AGENDA

• OPENING REVIEW BY CHAIRMAN FRED PHASWANA

• OVERVIEW OF PERFORMANCE OF TRANSNET MARIA RAMOS

• REVIEW OF FINANCE PERFORMANCE CHRIS WELLS

• HUMAN RESOURCES STRATEGY AND PROGRESS PRADEEP MAHARAJ

• TRANSNET CAPITAL PROJECTS MOIRA MOSES

• OPERATING DIVISIONS REVIEW CHIEF EXECUTIVES

• CONCLUSION AND WAY FORWARD MARIA RAMOS

... from turnaround to growth
The compact with the Shareholder sets out:

• Transnet’s mandate;

• The strategic objectives to be attained by Transnet; and

• The Key Performance Areas and Indicators to measure Transnet’s performance during a defined period.
“The mandate for Transnet remains as determined by the company’s founding documents, by prevailing legislation and by the Shareholder Compact”

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.
## Key Performance Results 2007/08: Compact with Shareholder

<table>
<thead>
<tr>
<th>KPI Measure</th>
<th>Target</th>
<th>Actual</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Volume and Revenue Growth</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volume increase (weighted)</td>
<td>9.4%</td>
<td>5.0%</td>
<td>✗</td>
</tr>
<tr>
<td>Tariff increase (weighted)</td>
<td>5.1%</td>
<td>9.5%</td>
<td>↑</td>
</tr>
<tr>
<td><strong>Financial Value Creation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA Margin (%)</td>
<td>35.1%</td>
<td>43.8%</td>
<td>✔</td>
</tr>
<tr>
<td>Cash interest cover (times)</td>
<td>4.3</td>
<td>7.0</td>
<td>✔</td>
</tr>
<tr>
<td>CFROI ®</td>
<td>4.3%</td>
<td>7.4%</td>
<td>✔</td>
</tr>
<tr>
<td>Gearing (%)</td>
<td>43.9%</td>
<td>29.0%</td>
<td>✔</td>
</tr>
<tr>
<td><strong>Infrastructure and Maintenance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Expenditure (Rm)</td>
<td>&gt;90% of Target</td>
<td>15 780</td>
<td>✔</td>
</tr>
<tr>
<td>Total Maintenance (TFR)</td>
<td>&gt;90% of Target</td>
<td>6 601</td>
<td>✔</td>
</tr>
<tr>
<td><strong>Human Capital</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training spend</td>
<td>&gt;3.0%</td>
<td>3.4%</td>
<td>✔</td>
</tr>
</tbody>
</table>

1) Mainly due to lower coal and iron ore volumes exported.
2) The tariff increase represents the combined impact of nominal tariff increases as well as changes in product mixes during the year under review, resulting in an overall increase in gross revenue per unit.
## SHAREHOLDERS COMPACT: STRATEGIC OBJECTIVES

### 4 KEY AREAS IN COMPACT

| 1. Capital and financial efficiency | - Strong balance sheet  
| | - Appropriate gearing  
| | - Cost effective funding  
| 2. Operating efficiency and effectiveness | - Volume growth (especially GFB)  
| | - Operating margin improvement  
| | - Business re-engineering  
| | - Exit non-core businesses  
| | - Competitively priced services  
| 3. Infrastructure Investments | - Correlation between budget and actual capital spending  
| | - Implement maintenance plan  
| 4. Development | - Investment program (ASGISA); logistics cost reduction  
| | - Skills development  
| | - BEE  

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*from turnaround to growth*
CONCLUSION: TRANSNET PERFORMANCE 2007/08

• Satisfactory progress made in implementing Transnet’s strategy:
  - Significant investment in human and physical capital;
  - Strong governance and risk processes;
  - Achieved all the financial objectives – strong balance sheet; and
  - Now focused on core Businesses – major non-core assets disposed off.

• Progressive roll out of capital investment

• Platform created for strong growth and service delivery.
MARI A RAMOS

OVERVIEW OF PERFORMANCE OF TRANSNET LIMITED
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 because:

• our employees are committed, safety conscious, accountable, ethical, disciplined and results orientated.
THE TURNAROUND STRATEGY RESTED ON 4 Pillars

Business Re-engineering
- To establish a focused and integrated freight logistics business.
- Productivity and efficiency improvement through re-engineering programme.
- Reorient company towards its customers.
- Restructure and redefine role of Corporate office to lead and support the turnaround.
- Investment plan to address backlog and create capacity.

Strategic Balance Sheet Management
- Dispose of non-core assets to release cash locked up.
- Improve the returns on assets (>WACC).
- Optimise cash flow and cash management.
- Strategic asset/liability management to improve gearing.

Corporate Governance and Risk Management
- To enhance internal control environment.
- Improved risk management with focus on safety.
- Corporate governance and establish a compact with Shareholder on service delivery.

Human Capital
- Transforming culture and behaviour of staff to support new strategy.
- Identifying and managing critical skills and refocus training.
- Training and to establish accountability at all levels in the company.
- Establish sound union relationships to assist with transformation of company.

... from turnaround to growth
PERFORMANCE AGAINST NST PLAN: SIGNIFICANT OPERATIONAL EFFICIENCIES ACROSS OPERATING DIVISIONS

Growth in key commodities

<table>
<thead>
<tr>
<th>Rail</th>
<th>Total freight (billion vol.km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003/04</td>
<td>103</td>
</tr>
<tr>
<td>2004/05</td>
<td>105</td>
</tr>
<tr>
<td>2005/06</td>
<td>105 *</td>
</tr>
<tr>
<td>2006/07</td>
<td>106 *</td>
</tr>
</tbody>
</table>

* Declining coal volumes 06/07 & 07/08

<table>
<thead>
<tr>
<th>Ports</th>
<th>Containers (Thousand TEUs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003/04</td>
<td>2,528</td>
</tr>
<tr>
<td>2004/05</td>
<td>2,864</td>
</tr>
<tr>
<td>2005/06</td>
<td>3,010</td>
</tr>
<tr>
<td>2006/07</td>
<td>3,400</td>
</tr>
<tr>
<td>2007/08</td>
<td>3,717</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pipelines</th>
<th>Refined (million Ml/km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003/04</td>
<td>2.5</td>
</tr>
<tr>
<td>2004/05</td>
<td>2.8</td>
</tr>
<tr>
<td>2005/06</td>
<td>2.8</td>
</tr>
<tr>
<td>2006/07</td>
<td>3.1</td>
</tr>
<tr>
<td>2007/08</td>
<td>3.4</td>
</tr>
</tbody>
</table>

Key Performance Indicators

- Net ton km per wagon (GFB)
  - 2003/04: 620,204
  - 2007/08: 681,684
  - 9.9% increase

- Container moves per crane hour - Container Terminals
  - Durban: 18.2, 22.0
  - Cape Town: 15.8, 22.6
  - Port Elizabeth: 14.7, 25.6
  - Currently 25

- Percent capacity utilization
  - Refined: 95.7, 104.9
  - Crude: 70.0, 76.7
  - Gas: 51.4, 68.4

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PERFORMANCE AGAINST THE PLAN:
CAPITAL AND FINANCIAL EFFICIENCY

**Revenue**

**Achievement**

- Continuous increase in revenue showing results of initiatives to grow the business, with revenue increasing from R 25.3bn in 2004/05 to R30.1bn in 2007/08 (19% increase).

**Performance trend**

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (R million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/05</td>
<td>25,260</td>
</tr>
<tr>
<td>05/06</td>
<td>26,034</td>
</tr>
<tr>
<td>06/07</td>
<td>26,899</td>
</tr>
<tr>
<td>07/08</td>
<td>30,091</td>
</tr>
</tbody>
</table>

**EBITDA**

**Improvements through:**

- Operational efficiency improvements, effective cost-cutting initiatives mainly due to Vulindlela projects; and
- Discontinuing non-core businesses.

**Improvement from R 7.3bn in 2004/05 to R 13.2bn during 2007/08 (80% improvement).**

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITDA (R million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/05</td>
<td>7,333</td>
</tr>
<tr>
<td>05/06</td>
<td>10,301</td>
</tr>
<tr>
<td>06/07</td>
<td>11,149</td>
</tr>
<tr>
<td>07/08</td>
<td>13,185</td>
</tr>
</tbody>
</table>

... from turnaround to growth
PERFORMANCE AGAINST THE PLAN: CAPITAL AND FINANCIAL EFFICIENCY

<table>
<thead>
<tr>
<th>Achievements</th>
<th>Performance trends</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TFR Maintenance R million</strong></td>
<td></td>
</tr>
<tr>
<td>• Transnet is committed to appropriate planned maintenance of assets and specific attention has been placed on locomotives, wagons and infrastructure in TFR.</td>
<td></td>
</tr>
<tr>
<td>• TFR adhering to cost effective and efficient maintenance.</td>
<td></td>
</tr>
<tr>
<td><strong>Capital expenditure R million</strong></td>
<td></td>
</tr>
<tr>
<td>• Established Transnet Capital Projects (Specialist Unit) to roll out capital expenditure plan.</td>
<td></td>
</tr>
<tr>
<td>• Actual capital expenditure consistently within 90% of target range.</td>
<td></td>
</tr>
<tr>
<td>• The historic underinvestment required Transnet to address the maintenance backlog, whilst continuing to invest in capital investment to sustain and expand infrastructure to enable growth.</td>
<td></td>
</tr>
<tr>
<td><strong>Gearing (%)</strong></td>
<td></td>
</tr>
<tr>
<td>• Balance sheet restructuring and cost effective debt structures yielding positive results with consistent below target gearing from 61% in 2004/05 to 29% in 2007/08 (53% improvement).</td>
<td></td>
</tr>
<tr>
<td>• This enables Transnet to fund capital investments more cost effectively and without government guarantees.</td>
<td></td>
</tr>
</tbody>
</table>

... from turnaround to growth
### MAJOR PROJECTS: SPENDING
**31 MARCH 2008**

#### Total spending R15.8bn in 2007/08

**RAIL**
- R9.9bn
  - Maintenance of rolling stock and infrastructure: R3.9bn
  - Ore line expansion to 47mtpa: R1.4bn
  - Fleet renewal and modernisation: R0.9bn
  - Upgrade of 18E Locomotives: R0.4bn
  - Locomotives for coal line: R0.2bn
  - 50 Locomotives for GFB: R0.3bn

**PORTS**
- R4.6bn
  - Durban Harbour Entrance Channel widening and deepening: R0.7bn
  - Pier 1 resurfacing and equipment and Salisbury Island: R0.5bn
  - Durban Container Terminal equipment acquisition and re-engineering: R0.2bn
  - Ngqura port construction and Container Terminal: R0.8bn
  - Cape Town Container Terminal expansion: R0.3bn
  - Saldanha IOT: R0.5bn

**PIPELINE**
- R0.9bn
  - New Multi-Product Pipeline (“NMPP”): R0.6bn

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CORPORATE GOVERNANCE AND HUMAN CAPITAL APPROACH IN PLACE

Achievements / Progress

Corporate Governance and Risk Management

- Governance structure and committees established and effective.
- Enterprise-Wide Risk Management implemented and rolled-out throughout the organisation.
- Comprehensive safety programmes in place.
- Continuous audits to identify risk areas and mitigating strategies implemented.

Human Capital

- Capacity building and skills mapping.
- Talent management.
- Change management programmes launched.
- Performance management linked to strategic performance objectives (“SPOs”) defined and measured.

Corporate Governance and Human Capital operating models established supported by the culture charter programme creates an enabling environment to implement the new Growth Strategy.

