

Sappi Limited – Debt Update September 2016



Forward-looking statements and Regulation G

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, 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:

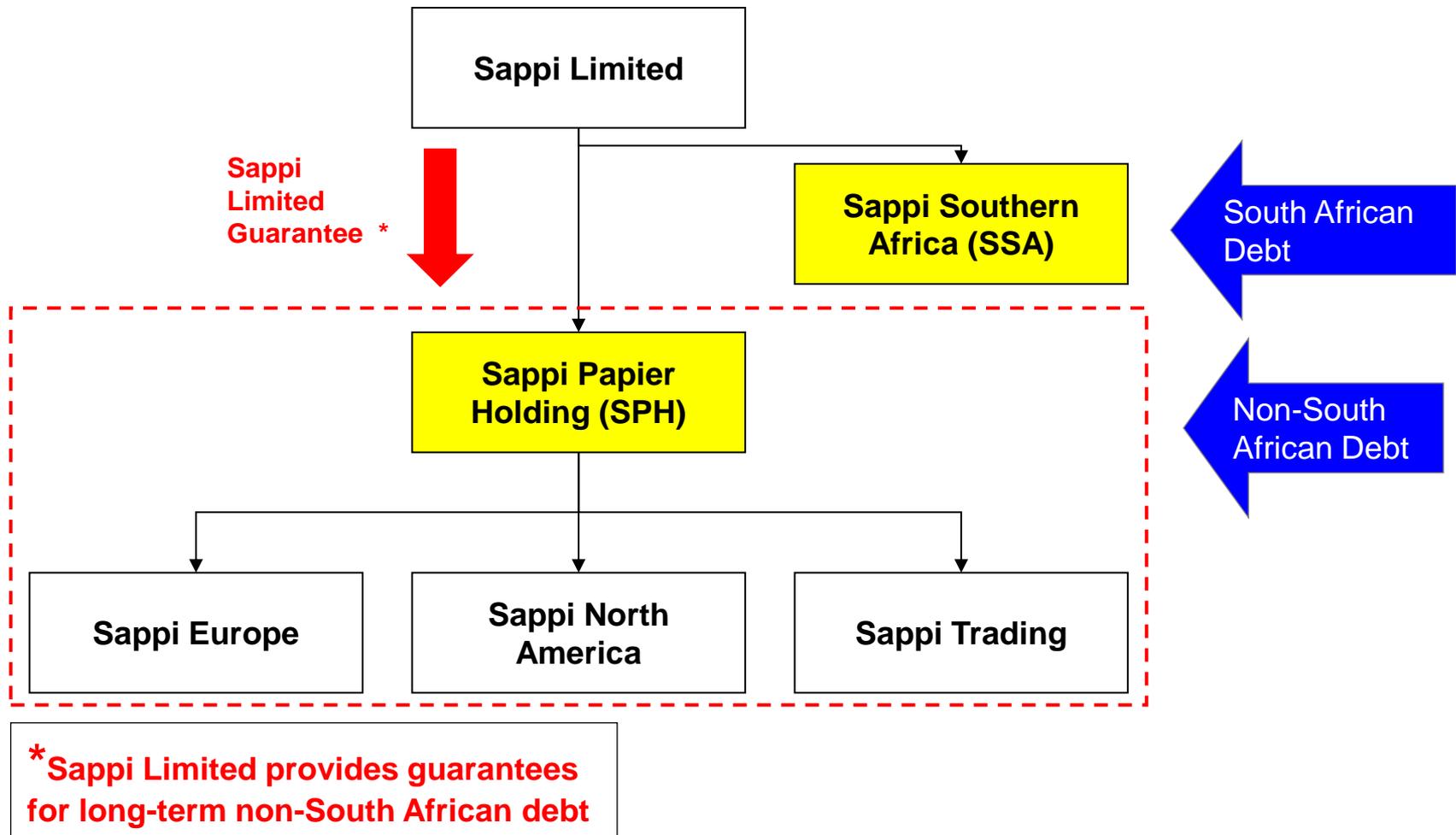
- the highly cyclical nature of the pulp and paper industry (and the factors that contribute to such cyclicity, such as levels of demand, production capacity, production, input costs including raw material, energy and employee costs, and pricing);
- the impact on our business of a global economic downturn;
- 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 and other strategic initiatives 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 'Investors | Financial information' section of www.sappi.com.

