



## **TRANSNET FINALISES PARTNER SELECTION FOR UPGRADE OF KEY DURBAN PORT FACILITY**

**[Durban, 17 July, 2023]** Transnet SOC Ltd (Transnet) is pleased to announce that the company has concluded the process of selecting an equity partner for its flagship Durban Container Terminal (DCT) Pier 2.

Transnet has selected an international terminal operator, International Container Terminal Services Inc. (ICTSI), as the Preferred Bidder for the 25-year joint venture with Transnet Port Terminals (TPT) to develop and upgrade the terminal.

DCT Pier 2 is Transnet's biggest container terminal, handling 72% of the Port of Durban's throughput and 46% of South Africa's port traffic.

"Private sector participation in Pier 2 is a key catalyst for repositioning the Port of Durban as a container hub port. We are delighted to have a global player of ICTSI's standing on board to drive this process," says Transnet Group CE Portia Derby.

The finalisation of the process follows approvals from Government in terms of the Public Finance Management Act (PFMA).

The partnership with ICTSI will help reposition the terminal for best practice performance, ensuring growth in volume throughput, and will support the terminal in providing operational and commercial support to access global shipping line call routes.

This will not only improve the logistics associated with servicing South African ports, but will play a significant part in stimulating exports and imports. This is a growth strategy for Transnet where Pier 2's current capacity of 2 million TEUs is planned to increase to 2.8 million TEUs. This is aligned with plans by Transnet National Ports Authority (TNPA) to increase the current container capacity in the Port of Durban from 3.3 million TEUs to an eventual envisaged capacity of 11,4 million TEUs.

"The partnership in Pier 2 is a major step forward for our programme to bring in global expertise to improve efficiencies at our terminals, and bodes well for our ongoing plans to crowd in the private sector in areas identified for growth," says Derby.

A total of 18 responses were received to Transnet's initial call for request for interest in August 2021, nine of them from global terminal operators. Following this, a total of 10 bids were shortlisted in response to a request for qualifications. Of the shortlisted respondents, six bidders submitted proposals.

Key elements of the transaction are as follows:

- A new company will be formed to manage the operations at DCT Pier 2, in which Transnet will have majority ownership of 50% plus one share.
- The term of the transaction is 25 years, with an option to extend to a maximum of 30 years in the event that berth deepening of the North Quay at Pier 2 is delayed.
- Non-current assets will be transferred into the new company, together with customer and supplier contracts. The new company is required to achieve a minimum level 4 BBEE contribution status.
- The terminal operating licence and lease will be subcontracted to the new company, after seeking approval from Transnet National Ports Authority.
- DCT Pier 2 employees will be seconded to the new entity. There will be no retrenchments, and employees will retain the same terms and conditions before and after the introduction of the private sector partner.

Transnet will now proceed to work with the Preferred Bidder to implement the transaction through the execution of the legal agreements, and ensuring compliance with all legal and regulatory matters.

A way forward on the Ngqura Container Terminal process will be outlined in due course.

**Note to editors:**

ICTSI is a leading independent global developer and operator of origin and destination container terminals. ICTSI is headquartered in Manila, Philippines and is a publicly-listed company, traded on the Philippine Stock Exchange and the Over-the-Counter Markets Group in the United States. ICTSI is the largest independent terminal operator. The company operates 34 terminal operations in 20 countries across six continents, including four (4) in Africa. It is ranked the eighth-largest container terminal operator in the world, according to twenty-foot equivalent units (TEU) equity volume<sup>1</sup>. In 2021/22 financial year, ICTSI handled over 12.2 million TEUs and generated more than 2.2 billion USD in gross revenues from port operations. ICTSI has 11 000 employees.

**Issued on behalf of Transnet SOC Ltd.**

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<sup>1</sup> 2021 Drewry ranking