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Transnet – Building Institutional Capacity

October 2012

MDS

MARKET DEMAND STRATEGY

Transnet is a custodian of ports, rail and pipelines

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Rail

- **Freight Rail (TFR)**: Owns & Operates 20,500 km track, including 1,500 km dedicated heavy haul
- **Rail Engineering (TRE)**: Supports TFR with rolling stock maintenace

Ports

- **National Ports Authority (TNPA)**: Is landlord to 8 commercial Ports around the South African coastline
- **Port Terminals (TPT)**: 16 cargo terminal operations across South African Ports

Pipelines

- **Pipelines (TPL)**: 3 800 km of pipeline capacity for petroleum and gas products

Specialist Units

- Transnet Capital Projects
- Transnet Property
- Transnet Foundation

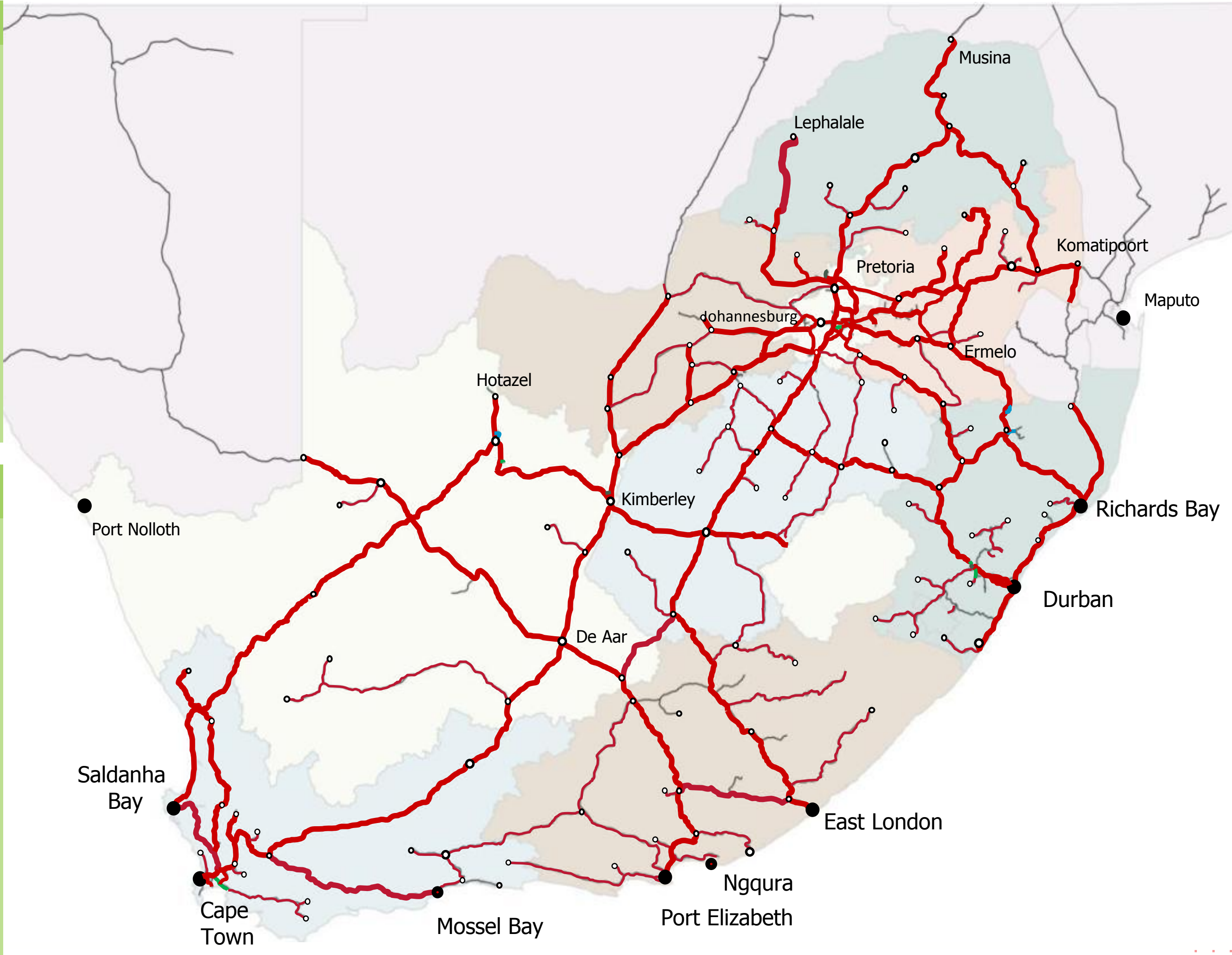
Port and Rail network

Port Infrastructure

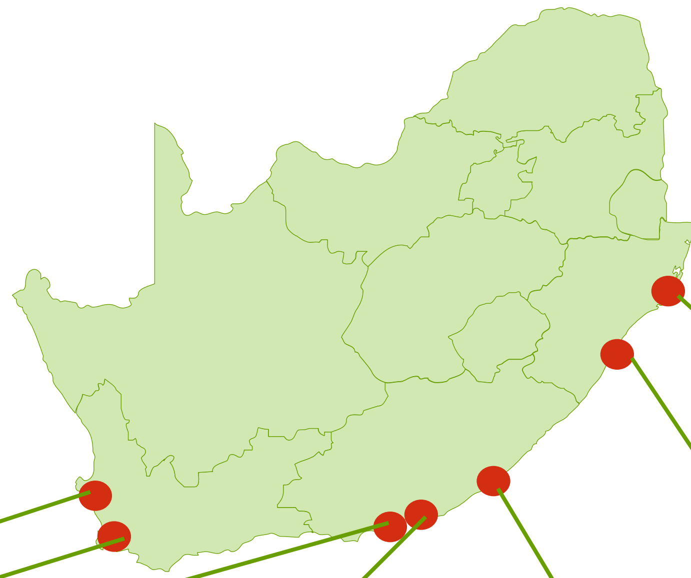
- 8 commercial ports
- Complementary grouping into west, central and eastern region
- Older ports reaching capacity
- Potential for growth at newer ports
  - 18 container berths
  - 5 automotive terminals
  - 27 dry bulk berths
  - 37 break bulk berths
  - 16 liquid bulk berths

Rail Infrastructure

- 20 953 route km
- Core network: 12 801 route km
- Network Electrification:
  - 50kV AC (861km),
  - 25 kV AC (2309km)
  - 3kV DC (4935km)
  - Diesel (11974km)
- Axle loading:
  - Main lines at 22t / axle
  - Coal & ore lines 30t /axle (coal line operated at 26 t / axle)



TRANSNET OFFERS DIVERSIFIED PORT SERVICES IN SOUTH AFRICA AND CAN SUPPORT REGIONAL NEEDS THROUGH WORKING JOINTLY



Commodities	Saldanha	Cape Town	Port Elizabeth	Ngqura	East London	Durban	Richards Bay
Containers		×	×	×	×	×	
Break bulk	×	×	×	×	×	×	×
Bulk	×		×		×	×	×
Cars			×		×	×	
Liquid bulk		(×)					

