2026

RAIL INFRASTRUCTURE MANAGER



TRANSNET

COLLABORATION, OPPORTUNITIES AND GROWTH.

engineering rail infrastructure manager freight rail port terminals national ports authority pipelines property

rail infrastructure manager

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CHIEF EXECUTIVE'S **OVERVIEW**



HIGHLIGHTS

Revenue **R21,3 bn**	Capital investment **R8,0 bn**
EBITDA **R6,2 bn**	COPEX **R6,4 bn**

The 2025/26 financial year was a defining period for the Transnet Rail Infrastructure Manager (TRIM). As TRIM marked its first anniversary as an Operating Division on 1 April 2026, we reflected not only on the institutional milestone that this represents, but also on the progress made in giving practical effect to South Africa's rail reform agenda.

This year, TRIM continued to establish itself as the custodian and manager of the national rail network, with a mandate to provide safe, reliable, transparent and non-discriminatory access to rail infrastructure. This required significant effort across infrastructure management, network capacity planning, safety, security, maintenance execution, stakeholder engagement and open-access implementation. Our achievements for 2025/26FY reflect the commitment, resilience and professionalism of TRIM employees across all regions and functions.

TRIM delivered a solid performance, achieving revenue of R21,3 billion and earnings before interest, tax, depreciation and amortisation (EBITDA) of R6,2 billion. Importantly, this performance was accompanied by a significant increase in investment in the rail network, with a capital investment of R8,0 billion, including R6,4 billion in capitalised operating expenditure (COPEX). This is the highest level of COPEX investment in more than a decade, and has been critical to stabilising the network, improving asset condition and supporting the restoration of rail capacity. TRIM also achieved a 4% saving in operating expenditure, reflecting continued focus on cost discipline while ensuring that available resources are directed towards the areas of greatest operational and strategic impact.

An important milestone was the release and implementation of the first Network Statement. This provided the framework through which eligible train operating companies (TOCs) could apply for access to available capacity on the rail network.

The process culminated in the announcement of 11 TOCs that received conditional approval for train slots. I acknowledge and thank all teams involved in developing the Network Statement, which included undertaking capacity analysis, supporting stakeholder engagement, managing regulatory alignment and bringing this important process to fruition.

TRIM also made encouraging progress in improving safety performance across the network. Third-party fatalities at level crossings were reduced to zero during the year, while running line derailments improved by approximately 20% year-on-year. Employee fatalities also reduced materially. These improvements are significant and reflect the value of sustained focus, operational discipline and safety leadership across the organisation. While we are encouraged by this performance, safety remains non-negotiable. We must strengthen safety behaviours, improve risk controls and ensure that every employee, contractor and stakeholder remains committed to a safer rail network.

Security performance also improved, with key indicators showing positive movement. Locomotive vandalism reduced by 50%, train delays linked to security incidents reduced by 45%, and volume losses associated with security incidents reduced by 51%. These improvements are important not only for protecting Transnet assets, but also for restoring operational reliability, improving customer confidence and supporting the broader recovery of rail volumes.

Operationally, TRIM focused on restoring capacity and improving network availability. In 2025/26FY, 116 train slots were restored to the network across key corridors, with notable gains on the Cape, North and Container Corridors. These restored slots provide an important platform for volume recovery and demonstrate the value of targeted maintenance, corridor coordination and integrated planning. In addition, TRIM achieved strong shutdown performance across all major corridors, with an overall average performance of 99%. This reflects effective planning, coordination and execution by teams across the business and is a credit to all employees involved in preparing for and delivering these critical shutdowns.

The progress achieved in 2025/26FY was delivered in a demanding environment, while TRIM was still embedding its operating model, strengthening internal systems and responding to the expectations of rail reform. The year required agility, collaboration and a willingness to go beyond normal requirements. Across the Operating Division, employees demonstrated teamwork, commitment and a deep sense of responsibility to TRIM's mandate and Transnet's broader recovery objectives.

As we enter the new financial year, our focus remains on consolidating the gains achieved during 2025/26. We must continue to improve safety and security performance, protect the network, restore capacity, strengthen maintenance execution, enable open access and build confidence in the rail system. The next phase of TRIM's journey will require continued discipline, accountability and collaboration across all regions and functions.

I extend my sincere appreciation to every TRIM employee for your dedication, professionalism and continued willingness to go above and beyond. The progress achieved during our first year as an Operating Division belongs to all of you. Together, we are building the foundation for a safer, more reliable, more accessible and more competitive rail network for South Africa.

Moshe Motlohi
Chief Executive



BUSINESS **OVERVIEW**

As a newly formed Operating Division of Transnet, TRIM has a clearly defined mandate to act as the independent custodian of South Africa's rail infrastructure, ensuring fair, transparent and non-discriminatory access to the network for all TOCs.

The TRIM was established in April 2025 as a strategic response to South Africa's rail sector reform agenda, as articulated in the National Rail Policy (2022).

ROLE IN ENABLING RAIL REFORM AND OPEN ACCESS

A key milestone in TRIM's establishment has been the introduction of regulated open access, including the allocation of operating slots to multiple TOCs. This marks the transition to a multi-operator rail environment, designed to unlock market efficiencies and enhance service delivery.

TRIM's role is central to this transition, as it:

- Creates a level playing field for all operators;
- Establishes transparent access rules and pricing mechanisms;
- Ensures optimal utilisation of network capacity; and
- Supports the onboarding and integration of new market entrants.

This model is expected to drive innovation, improve reliability and stimulate growth in rail volumes.

