



# ANNUAL RESULTS

for the year ended 30 June 2020



POSITIONING FOR A  
**SUSTAINABLE FUTURE**



## FY20 ANNUAL RESULTS

- Business results overview  
Fleetwood Grobler
- Financial results  
Paul Victor
- Future Sasol  
Fleetwood Grobler

# Forward-looking statements and definitions



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, expectations, developments and business strategies. Examples of such forward-looking statements include, but are not limited to, the impact of the novel coronavirus (COVID-19) pandemic on Sasol’s business, results of operations, financial condition and liquidity and statements regarding the effectiveness of any actions taken by Sasol to address or limit any impact of COVID-19 on its business; statements regarding exchange rate fluctuations, changing crude oil prices, volume growth, increases in market share, total shareholder return, executing our growth projects (including LCCP), oil and gas reserves, cost reductions, our climate change strategy and 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 and others are discussed more fully in our most recent annual report on Form 20-F filed on 28 October 2019 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:** One billion is defined as one thousand million. bbl – barrel, bscf – billion standard cubic feet, mmscf – million standard cubic feet, oil references Brent crude: mmbœ – million barrels oil equivalent.

All references to years refer to the financial year ended 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)**



## © BUSINESS RESULTS OVERVIEW

Fleetwood Grobler

# Key messages



## SAFETY AND COVID-19

- Committed to achieve our goal of **zero harm**; focus on reinforcing safe behaviours
- **Integrated response** prioritises the wellbeing of our employees and communities
- **Business continuity** ensured through pro-active and robust measures

## OPERATIONAL PERFORMANCE

- Business actions **significantly mitigated** COVID-19 operational impact
- LCCP **construction complete** and **within guidance**
- **Run rates improving** in operations across all regions

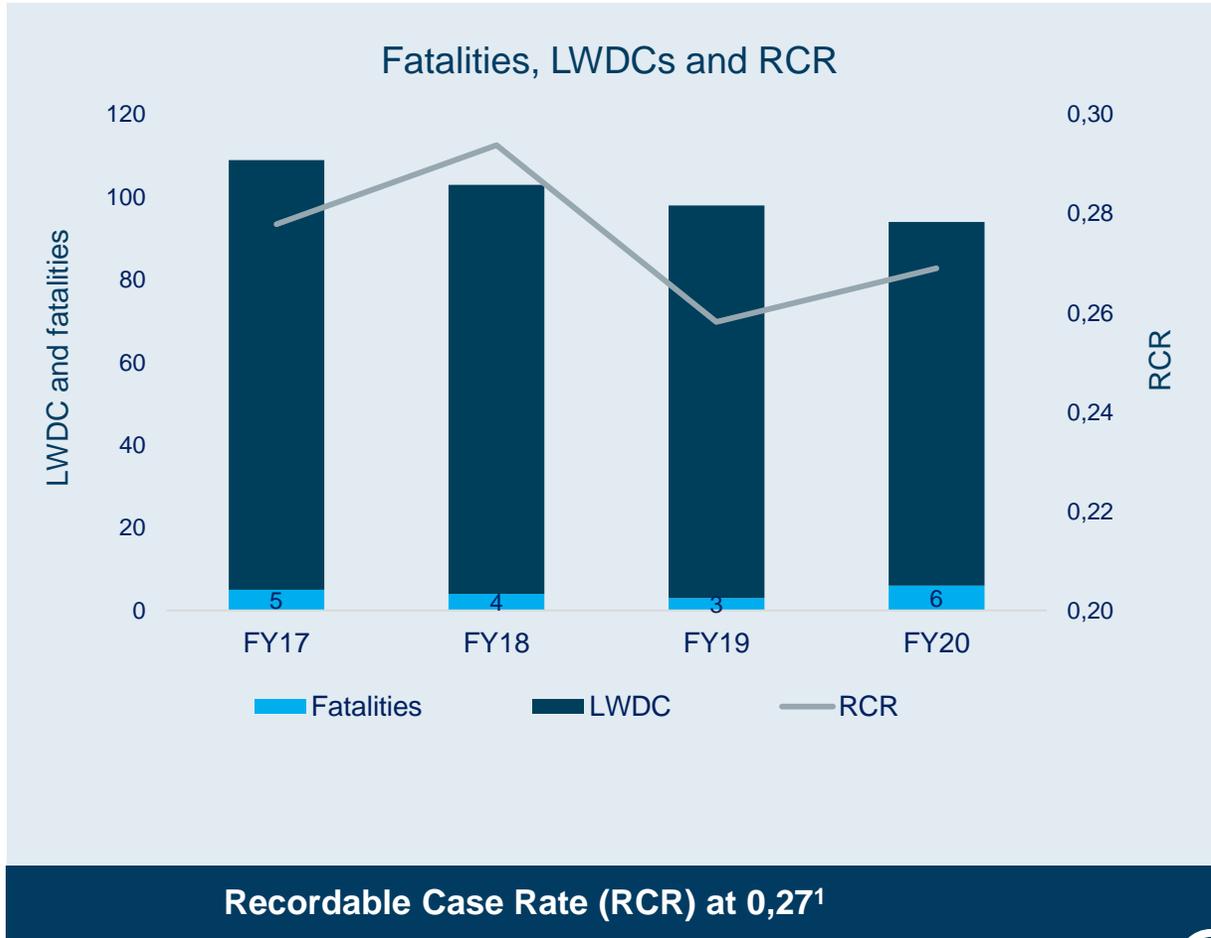
## FINANCIAL PERFORMANCE

- Financial performance reflects unprecedented global **macroeconomic headwinds**
- Cash savings **exceeded US\$1bn target** in FY20
- Response plan **on track**, including disposals



