### Third quarter results for the period ended June 2019

<table>
<thead>
<tr>
<th></th>
<th>Quarter ended</th>
<th>Nine months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong> (US$ million)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>1,371</td>
<td>1,445</td>
</tr>
<tr>
<td>Operating profit excl special items¹</td>
<td>48</td>
<td>85</td>
</tr>
<tr>
<td>Special items (gains)/ (losses)²</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>EBITDA excl special items²</td>
<td>118</td>
<td>155</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>8</td>
<td>51</td>
</tr>
<tr>
<td>Basic EPS (US cents)</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>EPS excl special items (US cents)³</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>Net debt¹</td>
<td>1,728</td>
<td>1,603</td>
</tr>
<tr>
<td>Operating profit excl special items¹ to sales</td>
<td>3.5</td>
<td>5.9</td>
</tr>
<tr>
<td>ROCE¹ Operating profit excluding special items¹ to capital employed</td>
<td>5.2</td>
<td>9.7</td>
</tr>
<tr>
<td>EBITDA excl special items² to sales</td>
<td>8.6</td>
<td>10.7</td>
</tr>
<tr>
<td>Net debt to EBITDA excl special items²</td>
<td>2.4</td>
<td>2.1</td>
</tr>
<tr>
<td>Interest cover²</td>
<td>9.6</td>
<td>11.0</td>
</tr>
<tr>
<td>Net asset value per share¹ (US cents)</td>
<td>375</td>
<td>342</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,371</td>
<td>1,445</td>
<td>1,503</td>
<td>4,292</td>
<td>4,271</td>
</tr>
<tr>
<td>Operating profit excl special items¹</td>
<td>48</td>
<td>85</td>
<td>117</td>
<td>293</td>
<td>332</td>
</tr>
<tr>
<td>Special items (gains)/ (losses)²</td>
<td>2</td>
<td>1</td>
<td>—</td>
<td>7</td>
<td>(22)</td>
</tr>
<tr>
<td>EBITDA excl special items²</td>
<td>118</td>
<td>155</td>
<td>187</td>
<td>502</td>
<td>538</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>8</td>
<td>51</td>
<td>72</td>
<td>161</td>
<td>216</td>
</tr>
<tr>
<td>Basic EPS (US cents)</td>
<td>1</td>
<td>9</td>
<td>13</td>
<td>30</td>
<td>40</td>
</tr>
<tr>
<td>EPS excl special items (US cents)³</td>
<td>4</td>
<td>10</td>
<td>13</td>
<td>33</td>
<td>41</td>
</tr>
<tr>
<td>Net debt¹</td>
<td>1,728</td>
<td>1,603</td>
<td>1,680</td>
<td>1,728</td>
<td>1,603</td>
</tr>
<tr>
<td>Operating profit excl special items¹ to sales</td>
<td>3.5</td>
<td>5.9</td>
<td>7.8</td>
<td>6.8</td>
<td>7.8</td>
</tr>
<tr>
<td>ROCE¹ Operating profit excluding special items¹ to capital employed</td>
<td>5.2</td>
<td>9.7</td>
<td>13.1</td>
<td>10.7</td>
<td>13.6</td>
</tr>
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<td>EBITDA excl special items² to sales</td>
<td>8.6</td>
<td>10.7</td>
<td>12.4</td>
<td>11.7</td>
<td>12.6</td>
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<tr>
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<td>2.4</td>
<td>2.1</td>
<td>2.2</td>
<td>2.4</td>
<td>2.1</td>
</tr>
<tr>
<td>Interest cover²</td>
<td>9.6</td>
<td>11.0</td>
<td>10.5</td>
<td>9.6</td>
<td>11.0</td>
</tr>
<tr>
<td>Net asset value per share¹ (US cents)</td>
<td>375</td>
<td>342</td>
<td>366</td>
<td>375</td>
<td>342</td>
</tr>
</tbody>
</table>

### Net debt impacted by currency translation

Net debt, increased 7.8% year-on-year largely as a result of translating Euro denominated debt into US Dollars. Cash utilisation was US$24 million less than the equivalent quarter last year on the back of reduced capital expenditures and lower cash finance costs.

