

2nd Quarter 2015
Financial Results Presentation
14 May 2015

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.

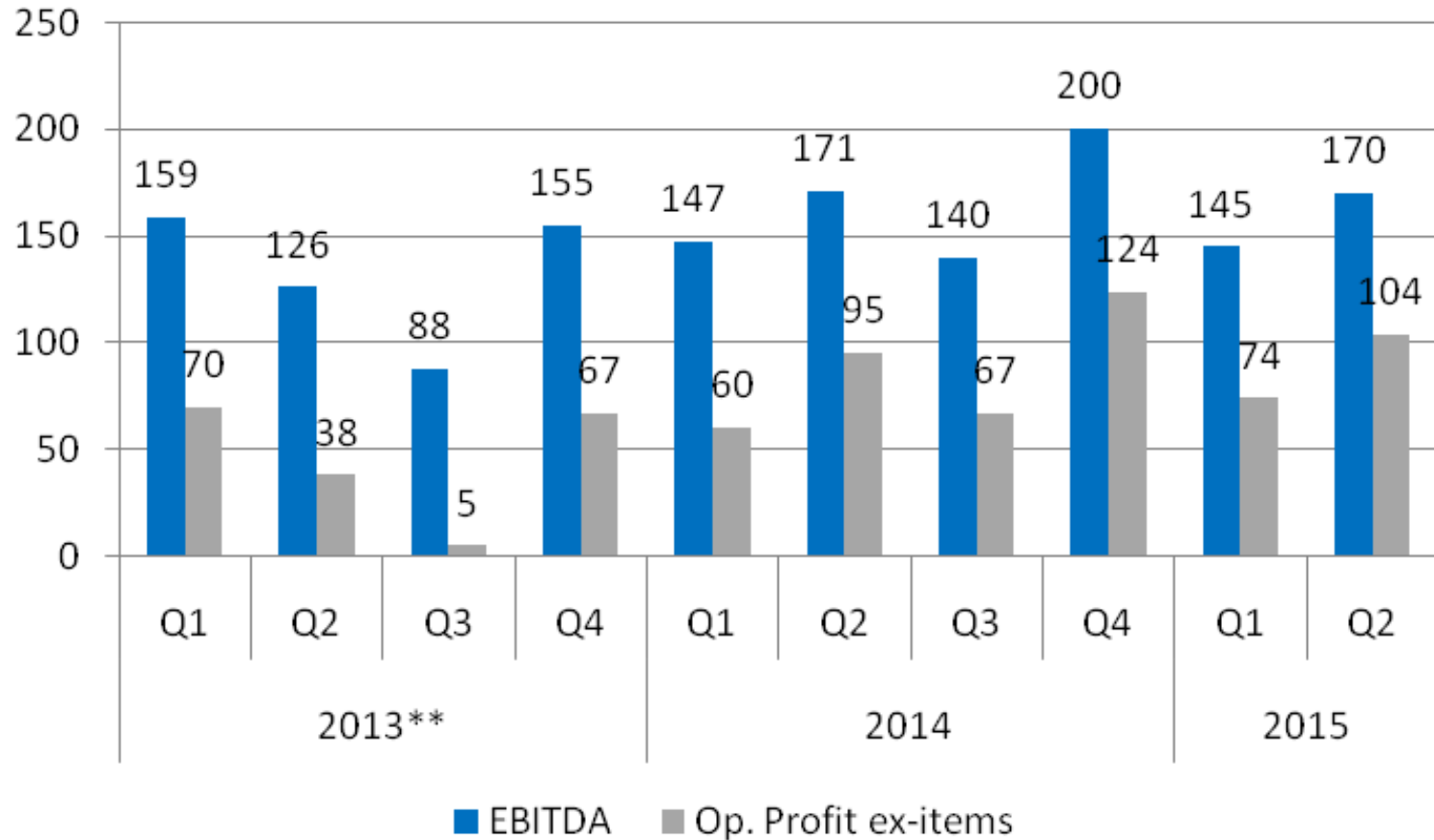
Summary

Q2 2015 Summary

- Profit for the period US\$56m (Q2 2014 US\$32m)
- EPS excluding special items 11 US cents (Q2 2014 5 US cents)
- EBITDA excluding special items US\$170m (Q2 2014 US\$171m)
- Net Debt US\$1,916m (Q2 2014 US\$2,248)
- Successful refinancing of 2018 and 2019 bonds

