Abridged cash flow statement

	2017 R million	2016 R million
Cash flows from operating activities	25 104	28 572
Cash generated from operations	31 018	27 747
Changes in working capital	1 747	408
Other operating activities	(7 661)	417
Cash flows utilised in investing activities	(24 689)	(34 328)
Cash flows from financing activities	(7 936)	13 435
Net increase in cash and cash equivalents	(7 521)	7 679
Cash and cash equivalents at the beginning of the year	13 943	6 264
Total cash and cash equivalents at the end of the year	**6 422**	**13 943**

Credit rating as at 31 March 2017		STANDARD & POOR'S
Foreign currency	Baa2/Negative outlook*	BBB-/Negative outlook *
Local currency	Baa2/Negative outlook*	BBB/Negative outlook *

Borrowings raised

Development finance institutions	
Commercial paper and call loans	
Domestic bond issue	
Export credit agencies	
Total	

- The stand-alone credit profile (SACP) of Transnet was affirmed Standard & Poor's (above the Sovereign), reflecting the Compa strong financial position.
- Transnet successfully renegotiated R29,1 billion of debt during financial year to relax loan covenant triggers, in view of the po rating agencies' actions.

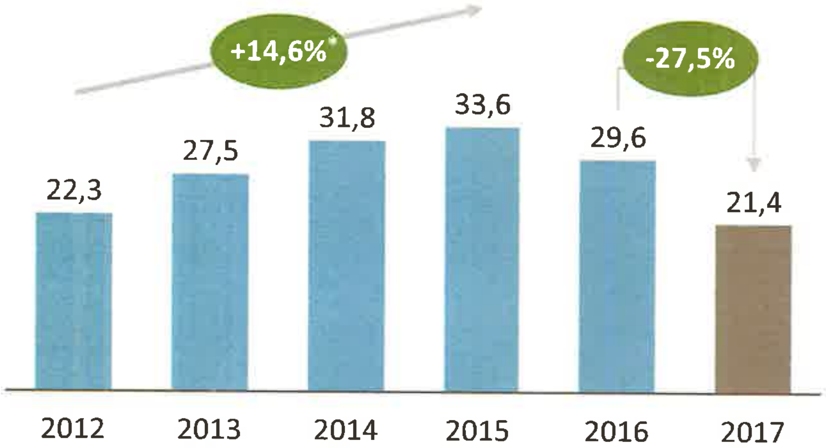
**On 5 April 2017, Standard & Poor's lowered the Company's foreign currency rating to BB+ from BBB- and the local currency to BBB- from BBB, both with a negative outlook. On 13 June 2017, Moo Company's rating to Baa3 with a negative outlook. Both these actions were due to the rating action on the Sovereign as Transnet is viewed to be closely linked to the Government. Transnet evaluat on its financial position, liquidity and solvency and expects no significant negative effect on estimates.*

Capital investment

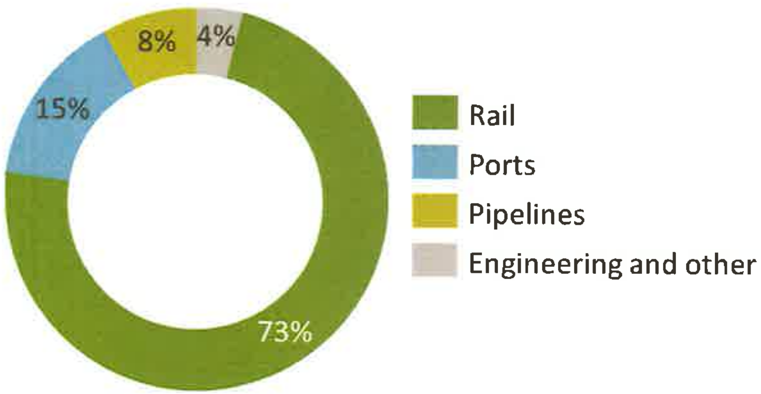
- Capital investment analysis
- Major capital deliveries

Capital investment analysis

Capital investment (R billion)

