INTERIM RESULTS ANNOUNCEMENT

MONDAY, 25 FEBRUARY 2019 AT

10H00 JOHANNESBURG

MEDIA PRESENTATION

SPEAKER NOTES

SASOL CFO

PAUL VICTOR

SLIDE 12: TITLE SLIDE

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

It is my pleasure to present our 2019 interim financial results to you today.

Our drive towards growing shareholder value sustainably is guided by our continuous focus on:

- a safe and sustainable delivery of operational and capital efficiencies,
- continuously improving our cost competitive position,
- managing the balance sheet's risk prudently by means of our financial risk management strategy,
- and, at the appropriate time, further growing the value of the business as informed by our focused strategy and disciplined capital allocation approach

With this in mind, I will now turn to our financial year 2019 interim results and how it contributed towards delivering on our value based strategy.

SLIDE 13: WHAT YOU WILL HEAR TODAY

Turning our attention to our key messages:

- First, the improving rand oil price had a significant positive impact on our results. While the macro environment is volatile and uncontrollable, we continue to focus on factors which are under management's control.
- We are very pleased by a stellar cost performance during the period resulting in us delivering a normalized cash fixed cost increase that was once again below inflation. We have also seen a marked improvement in our working capital levels.
- The weaker Rand had a positive impact on our profitability, but a 2% negative impact on our gearing due to the translation of dollar denominated debt. This combined with higher capital spend levels on LCCP and the refinancing of the Inzalo debt resulted in a slightly elevated gearing levels.
- We continue to proactively engage with the rating agencies to ensure that we protect our investment grade status.
- I am very pleased to report that we were successful in placing $2,25bn worth of corporate bonds late last calendar year. This was a very important milestone in spreading our debt maturity profile more effectively and allow us to position the balance sheet to enable our value based growth strategy.

- Despite the recent challenges faced at LCCP we do remain confident that this project, combined with the performance of our foundation business, will result in the free cash flow inflection occurring by mid FY20.

Finally, I will also share with you management's outlook for the remainder of FY19.

SLIDE 14: MANAGING MACRO ECONOMIC VOLATILITY

Sasol delivered a strong underlying operational cash flow performance, underpinned by higher crude oil and product prices and benefitting from a weaker Rand.

Oil prices improved to $71 per barrel on average in during the half year, compared to $57 per barrel in the prior period, with prices forecast to trend between $60 and $65 per barrel for the full year. This oil price range is consistent with our planning assumptions for our long term strategy.

During the first half of FY19, the rand/US dollar exchange rate averaged R14,20 compared to R13,40 for the prior period. We do remain very cautious with regards to the impact of a volatile Rand exchange rate on our business going forward.

The Sasol business remains highly 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 R790 million, while a US$1 dollar change in the crude oil price, will have an impact of approximately R860 million.

To mitigate against these risks, we are of the view that our hedging programme is a key component of our financial risk management framework to provide certainty as we manage peak gearing and ensure sufficient liquidity for the company.

We intend to continue with a prudent hedging strategy following our peak gearing, to ensure effective balance sheet management and to protect cash flows needed to execute on our value based strategy. For now, we have completed our FY19 hedging program and our program for FY20 is progressing well.

Turning our attention to product prices which is reflected at the bottom right-hand corner of the slide :

- The Base chemicals dollar basket price increased by 10%, following upward trending oil prices.
- The PC dollar basket price also increased by 6% mainly as a result of a strong demand for our products across most of our value chain.
- Energy product prices increased, supported by higher dollar based oil prices and stronger diesel margins. Petrol margins on the other hand was much lower and are expected to recover in the second half of FY19.

SLIDE 15: STRONG EARNINGS PERFORMANCE

We delivered an increase of 10% in EBITDA over the comparable period. Core HEPS, which is HEPS adjusted for re-measurement and period-end revaluations, amounted to R21,45 per share which is 18% higher compared to the prior year.

Although the Rand per barrel increased by 33% our EBITDA only increased by 10%. This is mainly as a result of lower than planned production volumes and the operational costs of LCCP.

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

Operating profit of R20,8 billion increased by 76%, benefitting from higher dollar based oil and chemical prices, a weaker Rand and lower re-measurement items and once-off items.

As mentioned earlier, is that our gearing levels increased to 48,9% as at 31 December 2018 which is above our targeted level of 44%.

The 4.9% increase above target is mainly as a result of higher LCCP capital cash outflows and the translation impact of the higher closing exchange rate on our balance sheet debt.

Despite elevated gearing levels we are pleased to declare an interim dividend of R5.90 per share very much in line with the company's cover based dividend policy.

