SEGMENT OVERVIEW

NOVEMBER 2014

This document was originally published on 21 November 2014. Ongoing refinement of the operating model has resulted in two of the reportable segments, Southern African Energy and International Energy, being combined into one segment, Energy. This document has not been updated to reflect this change.
The purpose of this document is to:

- provide context and explain how Sasol’s new operating model functions;
- highlight the key business drivers, performance metrics and interfaces for each part of Sasol’s value chain-based operating model; and
- create an understanding of the building blocks of our earnings and return on invested capital.

Although we expect a wide range of stakeholders to access this document, it has primarily been designed with shareholders and investors in mind. Our intention is to facilitate understanding by building a conceptual bridge between our old model and new operating model, and to highlight the changes. This document should be read in conjunction with the simplified earnings model and the business performance metrics in the Analyst Book. While most of the information in this document is extracted from the Annual Financial Statements, Annual Integrated Report and the Annual Report on Form 20-F, it is presented in a way that makes it possible for existing and prospective investors to assess the performance of the different parts of our value chain, as well as for the Sasol group.

The simplified earnings model is intended as a tool to assist analysts and investors to understand Sasol Limited’s new operating structure, and the key drivers for each part of the value chain. It does not contain any forward looking information and needs to be viewed as a tool to allow an improved basic understanding of the integration and performance metrics which ultimately drive earnings and return on invested capital. It should be used for this purpose only.

Note: All information provided in this document relates to the financial year ended 30 June 2014 and contains no reference to any forward looking information.
Introduction to Sasol’s new operating model

On 1 July 2014, the start of our 2015 financial year, we ushered in a new era for Sasol by introducing a value chain-based operating model for the group, replacing Sasol’s previous operating model, which was based on business units organised by product lines.

The rationale for a new operating model

The drive to overhaul Sasol’s previous operating model was initiated following a diagnostic study, commissioned in January 2013, to better understand areas where Sasol could improve its performance by sustainably optimising costs and reducing complexity.

The four-month long study highlighted the importance of simplifying Sasol’s group-wide operating model, since we had established and drove independent businesses along our integrated value chain, premised on product lines.

Over time, organising our businesses in this manner resulted in increased complexity, leading to slower decision-making, higher costs and greater time required for internal alignment and co-ordination.

After detailed analysis, benchmarking, weighing up the trade-offs between different options and reflecting on Sasol’s long-term growth aspirations and strategy, an operating model based on Sasol’s value chain was confirmed as the best platform to take the organisation into the future.

To this end, our new group structure supports a value chain-based operating model, which organises our business according to capability, and standardises the group functions required to support and enable these activities.

This new operating platform comprises four distinct groupings, which relate to the resources, relationships and capabilities required by Sasol to deliver on our strategic aspirations.

The benefits of a value chain-based operating model

Sasol’s new value chain-based operating model brings greater focus and increased simplicity to how the company is structured and managed.

It aligns the components of Sasol – Operating Business Units, Regional Operating Hubs, Strategic Business Units, and Group Functions – according to a single value chain, focused on the production of liquid fuels, high-value chemicals and low-carbon electricity.

The new operating platform also enables Sasol to operate as a streamlined and united company, all driving in the same direction towards our definition of victory – to grow shareholder value sustainably, which in turn benefits all Sasol stakeholders.
Sasol’s new operating model

Our new operating model aligns the components of Sasol – Operating Business Units, Regional Operating Hubs, Strategic Business Units, and Group Functions – according to a single value chain, focused on the production of liquid fuels, high-value chemicals and low-carbon electricity.

The four building blocks are:

**Operating Business Units (OBUs) –** Mining, and Exploration and Production International – accountable for securing critical feedstock (including gas and coal) for the integrated Southern African value chain, and for driving strategic expansion in upstream oil and gas, as a key source of future growth. OBUs own and operate assets, sell to internal and external customers and define their operations plan and strategy, within the context of Sasol’s group strategy. Key performance measures for the OBUs are on-time delivery, best throughput, cost efficiency and maximum sustainable return on invested capital (ROIC).

**Regional Operating Hubs (ROHs) –** Southern African Operations (consisting of Secunda Synfuels Operations, Secunda Chemicals Operations, Sasolburg Operations, Natref and Satellite Operations), Eurasian Operations and US Operations – house our current and future operating capacity, and enable the running of these as integrated manufacturing sites with fit-for-purpose functional support. They operate the assets and are accountable for delivering against agreed safety, cost, volume and specifications targets set by the Strategic Business Units, within the context of a group-wide plan. Plant availability, production and cost efficiency, as well as producing to plan, are some of the key performance measures in the hubs.

**Strategic Business Units (SBUs) –** International Energy, Southern Africa Energy, Base Chemicals and Performance Chemicals – the market-facing element of our business accountable for maximising revenue through our marketing and sales activities. SBUs drive maximum sustainable gross margin and return on assets by developing sales forecasts that are used as defining inputs into Planning and Optimisation (P&O). The key performance measures in the SBUs are margin expansion, ROIC and working capital. The SBUs set their strategy within the Sasol group context.

**Group Functions** – split across business units and hubs, at both regional and group level. Delivery occurs at OBU, ROH and SBU level to ensure alignment with business needs, and is supported by group Centres of Excellence to ensure common standards, cost management and oversight. The allocation of all group functions costs, (referred to as cost of belonging – COB), to SBUs and OBUs are allocated on a revised, simplified model based on the percentage of EBITDA contribution of the OBUs and SBUs.
The thread that connects the activities of OBUs, ROHs, and SBUs is the P&O function which ensures that buy, make and sell decisions are geared to support the profitability of Sasol as a whole, rather than individual products or value chains. P&O is accountable for operational decisions that affect the entire integrated value chain, and has substantial input into longer-term strategic and capital decisions that have significant impact on the group.

