



REBUILDING SOUTH AFRICA'S RAIL SECTOR

**FROM CRISIS TO
COMPETITIVENESS**

September 2025

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problem**

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**It's time
to believe**



WHAT'S THE PROBLEM

226M



162M



R36B



R200B



R156.7B



R370B



250M



R1000B



Poor quality track infrastructure



Too few trains



No money

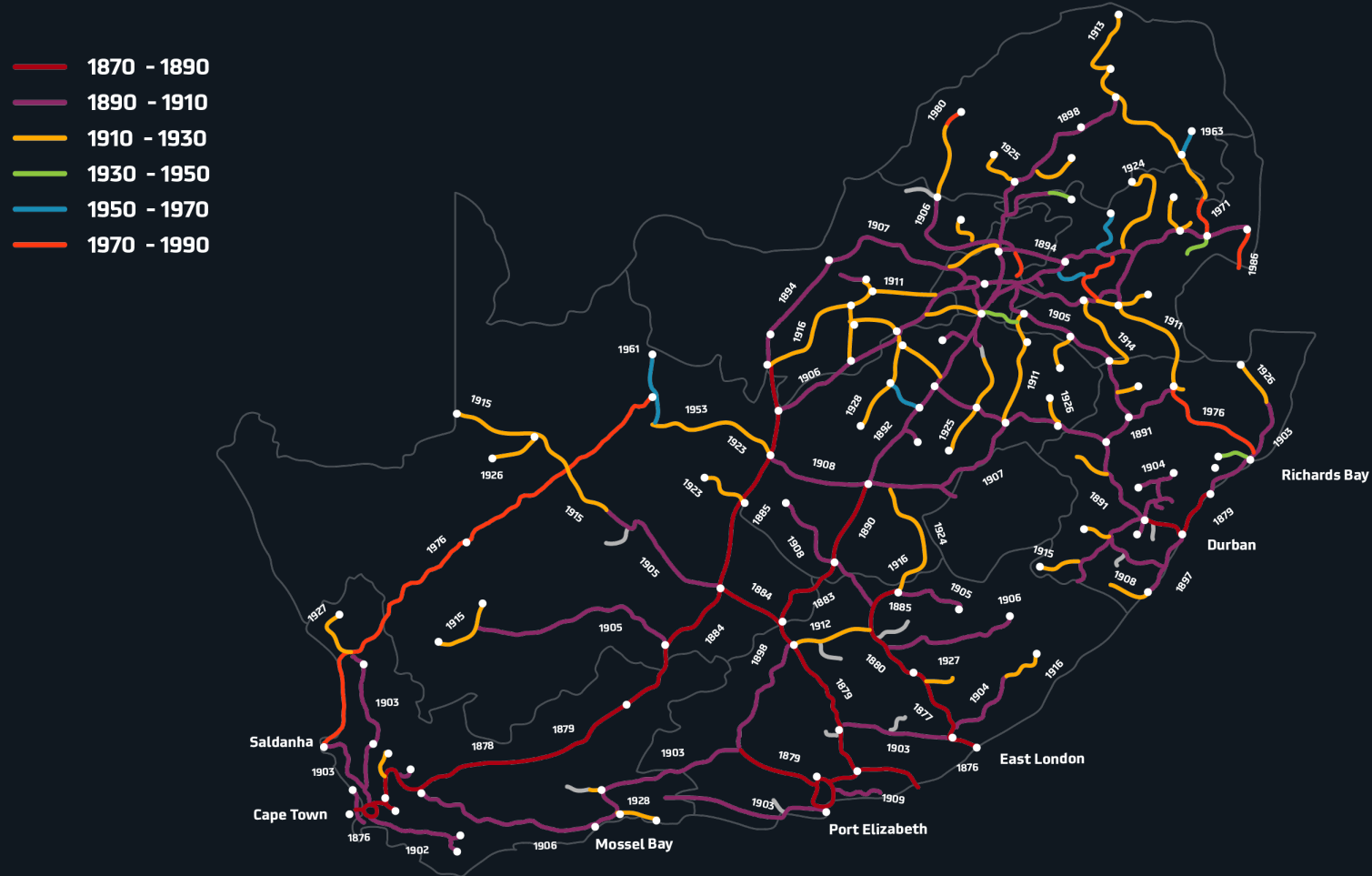




PATHWAY **TO SALVATION**

BE EX^PONENTIAL

South Africa is a lucky railway country

