

TRANSNET



delivering on our commitment *to you*



Transnet Presentation to Durban Invest

Brian Molefe
Group Chief Executive
14 March 2011

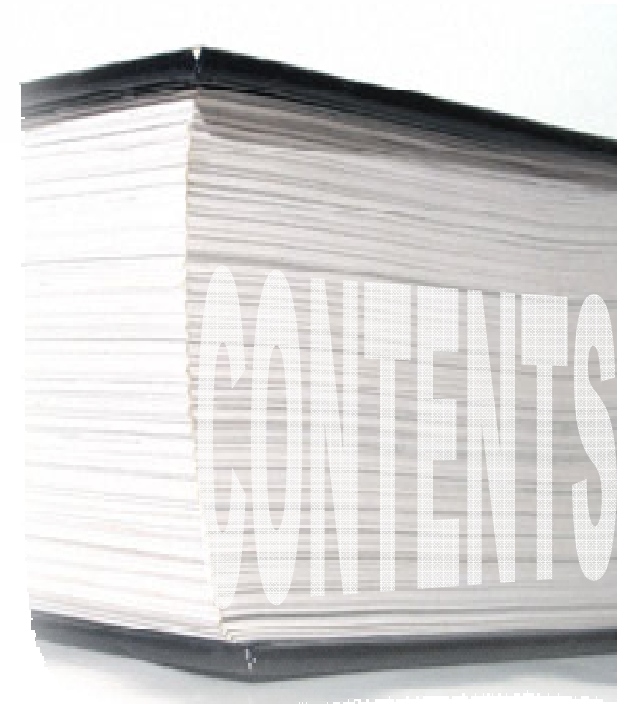
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A COMPETITIVE NETWORK OF GLOBAL LOGISTICS IS THE BACKBONE OF INTERNATIONAL TRADE



Key Considerations

- Improving logistics performance has become an important development policy objective as a result of the impact that logistics has on economic activity.
- For countries at the same per capita level of income, those with the best logistics performance experience additional growth in GDP and Trade (World Bank, 2010).
- Many developing countries have not yet benefited from the productivity gains of logistics modernisation and internationalisation implemented over the last 20 years.
- Except in high income countries, the availability and quality of trade-related infrastructure is a major constraint to performance.

As custodian of ports, rail and pipeline, Transnet plays a critical role in South Africa's freight system

SOUTH AFRICA HAS THE HIGHEST PERFORMING LOGISTICS SYSTEM AMONGST UPPER MIDDLE INCOME COUNTRIES AND IS A LOGISTICS OVERPERFORMER



Key challenge is to sustain performance and integrate the regional freight system which is the regarded as the poorest performer globally

