



ANNUAL RESULTS PRESENTATION

for the year ended 31 March 2023



REINVENT

FOR GROWTH



**REINVENT
FOR GROWTH**

01

**BUSINESS
PERFORMANCE
OVERVIEW**

02

**OPERATING
CONTEXT**

03

**FINANCIAL
PERFORMANCE**

04

**REGULATORY
COMPLIANCE**

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**STRATEGY &
LOOKING AHEAD**



REINVENT
FOR GROWTH



BUSINESS PERFORMANCE OVERVIEW



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






R9 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 recovering
 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

A circular graphic on the left side of the slide, divided into three segments: a large green segment at the top, a smaller red segment at the bottom left, and a white segment at the bottom right. The text "REINVENT FOR GROWTH" is centered within the white segment.

REINVENT
FOR GROWTH



Divisions: Freight Rail Key Binding Constraints



Key Binding Constraints



Locomotives



Infrastructure



Security

Description

- ❖ 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

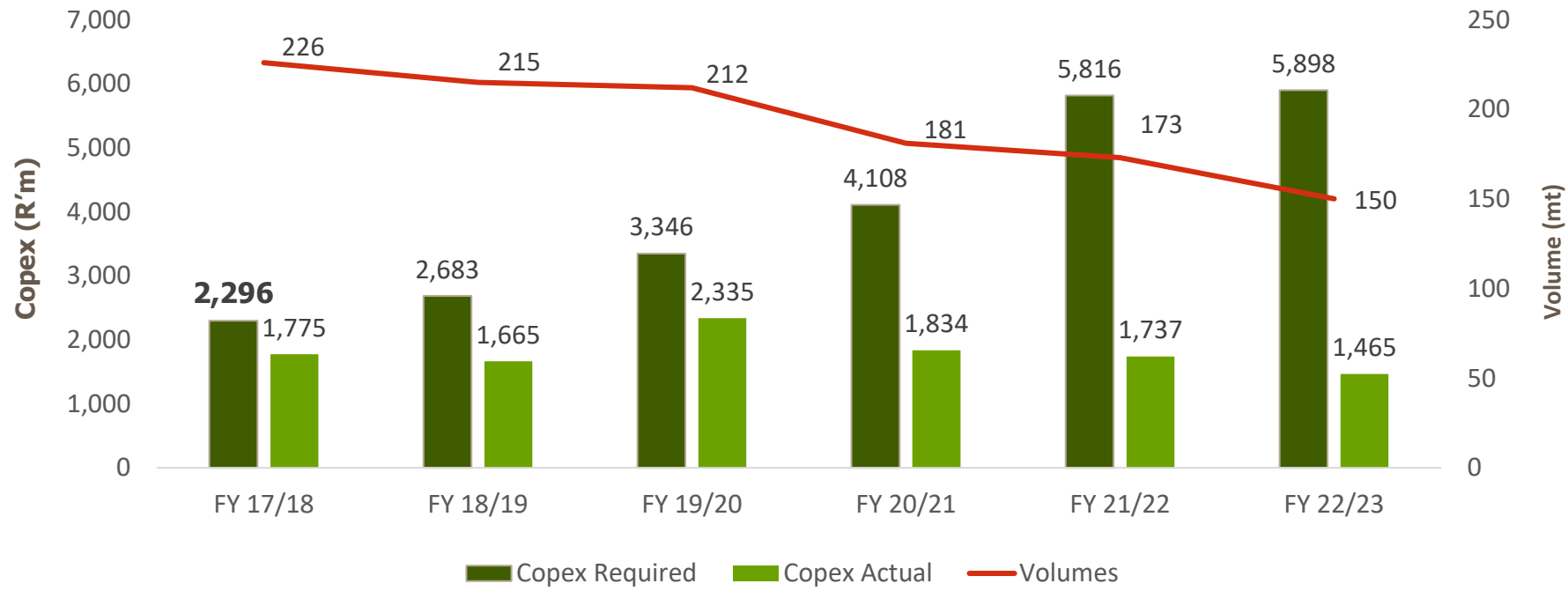
- ❖ Systemic underinvestment resulting in increased maintenance backlog due to limited funds
- ❖ Increased cost of incidents resulting in less planned v/s budgeted activities being executed (incident costs increased from R387m in 2017/18 to R1.1 Bn in 2022/23)
- ❖ Increase in derailments

- ❖ 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

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.

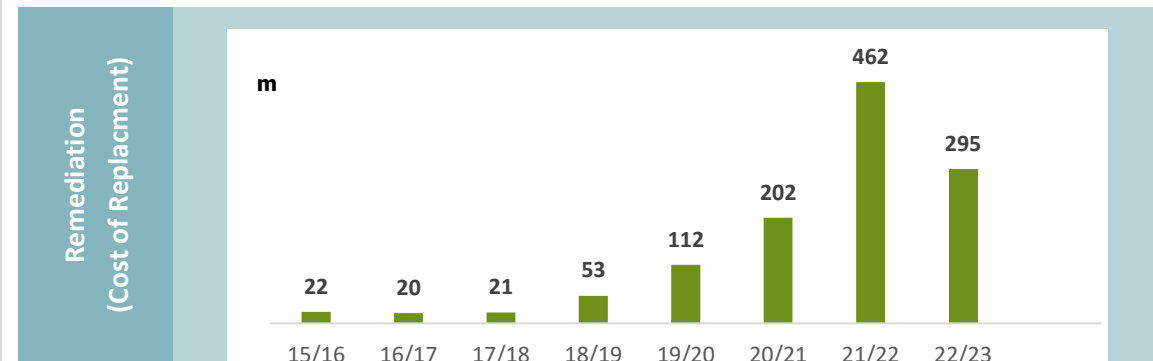
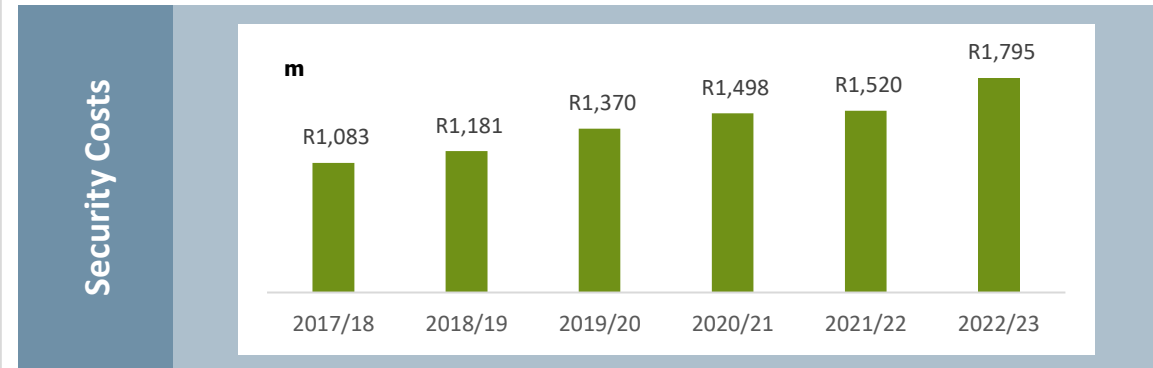
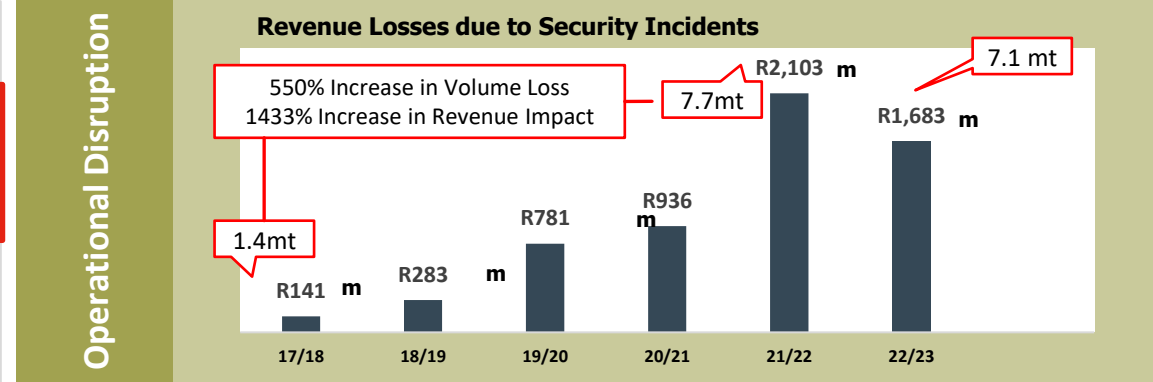
Over 1000 km cable have been stolen in financial year 22/23.

