



PetroSA

Outlook 2012 - 2016

Presented to
The Portfolio Committee on Energy
Parliament of RSA

4 May 2012.



PetroSA Mandate

Operate as an integrated commercial entity and create value for the shareholder
* Pay tax and dividends

Advance national objectives in the petroleum industry
* Spearhead industry transformation

Complement & promote Government policy & strategic thrust

Advance energy goals and objectives set out in various policy instruments (Energy White Paper (1998), Energy Security Master Plan (2002), National Energy Policy (2003), etc.)



Vision & Mission

Our Vision

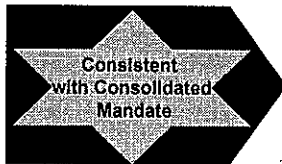
" To be the leading African energy company "

Our Mission

To be the leading provider of hydrocarbons and related quality products, by leveraging our proven technologies and harnessing our human capital for the benefit of our stakeholders „



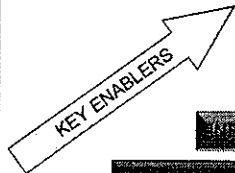
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Future PetroSA

- ✓ 25% market share of SA liquid fuels, with a sizeable gas and crude oil reserve base by 2020.
- ✓ Actively facilitates formulation and implementation of government policy, especially in the petroleum industry.
- ✓ Stable, growing, commercially sustainable & contributes to growth, societal and industry transformation
- ✓ Caring & playing a meaningful societal role .
- ✓ An environmentally responsible organisation.

- A company of low influence in the oil industry.
- Limited influence in policy making and implementation.
- Reliant on a single income source.
- Unsustainable, faced with the challenge of depleting feedstock
- Constrained by size/market share to play a meaningful role in industry transformation.





VISION 2020

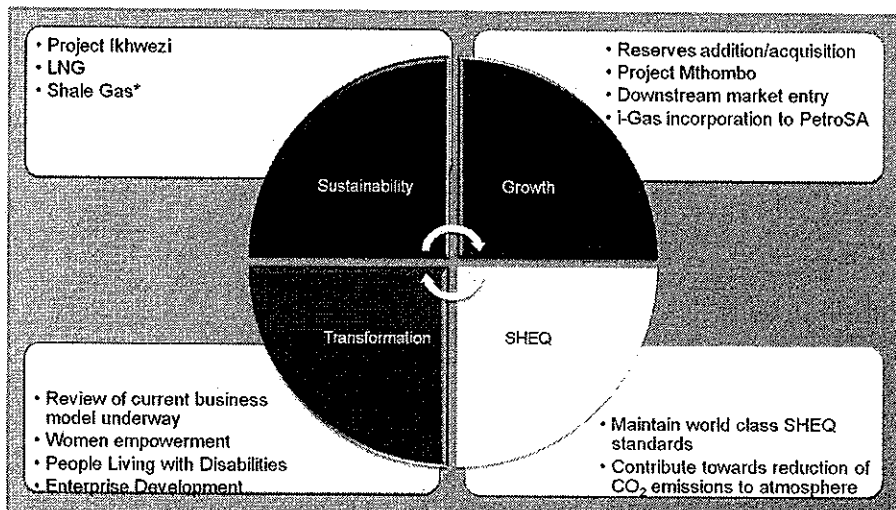
Strategic Objective

To be a sustainable, fully integrated, commercially competitive National Oil Company supplying at least 25% of South Africa's liquid fuel needs by 2020.