Group Structure – Sappi entities taking up debt



Debt Overview

US\$ millions	Mar 2016	Jun 2016	Sep 2016
LONG TERM DEBT ³	1,974	1,915	1,535
SECURED DEBT	1,236	1,278	-
SUBORDINATED DEBT	487	473	-
UNSECURED SENIOR DEBT ¹	-	-	1,732
SECURITISATION	322	309	314
(LESS - SHORT-TERM PORTION)	(70)	(145)	(511)
NET SHORT TERM DEBT / (CASH)	(322)	(332)	(126)
OVERDRAFTS, CPs & RCF DRAWING	65	65	65
SHORT TERM PORTION OF LONG TERM DEBT ²	70	145	511
(LESS CASH)	(457)	(542)	(703)
NET DEBT	1,652	1,583	1,408

1. The security package was released on 31 August 2016.
2. We consider the liquidity position to be very good, with cash holdings exceeding short-term obligations by US\$126 million at fiscal year-end. In addition, Sappi has US\$595 million of unutilized committed credit facilities, including the Revolving Credit Facility at SPH of EUR465 million (US\$522 million). A material short-term maturity is the SPH US\$400 million bond maturing in July 2017, which has not been refinanced. It remains our intention to repay this bond from current liquidity sources.
3. Refer to Note 21 in the published Sappi Limited Annual Integrated Report for a detailed debt description.

Detailed Debt Summary – September 2016

Sappi Southern Africa Long Term Debt		ZAR 1,645	120
2017 Bond - US\$ (swapped to €)			400
2022 Bond - EUR		€ 450	505
2023 Bond - EUR		€ 350	393
2032 Bond			221
OeKB Term Loan		€ 101	113
Securitised Receivables	EUR	€ 183	205
Securitised Receivables	USD		109
Sappi Europe Leases		€ 2	2
IFRS Adjustments			(22)
Long Term Debt			2,046
less Short Term Portion of Long Term Debt			(511)
Total Long Term Debt			1,535
Short Term Loans & Overdrafts			65
Short Term Portion of Long Term Debt			511
LESS Cash - Sappi South Africa			(280)
LESS Cash - Sappi Group (excl. South Africa)			(423)
NET DEBT AS AT SEPTEMBER 2016	US\$ '000		1,408