× footprint, (×) joint venture

Source: Transnet Port Terminals

Pipeline network

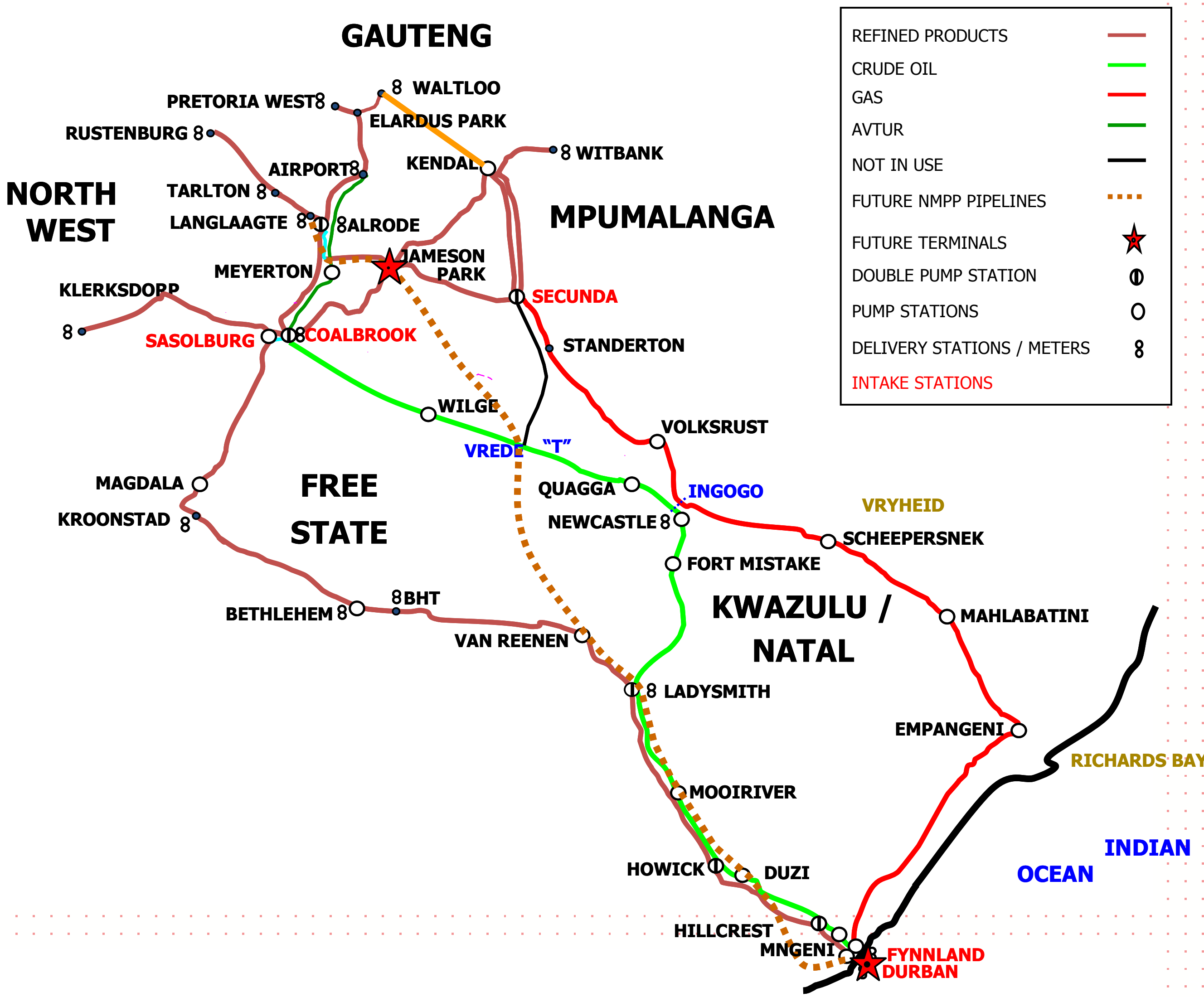
Pipeline Infrastructure

Crude Oil Pipeline
- Length: 580 km
- Design cap = 6,8 Blpa
- Current cap = 5,2 Blpa

Refined Fuels Pipeline
- Length: 725 km + ±1000km network
- Design cap = 3,5 Blpa
- Current cap = 4,3 Blpa

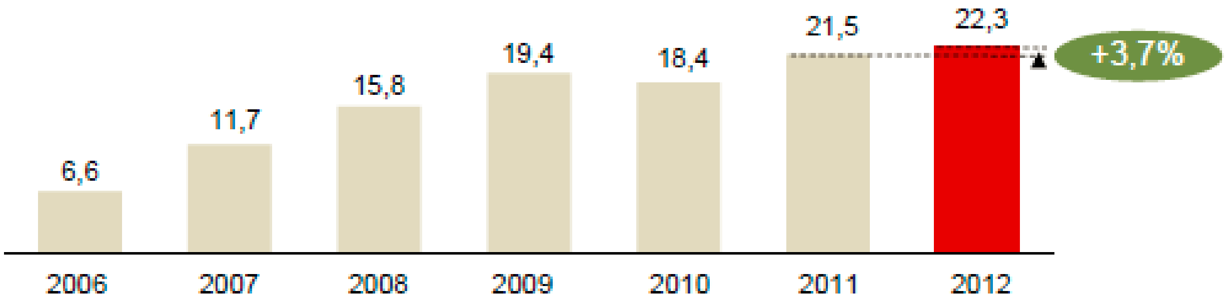
Aviation Turbine Fuel Pipeline
- Length: 94 km
- Design cap = 1,2 Blpa
- Current cap = 1,1 Blpa