EBITDA & Operating Profit ex-items*

USD million

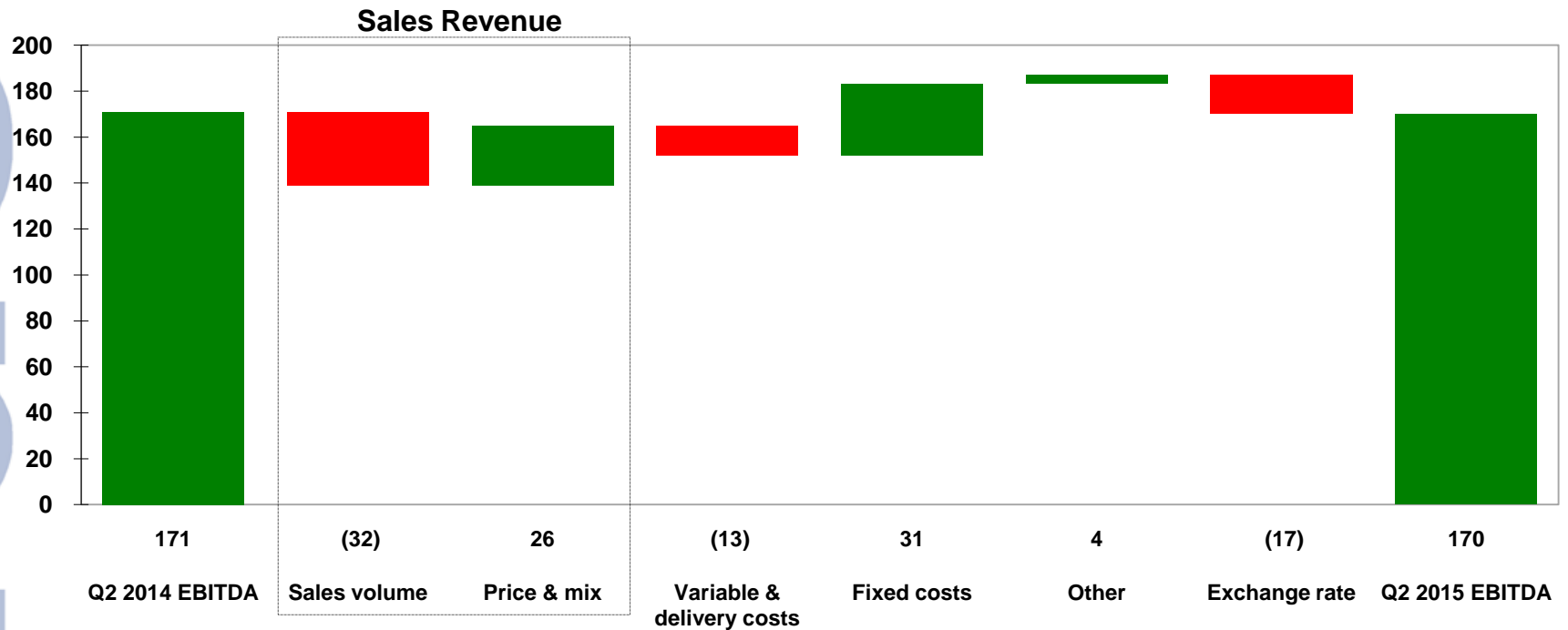


*Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported Operating Profit and page 19 in our Q2 2015 Results booklet (available on www.sappi.com) for a definition of special items.

**2013 figures restated for the adoption of IAS 19 (Revised) Employee Benefits

EBITDA* Q2 2014 v Q2 2015

USD million



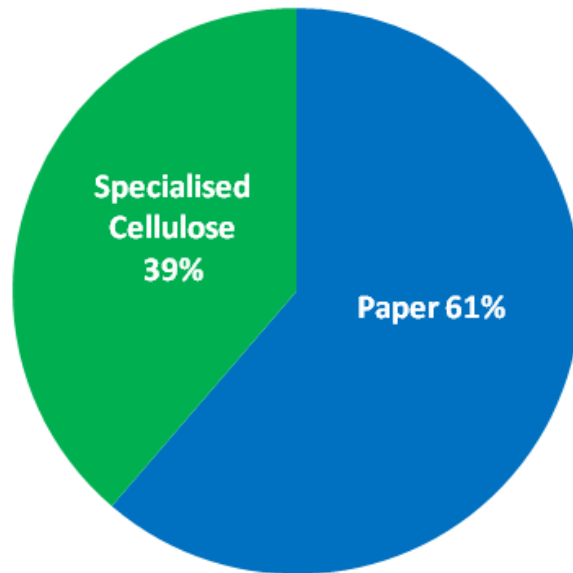
Notes:

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

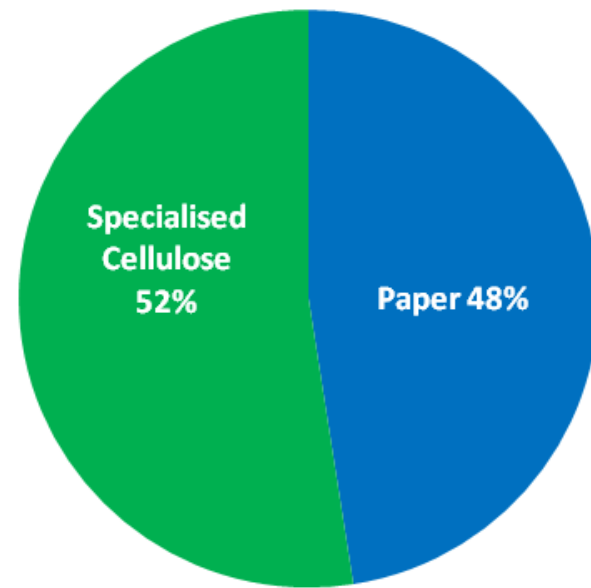
*Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported Operating Profit and page 19 in our Q2 2015 Results booklet (available on www.sappi.com) for a definition of special items.

Q2 2015 Product Contribution Split

EBITDA excluding special items*



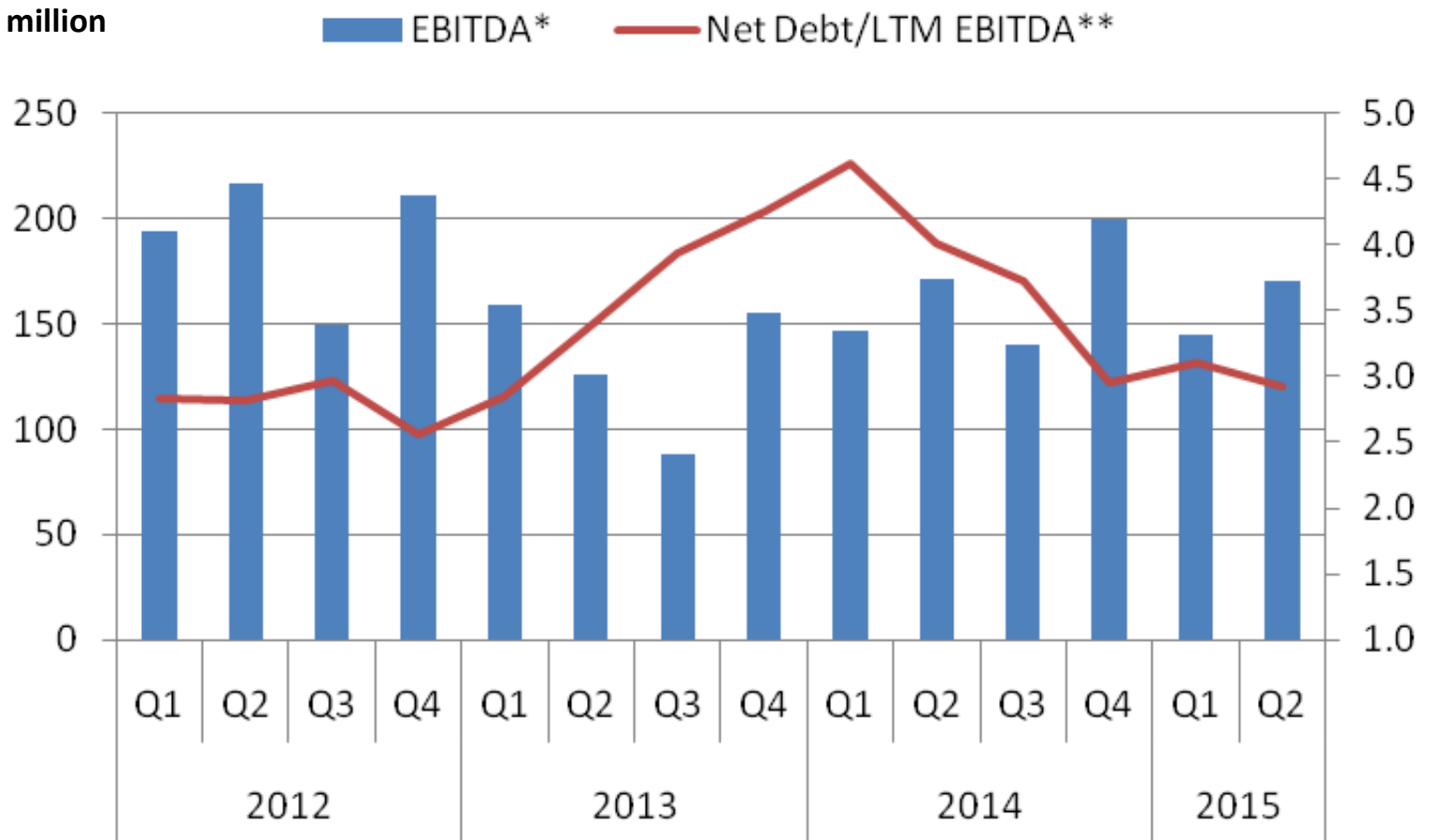
Operating Profit excluding special items*



*Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported Operating Profit and page 19 in our Q2 2015 Results booklet (available on www.sappi.com) for a definition of special items. Data above excludes treasury operations and insurance captive.

Net Debt / EBITDA development

USD million

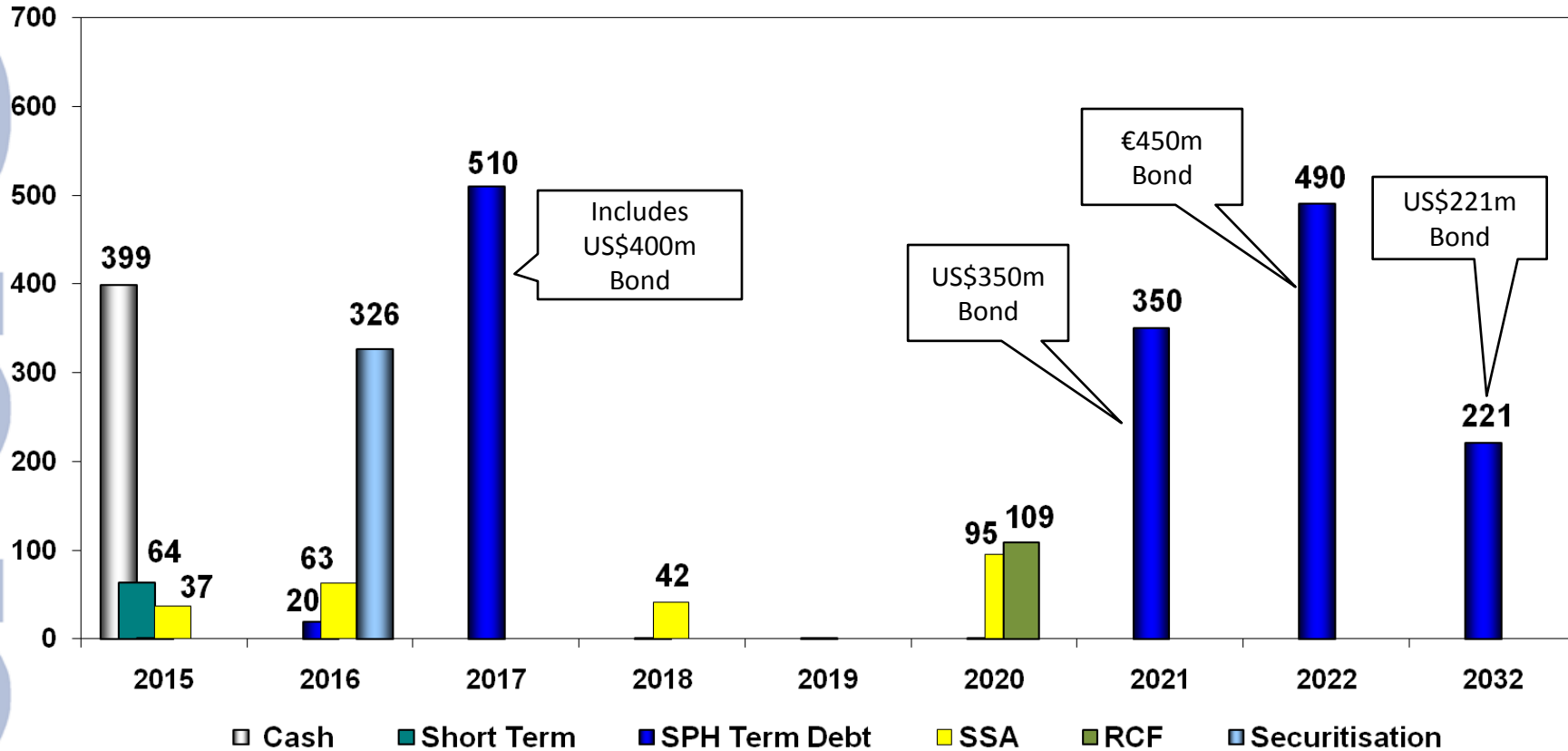


* EBITDA shown is excluding special items

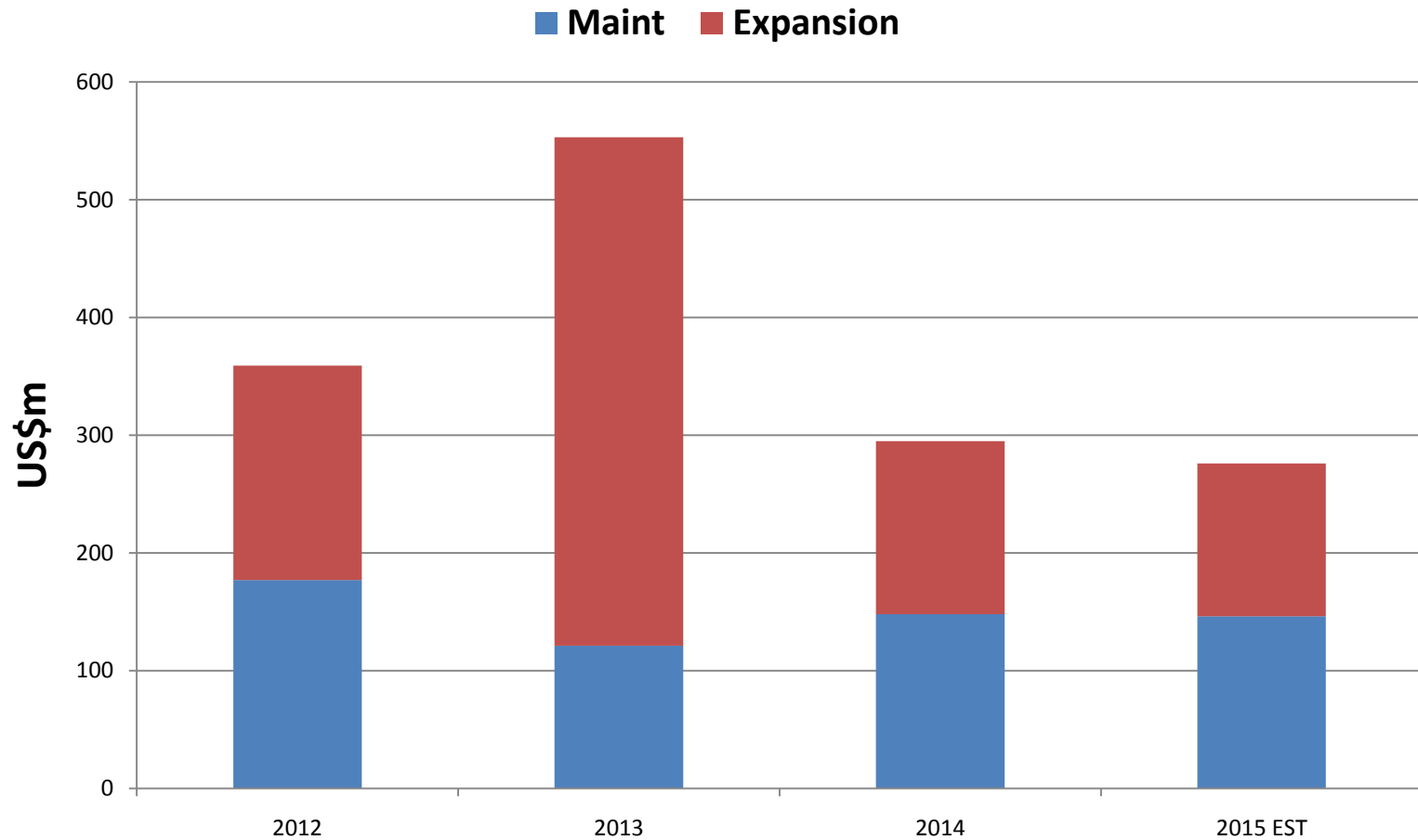
** The covenant Net Debt/LTM EBITDA calculation has adjustments and therefore differs from that shown above

Maturity Profile – Fiscal Years

USD million



Capex Development



Divisional Overviews

Global Paper Market Trends

Supply & Demand

Weaker Euro has had muted impact on imports into US

CWF demand decline in line with expectations

