



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

05

STRATEGY &
LOOKING AHEAD



BUSINESS PERFORMANCE OVERVIEW

Portia Derby



REINVENT
FOR GROWTH



Our Unique Assets



Our Asset Base



Network And Fleet Base



Commercial Footprint



Our Property Size



50 364

workforce complement

R364 billion

overall asset base

3 800 km

pipeline infrastructure

1 854

operational locomotives

30 400 km

railway network track

including **2** heavy-haul lines

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

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 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

REINVENT
FOR GROWTH





Divisions: Freight Rail Key Binding Constraints



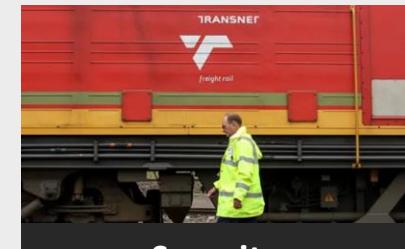
Key Binding Constraints



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

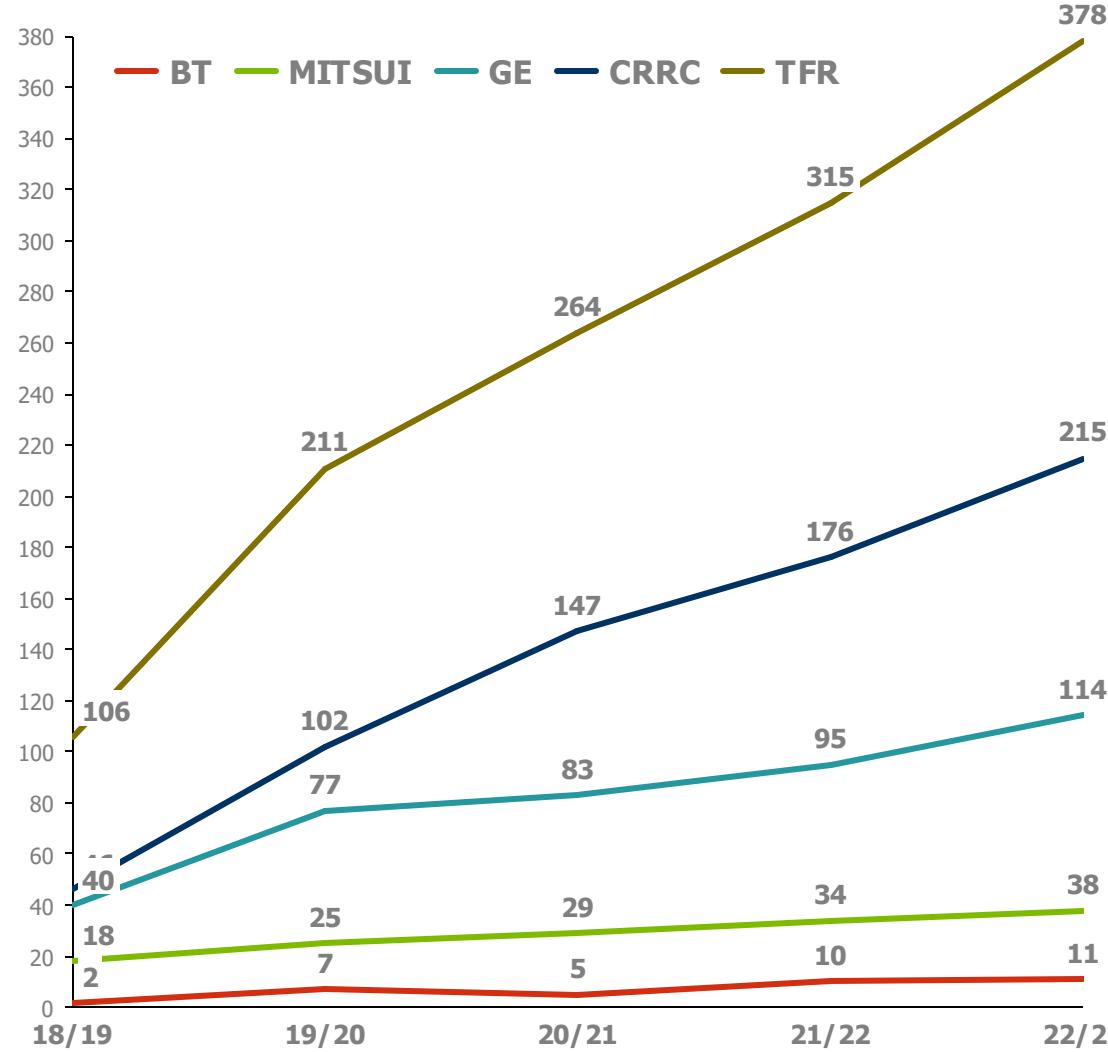
- ❖ Crippling theft & vandalism of key infrastructure resulting in operational disruptions
- ❖ Cable theft increased from 120 km stolen in 2017/18 to 1 506 km in 2021/22; (reduced to 1 037 km in 2022/23)
- ❖ Incidents in high impact areas such as by-passes on the Export Coal line



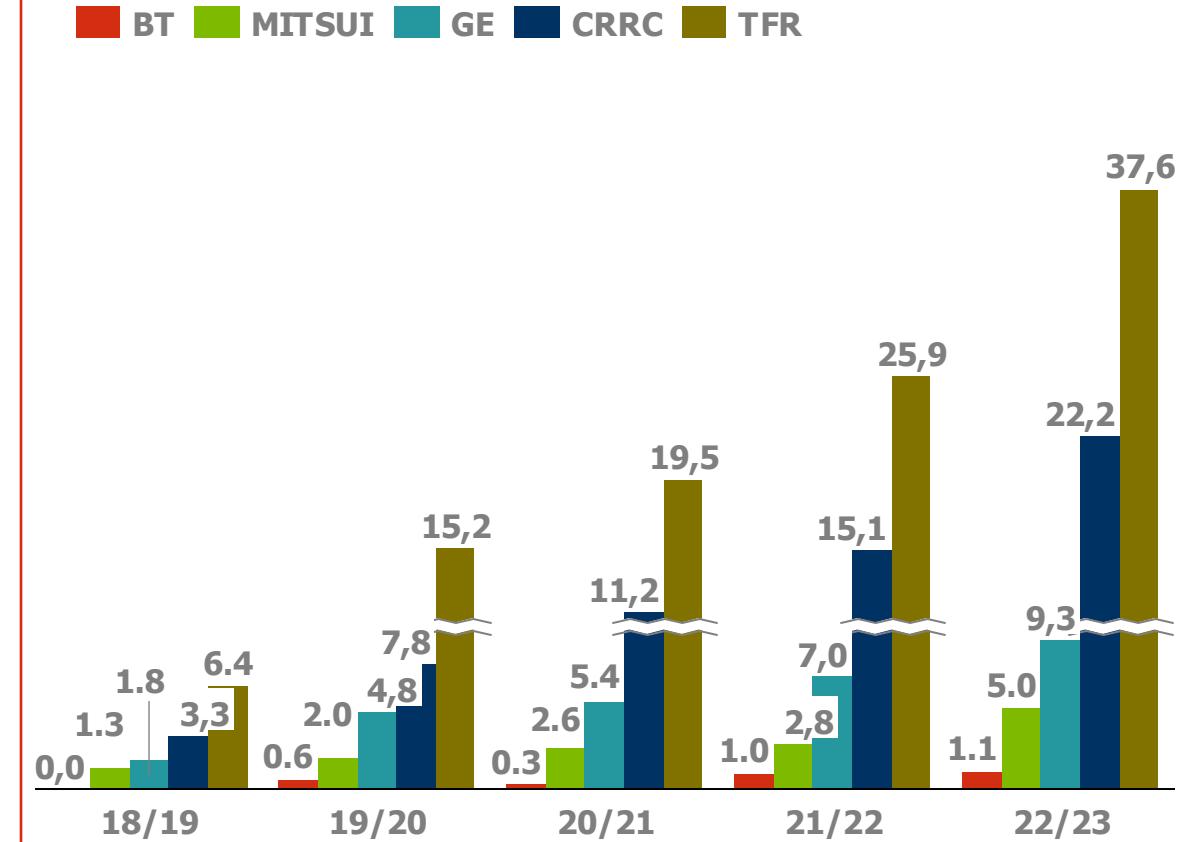
Divisions: Freight Rail

Unavailability of locomotives linked to the declining revenue

Long Standing Locos – By OEM



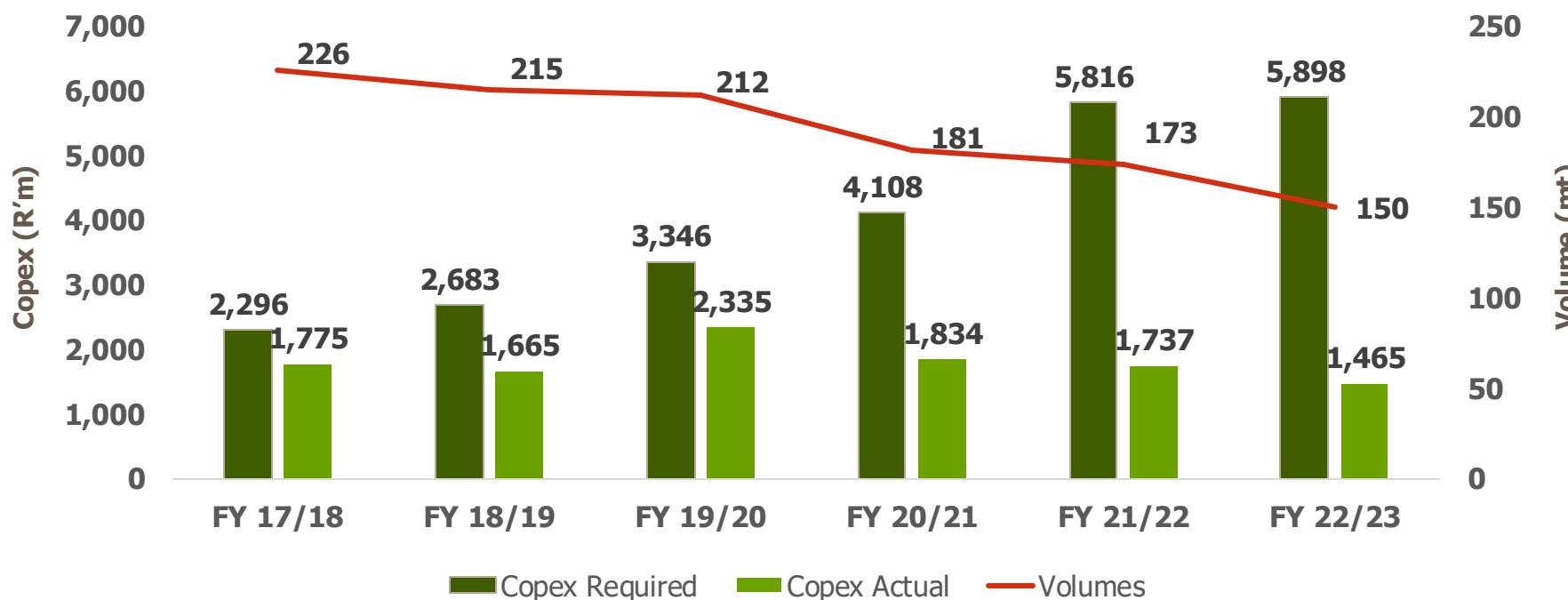
Lost Revenue (R bn) due to LS Locos – By OEM





