

KIWIRAIL HOLDINGS LIMITED	
Interim results for announcement to the market	
Reporting Period	six months ended 31 December 2019
Previous Reporting Period	six months ended 31 December 2018

Amount(\$m)	Six months ended 31 December 2019 (Unaudited)	Six months ended 31 December 2018 (Unaudited)	Percentage change
Revenue from ordinary activities	\$NZ 333.6	\$NZ 328.8	1.5%
Profit (loss) from ordinary activities after tax	\$NZ 26.9	\$NZ 16.3	65.0%
Net profit (loss)	\$NZ (33.7)	\$NZ (104.6)	67.8%

Interim /final dividend	Not applicable	Not applicable	Not applicable
Dividend payment date	Not applicable		

<p>Comments: (Including: (i) a brief explanation of any of the above figures necessary to enable them to be understood</p>	<p>Reported revenue was up \$4.8 million on HY19, due largely to growth in the import/export freight business of 5%.</p> <p>The operating surplus for the period grew by 65% or \$10.6m, with the adoption of the new accounting standard IFRS16, resulting in \$11.1m of lease costs now recognised as depreciation and interest. Overall, in the first six months, the business experienced softer domestic and forestry freight volumes as well as lower passenger numbers. Operating costs increased due to a higher number of front-line operational staff required to maintain and operate our network.</p> <p>The overall net loss of \$33.7 million for the period, improved from a \$104.6 million loss in HY19 by \$70.9 million, reflecting an increase in grant income for capital works, and a decrease in Kaikoura earthquake-related asset impairments.</p>
<p>(ii) in respect of each half-year period, commentary on the outlook for the remainder of the financial year, including whether the SOE considers it will achieve the financial performance targets in its SCI</p>	<p>The outlook for the remainder of the financial year is expected to be challenging, given the uncertainty in the global freight and tourism sectors around the impact and duration of the coronavirus pandemic, and current local NZ drought conditions across parts of the country. KiwiRail's ability to meet the financial performance targets published in its SCI will be impacted by these factors.</p>