SASOL’S JOINT PRESIDENTS AND CHIEF EXECUTIVE OFFICERS,
BONGANI NQWABABA & STEPHEN CORNELL

2017 INTERIM RESULTS ANNOUNCEMENT
(ANALYST CONFERENCE CALL)

MONDAY, 27 FEBRUARY 2017 AT 15H00
JOHANNESBURG
Thank you, operator. Good day everyone, and thank you for joining us for Sasol’s 2017 half-year results presentation.

Before we begin, I would like to refer you to the safe harbor note on forward looking statements contained on slide two of the presentation.

Today, we are pleased to be announcing another resilient performance for Sasol, notwithstanding ongoing market volatility.

We believe our performance is attributable to the discipline we have displayed in keeping our costs in check, conserving cash and being astute in how we allocate capital. This is while running reliable, efficient and safe operations and continuing to sharpen our focus on business and capital excellence.

Let us now turn to the key messages you’ll hear from Bongani and I today.

Despite continued market volatility during the reporting period, we delivered strong results and progressed the execution of our key capital projects.
For the six months to December 2016, we recorded a resilient business performance across most of the Sasol value chain, reflected by notable gains in production volumes across key assets.

We continued to improve our approach to capital allocation in order to drive total shareholder return. Here our goal is to optimise how we allocate capital across the Group to ensure we deliver maximum sustainable value to our shareholders.

As you would know, our near-to medium-term strategy encompasses a largely dual-regional focus on Southern Africa and North America.

To this end, we continue to strategically position ourselves to advance our gas-biased growth programmes. This is specifically through the Lake Charles Chemicals Project in North America and the field development plan for the Production Sharing Agreement licence area in Mozambique.

Both these value based growth projects are progressing well and we look forward to them coming on line in the not-too-distant future.

Paul will, of course, go into more detail on our financial and operational performance for the year. After that we will open the session for any questions you may have.
[BONGANI] Slide 5: Strong results delivery and capital excellence despite continued market volatility

Thank you for that introduction Steve and good morning everyone.

Our revised operating model introduced on 1 July 2014, transitioned Sasol from a product-based operating model to one premised on our value chain.

Since then, we continue to derive benefits from the new operating model. This is through streamlined management structures, business processes and systems.

You would also be aware that we continue to drive a strong focus on maintaining and enhancing our existing asset base across the world. This has ensured that our foundation businesses are safe, and running both reliably and efficiently. Operations excellence is engrained in how we manage our facilities.

Given the unpredictable nature of the current macro-economic environment, we have taken proactive financial risk mitigation measures to protect and strengthen our balance sheet. Here, you may recall that we have entered into hedges against the downside risk in the crude oil price, while not capping upside potential in the price.
Furthermore, we will ensure our diverse and integrated portfolio of chemicals and energy businesses remains profitable throughout the cycle.

Looking ahead, and in line with specific attention being paid to refine our long-term strategy, we will continue to identify value based growth opportunities.

**[STEVE] Slide 6: Resilient operational and financial performance across our global business**

Looking at our operational and financial performance for the half-year, our Group safety recordable case rate, excluding illnesses, remained solid at 0,27.

We did, however, experience a most unfortunate start to the new financial year. We tragically lost three Sasol colleagues, in two separate incidents.

Overall, Sasol delivered a strong business performance across most of the value chain. Secunda Synfuels’ production volumes increased by 1%. Our Eurasian operations increased production volumes by 5%.

Normalised sales volumes increased by 11% for our Base Chemicals business and 2% for our Performance Chemicals business. This was mainly on the back of stronger demand and improved plant stability.
Liquid fuels sales volumes decreased by 2% due to the Natref planned shutdown, and more volumes from Secunda Synfuels Operations being allocated to the higher margin yielding chemical businesses.

We continued to drive our cost containment programme and managed cash fixed costs well below inflation in nominal terms. Excluding the impact of inflation, our cash fixed costs, including the mining strike costs, reduced by 1% in real terms.

Our strong cost performance was achieved by sustainable delivery of our Business Performance Enhancement Programme – or BPEP – and Response Plan targets. Paul will provide more specific details on these two critical interventions.

Over the period, headline earnings per share were down by 38% to 15 rand 12 cents per share. Earnings per share were up 19% to 14 rand and 21 cents.

Taking into account the current volatile macro-economic environment, our capital investment plans and the current strength of our balance sheet, the Board declared a gross interim dividend of 4 rand 80 cents per share.
[BONGANI] Slide 7: Improving focus on capital allocation to drive total shareholder return

Let us now unpack our drive to optimise capital allocation across the Group, to ensure we deliver maximum sustainable value to our shareholders.