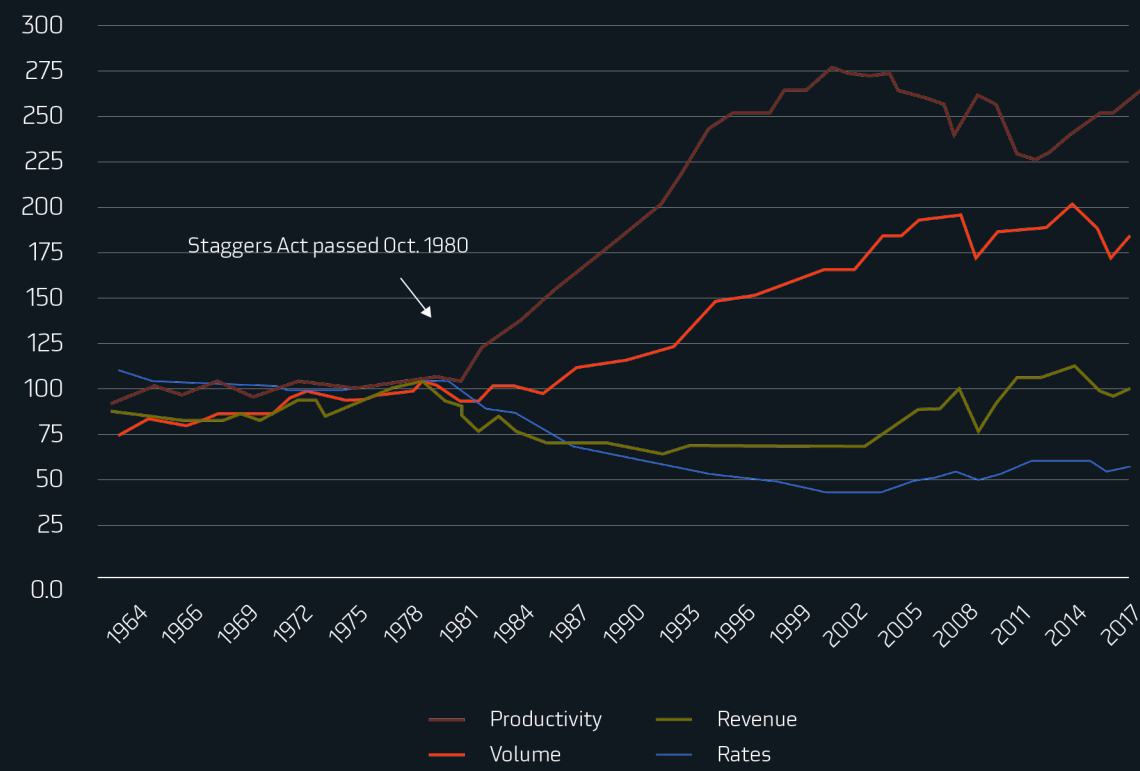


Fixed cost businesses
like railways

**need to always strive
to do more with less**



The impact of deregulation on North American railroads



Canadian Pacific Kansas City LTD

\$103.10 **↑ 3,162.66%** +99.94 MAX

21 Aug, 03:05:01 UTC-4 · CAD · TSE · Disclaimer

1 D 5 D 1 M 6 M YTD 1 Y 5 Y **MAX**

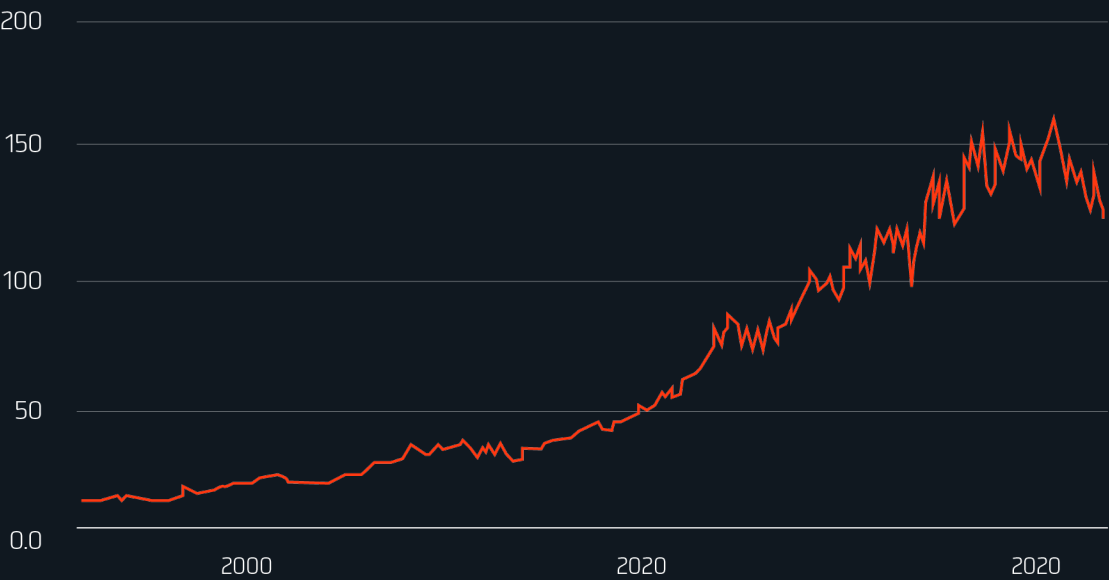


Canadian National Railway CO

\$130.17 **↑ 5,954.42%** +128.02 MAX

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1 D 5 D 1 M 6 M YTD 1 Y 5 Y **MAX**



