
Sasol profit rises 45% as weaker rand inflated sales

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Bloomberg reported that Sasol Limited's first half profit rose 45% after a weaker rand boosted income from sales of products denominated in dollars.

The Johannesburg based company said that net income climbed to ZAR 13.2 billion or ZAR 21.79 per share in the six months through December from ZAR 9.1 billion or ZAR 14.85 a year earlier. Sales increased 50% to ZAR 83.1 billion.

It said that the rand's 17% drop against the dollar in the reporting period helped Sasol, as did the decision to fix the price of 45,000 barrels of fuel at a minimum of USD 90 each for the current fiscal year. Those countered lower oil prices that have forced Sasol to forecast lower earnings this fiscal year. The company will cut capital expenditure by 40% during the next three years.

Mr Christine Ramon CFO of Sasol said that "Given that we do not expect oil and product prices to recover in the short term, we believe that it is wise to plan for an extended period of suppressed and volatile market conditions."

Sasol uses proprietary technology to make gasoline, diesel and chemicals from coal in South Africa. It also produces fuels at its newest plant in Qatar using natural gas tapped from the ocean floor. Sasol was started in 1950 to shield South Africa, which has abundant coal reserves and no oil, from increases in the price of imported crude.

(Sourced from Bloomberg)

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