CEF Group Strategy & Corporate Plan

Presentation to the Portfolio Committee on Mineral Resources and Energy

6 May 2022

Group of Companies

Group Reset

Purpose

- Provide and overview of the ***CEF Group Operating environment*** and key strategic drivers that shape the CEF Group future outlook.
- Share the high level ***CEF Group Strategy and Corporate Plan*** which is our strategic response to external and internal factors across the energy value chain. This outlines the ***three Strategic Horizons***
- Outline CEF Group's ***Five Core Strategic Objectives/Themes*** that underpin our Corporate Plan
- Provide an overview of the Group Score card and priority initiatives to support the stabilisation and Growth agenda,
- Unpack the ***Group's Financial plan*** and related budgets
- Share the high level Group Risk Plan to ensure better chances of success
- Concluding remarks and way forward

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Part 1A

External Environment Contextualisation

Group COO Dr Mokoka

Who we are

…leading diversified energy company…

… to be the catalyst for economic growth…

… poverty alleviation…

… provides sustainable energy solutions for Southern Africa…

… ensure security of supply…

… contribute to national energy security

Duel Mandate- Developmental & Commercial objectives

… grow our footprint in energy sector…

… ensure access to acceptable affordable energy in Southern Africa

… employ 1989 people across the Group

AFRICAN EXPLORATION MINING AND FINANCE CORPORATION (PTY) LTD

… secure energy producing and beneficiable mineral resources

… drive transformation in the SA mining industry

399 employees

PETROLEUM AGENCY SA

… promote exploration for onshore & offshore oil & gas resources on behalf of government

… regulate exploration & production activities

84 employees

SFF
A Subsidiary of CEF (SOC) Ltd

…Storage of strategic stock

… supporting the region's energy needs…

….mitigate against market failures

166 employees

iGas

…gas transmission pipelines and related projects.…

… leading the energy security and just transition for South Africa

3 employees

PetroSA

exploration and production of oil and natural gas

… marketing and trading of oil and petrochemicals

1226 employees

3 Merging Entities

CEF (SOC) Ltd

CEF Group operates across the value chain

Upstream Oil & Gas

PETROSA -Exploration & Production
- PetroSA Ghana
- All indigenous oil and gas opportunities

PASA

Promotion, Licensing and Regulating the exploration and production of the country's natural oil and gas resources and data storage thereof

—Exploration
—Field Development
—Production Operations

Acquisition of exploration rights and search for hydrocarbons below earth's surface

Developments of oil fields and extraction of hydrocarbons from reserves

Raw Crude/Gas

Mid Stream

SFF
- Tankage/Strategic Stocks
- Logistics Infrustructure

PETROSA

Project Development, Feedstock processing

CEF CARBON

Renewables
Alternative Energy
ACWA Redstone

iGas

Gas and Gas infrastructure-ROMPCO

—Transportation
—Processing
—Storage & Distribution

The movement and storage of hydrocarbons using pipeline, ships, value chain maximisation & Renewables initiatives

Feedstock

Downstream

Petro SA

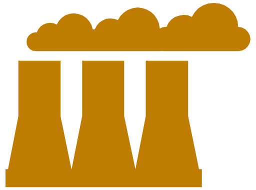
GTL Refinery Operations

CEF SOC persuing major acquision in the Refinery arena to support security of energy supply for the country

—Manufacturing
—Refining & Petro-Chemicals
—Wholesale & Marketing

The refining, processesing and blending of hydrocarbons to make fuels & chemical products

PetroSA :
Marketing and supply of finished products to end users to fuel economic activity



AEMFC – Mining coal in support of Power Generation & other mining activities

There are many benefits that can be exploited by being in a Group

How we add value as the CEF Group

INPUTS	BUSINESS ACTIVITIES AND PROCEDURES	OUTCOMES VALUE CREATION ON SUSTAINABLE DEVELOPMENT ISSUES	
Financial Capital – Cash flows from operating activities and investments – Total Equity & Loans – Dividends from Investments	Energy strategic leadership SALES & Marketing	**Financial Value Creation** – Financial ratios of return ROCE, ROE & EVA – Net Profit – Financing capability and development of operations – Investment in energy infrastructure	✔
Industrial Capital – Industrial production and Renewable Energy Sources (RES) plants	Resource Evaluation & Promotion Mining and Production	**Product & Services** – Liquid fuel (Petrol, Diesel, Kero, LPG, Chemicals) – Storage facilities – Transmission pipelines	✔
Human Capital – Number of employees (direct & indirect) – Employees abilities and capabilities – Leadership	Upstream Exploration Development of Energy Project Pipelines Development of LNG infrastructure	**Development of Human Capital** – Healthy & safe working environment – Low turnover ratios of specialised employees – Stable workplace environment – Productivity improvement – Skills development & women empowerment	✔
Natural Capital – Coal & Gas – Air – Water & Land use	Refining & Production Regulatory & Data Management	**Respect of Natural Environment** – Fully compliance with environmental rules and regulations	✔
Social Capital – Social investment – Social license to operate – Disclosure & ethical governance – CEF's reputation	Energy Storage Expand national gas transmission pipelines Trading	**Social Contribution** – Job creation & local employment growth – Cooperation with local communities and regional administration – Support of local communities infrastructure & businesses – Taxes payments – Support of local suppliers & Energy poverty alleviation	✔

Global shift in the energy mix and what that means for the local energy landscape that shapes the CEF Group operating environment

Global trends

Global mega trends

- ***Geopolitical transition:*** The fragile transition to an intensely competitive, multipolar and ungovernable international order
- ***Geo-economics disruption:*** The increasingly pervasive use of economic instruments for geostrategic purposes
- ***Socio-demographic shift***: The changing structure of the human population and labour force and the evolution of social norms
- ***Technological revolution***: The transformative impact of the accelerating advance and diffusion of technology
- ***Environmental & resource system disruption***: The disruptive cross-domain impact of climate change, including intensifying strains on the global resource nexus

Global energy transition

- As part of the energy transition, the global energy mix is shifting towards renewables, reducing the reliance on carbon-intensive fossil fuels.
- The shift is predominantly driven by ***stricter regulations,*** spearheaded in the EU, while emerging market participants are lagging
- Global responses fall into two buckets, (Emissions reduction & Emissions utilization) driven by major technological breakthroughs to assist in driving Decarbonisation
- Energy major partnerships are key to driving the development of these cleaner energy technologies in the market

Local trends

Shift in the local energy mix

- South Africa's electricity generation mix is forecasted to shift in line with global trends towards cleaner energy sources
- Latest government policy guidelines indicate strong adoption for cleaner fuels into the local fuels mix
- Adoption of cleaner fuels by private sector participants (IPPs3) has been accelerated by the ongoing national electricity crisis which is need of a "just transition"
- Increased ***global pressure*** for South Africa to transform its energy landscape
- Developed economies are helping South Africa accelerate the energy transition though financing partnerships.
- Fragile state of ***domestic refinery capabilities*** with 4 refineries in a state of care and maintenance posing a massive security of energy supply risk*****

Implications to our business sectors

- Despite coal playing a critical role in the baseload energy supply for the next 10-15 years, the need for diversifying our mining sector is clear
- Natural gas in particular is forecast to experience strong growth in demand, that will need to be met with investment in distribution infrastructure
- The local refining sector does not find itself in a competitive market position, pressurized by both international importers & local regulations.
- Given the local refining challenges, liquid fuel imports are expected to grow significantly, necessitating government intervention

Nation states are in an intense period of pressure impacting the effectiveness of current governance practices

Challenges to Nation States

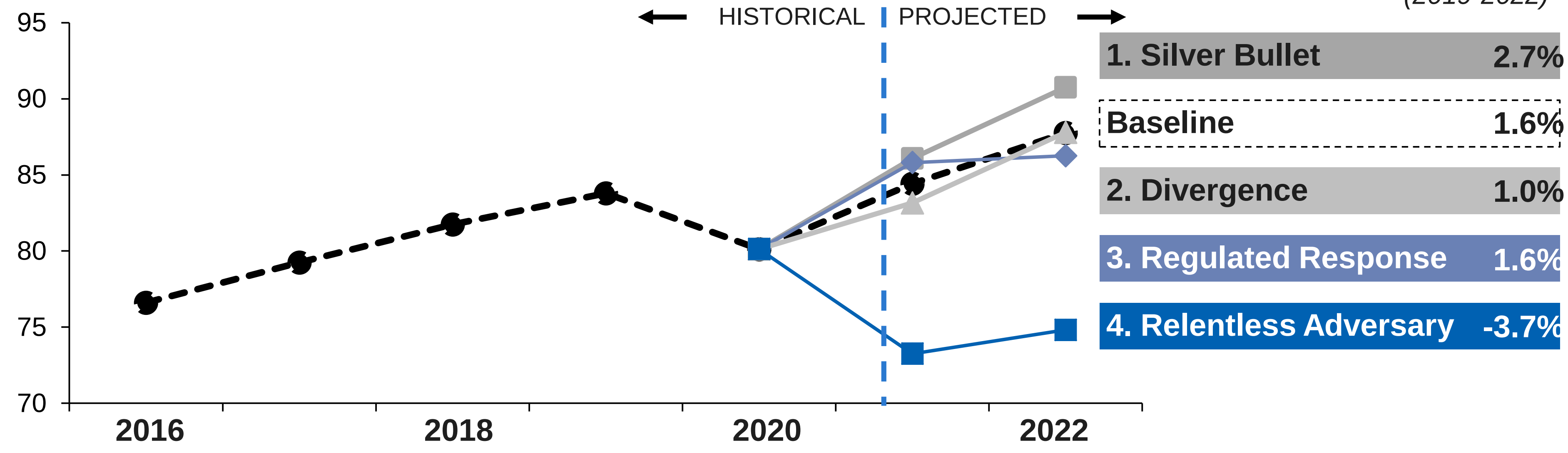
Growing debt	*COVID-19 has increased fiscal constraints on governments globally, with global debt increasing by $19.5 trillion in 2020*
Surge in disinformation and misinformation	*Mis- and disinformation are driving a wedge between already deeply divided partisan political groups across the world*
Rising inequality	*Gap between ultra-rich and those below poverty line increasing due to unregulated trade, globalisation and accelerated technological change*
Accelerating climate change	*As extreme weather events continue to grow in pace and scope, governments are facing a litany of mounting governance challenges*
Rise in populism	*Downward pressure on wages, inequality and nationalism continue to create instability and generate new forms of uncertainty for governments*

