

TRANSNET



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# UPDATE ON IMPLEMENTATION STATUS OF TRANSNET SOC LTD CORPORATE PLAN 2021/22

**PRESENTATION TO:** TRANSNET DEBT INVESTORS – VIRTUAL GROUP MEETING

**PREPARED BY:** TRANSNET SOC LTD

**DATE:** 1 SEPTEMBER 2021

# AGENDA

**Facilitator:** Ms Ayanda Shezi, Transnet Executive for Corporate Affairs & Group Spokesperson

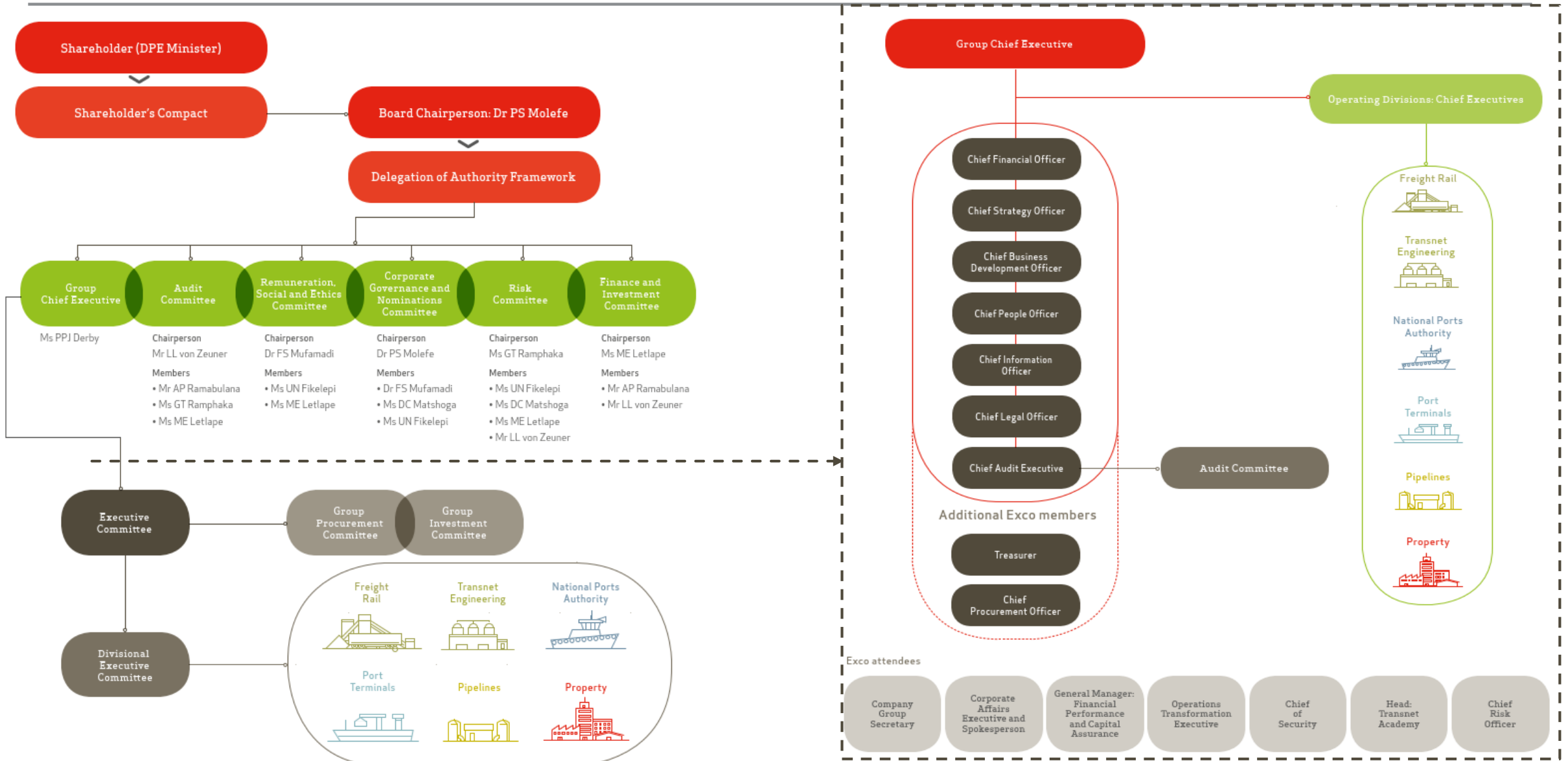
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<b>13:00 –13:10</b>	A. Introduction & Welcome	<b>Ms Portia Derby:</b> Group Chief Executive
<b>13:10 –13:20</b>	B. Implementation of Transnet Strategy - Partnerships for Growth	<b>Dr Andrew Shaw:</b> Group Chief - Strategy & Planning
<b>13:20 –13:40</b>	C. Status Update on Ports Masterplans	<b>Mr Pepi Silinga:</b> Group Executive – Transnet National Ports Authority
<b>13:40 – 13:50</b>	D. Delivery on Operational Efficiencies	<b>Ms Sizakele Mzimela –</b> Transnet Fright Rail
<b>13:50 – 14:20</b>	Facilitated Discussion & Q&A session	<b>All</b>
<b>14:20 – 14:30</b>	Closure of Session	<b>All</b>





# A. TRANSNET ORGANISATIONAL AND GOVERNANCE STRUCTURE



# AGENDA ITEM B: TRANSNET STRATEGY – DR ANDREW SHAW

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**01.** STRATEGIC IMPLEMENTATION

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**02.** PARTNERSHIPS FOR GROWTH

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## B. STRATEGIC MANDATE

PHILOSOPHY OF THE SEGMENT STRATEGIES

In an environment of uncertainty and constraint, Transnet has considerably **altered the lens** used to view **current business** and **growth opportunities**



We are implementing a **new strategy** to deliver on the Transnet shareholder mandate and build resilience in a post-COVID-19 world.

