SASOL LTD
Form 6-K
September 13, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 6-K
REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

Report on Form 6-K for September 12, 2016
Commission File Number 1-31615
Sasol Limited
1 Sturdee Avenue
Rosebank 2196
South Africa
(Name and address of registrant’s principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F __X__ Form 40-F _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ____

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ____

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant’s “home country”), or under the rules of the home country exchange on which the registrant’s securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant’s security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes _____ No __X__

If “Yes” is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):
82-_______________.

Enclosures: Audited financial results for the year ended
30 June 2016

Sasol Limited
(Incorporated in the Republic of South Africa)
(Registration number 1979/003231/06)
Sasol Ordinary Share codes: JSE: SOL NYSE: SSL
Sasol Ordinary ISIN codes: ZAE000006896 US8038663006
Sasol BEE Ordinary Share code: JSE: SOLBE1
Sasol BEE Ordinary ISIN code: ZAE000151817
("Sasol" or "the company")

AUDITED FINANCIAL RESULTS
for the year ended 30 June 2016

Sasol is an international integrated chemicals and energy company that leverages technologies and expertise of our 30 100 people working in 33 countries. We develop and commercialise technologies, and build and operate world-scale facilities to produce a range of high-value product streams, including liquid fuels, chemicals and low-carbon electricity.

2016 PERFORMANCE OVERVIEW

- Solid operational performance across most of the value chain
- Record production volumes at Secunda Synfuels Operations
- Normalised sales volumes
- Performance Chemicals up 1,8%, Base Chemicals down 2,6%
- Liquid fuels remained flat, 2% up on market guidance
- Business Performance Enhancement Programme delivered
- Sustainable actual cost savings of R4,5bn
- Updated target exit run rate of R5,4bn by 2018
- Response Plan cash savings exceeding expectations
- R28bn cash savings delivered for the year
- R12bn above 2016 target
- Updated sustainable savings target to R2,5bn by 2019, up R1bn
- Lake Charles Chemicals Project 50% complete
- Addressing challenges with projection execution
- Significantly sharpened focus on cost and schedule delivery, following the increase in project cost to US$11bn
- Headline earnings per share down 17% to R41,40, despite an average 25% decline in Rand oil prices
- Safety Recordable Case Rate (RCR), excluding illnesses, improved to 0,29, regrettably two fatalities*
- Normalised cash fixed costs down 8,1% in real terms
- Liquid fuels BEE partner, Tshwarisano, investment now fully unencumbered
- Direct and indirect taxes paid to South African Government R36,8 billion

* Subsequent to 30 June 2016, we experienced three tragic fatalities of which two were due to motor vehicle accidents on public roads. Management has implemented focused interventions to ensure safe operations.

Segment report
for the year ended 30 June
Turnover
Operating profit/(loss)
R million
R million
2014
2015
2016
Segment analysis
2016
2015

2014
19 342
20 859
21 186
Operating Business Units
(6 975)
1 173
(3 527)
14 134
15 687
16 975
Mining
4 739
4 343
2 453
Exploration and Production
5 208
5 172
4 211
International
(11 714)
(3 170)
(5 980)
204 666
187 312
173 042
Strategic Business Units
29 831
45 448
50 013
86 052
75 800
64 341
Energy
14 069
22 526
31 423
45 040
39 728
35 067
Base Chemicals
4 486
10 208
6 742
73 574
71 784
73 634
Performance Chemicals
11 276
12 714
11 848

53
221
108
Group Functions
1 383
(72)
(668)
224 061
208 392
194 336
Group performance
24 239
46 549
45 818
(21 378)
(23 126)
(21 394)
Intersegmental turnover
202 683
185 266
172 942
External turnover

Overview

In 2016, we continued to adapt to a tough operating environment created by the further dramatic drop in global oil and commodity prices. We have seen oil prices drop to as low as US$27 per barrel (/bbl) in January 2016 and somewhat recovering to US$48/bbl by June 2016. As anticipated, commodity chemical prices also followed the declining trend of global oil prices.