*An escalation of **ungovernability is materialising,** defined by polarisation and rising tribalism, that is increasingly **beyond the capacity of governments to address***

Source: CEF Working Team

Our economic growth forecast scenarios indicate a wide variability of potential growth trajectories through 2022 – and beyond

GLOBAL GDP Scenarios (2016-2022, USD Tn)
Real GDP growth (percent), % change y/y measurement



The recent developments in Ukraine and Russia has further compounded some of these assumptions

Source: CEF Working Team

Economic Outlook Scenarios 2020-2022

1 Silver Bullet

Effective vaccination and treatments developed in record time

Positive US-China relations

At the regional level, pandemic response is highly competent

Oil prices return to moderate levels more quickly than many expected

2 Divergence

Deeper economic and social inequality as national wealth becomes the primary determinant in successful pandemic management

Debt-driven financial crisis in emerging markets that introduces a second “double-dip” global recession in 2022

3 Regulated Response

Management and mitigation measures are partially effective

Investments in health and green technologies are accelerated

At the regional level, energy demand growth is modest as the global recovery is slow

4 Relentless Adversary

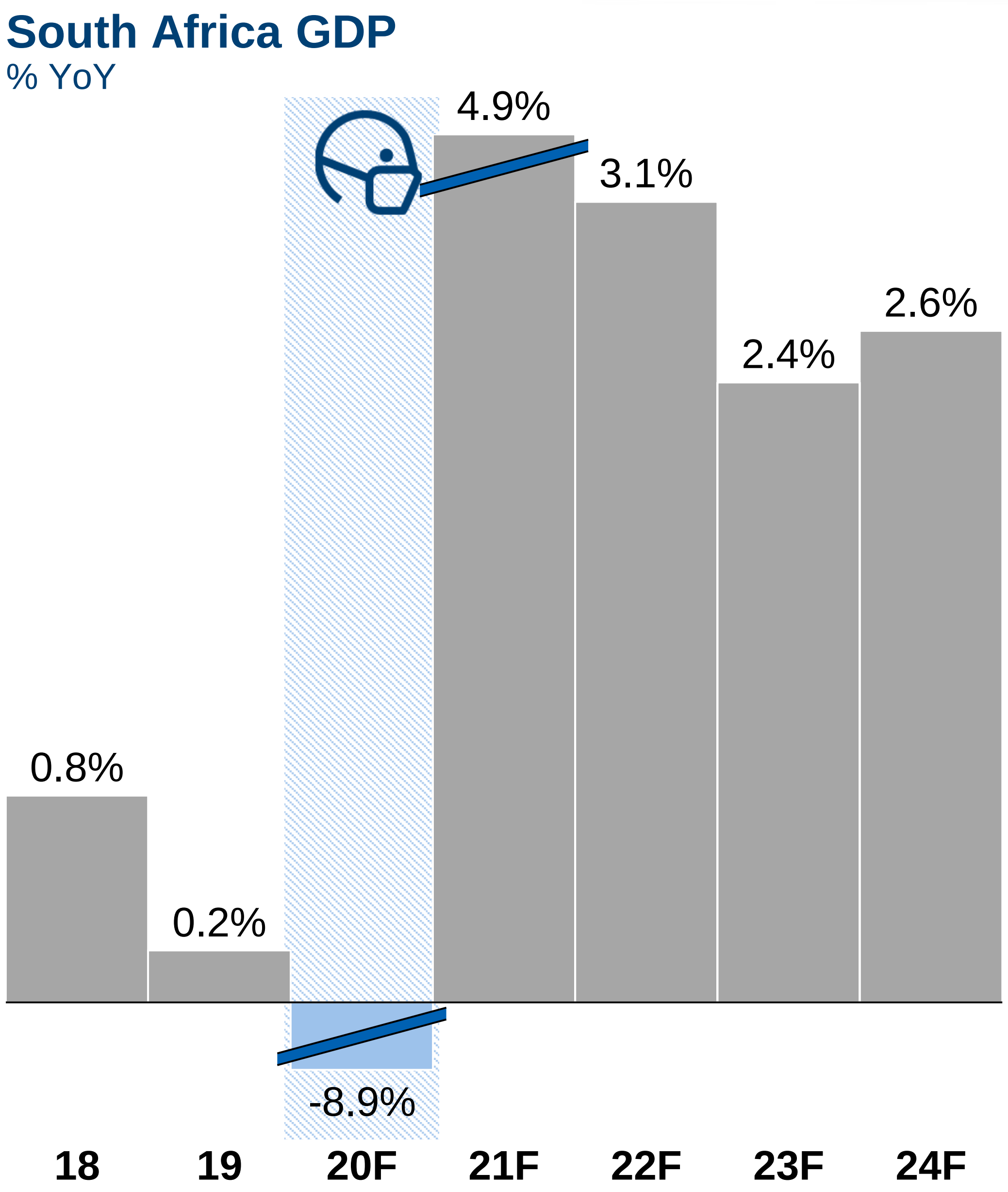
Successive waves of COVID-19 hit the international community

Increasing friction between states, including over medical supplies and food

At the regional level, global demand shock keeps oil production and prices depressed

Prior to COVID-19, SA's economy was already depressed and is experiencing further downward pressure as the pandemic unfolds

The government has created several focus areas for social and economic development guided by the 14 NDP1 outcomes



Falling growth levels – When the pandemic began in 2020, South Africa had just emerged from a technical recession due to two consecutive quarters of negative GDP growth in 2019

High unemployment rate - at the highest rate since 2003, with 29.1% in 2019 with 56% youth unemployed

Investment grade downgrade – All major credit rating agencies have downgraded SA sovereign debt to junk

Eskom electricity crisis - Unable power supply, rising tariffs & aging mismanaged infrastructure

Struggling SOE's – Dire state of SOEs which are in need of constant government bailouts with over R 113 bn in government funding committed to Eskom over the next 3 years

Depressed and volatile rand - Volatile and deteriorating currency driven by policy & economic uncertainty

Source: Oxford Economics; ABSA CIB; CEF Working Team

As the execution arm of government, SOEs play a crucial role in revitalising the economy in line with the focus areas of the ERRP

Economic Reconstruction and Recovery Plan

Purpose

"Build an economy that will create jobs, provide equitable distribution of income amongst all"

Objectives

ERRP[1] consists of high-impact interventions to kickstart the economy and to lay the foundation for a sustainable recovery

Key interventions

Infrastructure investment	Infrastructure Fund to provide R100bn in finance by 2030 and R1tr in new investment for new strategic infrastructure projects and maintenance of existing structures
Strategic localisation, industrialisation	Encouraging local beneficiation and limiting imports of goods that can be produced locally
Energy security	Expand energy generation capacity and unbundle Eskom to improve its efficiency in providing reliable electricity
Green economy	Accelerate the development of a greener and more sustainable economy through green industrialisation opportunities
Food security	Prioritisation of the Comprehensive Land and Agrarian strategy to ensure food security, to expedite the production of industrial crops, meats, fibers etc.
Tourism recovery and growth	Three phase recovery phase to stimulate the tourism industry namely, reignite demand, rejuvenate supply and strengthen enabling capabilities
Public employment programme	Provision of direct employment opportunities across various sectors with a focus on educating individuals within the informal sector
Macro economic policy	Accelerate the development of a greener and more sustainable economy through green industrialisation opportunities

Key developmental focus areas for SOEs

1. ERRP: Economic Reconstruction and Recovery Plan

Source: NDP 2030; Economic Reconstruction and Recovery Plan document; CEF Working Team

The trends have significant implications across value chain and the Group as a whole

Value chain implications

Upstream

- Urgency to drive **energy transition** to gas and renewables
- Despite this, **coal** still a **foundational energy source** for SA
- Monetisation of SA's gas requires a **state carry facilitator** to support and drive E&P

Midstream

- Local refineries face **significant threats** from:
  - Stricter **environmental regulations**
  - Cheap **imports**
- Refinery owners/operators must consider **repurposing** to facilitate imports
- Great opportunity to meet growing gas demand with investment in **gas distribution infra**.