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

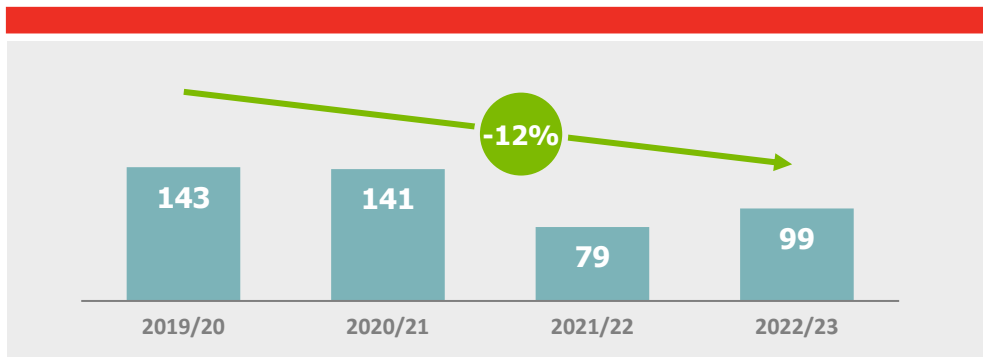
R (m)



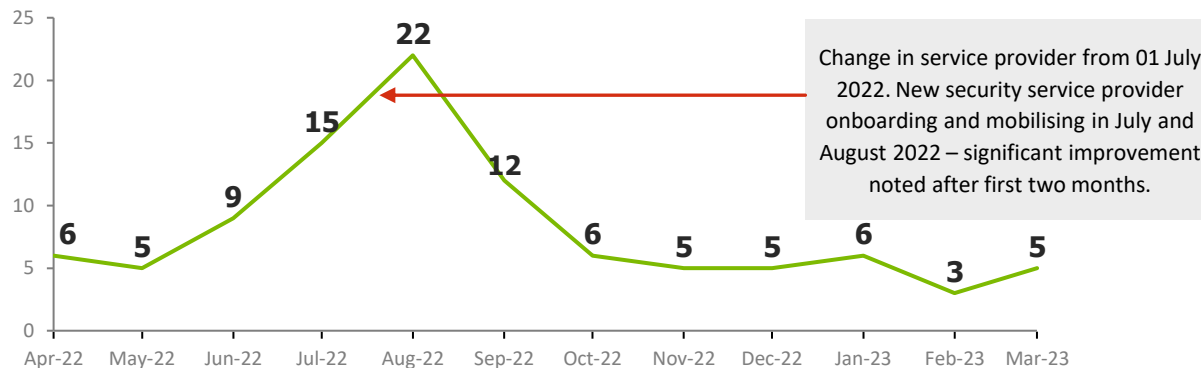


Divisions: Pipelines Fuel Theft Incidents (FY 2019/20 – FY 2022/2023)

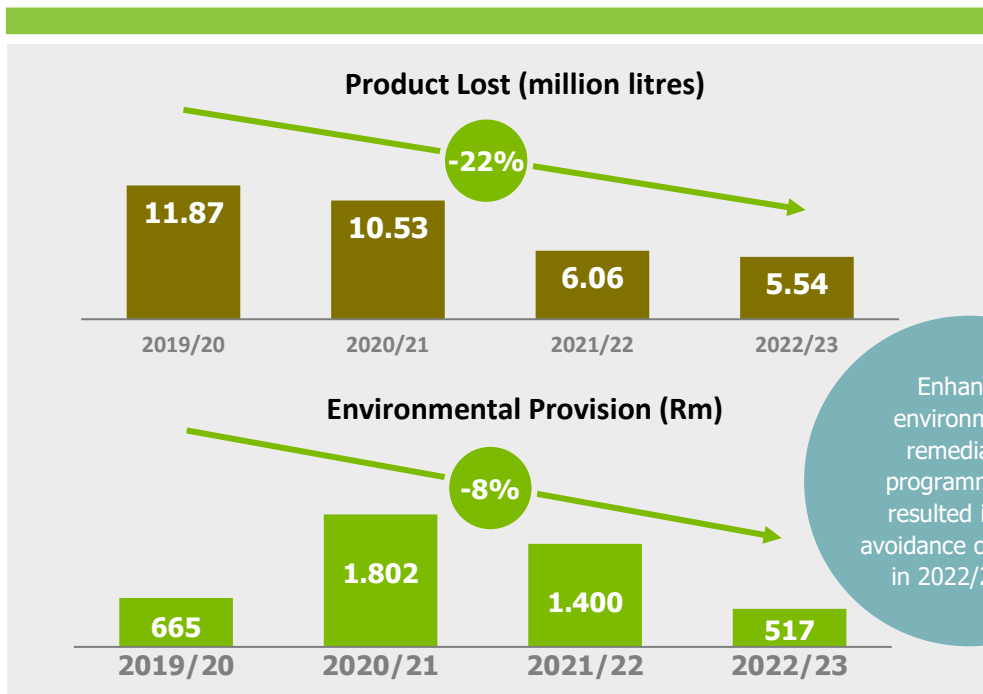
Number of Fuel Theft Incidents



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
Wabtec/GE	Settlement concluded in Nov 2022
Liebherr	Settlement concluded in Dec 2022
Bombardier/Alstom	Settlement concluded in August 2023
CRRC E-Loco	In progress
ZPMC	In progress
Nedbank	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.



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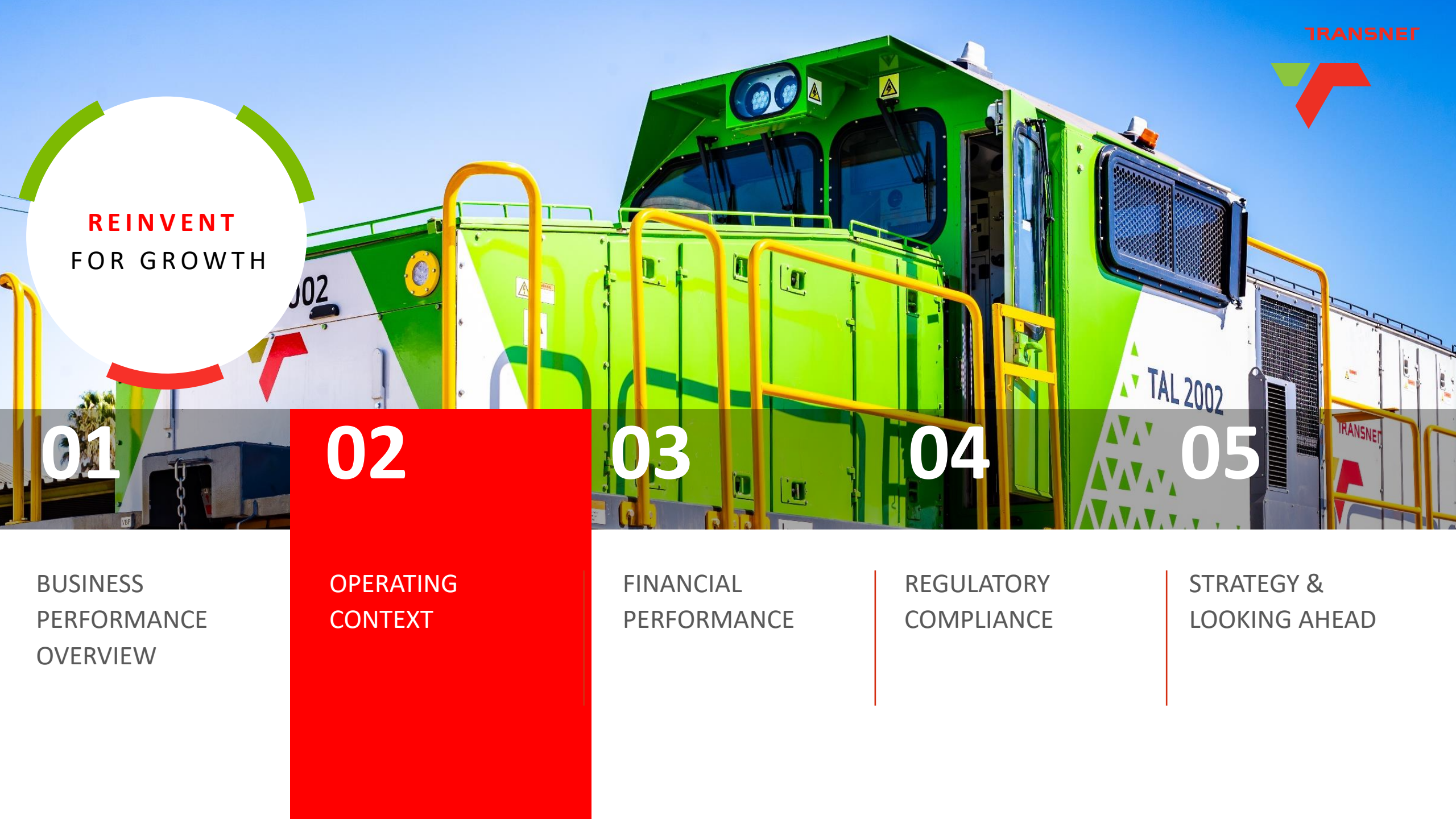
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OPERATING CONTEXT