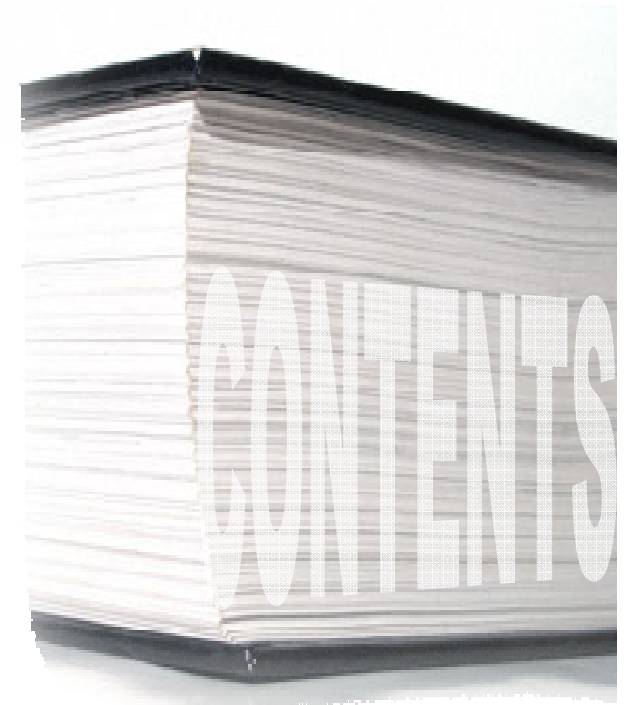
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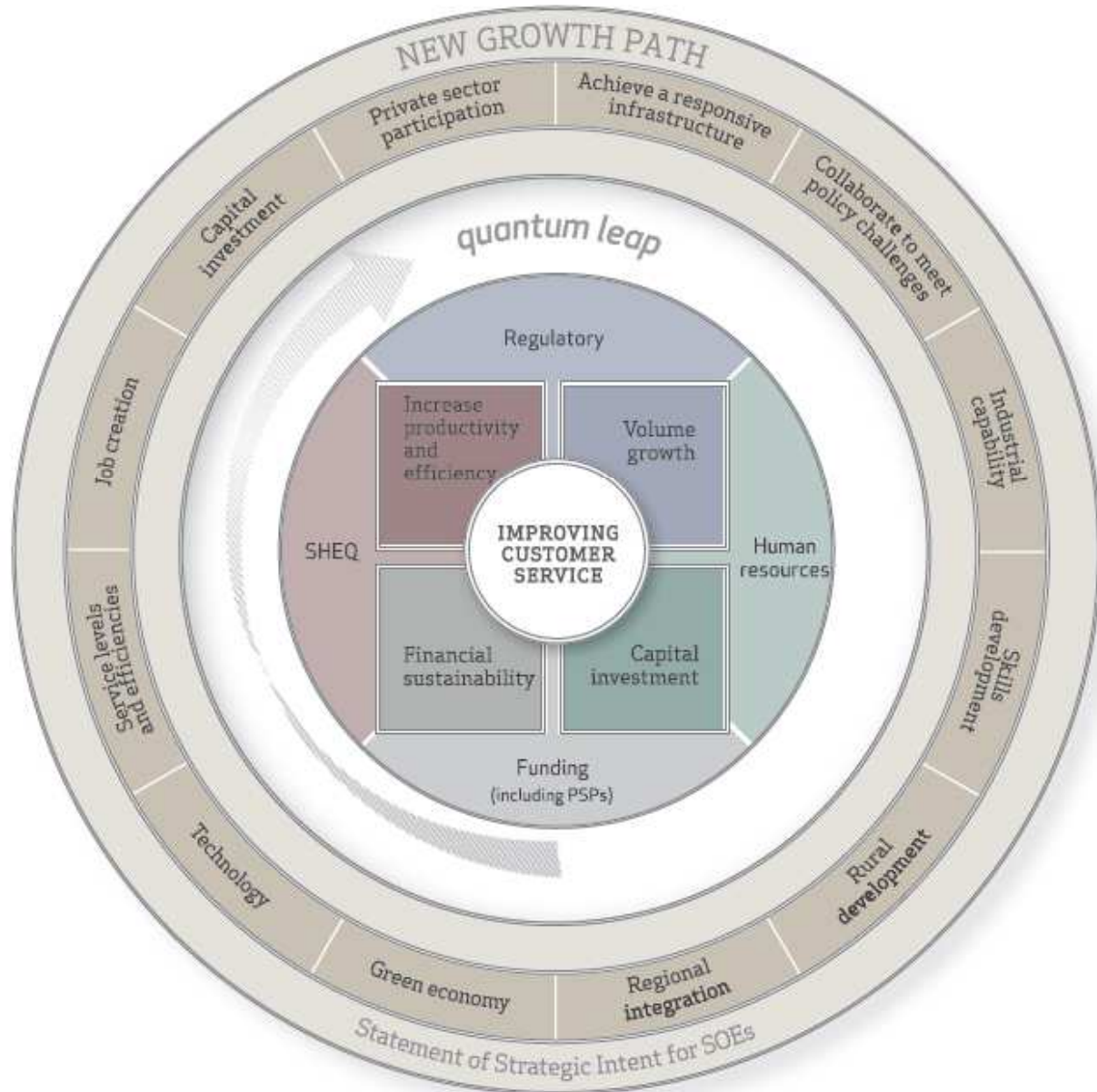
Freight System Performance

