SASOL'S JOINT PRESIDENTS AND CHIEF EXECUTIVE OFFICERS

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SASOL INZALO UNWIND AND SASOL KHANYISA ANNOUNCEMENT

INVESTOR CONFERENCE CALL SCRIPT

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COVER SLIDE

BONGANI

Good afternoon, this is Bongani speaking. Joining me in the room is my fellow Joint CEO Steve Cornell and Group CFO, Paul Victor.

Thank you for joining us today as we mark another milestone on Sasol's transformation journey in South Africa. A key priority area for us in this financial year is redefining on our empowerment landscape through a comprehensive strategy.

As we continue to redefine our empowerment landscape, our target is become at least a Level 4 contributor in terms of the Codes of Good Practice by 2020.

Broad-based black economic empowerment, or triple BEE, is a key enabler for economic transformation and inclusive growth. In line with our values, transformation is a strategic, business and social imperative and we are focusing on all aspects of transformation, including equity ownership.

In today's call, we will discuss how we plan to proactively manage the unwind of Sasol Inzalo as we head towards 2018 and then go into the design principles and implications of Sasol Khanyisa.

During the call we will refer to specific slides in the fact book which is published under the Investor center of our website.

I would like to draw your attention to the safe harbour note on page 2 of this presentation.

I'll now hand over to Paul to unpack Sasol Inzalo and Sasol Khanyisa.

PAUL

Thank you Bongani and good afternoon ladies and gentlemen.

Starting on slide 7, we reminded shareholders via the SENS issued yesterday that Sasol Inzalo comes to an end in 2018. In 2008, the South African economy was performing extremely well, buoyed by upbeat global economic performance and a favourable commodity cycle. It was against this backdrop that Sasol Inzalo was born and aligned to the dti triple BEE codes.

Our core objective was to provide many South Africans the opportunity to own a portion of Sasol, making it truly broad-based.

It offered an ownership opportunity to our employees, the black public, selected companies and community trusts, which they acquired at R366 per share.

This included a foundation, focused on advancing science, technology, engineering and mathematics education in South Africa. The Sasol Inzalo Foundation will continue its good work after Sasol Inzalo ends as it forms part of our empowerment landscape of Sasol Khanyisa.

The objective of Sasol Inzalo was to settle its debt through share price growth and dividends received.

Now turning to slide 8 and where we stand today;

Sasol Inzalo comprised six elements.
Our employee and management trusts;
The Sasol Inzalo Groups funded element;
the Sasol Inzalo Public funded element;
the Sasol BEE ordinary shareholders; and
the Sasol Inzalo Foundation.

The differentiating factor between the elements was the funding arrangements associated with the different elements.

The employee and management trusts, together with the Sasol Foundation were notional vendor financed.

The Sasol BEE ordinary shareholders, paid full value for their shares in 2008, and are thus unencumbered. They continue to trade SOLBE1 shares on the BEE segment of the JSE.

In relation to Sasol Inzalo Groups and the Inzalo Public Funded element, the acquisition of preferred ordinary shares in Sasol was partly funded by way of equity contributions from Inzalo shareholders.

The remaining portion of the required funding was raised by the issue of preference shares to Sasol and various banks.
Sasol provided a guarantee on the third party debt and is therefore obligated to settle any shortfall on the debt held by these parties.

Linking this to the unwind of Inzalo,
I have just discussed the C & D element, and will unpack this further over the next few slides.

The employee and management trusts will unwind with no dilution and a negligible impact on cash flow. However, over the last 9 years employees did benefit from over R1,6 billion in dividends that were distributed to them.

No net value will be returned to the participants of the employee plan as the vendor debt is higher than the share value. Sasol will write the debt off.

Sasol BEE ordinary shareholders will automatically redesignate from SOLBE1 to SOL shares. From inception, these shareholders have received the same dividends as SOL shareholders which approximates a dividend yield of 3,5% per annum.

The Sasol Foundation will continue its exemplary work as a public benefit organisation and its debt will be written off. R500 million of dividends over this period was spent on enhancing studies in maths, science and technology.

The Sasol Inzalo Foundation benefitted over 20 million learners in South African public schools. In addition, more than 800 bursaries and fellowships have been awarded to students at 16 South African universities.

Now focusing on the unwind of the Groups and Inzalo funded elements on slide 9.

Approximately R12bn of debt will need to be settled. This could be achieved through the sale of the Sasol shares held by the Inzalo Fundcos, with any resultant debt shortfall being covered by Sasol.

We have, and continue, to evaluate the various options to settle this obligation in full. Our focus remains on minimising the cost and dilution impact to Sasol shareholders.

To effect the unwind, we propose repurchasing the Sasol shares in Fundcos, cancelling them, and then injecting any additional funds to settle the residual debt and associated costs.

As reflected on this slide, there are a few options available to source the required funds. We have weighed up the benefits and shortfalls of all these options. With FY18 being our peak gearing year combined with our desire to maintain investment grade credit metrics, we consider an equity issuance via an Accelerated Book Build or ABB to be the optimal solution.

While this is currently our preferred option, we will be requesting several shareholder approvals at our AGM to ensure that we are able to pursue alternatives should they become more advantageous.