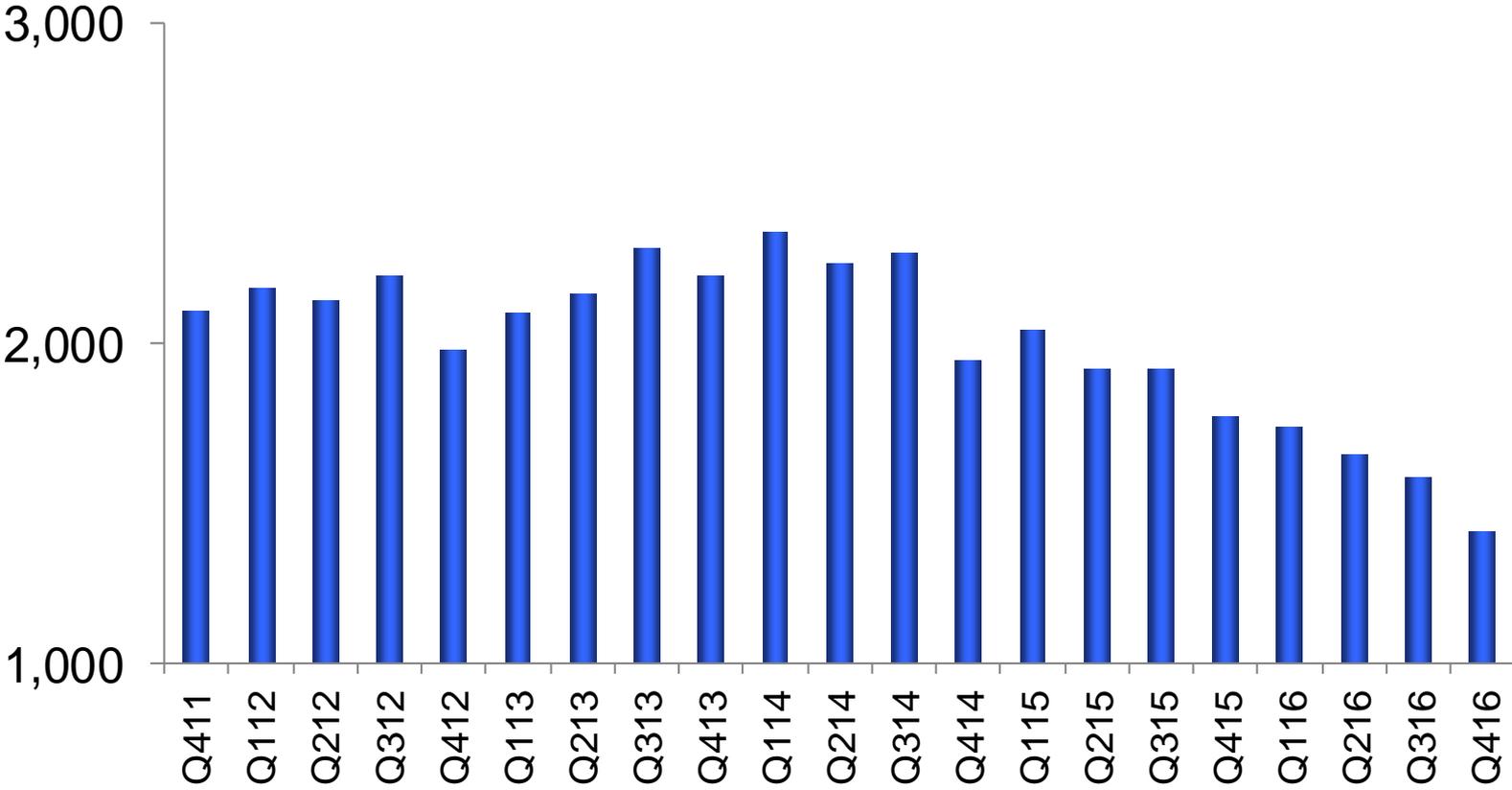
Consists of a Trade Finance facility, which is rolled quarterly

