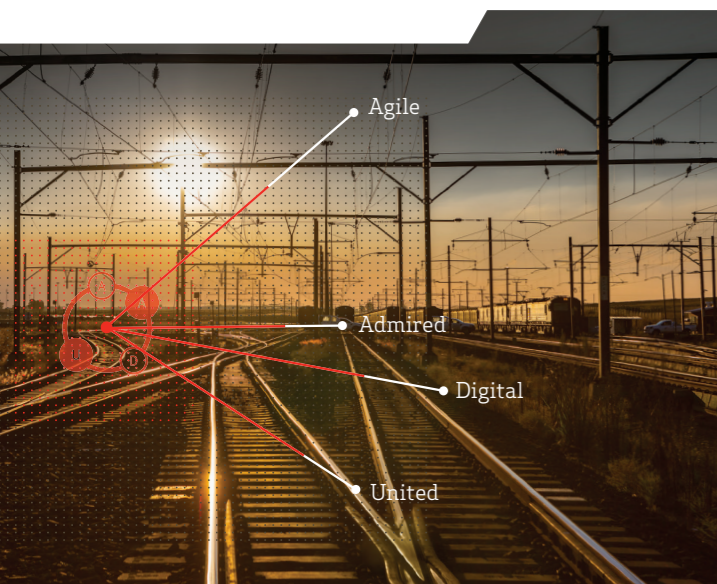




# AUDITED CONDENSED CONSOLIDATED FINANCIAL RESULTS

for the year ended 31 March 2017

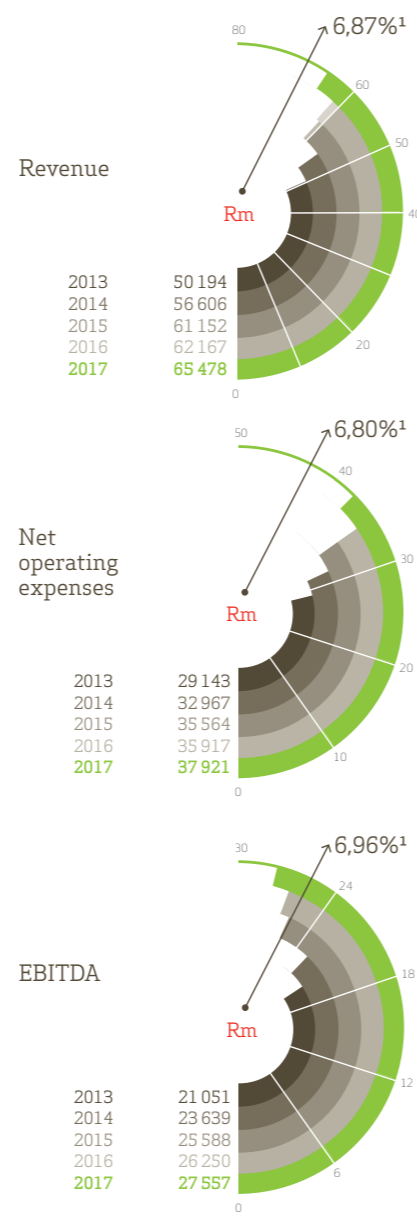


## Highlights

- Revenue increased by 5,3% to R65,5 billion mainly due to a 4,9% increase in general freight volumes, a 2,4% increase in export coal railed volumes, a 24,3% increase in automotive and container volumes on rail and a record 12,1 mt transported for manganese.
- Operating expenses were contained at a 5,6% increase to R37,9 billion – notwithstanding a 10,1% increase in electricity costs and a 7,5% increase in personnel costs – representing a R2,4 billion saving in planned costs.
- Earnings before interest, taxation, depreciation, derecognition and amortisation (EBITDA) increased by 5,0% to R27,6 billion, 7,1 times SA's GDP growth of 0,7% for the financial year.
- Profit for the year increased to R2,8 billion (2016: R393 million) more than 600% higher than the prior year.
- Gearing at 44,4% and cash interest cover at 2,9 times, are significantly within loan covenant requirements. Borrowings of R17,0 billion during the year, and R24,9 billion was repaid, reflecting the strength of Transnet's financial position.
- Cash generated from operations after working capital changes increased by 16,4% to R32,8 billion, reflecting our strong cash generating capability.
- Capital investment of R21,4 billion brought expenditure during the MDS period to R145 billion. Since the inception of the locomotive acquisition contracts in 2014, 452 locomotives have been accepted into operations.
- Continued focus on operational improvements resulted in the Group operational efficiency increasing by 14,9%. Energy efficiency increased by 1,2% with new electric locomotives regenerating 242 788 MWh.
- B-BBEE spend amounted to R37,0 billion – or 103,1% of total measured procurement spend, per DTI codes.
- The Company spent 3,1% of its labour costs on training, focusing on artisans, engineers and engineering technicians.
- The Company recorded a disabling injury frequency rate (DIFR) of 0,69 – the sixth consecutive year of recording a positive safety performance that outperformed the target of 0,75 and the global benchmark of 1. However, with an increase in the number of fatalities during the year, Transnet is redoubling its efforts and investment in safety management.
- R234 million was invested in sustainable community development programmes across South Africa with 438 807 individuals from rural and needy communities benefiting from the Phelophepa healthcare trains outreach programmes.