The diagram below indicates the high level changes between the previous organisation of business units and functions, and compares to how our new structure has been operating since 1 July 2014.
Segmental reporting of Sasol’s new operating model

The key changes from the previous reportable segments to the new reportable segments are depicted below:

In terms of International Financial Reporting Standard (IFRS) 8, Operating Segments, segmental reporting should reflect how the business is managed and how the results are reported to the Chief Operating Decision Maker (CODM). The CODM for Sasol is the President and Chief Executive Officer. The ROHs do not meet the quantitative criteria for disclosure as separate reportable segments under IFRS 8, as the profit and loss accountability resides in the SBUs. The ROHs, where the responsibility for optimally operating the Sasol plants resides, will be measured by key performance indicators only.

The ROHs hold our current and future operating capacity, and enable the functioning of these operations as integrated manufacturing sites with consolidated functional support. They operate assets on behalf of the SBUs and are accountable for delivering against agreed cost, volume and specifications targets set by the SBUs, within the context of a group-wide plan. They are responsible for ensuring plant efficiency and optimising the total cost of production.

The costs in the OBUs and ROHs are passed through the value chain to the SBUs. Fixed assets, including assets under construction, liabilities (including rehabilitation provisions) which are separately identifiable and directly linked to a SBU are directly allocated to the specific SBU. Other common assets and liabilities (which cannot be directly linked to a SBU) are split across the SBUs based on the product costing principles.

The relationships between the SBUs and the ROHs may be viewed as a breakeven tolling arrangement. The SBUs do not directly incur any production costs, and the costs they do incur are mainly related to the marketing and administration necessary to realise sales on the finished products.
## Product streams

<table>
<thead>
<tr>
<th>Operating Business Units</th>
<th>Sub-product groups</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mining</strong></td>
<td>Coal – supplied to Secunda Synfuels ROH, Secunda Chemicals ROH and Sasolburg ROH as feedstock&lt;br&gt;Coal – sold to export market</td>
</tr>
<tr>
<td><strong>Exploration and Production International</strong></td>
<td>Natural gas – sold to Mozambique and North American markets&lt;br&gt;Natural gas – sold to SA Energy&lt;br&gt;Crude oil and condensates</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Strategic Business Units</th>
<th>Sub-product groups</th>
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<tr>
<td><strong>Southern Africa Energy</strong></td>
<td><strong>Fuels</strong>&lt;br&gt;Petrol&lt;br&gt;Bitumen&lt;br&gt;Propane, butane and LPG&lt;br&gt;Coke products&lt;br&gt;Heating fuels&lt;br&gt;Illuminating paraffin&lt;br&gt;Jet fuel, kerosene and diesel&lt;br&gt;Lubricants</td>
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<td><strong>Gas</strong>&lt;br&gt;Natural gas and methane-rich gas</td>
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<td><strong>Energy</strong>&lt;br&gt;Electricity sold to the grid</td>
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<td><strong>International Energy</strong></td>
<td><strong>GTL products</strong>&lt;br&gt;GTL diesel, naphtha and LPG</td>
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<tr>
<td><strong>Base Chemicals</strong></td>
<td><strong>Monomers and Polymers</strong>&lt;br&gt;Monomers, polypropylene, polyethylene, vinyls and mining reagents</td>
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<td><strong>Solvents</strong>&lt;br&gt;Industrial solvents</td>
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<td></td>
<td><strong>Other</strong>&lt;br&gt;Explosives, explosive accessories and fertiliser</td>
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<tr>
<td><strong>Performance Chemicals</strong></td>
<td><strong>Organics</strong>&lt;br&gt;Organics (LAB, alcohols, surfactants, n-paraffins and n-olefins, ethylene)&lt;br&gt;Co-monomers (hexene, octene and pentene)</td>
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<td><strong>Other</strong>&lt;br&gt;Inorganics (speciality alumina and zeolites), catalyst, phenols, phenolics, ammonia, carbon, speciality gasses and coke products</td>
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<td></td>
<td><strong>Wax</strong>&lt;br&gt;Hard wax, medium wax, slack wax and soft wax</td>
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### Key performance indicators

Each of the groupings in the operating model will be measured by key performance indicators. This table is intended to assist our stakeholders to understand the accountability and roles of the OBUs, ROHs, and SBUs.

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<td>Sales &amp; Marketing</td>
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<td>Assumptions</td>
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<tr>
<td>Cash Fixed Costs</td>
<td>Within SA PPI, Europe and US inflation</td>
<td>X</td>
<td>X</td>
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<td>X</td>
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*OBU-specific metrics such as tons per continuous miner per shift and resource/reserve maturation process metrics.

Please note that the headcount for the ROHs is allocated to the SBUs based on the same allocation principles of operating cost as described under the costing mechanism section in the ROHs.
OPERATING BUSINESS UNITS

Mining

Business overview
- There are three coal mining operations:
  - The coal-to-liquids (CTL) complex situated in Secunda, South Africa, consisting of Bosjesspruit, Brandspruit, Middelbult and Syferfontein mines. These mines supply approximately 32.9 million tons (Mt) of coal to the Secunda Synfuels ROH.
  - The Sigma complex, situated near Sasolburg in the Free State province, South Africa, consisting of the Mooikraal Colliery, supplies approximately 1.7 Mt of coal to the Sasolburg ROH.
  - The Export complex, consisting of the Twistdraai Colliery where coal is beneficiated and exported primarily to the Middle East and India. The colliery produces approximately 6.9 Mt per year. Coal exports have approximated between 2.5 and 3.0 Mt per year for the past 5 years. In FY14, 2.3 Mt of middlings by-product was transferred to the CTL complex, and 1.8 Mt was discarded during the beneficiation process.
- A 4.22% share in the capacity at Richards Bay Coal Terminal (RBCT) which corresponds to an existing entitlement of 3.6 Mt per year.
- The Mining OBU also has a long-term coal purchase agreement in place to procure approximately 5.1 Mt per annum. This agreement expires in 2026 and supplements the coal produced by our mining operations for the Secunda coal market.
- The Mining OBU under the new operating model remains relatively unchanged compared to the previous operating model.

Capacity
- Production capacity amounts to approximately 40 Mt of saleable coal a year, with exports comprising between 2.5 and 3.0 Mt per year.
- RBCT total capacity: Sasol 4.22% share of 91 Mt or 3.6 Mt per annum.
- The Mining OBU is currently developing two new collieries, Shondoni and Impumelelo, and the Tweedraai shaft, which will ensure sustained supply of coal to the Secunda Synfuels ROH.