Methane-rich Gas Pipeline
- Length: ±570km
- Design cap = 23m GJ pa
- Current cap = 17m GJ pa

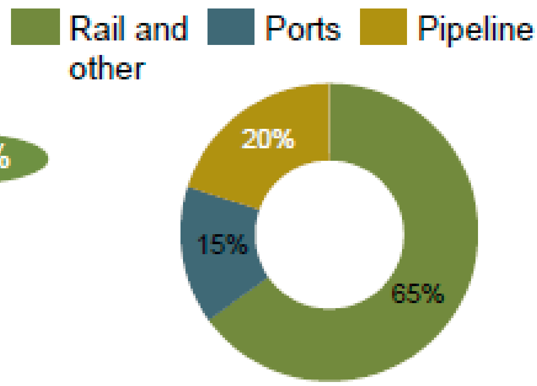


Summary of capital investment

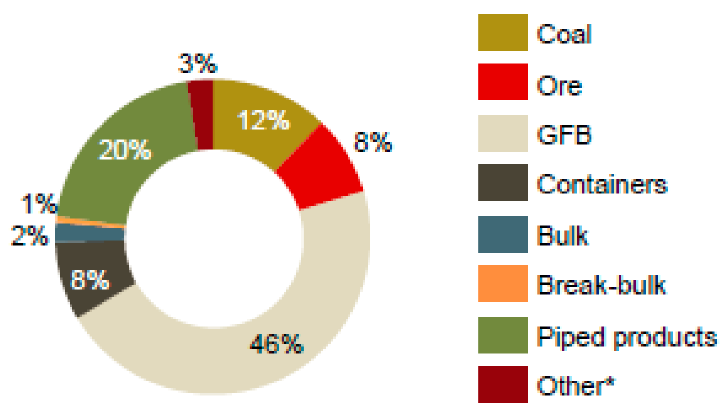
Seven-year capital investment (R billion)

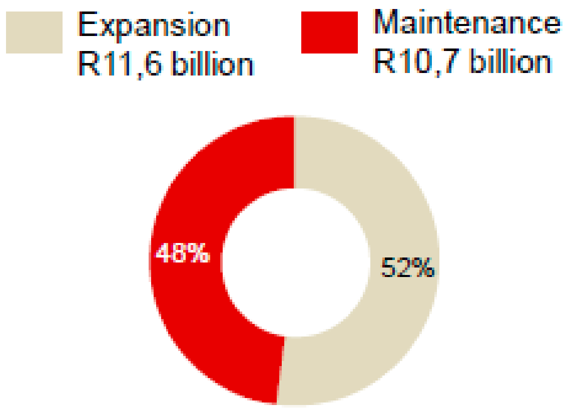


Capital investment by operating segment



Capital investment by commodity





* *Other includes investments in non-commodity specific assets such as tugs and dredgers which support all commodities.*

MDS will enable growth in key commodities and will position South Africa globally as…

…a key thermal coal exporter

…an increasingly important 4th largest supplier of iron ore to China

…the leading manganese exporter globally

…the leading logistics hub for sub-Saharan Africa

…a globally recognised benchmark for container and heavy haul operations

MDS will position South Africa as the integrated hub into sub-Saharan Africa

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South Africa's commitment

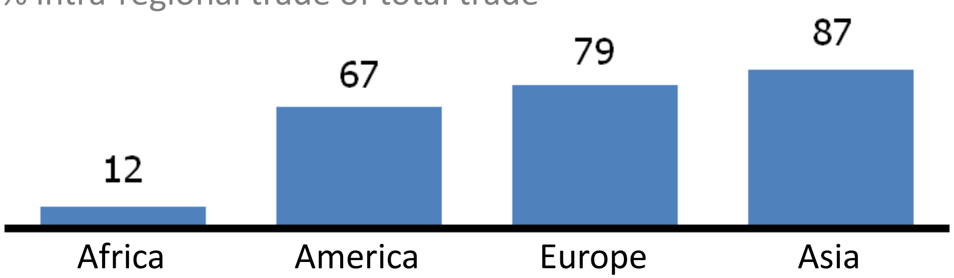
"As regional leaders, we carry a particular responsibility to serve as champions in driving industrial and infrastructure development both at the regional and continental levels."