CM declines more worrisome

Costs & Prices

CWF sales prices have moved up in NA – announced for Europe

Softwood pulp prices falling, hardwood prices increasing

Strategy

Implement price increases when/where market allows

Reducing fixed and variable costs

Reduce capacity in line with demand declines

Global Specialised Cellulose Market Trends

Supply & Demand

- Deceleration of capacity expansion

- Some capacity has switched back to pre-conversion products

- Underlying demand trends still moving up

Costs & Prices

- Commodity grade DWP prices still low

- Stability in textile fibre prices

- Input costs declining for producers with non-US\$ cost base

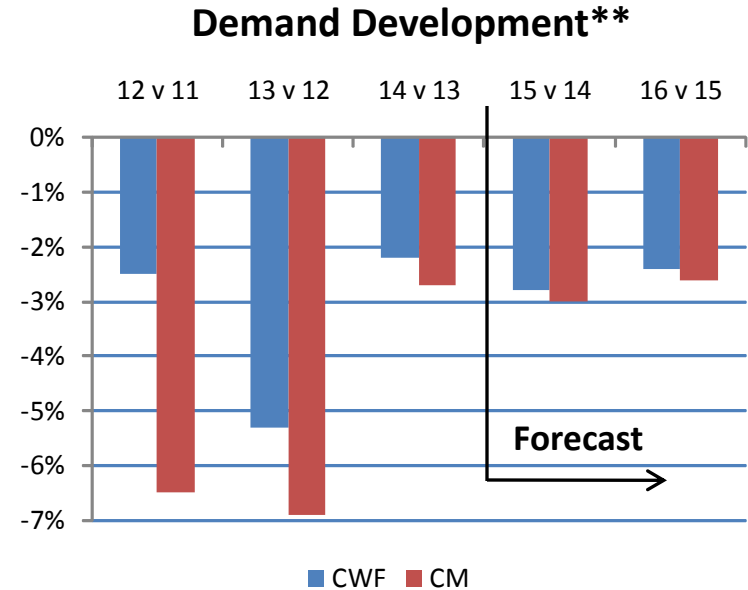
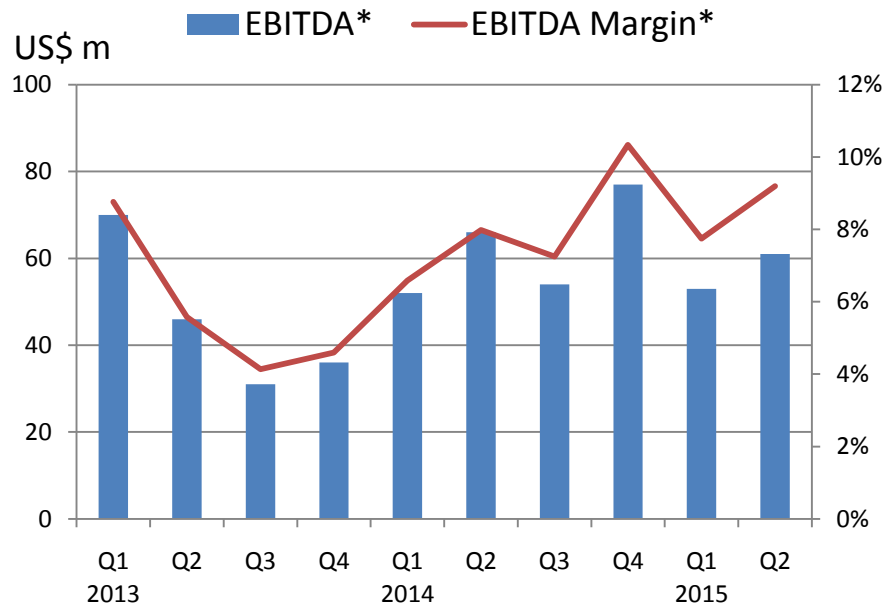
Strategy

