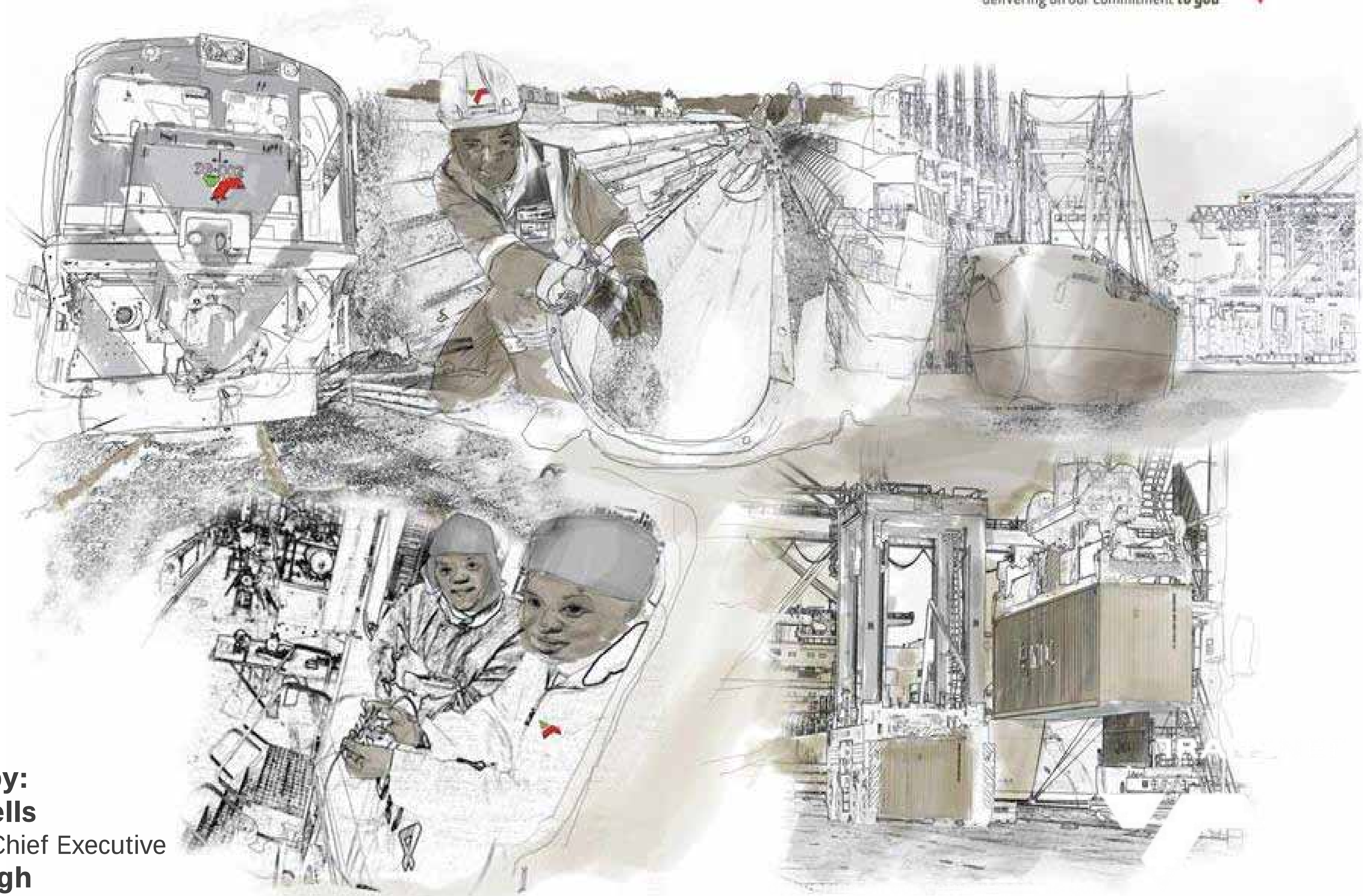
PRESENTATION TO PORTFOLIO COMMITTEE ON PUBLIC ENTERPRISES TRANSNET ANNUAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

TRANSNET

delivering on our commitment *to you*



Presented by:

Mr Chris Wells

Acting Group Chief Executive

Mr Anoj Singh

Acting Group Chief Financial Officer

Objective of the presentation

- To share the successes and challenges of the Company over the past year
- Provide a summary of the latest 5-year Corporate Plan of Transnet

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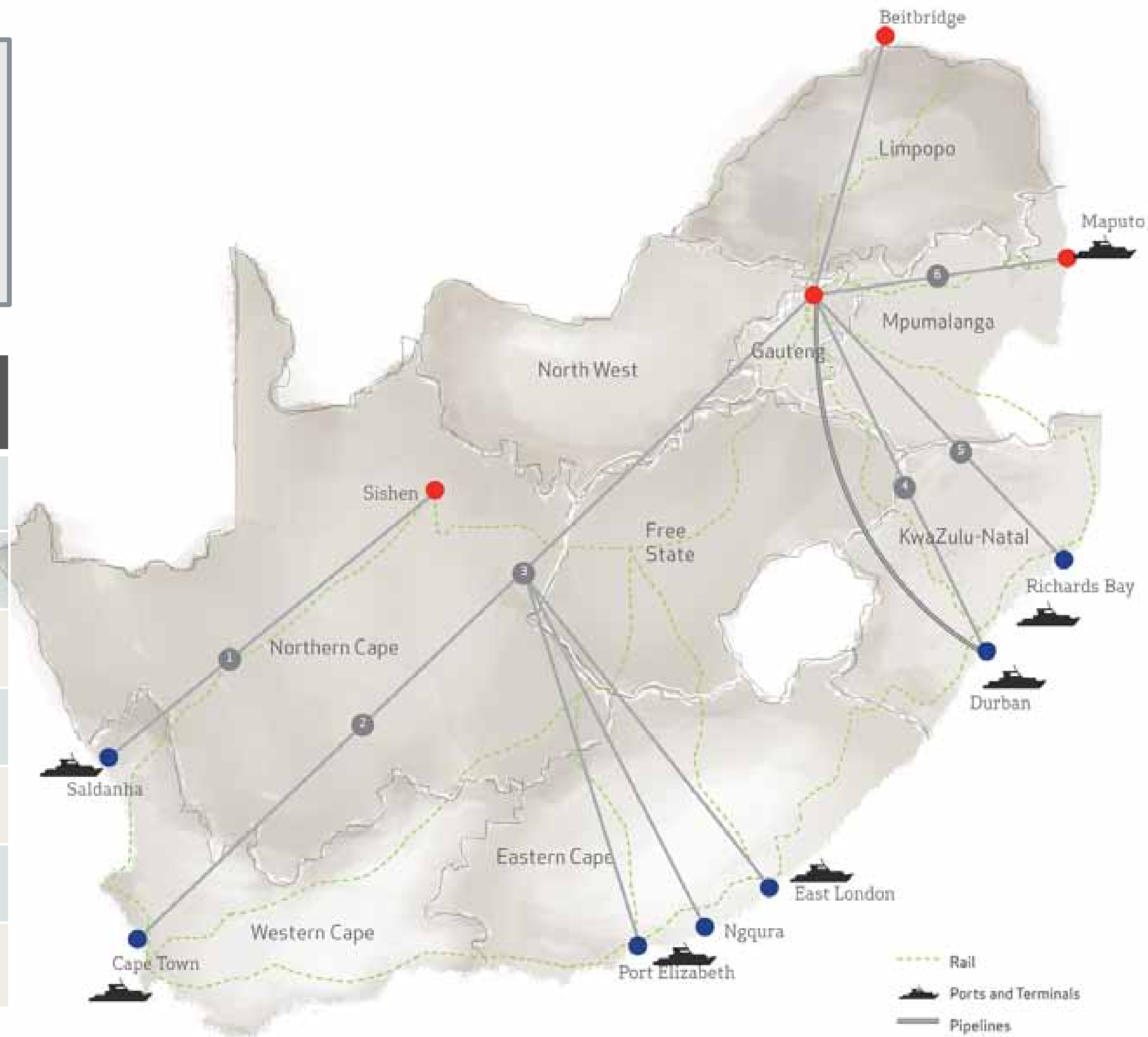
Introduction to Transnet
Growth strategy update
Overview of economic environment
Financial results: 2009/10
Business outlook: 5-year Corporate Plan
Conclusion



Introduction

Shareholder mandate	• Transnet’s key role is to assist in lowering the cost of doing business in South Africa and enabling economic growth through providing appropriate ports, rail and pipeline infrastructure and operations in a cost-effective and efficient manner and within acceptable benchmark standards. • Transnet is self-funded and does not receive subsidies from the State and accordingly Transnet must earn an appropriate return on investment to ensure the sustainability of the company over the long term.
Vision and mission	• Transnet is a focused freight transport Company, delivering integrated, efficient, safe, reliable and cost-effective services to promote economic growth in South Africa. • This is to be achieved through increasing our market share, improving productivity and profitability and by providing appropriate capacity to our customers ahead of demand.
Values	We would like our customers to prefer us because: • We are reliable, trustworthy, responsive and safe; and • Our employees are committed, safety conscious, accountable, ethical, disciplined and results orientated.

Organisational structure

TRANSNET

Rail

Freight Rail (TFR)

- 20 953km of railway track
- 179 million tons of freight
- General freight and 2 heavy haul export lines
- Revenue R20.8bn
- Assets R46.8bn
- 22 571 employees

Rail Engineering (TRE)

- Support to TFR for rolling stock maintenance
- Revenue R8.2bn
- Assets R6.3bn
- 12 677 employees

Ports

National Ports Authority (TNPA)

- 8 Commercial ports – Ngqura became operational during October 2009
- Revenue R7.5bn
- Assets R51.1bn
- 3 139 employees

Port Terminals (TPT)

- 16 Cargo terminal operations across SA ports
- Revenue R5.2bn
- Assets R12.8bn
- 5 313 employees

Pipelines

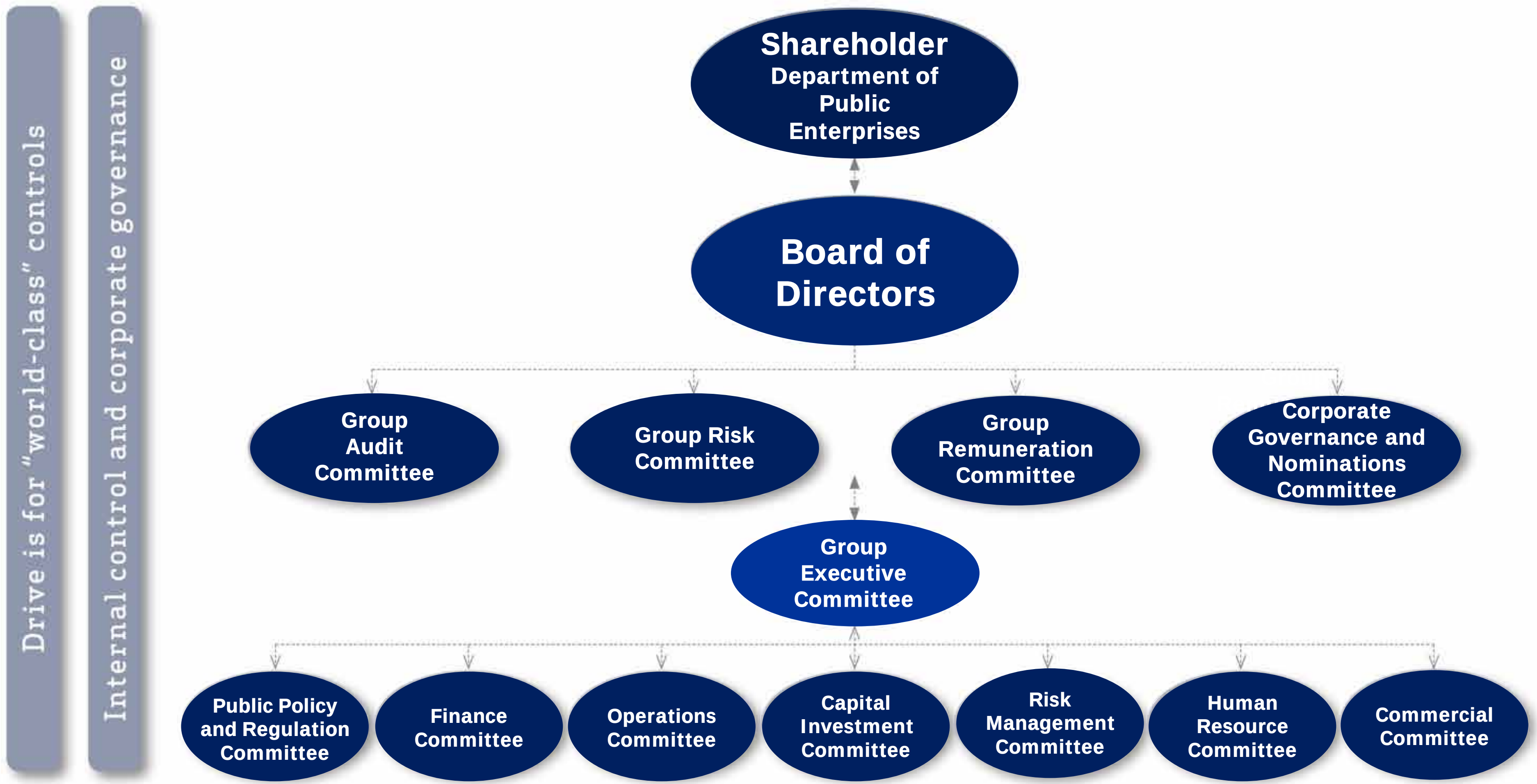
Pipelines (TPL)

- 17 billion litres of petroleum products and gas through 3000km pipelines, mainly to Gauteng
- Revenue R1.2bn
- Assets R12.3bn
- 499 employees

Specialist Units

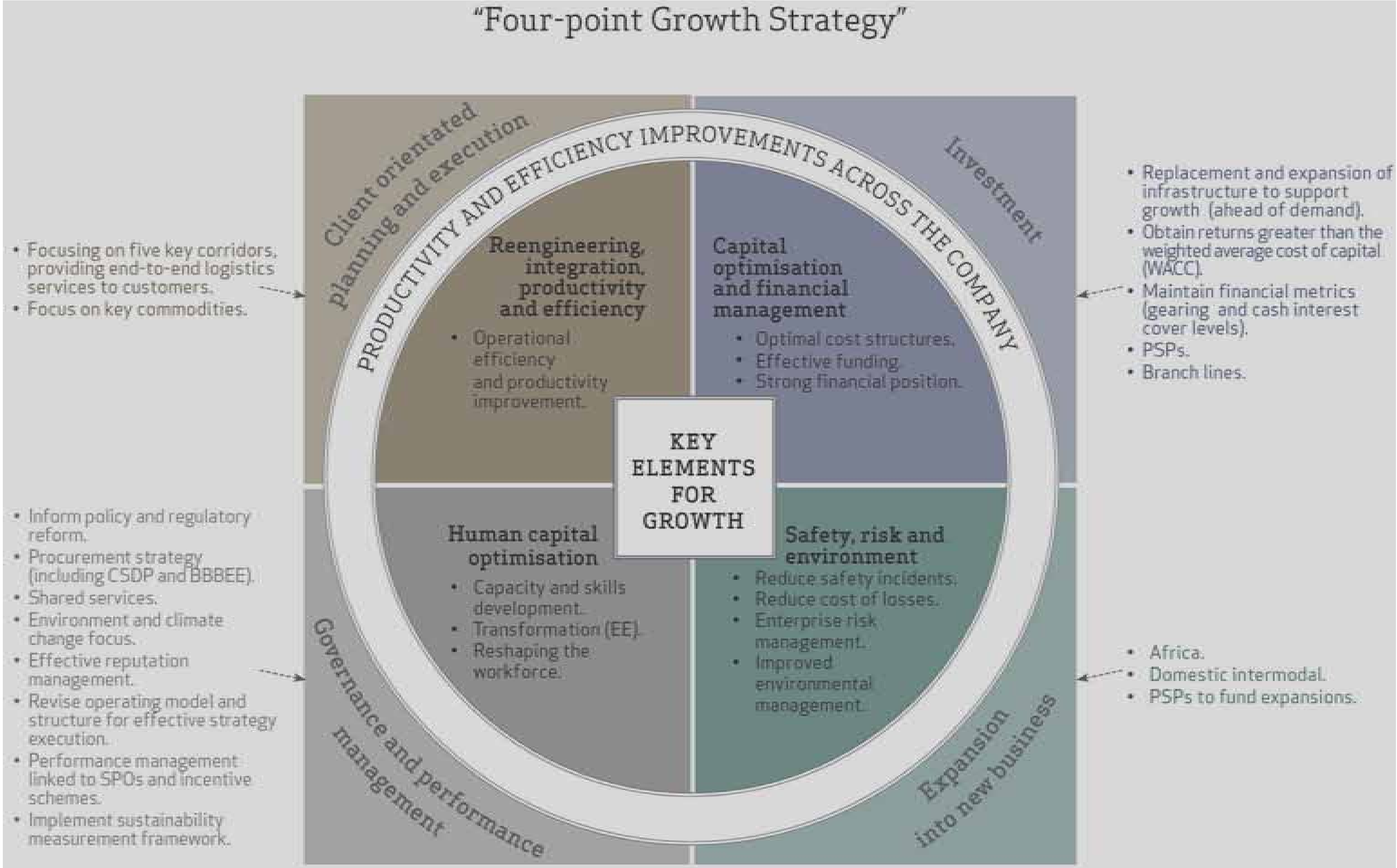
- **Transnet Capital Projects**
- **Transnet Property**
- **Transnet Foundation**

