3rd Quarter 2014
Financial Results Presentation
31 July 2014

Forward-looking statements

Certain statements in this release that are neither reported financial results nor other historical information, are forward-looking statements, including but not limited to statements that are predictions of or indicate future earnings, savings, synergies, events, trends, plans or objectives. The words “believe”, “anticipate”, “expect”, “intend”, “estimate”, “plan”, “assume”, “positioned”, “will”, “may”, “should”, “risk” and other similar expressions, which are predictions of or indicate future events and future trends and, which do not relate to historical matters, and may be used to identify forward-looking statements. You should not rely on forward-looking statements because they involve known and unknown risks, uncertainties and other factors which are in some cases beyond our control and may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements (and from past results, performance or achievements). Certain factors that may cause such differences include but are not limited to:

- the highly cyclical nature of the pulp and paper industry (and the factors that contribute to such cyclicality, such as levels of demand, production capacity, production, input costs including raw material, energy and employee costs, and pricing);
- the impact on our business of the global economic downturn;
- unanticipated production disruptions (including as a result of planned or unexpected power outages);
- changes in environmental, tax and other laws and regulations;
- adverse changes in the markets for our products;
- the emergence of new technologies and changes in consumer trends including increased preferences for digital media;
- consequences of our leverage, including as a result of adverse changes in credit markets that affect our ability to raise capital when needed;
- adverse changes in the political situation and economy in the countries in which we operate or the effect of governmental efforts to address present or future economic or social problems;
- the impact of restructurings, investments, acquisitions, dispositions and other strategic initiatives (including related financing), any delays, unexpected costs or other problems experienced in connection with dispositions or with integrating acquisitions or implementing restructuring or strategic initiatives (including our announced dissolving wood pulp conversion projects), and achieving expected savings and synergies; and
- currency fluctuations.

We undertake no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information or future events or circumstances or otherwise.

Regulation G disclosure

Certain non-GAAP financial information is contained in this presentation that management believe may be useful in comparing the company’s operating results from period to period. Reconciliation's of certain of the non-GAAP measures to the corresponding GAAP measures can be found in the quarterly results booklet for the relevant period. These booklets are located in the ‘Investor Info’ section of www.sappi.com.

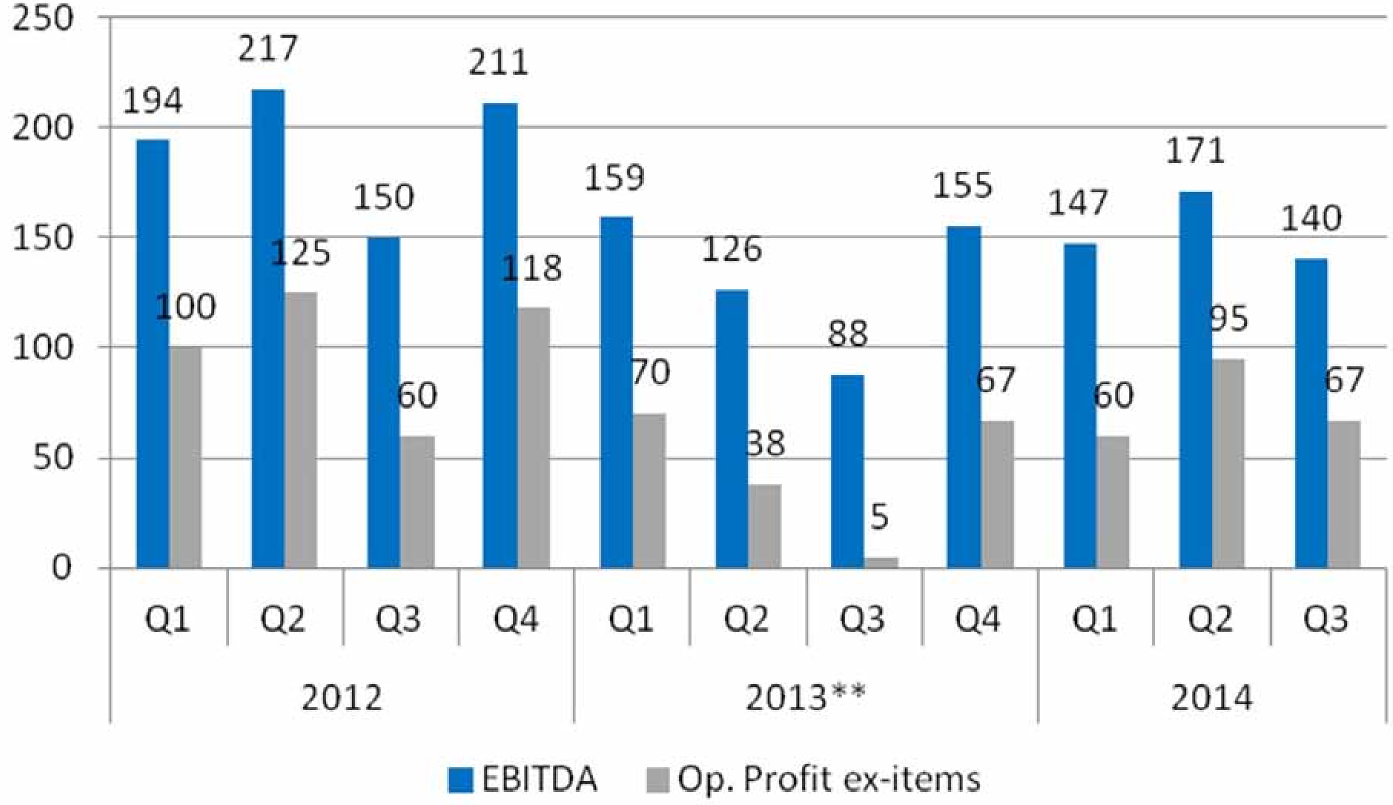
Summary

Q3 2014 Summary

- Continued year on year improvement in quarterly performance
- Usutu and Nijmegen mill transactions completed
- Specialised Cellulose business remains sold out
- EPS 3 US cents (Q3 2013 loss of 9 US Cents)
- EBITDA excluding special items US$140m (Q3 2013 US$88m)
- Net debt US$2,286m (Q3 2013 US$2,331m)

EBITDA & Operating Profit ex-items*

USD million



*Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported Operating Profit and page 19 in our Q3 2014 Results booklet (available on www.sappi.com) for a definition of special items.

**2013 figures restated for the adoption of IAS 19 (Revised) Employee Benefits

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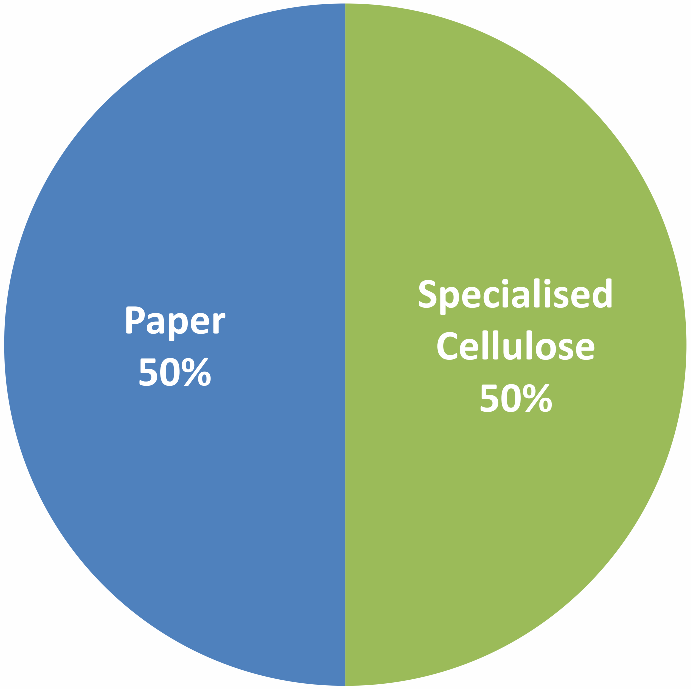
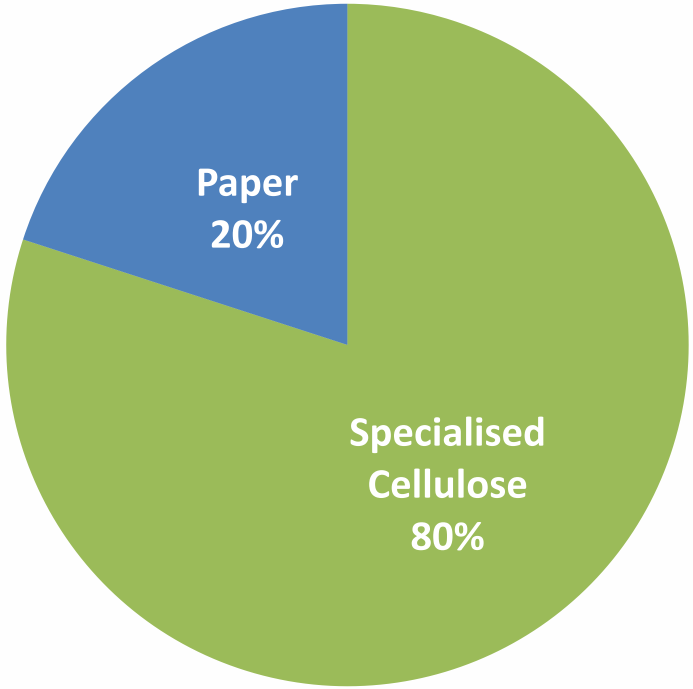
Q3 Product Contribution Split

