Q4 FY17 financial results

16 November 2017

Steve Binnie
Chief Executive Officer
Sappi Limited
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. In addition, this document includes forward-looking statements relating to our potential exposure to various types of market risks, such as interest rate risk, foreign exchange rate risk and commodity price risk. 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 adverse changes in global economic conditions
- 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 restructurings or 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 available on our website: https://www.sappi.com/quarterly-reports.
Summary
Highlights

**FY17**

- EBITDA ex-special items: US$785m (FY16: US$739m)
- Profit for the period: US$338m (FY16: US$319m)
- EPS ex-special items: 64 US cents (FY16: 57 US cents)
- Net debt: US$1,322m, down US$86m year-on-year
- Dividend of 15 US cents declared (FY16: 11 US cents)

**Q4 FY17**

- EBITDA ex-special items: US$221m (Q4 FY16: US$209m)
- Profit for the period: US$102m (Q4 FY16: US$112m)
- EPS ex-special items: 19 US cents (Q4 FY16: 18 US cents)
EBITDA and operating profit

Excluding special items*

Key ratios | Q4 FY15 | Q4 FY16 | Q4 FY17
--- | --- | --- | ---
Net debt/LTM EBITDA | 2.8 | 1.9 | 1.7
Interest cover | 4.4 | 7.3 | 9.1
EBITDA % | 14.3 | 15.6 | 15.7
ROCE % | 18.7 | 20.9 | 20.2

* Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported operating profit and page 22 in our Q4 FY17 financial results booklet (available on www.sappi.com) for a definition of special items.
EBITDA bridge*

Q4 FY16 to Q4 FY17

All variances calculated excluding Sappi Forests.

'Exchange rate' reflects the impact of changes in the average rates of translation of foreign currency results.

* Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported operating profit and page 22 in our Q4 FY17 financial results booklet (available on www.sappi.com) for a definition of special items.
EBITDA excluding special items*

- Specialised cellulose: 49%
- Paper: 51%

Operating profit ex special items

- Specialised cellulose: 64%
- Paper: 36%

* Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported operating profit and page 22 in our Q4 FY17 financial results booklet (available on www.sappi.com) for a definition of special items. Data above excludes treasury operations and insurance captive.
Maturity profile

Fiscal years

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash</th>
<th>Short-term</th>
<th>SPH term debt</th>
<th>Securitisation</th>
<th>SSA</th>
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<tbody>
<tr>
<td>2018</td>
<td>69</td>
<td>28</td>
<td>24</td>
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<tr>
<td>2019</td>
<td>37</td>
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<td>33</td>
<td>84</td>
<td>33</td>
</tr>
<tr>
<td>2020</td>
<td>364</td>
<td>33</td>
<td>84</td>
<td>33</td>
<td>33</td>
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<tr>
<td>2021</td>
<td>540</td>
<td>33</td>
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<td>540</td>
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<td>2022</td>
<td>221</td>
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<td>540</td>
<td>422</td>
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<td>2023</td>
<td>221</td>
<td>33</td>
<td>422</td>
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<td>2024</td>
<td>221</td>
<td>33</td>
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<td>2032</td>
<td>221</td>
<td>33</td>
<td>221</td>
<td>221</td>
<td>37</td>
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</tbody>
</table>
Capex development
Divisional overview
Global paper market trends

- Supply and demand
  - Robust export markets for European producers – less competition from Asian producers
  - Capacity closures in North America
  - Speciality packaging paper demand continues to grow 1-5%.

- Selling prices and input costs
  - Coated paper prices rising globally, further increases in Europe and North America announced.
  - Variable costs pressure, especially paper pulp and latex.
  - Lag effect between pulp and paper prices squeezing margins.

- Strategy
  - Conversion of coated capacity to packaging in line with coated demand declines.
  - Cost and efficiency programs to reduce costs.
Good local CWF demand, strong export volumes

Successful price increases in Europe/abroad, but translation impact of a stronger Euro for export pricing resulted in flat realised prices for both printing and speciality papers

Variable costs were higher from both periods, led by hardwood pulp and latex

* EBITDA and EBITDA margin shown exclude special items. Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported operating profit and page 22 in our Q4 FY17 financial results booklet (available on www.sappi.com) for a definition of special items.
Sappi North America

- Stronger performance relative to last year led by packaging and specialities volumes.
- Average realised coated paper prices rose 3% sequentially, capacity coming out.
- Fixed and variable costs were favourable relative to both periods due to efficiency/usage gains.

