



**Sappi Limited**

Johannesburg

# Announcement

01 August 2019

Sappi Limited  
(Incorporated in the Republic of South Africa)  
Registration number: 1936/008963/06  
JSE share code: SAP  
ISIN code: ZAE000006284  
("Sappi" or the "Company")

## **Proposed acquisition by Sappi of Matane mill from the Rayonier Advanced Materials Group**

Sappi Limited wishes to announce that its wholly-owned subsidiary Sappi Canada Enterprises Inc has signed an agreement to acquire the Matane high yield hardwood pulp mill in Quebec, Canada from Rayonier Advanced Materials Inc ("RYAM") at a price of US\$175 million. The mill has a capacity of 270 000 tons per annum of high yield hardwood pulp.

This transaction represents an opportunity to increase Sappi's pulp integration for both its North American and European packaging businesses. The increased pulp integration will lower Sappi's costs of pulp, reduce the volatility of earnings throughout the pulp cycle and provide certainty of supply.

The transaction agreements for the acquisition of the Matane mill was concluded on 31 July 2019 and is subject to certain customary conditions precedent, including the pre-requisite approvals of certain anti-trust authorities. The deal is expected to be concluded in the fourth calendar quarter of 2019. Sappi will fund the acquisition through internal cash resources and available debt facilities.

The acquisition is a Category 2 transaction in terms of the JSE Listings Requirements. In this regard the audited operating profit attributable to the Matane mill as at 31 December 2018 was US\$50 million calculated in accordance to US GAAP and the value of the net assets that are the subject of the transaction is US\$170 million inclusive of approximately US\$5 million unfunded pension liabilities.

A detailed presentation on the acquisition is available on the Sappi website [www.sappi.com](http://www.sappi.com)

Sponsor : UBS South Africa (Pty) Ltd

