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# REDEFINING SASOL'S EMPOWERMENT LANDSCAPE

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Fact book



# Forward-looking statements



Sasol may, in this document, make certain statements that are not historical facts and relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements may also relate to our future prospects, developments and business strategies. Examples of such forward-looking statements include, but are not limited to, statements regarding exchange rate fluctuations, volume growth, increases in market share, total shareholder return, executing our growth projects, (including LCCP), oil and gas reserves and cost reductions, including in connection with our BPEP, RP and our business performance outlook. Words such as “believe”, “anticipate”, “expect”, “intend”, “seek”, “will”, “plan”, “could”, “may”, “endeavour”, “target”, “forecast” and “project” and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that the predictions, forecasts, projections and other forward-looking statements will not be achieved. If one or more of these risks materialise, or should underlying assumptions prove incorrect, our actual results may differ materially from those anticipated. You should understand that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors are discussed more fully in our most recent annual report on Form 20-F filed on 28 August 2017 and in other filings with the United States Securities and Exchange Commission. The list of factors discussed therein is not exhaustive; when relying on forward-looking statements to make investment decisions, you should carefully consider both these factors and other uncertainties and events. Forward-looking statements apply only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

**Please note:** A billion is defined as one thousand million. All references to years refer to the financial year 30 June. Any reference to a calendar year is prefaced by the word “calendar”.

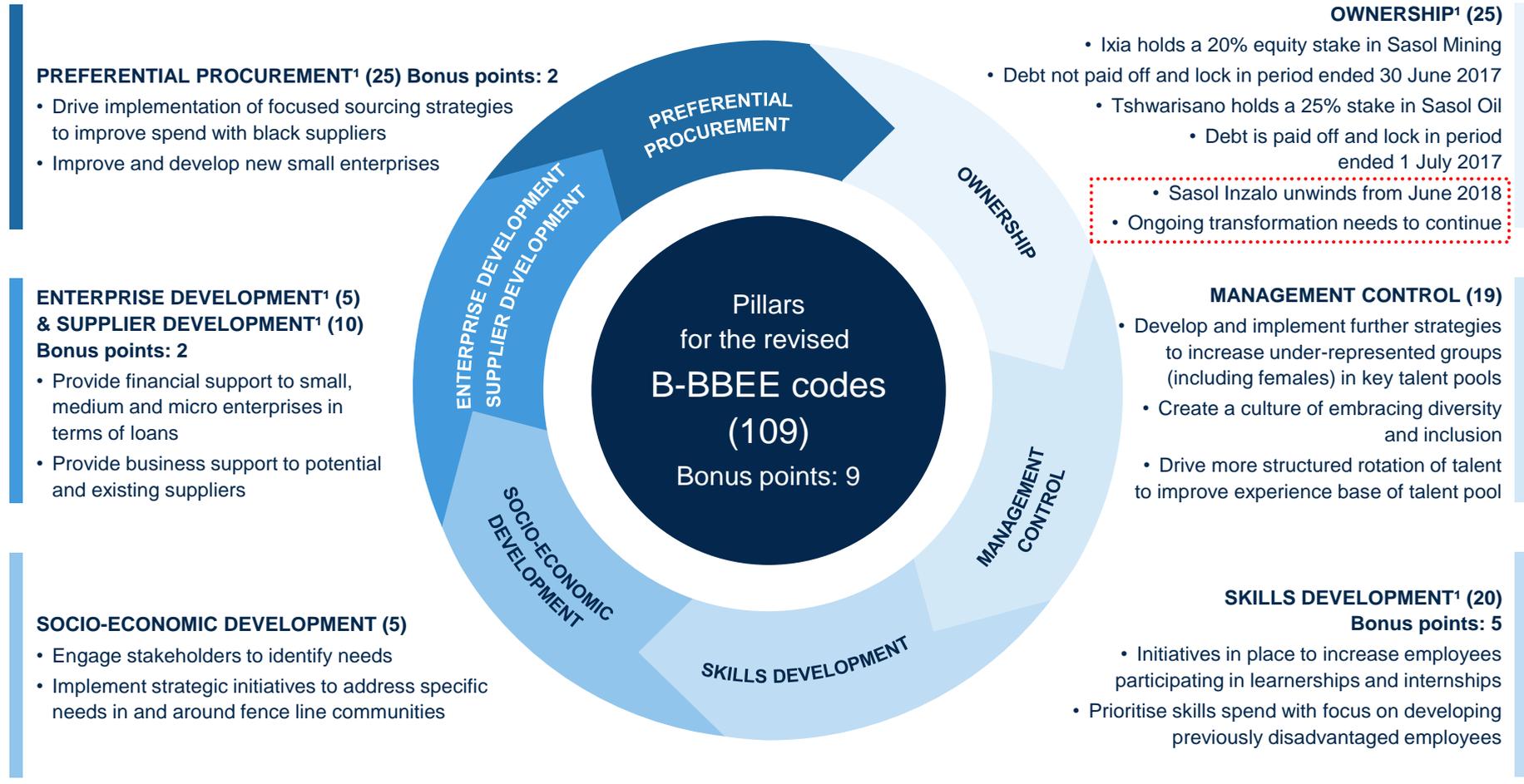
**Comprehensive additional information is available on our website:** [www.sasol.com](http://www.sasol.com)

# What you will hear today



- A company proudly rooted in our South African heritage
- Sasol embraces transformation and is committed to contributing meaningfully to sustainable transformation as we accelerate this journey across Sasol
- In terms of the Department of Trade and Industry's revised Codes of Good Practice, our B-BBEE contributor status declined to level 8 from level 4
- Target to reach at least Level 4 contributor status of the BEE codes by 2020
- Focusing on all aspects of transformation, inclusive of equity ownership
- Proactive management of the unwind of the Sasol Inzalo transaction maturing in 2018
- Sasol Khanyisa, our proposed new B-BBEE ownership structure, incorporates design considerations from other large B-BBEE transactions
- Sasol Khanyisa design principles and cost to shareholders aligned to other schemes in South Africa

