

VOLUME GROWTH, PRODUCTIVITY AND EFFICIENCY (continued)

4-Year
CAGR



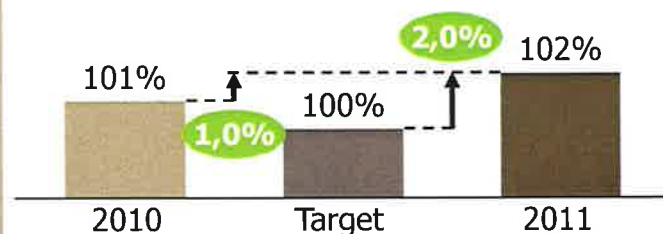
Petroleum (TPL)

Volumes (mℓ)

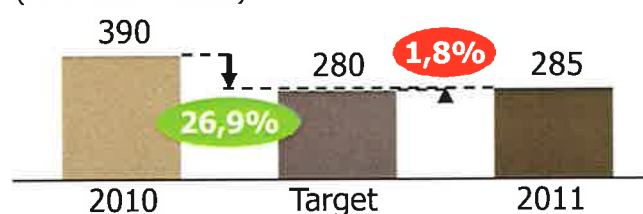


Productivity and efficiency

Capacity utilisation - DJP



Internal production interruptions (total annual hours)



Capacity utilisation - Crude



- Petroleum volumes increased by 1,5% from the prior year, despite the constrained Durban-Johannesburg Pipeline (DJP).

- Capacity utilisation increased through continued use of drag-reducing agents (DRAs) and a 26,9% decrease in production interruptions due to internal causes, which is significantly below benchmarks.

- Security of supply to the inland market was achieved due to the successful implementation of the rail bridging plan.

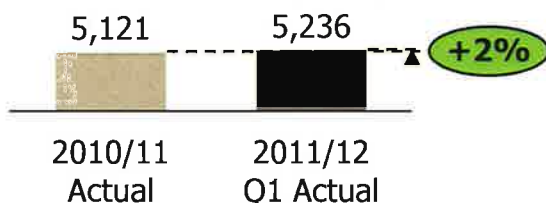
PRODUCTIVITY AND EFFICIENCY JULY 2011 YTD



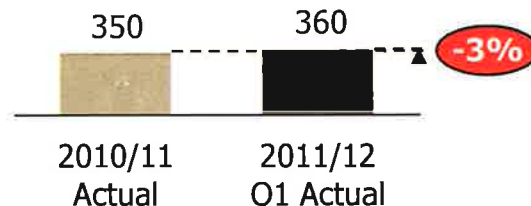
General freight business

Productivity and efficiency

GTK /loco/month ('000)



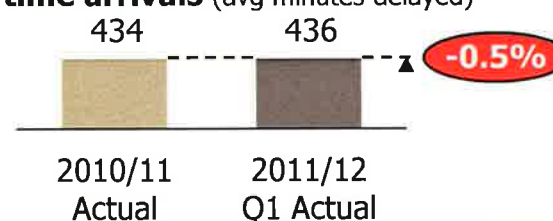
On-time departures (avg minutes delayed)



Wagon turnaround (days)



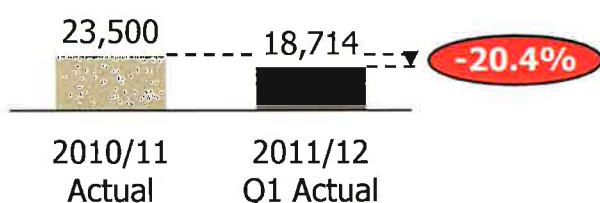
On-time arrivals (avg minutes delayed)



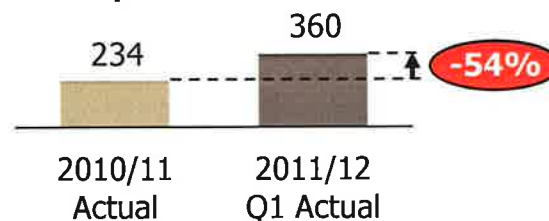
- Since the start of the financial year GFB productivity and efficiencies has shown improvement compared to prior year performance.