– President Jacob Zuma, June 13, 2011

Regional integration potential

Africa's intra-regional trade is low

% intra-regional trade of total trade



Transnet's Africa strategy initiatives in progress

Rail

- Export of wagons, locomotives and rail maintenance services
- Growth of the Maputo & other Corridors
- Increase logistics collaboration with African countries

Ports

- Promote SA as a regional trans-shipment hub (Port of Ngqura)

Pipelines

- Technical advisory and training

Other

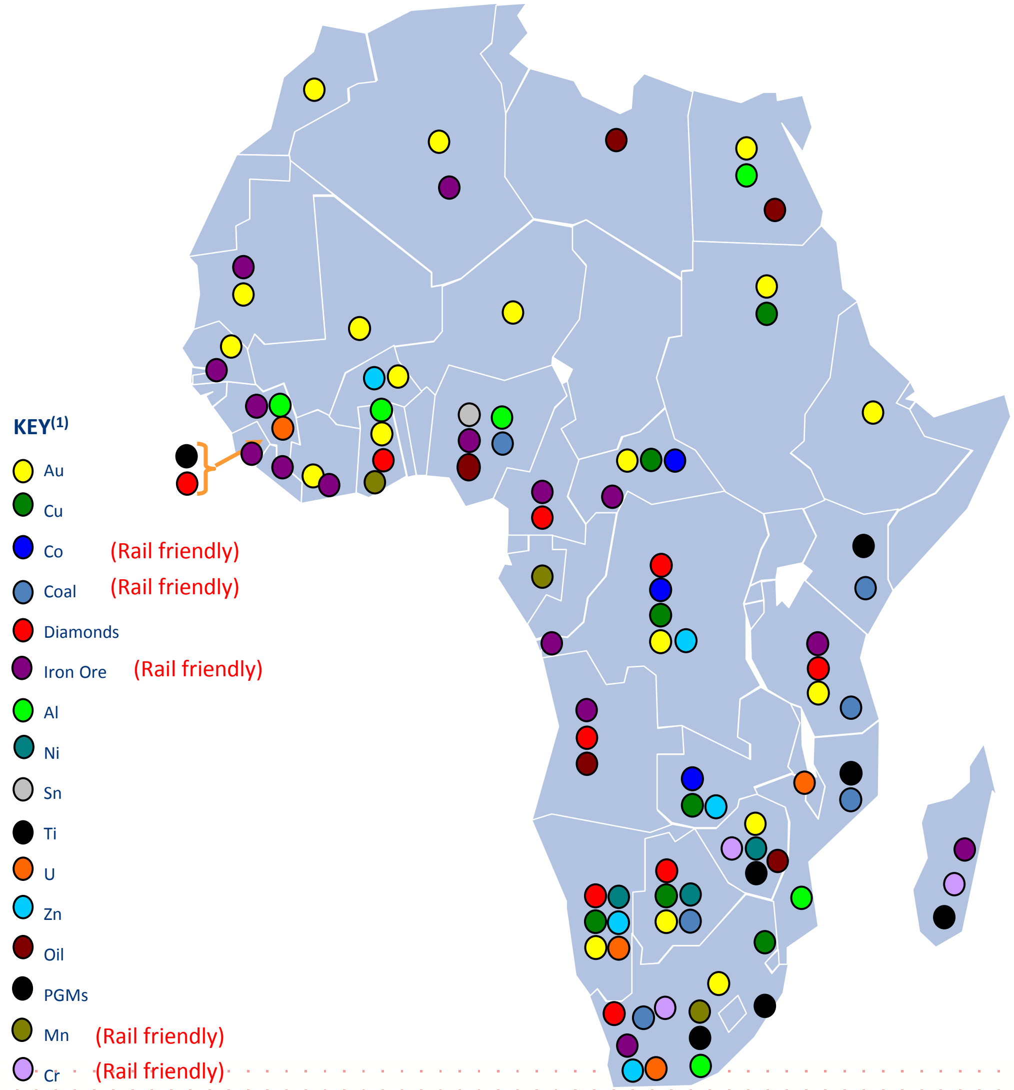
- Provision of advisory services
- Develop the North-South corridor
- Position SA as a skills development hub for the rest of Africa

These mineral resources require transport solutions and equipment . . .

