INTERIM RESULTS ANNOUNCEMENT

MONDAY, 26 FEBRUARY 2018 AT 10H00

JOHANNESBURG

MEDIA PRESENTATION

SPEAKER NOTES

SASOL CFO

PAUL VICTOR

SLIDE 11: TITLE SLIDE

Thank you Steve and Bongani, and good morning ladies and gentlemen.

It is my pleasure to present our 2018 interim financial results to you today.

Our results are at the upper-end of the earnings range provided in our recent trading statement.

SLIDE 12: FINANCIAL AND OPERATIONAL PERFORMANCE | WHAT YOU WILL HEAR TODAY

During 2017 we hosted Capital Markets Days where we communicated both our refined corporate strategy and capital allocation framework to investors.

With this in mind, I want to take the opportunity today to focus on the following key topics:

- First, our Foundation businesses delivered largely a strong set of results underpinned by a continued focus on cash conservation, cost control and managing capital efficiently.
  Our Continuous Improvement drive, as mentioned by Steve and Bongani, will embrace innovation and leverage off our cost and cash programmes that have contributed to our current strong competitive position.

- Second, we continue to focus on protecting and strengthening the balance sheet through our peak gearing period and beyond, and I will share with you our plans around funding of the Inzalo unwind and provide an update on our ongoing hedging activities.

- Third, our ability to generate strong cash flows enables us to sustain and in future step-up dividend payouts to shareholders as well as fund future quality growth opportunities.

We are amending our basis for dividend pay-outs to CHEPS as it provides a more consistent basis for current and future dividend pay-outs to our shareholders.

Finally, I will also share with you Management's outlook for FY18.

SLIDE 13: MACROECONOMIC ENVIRONMENT | VOLATILITY IN A GROWING GLOBAL ECONOMY

Volatility in global economic markets and political forces continued to add pressure and hence directly impacted our results.

Although oil prices improved to $57 per barrel on average in the first half of FY18, compared to $48 per barrel for the comparable period, the global oil market continues to be volatile. Looking forward, we expect oil prices to range between $55 to $65 per barrel in FY18 and FY19.

During the first half of 2018, the rand/US dollar exchange rate averaged R13,40 compared to R13,99 for the comparable period, and while we are optimistic following recent political developments in South Africa, we remain cautious with regards to the impact of a stronger Rand on our business going forward.

Therefore, we continue to execute on our hedging policy which will enable us to continue to protect and strengthen the balance sheet in a strong rand and low oil price environment. I will elaborate more on the progress we made in executing our hedging strategy later in the presentation.

The Sasol business remains sensitive to movements in the rand/US dollar exchange rate and oil prices. We estimate that a 10 cents change in the annual average rand/US dollar exchange rate will affect our profit from global operations by approximately R820 million, while a US$1 dollar change in the crude oil price will also have an impact of approximately R820 million.

The Base chemicals dollar basket price increased by 10% for the six months under review.

Our Performance chemicals dollar margins have remained resilient. The PC dollar basket price increased by 7% on the back of strong demand for most of our products lines.

Fuel products prices increased broadly in line with higher dollar based oil prices.

However, the stronger Rand significantly impacted the Energy, BC and PC business results measured in Rand terms.

SLIDE 14: GROUP PROFITABILITY | STRONG CORE OPERATING PROFIT PERFORMANCE

I am very pleased to announce that Core HEPS, which is HEPS adjusted for once-off items as well as the impact of period-end currency and derivative revaluations, amounted to R18,22 per share which is 5% higher compared to the prior period, reflecting the sustainability of our business.

Operating profit of R11,8 billion was down 14%, as the benefits of higher dollar based oil and chemical prices were offset by mostly a stronger Rand and the impact of re-measurement items and once-off items that I will unpack on the next slide.

Our strategic focus to diversify earnings by product-slate and by geography is gaining momentum as illustrated by the core operating profit pie charts on the slide. The earnings profile will be further diversified once the US LCCP comes into full production during the following two financial years.

Headline earnings per share increased by 17% to R17,67 while earnings per share decreased by 21% to R11,29.

