FUTURE PLANS AND DEVELOPMENT OF SOUTH AFRICA’S PORTS

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SA PORTS – FUTURE DEVELOPMENT PLANS

Presentation Content

Company Overview

Recent Port Investment Achievements

Transnet Market Demand Strategy (MDS)

Future Port Investment Plans
TRANSNET STATE OWNED COMPANY (SOC) LTD

delivering freight reliably

Ports and Terminals

- National Ports Authority (TNPA)
- Port Terminals (TPT)

- 8 Commercial ports – Ngqura became operational during October 2009
  - Revenue R8.4bn
  - Assets R56bn
  - 3,558 employees

- 16 Cargo terminal operations across SA ports
  - Revenue R6bn
  - Assets R13.5bn
  - 5,895 employees

Rail network and Equipment

- Freight Rail (TFR)
- Rail Engineering (TRE)

- 20,500 km of railway track
- 182 million tons of freight
- General freight and 2 heavy haul export lines
- Revenue R22.2 bn
- Assets R54.7bn
- 24,177 employees

- Support to TFR for rolling stock maintenance
- Revenue R9.8bn
- Assets R6.8bn
- 13,020 employees

Pipelines

- Pipelines (TPL)

- 18 billion litres of petroleum products and gas through 3000km pipelines, mainly to Gauteng
- Revenue R1.3bn
- Assets R20.1bn
- 600 employees

Capital Projects

- Transnet Capital Projects
- Transnet Property
- Transnet Foundation

- R300 billion of capital expenditure over next 7 years
- CSI in Education, Health, Sport, Arts and Culture and Container Assistance.
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TPT 10-YR CAPEX HISTORY (Rm)
Investment climbed from R131m in 2001/02, peaking at R3.2bn in 2008/09

TPT Investment (R2,363m)
(5 years: 2001/02 to 2005/06)

TPT Investment (R10,277m)
(5 years: 2006/07 to 2010/11)

Port concessioning dilemma
Infrastructure backlog catchup & expansion drive
Global recession & investment cutbacks

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<thead>
<tr>
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<tbody>
<tr>
<td>2001/02</td>
<td>131</td>
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<td>2002/03</td>
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<td>2010/11</td>
<td>913</td>
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MEGA PROJECTS UNDERTAKEN AT TPT OVER PAST 5 YEARS
Each project increased port capacity

- **Pier 1**: 720K TEU RTG/RMG Terminal, commissioned in Durban [R1.9bn]
- **DCT (P2)**: Expansion and Re-configuration up to 2.9M TEUs [R1.5bn]
- **CTCT**: Expansion up to 1.0M TEUs and conversion to RTGs [R4.3bn]
- **Ngqura**: Greenfields port and terminal development. 800K TEUs, 2-berth, deep water CT [R8bn]
- **SLD IOT**: Expansion up to 60mpta. Transnet investment is R8.1bn, TPT’s investment is [R1.2bn]
- **RCB DBT**: Partial refurbishment programme, limited by terminal viability [R800m]
- **PE Bulk**: Refurbishment of manganese plant to 4.2mtpa. [R600m]
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MARKET DEMAND STRATEGY IN SUMMARY
The impact of infrastructure development will be felt nation-wide

- **R300bn** Transnet-wide capital investment programme over next 7-years
- Expanding **rail, port and pipeline infrastructure**
- Increase in capacity to meet market demand
- Continued **financial stability and strength**
- Significant **productivity and operational efficiency improvements**
- Shift from road to rail – reducing the cost of doing business and carbon emissions
- Enabling **economic growth**
- Job creation, skills development, localisation, empowerment and transformation opportunities
- **TPT** will invest **R33bn**
MDS will enable growth in key commodities and will position South Africa globally as...