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

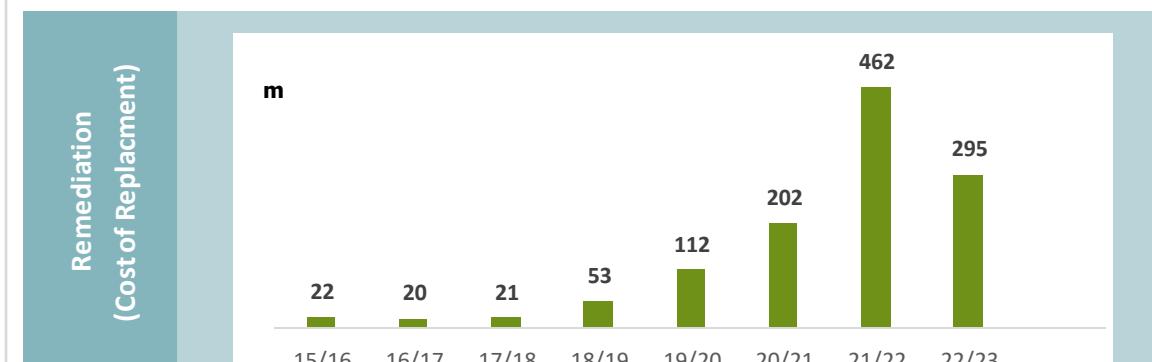
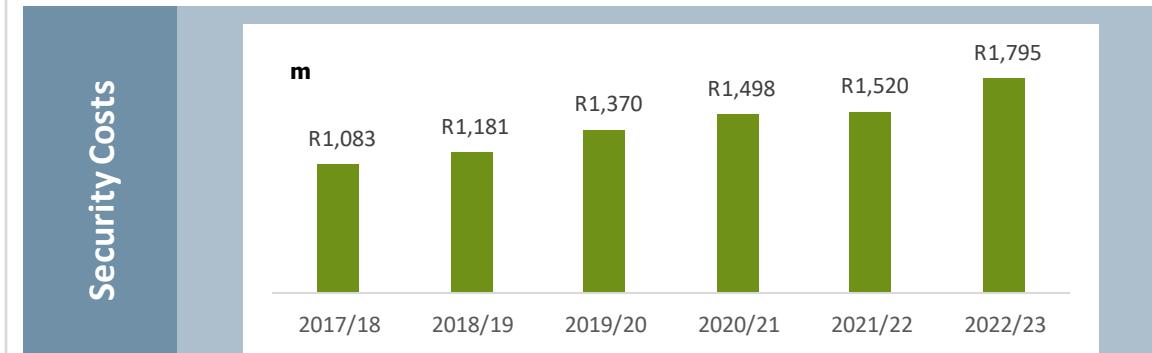
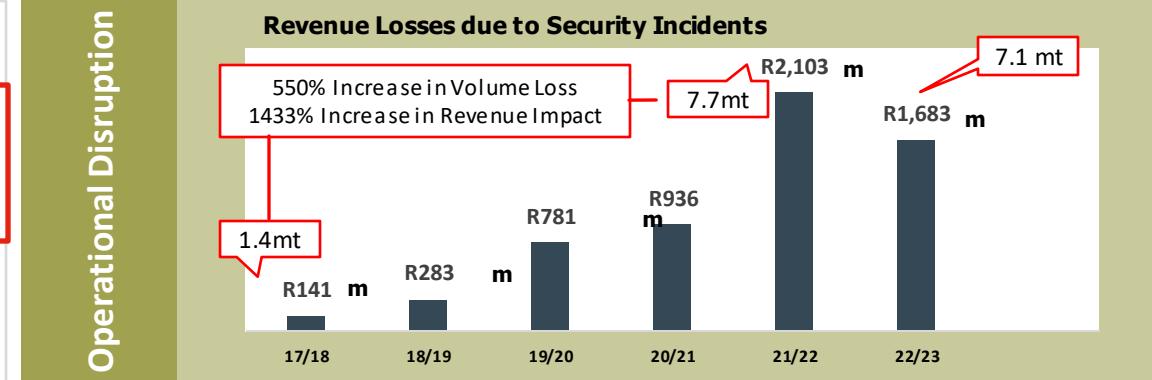
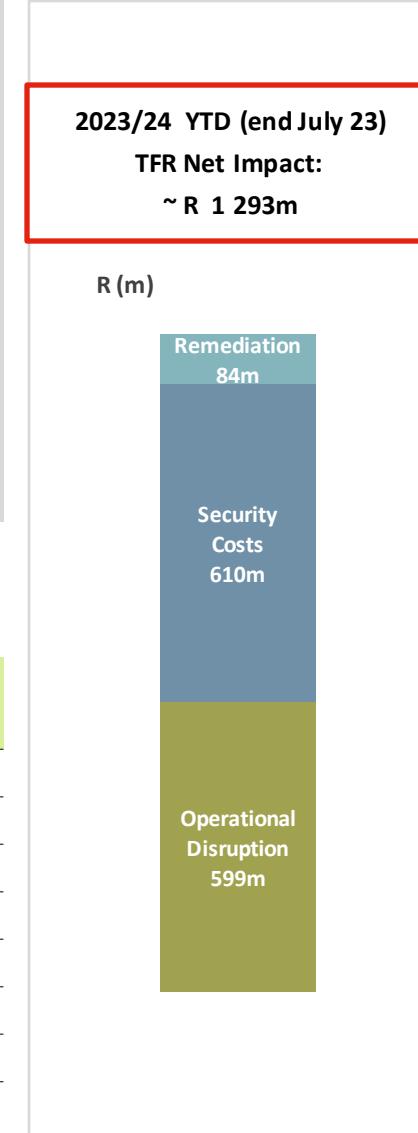
A huge spike in cable theft incidents over the last 5 years is escalating revenue loss & repair costs. Over the past 5 years, there has been a 179% increase in security related incidents, resulting in the theft and vandalism of infrastructure.

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

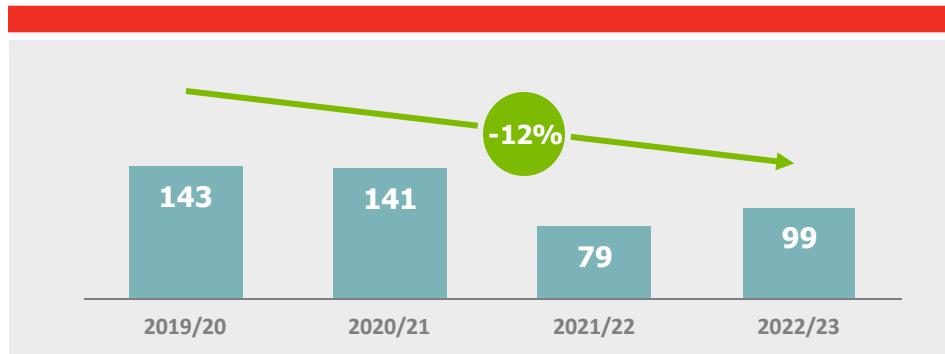




Divisions: Pipelines Fuel Theft Incidents (FY 2019/20 – FY 2022/2023)



Number of Fuel Theft Incidents



-12%

Per Month
2022/23 FY

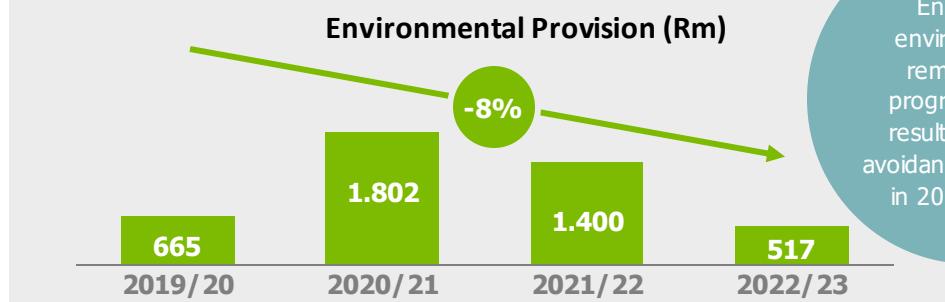


Change in service provider from 01 July 2022. New security service provider onboarding and mobilising in July and August 2022 – significant improvement noted after first two months.

Impact of Fuel Theft Incidents



-22%



-8%

Enhanced environmental remediation programme has resulted in cost avoidance of R883m in 2022/23 FY.

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



Overview: Long-standing Legal Matters



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.



REINVENT
FOR GROWTH

01

BUSINESS
PERFORMANCE
OVERVIEW

02

OPERATING
CONTEXT

03

FINANCIAL
PERFORMANCE

04

REGULATORY
COMPLIANCE

05

STRATEGY &
LOOKING AHEAD

OPERATING CONTEXT

Portia Derby



REINVENT
FOR GROWTH



TAL 2002



E&S Outcomes 2022/23FY



 Environmental stewardship	 Health and safety	 Employment equity & Transformation	 Building Industrial capability through transformative spend on B-BBEE
<ul style="list-style-type: none">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)	<ul style="list-style-type: none">LTIFR: 0,66 (2022:0,69) against tolerance of 0,75LTI's: 417 injuries (2022:447).7 employees suffered fatal injuries (2022:3) <p>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</p> <ul style="list-style-type: none">Transnet successfully obtained its three-year Railway Safety Permit valid from 29 August 2022 to 31 August 2025.	<ul style="list-style-type: none">Total headcount: 50 364Black 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	<ul style="list-style-type: none">Total B-BBEE spend: R30,2billionBlack-owned enterprises spend: R14billionBlack women-owned enterprises spend: R9billion of the 14 billion of black-owned enterprisesExempted Micro enterprises (EME) spend: R4,71billionQualifying small enterprises (QSE) spend: R3,25billionBlack youth enterprises spend: R2.05 billion



E&S Outcomes 2022/23FY

TRANSNET



Community Development



Sustaining employment in our communities



Skills development



Research & 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**

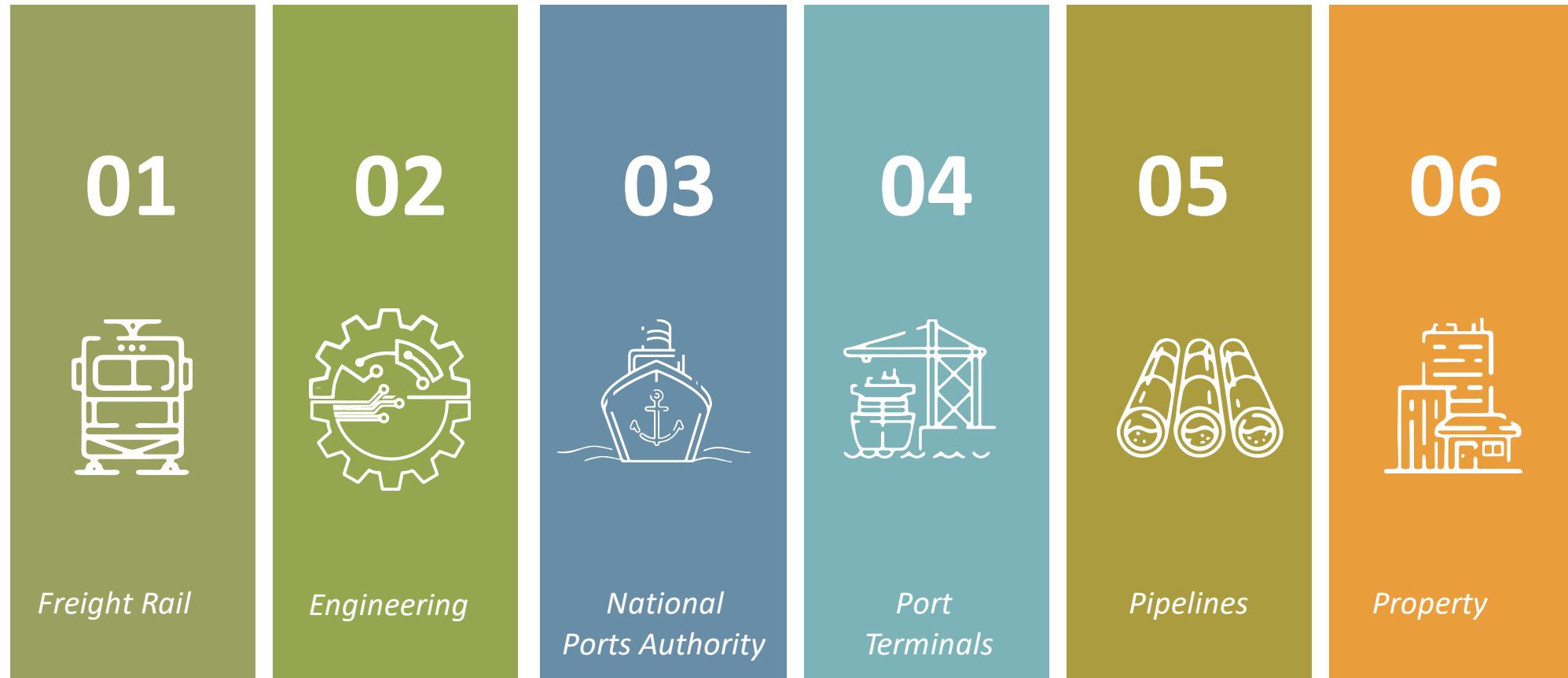
- Over **4 800** temporary jobs created through **Phelophepa I and II**
- R7,75million** invested in **job creation efforts in communities** hard hit by unemployment.

