TRANSNET

ANNUAL RESULTS ANNOUNCEMENT

For the year ended
31 March 2022

OVERVIEW: PORTIA DERBY

PERFORMANCE: NONKULULEKO DLAMINI

COMPLIANCE: NONKULULEKO DLAMINI

STRATEGY: PORTIA DERBY

REPOSITIONING THE BUSINESS: PORTIA DERBY

Condolences: remembering our colleagues who died at work

Mr Leonard Themba Mdakane

Ms. Nokuthula Chili

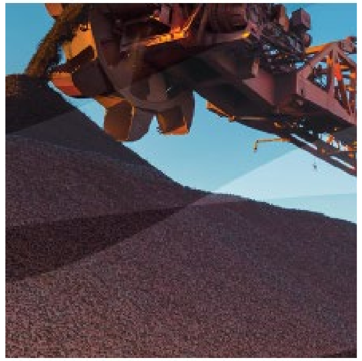
Mr Ginya Wiseman Makhanya

We remember our colleagues who lost their lives during the year, and our thoughts are with their families and friends.

We also remember the members of the public who lost their lives in and around our operations.

Building safe operations remains a critical lever of our strategy.



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OVERVIEW: PORTIA DERBY

- GROUP CHIEF EXECUTIVE

Year in review: Our operating context

- **COVID-19** outbreaks **disrupted supply chains**, creating **bottlenecks in logistics systems.**
- Global growth improved to **6,1%** from **-4,9%** in 2020.
- High **demand** for **primary commodities** (e.g. coal) lead to the **highest prices ever**.
- Surging **global energy prices** in the **Q2**.
- Global **goods trade** began to **recover**.
- **Inflationary** pressures **intensified**.

- Sub-Saharan Africa (SSA) economic **growthfor 2021 estimated at 4%.**
- Share of **regional countries** in high risk of **debt distress at 60,5%.**
- **Droughts** impacting **agricultural production.**
- **High inflation**, and rising **financial risks** due to **high debt levels**..

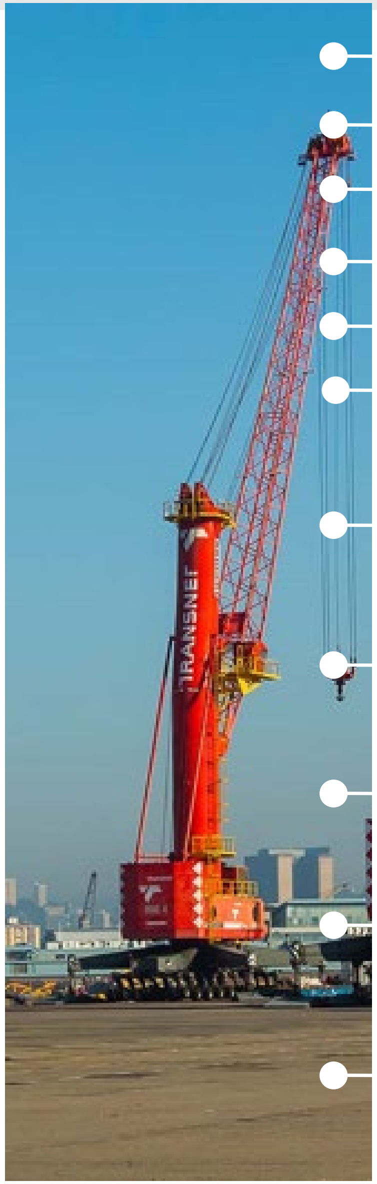
SA

- **GDP growth** rebounded to **4,9%,** due mainly to a combination of **base effects, strong commodity prices**, and gradual **reopening** of the **economy** after COVID-19 restrictions.
- Outbreak of **public unrest** in July 2021.
- New wave of **COVID-19** led to **lost jobs** and **delayed investments**, exacerbated by **power outages**.
- **Price inflation** from **electricity** and **fuel prices** strained households financially.

- **Capacity constraints** for the **primary export commodities** (e.g., coal and iron ore) driven by:
  - **locomotive unavailability**;
  - **vandalism** of the **rail infrastructure and** continued **cable theft**.
- **July cyber attack weakened our ICT environment, force majeure** at several **key container terminals in critical supply chains.**

Source: World Bank Global Economic Prospects: January 2022
Source: Treasury Economic Review: Budget review
Source: World Bank Group - 2022 Global economic prospects: June 22

Asset optimisation: Our unique assets



- **50 015** employees
- Overall asset base: **R356 billion**
- **3 800 km** Pipeline infrastructure
- **1 854** Locomotives
- **64 329** Wagons
- **8** Commercial ports along **2 796 km** of coastline
- **16** Cargo terminals across **7 South** African ports
- **30 400 km** Railway network track and **2** heavy-haul lines
- **6** Rail and port manufacturing and maintenance factories
- **132** Maintenance depots and **11** engineering yards
- Investment property portfolio: **R29,1 billion**

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

Source: Transnet 2022 Integrated Report
Source:: Transnet Operating Divisions' 2022 Annual Reports

Asset optimisation – This year's results are a reflection of Transnet Properties coming to its own

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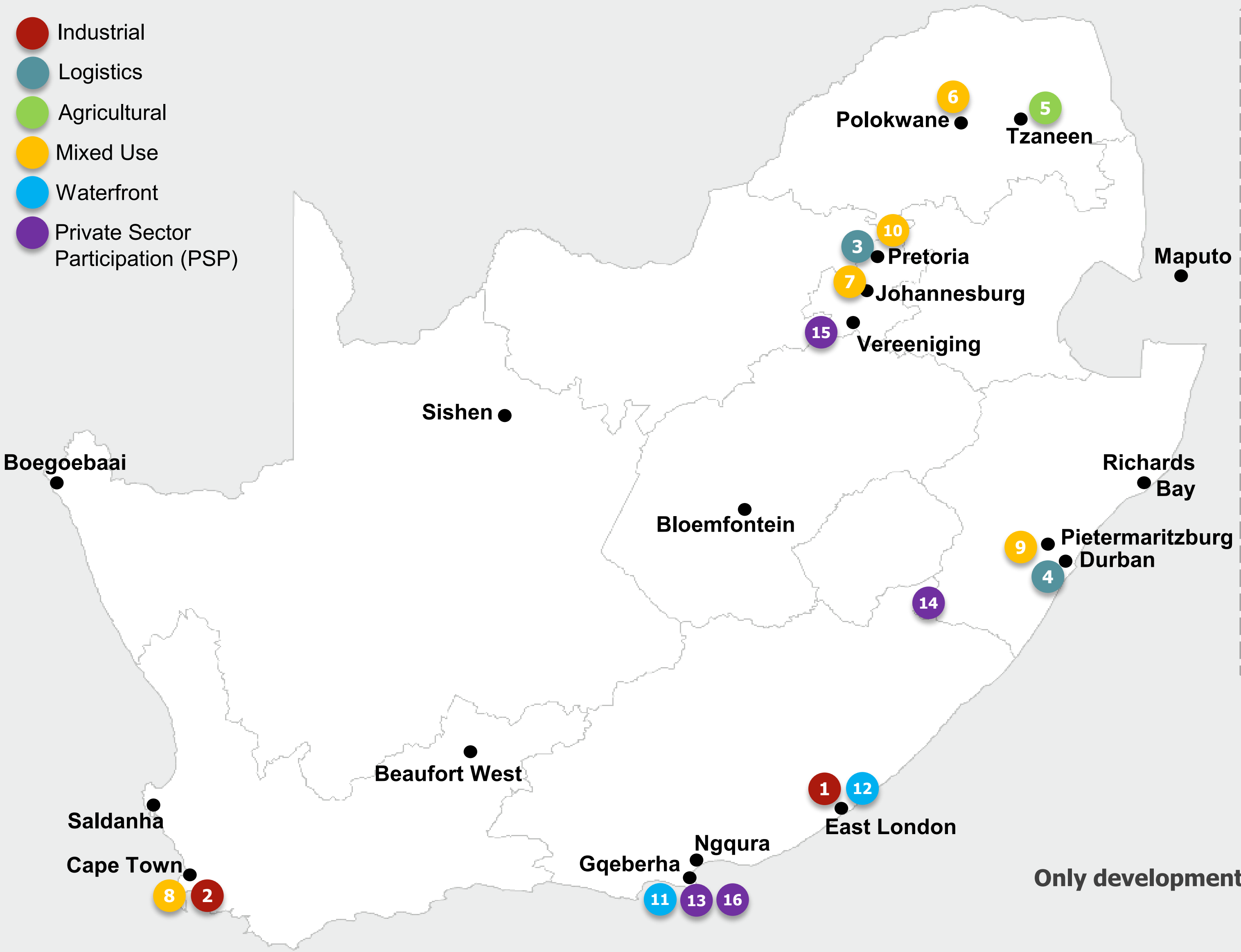
1	East London – Small Industrial Hub PSP. Extent: ± 11.7 Ha
2	Salt River – Industrial PSP Extent: ± 18.3 Ha
3	Capital Park (Pretoria) – Logistics Hub PSP Extent: ± 205 Ha
4	Durban Logistics Hub – Logistics Hub PSP. Extent: ± 330.6 Ha
5	Tzaneen – Agricultural Hub PSP Extent: ± 60 Ha
6	Polokwane – Mixed Use PSP Extent: ± 123 Ha
7	Carlton Centre – Mixed Use PSP Extent: ± 2.8 Ha
8	No. 1 Adderley Street – Mixed Use PSP Extent: ±1.8 Ha land area; 4.1 Ha,13-Storey building
9	Mayors Walk (Pietermaritzburg) – Mixed Use PSP Extent: ± 34.2 Ha



10	Koedoespoort (Pretoria) – Mixed Use PSP Extent: ± 350 Ha
11	Gqeberha – Waterfront Extent: ± 62 Ha
12	East London – Waterfront Extent: ± 50 Ha
13	Humewood – PSP Extent: ± 20.4 Ha
14	Matatiele – PSP Extent: ± 16.8 Ha
15	Taxido Junction (Vereeniging) – PSP Extent: ± 2.9 Ha
16	Deal Party (Gqeberha) – PSP Extent: ± 44.9 Ha

Overview: Long-standing legal matters

McKinsey

- Transnet received the payment due to Transnet of R870 million.
- Since the release of the State-Capture Report, some of the OEMs have come forward to settle matters with Transnet with regards to the allegations.

