



The South African Gas Development Company (SOC) Ltd

Mozambique South Africa Gas Pipeline (ROMPCO)

24 August 2021
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Agenda



1. Introduction ROMPCO
2. Asset Description
3. Transformation:
 - 3.1 Transformer (Operating Capability)
 - 3.2 Sasol Share Purchase
5. Reflection On Insurgency Risk

1. INTRODUCTION TO ROMPCO



1. Legal Entity:

Republic of Mozambique Pipeline Investment Company PTY Ltd (ROMPCO) is South African registered entity with registration number 2000/013994/07

2. Current Shareholding Structure

There are currently three shareholders namely Sasol Gas Holding Pty Ltd; South African gas Development Company SOC Ltd (iGas) and Companhia Mocambicana De Gasoduto S.A.R.l (CMG) who respectively hold 50%/25%/25%

Sasol Gas Holding Pty Ltd with registration number 2000/13669/07 holds private South African interests.

iGas with registration number 2000/024548/07 holds South African Government interests

CMG is a foreign entity that holds Mozambique Government Interests

3. Fundamental Agreement

- Cross Border Agreement – The agreement between the Government of South Africa and Mozambique concerning natural gas trade between South Africa and Mozambique. Valid for 25 years from 1st Gas delivery unless there is an amendment that is mutually agreed by both parties. (2030 expiry)
- Pipeline Agreement – The agreement between ROMPCO, Sasol and respective Government granting exclusive rights to build, own and operate pipeline for period of 30 with an option of two extensions of 5 years per extension subject to government approvals.
- Gas Transportation Agreement (GTA) - The commercial agreement between shippers and ROMPCO for transportation of Gas.
- Operating & Maintenance Agreement (OMA) – Agreement between Sasol and ROMPCO in which ROMPCO appoints Sasol as the operator until such time ROMPCO is fully capacitated or the parties mutually agree to terminate.
- Management Services Agreement (MSA) – Agreement between Sasol and ROMPCO in which Sasol was appointed to manage ROMPCO activities.