...a key thermal **coal exporter**

...an increasingly important 4\(^{th}\) **largest supplier of iron ore to China**

...the **leading manganese exporter** globally

...the **leading logistics hub** for sub-Saharan Africa

...a **globally recognised benchmark** for container and heavy haul operations
MARKET DEMAND STRATEGY (MDS)

Total Transnet ZAR300bn, TPT ZAR33bn
2012/13 - 2018/19, peaking to ZAR9.5bn in 2016/17

- Sishen - Saldanha: Export iron ore ZAR25.4bn
  Port Terminals: ZAR5.82bn
- Cape Town: Port Terminals: ZAR465ml
- Richards Bay corridor: Export coal line ZAR32.1bn
  Port Terminals: ZAR12.4bn
- Durban: Multi Product Pipeline ZAR9.4bn
  Port Terminals: ZAR7.4bn
- Eastern Cape: Dry Bulk ZAR25.5bn
  Port Terminals: ZAR6.7bn
MDS INVESTMENTS FOR TPT
Port View, Replacement Vs Expansion, Infra Vs Equipment

TPT 7-year Capex Plan: R 33bn

<table>
<thead>
<tr>
<th>Civil / Infrastructure vs Cargo Handling Equipment:</th>
<th>Capex Spend per Port:</th>
<th>Expansion vs Replacement:</th>
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<tbody>
<tr>
<td>Cargo Handling Equipment: R 11 758m (36%)</td>
<td>CTN: R 465m (1%)</td>
<td>Replacement: R 9 591m (29%)</td>
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<tr>
<td>Civil / Infrastructure: R 21 119m (64%)</td>
<td>PE: R 527m (2%)</td>
<td>Expansion: R 23 286m (71%)</td>
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</tbody>
</table>

| Cargo Handling Equipment: R 11 758m (36%)        | SAL: R 5 819m (18%)  | Replacement: R 9 591m (29%) |
| Civil / Infrastructure: R 21 119m (64%)          | NCT: R 5 877m (18%)  | Expansion: R 23 286m (71%) |

| Cargo Handling Equipment: R 11 758m (36%)        | DBN: R 7 439m (23%)  |                                      |
| Civil / Infrastructure: R 21 119m (64%)          | RBY: R 12 419m (38%)  |                                      |
| Cargo Handling Equipment: R 11 758m (36%)        | EL: R 332m (1%)      |                                      |

<table>
<thead>
<tr>
<th>Total ETC 7 Year Plan</th>
<th>Year 1 2012/13</th>
<th>Year 2 2013/14</th>
<th>Year 3 2014/15</th>
<th>Year 4 2015/16</th>
<th>Year 5 2016/17</th>
<th>Year 6 2017/18</th>
<th>Year 7 2018/19</th>
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<td>Total (R'm)</td>
<td>32 878</td>
<td>2 551</td>
<td>4 138</td>
<td>3 492</td>
<td>7 670</td>
<td>9 545</td>
<td>2 812</td>
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Bulk Terminal: Phase 1
60 mtpa (complete)

Break-Bulk Terminal
3.0 mtpa

Bulk Terminal: Phase 2
Increased stack; new Tipplers & Berths + Ship Loader (83 mtpa)

Iron Ore Bulk (Demand vs Capacity - Tons)

SLD MPT (Demand vs Capacity - Tons)

Break-Bulk Terminal
1x new Berth
4.0 mtpa

Phase 1c complete
Phase 2
Break-bulk Terminal 0.4 mtpa

Container Terminal Phase 2a: 1.0m TEU
Phase 2b: 1.4m TEU

Agri Terminal 0.4 mtpa

Container Terminal Phase 3a: 2.0m TEU
Phase 3b: > 2.0m TEU

CT Containers (Demand vs Capacity - TEUs)

Phase 2a
T/S > 14days

Phase 2a
T/S@ 10days

Phase 2b
1.4m TEUS > 2020
PE Containers (Demand vs Capacity - TEUs)

PE Break-Bulk (Demand vs Capacity - tons)

PE RORO (Demand vs Capacity - units)

PE Bulk (Demand vs Capacity - tons)