Downstream

- Rapid small-scale adoption of **new energy sources** (biofuels, green H_2)
  - Wider adoption to be driven by developing **downstream retail networks**

Group-wide implications

Global socioeconomic shifts

- Growing **political** and **economic uncertainty** demands organisations be **agile and adaptable**
- **Food, water and energy security**, all impacted by rapid climate change, require urgent focus and investment
- **Technology a critical enabler** to drive efficiency and effectiveness to combat resource scarcity

National economic recovery

- SA's **structural challenges** (energy crisis, weak GDP growth, etc.) threaten the realisation of the NDP outcomes
- SA's **constrained fiscus** requires that SOEs drive critical interventions to **revitalise the economy**
- SOEs must develop robust **post-pandemic strategies** to ensure success and sustainability

Source: CEF Working Team

CEF (SOC) Ltd

Part 1 B

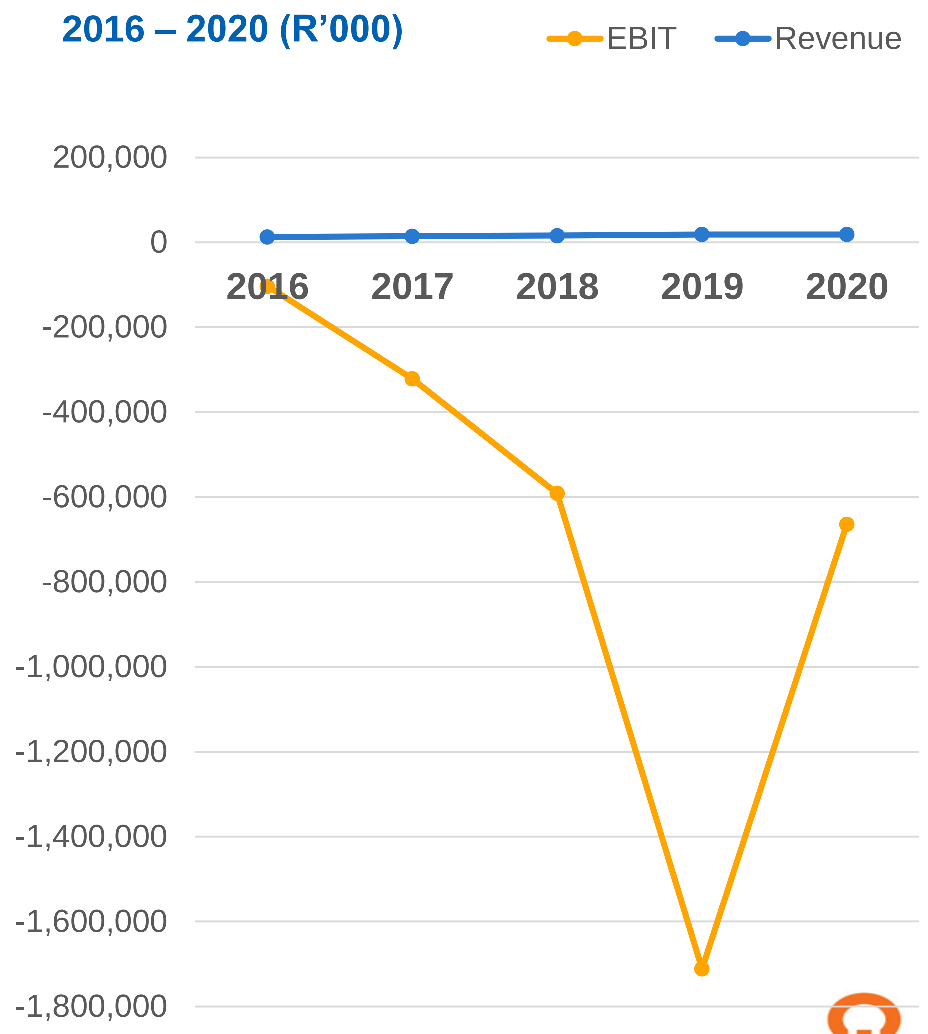
Internal Factors

AEMFC CEO Mr L Pitsoe

A National Treasury assessments, combined with banks & insurer concerns, have highlighted strategic challenges & management issues, which needed to be addressed to improve long term Group sustainability

Theme	Description
Group financial Sustainability	• Poor business performance by operational subsidiaries • Group asset allocation has a **blended return of -3.6%** • **Single source entities** - reliance on one customer (esp. Eskom), raising concentration risk with a lack of product and revenue diversification • Majority of projects in **feasibility stage** with no significant projects in the **execution stage** / phase to drive notable impact
PetroSA financial crisis	• Depleted feedstock and **reduced cash balances** • **Poor financial sustainability**, with large risk and a **partially funded decommissioning** liability • Currently unable to meet financial commitments in the medium term with no viable solution identified - posing a **threat to the Group's sustainability** (largest subsidiary)
Weak value proposition	• Lack of **synergy optimisation** across the Group • An **overlap in mandates** • **Inability to support shareholders** effectively when market failures arise • Lack of high impact, strategic presence across the value chain • Lack of access to **strategic infrastructure** and market positions • Ineffective operating models • Poor operational efficiency and production performance
Leadership & Culture	• A Group culture of apathy and lack of drive towards high performance and excellence • Poor organisation performance with deteriorating value • Rise in malfeasance and contravention of internal processes • Lack of **collaboration and coordination** across teams with slow decision making • **Lack of innovation** without drive towards continuous learning and improvement • Concerns of **brand reputation**, influenced by media leaks

Financial performance



Outcome is that CEF SOC has had to ***provide financial resources*** to some of the entities in financial distress.

CEF Group entities Life Cycle

Phase	Launch	Growth, Expansion & Shake Out	Maturity	Stagnant	Decline	Distress
Description	Development and launch of the business based on Ministerial directives ,strategic intents and objectives with a focus on product/service offering to define Value proposition.	Business is ***consistently generating revenue*** and adding value for its Shareholders. Business continues to grow albeit at slower pace and has established its presence in the industry. Increasing competition & legislative changes. Opportunities exist for business expansion (new markets and distribution channels).	Business not growing at the substantial rate as previous phases as the market matures with new and existing players saturating the market.	Business total output is declining, flat, or growing slowly. Other outcomes are slow or delayed growth prospects as well as slow product innovation (S-Model driven). Resulting inability to create jobs.	During this phase, companies accept their failure to extend their business life cycle by adapting to the changing business environment. Loss of competitive advantage and finally exit the market. Reliance on financial source to overcome the challenges.	During this phase, the company is in financial distress with liabilities exceeding equity resulting in failure which requires urgent shareholder intervention/support or other interventions such as business rescue
Entity	**N/A**	**SFF, iGAS**	**CEF SOC**	***PetroSA Ghana***	***AEMFC***	***PetroSA South Africa***
Impact	– Adjust business model to ensure profitability and meeting Shareholder expectations.	– Exceptional revenue streams – Market share growth – Dividend payments – Healthy balance sheet – Strategic partnerships – Innovation – Learning organization	– Steady income – Strong balance sheet – Steady Future cash flows to fund other opportunities	– Flat revenue – Reducing dividend – No new business developments – Lazy balance sheet – Single source	– Declining revenues – Increasing costs – Poor operational performance – Loss of market share	– Reducing cash balances – Inability to meet obligations – Poor operational performance – Inverse relationships between costs and revenue – Single source – Risky Balance Sheet

The current surge in Oil Prices & Loss of Chevron contract will change this picture for ***SFF*** and declining gas and cash commitments will also impact ***IGas***

PASA left out intentionally

Considering the internal context & external environment, our SWOT guides and informs next steps

Feedback from the DMRE & a reputational survey raised questions around the CEF Group's value add:

- Lack of high ***impact strategic presence*** across the energy value chain"
- Lack of ***access to strategic infra-structure*** and market positions
- Lack of ***strategic direction*** to subs resulting in ***overlap in mandates***
- Not driving synergy optimisation
- ***Inability to support shareholders effectively***
- Ineffective governance & performance management

Strengths

- Competitive advantage as an SOE in the energy landscape
- Close proximity to policy development
- Limited leverage with deployable cash reserves
- Deep understanding of the energy sector value chain

Leverage

Opportunities

- Mandate (via the CEF Act) to meaningfully play across the energy value chain
- Potential to coordinate with SOEs, local and govt. players
- Attractive partner for private sector
- Divestments of IOCs & mining companies create market gaps
- Energy commodities trading
- Energy thought and policy leadership
- Innovation potential

Capitalise

Weaknesses

- Limited participation across the energy value chain
- Poor implementation record
- "Lazy" balance sheet
- Dual mandate confusion
- Cumbersome governance, processes and op. model and lack of automation
- Capabilities deficit and resource constraints
- Non-performance culture
- Lack of customer/ marketing insights

Identify & fix

Source: CEF SOC ExCo Strategy Session

Threats

- Uncertain competitive and legislative landscape
- Volatile labour environment
- Limited project pipeline and R&D across new innovations/ 4IR
- Developmental programmes competing for resources with commercial projects (e.g. SWH)
- Lack of strategic asset allocation
- Risk exposure from PetroSA's decommissioning liability

Mitigate

Part 2 A

CEF Group Strategic Response and Intent

PASA CEO Dr Masangane

CEF SOC Strategic Drivers

Based on our overview of the operating environment The CEF Group has identified 9 critical drivers to be addressed in our strategy

1	**Security of supply**	*Threat of diminishing local processing and production of liquid fuels will drive increased dependence on imports highlighting the need **to retain local refinery capacity** and fuels infrastructure*
2	**Energy transition**	*Energy transition will necessitate **adoption of cleaner energy sources** (renewables, hydrogen, gas, biofuels), decreasing demand for traditional hydrocarbons*
3	**Financial independence**	*Rising global and local public debt in response to COVID-19 necessitates independence from the local fiscus and other **geopolitical developments***
4	**SANPC enablement**	*A successful merger will ensure integration across the SANPC value chain, leading to efficient and effective value creation*
5	**National economic development**	*CEF SOC, as an SOE, plays an **important role in reindustrialising the economy through infrastructure investments, strategic localisation** and investments into green economy initiatives*
6	**Governance**	*Adaptation of **governance practices to combat misinformation** and ensure transparency in all operations through diligent management and adequate allocation of resources*
7	**Strategic partnerships**	***New investments require strategic partnerships** between private sector, government and SOEs to support planning, development and execution, esp. to enable capital intensive projects*
8	**Operational excellence**	*Need for a **robust operating model to ensure sustained, long-term operational and financial performance** with digital as a key enabler*
9	**Funding for growth**	***Capital is increasingly being diverted** from industries such as O&G, driving the need for a clear strategic focus and value proposition to secure funding for growth initiatives*

Over the planning period, guided by the CEF SOC Parenting strategy, the CEF Group will migrate over *three* strategic horizons supporting the delivery of the Group's strategic objectives with the view of value creation and improving our value proposition

Reset 2022-2023	Scale for growth 2023-2026	Sustain 2026 -2030
Group Business stabilisation ❑ Execution of the merger project ❑ Stabilisation & turnaround of legacy entities and ailing subsidiaries ❑ Group Growth agenda through acquisitions and strategic partnerships ❑ CEF SOC Repositioning & Parenting strategy adoption ❑ Thought Leadership & Strategic relevance **Internal preparation** ❑ Adopting a new mind-set and realigning the operating model and governance structures	**Business growth** ❑ Strategic diversification of the portfolio with emphasis on commercial sustainability ❑ Strategic partnerships and investments across the energy value chain ❑ Implementation of new operating models & 41R solutions adoption ❑ Developmental approach **Internal operationalisation** ❑ Embedding the new operating model, capabilities and culture ❑ High Performance Organisation	**Business optimization** ❑ Ongoing portfolio optimization and investment for growth ❑ Diversification into future growth opportunities ❑ Strategic relevance through strategic energy infrastrure ❑ Multiple sources of income ❑ Full automation and operational excellence. **Internal ongoing support** ❑ Sustaining and continuous improvement support