Swift and decisive response required to stabilise our business in the short-term  
Charting a path towards long-term sustainability

# Safety and COVID-19 | Relentlessly driving zero harm to prevent fatalities



## 6 Tragic fatalities – unacceptable loss of life

Our efforts towards zero harm strengthened, with executive intervention, reinforcing safe behaviours

- **CEO led intervention**, supported by group-wide safety leadership engagements
- Focusing on creating a safety culture with a mind-set of “**safety because we care**”
- Visible leadership with **leaders taking personal accountability** for the effectiveness of the High Severity Injuries programme
- **Motivating adherence** to Life Saving Rules and behaviour supporting operational discipline
- Increased focus on **sharing and embedding** learnings

Increase focus on behavioural safety and operational discipline

1. Excluding illnesses

# Safety and COVID-19 | Our response to the global pandemic



## EMPLOYEE SAFETY AND BUSINESS CONTINUITY



Reset of shifts and work schedules

Increased disinfection, screening and contact tracing



WHO<sup>1</sup>-compliant hand sanitiser produced

Converted Secunda hostel into quarantine and self-isolation facility



Provide medical and wellbeing support

Additional trigger-based actions in Mining



## COMMUNITIES AND SOCIETY



~240 000 litres sanitiser to SA hospitals and communities

~60 000 litres sanitiser and 6 multi-functional containers to Mozambique



>1 million litres jet fuel donated to repatriate SA citizens

~250 000 learners reached through online education



>51 000 masks and >36 000 surgical gloves donated

Pledged US\$100 000 towards Louisiana frontline workers



Integrated response ensuring safety and operational stability

1. World Health Organisation

# Operational performance | FY20 H2 impacted by the COVID-19 global pandemic



## Southern African Operations



## H2 production impact<sup>1</sup>

▲ **2% higher Mining production**  
Limited COVID-19 impact on operations

▼ **8%<sup>2</sup> lower SSO production**  
Reduced rates due to lower fuels demand

▼ **34% lower Natref crude rate**  
Suspended production due to lower fuels demand

## Our agile response

Dedicated response teams  
proactive COVID-19 measures and  
protocols enabled

Synfuels and Natref maintenance  
work accelerated to maximise plant on-line  
time in FY21

Prioritised chemical production  
at SSO to sustain sales

Mitigated COVID-19 impact  
on LCCP construction and commissioning

Effective global supply-chain  
in turbulent markets

## North American Operations



▲ **29% higher NAO production**  
Cracker nameplate capacity achieved and currently  
producing at maximum rates  
HDPE continues to produce above expectations

## Eurasian Operations



▼ **2% lower Eurasian production**  
Partial offset by increase in surfactants demand



Decisive and robust measures; operational impact mitigated

1. Variance H1 FY20 compared to H2 FY20; 2. Normalised for the phased shutdown in H1 F20

# Operational performance | LCCP operational and ramp up key



## PROJECT UPDATE

- **Excellent safety** performance
  - RCR of 0,11<sup>1</sup>
  - Zero lost-work-day cases in FY20
- Construction **complete**
- **LDPE restoration** completed and online by end October 2020
- **Site demobilisation** progressing well, to be completed by end December 2020



## OPERATIONS AND MARKETING

- **86%** of total LCCP capacity<sup>2</sup> operational
- LLDPE producing at **nameplate capacity**
- EO value chain producing **at targeted levels**
- ZAG **product trials** underway
- **Agile marketing strategy** and successful **product placement**



## FINANCIAL RESULTS AND OUTLOOK

- Capital expenditure tracking **US\$12,8bn** guidance
- FY20 EBITDA loss of **US\$62m**, impacted by lower prices
- FY21 **EBITDA guidance subject** to the conclusion of partnering transaction



1. Excluding illnesses; 2. Nameplate capacity - includes ethylene, polyethylene, EO value chain and ZAG installed capacity brought online

