



10 November 2019

## Transnet half year results for 2019/20

### Performance highlights

- Revenue increased by 2,9% to R38,7 billion.
- Operating costs increased by 1,2% to R21,2 billion.
- EBITDA increased by 5,1% to R17,5 billion.
- Profit for the year increased by 3,5% to R2,9 billion.
- Capital investment of R7,9 billion for the period.
- Cash generated from operations increased by 5,3% to R16,2 billion.
- Gearing of 43,2% and cash interest cover at 3,0 times.

Operational performance during the period under review was mixed with areas where performance exceeded expectations and areas where, due to various challenges in the port environment and general freight rail sector, performance was below expectations.

Transnet has hosted numerous integrated customer and industry engagements to better understand customer requirements and to discern where the Company is not measuring up. Constructive outcomes of the engagements include the conclusion of long-term take-or-pay contracts as well as the signing of an internal Transnet Customer Charter to drive a customer-centric culture in the Company.

The Board has made significant progress in ensuring the organisation is cleansed of the malfeasance associated with the "state capture" era and has been able to draw on a depth of talent to take on the roles vacated by senior executives whose services were terminated.

The appointment of permanent executives to key management positions is an immediate priority and the process is expected to be concluded in the coming months.

Initiatives such as the recently launched 375-wagon long manganese export train, measuring 4km in length, has improved the capacity available to the manganese export industry and is an example of the Company's ability to perform at levels that are globally considered to be best in class.

### Capital investment

Transnet continues to optimise its capital investment programme, having invested R7,9 billion during the reporting period. Investment highlights for the period include:

- R1,3 billion invested in rail infrastructure;
- R2,9 billion invested to maintain the condition of rolling stock; and
- Approximately R1,0 billion invested in marine and port terminal equipment.

## Economic and social impact

Transnet continues to invest in the country's vision of creating an industrialised generation by recording a total recognised broad-based black economic empowerment (B-BBEE) spend of R14,7 billion. R7,21 billion was spent on black-owned enterprises, with black youth enterprise spend accounting for R251 million.

Transnet spent R214 million on its nationwide corporate social investment programmes.

The two Phelophepa "Trains of Hope" continue to provide high-end primary health care services to communities situated along Transnet's rail network. 79 046 patients benefitted from the on-board clinics on the train, while the Company's outreach initiatives reached a further 261 452 people through services such as health screening, education and counselling workshops.

Transnet has identified 110 schools to participate in the school development programme.

## Safety performance

Transnet leadership has instituted an integrated management system approach to embed safety performance within the organisation by increasing visibility and monitoring in operations. Notwithstanding Transnet achieving a DIFR of 0,72, well below the global benchmark of 1,0, we are saddened to report that two employees passed away in Transnet's operations during the period under review.

Regrettably, 57 members of the public lost their lives in and around Transnet's operational activities during the year, due mainly to the encroachment of the rail reserve by communities close to railway lines.

The Transnet Board of Directors and management convey their deepest condolences to the families, friends and colleagues of the employees and members of the public who lost their lives.

For all the interim results information, please click [here](#).

**Issued on behalf of Mohammed Mahomedy, Acting Group Chief Executive at Transnet SOC Ltd**

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