



# HALF YEAR REPORT

AND UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2019



# CONTENTS

Chair's report	8
Group Chief Executive's report	10
Revenue	12
Financial Statements	14
Directors' Attendance and Executive Remuneration	24
Key Performance Indicators	26



*The focus on pedestrian safety continues at level crossings.*

## AT A GLANCE

WE HELP  
COMMUTERS  
MAKE MORE  
THAN

**35** MILLION

LOW-CARBON  
JOURNEYS  
EACH YEAR  
WITH OUR  
METROPOLITAN  
RAIL  
NETWORKS IN  
AUCKLAND &  
WELLINGTON<sup>1</sup>

WE HAVE  
ENABLED  
PASSENGER  
GROWTH IN  
AUCKLAND OF  
OVER

**180%**

OVER THE PAST  
10 YEARS, WITH  
RAIL USAGE IN  
THE AUCKLAND  
AREA EXPECTED  
TO DOUBLE TO  
OVER

**46** MILLION

TRIPS PER  
YEAR BY 2028<sup>2</sup>

WE CONNECT  
COMMUNITIES  
AROUND THE  
COUNTRY &  
ACROSS  
COOK STRAIT,  
STOPPING AT

**24** TOWNS

AND CITIES  
ACROSS  
NEW ZEALAND

WE MOVE

**19** MILLION

TONNES OF  
FREIGHT EACH  
YEAR

WE CARRY

**16%** OF

NEW ZEALAND'S  
TOTAL FREIGHT  
TASK (TONNES-KM)

WE CARRY  
MORE THAN

**ONE** MILLION

TOURIST  
PASSENGERS  
EACH YEAR  
CONTRIBUTING  
TO JOBS AND  
PROSPERITY IN  
OUR REGIONS

WE TRANSPORT  
AROUND

**26%** OF

ALL  
NEW ZEALAND  
EXPORTS  
PLAYING A  
SIGNIFICANT  
ROLE IN THE  
MOVEMENT  
OF DAIRY  
PRODUCTS,  
MEAT, PULP AND  
PAPER EXPORTS,  
COAL AND LOGS

1. Figures taken from the Draft New Zealand Rail Plan – published 13/12/2019 – data from KiwiRail Annual Integrated Report and Auckland Transport and Greater Wellington Regional Council.
2. Figure from the Draft New Zealand Rail Plan – Auckland Transport rail patronage data and forecasts.

## AWARDS

- Kaikoura rebuild won the American Railway Engineering and Maintenance of Way Association's annual WW Hay Award for Excellence. The first time this award has been bestowed upon an entry from outside North America
- KiwiRail, and its project partners in the North Canterbury Transport Infrastructure Recovery alliance won the top New Zealand engineering honour, taking out the Supreme Award at the Engineering NZ ENVI Awards for the Kaikoura rebuild
- Interislander named the fastest growing operator at the Direct Ferries awards in London, receiving the award for the largest growth in revenue and customer satisfaction
- KiwiRail's Graduate Programme won the New Zealand Association of Graduate Employers award for Best Graduate Programme

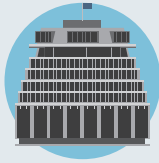
## CHALLENGES

- Our business-as-usual operations are working within a tight fiscal environment, with challenging market conditions in both forestry and domestic markets leading to downturn in volumes being transported. This is compounded by a general decline in passenger numbers on our Scenic services
- Aged infrastructure including; 40 years plus locomotives; ferries at end of life; bridges, tunnels, and track infrastructure
- Increasing impact of natural events, such as the closure of the line at Omoto, flooding at Rangitata, and the seismic condition of some of our buildings, and the buildings we use, such as the arrivals hall at the Wellington ferry terminal

## OUTLOOK

- The Draft New Zealand Rail Plan was published in December 2019, laying out the pathway for sustainable planning and funding for rail. Feedback on the Plan has been invited alongside consultation on the Government Policy Statement on Land Transport
- Investment priorities centre on restoring a resilient and reliable freight and passenger network
- Provincial Growth Fund projects will start coming online. For example, following the reopening of the Napier to Wairoa line for forestry wagons, the first logging trains are scheduled to run in early 2020
- Procurement process for the Inter-Island Resilient Connection project is ongoing, with naval architects and ship brokers appointed. The multi-phase, open competitive procurement process is underway with the Request for Information process expected to be completed early in the new year
- Premium carriages, station upgrades, new reservation system and extra capacity on scenic rail services
- Hamilton to Auckland commuter service to start by mid-2020

# HIGHLIGHTS FROM HY20



## FINANCIAL

\$26.9 million operating surplus

\$333.6 million revenue up \$4.8 million on prior year

Growth in import/export freight of 5% on HY19 with increased volumes across three main ports

Waingawa logging hub running 40% longer logging trains to accommodate the forestry growth in this area

Regional rail investment through the Provincial Growth Fund. This includes the \$94.8 million to provide much needed maintenance and remedial work on the Northland Line



## PEOPLE

KiwiRail's graduate programme won the New Zealand Association of Graduate Employers award for Best Graduate Programme

121% increase in the number of KiwiRail Safety, Health and Environment (SHE) conversations compared to HY19. This is alongside all enterprise-wide SHE Risk Profile control effectiveness reviews being completed to schedule

Increasing focus on iwi engagement and consultation with our cultural group, Te Kupenga Mahi

A reduction in the number of reported near misses, down to 905 from 1,137 at HY19



## ASSETS

\$40 million funding through the Government's Provincial Growth Fund to design, designate, and purchase land for the Palmerston North road-rail hub

Kaiarahi ferry purchased in November and re-flagged in New Zealand

Work begins on the double tracking of the Hutt Valley Line between Trentham and Upper Hutt, to increase the capacity on the line

Arrival of the first 450 wagons as part of our rolling stock replacement project

Funding announced for the revitalisation of the Hillside workshops, \$20 million to upgrade and refresh facilities

**WAINGAWA LOGGING HUB RUNNING**

**40%**

**LONGER LOGGING TRAINS TO ACCOMMODATE THE FORESTRY GROWTH IN THIS AREA**

**121%**

**INCREASE IN NUMBERS OF KIWIRAIL SAFETY CONVERSATIONS**

**\$40M**

**FUNDING THROUGH THE GOVERNMENT'S PROVINCIAL GROWTH FUND FOR THE PALMERSTON NORTH ROAD-RAIL HUB**



## RELATIONSHIPS

Kawenata, or understanding of joint behaviour, confirmed with four Iwi/Hapu. To be formally signed with Tainui, Ngati Kauwhata, Ngati Hine, and Te Korowai

Interislander reached impressive satisfaction levels at 91%, alongside a record 61 net promoter score

Rail Safety Week ran from 12 August, with the theme of “near miss memorials”. The safety campaign generated more than 1.5 million views of the safety video, alongside over 630,000 people reached on social media platforms

The Christmas block of line has allowed us to begin work on improving our metropolitan network to speed up commuter journeys in Wellington. This will improve the reliability of our services, delivering the Capital’s commuters to work, education or recreational activities on time. This has included installing foundations for new masts for overhead power lines, building underpasses, upgrading level crossings and barriers, replacing rail and sleepers and improving slope stability and drainage

18 million commuter journeys enabled in the Wellington and Auckland Metropolitan areas over the last six months