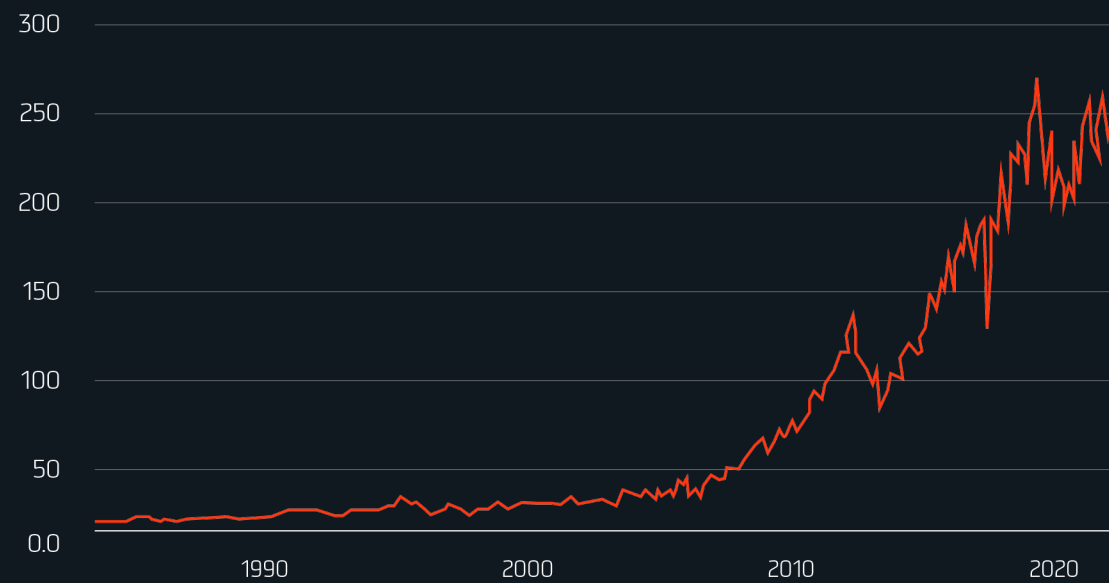
Union Pacific Corp

\$225.68 **↑ 5,570.35%** +221.70 MAX

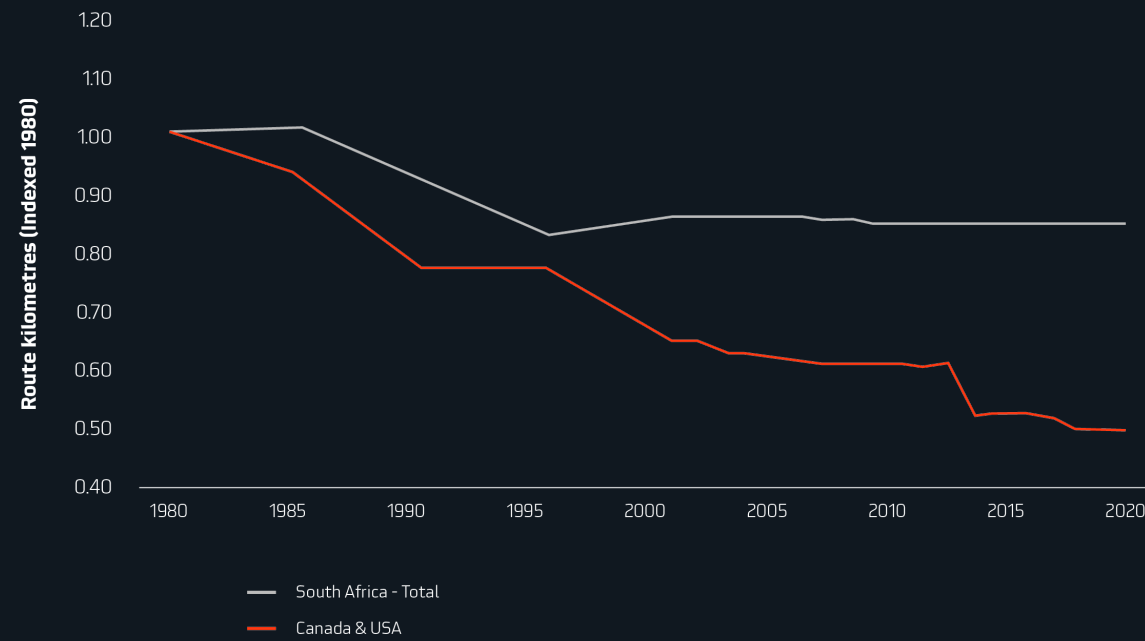
After hours: \$224.89 (↓0.35%) -0.79

Closed: 20 Aug, 18:18:27 UTC-4 • USD • NYSE • Disclaimer

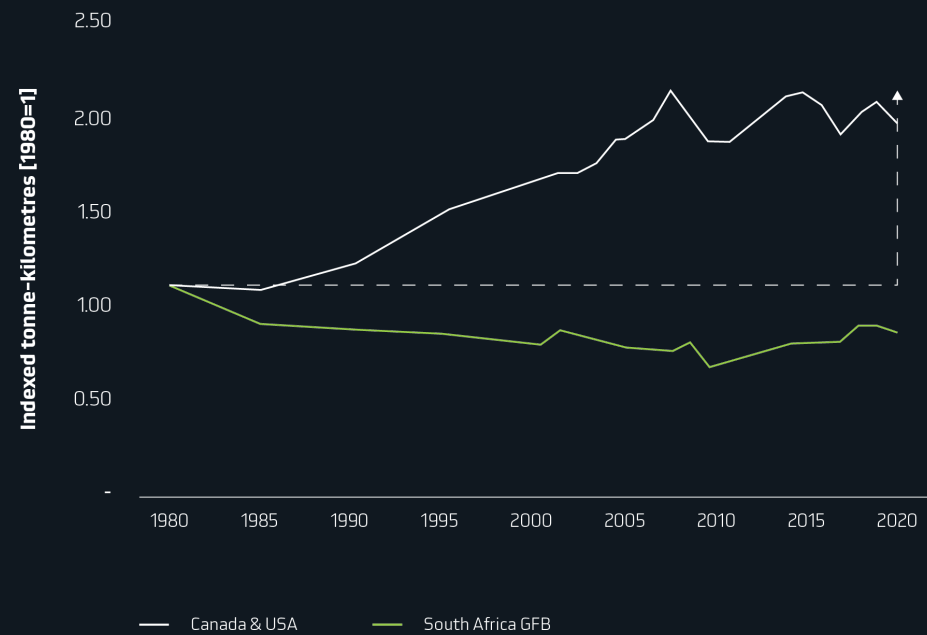
1 D 5 D 1 M 6 M YTD 1 Y 5Y **MAX**



SA vs USA and Canada rail route kilometres



Global rail tonne-kilometres comparison





BUT
GOVERNMENT
HAS A PLAN

GUIDING GOVT POLICY DIRECTIVES

National rail policy (March 2022)

- Separation of Transnet into TOC, IM, Infrastructure Owner



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GUIDING GOVT POLICY DIRECTIVES

National rail policy (March 2022)

- Separation of Transnet into TOC, IM, Infrastructure Owner
- Competition on rail
- Private sector funding to be sought for Infrastructure
- Devolution of Prasa into the metros



Freight logistics roadmap

(Dec 2023)

- Plan to implement Rail Reform
- Introduction of L-T concessions of rail infrastructure to uplift condition of track infrastructure



