SASOL LIMITED

INTERIM FINANCIAL RESULTS

for the six months ended 31 December 2020

Purpose
Innovating for a better world

SALIENT FEATURES

The reality

Pricing and volume pressures from COVID-19

Highly leveraged balance sheet

Structural shifts in profitability and sustainability

Our response

Cash conservation objectives defined and actioned

Asset divestments expanded and accelerated

Business repositioning towards a sustainable and profitable Future Sasol

Delivery to plan

On track to deliver **>US$2 billion savings** with operating and capital discipline

Asset divestments of **>US$3,3 billion** announced

No Rights issue following strong performance and improved outlook

Normalised* cash fixed cost down 10%

HEPS up >100% to **R19,16**

Core HEPS down 15% to **R7,86**

Net debt : EBITDA of **2,6** times; below agreed bank covenant of 4,0 times

Cash generated by operating activities of **R11,7 billion**

900MW Renewable Energy now targeted supporting our 2030 objectives

R11,3 billion spend with SA black-owned businesses

*Normalised for once offs, translation impacts and asset divestments.

POSITIONING FOR FUTURE SASOL

Fleetwood Grobler
President and Chief Executive Officer

"Despite unprecedented challenges from the COVID-19 pandemic and low crude oil prices, our foundation business delivered a strong set of results for the six months ended 31 December 2020, underpinned by good operational performance and effective cost management. Team Sasol has once again demonstrated resilience to stabilise the business, by navigating through uncertain times and delivering on our comprehensive response strategy announced in March 2020.

Importantly, there were no operational fatalities during this period and our high severity injuries reduced significantly.

The continued focus on the safety and well-being of our employees during the COVID-19 pandemic remains our key priority given the pressures of the second wave. The impact of the increased loss of life experienced by our employees, colleagues and their extended social circles has been profound. Our COVID-19 mitigation strategies and protocols across all our regions are helping to keep our employees and fenceline communities safe and well-informed, with minimal impact on our operations to date.

The Lake Charles Chemicals Project (LCCP) was completed in November 2020, with the commissioning of the Low Density Polyethylene (LDPE) unit, the last of seven units. Unfortunately, our US production performance was hindered by the hurricanes experienced in Louisiana during August and September 2020.

Significant progress was made on our asset divestment programme, the most significant of which is the sale of a 50% interest in our US LCCP Base Chemicals business, together with our interest in the Gemini high density polyethylene joint venture, and the air separation units in Secunda. Strong delivery against our response plan targets has resulted in significant deleveraging of our balance sheet, stabilising the business and positioning our business for sustained profitability in a low oil price environment through our Sasol 2.0 initiative.

Given the significant progress made across the response plan initiatives together with the improving macroeconomic outlook, a rights issue is not required. Balance sheet deleveraging will continue to be prioritised along with ongoing proactive balance sheet management moving towards a strong liquidity position for the long term.

Looking ahead we will continue to reposition the business to align with Sasol's capabilities and long-term megatrends to grow our specialty chemicals business and sustainable energy solutions and to transition to a lower carbon future. Future Sasol will be a leaner, focused and more competitive business.
More information on our longer-term sustainability roadmap, as well as our strategy will be shared at the Capital Markets Day later in 2021."

Fleetwood Grobler

Sasol is a global integrated chemicals and energy company. We harness our knowledge and experience to integrate sophisticated technologies and processes into our world-scale operating facilities. We safely and sustainably source, produce and market a range of high-value product streams in 30 countries, creating superior value for our customers, shareholders and other stakeholders.

Introduction

Sasol continued to face significant challenges during the past six months with sustained low crude oil prices, softer chemical prices, prolonged plant downtime in the US Gulf Coast due to hurricanes and the continued effects of the COVID-19 pandemic on product demand.

Our balance sheet has been strengthened by the progress on our asset divestment programme, with announced divestment proceeds totaling US$3,3 billion to date. We remain committed to stabilise the business in the short-term, while ensuring sustained profitability in a continuing low oil price environment and carbon-constrained world. Our Sasol 2.0 transformation programme is a key priority to supporting these ambitions.

Macroeconomic environment

Our business was impacted by a 23% decrease in the average rand per barrel price of Brent crude oil coupled with lower sales volumes due to softer demand attributable to COVID-19 lockdowns and the hurricanes referred to earlier. Oil prices averaged US$43,62/bbl for the period with a high of US$51,97/bbl and a low of US$36,21/bbl, coupled with a decline in refining margins, offset by the average rand/US dollar exchange rate which weakened by 11% compared to the prior period. The overall effect of these factors impacted our gross margins adversely.

	% change	Half year 31 Dec 20	Half year 31 Dec 19
Rand/US dollar average exchange rate	11	**16,26**	14,70
Rand/US dollar closing exchange rate	5	**14,70**	14,00
Average dated Brent crude oil price (US dollar/barrel)	(30)	**43,62**	62,62
Average rand oil (rand/barrel)	(23)	**709,26**	920,51
Refining margins (US dollar/barrel)	(41)	**4,29**	7,22
Base Chemicals average sales basket price (US dollar/ton)	(6)	**691**	736
Average ethane feedstock (US cents/gallon)	19	**21,43**	17,96

Earnings performance[i,ii,iii]

Sasol delivered a good set of results for the six months ended 31 December 2020, our earnings increased by more than 100% to R15,3 billion from R4,5 billion in the prior period. Despite a 23% decrease in the rand/barrel oil price, our adjusted earnings before interest, taxation, depreciation and amortisation (EBITDA) decreased by only 6%. This achievement is as a result of a strong cash cost, working capital and capital expenditure performance in response to the challenging environment.

Our earnings were positively impacted by the following non-cash adjustments:

- Gains of R4,6 billion on the translation of monetary assets and liabilities due to a 15% strengthening of the closing rand/US dollar exchange rate compared to June 2020;
- Gains of R5,0 billion on the valuation of financial instruments and derivative contracts; and
- R3,3 billion gain on the realisation of the foreign currency translation reserve (FCTR), mainly on the divestment of a 50% interest in the US LCCP Base Chemicals business.

Our Energy business saw the COVID-19 impact in reduced sales volumes, lower average Brent crude oil prices and softer refining margins, which was partially offset by the impact of a weaker rand/US dollar exchange rate. Our gross margin percentage increased from 42% to 45% compared to the prior period mainly due to Synfuels producing at full rates and the benefit of Natref procuring crude at much lower prices at the start of the year.

Our Performance Chemicals total external sales volumes for the period were lower than the prior period, mainly due to a soft macro environment exacerbated by the spread of COVID-19 and the effects of the hurricanes on the US business. The Base Chemicals foundation business (excluding Polymers US products) sales volumes for the period were 8% higher than the prior period, due to improved demand and the postponement of the Synfuels shutdown. Base Chemicals' average sales basket prices for the period decreased by 6% compared to the prior period due to weaker oil prices and the impact of the global COVID-19 pandemic on market demand.

In the US the LDPE unit at the LCCP achieved beneficial operation on 15 November 2020. This unit, which was damaged in a fire during commissioning in January 2020, is the last of seven units to be brought into operation. The LCCP is now 100 percent complete. Our Lake Charles production was constrained by both Hurricanes Laura and Delta which resulted in a production curtailment of approximately 300 kt. Post the hurricanes, most units at the LCCP have started-up and are producing at high rates, with the exception of the Ziegler alcohols, Alumina and Guerbet alcohols (ZAG) units where rates have been constrained as a result of maintenance work.

The 50/50 Louisiana Integrated Polyethylene joint venture ("JV") with LyondellBasell was established and the operatorship and employees were successfully transferred to LyondellBasell on 1 December 2020. All units are running at high utilisation rates while the LDPE successfully completed its licensor performance test run in December.

Cash fixed cost savings of R3,2 billion were delivered for the period. This was largely attributable to the implementation of our comprehensive response plan focusing on cash fixed cost reduction and enhanced cash flow.

Our key metrics were as follows:

- Working capital ratio of 14,9% compared to 14,6% for the prior period. Investment in working capital was R27,3 billion;
- Capital expenditure of R7,5 billion;
- Normalised cash fixed cost reduced by 10% (R3,2 billion) compared to the prior period;
- Profit before interest and tax (EBIT) of R21,7 billion compared to R9,9 billion in the prior period;
- Adjusted EBITDA[iv] declined by 6% from R19,8 billion in the prior period to R18,6 billion;
- Basic earnings per share (EPS) increased to R23,41 per share compared to R6,56 in the prior period; and
- Headline earnings per share (HEPS) increased by more than 100% to R19,16 per share compared to the prior period.

Earnings analysis

Adjusted EBITDA[iv] reconciliation to EBIT

	% change	Half year 31 Dec 20 Rm	Half year 31 Dec 19 Rm
Adjusted EBITDA[iv]	(6)	**18 608**	19 839
Remeasurement items[1]		**2 519**	169
Share-based payments[2]		**(854)**	(795)
Unrealised hedging gains[3]		**4 654**	1 067
Unrealised translation gains[4]		**5 991**	167
Change in discount rate of environmental provisions		**(220)**	383
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**30 698**	20 830
Depreciation and amortisation		**(9 048)**	(10 977)
Earnings before interest and tax (EBIT)	>100	**21 650**	9 853

1 Includes a loss on disposal of R1,1 billion and a corresponding gain on reclassification of foreign currency translation reserve of R3,1 billion relating to the sale of a portion of our US LCCP Base Chemicals business, as well as a profit on disposal of R719 million and a corresponding gain on reclassification of foreign currency translation reserve of R246 million relating to the sale of our 50% equity interest in the Gemini HDPE LLC.
2 Share-based payments includes both cash-settled and equity-settled share-based payments charges.
3 Consists of unrealised net gains on all derivatives and hedging.
4 Unrealised translation losses arising on the translation of monetary assets and liabilities into functional currency.

Core headline earnings per share[v] reconciliation

	% change	Half year 31 Dec 20 Rand per share	Half year 31 Dec 19 Rand per share
Basic earnings per share	>100	**23,41**	6,56
Net remeasurement items		**(4,25)**	(0,62)
Headline earnings per share	>100	**19,16**	5,94
Translation impact of closing exchange rate[1]		**(8,58)**	0,17
Realised and unrealised net gains on hedging activities[2]		**(5,90)**	(1,06)
Implementation of Khanyisa B-BBEE transaction[3]		**0,64**	0,65
LCCP operating losses during ramp-up[4]		**2,54**	3,55
Core headline earnings per share[v]	(15)	**7,86**	9,25

1 Translation (gains)/losses arising on the translation of monetary assets and liabilities into functional currency.
2 Consists of realised and unrealised net gains on all derivatives and hedging activities.
3 Sasol Khanyisa equity-settled share-based payments charges recorded in the employee-related expenditure line in the income statement.
4 Losses of R2,0 billion attributable to the LCCP while still in ramp-up phase, impacted by hurricanes Laura and Delta.

