



# ANNUAL RESULTS PRESENTATION

for the year ended 31 March 2023

**REINVENT**

FOR GROWTH



A circular graphic with a white center and a red and green border. The text "REINVENT FOR GROWTH" is centered within the white circle.

**REINVENT**  
FOR GROWTH

01

02

03

04

05

BUSINESS  
PERFORMANCE  
OVERVIEW

OPERATING  
CONTEXT

FINANCIAL  
PERFORMANCE

GOVERNANCE

STRATEGY &  
LOOKING AHEAD



**REINVENT**  
FOR GROWTH

# BUSINESS PERFORMANCE OVERVIEW

Portia Derby



# Our Unique Assets



## Our Asset Base



**50 364**

workforce complement

**R364** billion

overall asset base

## Network And Fleet Base



**3 800** km

pipeline infrastructure

**1 854**

operational locomotives

**30 400** km

railway network track including **2** heavy-haul lines

## Commercial Footprint



**8** commercial ports

**16** cargo terminals across

**7** South African ports

**132** maintenance depots and

**11** engineering yards

**6** rail and port manufacturing and maintenance facilities

## Our Property Size






**R11,3** billion

commercial and residential property portfolio









# Several significant events over the last three years have had a residual impact on business performance




## Financial year 2020/21

Incidents & Events	Immediate Impact	Residual Impact
 COVID-19 waves since March 2020 disrupted supply chains, causing logistics bottlenecks	Transnet halted operations, limited essential services resumed, revenue impacted	Recovery to pre-Covid-19 efficiency took longer than expected.
 April 2020: S&P downgraded. November 2020: Moody's junk status	Sovereign credit downgrades affected Transnet's corporate rating and debt instruments.	Higher capital market costs, increased debt service expenses.
 April 2020: S&P downgrade. November 2020: Moody's junk status.	Lockdown reduced industries' output, hurting Transnet's revenue (e.g., TPT & TPL)	Economic slowdown hit container and fuel demand, delaying division recoveries.

## Financial year 2021/22

Incidents & Events	Immediate Impact	Residual Impact
 Rising energy costs (electricity, fuel) strain households, businesses	Transnet's energy costs rise, impacting sustainability, especially rail division	Transnet absorbed energy cost rise, impacting margins, prompting tariff review
 Social unrest in KZN, spread across country, disrupting businesses (July 2021).	Transnet stopped KZN ops, hit Richards Bay, Durban, affecting performance	KZN recovery, like port ops, delayed, leading to lost throughput
 Cyber attack, intrusion disrupt normal processes (July 2021)	Cyber attack halted systems, Force majeure declared. Manual port ops for a week, hurt efficiency	N/A
 Voluntary Severance Packages offered and 2,690 accepted (Aug 2021)	Initial increase in operating costs from severance payouts	R1 539m savings achieved in personnel costs FY 23
 Two fires damaged Richards Bay Bulk terminal conveyors (Oct 2021)	Incidents disrupted bulk ops, causing revenue loss from downtime.	Conveyor delays disrupted ops, lowered efficiencies
 Dept. of Transport published Rail Policy White Paper (March 2022)	NRP aimed for rail market reform via 3rd party access	Transnet starts 3rd party access, TFR restructuring.

## Financial year 2022/23

Incidents & Events	Immediate Impact	Residual Impact
 KZN faces heavy rainfall, flooding (April 2022)	Transnet halts operations during flooding, incurs cleanup costs.	Transnet writes off flood-damaged equipment, impacting maintenance due to parts lead time.
 Transnet experiences labour instability through strike action (October 2022)	Transnet suspended ops for employee and asset protection	Disruption hurt ongoing operating tempo recoveries
 Constitutional Court confirmed Transnet right to terminate neutrality agreement in Sasol/Total dispute with Transnet Pipelines, referred matter to the High Court for resolution	Continued implementation of revised tariff regime, pending outcome of high court determination process	Positive outcome from ongoing matter may enable Transnet to recover debts accumulated from client short payments



# BURNING PLATFORM ISSUES

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# Divisions: Freight Rail Key Binding Constraints



## Key Binding Constraints

## Description



**Locomotives**



**Infrastructure**



**Security**

- ❖ 25% reduction in available locomotive fleet in 2021/22 as compared to 2017/18 (32% reduction in Export Coal)
- ❖ At the end of FY 2019/20, there were 106 longstanding locos. By the end of FY 2022/23, there were 315.
- ❖ Decreased loco reliability due to non-availability of locomotive spares

- ❖ Systemic underinvestment resulting in increased maintenance backlog due to limited funds
- ❖ Increased cost of incidents resulting in less planned v/s budgeted activities being executed (incident costs increased from R387m in 2017/18 to R1.1 Bn in 2022/23)
- ❖ Increase in derailments

- ❖ Crippling theft & vandalism of key infrastructure resulting in operational disruptions
- ❖ Cable theft increased from 120 km stolen in 2017/18 to 1 506 km in 2021/22; (reduced to 1 037 km in 2022/23)
- ❖ Incidents in high impact areas such as by-passes on the Export Coal line

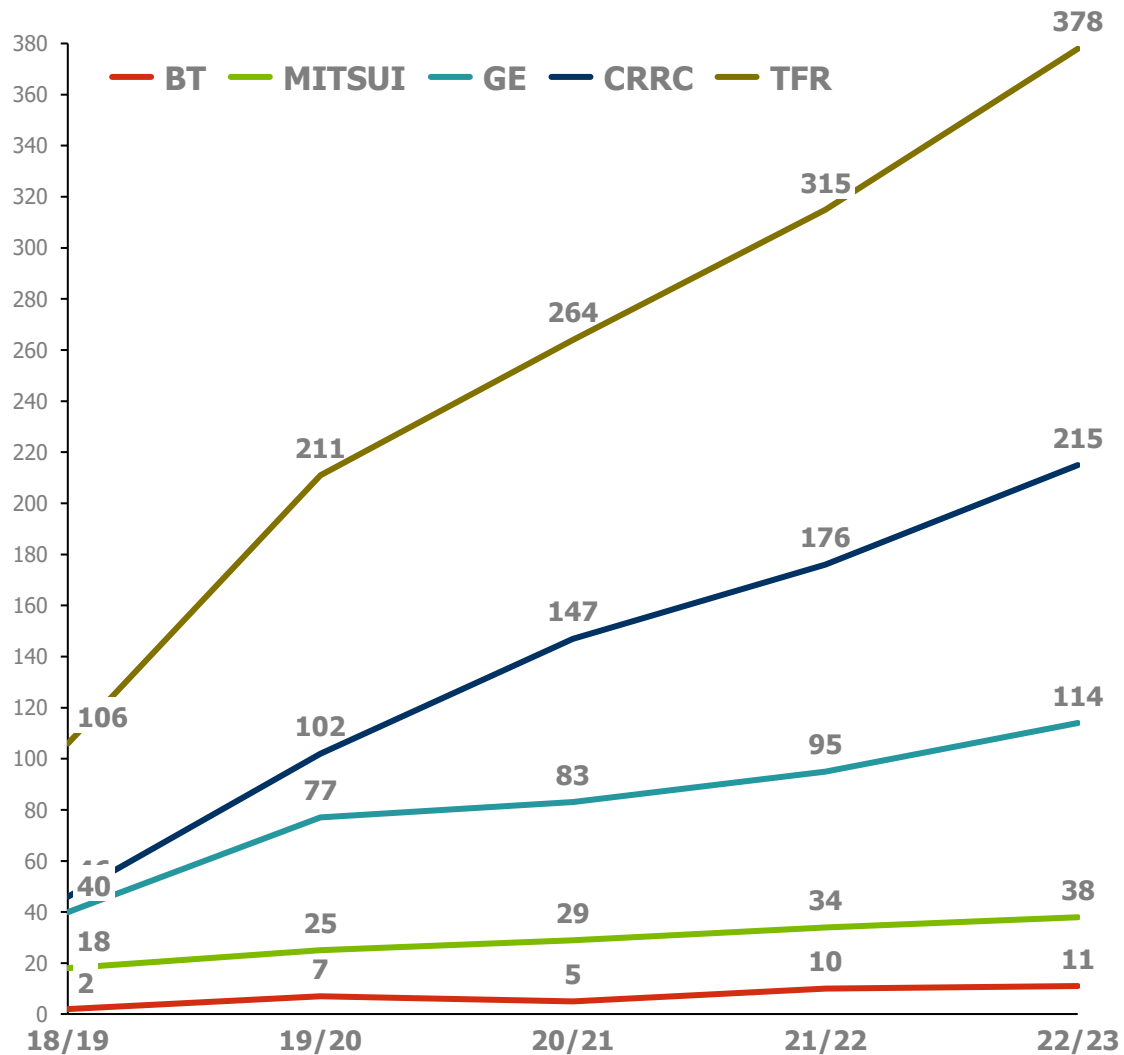


# Divisions: Freight Rail

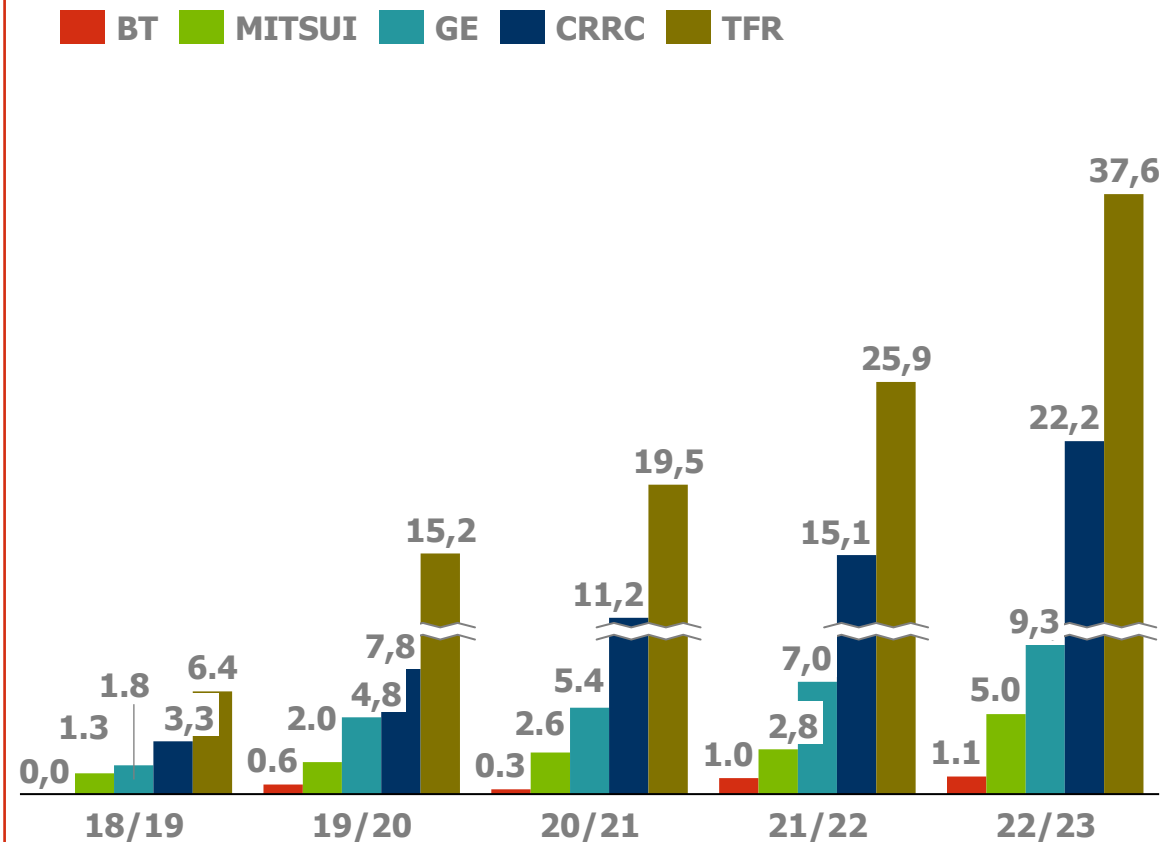
Unavailability of locomotives linked to the declining revenue