PSP framework

(Dec 2023)

Formation of a PSP unit in DOT
to design major transport PSPs



Economic regulation of transport bill (May 2024)

Regulation of tariffs & terms of conditions
of access, mediation of disputes



Where are we with implementation:

- Transnet split – TOC & IM
- Interim Rail Economic Regulator established
- Network Statement setting T&Cs for private TOCs entering the network – released Dec 2024 & gazetted
- PSP Unit formed and established in DBSA to capacitate it effectively – RFIs released





THE **PSPs** ARE COMING

BE **EXP**ONENTIAL

Why do we need **PSPs**

R36B

maintenance
underspend

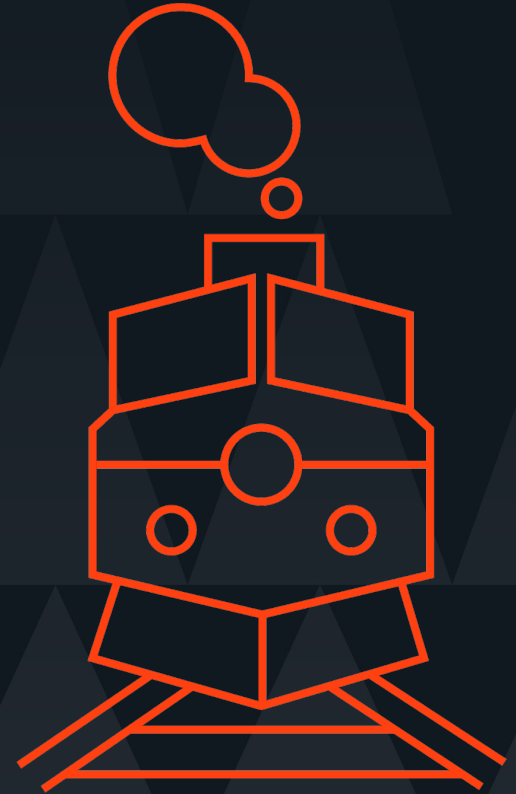


**The world's
railways have
left us behind**



What will **PSPs** achieve

Bring infrastructure
**back to design
condition**



What will **PSPs** achieve

Bring latest
**generation
technologies**



What will **PSPs** achieve

Increase
safety



What will **PSPs** achieve

Unlock
efficiency



Which lines are being considered



Which lines are being considered



Which lines are being considered



Which lines are being considered



Which lines are being considered



Which lines are being considered



R200B



Complex transactions which take time to **tender, due diligence, implement**

~ 4 years until we feel the benefit



Risk to investors is significant

T&Cs need to recognise
equity and debt protections



Private sector needs to be freed to bring efficiency.

Rail access fees are a function of

- Return on capital
- Operating costs



Overregulation





A NEW ERA OF COMPETITION

BE EXPONENTIAL

**The monopoly is
over...long live
the monopoly**

Transnet have a fleet of
c.1900 active locomotives



The monopoly is over...long live the monopoly

With an owned fleet of **60 locomotives** and a serviced fleet of **c.110 locomotives**, **Traxtion** is the **largest private rail operator**



Investment
in trains
is needed



R100B



V1 of the Network Statement

Are we finally
switching

gears?