# Sasol's approach to transformation framework – Target at least level 4 status by 2020



• Revised B-BBEE Codes effective 1 May 2015

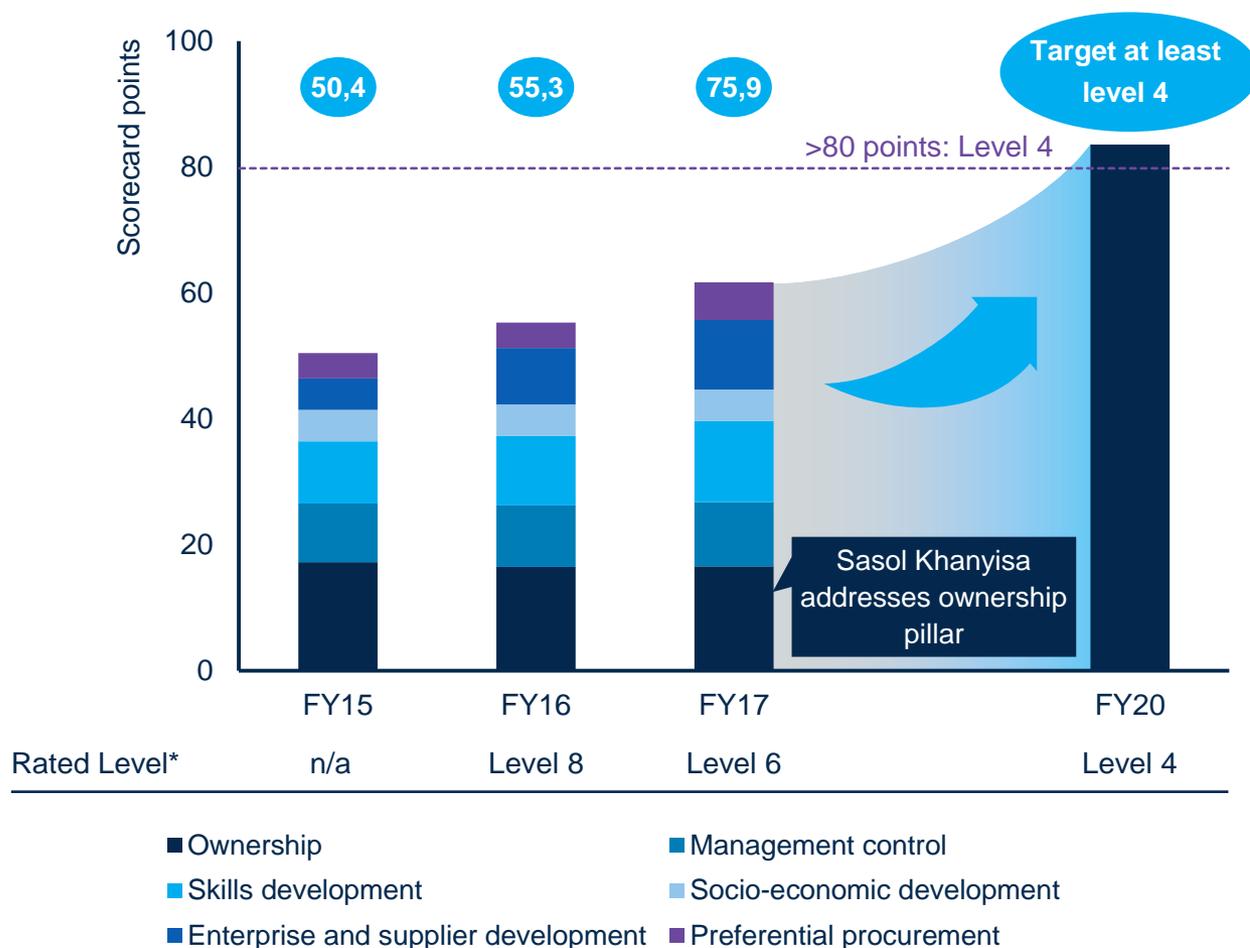
- Sub-minimum requirement introduced for certain elements whereby if any sub-minimum is not met, discounting by one B-BBEE level occurs
  - An integrated effort across all pillars is required to achieve at least level 4 status by 2020

1. Pillars with sub-minimum requirement

# Sasol's B-BBEE score has steadily been increasing



Sasol's B-BBEE points and levels



## DTI codes

- In terms of old DTI Codes, rated as Level 4 based on FY15 score
- New DTI Codes as from May 2015
  - Dropped to Level 8 contributor status during the transition period as allowed by the Codes
  - On the recent certification based on FY17 data, rated as a Level 5 contributor but discounted to a Level 6 contributor, due to not meeting the net value and supplier development sub-minimums
- Aim to meet all four sub-minimums targets from **FY18**
  - Supplier development target to be met from FY17

\* Sub-minimums not met in FY16 and FY17



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# SASOL INZALO UNWINDING IN 2018

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# Sasol Inzalo transaction at inception ~10% of Sasol



- Sasol Inzalo was implemented in 2008, and aligned with B-BBEE codes
- Objective was to provide Black South Africans with the opportunity to own a stake in Sasol
- Broad beneficiary base included employees, a Foundation, Black Groups and Public (funded and cash offer)
- Beneficiaries acquired Sasol Inzalo shares at R366 per share
- Management and Employee Share Ownership Plans were notional vendor funded with 50% of dividends paid to participants each year
- Sasol Inzalo obtained funding (from Sasol and 3rd party funders) to assist external parties to purchase Sasol Inzalo shares
  - Sasol guaranteed some of this 3rd party debt
  - Sasol Inzalo was expected to settle its debt through share price growth and dividends received
- Public cash offer participants paid in full for their shares - currently trade as SOLBE1 on the JSE's Empowerment Segment

## Transaction structure at inception in 2008 - ~10% of Sasol's shareholding

MANAGEMENT SCHEME <b>A</b>	EMPLOYEE SCHEME <b>B</b>	GROUPS <b>C</b>	PUBLIC <b>D</b>	CASH OFFER <b>E</b>	FOUNDATION <b>F</b>
Gross value: R9,2bn Vendor funding: R9,2bn 25,2m Sasol ordinary shares 3,7% Employee Trust; 0,3% Management Trust		Gross value: R3,5bn 3 <sup>rd</sup> party funding: R3,3bn 9,5m Sasol preferred ordinary shares 1,5%	Gross value: R5,9bn 3 <sup>rd</sup> party funding: R5,5bn 16,1m Sasol preferred ordinary shares 2,6%	Gross value: R1,0bn No funding 2,8m Sasol BEE ordinary shares 0,4%	Gross value: R3,5bn Vendor funding: R3,5bn 9,6m Sasol ordinary shares 1,5%
<b>UNWIND DATE: JUN 2018</b>		<b>JUN 2018</b>	<b>SEP 2018</b>	<b>SEP 2018</b>	<b>PERPETUITY</b>

# Sasol Inzalo transaction status



Inzalo participants	Funding type	Impact of unwind		
		Cash flow	Dilution	Value created
<b>A</b> Management scheme	Notional vendor funded	Unwinds with negligible cash flow impact Debt written off	No impact	Dividends of R120m
<b>B</b> Employee scheme	Notional vendor funded	Unwinds with negligible cash flow impact Debt written off	No impact	Dividends of R1,5bn
<b>C</b> Groups <sup>1</sup>	3 <sup>rd</sup> party debt – R4,6bn	Shortfall expected post sale of shares to settle debt	9,5m shares 1,5%	Dividends of R23m (R1,9bn of dividends towards reducing external debt)
<b>D</b> Public funded <sup>1</sup>	3 <sup>rd</sup> party debt – R7,4bn	Shortfall expected post sale of shares to settle debt	16,1m shares 2,5%	Dividends of R32m (R3,2bn of dividends towards reducing external debt)
<b>E</b> Public cash	-	None	No further impact 2,8m shares already issued in 2008	Dividends of R0,4bn <sup>2</sup> 2,8m SOLBE1 shares
<b>F</b> Foundation	Notional vendor funded	Continues Debt written off	No impact	Dividends of R487m

