Your excellencies, honoured guests, ladies and gentlemen.

On behalf of Sasol Ltd, it is my privilege to address the 20th World Petroleum Congress. This event has long been recognised as the most reputable gathering of the industry’s foremost oil and gas players and I thank you for the opportunity to address this session today.

Before I begin, and as the Congress draws to a close, let me first recognize and sincerely thank His Excellency, Dr Mohammed Bin Saleh Al Sada for hosting such a prestigious event this week. By all accounts, it has been a magnificent occasion and in hosting such a successful event, Qatar has marked yet another milestone in its remarkable energy story.
Downstream challenges – Agenda

Now, the challenges facing our downstream industry are many and well known
Downstream challenges

The nations of the world require energy security to fuel growth and development. Regulators, legislators and the general public require ever cleaner fuels and reduced emissions. Our customers want improved efficiency and increased performance, and the expectations of our shareholders and stakeholders continue to grow.

If the global energy industry is to resolve these challenges, while responding to the needs of all our stakeholders, the downstream sector is going to have to take a central role in delivering the solutions that secure energy supply, enable growth and reduce emissions.

Downstream technologies, underpinned by innovation and project excellence, must drive a cleaner, more energy efficient and energy secure future. Our ability to commercialise these technologies and to deliver the world-class multi-billion dollar projects they demand, will define the twenty first century.
Introduction to Sasol – Agenda

Today, I’d like to look at some of the solutions that have emerged and are emerging within the downstream industry. It would be the height of foolishness to listen to someone who wasn’t taking his own advice, so I will cite some exciting innovations we’ve implemented at Sasol to enhance our downstream offering.

First allow me to share a little about what it is we do at Sasol.
Introduction to Sasol

Sasol is an integrated energy and chemicals company
> The world’s largest producer of synthetic fuels
> World leader in gas-to-liquids (GTL) and coal-to-liquids (CTL) technology
> 60 years’ experience in CTL, GTL and related technology
> Operating and technical expertise
> Strong intellectual property portfolio (372 registered patent families)

Innovation and project excellence are guiding principles within our company. With an active and growing upstream business, combined with proven downstream technologies, Sasol’s integrated business model is fundamental to our ability to create value.

As the world’s largest producer of synthetic fuels, Sasol is an international leader in gas-to-liquids, coal-to-liquids and integrated chemicals technologies. And we have over 60 years of operating experience in CTL, GTL and related technologies.

For six decades, our company’s growth has been premised on our innovative spirit and technological leadership. Our extensive operating and technical expertise has grown through the talented people within our organisation, including some 250 science and engineering PHDs, who constantly advance our strong intellectual property portfolio, which currently has 372 registered patent families.
Our integrated business model

Simply put, we add value to coal, natural gas and oil reserves, through our integrated business model. We use these feedstocks to produce cleaner liquid fuels, fuel components and chemicals, through our proprietary processes. We mine coal in South Africa, produce natural gas and condensate in Mozambique, oil in Gabon and shale gas in Canada.
Global trends and Sasol's response – Agenda

In energy terms, these are revolutionary times. We are all aware of the relative decline of crude oil in the overall product slate, and the sustainability questions it raises. This is happening at a time when global energy demand is increasing, a trend that will be sustained as the world population increases by up to fifty percent, by mid-century.

As consumers demand more energy, regulators want cleaner energy. And governments find themselves walking a tightrope, trying to balance job creation, energy security and diversity of supply with growth and climate change imperatives.
**Global GDP has recovered to above pre-crisis levels, but growth**

On a macro-economic scale, notwithstanding the recent weakening in the external environment over recent months – largely due to the sovereign debt crisis in Europe and the US debt ceiling challenge – most of the world’s growth is expected to come from emerging economies over the next four years. While the world’s GDP has largely recovered to pre-crisis levels, growth is primarily being driven by developing countries which are depicted here as the top blue line on this GDP index graph.
Global economic recovery has been underpinned by growth

So it’s clear the global recovery has been underpinned by growth in emerging markets. As these countries develop and their populations expand, their demand for energy will continue to increase.

To this mix of forces we add the de-linking of the oil/gas price ratio, the abundance of gas at relatively low prices, the pressure of carbon intensity and the global need for countries to transition to lower carbon economies.
Global trends – The twenty first century – ‘century of gas’

Looking ahead, despite the best efforts of the alternative and renewable fuels sector, along with considerable investment by vehicle manufacturers and power generators, it is clear that hydrocarbons will continue to play a major role in meeting transportation fuel demand and baseload power generation for the foreseeable future.