Export Coal

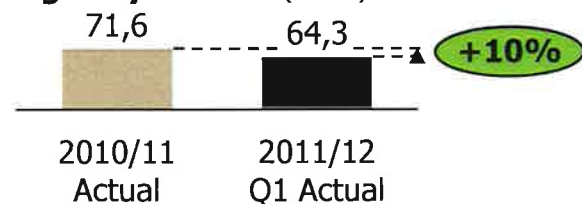
GTK /loco/month ('000)



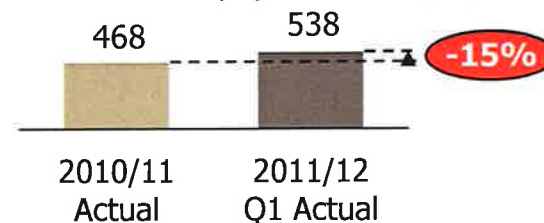
On-time departures (avg minutes delayed)



Wagon cycle time (hours)



On-time arrivals (avg minutes delayed)



- Due to below target performance on the Coal line a optimisation and scheduling tool was recently implemented. The project was successfully implemented and benefits will be realised in the next half of the year .

PRODUCTIVITY AND EFFICIENCY JULY 2011 YTD

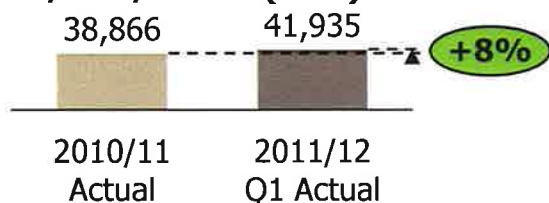
4-Year
CAGR



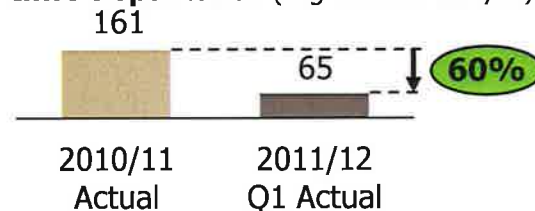
Export Iron Ore

Productivity and efficiency

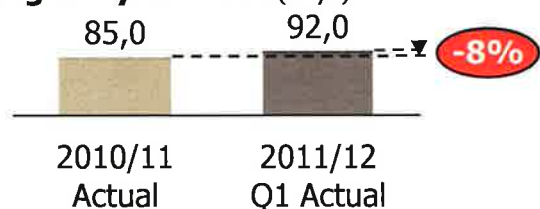
GTK /loco/month ('000)



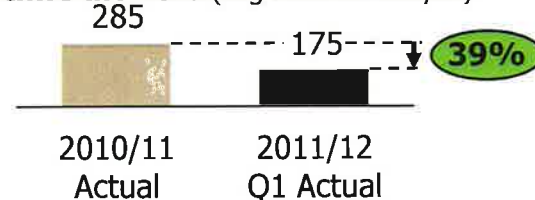
On-time departures (avg minutes delayed)



Wagon Cycle Time (days)



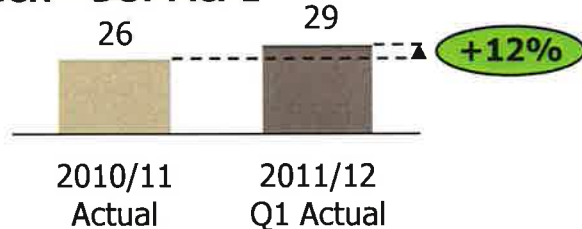
On-time arrivals (avg minutes delayed)



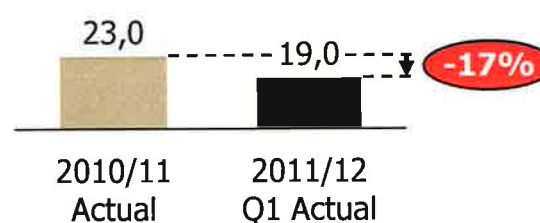
- Export iron ore operational performance overall has show significant improvement compared to prior year.