# Financial performance | Global macroeconomic uncertainty continues



## Brent crude oil

H1 FY20

**63**

US\$/bbl

H2 FY20

**40**

US\$/bbl

▼ **37%**

**FY21 OUTLOOK**

**35 - 45 US\$/bbl**



## Exchange rate

H1 FY20

**14,70**

R/US\$

H2 FY20

**16,67**

R/US\$

▲ **13%**

**FY21 OUTLOOK**

**16,00 – 17,00 R/US\$**



## Ethane

H1 FY20

**18**

US\$/c/gal

H2 FY20

**17**

US\$/c/gal

▼ **6%**

**FY21 OUTLOOK**

**20 - 30 US\$/c/gal**



## Polyethylene

H1 FY20

**892**

US\$/ton

H2 FY20

**760**

US\$/ton

▼ **15%**

**FY21 OUTLOOK**

**750 - 850 US\$/ton**

# Financial performance | Impacted by a challenging environment



## Operating cash flow

**R42bn**

18% lower  
Lower oil, product prices and volumes

## Cash fixed costs

**R58bn**

4% lower in real terms  
Benefitting from self help measures

## Impairments

**R112bn**

Lower long-term price assumptions

## Liquidity

**>US\$2,5bn**

Sufficient liquidity maintained  
through challenging times

**Capex  
R35bn**

## Working capital

**12,5%**

Focused management actions

**Net debt: EBITDA<sup>1</sup>**

**4,3x**

Covenant waived for June 2020  
Closing rate impact of 0,6x



Continued focus on margin protection to mitigate the impact of macroeconomic volatility

1. Per the Revolving Credit facility and US dollar Term Loan facility covenant definition

# Financial performance | Expanded and accelerated asset disposal programme



Completed and well advanced  
**US\$0,6bn<sup>1</sup>**



**Air separation units**  
Exclusive agreement signed with Air Liquide for Secunda units

**Explosives business**  
Proceeds received from Enaex for their 51% stake

**Escravos GTL**  
Concluded transaction to divest our interest to Chevron

+

Current disposal activity  
includes inter alia  
**>US\$2bn target**



US Base Chemicals  
partnering

ROMPCO<sup>2</sup>

CTRG<sup>3</sup>

Other assets

Asset disposals executed in line with strategic, shareholder value and balance sheet objectives

1. Transactions since our comprehensive response plan announced on 17 March 2020; 2. Pipeline transmission activities of Republic of Mozambique Pipeline Company ; 3. Gas-fired power station in Central Termica de Ressano Garcia, Mozambique

# Financial performance | Deleveraging pathway



Deleveraging is on track, but requires flexibility depending on the outcome of the US Base Chemicals transaction

1. Air separation units



## © FINANCIAL RESULTS

Paul Victor

# Key messages



## FINANCIAL RESULTS

- Group profitability impacted by **macroeconomics** and **COVID-19**
- **Adverse outlook** on pricing and demand results in significant impairments
- Self-help measures yielding **positive results**

## BALANCE SHEET PROTECTION

- Increased **balance sheet flexibility** through covenant amendments
- Cash savings **delivered** in FY20; **Liquidity improved** through “cash war room”
- Committed to US\$4 - 6bn **debt reduction** target in FY21

