



# INVESTOR UPDATE

2 December 2020



*Purpose*  
Innovating for a  
better world

## 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.

**Please note:** One billion is defined as one thousand million. bbl – barrel, bscf – billion standard cubic feet, mmscf – million standard cubic feet, oil references Brent crude: mmbœ – million barrels oil equivalent.

All references to years refer to the financial year ended 30 June.

Any reference to a calendar year is prefaced by the word "calendar".

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

We will share our vision for *Future Sasol* and how the Sasol 2.0 transformation will deliver it

1

Our case for change

2

The **Sasol 2.0** transformation programme

3

Our ambition for **Future Sasol**

4

The **path forward**

# Case for Change



Financial position



Macro environment



Climate change

SASOL  
2.0

Addressing challenges

Leveraging our capabilities and opportunities



Growing demand



Evolving customer needs



Fostering innovation



*Future Sasol*

**INNOVATING  
FOR A BETTER  
WORLD**

# Business repositioning – shaping our sustainable future



*Our progress*

- ✓ **Self-help:** >US\$1bn delivered in FY20, on track for US\$1bn in FY21
- ✓ **Divestments:** >US\$3,5bn target with majority already<sup>1</sup> agreed
- ✓ **Liquidity:** >US\$2bn liquidity, hedging in place, HY21 covenant amended



*Today's focus:*  
Repositioning  
our business

- Case for change:** The drivers shaping our future
- Future Sasol:** Our vision for the business
- Sasol 2.0:** Our transformation programme

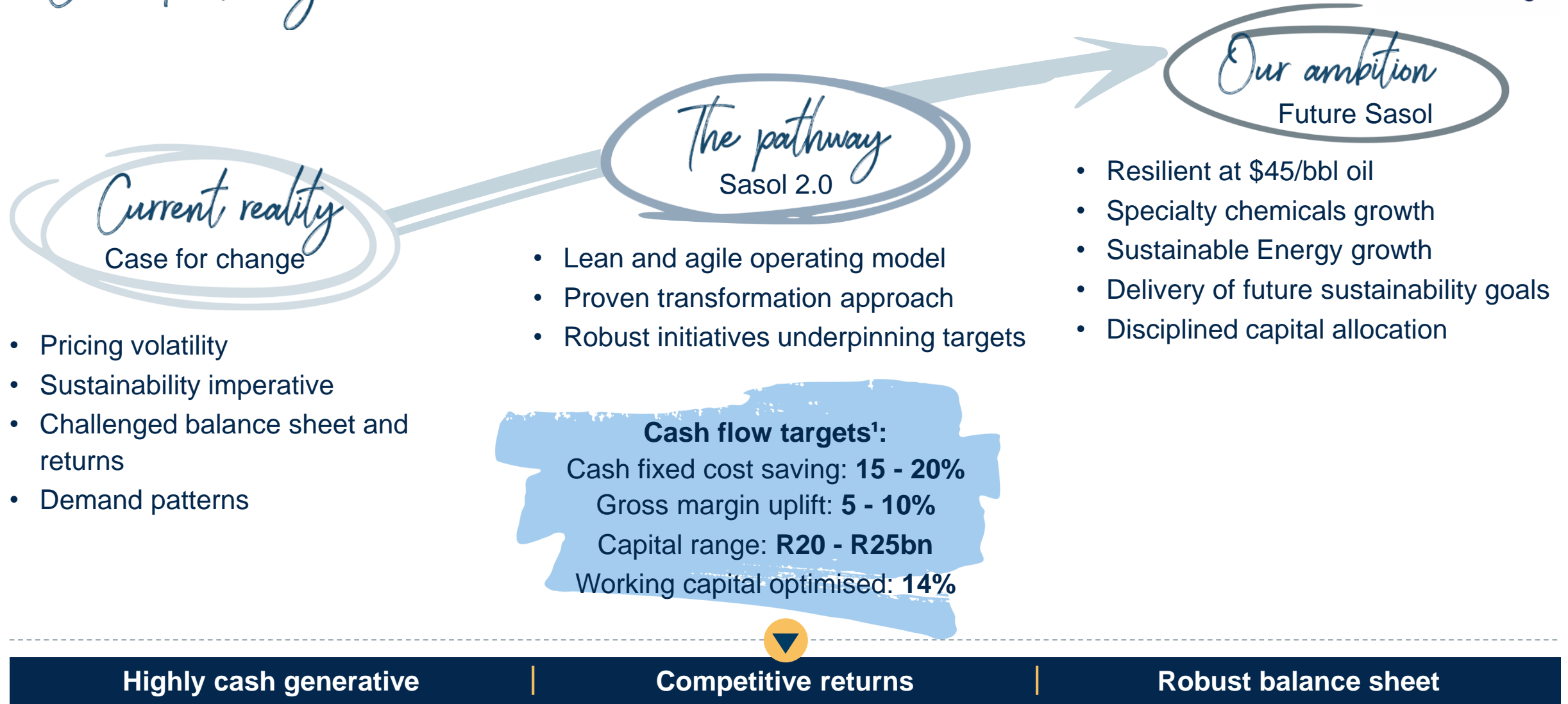


*Path forward*

- Delivering our ambition**
- Rights issue “go / no-go” decision**

(1) Including LCCP Base Chemicals Joint Venture, Air Separation Units and Gemini HDPE sale

