

Exxaro says rail snags will hit 2021 coal exports

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Exxaro Resources, South Africa's biggest coal miner, said its exports would remain subdued in 2021 due to a range of rail logistics woes including a lack of locomotives, derailments, infrastructure sabotage and cable theft.



The logo of South African coal miner Exxaro is seen outside the company's Pretoria headquarters, South Africa 19 April, 2016. Reuters/Mke Hutchings

The company, which exports high-quality coal to countries such as India, had been well placed to take advantage of strong demand from China this year after the Asian giant cut off imports from Australia over quality concerns.

This opportunity arose at a time when coal prices in the first half of 2020 were almost 50% higher than the same period a year before.

However, Exxaro failed to fully benefit because its rail problems hit its export capability, the company said.

"Due to poor rail performance, Exxaro could not participate and realise the price hike fully," Nombasa Tsengwa, managing director of minerals, said.

The company has already lost two-million tonnes of export demand in the first half and another million tonne could be at risk, she added.

Shares

Its shares were down 2.01% at 1110 GMT, underperforming the broader market index which was down 0.44%.

Exxaro and other commodity exporters depend heavily on the rail infrastructure of state-owned monopoly Transnet.

Transnet did not immediately respond to a request for comment on the rail issues outlined by Exxaro.

Exxaro is engaging with Transnet and other industry players to urgently address its concerns, the mining company's CEO Mxolisi Mgojo told Reuters.

He declined to give details, though.

The company's half-year headline earnings per share (HEPS) more than doubled to 2,722 cents for the six months to June 30 as compared with the same period a year ago, as logistical hurdles were countered by higher coal and iron ore prices and one-off items.

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