The **SEGMENT STRATEGIES** represent a fundamental change for Transnet, away from a divisional, modal service offering to **strategic participation** and structured **collaboration** in **integrated commodity supply chains**.

**Focus on what we're good at**

**Work together with the private sector**

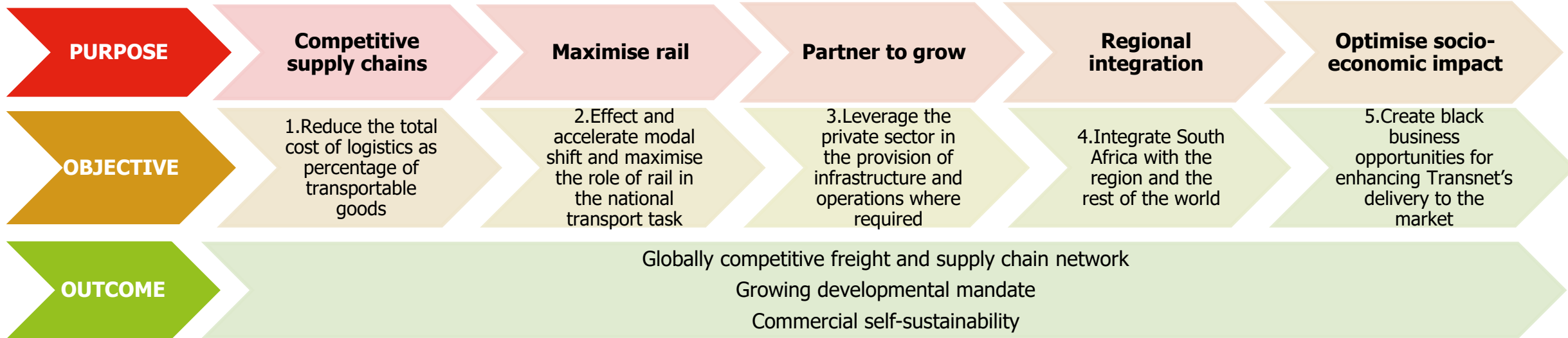
**Collaboration means that the whole economy benefits**



# B. STRATEGIC MANDATE

REQUIRES A CAREFULLY BALANCED EXECUTION APPROACH

**Transnet must reduce the cost of doing business, ensure security of supply and enable economic growth**



## “The Balancing Act”

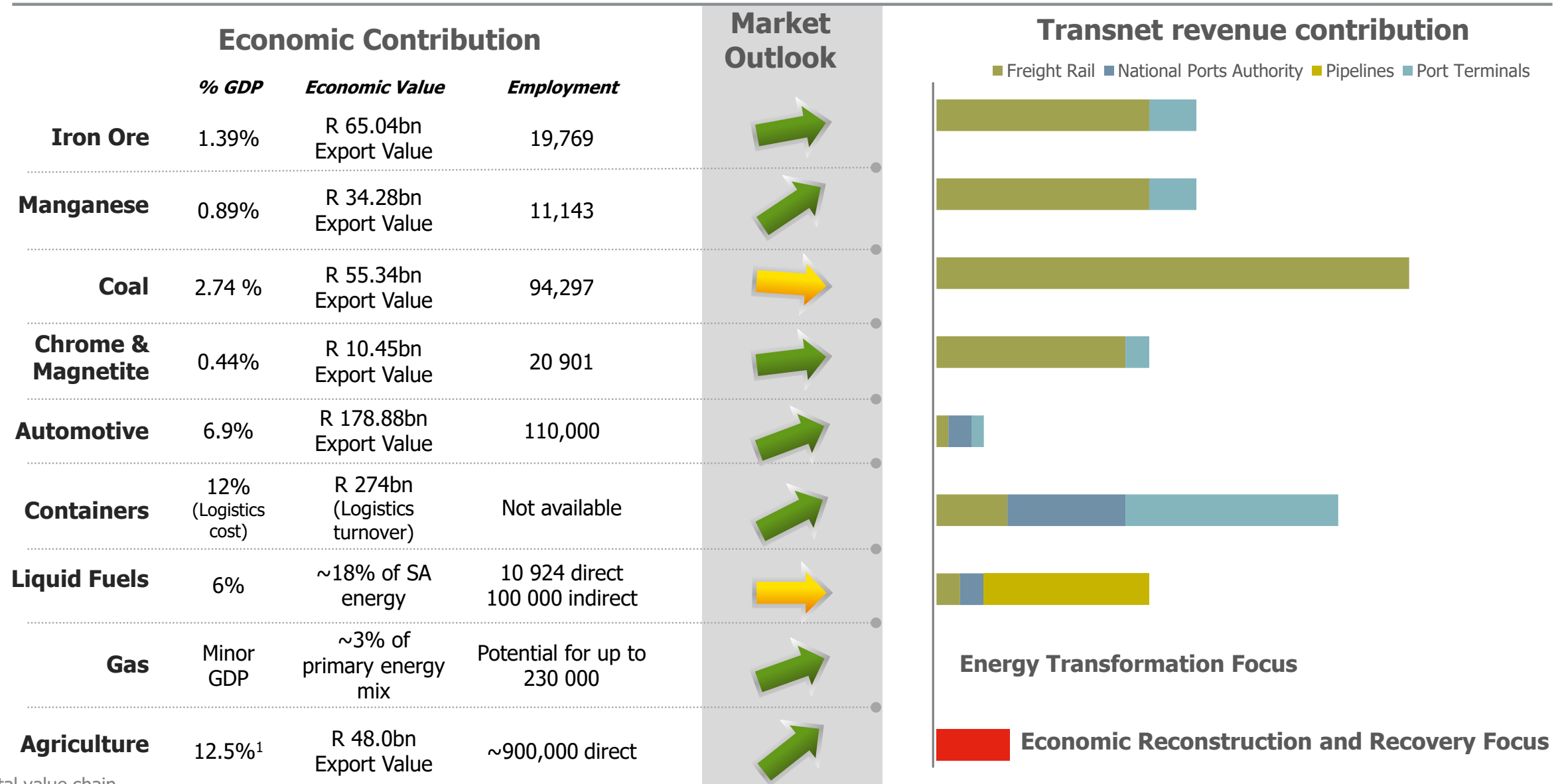
- Commercial motive versus Developmental motive
- Determining where competition would be beneficial and where destructive
- Cross-subsidisation of unprofitable cargo with profitable cargo to sustain a comprehensive network and portfolio of service
- Creating capacity ahead of demand versus desire to reduce prices
- Profitability versus developmental cost relating to procurement, skills development, enterprise development and the like





