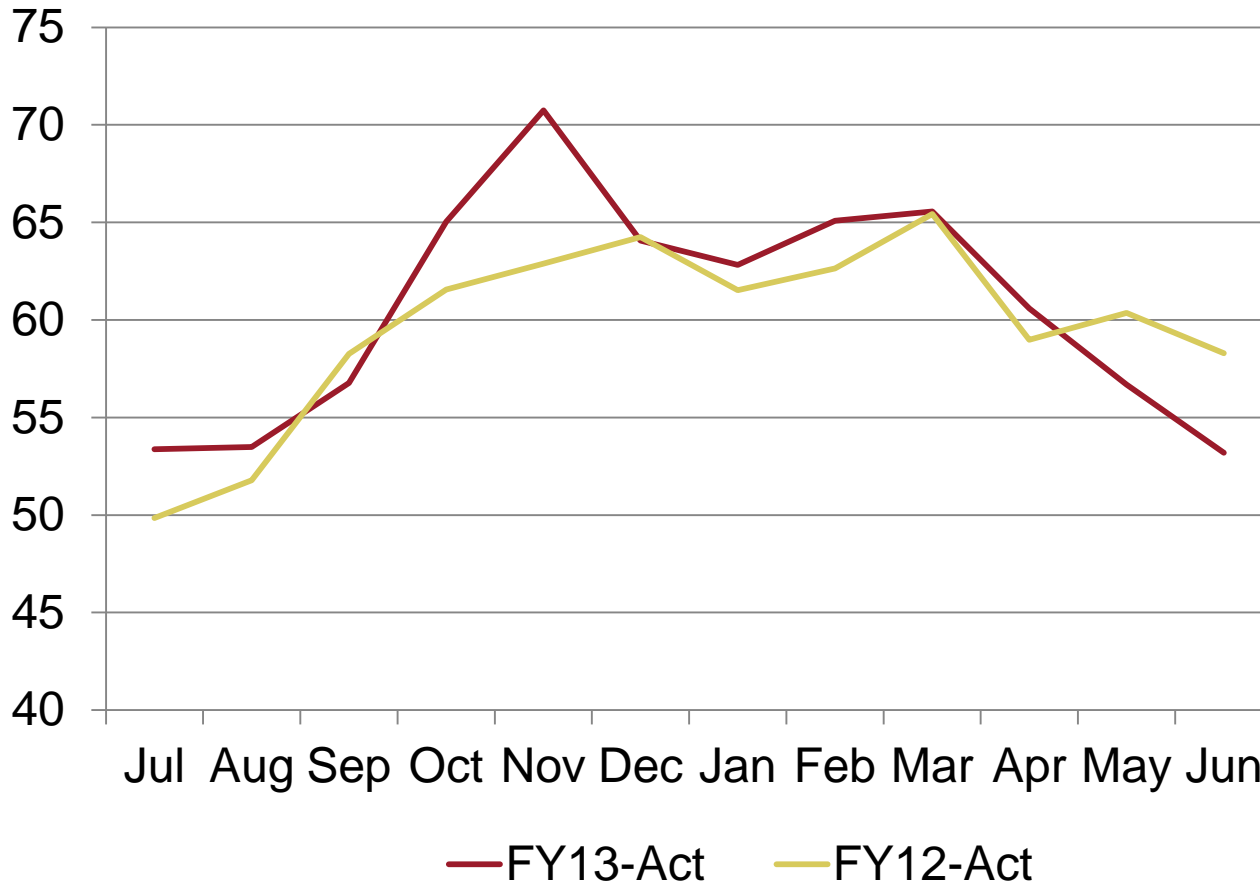
Encouraging Revenue Growth

Revenue by Business Unit (\$m)