Effective tax rate

Our effective corporate tax rate decreased from 40,7% to 16,2%. The effective corporate tax rate is 11,8% lower than the South African corporate income tax rate of 28%, mainly due to the utilisation of tax losses in the current year throughout the group, as well as foreign currency translation reserves reclassified on the disposal of a 50% interest in our US LCCP Base Chemicals business and our interest in the Gemini high density polyethylene joint venture. This was offset by the unproductive interest in relation to certain US funding arrangements and project costs.

Balance sheet management

Cash generated by operating activities decreased by 40% to R11,7 billion compared to the prior period and our net cash on hand decreased from R34,1 billion as at 30 June 2020 to R27,6 billion as at 31 December 2020. Although our cash flows were impacted by low crude oil prices, softer chemical prices, plant downtime and the effects of COVID-19, our cash conservation initiative and asset divestment programme enabled us to repay approximately R28 billion (US$2 billion) of debt. In addition, we repaid our ZAR banking facilities of approximately R4 billion. Actual capital expenditure amounted to R7,5 billion compared to R21,4 billion during the first six months of 2020. The free cash flow for the period was R0,4 billion in a low US$43,62/barrel average oil price environment.

To create flexibility in Sasol's balance sheet during this peak gearing period our lenders agreed to lift our covenant from 3,0 times to 4,0 times of Net debt: EBITDA (bank definition) when measured at 31 December 2020. This provided additional flexibility, subject to conditions, which were consistent with our capital allocation framework i.e. prioritising debt reduction through commitments to suspend dividend payments and acquisitions while our leverage is above 3,0 times Net debt: EBITDA. We are appreciative of the continued support from our lenders during this challenging period.

Our Net debt: EBITDA ratio at 31 December 2020 was 2,6 times (bank definition), significantly below the threshold level.

At 31 December 2020 our total debt was R126,3 billion compared to R189,7 billion as at 30 June 2020. During the period, we utilised proceeds from our asset divestments to repay the US Dollar syndicated loan, as well as a portion of our Revolving credit facility (RCF), reducing our US dollar denominated debt by almost R28 billion (US$2 billion) to R121 billion (US$8,2 billion). Through our comprehensive response plan and planned asset divestments, we intend to further reduce our net debt to achieve a Net debt: EBITDA ratio of less than 2,0 times and gearing of 30% by 2023.

Our gearing decreased from 114,5% at 30 June 2020 to 76% at 31 December 2020 mainly due to repayment of US dollar debt (20%) and a stronger closing rand/US dollar exchange rate (7%).

As at 31 December 2020, our liquidity headroom was in excess of R53 billion (US$3,6 billion) well above our targeted liquidity of at least US$1 billion, with available rand and US dollar-based funds improving as we advance our focused management actions. We continue to assess our mix of funding instruments to ensure that we have funding from a range of sources and a balanced debt maturity profile. We have no significant debt maturing before November 2021 when the R2,2 billion (US$150 million) term loan becomes due. In terms of the covenant waivers with the lenders that existed at 30 June 2020 we remain obliged to use certain planned disposal proceeds to settle debt. As a result, R14,3 billion (US$975 million) has being classified as short-term debt.

We continue to actively manage the balance sheet with the objective of maintaining a healthy liquidity position and a balanced debt maturity profile.

In line with our financial risk management framework, we continue to make good progress with hedging our foreign currency, crude oil and ethane exposure. For further details of our open hedge positions we refer you to our Analyst Book (www.sasol.com).

Our comprehensive response plan strategy

2020 has been an extraordinary year with the COVID-19 pandemic and crude oil price collapse. These market realities gave rise to unprecedented macroeconomic volatility which required a swift response given our heavily geared balance sheet. As a result, the need for both profound and rapid transformation was announced on 17 March 2020. Since then, we have executed on our response plan to stabilise and strengthen Sasol's foundation and be able to weather the short-term market volatility. Alongside this we launched our comprehensive transformation programme to build Future Sasol into a robust, resilient and sustainable company.

We have already significantly progressed the three key priority areas of our response plan, namely cash conservation, asset divestments and business repositioning. This has helped stabilise the business in the short term and substantially mitigated the financial impact of the challenges we faced.

Our comprehensive response plan strategy focuses on four key pillars.

Self-help management actions

Through our cash conservation measures, focused on enhancing cash flow and cost competitiveness in a low oil price environment, we saved over US$ 1 billion in 2020 and are on track to save another US$ 1 billion in 2021, without compromising safety or asset integrity.

Our cash conservation efforts have resulted in significant reductions in cash fixed cost for 2020 and 2021, whilst our balance sheet was strengthened by notable reductions in sustenance capital spend and working capital.

Asset disposal programme

We have made significant progress on divestments, with announced asset divestment proceeds totaling US$3,3 billion to date. These divestments not only strengthen our balance sheet, but also fast track some of the strategic changes we are working towards, particularly the move towards a speciality chemicals-based portfolio.

During the six months we completed the divestment of 50% of our US LCCP Base Chemicals business for approximately R30 billion (US$2 billion). The transaction successfully closed on 1 December 2020 and the 50/50 Louisiana Integrated Polyethylene joint venture ("JV") with LyondellBasell was established. LyondellBasell will operate the JV assets on behalf of the JV and market the polyethylene products on behalf of the two shareholders. We would like to acknowledge our shareholders for supporting the LCCP transaction. This transaction was a major milestone in supporting the deleveraging of our balance sheet.

The divestment of our 50% equity interest in the Gemini HDPE LLC successfully closed on 31 December 2020. The consideration of R5,9 billion (US$404 million) was satisfied through a combination of cash and release from Sasol's debt obligations.

We concluded a sale of business agreement with Air Liquide Large Industries South Africa Proprietary Limited ("Air Liquide") for the sale of Sasol's sixteen air separation units (ASU's) and associated business located in Secunda. Air Liquide will take full ownership and overall responsibility for managing the ASU's to maintain the agreed quantity and quality of gases supplied to Sasol. The purchase consideration payable is approximately R8,2 billion, which shall be settled in cash by Air Liquide following satisfaction of the suspensive conditions.

We signed a Sale Securities Purchase Agreement with Azura Power Limited for the divestment of our full shareholding in Central Termica De Ressane Garcia S.A. (CTRG), the gas-to-power plant located in Ressano Garcia, Mozambique. The transaction is subject to a number of conditions precedent, which include regulatory approval and the waiver of pre-emption rights held by Electricidade de Mocambique (EDM), the Mozambican state-owned electricity company. The consideration will be approximately R2,1 billion (US$145 million).

Sasol and VAALCO Gabon S.A. (VAALCO) signed a sale and purchase agreement that will see VAALCO acquire Sasol's 27,8% working interest in the Etame Marin block offshore Gabon (producing asset with proven reserves), as well as Sasol's 40% non-operated participating interest in Block DE-8 offshore Gabon (exploration permit). The legal effective date of the transaction is 1 July 2020 for a total cash consideration for both assets of R647 million (US$44 million), subject to certain closing conditions.

The divestment of our equity interest in the Republic of Mozambique Pipeline Investment Company (Pty) Ltd (ROMPCO) pipeline is well underway.

Further updates on these and other disposals will be provided as and when appropriate.

Repositioning the business

Future Sasol will be a sustainable and competitive business. In order to help achieve this, we introduced a new operating model primarily consisting of a global chemicals business and a Southern Africa energy business, supported by a lean corporate centre. The transition to this new operating model commenced on 1 November 2020. This is part of the medium-term transformation programme, named Sasol 2.0, designed to deliver the wide-reaching changes needed to reposition the business and make it more profitable.

We see Future Sasol as a business focused on areas in which we have competitive advantages, including the strengthening of our speciality chemical positions in defined market segments and moving towards leading the energy transition in Southern Africa.

As part of this process, a complete organisational redesign commenced in June 2020, and thus far most leadership role categories have been transitioned. All workforce transitions globally are scheduled to be completed by the end of 2021 and associated restructuring costs will be incurred in the second half of the current financial year.

The financial targets for Sasol 2.0 will be delivered over the next 3 to 4 years. The milestones allocated to each target, with an objective of delivering most of these targets by the end of 2023, are:

- A cash fixed cost reduction by the end of 2025 of 15% to 20% (R8 billion to R10 billion), with primary focus areas being productivity improvement, external cost reduction and optimising the cost of activities in the business;
- A gross margin improvement of 5% to 10% (R6 billion to R8 billion), aimed at introducing sustainable improvements in both the chemicals and energy businesses;

- A 30% reduction in capital expenditure on sustenance capital without impacting production and safety performance, which equates to a range of R20 billion to R25 billion per annum; and
- A working capital target of 14% of revenue which is an improvement of 1% from 2019, and plans to deliver sustainable working capital improvements throughout the year.

Achieving the Sasol 2.0 non-financial and financial targets will enable the business to be competitive, highly cash generative and able to deliver attractive returns even in a US$45/bbl oil price environment.

Rights issue

A decision was made not to pursue a rights issue given the current macroeconomic outlook, and the significant progress made on our response plan initiatives. The balance sheet deleveraging pathway will continue to be prioritised to ensure that we operate within our financial covenants and maintain adequate liquidity headroom, whilst delivering the Sasol 2.0 transformation programme.

Dividend

Given our current financial leverage and the risk of a prolonged period of economic uncertainty, the Board believes that it would be prudent to continue with the suspension of dividends. We expect the balance sheet to regain flexibility following the implementation of our comprehensive response plan strategy.

i Forward-looking statements are the responsibility of the Directors and in accordance with standard practice, it is noted that this statement has not been reviewed and reported on by the Company's auditors.

ii All comparisons to the prior year refer to the six months ended 31 December 2019. All numbers are quoted on a pre-tax basis, except for earnings attributable to shareholders.

iii All other operational and financial measures (such as cash fixed cost) have not been reviewed and reported on by the Company's auditors.

iv Adjusted EBITDA is calculated by adjusting EBIT for depreciation and amortisation, share-based payments, remeasurement items, movement in environmental provisions due to discount rate changes, all unrealised translation gains and losses, and all unrealised gains and losses on our derivatives and hedging activities. The comparative period has been restated to include all unrealised translation gains and losses and all unrealised gains and losses on derivative and hedging activities. We believe Adjusted EBITDA is a useful measure of the Group's underlying cash flow performance. However, this is not a defined term under IFRS and may not be comparable with similarly titled measures reported by other companies. (Adjusted EBITDA constitutes pro forma financial information in terms of the JSE Limited Listings Requirements and should be read in conjunction with the basis of preparation and pro forma financial information notes as set out on page 21).

v Core headline earnings per share (Core HEPS) is calculated by adjusting headline earnings per share with once-off items such as the translation impact of closing exchange rate, all realised and unrealised derivatives and hedging gains/losses, the implementation of the Khanyisa B-BBEE transaction and losses attributable to the LCCP while still in ramp-up phase. The comparative period has been restated to include all unrealised translation gains and losses and all realised and unrealised gains and losses on derivative and hedging activities. (Core HEPS constitutes pro forma financial information in terms of the JSE Limited Listings Requirements and should be read in conjunction with the basis of preparation and pro forma financial information notes as set out on page 21).