Not yet..



We have
4 improvements
that MUST be implemented



\$?

No service level
commitments





Onerous penalties levied against TOCs





Imbalanced legal protections





No recognition of lender rights



V2 has been delayed to fix the above

But we still have a
major problem



90%

**of SA track network is
not commercially viable**
for new trains investment
until the PSPs unlock efficiency.



Transnet LeaseCo

600 locomotives to be released.
Are we finally switching gears?



Locomotives Released into the LeaseCo

Model	Electric/Diesel	First year of manufacture	HP
34D	Diesel	1971	2600
35D	Diesel	1972	1500
36D	Diesel	1975	1000
37D	Diesel	1980	2900
18E	Electric	2000	3000



**Network Statement is
not effectively improved**



PSPs fail to launch



Overregulation





IT'S TIME
TO BELIEVE

Container corridor



Before PSP

710 Kms

City Deep
to Bayhead



Double line all the way



Signalling system
designed in the

70s



Implemented in the

80s



Design **transit time**

18hrs



Trains can run

20 min

apart



72 slots

in each direction
each day



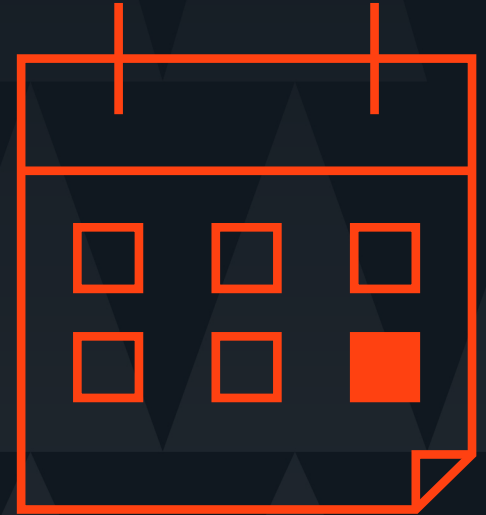
1008

in total per week
in both directions



Actual

2-4 days



Maximum **#invoices**
per trainset

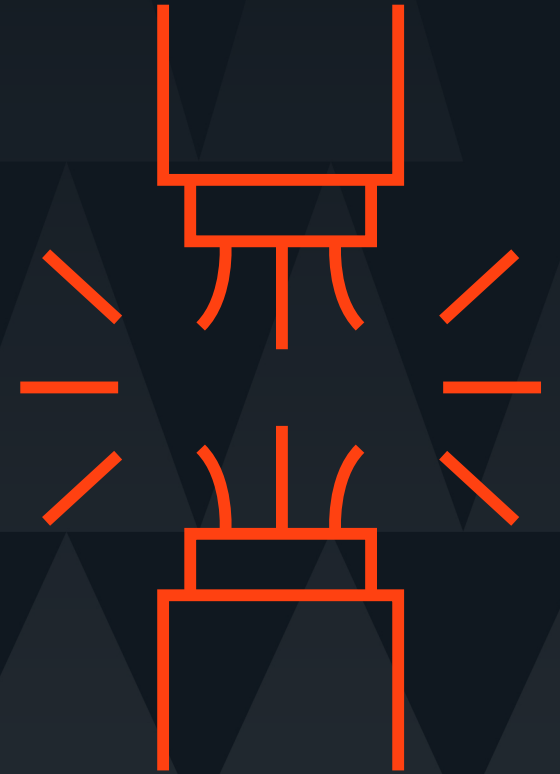
10P/M



Massive maintenance backlog



Beset by cable theft



Lack of funds to recapitalise



One destination



After PSP

Infrastructure back to design condition

- No speed increases



After PSP

Modern signalling system



Modern security

- Fibre



Modern security

- Fibre
- AI cameras



Modern security

- Fibre
- AI cameras
- Private security



Modern security

- Fibre
- AI cameras
- Private security
- Perimeter protection



Modern security

- Fibre
- AI cameras
- Private security
- Perimeter protection
- Drone surveillance



