

TRANSNET



# Establishment of a Rolling Stock Leasing Company

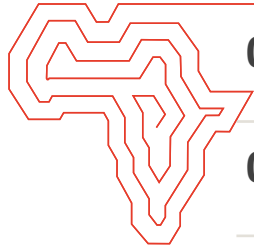
Presentation to: RFQ Bidders  
Presented By: Transnet SOC Ltd

Date: 06 May 2025

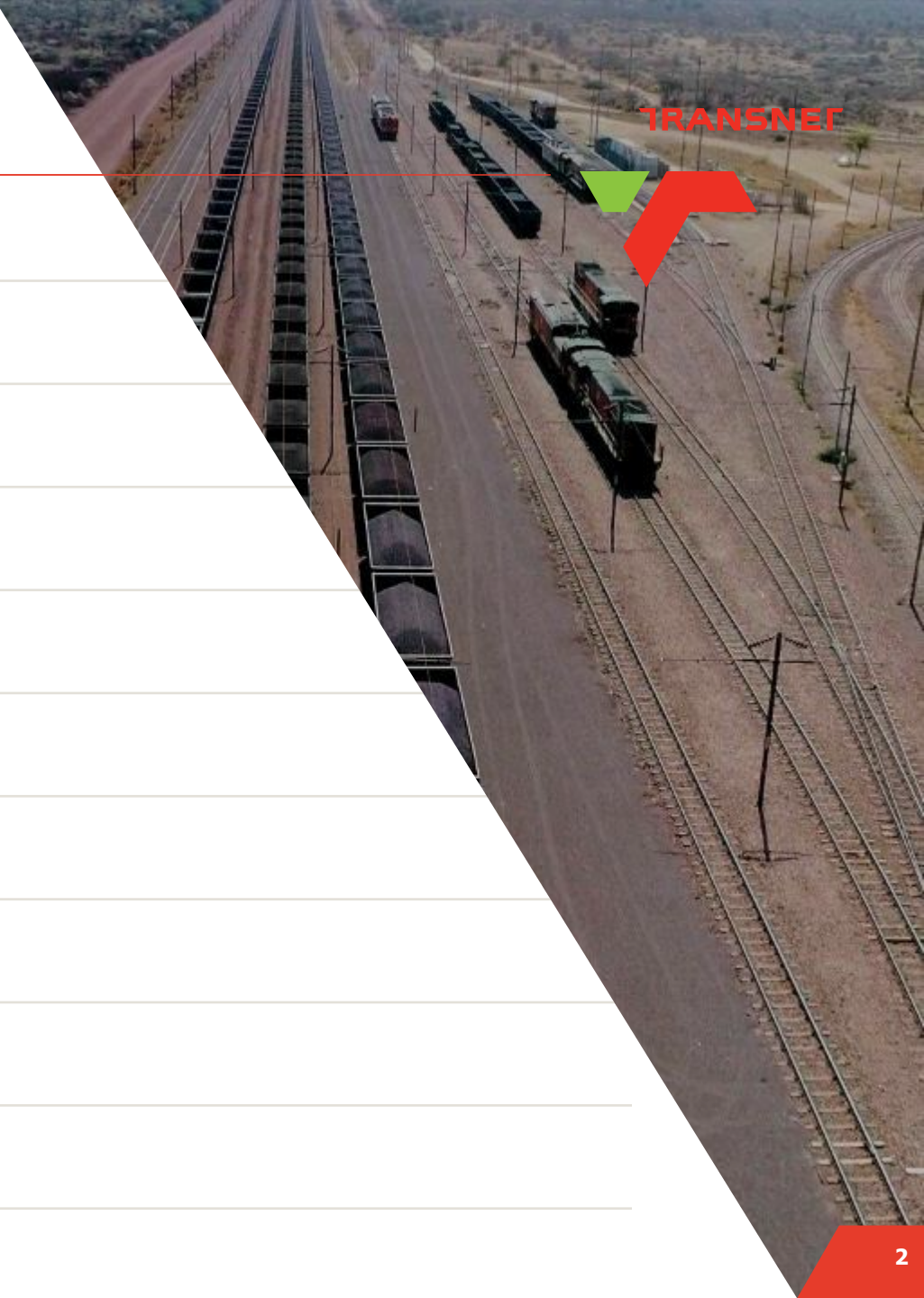


# Establishment of a Rolling Stock Leasing Company

## Agenda



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To brief interested private sector partners on the **establishment of a rolling stock leasing company and the salient features of the Request for Qualification (RFQ).**



# **Procurement Guidelines**



The non-compulsory briefing session will be recorded.

- Attendees are required to switch off their cameras and to mute their microphones.
- Be respectful of each other during the session.
- All attendee's information will be recorded on an attendance register. All service providers are requested to include the business name, representative name, email address, and phone number in the chat functionality.
- Bidders are required to remain for the entire duration of the briefing session as important information pertaining to the RFQ will be presented.
- Throughout the session attendees may submit questions through the chat functionality.





- During the Question-and-Answer session attendees need use the “Raise your Hand” functionality to be allowed to ask questions.
- An approximate time allocation of 2 hours has been allocated; however, this is just a guide. The session could end sooner or later, depending on the number of clarification questions.
- All communication after this briefing session, before the closing date and time, must be directed to: [psp@transnet.net](mailto:psp@transnet.net)

# Overview: Procurement Process Briefing



- The tender was advertised on the National Treasury Portal [www.etenders.gov.za](http://www.etenders.gov.za) and on the Transnet website <https://transnetetenders.azurewebsites.net>
- The RFQ closing date and time is on 04 July 2025 at 16h00 CAT (Pretoria).
- Please refer to "RFQ, Section 2 paragraph 3 and 4" for instructions on the RFQ submission.
- **Bidders are required to ensure that electronic bid submissions are done at least a day before the closing date to prevent issues which they may encounter due to their internet speed, bandwidth or the size of the number of uploads they are submitting. Please do not wait for the last hour to submit. A Bidder can upload 30mb per upload and multiple uploads are permitted.**
- Please refer to "RFQ, Section 5, Returnable documents" for details of all returnable documents that need to accompany your RFQ submission





## **Background: About Transnet**



**Transnet is a state-owned entity that is the custodian of South Africa's rail, ports and pipelines. Transnet's objective is to ensure a globally competitive freight system that enables sustained growth and diversification of the country's economy.**