Product slate
- Run of mine coal – gasification feedstock to the Secunda Synfuels ROH and utilities generation for the Secunda Chemicals and Sasolburg ROHs.
- Beneficiated coal – exported to international power-generation customers.

Cash costs
- The cash cost breakdown below is an approximate range based on FY14 information.
- The primary drivers of cash costs (excluding external coal purchases) in this OBU are:
  - Labour (35% – 37%)
  - Maintenance (17% – 19%)
  - Variable costs e.g. continuous miners, support pillars/bolts (20% – 22%)
  - Other (comprising cost of belonging, legal, communications, facilities etc.) (25% – 27%)

Pricing
- The OBUs charge the SBUs directly for all products sold for the process of manufacture. There is no charge to the ROHs as they operate primarily as a processing facility on behalf of the SBUs.
- Coal supplied to the Secunda Synfuels ROH is based on an arms-length basis and earns an equitable return on assets deployed, taking future approved coal investments into account. This pricing mechanism is necessitated by the 20% external shareholding in Sasol Mining (Pty) Limited, and is calculated such that the ROIC for the Secunda coal market achieves a return that approximates the Sasol South African hurdle rate (currently 16.84%). The Mining OBU bears the full operating and capital efficiency risk which relates to the business.
- Coal supplied to the Sasolburg ROH is based on a long-term supply contract with an annual inflation-linked escalation clause.
- The pricing policy of export coal is to sell based on the indexed dollar coal price and partially on a fixed price basis.

Return on invested capital
- Drivers of ROIC in this OBU are:
  - Sales volumes
  - Quality of coal delivered
  - Internal/external coal prices
  - Cost escalation
  - Capital expenditure
  - Effective tax rate
Exploration and Production International (EPI)

Business overview

The EPI segment under the new operating model remains unchanged compared to Sasol Petroleum International (SPI) under the previous operating model.

- **Exploration**
  
  Various exploration projects, in different stages of development, are currently underway in Australia, Nigeria and Mozambique exploring for oil, conventional and unconventional gas, with a specific focus on Southern Africa and rest of Africa.

- **Production**
  
  **Mozambique production**
  - Natural gas and condensate are produced from the onshore Pande-Temane Petroleum Production Agreement asset.
  - Gas from the Temane and Pande onshore gas fields is sent to the Central Processing Facility (CPF), located some 700 km north of the Mozambican capital Maputo, for processing and compression.
  - Most of the natural gas is transported via the Republic of Mozambique Pipeline Investments Company (ROMPCO) pipeline, in which Sasol has a 50% stake, from the CPF to Secunda. ROMPCO is a joint venture (JV) between Sasol and the South African and Mozambique Governments.

  **Canada operations**
  - In Canada, Sasol is a 50% partner in a partnership with Progress Energy Canada Ltd. for the development and operation of the Farrell Creek and Cypress A shale gas assets in British Columbia. Progress Energy Canada Ltd. operates the asset on behalf of the partnership.
  - Farrell Creek gas is processed through facilities owned by Sasol and Progress Energy Canada Ltd. Cypress A gas is processed and sold through third party production facilities.

  **Gabon**
  - In Gabon, we have a non-operated interest in the VAALCO Gabon (Etame) Inc. operated offshore Etame Marin Permit asset. Oil production from the Etame field commenced in 2002, followed by production in 2007 and 2009 from the associated Avouma and Ebouris fields.

Capacity

**Mozambique**
- CPF in Pande-Temane, Mozambique: 450 million standard cubic feet per day (mmscf/day) gas.
- Natural gas is transported via the ROMPCO pipeline to Secunda, limited by capacity of pipeline at 140 billion standard cubic feet per annum (bscf/a).
- A 26 inch pipeline (Loopline 1) from the CPF running parallel to the ROMPCO pipeline for the first 128 km to Scraper station 1 increases the average capacity of the existing pipeline to 172 bscf/a.

**Canada**
- CPF in Farrell Creek, Canada: 320 mmscf/day gas total processing capacity.
- The processing capacity in Cypress A, Canada: 10 mmscf/day gas.

**Gabon**
- Floating, production, storage and offloading facility Etame Marin Permit, Gabon: 25 000 barrels per day (bpd) oil.

Product slate

**Mozambique**
- 257,8 million barrels (bbl) of condensate was sold ex gate CPF to Temane Trading during FY14.
- 10,6 bscf of natural gas was sold to the Mozambique electricity generation and gas reticulation markets in FY14.
- Natural gas sold to the SA Energy SBU, Base Chemicals (BC) SBU and Performance Chemicals (PC) SBU, amounted to 94,5 bscf in FY14.

**Canada**
- Natural gas and condensate is sold into the western Canadian natural gas market.

**Gabon**
- Oil is sold on the international open market.

Cash costs

- The primary drivers of cash costs in this OBU are
  - Operating cost for hydrocarbon production
  - Labour cost
  - Maintenance costs on existing wells
  - Cost of belonging
Pricing

Mozambique
- The OBUs charge the SBUs directly for all products sold for the process of manufacture. There is no charge to the ROHs as they operate primarily as a processing facility on behalf of the SBUs.
- A one year condensate agreement was entered into with Trafigura PTE Ltd on 1 July 2014. An extension clause for a further twelve month period is included in the contract to be negotiated three months before expiry.
- Gas from EPI’s Mozambique Pande-Temane operations is currently sold under a long-term gas sales agreement which runs until 2029. This contract can be extended to 2034 based on pre-agreed conditions.
- In addition, further in-country gas sales agreements, were also concluded in June 2013, consisting of:
  - a 20-year contract with Empresa Nacional de Hidrocarbonetos for 5.5 bscf/a that started on 1 April 2013 for sales into the Mozambique market;
  - a 20-year contract with Matola Gas Company for 7.3 bscf/a commencing from 1 July 2014; and
  - a 20-year contract with Central Térmica de Ressano Garcia of 10 bscf/a that starts in January 2015 for the supply of feedstock to the 175 megawatt (MW) power station.
- Due to commercial sensitivity, the details of these pricing agreements are not disclosed.