Maritime containers

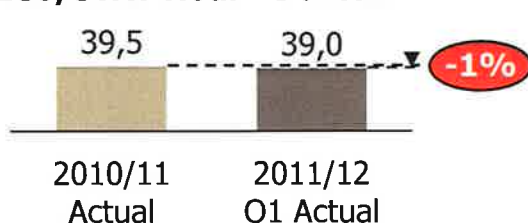
GCH – DCT Pier 1



GCH – DCT Pier 2



TEUs/STAT Hour - Durban

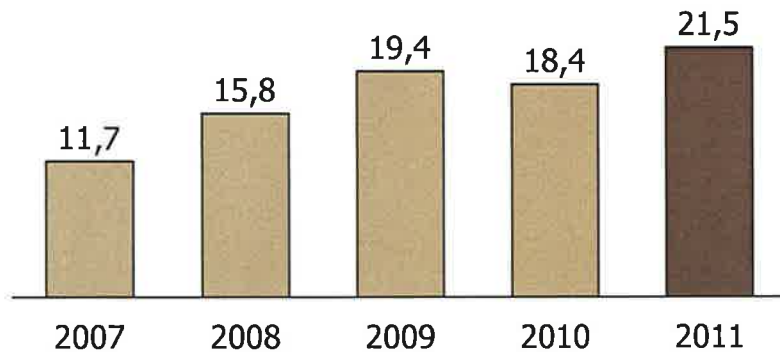


- Gross crane moves at DCT Pier 1 is at benchmark performance levels.
- DCT Pier 2 performance is lagging due to old equipment which is currently being addressed by the acquisition of new cranes for this terminal
- Contracts concluded for delivery of 7 STS cranes by October 2012

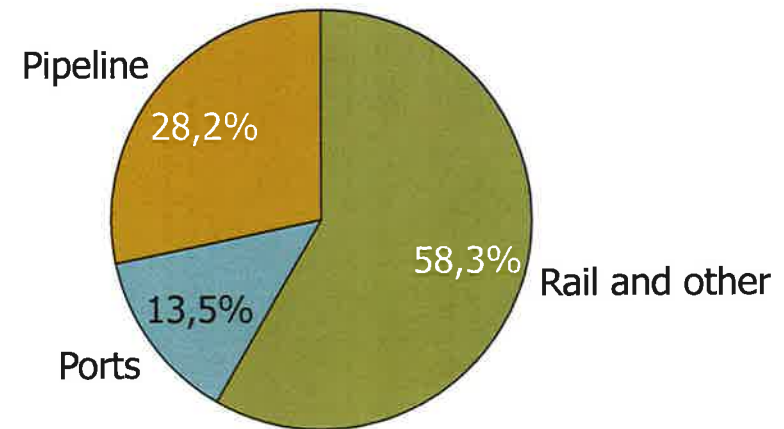
SUMMARY OF CAPITAL INVESTMENT



5-year Capital investment (R billion)



Capital investment by operating segment



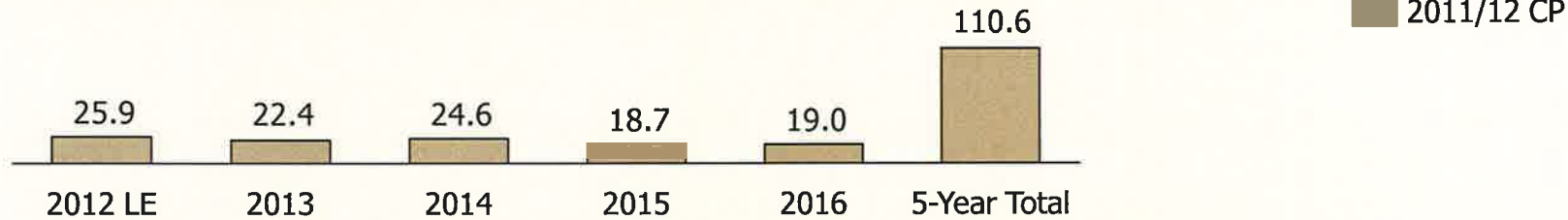
- Planned investment of R22,8 billion for the 2011 year as part of the 5-year capital investment plan.
- Actual investment represents 94% of planned spend.
- Did not compromise capacity creation or customer commitments.
- Capacity created in Rail (iron ore, manganese and containers on rail) and Ports (bulk, automotive and container sectors).