Mozambique Production Sharing Agreement (PSA) progresses

On 19 February 2021 the Board approved the final investment decision (FID) on the Mozambique PSA license area. The total estimated project cost is US$760 million. Importantly, this project will entail Mozambique in-country monetisation of gas through a 450 megawatt gas-fired power plant and a liquefied petroleum gas (LPG) facility in the same time frame. The balance of the gas produced will be exported to South Africa to sustain our operations. The PSA development underpins Sasol's gas transformation strategy by securing additional gas supply from southern Mozambique into Sasol's gas value chain starting 2024 and serves as a cornerstone in addressing Sasol's sustainability agenda.

Maintaining our focus on sustainable value creation

- Our safety approach is underpinned by the One Sasol SHE Excellence approach supported by world class processes, standards, operating procedures and systems. Importantly, we actively drive adherence to our Life Saving Rules (LSRs), in support of caring for our colleagues. We have reported no fatal incidents for the period and our 12-month rolling RCR is 0,27 against a target of ≤ 0,26.
- Tragically, 33 employees have lost their lives due to COVID-19 and COVID-19 related illness, and sadly many of our employees have endured the loss of loved ones to the virus. Sasol people remain committed to keeping safe by staying home, practicing social distancing and, when we do have to go out, sanitising regularly and wearing our masks.
- A CEO led safety intervention was launched focusing on humanising safety through the promotion and application of a more caring safety culture and continued focus on visible felt leadership, leadership behaviour, operational discipline, risk management, training and competence.
- Proper planning and risk assessments for tasks before, during and after work remains key. This discipline is essential while we orientate ourselves towards a "new normal" of managing daily life and the constraints of staying safe in a post COVID-19 world.
- Sasol is actioning our climate change ambitions, with work on our 2050 greenhouse gas (GHG) ambition and roadmap on track for delivery at Capital Markets Day.

- A sale agreement has been concluded in 2020, under which Sasol South Africa will dispose of the sixteen Secunda Air Separation Units to Air Liquide. This transaction remains subject to approval by Competition Authorities. In addition, Sasol and Air Liquide have agreed to collaborate in the procurement of renewable energy. Together, the parties will pursue the procurement of 900MW of renewable energy by 2030, significantly increased from Sasol's original 600MW commitment.
- Discussions to support the feedstock transformation of our operations from coal to gas are advancing well and Sasol is exploring options with carbon offset project developers in Southern Africa.
- Total GHG emissions for all our operations globally are 33,8 million tons compared to 32,5 million tons for the prior period, due to no large Synfuels shutdowns taking place in calendar year 2020.
- Similarly, our GHG emissions intensity (measured in CO_2e per ton of production) is 3,69 for the period ended 31 December 2020, slightly higher than the intensity of 3,68 for 31 December 2019.
- The South African energy efficiency improvement of 25,7% (up from 16,8% for 2020) is on track to meet the target of 30% by 2030 (off a 2005 baseline). The Group energy efficiency improvement is 22% from the 2005 baseline, showing a significant improvement from the 13,9% achieved in 2020.
- In respect of air quality, Sasol remains of the view that meeting the new plant standard for sulphur dioxide (SO_2) on our boiler plants poses a challenge beyond 2025 due to technical and feasibility challenges. We believe that the recently promulgated 1 000 mg/Nm³ SO_2 limit for old combustion plants is representative of a reasonable standard but will still require significant effort to be achieved. Projects to achieve this promulgated limit are progressing, however due to the magnitude and complexity the actions to meet the requirements will likely extend beyond April 2025. Sasol continues to engage regulatory bodies and affected stakeholders as to our SO_2 reductions pathways.
- The temporary shut-down of the LCCP units due to the aforementioned hurricanes, has led to a decrease in river water usage from 59,6 million m³ to 56,7 million m³ and in total water use from 73,6 million m³ to 70,6 million m³. Potable water use has increased from 6,0 million m³ to 6,7 million m³ which was used to meet demand by the Secunda Operations. This was due to deteriorated river water quality.
- Sasol is working with Business for South Africa on developing a proposed way forward regarding the provision of COVID-19 vaccinations for South Africa. Sasol has a COVID-19 response plan in place to ensure that we look after each and every one of our employees, both on site and those working from home.
- We invested R686,2 million globally in skills and socioeconomic development, which includes funding towards small to large enterprises, bursaries, graduate development as well as education, health and investment in infrastructure.
- Despite the current economic challenges in South Africa, Sasol delivered on our commitments towards sustainable transformation and broad-based black economic empowerment (B-BBEE). Sasol Limited and Sasol South Africa Limited achieved a Level 4 contributor status during the period. Our expenditure with black-owned suppliers amounted to R11,3 billion compared to R14,4 billion for the prior period.
- Our strengthened LCCP control environment, including a detailed change management programme, processes and governance were monitored within the project, operations and functional teams who confirmed the successful remediation of these control weaknesses. We have also made significant progress with the implementation of the longer-term remediation efforts relating to cultural aspects of the material weakness. We will assess the adequacy and effectiveness of these measures in the second half of 2021 to fully remediate the material weakness.
- The remediation of the material weakness relating to the Energy segment impairment process is well advanced, with the majority of the remediation actions completed. We will assess the adequacy and effectiveness of these measures in the second half of 2021 to fully remediate the material weakness.

Business performance outlook* – solid production performance and realising comprehensive response plan targets

COVID-19 developments, the pace and efficacy of the vaccine roll-outs, severely strained government finances and other geopolitical risks remain and are expected to result in ongoing currency and financial market volatility. Crude oil price volatility is also likely to continue.

While oil and chemical prices, the impacts of the COVID-19 pandemic, gross domestic product growth and foreign exchange movements are outside our control, and may impact our results, our focus remains firmly on managing factors within our control, including volume growth, cash fixed cost, deleveraging of the balance sheet through our comprehensive response plan and focused financial risk management.

Our guidance is based on the following assumptions:

- Rand/US dollar average exchange rate to range between R14,50 and R15,50, average Brent crude oil price to remain between US$40/bbl and US$60/bbl and average ethane gas price to range between US24 cents/gallon and US28 cents/gallon;
- The impact of the COVID-19 pandemic is expected to continue to drive short-term to near-term volatility; and
- Management achieving the targets set in terms of our comprehensive response plan.

We expect a good operational performance for the year ending 30 June 2021, with:

- Sasol Synfuels Operations (SSO) volumes of 7,7 to 7,8 million tons;
- Liquid fuels sales of approximately 54 to 55 million barrels in line with previous market guidance;
- Natref production units of 530 m^3/h following the subdued outlook on jet fuel demand given COVID-19;
- Base Chemicals overall sales volumes to be 5% to 8% lower than previous guidance of 1% to 2% higher due to the impact of Hurricane Laura and the LCCP and Gemini divestments. Excluding US polymers products, sales volumes expected to be 2% to 4% higher than the prior period;
- Performance Chemicals overall sales volumes to be in line with the prior year;
- Gas production volumes from the Petroleum Production Agreement license area in Mozambique to be 114 to 118 bscf in line with previous market guidance;
- With both Qatar GTL trains currently operating at full capacity, we expect a full year utilisation rate of 80% to 85% at ORYX GTL;
- Post the hurricanes and after adjusting for divestments, North American Operations production volumes for the second half of 2021 are forecasted to be 5% to 7% higher than the first half;
- Normalised cash fixed costs to remain within our inflation assumption;
- Capital expenditure of R18 billion to R20 billion for 2021. Capital estimates may change as a result of exchange rate volatility and other factors; and
- Net debt: EBITDA to be below covenant. Macroeconomic volatility may continue to have an impact on the covenant level if a sudden further unexpected deterioration is experienced.

* The financial information contained in this business performance outlook is the responsibility of the directors and in accordance with standard practice, it is noted that this information has not been reviewed and reported on by the Company's auditors.

Change in Directors and Company Secretary

There were no changes in directors during the six months ended 31 December 2020. Ms MML Mokoka resigned as Company Secretary with effect from 31 December 2020 and Ms M du Toit was appointed in her stead with effect from 1 January 2021.

On behalf of the Board

Sipho Nkosi
Chairman

Fleetwood Grobler
President and Chief Executive Officer

Paul Victor
Chief Financial Officer

Sasol Limited

19 February 2021

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SASOL LIMITED

REVIEWED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

Purpose

Innovating for a better world

The interim financial statements are presented on a condensed consolidated basis.

Income statement

for the period ended

	Half year 31 Dec 20 Reviewed Rm	Half year 31 Dec 19 Reviewed Rm	Full year 30 Jun 20 Audited Rm
Turnover	**91 968**	99 170	190 367
Materials, energy and consumables used	**(41 247)**	(46 373)	(90 109)
Selling and distribution costs	**(4 128)**	(3 831)	(8 388)
Maintenance expenditure	**(5 695)**	(5 265)	(10 493)
Employee-related expenditure	**(14 396)**	(16 445)	(30 667)
Exploration expenditure and feasibility costs	**(131)**	(381)	(608)
Depreciation and amortisation	**(9 048)**	(10 977)	(22 575)
Other expenses and income	**1 652**	(6 584)	(27 376)
Translation gains/(losses)	**4 619**	(227)	(6 542)
Other operating expenses and income	**(2 967)**	(6 357)	(20 834)
Equity accounted profits/(losses), net of tax	**156**	370	(347)
Operating profit/(loss) before remeasurement items	**19 131**	9 684	(196)
Remeasurement items affecting operating profit[1]	**2 519**	169	(110 834)
Earnings/(loss) before interest and tax (EBIT/(LBIT))	**21 650**	9 853	(111 030)
Finance income	**421**	381	922
Finance costs[2]	**(3 833)**	(2 636)	(7 303)
Earnings/(loss) before tax	**18 238**	7 598	(117 411)
Taxation	**(2 950)**	(3 092)	26 139
Earnings/(loss) for the period[3]	**15 288**	4 506	(91 272)
Attributable to			
Owners of Sasol Limited	**14 491**	4 053	(91 109)
Non-controlling interests in subsidiaries	**797**	453	(163)
	15 288	4 506	(91 272)
	Rand	Rand	Rand
Per share information			
Basic earnings/(loss) per share	**23,41**	6,56	(147,45)
Diluted earnings/(loss) per share	**23,29**	6,53	(147,45)

1 Remeasurement items affecting operating profit includes:
- Loss on disposal of R1,1 billion (proceeds R30,2 billion, net assets sold R31,3 billion) and a corresponding gain on reclassification of foreign currency translation reserve of R3,1 billion relating to the sale of 50% of our interest in the US LCCP Base Chemicals business. The divestment was successfully concluded on 1 December 2020 through the creation of the 50/50 owned Louisiana Integrated Polyethylene JV LLC (LIP). Sasol's 50% interest in LIP is accounted for as a joint operation and Sasol's share of assets and liabilities held jointly, revenue from the sale of its share of output and expenses were reflected within the Sasol results from 1 December 2020 in terms of IFRS 11 'Joint Arrangements'; and
- Profit on disposal of R719 million (proceeds R5,9billion, net assets sold R5,2 billion) and a corresponding gain on reclassification of foreign currency translation reserve of R246 million relating to the sale of our 50% equity interest in the Gemini HDPE LLC.

