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12th Intermodal Africa – 2014

Sustainable freight railway systems in reaching out to consumer needs

23rd October 2014





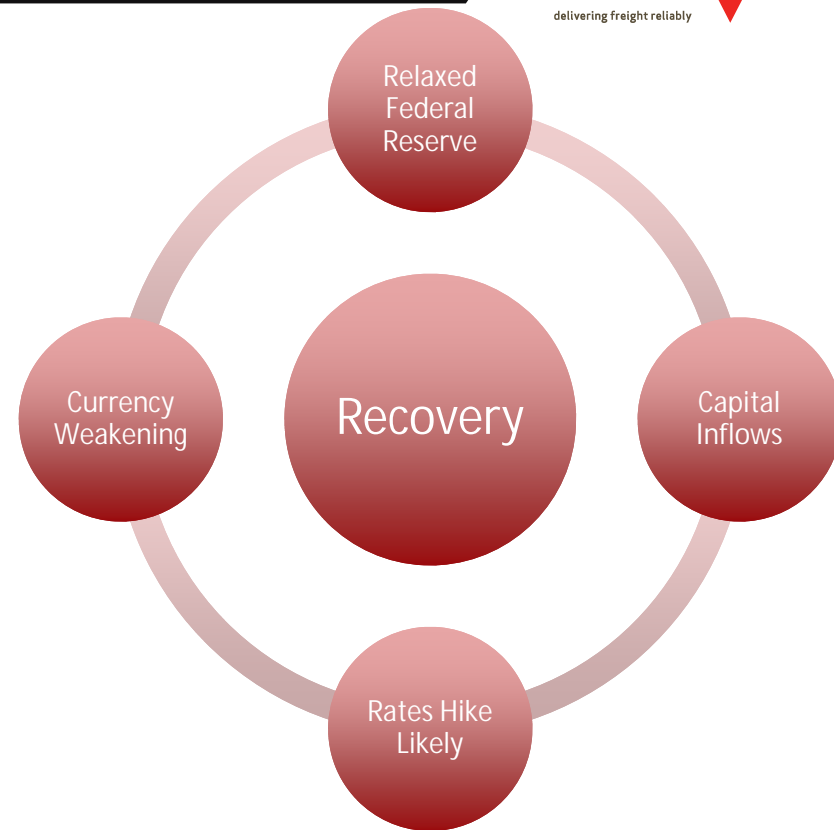
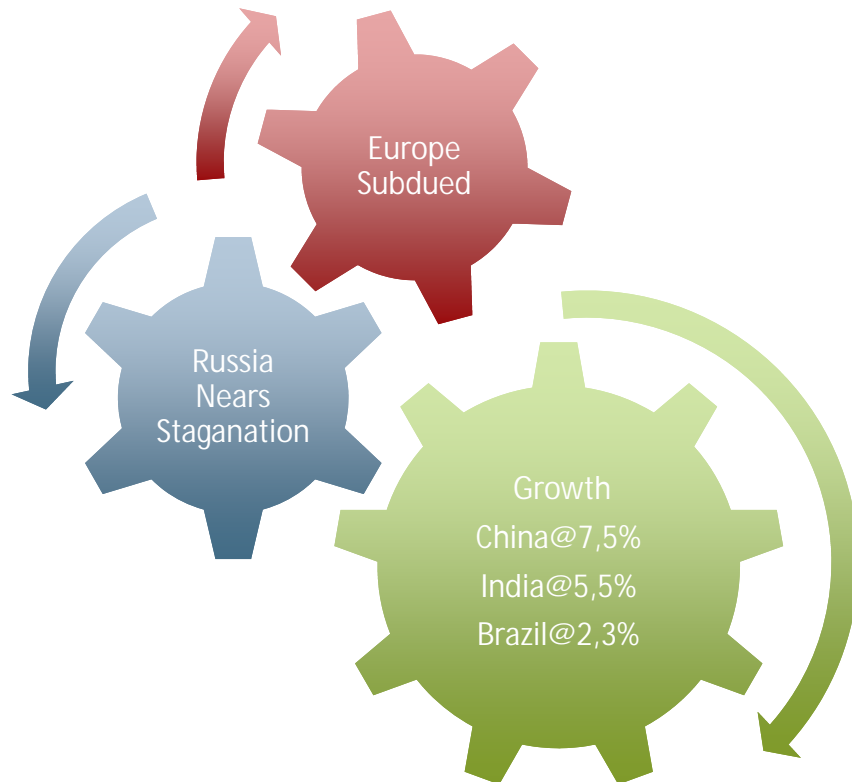
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1. Economic Outlook
2. SA Volumes/Capacity
3. SADC Regional Logistics Integrat
4. Conclusion





