

sasol solvents

Sasol Solvents has plants in South Africa and Germany and supplies alcohols, ketones, esters, acrylic acid esters, ethyl acetate, ethers, propionic acid, acetic acid, comonomers and mining chemicals to customers worldwide. It has a German maleic anhydride joint venture with Huntsman.

Performing in all areas

Sasol Solvents had a good year, recording encouraging improvements in its safety, environmental, operational and financial performance. We continued to invest in new technologies and maintained strong relationships with customers.

With a renewed focus on getting the basics right, Sasol Solvents reported progress in its safety record, lowering its RCR to 0,37 from 0,49. We also realised a reduction in the amount of volatile organic compound emissions, in line with efforts to meet the Sasol group's environmental targets. These include a decrease in flares, emissions and energy consumption. The Registration, Evaluation and Authorisation of Chemicals (REACH) registration of our products in Europe continued according to schedule and requirements.

As end-use markets started a slow and steady recovery from the lows of 2008 and 2009, demand for Sasol Solvents' products showed an encouraging increase. However, we estimate that demand is still some 15% below that recorded before the global economic crisis. Some product margins widened during the year, but an increase in feedstock prices and changes

in refinery margins and capacity have recently placed renewed pressure on the profitability of certain of our products.

Sasol Solvents increased both sales and production volumes in the year. But a stronger-than-expected South African currency limited the rand value of euro- and dollar-denominated sales. Turnover decreased 13% to R15 765 million in 2010. Operating profit, however, rose to R1 154 million from R495 million in 2009 as we reduced fixed and variable costs to inflationary levels.

Benefiting from our business improvement process

In Germany, the business improvement process has started to yield positive results. We streamlined business processes and focused on reducing variable and fixed costs as well as working capital. Active employee participation in this process was notable, with many of the ideas that were implemented being generated by staff members. The process resulted in a significant reduction in jobs, which was achieved by implementing measures that excluded forced retrenchments.

In South Africa, we are also scrutinising our assets and product portfolio, using the methods and learnings from the process followed in Germany.

Many of Sasol Solvents' customers are located a long way from the South African operations, making supply chain management an important focus of our business. A particular challenge is the