

KiwiRail Public Meeting



October 27, 2016
Wellington



Agenda

Chairman's Report

Chief Executive's presentation

Q & A



Chairman John Spencer



Chief Executive Peter Reidy

“A trusted Kiwi-owned logistics partner growing New Zealand”

Multi-year transformation

What we do

Why we do it

Benefits to NZ

- Economic benefits
- Community benefits
- Environmental benefits

Challenges and priorities

Outlook



KiwiRail's multi-year transformation

Bringing KiwiRail together – one core purpose, one set of values

Extracting Value

Zero Harm as proxy for leadership

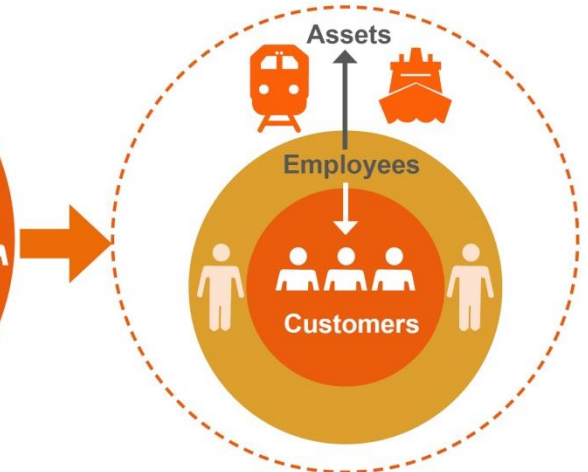
- 33% improvement in injury incident rate

Frontline people-led approach

Asset centric
'moving trains & ships'



Customer centric
'moving people and freight'