Europe and BRICS



United States





SA KEY INDICATORS

Exports

Deficit
@5,8% of
GDP

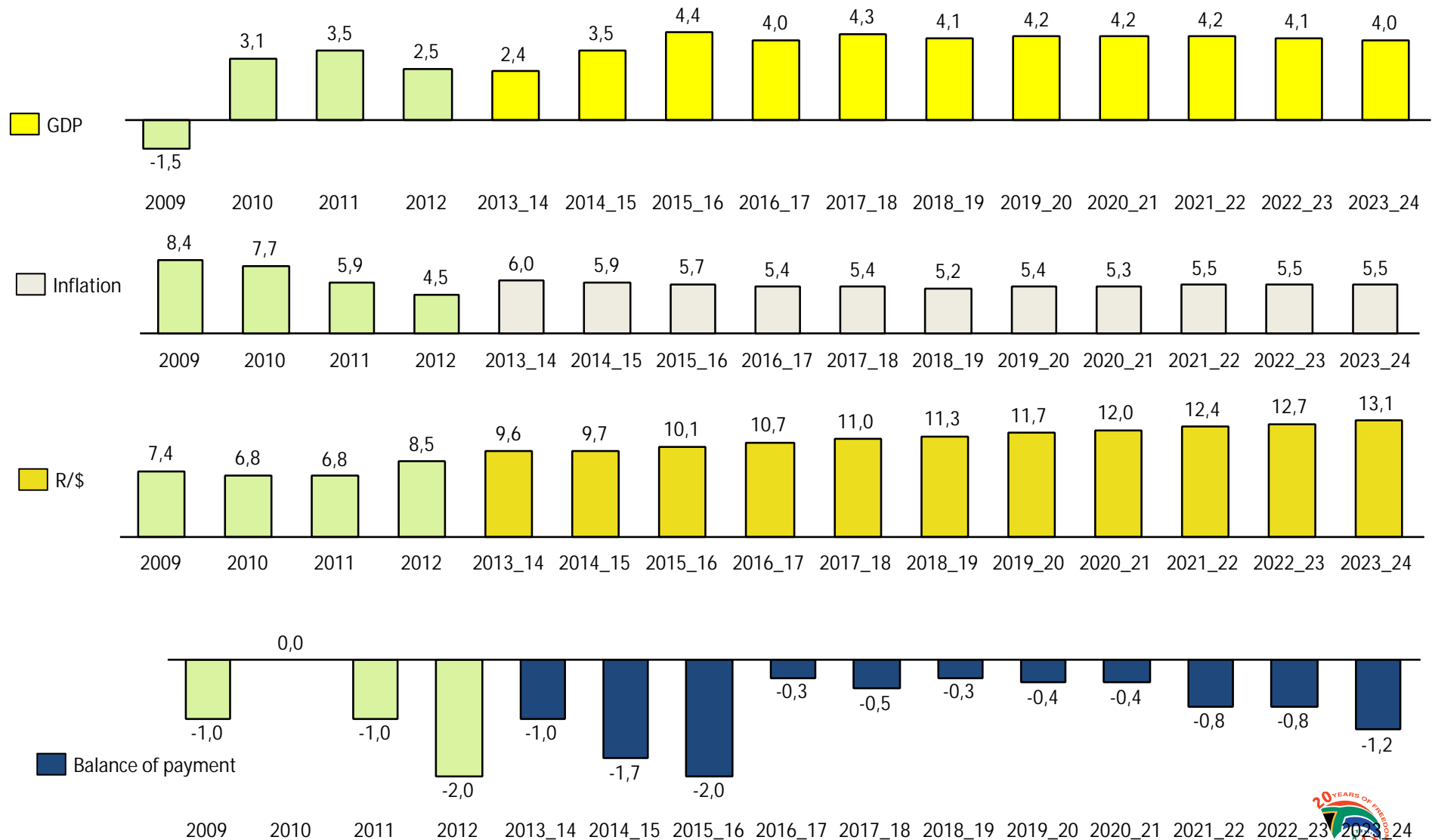
Rand/\$
Exchange
Rate

Unsecured
Lending





Economic indicators (2009 – 2023)





Infrastructure Spend – Key to Economic Development

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- R1trillion over the past 5yrs. @R200b per yr.
- R847b over the next 3yrs. @R282b per yr.
- R45b private spend on energy.



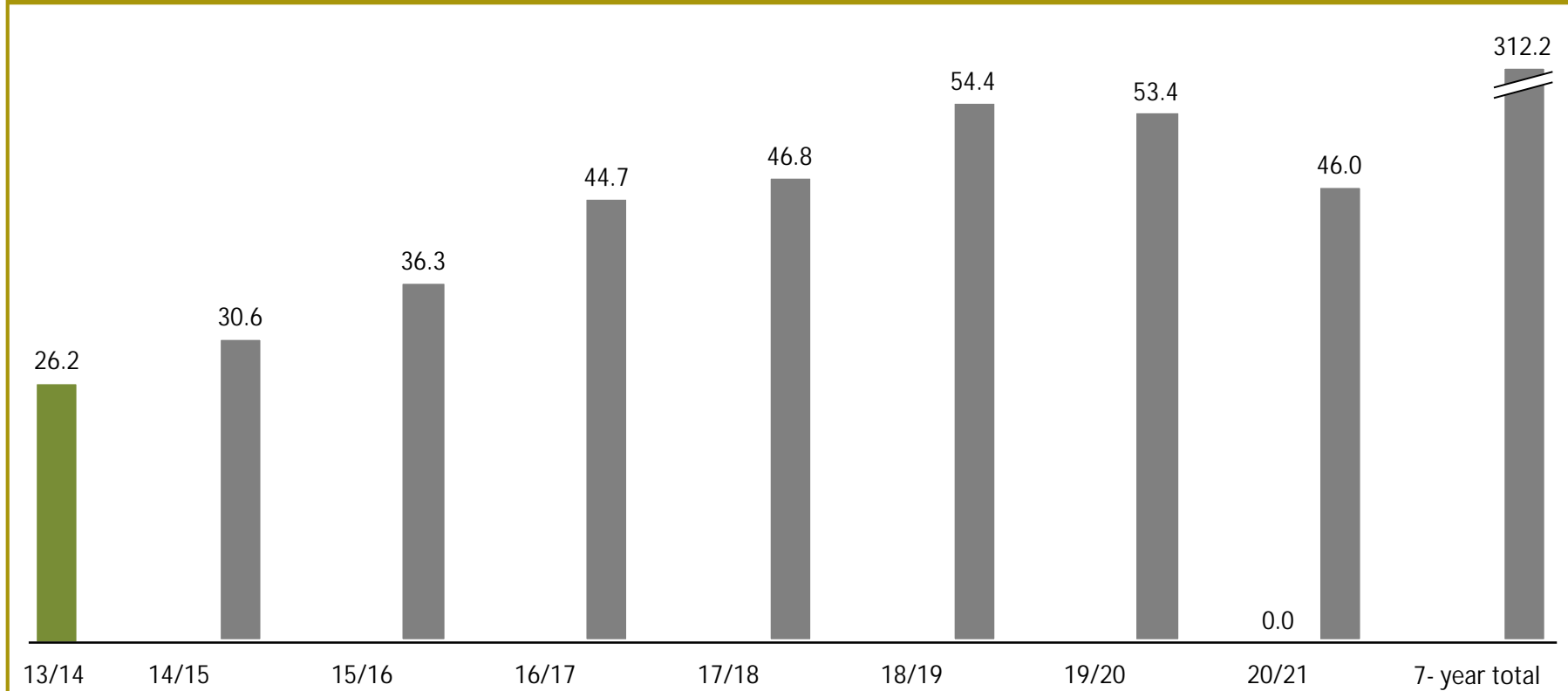
Transnet plans to spend R312bn over the next seven years