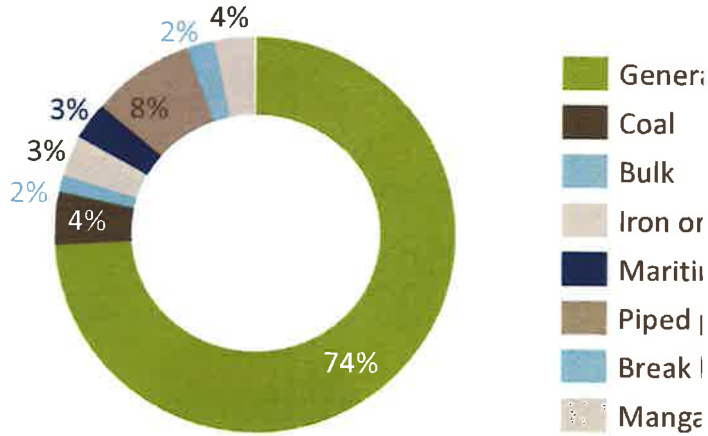


Capital investment by operating segment

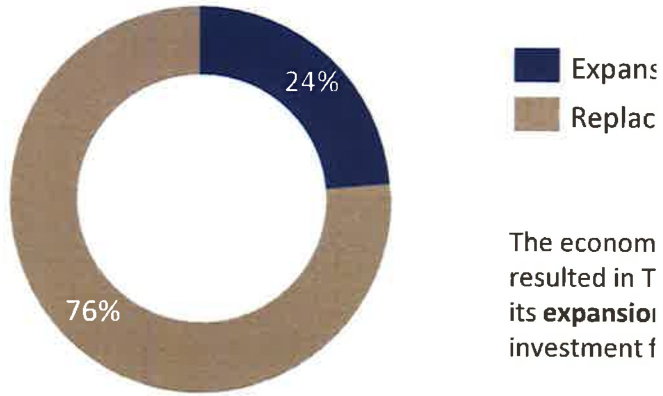


** CAGR to 2015.*

Capital investment by commodity



Expansion vs replacement



The econom
resulted in T
its **expansio**
investment f

Major capital deliveries

Asset type	2017	Cumulative*
Locomotives		
233 class 44 diesel	103	117
359 class 22 electric	80	80
95 class 20E electric		95
60 class 43 diesel		60
100 class 21E electric		100
Total for the 1 319 locomotive contracts		**452**
232 class 45 diesel - two locomotives have been delivered and are undergoing acceptance testing.		
240 class 23 electric - two locomotives have been delivered and are undergoing acceptance testing.		
Wagons		
GFB and export coal	100	10 188

Asset type	2017
Rail refurbishment: infrastructure	
Turnouts (units)	91
Universals (units)	125
Rails (kilometers)	163
Ballast (kilometers screened)	176
Sleepers (units)	168 712

** Cumulative since inception of contracts.*

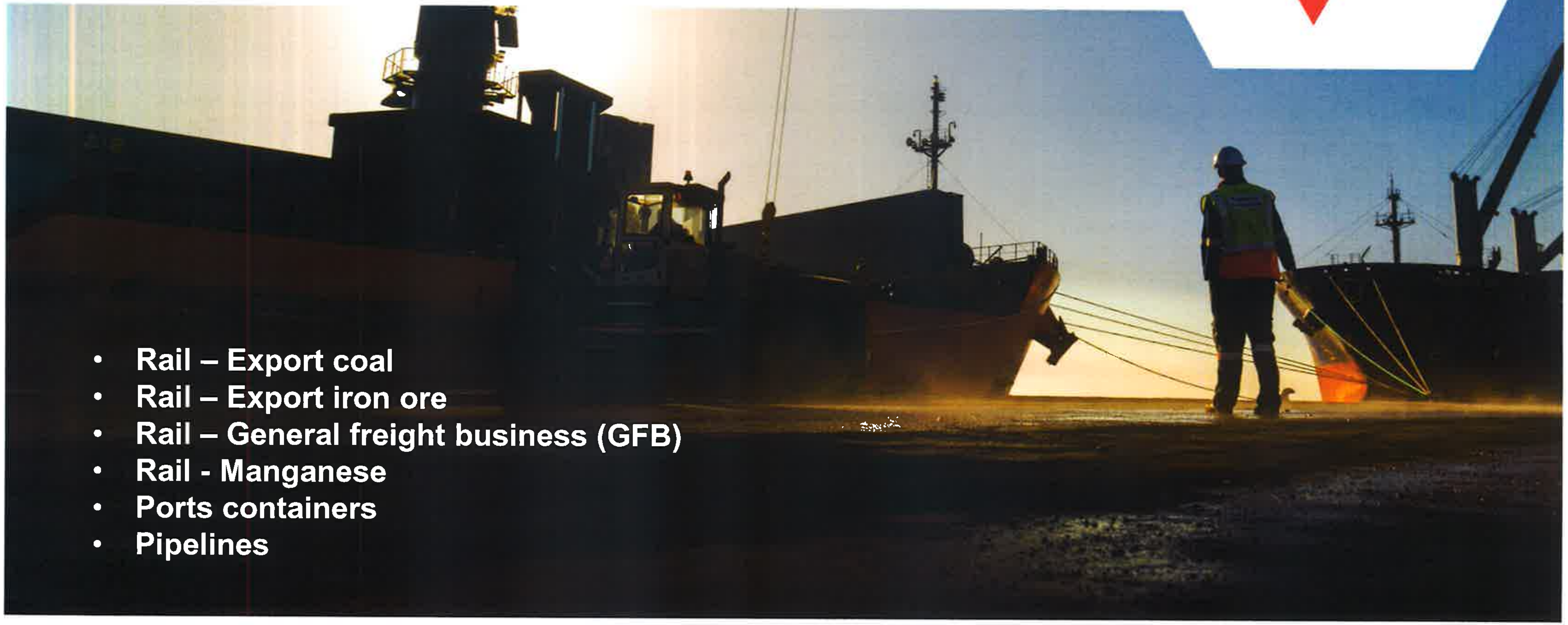
Asset type
Port equipment
Haulers
61 ton multi-purpose trailers
Hazmat trailers
Empty container handlers
Bulldozer
Front-end loader
40 ton skips
Skid-steer loader
Workshop forklift
Tugs