# B. NINE KEY SEGMENTS FORM THE STRATEGIC FOCUS

BASED PRIMARILY ON CONTRIBUTIONS TO THE SA ECONOMY, GLOBAL MARKET AND TRANSNET






<sup>1</sup> Total value chain



## B. SEGMENT POSITIONING

DEVELOPED THROUGH A DETAILED STRATEGY DEVELOPMENT PROCESS

	<b>Iron Ore</b>	Leverage private sector capital and operational capabilities to stabilize delivery and support <b>growth in</b> the iron ore sector to <b>~67mtpa</b>
	<b>Manganese</b>	Migrate manganese exports from Gqeberha to Ngqura and introduce private sector capital and capabilities into terminal operations to support sector <b>growth</b> to <b>~22mtpa</b>
	<b>Coal</b>	<b>Reduce the cost of logistics</b> to competitively maintain South Africa's export coal capacity at <b>~81mtpa</b>
	<b>Chrome &amp; Magnetite</b>	<b>Maintain</b> South Africa's global position as <b>preferred, leading chrome exporter</b> through partnerships and strengthen export channels via the ports of Richards Bay and Maputo to deliver <b>~9.8mtpa</b>
	<b>Auto &amp; Containers</b>	Partner to expand the <b>regional hub port system for clean commodities</b> in the <b>port of Durban</b> And leverage PSPs to <b>re-position</b> the auto & container <b>rail &amp; port terminal businesses</b>
	<b>Agri (Fruit &amp; Grain)</b>	Strategy under development and alignment with industry players
	<b>Fuel &amp; Gas</b>	Use public and private partnerships to grow refined fuel <b>import capacity</b> & <b>new entrant</b> access and <b>develop the gas infrastructure network</b> as building blocks towards a sustainable energy portfolio

