Sasol Limited Group





Production and sales metrics

for the period ended 30 September 2018

Overview

Sasol benefited from higher Brent crude oil and product prices during the quarter and a weaker average rand exchange rate against major currencies. We have seen higher productivity across most of our operations with an increased focus on safety, margins and cost control.

Operating Business Units

Operationally, our mining operations are building momentum with increased productivity over the past quarter and have fully restored the stock piles to above target levels. External purchases have been significantly reduced and current indications are that Mining will achieve the targeted production levels of 40 million tons for the full year. At our Mozambican upstream operations, we delivered a robust production performance, in line with expectations. We expect to achieve our production target of between 114 — 118 bscf for FY19.

Regional Operating Hubs

Turning to our regional operating hubs, we are seeing excellent production results from our Natref operations following focused management interventions and capital investments over the past few years. The run rates achieved over the past quarter averaged 661m3/h, which builds of the average of the previous quarter of 600m3/h. We are confident that this improved performance will continue over the ensuing months. In Sasolburg, most of our plants completed the shutdowns within the planned time and cost schedules. Our Eurasian operations continue to deliver on its planned production targets. However, in Secunda, the planned full shutdown at our Sasol Secunda Operations (SSO) West factory was longer than estimated mainly due to technical issues with the Steam Header 2 project and challenges with start-up which further delayed the commissioning date. The extended shutdown impacted our production and sales volumes across the value chain. We are however confident that we will achieve our planned production targets for the remainder of the year. The longer shutdown will result in annual production guidance reducing to 7,5 – 7,6 million tons.

Strategic Business Units

Our Energy business is continuing to benefit from the higher oil price and largely achieved our targeted liquid fuels sales volumes for the quarter, notwithstanding the challenges experienced at SSO. This was enabled through improved production from Natref. We are on track to achieve our previous market guidance sales of 57 – 58 million barrels for the year. ORYX GTL achieved a stellar operational performance, achieving an average utilisation rate of 106%. The notable production rates coupled with the high oil price bodes well for Sasol's profitability. At Base Chemicals, we are seeing higher chemical prices globally versus the comparable period and continue to focus on margin expansion. In South Africa, we are on track achieve our target of 2 – 3% volumes increase despite the challenges at SSO. The high density polyethylene (HDPE) plant in the US is expected to ramp up production during this financial year, and we expect to achieve an average utilisation rate of 80 – 90% for the full year. HDPE derivitisation enables additional value extraction from ethylene, which significantly improves our US Base Chemicals average sales basket prices. Performance Chemicals produced a solid set of sales volumes and margins overall are holding strong. We are on track to achieve our previous market guidance of 2 – 4% volumes increase for the full year.

Lake Charles Chemicals Project (LCCP)

We are making good progress with the project in Lake Charles and indications are that the capital cost of the project will remain within the previous market guidance of US$11,13 billion. As at end September 2018, the engineering and procurement were substantially complete and the construction progress was at 75%. Steam reached beneficial operation in August 2018. Overall project progress was 91% and capital expenditure amounted to US$10,4 billion. More than 80% of our production will be available in quarter one of calendar year 2019. Based on an ethane price of 28cpg, we expected to deliver on our 2019 earnings before interest, tax, depreciation and amortisation (EBITDA) guidance of US$250 million to US$300 million. However, given current forecasted ethane prices, we expect EBITDA to average between $110 million to $160 million using an ethane price 37cpg. The ethane price volatility will significantly impact the EBITDA and is not within our control.

Conclusion

Overall, we have delivered a solid performance for the first quarter, except for the SSO extended shutdown. Our operations are stable and delivering according to plan and we are taking advantage of all opportunities to maximise margins. At this point, all indications are that we will meet our revised production and sales targets for the year. Our cost performance is within market guidance.