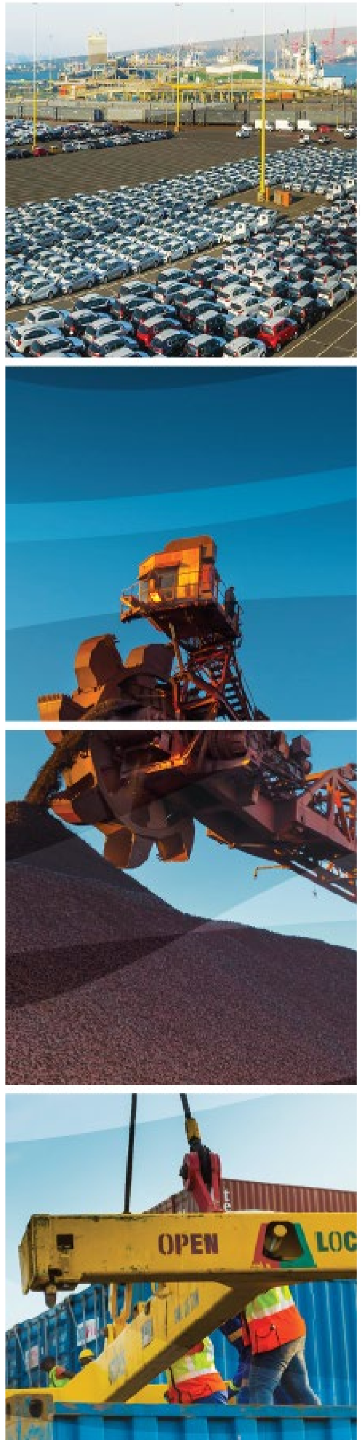
Richards Bay Land Claims

- Transnet entered into an agreement with the Mandlazini Community in the Richards Bay area regarding a land claim settlement.
- The matter is to be formalised by the National Land Claims Commissioner.

Total/Sasol

- 21 June 2022, the Constitutional Court delivered its judgment on the Sasol / Total contractual dispute.
- In terms of the judgment, the Constitutional Court found:
    - that the Variation Agreement was terminable; and
    - the Variation Agreement was validly terminated, with effect from 13 September 2020.

Sources: World Bank data, 2022; Statistics South Africa, 2022



PERFORMANCE: PORTIA DERBY

- GROUP CHIEF EXECUTIVE

Divisions: Freight Rail and Engineering

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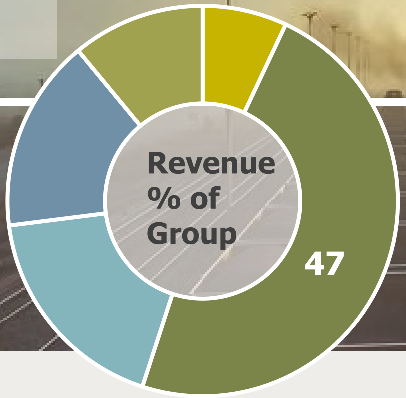
Freight Rail

Rm

REVENUE: 37 812
OPEX: 26 514
CAPEX: 10 037



Performance

- **Record weekly railed Manganese** (0,356m tons) resulted in **increased exports** (Port of Port Elizabeth).
- **Automotive capacity** up by **25%** by re-opening the **Central Corridor goods line**
- **Ore Corridor** set a new weekly record of **1,36m tons.**
- **Re-opening of the Cookhouse Blaney branchline** reduced travel time between East London and Gqeberha by 50%

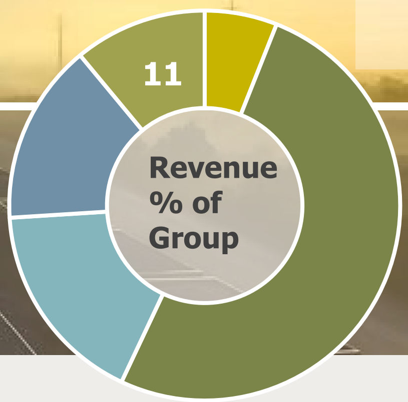
Opportunities

- **Partnerships** to explore alternative ownership and financial models for **wagons, sidings and branch lines**
- **Partnerships** to improve end-to-end **efficiencies** e.g., implementing additional back-of-port rail facilities to improve use **of terminal facilities**.
- **Strengthen** existing operational **relationships** with **neighbouring countries** to increase **volumes.**

Engineering

Rm

REVENUE: 8 901
OPEX: 10 398
CAPEX: 99



Performance

- Achieved **cross-border revenue** of **R263 million** (2021: R173 million) against a **target** of **R183 million.**
- **Research and development** expenditure of **R98 million** (2021: R142 million), against a target of **R99 million.**

Opportunities

- **Mining companies** purchasing **rolling stock** and **not relying on traditional railway** operators providing an opportunity to **explore a leasing business.**
- **Rolling stock overhauls** and **upgrades** are in demand in Africa
- Leveraging **synergies** with other **State-owned Companies.**

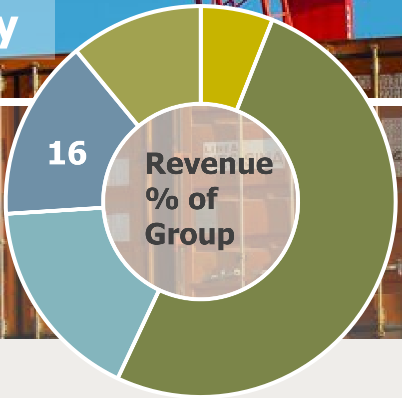
Source: Transnet 2022 Integrated Report
Source:: Transnet Operating Divisions' 2022 Annual Reports

Divisions: National Ports Authority and Port Terminals

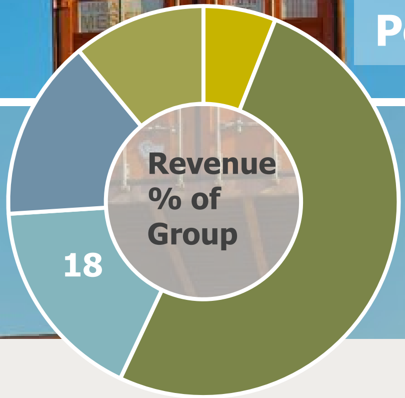
National Ports Authority

Rm

REVENUE: 12 548
OPEX: 5 034
CAPEX: 1 124



Port Terminals



Rm

REVENUE: 14 535
OPEX: 10 329
CAPEX: 1 548

Performance

- Revenue increased by 8,5% to **R12,54 billion**:
  - Containers up **10%**
  - Automotive growth: **46%**
  - Breakbulk volumes up **50%**
- Introduction of **a new operating model**

Opportunities

- Positioning **TNPA** as an **integrated and competitive** world-class port system.
- Explore **opportunities** to **diversify revenue** and introduce increased Private Sector Participation
- Develop a **utilities management strategy** to improve **cost efficiencies** for **water** and **electricity usage** in the port system.

Performance

- **Automotive imports** up by **88%,** and **exports** up by **16%.**
- **Durban Multi-Purpose Terminal**: **17,6%** above budget due to **increased ad hoc shipments** and **handling more** bi-weekly services.
- **Durban Agriport** was **17% above budget** due to the export programme and **high demand** for local grains.

Opportunities

- Leverage **economies of scale** with integrated services across the **transport value chain**.
- Leverage **private partnerships** to improve capabilities and **attract volumes** from **new markets**.
- Offer customised **solutions** to **OEMs** in the **automotive industry.**
- Partner with **Government agencies** to attract **new OEMs**.

Source: Transnet 2022 Integrated Report
Source:: Transnet Operating Divisions' 2022 Annual Reports

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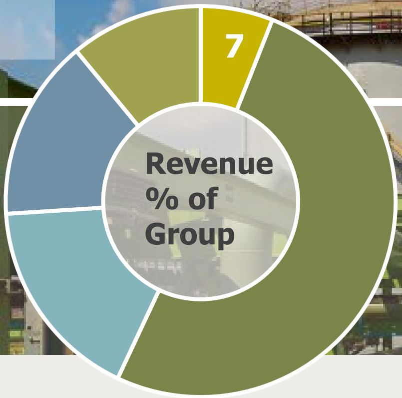
Divisions: Pipelines and Property

Pipelines

Rm

REVENUE: 5 283
OPEX: 1 564
CAPEX: 330



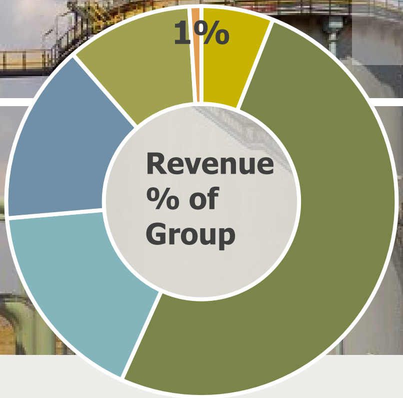
Performance

- **Petroleum volumes** of **15,35 billion litres** exceeded prior year by **17,5%.**
- **Ordered versus delivered** volumes were **above budget** at **98,9%** (2021: 95%)
- Multi-product pipeline (MPP) capacity **use of 91:148 Mℓ per week** was **12%** above the prior year.
- The **planned** versus the **actual** delivery times was **above prior year** at **88,3%** (2021: 83,2%)

Opportunities

- Finance, construct, operate and maintain **LNG midstream infrastructure** to enable the import of LNGs into the **ports of Richards Bay** and **Ngqura**.
- Provide **import infrastructure** to enable **new entrants** to participate in the **petroleum and gas sector supply chain**.
- Provide **solutions to the BNLS** (Botswana, Namibia, Lesotho and South Africa) on strategic **stock storage and handling**.

Property



Rm

REVENUE: 937
OPEX: 825
CAPEX: 70

Performance

- **Net profit** for the year, before taxation is **R1 526 million** (2021: R569,7 million), due mainly to **increase in value of investment properties**.
- **Freight Rail properties** have been **transferred to Property** as part of the strategy to **consolidate investment properties under** Property's purview.

Opportunities

- Roll out the **Development Leases Reversion Programme** to take over the **development leases** into the **Property portfolio** upon expiry and **grow the balance sheet**
- **Consolidate** and **standardise** head office and regional office space in Transnet-owned properties to **save costs, optimally utilise Transnet assets** and **standardise the look and feel of facilities.**

Source: Transnet 2022 Integrated Report
Source:: Transnet Operating Divisions' 2022 Annual Reports

ESG outcomes

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Environmental stewardship

- Carbon footprint: **3,27 mtCO2e**
- **Cumulative carbon emission savings** from **'road to rail'** from 2015 to 2022: **3 122 mtonCO2.**

Health and safety

- **LTIFR rate** – 0,69 (2021: 0,62)
- against tolerance of 0,75
- **Running line derailments**: 78 (2021: 70)
- **Shunting derailments**: 121 (2021: 122)
- Employee Wellness Programme service offerings across all 11 official South African languages.

Building Industrial capability

- **R67 million** in ESD spend, 2,1% of net profit after tax
- **R378 million early payments** to qualifying **ESD beneficiaries** (2021: R70,1 million).
- **Local procurement spend** accounted for **72%** designated sector spend (2021: R2,2 billion; **9,4%** of TMPS).

Creating employment

- Transnet's **total headcount 55 827** (incl. contract employees)
- **4 620 +** temporary jobs created through **Phelophepa I and II**
- **R7,7 million +** was invested in **job creation efforts in communities** hard hit by unemployment.