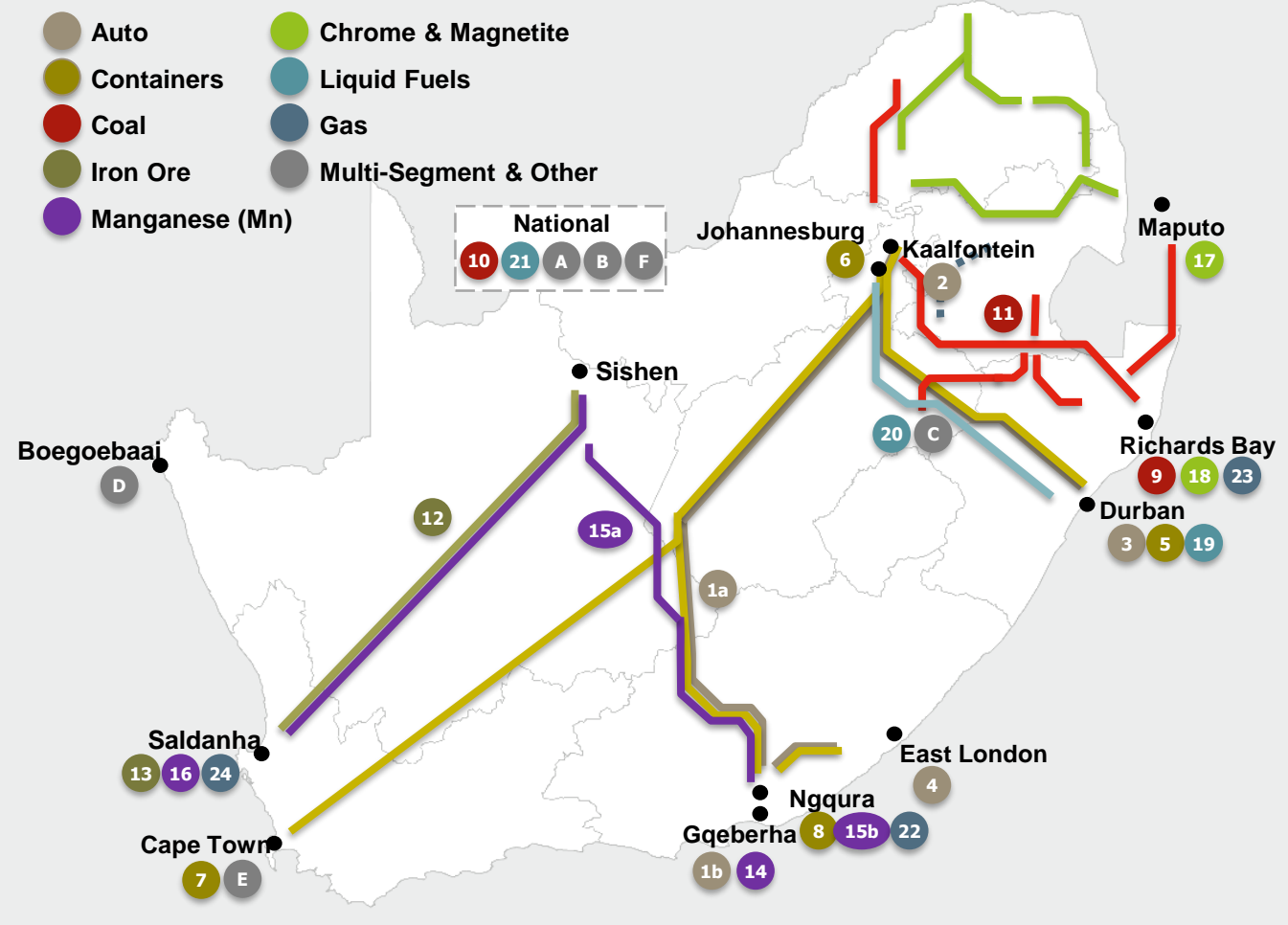




# B. SEGMENT STRATEGY IMPLEMENTATION ROADMAP

CURRENT VIEW OF KEY PSP INITIATIVES

1 a&b	High-Capacity Corridor for Automotive Volumes via SouthCor & Gqeberha
2	Kaalfontein Terminal Auto Supply Chain Integration
3	Auto Export Capacity at Port of Durban
4	Auto Export Capacity at Port of East London
5	Reposition Port of Durban as an International Container Hub, incl.: <ul style="list-style-type: none"> <li>Durban Port Master Plan</li> <li>Point Container Terminal</li> <li>Durban Container Terminal Pier 2</li> </ul> Various Master Plan Led Projects
6	Structural Reform of the Container Rail Business, incl. Mixed Equity NATCOR Model: <ul style="list-style-type: none"> <li>New Gauteng Hub Terminal/s</li> <li>Partnerships for Inland terminals</li> </ul> Other Related Projects (see A & B)
7	Cape Town Container Terminal Landside Capacity Expansion
8	International Transshipment Hub Development at the Port of Ngqura
9	Consolidation of Coal Exports via the Port of Richard Bay
10	Partnership Based Eskom Coal Logistics Solution
11	Improved Export Coal Network Sustaining Partnerships



12	Sishen- Saldanha Corridor Capacity Stabilisation and Expansion
13	Port of Saldanha Iron Ore Export Capacity Expansion
14	Closure of the PE Bulk Ore Terminal
15 a&b	Ngqura Manganese Corridor expansion (rail & new bulk export terminal)
16	Port of Saldanha Manganese Export Capacity Expansion
17	Strengthen the Maputo Rail Link as an Alternative Export Corridor
18	Partnerships to Improve the Viability of Transnet Terminal Operations at the Port of Richards Bay
19	Develop a Transnet Fuel Import Terminal at the Port of Durban
20	NMPP Installed Asset Utilisation
21	DJP Stranded Assets Productivity
22	Develop an LNG Terminal & Facilities at the Port of Ngqura
23	Develop an LNG Terminal & Facilities at the Port of Richards Bay
24	Develop an LNG Terminal & Facilities at the Port of Saldanha

A	Rail Revitalisation: Hook and Haul operating model	D	Boegoebaai Port, Terminal & Rail Connectivity Development
B	Rail Revitalisation: Alternative Wagon Ownership & Financing	E	Port of Cape Town Truck Staging Facilities
C	NATCOR Infrastructure Upgrade	F	Transnet Energy Transition Planning