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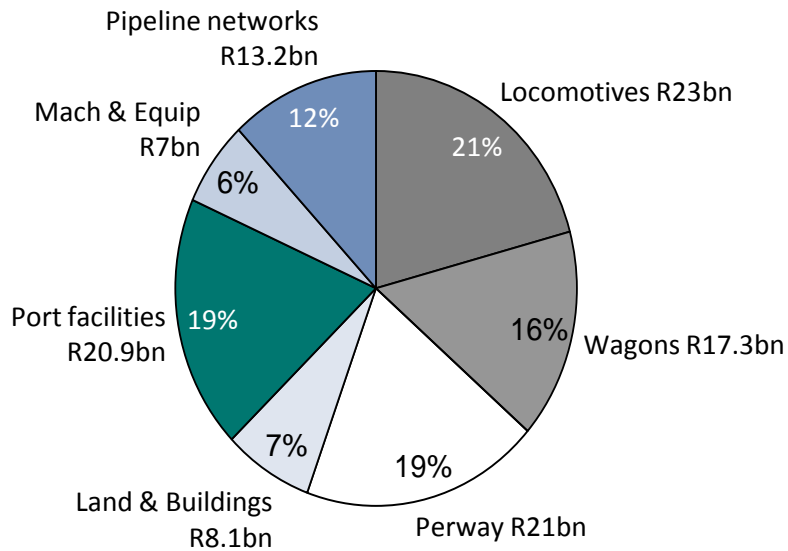
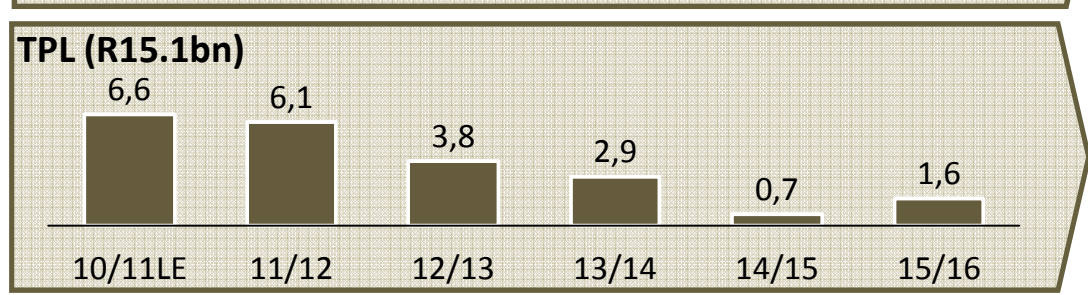
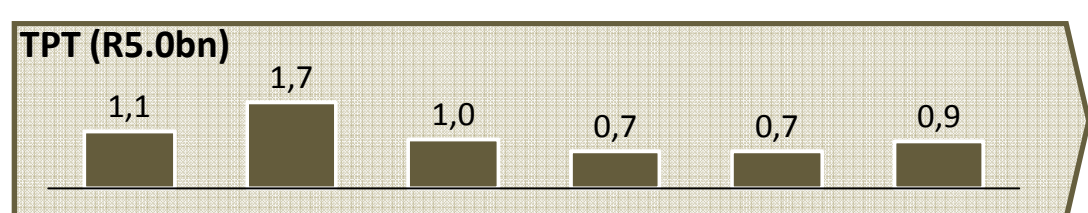