* EBITDA and EBITDA margin shown exclude special items. Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported operating profit and page 22 in our Q4 FY17 financial results booklet (available on www.sappi.com) for a definition of special items.
** Source: RISI
Global DWP market trends

- Supply and demand
  - Continued strong demand from new viscose capacity.

- Selling prices and input costs
  - DWP prices rose in September
  - Polyester prices have risen recently, VSF pricing under some pressure
  - Paper pulp prices increased – more attractive for swing capacity.

- Strategy
  - Maintain low-cost position.
  - Continue working with customers to support common growth.
  - Debottlenecking SA mills – to add 60kt in next two years.
  - Long-term growth opportunities, both internal and external.
Better volumes and lower costs, stronger Rand offset these benefits which led to lower margins.

Realised US$ prices for DWP were lower, but spot prices have risen since quarter-end.

Price increases and lower costs in our paper business led to good growth in profitability.

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** Source: CCF
At Sappi we do business with integrity and courage; making smart decisions which we execute with speed. Our values are underpinned by an unrelenting focus on and commitment to safety.
Our group strategy

- We work to lower fixed and variable costs, increase cost efficiencies and invest for cost advantages.
  - Ongoing continuous improvement across all mills.
  - US$55m investment in Saiccor Mill woodyard.
  - €30m upgrade to Gratkorn PM9
Our group strategy

- 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.
  - Progressive transition of Lanaken Mill out of LWC.
  - Reduced CWF exposure at Maastricht Mill, Ehingen Mill and Somerset Mill PM1.
  - Conversion of Somerset PM1 and Maastricht Mill
Our group strategy

- US$400m 2017 bonds called in April 2017.
- US$21m in net finance cost savings/annum.
- Refinancing and debt reduction leads to lower finance cost - US$60-70m/annum going forward - and EPS growth.
Our group strategy

- We will make investments in existing and adjacent areas with strong potential growth.
  - Debottlenecking of Saiccor and Ngodwana DWP.
  - Investments in Speciality packaging incl. Rockwell
  - Additional packaging at Ngodwana and Tugela Mills.
  - Securing additional HW timber supply.
  - Biomaterials, bio-chemicals – lignins, sugars.
  - Expanded DWP portfolio – nanocellulose, other speciality grades.
Outlook
DWP demand strong – pricing recovery underway.

In Europe, utilisation rates remain good, higher sales prices lagging pulp cost increases for the moment.

Coated paper prices rising in North America – capacity closures improve operating rates.

Maastricht and Somerset Mills conversions complete in 2\textsuperscript{nd} and 3\textsuperscript{rd} quarters, respectively.

Capex to be US$450m on conversions in EU/NA, debottlenecking DWP at Saiccor/Ngodwana and upgrade of the Saiccor wood-yard – leading to stronger profitability in 2019.

FQ1 expected to be below last year – One less week, higher paper pulp costs, lower DWP contract pricing and storm impact.
Thank you
Supplementary information
Excluding special items*

* Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported operating profit and page 22 in our Q4 FY17 financial results booklet (available on www.sappi.com) for a definition of special items.
Net debt/EBITDA development

* EBITDA is excluding special items.
** The covenant Net debt/LTM EBITDA calculation has adjustments and therefore differs from that shown above.
Western Europe shipments including export.
Source: Cepifine, Cepiprint and RISI indexed to calendar 1Q 2008.
Sappi Europe

<table>
<thead>
<tr>
<th></th>
<th>Q4 FY17</th>
<th>Q4 FY16</th>
<th>FY 2017</th>
<th>FY 2016</th>
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</thead>
<tbody>
<tr>
<td>Tons sold (‘000)</td>
<td>842</td>
<td>822</td>
<td>3,343</td>
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<tr>
<td>Sales (EURm)</td>
<td>583</td>
<td>579</td>
<td>2,319</td>
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<td>Price/Ton (EUR)</td>
<td>692</td>
<td>704</td>
<td>694</td>
<td>715</td>
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<tr>
<td>Cost/Ton* (EUR)</td>
<td>651</td>
<td>667</td>
<td>656</td>
<td>678</td>
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<tr>
<td>Operating profit excluding special items** (EURm)</td>
<td>35</td>
<td>31</td>
<td>127</td>
<td>118</td>
</tr>
</tbody>
</table>

* Sales less operating profit excluding special items divided by tons sold.
** Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported operating profit and page 22 in our Q4 FY17 financial results booklet (available on www.sappi.com) for a definition of special items.
Sappi packaging and speciality papers