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Achievements / Progress

- Detail fraud prevention strategy and plan submitted as part of Corporate Plan
- Plan has been progressively rolled out
- Includes “Whistleblower mechanism” through “Tip off Anonymous”

CORE DIVISIONS: PROCUREMENT SPEND

- TNPA: R3,03bn
- TPL: R0,62bn
- TPT: R2,20bn
- TFR: R4,71bn
- TRE: R3,95bn

- Procurement Spend: R9,87bn
- Procurement Spend 2007: R9,87bn
- Procurement Spend 2008: R14,51bn

... from turnaround to growth
SHIFTING FOCUS TO THE NEXT HORIZON – GROWING THE NETWORK BUSINESS

Four-point turnaround plan

‘A difficult beginning’ Huge liabilities and inefficiencies
- Financial restructuring
- New freight strategy
- Disposal of non-core assets
- Restructure corporate centre
- Create Human Capital strategy
- Risk and governance

‘Completed the stabilisation of the business’
- Build infrastructure projects
- Launch Vulindlela to improve efficiencies
- Grow critical capability
- Complete disposals
- Sound governance and risk structures
- Best practice capex

Four-point Turnaround Strategy

Future

2003/04

2007/08

Four-point Growth Strategy

Journey to stabilise and grow

‘Optimise and extend growth’ to fulfil mandate

‘Expand competitive advantage’

- Develop new customer services
- Strategic growth initiatives
- Progressive implementation of the network business model
- Achieve world-class performance
- Explore regional expansion

- Build Human Capital
- Effective commercial management for the network business
- Invest in long-term capacity
- Integrated business model
- Improve cross-divisional capital projects and financial planning
- Alignment of business objectives with strategy and measuring outcomes
- Funding strategy

... from turnaround to growth

TRANSNET
GROWTH TARGETS HAVE BEEN SET (RAIL, PORTS AND PIPELINES) FOR NEXT 5 YEARS

Freight Rail (Volume Mt)
- 2007/08: 181
- 2012/13: 238
- Annual growth: 31.5%

Port Terminals (Volume Mt)
- 2007/08: 103
- 2012/13: 156
- Annual growth: 54.5%

Transnet National Port Authority (Volume Mt)
- 2007/08: 211
- 2012/13: 283
- Annual growth: 34.1%

Pipelines mML/km
- 2007/08: 6.6
- 2012/13: 9.5
- Annual growth: 43.9%

Average growth per year:
- Freight Rail: 5.6% Annual growth
  - Ore 7.3%
  - Coal 3.6%
  - GFB 6.5%
- Port Terminals: 8.6% Annual growth
- Transnet National Port Authority: 6.0% Annual growth
- Pipelines: 7.6% Annual growth

... from turnaround to growth
SIGNIFICANT INVESTMENT ACROSS ALL DIVISIONS TO REPLACE ASSETS AND CREATE CAPACITY

Key projects

**Ports**
- Cape Town container expansion
- Port of Ngqura construction
- Ngqura container terminal development including rail link
- Durban entrance channel widening

**Rail**
- Coal export / iron ore line expansion
- Acquisition of 405 locomotives for GFB, iron ore and the coal line
- Maintenance/ upgrade of rolling stock and infrastructure

**Pipelines**
- New multi-products pipeline

**Specialist Units**
- Business intelligence and building upgrades

Investment

<table>
<thead>
<tr>
<th>Year</th>
<th>Investment (R bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>2</td>
</tr>
<tr>
<td>2002</td>
<td>3</td>
</tr>
<tr>
<td>2003</td>
<td>4</td>
</tr>
<tr>
<td>2004</td>
<td>4</td>
</tr>
<tr>
<td>2005</td>
<td>4</td>
</tr>
<tr>
<td>2006</td>
<td>5</td>
</tr>
<tr>
<td>2007</td>
<td>12</td>
</tr>
<tr>
<td>2008</td>
<td>16</td>
</tr>
</tbody>
</table>

Transnet historic consolidated Capex (excl SAA)

Growth strategy = 80

- Investing 4 times more than 3 years ago

Total investment 2009-2013 = 80

... from turnaround to growth
Focus of investments over future years

- Increase current capacity in GFB from approximately 80mtpa to 105mtpa.
- Coal line capacity expansion to 78mtpa.
- Iron ore line 3 phase capacity expansion 41mtpa - 47mtpa - 60mtpa.
- General freight lines upgrade and capital maintenance of rolling stock and infrastructure.
- Combined acquisition of 405 locomotives for coal, iron ore and general freight lines to improve reliability of service.

- Increase container capacity with 3.8 million TEUs per annum (DCT, CTCT and Port of Ngqura).
- Additional bulk and break-bulk capacity - 6mtpa and 4.35mtpa respectively.
- Increase automotive capacity for additional 180 000 units per annum.
- Durban Entrance Channel Widening, ship to shore crane replacements and the reconstruction of Quay walls at Maydon Wharf.
- Saldanha iron ore terminal capacity expansion to 47mpta.
- NMPP to provide sufficient capacity (12 billion litres/a) from 2010.
CHALLENGES IN ROLLING OUT THE 5-YEAR INVESTMENT PLAN OF R80bn

- **Regulatory risk**: Due to long payback on port and pipeline assets, tariff increases may impact on viability of pipeline and port investments.
- **Energy Cost**: Load-shedding and proposed tariff increases by Eskom will impact on our operations and of our clients.
- **Environmental Impact Assessment**: Environmental impact assessment: delays in obtaining approvals and Records of Decision will impact the timelines of various projects.
- **Commodity risk**: Rising crude and steel prices will impact the cost of capital projects and subsequent returns expected from operating the assets.
- **Foreign exchange risk**: Due to the high import content of the port handling equipment and locomotives, depreciation of the rand against major currencies will increase the cost of equipment to be procured.
- **Construction sector inflation**: The cost increases in this sector alone are more than 20% and will impact the total cost of infrastructure projects. Scarcity of skills in the construction sector could further impact the roll out of infrastructure projects.
- **Resources**: Availability of resources and contractors.

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Total capital investment 2008-2013

- Replacement to sustain existing capacity
  - R 33bn
- Expansion to build capacity for volume growth
  - R 47bn
  - R 80bn*

* Excludes borrowing costs

- Focus mainly on capacity creation.
- Most of the projects already in progress/committed.
- Capex approval based on strategic fit, viability and affordability.
MAJOR RISKS AND CHALLENGES IN GROWING THE BUSINESS

- Slow down in international/domestic economic activity.
- Safety.
- Regulation - Allow fair return on revalued assets (including work in progress) - National Ports Act.
- Energy - fuel and electricity; pricing and supply.
- Delivery of planned capital projects on time, within budget (resource constraints, EIA approvals, input costs e.g. steel).
- Human Capital: Recruit and retain the necessary skills.
- Debt raising in context of global financial crisis (difficult/expensive).

MITIGATING ACTIONS FORMULATED AND IMPLEMENTED

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TRANSNET’S RELATIONSHIP TO ECONOMIC REGULATORS

NERSA
- Licences – Administrative/Technical
- Tariffs – Economic Regulation

Transnet Pipelines

Rail Economic Regulator?

Transnet Freight Rail

TRANSNET

Transnet National Ports Authority
- Complaints
- Appeals
- Tariffs – Economic Regulation
- Tariffs

Ports Regulator
- Complaints and appeals incl Tariffs

Transnet Port Terminals
- Licences

... from turnaround to growth
CHRIS WELLS

REVIEW OF FINANCIAL PERFORMANCE
FINANCIAL RESULTS: 31 MARCH 2008

Consolidated income statement

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>% △</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>R million</td>
<td></td>
<td>R million</td>
</tr>
<tr>
<td></td>
<td>30 091</td>
<td>11.9</td>
<td>26 899</td>
</tr>
<tr>
<td>Net operating expenditure</td>
<td>(16 906)</td>
<td>7.3</td>
<td>(15 750)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>13 185</td>
<td>18.3</td>
<td>11 149</td>
</tr>
</tbody>
</table>

5-year EBI TDA Margin improvement mainly due to:
- Productivity and efficiency improvements
- Sale of low margin businesses

EBITDA Margin

% Contribution of EBI TDA per division*: 2008

- Pipelines 8%
- Freight Rail 39%
- Port Terminals 14%
- Rail Engineering 3%
- TNPA 39%

* Excludes Corporate centre and Specialist units

... from turnaround to growth

TRANSEND

26
## Consolidated income statement

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>% △</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
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<td>(16 906)</td>
<td>7.3</td>
<td>(15 750)</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>13 185</td>
<td>18.3</td>
<td>11 149</td>
</tr>
<tr>
<td>Depreciation &amp; amortisation</td>
<td>(3 798)</td>
<td>28.8</td>
<td>(2 949)</td>
</tr>
<tr>
<td>Impairment of assets, dividends received and fair value adjustments</td>
<td>1 321</td>
<td></td>
<td>2 266</td>
</tr>
<tr>
<td><strong>Profit from operations before net finance costs</strong></td>
<td>10 708</td>
<td></td>
<td>10 466</td>
</tr>
<tr>
<td>Net finance costs</td>
<td>(1 947)</td>
<td></td>
<td>(2 325)</td>
</tr>
<tr>
<td>Taxation</td>
<td>(2 470)</td>
<td></td>
<td>(1 928)</td>
</tr>
<tr>
<td>(Loss)/income from associates</td>
<td>(59)</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td><strong>Profit for the year from continuing operations</strong></td>
<td>6 232</td>
<td></td>
<td>6 215</td>
</tr>
</tbody>
</table>

### EBITDA margin
- **2008**: 44%
- **2007**: 41%

### Adjusted headline earnings from continuing ops % increase
- **2008**: 31%
## Consolidated balance sheet

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>R million</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PPE</td>
<td>78 114</td>
<td>53 896</td>
</tr>
<tr>
<td>Investment property</td>
<td>4 514</td>
<td>3 223</td>
</tr>
<tr>
<td>Other</td>
<td>1 449</td>
<td>1 158</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory, receivable assets and cash</td>
<td>13 275</td>
<td>9 841</td>
</tr>
<tr>
<td>Derivative financial assets</td>
<td>412</td>
<td>5 658</td>
</tr>
<tr>
<td>Assets classified as held-for-sale</td>
<td>1 131</td>
<td>3 570</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>98 895</strong></td>
<td><strong>77 346</strong></td>
</tr>
</tbody>
</table>

1. Revaluation of Ports and Pipelines plus capital expenditure
2. Fair Value
## FINANCIAL RESULTS: 31 MARCH 2008

### Consolidated balance sheet

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EQUITY &amp; LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital &amp; Reserves</td>
<td>51 183</td>
<td>37 150</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>27 862</td>
<td>23 184</td>
</tr>
<tr>
<td>Post-retirement benefit obligations</td>
<td>2 181</td>
<td>2 422</td>
</tr>
<tr>
<td>Borrowings</td>
<td>16 890</td>
<td>17 535</td>
</tr>
<tr>
<td>Deferred taxation liabilities, provisions and derivatives</td>
<td>8 791</td>
<td>3 227</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>19 850</td>
<td>17 012</td>
</tr>
<tr>
<td>Payables &amp; others</td>
<td>19 174</td>
<td>16 559</td>
</tr>
<tr>
<td>Liabilities classified as held-for-sale</td>
<td>676</td>
<td>453</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY &amp; LIABILITIES</strong></td>
<td>98 895</td>
<td>77 346</td>
</tr>
</tbody>
</table>

- The 2 DB funds fully funded
  - Actuarial surplus of R 2.8bn and R 1.7bn respectively. Surpluses not recognised by Transnet (Rules do not allow for distribution).
- Ex Gratia bonus payment provided for to supplement pensions to TSDBF members.
- Post retirement benefit obligation for Medical Fund decreased by R 263m to R 1.8bn.

