



# FINANCIAL RESULTS

for the six months ended 31 December 2020



*Purpose*  
Innovating for a  
better world



# FINANCIAL RESULTS

for the six months ended 31 December 2020

- **Business overview**  
Fleetwood Grobler
- **Financial results**  
Paul Victor

## Forward-looking statements and definitions

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, expectations, developments and business strategies. Examples of such forward-looking statements include, but are not limited to, the impact of the novel coronavirus (COVID-19) pandemic on Sasol's business, results of operations, financial condition and liquidity and statements regarding the effectiveness of any actions taken by Sasol to address or limit any impact of COVID-19 on its business; statements regarding exchange rate fluctuations, changing crude oil prices, volume growth, increases in market share, total shareholder return, executing our growth projects (including LCCP), oil and gas reserves, cost reductions, our climate change strategy and 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 and others are discussed more fully in our most recent annual report on Form 20-F filed on 24 August 2020 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.

**Comprehensive additional information is available on our website: [www.sasol.com](http://www.sasol.com)**



# BUSINESS OVERVIEW

- Fleetwood Grobler



## The reality

- Pricing and volume pressures
- Leveraged balance sheet
- Long-term sustainability shifts



## Our response

- Cash conservation measures
- Asset divestments expanded and accelerated
- Business repositioning



## Delivery to plan

- >US\$2bn cash savings
- US\$3,3bn divestments
- No Rights Issue
- Sasol 2.0 progressing

Charting the path towards regaining blue-chip status

# What you will hear today



## Employee safety prioritised

- **Business stabilised** through effective COVID-19 measures
- Committed to achieve **zero harm** – safety incidents reduced

## Delivering business results

- **Strong** performance in challenging times
- **Successful commencement** of LIP JV<sup>1</sup>
- Asset divestments **aligned** with business objectives

## Progressing sustainability

- **Holistic climate change** response
- Steadily progressing our **Future Sasol** ambition