EBITDA excluding special items*

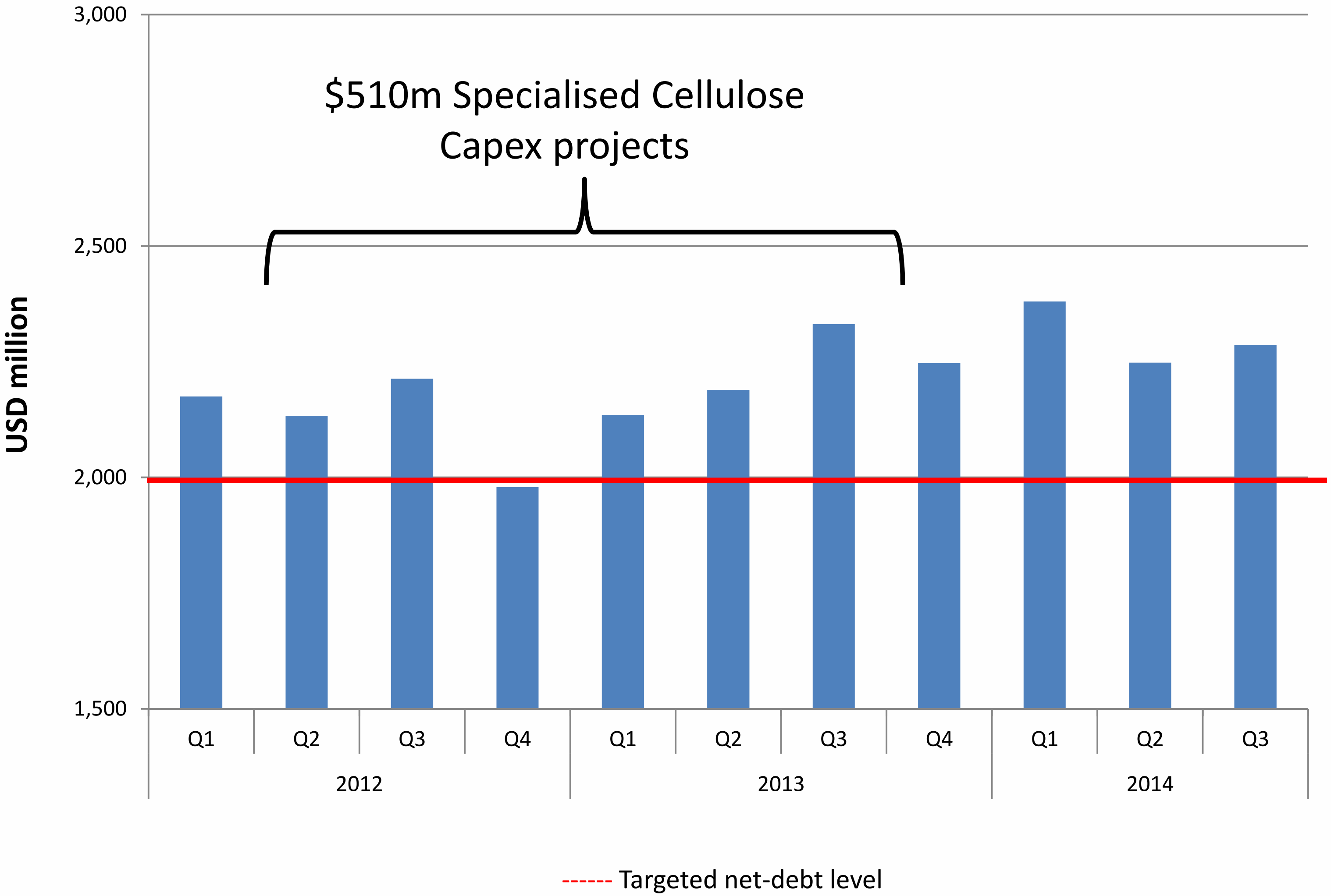


Operating Profit excluding special items*



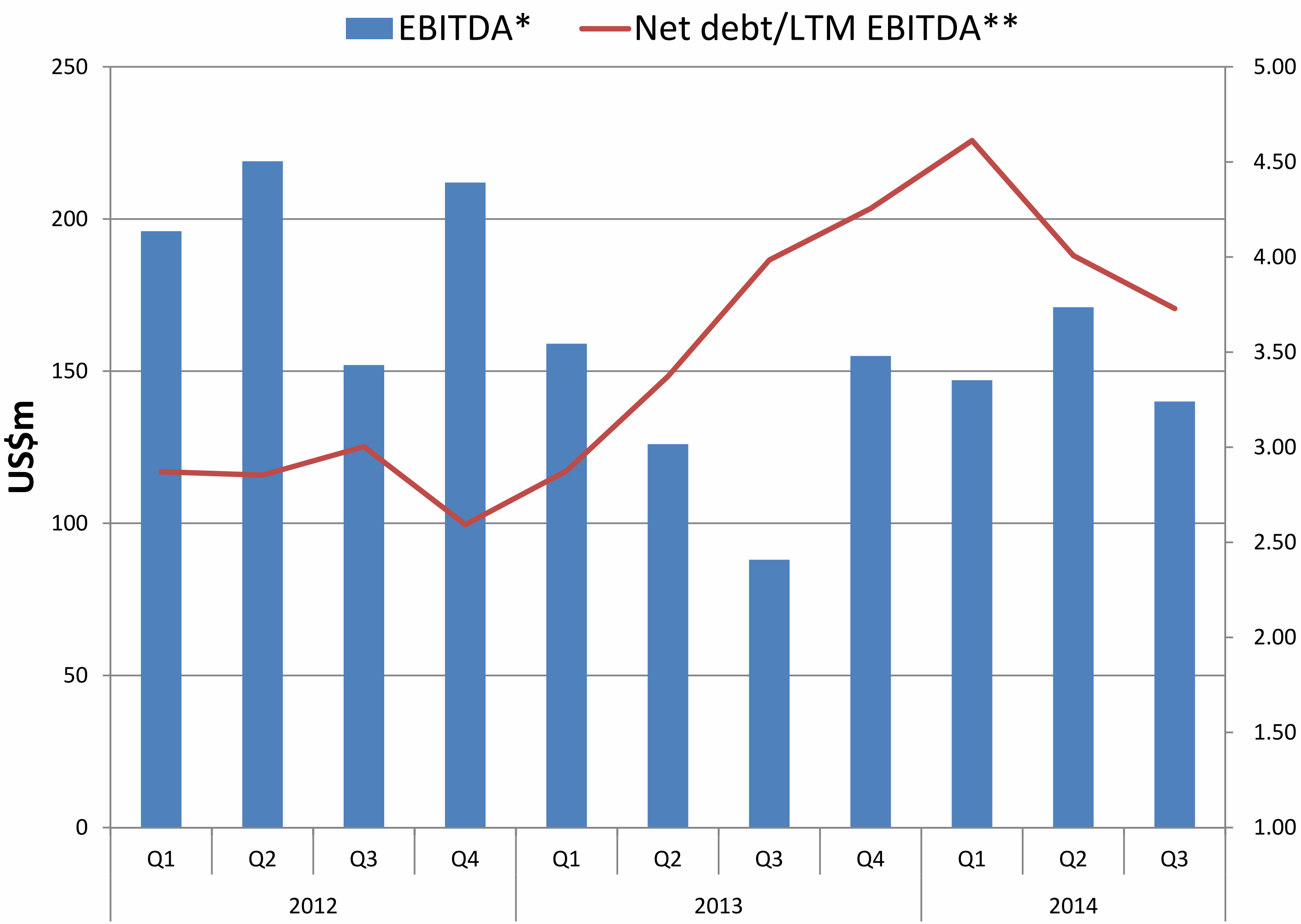
*Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported Operating Profit and page 19 in our Q3 2014 Results booklet (available on www.sappi.com) for a definition of special items.