4% dilution resulting from Groups and Public funded schemes approved by Sasol shareholders in 2008

1. Sasol Limited issued a guarantee to service any shortfall
2. Dividends received on the Public Cash offer same as what was paid to the Sasol ordinary shareholders

# Funding the Sasol Inzalo unwind

## – Groups and Public Funded schemes



- Sasol is obligated to ensure the Fundcos can settle their ~R12 billion debt to 3<sup>rd</sup> party funders (excluding costs and taxes) on or before redemption date
  - Fundcos need to sell their Sasol shares to settle this outstanding debt
  - any resultant debt shortfall will need to be covered by Sasol
- Sasol therefore proposes to
  - purchase the Sasol Inzalo shares from Fundcos and cancel them
  - inject any additional funds required into Fundcos to settle costs and any remaining funding shortfall
- Sasol can source these funds either via
  - by issuing sufficient equity and using the resultant proceeds, or
  - use of its cash/debt facilities, or
  - reduce dividend to fund shortfall if equity raise or cash/debt options are not feasible
- Equity issuance via an Accelerated Book Build (ABB) is proposed
  - FY18 is forecast to be the peak gearing year
  - minimise risk to Sasol's investment grade credit metrics
  - not advisable to fund the shortfall by cutting the dividend
- Sasol will continue to monitor all the options available to finance the Fundco debt obligations
  - Any new share issuance will be limited to funding the Inzalo debt and associated costs
  - will be requesting several shareholder approvals, not only for the ABB, to ensure Sasol is able to pursue alternatives should they become more advantageous relative to an ABB

# Extent of potential shortfall of Inzalo Groups and Public 3<sup>rd</sup> party debt depends on the share price



## Analysis at various share prices

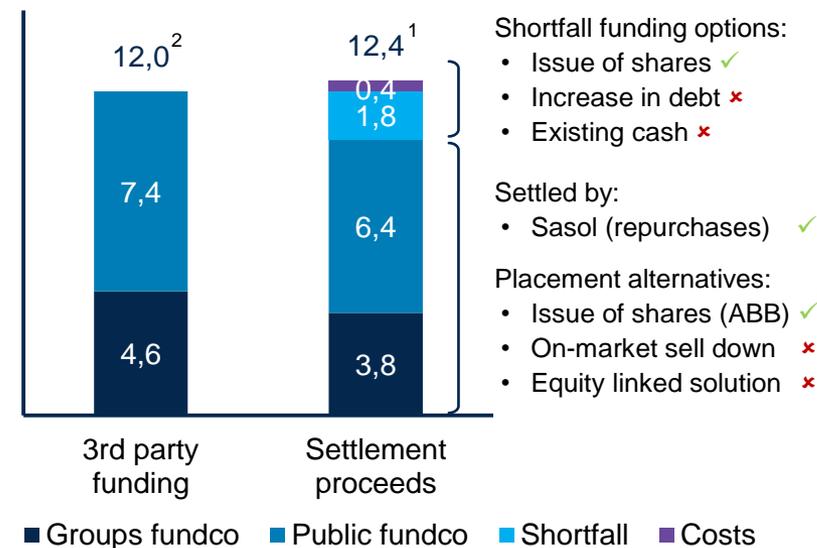
Current break even share price (excluding costs)<sup>3</sup>

- Groups FundCo: c. R483/share
- Public FundCo: c. R462/share

		Sasol share price R/s			
	Debt	350	400	450	500
<b>C</b> Groups FundCo <sup>1</sup>	R4,6bn	1,3	0,8	0,3	0,2
<b>D</b> Public FundCo <sup>2</sup>	R7,4bn	1,8	1,0	0,2	0,6
<b>Total</b>	<b>R12,0bn</b>	<b>3,1</b>	<b>1,8</b>	<b>0,5</b>	<b>0,8</b>

Potential shortfall after sale of Sasol Ltd shares (Rbn)

## Forecast consequences for Sasol on unwind date (Rbn)



### Notes

1. 9,5 million issued shares
2. 16,1 million issued shares
3. Based on latest Inzalo debt levels

1. Shortfall based on R400 per share.  
Costs include an estimate of associated taxes and fees at this share price
2. Debt balance as at end August 2017

Any new share issuance will be limited to funding the Inzalo debt and associated costs

# Financial impact of an ABB as a preferred option



## Share price at which the ABB is executed will have a significant impact on the incremental dilution to existing shareholders

Share price (R/share)	350	400	500
Share Issuance (#)	36,6m	32,5m	27,2m
Proceeds from shares issued by Sasol	R12,2bn	R12,4bn	R12,9bn
Sasol shareholder dilution <sup>1</sup>	5,7%	5,1% <sup>2</sup>	4,5%
<b>Use of proceeds</b>	R12,2bn	R12,4bn	R12,9bn
Third party debt settled from proceeds of share repurchase	R8,9bn	R10,2bn	R12,0bn
Settlement of associated costs and debt shortfall	R3,3bn	R2,2bn	R0,9bn
Shares repurchased by Sasol (#)	25,6m	25,6m	24,0m

### Benefits of an ABB

- Provides certainty of funds to settle entire outstanding debt prior to redemption dates
- No additional debt pressure on the balance sheet during our peak gearing year
- Able to place a large block of shares without disturbing normal market trade
- Repurchasing Fundco shares minimises the impact of any dilution, provides price risk management, and certainty of settlement of funds

<sup>2</sup>At a R400 share price, the incremental dilution is ~1,1% above the 4% impact approved by Sasol shareholders in 2008

1. Weighted average number of shares in issue currently 611m

# Circular to be sent to shareholders around 18 October



## Inzalo transaction termination:

- The Sasol Inzalo transaction unwinds between June – September 2018
- Proposals in relation to the Inzalo transaction are aimed at ensuring maximum flexibility in:
  - minimising cash outlay and ensuring fair and equitable treatment of Inzalo beneficiaries
  - minimising impact on Sasol Limited's balance sheet
  - minimising impact on placing shares in the market

## Resolutions for approval by shareholders:

- Obtain authority to issue SOL shares pursuant to the accelerated book build ("ABB")
- Specific repurchase of Sasol Preferred Ordinary Shares from Inzalo Groups Funding and Inzalo Public Funding
- Ability of Sasol to determine an earlier single re-designation date for all Sasol Preferred Ordinary Shares but without affecting the final preferred ordinary dividend which would have been payable



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# **SASOL KHANYISA**

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Drew from experience with many of the large B-BBEE transactions in designing Khanyisa

Design considerations	Key design principles	How actioned
1 Ensure net value creation	Focusing on amortising debt	Transaction at asset level to maximise dividend flow and accelerate amortisation of vendor funding
2 Limit reliance on share price appreciation	Allow for flexibility to adjust net value annually	Transaction at asset level based on fair value and expected cash flow
3 Manageable debt structure obligations	No reliance on third party debt	Fully vendor funded by Sasol on favourable terms (i.e. no third party funding)
4 Scheme to be evergreen	Components of new scheme must be evergreen	Value-for-value share exchange to SOLBE1 shares trading on the JSE Empowerment Segment
5 Minimise complexity	Simplified documentation and communication	Fewer participating entities and where possible, consistent treatment of participants within these entities Offer documentation will be simplified

