

Sappi Limited – Debt Update September 2017



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Forward-looking statements and Regulation G

Forward-looking statements

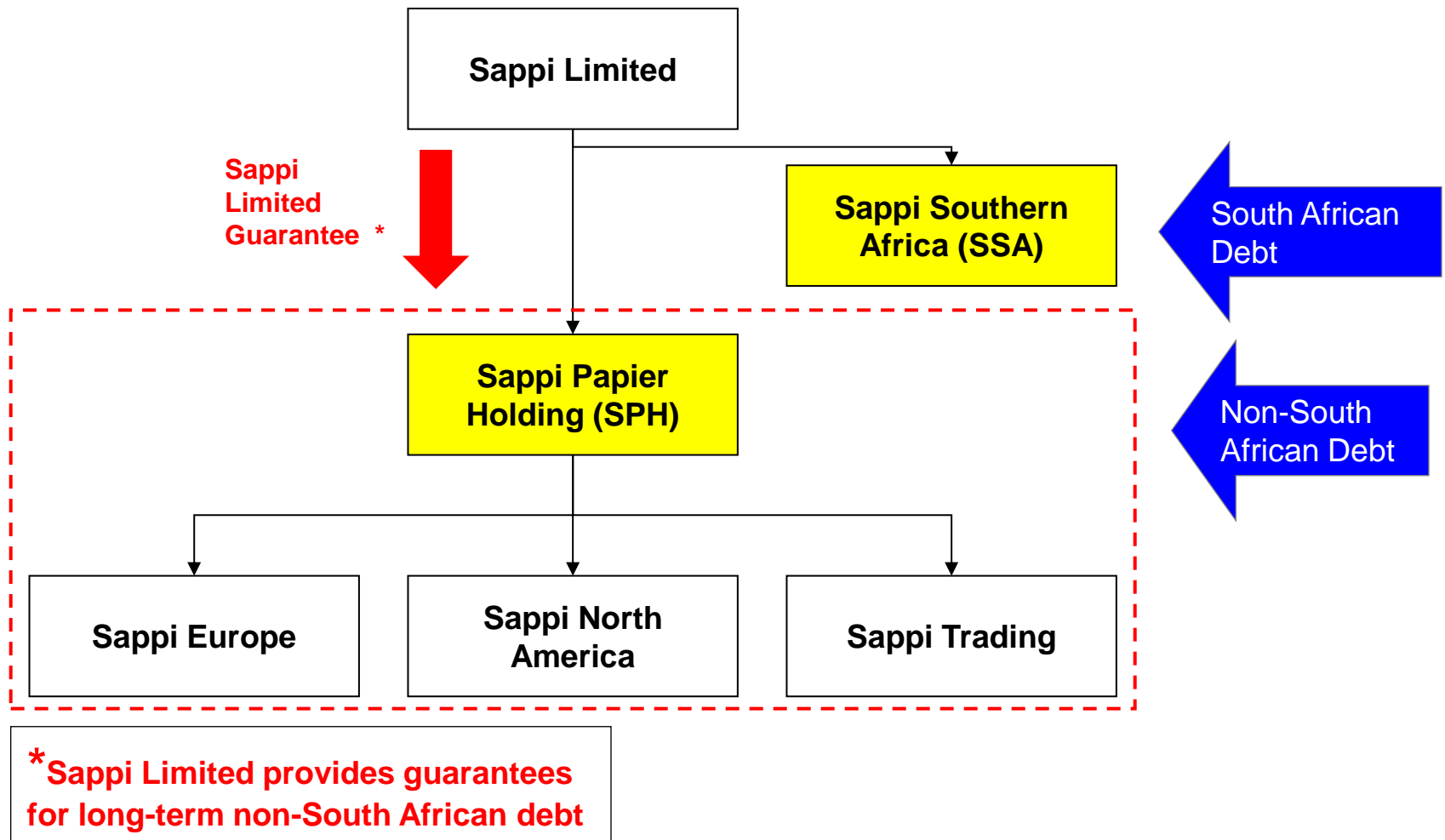
Certain statements in this release that are neither reported financial results nor other historical information, are forward-looking statements, including but not limited to statements that are predictions of or indicate future earnings, savings, synergies, events, trends, plans or objectives. The words “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, 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 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 2017	Jun 2017	Sep 2017
LONG TERM DEBT ²	1,483	1,636	1,739
SENIOR UNSECURED DEBT	1,667	1,389	1,439
SECURITISATION	302	309	364
(LESS - SHORT-TERM PORTION)	(487)	(62)	(64)
NET SHORT TERM DEBT / (CASH)	(154)	(317)	(417)
OVERDRAFTS, CPs & RCF DRAWING	62	67	69
SHORT TERM PORTION OF LONG TERM DEBT ¹	487	62	64
(LESS CASH)	(703)	(446)	(550)
NET DEBT	1,329	1,318	1,322