2 The increase in finance costs is due to R1,4 billion lower finance cost capitalised to assets under construction as the LCCP units reached beneficial operation.

3 Earnings increased by more than 100% to R15,3 billion from R4,5 billion in the prior period. These results were underpinned by a strong cash cost and working capital performance in response to the challenging environment, as well as the gains of R4,6 billion on the translation of monetary assets and liabilities and gains of R5,0 billion on the valuation of financial instruments and derivative contracts due to a 15% strengthening of the closing rand/US dollar exchange rate compared to June 2020; and R3,3 billion gain on the reclassification of the foreign currency translation reserve (FCTR), mainly on the divestment of 50% interest in the US LCCP Base Chemicals business. Remeasurement items in the prior year included the impairment of R72,6 billion (US$4,2 billion) of our Base Chemicals portfolio within Sasol Chemicals USA which have been classified as disposal groups held for sale at 30 June 2020 and impaired to its fair value less cost to sell, the impairment of the Synfuels liquid fuels refinery and Sasolburg liquid fuels refinery CGUs of R3,8 billion and R8,6 billion respectively, our Base Chemicals foundation business in the Southern African value chain of R18,1 billion and our South African wax business and Eurasian wax businesses of R4,6 billion and R2,8 billion respectively.

The notes on pages 15 to 26 are an integral part of these condensed consolidated interim financial statements.

Statement of comprehensive income

for the period ended

	Half year 31 Dec 20 Reviewed Rm	Half year 31 Dec 19 Reviewed Rm	Full year 30 Jun 20 Audited Rm
Earnings/(loss) for the period	**15 288**	4 506	(91 272)
Other comprehensive income, net of tax			
Items that can be subsequently reclassified to the income statement	**(14 061)**	(1 866)	24 123
Effect of translation of foreign operations	**(11 069)**	(1 743)	26 720
Effect of cash flow hedges	**384**	(156)	(2 192)
Foreign currency translation reserve on disposal of business reclassified to the income statement[1]	**(3 313)**	–	(801)
Tax on items that can be subsequently reclassified to the income statement	**(63)**	33	396
Items that cannot be subsequently reclassified to the income statement	**(144)**	(35)	(205)
Remeasurements on post-retirement benefit obligations	**(245)**	(128)	(147)
Fair value of investments through other comprehensive income	**(30)**	75	(112)
Tax on items that cannot be subsequently reclassified to the income statement	**131**	18	54
Total comprehensive income/(loss) for the period	**1 083**	2 605	(67 354)
Attributable to			
Owners of Sasol Limited	**307**	2 155	(67 220)
Non-controlling interests in subsidiaries	**776**	450	(134)
	1 083	2 605	(67 354)

1 R3,3 billion gain on the reclassification of the foreign currency translation reserve (FCTR), on the divestments of 50% interest in the US LCCP Base Chemicals business and our 50% share in the Gemini HDPE LLC.

The notes on pages 15 to 26 are an integral part of these condensed consolidated interim financial statements.

Statement of financial position

at

	Half year 31 Dec 20 Reviewed Rm	Half year 31 Dec 19 Reviewed Rm	Full year 30 Jun 20 Audited Rm
Assets			
Property, plant and equipment	**208 245**	282 349	204 470
Assets under construction	**26 648**	83 474	27 802
Right of use assets	**14 356**	16 475	13 816
Goodwill and other intangible assets	**2 374**	3 299	2 800
Equity accounted investments	**10 303**	10 276	11 812
Post-retirement benefit assets	**599**	1 151	467
Deferred tax assets	**26 626**	9 686	31 665
Other long-term assets	**6 583**	7 181	8 361
Non-current assets	**295 734**	413 891	301 193
Inventories	**26 565**	30 475	27 801
Trade and other receivables	**29 576**	25 724	30 516
Short-term financial assets	**1 188**	2 279	645
Cash and cash equivalents[1]	**27 758**	12 674	34 739
Current assets	**85 087**	71 152	93 701
Assets in disposal groups held for sale[2]	**16 695**	1 302	84 268
Total assets	**397 516**	486 345	479 162
Equity and liabilities			
Shareholders' equity	**155 553**	222 645	154 307
Non-controlling interests	**5 490**	6 001	4 941
Total equity	**161 043**	228 646	159 248
Long-term debt[3]	**108 391**	121 287	147 511
Lease liabilities	**14 917**	15 939	15 825
Long-term provisions[4]	**18 104**	17 974	21 857
Post-retirement benefit obligations	**14 465**	12 850	14 691
Long-term deferred income	**342**	560	842
Long-term financial liabilities	**2 980**	2 142	5 620
Deferred tax liabilities	**19 486**	28 791	20 450
Non-current liabilities	**178 685**	199 543	226 796
Short-term debt[3]	**19 554**	18 380	43 468
Short-term financial liabilities	**1 113**	1 348	4 271
Other current liabilities	**32 394**	38 013	39 203
Bank overdraft	**150**	4	645
Current liabilities	**53 211**	57 745	87 587
Liabilities in disposal groups held for sale[2]	**4 577**	411	5 531
Total equity and liabilities	**397 516**	486 345	479 162

1 Cash and cash equivalents decreased mainly as a result of the settlement of our ZAR banking facilities that were drawn down at 30 June 2020 (R4 billion).

2 The decrease compared to 30 June 2020 relates mainly to the disposal of 50% interest in the US LCCP Base Chemicals business that was classified as a disposal group held for sale at 30 June 2020. Refer to page 21 for disposal groups held for sale.

3 The decrease mainly relates to proceeds from our asset divestments utilised to repay the US Dollar syndicated loan, a portion of the Revolving Credit Facility as well as settlement of our outstanding ZAR banking facilities. This movement is included within the Group Functions segment. The stronger closing rand/US dollar exchange rate also reduced debt by approximately R23 billion.

4 The decrease in long-term provisions relates to the change in discount rates applied and the effect of the stronger closing rand/US dollar exchange rate.

The notes on pages 15 to 26 are an integral part of these condensed consolidated interim financial statements.

Statement of changes in equity

for the period ended

	Half year 31 Dec 20 Reviewed Rm	Half year 31 Dec 19 Reviewed Rm	Full year 30 Jun 20 Audited Rm
Balance at beginning of period	**159 248**	225 795	225 795
Adjustment on initial application of IFRS 16, net of tax[1]	**–**	(290)	(290)
Restated balance at beginning of period	**159 248**	225 505	225 505
Taxation impact on disposal of investment[2]	**48**	–	–
Movement in share-based payment reserve	**899**	881	1 938
Share-based payment expense	**425**	396	878
Deferred tax	**–**	(7)	(8)
Sasol Khanyisa transaction	**474**	492	1 068
Total comprehensive income/(loss) for the period	**1 083**	2 605	(67 354)
Dividends paid to shareholders	**(8)**	(11)	(31)
Dividends paid to non-controlling shareholders in subsidiaries	**(227)**	(334)	(810)
Balance at end of period	**161 043**	228 646	159 248
Comprising			
Share capital	**9 888**	9 888	9 888
Retained earnings	**106 166**	186 036	90 890
Share-based payment reserve	**1 889**	713	1 734
Foreign currency translation reserve	**41 499**	28 240	55 849
Remeasurements on post-retirement benefit obligations	**(2 456)**	(2 286)	(2 332)
Investment fair value reserve	**28**	180	49
Cash flow hedge accounting reserve	**(1 461)**	(126)	(1 771)
Shareholders' equity	**155 553**	222 645	154 307
Non-controlling interests in subsidiaries	**5 490**	6 001	4 941
Total equity	**161 043**	228 646	159 248

1 The adjustment on initial application of IFRS 16 'Leases' relates the derecognition of the IAS 17 finance lease of Oxygen Train 17 and the recognition of the embedded derivative in the Oxygen Train 17 service contract with Air Liquide.

2 Taxation impact recognised directly in retained earnings related to the disposal of our investment in Aethylen-Rohrleitungs-Gesellschaft mbH & Co. KG and the related ARG Verwaltungsgesellschaft mbH carried at fair value through other comprehensive income.

The notes on pages 15 to 26 are an integral part of these condensed consolidated interim financial statements.

Statement of cash flows

for the period ended

	Half year 31 Dec 20 Reviewed Rm	Half year 31 Dec 19 Reviewed Rm	Full year 30 Jun 20 Audited Rm
Cash receipts from customers	**88 890**	102 955	196 798
Cash paid to suppliers and employees	**(77 144)**	(83 322)	(154 414)
Cash generated by operating activities[1]	**11 746**	19 633	42 384
Dividends received from equity accounted investments	**3**	15	208
Finance income received	**406**	363	792
Finance costs paid	**(3 192)**	(2 999)	(7 154)
Tax paid	**(1 575)**	(3 301)	(5 659)
Cash available from operating activities	**7 388**	13 711	30 571
Dividends paid	**(8)**	(11)	(31)
Dividends paid to non-controlling shareholders in subsidiaries	**(227)**	(334)	(810)
Cash retained from operating activities	**7 153**	13 366	29 730
Total additions to non-current assets[2]	**(9 554)**	(25 295)	(41 935)
Additions to non-current assets	**(7 509)**	(21 442)	(35 164)
Decrease in capital project related payables	**(2 045)**	(3 853)	(6 771)
Cash movements in equity accounted investments	**–**	(137)	(284)
Proceeds on disposals and scrappings[3]	**33 963**	2 032	4 285
Acquisition of interest in equity accounted investments	**–**	–	(512)
Purchase of investments	**(67)**	(72)	(121)
Other net cash flow from investing activities	**5**	(459)	17
Cash generated by/(used in) investing activities	**24 347**	(23 931)	(38 550)
Proceeds from long-term debt	**21**	18 504	36 487
Repayment of long-term debt[4]	**(15 365)**	(23 987)	(28 335)
Repayment of lease liabilities	**(1 175)**	(1 110)	(2 061)
Proceeds from short-term debt	**17**	15 136	19 998
Repayment of short-term debt[4]	**(20 578)**	(1 270)	(977)
Cash (used in)/generated by financing activities	**(37 080)**	7 273	25 112
Translation effects on cash and cash equivalents	**(543)**	132	3 607
(Decrease)/increase in cash and cash equivalents	**(6 123)**	(3 160)	19 899
Cash and cash equivalents at the beginning of period	**34 094**	15 819	15 819
Reclassification to held for sale and other long-term investments	**(363)**	11	(1 624)
Cash and cash equivalents at the end of the period[5]	**27 608**	12 670	34 094

1 Cash generated by operating activities decreased by 40% to R11,7 billion compared to the prior period. Our cash flows were impacted by low crude oil prices, softer chemical prices, plant downtime and the impact of COVID-19, partly negated by our cash conservation initiative.
2 The movement is mainly as a result of the completion of the LCCP and decreased capital expenditure due to cash conservation initiatives.
3 Includes proceeds received from the disposal of a portion of our US LCCP Base Chemicals business, as well as our 50% equity interest in the Gemini HDPE LLC (approximately R33 billion).
4 During the period, we utilised proceeds from our asset divestments to repay the US dollar syndicated loan and a portion of our Revolving credit facility. Furthermore, we repaid all our ZAR banking facilities.
5 Includes bank overdraft.