Skills development

- **1 229 trainees** were trained at **Transnet schools** (2021: 1 396), surpassing the **1 105 annual target**
- **R655 million** was spent on **skills development**
- **22,11** B-BBEE skills development **points achieved** – retaining Transnet's **Level 2 B-BBEEE status**

Source: Transnet 2022 Integrated Report

ESG outcomes

Community Development

- Invested **R139,56 million** in community development (2021: R112,2 million)
- **Phelophepa Healthcare Trains I and II** treated **344 362** patients in **70** communities
- Approximately **33 856** citizens were **vaccinated** against COVID-19 through the **Transvaco vaccine train**

Transformation Employment equity

- **Black employees**: **78,6%** of total employees
- **Women in Exco**: **44% and 47,4% at extended Exco**
- **People with disabilities 2,3%** of employees.
- **Professional Corps Black employees: 3 375**
- **Skilled Corps Black employees: 15 577**

Transformation B-BEEE spend

- **Black-owned enterprises** spend accounts for **R12,55 billion**
- **Black women-owned enterprises** spend: **R7,41 billion**
- **EME spend** at **R5,14 billion**
- **QSE spend** at **R2,91 billion**
- **Black youth enterprises** at **R1,83 billion**

Source: Transnet 2022 Integrated Report

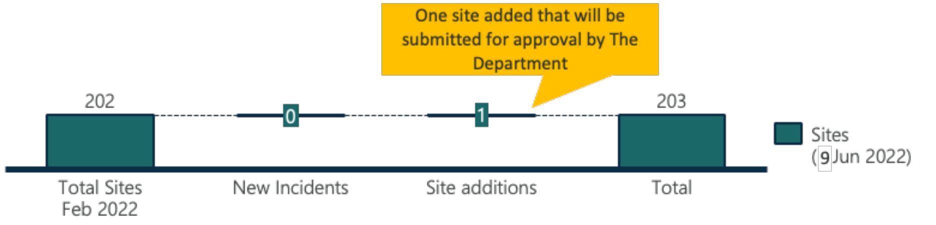
Environmental remediation

Site Overview

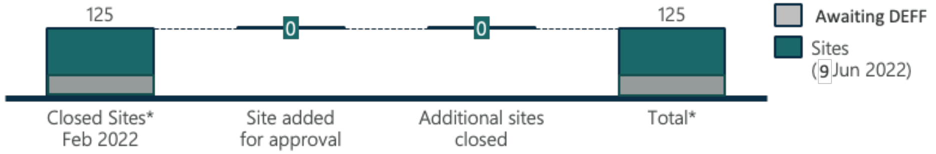
Closed Sites

Site Remediation

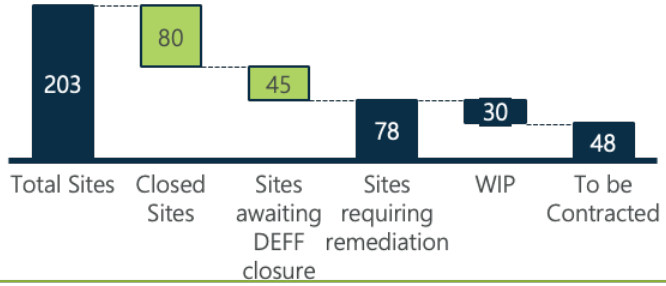
Total TPL sites *(9 June 2022)*



Site closure and approvals *(9 June 2022)*



Site future work overview *(9 June 2022)*



Of the 203 Section 30 incidents, 78 sites require work and are either in progress or being scoped.

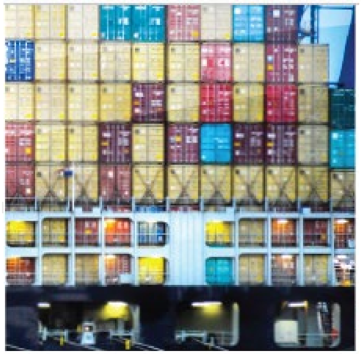
Source: Team analysis

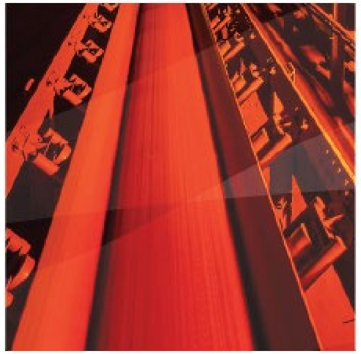
Comments relating to the site summary…

- 203 sites are registered as section 30 sites
- 80 sites are certified closed
- 45 sites are awaiting DEFF closure approval
- 78 sites require remediation
  - 30 sites are currently being remediated n
  - 48 sites requiring remediation are being scoped for release to the market

Harrismith - Meul River Incident

Due to the concerted, coordinated efforts of various role players, the containment & recovery of the spill has been effective and a result of successful containment & recovery:

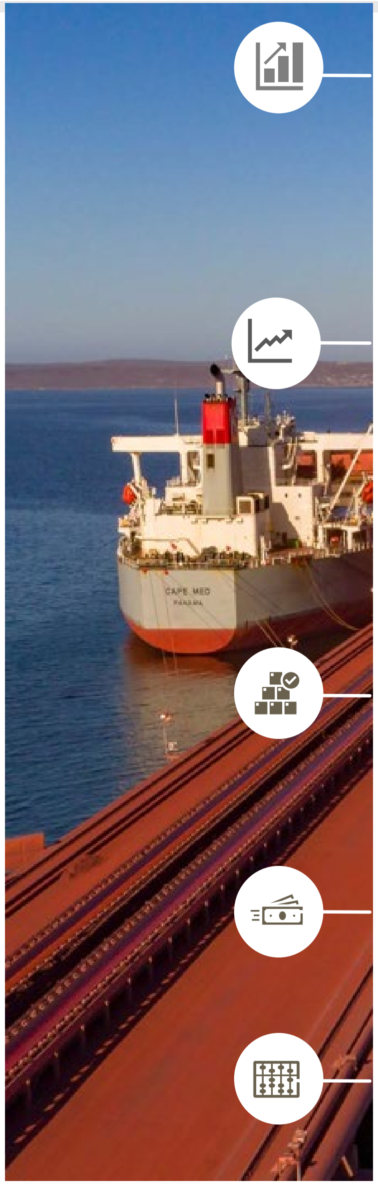





PERFORMANCE: NONKULULEKO DLAMINI

- GROUP CHIEF FINANCIAL OFFICER

Financial performance summary



Revenue: ▲ 1,8%

At R68,5 billion, in line with increased petroleum and container volumes

Net operating expenses: ▼ 5,9%

At R45,0 billion, driven by cost saving initiatives, reduction in provision and third-party settlement partially offset by voluntary severance packages

EBITDA: ▲ 20,5%

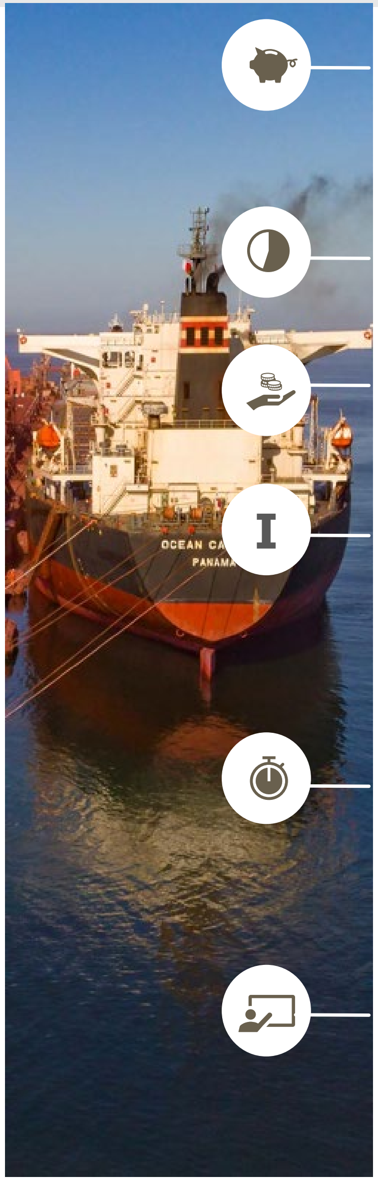
At R23,4 billion, with the EBITDA margin increasing to 34,3%.

Net profit after Tax: ▲

At R5,0 billion (2021: R8,7 billion loss)

Capital investment: ▼ 16,8%

At R13,2 billion



Cash generated from operations: ▲ 18,1%

At R29,1 billion.

Gearing: ▼ 45,5%

Cash interest cover: 2,6 times

Training spend: 1,6%

Labour costs invested in training artisans, engineers, and engineering technicians.

LTIFR:

Performance of 0,69 against a tolerance of 0,75 which is within the global benchmark of 1,0.

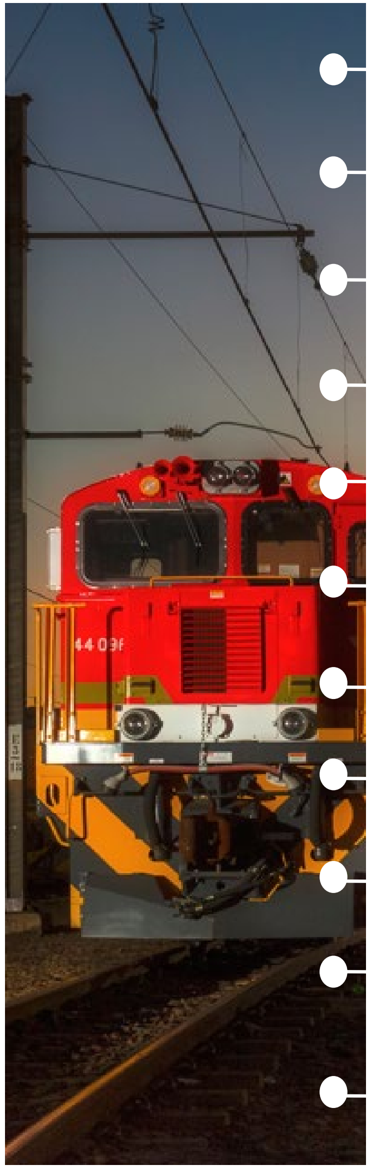
B-BBEE spend: 99,8%

At R29,2 billion spend or of total measured procurement spend, as defined by DTIC codes.