**TRANSNET**



Over **55 000 Employees**, providing **cargo handling** services to a wide range of customers

Has a diverse rolling stock pool (locomotives and wagons) operating on **30 400km** of railway **track** (general freight & two heavy haul lines)



**8 commercial ports** along 2 798km of coastline

**16 Port terminals** operating across 7 South African ports (excl. Mossel Bay)

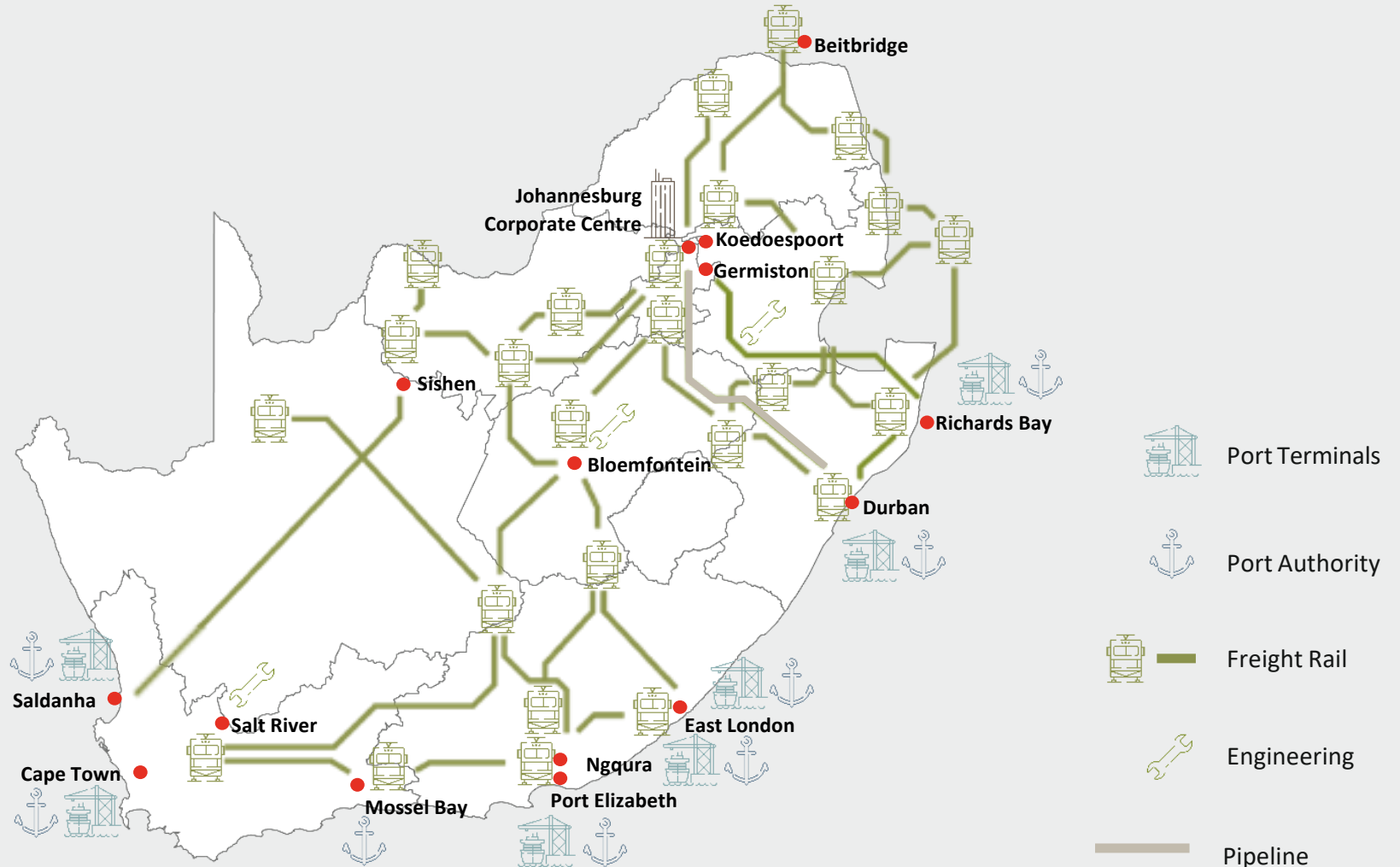


**3 800km of pipelines** securing the supply of petroleum products to the hinterland

**143 engineering depots** & **6 rail and port manufacturing and maintenance factories** maintaining, converting, repairing and upgrading rolling stock, equipment and machines



**5 regional and 5 sub-offices** to manage the **property** needs of the organisation



# Transnet's operations are supported by seven (7) complimentary operating divisions

**TRANSNET**



## TRANSNET RAIL INFRASTRUCTURE MANAGER

- Delivers a reliable, safe, intelligent, and resilient rail network
- Manages 30,400 km of track with varied axle capacities, infrastructure, and systems for electric and diesel operations
- Enables access for private train operators.

Rail network provider along key corridors throughout South Africa



## TRANSNET FREIGHT RAIL

- Provides reliable, safe, and efficient rail services across the network
- Maintains a diverse fleet for freight, including containers and bulk commodities like coal and iron ore
- Operates the luxury Blue Train
- Offers rural healthcare via Phelophepa trains.

Freight rail operations across various rail corridors of the rail network in South Africa



## TRANSNET ENGINEERING

- Expertise in research, design, manufacturing, and maintenance of rolling stock, including locomotives, wagons, and coaches
- Africa's leading OEM specializing in wagon production

Bloemfontein, Durban, Germiston, Koedoespoort, Salt River and Uitenhage



## TRANSNET NATIONAL PORTS AUTHORITY

- Acts as ports landlord, ensuring secure, efficient, and economic operations of the national ports system
- Maintains port infrastructure, regulates land use, and facilitates vessel navigation across South African ports and coastlines

Saldanha, Cape Town, Mossel Bay, Port Elizabeth, Ngqura, East London, Durban and Richards Bay



## TRANSNET PORT TERMINALS

- Operates 16 cargo terminals with 68 berths across seven ports along the South African coastline
- Enables efficient flow of imports, exports and transshipments for economic connectivity with regional and international trade partners

Saldanha, Cape Town, Port Elizabeth, Ngqura, East London, Durban and Richards Bay



## TRANSNET PIPELINES

- Southern Africa's largest multi-product pipeline operator, handling 3,800 km pipeline infrastructure transporting liquid petroleum and methane-rich gas
- Delivers > 70% of all refined products to inland markets to ensure uninterrupted supply of goods to all sectors of economy

Durban and Johannesburg



## TRANSNET PROPERTY

- Manages total assets of R8,5 billion, incl. commercial & residential properties comprising offices, warehouses and retail buildings, and vacant land
- Offers specialised real estate services in asset management, property development, and management

Property portfolio across South Africa



TRANSNET



## OUR MANDATE

**Lower the cost of doing business** in South Africa, **enable economic growth** and **ensure security of supply** through **providing appropriate ports, rail, and pipeline infrastructure** as well as operations in a cost effective and efficient manner, within acceptable benchmark standards.

