

Sappi Limited – Debt Update September 2015



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:

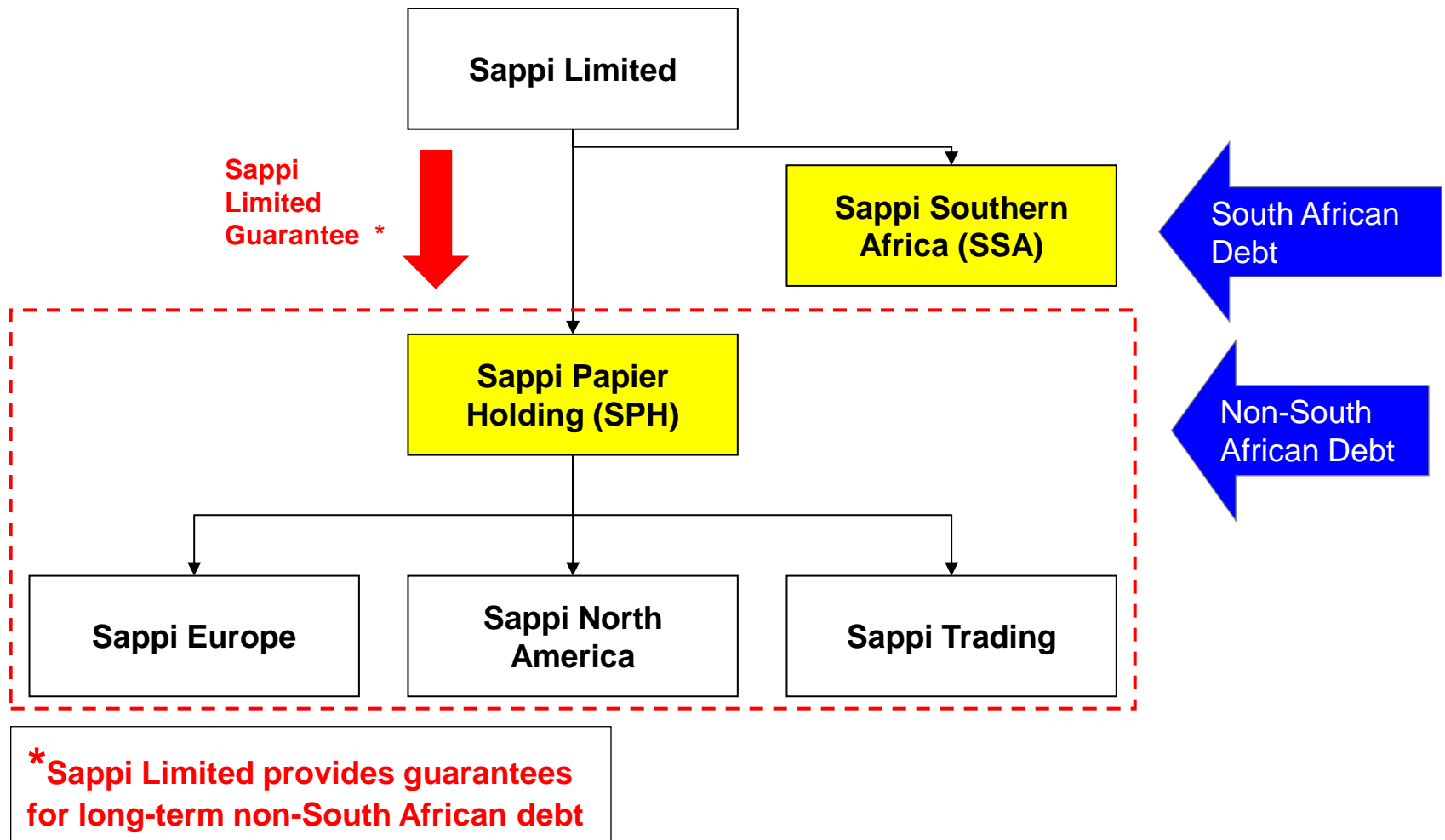
- the highly cyclical nature of the pulp and paper industry (and the factors that contribute to such cyclicity, such as levels of demand, production capacity, production, input costs including raw material, energy and employee costs, and pricing);
- the impact on our business of a global economic downturn;
- 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 2015	Jun 2015	Sep 2015
LONG TERM DEBT	2,085	2,050	2,031
SECURED DEBT	1,232	1,239	1,239
SUBORDINATED DEBT	584	547	524
SECURITISATION	326	305	343
(LESS - SHORT-TERM PORTION)	(57)	(41)	(74)
NET SHORT TERM DEBT / (CASH)	(170)	(134)	(260)
OVERDRAFTS, CPs & RCF DRAWING	172	177	121
SHORT TERM PORTION OF LONG TERM DEBT	57	41	74
(LESS CASH)	(399)	(351)	(456)
NET DEBT	1,916	1,917	1,771