In line with Sasol's updated strategy, we have reorganised the Chemical portfolio to support our value-based growth strategy. Consequently, we have transferred the Phenolics, Ammonia and Speciality Gases results from Performance Chemicals to Base Chemicals, effective 1 July 2018. Management of the Ammonia and Speciality Gases is housed in the Energy SBU. The metrics have been restated for the transfer.

		% change 2019 vs 2018	YTD Sep 2019	YTD Sep 2018	Full year 2018
Mining					
Production					
Saleable production[1]	mm tons	(5)	**9,5**	10,0	37,2
External purchases[1]	mm tons	(31)	**1,1**	1,6	6,7
Internal sales[1]					
Energy	mm tons	(4)	**5,3**	5,5	22,6
Base Chemicals	mm tons	(25)	**2,7**	3,6	14,3
Performance Chemicals	mm tons	(14)	**0,6**	0,7	3,3
External sales					
International and other domestic	mm tons	–	**0,7**	0,7	3,2
Exploration and Production International					
Production					
Natural gas - Canada[2]	bscf	(17)	**4,4**	5,3	19,2
Condensate - Canada[2]	m bbl	(15)	**18,0**	21,2	76,7
Natural gas - Mozambique (Sasol's 70% share)[3]	bscf	1	**29,8**	29,6	115,9
Condensate - Mozambique (Sasol's 70% share)	m bbl	2	**66**	65	266
Crude oil Gabon (after royalties)[4]	m bbl	11	**316**	285	1 126
External sales					
Natural gas - Canada	bscf	(17)	**4,4**	5,3	19,2
Condensate - Canada	m bbl	(15)	**18,0**	21,2	76,7
Natural gas - Mozambique	bscf	–	**3,9**	3,9	14,8
Condensate - Mozambique	m bbl	(9)	**61**	67	270
Crude oil Gabon (after royalties)	m bbl	(4)	**272**	283	1 115
Internal sales					
Natural gas - Mozambique to Energy	bscf	17	**15,5**	13,3	53,7
Natural gas - Mozambique to Base Chemicals	bscf	(12)	**6,8**	7,7	29,8
Natural gas - Mozambique to Performance Chemicals	bscf	(21)	**3,7**	4,7	17,6
Energy					
Production					
Synfuels refined product (white product)[5]	mm bbl	(12)	**6,8**	7,7	31,5
Natref[6]					
Crude oil (processed)	mm bbl	20	**5,9**	4,9	18,5
White product yield	%		**90,3**	90,1	88,6
Total yield	%		**97,3**	97,8	97,1
Production	mm bbl	19	**5,7**	4,8	18,0
ORYX GTL[7]					
Production	mm bbl	7	**1,55**	1,45	5,53
Utilisation rate of nameplate capacity	%		**106**	99	95
Escravos GTL (EGTL)[8]					
Production (Sasol's 10% share)	mm bbl	(20)	**0,12**	0,15	0,65
External purchases					
White product[9]	mm bbl	(58)	**1,3**	3,1	8,5
Natural gas*	bscf	16	**6,6**	5,7	23,0
Internal purchases					
Coal (Mining)	mm tons	(4)	**5,3**	5,5	22,6
Natural gas (EPI)	bscf	17	**15,5**	13,3	53,7
Sales					
Liquid fuels - white product[10]	mm bbl	(2)	**13,7**	14,0	56,3
Liquid fuels - black product[10]	mm bbl	40	**0,7**	0,5	2,4
Natural gas[11]	bscf	7	**9,4**	8,8	33,6
Methane rich gas[11]	bscf	6	**5,6**	5,3	21,7
Retail convenience centres (RCCs)[12]	number	(1)	**396**	398	399