The notes on pages 15 to 26 are an integral part of these condensed consolidated interim financial statements.

Segment report

for the period ended

Turnover				Earnings before interest and tax (EBIT)		
Full year 30 Jun 20 Audited Rm	Half year 31 Dec 19 Reviewed Rm	**Half year 31 Dec 20 Reviewed Rm**	**Segment analysis**	**Half year 31 Dec 20 Reviewed Rm**	Half year 31 Dec 19 Reviewed Rm	Full year 30 Jun 20 Audited Rm
25 095	12 983	**12 795**	**Operating Business Units**	**2 629**	2 397	3 953
19 891	10 348	**10 807**	Mining	**1 732**	1 374	2 756
5 204	2 635	**1 988**	Exploration and Production International	**897**	1 023	1 197
189 781	98 781	**91 337**	**Strategic Business Units**	**10 476**	6 549	(101 937)
67 901	41 206	**30 178**	Energy	**5 098**	6 743	(6 678)
52 683	24 642	**27 409**	Base Chemicals	**3 624**	(1 488)	(70 804)
69 197	32 933	**33 750**	Performance Chemicals	**1 754**	1 294	(24 455)
30	–	**6**	**Group Functions**	**8 545**	907	(13 046)
214 906	111 764	**104 138**	**Group performance**	**21 650**	9 853	(111 030)
(24 539)	(12 594)	**(12 170)**	Intersegmental turnover			
190 367	99 170	**91 968**	**External turnover**			

	Revenue by major product line		
	Half year 31 Dec 20 Reviewed Rm	Half year 31 Dec 19 Reviewed Rm	Full year 30 Jun 20 Audited Rm
Base Chemicals	**27 023**	24 183	51 868
Polymers	**16 491**	13 974	30 275
Solvents	**7 256**	5 965	13 226
Fertilisers and explosives	**1 163**	2 240	3 820
Other base chemicals	**2 113**	2 004	4 547
Performance Chemicals	**33 318**	32 452	68 316
Organics	**24 692**	24 790	52 189
Waxes	**4 943**	3 927	8 927
Advanced materials	**3 683**	3 735	7 200
Upstream, Energy and Other			
Coal	**935**	906	1 343
Liquid fuels and crude oil	**25 929**	36 884	59 775
Gas (methane rich and natural gas) and condensate	**3 203**	3 134	5 953
Other (Technology, refinery services)	**1 154**	1 148	2 313
Revenue from contracts with customers	**91 562**	98 707	189 568
Revenue from other contracts (franchise rentals, use of fuel tanks and fuel storage)	**406**	463	799
Total external turnover	**91 968**	99 170	190 367

Segmental earnings performance[i,ii,iii]

Mining – maintaining steady safe production

Productivity improved by 2% to 1 162 tons per continuous miner per shift (t/cm/s) compared to the prior period due to planned management actions, operational efficiencies and a steady improvement in the safety and reliability of our operations. Our COVID-19 mitigation measures remained in force during the period, ensuring minimal impact on our operations.

The higher productivity rates have enabled us to temporarily suspend additional external coal purchases, as our stockpile levels reached our target range of 1,5 million tons to 2,0 million tons.

Encouragingly, we have a strong recovery in demand from both our internal and external customers. Our export sales increased by 8% compared to the prior period and we anticipate external sales of approximately 3,2 million tons for the full year, similar to pre-COVID-19 levels.

We are targeting a full year productivity rate of approximately 1 160 – 1 210 t/cm/s. We remain committed to implementing the next phases of our Business Improvement Programme, aimed at maintaining safe and reliable operations and improved productivity through the conversion to a 365-day continuous shift system.

EBIT increased by 26% for the period to R1,7 billion compared to the prior period, mainly due to higher sales volumes, lower external coal purchases and lower cash fixed costs than the prior period. Our normalised mining unit cost increased with 2% to R351/ton due to higher maintenance costs, above inflation utility cost increases which was partly offset by lower labour costs. We expect our mining unit cost for 2021 to be between R340 to R360/ton.

Exploration and Production International (E&PI) – consistent operational performance, adversely impacted by lower sales prices and volumes

EBIT decreased by 12% to R897 million compared to the prior period.

Our Mozambican operations recorded an EBIT of R1,4 billion, a 4% increase compared to the prior period mainly due to lower cash fixed costs and the impact of a weaker closing rand/US dollar exchange rate on translation of foreign operations which was partly offset by lower sales prices and volumes. Gas production volumes of 58,7 bscf were slightly lower than the prior period due to lower demand from our Sasolburg and Secunda Operations due to the COVID-19 impact and production instabilities. Despite this, we still expect gas production volumes from the Petroleum Production Agreement in Mozambique to be 114 - 118 bscf, in line with previous market guidance.

Our Gabon producing asset benefitted from higher production volumes, however softer oil prices and lower sales volumes associated with COVID-19 resulted in a LBIT of R85 million. We expect a strong sales performance in the second half of the year. In line with our strategy, we are making good progress with the divestment of our interest in the Gabon assets which is expected to be completed by the end of June 2021.

Our Canadian shale gas asset in Montney recorded a lower LBIT of R95 million, compared to the prior period LBIT of R142 million, mainly due to higher prices. Canadian gas volumes were lower due to the natural decline in the production wells. We remain committed to divest from this asset as part of our strategic portfolio optimisation.

Energy – liquid fuels recovery following a challenging past six months due to lower demand

We continue to see a strong recovery in demand for our liquid fuels in South Africa following the easing of COVID-19 lockdown restrictions. Encouragingly, in December 2020, we recorded our highest sales volumes for the period despite the second wave of the virus starting to escalate. The demand for diesel is currently almost at pre-COVID-19 levels whilst petrol is between 90% - 95% of pre-COVID-19 levels. However, jet fuel demand continues to remain under pressure and is expected to be below pre-COVID-19 levels for at least the next 12 months. Liquid fuels sales volumes have declined by 11% compared to the prior period as a consequence, we have reduced the forecast run rate of Natref whilst running Secunda Synfuels at full rates to maximize margins.

Natural gas sales volumes increased by 6% compared to the prior period, as customers ramped up production to recoup lockdown related production losses and undertook unplanned shutdown activities resulting in higher natural gas consumption.

SSO production volumes were 1% higher compared to the prior period due to the postponement of the September 2020 shutdown.

Natref production was, as expected, 12% lower than the prior period as a result of the decrease in demand, particularly in jet fuel, due to the COVID-19 lockdown. Consequently, Natref achieved a crude rate of 512 m^3/h due to the refinery being run on low production rates.

EBIT decreased by 24% to R5,1 billion compared to the prior period EBIT of R6,7 billion. The COVID-19 impact saw reduced sales volumes, lower average Brent crude oil prices and softer refining margins and was partially offset by the impact of a weaker rand/US dollar exchange rate. Our gross margin percentage increased from 42% to 45% compared to the prior period mainly due to Synfuels producing at full rates and the benefit of Natref procuring crude at much lower prices at the start of the year. Cash fixed costs were 12% lower due to focused management actions and cash conservation.

ORYX GTL contributed R118 million to EBIT, a R583 million decrease from R701 million in the prior period and achieved an average utilisation rate of 69%. An average utilisation rate of 90,7% was achieved in second quarter of the financial year compared to 48% achieved in the first quarter as train 2 returned to operation post the extended shutdown. Both trains are currently operating at full capacity, achieving a higher than 100% utilisation rate in both November and December 2020.

Performance Chemicals – 2021 still negatively impacted by COVID-19 and US Hurricanes

The Performance Chemicals business faced a challenging period with sales volumes 3% lower compared to the prior period. COVID-19 related restrictions are still negatively impacting many of our key markets, and we experienced an unplanned outage at our US operations due to Hurricanes Laura and Delta.

Our Organics division experienced a 10% decrease in sales volumes compared to the prior period impacted by the lost production at our US operations as well as the continuing weak macroeconomic environment, especially in Europe and Asia.

Our Wax division delivered a strong performance for the period with sales increasing by 20% benefitting from high demand especially in the furniture, construction, candles and packaging markets.

Our Advanced Materials sales volumes were 20% higher than the prior period driven by carbon sales. Whilst margins are still healthy, demand in our Aluminas business is currently lower due to the COVID-19 constraints in certain markets.

We remain at our previous market guidance and estimate our Performance Chemicals full year 2021 sales volumes to be in line with 2020. The continued COVID-19 pandemic may impact margins and sales volumes during the second half of 2021.

EBIT of R1 754 million increased by 36% compared to the prior period's result mainly as a result of the the positive effect on the weakening of the average rand/US dollar exchange rate, the profit on disposal of 50% of our US LCCP Base Chemicals business and lower costs, offset by lower product prices. Total external sales volumes for the period normalised for LCCP, the Heat Transfer Fuels and the China Oleochemicals alcohols divestitures were lower compared to the corresponding period's results, mainly due to a soft macro environment exacerbated by the spread of COVID-19 and the effects of hurricanes on the US business.

The hurricanes also impacted the ramp up of our LCCP plants negatively which caused the sales volumes from the new units to remain on the same level as in the prior period. Additional costs were incurred for the repairs of the units that were damaged during the hurricanes which will be reimbursed by our insurance, covering a large part of property damage as well as some of our operational losses. Losses attributable to the LCCP while in the final ramp-up phase were R1 595 million (US$98 million).

COVID-19 is still impacting our demand and logistics and in some industry applications, e.g. our Aluminas business, markets remain depressed with healthy margins but lower volumes than the prior year. However, overall many markets are showing slow recoveries.

Low natural oil prices continued to affect alcohols and surfactants volumes adversely as well as margins across our portfolio in the beginning of the period. However, our businesses will benefit from the latest surge in prices.

Base Chemicals – higher foundation business sales volumes and prices lifting overall profitability

The Base Chemicals foundation business (excluding Polymers US products) sales volumes for the period were 8% higher than the prior period, due to improved demand. The Polymers US sales volumes for the period were 15% higher than the prior period due to the new ethylene cracker achieving beneficial operation in August 2019. However, Polymers US second quarter sales volumes were 23% lower than the first quarter due to Hurricanes Laura and Delta as well as the divestment of our 50% interest in the US LCCP Base Chemicals business. The divestment was successfully concluded on 1 December 2020 through the creation of the 50/50 owned Louisiana Integrated Polyethylene JV LLC. Sasol also disposed of its 50% interest in the Gemini HDPE LLC to INEOS Gemini HDPE LLC, a wholly owned subsidiary of INEOS LLC. This divestment was successfully closed on 31 December 2020.