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Environmental stewardship

- **Carbon footprint** (mtCO₂e): 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-BBEE

- **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



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

- **R735million** was spent on skills development
- **830 trainees** enrolled in Youth Development Programmes (YPT:728) (EIT:54) (TIT:45) (Learnerships: 3)
- **200 apprenticeship learners** appointed
- **50 Bursars** appointed
- **202 Technical Learners** appointed
- Transnet annually submits workplace skills plan and **trained 26799 employees**
- **22,10 B-BBEE skills development points** achieved – retaining Transnet’s Level 2 status



Research & Development

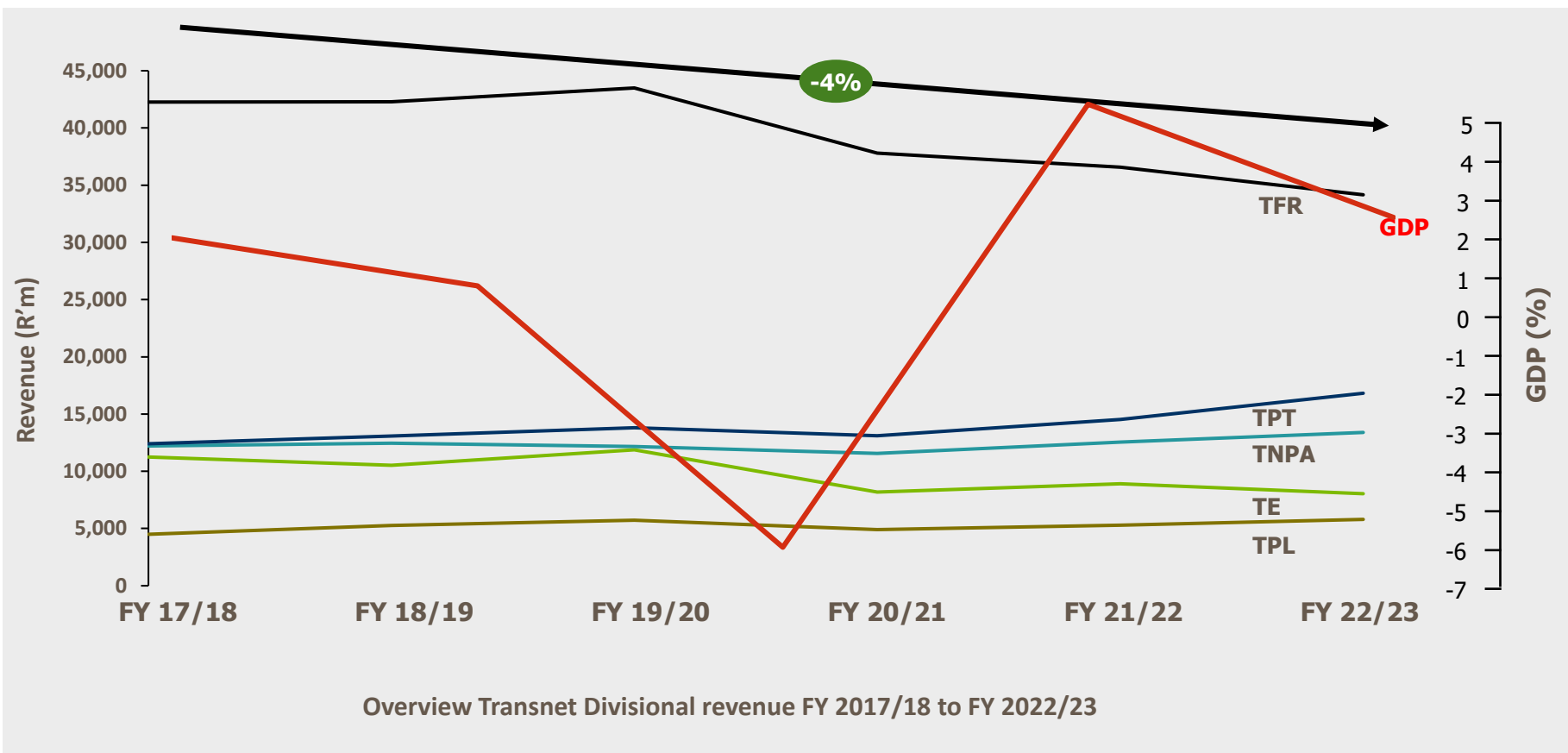
- Total spend on **R&D CAPEX projects: R75,9million** (Target: R76,9million)
- Several key products include:
- **Control Tower & Internet of Things (IoT) platform**
 - **Locomotive condition monitoring system (LCMS)**
 - **Train Control Management System (TCMS)**
 - Transnet’s own **Standard Gauge Wagon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





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

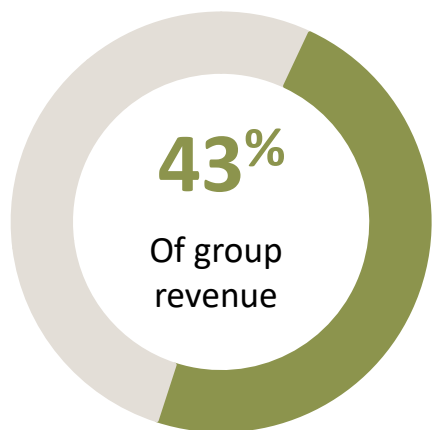


Freight Rail



Division Performance

Repositioning the Business



REVENUE (Rm)	34 810
OPEX (Rm)	28 088
CAPEX (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

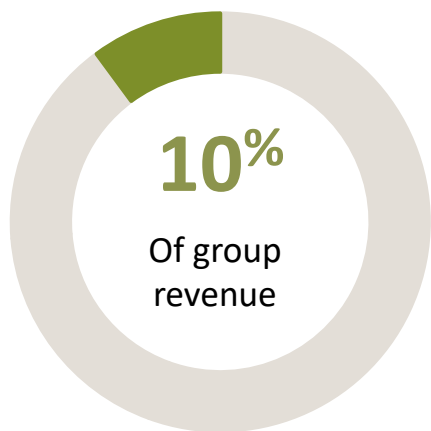


Engineering



Division Performance

Repositioning the Business



REVENUE (Rm)	8 045
OPEX (Rm)	10 034
CAPEX (Rm)	11

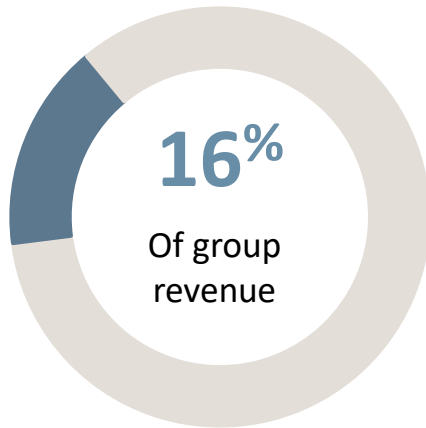
- Evolving policy will see and increased demand for rolling stock from private train operator companies
- Engineering is transitioning away from a reliance on rail maintenance to rolling stock manufacturing and remanufacturing
 - The initial phase of the transition will focus on establishing an affordable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

National Ports Authority



Division Performance

Repositioning the Business



REVENUE (Rm)	13 392
OPEX (Rm)	5 895
CAPEX (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

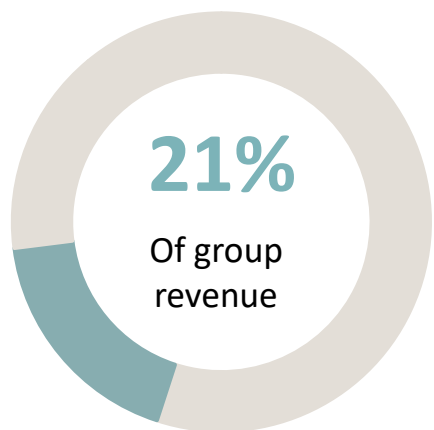


Port Terminals



Division Performance

Repositioning the Business



REVENUE (Rm)	16 826
OPEX (Rm)	10 919
CAPEX (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.