# A *Clear Pathway* to deliver our ambition



(1) Compared to FY20 for cash fixed cost and gross margin; FY22 - FY25 annual capex plan; FY19 for working capital

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Our ambition for **Future Sasol**

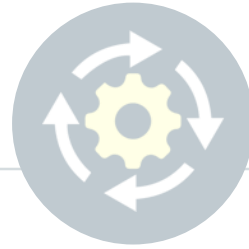
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The path forward

# Sasol 2.0 will drive transformation and deliver Future Sasol



*Clear targets*



*Proven process*



*Delivery plan*



# Setting bold targets to transform our business



## FY25 Sasol 2.0 targets<sup>1,2</sup>

<p><i>Cash fixed cost</i></p>	<p><b>R8 - R10bn reduction</b> ▼ ~15 - 20%</p>	<ul style="list-style-type: none"> <li>• Building best-in-class operations and go-to-market capabilities</li> <li>• External spend reduction in line with industry benchmarks</li> <li>• 1st quartile performance for functions</li> </ul>
<p><i>Gross margin</i></p>	<p><b>R6 - R8bn increase</b> ▲ ~5 - 10%</p>	<ul style="list-style-type: none"> <li>• Building best-in-class commercial capabilities</li> <li>• Portfolio optimisation and move towards specialty chemicals</li> </ul>
<p><i>Capex<sup>3</sup></i></p>	<p><b>R20 - R25bn annual level</b> ~30% reduction</p>	<ul style="list-style-type: none"> <li>• Executing comprehensive capex optimisation programme</li> <li>• Safety focus and preserving asset integrity</li> <li>• Drive capital efficiency through proven risk-based methodologies</li> </ul>
<p><i>Working capital</i></p>	<p><b>14% level</b> ▼ -1pt</p>	<ul style="list-style-type: none"> <li>• Sustainable working capital level in line with industry benchmarks</li> </ul>

More competitive | **Highly cash generative** in a \$45/bbl oil world

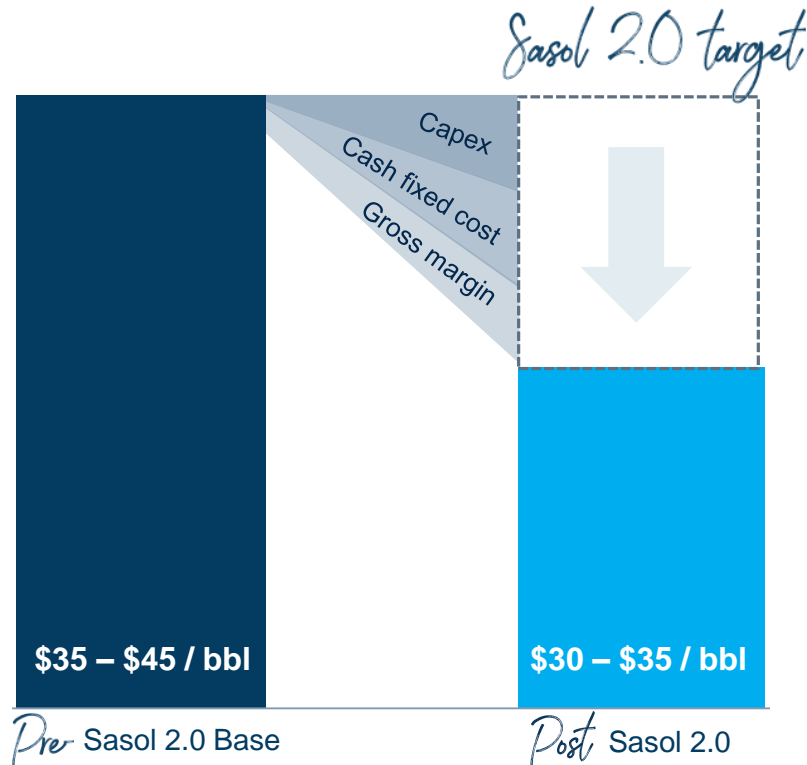
(1) Based on retained business, normalised for asset divestments

(2) Compared to FY20 for cash fixed cost and gross margin; FY22 - 25 annual capex plan; FY19 for working capital

(3) Sasol 2.0 Capex target includes licence to operate mandatory maintenance, feedstock replacement, environmental compliance, discretionary sustenance

## SOUTHERN AFRICA CASH BREAKEVEN OIL PRICE<sup>1</sup>

Oil price - planning case \$45 / bbl



## KEY CONSIDERATIONS

**Pre-Sasol 2.0 breakeven of \$35 - \$45 / bbl**

- A FCF<sup>2</sup> breakeven point for the SA operations

**Breakeven improves to \$30 - \$35 / bbl through Sasol 2.0 transformation**

**Includes:**

- Sustenance capex, feedstock replacement, compliance improvements and delivery of our 2030 sustainability roadmap
- Southern Africa chemicals and fuels margin uplift
- Lower operating expenses for SA operations