## STATEMENT OF STRATEGIC INTENT

Improve  
Competitiveness of SA's  
Freight System

Collaborate with the  
Private Sector

Financial  
Sustainability

Practice Good  
Governance

Grow Market Share



## **Background: About the LeaseCo**

# About the establishment of a rolling stock leasing company



The objective is for Transnet to establish a **rolling stock leasing company** (LeaseCo) in **partnership with the private sector**.

The LeaseCo is intended to address the **shortage of accessible rolling stock** in South Africa and the region.



Conservative estimates place South Africa's potential rail addressable market at between **250-300 million tonnes per annum** of cargo, compared to recent performance of circa **160 million tonnes**.



A **market study** undertaken by Transnet in 2022 estimated a total demand of over **17,000 wagons** and nearly **170 diesel locomotives** by 2030 in the rest of the SADC region.

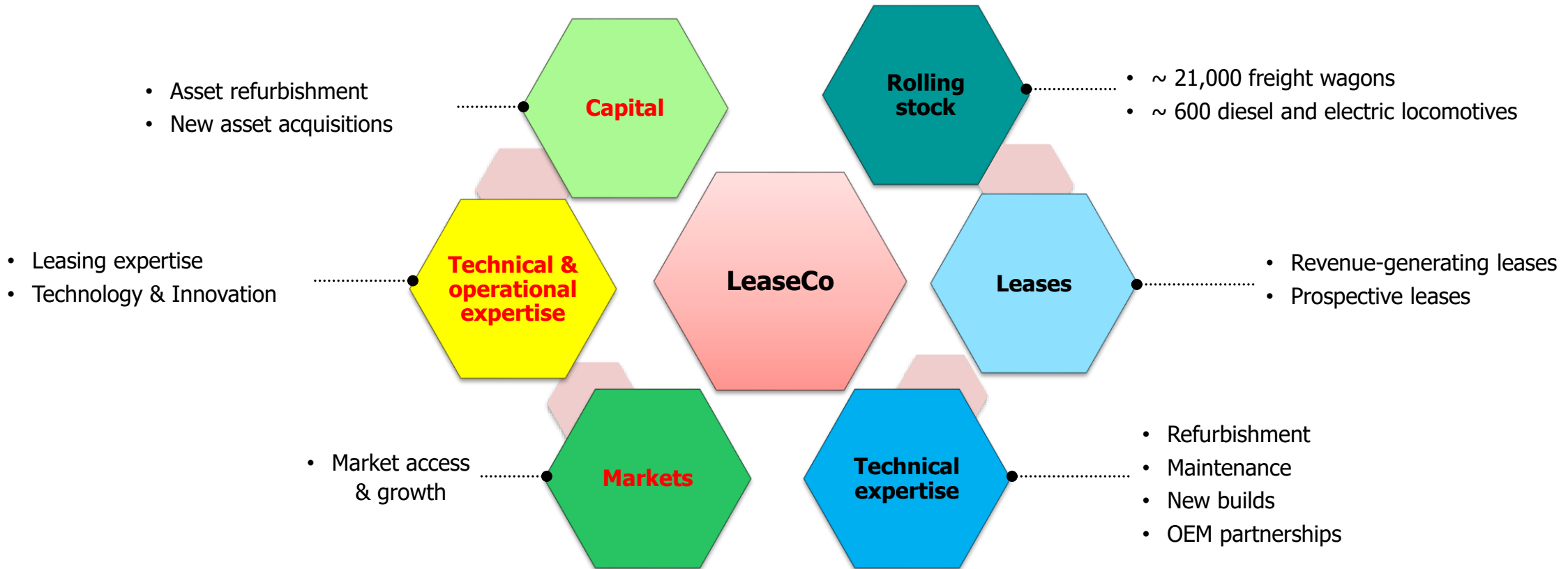


# Transnet is looking for private sector partners with whom to establish and operate the LeaseCo



## Private Sector Partner contribution

## Transnet contribution



The LeaseCo is expected to unlock benefits

Make rolling stock available and accessible to TOCs and Railway Authorities

Unlock untapped markets and create new revenue streams

Drive freight movement from road to rail

Promote regional integration and growth in cross-border trade

Unlock competitive supply chains and drive efficiencies



**Market Demand**

# Transnet has identified a diverse and sustainable domestic and regional market for rolling stock leasing



## Democratic Republic of Congo

- Wagons: **1,851**
- Locomotives: **56**

## High potential markets

- Namibia
- Tanzania
- Angola
- Mozambique

## South Africa

- Rail addressable market of **250 to 300 Mtpa vs 160 Mtpa (current)**



## Zambia

- Wagons: **3,619**
- Locomotives: **44**

## Zimbabwe

- Wagons: **10,871**
- Locomotives: **54**

## Eswatini

- Wagons: **885**
- Locomotives: **15**

Sources:

Transnet SOC Ltd: Regional market study, 2022

Gain Group: Searching for rail market spaces in the high-value good market, 2025

# Projected Domestic Industry Demand and Wagon Leasing Forecast (2019–2050)



Economic Sector	Demand Projection (Million tonnes)	Leasing Outlook
Automotive	1.0 - 2.7	High
Chemicals	5.3 - 8.4	Moderate
Construction	25.2 - 56.5	High
Energy (coal and liquid fuels)	118 - 120	Moderate
Fast-Moving Consumer Goods (FMCG)	15.8 - 33.2	High
Fruit	1.3 - 2.6	Low
Grain	8.1 - 13.6	High
Metals (nickel, copper and cobalt)	118 - 176	High
Other Agriculture (sugar cane, sugar, cotton, timber, livestock feed, and other farm products)	16.5 - 35.8	High