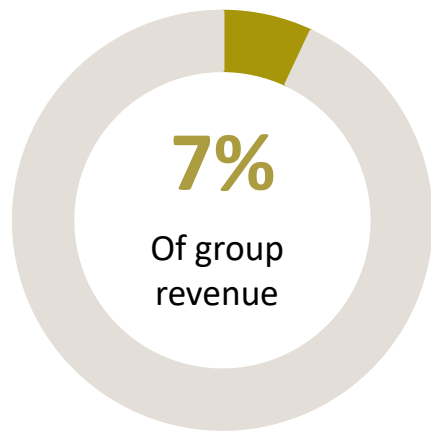


Pipelines



Division Performance

Repositioning the Business



REVENUE (Rm)	5 800
800OPEX (Rm)	937
CAPEX (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

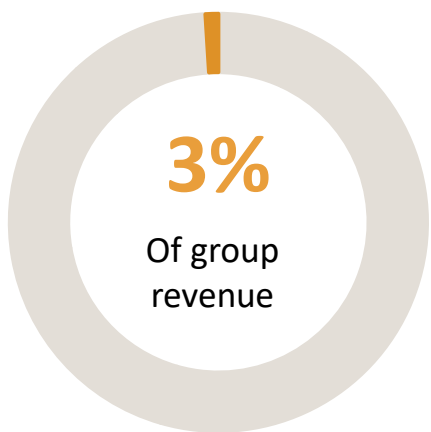


Property



Division Performance

Repositioning the Business



REVENUE (Rm)	2 242
OPEX (Rm)	2 544
CAPEX (Rm)	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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FINANCIAL PERFORMANCE OVERVIEW

01 **Unmodified** audit opinion for the Annual Financial Statements

02 Financial Statements prepared on **going concern basis**

03 R5,8bn Government injection for KZN floods and repair of long-standing locomotives

04 Successful **issuance of USD 1bn** Global Medium-Term funding

05 Gearing at **43,6%** an improvement compared to prior year

06 Recovery of long outstanding debt

07 Reduction in **irregular expenditure** compared to prior year

08 Moody's revised the outlook stable from negative, while S&P affirmed ratings at BB-



The company continues to strive for improved performance amid key factors constraining operations

Challenges

01

Locomotive unavailability

02

Impact of April 2022 - KZN floods on operations

03

Security challenges (increase in theft and vandalism)

04

October 2022 industrial strike action

05

Derailments

06

High levels of debt and high repayment obligations

Financial Implications

A

Breach of lender covenant- Cash Interest Cover (CIC)

B

Loss position of R5,7 billion



Consolidated Financial Performance at a Glance



	Financial Performance Rbn	Financial Position Rbn	Cashflow Statement Rbn	Ratios
Revenue	68,9 0,6% ↑	Total Assets 364,1 2,4% ↑	Cash from operations** 25,4 12,8% ↓	Gearing 43,6% ↓
Net Operating Expenditure	45,9 2,0% ↑	Total Liabilities 216,3 2,2% ↑	Investing Activities 15,7 19,7% ↑	Cash interest cover 2,1 times ↓
EBITDA	23,0 2,1% ↓	Capital & Reserves 147,7 2,7% ↑	Financing Activities 3,1 >(100%) ↑	Net Debt to EBITDA 4,98 times ↓
Net Loss	5,7 >(100%) ↓	Capital Investment* 13,9 4,8% ↑	Cash Balance 13,5 >100% ↑	EBITDA margin 33,3% ↓

* Excluding intangibles. | ** After working capital changes.



Operating Division's Financial Performance at a Glance



Freight Rail



Engineering



National Ports Authority



Port Terminals



Pipelines



Property



REVENUE (Rm)

34 810
7,9% ↓

8 045
9,6% ↓

13 392
6,7% ↑

16 826
15,8% ↑

5 800
9,8% ↑

2 242
>100% ↑

OPEX (Rm)

(28 088)
5,9% ↑

(10 048)
3,4% ↓

(5 880)
16,8% ↑

(10 934)
5,9% ↑

(937)
40,1% ↓

2 544
>100% ↑

EBITDA (Rm)

6 722
40,5% ↓

(2 003)
33,8% ↑

7 512
0,03% ↓

5 892
40,1% ↑

4 863
30,8% ↑

(302)
>100% ↓

CAPEX (Rm)

11 288
12,5% ↑

11
88,9% ↓

1 551
30,9% ↑

1 037
33,0% ↓

32
90,3% ↓

3
95,7% ↓



Consolidated Statement of Financial Performance



KEY FINANCIAL INDICATOR (Rm)	2023	2022	Variance
Revenue	68 877	68 459	↑
Net operating expenses	(45 919)	(45 010)	↑
EBITDA	22 958	23 449	↓
Depreciation derecognition and amortization	(16 098)	(14 847)	↑
Impairment of assets	(3 607)	(2 534)	↑
Fair value adjustment	1 566	10 175	↓
Other	(143)	(196)	↓
Net Finance costs	(12 001)	(10 558)	↑
Taxation	1 649	(441)	↑
Net (loss) /profit for the year	(5 676)	5 048	↓

Financial Commentary

Revenue increased (+0,6%) due to

- Port and pipeline
- Automotive, break-bulk and petroleum volumes
- Offset by lower rail and container volumes

Net operating expenses were contained at **2,0% increase** despite a challenging economic climate

Impairment of assets

- Flood damage on PPE
- Derailments

Fair value gain of R1,6bn

- Investment property (IP) and derivative valuations

This resulted in a **loss** for the year of **R5,7bn (2022: R5,0bn profit)**.



Consolidated Statement of Financial Position



KEY FINANCIAL INDICATOR (Rm)	2023	2022	Variance
Non-current Assets	336 912	332 636	↑
Current Assets	27 142	22 882	↑
Total Assets	364 054	355 518	↑
Capital And Reserves	147 721	143 778	↑
Non-current Liabilities	137 927	152 951	↓
Current Liabilities	78 406	58 789	↑
Total Equity And Liabilities	364 054	355 518	↑

Financial Commentary

Non-current assets– R4,3 bn

- Investment property– R1,0 bn
- Derivatives financial assets– R2,6 bn

Current assets– R4,3 bn

- Cash and cash equivalents– R9,6 bn
- Derivatives financial assets– (R6,5 bn)

Capital and reserves– R3,9 bn

- Ordinary shares issued to the RSA government– R5,8 bn
- NDR– R3,4 bn
- Retained earnings– (R5,3 bn)

Non-current liabilities– (R15,0 bn)

