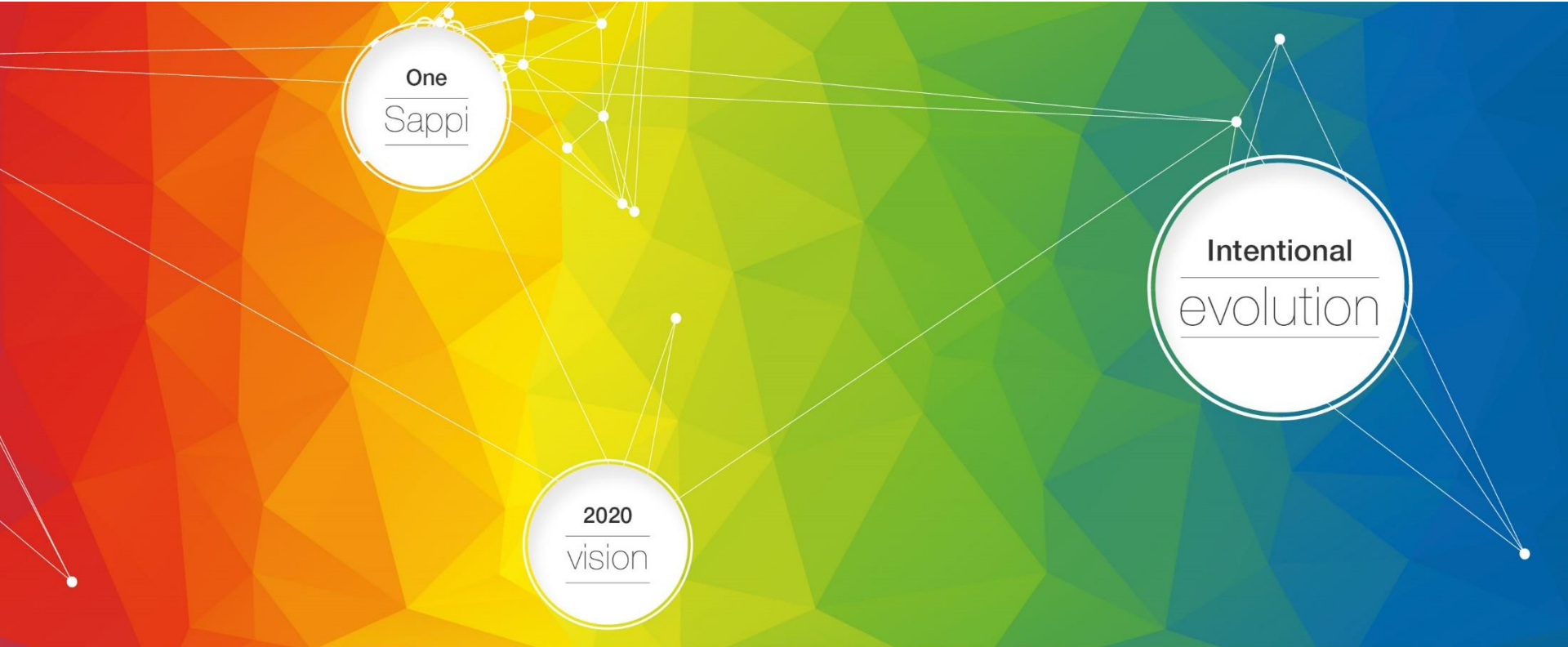


# Sappi Limited – Debt Update March 2016



# 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:

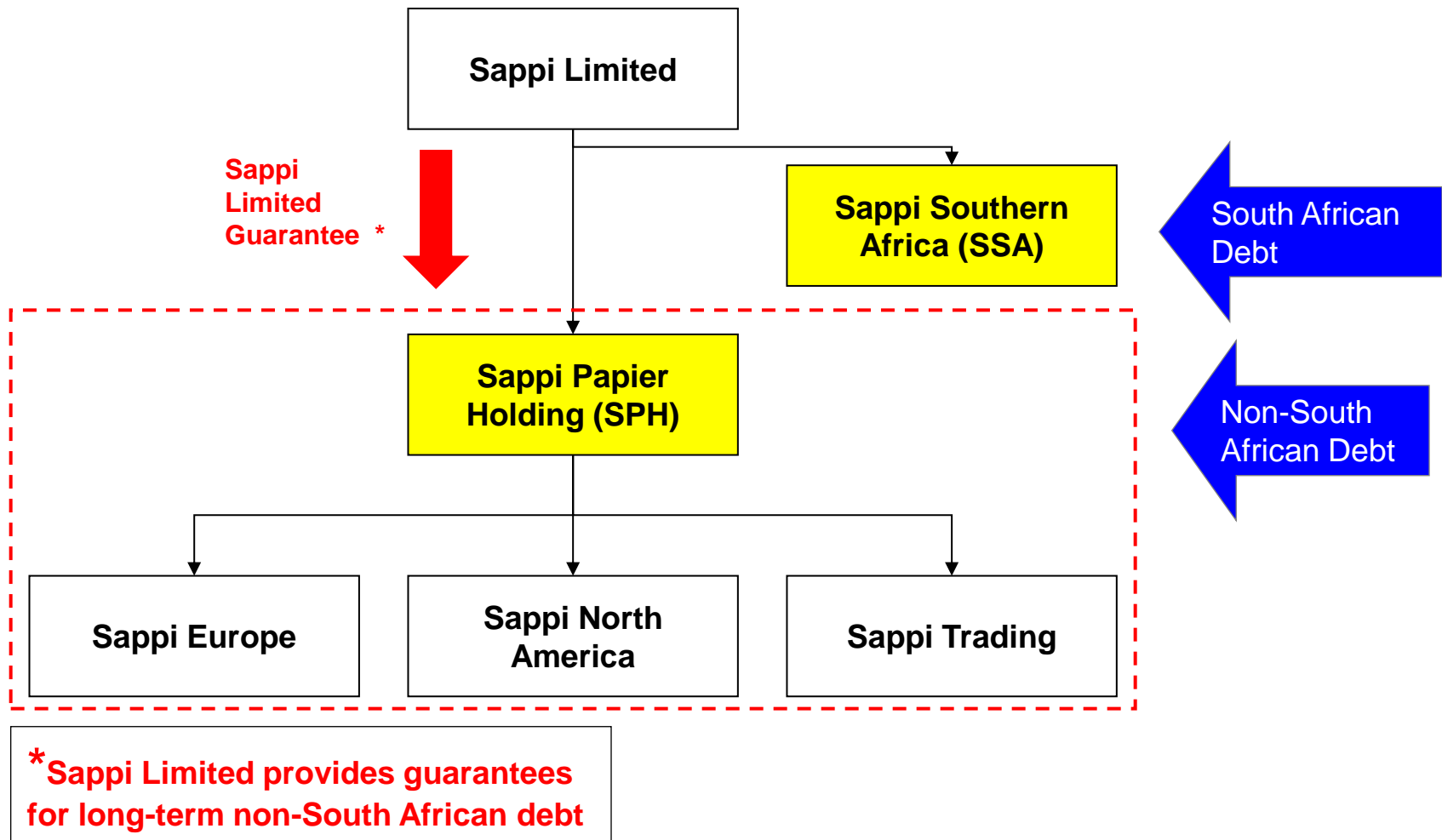
- the highly cyclical nature of the pulp and paper industry (and the factors that contribute to such cyclicity, such as levels of demand, production capacity, production, input costs including raw material, energy and employee costs, and pricing);
- the impact on our business of a global economic downturn;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

# Group Structure – Sappi entities taking up debt



# Debt Overview

| <u>US\$ millions</u>                 | Sep 2015     | Dec 2015     | Mar 2016     |
|--------------------------------------|--------------|--------------|--------------|
| <b>LONG TERM DEBT</b>                | <b>2,031</b> | <b>1,983</b> | <b>1,974</b> |
| SECURED DEBT                         | 1,239        | 1,228        | 1,236        |
| SUBORDINATED DEBT                    | 524          | 486          | 487          |
| SECURITISATION                       | 343          | 339          | 322          |
| (LESS - SHORT-TERM PORTION)          | (74)         | (71)         | (70)         |
| <b>NET SHORT TERM DEBT / (CASH)</b>  | <b>(260)</b> | <b>(249)</b> | <b>(322)</b> |
| OVERDRAFTS, CPs & RCF DRAWING        | 121          | 64           | 65           |
| SHORT TERM PORTION OF LONG TERM DEBT | 74           | 71           | 70           |
| (LESS CASH)                          | (456)        | (383)        | (457)        |
| <b>NET DEBT</b>                      | <b>1,771</b> | <b>1,734</b> | <b>1,652</b> |

