

SASOL

# SASOL LIMITED BUSINESS OVERVIEW

April 2021

*Purpose*

Innovating for a  
better world



# Contents

<b>1</b>	<b>Introduction</b>	
	About this report	IFC
	How we create value	1
	Case for change	2
	New operating model	2
	Leadership	2
	Segmental reporting	3
<b>2</b>	<b>Energy Business</b>	
	Overview	5
	Energy Business products	6
	Mining	7
	Gas	8
	Fuels	9
	Operations	10
	Secunda	10
	Natref	10
	ORYX GTL	11
	<b>3</b>	<b>Chemicals Business</b>
Overview		12
Product grouping: previous vs new operating model		14
Chemical Business divisions		14
Chemicals Africa		16
Chemicals America		17
Chemicals Eurasia		19
Abbreviations		20
Disclaimers		IBC

## About this report

### The objective of this document is to:

Provide context and explain the functioning of Sasol's new operating model.

Highlight the changes between our previous and new operating model.

Explain the key business drivers, performance metrics and interfaces of each part of Sasol's business.

Create an understanding of the building blocks supporting our earnings and return on invested capital.

This document should be read in conjunction with the simplified earnings model, business performance metrics and restated segment information.

**Note: All information provided in this document relates to the financial year ended 30 June 2020. Furthermore, the COVID-19 pandemic had a significant impact on our financial results which were offset by once-off cost savings. The extent of impact was more significant in some areas of the business than others and as a result users should exercise caution regarding the use of the information disclosed in this document.**

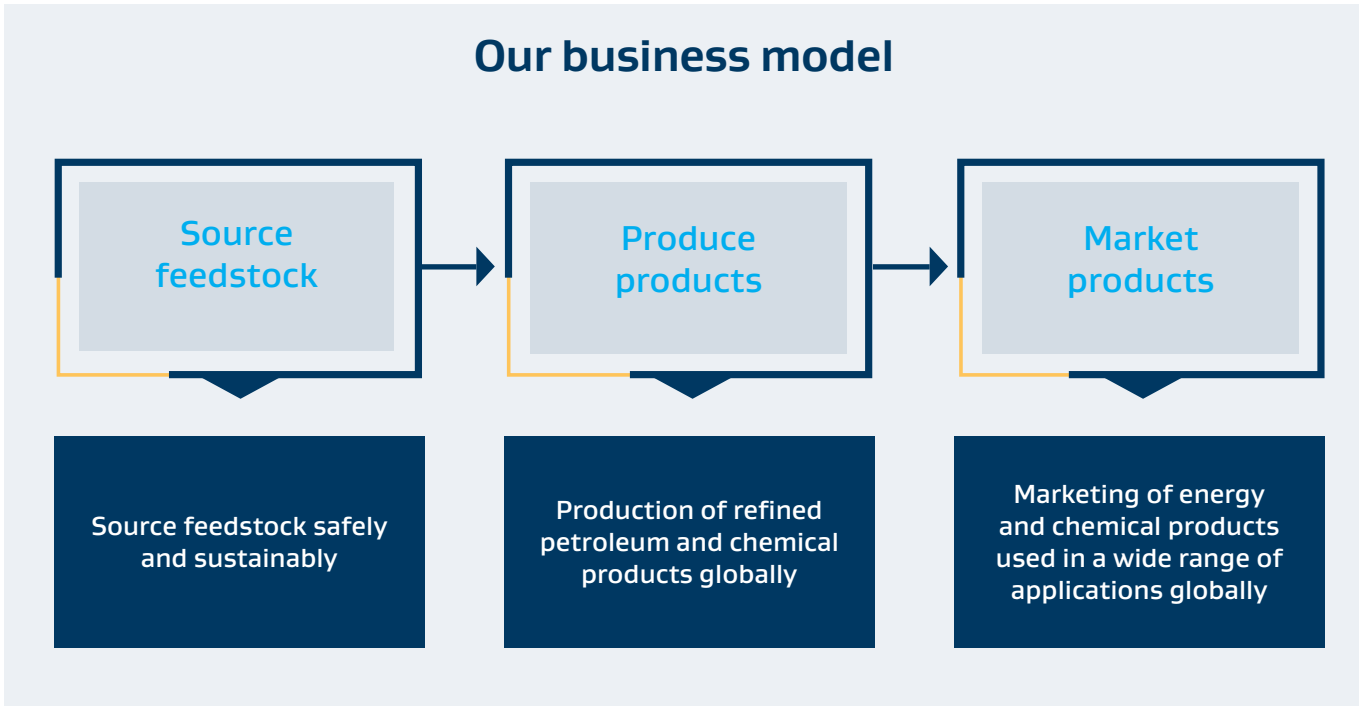
Values

Be: Safe | Caring | Inclusive  
Accountable | Resilient

# 1 Introduction

## How we create value

Sasol is a customer-focused company, providing energy and chemicals solutions based on our unique proprietary technology. We source, produce and market a range of high-value products around the world, creating value for our customers, shareholders and other stakeholders.



## Case for change

In 2020, Sasol faced challenges unparalleled in its 70-year history. The oil price collapse, volatility in chemical prices and the spread of COVID-19 came at a time when the balance sheet was highly leveraged following the significant capital investment in the Lake Charles Chemicals Project (LCCP). We took immediate action by implementing a comprehensive response plan that combined short-term actions to reduce leverage with a longer-term plan to reposition Sasol to enhance profitability, able to adapt to future market volatility and a lower oil price environment.

The first step in repositioning the business has been to change our operating model to one which is more efficient, with decisions made closer to the customer. The new operating model is in place, with the new leadership structure effective from 1 November 2020. This will enable our Future Sasol ambition to be a more resilient and sustainable business in the future.



## New operating model

Our new operating model enables improved decision-making down in our two businesses, Energy and Chemicals. The leaner Corporate Centre is focused on maximising the benefits of synergies, leveraging best practice across the organisation, setting strategic boundaries and allocating capital.

Advantages of the new operating model include:

- Reduced costs with a leaner Corporate Centre and removal of duplication
- Increased market and customer-centricity
- Improved efficiency in decision-making

**Energy**



**Strong cash generator with stable long-term profile**

- Improve economic value and cost competitiveness
- Reduce the carbon footprint of our facilities
- Secure affordable gas supply and implement renewables
- Higher margins in mobility business
- Identify sustainable lower carbon growth options

**Chemicals**



**Leveraging integrated value chains for high-value returns**

- Align our business with powerful megatrends
- Transform our portfolio toward innovative solutions
- Earn the right to accelerate high value growth
- Aggressively drive excellence in all we do

**Supported by lean Corporate Centre**

## Leadership

Guided by our purpose and values, our Group Executive Committee will steer the business to deliver shared value to all our stakeholders.