Net Debt Movement

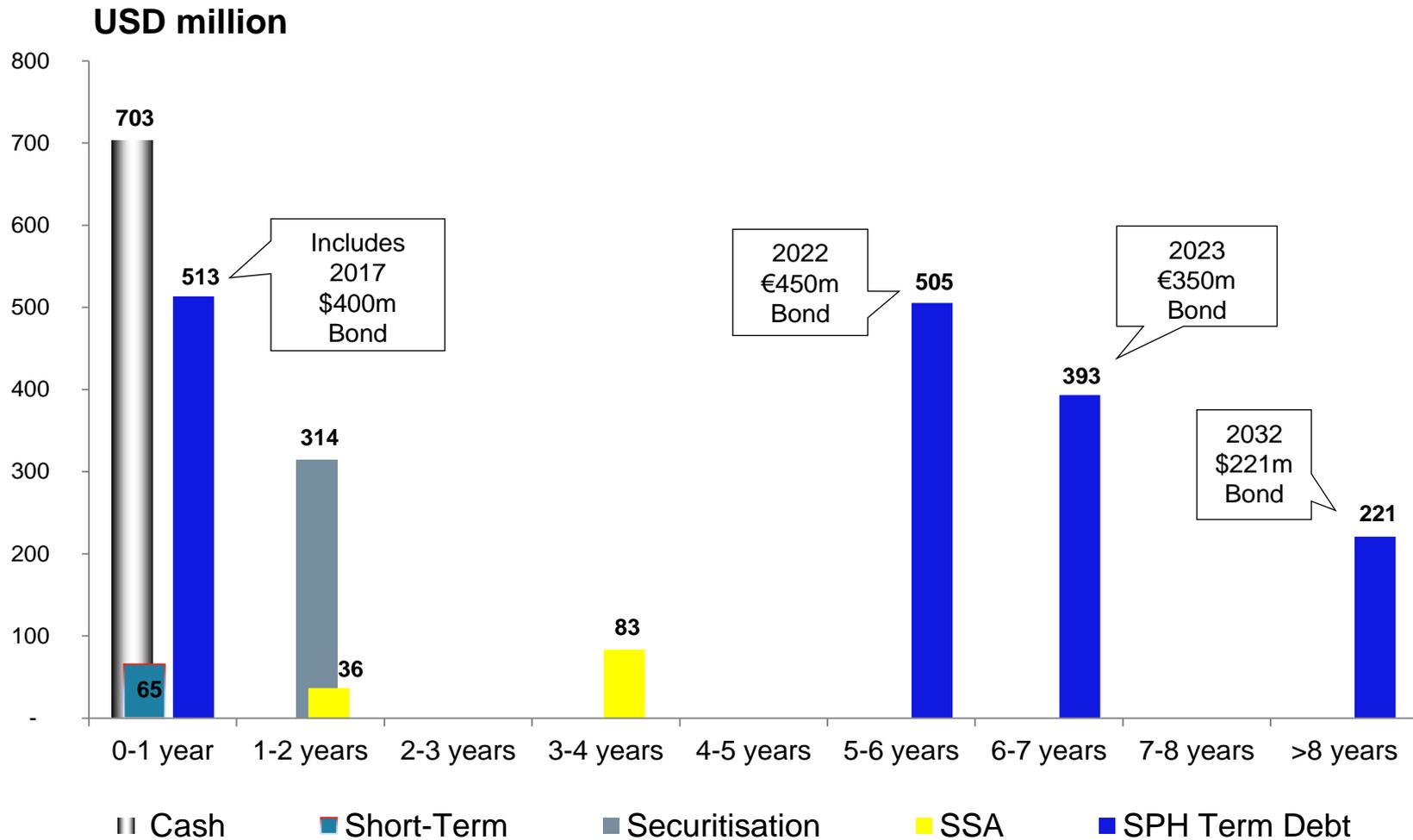
	US\$ million
	Q4
Net Debt - at start of the period	1,583
Net Cash generated during the period	(168)
Currency, fair value impact and other	(7)
Net Debt - September 2016	1,408

	US\$ million
	FY16
Net Debt - at start of the 2016 financial year	1,771
Net Cash generated during the period	(359)
Debt Issuance related costs	12
Currency, fair value impact and other	(16)
Net Debt - September 2016	1,408