Relatively under-explored and under-exploited with South Africa being the exception

Route to market is the key issue for all commodities and beneficiated product. Precious metals , PGM and copper can survive on road.

Bulk commodities such as iron ore, coal and manganese can generally only be economically moved by rail



(1) Major known mineral resources

Source: Standard Bank, Raw Materials Group

Investments in Gas, Crude and Product Pipelines are increasing in Africa

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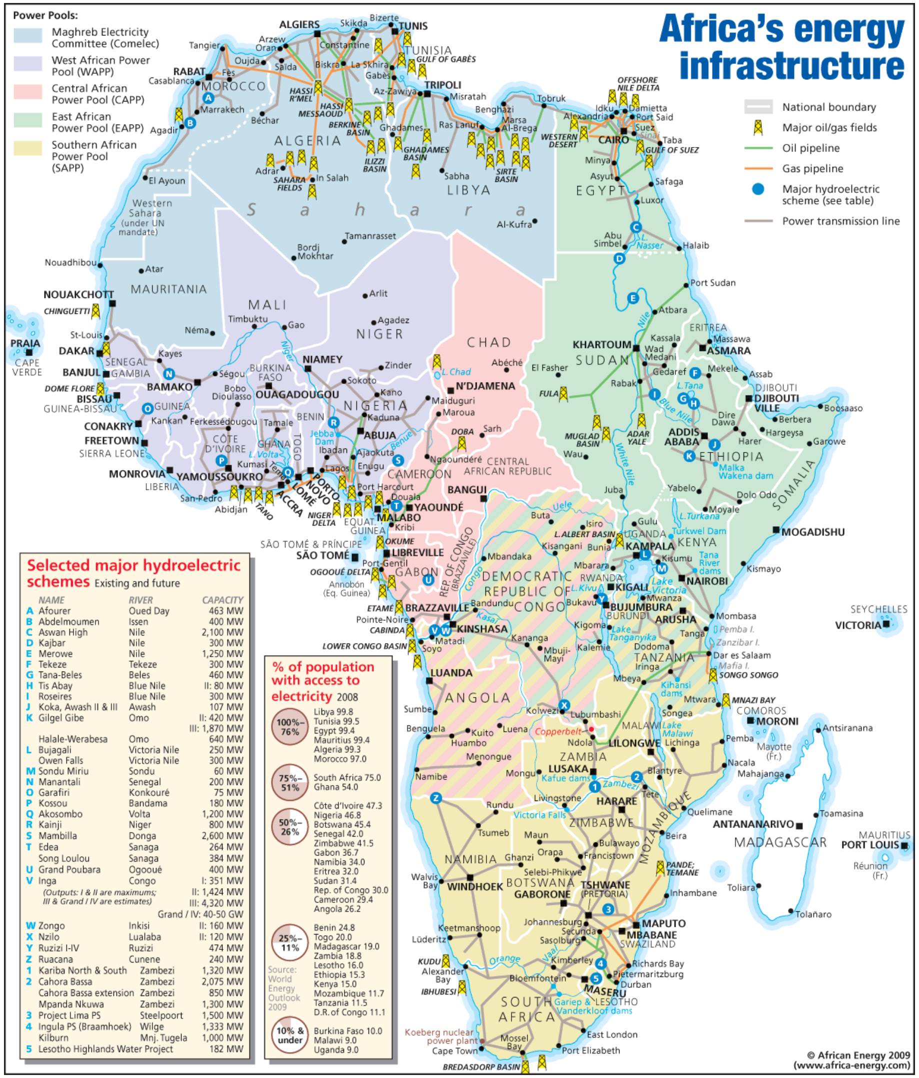


Pipeline Construction in 2011 and beyond

PIPELINE CONSTRUCTION IN 2011 AND BEYOND[1]