Global production sites

- **Alfeld Mill (Germany)**
  - Flexible packaging, label, SBB board, topliner and release liner

- **Ehingen Mill (Germany)**
  - Topliner – Fusion®

- **Somerset Mill (USA)**
  - Label paper – LusterCote® and Flexpack paper – LusterPrint®

- **Tugela Mill (South Africa)**
  - Liner – UltraTest® and Fluting – UltraFlute®

- **Maastricht Mill (The Netherlands)**
  - Folding boxboard – atelier™

- **Cloquet Mill (USA)**
  - Label paper – LusterCote®

- **Westbrook Mill (USA)**
  - Casting and release paper – Ultracast® & different classic brands

- **Ngodwana Mill (South Africa)**
  - Liner – KraftPride®
Markets and growth rates

Global market size – Speciality packaging

- **Flexible packaging and label papers**
  - C1S papers
  - 1.2 million tons
  - Growth: 2-3%pa

- **Release liner**
  - CCK graphic arts
  - 300,000 tons
  - Growth: 6%pa

- **Rigid packaging**
  - SBS printing and converting
  - 4.7 million tons
  - Growth: 2%pa

- **Containerboard**
  - Coated white Topliner
  - 1 million tons
  - Growth: 1-2%pa

- **Functional papers**
  - Barrier and grease resistant papers
  - Virtually unlimited

Source for growth rates: AWA, Pira and RISI.
Coated paper prices and shipments

United States of America

US industry purchases defined as industry shipments, plus imports, less exports.
Source: AF&PA and RISI indexed to calendar Q1 FY08.
<table>
<thead>
<tr>
<th></th>
<th>Q4 FY17</th>
<th>Q4 FY16</th>
<th>FY 2017</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tons sold (’000)</td>
<td>361</td>
<td>363</td>
<td>1,359</td>
<td>1,329</td>
</tr>
<tr>
<td>Sales (US$m)</td>
<td>357</td>
<td>360</td>
<td>1,360</td>
<td>1,367</td>
</tr>
<tr>
<td>Price/Ton (US$)</td>
<td>989</td>
<td>992</td>
<td>1,001</td>
<td>1,029</td>
</tr>
<tr>
<td>Cost/Ton* (US$)</td>
<td>914</td>
<td>923</td>
<td>966</td>
<td>992</td>
</tr>
<tr>
<td>Operating profit excluding special items** (US$m)</td>
<td>27</td>
<td>25</td>
<td>47</td>
<td>49</td>
</tr>
</tbody>
</table>

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

**Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported operating profit and page 22 in our Q4 FY17 financial results booklet (available on www.sappi.com) for a definition of special items.
Viscose-grade DWP is used almost exclusively in textile applications

<table>
<thead>
<tr>
<th>DWP grade</th>
<th>Products (examples)</th>
<th>Applications (examples)</th>
<th>Market size 2016 Mtpa</th>
<th>CAGR 2010-16 %</th>
<th>Demand geography</th>
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<tbody>
<tr>
<td>Rayon Grade</td>
<td>Viscose</td>
<td>• Textiles (viscose)</td>
<td>5.3</td>
<td>7.8</td>
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<tr>
<td></td>
<td></td>
<td>• Non-wovens</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>• Cellophane</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>• Sausage skins</td>
<td></td>
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<tr>
<td>High-alpha/ Speciality</td>
<td>Cellulose acetate tow</td>
<td>• Cigarette filters</td>
<td>0.6</td>
<td>1.9</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>• Paints and coatings</td>
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<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>• Films</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>• Plastics</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cellulose ethers and MCC</td>
<td>• Construction</td>
<td>0.6</td>
<td>3.7</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>• Food additives</td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Medicine fillers</td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td>• Cosmetics</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Nitro-cellulose and other</td>
<td>• Explosives</td>
<td>0.2</td>
<td>1.7</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>• Inks</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>• Lacquers</td>
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<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Nail polish</td>
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<td>Total</td>
<td></td>
<td></td>
<td></td>
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<td>6.6</td>
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</tbody>
</table>

Source: Hawkins Wright; Fibre Year 2017; RISI ‘Dissolving Pulp Monitor’ (Jan 2017) and ‘Outlook for the Global Dissolving Pulp Market’.
Cellulosic fibre properties are superior to cotton and polyester for many textile applications