Canada
- Gas produced from the Farrell Creek and the Cypress A assets are sold by the Progress Sasol Montney Partnership into the western Canadian gas market under a long-term marketing agreement with Progress Energy Canada Ltd. effective until 2024.
- Condensate and natural gas liquids are sold under the same marketing agreement. Condensate prices are typically linked to the oil price and, compared with crude oil, trade at a discount on a per barrel basis.
- Achieved gas prices from Canadian gas fields typically sell at the AECO Hub price, which has historically traded at a discount compared to the better known Henry Hub gas price. The discount is due to regional supply and demand dynamics, as well as distribution costs for the Canadian gas to reach the United States (US) market. Canada has historically been a net exporter of gas to the US.

Gabon
- Oil produced from the Etame Marin Permit asset is sold internationally on the open market. An annual crude oil sale and purchase agreement is typically entered into for the sale of oil, based on a competitive bidding process, with sales prices linked to international oil prices.

Depreciation of producing oil and gas assets
- Depreciation of mineral assets on producing oil and gas properties is based on the units of production method calculated using estimated proved, developed reserves.
- Depreciation of property acquisition costs, capitalised as part of mineral assets in property, plant and equipment, is based on the units of production method calculated using estimated proved reserves.

Exploration, evaluation and development costs
- Drilling of unsuccessful exploration wells is regarded as inevitable in the upstream business and viewed as a part of normal operating activities.
- Re-measurement items such as impairments, disposals and scrapping of assets, are defined as once-off items or items that are generally not considered to be the operating or trading activities of an entity.
- Headline Earnings Circular 3/2012 – issued by the South African Institute of Chartered Accountants (SAICA) – defines a re-measurement as an amount recognised in profit or loss relating to any change (whether realised or unrealised) in the carrying amount of an asset or liability that arose after the initial recognition of such asset or liability. Accordingly, write-off of an unsuccessful well meets the definition of a re-measurement as per this Circular.
- Normal exploration costs incurred will be classified as exploration expenditure as these costs are regarded as part of the operating and trading activities of the entity.

Return on invested capital
- Drivers of ROIC in this OBU are
  - Sales volumes
  - Product prices (oil, condensate, gas)
  - R/US$ exchange rate
  - Cost escalation
  - Capital expenditure
  - Effective tax rate
REGIONAL OPERATING HUBS

Secunda Synfuels Operations

Operations overview
- This ROH functions as a processing facility that operates assets on behalf of the energy and chemicals SBUs.
- It operates a coal and gas based synthetic fuels manufacturing facility. It produces syngas primarily from low-grade coal (approximately 90%) with a smaller portion of natural gas (approximately 10%). The process uses advanced, high-temperature Fischer-Tropsch (FT) technology to convert syngas into a range of synthetic fuel components, heating fuels (including industrial pipeline gas), and chemical feedstock. Fuel components are used mainly for blending into automotive and aviation fuels.
- Apart from the production of saleable products, the ROH is self-sufficient in the production of utilities such as oxygen and steam required in the production process. It also generates approximately 50% of its own electricity requirements.
- The ROH is a supplier of utilities to the Secunda Chemicals ROH.

Feedstock
- Low grade coal is acquired from the Mining OBU, and used as feedstock for fuels and chemicals.
- Natural gas, acquired from the EPI OBU, is used as feedstock for both fuels and chemicals production, as well as for electricity generation.

Production
- Approximately 7.5 – 7.6 Mt (7.6 Mt for 2014) per annum. Future baseline improvements are still to be assessed.
- Electricity generation – we have the capacity to generate 600 MW from coal (via steam) and 200 MW from natural gas. The total demand for the Secunda Synfuels and Chemicals ROHs is approximately 1 100 MW – 1 200 MW.

Product slate
- Liquid fuels and heavy fuel oils (3 971 kilotons (kt)) – transferred to SA Energy SBU.
- Chemical feedstock (2 475 kt) – transferred to the Secunda Chemicals ROH and the Sasolburg ROH for further processing and sold externally via BC SBU and PC SBU.
- Ammonia (297 kt) – transferred to Secunda Chemicals ROH for further processing and sold externally via the PC SBU.
- Sulphur and wet sulphuric acid (190 kt) – sulphur is sold externally via the BC SBU and wet sulphuric acid is transferred to the Secunda Chemicals ROH for further processing and some consumed internally.
- Methane-rich gas (544 kt) – portion sold externally via the SA Energy SBU with some consumed internally.
- Carbon and other products (133 kt) – sold externally via the PC SBU.

Shutdown intervals of the Secunda Synfuels ROH
- The plant consists of four parallel phases, with each pair of phases linked by common equipment. The phases are shut down for planned maintenance on a four-yearly cycle (i.e. one every year, usually around September), and the common equipment on an eight-yearly cycle (i.e. one every four years). The production impact of the total shutdowns, when the common equipment is maintained, approximates 115 000 tons of lower production. The last total shutdown was September 2013.

Costing mechanisms
- All feedstock costs are recovered directly from the OBU to the SBU.
- The operating costs (fixed and variable) in the ROH are passed through the value chain to the respective SBUs at cost.
- Fixed assets, including assets under construction and liabilities, which are separately identifiable and can be directly linked to an SBU are allocated to the specific SBU.
- Other common assets and liabilities (which cannot be directly linked to a SBU) are allocated based on volume offtake.
Secunda Chemicals and Sasolburg Operations

Operations overview
- These ROHs function as processing facilities that produce and add further value in the chemical value chain and supply these products to the BC and PC SBUs.
- The main manufacturing facilities are located at Secunda and Sasolburg. Chemical operations add further value to feedstocks received from the Secunda Synfuels ROH to produce a range of chemicals including explosives, fertilisers, monomers, polymers, solvents, ammonia, phenols, wax and coal-tar products.
- Sasolburg ROH includes the supply of utilities and site services to local Sasolburg operations, including the Natref ROH and external customers.
- A 680 tpa cobalt catalyst manufacturing unit is situated on the Sasolburg site.
- Secunda Chemicals ROH provides site services to the whole of the Secunda facility, including the Secunda Synfuels ROH and the Mining OBU.