**Base case assumptions:**

- Oil price: \$45 / bbl
- Polymers basket price: \$800 / ton
- Exchange rate: R15,70 / \$
- Refining margin: ~\$7 / bbl

(1) Cash breakeven excluding growth capital

(2) Free cash flow

# Balance sheet repositioning pathway

FY21 / FY22

*Reset  
balance sheet*

- **Prioritise deleveraging**
  - FY21 <3,0x ND:EBITDA
  - Net debt level of **US\$4 - 6bn**
- **Optimise:**
  - Capex ~R20 - 25bn
  - Working capital @ 14%
- **Protect licence to operate**
- **Rights issue**, if/as required

FY23 / 24

*Restore  
shareholder returns*

- Continued **portfolio optimisation**
- Drive **FCF<sup>3</sup> generation**
- **Deliver effective** debt structure
- Manage net debt of <**2,0x** ND:EBITDA<sup>1</sup>
- **Restore IG<sup>2</sup> credit metrics**
- **Dividend trigger:** < 2,5x ND:EBITDA<sup>1</sup>

FY25 and beyond

*Enhance returns*

- Lower net debt to ~**1,5x** ND:EBITDA<sup>1</sup>
- Enhance sustainable **shareholder returns**
- **Value-based** investment choices
- Leveraging **green opportunities**



**Creating a pathway to shareholder value creation**

(1) Net debt: Earnings before interest, tax, depreciation and amortisation

(2) Investment grade

(3) free cash flow

# Disciplined capital allocation – focused and value-based



DELEVERAGE  
BALANCE SHEET  
*Short term*

QUALITY GROWTH AND VALUE  
RETURNED TO SHAREHOLDERS  
*Medium term*

1<sup>st</sup> order of allocation

2<sup>nd</sup> order of allocation

Protect licence to operate

Optimal sustenance capital

Minimum dividend payout - 2,8x CHEPS<sup>1</sup>

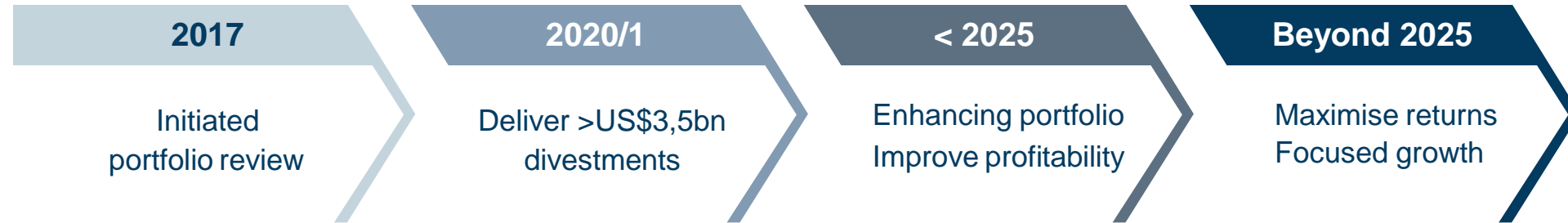
Balancing returns through a combination of value levers

Step-up to superior dividend payout (max 2,0x CHEPS<sup>1</sup>) and/or Deliver organic and inorganic investments and/or Consistent and disciplined anti-dilutive share buyback programme

Capital allocation to deliver long-term sustainable value to shareholders

(1) Core Headline Earnings per share

# Strategy-led portfolio optimisation to continue



## Strategic focus

- Focused growth in Specialty chemicals
- Participate in sustainable and circular solutions
- Sustainable Energy growth
- Enabled by culture of continuous improvement

## Capital allocation

- 2017 CMD capital allocation framework remains in place
- No mega projects
- Partnering to reduce investment risk
- Balanced returns and focused growth

## Returns

- Ongoing portfolio optimisation in Chemicals and Energy
- Value-based growth – advancing focused specialty chemicals AND utilising “go-greener” levers
- Sustainable returns through commodity cycles

Focused

More competitive

Greener portfolio

Attractive returns

# Sasol 2.0 to drive change and deliver Future Sasol



*Clear targets*



*Proven process*



*Delivery plan*

# Sasol 2.0 is a comprehensive transformation programme

## FOUR KEY FOCUS AREAS FOR IMPROVEMENT ....



*Operating model transformation*



*Customer centricity*



*Operational excellence*



*Innovation*

## ... ACROSS THE GROUP

Two businesses, one value adding centre  
Energised and inspired people

### **Energy:**

Differentiated, digitally enabled customer  
and B2B<sup>1</sup> experience in mobility and gas

### **Chemicals:**

Best-in-class customer experience

Safe, efficient,  
sustainable, future ready

Innovation with customers  
for sustainable and circular solutions

(1) Business-to-business

# Adopting proven transformation principles with executive accountability

## Idea generation

Ideas
Validation
Planning
Implement
Review

- Continuously **developing and managing new ideas**
- **Pressure-testing** all ideas for robustness

## Transparency and accountability

- **Single value-tracking system**
- **Real time transparency**
- **Clear accountability**