1. We consider the liquidity position to be very good, with cash holdings exceeding short-term obligations by US\$ 417 million at Q4-2017. In addition, Sappi has US\$623 million of unutilized committed credit facilities, including the Revolving Credit Facility at SPH of EUR465 million (US\$549 million).
2. Refer to Note 21 in the published Sappi Limited Annual Integrated Report for a detailed debt description.

Detailed Debt Summary – September 2017

Sappi Southern Africa Long Term Debt	ZAR 1,645	121
2022 Bond - EUR	€ 450	532
2023 Bond - EUR	€ 350	413
2032 Bond		221
OeKB Term Loan 2021 Cloquet II	€ 82	96
OeKB Term Loan 2024 Somerset	€ 59	70
Securitized Receivables EUR	€ 200	237
Securitized Receivables USD		127
Sappi Europe Leases	€ 5	6
IFRS Adjustments		(20)
Long Term Debt		1,803
less Short Term Portion of Long Term Debt		(64)
Total Long Term Debt		1,739
Short Term Loans & Overdrafts		69
Short Term Portion of Long Term Debt		64
LESS Cash - Sappi South Africa		(216)
LESS Cash - Sappi Group (excl. South Africa)		(334)
NET DEBT AS AT SEPTEMBER 2017	US\$ '000	1,322

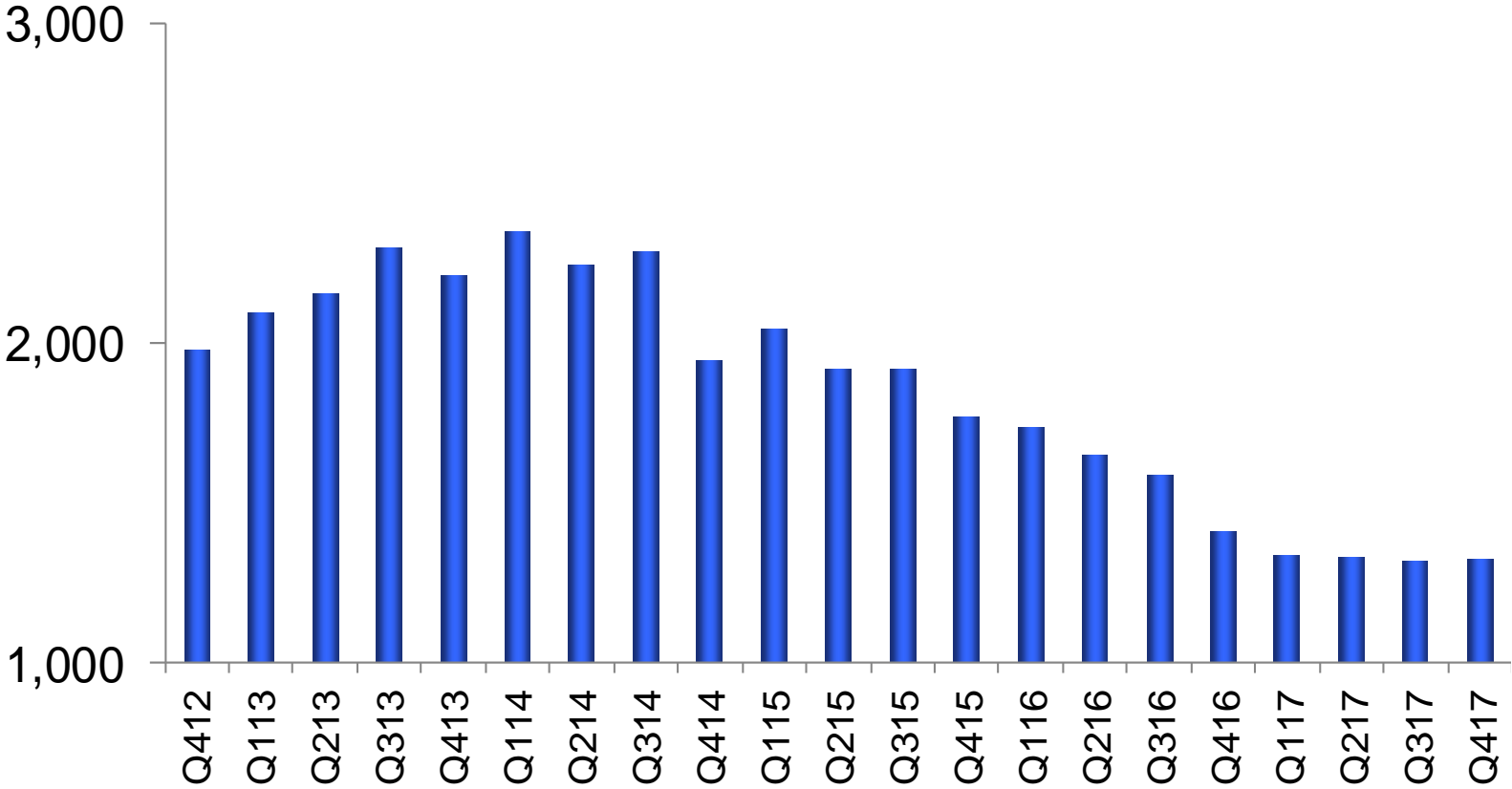
Consists of a Trade Finance facility, which is rolled quarterly

