

## chief executive's review of operations

### sasol olefins & surfactants reported a loss, but continues to implement major cost-reduction initiatives

**Maintaining a thorough vigil** . . . A Sasol Olefins & Surfactants employee monitors the temperature of vapour coming from the deodorisation column in the new esterification line at Witten, Germany. This unit removes residual fatty acids and undesirable odours and tastes.

improvement budgeted for the year ahead. Substantial improvements were also achieved on variable costs with further improvements still expected over the next two years from the NetGain initiative.

**New investments tailing off** In Sasol North America, the PACOL project for the Baltimore LAB facility was completed. This project has eliminated the on-site use of chlorine and the production of by-product hydrochloric acid. The project to relocate the research and development (R&D) facilities from a standalone location at Austin, Texas, to the production site at Lake Charles was approved. This project will improve the interaction between operations and research personnel and reduce R&D costs.

In Sasol Italy, the projects to improve the on-site storage and shipping of feedstocks and final products at Augusta were completed. Two new plants are under construction for the production of dearomatised hydrocarbons at Sarroch and for the production of precipitated aluminas at Crotone.

The upgrading of the esterification facilities at Witten in Germany was completed. It will improve production efficiency and provide additional capacity. A share was acquired in the ARG ethylene pipeline in the Ruhr area.

In South Africa, a shared-services project was implemented to integrate and streamline the regional activities of Sasol Solvents and Sasol Olefins & Surfactants. This initiative is resulting in more efficient services being provided to both divisions. The construction of our second 1-octene train at Secunda commenced. This train will also have a 48 000 tpa capacity and should be completed before the end of 2004. For both 1-hexene and 1-octene, substantial progress has been made in further improving the quality of these products by removing low-level impurities.

With the pending completion of the global business information project, the global business model in Sasol Olefins & Surfactants will be complete. This model is already showing benefits in the execution of business on a global basis.