



**SASOL**



# *Purpose*

**Innovating for a  
better world**

**Capital Markets Day 2021**



## OUR FINANCIAL FRAMEWORK

**Paul Victor**  
Group Chief Financial Officer



# What you will *hear today*

Focused and **competitive business**

**Robust balance sheet**

Resilient, **cash generative** business

SA value chain cash **breakeven**  
**US\$30 - 35/bbl to 2030**

**Self-funded** emission reduction pathway up to 2030

Targeted 30% GHG reduction **self-funded**

**Investment case** protected

**Funding optionality** to enable transition

**Competitive and sustainable returns**

**Disciplined capital allocation**

Clear strategic choices driving **business growth**

**Dividend resumption**

OUR

**AMBITION**

**GROW SHARED VALUE WHILE ACCELERATING OUR TRANSITION**

# Deliver competitive and *sustainable returns* over time

**KEY PRIORITIES UP TO FY25**

- Strengthen balance sheet
- Increase Free Cash Flow
- Grow ROIC
- Dividend **restored**
- Self-funding** transition



**KEY PRIORITIES UP TO FY30**

- Self-funding** transition
- Enhance dividends
- Enable **strategic growth**
- Deliver **competitive ROIC**



# Sasol 2.0 resets and enables our transition



	FY25 TARGETS <sup>1</sup>	FY23 PLANS	TYPICAL VALUE UNLOCKING INITIATIVES...	
Cash fixed cost reduction	R8 - 10bn	> R5bn	<ul style="list-style-type: none"> <li>Operating model and restructuring <b>completed</b>: ~R3,0bn p.a</li> </ul>	
Gross margin uplift	R6 - 8bn	> R3,5bn	<ul style="list-style-type: none"> <li>Mining Fulco ramp-up to <b>FY23</b>: R0,3 - 0,5bn p.a</li> <li>Synfuels gasifier energy efficiency to <b>FY25</b>: ~R0,7bn p.a</li> </ul>	
Capital	R20 - 25bn p.a	In range	<ul style="list-style-type: none"> <li>Streamlining procurement to <b>FY25</b>: R1,5 - 2,0bn p.a</li> </ul>	
Working capital	13 - 14%	On track	<ul style="list-style-type: none"> <li>Chemicals and Energy margin uplift through customer centricity to <b>FY25</b>: R1,4 - 1,9bn p.a</li> </ul>	
SA value chain cash breakeven US\$30 - 35/bbl		Increased free cash flow R20 - 35bn <sup>2</sup> p.a.		Reset balance sheet, dividends restored
				Sasol's investment grade credit metrics restored



1. CFC, GM and Capex targets off a FY20 base, WC off a FY19 base; 2. In US\$55/bbl oil scenario

# Resilient, greener and growing value over time



## FINANCIAL OBJECTIVES INFORMED BY



**Step up in returns** through Sasol 2.0 and LCCP ramp-up



**Balance sheet strength** allows strategy execution



Deliver **resilient performance** from optimised asset base



Maintain **disciplined capital allocation** to balance returns



Lower capital spend **limited impact** on ROIC



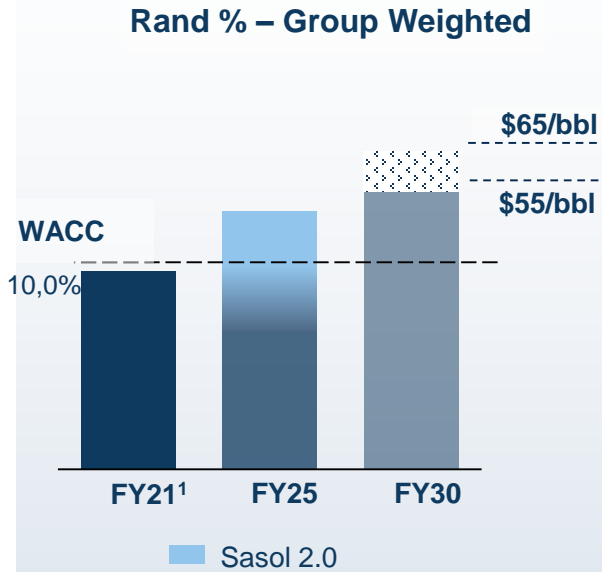
	FY25 TARGETS	FY30 TARGETS
ROIC (Rand)	12 - 15%	>15%
Dividend	2,8 - 2,5x	2,5x
Net debt/ EBITDA <sup>1</sup>	1,0 - 1,5x	1,0 - 1,5x Gearing 20 - 35%
Net debt <sup>2</sup>	< US\$4bn	US\$3 - 4bn
SA cash break-even	US\$30 - 35/bbl	
Capital	R20 - 25bn p.a. <sup>3</sup> Total transform capex <sup>3</sup> R15 - 25bn	

1. After shareholder returns, maintenance and growth capital; 2. Net debt excluding lease liabilities; 3. Transform capital included in R20 to R25bn p.a. Estimates will be updated regularly to reflect changes to the capital guidance.