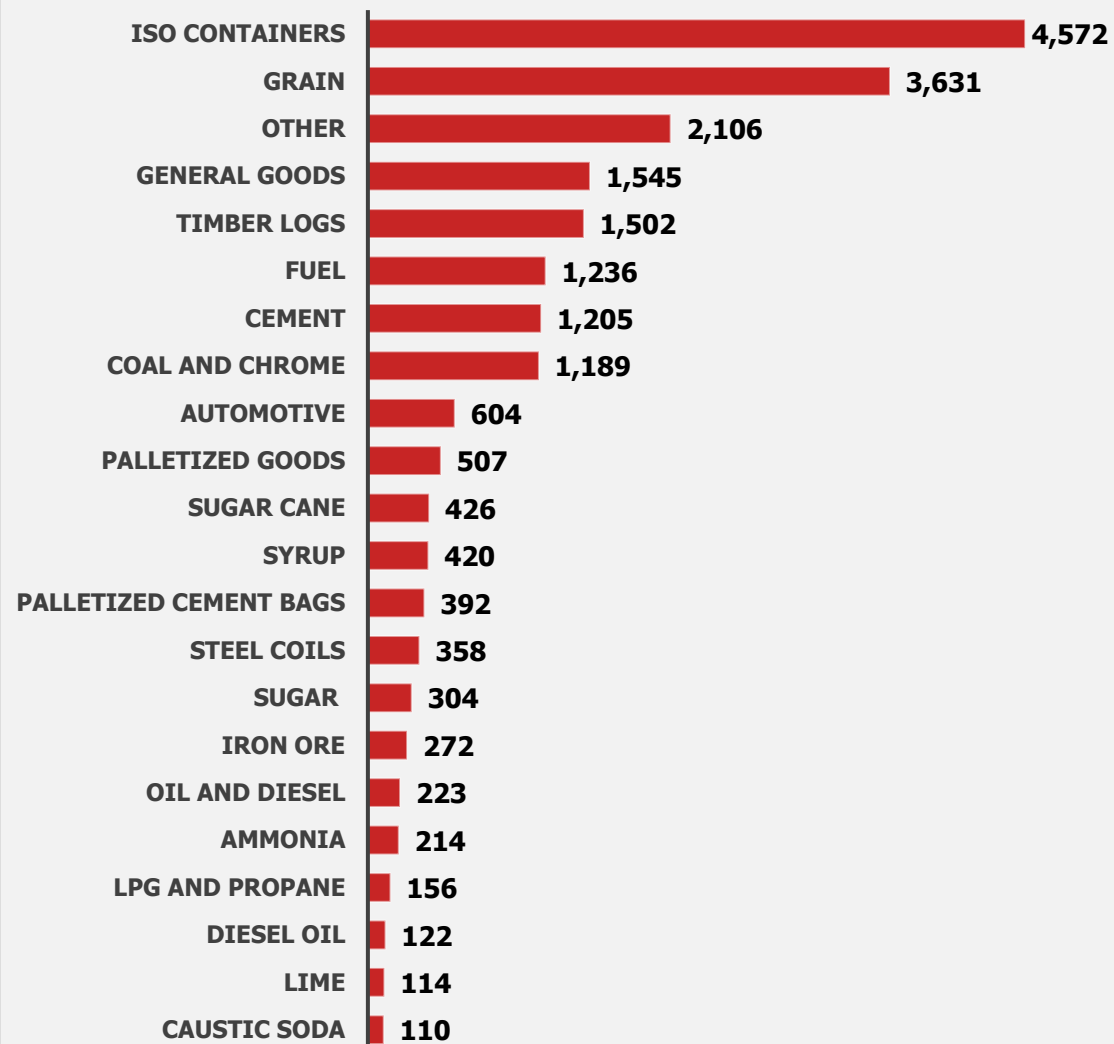


# **Transnet's Rolling Stock Contribution**



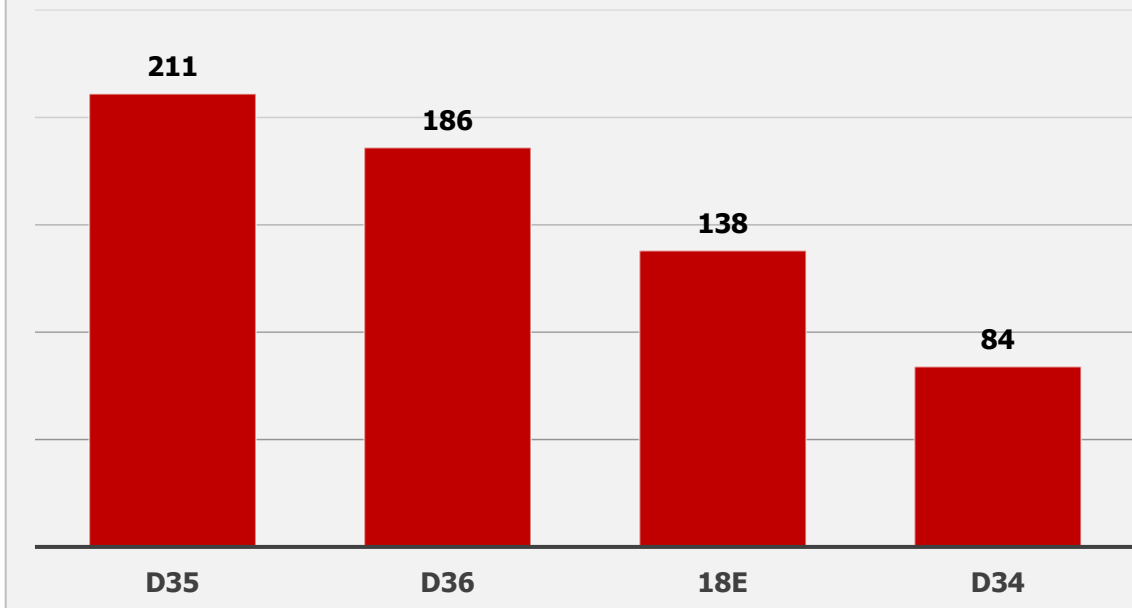
# Transnet will contribute an initial fleet of ~ 21,000 freight wagons and ~ 600 locomotives towards the establishment of the LeaseCo

