



## Our role in the journey towards a new age of rail for South Africa



Marc Granger, CEO  
Johannesburg  
Wednesday, 30 July 2014



# Disclaimer

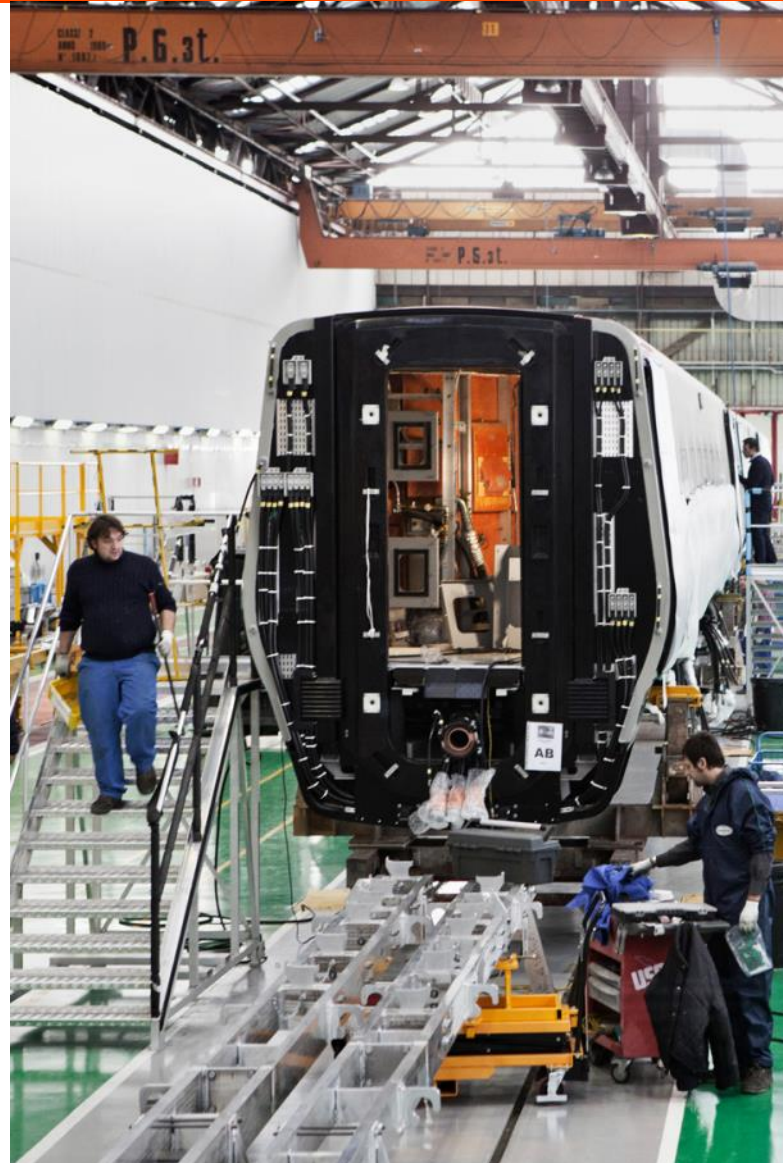
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# GIBELA: Overview



- About Gibela
- The start of a long journey
- Our mandate from PRASA
- About the train
- Progress to date
- Project milestones
- Going forward



# GIBELA: Our Journey Has Begun

- Gibela is a South African railway company in the initial phase of operation
  - headquartered in Johannesburg
  - originally a consortium formed to tender for replacement of SA's outdated commuter rolling stock
  - customer: Passenger Rail Agency of South Africa (PRASA)
    - deliver 600 cutting-edge passenger trains (3,600 coaches) over 10 years
    - maintenance, spares supply, technical support over 19 years



“It is important to understand that this is not a foreign purchase contract. As required by our customer, it is a contract located in South Africa, that will involve and benefit South Africans”

*Marc Granger, CEO*



# GIBELA: Shareholding Structure

- Structured to drive development and growth of BEE companies operating in the South African railway sector
  - 61% Alstom Southern Africa Holdings
  - 30% Ubumbano Rail: black-owned
  - 9% New Africa Rail: black-owned railway/infrastructure conglomerate



# GIBELA: Key Facts

- R51 billion manufacturing contract
- X'Trapolis MEGA: 120kmph
  - first 20 to be built in Brazil
  - balance in South Africa
- First train to be shipped: end of 2015
- Manufacturing rate: 62 trains a year
- 10-year period
- 19-year service agreement



# GIBELA: Mandate from PRASA

- Our mandate has three parts
  - 1
    - foster rail as preferred mode of commuter transport for all South Africans
    - build new, reliable, safe trains for SA's 2.3 million daily rail commuters
  - 2
    - revitalise SA railway industry
    - build manufacturing/parts/maintenance/training facility
  - 3
    - create jobs
    - develop skills
    - achieve > 65% local content
    - promote black economic empowerment
    - support communities