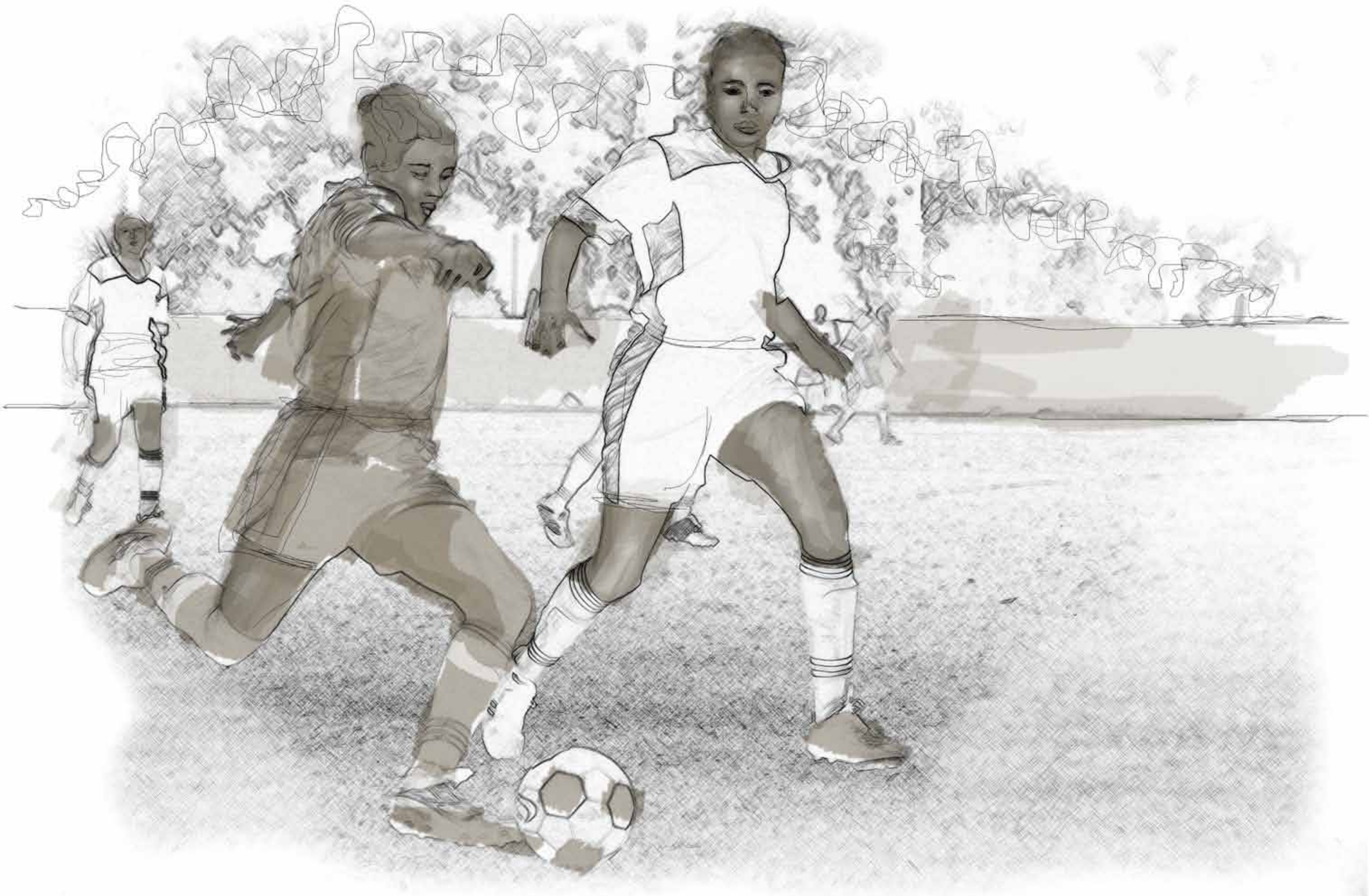
Governance structure



- The role of the Board is to provide strategic direction to the business, and provide sufficient oversight of the operations to ensure the strategy is successfully implemented.
- Transnet subscribes to principles of sound corporate governance, including the King Report on Corporate Governance for South Africa, 2009 (King III).
- The Company has a mature corporate governance processes which are substanially compliant with the requirements of King III.

Update on Growth Strategy



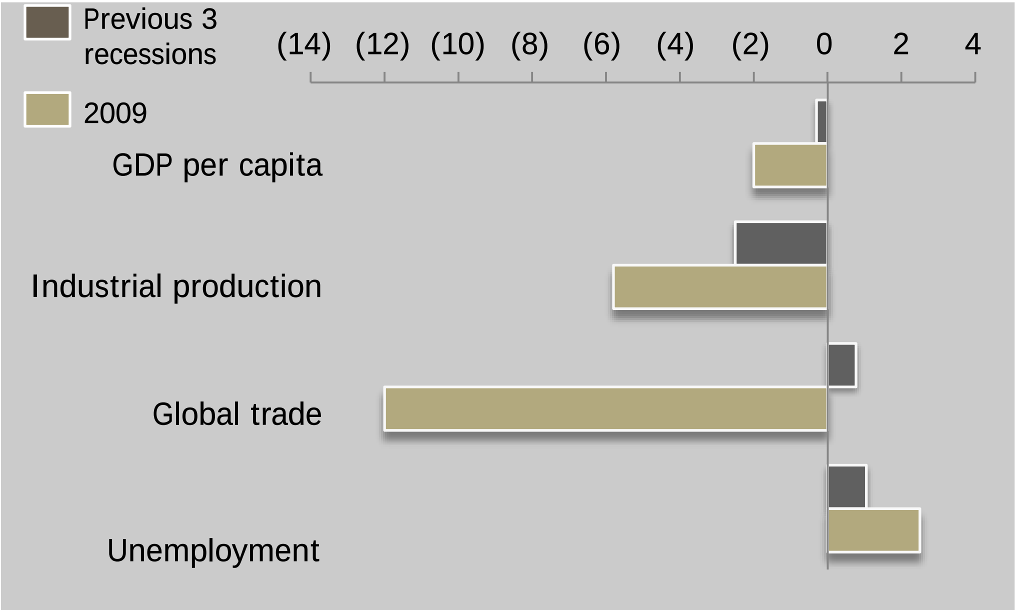


OVERVIEW ECONOMIC ENVIRONMENT : 2009/10

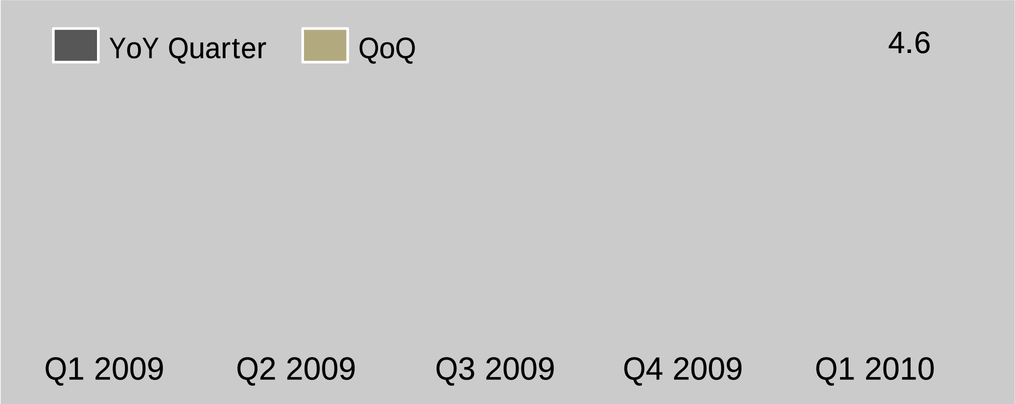
Impact of economic recession

- World-wide recession impacted negatively on all areas of business:
  - Global economic activity contracted by 1.8% during 2009;
  - Annual South African GDP growth of negative 1.8% vs 3.7% in 2008.
- During 2nd half of 2008/09, Transnet volumes declined significantly:
  - General freight declined by 20%;
  - Maritime containers declined by 15%.
- Capital markets under pressure:
  - Increase in liquidity risk;
  - Increase in cost of raising capital in the international and domestic markets;
  - Funding constraints in markets.
- SA GDP growth in last 2 quarters (QoQ) showing positive signs of recovery.

Recession's effects were devastating in 2009 (% y/y)

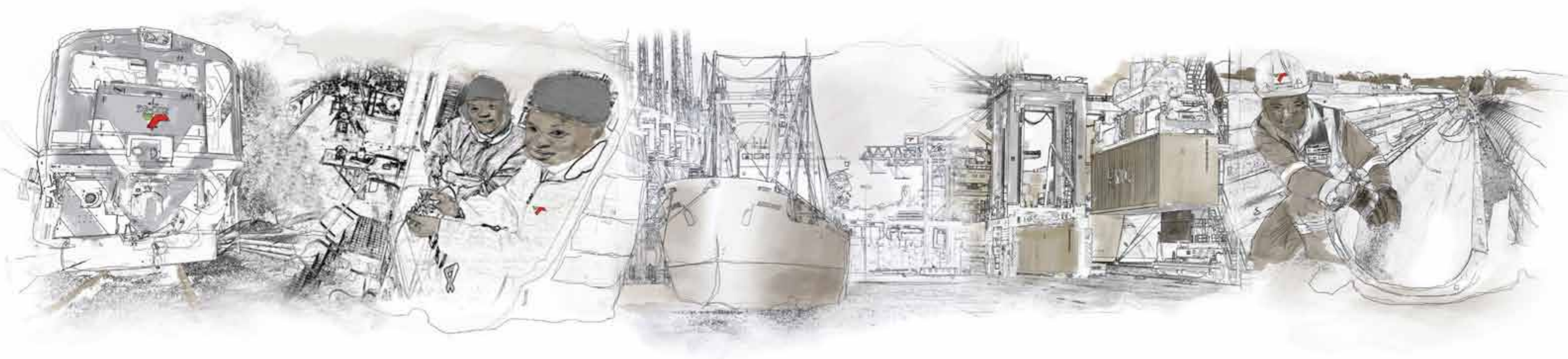


South African GDP Growth* (%)



* Source: StatSA - annualised percentage change in seasonally adjusted real GDP

UPDATE ON GROWTH STRATEGY



Summary of Strategic Objectives in Shareholder's Compact

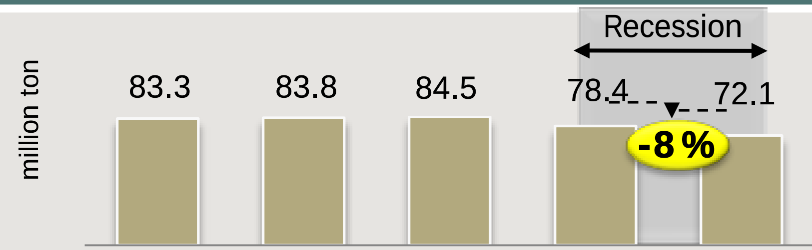
1	**Volume and Revenue Growth**	Grow rail volumes in key General Freight Business sectors and export lines (coal and iron ore). Actively and vigorously contribute towards the reduction on overall transport and logistics cost.
2	**Capital and financial efficiency**	Transnet shall maintain a strong financial position with gearing at appropriate levels and sufficient cash interest cover. Earn an appropriate return on investment to ensure the sustainability of the Company.
3	**Operational efficiency**	Improve operating efficiencies and effectiveness in line with industry standards. Net operating margin improvement in key business units, based on cost reduction and containment.
4	**Infrastructure Investments and Maintenance**	Make appropriate investment in ports, rail and pipelines to enable growth where the investment return is greater than Transnet's WACC. Install appropriate capacity ahead of demand.
5	**Developmental objectives**	Contribute towards ASGI-SA through its core business and leveraging the economic benefits from associated activities (i.e. Competitive Supplier Development Programme). Skills development and Black Economic Empowerment.
6	**SHEQ**	Increase focus on significantly improving health and safety standards in line with leading practices. Ensure compliance with environmental laws and proactively manage environmental compliance.

1 Volume and revenue growth

4-Year CAGR

	2005/06 2006/07 2007/08 2008/09 2009/10	Performance Indicator (variance against Budget)	

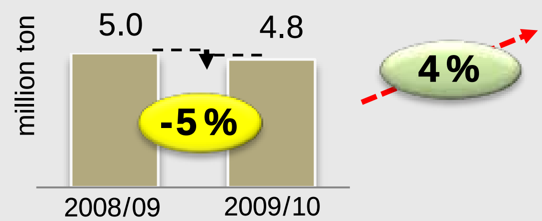
GFB



+6.0%

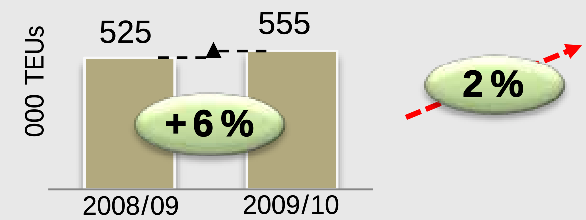
Average transport distances increased by 2.1%, indicating market capture on longer route distances.

Manganese



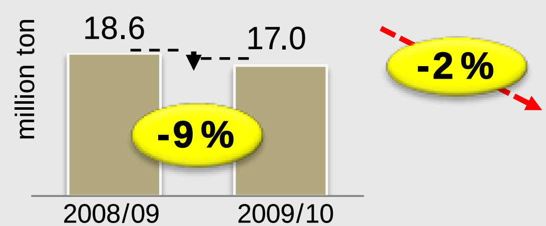
Operational efficiency improved by reducing cycle times from eight days to five days. Decline from prior year due to contraction of market.

Containers on Rail



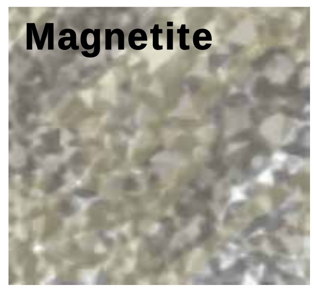
Volumes increased by 5.7% compared to prior year, whilst Port volumes declined by 4.5%. Container market share on Natcor increased from 23% to 30%.

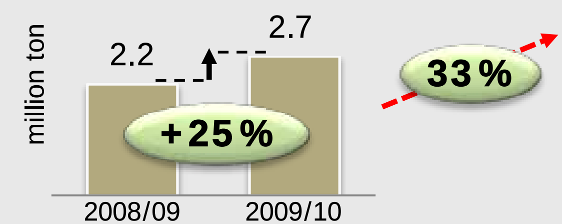
Domestic Coal



Operational issues, customer cancellations, cable theft and planning deficiencies negatively impacted volumes. Key focus area to improve performance and ensuring security of supply for power generation.

Magnetite





Positive performance yielding a 34% reduction in turnaround times. Remains a key commodity going forward, with potential to increase production and growth in this sector.

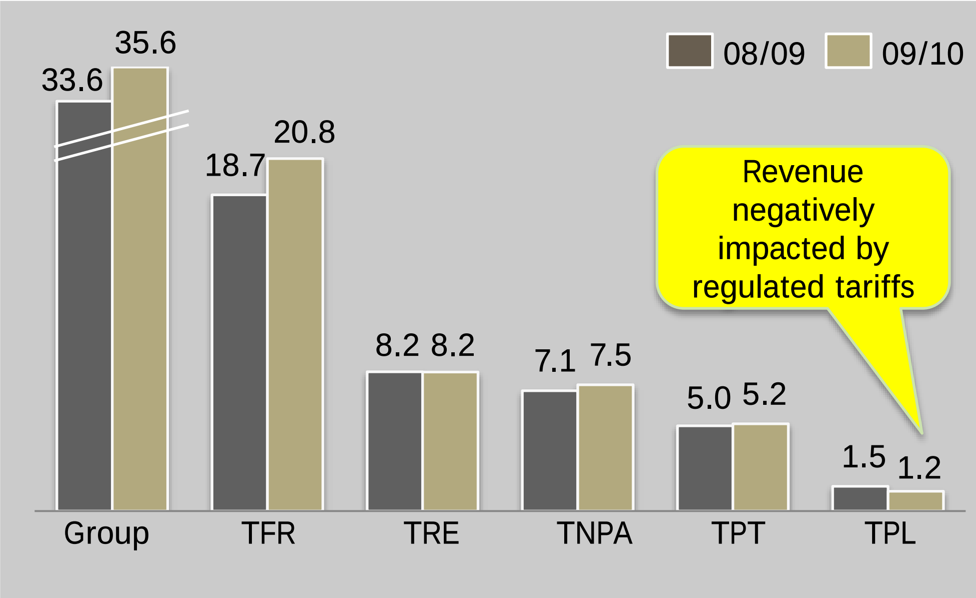
1 Volume and revenue growth

4-Year CAGR

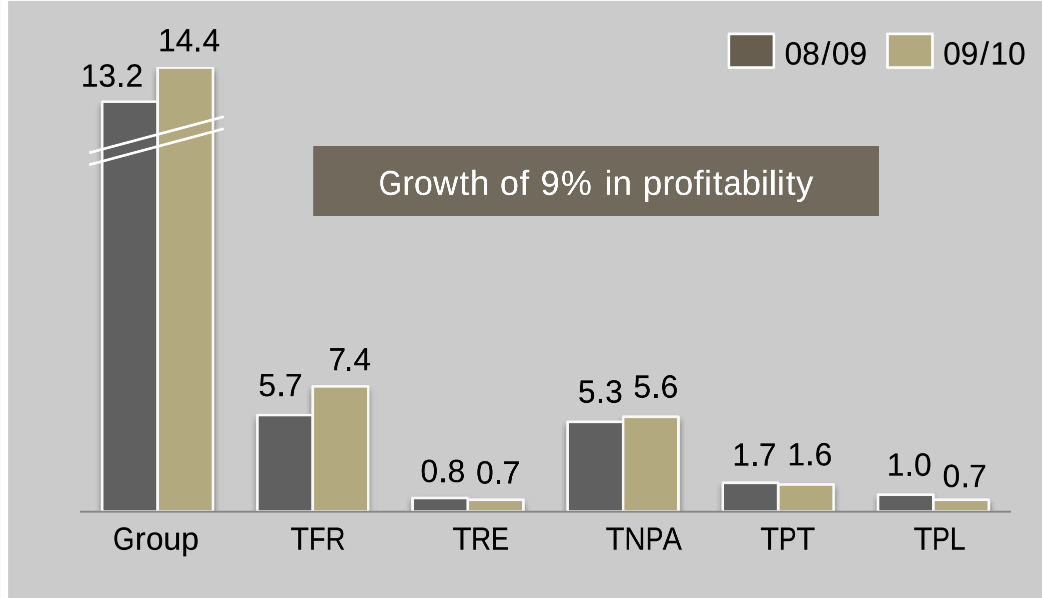
	2005/06	2006/07	2007/08	2008/09	2009/10	Performance Indicator (variance against Budget)	Comments
Export Coal (million ton; 4-Year CAGR -3%; 2008/09 to 2009/10: 0.2%)	68.8	67.0	63.5	61.9	61.8	-10.4%	• Cable theft hampered operations • Cancellation of trains by customers and TFR operations. • RBCT interruptions resulting from the commissioning of its expansions to 91mt. • Quarter 4 volumes 6.3% above prior year due to improvement initiatives.
Export Iron Ore (million ton; 4-Year CAGR +11%; 2008/09 to 2009/10: 21.5%)	29.6	30.0	31.9	36.8	44.7	+4.0%	• Longest train in world with 342 wagons (3.5km long). • Wagon cycle time improved by 11% compared to prior year. • New weekly throughput records of >1mt was achieved. • Port loading rates increased by 6.5% through dual loading.
Maritime Containers (‘000 TEUs; 4-Year CAGR +5%; 2008/09 to 2009/10: -4.5%)	3,012	3,674	3,738	3,800	3,629	+8.3%	• Global container volumes contracted by 10% vs only 4.5% at TNPA: • mainly due to increase transshipment volumes.
Petroleum (billion litres; 4-Year CAGR +2%; 2008/09 to 2009/10: 3.1%)	16.1	17.0	16.9	17.2	17.8	+3.4%	• Increased volumes due to domestic consumption • Security of supply ensured through effective utilisation of existing pipeline, supported by bridging plan.