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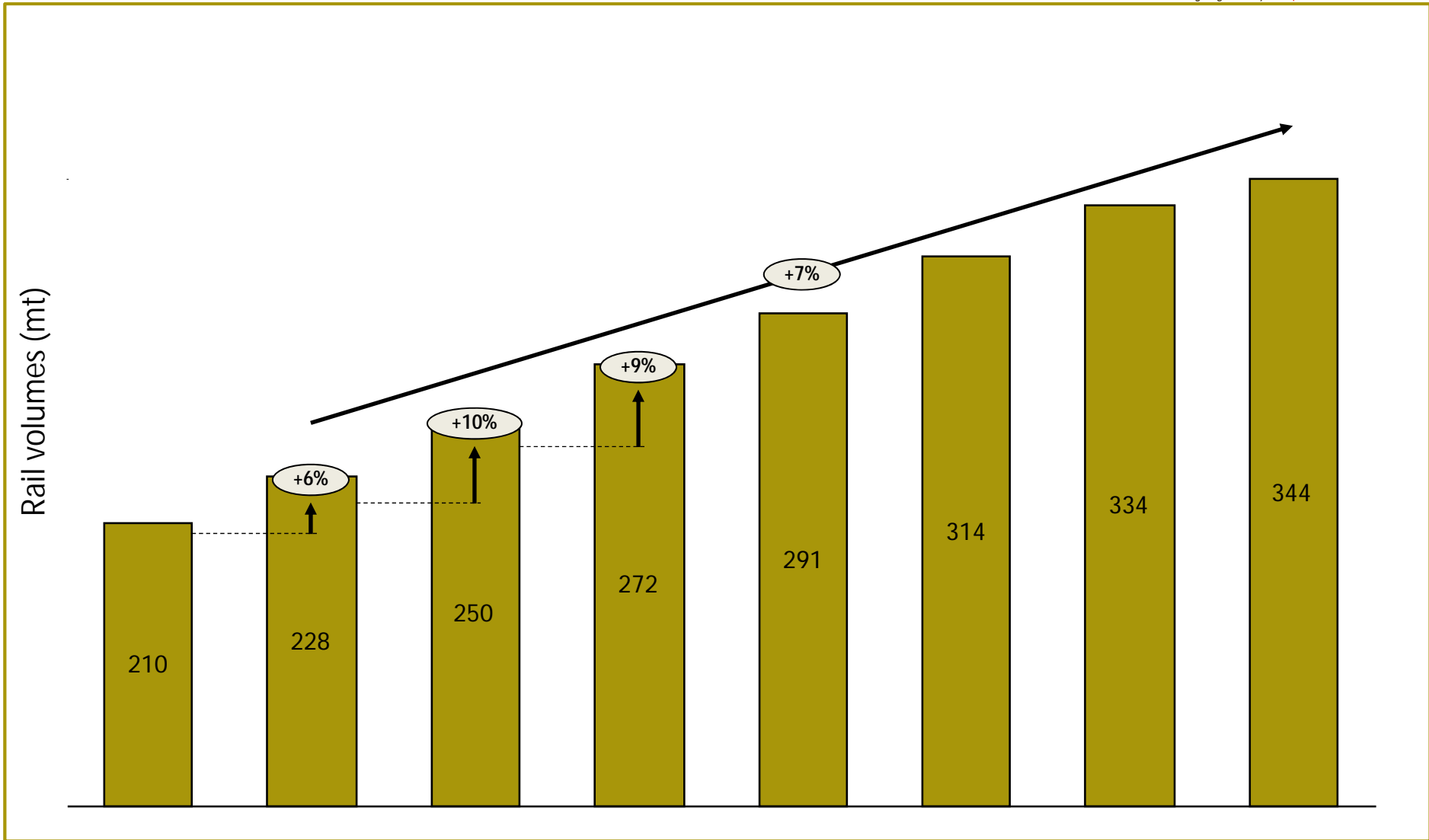
Capex, Rbn

7-year total capex (Rbn) – Corporate Plan comparison





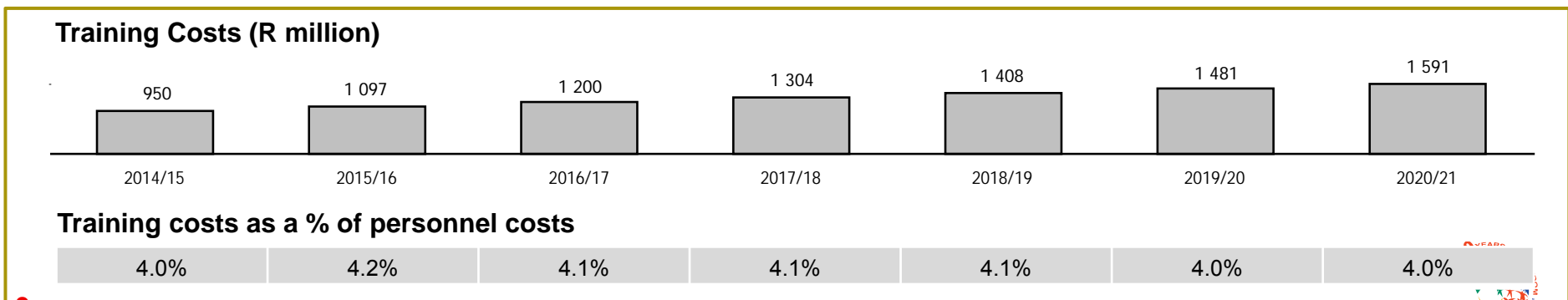
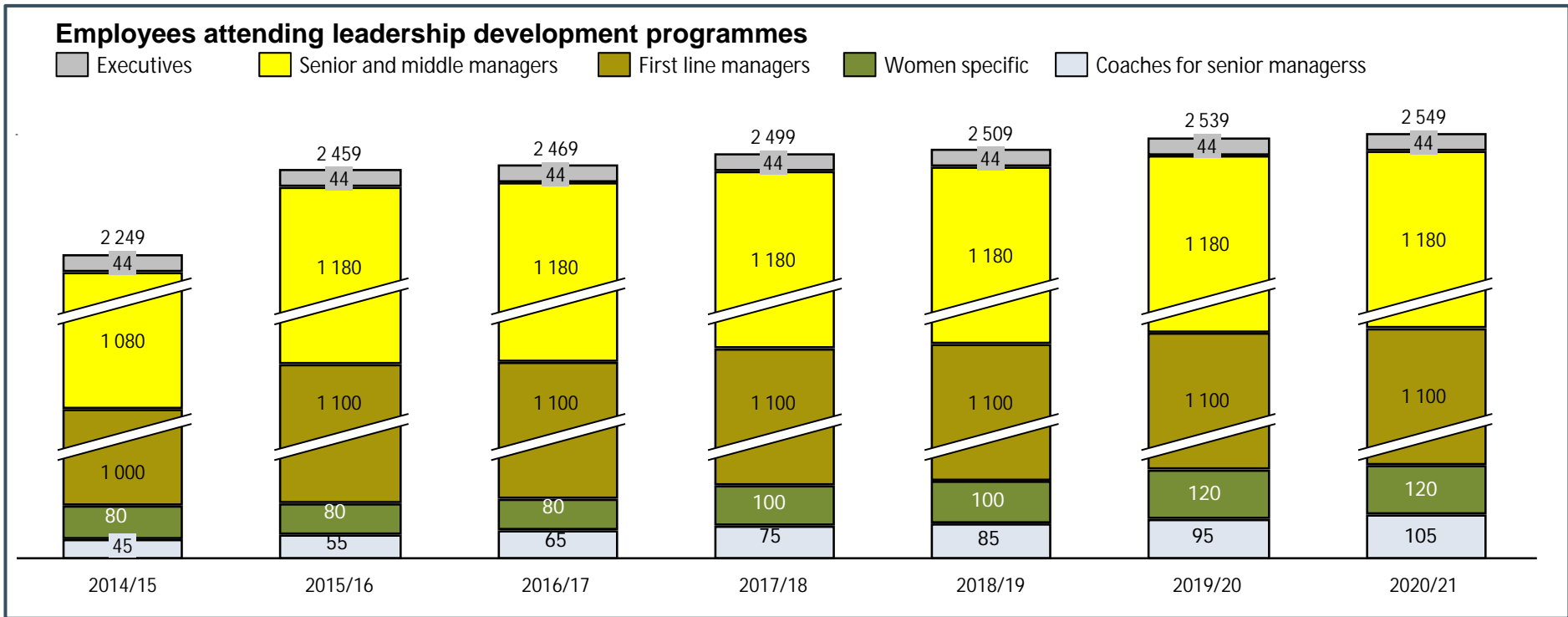
Rail Volumes Projections



