



Sappi Limited

Debt Update -
December 2014

sappi

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:

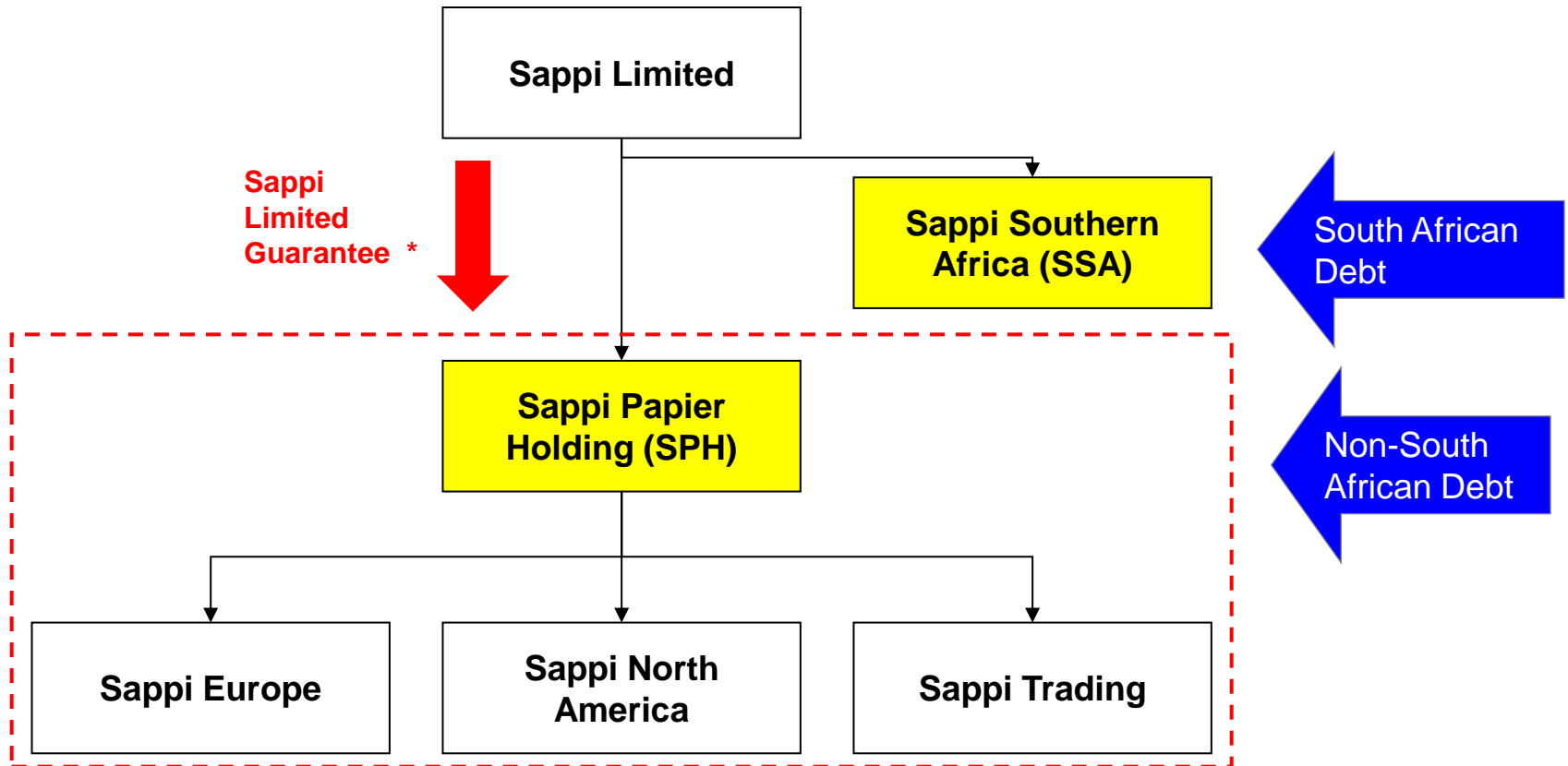
- the highly cyclical nature of the pulp and paper industry (and the factors that contribute to such cyclicity, such as levels of demand, production capacity, production, input costs including raw material, energy and employee costs, and pricing);
- the impact on our business of a global economic downturn;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