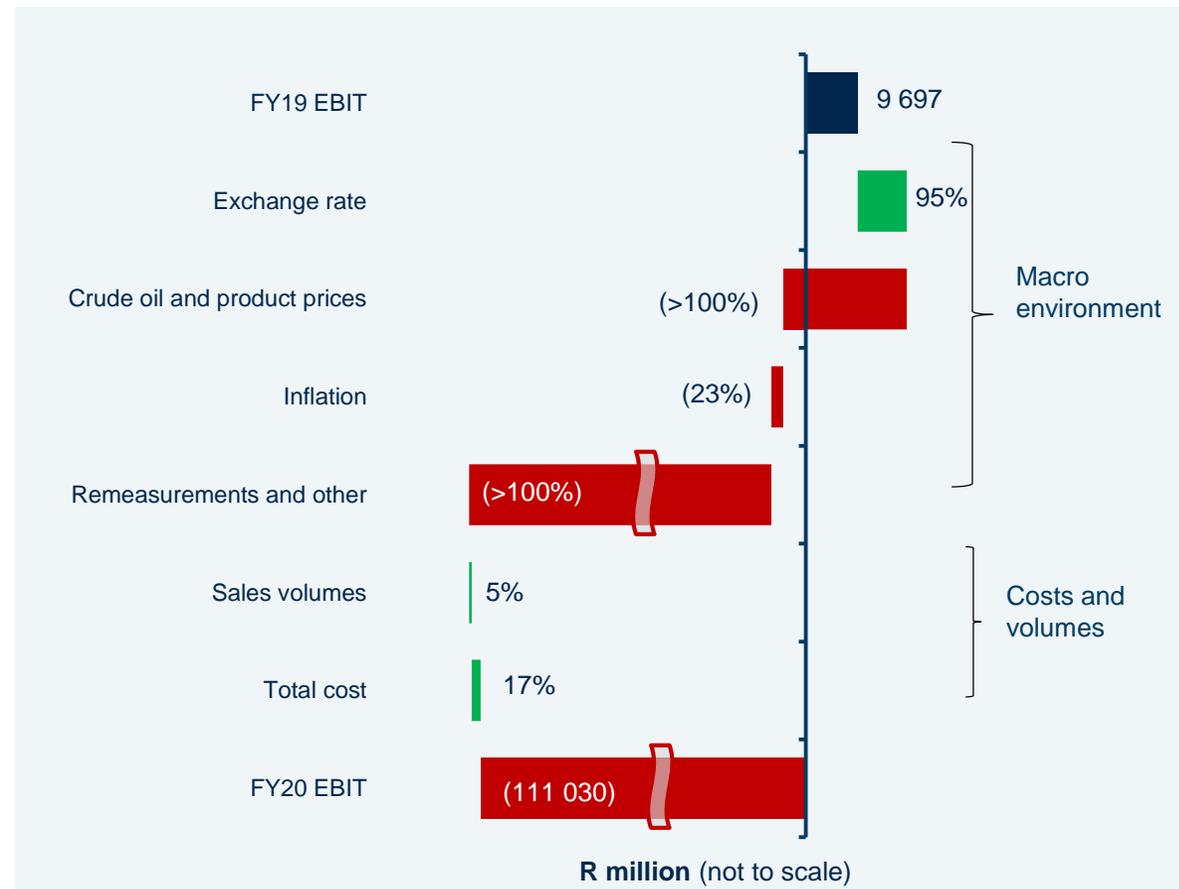
## FY21 OUTLOOK

- Focused on managing factors **within our control**
- Continue to **stabilise** and **strengthen** our business
- Position **Future Sasol**

# Financial results | Group profitability by segment



	H1 FY20	H2 FY20	FY20	FY19	Annual % Δ
Mining	2 665	2 604	5 269	6 869	23 ▼
Exploration and Production International (EPI)	1 567	1 826	3 393	2 762	23 ▲
Performance Chemicals (PC)	4 360	5 662	10 022	10 327	3 ▼
Base Chemicals (BC)	1 615	5 239	6 854	7 427	8 ▼
Energy	9 788	1 636	11 424	22 776	50 ▼
Group Functions	(18)	(1 968)	(1 986)	(2 524)	21 ▲
<b>Adjusted EBITDA<sup>1</sup> (Rm)</b>	<b>19 977</b>	<b>14 999</b>	<b>34 976</b>	<b>47 637</b>	<b>27 ▼</b>
<b>Remeasurement items (Rm)</b>	<b>169</b>	<b>(111 003)</b>	<b>(110 834)</b>	<b>(18 645)</b>	<b>&gt;100 ▼</b>
<b>Earnings before interest and tax (Rm)</b>	<b>9 853</b>	<b>(120 883)</b>	<b>(111 030)</b>	<b>9 697</b>	<b>&gt;100 ▼</b>
<b>Cash generated by operating activities (Rm)</b>	<b>19 633</b>	<b>22 753</b>	<b>42 386</b>	<b>51 398</b>	<b>18 ▼</b>
<b>Core headline earnings per share<sup>2</sup> (R)</b>	<b>9,20</b>	<b>7,01</b>	<b>14,79</b>	<b>37,65</b>	<b>61 ▼</b>



1. Adjusted EBITDA is calculated by adjusting operating profit for depreciation, amortisation, sharebased payments, remeasurement items, change in discount rates of our rehabilitation provisions, all unrealised translation gains and losses, all unrealised gains and losses on our derivatives and hedging activities  
 2. Core HEPS is calculated by adjusting headline earnings with non-recurring items, earnings losses of significant capital projects (exceeding R4 billion) which have reached beneficial operation and are still ramping up, all translation gains and losses (realised and unrealised), all gains and losses on our derivatives and hedging activities (realised and unrealised), and share-based payments on implementation of B-BBEE transactions

# Financial results | Segmental highlights compared to prior year



## MINING

▼ **4% productivity**

Productivity trending positively in H2 FY20

**R347/t**

11% higher unit cost due to lower volumes



## EXPLORATION AND PRODUCTION

▲ **>100% EBIT**

No impairment in FY20

EBIT impacted by lower prices



## ENERGY

▼ **12% fuels sales**

Further impacted by lower oil prices

**R12bn**

Impairments recognised



## PERFORMANCE CHEMICALS

▲ **8% volumes**

Solid performance in H2 FY20; offset by soft macro environment and R2,6bn LCCP losses

**R28bn**

Impairments recognised



## BASE CHEMICALS

▲ **19% volumes**

Offset by further softening of chemicals prices and R2,3bn LCCP losses

**R71bn**

Impairments recognised



## GROUP FUNCTIONS

**R14bn**

Translation and hedging and derivative losses

**R7bn**

Finance charge due to LCCP-incurred debt

1. All % changes indicate a variance comparing the year ending 30 June 2019 to 30 June 2020

## FCF<sup>1</sup> inflection point

**Maintained**

Supported by response plan performance

## Accelerated asset disposals

**US\$0,6bn**

Completed and well advanced  
>US\$2bn target

## Balance sheet flexibility

**Covenant amendments**

Agreed

## Cash savings

**>US\$2bn**

Delivered 20% above FY20 target;  
Commitments in place for FY21

## Rights Issue

**Up to US\$2bn**

To be executed in H1 CY21,  
subject to shareholders approval

## Future Sasol

**Framework agreed**

More detail to follow in Nov 2020

Comprehensive response plan yielding positive results in FY20 and on track to deliver in FY21