- 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

- Total spend on **R&D CAPEX projects: R75,9million** (Target: R76,9million)

Several key products include:

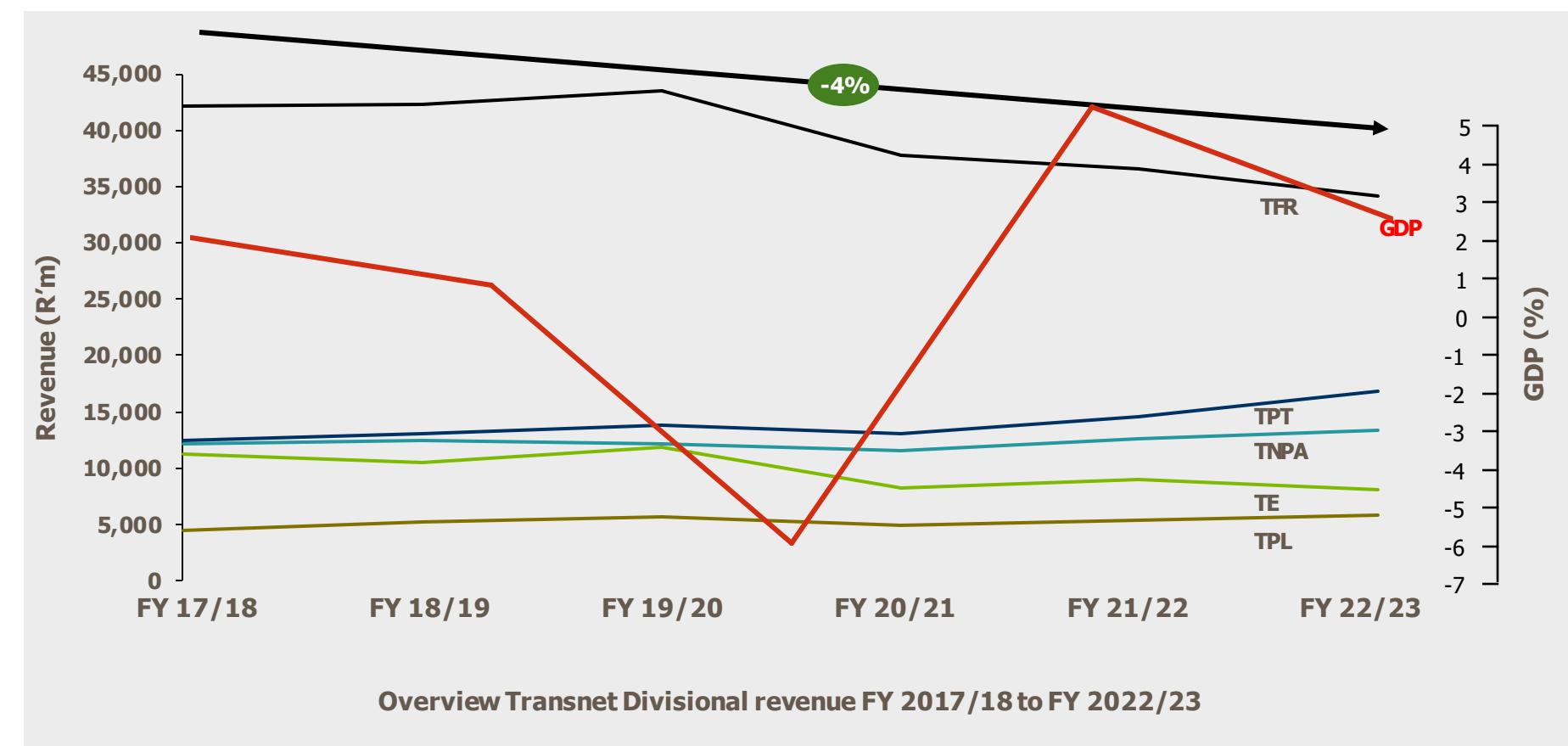
- Control Tower & Internet of Things (IoT) platform**
- Locomotive condition monitoring system (LCMS)**
- Train Control Management System (TCMS)**
- Transnet's own **Standard Gauge Wagon Bogie**





Transnet group: 6 Year revenue trend

Overall group revenue has declined due to underperformance in freight rail



KEY INSIGHTS:

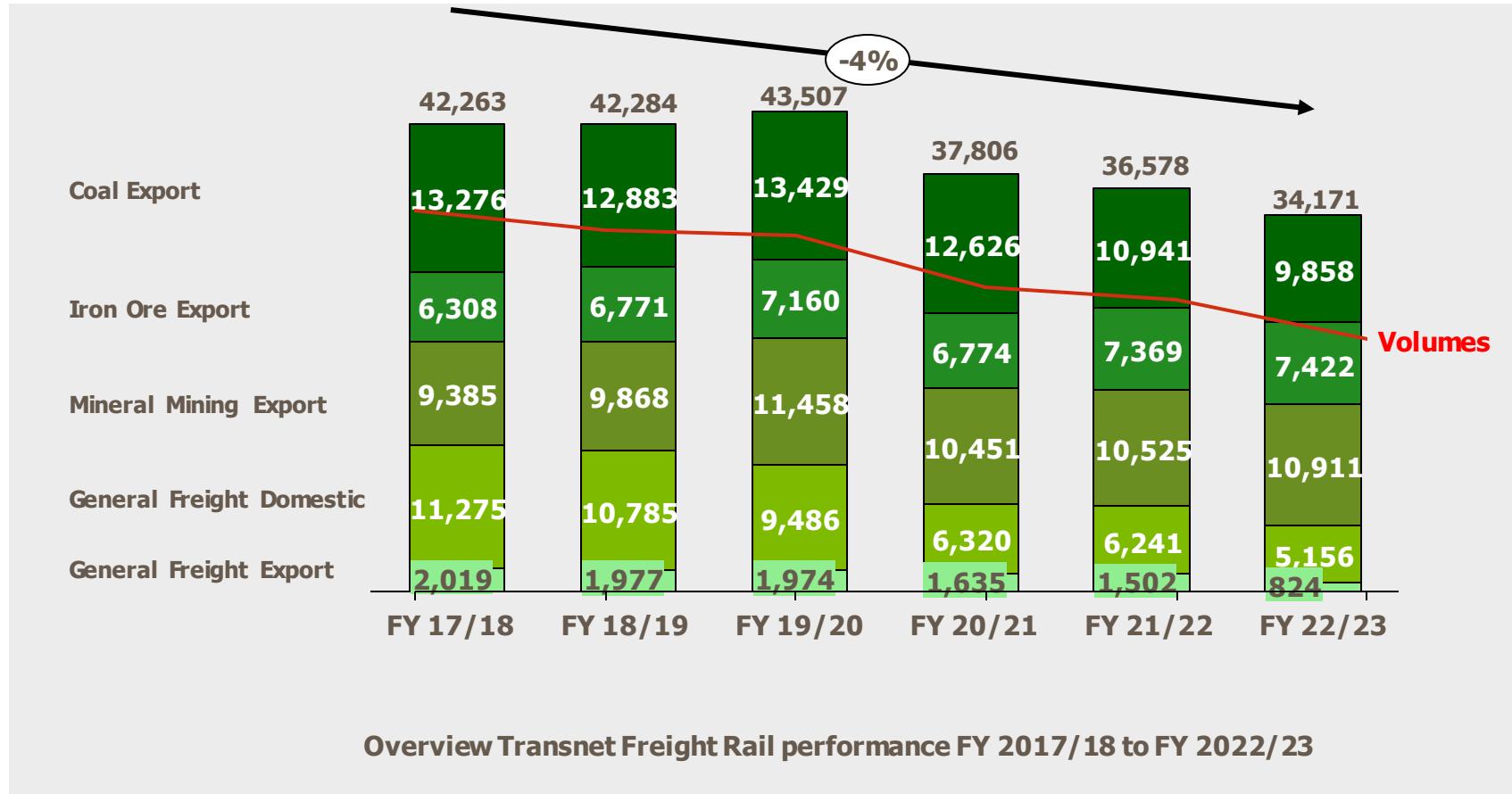
- Group revenue has declined 4% (CAGR) over the period under review, due primarily to the challenges and constraints experienced by the freight rail division
- Positive performance highlights over the same period across the group have come from the performance of the port terminals and pipelines divisions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



Division: Freight Rail



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



KEY INSIGHTS:

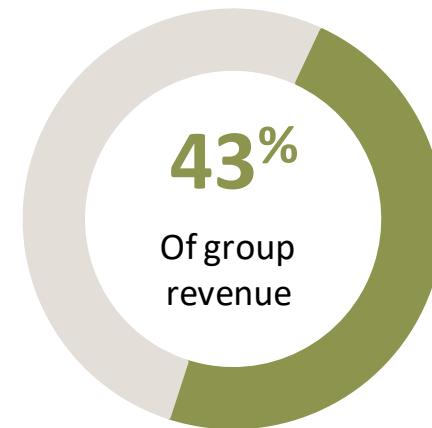
- Freight rail performance has declined 4% (CAGR) driven by critical operational challenges and binding constraints which including increased theft and vandalism (over ~R1.1bn incident costs), reduced locomotive tractive effort availability and underinvestment in network reducing network quality