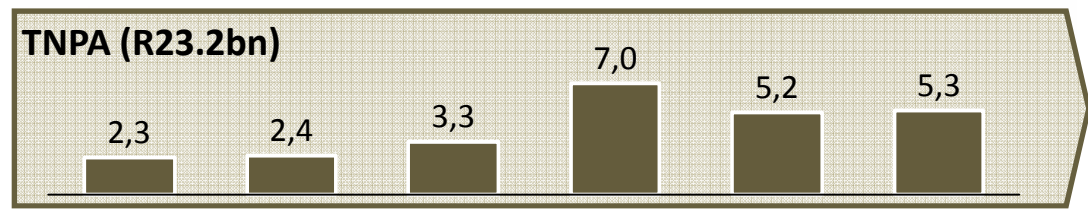
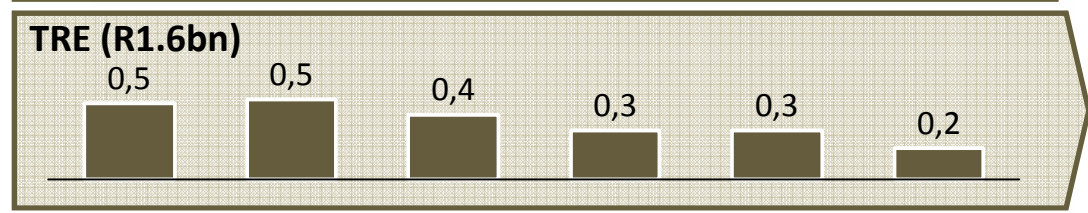
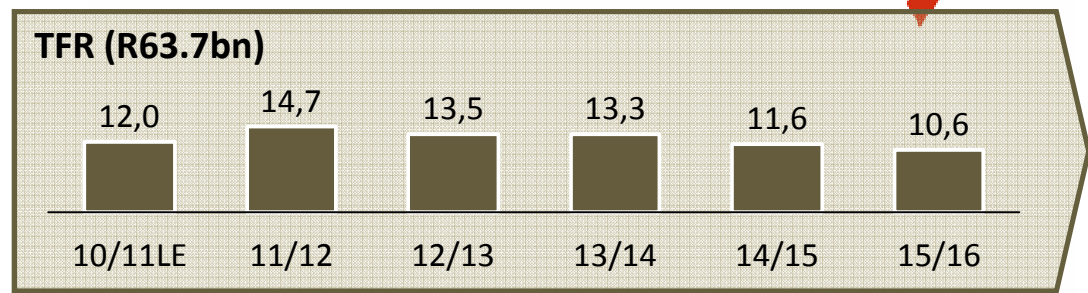
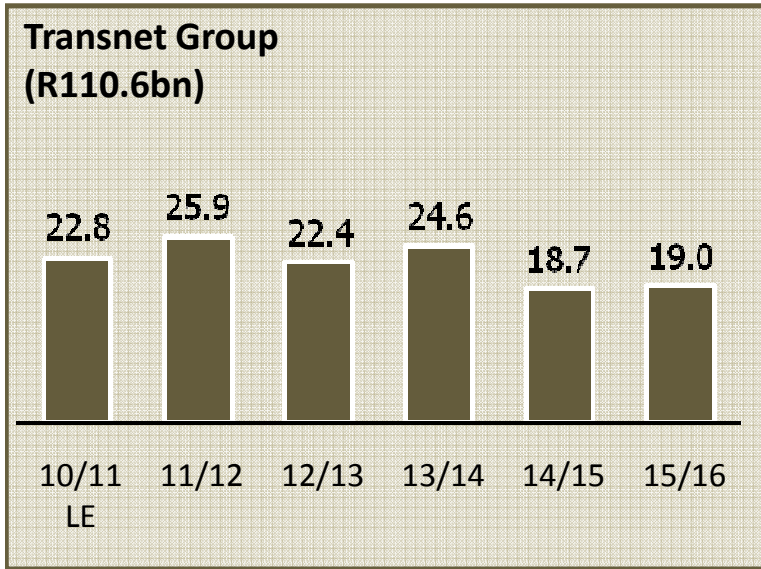
Durban Port Investment Plans