### Group Executive Committee (GEC)

**President and Chief Executive Officer (CEO)**

**“By leveraging the combined skills and experience of our GEC team, each with clearly defined and focused portfolios, we are driving momentum to deliver Future Sasol.”**

Fleetwood Grobler

**Executive Vice President:**  
Energy Operations

**Executive Vice President:**  
Chemicals Business

**Executive Vice President:**  
Energy Business

**Group Chief Financial Officer**

**Executive Vice President:**  
Strategy, Sustainability and Integrated Services

**Executive Vice President:**  
Human Resources and Stakeholder Relations

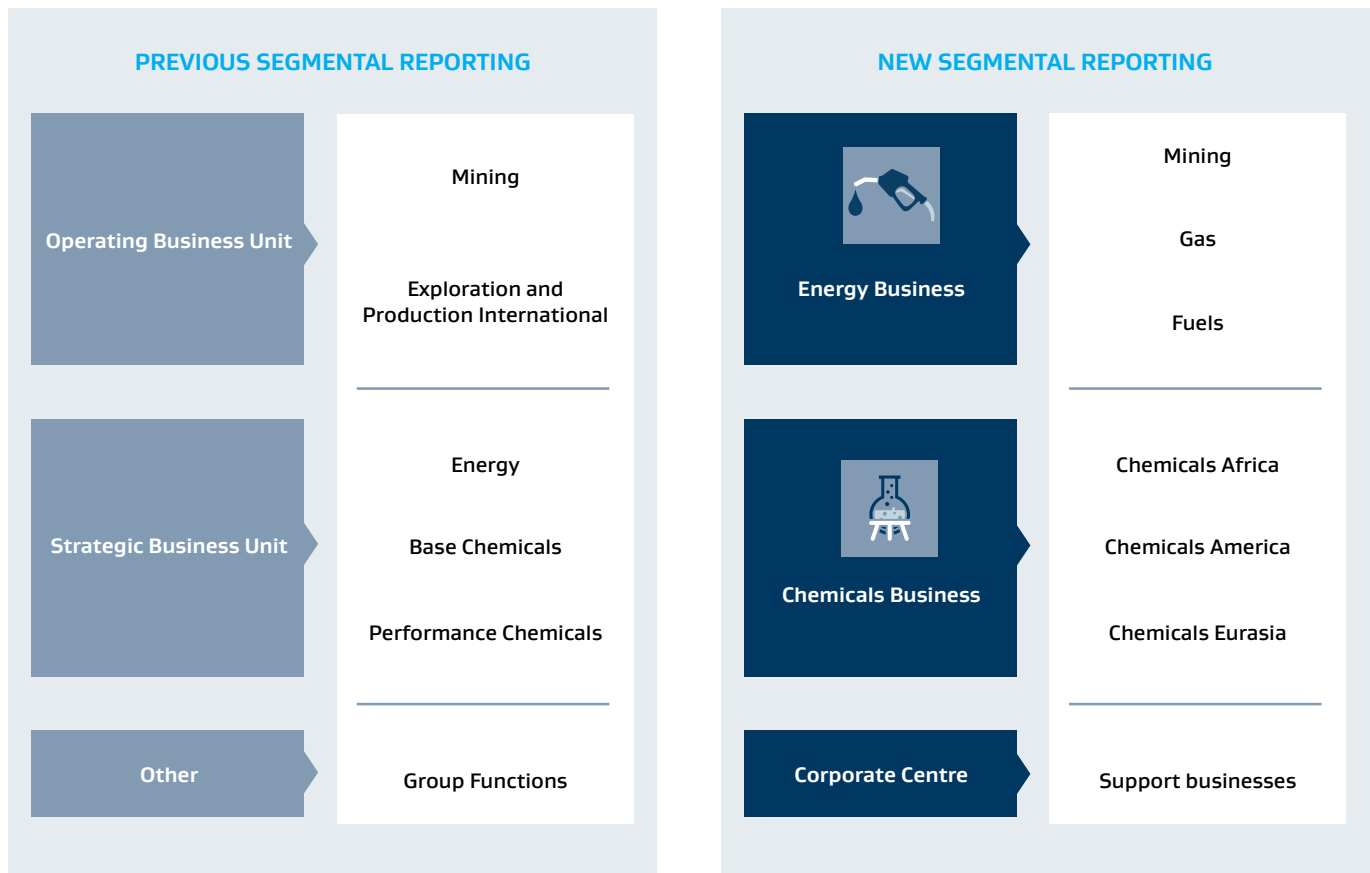
**Executive Vice President:**  
Sasol 2.0 Transformation\*

\* Role in place for up to 24 months.

## Introduction (continued)

# Segmental reporting

The key changes to the operating segments are set out below:



Costs will be passed through the integrated value chain to the underlying businesses while assets and liabilities which are separately identifiable and directly linked to a business will be allocated accordingly. Other assets and liabilities which cannot be directly linked will be split across the two businesses based on the ratio of the Energy and Chemicals Businesses' products produced at the facility. This is particularly true for Chemicals Africa where production will be managed by the Energy Operations in South Africa with associated costs and balance sheet allocated to the Chemicals Africa segment.

The new Sasol 2.0 operating structure has enhanced the business functions' service model, delivering more agile and effective shared services. This is done through:

- Simplifying, streamlining and standardising processes
- Elimination of duplication in execution
- Centred around the three major locations in which Sasol operates (South Africa, Eurasia and America) instead of at Group level

Functional costs within the Corporate Centre, providing services to other Sasol entities, are allocated based on functional cost drivers. Corporate Centre costs that cannot be linked to operational activities are retained at Group level.

The nature of activities that remain within the Corporate Centre include, inter alia, company secretarial services, assurance services, legal IP and compliance services, corporate affairs and communications, Group financial controlling, sustainability, portfolio strategy, corporate finance and investor relations.

In addition, the Group hedging activities are executed centrally and the resultant financial impacts are reflected in the Corporate Centre.

Introduction (continued)