Significant strides in key focus areas

- Unmodified audit opinion for the first time after 4 years
- No breach of loan covenants at 31 March 2022
- PFMA exemption from AFS disclosure (Irregular, Fruitless & Wasteful Expenditure)
- Bond maturity default risk successfully mitigated
- Audited results released on time to meet regulatory deadlines
- Significant progress in the review of investment property to ensure proper valuation
- Segment strategy implementation

Financial performance context



- Availability of locomotives must be resolved
- Security of assets from theft and vandalism
- Risk of cyber attacks and system penetration
- Liquidity management
- Collection of long overdue debt
- Weather conditions (recently, KZN Floods)
- Environmental incidents resulting in significant provision requirements
- Impairment of assets
- Automation, digitisation and effective utilisation of information technology systems
- Supply chain management reform finalisation
- A sustainable remediation programme to embed solutions to challenges with irregular expenditure

Financial performance: year ended 31 March 2022

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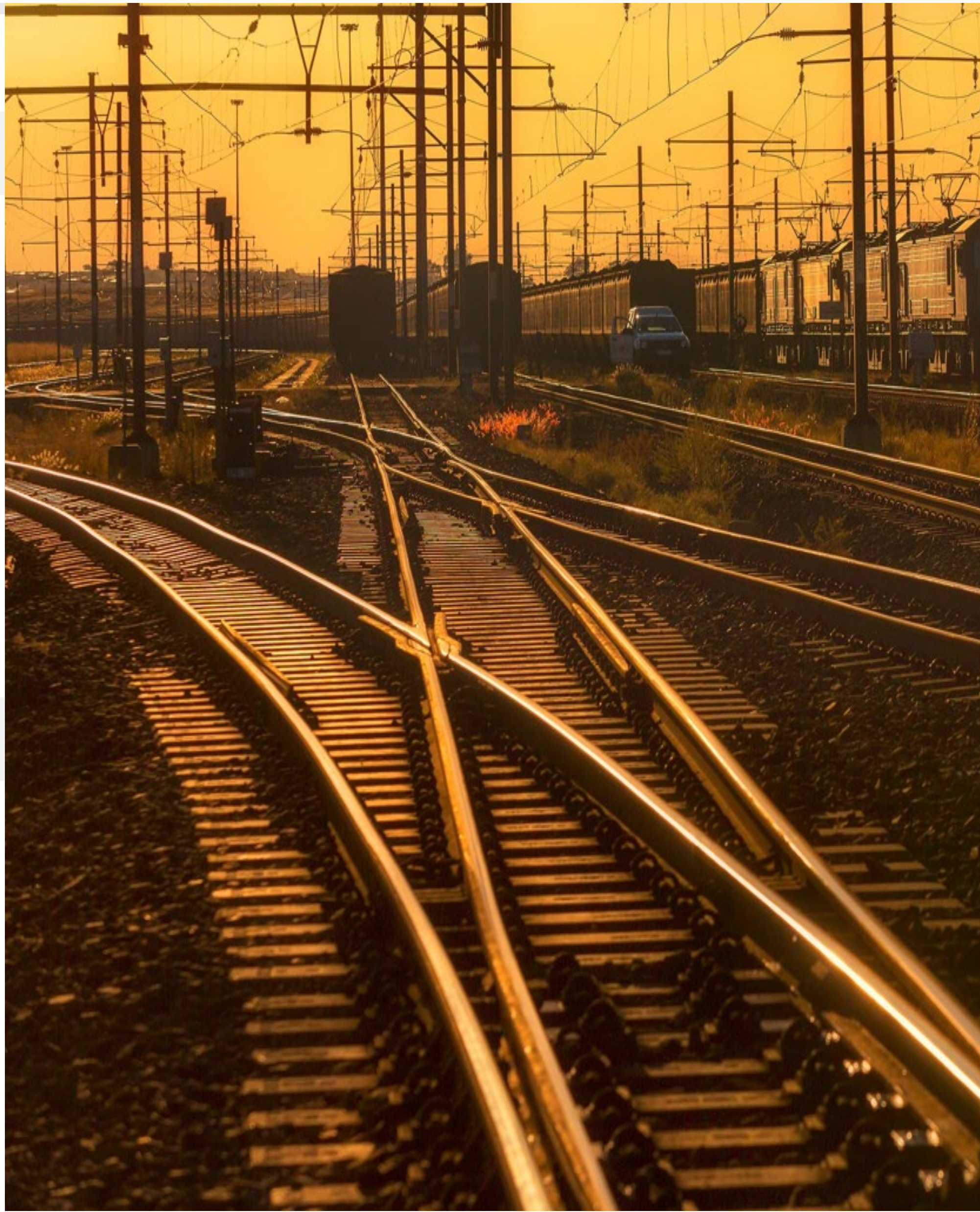
Key Financial indicator	2022	2021	(Act vs.PY)
Income Statement	**Rm**	**Rm**	
Revenue	**68 459**	67 273	▲
Net operating expenses	**(45 010)**	(47 813)	▼
EBITDA	**23 449**	19 460	▲
Impairment of assets	**(2 534)**	(4 386)	▼
Fair value adjustment	**10 175**	(1 243)	▲
Net profit/(loss) for the year	**5 048**	(8 734)	▲
Ratios			
EBITDA margin, %	**34,3**	28,9	▲
Operating profit margin, %	**12,6**	8,3	▲
Net debt/EBITDA, times	**5,1**	6,3	▼
Return on invested capital (%)	**4,4**	0,1	▲



Financial position as at 31 March 2022

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Key Financial indicator	2022	2021	(Act vs.PY)
Balance Sheet	Rm	Rm	
Non-current assets	332 636	319 520	▲
Current assets	22 882	14 530	▲
Total Assets	355 518	334 050	▲
Capital and Reserves	143 778	127 821	
Non-Current Liabilities	152 951	135 576	▲
Current Liabilities	58 789	70 653	▼
Total Equity and Liabilities	355 518	334 050	

Non-current assets – R13 billion:

- PPE increase
- Investment property increase
- Reduced by the derivative financial assets transferred to current assets (TNU22)

Current assets – R8,4 billion:

- Derivative financial assets (TNUS22)
- Cash and cash equivalents

Current Liabilities - R11,9 billion:

- ST borrowings reclassification of debt loan

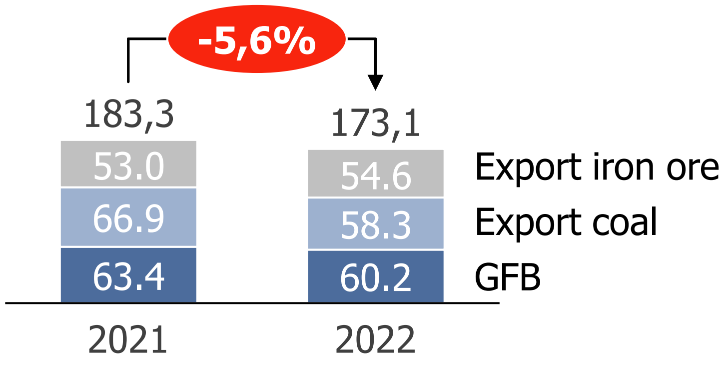
Non-current liabilities - R17,4 billion:

- Borrowings – reclassification of debt.

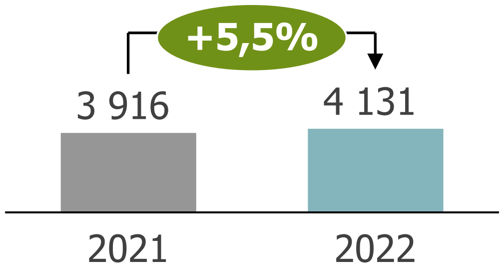
Operational challenges have hampered the rail volumes

Volumes at a glance

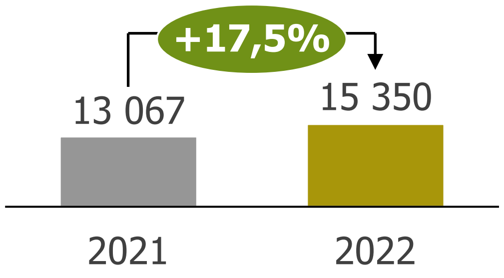
Rail volumes (mt)



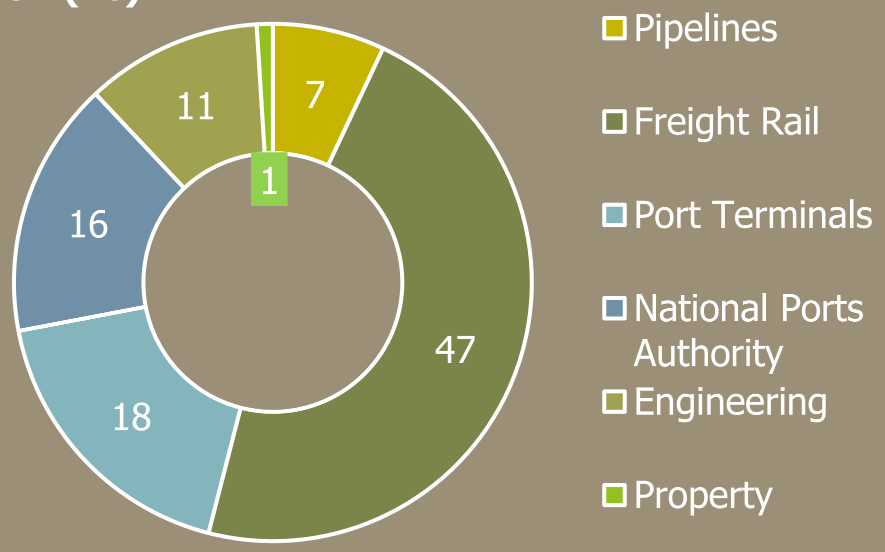
Port containers (‘000 TEUs)



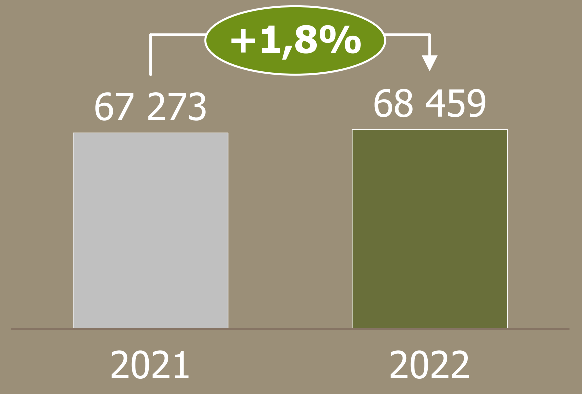
Petroleum (mℓ)



Total revenue contribution by core Operating Division (%)

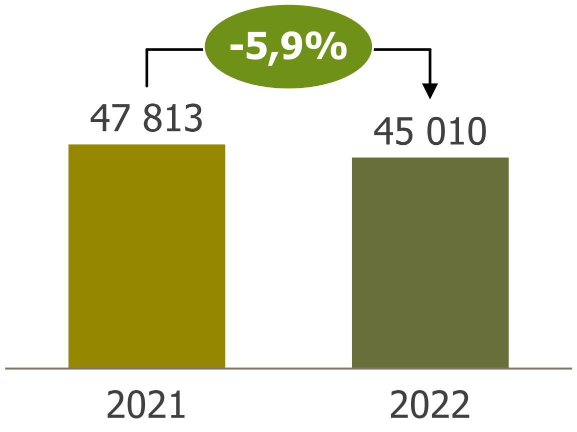


Revenue (R million)

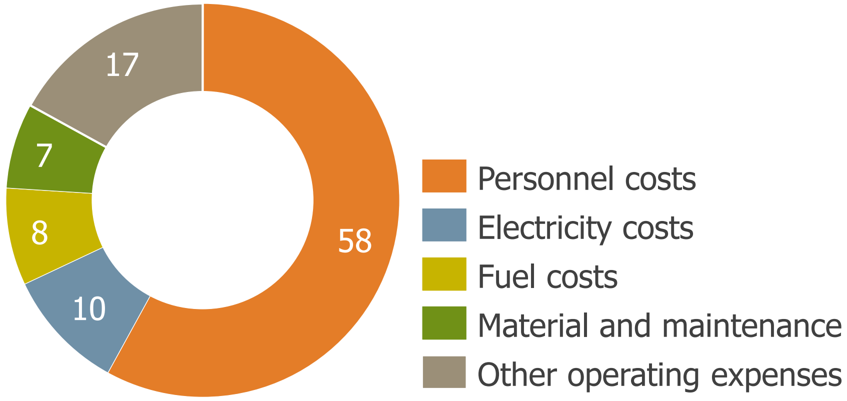


R2,8 billion saving against prior year costs

Net operating expenses (R million)



Net operating expenses contribution by cost element (%)



Savings against planned costs from:

- Cash preservation initiatives.
- Reduction in provisions.
- The third-party settlement.
- Off-set by provision and payment of Voluntary Severance Packages.