1. Louisiana Integrated Polyethylene Joint Venture (JV)

# Safety and well-being remains key during COVID-19 pandemic



**We care...**  
about the safety  
of our employees



Self-isolation  
and quarantine facilities  
made available



Work-from-home  
continues for  
office-based personnel



Mask donations  
to employees  
and family members



Infection rates  
below regional  
community rates

## Effective COVID-19 response programme safeguarding our employees, operations and society

**We care...**  
about our  
communities  
and society



Sasol supplying a critical  
chemical building block  
for the Covid-19 vaccine



Credit and payment support  
provided to small enterprises



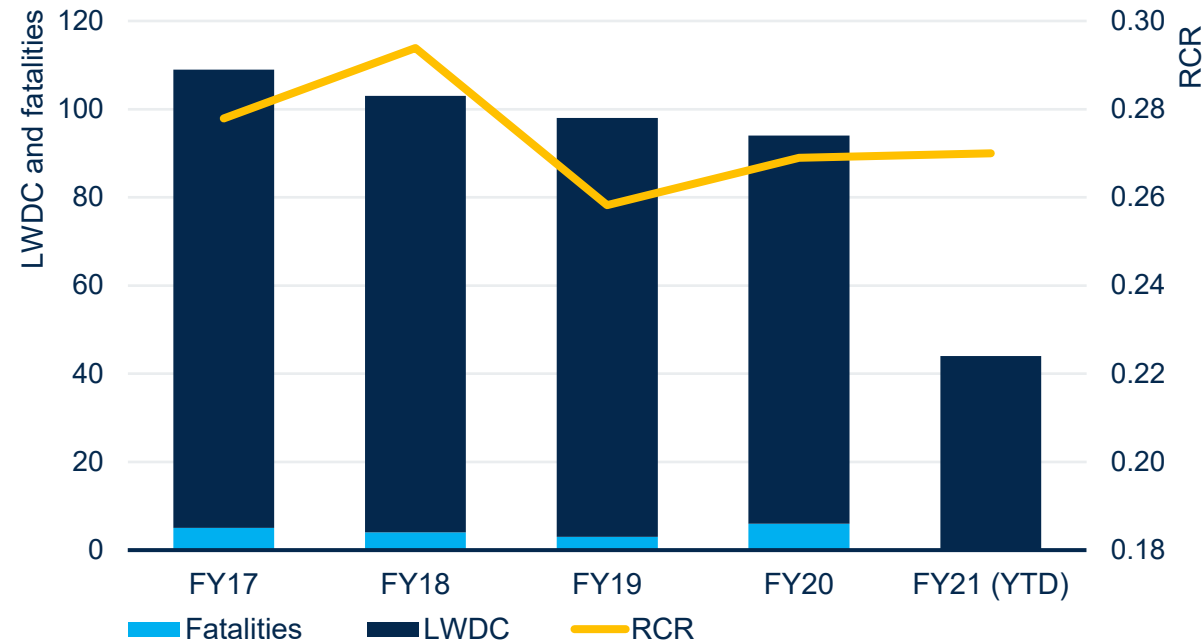
Online  
education platforms  
provided



Sanitiser donations  
to communities  
and government

# Relentlessly pursuing zero harm

Fatalities, LWDC<sup>1</sup> and RCR



- **No fatalities** - focused programmes to reduce HSI's<sup>3</sup> and prevent process safety incidents remain top priority
- **Continued effort** to improve operational discipline, risk management, training and competence
- **Understanding and influencing** behavior by actively caring for and supporting our people
- Safety as a value demonstrated through leadership commitment and **executive-led safety interventions**

Recordable Case Rate (RCR) at 0,27<sup>2</sup>

**We always place the safety of people first**

1. Lost work day cases; 2. Excluding illnesses; 3. High severity injuries



# Strong business recovery despite market volatility



## Operational performance

▲ 2%  
productivity

### Mining

Limited COVID-19 impact

▲ 1%  
production

### Synfuels

Shutdown optimisation benefit

▼ 12%  
production

### Natref

Lower jet fuel demand

▲ 5%  
production

### North America

Ramp-up of new assets offset  
by US Hurricanes

>100%  
utilisation rate

### ORYX

Following extended shutdown

▲ 1%  
production

### Eurasia

Increased asset availability



## Business performance

▲ 9%  
sales volumes

### Base Chemicals

Improved market demand

▼ 3%  
sales volumes

### Performance Chemicals

Constrained by COVID-19

▼ 11%  
sales volumes

### Energy

Lower jet fuel demand



**Strong operational performance; safety remains a key business imperative**

All % changes indicate a variance comparing the period ending 31 December 2019 to 31 December 2020