2 Capital and financial efficiency – Group and Operating Division Performance

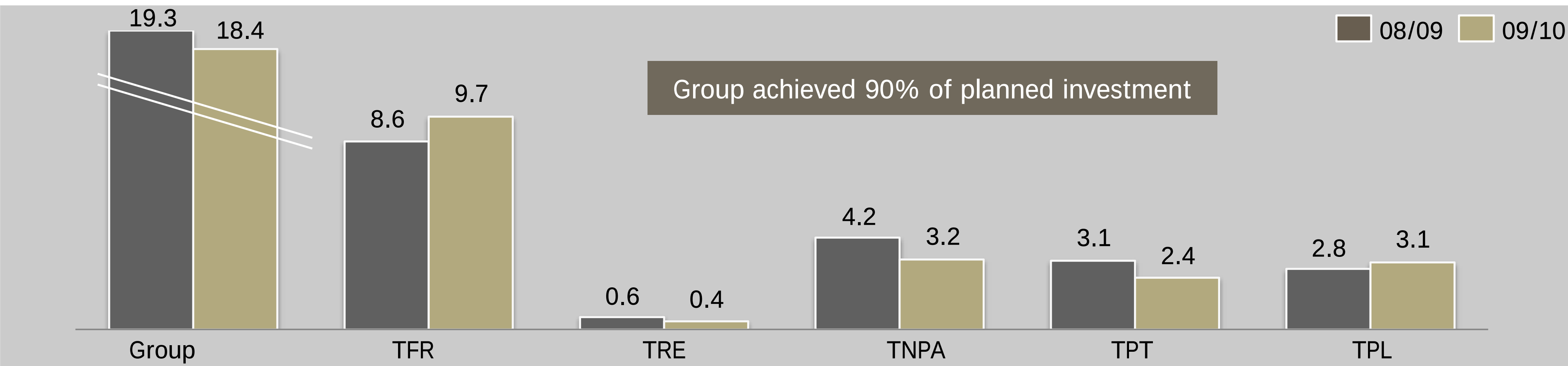
Revenue per Operating Division (R billion)



EBITDA per Operating Division (R billion)



Capital Investment per Operating Division (R billion)



Economic regulation challenges

NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

- NERSA's tariff methodology is not sufficiently clear on key issues and has changed a number of times since commencement.
- No growth in revenue in real terms since 2008/09, whilst significant investment is being made in the New Multi-Product Pipeline.
- Material variations in tariff decisions - creating significant uncertainty over future cash flows.
- Secured Fuel Levy for the next 3 years for funding of "security of supply" portion, which would have been received by the way of tariffs but in subsequent years.

History of NERSA decision on tariffs

Period	Transnet Application*	Nersa decision
2008/09	15.0%	7.73%
2009/10	63.42%	(12.49%)**
2010/11	51.3%	11.86%

* Based on the allowable revenue
** Resulting in ±R1bn reduction in budgeted revenue equating in an effective tariff decrease of 10.4%.

PORTS REGULATOR OF SOUTH AFRICA

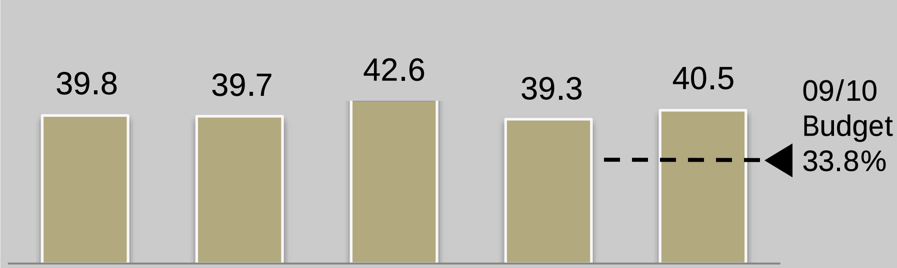
- The Ports Regulator has for the first time approved TNPA's tariffs for 2010/11.
- Transnet applied for a smoothed 10.62% tariff increase (over a 3-year period). Ports Regulator approved an increase of 4.42% for 2010/11 – also creating uncertainty about future tariff setting.
- TNPA is in the midst of a significant capital investment programme requiring a high degree of certainty over future cash flows.

- Transnet needs a predictable and fair regulatory regime in order to make large-scale, long-term infrastructure investments.
- Drive to get consistency and predictability in Regulations / Policy together with a fair return on invested capital in conjunction with the Regulators.

2 Capital and financial efficiency – Key ratios

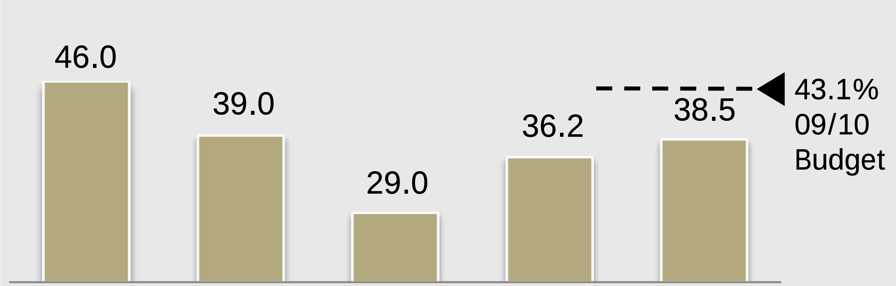
2005/06 2006/07 2007/08 2008/09 2009/10

EBITDA Margin (%)



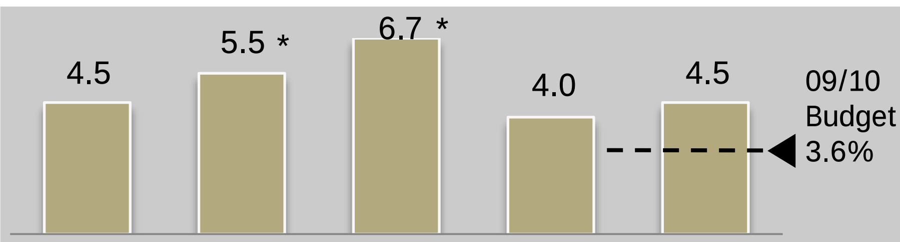
- Improvement in margin mainly due to cost saving initiatives resulting in R1.9 billion savings (Dynamic management).
- High increases in electricity costs, security costs, leases and other operating costs mitigated cost reductions.

Gearing (%)



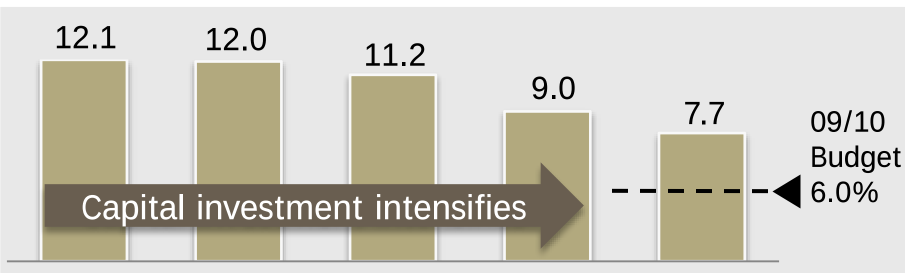
- Gearing improvement aided by re-phasing and reprioritisation of capital spending and significant working capital reduction.
- Still well below the 50% limit set by the Board.

Cash Interest Cover (times)



- Despite lower revenue (TPL tariff reduction by NERSA), cash interest cover well above targeted level of 3 times.

Return on Average Total Assets (excl. CWIP) (%)



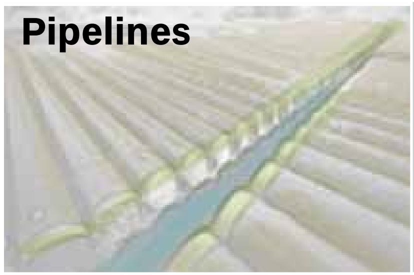
- Lower returns due to the major capital investment programme (R72 billion over past 5 years).
- Required Return: >10% (5-year target).
- Improved asset utilisation a key priority in Corporate Plan.

* Proceeds from the disposal of non-core businesses and investments

3 Operational efficiencies

	Achievements in 2009/10	Identified areas/efficiencies to improve
Rail 	• Locomotive efficiency (gross ton per loco) exceeded set targets for GFB by 1.3%. • Overall reduction of 29% in number of freight derailments compared to prior year. • Overall availability of rolling stock improved by 2% to >89% and loco reliability improved by 14% to 26 faults per million kilometres compared to the prior year. Wagon reliability remained constant at 0.47 faults per million kilometres.	• Turnaround times and effective utilisation of wagons and locomotives. • Predictable service delivery (on-time departures and arrivals). • Reduction in number of train cancellations. • Reducing security incidents (i.e. cable theft).

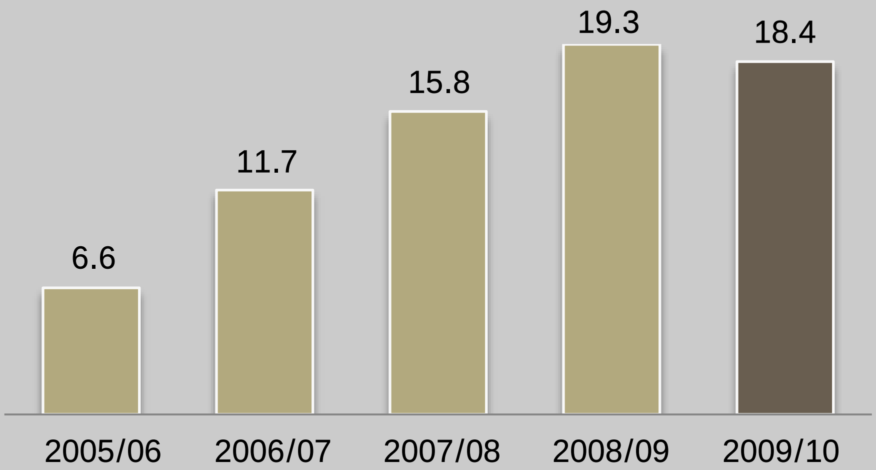
Ports 	• Improved planning/integration with rail (i.e. 48% reduction in wagon dwell time at Kingsrest).
	• Increase of 6.5% in loading rates at Saldanha (export iron ore) due to successful implementation of dual loading – distressed vessel during last 5 months negatively impacted operations.
		• Ship turnaround times:
		  • Shipping delays due to the performance of tugs, pilots and berthing staff.
		  • Container handling rates below target.

Pipelines 	• Increased capacity utilisation in Durban-Jhb pipeline through drag-reducing agents to >100% of original design capacity. • Successful implementation of Bridging Plan. • Meeting demand / security of supply.	• Reduce internal production interruptions and monitor external influences. • Other TPL operational activities on world-class standards.

Overall efficiencies not meeting world class standards

4 Capital investment

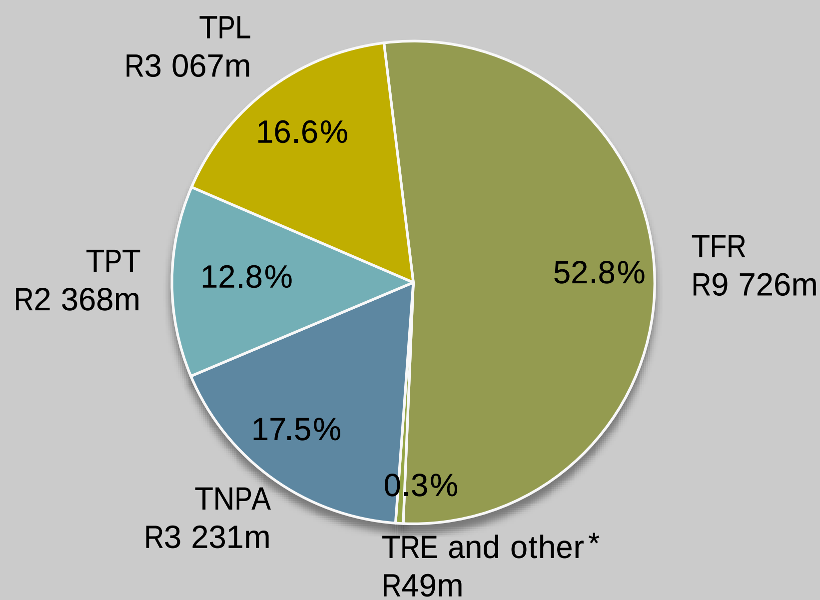
Transnet Group Historical Capital Investment (R billion)



Total investment of R72bn during past 5 years, funded on the strength of Transnet's financial position

- Planned investment of R21.9bn for the year as part of the 5-year capital investment plan.
- Re-prioritising and rescheduling of cash flows due to economic recession resulted in R18.4bn spending for the year.
  - § Did not compromise capacity creation or customer commitments.
- Spent a total of R6.9 billion on rail maintenance which is in excess of prior year.

Capital investment by Operating Division (R18.4 billion)



* Other includes inter-company eliminations

Major capital investments: 2009/10 achievements & progress

Deepening and Widening of Durban Harbour Entrance Channel

Spending (R million)	
Estimated total cost	**3 360**
Spending since inception	**2 770**
2009/10 Actual	**781**

Widening and deepening component of the project was completed and commissioned 1 month ahead of schedule and within budget

9 200 TEUs
The size of a ship that can now call at Durban Port after widening and deepening project versus **2 000 TEUs** previously

Permanent Sand Bypass:
Final designs to be completed by Mid 2010, with project completion aimed for 2015

Temporary sand bypass (TSS) system operational. An extension to the TSS RoD to Dec 2013 received

Durban Container Terminal Re-engineering

Spending (R million)	
Estimated total cost	**1 863**
Spending since inception	**1 245**
2009/10 Actual	**500**

Increased by **400 000 TEUs** to **2 300 000 TEUs** per annum

1 million LTI Free hours
Achieved over a period of 7 months on a complex project made up of various contracts being executed within confined sites

Staff Parking completed and in the process of being commissioned

Road over rail bridge
Commissioned

Straddle Carrier Workshop
Erection of steel trusses in progress and will be completed in 2010

4 Major capital investments: 2009/10 achievements & progress

Cape Town Container Terminal Expansion Project

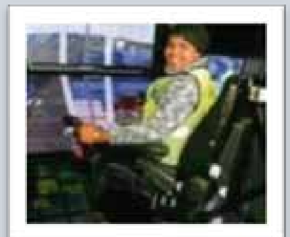
Spending (R million)	
Estimated total cost	**4 375**
Spending since inception	**2 278**
2009/10 Actual	**868**

0.7 million TEUs since 2007

0.9 million TEUs the capacity in 2010

1.4 million TEUs will be achieved upon completion of expansion plans

Berth 602 Hand-over of the first section has resulted in container vessels of 305m being berthed routinely



1.23 million m³ of sand to be dredged

16 out of 32 rubber tyred gantry cranes have been commissioned. Remainder expected by December 2010.

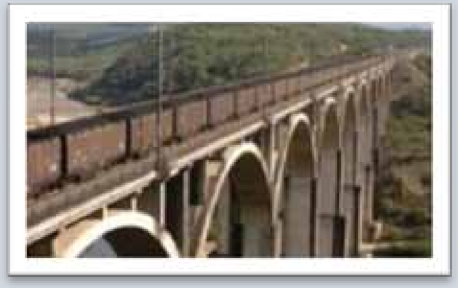
4 out of 8 Ship to shore cranes commissioned, 2 units awaiting positioning on quayside, remaining 2 units expected in 2012

Rail Projects (Coal Line)*

Spending (R million)	
Estimated total cost	**3 839**
Spending since inception	**2 189**
2009/10 Actual	**453**

71 mtpa
Construction of track switch structure for the Delmas, Argent & Kendal traction substations has commenced

81 mtpa
Included as a potential PSP. FEL 3 studies underway. Rolling stock requirements in process of being addressed.