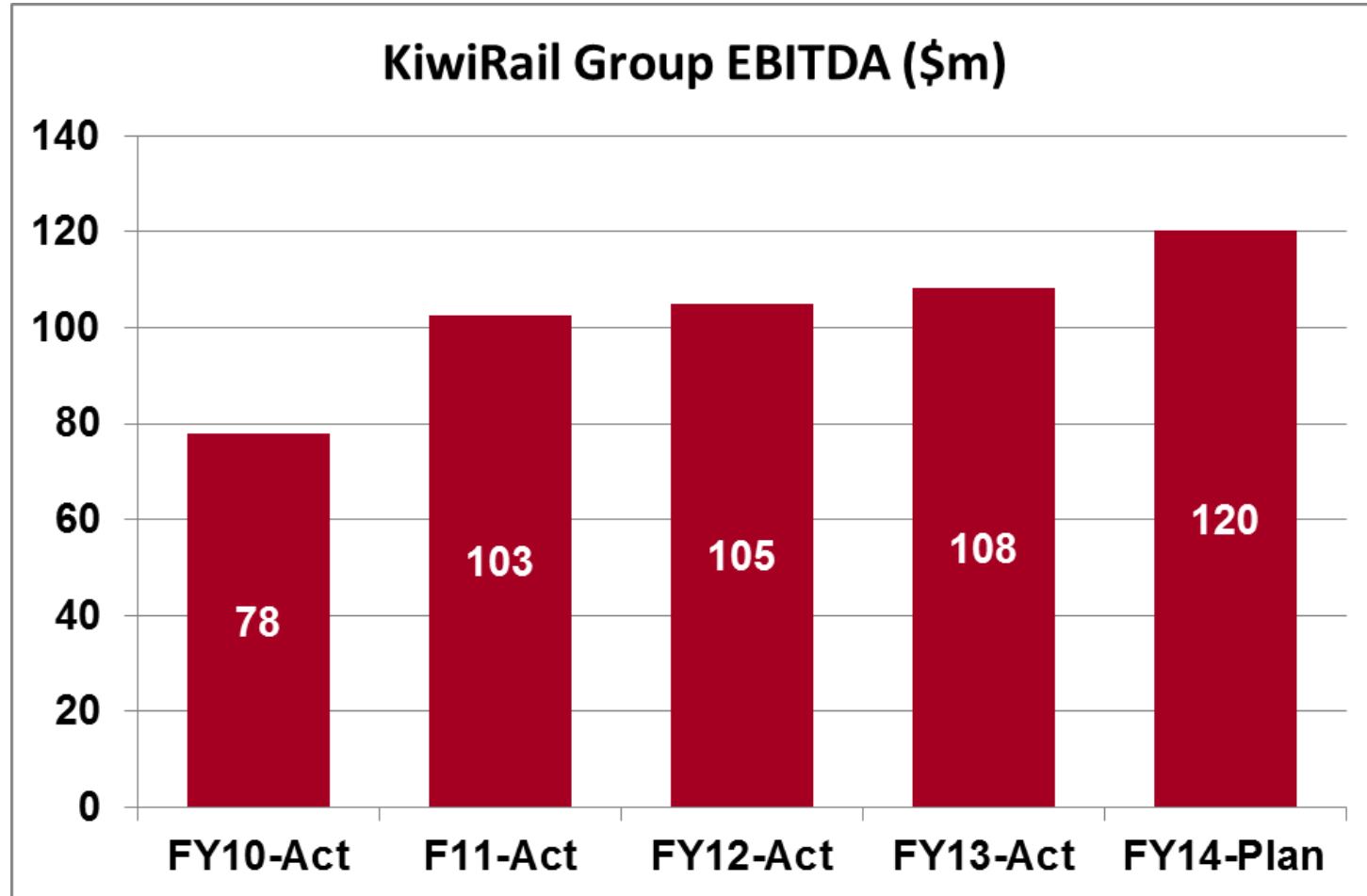


Our Revenue has significant profile

