SASOL'S CHIEF FINANCIAL OFFICER

BONGANI NQWABABA

INTERIM RESULTS ANNOUNCEMENT

MONDAY, 7 MARCH 2016 AT 10H00

JOHANNESBURG

Slide 11: Title slide

Thank you David, and good morning ladies and gentlemen.

It is my pleasure to present our 2016 interim results to you today. Our results are well within the earnings range provided in our recent trading statement.

We continued to deliver another strong operational performance, supported by effective cost management. This is despite a highly volatile and uncertain macroeconomic environment, with a 47% decrease in oil prices for the period under review.

Through on going management interventions and operational delivery, we are focussed to mitigate the challenges of the current environment. We are well positioned to continue to deliver sustainable shareholder value by focussing on volume and margin expansion, effective cost management and strategy-driven capital allocation.

Slide 12: Challenging macroeconomic environment

The first half of the 2016 financial year was characterised by a further steep decline in global oil and commodity chemical prices, on the back of global economic uncertainty and softer demand.

Oil prices further decreased by 47% on concerns of global oil supply, as well as a lack of clear signals from OPEC in rebalancing the global oil market.

Our commodity chemicals basket price declined by 23%, relative to the drop in the price of oil. The average margin of our speciality chemicals remained resilient, as previously messaged to the market.

The rand/US dollar exchange rate weakened by 24% due to negative market sentiment on the South African economy, coupled with continued dollar strength. The weaker rand provided a partial buffer against lower oil and commodity chemical prices.
The Sasol business remains highly sensitive to significant movement in the rand/US dollar exchange rate and oil prices. We estimate that a 10 cents change in the annual average rand/US dollar exchange rate will affect our profit from operations by approximately 572 million rand, while a 1 dollar change in the crude oil price, will have an impact of approximately 769 million rand.

Slide 13: Group profitability | Strong operational performance supported by delivering cost and cash initiatives

Overall, we delivered a strong operational performance through most of the value chain. We achieved increased production volumes, as well as significant cost and cash savings.

Profit from operations of 14,9 billion rand was down 50%, driven down largely by the lower average Brent crude oil price and the negative impact of once-off items of 5,3 billion rand.
This was partially offset by the weaker rand.

Profitability of the Group Functions increased by 46% due to increased translation gains, resulting from the weaker currency. I will unpack the performance of our individual business units a bit later.

Headline earnings per share decreased by 24% to 24 rand 28 cents.

An interim dividend of R5,70 has been declared in line with our current dividend cover of 2,2 to 2,8.

Capital expenditure increased to 33,6 billion rand, which was largely on LCCP.

Slide 14: Profit from operations | Impacted by volatile macro environment and once-off items

Now, taking you through the items impacting the change in profit:

The weaker rand/US dollar exchange rate increased profitability by 46%. This benefit was overshadowed by lower crude oil and product prices, which adversely affected profit by 62%.
Profit from operations was further adversely impacted by 31%, mainly as a result of the following once-off items and period-end adjustments:

- a partial impairment of our Canadian shale gas assets;
- a 400 million rand cash settled share-based payment charge in the current period, compared to a credit of 2,9 billion rand;
- and lastly, a decrease in the rehabilitation provision, following a credit adjustment as a result of the implementation of the 2050 strategy.
- These once-off items were partly negated by the 2,3 billion rand reversal of the Nigerian tax provision.

Contributions from our cost and cash saving initiatives positively impacted profit. This increase was partly negated by higher depreciation charges in respect of new plants, such as the wax expansion project.

Unfortunately, sales volumes were down 5% due to softer demand and logistical constraints in moving product. These issues are currently receiving focussed attention and are expected to be resolved by the end of the financial year.

Slide 15: Cash fixed costs down 8,4% in real terms | Proactive cash and cost initiatives drive costs down

We are extremely pleased with our continued, inflation beating cost performance.

Normalised cash fixed costs were down 8,4% in real terms for the first half of the 2016 financial year. Contributions from our Business Performance Enhancement Programme and Response Plan, resulted in this reduction in our cash fixed cost base.

We continue to record this cost performance despite a very challenging South African cost environment.

Restructuring costs and the costs of the Mozambique growth and development fund incurred in the prior period, decreased fixed cash costs by 5,7%. These savings were partly negated by a 2% increase in growth costs.