Base Chemicals**		% change 2019 vs 2018	YTD Sep 2019	YTD Sep 2018	Full year 2018
External purchases					
Natural gas*	bscf	(12)	**2,9**	3,3	12,8
Internal purchases					
Coal (Mining)	mm tons	(25)	**2,7**	3,6	14,3
Natural gas (EPI)	bscf	(12)	**6,8**	7,7	29,8
Sales[13]					
Polymers RSA	kt	(14)	**319**	372	1 372
Polymers US[14]	kt	(16)	**53**	63	270
Solvents	kt	(14)	**216**	252	962
Fertilizers	kt	(9)	**105**	116	429
Explosives	kt	–	**88**	88	330
Other	kt	10	**132**	120	496
	kt	(10)	**913**	1 011	3 859
Base Chemicals average sales basket price[15]	US$/ton	8	**870**	804	851
US Base Chemicals average sales basket price[16]	US$/ton	121	**1 262**	570	783

Performance Chemicals**					
External purchases					
Natural gas*	bscf	(20)	**1,6**	2,0	7,5
Internal purchases					
Coal (Mining)	mm tons	(14)	**0,6**	0,7	3,3
Natural gas (EPI)	bscf	(21)	**3,7**	4,7	17,6
Total feedstock cost* **	R/ton	5	**9 740**	9 312	10 222
Total feedstock cost* **	EUR/ton	(1)	**594**	601	667
Sales					
Organics[17]	Rm	20	**14 125**	11 760	49 261
Waxes[18]	Rm	(2)	**2 164**	2 217	8 462
Advanced Materials	Rm	29	**1 797**	1 391	6 537
	Rm	18	**18 086**	15 368	64 260
Sales volumes[19]					
Organics	kt	1	**526**	522	2 065
Waxes[18]	kt	(10)	**116**	129	495
Advanced Materials[20]	kt	(24)	**41**	54	200
		(3)	**683**	705	2 761

* Reflects natural gas purchases from the 30% JV partners in Mozambique.

** Restated for the transfer of the Phenolics, Ammonia and Speciality Gases results from Performance Chemicals to Base Chemicals. Management of the Ammonia and Speciality Gases is housed in the Energy SBU.

*** Includes feedstock cost of natural gas, coal and foreign currency denominated feed streams. The cost is therefore impacted by currency fluctuations of the rand against major currencies.

Lake Charles Chemicals Project[21]		YTD Sep 2019	Full year 2018
Cumulative capital expenditure to date	US$m	**10 407**	9 846
Percentage of completion	%	**91**	88

Significant hedges – Sasol group[22]		Full year 2019	Full year 2020
Brent oil – put options			
Number of barrels hedged	mm bbl	**48,00**	–
Average Brent crude oil price floor, net of costs	US$/bbl	**53,36**	–
Rand/US dollar currency – zero-cost collar instruments			
Tranche 1			
US$ exposure hedged	US$bn	**2,10**	–
Annual average floor	R/US$	**14,16**	–
Annual average cap	R/US$	**16,33**	–
Tranche 2			
US$ exposure hedged	US$bn	**1,90**	–
Annual average floor	R/US$	**12,01**	–
Annual average cap	R/US$	**13,83**	–
Export coal – swaps			
Number of tons hedged	mm tons	**1,40**	–
Average coal swap price	US$/ton	**81,82**	–
Ethane gas – swaps			
Number of barrels hedged - based on existing cracker[23]	mm bbl	**3,50**	2,20
Average ethane gas swap price	US$ c/gal	**27,30**	29,80