### Long Standing Locos – By OEM



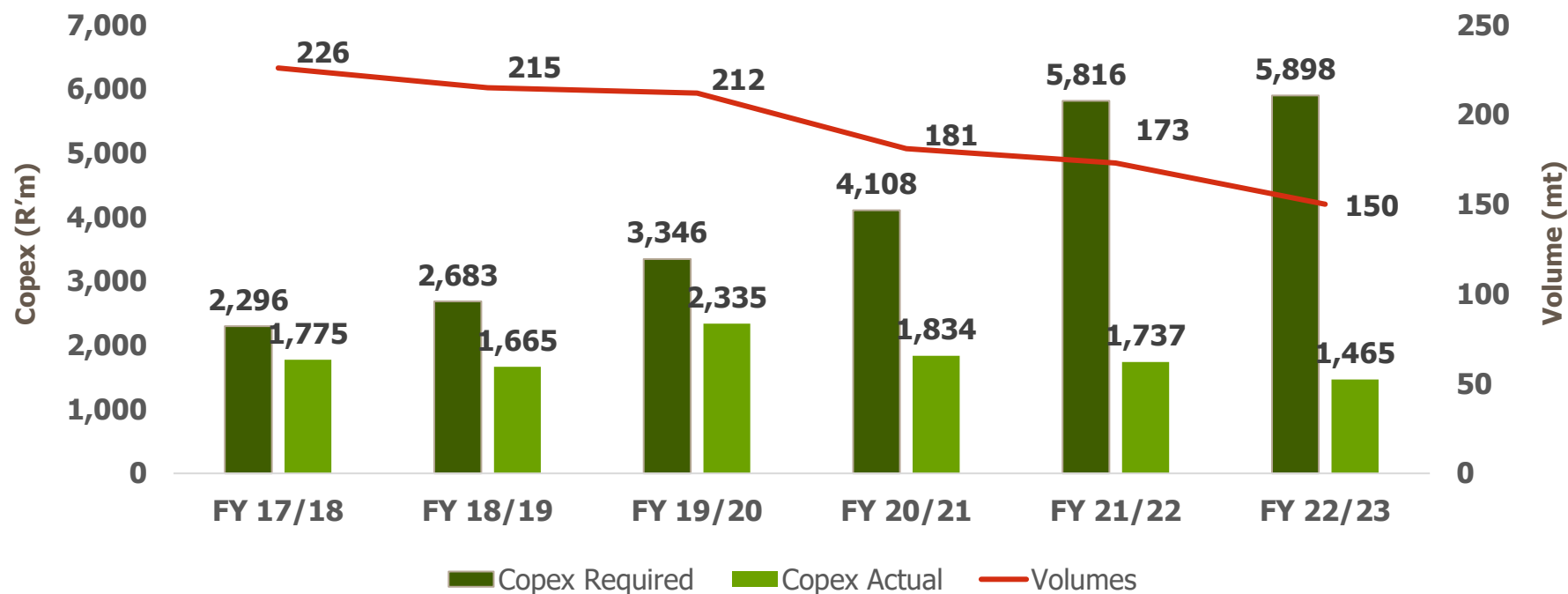
### Lost Revenue (R bn) due to LS Locos – By OEM





# Divisions: Freight Rail

Performance gap widening as rolling stock backlog increases (RM)



Overview of variance in planned vs actual copex expenditure FY 2017/18 to FY 2022/23

## KEY INSIGHTS:

- Widening gap between required and actual copex deployed has increased to ~302% (3x shortfall), resulting in freight volumes declining significantly by 6.6% (CAGR) over the period under review.
- Decline in copex expenditure is a result of multiple factors including, in ability to access locomotive spare parts (several OEMs), longstanding locomotives and lack of IP and technical support from multiple OEMs



# Divisions: Freight Rail Security Incidents



A huge spike in cable theft incidents over the last 5 years is escalating revenue loss & repair costs. Over the past 5 years, there has been a 179% increase in security related incidents, resulting in the theft and vandalism of infrastructure.

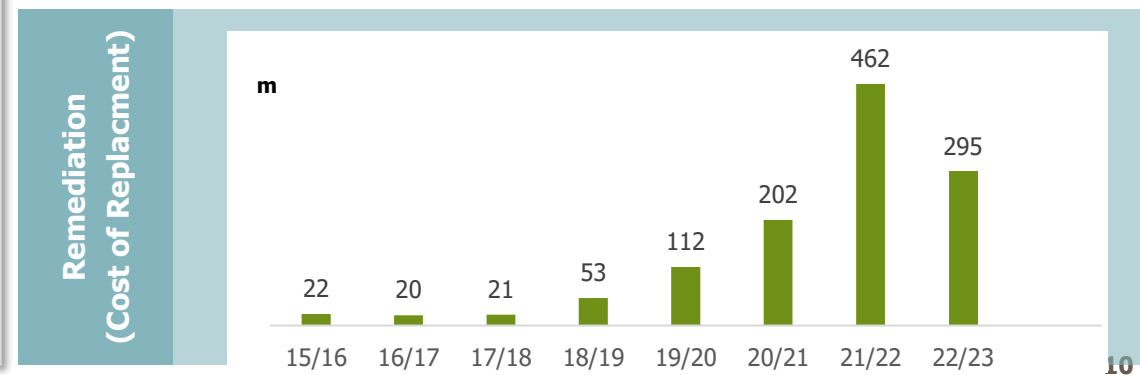
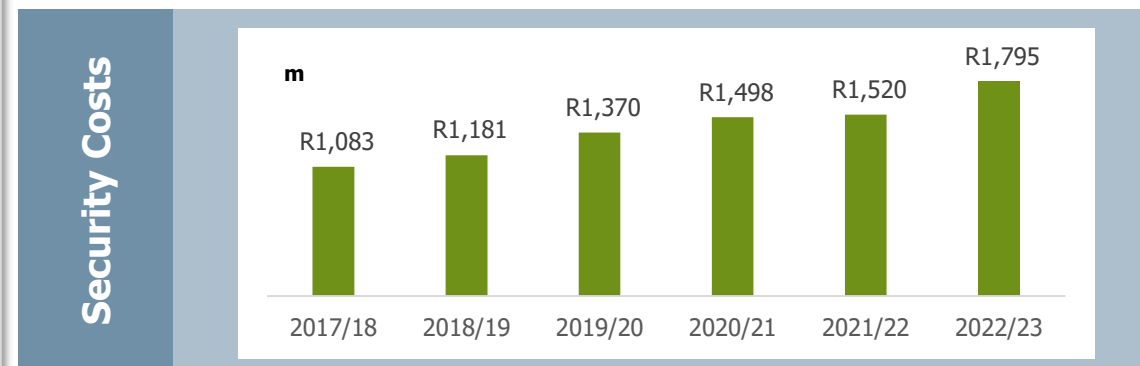
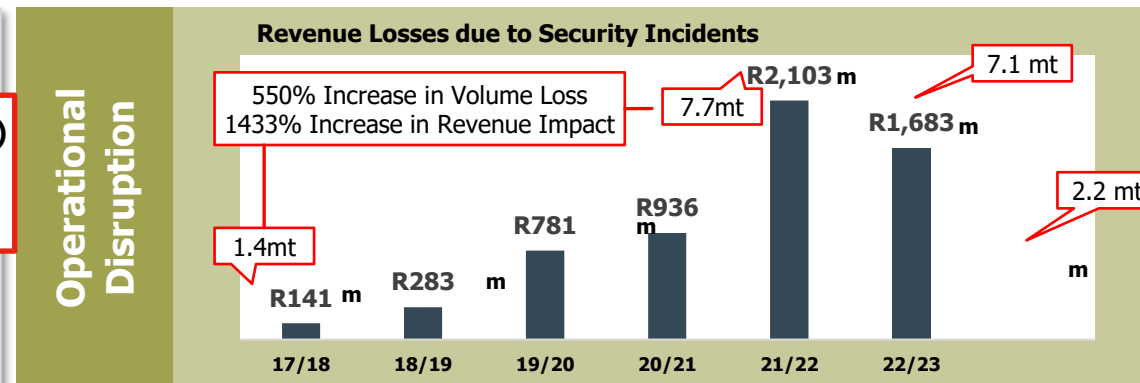
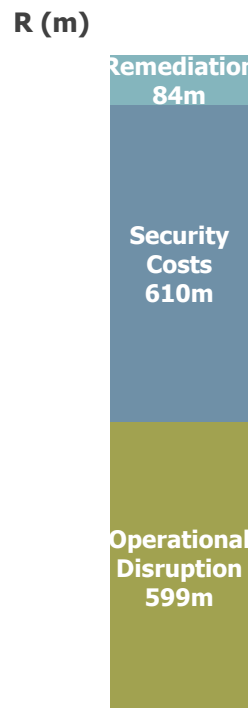
Although there is a 30% improvement in incidents in 22/23 when compared to the previous FY, incidents remain high.

**Over 1000 km cable have been stolen in financial year 22/23.**

Net financial impact for 22/23 is R3.7bn, which is a marginal improvement from the R4.1bn from FY 21/22.