ADDRESSING LEGACY CHALLENGES

The establishment of TRIM is also a direct response to longstanding structural challenges affecting the rail sector, including:

- Chronic underinvestment in infrastructure;
- Significant maintenance backlogs;
- Deterioration in network reliability and performance; and
- Rising incidents of theft, vandalism and operational disruption.

By separating infrastructure management and strengthening governance, TRIM enables a more focused and disciplined approach to addressing these challenges through targeted investment, improved maintenance practices and enhanced operational oversight.

POSITIONING FOR FUTURE GROWTH

Looking ahead, TRIM is strategically positioned to:

- Expand network capacity to meet growing freight demand;
- Facilitate regional integration across the Southern African Development Community (SADC);
- Attract private investment through public sector participation (PSP);
- Commercialise infrastructure assets to diversify revenue streams; and
- Support digital transformation for improved planning, monitoring and reliability.

These capabilities position TRIM as a critical enabler of South Africa's logistics competitiveness, supporting economic growth while building a more resilient and sustainable rail system.

REGIONAL INTEGRATION AND SADC CONNECTIVITY

TRIM plays a critical role in strengthening regional economic integration by providing rail infrastructure, connecting South Africa to neighbouring countries and key export markets. Through its management of strategic freight corridors, TRIM facilitates the efficient movement of commodities, manufactured goods and trade flows across SADC.

As custodian of South Africa's rail infrastructure network, TRIM supports the development of an integrated regional transport system that improves market access, enhances supply chain efficiency and strengthens trade competitiveness across the region.

STRATEGIC ROLE IN REGIONAL TRADE

TRIM's network provides critical connectivity between inland production centres, industrial hubs and major ports, while enabling cross-border trade with neighbouring countries including Botswana, Zimbabwe, Mozambique, Namibia and Eswatini.
By improving infrastructure reliability and network availability, TRIM contributes to:

- Increased regional freight mobility;
- Improved access to export markets;
- Reduced logistics costs;
- Enhanced supply chain resilience; and
- Greater regional economic integration.

INFRASTRUCTURE INVESTMENT SUPPORTING REGIONAL GROWTH

Ongoing infrastructure renewal and capacity restoration initiatives are expected to strengthen the performance of key corridors serving regional and export markets.

Infrastructure investment	Value created
Increased corridor capacity	Strengthens South Africa's position as a regional logistics hub
Improved network reliability	Enables increased cross-border trade and economic activity
Greater freight throughput	Supports industrialisation and improved market access across the SADC region
Enhanced port connectivity	Improves freight mobility and corridor efficiency
Ongoing infrastructure renewal and capacity restoration	Facilitates regional cooperation and investment in rail infrastructure
Strategic investment in key regional and export corridors	Contributes to long-term economic growth and regional competitiveness

VALUE CREATION THROUGH OUR BUSINESS MODEL

TRIM creates value by managing, maintaining and developing South Africa's rail infrastructure network to provide safe, reliable, transparent and non-discriminatory access to rail services. Through the effective deployment of our capitals, TRIM enables rail reform, restores network capacity, facilitates regional integration, supports economic growth and contributes to a more sustainable and competitive freight logistics system.

Capital inputs	Business activities	Performance and value outcomes
Financial capital • Capital investment of **R8,0 billion** • Total assets of **R64,9 billio**n	Infrastructure investment, network access management, maintenance delivery, tariff administration, cost optimisation and implementation of rail reform initiatives	• EBITDA of R6,2 billion achieved in TRIM's first year of operation • 4% reduction in operating expenditure through cost discipline • R8,0 billion invested in infrastructure renewal and capitalised maintenance • Improved funding position to support network recovery and open-access implementation
Manufactured capital • **30 400 km** of rail infrastructure • **20 953 km** of core rail routes • National freight corridors and signalling infrastructure • Telecommunications and electrical network assets	Network operations, capacity allocation, maintenance execution, infrastructure renewal, shutdown management and corridor optimisation	• 116 train slots restored across key corridors • Shutdown execution performance of approximately 99% • Running-line derailments reduced by approximately 20% • Improved infrastructure availability on the Cape, North and Container Corridors
Human and intellectual capital • Workforce of **10 249** employees • Network Statement and access allocation framework established • Engineering, technical and operational expertise	Safety management, infrastructure planning, skills development, rail reform implementation, digital innovation and operational execution	• First Network Statement successfully implemented • Apprentice trainees increased to 147 against a target of 39 • Enhanced capability to operate a multi-user rail network
Social and relationship capital • Strong relationships with government, regulators and industry stakeholders • Partnerships with law enforcement agencies and communities • Engagement platforms supporting rail reform and private sector participation	Stakeholder engagement, open-access implementation, security partnerships, PSP initiatives, community development and regional integration programmes	• Third-party fatalities at level crossings reduced to zero • 11 TOCs awarded conditional train slots • Community digital-skills programmes benefited more than 2 000 people • Driver's licence programme reached approximately 200 beneficiaries • Improved collaboration supporting rail reform and regional connectivity across SADC
Natural capital • Climate resilience and environmental management programmes • Land, water and energy resources supporting rail operations	Climate-risk management, environmental compliance, resilience planning, infrastructure adaptation and sustainable asset management	• Climate-related risks incorporated into enterprise risk management • Climate-resilient infrastructure solutions incorporated into planning processes • Improved preparedness for flooding, extreme temperatures and environmental disruption • Continued support for lower-carbon freight transportation through rail

WHERE WE **OPERATE**

The TRIM operates across South Africa's national rail network, managing an extensive footprint of approximately 30 400 km of rail infrastructure, of which approximately 20 953 km constitutes core routes. This network forms the backbone of South Africa's freight logistics system. It provides critical connectivity between inland production centres, industrial hubs and major ports, while also facilitating regional trade across SADC.