Group Structure – Sappi entities taking up debt



***Sappi Limited provides guarantees for long-term non-South African debt**

Debt Overview

US\$ millions	June 2014	Sep 2014	Dec 2014
LONG TERM DEBT	2,355	2,311	2,209
SECURED DEBT	1,379	1,355	1,343
SUBORDINATED DEBT	705	671	608
SECURITISATION	371	374	347
(LESS - SHORT-TERM PORTION)	(100)	(89)	(89)
NET SHORT TERM DEBT / (CASH)	(69)	(365)	(169)
OVERDRAFTS, CPs & RCF DRAWING	79	73	71
SHORT TERM PORTION OF LONG TERM DEBT	100	89	89
(LESS CASH)	(248)	(527)	(329)
NET DEBT	2,286	1,946	2,040

Refer to note 21 in the 2014 Sappi Limited Annual Financial Statements for a detailed debt description

Detailed Debt Summary – December 2014

US\$ millions	Non USD Debt	USD Amount
Sappi Southern Africa Long Term Debt	R2,850	246
2017 Bond - US\$ (swapped to €)		400
2018 Bond - Euro	€ 250	304
2019 Bond - US\$ (swapped to €)		300
2021 Bond - US\$		350
2032 Bond		221
OeKB Term Loan	€ 118	144
Securitized Receivables EUR	€ 196	239
Securitized Receivables USD		108
Sappi Europe Leases	€ 2	3
IFRS Adjustments		(17)
Long Term Debt		2,298
less Short Term Portion of Long Term Debt		(60)
Total Long Term Debt		2,238
Short Term Loans & Overdrafts (excl. South Africa)		71
Short Term Portion of Long Term Debt		60
LESS Cash - Sappi South Africa		(148)
LESS Cash - Sappi Group (excl. South Africa)		(181)
NET DEBT AS AT DECEMBER 2014		2,040

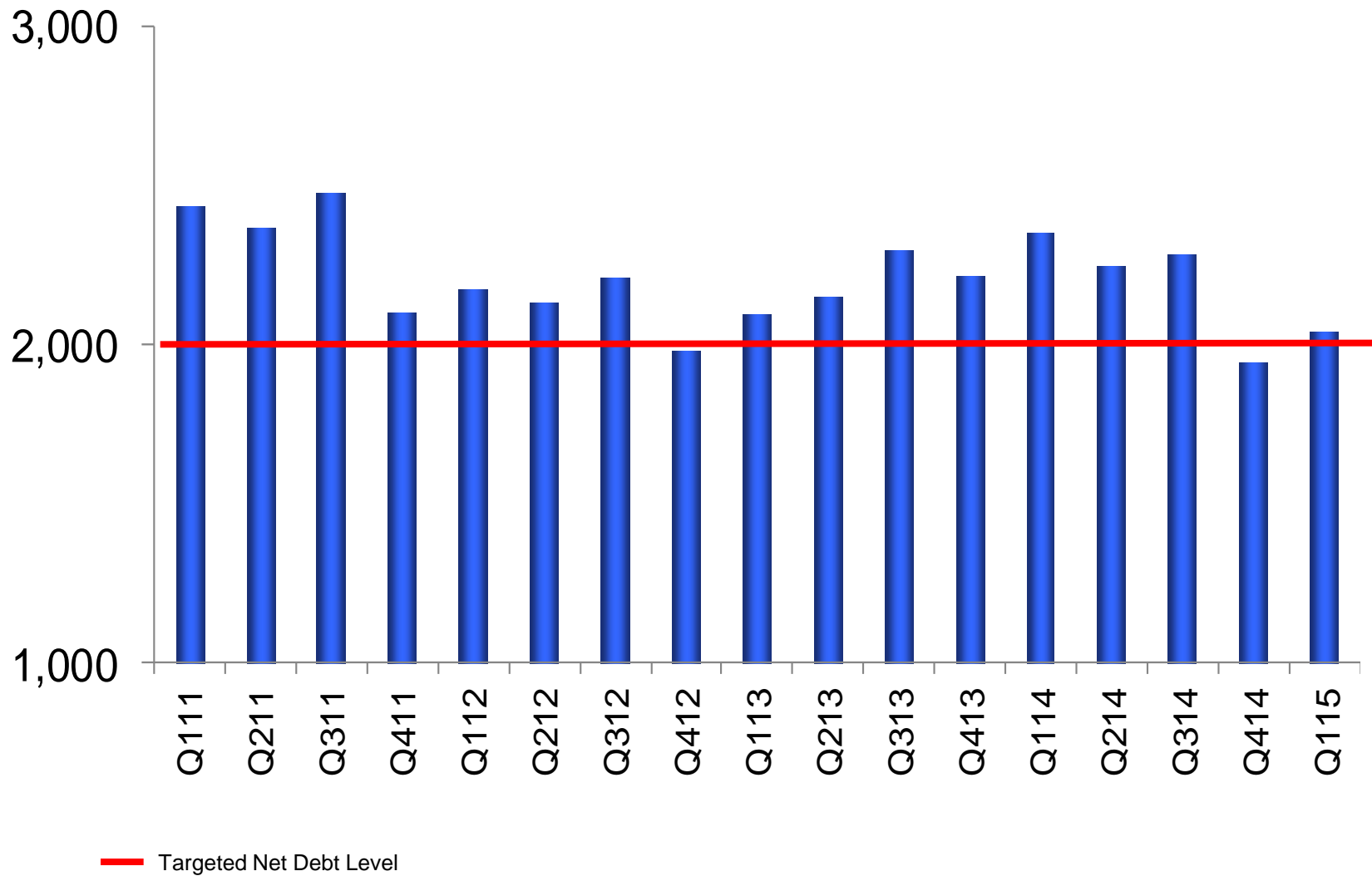
Consists of a Trade Finance facility, which is rolled quarterly

