

FINAL RESULTS ANNOUNCEMENT

MONDAY, 28 OCTOBER 2019 AT

10H00 JOHANNESBURG

MEDIA PRESENTATION

SPEAKER NOTES

SASOL CFO

PAUL VICTOR

SLIDE 12: TITLE SLIDE

Thank you Fleetwood, and good morning ladies and gentlemen.

I for one am delighted that we have reached this milestone to conclude on the Board's LCCP review and now have the opportunity:

to look forward, learn from our past, and re-set our focus on delivering value to our shareholders and stakeholders.

The Board's review and the time it took to complete the investigation did pose several challenges to us as an organization.

I do believe that this significant matter has been adequately addressed by the Board and hence today it is essential that we turn our attention to the rest of Sasol's global business.

Our global asset footprint better known as our foundation business continues to perform well in a challenging macro-economic environment, as evidenced by a year-on-year increase in Core Headline Earnings Per Share.

Our balance sheet will be stretched as we reach the end of the LCCP construction phase followed by the EBITDA contribution as we ramp-up LCCP production and sales over the next 12 months.

I do want to re-iterate that the transitory state of the balance sheet was always anticipated and that the pressure of peak gearing will pass.

The cash contribution of our foundation business and that of the LCCP at full run-rate will result in the progressive deleveraging of the balance sheet.

We still anticipate a strong step-up in our cash flow per share over the coming years with the LCCP coming on-line

As we navigate to lower balance sheet leverage levels and driving shareholder value we will keep a clear focus on:

- the safe and sustainable delivery of operational targets including the ramp up of LCCP
- continuously improving our cost competitive position
- managing balance sheet risk prudently within the context of an optimized capital structure
- continue to make tough decisions in order to preserve long-term shareholder value.

We are now in clear sight of the projected cash flow inflection point and we remain committed both to delivering this and giving shareholders an increased participation in the cash flows as they come through over the next few years.

We are committed in building a stronger, broader and more robust business, which is fit for the future.

SLIDE 13: WHAT YOU WILL HEAR TODAY

Please allow me now to summarise our 2019 financial results:

- First, our foundation business delivered a strong operational production and sales volumes performance, enabling strong core earnings and deliver a 20% increase in cashflow generated by operations. Unfortunately, our earnings per share was mostly negatively impacted by the US1bn impairment of the LCCP.
- Despite a higher oil prices, lower chemical prices and the fact that the LCCP has only started with its ramp-up phase, had a significant negative impact on our results.
- We delivered a strong cost performance resulting in us realizing a normalized cash fixed cost increase that was once again below our own inflation target.
- Our working capital levels were also managed to below our internal targets
- During the final few months of the LCCP construction we will manage peak gearing. It's particularly important that we protect and strengthen the balance sheet. For this reason, and in line with our capital allocation framework to protect of our investment grade status, we took a difficult but necessary decision to pass our 2019 final dividend.
- We still plan to reach our free cash flow inflection point later in this financial year, and so we will start to deleverage at that point.
- Finally, I will also share with you management's outlook for FY20 and provide you with an update on our first quarter's performance.

SLIDE 14: MANAGING MACRO ECONOMIC VOLATILITY

Cash generated by operating activities increased to R51 billion compared with R43 billion in the prior year – a significant and pleasing 20% increase. This is largely attributable to the favourable oil prices, the weaker exchange rate and robust business performance. Softer chemical prices negatively impacted our operating results for the business.

To this point, oil prices improved to \$69 per barrel on average during the year, compared to \$64 per barrel in the prior year, with prices forecast to trend between \$50 and \$70 per barrel for the following year.

During the financial year, the Rand/US dollar exchange rate averaged R14,20 compared to R12,85 for the prior year. The Rand is expected to remain quite volatile in coming months driven by various local and international market factors.

Sasol's earnings remain highly sensitive to movements in the Rand/US dollar exchange rate and oil prices. We estimate that a 10 cent change in the annual average Rand/US dollar exchange rate will affect our operating profit by approximately R840 million, while a US\$1 dollar change in the crude oil price, will have an impact of approximately R870 million.

As the LCCP transitions to beneficial operation, ethane price movements, will have a much larger impact on our profitability. We estimate for LCCP alone, and all other variables being constant, that a 5 US cent/gallon change will impact Sasol's operating profit by US\$75m or approximately R1 billion.

Our hedging programme is a key component of our financial market risk management framework, designed to reduce volatility as we manage

peak gearing, and to ensure sufficient liquidity headroom for the company.