# Delivering *competitive returns* while transforming the portfolio

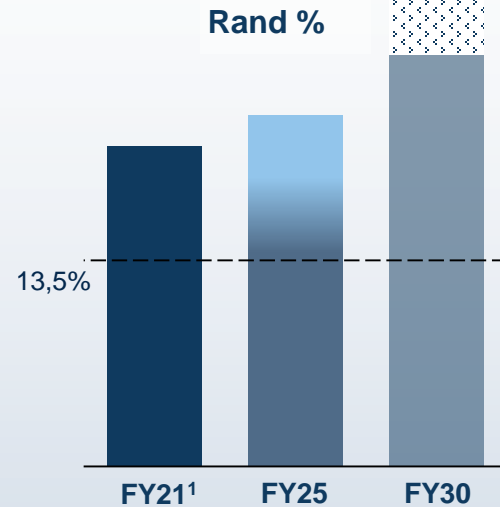


## SASOL



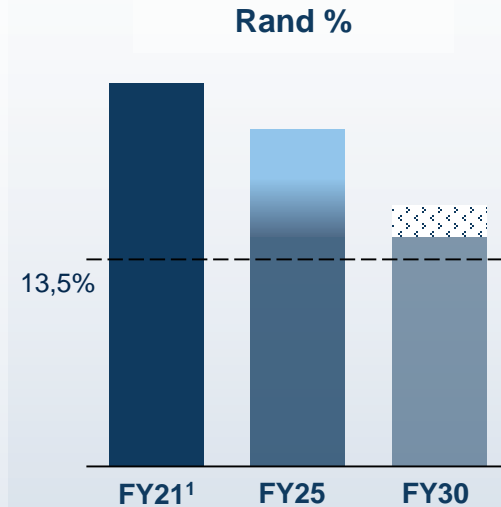
Competitive returns despite transition costs

## ENERGY



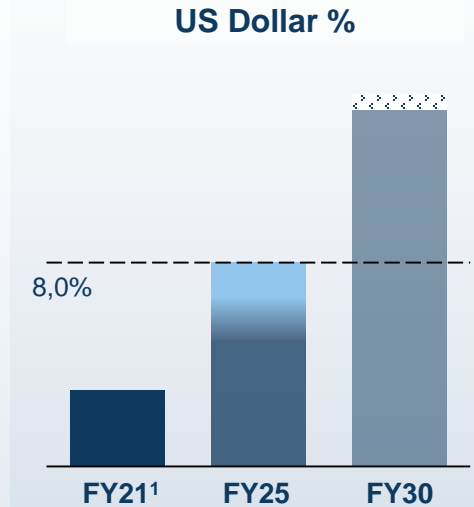
Growing value while transitioning to a lower carbon business

## CHEMICALS SA



Reshaping portfolio in feedstock transition  
Conservative chemical price outlook

## CHEMICALS INT



Full value realised from LCCP  
Unlock further value from US assets

1. FY21 based on normalised EBIT

## CAPITAL ALLOCATION PRIORITIES

1 <sup>st</sup> order Allocation	<b>MAINTAIN CAPITAL</b> Safe, effective and reliable operations and protect license to operate			~R20 - 25bn per annum
	<b>TRANSFORM CAPITAL</b> Deliver GHG reduction targets			
	<b>SELECTIVE GROWTH/IMPROVE CAPITAL</b> Smaller high return, short payback project and new sustainability initiatives			
	<b>ROBUST BALANCE SHEET</b> <b>DIVIDEND POLICY</b>	<b>TARGET</b>		Net debt : EBITDA <1,5x <b>AND</b> Net debt <sup>1</sup> <US\$4bn Dividend cover: 2,8 (36%) <b>TO</b> 2,5x (40% pay-out) of CHEPS

2 <sup>nd</sup> order Allocation	<b>EXPANSIONARY GROWTH AND ADDITIONAL SUSTAINABILITY INITIATIVES</b>	
	<b>AND/OR</b> <b>ADDITIONAL SHAREHOLDER RETURNS</b>	