Net Debt Movement

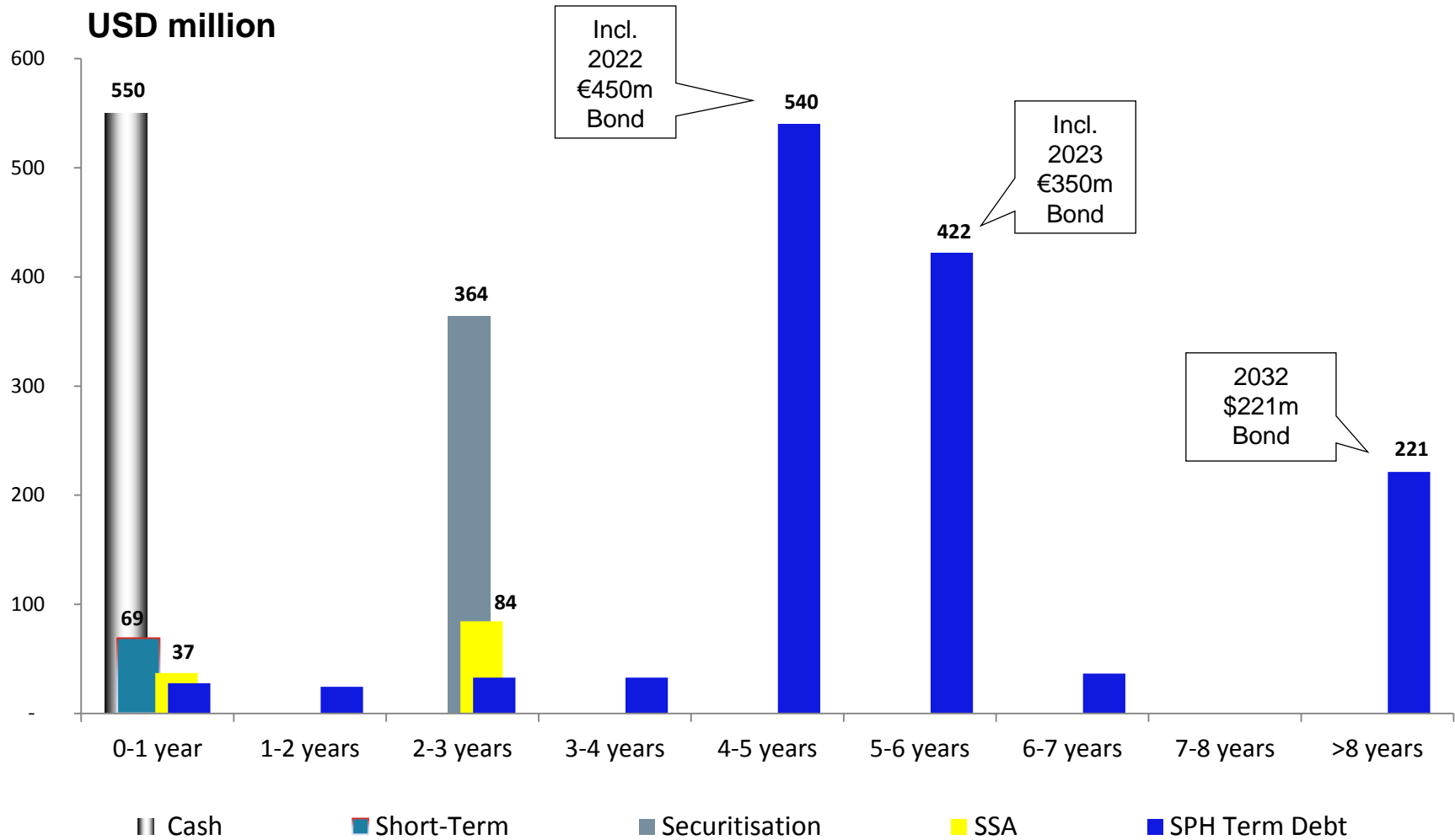
	US\$ million
	Q4
Net Debt - at start of the period	(1,318)
Net Cash generated during the period	41
Currency, fair value impact and other	(45)
Net Debt - September 2017	(1,322)