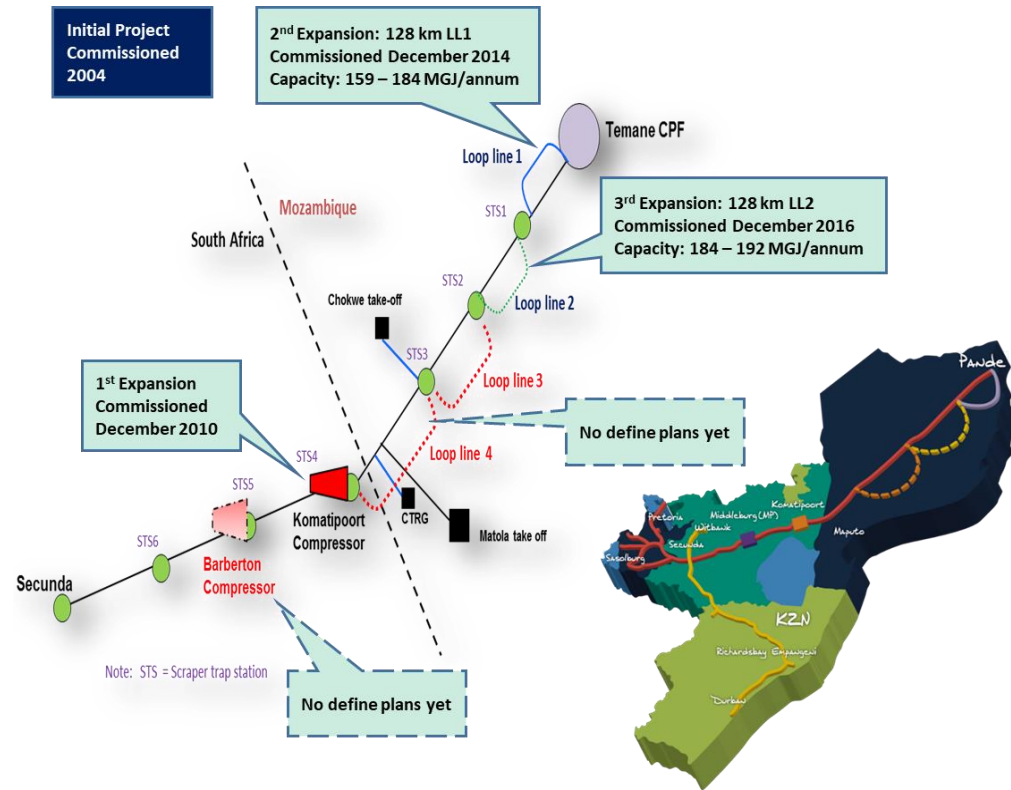
1. INTRODUCTION TO ROMPCO



Governance Interfaces with ROMPCO

	Governing Authority	iGas Representative @ 25%
1	ROMPCO Board Of Directors	iGas Chairperson iGas CEO CEF CFO
2	iGas Shareholder Representative	iGas Executive
3	Board Subcommittee GovCom (Audit & Risk)	Director
4	Boar Subcommittee Remuneration, Social & Ethics	Director
5	Management Committee: Operations Committee	Shareholder Rep (iGas Shareholder Rep)
6	Management Committee Technical Committee	Shareholder Rep (iGas Shareholder Rep)

2. Asset Description



- 26", 865km gas transmission pipeline from Temane in Mozambique to Secunda in South Africa
- The majority (500km) is physically located in Mozambique
- Critical infrastructure linking Pande/Temane gas fields to South African and Mozambican Markets
- Commissioned in 2004, initially developed with throughput capacity of 126 PJ/a
- Has undergone 3 expansions to increase throughput capacity to 218 PJ/a
- Currently importing about 160PJ/A (Rounded Off) of which two thirds is consumed by Sasol and a third is sold to Industrial Users in Mpumalanga, Limpompo and Gauteng.
- There is currently available spare capacity of about 50PJ/a to bring additional gas to South Africa without infrastructure investment.
- ROMPCO in progress of commissioning expansion studies in light of future gas demand, assuming there are no gas supply constraints. The study will look at all supply options.

3. Transformation



- 1. Transformer Background
- Prior to Transformer ROMPCO was operated as a Sasol Subsidiary
- ROMPCO had 1 employee (General Manager, Sasol Seconded)
- Sasol relationship governed by
 - Management Services Agreement (MSA); and
 - Operating Maintenance Agreement (OMA)
- Government shareholders concerned about not having equitable participation in running of the business
- Shareholders resolved to implement Project Transformer in 2018
- AT Kearney appointed to assist with design and implementation of Transformer
- Risk based approach was adopted
- Phased implementation of replacing MSA with ROMPCO appointed management and separation of accounts from Sasol to be implemented by June 2021

3. Transformation



Shareholder Business Model Design Principles

As an outcome of a series of workshops among all shareholders, seven design principles were aligned upon