Year	Cable Theft Incidents	Total (m)	Total (km)
2015/16	1 688	128 897	129
2016/17	1 709	113 425	113
2017/18	1 598	120 143	120
2018/19	2 045	274 951	275
2019/20	3 081	449 528	450
2020/21	3 477	724 171	724
2021/22	5 506	1 506 273	1 506
2022/23	3 877	1 121 270	1 121

**2023/24 YTD (end July 23)**  
**TFR Net Impact:**  
**~ R 1 293m**

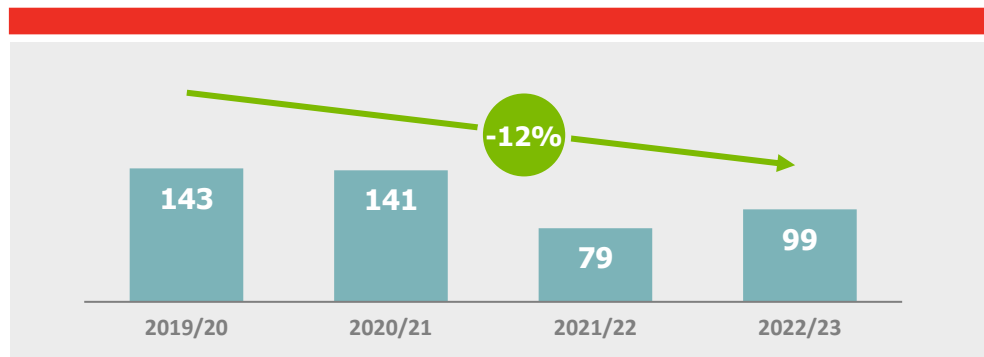




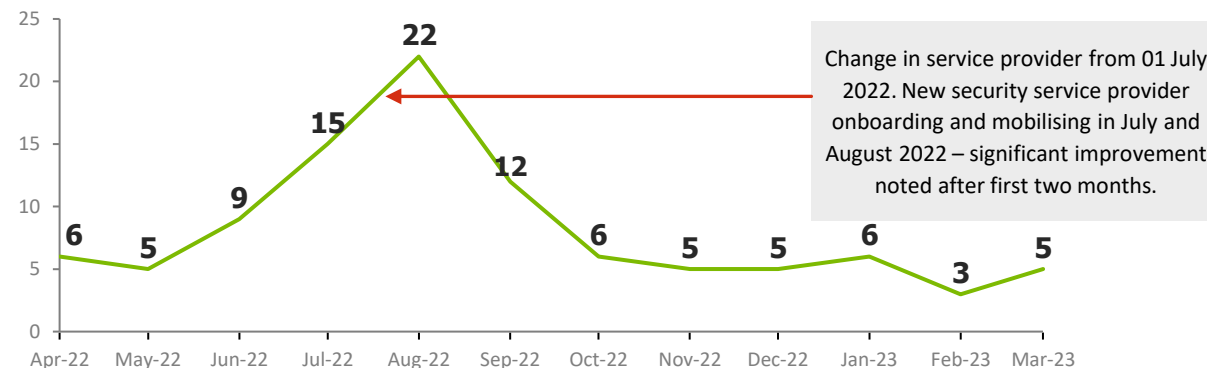
# Divisions: Pipelines Fuel Theft Incidents (FY 2019/20 – FY 2022/2023)



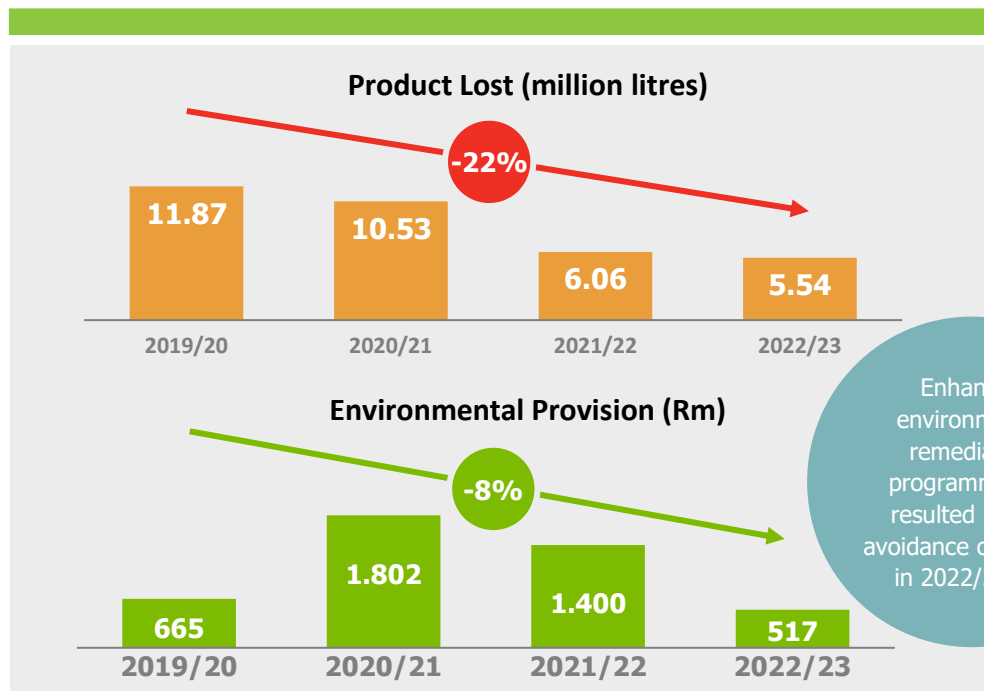
## Number of Fuel Theft Incidents



Per Month  
2022/23 FY



## Impact of Fuel Theft Incidents



## Highlights:

- ❖ TPL achieved a 57% reduction in fuel theft incidents.
- ❖ Improvement in the second half of the year due to new integrated security contract in partnership with law enforcement agencies.
- ❖ The environmental provision was reduced due to an enhanced environmental remediation programme.
- ❖ This has resulted in approximately R1,3bn in cost avoidance



### CONCLUDED SETTLEMENTS

Company	Progress Status
McKinsey	Settlement concluded in FY22 (May 2021)
Liebherr	Settlement concluded in FY23 (Dec 2022)
CRRC E-Loco	Discussion in progress
Bombardier/Alstom	Settlement concluded in FY 24 (August 2023)
Wabtec/GE	Settlement concluded in FY 23 (Nov 22)
ZPMC	Discussion in progress
Nedbank	Discussions in progress

### RICHARDS BAY LAND CLAIMS

- Transnet entered into an agreement with the Mandlazini Community in the Richards Bay area regarding a land claim settlement.
- The outstanding arrangement and effectiveness is to be resolved and formalised.

### TOTAL/SASOL

- Transnet is currently involved in 3 litigation matters centred around the tariffs payable by the NATREF partners (Sasol and Total) for the conveyance of crude oil from Durban to the NATREF refinery.
- On 21 June 2022, the Constitutional Court delivered judgment confirming that Transnet had validly terminated the Neutrality Agreement that was entered into with Sasol and Total. The matter was referred to the High Court for determination of other defenses raised by Transnet.
- On 27 June 2023, Sasol served Transnet with a review application against the NERSA’s decision of 23 February 2023 approving tariffs in respect of Transnet Petroleum Pipeline System for the conveyance of crude oil which tariffs would be applicable from 01 April 2023 up until 31 March 2024. Transnet is opposing the review application, and the matter is ongoing.



# OPERATING CONTEXT

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# E&S outcomes 2022/23FY



## Environmental stewardship

- **Carbon footprint** (mtCO<sub>2</sub>e): 16,3% reduction.  
**2023:2,73 (2022:3,27)**
- **Energy Efficiency** (tonne/GJ): 6,4% improvement  
**2023: 20,81 (2022:19,56)**
- **Environmental compliance:** **5** non-compliance notices and directives received (2022:9)
- **Environmental incidents** reported: **68** (2022:79)
- **Air Emissions Licences (AEL)** received:**4** (2022:3)
- **Air quality complaints:** **60** (2022:78)



## Health and safety

- **LTIFR:** 0,66 (2022:0,69) against tolerance of 0,75
  - **LTI's:** 417 injuries (2022:447).
  - **7 employees** suffered fatal injuries (2022:3)
- Mr Siyabonga Wiseman Zuma  
Mr Otshepeng Mokgoko  
Mr Donovan Daniel Denton  
Mr Desryl Fredericks  
Mr Josh Timothy Krishna  
Ms Siphesihle Mbalenhle Myeza  
Ms Siphesihle Nomthandazo  
Ndwadwe
- Transnet successfully obtained its three-year **Railway Safety Permit** valid from 29 August 2022 to 31 August 2025.



## Employment equity & Transformation

- Total headcount: **50 364**
- **Black employees:** **92,3%** of total headcount (target 91%)
- **Women at Executive** level: 47,1%
- **Women at extended Executive** level: 47,1%
- **People with disabilities** 2,2% of employees



## Building Industrial capability through transformative spend on B-BEEE

- **Total B-BBEE** spend: R30,2billion
- **Black-owned enterprises** spend: R14billion
- **Black women**-owned enterprises spend: R9billion of the 14 billion of black-owned enterprises
- **Exempted Micro enterprises (EME) spend:** R4,71billion
- **Qualifying small enterprises (QSE) spend:** R3,25billion
- **Black youth** enterprises spend: R2.05 billion
- **B-BBEE spend** as a % of the Total Measured Procurement Spend (TMPS): **102,5%** (2022:99,7%)
- **54,8%** of TMPS (**R 26.82 bn**) directed towards Black-owned Businesses (2022:42,9%)
- **B-BBEE Certification** Level of 2

# E&S outcomes 2022/23FY



## Community Development

- Invested **R109million** in community development (2022:R139million)
- **Phelophepa Trains I and II** provided healthcare to **448 329** patients in **68** communities
- Approximately **R69million** was invested in **comprehensive primary healthcare services**
- Approx **9500** reached through **Teenage Health Programmes**



## Sustaining employment in our communities

- Over **4 800** temporary jobs created through **Phelophepa I and II**
- **R7,75million** invested in **job creation efforts in communities** hard hit by unemployment.