## Profile of Wagons for the LeaseCo



*OTHER category includes palletized goods, sugar cane, sugar, ammonia, etc.*

## Profile of locomotives for the LeaseCo



- The 34D, 35D and 18E locomotives are used for haulage on the Mainline
- D36 locomotives are mainly used for shunting services

# LeaseCo rolling stock





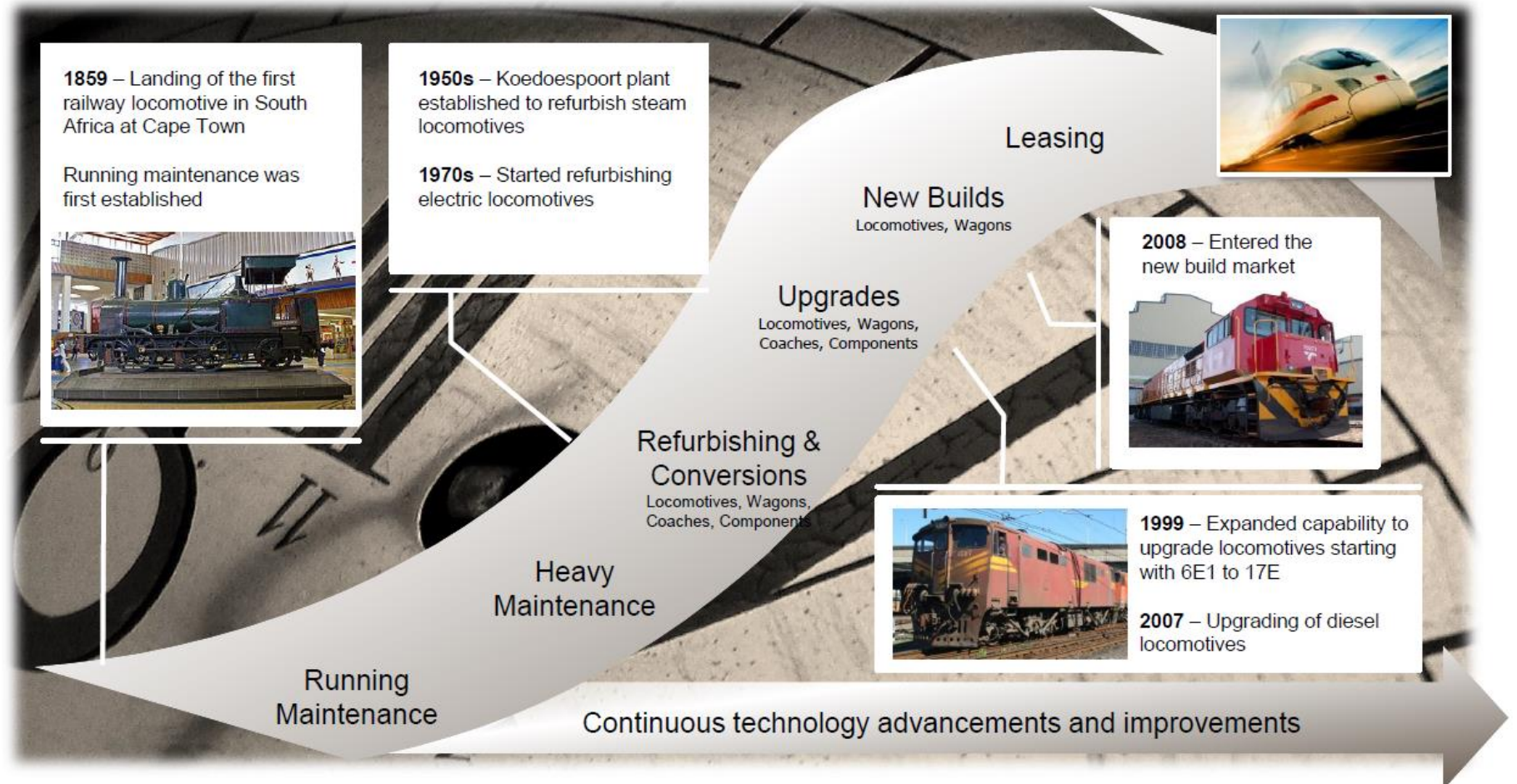
# **Transnet Engineering's Participation**





*TE brings over 150 years of experience to the rail engineering sector and has built substantial expertise in rail engineering*