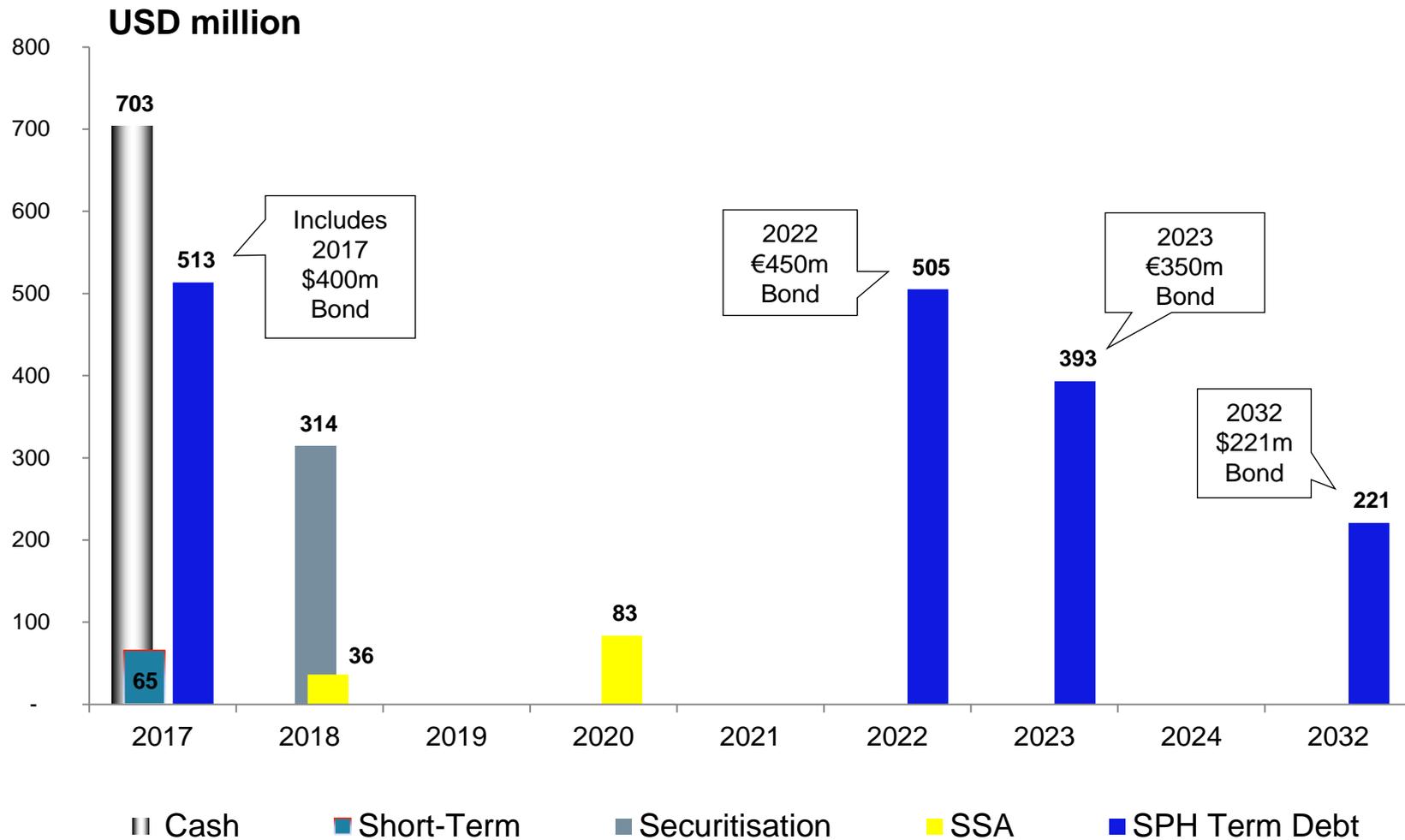
Net Debt Development



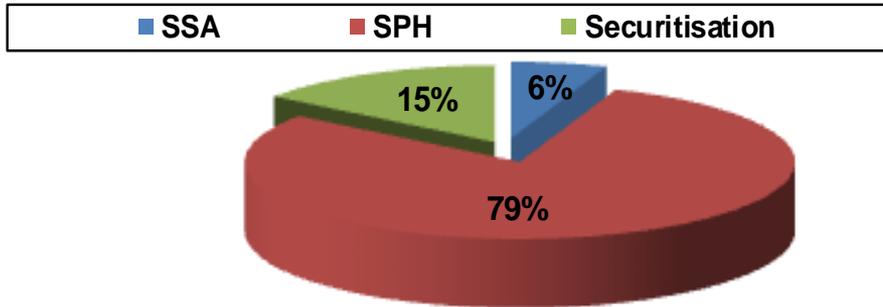
Maturity Profile (Annual) – September 2016



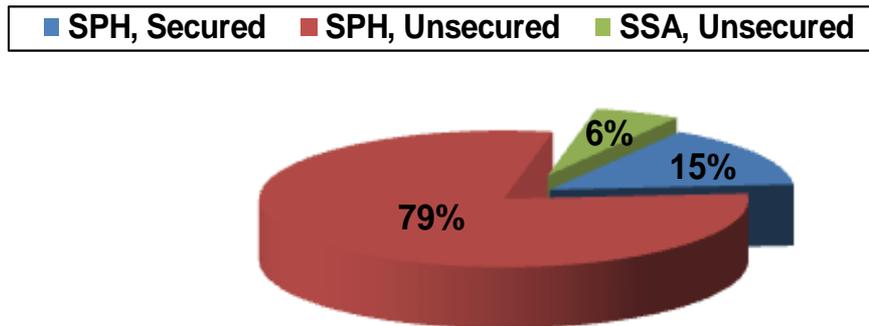
Maturity Profile (Fiscal) – September 2016