Net Debt Development



*F2013 and Q1 14 figures restated per adoption of IFRS 10 - Consolidated Financial Statements

Net Debt/EBITDA Development



* EBITDA ex special items

** The covenant Net Debt/LTM EBITDA calculation has adjustments and therefore differs from that shown in the graph

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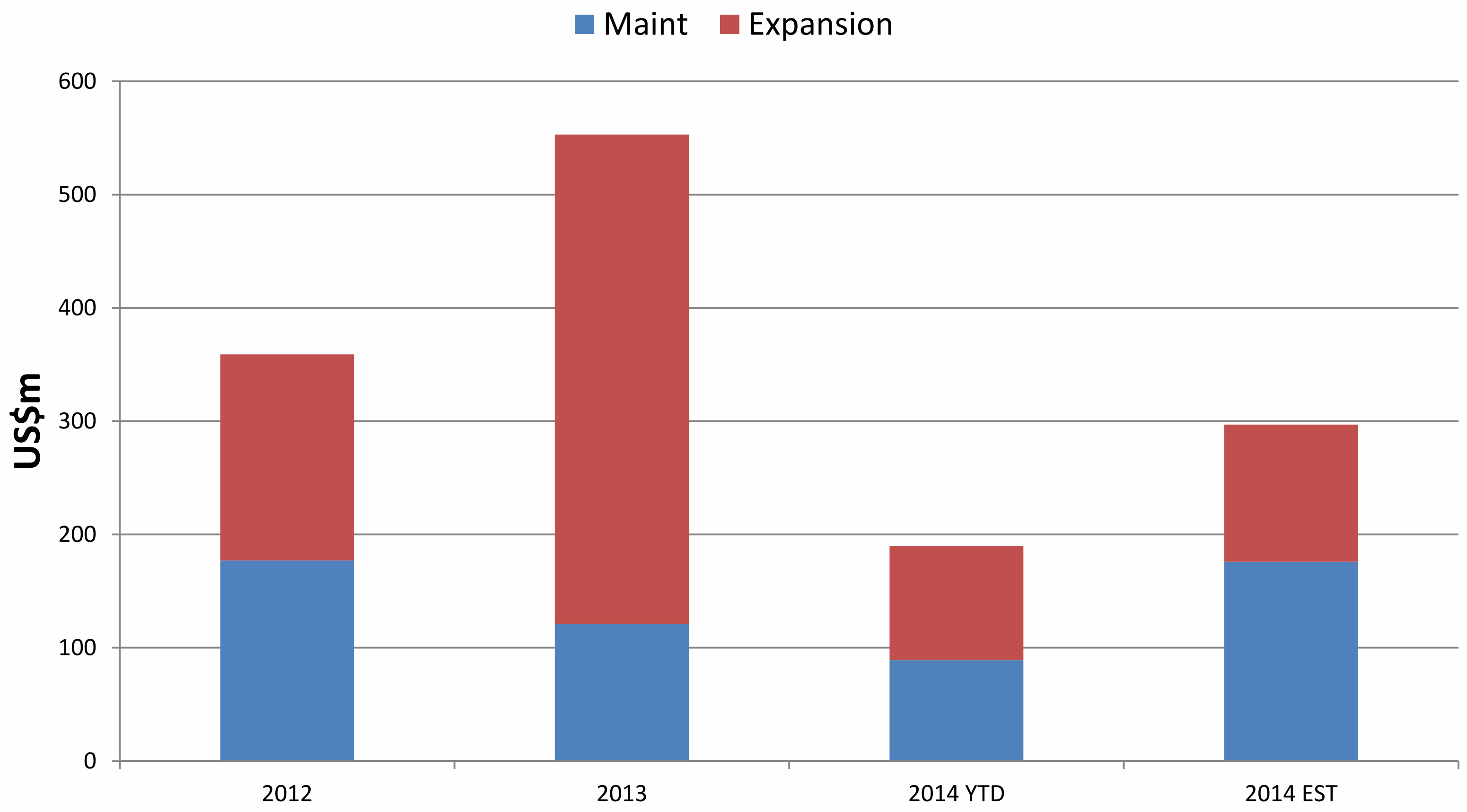
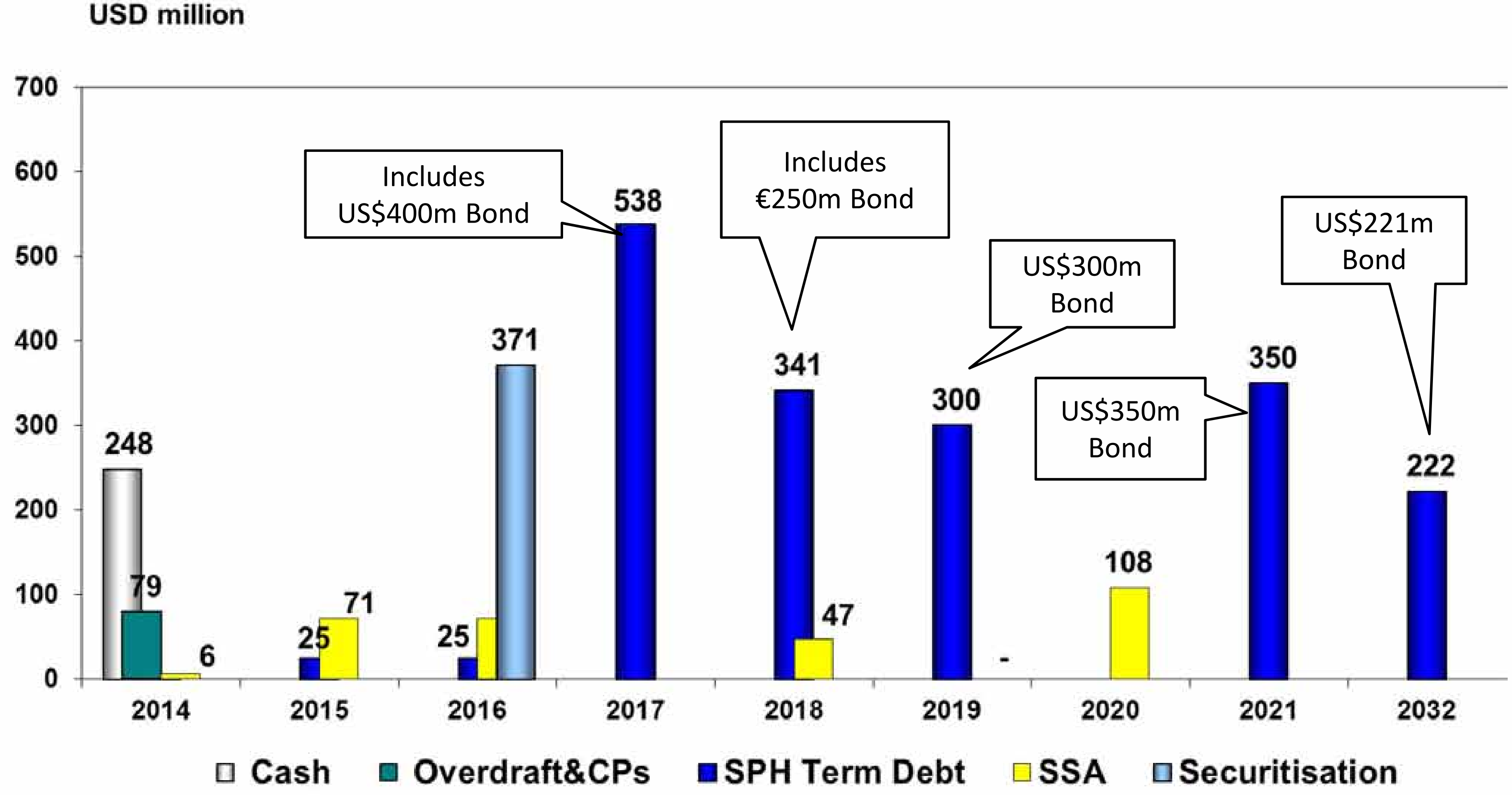
Capex Development



Maturity profile – Fiscal years



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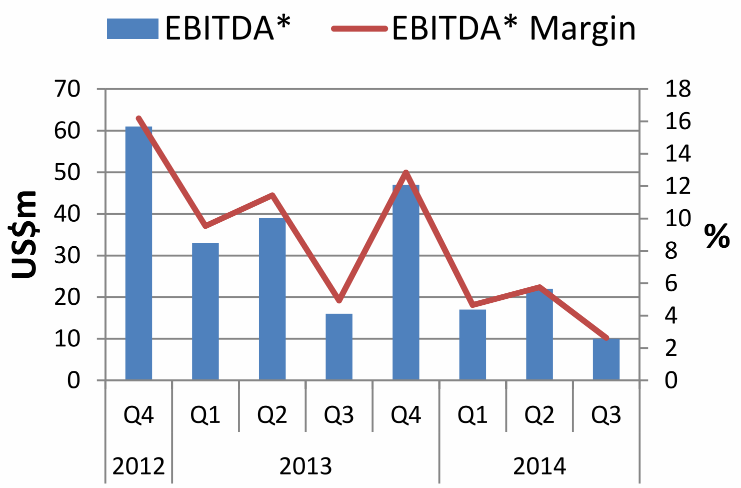
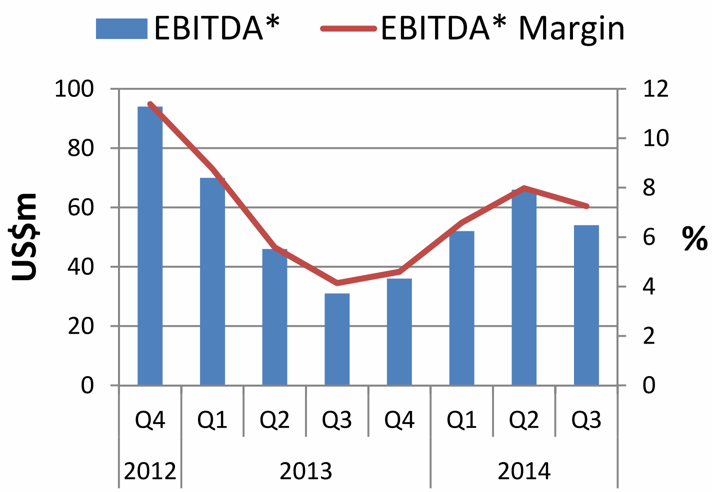
Divisional Overviews

