



**SASOL'S CHIEF EXECUTIVE OFFICER.**

**DAVID E CONSTABLE**

**CFO CONFERENCE CALL**

**OPENING REMARKS**

**MONDAY, 25 NOVEMBER 2013**

***AS DELIVERED***



## INTRODUCTION

Thanks very much operator. Good morning and good afternoon everyone and thank you for joining us for today's conference call.

With me, here, in Johannesburg are:

- Paul Victor, our acting Chief Financial Officer;
- Bernard Klingenberg, Group Executive: South African Operations; and two of our recently appointed Group Executive Committee members;
- Ernst Oberholster, Group Executive: International Energy, New Business Development and Technology; and
- Fleetwood Grobler, who, with effect from December 1<sup>st</sup>, will be our Group Executive: Global Chemicals and acting Group Executive: North American Operations.

I'll kick off the call by highlighting the key management interventions we took in FY13, which we are seeking to capitalise on in FY14. I will also talk you through the changes to our operating model and the related management structure implications.

Paul will then take you through our financial and operational highlights for the first quarter of FY14. And finally, we will facilitate any questions that you may have.

## KEY STRATEGIC DECISIONS IN FY13

Let me start by giving you a quick overview of some of the key strategic decisions we took in FY13, which we are currently building on.

For us, FY13 was a year of prioritisation and focus and delivery and growth. This past financial year, after a careful critique of our group-wide project pipeline and a rationalisation of the number of internal initiatives we were undertaking across the Sasol Group, we prioritised the urgent and important. We honed in on Southern Africa and the US as the two regions we would be spending our energy on in the near term.

During this period, we narrowed our growth focus areas by re-evaluating our near- to medium-term strategies and our proposed project schedules. We curtailed our coal-to-liquids aspirations, and took decisive action regarding our Uzbekistan GTL participation, the timing of Canada GTL and the phasing of our US growth programme.



## **Q1 FY14 INTERVENTIONS**

Turning now to the first quarter of FY14, we accelerated management interventions in the following areas:

- first, we restructured and redefined the mandate for our Sasol Technology group;
- second, we prioritised our new energy aspirations;
- third, we concluded an internal assessment on FTWEP, which resulted in a list of important guidelines to address areas of concern, and, most importantly, to ensure that we learn from the project's front-end planning missteps; and
- fourth, we re-evaluated the make-up of our senior leadership team in the US.

To this fourth point, with our Lake Charles projects coming into a critical phase, it's clear that we need to man up on local talent in the US.

To lead the charge, in the coming weeks, I look forward to introducing you to our new Executive Vice President: International Operations, who will be accountable for all of our operations outside of Southern Africa including our US mega-projects.

Having lived and worked on projects in the United States for several years, I know how critical first-hand US Gulf Coast experience and knowledge is. This is important, not only in the context of the EPC contracting environment, but equally crucial when we look at our engagements with the local communities, and at the State and Federal level.

## **OPERATING MODEL AND PERSONNEL CHANGES**

It goes without saying that the past several months have been a time of significant change at Sasol. And here, I am speaking specifically about our operating model adjustments and personnel changes at the upper tiers of our organisation.

As I mentioned at the start of the call, our newest GEC members are with us today - Ernst and Fleetwood. In addition, Paul is also relatively new to the team - serving as our acting CFO.

With new blood come fresh perspectives and insights. Paul, Ernst and Fleetwood, with their 63 years of institutional knowledge combined, have hit the ground running and have really been great additions to our GEC team.

As you would have seen from our SENS announcement on November 1<sup>st</sup>, I'll be introducing a further member to the Group Executive - our new Chief Technology Officer. Here, to make a meaningful difference and to add value within our GTL project context, in particular, an in-depth knowledge of Sasol's proprietary technologies is vital. I am considering internal candidates for this position who are best-placed to ensure the ongoing and improved competitiveness of our already sought-after and proven technologies.

Of course, management structure changes do not occur in a vacuum. Here, the complete overhaul of our group operating platform, which will organise Sasol along the value-chain as opposed to our existing "by-product" model, has a direct bearing on how we organise ourselves.

Earlier this month, we confirmed the top management structures and senior leaders who will support the GEC in designing and embedding the new operating model's processes, procedures and systems over the next 12 to 18 months. Although the effective date of these appointments is July 1<sup>st</sup> next year, a transition on the scale envisioned, requires meticulous planning, co-ordination and engagement in the months preceding the effective date, which we are referring to as Day 1.

As we seek to enhance our existing operations, and drive our international growth programme, we will be organising ourselves more effectively into specialised and streamlined groupings. These groupings are, more specifically:

- Operating Business Units;
- Regional Operating Hubs;
- Strategic Business Units; and
- Group Functions.

To realise significant efficiency benefits from our new operating model, our initial focus will be on:

- accelerating productivity improvements in our Operating Business Units and Regional Operating Hubs;
- driving marketing and sales excellence through our Strategic Business Units; and
- establishing fit-for-purpose, value-adding and cost effective Group Functions.

A complete organisational transformation, as envisioned, takes time. The team is hard at work to get us to our Day 1 target date, while ensuring that our businesses continue to deliver results in a safe, reliable and consistent manner. As we indicated in September, we will be providing more details to you after our interim results are announced in March.

With that, let me now hand over to Paul who will unpack the CFO letter in greater detail. Paul.

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