The issue of shares may result in a dilution for Sasol shareholders which I will address on the following slide.

I would like to emphasise that we will only raise as much equity under this process as is required to settle the outstanding debt and associated costs.

Let me now take you through a scenario on slide 11, where the ABB will be executed at a R400 share price.

We expect approximately R12,4 billion of debt and associated costs will need to be settled next year when the Inzalo Groups and Public elements unwind.

This will require a share issuance of 32,5 million shares to raise sufficient proceeds that will be used for the following;

- Firstly, to purchase the 25,6 million shares from the Inzalo Fundcos and
- Secondly to settle the estimated R2,2 billion shortfall and associated costs with 7 million shares being issued at R400 per share

The 25,6 million shares purchased, which formed part of our share capital pro forma disclosure, will then be cancelled. This means that there will effectively be an issue of 32,5 million new shares which equates to a 5,1% dilution. I must emphasize that shareholders approved the issue of the Inzalo 25,6 million shares in 2008.

These shares represent a 4% dilution and the additional dilution of 1,1% or 7 million shares, is as a result of funding the shortfall and associated costs with equity.

The equity raise has a number of benefits namely that:

it provides Sasol, as well as its shareholders, with certainty of having the required funds prior to debt redemption dates;
it minimises pressure on the balance sheet during our peak gearing year and protects our investment grade rating;
AND it allows us to place a large number of shares in the market in a responsible manner.

As mentioned earlier, Sasol will monitor the market situation and will execute this process in the most cost effective manner given the risks which we need to manage.

On slide 14 which introduces our new Sasol Khanyisa transaction, we landed on a number of key principles that would enable our objectives – specifically, to ensure that the transaction will deliver long-term value and lead to sustainable ownership of Sasol by Black South African shareholders.

The fundamental differences of Sasol Khanyisa are:

- Ensuring net value creation with the objective of focusing on amortising debt;
- By implementing Khanyisa at Sasol South Africa, Sasol Khanyisa will therefore be less dependent on share price fluctuations and will instead be reliant on Sasol South Africa's expected cash flow performance;
- No external funding will be used, which means no cash flows out from Sasol;
- Sasol Khanyisa will lead to ever-green or long-lasting ownership of Sasol by Black South Africans through the ownership of Sasol BEE ordinary shares, or SOLBE1 shares; and
- Sasol Khanyisa is a simpler structure to enable more effective communication and consistent treatment of participants.

The key components of Sasol Khanyisa are detailed on slide 15

Through these design principles, Sasol Khanyisa will have a 25% effective direct and indirect ownership of Sasol's South African operations.

Sasol Khanyisa ownership will be at both a Sasol Limited and Sasol South Africa level, with the Sasol Inzalo Foundation to make up the balance. The foundation will be renamed to the Sasol Foundation. Sasol Mining and Sasol Oil are excluded as they are already separately empowered.

Eligible participants in Sasol Khanyisa will comprise existing Sasol Inzalo Public and Groups shareholders, existing Black Sasol shareholders that trade on the empowerment segment of the JSE, and Sasol's Black permanent employees who are actively employed in May 2018.

Sasol Khanyisa will provide participants exposure to both Sasol Limited and Sasol South Africa. The final ownership proportion of Sasol South Africa will be determined based on the takeup of the existing Inzalo participants in Khanyisa next year.

The mechanism of value creation is based on closer access to SSA cash flows, which will assist in paying down the vendor funding. The objective of this structure will provide shareholder exposure at Sasol Limited on an unencumbered, tradeable basis.

Let me now take you through the mechanics of Sasol Khanyisa on slide 16.

Sasol Khanyisa enables a 25% effective ownership, directly and indirectly held, in Sasol South Africa Ltd or SSA from the start of the transaction in June of next year AND
Is designed to achieve the net ownership objectives as contained in the DTI codes.

SSA comprises of all our South African businesses excluding Sasol Mining and Sasol Oil which are separately empowered.

The transaction by its design will achieve at its inception a net ownership value of 5,3% inclusive of the net ownership value of The Sasol Foundation

In essence, there are three participants in the transaction with only two investment vehicles:

- Firstly, SOLBE1 ordinary shareholders;
- Secondly, Inzalo Groups and Public shareholders or now referred to as Sasol Khanyisa Public; and
- LASTLY eligible Sasol Employees who participate in a three year and ten year ownership plan now referred to as Sasol Khanyisa ESOP.

The transaction will benefit approximately 270 000 participants, who will participate in the following way;

Firstly, SOLBE1 shareholders who elect to remain in SOLBE1 will receive one incentive SOLBE1 share, for no consideration, for every 4 SOLBE1 currently owned. The SOLBE1 shareholding will contribute 1,8% to the 25% ownership holding

Second, all eligible Inzalo groups and public participants, including those SOLBE1 shareholders that have made the election to participate in Sasol Khanyisa will receive:

- 1 Khanyisa share for every Inzalo/SOLBE1 share held; and
- 1 SOLBE1 share for every 10 Khanyisa shares held, for no consideration

The Sasol Khanyisa Public will hold 9,8% of the Khanyisa shareholding in SSA.