**18** MILLION  
COMMUTER  
JOURNEYS ENABLED  
IN THE WELLINGTON  
AND AUCKLAND  
METROPOLITAN  
AREAS



## ENVIRONMENT

Reduced heavy vehicle impact of 579,697 truck trips, saving 79 million litres in fuel and 212,785 tonnes of CO<sub>2</sub>-e emissions

As a valued partner of EECA (Energy Efficiency and Conservation Authority), KiwiRail was invited to join EECA’s Gen Less campaign. KiwiRail has now been added to the list of organisations who have joined this campaign in an effort to encourage other NZ businesses and people to reduce their energy-related greenhouse gas emissions

Waste reviews – we have conducted waste reviews across three business areas (scenic trains, mechanical depots, and corporate office), and held workshops to identify opportunities to reduce waste being sent to landfill. Reviews and workshops will be carried out for remaining business areas before August 2020

Vehicle Fleet Review – carried out by Optifleet to help identify company vehicles which may be switched to electric options

**79** MILLION  
LITRES OF FUEL &  
**212,785**  
TONNES OF  
CO<sub>2</sub>-E EMISSIONS  
SAVED



## SKILLS AND KNOW-HOW

KiwiRail’s award winning Graduate Programme is bringing through the next generation of KiwiRail employees, with the next intake starting in February 2020

The roll-out of High Performance High Engagement (HPHE) continues strongly, with the appointment of HPHE Facilitators completed, and will go on to engage with the business as the year progresses

Our eLearning modules have been adopted and embedded into the business, with over 10,000 modules completed by our employees or contractors

**WE HAVE  
HAD OVER  
10,000**

**E-LEARNING  
MODULES  
COMPLETED BY  
OUR EMPLOYEES  
AND  
CONTRACTORS**

## CHAIR'S REPORT

---

Investment is key to giving KiwiRail a pathway back to profitability by enabling customer growth. It will enable the business to make long-term plans, to deliver certainty of jobs and training including growing apprenticeship numbers.



As I reflect on the past six months, it has been a period where we have had one eye on delivering for our customers today, and the other on securing the future of rail for the benefit of all New Zealanders.

KiwiRail is experiencing a historic period of change, with unparalleled investment in restoring the national rail network and the introduction of legislation to support new planning and funding arrangements. The Land Transport (Rail) Legislation Bill and the Draft New Zealand Rail Plan represent a fundamental change in the way rail is treated in New Zealand and reflect the growing role rail is playing in all markets it serves, including supporting big road freight operators nationally, which is consistent with trends overseas. Together, these documents lay out a pathway for sustainable planning and funding that will allow rail to play the role it should in the country's transport system.

Currently, KiwiRail must seek Crown funding on an annual basis to support required investment in the national rail network, which is unsuitable for long term strategy development and long-life infrastructure assets. Not only does the new model propose to establish a long-term programme of network investment via the National Land Transport Fund, treating road and rail equally, but having a long-term strategy for planning and

funding rail investment also gives KiwiRail the certainty we need to make effective business decisions.

At the same time, we are dealing with the realities of day to day operations in a business still challenged by aged assets, extreme weather events and difficult market conditions. Against this backdrop, I am pleased that KiwiRail has held revenue in the first six months of what has been an ongoing period of transition for the business and catch-up of much needed reinvestment in our rail network.

This investment is key to giving KiwiRail a pathway back to profitability by enabling customer growth. It will enable the business to make long-term plans, to deliver certainty of jobs and training including growing apprenticeship numbers. Alongside our normal business operations, we have established a separate development and strategic network investment arm to ensure we maintain focus on both delivering for our customers today and providing appropriate stewardship for the investment which will secure benefits for customers and all of New Zealand in the future.

We have focused on ensuring that we have in place a world class leadership team, implementing a new strategy that will bring KiwiRail back to profit. This leadership team is installing the technology needed to be able to drill

down into all 72,000 train services per annum, analyse performance and turn the whole business to focus on a new level of service to customers and our shareholders.

The Group Chief Executive and his leadership team, overseen by the Board, are ensuring operating returns during this transitional phase are not impacted by rising costs, and that the business holds strong in its pricing and contract terms in order to deliver the returns expected by our shareholders and the taxpayers of New Zealand.

We are readying the business to service the anticipated strong growth in freight tonnage, expected to be up by 55 per cent by 2042. In Auckland, commuter rail trips are expected to more than double to 46 million a year, and in Wellington they are expected to nearly double to 20 million.

The Board is 100 per cent behind the five-year management strategy, and we are delighted to have assembled the quality of leaders we have to deliver this for New Zealand. We are ready for the challenges ahead, and our record in winning prestigious international and national awards for projects such as the Main North Line reinstatement is testament to the excellence of our people.

In closing, my thanks go to all those who have contributed to KiwiRail's first half year result, including shareholders, customers, KiwiRail's leadership and team, and union partners. This is a historic period for rail and I am confident that we are setting in place the right conditions that will enable rail's growth for the benefit of all New Zealanders.

A handwritten signature in blue ink that reads "Brian Corban".

**Brian Corban CNZM, QSO**  
Chair  
**KiwiRail Holdings Limited**





*Rail grinder deployed on Auckland network to provide a smoother ride for passenger and freight.*

## GROUP CHIEF EXECUTIVE'S REPORT

---

This is a watershed period for KiwiRail, as we swing into development mode alongside business as usual. The Government has made a huge commitment to rail, and the investment that is being made in our network and in our rolling stock is positioning us well for the future.



The first half of the financial year has seen a step change in the level of rail development underway, as KiwiRail sets out on the pathway back to profit following decades of underinvestment.

Our day-to-day operations show starkly the need for the kind of shareholder investment announced in the calendar year 2019 and through the start of 2020. KiwiRail is delivering the kinds of services our customers want, to the point that demand far outstrips supply.

I would like to thank our customers, including New Zealand's largest road transport and freight logistics operators, for their growing support of rail, seen in their requests for more capacity and services.

Thanks to extraordinary Government support, we are now seeing the largest rail capital projects underway since WWII. This will enable KiwiRail to translate customer demands into services and underpin our pathway back to profit.

This is a watershed period for KiwiRail as we swing into development

mode, alongside business as usual. The Government has made a huge commitment to rail, and the investment that is being made in our network and in our rolling stock is positioning us well for the future.

Not only does moving freight by rail produce 66 per cent fewer emissions than heavy road freight, help reduce congestion by taking commuters in and out of our major cities and long and short haul freight around metropolitan and regional New Zealand, it also offers road maintenance cost savings.

Government funding this financial year will be a key enabler for KiwiRail. This includes an overall \$204.5 million from the Provincial Growth Fund to save and upgrade the Northland Line and to purchase land along the designated route to Northport. The Northland Line was in danger of being shut due to deteriorating tunnels and aging bridges and track. Currently just over one per cent of Northland freight travels via rail, due to containers being unable to fit through the tunnels and speed limits imposed due to the track's condition.

This part of Northland is like the Bay of Plenty's economy 40 years ago. Connecting the wider Bay and Waikato to rail resulted in phenomenal growth and helped create the prosperity exporters and the port experience today. Rail access has the same ability to support road freight to transform Northland as a critical infrastructure that will unlock value in the region.

Around 200 contracted staff will be working on 10 fronts across Northland simultaneously, and KiwiRail is taking on 12 more local staff for ongoing maintenance of the Northland Line.

We are aiming to take on new apprentices, cadets and graduates to get more young people into our industry and are using Northland-based contractors for our rebuild project where possible, so that this investment flows straight back into Northland's economy.