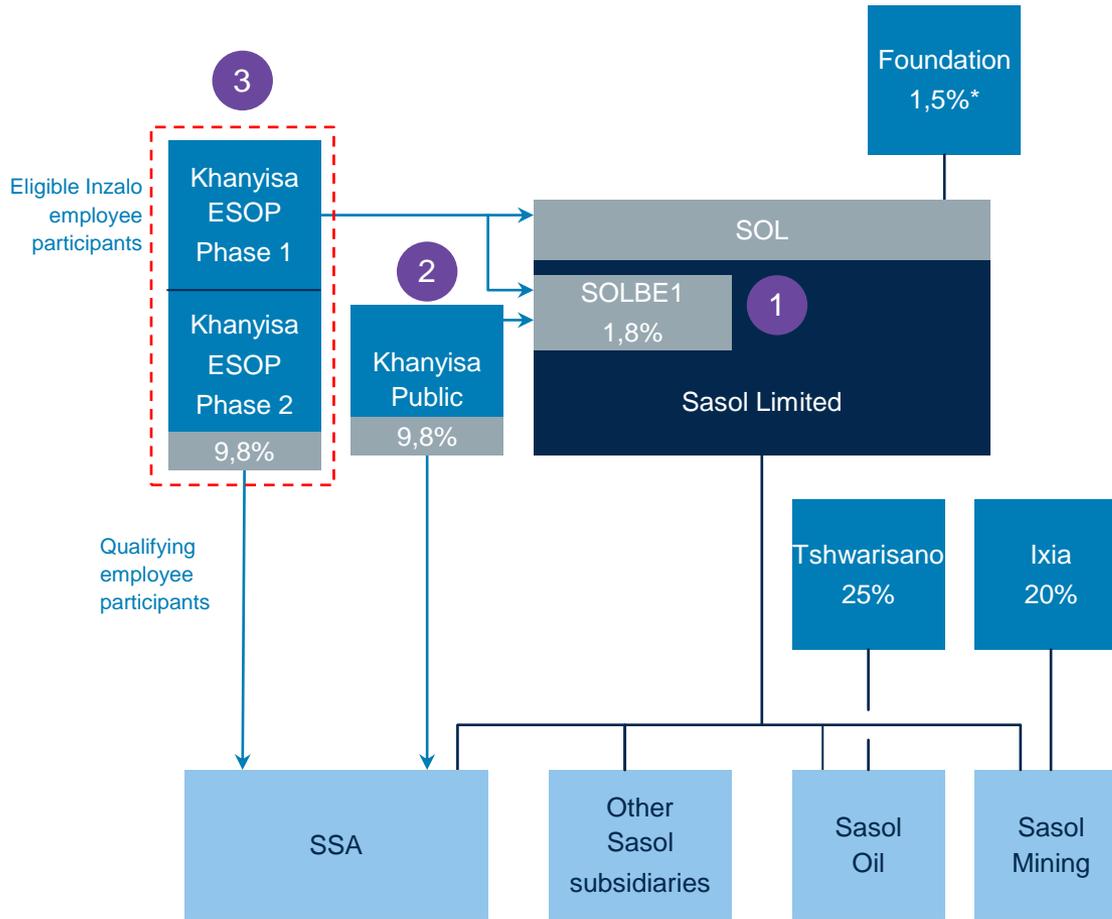
Sasol Khanyisa has been structured on the basis of fully vendor funded, broad-based participation, at asset level, with debt repayment flexibility within Sasol's control, whilst also ensuring the long-term continuation of unencumbered black ownership

# Key components of Sasol Khanyisa



- 25% effective ownership of Sasol's South African operations (direct and indirect)
  - Sasol Khanyisa ownership at both a Sasol Limited and Sasol South Africa ("SSA") level (~21,5%)
  - Sasol Inzalo Foundation (1,5% of Sasol Limited on unencumbered basis) (~3,5% of SSA)
  - Sasol Mining and Sasol Oil excluded as they are already separately empowered
- Sasol Khanyisa comprises of:
  - Eligible Inzalo Groups and Public (funded) participants who do not "opt-out"
  - Eligible Inzalo Public (cash) participants who do not "opt-out"
  - Eligible Inzalo ESOP and MSOP participants
  - Active qualifying Sasol employees in May 2018
- Provides exposure to both Sasol Limited and SSA
  - Khanyisa % ownership of SSA will be determined based on the takeup of the existing Inzalo participants in Khanyisa
- Access to SSA cash flows assists in paying down vendor funding
- Sasol Limited exposure on an unencumbered, tradeable basis

# Sasol Khanyisa: June 2018-June 2028/earlier debt settlement



## How will Sasol Khanyisa work?

### SOLBE1

- 1 SOLBE1 holders on record date who elect to retain SOLBE1 receive 1 additional SOLBE1 share for every 4 SOLBE1 shares retained
- 2 SOLBE1 and Inzalo holders who participate in Khanyisa receive 1 SOLBE1 for every 10 Khanyisa shares held

### Khanyisa – Groups & Public

- 2 Eligible SOLBE1 and Inzalo holders receive 1 Khanyisa share for every 1 existing SOLBE1/Inzalo share held
- 2 2,5% trickle dividend paid when SSA pays a dividend (increased if predetermined financial targets are met)
- 2 Purchase price vendor funded by Sasol Limited