Important to note is, that all Khanyisa Public shareholders of SOLBE1 shares will be unencumbered from day 1 resulting in immediate net value. The net value created on Day 1 through the issue of SOLBE1 incentive shares to Khanyisa Public amounts to R1,0 billion based on a share price of R330.

Focusing on the last component of the Khanyisa transaction namely Khanyisa ESOP which consists of 2 elements:

- a 3 year ownership plan that holds a combination of SOL and SOLBE1 shares; and
- a 10 year ownership plan for qualifying Black participants only, as defined by the BEE codes. This structure hold the remaining 9,8% shareholding of Sasol Khanyisa in SSA.

Participants in the 3 year Khanyisa ESOP ownership plan will receive a net value of R100,000 per employee or R2 billion in unencumbered SOL or SOLBE1 shares, after meeting a three year service condition.

The Sasol Khanyisa Public and 10 year ESOP ownership Plan will have a planned 10 year duration or sooner based on the earlier payment of the vendor funding. At that stage the shareholding will be considered as unencumbered resulting in in a net unencumbered shareholding of 25%.

The funding structure is detailed on slide 17.

No equity contribution is required from any of the participants.

The Sasol Khanyisa ESOP 10 year ownership plan will be notional vendor financed, whilst Sasol Khanyisa Public will be vendor funded by means of preference shares subscribed for by Sasol Limited. There is no 3rd Party debt in Sasol Khanyisa.

The funding rate will be a floating rate of 75% of prime, with a 2,5% trickle dividend being paid.

Turning to the unwind of Sasol Khanyisa on slide 18.

As mentioned, at the earlier of 10 years or the settlement of debt, Sasol Khanyisa Public and the ESOP 10 year ownership plan participants will receive SOLBE1 shares in exchange for their unencumbered shareholding in SSA on a value for value basis.

SSA will once again become a 100% subsidiary of Sasol Limited.

This ensures that we create sustainable net value through SOLBE1 shareholding and enables evergreen shareholding in Sasol by Black South Africans.

The key financial metrics for Sasol Khanyisa set out on slide 22, can be summarized as follows.

SSA has been independently valued at R91,4 billion for the purposes of this transaction.

There is only inter-company debt within SSA, with the majority of this being an existing R46 billion interest-free loan from Sasol Limited. This has helped us to develop an affordable purchase price for Khanyisa participants, and an optimal share-based payment expense for shareholders. This enables the transaction to be more sustainable and therefore more likely to deliver net value.

The transaction value of R21 billion is made up of the transaction value of the Khanyisa investment in SSA of R18bn with a further R2,9bn incentive shares issued at Sasol Limited level.

Based on our assumptions, the total Khanyisa transaction will attract a share-based payment cost of R7,3 billion spread over the 10 year period of the transaction. The slide also provides reference as to how the IFRS charge will be spread over the financial years.

The IFRS charge is made up of the following elements:

- SOLBE1 shares of R1 billion;
- Khanyisa Public of R2,2 billion;
- ESOP 3 year plan of R1,9 billion; and
- ESOP 10 year plan of R2,2 billion.

The potential share dilution for Sasol shareholders is approximately 2,9 million shares issued in FY19 based on our 15% election assumption of SOLBE1 participants. An additional dilution of 5,0 million shares will occur in FY21 relating to the vesting of the ESOP 3 year ownership plan. The estimated total dilution of these two components amounts to 1,3% per share.

The Sasol Khanyisa and Sasol Inzalo resolutions are highlighted on slide 23 to assist you in navigating through the circular that you will receive together with the AGM notice.

On that note I will hand over to Steve.

STEVE

Thank you Paul.

Turning to slide 25.

We believe that Sasol Khanyisa will deliver long term value and sustainable ownership of Sasol by Black South Africans.

Sasol is committed to redefining and delivering on our empowerment landscape. We are offering an exclusive right to existing external Inzalo participants and to our qualifying employees who we believe will benefit over time.

An important objective was to provide full vendor funding so that no further capital is required from participants and that no external debt would be required.

To achieve net value creation, Sasol Inzalo participants receive upfront unencumbered SOLBE1 shares in Khanyisa for no consideration to them. There is also no reliance on share price growth to create value in Sasol Khanyisa, making the net value created more sustainable.

The ultimate objective of Khanyisa will see SSA shares exchanged for SOLBE1 shares listed on the empowerment segment of the JSE at the end of the 10-year period. SOLBE1 shareholders can only be qualifying Black South Africans.

Unencumbered SOLBE1 exposure means participants receive value on day one of Sasol Khanyisa and can monetise their holdings. Therefore, there will be long-lasting Black ownership of Sasol through SOLBE1 shareholding.

We have also ensured we balance the cost to stakeholders in line with market norms. Sasol Khanyisa is a sustainable and robust transaction in the lower quartile of triple BEE transaction costs in South Africa. Also, we do not anticipate additional costs to shareholders at the end of the Khanyisa empowerment period.

Through our experience, we have applied principles with this core objective in mind, as we accelerate transformation across Sasol.

Thank you. Operator, we will now open the line for questions.