TRIM's operations span the entire country, covering:

- Major freight corridors linking mines, industries and ports;
- Urban and industrial nodes, particularly in Gauteng, Mpumalanga and KwaZulu-Natal;
- Export corridors connecting inland resource regions to ports such as Richards Bay, Saldanha and Ngqura; and
- Cross-border routes linking South Africa to neighbouring countries including Botswana, Mozambique, Zimbabwe and beyond.

This extensive footprint enables TRIM to support both domestic logistics and regional trade, positioning South Africa as a key transport hub within the SADC region.



Rail infrastructure

- ±30 400 km of track
- ±21 000 route km
- Core network:
  - ±9 900 route km
- Network traction
  - 50kV AC (991 route km)
  - 25kV AC (2 116 route km)
  - 3kV DC (3 759 route km)
  - Diesel (14 296 route km)
- Axle loading
  - Main lines at 20t/axle
  - Ore line at 30t/axle
  - Coal line at 26t/axle
- Bridges/structures
  - Bridges: 2 696
  - Tunnels: 198
- Train authorisation systems
  - Signalling basic stations: 2 146
- Traction substations
  - 3kV DC: 311
  - 25kV AC: 90
  - 50kV AC: 7

REGULATORY **ENVIRONMENT**

TRIM operates within a complex and evolving regulatory environment shaped by South Africa's rail reform agenda. This regulatory framework is central to TRIM's mandate, directly influencing how it manages infrastructure, allocates network access and ensures operational sustainability.

Unlike traditional operating divisions, TRIM functions as a regulated infrastructure manager, meaning its activities are governed by legislation that promotes:

- **Fair, transparent and non-discriminatory** access to rail infrastructure;
- **Economic regulation** of tariffs and access charges;
- **Enhanced** safety and compliance standards; and
- **Improved** governance and accountability.

This regulatory environment is foundational to enabling a multi-operator, open-access rail system, which is the core purpose of TRIM.

NATIONAL RAIL POLICY (2022)

The National Rail Policy provides the strategic foundation for establishing TRIM, mandating the separation of infrastructure management from train operations. It promotes open, non-discriminatory access to the rail network and supports increased PSP, positioning TRIM as a neutral infrastructure manager that enables a competitive rail environment.

ECONOMIC REGULATION OF TRANSPORT ACT, NO. 6 OF 2024

This Act introduces economic regulation across the rail sector, requiring formal oversight of tariffs and access charges. It establishes a framework for transparent pricing and strengthens regulatory control over revenue models, reinforcing accountability in how TRIM recovers costs and manages its financial sustainability.

RAILWAY SAFETY ACT, NO. 30 OF 2024

The Act strengthens the governance of rail safety by introducing stricter compliance requirements, enhanced safety management systems and reinforced monitoring mechanisms. It underpins TRIM's responsibility to maintain the integrity of the infrastructure and ensure safe and reliable rail operations across the network.

PUBLIC FINANCE MANAGEMENT ACT (PFMA)

The PFMA governs financial management, procurement and accountability within TRIM, ensuring that all operational and capital activities are conducted in line with public sector financial controls. It reinforces governance discipline and transparency across decision-making processes.

COMPETITION ACT, NO. 89 OF 1998

The Act promotes fair market practices and prevents anti-competitive behaviour. Within TRIM's context, it supports the implementation of an open-access model by ensuring equitable treatment of all train operating companies and reinforcing transparency in network access and commercial arrangements.



OPERATIONAL PERFORMANCE **REVIEW**

Key performance area and indicator	Unit of measure	2026 Target	2026 Actual
Volumes			
Freight Rail	million tonnes	168	167,72
Third-party train operators	million tonnes	56,01	-
Network Utilisation: Gross Ton Kilometres (GTK)			
Central Corridor	billion	6,73	3,03
Container Corridor	billion	9,90	7,15
North Corridor	billion	72,69	66,98
North-East Corridor	billion	9,84	8,86
Ore Corridor	billion	79,81	74,54
Cape Corridor	billion	25,55	22,07
Execution: Train plan vs ran			
Central Corridor	%	60	40
Container Corridor	%	60	24
North Corridor	%	75	69
North-East Corridor	%	75	71
Ore Corridor	%	95	91
Cape Corridor	%	95	75
Service Reliability			
On Time Departures (OTD) including 80s			
Central Corridor	%	95	88
Container Corridor	%	95	96
North Corridor	%	95	92
North-East Corridor	%	95	82
Ore Corridor	%	95	93
Cape Corridor	%	95	97
On Time Departures (OTD) excluding 80s			
Central Corridor	%	95	56
Container Corridor	%	95	18
North Corridor	%	95	6
North-East Corridor	%	95	36
Ore Corridor	%	95	1
Cape Corridor	%	95	70
Asset availability: On time arrivals (OTA)			
Central Corridor	%	60	50
Container Corridor	%	60	56
North Corridor	%	60	23
North-East Corridor	%	60	52
Ore Corridor	%	60	35
Cape Corridor	%	60	36

The 2025/26 financial year was characterised by challenging operating conditions, which materially impacted performance across key operational indicators. Persistent infrastructure disruptions, security-related incidents, locomotive reliability constraints, and customer-related inefficiencies collectively constrained throughput, execution, and service reliability across the network.