What we do

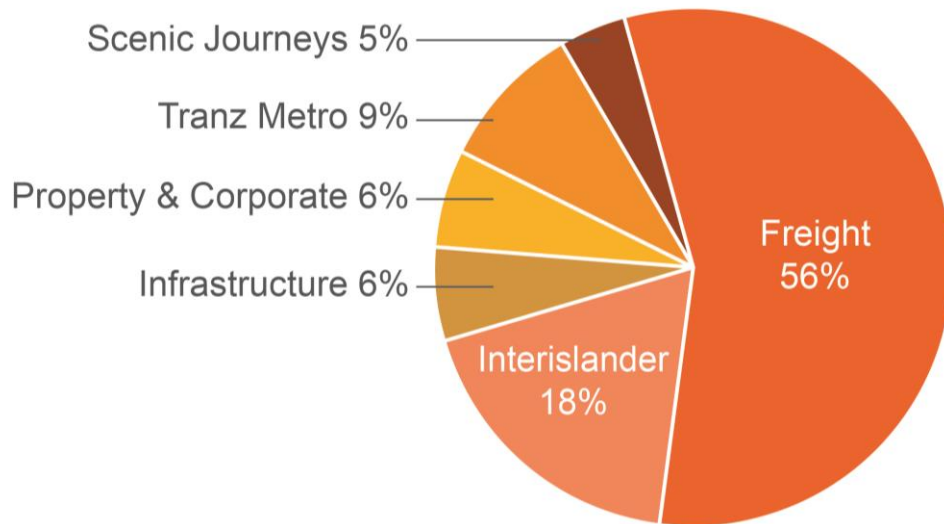
We move people and freight



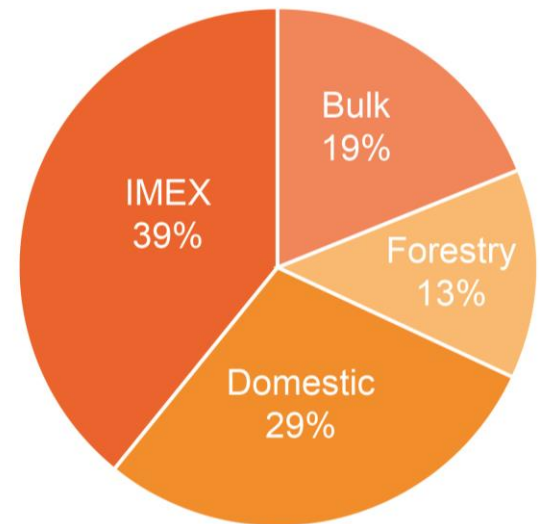
What we do

To year end June 30 2016

Revenue



Freight Revenue by Sector



Why we do it

Helping to drive New Zealand's growth

Transport network resilience

Intermodal for road, rail, ships

Enabling commuter growth



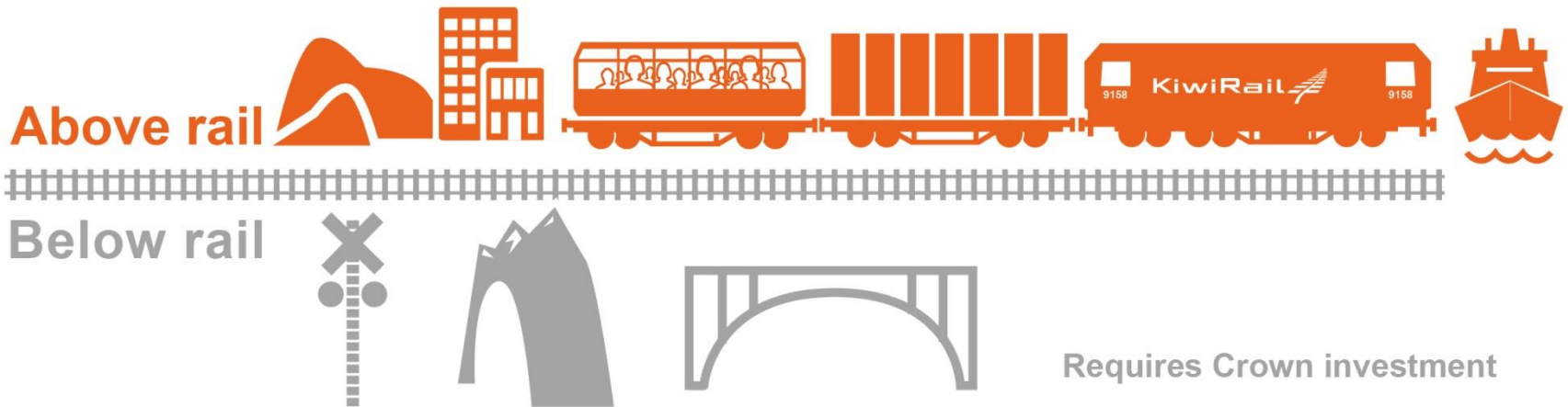
NZ's Business Growth Agenda

How we do it

Integrated Model

Part of New Zealand's transport system





Cash positive



Below rail investment

2015/16 Total KiwiRail network investment \$232m

Government investment \$210m

Country	Comparison to NZ (x)				Public funding for rail infrastructure / operations
	Population	Area	GDP	Track	
 New Zealand	4.5m	268,000 km ²	250 billion (\$NZ)	4000 km	✓
 Switzerland	1.8x	0.2x	3.8x	0.9x	✓
 Belgium	2.5x	0.1x	2.5x	0.9x	✓
 Malaysia	6.7x	1.2x	1.8x	0.6x	✓