# GIBELA: Jobs and Skills Development

- Create jobs:
  - 1,500 direct jobs within Gibela
  - plus thousands of direct and indirect jobs throughout the supply chain
- Develop skills
  - about R700 million budgeted
  - estimated 19,000 skilled workers required over project life
    - specific skills: engineers, artisans, technicians, technologists, train drivers



# GIBELA: Jobs and Skills Development

- Creating jobs
  - 60 out of 1 500 direct employees already on board
- Skills development
  - 12 SA engineers learning train technology skills in France for 18 months
  - 66% of Gibela staff (various disciplines) already trained and orientated at Alstom Transport in France
  - quality engineers and logistics personnel already trained



# GIBELA: Economic Development

- About R700 million for development of rail sector enterprises
  - enterprise development programs to be established to assist start-up rail businesses
- Total value of preferential procurement sub-contracts to be placed
  - about R30bn to black-empowered entities
  - about R5bn to qualifying SMMEs
  - about R1.5bn to black women-owned entities
- About R300 million for community development programs




# GIBELA: Local Content/Sourcing Strategy

- Aim to develop robust and sustainable local supplier base
- Targeting 70% local content at nominal manufacturing pace
- Leverage Gibela expertise to equip emerging rail enterprises with the capabilities to be competitive
  - select components not currently manufactured in SA and get global suppliers to establish local base and form JVs
  - work with existing suppliers to expand their capacity to deliver on the the rolling stock contract



# GIBELA: Local Content/Sourcing Strategy

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- Developing local supplier network for materials, components, services
    - 342 local suppliers identified
    - 90 pre-selected
    - 11 Letters of Intent and 4 contracts already in place
    - raw materials and train components sourced from South Africa for the Brazil-manufactured trains are steel, cables, insulation, radio equipment, interiors, doors, ceilings, lighting and luggage racks
  - Supplier workshop to share information on supply opportunities and build partnerships planned for October 2014

# GIBELA: Local Content/Sourcing Strategy

**Example:** Siyahamba Engineering Pty Ltd

- 90% black-owned, 10% by black women
- Germiston-based, 165 employees, 85% unskilled
- One contract already secured for the cab driver's door – for first 200 trains
  - 12 new jobs already created
  - additional 110 to be recruited
- Supply chain: mostly uses existing suppliers for raw materials, components
  - necessary to improve skills base of Siyahamba's existing, new suppliers



**Siyahamba Engineering**

# GIBELA: World-class Manufacturing Facility


- 70ha, R1bn manufacturing facility in Dunnottar
  - integration site: 36ha
    - 580 trains to be manufactured here over 10-year period
  - bogie, traction, motor sites: 10ha
  - supplier park for train component manufacture: 25ha
- Designed to highest international environmental standards
- Maintenance and engineering services
- Purpose-built training centre



“We will take all measures to conserve energy and power in the factory design”