For the period up to 2020, we have a clear focus on Southern Africa and North America. Here the Mozambican PSA and US-based LCCP are the major capital projects being executed.

For the longer-term, we are further refining our strategy. This is to ensure that we have a robust set of principles to drive our future growth and investments, irrespective of the macro-economic environment. We will share our refined long-term strategy with the market later this year.

As part of this work, we will also entrench a robust capital allocation approach. In essence, our goal is to optimise capital allocation, so we are able to generate as much sustainable value for our shareholders as possible. This is a topic that Paul will provide more colour on.

We are also driving specific interventions to close the current company valuation gap.
Company valuations are influenced by a wide variety of factors. These include the performance of a company, but also the broader macro-economic and socio-political environment.

It is our considered view that Sasol's current trading multiples, relative to our peers, do not reflect the company’s intrinsic value.

To address this, specific interventions will be implemented. These include sharing the Group’s refined long-term strategy and improving our focus on capital allocation.

In terms of our balance sheet, we maintain a pipeline of opportunities that provide us with strategic flexibility. We also manage our capital portfolio to remain within our capital budget and gearing range.

[STEVE] Slide 8: LCCP on track and delivering on key project milestones

Turning our attention to North America, overall construction on the LCCP continues on all fronts, with most engineering and procurement activities nearing completion.

As of 31 December 2016, capital expenditure amounted to 6 billion US dollars. Overall project completion was 64%, with start-up of the first units forecasted in the second half of 2018, still on track.
The modular approach we are following to build the various plants has ensured that overall construction is progressing well and site utilisation has been optimised. Large laydown areas that can accommodate procured material and equipment have been established and this is positively influencing synchronised workface planning.

Fabrication of the modules and piping spool pieces is well advanced, with critical site, civil and concrete work nearing completion. Overall construction progress is now around 25% complete. This, together with the detailed ongoing assurance processes, results in a high degree of certainty for achieving end-of-job cost and schedule targets.

The total forecasted capital cost for the project remains within the approved 11 billion US dollar budget.

The project’s contingency, measured against industry norms for this stage of completion, is still considered sufficient to effectively complete the project to beneficial operation within the approved budget.

As we still have approximately 18-months of construction ahead of us, unplanned event-driven risks may still impact the execution of the project. We are, however, confident that the remaining execution and business readiness risks can be managed within the approved schedule and budget.
We consider the LCCP a value-based investment that will return sustainable value to our shareholders for many years into the future. The project returns are still forecast to be above the weighted average cost of capital.

[BONGANI] Slide 9: Mozambique PSA – steady progress with drilling activities yielding positive results

In Mozambique, we remain committed to our growth plans. This is despite the current financial challenges the country is facing.

We will therefore continue to partner with the Mozambican government, and other institutions, on projects that will help stimulate growth to improve the quality of life of Mozambicans.

Despite these recent challenges, we are confident that the economics to develop the PSA remains positive.

We are pleased to report that progress on the PSA development is on track, and within our approved budget and schedule.

Four wells were been drilled and completed for the reporting period. Specifically, we drilled two gas wells in the Temane reservoir and two oil wells in the Inhassoro reservoir.
The tests conducted thus far have produced encouraging results. During the course of drilling the second well, we encountered previously unknown accumulations of hydrocarbons within the development and production area. This indicates the presence of both gas and oil. We have issued a Notice of Discovery to the Mozambican authorities and will continue our evaluation of the data.

We expect to complete our 13-well drilling programme by the end of next year.

Since 2004, at the time of the initial investment made by Sasol and our partners in Mozambique, over 2 billion US dollars has been invested in developing the country’s hydrocarbon industry. This included wells, the Central Processing Facility and pipeline, as well as investments in expansion, sustenance and growth projects.

Phase 1 tranche 1 of the PSA licence area development will see Sasol invest a further 1.4 billion US dollars.

Between 2004 when the gas project first came on stream, and 2016, more than 1 billion US dollars was delivered to the government of Mozambique. This includes corporate taxes, royalties and social investments, as well as profit share and dividends paid out to state-owned entities. During the same period, goods and services to the value of 831 million US dollars were procured from Mozambican suppliers.
Our ongoing investment affirms that Mozambique is critical for Sasol’s 2050 strategic focus for Southern Africa, given the importance of securing gas feedstock for our integrated value chain.

A related project, Loop Line 2 on the Mozambique-to-Secunda pipeline, reached beneficial operation ahead of schedule in November 2016. The project came in at a cost of at least 25% lower than estimated, which is a significant achievement. The Loop Line 2 project also delivered a commendable safety recordable case rate of zero.

Paul will now take you through the detail of our financial and operational performance. We will then open up the session for questions.

Thank you.