# Successful completion of LCCP and commencement of JV with LyondellBasell



LDPE  
successfully  
completed  
licensor performance  
test run

LIP<sup>1</sup>  
50/50 JV  
effective from  
1 December 2020

Operatorship  
successfully  
transferred  
to Equistar<sup>2</sup>

Seamless  
transition  
of employees

Marketing  
of products  
uninterrupted

Units running at  
high operating  
rates



**Strong platform in place to drive performance**

1. Louisiana Integrated Polyethylene Joint venture; 2. Equistar Chemicals LP, an affiliate of LyondellBasell

# Strong performance in a challenging environment

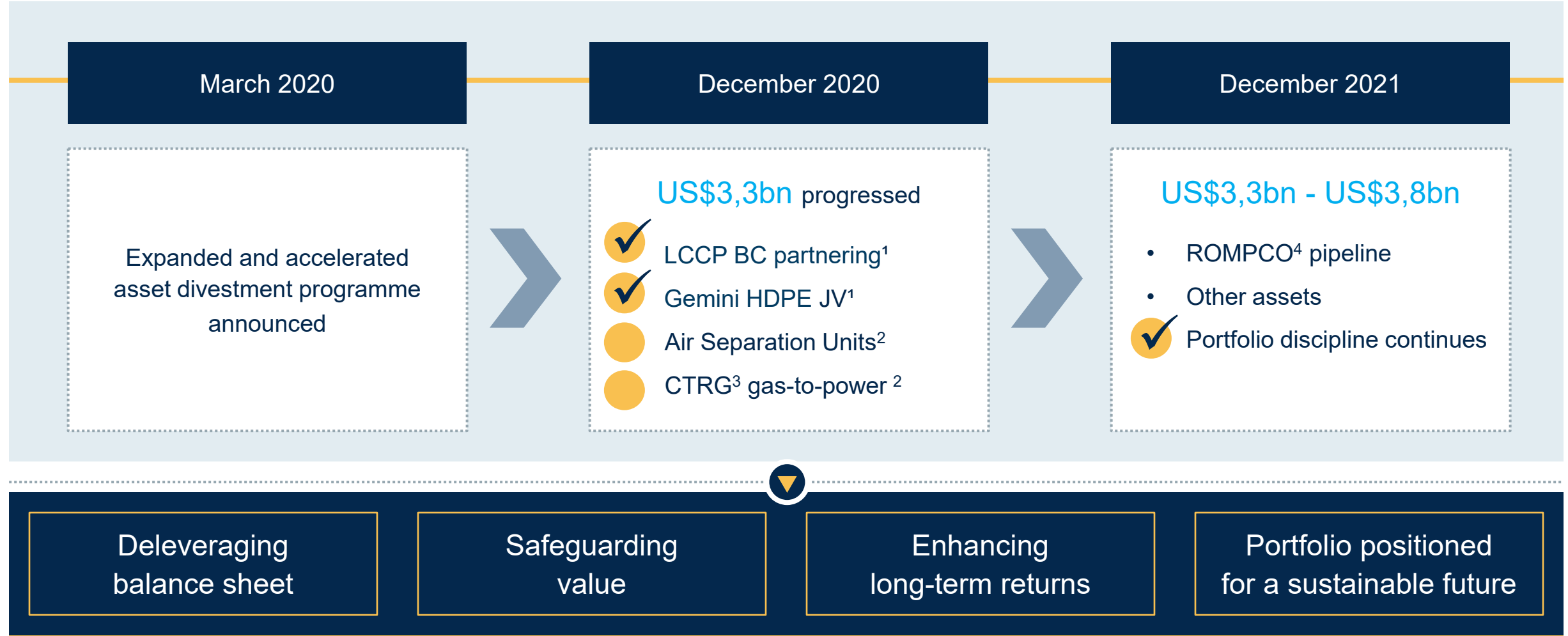


▼

**Strengthened position through response plan delivery – No Rights Issue required**

1. Nominal variance H1 FY21 compared to H1 FY20; 2. Excluding once-offs, translation impacts and asset divestments;  
3. Per the Revolving Credit facility and US dollar Term Loan facility covenant definition; 4. Normalised for asset divestments

# Asset divestments executed in line with strategy



1. Proceeds received in December 2020  
 2. Work in progress, targeted to be completed before June 2021  
 3. Gas-fired power station in Central Termica de Ressano Garcia, Mozambique  
 4. Pipeline transmission activities of Republic of Mozambique Pipeline Company

# Progressing a sustainable Future Sasol



- **10% GHG<sup>1</sup> reduction by 2030** on track for SA
- Progressing **2050 GHG<sup>1</sup> emission reduction ambition** and roadmap
- Leveraging existing **Fischer-Tropsch assets and technology**

- Advancing **renewable energy** opportunities
- **Gas feedstock transition** aided by PSA FID<sup>2</sup>

- Leading the **hydrogen economy** in SA
- **Proof-of-concept** green hydrogen initiatives
- Strategic shift to **specialty chemicals** improves carbon footprint

- **Pursuing partnering** options
- **Increased renewable energy** ambition by 50% to **900MW**