The work we have undertaken since 2012 to reposition Sasol and sustainably reduce our cost base proved invaluable, as it allowed us to sustainably withstand a lower for much longer oil price environment. We have further intensified and increased the targets of our low oil price Response Plan (RP) to make our business even more resilient in the short-term, without compromising on safety and the operational integrity of our operations. The current low oil price environment has however, as expected, impacted our financial results, as well as those of our competitors.

While global oil prices are beyond our control, we have performed strongly on the factors within our control. We delivered a solid set of production volumes across most of the value chain, contained cost increases to well below inflation and heightened our focus on the delivery of capital projects.

Notwithstanding the uncertain global markets and volatile macroeconomic environment, under our new leadership, given the strength of our diversified asset base and high performance culture, we will continue to deliver maximum sustainable value to our shareholders.

Joint Presidents and Chief Executive Officers, Bongani Nqwababa and Stephen Cornell say:

"We are excited to be taking over as Sasol's Joint Presidents and Chief Executive Officers. We have been working together over the last six months to clearly define how we will lead Sasol, address the challenges the company is facing and pursue the exciting opportunities ahead.

Sasol's global operations continue to perform well, with our Secunda Operations reporting record production volumes. Our cost reduction and cash savings initiatives are exceeding their targets, which places us on a sound footing as we gear up our balance sheet to complete the world-scale, company-changing investment in Louisiana in the US.

Although the capital expenditure for our Lake Charles Chemicals Project has increased, we remain confident that the fundamental drivers for this investment are sound. The cost and schedule review process, which was completed in August 2016, has set a solid platform for the continued execution of this project. In Mozambique, we continue to advance our growth projects to further develop our footprint in that region. We look forward to building on Sasol's past successes, as we lead the company forward and continue to grow in both Southern Africa and North America.

In the medium-term, we will continue to focus on pursuing zero harm, building a resilient organisation for the future, nurturing our foundation businesses, delivering sustainable growth and clarifying our future investment opportunities."

Financial results overview*

Earnings attributable to shareholders for the year ended 30 June 2016 decreased by 55% to R13,2 billion from R29,7 billion in the prior year. Headline earnings per share (HEPS) decreased by 17% to R41,40 and earnings per share (EPS) decreased by 56% to R21,66 compared to the prior year.

Operating profit of R24,2 billion decreased by 48% compared to the prior year on the back of challenging and highly volatile global markets. Average Brent crude oil prices moved dramatically lower by 41% compared to the prior year (average dated Brent was US$43/bbl for the year ended 30 June 2016 compared with US$73/bbl in the prior year). Although commodity chemical prices were lower due to depressed oil prices, there was still strong demand and robust margins in certain key markets. The average basket of commodity chemical prices decreased by 22% compared to a 41% decrease in oil. However, the average margin for our speciality chemicals business remained resilient compared to the prior year. The effect of lower oil and commodity chemical prices was partly offset by a 27% weaker average rand/US dollar exchange rate (R14,52/US$ for the year ended 30 June 2016 compared with R11,45/US$ in the prior year). On average, the rand/bbl oil price of R630 was 25% lower compared to the prior year.

* All comparisons refer to the prior year ended 30 June 2015. Except for earnings attributable to shareholders
and the RP cash conservation measures, all numbers are quoted on a pre-tax basis.

The highlights of our operational performance can be summarised as follows:

- Secunda Synfuels Operations (SSO) increased production volumes by 1%, or 97 kilo tons (kt), compared to the prior year, to a record 7,8 million tons;
- Production volumes at our Eurasian Operations, increased by 4% compared to the prior year;
- Total liquid fuels production for the Energy business increased by 1% (0,6 million barrels) compared to the prior year due to higher total production volumes by SSO, continued stable operations at the Natref Operations and a greater portion of SSO's volumes being utilised by the Energy business as a result of planned commissioning activities associated with the C3 Expansion Project;
- The average utilisation rate of our ORYX GTL facility in Qatar was impacted by a planned extended statutory shutdown in the third quarter of the financial year. Subsequent to the shutdown, utilisation rates averaged above 100% of nameplate capacity, enabling us to achieve an overall utilisation rate of 81%, which is in line with previous market guidance provided;
- Secunda Chemical Operations' production volumes were 1% higher than in the prior year;