## DEEP HERITAGE OF ENGINEERING

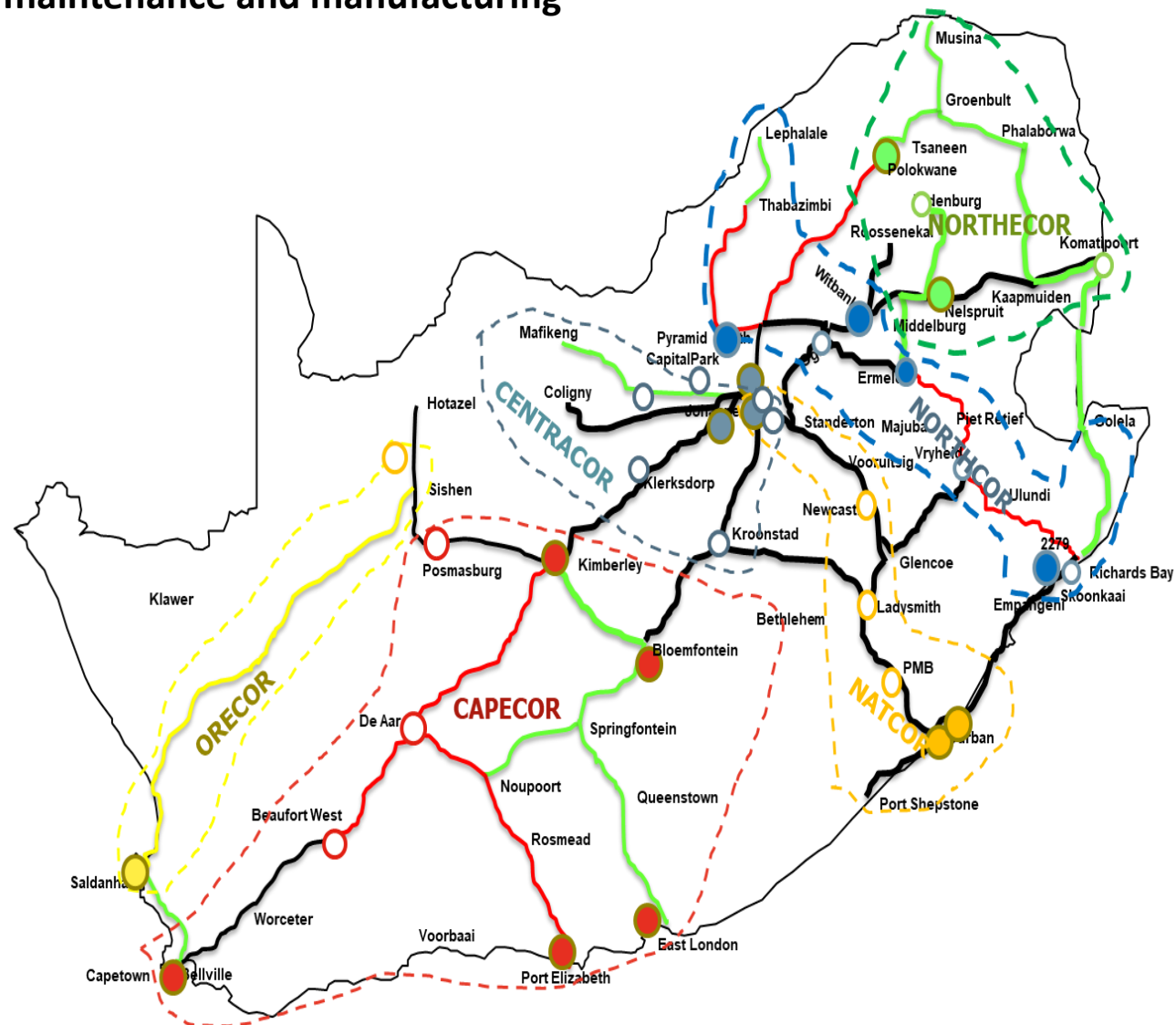


Note: 1: Evolution of locomotive capability illustrated  
Source: Transnet Engineering Value Proposition, 2014

# INTRODUCTION



TE is a Division of Transnet focused on product maintenance and manufacturing



## TE Overview

FACTORIES	DEPOTS	EMPLOYEES
6	143	~8024

TE offers end-to-end solutions for the new-build, maintenance, and refurbishment of rolling stock. With TE, LeaseCo is backed by strength, scale, and experience through efficient utilization of the proven full life cycle maintenance strategies. The specialized services includes:

- **OEM of 18E Electric Locomotives:** TE overhauls and maintains all 18Es dedicated to LeaseCo.
- **OEM of Freight Wagons:** All wagons in the LeaseCo fleet are built and supported by TE.
- **Overhaul Services:** TE leads the overhaul of all locomotives in partnership with OEMs, aligned to TE’s proven strategies.
- **Maintenance & Facilities:** Strong ability to conduct planned & unplanned Maintenance on all rolling stock products
- **Derailment & Recovery Services:** TE is positioned and equipped to provide quick response support in the event of accidents or derailments.
- **After-Sales Support:** Dedicated Centers of Excellence ensure maximum fleet availability.
- **Technical Training:** On-the-job and tailored training to support full lifecycle maintenance.

TE operates **6 major plants** and **143 depots** along key logistics routes in South Africa, enabling localized support. Our capacity includes maintaining **2,000+ locomotives** and **15,000+ wagons** annually.



# MAJOR PLANTS



TE boasts multiple manufacturing facilities to refurbish and re-manufacture all rolling stock, equipped with the latest technology

TE has 6 manufacturing centres across the country, with specific product support

Businesses	Koedoespoort	Germiston	Bloemfontein	Durban	Uitenhage	Salt River
Locomotive						
Wagon		✓				
Wheel	✓	✓	✓	✓	✓	✓
Rolling Stock	✓		✓	✓	✓	✓
Equipment	✓			✓	✓	
Rotating Machine	✓			✓		
Ports Equipment	✓			✓		
Passenger Coaches	✓			✓		



*TE is comprised of eight core businesses offering products ranging from complete locomotives, coaches, and wagons, and component parts*



## Locomotive Business

- Maintenance, repair, upgrade and manufacturing of AC, DC and diesel-electric locomotives



## Wagon Business

- OEM of wagons with ability to manufacture new designs, perform re-builds, maintenance and refurbishments



## Coach Business

- Maintenance, refurbishment and upgrades for motor and trailer coaches



## Port Business

- Engineering services to ports and harbors
- Manufacture & repair of rolling stock auxiliary equipment



## Wheel Business

- Assembly of new & refurbishment and wheel set



## Rolling Stock Equipment

- Manufacture & repair of modern technologically advance rolling stock components



## Rotating Machine Business

- Refurbishment of electrical and mechanical rotating machines in rail and ports industry



## Foundry Business

- Casting components for assembly including bogies, frames, bolster wedges, couplers, etc.



TE has un-paralleled capacity in the rail engineering market in southern Africa. **Unique competitive advantages include:**

Competitive Advantages	Description
<b>Strategic Regional Positioning</b>	TE's <b>extensive and well-established facilities</b> strategically located in close proximity to South Africa's major rail corridors and ports.
<b>Strong existing commercial relationships</b>	TE has <b>strong supplier and customer relationships and networks</b> already existing in the region, both inside and outside of South Africa.
<b>Integrated OEM Capabilities</b>	As <b>one of Africa's few OEMs for rolling stock</b> , TE's end-to-end engineering capabilities offer it a significant competitive edge in both local and African markets.
<b>Innovation and Intellectual Property</b>	Long <b>history of engineering excellence</b> in the design and manufacturing of rolling stock as well as new product R&D exemplified by the TransAfrica Locomotive (TAL), tailored to African logistics needs.
<b>Established Reputation and Certification</b>	TE is <b>recognized as a certified OEM in Africa</b> and has achieved international standards, including ISO certifications which enhance its market credibility.
<b>Management Systems, SOP's and Continuous Improvement</b>	TE has <b>well-established Management Systems</b> in place including the Transnet Integrated Management System (TIMS) which incorporates an extensive <b>SHEQ</b> function as well as an SAP-based <b>ERP system</b> . Detailed <b>Standard Operating Procedures (SOPs)</b> and protocols are widely implemented.