Regional EBITDA Margin development

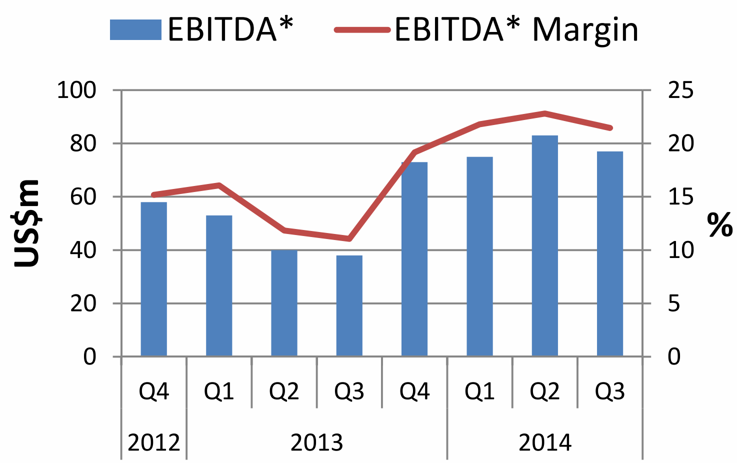
North America : 2.6%



Europe : 7.2%



South Africa : 21.4%



Sappi Europe

- Stronger than expected quarter, saw overall volumes 2% lower year-on-year. Growth in specialty paper volumes and stable CWF volumes. The CM market remains weak, both domestically, and globally.

- Average net sales prices in Euro terms were lower across all product grades year-on-year, but flat from last quarter.

- Savings in variable, fixed and logistics costs.

- An agreement was reached to dispose of the Nijmegen mill on 16 June 2014. The mill will now manufacture speciality packaging paper, 6-month transition arrangement for 52k tonnes CWF.

Sappi North America

- The graphic paper markets characterised by weak pricing during the quarter, whilst our volumes were flat year-on-year. Price increases for web products were announced during the quarter and pricing and orders during July have improved.

- The specialities business is experiencing improved sales to Europe, which is offsetting weaker Chinese markets.

- Variable costs were higher year-on-year as a result of higher wood and purchased pulp costs, but also as a result of some unscheduled outages at both our Cloquet and Somerset pulp mills.

- Reduction of approximately 50 salaried and 60 hourly paid positions announced during the quarter.

Sappi Southern Africa

• The performance of the Southern African business improved compared to the equivalent quarter last year; a quarter impacted by the conversion to dissolving wood pulp at Ngodwana.

• Variable costs, particularly for wood and pulp, were negatively impacted by the weaker rand while fixed costs were in-line with last year following cost containment actions.

• Average Rand sales prices for packaging paper and dissolving wood pulp higher year-on-year but lower than prior quarter.

Specialised Cellulose

- Dissolving wood pulp prices under pressure due to weaker viscose staple fibre prices and excess capacity

- Dissolving wood pulp profitability in NA was negatively impacted by the planned annual maintenance shut at Cloquet as well as higher logistics costs and lower pricing.

- Strong shipment volumes

Global Paper Market Trends

Supply & Demand
- Volumes stronger than expected
- Coated paper capacity shuts happening in Europe
- Demand remains mixed regionally, globally flat-to-down

Costs & Prices
- Proactively managing our costs – more to come
- Price increases announced on coated paper in US and Europe

Strategy
- Continue to manage sales mix and channel
- Bring costs down further
- Manage capacity according to demand expectations

Global Specialised Cellulose Market Trends

Supply & Demand

Supply (+19%) growing faster than demand (+5%) YTD '14 v '13
Demand growth impacted by lower textile fibre prices

Costs & Prices

DP prices expected to remain under pressure in the medium-term
Our 1.3 million tons are among the world's lowest-cost
Rand gives support to margins

Strategy

Continue to work with key customers – quality, customisation and supporting common growth aspirations
Keep costs low
Investigate further opportunities

Strategic Focus

Strategic Focus

No radical change in direction in the next two years while preparing for renewed growth!

Achieve cost advantages	Rationalise declining businesses	Grow through moderate investments

Generate cash to strengthen balance sheet

Accelerate growth in adjacent businesses from a strong base

Focus Areas

Achieve cost advantages

We work to lower fixed and variable costs, increase cost efficiencies and invest for cost advantages.

North America

- Workforce reduction
- Gas conversion of Somerset boiler

Europe

- Investment in Kirkniemi power plant
- Variable and fixed cost saving projects

South Africa

- Product optimisation
- Fixed cost savings projects

Group

- Identify opportunities with procurement, supply chain and shared services

Focus Areas

Optimise and rationalise declining businesses

Recognising the decreasing demand for graphic paper, we manage our capacity to strengthen our leadership position in these markets, realising their strategic importance to the group and maximising their significant cash flow generation.

Europe

- Self-help approach to managing volume declines
- Investment in Gratkorn paper machine and pulp plant

South Africa

- Optimising the product offering

Focus Areas

Growth through moderate investment

We will make smaller investments in existing areas with strong potential growth, including pulp, speciality grades and packaging papers.

Europe

- Alfeld investment

South Africa

- South African packaging

Focus Areas

Strengthen the balance sheet

Over the next two years, we will continue our focus on having a cleaner, stronger balance sheet so that we can then accelerate our growth in adjacent businesses.

South Africa

- Sale of Usutu – ZAR1bn
- Potential Mpumalanga forestry assets - ~ R700m

Group

- Working capital optimisation
- Contain capex to below US$300m/annum through FY2016
- Debt refinancing

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Outlook

Outlook

- We have made steady progress in improving the European business, an important cash contributor to the group . Capital projects at Gratkorn and Kirkniemi are underway, allowing us to make further headway in improving the financial performance of the business.

- The North American business has experienced an extremely difficult year with cost and price pressures in graphic paper, inclement weather and some operational challenges. There are early signs that the graphic paper business will see improved returns with good volumes and higher pricing going forward. Management focus on cost and operations will aid further improvement.

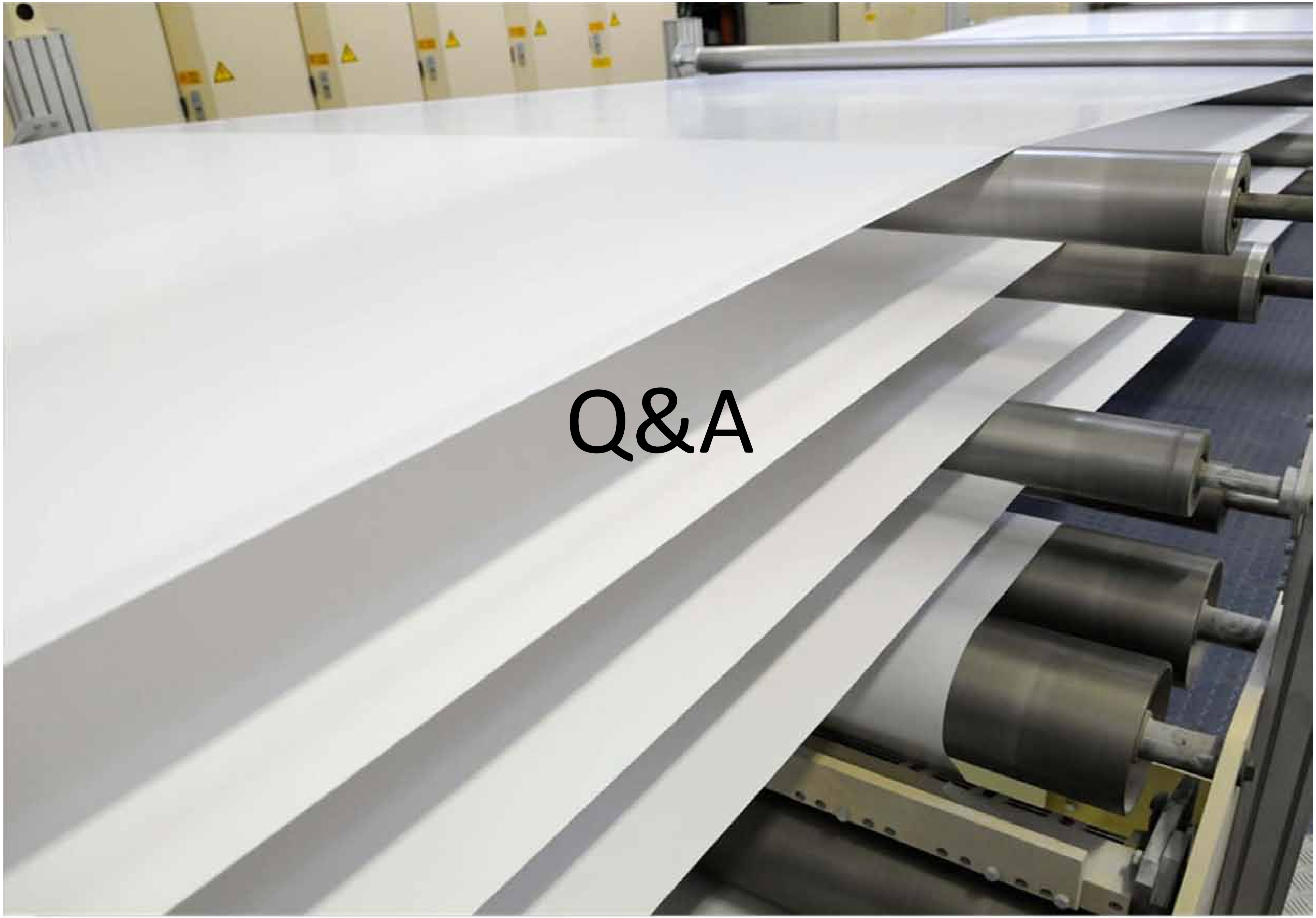
- The South African paper packaging business continues to benefit from healthy demand due to a good fruit export season.

