



**Results for announcement to the market – 28 August, 2015**

**Reporting Period:** 12 months to 30 June 2015

**Previous Reporting Period:** 12 months to 30 June 2014

	30-Jun-15 NZ\$m	30-Jun-14 NZ\$m	Percentage Change
Operating Revenue	720.6	740.9	(2.7%)
Net Operating Surplus	90.5	77.5	16.8%
Net Loss	(166.5)	(248.0)	32.9%
Final Dividend	-	-	
Dividend Payment Date	N/A	N/A	

KiwiRail's net operating surplus of \$91m for the year to June 30, 2015, is a 17% improvement over the previous year and is a credible result in the current environment, KiwiRail Chairman John Spencer says.

"In line with our commitment to lift KiwiRail's financial performance the company is focusing on customers' needs and working with our employees and unions to improve efficiency," Mr Spencer says.

"It is pleasing that our Interislander, Scenic Journeys and Property business groups all increased their revenues. Higher passenger numbers saw Interislander's revenue grow 9% to \$127m and Scenic Journeys' revenue increase 18% to \$25m. Property's revenue increased 20% to \$43m in line with a stronger commercial focus on returns from our property assets."

Freight revenue fell by 6% to \$434m. Bulk freight revenue was down, although reduced coal volumes from Solid Energy were partially offset by higher Fonterra milk volumes. Forestry, Import/Export and Domestic freight categories together performed slightly ahead of last year.

The net loss for the year of \$167m is an improvement of 33% on last year. The net loss reflects the impairment of KiwiRail's rail assets. As the rail network does not generate sufficient cashflows to cover the level of required investment, a large proportion of the accounting value must be written off each year.

## Operating Performance

Overall revenue for the year ended 30 June 2015 is in line with prior year but varies by business unit as follows:

	30 June 15 NZ\$m	30 June 14 NZ\$m	Percentage Change
Freight	433.7	462.0	(6.1%)
Interislander	127.3	116.7	9.1%
Tranz Metro	53.7	52.6	2.2%
Scenic Journeys	24.8	21.0	18.1%
Property & Corporate	43.2	36.1	19.8%
Infrastructure & Asset Management	37.9	35.2	7.8%
<b>Total Operating Revenue (before One-Offs)</b>	<b>720.6</b>	<b>723.6</b>	<b>(0.4%)</b>
Major One-Off Items	-	17.3	(100.0%)
<b>Total Operating Revenue</b>	<b>720.6</b>	<b>740.9</b>	<b>(2.7%)</b>

### Comparison with Statement of Corporate Intent (SCI)

Operating revenues were \$52m down on our SCI targets. This reflects the impact of challenging commodities markets across all sectors. The Bulk (coal, milk) and Forestry segments continue to be challenging for KiwiRail due to global pricing for coal, timber and milk all being at lower points of the economic cycle compared to the same period last year. Operating costs were \$32m favourable to target, resulting in an operating surplus \$20m below our SCI target.

Consistent with the Statement of Corporate Intent, KiwiRail will not pay a dividend for the year ended 30 June 2015.