## Overview

Transnet's performance for the year confirms the Company's financial agility and operational endurance, despite the ongoing volatile economic environment, tough competition, lower-than-anticipated demand, and depressed commodity prices. The Company continued to execute its Market Demand Strategy (MDS), with concerted efforts to manage costs, improve operational efficiency and rephase and optimise capital investments in response to a muted economy and validated customer demand.



<sup>1</sup> Compound annual growth rate.

## Short form announcement

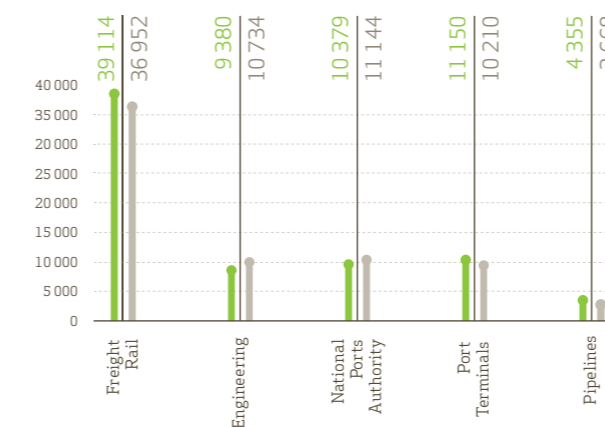
This short form announcement is the responsibility of the Transnet Board of Directors. It is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decision should be based on the full announcement available on the Transnet website at www.transnet.net. The full announcement (which includes the external audit review opinion) is also available for inspection at the registered office of Transnet.

## Condensed statement of financial position as at 31 March 2017

(in R million)	AUDITED	
	31 March 2017	31 March 2016
<b>Assets</b>		
Non-current assets	333 646	328 192
Current assets	17 989	28 201
<b>Total assets</b>	<b>351 635</b>	<b>356 393</b>
<b>Equity and liabilities</b>		
Capital and reserves	143 563	143 290
Non-current liabilities	168 533	171 254
Current liabilities	39 539	41 849
<b>Total equity and liabilities</b>	<b>351 635</b>	<b>356 393</b>

## Condensed segmental analysis for the year ended 31 March 2017

### Segmented revenue (R million)<sup>2</sup>



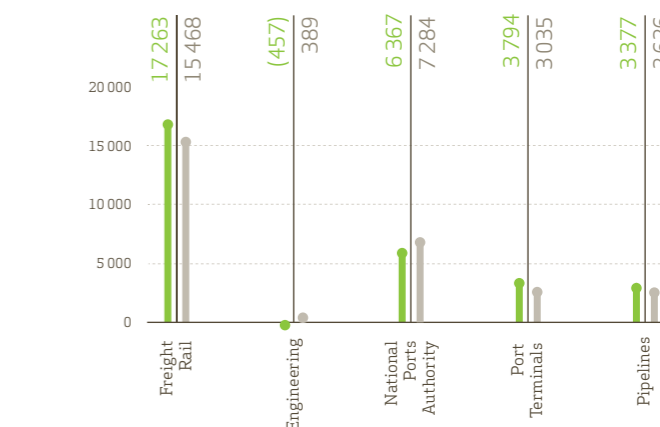
## Prospects

Current market conditions continue to temper Transnet's expectations, and accordingly the Company has tailored the MDS to respond to the market and through dynamism, financial agility, operational unity and perpetual innovation, Transnet will continue to implement its strategy. The Company will focus on volumes, safety and capital optimisation in the new year and take advantage of available growth opportunities to ensure that the overall objectives of the MDS are ultimately achieved.

## Condensed statement of cash flows for the year ended 31 March 2017

(in R million)	AUDITED	
	31 March 2017	31 March 2016
Cash flows from operating activities	25 104	28 572
Cash flows utilised in investing activities	(24 689)	(34 328)
Cash flows (utilised in)/from financing activities	(7 936)	13 435
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(7 521)</b>	<b>7 679</b>
Cash and cash equivalents at the beginning of the year	13 943	6 264
<b>Total cash and cash equivalents at the end of the year</b>	<b>6 422</b>	<b>13 943</b>

### Segmented EBITDA (R million)<sup>2</sup>



<sup>2</sup> Excludes other segments, inter-unit eliminations and consolidation adjustments.

## Corporate information

### Transnet SOC Ltd

Incorporated in the Republic of South Africa.  
Registration number 1990/000900/30

### Directors

**Executive directors**  
SI Gama (Group Chief Executive),  
GJ Pita (Chief Financial Officer).

**Independent non-executive directors**  
LC Mabaso (Chairperson), Y Forbes,  
GJ Mahlalela, PEB Matheka, ZA Nagdee,  
VM Nkonyane, SD Shane, BG Stagman.  
Mr PG Williams passed away on 15 March 2017.

### Group Company Secretary

NE Khumalo  
47th Floor, Carlton Centre,  
150 Commissioner Street,  
Johannesburg, 2001.  
PO Box 72501, Parkview,  
2122, South Africa

### Auditors

SizweNtsalubaGobodo,  
20 Morris Street East  
Woodmead, Johannesburg  
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