Asset type	S
Pipeline infrastructure	
New Multi-Product Pipeline phase 1	

- The NMPP 24" main pipeline, 16" inland pipelines as well as the fully commissioned and are operational, having transported 15 b Durban to the inland region since commissioning in January 2012
- The multi-product operation of the NMPP trunkline via the imple at the coastal terminal is expected to be operational by the end

Volumes and operations

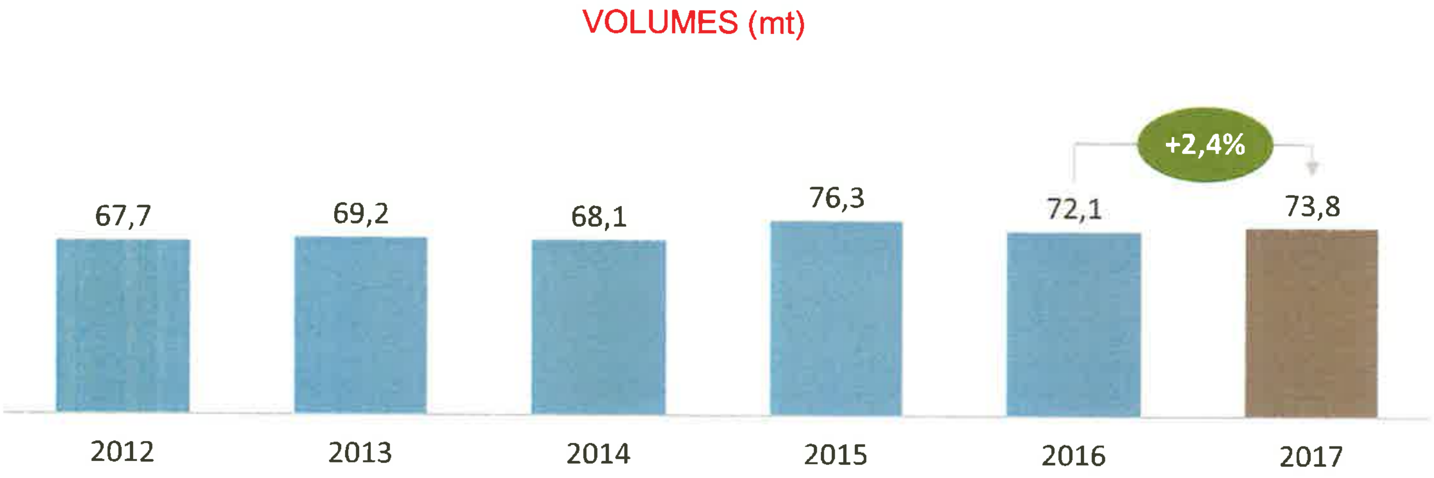
TRANSNET

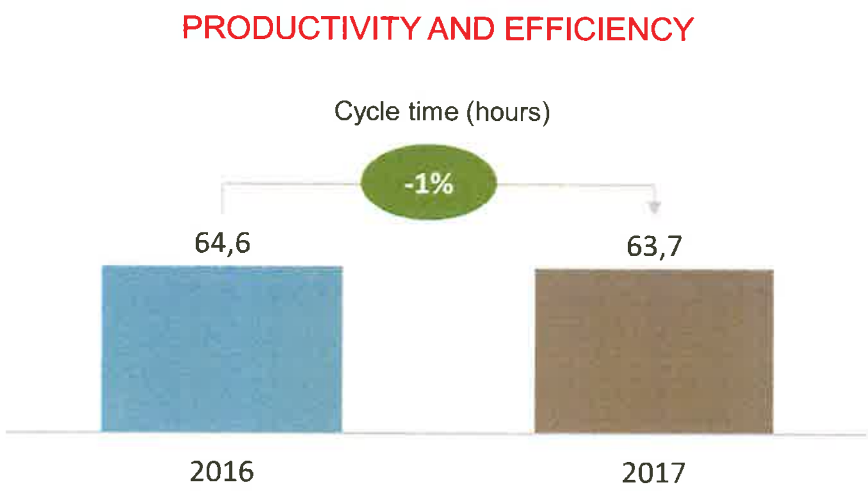


- Rail – Export coal
- Rail – Export iron ore
- Rail – General freight business (GFB)
- Rail - Manganese
- Ports containers
- Pipelines

Volumes and operations

RAIL – EXPORT COAL





Export coal volumes:

by 2,4% from prior year,

in spite of:

- low commodity prices in quart
- reduced demand from custom
- adverse weather conditions in
- service execution challenges.

Future volumes are supported by **contracts** and an additional **7,0m** coal, which was signed subseque

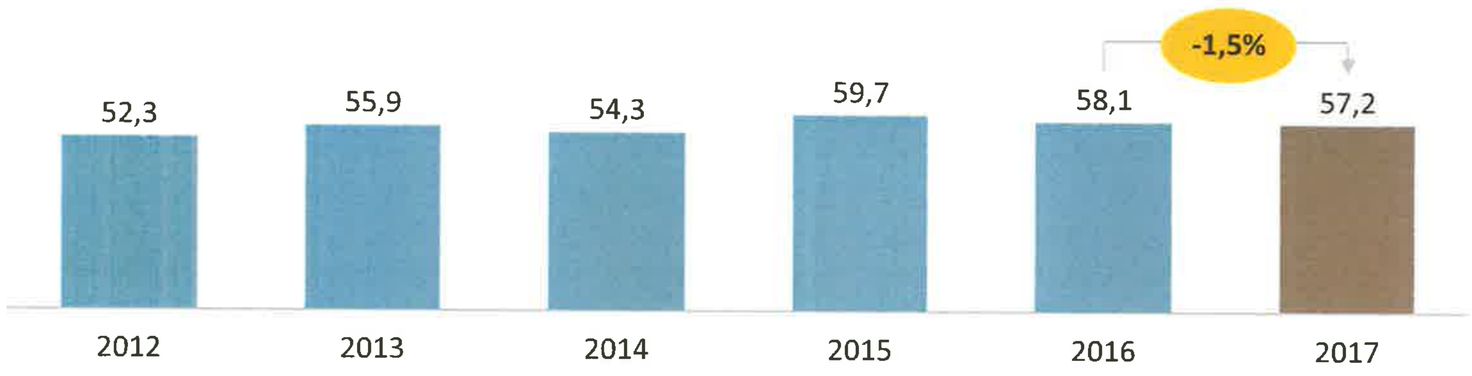
Performance improvements incl

- Close customer liaison on low alternative mines.
- Strategic deployment of secur theft (incl. engaging communi
- Improved locomotive supply a coal line.
- Cycle time improvement initia implementing lean six sigma p
- Positive on-time performance collaboration among supply ch
  - On-time arrivals (OTA) imp
  - On-time departures (OTD)

Volumes and operations (Cont.)