VOLUME AND NETWORK THROUGHPUT

Total corridor volumes reached 167,72 mt, a shortfall of 7,2% against a target of 180,64 mt. Performance across corridors was mixed, with widespread underperformance offset by limited pockets of resilience.

The North Corridor, the primary contributor to overall volumes, delivered 68,31 Mt, a 5,8% decline against target. Similarly, the Ore Corridor achieved 586,0 Mt, a 5,5% shortfall, maintaining relatively strong performance despite operational pressures.

More pronounced declines were recorded in the Cape Corridor (down 21,7%), the Container Corridor (down 15,3%), and, notably, the Central Corridor (down 26,5%), which experienced the weakest performance due to significant infrastructure and operational constraints.

In contrast, the Northeast Corridor exceeded its target by 1,8%, achieving 18,74 Mt, highlighting its resilience under constrained conditions.

Throughput performance, as measured by gross ton kilometres (GTK), mirrored volume trends, indicating reduced network utilisation. The most significant declines were observed in the Central Corridor (down 55%) and Container Corridor (down 27,8%), reflecting both reduced volumes and shorter effective haul distances.

OPERATIONAL EXECUTION

Execution performance, measured by the train plan vs ran, remained below target across all corridors, underscoring systemic operational inefficiencies.

The Container Corridor recorded the lowest execution level, achieving 24% against a target of 60%, a 60% underperformance.

The Central Corridor followed, with a 33% shortfall, while the Cape Corridor recorded a 21% gap.

Although the North, Northeast and Ore Corridors demonstrated relatively better execution, all remained below target, with deviations ranging between 4% and 8%.

These results reflect ongoing challenges in train execution capability, driven by infrastructure failures, locomotive and wagon availability constraints, crew limitations, and disruptions across the operating environment.

SERVICE RELIABILITY

ON-TIME DEPARTURE (INCLUDING EXCEPTIONS)

Service reliability, when measured with exceptions included, remained relatively stable. The Cape Corridor (97%) and Container Corridor (96%) exceeded the 95% target, while the other corridors performed between 2% and 14% below target. This demonstrates that, under controlled conditions, core operational processes can deliver consistent, reliable performance.

ON-TIME DEPARTURE (EXCLUDING EXCEPTIONS)

However, when excluding exceptions, performance deteriorated significantly across all corridors, highlighting the impact of disruptions. The Ore Corridor recorded the most severe deviation, achieving only 1% against a target of 95%, while the North Corridor (6%) and Container Corridor (18%) also reflected extreme underperformance. Across the network, declines ranged from 26% to over 90% below target, demonstrating that infrastructure failures, cable theft, power interruptions, and operational disruptions materially undermined service reliability.

ASSET AVAILABILITY

Asset availability, measured through on-time arrivals, remained consistently below the 60% target across all corridors. The North Corridor recorded the most significant shortfall, achieving 23% (down 61,7%), followed by the Ore Corridor (35%) and Cape Corridor (36%). The Container Corridor, at 56%, was closest to target but still below expectations. This reflects persistent constraints in network availability and asset utilisation, limiting the ability to sustain planned operations and achieve targeted throughput levels.

TRANSIT TIME PERFORMANCE

Transit time performance deteriorated across most corridors, with actual transit times exceeding design benchmarks on most routes, indicating reduced network efficiency.

Significant delays were evident across key corridors:

- The **Container Corridor** experienced increases of up to **52%**, reflecting congestion and execution challenges;
- The **Ore Corridor** recorded consistent delays of up to **46%**, linked to speed restrictions and operational inefficiencies;
- The **Cape Corridor** experienced the most severe deterioration, with certain routes increasing by up to **66%**; and
- The **North Corridor** showed increases of up to **25%**, particularly on export routes.

The Central Corridor showed variability, with marginal improvements but significant deterioration on key routes, whereas the Northeast Corridor remained relatively stable.

Overall, extended transit times reflect network congestion, infrastructure degradation, and reduced operational efficiency, contributing to lower service reliability and customer performance outcomes.

While operational performance remains constrained by infrastructure reliability, security disruptions and execution inefficiencies, underlying operational discipline and corridor resilience provide a foundation for recovery. Sustained improvements in asset availability, infrastructure condition, and execution capability will be critical to restoring network performance and unlocking capacity across the system.



FINANCIAL PERFORMANCE REVIEW

Key metrics		Year ended 31 March 2026 Actual R million
Revenue		**21 258**
Operating expenses		**15 064**
Energy costs		4 401
Maintenance		(248)
Materials		475
Personnel costs		6 267
Other costs		4 169
Profit from operations before depreciation, derecognition, amortisation and items listed below (EBITDA)		**6 194**
Depreciation, derecognition and amortisation		4 239
Profit from operations before items listed below		1 955
Impairments and fair value adjustments		1 201
Net finance costs		2 930
Profit before taxation		**(2 176)**
Total assets (excluding CWIP)	**R million**	64 857
EBITDA margin*	%	29,1
Operating margin**	%	9,2
Return on invested capital***	%	1,3
Asset turnover (excluding capital works in progress (CWIP)****	times	0,3
Capital investments^	R million	8 041
Number of employees (permanent)	number	10 249
Revenue per employee	R million	2

As this is the first year of operation for TRIM, there are no comparative numbers.