### Khanyisa ESOP

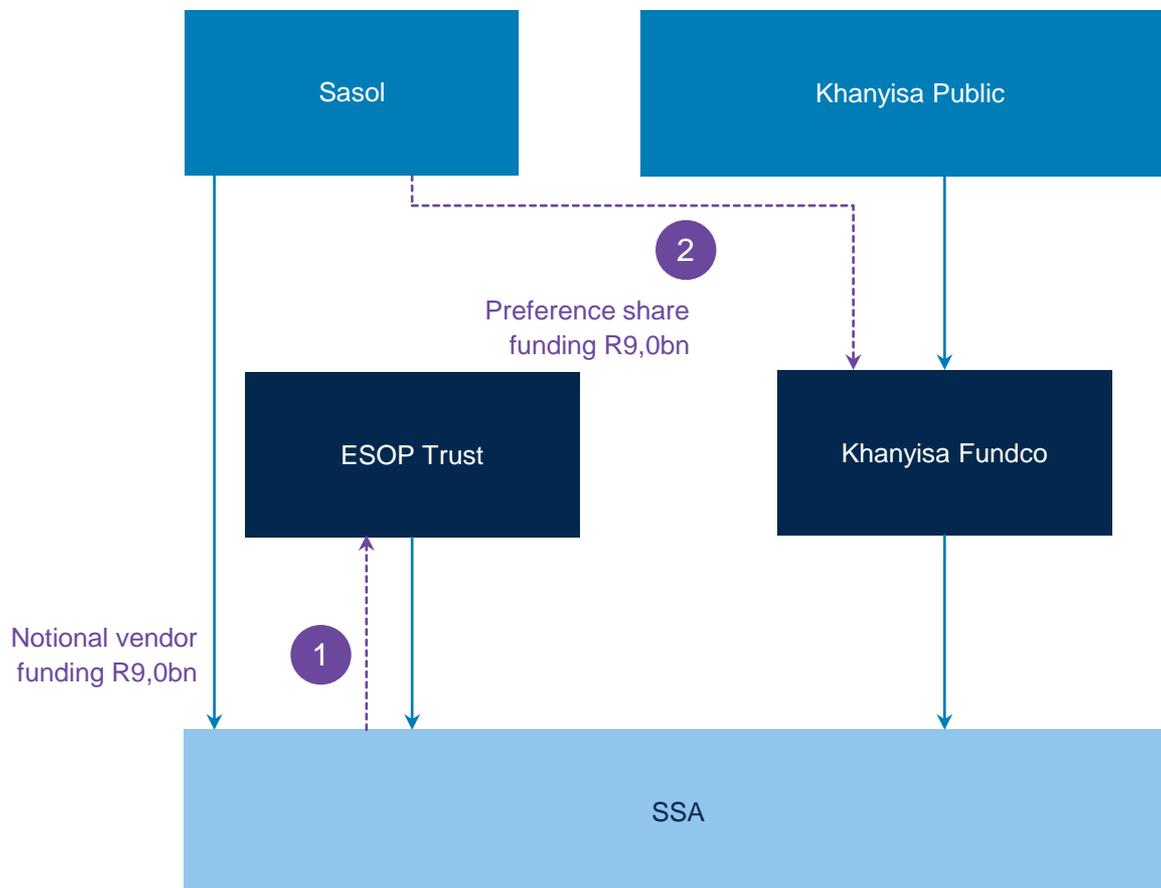
(includes eligible Mining and Oil employees)

- 3
  - Phase 1 (3 year)
    - Eligible Inzalo participants employed by Sasol on 18 May 2018 each receive R100 000 of SOL/SOLBE1 shares subject to a 3 year service period
    - Black participants receive SOLBE1 shares unless they elect to receive SOL shares
    - 3 year service condition, with dividend paid bi-annually
  - Phase 2 (10 year)
    - Active qualifying employees of Sasol on 18 May 2018 will receive vested rights to shares held by the Khanyisa ESOP trust (Phase 2) which will acquire SSA shares on notionally funded basis
    - Participants receive an equal allocation regardless of level in the organisation
    - 2,5% trickle dividend paid when SSA pays a dividend

Delivering sustainable and long- term transformation, while ensuring unencumbered Black ownership in Sasol in accordance with the spirit of the DTI Codes

\* Foundation's 1,5% shareholding in Sasol Limited equates to 3,5% empowerment in SSA after excluding mandated investments and foreign operation contributions

## Funding structure



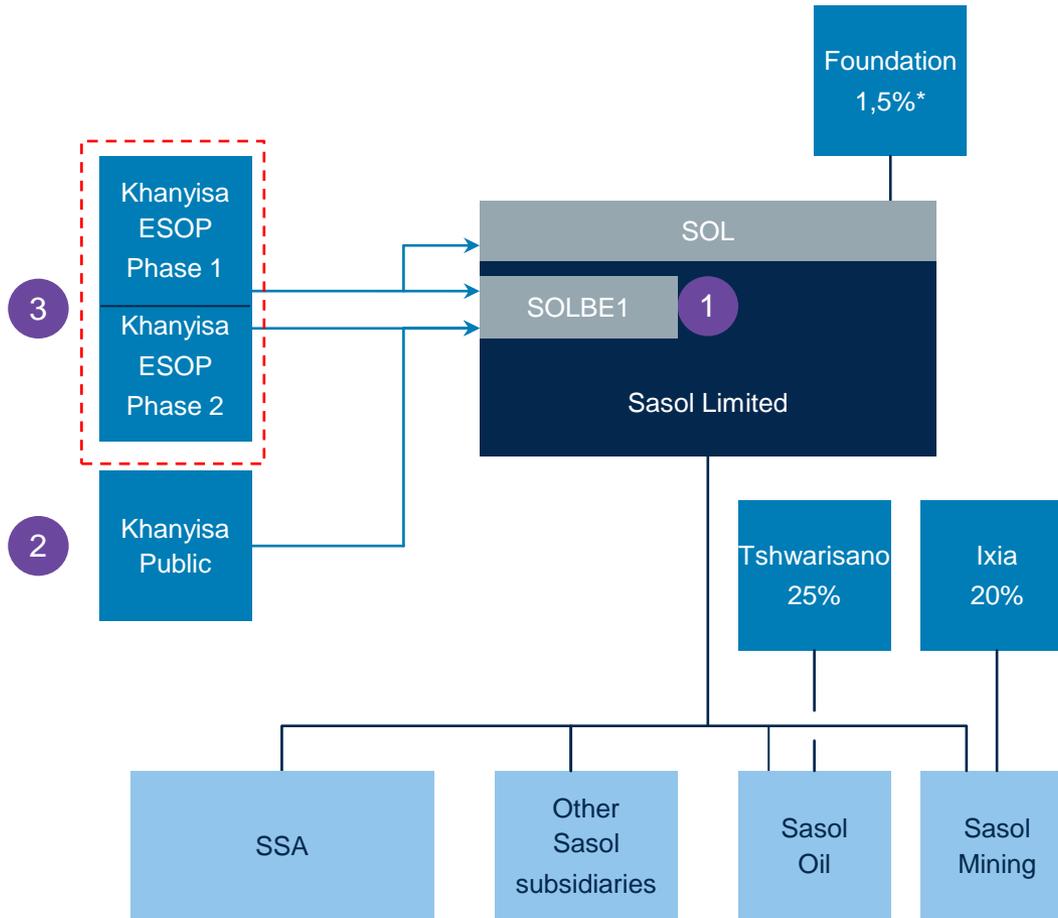
## Notional funding 1

- **Description:**
  - ESOP Trust subscribes for SSA ordinary shares representing c. 9,8% shareholding, funded by way of notional funding from SSA
- **Interest rate:** 75% of prime
- **Trickle dividend:** 2,5% (which will be increased if certain pre-determined financial targets are met)
- **Maturity:** earlier of notional vendor funding or 10 years
- **Security:** underlying shares; no recourse to beneficiaries

## Preference shares 2

- **Description:**
  - Sasol Ltd subscribes for preference shares in Khanyisa FundCo
  - Khanyisa FundCo utilises the proceeds of the preference share issue to subscribe for SSA ordinary shares representing c. 9,8% shareholding
- **Interest rate:** 75% of prime
- **Trickle dividend:** 2,5% (which will be increased if certain pre-determined financial targets are met)
- **Maturity:** earlier of preference share redemption or 10 years
- **Security:** underlying shares; no recourse to beneficiaries
- Dividends declared by SSA will be paid to Khanyisa Fundco, based on its % shareholding in SSA, to service the preference shares held by Sasol Limited, and also to pay the trickle dividend of 2,5% to Sasol Khanyisa Public shareholders