• Total investment of R86,8 billion during the past 5 years, funded without Government guarantee on the strength of Transnet's financial position.

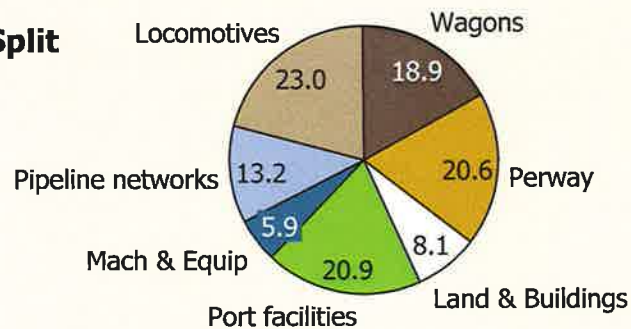
5-YEAR CAPITAL INVESTMENT PLAN



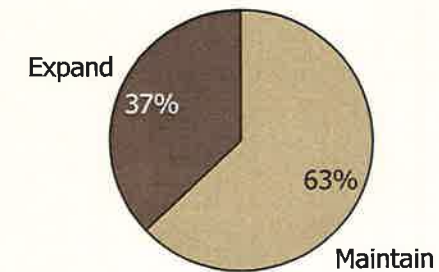
Capital investment (R billion) (Excl. capitalised borrowing cost)



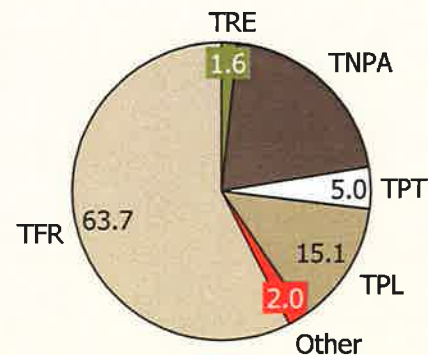
Asset Type Split (Rb)



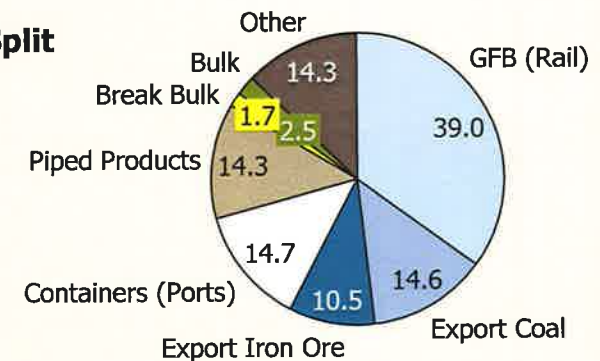
Maintaining vs Expansion (%)



Divisional Split (Rbn)



Commodity Split (Rbn)



CAPITAL INVESTMENT BY ASSET TYPE



Asset Type	Quantity
Acquisitions	
Locomotives	
19E Dual voltage locomotives for the Coal Line	58
Class 15E locomotives for the Ore Line	34
Class 43 GE Diesel Locomotives	2
Wagons	
New wagons for Manganese export	354
Refurbishments	
Locomotives	
Conversion from Class 6E to 18E	41
Conversion of wagons 48t to 60t capacity	410
Wagons	
Wagon Liftings	12 900
Infrastructure: Replacements	
Rail	555km
Railway sleepers	292km
Screening of track	528km

Asset Type	Quantity
Port Infrastructure	
Tugs for Durban	2
Tugs for Richards Bay	1
Trailing Suction Hopper Dredger	1
Bulk liquid berth at Richards Bay	1
Cargo handling equipment and facilities	
Rubber tyred gantry cranes for CTCT	28
Agriport Bulk Terminal 80 000 tons of storage capacity	1
PE Manganese Refurbishment: Increase in capacity from 2,8mt to 4,8mt	1
Rubber tyred gantry cranes for Durban Pier 1	4
Durban Point Car Terminal 80 000 units of automotive capacity (parking bays)	3 300