**Refer to note 21 in the published Sappi Limited Annual Integrated Report for a detailed debt description**

# Detailed Debt Summary – March 2016

|  |                  |              |
|--|------------------|--------------|
| Sappi Southern Africa Long Term Debt         | ZAR 2,400        | 155          |
| 2017 Bond - US\$ (swapped to €)              |                  | 400          |
| 2021 Bond - US\$ <sup>1</sup>                |                  | 350          |
| 2022 Bond - EUR                              | € 450            | 502          |
| 2032 Bond                                    |                  | 221          |
| OeKB Term Loan                               | € 101            | 112          |
| Securitised Receivables EUR                  | € 200            | 223          |
| Securitised Receivables USD                  |                  | 99           |
| Sappi Europe Leases                          | € 2              | 2            |
| IFRS Adjustments                             |                  | (21)         |
| Long Term Debt                               |                  | 2,045        |
| less Short Term Portion of Long Term Debt    |                  | (70)         |
| <b>Total Long Term Debt</b>                  |                  | <b>1,974</b> |
| Short Term Loans & Overdrafts                |                  | 65           |
| Short Term Portion of Long Term Debt         |                  | 70           |
| LESS Cash - Sappi South Africa               |                  | (178)        |
| LESS Cash - Sappi Group (excl. South Africa) |                  | (280)        |
| <b>NET DEBT AS AT DECEMBER 2015</b>          | <b>US\$ '000</b> | <b>1,652</b> |

Consists of a Trade Finance facility, which is rolled quarterly

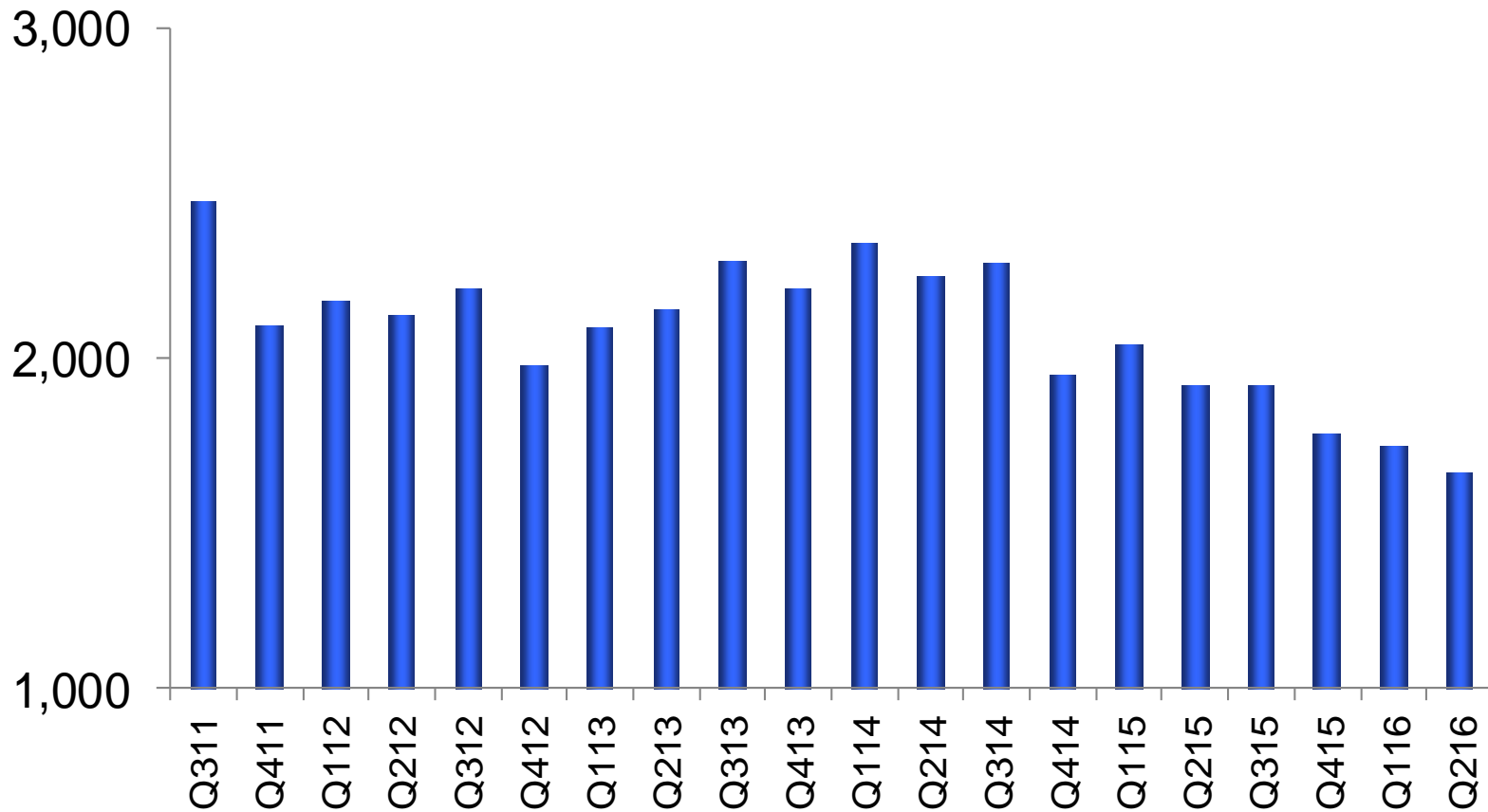
1. These bonds were refinanced shortly after the March quarter-end with a new 2023 €350 million bond.