---

**Gearing (%)**

- 2004: 83%
- 2005: 61%
- 2006: 46%
- 2007: 39%
- 2008: 29%
POST RETIREMENT BENEFIT OBLIGATIONS

TRANSNET SECOND DEFINED BENEFIT FUND
- One of the largest pension funds in South Africa with 80 000 pensioner members.
- In 2007 Pensioners received bonuses of between 2.5% to 3.5% in addition to their 2% statutory increase.
- In 2008 pensioners can expect to receive again bonuses in addition to their 2% statutory increase.
- It is Transnet’s imperative to ensure that higher bonus percentages are paid to the poorest of the poor.

**Funding Position (Rm)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2003/04</th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>-3,439</td>
<td>-4,315</td>
<td>-1,628</td>
<td>1,929</td>
<td>2,772</td>
</tr>
</tbody>
</table>

TRANSPORT PENSION FUND (TRANSNET sub-fund)
- Fund has both contributing members and pensioners.
- Members profile:
  - Number of members: 3,178
  - Average age: 52.1 years
  - Average service: 28.6 years
  - Average annual pensionable salary: R119,083
- Transnet contributes to the fund at a rate of 11.025% of pensionable salaries in respect of all members.
- Pensioners profile:
  - Number of members: 5,031
  - Average age: 59.5 years
  - Average annual pensionable salary: R38,486

**Funding Position (Rm)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2003/04</th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>-1,65</td>
<td>-132</td>
<td>163</td>
<td>1,154</td>
<td>1,732</td>
</tr>
</tbody>
</table>
POST RETIREMENT BENEFIT OBLIGATIONS

POST RETIREMENT MEDICAL BENEFIT

- The members of this fund include:
  - SATS pensioners (retired employees of former South African Transport Services) and their dependants; and
  - Current and past employees of Transnet who are members of Transnet’s in-house medical aid.

SATS pensioners:
- Transnet subsidies R800 per month per member family.
- The contribution for made for the year is R221m.

Transnet employees:
- Transnet subsidies R213 per month per member family.
- The contribution made for the year is R45m.

Benefit liability

<table>
<thead>
<tr>
<th></th>
<th>2003/04</th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>SATS</td>
<td>1 751</td>
<td>1 629</td>
<td>1 607</td>
<td>1 369</td>
<td>1 223</td>
</tr>
<tr>
<td>Transnet</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Benefit liability

<table>
<thead>
<tr>
<th></th>
<th>2003/04</th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>SATS</td>
<td>741</td>
<td>808</td>
<td>812</td>
<td>720</td>
<td>592</td>
</tr>
<tr>
<td>Transnet</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
FINANCIAL RESULTS: 31 MARCH 2008

Consolidated cash flow statement

Cash flows from operating activities

Cash flows from investing activities
Capital expenditure - expansion
Capital expenditure - replacement
Other investing activities

The capital expenditure programme for the current year amounted to R 15.8bn (2007: R 11.7bn) excluding capitalised borrowing costs.

Includes C-Class preference share redeemed for R 5 622m.

Cash Interest cover (times)

2008 2007
% ▲ 22% ▲ 22%
R million R million
10 858 8 903
(8 234) (10 307)
(7 051) (3 498)
(8 729) (8 176)
7 546 1 367

R15.8bn R5.6bn

... from turnaround to growth
### Key Performance Results: Compact with Shareholder

#### Key Performance Indicators (KPIs)

<table>
<thead>
<tr>
<th>KPI Measure</th>
<th>Target</th>
<th>Actual</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume increase (weighted)</td>
<td>9.4%</td>
<td>5.0%</td>
<td>⌐</td>
</tr>
<tr>
<td>- TFR</td>
<td>7.5%</td>
<td>-0.5%**</td>
<td>⌐</td>
</tr>
<tr>
<td>- TRE</td>
<td>50%</td>
<td>64.6%</td>
<td>✓</td>
</tr>
<tr>
<td>- TNPA</td>
<td>7.5%</td>
<td>4.4%**</td>
<td>⌐</td>
</tr>
<tr>
<td>- TPT</td>
<td>10.3%</td>
<td>11.1%</td>
<td>✓</td>
</tr>
<tr>
<td>- TPL</td>
<td>10.9%</td>
<td>5.9%</td>
<td>⌐</td>
</tr>
<tr>
<td>Tariff increase (weighted)#</td>
<td>5.1%</td>
<td>9.5%</td>
<td>↗</td>
</tr>
<tr>
<td>- TFR</td>
<td>5.7%</td>
<td>12.0%</td>
<td>↗</td>
</tr>
<tr>
<td>- TRE</td>
<td>6.0%</td>
<td>6.4%</td>
<td>↗</td>
</tr>
<tr>
<td>- TNPA</td>
<td>3.2%</td>
<td>8.7%</td>
<td>↗</td>
</tr>
<tr>
<td>- TPT</td>
<td>5.4%</td>
<td>6.4%</td>
<td>↗</td>
</tr>
<tr>
<td>- TPL</td>
<td>5.2%</td>
<td>-2.8%</td>
<td>↗</td>
</tr>
<tr>
<td>EBITDA Margin (%)</td>
<td>35.1%</td>
<td>43.8%</td>
<td>✓</td>
</tr>
<tr>
<td>Cash interest cover (times)</td>
<td>4.3</td>
<td>7.0</td>
<td>✓</td>
</tr>
<tr>
<td>CFROI ®</td>
<td>4.3%</td>
<td>7.4%</td>
<td>✓</td>
</tr>
<tr>
<td>Gearing (%)</td>
<td>43.9%</td>
<td>29.0%</td>
<td>✓</td>
</tr>
<tr>
<td>Capital Expenditure (Rm)</td>
<td>&gt;90% of Target</td>
<td>15 780</td>
<td>✓</td>
</tr>
<tr>
<td>Total Maintenance (TFR)</td>
<td>&gt;90% of Target</td>
<td>6 601</td>
<td>✓</td>
</tr>
<tr>
<td>Training spend</td>
<td>&gt;3.0%</td>
<td>3.4%</td>
<td>✓</td>
</tr>
</tbody>
</table>

#### Notes:
- The tariff increase represents the combined impact of nominal tariff increases as well as changes in product mixes during the year under review, resulting in an overall change in gross revenue per unit.
- Mainly due to lower coal product from mines for export.
TFR: 2007/08 PERFORMANCE OVERVIEW

Financial results

**Revenue**
14% to R16 598 million

**EBITDA**
46% to R5 151 million

**CAPEX**
26% to R9 308 million

Key Volumes

<table>
<thead>
<tr>
<th>Year</th>
<th>GFB TonKm (billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004/05</td>
<td>45.0</td>
</tr>
<tr>
<td>2005/06</td>
<td>44.0</td>
</tr>
<tr>
<td>2006/07</td>
<td>43.4</td>
</tr>
<tr>
<td>2007/08</td>
<td>44.2</td>
</tr>
</tbody>
</table>

Other Key Commodity Trends (GFB)

- **Manganese Ore (billion)**
  - 2006/07: 5.16
  - 2007/08: 6.14
  - +19%

- **Containers (million)**
  - 2006/07: 291.8
  - 2007/08: 306.2
  - +5%

- **Phosphate Rock (billion)**
  - 2006/07: 1.61
  - 2007/08: 2.02
  - +25%

- **Magnetite (million)**
  - 2006/07: 471.6
  - 2007/08: 783.0
  - +66%

<table>
<thead>
<tr>
<th>Year</th>
<th>Coal and Iron Ore TonKm (billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004/05</td>
<td>38.4</td>
</tr>
<tr>
<td>2005/06</td>
<td>39.5</td>
</tr>
<tr>
<td>2006/07</td>
<td>38.3</td>
</tr>
<tr>
<td>2007/08</td>
<td>36.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Containers (million)</th>
<th>Phosphate Rock (billion)</th>
<th>Magnetite (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006/07</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007/08</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
TNPA continues to perform well, both financially and creating capacity before demand through appropriate infrastructure investments and operational improvements.

### Financial results

<table>
<thead>
<tr>
<th></th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>165</td>
<td>175</td>
<td>169</td>
<td>176</td>
</tr>
<tr>
<td>EBITDA</td>
<td>26</td>
<td>19</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>CAPEX</td>
<td>326,237</td>
<td>464,361</td>
<td>566,520</td>
<td>580,398</td>
</tr>
</tbody>
</table>

### Key Volumes

- **Total Bulk (million ton)**
  - 2004/05: 165
  - 2005/06: 175
  - 2006/07: 169
  - 2007/08: 176

- **Vehicles (Units)**
  - 2004/05: 326,237
  - 2005/06: 464,361
  - 2006/07: 566,520
  - 2007/08: 580,398

### Operational indicators

- **Tug Utilisation (%)**
  - 2005/06: 20
  - 2006/07: 19
  - 2007/08: 26

- **Berth Occupancy (%)**
  - 2006/07: 66
  - 2007/08: 45

**Explanation:** Improved efficiency evidenced at container terminals explained by higher productivity levels by TPT and improved ship turnaround times.
TPT continues to perform well financially and operationally, with growth in the container sector as expected. However, volumes in the bulk and automotive sectors were below expectations (as with TNPA).
### TPL: 2007/08 Performance Overview

#### Financial Results

<table>
<thead>
<tr>
<th>Component</th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>6%</td>
<td>2.79%</td>
<td>2.85%</td>
<td>3.38%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>6%</td>
<td>2.81%</td>
<td>3.01%</td>
<td>3.08%</td>
</tr>
<tr>
<td>CAPEX</td>
<td>1822%</td>
<td>2.92%</td>
<td>2.85%</td>
<td>2.81%</td>
</tr>
</tbody>
</table>

#### Key Volumes

- **Refined** (million Ml/km):
  - 2004/05: 2.78
  - 2005/06: 2.85
  - 2006/07: 3.08
  - 2007/08: 3.38
  - TPL is now running at full capacity

- **Crude** (million Ml/km):
  - 2004/05: 2.92
  - 2005/06: 2.85
  - 2006/07: 3.01
  - 2007/08: 2.81

#### Tariffs

<table>
<thead>
<tr>
<th>Year</th>
<th>Tariff Increase (average nominal tariff increase)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004/05</td>
<td>5.5%</td>
</tr>
<tr>
<td>2005/06</td>
<td>3.1%</td>
</tr>
<tr>
<td>2006/07</td>
<td>2.5%</td>
</tr>
<tr>
<td>2007/08</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Although the 5.6% tariff increase for 2007/08 was not approved by the Regulator, TPL still managed to achieve a 6% increase in revenue, mainly attributable to a 2.5% increase in volumes, as well as improved operating margins by 1.4% through cost-saving initiatives.
The improvements in wagon and locomotive availability produced by TRE contributed positively in providing a more reliable and efficient rail service to the clients.
## Funding Requirements: Next 3 Years