Outlook (cont'd)

- Due to the competitive nature of the dissolving wood pulp market and weak viscose staple fibre pricing, we are experiencing continued pressure on our prices. However, demand remains strong and our mills are essentially sold out for the remainder of the year.

- Capital expenditure for the full year is expected to remain below US$300 million and with the proceeds of the Usutu sale and positive cash generation expected in the fourth quarter, we anticipate net debt to end the year close to US$2 billion.

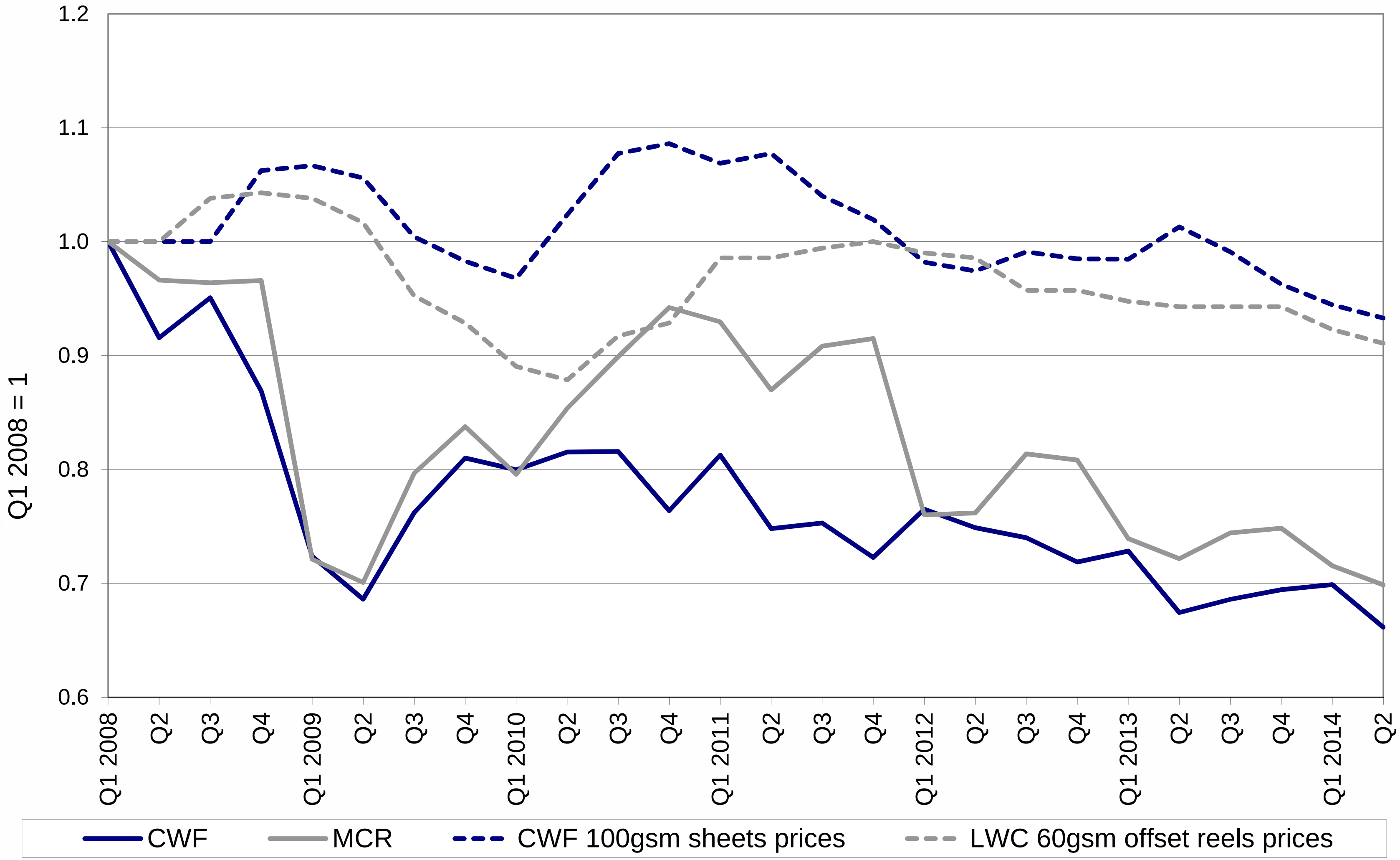
- The fourth quarter is a seasonally stronger quarter and we believe that the result for the quarter will continue the trend of improved year-on-year quarterly performance which we have experienced throughout 2014.



Q&A

Supplementary Information

W. Europe Coated Paper Deliveries & Prices



Western Europe Shipments Incl. Export – Source Cepifine, Cepiprint and RISI indexed to Calendar Q1 2008

Sappi Fine Paper Europe

	Q3 14	Q3 13	YTD 14	YTD 13
Tons Sold ('000)	783	796	2,492	2,527
Sales (€)	543	574	1,727	1,814
Price / Ton (€)	693	721	693	718
Cost / Ton* (€)	678	736	681	717
Operating profit ex items (€m) **	**12**	**(12)**	**29**	**3**

* Sales less operating profit excluding special items divided by tons sold.

** Operating profit excluding special items for F2013 restated per adoption of IAS 19 (Revised) Employee Benefits. Refer to the supplementary information in this presentation for a reconciliation to reported operating profit and page 20 in our Q3 2014 Results booklet (available on www.sappi.com) for a definition of special items.

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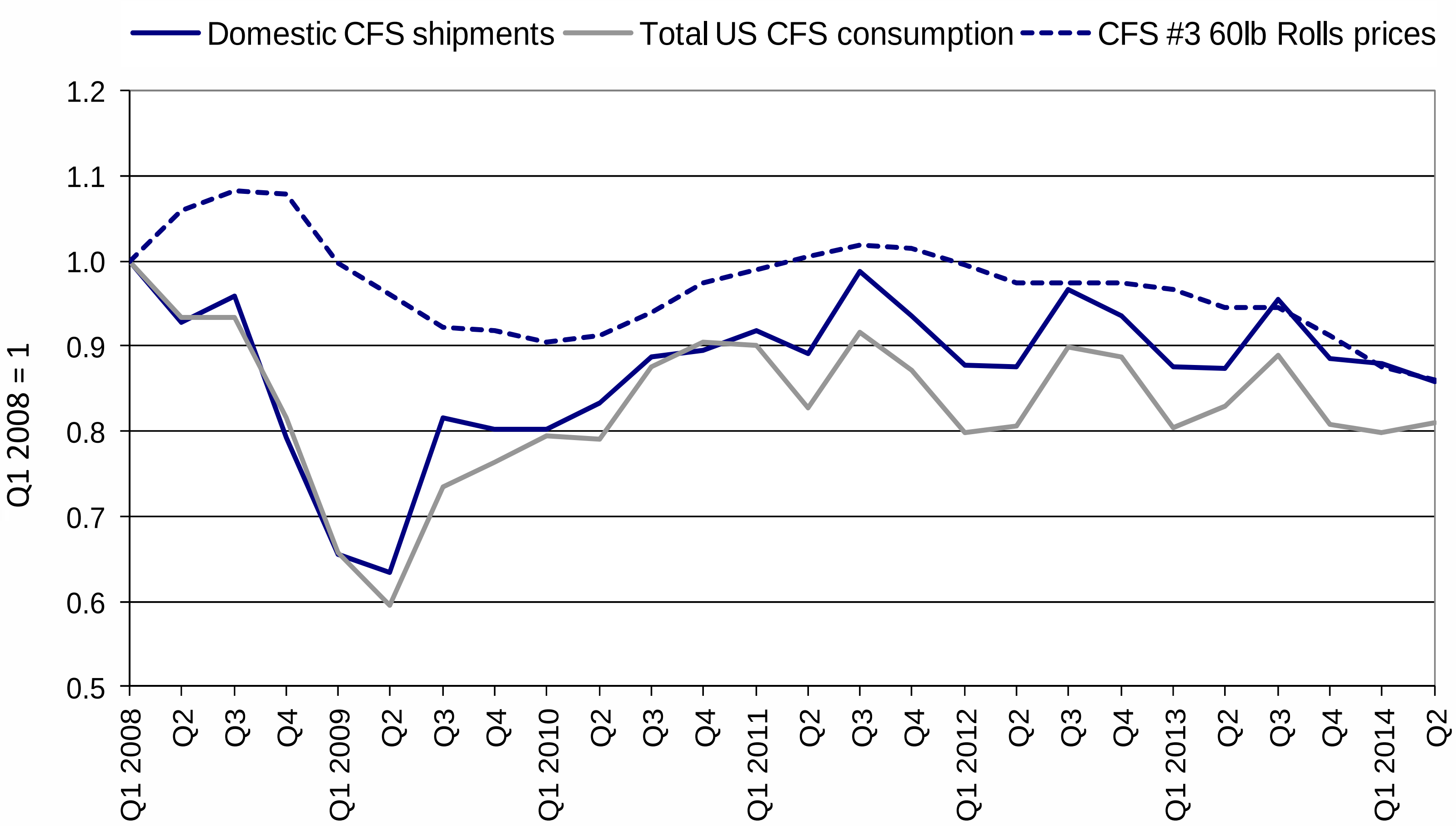
US Coated Paper Prices and Shipments