## Robust change risk management

	High	Caution	Low
Bring the future to life	Red	Yellow	Green
Inspire deep commitment	Red	Yellow	Green
Help individuals succeed	Red	Yellow	Green
Deliver the value	Red	Yellow	Green
Build to sustain	Red	Yellow	Green

- **Close monitoring of execution risks**
- **Dynamic change management plan**

Led by a central Renewal Delivery Office, reporting to the CEO



# Leveraging and augmenting our core *capabilities*



## Leading technologies

- Proven engineering expertise
- Unique chemistry solutions
- Accelerated digital solutions



## Long term partnerships

- Industry leaders
- Global customers
- Sustainable technology providers

## Agile operating model

- Closer to frontline
- More customer centric
- Innovation embedded in business



## Capabilities augmented

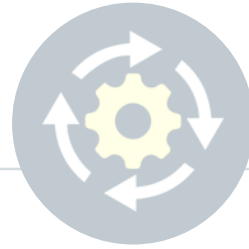
- Accelerate management training
- New capabilities through new leadership roles
- Embedding culture transformation



# Sasol 2.0 to drive change and deliver Future Sasol



*Clear targets*

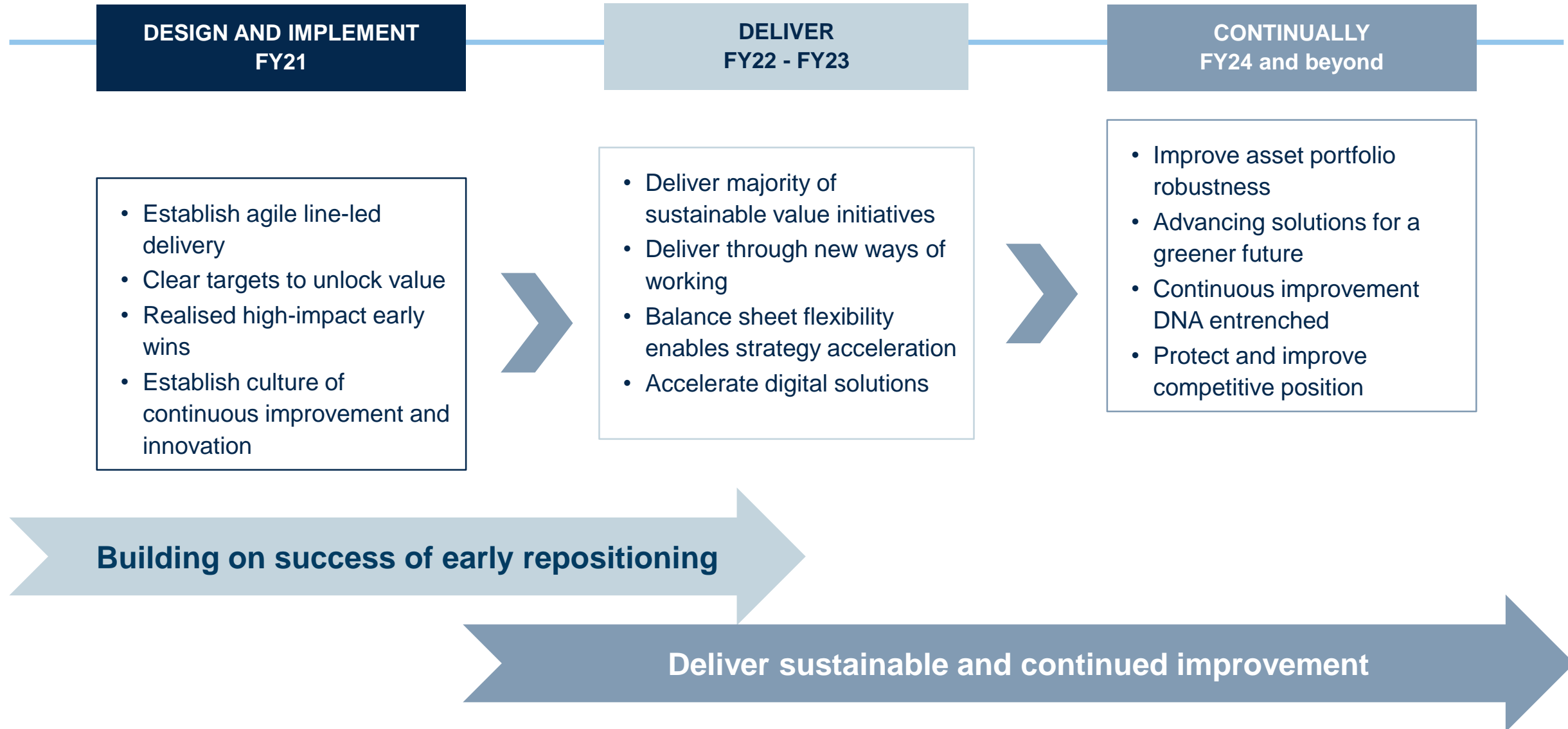


*Proven process*



*Delivery plan*

# Sasol 2.0 *execution* well underway

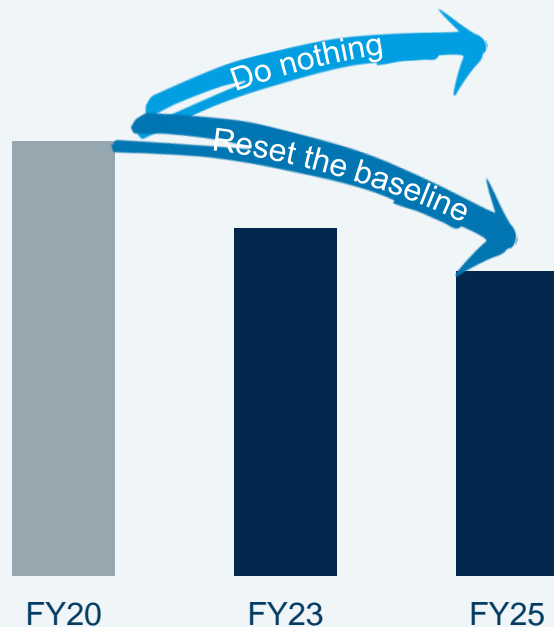


# Sasol 2.0: *Cash Fixed Cost* reduction aligned with peer performance



## CASH FIXED COST TARGET

**R8 - R10bn** | ▼ 15 - 20%<sup>1</sup>



## KEY LEVERS

- *Optimise organisation*
- *Improve productivity*
- *Reduce cost of doing business*
- *Improve 3rd party spend*

## INITIATIVES DELIVERING VALUE

### New operating model:

- Leaner management and corporate centre, moving roles closer to customers