## Skills development

- **830 trainees** enrolled in programmes (YPT:728) (EIT:54) (TIT:45)
- **R735million** was spent on skills development
- **22,10 B-BBEE skills development points** achieved – retaining Transnet's Level 2 status



## Research & Development

- Total spend on **R&D CAPEX projects: R75,9million** (Target: R76,9million)
- Several key products include:
- **Control Tower** & Internet of Things (**IoT**) platform
  - **Locomotive condition monitoring system (LCMS)**
  - **Train Control Management System (TCMS)**
  - Transnet's own **Standard Gauge Wagon Bogie**



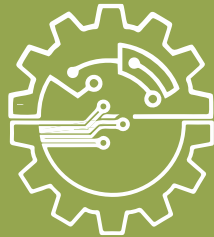


01



*Freight Rail*

02



*Engineering*

03



*National  
Ports Authority*

04



*Port  
Terminals*

05



*Pipelines*

06

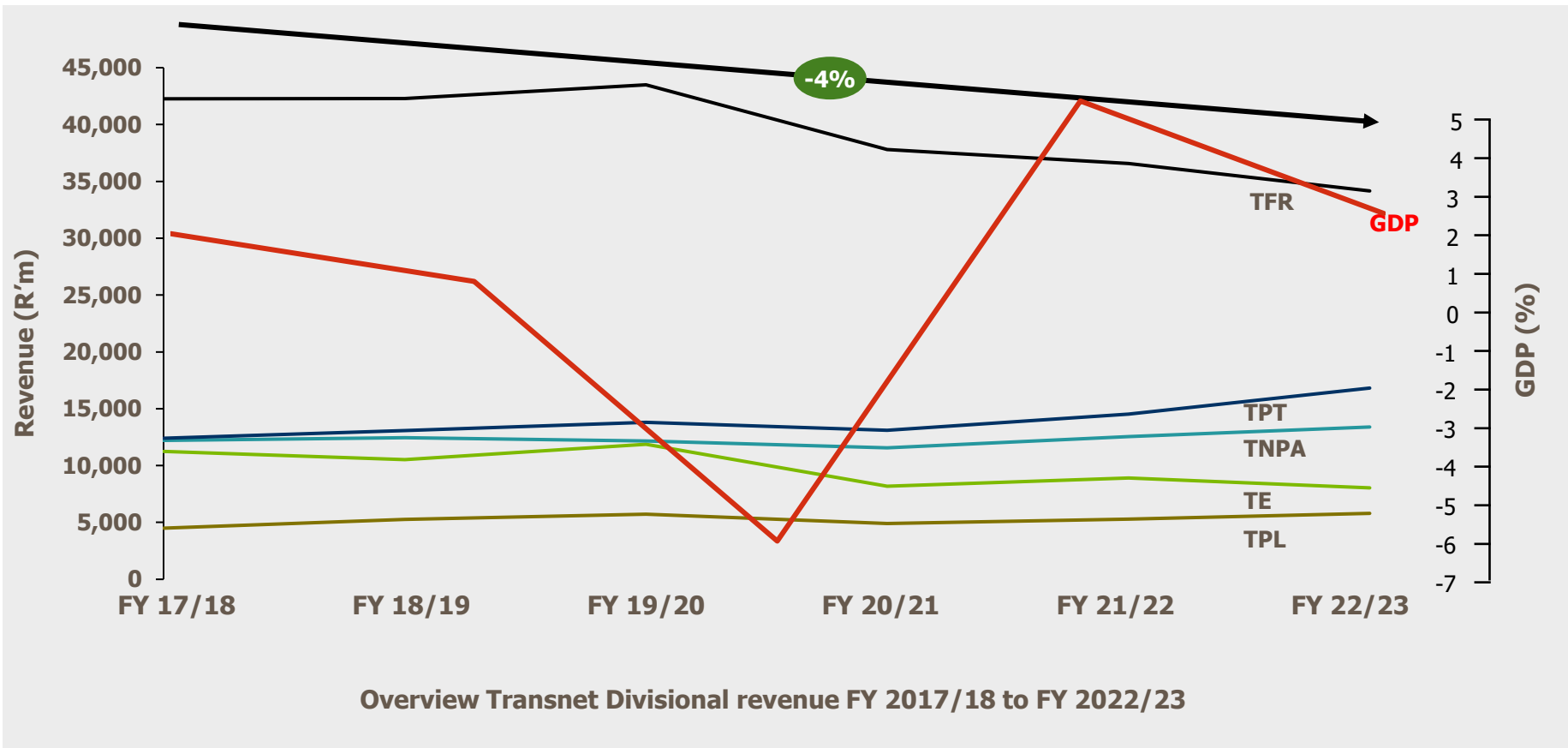


*Property*



# Transnet group: 6 Year revenue trend

Overall group revenue has declined due to underperformance in freight rail



## KEY INSIGHTS:

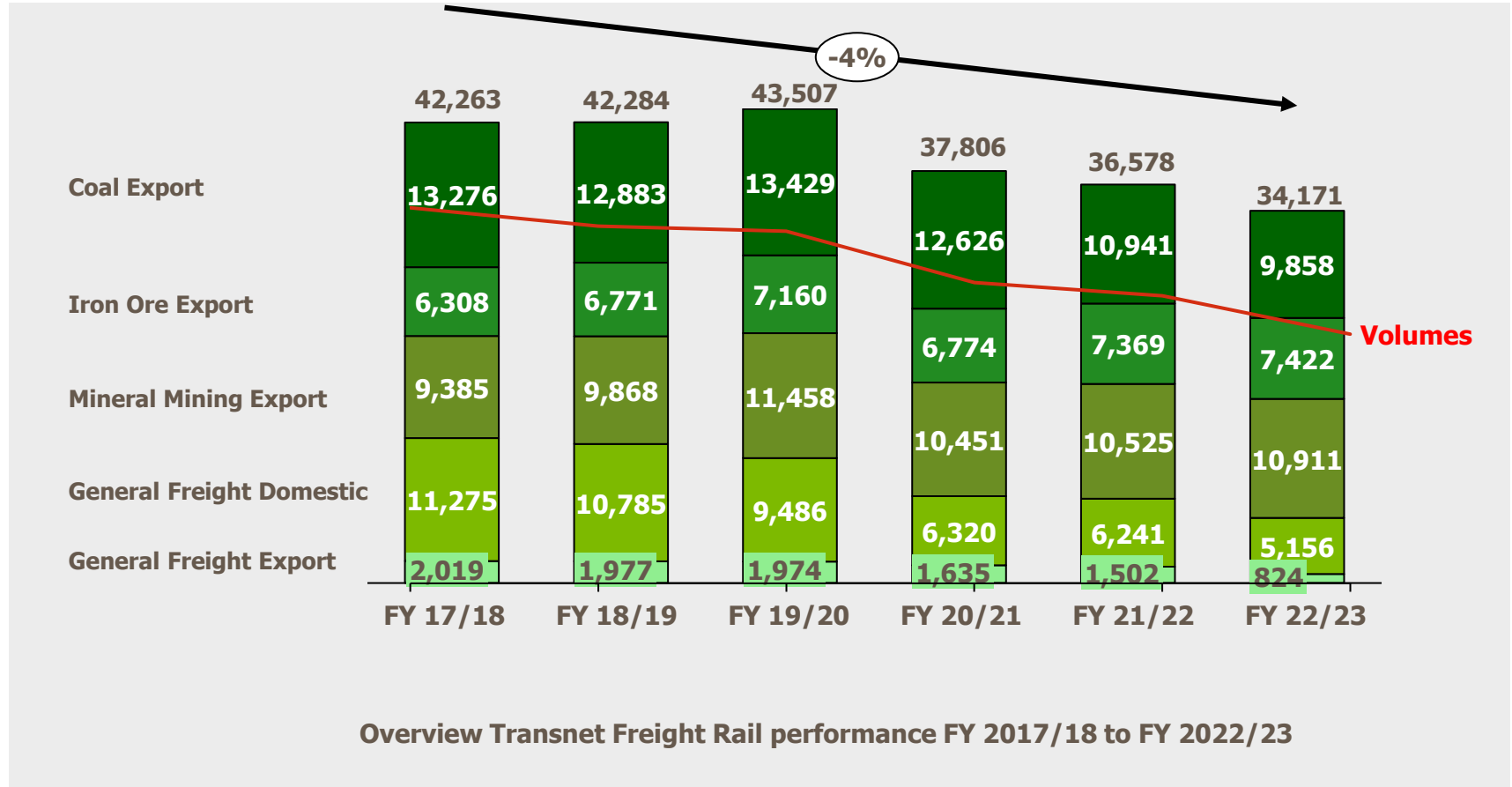
- Group revenue has declined 4% (CAGR) over the period under review, due primarily to the challenges and constraints experienced by the freight rail division
- Positive performance highlights over the same period across the group have come from the performance of the port terminals and pipelines divisions which increased revenue 5% (CAGR) and 6 CAGR) respectively



# Division: Freight Rail



Rail volumes have declined due to challenging operating environment and binding constraints



## KEY INSIGHTS:

- Freight rail performance has declined 4% (CAGR) driven by critical operational challenges and binding constraints which including increased theft and vandalism (over ~R1.1bn incident costs), reduced locomotive tractive effort availability and underinvestment in network reducing network quality

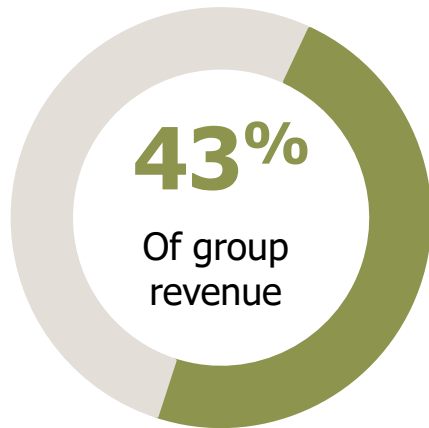


## Freight Rail



### Division Performance

### Opportunities within the division



<b>REVENUE</b> (Rm)	34 810
<b>OPEX</b> (Rm)	28 088
<b>CAPEX</b> (Rm)	11 288

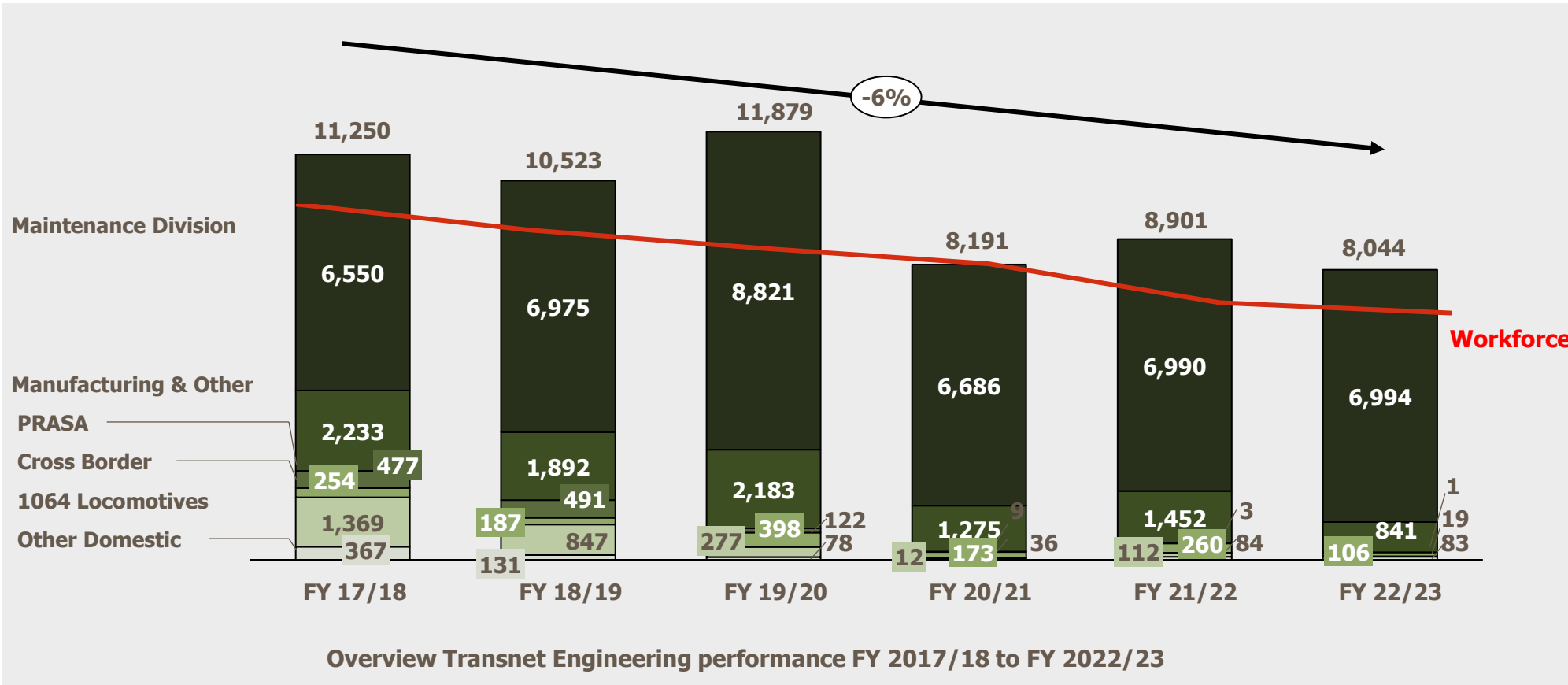
- Focus on rail network rehabilitation to improve service delivery
- Improve rolling stock quality
- Deploy digital solutions for greater efficiencies and client responsiveness
- Address security-related incidents
- Optimise commercial returns through reviewing cost allocations
- Leverage private sector participation models to raise capital enhance volumes and improve utilisation
- Align to rail reform requirements