TRANSNET FRAMEWORK TO ADDRESS THE NEW GROWTH PATH TARGETS KEY OUTCOMES ALIGNED TO THE NEW GROWTH PATH

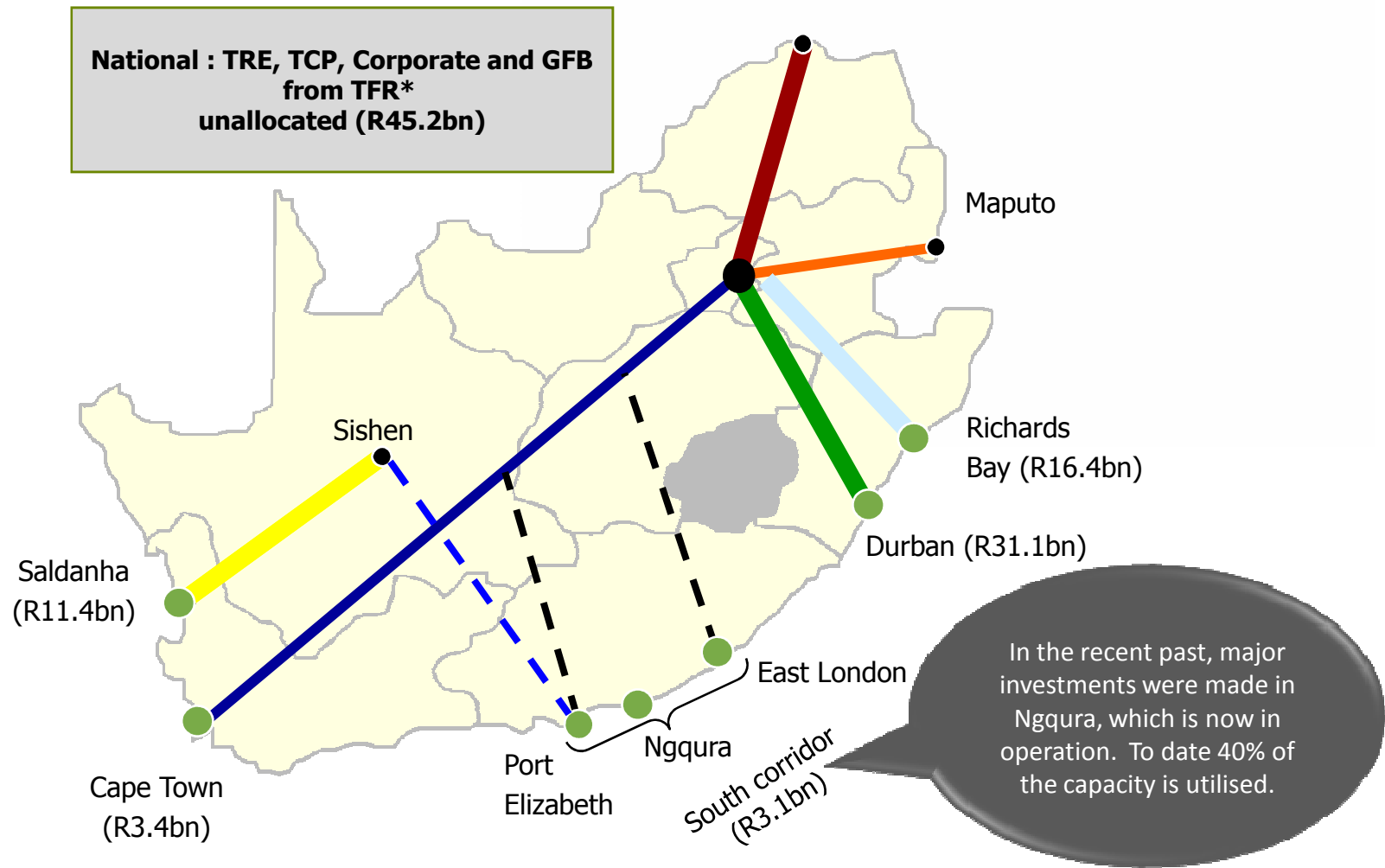


SIGNIFICANT INVESTMENT IS PLANNED OVER THE NEXT 5 YEARS TO EXPAND CAPACITY AND MAINTAIN EXISTING ASSETS



*Specialist Units (TFS, TCP, Property and Corporate): 5 Year Investment – R2bn

INVESTMENT WILL CONTINUE TO CONCENTRATE ON THE CORE NETWORK IN ORDER TO BUILD DENSITY AND LOWER UNIT COSTS



**For classification purposes Freight Rail's head office and General Freight Business investments (rolling stock and infrastructure) have been categorised Investments as - National*