- Focus on automation, tailored shared services
- Impact on EBIT<sup>2</sup> ~R1bn

### Mining infrastructure:

- Shaft and colliery infrastructure optimisation and associated cost reduction
- Impact on EBIT<sup>2</sup> ~R0,3 - R0,5bn

### Indirect spend improvement:

- Deliberate, tailored scoping and specification
- Streamlining procurement and suppliers
- Impact on EBIT<sup>2</sup> ~R0,3 - R0,5bn

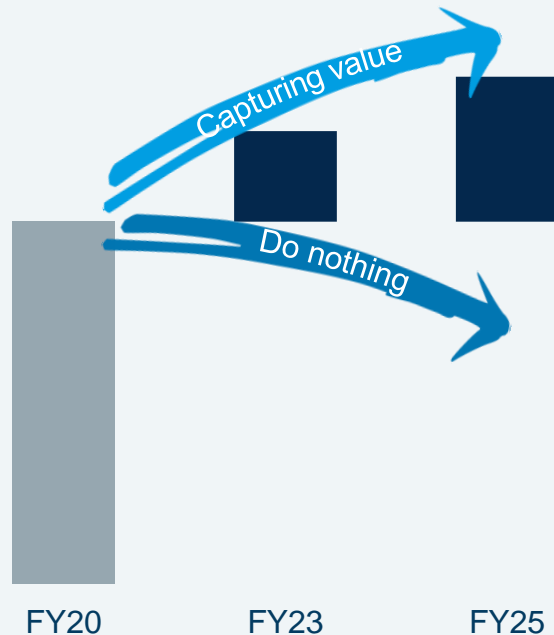
(1) vs FY20, baseline adjusted for asset divestments

(2) sustainable when fully implemented

# Sasol 2.0: *Gross Margin* uplift to maximise cash generation

## GROSS MARGIN TARGET

R6 – R8bn | ▲ 5 - 10%<sup>1</sup>



## KEY LEVERS

- *Increase commercial portfolio value*
- *Increase feedstock and energy efficiency*
- *Grow mobility portfolio*
- *Realise full volume potential*

## INITIATIVES DELIVERING VALUE

### Chemicals customer fulfilment:

- Aligning business delivery with production in a streamlined platform
- Enhancing the customer experience and optimising inventory and logistics
- Impact on EBIT<sup>2</sup> ~R0,5 - R0,8bn

### Gasifier Operations:

- Improving energy efficiency for Synfuels gas production and lowering GHG emission
- Impact on EBIT<sup>2</sup> ~R0,5 - R0,8bn

### Mining operations:

- Adjusting operations calendar to maximise own coal production and increase exports
- Impact on EBIT<sup>2</sup> ~R0,5 - R0,8bn

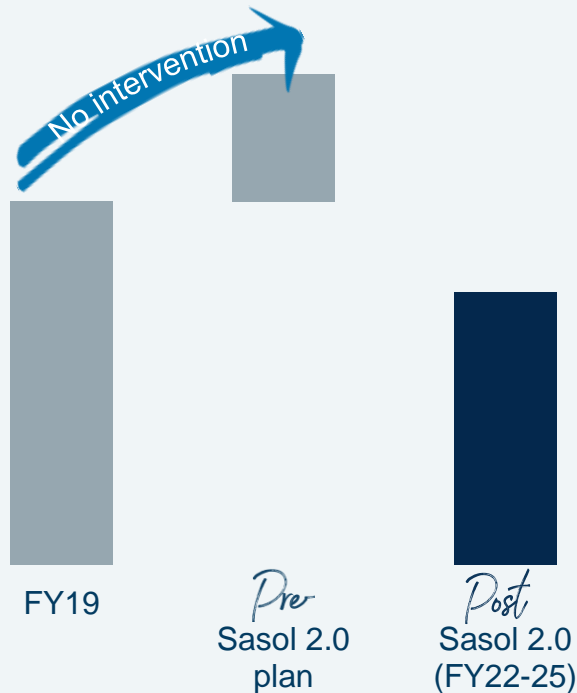
(1) vs FY20 (2) sustainable when fully implemented