*Debt secured by security package, see slide 12*

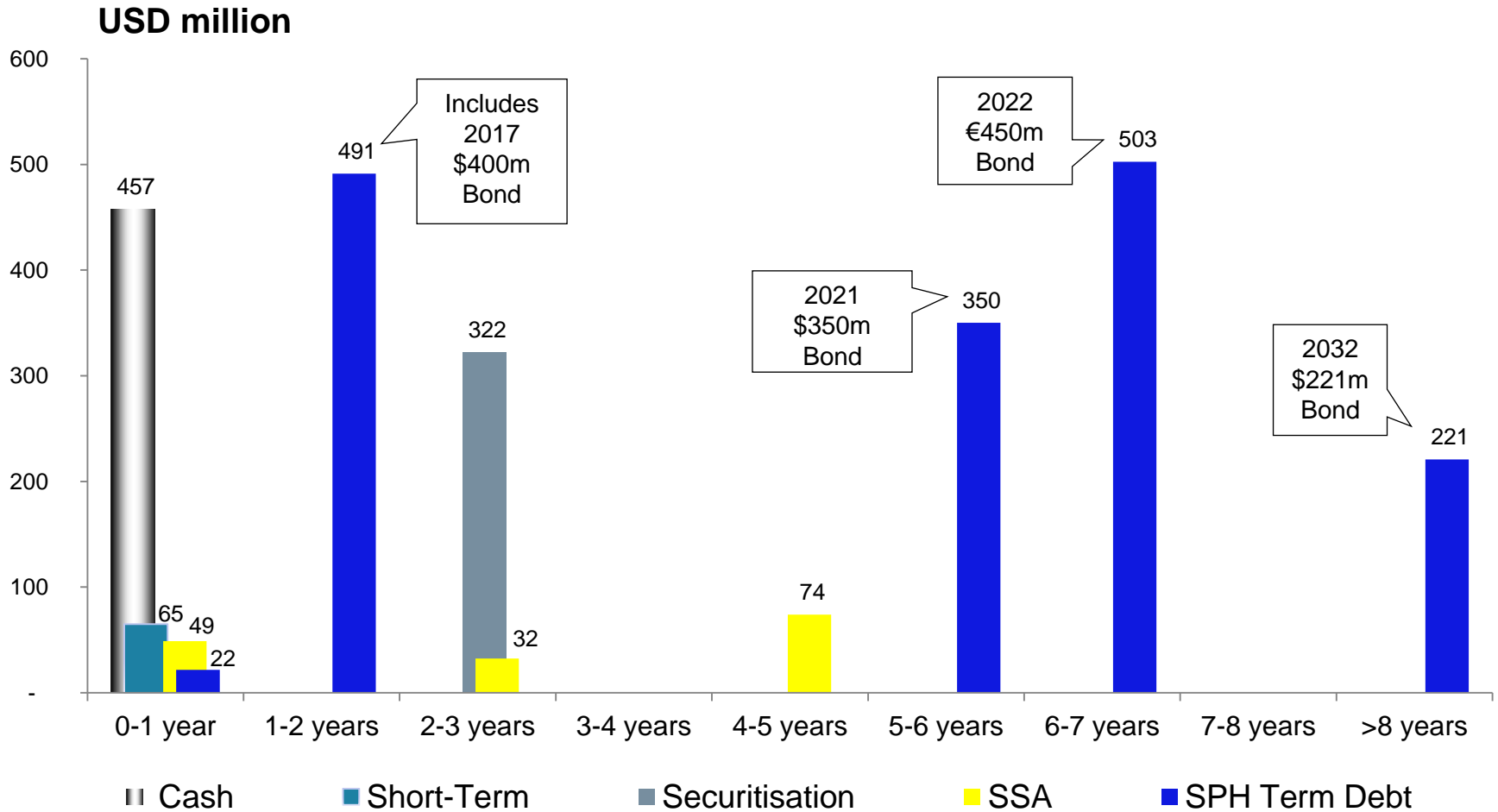
# Net Debt Movement

|                                       | US\$ million |
|---------------------------------------|--------------|
|                                       | Q2           |
| Net Debt - at start of the period     | 1,734        |
| Net Cash generated during the period  | (90)         |
| Currency, fair value impact and other | 8            |
| <b>Net Debt - March 2016</b>          | <b>1,652</b> |