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

Detailed Debt Summary – September 2015

US\$ millions	Non USD Debt	USD Amount
Sappi Southern Africa Long Term Debt	R2,400	172
2017 Bond - US\$ (swapped to €)		400
2021 Bond - US\$		350
2022 Bond - EUR	€ 450	504
2032 Bond		221
OeKB Term Loan	€ 118	132
Securitized Receivables EUR	€ 200	224
Securitized Receivables USD		120
Sappi Europe Leases	€ 2	2
IFRS Adjustments		(20)
Long Term Debt		2,105
less Short Term Portion of Long Term Debt		(74)
Total Long Term Debt		2,031
Short Term Loans & Overdrafts (excl. South Africa)		65
RCF drawing		56
Short Term Portion of Long Term Debt		74
LESS Cash - Sappi South Africa		(242)
LESS Cash - Sappi Group (excl. South Africa)		(214)
NET DEBT AS AT SEPTEMBER 2015		1,771

Consists of a Trade Finance facility, which is rolled quarterly

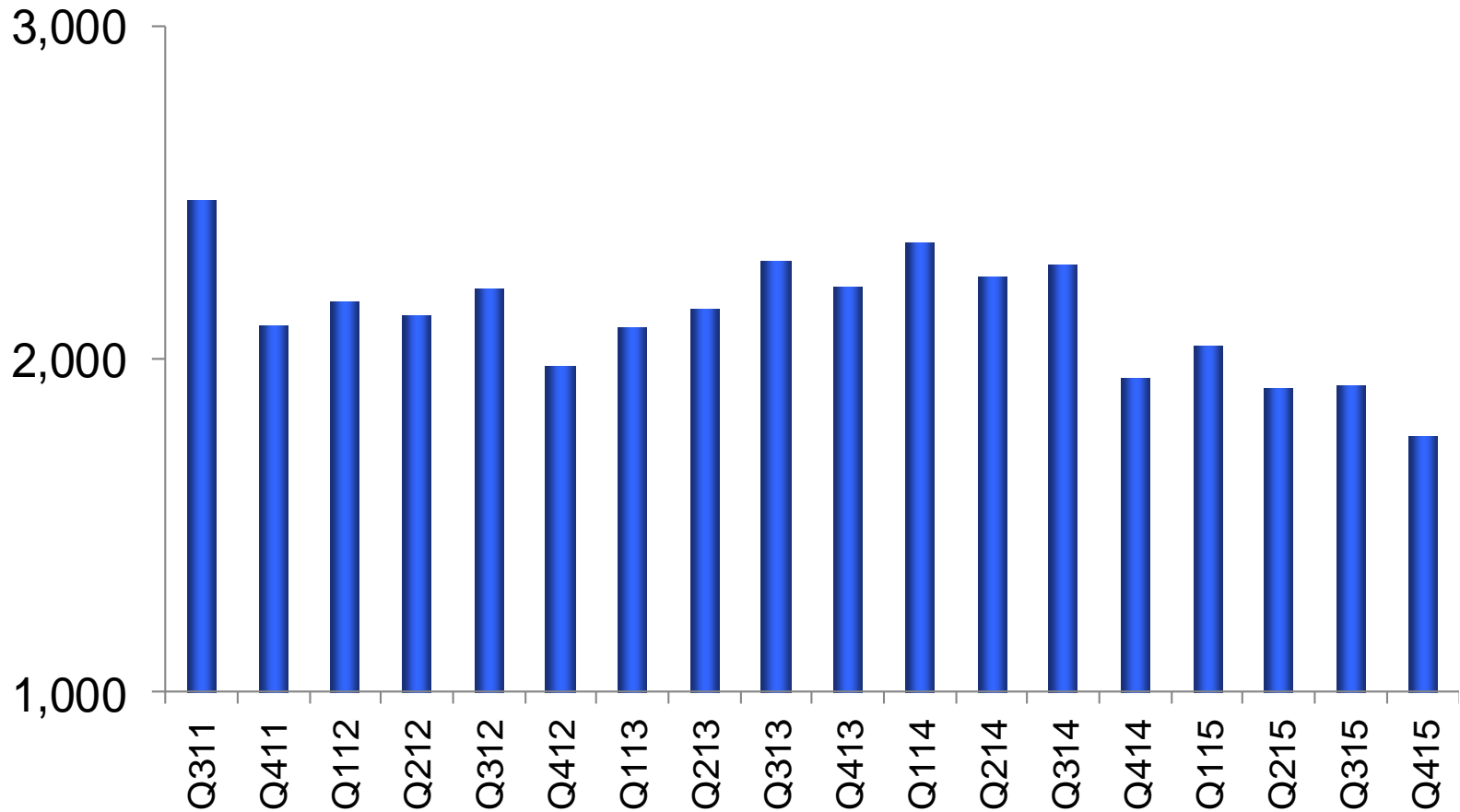
Debt secured by security package, see slide 12