* *EBITDA expressed as a percentage of revenue.*

** *Profit from operations before impairment of assets, fair value adjustments, net finance costs and taxation expressed as a percentage of revenue.*

*** *Profit from operations before impairment of assets, fair value adjustments, net finance costs and taxation expressed as a percentage of average total assets, excluding capital work in progress.*

**** *Revenue divided by average total assets, excluding capital work in progress.*

^ *Actual capital expenditure (replacement plus expansion), excluding borrowing costs and including capitalised finance leases.*

REVENUE

Revenue amounted to R21.3 billion, with R19.4 billion relating to access fee income (including traction electricity recovery), and the remaining R1.8 billion comprising all other income sources. As Transnet Freight Rail (Freight Rail) was the only TOC for the year, the majority 95,5% of revenue is internal.

OPERATING EXPENSES

Operating costs were R15.1 billion, with the key cost drivers being personnel costs, electricity, maintenance, material, leases and security.

PROFITABILITY

EBITDA amounted to R6.2 billion, with the return on invested capital (ROIC) at 1,3%. Financial performance was negatively impacted by the lack of adjustment to regulated tariffs since December 2024.

CAPITAL EXPENDITURE

Capital expenditure of R8.0 billion was allocated. Of this, R6.4 billion was spent on capitalised maintenance on the network. Capital expenditure is critical to restoring infrastructure reliability, reducing maintenance backlogs and supporting increased network capacity.

OUTLOOK

The focus in the next financial year will remain on cost efficiency and restoring infrastructure reliability, reducing maintenance backlogs and supporting increased network capacity through the relevant maintenance and capital programmes.

CAPITAL EXPENDITURE PLANS

TRIM's capital expenditure programme is focused on restoring infrastructure reliability, reducing maintenance backlogs and supporting increased network capacity. Investment priorities are aligned to the rail revitalisation programme and include targeted interventions such as:

- Rail and sleeper replacement;
- Stress management;
- Ballast screening; and
- Signalling reinstatement across key corridors.

In addition, capital investment will be directed towards strengthening maintenance execution capability through the renewal of maintenance equipment and the procurement of critical tools and machinery. Technology upgrades, including predictive maintenance systems and digital monitoring tools, will further enhance infrastructure management and operational planning.

Over the medium term, TRIM requires significant investment to restore the network to its nameplate capacity, with an estimated requirement of R70 billion over five years. These investments are expected to stabilise infrastructure condition, improve network availability and support targeted volume growth.



RISK MANAGEMENT

TRIM operates in a complex and evolving environment characterised by structural and operational challenges. The top 10 risks identified for the year reflect the most significant threats to the division's ability to deliver on its mandate, including infrastructure reliability, financial sustainability, security threats, regulatory constraints and operational efficiency.

These risks are closely interlinked and are managed through targeted mitigation strategies aimed at strengthening resilience, improving performance and supporting the successful implementation of rail reform. Collectively, they highlight the need for sustained investment, strong governance and enhanced operational execution to ensure the long-term sustainability of the rail network.

Top risks	Mitigating activities
Network availability Inability to achieve targeted, reliable network availability due to infrastructure deterioration, maintenance backlogs and operational inefficiencies.	• Prioritise infrastructure renewal based on asset condition assessments; • Secure long-term rail maintenance funding and execute renewal programmes; and • Strengthen planning and execution of rail maintenance activities.
Financial sustainability Financial sustainability risk driven by tariffs below cost-recovery levels and high funding requirements.	• Engage regulators for cost-reflective tariffs; • Secure government funding and grants; and • Expand revenue through PSP and asset commercialisation.
Procurement and supply chain constraints Inability to ensure timely availability of materials due to inefficient procurement processes and supply chain constraints.	• Implement long-term supplier contracts; • Strengthen demand planning and procurement efficiency; and • Digitalise and automate supply chain processes.
Security Security threats including theft, vandalism and sabotage impacting infrastructure and operations.	• Implement integrated security strategy with advanced surveillance technologies; • Strengthen partnerships with law enforcement agencies; and • Deploy rapid response teams and community-based initiatives.
Funding Funding shortfalls limiting capital investment in maintenance, renewal and expansion of rail infrastructure.	• Mobilise funding through PSP; • Engage National Treasury for infrastructure funding support; and • Explore alternative financing mechanisms.
Delayed reform Delays in onboarding TOCs and implementing open access.	• Establish structured onboarding and access governance frameworks; • Standardise access agreements and allocation processes; and • Deploy supporting digital systems for capacity allocation.
Safety Rail safety risks, including infrastructure defects and non-compliance with safety requirements.	• Implement safety management systems aligned with regulatory requirements; • Execute derailment prevention and safety assurance programmes; and • Conduct continuous monitoring and compliance reviews.
Inefficient operations Operational inefficiencies due to ageing infrastructure, skills constraints and system fragmentation.	• Implement integrated planning and operational systems; • Strengthen workforce capability and skills development; and • Enhance governance and execution discipline.
Low commercial effectiveness Commercial effectiveness risk affecting contract management, pricing and revenue collection.	• Strengthen commercial governance and revenue assurance frameworks; • Implement contract lifecycle management systems; and • Improve customer engagement and pricing structures.

EMERGING CLIMATE-RELATED RISKS

TRIM is exposed to climate-related risks arising from its extensive rail infrastructure network and reliance on stable environmental conditions. These risks are assessed in line with IFRS S2 categories (physical and transition risks) and integrated into operational and strategic planning.

CLIMATE RISK MANAGEMENT APPROACH

In line with IFRS S2, TRIM integrates climate-related risks into its broader enterprise risk management framework by:

- Identifying and assessing climate-related risks across operations and assets;
- Embedding climate considerations into planning, investment and decision-making processes;
- Strengthening resilience through infrastructure upgrades and operational controls; and
- Aligning with Transnet's sustainability and environmental, social and governance (ESG) frameworks.