- Manage capacity

- Continue working with customers supporting common growth

- Investigate adjacent end-uses

Sappi Europe

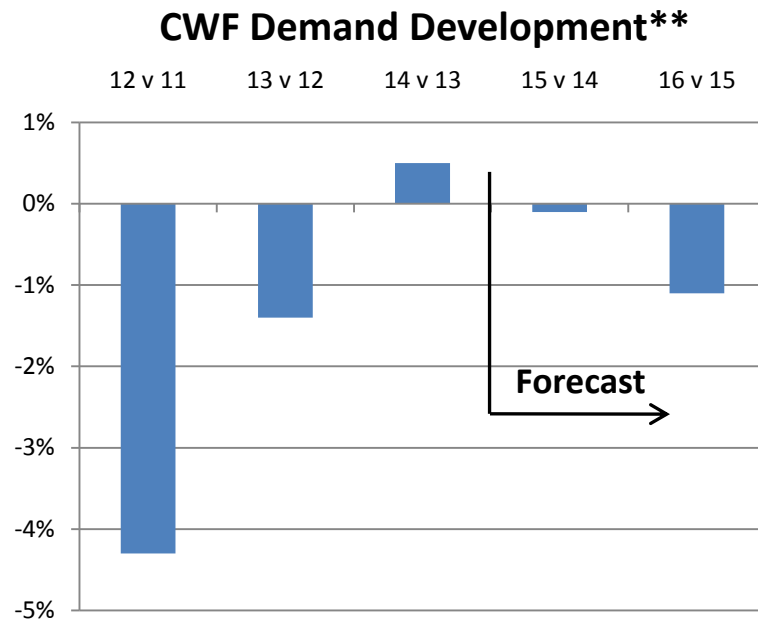
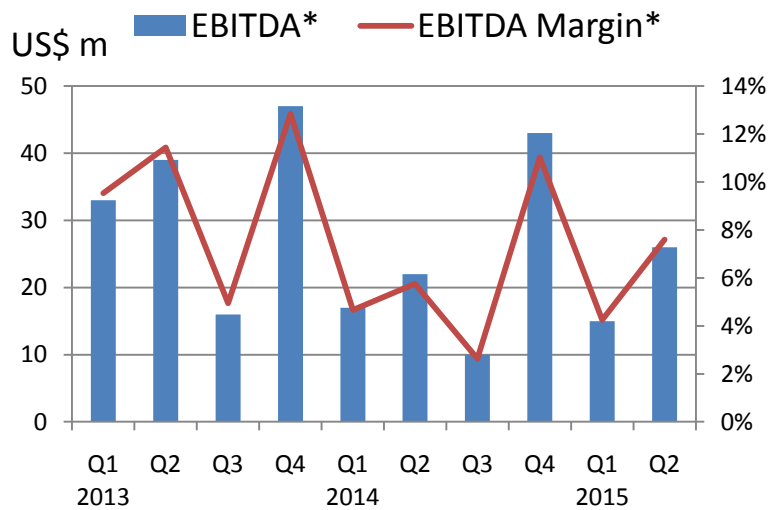


- Better margins YoY due to higher average CWF sales prices, lower fixed costs post the disposal of Nijmegen, and transfer of Dutch pension fund.
- Weaker Euro lifted export prices, offset by higher US\$ denominated pulp costs.
- Logistics costs rising due to increased export tonnage and freight rates.
- Speciality business achieved better volumes and higher average pricing.

*EBITDA and EBITDA margin shown excluding special items. Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported Operating Profit and page 20 in our Q2 2015 Results booklet (available on www.sappi.com) for a definition of special items.

** Source: RISI World Graphic Paper Forecast

Sappi North America

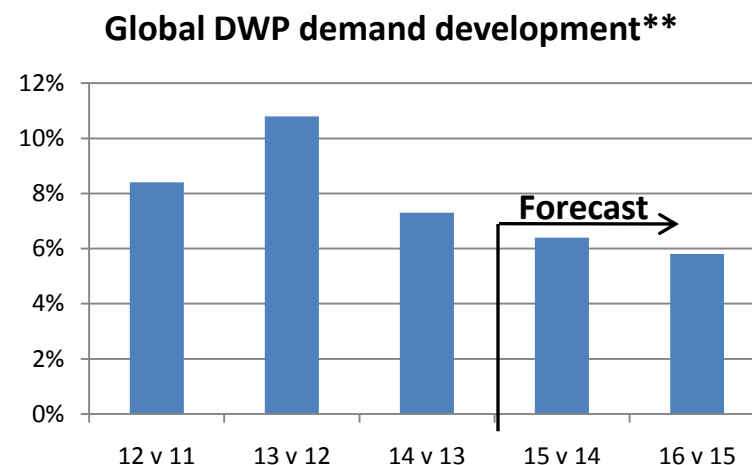
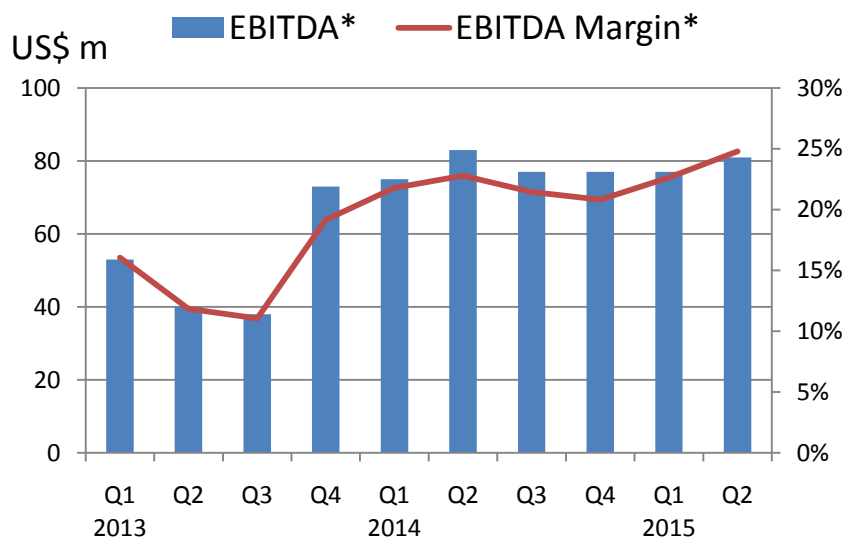


