SASOL'S GROUP FINANCIAL CONTROLLER

PAUL VICTOR

INTERIM RESULTS ANNOUNCEMENT

MONDAY, 9 MARCH 2015 AT 10H00

JOHANNESBURG

SLIDE 11: TITLE SLIDE

Thanks David and good morning ladies and gentlemen.

I am pleased to present our 2015 half-year end results to you today, which are well within the guided earnings range provided in our recent trading statement.

We continued to deliver an overall strong operational and cost performance despite a highly volatile macro- economic environment as signalled by the 19% decrease in oil prices for the period under review.

Before I move into the detail of our results, I would like to emphasise the following:

1) First, management's continued focus on factors within our control has resulted in a strong operational performance with overall increased volumes, cost containment and margin improvement, despite a challenging operating environment;

2) Second, we have made significant progress on reducing our cost base through our business performance enhancement programme, and have increased the target to deliver at least R4,3 billion in sustainable cost savings at the end of the 2016 financial year;

3) And finally, mitigating the challenges of low oil prices and continuing to deliver maximum sustainable value to our shareholders, remains one of our top priorities.

Slide 12: CHALLENGING MACRO ENVIRONMENT CONTAINED THROUGH RESILIENT CHEMICAL PRICES

The macro-economic environment, driven by the significant decline in the oil price, remains subdued and uncertain, with tough trading conditions expected to continue in the next one to two years.

We are expecting a "lower-for-longer" oil price environment and, as David has indicated, we have taken decisive actions to minimise the impact on our business.

The average rand/US dollar exchange rate was 9% weaker, with a 19% lower average Brent crude oil price.

Chemical prices and margins have on the other hand been much more resilient during the period under review.

The Sasol business remains sensitive to significant movements in the rand/US dollar exchange rate and oil prices, and we remind you of our sensitivity to each of these variables. We estimate that a 10c change in the annual average rand/US dollar exchange rate and $1 change in the crude oil price will affect our profit from operations by approximately R605 million and R800 million, respectively.

Slide 13: Group profitability

As mentioned previously, our new operating model as well as a simplified legal structure, came into effect on 1 July 2014. The results presented today reflect the performance of our six reportable business segments organised along our integrated value chain.

For further details on the new segmental reporting, I refer you to the detailed SENS announcement as well as the supplementary information that we published on our website during November last year.

Overall, the group delivered a strong operational performance as a result of increased sales volumes and improved margins in our Performance Chemicals and Base Chemicals Strategic Business Units and increased sales volumes in our Energy Business.

Headline earnings per share increased by 6% to R32.

Profit from operations of R30 billion was up 39%. The increase was positively impacted by once-off items of R6,8 billion driven by macro-economic factors, changes to the share price and our decision to operationalise our 2050 strategy.

Focusing on our value chain:

Our operating businesses units delivered an overall strong performance, driven largely by a stellar production performance from Mining.

In our Strategic business units, the Energy business was impacted by the lower oil price, however, through focused management interventions, the business increased liquid sales volumes by 3% and reported higher refining margins on the back of strong product differentials.

Turning to our international energy portfolio, ORYX GTL delivered a solid operational performance, with an average utilisation rate of 91% for the period, despite an earlier than planned shutdown during December 2014.

In our chemicals businesses, both improved volumes and resilient margins boosted profitability, contributing 44% to the group's profit.

SLIDE 14: PROFIT FROM OPERATIONS IMPACTED BY ONCE-OFF ITEMS AND YEAR-END ADJUSTMENTS

The weaker rand/US dollar exchange rate increased profitability by 12%. This benefit was however overshadowed by the lower oil price which adversely affected profit by 20%.

Profit from operations increased by 54% as a result of the following once-off items and period end adjustments:

- a R3,7 billion lower share based payment charge, following the 32% decrease in our share price over the last 6 months;
- lower depreciation and rehabilitation charges of R2,5 billion due to the change in useful lives of our South African assets in accordance with our 2050 strategy;
- and lastly lower re-measurement items of R171 million compared to R5,7 billion in the prior period, mainly due to the R5,3 billion Canada impairment.

Higher depreciation charges in respect of new plants as well as inflation on costs adversely affected profit by 13%.

We are very pleased to report a 6% increase in sales volumes across the group. This is on the back of a 7% increase in sales volumes recorded during the comparative period. The total increase in sales volumes of 13% over the last two years amounts to R7 billion in real terms.

