



REVIEWED CONDENSED CONSOLIDATED INTERIM RESULTS

for the six months ended
30 September 2016

Revenue increased by 1.2% to R32.6 billion for the period, driven by a **12.8% increase in railed containers and automotive volumes** as a result of concerted efforts to shift rail-friendly cargo from road to rail.

Total railed volumes decreased by 1.0%, container volumes decreased by 4.6% and petroleum volumes decreased by 4.1%.

Operating expenses were contained to R18.7 billion, an increase of only 2.3%, well below inflation and represents R1.8 billion savings against planned costs.

EBITDA decreased marginally by 0.3% to R13.9 billion, due to the economic slowdown. This included price relieves of R628 million given to struggling customers, which would have increased EBITDA.

Cash generated from operations after working capital changes increased by 13.8% to R15.4 billion as a result of aggressive working capital management.

The Company maintained an investment grade credit rating, confirming its solid stand-alone credit profile, with gearing at 43.8% and cash interest cover at 2.8 times.

Capital investment of R9.4 billion (cumulative MDS spend of R133 billion, including intangibles).

The Company spent 2.9% of its labour costs on training, focusing on artisans, engineers, and engineering technicians.

B-BBEE spend of R15.8 billion or 102.9% of total measured procurement spend for the period, per the new DTI codes.

Enterprise and supplier development equates to 3.9% of net profit after taxation.

The DIFR ratio is at 0.69 and this is the sixth consecutive year that the Company recorded a DIFR ratio below the target of 0.75 and the global benchmark of 1. This is due to continued focus and investment in safety.

The Company regrets to report ten employee fatalities during the period.

MDS MARKET DEMAND STRATEGY

Our areas of focus are:

- Optimising capital investments and growing the asset base.
- Growing volumes and market share.
- Improving productivity and operational efficiencies.
- Prioritising safety, health and environment.
- Enabling regional integration.
- Creating regulatory certainty.
- Meeting complementary New Growth Path and National Development Plan objectives of skills development and job creation.

STATEMENT OF CHANGES IN EQUITY

for the six months ended

(in Rand million)	Issued capital	Revaluation reserve	Foreign currency translation reserve	Actuarial gains and losses	Cash flow hedging reserve	Other	Retained earnings	Total
Opening balance as at 1 April 2015	12 661	77 426	(2)	2 154	1 196	249	48 644	142 328
Total comprehensive income for the period (net of taxation)	-	2 073	-	24	642	-	1 778	4 517
Balances as at 30 September 2015	12 661	79 499	(2)	2 178	1 838	249	50 422	146 845
Total comprehensive (loss)/income for the period (net of taxation)	-	(2 642)	2	97	373	-	(1 385)	(3 555)
Transfer to retained earnings	-	(42)	-	-	-	-	42	-
Balances as at 31 March 2016	12 661	76 815	-	2 275	2 211	249	49 079	143 290
Total comprehensive (loss)/income for the period (net of taxation)	-	(247)	-	(24)	(1 443)	-	1 010	(704)
Transfer to retained earnings	-	(9)	-	-	-	-	9	-
Balances as at 30 September 2016	12 661	76 559	-	2 251	768	249	50 098	142 586

SEGMENT INFORMATION

for the six months ended

(in Rand million)	Transnet Freight Rail		Transnet Engineering		Transnet National Ports Authority		Transnet Port Terminals		Transnet Pipelines		Total reportable segments		Other*		Total Transnet	
	2016 Reviewed	2015 Reviewed	2016 Reviewed	2015 Reviewed	2016 Reviewed	2015 Reviewed	2016 Reviewed	2015 Reviewed	2016 Reviewed	2015 Reviewed	2016 Reviewed	2015 Reviewed	2016 Reviewed	2015 Reviewed	2016 Reviewed	2015 Reviewed
External revenue	18 806	18 591	688	605	4 858	5 326	5 541	5 417	2 377	2 002	32 270	31 941	334	287	32 604	32 228
Internal revenue	217	260	3 020	5 124	739	684	4	8	2	2	3 982	6 078	(3 982)	(6 078)	-	-
Total revenue	19 023	18 851	3 708	5 729	5 597	6 010	5 545	5 425	2 379	2 004	36 252	38 019	(3 648)	(5 791)	32 604	32 228
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	7 916	7 692	(765)	298	3 696	4 244	1 933	1 651	1 899	1 582	14 679	15 467	(814)	(1 564)	13 865	13 903
Total assets***	175 181	177 815	12 993	12 464	84 817	80 666	18 916	19 076	40 070	36 967	331 977	326 988	19 633	22 292	351 610	349 280
Total liabilities	114 014	108 765	9 687	8 001	44 296	44 632	9 199	10 166	22 570	21 440	199 766	193 004	9 375	9 526	209 141	202 530
Capital expenditure**	6 614	12 718	312	564	952	1 523	463	484	638	651	8 979	15 940	443	145	9 422	16 085
Cash generated from operations after changes in working capital	8 142	4 959	(109)	89	3 521	5 423	2 074	1 525	1 929	670	15 557	12 666	(169)	858	15 388	13 524

* Other includes other segments, inter-unit eliminations and consolidation adjustments.

** Capital expenditure excludes the effects of borrowing costs, includes capitalised finance leases and capitalised decommissioning liabilities.