Freight Rail



Division Performance



REVENUE (Rm)	34 810
OPEX (Rm)	28 088
CAPEX (Rm)	11 288

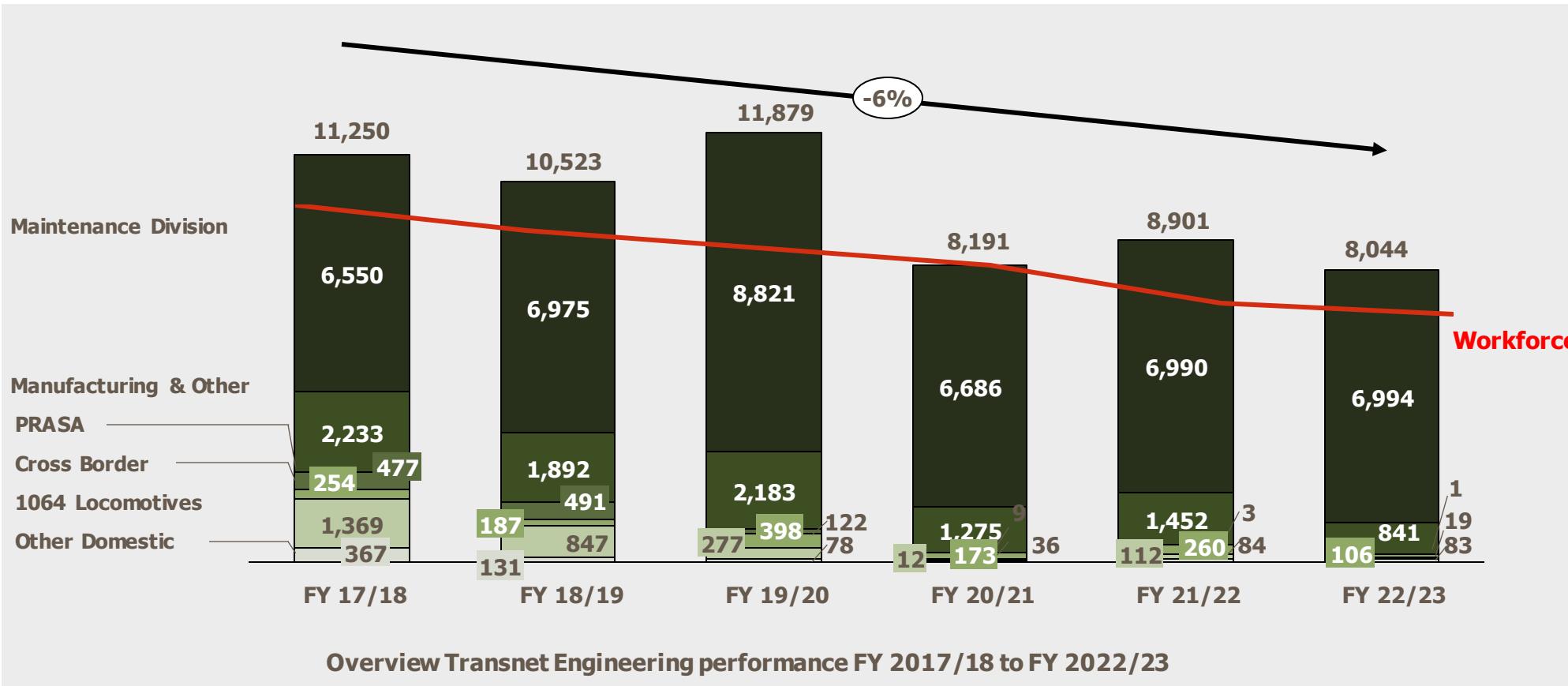
Repositioning the Business

- 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



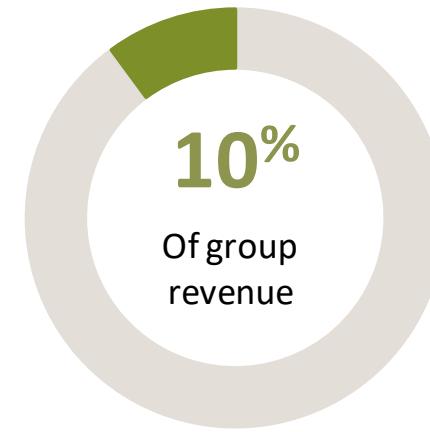


Divisions: Engineering

Engineering



Division Performance



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

Repositioning the Business

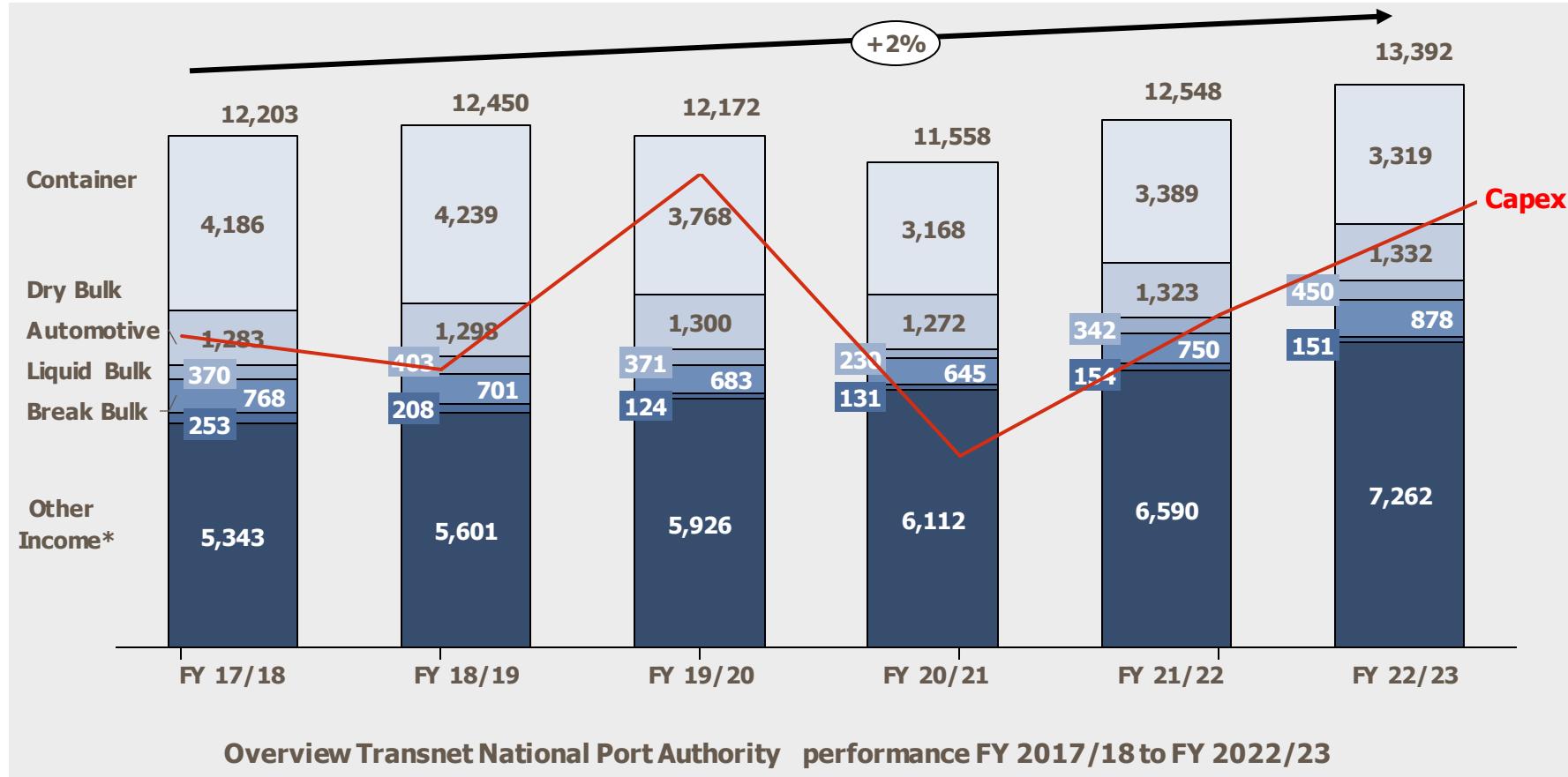
- Evolving policy will see an increased demand for rolling stock from private train operator companies
- Engineering is transitioning away from a reliance on rail maintenance to rolling stock manufacturing and remanufacturing
 - The initial phase of the transition will focus on establishing an affordable 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)



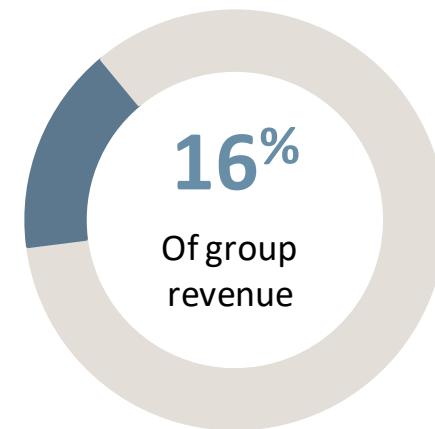
Divisions: National Ports Authority



National Ports Authority



Division Performance



REVENUE (Rm)	13 392
OPEX (Rm)	5 895
CAPEX (Rm)	1 551

Repositioning the Business

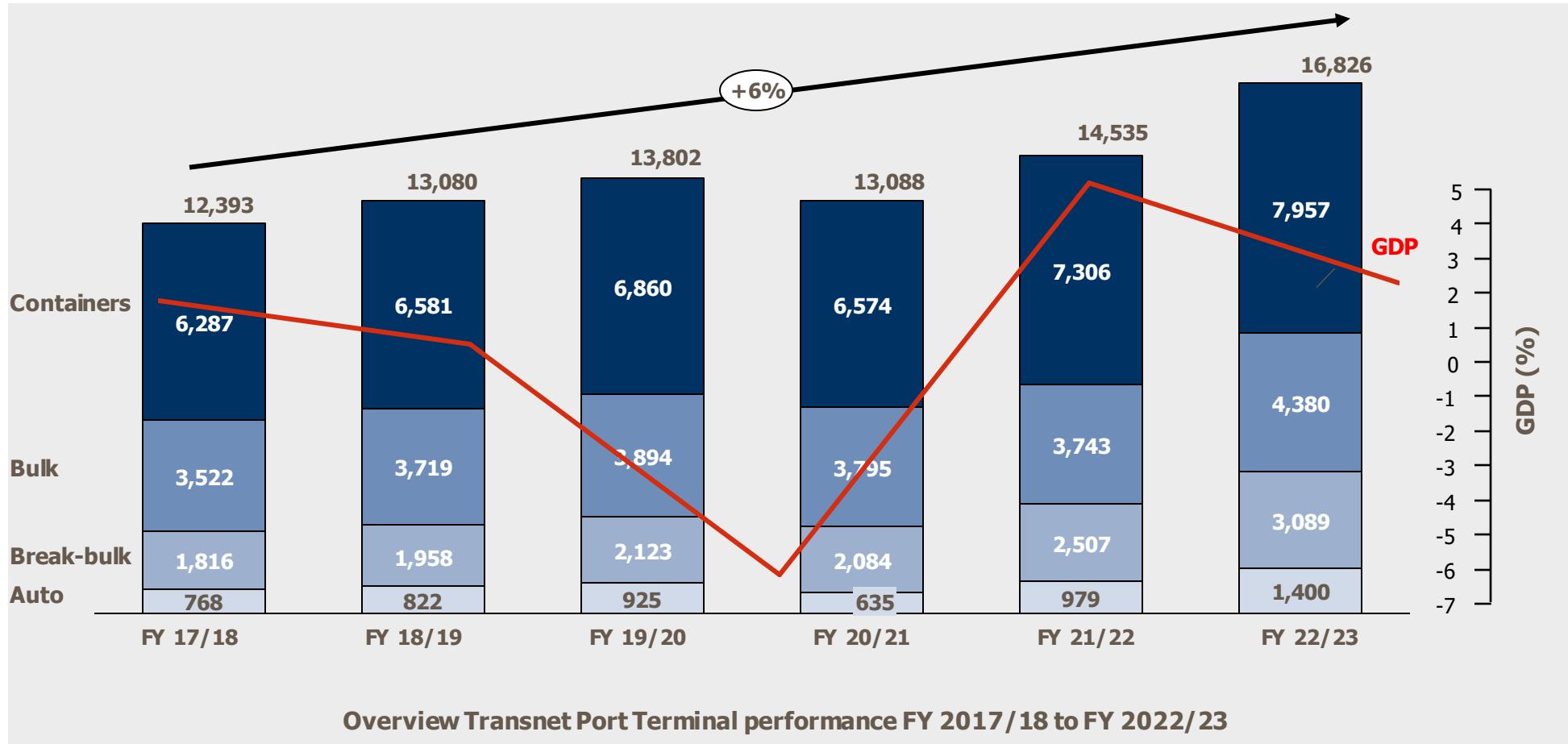
- Embarking of several game changing projects more than R14bn over next 3 to 5 years:
 - LNG Project at Port of Richardsbay;
 - Widening and deepening of port of Durban entrance channel and Point Container Terminal;
 - Container & Automotive terminal expansion at Port of Durban;
 - Deeping of berth at 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:

