



IMPROVING RAIL PERFORMANCE REMAINS TRANSNET'S PRIORITY

[Johannesburg, 18 August 2023] Transnet SOC Ltd. (Transnet) is concerned at some coverage that has been generated out of comments by Group CE Portia Derby at a Bloomberg event this week.

Ms Derby's comments, which were in response to a question from the floor, related to the huge growth in trucking in SA as result of the poor performance of rail and boom in global coal demand, have been taken out of context.

Transnet has asked the relevant media platforms to correct their misrepresentation of the GCE's comments – in particular, the characterization by News24 of her comments meaning that there will be major job losses once Transnet improves its rail services.

This headline, in particular, is unfortunate, and not an accurate reflection of Ms Derby's comments.

Transnet Freight Rail (TFR) has experienced three main binding constraints, which it is actively working on. These are: shortage of available locomotives, mainly because of the long-standing locomotives and the ongoing challenges with the CRRC locomotives; a backlog in infrastructure maintenance; and the crippling effect of rampant cable theft and infrastructure vandalism. Significant progress is being made to improve Transnet's capacity, and the inevitability of a growing return to rail cannot be ignored.

A number of initiatives are underway inside Transnet to this effect. These include:

- A number of locomotives are being returned to service, and TFR is restoring and stabilising its corridor operations.
- Rapid enhancement to the quality of rolling stock and the infrastructure network
- The move to outcomes-based security contracts that should reduce disruptions as a result of theft incidents, though this remains high.

What the Group CE did say, in response to a question by a member of the audience, is that thought needs to be given to the future of the trucking industry as Transnet increases its ability to carry bulk commodities, as a result of the improved availability of locomotives. The key opportunity for this sector lies in the last mile of the logistics chain in which Transnet does not participate. This provides an opportunity for better alignment between Transnet and the truckers as rail's performance improves. This is particularly important as many of the truckers are owner-drivers who would have used their pensions to get into new businesses.

Transnet's focus remains on resolving its binding constraints, and repositioning the company to play its rightful place in the economy.

Issued on behalf of the Chairperson of the Board of Directors, Mr Andile Sangqu.

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