- Reclassification of borrowings to short term

Current liabilities– R19,6 bn

- R14,8 bn reclassification of borrowings offset by borrowings repaid

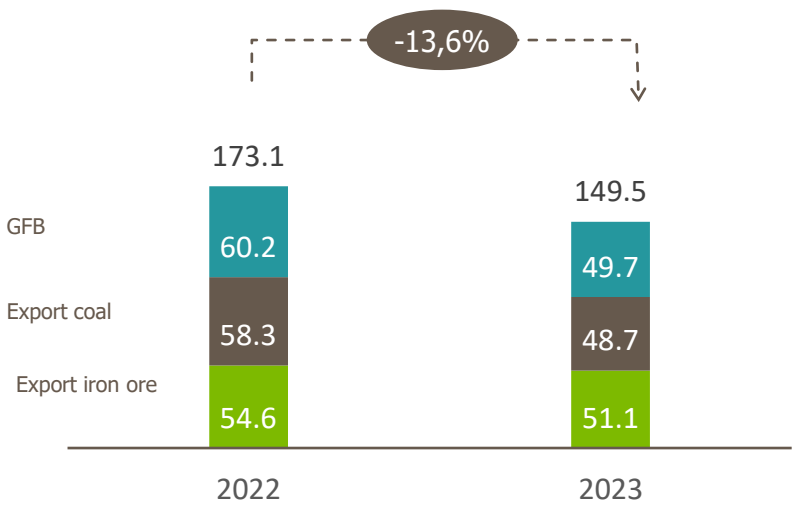


Decline in Volumes Continues to Hamper Performance

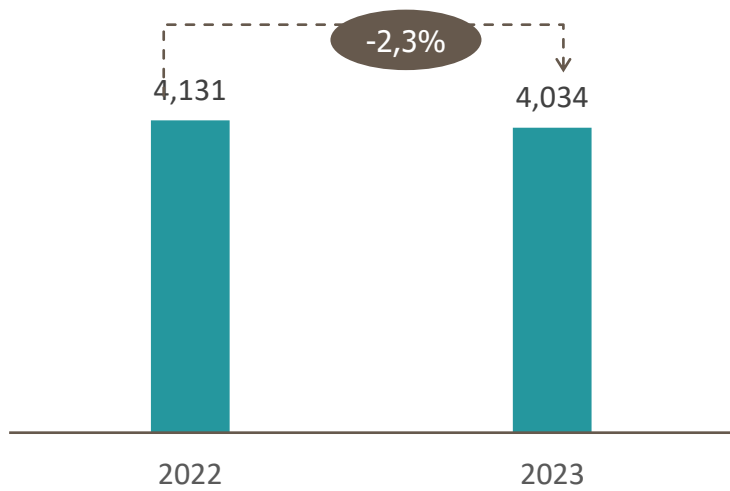
Volumes At A Glance



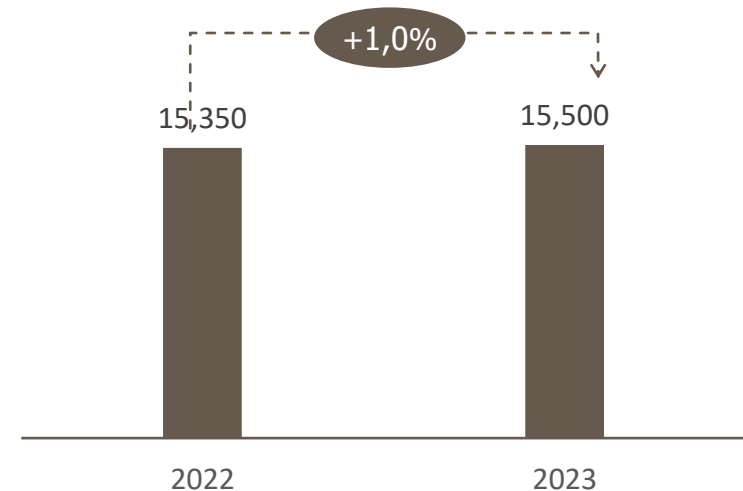
Rail Volumes (mt)



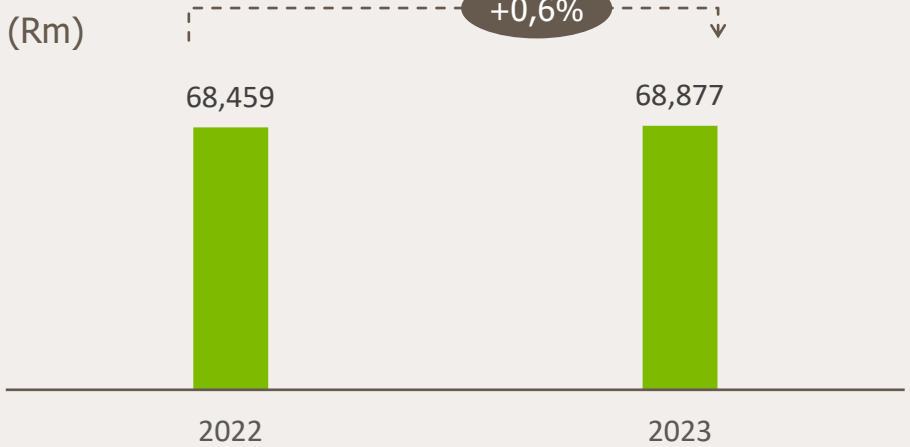
Port Containers ('000 TEUs)



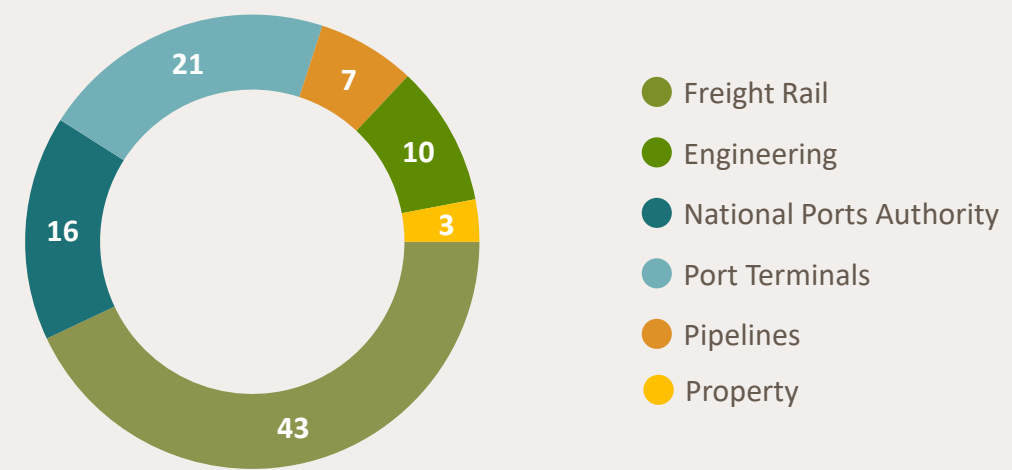
Petroleum (ml)



REVENUE



Total Revenue Contribution By Operating Division (%)





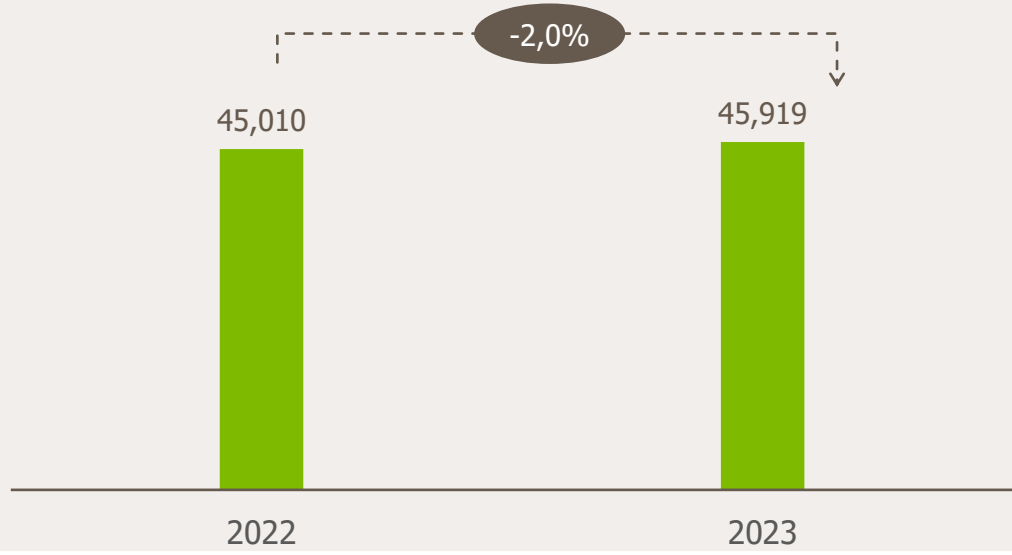
Operational Expenditure Contained Within Inflationary Levels



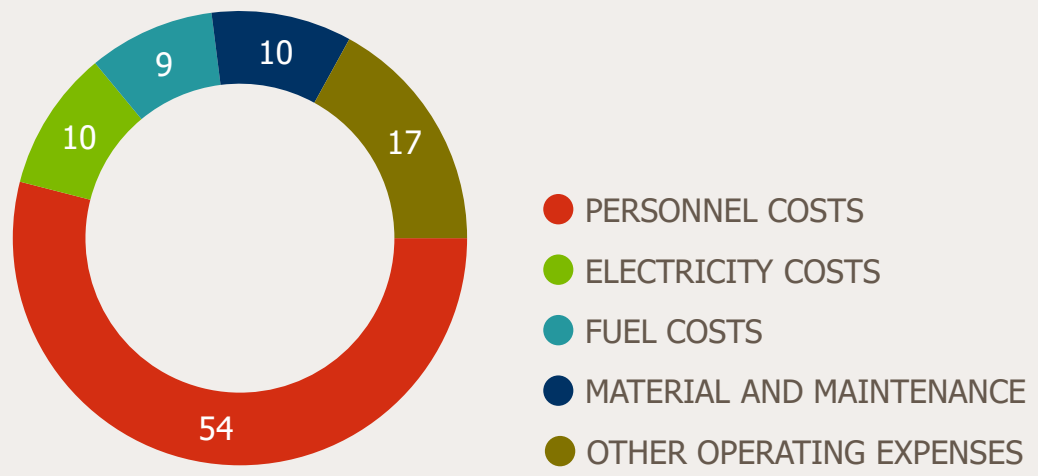
Net operating costs increase for the year contained at 2,0% despite inflationary pressures.