- Despite the largest planned statutory shutdown since its inception, Sasolburg Operations' production volumes remained in line with the prior year. The planned extended statutory shutdown resulted in a 21% decrease in ammonia production compared to the prior year. This was partly offset by the slightly slower than planned ramp-up of our FTWEP facility which contributed 8 kt per annum of additional hard wax production during the year. Normalised production volumes for the Sasolburg site increased by 2%;
- Sales volumes from our Base Chemicals business decreased by 8% as a result of a planned extended shutdown to enable the commissioning activities of the C3 Expansion Project, subdued demand for explosives and fertilizers and a planned stock build. Normalised sales volumes decreased by 2,6% on a comparable basis; and
- Sales volumes from our Performance Chemicals business, normalised for the planned shutdowns at our Sasolburg facilities and ethylene plant in North America, increased by 1,8% compared to the prior year.

We continued to drive our cost containment programme and held cash fixed costs flat in nominal terms compared to the prior year. Excluding the impact of inflation, exchange rates and a reduction in once-off costs, our cash fixed costs reduced by 8,1% in real terms compared to the prior year. The strong cost performance was achieved by an accelerated sustainable delivery of our Business Performance Enhancement

Programme (BPEP) and RP.

Given a lower for much longer oil price environment, we have revised our company-wide BPEP to achieve sustainable savings at an exit run rate of R5,4 billion by the end of the 2018 financial year. In 2016, we delivered actual sustainable cost savings of R4,5 billion, exceeding our exit run rate target of R4,3 billion. Cost trends are still forecasted to track South African producers' price index (SA PPI) from the 2017 financial year. Implementation costs amounted to R278 million for the year compared to R1,9 billion in the prior year.

Our comprehensive RP, focusing on cash conservation in reaction to the lower for much longer oil price environment, has continued to yield positive cash savings in line with our 2016 financial year targets, despite margin contraction and difficulties experienced in placing product. The RP realised R28 billion of cash savings for the year and exceeded the upper end of our original 2016 financial target of cash savings of R16 billion by R12 billion. The RP places the company in a strong position to operate profitably within a US$40-50/bbl oil price environment. During the year, we updated and extended the scope of the RP to at least the 2018 financial year to ensure continued balance sheet strength and earnings resilience at notably lower oil price scenarios. We also increased the target from R30 billion to R50 billion to between R65 billion and R75 billion. Most of the savings will be delivered from the current RP work streams. We expect our sustainable cash cost savings to increase to R2,5 billion by the 2019 financial year, up R1 billion from the previous market guidance provided of R1,5 billion.

Labour transitioning processes relating to the BPEP and RP were concluded during 2016 and we expect our full time equivalent sustainable headcount, excluding our growth projects, to remain at approximately 30 000, a 15% decrease from the 2013 base of approximately 35 400. In South Africa, we have concluded wage negotiations within the Petroleum and Industrial Chemical sectors. Negotiations with the Mining sector were successfully concluded with four of the five unions. Negotiations with the Association of Mineworkers and Construction Union (AMCU) are continuing.

Sasol's profitability was impacted by the following notable once-off and significant items:

- a net remeasurement items expense of R12,9 billion compared to a R0,8 billion expense in the prior year. These items relate mainly to partial impairments of our low density polyethylene cash generating unit in the United States (US) of R956 million (US$65 million) and our share in the Montney shale gas asset of R9,9 billion (CAD880 million) due to a further deterioration of conditions in the North American gas market resulting in a decline in forecasted natural gas prices. We expect the low gas price environment to continue in the short to medium-term;
- a cash-settled share-based payment charge to the income statement of R371 million compared to a credit of R1,4 billion in the prior year. The credit in the prior year was largely due to a 29% decrease in the share price in financial year 2015; and
- the reversal of a provision of R2,3 billion (US$166 million) based on a favourable ruling received from the Tax Appeal Tribunal in Nigeria relating to the Escravos Gas-to-Liquids (EGTL) project.

The increase in the effective corporate tax rate from 31,7% to 36,6% was mainly as a result of the R9,9 billion (CAD880 million) partial impairment of our Canadian shale gas assets which was partially offset by the recognition of a previously unrecognised deferred tax asset on the Production Sharing Agreement (PSA) in Mozambique of R945 million. The normalised effective tax rate, excluding equity accounted investments, remeasurement items and once-off items, is 28,2% compared to 33,0% in the prior year, which is in line with our previous market guidance.