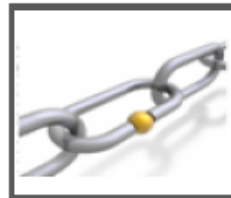




## Core Strengths Driving Competitive Advantages for TE

### Our Strengths

### Description



#### Cross value chain Capability

- TE has the ability to perform builds, refurbishments and maintenance



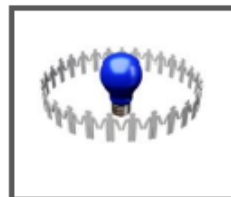
#### Leading knowledge & know-how

- Technologically current due to our partnerships with leading companies



#### Cost effective re-use solutions

- At TE we have re-build & refurbishment options that are cost-effective



#### Specialty and tailored build capability

- World renowned for speciality builds such as the Blue Train & Phelophela health train

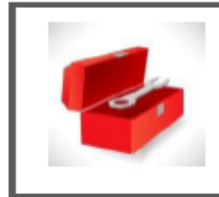
### Our Strengths

### Description



#### Capacity for large-scale builds

- E.g., capacity to build ~300 coaches working on a single shift with easy increase potential



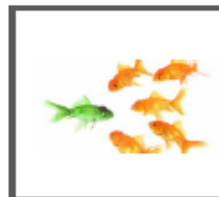
#### Sound maintenance regimes

- TE has a variety of maintenance strategies and an extensive support network



#### Local content & component capability

- TE has the capability to produce a number of key components locally in its factories



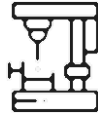
#### Broad service offerings

- We can offer a wide range of services from new assembly to maintenance



## Vehicle Dynamics

- Design mechanical structures and chassis for mobile vehicle.



## Machine intelligence

- Artificial intelligence and machine learning their various sub-categories.



## Data platforms and science

- Development of in-house data platforms.



## Advanced Materials

- New material types for various products to reduce weight without compromising structural integrity.



## Internet of things (IoT)

- Connected and communication protocols needed to transmit data from a wide variety of assets and places.



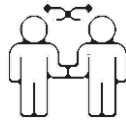
## Integration and testing

- Testing of all products developed using any configuration of the capabilities



## Additive Manufacturing

- Manufacture complex components and parts using 3D and laser printing.



## Control Systems

- Remote and autonomous controllers applied to self-driving trains and other places.



## HMI

- All forms of display technologies, including Augmented Reality and Virtual Reality.



## Power Conversion

- Propulsion systems used in traction applications.



## Sustainable Energy

- Environmentally friendly technologies to improve energy consumption and efficiencies

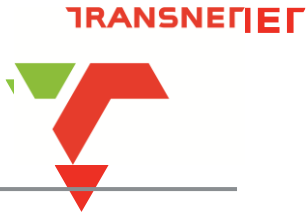


## Motors

- AC traction motors used for traction applications



# RESEARCH & DEVELOPMENT CAPABILITIES



**Port Hauler Development**  
**Strategic alignment:**  
Ports Equipment OEM



**LCMS**  
**Strategic alignment:**  
Maintenance as a Service



**Standard Gauge Wagon Bogie**  
**Strategic alignment:**  
OEM



**RTG ESS**  
**Strategic alignment:**  
Ports Equipment OEM



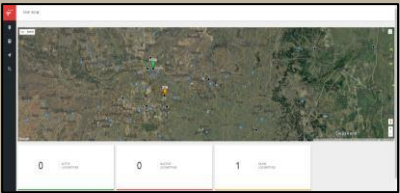
**Baluleka**  
**Strategic alignment:**  
OEM



