

# Sasol abandons \$2bn rights issue on turnaround progress

Sasol said on Monday, 22 February, it has decided not to pursue a rights issue of up to \$2bn after significant progress in its turnaround strategy.



A petrol station is seen in Soweto. Reuters/Siphiwe Sibeko.

The manufacturer of motor fuel has been battling high debt, lower oil and chemicals prices and tepid fuel demand amid the coronavirus crisis, forcing the company to sell assets and restructure parts of its business.

"A decision was made not to pursue a rights issue given the current macro-economic outlook, and the significant progress made on our response plan initiatives," the company said.

Last year, Sasol said it would issue up to \$2bn of shares in the second half of 2021 - what could have been among the country's largest rights issues in decades - in an effort to help it tackle its debt.

The company said it was able to repay around R28bn of debt in the six months ended December 2020, despite low crude oil prices, softer chemical prices, plant downtime and the Covid-19 crisis impacting cash flow.

Sasol also reported half-year core headline earnings per share, which takes into account its black empowerment transaction and losses from the ramp-up phase of its US LCCP Base Chemicals business, down 15% at R7.86, compared with R9.25 a year earlier.

While adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) - a measure of operational profit - fell 6% to R18.608bn, weighed down by a 23% decrease in the rand-per-barrel oil price during the period.

"This achievement is as a result of a strong cash cost, working capital and capital expenditure performance in response to the challenging environment," Sasol said.

Chemical company LyondellBasell Industries had agreed last year to acquire a 50% stake of Sasol's base chemicals business at Lake Charles for \$2bn and operate the new joint venture.

(\$1 = R14.7297)

*Source: Reuters*

*(Reporting by Tanisha Heiberg; editing by Kim Coghill and Sherry Jacob-Phillips)*

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