

news release

24 February 2017

FROM ROAD TO RAIL - OPENING OF THE ISANDO DISTRIBUTION CENTRE

Johannesburg: Trade and Industry Minister Dr Rob Davies and ArcelorMittal South Africa CEO Wim de Klerk on Friday, 24 February 2017 officially opened the Isando Distribution Centre signalling a new era of moving goods from road to rail.

The opening was also graced by the presence of Transnet Group Chief Operating Officer Mlamuli Buthelezi, Mathys Enslin Barloworld Logistics Managing Executive: Integrated Freight Solutions, Logistics Chief Executive Officer Bongiwe Mbuli and Newlyn Group Chief Executive Officer Rajendra Balmakhun.

Transnet has been a key partner in the success of the Distribution Centre through its Market Demand Strategy (MDS), where Transnet Freight Rail actively works with cargo owners, ArcelorMittal South Africa in this instance, to design appropriate rail solutions to migrate road volumes to rail.

Barloworld Logistics has been appointed by ArcelorMittal South Africa to manage the rail flows from ArcelorMittal South Africa's production centres through to arrival at the Distribution Centre; working with Transnet Freight Rail to extract efficiencies from the rail system and lowering the costs of logistics. Grindrod Intermodal has been selected to operate the Distribution Centre owing to their steel handling experience.

The Isando Distribution Centre was established in 2016 to migrate ArcelorMittal South Africa's final product steel dispatches from road to rail from its production facilities in Newcastle in KwaZulu-Natal and Saldanha in the Western Cape to its customers in Gauteng. The first batch of deliveries was received on the 1st December 2016.



ArcelorMittal

ArcelorMittal South Africa is committed to removing cargo from the road network and transferring it to rail transport; preserving the road infrastructure and improving the level of safety for road users. It is expected that the initiative will increase the Transnet market share of outbound steel on rail from 13% or 400kt in 2016/17 to 34% or 1Mt by 2018.

This represents approximately 80% of the ArcelorMittal South Africa Newcastle Works production and 20% of the production at Saldanha Works, the remainder being destined for the export market. The migration of dispatches from road to rail will result in reduced carbon emissions, logistical costs and road congestion, as approximately 42 000 trucks per annum are removed from South African roads.

Enhancing Customer satisfaction through reliable and efficient deliveries played a key role in ArcelorMittal's decision to locate the Distribution Centre in Isando. The initiative will significantly improve the ArcelorMittal South Africa service delivery to the downstream steel industry through improved lead times.

The initiative has also resulted in the creation of 52 new permanent jobs and it is envisaged that other job opportunities will be created when a volume throughput increases.

The Isando Distribution Centre is a three year interim solution, with a permanent R140 million centre being constructed at the Grindrod facility in Denver.

The establishment of the Centre is the first stage in a long term strategic initiative to migrate all domestic steel dispatches from road to rail. The second stage of the initiative will entail the migration of steel dispatches into sub Saharan Africa from road to rail, through the establishment of distribution hubs in various locations in the region.

In terms of the joint initiative deliveries from Newcastle and Saldanha will be transported by rail to the Isando facility, from where it will be dispatched by road. Grindrod will provide the necessary warehouse services at the facility leased by Barloworld Logistics from Newlyn Group. The rail are jointly planned and managed by ArcelorMittal South Africa and Barloworld Logistics.

Furthermore, the migration of cargo to rail will result in significantly reduced carbon emissions, and related socio-economic and environmental benefits.



ArcelorMittal

**Issued on behalf of ArcelorMittal South Africa, Barloworld
Logistics, Transnet, Grindrod and Newlyn Group**

Ends

Contact person:

**Themba Sepotokele
Corporate Communications Manager
016 889 2425/083 468 1415
ArcelorMittal South Africa**