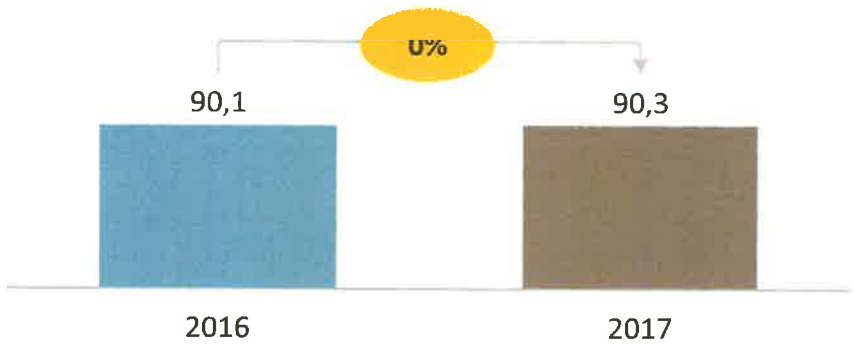
RAIL – EXPORT IRON ORE

VOLUMES (mt)



PRODUCTIVITY AND EFFICIENCY

Cycle time (hours)



Export iron ore volumes:

by 1,5% compared to t

Volume losses recorded as f
- product availability challe rescue & other product a
- tippler breakdown; and
- service execution.

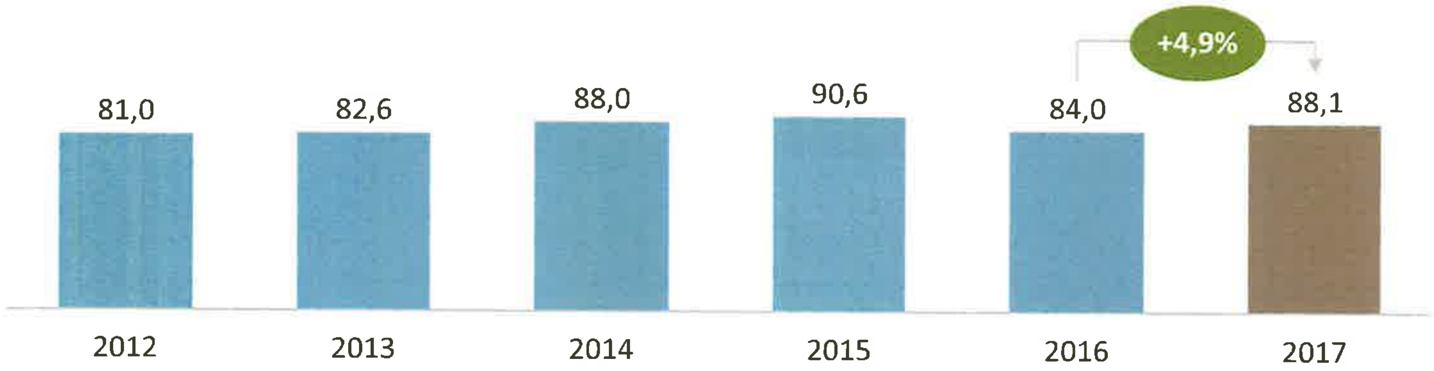
Future volumes are support **or pay contracts.**

Performance improvement
- Customer discussions on challenges, including the business rescue plans.
- Tippler repair & volume r
- Implementing lean six sig
- Positive on-time perform enhanced collaboration a partners:
  - OTA improved by 230
  - OTD improved by 3 7!

Volumes and operations (Cont.)

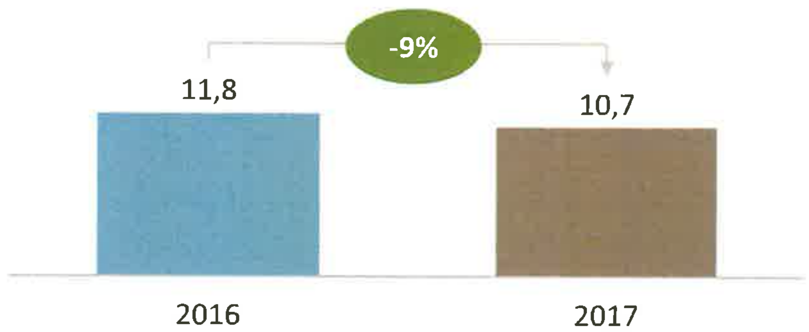
RAIL – GENERAL FREIGHT BUSINESS (GFB)

VOLUMES (mt)



PRODUCTIVITY AND EFFICIENCY

Wagon turnaround time (days)



GFB volume performance:

by 4,9% above the pri

in spite of:
- service execution challen
- market conditions;
- customer cancellations - breakdowns);
- wagon shortages; and
- locomotive failures.