The valuation of our assets and liabilities were significantly impacted by the weaker rand/US dollar exchange rate, resulting in higher translation effects. Actual capital expenditure, including accruals, of R70,4 billion, is below our market guidance of R74 billion largely due to our cash conservation initiatives and actively managing the capital portfolio. This includes R42,4 billion (US$2,9 billion) relating to the Lake Charles Chemicals Project (LCCP).

Loans raised during the year amounted to R37 billion, mainly for the funding of the LCCP. Our net cash position remained favourable and decreased marginally by 2%, from R53 billion in June 2015 to R52 billion as at 30 June 2016, driven largely by our cash conservation initiatives and the impact of the favourable rand/US dollar translation effect.

Cash generated by operating activities decreased by only 12% to R54,7 billion compared with R61,8 billion in the prior year, despite an average 25% decrease in Rand oil prices. Notwithstanding reduced cash flows, our balance sheet has the capacity to lever up, as we continue to execute our growth plans and return value to our shareholders. Although our gearing increased to 14,6% compared to an ungeared 2,8% in the prior year, it remains below our previous market guidance of 20% to 40%, mainly as a result of a stronger than anticipated rand/US dollar exchange rate and delayed capital expenditure on a number of projects, including the LCCP. To manage the impact of price volatility and the lower for longer oil price environment, the Sasol Limited board of directors (Board) temporarily lifted our internal gearing ceiling to 44% until the end of the 2018 financial year. The net debt: EBTIDA ratio is forecasted to be below 2,0 times. We actively manage our capital structure and funding plan to ensure that we maintain an optimum solvency and liquidity profile.

Our dividend policy is to pay dividends within a dividend cover range based on HEPS. Taking into account the current volatile macroeconomic environment, capital investment plans, our cash conservation initiative, the current strength of our balance sheet, and the dividend cover range, the Board has declared a final gross dividend of R9,10 per share (21% lower compared to the prior year). The final dividend cover was 2,8 times at 30 June 2016 (30 June 2015: 2,7 times).

Solid operational performance supported by continued effective cost management

Operating Business Units

Mining – continued stable operations and unit cost below inflation

Operating profit increased by 9% to R4 739 million compared to the prior year, mainly as a result of meaningful contributions from the BPEP and RP levers. Normalised unit costs of production were contained to 5% below inflation for the second consecutive year. Our Syferfontein colliery produced a South African record of 11 million tons of production by an underground mine in a financial year. Export coal volumes decreased by 6% to 3,2 million tons and continued to benefit from the weaker rand/US dollar exchange rate.

Exploration and Production International – strong Mozambique operations delivery, however rest of business negatively impacted by low oil and gas prices

Exploration and Production International (E&PI) recorded an operating loss of R11 714 million compared to an operating loss of R3 170 million in the prior year. Excluding the partial impairment of our Canadian shale gas operations of R9 882 million (CAD880 million), our E&PI business recorded a loss of R1 832 million.

Our Mozambican operations recorded a profit of R1 128 million compared to a profit of R1 847 million in the prior year. The decrease is mainly due to translation losses of R673 million. Production volumes increased by 5% as a result of our efforts to debottleneck the production facility, coupled with the increase in gas transportation capacity to 169 billion standard cubic feet (bscf) and a full volume offtake by our joint electricity operations in Mozambique.

The lower oil price had a significant impact on our Gabon asset resulting in a loss of R994 million compared to a R1 124 million loss in the prior year, which included the partial impairment of the asset of R1 331 million. The new development wells which were brought on line during the financial year resulted in a 16% higher average of 18 824 barrels of oil production per day (on a gross basis) when compared to 16 284 barrels in the prior year.