Transnet will continue to invest significant resources in the retention of key skills



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9

*Subject to the Strategic workforce planning process





Most common measurements for Class I Railway:

Revenue & EBITDA

Average Revenue ton km (RTK)

Gross ton km (GTK)

Revenue/Wagon

Tons /wagon

Train utilisation

Employee Productivity

RTK / employee

GTK / employee

Enhanced Asset Utilisation

Average train speed (km per hour on mainline)

Average terminal / yard dwell time (hours)

Locomotive dwell times

Train Productivity (GTK per train km)

Locomotive Utilization (Trailing GTK per total horsepower)

% Ton Hauling full trains

Wagon Velocity (Wagon km per day)

Train Velocity (Kmph)

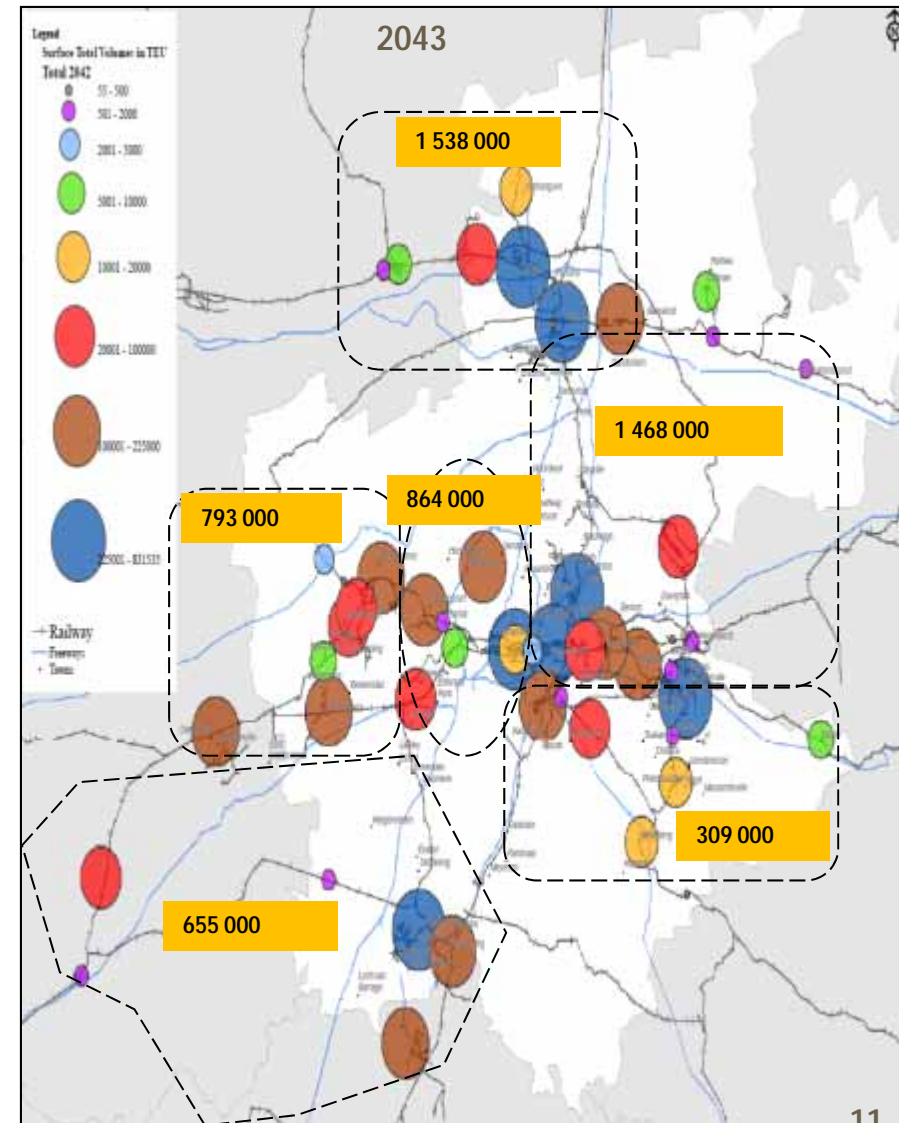
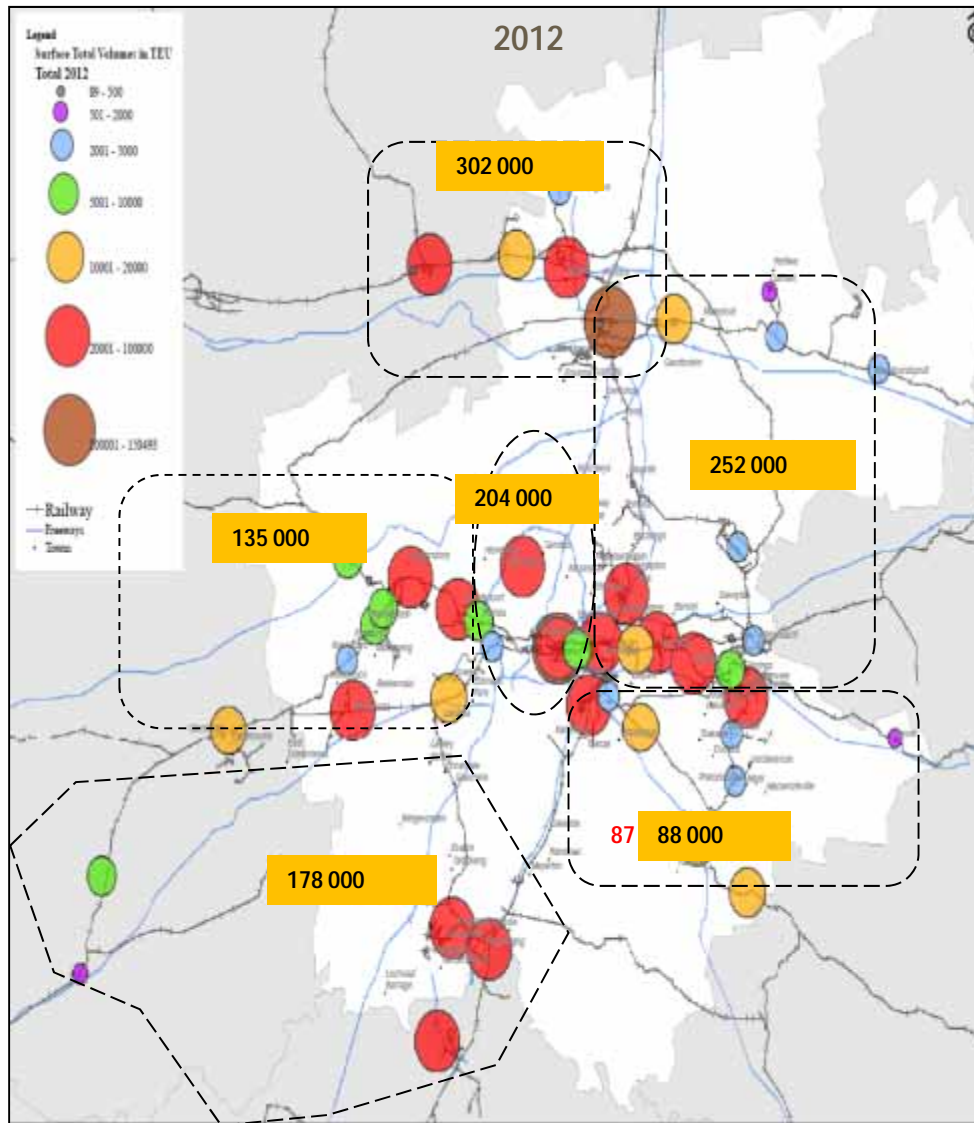
Transit time on mainline (T2-T3 hours)