Keywords	Remarks
Sustainable	Stable, diversified cash-flow that prevails into the future;
Commercially competitive	Profitable; Achieving overall returns on investment that exceed WACC.
Fully integrated	With complementary operations along the full petroleum value chain (upstream, midstream and downstream).
NOC	Advances the best interest of the Republic of South Africa.
25% of liquid fuels by 2020	Projected diesel, gasoline and kerosene consumption will vary from 600 - 650 kbb/d by 2020. Target <u>net share</u> is 150 - 163 kbb/d of refined products



Strategic Focus Areas

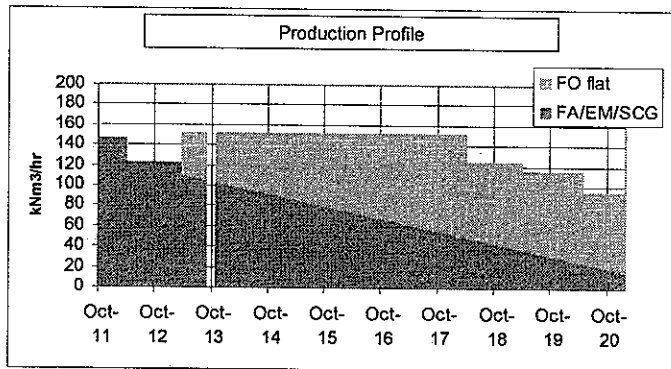


*Beyond 2020 Shale Gas could play a key role.



SUSTAINABILITY

Project Ikhwezi (FO) - a critical source of feedstock



- Reduced production – April 2012 to April 2013
- Ikhwezi ramps up production in 2nd quarter 2013
- Shut-down in Sept 2013



SUSTAINABILITY

LNG KEY DRIVERS

	 PetroSA	<ul style="list-style-type: none"> • Supplements feedstock • Allows tail gas production • Sustains current jobs
		<ul style="list-style-type: none"> • Energy diversification • Clean Energy • Infrastructure development • Job creation

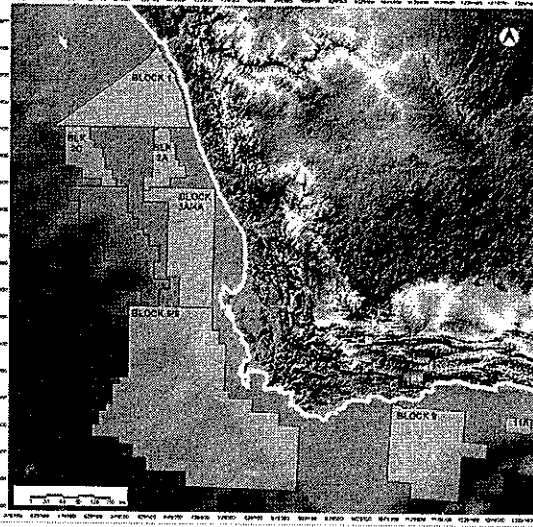


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SUSTAINABILITY

Domestic Upstream Assets

BLOCK 1 (ER) Area: 19 899 km ² PETROSA* 100%
BLOCK 5/6 (TCP) Area: 90 497 km ² PETROSA* 20% Anadarko 80%
BLOCK 3A/4A (ER) Area: 19 130 km ² PETROSA 30% BHP Billiton 60% Sasol 10%
BLOCK 2A (PR) Area: 2A - 4959 km ² Forest Expl. Int.* 53.2% PETROSA 24% Anschutz 22.8%
BLOCK 2C (ER) Area: 2C - 6112 km ² Forest Expl. Int.* 53.2% PETROSA 24% Anschutz 22.8%