- One component of total investment of R9.8 billion (5-year investment plan)
- Latest estimate cost up to 81mt capacity is ±R15.4bn (5 years)

Major capital investments: 2009/10 achievements & progress

Port of Ngqura (Container Terminal)

Spending (R million)	
Estimated total cost	**7 888**
Spending since inception	**4 281**
2009/10 Actual	**1 305**

60 hectares
The size of the Ngqura Container Terminal

800 000 TEUs
The current capacity in TEUs of the Ngqura Container Terminal

Equipment erected:
22 rubber tyred gantry cranes
6 ship-to-shore cranes,
2 rail mounted gantry cranes

Port Control
Equipped with world-class maritime equipment including high tech vessel traffic management information systems

Ngqura Master Plans report in the process of being finalised

Dredging tender is pending and site inspection scheduled for Mid 2010

Flooding of quay wall Completed in **May 2010**

Spatial/Site Development plan with the CDC for approval by Municipality, and Emergency Plan for Marshalling Yard submitted to CDC

Milestones at Ngqura

- Container terminal operating since October 2009.
- **78 400 TEUs** (mainly transshipment) handled against a budget of 50 000 TEUs to March 2010.
- **21** crane moves per hour achieved against a startup target of 15. Target of 26 set for 2010/11.

4 Major capital investments: 2009/10 achievements & progress

Ports: Saldanha Iron Ore Terminal (Ore Expansion)

Spending (R million)	
Estimated total cost	**3 116**
Spending since inception	**2 572**
2009/10 Actual	**477**

Phase 1A Dust Mitigation & Reverse Osmosis (RO) Plant
Environmental authorisation received for RO Plant. Site establishment commenced for civil works

Phase 1A Rework
Site works completed, contracts being closed

Phase 1B Marine Works Work on maintenance dredging has been stopped

Phase 1B
Capacity expansion & upgrade. Contract for installation of mooring hooks due to commence shortly

Phase 1C Upgrade/Expand Port Facilities
Work associated with rebalancing of Shiploaders has been agreed to by TPT

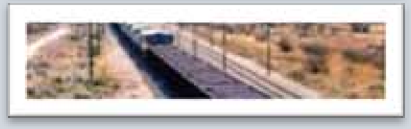
Rail: Sishen-Saldanha corridor (Ore expansion all phases)

Spending (R million)	
Estimated total cost	**10 696**
Spending since inception	**4 646**
2009/10 Actual	**1 358**

Phase 1A (41mt) & 1B (47mt)
Rail Formation Repairs work on site is completed and ready for defects inspection

47 mt
Current capacity
Phase 1C 60 mt
Future capacity planned for Dec 2011

Power Upgrade
Planting of concrete masts up to Loop 6 complete
Loop 15 – 19 nearing completion
Agreement between Transnet and Eskom has been signed for the substation at Loop 18



4 Major capital investments: 2009/10 achievements & progress

New Multi-Product Pipeline (NMPP)

Spending (R million)	
Estimated total cost	**15 499**
Spending since inception	**5 976**
2009/10 Actual	**2 698**

Pipelines (Durban to Jameson Park)
Five trenching machines mobilised on the project

199km excavated to March 2010 and **280km** to May 2010

The Durban section of the project achieved 1 million accident free hours (LTI's)

353km of pipeline delivered to pipe yards

330km strung on the Right of Way (RoW)

138km bedding and lowering achieved

103km backfilled up to end March 2010

- **Commissioning of trunk line (Durban to Jameson Park) during 2011**
- **Completion date of entire NMPP by December 2012**
- **Capacity to increase from 4.4 billion to 8.7 billion litres**

4 Major asset deliveries during the year

Asset Type	Quantity
Acquisitions	
Locomotives	**59**
19E Dual Voltage locomotives for the Coal Line	6
Class 15E locomotives for the Ore Line	3
Class 39 diesel locomotives for GFB	50
Wagons	**1 194**
New wagons for the Coal Line	592
Wagons for the Ore Line	300
Wagons for Manganese exports (GFB)	302
Refurbishments	
Locomotives	**179**
Overhauls	117
Restoration of damaged locomotives	62
Wagons	**3 032***
* Heavy refurbishment programme of which 60% of the wagons were upgraded to a larger capacity	
Infrastructure: Replacements	
Rail	471km
Railway sleepers	280 000

Asset Type	Quantity
Port Infrastructure	
Tugs for the Port of Ngqura	2
Pilot boats for the Port of Durban	2
Helicopter for the Port of Durban	1
Bulk liquid berth at Richards Bay	1
Cargo handling equipment	
Rubber tyred gantry cranes for CTCT	16
Ship to shore cranes for CTCT	6
Haulers across all terminals	59
Rail Mounted Gantry Cranes for Pier 1	2
Rubber tyred gantry cranes for Ngqura Container Terminal	18
Rail Mounted Gantry Cranes for Ngqura Container Terminal	4
Ship to Shore Cranes Ngqura Container Terminal	6
Operator Training simulators at Ngqura and CTCT	2

4 Capital and financial efficiency – Funding activities

Strategy to diversify sources of funds both locally and internationally:	
DMTN (Local bonds and commercial paper)	ECA (Exports Credit Agency)
GMTN (International Bonds)	DFI (Development Funding Institutions)

Funding Activities during 2009/10:

- Major loans include AFD, Finnvera, Atradius, JBIC, AFLAC (DFIs and ECA's);
- Continuation of funds raised from Commercial Paper Programme and Transnet Bonds through the DMTN;
- Establishment of US$2 billion Global Medium Term Note (GMTN):
  - Successful road show in the USA, UK and Germany.
  - Uncertainty in European capital markets and Greece refinancing resulting in widening spreads.
  - Decision to wait for more settled markets before drawdown.

Transnet Long-term Foreign Currency

Moody's	A3
Standard & Poor's	BBB+

An amount of R20 billion (including pre-funding) has been raised well in advance of requirement during the year

5 Development: Competitive Development Supplier Programme

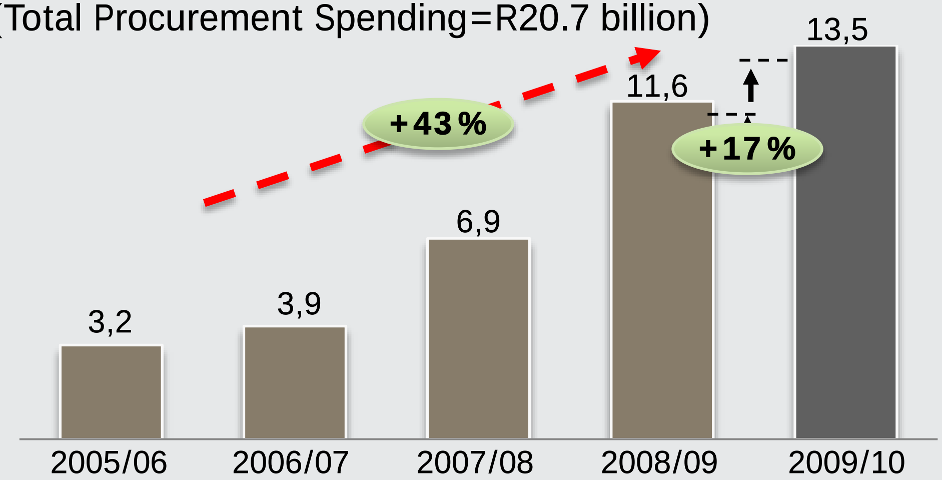
Competitive Supplier Development Programme

- Transnet will continue to implement the Competitive Supply Development Programme (CSDP) to contribute towards the competitiveness of the domestic supply chain and procurement environment
- Leveraging the procurement capacity of Original Equipment Manufacturers (OEMs) through the development of downstream suppliers
- Expanding the local supplier base
- Close collaboration with all stakeholders to develop local suppliers and to maximise localisation opportunities

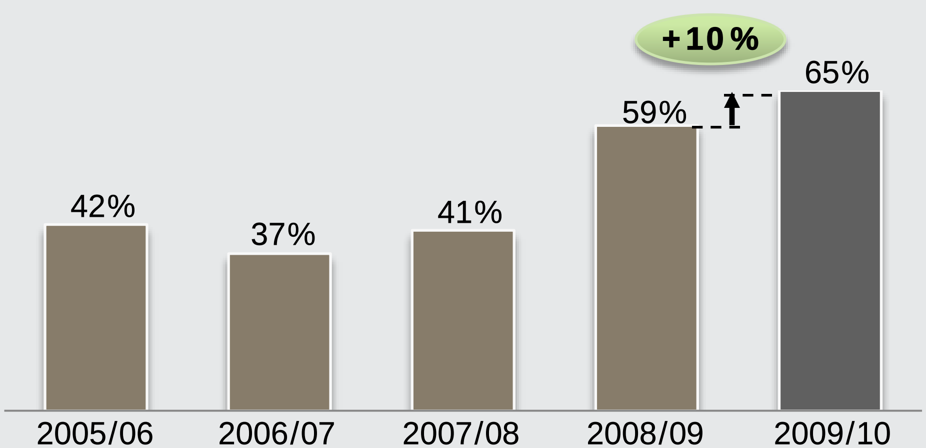
- 50 “Like-new” programme now complete under the equivalent of the CSDP Framework using Transnet Rail Engineering division. Approximately 70 new job opportunities were created with this programme.
- First major tender issued with CSDP obligation which will yield an investment of R335 million for TRE together with significant skills transfer and >R300 million for other local suppliers – total commitment of approximately R1 billion.
- TRE will be a centre of excellence for locomotive OEMs.

5 Development: Broad Based Black Economic Empowerment

BBBEE Spending (R billion)
(Total Procurement Spending=R20.7 billion)



BBBEE % Spending against Total Procurement Spending



- Transnet is fully committed to and has a proud record of empowering small, medium and black enterprises as well as giving effect to Government's policy on BBBEE

- Significant focus has been placed on BBBEE spend evidenced by the large increase in spend in recent years

- Emphasis has been placed on improving Preferential Procurement and Enterprise Development which is led by the supplier development centre of excellence

Skills Development and Capacity Building

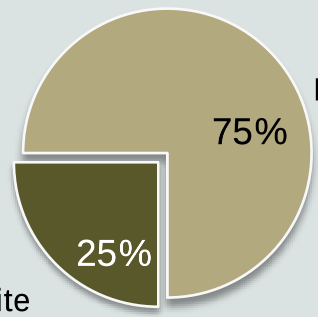
Skills Development

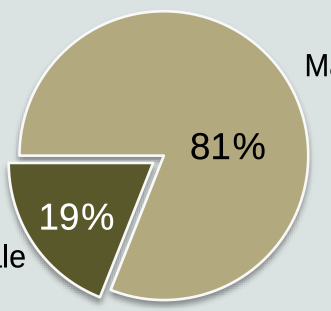
- More than **95% compliance** to National Skills Development Strategy*.
- **3%** training spend (of personnel cost) which compares favorably to industry norms.

Capacity Building Initiatives

- **377** Engineering and **284** Engineering Technician bursars in the engineering skills pipeline in 2009/10.
- **1100** Apprentices in training, **37** registered trade test officers and **6** registered trade test centres.
- **36** youth on the Young Professionals Development programme (GIT & TOPP).

Employment Equity as at 31 March 2010





Culture Charter

- Second annual scoring against the Charter with close to 23 000 employees participating:
  - Safety is top of mind for our employees but we still have difficulty in translating this behaviour into a safe working environment.
- Consequently we embarked on developing a Safety Culture Programme to entrench a culture of safety through Transnet's 7 Golden Actions:

"I will not perform unsafe work and put myself in danger"

"I take responsibility for myself and my team and I don't blame others"

"If I don't understand and if I have a problem, I speak up and say so"

"No matter what my level, I contribute to improving safety"

"I know the standard operating procedures and safety rules, follow them and don't take shortcuts"

"I always prepare, check and report unsafe acts and conditions"

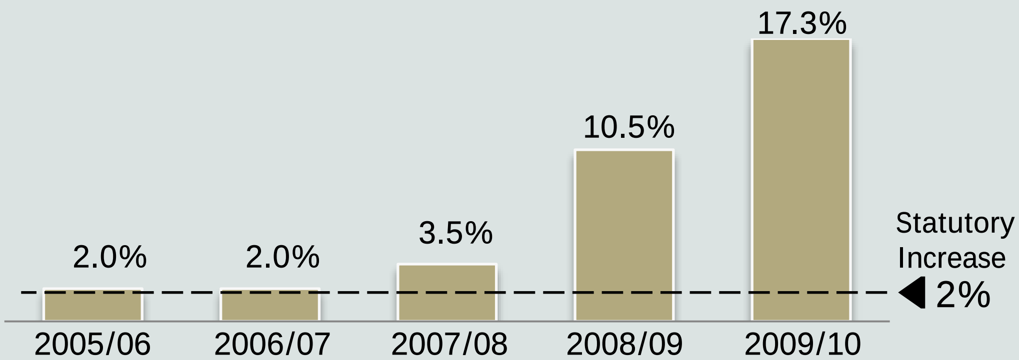
"I rest well and work safely"

* Department of Labour

5 Development: Transnet Pensioners

TSDBF

% increase in pensions including bonuses



In addition to the statutory payment of 2%, the fund has paid out bonuses since 2007 (15.3% during 2009/10).

TSDBF Pensioners

- Transnet has made ex-gratia payments to TSDBF pensioners amounting to R125 million (2007), R100 million (2008).
- Provided R40 million to be paid ex-gratia in 2010/11.
- Priority to pensioners over the age of 65 that receive relatively low pensions.

SATS Pensioners Medical

- Transnet is engaging all stakeholders to seek a long-term solution in respect of the medical obligations of the SATS pensioners.
- Until a sustainable solution is found, Transnet will annually review the needs of the medical fund.

In 2009/10, Transnet Foundation invested R116 million in 5 selected flagship community projects that contribute to the economic growth of the targeted communities

The Phelophepa Primary Health Care Train which provides affordable, accessible primary health care services to disadvantaged rural communities met its target of seeing close to **245 000 people** in **36 weeks.** The building of Phelophepa II will proceed and will be ready to take to the rails in January 2012, which will double the existing capacity.

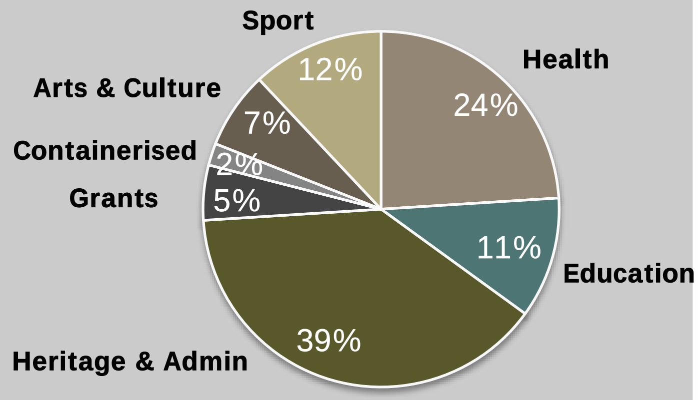
The Sharp "Minds!" Get Ahead in Life remedial education programme recorded a **92% pass rate** out of **367 Grade 12** learners who wrote National examinations in November 2009, with **103 distinctions** in Mathematics, Science and English and **81 distinctions** in other learning areas.

The Rural and Farm Schools Sport Development which operates in the rural areas of 3 provinces benefitted **15 000 learners** from the sport training programmes and **90 educators** who were trained as coaches in netball, soccer and athletics.

The Arts and Culture Programme enabled **400 crafters** from all over the country to showcase their work at the National Arts Festival in Grahamstown.

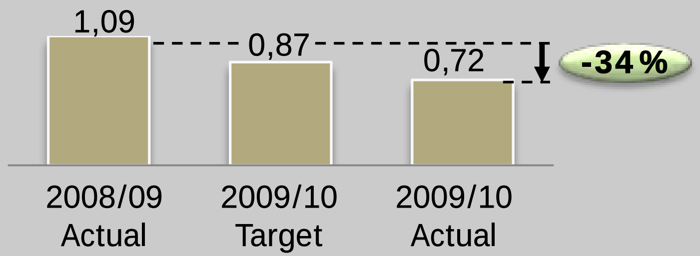
The Containerised Infrastructure Programme developed a turnkey satellite police station in Mambuka in the Umfolozi area. Approximately **24 000 people** will make use of the police station and **27 direct jobs** and **30 indirect jobs** were created.

Transnet Foundation Spending-2009/10



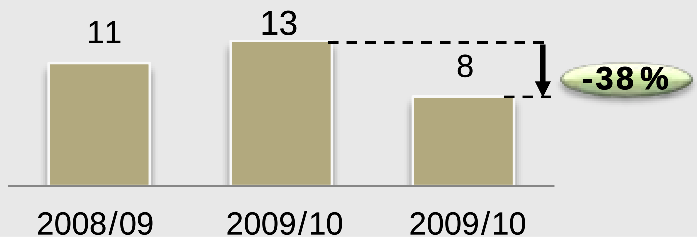
Improvement in safety and health environment

Disabling Injury Frequency Rate (DIFR)



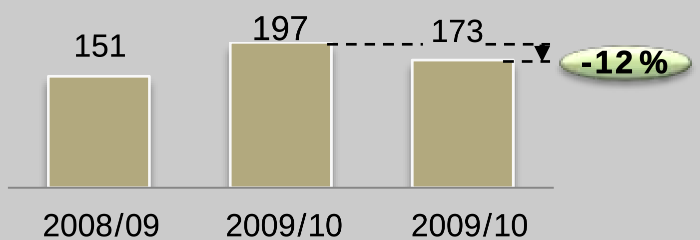
The company's rolling disabling injury frequency rate (DIFR), an internationally accepted safety measure, improved 34% to 0.72 compared to 1.09 for the same period in the prior financial year.