Average sales prices were 6% lower compared to the prior period largely due to weaker oil prices and the global COVID-19 pandemic. Polymers US basket prices for the period decreased by 11% compared to the prior period with margins under further pressure due to the ethane price increasing by 19% compared to the prior period.

EBIT for the six months ended 31 December 2020 of R3 624 million increased by R5 112 million compared to the prior period largely due the higher sales volumes, the positive effect on the weakening of the average rand/US dollar exchange rate, the profit on disposal of 50% of our US LCCP Base Chemicals business and the profit on disposal of the Gemini HDPE LLC, offset by lower sales prices. Losses attributable to the LCCP while in the final ramp-up phase were R451 million while a R438 million impairment was recognised on the US Phenolics assets. During the prior period impairments of R465 million were recognised on MIBK and Blends and Minchem. The introduction of the Sasol cash conservation initiative in 2020 assisted in keeping cash fixed costs lower than the prior period.

i Forward-looking statements are the responsibility of the Directors and in accordance with standard practice, it is noted that this statement has not been reviewed and reported on by the Company's auditors.
ii All comparisons to the prior period refer to the six months ended 31 December 2019. All numbers are quoted on a pre-tax basis, except for earnings attributable to shareholders.
iii All other operational and financial measures (such as cash fixed cost) have not been reviewed and reported on by the Company's auditors.

Salient features

for the period ended

		Half year 31 Dec 20 Reviewed	Half year 31 Dec 19 Reviewed	Full year 30 Jun 20 Audited
Other financial information				
Total debt (including bank overdraft)	Rm	**126 341**	137 974	189 730
interest-bearing	Rm	**126 341**	137 910	189 730
non-interest-bearing	Rm	**–**	64	–
Finance expense capitalised[1]	Rm	**602**	1 974	3 520
Capital commitments (subsidiaries and joint operations)[1]	Rm	**28 720**	49 394	31 950
authorised and contracted	Rm	**224 246**	217 047	260 620
authorised, not yet contracted	Rm	**20 031**	37 827	21 136
less expenditure to date	Rm	**(215 557)**	(205 480)	(249 806)
Capital commitments (equity accounted investments)	Rm	**923**	1 957	1 277
authorised and contracted	Rm	**765**	641	1 936
authorised, not yet contracted	Rm	**576**	1 912	1 089
less expenditure to date	Rm	**(418)**	(596)	(1 748)
Effective tax rate[2]	%	**16,2**	40,7	22,3
Number of employees[3]	number	**29 187**	31 363	31 001

1 Finance expense capitalised and capital commitments decreased as a result of all LCCP units achieving beneficial operation.
2 The decrease in effective corporate tax rate is mainly as a result of tax losses utilised in the current year which are allowed to be set off against 2021 foreign exchange gains, and the Foreign Currency Translation Reserve (FCTR) reclassified on the disposal of business for which no tax is calculated.
3 The total number of employees includes permanent and non-permanent employees and the Group's share of employees within joint operations, but excludes contractors and equity accounted investments' employees.

		Half year 31 Dec 20 Reviewed Rm	Half year 31 Dec 19 Reviewed Rm	Full year 30 Jun 20 Audited Rm
Reconciliation of headline earnings				
Earnings/(losses) attributable to owners of Sasol Limited		**14 491**	4 053	(91 109)
Effect of remeasurement items for subsidiaries and joint operations		**(2 519)**	(169)	110 834
Impairment of property, plant and equipment		**51**	464	94 032
Impairment of assets under construction		**48**	–	13 399
Impairment of right of use assets		**5**	–	3 322
Impairment of goodwill and other intangible assets		**2**	–	839
Impairment of other assets[1]		**439**	3	–
Profit on disposal of businesses[2]		**(2 957)**	(983)	(1 684)
(Profit)/loss on disposal of non-current assets		**(91)**	(61)	25
(Profit)/loss on disposal of other assets		**(60)**	–	148
Scrapping of non-current assets		**39**	426	796
Write-off of unsuccessful exploration wells		**5**	(18)	(43)
Tax effects and non-controlling interests		**(143)**	(214)	(27 010)
Effect of remeasurement items for equity accounted investments		**29**	–	–
Headline earnings/(loss)		**11 858**	3 670	(7 285)
Headline earnings/(loss) adjustments by segment				
Mining		**(2)**	106	113
Exploration and Production International		**70**	(18)	(30)
Energy		**30**	(27)	11 987
Base Chemicals		**(1 840)**	(352)	70 670
Performance Chemicals		**(775)**	118	27 863
Group Functions		**(2)**	4	231
Remeasurement items		**(2 519)**	(169)	110 834
Headline earnings/(loss) per share[3]	Rand	**19,16**	5,94	(11,79)
Diluted headline earnings/(loss) per share	Rand	**19,06**	5,91	(11,79)

1 Relates mainly to an impairment of R438 million (US$29,8 million) on the US Phenolic assets which were impaired to its fair value less costs to sell.

2 Included is a loss on disposal of R1,1 billion and a corresponding gain on reclassification of foreign currency translation reserve of R3,1 billion relating to the sale of a portion of our US LCCP Base Chemicals business, as well as a profit on disposal of R719 million and a corresponding gain on reclassification of foreign currency translation reserve of R246 million relating to the sale of our 50% equity interest in the Gemini HDPE LLC.

3 Headline earnings per share refers to disclosure made in terms of the JSE Limited Listing Requirements.

Basis of preparation

The condensed consolidated interim financial statements for the six months ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standard (IFRS), IAS 34 'Interim Financial Reporting', the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, 2008, as amended, and the JSE Limited Listings Requirements.

The condensed consolidated interim financial statements do not include all the disclosures required for complete annual financial statements prepared in accordance with IFRS as issued by the International Accounting Standards Board. The condensed consolidated interim financial statements are prepared on a going concern basis. Refer to page 22 for more detail on the going concern. The Board is satisfied that the liquidity and solvency of the company is sufficient to support the current operations for the next 12 months.

These condensed consolidated interim financial statements have been prepared in accordance with the historic cost convention except that certain items, including derivative financial instruments, liabilities for cash-settled share-based payment schemes, financial assets at fair value through profit or loss and financial assets designated at fair value through other comprehensive income, are stated at fair value.

The condensed consolidated interim financial statements are presented in South African rand, which is Sasol Limited's functional and presentation currency. The accounting policies applied in the preparation of these condensed consolidated interim financial statements are in terms of IFRS and are consistent with those applied in the consolidated annual financial statements for the year ended 30 June 2020, except for the adoption of amendments to certain standards as discussed in more detail below.

The condensed consolidated interim financial statements appearing in this announcement are the responsibility of the directors. The directors take full responsibility for the preparation of the condensed consolidated interim financial statements. Paul Victor CA(SA), Chief Financial Officer, is responsible for this set of condensed consolidated interim financial statements and has supervised the preparation thereof in conjunction with the Senior Vice President: Financial Controlling and Governance, Feroza Syed CA(SA).

The condensed consolidated interim financial statements were approved by the Sasol Limited Board on 19 February 2021.

Amendments to International Financial Reporting Standards adopted

The following amendments to IFRS were effective for the first time from 1 July 2020:

- Amendments to IFRS 3 'Business Combinations';
- Amendments to IAS 1 'Presentation of Financial Statements'; and
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

No material impact on the condensed consolidated interim financial statements was identified resulting from the adoption of these amendments.

In the prior financial year, the group early adopted the Interest Rate Benchmark Reform Phase 1 Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' (Phase 1). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform. In the current year, the group has elected to early adopt the Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' (Phase 2) which was issued in August 2020. In accordance with the transition provisions, the amendments have been adopted retrospectively to hedging relationships and financial instruments. Comparative amounts have not been restated, and there was no impact on the current period opening reserves amounts on adoption.

Both the Phase 1 and Phase 2 amendments are relevant to the group as the group has exposure to the variable US dollar London Interbank Overnight Rate (LIBOR) through various instruments including term loans, revolving credit facilities, as well as an interest rate swap which has been designated as a hedging instrument in a cash flow hedge.

The group will continue to apply the Phase 1 amendments until the uncertainty arising from the interest rate benchmark reform with respect to the timing and the amount of the underlying cash flows to which the group is exposed ends. The group expects this uncertainty will continue until the contracts that reference Interbank Overnight Rates (IBORs) are amended to specify the date on which the interest rate benchmark will be replaced and the basis for the cash flows of the alternative benchmark rate are determined.

As a result of the Phase 2 amendments:

- When the contractual terms of the group's borrowings are amended as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the basis immediately preceding the change, the group changes the basis for determining the contractual cash flows prospectively by revising the effective interest rate. If additional changes are made, which are not directly related to the reform, the applicable requirements of IFRS 9 are applied to the other amendments.
- When changes are made to the hedging instruments, hedged item and hedged risk as a result of the interest rate benchmark reform, the group will update the hedge documentation without discontinuing the hedging relationship and the cumulative gain or loss in the cash flow hedge accounting reserve will be deemed to be based on the alternative benchmark rate.

As at 31 December 2020 no modifications to any of the group's derivative or non-derivative financial instruments have been made in response to the reform, however, negotiations with counterparties on appropriate changes and resetting of rates are expected to commence in the near future.

The following table contains details of all of our financial instruments at 31 December 2020 which reference the US LIBOR and have not yet transitioned to an alternative interest rate benchmark:

	Carrying value Half year 31 Dec 20 Rm
Financial liabilities measured at amortised cost	
US Dollar term loans	**26 650**
US Dollar Revolving credit facility	**47 491**
Derivative liability	
Interest rate swap	**2 955**
Total	**77 096**

Pro forma financial information (JSE Limited Listing Requirement)

Core HEPS, EBITDA and adjusted EBITDA included in this announcement constitutes pro forma financial information, as defined by the JSE Limited Listings Requirements. Pro forma financial information is similar to non-GAAP measures as defined by the United States Securities and Exchange Commission.

The pro forma financial information is the responsibility of the board of directors and is presented for illustrative purposes only. Because of its nature, the pro forma financial information may not fairly present Sasol's financial position, changes in equity, results of operations or cash flows. The underlying information, used in the preparation of the pro forma financial information, has been prepared using accounting policies which comply with IFRS and are consistent with those applied in the published group consolidated annual financial statements for the year ended 30 June 2020.

This pro forma information has not been reviewed or reported on by the group's auditors, being PricewaterhouseCoopers Inc.