The future for crude oil can only get tougher. Increasingly, oil exploration is focused on more hostile and expensive environments such as ultra deep water and the Arctic. The anticipated supply gap this situation creates must be bridged, and gas development is clearly the route to go.

Currently, some of the biggest names in oil are on the verge of producing more energy from gas, than from crude oil. Globally, there are abundant supplies of natural gas which can be developed at relatively low cost. On the supply side, the market’s evolution has been, and will continue to be, characterised, by escalating supplies from conventional and unconventional sources.

Thus, the twenty first century has been hailed as the Century of Gas and, given the evidence, this seems entirely appropriate.

The shale gas phenomenon has made large reserves of the cleanest of all the hydrocarbons available to many countries and regions around the world.
Global trends – Sasol’s response

In practical terms, the relative abundance of natural gas has delivered an opportunity to sustain and grow energy supplies, while significantly reducing emissions. At the same time, natural gas will also buy emerging technologies in the renewable energy space, the time to achieve the required technical and commercial maturity. As a technology-based company, with first-hand experience in developing and commercialising new technologies, Sasol is well placed to step up to the plate as the world seeks to move toward a lower carbon future – with natural gas helping to facilitate the transition.

Sasol’s upstream business, Sasol Petroleum International, this year made significant progress in support of our growth objectives with an entrance into the North American shale gas market. The acquisition of a 50% interest in two large shale gas assets in Canada’s Montney Basin has secured the growth of our global downstream GTL portfolio.

Just last week, we announced a feasibility study for a world-scale ethylene and derivatives complex, focused on opportunities at our operating site in Louisiana. We believe strategic growth in chemicals will take full advantage of the natural gas opportunities along the US Gulf Coast, and the anticipated growth will further strengthen Sasol’s overall portfolio.

Within this context, the downstream opportunity is significant. In realizing this opportunity, the notion of “versatility to temper volatility” is perhaps most important for future growth of the downstream industry.
Sasol’s response – The role of chemicals

A constant within the downstream business remains the pivotal role of excellence in chemical engineering. Extracting additional value from related businesses, such as chemicals, is vital. By making the most of the entire suite of products and optimising integration opportunities, risk is spread and value is maximised. In Sasol terms, our chemicals business accounts for over 50% of turnover and almost 30% of operating profit, and we have gained strong positions in many of our chemicals markets.

It is also in the downstream arena where we are seeing some of our most exciting and ground-breaking innovation.
Sasol’s response – Ethylene tetramerisation

One recent example is the construction of our state-of-the-art tetramerisation unit at our Lake Charles, Louisiana facility in the US.

Using Sasol’s pioneering tetramerisation technology, the first-of-a-kind unit will produce 100,000 metric tons a year of combined 1-octene and 1-hexene. Sasol currently supplies about a quarter of the world’s co-monomers, producing over 350,000 tonnes a year. The products impart special characteristics of elasticity and strength to plastic that is used in consumer products such as food packaging, bags, toys, automotive interiors, power cable coatings and more.

This innovative project will lead to a sharp increase in our co-monomer product yields, supporting the growth in demand we expect from major customers. We have already secured long-term supply contracts for a significant portion of plant output, much of it from emerging markets. The Lake Charles complex is an ideal location for the site, as the ethylene feedstock will be sourced directly from our existing ethane cracker.

Before Sasol perfected it, the selective production of 1-octene from ethylene was considered impossible by experts in the field. Yet, from an idea first floated in 1997, the Sasol board approved the commercialisation of this technology in 2010. We have extensively patented the process, and Sasol is already working on the next generation of tetramerisation technology.
This is an artist's impression of the tetramerisation facility which gives some sense of scale to our undertakings in Lake Charles. At Sasol, we have seen that the downstream area of our business is where our ability to manipulate feedstock lies, and importantly, where we can create significant value. Organisations need to understand this principle and its implications, if they are to grow and prosper in the future.
The GTL and New Energy model – Agenda

At Sasol, our primary strategic focus is to increase shareholder returns by commercialising our technology internationally through our accelerated GTL and integrated chemicals growth strategy, and selected CTL opportunities. Our strategy to increase natural gas reserves through exploration and acquisitions that complement our GTL technology are well on track and growing.

With all this progress, it’s easy to forget how far our industry has come, from relatively recent years when gas was thought to be nothing much more than a throw away bi-product. In the last two decades, GTL has quickly moved from being an academic option, to a commercial reality. The world-scale commercialisation of GTL, a technology in which Sasol is an international leader, has come of age and will continue to gain importance and significance.