Table 2

Area	4-10 in.	12-20 in.	22-30 in.	30+ in.	Total
			Miles		
GAS PIPELINES					
US	455	342	1,377	1,672	3,846
Canada	—	—	750	144	894
Latin America	—	93	310	1,729	2,132
Asia-Pacific[2]	—	1,214	1,804	10,763	13,781
Europe[3]	—	235	1,333	5,500	7,068
Middle East	155	155	—	4,576	4,886
Africa	—	—	—	2,513	2,513
Total gas	**610**	**2,039**	**5,574**	**26,897**	**35,120**
CRUDE PIPELINES					
US	—	143	136	1,654	1,933
Canada	—	—	—	1,126	1,126
Latin America	—	128	—	958	1,086
Asia-Pacific[2]	—	—	—	1,875	1,875
Europe[3]	—	—	—	1,134	1,134
Middle East	—	—	593	—	593
Africa	—	—	—	—	—
Total crude	**—**	**271**	**729**	**6,747**	**7,747**
PRODUCT PIPELINES					
US	—	2,065	—	—	2,065
Canada	—	640	—	—	640
Latin America	19	—	527	—	546
Asia-Pacific[2]	—	294	—	—	294
Europe[3]	108	—	—	—	108
Middle East	99	208	99	112	518
Africa	—	279	—	—	279
Total product	**226**	**3,486**	**626**	**112**	**4,450**
WORLD TOTAL					
Gas	610	2,039	5,574	26,897	35,120
Crude		271	729	6,747	7,747
Product	226	3,486	626	112	4,450
Total	**836**	**5,796**	**6,929**	**33,756**	**47,317**

[1]Projects under way at the start of or set to begin in 2011 and be completed in 2012 or later. Includes some probable major projects whose installation will begin in 2012 or later. [2]Regions east of the Ural Mountains and south of the Caucasus Mountains, excluding the Middle East. [3]Regions west of the Ural Mountains and north of the Caucasus Mountains.