Our Canadian shale gas asset in Montney generated an operating loss of R10 957 million, including a partial impairment of R9 882 million. Excluding the effect of the partial impairment, the loss decreased to R1 075 million compared to R1 153 million in the prior year, mainly due to a lower depreciation rate. Our Canadian gas production volumes were 5% lower compared to the prior year due to reduced development activities, driven by lower gas prices. In order to manage the shale gas asset through the low gas price environment, we concluded an agreement with our partner, Progress Energy, to settle the outstanding funding commitment of R4 160 million (CAD380 million) and reduce the pace of appraisal, development and drilling activities. An 18-month reduced work programme was approved in June 2016.

Despite the impact of lower gas prices and weaker oil prices affecting the profitability of the business, E&PI contributed R5,1 billion to Sasol's cash conservation initiatives during the year through reduced capital cash flow and exploration spend and cash fixed cost savings.

Strategic Business Units

Performance Chemicals – continued business resilience in a low oil price environment

Operating profit of R11 276 million decreased by 11% compared to the prior year mainly as a result of the R2 021 million FTWEP impairment reversal in the prior year. Normalising for this impact, operating profit increased by 5%. Our operating margin reflects the full annual depreciation charge being recognised on FTWEP, while the project is still ramping up to full production. The increase in operating profit is largely as a result of the weaker rand coupled with the resilience of the margins in our European surfactants and alcohols businesses, negated by lower ethylene prices which negatively impacted the margins of our assets in the US. Production volumes in our Eurasian Operations increased by 4%, while production volumes at our US Operations remained flat compared to the prior year.

Total sales volumes decreased marginally by 1% compared to the prior year, as a result of planned shutdowns at our ethylene plant in North America and our production facilities in Sasolburg, and reduced demand for oilfield chemicals. The decrease in wax and ammonia sales volumes were compensated by an increase of 4% in organic sales volumes. Normalised sales volumes were up by 1,8%. Normalised cash fixed costs decreased by 5,2%, in nominal terms, mainly as a result of BPEP and RP initiatives.

Base Chemicals – margin pressure partly relieved by improved cost performance

Operating profit decreased by 56% to R4 486 million compared to the prior year, and the operating margin decreased from 26% in the prior year to 13%. Excluding the partial impairment of our low density polyethylene cash generating unit in the US of R956 million (US$65 million) and R537 million impairment of our methyl isobutyl ketone business in Sasolburg, and other once-off items, operating profit decreased by

33% to R5 979 million compared to the prior year.

Sales volumes were down by 8% as a result of a planned extended shutdown to enable commissioning activities associated with the C3 Expansion Project, subdued demand for explosives and fertilizers and a planned stock build. Normalised sales volumes were down by 2,6%, of which 1% relates to the planned stock build. A 22% decrease in our basket of commodity chemical prices was partly negated by the weaker rand/US dollar exchange rate. In nominal terms, we reduced our cash fixed costs by 1,5% compared to the prior year, mainly as a result of benefits achieved from the BPEP and RP initiatives and a refinement of our cost transfer allocation methodology between SBUs.

Energy – record production volumes and solid cost performance, margins under some pressure

Operating profit of R14 069 million decreased by R8 457 million or 38% compared to the prior year despite a 41% reduction in crude oil prices. Operating margins held firm at 22%, mainly as a result of record production volumes, higher liquid fuels sales through higher yielding marketing channels, the weaker rand/US dollar exchange rate and contributions from the BPEP and RP initiatives. Normalised cash fixed costs remained flat in nominal terms.

The total production of refined product increased by 1% at both SSO and Natref Operations compared to the prior year. Sales volumes, however, remained flat on the back of challenging market and trading conditions experienced during the first half of the financial year, driven by lower demand for liquid fuels in Southern Africa, specifically in the agricultural, mining and manufacturing sectors. Gas sales volumes were 1% higher compared to the prior year, mainly due to higher methane-rich gas sales to commercial customers. Our share of the Central Térmica de Ressano Garcia (CTRG) joint operation in Mozambique delivered 653 gigawatt-hours of electricity.

As a result of the attractive returns generated by Sasol Oil (Pty) Ltd over many years, in February 2016 our black economic empowerment partner, Tshwarisano LFB (which holds 25% of the shares of Sasol Oil (Pty) Ltd), settled the last remaining portion of its debt relating to its equity shareholding. This represents the realisation of one of our key objectives over many years to deliver on transformation in the liquid fuels industry.