The first half of the financial year also saw the fruits of the Government's earlier funding from previous financial years.

We imported and put into service 450 new wagons, using part of the \$375 million funding from the May 2019 Budget. These were put straight to work in our peak season, helping New Zealand's exporters and producers get their goods onto ships.

This significantly lifted our summer performance over peak season. We will be able to retire our oldest wagons as the next tranche arrives in the second half of the year.

Using the Government's Provincial Growth Fund funding, we launched the design for Palmerston North's new freight hub – a major step forward in New Zealand's approach to freight logistics. A purpose-designed facility to link rail and road together like this hasn't been seen in New Zealand. We are

creating something world-class, which will support the growth of Manawatu's and the Lower North Island's logistics industries well into the future.

We are using the Government's \$35 million investment to begin design of our new ferries through bottom-up consultation with staff on how they use our ships, to appoint naval architects and ship brokers to find suppliers for our new ferries, and to begin consultation on Picton and Wellington port changes needed to accommodate the new ships. Our new ferries will provide New Zealand with certainty and continuation of the main highway across the two islands, and will have the ability to adapt to new propulsion technologies and fuel types.

We began demolition of dilapidated and disused buildings at Dunedin's historic Hillside workshops using \$20 million in Provincial Growth Fund funding to redevelop and rejuvenate the site. The planned improvements for the site will allow us to maintain more locomotives and wagons, as well as undertaking new types of work, such as heavy maintenance and upgrades. Demolishing the buildings also opens the way for Hillside to become a centre for engineering excellence in the South Island by attracting complementary businesses such as manufacturing, fabrication and potentially marine engineering to the site.

In Wellington, we launched double tracking between Trentham and Upper Hutt to improve delays caused by the bottleneck in this area of the region's commuter rail service. As part of wider work to improve commuter rail around the Capital, most of the Wellington network shut down over Christmas with 150 KiwiRail and NZTA staff and contractors installing foundations for new masts for overhead power lines, building underpasses, upgrading level crossings and barriers, replacing rail and sleeping and improving slope stability and drainage. This brilliant team effort was made possible because of nearly \$300 million in earlier funding to encourage commuter growth and reduce road congestion and wear and tear, by making the rush hour commute more reliable.

All of this work has given KiwiRail the opportunity to give back. We are able to begin planning and offering internships and apprenticeships providing on the job training to young people across the network. Through capital certainty we have the ability to plan and procure better.

KiwiRail has used the first half of the financial year to implement the use of modern tools and new technology.

“ Our day-to-day operations show starkly the need for the kind of shareholder investment announced... KiwiRail is delivering the kinds of services our customers want, to the point that demand far outstrips supply.

Although Building Information Modelling (BIM) has been used for some time in vertical construction, KiwiRail is the first to use the process in horizontal construction. We are sharing our learnings widely within the industry to upskill other New Zealand companies.

The first BIM-enabled works took place in December with the construction of the Trentham Underpass, which acted as a pilot for planned works in Auckland on the Wiri to Quay Park third main line construction.

Using this technology to design our infrastructure in 3D ahead of works enables us to work more quickly and safely. High-tech diggers use the design to undertake precise, efficient works that avoid the need for manual surveying and mean work can continue day and night in live corridors as trains rush by. BIM data is fed through to KiwiRail's asset management systems to give us far more detail than we have ever had before.

A further focus has been assessment of KiwiRail's energy needs. While shifting freight by rail for short- and long-haul distances is the most environmentally friendly land-based transport, we can do more. We are looking at how we can make our rail freight offering even better for the environment.

Meanwhile, safety remains a priority. Through the past six months, we have conducted an intensive safety campaign, both within and outside KiwiRail.

Our commitment to safety is seen in the 121 per cent increase in the number of safe work conversations over the first half of the financial year.

Rail Safety Week ran from 12 August, with the theme of “near miss memorials”. The safety campaign generated more than 1.5 million views of the safety video, alongside over 630,000 people reached on social media platforms.

I am delighted that our latest figures show that last year had the lowest number of collisions between vehicles and trains on record, with 12 collisions in 2019 compared to 25 in 2018.

There are, however, still too many collisions and near misses, and we intend to focus on continuing to drive these statistics down. These incidents are devastating for everyone affected. Each and every collision has a traumatic impact not just on the victims and their friends and families, but also the wider community and the rail team members involved, particularly the locomotive engineers who drive the trains.

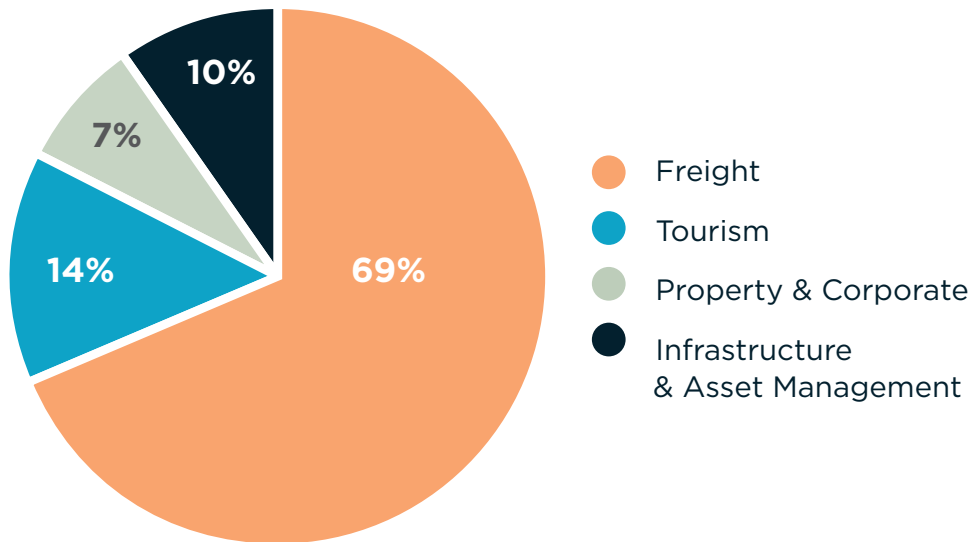
I'd like to thank the KiwiRail team for their work retaining revenue in the first half of the financial year, together with support from our union partners, shareholders and Board. I'd also like to thank our customers for continuing to show their faith in us.