NET OPERATING EXPENSES (Rm)



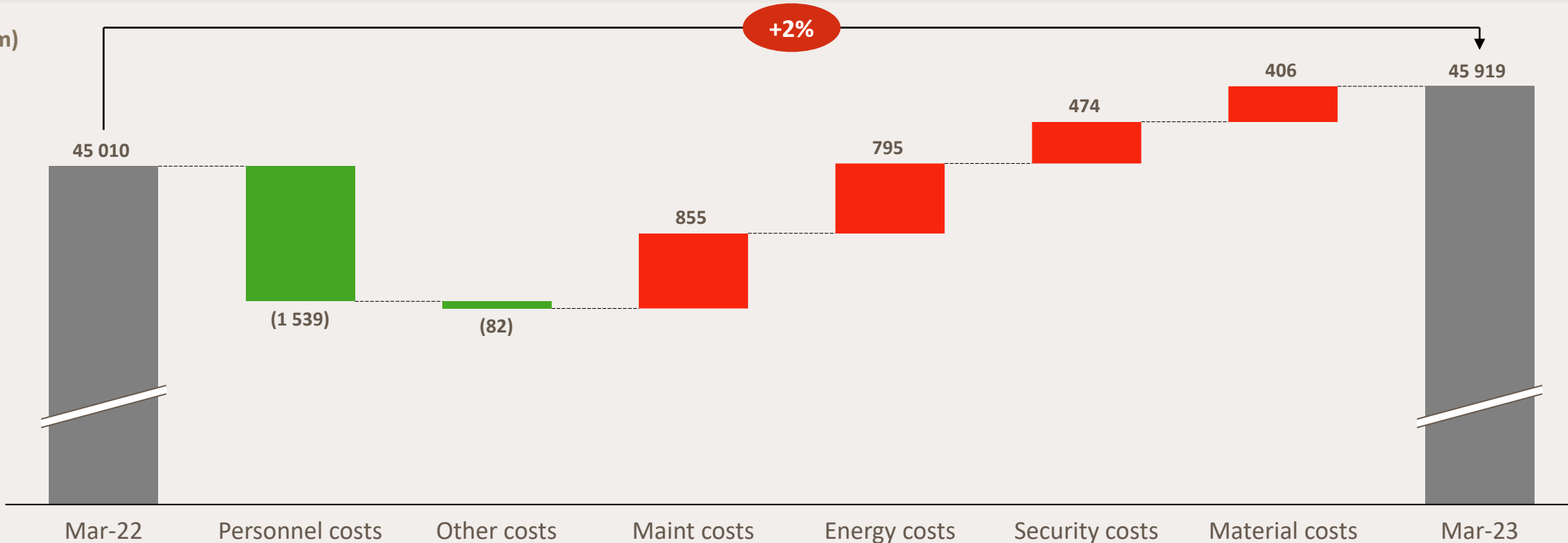
NET OPERATING EXPENSES CONTRIBUTION BY COST ELEMENT (%)





Year On Year Increase in Net Operating Expenses Contained Below Inflation

(Rm)



Key Insights

Saving of R1 539m from personnel costs, due to once off voluntary severance package costs.

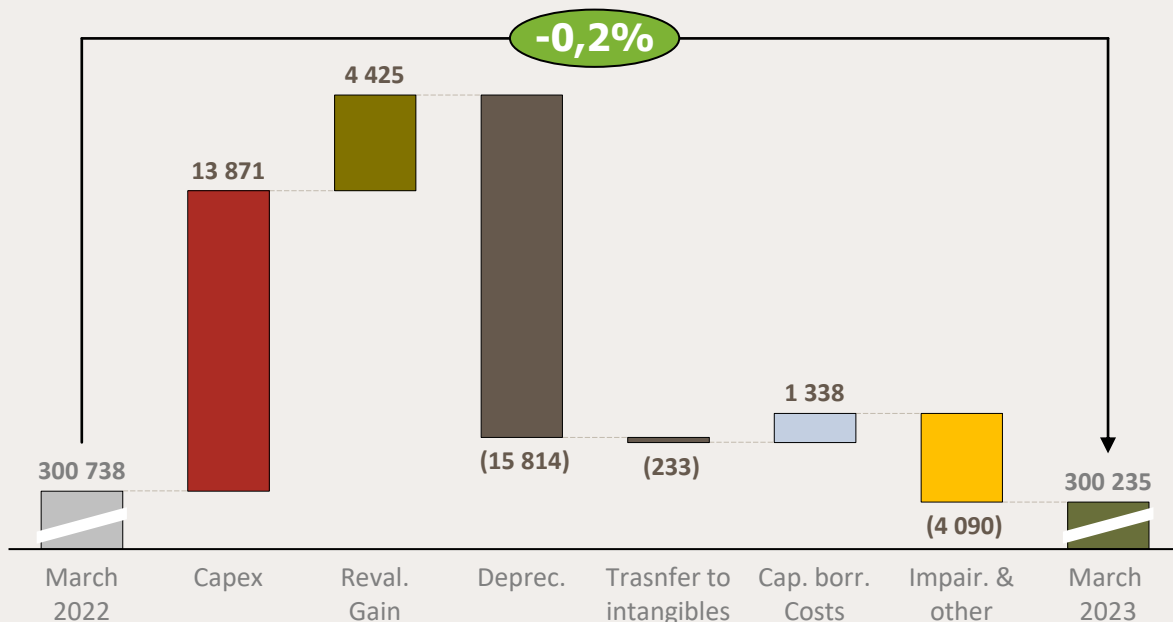
The increase in energy costs is largely driven by R1 105m increase in fuel costs offset by a R310m reduction in electricity costs.

Material and maintenance costs increased by R405m in support of operations.



Increased Capital Investment to Improve Operational Sustainability

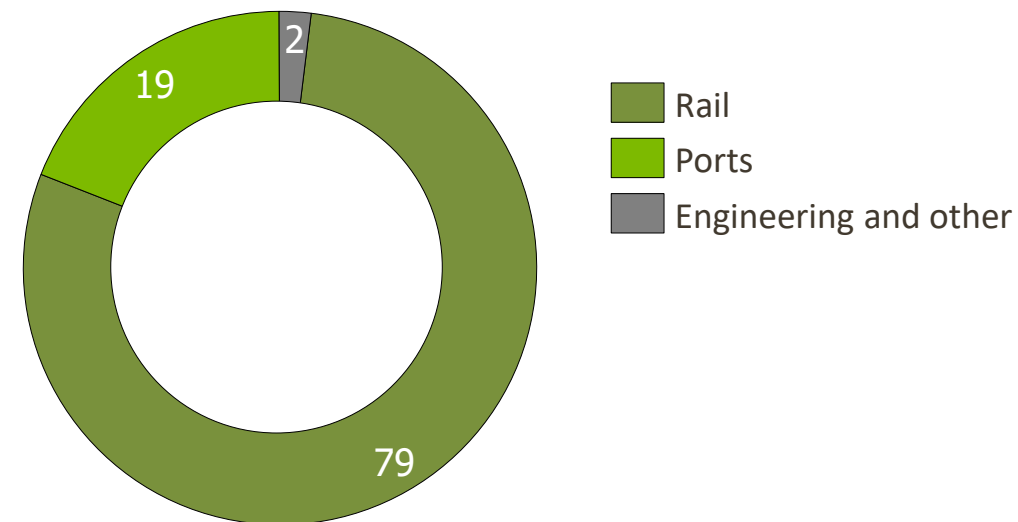
Property Plant And Equipment (Rm)



PPE decreased by **0,2%** to **R300,2 bn** due to depreciations and impairment partially offset by revaluation and capex. The revaluation gain of **R4,4 bn** comprised of:

- Rail infrastructure revaluation gain of R0,8 bn;
- Port facilities revaluation gain of R4,2 bn;
- Pipeline networks revaluation gain of R0,5 bn; and buildings devaluation of R1,1 bn.