TRANSNET IS AN ACTIVE PARTICIPANT IN THE DURBAN-GAUTENG FREIGHT CORRIDOR 2050 VISION

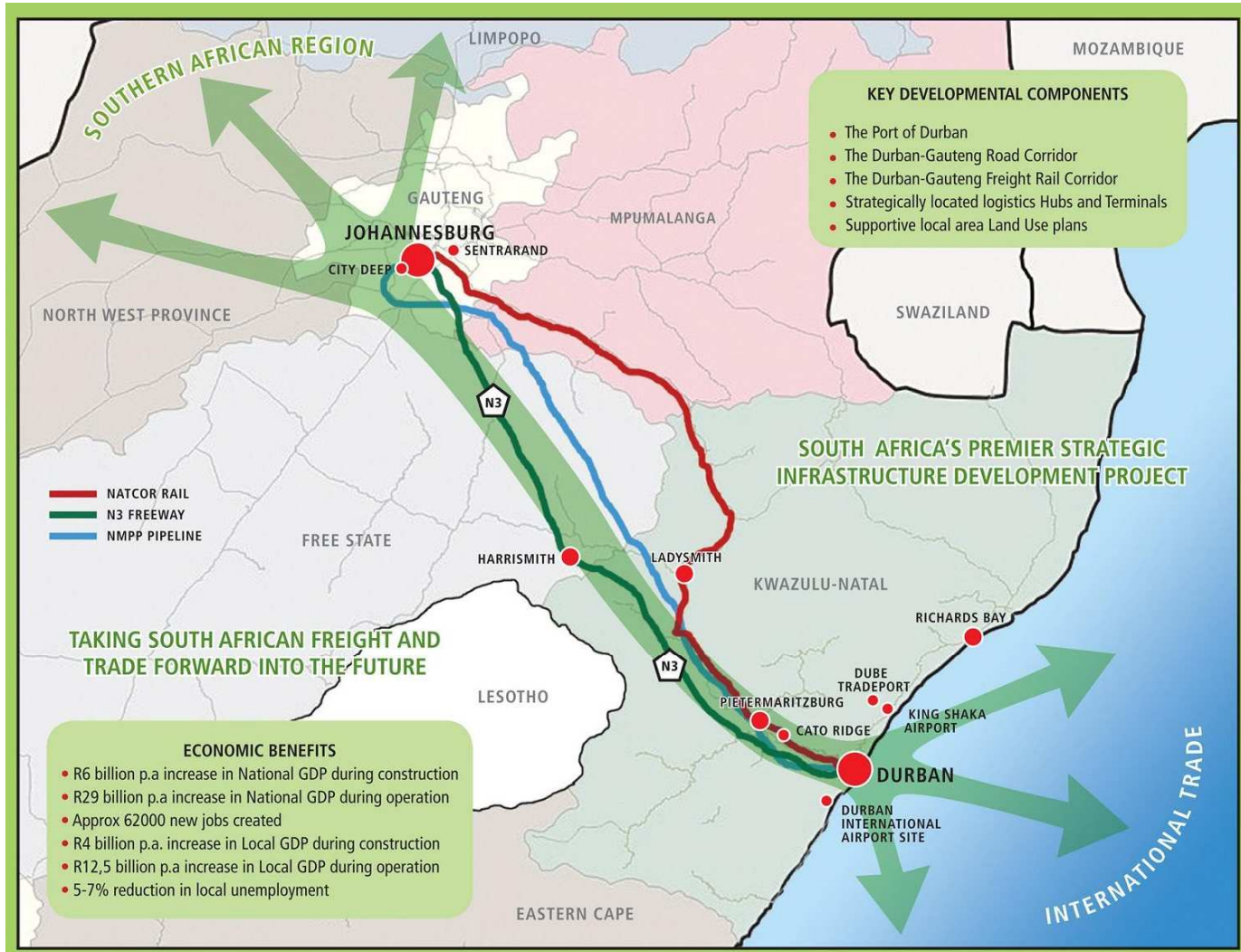
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Transport
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