Feedstock
- The feedstocks used in the Secunda Chemicals ROH and the Sasolburg ROH are acquired from the Sasol Synfuels ROH, the Sasol Mining OBU, the SA Energy SBU and internally produced within the hub.
- C₂ rich gas (ethylene and ethane) and small amounts of propane – provided by the Secunda Synfuels ROH.
- Propylene-containing condensates – provided by the Secunda Synfuels ROH.
- Ammonia – provided by the Secunda Synfuels ROH.
- Natural gas – provided by the SA Energy SBU.
- Solvents products: FT process oil and water stream – provided by the Secunda Synfuels ROH.
- Explosives and fertiliser: Ammonia, nitrogen, potassium, phosphates, urea, sulphuric acid – provided by the Secunda Synfuels ROH while urea is purchased externally.
- Phenolics: by-product of coal gasification – provided by the Secunda Synfuels ROH.
- Various metals for catalyst production purchased externally.
- Coal from the Mining OBU.

Capacity (Detailed capacities per product are included in the most recent Form 20F)
- Base Chemicals products
  - Monomers and polymers (ethylene, propylene, low density polyethylene (LDPE), linear low density polyethylene (LLDPE), polypropylene, polyvinyl chloride (PVC)).
  - Solvents products (acetates, alcohols, carbonyls and acrylates).
  - Other (mining explosives, fertilisers, caustic soda, sodium cyanide).
- Performance Chemicals products
  - Wax products (hard wax, medium wax, waxy oils, liquid paraffins).
  - Co-monomers (hexene, octene and pentene) and detergent alcohols.
  - Other (phenols, ammonia, speciality gases, cobalt catalyst).
- SA Energy products
  - Electricity.

Costing mechanisms
- All feedstock costs are recovered directly from the OBU to the SBU.
- The operating costs (fixed and variable) in the ROH are passed through the value chain to the respective SBUs at cost.
- Fixed assets, including assets under construction and liabilities, which are separately identifiable and can be directly linked to an SBU are allocated to the specific SBU.
- Other common assets and liabilities (which cannot be directly linked to a SBU) are allocated based on volume oftake.
Natref Operations

Operations overview
- Sasol, together with Total, own the National Petroleum Refiners of South Africa (Natref) facility in Sasolburg. Sasol has a 63.64% equity share in this venture. This ROH functions as a processing facility that operates our share in the assets on behalf of the SA Energy SBU.
- Natref is a deep conversion refinery that is designed to upgrade heavy, sour crude oil with a high sulphur content and yields about 91% white petroleum products.
- Crude oil is procured, shipped and subsequently refined at the Natref refinery.
- In Durban, the Natcos JV also houses crude oil, petrol and diesel tankage connected to import facilities.

Feedstocks
- Heavy crude oil with a high sulphur content that yields approximately 91% white products.
- Crude oil is purchased at market prices from the Arab Gulf (50%) and sweet crudes from West Africa (50%).

Capacity and yields
- Crude oil processed: between 16 – 21 million bbl per annum over the last three years.
- White product yield: between 89% and 91% of raw material over the last three years.
- Total product yield: between 97% and 98% over the last three years.

Product slate
- White products (petrol, diesel, jet fuel and LPG).
- Black and other products (different grades of bitumen, fuel oils, sulphur and various gases).

Costing mechanisms
- All feedstock costs, other than crude, are charged directly to the SA Energy SBU.
- The Natref ROH’s processing costs are charged at cost directly to the SA Energy SBU in proportion to our equity shareholding.
- All assets and liabilities are allocated based on our equity shareholding as this is a JV.

Satellite Operations

Operations overview
- The operations included in this ROH are smaller operations that are not included in the Secunda and Sasolburg ROHs. The main activities are:
  - the wax blending plant in Durban;
  - the gas pipeline infrastructure between Secunda and Sasolburg;
  - the Sasol Dyno Nobel plant in Ekandustria; and
  - the Sasol explosives plant in Ekandustria.

Costing mechanism
- All feedstock costs are recovered directly from the OBU to the SBU.
- The operating costs (fixed and variable) in the ROH are passed through the value chain to the respective SBUs at cost.
- Fixed assets, including assets under construction and liabilities, which are separately identifiable and can be directly linked to an SBU are allocated to the specific SBU.
- Other common assets and liabilities (which cannot be directly linked to a SBU) are allocated based on volume offtake.
Eurasian Operations

Operations overview
- This ROH serves as processing facilities that operate assets on behalf of the BC and PC SBUs.
- Operations are based at Nanjing, China, two locations in Germany – at Brunsbüttel and Marl – and locations in Italy – mainly at Augusta and Terranova.
- Products produced:
  - Organics division: producers of alkylates, alcohols, surfactants and organic intermediates.
  - Inorganics division: producers of speciality aluminas, speciality silica aluminas, multi-element doped aluminas and hydrotalcites.
- Wax facilities are based in Hamburg where wax and wax-related products are manufactured.
- JV operations in the Eurasian ROH, in which Sasol has an equity interest, are not material and are thus not separately disclosed.

Feedstocks
- Benzene and n-paraffins, oleochemicals, n-olefins, aluminium
- Ethylene, ethane and kerosene
- Crude oil derived paraffin waxes
- Metals for catalyst production
The feedstocks above are all purchased externally. The prices of most of these materials are related to crude oil and energy pricing.

Capacity
Organics*
- Linear alkyl benzene (LAB) – 435 ktpa
- n-paraffins and n-olefins – 750 ktpa
- Alcohols (linear and semi-linear C₆ to C₂₂) – 630 ktpa
- Surfactants and intermediates (ionic and non-ionic) – 1 000 ktpa

Wax
- Paraffin wax and wax emulsions (430 ktpa)

Other
Inorganics*
- Speciality alumina, ultra-high purity alumina and zeolites – 70 ktpa

Base Chemicals products
- Butyl glycol ether (BGE) production (80 ktpa).

Product slate
Performance Chemicals products
- Organics (LAB, n-paraffins and n-olefins, alcohols, surfactants and intermediates and ethylene).
- Wax products (hard wax, medium wax, waxy oils, liquid paraffins).
- Other (Speciality alumina, ultra-high purity alumina, zeolites, phenols, ammonia and speciality gasses).