Desired Performance/Results	• R0.8bn Operating profit contribution • 5% Group overhead cost reduction • 3-7% net profit margin operating Subs • SANPC Incorporation & Transformation • New Target Operating Model	• 10% Operating Margin (%) • R1.9BN Net profit (bn) • 15% Blended ROIC • R6 BN Revenue from new business • R1.5 -3 BN SANPC synergy optimization	• 10 BN Operating profit contribution • 25% overhead cost reduction 60% Biz Deve conversion Rate • 80% Process Automation • R22 BN SANPC Revenues
Desired Position	• Integrated energy investment company • Stable operating assets • Agile	• Diversified & Integrated • Commercially Viability & Incubator • Energy Developmental Leader	• Sustained Commercial viability • Wealth Generator • Regional Energy Leader
Desired Proposition	• Strategic partner • Thought Pioneer	• Strategic partner and Value Creator • Thought Leader	• Go to Strategic partner • Regional Powerhouse
Critical Enablers	• Sound ***governance structures*** and fit for purpose operating models supported by effective core capabilities • Managing ***strategic partnerships***, communication and synergies/ Parenting Strategy	• ***Change management*** across systems, processes, people, culture and location supported by a capable leadership • ***Enabling Policy*** and other key funding instruments	• ***Programme and risk management*** and digitisation/automation of business systems & processes • ***High Performance*** organizational culture and performance bias

The CEF Group will therefore establish itself as a leading diversified energy company in support of our dual mandate.

The strategic direction and the plays to realise our strategic objectives have been summarised in the *CEF Strategy House…*

We have adopted
5 key strategic themes,
9 Strategic Plays, and
6 enabling plays with specific targets to pursue in this planning cycle.

Vision

To be a leading diversified investment energy company that creates value and provides sustainable energy solutions for Southern Africa. This way CEF contributes to national energy security

Mission

To grow our footprint in the energy sector, to be the catalyst for economic growth and energy poverty alleviation through security of supply, and access to acceptable affordable energy in South Africa

Strategic themes

- **Consolidation and turnaround:** Reset and Stabilise the Group
- **Commercial sustainability:** 'Improve profitability
- **Strategy & Long-Term Growth:** Increase market share
- **Human performance & organisational alignment**: High-performing / engaged workforce
- **Operational excellence:** Increase efficiency / productivity

Group Strategic plays

- Reset and Consolidate
- SANPC Enablement
- PetroSA and AEMFC stabilisation
- Improve Group Profitability
- Expand Gas Portfolio
- Drive Upstream E&P development
- Strategic Capital & Portfolio Management
- Market expansion and diversification
- New Energy investment

Enabling plays

- Human capital development & structure optimisation.
- Environmental and social development
- Strategic partnerships & Stakeholder management
- Automation and digital solutions
- Governance and risk management
- Operational process optimisation

The CEF Group strategic trajectory is also influenced by the CEF SOC Strategic direction in relation to its new ***tri-focused*** role as well as the merger of the 3 CEF entities

These strategic themes will be achieved through 15 Group plays, executed by all entities across the CEF Group

The CEF Group has adopted the *OKR methodology* to strengthen monitoring & evaluation of targets

Strategic Theme	15 Group Plays		
Consolidation & Turnaround	Reset & Consolidate	*Reset the strategic direction of the group & consolidate to drive efficiencies and synergies*	1
	PetroSA and AEMFC stabilisation	*Extraordinary intervention to ensure financial stabilisation of subsidiaries*	
	SANPC Enablement	*Implementation of the SANPC to drive efficiencies, commercial stabilization & integration*	
Commercial Sustainability	Improve Group Profitability	*Optimisation & cost management of existing operating assets*	2
	Strategic Capital & Portfolio Management	*Strategic capital allocation and investment optimisation*	
Strategy & Long-Term Growth	Expand Gas portfolio	*Develop local gas economy through infrastructure investment, gas aggregation and sale*	3
	Market expansion and diversification	*Develop and expand new step-out opportunities along the value-chain to maximise long-term value creation*	
	Drive Upstream E&P development	*Enable and promote investment in upstream exploration and production to drive beneficiation of sovereign reserves*	
	New Energy investment	*Drive the just energy transition through profitable investment in alternative energy sources*	
Human Performance & Organisational alignment	Human capital development & structure opt.	*Drive an engaged and high-performing workforce empowered by a fit-for-purpose operating model*	4
	Environmental and social development	*Develop strong community relations and maintain a positive social impact*	
	Strategic partnerships & stakeholder management	*Strengthen ties with partners and stakeholders to enable strategic opportunities*	
Operational Excellence	Process and systems optimisation	*Process improvements to drive employee effectiveness*	5
	Automation and digital solutions	*Reduction in manual activities & standardisation*	
	Governance and risk management	*Strengthening of controls, oversight & risk management*	

… and associated scorecard which has been simplified to more effectively track & manage our performance (1/3)

Denotes Annual performance targets for 22/23 FY

Strategic Theme	%	Group Play	Key Result	KPI	Target		Contr
					22/23	26/27	
Consolidation & Turnaround	20	Reset & consolidate	Stabilised Group with enhanced strategic focus & operating contribution of 20% by 26/27	Operating profit contribution by reset & cons initiatives (Rbn)	(R0.8B)	R10B	5%
				Group overhead cost reduction (% y-o-y)	5% YOY	25%	5%
		PetroSA and AEMFC stabilisation	PetroSA and AEMFC returned to profitability, achieving positive net returns by FY23/24	PetroSA net profit margin (%)	(3%)	12%	3%
				AEMFC net profit margin (%)	7%	12%	3%
		SANPC enablement	Merged & optimized SANPC with R22 Bn revenue by 26/27	Timely realisation of the SANPC roadmap	"Day 1" – SANPC & transition	Transformed SANPC	2%
				SANPC Revenue (Rbn)	0	R22B	2%
Commercial sustainability	20	Improve group profitability	Improved profitability through revenue, cost and capital optimisation increasing operating margin to 20% and ROIC to 15% by 26/27	Operating Margin (%)	-13%	10%	6%
				Net profit (bn)	(R1.8B)	R1.9B	3%
		Strategic capital & portfolio mgmt.		Blended ROIC[1] (%)	4%	15%	8%
				Debt-equity ratio (D/E)	60% equity, 40% debt	60% equity, 40% debt	3%

The Group yearly targets and initiatives are underpinned by detailed subsidiary ***Operational plans*** that break these initiatives into quarterly deliverables.

… and associated scorecard which has been simplified to more effectively track & manage our performance (2/3)

Denotes Annual performance targets for 22/23 FY

Strategic Theme	%	Group Play	Key Result	KPI	Target 22/23	Target 26/27	Contr
Strategy & long-term growth	20	Expand Gas portfolio; Market exp.& diversification; E&P development; New energy investment	R6B growth in income from new business through a 60% business development conversation rate by FY26/27	Revenue from new business (Rbn)	1	6	10%
				Business Development conversion rate (%)	20	60	10%
Human performance & Organisational alignment	20	HC development & structure optimisation; Environment & social development; Strategic partner & stakeholder management	High-performing and engaged workforce with an employee engagement & brand reputation score above 80% by FY26/27	Employee attrition (%)	< 25	< 8	3%
				Critical vacancy rate (%)	< 30	< 5	2%
				Employee engagement score[1](%)	>50	>80	3%
				Average training hours / FTE (hrs)	4	8	2%
				BBBEE score	Level 4	Level 1	5%
				Brand Reputation Score (%)	20	>80	5%

The Group yearly targets and initiatives are underpinned by detailed subsidiary ***Operational plans*** that break these initiatives into quarterly deliverables.

… and associated scorecard which has been simplified to more effectively track & manage our performance (3/3)

Denotes Annual performance targets for 22/23 FY

Strategic Theme	%	Group Play	Key Result	KPI	Target 22/23	Target 26/27	Contr
Operational Excellence	20	Operational process and systems optimisation	Increase in organisational efficiency and productivity to ultimately drive average revenue per FTE to 15% by FY26/27	Revenue per FTE (% y-o-y improvement)	5	5	5%
		Automation and digital solutions dev & implementation		Strategic project budget deviation (%)	<2%	<2%	3%
				Operating asset utilization (%)	>65%	>90%	5%
				Process automation (% of eligible processes)	15	80%	2%
		Governance and risk management	Improve investment control and corporate governance to achieve a clean audit by FY26/27	Material audit findings (#)	<1	<3	5%

The Group yearly targets and initiatives are underpinned by detailed subsidiary ***Operational plans*** that break these initiatives into quarterly deliverables.