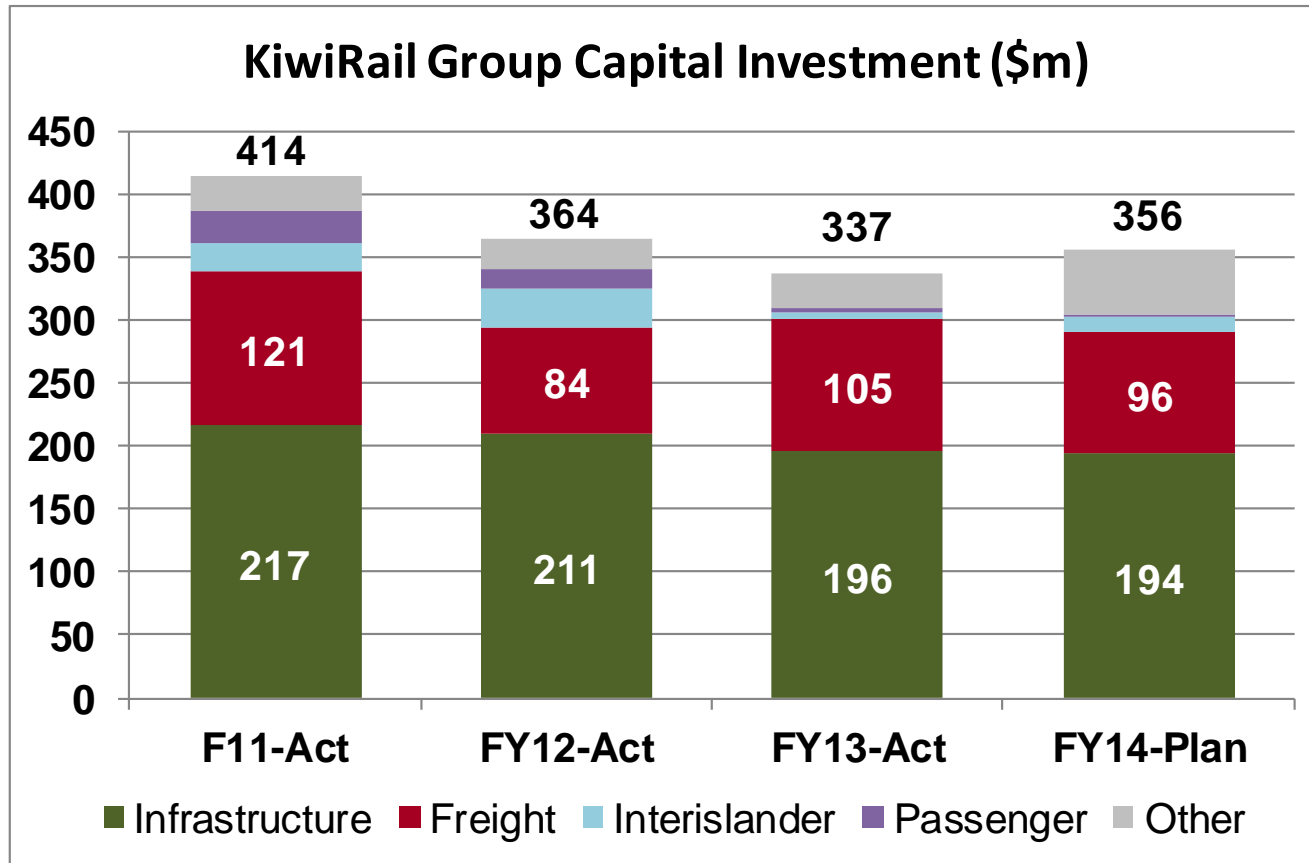
Group Revenue by Month (\$m)