Seven operating model design principles

Step 1: Align on a set of operating model design principles

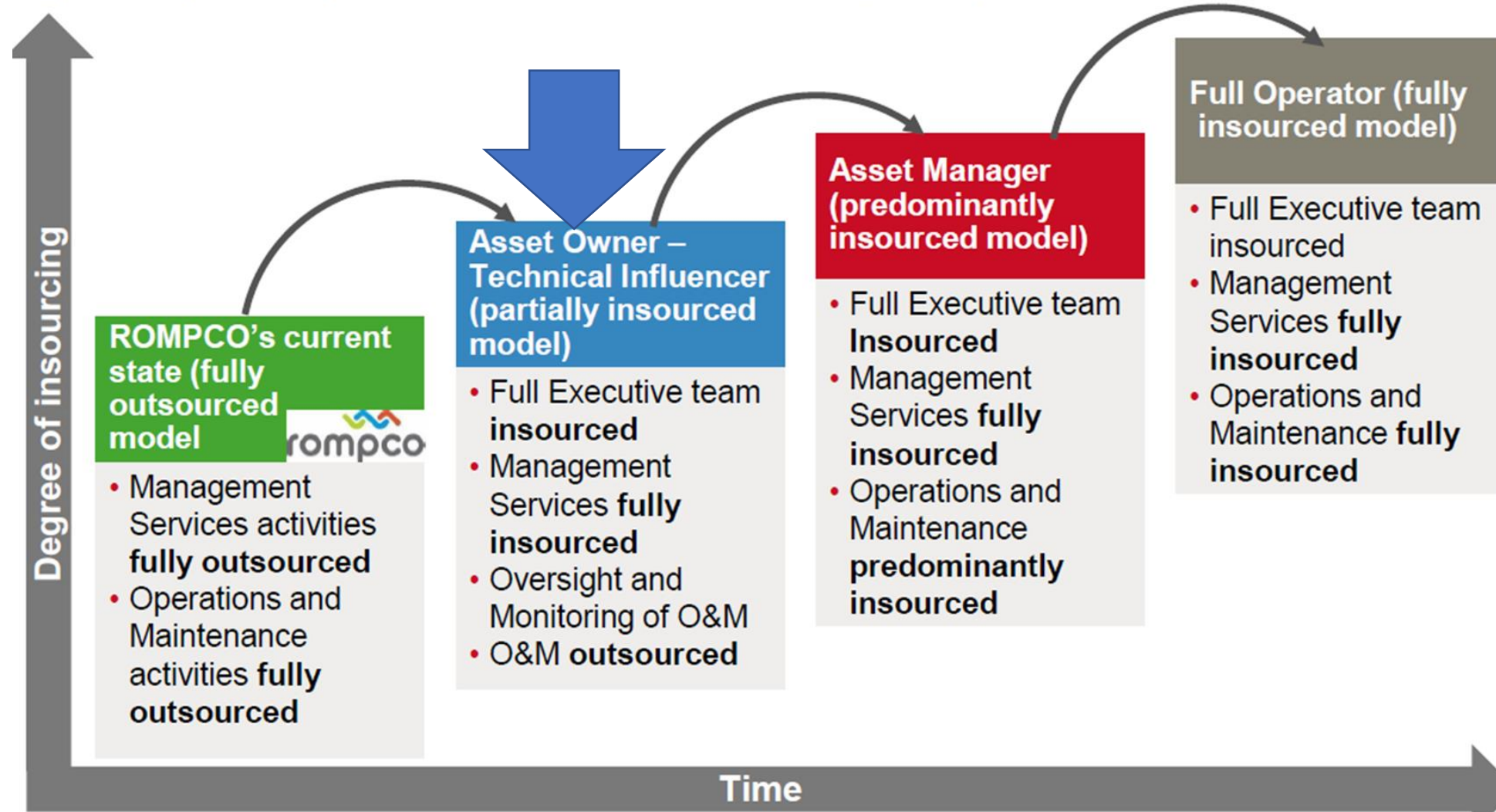


1	An operating model that is <u>economically viable</u>
2	An operating model that promotes <u>safe and reliable operations</u>
3	An operating model that promotes <u>good governance and adherence to legal requirements</u>
4	An operating model that supports <u>strategy execution</u>
5	An operating model that supports <u>localised capability development and procurement</u>
6	An operating model that ensures a <u>timeous transition</u>
7	An operating model that promotes <u>ROMPCO's independence & development of its culture</u>