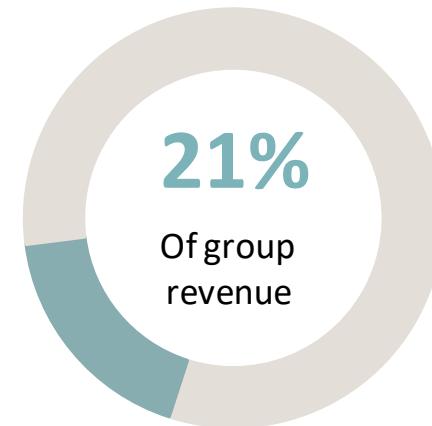
- Port terminal revenue increased 6% (CAGR) over the period and has recovered over last few years to exceeded preCovid-19 pandemic levels
- Improved performance within the bulk, container and automotive segments have been key to strong revenue growth within segments which grew 8.2%, 4.4% and 19.6% (CAGR)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



Port Terminals



Division Performance



REVENUE (Rm)	16 826
OPEX (Rm)	10 919
CAPEX (Rm)	1 037

Repositioning the Business

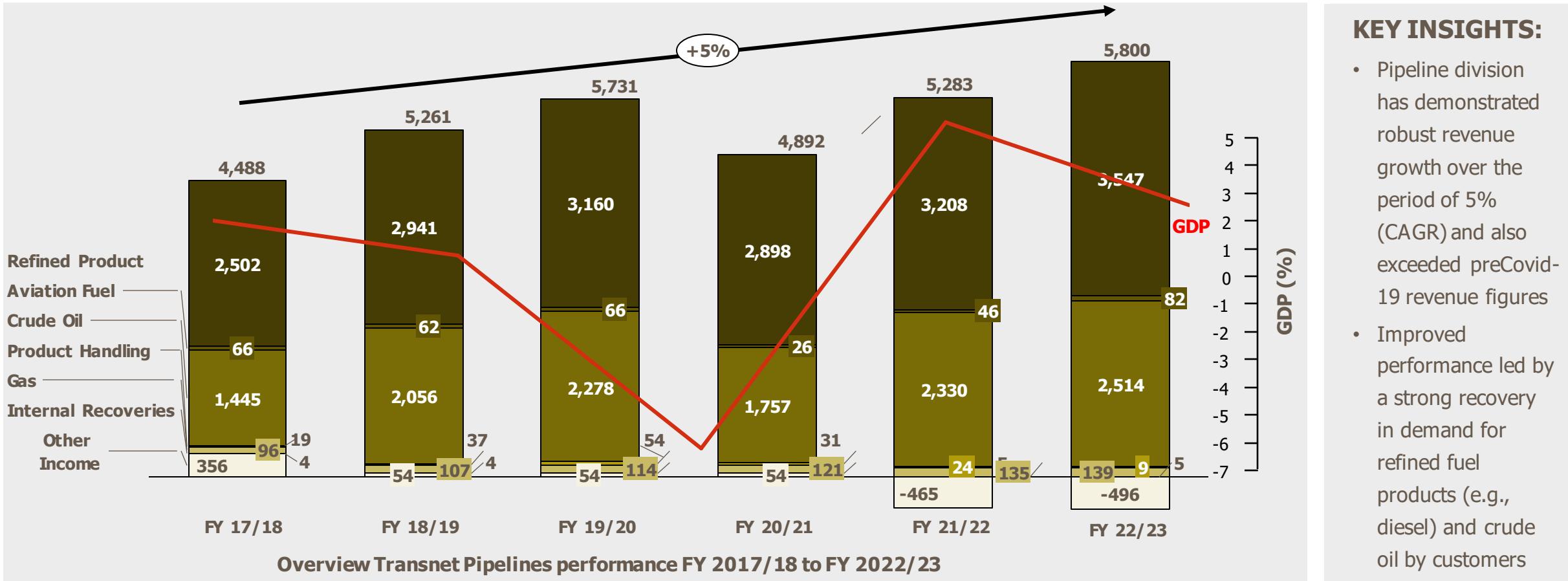
- Port Terminals has embarked upon a journey to become a world-class terminal operator, streamlining its operational processes to provide increased value to customers and stakeholders.
- Technology remains a critical driver of operational efficiency. These include remote equipment operations to streamline 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

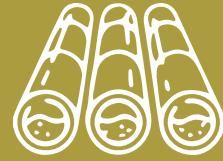


Growth in demand for refined products has resulted in improved revenue generation for pipeline division

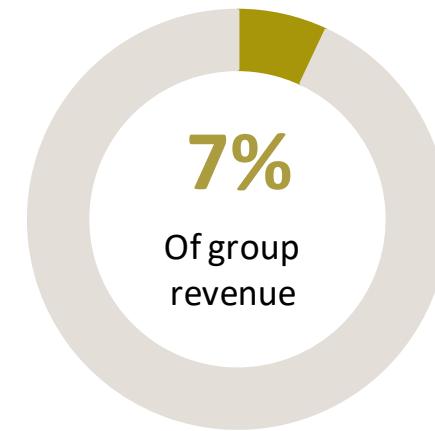




Pipelines



Division Performance



REVENUE (Rm)	5 800
800OPEX (Rm)	937
CAPEX (Rm)	32

Repositioning the Business

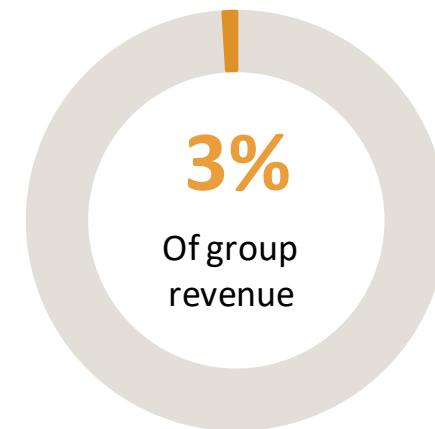
- In response to changing energy regulations, Pipelines has developed a multi-faceted approach that will focus on:
 - Increasing customer utilisation of infrastructure assets
 - Improving asset operating efficiency
 - Enhancing exposure to emerging service lines e.g. gas and energy storage
 - Minimising 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



REVENUE (Rm)	2 242
OPEX (Rm)	2 544
CAPEX (Rm)	64

Repositioning the Business

- 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



**REINVENT
FOR GROWTH**

01

BUSINESS
PERFORMANCE
OVERVIEW

02

OPERATING
CONTEXT

03

FINANCIAL
PERFORMANCE

04

REGULATORY
COMPLIANCE

05

STRATEGY &
LOOKING AHEAD





REINVENT
FOR GROWTH

FINANCIAL PERFORMANCE OVERVIEW

Nonkululeko Dlamini



01

Unmodified audit opinion for the Annual Financial Statements

03

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

05

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

07

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

02

Financial Statements prepared on **going concern basis**

04

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

06

Recovery of long outstanding debt

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

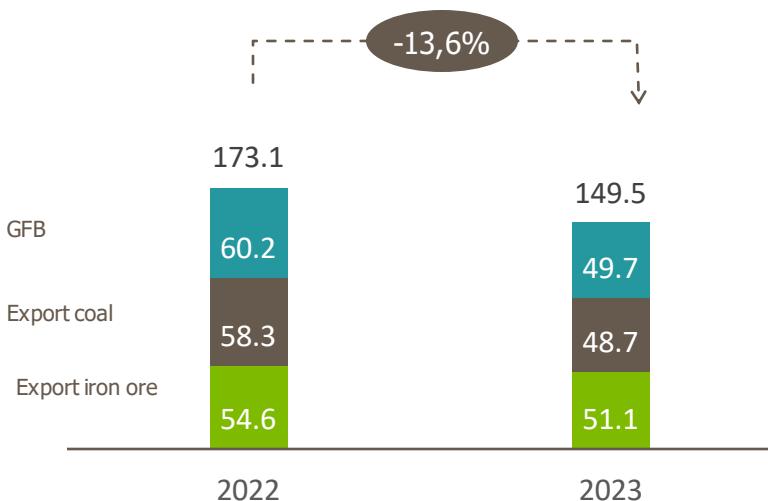
KEY FINANCIAL INDICATOR (Rm)	2023	2022	Variance	Financial Commentary
Non-current Assets	336 912	332 636	↑	Non-current assets– R4,3 bn <ul style="list-style-type: none">Investment property– R1,0 bnDerivatives financial assets– R2,6 bn
Current Assets	27 142	22 882	↑	Current assets– R4,3 bn <ul style="list-style-type: none">Cash and cash equivalents– R9,6 bnDerivatives financial assets– (R6,5 bn)
Total Assets	364 054	355 518	↑	Capital and reserves– R3,9 bn <ul style="list-style-type: none">Ordinary shares issued to the RSA government– R5,8 bnNDR– R3,4 bnRetained earnings– (R5,3 bn)
Capital And Reserves	147 721	143 778	↑	Non-current liabilities– (R15,0 bn) <ul style="list-style-type: none">Reclassification of borrowings to short term
Non-current Liabilities	137 927	152 951	↓	Current liabilities– R19,6 bn <ul style="list-style-type: none">R14,8 bn reclassification of borrowings offset by borrowings repaid
Current Liabilities	78 406	58 789	↑	
Total Equity And Liabilities	364 054	355 518	↑	



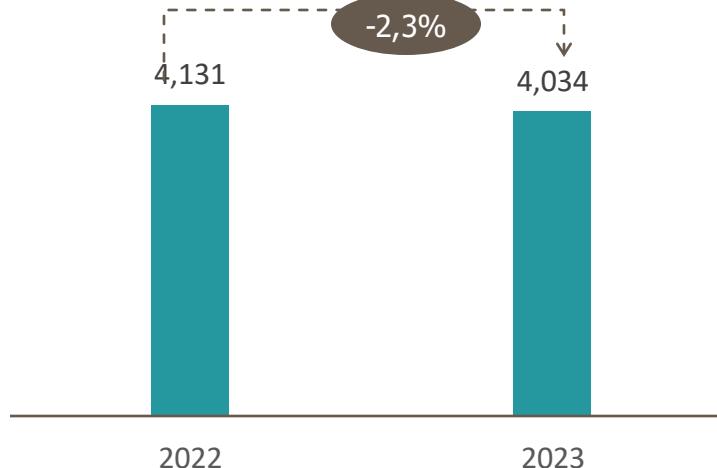
Decline in Volumes Continues to Hamper Performance