## B. TRANSNET IS SEEKING PARTNERSHIPS FOR GROWTH

OFF BALANCE SHEET FINANCING KEY TO CONTAIN BALANCE SHEET LEVERAGE

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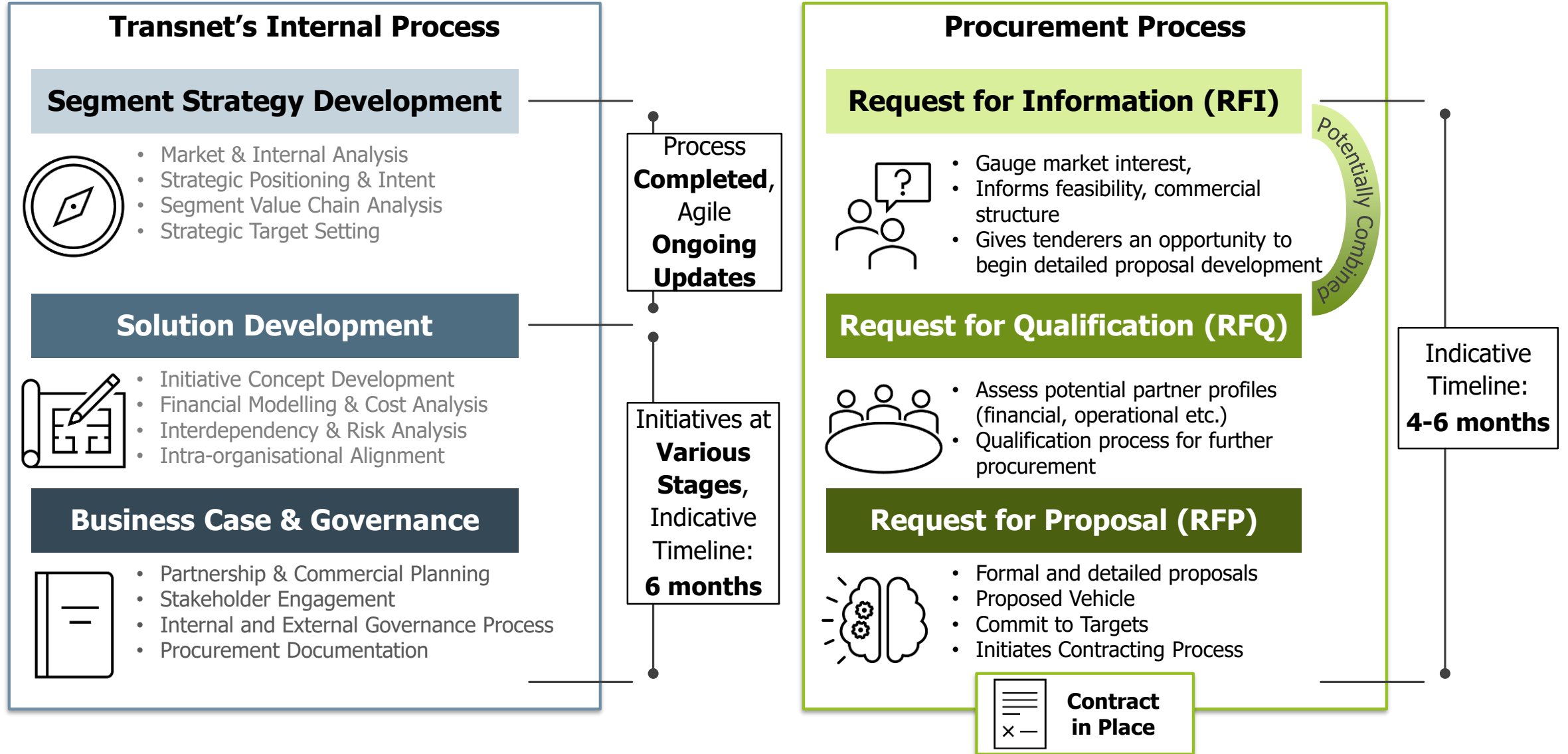
### Investment in **special purpose vehicles** and **joint ventures** to:

- Grow **volumes**
- Attract **new investment**
- Acquire new capabilities and insights
- Enhance **operational efficiency**
- Better **align** to **customers**



# B. INVESTMENTS WILL LEVERAGE PARTNERSHIPS

WITH A SIMPLE AND AGILE PROCESS ALREADY UNDERWAY



Potentially Combined

Process **Completed,**  
Agile  
**Ongoing Updates**

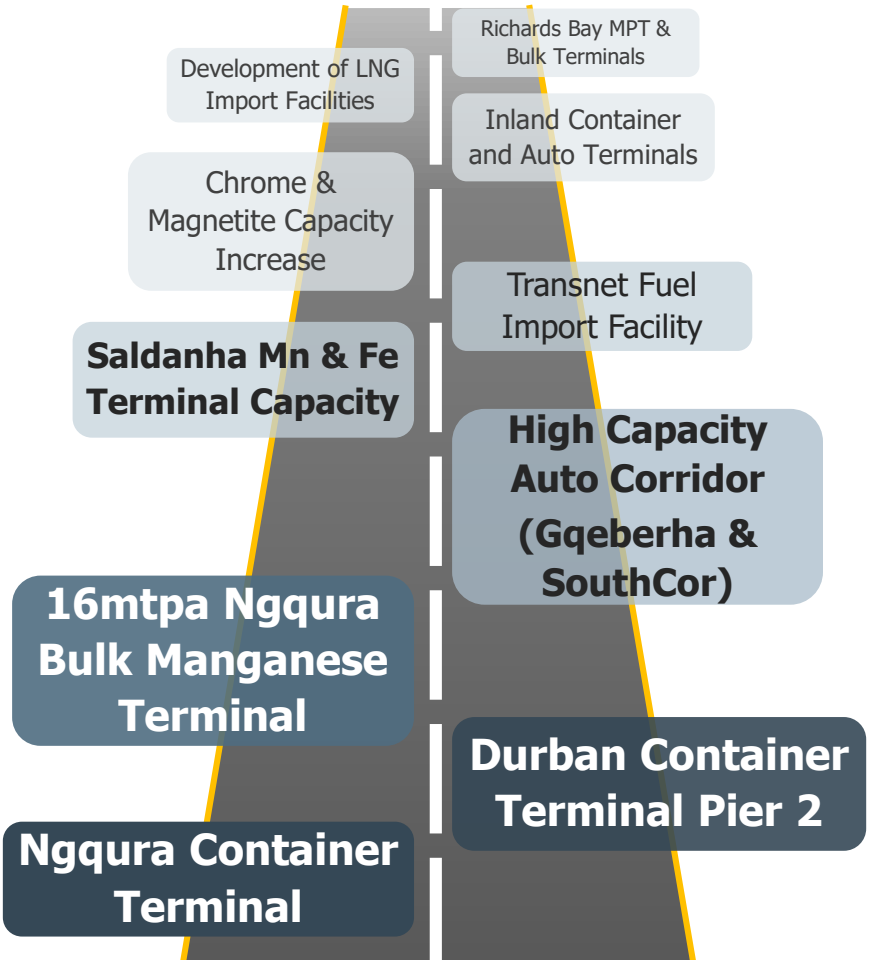
Initiatives at **Various Stages,**  
Indicative  
Timeline:  
**6 months**



