



PRASA GROUP INFORMATION – 03 NOVEMBER 2010

INTRODUCTION:

The launch of the Passenger Rail Services (PRASA) in March 2009 brought forth a new era in passenger rail travel that saw the former South African Rail Commuter Corporation (SARCC) transforming into PRASA. Metrorail, Shosholoza Meyl, Autopax (our bus company) and Intersite Property Management Services, formerly under SARCC and Transnet are now all part of PRASA, offering integrated transport services that prioritise customer needs while leading government efforts to transform public transport and provide better mobility and access in pursuit for a better life for all.

Our responsibility going forward as PRASA is to effectively develop and manage rail and related transport infrastructure, to provide efficient rail and road based passenger transport services within, to and from urban and rural areas.

FROM STABILITY TO QUALITY SERVICES:

Between 2007 and 2010, Government invested over R25 billion into PRASA which was used as part of its stabilisation and turnaround strategies over a period of three years (2007 till 2010).

Some of the major investments aimed at turnaround and stabilisation of the business include:

- Operational subsidy of R9.9bn;
- Capital investment of R14,7bn for the business;
- R 7 billion for the refurbishment of coaches,
- R1.4 billion for the procurement of new buses,
- Infrastructure upgrades – R 2.6 billion; and
- Planned national signaling upgrade at major stations – R 1.5 billion

This paved the way for a new strategic focus in the life of PRASA, having delivered on its government mandate to undertake the following three strategic tasks:

1. Arrest the decline and possible collapse of commuter rail services;
2. Consolidate Passenger Rail Entities into a single public entity; and
3. Prepare Rail for the 2010 FIFA World Cup™.

Government's investment enabled PRASA to effect the following strategic changes to its business:



- We arrested the decline through accelerated rolling stock programme and focused on service excellence within the current system limits.
- Over 2000 coaches were refurbished and brought back into service.
- We increased commuter passenger trips by 20% between 2006/7 and 2009/10 from 529 million passenger trips per annum to 633.99 million passenger trips
- We increased our fare revenue by 27% or R283 million between 2006/7 and 2009/10.
- Our crime index reduced by 37%.
- We completed the Khayalitsha Rail Extension project, and
- Successfully ferried approximately 1.4 million soccer fans to and from the games during the 2010 FIFA World Cup, free of charge, through our newly built/refurbished stations as well as newly refurbished coaches.

2010 FIFA WORLD CUP INVESTMENT – A LASTING PRASA LEGACY (2007 to 2010):

The 2010 FIFA World Cup represented a tangible benefit from government's R25 billion investment into Commuter Rail Services. It proved unequivocally that with investment into commuter rail services, South Africa is able to build an even more convenient public transportation system using trains. During the tournament, PRASA moved 1,4 million people using its 2000 refurbished coaches. The added benefit of upgraded and newly built stations conveniently located close to the stadiums not only made it attractive for South Africans and international visitors to take the train, but it proved to be the most convenient mode of transportation.

PRASA'S NEW BUSINESS STRATEGY FOR THE NEXT FIVE YEARS (2010 to 2015)

5 YEAR VISION: TO BECOME THE NUMBER ONE PUBLIC TRANSPORT OPERATOR IN HIGH-VOLUME CORRIDORS IN TERMS OF MARKET SHARE AND TO SELF FUND APPROXIMATELY 50% OF OPERATIONAL COSTS:

PRASA has already started to implement its new five-year strategic focus as approved by the Board, transforming PRASA into a commercially-viable entity that will become the number one public transport operator in key high-volume passenger corridors in South Africa by 2015.

In addition, PRASA is already in the process of radically changing its business model, the nature of its operations, reviewing its funding model and undertaking a major technology upgrade through the implementation of a radical turnaround plan to ensure that its financial position is strengthened over the next five years in order to fulfill our government mandate of being the backbone of public transportation.



As part of the new strategy, PRASA will implement the following:

- Recapitalise PRASA within the next 12 months through an unprecedented programme of asset restructuring to strengthen its balance sheet and generate the necessary cash resources to finance priority, income-generating, strategic projects.
- Balance Sheet Restructuring exercise, which will allow the Agency to re-value key commercial assets and find the most appropriate home in Intersite, a subsidiary of PRASA.
- Identify a suitable Strategic Equity Partner for Intersite with a view to raise much-needed cash to recapitalise its business and finance operations and expansion.
- The primary mandate of Intersite will be changed to focus on leveraging PRASA's large asset base by facilitating strategic partnerships and investment with the private sector and other partners. Meanwhile, the property portfolio will be managed internally as a division to be known as PRASA Corporate Real Estate Solutions (PRASA CRES,) with effect from 1 October 2010.
- On 1 April 2009, we consolidated Shosholozza Meyl operations with commuter rail operations (Metrorail) under a single PRASA Rail division. We also undertook a review of long-distance passenger services focusing its services to high-volume demand corridors with the rest of the corridors supplied Autopax long distance bus company which is a division of PRASA.
- Focus on delivering high-quality, reliable transport services in the following high-volume, priority corridors: Naledi – Johannesburg, Mabopane – Pretoria, Mamelodi – Pretoria, Pretoria – Olifantsfontein – Johannesburg, KwaMashu – Durban – Umlazi, Wellington – Bellville – Cape Town, Khayelitsha/Michell's Plain – Phillippi – Cape Town, Simons town – Cape Town.
- Continue with the programme for the upgrade of existing infrastructure and the modernisation of the asset base through the acquisition of new trains, signalling upgrade programme and network expansion projects such as the Bara-Rail Link, Motherwell Rail Link, Bridge City Rail Link, Mamelodi Rail Expansion and the High-Speed Rail Projects.