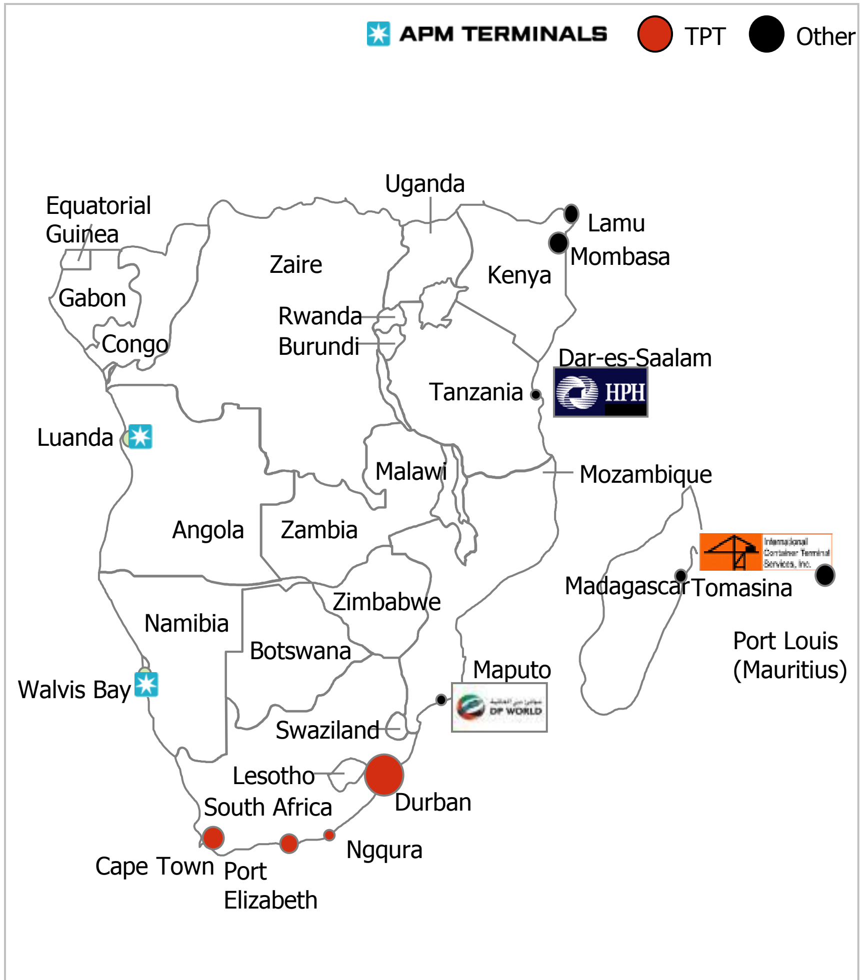
Source : OGJ, Feb 2011

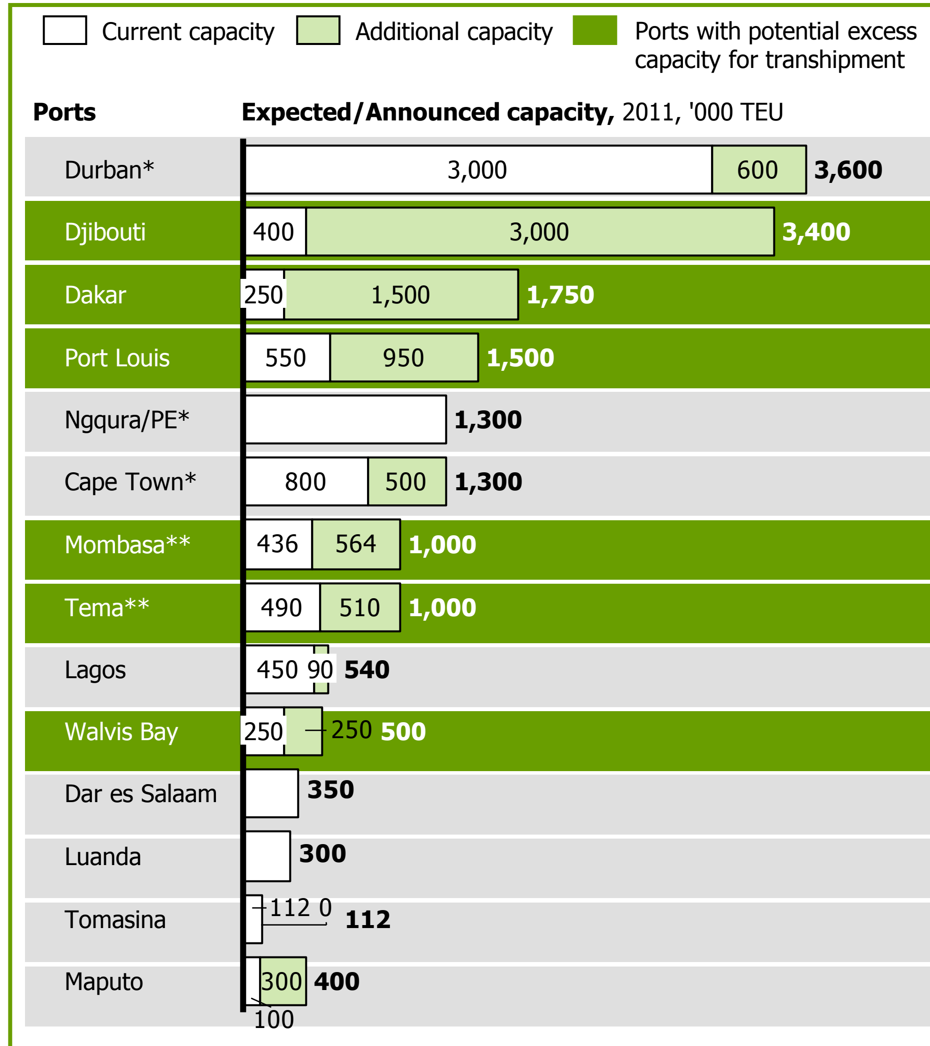
CAPACITY IN AFRICAN PORTS ARE STILL LAGGING –

DBSA AND TRANSNET CAN WORK JOINTLY TO UNDERSTAND NEEDS

Major Sub-Saharan African ports

Major Sub-Saharan African ports





* As per 5-yr plan until 2011

** Announced capacity expansion until 2015

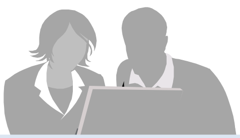
Source: Dynamar; press search; Mauritius Shipping and Port Conference Presentation 2008; UN Comtrade Data; www.ports.co.za; DP World website

Transnet can assist in building institutional capacity in the region in the following areas :

Supply of Locomotives, wagons and coaches
- Needs analyisis
- Feasibilty studies jointly with DTI, DBSA
- Manufacturing of locomotives

Maintenance of Port and Rail equipment
- Provision of training
- Working with local railways or local companies

Technical Advisory
- Market analysis
- Port and Rail planning
- Operational diagonistics and performance improvement
- Port IT systems (GCOS)
- Port Operations



Training
- Port Operations training (Cranes, RTG's)
- Maritime training (Pilots, Tug Masters)

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Thank you and questions