Debt secured by security package, see slide 12

Net Debt Movement

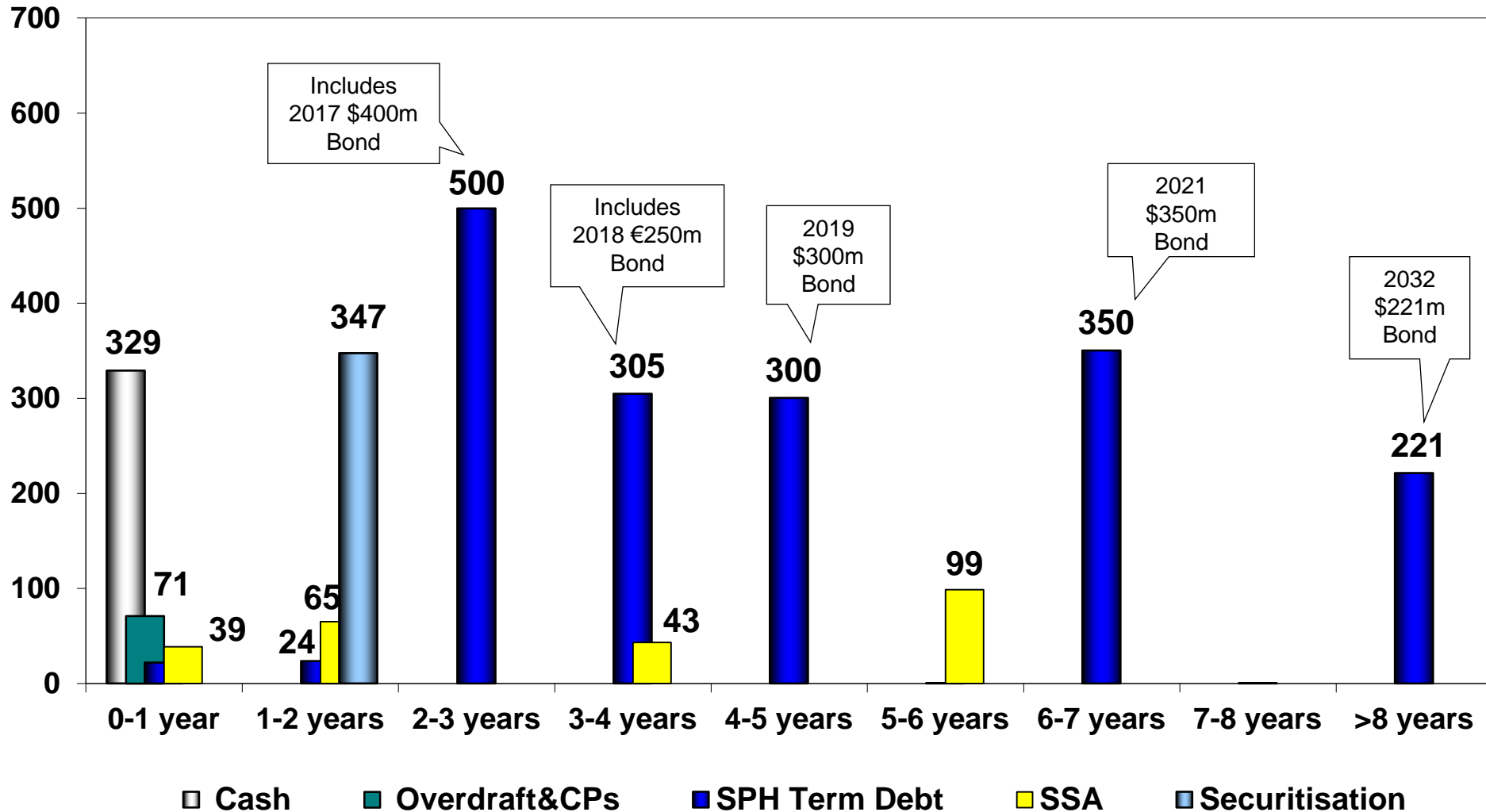
	US\$ million
	Q1 Dec 2014
Net Debt - at start of the period	1,946
Net Cash (Generated) Utilised during the period	121
Currency, fair value impact and other	(27)
Net Debt - December 2014	2,040