We intend to continue with an appropriate risk based hedging strategy and made significant progress in executing the hedging programmes for FY20 and FY21.

Let's turn our attention to product prices which are reflected at the bottom right-hand corner of the slide:

- Energy product prices increased by 5%, supported by higher rand per barrel oil prices partly offset by lower petrol differentials;
- The Base chemicals dollar basket price decreased by 2%, due to incremental supply coming online, and softer global demand
- The Performance Chemicals dollar basket price also decreased by 2% mainly as a result of weaker demand for our some of the products in our value chain which I will provide more colour on later during the presentation.

SLIDE 15: STRONG CORE HEADLINE EARNINGS PERFORMANCE

Headline earnings per share (HEPS) for FY19 increased by 12% to R30,72 compared to the prior year. Core HEPS amounted to R38,13 per share. This is 5% higher compared to the prior year, reflecting the profitability of our core business.

EBITDA declined by 9% compared to the prior year, despite the 19% increase in the rand per barrel price of Brent crude oil. This is mainly as a result of the impact of softer chemical margins and the negative EBITDA contribution from the LCCP as a result of the mismatch between revenue and cost as we commenced the start-up phase of the project in FY19.

Starting FY20 and thereafter we expect a much better revenue-cost match as the LCCP continues increasing its production and sales.

As I mentioned earlier, cash generated by operating activities increased by 20% to R51 billion.

The results of our individual operating business units will be covered in following slides.

Operating profit decreased by 45% to R9,7 billion, mostly as a result of the higher re-measurement items of approximately R19 billion, which I will talk to in the following slides.

Mainly for these reasons, our gearing level increased to 56% as at 30 June 2019 which is above our targeted level of about 49%. Our net debt to EBITDA ratio, although elevated at 2,6x, is still below our covenant level of 3,0x. However, it's important to point out that the agreed bank calculated methodology for net debt / EBITDA of our USD debt covenant is a bit different resulting in a slightly lower ratio of between 2,2 – 2,4x which still left us with sufficient covenant headroom at 30 June 2019.

After careful consideration of our current and expected gearing levels we have decided that it is in the best interests of the Company to pass the final dividend for FY19 in order to protect the balance sheet.

Looking ahead, we will reassess our dividend position at our FY20 interim results, taking into account prevailing circumstances.

SLIDE 16: NORMALISED CASH FIXED COST MANAGED BELOW INFLATION TARGET

We have once again delivered a stellar cost performance. This was due to a concerted effort by employees across the organization.

I want to take this opportunity to acknowledge this enormous One Sasol contribution.

Your efforts resulted in our normalized cash fixed cost trend being contained to below our inflation target of 6%.

We have normalized our cash fixed costs for a number of items, so let me to walk you through some of the items. Let me walk you through from top to bottom:

- First, growth costs increased our cash fixed costs by 6,4% and mainly relate to costs associated with the beneficial operation achieved of the various LCCP units. These growth projects will however significantly increase our future earnings,
- The weaker exchange rate negatively impacted the conversion of our foreign denominated cash fixed costs on conversion by 2,1%,
- This resulted in us delivering a normalized cash fixed cost performance below our 6% inflation target, despite a very challenging cost environment in terms of labour cost increases and electricity prices

Delivery on our cost targets and protecting our cost competitive advantage will remain a key business priority going forward.

SLIDE 17: OPERATING PROFIT NEGATIVELY IMPACTED BY REMEASUREMENT ITEMS

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

I will be walking you through the slide from top to bottom:

The weaker average Rand dollar exchange rate positively impacted operating profit by 46%.

The combined movement in crude oil and product prices negatively affected operating profit by 17%. The positive effect of higher oil prices was offset by mostly lower chemical prices and lower petrol differentials.

As we discussed on the previous slide, normalized cash fixed costs increased by 5,7% which is below the 6% inflation guidance given previously.

The benefit of higher sales volumes had a positive impact of 7% on operating profit. Since Q2 FY19 we have seen improved run rates from our global assets and trend is also evidenced in our Q1 FY20 production and sales performance.

Re-measurement adjustments amounted to R19 billion driven largely by softer macro-economic prices and higher LCCP capital. These items can mainly be summarized as follows:

- In North America, the EO/EG and Tetramerization plants were impaired by US\$388 million and US\$526 million respectively.
- The Ammonia assets in the Southern African value chain were impaired by R3,3 billion;
- Due to continuing weakness in the Canadian gas market, an impairment of CAD181 million was recorded against this asset. The NAV of this asset is nearly fully impaired.