SLIDE 16: EARNINGS BEFORE INTEREST AND TAX BENEFITTING FROM HIGHER RAND/BARREL PRICES

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 R/$ exchange, net of inflation, positively impacted operating profit by 18%.

Higher dollar based crude oil and chemicals product prices positively affected operating profit by 43%.

Re-measurement adjustments were much lower compared to the prior period. During the period under review we recorded a R949 million partial reversal of the previous financial year's R5,7 billion impairment of the South African Chlor Vinyls business. This is due to the extension of the useful life of the Sasolburg assets to 2050 which are integrated with Secunda feedstock.

Normalized cash fixed costs increased by 4,3% which is below the 6% inflation guidance given previously. I will unpack this trend on the following slide.

Sales volumes were mostly negatively affected by production interruptions in Q1 of FY19 resulting from an extended shutdown at Secunda Synfuels Operations and external ethylene supply constraints which impacted our European operations. We have seen much improved run rates from our global assets since Q2 FY19 and expect this to continue into the second half of the financial year.

SLIDE 17: NORMALISED CASH FIXED COST MANAGED BELOW INFLATIONARY TARGET

We delivered a stellar first half cost performance. This resulted in normalized cash fixed costs being contained to ~2% below our inflation target of 6%.

We have normalized our cash fixed costs for the following items:

Please allow me to walk you through the slide from top to bottom :

- First, growth costs increased our cash fixed costs by 5,1% and mainly relate to costs incurred on our capital projects in the USA. These growth projects will however significantly increase our future earnings from FY20,
- Business establishment costs and once-off items decreased our cash fixed costs by 0,5% and mainly relate to reduced electricity cost associated with the commissioning of a new air separation unit, Oxygen Train 17,
- This resulted in us delivering a normalized cash fixed cost performance well below the 6% inflation target.
- As mentioned by Steve and Bongani, our cost target will remain a key business priority going forward

SLIDE 18: MINING AND EPI OPERATING OBUs

Let's turn our attention to the Operating Business Units by firstly focusing on Mining. Our productivity is steadily improving as we progress in ramping up the production to targeted productivity levels.

The improvement efforts yielded some pleasing results to date.
Our focus however is to sustainably maintain this momentum in terms of safety, operational reliability and ensuring a continuous supply of coal to the Sasol integrated value chain.

Normalised unit cost of production increased by 5% to R299/ton, as production did not reach targeted levels.

Normalised earnings reduced by 3% due to lower sales volumes to Synfuels. Post the strike we can report that our coal stockpiles have been sufficiently restored.

E&PI recorded normalised earnings of R812 million.

The Mozambique assets recorded an EBIT of R1,2bn due to higher gas sales prices, somewhat offset by softer demand.

Our primary focus in Mozambique is securing long term gas feedstock to supplement our existing reserves and steady progress has been made.

Our Gabon asset recorded a pleasing result with an increase in operating profit to R335m, mainly due to higher sales prices and sales volumes.

Our Canadian assets, which we are still planning to dispose of in future, recorded a normalised earnings loss of R364m as a result of lower production and lower North American gas prices.

SLIDE 19: ENERGY SBU

Energy recorded normalized operating profit of R10,0 bn, up 38% compared to the previous period, mainly as a result of higher crude oil prices, weaker rand/US dollar exchange rates and higher liquid fuels sales volumes.

The performance of this SBU was partially negatively impacted by the lower Secunda Synfuels production volumes and negative petrol product margins. Liquid fuels sales still increased by 4% due to the strong performance at Natref.

ORYX GTL benefitted from higher crude oil prices an increase in production volumes. ORYX achieved an excellent utilisation rate of 99%, ahead of internal expectations.

SLIDE 20: PERFORMANCE AND BASE CHEMICALS SBUs

The chemical businesses continue to provide resilience to the overall group’s earnings in a volatile Rand oil price environment. We continue to see strong demand and higher dollar margins for our chemicals products.

Performance Chemicals recorded normalized earnings of R3,7bn down 8% compared to the previous period mainly due to lower sales volumes, growth costs associated with the LCCP and the extended shutdown at SSO.

An unexpected force majeure event in Europe, triggered by external ethylene supply constraints, reduced our production by nearly 2%.

Normalized operating margins of 13% is very much in line with historical trends for this business.

Going forward, we expect a robust Performance Chemicals earnings performance for FY20 as we commission the LCCP EO and Alcohol units.

Base Chemicals recorded normalized earnings of R2,5 bn. This business benefitted from higher chemical US dollar prices with our average sales basket price increasing by 10%.