Net profit after tax: March 2021 to March 2022

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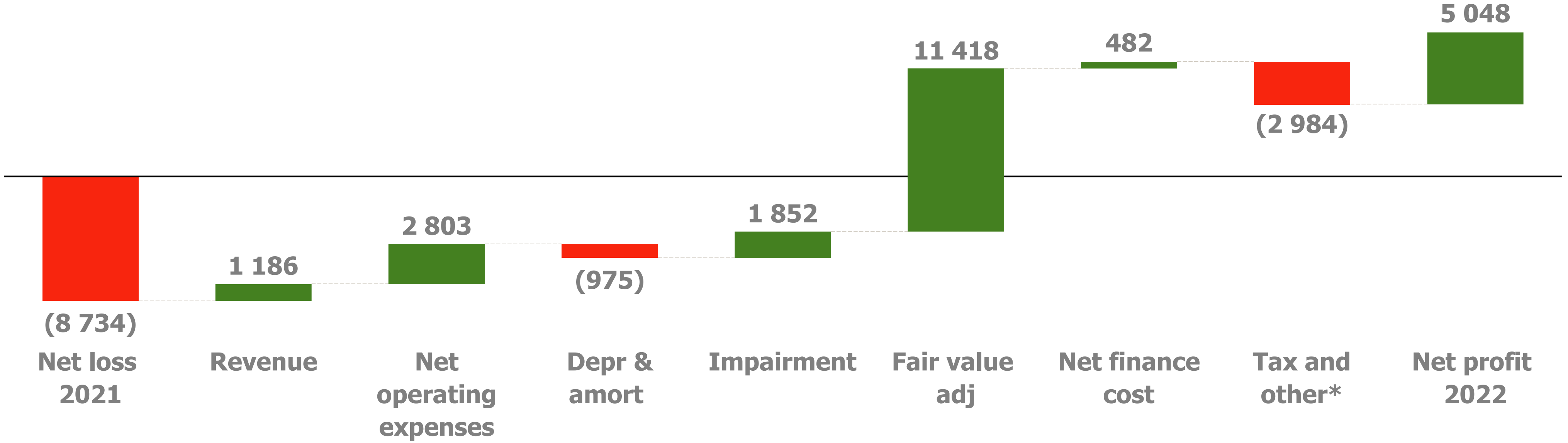
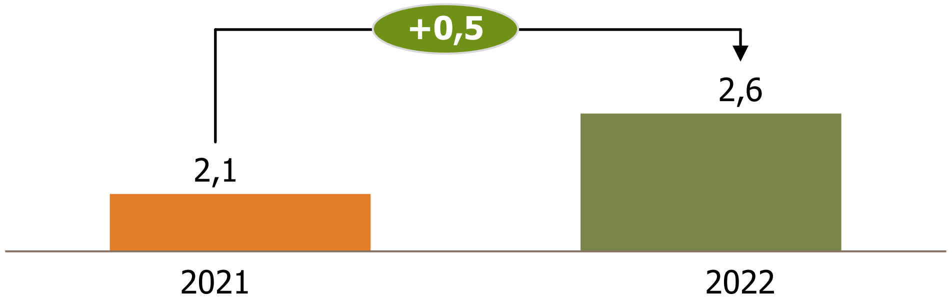
Numbers in R million



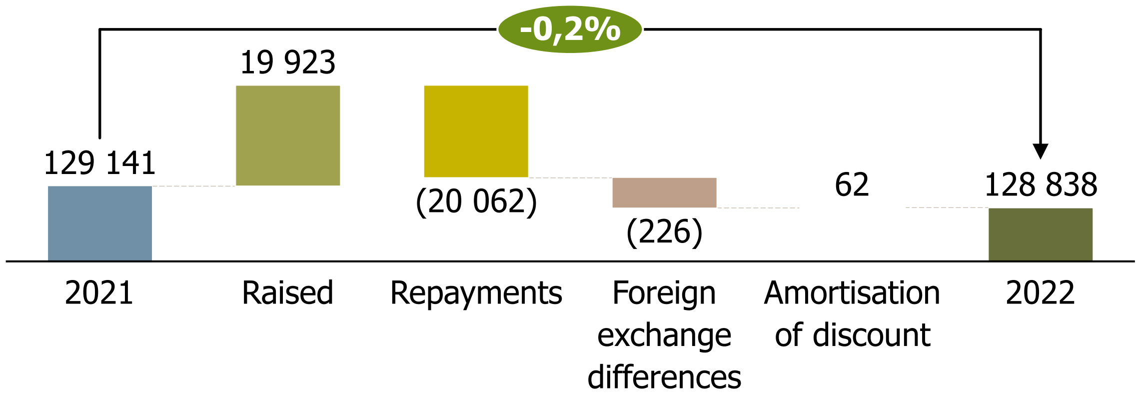
Other includes movement in employee benefit and loss from associates.

Operating cash flows, borrowings and funding outlook

Cash interest cover (times)



Borrowings (R million)



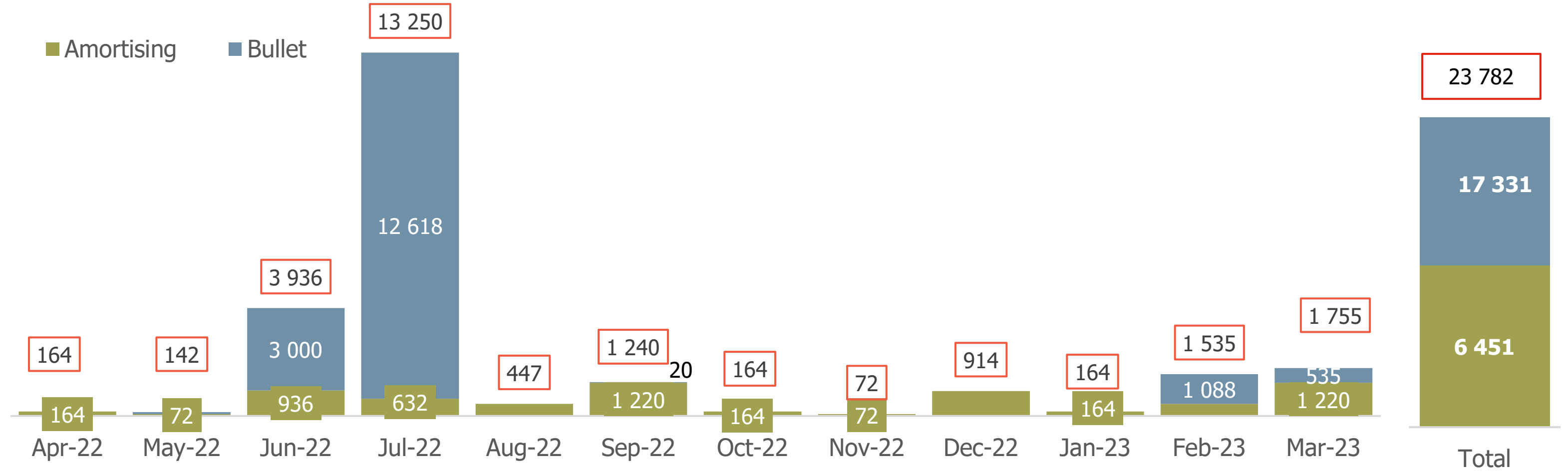
Credit rating

	Moody's	S&P Global Ratings
Foreign currency	**Ba3/negative outlook**	**BB-/Negative**
Local currency	Ba3/negative outlook	BB-/Negative outlook/CreditWatch
SACP/BCA	b1/negative outlook	bb-/Negative Outlook / CreditWatch

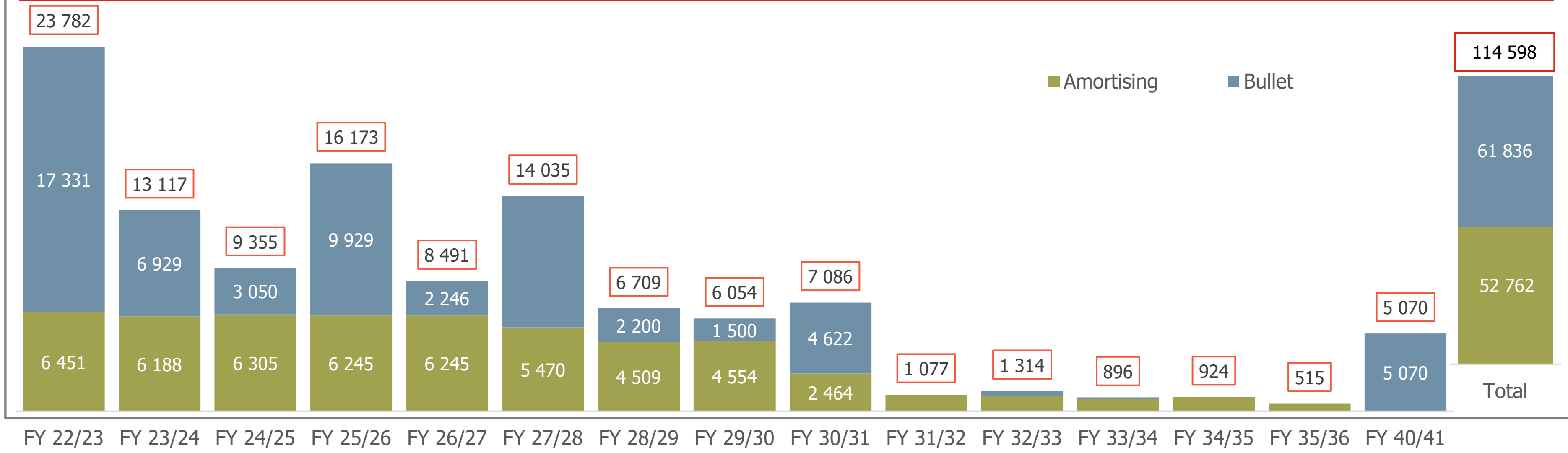
- Diverse funding sources include:
  - Bonds
  - Loans
  - ECA
  - Alternative funding
- Funding will be raised subject to market conditions and investor demand
- Increase domestic funding
- Extend the duration of the debt portfolio
- Cognisant of loan covenants
- Compliance to regulatory and listing requirements
- Off-balance sheet structures in line with the partnership strategy