SLIDE 15: CASH FIXED COST | NORMALISED COSTS 0,7% BELOW SOUTH AFRICAN PPI

We are extremely pleased with our continued cost performance. The increase in normalised cash fixed costs has been contained to 0,7% below the South African Producer Price inflation of 6,8% for the first half of the 2015 financial year.

A “cost savings” mind set of driving sustainable cost reduction in the group delivered this strong performance; despite cost pressures arising from the South African cost environment in respect of labour, maintenance and electricity costs.

In addition, sustainable savings from our business performance enhancement programme amounted to R991 million for the 6 months while cash implementation costs of our business enhancement programme and growth costs added 6,9% to total cash fixed costs .
Although overall we benefited from a weaker rand/US dollar exchange rate, the impact of a weaker rand added 1,5% to total cash fixed costs.

Labour, maintenance and energy remain the main drivers of our cost base, with labour comprising approximately 55% of total cash fixed costs.

Our strategy to control energy costs has seen us maintain our electricity generation capacity in Southern Africa to around 70% of our own requirements. We expect electricity cost inflation to be in the double digits again in the coming financial year.

Finally, cost reduction continues to be one of the critical focus areas for management, and through our business performance enhancement programme and our recently launched response plan, we aim to beat rising cost trends in a safe and sustainable manner.

SLIDE16: MINING AND EPI OPERATING BUSINESS UNITS

Focusing on our Operating Business Units:
Mining's profit from operations increased by 66%, mainly as a result of a 5% increase in production volumes.

The benefits of our Business Performance Enhancement Programme, coupled with further operational flexibility, created by the mine replacement programme, resulted in the unit costs from our operations being contained to well below inflation for the first time since 2010.

Exploration and Production International recorded a loss from operations of R1,7 billion. Our Mozambican operations were positively impacted by favourable gas prices whilst volumes remained at similar levels compared to the prior period. We are progressing well with our growth plans in Mozambique and further updates will be provided to the market once confirmed.

In Gabon, our assets were under pressure due to a decline in oil prices and the unfortunate souring of wells, which resulted in a partial impairment of R1,3 billion.

In Nigeria, we relinquished our exploration licences and incurred a loss of R565 million.

Our Canadian upstream assets generated a loss from operations of R584 million mainly due to lower gas prices and reduced drilling activities. The 91% improvement in the loss from operations was mainly due to lower depreciation and operational costs as well as the R5,3 billion impairment recognised in the prior period. We continue to execute on the approved development plan in conjunction with our JV partner, Progress Energy and are de-risking the asset, with specific emphasis on the Cypress A acreage.

SLIDE 17: ENERGY SBU | ENERGY OPERATIONS STRONG BUT MARGINS IMPACTED

Underpinned by overall strong production volumes, our Energy business delivered a pleasing set of results with Secunda Synfuels and Natref increasing production by 2 and 6% respectively.

The Southern Africa Energy portfolio was adversely impacted by the increased cost of production and the reduction in the basic fuel price, which resulted in an 18% lower gross margin.

Our Business Performance Enhancement Programme continues to deliver results in all facets of our business and we expect normalised cash costs per unit for the full year to be below SA PPI.

Our ORYX GTL joint venture delivered a solid performance, despite an earlier than planned shutdown. Our share of profit from the joint venture decreased to R1,3 billion mainly due to the shutdown and lower oil prices. The plant achieved a 91% utilisation rate which is ahead of previous guidance provided.

SLIDE 18: CHEMICALS | IMPROVED MARGINS AND SALES VOLUMES

We have continued to see an overall increase in sales volumes and margin resilience in our chemicals businesses.

The Base Chemicals SBU delivered a pleasing performance, increasing profit from operations by 42%. Our chemical basket dollar prices have declined by 5% in comparison with the 19% decline in average Brent crude oil prices.

However, sales volumes, normalised for the sale of our Solvents Germany and Polymers marketing operations, increased by 1%. The business also benefitted from the impact of the extension of the useful lives of assets in South Africa amounting to R899 million.

The Performance Chemicals SBU recorded another exceptional performance underpinned by consistent and reliable operational delivery and a weaker Rand. Profit from operations increased by 60% to R7,4 billion whilst operating margins expanded by 6% to 19%.