1. Greenhouse gas reduction, off a 2017 baseline  
 2. Final Investment decision on Mozambique Production Sharing Agreement

# Mozambique PSA<sup>1</sup> progresses in line with sustainability ambitions



1. Production Sharing Agreement; 2. Final Investment decision; 3. Liquefied petroleum gas

- Mozambique PSA<sup>1</sup> Development project **FID<sup>2</sup> taken**
- Underpins Sasol's **gas transformation strategy**
  - Extends plateau production from existing license
  - Secures additional short-term gas supply
  - Delivering on our commitment to Mozambique
- **Project includes:**
  - In-country monetisation of gas to enable a 450MW **gas power plant** and **LPG<sup>3</sup>** facility in 2024
  - Balance of gas exported to **sustain SA market**
  - Production and export of **oil** in 2024
- Recent capital **project learnings** incorporated
- Leveraging **existing infrastructure**

Capital estimate:  
~US\$760m

Robust  
**integrated**  
**value chain**  
economics

Gas: 0,7-1,2 Tcf  
Oil: 7-21 mmbbl



# FINANCIAL RESULTS

- Paul Victor

# What you will hear today



## Business stabilised

- Profitability reflects a **strong** operating performance
- Self-help measures yielding **positive results**
- Balance sheet **strengthened**
- Free cash flow **positive**, despite challenges

## Maintaining discipline and focus

- Rights Issue **mitigated**
- Adapt to **evolving** macroeconomic environment
- **Continued resilience** in second half of FY21