# B. PARTNERSHIPS ARE VIABLE FOR LONG-TERM GROWTH

BASED ON INDICATIVE RESULTS FROM A SAMPLE OF INITIATIVES

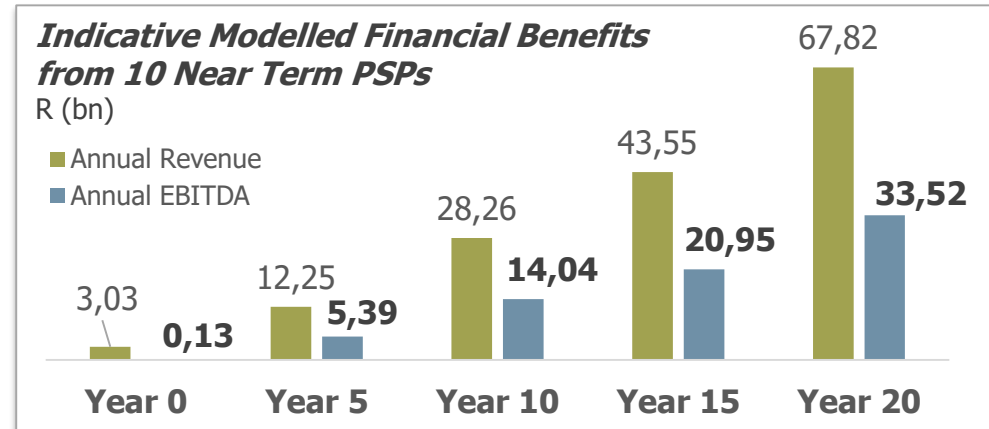
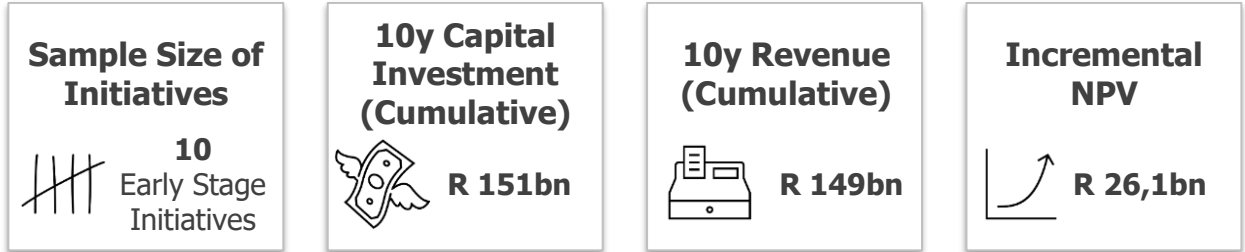
## Transactions in Development



**Note:** Indicative list of evolving transactions, not exhaustive

## Indicative View of Benefits

**Indicative modelling** is underway as concepts are iteratively developed. This is a **developing process** which is still subject to a significant amount of change, however is resulting in **positive anticipated returns**.



**Note:** Modelling results are based on a subset of transactions undergoing iterative development & refinement and should be considered at a indicative level of accuracy.

# AGENDA ITEM C: TRANSNET NATIONAL PORTS AUTHORITY – MR PEPI SILINGA

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**01.** DURBAN PORT MASTERPLAN

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**02.** RICHARDS BAY PORT MASTERPLAN

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# C. EXPANSION OF PORT OF DURBAN ~R100bn INVESTMENT