PRASA FACT SHEET – 2007 to 2010:

New stations

With several new stadiums constructed around the country, PRASA built impressive stations to match at Moses Mabhida (R169 mil) and Windermere (R65 mil). A further R170 million was spent on integrating the existing Rhodesfield station adjacent to OR Tambo International Airport with the Gautrain Rhodesfield Station.

Station upgrades

Station upgrades focused on a range of priorities, from modernising stations and introducing additional seating, to better access, lighting and signage, CCTV security surveillance, as well as revamped retail and commercial space. Refurbished stations include: Cape Town (R400 mil), Langlaagte, New Canada & Nasrec Stations (R90 mil), Ellis Park & Doornfontein (R77 mil), Orlando (R70 mil), Loftus & Bel Ombre Stations (R20 mil), Reunion (R6 mil), Durban KwaMyandu & KwaMashu Stations (R50 mil), Athlone, Heideveld & Langa Stations (R144 mil) and North End (R16 mil). A further R283 million was spent on the Nasrec service to Ellis Park and Soccer City. (Amounts – need to check with David Jabulani Temba

On track for the future

PRASA's plan over the next few years, in conjunction with government, includes the development of various rail links to major airports, as well as higher speed rail links between rural centres and major metropolitan areas. The plan will also see the prioritisation of the following projects:

- Bara link extension in the south of Johannesburg,
- Moloto rail corridor between Gauteng and Mpumalanga
- Motherwell extension in the Eastern Cape, and,
- Hammanskraal reintroduction of rail services.

One of the chief challenges PRASA faces is the need to replace its rolling stock, among other equipment and infrastructure, as they fast approach the end of their useful lives. PRASA has identified the need to recapitalise its fleet over the next 18 years. A total investment of over R98 billion will be required for new and refurbished coaches and locomotives alone.



The ambitious Rail Investment Programme, which aims to introduce new rail stock and technology into PRASA over the next two decades, is an absolute necessity and will protect the investment made so far. A sustained programme over a 20 year period will create certainty, enable manufacturers to re-tool their factories and create a more sustained local industrial activities.

Together with new rolling stock, this will lay the foundation for migrating to new technology applications, including light rail and high speed rail systems. Moving to standard gauge will also be of key importance in new and stand-alone rail applications that are being planned, in order to benefit from the full spectrum of a systematic approach to infrastructure modernisation.

Government supports this approach as it's important for the creation of sustainable jobs and growth of the economy. The Department of Transport is also working on a rail development plan that focuses on: Urban Transit Systems, Long Distance Transit Systems, Key Strategic Freight Corridors and Rural Access and Mobility.

In order to be ready for the challenges that lie ahead, PRASA is presently in the process of bringing about major changes in its business model, the nature of its operations, reviewing its funding model and undertaking a major technology upgrade. Also, a radical turnaround plan is in place to ensure that the financial position of the Group is strengthened over the next five years in order to fulfil its mandate of transforming the company into South Africa's number one public transport operator.

The positive legacy PRASA is in the process of delivering in the passenger rail industry will not only revolutionise travel as we know it, but by its sheer longevity, it also will leave a lasting legacy for future South Africans.

Vision, Mission, Values

PRASA's vision and mission are what unite its employees, causing staff members from PRASA Rail, Intersite and Autopax to work together in pursuit of a common objective.

Our **vision** is to provide enhanced mobility as the gateway to accessible socio-economic opportunities and a shared future.



Our **mission** is to provide sustainable transport solutions through service excellence, innovation and modal integration.

PRASA's values are what guide each staff member in pursuing the goal, governing every thought and interaction, both with people inside PRASA, as well as its suppliers and the general public.

Fairness & Integrity

Treating our customers and colleagues in the same we would like to be treated. Guided by fairness and integrity, we believe our behaviour will result in:

- Leadership qualities amongst staff
- Tolerance of different cultures
- Respected employees
- Learning organisation

Service Excellence

Providing the kind of service that ensures our customers leave with a smile, which will result in:

- Satisfied customers
- Professional staff and environment
- Responsive employees
- Growth in business and revenue

Performance Driven

Developing the ability to venture into new, breakthrough areas of opportunity whilst offering quality products to our customers. This will result in:

- Business development
- Quality product and service
- Creative business ideas
- Effective processes and systems

Safety

Ensuring our customers and colleagues enjoy their journey and arrive happy and refreshed. This will result in:



- Minimal accidents and similar incidents
- Healthy staff members
- Professional looking staff members
- Fully equipped working environment
- Safe customers and employees

Communication

Sharing information with our customers and colleagues in an open and honest way. This will result in:

- Informed customers and employees
- Information sharing behaviour
- Committed and responsible staff members
- Loyal customers
- Responsive employees

Teamwork

Working together with our customers to achieve a common goal and recognising each others worth.

This will result in:

- Involved employees
- Consultative behaviour
- Empowered decision makers
- Happy customers
- Productive staff

By allowing itself to be guided by these six noble principles, PRASA will achieve its goals and become a company that people aspire to work for and an organisation that touches the lives of everyone who relates to it. Truly, a company that inspires all to ***Be Moved.***