Capital Investment By Operating Segment (%)



Top 5 underspending capital projects (Rm)

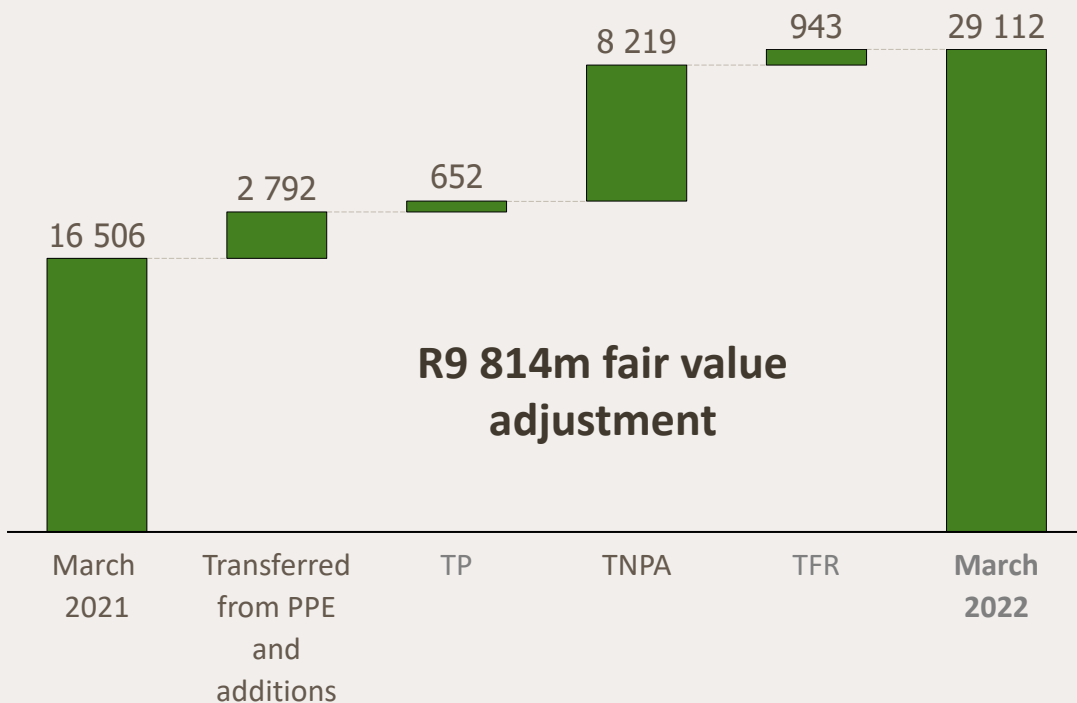
No	Category	Programme/project	Actual
1	Sustaining	New tippler	251
2	Expansion	Tank farm Equip Berth B100; roads; port	97
3	Expansion	NMPP phase 1A	46
4	Expansion	Demand driven wagons 22/23 cabooses	50
5	Sustaining	Fire upgrade	-



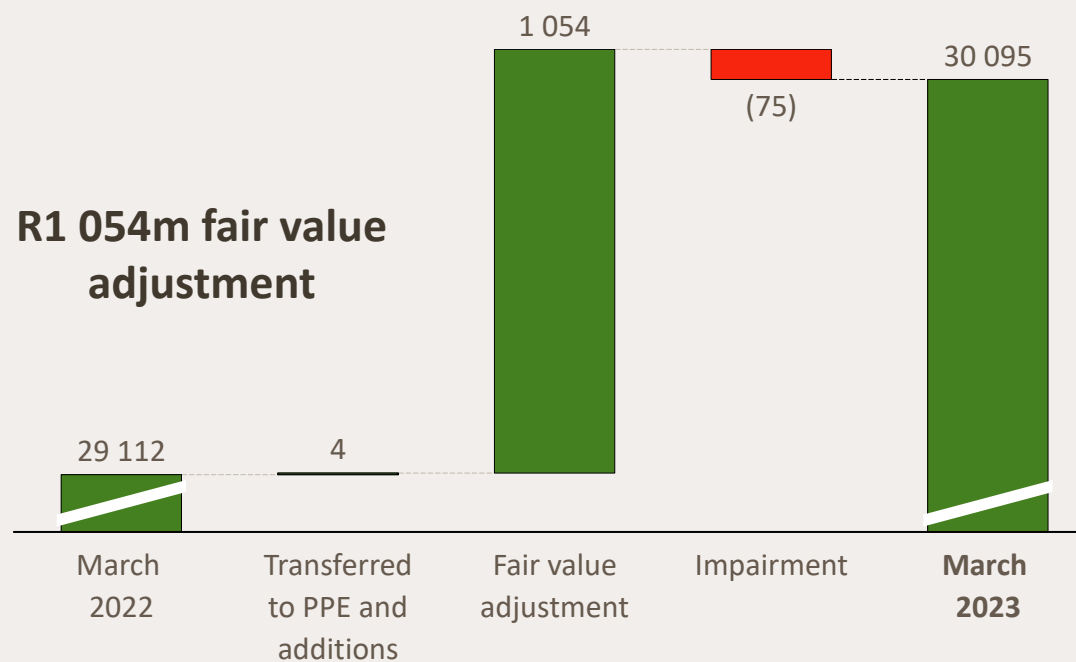
Investment Property Fair Value Adjustment



2022 Investment Property Valuation (Rm)



2023 Investment Property Valuation (Rm)



Key Insights

The investment property portfolio consists of commercial properties (i.e. office and retail) and industrial properties across South Africa.

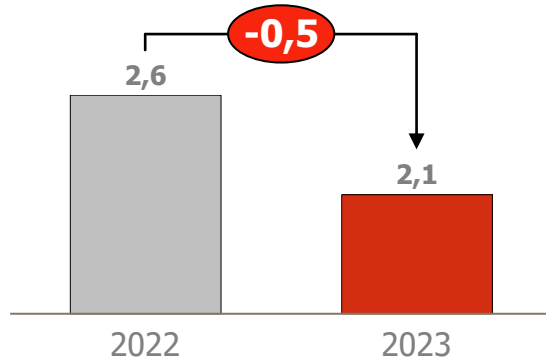
The R9 814m FV movement in the prior year was based on a full valuation

The valuations are carried out by independent external valuers: A full valuation was performed for one third of the (IP) portfolio.



Operating Cash Flows, Borrowings And Credit Rating Outlook

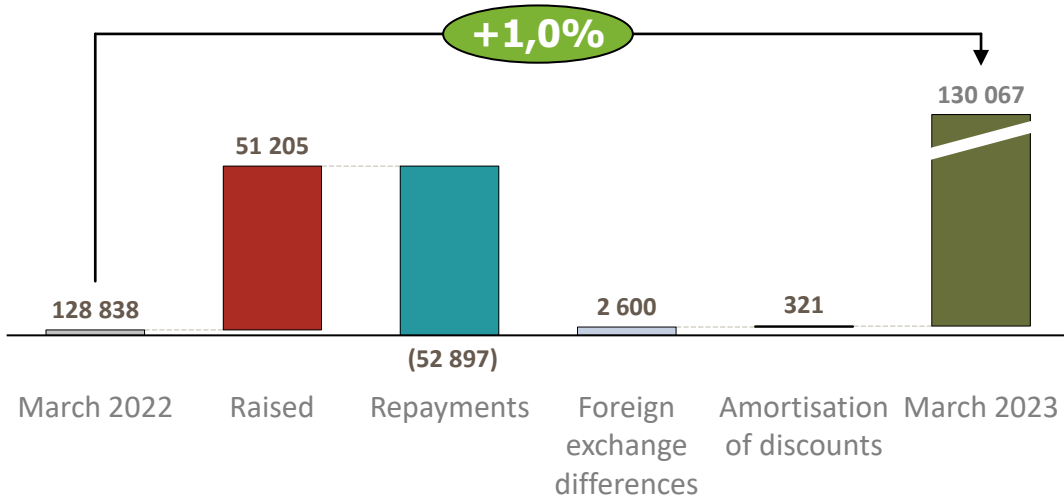
Cash interest cover (times)



Credit rating

	MOODY'S	S&P Global Ratings
Foreign currency	Ba3/ Stable outlook	BB-/ Negative outlook
Local currency	Ba3/ Stable outlook	BB-/ Negative outlook
BCA/SACP	b2/ Stable outlook	b+/ Negative outlook

Borrowings (Rm)



- On 6 February 2023 Moody's revised the outlook on Transnet's ratings to stable from negative.
- This change in the ratings outlook was informed by the successful issuance of the USD1 billion bond under the GMTN programme in the highly liquid international markets.
- On 29 November 2022 S&P affirmed Transnet's issuer ratings at BB- and the outlook remains negative.



**REINVENT
FOR GROWTH**

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STRATEGY &
LOOKING AHEAD





REINVENT
FOR GROWTH

PFMA REPORTABLE ITEMS



PFMA Reportable Items Overview: 31 March 2023



- IFWE exemption applicable from FY 2022 to 2024

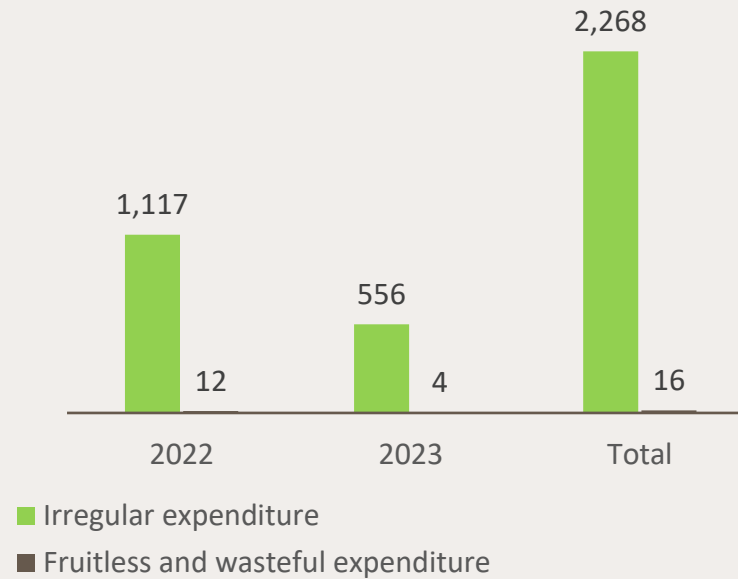
Irregular expenditure (IE) R2,2bn:

- FY 23 new IE decreased by R 561 million 50,2%.
- FY 23 **new IE of R556 mil.**
- R1,7bn is related to **multi-year contracts**
- IE resulted from repeat non-compliance with various SCM prescripts.