MEGA PROJECTS SUMMARY AND CAPACITY CREATION



Project	Total ETC	Actual spending 2011	Spending since inception	Capacity created
	R million	R million	R million	
Iron Ore Line expansion to 60,7mt	16 073	3 263	9 793	24mt to date
New Multi-Product Pipeline	23 407	5 612	11 588	3 X16" lines operational in the Northern network
Reengineering of Durban Container Terminal	1 802	268	1 319	300 000 TEUs
Ngqura Port Construction	3 492	123	3 083	Fully functional 5 berth deepwater port
Ngqura Container Terminal	7 900	461	4 842	700 000 TEUs
Durban Harbour entrance channel widening and deepening	3 360	54	2 826	9 200 TEU vessel size can be accommodated
Coal Line expansion to 81mt	9 806	1 384	1 801	In progress to meet 81mt
Cape Town Container expansion	4 375	741	2 697	200 000 TEUs



LOCOMOTIVE AND WAGON ACQUISITION PROGRAMME



Spending (R million)	Coal 110 CI 19E	Ore 44 CI 15E	Ore 32 CI 15E	GFB 100 CI 43
2011 Actual	925	1 058	268	334
Since inception	2 116	2058	268	771
2012	857	307	85	510
2013	292	-	715	692
2014	-	-	98	569

Delivery schedule	Locomotives* (units)	Wagons (units)
2012	86	1509
2013	110	672
2014	64	736
2015	40	915
2016	40	461

* Currently being revised.

Acquisition of 110 Class 19E dual voltage locomotives for the Coal Line:

- 58 locomotives have been delivered :
 - 48 locomotives accepted into operations
 - 10 locomotives are at various stages of testing and commissioning.
- The remaining 52 locomotives are planned to be delivered at four per month over the next 13 months.

Acquisition of 100 Class 43 Diesel locomotives:

Locomotives for GFB for replacement of ageing fleet.

- 2 locomotives were delivered in January 2011 for testing
- 8 locomotive sets were shipped from the United States in April 2011 for assembly in South Africa.
- 90 locomotives will be built at Rail Engineering's Koedoespoort plant.

Acquisition of 44 Class 15E locomotives for the Iron Ore Line:

Acquisition to facilitate the ramp up in Iron Ore volumes to 60,7mt:

- 34 locomotives have been delivered,
 - 10 locomotives will be delivered during 2012.
- Transnet entered into a contract to acquire 32 more Class 15E locomotives with delivery expected as follows:
- 25 locomotives in 2013
 - 7 locomotives in 2014

NEW MULTI-PRODUCT PIPELINE



COST:

- Based on the latest information and progress on the project we are confident that the cost of the project will remain within the approved estimated total cost of R23.4bn

SCHEDULE:

- The project (pipelines and inland & coastal terminals) is progressing according to schedule and is on target for planned completion by December 2013.

GOVERNANCE:

- The Company has established the NMPP Governance Steering Committee to oversee the project to completion with specific focus on risk mitigation pertaining to reputational, commissioning, governance, engineering, construction and design, financial, legal and regulatory aspects.

MAJOR ACHIEVEMENTS:

- Pipelines 2, 3 and 4 comprising three 16 inch pipelines in the northern network has been completed and operating since July 2011
- Pipeline 1 (24 inch trunk line) is progressing according to plan and will be ready for commissioning in October 2011 and will be ready for operations by December 2011.

SECURITY OF SUPPLY:

- There are no security-of-supply concerns as the risks relating to security-of-supply have been addressed.
- The integrity test on the DJP indicates that the DJP is not compromised .
- A rail solution was successfully formulated in the event of the DJP being down rated.

Spending	Rand million
ETC	23 407
Actual 2010/11	5 612
Since inception	11 588
2011/12	5 645
2012/13	3 280
2013/14	2 225





Skills Development and Capacity Building

Capacity Building Initiatives

- 1 412 apprentices and 427 engineers in the Company
- Granting of 52 engineering bursaries for 2011
- 356 engineering technicians in the internship programme.
- The availability of appropriate skills across the Company remains a significant challenge.
- Training is 3% of personnel cost

Employment Equity as at 31 March 2011

	2010	2011
White	25%	24%
Black	75%	76%

- Representation of black (African, Coloured and Indian) employees improved to 76% of total workforce.