# GIBELA: World-class Manufacturing Facility

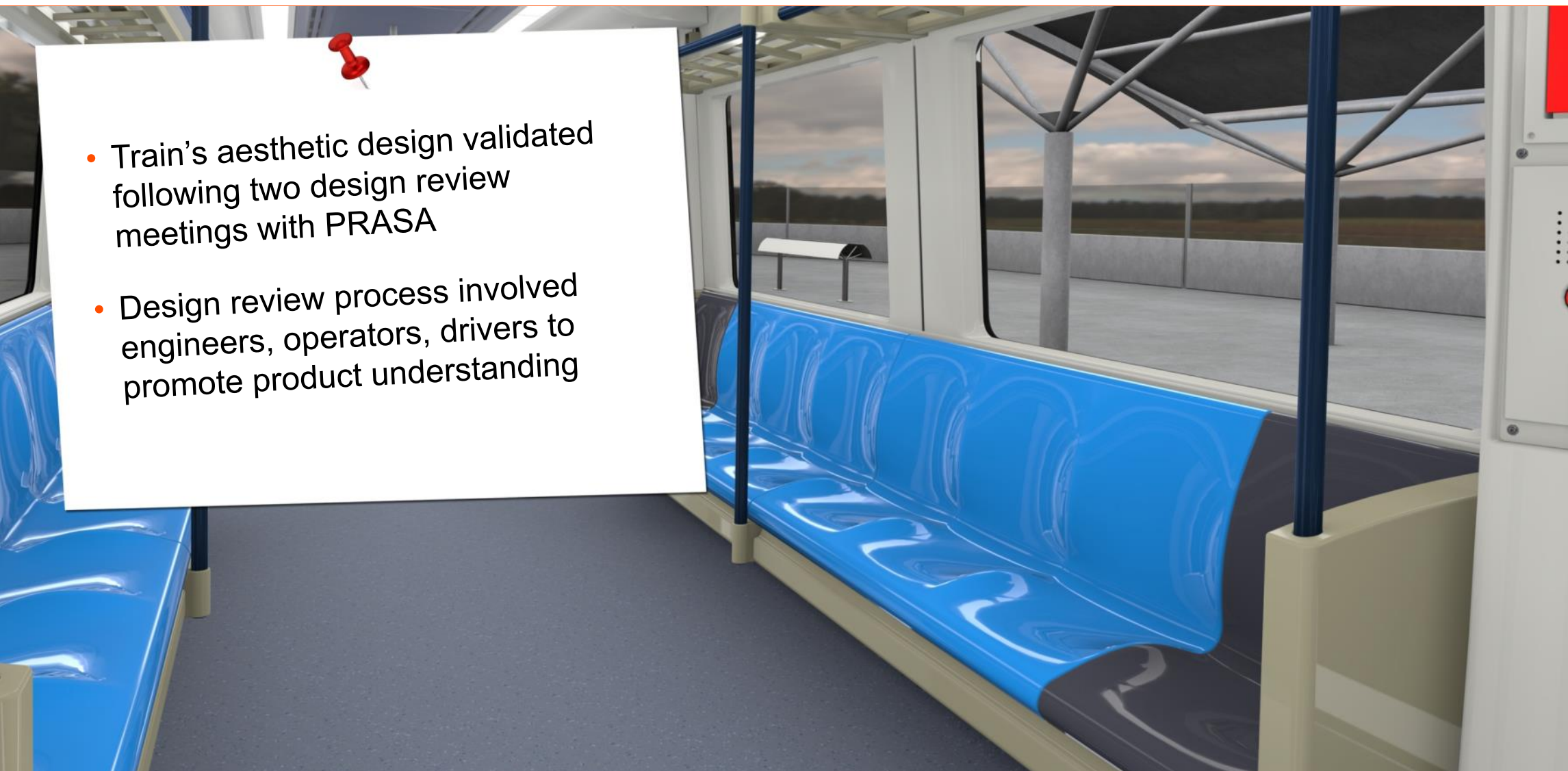
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- 60 employees in Johannesburg
  - Supported by 200 engineers, specialists in France, Italy, Belgium, Brazil
  - Ongoing interactions with Ekurhuleni Metropolitan Municipality, PRASA re site development

# GIBELA: X'Trapolis MEGA Train

- Alstom technology
- High-capacity MEGALic-GAuge train
  - accommodates 1,200 passengers in six coaches
  - 120kmph (upgrade to 160kmph)
- Lightweight, stainless steel structure
  - energy-efficient
  - components 90% recyclable
- Spacious, modern design
  - easy access for mobility-challenged
  - air conditioning
  - LED lighting
  - CCTV
  - Wi-fi on Metro Express
- Four types of train
  - with, without toilets



# GIBELA: X'Trapolis MEGA Train

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- The image shows the interior of a train carriage. On the left, there are rows of bright blue, glossy plastic seats. A white rectangular panel, resembling a pinned notice, is overlaid on the left side of the image. The panel has a red pushpin at the top left corner and contains two bullet points. The background shows the train's interior structure, including blue handrails and large windows that look out onto a landscape with a cloudy sky. The floor is a dark grey carpet.
- Train's aesthetic design validated following two design review meetings with PRASA
  - Design review process involved engineers, operators, drivers to promote product understanding

# GIBELA: Project Timelines

**April 2014**  
Effective date



**May 2014**  
1<sup>st</sup> design review meeting



**May 2014**  
1<sup>st</sup> group of trainee engineers depart to France for training



**July 2014**  
Official launch of Gibela



**February 2015**  
Construction of manufacturing facility to begin



**End 2015**  
First trains arrive from Brazil



**June 2016**  
Revenue service



**2017**  
First trains produced in South Africa



**2035**  
Project completion



# GIBELA: Going Forward

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- Gibela established as a going concern
- Committed to and excited about delivering on PRASA contract in all its facets
- Will establish and nurture sustainable relationships with all key stakeholders during course of project and beyond
- Project is not only about delivering trains but also about significant contribution to socio-economic development
- This is a long-term project
  - complex
  - requires specialist skills
  - involves multiple stakeholders
- With your support, we are up for the challenge, contributing to the transformation of railway as the transport mode of choice for South Africans commuters

# WELCOME ABOARD



“This is a contract  
located in  
South Africa  
that will  
**involve  
and  
benefit  
South Africans**”

Marc Granger, CEO





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