chief executive's review of operations

Both the Polypropylene and Vinyls business units performed well in the light of world market conditions and produced acceptable margins. The Polypropylene business unit achieved sales volumes of 216 500 t, with about 50% of sales going to customers in South Africa and the balance mostly to customers in Africa and the Far East.

Infrastructural development boosts PVC volumes *The Vinyls business unit at Sasolburg was forced to reduce polyvinyl chloride (PVC) production for a few weeks when the upstream chlorine plant was decommissioned to enable the replacement of ageing membrane cells. Local PVC sales volumes, however, rose by 2% to almost 136 000 t on the strength of continuing infrastructural development in South Africa.*

In line with the ongoing drive to bolster core businesses and dispose of non-core businesses, the remaining downstream Vynide PVC conversion operations were sold. In addition, the Vinyls business unit's PVC compounding operations are to be streamlined and consolidated at Sasolburg and the Durban factory will be closed in the year ahead.

Polythene business maintains excellent production *The Polythene business unit fared less favourably in terms of profit contribution because of higher feedstock costs, which eroded margins for both low-density polyethylene (LDPE) and linear low-density polyethylene (LLDPE) in domestic and international markets. On the upside, this business maintained excellent production levels at both plants.*

The chemicals business unit responsible for producing and marketing chlorine, caustic soda, hydrochloric acid, sodium cyanide, calcium cyanide and associated chlor-alkali chemicals, achieved a minimal increase in sales volumes (388 200 t) and maintained a satisfactory contribution to profit. Of concern, however, are the declining sales of cyanide. Demand is anticipated to shrink in the longer term in line with South Africa's reduced extraction and refining of gold ore.

Offshore ventures set to contribute to profits *Sasol Polymers remains focused on optimising returns from its investments at Kertih in Malaysia in the Optimal Olefins gas cracker (12% share) and the Petlin LDPE plant (40% share).*

The Optimal cracker has the capacity to produce 600 000 tpa of ethylene and 90 000 tpa of propylene. The Petlin plant has the capacity to produce 255 000 tpa of LDPE. These plants overcame the start-up problems experienced during the first half of the financial year and are now producing at capacity. Our Malaysian investments are expected to contribute to profit in the year ahead.

Turbo will enable capacity increases
In line with our Project Turbo investments, Sasol Polymers envisages increasing its South African polymers production by about 480 000 tpa. This increase will include a second polypropylene plant at Secunda, which will most likely incorporate licensed BP Amoco process technology and have a 300 000 tpa capacity.