### Market conditions

Market conditions across our major product categories were challenging during the quarter. Sluggish graphic paper demand, resulted in 89,000 tons of production downtime across our European and North American paper operations.

Dissolving wood pulp (DWP) prices weakened significantly due to soft viscose staple fibre (VSF) markets, which were under significant pressure due to excess capacity and weak textile exports from China.

Due to the seasonality of the business we also scheduled much of our maintenance activity during this period, including annual shuts at Ngodwana, Saiccor and Cloquet Mills. DWP prices dropped to US$786/ton by quarter end, the lowest in a decade.

We continued taking action to diversify our product portfolio into higher margin segments and position the company for future growth.

Recent projects to increase capacity at each of the DWP mills and convert capacity at Somerset and Maastricht towards packaging boosted sales volumes in each of these segments during the quarter, lessening the impact of particularly weak graphic paper markets.

Packaging and speciality markets were mixed across our regions, with demand for packaging offsetting weakness in the consumer speciality grades.

### Net operating assets and sales distribution

- **Sales by source (%)**
  - North America: 51%
  - Europe: 25%
  - Southern Africa: 24%

- **Sales by product (%)**
  - Coated paper: 10%
  - Uncoted paper: 6%
  - Dissolving wood pulp: 6%
  - Specialty paper: 51%
  - Other: 21%

- **Sales by destination (%)**
  - North America: 46%
  - Europe: 23%
  - Southern Africa: 16%
  - Asia and other: 21%

- **Net operating assets (%)**
  - North America: 36%
  - Europe: 27%
  - Southern Africa: 37%
Through intentional evolution we will continue to grow Sappi into a profitable and cash-generative diversified woodfibre group — focused on dissolving wood pulp, paper and products in adjacent fields.

DWP pricing is expected to continue to be under pressure while VSF producers are impacted by low margins, paper pulp prices remain low and uncertainty exists in textile markets as a result of the US/China trade tensions. Our DWP sales volumes are expected to stay healthy and the expanded production capacity at Saiccor, Ngodwana and Cloquet will be utilised to meet customer demand.

Packaging and speciality markets show good growth prospects, however, growth has slowed in some segments due to general economic conditions. Raw material prices, particularly paper pulp, are declining and offer some relief for margins. Demand for South African packaging products is expected to be strong going into the local spring. The ramp-up and product mix optimisation process continues at Somerset and Maastricht as qualification and customer acceptance is completed. The acquisition of Matane Mill will increase the pulp integration for our North American and European packaging businesses, and lower costs going forward.

Persistent weakness in graphic paper markets will require further production downtime in the coming quarter. Sufficient capacity is expected to be shut or converted within the industry, allowing operating rates and margins to recover in future periods. Lower paper pulp prices are offering some relief, however, paper prices in both US and Europe have declined due to current market conditions.

Capital expenditure for the rest of the year is expected to be around US$200 million as we continue the transition to growing and higher margin segments. Major projects underway include the 110,000 ton expansion at Saiccor Mill and the final commissioning of Lanaken PM8 after the conversion from coated mechanical to coated woodfree paper. No other major projects are currently committed; we expect annual capex levels to reduce over the next two years.

Given the current weak market conditions for graphic paper, DWP pricing pressure from oversupplied VSF markets and global economic uncertainty related to trade wars, our fourth quarter profitability will likely be below that of the prior year.
Third quarter results for the period ended June 2019

Europe

The business continued to be affected by weak graphic paper markets, with higher average selling prices insufficient to offset lower sales volumes, production curtailment and a rise in input costs.

We gained significant coated woodfree market share as competitors looked to exit the market; as a result, volumes were down only 3%. However, due to a weak publication paper demand and the Lanaken PM8 conversion, coated mechanical paper volumes were significantly lower. To manage inventory levels, we curtailed production by 30,000 tons. Production was also impacted by the extended shut at Lanaken to complete the conversion of PM8 to coated woodfree. The project was completed on time and within budget. Average net selling prices for the graphics grades were 5% higher year-on-year.