3. Transformation



Envisaged Transformation Journey



Critical Technical Influencer Building Blocks



Job descriptions



25 job descriptions including job grades and salary benchmarks

Gov. structure and company policies



10 company policies and a detailed governance handbook

Process manuals



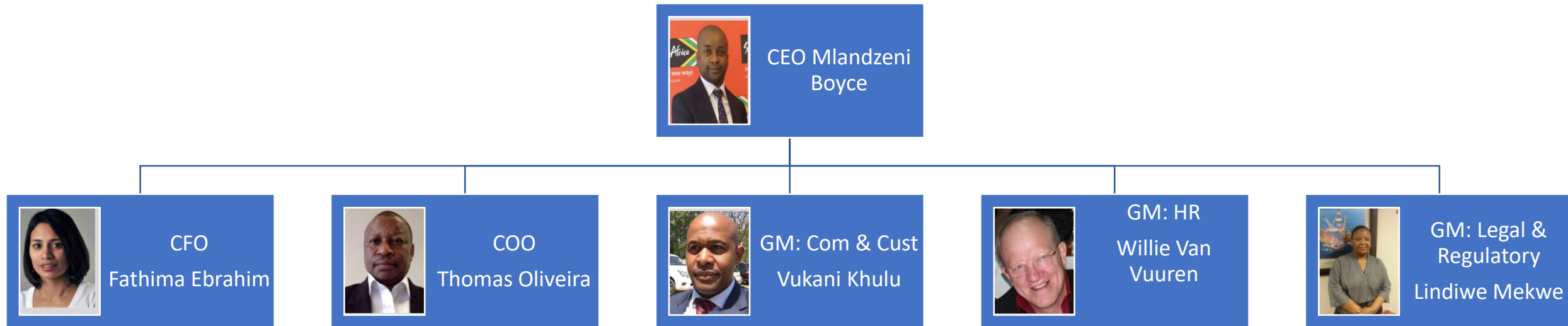
9 process manuals, covering ~100 processes and over 500 pages