THE PORT OF DURBAN IS IDEALLY POSITIONED TO STRENGTHEN SOUTH AFRICA'S GLOBAL COMPETITIVENESS

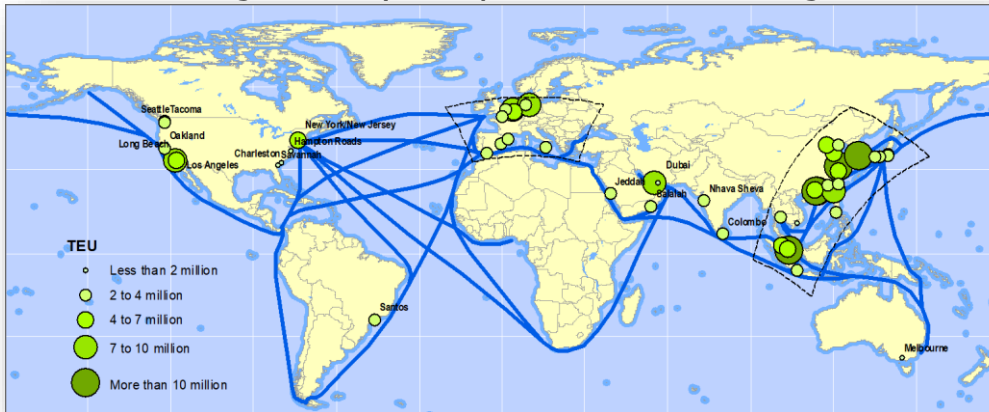
Segment Strategy Key Focus Area: The port of Durban, a Hub Port Strategy

The strategy for enhancing South Africa's manufacturing competitiveness through improved maritime trade includes various initiatives, aimed at establishing South Africa as a regional and continental port powerhouse.

Central to this is the development of a modern, deep water port at the port of Durban as the heart of a Southern Hemisphere and Indian Ocean maritime hub, aiming to work in unison with other transshipment hubs nationally and regionally.

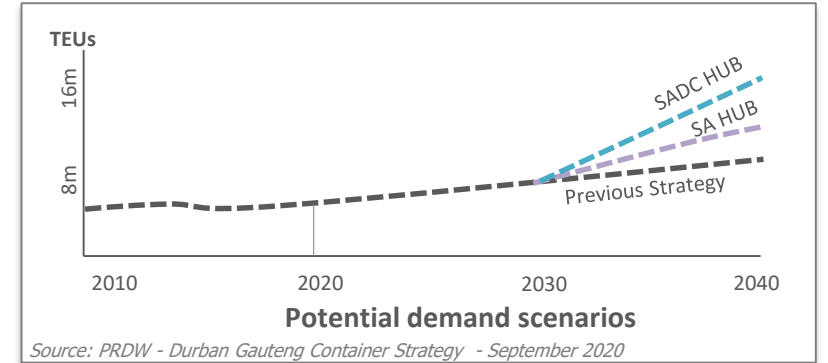
This is a key driver for unlocking the potential of the African Continental Free Trade Area, and to boost trade volumes for the broader Southern African Development Community region.

Successful implementation of the hub-port strategy is forecast to reduce the cost of inter-continental shipping over time by 20-30%, greatly improving South Africa's manufacturing industry competitiveness on the global scale.



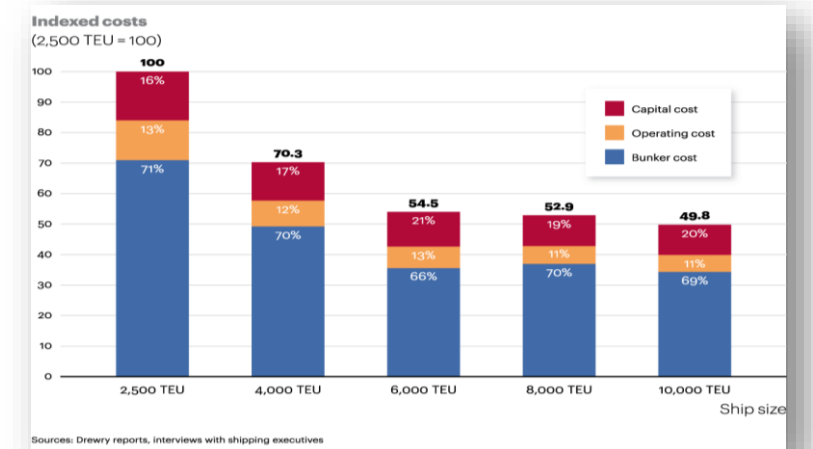
*World container maritime trade is dominated by a just a few hub ports, predominantly in east-west trade routes.*

*This is changing as volumes develop in the south.*



*Global hub-ports attract larger volumes of trade as the unit cost of moving a container decreases.*

*The port of Durban is positioned to take advantage of this as it represents 60% of South Africa's trade volume*