Disposal groups held for sale

The table below depicts the disposal groups held for sale at 31 December 2020:

		Half year 31 Dec 20 Reviewed Rm	Full year 30 Jun 20 Audited Rm
Assets in disposal groups held for sale	**Segment**		
US Base Chemicals Assets	Base and Performance Chemicals	**–**	71 001
Secunda Synfuels Operations Air Separation Units	Energy, Base and Performance Chemicals	**5 889**	5 675
Investment in Republic of Mozambique Pipeline Investment Company (Pty) Ltd (ROMPCO)	Energy	**5 999**	5 951
Investment in Central Termica De Ressane Garcia S.A. (CTRG)	Energy	**3 099**	–
Interests in Etame Marin block and Block DE-8 offshore Gabon	Exploration and Production International	**1 148**	–
Other		**560**	1 641
		16 695	84 268
Liabilities in disposal groups held for sale	**Segment**		
US Base Chemicals Assets	Base and Performance Chemicals	**–**	(2 425)
Secunda Synfuels Operations Air Separation Units	Energy, Base and Performance Chemicals	**(18)**	(38)
Investment in Republic of Mozambique Pipeline Investment Company (Pty) Ltd (ROMPCO)	Energy	**(2 136)**	(2 604)
Investment in Central Termica De Ressane Garcia S.A. (CTRG)	Energy	**(1 256)**	–
Interests in Etame Marin block and Block DE-8 offshore Gabon	Exploration and Production International	**(834)**	–
Other		**(333)**	(464)
		(4 577)	(5 531)

Going concern

Introduction

In determining the appropriate basis of preparation of the condensed consolidated interim financial statements for the six months ended 31 December 2020, the Board is required to consider whether the Sasol Group (Group) can continue in operational existence for the foreseeable future.

Financial performance during the year

Sasol has delivered a strong set of results for the period, underpinned by a strong cash cost, working capital and capital expenditure performance in response to the effects of the COVID-19 pandemic, a severe decline in crude oil prices and softer chemical product prices. In addition, our Lake Charles production was impacted by hurricanes experienced in the US Gulf Coast, resulting in lost production of approximately 300kt for the period.

At 31 December 2020, the balance sheet saw an improvement in the gearing at 76% (30 June 2020: 114,5%) and Net debt: EBITDA (based on the bank definition) of 2,6 times (30 June 2020: 4,3 times), well below the negotiated December 2020 covenant level of 4,0 times.

The ability of the Group to meet its debt covenant requirements at 30 June 2021 and repay debt as it becomes due is dependent on the timing and quantum of cash flows from operations and the ability to realise cash through a combination of asset disposals, or part thereof.

The Group reported earnings for the six months of R15,3 billion, which compares to earnings of R4,5 billion for the prior period. These results were underpinned by a good operational performance and effective cost management in response to the challenging environment, as well as the following non-cash adjustments:

- Translation gains of R4,6 billion on the translation of monetary assets and liabilities due to a 15% strengthening of the closing rand/US dollar exchange rate compared to June 2020;
- R5,0 billion gain on the valuation of financial instruments and derivative contracts; and
- R3,3 billion gain on the reclassification of the foreign currency translation reserve (FCTR), mainly on the divestment of a 50% interest in the US LCCP Base Chemicals business.

The Board has no intention to cease trading, curtail operations or liquidate the businesses, other than planned asset disposals which are aligned with the Group's revised strategy to create a more focused portfolio.

Timing and success of asset disposals

Since June 2020 the Group has made good progress on the expanded and accelerated asset divestment programme by securing R33 billion (US$2,4 billion) of proceeds by 31 December 2020. During the six months we completed the sale of 50% of our US LCCP Base Chemicals business and our 50% equity interest in the Gemini HDPE LLC.

Proceeds from these disposals were used to settle the syndicated loan of R15,5 billion (US$1 billion) as well R12,3 billion (US$840 million) of the RCF. A further R3,7 billion (US$250 million) of the RCF was settled in January 2021. The next debt maturity is the R2,2 billion (US$150 million) term loan which matures in November 2021.

The Group has classified R12,1 billion as net assets and liabilities in disposal groups held for sale at 31 December 2020. Sale and purchase agreements amounting to approximately R11 billion (US$750 million) have already been concluded on a number of these assets. The disposal groups that were classified as held for sale at 30 June 2020, which have not yet been disposed of, remain classified as held for sale at 31 December 2020. It is highly probable that these disposals will be completed by 30 June 2021. It is highly probable that the disposal groups classified as held for sale subsequent to 30 June 2020, will be sold by 31 December 2021. Refer to the "disposal groups held for sale" note on page 21 for more information.

Rights issue

A decision was made not to pursue a rights issue given the current macroeconomic outlook, and the significant progress made on our response plan initiatives. The balance sheet deleveraging pathway will continue to be prioritised to ensure that we operate within our financial covenants and maintain adequate liquidity headroom, whilst delivering the Sasol 2.0 transformation programme.

Repositioning the business

In repositioning the business to be sustainably profitable, we introduced a new operating model. The transition to this new operating model commenced from 1 November 2020, providing greater autonomy to the chemicals and energy businesses. We see Future Sasol as a business focused on areas in which we have competitive advantages and moving towards leading the energy transition in Southern Africa.

The financial targets for Future Sasol will be delivered over the next 3 to 4 years. This will give us a business that is competitive, highly cash generative and able to deliver attractive returns even in a US$45/bbl oil price environment. The milestones allocated to each target, with an objective of delivering most of these targets by the end of 2023, are:

- A cash fixed cost reduction by the end of 2025 of 15% to 20% (R8 billion to R10 billion);
- A gross margin improvement of 5% to 10% (R6 billion to R8 billion);
- A 30% reduction in capital expenditure on sustenance capital, which equates to an annualised spend rate of R20 billion to R25 billion; and
- A working capital target of 14% of revenue which is an improvement of 1% from 2019.

Solvency and liquidity

Solvency

At 31 December 2020, after impairments, the valuations of the Group's assets indicate that their fair values exceed their carrying values as well as the external debt. The asset base of the Group comprises mainly tangible assets with significant value, reflected in the records of the underlying businesses.

As such, the Board is of the view that given the significant headroom in the fair value of the assets over the fair value of the liabilities (including contingent liabilities), the Group is solvent as at 31 December 2020 and at the date of this report.

Liquidity management

At 31 December 2020, the Group had cash and cash equivalents of R27,6 billion (30 June 2020: R34,1 billion) and available facilities of R27,0 billion (30 June 2020: R10,5 billion).

Settlement of debt with proceeds received from the asset disposals and the adjustments as agreed with the lenders for the impact of Hurricanes Laura and Delta resulted in Net Debt: EBITDA of 2,6 times against a covenant level of 4 times at 31 December 2020.

Sasol will be released from the covenant amendment agreement signed in November 2020 once the December 2020 covenant compliance certificate is delivered to the lenders indicating a Net Debt: EBITDA of below 4 times, however Sasol still has the obligation to pay down the RCF from proceeds of asset disposals and debt or equity issuances.

Increased cash generation, through improved earnings, delivery of Sasol's self-help measures and asset disposals remain critical to balance sheet de-leveraging and reducing financial and credit ratings risks. The ability of the Group to meet its debt covenant requirements at 30 June 2021 and repay debt as it becomes due is dependent on the timing and quantum of cash flows from operations and the ability to realise cash through a combination of asset disposals, or part thereof.

We continue to actively manage the balance sheet with the objective of maintaining a healthy liquidity position and a balanced debt maturity profile.

Management has prepared updated forecasts for the remainder of 2021 and 2022 and continues to use a robust liquidity model which includes detailed cash flow forecasts covering a period of nine months from the date of the condensed consolidated interim financial statements.

The Group liquidity model is a monthly consolidation of the Group's individual business cash flow forecasts. The cash flow forecasts are based on estimated free cash flow from operations, on a monthly basis, for the upstream Mining and Oil and Gas Exploration entities, the manufacturing operations globally and the selling business units, being Base Chemicals, Performance Chemicals and Energy. The cash flow forecasts have been adjusted for planned disposals over the next 12 months.

The cash flow forecasts are prepared monthly and reviewed by management. They are evaluated against forecasted expectations and variances are monitored and scrutinised. Various scenarios and stress testing analysis are performed to test the robustness of the cash flow forecasts. Performance and liquidity improvement initiatives undertaken during 2020 have continued into 2021 and already delivered improvements on the Group's liquidity position. The forecasts and any variances are presented to the Board at least on a quarterly basis or more frequently as required

Estimates and judgements considered within the liquidity assessment

Management has considered a number of estimates, judgements and assumptions in performing the liquidity assessments, the most significant of which are listed and expanded upon below:

- The Group has applied conservative macroeconomic assumptions in the cash flow forecast and has modelled a Brent crude oil price of US$45,50/bbl and a rand/US dollar exchange rate of R14,83 for the remainder of 2021 and a Brent crude oil price of US$53,58/bbl and a rand/US dollar exchange rate of R15,10 for 2022.
- The Group assumed a working capital percentage of 15,6%, which is conservative in relation to the 14,9% achieved at 31 December 2020.

- Continued positive results in the short-term from the comprehensive response plan for the remainder of 2021 and 2022; and
- The reduction in debt through the sale of assets to meet the debt reduction milestones. We have made significant progress on divestments, with announced asset divestment proceeds totaling US$3,3 billion to date.

Conclusion

The events and conditions described above indicate an improvement in the liquidity position of the Group as at 31 December 2020 compared to 30 June 2020, however there is still material uncertainty on the timing of future cash flows to meet debt covenant requirements at 30 June 2021 and repay debt as it becomes due, therefore any significant deviations may cast significant doubt on the Group's ability to continue as a going concern and its ability to realise assets and discharge liabilities in the normal course of business.

Whilst there are material uncertainties, the Board have, based on the information available to them, considered the financial plans and forecasts, the actions taken by the Group to date and the realisation of various initiatives including asset disposals.

Based on the above, the Board are therefore of the opinion that the going concern assumption is appropriate in the preparation of the condensed consolidated interim financial statements.

Tax litigation and other legal matters

Sasol Financing International (SFI) / SARS

Apart from the parties exchanging further pleadings in the matter, there has been no change to the SFI/SARS matter contained in the Group's annual financial statements for the year-ended 30 June 2020.

A contingent liability of R2,54 billion (including interest and penalties) is reported in respect of this matter as at 31 December 2020.

Securities class action against Sasol Limited and some of its current and former executive directors

A class action lawsuit was filed against Sasol Limited and several of its current and former officers in a Federal District Court in New York (the Court).

The lawsuit alleges that Sasol violated U.S. federal securities laws by allegedly making false or misleading public statements regarding the LCCP between 2015 and 2020, specifically with respect to timing, costs, and control procedures, (refer to the Group's annual financial statements for the year ended 30 June 2020).

The Court dismissed the claims based on alleged misrepresentations about the effectiveness of internal controls over financial reporting and the management of the LCCP, but found that the portions of the case related to the allegations of violations of U.S. securities laws based on alleged misrepresentations about LCCP cost estimates and schedules could move forward.