Net Debt Movement

	US\$ million
	Q4
Net Debt - at start of the period	1,917
Net Cash generated during the period	(159)
Currency, fair value impact and other	13
Net Debt - September 2015	1,771

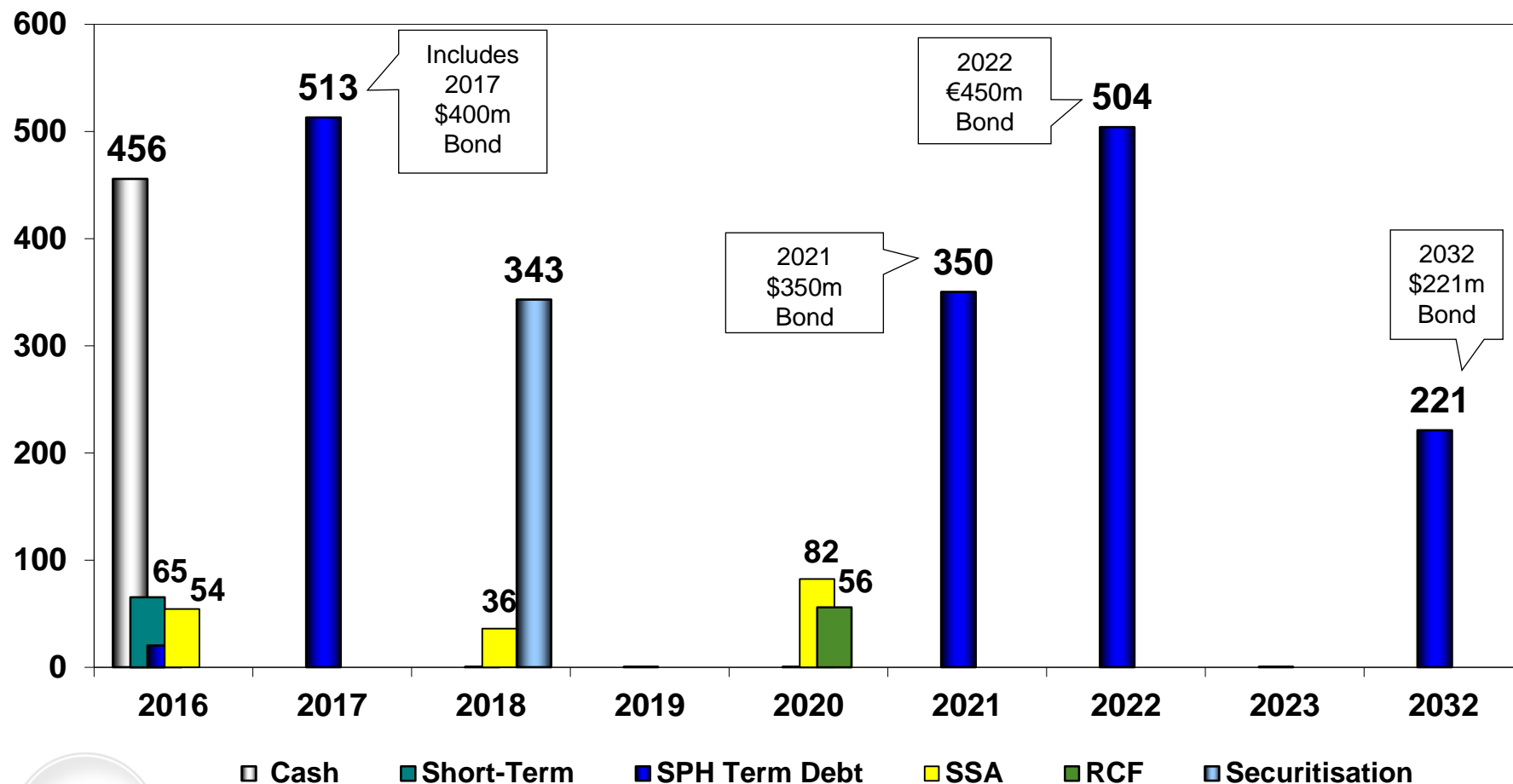
	US\$ million
	FY15
Net Debt - at start of the 2015 financial year	1,946
Net Cash generated during the period	(145)
Currency, fair value impact and other	(30)
Net Debt - September 2015	1,771