Following shareholders' request and after careful consideration and approval by the Board, Core HEPS will in future be the basis that will be used to determine the dividend pay-out ratio, but still within the pay-out corridor of 2,2 to 2,8 times. This approach will shield investors from the impact of period-end currency valuations and once-off items such as the IFRS2 charge of Sasol Khanyisa.

Accordingly, an interim dividend of R5,00 has been declared in line with the company's cover based dividend policy.

Capital expenditure, dominated by spend on the LCCP, amounted to R27,7bn for the period. It was lower than our internal forecast mainly as a result of the impact of the stronger rand as well as optimising the spend on the LCCP without compromising the schedule.

SLIDE 15: OPERATING PROFIT | OPERATING PROFIT IMPACTED BY CHANGING MACRO ENVIRONMENT AND ONCE OFF ITEMS

I will now take you through the items impacting the operating profit compared to the previous comparable period.

The stronger average and closing rand/US dollar exchange rate led to an 11% reduction in operating profit.
Higher dollar based crude oil, fuels and chemicals product prices positively affected profit by 36%.

Operating profit was negatively impacted by the following significant once-off and remeasurement items:

- Negative impacts resulting from:
    - a partial impairment of the Canadian shale assets of R2,8 billion or CAD 281 million on the back of lower longer-term US gas prices and
    - the scrapping of our US GTL assets of R1,1 billion or US83 million following our strategic decision not to further invest in new GTL ventures

- These were partially negated by
    - a R600 million positive net impact of the mark to market valuation of our hedging positions and
    - the impact of the mining strike cost in the prior period of R1,0 billion.

Operating profit was negatively impacted by cost increases which I will unpack on the following slide.

Finally, it is very encouraging to note the increase sales volumes which increased operating profit by 2%.

SLIDE 16: CASH FIXED COSTS | IMPACTED BY GROWTH RELATED COSTS AND PRODUCTION INTERRUPTIONS

We still hold the view that we very much have embedded a very strong cost culture in Sasol and are continuously looking for areas to sustainably drive out costs as we strive to improve returns on invested capital.

During the half year, cash fixed costs escalated by 10,7% in absolute terms, or 6% in real terms. On a normalised basis, cash fixed costs excluding growth and once-off charges, increased by 2% in real terms.

In order to better understand this movement, I will take you through the significant elements.

First, our LCCP and HDPE Gemini facilities and new capital projects, added 1,5% as growth costs to our cash fixed cost base compared to the prior period. Whilst this represents an increase in cash fixed costs, net positive benefits in terms of higher earnings and cash flows are, and will in future, reflect in our results.

Second, once-off costs, contributed 2,5% to the real cash fixed cost increase and mainly relates to

- the Power Purchase Agreement with Eskom reaching its end in April 2017,
- pre-investment costs associated with our digitalisation journey,

and

- transaction costs associated with our Khanyisa black empowerment transaction.

This increase was partly offset by the prior year's mining strike costs.

Thirdly, production interruptions at some of our operations resulted in a 2,3% real cost increase in the form of higher variable labour and maintenance cost. Our labour headcount, normalized for growth, is still very much flat compared to the comparable period.

On a macro level, South African producer price inflation increased costs by 4,7%. The impact of the stronger average exchange rate during the period had a 0,3% positive impact on costs.

Despite the higher mid-year cost increases we do remain confident that our nominal cash fixed cost increases for FY18 will still track our forecast inflation assumption of 6% and that normalised cash fixed cost will remain flat in real terms.

SLIDE 17: MINING AND EPI OBUs | TAKING ACTION TO ADDRESS SAFETY AND OPERATIONAL CHALLENGES

I would now like to turn our attention to the Operating Business Units.

Mining's operating profit, normalised for the strike, in FY17, increased by 13% mainly due to higher selling prices to Sasol Synfuels Operations and a 19% increase in export coal prices. The business improvement plan, which is aimed at improving productivity and cost efficiency, is currently underway and some benefits have already been noted during the first quarter for FY18.