US Industry Shipments and total US consumption – Source AF&PA and RISI indexed to Q1 2008

Sappi Fine Paper North America

	Q3 14	Q3 13	YTD 14	YTD 13
Tons Sold ('000)	362	297	1,079	963
Sales ($'m)	380	324	1,127	1,011
Price / Ton ($)	1,050	1,091	1,044	1,050
Cost / Ton* ($)	1,075	1,098	1,051	1,019
Operating profit ex items ($'m)**	**(9)**	**(2)**	**(7)**	**30**

* Sales less operating profit excluding special items divided by tons sold.

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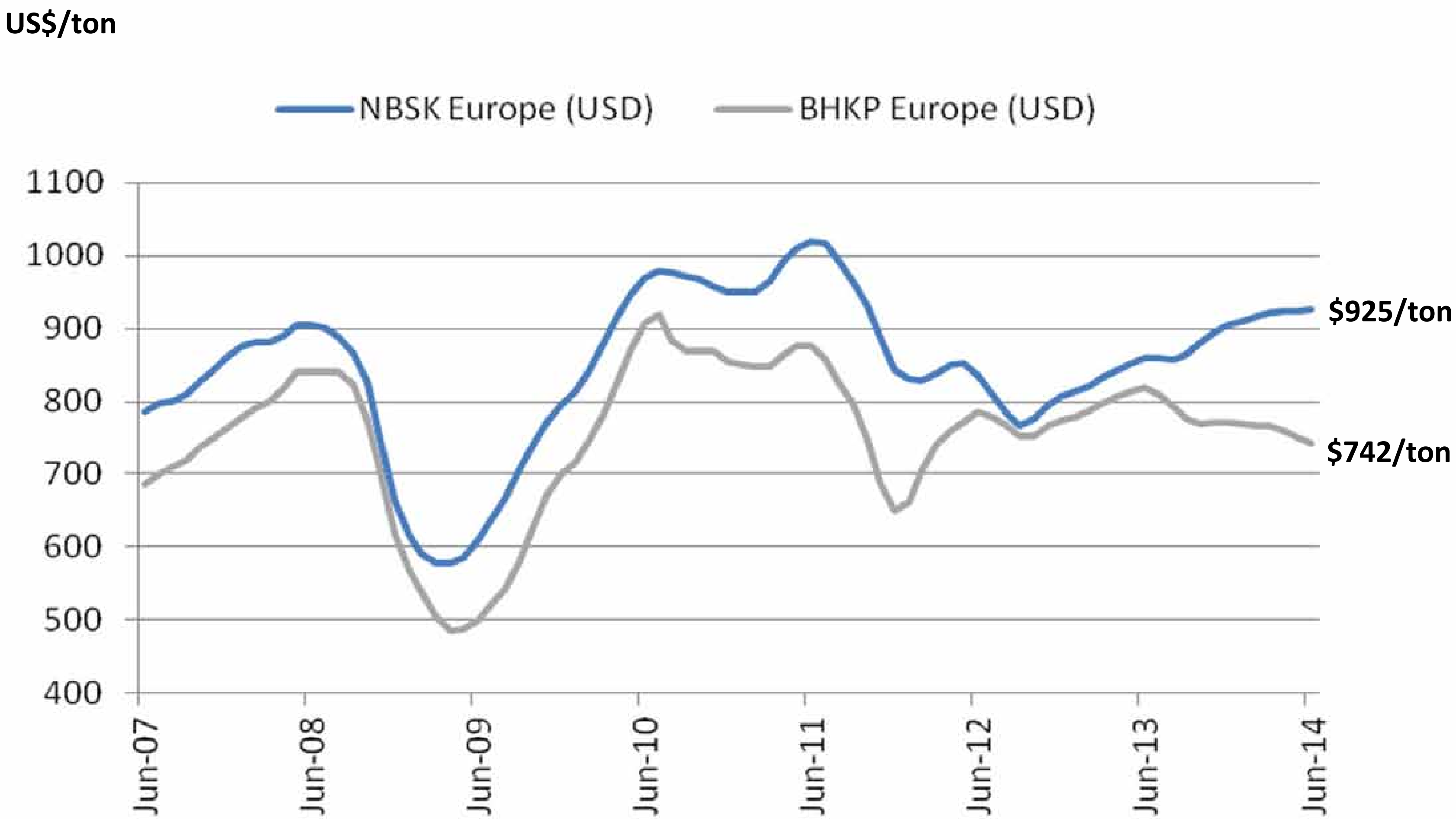
Pulp Prices* - spread widening



* Source: Average weekly FOEX delivered European prices

Sappi Southern Africa

	Q3 14	Q3 13	YTD 14	YTD 13
Tons Sold ('000)	423	405	1,253	1,172
Sales (ZAR'm)	3,592	3,066	10,654	8,612
Price / Ton (ZAR)	8,492	7,570	8,503	7,348
Cost / Ton* (ZAR)	6,948	7,096	6,918	6,793
Operating profit ex items (ZAR'm)**	**653**	**192**	**1,986**	**651**

* Sales less operating profit excluding special items divided by tons sold.

** Operating profit excluding special items for F2013 restated per adoption of IAS 19 (Revised) Employee Benefits. Refer to the supplementary information in this presentation for a reconciliation to reported operating profit and page 20 in our Q3 2014 Results booklet (available on www.sappi.com) for a definition of special items.

Cash Flow - US$m

	Q3 14	Q3 13	YTD 14	YTD 13
Cash generated from operations	**118**	**61**	**406**	**326**
- Movement in working capital	(29)	8	(119)	(128)
- Net finance costs paid	(50)	(57)	(136)	(144)
- Taxation paid	(4)	(2)	(1)	(15)
Cash generated from operating activities	**35**	**10**	**150**	**39**
Cash utilised in investing activities	**(79)**	**(167)**	**(195)**	**(397)**
- Capital expenditure	(57)	(174)	(190)	(449)
- Proceeds on disposal of non-current assets	(22)	7	(10)	50
- Other movements	-	-	5	2
Net Cash (utilized) generated	**(44)**	**(157)**	**(45)**	**(358)**

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EBITDA recon to reported operating profit*

	Q3 14	Q3 13	YTD 14	YTD 13
EBITDA ex-items	**140**	**88**	**458**	**373**
Depreciation and Amortisation	(73)	(83)	(236)	(260)
Operating Profit ex-items	**67**	**5**	**222**	**113**
Special Items - gains (losses)	**2**	**(19)**	**16**	**16**
Plantation price fair value adj.	5	(11)	18	93
Net restructuring provisions and loss on disposal of assets and businesses	4	(2)	3	(15)
Asset impairment reversals (impairments)	-	1	3	(46)
BEE charge	(1)	(1)	(2)	(3)
Fire, flood, storm and related events	(6)	(6)	(6)	(13)
Segment Operating Profit	**69**	**(14)**	**238**	**129**