Energy's share of losses from equity accounted investments of R19 million, declined by R1 442 million compared to the prior year, mainly due to lower global oil prices. The ORYX GTL facility achieved an average utilisation rate of 81%, while maintaining a world class safety recordable case rate of 0,0. In Nigeria, the EGTL plant is still in its ramp-up phase and working towards stable operation to maximise diesel and naphtha production. A ramp-up in production volumes is expected following the planned shutdown that will occur during the first half of the 2017 financial year.

During February 2016, in light of the current economic environment, we decided to review our long-term strategic interest in the Uzbekistan Gas-to-Liquids (GTL) investment. As a result, in April 2016, we decided to withdraw from our equity participation in the project. This resulted in a net loss of R563 million.

Focusing on the LCCP in the US

Overall construction on the LCCP continues on all fronts, with most engineering activities nearing completion and procurement well advanced. At 30 June 2016, the capital expenditure was US$4,8 billion, and the overall project completion was around 50%.

A detailed review on the LCCP confirmed that the total capital cost for the project is expected to be US$11 billion, which includes site infrastructure and utility improvements. This is an increase of US$2,1 billion from the original estimate at the time of final investment decision (FID) in October 2014. This estimate includes a contingency, which measured against industry norms for this stage of project completion, is considered sufficient to effectively take the project to beneficial operation (BO) within the revised cost estimate. The schedule has not been impacted by the increase in cost estimate.

The US$2,1 billion capital cost increase is mostly attributable to the following factors, in an approximately equal proportion:

- a significant increase in site and civil costs, 50% more weather day delays and much lower field productivity;
- an increase in the home office and construction costs of the Engineering, Procurement, Construction and Management Contractor (EPCM); and
- an increase in labour costs and lump-sum contracts placed at higher rates than estimated.

Notwithstanding these challenges, various other savings opportunities have been identified and are being implemented to mitigate the increase in the overall capital cost estimate. With the project now over 50% complete, several changes have been, or are in the process of being, implemented which are intended to ensure that the project has a good probability of being completed within the updated cost and schedule guidance. These actions address the root causes of process weaknesses identified during the detailed review process and include improved productivity and construction readiness that will be achieved through focused risk management processes, improved phasing of engineering, cost-effective mobilisation of resources and synchronised workface planning, improved change management practices and key project leadership personnel changes.

Although unplanned event-driven risks may still impact the execution and cost of the project, we are confident that the remaining construction, procurement, execution and business readiness risks can be managed within the estimate as a result of these changes.

Even though the expected capital expenditure for LCCP has increased, we do not expect this to result in the company exceeding its self-imposed gearing targets. Our funding strategy has not changed as a result of the higher estimated capital expenditure and the project will continue to be funded from existing facilities and ongoing group cash flow. Despite the lower expected returns, we still consider the LCCP to be a sound investment that will return value to our shareholders for many years into the future. Further details are available in the Investor Fact Sheet on the Sasol website, www.sasol.com.

Advancing other projects to enable future growth

We are encouraged by the headway we are making in delivering on our project pipeline:

- Focusing on our asset base in Southern Africa:
- Our strategic R14,0 billion mine replacement programme, which will ensure uninterrupted coal supply to SSO in order to support Sasol's strategy to operate its Southern African facilities until 2050, is nearing completion. The Impumelelo colliery achieved BO during October 2015, within budget. The Shondoni colliery achieved BO, within budget, during April 2016.
- We completed the Secunda growth programme below budget, with actual spend of R13,8 billion. The completed projects ensured the full realisation of the envisaged volume and electricity benefits.
- The expansion of our FT Wax facility in Sasolburg is progressing well. BO for phase two is on track for the first half of the 2017 calendar year. The total project cost for both phases remains unchanged at