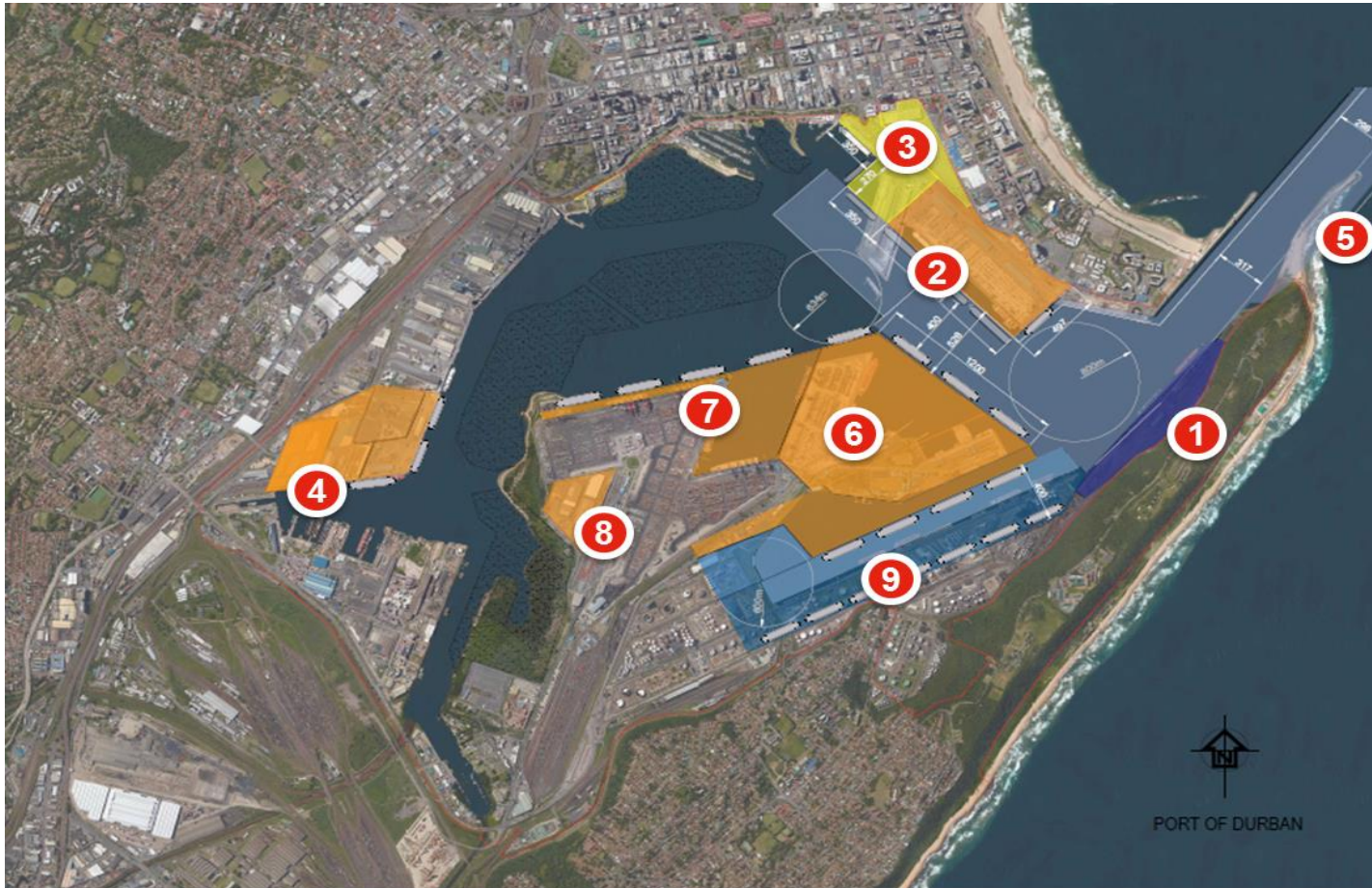




# C. EXPANSION OF PORT OF DURBAN ~R100bn INVESTMENT

PROPOSAL: CONTAINERS AUTOMOTIVES, LIQUID-BULK & INTERMODAL LOGISTICS

## Desired end-state for the port of Durban



Source: Transnet National Port Authority, 2021

## PHASING

1. Dry Bulk Terminal relocated to Richards Bay - Navy relocated to Bluff
2. Point Container Terminal
3. Automotive Terminal
4. Maydon Wharf Container Terminal
5. New breakwater and channel
6. Pier 1 Container Terminal
7. Berth deepening
8. South African Container Depot capacity to augment post berth deepening
9. Widening of Island View Channel

# C. PORT OF RICHARDS BAY – MASTER PLAN

## Port of Richards Bay Desired End State



PORT OF RICHARDS BAY - MASTER PLAN 2021



LEGEND	
	Port Boundary
	Wilmar Pipeline



FULL PLAN

- DESCRIPTION:**
1. New Berth 605 & back of quay area for bulk connections relocation
  2. New Berths 709 & 710
  3. Extension of Ferro slab to support Berths 709 & 710
  4. Reconfiguration of Bayvue Railyard
  5. Proposed Karpowership location
  6. Richards Bay Industrial Development Zone (RBIDZ)
  7. Existing Berths 208 & 209 for Liquid Bulk relocation
  8. New Berth 207 for LNG
  9. Future LNG storage sites
  10. Liquid Bulk lease sites – short term
  11. Future Liquid Bulk lease sites
  12. Land for environmental offsets
  13. Future site for Liquid Bulk relocation
  14. New Berth 210 – Liquid Bulk
  15. Passenger Terminal
  16. Relocation of Navy to Naval Island & Pelican Island
  17. Upgrade Breakwater Structures
  18. Municipal land for future Port developments




A blurred background image of a person with glasses and a dark sweater, sitting at a desk with a laptop. The laptop screen shows a video conference with several participants. The person's hand is visible near the laptop.

**DISCUSSION  
TRANSNET FREIGHT RAIL  
MS SIZAKELE MZIMELA**

# CLOSURE OF SESSION PORTIA DERBY



A person is seen from behind, sitting at a desk and participating in a video conference on a laptop. The laptop screen shows a grid of several participants. The person's hand is raised, suggesting they are speaking or gesturing during the discussion. The background is a blurred office environment with shelves and a plant.

# Q&A DISCUSSION

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# THANK YOU, SIYABONGA