Debt Split (gross debt)

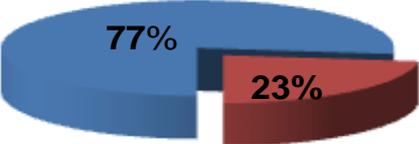


Sappi takes up debt mainly at SPH and SSA, refer to slide 3. Securitization debt is taken up in a central special purpose vehicle which is consolidated in the group results.

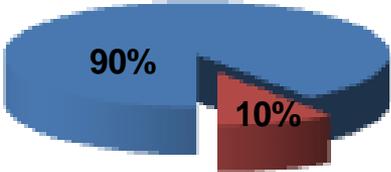


Debt Ratios (gross debt)

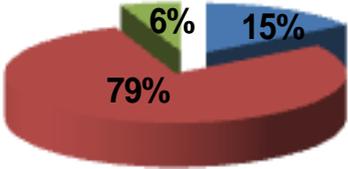
■ Fixed Rate Debt ■ Variable Rate Debt



■ Public Debt ■ Bank Debt



■ USD Debt ■ EUR Debt ■ ZAR Debt



Debt by currency, based on gross debt and includes effect of currency swaps and hedges.

Key Historical Cash Flow Items

Key cash flow items (\$m)	FY Sept-14	FY Sept-15	FY Sept-16
Cash generated by operations	566	545	693
Change in net working capital	34	-11	4
Maintenance capex	-148	-175	-155
Cash taxes	-1	-16	-56
Net finance costs	-162	-136	-91
Other	101	11	50
Cash flow post maintenance capex	390	218	445
Expansion capex	-147	-73	-86
Key figures & ratios:			
EBITDA excluding special items ¹	658	625	739
Net debt	1,946	1,771	1,408
Net Debt / EBITDA	2.9x	2.8x	1.9x
EBITDA / Net finance cost ²	3.7x	4.4x	7.4x

1. Please refer to the Annual Integrated Report for a definition of Special Items

2. Net finance costs per Income Statement (excluding non-recurring breakage fees)

Please refer to published results for full financial summary.

Bank Covenants

Two bank covenants exist at the consolidated Sappi Limited level, i.e. a debt covenant and an interest coverage covenant. In addition, two bank covenants exist at the Sappi Southern Africa level for its own bank facilities, i.e. a debt covenant and a debt to equity covenant.

At the end of September 2016 all covenants were met.

Regular monitoring of compliance with the covenants occurs. In the event of a possible future breach of a financial covenant, negotiations would commence with the applicable institutions before such breach occurs.

Rating Agency Ratings

S&P and Moody's have assigned the following credit ratings:

Moody's	Sappi Group Rating	Secured Debt	SPH Senior Unsecured Debt	2032 Bonds
September 2009	Ba3/Stable/NP	Ba2		B2
April 2011	Ba3/Positive/NP	Ba2		B2
June 2013	Ba3/Stable/NP	Ba2		B2
June 2016	Ba3/Positive/NP	Ba2		B2
August 2016	Ba3/Positive/NP	N/A	Ba3/Positive	B2

S&P	Sappi Group Rating	Secured Debt	SPH Senior Unsecured Debt	2032 Bonds
September 2009	BB-/Stable/B	BB		B+
June 2012	BB-/Stable/B	BB		B
June 2013	BB-/Negative/B	BB		B
April 2014	BB-/Stable/B	BB		B
February 2016	BB-/Positive/B	BB-		B
August 2016	BB-/Positive/B	N/A	BB-/Positive	BB-

Global Credit Ratings have assigned the following credit rating to Sappi Southern Africa Ltd:

GCR	SSA local rating
December 2015	A(ZA)/Stable
August 2016	A(ZA)/Stable

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