It is hard to see any significant shift in vehicle power train technology in the short to medium term. The diminishing availability of crude oil is likely to sustain high transport fuel prices and require alternate fuel sources to meet increased demand.

GTL offers host governments an alternate, more profitable route to monetize their gas. Our ability to transport that remote gas to market and, increasingly, to supply it to the customer in a wide variety of usable forms, is set to transform the role of the downstream industry in the future provision of energy.
As noted earlier, gas supply is rising, but so too is demand. We anticipate expanded gas use everywhere, with especially large growth in electricity generation. Our newest business unit, Sasol New Energy, is working to ensure that the group develops low-carbon electricity as our third major value chain.

In July 2010, we commissioned two 100MW open-cycle gas turbines at the Sasol Synfuels complex in Secunda. They have been operating fully since that time, with a combined output of 220MW. In the short term, this power is being sold to South Africa’s state-owned power utility, Eskom, which helps alleviate the tight electricity supply expected in the country over the next few years.

We recently commissioned the next stage of this project by converting the turbines to combined cycle and increasing their joint output to 280MW. We are also investigating opportunities to replace some of the natural gas feedstock with waste gas that is currently flared.

The Sasol board recently approved a project at Sasolburg, which will produce 40MW of power using natural gas by the latter half of 2013. The project will replace coal-fired power generation and enable Sasol to reduce its CO₂ emissions from Sasolburg by another one million tonnes per year [10MMTPA since 2004].

As a result of these and other projects, Sasol is on track to self generate 60% of its electricity requirements in South Africa by 2013.

Sasol New Energy is also looking at developing additional gas-fired electricity generation in Mozambique in partnership with the country’s state-owned power utility. We are currently working with the Mozambican government on funding options for the proposed modular gas engine power plant. Sasol is also looking at renewable energy and other low-carbon electricity initiatives, including concentrated solar power and hydroelectric solutions in the Southern Africa region.
Sasol’s key competitive advantage remains our ability to develop and commercialise new technologies and to implement and operate facilities on a large scale. Our team in the New Energy division are pursuing next generation technology solutions for Sasol – to operate within a carbon and water constrained world.

It’s one thing to have the expertise and the technologies in place but for companies like Sasol, access to funding for world-scale programs requires project development and execution that is nothing short of exceptional. Excellence in capital expenditure management is critical and this imperative is receiving increasing focus within the Group – as we continue to enhance our upstream ambitions and downstream offerings.
ORyx GTL, Sasol’s GTL flagship

In operation and highly successful
> Joint venture between Qatar Petroleum (51%) and Sasol (49%)
> 32 400 bbl/d design capacity, producing ultra-low sulphur diesel, naphtha and LPG
> Stable operation (80 - 90% capacity utilisation)
> Instantaneous production record of 36 860 bbl/d achieved
> Production to be increased by 10% through de-bottlenecking
> Investigating the possibility of an expansion
> Highly profitable venture with handsome returns to shareholders

Orxy GTL, Sasol’s GTL flagship

With downstream projects requiring multi-billion dollar investments with a life span of thirty years or more, there is a considerable predictive element in projected returns. Country risk is inevitably a sizeable factor in deciding whether the necessary funding can be secured, and whether the project should proceed. When ORYX GTL was built here in Qatar, we faced the challenge of convincing our financiers to support a new version of GTL technology that was unproven at commercial scale.

The responsibility to convince the markets of the viability of our GTL technology lay entirely with Sasol. Qatar’s track record of establishing and sustaining the required fiscal and business structures was a significant enabler for the successful implementation of this project. This country’s spectacular rise is due to the vision of His Highness the Emir, Sheikh Hamad bin Khalifa Al Thani, which gave invaluable support to Sasol in convincing our stakeholders of Qatar’s status as an attractive investment location.

The highly successful Orxy GTL facility, a 49:51% joint venture between Sasol Synfuels International and Qatar Petroleum, is currently one of the world’s larger commercial GTL operations. With a 32 400 barrel a day design capacity, the plant produces ultra-low sulphur diesel, naphtha and LPG. Stable operations, with an 80-90% capacity utilisation has helped deliver a production record of 36 860 barrels a day. De-bottlenecking will increase production by 10% and we continue to evaluate a variety of value adding expansion projects which can enhance the economics of this already extremely successful venture.
Oryx GTL image

As Sasol’s flagship gas-to-liquids project, the invaluable partnership with the Government of Qatar remains central to Oryx GTL’s success. It is a world class benchmark for the strong relationships required to deliver truly, innovative downstream solutions.
Uzbekistan GTL, Karshi, Uzbekistan