Modest EBITDA Growth ... but, greater confidence looking forward



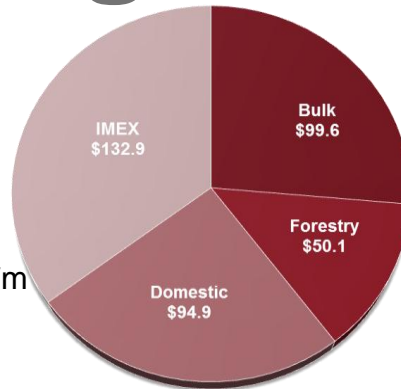
Capital Investment is significant



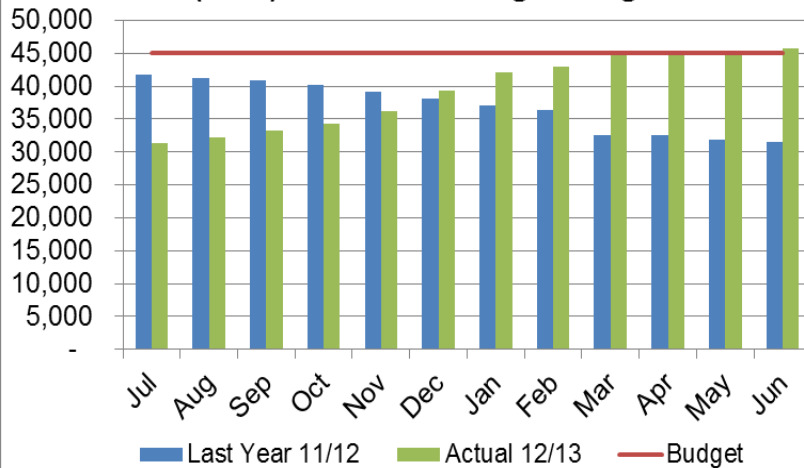
Note, this excludes major metro projects

Freight Progress

- Bulk -7.4%
- Forestry 9.4%
- IMEX 8.1%
- Domestic 5.5%
- FY13 Total Freight Revenue \$377m
- Excludes FAF, AMM and Other External Revenue



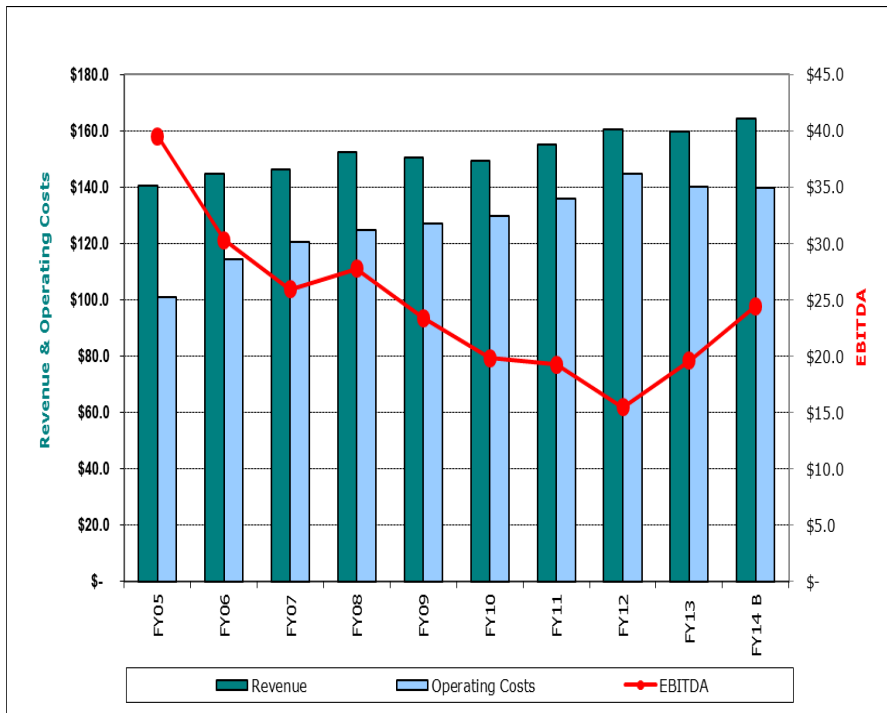
Mechanical - Loco Mean Distance Between Failures (KMs) 12 month rolling average



Freight Rollingstock Update

- 300 more container wagons (IH) will arrive in time for the 2013 peak season
- 20 second generation DL locomotives have also arrived and are being commissioned
- Introduction of first generation DL locomotives to the lower North Island has begun.

Interislander Progress



- EBITDA of \$19.6m is in line with budget and \$4.1m better than last year.
- Passenger and commercial vehicle market share has increased.
- Impact of threatened strike approximately \$1.1 million.