**TAL**  
**Strategic alignment:**  
OEM



**Tran Control System**  
**Strategic alignment:**  
OEM



**IRIS**  
**Strategic alignment:**  
Maintenance as a Service



**AmDec**  
**Strategic alignment:**  
Expand and improve product offering

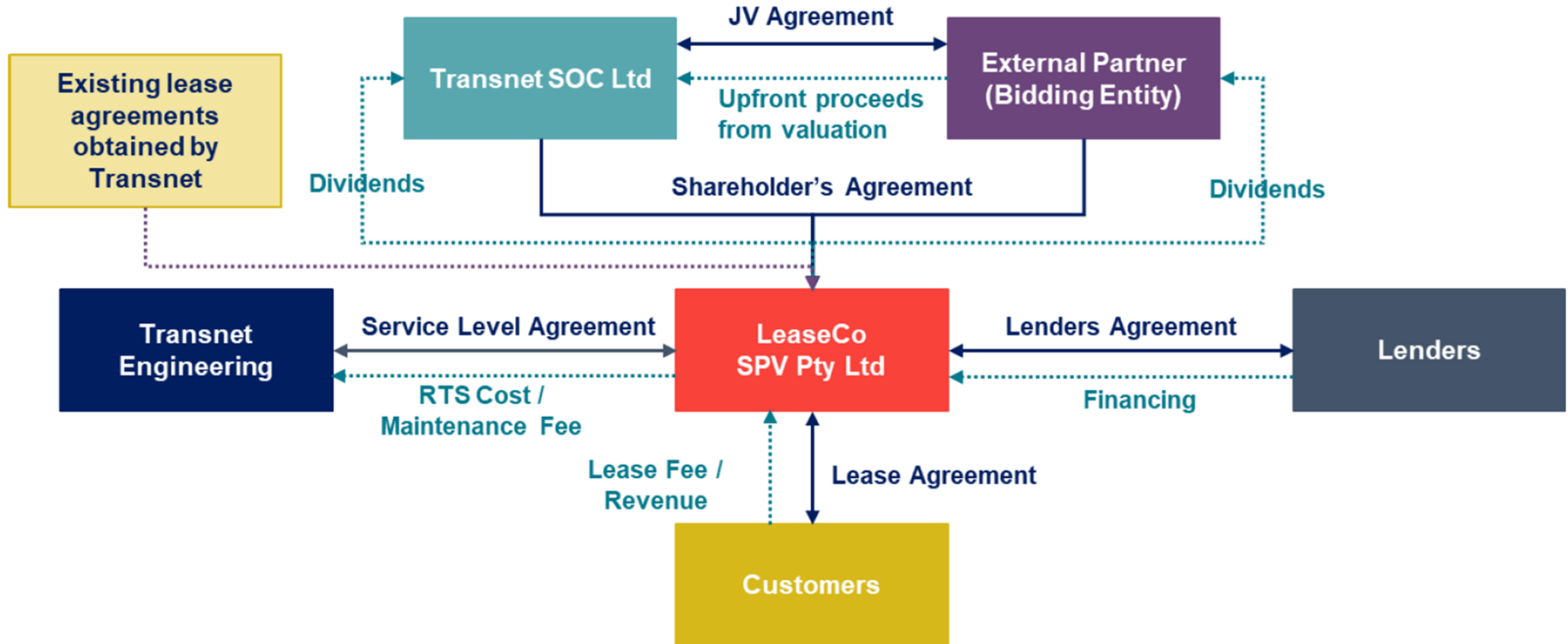


**Traction Motor Development**  
**Strategic alignment:**  
OEM



# **Transaction Structure**

# Proposed Transaction Structure





# **External Partner Selection Plan**

# The external partner selection process is following a 2-stage approach to optimise the quality of potential bidders



March 2025

~ August 2025

- 1. Exclusion criteria**
  - Bankruptcy, liquidation, professional integrity, social and tax contributions
- 2. Minimum criteria (examples)**
  - Turnover, ability to raise finance
  - Within bidder profile definition
- 3. Bidders to perform due diligence**
  - Condition assessment and asset valuation.
  - Validation of RTS and maintenance costs.
- 4. Pass/Fail criteria (examples)**  
(select the most suitable company):
  - Quality business plan
  - Quality technical plan
- 5. Ranking criteria (examples)**  
(select the most suitable company):
  - Financial bid

Pass or fail

Pass or fail

Pass or fail

Scoring

Exclusion criteria

Minimum criteria

Shortlist for RfP

Bidders to perform due diligence

Pass / Fail criteria

Ranking criteria

Preferred Bidder

Stage 1: Request for Qualification

Stage 2: Request of Proposal



During the RFQ process Transnet will undertake a 3-step process for the evaluation of expressions of interest.



### Step 1: Test for Administrative Responsiveness to RFQ

- The test for administrative responsiveness must be **passed for a Respondent's Proposal to progress to Step Two** for further pre-qualification.



### Step 2: Test for Substantive Responsiveness to RFQ

- The test for substantive responsiveness to this RFQ will include an assessment of whether the bidder's **financial and technical capacity meet the minimum criteria**. Bidders must meet the minimum criteria established for all of the requirements in order to be considered technically and financially capable for pre-qualification.



### Step 3: Verification (Due Diligence)

- Transnet will reserve the right to undertake verification (**due diligence**) of any claims where there is doubt based upon the information provided. This may include site visits or requests for additional information that is not provided. Such requests will be made at the behest of Transnet where deemed necessary to affirm the accuracy of the information provided.

# Evaluation of Bidder Qualifications: **Financial Capacity**

Proponents are required to meet two (2) key financial capacity criteria for pre-qualification:

## Minimum Tangible Net Worth of at least ZAR 4 billion

The formula used to calculate Tangible Net Worth will be: ***Tangible Net Worth = Total Assets – Intangible Assets - Total Liabilities***

Where:

- **Total Assets** refers to all assets owned by the entity as reflected in its most recent audited financial statements.
- **Intangible Assets** include goodwill, patents, trademarks, copyrights, and any other non-physical assets.
- **Total Liabilities** includes all outstanding obligations, including short-term and long-term liabilities.

Bidders must provide their latest **Audited Financial Statements** – confirming their net worth.

1

## Letter of Interest from a Financier

This letter must be from a recognized **financier indicating interest** in financing the bidder's participation in the proposed LeaseCo business.

Where:

- Financier As **a commercial bank** licensed by the South African Reserve Bank (SARB); or
- An **international commercial bank** with a long-term credit rating of at least BBB– (investment grade) from a recognized credit rating agency (e.g., S&P, Moody's, or Fitch); or
- A **development finance institution** (DFI) or **multilateral development bank** (MDB).

2

# Evaluation of Bidder Qualifications: **Technical Capability**

Proponents are required to meet three (3) technical capability criteria for pre-qualification:



## Minimum of [10] years of experience in leasing moveable assets

Bidders must demonstrate a **minimum experience of 10 years of moveable asset leasing**.

Bidders must provide the following verifiable evidence:

- **Audited Financial Statements** or Asset Registers – confirming ownership and deployment of leased assets.
- **Fleet Management** or Lease Management Reports – showing leasing activity, asset utilisation, and lessees.

*Where:*

“Moveable Assets” means tangible, non-fixed capital assets capable of being moved between locations. For the purposes of this RFQ, this term includes any of the following categories relevant to assessing bidder experience:

- a) Rolling Stock: Including assets such as locomotives and wagons.
- b) Motor Vehicles: Including large-scale commercial or passenger vehicle rental/leasing fleets..
- c) Heavy Equipment: Including machinery and equipment used in industrial, mining, or construction sectors.

1

## Proof of Good Operational Standing

Bidders must demonstrate that they are in **good operational standing** and fully compliant with relevant **safety, quality management standards and regulatory requirements** in their jurisdiction.

2

## Acknowledgment of Rolling Stock Knowledge

Bidders must submit a **signed attestation** confirming their understanding and acceptance that, should they be shortlisted and invited to submit a proposal in the subsequent Request for Proposal (RFP) stage, their proposal must demonstrate that the management and operational structure of the proposed LeaseCo entity will possess significant depth of experience and capability concerning:

- The technical management, maintenance, and operation of rolling stock assets (including locomotives and wagons) as a distinct asset class.
- The commercial and operational dynamics of the broader railway sector.

3



## **Call to Action**



Respond to the RFQ.

Adhere to the closing date and time: **04 July 2025** at 16h00 CAT (Pretoria).

Respondents are requested to:

- Evidence of compliance must be provided in the form of unqualified audited financial statements from a recognised auditor.
- In the case of Joint Ventures, a copy of the Joint Venture Agreement or written confirmation of the intention to enter into a Joint Venture Agreement.
- Provide a Letter of Interest from a recognized financial institution or lender.
- Proof of Good Operational Standing
- Acknowledgement of rolling stock knowledge

Potential bidders and interested stakeholders are encouraged to submit an optional written statement alongside their Expressions of Interest, offering recommendations on how the transaction and LeaseCo business can be structured.







# Any Questions

TRANSNET



Thank you