Net Debt Development



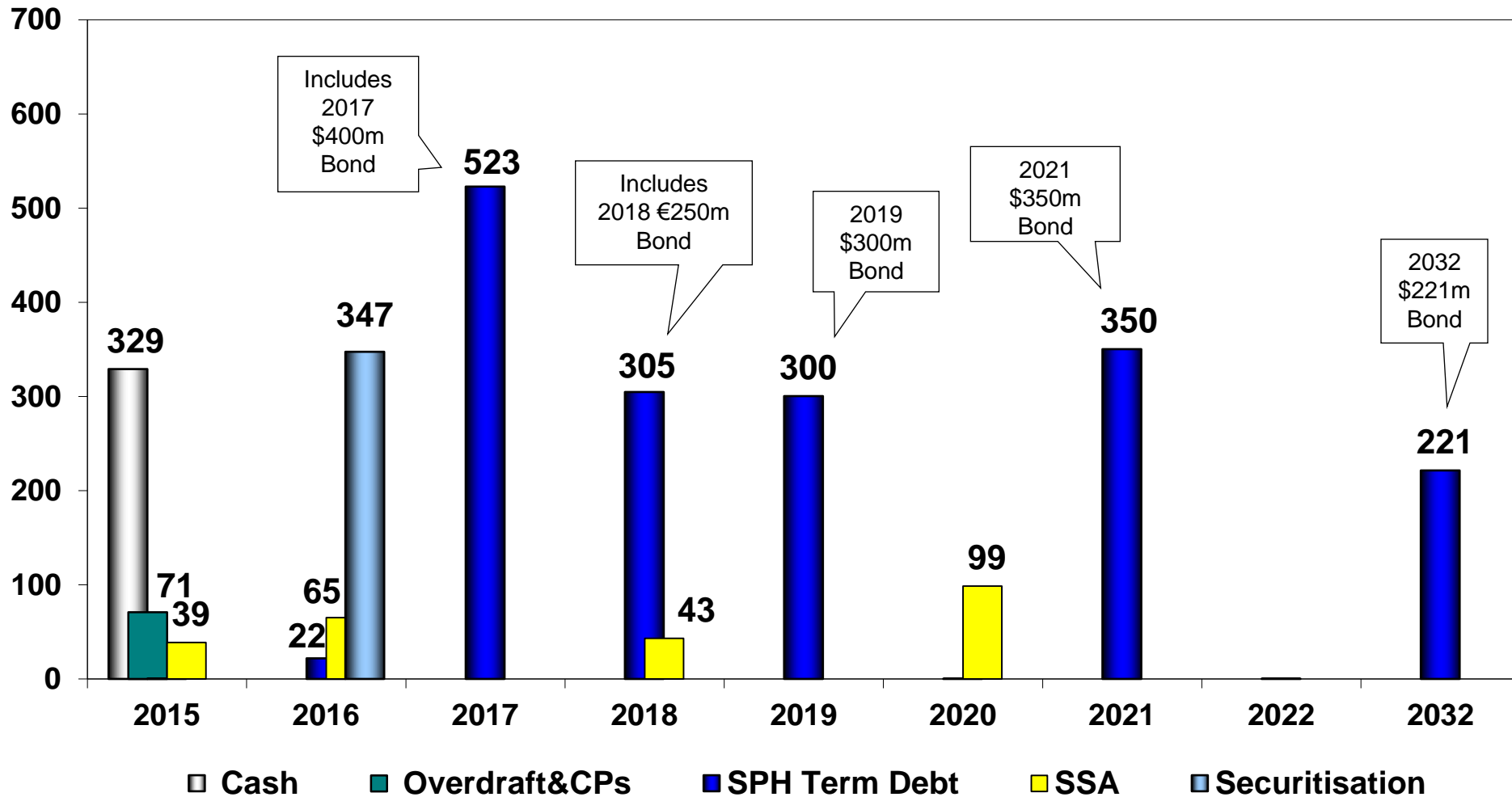
Maturity Profile (Annual) – December 2014