Production and sales metrics

quarterly overview

Mining		% change Q1 vs Q4	Quarter 1 2019	Quarter 4 2018	Quarter 3 2018	Quarter 2 2018
Production						
Saleable production	mm tons	(5)	**9,5**	10,0	8,3	8,9
External purchases	mm tons	(31)	**1,1**	1,6	2,5	1,0
Internal sales						
Energy	mm tons	(5)	**5,3**	5,6	5,6	5,9
Base Chemicals	mm tons	(10)	**2,7**	3,0	3,6	4,0
Performance Chemicals	mm tons	(54)	**0,6**	1,3	0,7	0,6
External sales						
International and other domestic	mm tons	(13)	**0,7**	0,8	0,7	1,0
Exploration and Production International						
Production						
Natural gas - Canada	bscf	2	**4,4**	4,3	4,8	4,8
Condensate - Canada	m bbl	–	**18,0**	18,0	16,7	20,8
Natural gas - Mozambique (Sasol's 70% share)	bscf	2	**29,8**	29,2	27,3	29,8
Condensate - Mozambique (Sasol's 70% share)	m bbl	–	**66**	66	66	69
Crude oil Gabon (after royalties)	m bbl	18	**316**	268	272	301
External sales						
Natural gas - Canada	bscf	2	**4,4**	4,3	4,8	4,8
Condensate - Canada	m bbl	–	**18,0**	18,0	16,7	20,8
Natural gas - Mozambique	bscf	5	**3,9**	3,7	3,4	3,8
Condensate - Mozambique	m bbl	(10)	**61**	68	69	66
Crude oil Gabon (after royalties)	m bbl	2	**272**	266	330	236
Internal sales						
Natural gas - Mozambique to Energy	bscf	17	**15,5**	13,3	13,6	13,5
Natural gas - Mozambique to Base Chemicals	bscf	(14)	**6,8**	7,9	6,5	7,7
Natural gas - Mozambique to Performance Chemicals	bscf	(14)	**3,7**	4,3	3,8	4,8
Energy						
Production						
Synfuels refined product (white product)	mm bbl	(16)	**6,8**	8,1	7,5	8,2
Natref						
Crude oil (processed)	mm bbl	13	**5,9**	5,2	5,4	3,0
White product yield	%		**90,3**	87,2	88,3	90,3
Total yield	%		**97,3**	97,2	97,1	96,0
Production	mm bbl	12	**5,7**	5,1	5,2	2,9
ORYX GTL						
Production	mm bbl	(1)	**1,55**	1,56	1,08	1,44
Utilisation rate of nameplate capacity	%		**106**	108	77	98
Escravos GTL (EGTL)						
Production (Sasol's 10% share)	mm bbl	(43)	**0,12**	0,21	0,12	0,17
External purchases						
White product	mm bbl	(19)	**1,3**	1,6	1,6	2,2
Natural gas*	bscf	16	**6,6**	5,7	5,8	5,8
Internal purchases						
Coal (Mining)	mm tons	(5)	**5,3**	5,6	5,6	5,9
Natural gas (EPI)	bscf	17	**15,5**	13,3	13,6	13,5
Sales						
Liquid fuels - white product	mm bbl	(5)	**13,7**	14,4	14,3	13,6
Liquid fuels - black product	mm bbl	–	**0,7**	0,7	0,7	0,5
Natural gas	bscf	7	**9,4**	8,8	7,9	8,1
Methane rich gas	bscf	4	**5,6**	5,4	5,6	5,4
Retail convenience centres (RCCs)	number	(1)	**396**	399	397	394

* Reflects natural gas purchases from the 30% JV partners in Mozambique.

Base Chemicals		% change Q1 vs Q4	Quarter 1 2019	Quarter 4 2018	Quarter 3 2018	Quarter 2 2018
External purchases						
Natural gas*	bscf	(15)	**2,9**	3,4	2,8	3,3
Internal purchases						
Coal (Mining)	mm tons	(10)	**2,7**	3,0	3,6	4,0
Natural gas (EPI)	bscf	(14)	**6,8**	7,9	6,5	7,7
Sales						
Polymers RSA	kt	(1)	**319**	321	337	342
Polymers US	kt	(29)	**53**	75	52	80
Solvents	kt	(7)	**216**	233	257	220
Fertilizers	kt	36	**105**	77	96	140
Explosives	kt	6	**88**	83	78	81
Other	kt	10	**132**	120	117	139
	kt	–	**913**	909	937	1 002
Base Chemicals average sales basket price	US$/ton	(5)	**870**	918	927	767