Base Chemicals
- BGE and derivatives

Costing mechanisms
- All feedstock costs are recovered directly from the OBU to the SBU.
- The operating costs (fixed and variable) in the ROH are passed through the value chain to the respective SBUs at cost.
- The external feedstock purchases are directly incurred by the SBU.
- Fixed assets, including assets under construction and liabilities, which are separately identifiable and can be directly linked to an SBU are allocated to the specific SBU.

*total global capacity
US Operations

Operations overview
- This ROH functions as a set of processing facilities that operate assets on behalf of the PC SBU.
- Operational facilities are situated in a number of locations in the US, the most significant of which is located at Lake Charles, Louisiana.
- Phenolics operations are based at Oil City, Pennsylvania, Houston and Winnie, Texas.
- A wax production facility is located in Richmond, California.
- As a result of the recent investment decisions for the construction of a joint venture polymer facility in Texas, and the world scale ethane cracker and derivatives complex in Lake Charles, the US ROH will in future also manufacture products on behalf of the Base Chemicals SBU.

Feedstocks
- Ethane
- Ethylene
- Kerosene
- Benzene
- Aluminium
- Crude oil derived paraffin waxes
- Mixed phenolics feedstocks derived from coal gasification processes
- Isobutylene

The feedstocks above are all purchased externally.

Capacity (ktpa)
- LAB – 435 ktpa*
- Paraffins and olefins – 750 ktpa*
- Alcohols (linear and semi-linear C₃ to C₁₂) – 630 ktpa*
- Surfactants and intermediates (ionic and non-ionic) – 1 000 ktpa*
- Ethylene – 455 ktpa
- Alumina – 70 ktpa*
- Co-monomers – 456 ktpa*
- Paraffin wax – 100 ktpa
- Phenolics – 96 ktpa

*total global capacity

Product slate
Performance Chemicals products
- Organics (LAB, n-paraffins and n-olefins, alcohols, surfactants and intermediates and ethylene).
- Inorganics (speciality alumina, ultra-high purity alumina and zeolites).
- Wax products (hard wax, medium wax, waxy oils, liquid paraffins).
- Other (phenols).

Costing mechanism
- The external feedstock purchases are directly incurred by the PC SBU.
- The operating costs (variable and fixed) in the ROH are passed through the value chain to the PC SBU at cost.
- Fixed assets, including assets under construction, current assets and liabilities, are allocated to the PC SBU.
**STRATEGIC BUSINESS UNITS**

**Southern Africa Energy**

**Business overview**
- This SBU is responsible for the sales and marketing of liquid fuels, natural gas and electricity.
- Markets approximately 9 billion litres of liquid fuels annually, blended from fuel components produced by Secunda Synfuels ROH, crude oil refined at Natref ROH, and external product purchases.
- Procures crude oil, refined through Sasol's interest in the Natref refinery.
- Coal purchased from Mining OBU and natural gas from EPI OBU for processing through the Secunda Synfuels ROH.
- Markets approximately 150 mmscf/day of natural and methane-rich gas.
- Electricity is generated and sold into the grid.

**Sources of final product**
- Liquid fuels from the Secunda Synfuels ROH
- Imported liquid fuels
- Refined crude oil products from the Natref ROH
- Natural gas from the EPI OBU
- Methane-rich gas from the Secunda Synfuels ROH
- Electricity to be sold from the Central Térmica de Ressano Garcia (CTRG) in Mozambique

**Product slate**
- Petrol, diesel, jet fuel, illuminating paraffin, propane, butane and liquid petroleum gas (LPG), heating fuel oils, bitumen, and lubricants.
- Methane-rich gas, and natural gas.
- Electricity.

**Pricing**
- External sales pricing is linked to the regulated Basic Fuel Price (BFP). The effective margin earned by Sasol is highest for the synthetic fuel produced at the Secunda Synfuels ROH, followed by the final product produced by the Natref ROH where a refining margin is earned, and lowest on the net purchases/imports of final product where liquid fuels purchases are carried out to fill any shortfalls between liquid fuels produced and committed liquid fuel sales.
- Natural gas sold to external customers in South Africa and internally to Sasol's ROHs is priced according to the National Energy Regulator of South Africa (NERSA) approved methodology whereby a maximum molecule price is determined. For segmental reporting purposes, profit allocation principles are used to achieve profitability across the product value chain. Based on volumes purchased, customers qualify for six different categories of gas pricing. Annual escalation of the maximum gas price is determined with reference to an index which incorporates the following:
  - Electricity (37%)
  - Coal export price in rands (37%)
  - Oil price in rands (24%)
  - Other (2%)
- Electricity is sold to Electricidade de Moçambique, under a long-term power purchase agreement (PPA).
- Electricity is sold to the grid in South Africa (SA) in terms of the short-term PPA with Eskom.

**Markets**
- Marketing of liquid fuels to wholesalers and overland export customers.
- Convenience retailing of liquid fuels to consumers through a network of Sasol service stations in SA.
- Direct business-to-business marketing of liquid fuels and lubricants in SA.
- Gas supplied to gas traders, industrial and commercial customers in the South African provinces of Mpumalanga, Gauteng, KwaZulu-Natal, North West and the Free State.
- PPAs are in place with state owned electricity companies in Mozambique and SA.

**Cash costs**
- The cash cost breakdown below is an approximate range based on FY14 information.
- The primary drivers of cash costs (excluding internal coal and gas purchases from Mining and EPI via the ROHs) in this SBU are:
  - Labour (29% – 31%)
  - Maintenance (21% – 23%)
  - Utilities, primarily electricity (10% – 12%)
  - Other (comprising cost of belonging, legal, communications, facilities etc.) (37% – 39%)

**Return on invested capital**
- Drivers of ROIC in this SBU are:
  - Sales volumes
  - Product prices (oil price, refining margins, gas prices)
  - Rand/US$ exchange rate
  - Refinery yields
  - Cost escalation
  - Capex
  - Effective tax rate
International Energy

Business overview
- International Energy is responsible for developing, implementing and managing international GTL business ventures based on our proprietary technology.
- International Energy holds a 49% equity in a fully operational plant in Qatar.
- International Energy is progressing with GTL projects in the US (FEED), Uzbekistan (extended FEED), and Nigeria (train 1 reached start of beneficial operation in June 2014).
- International Energy as viewed under the new operating model is largely unchanged from Sasol Synfuels International (SSI) under the old operating model, the only change being that the catalyst business has been moved to PC.