*** Excludes assets held-for-sale.

INCOME STATEMENT

for the six months ended

(in Rand million)	30 Sept 2016 Reviewed	30 Sept 2015 Reviewed	31 March 2016 Audited
Revenue	32 604	32 228	62 167
Net operating expenses excluding depreciation and amortisation	(18 739)	(18 325)	(35 917)
Profit from operations before depreciation, derecognition, amortisation and items listed below (EBITDA)	13 865	13 903	26 250
Depreciation, derecognition and amortisation	(8 015)	(6 889)	(15 275)
Profit from operations before items listed below:	5 850	7 014	10 975
Impairment of assets	(914)	(744)	(1 524)
Post retirement benefit obligation expense	(74)	(72)	(346)
Fair value adjustments	862	(245)	(590)
Income from associates and joint ventures	-	-	26
Profit from operations before net finance costs	5 724	5 953	8 541
Finance costs	(4 452)	(3 584)	(7 481)
Finance income	224	172	408
Profit before taxation	1 496	2 541	1 468
Taxation	(486)	(763)	(1 075)
Profit for the period	1 010	1 778	393

STATEMENT OF CASH FLOWS

for the six months ended

(in Rand million)	30 Sept 2016 Reviewed	30 Sept 2015 Reviewed	31 March 2016 Audited
Cash flows from operating activities	11 547	10 282	28 572
Cash generated from operations	14 650	15 189	27 747
Changes in working capital	738	(1 665)	408
Cash generated from operations after changes in working capital	15 388	13 524	28 155
Finance costs	(3 959)	(2 948)	(6 002)
Finance income	224	172	361
Taxation paid	-	-	(23)
Settlement of post-retirement benefit obligations	(93)	(101)	(208)
Derivatives settled and raised	(13)	(365)	6 289
Cash flows utilised in investing activities	(10 498)	(18 188)	(34 328)
Investment to maintain operations	(7 249)	(10 349)	(18 864)
Investment to expand operations	(3 950)	(7 589)	(14 353)
Changes in investments, loans, advances and other investing activities	701	(250)	(1 111)
Cash flows (utilised in)/from financing activities	(5 356)	7 146	13 435
Borrowings raised	11 794	12 493	40 905
Borrowings repaid	(17 150)	(5 347)	(27 470)
Net (decrease)/increase in cash and cash equivalents	(4 307)	(760)	7 679
Cash and cash equivalents at the beginning of the period	13 943	6 264	6 264
Total cash and cash equivalents at the end of the period	9 636	5 504	13 943

STATEMENT OF FINANCIAL POSITION

as at

(in Rand million)	30 Sept 2016 Reviewed	30 Sept 2015 Reviewed	31 March 2016 Audited
ASSETS			
Non-current assets	328 742	324 727	328 192
Property, plant and equipment	304 647	301 053	302 463
Investment properties	10 294	9 252	10 105
Intangible assets	1 478	1 315	1 489
Investments in associates and joint ventures	137	114	137
Derivative financial assets	10 669	12 634	13 076
Long-term loans and advances	21	25	21
Other investments and long-term financial assets	1 496	334	901
Current assets	22 985	24 648	28 201
Inventories	3 764	3 686	3 594
Trade and other receivables	8 390	9 115	8 535
Derivative financial assets	137	5 304	324
Other short-term investments	941	944	1 641
Cash and cash equivalents	9 636	5 504	13 943
Assets classified as held-for-sale	117	95	164
Total assets	351 727	349 375	356 393
EQUITY AND LIABILITIES			
Capital and reserves	142 586	146 845	143 290
Issued capital	12 661	12 661	12 661
Reserves	129 925	134 184	130 629
Non-current liabilities	175 247	157 188	171 254
Employee benefits	2 644	2 873	2 646
Long-term borrowings	119 194	102 021	117 468
Derivative financial liabilities	2 175	7	-
Long-term provisions	1 964	1 964	1 886
Deferred taxation liabilities	44 208	45 085	44 387
Other non-current liabilities	5 062	5 238	4 867
Current liabilities	33 894	45 342	41 849
Trade payables and accruals	21 020	18 471	20 220
Short-term borrowings	8 491	23 002	17 049
Current taxation liability	29	37	13
Derivative financial liabilities	94	37	247
Short-term provisions	1 187	1 121	932
Other current liabilities	3 073	2 674	3 388
Total equity and liabilities	351 727	349 375	356 393

STATEMENT OF COMPREHENSIVE INCOME

for the six months ended

(in Rand million)	30 Sept 2016 Reviewed	30 Sept 2015 Reviewed	31 March 2016 Audited
Profit for the period	1 010	1 778	393
Other comprehensive income	(2 381)	3 970	792
Exchange differences on translation of foreign operations	-	-	2
(Losses)/gains on revaluations	(347)	3 047	(780)
Cash flow hedges	(2 003)	890	1 403
Actuarial (loss)/gain on post-retirement benefit obligations	(31)	33	167
Taxation relating to components of other comprehensive income	667	(1 231)	(223)
Other comprehensive (loss)/income for the period, net of taxation	(1 714)	2 739	569
Total comprehensive (loss)/income for the period	(704)	4 517	962

HEADLINE EARNINGS SUMMARISED RECONCILIATION

for the six months ended

(in Rand millions)	30 Sept 2016 Reviewed	30 Sept 2015 Reviewed	31 March 2016 Audited
Profit for the period attributable to the equity holder	1 010	1 778	393
Profit on the disposal of property, plant and equipment	(22)	(8)	(51)
Loss on the disposal of intangible assets	-	-	3
Profit on the disposal of investment property	-	-	(49)
Total revaluations	695	363	620
Investment property fair value adjustments	(187)	(175)	(439)
Impairment of intangible assets	-	-	1
Impairment of property, plant and equipment	882	538	1 058
Total taxation effects of adjustments	(199)	(116)	(187)
Headline earnings	1 484	2 017	729