The top 5 climate risks identified for the year are as follows:

Climate-related risk	Risk description	Potential impact	Mitigating activities
Extreme weather events (Physical risk)	**Increased frequency of flooding, heavy rainfall and extreme temperatures impacting the integrity of infrastructure.**	• Damage to rail infrastructure; • Disruption to operations and reduced network availability; and • Increased maintenance and repair costs.	• Implement climate-resilient infrastructure solutions; • Develop business continuity plans for critical corridors; • Conduct climate scenario analysis and risk assessments; and • Develop and implement maintenance management plans in areas affected by extreme weather events.
Energy and water supply disruptions (Physical risk)	**Climate variability affecting availability and reliability of energy and water resources.**	• Interruptions to operations and signalling systems; • Reduced operational efficiency; and • Increased costs from alternative supply solutions.	• Invest in backup energy and water systems; • Improve energy efficiency and infrastructure resilience; and • Implement water management and efficiency initiatives.
Climate-related regulatory changes (Transition risk)	**Introduction of stricter climate policies, including emissions and environmental compliance requirements.**	• Increased compliance and reporting costs; • Additional investment requirements for decarbonisation; and • Exposure to penalties for non-compliance.	• Align with national climate policies and frameworks; • Strengthen environmental compliance systems; and • Integrate regulatory developments into planning processes.
Increased cost of climate adaptation (Transition risk)	**Higher capital requirements to upgrade infrastructure for climate resilience.**	• Increased capital expenditure pressures; • Strain on financial sustainability; and • Delays in infrastructure investment programmes.	• Prioritise high-risk infrastructure investments; • Explore blended financing and PSP models; and • Integrate climate resilience into capital planning.
Environmental degradation and asset vulnerability (Physical risk)	**Long-term environmental changes such as erosion and soil instability increase infrastructure risk.**	• Reduced reliability and safety of rail operations; • Increased maintenance requirements; and • Elevated risk of operational incidents.	• Implement rail Infrastructure vulnerability assessment recommendations; • Enhance environmental monitoring and early warning systems; • Reinforce high-risk infrastructure areas; and • Implement preventative maintenance programmes.

OPPORTUNITIES

TRIM is positioned to unlock significant value through rail reform, infrastructure optimisation and market expansion initiatives.

EXPANSION OF OPEN ACCESS AND MULTI-OPERATOR MODEL

The continued rollout of open access positions TRIM to unlock the full potential of a multi-operator rail environment. By enabling greater participation from TOCs, TRIM is well placed to increase network utilisation, expand freight volumes and diversify revenue streams. This transition supports a more competitive and efficient rail system, driving improved performance while strengthening the network's role in supporting national logistics demand.

PSP

Strategic PSP presents a transformative opportunity for TRIM to mobilise external funding, accelerate infrastructure investment and enhance operational efficiency. Through these partnerships, TRIM can unlock capital at scale, improve asset availability and support sustained revenue growth, while reducing reliance on traditional funding sources and strengthening long-term financial sustainability. Key initiatives include:

- Container Corridor concession model aimed at improving capacity, reliability and overall service performance;
- Ngqura Manganese Export Terminal PSP to expand rail-linked export infrastructure and increase manganese throughput;
- Botswana Link Line development, enhancing regional connectivity and supporting cross-border trade by linking Southern African markets to South African ports; and
- Commercialisation of fibre optic network and property portfolio, unlocking non-tariff revenue streams and enabling PSP in infrastructure development.

CAPACITY EXPANSION AND CORRIDOR OPTIMISATION

Targeted investment in infrastructure and focused corridor optimisation initiatives position TRIM to significantly enhance network capacity and throughput. By improving the efficiency and reliability of key corridors, particularly those supporting export commodities, TRIM can enable higher volumes, strengthen corridor utilisation and deliver improved service performance, reinforcing South Africa's competitiveness in global markets.

GROWTH IN FREIGHT VOLUMES

Increasing demand for rail transport across key commodity segments provides TRIM with a strong platform to grow volumes and improve asset productivity. By capturing this demand and improving network performance, TRIM is positioned to drive higher utilisation, increase revenue and enhance overall operational efficiency.

COMMERCIALISATION OF ASSETS

The commercialisation of TRIM's infrastructure and non-core assets offers a significant opportunity to diversify income streams and reduce reliance on regulated tariff revenue. By unlocking value from assets such as property and digital infrastructure, TRIM can strengthen its financial resilience by creating new revenue streams and support a more balanced funding model.



ESG **PERFORMANCE**

TRIM integrates ESG principles into its operations by strengthening environmental compliance and advancing climate resilience, while aligning to Transnet's net-zero ambitions. It contributes to social impact through regional trade facilitation, economic inclusion and community development initiatives. Governance is reinforced through robust compliance frameworks and transparent allocation of access and tariff structures.

EMPLOYMENT AND TRANSFORMATION



- TRIM achieved a permanent employee headcount of 10 249 against a target of 10 814;
- Workforce stability remained stable, supporting operational performance with an improved revenue per employee at R2 074 million against a target of R2 066 million;
- Black employees represented 95% against a target of 92%;
- Female employees represented 27,42% against a target of 34%;
- People with disabilities represented 2,58% against a target of 3,50%; and
- Youth employees represented 16,55% against a target of 20%.