<table>
<thead>
<tr>
<th>Funding Requirements</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>Next 3 years 2009-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R million</td>
<td>R million</td>
<td>R million</td>
<td>R million</td>
<td>R million</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>10 858</td>
<td>8 317</td>
<td>9 067</td>
<td>12 024</td>
<td>29 408</td>
</tr>
<tr>
<td>Gross capital expenditure</td>
<td>(15 780)</td>
<td>(19 965)</td>
<td>(23 125)</td>
<td>(18 810)</td>
<td>(61 900)</td>
</tr>
<tr>
<td>Other investing activities</td>
<td>7 546</td>
<td>396</td>
<td>247</td>
<td>61</td>
<td>704</td>
</tr>
<tr>
<td>Cash surplus/(shortfall)</td>
<td>2 624</td>
<td>(11 252)</td>
<td>(13 811)</td>
<td>(6 725)</td>
<td>(31 788)</td>
</tr>
<tr>
<td>Loan raised/(redemptions)</td>
<td>9</td>
<td>(2 508)</td>
<td>(23)</td>
<td>(2 308)</td>
<td>(4 839)</td>
</tr>
<tr>
<td><strong>Funding surplus/(requirements)</strong></td>
<td>2 633</td>
<td>(13 760)</td>
<td>(13 834)</td>
<td>(9 033)</td>
<td>(36 627)</td>
</tr>
</tbody>
</table>

## Funding Sources

The medium term strategy remains to source the majority of the funding from the domestic market whilst diversifying the portfolio to include commercial paper, ECA supported finance as well as accessing international markets where appropriate.
FUNDING INITIATIVES AND IMPACT OF THE YIELD CURVE

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Port Equipment</td>
<td>24</td>
<td>420</td>
</tr>
<tr>
<td>110 Locomotives</td>
<td>205</td>
<td>322</td>
</tr>
<tr>
<td>32 Locomotives</td>
<td>92</td>
<td>321</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>2 500</td>
<td>4 730</td>
</tr>
<tr>
<td>TN17 Bond</td>
<td>-</td>
<td>2 711</td>
</tr>
<tr>
<td>TN27 Bond</td>
<td>-</td>
<td>1 823</td>
</tr>
<tr>
<td>TFN11</td>
<td>500</td>
<td></td>
</tr>
<tr>
<td><strong>Total funding raised</strong></td>
<td><strong>3 321</strong></td>
<td><strong>10 328</strong></td>
</tr>
</tbody>
</table>

Transnet credit spreads up – Switch auction

<table>
<thead>
<tr>
<th></th>
<th>TN17</th>
<th>TN27</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 March</td>
<td>110</td>
<td>92</td>
</tr>
<tr>
<td>19 March</td>
<td>115</td>
<td>100</td>
</tr>
<tr>
<td>26 March</td>
<td>118</td>
<td>105</td>
</tr>
</tbody>
</table>

- Underlying Government yield has gone up in the last 6 months.
- This translates into higher funding cost across the curve.
- Before sub-prime Transnet could have easily priced in the range of 70bps over long term Government bonds.
FUTURE INITIATIVES

- Setting up EMTN program with 144A option.
- Issuing Eurobond or Global bond.
- Engaging IFC on possible funding.
- Funding COPEX using DFI funding.
- Possibility of issuing 5-year FRN.
- Issuing a 15, 25 year and or 7-year domestic bond.
- Look at optimum way of funding NMPP.
CREDIT PROFILE METRICS

Ratings metrics are challenging given current uncertainties in financial market

<table>
<thead>
<tr>
<th>CREDIT RATING</th>
<th>RSA</th>
<th>TRANSNET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global scale foreign currency</td>
<td>BBB+</td>
<td>BBB+</td>
</tr>
<tr>
<td></td>
<td>S&amp;P</td>
<td>S&amp;P</td>
</tr>
<tr>
<td>Global scale local</td>
<td>A+</td>
<td>A (A-)</td>
</tr>
<tr>
<td>Stand-alone credit</td>
<td>-</td>
<td>BBB+ (BBB-)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Moodys</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A3 (Baa1)</td>
</tr>
</tbody>
</table>

… from turnaround to growth
PRADEEP MAHARAJ

SUMMARY OF HUMAN CAPITAL ACHIEVEMENTS 2007/08

... from turnaround to growth
The key Human Resources initiatives within Transnet are:

- Creating an organisational culture that supports the growth strategy;
- Institutionalising performance management through an integrated approach toward reward;
- Planning, developing and embedding appropriate organisational skills:
  - Strengthening of skills pipelines; and
  - Enhancing labour flexibility through the introduction of career growth models for selected skilled categories of employees e.g. train drivers and artisans.
- Implementing an integrated talent management programme that is aligned to our Employment Equity Strategy;
  - Ensure business continuity and address long-term critical and scarce skills requirements.
TO SUCCEED, TRANSNET NEEDS TO ENGAGE THE HEARTS AND MINDS OF ITS EMPLOYEES

- In defining and driving a winning culture we partnered with our unions and engaged and involved our employees in developing a culture charter:
  - we mobilised our workforce and with the 44 000 votes cast, we have developed a culture charter for a winning Transnet.
  - the Transnet culture charter consolidates and articulates aspirational success factors, identifies desirable behaviours and lays the foundation for building a merged culture.

- On an annual basis, employees will score the organisation on the charter to assess the gap between the current and desired culture:
  - Existing interventions will be aligned, prioritised and leveraged and, where necessary, additional interventions will be designed to tackle and address priority areas of focus emerging from the scoring process.
THE CULTURE CHARTER FOR A WINNING TRANSNET

- We have a safety mindset
- We have good communication
- We treat each other with dignity and respect
- We are empowered to perform in our jobs
- We are business focused
- We reward and recognise good work
- We deliver on our promises

... from turnaround to growth
INVESTING IN OUR PEOPLE IS PART OF BEING A WINNING TRANSNET

- Transnet negotiated with the unions and begun implementing a new competency based development and reward system for critical grades in the bargaining unit:
  - Career ladders to support competency development, multi-functional utilisation and career growth opportunities; and
  - Remuneration linked to competencies acquired and applied.

- To support the sustainable growth Transnet has developed a 6 year resource plan that is supported by a comprehensive “grow your own” strategy:
  - In the last financial year Transnet has invested considerably in nurturing young talent and strengthening the ‘engineering management and commercial skills pipeline’. These type of initiatives will continue going forward;
    - By awarding 220 engineering bursaries, 320 technician bursaries and recruiting 1200 apprentices into training & development.
    - Adoption of 9 Dinaledi Schools and supporting schools outreach programmes.
    - Introducing its “graduate in training” that addresses placement of commercial graduates into the workplace.
  - This investment in a skills pipeline will allow Transnet to meet the future skills demand -
    - 13 800 skilled individuals over the next 5 years.
DEVELOPING ORGANISATIONAL SKILLS AND CAPACITY IS CRITICAL TO SUSTAINABLE GROWTH

<table>
<thead>
<tr>
<th>Skills required</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineer Degree</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>500</td>
</tr>
<tr>
<td>Technician Diploma</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>1 500</td>
</tr>
<tr>
<td>Artisan</td>
<td>800</td>
<td>800</td>
<td>800</td>
<td>800</td>
<td>800</td>
<td>4 000</td>
</tr>
<tr>
<td>Managers</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>100</td>
</tr>
<tr>
<td>Specialist *</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>500</td>
</tr>
<tr>
<td>First-line Management</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>100</td>
</tr>
<tr>
<td>Operations **</td>
<td>1 610</td>
<td>1 563</td>
<td>1 561</td>
<td>1 412</td>
<td>1 000</td>
<td>7 146</td>
</tr>
<tr>
<td>Grand Total</td>
<td>2 950</td>
<td>2 903</td>
<td>2 901</td>
<td>2 752</td>
<td>2 340</td>
<td>13 846</td>
</tr>
</tbody>
</table>

* Specialist skills are in the area of Finance, Supply Chain and Logistics, Project Management.

** The operations skills required are in the areas of:-
- Rail operations (Train Drivers, Train control officials, Yard officials, Infrastructure maintenance).
- Cargo co-ordination (Crane operators, Drivers, Cargo co-ordinators).
- Maritime (Marine Pilots, Tugmasters, Marine engineers).
- Rail engineering (Examiners and Repairers, Trade hands, Process Workers).
MANAGING EXISTING TALENT FURTHER SUPPORTS OUR GROWTH STRATEGY

– We are ensuring that the right people, with the right skills, are in the right job at the right time:
  • Implemented stratified succession pools across all management levels;
  • Institutionalised talent fora across all Operating Divisions; and
  • Implemented succession plans for all senior managers across Transnet.

- Critical Initiatives to ensure business continuity and sustainability of talent management:
  • Development of sourcing strategy for mission critical, priority and scarce skills;
  • Assign talent pools to Mentoring and Executive coaching programmes to enhance and accelerate development aligned to strategic objectives; and
  • Define an organisational retention strategy to retain top talent.

– Raising the level of leadership competence and performance excellence:
  • 2 400 managers trained.
  • Introduction of critical initiatives to fast track leadership development.
TRANSNET’S EMPLOYMENT EQUITY PROFILE: MARCH 2008

- Male, 84%
- Female, 16%
- African, 58.8%
- Coloured, 8.9%
- Indian, 3.5%
- White, 28.8%
Our employment equity strategy focuses on achieving better representation in each occupational level.
We are getting better at driving a performance culture:

- Performance Management was implemented during 2006 for all managers in Transnet and desired behaviour is driven through:
  - aligning individual scorecards with business objectives;
  - integrating the new Transnet values into manager’s performance scorecards; and
  - During 09/10 performance management targets will be aligned with Transnet’s key performance indicators (“KPI’s”).

- A performance based remuneration and reward strategy is being cascaded down to employees in the bargaining unit:
  - Individual performance management is being cascaded down to approximately 2500 First Line Managers, Specialists and Technicians; and
  - In line with the culture charter, recognition and reward for this category of bargaining unit employees will be linked to performance.
MOIRA MOSES

TRANSNET CAPITAL PROJECTS

... from turnaround to growth
AGENDA

• National Infrastructure Plan

• Mega Projects:
  – Sishen Saldanha corridor
  – Cape Corridor
  – Natal Gauteng Corridor
  – Richards Bay Gauteng Corridor
  – NMPP

• Enablers and risk treatment
• National Infrastructure Plan was presented to DEAT, DoT, DPE, DTI and National Treasury.

• National Infrastructure Plan was completed with the finalisation of the Gauteng Basin Plan and updating of the Ports and Rail Masterplan.

• The National Infrastructure Plan is a living document, updated annually.

• The long-term infrastructure investment plan provides input to enable integrated and appropriate capacity expansion decisions to meet our clients demands.
• 865km long dedicated iron ore line.

• Rail:
  - Additional passing loops being handed over.
  - New longer trains (342 wagons @ 100 tons/wagon) in operation.
  - New signaling system.
  - First 6 of 44 new 15E locomotives expected to enter service during March 2009.

• Port:
  - Additional tipplers, new Stacker/Reclaimer.
  - Major refurbishment of shiploader and conveyors.

• Total value of projects in execution R5.2bn, excluding R1.7bn for locos.
• Agreement signed with Kumba to increase capacity to 60 mtpa.
• Feasibility studies to increase capacity from 60 mtpa to 90 mtpa will be completed end 2008.

• Total budget for 2008/09:
  - Planned: R1380,2m.
  - Actual YTD July: R459.1m.

• Project status end July:
<table>
<thead>
<tr>
<th></th>
<th>Planned %</th>
<th>Actual %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1A+B Rail</td>
<td>79.2</td>
<td>71.7</td>
</tr>
<tr>
<td>Phase 1A Port</td>
<td>73.3</td>
<td>64.4</td>
</tr>
<tr>
<td>Phase 1B Port</td>
<td>96.3</td>
<td>90.5</td>
</tr>
</tbody>
</table>
• Increase capacity from 700 000 to 1.4 million TEU per annum by 2012.