1. Free cash flow

# Balance sheet | Proactive management continues

## FY20 mitigation measures realised

- ✓ US\$2,5bn liquidity **>100% above** guidance
- ✓ Covenant **waived**
- ✓ Focused “**cash war room**”
- ✓ **Cost savings achieved** through reduced external spend and human capital levers
- ✓ Working capital **managed to optimal** levels
- ✓ **Discretionary capital deferred**, safe and reliable operations remains priority
- ✓ US\$0,6bn in asset sales **secured**

## FY21 mitigation measures on track

- ✓ Covenant **amended<sup>1</sup> to 4x**
- ✓ **Plans to deliver** US\$1bn cost savings
- ✓ **On track** with our accelerated asset disposal target of >US\$2bn
  - Target US\$4 – 6bn **debt reduction**
  - **Rights issue** of up to US\$2bn

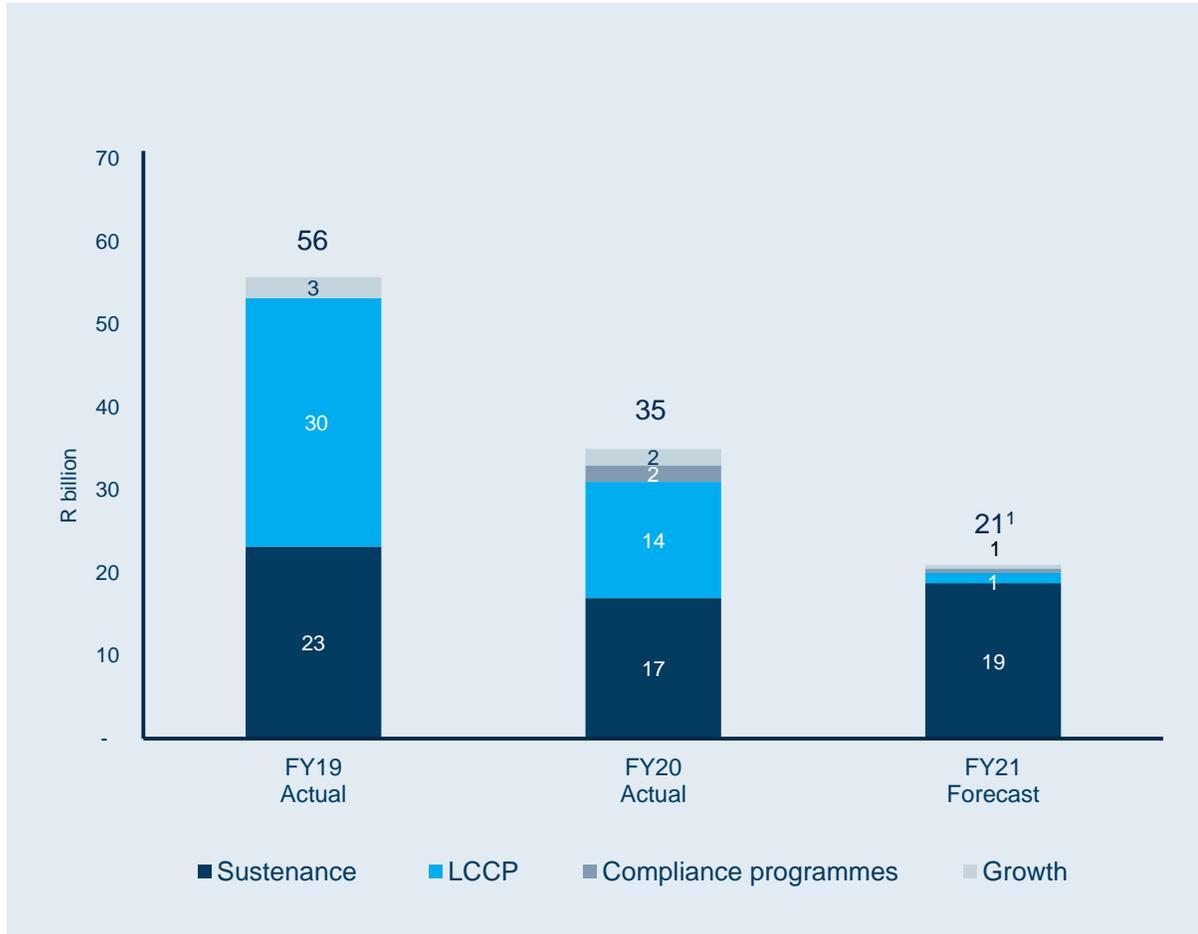
## Future Sasol aspiration

- ✓ **Clear portfolio choices** results in immediate and sustainable savings
- ✓ **Disciplined capital allocation** remains
  - **Sustainable earnings** in a low oil price environment
  - Return to **investment grade** rating
  - **Globally competitive** portfolio with resilience in a **low carbon future**