Transit time could drop to

9h52min



Minimum of

2016 slots

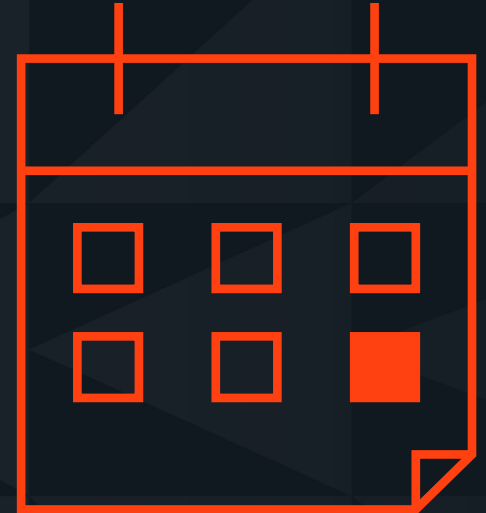
a week



Maximum **#invoices**
per trainset

60 P/M

From 10 before*



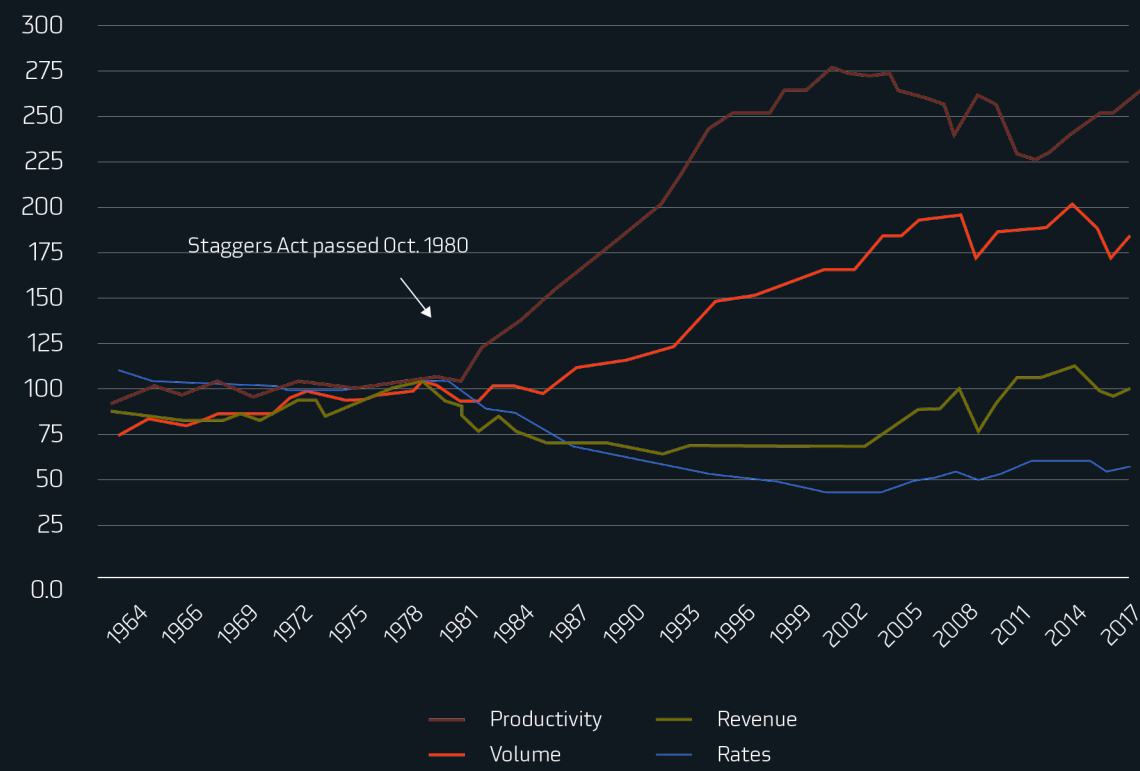
Shake the foundation of logistics



Internationally competitive logistics



The impact of deregulation on North American railroads



THANK
YOU