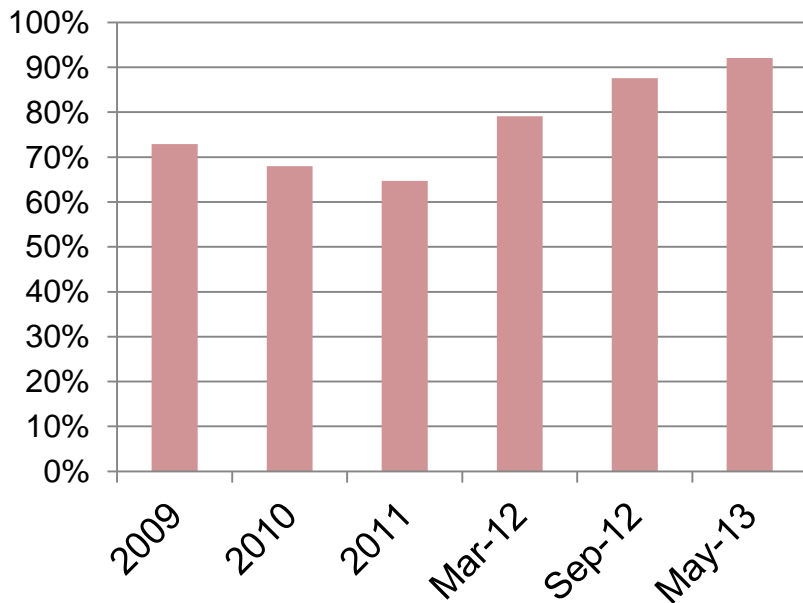
Kaitaki Upgrade

- Lease confirmed to 2017 with further 3 year option.
- After 7 years needs an interior refresh.
- Work is now being done
- The main areas of work include the food court, bar/café, atrium, Deck 7 foyer, Deck 7 & 8 toilets.
- Approximately \$4.5m has been allocated for the refurbishment.



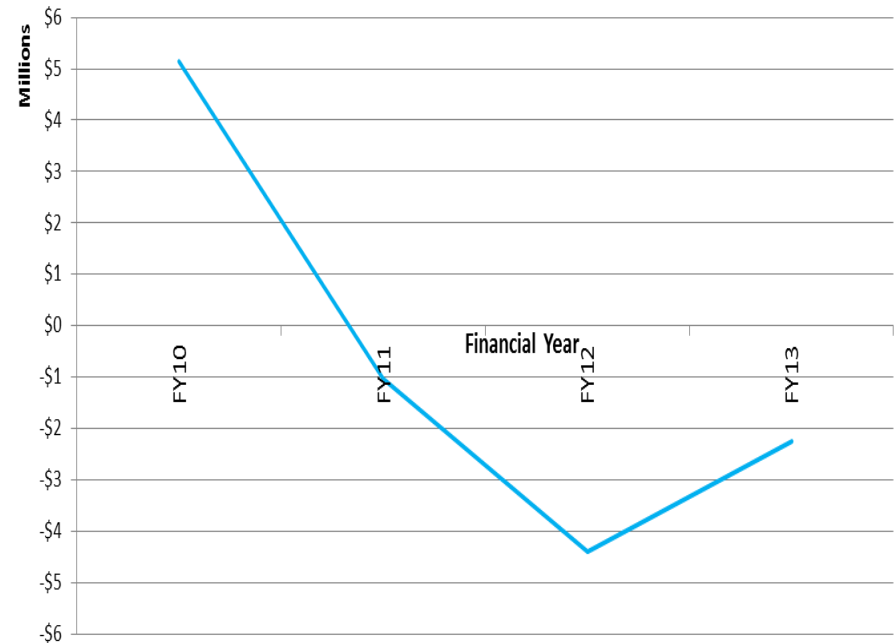
Passenger Group Progress

TranzMetro: High level of customer satisfaction



- Highest level of customer satisfaction since 2001
- 92% of respondents rated customer satisfaction as good, very good or excellent. This is 16% better than last year.

Scenic Services: 46% better than budget



Scenic will continue to explore new markets, increase market share in existing markets, challenge yield and control costs.

Looking Ahead

Risks

- IMEX volume
- Bulk business (Solid, liquid milk variability)
- Tourism
- On going weather events
- Infrastructure uncertainty; ie Earthquake resilience, health and safety implications

Opportunities

- Good dairy season
- Forestry demand
- Christchurch rebuild
- Domestic partnerships and growth
- Productivity projects
- Continuing market confidence in the reinvestment and service culture of KiwiRail



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