SKILLS DEVELOPMENT



- Training spend was 2,50% of labour costs against a target of 2,29%;
- Apprentice trainees reached 147 against a target of 39;
- Technician and engineering trainee development programmes achieved 78 participants.

SAFETY



Lost time injuries (LTI) decreased to 154 (from 171); however, this remains above the tolerance threshold of 140. The lost time injury frequency rate (LTIFR) was 0,98, exceeding the target of 0,88. The primary drivers of adverse safety outcomes remain human factors and infrastructure defects, including fatigue, workload, and the dilapidated state of infrastructure.

In response, the organisation has implemented targeted interventions, including a human factors programme, infrastructure rehabilitation, strengthened incident investigation and governance processes, enhanced emergency preparedness, and ongoing stakeholder collaboration. Leadership visibility, structured safety programmes, and continuous training initiatives have been reinforced to support improved safety performance.

While measurable progress has been achieved in reducing fatalities and eliminating collisions, injury performance, public safety, and certain operational risks require sustained focus and strengthened execution to ensure consistent alignment with safety targets and organisational expectations.

SECURITY



Security performance showed measurable improvement across key operational indicators, although the broader threat environment remained volatile and complex. Targeted interventions delivered a 23% reduction in year-to-date security incidents (654 vs 846), exceeding the 10% reduction target. In comparison, cable theft incidents declined by 35%, and the length of cable stolen declined by 56%, indicating improved prevention and response capabilities.

These improvements translated directly into better operational outcomes.

- Train cancellations due to security incidents declined by **72%** year-to-date **(146 vs 529)**.
- Volume losses linked to security disruptions improved by **51%**, supporting recovery in corridor throughput.

Financially, the positive operational impact was evident, with direct security-related losses decreasing by 40% to R29.98 million and revenue losses declining by approximately 70%, reflecting improved operational continuity and reduced service disruption.

Despite these gains, full-year performance highlights the persistence of security risks. Overall incidents increased by 8% (5 295 vs 4 907), with cable theft incidents rising by 5% (3 689 vs 3 501) and the length of cable stolen increasing by 6% to 786 km, reflecting the adaptive nature of organised criminal activity and continued vulnerability of critical infrastructure.

In response to these ongoing challenges, TRIM intensified its security posture, resulting in higher expenditure, with direct security-related costs increasing by 88% to R810 million, reflecting increased deployment of personnel, technology and joint operations. Enhanced enforcement efforts yielded strong results, with 5 509 cases investigated, 535 arrests achieved, and an 81% case finalisation rate, reinforcing the effectiveness of coordinated law enforcement engagement.

Looking ahead, the focus will shift towards strengthening intelligence-led and technology-enabled security interventions to improve coverage and deterrence across high-risk corridors. Key priorities include expanding surveillance capabilities (CCTV, drones, and sensor-based systems), enhancing rapid response and joint operations with law enforcement, and deepening community engagement to address localised risks.

Sustained improvement in security performance remains critical to restoring network reliability, improving operational efficiency, and enabling volume recovery, supporting TRIM's broader objective of delivering a resilient, efficient, and competitive rail network.



INDUSTRIAL CAPABILITY BUILDING

Technology Management (TM) continues to advance a portfolio of strategic initiatives centred on energy transition, infrastructure modernisation, safety improvement, and operational efficiency, with most projects progressing through procurement, design finalisation, feasibility assessment, and pilot implementation stages.

TM has strengthened Transnet's industrial capability through the development of in-house digital technologies, intelligent monitoring systems, and cost-effective sensing solutions. These innovations are enhancing railway safety, asset reliability, operational performance, and enabling data-driven decision-making. These initiatives collectively support a strategic shift towards internal capability development, enabling TRIM to reduce reliance on external contractors, systems, and service providers while improving operational control, resilience, and cost efficiency.

These initiatives include:

- Internet of Things (IoT) and smart infrastructure to enable real-time asset visibility and improved condition monitoring;
- Artificial intelligence and advanced analytics for improved safety, automation and predictive management;
- Digital platforms and data for better decision-making and operational coordination;
- Signalling and train control for improved safety, network control and operational reliability;
- Energy and electrical systems for improved energy reliability, efficiency and cost control;
- Green energy solutions to support long-term decarbonisation and alternative energy security;
- Infrastructure testing and diagnostics to reduce installation errors and improve system reliability;
- Security technology for early detection of theft and infrastructure disturbances;
- Track and asset technologies to support predictive maintenance, improved asset life, reduced costs; and
- Communications and connectivity technologies for reliable communication and integrated network operations.

RESEARCH ON THE LIFESPAN OF CONCRETE SLEEPERS AND THE IMPACT OF CORROSION

TRIM is undertaking research to establish the true service life of concrete sleepers by assessing deterioration characteristics, crack formation and the impact of corrosion on long-term asset performance. The findings will support a transition from time-based to condition-based maintenance, enabling more informed asset management decisions, reducing the premature replacement of serviceable sleepers and lowering lifecycle replacement costs. The research will also provide valuable insights to inform future improvements to sleeper design and enhance the reliability and resilience of the rail network.

In 2025/26FY, the literature review and field sampling were completed, with laboratory testing currently underway. Data analysis and the development of recommendations will follow upon completion of the testing phase.



COMMUNITY DEVELOPMENT

Beyond its core mandate, TRIM strives to support vulnerable and impoverished communities along its extensive railway network nationwide. Guided by the Transnet corporate social investment (CSI) philosophy, TRIM directs its community development efforts towards key focus areas, including education, health, skills development and social infrastructure.