R13,6 billion.
- Construction of the R2,7 billion Loop Line 2 project on the Mozambique to Secunda Pipeline (MSP) has progressed well, following the Final Investment Decision taken during August 2015. Loop Line 2 will increase the MSP's annual gas transportation capacity from 169,4 bscf to 191,0 bscf. BO is expected to be reached during the first quarter of the 2017 calendar year. The project is on schedule and within budget.
- As part of Sasol's efforts to grow its interest in Mozambique, a Field Development Plan (FDP) was submitted to the Mozambican regulatory authorities in February 2015 for the first phase of development of the Production Sharing Agreement (PSA) licence area. The PSA FDP was approved by the Government of Mozambique on 26 January 2016. The first phase of the PSA licence area development consists of an integrated oil, liquefied petroleum gas (LPG) and gas project adjacent to the Petroleum Production Agreement area. We also received approval from the Government of Mozambique, in January 2016, to develop a fifth train at the Central Processing Facility to process additional gas from the PSA licence area. The total estimated project cost for tranche one of the first phase of the PSA licence area and the fifth train is estimated at US$1,4 billion. The project is in its early stages of execution with the drilling rig proceeding with the 13 well drilling programme.
- Growing our footprint in North America:
- Construction of our 50% joint venture high-density polyethylene plant with Ineos Olefins and Polymers USA continues to progress, and is on track for mechanical completion early in the 2017 calendar year. Upon completion, the plant will be the largest bi-modal high density polyethylene (HDPE) manufacturing facility in the US with a nameplate capacity of 470 kt annually. Our current approved capital is US$299 million (Sasol share), however, the operator (our joint venture partner) is experiencing more cost and schedule pressure in delivering the project. We continue to work with our joint venture partner to manage these pressures on the project and an update will be provided at the mid-year results announcement. The start-up is also coming at a more opportune time as market conditions remain favourable due to lower feedstock costs along with the premium margins associated with bi-modal resins.

Maintaining our focus on sustainable value creation

We continued to deliver on our broader sustainability and community contributions during the year:
- Safety remains a top priority for Sasol. Regrettably, we did however experience the loss of two of our colleagues during the financial year. Our thoughts remain with these colleagues' families and friends. Our safety RCR for employees and service providers, excluding illnesses, improved to 0,29 at 30 June 2016 (0,32 as at 30 June 2015). We have increased our focus on safety and strive for zero harm.
- During the year, we invested R1,2 billion in skills development and socioeconomic development, which includes our Ikusasa programme, bursaries, learnerships and artisan training programmes. The Ikusasa programme focuses on education, health and wellbeing, infrastructure, and safety and security in the Secunda and Sasolburg regions. We invested R50 million in Secunda and R34 million in Sasolburg during the year, with a further R89 million planned for 2017. The total planned Ikusasa investment amounts to R800 million.
- As part of our commitment to communities and the Ikusasa programme, we distributed over 100 new bursaries and scholarships in South Africa, Mozambique and the US. We held the Sasol Techno X expo in South Africa hosting 22 000 learners from 300 schools; invested in artisan training benefitting 60 young people in Mozambique and South Africa; upgraded 3 clinics and constructed 2 new clinics in South Africa and Mozambique; upgraded 4 sewer reticulation systems in South Africa; and installed a new electrical substation in Secunda. In the US, we initiated monthly certification workshops to enable the local community to access business opportunities.
- While we support the transition to a lower carbon economy, we are concerned that the proposed carbon tax in South Africa will diminish the country's competitiveness. It also cannot address the structural issues that lie at the heart of the country's greenhouse gas intensity. The proposed design of the carbon tax creates substantial regulatory and investment uncertainty as there is insufficient clarity relating to the phases of the tax proposed in the draft carbon tax bill, especially post 2020. This is exacerbated by the fact that the carbon tax is not aligned with the carbon budget system which is currently in the trial

phase of implementation. Sasol continues to engage with the South African Government on the carbon tax issue.

- To ensure our ongoing compliance with new air quality regulations in South Africa, Sasol applied for certain postponements to manage our short-term challenges relating to the compliance timeframes. We have received decisions on our postponement applications from the National Air Quality Officer, which, while aligned with our requests, imposed stretched targets in terms of our atmospheric emission licences. Our R2,8 billion volatile organic compound abatement programme remains on track to achieve our targeted reductions of volatile organic compounds emissions by 2020.
- We continue to measure our comprehensive climate change response in accordance with our key performance indicators. Our total greenhouse gas (GHG) emissions globally reduced marginally to 69,3 million tons compared to 69,8 million tons in the prior year. Our GHG emissions intensity (measured in carbon dioxide equivalent per ton of production) increased to 3,68 compared to 3,58 (restated) in the prior year. GHG targets in South Africa are being developed in conjunction with the South African government's process for setting carbon budgets.
- The 2016 utility Energy Intensity Index (EII) for our operations in South Africa improved by 0,7% from the previous year. In accordance with the new National Energy Efficiency Strategy for 2030, Sasol's 2015 fiscal year result will be the new baseline for measuring the next 15 years' energy efficiency performance. For the 2016 financial year, we excelled beyond our internal target of sustaining the final performance under the voluntary Energy Efficiency Accord which came to an end in 2015, demonstrating our commitment to continued energy efficiency.