# Division: Engineering



Scaling down of new locomotive and wagon build program has adversely impacted engineering revenue

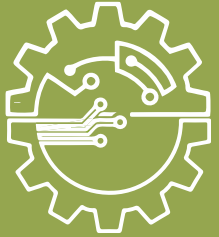


### KEY INSIGHTS:

- Reduction in manufacturing activity as delivery for 1064 build program has wound down reducing Engineering revenue 6% (CAGR) over the period
- Division is the process of repositioning its focus to leverage on its engineering and manufacturing capability to capitalise on emerging opportunities in local market emanating rail reform developments

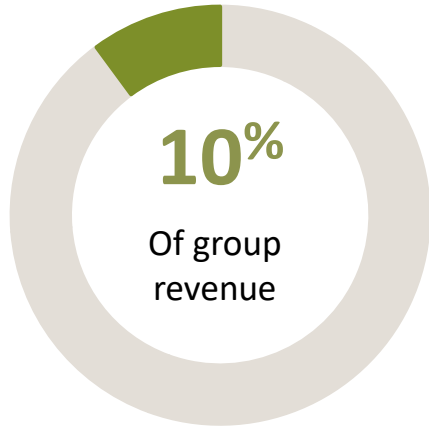


## Engineering



### Division Performance

### Opportunities within the division



<b>REVENUE</b> (Rm)	8 045
<b>OPEX</b> (Rm)	10 034
<b>CAPEX</b> (Rm)	11

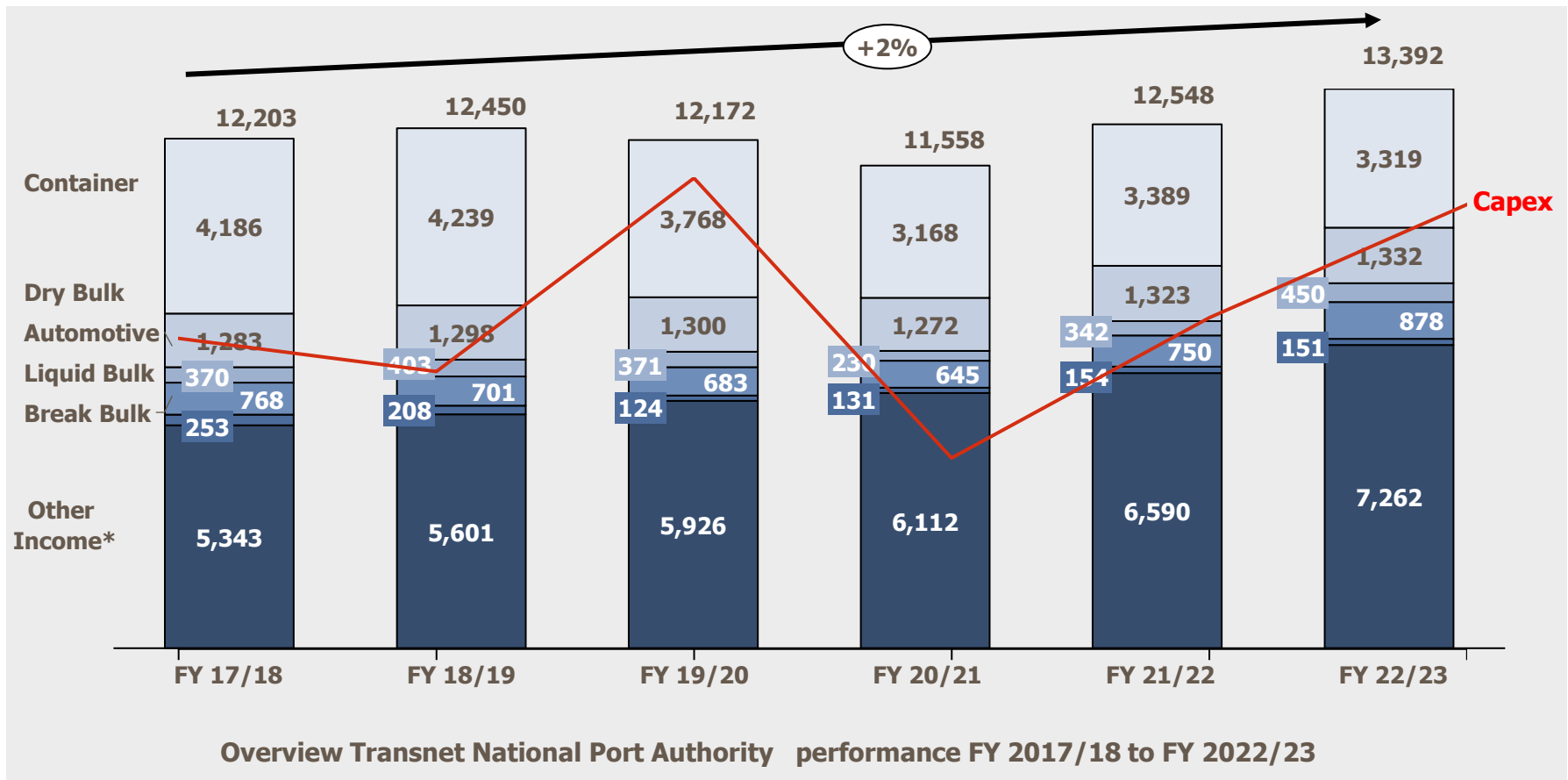
- Evolving policy will see and increased demand for rolling stock from private train operator companies
- Engineering is transitioning away from a reliance on rail maintenance to rolling stock manufacturing and remanufacturing
  - The initial phase of the transition will focus on establishing an affordable business
  - The secondary phase will aim to grow emerging business including port maintenance expanding manufacturing and establishing a rolling stock leasing company



# Divisions: National Ports Authority



Improved performance in auxiliary services has improved the revenue generation across the port network



### KEY INSIGHTS:

- Ports authority's revenue has grown marginally (2% CAGR) over the reviewed period, however, the previous financial year demonstrating above average growth of 10.2% due to improved performance in several segments, including port authority (dues), rental income and external dredging services (serviced neighbouring ports across SADC).

\*Other: Real Estate | Port Authority | Marine Services | Ship Repair | Internal Transnet revenue and recoveries | Dredging services (external)

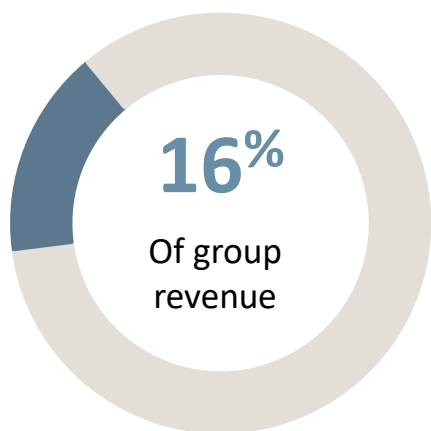


## National Ports Authority



### Division Performance

### Opportunities within the division



<b>REVENUE</b> (Rm)	13 392
<b>OPEX</b> (Rm)	5 895
<b>CAPEX</b> (Rm)	1 551

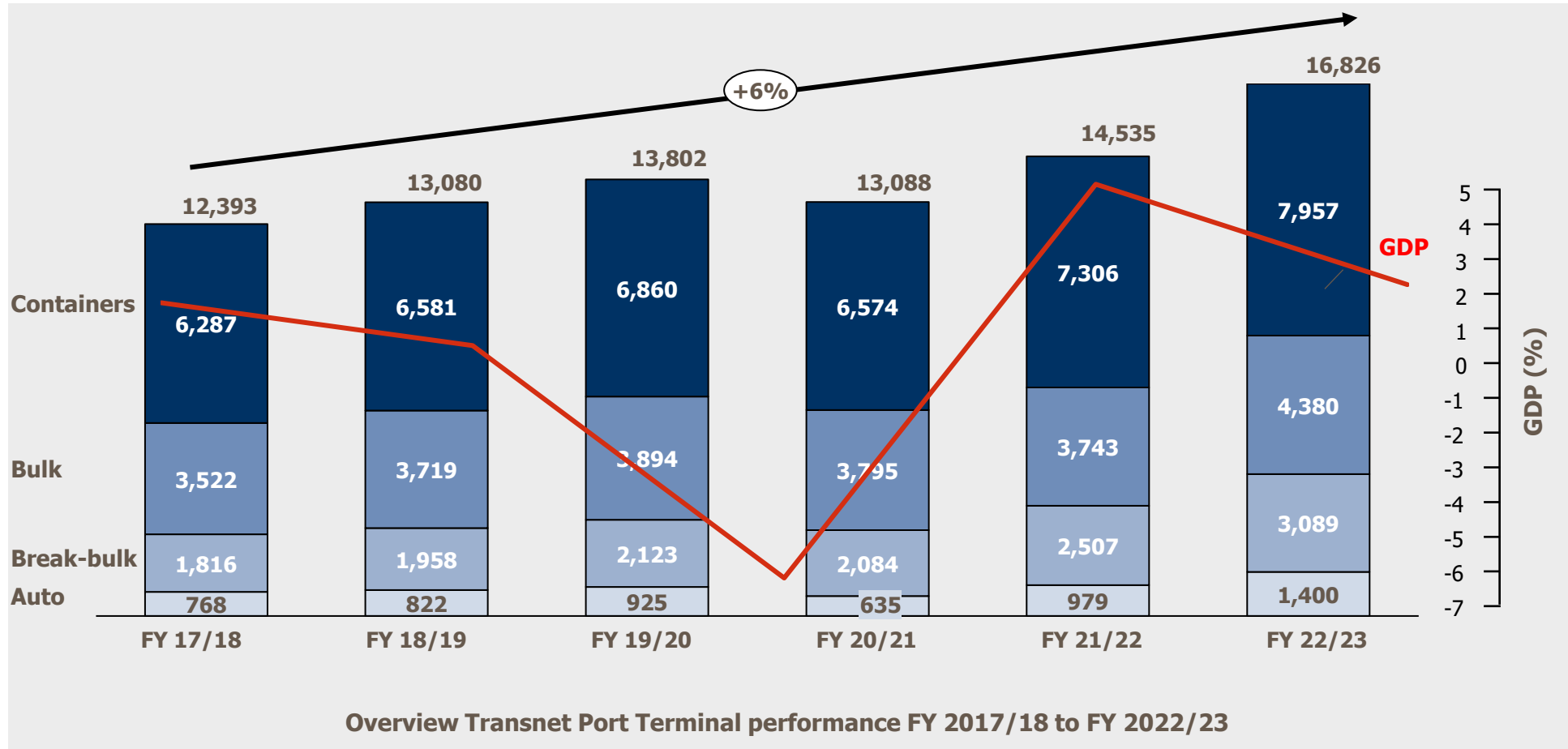
- Embarking of several game changing projects more than R14bn over next 3 to 5 years:
  - LNG Project at Port of Richardsbay;
  - Widening and deepening of port of Durban entrance channel and Point Container Terminal;
  - Container & Automotive terminal expansion at Port of Durban;
  - Deeping of berth at Port of EL;
  - Liquid bulk and manganese terminals at Port of Ngqura, including conveyor belt for manganese;
  - Development of Culemborg logistics park;
  - Ore expansion berth at Port of Saldanha; ect