• Scope includes:
  • Deepen Ben Schoeman Berth to -15.5 m and quay refurbishment for Berths 601 to 604. Dredging of 1.23 million m³. Completion date Q2 2011.
  • 8 new Ship-To-Shore cranes, 32 Rubber tyred gantries (Imported).
  • Land side civil work, including rail terminal.

• Total value of projects in execution R4.2bn.

• Main contractor WBHO.

• Total budget for 2008/09:
  • Planned: R1 045.77m.
  • Actual YTD July: R290.93m.

• Project status end July:
  Planned %   Actual %
  Container Terminal   22.3   19.9
CAPE CORRIDOR: NGQURA CONTAINER TERMINAL

- First phase will create capacity of 700 000 TEU, operational from February 2009.

- Scope includes:
  - Extending the quay wall to 1 300 m, equip the first.
  - 720 m with landside equipment.
  - Upgrade of link-line from Ngqura to Gauteng.
  - All civil work required for a four berth operation.
  - Total value of projects in execution R8.4bn.
  - 30 hectares of paving for stacking alongside first two berths nearing completion.

- Main contractors Grinaker LTA and Concor-Hochtief.

- Phase 2 will include equipment for all the berths to increase capacity to 2 million TEU.

- Total budget for 2008/09:
  - Planned: R2 395.7m.
  - Actual YTD July: R617.4m.

- Project status end July:
  - Planned %  Actual %
  - Container Terminal 28.7  29.1

... from turnaround to growth
## Natal/Gauteng Corridor Project

<table>
<thead>
<tr>
<th>Project</th>
<th>Reason</th>
<th>Budget</th>
<th>Spend YTD (R Million)</th>
<th>Spend for 2008/09 (R Million)</th>
<th>Completion Planned %</th>
<th>Actual%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Durban Harbour Entrance Widening</td>
<td>Increasing the harbour entrance by 110m to 225m, deepening the outer channel to 19m and the inner channel to 16m to accommodate modern ships.</td>
<td>R2.7 billion</td>
<td>R331.5</td>
<td>R1 085.1</td>
<td>46.0</td>
<td>47.0</td>
</tr>
<tr>
<td>Durban Point Car Terminal</td>
<td>Increase capacity in the port to 14 000 bays, with an annual throughput of 600 000 units.</td>
<td>R490 million</td>
<td>R19.8</td>
<td>R220.0</td>
<td>79.2</td>
<td>25.0</td>
</tr>
<tr>
<td>Pier 1 Container Terminal</td>
<td>Create additional capacity of 720 000 TEU.</td>
<td>R1.96 billion</td>
<td>R107.9</td>
<td>R248.1</td>
<td>100</td>
<td>96.8</td>
</tr>
<tr>
<td>Container Terminal Re-engineering</td>
<td>Create additional capacity of 600 000 TEU.</td>
<td>R1.47 billion</td>
<td>R116.9</td>
<td>R737.5</td>
<td>41.2</td>
<td>35.0</td>
</tr>
<tr>
<td>Pier 1 Phase 2 (Salisbury Island)</td>
<td>Container terminal to create additional capacity of 800 000 TEU.</td>
<td>To be determined.</td>
<td></td>
<td></td>
<td>NB: Land Sale delayed due to request to re-evaluate land.</td>
<td></td>
</tr>
<tr>
<td>Maydon Wharf Quay Wall Refurbishment</td>
<td>Refurbishment project. Safety requirement.</td>
<td>R1.59 billion</td>
<td></td>
<td></td>
<td>New project.</td>
<td></td>
</tr>
<tr>
<td>Feasibility: Bayhead Container Terminal</td>
<td>Feasibility study completed. Potential to provide additional capacity of 6.0 million TEU.</td>
<td></td>
<td></td>
<td></td>
<td>Study complete, part of eastern container strategy.</td>
<td></td>
</tr>
</tbody>
</table>
Feasibility Studies:

- Increase Multi Purpose Terminal capacity by extending the 700 Series with 2 additional berths.
- Increase Container Terminal capacity by converting the 600 Series berths (+2.6 million TEU) and by developing the 500 Series (+3.7 million TEU).
- Increase coal line capacity to 81 mpta.
- Total cost of feasibility studies R113.4 million.
- Report due mid August. Planning for an investment decision by year end.

Existing Projects:

- Construction for a new coal terminal berth was completed in 2006.
- Berth 208 (Additional Liquid Berth) awarded to Steffanuti & Bressan, and has commenced.
Transnet is undertaking pre-feasibility and feasibility studies to accommodate 91 mtpa of export coal and 21 mtpa of general freight on the coal line. This includes:

- Review of the sustainable Capex approved and future Capex investment requirement.
- Projected increases in container volumes as a result of proposed port developments and capacity requirements.
- The Project Management of all infrastructure projects currently in execution (expansion and sustainable Capex) by Capital Projects, as well as all future projects approved.
- Total cost of feasibility studies R350m.
NEW MULTI PRODUCT PIPELINE (“NMPP”)

- R12 bn project, replacing the current pipeline with a new multi product 24” line. Annual capacity 1000 m³/h in 2010 (current 520m³/hour). Expandable to 3000 m³/h.

- Infrastructure:
  - 547km of 24” pipeline.
  - 170km of 16” pipeline.
  - 4 pump stations (3 along the route, one at the Inland terminals).
  - Coastal Terminal: between 160 000 m³ and 240 000 m³ tanks (depends on site).
  - Inland Terminal: 240 000 m³ tanks.


- EPCM contractor Arup WorleyParsons J V.

- Siemens provides controlling systems.

- Pipeline construction contractor SpieCapag & Group5.
## TRANSNET CAPITAL PROJECTS

### Strategic risks 2007/2008

<table>
<thead>
<tr>
<th>Risk Description</th>
<th>Actions taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Unacceptable safety performance and non-adherence to Standard Operating Procedures.</td>
<td>• Executive Commitment - Permanent Zero Harm Campaign. DI FR improved from 1.94 to 0.63. Operating standards have been updated and aligned with ODs. Influencing behavior and attitude towards safety with site visits, proper root cause analysis, a strengthened safety structure and continuous coaching and mentoring.</td>
</tr>
<tr>
<td>2. Not obtaining environmental authorisation (positive Record of Decisions (“RODs”)) for proposed projects resulting in delays in projects.</td>
<td>• Strong working relationship with DEAT has been established, steady progress is being made with the obtaining of RODs. Some concerns exist on the timing of RODs for the NMPP.</td>
</tr>
<tr>
<td>3. Inappropriate or inadequate human capital.</td>
<td>• Key skills shortages - electrical engineers, signaling technicians, CAD operators / draughtsmen and construction managers being prioritised and filled.</td>
</tr>
<tr>
<td>4. Inability to deliver capital projects on time and within budget.</td>
<td>• Bulk of contracts awarded. EPCM Joint Ventures HMG and Arup Worley Parsons delivering to expectations. Project Lifecycle Management approach implemented. New capital governance and reporting procedures in place. RME refocused on delivering Transnet only projects. Concern regarding construction demand inflation (steel price increases = 67%, cement = 28%, also deterioration of Rand against major currencies - possible impact of R1.7bn).</td>
</tr>
<tr>
<td>5. Inability of operations to generate anticipated revenue flows for capital investment.</td>
<td>• Phased approach to projects. Value engineering to contain project cost. Improved collaboration with ODs to improve operation performance e.g. maintenance support, occupation efficiency.</td>
</tr>
</tbody>
</table>
SI YABONGA GAMA

TRANSNET FREIGHT RAIL

... from turnaround to growth
TRANSNET FREIGHT RAIL OPERATES 14 CORRIDORS IN THREE REGIONS

Northcor
Capecor
Southcor
Natalcor
R.Baycor
N.Westcor
Eastcor
(Maputo)
N.Eastcor
Sishen-Saldanha
Sentracor
South East Cor
Westcor
Freestate
Namibia

Central
East
West

... from turnaround to growth
BUSINESS OVERVIEW

Iron ore
Sishen to the Port of Saldanha Bay

Coal line
Mpumalanga coal fields to the Port of Richards Bay

General Freight
National main line corridors between economic hubs and ports transporting mining products, manufactured goods, containers and agricultural commodities

Discontinued Operations
Shosholoza Meyl and The Blue Train Passenger Services

People:
- Total = 24 577
- Permanent Employees

Facilities:
- 22 277 km rail network
- 1 500 km heavy haul lines
- Connectivity to all ports

Revenue:
- R 16 598m

EBI TDA:
- R 5 109m.

... from turnaround to growth
OUR BUSINESS PLAN CONTINUES TO FOCUS ON OUR FIVE KEY STRATEGIC OBJECTIVES, SUPPORTED BY A NUMBER OF FOCUSED INITIATIVES

**Customer Service Delivery**
- Retain the desired customer base and improve service delivery

**Leadership and Employee Capability**
- Optimise human capital deployment and development

**Safety**
- Transform Freight Rail into a safe railway

**Scheduled Freight Railway**
- Improve efficiency and asset utilisation

**Creating Capacity**
- Invest to maintain, replace and increase capacity

**Freight Rail Strategic Objectives**

- Accountability
- Responsibility
- Ownership
- Knowledge
- Attitude

---

**Reengineering** — integration, productivity and efficiency
**Capital optimisation and financial management**
**Safety, risk and effective governance**
**Human capital execution**
### Operating Performance

**Transnet Freight Rail’s contribution to Group EBITDA**

<table>
<thead>
<tr>
<th>Operating division</th>
<th>Revenue (R million)</th>
<th>EBITDA (R million)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>%▲</td>
</tr>
<tr>
<td>Transnet Freight Rail</td>
<td>14 574</td>
<td>13.9%</td>
</tr>
</tbody>
</table>

14% increase in revenue.

- Total tonnage 179.9 mt (2007: 181.3 mt):
  - GFB 84.5mt (2007: 84.3)
  - Iron ore 31.9mt (2007: 30.0)
  - Coal 63.5mt (2007: 67.0)

- Volumes negatively impacted by:
  - Power failures
  - Customers’ production constraints
  - Capacity (Locomotives and Wagon Matching)
  - Incidents

- 3.7% increase in operating cost compared to prior year.

- Capital expenditure R 9.3bn.