GTK / freight train hours

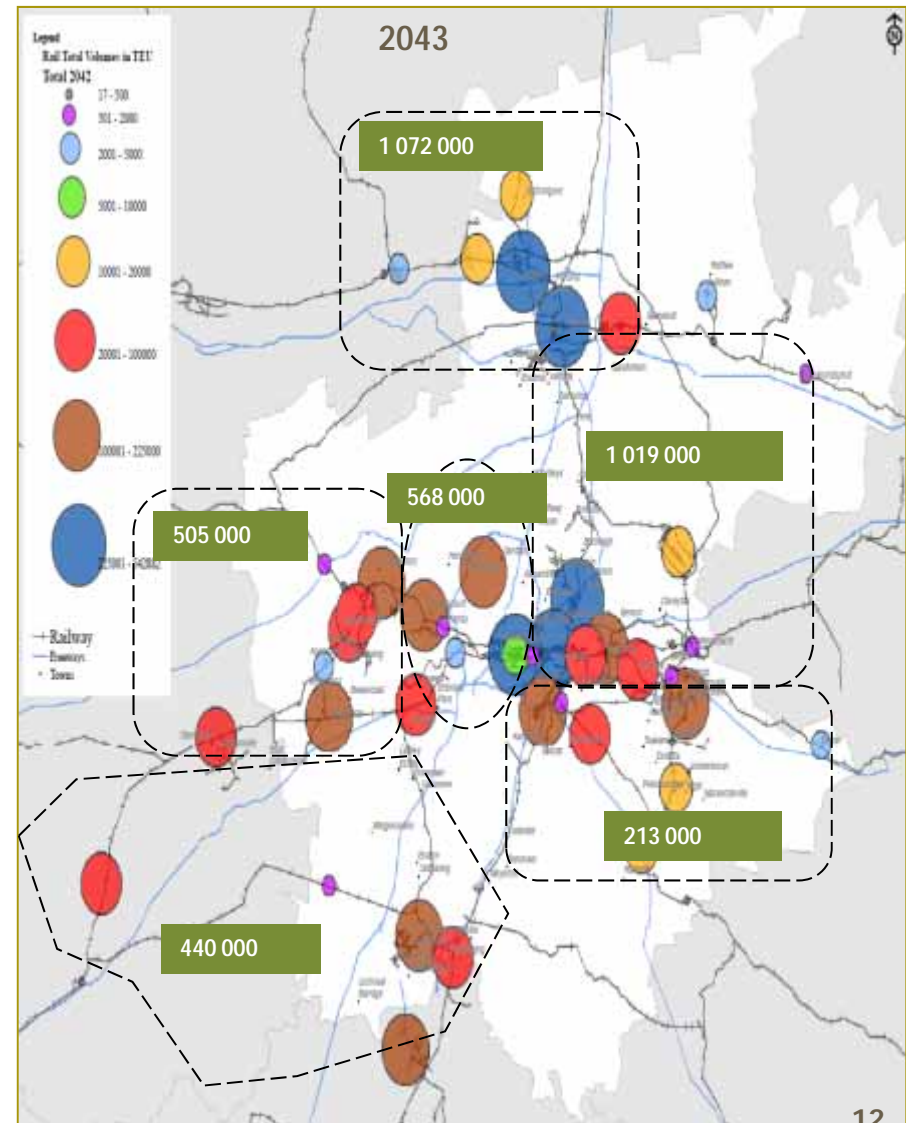
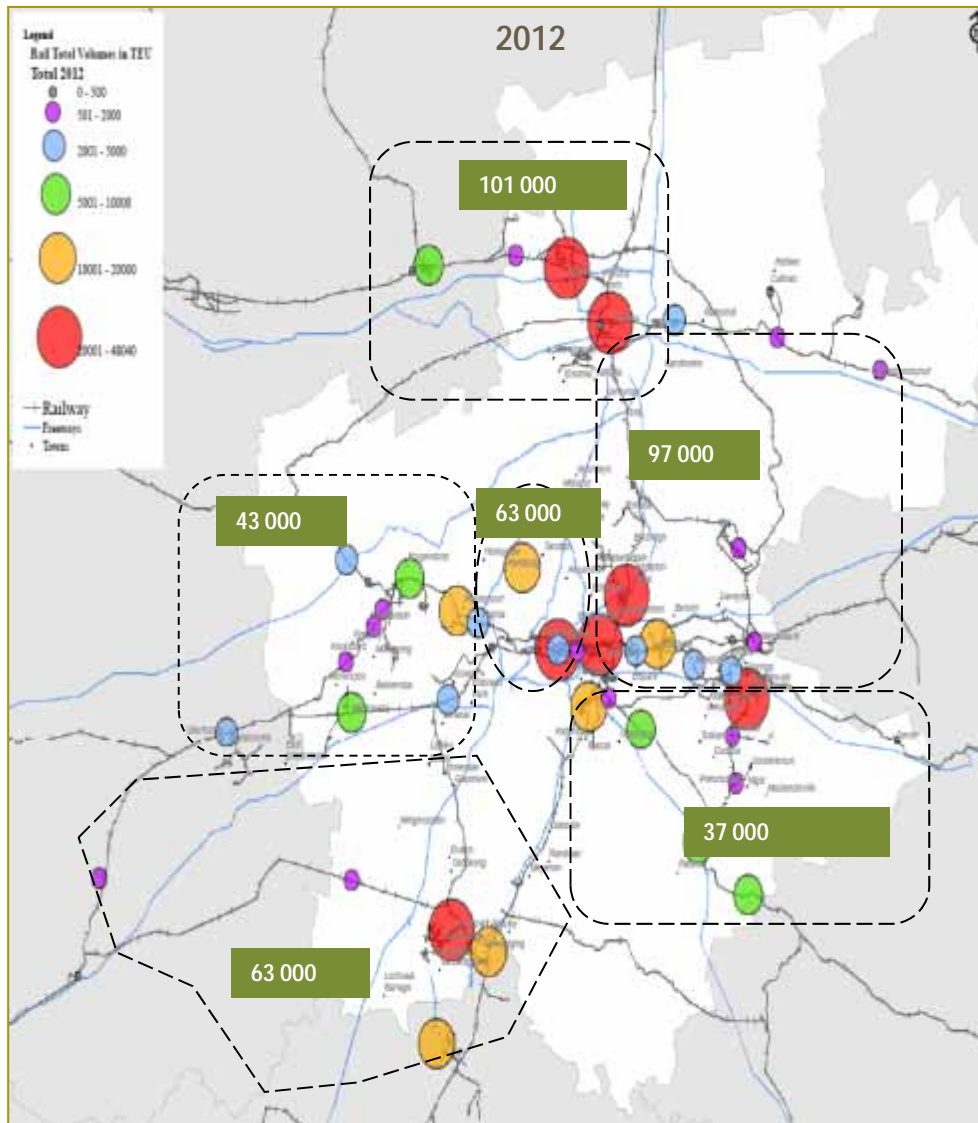
- Operational Measures in annual reports are mostly Lead indicators
- Volumes always measured relative to another measure to gauge productivity
- Employee productivity will be a new measure
- Biggest drivers of Volume for all Class I is ensuring full wagons and enhanced Wagon performance
- Asset utilisation is driven by measuring time and minimising dwell. Time is measured in terms of speed (Train Velocity and Wagon Velocity) and this measure features across all Class I reports.
- Measures on the left have been adopted in the new proposed scorecard and will be cascaded to Operations, SOC and NCC
- Driving these lead measures will guarantee lag measures such as:
 - Tons,
 - Revenue and
 - Customer Service