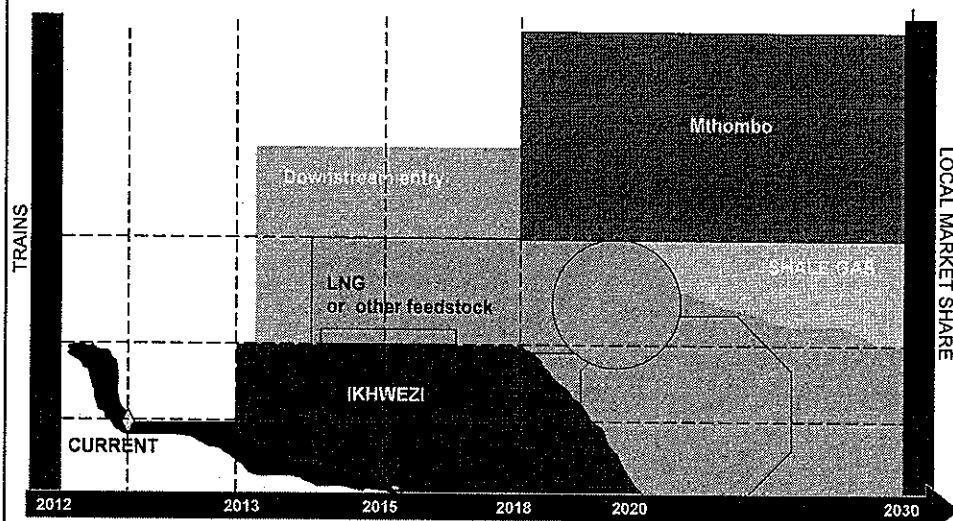


The Production and Cost Information of these Assets is based on PetroSA's internal estimates. PetroSA Strategic Business Unit 11/2012/24



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Vision 2020: Building Blocks



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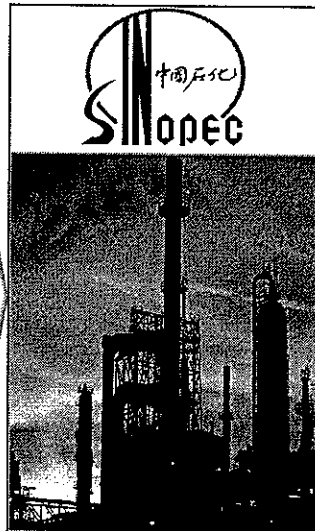


GROWTH

MTHOMBO is crucial

Status Update

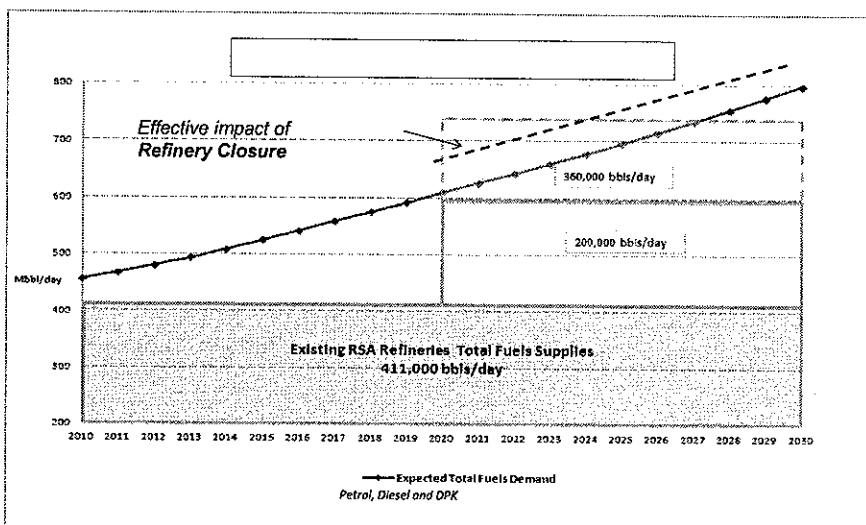
- Signed MOU with Sinopec – Sept 2011
- PetroSA visited China/Sinopec – Feb 2012
- Alignment on roadmap to Final Investment Decision
- In principle agreement to execute Joint Study
 - Review options for Refinery investment (market/capacity/configuration)
 - Feasibility/Front End Engineering & Design study for preferred option
- Other cooperation agreements are being initiated



The Petroleum Refinery and Petrochemicals Refinery (PRR) and Petrochemical Refinery (PCR) are PetroSA Strategic Initiatives under the MTHOMBO project.



