

Transnet posts profit in half year consolidated financial results

State freight rail and ports company Transnet has posted a profit of some R159m for the first six months of this financial year after posting a loss of some R78m in 2021.



Source: Col André Kritzingner via [Wikimedia Commons](#)

The company has also posted a 2% increase in revenue over the same period – up from R35.4bn to R36.1bn.

Transnet said its work from April to September has been hampered by serious disruptions.

“Transnet’s performance for the period was underpinned by significant operational disruptions, associated with the floods in KwaZulu-Natal at the start of the financial year and the continuing binding constraints of vandalism of its infrastructure, including fuel and cable theft, as well as the unavailability of locomotives.

“The underperformance of TFR (Transnet Freight Rail), which contributes 45% of total revenue, is mainly driven by the

challenges mentioned above and resulted in Transnet not meeting the cash interest cover ratio of 2.5x for some lenders. However, all the affected have provided the required waivers to Transnet,” the company said.

Transnet added that an agreement reached with CRRC E-Loco Supply for the maintenance of locomotives “is expected to unlock the bottlenecks related to the availability of locomotives on key corridors, including the coal and iron-ore lines”.

Other key features for Transnet include:

- Earnings before interest, taxes, depreciation and amortization were down some 2.5% from R13.3bn to R12.9bn
- Cash generated after working capital changes is R11.9bn
- Capital investment to sustain and expand operations stands at R6bn

The company said it has a positive outlook and key among the actions it is taking to grow and turn around the state-owned company include:

- Request for proposals are open for the upgrading of the Durban and Ngqura Container terminals
- A request for proposals has been sent out for the construction of a Liquefied Natural Gas (LNG) terminal at the Port of Richard’s Bay.
- Proposals evaluations are underway for the development of Boegoebaai Port and Rail
- Traxion Rail has been awarded a slot on the East London rail line in a first for the company
- A request for proposals has been sent out for financing and construction of the Ngqura Manganese Export Terminal
- The feasibility for the 6 million tonne expansion of the manganese line is due to be completed by the end of this financial year
- Transnet Freight Rail and Transnet Port Terminals are in the process of procuring long term maintenance agreements for locomotives and cranes which the company expects to improve reliability and entrench a culture of maintenance

“There is meaningful progress in the implementation of our strategy to grow and fix the core of our operations and partner with the private sector to improve efficiencies and increase capacity,” Transnet said.

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