SLIDE 18: MINING AND EPI OPERATING OBUs

Let's now turn our attention to the Operating Business Units:

Let us start off with Mining. Our productivity continues to improve as we return our production to targeted levels.

Normalised unit cost of production increased by 4% above inflation to R313/ton, as production levels did not reach targeted levels. We are making further headway at improving our productivity and expect further improvements in FY20.

We have taken the opportunity to reduce our coal stockpiles to optimal levels, in support of our working capital optimization efforts.

Normalised earnings reduced by 10% mainly as a result of lower sales volumes in line with our customer demand and higher rehabilitation provisions required in the Sasolburg area.

In our E & PI business,

The Mozambique assets recorded normalized earnings of R2,5 billion largely due to higher gas sales prices underpinned by a solid volumes delivery.

Our Gabon asset recorded a pleasing result with normalized operating profit of R484 million, supported by higher oil prices and lower well work-over costs.

Our Canadian assets, before impairment, generated an operating loss of R801 million.

SLIDE 19: ENERGY SBU SOLID VOLUME PERFORMANCE

Energy recorded normalized operating profit of R17,1 billion, up 13% compared to the previous period, mainly as a result of higher Rand oil prices and higher sales volumes. Liquid fuels sales increased by 2% due to much stronger wholesale and commercial sales.

ORYX GTL contributed R1,1 billion to operating profit, benefitting from higher crude oil prices and a weaker exchange rate. Production volumes were 16% lower due to an unplanned shutdown.

The performance of this asset will be substantially lower in FY20 as a result of further maintenance work required. The average utilisation rate of the Oryx GTL is expected to be between 55 and 60%.

In line with our retail fuel strategy, and as previously committed, we opened 15 new Retail Convenience Centers for the financial year to increase our South African retail presence and maximise margins on existing volumes.

SLIDE 20: PERFORMANCE AND BASE CHEMICALS SBUs

Performance Chemicals recorded normalized earnings of R7,9 billion, and displaying resilient margins in specialty organics and advanced materials portfolios. Operating profit was normalized for LCCP start-up losses of R1,8 billion and the impairment of the EO/EG and TET units as previously discussed.

Overall sales volumes for PC was below target as a results of internal and external supply constraints during Q1FY19.

Normalized operating margins of 12% are at the lower end of historical trends for this business but much higher compared to the decrease evidenced in the commodity chemical business.

In Lake Charles, the Ethylene Oxide/Ethylene Glycol (EO/EG) unit contributed 37 000 tons in sales volumes since achieving BO in May. The production unit is operating very well and is exceeding our internal ramp-up targets.

Going forward, we expect continued resilience in most of our specialty chemical product line margins. The PC organics value chain margins are currently experiencing some pressure as a result of lower PKO prices.

Base Chemicals recorded normalized earnings of R3,8 billion, down 33% on the prior year.

Operating profit was normalized for LCCP start-up losses of R1,9 billion and the partial impairment of the Ammonia value chain of R3,3 billion
Total BC sales volumes increased by 4% for FY20.

Allow me to provide you with an update regarding our US based BC investments :

- Our first investment the HDPE-asset produced 218 kilotons of product and delivering real business value.
- Our second unit the LLDPE plant produced 103 Kilotons since reaching beneficial operation in February 2019. This plant will also contribute positively to the LCCP's EBITDA from FY20.
- With the Cracker reaching beneficial operations and the third derivative unit the LDPE plant which is expected to reach beneficial operations in Q2FY20, US sales volumes is expected to increase sizably from FY20.

Despite challenging markets we are of the view the LCCP assets will deliver strong future cash flows as a result of our efficiencies of scale and having access to low cost feedstock.

The LCCP's EBITDA for FY20 is estimated between US100 to 200 million with a planned EBITDA run-rate of ~US1 billion to be achieved by FY22. This will boost Sasol's EBITDA by ~30% off a FY19 base.

SLIDE 21: CAPITAL SPEND DECLINING AS LCCP COMPLETED

Our actual capital expenditure for the period amounted to R56 billion and includes R30 billion or US\$2,1 billion relating to the LCCP.

Our capital expenditure forecast of R38 billion for FY20 is sufficient to sustain the foundation business and support the final execution of LCCP.

Our capital estimate for FY20 is higher than previous guidance of R30 billion mostly as a result of the much weaker forecast exchange rate and the roll-over impact of the LCCP capital from FY19.