# Sasol Khanyisa: After settlement of debt



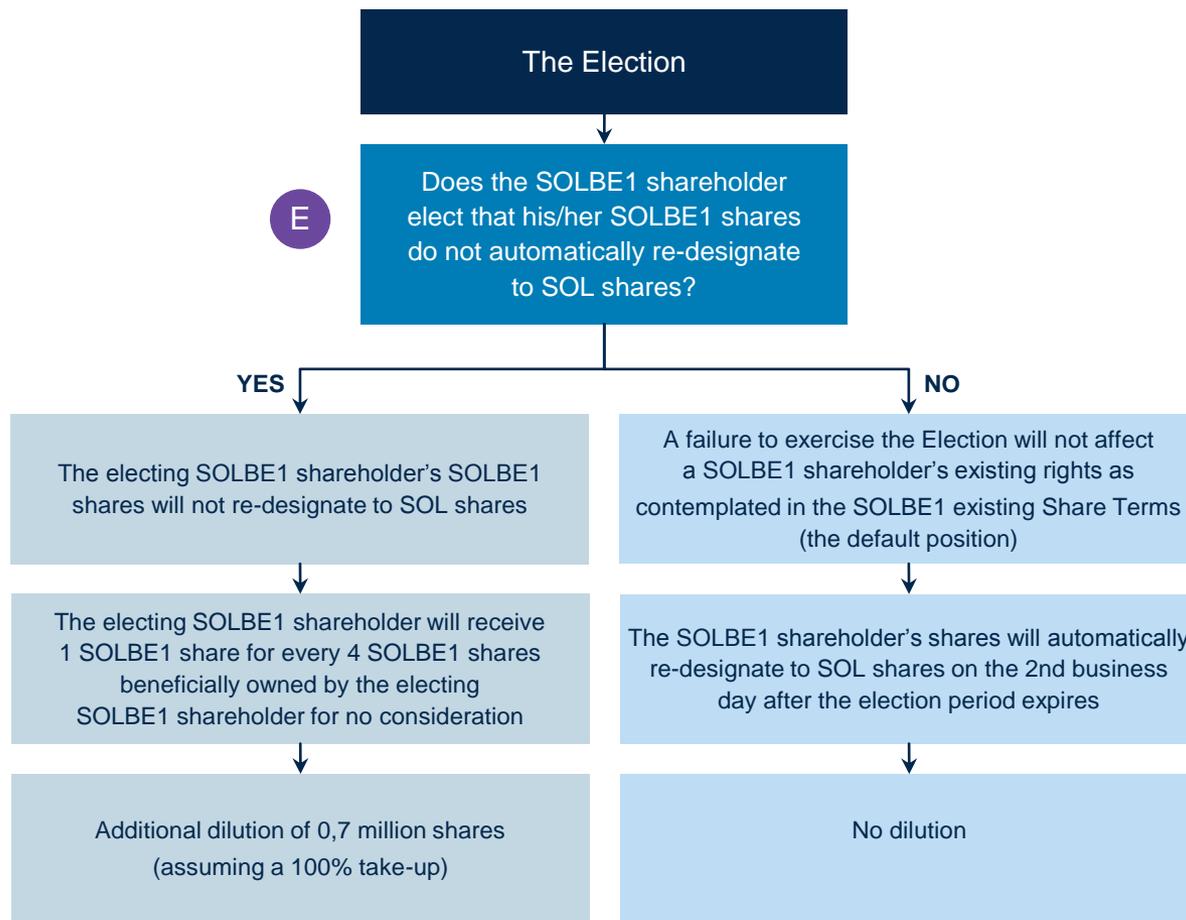
## What will Sasol look like post Khanyisa?

- B-BBEE shareholding at SSA exchanged for SOLBE1 shares at the earlier of repayment of vendor funding or 10 years
- Exchange carried out based on relative valuation of SSA and Sasol Limited at that time, as determined by an independent expert
- Khanyisa participants will, at this stage, have full, unencumbered, exposure to Sasol Limited, alongside Sasol ordinary shareholders
  - Upon receipt of the SOLBE1 shares, a Khanyisa shareholder has the ability to exit their shareholding without compromising Sasol's B-BBEE ownership credentials

25% of SSA remains empowered on an evergreen basis through the SOLBE1 shareholding

\* Foundation's 1,5% shareholding in Sasol Limited equates to 3,5% empowerment in SSA after excluding mandated investments and foreign operation contributions

# Step 1: The election for SOLBE1 shareholders



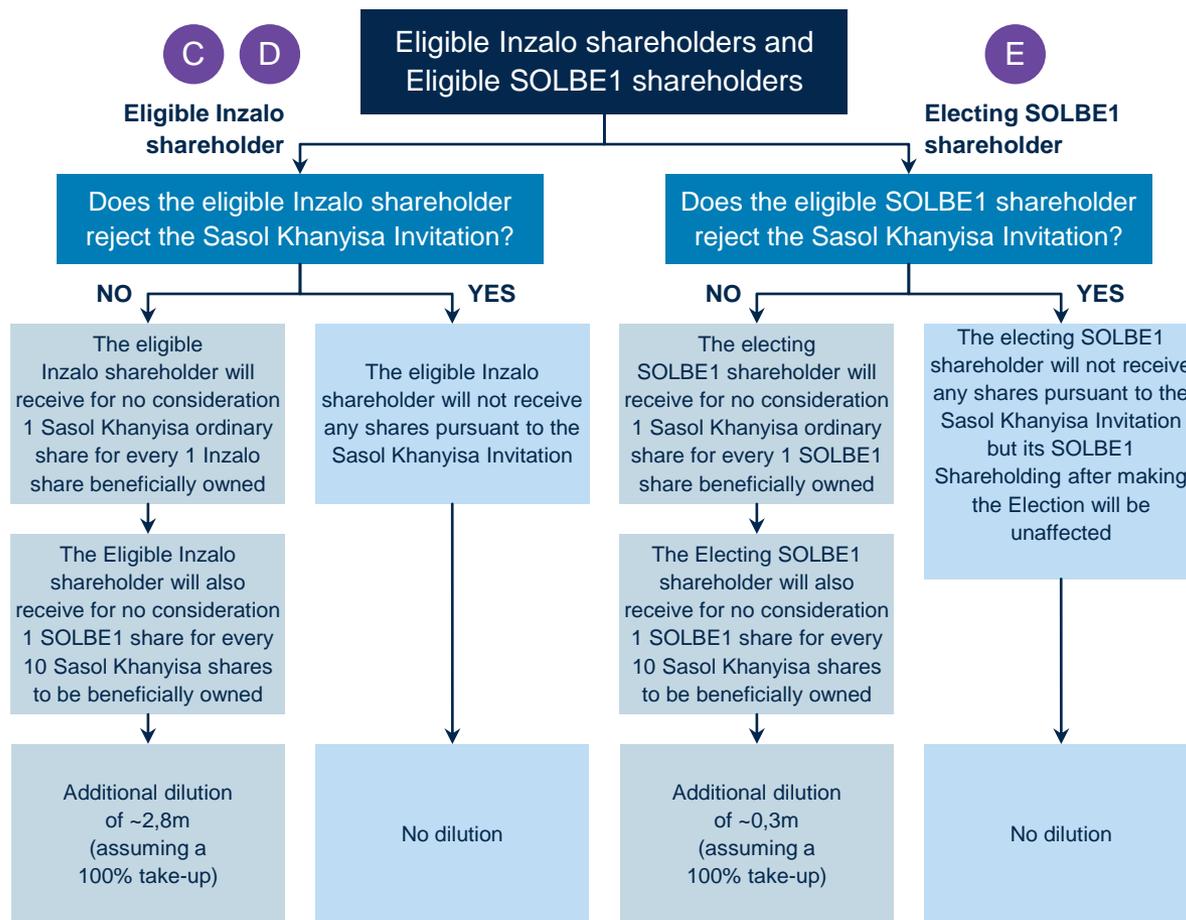
- SOLBE1 shares automatically re-designate, in terms of their existing rights, to SOL shares on 7 September 2018
- The Sasol MOI grants Sasol the right to determine an earlier date for re-designation
- SOLBE1 shareholders will be given the election not to re-designate and those who exercise the election will be “Electing SOLBE1 Shareholders”