Employee Fatalities (Number)



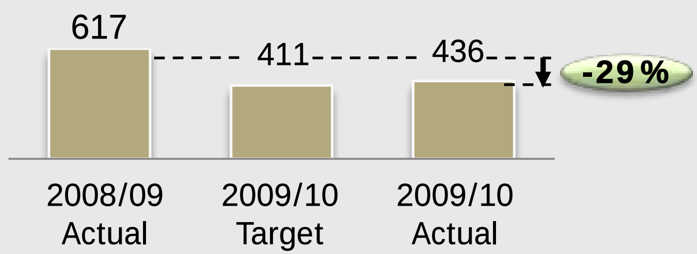
Sadly, there were eight employee fatalities during the year under review, compared with 13 fatalities during the prior year.

Public Fatalities (Number)



Public fatalities decreased by 12% to 173 for the year, which excludes suicides and criminal related fatalities, remains a focus area.

Cost of Losses (R million)



Positive achievement as the cost of losses decreased by R181 million (29% reduction) to R436 million compared to the prior year loss of R617 million.

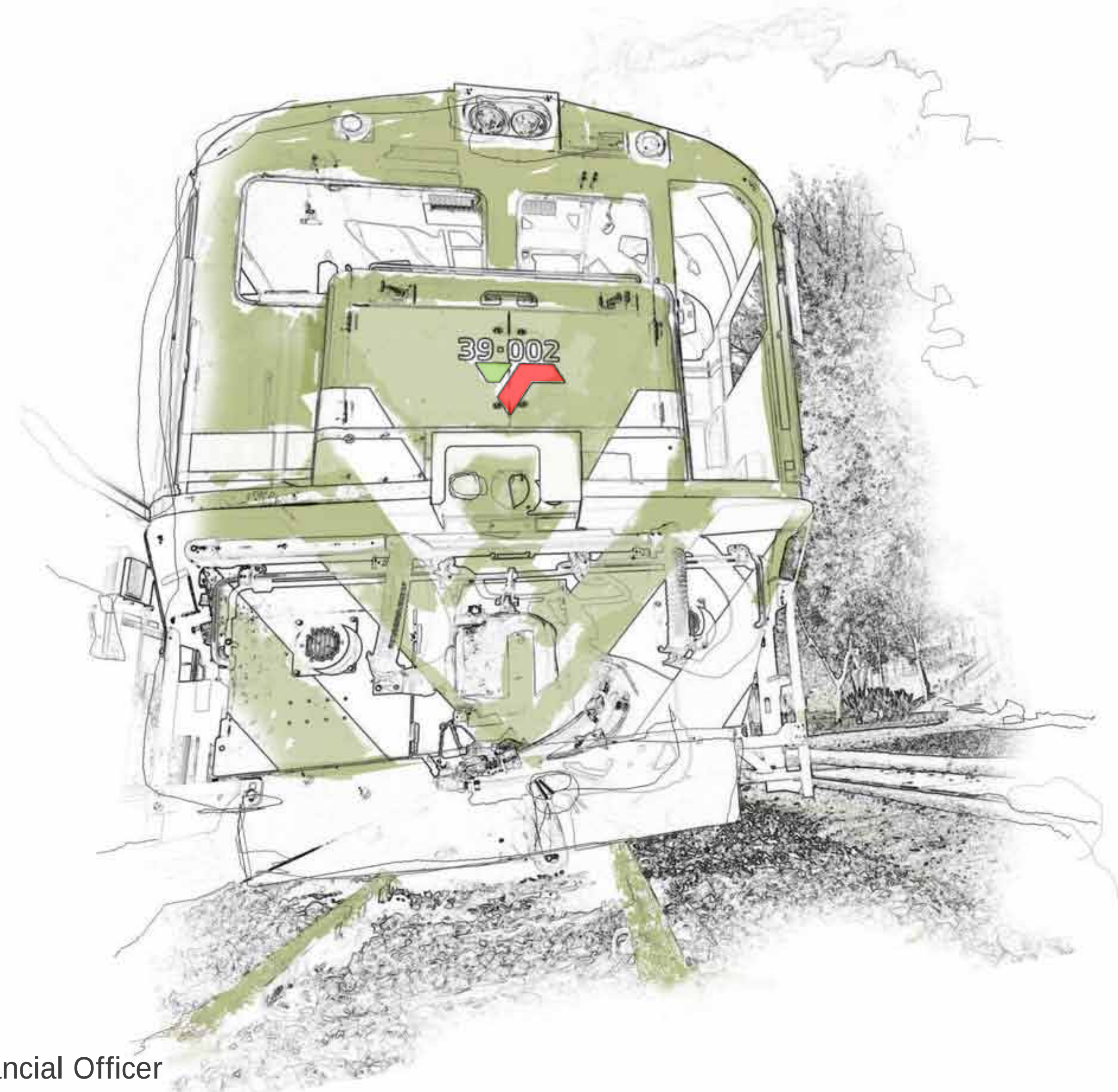
Increased focus on environmental management

Ensuring environmental compliance	**Pro-Active Environmental Compliance Framework**
	• Detailed environmental compliance reviews performed and action plans developed, including:
	  • A comprehensive environmental risk and exposure assessment carried out across the Company and treatment plans put in place;
	  • Improvement in internal control environment to manage environmental risks more effectively
	  • Country-wide risk assessment of asbestos sites and clean-up programmes commenced; and
	  • All environmental issues at the Port of Port Elizabeth being addressed pro-actively.

Pursuing Sustainable Best Practice Environmental Management	**Climate Change assessment to reduce Transnet's carbon footprint – preliminary findings** • The transport sector contributes 9% to the overall greenhouse gas (GHG) inventory for South Africa. Transnet contributes approximately 12% (preliminary) to the Transport Sector GHG. • Transnet contributes approximately 1% (estimate) to the total GHG inventory for South Africa. • TFR is the largest contributor to Transnet's emissions footprint at 81%. • Structured process to develop plans to reduce Transnet's carbon footprint. **ISO 14001 implementation at operational level** • 5 of the 8 TNPA ports have implemented ISO 14001. • All 15 TPT terminals have been re-certified ISO 14001 compliant. • All 6 main TRE business centres have implemented ISO 14001 and certification audits are in progress. • Roll out of ISO140001 across the rest of the Company is in progress.

Summary: Progress made against strategy to date

Key focus areas	
Volume growth in priority commodities	• Volume growth achieved for the following priority commodities: § Containers on rail (increase market share on Natcor); § Magnetite; § Petroleum; and § Export Iron Ore (achieved all time record volume throughput in March 2010) • Export and domestic coal volumes below targets and remains a major focus area § Last quarter of 2009/10 Export coal reflected an increase of 6.3% compared to the prior year through corrective measures and dedicated teams going forward.
Operational efficiency and productivity	• Operational efficiency and productivity improvements evident but below world-class standards across the Company • Work together with labour to operational improve productivity/efficiencies within a safe environment.
Financial performance 2009/10	• Financial performance pleasing in light of recessionary conditions: § Revenue growth of 6% despite lower activities and reduced regulated tariffs; § EBITDA growth of 9.2% and increase in EBITDA margin from 39.3% to 40.5%; § Maintained strong financial position (38.5% gearing) and cash flow improvement of 61.9% compared to prior year; and § On track with capex plans to provide capacity for future growth. • Dynamic planning and management processes in place to ensure sustainable performance.



Mr Anoj Singh
Acting Group Chief Financial Officer

FINANCIAL RESULTS: 2009/10

Financial overview: 31 March 2010

Summary of Financial Performance

Financial	Actual 2010	% Change on 2009
Revenue	R35.6 billion	↑ 6.0
Net operating expenses	R21.2 billion	↑ 4.0
EBITDA	R14.4 billion	↑ 9.2
Cash generated from operations after working capital changes	R17.6 billion	↑ 61.9
Capital expenditure*	R18.4 billion	↓ 4.4

Key financial ratios	Actual 2010	Actual 2009
EBITDA margin	40.5%	39.3%
Gearing	38.5%	36.2%
Cash interest cover	4.5 times	4.0 times
Return on average total assets (excl. CWIP)	7.7%	9.0%

* Excluding capitalised borrowing costs, includes capitalised finance leases and capitalised decommissioning liabilities.

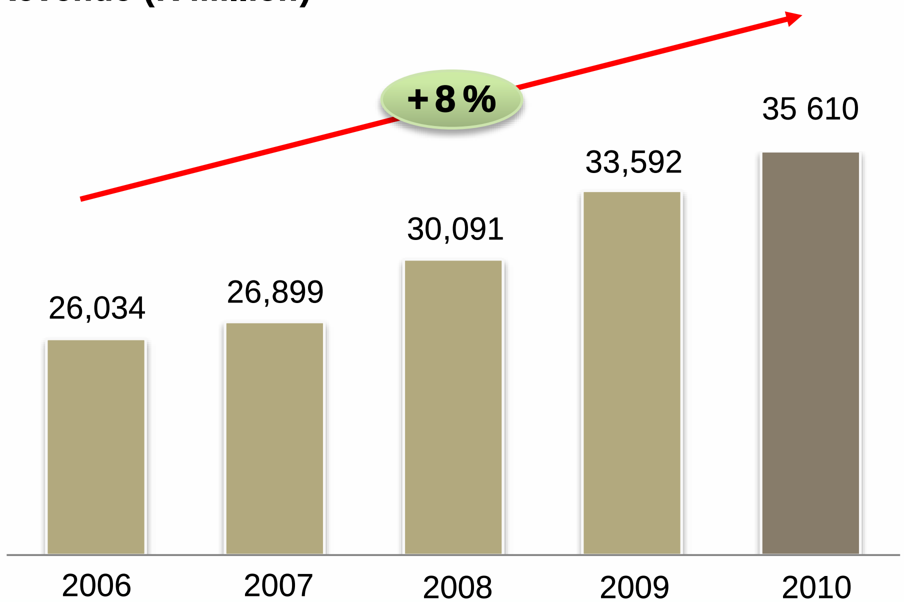
Financial overview: 31 March 2010

Income statement	2010 R million	% p	2009 R million
Revenue	**35 610**	6.0	33 592

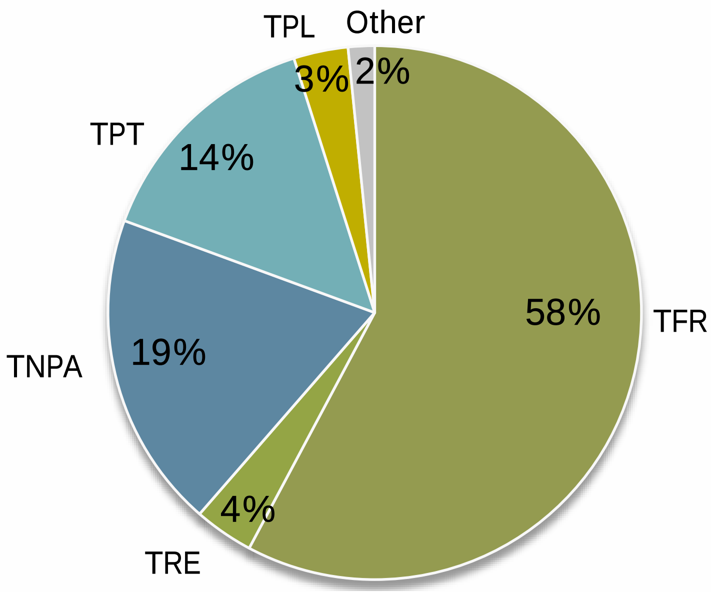
Group revenue increased by 6.0% during the year despite volumes being negatively impacted by the recession:

- GFB volume decreased by 8%;
- Iron ore export volumes up 21.5%;
- Export coal volumes remained constant, however coal tariffs increased in line with contractual arrangements;
- Maritime container volumes decreased 4.5%, but significantly better than global deterioration; and
- Pipelines volumes up 3.1%, but tariff reduced by 10.4% due to NERSA rejecting the TPL tariff application

Revenue (R million)



% Contribution by Operating Division to external revenue

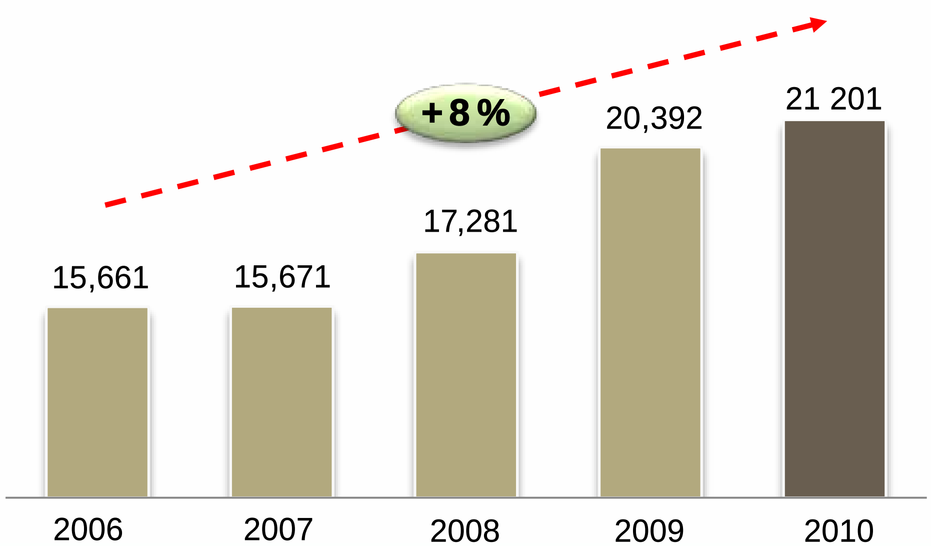


Financial overview: 31 March 2010

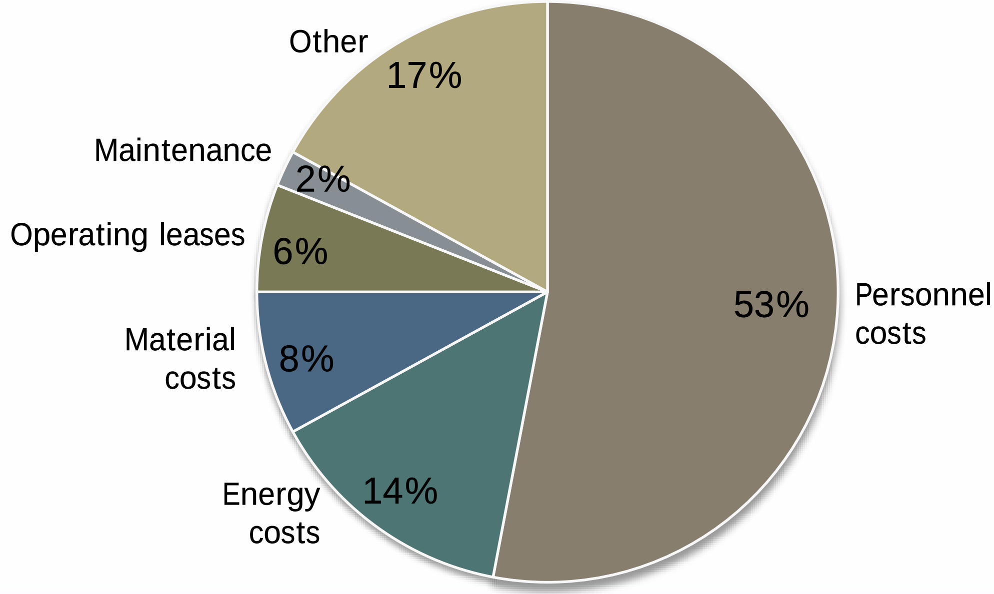
Income statement	2010 R million	% p	2009 R million
Revenue	35 610	6.0	33 592
Net operating expenses	**(21 201)**	**4.0**	**(20 392)**

- Net operating expenses increased only by 4.0% to R21.2 billion, reflecting significant operational efficiency gains.
- Aggressive cost-cutting initiatives resulted in approximately R1.9 billion savings compared to planned expenditure.
- Personnel costs increased in excess of CPI with no major restructuring of the personnel complement.