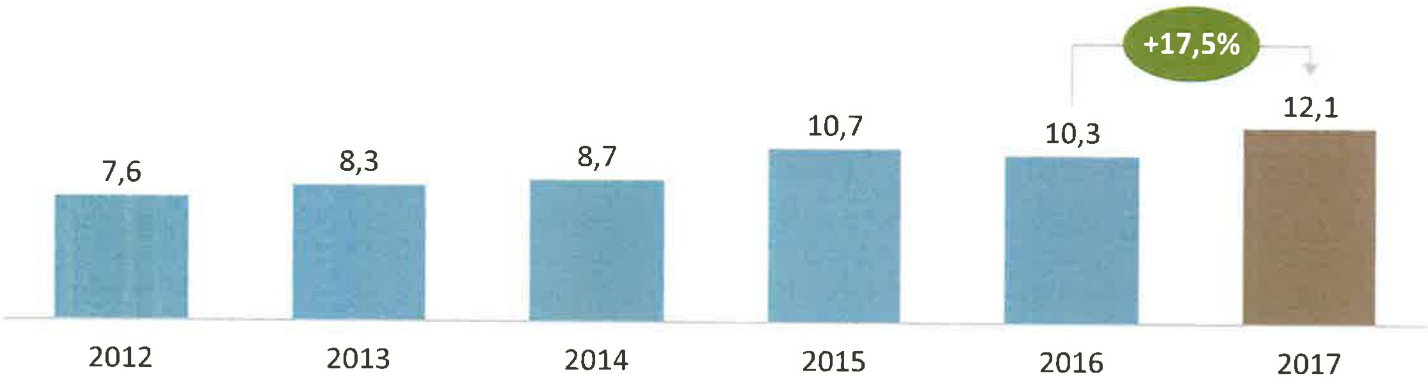
Future volumes are support **or pay contracts** for magnet

Recovery initiatives include
- Close customer liaison fo opportunities.
- Implementing lean six sig
- Implementation of recov
- Deployment of new loco
- Short interval manageme
- Positive on-time perform enhanced collaboration a partners:
  - OTA improved by 171
  - OTD improved by 41S

Volumes and operations (Cont.)

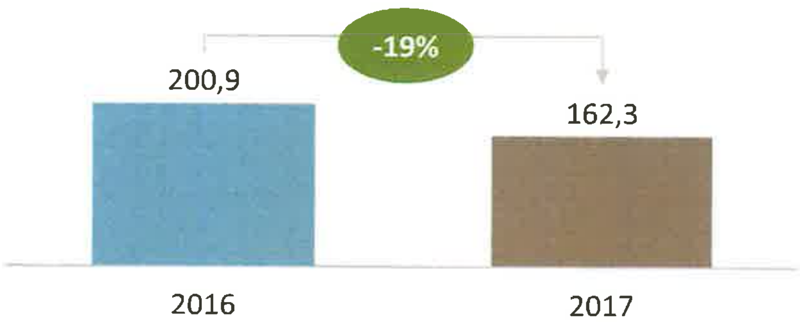
RAIL – MANGANESE

VOLUMES (mt)



PRODUCTIVITY AND EFFICIENCY

Cycle time (hours)



Manganese volume perforn

by 17,5% from the prior

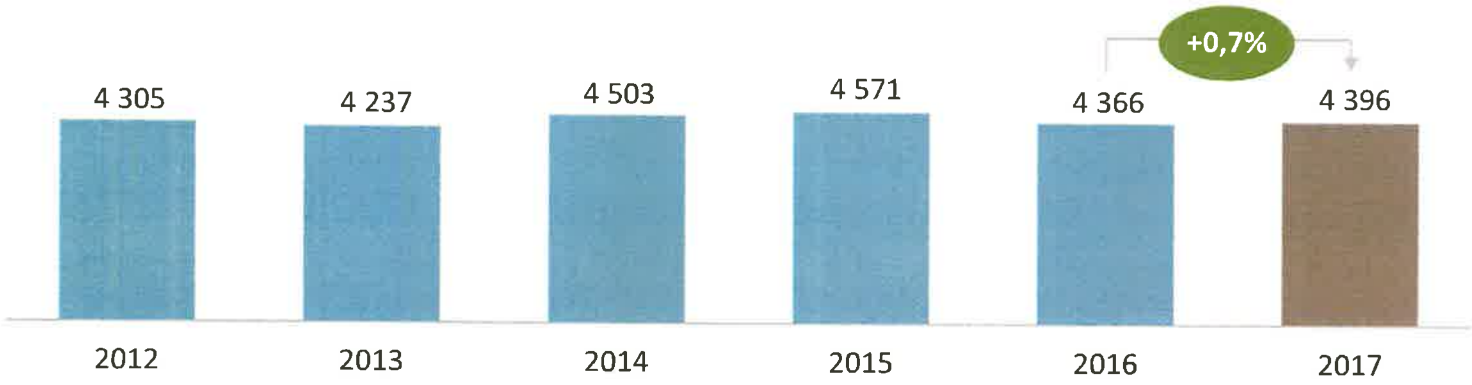
- A **record 12,1mt transport** attributed to world-class e and creation of new loadin