**Greg Miller**  
Group Chief Executive

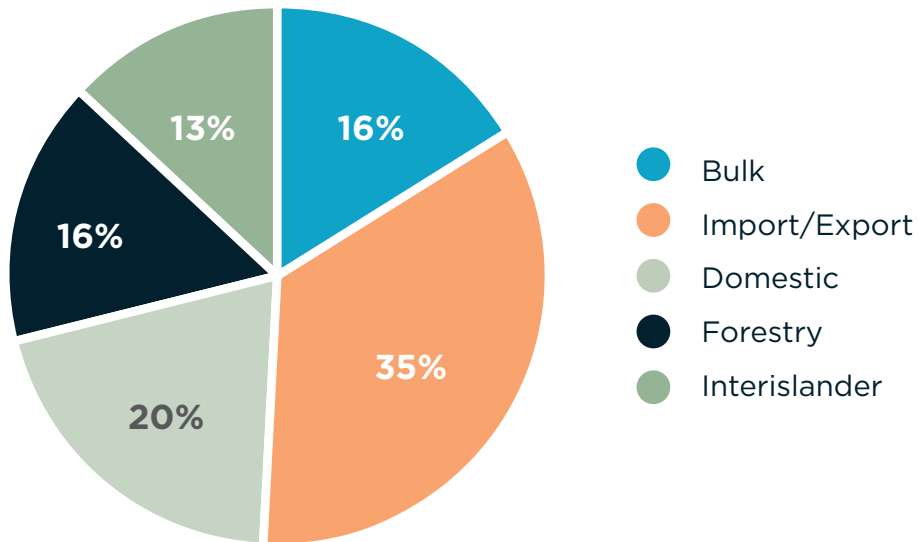
# REVENUE

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

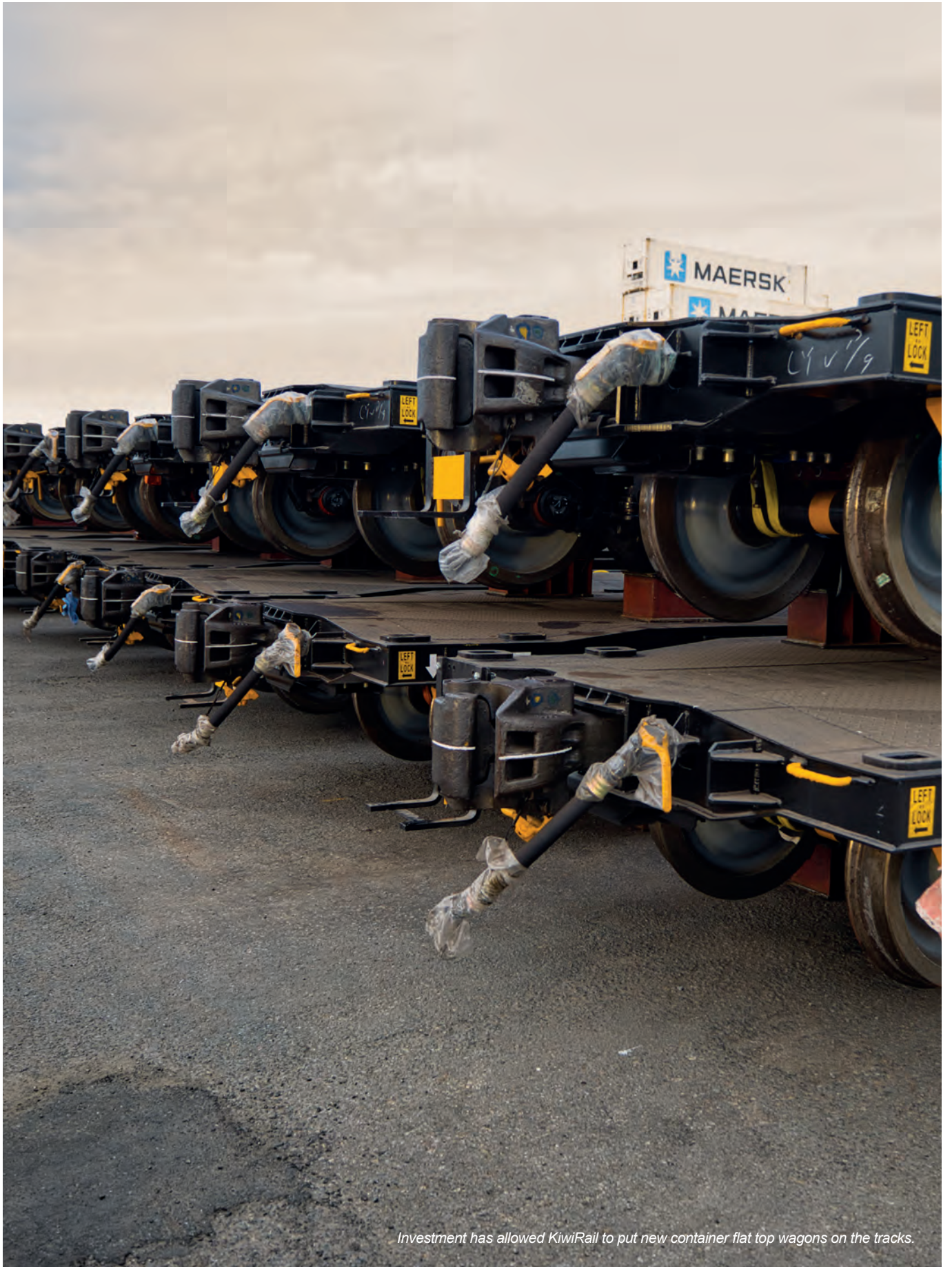
## TOTAL EXTERNAL REVENUE BY SERVICE LINE



## TOTAL TRADING REVENUE BY SECTOR



The charts above show the source of KiwiRail's revenue, and a breakdown of KiwiRail's freight revenue by sector. In terms of freight revenue, it is worth noting that the non-commodity driven activities are where we can have the greatest degree of influence on our market share as these activities are less susceptible to price movements caused by external factors.



*Investment has allowed KiwiRail to put new container flat top wagons on the tracks.*

# FINANCIAL STATEMENTS

KIWIRAIL HOLDINGS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

GROUP	Note	6 months ended 31 Dec 2019 (Unaudited)	6 months ended 31 Dec 2018 (Unaudited)	Year ended 30 June 2019 (Audited)
		\$m	\$m	\$m
Operating revenues	1	333.6	328.8	682.9
Operating expenses	2	(306.7)	(312.5)	(657.2)
<b>Operating surplus</b>		<b>26.9</b>	<b>16.3</b>	<b>25.7</b>
Capital grants	3	78.4	39.4	93.6
Depreciation and amortisation expenses		(67.5)	(44.2)	(103.9)
Foreign exchange and commodity gains/(losses)		4.4	(2.5)	(2.2)
Impairment	8	(80.0)	(66.8)	(249.3)
Impairment – Kaikōura earthquake	8	(6.8)	(70.2)	(131.8)
Insurance proceeds		14.2	26.1	46.4
Movement in value of investment properties		-	-	2.5
Net finance expenses	4	(2.5)	(2.0)	(4.6)
Other costs – Kaikōura earthquake		(0.8)	(0.7)	(1.1)
<b>Net deficit before taxation</b>		<b>(33.7)</b>	<b>(104.6)</b>	<b>(324.7)</b>
Income tax expense		-	-	-
<b>Net deficit after taxation</b>		<b>(33.7)</b>	<b>(104.6)</b>	<b>(324.7)</b>
<b>Other comprehensive income/(loss)</b>				
<i>Items that can be reclassified into net deficit/surplus</i>		-	-	-
<i>Items that cannot be reclassified into net deficit/surplus</i>				
Building revaluation		-	-	(0.2)
<b>Total comprehensive loss</b>		<b>(33.7)</b>	<b>(104.6)</b>	<b>(324.9)</b>

THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS.