Net operating expenses (R million)



Operating expenses by cost element (%)



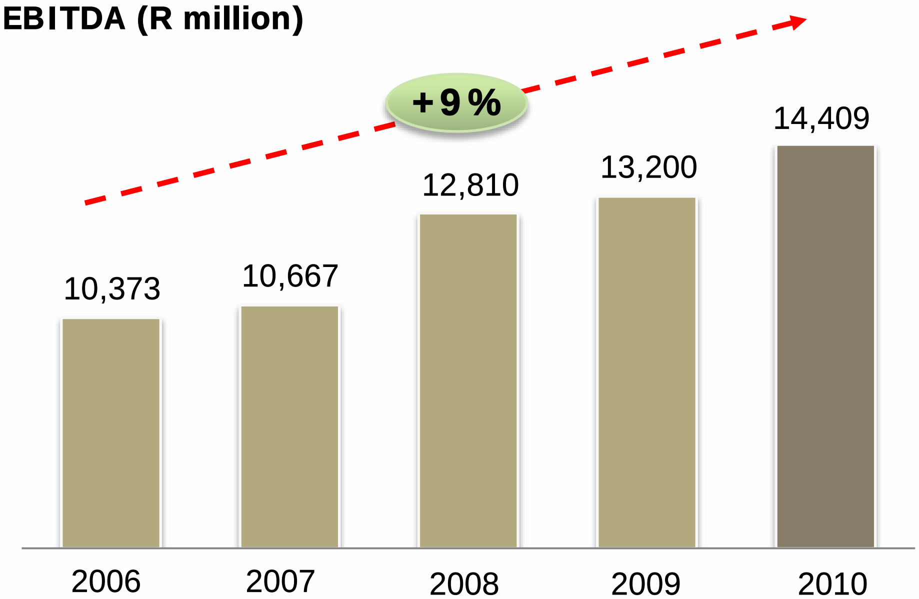
Financial overview: 31 March 2010

4-Year CAGR

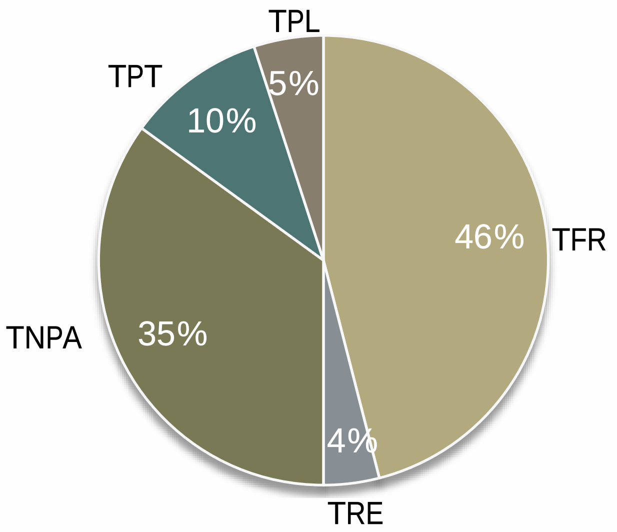
Income statement	2010 R million	% p	2009 R million
Revenue	35 610	6.0	33 592
Net operating expenses	(21 201)	4.0	(20 392)
EBITDA	**14 409**	**9.2**	**13 200**

- EBITDA increased by 9.2% compared to prior year, resulting in an improvement in the EBITDA margin to 40.5% (2009: 39.3%).
- Net operating expenses as percentage of revenue = 59.5% (2009: 60.7%).

EBITDA (R million)



% contribution per Operating Division to EBITDA



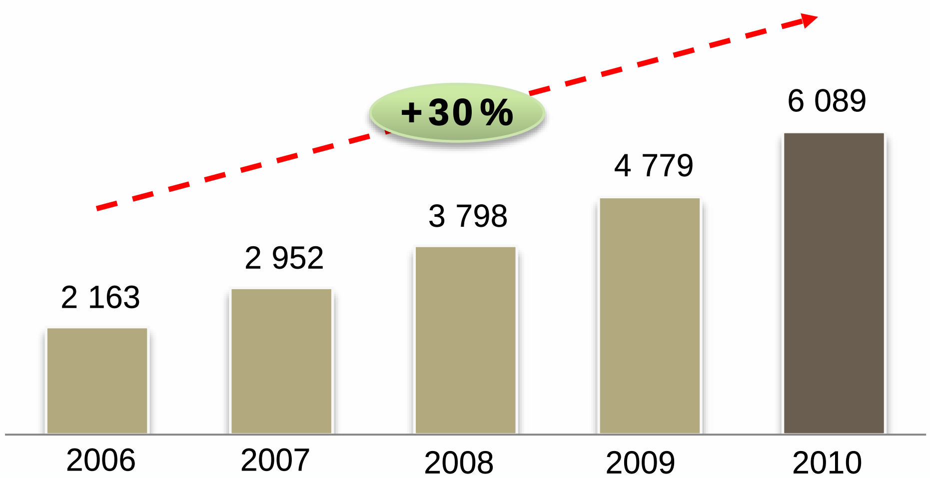
Financial overview: 31 March 2010

4-Year CAGR

Income statement	2010 R million	% p	2009 R million
Revenue	35 610	6.0	33 592
Net operating expenses	(21 201)	4.0	(20 392)
EBITDA	14 409	9.2	13 200
Depreciation and amortisation	**(6 089)**	**27.4**	**(4 779)**
Operating profit	**8 320**	**(1.2)**	**8 421**

- As expected, depreciation and amortisation of assets increased by 27.4% due to the capital investment programme and the revaluation of port infrastructure and pipeline network assets (PPE increased by ±151% from 2006 to 2010).
- Operating profit decreased marginally to R8.3 billion mainly due to higher depreciation.

Depreciation (R million)



Financial overview: 31 March 2010

Income statement	2010 R million	% p	2009 R million
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EBITDA	14 409	9.2	13 200
Depreciation and amortisation	(6 089)	27.4	(4 779)
Operating profit	8 320	(1.2)	8 421
Impairment of assets, dividends received and income from associates and joint ventures	**(773)**	**>100**	**(242)**
Fair value adjustments	**(18)**	**<100**	**941**

- Impairment of assets relates primarily to the impairment of feasibility costs previously capitalised amounting to R402 million and impairments of trade and other receivables amounting to R145 million.
- Fair value adjustments relate to the losses on the “mark to market” of derivative financial instruments offset by fair value gains from investment property revaluations.
- The fair value adjustment of R941 million in the prior year relates mainly to the fair value gains on investment properties as TNPA concluded a lease commercialisation process that increased rentals.

Financial overview: 31 March 2010

Income statement	2010 R million	% p	2009 R million
Revenue	35 610	6.0	33 592
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Operating profit	8 320	(1.2)	8 421
Impairment of assets, dividends received and income from associates and joint ventures	(773)	>100	(242)
Fair value adjustments	(18)	<100	941
Post-retirement benefit obligation costs	**(180)**	**(58.7)**	**(436)**

- Post retirement benefit costs are actuarially assessed in accordance with IAS 19 and adjusted accordingly.
- The lower cost in the current year is due to a provision of R500 million raised in the prior year for restructuring the SATS pensioners' post-retirement medical subsidy.

Financial overview: 31 March 2010

Income statement	2010 R million	% p	2009 R million
Revenue	35 610	6.0	33 592
Net operating expenses	(21 201)	4.0	(20 392)
EBITDA	14 409	9.2	13 200
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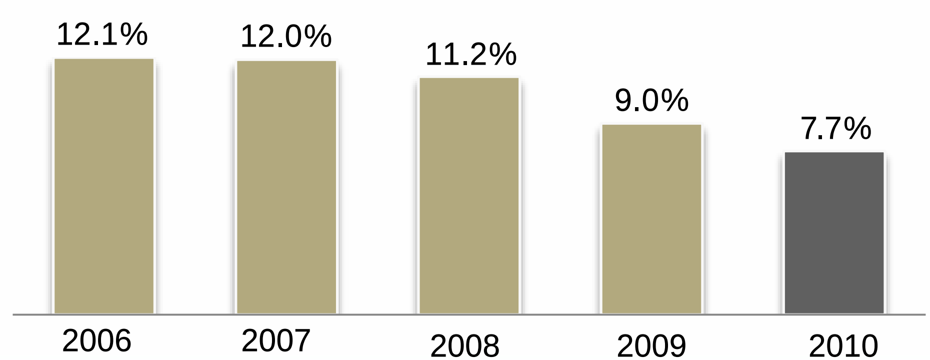
Fair value adjustments	(18)	<100	941
Post-retirement benefit obligation costs	(180)	(58.7)	(436)
Profit from operations before net finance costs	**7 349**	**(15.4)**	**8 684**

- Decline in profits impacted by:
  - Increase in depreciation and amortisation and impairment of assets;
  - Fair value adjustments relate to the losses on the “mark to market” of derivative financial instruments offset by fair value gains from investment property revaluations.
- The decline in return on average total assets was expected and planned for – as a result of the impact of the capital investment programme.

Return on average total assets (excluding CWIP)



Financial overview: 31 March 2010

4-Year CAGR

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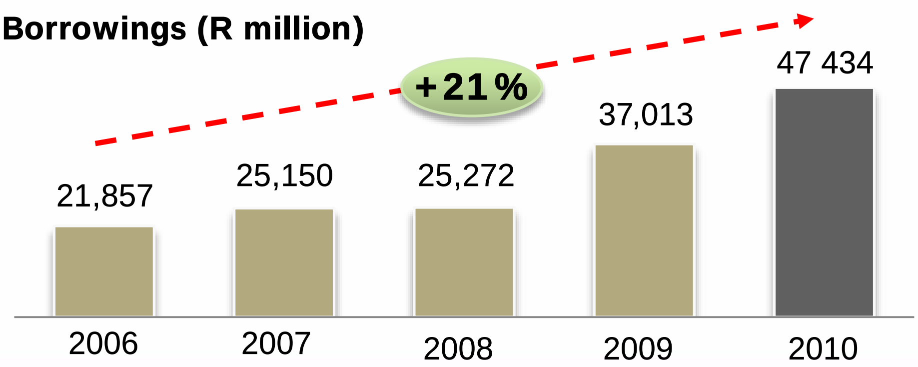
Fair value adjustments	(18)	<100	941
Post-retirement benefit obligation costs	(180)	(58.7)	(436)
Profit from operations before net finance costs	7 349	(15.4)	8 684
Net finance costs	**(2 436)**	**23.9**	**(1 966)**

Net finance costs increased by 23.9% in line with expectations and is due to the execution of the borrowing programme to fund the increase in capital expenditure.

Borrowings (R million)



Financial overview: 31 March 2010

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Operating profit	8 320	(1.2)	8 421
Impairment of assets, dividends received and income from associates and joint ventures	(773)	>100	(242)
Fair value adjustments	(18)	<100	941
Post-retirement benefit obligation costs	(180)	(58.7)	(436)
Profit from operations before net finance costs	7 349	(15.4)	8 684
Net finance costs	(2 436)	23.9	(1 966)
Taxation	**(1 722)**	**2.8**	**(1 674)**
Profit for the year from continuing operations	**3 191**	**(36.7)**	**5 044**

Current taxation charge of R799 million (2009: R739 million)

Deferred taxation charge of R923 million (2009: R935 million)

Effective taxation rate of 36.0% (2009: 24.9%)

Financial overview: 31 March 2010

Discontinued operations	2010 R million	2009 R million
Loss from discontinued operations	(141)	(146)
Loss on disposal of discontinued operations	-	(257)
Reversal of impairments/(impairments) – lower of carrying value and fair value less costs to sell	13	(113)
Loss for the year from discontinued operations	**(128)**	**(516)**

- Businesses and investments that meet the criteria set out in IFRS 5 Non-current Assets Held-for-Sale and Discontinued operations, are classified as "non-current assets held-for-sale" and are reported as discontinued operations.
- Net losses of R516 million recorded in the prior year arose mainly from the disposal of South African Express Airways (Pty) Ltd, Autopax Passenger Services (Pty) Ltd and Shosholoza Meyl. With the exception of Luxrail, all other entities were disposed off in the prior year.

Financial overview: 31 March 2010

Statement of Financial Position	2010 R million	2009 R million
ASSETS		
Non-current assets		
Property, plant and equipment (PPE)	113 579	96 459
Investment properties	6 604	5 961

- PPE increased as a result of the capital investment programme and the revaluation of port infrastructure and pipeline network assets.
- Capital investments of R18.4 billion were made during the year. Borrowing costs of R1.5 billion were capitalised.
- In the current year the Group conducted a revaluation of port infrastructure and pipeline network assets, in accordance with IAS 16:
  - A revaluation amount of R3.5 billion was recorded as an adjustment to the carrying amount of port infrastructure (2009: R3.5 billion) and pipeline network assets R167 million.
  - Investment property was adjusted by R276 million as required by IAS 40.

Financial overview: 31 March 2010

Statement of Financial Position	2010 R million	2009 R million
ASSETS		
Non-current assets		
Property, plant and equipment	113 579	96 459
Investment properties	6 604	5 961
Other	662	997
Current assets		
Inventory	2 048	2 589
Trade and other receivables	5 859	5 503
Cash and cash equivalents	7 918	5 880
Assets classified as held-for-sale	517	374
Derivative financial assets and other short-term investments	1 698	771
Total assets	**138 885**	**118 534**

- Working capital management received significant focus during the year – R541 million reduction in inventory and trade receivables with an average of 30 days outstanding.
- Cash and cash equivalents increased due to the Group's pre-funding strategy in response to the increased liquidity risk in global markets.
- Derivative financial assets and other short-term investments increased by R1 billion, mainly due to the excess cash invested as a result of the pre-funding strategy.

Financial overview: 31 March 2010

Statement of Financial Position	2010 R million	2009 R million
EQUITY AND LIABILITIES		
Capital and reserves	64 456	58 334
Non-current liabilities	59 011	43 198
Post-retirement benefit obligations	**2 022**	**2 324**

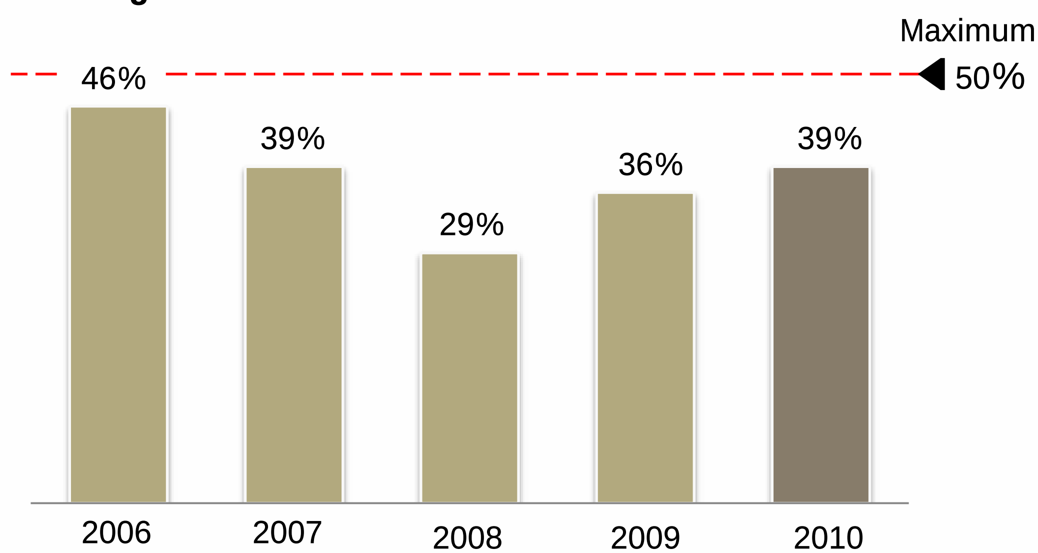
- The defined benefit funds, namely the TSDBF and TPF – Transnet Sub-Fund are fully funded with actuarial surpluses in excess of R3.2 billion and R1.7 billion respectively.
- Transnet has not recognised any portion of the surplus on these funds as the current fund rules do not allow for the distribution of a surplus.
- The post-retirement benefit obligation for the medical fund is approximately R1.6 billion.

Financial overview: 31 March 2010

Statement of Financial Position	2010 R million	2009 R million
EQUITY AND LIABILITIES		
Capital and reserves	64 456	58 334
Non-current liabilities	59 011	43 198
Post-retirement benefit obligations	2 022	2 324
Long-term borrowings	**42 736**	**29 758**

- Long–term borrowings increased to fund the capital investment programme.
- No Government guarantees have been issued since 2004 with borrowings increasing by R29 billion over the last 5 years.
- Gearing has increased as expected to 38.5% (2009: 36.2%) as a result of the R18.4 billion capital investment incurred in the current year.
- As per the 5-year Corporate Plan, the gearing is expected to continue increasing but will remain within the maximum limit of less than 50%.

Gearing %



Financial overview: 31 March 2010

Statement of Financial Position	2010 R million	2009 R million
EQUITY AND LIABILITIES		
Capital and reserves	64 456	58 334
Non-current liabilities	59 011	43 198
Post-retirement benefit obligations	2 022	2 324
Long-term borrowings	42 736	29 758
Deferred taxation liabilities, long-term provisions and derivative financial liabilities	**14 253**	**11 116**

Deferred taxation increased from R8.6 billion to R11.4 billion resulting from the revaluation of PPE as well as the temporary differences arising from the execution of the capital investment programme.

Financial overview: 31 March 2010

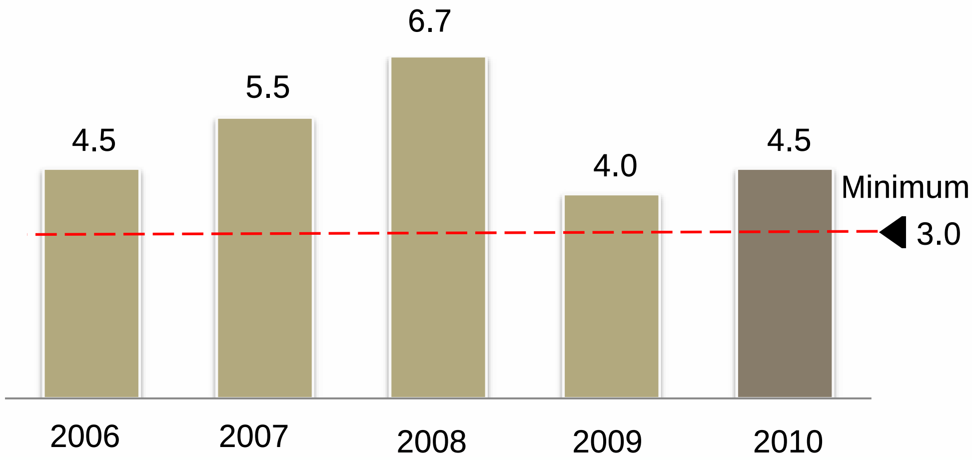
Statement of Financial Position	2010 R million	2009 R million
EQUITY AND LIABILITIES		
Capital and reserves	**64 456**	58 334
Non-current liabilities	**59 011**	43 198
Post-retirement benefit obligations	**2 022**	2 324
Long-term borrowings	**42 736**	29 758
Deferred taxation liabilities, long-term provisions and derivative financial liabilities	**14 253**	11 116
Current liabilities	**15 418**	17 002
Trade payables and other	**15 403**	16 988
Liabilities classified as held-for-sale	**15**	14
Total equity and liabilities	**138 885**	118 534

Financial overview: 31 March 2010

Statement of Cash Flows	2010 R million	% p	2009 R million
Cash flows from operating activities	**12 092**	63.4	7 400
Cash generated from operations	16 426	21.7	13 498
Changes in working capital	1 145	>100	(2 647)
Cash generated from operations after working capital changes	17 571	61.9	10 851
Other operating activities	(5 479)	(58.8)	(3 451)

- Cash generated from operations increased by 21.7% to R16.4 billion, demonstrating the ability of the Group to generate strong, predictable and sustainable cash flows.
- Focused working capital management resulted in cash generated from operations after working capital changes increasing by 61.9% to R17.6 billion.
- Cash interest cover ratio at 4.5 times remains strong and significantly above the required minimum level of 3.0 times. It is planned to remain above minimum level of 3.0 times over the medium term.