Performance Chemicals		% change Q1 vs Q4	Quarter 1 2019	Quarter 4 2018	Quarter 3 2018	Quarter 2 2018
External purchases						
Natural gas*	bscf	(11)	**1,6**	1,8	1,6	2,1
Internal purchases						
Coal (Mining)	mm tons	(54)	**0,6**	1,3	0,7	0,6
Natural gas (EPI)	bscf	(14)	**3,7**	4,3	3,8	4,8
Total feedstock cost**	R/ton	(4)	**9 740**	10 101	10 210	9 312
Total feedstock cost**	EUR/ton	(10)	**594**	658	661	591
Sales						
Organics	Rm	12	**14 125**	12 652	12 518	12 331
Waxes	Rm	6	**2 164**	2 035	1 977	2 233
Advanced Materials	Rm	(2)	**1 797**	1 840	1 737	1 569
	Rm	9	**18 086**	16 527	16 232	16 133
Sales volumes						
Organics	kt	2	**526**	516	539	488
Waxes	kt	–	**116**	116	127	123
Advanced Materials	kt	(21)	**41**	52	45	49
		–	**683**	684	711	660

* Reflects natural gas purchases from the 30% JV partners in Mozambique.

** Includes feedstock cost of natural gas, coal and foreign currency denominated feed streams. The cost is therefore impacted by currency fluctuations of the rand against major currencies.

Commentary

1 The Mining Business Improvement Programme is yielding positive results with productivity levels ramping up to targeted performance. We have reduced our external purchases and optimised production in the quarter as our stockpiles have been restored to above target levels. This is largely due to higher productivity and lower demand from SSO. We are on track to deliver on our 40 million tons per annum target and plan on reducing external purchases even further in the ensuing months. Tragically, we experienced a work-related fatality at our Syferfontein Colliery in September 2018. We are striving towards zero harm and remain committed to improving our safety record.
2 Our volumes declined as a result of reduced drilling activities.
3 We remain on track to achieve our market guidance for gas production of 114 — 118 bscf.
4 We are seeing improved production volumes following the successful completion of well work-over maintenance. We expect this trend to continue for the year.
5 Total SSO production volumes decreased by 11% as a result of unplanned interruptions and the planned full shutdown at the West factory compared to a phase shutdown in the previous year. The shutdown was longer than planned mainly due to the Steam Header 2 project and subsequent start-up challenges. Notwithstanding, we realised better production yields at the East factory during the shutdown period. We expect SSO to produce volumes of between 7,5 — 7,6 million tons.
6 Following our focused management interventions, Natref achieved an excellent production run rate of 661m3/h during the quarter (Q4 FY18 — 600m3/h), offsetting the lower volumes from SSO. We expect these positive results to continue for the remainder of the year.
7 ORYX GTL production volumes were strong, increasing by 7% with an excellent utilisation rate of 106% due to stable operations. We remain on track to achieve an average utilisation rate of 95% for the full year.
8 EGTL production was impacted by an unplanned shutdown of one train requiring maintenance activities which are being implemented to restore plant production capacities and both trains are expected to be operational in the second half of the financial year.
9 External purchases decreased during the quarter as a result of the excellent performance from Natref offsetting lower production from SSO.
10 We remain on track to achieve our previous market guidance sales volumes of approximately 57 — 58 million barrels.
11 Natural gas and methane rich gas sales volumes increased by 7% and 6%, respectively, due to higher market demand.
12 In line with our asset review programme, we divested of three non-profitable RCCs during the quarter. We continue to target 15 new RCCs for the financial year.
13 Base Chemicals sales volumes from the South African value chain decreased by 9% mainly due to planned shutdowns. However, despite lower production in the first quarter, we are targeting sales volumes, excluding US produced products, to be 2 — 3% higher than the prior year.
14 Our US produced polymer volumes decreased by 16% as a result of an ethylene stock build for our new Lakes Charles linear low density polyethylene (LLDPE) plant expected to come online in the next quarter. The remainder of the Base Chemicals LCCP units are expected to start contributing during the second quarter of the financial year.
15 Our US dollar basket sales price at US$870/ton increased by 8% notwithstanding a 45% increase in Brent crude oil prices. The lower than expected increase in prices is attributable to softer market conditions largely in Europe and the US. However, additional value extraction from our high density polyethylene (HDPE) investment has supported the improvement in our overall basket prices.
16 Our US Polymers basket sales price increased significantly as we shifted merchant ethylene sales to downstream derivatives following the ramp-up of our HDPE plant.
17 Sales includes revenue from kerosene in our alkylates business of R1,4bn (YTD September FY18 — R0,8bn, FY18 — R4,0bn) that is sold back to third parties after paraffin is extracted. The sale back is recorded as revenue but is not included in production or sales volumes.
18 The decrease in Wax volumes and sales is due to the disposal of our Alexandria Wax business in FY18 and lower paraffin sales.
19 Sales volumes decreased by 3% mainly due to planned shutdowns and lower sales of commodity products. Sales volumes for the full year are expected to remain within the previous market guidance of 2 — 4% higher than prior year, excluding LCCP.
20 The decrease in Advanced Materials volumes is related to a planned shutdown at our carbon operations.
21 We are making good progress with the project in Lake Charles and indications are that the capital cost of the project will remain within the previous market guidance of US$11,13 billion. As at end September 2018, the engineering and procurement were substantially complete and the construction progress was at 75%. Steam reached beneficial operation in August 2018. Overall project progress was 91% and capital expenditure amounted to US$10,4 billion. Based on an ethane price of 28cpg, we expected to deliver on our 2019 EBITDA guidance of US$250 million to US$300 million. However, given current forecasted ethane prices, we expect EBITDA to average between $110 million to $160 million using an ethane price 37cpg. The ethane price volatility will significantly impact EBITDA and is not within our control.
22 Our hedging programme for FY19 has been completed, with 70% of our exposure to the Rand/US dollar exchange rate and 80% of our oil exposure hedged.
23 Current hedged volumes were executed for the existing ethane cracker in the US. Hedging for the LCCP cracker is planned to match the start-up schedule.

