SASOL EXECUTIVE VICE PRESIDENT: ASSURANCE AND ADVISORY,

VUYO KAHLA

2020 SASOL SOUTH AFRICA LIMITED AND SASOL KHANYISA PUBLIC LIMITED FINANCIAL PERFORMANCE OVERVIEW

SASOL KHANYISA PUBLIC LIMITED ANNUAL GENERAL MEETING

SATURDAY, 31 OCTOBER 2020

JOHANNESBURG

Good morning and thank you for the opportunity to talk to you today. I am Vuyo Kahla and I am the Executive Vice President for Advisory, Assurance and Supply Chain at Sasol Limited. It is my pleasure to take you through the salient financial performance features of Sasol Khanyisa Public and Sasol South Africa, which is the underlying investment of Sasol Khanyisa.

SLIDE 2: Agenda

Briefly, these are the key points that I will be sharing with you today. We will briefly contextualise Sasol South Africa within the overall structure of Sasol Limited. I will then take you through the financial performance highlights of Sasol South Africa, known as SSA, for 2020. I will then spend some time on explaining the major factors that affect the performance of SSA. Thereafter, we will walk through the salient financial performance features of Sasol Khanyisa Public. We understand that the key issue to be discussed is the vendor funding, and we will spend some time unpacking this.

SLIDE 3: Sasol South Africa Limited

Sasol Limited is an international integrated chemicals and energy company proudly based in Johannesburg, South Africa. Sasol South Africa is a subsidiary of Sasol Limited and is Sasol’s largest operating entity.

Sasol South Africa, together with our operational regions around the world, is instrumental in enabling Sasol Limited, as the holding company, to create value for all its shareholders.

SSA houses our South African operations and businesses which are Sasol’s most cash generative assets. The businesses include:

- Secunda Synfuels
- Secunda Chemicals
- Sasolburg Operations

- Satellite Operations
- Group Technology
- Sasol Gas

Both the Sasolburg and Secunda facilities are world-class industrial plants.

SLIDE 4: Sasol South Africa salient financial performance features

Sasol's results for financial year 2020 are characterised by a story of two halves. Despite the challenges we faced in the first half of the financial year, Sasol delivered a sound operational performance. The second half saw the COVID-19 pandemic cause an enormous shift in our operating context where we experienced significant volatility and uncertainty.

Despite the challenges, SSA generated R88 billion in revenue, while we invested R13 billion in capital expenditure to ensure the ongoing safe and stable operations. Given the steep drop in the oil and chemical prices, the company value has fallen to R94 billion from R195 billion last year. For FY2020, SSA declared total dividends of R7 billion, of which more than R643 million was declared to Sasol Khanyisa Public.

Important context to SSA's financial performance is considering the impact of Sasol Limited's performance on SSA. As you may be aware, Sasol Limited's balance sheet has significant debt due to the additional capital required to fund the Lake Charles Chemicals Project. This debt is held by a number of international banks and Sasol is obligated to settle this debt. To ensure Sasol's ability to continue paying its debt, Sasol had to implement a number of measures to provide assurance to these banks that the debt will be paid as it becomes due. This ensures that Sasol maintains its investment grade rating and remains a compelling investment proposition for our shareholders and providers of capital.

SLIDE 5: Factors impacting Sasol South Africa's performance

To unpack the key factors impacting SSA's performance, the first half of the financial year 2020, which is July to December 2019, experienced softer chemical prices, while oil declined somewhat from US$65 per barrel to US$55 per barrel. Sasol Mining is a key supplier to SSA and higher input costs were experienced due to operational challenges at Mining.

As we started the second half of our financial year, the macro-economic environment remained soft with chemical and oil prices being lower. Then, in March this year, oil prices fell dramatically as a result of geopolitical tensions between key OPEC members, most notably Saudi Arabia and Russia. This caused the oil price to fall to US$28 per barrel and eventually falling further to US$13 per barrel. Circumstances were made worse with the onset of the COVID-19 pandemic, as we entered a hard national lockdown and the downgrade of South Africa's sovereign credit rating in March.

The national lockdown had a significant impact on SSA, as the demand for SSA products dropped dramatically, especially our liquid fuels products. As a result, we had to reduce Synfuels production by 25%. Due to the flexibility of our Synfuels process, we were able to swing product towards more chemicals products as fuel demand dropped.

Given the weak outlook of the macro-economic environment, we have had to recognise impairments, or effectively write off the value of certain assets, as future cash flow projections have reduced significantly as a result of lower chemical and oil prices, a higher rate of weighted average cost of capital, higher projected feedstock cost and lower demand.

SLIDE 6: Sasol Khanyisa Public salient financial performance features

Turning now to the salient features of Sasol Khanyisa Public, we have focused on the key aspect of Sasol Khanyisa that our shareholders want to hear about. We value the feedback received at last year's AGM, as well as throughout the year.

The value of Sasol Khanyisa Public in the context of SSA, is currently R1 billion. This has dropped significantly due to impairments SSA had to recognise on its assets, as a result of the weak operating environment and outlook. Prior to COVID-19, the environment was already weak, but was made worse by the economic fallout caused by the pandemic. Despite the very challenging circumstances we ensured that we reduced costs, working capital and capital expenditure.

A key and fundamental question that is on the minds of our shareholders is the value of the loan and why this debt is increasing. As of this year, it is currently sitting at R8,6 billion. The key reason is that the dividends received from SSA that are used to pay back the loan to Sasol, is less than the interest accrued on the loan. This is expected in the initial phase on any asset with a loan that attracts interest. The dividends were less because SSA's cashflow reduced significantly this past year for the reasons I explained. This debt will decrease once SSA generates free cash flows which are in excess of the interest accrued on the debt.

I indicated earlier that Sasol Limited's financial position has been impacted by the debt taken on to fund the LCCP. Despite this position, there has been no impact of the LCCP on the dividends declared by SSA. This is because SSA's underlying businesses are our Synfuels and Chemicals Operations in Secunda and our Sasolburg Operations in Sasolburg, here in South Africa. As a result, Sasol Khanyisa Public was able to distribute R4,6 million in dividends, which represents the 2,5% of the dividends paid by SSA to Sasol Khanyisa Public.

SLIDE 7: Vendor funding – cumulative value as at 30 June 2020

As I discussed on the previous slide, the key question our shareholders ask is about the loan value, its repayment and interest.

This slide breaks down the current value of the loan and how it increased.

The initial value of the loan was R8,3 billion, which was provided by Sasol at a favourable interest rate of 75% of the prime interest rate. Prime interest rate is currently 7%, resulting in a loan rate of 5,25%.

The overall interest accrued on the loan to date is R1,3 billion. The total repayments by Sasol Khanyisa Public on the loan to date was R1 billion. The repayment is lower than the interest acrrued because of the lower dividends received from SSA. This is a result of reduced cash flows received by SSA.

Although this value of the loan has increased this year, the Sasol Khanyisa Public transaction was structured for this debt to be repaid in 2028 or earlier. The ability of Sasol Khanyisa Public to repay the loan before 2028 is highly dependent SSA's ability to generate strong cash flows.

SLIDE 8: Outlook

The coming 2021 financial year is critical for Sasol, especially as we work towards Future Sasol, which you heard about earlier.

Importantly, Sasol Khanyisa Public participants are expected to benefit in the long term by this strategic reset of the company. SSA will be positively impacted to become a leaner and more competitive company in a sustained low oil price environment delivering increased cashflows and delivering value to all its stakeholders.

Let me reiterate that Sasol remains proud of our heritage, as we celebrate our 70 year anniversary. We will continue to play an important role in South Africa's economy.

Thank you.