Sales volumes increased by 5% due to improved production output on the back of higher demand.

Our US business is still realising healthy margins despite the decrease in sales prices.
Our European operations continue to report improved volumes coupled with resilient margins.

In our South African operations, we recognised a partial impairment reversal of R1,3 billion of the Wax Expansion Project as a result of the impact of the weaker rand/Euro exchange rate and the decision to extend the useful lives of the plant beyond 2029.

SLIDE 19: BUSINESS PERFORMANCE ENHANCEMENT PROGRAMME | SAVINGS TARGET INCREASED TO AT LEAST R4,3 BILLION AT THE END OF FY16

I would like to expand on what David touched on earlier in respect of our business performance enhancement programme. We have increased our savings target and now expect to generate sustainable annual savings of at least R4,3 billion, at the end of the 2016 financial year.

We have achieved actual year to date savings of R991 million and still expect to save R1,5 billion in the 2015 financial year. This represents an annualised run-rate of R2,2 billion

Project implementation costs of R1,5 billion were incurred for the six months to date, and are expected to peak at approximately R2,1 billion at the end of our 2015 financial year, before tapering off in the 2016 financial year as we finalise implementation. We expect cash fixed costs to follow inflation from the 2017 financial year.

As David mentioned earlier, through our various response plan activities, we plan to deliver further sustainable cost savings of R1 billion as from 2018, in addition to the business performance enhancement programme’s savings target of R4,3 billion.

SLIDE 20: DIVIDEND COVER | CHANGE IN DIVIDEND POLICY TO COVER RANGE

Taking various factors into consideration, including overall market conditions, the Group’s financial position, capital investment plans, as well as earnings growth, an interim dividend of R7,00 has been declared.

As part of the capital structuring lever of the Response Plan, the management team and the Sasol board of directors have evaluated and changed the Company's progressive dividend policy. The revised policy is based on a dividend cover range, with a corridor of between 2,2 and 2,8 of HEPS. Our objective, given the impact of factors mentioned earlier, is to maintain a 40:60, interim: final dividend split.

This policy, together with the other components of the Response Plan, will provide sufficient flexibility for the Company to manage its balance sheet, execute its growth programme while continuing to return maximum sustainable value to shareholders through dividend payouts.

SLIDE 21: CAPITAL PORTFOLIO REPRIORITISED | CAPITAL SPEND FORECAST PHASED AND REDUCED AS PART OF RESPONSE PLAN

Another critical lever of the response plan is the reprioritisation of our capital portfolio. We have revised our 2015 capital expenditure down from R50 billion to R45 billion.

Our 2016 capex estimate will remain at R65 billion, despite the R4 billion impact of the weakening rand. A further R8 to13 billion capex reduction is planned for the 2017 financial year.

Even though we are reducing capex and other costs, I would like to emphasise that safe, reliable and sustainable operations are a non-negotiable and management will continue to drive world class safety practices across all operations. It is important to note that critical, strategic projects in North America and Southern Africa will continue, and we will evaluate new opportunities for further growth.

SLIDE 22: FY15 OUTLOOK | STRONG PRODUCTION PERFORMANCE AND COST REDUCTIONS TO CONTINUE

We continue to focus on factors within our control: that being volume growth, margin improvement and cost reduction.

We expect an overall strong production performance for the remainder of the financial year:

- Total South African liquid fuels sales volumes are expected to be around 59 million barrels;
- We expect ORYX GTL average utilisation rates to continue above 90%;
- Our chemical businesses will keep on driving improved volumes and margin enhancement with:
    - Base Chemicals normalised sales volumes expected to be slightly higher than FY14, with margins coming under some pressure; and
    - Performance Chemicals sales volumes expected to outperform FY14 with increased market demand with resilient margins;
- We expect normalised cash fixed costs to follow inflation;
- The Response Plan cash contribution to range between R6 - R10 billion; and
- Average Brent crude oil prices to be at least 30% lower in the second half of this financial year compared to the first half.

Lastly, I am handing over the baton to our newly appointed CFO Bongani Nqwababa, and wish him all the best in his new and challenging role.

I would like to use this opportunity to thank David, the Board, the Group Executive Committee and most of all my remarkable finance team for their dedication, support and hard work over the past 18 months.

On that note, I will hand back to David.

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