# Global macroeconomic volatility continues



## Brent crude oil

H1 FY21

**44** US\$/bbl

▲ 10% from H2 FY20

## FY21 OUTLOOK

Supply resilience,  
demand recovery post pandemic

**40-60 US\$/bbl**



## Exchange rate

H1 FY21

**16,26** R/US\$ average

▼ 2% from H2 FY20

## FY21 OUTLOOK

Supportive risk environment,  
but volatility to persist

**14,50-15,50 R/US\$**



## Ethane

H1 FY21

**21** US\$/c/gal

▲ 24% from H2 FY20

## FY21 OUTLOOK

Tight supply and increased  
demand as crackers ramp up

**24-28 US\$/c/gal**



## Polyethylene

H1 FY21

**931** US\$/ton

▲ 21% from H2 FY20

## FY21 OUTLOOK

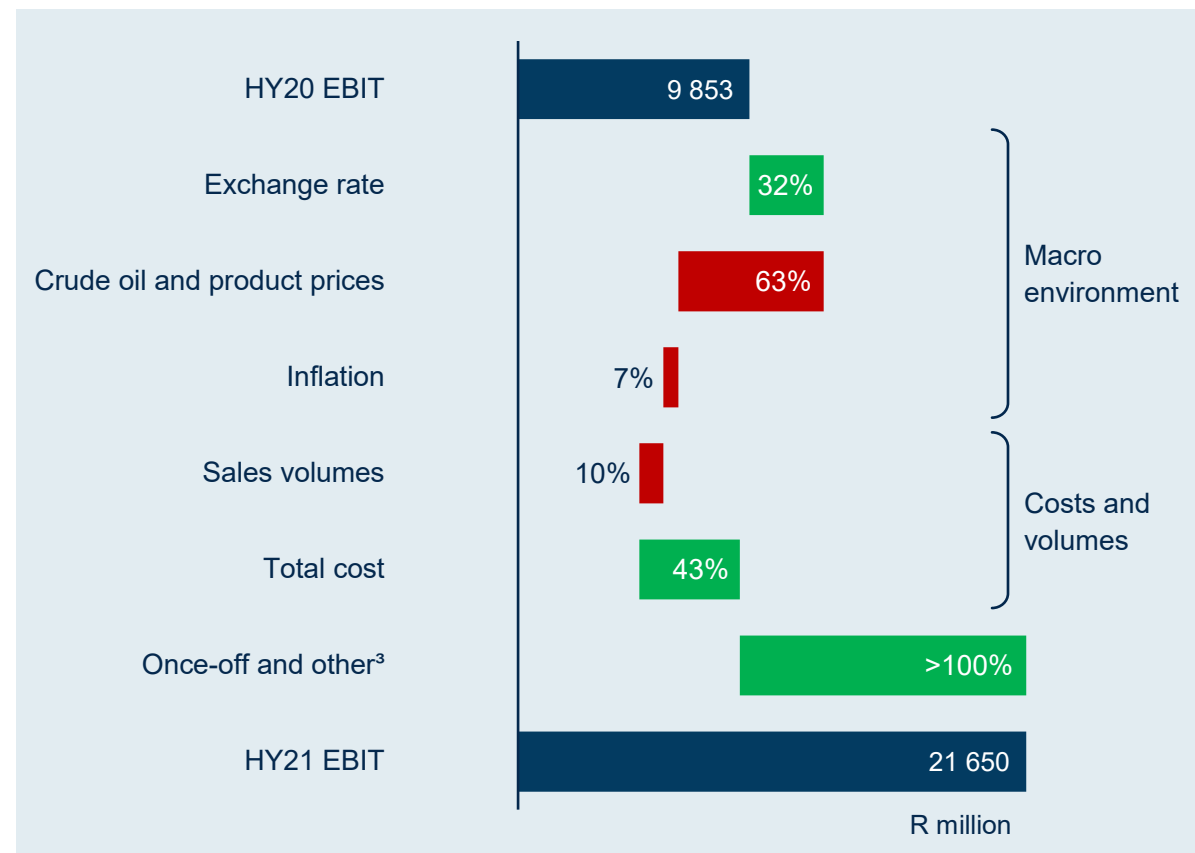
Robust demand, supply tightness  
to ease as new capacities come  
online

**850-1 000 US\$/ton**

# Group profitability by segment



	HY21	HY20	% Δ
Mining	1 732	1 374	26 ▲
Exploration and Production International (EPI)	897	1 023	12 ▼
Performance Chemicals (PC)	1 754	1 294	36 ▲
Base Chemicals (BC)	3 624	(1 488)	>100 ▲
Energy	5 098	6 743	24 ▼
Group Functions	8 545	907	>100 ▲
<b>Earnings before interest and tax (Rm)</b>	<b>21 650</b>	<b>9 853</b>	<b>&gt;100 ▲</b>
<b>Adjusted EBITDA<sup>1</sup> (Rm)</b>	<b>18 608</b>	<b>19 839</b>	<b>6 ▼</b>
<b>Cash generated by operating activities (Rm)</b>	<b>11 746</b>	<b>19 633</b>	<b>40 ▼</b>
<b>Capital expenditure (Rm)</b>	<b>7 509</b>	<b>21 442</b>	<b>65 ▼</b>
<b>Core headline earnings per share<sup>2</sup> (R)</b>	<b>7,86</b>	<b>9,25</b>	<b>15 ▼</b>



- Adjusted EBITDA is calculated by adjusting operating profit for depreciation, amortisation, sharebased payments, remeasurement items, change in discount rates of our rehabilitation provisions, all unrealised translation gains and losses, all unrealised gains and losses on our derivatives and hedging activities
- Core HEPS is calculated by adjusting headline earnings with non-recurring items, earnings losses of significant capital projects (exceeding R4 billion) which have reached beneficial operation and are still ramping up, all translation gains and losses (realised and unrealised), all gains and losses on our derivatives and hedging activities (realised and unrealised), and share-based payments on implementation of B-BBEE transactions
- Once-off and other relates to gains on the translation of monetary assets and liabilities, valuation of financial instruments and derivatives and the reclassification of the foreign currency translation reserve on divestments