- Paper sales prices increased, better mix and lower variable costs.
- Severe weather negatively impacted productivity and logistics.
- DWP sales volumes down as we maximized own-make fiber production at Cloquet.
- Release business affected by weaker sales to China, and weaker Euro negatively impacted pricing for sales to Europe
- Lower variable costs – lower chemical and energy prices more than offset higher wood costs.

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** Source: RISI World Graphic Paper Forecast

Sappi South Africa



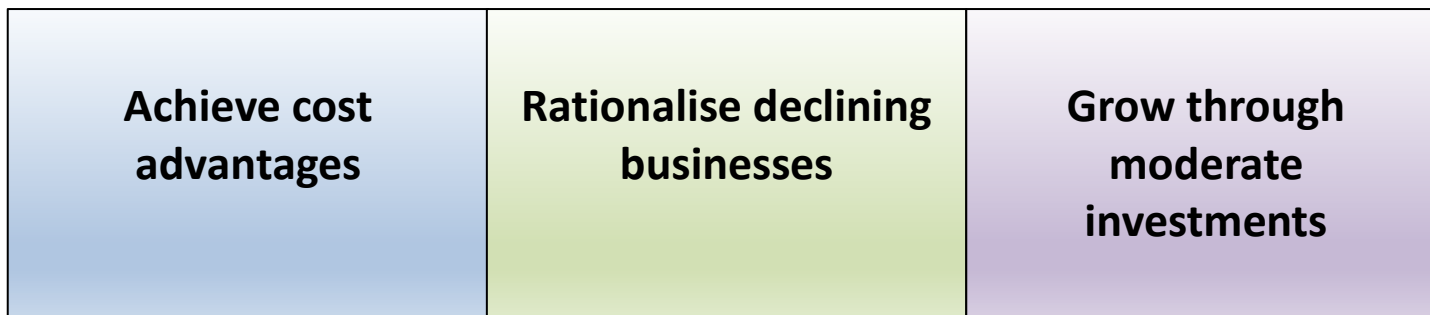
- Continued strong earnings – exchange rate gains on export sales and fixed cost savings offset lower USD-based DWP prices
- DWP sales volumes impacted negatively by 7k tons due to boiler-tube leak at Ngodwana.
- Paper business improved – increased volumes & pricing, lower logistics and fixed costs more than offset increased variable costs.
- Strong fruit export sales boosted demand for our virgin fibre packaging grades.

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** Source: RISI Dissolving Pulp Monitor

Strategic Focus

Strategic Focus



- | | | |
|--|--|--|
| <ul style="list-style-type: none"> • Continuously improving operational performance • Optimising energy usage in mills • Maximising global procurement efficiencies | <ul style="list-style-type: none"> • Continuously balance graphic paper supply and demand in all regions • Convert paper machines where possible to higher margin paper business | <ul style="list-style-type: none"> • Growing paper packaging grades • Growing specialised cellulose product portfolio • Extracting value from waste |
|--|--|--|

Generate cash to strengthen balance sheet

- Restructuring debt
- Optimising working capital
- Selling non-core assets

Accelerate growth in adjacent businesses from a strong base

- Evaluating opportunities in specialised cellulose, packaging and complementary industrial products

Focus Areas

Achieve cost advantages

We work to lower fixed and variable costs, increase cost efficiencies and invest for cost advantages.

- Cloquet's kraft campaigns
- Somerset natural gas conversion
- Gratkorn paper machine and pulp mill upgrade
- Kirkniemi power plant
- Group procurement initiatives

Optimise and rationalise declining businesses

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.

- Cessation of coated paper production in South Africa
- Husum volumes to be transferred to our assets in 2H 2015

Focus Areas

Growth through moderate investment

We will make smaller investments in existing areas with strong potential growth, including pulp, speciality grades and packaging papers.

- Investment in lightweight recycled packaging paper at Enstra
- Upgrades to Tugela and Ngodwana pulp mills
- Nano-cellulose pilot plant in Netherlands

Strengthen the balance sheet

Over the next two years, we will continue our focus on having a cleaner, stronger balance sheet so that we can then accelerate our growth in adjacent businesses.

- Continue to pursue Twello sale
- 2018 and 2019 bonds refinanced – \$110m annualized finance cost going forward
- Repaid SSA02 bond in April 2015 – R450m

Outlook

Outlook

- Graphic paper markets, especially CM, remain difficult and continued cost pressure from higher paper pulp and wood prices are putting margins under pressure. Lower oil and energy are providing relief.
- Textile prices stabilizing over the last few months – DWP prices have followed this trend. We remain well positioned, weaker ZAR helps.
- We expect a seasonally weaker quarter in EU and NA. Maintenance shuts in all 3 regions will negatively impact results by approximately \$21m versus the equivalent quarter last year
- We expect the operating performance for the year will be broadly similar to 2014 despite a number of once-off impacts from various capital projects. At current exchange rates, the translation of Euro and Rand results into Dollars may have an impact on group results. Nevertheless, EPS ex-items is expected to be substantially better than that of the prior year.