# Division: Port Terminals



Strong performance in key segments has driven significant increase in terminal revenue



## KEY INSIGHTS:

- Port terminal revenue increased 6% (CAGR) over the period and has recovered over last few years to exceeded preCovid-19 pandemic levels
- Improved performance within the bulk, container and automotive segments have been key to strong revenue growth within segments which grew 8.2%, 4.4% and 19.6% (CAGR) respectively

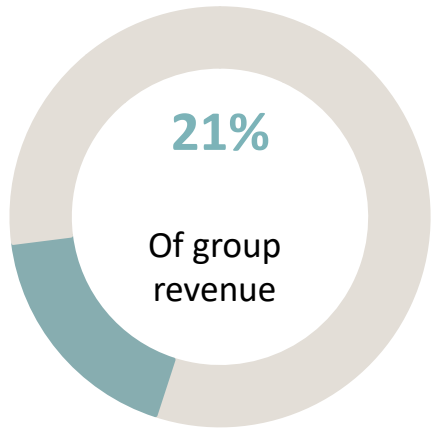


## Port Terminals



### Division Performance

### Opportunities within the division



<b>REVENUE</b> (Rm)	16 826
<b>OPEX</b> (Rm)	10 919
<b>CAPEX</b> (Rm)	1 037

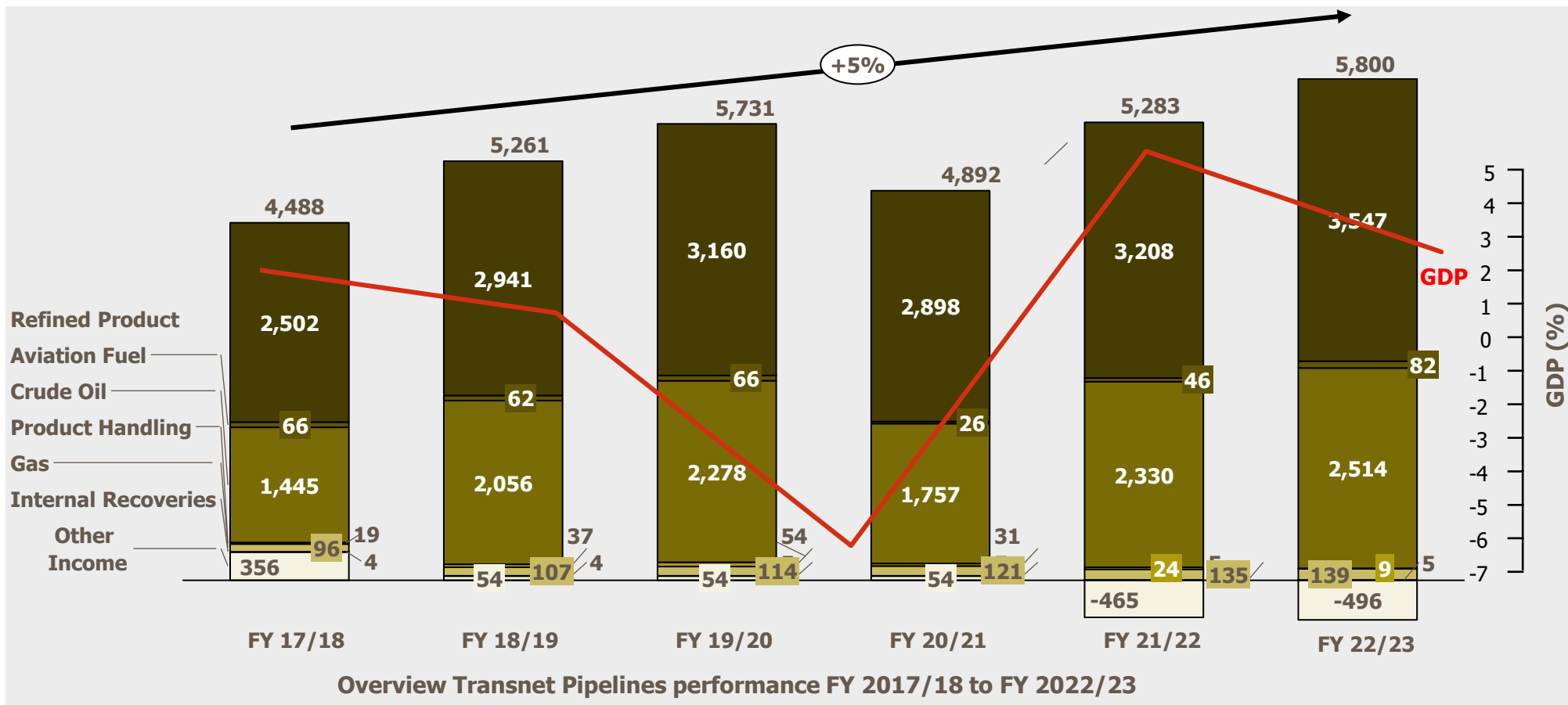
- Port Terminals has embarked upon a journey to become a world-class terminal operator, streamlining its operational processes to provide increased value to customers and stakeholders.
- Technology remains a critical driver of operational efficiency, These include remote equipment operations to streamline processes and improve service delivery.
- The utilisation of data analytics and business intelligence aids in the performance of root cause analysis, which inform strategies to enhance operational processes.
- The long-term partnerships with OEMs to acquire key operational equipment will include technical support over its life cycle and will improve lead times for acquiring spare parts. Other potential benefits include standardisation of components (simplifying inventory management) and promoting local vendor development.



# Division: Pipelines



Growth in demand for refined products has resulted in improved revenue generation for pipeline division



**KEY INSIGHTS:**

- Pipeline division has demonstrated robust revenue growth over the period of 5% (CAGR) and also exceeded preCovid-19 revenue figures
- Improved performance led by a strong recovery in demand for refined fuel products (e.g., diesel) and crude oil by customers

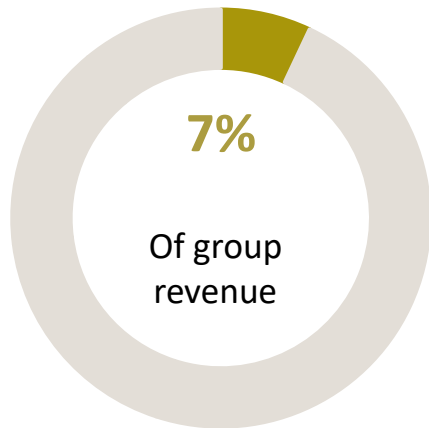


## Pipelines



### Division Performance

### Opportunities within the division



<b>REVENUE</b> (Rm)	5 800
<b>800OPEX</b> (Rm)	937
<b>CAPEX</b> (Rm)	32

- In response to changing energy regulations, Pipelines has developed a multi-faceted approach that will focus on:
  - Increasing customer utilisation of infrastructure assets
  - Improving asset operating efficiency
  - Enhancing exposure to emerging service lines e.g. gas and energy storage
  - Minimising security-related incidents
- Pipelines also intends developing the coastal terminal at Durban for product accumulation to enable security of fuel supply for existing customers and new entrants

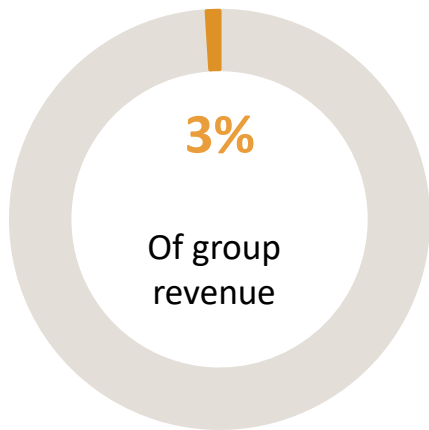


## Property



### Division Performance

### Opportunities within the division



<b>REVENUE (Rm)</b>	2 242
<b>OPEX (Rm)</b>	2 544
<b>CAPEX (Rm)</b>	64

- Property has developed an optimisation strategy to address underperformance of the property portfolio and to achieve commercial self-sustainability. Key objectives of the strategy are to:
- Execute disposal transactions of non-core properties
- Accelerate collaboration with the private sector to jointly develop commercial opportunities or to offer its assets for private development



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# STRATEGY & LOOKING AHEAD

Portia Derby









# Transnet is collaborating with the NLCC to resolve logistics challenges in its drive to turnaround the business



Transnet's **Reinvention and Growth Strategy (RGS)** has been developed with the aim of addressing **operational challenges** and **improving execution** of the mandate.