# Segmental highlights

## Mining

▲ 2% productivity

Additional external coal purchases suspended

R351/ton

2% higher unit cost; below inflation

## Exploration and Production

▼ 38% adjusted EBITDA

Lower volumes and prices

Mozambique volumes

Impacted by COVID-19 and lower internal demand

## Energy

▼ 33% adjusted EBITDA

Lower volumes, oil prices and refining margins

Strong recovery

Increased demand following easing of restrictions

## Performance Chemicals

▼ 3% adjusted EBITDA

Lower volumes  
and impact of US hurricanes

Resilient cash flow

Despite challenges faced

## Base Chemicals

▲ >100% adjusted EBITDA

Improved demand and profit on disposals;  
offset by impact of US hurricanes

Strong cash flow

Higher volumes and prices

## Group Functions

R4,8bn

Stronger closing Rand/US\$ exchange rate

R3,9bn

Derivative and Rand/US\$ hedging gains

All % changes indicate a variance comparing the period ending 31 December 2019 to 31 December 2020

# FY21 outlook – continued resilience in challenging times

## Mining

R340-R360/t

Normalised unit cost

1 160-1 210t/cm/s

Productivity rate

## Exploration and Production

114-118bscf

Mozambique gas production

## Energy

54-55mm bbl

Liquid fuels sales

80-85%

ORYX GTL average utilisation

## Performance Chemicals

In line with FY20

Total sales

Demand recovery upside

Specialty chemicals

## Base Chemicals

5-8% lower

Total sales

2-4% higher

Sales excluding US Polymers

## North America operations<sup>1</sup>

High utilisation rates

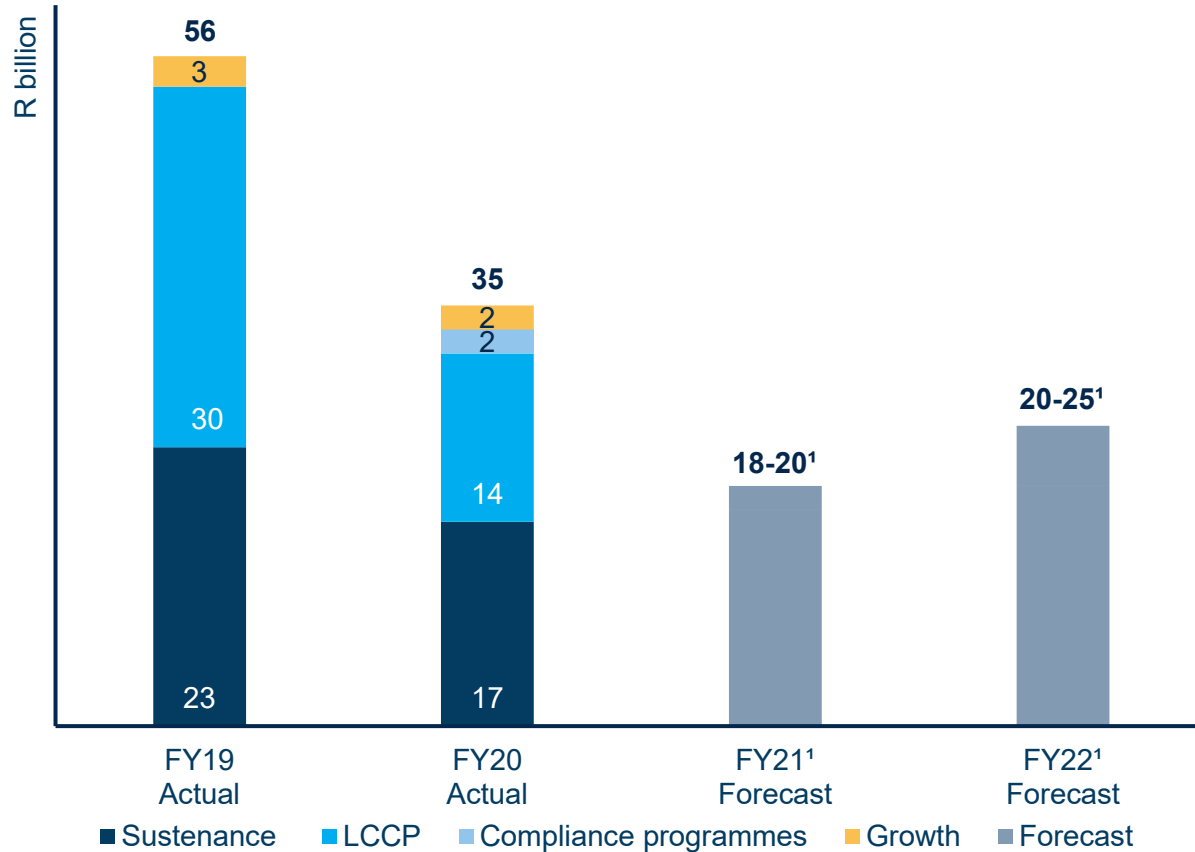
Crackers and Polyethylene units

More than double

ZAG<sup>2</sup> production

1. Performance in H2 FY21 compared to H1 FY21; 2. Ziegler, Alumina and Guerbet

# Capital spend in line with our Future Sasol ambition



- FY21 capital **reprioritised** through short-term response plan
- FY22 capital **optimised** in line with Sasol 2.0 initiatives
  - US\$140m-US\$200m supporting **PSA development project**
- Sufficient **sustenance, compliance** and **environmental** capital
  - ensuring **safe** and **reliable** operations
  - supporting our long-term **sustainability efforts**
- Capital expenditure **impacted** by R/US\$ exchange rate – 10c change equals R30m impact