In the Eastern Region, TRIM partnered with the Department of Education, Amakhosi, and local community structures to deliver computer training to rural, unemployed youth. This programme benefited more than 2 000 community members, equipping them with essential digital skills and improving their employability.

Similarly, the driver's licence programme, launched in 2024 in KwaZulu-Natal, targets unemployed youth by providing them with commercial driving licences. By aligning skills development with opportunities in the growing e-hailing sector, the initiative helps reduce poverty and create sustainable employment pathways for beneficiaries. The programme has an estimated 200 beneficiaries.

At a national level, TRIM believes its employees should play a central role in community development. Through the "Shoes on Feet" campaign, the Operating Division donated much-needed school shoes to children in vulnerable communities where it operates.



STAKEHOLDER ENGAGEMENT

TRIM views its stakeholders as essential partners in the successful delivery of its strategy and as central to maintaining its social licence to operate in the communities it serves.

In 2025/26FY, the TRIM undertook extensive stakeholder engagements to support the implementation of rail reform and the transition to an open-access network. Engagements were conducted across government, regulators, private sector operators, industry bodies, investors, and customers.

Key focus areas included the implementation of the Network Statement, facilitation of private sector participation through slot allocation, consultation on tariffs and access frameworks, and mobilisation of investment through strategic platforms such as infrastructure summits and industry forums. These engagements strengthened collaboration, improved transparency, and enabled the advancement of a competitive, efficient, and sustainable freight rail system.

Stakeholder group	Key engagements undertaken	Purpose of engagement	Outcomes and value created
Government and Policymakers (Department of Transport, Parliament, the National Logistics Crisis Committee (NLCC))	• Ongoing engagement under the NLCC with government and business; and • Collaboration on implementation of rail reform policy.	• Regulatory alignment and oversight; • Support national rail reform and logistics recovery; and • Ensure alignment with National Rail Policy.	• Strengthened policy alignment and accountability; • Coordinated national response to logistics constraints; and • Enabled implementation of open-access rail framework.
Regulators (Interim Rail Economic Regulatory Capacity (IRERC))	• Ongoing technical and regulatory engagements on Network Statement, access rules, and capacity allocation; and • Alignment on infrastructure standards, maintenance plans, and performance metrics.	• Ensure compliance with the Economic Regulation of Transport Act; and • Establish transparent, non-discriminatory access regime.	• Improved regulatory certainty and governance; and • Credible and transparent rail access framework.
Private sector and rail operators (TOCs and logistics firms)	• Facilitation of rail slot application and adjudication process; • Engagement with successful and prospective TOCs; and • Publication of access frameworks and contracts.	• Enable PSP in rail (open access); and • Increase network utilisation and competition.	• Award of slots to 11 TOCs; • Expanded participation in freight rail market; and • Progress toward a more competitive rail system.
Industry and business associations (B4SA, logistics and rail industry bodies)	• Engagement through consultation processes on Network Statement ; • Collaboration with organised business on rail reform; and • Stakeholder consultations on access frameworks and market entry.	• Incorporate industry input into reform design; and • Build confidence and attract investment.	• Strengthened public–private partnership; and • Increased industry support for rail reform programme;
Investors and infrastructure partners	• Participation in the 2025 Western Cape Investment Summit; • Engagement with investors, financiers, and infrastructure partners; and • Promotion of rail investment opportunities and PSP.	• Mobilise funding for infrastructure modernisation; and • Position rail as an investment asset class.	• Enhanced investor awareness and partnerships; and • Support for long-term infrastructure investment pipeline.
Engineering and Technical Sector (Consulting Engineers South Africa (CESA), infrastructure firms)	• Participation in the CESA Infrastructure Indaba in 2025 and 2026; and • Engagement on rail infrastructure needs, investment plans and PSP opportunities.	• Share technical plans and infrastructure pipeline; and • Encourage engineering sector collaboration.	• Alignment on infrastructure priorities; and • Increased sector participation in rail projects.
Customers and access seekers	• Consultation on tariff proposals for 2025/26FY; • Invitations for stakeholder feedback on pricing and access conditions; and • Engagement during application processes and *ad hoc* capacity allocations.	• Ensure transparency in pricing and access; and • Incorporate customer and operator input.	• Improved transparency and fairness in tariffs; and • More responsive access processes.
Security and law enforcement stakeholders	• Collaboration on rail network security and infrastructure protection.	• Address theft, vandalism and operational disruptions; and • Improve reliability of rail services.	• Strengthened security coordination; and • Reduced operational risks and improved network reliability.



ACRONYMS

CESA	Consulting Engineers South Africa
CCTV	Closed-Circuit Television
COPEX	Capitalised Operating Expenditure
CSI	Corporate Social Investment
CWIP	Capital Works In Progress
EBITDA	Earnings before interest, tax, depreciation and amortisation
ERT	Economic Regulation of Transport Act
ESG	Environmental, Social, and Governance
GTK	Gross Ton Kilometres
IRERC	Interim Rail Economic Regulatory Capacity
IoT	Internet of Things
KPI	Key performance indicator
LTI	Lost Time Injury
LTIFR	Lost time injury frequency rate
NLCC	National Logistics Crisis Committee
OTA	On Time Arrivals
OTD	On Time Departures
PFMA	Public Finance Management Act
PSP	Public sector participation
ROIC	Return on Invested Capital
SADC	Southern African Development Community
TFR	Transnet Freight Rail
TOC	Train Operating Company
TRIM	Transnet Rail Infrastructure Manager