

Transnet seeks government bailout as debt mounts

By [Nelson Banya](#)

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State-owned logistics company Transnet has requested an unspecified cash injection from the government as it seeks to reduce debt and return to profitability, it said on Thursday. "Transnet has requested that national Treasury provide an equity injection to support the recovery plan implementation needed to reduce debt and meet required financial ratios for debt capital market participation," said Hlengiwe Makhathini, Transnet's acting CFO.



Container ships are seen outside the harbour as workers at South Africa's state-owned logistics firm Transnet continue to protest outside the Port of Cape Town on their nationwide strike action that could paralyse ports and freight rail services in Cape Town, South Africa, October 17, 2022. REUTERS/Esa Alexander/File Photo

Board chairman Andile Sangqu said Transnet would be unable to carry out its turnaround plan, which seeks to restore freight volumes and return the company to profitability over the next 18 months unless the government provided the requested help.

The company declined to disclose how much funding it was seeking from government, its sole shareholder, but South African media reports have put the figure above 100 billion rand (\$5.24 billion).

The government was not immediately available to comment.

Transnet's underperformance has seen freight volumes decline to 150 million metric tons in 2022/23 from 226 million tons in the 2017/18 financial year. It has weakened the economy, as mineral exporters have lost billions of rand in potential revenue because their shipments were disrupted.

Transnet has R130bn in debt and recorded a loss of R5.7bn in the financial year to March.

Its turnaround plan includes splitting the freight rail subsidiary into two - an infrastructure management company and an operating unit. The company will make another attempt to open up parts of its rail network to private operators after last year's false start.

In addition, it will sell off non-core assets including some real estate.

Transnet is looking for a substantive group CEO, CFO and head of its flagship freight rail unit after the three top executives left the company at the end of September and the start of October.

Sangqu said the executive posts could be filled "in the best case, by the end of this calendar year, or at the latest by the end of February".

ABOUT THE AUTHOR

Reporting by Nelson Banya; editing by Barbara Lewis.

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