Shareholding in ventures
- ORYX GTL – 51% Qatar Petroleum and 49% Sasol JV, our flagship GTL facility.
- Escravos GTL (EGTL) – 10% indirect interest, located in Nigeria.
- Uzbekistan – Currently 44.5% which will reduce to 25.5% but still subject to a FID decision in FY15.
- Sasol Chevron Group – 50% holding with Chevron for the sales and marketing of EGTL products.
- These investments are all equity accounted according to the Sasol Accounting Policy.

Sources of final product
- ORYX GTL
- EGTL

Feedstock
- ORYX GTL – Long-term supply agreements are in place for gas, feedstock, utilities, land lease and catalyst until 2034.
- EGTL – Natural gas from Escravos Gas Project 3 (60% Nigerian National Petroleum Corporation and 40% Chevron Nigeria Limited).

Capacity
- The capacity of ORYX GTL is 32 400 barrels per day (bbl/d).
- The capacity of EGTL is 32 400 bbl/d.

Shutdown intervals
- ORYX GTL follows a statutory shutdown cycle every two years of approximately 45 days.

Product slate
- High-quality diesel, naphtha and LPG.
- The exact product slate varies, but a typical GTL facility produces:
  - ~74% diesel,
  - ~23% naphtha and
  - ~3% LPG
- A GTL facility uses approximately 9.5 million British thermal units (mmBtu) of natural gas feedstock per barrel of final product produced.

Pricing
- GTL product prices are impacted by the seasonal behaviours of global petroleum product markets and are sold at international quoted diesel and naphtha prices.

Markets
- GTL diesel is sold as blend stock for middle distillate product streams derived from conventional oil refining to produce on-specification automotive diesel and is primarily sold to European customers.
- GTL naphtha is sold to naphtha crackers that produce olefins such as ethylene.

Cash costs
- The primary drivers of cash costs in ORYX GTL are:
  - Feedstock (natural gas)
  - Catalyst
  - Labour
  - Maintenance
  - Other (comprising utilities, legal, communications, facilities etc.)
- Due to commercial sensitivity, the exact weighting of these costs is not disclosed.
- Corporate costs (specifically COB) and study costs are a substantial portion of the cash fixed costs of the International Energy SBU. Study costs are dependent on the number of projects being executed as well as the lifecycle stage of the projects.

Return on invested capital
- Drivers of ROIC in this SBU are:
  - Sales volumes
  - Product prices (oil price and crack spreads)
  - Rand/US$ exchange rate
  - Feedstock price
  - Cost escalation
  - Capex
  - Effective tax rate
Base Chemicals

Business overview
- This SBU is responsible for the marketing of polymers, monomers, industrial solvents and other base chemicals.

Sources of final product
- Secunda Chemicals ROH and Sasolburg ROH
  - Polymers and monomers
  - Industrial solvents
- Eurasian ROH
  - Industrial solvents

Product slate and application

Polymer and monomers products
- Ethylene and propylene monomers for the production of polyethylene and polypropylene; propylene also used for butanol and acrylate production.
- Low density polyethylene (LDPE) – for use in boutique shopping bags, bread bags, films (packaging, shrink wrapping, greenhouse covers, laminating).
- Linear low density polyethylene (LLDPE) – for use in films (heavy duty, blending into LDPE), containers and lids (injection moulded), rotomoulded products such as water and fuel tanks.
- Polypropylene (PP) – for use in automotive parts, luggage, pipes, bottles, house wares, toys, woven sacks, flooring.
- Polyvinyl chloride (PVC) – for use in pipes and fittings, cables, conduit, medical devices, consumer packaging.

Industrial solvents products
- Alcohols and ketones: ethyl acetate, n-propanol, acetone, methyl ethyl ketone and mixed alcohols (for coatings, printing, packaging, plastics, fragrance, pharmaceuticals).
- Methanol, methyl isobutyl ketone and blends (for aerosol paint and adhesive industries, polish, cosmetics, agriculture and mining).
- n-Butanol, glacial acrylic acid, butyl acrylate and ethyl acrylate (for inks, adhesives, solvents, polymers e.g. superabsorbent polymers).
- Butyl glycol ethers and acetates (for chemical intermediates).

Other
- Nitric acid, ammonium nitrate solution, sulphur, various grades of fertiliser, ammonium sulphate, explosives-grade ammonium nitrate, various packaged explosives, and explosive accessories – non-electronic and electronic initiation systems, boosters and detonating cord.
- Caustic soda – for use in pulp and paper production, minerals beneficiation (platinum industry), water purification, soap manufacture, scouring of textiles.
- Sodium cyanide – for use in the extraction of gold.

Pricing
- Pricing for specific products within the polymers, monomers and solvents portfolio tracks international market chemical prices as reflected by independent benchmarks.
- Demand for this basket of products tend to follow GDP growth trends.
- Fertiliser and explosive prices are mainly driven by international ammonia and urea prices.

Markets

Polymers products
- Highest sales volumes in SA with sales in other global regions including rest of Africa, Europe, Middle East and Asia.

Solvents products
- Highest sales volumes in Europe, Middle East and Asia with sales in other global regions including rest of Africa, North America and SA.

Other
- Fertilisers are supplied to the Southern African farming community through bulk sales ex-factory gate, directly to end users or via distributors, co-operatives and competitors.
- Explosives and explosive accessories are primarily supplied to the Southern African mining industry and explosives grade ammonium nitrate is exported to the rest of Africa.