Volume Growth - Geographic Location of Surface Allocated Container Traffic in Gauteng Industrial Basin (In TEU)



Volume Growth - Geographic Location of Rail Allocated Container Traffic in Gauteng Industrial Basin (In TEU)



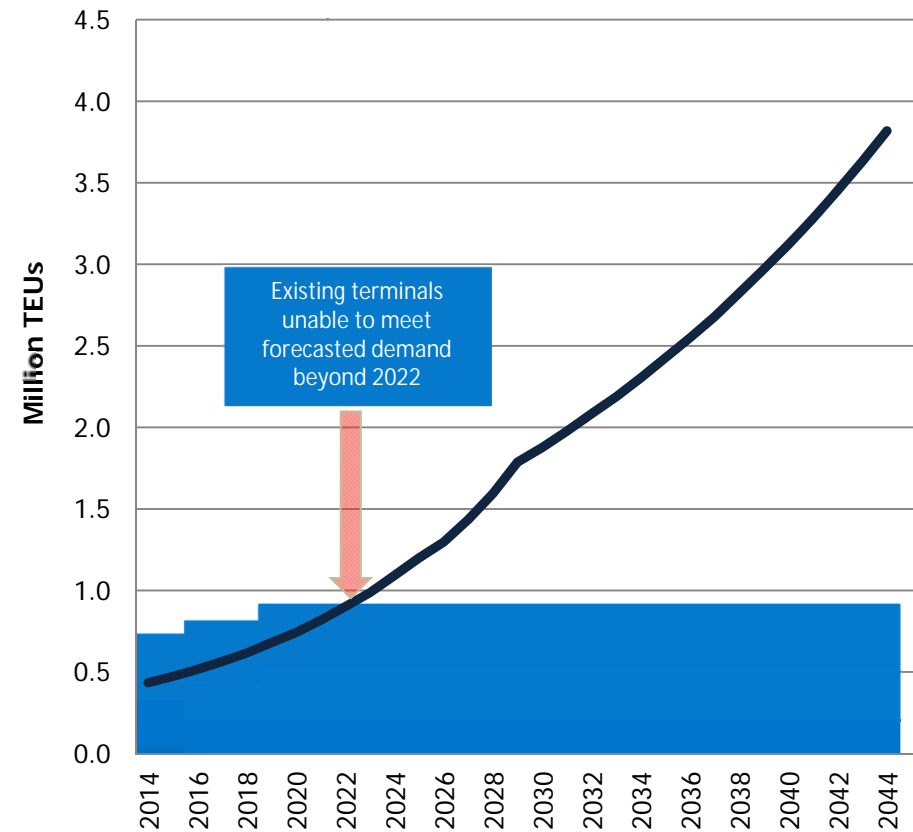
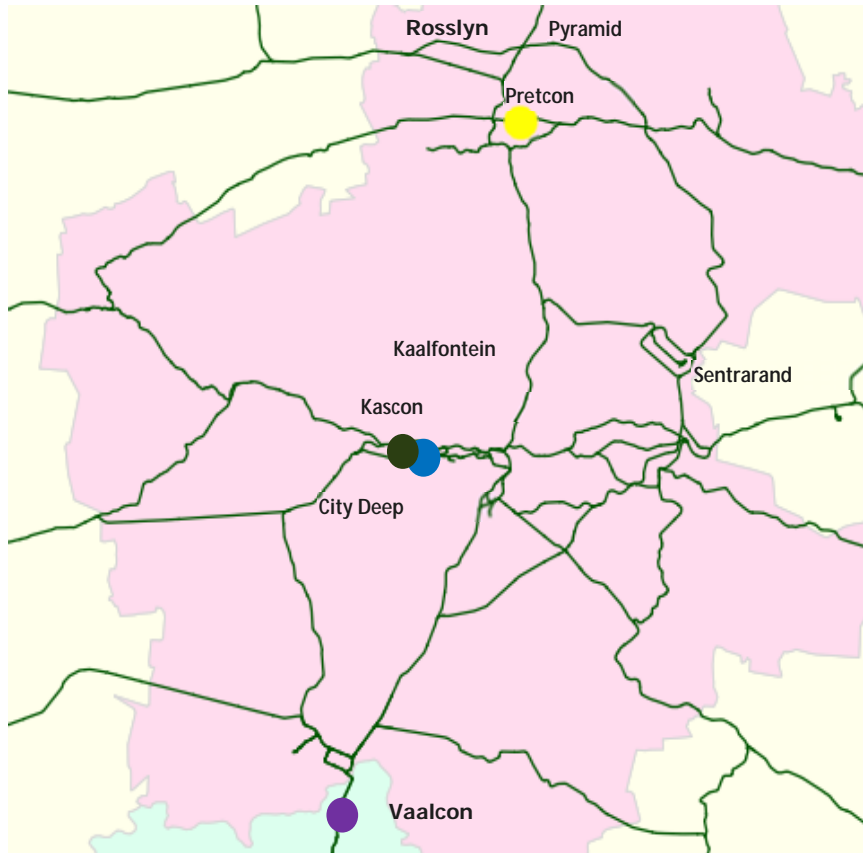