The BC business was challenged by lower sales volumes of 11% mainly due to the impact of the extended planned shutdown at Secunda Synfuels and the lower fertiliser demand up to end December 2018.

The business is well positioned to play catch-up in the second half of the 2019 financial year.

On a positive note we are very pleased to report our recent capital investment in the HDPE facility in Texas yielded 91 kilo tons in sales

volumes. While the volume replaces previous merchant ethylene sales volumes, the uplift in margins are significant.

This decision to further derivatize ethylene into high density polyethylene yielded an incremental $900/ton improvement in price and is well positioned to contribute strong cash flows going forward.

Following the announcement of beneficial operations of the first derivative unit of the LCCP, the LLDPE, we expect this unit to ramp up production during H2 FY19.

We still expect a step-up in earnings growth in FY20 for BC as we bring the remaining LCCP polyethylene units into use.

SLIDE 21: LCCP CAPEX END IN SIGHT

Our actual capital expenditure for the period, including accruals, amounted to R30 billion. This included R16 billion or US$1,1 billion relating to the LCCP.

We have revised our full year guidance from R38 billion to R52 billion, largely due to the increased spend on LCCP and a R5 billion translation impact of the weaker exchange rate.

Our capital expenditure forecast of R30 billion for FY20 is sufficient to sustain the foundation business and support the final execution of LCCP.

Our capital forecasts have been calculated taking a R14,10 exchange to the US Dollar into account. Rand volatility will have an impact on these estimates as a significant portion of the capital expenditure is dollar based.

SLIDE 22: FOCUSED BALANCE SHEET MAINTAINING INVESTMENT GRADE RATINGS

Our gearing increased to 48.9% as a result of a weaker closing exchange rate and the increase in capital cost flows relating to the LCCP. Our previously guided range was to manage gearing within a range of 40 – 44%.

Looking ahead, I would like to share our approach on how we will respond in managing our gearing levels.

Firstly, we still have access to liquidity of ~ $2bn equivalent, to fund the remaining capital spend on the LCCP. We are therefore comfortable from a liquidity perspective that we will and can complete the LCCP.

Secondly, in the next 12 months we expect to manage gearing to between 45 to 49% which, although higher than we had anticipated, we still hold the view that it does not compromise our investment grade credit ratings.

Our commitment to protect investment grade credit ratings remains solid. I should also reiterate that our successful hedging program will continue to underpin balance sheet protection.

We are of the view, based on our current assumptions, that loan covenants are not at risk. As a reminder, our loan covenants are set at 2,5 times net debt to EBITDA, and we are currently at 2,17x which leaves us with sufficient headroom going forward

I am very pleased that we were still able to declare our interim dividend for the half year, reiterating our commitment to shareholders to maximize shareholder returns whilst still managing the balance sheet to within the investment grade metrics.

Our previous guidance for the increase in the dividend payout ratio over time, as communicated at our Capital Markets Day, remains intact however may be slightly deferred as a result of the current gearing levels.

To close off on the balance sheet, we are still actively growing the balance sheet as demonstrated by the increase in invested capital over time.
You will note that the composition of the balance sheet is expected to become more equity biased as we de-lever post the LCCP startup.

Finally, I should also remind investors that our strategic objectives and value creation remain intact.

We do, however, foresee a deferral in the execution of this value based strategy by 12 months, in order to allow the balance sheet the opportunity to de-lever appropriately.

Our commitment to a disciplined capital allocation approach continues to guide our thinking as we move forward.

SLIDE 23: A DEFINING FY19

Macroeconomic volatility is expected to continue for the rest of FY19. Within this context we expect the following delivery from our assets:

- Mining to ramp-up to targeted production levels

- Performance Chemical's average US dollar margins to remain resilient for most of the product lines

- Base Chemicals sales volumes, excluding US produced volumes, to be 1% lower.
- The US HDPE plant is forecast to achieve a utilization rate of approximately 80% for FY19.
- As a result of the longer than expected Secunda shutdown in the first half, 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 7,5 and 7,6 million tons.
- An ORYX average utilisation rate of 90%, which has been revised downward, due to repair work scheduled for the second half of the year
- Normalised cash fixed costs are expected to track our forecasted inflation rate of 6%.
- On the macroeconomic front, we forecast the Rand/US dollar exchange rate to range between R13,85 and R14,50; and average Brent crude oil prices to remain between US$60/bbl and US$65/bbl.
- Our balance sheet gearing to range between 45 - 49% and net debt to EBITDA to range between 2,0 – 2,3 times.

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