USD million

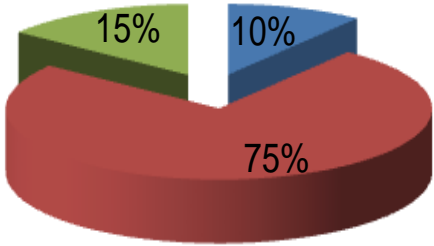


Maturity Profile (Fiscal) – December 2014

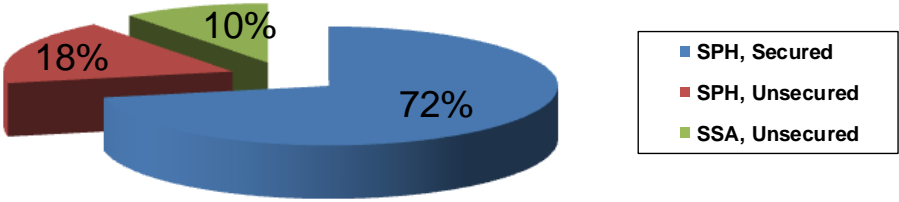
USD million



Debt Split (gross debt)

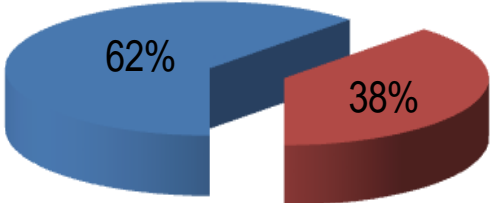


Sappi takes up debt mainly at SPH and SSA, refer to slide 3. Securitisation debt is taken up in a central special purpose vehicle which is consolidated in the group results.

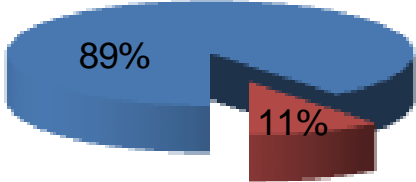


Debt Ratios (gross debt)

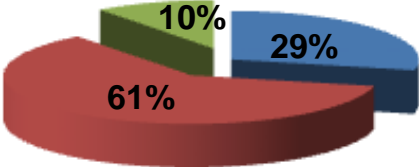
■ Fixed Rate Debt ■ Variable Rate Debt



■ 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.

Security Package for Secured Debt

Cession of Intercompany Loans

Loans in excess of \$25 million between guarantor companies and other Sappi group companies.

Pledge of Inventory

- U.S. Inventory, with certain exceptions

First charge over Property, Plant and Equipment

Mill	Country
Gratkorn	Austria
Kirkniemi	Finland
Maastricht	Netherlands

Mill	State
Somerset	Maine
Cloquet	Minnesota

Share Pledges

Pledges of the following shares:

Material Holding Companies within the Sappi Papier Holding group and other material subsidiaries.

Total debt secured by the PP&E assets is limited to an amount of 15% of consolidated net tangible assets of SPH as required under the limitation of liens contained in the 2032 Notes.

Key Historical Cash Flow Items

Key cash flow items (\$m)	FY Sept-12	FY Sept-13	FY Sept-14
Cash generated by operations	728	447	566
Change in net working capital	-102	-20	34
Maintenance capex	-177	-121	-148
Cash taxes	-20	-17	-1
Net finance costs	-195	-164	-162
Other ¹	74	59	101
Cash flow post maintenance capex	308	184	390
Expansion capex	-181	-431	-147
Key figures & ratios:			
EBITDA excluding special items ²	778	528	658
Net debt	2,020	2,247	1,946
Net Debt / EBITDA	2.6x	4.1x	2.9x
EBITDA / Net finance costs ³	4.0x	3.2x	3.7x

1. Other in 2013 and 2012 includes proceeds from the sale of non-core assets

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

3. 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 an interest covenant.

At the end of December 2014 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	SPH Secured Debt	SPH Unsecured Debt
September 2009	Ba3/Stable/NP	Ba2	B2
April 2011	Ba3/Positive/NP	Ba2	B2
June 2013	Ba3/Stable/NP	Ba2	B2

S&P	Sappi Group Rating	SPH Secured Debt	SPH Unsecured Debt
September 2009	BB-/Stable/B	BB	B+
June 2012		BB	B
June 2013	BB-/Negative/B	BB	B
April 2014	BB-/Stable/B	BB	B

Fitch has assigned the following credit rating to Sappi Southern Africa Ltd:

Fitch	SSA Local Rating
November 2009	A/Negative/F1
March 2011	A/Stable/F1
January 2013	A+/Stable/F1
February 2014	A-/Stable/F1

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