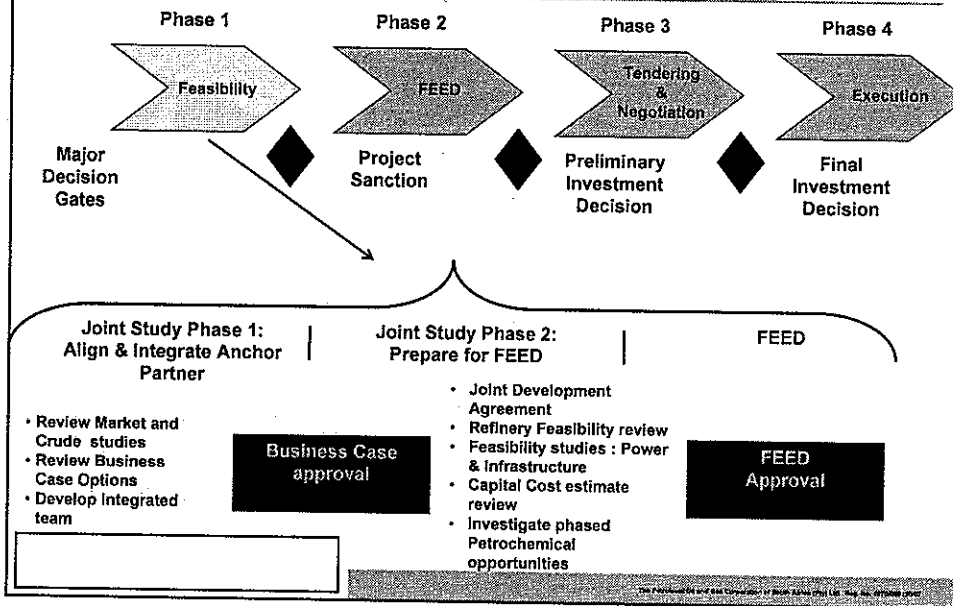
The RSA/BLNS market will be ready to anchor a world scale refinery in 2020



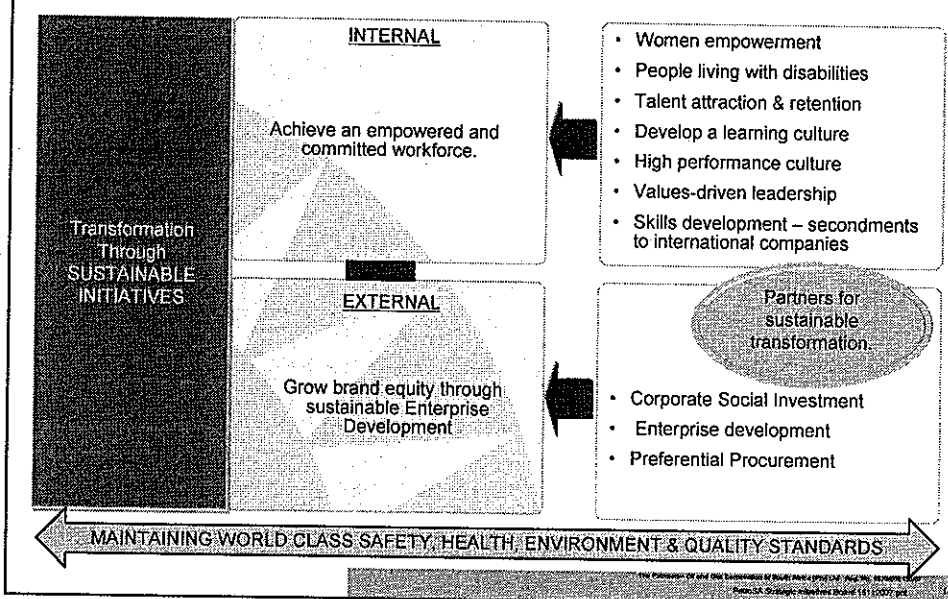
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Mthombo - Anchor Partner integration