# Sasol 2.0: *Optimise sustaining Capex* and retain asset integrity



## CAPEX TARGET<sup>1</sup>

**R20 - R25bn** per annum



## KEY LEVERS

- *Re-evaluate all capital intensive projects*
- *Find alternatives*
- *Challenge scope and optimise sourcing*
- *Increased use of proven risk-based methodologies*

## INITIATIVES DELIVERING VALUE

### Phase shutdowns moved from a 4 to 5 year cycle:

- Risk-based inspections and other technical studies to mitigate risk
- Optimise within acceptable risk appetite levels
- Impact on capex ~**R2,0 - R4,0bn** over the period

### Prioritisation of digital enablement initiatives:

- Impact on capex ~**R0,3 - R0,5bn**

### Optimisation of warehouse and logistics centre upgrade programme:

- Better utilisation of existing storage space instead of spending capex on new facilities
- Impact on capex ~**R0,2bn**

(1) Sasol 2.0 Sustain capex target includes: License to operate mandatory and maintenance, feedstock replacement, environmental compliance, discretionary sustain

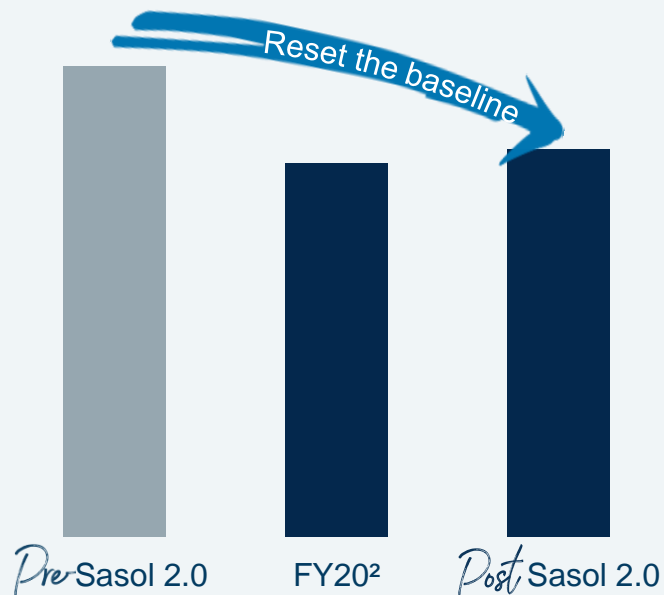


# Sasol 2.0: Sustainable Working Capital - aligned with industry benchmarks



## WORKING CAPITAL TARGET

14% | ▼ 1 pts<sup>1</sup>



## KEY LEVERS

- Sustainable improvement approach to accounts payable and receivable
- Systems integrated planning
- Inventory optimisation

## INITIATIVES DELIVERING VALUE

- Reducing variability via improved Sales and Operational Planning process to better manage inventory
- Changing business models to optimise storage points
- Reducing the Order-to-Delivery lead time for marine container exports
- Impact of initiatives up to ~R2,0bn

(1) vs FY19 (2) FY20 not sustainable due to crisis response measure



*Clear targets*



*Proven process*



*Delivery plan*





## Clear targets

**Value unlock** across the key metrics

### **Competitive asset returns**

Portfolio transformation  
to a **greener future**

### **Balance sheet reset**

to ND: EBITDA <1,5x by FY25

Return to **Investment Grade**

**Restart dividends**



## Proven process

**Proven transformation** approach,  
with Phoenix best practices incorporated

**Leveraging and augmenting**  
core capabilities

Well defined **focus areas**

Established **governance,**  
**transparency and accountability**



## Delivery plan

Majority of **CFC and capex reductions**  
**achieved by FY23**

**25% leaner management achieved**

**Balanced and robust pipeline**  
of initiatives

**Agile operating model in place**

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The path forward

# Be a leading, focused global specialty *Chemicals* player



## Business repositioned to advance specialty chemicals growth

- Expanded base of world class specialty chemicals assets with backward integration
- Partnership for polyethylene assets in LCCP JV to participate in commodity cycle recovery
- Well invested assets positioned for future growth

- ✓ Strengthened market positions
- ✓ Geographic diversification
- ✓ Full value chain integration
- ✓ Accelerated pivot to specialty chemicals
- ✓ Synergistic partnership

## *Future Sasol*

- Leading positions in Essential Care and Advanced Materials
- Transformed portfolio toward specialty chemicals
- Integrated value chains for high returns
- Chemistry innovations in sustainability and circular solutions