# Net Debt Development

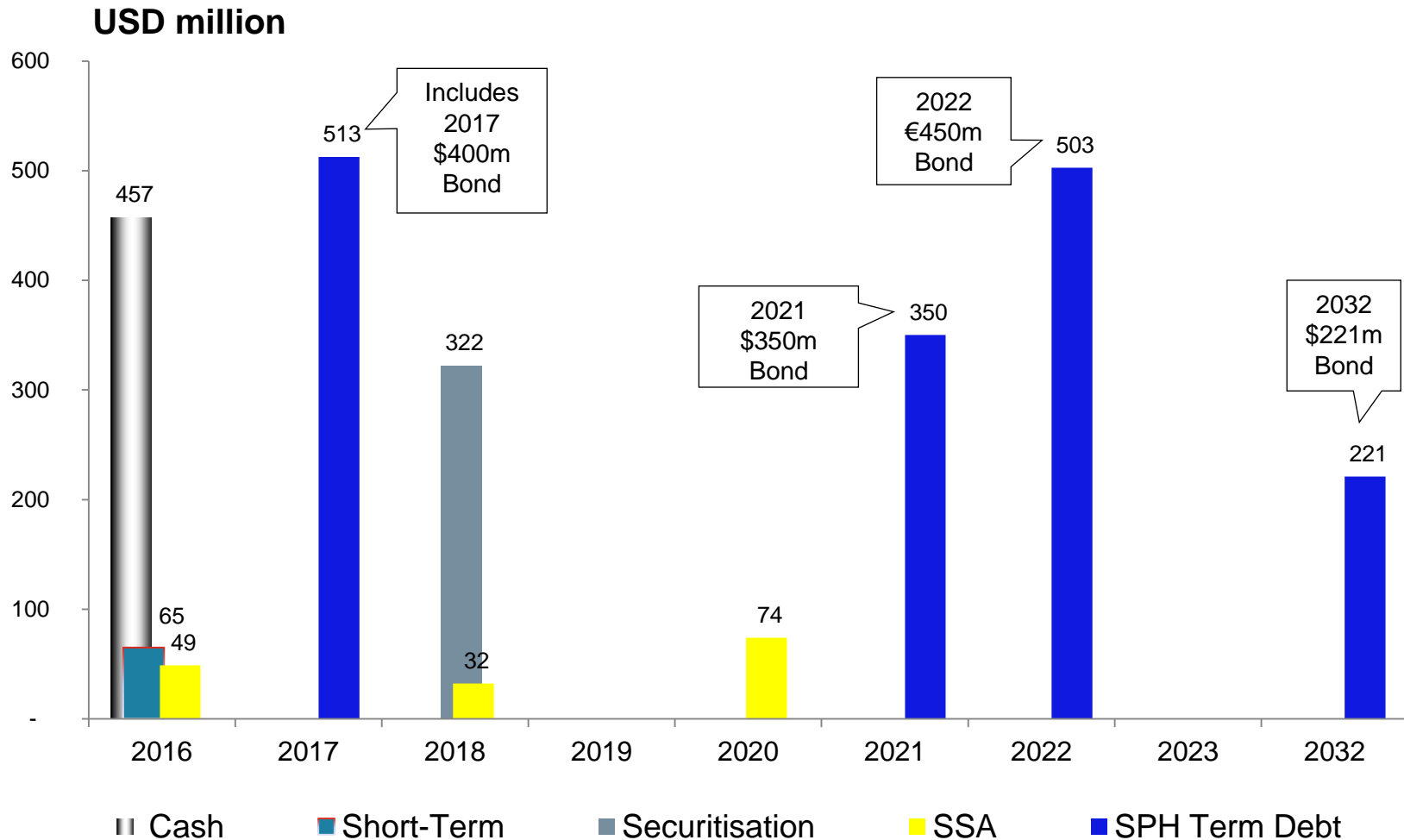


# Maturity Profile (Annual) – March 2016



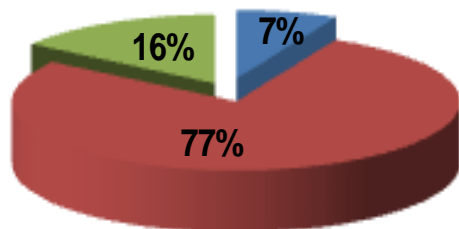


# Maturity Profile (Fiscal) – March 2016

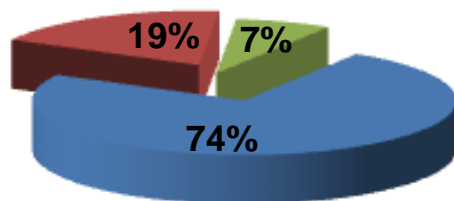


# Debt Split (gross debt)

■ SSA ■ SPH ■ Securitisation



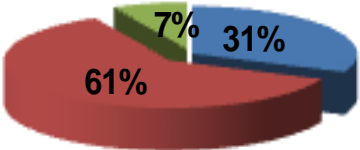
Sappi takes up debt mainly at SPH and SSA, refer to slide 3. Securitisation debt is taken up in a central special purpose vehicle which is consolidated in the group results.



■ SPH, Secured ■ SPH, Unsecured  
■ SSA, Unsecured

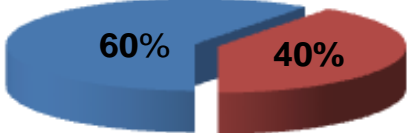
# Debt Ratios (gross debt)

■ USD Debt   ■ EUR Debt   ■ ZAR Debt

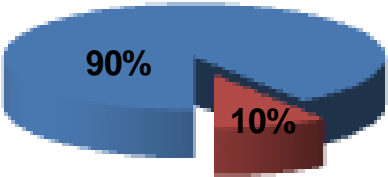


Debt by currency, based on gross debt and includes effect of currency swaps and hedges.

■ Fixed Rate Debt   ■ Variable Rate Debt



■ Public Debt   ■ Bank Debt



# 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-13 | FY Sept-14 | FY Sept-15 |
|---|------------|------------|------------|
| <b>Cash generated by operations</b>         | <b>447</b> | <b>566</b> | <b>545</b> |
| Change in net working capital               | -20        | 34         | -11        |
| Maintenance capex                           | -116       | -148       | -175       |
| Cash taxes                                  | -17        | -1         | -16        |
| Net finance costs                           | -164       | -162       | -136       |
| Other <sup>1</sup>                          | 59         | 101        | 11         |
| <b>Cash flow post maintenance capex</b>     | <b>189</b> | <b>390</b> | <b>218</b> |
| Expansion capex                             | -436       | -147       | -73        |
| <b>Key figures &amp; ratios:</b>            |            |            |            |