On 30 October 2020, Sasol filed a Motion for Reconsideration of the Court's order denying Sasol's Motion to Dismiss. On 15 December 2020 Sasol filed a supplemental brief in support of its Motion. Plaintiffs filed an opposition on 19 January 2021, and Sasol filed a reply on 1 February 2021.

The plaintiff has not specified any amount of damages to date. In the amended complaint, a compensatory claim for damages for the members of the class was left for the trial to be determined. Therefore, no potential loss can be reliably estimated at this stage. Consequently, no provision has been recognised at 31 December 2020. In this context, it is important to also note that Sasol's Directors and Officers insurance has indicated coverage under the policy for this matter.

Legal review of Sasol Gas National Energy Regulator of South Africa (NERSA) maximum price decision and NERSA gas transmission tariff application (March 2013)

In October 2013, following the March 2013 decisions by the National Energy Regulator of South Africa (NERSA) (pursuant to the applications by Sasol Gas (Pty) Ltd), seven of the customers of Sasol Gas brought a legal review application requesting the setting aside of the Maximum Price Methodology used by NERSA in evaluating the Maximum Price Application by Sasol Gas as well as the Maximum Price decision and Gas Transmission Tariff decision.

The basis of the challenge to the NERSA price decision was the allegation that the methodology used by NERSA to determine its approval of the Maximum Gas Prices was unreasonable and irrational.

The original decision in the High Court was appealed to the Supreme Court of Appeal (SCA) and the matter ultimately concluded in the decision by the Constitutional Court handed down on 15 July 2019.

In terms of the order, the NERSA Maximum Price decision of March 2013 has been set aside.

During June 2020, IGUA, an industry association whose members include a number of large gas customers, launched an application to review and overturn the November 2017 NERSA Maximum Gas Price decision, which approved maximum gas prices for Sasol Gas for the period 1 July 2017 up to 30 June 2020. Because the basis for this NERSA decision was similar to that of the previously overturned 2013 NERSA decision, neither Sasol Gas nor NERSA will oppose the application.

After the Constitutional Court judgement, NERSA completed its review of the Maximum Gas Price Methodology. Following a public participation process, in which Sasol Gas participated, NERSA adopted a new Maximum Price Methodology that was published during June 2020.

After participating in the NERSA engagements with stakeholders on the implementation of the new Maximum Gas Price Methodology, Sasol Gas prepared and submitted a Maximum Gas Price application for the period from 26 March 2014 up to 30 June 2023. The Constitutional Court confirmed that the Methodology is only a guideline to be followed by NERSA in considering Maximum Gas Price applications and that all relevant facts and circumstances relating to the application by a particular licensee have to be considered. The Sasol Gas application is currently pending before NERSA and the consideration thereof will also involve a public participation process in accordance with the applicable NERSA rules.

It is currently not determinable with certainty what the relation will be between the new Maximum Gas Price to be approved by NERSA for Sasol Gas and the actual gas prices charged to customers, or whether the approval by NERSA of a new Maximum Gas Price would lead to any possible change in respect of the retrospective portion of the Maximum Gas Price Period. Therefore, any liability cannot be reliably estimated. Accordingly, no provision has been raised in respect of this matter as at 31 December 2020.

Other litigation and tax matters

From time to time, Sasol companies are involved in other litigation and similar proceedings in the normal course of business. A detailed assessment is performed on each matter and a provision is recognised where appropriate. Although the outcome of these proceedings and claims cannot be predicted with certainty, the Company does not believe that the outcome of any of these cases would have a material effect on the Group's financial results.

Related party transactions

The group, in the ordinary course of business, entered into various sale and purchase transactions on an arm's length basis at market rates with related parties.

Significant events and transactions since 30 June 2020

In accordance with IAS 34 'Interim Financial Reporting', we have included below explanations of events and transactions which are significant to obtain an understanding of the changes in our financial position and performance since 30 June 2020:

- Sasol continued to face significant challenges during the past six months with sustained low crude oil prices, softer chemical prices, prolonged plant downtime in the Gulf Coast due to hurricanes and the continued effects of the COVID-19 pandemic on product demand.
- Significant disposals were concluded during the period:
  - On 1 December 2020 the sale of 50% of our interest in the US LCCP Base Chemicals business was successfully concluded through the creation of the 50/50 owned Louisiana Integrated Polyethylene JV LLC (LIP). Sasol's 50% interest in LIP is accounted for as a joint operation and Sasol's share of assets and liabilities held jointly, revenue from the sale of its share of output and expenses were reflected within the Sasol results from 1 December 2020 in terms of IFRS 11 'Joint Arrangements'; and
  - The divestment of our 50% equity interest in the Gemini HDPE LLC successfully closed on 31 December 2020.
- Significant assets and liabilities in disposal groups held for sale at 31 December 2020:
  - Our 16 air separation units, including the cooling tower linked to train 16, located in Secunda;
  - Our 50% shareholding in Republic of Mozambique Pipeline Investment Company;
  - Our full shareholding in Central Termica De Ressane Garcia S.A. (CTRG), the gas-to-power plant located in Ressano Garcia, Mozambique; and
  - Our 27,8% working interest in the Etame Marin block offshore Gabon (producing asset with proven reserves), as well as our 40% non-operated participating interest in Block DE-8 offshore Gabon (exploration permit.

Subsequent events

There were no events that occurred subsequent to 31 December 2020.

Financial instruments

Fair value

Fair value is determined using valuation techniques as outlined unless the instrument is listed in an active market. Where possible, inputs are based on quoted prices and other market determined variables.

Fair value hierarchy

The table below represents significant financial instruments measured at fair value at the reporting date, or for which fair value is disclosed at 31 December 2020. This includes the US dollar bonds, interest rate swap, ethane swap, Brent crude oil put options, Brent crude oil zero-cost collars and zero-cost foreign exchange collars which were considered to be significant financial instruments for the group based on the amounts recognised in the statement of financial position and the fact that these instruments are traded in an active market. The calculation of fair value requires various inputs into the valuation methodologies used. The source of the inputs used affects the reliability and accuracy of the valuations. Significant inputs have been classified into the hierarchical levels in line with IFRS 13.

Level 1 Quoted prices in active markets for identical assets or liabilities.
Level 2 Inputs other than quoted prices that are observable for the asset or liability (directly or indirectly).
Level 3 Inputs for the asset or liability that are unobservable.

		Half year 31 Dec 20		Full year 30 Jun 20			
Instrument	**IFRS 13 fair value hierarchy**	**Carrying value Reviewed Rm**	**Fair value Reviewed Rm**	Carrying value Audited Rm	Fair value Audited Rm	**Valuation method**	**Significant inputs**
Listed long-term debt	Level 1	**50 373**	**52 710**	56 760	50 701	Fair value	Quoted market price for the same or similar instruments
Derivative financial assets and liabilities[1]	Level 2	**2 237**	**2 237**	7 078	7 078	Forward rate interpolator model, discounted expected cash flows, numerical approximation, as appropriate	Foreign exchange rates, market commodity prices, US dollar swap curve, as appropriate
Derivative financial liabilities[2]	Level 3	**668**	**668**	2 168	2 168	Forward rate interpolator model, discounted expected cash flows, numerical approximation, as appropriate	US PPI and US labour index forecast, US dollar and Rand treasury curves, Rand zero swap discount rate

1 Includes derivative financial assets of R1,2 billion (2020: R0,6 billion) and derivative financial liabilities of R3,4 billion (2020: R7,7 billion). Refer to foot note 3 on page 10.
2 Relates to the embedded derivative contained in the Oxygen Train 17 service contract with Air Liquide. Refer to foot note 3 on page 10.

For all other financial instruments, fair value approximates carrying value.

Independent review by the auditors

These condensed consolidated interim financial statements for the six months ended 31 December 2020 have been reviewed by PricewaterhouseCoopers Inc., who expressed an unmodified conclusion thereon. The individual auditor assigned to perform the review is Johan Potgieter. The auditor's report does not extend to the information contained in pages 1 to 8 of this results announcement, including pro forma financial information. The auditor's report is available for inspection (by appointment observing COVID-19 restrictions) at the Company's registered address.

Independent auditor's review report on interim financial statements

To the Shareholders of Sasol Limited

We have reviewed the condensed consolidated interim financial statements of Sasol Limited and its subsidiaries (together the "Group") in the accompanying interim financial results, set out on pages 10 to 26, which comprise the condensed consolidated statement of financial position as at 31 December 2020 and the related condensed consolidated income statement, statements of comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes.

Directors' responsibility for the interim financial statements

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 'Interim Financial Reporting', the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of the Group for the six months ended 31 December 2020 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 'Interim Financial Reporting', the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

Emphasis of matter

Without modifying our conclusion, we draw attention to the Going Concern note on page 22 to the condensed consolidated interim financial statements which indicates that the Group's ability to meet its debt covenant requirements at 30 June 2021 and repay debt as it becomes due is dependent on the timing and quantum of cash flows from operations and the ability to realise cash through a combination of asset disposals, or part thereof. These conditions, along with other matters as set forth in the Going Concern note on page 22 to the condensed consolidated interim financial statements indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Johan Potgieter
Registered Auditor
Johannesburg

19 February 2021

Registered office: Sasol Place, 50 Katherine Street, Sandton, Johannesburg, 2190
Private Bag X10014, Sandton, 2196, South Africa

Share registrar: JSE Investor Services Proprietary Limited
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PO Box 4844, Johannesburg, 2000, Republic of South Africa
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JSE Sponsor: Merrill Lynch South Africa Proprietary Limited

Directors (Independent Non-executive): Mr SA Nkosi (Chairman), Mr C Beggs, Mr MJ Cuambe (Mozambican), Ms MBN Dube, Dr M Flöel (German), Ms KC Harper (American), Ms GMB Kennealy, Ms NNA Matyumza, Mr ZM Mkhize, Ms MEK Nkeli, Mr PJ Robertson (British and American), Mr S Westwell (British)^

Directors (Executive): Mr FR Grobler (President and Chief Executive Officer), Mr VD Kahla (Executive Director and Executive Vice President: Strategy, Sustainability and Integrated Services), Mr P Victor (Chief Financial Officer)

^Lead independent director

Company Secretary: Ms M du Toit

Company registration number: 1979/003231/06, incorporated in the Republic of South Africa

Income tax reference number: 9520/018/60/8

	JSE	NYSE
Ordinary shares		
Share code:	SOL	SSL
ISIN:	ZAE000006896	US8038663006
Sasol BEE Ordinary shares		
Share code:	SOLBE1	
ISIN:	ZAE000151817	

American depository receipts (ADR) program:
Cusip number 803866300 ADR to ordinary share

Depositary: J.P. Morgan Depositary Receipts, 383 Madison Avenue, Floor 11, New York, NY 10179, United States of America

Sandton, 19 February 2021

Disclaimer – 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.

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, mmboe – 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

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