- During the year, we paid R36,8 billion in direct and indirect taxes to the South African government. Sasol remains one of the largest corporate taxpayers in South Africa, contributing significantly to the country's economy.
- In 2016, in terms of the Department of Trade and Industry's revised Codes of Good Practice, our B-BBEE contributor status declined to level 8 from level 4. We view B-BBEE in South Africa as a business imperative and have embarked on a project to realise the goals envisaged by the revised codes by 2020.

Profit outlook* – solid production performance and cost reductions to continue

The current economic climate remains volatile and uncertain. While the outcome of the United Kingdom referendum, regarding its exit of the European Union, adds a further element of uncertainty and downside risk to the global economic outlook, we expect moderate global growth to be maintained, with advanced economies generally performing better than commodity- and oil-exporting nations. In the short-term, high oil inventory levels are expected to continue weighing on the market, but as more evidence emerges of lower non-OPEC production, the oil price cycle is likely to turn higher. The extent and timing of this upturn remains unpredictable. Although the rand showed some resilience in recent months, it is believed that the currency still faces a number of near-term depreciation risks as the possibility for a sovereign credit downgrade has not been eliminated, domestic growth prospects remain challenging, and emerging market sentiment is still fragile. As oil price and foreign exchange movements are outside our control, our focus remains firmly on managing factors within our control, including volume growth, cost optimisation, project execution, effective capital allocation and cash conservation.

We expect an overall strong operational performance for the 2017 financial year, with:
- Liquid fuels sales volumes for the Energy SBU in Southern Africa to be approximately 61 million barrels;
- Base Chemicals and Performance Chemicals sales volumes to be higher than the prior year;
- A higher average utilisation rate at ORYX GTL in Qatar of approximately 90%;
- Improved utilisation rate at EGTL in Nigeria due to a steady ramp-up;
- Normalised cash fixed costs to remain in line with SA PPI;
- The RP cash flow contribution to range between R15 billion and R20 billion;
- BPEP cash cost savings to achieve an annual run rate of R5,4 billion by financial year 2018;
- Capital expenditure, including capital accruals, of R75 billion for 2017 and R60 billion in 2018 as we progress with the execution of our growth plan and strategy. The LCCP capital spend market guidance has been provided in the Investor Fact Sheet available on our website at www.sasol.com. Capital estimates may change as a result of exchange rate volatility;
- Our balance sheet gearing up to a level of between 25% and 35%;
- Average Brent crude oil prices to remain between US$40 and US$50; and
- Ongoing rand/US dollar volatility due to various factors, including the pending outcome of the next review of the South African sovereign credit rating and increased capital inflows resulting from investors seeking higher yields globally, including South Africa.

* The financial information contained in this profit 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.

Disposal of a business

In April 2016, we decided to withdraw from our equity participation in the Uzbekistan Gas-to-Liquids (GTL) project, resulting in a loss of R563 million.

Subsequent events

In August 2016, Sasol completed its detailed review of the LCCP, and confirmed that a high degree of certainty exists over the capital cost estimated at US$11 billion. The LCCP is more than 50% complete, and after the implementation of improved change management practices and key project leadership personnel changes, management remains confident that the project is a sound strategic investment that will return value to our shareholders.

Competition law compliance

The South African Competition Commission is conducting continued proceedings against various petroleum products producers, including Sasol. The Competition Commission is conducting an investigation into Sasol's

South African polymer business, and it is finalising a market inquiry in the South African LPG market. We continue to interact and co-operate with the South African Commission in respect of the subject matter of current leniency applications brought