Future volumes are supportec **pay contracts** for manganese.

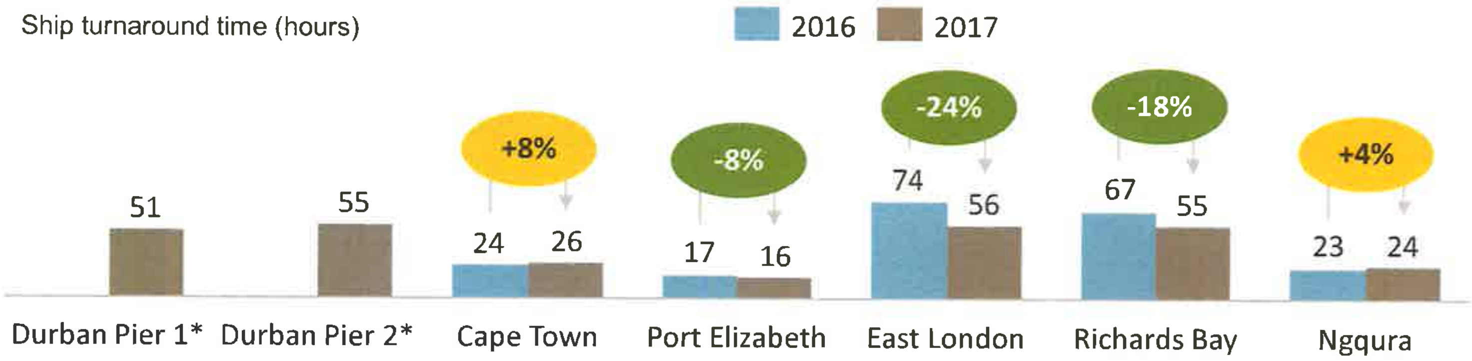
Volumes and operations (Cont.)

PORTS CONTAINERS

VOLUMES ('000 TEUs)



PRODUCTIVITY AND EFFICIENCY



** Reported together in the prior year (2016: 46 hours).*

The current year's performa

0,7% above the prior

in spite of:

- continued subdued dom demand; and
- operational challenges -

Port efficiency improvemen

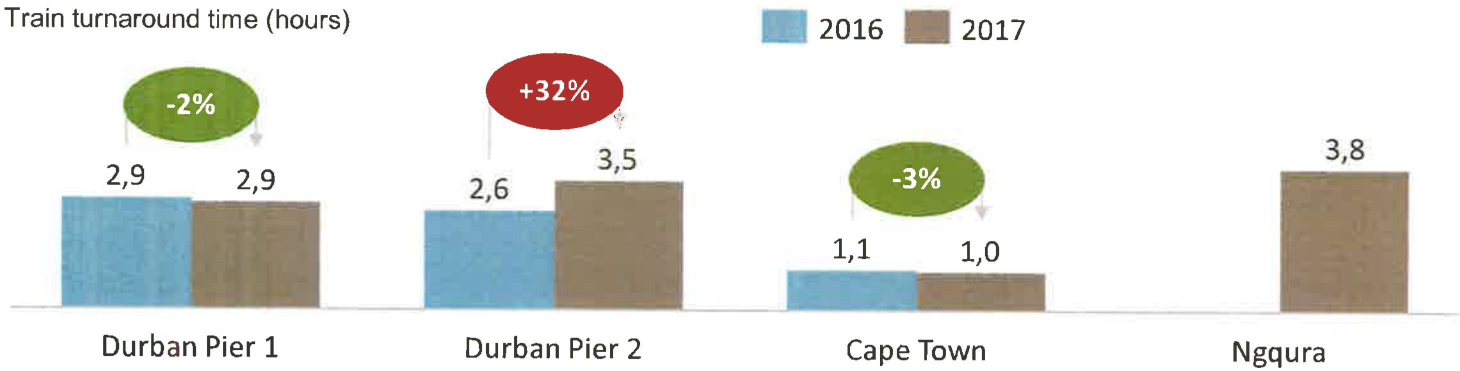
- Straddle carrier and cran
- Refurbishment of straddl reliability;
- Hauler operation to redu demand in the medium t
- Straddle pooling at the D improve usage of equipm
- Up-skilling and re-training
- Improved labour force st