## Example:

- Shareholder X owns 100 SOLBE1 shares
  - Electing shareholder will receive 25 bonus SOLBE1 shares
  - Non-electing shareholder's shares will re-designate to 100 SOL shares
- Shareholder X now owns 125 SOLBE1 shares
- Non-electing shareholder will receive no additional shares

For every 1 SOLBE1 share issued for no consideration, Sasol ordinary shareholders benefit from 4 SOLBE1 unencumbered shares, at no additional cost or dilution to them

# Step 2: The Sasol Khanyisa invitation



- Eligible Inzalo shareholders comprise all Inzalo shareholders who are Black (as defined by the B-BBEE Codes)
- Only eligible Inzalo shareholders will be invited to participate in Khanyisa
- Shareholders will be offered Khanyisa and SOLBE1 shares giving them access to Sasol and SSA value

### Example:

- Shareholder Y owns 100 Inzalo shares
  - Electing shareholder will receive 100 Sasol Khanyisa Public shares and a further 10 SOLBE1 shares for no consideration
- Electing Shareholder X (per previous slide) who now has 125 SOLBE1 (100 purchased and 25 received under step 1)
  - Under step 2, electing shareholder X will now receive a 100 Sasol Khanyisa Public shares and a further 10 SOLBE1 shares for no consideration

For every 1 SOLBE1 share issued for no consideration, Sasol ordinary shareholders benefit from an unencumbered broad-based shareholding which is a key measurement criteria on the B-BBEE scorecard

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## Sasol Khanyisa ESOP

### Phase 1: Eligible Inzalo ESOP and MSOP participants (R100 000 equity award employees)

- All eligible Inzalo ESOP / MSOP participants in the permanent employ of Sasol on 18 May 2018
- Participation on an equal monetary basis across Sasol
- Employing companies in the Sasol Group will make a capital contribution to the Trust to acquire the SOL and/or SOLBE1 shares
- Employees who are Black Persons (as defined in the Codes) will have to elect at the beginning of the transaction to receive their award in SOL shares
  - If they do not make this election, they will receive SOLBE1 shares
- Other participants (non-black and non-South African black employees) will receive SOL shares
- Dividends received by the Trust will be paid out to the beneficiaries every time a dividend is declared
- Ownership in the shares passes after 3 years of service

### Phase 2: Sasol employees\* participating in Khanyisa

- All employees who are Black Persons (as defined in the Codes), irrespective of level, will participate equally
- The Trust will purchase SSA shares at a cost of 4c each and employee beneficiaries will have vested rights in these shares, subject to conditions
- A trickle dividend of 2,5% of the dividends paid to other SSA shareholders will be paid to the Trust
  - The trickle dividend will be increased if pre-determined financial targets are met
- The remaining amount is retained by SSA and reduces the number of shares that SSA may repurchase (under the notional vendor funding)
- At the end of 10 years or earlier conclusion of the empowerment period, SSA will automatically repurchase the calculated number of shares from the Trust at 4c in terms of the repurchase formula
- The remaining shares in SSA will be subject to an automatic share exchange of SOLBE1 shares for SSA shares

Phase 1 intends to allow eligible Inzalo ESOP and MSOP individuals to participate in Sasol Khanyisa through 3 year vested rights in Sasol Ltd shares

Phase 2 results in Sasol receiving full BEE recognition for the ESOP shareholding

\* As defined by the BEE codes

SSA key financial metrics	
SSA equity value post transaction (independently valued)	FY18: <b>R91,4bn<sup>1</sup></b>
SSA debt	FY18: <b>R88,5bn<sup>2</sup></b>
A R21bn B-BBEE transaction <sup>3</sup>	
% B-BBEE shareholding in SSA	BEECo: 19,6% (Khanyisa FundCo: 9,8%) (ESOP: 9,8%)
B-BBEE vendor funding (subscription proceeds)	FY18: <b>R18,0bn</b>
Bonus award and Khanyisa incentive	FY18: <b>R2,9bn</b> (SOLBE1 (effective): 1,8%)
Total IFRS2 cost	R7,3bn (~50% in FY18, ~10% per year in FY19-FY21 with remainder split over transaction term)
Share dilution <sup>3</sup> (WANOS) <sup>4</sup>	FY19: ~2,9m (Bonus shares) FY22: 5,0m (ESOP Phase 1 (3 year))

} **R21bn**

Transaction size will increase to R22bn<sup>3</sup> if all SOLBE1 shareholders elect to participate in Khanyisa

1. Inclusive of subscription proceeds
2. Comprises only inter-company debt with c. R46bn being an interest free shareholder loan from Sasol Limited to SSA
3. Base case assumes 15% participation in SOLBE1 shares by Black Public and Sasol qualifying employees
4. Weighted average number of shares

# Key elements of Circular to shareholders



## Inzalo transaction termination:

- The Sasol Inzalo transaction unwinds between June – September 2018
- Proposals in relation to the Inzalo transaction are aimed at ensuring maximum flexibility in:
  - minimising cash outlay and ensuring fair and equitable treatment of Inzalo beneficiaries
  - minimising impact on Sasol Limited's balance sheet
  - minimising impact on placing shares in the market

## Resolutions for approval by shareholders:

- Obtain authority to issue SOL shares pursuant to the accelerated book build ("ABB")
- Specific repurchase of Sasol Preferred Ordinary Shares from Inzalo Groups Funding and Inzalo Public Funding
- Ability of Sasol to determine an earlier single re-designation date for all Sasol Preferred Ordinary Shares but without affecting the final preferred ordinary dividend which would have been payable

## Khanyisa transaction - key elements:

- Step 1: the election to be made available to SOLBE1 Shareholders and the consequent SOLBE1 Bonus Award (1 for 4)
- Step 2: the Sasol Khanyisa Invitation to Eligible Inzalo Shareholders and Electing SOLBE1 Shareholders (1 for 10)
- Step 3: the establishment of the Sasol Khanyisa ESOP for the benefit of eligible Inzalo Employee Scheme Participants (Phase 1) and Eligible Sasol Employees (Phase 2)