	2010	2011
Female	19%	20%
Male	81%	80%

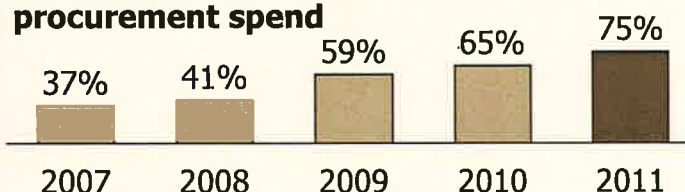
- Since 2001 Transnet has managed to more than double its female employee base from 8,4% to 20%.
- People with disabilities comprise 0,8% of Transnet's workforce.

STRATEGIC ENABLERS



BBBEE

BBBEE spend % against total measured procurement spend



- Transnet's BBBEE spend has grown significantly over the past three years from R6,9bn in 2008 to R19,4bn in 2011. This is higher than the DTI target of 50% and the internal target of 65%.

CSDP

- **Procurement of 100 General Electric (GE) locomotives:** Total localisation value as a percentage of the total contract value is 52%. This includes skills development in TFR and TRE as well as localised assembly and investment in plant.
- **Procurement of 32 new 15E locomotives:** The total localisation value is 40% which includes local assembly by Union Carriage Works. Due to this 15E build programme, 734 jobs are being preserved.
- **Procurement of Electro-Motive Diesel (EMD) locomotive spare parts and components:** Total localisation value of 34%.
- **The GE locomotive parts (Long-Term Parts Agreement):** Total localisation value is 12% which includes skills development and purchasing of local parts and services

Branch lines

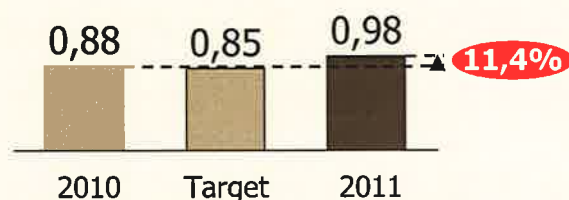
- The Branch lines were grouped by cluster and comprehensive feasibility studies were conducted on the grain handling branch lines.
- A non-binding call for expressions of interest in October 2010 resulted in 47 companies responding to the likely opportunities, and competitive bidding documents were prepared for release in the year ahead.

- Key focus going forward is to drive CSDP initiatives to stimulate local employment opportunities

SAFETY

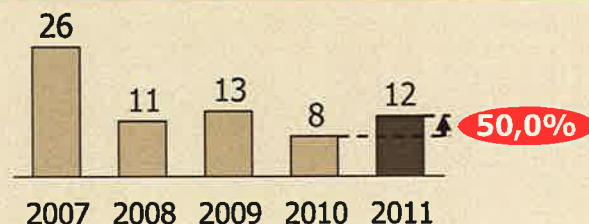


Disabling Injury Frequency Rate (DIFR)



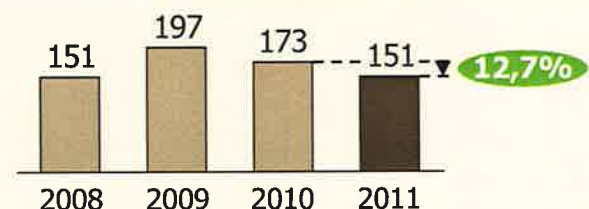
- The Company's 12-month rolling disabling injury frequency rate (weighted) deteriorated by 11,4% to 0,98 compared to 0,88 in the prior year – mainly due to an increase in disabling injuries at TFR and TRE.

Employee fatalities (Numbers)



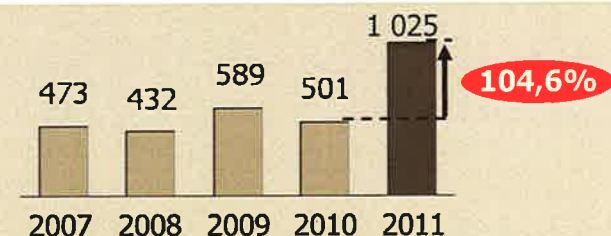
- Sadly there were 12 employee fatalities during the year under review, compared with 8 fatalities during the prior year. Transnet conveys its deepest condolences to the families and friends of the employees who lost their lives on duty.