Cash interest cover (times)



Financial overview: 31 March 2010

Statement of Cash Flows	2010 R million	% p	2009 R million
Cash flow from operating activities	**12 092**	63.4	7 400
Cash flows from investing activities	**(20 408)**	7.1	(19 084)
Capital expenditure – expansion	**(9 641)**	11.4	(10 884)
Capital expenditure – replacement	**(8 569)**	0.8	(8 498)
Other investing activities	**(2 198)**	<100	298

- The capital expenditure programme for the current year amounted to R18.4 billion (2009: R19.3 billion) – excluding capitalised borrowing costs;
- The decline from the prior year is mainly as a result of re-prioritising and rephasing certain projects following the economic downturn;
- Other investing activities increased due to the investment of excess cash due to the pre-funding strategy.

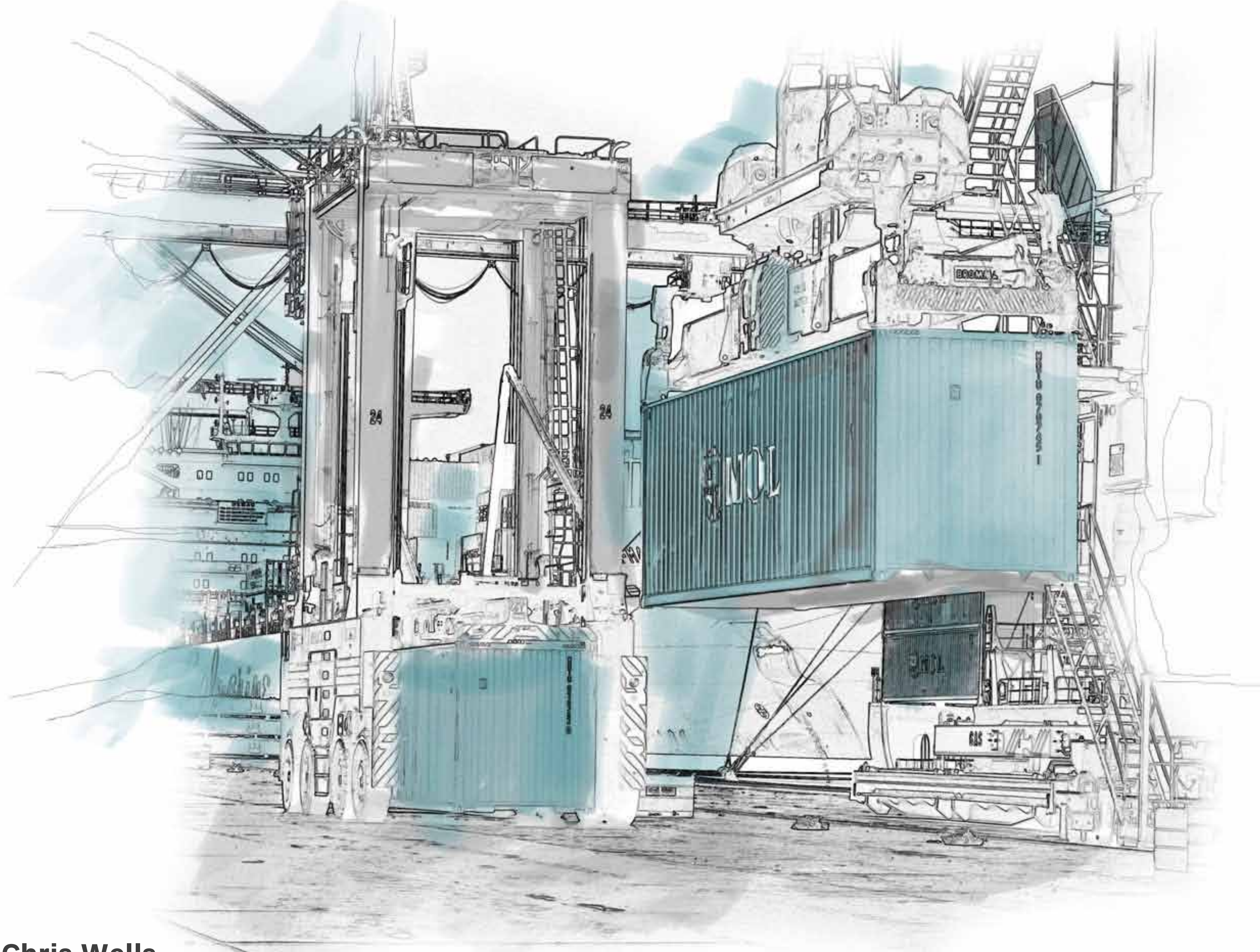
Funding raised during the year

- Despite challenging financial markets, Transnet successfully raised its funding requirements of R20 billion during the year in line with the funding strategy.
  - Key features of the funding strategy are to:
    - Mitigate market risk;
    - Reduce the weighted average cost of debt;
    - Diversify the investor base and sources of funding;
    - Continue with the “pre-funding” strategy;
- A3/BBB+ standalone credit rating of Transnet provides the confidence for investors to invest in the Company.
- Borrowings have been raised without Government guarantees.

Sources of funding- 31 March	R million
Commercial paper	4,268
Domestic Bonds	9,964
ECA- Finnvera	680
AFLAC	1,254
JBIC	1,918
Other domestic loans*	1,612
Total	**19,696**

Transnet Bonds	Mark-Market (R million)	Yield (%)	Remaining tenure
TN011	901	16.5	1 month
TN18	6,072	10.75	4 years
TN17	6,672	9.25	7 years
TN20	2,169	10.50	10 years
TN23	3,328	10.80	13 years
TN27	5,405	8.90	17 years
Total	**24,547**		

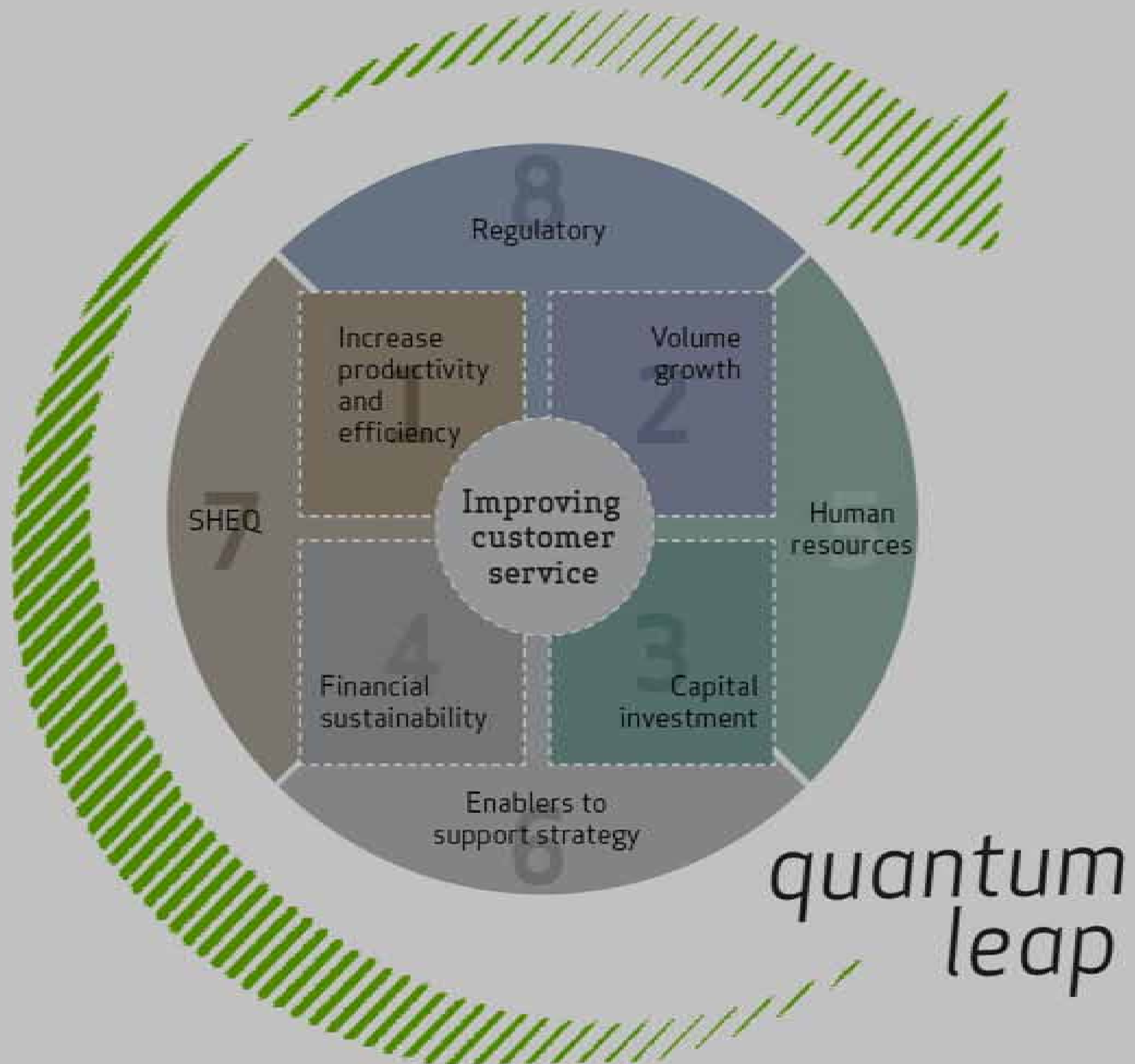
* Raised from various institutions



Mr Chris Wells
Acting Group Chief Executive Officer

BUSINESS OUTLOOK: 5-YEAR CORPORATE PLAN

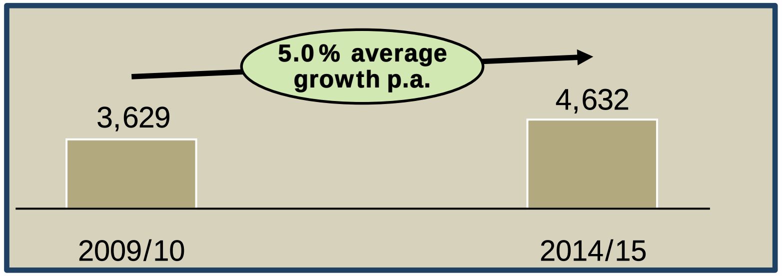
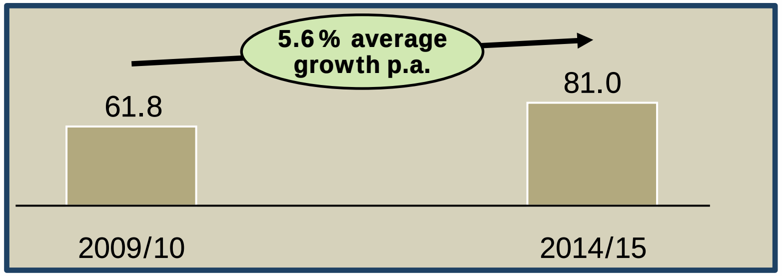
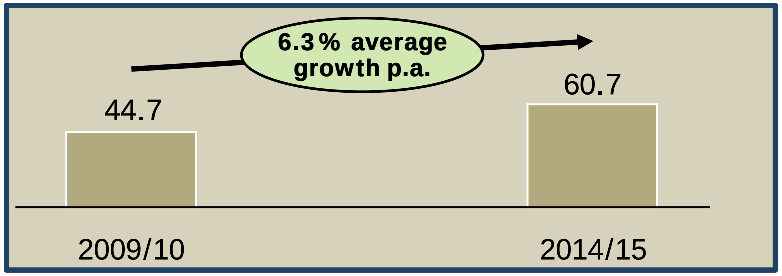
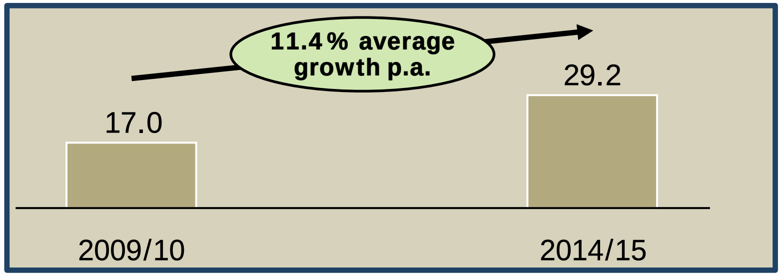
2010/11 Corporate Plan focus areas



Achieving objectives within a framework of corporate governance, internal controls, dynamic management, leading environmental practices and legal compliance

Volume growth – Key commodities

5-Year CAGR

Commodity	Market outlook	Transnet Projection
Maritime Containers ('000 TEUs)	South African container growth is expected to be between 6%-9%	
Export Coal (mt)	Emerging markets demand is recovering, led by China and India	
Export iron ore (mt)	Increase in steel production in China.	
Domestic coal (mt)	Strong demand from Eskom as a result of increased electricity demand	

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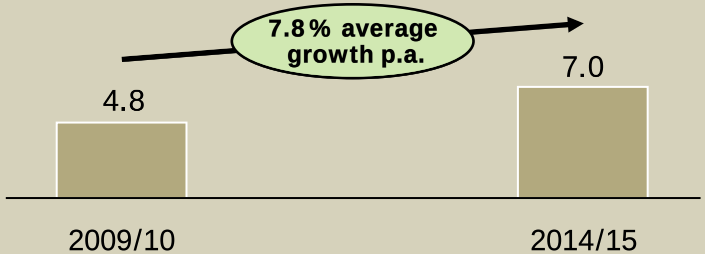
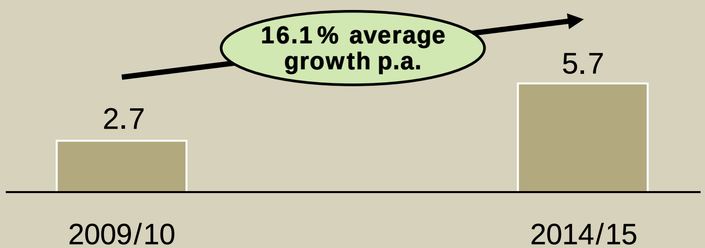
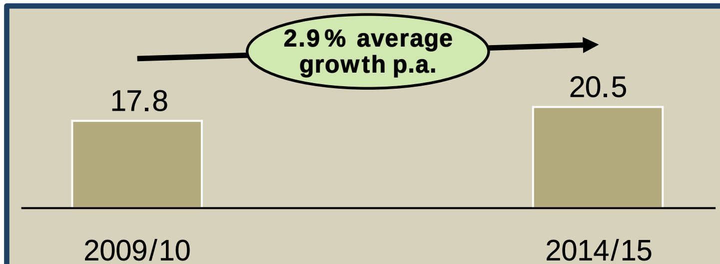
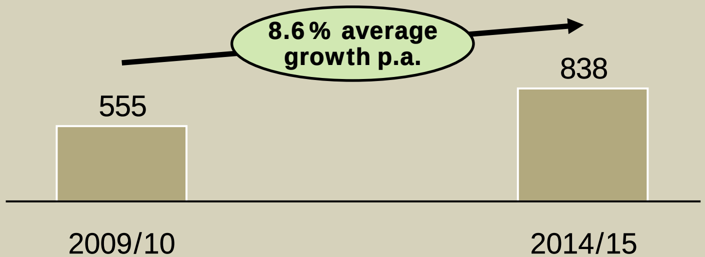
Volume growth – Key commodities

5-Year CAGR

Commodity	Market outlook	Transnet Projection
Manganese (mt)	Growth over next 3 years ±5.6%pa (future 14mt). Plans in place to address capacity constraints	
Magnetite (mt)	Strong demand from Rio Tinto in Phalaborwa. Rio Tinto contracting for 3mt export	
Pipeline Petroleum (Billion litres)	Steady growth in petroleum volumes are aligned to approximately GDP minus 1%	
Containers on Rail ('000 TEUs)	Opportunity for TFR to gain market share	

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Volume growth – Capitalise on opportunities

Key deliverables in 2010/11

EXPANSION INTO NEW BUSINESS	PRIVATE SECTOR PARTICIPATION
Africa Strategy: Enabling economic trade § Due-diligence on Africa opportunities: – Partnership with regional ports (Luanda) – Intensive co-operation with Port of Maputo – Growing volumes on SADC corridors – Development of Southern Africa transshipment hub **Domestic Intermodal Business** Planned process: • Finalise domestic container strategy and develop roll out plan in 2010/11 • Enable optimal resource requirements to support strategy • Secure contracts	§ Developing a detailed PSP Framework and strategy § Robust business cases to be developed for potential projects within approved PSP framework § Board approved concessioning of 7 300km of classified branch lines to private operators § Expression of interest issued in June 2010 § Completion by 1st half of 2011 § Establish transparent processes to engage private sector partnerships

Expanding existing operations (export iron ore/ manganese expansion, export coal)

New business (i.e. intermodal/Africa)