Market disclosures

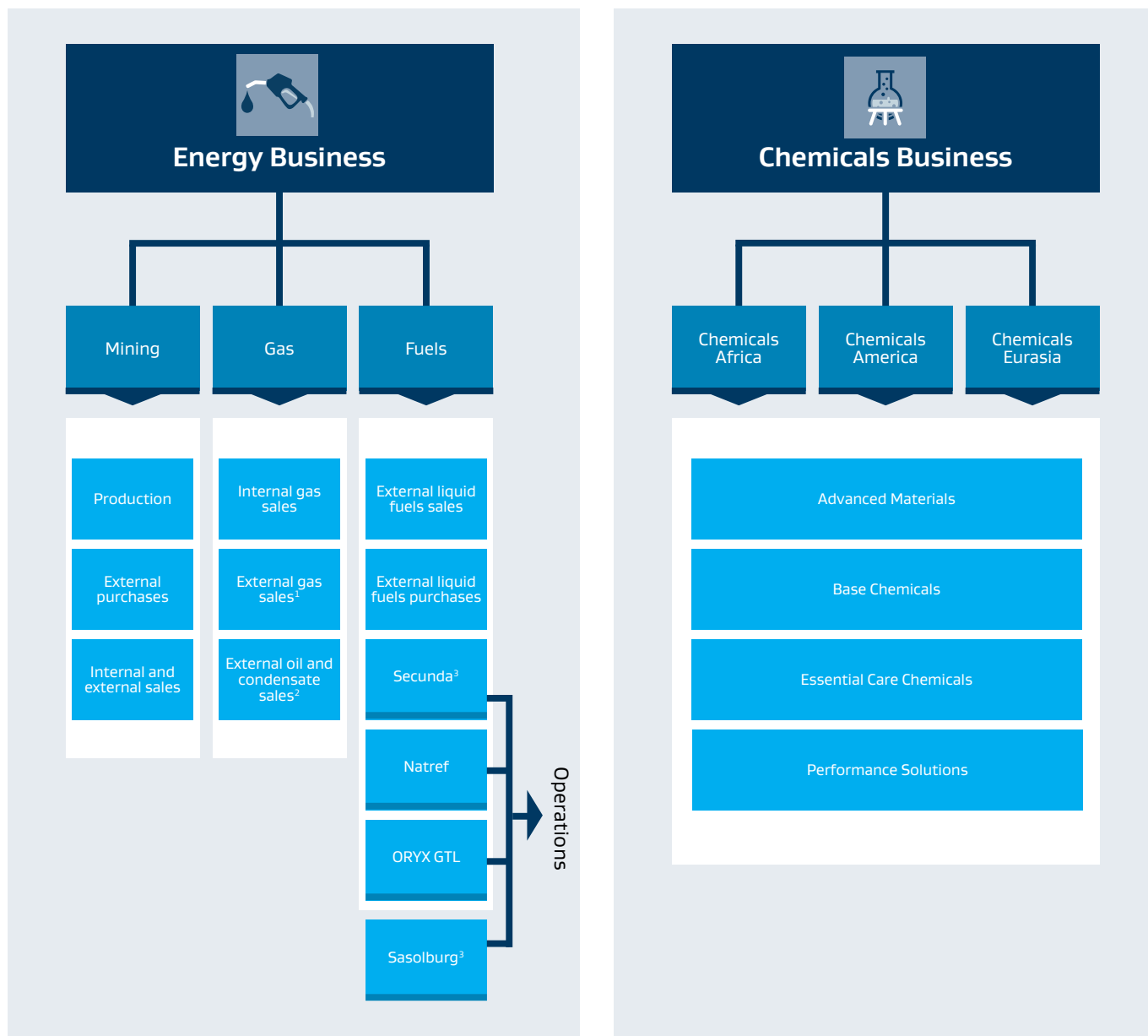
Secondary market disclosures will align with the new operating segments to better reflect the focus areas and performance of each segment.

Energy:

- Mining segment will remain unchanged, reflecting coal feedstock
- The Gas segment will reflect the upstream feedstock, infrastructure (through ROMPCO), and external natural and methane rich gas sales
- Fuels segment will reflect the integrated value chain, fuel sales and the ORYX GTL investment

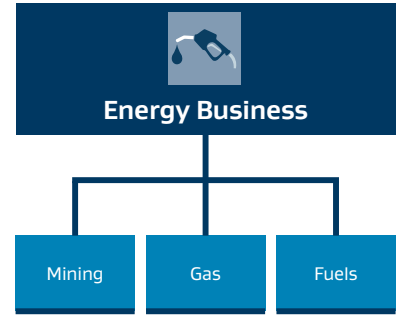
Chemicals:

- Chemicals Africa, America and Eurasia segments will reflect the divisions at a regional level



1. Includes methane rich gas (MRG) sales; 2. Concluded divestment of our non-operated interest in the Gabon oil producing asset in February 2021; 3. Secunda and Sasolburg Operations managed by Energy. Chemicals-related products disclosed in Chemicals Business.

# 2 Energy Business



## Overview

Our Energy Business, which has a strong regional position across Southern Africa, is a customer-focused organisation that leverages our unique technologies and advantaged assets to create value for our stakeholders.

We currently operate integrated value chains with feedstock sourced from our Mining and Gas operating segments and processed at our Secunda and Sasolburg Operations and Natref. We also have associated assets outside South Africa. These include the Pande-Temane Petroleum Production Agreement (PPA) in Mozambique and ORYX GTL (gas to liquids) in Qatar.

We have proprietary technologies that can generate attractive and sustainable margins from a combination of our low cost feedstock, safe and reliable operations and attractive energy and chemical products. Our leading fuel technologies facilitate cleaner fuels which differentiate us from other oil companies.

Through implementation of the Sasol 2.0 transformation programme, we are focused on optimising the performance of our assets with improved cost effectiveness. Alongside this, we are making progress towards our near-term climate targets by increased sourcing of renewables and reducing the greenhouse gas footprint of our facilities.

Going forward our ambition is to be a leading integrated low carbon electricity and energy player, leading the energy transition in South Africa. We will therefore scale up our low carbon activities by leveraging our capabilities and working in partnership with others.

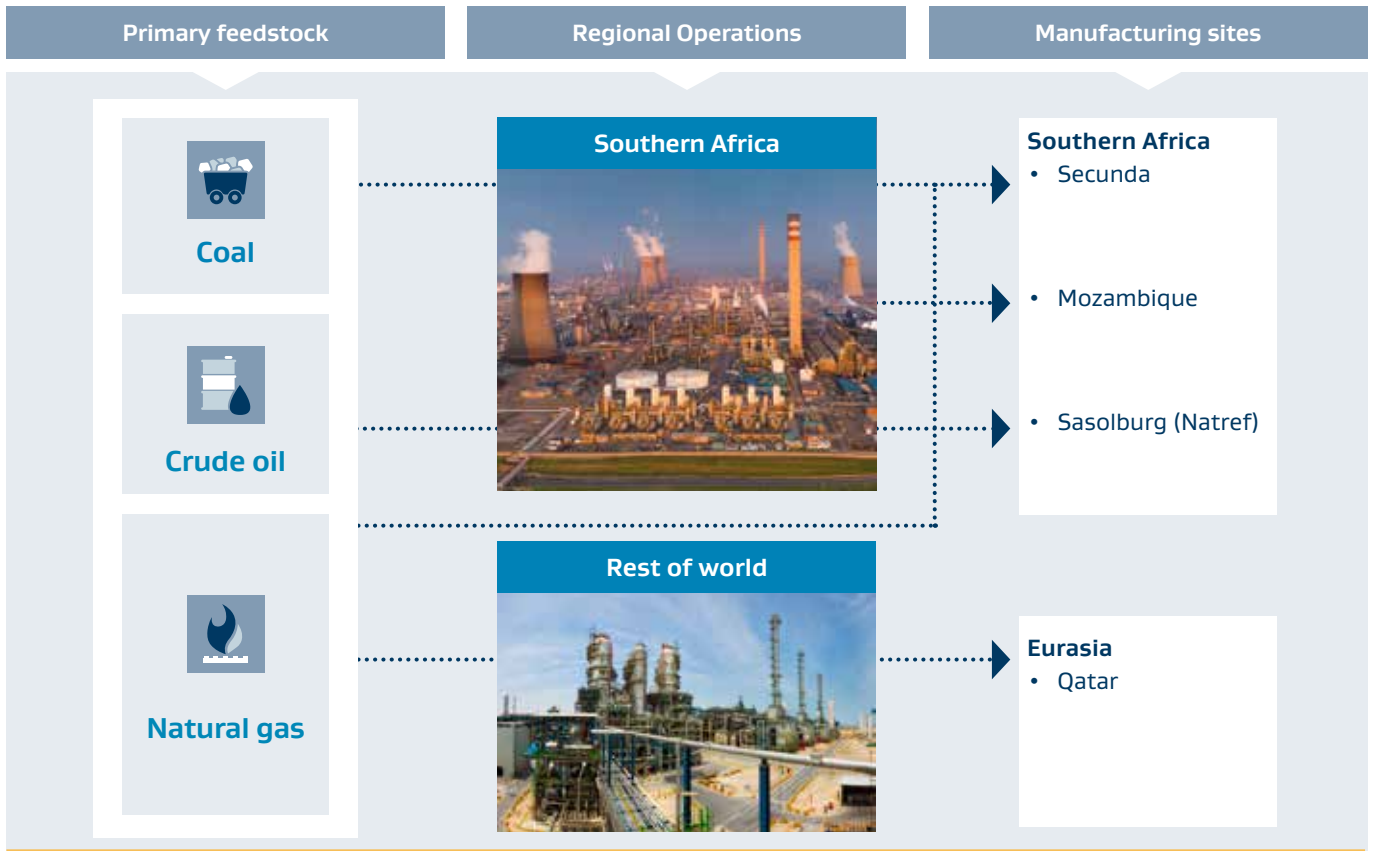
We continue to invest in innovation and research to drive the energy transition. Currently, we are the world’s largest hydrogen producer and believe that we have the asset base and technology to lead the anticipated growth of a green hydrogen economy.