Volumes At A Glance

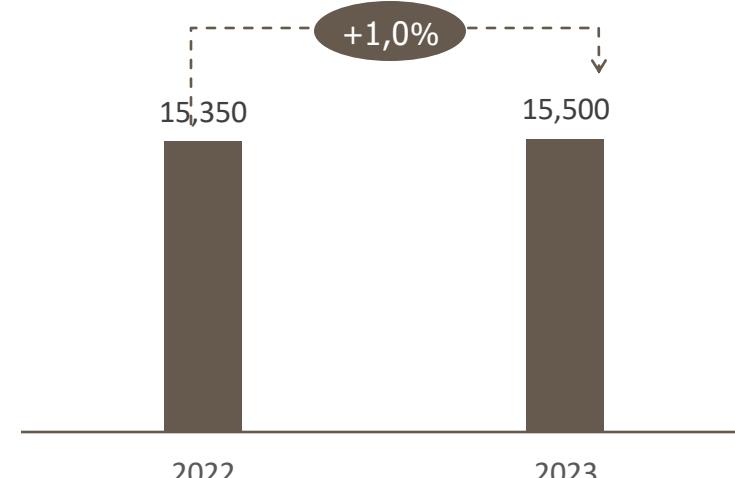
Rail Volumes (mt)



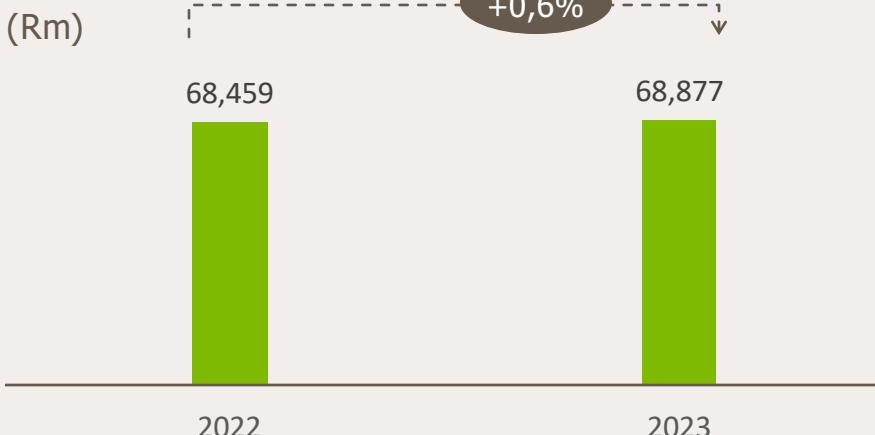
Port Containers ('000 TEUs)



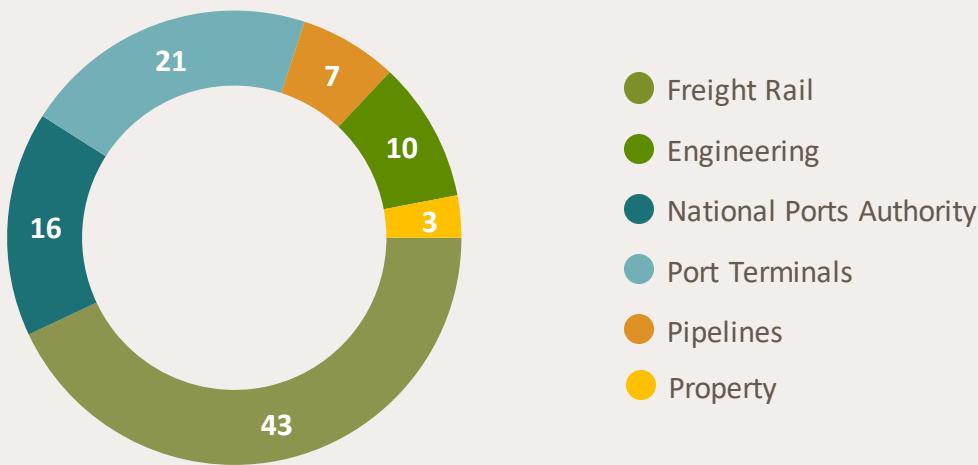
Petroleum (ml)



REVENUE
(Rm)



Total Revenue Contribution By Operating Division (%)



- Freight Rail
- Engineering
- National Ports Authority
- Port Terminals
- Pipelines
- Property



Operational Expenditure Contained Within Inflationary Levels



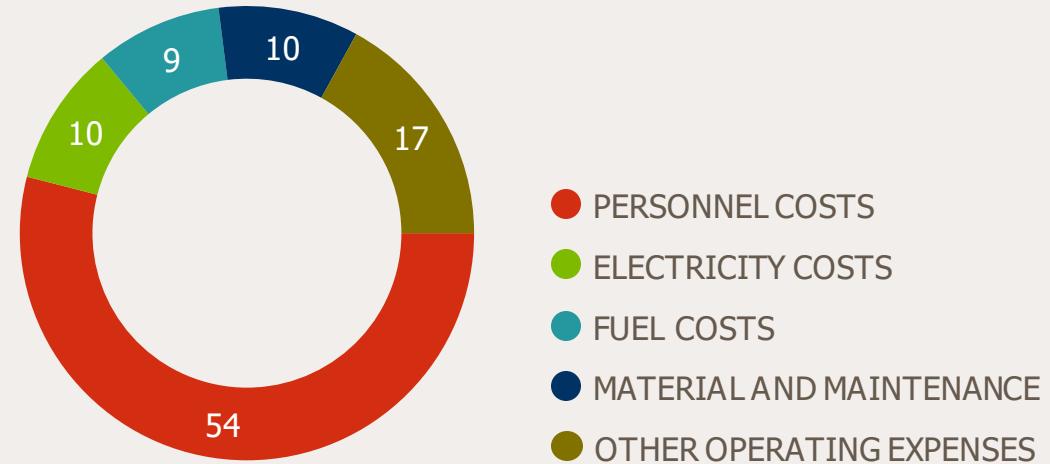
Net operating costs increase for the year contained at 2,0% despite inflationary pressures.



NET OPERATING EXPENSES (Rm)

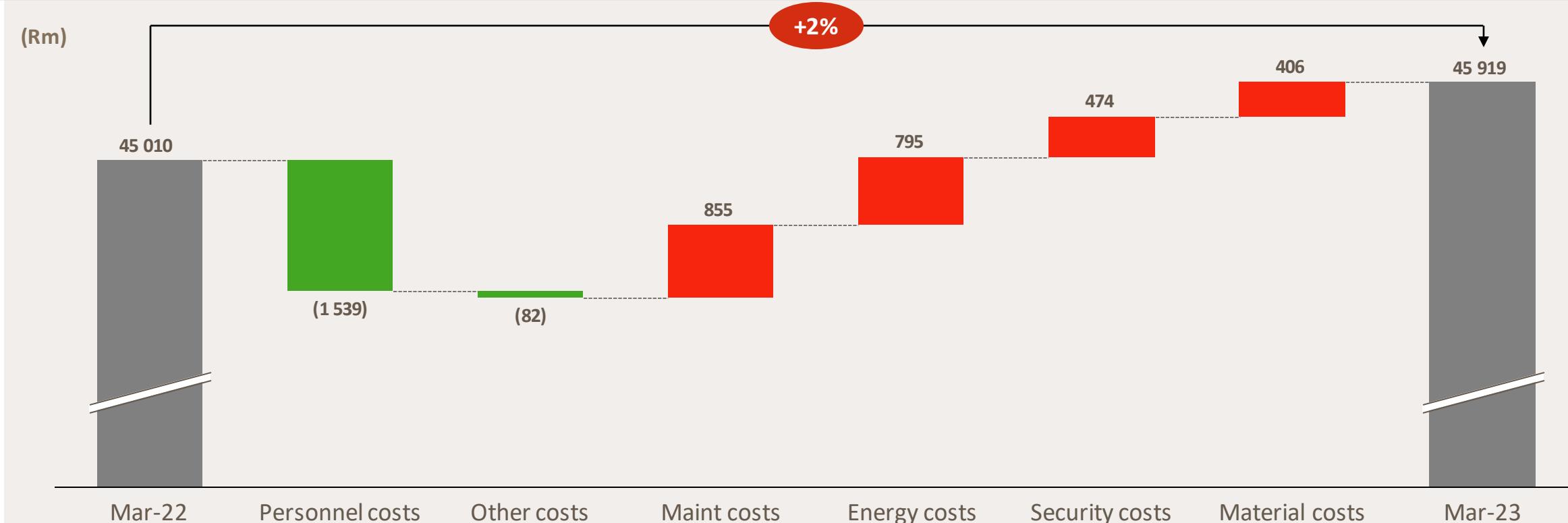


NET OPERATING EXPENSES CONTRIBUTION BY COST ELEMENT (%)





Year On Year Increase in Net Operating Expenses Contained Below Inflation



Key Insights

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

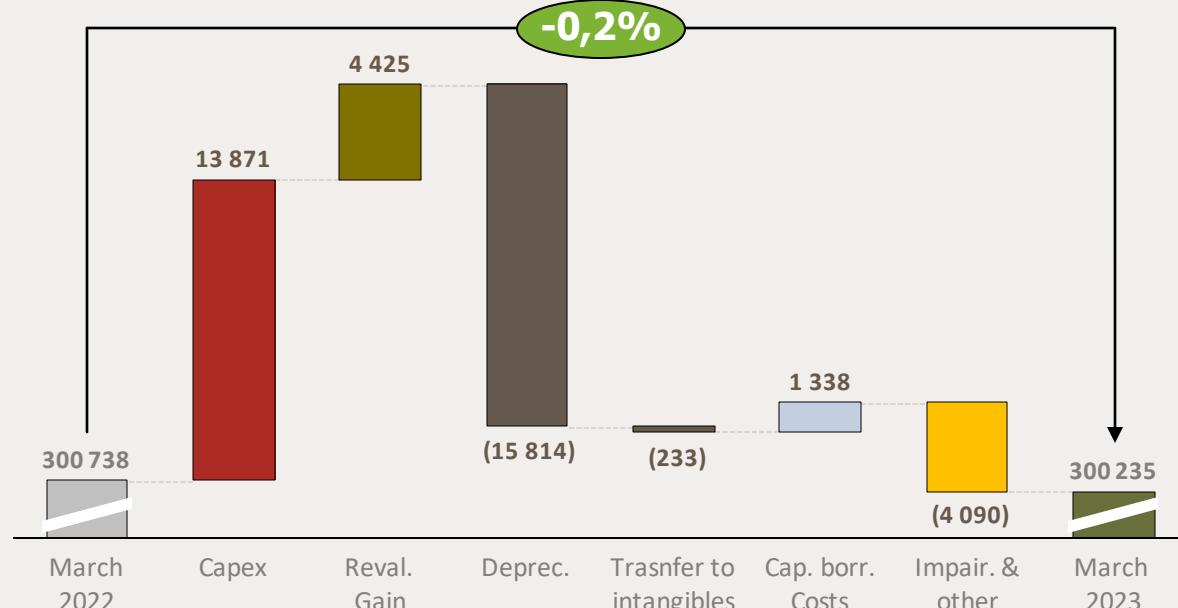
The increase in energy costs is largely driven by R1 105m increase in fuel costs offset by a R310m reduction in electricity costs.