Cash costs
- The cash cost breakdown below is an approximate range based on FY14 information.
- The primary drivers of cash costs (excluding internal coal and gas purchases from Mining and EPI via the ROHs, and external purchases of chemicals) in this SBU are
  - Labour (23% – 25%)
  - Maintenance (12% – 14%)
  - Utilities (16% – 18%)
  - Other (comprising cost of belonging, legal, communications, facilities etc.) (44% – 46%)

Return on invested capital
- Drivers of ROIC in this SBU are
  - Sales volumes
  - Product prices (chemical prices)
  - Rand/US$ exchange rate
  - Cost escalation
  - Capex
  - Effective tax rate
Performance Chemicals

Business overview

Organics
- One of the world’s leading suppliers of surfactants, surfactants intermediates and co-monomers.

Wax
- Markets wax and wax-related products to commodity and specialty wax markets globally

Other
- Markets a range of other performance chemicals.

Sources of final products

Eurasian ROH
- Organics
- Wax
- Other

Secunda Chemicals ROH
- Organics

US ROH
- Organics
- Wax
- Other

Sasolburg ROH
- Wax
- Other

Product slate and applications

Organics
- LAB: linear alkyl benzene sulfonate-detergents, industrial cleaning products, institutional cleaning products.
- n-paraffins and n-olefins: LAB, oxo-alcohols, detergents, industrial cleaning products, institutional cleaning products.
- Alcohols (linear and semi-linear C6 to C22): surfactants, specialty plasticisers, detergents, industrial and institutional products, metalworking, flavours and fragrances, personal care, cosmetics, plastic additives, textiles, agriculture.
- Surfactants and intermediates (ionic and non-ionic): industrial and institutional products, metalworking, flavours and fragrances, personal care, cosmetics, plastic additives, textiles, agriculture.
- Ethylene: plastic manufacturers, alcohols and ethylene oxide.
- Co-monomers: pentene, hexene, octene and C5 – C9 alpha olefins (for polyethylene production).

Wax
- FT Wax (medium wax, hard wax), waxy oils, liquid paraffins, mineral oil-based medium waxes, wax emulsions and petroleum jellies.
- Medium wax: Construction board, industrial applications such as tyres and paper coatings, candles, personal care, adhesives and many more.
- Hard wax: Bitumen modification, inks and coatings, hot melt adhesives and polymer processing.
- Waxy oils and liquid paraffins: Drilling fluids, aerosols and chlorination for plastics.

Other
- Specialty alumina and ultra-high purity alumina: catalyst support, raw material for ceramics, coatings and polymer additives, sapphire applications.
- Zeolites: water softening components in detergents and adsorbents.
- Pure products, phenol, ortho-cresol, meta-cresol and para-cresol, and a diverse range of blended products, consisting of mixtures of phenol, cresols, xylenols and other phenol derivatives.
- Supply of cobalt catalyst to current and future GTL ventures (International Energy SBU).
- Ammonia for the manufacturing of explosives and fertiliser.
- Calcined coke for the manufacture of anodes for the aluminum, steel and titanium smelting industry.

Pricing
- Pricing is linked to international chemical prices. However, due to the specialised nature of the products produced, markets tend to be niche and the prices cannot be easily indexed to commonly available chemicals prices indices.
- Demand for this basket of products is driven by the dynamics of specific chemical markets, and tends to follow GDP growth trends.

Markets

Organics
- Highest sales volumes in Europe and North America, with sales in other global regions including Asia and SA.

Wax
- Highest sales volumes in Europe and Southern Africa, with sales in other global regions including Middle East, Asia and North America.
Other

Inorganics
- Highest sales volumes in Europe and North America, with sales in other global regions including Asia and SA.

Phenolics
- Highest sales volumes in SA with sales in other global regions.

Ammonia
- Highest sales volumes in SA.

Carbon
- Highest sales volumes in SA and Asia.

Cobalt-based catalyst sales
- Markets in Qatar and Nigeria.

Cash costs
- The cash cost breakdown below is an approximate range based on FY14 information.
- The primary drivers of cash costs (excluding internal coal and gas purchases from Mining and EPI via the ROHs, and external purchases of chemicals) in this SBU are:
  - Labour (27% – 29%)
  - Maintenance (9% – 11%)
  - Utilities (21% – 23%)
  - Other (comprising cost of belonging, legal, communications, facilities, services etc.) (39% – 41%)

Return on invested capital
- Drivers of ROIC in this SBU are:
  - Sales volumes
  - Product prices (chemical prices)
  - Exchange rate
  - Feedstock prices
  - Cost escalation
  - Capex
  - Effective tax rate
Non-operating items impacting earnings

**Share-based payments**
As part of our remuneration policy and retention strategy, our long-term incentive plans provide an opportunity for participating employees to receive a future cash incentive payment which is calculated with reference to the market value of the Sasol share, after a specified vesting period. Accordingly, a share-based payment is recognised at each reporting date based on the fair value of the related liability. We apply a Monte-Carlo model to calculate the share-based payment expense. One of the key drivers in calculating the expense is the Sasol share price. A R50 change in the Sasol share price would increase/decrease the share-based payment expense by approximately R200 million, and a R80 change would result in approximately a R500 million movement in the expense.

**Post-retirement benefits**
The Sasol group provides post-retirement healthcare and pension benefits to certain of its employees, principally in South Africa, Europe and the United States of America. The method of accounting and the frequency of valuations for determining the liability are similar to those used for defined benefit pension plans. The liability for these benefits is calculated using the projected unit credit method by independent actuaries. We estimate that a 1% change in the discount rate would result in an increased expense in the income statement of approximately R440 million in respect of the healthcare benefits and R1 550 million in respect of pension benefits. Further sensitivities are provided in the Sasol Limited Group Annual Financial Statements.

**Rehabilitation provisions**
Provisions for rehabilitation are recognised as and when the environmental liability arises. To the extent that the obligations relate to the construction of an asset, they are capitalised as part of the cost of those assets. The effect of subsequent changes to assumptions in estimating an obligation for which the provision was recognised as part of the cost of the asset is adjusted against the asset. Any subsequent changes to an obligation which did not relate to the initial construction of a related asset are charged to the income statement. The calculation of the provision is particularly sensitive to changes in discount rates. A 1% increase in the discount rate would result in an increased expense in the income statement of approximately R384 million.

**Note:** Items listed in this section may from time to time be exposed to volatility as a result of changes in key base assumptions. Sensitivities are therefore provided as a guideline only.