## Resolutions to be requested from shareholders:

- Amendment of existing SOLBE1 shares to provide for the election and for the provisions which will apply to those SOLBE1 shareholders who make the election
- Increase of number of authorised SOLBE1 shares
- Amendment to the Sasol Limited MOI to permit round up of fractional entitlement of SOLBE1 shares pursuant to SOLBE1 Bonus Award and Sasol Khanyisa Invitation
- Establishment of the Sasol Khanyisa ESOP
- Issue of SOLBE1 shares pursuant to the SOLBE1 Bonus Award and the Sasol Khanyisa Invitation
- Issue of SOL & SOLBE1 shares to the trustees of the Sasol Khanyisa ESOP Trust (Phase 1)
- Issue of SOLBE1 Shares pursuant to the Automatic Share Exchange (SOLBE1 shares for SSA shares and/or Sasol Khanyisa Public shares) at the end of the Empowerment Period
- Financial Assistance from Sasol as an employer company in the form of a capital contribution to the Sasol Khanyisa ESOP Trust, which will be used to subscribe for SOL & SOLBE1 Shares
- Financial Assistance for the acquisition of Sasol Khanyisa shares
- Financial Assistance of a capital contribution of 4 cents per SSA Khanyisa Share to the Sasol Khanyisa ESOP Trust
- Amendment of the Sasol MOI to provide for provisions which govern holders of newly issued SOLBE1 Shares

## Khanyisa transaction funding:

- Preference share funding by Sasol to enable Sasol Khanyisa FundCo to subscribe for SSA shares
- Notional vendor funding relating to the Sasol Khanyisa ESOP's subscriptions for shares in SSA

## Resolutions to be requested from shareholders:

- Financial assistance for the subscription by Sasol Khanyisa FundCo for the SSA Khanyisa shares
- Financial assistance for the subscription by the trustees of the Sasol Khanyisa ESOP Trust of SSA Ordinary shares for the benefit of Sasol Group's employees
- Authority for SSA to issue ordinary shares to Khanyisa ESOP and FundCo

Khanyisa element	Description of element	Inputs in calculating the IFRS 2 charge	Period over which IFRS 2 charge is recognised in the income statement	Impact on EPS/HEPS/DEPS
SOLBE1 Bonus Award	Election by SOLBE1 shareholders not to automatically redesignate to SOL resulting in the SOLBE1 Bonus Award (1 SOLBE1 for every 4 held)	Number of shares valued at the SOLBE1 share price on date of issue	Immediately	SOLBE1 shares issued included in WANOS for calculating EPS/HEPS from date of issue
Sasol Khanyisa ESOP for the benefit of the Eligible Inzalo Employee Scheme Participants	Inzalo Employee Scheme Participants still employed at termination date receive R100 000 worth of SOL or SOLBE1 shares	Number of SOL/SOLBE1 shares equal to R100 000 on issue date, valued using a Black Scholes model	Over the 3 year service vesting period	Shares to be issued in 3 years are potentially dilutive and will affect WANOS for DEPS purposes for the 3 year vesting period
SOLBE1 Shares - Eligible SOLBE1 Shareholders and Eligible Inzalo shareholders	1 SOLBE1 share for every 10 held	Number of shares valued at the SOLBE1 share price on date of issue	Immediately	SOLBE1 shares issued included in 'number of issued shares' and WANOS for calculating EPS/HEPS from date of issue
Sasol Khanyisa Shares for the benefit of Eligible SOLBE1 Shareholders and Eligible Inzalo Shareholders	Receive rights to shares in SSA, 1 for every Inzalo share held	Number of shares valued using a Monte-Carlo simulation model. Valuation takes into account the contractual terms and conditions of the transaction and prevailing market conditions at the time of valuation, including the stipulated interest rate on the notional debt and the fair value of SSA on day one of the transaction	Immediately	Eventual SOLBE1 shares to be issued will affect WANOS for DEPS purposes over the transaction term
Sasol Khanyisa ESOP for the benefit of the Eligible Sasol Employees	Qualifying employees receive rights to shares in SSA		Over the 10 year service vesting period	

EPS – Earnings per share

HEPS – Headline Earnings per share

DEPS – Diluted Earnings per share

WANOS – Weighted average number of shares

# Sasol Khanyisa: Meaningful benefits to all stakeholders



<b>Capturing the spirit of empowerment</b>	<ul style="list-style-type: none"><li>• Exclusive right offered to existing external Inzalo participants only</li><li>• Equal value of shares for ESOP Phase 1 participants, including non-eligible existing Inzalo participants</li><li>• Equal number of shares for ESOP Phase 2 participants, regardless of level in Sasol</li><li>• Benefit from exposure to both Sasol Limited and SSA over time</li></ul>
<b>Fully vendor funded</b>	<ul style="list-style-type: none"><li>• <b>No capital</b> required from participants</li><li>• 2,5% trickle dividend paid to all Khanyisa beneficiaries (excluding ESOP Phase 1), when SSA pays a dividend</li><li>• No external debt</li></ul>
<b>Net value creation</b>	<ul style="list-style-type: none"><li>• Upfront unencumbered issue of SOLBE1 shares to Inzalo participants in Khanyisa for no consideration<ul style="list-style-type: none"><li>• Sasol secures sustainable net value points from day 1</li><li>• Participants receive full dividend flow on their SOLBE1 shareholding from day 1</li><li>• Increase in flow-through empowerment ownership of SSA from Limited as international operations grow</li></ul></li><li>• No reliance on share price growth for debt settlement<ul style="list-style-type: none"><li>• Net value created is thus more sustainable</li></ul></li></ul>
<b>Evergreen</b>	<ul style="list-style-type: none"><li>• Exchange of SSA shares for SOLBE1 at fair value upon earlier of repayment of debt or 10 years<ul style="list-style-type: none"><li>• Participants can monetise their holding without impacting Sasol's B-BBEE credentials</li><li>• Participants can decide what value to realise for themselves and when</li></ul></li><li>• SOLBE1 facilitates tracking of direct B-BBEE shareholding at all times</li></ul>
<b>Market related cost to shareholders</b>	<ul style="list-style-type: none"><li>• Sustainable and robust transaction in the lower quartile of precedent B-BBEE transaction costs</li><li>• Expectation that no additional significant costs will be borne by shareholder at end of Khanyisa empowerment period<ul style="list-style-type: none"><li>• Assuming no significant changes to B-BBEE legislation</li></ul></li></ul>

# Coming up



- 18 October 2017: Circular issued to shareholders
- 17 November 2017: Sasol Limited EGM where Sasol shareholders are requested to approve resolutions
- 4 June 2018: Sasol Inzalo ESOP and MSOP unwind
- 27 June 2018: Sasol Inzalo Groups Limited (RF) unwind
- 8 September 2018: Sasol Inzalo Public Limited (RF) unwind



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