Debt repayment profile (after derivatives)

Amounts in R/million

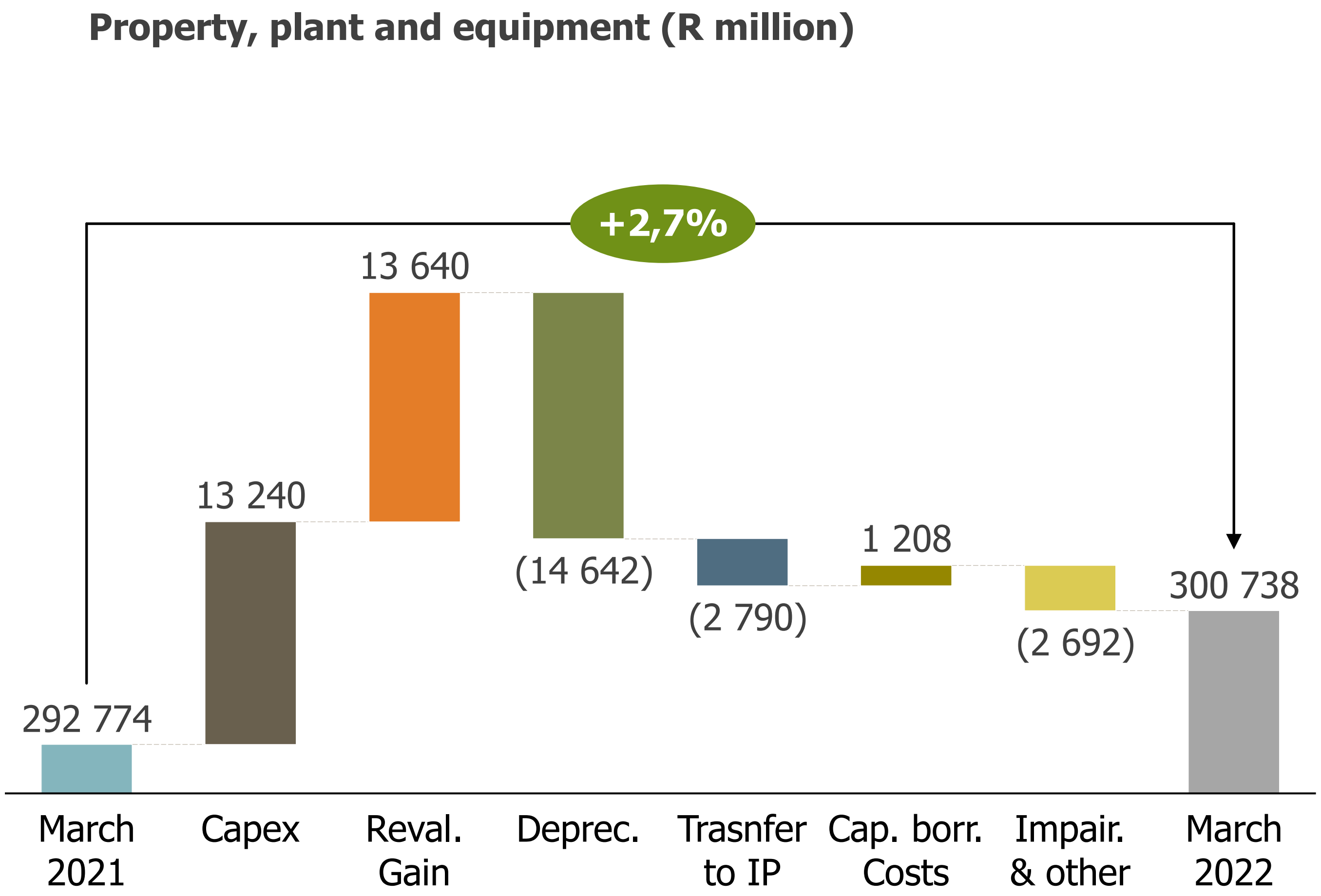


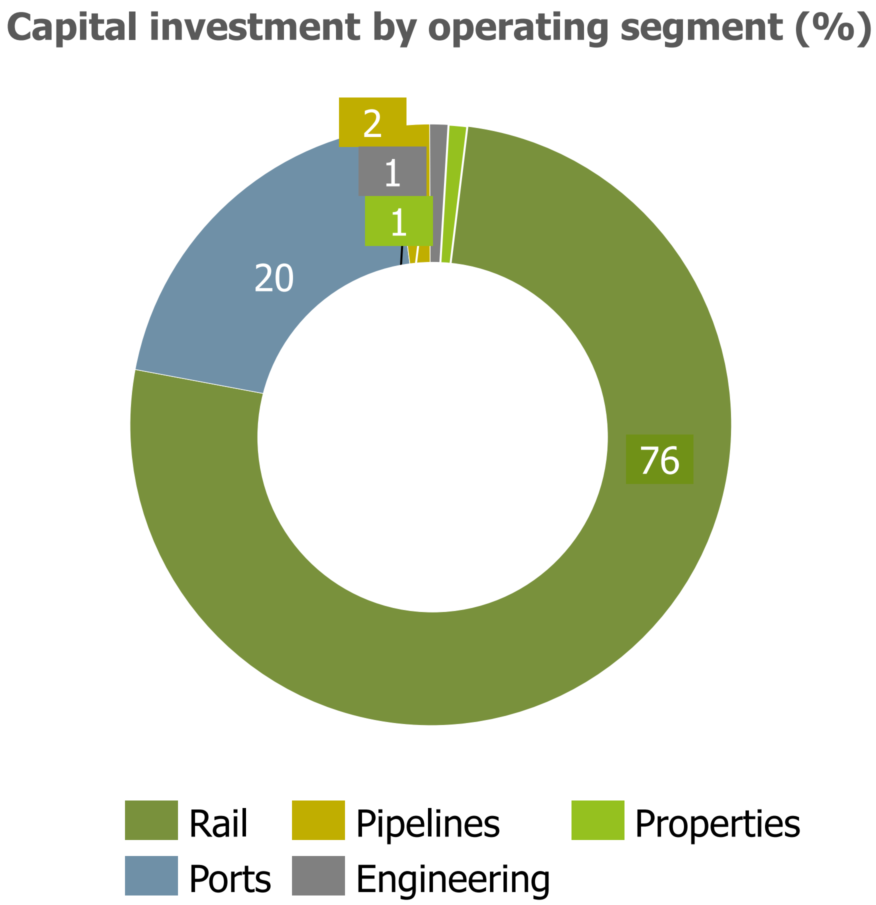
- The refinancing risk in the FY2022/23 has been mitigated
- Moderate levels of maturities for the reminder of FY23 (Post July Maturity)
- Bond issuance for bridge take-out is in planning phase



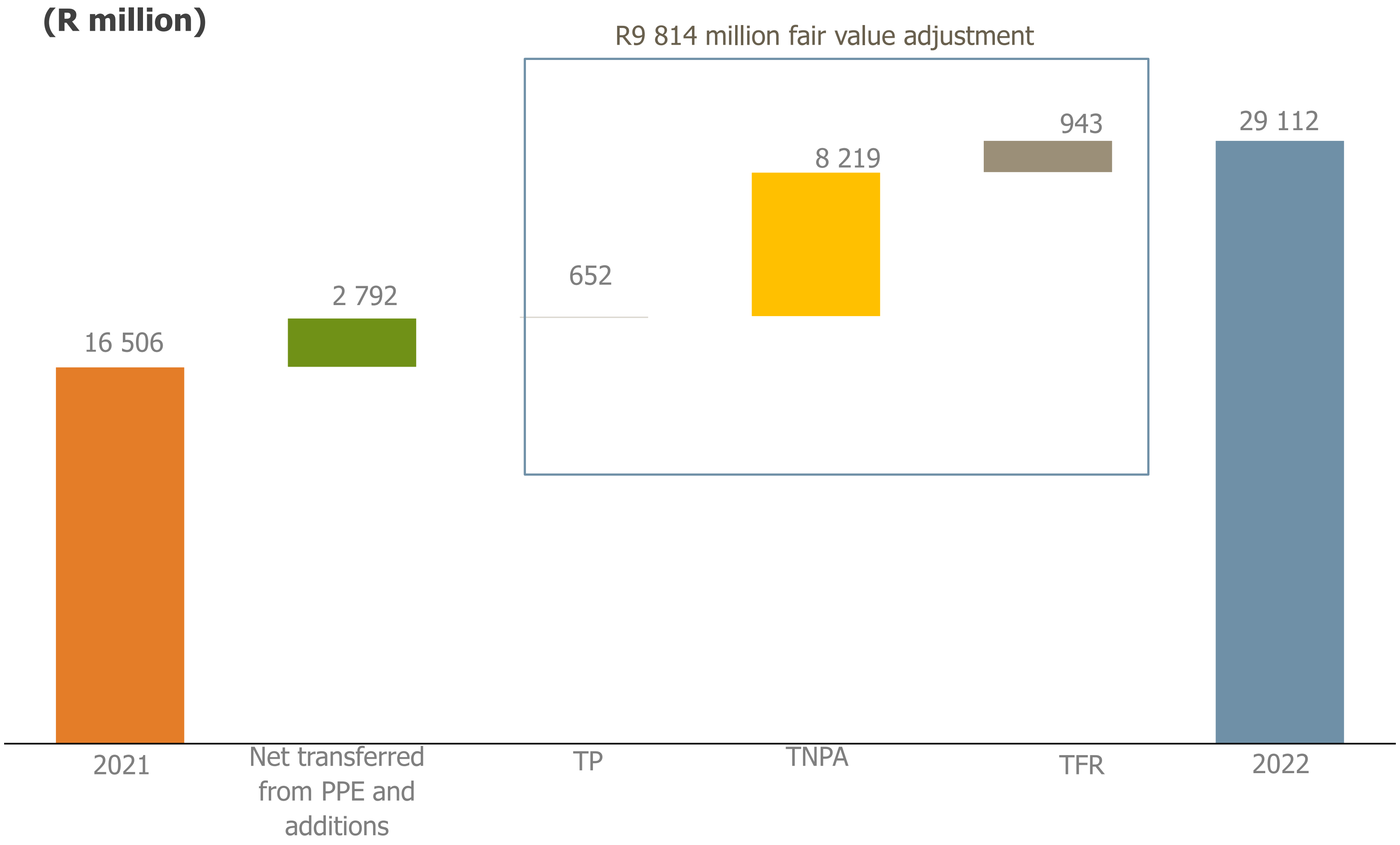
- The refinancing risk will be actively managed over the medium term
- Debt portfolio balanced between bullet and amortising cash flows
- Foreign currency risk mitigated
- Interest rate risk is managed through the balance between fixed and floating rate