Inland Container Terminal: Capacity vs. Demand

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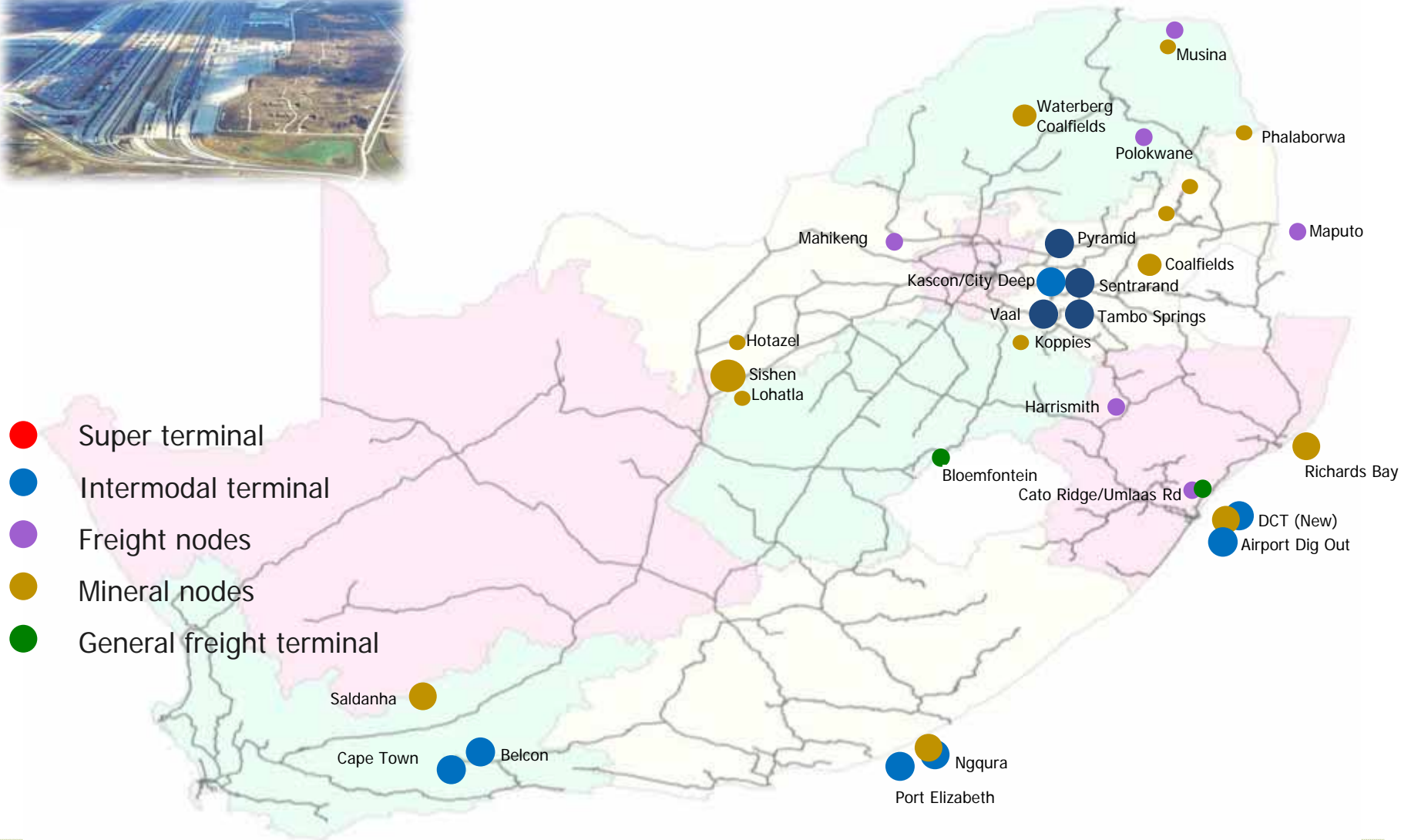


The demand for container transportation increases rapidly over the next 30 years and TFR aims to significantly increase market share.

The graph indicates rail's planned increase in container TEU volumes over the 30 year period.



Hubs and Terminals: proposed locations 2041



City Deep Regional Impact

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- City Deep is the largest inland trade port in South Africa
- 80% of the container volumes from the marine ports are consolidated in Gauteng Province
- City Deep remains central in handling the cargo from the 3 major container ports namely: Durban, Ngqura, Cape Town;
 - acting as an interchange for traffic destined to inland provinces and SADC region
- There need to be expansion in the current capacity to meet the forecasted growth in market demand
- Strategic projects have therefore been identified to cater for this growth in economic activities