Fruitless and wasteful expenditure:

- New FWE **decreased by R8mil (67%)** in the CY.
- FY 23 relates mainly to losses suffered due to inadequate internal controls in place.

New PFMA Reportable Items Incurred (Rm)





**REINVENT
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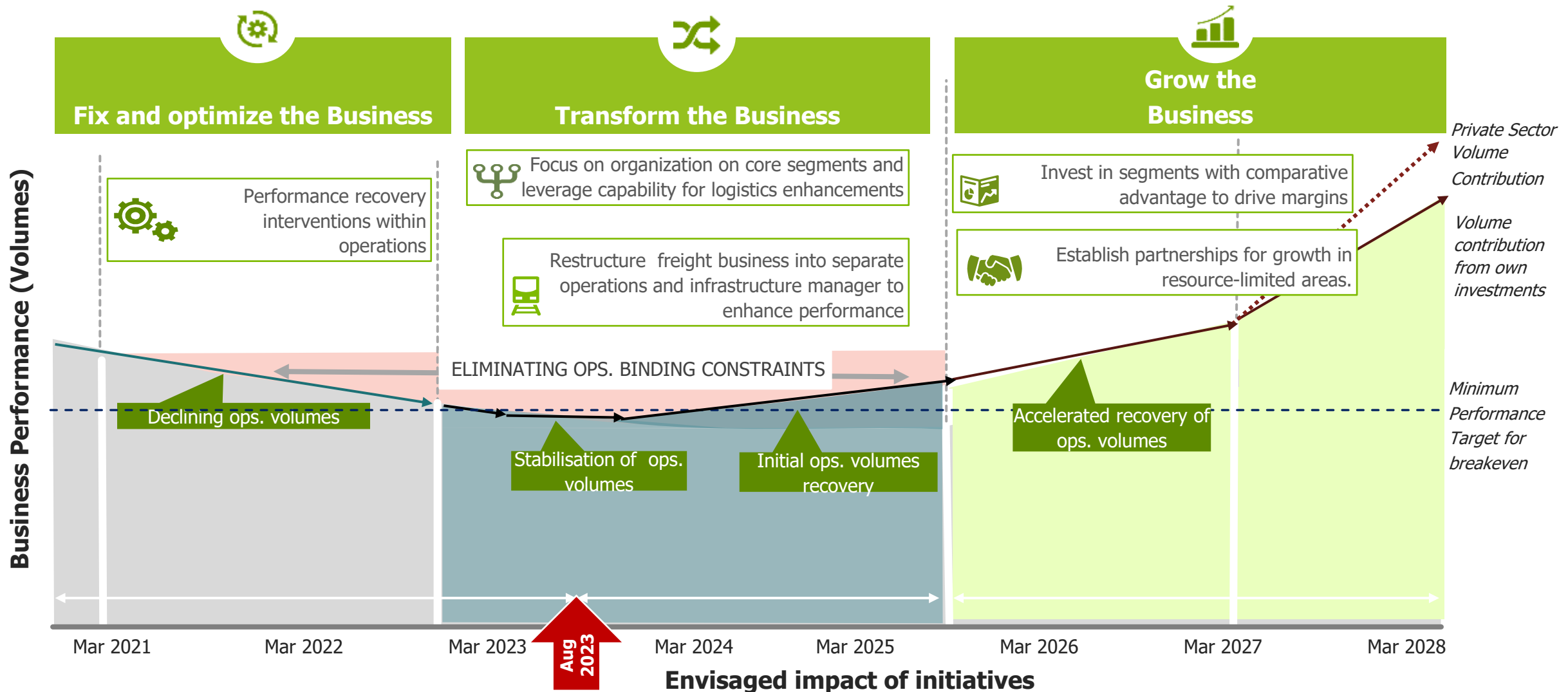


STRATEGY & LOOKING AHEAD

REINVENT
FOR GROWTH



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



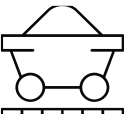
Manganese

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

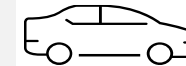
Standardise grain intermodal solutions to lower the cost of logistics and reinstate rail as a partner

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



LOOKING AHEAD

REINVENT
FOR GROWTH



Divisions: Freight Rail and Port Terminals

Progress on MRSA's



Key Initiative

Current Status

Port Terminals



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

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 OEMs 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

Freight Rail



- ❖ 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



Divisions: Freight Rail

Long Standing Locomotive Estimated Delivery Plan – Balance in negotiation



Long Standing Locomotive Delivery Estimated Delivery Plan

Class	OEM	23/24			24/25												
		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
Total		38	32	70	36	32	56	32	26	30	10	6	3	0	0	8	237



Group Digital Office Accelerate in a Digital World



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



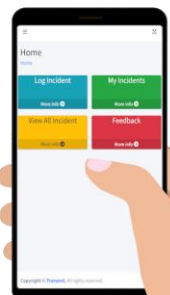
The digital team was formulated in **April 2022**

- 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 validates 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 - 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.

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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.

KEY BENEFITS

Short-term

Planning, Scheduling, Monitoring & Deviation Management

Medium-term

Dynamic Re-planning Simulation

Long-term

Optimised Capacity & Base Planning Full Integration

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.

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

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 pro-active identification of operational and safety related challenges for responsive and preventative interventions**

Short-term

Maximo Upgrade MAS8 Configuration

Medium-term

Rolling Stock Rail Network

Long-term

Crew Management Yard Management

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.

8

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

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	
 <p>Freight Rail</p>	<ol style="list-style-type: none"> Corridor Recovery Team (CRT) Channel Optimisation Team (COT) Industry engagements Weekly Tactical Volume Planning (TVP) Individual Customer meetings Performance Alignment meeting (Steel) Business Review meeting 	<ul style="list-style-type: none"> Performance enhancement Capacity planning and allocation Safety in operations 	<ul style="list-style-type: none"> Market review and demand Contracting alignment
 <p>Engineering</p>	<ol style="list-style-type: none"> Transnet Engineering Website Rolling stock and Port related engineering conferences African trade shows Customer visits 	<ul style="list-style-type: none"> Knowledge and IP sharing Customer relationship mngt. 	<ul style="list-style-type: none"> Business development and Customer acquisition
 <p>National Ports Authority</p>	<ol style="list-style-type: none"> Port Consultative Committee National Port Consultative Committee Provincial Government Local/District Municipality SEZ/IDZ Shipping Lines and Shipping Agents/Containers Automotive Industry Mining & Emerging Industry 	<ul style="list-style-type: none"> Capacity planning and allocation Operational efficiency Customer relationship mngt. 	<ul style="list-style-type: none"> Information sharing Operational crisis management Collaborative Opportunities (BD)
 <p>Port Terminals</p>	<ol style="list-style-type: none"> Strategic customer engagements Formal Industry engagements 	<ul style="list-style-type: none"> Value propositions Customer service and quality 	<ul style="list-style-type: none"> Multi-stakeholder shared value opportunities Brand loyalty and development
 <p>Pipelines</p>	<ol style="list-style-type: none"> Top-to-Top Engagements with TPL CE and Customer CE Weekly Planning Meetings with TPL BD and customers Industry Engagements (SAPIA, LFWA, ACSA, SARS & Petroleum Compliance Forum) Logistics Planning Team (LPT) Meetings chaired by DMRE 	<ul style="list-style-type: none"> Strategy sharing Collaboration opportunities (BD) 	<ul style="list-style-type: none"> Performance review & planning Security and safety
 <p>Property</p>	<ol style="list-style-type: none"> Targeted campaigns to address firstly the TP brand identity TP Call Centre Weekly “No-meeting Thursdays” for Customer Engagements Industry engagements Customer Surveys 	<ul style="list-style-type: none"> Brand development and advertising Digital footprint & industry collaboration 	<ul style="list-style-type: none"> Communications (call centres) Customer surveys



Thank you





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.

Forward-looking statements apply only as of the date on which they are made and we do not undertake any obligation to update or revise them whether as a result of new information future events or otherwise.