Economic benefits to New Zealand 2016

Underlying operating surplus \$86m

Import Export freight up 11%

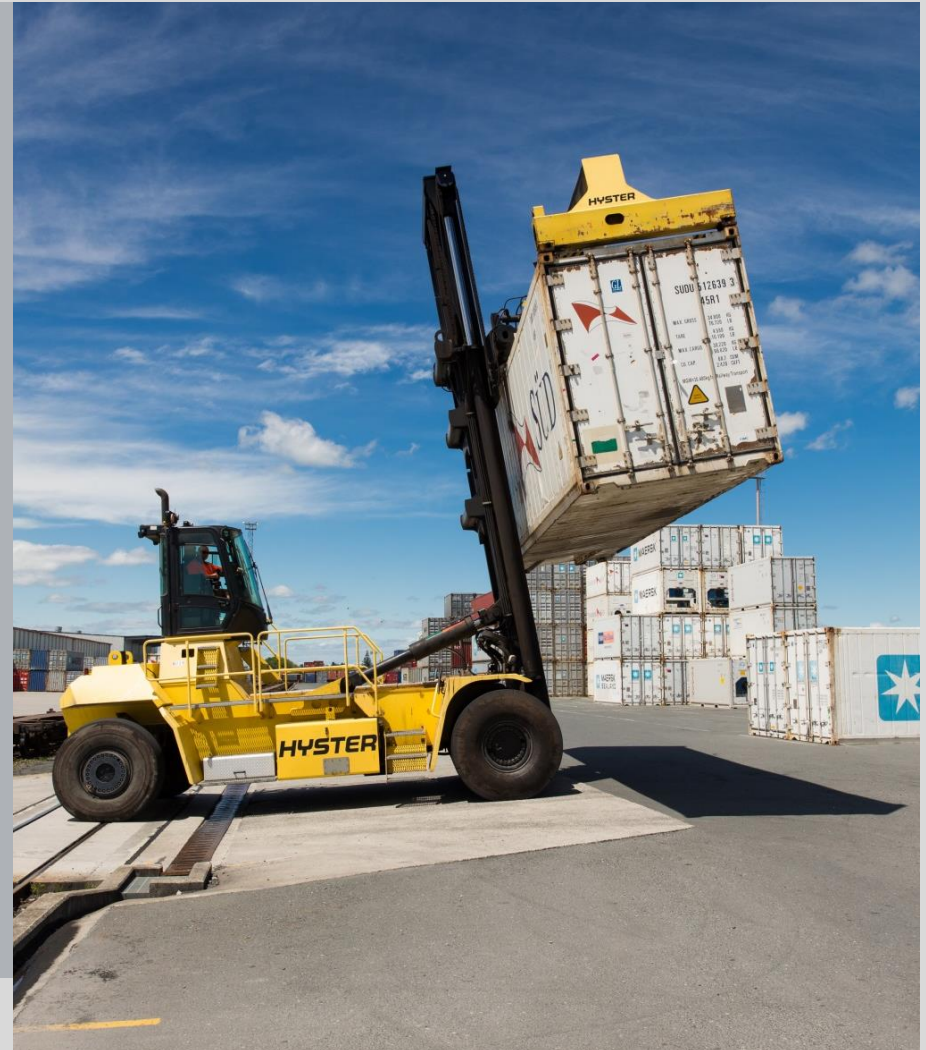
Passengers up 10%

Tourism revenue up 10%

Non bulk container volume up 14%
(on net tonne/km basis to Sept 16)