---

... from turnaround to growth
## Transnet Freight Rail

<table>
<thead>
<tr>
<th>Maintenance</th>
<th>(R million)</th>
<th>2007</th>
<th>%▲</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total expenditure</td>
<td>5 035</td>
<td>26%</td>
<td></td>
<td>6 343</td>
</tr>
<tr>
<td>Maintenance per income statement</td>
<td>1 770</td>
<td>24%</td>
<td></td>
<td>2 189</td>
</tr>
<tr>
<td>COPEX*</td>
<td>3 265</td>
<td>27%</td>
<td></td>
<td>4 154</td>
</tr>
</tbody>
</table>

- Rolling stock                          | 2 801        |
- Infrastructure (Railway track, Overhead Traction Equipment, Signalling Systems) | 1 258        |
- Coaches                                | 36           |
- Containers                             | 17           |
- Property maintenance interventions     | 42           |

* Capitalised operating expenditure
### KPI's – TRANSNET FREIGHT RAIL

<table>
<thead>
<tr>
<th>KPI Category</th>
<th>2007 Actual</th>
<th>2008 Target</th>
<th>2008 Actual</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue (Rmillion)</td>
<td>14 574</td>
<td>16 643</td>
<td><strong>16 598</strong></td>
<td>Not achieved</td>
</tr>
<tr>
<td>EBITDA (Rmillion)</td>
<td>3 522</td>
<td>4 104</td>
<td><strong>5 109</strong></td>
<td>Exceeded</td>
</tr>
<tr>
<td><strong>Infrastructure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditure (Rmillion)</td>
<td>7 402</td>
<td>7 878</td>
<td><strong>9 308</strong></td>
<td>Exceeded</td>
</tr>
<tr>
<td><strong>Efficiency</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tonnage – iron ore (mt)</td>
<td>30.0</td>
<td>35.0</td>
<td><strong>31.9</strong></td>
<td>Not achieved*</td>
</tr>
<tr>
<td>Tonnage – coal (mt)</td>
<td>67.0</td>
<td>72.0</td>
<td><strong>63.5</strong></td>
<td>Not achieved*</td>
</tr>
<tr>
<td>Tonnage – general freight (mt)</td>
<td>84.3</td>
<td>85.9</td>
<td><strong>84.5</strong></td>
<td>Not achieved</td>
</tr>
</tbody>
</table>

* See next slide on historical analysis
Export Coal:

Growth planned through Capacity Expansion and Efficiency Improvements. Tonnages negatively impacted by Coal Mine production problems; consolidation of new entrants’ production and RBCT expansion of between 81 and 91 million tons in future (pending agreement with industry).

Export Iron Ore:

Growth through Capacity Expansion and Efficiency Improvements to meet growth in global demand and RBCT expansion of between 47 and potentially 60 - 90 million tons in future (pending agreement with industry).
## Initiatives to Ensure Business Performance Improvement

### Strategic Objectives

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>High Impact Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer Service Delivery</strong></td>
<td>1. Drive Profitable Volume Growth</td>
</tr>
<tr>
<td></td>
<td>2. Improve Service Delivery</td>
</tr>
<tr>
<td></td>
<td>• Commercial “ownership” of wagons by Sales and Marketing</td>
</tr>
<tr>
<td></td>
<td>• Sell traffic for under-utilised wagons</td>
</tr>
<tr>
<td></td>
<td>• Customer Loading and Offloading Facilities</td>
</tr>
<tr>
<td><strong>Scheduled Freight Railway</strong></td>
<td>3. Improve Asset Utilisation Efficiency</td>
</tr>
<tr>
<td></td>
<td>4. Manage Costs and Eliminate Waste</td>
</tr>
<tr>
<td></td>
<td>• Simplified Operations Philosophy</td>
</tr>
<tr>
<td></td>
<td>• MultiRail</td>
</tr>
<tr>
<td></td>
<td>• Order to Execution</td>
</tr>
<tr>
<td></td>
<td>• Corridor Rollout</td>
</tr>
<tr>
<td></td>
<td>• Asset ring-fencing</td>
</tr>
<tr>
<td></td>
<td>• Terminal and Yards Rationalisation</td>
</tr>
<tr>
<td><strong>Safety</strong></td>
<td>5. Improve Safety Performance and Risk Management</td>
</tr>
<tr>
<td></td>
<td>6. Rail Technologies to support Operations and improve safety</td>
</tr>
<tr>
<td></td>
<td>• Safety Culture and 5Ss Programme</td>
</tr>
<tr>
<td></td>
<td>• Safety Training and Discipline</td>
</tr>
<tr>
<td></td>
<td>• Safety Management System</td>
</tr>
<tr>
<td></td>
<td>• Incident Investigations</td>
</tr>
<tr>
<td><strong>Creating Capacity</strong></td>
<td>7. Efficient and Cost Effective Rolling Stock Maintenance</td>
</tr>
<tr>
<td></td>
<td>8. Optimise Asset Base</td>
</tr>
<tr>
<td></td>
<td>• Comprehensive Locomotive and Wagon Fleet Plans</td>
</tr>
<tr>
<td></td>
<td>• Revised formula and process for TRE Charges</td>
</tr>
<tr>
<td></td>
<td>• Wagon PPPs</td>
</tr>
<tr>
<td></td>
<td>• Capital Programme</td>
</tr>
<tr>
<td><strong>Leadership and Employee Capability</strong></td>
<td>9. People Management and Productivity Improvement</td>
</tr>
<tr>
<td></td>
<td>• First Line Management Development</td>
</tr>
<tr>
<td></td>
<td>• Train Crew Management</td>
</tr>
<tr>
<td></td>
<td>• First Class Partnership</td>
</tr>
<tr>
<td></td>
<td>• Performance Culture</td>
</tr>
</tbody>
</table>

... from turnaround to growth
CAPACITY CREATION THROUGH FOCUSED CAPITAL PROGRAMME SUPPORTED BY IMPROVED EFFICIENCIES AND ASSET UTILISATION

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Budget 2008/09</th>
<th>Forecast 2009/10</th>
<th>Forecast 2010/11</th>
<th>Forecast 2011/12</th>
<th>Forecast 2012/13</th>
<th>Five Year Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>4,243</td>
<td>4,885</td>
<td>3,575</td>
<td>2,066</td>
<td>50</td>
<td>14,819</td>
</tr>
<tr>
<td>General Freight</td>
<td>1,997</td>
<td>2,390</td>
<td>2,063</td>
<td>1,382</td>
<td>12</td>
<td>7,845</td>
</tr>
<tr>
<td>Coal</td>
<td>1,191</td>
<td>1,678</td>
<td>1,269</td>
<td>344</td>
<td>0</td>
<td>4,482</td>
</tr>
<tr>
<td>Iron Ore</td>
<td>1,055</td>
<td>816</td>
<td>243</td>
<td>340</td>
<td>38</td>
<td>2,492</td>
</tr>
<tr>
<td>Maintain / Replace</td>
<td>3,837</td>
<td>3,656</td>
<td>3,321</td>
<td>2,807</td>
<td>2,339</td>
<td>15,959</td>
</tr>
<tr>
<td>General Freight</td>
<td>3,391</td>
<td>3,225</td>
<td>3,061</td>
<td>2,675</td>
<td>2,279</td>
<td>14,631</td>
</tr>
<tr>
<td>Coal</td>
<td>405</td>
<td>401</td>
<td>230</td>
<td>102</td>
<td>30</td>
<td>1,168</td>
</tr>
<tr>
<td>Iron Ore</td>
<td>40</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>160</td>
</tr>
<tr>
<td>Quality / Efficiency</td>
<td>1,518</td>
<td>1,591</td>
<td>1,448</td>
<td>1,237</td>
<td>1,076</td>
<td>6,870</td>
</tr>
<tr>
<td>General Freight</td>
<td>1,545</td>
<td>1,408</td>
<td>1,172</td>
<td>1,076</td>
<td>6,633</td>
<td>1,545</td>
</tr>
<tr>
<td>Coal</td>
<td>40</td>
<td>40</td>
<td>65</td>
<td>0</td>
<td>185</td>
<td>40</td>
</tr>
<tr>
<td>Iron Ore</td>
<td>6</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>52</td>
<td>6</td>
</tr>
<tr>
<td>Safety and regulatory</td>
<td>112</td>
<td>93</td>
<td>103</td>
<td>70</td>
<td>0</td>
<td>378</td>
</tr>
<tr>
<td>Cash Flow Adjustment</td>
<td>-400</td>
<td>-200</td>
<td>400</td>
<td>400</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>Borrowing Costs</td>
<td>79</td>
<td>80</td>
<td>80</td>
<td>81</td>
<td>82</td>
<td>402</td>
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<tr>
<td>Total (Rb)</td>
<td>9,789</td>
<td>9,905</td>
<td>8,328</td>
<td>6,661</td>
<td>3,747</td>
<td>38,430</td>
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</table>

... from turnaround to growth
<table>
<thead>
<tr>
<th>BUSINESS</th>
<th>LOCOMOTIVES</th>
<th>2008/09</th>
<th>2009/10</th>
<th>2010/11</th>
<th>2011/12</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal</td>
<td>19E (110 AC/DC)</td>
<td>26</td>
<td>36</td>
<td>36</td>
<td>12</td>
<td>110</td>
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<tr>
<td>Iron Ore</td>
<td>15E</td>
<td></td>
<td>32</td>
<td></td>
<td></td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>15E</td>
<td></td>
<td></td>
<td>6</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>General Freight</td>
<td>50 Like New</td>
<td>50</td>
<td></td>
<td></td>
<td></td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>212</td>
<td></td>
<td>48</td>
<td>120</td>
<td>44</td>
<td>212</td>
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<tr>
<td>Total</td>
<td></td>
<td>76</td>
<td>116</td>
<td>162</td>
<td>56</td>
<td>410</td>
</tr>
</tbody>
</table>
NOC AND SUPPLY CHAIN ACTIVITIES

A system of integrating logistics players and customers through a seamless process supported by a common technology platform.
WHY NATIONAL OPERATIONAL CENTRE?

Pre-requisites

• Entrench the Scheduled railway operating philosophy.

• Satisfy customer demand and meet customer requirements consistently.

• Ensure safe design and reliable execution of services.

• Create capacity by increasing assets utilisation.

Address those prerequisites by the NOC

- Develop an operational schedule.
- Integrate programmes of work for crews and assets.
- Optimise forecasting detail and implement reaction procedures.
- Redefine interfaces between NOC and other units.
- Increase transparency on deviations and install feedback loops.
NOC VALUE CREATION

Collaboration:
- Share real-time data with key customers, suppliers and partners.
- Align Departments within organisations.
- Standardise processes and practices.

Connectivity:
- Standardise applications and platforms.
- Foster many-to-many collaboration.
- Enable trade exchange.

Execution:
- Improve transportation, distribution, inventory, and order management.
- Measure performance results.

Speed:
- Increase responsiveness.
- Improve adaptability.
- Access information in real time.

Visibility:
- Track inventory flow.
- Update order status in real time.
- Manage incidents.

Optimisation:
- Implement new tools and processes.
- Eliminate inefficiencies.
- Leverage cost savings across communities.

National Operation Centre
RICHARD VALLI HU

TRANSNET RAIL ENGINEERING
Product Focused Businesses

- Locomotive
  - Running Maintenance
  - Upgrading
  - Refurbishment

- Wagons
  - Running Maintenance
  - Upgrading
  - Conversions
  - New Build

- Coaches
  - Running Maintenance Shosholoza Meyl
  - Upgrading

- Other Rail Rolling Stock
  - Refurbishment of rail rolling stock related Components (wheels, traction motors etc)

People:
- Total = 13,486

Facilities:
- 7 Factories
- 150 Depots

Revenue:
- R 8,156m

EBITDA:
- R 1,188m

... from turnaround to growth
BUSINESS OVERVIEW

CUSTOMER MANAGEMENT

Customers
- Transnet Freight Rail
- African Markets
- Freight Rail Mainline Services
- SARCC Metrorail

Main
- Locomotive Business
- Wagon Business
- Wagon Build
- Coach Business

Internal Support
- Wheels
- Rotating Machines
- Rolling Stock Equipment
- Tarpaulins

... from turnaround to growth
TRANSNET RAilway Engineering started various initiatives to support the growth strategy from Transnet Freight Rail

How to support Transnet Freight Rail

Customer Service Delivery
- Transnet Freight Rail objectives
- Transnet Rail Engineering support

Leadership and Employee Capability
- Building a lean taskforce with a strong focus on leadership capabilities and core competencies.