## MANAGING AND OPTIMISING CAPITAL

CLEAR GUIDELINES	STRATEGIC PARTNERING	PORTFOLIO OPTIMISATION	APPROPRIATE FINANCING
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1. Net debt excluding lease liabilities



# Investment criteria supporting capital allocation

PRE-2030



2030+

## BALANCED PORTFOLIO

### MATCHING PLANET AND PROFIT OBJECTIVES

- Rigorous risk adjusted return assessment
- Effective use of partnerships

### TARGETED INCREMENTAL GROWTH

- Annual growth investment <10% of market cap
- High ROIC with near-term payback

- **Balanced portfolio** in line with strategy
- Flexibility for **growth** at scale
- Continued use of **partnerships**
- **Above WACC** returns adjusted for risk

## RETURN EXPECTATIONS

### DIVIDEND POLICY

- Dividend step-up subject to debt metrics

### SHAREHOLDER RETURN FRAMEWORK

- Highest risk-adjusted returns

- **Balanced returns** and focused growth

## RISK MANAGEMENT AND GOVERNANCE

### EFFECTIVE RISK MANAGEMENT AND GOVERNANCE

- Build, own and operate at appropriate scale
- Partnering to grow value efficiently
- Independent investment assurance

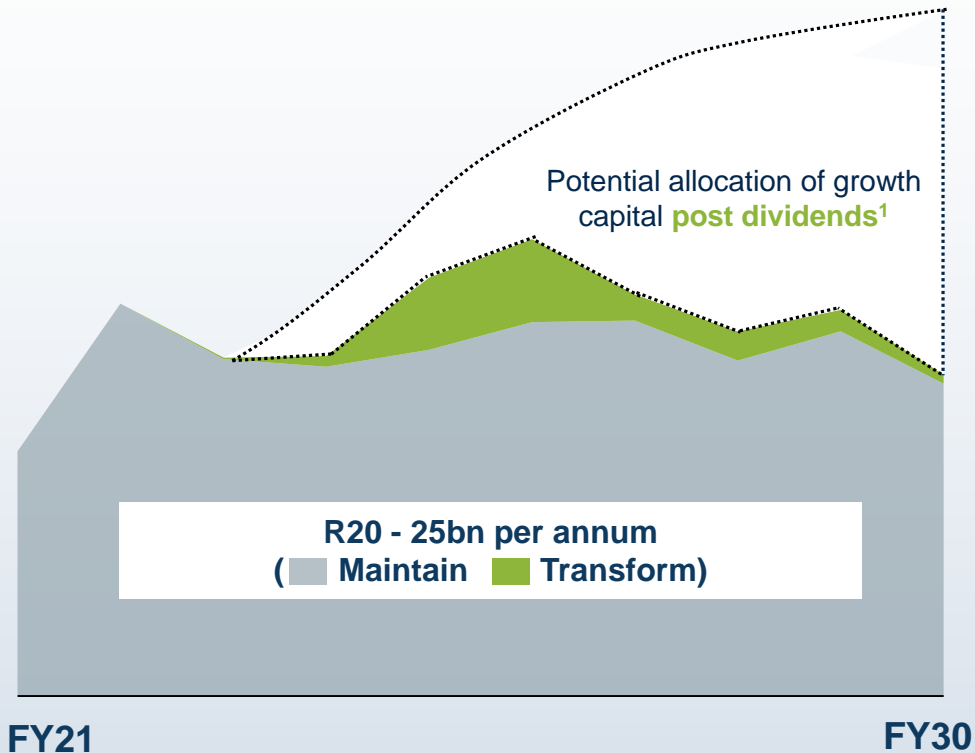
- Maintaining discipline of solid **capital project execution**



# Reinvestment to maintain, *transform and grow portfolio*

## DISCRETIONARY CAPITAL INCREASE AFTER BALANCE SHEET DELEVERAGING

## OUR FOCUS WILL SHIFT FROM MAINTAIN / TRANSFORM TO GROWTH



**Maintain capital** prioritised to deliver safe and reliable operations



**Transform capital** funds our 30% GHG reduction target: Cumulative total R15 - 25bn<sup>2</sup>



**Discretionary capital** reinvested to deliver quality earnings and sustainable growth



**Growing the portfolio in a balanced manner**  
Chemicals, Energy and Sasol ecoFT

# Attractive and sustainable returns to our shareholders



**Preserve and grow value to 2030**  
while delivering GHG reduction target



**Build on early success of Sasol 2.0**  
Resilient, strategy-focused approach with clear financial targets



**Restore dividends, improve payout**  
Deleveraging with potential for additional future shareholder returns



**Clear capital allocation framework**  
Optimising long-term shareholder returns