## Enabling Future Sasol

<h3>Positioned for sustainable energy transition and growth</h3> <ul style="list-style-type: none"> <li>• Leading the energy transition in South Africa</li> <li>• Advantaged assets with enhanced resilience</li> <li>• Leading fuel technologies</li> <li>• Integrated value chain and scale</li> <li>• Unlocking value through partnering</li> </ul>		<ul style="list-style-type: none"> <li>✓ Advantaged feedstock</li> <li>✓ Gas market access and leadership</li> <li>✓ Differentiated capabilities</li> <li>✓ Track record of innovative large-scale technology deployment</li> <li>✓ Leading a just energy transition</li> </ul>	<h3>FUTURE SASOL</h3> <ul style="list-style-type: none"> <li>• Enhance fuels margins</li> <li>• Portfolio resilience</li> <li>• Access to affordable gas supply</li> <li>• Customer-centric at heart</li> <li>• Lower carbon business solutions and technology at scale</li> </ul>
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------



Overview (continued)



Energy Business products

Mining	Gas	Fuel
<ul style="list-style-type: none"> <li>• Thermal coal</li> </ul>	<ul style="list-style-type: none"> <li>• Natural gas</li> <li>• Methane rich gas</li> <li>• Crude oil and condensates</li> </ul>	<ul style="list-style-type: none"> <li>• Petrol</li> <li>• Jet fuel, kerosene and diesel</li> <li>• Propane, butane and LPG (Liquid Petroleum Gas)</li> <li>• Electricity sold to the grid</li> <li>• Heating fuel</li> <li>• Lubricants</li> <li>• Bitumen</li> <li>• Naphta</li> </ul>

Drivers of revenue		
<ul style="list-style-type: none"> <li>• Coal supplied to Secunda Operations on arm's-length terms</li> <li>• Coal supplied to Sasolburg Operations based on a long-term supply contract with inflation-linked escalation</li> <li>• Export coal is based on FOB Richards Bay index (dollar coal price and partially on a fixed price basis)</li> </ul>	<ul style="list-style-type: none"> <li>• Selling prices based on long-term gas sale agreements</li> <li>• Methodology for South African natural gas and methane rich gas selling prices approved by NERSA</li> <li>• Crude oil and condensates selling prices are linked to Brent crude oil prices</li> </ul>	<ul style="list-style-type: none"> <li>• Liquid fuel prices mainly driven by the Basic Fuel Price (BFP). Sales through wholesale is at BFP plus cost such as transportation and storage. Sales through commercial and retail benefit from additional, controlled margin increases as approved by the South African Department of Mineral Resources and Energy (DMRE)</li> </ul>





## Overview

- Production of approximately 40 mt of saleable coal per year, with exports comprising between 2 – 3 mt per year.
- A long-term agreement exists with Anglo that requires a purchase of approximately 5,1 mt per annum. This agreement expires in 2026 and supplements the coal produced by our mining operations for Secunda Operations.

Complex	Product placement
Coal-to-liquids (CTL) complex	<ul style="list-style-type: none"> <li>• Supplies approximately 33 mt of coal to the Secunda Operations</li> </ul>
Sigma complex	<ul style="list-style-type: none"> <li>• Supplies approximately 1 mt of coal to the Sasolburg Operations</li> </ul>
Export complex	<ul style="list-style-type: none"> <li>• Approximately 2 – 3 mt coal is beneficiated and exported</li> <li>• Middlings from the export plant is also used in the Secunda Operations</li> </ul>

## Cash costs

- The cash cost breakdown below is an approximate range based on the FY20 information.
- The primary drivers (excluding external coal purchases) are:
  - Labour (35%)
  - Maintenance (20%)
  - Variable costs (27%)
  - Other (includes cost of belonging, utilities, professional fees and contractor costs) (18%)



**Gas**

**Overview**

**Exploration assets**

- Various exploration projects, in different stages of advancement, are currently underway:
  - Onshore Mozambique (PT5-C)
  - Offshore Mozambique (A5-A)
  - Offshore South Africa (ER236)

**Development assets**

- The final investment decision on the Mozambique Production Sharing Agreement (PSA) licence area development was made in February 2021.
- This project will entail Mozambique in-country monetisation of gas through a 450 megawatt gas-fired power plant and an LPG facility in the same time frame. The balance of the gas produced will be exported to South Africa to sustain our operations. Current resource estimates reflect up to 1,2 trillion cubic feet of gas for the high case.

**Production assets**

**Mozambique production**

- Natural gas and condensate are produced from the onshore Pande-Temane Petroleum Production Agreement (PPA) asset and sent to the central processing facility (CPF) for processing and compression.
- Most of the natural gas is transported via the ROMPCO pipeline from the CPF to Secunda.

Product	Product placement
<b>Natural gas</b>	<ul style="list-style-type: none"> <li>• Approximately 15 bscf sold to Mozambican markets, 32 – 36 bscf to South African markets and 100 – 110 bscf sold internal to Secunda and Sasolburg Operations</li> </ul>
<b>Condensate</b>	<ul style="list-style-type: none"> <li>• Approximately 200 – 250 m bbl exported</li> </ul>

**Canada production**

- In Canada, Sasol holds 50% equity in a partnership with Progress Energy Canada Ltd for the development and operation of the Farrell Creek and Cypress A shale gas assets in British Columbia. Progress Energy Canada Ltd operates the asset on behalf of the partnership.
- In line with our strategy, we remain committed to divest from the Canada assets.