Safety
- Improvement in reliability of rolling stock through:
  - Application of world class maintenance practices
  - Technology upgrades (e.g. Fitment of roller bearings and air brakes)
  - Application of standard operating procedures (e.g. PPE)

Strategic focus on:
- Maintenance of assets servicing high yield commodities.
- Technology and capacity upgrades of assets.
- Development of new rolling stock products and services for enhanced service.

Scheduled Freight Railway
- Geographic alignment of maintenance facilities with corridor strategy.
- Mobile maintenance crews.
- Adherence to Scheduled Maintenance.

Creating Capacity
- Optimisation of maintenance processes.
- Faster turn-around time in maintenance facilities.
- Implement preparation depots.
- Capacity increase through upgrading and modernisation of rolling stock.
- Build A-shed depots in yards.
- Improved feeding and de-feeding in depots and yards.

... from turnaround to growth
84

CORE OPERATING DIVISIONS PERFORMANCE

<table>
<thead>
<tr>
<th>Operating division</th>
<th>Revenue (R million)</th>
<th>EBITDA (R million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transnet Rail Engineering</td>
<td>7 310</td>
<td>1 088</td>
</tr>
<tr>
<td></td>
<td>11%</td>
<td>9%</td>
</tr>
<tr>
<td></td>
<td>81.56</td>
<td>1 188</td>
</tr>
<tr>
<td></td>
<td>▲2007</td>
<td>▲2008</td>
</tr>
</tbody>
</table>

- Revenue increase due to external sales of R 1 057m.
- Locomotive reliability and availability exceeded targets.
- Wagon liftings for 2007/08 was 17 344 against planned 15 802.
- Production of 706 new iron ore and 192 coal wagons.
- Capital expenditure R 764m.
## KPI’s – Transnet Rail Engineering

<table>
<thead>
<tr>
<th>Category</th>
<th>2008 Target (Rmillion)</th>
<th>2008 Actual (Rmillion)</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>7 566</td>
<td>8 156</td>
<td>Achieved</td>
</tr>
<tr>
<td>EBITDA</td>
<td>919</td>
<td>1 188</td>
<td>Achieved*</td>
</tr>
<tr>
<td><strong>Infrastructure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>699</td>
<td>764</td>
<td>Achieved</td>
</tr>
<tr>
<td><strong>Efficiency</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Locomotive reliability</td>
<td>General freight</td>
<td>48</td>
<td>39</td>
</tr>
<tr>
<td>(faults per million km)</td>
<td>Coal</td>
<td>50</td>
<td>49</td>
</tr>
<tr>
<td></td>
<td>Iron ore</td>
<td>57</td>
<td>40</td>
</tr>
<tr>
<td>Locomotive availability</td>
<td>General freight</td>
<td>85</td>
<td>86</td>
</tr>
<tr>
<td>(% )</td>
<td>Coal</td>
<td>89</td>
<td>89</td>
</tr>
<tr>
<td></td>
<td>Iron ore</td>
<td>86</td>
<td>86</td>
</tr>
</tbody>
</table>

*Internal profit mainly – focus is primarily on productivity

... from turnaround to growth
ACTION PLANS TO CREATE CAPACITY AND IMPROVE SERVICE DELIVERY

Capacity Creation

**Investment 5 year plan**

- Replacement / expansion of equipment/ infrastructure to create capacity:
  - Machinery and equipment (R 1.5bn);
  - Efficiency improvements in all areas of operations; and
  - Upgrading and expansion of buildings/ structures for operations (R 1.4bn).

**Improved Service Delivery**

- Wagon liftings for 2007/08 was 17 344 against planned 15 802.
- Locomotive availability for coal improved from 86% in 2006/07 to 89% currently.
- Improved in all areas.
- 898 new wagons were built during 2007/08.

... from turnaround to growth
KHOMOTSO PHI HLELA

TRANSNET NATIONAL PORTS AUTHORITY

... from turnaround to growth
BUSINESS OVERVIEW

To enable the safe, efficient and effective economic functioning of the National Ports system

- Port infrastructure
- Marine services
- Property
- Aids to navigation

People:
- Total = 3 173

Facilities:
- 7 National Ports (port of Ngqura will become the 8th)

Revenue:
- R 6 842m

EBITDA:
- R 5 190m

... from turnaround to growth
TNPA’s STRATEGY IS DRIVEN THROUGH FIVE PRIMARY GOALS

**Improve vessel and cargo turnaround:**
- Improving efficiency and quality of port services.
- Enhancing competitiveness of port service delivery.

**Provide port infrastructure ahead of demand:**
- Providing timely port infrastructure to meet cargo growth demand.

**Improve productive use of port assets:**
- Utilising port assets optimally.
- Achieving a regulated and controlled port environment.
- Achieving volume and revenue growth.
- Retaining key customers and industries.

**Develop human capital and skills:**
- Building an appropriately skilled workforce.

**Ensure responsible enterprise-wide risk Management:**
- Achieving safe and secure ports.
- Ensuring port-related risks are well managed and mitigated.

... from turnaround to growth
### Operating Performance

<table>
<thead>
<tr>
<th></th>
<th>Revenue (R million)</th>
<th>EBITDA (R million)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007    %▲</td>
<td>2008   2007    %▲</td>
</tr>
<tr>
<td>TNPA</td>
<td>6 107   12%</td>
<td>6 842  4 628  12.2%</td>
</tr>
</tbody>
</table>

12% increase in revenue.

- **Volumes**
  - Containers (‘000 TEUs) 3 738.0 (target 3 673.2)
  - Break bulk (mt) 10.4 (target 11.6)
  - Liquid bulk (mt) 43.9 (target 42.7)
  - Dry bulk (mt) 122.0 (target 130.7)
  - Automotive (‘000 units) 580.4 (target 634.7)

- 5.1% increase in operating expenses compared to prior year and a 4.5% saving when compared to budget

- Capital expenditure R 2 506m (budget R 3 949m)

... from turnaround to growth
### KPI’s - Transnet National Ports Authority

<table>
<thead>
<tr>
<th></th>
<th>2007 Actual</th>
<th>2008 Target</th>
<th>2008 Actual</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue (Rmillion)</td>
<td>6 107</td>
<td>6 754</td>
<td>6 842</td>
<td>Achieved</td>
</tr>
<tr>
<td>EBITDA (Rmillion)</td>
<td>4 628</td>
<td>5 125</td>
<td>5 190</td>
<td>Achieved</td>
</tr>
<tr>
<td><strong>Infrastructure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditure (Rmillion)</td>
<td>1 029</td>
<td>3 949</td>
<td>2 506</td>
<td>Not achieved</td>
</tr>
<tr>
<td><strong>Efficiency</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Berth occupancy</td>
<td>66%</td>
<td>66%</td>
<td>45%</td>
<td>Achieved</td>
</tr>
</tbody>
</table>
FOCUS AREAS IN THE YEAR AHEAD

Improving the efficiency of port services in the following areas:
  • Marine services; and
  • Dredging.

Creating a regulated and controlled port environment through the implementation of:
  • The Port Rules;
  • The Ports Act Guidelines; and
  • Preparing for economic regulation.

Optimising capital expenditure for the creation of capacity ahead of demand.

Volume growth that will contribute to revenue growth whilst containing costs.

Creating a safe and secure port environment.

Developing human capital capacity and skills.
• Regulatory principles:
  - Comments to the draft directives provided (16 May 2008).
  - No indication of finalisation date of Regulatory Principles.

• Tariff application 2009/10:
  - Submitted to Regulator on 1 August 2008 (based on draft principles);
    - Based on smoothing principle of tariff increases and including CWIP;
    and
    - Required tariff increase in excess of inflation mainly due to increase
      in asset base and ensuring a return > WACC on asset base.
TAU MORWE
TRANSNET PORT TERMINALS

... from turnaround to growth
Transnet Port Terminals manages 15 cargo terminal operations situated across 6 South African ports.

Revenue R 4.8bn:
Operating Profit R 1.4bn (EBITDA R 1.8bn).
Staff compliment of 5 800.

Operations are divided into four cargo sectors:
- Containers;
- Dry Bulk;
- Break Bulk; and
- Automotive.
<table>
<thead>
<tr>
<th>CARGO SECTOR</th>
<th>% MARKET SHARE</th>
<th>PRIVATE SECTOR</th>
<th>MARKET SIZE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Containers</td>
<td>99%</td>
<td>1%</td>
<td>3,9 million TEUs</td>
</tr>
<tr>
<td>Automotive</td>
<td>100%</td>
<td>0%</td>
<td>500,000 units</td>
</tr>
<tr>
<td>Break-Bulk products</td>
<td>76%</td>
<td>24%</td>
<td>15 million tons</td>
</tr>
<tr>
<td>Liquid Bulk</td>
<td>0%</td>
<td>100%</td>
<td>32 million tons</td>
</tr>
<tr>
<td>Dry Bulk</td>
<td>36%</td>
<td>64%</td>
<td>132 million tons</td>
</tr>
</tbody>
</table>
STRATEGIC OBJECTIVES

"The what"

"The how"

Talent management, skills recruitment and selection

Create a performance management culture and skills base that enables the execution of the Port Terminal’s business plan

Cost maps to understand costs per unit per commodity

Business Process re-engineering

Strategic investments that inform and support growth initiatives

Joint ventures and partnerships to gain skills and processes and to retain and grow the revenue

Port Terminals’ Strategic Objectives

Enter into strategic partnerships to exploit new business opportunities that grow our revenue base

Understand customer requirements, translate these into consistent and personalised service offerings that exceed their expectations

Create capacity ahead of demand

Corridor approach Port-rail service packages

Maintain our market dominance by ensuring we are recognised as an efficient and cost competitive operator

Productivity improvement and initiatives to increase capacity and grow revenue

Contain operating costs per unit of volume to an increase of less than CPIX cost increases

... from turnaround to growth
WE HAVE TAKEN SUCCESSFUL ACTIONS TO STABILISE THE BUSINESS AND HAVE STRUCTURED AND SEQUENCED THE PATH TO WORLD CLASS

Stabilise and privatise
- Defined corporate strategy
- Business Turnaround and prepare to sell
- 2000 - concession and close shop
- Financial results: R 50m loss

Re-engineer and transform
- New leadership and organisational structure
- Operational improvement and efficiencies
- Investment of capital for sustainability
- Customer focus and stakeholder management
- Financial results: R 1,4bn Operating profit

Perform and grow
- Injected Skills and developing existing people
- Volume growth
- Strategic investment for better performance
- Motivated, value-adding employees
- 2013: More than double capacity and grow Revenue to R 9,6bn

... from turnaround to growth
### Transnet Port Terminals

- Revenue increased by 18% vs 2007.
- Container volumes increased by 9% to 3.7m TEUs.
- Capital expenditure R 2 082m.