Public fatalities (Numbers)



- Public fatalities decreased by 12,7% to 151 for the year compared to 173 in the prior year. Public fatalities remains a focus area.

Cost of losses (R million)



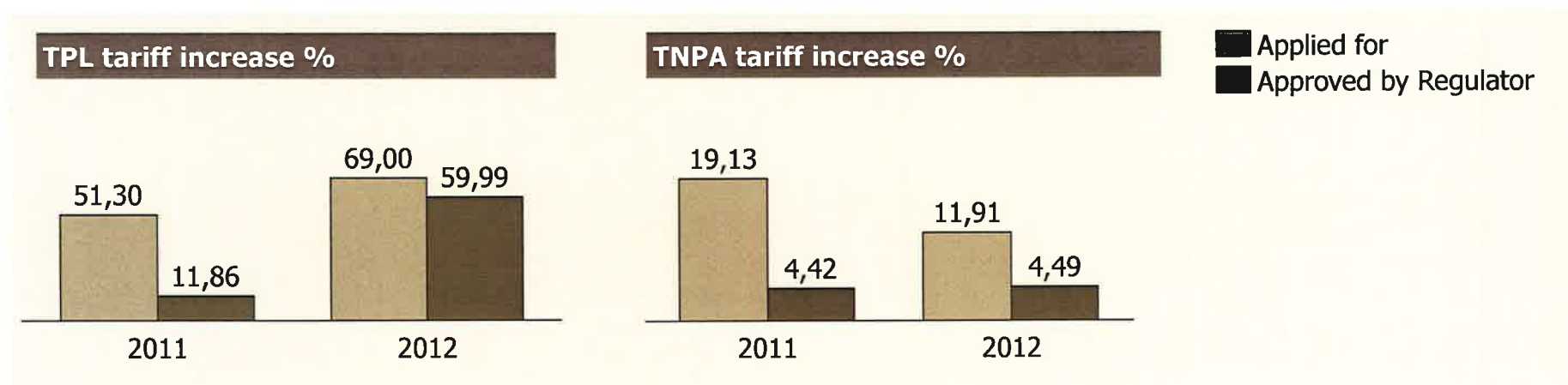
- Cost of losses increased to R1 billion for the year compared to R501m in the prior year mainly due to the derailments.

- Continued commitment to strive for zero fatalities

REGULATORY



- Two Operating divisions of Transnet are regulated by economic regulators:
 - Transnet Pipelines (TPL) is regulated by the National Energy Regulator of South Africa (NERSA);
 - Transnet National Ports Authority (TNPA) is regulated by the Ports Regulator of South Africa.











- Closer alignment with NERSA resulting in greater certainty in terms of future tariff applications.
- Difference with the Ports Regulator on tariff determination for National Ports Authority due to the lack of an approved tariff methodology.

Other developments

- King III compliance – Assessment completed – fully compliant.
- Ports Act and ICM Act amendments – mitigation plan in place. Long-term sustainable solution is being addressed at policy level.
- DoT has established an interim Rail Regulator.

NGP SKILLS DEVELOPMENT PROGRESS



School of Rail	School of Ports	School of Pipeline
July 2011 YTD		Status
Engineering Trainees (number of learners)		60 
Technician Trainees (number of learners)		181 
Artisan Trainees (number of learners)		166 
Sector specific trainees (number of learners)		1125 
Chartered Accountant Trainees (number of learners)		40 
Direct Jobs created		TBC* 
Indirect jobs created in supplier industries		TBC* 
Training Spend (% of personnel cost)		3.2% 