Abbreviations	
m bbl - thousand barrels	kt - thousand tons
mm bbl - million barrels	Rm - Rand millions
mm tons - million tons	$/ton - US dollar per ton
bscf - billion standard cubic feet	R/ton - Rand per ton
EUR/ton - Euro per ton	R/US$ - Rand/US dollar currency
US$/bbl - US dollar per barrel	US$bn - US dollar billions
US$/ton - US dollar per ton	US$m - US dollar millions
US$ c/gal - US dollar cent per gallon	m3/h - cubic meter per hour

The preliminary production and sales metrics for the period ended 30 September 2018 and forward looking statements on FY19 have not been reviewed and reported on by our external auditors.

Disclaimer – Forward-looking statements

Sasol may, in this document, make certain statements that are not historical facts and relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements may also relate to our future prospects, developments and business strategies. Examples of such forward-looking statements include, but are not limited to, statements regarding exchange rate fluctuations, volume growth, increases in market share, total shareholder return, executing our growth projects (including LCCP), oil and gas reserves and cost reductions, including in connection with our BPEP, RP and our business performance outlook. Words such as “believe”, “anticipate”, “expect”, “intend", “seek”, “will”, “plan”, “could”, “may”, “endeavour”, “target”, “forecast” and “project” and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that the predictions, forecasts, projections and other forward-looking statements will not be achieved. If one or more of these risks materialise, or should underlying assumptions prove incorrect, our actual results may differ materially from those anticipated. You should understand that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors are discussed more fully in our most recent annual report on Form 20-F filed on 28 August 2018 and in other filings with the United States Securities and Exchange Commission. The list of factors discussed therein is not exhaustive; when relying on forward-looking statements to make investment decisions, you should carefully consider both these factors and other uncertainties and events. Forward-looking statements apply only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.