Net Debt Development



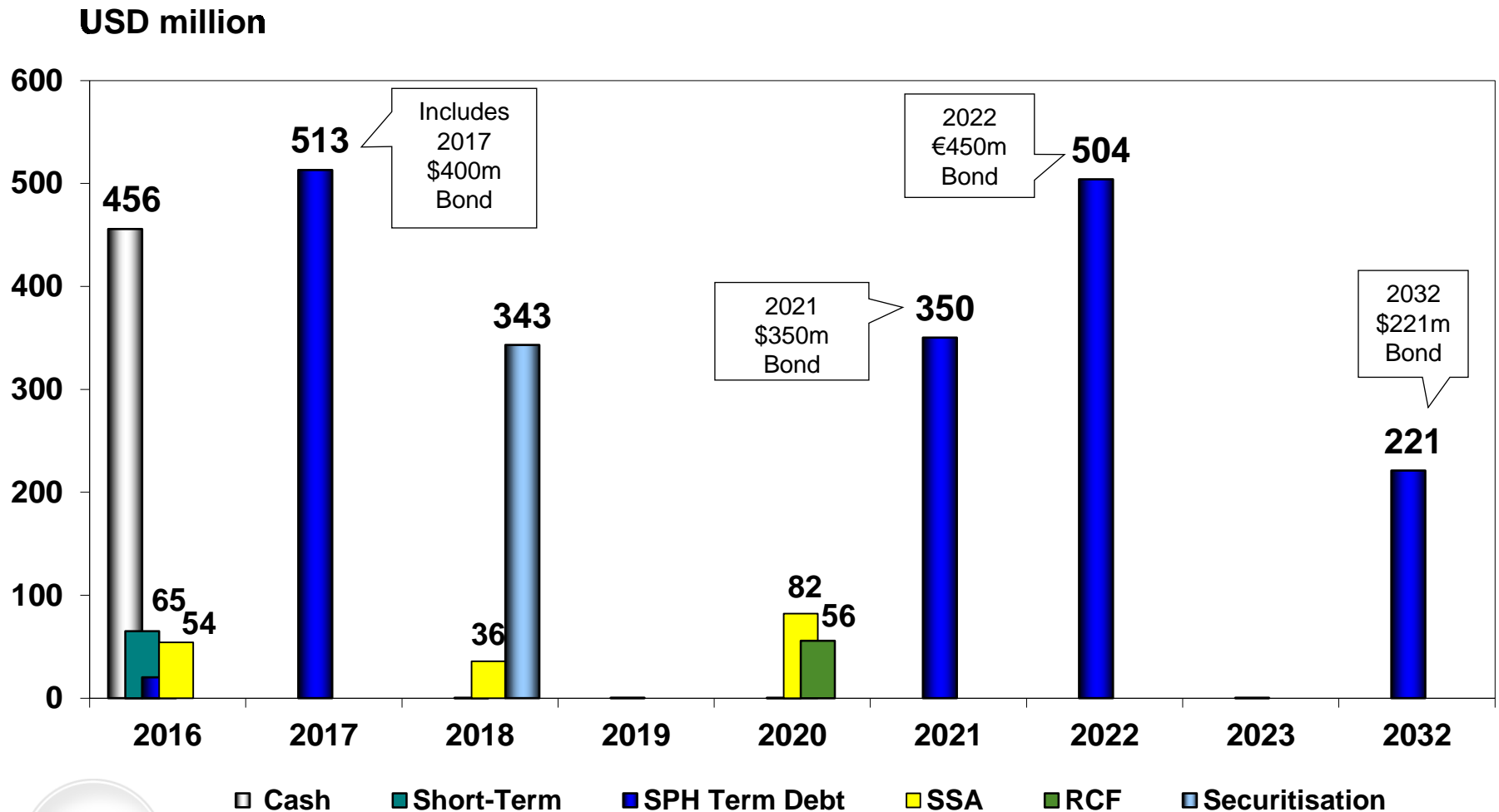
Maturity Profile (Annual) – September 2015