Continuous efforts to stabilize and improve the liquidity position

1. Covenant amended to 4,0 times of Net debt: EBITDA as at 31 December 2020

# Balance sheet | Capital spend normalising



- FY20 capital **reprioritised** in line with our response plan
- Remaining **cash flow** for LCCP of R1bn (US\$75m) in FY21
- Sufficient **sustenance** and **environmental** capital allocated
  - ensuring **safe** and **reliable** operations
  - supporting our long-term **sustainability efforts**
- Commitment to **compliance capital** remains; timeline to align to response plan
- FY22 capital expenditure guidance **subject to** finalisation of the future Sasol initiative
- Capital expenditure **impacted by** R/US\$ exchange rate – 10c change equals R30m impact

Sufficient future capital expenditure ensuring long term business sustainability

1. Forecast based on R15,71/US\$ for FY21



## UPSTREAM

- Normalised Mining unit cost of **R340 – R360/t**
- Mozambique gas production **114 – 118bscf**



## ENERGY

- Liquid fuels sales **54 – 55 mmbbls**
- ORYX GTL average utilisation of **75 – 80%**



## GROUP

- Net debt: EBITDA<sup>1</sup> **below covenant levels**
- Normalised cash fixed costs **within inflation**
- Cost saving measures of **US\$1bn**
- Debt reduction of **US\$4 – US\$6bn**



## PERFORMANCE CHEMICALS

- Sales volumes **3 – 5% higher** than FY20
- Sales volumes (excluding LCCP) **flat** or **slightly below** FY20



## BASE CHEMICALS

- Sales volumes **3 – 5% higher<sup>2</sup>** than FY20
- Sales volumes (excluding US polymers products) **1 – 2% higher** than FY20



The impact of the COVID-19 pandemic is expected to continue to drive short-to-near-term volatility

1. Per the Revolving Credit facility and US dollar Term Loan facility covenant definitions; 2. Subject to the conclusion of the LCCP partnering transaction



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# Future Sasol | Our aspiration



Distinct portfolios with differentiated capabilities



A simpler, more agile organisation that provides a great place to work

FUTURE  
SASOL



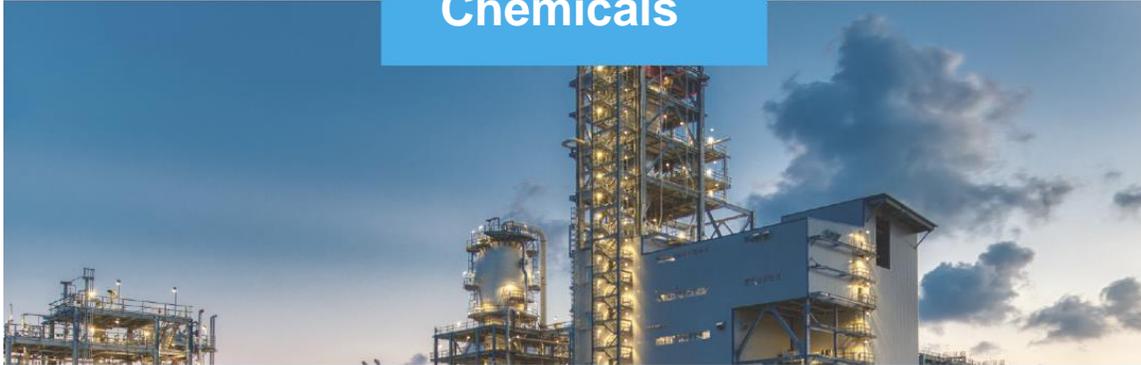
A more modern Sasol leveraging our proprietary technologies and unique chemistry



Delivering triple bottom line outcomes

A more resilient future Sasol

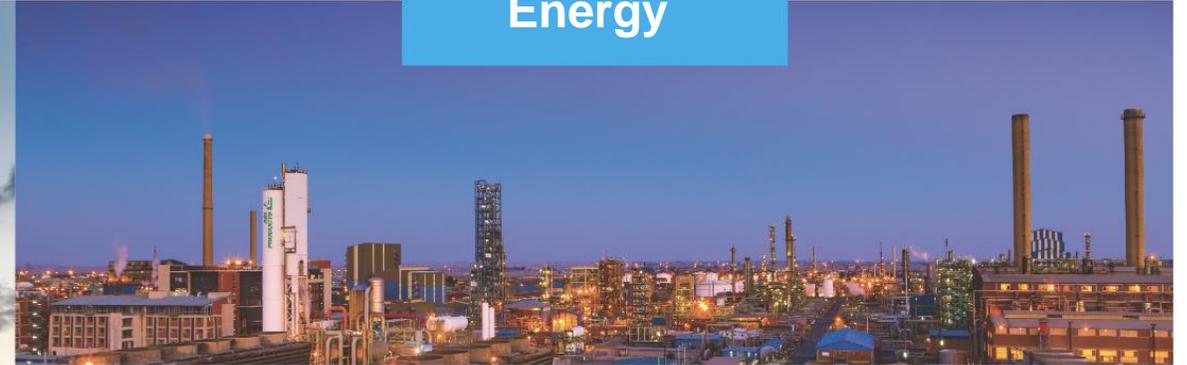
## Chemicals



Leveraging integrated value chains for high-value returns

- **Align** our business with powerful megatrends
- **Transform** our portfolio towards specialty products
- Earn the right to accelerate **high value growth**
- Aggressively **drive excellence** in all we do