Packaging and specialties volumes were flat year-on-year, with stable packaging demand offsetting weakness in the consumer specialty products, especially for release liner. Average sales prices were up 4% over the prior year, matching variable cost prices increases.

Variable costs in Euro were 3% higher year-on-year, driven by higher softwood pulp and wood prices, with the weaker Euro more than offsetting US Dollar price declines. However, pulp, energy and wood costs all declined compared to the prior quarter. Fixed costs were flat year-on-year.

North America

Higher coated paper prices and lower fixed costs were insufficient to offset a very weak domestic graphic paper market. Industry apparent consumption fell an estimated 15% for the quarter year-on-year, necessitating 59,000 tons of production downtime to manage inventory levels.

Significant coated woodfree price increases last year led to an inventory build affecting downstream demand further exacerbated by some customers downgrading to coated mechanical and uncoated paper. Softer demand, along with a surge in imports earlier in the year, have pulled selling prices downwards since February.

DWP sales volumes increased year-on-year, with the successful debottlenecking of the Cloquet Mill in April. Average net selling prices were 4% below those of last year.

Somerset PM1 commercial sales volumes of paperboard grades ramped up 38% on the prior quarter. However, average net selling prices remain below target and variable costs above optimum as we grow the business and optimise the machine. Overall packaging and specialty volumes were 88% higher than the prior year.

Variable costs: 5% higher than a year ago due to operating inefficiencies arising from production downtime and higher wood and energy costs. Fixed costs: 7% lower year-on-year as the comparative quarter last year included costs related to Somerset’s PM1 conversion.

Southern Africa

The Southern African results were impacted by lower average US Dollar pricing for DWP and a delayed start to the citrus season which impacted containerboard sales volumes.

A weaker Rand/US Dollar exchange rate only partially offset these factors.

US Dollar DWP sales prices declined as continued pressure from excess VSF capacity impacted textile fibre prices and VSF producers lowered their demand for DWP.

Sales volumes were marginally up year-on-year, but some 20% below those of the prior quarter as scheduled maintenance shuts were completed at both Saiccor and Ngodwana Mills during the quarter.

Packaging sales volumes were below those of the prior year due to the timing differences on citrus exports, while local sales prices increased to match variable cost rises.

Newsprint sales volumes were negatively impacted by low stock volumes post the annual maintenance shut.

Fixed costs rose in line with inflation, while variable costs were 14% higher as a result of a higher proportion of DWP production and by increases in energy and wood costs.
Our expanded brand portfolio

sappi | Verve
An innovative natural fibre produced from sustainably managed forests. Dissolving wood pulp is used to create naturally soft, breathable fabrics that is smooth to the touch and in a myriad of household, industrial and pharmaceutical applications — helping to create a thriving world.

sappi | Magno
A globally available range of coated and uncoated fine papers including seven product choices, four surface finishes and a wide range of weights.

sappi | Atelier
A truly new dimension in the folding box board market that delivers the ultimate in brightness, purity and gloss with a silky touch and feel, pared with bulk and stiffness.

sappi | McCoy
A superior printing paper with unrivalled luminosity and a one-of-a-kind silk finish used to create luxurious brand promotion experiences.

sappi | Proto
A sturdy paperboard for everyday jobs, providing quality with superior convertibility and a consistent surface.

sappi | Valida
A natural and sustainable additive with advanced performance and cost-effective functionality in various systems.

sappi | Spectro
A single-ply paperboard with advanced optics that converts to eye-catching premium packaging, providing a high-end experience at a lower basis weight – the perfect combination to make a lasting impression.

sappi | Symbio
A natural composite material combining high quality cellulose from wood and a polypropylene plastic material.

sappi | Lignex
An effective dust suppressant and surface stabiliser for unsealed roads.

sappi | Algro Design
Your complete paperboard solution for premium packaging and graphic applications. Recognised for superior brightness and a remarkable silky touch.

sappi | Hansa
A sodium lignosulphonate solution for concrete admixtures that enhances flow characteristics and workability.

sappi | Ultracast
Ultracast casting and release papers provide the ultimate in product aesthetics, offering flawless texture replication for discerning brand owners.

sappi | Typek
A leading retail consumer brand of multi-purpose office paper.