…with a clear 5 year transformation road map…

2022-2023 | **2023-2024** | **2024-2025** | **2025-2026** | **2026-2027**

Strategy & Long-Term Growth

2022-2023
- Strategic acquisition of brownfield assets
- Lease of NATCOS tanks in Durban
- Acquire stake in BP Montague Gardens to
- Delineation of the extended continental shelf
- Establishment of baseline data for shale gas regulation
- Access Mozambican domestic gas for trading using the spare ROMPCO pipeline capacity

2023-2024
- Trade G-to-G crude oil allocations with African countries
- Eskom Coal RFQ participation
- Diversify customer mix
- Broaden product base
- Secure fuel supply contracts with SOEs
- Secure Storage Facilities in Strategic Markets
- Lobby state to mandate 10% of national fuel imports by PetroSA
- Invest in South Sudan upstream O&G exploration
- Invest in 'just' energy transition gas infr.
- Source LNG from Beluluane Gas Company in Maputo
- Purchase equity stakes in Sasol's existing gas infr. to access downstream
- Acquire mineral rights from DMRE
- Partner with CGS strategic mineral exploration

2024-2025
- Identify coal-based associates for investment
- Expand overland fuel sales to neighbouring countries
- Enter downstream retail market
- Operate a refined product handling facility and pipeline network to downstream storage in the SBIDZ
- Leverage off G2G MoU's to secure mineral concessions in the Rest of Africa
- Refurbish Milnerton tank farm

2025-2026
- Explore other Mozam. gas supply options
- Support dev. of the Coega LNG importation terminal
- Develop Phased Gas Pipeline Network between Coega & Mosselbay
- Pursue strategic equity partnerships at a Corporate level
- Execute "rehabilitation strategy" to facilitate decomm. and abandonment mitigation
- Extract coal under SFF bunkers

2026-2027
- Establish presence as a "gas aggregator"
- Own and operate an LPG storage facility in Saldanha Bay
- Support dev. and operate LNG storage terminal in Coega
- Diversify into battery minerals through collaboration with IDC

Commercial Sustainability

- Revenue generation and diversification
- Optimise existing depots
- Pursue funding via CEF fuel levy
- Finalize valuation and Go-Forward decision of Associate Investments
- Pursue strategic equity partnerships at a Corporate level
- Establish Group Trading Function
- Secure reliable product supply
- Increase ROMPCO shareholding
- Leverage PetroSA Ghana holding to raise capital
- "Group-wide alignment on transition roadmap to enable SANPC merger
- Support state carry function establishment within SANPC
- Define & enable investor role, providing independent oversight to ensure good return on investment
- Develop a partnership mgmt. strategy
- Update & leverage stakeholder engagement plan to support iGas's growth initiatives
- Develop a leadership guiding framework to manage performance
- Develop and rollout an end-to-end human cpt. life cycle strategy
- Develop and rollout a capability dev. strategy to upskill the organisation
- Develop and implement a digital strategy
- Impl. Group digital transformation
- Develop a leadership guiding framework to manage performance and transition to future ways of working
- Develop and rollout a capability dev. strategy to upskill the organisation
- Establish CEF SOC Foundation
- Drive a corporate brand project
- Develop shareholder relationship model
- Enhance subsidiary mgmt. model. strategy
- Review and optimise current op. model and org. structure - headcount reduction
- Impl. an Enterprise Risk Mgmt
- Shared Services strategy
- Strategic financial mgmt. framework
- Align Group-wide loss-making entity divestment approach
- Culture transformation to enable parenting strat.
- Group subs. Strategic guidance
- Repurpose upstream assets
- Liquidate GTL.F1 patent
- Execute feedstock study for GTLR
- Fast Power" project for utilisation of tail gas
- Commission AEMFC's dedicated wash plant
- Manage SANPC merger through strategic oversight
- Develop and implement a fit-for-purpose organisation structure
- Develop a B-BBEE transformation strategy
- Develop a detailed stakeholder map and strategy for engagement
- Improve workforce efficiency
- Develop an agile, optimised op. model
- Define Group subsidiary mgmt. plan
- Develop Group ICT strategy
- Business process optimisation, incl. RACI re-development

Consolidation & Turnaround | **Human Performance & Organisational alignment** | **Operational excellence**

Part 2 A i

Individual Subsidiary Outlook

SFF CEO Mr Moagi

CEF SOC Strategic Outlook

CEF SOC's Identified Strategic & Enabling Plays

Strategic: Addresses revenue generating business activities
Enabling: Supports & enables our ambitions

Strategic Objectives

Commercial sustainability	Consolidation and turnaround	Short and long-term growth	Operational excellence	Human performance & organisational alignment	Corporate governance & Enterprise Risk Management	Transformation & reputation management

5 Strategic Plays			7 Enabling Plays			
Expand & manage O&G portfolio	Strategic Group oversight	Integrated energy investor	Employ fit-for-purpose operating model	Capacitate the organisation	Enable effective governance oversight	Manage stakeholder relations
Developmental agent		Group trading		Manage human capital performance	Enable effective risk management	Support trans-formation

The CEF SOC Corporate Plan is underpinned by the ***new organizational strategy*** that spans three key areas:

1. ***Strategic energy investor*** :A commercially focused entity, driving growth to maintain a balanced portfolio of energy investments
2. ***Strategic oversight and subsidiary management :*** A corporate parent providing strategic steer, integrated leadership and driving synergies to ensure commercial sustainability of existing business
3. Developmental; A state agent supporting achievement of governments developmental agenda

Through its redefined Parenting Strategy approach CEF SOC will, as part of its strategy, endeavor to create value for Subsidiaries and ensure that they are sustainable and commercially viable in a refocused manner. This is about pivotting from a ***"financial holding***" parent to a "***strategic controller***"

AEMFC Strategic Outlook

Based on the deliberation and proposed outcomes, we have defined the core strategic elements that will drive AEMFC's strategy

Key amongst these is revenue and customer *diversification* and for AEMFC to play a much broader role in driving the Group Growth Agenda. This will be on the back of *strategic partnerships* and *acquisitions* and ensuring a fit for purpose *Operating model.*

Vision

To be one of the leading self-sustaining suppliers of current and future energy and other strategic minerals resources in South Africa and the rest of Africa for the security of strategic minerals supply for the country's benefit and future development

Mission

Secure the achievement of its vision through the optimal exploration, acquisition and mining of strategic resources for the sustainability of the company without compromising quality, and safety whilst preserving the environment and enhancing customer and other key stakeholder satisfaction

Strategic objectives

- An efficient, reliable and financially sustainable business
- Strategic growth through partnership
- Operational excellence as a differentiator & strategy enabler
- A responsible corporate citizen actively contributing to socioeconomic development
- Human capital development and retention

Strategic plays

Improve coal quality	Improve operational efficiency	Strengthen balance sheet effectiveness
Expand coal operations, investments and contracts	Drive growth into the rest of Africa	Diversify into transition commodities

Key enablers

Effective project execution	Fit for purpose OM enabled by technology	Good governance
Support of government & social agendas	Environmental sustainability	Human capital development, management & retention

Source: Kearney, AEMFC

IGAS Strategic Outlook

Based on our external and internal analysis of the various forces that shape our operating environment and proposed outcomes, the strategic response of iGas.

Key guiding factors underpinning the IGas Corporate plan *is growth through acquisitions* to diversify the portfolio so that the entity is not a *single source*. During the period the entity cash reserves are constrained due to funding growth projects.

Vision

To be the preferred partner for all Southern African Gas Projects to Governments, Investors, Lenders and Operators

Mission

To act as Government's agent for the development of the natural gas market in Southern Africa, in support

Strategic objectives

- Commercial sustainability
- Strategic growth
- SANPC enablement
- Corporate excellence
- Organizational capacitation & HC performance
- Corporate governance & ERM[1]
- Stakeholder management & socio-economic transformation

Strategic plays

- Expand & manage existing gas transmission investments
- Source & trade alternate gas from Mozambique
- Develop infrastructure to enable the local gas market
- Acquire gas transmission & distribution infrastructure
- Support merger transition

Key enablers

- Employ fit-for-purpose operating model
- Capacitate the organization
- Manage HC performance
- Enable effective governance oversight
- Mature the ERM[1] function
- Manage Stakeholder Relations
- Support trans-formation & sustainability goals

PASA Strategic Outlook

Based on our external and internal analysis of the various forces that shape our operating environment proposed outcomes, the strategic response of PASA.

PASA will play a critical role in *attracting investments* into Upstream development to create much needed jobs, lead the *Continental Shelf Claim* for SA's additional acreage as well as fast track *Shale Gas* initiatives.

Vision

A diverse upstream industry contributing to energy security through sustainable growth in exploration and development of oil and gas.

Mission

To promote, facilitate and regulate exploration and sustainable development of oil and gas contributing to energy security

Strategic objectives

- Increase Exploration and Production
- Sustainability
- Advocacy
- Digital Transformation
- Operational Excellence

Strategic plays

- Promote the sustainable development of local energy resources
- Diversify income sources and optimize the operating model to achieve efficiency and financial sustainability
- Identify opportunities for PASA to promote a just energy transition, while ensuring future commercial viability of the industry
- Participate in advocacy for and review of local energy regulation
- Significantly improve the competitiveness of South African energy products in domestic and regional markets
- Enable and accelerate the diffusion of transformative technologies throughout PASA and the energy sector in South Africa

Key enablers

- Operational excellence
- Support of government & social agendas
- Funding
- Environmental sustainability
- Governance & Stakeholders
- Human capital development, management & retention

** The current PASA ***Fee structure*** is not equitable and supportive of the Agency's objectives and is being emended

SFF Strategic Outlook

Based on our external and internal analysis of the various forces that shape our operating environment proposed outcomes, the strategic response of SFF.

Revenue *diversification* and *strategic infrastructure acquisitions* will become a key focus of SFF as they support a number of national imperative objectives and help deal with mar*ket failures*.

Vision

To be the guarantor of strategic fuels for the benefit of our communities.

Mission

We secure the supply of strategic fuels through
i) operating efficiently
ii) collaborating with strategic partners in exploring new opportunities and
iii) by leveraging agile and empowered people operating responsibly in a compliant manner.

Strategic objectives

- Advance transformation imperatives of the government
- Prepared for energy supply disruption
- Create an organisation that is financially independent
- Create an organisation that is a valuable corporate citizen
- Develop efficient internal business processes

Strategic plays

- Leasing of crude oil tanks
- Oil pollution control service
- Trading of G-to-G crude oil
- Third-party access to SFF's crude oil handling and pipeline infrastructure
- Leasing of SFF's properties

Key enablers

- Governance
- Human capital
- Stakeholders / Partnerships
- SFF / CEF Brand
- Funding
- Mandate

Source: Kearney, SFF

Part 2 B

PetroSA

PetroSA ACEO Ms Ncemane

Defining the PetroSA Problem Statement and Desired End State

PetroSA is the biggest subsidiary in the Group accounting for +70% of all Group Revenues. Since the failed iKhwezi Project the entity has been making significant losses over the past 5 years due to depleting gas reserves, educing cash balances and operational inefficiency. PetroSA reported a loss of R5.7 billion for the 2019/2020 FY, & R2.2 billion loss 2020/2021 FY. The entity is technically insolvent with liabilities exceeding assets by about R7 BN. PetroSA financial crisis threatens Group commercial sustainability. The financial crisis has a number of ***unintended consequences***.