Capital investment

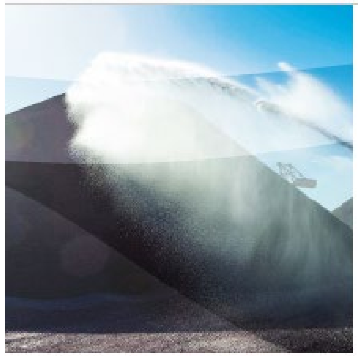


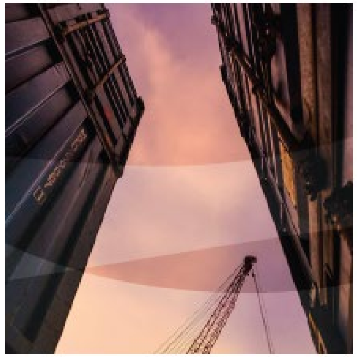
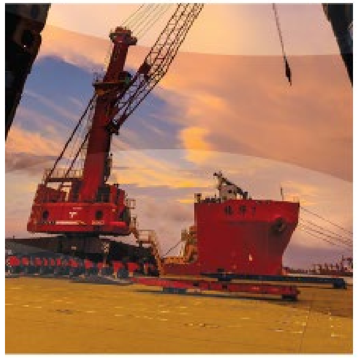


Investment property fair value adjustment



- Historically undervalued Transnet property portfolio
- Exacerbated by Covid-19 disruptions
- Economic recovery and price adjustment
- Valuation performed by an independent expert

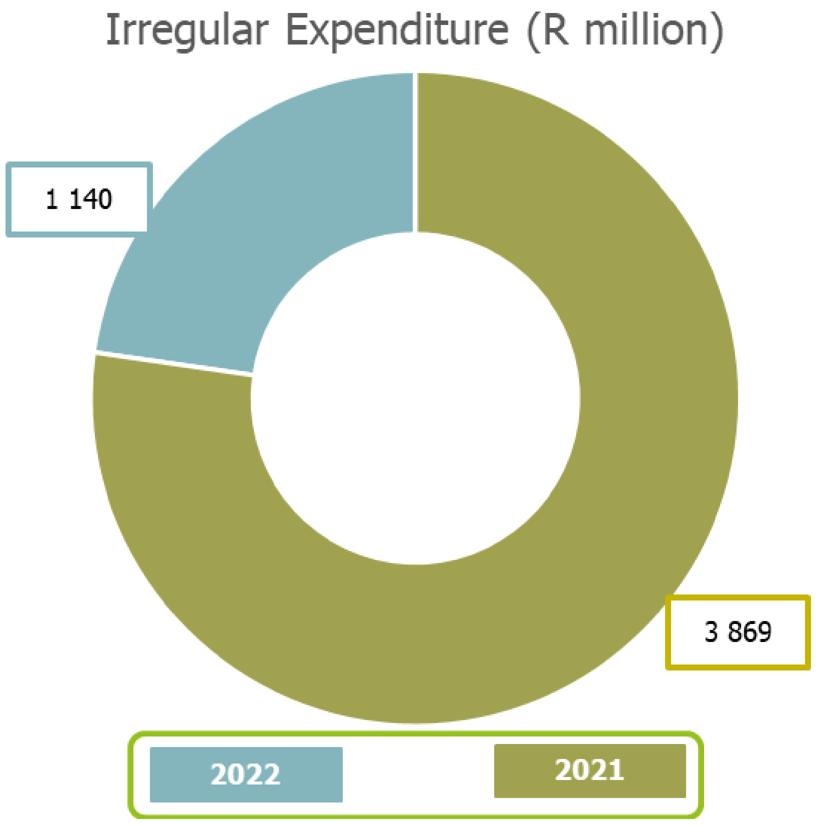


COMPLIANCE: NONKULULEKO DLAMINI

- GROUP CHIEF FINANCIAL OFFICER

PFMA overview



Non-compliances related to:

- National Treasury requirements
- Preferential Procurement Policy Framework Act
- Basic Conditions of Employment Act

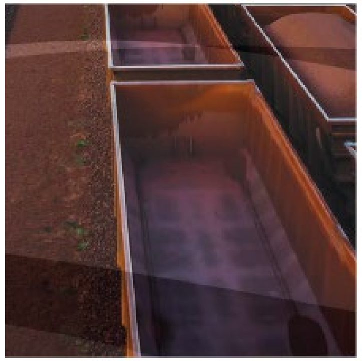
Procurement reforms:

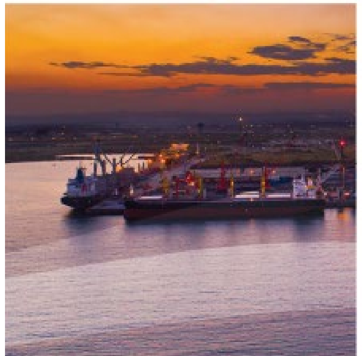
E-tender system was launched in October 2021.

- Provides a secure submission platform; and
- Aims to reduce procurement related non-compliances

PFMA reportable items overview

Background	In the past four financial years, Transnet has received qualified audit opinions as a result of misstatements that were identified in the respective irregular expenditure disclosure notes in the AFS.	Transnet disclosed R105 billion of PFMA reportable items in its prior year AFS, which included R104,3 billion of irregular expenditure and R728 million of fruitless and wasteful expenditure. These amounts were inclusive of prior year's opening balances, to be addressed as part of a ring-fencing project.	To clear historical PFMA challenges, a departure was requested from the National Treasury to not disclose PFMA transgressions in the AFS in terms of s55(2)(b)(i) requirement.
PFMA Exemption	Granted from section 55(2)(b)(i)(ii) & (iii) of the PFMA. Applicable for three years starting from 2021/22 to 2023/24.	This has enabled Transnet to disclose PFMA non-compliance in the integrated report. Also, the exemption disclosure of confirmed current and one prior comparative irregular, fruitless and wasteful expenditure.	The exemption allows Transnet to develop and implement internal control measures to ensure accurate and complete reporting.
Reporting Requirements	Agreed Upon Procedures are required to be performed by the auditors on the reportable items.	PFMA non-compliance must be reported on a quarterly basis to National Treasury in accordance with the irregular, fruitless and wasteful expenditure reporting framework.	Submit quarterly PFMA reportable items to National Treasury that will be subjected to Internal Audit reviews.

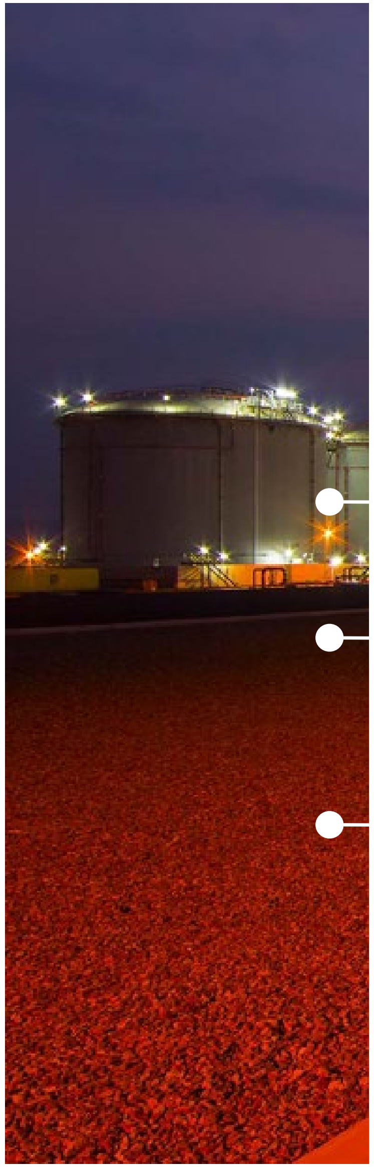




STRATEGY: PORTIA DERBY

- GROUP CHIEF EXECUTIVE

Investing for growth: the year in review



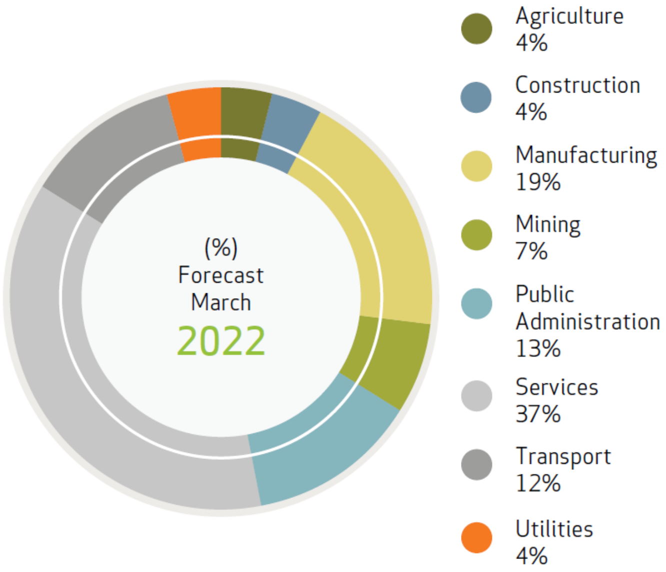
- Expansion Capital investment: R1,9 billion
- Sustaining Capital investment: R11,3 billion

Additional infrastructure investment highlights for the financial year include:

- R183 million invested in wagon fleet renewal and modernisations.
- R727 million invested in the acquisition of new locomotives.
- R2,92 billion invested to maintain the condition of rail infrastructure.
- R4,85 billion invested to maintain the condition of rolling stock.
- R340 million for the construction of the new tippler in Saldanha and all the related bulk electric power supply.

- R131 million invested in the roads, port entrance and other services for the Tank farm in the Port of Ngqura.
- R210 million invested on the acquisition of 45 Straddle carries and
- R101 million investment in the NMPP programme.