| EBITDA excluding special items <sup>2</sup> | 528        | 658        | 625        |
| Net debt                                    | 2,247      | 1,946      | 1,771      |
| Net Debt / EBITDA                           | 4.1x       | 2.9x       | 2.8x       |
| EBITDA / Net finance costs <sup>3</sup>     | 3.2x       | 3.7x       | 4.4x       |

1. Other in 2013 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 a debt to equity covenant.**

**At the end of March 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:**

| <b>Moody's</b>       | <b>Sappi Group Rating</b> | <b>SPH Secured Debt</b> | <b>SPH Unsecured Debt</b> |
|----------------------|---------------------------|-------------------------|---------------------------|
| September 2009       | Ba3/Stable/NP             | Ba2                     | B2                        |
| April 2011           | Ba3/Positive/NP           | Ba2                     | B2                        |
| <b>June 2013</b>     | <b>Ba3/Stable/NP</b>      | <b>Ba2</b>              | <b>B2</b>                 |
|                      |                           |                         |                           |
| <b>S&amp;P</b>       | <b>Sappi Group Rating</b> | <b>SPH Secured Debt</b> | <b>SPH Unsecured Debt</b> |
| 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                         |
| <b>February 2016</b> | <b>BB-/Positive/B</b>     | <b>BB-</b>              | <b>B</b>                  |

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

| <b>GCR</b>           | <b>SSA local rating</b> |
|----------------------|-------------------------|
| <b>December 2015</b> | <b>A(ZA)/Stable</b>     |

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# Thank you

sappi

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Inspired by life