Fibre properties and applications

Applications

<table>
<thead>
<tr>
<th>Applications</th>
<th>Cellulosic fibres</th>
<th>Cotton</th>
<th>Polyester</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apparel</td>
<td>62</td>
<td>66</td>
<td>52</td>
</tr>
<tr>
<td>Home textiles</td>
<td>17</td>
<td>27</td>
<td>20</td>
</tr>
<tr>
<td>Nonwovens/Technical textiles</td>
<td>21</td>
<td>7</td>
<td>28</td>
</tr>
</tbody>
</table>

Function and feel

- Durability
- Absorbency
- Breathability
- Softness
- Drape

Appearance

- Dyeability
- Brightness/Lustre

Sustainability

- Renewable and biodegradable
- Resource efficiency

Overall value proposition

- Natural and attractive, ‘greener’ alternative to cotton
- Natural, functional and well established
- Cheap, durable and versatile

Source: IHS Global, RISI, Hawkins Wright.

- On a pure property basis, cellulosic fibres are superior to cotton and differentiated on sustainability.
- Polyester is differentiated on strength/ durability versus cotton and cellulosic fibres.
There is still significant headroom to increase the level of cellulosic fibre blending in most sub-categories

<table>
<thead>
<tr>
<th>Apparel</th>
<th>Today</th>
<th>Future</th>
<th>Gap</th>
<th>Today</th>
<th>Future</th>
<th>Gap</th>
<th>Today</th>
<th>Future</th>
<th>Gap</th>
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<tbody>
<tr>
<td>Denim</td>
<td>5%</td>
<td>5%</td>
<td>0</td>
<td>95%</td>
<td>95%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Shirts</td>
<td>35%</td>
<td>40%</td>
<td>+14%</td>
<td>50%</td>
<td>40%</td>
<td>-20%</td>
<td>15%</td>
<td>20%</td>
<td>+33%</td>
</tr>
<tr>
<td>T-shirts</td>
<td>30%</td>
<td>50%</td>
<td>+67%</td>
<td>70%</td>
<td>50%</td>
<td>-29%</td>
<td>3%</td>
<td>5%</td>
<td>0%</td>
</tr>
<tr>
<td>Dresses</td>
<td>10%</td>
<td>10%</td>
<td>0%</td>
<td>35%</td>
<td>25%</td>
<td>-29%</td>
<td>55%</td>
<td>65%</td>
<td>+18%</td>
</tr>
<tr>
<td>Suits</td>
<td>35%</td>
<td>40%</td>
<td>+14%</td>
<td>25%</td>
<td>20%</td>
<td>-20%</td>
<td>~1%</td>
<td>~2%</td>
<td>+100%</td>
</tr>
<tr>
<td>Sportswear</td>
<td>85%</td>
<td>85%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>15%</td>
<td>15%</td>
<td>0%</td>
</tr>
<tr>
<td>Casual wear</td>
<td>45%</td>
<td>50%</td>
<td>+11%</td>
<td>45%</td>
<td>35%</td>
<td>-22%</td>
<td>10%</td>
<td>15%</td>
<td>+50%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Home textile</th>
<th></th>
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<tr>
<td>Towels</td>
<td>5%</td>
<td>5%</td>
<td>0%</td>
<td>80%</td>
<td>75%</td>
<td>-6%</td>
<td>15%</td>
<td>20%</td>
<td>+33%</td>
</tr>
<tr>
<td>Bedding</td>
<td>45%</td>
<td>55%</td>
<td>+22%</td>
<td>45%</td>
<td>40%</td>
<td>-11%</td>
<td>1%</td>
<td>2%</td>
<td>+100%</td>
</tr>
</tbody>
</table>

Source: Expert interviews.
Pulp prices*

* Source: FOEX, CCF group.
Textile fibre prices*

* Source: CCF group.
## Sappi Southern Africa

### Excluding Sappi Forests

<table>
<thead>
<tr>
<th></th>
<th>Q4 FY17</th>
<th>Q4 FY16</th>
<th>FY 2017</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tons sold ('000)</td>
<td>447</td>
<td>429</td>
<td>1,606</td>
<td>1,626</td>
</tr>
<tr>
<td>Sales (ZARm)</td>
<td>4,641</td>
<td>4,532</td>
<td>17,489</td>
<td>16,799</td>
</tr>
<tr>
<td>Price/Ton (ZAR)</td>
<td>10,383</td>
<td>10,564</td>
<td>10,890</td>
<td>10,332</td>
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<tr>
<td>Cost/Ton* (ZAR)</td>
<td>7,908</td>
<td>7,636</td>
<td>8,082</td>
<td>7,558</td>
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<tr>
<td>Operating profit excluding special items** (ZARm)</td>
<td>1,106</td>
<td>1,256</td>
<td>4,510</td>
<td>4,510</td>
</tr>
</tbody>
</table>