#### Financial Performance

<table>
<thead>
<tr>
<th></th>
<th>Revenue (R million)</th>
<th>EBITDA (R million)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007 %▲</td>
<td>2008</td>
</tr>
<tr>
<td>Transnet Port Terminals</td>
<td>4 098 18%</td>
<td>4 843</td>
</tr>
</tbody>
</table>

Transnet Port Terminals’ contribution to Group EBITDA 14%
## KPI's - TRANSNET PORT TERMINALS

<table>
<thead>
<tr>
<th></th>
<th>2008 TARGET</th>
<th>2008 ACTUAL</th>
<th>PERFORMANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue (Rmillion)</td>
<td>4 740</td>
<td><strong>4 843</strong></td>
<td>Achieved</td>
</tr>
<tr>
<td>EBITDA (Rmillion)</td>
<td>1 844</td>
<td><strong>1 810</strong></td>
<td>Achieved</td>
</tr>
<tr>
<td><strong>Infrastructure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditure (Rmillion)</td>
<td>3 136</td>
<td><strong>2 082</strong></td>
<td>Not Achieved</td>
</tr>
<tr>
<td><strong>Efficiency</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moves per crane hour</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Durban container terminal</td>
<td>22</td>
<td><strong>22</strong></td>
<td>Achieved</td>
</tr>
<tr>
<td>Cape Town container terminal</td>
<td>20</td>
<td><strong>23</strong></td>
<td>Achieved</td>
</tr>
<tr>
<td>Moves per ship hour</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Durban container terminal</td>
<td>35</td>
<td><strong>42</strong></td>
<td>Achieved</td>
</tr>
<tr>
<td>Cape town container terminal</td>
<td>33</td>
<td><strong>43</strong></td>
<td>Achieved</td>
</tr>
<tr>
<td>Tons loaded per hour</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Iron ore terminal</td>
<td>4 900</td>
<td><strong>4 400</strong></td>
<td>Not achieved</td>
</tr>
</tbody>
</table>

Iron ore loading rates were impacted on by production problems at the Sishen mine. Implemented Dual loading in 2008

... from turnaround to growth
ACTION PLANS TO CREATE CAPACITY AND IMPROVE SERVICE DELIVERY

Capacity creation:

5 year capital investment plan -
- Ngqura container terminal (R 1.2bn) to create 800 000 teu capacity.
- Cape Town container terminal expansion (R 1.2bn) to double existing capacity to 1.4 million TEUs.
- Durban Container Terminal re-engineering project (R 0.7bn) to increase capacity from 2.3 million TEU to 2.9 million TEU per annum.
- Richards Bay Bulk terminal equipment upgrade (R 0.6bn).

Improved service delivery:

- New Pier 1 Container Terminal with an annual capacity of 700 000 TEUs per annum became operational in November 2007 - a month ahead of schedule.
- DCT increased moves per “Gross Crane Hour” from 18 moves in March 2007 to 22 moves in March 2008.
- DCT achieved target of 6 000 moves per day on several occasions.
- Saldanha Bulk Terminal loaded a record 160 204 tons over a 24 hour loading period due to the introduction of dual loading.
- Richards Bay MPT commissioned a new mobile crane which achieved loading rates of 250 tons per hour as opposed to the previous norm of 120 tons per hour.
CHARL MOLLER

TRANSNET PIPELINES

... from turnaround to growth
BUSINESS OVERVIEW

• Transnet Pipelines ("Pipelines") can best be described as an energy transporter.

• It transports a range of petroleum products and gas though 3 000km of strategic underground pipelines traversing five provinces.

• The pipeline network consists of 4 main lines:
  - Multi-product line;
  - Crude oil pipeline;
  - Gas pipeline; and
  - Jet-fuel pipeline (plus a network of pipelines mainly in the Gauteng area).

• Pipelines plays an important role in ensuring the secure supply of petroleum products to an important part of South Africa. The importance of the network from a strategic perspective has been highlighted in the Energy Security Master Plan which Cabinet approved in 2007. The Plan clearly emphasises the importance of the network from a national supply perspective and labels the New Multi-Products Pipeline ("NMPP") project as the single most important investment in this sector of the economy for the next 3 years.
• Transnet Pipelines’ currently transports approximately 17bn litres of petroleum products and 14m gigajoules of gas annually.

• Products currently transported by Pipelines include methane rich gas, crude oil, aviation turbine fuel, diesel and various grades of petrol (ULP and LRP).

• Clients consist of major oil companies operating in SA: BP, Chevron, Engen, Sasol Oil, Sasol Gas, Shell and Total but also smaller ones like Vuyo Petroleum.
Transnet Pipelines will grow into a totally new business over the next three years. We are presently in the period of transition as depicted below:

**PETRONET WE KNEW**
1. Cash flush
2. 500 Employees
3. Limited Capacity available
4. Informal Regulation (DME)
5. Volumes transported: 17bl/a
6. Interruptible production process
7. Total Net Assets: R 5,4bn
8. Annual turnover: R 1,2bn

**NEW TRANSNET PIPELINES**
1. Cash transition
2. 700 Employees
3. More capacity available than demand
4. Formal Regulation (NERSA)
5. Volumes transported upwards of 22 bl/a
6. Uninterrupted production process
   (Trunkline and Terminals)
7. Total Net Assets: R 20bn
8. Annual turnover: R 2,4bn

**CHARACTERISTICS**

<table>
<thead>
<tr>
<th>PETRONET WE KNEW</th>
<th>NEW TRANSNET PIPELINES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CHALLENGES</strong></td>
<td><strong>NEW TRANSNET PIPELINES</strong></td>
</tr>
<tr>
<td>Bridging Plan</td>
<td>2011 ONWARDS</td>
</tr>
<tr>
<td>Completion of NMPP</td>
<td></td>
</tr>
<tr>
<td>Full Regulation</td>
<td></td>
</tr>
<tr>
<td>Prepare pipelines for NMPP era</td>
<td></td>
</tr>
<tr>
<td>Cash survival</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

...from turnaround to growth
Our strategic objectives are now focused on moving towards the bigger Transnet Pipelines business beyond 2011 - from a small, constrained division to a bigger and growing division of Transnet Limited.

- **Develop new business portfolio**
  - Expanding terminals
  - Run depots for clients
  - Optimisation of facilities

- **Full alignment: Regulation**
  - Finalise rules
  - Obtain all licences
  - Embed sound relationship

- **Ensuring Sustainable Business Support Systems**
  - Fit for purpose SAP and Telecontrol features

- **Optimally manage Capacity**
  - Bridging Plan until 2010 (DRA’s & DIC)
  - Complete and Commission NMPP by Q3 2010

- **Effective and Efficient Employee Capacities**
  - New look skill-set for Pipelines beyond 2010
  - New Operations and Terminals
  - Huge Pipeline and Equipment

- **Ensuring highest quality of maintenance**
  - Ensuring a sustainable and legally compliant set of older assets and getting to grips with challenges of NMPP

... from turnaround to growth
MAP OF TRANSNET’S EXISTING PIPELINES’ NETWORK

[ALSO INDICATING THE ROUTE AND POSITION OF THE NEW MULTI-PRODUCTS PIPELINE (“NMPP”)]

... from turnaround to growth
UPDATE ON PROGRESS WITH BRIDGING PLAN INITIATIVES AND NMPP

Bridging Plan:
• Capacity in DJ P-Line before Bridging Plan: 62 ML/w (Operating design).
• Full implementation of DRA’s: November 2007.
• Since February 2008, achieved 82 ML/w on a continuous basis – improvement of 32% on the capacity of a constrained system.
• To date have transported 750 million litres of Diesel in the Crude Line - this is additional volumes into the Gauteng area, with the assistance of the Natref refinery.
• No stock-outs since December 2005... We intend keeping it that way.
• Role of Transnet Freight Rail now important.

NMPP – Project:
• Approval given by Board to continue with full project.
• On course for completion Q3 2010; will however be able to transport fuel (Diesel) to Gauteng before that date (World Cup Support).
• Main pipeline contract awarded: R 2,8bn to Group 5 and French Partner.
• Steel for 24” line: Orders placed.
• First pipes for 16” line: Produced in South Africa by Impumelelo JV.
• Construction has started on the 16” line Kendal to Tshwane.
• EIA process on track.
• Cash spent in 2007/08: R 600m.
• Although the 5.6% tariff increase for 2007/08 was not approved by the Regulator (NERSA), Transnet Pipelines’ still managed to achieve a 6% increase in revenue, mainly attributable to a 2.5% increase in volumes (in a constrained system...), as well as improved operating margin of 1.4% through excellent cost-savings.

• Capital expenditure R 887m (182% up from 2007).

• Capital required for 2009: R 3 150m (mainly for the NMPP).
### KPI’s - TRANSNET PIPELINES

<table>
<thead>
<tr>
<th></th>
<th>2008 TARGET</th>
<th>2008 ACTUAL</th>
<th>PERFORMANCE</th>
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<tbody>
<tr>
<td><strong>Financial</strong></td>
<td></td>
<td></td>
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<tr>
<td>Revenue (Rmillion)</td>
<td>1 376</td>
<td>1 292</td>
<td>Not Achieved (Tariffs not approved by Regulator)</td>
</tr>
<tr>
<td>EBITDA (Rmillion)</td>
<td>992</td>
<td>990</td>
<td>Achieved</td>
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<tr>
<td><strong>Infrastructure</strong></td>
<td></td>
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<tr>
<td>Capital expenditure (Rmillion)</td>
<td>810</td>
<td>887</td>
<td>Achieved</td>
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<tr>
<td><strong>Efficiency</strong></td>
<td></td>
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<tr>
<td>Total operating costs per Ml.km of product conveyed (Rand)</td>
<td>45</td>
<td>42.18</td>
<td>Achieved</td>
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<tr>
<td><strong>Productivity</strong></td>
<td></td>
<td></td>
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<tr>
<td>Total labour cost per Ml.km of product conveyed per employee (Rand)</td>
<td>10.432</td>
<td>10.431</td>
<td>Achieved</td>
</tr>
<tr>
<td><strong>Safety</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>DIFR (Disability Injury Frequency Rate)</td>
<td>1.0</td>
<td>0.88</td>
<td>Achieved</td>
</tr>
</tbody>
</table>

... from turnaround to growth
ACTION PLANS TO CREATE CAPACITY AND IMPROVE SERVICE DELIVERY

- **Capacity needed till 2010 driven by Bridging Plan Initiatives to prevent another Eskom situation with stock-outs in the liquid fuels sector:**
  - Drag reducing agents in DJP.
  - Diesel (and Petrol) in Crude pipeline (“DIC”).
  - Co-operation between Pipelines and Freight Rail.
  - Freight Rail fuel initiatives on NATCOR.
  - De-bottlenecking facilities in Durban Harbour. To enhance imports.
  - Investment (Oil Industry) in Logistics.
  - Monitored, reported and managed by department of Minerals and Energy (“DME”).

- **Completion of NMPP by Q3 2010:**
  - Sufficient capacity until 2015 (Phase 1).
  - Ability to expand capacity as needed beyond 2015 up to 2030 with a year-on-year growth in volumes of 5% (linked to GDP growth of 6% per annum).
• Transnet applied for 15% increase in tariffs;
  - Based on principles in draft Regulations.
  - Smoothed approach to avoid higher increase in tariffs (+-60%) when pipeline is put in operation.
  - Including CWIP in asset base (TOC).

• NERSA decision on tariffs:
  - Allowed increase of 7.7% over remaining months (August - March ‘09).
  - Effective increase 4.3% (loss of revenue estimated at R48m).
  - Engaging with NERSA to resolve perceived errors and application inconsistencies.
MARI A RAMOS

CONCLUSION

... from turnaround to growth
Transnet successfully implemented its turnaround strategy enabling a focus on growing the business.

Through the operational integration of rail and ports, building a networked logistics capability.

On track with the roll out of the 5-year investment plan to replace ageing assets and create future capacity ahead of demand.

The four-point growth strategy is planned to grow total volumes transported for our customers by 25% over the next 3 years.

We are committed to reducing the cost of doing business by providing effective networked logistics services to our customers.