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

GROUP	31 Dec 2019 (Unaudited)	31 Dec 2018 (Unaudited)	30 June 2019 (Audited)
	\$m	\$m	\$m
<b>Current assets</b>			
Cash and cash equivalents	305.9	190.1	114.8
Trade and other receivables	120.5	92.6	222.0
Inventories	86.0	72.2	75.8
Financial assets	4.1	2.9	3.4
	<b>516.5</b>	<b>357.8</b>	<b>416.0</b>
<b>Non-current assets</b>			
Property, plant and equipment	1,200.8	960.3	894.3
Investment property	85.4	82.5	85.0
Intangible assets	7.2	3.2	0.9
Financial assets	0.1	0.2	-
Trade and other receivables	0.3	0.4	0.3
	<b>1,293.8</b>	<b>1,046.6</b>	<b>980.5</b>
<b>Total assets</b>	<b>1,810.3</b>	<b>1,404.4</b>	<b>1,396.5</b>
<b>Current liabilities</b>			
Trade and other liabilities	155.2	107.7	127.8
Employee entitlements	96.3	55.9	95.5
Financial liabilities	196.3	178.7	187.1
Income taxes payable	-	-	-
Provisions	5.5	6.4	4.8
	<b>453.3</b>	<b>348.7</b>	<b>415.2</b>
<b>Non-current liabilities</b>			
Employee entitlements	45.3	38.6	45.8
Financial liabilities	161.8	78.8	62.3
Provisions	-	6.0	-
	<b>207.1</b>	<b>123.4</b>	<b>108.1</b>
<b>Total liabilities</b>	<b>660.4</b>	<b>472.1</b>	<b>523.3</b>
<b>Equity</b>			
Share capital	1,979.2	1,508.8	1,668.8
Retained earnings	(849.4)	(596.8)	(815.7)
Asset revaluation reserve	20.1	20.3	20.1
	<b>1,149.9</b>	<b>932.3</b>	<b>873.2</b>
<b>Total liabilities and equity</b>	<b>1,810.3</b>	<b>1,404.4</b>	<b>1,396.5</b>



**Brian Corban CNZM, QSO, Chair**  
25 February 2020



**Susan McCormack, Deputy Chair**  
25 February 2020

THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS.

## STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

GROUP	Note	Equity Capital	Retained Earnings	Asset Valuation Reserve	Total
		\$m	\$m	\$m	\$m
<b>As at 30 June 2018 (Audited)</b>		<b>1,233.8</b>	<b>(494.9)</b>	<b>20.3</b>	<b>759.2</b>
Net deficit for the period		-	(104.6)	-	(104.6)
<b>Total comprehensive loss</b>		<b>-</b>	<b>(104.6)</b>	<b>-</b>	<b>(104.6)</b>
<b>Transactions with owners</b>					
Capital investment		275.0	-	-	275.0
Crown appropriation - land transactions	7	-	2.7	-	2.7
<b>As at 31 December 2018 (Unaudited)</b>		<b>1,508.8</b>	<b>(596.8)</b>	<b>20.3</b>	<b>932.3</b>
Net deficit for the period		-	(220.1)	-	(220.1)
<b>Other comprehensive income/(loss)</b>					
Buildings revaluation reserve		-	-	(0.2)	(0.2)
<b>Total comprehensive loss</b>		<b>-</b>	<b>(220.1)</b>	<b>(0.2)</b>	<b>(220.3)</b>
<b>Transactions with owners</b>					
Capital investment		160.0	-	-	160.0
Crown appropriation - land transactions	7	-	1.2	-	1.2
<b>As at 30 June 2019 (Audited)</b>		<b>1,668.8</b>	<b>(815.7)</b>	<b>20.1</b>	<b>873.2</b>
Net deficit for the period		-	(33.7)	-	(33.7)
<b>Other comprehensive income/(loss)</b>					
Buildings revaluation reserve		-	-	-	-
<b>Total comprehensive loss</b>		<b>-</b>	<b>(33.7)</b>	<b>-</b>	<b>(33.7)</b>
<b>Transactions with owners</b>					
Capital investment		310.4	-	-	310.4
Crown appropriation - land transactions	7	-	-	-	-
<b>As at 31 December 2019 (Unaudited)</b>		<b>1,979.2</b>	<b>(849.4)</b>	<b>20.1</b>	<b>1,149.9</b>

THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS.



## STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

GROUP	Note	6 months ended 31 Dec 2019 (Unaudited)	6 months ended 31 Dec 2018 (Unaudited)	Year ended 30 June 2019 (Audited)
		\$m	\$m	\$m
<b>Cash flows from operating activities</b>				
Receipts from customers		339.8	340.0	687.0
Interest received		1.6	1.6	3.4
Payments to suppliers and employees		(292.5)	(324.2)	(621.2)
Payments for interest on debt		(3.8)	(5.9)	(12.6)
Payments for interest on leases		(1.7)	-	-
<b>Net cash from operating activities</b>	6	<b>43.4</b>	<b>11.5</b>	<b>56.6</b>
<b>Cash flows from investing activities</b>				
Sale of property, plant and equipment		0.7	0.2	1.1
Capital grant receipts		75.6	33.3	89.9
Insurance proceeds		22.5	26.1	44.1
Purchase of property, plant and equipment and investment properties		(366.2)	(236.4)	(455.6)
Purchase of intangibles		(6.8)	(3.5)	(14.1)
<b>Net cash used in investing activities</b>		<b>(274.2)</b>	<b>(180.3)</b>	<b>(334.6)</b>
<b>Cash flows from financing activities</b>				
Crown capital investment		411.4	275.0	315.0
Proceeds from NZRC land sales		0.1	3.1	2.7
Drawdown on loan		25.3	-	-
Repayment of borrowings		(5.1)	(5.6)	(10.8)
Repayment of leases		(9.8)	(0.6)	(1.1)
<b>Net cash from financing activities</b>		<b>421.9</b>	<b>271.9</b>	<b>305.8</b>
<b>Net increase in cash and cash equivalents</b>		<b>191.1</b>	<b>103.1</b>	<b>27.8</b>
Cash and cash equivalents at the beginning of the period		114.8	87.0	87.0
<b>Cash and cash equivalents at the end of the period</b>		<b>305.9</b>	<b>190.1</b>	<b>114.8</b>

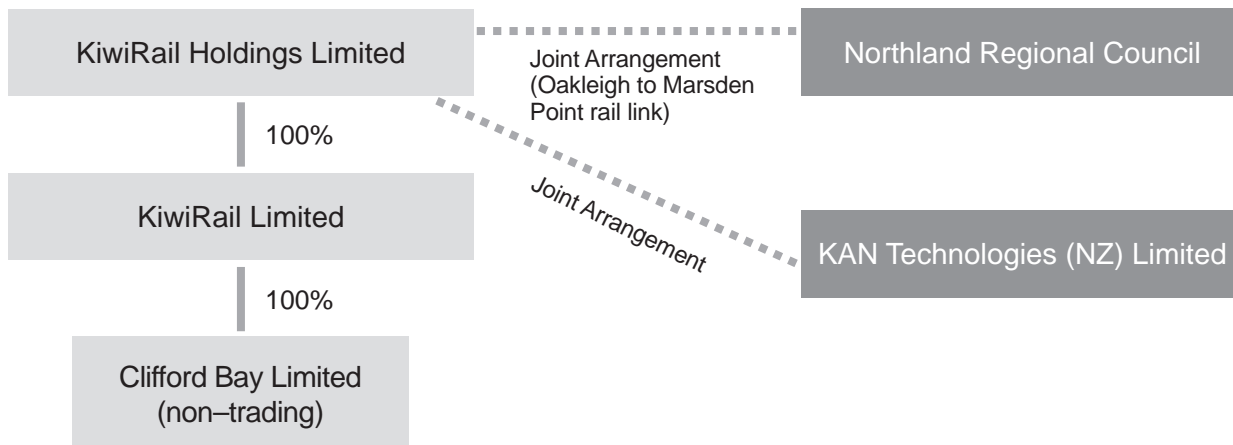
THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