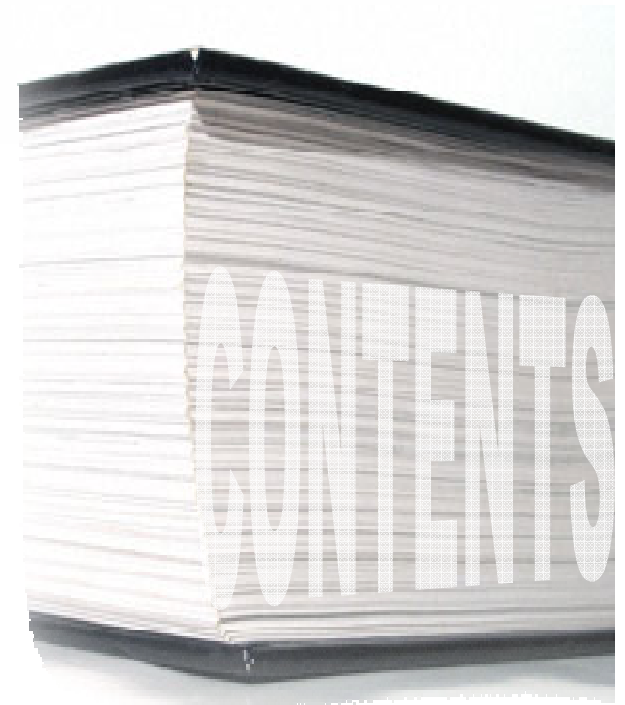
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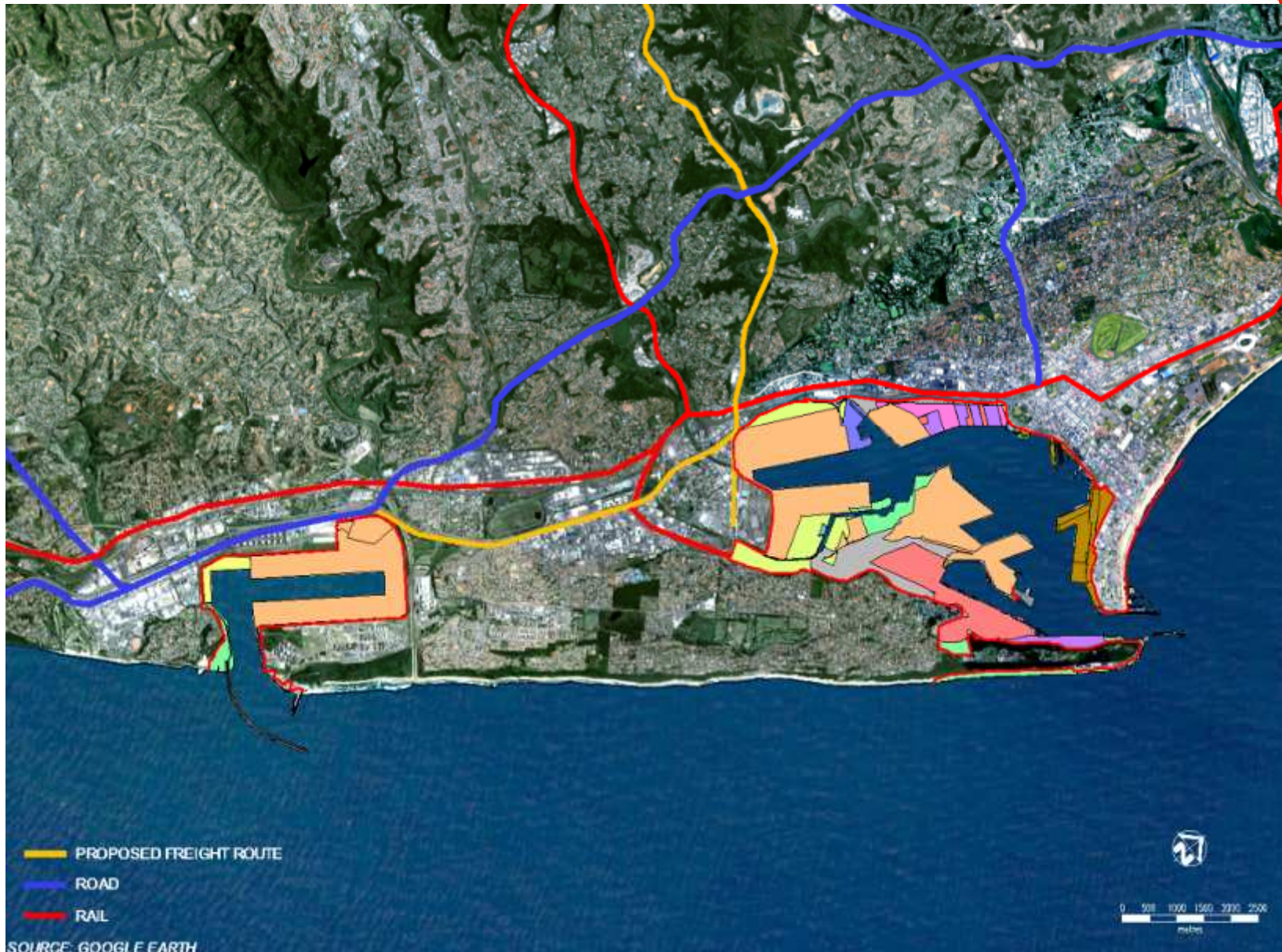
A NUMBER OF OPTIONS ARE BEING PURSUED TO INCREASE CAPACITY IN THE SHORT TERM