Commodity Tonnage Demand: Forecast increases until 2042

16

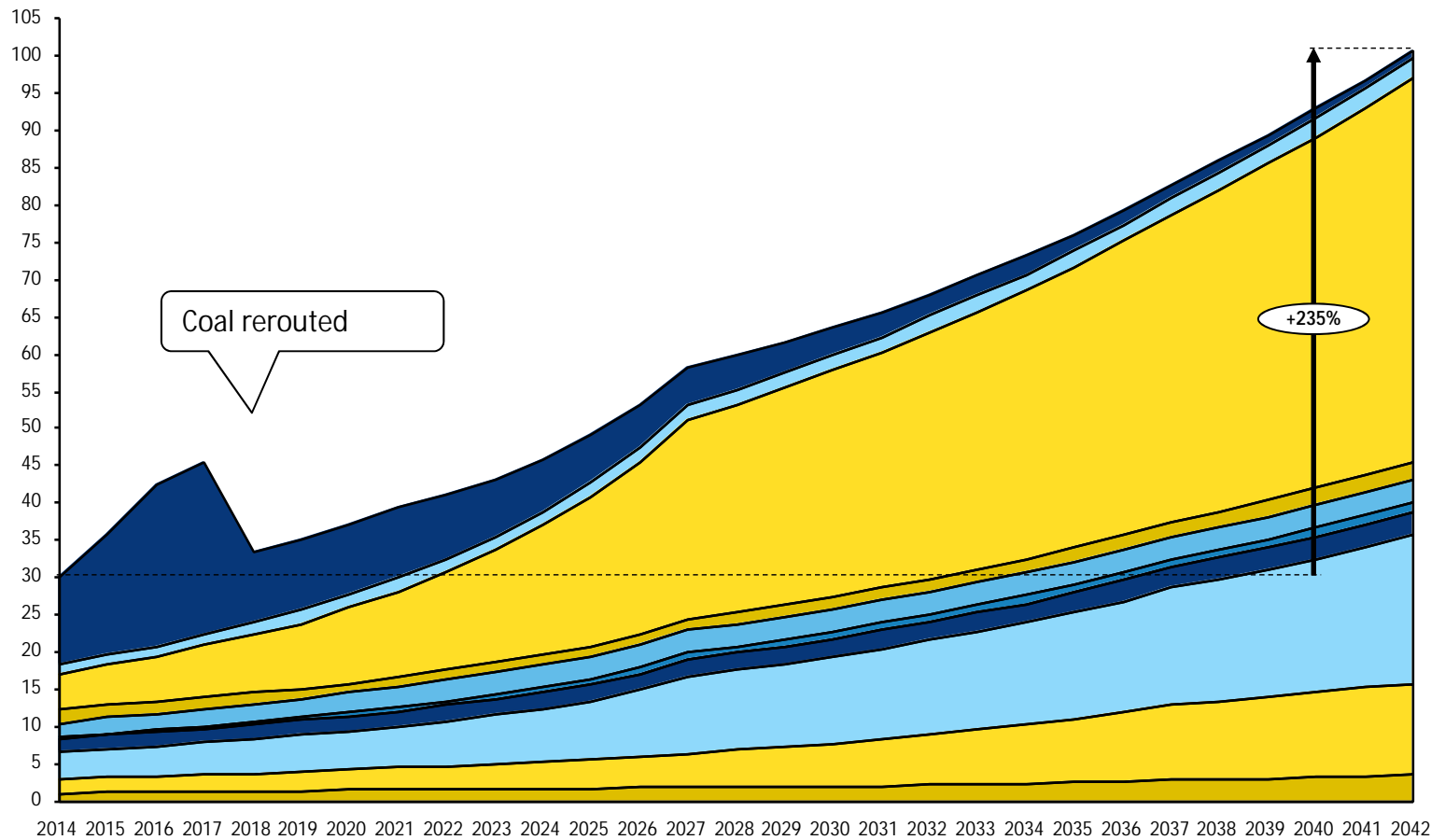
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2014 and 2042 demand volumes by commodity

Volumes (Mt)



- Coal - Powerstation
- Coal - Export and Domestic
- Containers (Tons)
- Manganese
- Iron Ore
- Automotive
- Liquid Bulk
- Break Bulk
- Agriculture
- Dry Bulk





The Regional Network Condition

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- Rail Track Assessment
- Good
- Fair
- Poor
- Not in use

Note

The condition of the operational track on the South African TFR is good, relative to the other regional systems – safety, speed restrictions and permissible

Train lengths are the main criteria. On regional systems outside TFR and the new Sena coal line, the train lengths are limited to between 20 and 40 wagons.





- The Trans-Kalahari railway line which provides a direct route between South Africa and Walvis Bay in Namibia, and possibly serving as a coal export route for Botswana;
- A 300 km rail link between Lion's Den in Zimbabwe and Kafue in Zambia, providing a shorter rail link to Beira;
- A north-west rail link between Zambia and Angola which connects with the port of Lobito;
- A link between the Namibian system and southern Angola; and
- Various Standard Gauge upgrading proposals for East Africa.





Condition:

- ✓ Lack of maintenance and investment
- ✓ Damage as result of conflict
- ✓ Theft of operating equipment

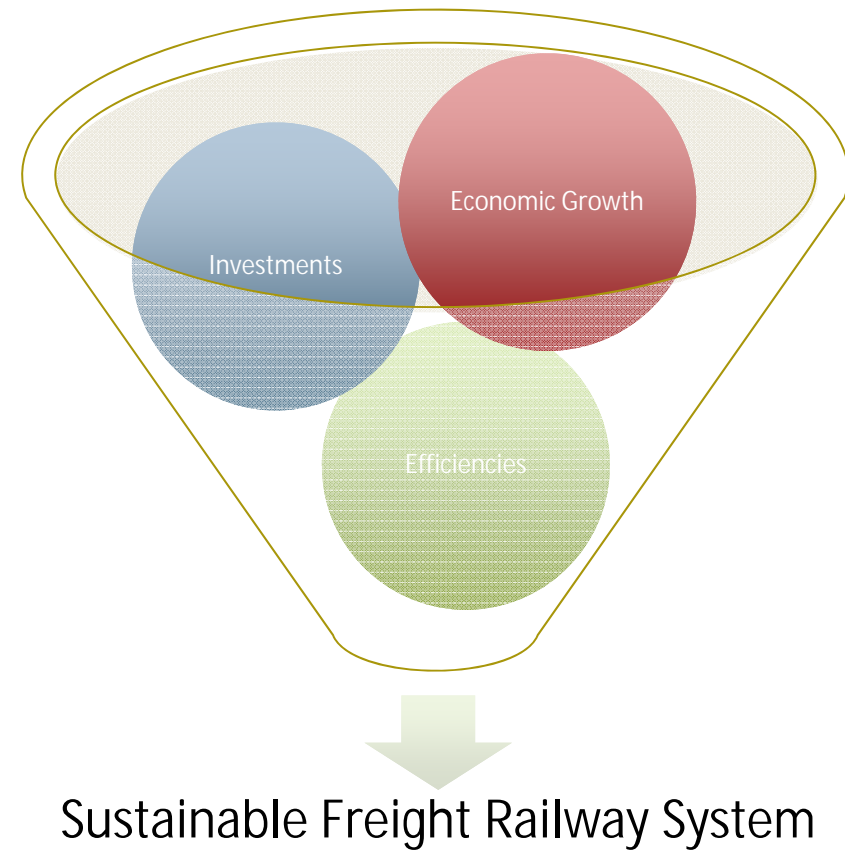
Capacity:

- ✓ Poor track condition (Kigoma, Nacala, Harare, National Railways of Zimbabwe, Beitbridge-Bulawayo Railway, Zambia, DRC)
- ✓ Poor locomotive and wagon availability (Kigoma, Harare, Maputo, National Railways of Zimbabwe, Beitbridge-Bulawayo Railway, DRC, Trans-Namib, Botswana)
- ✓ Collapsed marine services on Lake Victoria
- ✓ Discontinuity as a result of railway condition





- Ocean and land logistics.
 - Port, Rail and Road Collaboration
- Regional Integration
- Enabling Legislative Framework



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Thank you