## REPORTING ENTITY

KiwiRail Holdings Limited (“KHL”, “the Parent”) is a company domiciled in New Zealand, registered under the Companies Act 1993 and is included within the First Schedule of the State-Owned Enterprises Act 1986. The beneficial shareholder of the Parent is the Crown. The Group comprises KiwiRail Holdings Limited and its subsidiaries as detailed in the diagram below:



The following activities are carried out by the Group:

- Provide end-to-end transport supply chain services and connect customers with global markets
- Own and operate a national rail network which meets the needs of our customers
- Provide for the transport of bulk and consolidated freight
- Provide ferry services (forming the 'bridge' between the North and South Islands) for rail and road freight and for passengers and their vehicles
- Support rail passenger services in metropolitan areas and long distance services for both domestic and tourist markets
- Manage and develop property holdings for rail operations and appropriate third-party land use

The interim financial statements of the Group are for the six months ended 31 December 2019 and were authorised by the Board of Directors on 25 February 2020.

## BASIS OF PREPARATION

## Statement of compliance

These interim financial statements for the six months ended 31 December 2019 have been prepared in accordance with NZ IAS 34 Interim Financial Reporting. They comply with the State-Owned Enterprises Act 1986, the requirements of the Companies Act 1993 and the Financial Reporting Act 2013. The Group is designated as a for-profit entity.

These unaudited, condensed interim financial statements do not include all information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's Annual Integrated Report for the year ended 30 June 2019.

The financial statements have been prepared on the basis of historical cost, except for certain non-financial assets and derivative financial instruments, which have been valued at fair value.

All dollar amounts in these financial statements and accompanying notes are stated in New Zealand dollars and all values are expressed in millions of dollars (\$m).

## Accounting policies

All accounting policies have been applied on a basis consistent with those used and described in the audited financial statements for the year ended 30 June 2019, with the exception that NZ IFRS 16 Leases (NZ IFRS 16) has been adopted during the period.

NZ IFRS 16 replaces NZ IAS 17 Leases (NZ IAS 17). It removes the distinction between operating and finance leases for lessees and has changed the definition of a lease. It requires the recognition of a right of use asset, representing the right to use the underlying leased asset, and the recognition of a lease liability, recognising the commitment to pay under the lease for the term of the lease, on the statement of financial position for all leases. Lessor accounting under NZ IFRS 16 is substantially unchanged from NZ IAS 17.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

The Group leases property and plant and equipment in the normal course of its business.

New Zealand Rail Corporation (“NZRC”) has, along with the Crown, granted a long-term lease to KiwiRail Limited (“KRL”) for nominal consideration, under which KRL can enjoy the commercial benefit of the rail corridor land. KRL has primary responsibility for administering the land. Under the lease it can undertake many activities in relation to the land without requiring the consent or involvement of NZRC. It is also able to sub-lease railway land for periods of time within the term of the lease.

The Group has adopted NZ IFRS 16 in the current financial year, being the year ending 30 June 2020, with the initial date of application of 1 July 2019. The Group has elected to apply the modified retrospective method, which applies the standard from the start of the current reporting period, subject to the permitted exemptions and certain elected practical expedients. As part of this the Group elected to measure right of use assets as equal to the lease liability. Under this method amounts presented for the comparative period within the interim financial statements have not been restated. The Group elected to apply the new lease definition to existing lease contracts. This resulted in some contracts that were leases under NZ IAS 17 no longer meeting the definition of a lease under NZ IFRS 16.

The Group applied the practical expedient to apply a single discount rate to a portfolio of leases with similar characteristics. The weighted average discount rate applied ranges from 3.38% to 3.88%.

The adoption of NZ IFRS 16 has impacted the statement of financial position of the Group, as at 1 July 2019, by increasing total assets by \$103.9m, to recognise the right of use asset in property, plant, and equipment, and increasing total liabilities by \$103.9m, to recognise the lease liability in financial liabilities.

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

	\$m
Operating lease commitments as at 30 June 2019	95.3
Weighted average incremental borrowing rate as at 1 July 2019	3.66%
Discounted operating lease commitments at 1 July 2019	98.8
Less:	
Commitments no longer meeting the definition of a lease	(0.3)
Commitments relating to short-term leases	(1.0)
Commitments relating to leases of low-value assets	-
Add:	
Commitments relating to leases previously classified as finance leases	6.4
Payments in optional extension periods not recognised as at 30 June 2019	-
Lease liabilities as at 1 July 2019	103.9

The impact of the adoption of NZ IFRS 16 on the statement of comprehensive income of the Group for the period ending 31 December 2019 includes the reduction of operating expenses by \$11.1m, increase in depreciation expense by \$10.2m and increase in finance costs by \$1.7m – increasing net deficit by \$0.8m.

As at 31 December 2019, the total assets increase is \$88.4m, to recognise the right of use asset in property, plant, and equipment, and total liabilities increase is \$89.2m, recognising the lease liability in financial liabilities, with a \$0.8m reduction in retained earnings. The movement to 31 December 2019 from 1 July 2019 reflects leases terminating and depreciation and interest charges.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

**1. OPERATING REVENUES**

	6 months ended 31 Dec 2019 (Unaudited)	6 months ended 31 Dec 2018 (Unaudited)	Year ended 30 June 2019 (Audited)
	\$m	\$m	\$m
Freight	200.4	198.0	402.7
Interislander	62.8	63.8	137.7
Infrastructure	32.1	28.8	60.8
Property	24.5	22.6	47.0
Scenic	12.9	13.7	30.9
Other	0.9	1.9	3.8
<b>Total operating revenues</b>	<b>333.6</b>	<b>328.8</b>	<b>682.9</b>

**2. OPERATING EXPENSES**

	6 months ended 31 Dec 2019 (Unaudited)	6 months ended 31 Dec 2018 (Unaudited)	Year ended 30 June 2019 (Audited)
	\$m	\$m	\$m
Salaries and wages	147.6	137.4	311.2
Restructuring	0.3	0.3	0.3
Defined contribution plan employer contributions	6.6	5.9	12.1
Other employee expenses	6.8	6.3	16.8
<b>Total employee expenses</b>	<b>161.3</b>	<b>149.9</b>	<b>340.4</b>
Materials and supplies	56.0	58.0	113.6
Fuel and traction electricity	42.7	44.0	86.4
Lease and rental costs	6.7	22.2	37.2
Incidents and insurance	10.4	9.4	19.9
Contractors' expenses	2.7	3.2	6.9
Audit fees	0.2	0.2	0.4
Impairment of receivables	0.5	0.1	0.2
Directors' fees	0.2	0.2	0.4
Loss on disposal of property, plant and equipment	0.1	0.7	1.1
Other expenses	25.9	24.6	50.7
<b>Total operating expenses</b>	<b>306.7</b>	<b>312.5</b>	<b>657.2</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

**3. CAPITAL GRANTS**

	6 months ended 31 Dec 2019 (Unaudited)	6 months ended 31 Dec 2018 (Unaudited)	Year ended 30 June 2019 (Audited)
	\$m	\$m	\$m
Capital grants (Ministry of Transport funded)	16.2	17.2	39.5
Other capital grants	62.2	22.2	54.1
<b>Total capital grant income</b>	<b>78.4</b>	<b>39.4</b>	<b>93.6</b>

The Group receives grants from Government entities for the purpose of maintaining and upgrading the railway networks and infrastructure. In addition, from the financial year ended 30 June 2019, grants have been received for the re-establishment of mothballed lines, expanding metropolitan passenger services and for establishing regional commuter services.