# Leading the *Energy* transition in Southern Africa



## Positioned for sustainable energy transition and growth

- Leading the energy transition in South Africa
- Advantaged assets with enhanced resilience
- Leading fuel technologies
- Integrated value chain and scale
- Unlocking value through partnering

- ✓ Advantaged feedstock
- ✓ Gas market access and leadership
- ✓ Differentiated capabilities
- ✓ Track record of innovative large-scale technology deployment
- ✓ Leading a “Just Transition”

## *Future Sasol*

- Enhance fuels margins
- Portfolio resilience
- Access to affordable gas supply
- Customer centric at heart
- Lower carbon business solutions and technology at scale



# Sustainability plans aligned to Paris goals



- **Finalise 2050 sustainability ambition** for all regions<sup>1</sup>
- Implement **no regret options** with **limited/low investment**
- **>4mtpa GHG<sup>2</sup> reduction** by 2025

- Advance **technology** and **infrastructure development** for gas transition ahead of 2030
- A **leader in gas** and **leverage renewable energy** in Southern Africa
- **>10% GHG<sup>2</sup> reduction** by 2030 for Energy business
- **Committed investment** (~R11bn over FY25 - 30)

- Leadership position in **Southern Africa hydrogen economy**
- **Significant GHG<sup>2</sup> reduction** in 2050 roadmap
- Delivery of **future sustainability goals**
- Leadership in offering **sustainability solutions**

(1) South Africa targets and roadmap already identified. Further solution design underway

(2) Greenhouse gas

## People

- Contributing to a sustainable society
- Uplift host communities
- Partner of choice
- Energised and inspired people



## Planet

- Transition to cleaner energy solutions
- Targets for 2030 and 2050<sup>1</sup>
- Sound corporate governance
- Circular economy solutions

## Profit

- Leadership positions in focus areas
- Resilient at \$45/bbl
- Disciplined capital allocation
- Competitive returns to shareholders

(1) To be announced at Capital Markets Day 2021

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# Rights issue: A balanced judgement

## PATHWAY

*Financial year 2020*

- Strengthen balance sheet and improve investment proposition
- ✓ Cash conservation
- ✓ Accelerated, expanded divestment programme

*Financial year 2021*

- ✓ Significant progress on asset divestments
- Future Sasol enabled by Sasol 2.0 transformation
- Determine residual deleveraging actions from a position of strength