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



Increased Capital Investment to Improve Operational Sustainability

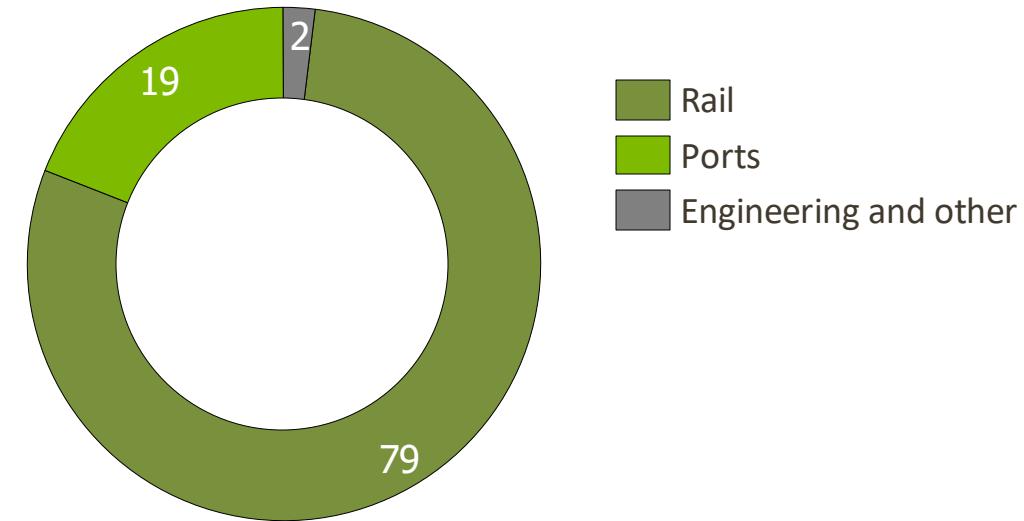
Property Plant And Equipment (Rm)



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	-

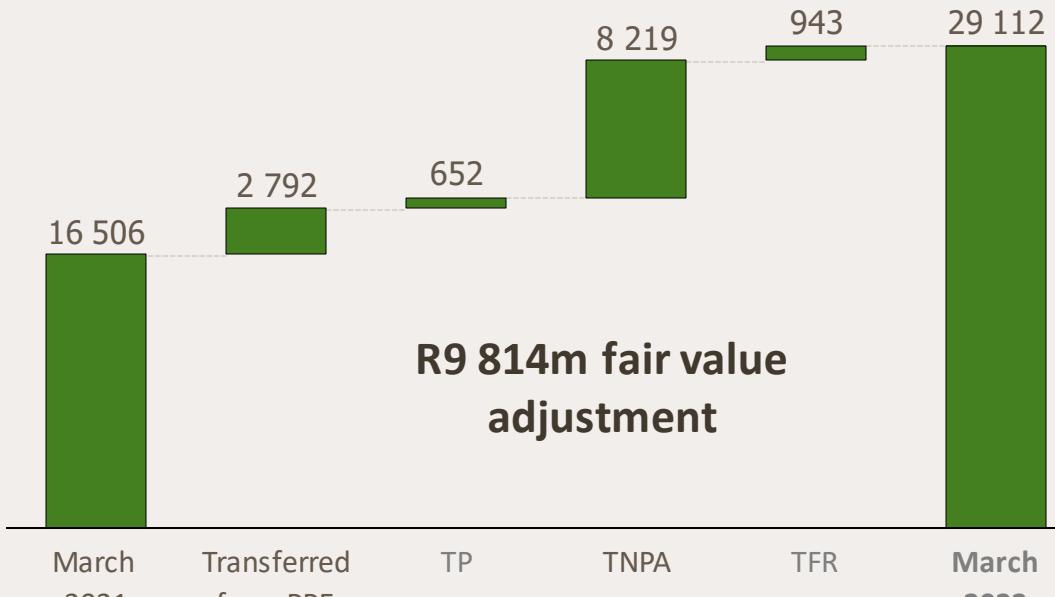


Investment Property Fair Value Adjustment

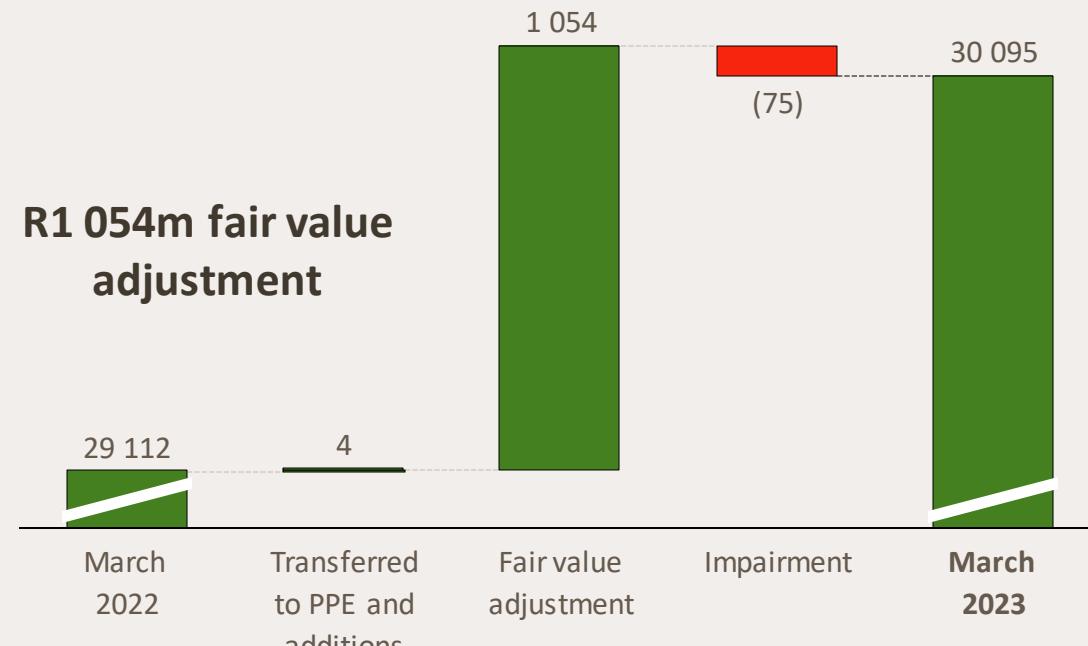
TRANSNET



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.

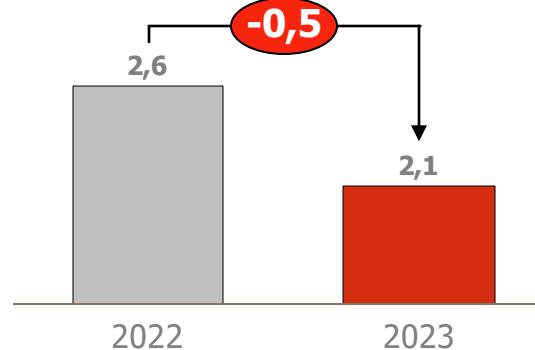
The R9 814m FV movement in the prior year was based on a full valuation

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

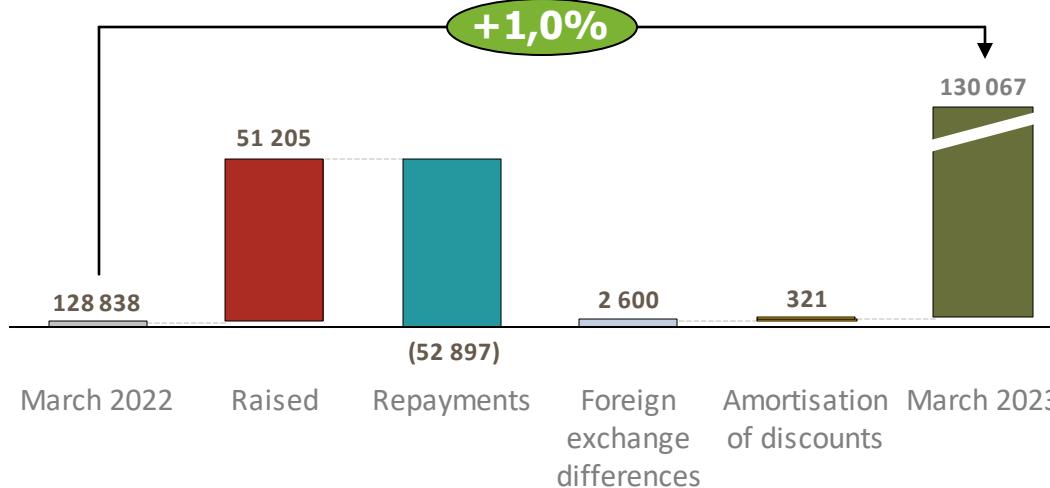
Cash interest cover (times)



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

01

BUSINESS
PERFORMANCE
OVERVIEW

02

OPERATING
CONTEXT

03

FINANCIAL
PERFORMANCE

04

REGULATORY
COMPLIANCE

05

STRATEGY &
LOOKING AHEAD





REINVENT
FOR GROWTH



PFMA REPORTABLE ITEMS

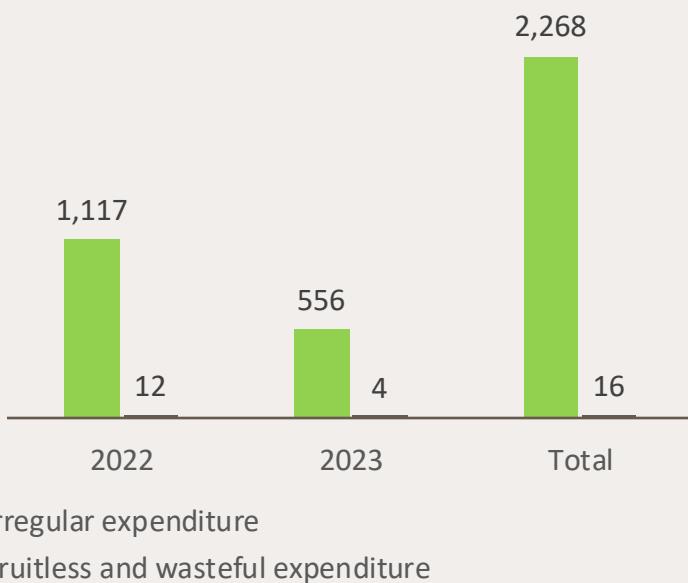


PFMA Reportable Items Overview: 31 March 2023

TRANSNET



New PFMA Reportable Items Incurred
(Rm)



- 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.