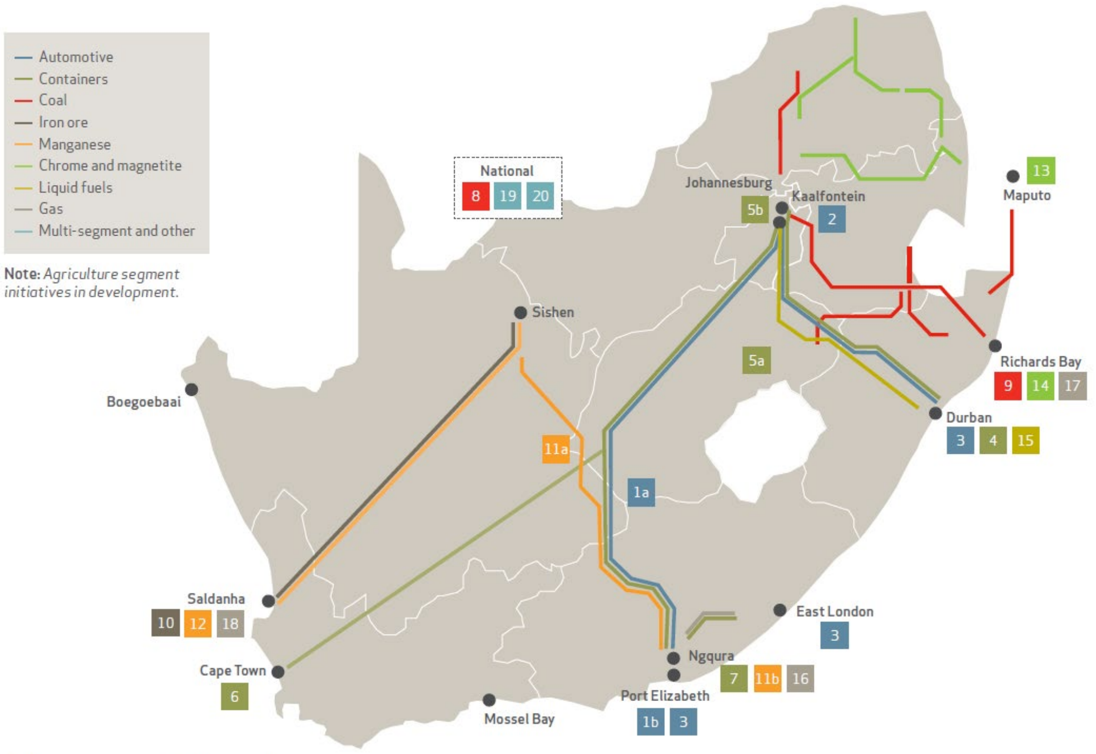
GDP forecast – March 2022 (calendar year)



Source: Transnet 2022 Integrated Report
Source: http//tradingeconomics.com/south-Africa/gdp

TRANSNET

High-level portfolio overview of segment initiatives



Rail routings are approximations for illustrative purposes.

- **1 a&b** High-capacity corridor for automotive volumes via the South Corridor and Gqeberha
- **2** Kaalfontein Terminal automotive supply chain integration
- **3** Automotive export capacity and value-added services at the ports of Durban, Port Elizabeth and East London
- **4** Reposition the port of Durban as an international container hub, including:
  - Point Container Terminal
  - Durban Container Terminal Pier 2
  - Various master plan-led projects
- **5 a&b** Rail revitalisation of the Container Corridor, including:
  - Rail turnaround operational partnerships
  - New Gauteng hub terminal/s
  - City Deep Container Terminal
- **6** Cape Town Container Terminal landside capacity expansion
- **7** International transshipment hub development at the port of Ngqura
- **8** Partnership-based Eskom coal logistics solution
- **9** Consolidated and sustainable export coal network
- **10** Iron ore export capacity expansion via the port of Saldanha
- **11 a&b** Ngqura manganese corridor expansion (rail and new bulk export terminal)
- **12** Port of Saldanha manganese export capacity expansion
- **13** Strengthening the secondary export channel via the port of Maputo
- **14** Expansion of bulk export capacity via the port of Richards Bay
- **15** Develop the Transnet Fuel Import Terminal at the port of Durban
- **16** Develop a liquefied natural gas (LNG) terminal and facilities at the port of Ngqura
- **17** Develop a LNG terminal and facilities at the port of Richards Bay
- **18** Develop a LNG terminal and facilities at the port of Saldanha
- **19** Rail operating model: Third-party access
- **20** Various wagon sales to private operators

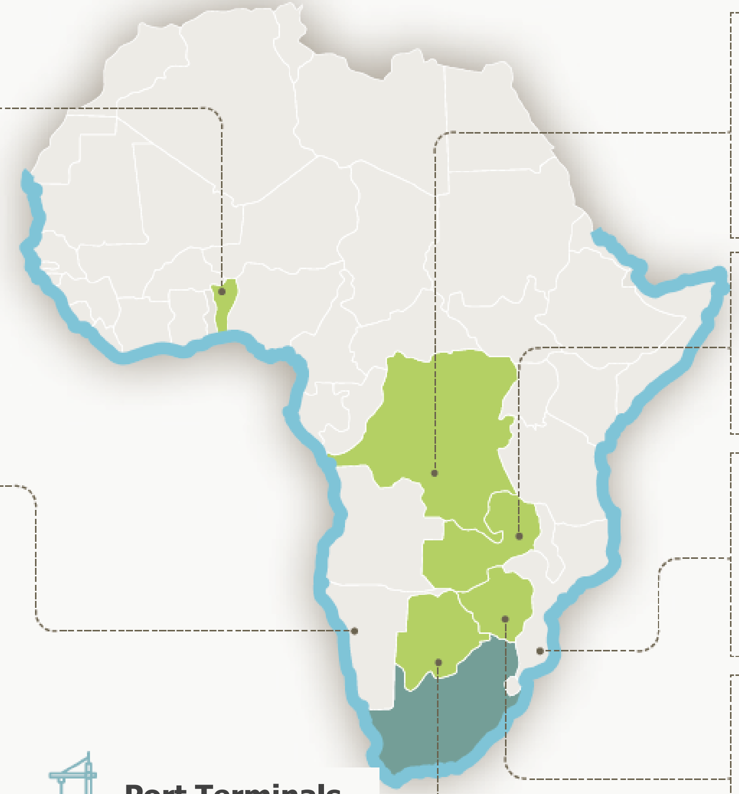
Progress on current initiatives

Segment / Area / OD	Transaction	Progress and current status	Next steps
Containers	Durban Container Terminal (DCT) – Pier 2	• RFI Responses received Sept 2021 • TAs appointed Oct 2021 • RFQ closed 12 April 2022 and evaluations completed • RFP drafted, consultation underway	• Labour consultation and governance approval process • Issue RFP to market
	Ngqura Container Terminal (NCT)	• RFI Responses received Sept 2021 • TAs appointed Oct 2021 • RFQ closed 12 April 2022 and evaluations completed • RFP drafted, consultation underway	
Manganese (Mn)	16mtpa Mn Export Facility at the Port of Ngqura (NMET)	• Pre-qualification (Stage 1) complete. • Stage 2 RFP preparations finalised. • EIA Amendment RFP in progress. • Funding application to IISA favorably received.	• Issue Stage 2 RFP to pre-qualified bidders. • EIA approval
Natural gas	Richards Bay Natural Gas Import Facility *(TNPA)*	• RFI Responses received April 2022 • TA support for planning of S56 RFP (marine+terminal) currently in procurement, with RFP development undertaken as a closed process.	• Appoint Transaction Advisor to assist with RFP
Boegoebaai	Port and Rail Development	• RFI preparations in final stages	• Issue RFI to market
Iron ore	Sale of Wagons	• RFI issued to customers	• Responses to be received by end-August 2022

Contextualising the way forward: Transnet on the continent

Continental Partnership projects underway:

- Kenya Railways MOU signed with TE
- Deepening our Benin relationship with SOBEMAP
- Launched the pilot between Transnet and CFM (Chrome and Magnatite)



Benin
- Technical cooperation agreement with GCOS System

Namibia
- Collaboration on terminal operations
- Port dredging

North-South Corridor
- Optimise, rehabilitate and upgrade the North-South Corridor to facilitate intra-Africa trade and the supply of rolling stock

Zambia
- Leasing of rolling stock

Mozambique
- Collaboration with MPDC and CFM
- Port dredging and port systems

Zimbabwe
- Leasing of rolling stock

Botswana
- GABCON Terminal (JV)
- Botswana Rail Link

Existing core

Existing Markets

Potential markets

Maritime connectivity

Port Terminals

Freight Rail

Engineering

Pipelines

Repositioning the business

TRANSNET

Freight Rail

- In line with the **National Rail Policy** and the **economic regulation** of transport.
- TFR has **finalised the accounting separation** to determine the **actual cost** of the infrastructure.
- This will provide **input** into the **regulatory model** which will determine a **fair access fee**.
- Infrastructure will be **classified into three tiers**, A, B and C standard.
- The opportunity exists for continue to invest and prioritise long term sustainable and profitable flows (A&B).

Port Terminals

- Port Terminals' strategy will see it **to become a world-class port operator.**
- **Collaborative partnerships** are being explored in **Terminal Operations** to position **South Africa's ports** for **continental infrastructure integration.**

Engineering

- Engineering is well positioned as a **final assembler and manufacturer of key components for rail and** Accordingly, it is:
  - Aligning **maintenance** with TFR's **corridor business model**, and
  - Configuring the **Manufacturing unit** as a **profit-driven business unit.**

Pipelines

- Securing a **direct import terminal at the port of Durban** and acquiring a **terminal operating licence** is a key **strategic objectives** for Pipelines in aligning with the Transnet Liquid Fuels Master Plan, enabling:
  - opportunities for **new market entrants**
  - increased **imports of clean fuels.**

Source: Transnet Corporate Plans 2021/22 and 2022/23
Source: Transnet Operating Divisional 2022 Annual Reports

National Ports Authority

- TNPA as a **wholly-owned subsidiary** of Transnet is focused on becoming a world-class Port authority and will **enhance oversight** of port terminal operations.
- Transnet will **retain control** of the subsidiary and **consolidate the assets**, **liabilities, revenue** and **expenditure of the new entity**.
- Future focus is on constructing **world-class hub port in Durban.**

Property

- Transnet Property manages a **portfolio of commercial** and **residential properties**.
- There is a **shift** from **basic property management** of **non-core properties** to a **full-scale asset management approach** of the entire Transnet property portfolio.
- **Partnerships** will play a pivotal role in some of Transnet's **investment property developments**.

Considering the risks

- Our liquidity Position
- Inflation both in South Africa and across the globe
- Fuel and Electricity Price increases
- Security issues
- Global warming and its impact on infrastructure

Resolving critical challenges

Security

- Transnet is shifting to **outcomes-based security contract.**
- Comprehensive **security strategy** and plan for Transnet.
- Working with **SAPS** and **security agencies** to proactively address the criminality.

Infrastructure maintenance

- **Capital required** throughout the **rail-and-port network** for infrastructure **refurbishment, maintenance** and **expansion** to support the **key commodity segments**.
- The **cost of above** cannot be generated by **Transnet's operations. Interventions require a Government-led integrated funding plan.**

Loco availability

1 064 Review

- **Transnet** and the **SIU** successfully brought an **application** in terms of **Rule 30** challenging that the CRRC application to have the review dismissed was an irregular step.
- We are starting a **new procurement event** to make up the short-fall in traction power.
- In the event that the **deadlock** is not resolved, an **alternative OEM support strategy** will be pursued.

Sources: Transnet internal data

Siyabonga

Before images – Bayhead

After images – Bayhead

Source: Transnet National Ports Authority

Disclaimer

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

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

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

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.