**Disciplined capital spend not compromising business integrity**

1. Forecast based on R15,55/US\$ for FY21 and R15,10/US\$ for FY22

# Response plan accelerating balance sheet deleveraging

## March 2020 response plan

- ❖ **Cash conservation**  
“US\$1 billion cash conservation in FY20 and FY21”
- ❖ **Asset divestments**  
“Expanding and accelerating the divestment programme”
- ❖ **Business repositioning**  
“... Repositioning Sasol for sustainable profitability”
- ❖ **Debt reduction**  
“Targeting debt reduction between US\$4-6bn”
- ❖ **Rights Issue**  
“final step... subject to progress on the response strategy”

## Delivery

- ✓ **>US\$1 billion achieved in FY20**  
On track to exceed US\$1 billion in FY21
- ✓ **US\$3,3 billion divestments, value safeguarded**  
Further divestments progressed
- ✓ **Sasol 2.0 transformation programme in place**  
Strong momentum, net positive run rate by end FY21
- ✓ **On track for debt reduction at top end of expectations**
- ✓ **Not required in current circumstances**

**Balance sheet reset progressing – stronger platform to deliver results**

# Financial position strengthened and stabilised



## Key considerations and our status

<3,0x ND:EBITDA<sup>1</sup>  
by June 2021

Robust liquidity  
>US\$2 billion

Delivery of Sasol 2.0  
and self-help

Quantum of asset  
divestments

Pricing and  
COVID-19 impacts

✓ 2,6x ND:EBITDA<sup>1</sup>  
by December 2020

✓ Robust liquidity of  
~US\$3 billion in place

✓ Sasol 2.0  
progressing well

✓ US\$3,3 billion  
announced

Macro and COVID  
outlook improving

## Outlook

Ongoing positive  
momentum

Pro-active balance  
sheet management

Disciplined capital  
allocation

Accelerated divestment  
phase to end

Adapt to volatility

**Balance sheet challenges successfully navigated – Rights Issue not required**

1. Per the Revolving Credit facility and US dollar Term Loan facility covenant definitions



# FUTURE SASOL

- Fleetwood Grobler



# Pathway to full potential



Cash conservation

Divestments

Sasol 2.0

Sasol 2.0 implementation

Complete divestment phase

CMD: Sustainability pathway  
and Strategy update

<2,0x Net debt:EBITDA

Balanced capital allocation

Strategy implementation



**Committed to deliver sustainable shareholder returns**