* Assessed bi-annually



Met annual target



On track to meet annual target

PROGRESS ON SOCIAL INVESTMENT



	PORTFOLIO	DETAILS
1.	Health: Phelophepa Health Care Train	<ul style="list-style-type: none"> • Phelophepa is a unique 18 coach train with onboard health clinic, optometry, dental clinic, psychology and pharmacy. • It travels for 9 months every year to Mpumalanga, KwaZulu-Natal, Free State, Limpopo and Western Cape. • It reaches approximately: <ul style="list-style-type: none"> • 45 000 patients on board, • 118 000 learners through its outreach programme comprising eye, ear and dental screening yearly and mentors • 750 health students. • A second train is under construction and is scheduled to start operating in March 2012.
2.	Containerised Assistance Programme	<p>This is an innovative infrastructure programme which addresses safety/security and social needs. Old or damaged freight containers are recycled into environmentally friendly buildings, fitted with solar energy and air-conditioning.</p> <ul style="list-style-type: none"> • 15 Satellite police stations built. • 9 police stations that have been extended. • 2 Community Police Forums built since 2009. • 15 Multi-Purpose Centres built for the Social Development Department

Approximately R180million spend per year on social investment in 6 key portfolios

PROGRESS ON SOCIAL INVESTMENT



	PORTFOLIO	DETAILS
3.	Education: Teacher Development Programme	<ul style="list-style-type: none"> • This is a new focus area, and its main thrust is to develop teachers in science, engineering and technology. • The programme aligned with the Transnet's Human Capital Strategy of developing engineering skills in South Africa. • It will be operating in the following areas: Free State, North West, Limpopo, Kwazulu-Natal and the Eastern Cape province.
4.	Employee Volunteer Programme	<ul style="list-style-type: none"> • The programme encourages involvement of Transnet employees in community development. • Employees are encouraged to volunteer their skills, resources and time to develop selected communities in strategic Transnet corridors.
5.	Sport Development Rural and Farm Schools Sport Development Programme	<ul style="list-style-type: none"> • The programme is premised on sport participation being a positive contributor to health and education outcomes. • It targets learners from ages of 12 to 19 years from 120 schools in 6 provinces, namely, Free State, North West, Kwazulu-Natal, Northern Cape, Limpopo and Eastern Cape. • The focus sporting codes are athletics, chess, football and netball. It reaches approximately 60 000 learners annually.
6.	SAFA/Transnet Football School of Excellence	<ul style="list-style-type: none"> • The school of excellence is a sport incubator programme that seeks to nurture football talent in a holistic manner. • About 120 boys in the centre are also exposed to formal education and other life skills.

PENSION FUND PROGRESS UPDATE



The Minister of Public Enterprises advised Transnet of the need to fund the solution to the Portfolio Committee's resolution on 19 April 2011.

The Transnet Pension Fund Act requires the Trustees of the Transnet Second Defined Benefit Fund (TSDBF) and the Transport Pension Fund (Transnet Sub Fund) (TTPF) (jointly the Funds) to exercise their fiduciary duties in relation to the provision of enhanced pensioner benefits.

Accordingly, Transnet advised the Funds to immediately explore appropriate funding solutions.

Both Funds have undertaken to explore ways in which the enhanced pensioner benefits can be implemented.

Transnet, the TSDBF and the TTPF participate in a joint Task Team to assess the possible alternatives and to ensure speedy implementation.

The TTPF has provisionally advised that it is in a position to implement the Portfolio Committee's resolutions.

The TSDBF is a larger and more complex fund and is in the process of exploring a number of funding alternatives.

The TSDBF has issued a communication to its pensioner members providing an update in this regard, confirming their intention to find an urgent solution and providing a commitment for further communication.

Transnet has obtained independent advice on the possible solutions for the implementation of enhanced pensioner benefits in addition to the alternatives being explored by the Funds.

The parties remain committed to a possible solution prior to 31 March 2012, subject to following due governance processes.

TRANSNET



delivering on our commitment *to you*



CONCLUSION AND WAY FORWARD



CONCLUSION AND WAY FORWARD



Financial sustainability maintained.

Productivity and efficiency in port and pipeline operations progressing successfully.

Continued capital investment to create additional capacity.

Significant focus on productivity and safety improvements in rail.

Alignment to the NGP, promote CSDP and BBBEE.

Focus going forward is meeting market demand and capacity creation.

TRANSNET



delivering on our commitment *to you*

THANK YOU

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