**REINVENT
FOR GROWTH**

01 02 03 04 05

BUSINESS
PERFORMANCE
OVERVIEW

OPERATING
CONTEXT

FINANCIAL
PERFORMANCE

REGULATORY
COMPLIANCE

STRATEGY &
LOOKING AHEAD

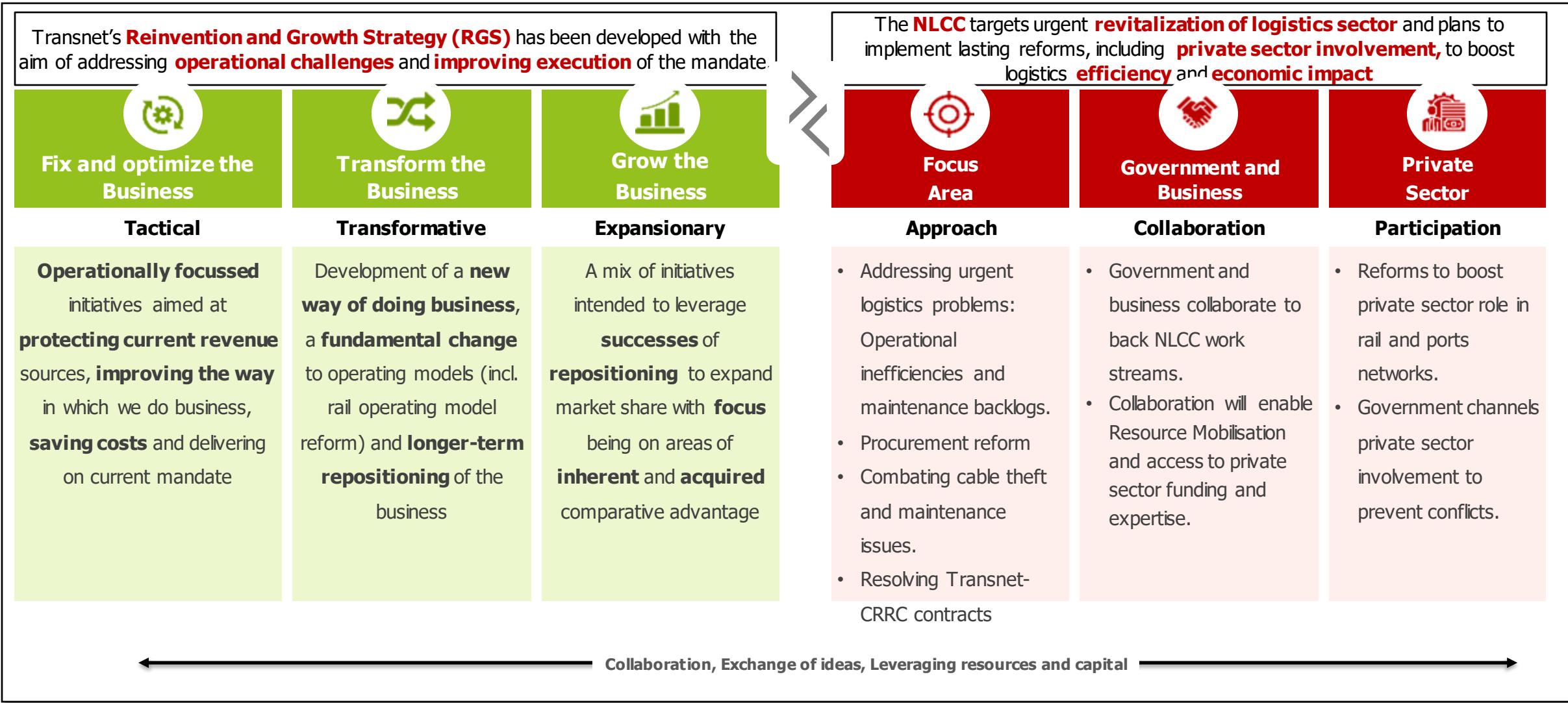


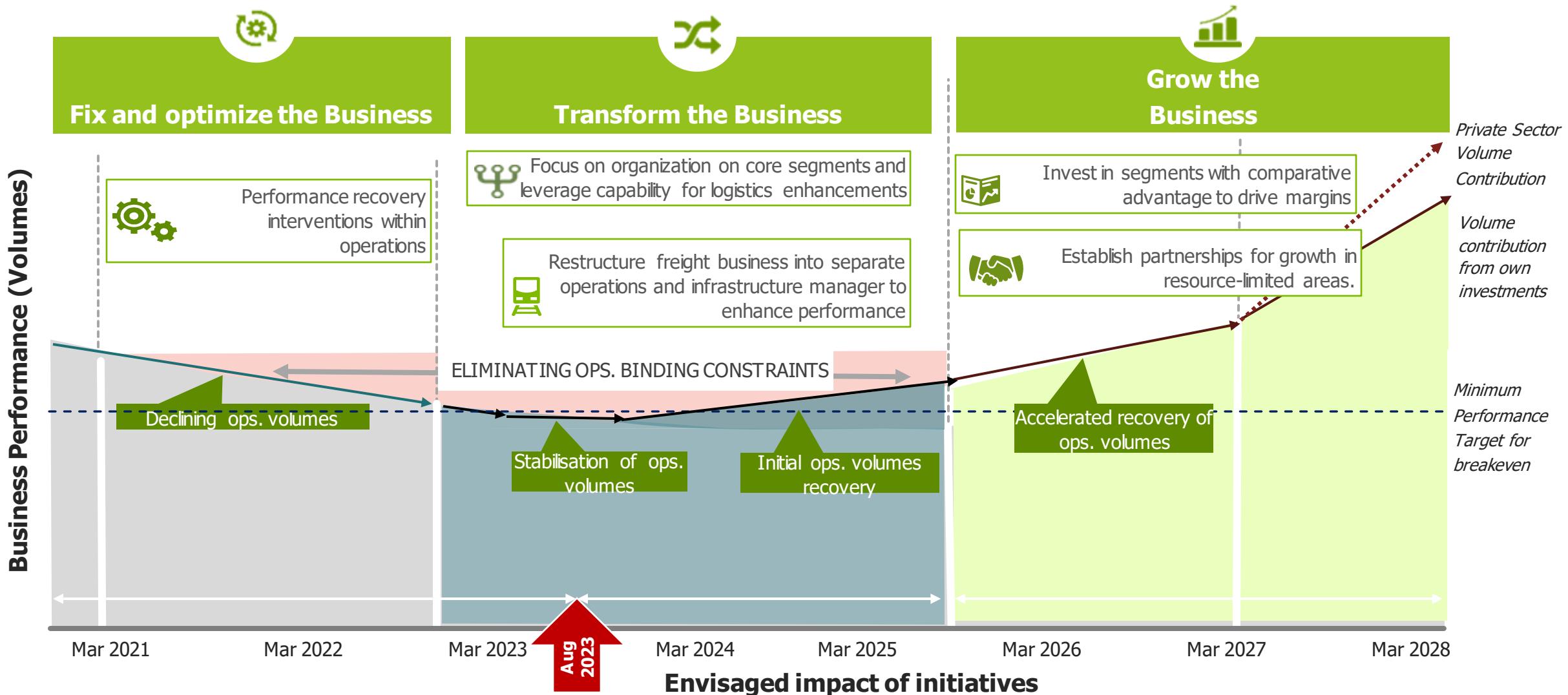
REINVENT
FOR GROWTH



STRATEGY & LOOKING AHEAD

Portia Derby







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

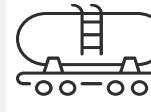
Bring in locos and invest in maintenance to restore South Africa's export coal capacity ~79 mtpa



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

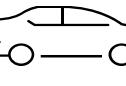
Standardise grain intermodal solutions to lower the cost of logistics and reinstate rail as a partner

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	Green	Green		Grey			Due Diligence, Contracting & Financial Close
	NCT	TPT	SP		Green	Green	Red				Partner Unsuccessful – Re-strategise & Redirect
	Point Container Terminal	TPT/TNPA	SP			Grey					Conclude Funding and commence Feasibility
	Container Corridor PSP	TFR	CI		Green	Green	Grey				RFQ Bid evaluation
AUTO	Ukuvuselela	TFR	SP	JITP	Green	Grey					Award Turnkey RFP & Commence Construction
	Kaalfontein	TFR	SP	JITP	Green	Grey					Decision on the integration with ConCor PsP
ENERGY	TM1 – MPP Ph. 1B	TPL	CI	CI			N/A	Grey			Award the first execution contract
	TM1 – TFIT	TPL	CI	JITP	Green	Grey					Concept & pre- feasibility study
	RB LNG	TPL	SP	JITP	Green	Grey					RFP submission
	RB LNG	NPA	UP	JITP	Green	Grey					Tender Close
	NGQ LNG	NPA	SP	JITP	Green	Grey					Program alignment with multiple Section 79 holders (Mulilo Total, KPS and SFF/Tamasa)
COAL	Consolidation @ RBCT	NPA/TFR	SP	CI	Grey						Pending ops improvement to nameplate volumes
	Intermodal Operations	NPA/TFR	CI	CI	Green	Grey	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	Grey	N/A	Run-through operations in execution for Magnetite & Coal
	Optimise Bayvue RY	TFR	CI	CI			N/A	N/A	Grey	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

Portia Derby



REINVENT
FOR GROWTH





Divisions: Freight Rail and Port Terminals

Progress on MRSAs



Key Initiative

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

Current Status

- ❖ 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

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

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



 **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 - 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.

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.

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.

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.

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
 Freight Rail	<ul style="list-style-type: none"> 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
 Engineering	<ul style="list-style-type: none"> 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 mgmt.
 National Ports Authority	<ul style="list-style-type: none"> 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 mgmt.
 Port Terminals	<ul style="list-style-type: none"> 1. Strategic customer engagements 2. Formal Industry engagements 	 Value propositions  Customer service and quality
 Pipelines	<ul style="list-style-type: none"> 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)
 Property	<ul style="list-style-type: none"> 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

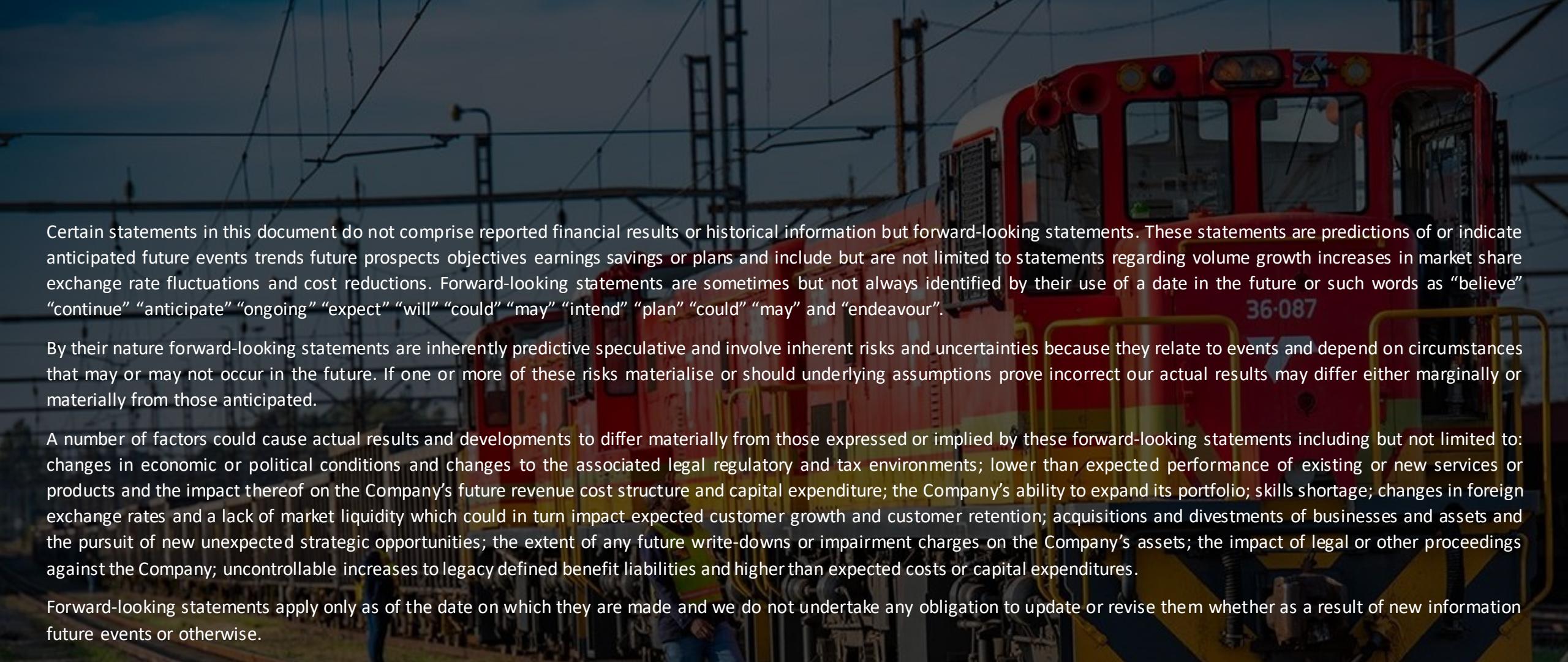


TRANSNET



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.