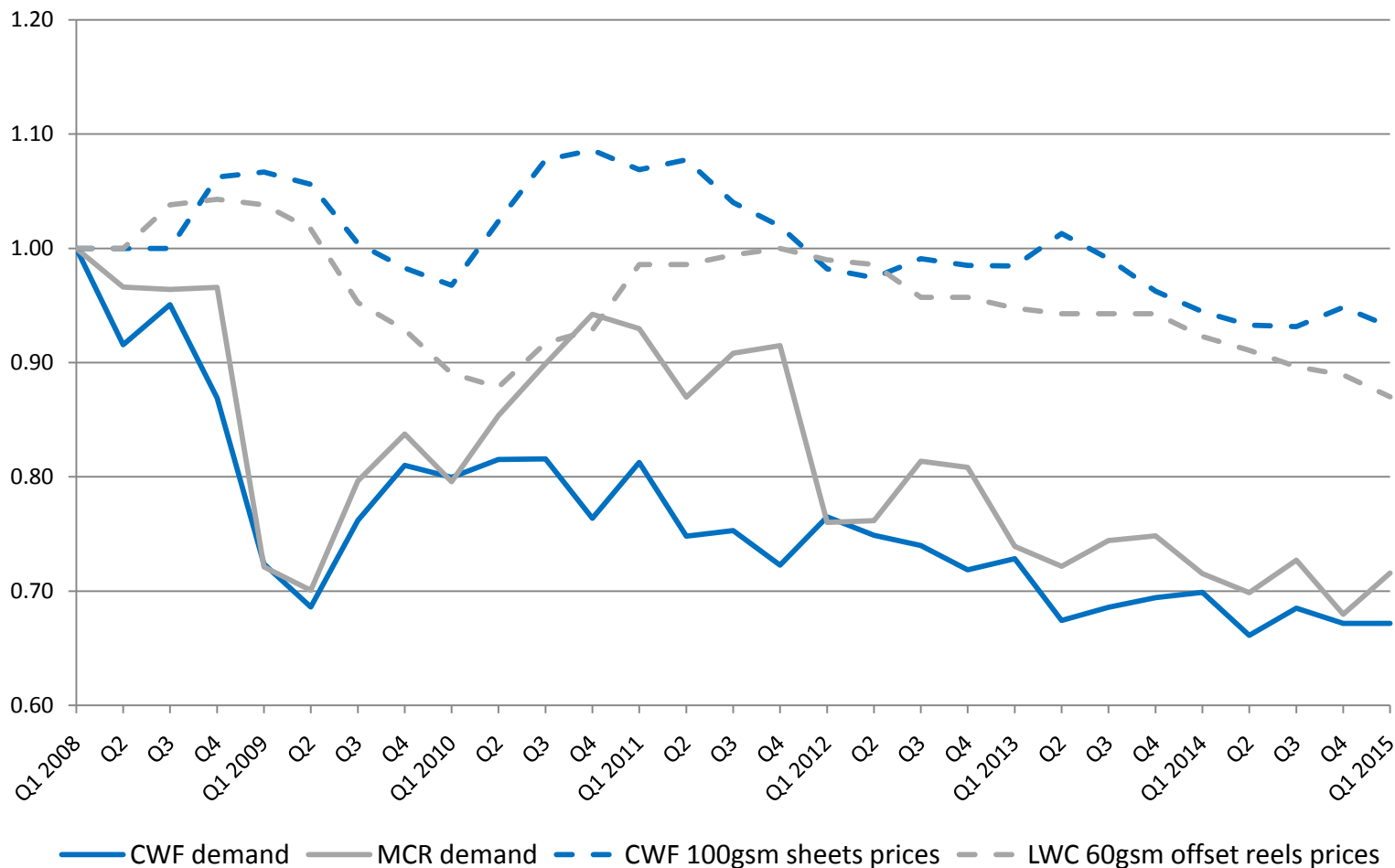
A photograph of a paper mill's machinery. A large, white sheet of paper is being processed by a series of rollers. The rollers are arranged in a line, and the paper is being fed through them. The background shows more of the mill's infrastructure, including pipes and structural elements.

Q&A

A photograph of a paper mill. A large roll of white paper is being processed by machinery. The machinery consists of several large rollers and a conveyor system. The paper is moving from the top right towards the bottom left. The background shows a factory setting with yellow safety signs on the walls.

Supplementary Information

W. Europe Coated Paper Deliveries & Prices



Western Europe Shipments Incl. Export – Source Cepifine, Cepiprint and RISI indexed to Calendar Q1 2008