## KEY CONSIDERATIONS



Sustainable capital structure  
<3,0x ND:EBITDA by June 2021



Robust liquidity  
>US\$2 billion



Delivery of Sasol 2.0 initiatives  
and self-help measures



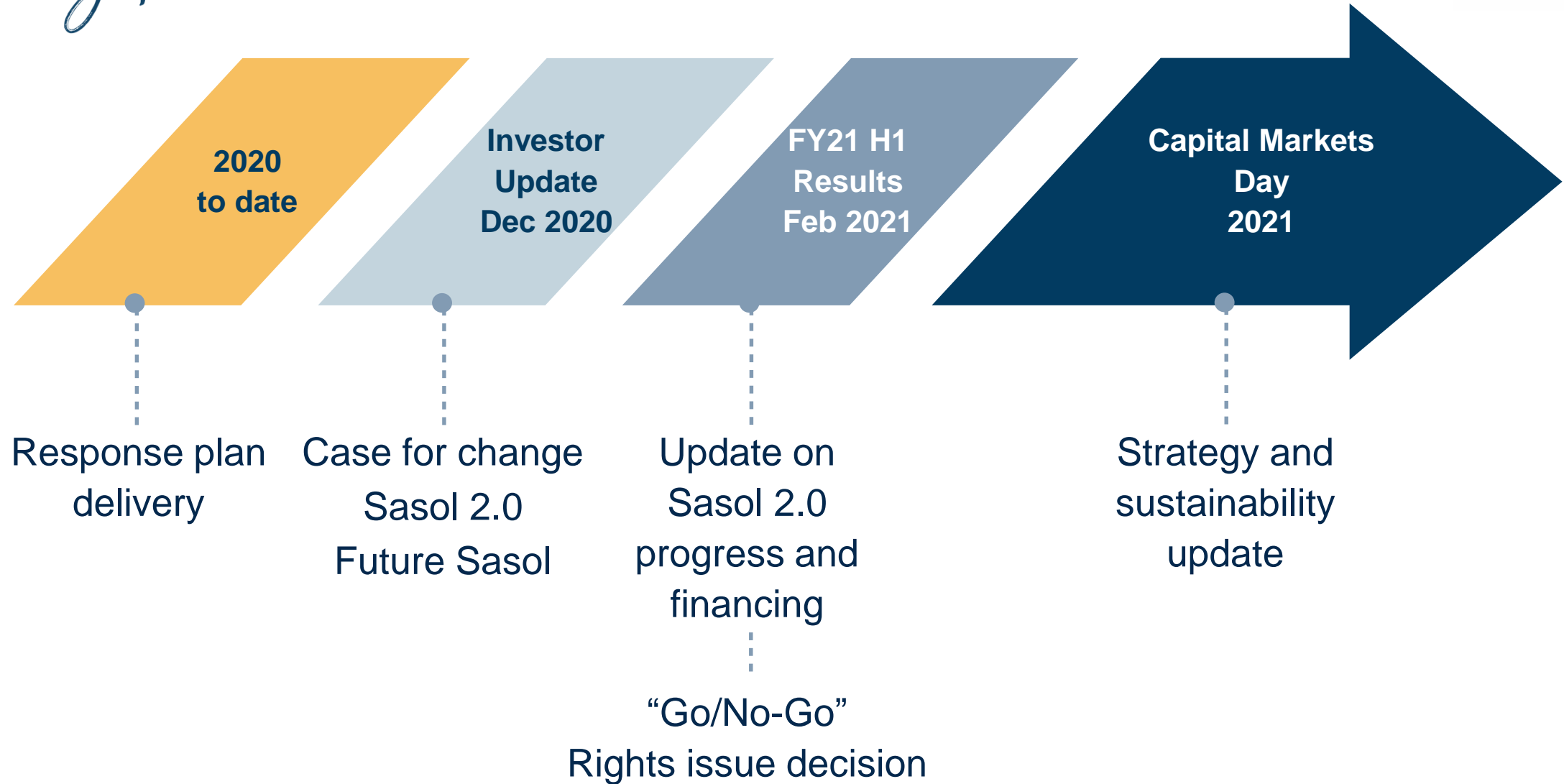
Quantum of asset divestments

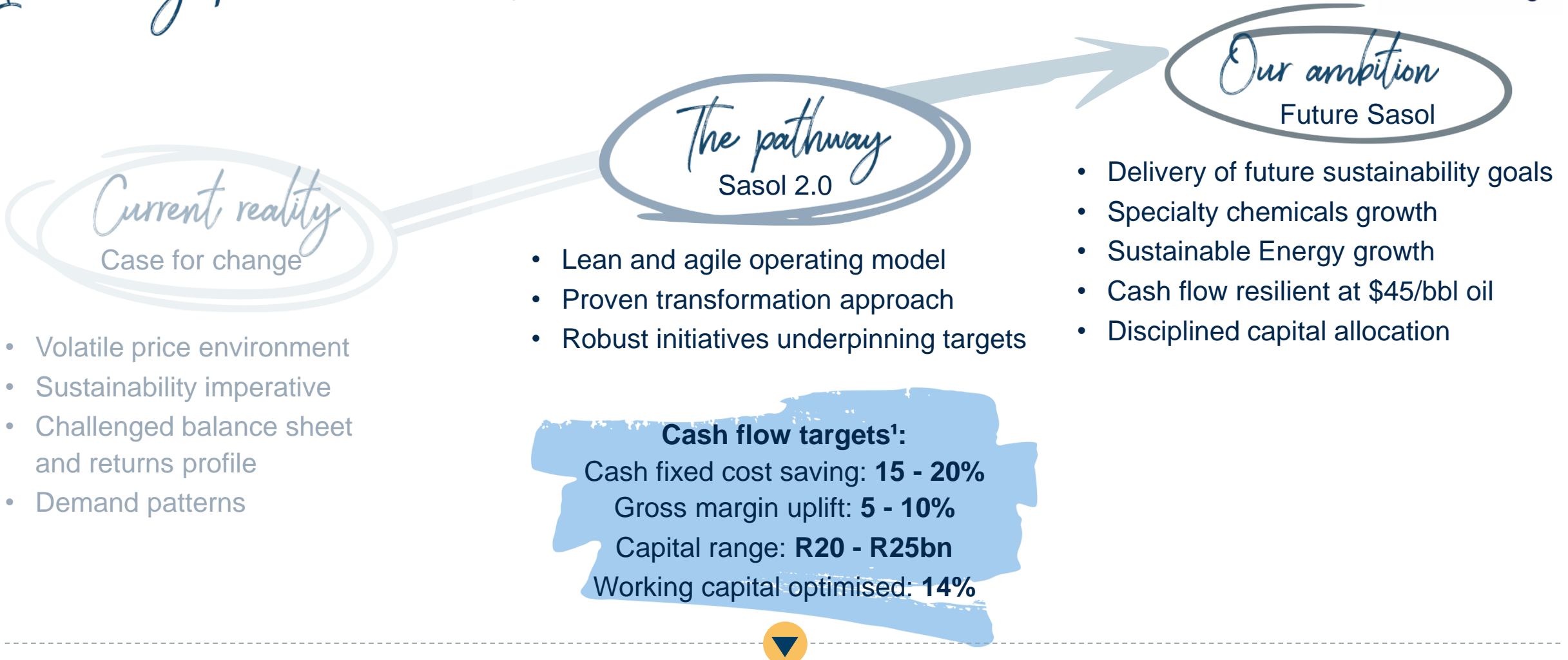


Macro outlook – pricing  
and COVID-19 impacts



# The way forward





**Return to blue-chip status, proudly rooted in South Africa**

(1) Compared to FY20 for cash fixed cost and gross margin; FY22 - FY25 capex plan; FY19 for working capital

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Q&A