Container Terminal 0.5m TEU’s

Break-bulk Terminal 0.9 mtpa

Bulk Terminal 4.2 mtpa (5.5 mtpa with reduced dwell time)

RORO Terminal 150 000 FBU’s

4-high straddles to increase stack
MDS - PORT EXPANSION PLANS
Port of Ngqura

BEFORE:
Coega River mouth
Nov-2002

AFTER: 2010
Ngqura Container Terminal

Futuristic Expansion Options
Container Terminal
2011/12: 0.660m TEU
2012/13: 0.800m TEU

Ngqura Containers (Volume Forecast)

Phase 2a
1.5 m TEU

Phase 2b trigger
(2MTeus)

Container Terminal
2013/14: 1.260m TEU
2014/15: 1.500m TEU

New Manganese Terminal
10 - 12 mtpa
Port of East London

Break-bulk Terminal 0.2 mtpa
Container Terminal 0.15m TEU’s
RORO Terminal 139 000 FBU’s
Bulk Terminal 0.5 mtpa

EL Containers (Volume Forecast - TEUs)

EL Bulk (Volume Forecast - Tons)

EL RORO (Volume Forecast - FBUs)

EL Break-Bulk (Volume Forecast - )
MDS - PORT EXPANSION PLANS
Port of Durban
Durban Container Terminals (P1 & P2 demand combined)

2012/13: 2.86m TEU - P1 = 0.76m & P2 = 2.1m (crane rails)
2013/14: 3.26m TEU - P1 = 0.76m & P2 = 2.5m (Berth Deepening)
2017/18: 4.50m TEU - P1 = 2.0m (Salisbury Island) & P2 = 2.5m
2018/19: 5.00m TEU - P1 = 2.0m & P2 = 3.0m (BD completed & N/Q lengthened)

DBN Break-Bulk MW & Point (Volume Forecast - tons)

DBN RORO (Volume Forecast vs Capacity)
**Durban Containers – Future Layout - 2019**

- **Pier 1** with new Salisbury Island infill and deep-water berths
  - Consolidated Salisbury Island Navy Base
  - Total cost: R 6.3b

- **Pier 2** with deepened berths 203-205 and new tandem cranes
  - Interim upgrade of Pier 1 + 2 Rail Terminals
  - Total cost: R 5.6b

**DCT Reconfiguration Study 2011**
Infill between Pier 1 and Pier 2. Durban Container Terminal reconfigured to RMG operation.

New rail terminals and back-of-port facilities.
MDS - PORT EXPANSION PLANS
Port of Durban: Dual-Hoist Tandem-lift STS Cranes on order
Manufactured by ZPMC in Shanghai, China

STS Crane #1 & #2
(Final Assembly)

STS Crane #3
(under construction)
FUTURE EXPANSION PLANS FOR DURBAN

Ex Durban International Airport (DIA) Site

Port of Durban
Mondi
Sapref Refinery
Isipingo
Old Durban Airport
Umlazi
N2 Freeway
Toyota Factory
FUTURE PLANS FOR DURBAN

Artist's View of the new Dig-Out Port at ex-DIA Site

Port of Durban

New Dig-Out Port

Breakwater and Entrance Channel

Liquid Bulk Terminal

Container Terminals

Automotive Terminal
MPT has 6 dedicated berths (3 each at 6 & 7 Series). Terminal uses Berth 804 (woodchip) & 705 (DBT exports). It is assumed that these 2 additional berths will be used 25% of the time, resulting in an additional half berth.

Based on current cargo dwell time, additional storage may be required in 2013.
RICHARDS BAY – EXPANSION PLANS
Feasibility Studies Underway – R12.4 bn investments expected
MDS – SOME KEY EXECUTION CHALLENGES
The R300bn investment programme will be felt nation-wide

- Caring for the Environment
- Global Market Stability
- Safety is #1 on Projects
- Stimulation of Local Business
- Access to Skills & Job Creation
- Stakeholder Management

The journey has begun ...
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Thank You