	US\$ million
	FY17
Net Debt - at start of the 2017 financial year	(1,408)
Net Cash generated during the period	108
Currency swap unwind effect (Bond Repayment)	62
Currency, fair value impact and other	(83)
Net Debt - September 2017	(1,322)

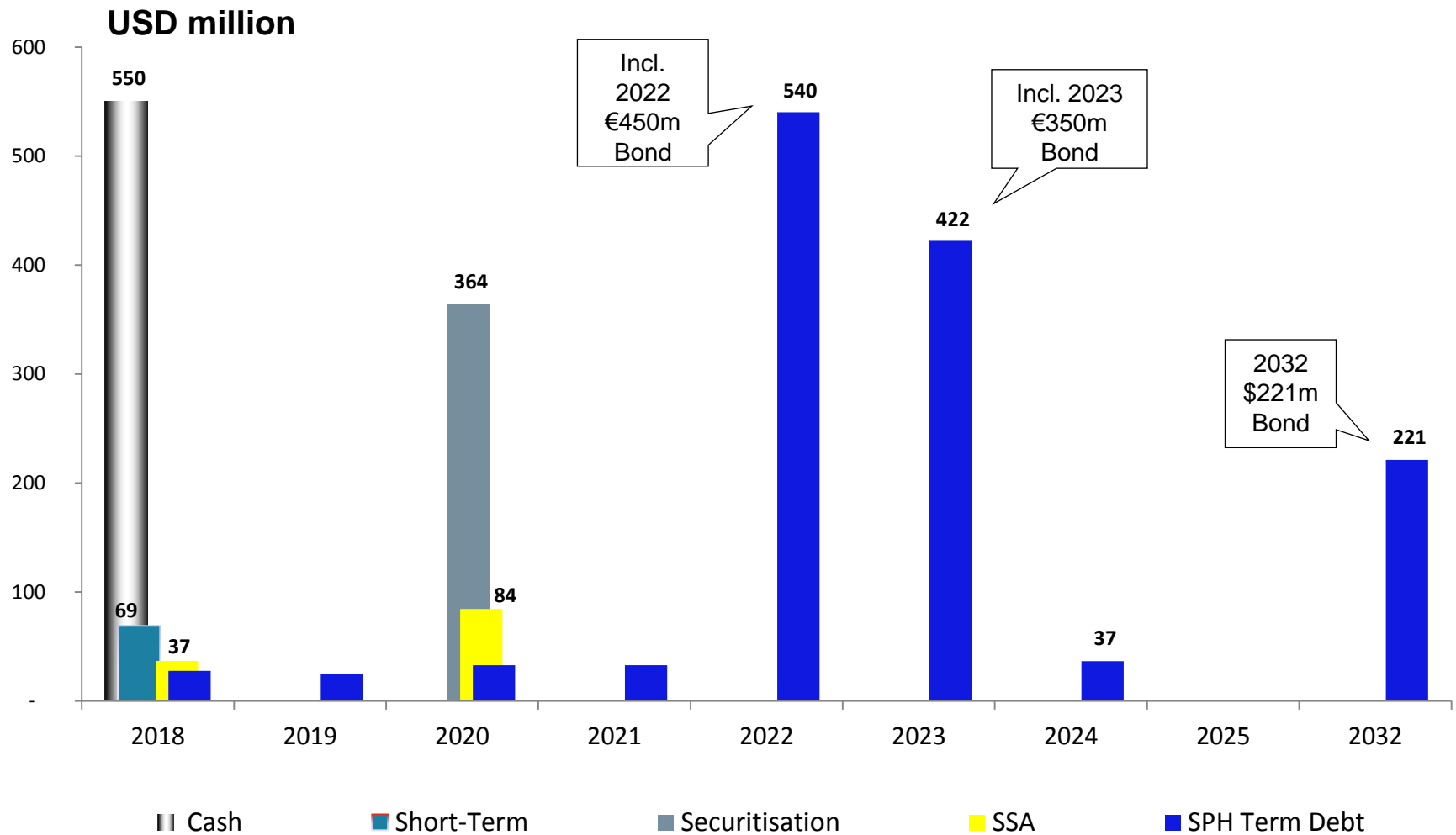
Net Debt Development



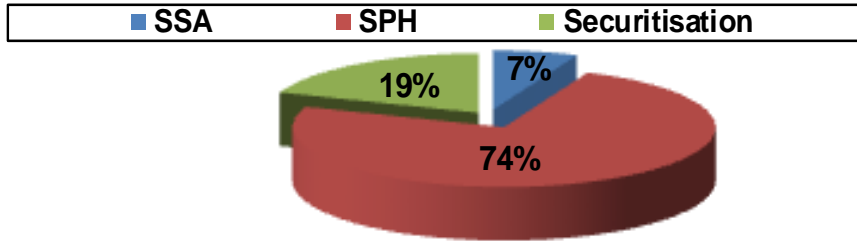
Maturity Profile (Annual) – September 2017



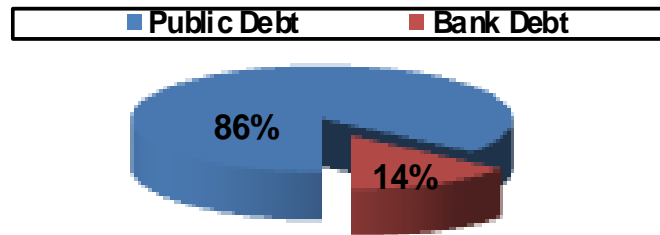
Maturity Profile (Fiscal) – September 2017



Debt Split (gross debt)

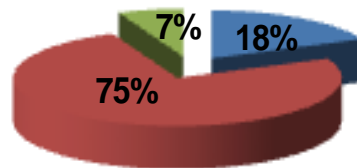


Sappi takes up debt mainly at SPH and SSA, refer to slide 3. Securitization debt is taken up in a central special purpose vehicle which is consolidated in the group results.



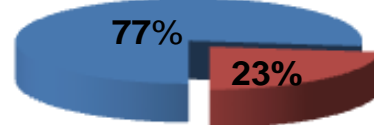
Debt Ratios (gross debt)

■ USD Debt ■ EUR Debt ■ ZAR Debt



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

■ Fixed Rate Debt ■ Variable Rate Debt



Key Historical Cash Flow Items

Key cash flow items (\$m)	FY Sept-15	FY Sept-16	FY Sept-17
Cash generated by operations	545	693	748
Change in net working capital	-11	4	-27
Maintenance capex	-175	-155	-140
Cash taxes	-16	-56	-100
Net finance costs	-136	-91	-81
Dividend paid	0	0	-59
Other	11	50	-16
Cash flow post maintenance capex	218	445	325
Expansion capex	-73	-86	-217
Key figures & ratios:			
EBITDA excluding special items ¹	625	739	785
Net debt	1,771	1,408	1,322
Net Debt / EBITDA	2.8x	1.9x	1.7x
EBITDA / Net finance costs ²	4.4x	7.4x	9.2x

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 2017 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
June 2013	Ba3/Stable/NP	Ba2		B2
June 2016	Ba3/Positive/NP	Ba2		B2
August 2016	Ba3/Positive/NP	N/A	Ba3/Positive	B2
November 2016	Ba2/Stable/NP	N/A	Ba2/Stable	B1
May 2017	Ba2/Positive/NP	N/A	Ba2/Positive	B1

S&P	Sappi Group Rating	Secured Debt	SPH Senior Unsecured Debt	2032 Bonds
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-
January 2017	BB/Stable/B	N/A	BB/Stable/B	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
June 2017	A+(ZA)/Stable

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