Where the asset being funded is depreciated over its useful life, the funding is recognised as income on a straight line basis over the same life. Grants received for services provided are recognised when the requirements of the relevant grant agreement are met. Funding received as reimbursements for capital projects are recognised in the same period as the expenditure to which it relates.

**4. NET FINANCE EXPENSES**

	6 months ended 31 Dec 2019 (Unaudited)	6 months ended 31 Dec 2018 (Unaudited)	Year ended 30 June 2019 (Audited)
	\$m	\$m	\$m
<b>Finance income</b>			
Interest income on bank deposits	2.0	2.0	3.6
	2.0	2.0	3.6
<b>Less finance expenses</b>			
Interest expense on borrowings	(3.3)	(6.3)	(12.5)
Interest expense on leases	(1.7)	(0.1)	(0.3)
Net change in fair value of interest rate swaps	0.5	2.4	4.6
	(4.5)	(4.0)	(8.2)
<b>Net finance expenses</b>	<b>(2.5)</b>	<b>(2.0)</b>	<b>(4.6)</b>

**5. CAPITAL AND OTHER COMMITMENTS**

The Group has capital commitments for network upgrades, infrastructure renewal materials, manufacturing of new rolling stock, refurbishment costs relating to rolling stock and purchases of plant and equipment.

	31 Dec 2019 (Unaudited)	31 Dec 2018 (Unaudited)	30 June 2019 (Audited)
	\$m	\$m	\$m
Capital expenditure commitments:			
Not later than one year	76.6	87.2	152.4
Later than one year but not later than five years	-	-	27.7
	<b>76.6</b>	<b>87.2</b>	<b>180.1</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

**6. RECONCILIATION OF NET DEFICIT TO NET CASH FLOWS FROM OPERATING ACTIVITIES**

	6 months ended 31 Dec 2019 (Unaudited)	6 months ended 31 Dec 2018 (Unaudited)	Year ended 30 June 2019 (Audited)
	\$m	\$m	\$m
Net deficit after taxation	(33.7)	(104.6)	(324.7)
<b>Add/(deduct) items classified as investing or financing activities</b>			
Loss/(gain) on sale of assets	0.1	0.7	1.1
Fair value movement in derivatives	(1.1)	2.2	(0.4)
Capital grant receipts	(75.6)	(33.3)	(89.9)
Insurance proceeds	(22.5)	(26.1)	(44.1)
	(132.8)	(161.1)	(458.0)
<b>Add/(deduct) non-cash items</b>			
Depreciation and amortisation expense	67.5	44.2	103.9
Movements in provisions	0.2	(0.2)	(0.6)
Impairment of non-financial assets	86.8	137.0	381.1
Movement in fair value of investment properties	-	-	(2.5)
	21.7	19.9	23.9
<b>Add/(deduct) movements in working capital</b>			
(Increase)/decrease in trade and other receivables	0.5	(1.6)	(10.8)
Increase in inventories	(10.2)	(0.6)	(4.2)
Increase/(decrease) in trade payables	13.5	(17.9)	(0.2)
Increase/(decrease) in other payables	17.9	11.7	47.9
<b>Net cash flows from operating activities</b>	<b>43.4</b>	<b>11.5</b>	<b>56.6</b>

**7. SALE AND PURCHASE OF LAND**

On 31 December 2012 there was a restructure of the Crown's investment in rail operations. In accordance with the KiwiRail Holdings Vesting Order 2012 which took effect from 31 December 2012, the KiwiRail business was transferred from NZRC into KHL. All land previously held by KiwiRail was retained by NZRC.

From time to time NZRC may sell parcels of railway land. Under the Group's lease agreement with NZRC entered into on 31 December 2012, the Group may identify railway land that should be sold and request NZRC to sell it or surrender it from the lease. The sale proceeds are provided to the Group to support its business as the State Owned Enterprise responsible for the financial performance of the Crown's investment in rail operations.

Similarly, the Group can identify new parcels of land that are required for rail purposes. The Group will fund the acquisition of the land and can transfer it to NZRC to be included within the lease. The sale and purchase of land are treated as common control transactions as the Crown is their ultimate parent. The sale of NZRC's land is regarded as an increase in equity of the Crown to the Group whilst the Group's acquisition of land for NZRC is treated as a reduction from Crown's equity to the Group.

The total net proceeds from land sold is represented below:

	31 Dec 2019 (Unaudited)	31 Dec 2018 (Unaudited)	30 June 2019 (Audited)
	\$m	\$m	\$m
Net proceeds from sale of NZRC land	-	2.7	3.9
<b>Net movement charged to equity</b>	<b>-</b>	<b>2.7</b>	<b>3.9</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

**8. RECONCILIATION OF IMPAIRMENT MOVEMENTS TO NET DEFICIT**

	31 Dec 2019 (Unaudited)	31 Dec 2018 (Unaudited)	30 June 2019 (Audited)
	\$m	\$m	\$m
Impairment of Rail Cash Generating Unit	80.0	66.8	249.3
Impairment of earthquake damaged assets	6.8	70.2	131.8
<b>Impairment in the net deficit</b>	<b>86.8</b>	<b>137.0</b>	<b>381.1</b>

The Rail Cash Generating Unit (“CGU”) was impaired to its recoverable amount as at 30 June 2019. Due to increased capital spend on rail infrastructure renewals and upgrades, re-establishing mothballed lines and the Main North Line (“MNL”) rebuild there has been a significant increase in the carrying amount of the Rail CGU within Assets Under Construction. As a result an impairment charge has been recognised for the rail infrastructure capital spend as at 31 December 2019 within the Rail CGU.

**9. IMPACT OF KAIKOURA EARTHQUAKE**

A 7.8 magnitude earthquake hit the Kaikōura region on 14 November 2016 followed by a number of aftershocks. This caused significant damage to the Group’s infrastructure assets along the MNL.

*Impact on assets*

KiwiRail has continued to work on the rebuild during the six month period ended 31 December 2019 and an additional impairment charge of \$6.8m has been recognised for the capital cost of reinstatement incurred as at 31 December 2019 (30 June 2019: \$131.8m).

*Insurance*

The Group has insurance coverage in place under an operational infrastructure and consequential loss policy. Cover is provided for loss and damage up to a sum insured of \$350.0m. The Group has received insurance progress payments of \$20.0m during the six month period ended 31 December 2019. This has been reflected in the Statement of Comprehensive Income. While a claim has been submitted as at 31 December 2019, it is not practicable to estimate the full extent of the overall insurance recovery. Only the portion that can be measured reliably has been recognised as a receivable.

*Crown support*

The Crown has agreed to fund the uninsured cost of the rebuild. \$35.0m of equity funding was received in the six month period ended 31 December 2019 (30 June 2019: \$85.0m).

**10. CONTINGENT LIABILITIES***Marsden Point rail corridor designation*

The Group has confirmed its designation of the rail corridor from the North Auckland Line to Marsden Point. The Group has an agreement with the Northland Regional Council that it will have a half share in the acquisition and holding costs of land purchases with the Council.