## Energy

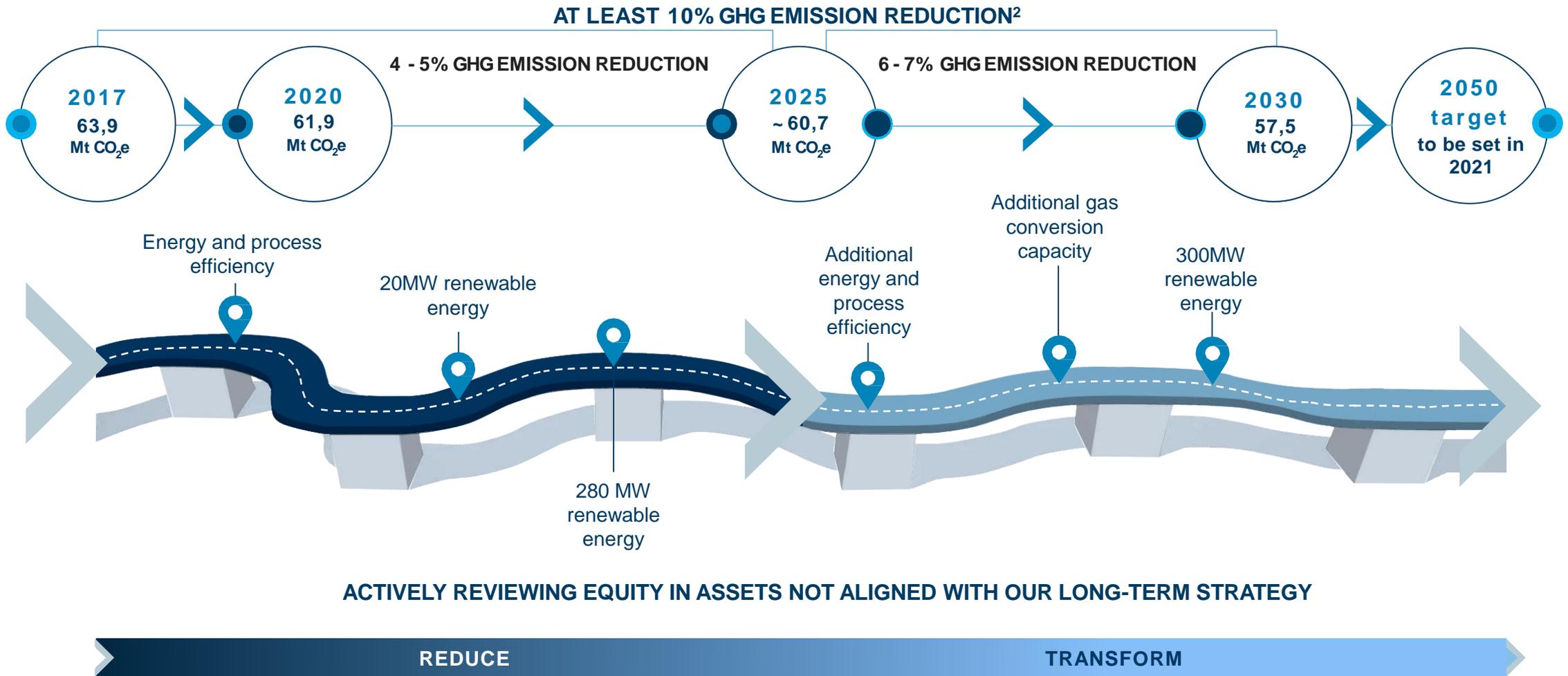


Strong cash generator with stable long term profile

- Improve economic value and **cost competitiveness**
- Reduce the **carbon footprint** of our facilities
- Secure **affordable gas** supply and implement renewables
- **Higher margins** in fuel retail business
- Identify sustainable **lower carbon** growth options

Positioning for a sustainable future

# Future Sasol | Sustainability roadmap for South Africa<sup>1</sup>



1. Additional information published in FY20 climate change report; 2. Off a 2017 baseline

# Future Sasol | Key management steps to deliver



Revised operating model **aligned to our new strategy**



**Embed new executive structure and define senior leadership** to execute operating model, with **smaller corporate centre**