Productivity initiatives \$27m savings

- Right-sizing the business
- Consolidating services



Economic benefits to New Zealand 2016

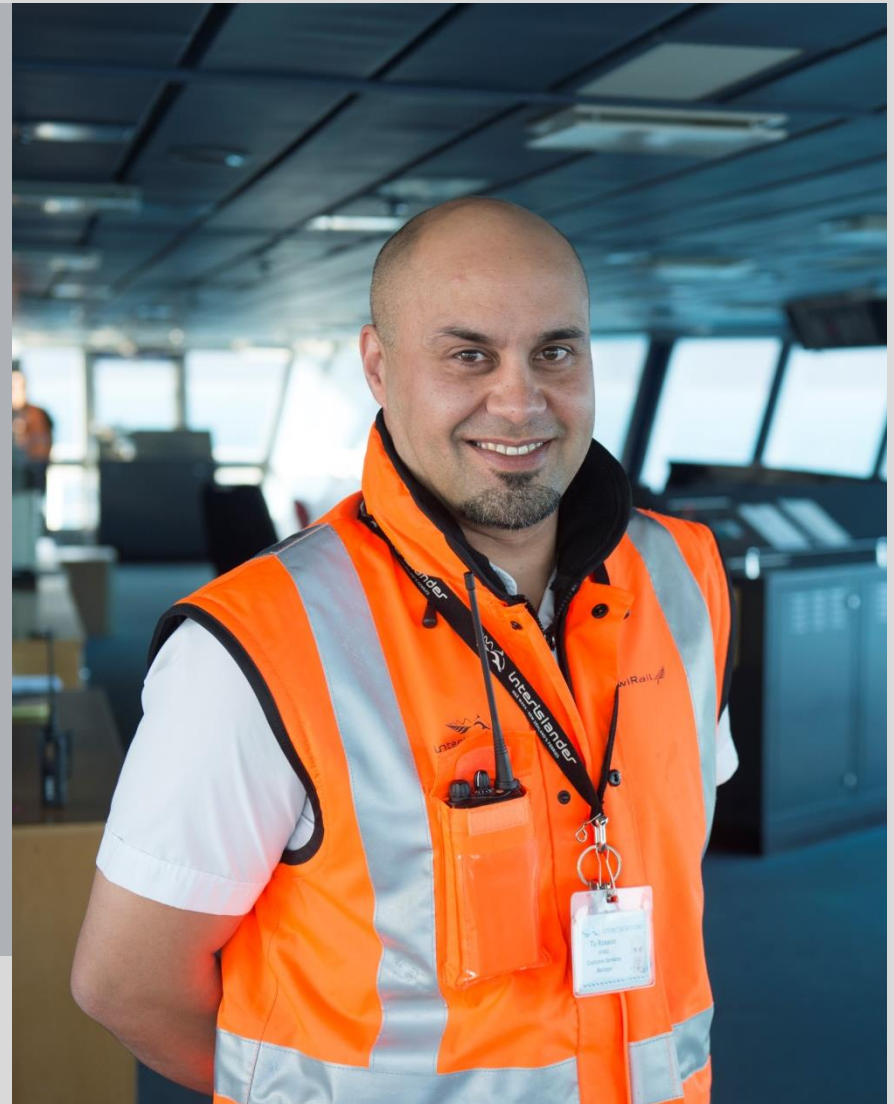
4 new rail-enabled inland hubs

Strategic Port Partnerships – Napier to Wairoa reopening

Capital Investment \$254m

- 73,000 sleepers laid
- 249m of bridges replaced
- 15km new rail installed
- 120 new wagons
- Kaiarahi into service - passenger facility upgrades
- Train safety technology in 120 locos

29% reduction in mainline derailments



Community benefits to New Zealand 2016

**3400 employees
across 50 New Zealand
towns and cities**

**More than one million
passengers on
tourism services –
65% international**

**\$2 million invested into
leadership and frontline
training programmes**

**Enabling Auckland's
commuter growth –
20% annual growth to
17 million passengers**

Environmental benefits to New Zealand 2016

Every tonne of freight delivered by rail is a 66% reduction in carbon emissions

STEEL WHEELS FY2016 (full year results)

Your partner in sustainable freight



Won the Deloitte Large Energy User of the Year at the Energy Excellence Awards 2016 for DAS



Challenges

High exposure to commodity exports

Evolving supply chains and freight flows – super ships

Excess capacity on Cook Strait

Road transport evolution

Operational efficiency and reliability

Future of work challenges

- Technological disruption
- Ageing workforce
- Diversity



Outlook 2017

Transformation programme building momentum

Continued focus on efficiency and productivity

Investment in new rolling stock assets

Working with Auckland Transport to enable future growth

Integrated transport planning with NZTA

Investing in our people and skills

Changing the conversation on the value rail brings to New Zealand



Customer insights

“We see KiwiRail as an integral partner in our supply chain by helping us shift large volumes of bulk material efficiently – and improving the carbon efficiency of our supply chain”

Chris Foord
General Manager Global Supply Chain
Development
Fonterra



Questions?