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

** Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported operating profit and page 22 in our Q4 FY17 financial results booklet (available on [www.sappi.com](http://www.sappi.com)) for a definition of special items.
## Cash flow

<table>
<thead>
<tr>
<th>US$m</th>
<th>Q4 FY17</th>
<th>Q4 FY16</th>
<th>FY 2017</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash generated from operations</td>
<td>204</td>
<td>191</td>
<td>748</td>
<td>693</td>
</tr>
<tr>
<td>Movement in working capital</td>
<td>103</td>
<td>70</td>
<td>(27)</td>
<td>4</td>
</tr>
<tr>
<td>Net finance costs paid</td>
<td>(20)</td>
<td>(4)</td>
<td>(81)</td>
<td>(91)</td>
</tr>
<tr>
<td>Taxation paid</td>
<td>(38)</td>
<td>(2)</td>
<td>(100)</td>
<td>(56)</td>
</tr>
<tr>
<td>Dividend paid</td>
<td>-</td>
<td>-</td>
<td>(59)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Cash generated from operating activities</strong></td>
<td><strong>249</strong></td>
<td><strong>255</strong></td>
<td><strong>481</strong></td>
<td><strong>550</strong></td>
</tr>
<tr>
<td>Cash utilised in investing activities</td>
<td>(208)</td>
<td>(87)</td>
<td>(373)</td>
<td>(191)</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(197)</td>
<td>(97)</td>
<td>(357)</td>
<td>(241)</td>
</tr>
<tr>
<td>Net proceeds on disposal of assets</td>
<td>1</td>
<td>5</td>
<td>4</td>
<td>44</td>
</tr>
<tr>
<td>Acquisition of subsidiary</td>
<td>(11)</td>
<td>-</td>
<td>(11)</td>
<td>-</td>
</tr>
<tr>
<td>Other movements</td>
<td>(1)</td>
<td>5</td>
<td>(9)</td>
<td>6</td>
</tr>
<tr>
<td><strong>Net cash generated (utilised)</strong></td>
<td><strong>41</strong></td>
<td><strong>168</strong></td>
<td><strong>108</strong></td>
<td><strong>359</strong></td>
</tr>
</tbody>
</table>
EBITDA and operating profit

Excluding special items reconciliation to reported operating profit

<table>
<thead>
<tr>
<th>US$m</th>
<th>Q4 FY17</th>
<th>Q4 FY16</th>
<th>FY 2017</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBITDA excluding special items</strong>*</td>
<td>221</td>
<td>209</td>
<td>785</td>
<td>739</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(69)</td>
<td>(64)</td>
<td>(259)</td>
<td>(252)</td>
</tr>
<tr>
<td><strong>Operating profit excluding special items</strong>*</td>
<td>152</td>
<td>145</td>
<td>526</td>
<td>487</td>
</tr>
<tr>
<td>Special items* - gains (losses)</td>
<td>(1)</td>
<td>25</td>
<td>-</td>
<td>57</td>
</tr>
<tr>
<td>Plantation price fair value adjustment</td>
<td>7</td>
<td>24</td>
<td>21</td>
<td>64</td>
</tr>
<tr>
<td>Net restructuring provisions</td>
<td>-</td>
<td>-</td>
<td>(1)</td>
<td>(4)</td>
</tr>
<tr>
<td>Profit on disposal of assets</td>
<td>(2)</td>
<td>(1)</td>
<td>(2)</td>
<td>15</td>
</tr>
<tr>
<td>Asset impairments</td>
<td>(6)</td>
<td>(2)</td>
<td>(6)</td>
<td>(2)</td>
</tr>
<tr>
<td>Employee benefit liability settlement</td>
<td>-</td>
<td>8</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>BEE charge</td>
<td>-</td>
<td>-</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Fire, flood, storm and other events</td>
<td>-</td>
<td>(4)</td>
<td>(11)</td>
<td>(23)</td>
</tr>
<tr>
<td><strong>Segment operating profit</strong></td>
<td>151</td>
<td>170</td>
<td>526</td>
<td>544</td>
</tr>
</tbody>
</table>

* Refer to page 22 in our Q4 FY17 results booklet (available on [www.sappi.com](http://www.sappi.com)) for a definition of special items.
Thank you