The **NLCC** targets urgent **revitalization of logistics sector** and plans to implement lasting reforms, including **private sector involvement**, to boost logistics **efficiency** and **economic impact**

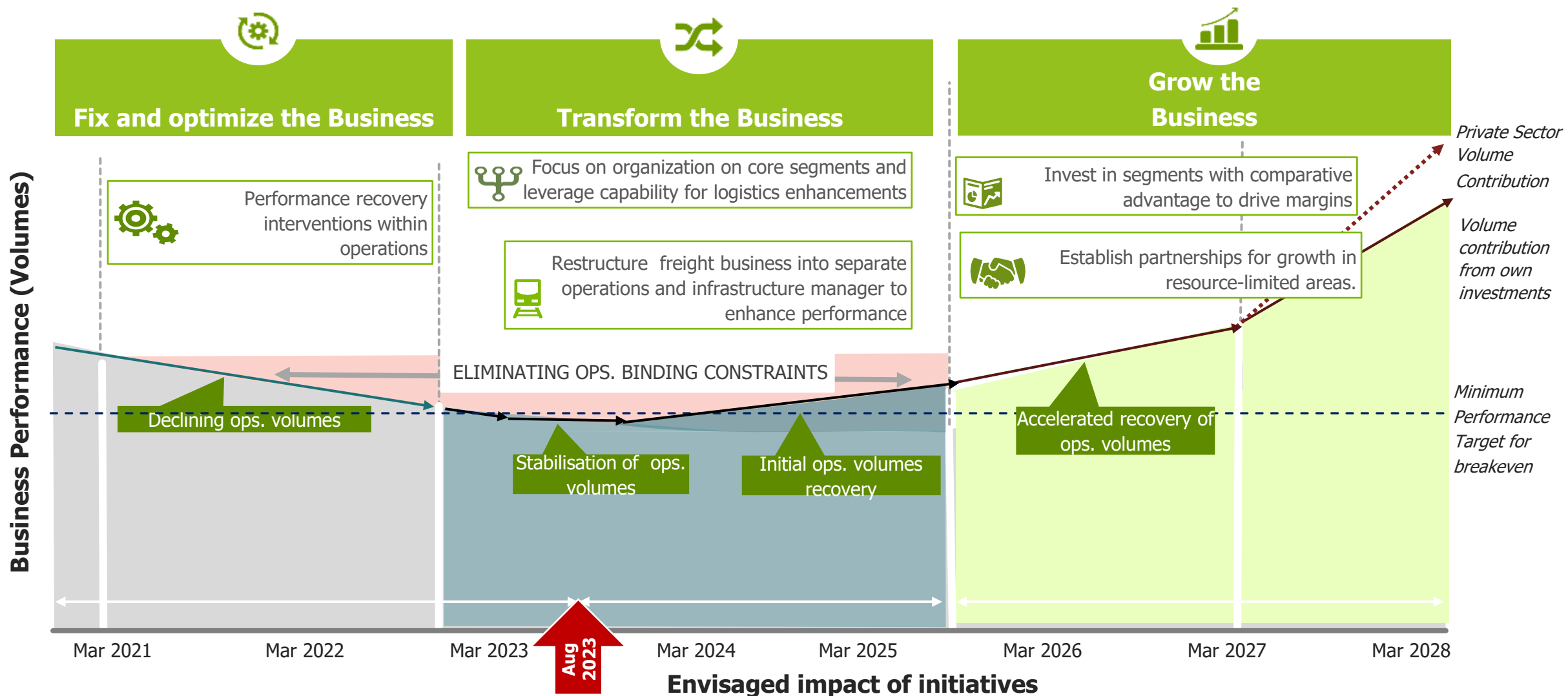
		
<b>Fix and optimize the Business</b>	<b>Transform the Business</b>	<b>Grow the Business</b>
<b>Tactical</b>	<b>Transformative</b>	<b>Expansionary</b>
<b>Operationally focused</b> initiatives aimed at <b>protecting current revenue</b> sources, <b>improving the way</b> in which we do business, <b>saving costs</b> and delivering on current mandate	Development of a <b>new way of doing business</b> , a <b>fundamental change</b> to operating models (incl. rail operating model reform) and <b>longer-term repositioning</b> of the business	A mix of initiatives intended to leverage <b>successes</b> of <b>repositioning</b> to expand market share with <b>focus</b> being on areas of <b>inherent</b> and <b>acquired</b> comparative advantage

		
<b>Focus Area</b>	<b>Government and Business</b>	<b>Private Sector</b>
<b>Approach</b>	<b>Collaboration</b>	<b>Participation</b>
<ul style="list-style-type: none"> <li>Addressing urgent logistics problems: Operational inefficiencies and maintenance backlogs.</li> <li>Procurement reform</li> <li>Combating cable theft and maintenance issues.</li> <li>Resolving Transnet-CRRC contracts</li> </ul>	<ul style="list-style-type: none"> <li>Government and business collaborate to back NLCC work streams.</li> <li>Collaboration will enable Resource Mobilisation and access to private sector funding and expertise.</li> </ul>	<ul style="list-style-type: none"> <li>Reforms to boost private sector role in rail and ports networks.</li> <li>Government channels private sector involvement to prevent conflicts.</li> </ul>

← Collaboration, Exchange of ideas, Leveraging resources and capital →



It is envisaged that the collaborative effort with the NLCC will reposition Transnet for growth in the medium-term

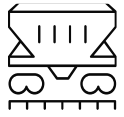




# Core to our reinvention will be the PSP transactions which will enable the realisation of strategic objectives defined for each of Transnet's core segments

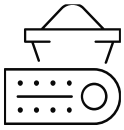


## Bulk Minerals



### Iron Ore

Stabilise delivery and support growth in the iron ore sector to ~ 67 mtpa



### Manganese

Migrate exports to Ngqura and introduce private sector capital and capabilities to grow to ~ 22 mtpa via Ngqura and Saldanha



### Coal

Bring in locos and invest in maintenance to restore South Africa's export coal capacity ~ 79 mtpa



### Chrome and Magnetite

Sustain SA's chrome export lead, boost channels via Richards Bay and Maputo ports for ~37 mtpa total (21 mtpa Chrome, 16 mtpa Magnetite)

## Energy



### Liquid Fuel

Expand fuel import capacity to facilitate new entrant access, while ensuring security of supply to the country



### Gas

Establish a robust Natural Gas Network infrastructure for a sustainable energy mix



### Green Energy (i.e. Green Hydrogen)

Repurposing existing pipeline and storage infrastructure to drive the development of a sustainable energy future

## Agriculture



### Fruit

Maintain integrity of the fruit export cold chain



### Grain

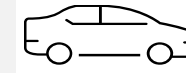
Standardise grain intermodal solutions to lower the cost of logistics and reinstate rail as a partner

## Container / Automotive



### Container

Reposition by leveraging private sector partnerships to rejuvenate the port terminal businesses, & fundamentally reform the non-viable container rail business.



### Auto

Reposition the auto business through high-capacity automotive export corridor via Gqeberha



# Overview of the progress made in executing our various PSP transaction (1/2)

■ Completed stage    
 ■ Current stage    
 ■ Process stopped

Segment	Initiative	OD/s	Origin	Type	Joint Investment Partner Selection Stage Update						Comment
					Pre-feasibility	Feasibility	Partner Selection	Contract & Fin. Close	Execution	Post-Impl. Review	
CONTAINERS	DCT Pier 2	TPT	SP	JITP							Due Diligence, Contracting & Financial Close
	NCT	TPT	SP	JITP							Partner Unsuccessful – Re-strategise & Redirect
	Point Container Terminal	TPT/TNPA	SP								Conclude Funding and commence Feasibility
	Container Corridor PSP	TFR	CI	JITP							RFQ Bid evaluation
AUTO	Ukuvuselela	TFR	SP	JITP							Award Turnkey RFP & Commence Construction
	Kaalfontein	TFR	SP	JITP							Decision on the integration with ConCor PsP
ENERGY	TM1 – MPP Ph. 1B	TPL	CI	CI			N/A				Award the first execution contract
	TM1 – TFIT	TPL	CI	JITP							Concept & pre- feasibility study
	RB LNG	TPL	SP	JITP							RFP submission
	RB LNG	NPA	UP	JITP							Tender Close
	NGQ LNG	NPA	SP	JITP							Program alignment with multiple Section 79 holders (Mulilo Total, KPS and SFF/Tamasa)
COAL	Consolidation @ RBCT	NPA/TFR	SP	CI							Pending ops improvement to nameplate volumes
	Intermodal Operations	NPA/TFR	CI	CI			N/A	N/A	N/A		Investigative analysis to identify suitable sites for road truck deliveries and rail shuttle to PoRB, in progress.
CHROME & MAGNETITE	CFM Collaboration	TFR	SP	CI			N/A	N/A		N/A	Run-through operations in execution for Magnetite & Coal
	Optimise Bayvue RY	TFR	CI	CI			N/A	N/A		N/A	Delayed. Operational improvement target at risk
	RB TPT/Bidvest JV	TPT	SP	JITP							Board approval of structuring parameters Expected Ph1 Commissioning



# Overview of the progress made in executing our various PSP transaction (2/2)

■ Completed stage    
 ■ Current stage    
 ■ Process stopped

Segment	Initiative	OD/s	Origin	Type	Joint Investment Partner Selection Stage Update						Comment
					Pre-feasibility	Feasibility	Partner Selection	Contract & Fin. close	Execution	Post Impl. Review	
Iron Ore	Saldanha Capacity	TFR/TPT/NPA	SP	JITP							i. Transnet/Industry joint channel condition assessment – service provider appointed 67mtpa Scope Validation complete
MANGANESE	Ngqura Manganese Terminal (NMET)	TPT/TNPA	SP	JITP							i. Proceeding through governance process to appoint the preferred bidder
	16Mtpa Manganese (Mn) Rail to Ngqura	TFR	SP	JITP (TBA)							i. RFP for EPC to be issued to the market in October 2023
MULTI-SEGMENT	Slot Sales	TFR	SP	JITP							Traxtion appointed for initial phase and is in process of being onboarded
	Boegoebaai	NPA/TFR	SP	JITP							RFP underdevelopment and to be issued to market
	TE LeaseCo	TE	SP	JITP		N/A					Undergoing governance process to appoint the preferred bidder



# LOOKING AHEAD



**REINVENT**  
FOR GROWTH



## Divisions: Freight Rail

- Long Standing Locomotive Estimated Delivery Plan – Balance in negotiation

Long Standing Locomotive Delivery Estimated Delivery Plan																	
Class	OEM	22/23			23/24												
		Feb	Mar	Total	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
20E	CRRC	8	4	12	7	3	10	5	5	3	5	1	0	0	0	0	39
21E	CRRC	3	1	4	3	1	3	6	3	5	0	4	0	0	0	0	25
22E	CRRC	8	13	21	9	14	17	5	10	13	4	1	0	0	0	0	73
15E	Mitsui	1	0	1	0	1	0	1	0	1	0	0	0	0	0	0	3
19E	Mitsui	4	3	7	4	3	6	2	2	4	0	0	3	0	0	0	24
23E	Alstom	1	1	2	2	1	4	1	0	0	0	0	0	0	0	0	8
43D	Wabtec	5	2	7	5	2	4	6	2	3	1	0	0	0	0	8	31
44D	Wabtec	7	6	13	6	6	12	5	4	1	0	0	0	0	0	0	34
45D	CNR	1	2	3	0	1	0	1	0	0	0	0	0	0	0	0	2
<b>Total</b>		<b>38</b>	<b>32</b>	<b>70</b>	<b>36</b>	<b>32</b>	<b>56</b>	<b>32</b>	<b>26</b>	<b>30</b>	<b>10</b>	<b>6</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>237</b>