**Gas operations**

- Gas is imported from Mozambique via the ROMPCO pipeline to our Sasol Gas network in South Africa (Gauteng and the Free State).
- Within South Africa, our network in Kwa-Zulu Natal (KZN) and Witbank-Middleburg is supplied with methane rich gas (MRG) from Secunda. The KZN network is supplied with MRG via a pipeline that is owned by Transnet.

Product	Product placement
<b>Methane rich gas</b>	<ul style="list-style-type: none"> <li>• Approximately 20 – 22 bscf sold to South African markets</li> </ul>

### Cash costs

- The cash cost breakdown below is an approximate range based on the FY20 information.
- The primary drivers are:
  - Operating cost for hydrocarbon production (25%)
  - Labour (28%)
  - Maintenance on existing wells (11%)
  - Exploration (15%)
  - Other (includes cost of belonging and study costs) (21%)



### Fuels

### Overview

- Comprises the sales and marketing of liquid fuels produced in South Africa. We supply approximately 40% of South Africa's domestic fuel need through retail and wholesale channels and 30 – 35% of South Africa's jet fuel demand.
- Market approximately 9 billion litres (60 million barrels) of liquid fuels, blended from fuel components produced by:
  - Secunda Operations: 31 – 33 mm bbl
  - Crude oil refined at Natref: 17 – 22 mm bbl
  - External product purchases: 3 – 9 mm bbl
  - We currently operate 412 retail sites in South Africa

Product	Product placement
Jet fuel	<ul style="list-style-type: none"> <li>• Mainly OR Tambo International Airport and other oil companies</li> </ul>
Liquid fuels	<ul style="list-style-type: none"> <li>• 4% exported to neighbouring countries</li> <li>• 96% sold in South Africa</li> </ul>
Black products	<ul style="list-style-type: none"> <li>• 70% to mainly Eskom</li> </ul>

### Cash costs

- The cash cost breakdown below is an approximate range based on the FY20 information.
- The primary drivers of cash costs (excluding crude oil and final product purchases, internal coal and gas purchases from Mining and Gas) in this segment are:
  - Labour (29%)
  - Maintenance (22%)
  - Utilities, primary electricity (32%)
  - Other (comprising carbon costs, legal, communications, facilities etc) (17%)

## Operations



**Secunda Operations**



**Natref**



**ORYX GTL**

### Secunda

#### Operations overview

- Operates a coal- and gas-based synthetic fuels manufacturing facility. It produces syngas primarily from low-grade coal (approximately 90%) with a smaller portion of natural gas (approximately 10%).
- The process uses advanced, high temperature Fischer-Tropsch technology to convert syngas into a range of synthetic fuel components, heating fuels (including industrial pipeline gas), and chemical feedstock.
- Supplier of utilities to the Chemicals Business.

- Produces approximately 7,5 – 7,7 mt per annum (150 000 bbl per day).
- The split of production between Energy and Chemicals is approximately 60% and 40% respectively.
- Secunda production split is approximately 65% petrol, 35% diesel.

- Apart from the production of saleable products, Secunda Operations generates approximately 50% of its own electricity requirements.
  - Capacity to generate 600 MW/h from coal (via steam) and 200 MW/h from natural gas.
  - The total demand for the Secunda Operations is approximately 1 000 MW/h – 1 200 MW/h.
- Phased shutdown on a four-yearly cycle (ie one every year, usually around September), and the common equipment on an eight-yearly cycle (alternating between three and five years). Our last total shutdown was during September 2018.
- The production impact of the total shutdowns, when the common equipment is maintained, is around 115 000 tons lower production.
- As part of our Sasol 2.0 ambition we are planning to extend our phased shutdowns to a five-year cycle.
- We are currently implementing Clean Fuels 2 specifications and expected to go to market at the beginning of FY26.

#### Feedstock

- Low grade coal, acquired from Mining, used as feedstock for fuels and chemicals as per pricing mechanism with Mining.
- Natural gas, acquired from Gas, used as feedstock for both fuels and chemicals production, as well as electricity generation.

### Natref

#### Operations overview

- Natref operates as a processing facility that operates assets on behalf of the Energy Business.
- Sasol Oil (Pty) Ltd, together with Total SA (Pty) Ltd, own the facility in Sasolburg. Sasol has a 63,64% equity participation in this joint venture (JV).

- The refining capacity of Natref is 108 500 bbl per day.
- Natref production split is approximately 29 – 32%, petrol, 31 – 37% diesel, 9 – 21% jet fuel and 5 – 8% black products.

- Natref is a deep conversion refinery that is designed to upgrade heavy, sour crude oil with a high sulphur content and yields about 91% white petroleum products.
- In Durban, the Natcos JV in which Sasol Oil has a 63,64% equity participation, houses crude oil, petrol and diesel tankage connected to import facilities.



## Energy Business (continued)

### Feedstocks

- Relatively heavy crude oil with high sulphur content that yields approximately 91% white products.
- Crude oil is purchased at market prices from the Arab Gulf (40 – 60%) and sweet crudes from West Africa (40 – 60%).

### Capacity\* and yields

- Crude oil processed: between 2,6 and 3,3 million cubic meters (m<sup>3</sup>) over the past three years.
- White product yield: between 89% and 91% of raw material over the past three years.
- Total product yield: between 97% and 98% over the past three years.

\* Sasol shareholding.

---

## ORYX GTL

### Operations overview

- Sasol Middle East and India Pty Ltd (SMEI) holds a 49% equity interest in a fully operational plant in ORYX GTL based in Qatar. The other 51% interest is held by Qatar Petroleum (QP).

- The capacity of ORYX GTL is 32 400 bbl per day.
- ORYX GTL production split is approximately 67% diesel, 31% naphtha and 2% liquefied petroleum gas (LPG).

- ORYX GTL follows a statutory shutdown cycle every three years of approximately 48 days.

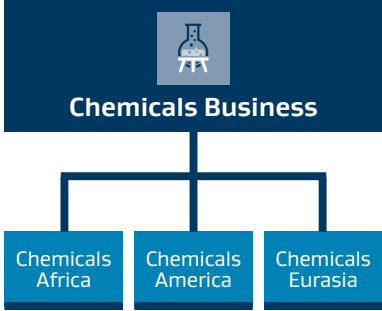
### Feedstock

- ORYX GTL – long-term supply agreements are in place for gas feedstock, utilities, land lease and catalyst until 2031.

### Markets

- GTL diesel is sold as blend stock for middle distillate product streams derived from conventional oil refining to produce on-specification automotive diesel and is primarily sold to customers Europe.
- GTL naphtha is sold to naphtha crackers that produce olefins such as ethylene.

# 3 Chemicals Business



## Overview

Our Chemicals Business has a strong diversified, global presence that is organised into three customer-focused regional operating segments – Africa, America and Eurasia – supporting four divisions comprising Advanced Materials, Base Chemicals, Essential Care Chemicals and Performance Solutions.