However, our production rate was interrupted since October 2017 as a result of safety and production related incidents. We are now focusing on making the operations safe and focusing on improving operations reliability and ensuring a continuous supply of coal to the Sasol integrated value chain.

We are currently restoring the coal stockpile through our own production and additional external purchases, unfortunately at higher cost. Consequently, we are targeting a unit cost of production of between R285/ton to R295/ton for the full year.

E&PI recorded an operating profit of R115 million, excluding the impairment of our Canadian shale gas assets, compared to an operating profit of R204 million in the prior period.

Operating profit from our Mozambican producing operations increased to R1,2 billion from R988 million in the prior period due to sustained production, higher sales prices and the positive impact of foreign currency gains.

Our Gabon asset recorded an operating profit of R47 million mainly due to higher sales prices.

The disposal process for our Canadian assets is currently underway and further announcements will be made once the transaction is at an advanced stage. Our Canadian shale gas assets, excluding the impairment of CAD281m, generated an operating loss of R438 million compared to an operating loss of R312 million in the prior period mainly due to due to lower gas volumes and selling prices.

SLIDE 18: PERFORMANCE AND BASE CHEMICALS SBUs | RESILIENT VOLUMES WITH MARGINS IMPACTED BY STRONG RAND

The chemical businesses continue to provide resilience to the overall group's earnings, with a combined contribution of 55% to group operating profit.

Performance Chemicals results were supported by increased sales volumes and resilient margins, but adversely impacted by the stronger rand. Normalised Sales volumes increased by 3% compared to the prior period, due to higher demand for our products.

Our normalised operating profit however decreased by 14% compared to the prior period, mainly as a result of the impact of Hurricane Harvey, the stronger rand exchange rate and start-up costs associated with our growth projects. Based on the latest business performance we expect to recover some of the lost operating margins in the second half of the year.

Base Chemicals results were supported by higher selling prices, but adversely impacted by the stronger rand. Normalised sales volumes decreased by 1% due to lower volumes from Synfuels and higher inventory holdings resulting from port constraints in South Africa.
In the US, our ethylene sales volumes decreased by 34% due to Hurricane Harvey and an initial stock build at our high density polyethylene joint venture.

Our HDPE plant achieved beneficial operation in November 2017 with the first products delivered to customers.

SLIDE 19: ENERGY SBU | HIGHER MARGINS WITH FOCUS ON IMPROVING VOLUMES

Operating margins at Energy improved to 21% as a result of higher international prices of refined products, effective cost management and improved performance of our international Gas-to-Liquids (GTL) ventures. The increase was partly offset by the lower liquid fuels sales volumes and the impact of a stronger rand exchange rate.

As mentioned earlier, we experienced an unplanned and planned shutdown at Natref which reduced volumes by 21%. We are taking measurable actions to improve operational performance. An improvement plan is already in action to ensure that future run-rates of above 600m3 per hour.

Synfuels production for the first half was in line with our internal targets. However, an unplanned outage due to an Eskom power interruption in January 2018 and an oxygen pipeline repair in February 2018 has caused us to update our production forecast for Synfuels to 7,7 million tons for FY18.

We are pleased to share that ORYX GTL achieved a stellar utilization rate of 99%, exceeding market guidance.

At EGTL, we are still ramping up the plant towards design capacity.

The challenging RSA economic environment also impacted our gas sales volumes to the external market, resulting in a reduction of 7% compared to the prior period. The gas was, however, utilised internally in our integrated value chain.

SLIDE 20: CAPITAL EXPENDITURE | OPTIMISED SPEND ON LCCP WITH PROJECT ON TRACK

Our actual capital expenditure, including accruals, amounted to R27,7 billion. This includes R16,7 billion (US$1,2 billion) relating to the LCCP. Our 2018 forecast has been revised downwards to R54 billion.

We estimate the capital expenditure on LCCP to be approximately US$2,4 billion for FY18 and US$1,1 billion for FY19. Although this represents slower spending on LCCP, I would like to reiterate that LCCP remains on track for startup in the second half of this calendar year.

We have based our capital forecast on a R13,00 to the dollar exchange rate for FY18 and FY19.