- The Port of Durban provides a full range of port services to the local Durban and KZN hinterland, as well as serving the Gauteng and Southern African hinterlands.
- It is South Africa's premier container, vehicle and liquid bulk port, and also provides break bulk and MPT, dry bulk, ship repair, cruise liner, navy, fishing and recreational facilities.
- The entrance channel has recently been widened, and work is proceeding on deepening of container berths in the port.
- The development plans for Durban are driven by the major container expansions required to ensure that the port capacity component of the Durban to Gauteng Freight Corridor can meet future demand.
- Short term container capacity expansions include:
 - Pier 1 Phase 2 (Salisbury Island) and Maydon Wharf
 - New cruise liner terminal at AB berths
 - Rationalisation of Maydon Wharf and Island View berths and landside capacities

THE LONG TERM DEVELOPMENT PLANS FOR DURBAN INCORPORATE THE DEVELOPMENT OF A NEW DIG OUT PORT AT THE OLD AIRPORT SITE

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TRANSNET IS TARGETING PARTNERSHIPS WITH THE PRIVATE SECTOR TO INCREASE INVESTMENT AND EXTEND THE RANGE OF SERVICES OFFERED



A number of infrastructure development opportunities have been identified beyond the five years as part of Transnet's Infrastructure Plan. Key projects are highlighted below and are shown at unescalated preliminary values.

Project	Capacity	Cost
Waterburg coal opportunity for domestic and export market	Between 80mtpa and 135mtpa	R30bn
Increasing the existing export coal channel. Further investment will be rolled out in conjunction with industry.	Beyond 81mtpa	To be determined
Iron Ore expansion to support the increase in demand for export iron ore.	Above 60mtpa to 93mtpa	R20bn
The Manganese export terminal through Ngqura/Saldanha is linked to the Iron Ore expansion project above. The preliminary estimated cost is dependant on the preferred export route.	Increase from 4.2mtpa to 12mtpa	Between R11bn and R15bn
Ngqura Container Terminal equipping of the remaining two berths.	Increase of 1.2m TEUs/a	R3.7bn
Durban Airport site development into a dig out port to provide berthing facilities of 16 container, 5 automotive and 4 bulk liquid berths. The initial cost includes basic port infrastructure and 4 container berths.	2.4mTEUs/a	R50bn
Inland terminals (City Deep, Kaserne and Pretoria)	Mainly replacement	R2.2bn

Transnet is also exploring partnership opportunities in Multi-Purpose Terminals and Rolling Stock

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Thank You