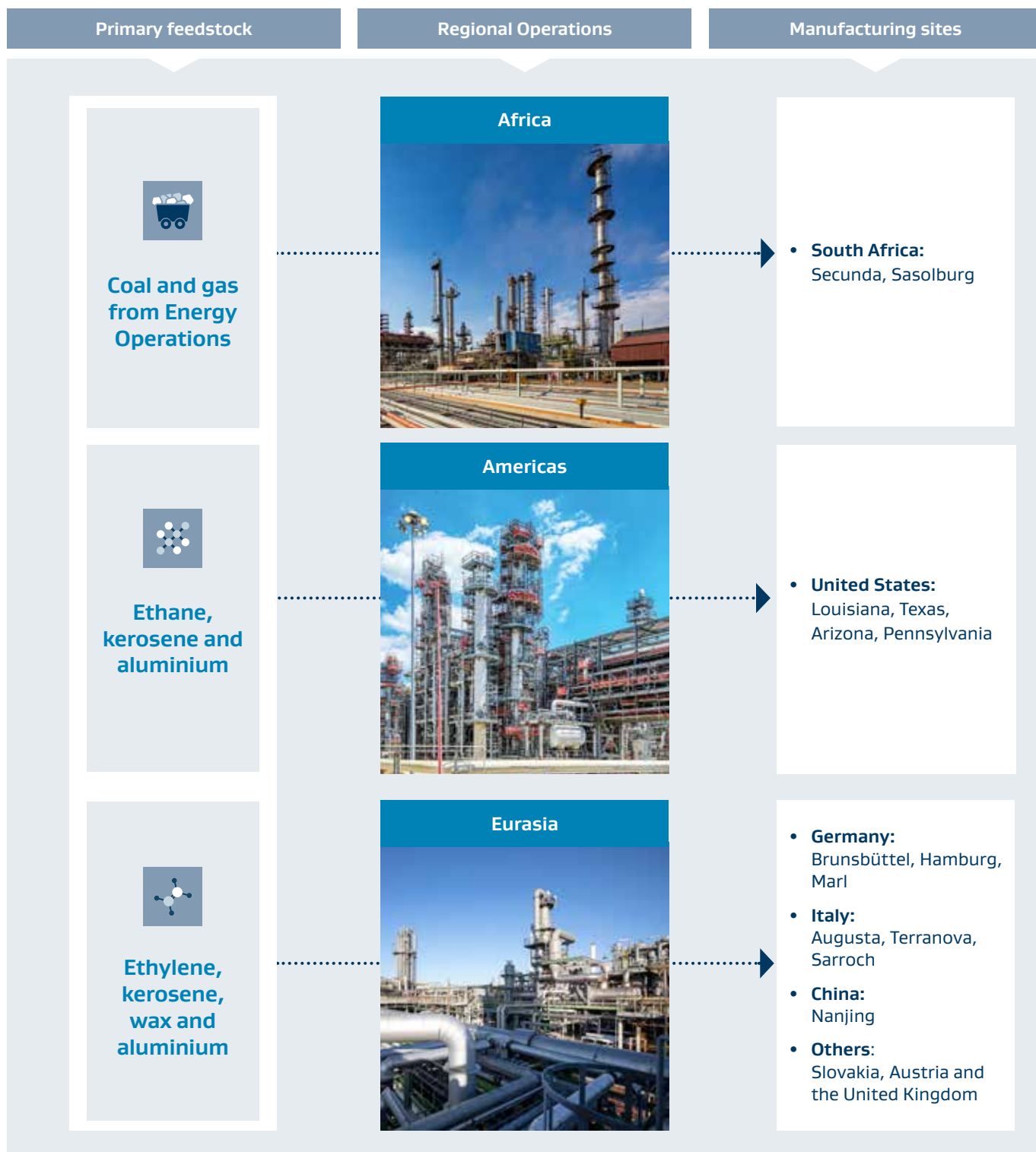
Our global presence, integrated value chains and strengthened market positions provide the foundation for future growth with a specialty solutions focus where we see more attractive long-term returns going forward. We already have a number of differentiated market positions in specialty and other attractive growth areas, including our high purity aluminas, and the broadest portfolio of integrated alcohols and surfactants in the world for use in cleaning, personal care, cosmetics and pharmaceutical applications. Our global capabilities have been significantly enhanced through the additional alcohols, aluminas and ethoxylates capacity of the LCCP, which leaves Sasol well placed to benefit from long-term demand trends in chemistries that are our core competencies. Likewise, we retain our exposure to commodity chemicals and associated economic cycles with our LCCP JV and other Base Chemical assets.

Going forward our focus is to continue transforming our portfolio to accelerate high-value growth by extending our market-leading positions while innovating with customers and partners to identify and implement sustainable and circular solutions. We remain focused on maximising our competitiveness and the value of the assets in each of our regions with the Sasol 2.0 transformation programme.

## Enabling Future Sasol

<p><b>Repositioned to advance specialty chemicals growth</b></p> <ul style="list-style-type: none"> <li>Expanded base of world-class specialty chemicals assets with backward integration</li> <li>Partnership for polyethylene assets in LCCP JV to participate in commodity cycle recovery</li> <li>Well invested assets positioned for future growth</li> </ul> <ul style="list-style-type: none"> <li>Strengthened market positions</li> <li>Geographic diversifications</li> <li>Full value chain integration</li> <li>Accelerated pivot to specialty chemicals</li> <li>Synergistic partnership</li> </ul>	<p><b>FUTURE SASOL</b></p> <ul style="list-style-type: none"> <li>Leading positions in Essential Care Chemicals and Advanced Materials</li> <li>Transformed portfolio toward specialty chemicals</li> <li>Integrated value chains for high returns</li> <li>Chemistry innovations in sustainability and circular solutions</li> </ul>
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Chemicals Business (continued)





## Product grouping: previous vs new operating model

The product grouping have been reclassified from the previous Base and Performance Chemicals to Advanced Materials, Base Chemicals, Essential Care Chemicals and Performance Solutions markets as follows:

Previous operating model		New operating model		
<b>Base Chemicals</b> <ul style="list-style-type: none"> <li>• Polymers</li> <li>• Solvents</li> <li>• Fertilisers</li> <li>• Explosives</li> <li>• PASG <sup>1</sup></li> </ul>		<b>Chemicals Africa</b>  <b>Chemicals America</b>	<b>Advanced Materials</b>	<ul style="list-style-type: none"> <li>• Advanced Materials</li> </ul>
			<b>Base Chemicals</b>	<ul style="list-style-type: none"> <li>• Polymers</li> <li>• Fertilisers</li> <li>• Explosives</li> <li>• PASG <sup>1</sup></li> <li>• MEG <sup>2</sup></li> </ul>
<b>Performance Chemicals</b> <ul style="list-style-type: none"> <li>• Organics</li> <li>• Waxes</li> <li>• Advanced Materials</li> </ul>		<b>Chemicals Eurasia</b>	<b>Essential Care Chemicals</b>	<ul style="list-style-type: none"> <li>• Organics (excl. MEG<sup>2</sup>, Comonomers and Specialties)</li> </ul>
			<b>Performance Solutions</b>	<ul style="list-style-type: none"> <li>• Solvents</li> <li>• Waxes</li> <li>• Comonomers</li> <li>• Specialties</li> </ul>

1. Phenolics, Ammonia and Specialty gasses; 2. Mono-ethylene glycol

## Chemicals Business divisions

**Advanced Materials:** includes specialty aluminas, carbon and cobalt catalyst. With more than 400 tailor-made specifications, our aluminas are used in a broad range of applications such as high-performance abrasives, performance additives, lighting, bioceramic materials for medical prosthetics, and as catalyst carriers for the automotive, refining and chemical industries. Our carbon-based products are used in battery materials and energy storage applications and our cobalt catalyst is used in gas-to-liquids (GTL) facilities.