Supporting plans



Detailed implementation plan, change management plan and IT transition plan

ROMPCO EXECUTIVE



Overall Performance

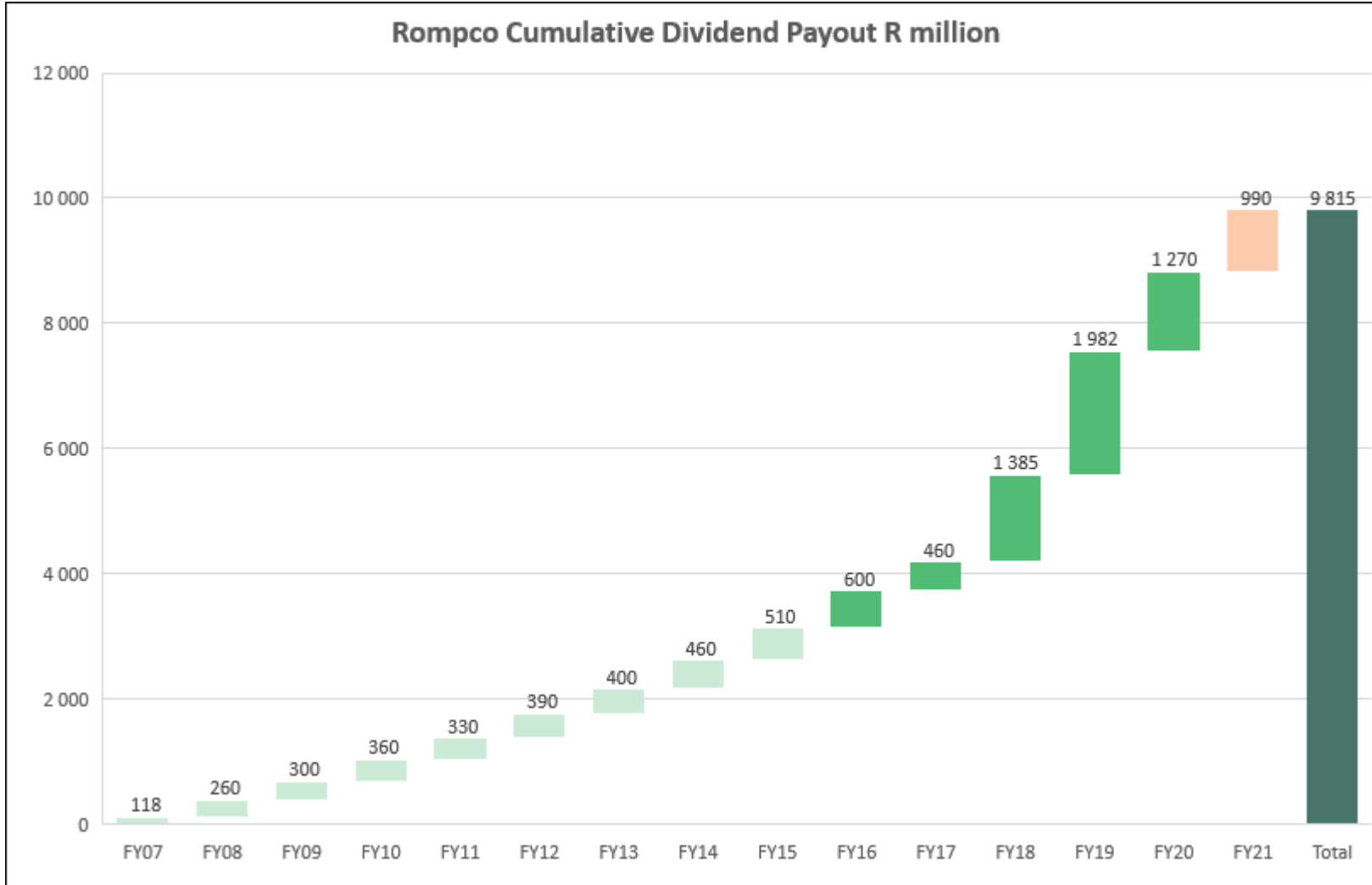


Ref	KPA	Performance Level	Comments
1	Financial	Good	FY21 Dividend estimate R990million FY22 Dividend estimate R1,4billion due to payment of outstanding debts
2	Plant Integrity	Good	No major findings from independent Technical Audit by Bureau Veritas. Pipeline Integrity Management Plan submitted to Board after being reviewed by Technical and Operations Committee
3	Occupational Health & Safety	Good	Good Performance supported by SHE reports. 1 Major reportable incident in last 15 years. RCA and improvement plans underway
4	Compliance & Regulatory	Good	Previously raised GTA related issues by NERSA resolved Negotiating GTAs application that ensures commercial protection and NERSA compliance with Sasol Implementing measures in for regulatory changes in Mozambique
5	Risk		Gas Supply Risk: Sasol addressing it Sasol engaging CEF on different platform

Dividends



Rompcu Cumulative Dividend Payout R million



- Cash Generative Asset
- R9.8 billion dividends since 2007
- R5.6 billion in the last 5 years
- R990 million forecast doe FY21
- R1.4 billion forecast for FY22

SASOL SHARE PURCHASE AGREEMENT



- Due diligence, valuation and business case completed
- Investment approvals granted
- Approval to support funding CMG for the transaction granted
- Standard Bank was appointed as the Lender
- iGas exercised pre-emptive right together with CMG to buy the 30% shareholding on offer. iGas shall be come 40% shareholder as well as CMG. Sasol remains the 20% shareholder
- Standard Bank is the approved Lender for the transaction
- Credit Guarantee issued to Sasol
- Financial Close Process underway

Reflection on insurgence



➤ Mozambique Side

Pipeline starting point is approximately more than 1500km away from the insurgence hot spot in the north.

ROMPCO takes comfort from SADC troops that are re-inforcing Mozambique troops to fight insurgence

➤ South African Side

- No damages from recent threats
- ROMPCO had opted to list Komatipoort as the National Key Point in June 2021 following a detailed assessment. Implementation underway
- ROMPCO is still to assess value and costs of extending NKPA to the entire pipeline network

Thank You