## DIRECTORS' ATTENDANCE AND EXECUTIVE REMUNERATION

### DIRECTORS' ATTENDANCE

The following Directors attended Board meetings during the 2019 financial year:

DIRECTOR	BOARD MEETING
Brian Corban	10/11
Greg Miller	5/5
John Dennehy	11/11
Paul Harper	10/11
John Leuchars	10/11
Bob Major	10/11
Susan McCormack	10/11
Mike Pohio	8/9
Guy Royal	4/4

Greg Miller commenced as Director and Chair effective 1 November 2018 and retired as Director on 1 May 2019 to take up appointment as Group Chief Executive Officer (Group CEO). Guy Royal's term as Director ended 31 October 2018. Mike Pohio's term as Director ended 30 April 2019. Hazel Armstrong and Noel Coom commenced as Directors from 15 July 2019. Note 21 of the financial statements for the year ended 30 June 2019 sets out what fees Directors earned during the 2019 financial year.

### EXECUTIVE REMUNERATION

The following information relates to the financial year ended 30 June 2019. This disclosure is made as Treasury are in the process of updating the Owner's Expectations Manual to align the disclosures of executive remuneration for all State-Owned Enterprises with the guidance for listed companies under the NZX Listing Rules and Corporate Governance Code. Executive remuneration information will be disclosed in the Group's Annual Integrated Report 2020.

The GREM (Governance and Remuneration) Committee of the KiwiRail Board has a charter that clearly sets out the committee's responsibility with respect to executive appointments and remuneration by "Ensuring, based on market data and expert input, that the executive remuneration and incentive settings within KiwiRail provide for the attraction, retention and high performance of the CE and senior executives".

In doing so, the committee ensures that the Group CEO and all executive roles (those reporting to the Group CEO) are sized independently by Ernst and Young, executive remuneration advisors. Ernst and Young have been engaged by KiwiRail as executive remuneration advisors since 2014.

In KiwiRail's case, the market for talent is primarily the transport, logistics and infrastructure sectors, as well as large private sector organisations that are of a similar size and scope (in terms of revenue and asset base as the most relevant metrics for KiwiRail's operations). The comparator group that KiwiRail benchmarks against includes these organisations but excludes banks and other financial service organisations.

For executive positions KiwiRail benchmarks against the median of Total Fixed Remuneration (i.e. Base Salary plus fixed benefits and allowances) and typically pays between 95%-105% of the market median. For the Group CEO and executive roles, KiwiRail does offer a short-term incentive (STI) scheme but does not offer any long-term incentive scheme.



## GROUP CHIEF EXECUTIVE OFFICER'S REMUNERATION (YEAR ENDED 30 JUNE 2019)

	Salary & benefits <sup>1</sup> \$	Pay for performance <sup>2</sup> (STI) \$	Total Remuneration \$
FY19	1,042,350	218,453	1,260,803

1. Actual salary paid includes holiday pay paid per NZ legislation. Benefits include KiwiSaver.

2. Pay for performance relates to prior financial year ended 30 June 2018.

The role of Group CEO was occupied by three employees during the financial year ended 30 June 2019. Peter Reidy resigned as Chief Executive Officer effective 22 August 2018. Todd Moyle was appointed Acting Chief Executive Officer from 23 August 2018 to 30 April 2019. Greg Miller commenced as Group CEO from 1 May 2019.

## BREAKDOWN OF GROUP CHIEF EXECUTIVE OFFICER'S PAY FOR PERFORMANCE KIWIRAIL SHORT TERM INCENTIVE SCHEME (STI)

The current STI programme has been in place since the financial year ended 30 June 2015. The short-term incentives are designed to "support our goals, reward us for organisational and individual success and ensure our success for the future".

The scheme is reviewed annually and is offered to the Group CEO and selected senior executives by the Board.

There are two gateways which must be achieved for any payout to be made. The first is an EBITDA gateway set by the Board and the second gateway is that there must be no fatality of employee or contractor to the business. The scheme is at the discretion of the Board and no employee has a contractual right to participate in the scheme. Employees are invited into the scheme annually. No STI payments were made in FY15 and FY19.

Once the gateways for the STI have been met payments are made based on the achievement of KPIs which have been signed off by the GREM committee.

The chart below outlines the nature of the KPIs and the weighting given:

	Description	Performance measures	Weighting %
STI	Set at maximum of 50% of base salary. Based on a number of key financial and non-financial performance measures.	EBITDA	40
		Performance improvement objectives	30
		Zero Harm metrics	20
		Staff engagement score	10

## KEY PERFORMANCE INDICATORS

STATEMENT OF CORPORATE INTENT COMPARISONS\*

	6 months ended 31 Dec 2019 Actual	30 June 2020 Target
<b>HUMAN CAPITAL</b>		
Employee Net Promoter Score	+24	+24
Total Recordable Injuries	141	173
SPAD As	17	9
<b>NATURAL CAPITAL</b>		
GHG emissions per NTK (gms)	29.45	26.81
Truck avoidance (million)	0.6	1.3
<b>FINANCIAL/PHYSICAL CAPITAL</b>		
Operating Surplus (\$m) - pre lease accounting adjustment	15	61-71
Accounting adjustment for leases (\$m)	12	30
Operating surplus (\$m) - reported	27	91-101
Operating costs as a percentage of revenue (%) - pre lease accounting adjustment	88	90-91
Operating costs as a percentage of revenue (%) - reported	92	85-87
Capital expenditure - net of grants (\$m)	274	542
Capital expenditure - Main North Line (\$m)	14	120
Reliability – locomotive MDBF (000 kms)	45	45
Reliability – ships services to advertised sailings (%)	99	99
New sleepers laid (000)	6	122
<b>SOCIAL CAPITAL</b>		
Revenue (\$m)	334	684
New Zealand exports carried on rail (%)	26	26
On Time Performance - Freight Premier (%)	83	88
On Time Performance - Interislander (%)	89	95
Tourist passengers carried (m)	0.45	1.1
Commuter journeys enabled (m)	18	36

## KEY PERFORMANCE INDICATORS

STATEMENT OF CORPORATE INTENT COMPARISONS \*

	6 months ended 31 Dec 2019 Actual	30 June 2020 Target
<b>SHAREHOLDER RETURN MEASURES</b>		
Total Shareholder Return	N/A	N/A
Dividend Yield	Nil	Nil
Dividend Payout	Nil	Nil
Return on Average Equity (%)	(3)	(20)
<b>PROFITABILITY/EFFICIENCY MEASURES</b>		
Return on Average Capital Employed (%)	(2)	(15)
Operating Margin (%)	8	13-15
<b>LEVERAGE/SOLVENCY MEASURES</b>		
Shareholders' Funds to Total Assets (%) (Closing equity/total assets)	64	83
Gearing Ratio - net (%) (net debt/closing equity)	(4)	14
Interest Cover (operating surplus/net finance costs)	10.9	6.4
Solvency (current assets/current liabilities)	1.14	1.29

\*Refer to Statement of Corporate Intent 2020-2022 for definitions of performance measures

## FURTHER INFORMATION

For assistance, publications or information concerning KiwiRail please visit our website at [www.kiwirail.co.nz](http://www.kiwirail.co.nz) or contact:  
KiwiRail Communications, PO Box 593, Wellington, 6140 | Telephone: 0800 801 070 | Email: [kiwirail@kiwirail.co.nz](mailto:kiwirail@kiwirail.co.nz)







**KiwiRail** 