**Base Chemicals:** we leverage our advantaged feedstocks to market a broad portfolio of commodity chemicals globally while delivering on life’s everyday needs. These commodity chemicals include, inter alia, monomers, polymers, nitrates, phenolics, ammonia, mono-ethylene glycol (MEG) and methanol that feature in end-uses such as agriculture, textiles and piping.

**Essential Care Chemicals:** we offer the broadest portfolio of integrated alcohols and surfactants in the world for use in cleaning (homecare and industrial and institutional), personal care, cosmetics and pharmaceutical applications. Our diverse portfolio enables us to offer natural as well as palm-free alcohols, with our focus expanding to renewable and lower-carbon options.

**Performance Solutions:** our broad portfolio of solvents, waxes, comonomers and specialty chemicals complements our diverse alcohols and surfactants and allows us to deliver industrial and differentiated solutions to our customers in various applications either as main ingredient, building block or performance additive across many industries including but not restricted to metal working fluids and lubrication, inks, paints, coatings and adhesives (including for packaging), agriculture, and flavours and fragrances.

## Chemicals Business (continued)

Advanced Materials	Base Chemicals	Essential Care Chemicals	Performance Solutions
<ul style="list-style-type: none"> <li>Aluminas</li> <li>Catalysts</li> <li>Carbon</li> </ul>	<ul style="list-style-type: none"> <li>Olefins</li> <li>Polymers</li> <li>MEG<sup>3</sup></li> <li>Explosives</li> <li>Nitrates</li> <li>Fertilisers</li> </ul>	<ul style="list-style-type: none"> <li>Ammonia, Specialty gases</li> <li>Phenolics</li> <li>Methanol</li> </ul>	<ul style="list-style-type: none"> <li>LAB<sup>1</sup></li> <li>Paraffins</li> <li>Alcohols</li> <li>Surfactants</li> <li>Ethylene oxide</li> </ul>
			<ul style="list-style-type: none"> <li>Specialties<sup>2</sup></li> <li>Waxes</li> <li>Solvents</li> <li>Comonomers (Hexene, Octene, Pentene)</li> </ul>



Automotive catalysts



Agricultural film



Domestic washing liquids



Metal workings and lubricants

## Drivers of revenue

### Advanced Materials, Essential Care Chemicals and Performance Solutions:

- Supply and demand dynamics influenced by global megatrends such as urbanisation, digitalisation, mobility and growing population
- Demand for this basket of products is driven by dynamics of the specific chemical markets and tends to follow GDP growth rates (or multiple thereof)
- Pricing is linked to international chemical prices. However, due to the specialised nature of the products, markets tend to be niche and prices cannot easily be indexed to commonly available chemical price indices
- Foreign exchange rates, especially the Rand vs the US Dollar and Euro

### Specific sensitivities:

- Palm kernel oil/Brent crude oil factor
- Ethane/naphtha differential

- Aluminium price (LME)<sup>4</sup>

- Brent crude oil price
- United States ethylene price
- North East Asia propylene price
- International solvent prices

- United States ethane/ethylene and ethylene derivative margin
- Ammonia/urea differential
- International PE, PP and PVC prices<sup>5</sup>

### Base Chemicals and Performance Solutions:

- Sales volumes are largely driven by production availability including production rates achieved and shutdowns experienced
- Supply and demand dynamics driven by the macroeconomic environment, geopolitics, new production capacities and movements in crude oil pricing
- Pricing for specific products within Base Chemicals and Solvents within Performance Solutions track international chemical prices as reflected by independent benchmarks
- Foreign exchange rates, especially the Rand vs the US Dollar and Euro

1. Linear alkyl benzene; 2. Specialties include special alcohols such as Guerbet, Plasticiers and certain Paraffins; 3. Mono-ethylene glycol; 4. London Metal Exchange; 5. Polyethylene, polypropylene and polyvinyl chloride.

## Chemical Business (continued)

### Chemicals Africa



### Overview

- Chemicals Africa produces and markets a wide variety of commodity and specialty chemicals linked to Sasol's unique Fisher-Tropsch (FT) technology
- Sasol is the largest chemical producer in South Africa
- Main manufacturing facilities are located in Secunda and Sasolburg, South Africa
- The manufacturing facilities are operated by Sasol Energy Operations on behalf of Chemicals Africa

### Product placement

Division	Product group	Product detail	Product placement
Advanced Materials	Advanced Materials	Cobalt Catalyst, Carbon	Largely exported into international markets for external sales
Base Chemicals	Polymers	Olefins, Polyethylene, Polypropylene, PVC, Chlor-Alkali Chemicals	With the exception of polypropylene which is largely exported, all other products are sold in South Africa and partly exported
	Fertiliser and Explosives	Fertiliser and Explosives	Fertilisers are mainly sold in South Africa. Explosives intermediate products are sold to our partner, Enaex, who converts to final products for supply to the Sub-Sahara African mining industry
	Other	Phenolics, Ammonia, Speciality gases, Methanol	With the exception of phenolics which is mostly exported into international markets for external sales and/or internal use at our US Phenolic sites, all other products are sold in South Africa
Essential Care Chemicals	Essential Care Chemicals	C6+ Alcohol	Largely exported into international markets for external sales or internal use in surfactant facilities across the globe
Performance Solutions	Solvents	Ketones, Acetates, Alcohols, Acrylates	Largely exported into international markets for external sales
	Wax	FT-based wax and paraffin wax	Primarily exported into international markets for external sales or internal use in our German wax site
	Other	Comonomers (C5 – C8 Alpha Olefins)	Largely exported into international markets for external sales

**Chemical business** (continued)

**Main cost drivers**

Unless otherwise stated below, feedstocks and conversion costs as detailed below are provided by Energy Operations. A breakdown of cash costs has also been included below and is indicative of approximate ranges based on the FY20 information. The cost for both feedstocks and cash fixed costs is influenced by market prices and/or cost inflation, varying per site or operational set-up and mitigated by Integrated Multiple Asset Sites (IMAS) in Secunda and Sasolburg.