Areas of Strategic Concern	Current state	Ideal future state	Closing the Gap
Financial Performance	**R2.2** Billion 20/21 Loss	Breakeven & Profit making	Improve sales and reduce costs of sales related costs to improve bottom line whilst aggressively targeting cost optimization. Leverage existing assets (Ghana) and pursue disposal of non core assets. Address issue of decommissioning liability.
	6.9% Gross Margin	8%-10%	
	Working Capital Constraints/ High Fixed Costs	Improved revenues and sufficient working capital	
Operational Performance	GTL Non operational since Dec 2020	Improved GTL Operations efficiency	Source affordable and practical feedstock solutions and reduce operational costs whilst improving the plant integrity.to support future 3x3 operations
	Lack of trust from the market	Improve organizational value proposition	
	Depleted Feedstock and affordability issues	Sourcing of affordable feedstock for 3X3 operations	
Strategy & Long Term Growth	Funding constraints	Bankable projects & Partnerships	Improve quality of bankable projects to attract external funding, increase sales and speedily diversify customer mix-re Eskom dependency
	Weak Market Share	10% Market share (Main Fuels)	
	Customer Concentration Risk	Diversified customer Mix	
Human Capital & Organisation Alignment	Ineffective Business Model	Fit for purpose Operating Model	Drastic reduction in high overhead costs in line with business operations and bring about certainty to staff regarding sustainability as well as leadership stability through new operating model
	High Human Capital Costs	HC aligned with market & structure	
	Leadership instability	Positive & Engaged Work force with stable leadership	

As a result of Financial Crisis at PetroSA, a tripartite (DMRE, CEF and PetroSA) War-Room has been set up with the aim of assisting with the development and ***integration of plausible stabilisation*** initiatives and the ***monitoring and evaluation*** of all these initiatives and bolster ***accountability*** to improve business results.

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PETROSA Strategic Outlook

Overall Strategy of PetroSA during the planning horizon is to turnaround the entity to become profitable and sustainable whilst supporting the establishment of African National Petroleum Company. The overarching initiatives fall into the following categories across the company value chain (Upstream, Midstream and Downstream):

(1) Survival:

(2) Improve/ Optimization

(3) Position

Vision

To be the leading provider of sustainable, affordable and quality hydrocarbon-based energy for the benefit of all South Africans whilst ensuring a balanced transition towards cleaner energy

Mission

To support the establishment of the South African National Petroleum Company, and , To unlock and realise commercial value from the national hydrocarbon endowment; and to enable and supply competitive, efficient South African energy markets and transition to low carbon energy whilst ensuring energy security of supply; and that We do this in a responsible manner having a high focus on our people, our environment and the economy of South Africa

Strategic objectives

- Financial sustainability
- Value-chain rationalization and refocus
- Ensure energy security of supply
- Downstream growth
- Support the establishment of SANPC

Strategic plays

- Increase cash balance and in-flow
- Cost control
- Upstream asset relocation
- State carry enablement
- Produce &/or source refined product
- Expand downstream footprint & drive higher margin
- Expand product mix
- Support merger transition

Key enablers

- Governance
- Human capital
- Stakeholders / Partnerships
- PetroSA/ CEF Brand
- Funding
- Mandate

Source: Kearney, PETROSA

PetroSA Key Interventions for Stabilising the organization

2a

SURVIVE:
Immediate action to secure cashflow & realize quick wins to ensure business continuity

Key Initiatives:

- Implement Cost Savings and enable capex spend that is limited to agreed interventions
- Optimize utilization of PetroSA offices
- Budget optimisation
- Disposal of non-core assets (e.g. Xmas and GTLF1, ORCA)
- Organisational rationalization
- Conclude GTL(care & maintenance) minimize preservation costs
- Secure finished products through financial guarantees
- Consequence management and strengthening of controls

Progress to Date:

Incremental progress made on the Survival initiatives with some of the following quick wins. PetroSA survival will require *more than cost cuts*.

- 3RD Party contract renegotiations
- Disposal of non-core assets – **ORCA** received **ZAR16m** and first part payment on spares received – **ZAR2,1m** and **ZAR13m** due in April '22
- Realized costs saving to the value of **ZAR7,75m**
- GTL continues to be in a care & maintenance state
- Secured finished products for the market and Eskom which has improved revenues and profit margin by about 10% above budget
- Consequence management resulting in suspensions and terminations

2b

IMPROVE:
Identify & mobilize fundamental action to reduce cost

Key Initiatives:

- Decrease 3rd party spend through sourcing strategies
- Develop and execute funding plan
- Adherence to good corporate governance processes
- Explore the monetization of tail gas
- Conclude affordable feedstock supply options and various negotiations
- Increase equity in Ghana asset for higher future income
- Improve TS&L Capability
- Leverage Ghana investment for liquidity – RBL

Progress to Date:

The optimisation initiatives require a degree of funding and time to assist with the PetroSA turnaround due to complexity of the business.

- Continued holistic engagements with Total around their recent find
- High level funding plan developed but **still requires capital injection**
- Affordable feedstock options pursued but current market conditions are unfavourable. Market study finalised in March 2022.
- Leveraging of Ghana asset has yielded dividends of **ZAR577m**
- De-bottleneck & remove backlogs for ongoing turnaround

2c

POSITION
Identify & define roadmap for business continuity & sustainability

Key Initiatives:

- Operationalize fuel supply to SOEs to mitigate customer concentration risk
- Access storage in strategic markets (Durban, Cape Town, Gauteng) to support the trading business
- Pursue various downstream marketing opportunities (Fuel, LPG , Lubricants)
- Support the implementation of the SANPC & State Carry
- Implement organizational restructuring in line with operational needs

Progress to Date:

Some of the positioning initiatives with the support of CEF and SFF but we continue to pursue that are within our control such as operating model

- Progress made on Cape Town terminal access through SFF acquisition of BP Terminal
- Slow progress being made on the downstream marketing opportunities but we continue to engage with various potential strategic partners
- SANPC enablement awaiting cabinet approvals
- Implementation of new organisational structure and operating model

- Although incremental progress is being made, the financial outlook for the *next 3 years* is challenging as efforts continue on the GTL Refinery optimisation and other feedstock alternatives

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Part 2 C

CEF Group Financial Plan underpinning the 2022/23-2026/27 Corporate Plan

Group ACFO Ms Morabe

Macro-economic assumptions

Macro-economic variable	2022	2023	2024	2025	2026
Money Market	4,45%	5,20%	5,45%	5,45%	5,45%
Prime rate	7,86%	8,80%	9,00%	9,00%	9,00%
Inflation-CPI	5,0	4,2	4,4	4,5	4,5
R/$	15,70	15,87	16,03	16,55	16,96
Oil price: US$/barrel	79,1	71,0	66,0	65,0	64,0
Real GDP	1,9	1,9	1,8	1,9	1,9

The recent developments in Russia and Ukraine have put further pressure on oil prices and global inflation targets

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CEF Group Statement of Profit/(Loss) by company for 2022/2023

Budget 2022-23	CEF GROUP R'000	Intercompany Eliminations R'000	CEF SOC R'000	AEMFC R'000	PetroSA Group R'000	SFF R'000	IGAS R'000	PASA R'000	OPCSA R'000	Renewable energy R'000
Revenue	27 306 478	(4 954)	14 601	1 003 487	26 112 663	160 342	-	20 339	-	-
Cost of goods sold	(25 389 154)	-	-	(622 504)	(24 766 650)	-	-	-	-	-
										-
Gross profit/(loss)	**1 917 324**	**(4 954)**	**14 601**	**380 983**	**1 346 013**	**160 342**	**-**	**20 339**	**-**	**-**
Gross margin (%)	7%	100%	100%	38%	5%	100%	0%	100%	0%	0%
Other income	449 331	(30)	15 295	72 755	224 843	689	-	135 778	-	-
Operating expenses	(3 545 462)	4 984	(649 895)	(379 667)	(1 754 611)	(496 533)	(48 784)	(212 294)	(670)	(7 992)
Operating profit/(loss)	**(1 178 807)**		**(619 999)**	**74 071**	**(183 755)**	**(335 502)**	**(48 784)**	**(56 177)**	**(670)**	**(7 992)**
Operating profit/(loss) margin	-4%	0%	-4246%	7%	-1%	-209%	0%	-276%	0%	0%
										-
Net interest income/(expense)	**215 203**	**-**	**102 142**	**(9 409)**	**(18 356)**	**231 183**	**(65 838)**	**12 022**	**1 259**	**(37 800)**
Interest income	509 613	(70 908)	173 095	9 832	13 894	250 270	120 150	12 022	1 259	-
Interest expense	(294 410)	70 908	(70 953)	(19 241)	(32 250)	(19 087)	(185 988)	-	-	(37 800)
Dividends received	708 800	-	-	-	-	-	708 800	-	-	-
Income from equity accounting	-	-	-	-	-	-	-	-	-	-
Profit/(loss) on sale of equity investments	-	-	-	-	-	-	-	-	-	-
Other/impairment	(1 550)	-	(1 550)	-	-	-	-	-	-	-
Net profit/(loss) before tax	**(256 354)**		**(519 406)**	**64 662**	**(202 111)**	**(104 319)**	**594 178**	**(44 155)**	**589**	**(45 792)**
Tax	(64 646)	-	(13 817)	(17 459)	-	-	(33 369)	-	-	-
Net profit/(loss) after tax (NPAT)	**(321 000)**		**(533 224)**	**47 204**	**(202 111)**	**(104 319)**	**560 808**	**(44 155)**	**589**	**(45 792)**