On a macro level, South African producer price inflation increased costs by 3,9%. Overall we benefited from a weaker exchange rate. However, the impact of a weaker rand added 3,7% to total cash fixed costs.

Slide 16: Mining and EPI operating business units | Mining cash unit cost below inflation

Now Focusing on our Operating Business Units:
Profit from operations in Mining increased by 5% to 2,4 billion rand, mainly as a result of a continued strong and sustainable cost performance, coupled with stable mining operations.

Meaningful contributions were made from our Business Performance Enhancement Programme and Response Plan. This resulted in normalised unit costs from our operations being contained at 4% below inflation.

Exploration and Production International recorded a loss from operations of 8,3 billion rand. Excluding the Canadian impairment, this business generated a loss of 853 million rand, which was a 51% improvement on the previous period.

Our Mozambican operations recorded a profit of 437 million rand compared to 1 billion in the prior period. The decrease was mainly as a result of translation losses. We were successful in further debottlenecking the production facility, which resulted in a 8% increase in volumes.

The lower oil price continues to have a significant impact on our assets in Gabon. It is encouraging to note that production was 26% higher and averaged 19 100 barrels of oil per day.

Our Canadian upstream asset continues to be adversely affected by the deterioration of conditions in the North American gas market. A 16% decline in forecasted natural gas prices has resulted in a further 7,4 billion rand partial impairment in the period.

Our focus remains on reducing drilling activity until we see a sustainable increase in gas prices.

Slide 17: Energy SBU | Record production volumes and solid cost performance, margins under pressure

Underpinned by record production and a solid cost performance, our Energy business delivered a fair set of results, relative to the current macroeconomic environment. Secunda Synfuels increased liquid fuels production by 6%, with Natref delivering a 1% increase.

The Southern Africa Energy portfolio was positively impacted by a weaker rand/US dollar exchange rate and higher refining margins. However, the impact of the 47% lower oil price negated these gains.

Overall, liquid fuels sales were 1% lower than the previous year. Higher margin direct fuel sales increased by 1,3% over the previous year, as a result of increased retail and commercial fuel sales. These volumes were offset by 6,9 % lower sales to refining wholesalers.

Gas sales were 3% higher, mainly due to higher methane-rich gas sales to commercial customers.

Our ORYX GTL venture contributed 573 million rand to the Energy business. The plant achieved an average utilisation rate of 90%. The volume decrease, coupled with the significant drop in oil prices, resulted in our share of profit from the joint venture decreasing by 56% compared to the prior period.

In Nigeria, our EGTL plant continues to steadily ramp up towards design capacity and is currently steady at 75% utilisation.

Slide 18: Chemicals | Solid cost performances support contribution to group

The chemical businesses contributed 56% to group profitability and continue to grow. This provides resilience to the overall group's earnings in a low oil price environment.

The average basket price of commodity chemicals decreased by only 23%, despite the 47% drop in oil prices. Average margins for speciality chemicals remained resilient despite global market volatility.

Profit from operations in Base Chemicals decreased by 45% to 3,2 billion rand, due to softer demand for some commodity chemical products and margin pressure.

Sales volumes were 13% down, as a result of an extended planned shutdown to enable commissioning activities related to the C3 expansion project. Volumes were also lower due to softer demand for some commodity products, particularly in our fertilisers and explosives business.

Cash fixed costs were 11% down in nominal terms, mainly through the benefits of our cash savings and cost reduction initiatives.

Performance Chemicals continues to deliver, underpinned by resilient average gross margins. On a normalised basis, profit from operations decreased by 15%. Our US value chain has been negatively impacted by lower US ethylene prices and lower production volumes, as a result of a planned shutdown.

Our margins in the surfactant and alcohol businesses remained extremely resilient to the crude oil price drop. Our Eurasian operations reported a 5% improvement in production volumes.

Slide 19: Business performance enhancement programme | Savings target increased to R5,0 billion by end FY17

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 to generate sustainable annual savings of 5 billion rand by the end of the 2017 financial year.

We have achieved actual year-to-date savings of 3,1 billion rand, and we are on track to meet our 2016 financial year savings target forecast of 4 billion rand. This represents an annualised exit run-rate of 4,3 billion rand by end of the 2016 financial year.