We have planned R30 billion for FY21 with a focus on sustenance and compliance capital needs. We are temporarily reducing our growth spend for FY21 to allow the balance sheet to deleverage.

Important to note that future growth investments will follow our 2017 capital allocation approach as soon as we reached more sustained gearing levels.

This time does provide us the opportunity to carefully consider what best future investments to make.

SLIDE 22: ELEVATED GEARING WITH CASH FLOW INFLECTION IN LATE FY20

Our year-end gearing at 56% was 7% higher than our internal target mainly as a result of higher impairments, increases in LCCP capital cost, lower chemicals prices and the weaker Rand/dollar closing rate which affected the translation of dollar debt relative to equity.

We plan to prospectively adopt the new leases standard from 1 July 2019 which is aligned to our peer group. We forecast impact of the new standard to add approximately 5% to our gearing ratio from FY20.

Net debt/EBITDA ratio is at 2,6x compared to our bank agreed covenant limit of 3,0x and between 2,2x - 2,4x based on our bank agreed calculation basis.

Whilst gearing is elevated, we have been pro-active to create additional balance sheet flexibility by ensuring an optimal capital structure. More specifically,

- we have removed the asset-based LCCP loan
- we have no major maturities until 2022
- we have a liquidity buffer of US\$1,5 billion which allows us to complete the LCCP to ensure future cash flows to the company

During 1HFY20 we will reach peak gearing and based on current planning assumptions achieve our cash inflection point.

Around HYFY20 we expect the balance sheet to start its deleveraging journey.

SLIDE 23: TAKING DECISIVE ACTION TO PROTECT AND STRENGTHEN THE BALANCE SHEET DURING PEAK GEARING

Against this backdrop, I believe it is necessary to reconfirm our objectives and action plan to transition the balance sheet.

In terms of objectives

- Our focused cash conservation management actions are targeted at creating more flexibility and to absorb any further headwinds;
- Maintaining a strong liquidity position is essential to react quickly to any changes in the market conditions;
- We need to stick to our disciplined and well accepted capital allocation framework;
- And make decisions consistent with delivering long term shareholder value

As a management team we are committed to:

- Increasing the level and predictability of our short-term cash flow profile through the delivery of quality earnings and cash flows.
- Deliver the effective ramp-up of LCCP which is paramount in us turning the corner
- On capital costs, we need to stick to our guidance and preserve the integrity of the business
- Our hedging programme will remain in place to make sure we have some protection if macros deteriorate
- The interim dividend payout will be influenced by the health of the balance sheet and the Board will need to make its decision based on the actual position of the company at the time.

There is much work going into improving the short term cash flow dynamics but I want to make it really clear that we are not willing to compromise on safety and operational sustainability of our business or compromising the long term value creation in the business by selling assets below fair value as we continue to optimize our portfolio.

We remain focused on maintaining a strong liquidity position and engagement with our lending group is ongoing.

As a company, we do remain committed to maintaining a long term investment grade credit rating.

SLIDE 24: TURNING THE CORNER BY FOCUSED DELIVERY

FY20 will be a corner turning year for Sasol. Macroeconomic volatility is expected to continue throughout FY20 and within this context we still expect the following delivery from our assets:

- Mining to ramp-up to targeted production levels
- Performance Chemical's sales volumes, excluding LCCP, to be 1% - 2% higher and average US dollar margins to remain resilient for most of the product lines.
- Base Chemicals sales volumes, excluding US produced volumes, to be 1% - 2% higher and US dollar basket prices lagging oil prices. Including LCCP's sales we expect a 15% - 20% increase.
- South African liquid fuels sales volumes will range between 57 and 58 million barrels with Secunda Synfuels Operations forecast to achieve production volumes of between 7,7 and 7,8 million tons.
- An ORYX average utilisation rate of between 55 - 60%,
- Normalised cash fixed costs are expected to track our forecasted inflation rate of 6%.
- We forecast the average Rand/US dollar exchange rate to range between R13,80 and R15,30;
Average Brent crude oil prices to remain between \$50/bbl and \$70/bbl.
- Our balance sheet leverage is expected to be between 2,6 and 2.9x times net debt to EBITDA as per the bank agreed definition

On the slide you will see we have included our progress for Q1 of FY20.

In conclusion,

We faced significant challenges as a business, but as Sasol and true to our pioneering spirit we will be a stronger, broader and more robust global business and very much fit for the future.

On that note, I will hand back to Fleetwood to facilitate the Q&A.