Further Rand strength will have a positive impact on these estimates as the bulk of our expenditure over the next two years is dollar based relating to the LCCP.

SLIDE 21: NEAR-TERM FOCUS | STRONG BALANCE SHEET UNDERPINS SUPERIOR RETURNS

As we drive future shareholder value we will be guided by

- our prudent financial risk management strategy,
- our continuous focus on delivering operational efficiencies, and

- delivering all within an optimal capital structure

Let's turn our attention on the first aspect on the slide namely, focusing on financial risk management

Our hedging programme is the key component of our financial risk management framework and provides certainty to manage peak gearing and ensuring sufficient liquidity. We intend to continue following a prudent hedging strategy post our peak gearing year which will enhance our cash flow stability and provide additional headroom on our investment grade metrics.

We undertook in November 2017 to update shareholders with regards to the funding plan to refinance the Inzalo preference shareholder debt. Headroom created through our current hedging and cost management programmes, allows us to settle the first tranche of 9,5 million preference shares in June 2018 by using existing cash and credit facilities. This will result in higher gearing in FY19, but will not impact our investment ratings or dilute our shareholders.

Continued market volatility will be considered in providing final funding decision with regards to the second tranche of 16,1 million shares which only unwinds in September 2018. The Sasol Board will inform shareholders of its decision in August 2018 and will based its decision on balance sheet health, sustaining investment ratings and minimizing equity dilution for shareholders at that point in time.

Let's move on and focus on Operational efficiencies to enhancing our foundation businesses.

At our Capital Markets Day we shared with you the approach to our Continuous Improvement programme.

Steve and Bongani have outlined the progress on our asset review process and this coupled with Continuous Improvement will improve the profitability and cash flow generation of our foundation business, positioning us to deliver a 2% ROIC uplift by FY22 off a FY17 baseline.

Details of our plans will be shared with the market later this year.

Finally, let's turn our focus on delivering an optimal capital structure Proactive liquidity management and following a disciplined capital allocation allows us to deliver a superior ROIC and increased free cash flows to our shareholders.

In executing our near term plans, we have increased our US dollar Revolving Credit Facility from US$1,5 to 3,9 billion, and extended the maturity to 5 years with the option to extend by a further 2 years. We also established an R8 billion Domestic Medium Term Note Programme to enable access to the South African debt capital markets if and when required.

Our refined strategy coupled with our enhanced focus on disciplined capital allocation also ensures that we focus consistently deliver quality value and value based investments.

Our investment credit rating is a critical focus area for us. We are very pleased that Moody's decided to de-couple the Sasol credit rating from the sovereign rating, thus aligning its approach with S&P.

SLIDE 22: FY18 OUTLOOK | BUSINESS IMPROVEMENT INITIATIVES SUPPORT A POSITIVE FY18 OUTLOOK

We expect macroeconomic volatility to continue in FY18 within the context of a growing global economy and that this still allows us to leverage our strong position to deliver sustainable value.

We expect our Mining business to continue to safely return to improved production levels as we focus on continuous supply of coal to Synfuels Total production will likely be lower than planned for the full year.

We expect

- South African liquid fuels sales volumes of approximately 59 million barrels,
- ORYX GTL's utilisation rate averaging above 92%, and
- Secunda Synfuels Operations forecast to achieve a production total of 7,7 million tons.

Normalised Base Chemicals sales volumes are expected to be between 1 and 3% higher and normalised operating profit of between R3 and R5 billion.

Normalised Performance Chemical's sales volumes are expected to be between 2 to 3% higher with our Wax Expansion Project producing approximately 116kt of hard wax. Average margins are expected to remain resilient.

Normalised cash fixed costs are expected to track our forecasted inflation rate of 6%.

On the macroeconomic front, for FY18 and FY19 we expect the Rand/US dollar average exchange rate to range between R12,50 and R14,00; and average Brent crude oil prices to remain between US$55/bbl and US$65/bbl.

Finally, we expect our balance sheet to reach gearing levels of between 40 to 44% and net debt to EBITDA to be below 1,7 times.

On that note, I will hand back to Bongani who will open the floor for questions.