**Benchmarking and diagnostic reviews** to define optimal structures and **fit-for-purpose governance**



**Credible targets** to FY25, unlocking **margin** and **FCF<sup>1</sup> enhancements**



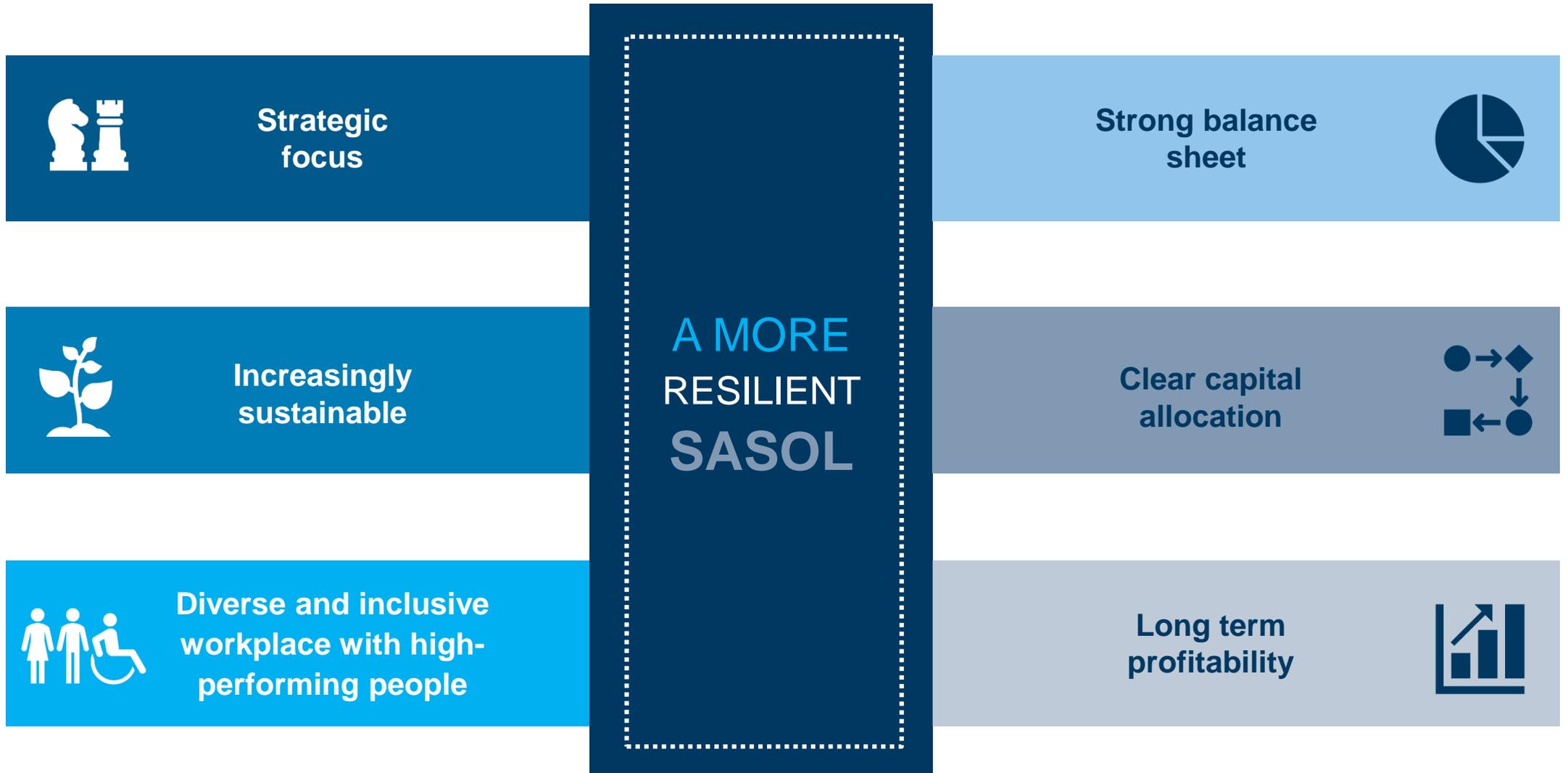
Defining our **purpose and value**, aligned with ambition to be **sustainable**

**ANNOUNCED**



1. Free cash flow

# Future Sasol | Value creation through focus, sustainability and performance



# Abbreviations



<b>BC</b>	Base Chemicals
<b>B-BBEE</b>	broad-based black economic empowerment
<b>EBIT</b>	earnings before interest and tax
<b>EBITDA</b>	earnings before interest, tax, depreciation and amortisation
<b>EO/EG</b>	ethylene oxide/ethylene glycol
<b>ETO</b>	ethoxylates
<b>ESG</b>	environmental, social, governance
<b>FCF</b>	free cash flow
<b>FY</b>	financial year
<b>GDP</b>	gross domestic product
<b>GHG</b>	greenhouse gas emissions
<b>GTL</b>	Gas to liquids
<b>H1</b>	1 <sup>st</sup> half
<b>H2</b>	2 <sup>nd</sup> half
<b>HEPS</b>	headline earnings per share
<b>HDPE</b>	high density polyethylene

<b>JV</b>	joint venture
<b>LCCP</b>	Lake Charles Chemicals Project
<b>LDPE</b>	low density polyethylene
<b>LLDPE</b>	linear low density polyethylene
<b>LWDCs</b>	lost work day cases
<b>MEG</b>	mono-ethylene glycol
<b>OBU</b>	operating business unit
<b>PC</b>	Performance Chemicals
<b>PPA</b>	Petroleum Production Agreement
<b>Q</b>	quarter
<b>RCR</b>	Recordable Case Rate
<b>ROIC</b>	return on invested capital
<b>SBU</b>	strategic business unit
<b>SIC</b>	Sasol Investment Company
<b>SSO</b>	Secunda Synfuels Operations
<b>ZAG</b>	Ziegler, Alumina and Guerbet