

Transnet returns to profit as freight volumes recover

Transnet returned to profit in the year ended 31 March 2026, reporting a R4.6bn profit compared with a R1.9bn loss in the previous financial year, as improved rail and pipeline volumes, tariff increases and operational recovery measures supported its financial performance.

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Source: Archive

Revenue increased 7.1% to R88.6bn, while rail volumes rose 4.9% to 167.9 million tonnes. Transnet said the gains reflected interventions aimed at improving network reliability, maintenance execution and asset availability, although operational and financial challenges remain.

The group also continued implementing its Reinvent for Growth (R4G) strategy, while advancing private-sector participation and reforms across the freight logistics system.

Rail volumes improve as recovery continues

Transnet said higher rail and pipeline volumes, tariff adjustments and efforts to improve operational efficiency supported its financial performance during the year.

Rail volumes increased to 167.9 million tonnes, with improvements in network reliability, maintenance execution and asset availability contributing to the recovery.

Revenue increased to R88.6bn, while EBITDA rose 0.7% to R30.9bn. However, the EBITDA margin declined 2.2% to 34.8%, while net operating expenses increased 10.8% to R57.7bn.

Transnet said customers and industry stakeholders have increasingly recognised improvements in rail performance and service delivery. Industry bodies, including the citrus sector, have also acknowledged improvements in port operations that contributed to export performance.

The recovery took place against a range of operational challenges, including derailments, rail network and rolling stock constraints, security incidents, tippler and power supply disruptions, adverse weather, resource constraints, community unrest and customer demand challenges.

The rail and port businesses were also affected by R658m in take-or-pay penalty adjustments.

R4G strategy drives operational recovery

Transnet's Reinvent for Growth strategy continued to guide its operational recovery, financial sustainability and long-term growth programme.

Interventions during the year focused on maintenance execution, asset reliability, operational discipline, technical capability, procurement and supply chain efficiency.

Transnet said these measures contributed to improved operational performance, higher rail volumes, stronger cash generation and increased customer confidence.

Capital investment totalled R23.3bn during the year, supporting infrastructure renewal, equipment replacement and operational improvements across the rail and port networks.

Private investment expands in ports

The Durban Gateway Terminal (DGT) transaction was a key step in Transnet's Private Sector Participation strategy.

Transnet disposed of a 49.999% interest in DGT to International Container Terminal Services Inc. (ICTSI) for R10.5bn, effective 1 January 2026. The transaction generated a R12.5bn profit on disposal, including a related fair value adjustment.

Transnet retains a 50.001% shareholding in DGT, while management control transferred to ICTSI.

The group said the transaction is intended to attract private investment, improve operational performance and support the long-term modernisation of South Africa's port infrastructure.

Rail reform opens network to private operators

Transnet continued implementing the country's freight logistics reform programme, including the separation of its rail infrastructure and operating functions.

The accounting separation of Transnet Freight Rail into the Transnet Freight Rail Operating Company (TFR) and Transnet Rail Infrastructure Manager (Trim) was completed during the year.

TRIM will play an increasingly important role in infrastructure management, network quality and reliability as rail reform progresses.

Transnet also concluded Rail Access Agreements with 11 Train Operating Companies (TOCs), with the first private operators expected to begin services during the 2026/27 financial year.

The introduction of TOCs is expected to increase network utilisation, expand customer access and support additional freight volumes.

Infrastructure funding supports growth

National Treasury approved R14.8bn in grant funding through the Budget Facility for Infrastructure (BFI) for strategic rail and port projects.

Transnet said the funding is expected to support infrastructure development, improve network performance and reduce future funding requirements.

The group will continue working with its shareholder representative and National Treasury on its recovery and growth agenda.

Governance remains a focus

Transnet said governance and accountability remain central to its recovery strategy.

The company welcomed the Auditor-General's confirmation that its reporting of irregular expenditure was accurate and complete in all material respects. Although irregular expenditure decreased during the year, Transnet acknowledged that further progress is needed.

Management and the Board will continue working to resolve historic cases, strengthen procurement controls and improve accountability.

Focus shifts to operational reliability

For the year ahead, Transnet will focus on improving operational reliability, increasing freight volumes, strengthening customer confidence and creating a safer and more efficient operating environment.

The group said priorities will include operational recovery, infrastructure investment, private-sector participation, rail reform and financial sustainability.

It expects further improvements in operational performance, greater participation by private rail operators and progress on strategic infrastructure projects aimed at supporting South Africa's economic growth and competitiveness.

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