While we expect our cost trend to follow inflation from financial year 2017, further sustainable cash savings from our Response Plan, will enable us to track and potentially drive costs below inflation over the coming financial years.

Slide 20: Response plan duration extended and target increased | Cash conservation levers delivered a benefit of R 10, 8 billion in HY16

Our comprehensive Response Plan has yielded cash savings of 19,7 billion rand since its inception.

The updated and extended scope of the Response Plan will ensure balance sheet and earnings resilience at lower-for-much-longer oil prices. The additional savings will be delivered from the existing work streams.

As part of our Response Plan, we will deliver further sustainable cash cost savings of 1,5 billion rand annually by the end of financial year 2018. This is 500 million rand higher than previous guidance. These savings are in addition to the R5bn cost savings delivered from our Business Performance Enhancement Programme and brings the total sustainable savings to a significant 6,5 billion rand by end financial year 2018.

Slide 21: Capital portfolio prioritised for the advancement of our growth projects in Southern Africa and North America| Capital spend forecast increases

It is paramount that, despite our capital portfolio prioritisation; the safety, reliability and sustainability of our operations are not compromised.

Our 2016 capex forecast has increased by 4 billion rand to 74 billion rand and our 2017 capex forecast has increased to 73 billion rand, mainly as a result of the impact of the weakening rand.

I would like to emphasise that this increase is only as a result of the translation effect of our US projects, with no impact on our cash flow. We have managed, as part of the Response Plan, to further optimise our capital portfolio of projects.

Any further exchange rate volatility or update to our LCCP forecast cash flow, following the detailed project review, will affect this forecast.

Our strategic projects in North America and Southern Africa remain our critical focus areas.

Slide 22: Robust balance sheet to fund growth plans | Balance sheet levering up, but liquidity remains strong

In recent years, as a result of sustained higher oil prices and limited growth in capital expenditure, Sasol has generated significant positive cash flows, resulting in an ungeared balance sheet. Even though international oil and commodity chemical prices have declined sharply, proactive management interventions, such as the Business Performance Enhancement Programme and Response Plan, have enabled us to weather the adverse changes in the macroeconomic environment.

Despite reduced cash flows, our balance sheet has the capacity to lever up as we continue to execute our growth plans and return value to shareholders through our flexible dividend policy based on a HEPS cover range.

Our Board has temporarily lifted our internal gearing ceiling to 44% for FY17 and FY18, as a short-term measure to manage the impact of market volatility of a lower-for-much-longer oil environment. As a result of our cash savings initiatives, we don't expect our peak net debt-to-EBITDA to increase beyond our ceiling of 1,75 times in the coming years.

Our cash reserves and unutilised facilities provide significant headroom and our liquidity remains strong. This gives us flexibility and allows us to protect the balance sheet, as we continue to execute our strategy by implementing our growth plans and continue to maintain our cover-based dividend policy in returning value to shareholders.

Our credit ratings remain unchanged at investment grade and we will do whatever is necessary to protect our investment grade status.

Slide 23: FY16 outlook | Strong operational performance and cost reductions to continue

Even though we anticipate lower-for-much-longer oil prices and exchange rate volatility, we expect an overall strong operational performance to continue for the 2016 financial year. We project South African liquid fuels sales volumes to remain around 60 million barrels.

We expect ORYX GTL average utilisation rates to be approximately 80%, due to an extended statutory shutdown and unplanned maintenance in the first half of the year. This is lower than previous guidance provided of about 87%.

Base Chemicals sales volumes are likely to be lower than the prior year, with margins remaining under pressure. Our Performance Chemicals sales volumes are likely to be slightly lower than the prior year, with average margins for the business remaining resilient.

We expect cost and cash savings contributions from the Response Plan to deliver towards the upper end of the 10 to 16 billion rand range.

Sustainable cost savings of 4 billion rand for financial year 2016 will continue to drive normalised cash fixed costs to remain below inflation. We expect our balance sheet to reach gearing levels of between 20 and 30% by the close of this financial year.

In closing, we are well positioned to continue delivering strong operational performance. This is despite the volatile macroeconomic environment, as we gear up the balance sheet and execute our dual regional growth strategy in North America and Southern Africa.

On that note, I will hand back to David.

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