Transnet profit up 71.2% to R2.9bn

Transnet said its profit for the quarter increased by 71.2% to R2.9bn, on revenue that was 14.3% higher at R28.5bn and earnings before interest tax, depreciation and amortisation up by 19.3% to R12bn.

Transnet's profits are up 71,2%. Image: Wiki Images

Cash generated from operations, after working capital changes, increased by 15.2% to R11.3bn.

The group's results come against the backdrop of a significant R11.2bn investment on rejuvenating and expanding infrastructure, despite volatile and uncertain economic conditions worldwide.

The growth in income for the period was driven by a 26% jump in containers and automotive freight on rail and by buoyant mineral and chrome volumes. The latter increased by 12%. "The performance in containers and automotive on rail far exceeds economic growth, confirming that we are winning both market share and the battle to shift rail-friendly cargo off our roads," Transet said.

Coal line volumes were marginally up at 41.9m tons (mt) during the first six months of the financial year. The growth was constrained by the longer than anticipated project work to increase rail capacity in Ermelo during the company's annual shutdown of the line for maintenance.

Maintenance improves volumes

"We are beginning to see the benefits of the extra maintenance work on our operations, which has improved efficiencies. Thanks to management interventions and innovations like Project Shongololo on the coal line, our weekly train volumes have improved from an average of 1.4mt to 1.8mt in the second quarter of the financial year," it said.

"We are working with our customers on key issues like ensuring that trains are loaded timeously and we are confident of maintaining the improved rate until the end of the financial year," it added.

Iron ore and manganese were flat at 31.4mt during this period, mainly because of lower than expected production from the iron ore mines in the Northern Cape, which are currently experiencing operational challenges. "On our side, we are moving 100% of what is made available to us and expect to be slightly above last year's volume for the full year," Transnet said.

At the ports, containers increased by an impressive 9.4% in the period despite various challenges, including teething problems associated with the newly installed tandem lift cranes in Durban.

"We expect to maintain this growth into the second half of the year," the company said.

"Petroleum volumes for our pipelines declined by 1.5% as a result of lower economic activity and lower demand for fuel in Gauteng," it added.