The Group records a net loss of **R321M** in the first year due to:

CEF SOC – planned **investment** in new energy assets

PetroSA – **high operating expenses** for GTL refinery (that is under care and maintenance) cross-subsidized by the TS&L business

SFF – low revenue generated from storage as result of **loss of major client**

PASA – self generated income and allocation from NT **not enough** to cover operations

CEF Group Statement of Profit/(Loss)

	Forecast 2021/22 R'000	Budget 2022/23 R'000	Budget 2023/24 R'000	Budget 2024/25 R'000	Budget 2025/26 R'000
Revenue	12 811 419	27 306 478	28 222 022	32 821 739	34 664 711
Cost of goods sold	(12 432 296)	(25 389 154)	(26 874 280)	(29 745 154)	(31 655 072)
Gross profit	**379 123**	**1 917 324**	**1 347 742**	**3 076 585**	**3 009 639**
Gross margin (%)	3%	7%	5%	9%	9%
Other income	359 686	449 331	459 127	461 143	479 516
Operating expenses	(2 550 071)	(3 545 462)	(3 304 594)	(3 217 806)	(3 332 201)
Operating profit/(loss)	**(1 811 261)**	**(1 178 807)**	**(1 497 725)**	**319 922**	**156 954**
Operating profit/(loss) margin	-14%	-4%	-5%	1%	0%
Net interest income/(expense)	**421 113**	**215 203**	**283 550**	**297 232**	**415 814**
Interest income	488 141	509 613	628 421	677 386	751 186
Interest expense	(67 028)	(294 410)	(344 870)	(380 154)	(335 372)
Dividends received	330 050	708 800	731 200	795 600	808 400
Income from equity accounting	-	-	-	-	-
Profit/(loss) on sale of equity investments	107 100	-	-	-	-
Other	(0)	(1 550)	(1 734)	(1 769)	(1 804)
Net profit/(loss) before tax	**(952 998)**	**(256 354)**	**(484 708)**	**1 410 985**	**1 379 364**
Tax	- 111 645	(64 646)	(66 465)	(82 007)	(79 265)
Net profit/(loss) after tax (NPAT)	**(1 064 643)**	**(321 000)**	**(551 173)**	**1 328 979**	**1 300 099**

CEF Group is projected to generate an **average net loss of R436M** per annum for the first two years (2023 and 2024) of the planning period.

Then an **average net profit of R1.3BN per annum** for last two years of the planning period, attributable to:

- Implementation of initiatives to turn-around PetroSA – improvements in the TS&L business model, revival of the refinery.
- Increased dividends from ROMPCO transaction

CEF Group Statement of Cash flows

	Forecast 2021/22 R'000	Budget 2022/23 R'000	Budget 2023/24 R'000	Budget 2024/25 R'000	Budget 2025/26 R'000
Cash flows from operating activies					
Cash generated/(utilised) by operations	394 533	(652 651)	(1 315 935)	1 080 658	763 031
Interest income	453 930	556 573	731 932	874 741	969 910
Finance costs	(82 978)	(283 044)	(385 238)	(484 706)	(456 607)
Tax (paid)/received	(84 895)	(64 646)	(66 465)	(82 006)	(79 265)
Dividend received/(paid)	330 050	708 800	731 200	795 600	808 400
Net cash from operating activities	**1 010 642**	**265 033**	**(304 507)**	**2 184 287**	**2 005 468**
Cash flows from investing activities					
Purchase of property, plant and equipment	(559 122)	(1 390 901)	(882 872)	(745 843)	(432 754)
Sale of property, plant and equipment	-	250 000	-	-	-
Purchase of intangible assets	(51 799)	(51 239)	(2 000)	(2 000)	-
Sale of intangible assets	-	54 629	-	-	-
Investments in associates (equity and loans)	(458 921)	(2 482 068)	(237 559)	-	-
Divestments in associates (equity and loans)	112 756	-	-	-	-
Sale/(purchase) of financial assets	-	(923 557)	273 480	350 923	341 775
(Other)/net cash flows of discontinued operations	-	-	-	-	-
Net cash from investing activities	**(957 087)**	**(4 543 137)**	**(848 950)**	**(396 920)**	**(90 979)**
Free cash flow	**53 555**	**(4 278 104)**	**(1 153 458)**	**1 787 368**	**1 914 490**
Cash flows from financing activities					
Proceeds from intercompany loans	(0)	(86 050)	82 172	45 515	33 806
Repayment of external loans	-	(344 265)	(442 636)	(621 661)	(488 302)
Proceeds from External Loans	-	3 606 346	301 110	421 874	338 112
Net Movement in other financial liabilities	(7 426)	44 320	4 388	7 769	8 164
Recapitalisation and grants received	120 792	94 284	91 929	96 053	100 330
Finance lease payments	(41 032)	(134 363)	(36 823)	(13 633)	(14 861)
Net cash from financing activities	**72 335**	**3 180 272**	**138**	**(64 083)**	**(22 751)**
Cash movement for the year	**125 890**	**(1 097 832)**	**(1 153 319)**	**1 723 285**	**1 891 739**
Cash opening balance	11 600 841	11 776 731	10 678 898	9 525 579	11 248 864
Effect of exchange rate movement on cash balan	50 000	-	-	-	-
Cash and cash equivalents closing balance	**11 776 731**	**10 678 898**	**9 525 579**	**11 248 864**	**13 140 603**

- The cash balance increases by **R1,36BN** between the base year and the outer year of the planning period - from **R11.8BN** to **R13.14BN** mainly due to increased dividend income from the 40% ROMPCO shares

Investments

The Group will invest substantially in the following:

- PetroSA: Reinstatement of the FA Platform fast power project
- AEMFC: Acquisition of Vlakfontein
- SFF: Implementation of Revenue Diversification Strategy
- iGAS: Acquisition of additional 15% shareholding in ROMPCO
- CEF Carbon: 25% shareholding in ACWA

The investments will be funded through equity, loans and partnerships

CEF Group Statement of Financial Position

	Forecast 2021/22 R'000	Budget 2022/23 R'000	Budget 2023/24 R'000	Budget 2024/25 R'000	Budget 2025/26 R'000
Assets					
Non-current assets					
Property plant and equipment	3 670 255	4 580 853	5 352 477	5 737 806	5 928 840
Intangibles	1 293 704	1 287 484	1 279 402	1 272 535	1 268 023
Deferred tax Asset	15 153	15 153	15 153	15 153	15 153
Investments in Associates	1 211 940	3 515 296	3 574 686	3 574 686	3 574 686
Loans to Group companies LT	396 191	576 100	721 788	721 788	721 788
Other financial assets LT	2 979 488	4 389 630	4 116 147	3 765 223	3 423 448
Strategic inventory	2 056 714	2 076 714	2 076 714	2 076 714	2 076 714
Payments in advance LT	319	216	112	9	-
	11 623 770	**16 441 446**	**17 136 479**	**17 163 915**	**17 008 653**
Current assets					
Inventory	517 996	966 327	1 014 888	1 058 596	1 097 937
Current tax receivable	733	733	733	733	733
Trade and other receivables	1 301 940	1 394 850	1 426 650	1 562 326	1 644 928
Payments in advance ST	22 707	15 789	16 521	17 341	18 108
Cash restricted	10 000	10 000	10 000	10 000	10 000
Cash & cash equivalents	11 776 730	10 668 898	9 515 579	11 238 864	13 130 603
	13 630 107	**13 056 596**	**11 984 370**	**13 887 860**	**15 902 308**
Non current assets held for sale	-	-	-	-	-
Total assets	**25 253 877**	**29 498 043**	**29 120 849**	**31 051 775**	**32 910 962**
Total equity and liabilities		-			
Total equity					
Accumulated profit/(loss)	8 578 519	8 796 635	8 186 266	9 733 011	11 090 532
	8 578 519	**8 796 635**	**8 186 266**	**9 733 011**	**11 090 532**
Non controlling interest	-	-	-	-	-
	8 578 519	**8 796 635**	**8 186 266**	**9 733 011**	**11 090 532**
Non- current liabilities					
External loans	-	3 262 081	3 120 553	2 920 764	2 770 575
Lease liability LT	235 838	227 458	227 172	228 323	233 099
Retirement benefit obligation	67 544	67 444	69 130	70 859	72 630
Deferred income LT	10 835	1 138	1 197	1 263	1 332
Deferred tax liability	56 124	56 124	56 124	56 124	56 124
Provisions for Abandonment	13 477 396	13 883 608	14 299 264	14 736 988	15 190 366
	13 847 736	**17 497 852**	**17 773 441**	**18 014 321**	**18 324 126**
Current liabilities					
Other financial liabilities	105 354	149 673	154 061	161 830	169 995
Current tax payable	10 761	10 761	10 761	10 761	10 761
Finance lease liability ST	46 070	38 658	14 277	16 534	18 877
Trade and other payables	2 381 347	2 723 609	2 756 340	2 888 757	3 065 687
Deferred income ST	95 693	53 403	8 717	2 805	-
Provisions	188 395	227 452	216 985	223 756	230 984
	2 827 620	**3 203 555**	**3 161 141**	**3 304 443**	**3 496 304**
Liabilities of disposal groups	-	-	-	-	-
Total liabilities	**16 675 356**	**20 701 408**	**20 934 582**	**21 318 764**	**21 820 430**
Equity and liabilities	**25 253 875**	**29 498 043**	**29 120 849**	**31 051 775**	**32 910 963**

The Group is expected to remain solvent over the planning period, with the **average net asset value of R9.4BN** p.a

Assets

Total Assets are expected to **increase** from **R29BN** in the first year to **R33BN** in the outer year of the planning period, due to the increase in the cash and cash equivalents as a result of incremental dividends received from **40% ROMPCO** shares