USD million



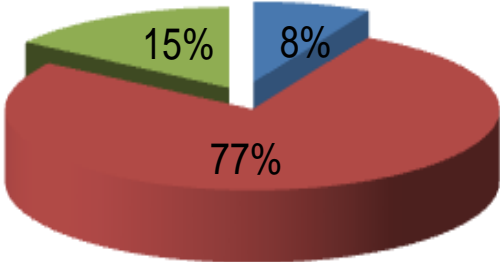
□ Cash
■ Short-Term
■ SPH Term Debt
■ SSA
■ RCF
■ Securitisation

Maturity Profile (Fiscal) – September 2015

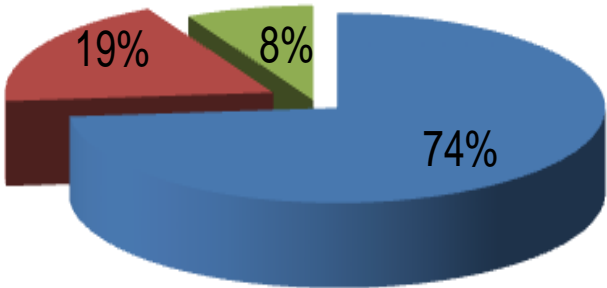


Debt Split (gross debt)

■ SSA ■ SPH ■ Securitisation



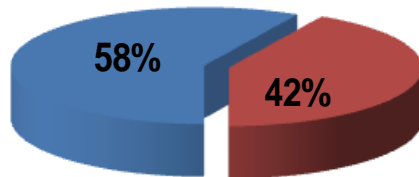
Sappi takes up debt mainly at SPH and SSA, refer to slide 3. Securitisation debt is taken up in a central special purpose vehicle which is consolidated in the group results.



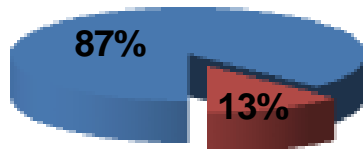
■ SPH, Secured
 ■ SPH, Unsecured
 ■ SSA, Unsecured

Debt Ratios (gross debt)

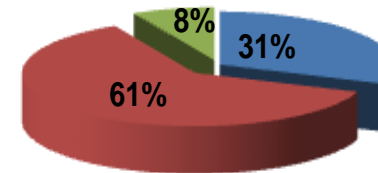
■ Fixed Rate Debt ■ Variable Rate Debt



■ 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-13	FY Sept-14	FY Sept-15
Cash generated by operations	447	566	545
Change in net working capital	-20	34	-11
Maintenance capex	-121	-148	-175
Cash taxes	-17	-1	-16
Net finance costs	-164	-162	-136
Other ¹	59	101	11
Cash flow post maintenance capex	184	390	218
Expansion capex	-431	-147	-73
Key figures & ratios:			
EBITDA excluding special items ²	528	658	625
Net debt	2,247	1,946	1,771
Net Debt / EBITDA	4.1x	2.9x	2.8x
EBITDA / Net finance costs ³	3.2x	3.7x	4.4x

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 September 2015 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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