Planned efficiency improvement

5-Year Corporate Plan Deliverables*

Rail	• Reduce wagon cycle/turnaround times by >20% • Reduce deviation from scheduled departure and arrival times by >25% • Improve locomotive efficiencies by >30% (GTK/loco/month)
Ports	• Improve cargo handling efficiency from 22 to 28 with target of 30 GCM/h • Reduce shipping delays and ship turnaround time (Durban) and increase Volumes per STAT Hour by >20%
Pipelines	• Security of supply and reduce production interruptions by >20%

* Improvements/reductions – average improvement for all relevant KPIs from 2009/10 to 2014/15

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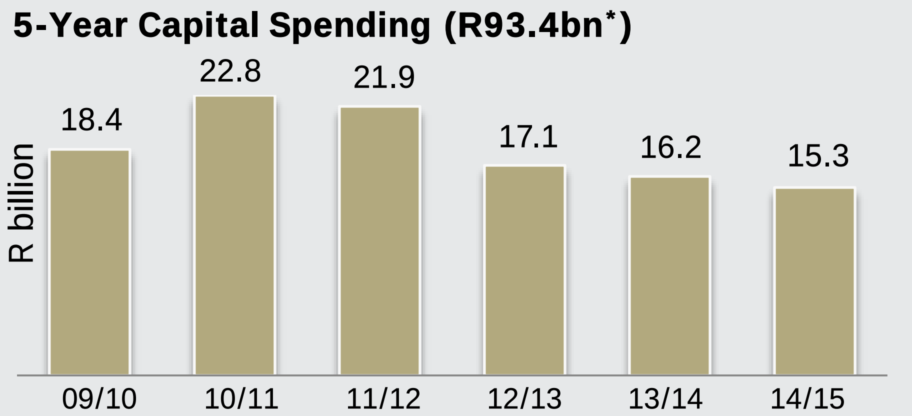
- Cumulative 20% improvement over 3 years

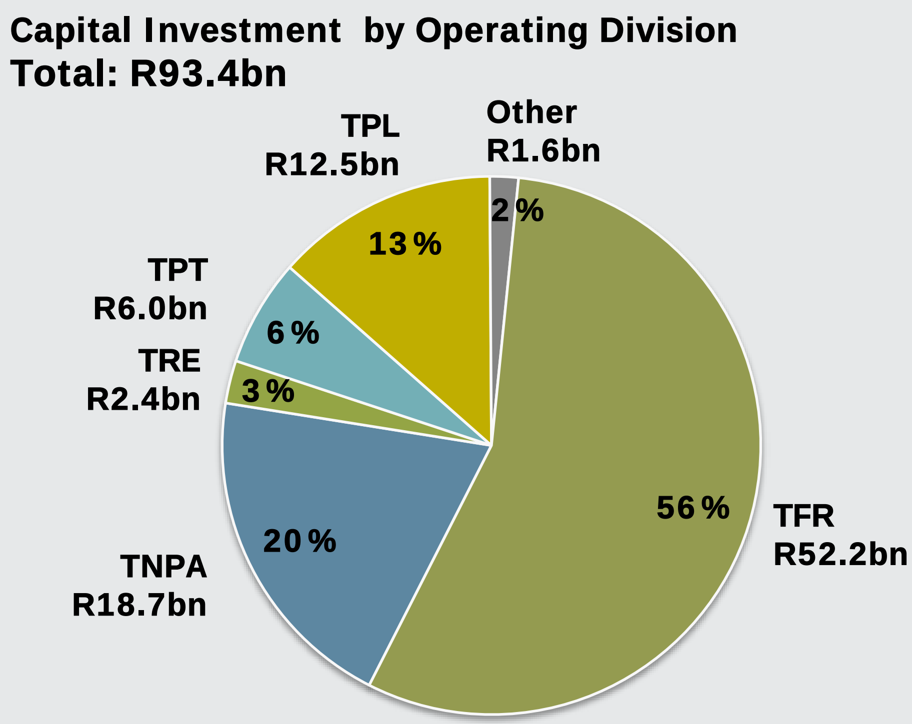
=

Improved customer service delivery

5-Year Corporate Plan: Capital investment



* Annually reviewed in line with business requirements



- Transnet has established a National Infrastructure Plan - a 30-year capacity creation plan. Wide stakeholder engagement and acceptance.
- Latest investment plan supporting quantum leap increase in planned volumes/service delivery over the 5 years

Reasons for increase from previous 5-year plan of R80.5 billion to R93.4 billion

- Change in scope/ ETC's of projects to address the following:
  - Increase in volumes compared to previous 5-year plan
    - Rail: Additional 32% volumes
    - Port Business: Additional 20% volumes
  - Cost increases associated with scope changes, inflation, reengineering and input-price adjustments.
- Additional projects (not fully reflected/included in previous 5-year plan)

5-year Capital Investment Plan: Replacement and expansion

Equipment	Existing fleet	New / Additional (over the next 5 years)	Comments
Locomotives	1 978	304 (2015) 15% new	Address capacity increase in Coal (110), Ore (44) and GFB (150).
Wagons	72 643	7 231 (2015) 10% new	Address capacity increases in Coal, iron ore and GFB.
Cranes	95	19 (2015) 20% new	Container handling cranes at PECT and CTCT. Capacity at other terminals to be extracted through improvement in efficiency (GCM/h).

Capacity Creation	Existing capacity	Future capacity (over the next 5 years)	Comments
Maritime Containers	4.56mTEUs	6.26mTEUs (by 2015)	Surplus capacity in system – will review on annual basis
Pipeline (NMPP)	4.4bn litres	8.7bn litres (2012)	Provision to further increase capacity in future years
Export Coal	71mt	81mt (2015)	Working with industry on feasibility to increase to >90mtpa
Export Iron Ore	47mt	60mt (2012)	Working with industry on feasibility to increase iron ore >80mtpa and manganese to >12mtpa (alternative options)

5-Year Corporate Plan Deliverables

Revenue protection to minimise risk

- Obtain predictability on tariffs and cash flows - Regulatory certainty
- Secure volumes (average 7% growth over next 5 years)
  - Take-or-pay contracts
  - Long-term commitments to support investments
  - Commercial focus to securing new business
- Continuous management of ratio between revenue/cost/investment (Dynamic Management)

Cost containment

- Improved cost efficiency (energy management)
- Reduced fixed cost structures
- Cost effective procurement
- Operating cost (<60% of revenue over next two years)

Cash flow management and funding

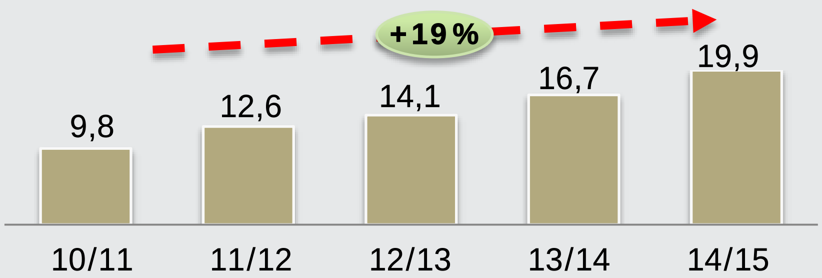
- Working capital management to meet set targets
- Optimise funding
  - Cost effective funding through potential sources
  - R3-R6 billion pre-funding buffer
  - Maintain WACD (<11%)

- Revenue growth >13%
- Operating cost <62% of revenue
- Raise R17.2bn (including GMTN, DMTN, DFIs and ECA)
- Strong financial metrics
  - ROA ≥7.4%
  - Gearing <46%
  - Cash Interest Cover ≥3.2 times

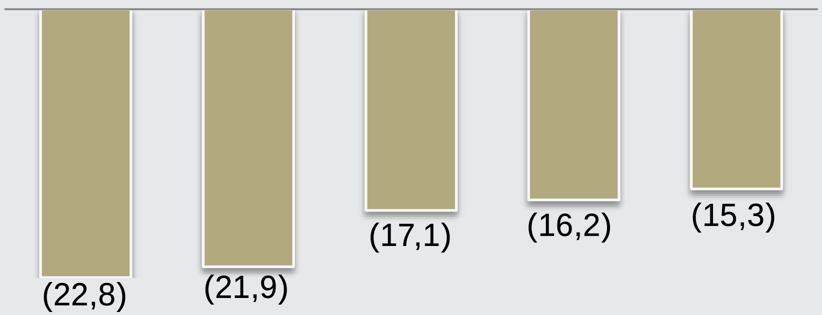
5-Year funding requirement

4-Year CAGR

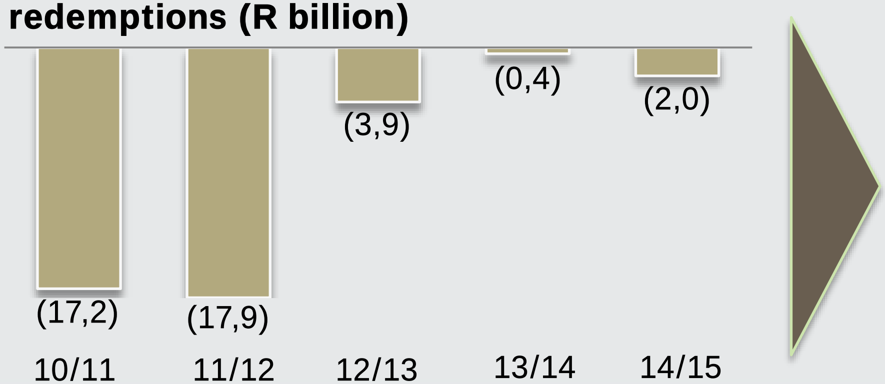
Cash from operations (R billion)



Capital investment (R billion)



Funding requirements after loan redemptions (R billion)



Funding Challenges

- Regulatory tariff regime and legislative environment
- Increasing borrowing requirements from other state-owned enterprises and National Government

Funding Plan Strategy

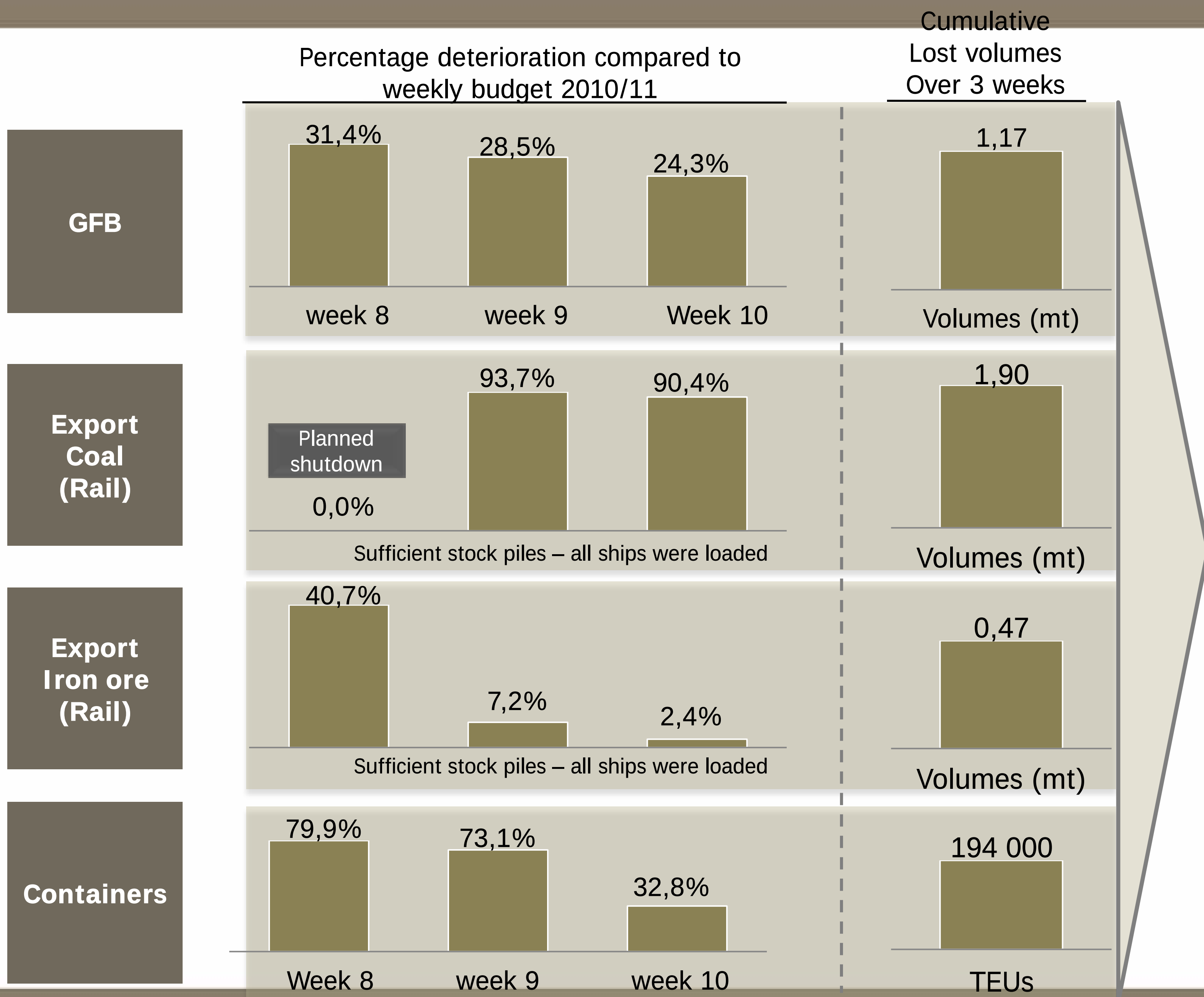
- Maintain the liquidity of Transnet through pre-funding
- Diversify investor base and sources of funding
- Minimize market risk (interest rate and foreign exchange)
- Explore PSP opportunities

Key features of Funding plan

- Transnet to borrow R41.1 billion over next 5 years for the capex programme and redemption of existing loans
- Cash from operations over next 5 years: R73.1 billion

Probable Source of funding 2010/11	R million
Commercial paper	2 200
Domestic Bonds	5 000
DFI	2 000
Bank Loans	2 500
International bonds	5 500
Total	**17 200**

Impact of May 2010 strike on productivity

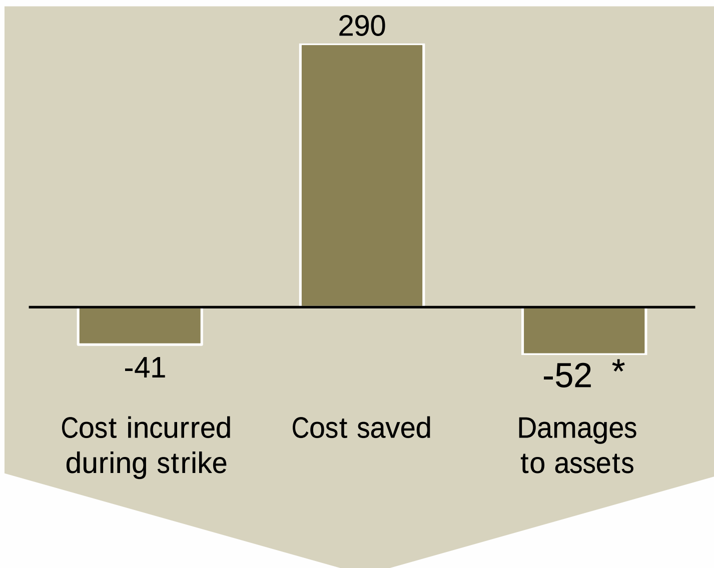


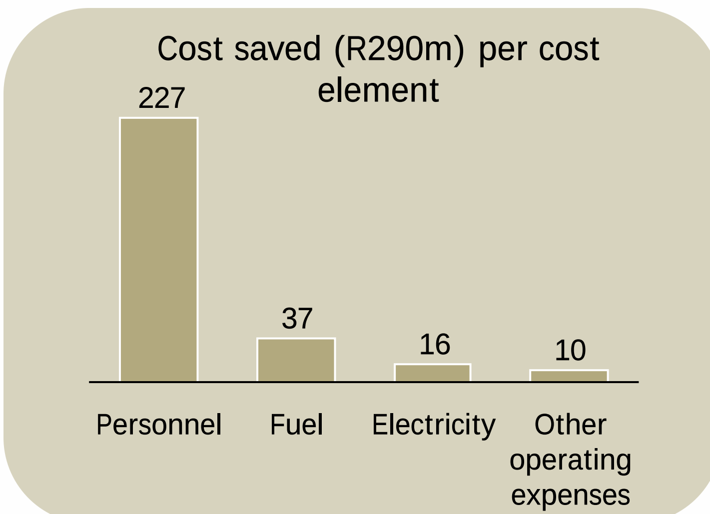
Revenue loss: R680m (inclusive of other non cargo related revenue)

Estimated cost impact of the strike

Operating Expenses (R million)

Strike related cost activity: R197m





Financial Impact	Rm
Revenue Loss	680
Cost saved	(290)
Cost incurred during strike	41
Damages to assets	52*
Total cost of 3 week strike	**483**
Estimated additional cost to address backlog in future months	240
Total cost	**723**

* A maximum of R20m to be recovered from insurance

CONCLUSION: KEY FOCUS AREAS GOING FORWARD

Conclusion – Key focus areas

We have established a solid base for the future:

- Financially strong with sound corporate governance.
- Sufficient infrastructure capacity created.
- Operational efficiencies improving.

Next step in journey

quantum leap

Set challenging targets and committed to:

- Improve customer delivery (predictable and reliable).
- World-class operating standards.
- Significant infrastructure investment.

Enabled through

- Creation of adequate capacity ahead of demand.
- Cost effective funding within approved strategy.
- Skilled and empowered employees in safe environment.
- Risk management and governance in all areas of the business.
- Establishment of supportive regulatory environment with consistent tariff methodologies.

Future outlook: Strong financial performance driven by volume growth and efficiencies

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- Customer service
- Operational efficiencies
- Safe working environment
- Volume growth

Thank you