*F2013 restated per adoption of IAS 19 Employment Benefits

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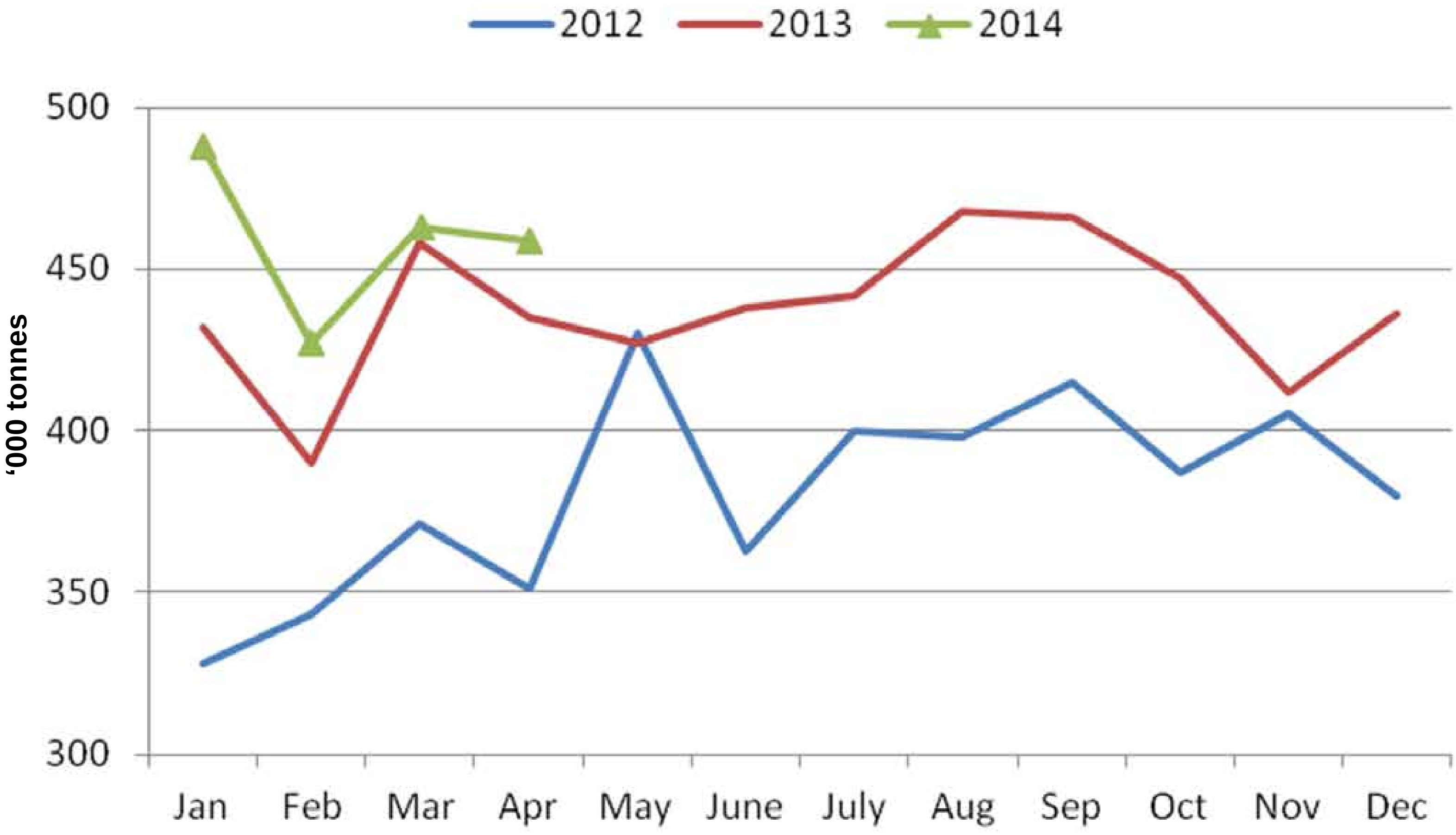
DWP global demand
+ 5% YTD v 2013 +30% v 2012



Source: PPPC

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Chinese VSF production continues to grow

Source: RISI

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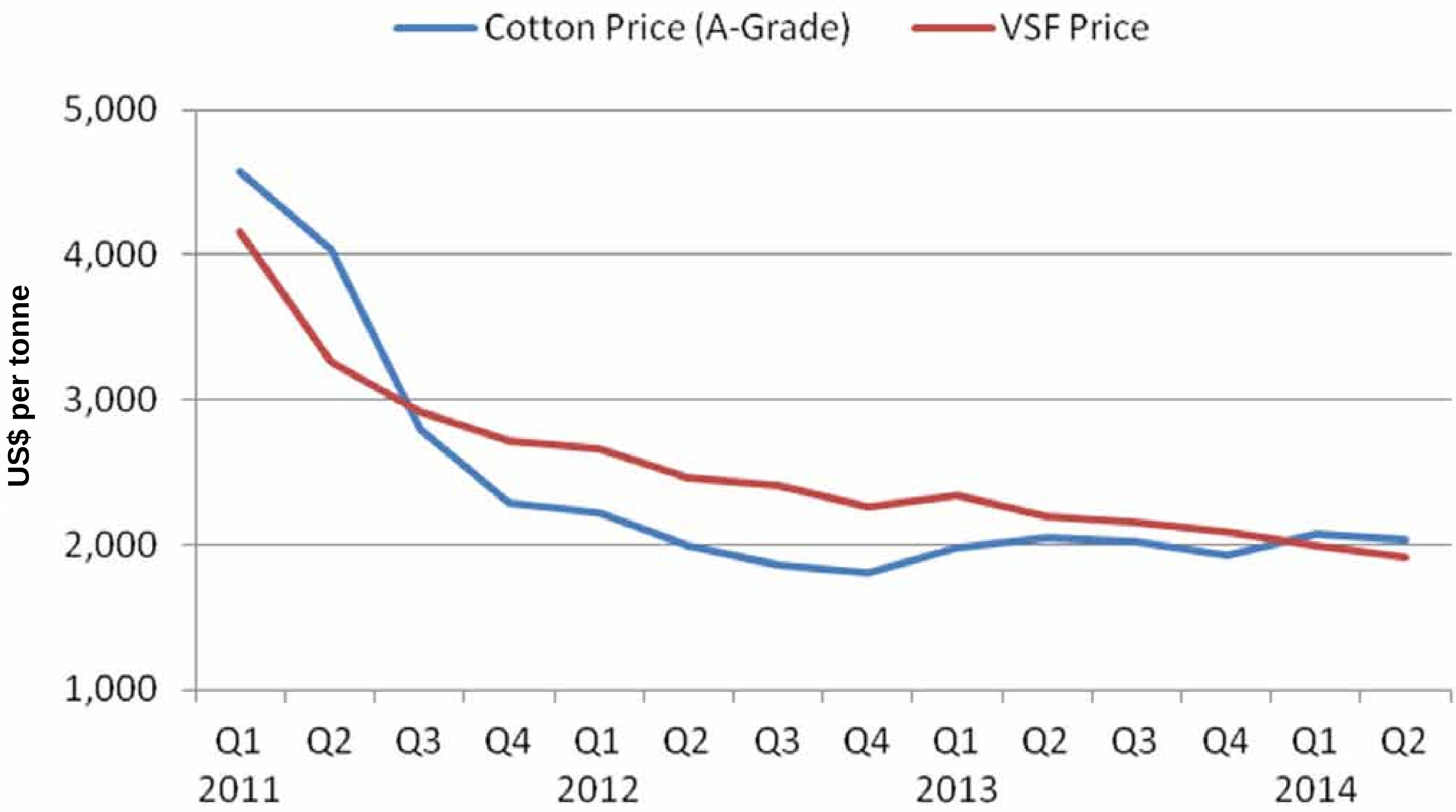
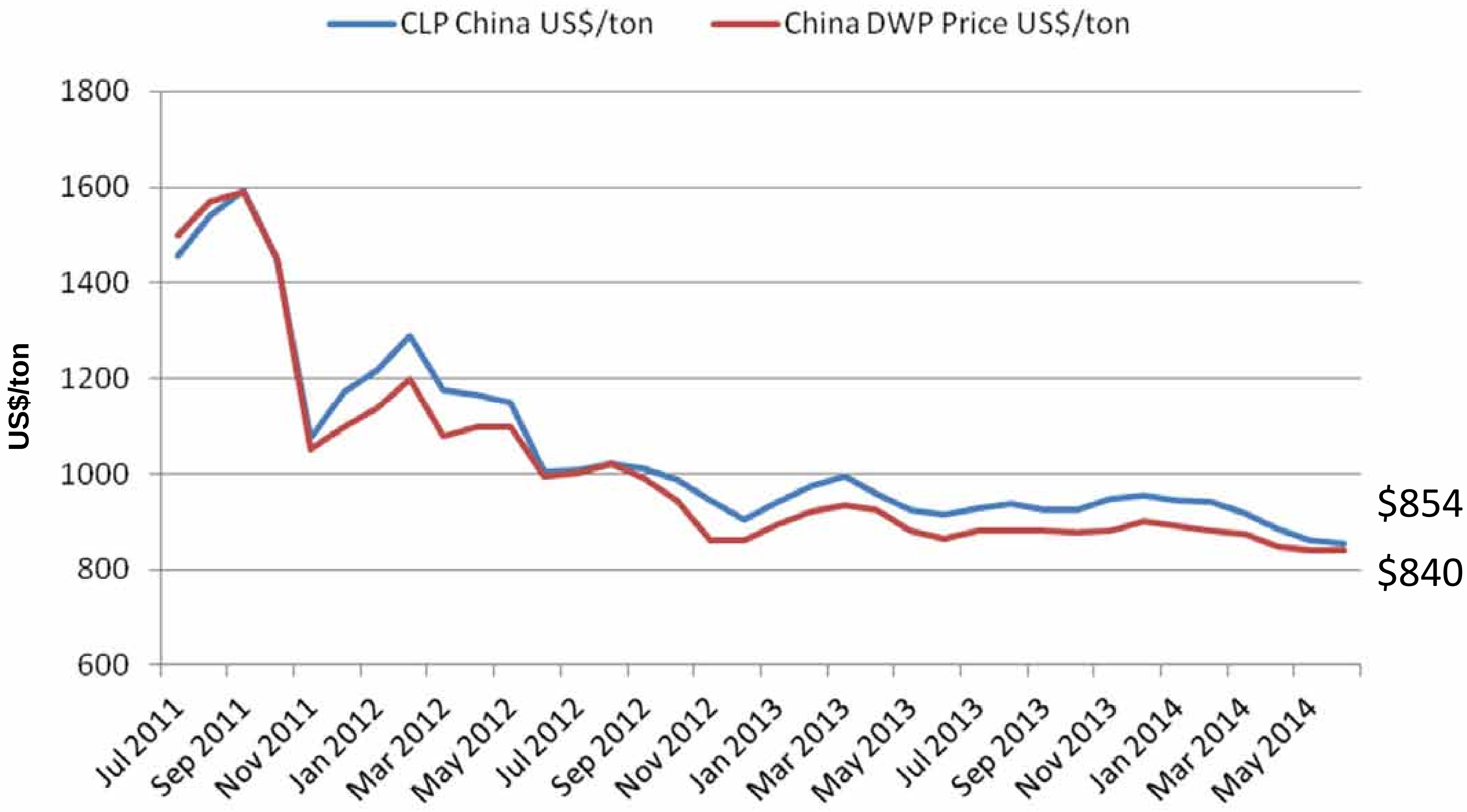
Further weakness in cotton prices could undermine demand for viscose