# Divisions: Freight Rail and Port Terminals

## Progress on MRSA's



### Key Initiative

### Current Status



- 1. Long Term OEM Collaboration**
  - ❖ Acquisition of Port Equipment for a period of 10 years
  - ❖ Asset life cycle management for the operational life of each piece of equipment acquired

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- 2. Existing equipment support and maintenance**
  - ❖ Seven-year contracts with OEM's on existing equipment for supply of spares and provision of services


- ❖ Bid closed
  - ❖ Currently completing Post Evaluation steps (Technical and Financial evaluations completed)
  - ❖ Target award and contracting : September 2023 – November 2023
- 
- ❖ Approval granted to approach each of the 44 existing OEM's for all existing Port Equipment for the supply of spares and technical Services
  - ❖ Target award and contracting to the 14 priority OEM's: September 2023




- ❖ Negotiations with Alstom completed, outcome to be presented to governance forums.
- ❖ Wabtec pricing negotiations in progress
- ❖ CRRC MRSA has been updated and all conditions precedence's are being verified if a settlement is reached.
- ❖ MRSA for 15E and 19E will be negotiated at a later stage as Mitsui failed to respond to the Long-Standing Locomotive confinement. Approval will be sought to approach Alstom for MRSA to support these fleets


### 01 Digital Transformation

 An **OD Mapping exercise** together with TIA is currently being performed to ascertain the processes that are manual vs digital along with risks, controls and technology. This exercise will give insight to digital journey ahead.

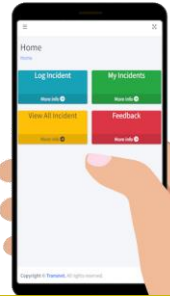
 A vendor has been appointed together with the CDO to assess the organisations **digital readiness** and derive a strategic transformation approach

### 02 Digital Team

 The digital team was formulated in **April 2022**  
 2 FTC have been appointed  
 6 Permanent Staff  
 2 Young Professionals in Training

 The **skills acquired**: Business Analyst, Data Analytics, Data Science, Machine Learning, Artificial Intelligence, System Architecture & Design & Business Process Engineer

### 03 Digital Deliverables



Universal Incident Logging Mobile App Developed



**UN Sanctions app** allows the organisations to validate employees and vendors against the global sanctions. **Data Leakage Prevention** is an app that prevents users from screenshotting information from Teams calls and sensitive business applications both on the Transnet laptop or physically



**Prototyping** has been introduced to the organisation as a modern concept to delivering solutions. This significantly reduces the cost of utilising a vendor to determine the business needs

### 04 Digital Priorities



**Single Source Truth** is a project to ensure everyone in the organisation bases decisions on the same accurate data



**Digital Presence** Transnet website which includes one stop shop for customers to interact with ODs and the Blue Train



**Employee Marketplace** allows staff to be assessed and best align their attributes to new job opportunities

**Procurement** Automation of the end-to-end Procurement processes

### 05 Digital Office Benefits



Improving **Customer Experience** through platform and digital interactions  
 Enabling **Higher Process Efficiency** by introducing optimised processes

**Increased Agility** by responding to business needs via modern approaches  
 Introducing **new technology** to enable change

**Improving employee performance** by reducing mundane and outdated tasks  
 Utilising **advanced analytics** to enhance Business Reporting





# TFR DIGITAL TRANSFORMATION STRATEGIC PROGRAMMES IN EXECUTION

## INTEGRATED TRAIN PLAN (ITP)



Fully integrated solution to enable optimised and intelligent-based resourced train plan in order to meet customer demand whilst maximizing utilisation of spare capacity and related resources within identified constraints; thereby ensuring real-time execution monitoring and effective deviation management and dynamic re-planning.

## RAIL OPERATIONS MANAGEMENT (ROAM)



End to end Life cycle management of high value operational assets (rail network & rolling stock) to ensure efficient, optimal and cost-effective utilisation.

Modernising and improving efficiencies through digitisation of visibility and optimisation of yard , crew and train execution activities.

## COMMERCIAL SYSTEMS



Digitisation, streamlining and optimisation of commercial processes to exploit new business opportunities; sustain, grow and manage existing business; improve revenue collection; curb revenue leakage; build trust and loyalty; improve visibility of execution on customer needs; as well as continuous improvement of customer experience and engagement.

KEY BENEFITS

1. ITP service provider appointed. Initial rollout over 6 months.
2. Customer demand met through provision of balanced, reliable, safe, adaptable, and executable plan that incorporates planned and emergency occupations on the rail network
3. **Train plan which considers availability, position, and status of key assets and resources , including train crew, rolling stock, slots, and auxiliary and train equipment**
4. **Robust execution monitoring capability with early warning of deviations**, identification of primary and secondary impacts of the deviations for optimal rescheduling upon deviation
5. Capability to simulate and dynamically plan by taking into account multifaceted scenario parameters to refine the train plan for maximum capacity, execution and quicker recovery from deviations.

1. **Efficient management of operational assets - rolling stock and infrastructure, inclusive of crew and yard management**
2. Re-engineering of current manual and silo-based operations asset management processes and implement streamlined, intelligent business process in line with industry best practice.
3. Condition-based maintenance which improved availability, reliability, maintainability, operability and safety of assets
4. **Improved real-time visibility of assets including their status, condition, location and performance by integrating multiple data sources and using data from existing technologies (IoT)**
5. **Enable near real-time monitoring of operations to ensure proactive identification of operational and safety related challenges for responsive and preventative interventions**

1. **Dynamic Sale of Slot capability that provides real-time 360-degree customer information** at a click of a button, including operations information to determine and sell extra capacity on the spot, monitor progress on requested service and enable flexible slot allocation through integration to the ITP.
2. **Self-service App for real-time track and trace capability of customer consignment Intelligent order fulfilment** for self-service order placement and fulfillment to enable the tracking of order placements linked to contracted volumes, and related penalties across all Operational Divisions, Corridors and Port Terminals
3. Seamless data interchange (minimise human intervention) through Business to Business (B2B) ensuring adherence to SARS reporting requirements.
4. **End-to-end contract management throughout the lifecycle of the contract**, for both on-the-spot ordering or long-term ordering

### SHORT-TERM

Planning, Scheduling, Monitoring & Deviation Management

### MEDIUM-TERM

Dynamic Re-planning Simulation

### LONG-TERM

Optimised Capacity & Base Planning Full Integration

### SHORT-TERM

Maximo Upgrade

MAS8 Configuration

### MEDIUM-TERM

Rolling Stock Rail Network

### LONG-TERM

Crew Management Yard Management

### SHORT-TERM

Customer Self-Service & Interaction Centre Intelligent Order Fulfilment

### MEDIUM-TERM

Contracts & Compliance Market Intelligence Quotation & Pricing

### LONG-TERM

Fully Integrated Commercial Platform Analytics



# We continue to utilise multiple platforms to engage with our valued customers



## Operating division

## Examples of engagement platforms


## Key customer engagement themes



**Freight rail**

1. Corridor Recovery Team (CRT)
2. Channel Optimisation Team (COT)
3. Industry engagements
4. Weekly Tactical Volume Planning (TVP)
5. Individual Customer meetings
6. Performance Alignment meeting (Steel)
7. Business Review meeting

-  Performance enhancement
-  Capacity planning and allocation
-  Safety in operations
-  Market review and demand
-  Contracting alignment



**Engineering**







1. Transnet Engineering Website
2. Rolling stock and Port related engineering conferences
3. African trade shows
4. Customer visits


-  Knowledge and IP sharing
-  Customer relationship mngt.
-  Business development and Customer acquisition



**Port Authority**

1. Port Consultative Committee
2. National Port Consultative Committee
3. Provincial Government
4. Local/District Municipality
5. SEZ/IDZ
6. Shipping Lines and Shipping Agents/Containers
7. Automotive Industry
8. Mining & Emerging Industry

-  Capacity planning and allocation
-  Operational efficiency
-  Customer relationship mngt.
-  Information sharing
-  Operational crisis management
-  Collaborative Opportunities (BD)



**Terminals**




1. Strategic customer engagements
2. Formal Industry engagements


-  Value propositions
-  Customer service and quality
-  Multi-stakeholder shared value opportunities
-  Brand loyalty and development



**Pipelines**





1. Top-to-Top Engagements with TPL CE and Customer CE
2. Weekly Planning Meetings with TPL BD and customers
3. Industry Engagements
4. (SAPIA, LFWA, ACSA, SARS & Petroleum Compliance Forum)
5. Logistics Planning Team (LPT) Meetings chaired by DMRE

-  Strategy sharing
-  Collaboration opportunities (BD)
-  Performance review & planning
-  Security and safety



**Property**

1. Targeted campaigns to address firstly the TP brand identity
2. TP Call Centre
3. Weekly "No-meeting Thursdays" for Customer Engagements
4. Industry engagements
5. Customer Surveys

-  Brand development and advertising
-  Digital footprint & industry collaboration
-  Communications (call centres)
-  Customer surveys

TRANSNET



**Thank you**





# Disclaimer



Certain statements in this document do not comprise reported financial results or historical information, but forward-looking statements. These statements are predictions of or indicate anticipated future events, trends, future prospects, objectives, earnings, savings or plans and include, but are not limited to, statements regarding volume growth, increases in market share, exchange rate fluctuations, and cost reductions. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as “believe”, “continue”, “anticipate”, “ongoing”, “expect”, “will”, “could”, “may”, “intend”, “plan”, “could”, “may”, and “endeavour”.

By their nature, forward-looking statements are inherently predictive, speculative and involve inherent risks and uncertainties, because they relate to events and depend on circumstances that may or may not occur in the future. If one or more of these risks materialise, or should underlying assumptions prove incorrect, our actual results may differ either marginally or materially from those anticipated.

A number of factors could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including, but not limited to: changes in economic or political conditions and changes to the associated legal, regulatory and tax environments; lower than expected performance of existing or new services or products, and the impact thereof on the Company’s future revenue, cost structure and capital expenditure; the Company’s ability to expand its portfolio; skills shortage; changes in foreign exchange rates and a lack of market liquidity which could, in turn, impact expected customer growth and customer retention; acquisitions and divestments of businesses and assets and the pursuit of new, unexpected strategic opportunities; the extent of any future write-downs or impairment charges on the Company’s assets; the impact of legal or other proceedings against the Company; uncontrollable increases to legacy defined benefit liabilities and higher than expected costs or capital expenditures.

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