Volumes and operations (Cont.)

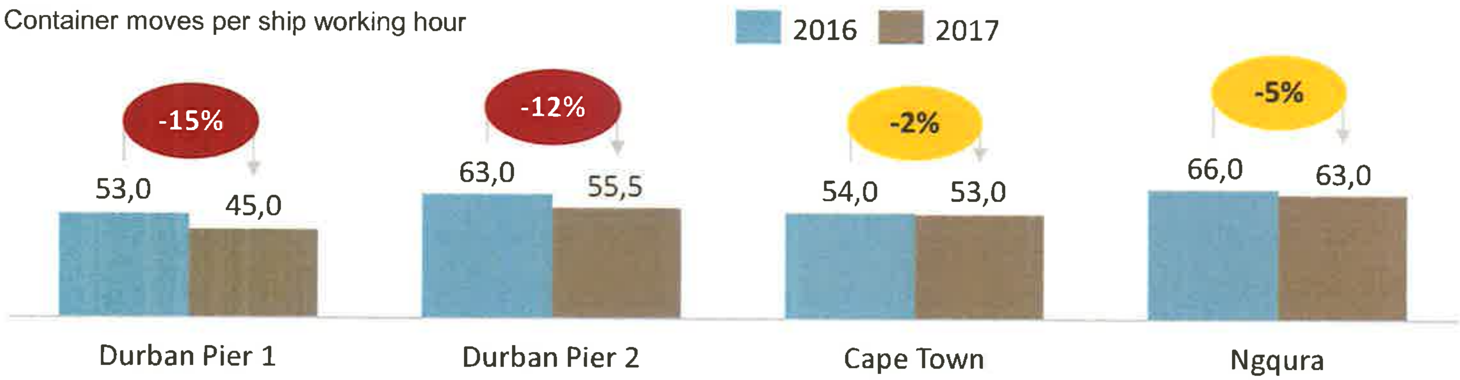
PORTS CONTAINERS

PRODUCTIVITY AND EFFICIENCY

Train turnaround time (hours)



Container moves per ship working hour



- Train turnaround times at
affected by long train dwe
Yard.
- Lean six sigma projects ha
implemented to address t

- Container moves per ship
Cape Town and Ngqura we
- Lean six sigma projects we
improve Durban Piers 1 a

Volumes and operations (Cont.)

PIPELINES

VOLUMES (bℓ)

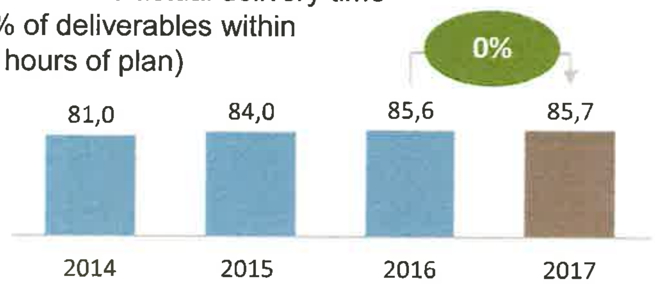
PRODUCTIVITY AND EFFICIENCY

DJP + NMPP capacity utilisation (Mℓ/Week)

Operating cost per Mℓ.km
(Nominal R/Mℓ.km)

Ordered vs delivered volumes (% of deliveries within 5% of order)

Planned vs actual delivery time
(% of deliverables within
2 hours of plan)



Petroleum volume performa

2,6% below the prior y

Due to:

- reduced demand from cust
- Efficiency improvements w planned vs actual delivery t
- Pipeline operating costs pe compared to the prior year **8,0 %.**