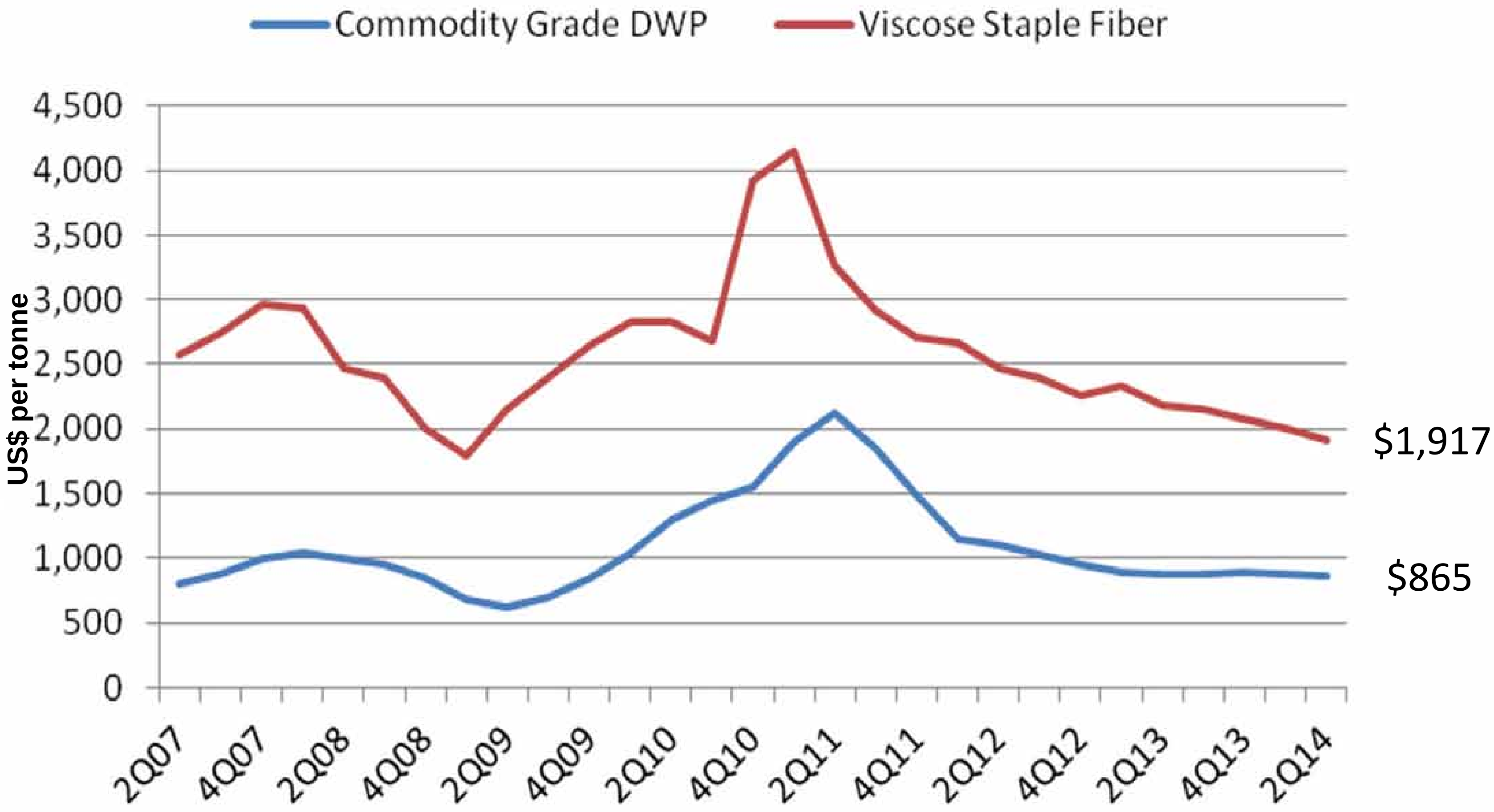
Source: RISI

Cotton Linter pulp trading at similar levels to DWP

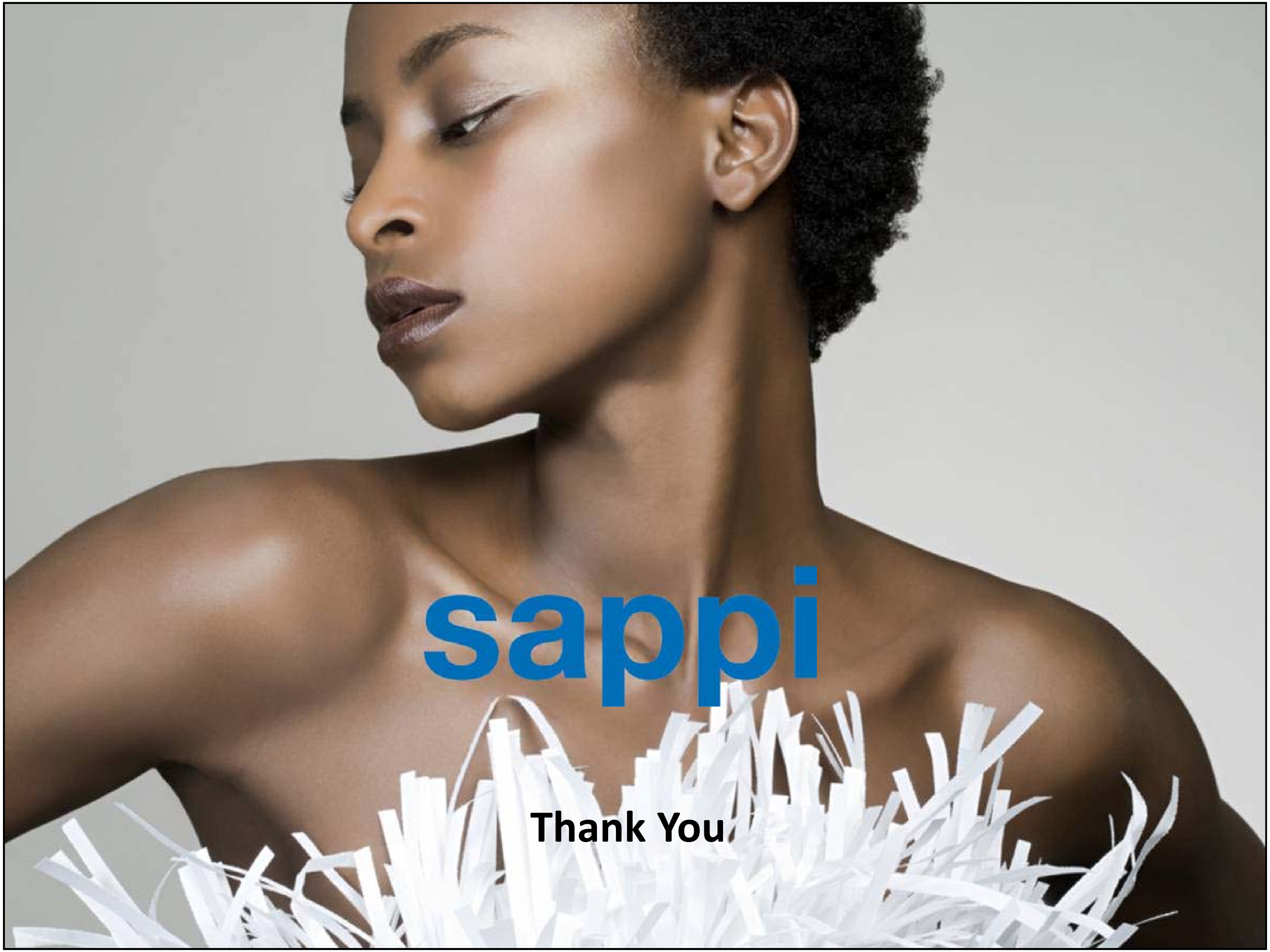


Source: CCF

Overcapacity putting pressure on prices



Source: RISI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Thank You