Main feedstock to operations	Cash cost % breakdown
<ul style="list-style-type: none"> <li>• Coal</li> <li>• Natural gas</li> <li>• C2 rich gas (ethylene and ethane) and small amounts of propane</li> <li>• Propylene-containing condensates</li> <li>• Ammonia</li> <li>• Solvents products: Fischer-Tropsch (FT) process oil and water stream</li> <li>• Nitrates: ammonia, nitrogen, potassium, phosphates</li> <li>• Wax products: synthetic waxes derived from natural gas through the FT process</li> <li>• Phenolics: by-product of coal gasification</li> <li>• Advanced Materials: various metal for catalyst production (purchased externally)</li> </ul>	<ul style="list-style-type: none"> <li>• Feedstock and conversion costs (55% – 60%)</li> <li>• Labour (15 – 20%)</li> <li>• Maintenance (6% – 8%)</li> <li>• Utilities (4% – 6%)</li> <li>• Other (comprising cost of belonging, legal, facilities etc) (10% – 15%)</li> </ul>



**Overview**

- Chemicals America produces and markets a wide variety of commodity and specialty chemicals
- Manufacturing operations are located in a number of locations in United States. The most significant is located at Lake Charles, Louisiana
- Phenolics operations are based at Oil City, Pennsylvania, Houston and Winnie, Texas
- An Advanced Materials facility is located in Tucson, Arizona
- In early December 2020, the divestment of 50% of Sasol’s commodity chemicals units at our Lake Charles facility to our partner, LyondellBasell (LYB) was completed and Louisiana Integrated Polyethylene (LIP) joint venture (JV) formed. Under the terms of the transaction agreements, LyondellBasell will operate the JV assets on behalf of the JV and market the polyethylene products on behalf of the two shareholders

## Chemical Business (continued)

### Product placement

Division	Product group	Product detail	Product placement
Advanced Materials	Advanced Materials	Alumina	Mostly sold in North America with sales in other global regions including Europe and Asia
Base Chemicals	Polymers	Ethylene and Co-Products, Polyethylene	Ethylene is either consumed internally for derivatives or sold to external customers in the US merchant market. Polyethylene is marketed on behalf of Sasol by LYB.
	Other	Phenolics, MEG	Phenolics is largely exported into international markets for external sales. MEG is marketed and distributed on behalf of Sasol by a third party
Essential Care Chemicals	Essential Care Chemicals	Surfactants, Ethylene Oxide (EO), C6+ Alcohols, LAB, Paraffin and Olefins	With the exception of EO, which is largely used for internal use in MEG and surfactant production, the majority of product is sold to external customers in the Americas and Asia
Performance Solutions	Other	Comonomers (C5 – C8 Alpha Olefins), Specialties	Largely sold in North America with some sales in other global regions including Europe and Asia

### Main cost drivers

Unless otherwise stated below, feedstocks as detailed below are purchased externally. A breakdown of cash costs has also been included below and is indicative of approximate ranges based on the FY20 information. The cost for both feedstocks and cash fixed costs is influenced by market prices and/or cost inflation, varying per site or operational set-up and mitigated by Integrated Multiple Asset Sites (IMAS) especially in Lake Charles.

Main feedstock to operations	Cash cost % breakdown
<ul style="list-style-type: none"> <li>Ethane</li> <li>Kerosene</li> <li>Benzene</li> <li>Aluminium</li> <li>Mixed phenolics derived from coal gasification process in Secunda and Sasolburg (transferred from Chemicals Africa)</li> </ul>	<ul style="list-style-type: none"> <li>Feedstock and conversion costs (60% – 70%)</li> <li>Labour (15% – 20%)</li> <li>Maintenance (4% – 8%)</li> <li>Other (comprising cost of belonging, legal, facilities, utilities etc) (10% – 15%)</li> </ul>





## Overview

- Chemicals Eurasia produces and markets a wide variety of specialty chemicals globally
- Main operations are based at Nanjing, China, locations in Germany – at Brunsbüttel, Marl and Hamburg – and locations in Italy – mainly at Augusta, Sarroch and Terranova
- Smaller sites are also operated in Slovakia, Austria and the United Kingdom

## Product placement

Division	Product group	Product detail	Product placement
Advanced Materials	Advanced Materials	Alumina	Largely sold in Europe with some sales in other global regions including Americas and Asia
Essential Care Chemicals	Essential Care Chemicals	Surfactants, EO, C6+ Alcohols, LAB, Paraffin and Olefins	Largely sold in Europe and Asia with some sales in Americas
Performance Solutions	Solvents	Glycol Ethers	Largely sold in Europe and Asia with some sales in other global regions including Africa and America
	Wax	Paraffin Wax and Wax Emulsions	Largely sold in Europe with some sales in other global regions including Asia, Americas and Africa
	Other	Specialties	Largely sold in Europe with some sales in other global regions including Americas and Asia

## Main cost drivers

Unless otherwise stated below, feedstocks as detailed below are purchased externally. A breakdown of cash costs has also been included below and is indicative of approximate ranges based on the FY20 information. The cost for both feedstocks and cash fixed costs is influenced by market prices and/or cost inflation, varying per site or operational set-up and mitigated by Integrated Multiple Asset Sites (IMAS) especially in Brunsbüttel, Marl and Augusta.

Main feedstock to operations	Cash cost % breakdown
<ul style="list-style-type: none"> <li>• Ethylene</li> <li>• Kerosene, benzene, n-paraffins and n-olefins</li> <li>• Crude oil derived paraffin waxes (external and from Chemicals Africa)</li> <li>• Oleochemicals</li> <li>• Aluminium</li> </ul>	<ul style="list-style-type: none"> <li>• Feedstock and conversion costs (70% – 80%)</li> <li>• Labour (12% – 15%)</li> <li>• Maintenance (2% – 4%)</li> <li>• Other (comprising cost of belonging, legal, facilities, utilities etc) (5% – 10%)</li> </ul>

## Abbreviations

bbl – barrels	LPG – Liquid Petroleum Gas
BFP – Basic Fuel Price	LYB – LyondellBasell
Bscf – Billion standard cubic feet	MEG – Mono-ethylene glycol
CPF – Central Processing Facility	m bbl – thousand barrels
CTL – coal-to-liquids	mm bbl – million barrels
CTRG – Central Termica de Ressano Garcia	MRG – methane rich gas
DMRE – Department of Mineral Resources and Energy	mt – million tons
Dollar – Lawful currency of the United States	MW/h – Megawatt per hour
EO – Ethylene oxide	Natref – National Petroleum Refiners of South Africa
FOB – Free on Board	NERSA – National Energy Regulator of South Africa
FT – Fischer-Tropsch	Rand – Lawful currency of South Africa
GDP – Gross Domestic Product	ROMPCO – Republic Of Mozambique Pipeline Company
GTL – gas-to-liquids	PASG – Phenolics, Ammonia and Specialty gasses
IMAS – Integrated Multiple Asset Sites	PE – Polyethylene
JV – Joint Venture	PPA – Petroleum Production Agreement
LAB – Linear alkyl benzene	PP – Polypropylene
LCCP – Lake Charles Chemicals Project	PVC – Polyvinyl chloride
LIP – Louisiana Integrated Polyethylene	PSA – Production Sharing Agreement
LME – London Metal Exchange	



## Disclaimers

### Forward-looking statements

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.

### Photography

Photographs used in this report have been sourced from our photographic library and were taken before the COVID-19 outbreak. Some of these photographs do not reflect the social distancing and protocols approved by the World Health Organisation (WHO) such as wearing of masks in public places. All initiatives and related photographs done during the pandemic were carried out in line with country-specific requirements.



[www.sasol.com](http://www.sasol.com)