Building on our experience in Qatar, we are now engaging with the government in Uzbekistan to establish a GTL plant in that country with a nominal plant capacity of 1.4 million tons per annum. There is no question that the positive approach of the Uzbekistan Government has had a profound effect on how that project has developed so far. With our partners, PETRONAS and Uzbekneftegaz, feasibility has already been successfully completed, and we have just entered the FEED phase. The pace of the project to date provides testament to the value that can be delivered through strong and mutually beneficial partnerships with government.
Sasol major acquisitions, Canada – shale gas

Following the acquisition of two new shale gas assets in Canada this year, the focused growth in our upstream portfolio continues to create downstream opportunities. In conjunction with our partners, Talisman, we’ve launched a feasibility study for a GTL plant in Western Canada and expect that study to be completed in mid-2012. In addition to the Canacian study, Sasol recently announced plans to build the “first” US-based GTL facility near Lake Charles, Louisiana. Both locations in Canada and the US are considering plants that would each produce up to 96,000 bpd.
Partnership delivering value – the Mozambique gas project – Agenda

Possibly the best example of sound partnerships delivering exceptional value is right on our South African doorstep.
Mozambique natural gas project

A pioneering project in partnership between Sasol and the Mozambique and South African governments

- Sasol 70% (Operator), Companhia Moçambicana Hidrocarbonetos 25%, International Finance Corporation 5%, in natural gas central processing facility
- 50% Sasol and 25% each with two governments in an 865 km pipeline from Temane in Mozambique to Secunda in South Africa
- On stream 2004
- Currently produces ~300 MMscf/d

Mozambique natural gas project

In Mozambique, Sasol worked in close partnership with the Mozambique and South African governments to pioneer a highly successful natural gas project.

Our Mozambican project is currently Sasol Petroleum International’s main gas producing asset at 300 mmscf/d. Mozambique is at the heart of the gas lifeline to various downstream South African businesses via an 865 km pipeline to Secunda. And we recently commissioned a $300 million dollar project to expand the capacity of our onshore gas production facilities in Mozambique from 120 to 183MGJ per year.
Positive impact of natural gas operations in Mozambique

Since we started working in Mozambique a decade ago, Sasol’s operations have become a catalyst for social development, beyond the employment we provide. We have a strong relationship with the people and government of Mozambique and we engage on an ongoing basis with the mostly rural communities located close to the gas fields and pipeline route – approximately 100,000 people in an area of 565 square kms. We have spent millions on social projects in Mozambique, building clinics, schools and sinking boreholes for drinking water, in the pipeline corridor, and areas around the central gas processing facility. Over 60% of our staff in Mozambique are local and in the past year, 205 contracts were awarded to local service providers.

While Sasol’s experience, expertise and proprietary technologies provide a key differentiator and a vital “door opener” – those doors need to be kept open. Strong partnerships, like those we enjoy in Mozambique, do just that. They also pave the way for long-term success for both our upstream and downstream aspirations – by delivering value to our host countries.
ORYX GTL – a perfect platform for growth – Agenda

As I prepare to close, I would like to take your back to ORYX GTL – probably the best example I have of Sasol taking its own advice.
ORYX GTL – Helping Qatar realise its vision to be the ‘gas capital of the world’

At the turn of the century, this patch of ground was an empty piece of desert. Drawing on our excellence and expertise in synthetic fuels, Sasol commercialised our unique GTL technology and, in partnership with the Qatari Government and Qatar Petroleum, attracted the global financial community to invest in what has become a highly successful and profitable operation.

When ORYX GTL went into production, Qatar was able to use advanced chemical engineering to diversify its product slate, and to target the lucrative global transportation fuels markets with a portion of its natural gas assets.

ORYX GTL has been producing for over four years now and it is a clear example of how the downstream industry can transform and monetise a national asset.
ORYX GTL is what success looks like

From nothing but locked-in potential to something of considerable national importance – ORYX GTL is what success looks like.

Now, let me conclude quickly with my key messages for today:

• Versatility to temper volatility.
• Innovation through targeted R&D and investment in the best technical talent
• An integrated business model and value chain
• All premised on strong partnerships and a culture of innovation

These are the tenets on which the downstream will not only grow – but flourish. The challenges are real, but so are the solutions, and I’m confident that the downstream industry will play a critical role in delivering a cleaner and more energy secure world we are all striving for.
Thank you

It was a pleasure to be with all you here today. Shukran, thank you very much!