Transformation Through Sustainable Initiatives





Workforce Profile – 31 March 2012 Occupational Level, Race & Gender

Total Black = 79%: Total Women = 29%

OCCUPATIONAL LEVEL	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	1				1				2
Senior management	7	4	2	11					24
Professionally qualified and experienced specialists and mid-management	122	64	21	108	65	22	7	18	427
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	178	222	12	186	102	79	5	61	835
Semi-skilled and discretionary decision making	65	74		13	48	24	1	5	230
Unskilled and defined decision making	70	59	2	18	66	16		2	220
TOTAL PERMANENT	443	423	37	333	272	141	13	76	1738
TEMPORARY EMPLOYEES	117	107		25	43	24		2	318
GRAND TOTAL	560	530	37	358	315	165	13	78	2056

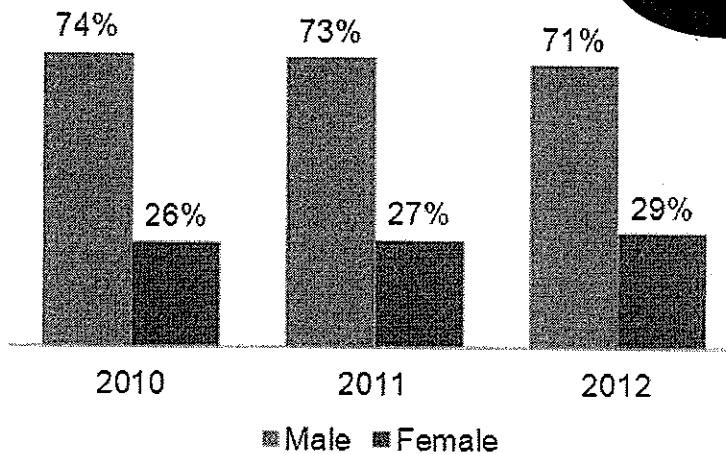
The Petroleum Refining and Distribution Corporation of South Africa (PetroSA) Ltd. Reg. No. 1970/001/06/07



Women Representation 2010 - 2012

Periods 2010-2012

Target 35% in 5 years.



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Initiatives to increase women representation

- Utilise existing vacancies to close short term gap
- Implement the 4-tier leadership development programme (Supervisory – Executive), to create leadership pipeline
- Promotions to increase representation at management levels
- Targeted focus on STEM (science, technology, engineering and maths – Techno Girl / CE-3 (Clean Energy Empowerment) Programme, Centre Of Excellence
- Graduate-in-Training Programme focused on Women
- Continue participation in SAPIA Women Development Programme

Launch Women's Forum and Disability Desk by July 2012



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Corporate Plan – Budget Assumptions

Opportunity 1	<ul style="list-style-type: none"> • Exploration to continue • Equity dilution in progress, farm-down for risk sharing in offshore deep water block 	Mthombo <ul style="list-style-type: none"> • Finalize feasibility study in 2012/13 and commence FEED • Pending FEED and Ministerial approval • Income stream expected post 2020
Opportunity 2	<ul style="list-style-type: none"> • PetroSA to farm-into mature and near producing fields 	
Acquisition	<ul style="list-style-type: none"> • Revenue inflows starting in May 2012 from producing field 	
LNG	<ul style="list-style-type: none"> • Project to be expedited as strategic/commercial initiative • GTL & Power as anchor markets • Targeting 2015 Production start 	
	<ul style="list-style-type: none"> • Awaiting decision on Ministerial Moratorium and considering options 	

Consolidated Income Statement

	Forecast 2011/2012	Budget 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18
	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Revenue	13 342	17 583	22 537	26 787	28 920	30 917	31 633
Profit/(Loss) from Operations	597	(81)	2 161	3 842	4 066	6 171	5 846
Net finance costs	828	189	(1 145)	(1 278)	(1 033)	(663)	34
Profit/(Loss) before taxation	1 425	108	1 016	2 563	3 033	5 503	5 882
Dividends received	-	90	90	95	100	-	-
Taxation	-	-	(379)	(532)	(657)	(734)	(846)
Profit/(Loss) after taxation	1 425	198	728	2 127	2 476	4 768	5 033