Liabilities

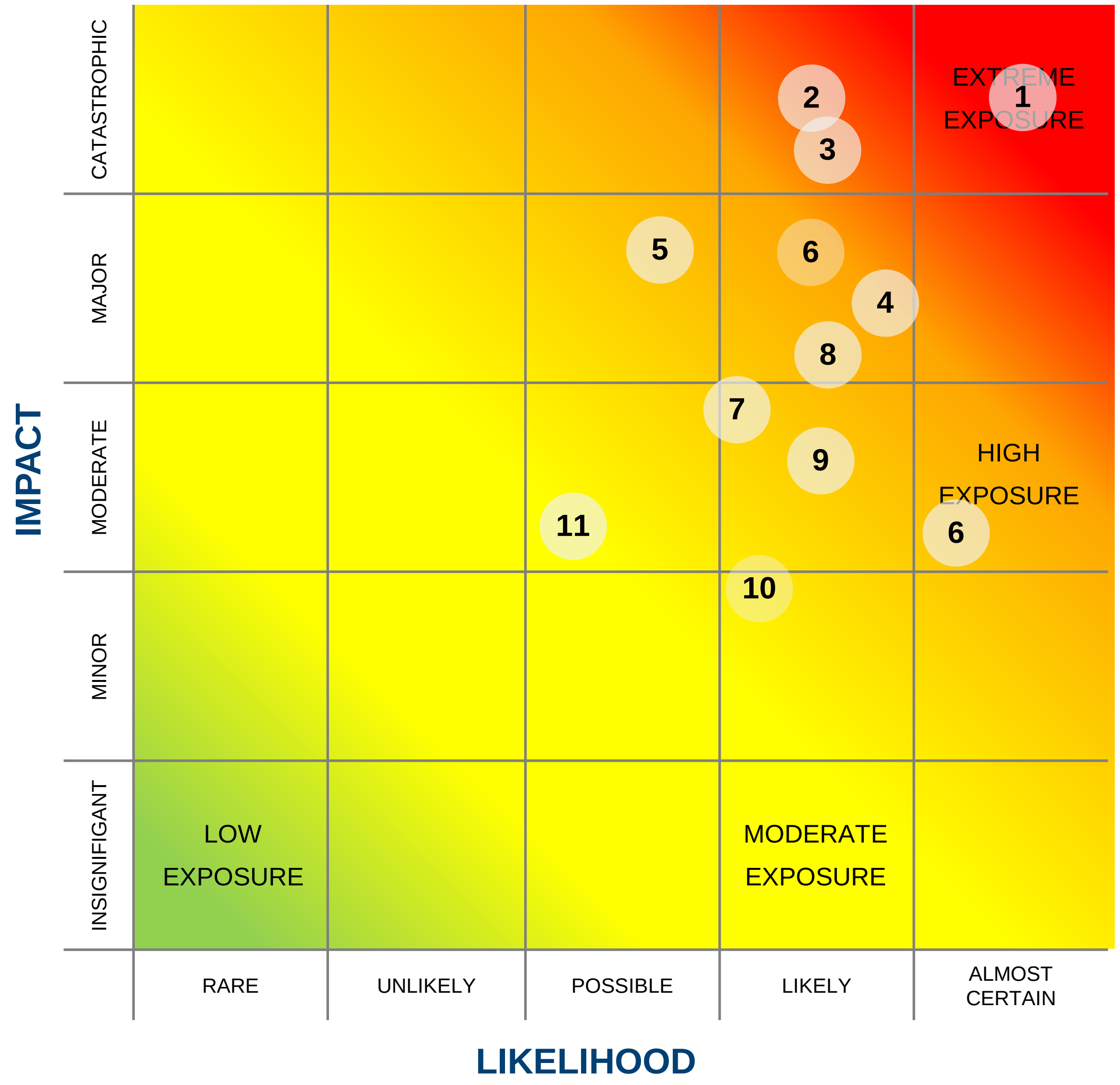
External funding is expected to **increase to R3.3BN** in 2022/23 financial year mostly due to the **external loan of R3 billion** to acquire additional 15% ROMPCO shares

Part 2 D

CEF Group Governance & Risk Management

Group ACFO Ms Morabe

11 key strategic risks have been identified for the group to be mitigated



Risk		Exp	Mitigating Actions
1	**Financial sustainability**		– PSA turnaround plan – Cross-group cost cutting measures – Revenue diversification – Divestment from non-core activities – Optimisation of the balance sheet & cost recovery
2	**Strategy def & execution**		– Clearly defined investment strategy & funding plan – Improvement of internal execution processes/systems
3	**Corp. Gov.**		– Roll-out renewed parenting strategy – Review corporate governance structures, MOIs, compacts – Enforce consequence mgmt.
4	**Litigations**		– Implement proactive/predictive control measures – Implement corrective actions
5	**Reg. & compliance**		– Establish group compliance framework – Implement tracking, predictive compliance issue detection and reporting
6	**Op. model & synergies**		– Finalise merger – Institute additional platforms/opportunities for cross-entity collaboration e.g. CEO forums – Harmonise policies, services and scorecards
7	**SH & reputation mgmt.**		– Improve communications frequency and engagement – Roll out master brand strategy
8	**Decomm. Liability**		– Lobby for assistance and mitigation – Apply for deferments
9	**Security of supply**		– Diversification into gas and fuel imports – Drive GTLR production and mining for Eskom supply
9	**HC/ people**		– Finalise and implement group HR strategy framework – Reassess and improve EVP
10	**HSEQ**		– Increase training and development efforts – Improve enabling tools and systems

Governance

CEF Board of Directors

* Independent non-executive director ** Alternate DMRE representative *** Executive director

Director	Appointment Date	Term Ends
Ms Ayanda Noah*	11 December 2020	10 December 2025
Mr. Tseliso Maqubela**	01 May 2017	TFN
Ms. Gosetseone Leketi**	Linked to term of Mr. Maqubela	
Dr. Ishmael Poolo, CEO***	01 June 2020	Linked to term of office as CEO
Adv. Priakumari Hassan*	18 October 2019	17 October 2024
Ms. Nolubabalo Sondlo*	18 October 2019	17 October 2024
Mr. Nkululeko Poya*	18 October 2019	17 October 2024

PetroSA	PASA	AEMFC	SFF	iGAS
Mr. NS Poya (Chair) Mr. L Haywood Mr. L Delport Mr. M Xiphu Ms. N Sondlo Mr. P Naidoo	Mr. MB Masuku (Chair) Ms. C Mpelwane Ms. P Dhlamini Dr. T Ramontja Ms. R Nkambule Ms. D Dondur Ms M Ngwenya	Mr. PM Madokwe (Interim Chair) Mr. KJ Hodges Ms D Hlatshwayo Ms J Snyman Ms P Motsielwa Ms V Masisi	Ms N Magubane (Chair) Mr. L Thekisho Mr. S Thole Mr. S Mafanya Ms. S Titus-Nabe Dr. M Makgae Mr G Moagi	Ms N Sondlo (Chair) Mr G Moagi Dr I Poolo

The ***planned merger*** will have an impact on the current governance structures as we seek to ***streamline*** and ***optimize*** decision making

Part 3

Strategic Control

Group COO Dr Mokoka

Strategic Control

Through our various governance structures that are charged with oversight and overall monitoring and evaluation objectives, we are constantly asking ourselves a number of key strategic questions to ensure that we stay the course and deliver on our Group Strategy & Corporate Plan. This is done through board, board sub committees, executive management structures, Chairperson's and CEO’s forums and other working groups.

01 Are we moving in the right direction

To detect strategic deviation and thrust

02 Are our assumptions about major trends & changes correct

Constantly scanning the envrionmnet to detect shofts in trends and other macroeconomic assumptions

03 Should we adjust or abort our strategy

Strategy effectiveness in a changing & complex operating environment.

04 How are we performing to meet our objectives

Aligning Performance management targets with monthly and quartely reviews.

05 Are our objectives and schedules being met

Ascertain the speed and effectiveness of our execution efforts to meet desired targets

06 Are costs, revenues and cash flows matching our projections

Keeping tabs on commercial sustaonabilty which is our license to operate and fund new growth..

Group Performance Management Framework to align performance

Performance Goal Setting

Identify Key Result Areas (KRA), Key Performance Indicators (KPI), Performance Targets, and Competency

Monitoring Performance

Establish monitoring system that provides regularly and timely feedback

Develop Capacity to Perform

Providing learning and development interventions not limited to training to enhance performance

Evaluating Performance

Objectively evaluate performance using scorecards and critical incidents.

Rewarding High Performance

Establish rewards and recognition initiatives to promote positive behavior and results

CEF Group is in a process of acquiring an integrated Performance Management & Reporting systems to automate processes

Part 4

Concluding Remarks & Way Forward

Group COO Dr Mokoka

Concluding Remarks

- The CEF Group Corporate Plan for 2022/2023 to 2026/2027 has been formulated during a challenging period for the Group, driven by external and internal factors which shape the overall strategic trajectory. There are geopolitical factors that continue to unfold which will have a major impact on our planning assumptions.
- The CEF Group Corporate Plan is underpinned by 5 core strategic themes that act as the north star in ensuring deliver of our strategic objectives during the planning horizon. These are:
    1. Consolidation and Turnaround
    2. Commercial Sustainability
    3. Strategy & Long-Term Growth
    4. Human Performance & Organisational Alignment
    5. Operational excellence
- During the planning horizon, the CEF Group is projected to generate an ***average net loss of R524M per annum for the first two years (2023 and 2024)*** of the planning period and an average net profit of R405M per annum driven by the PetroSA financial challenges.

It is thus that going forward the focus areas will be on the following to improve value creation and our strategic relevance.

1. Driving the Group growth agenda (Pursue key Strategic partnerships and acquisitions)
2. Executing on the merger of IGas, SFF and PetroSA to form the National Petroleum Company
3. CEF SOC Repositioning
4. PetroSA Stabilisation & Turnaround and Consequence management to rid the Group of malfeasance and poor performance.
5. Leadership development and creation of a High Performance organization

Once again we welcome the engagements with the Portfolio Committee and stand ready to assist them with their task at any given including any additional information that may be required.

Thank You