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Corporate Plan positions PetroSA for Growth

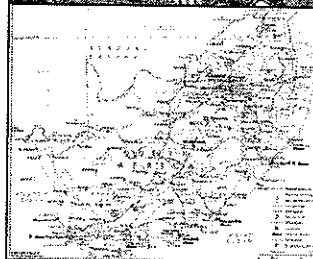
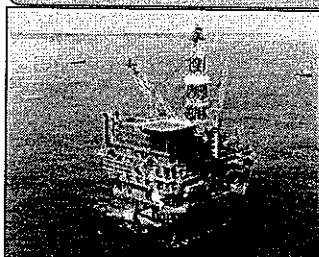
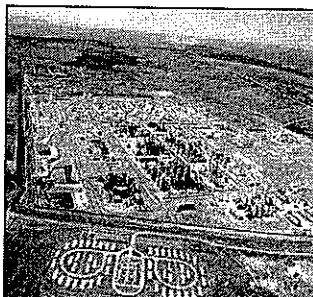
- Sustaining the GTL Refinery is vital for PetroSA's continued survival
- Mthombo is crucial for the company's growth and revenue diversification
 - Is a security of supply imperative for the country
- Downstream market entry:
 - Is a growth initiative that aids revenue diversification
 - Reduces reliance on the GTL Refinery
- Presence in Ghana (field acquisition) creates new opportunities
- Farm-down of equity in high risk/high reward Equatorial Guinea reduces PetroSA exposure
- Need to strengthen PetroSA as NOC for increased influence

PetroSA's Strategy – In Summary



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- Sustain the GTL Refinery in Mossel Bay,
- Use this as a platform for growth,
- Grow PetroSA to a significant industry player in RSA and regionally,
- Contribute meaningfully to security of energy supply,
- Support economic growth, job creation and drive transformation.



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Thank You



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Back – Up Slides

Annual Performance Plan – 2012/13

Objectives	KPIs	Targets
SUSTAINABILITY	OPTIMISE OPERATIONS	
	GTL Refinery Operations	
	Total indigenous GTL Refinery Production:	3.77 MMbbls
	Gas-loop efficiency	80%
	Execute LNG FEED	31 March 2013
GROWTH INITIATIVES	Ikhwezi development executed on schedule according to approved development plan	
	31 March 2013	
	To enter the downstream market	
	Acquire downstream asset (Project Irene)	31 March 2013
	Complete Feasibility Study (Project Mthombo)	31 March 2013
	Develop access to new trading markets	31 March 2013
	Implement commercial and industrial sales strategy, including LPG	31 March 2013
	To grow production and reserve base for long-term profitability	
Conclude farm-out deal in Equatorial Guinea	31 March 2013	
Add reserves (15 Mmboe)	31 March 2013	



Annual Performance Plan Cont...

Objectives	Deliverables	Performance Results
SHEQ	Fatality : 0	0
	DIFR: <0.4	<0.4
	Environmental Incidents : 10	10
	Quality: Retain ISO 9001 certification + increase the scope to include E&P	31 March 2013
	Occupational hygiene survey: 80%	80%
TRANSFORMATION	1. To meet specific Transformation requirements	
	Appointment of women	30% of the total appointments
	Recruitment of people living with disabilities	3%
	Preferential Procurement	50% of discretionary spend
	BEE Sales	235ML

The PetroSA Group is a subsidiary of Anglo American plc, a listed company.



Annual Performance Plan Cont...

Objectives	KPIs	Performance Results
FINANCE	Cost Optimisation	
	Gross Margin Percentage	8%
	Actual vs. budget	+10% variance
MANAGING STAKEHOLDERS	To obtain the appropriate stakeholder support	70% approval rating from stakeholders
GOVERNANCE	Repeat Audit Findings	0

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