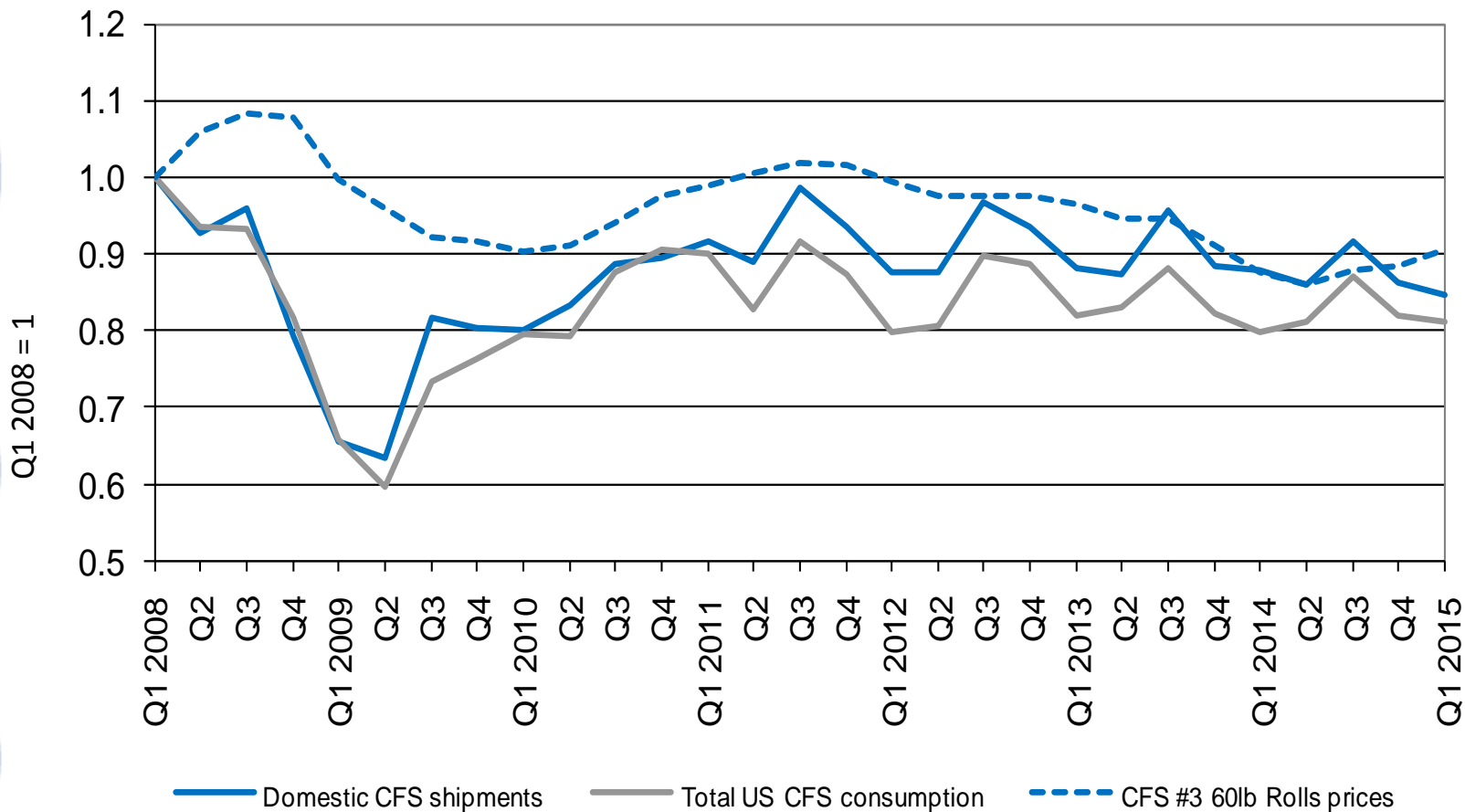
Sappi Europe

	Q2 15	Q2 14	1H 15	1H 14
Tons Sold ('000)	828	873	1,603	1,709
Sales (€'m)	590	603	1,137	1,184
Price / Ton (€)	713	691	709	693
Cost / Ton* (€)	684	675	687	683
Operating profit ex items** (€'m)	24	14	36	17

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

** Refer to the supplementary information in this presentation for a reconciliation to reported operating profit and page 19 in our Q2 2015 Results booklet (available on www.sappi.com) for a definition of special items.

US Coated Paper Prices and Shipments



US Industry Shipments and total US consumption – Source AF&PA and RISI indexed to Q1 2008

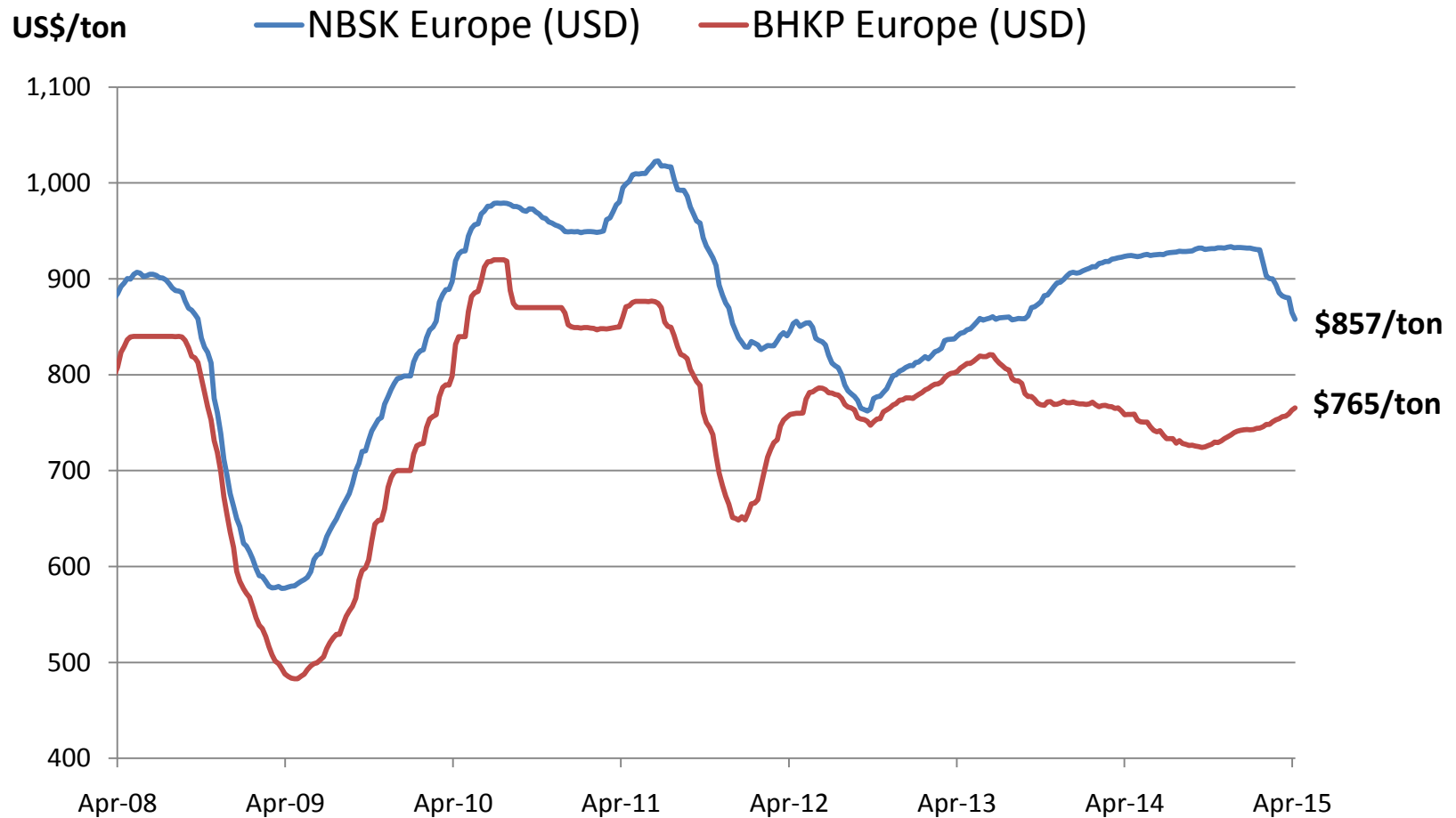
Sappi North America

	Q2 15	Q2 14	1H 15	1H 14
Tons Sold ('000)	321	369	654	717
Sales (\$'m)	342	382	695	747
Price / Ton (\$)	1,065	1,035	1,063	1,042
Cost / Ton* (\$)	1,044	1,022	1,058	1,039
Operating profit ex items** (\$'m)	7	5	3	2

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

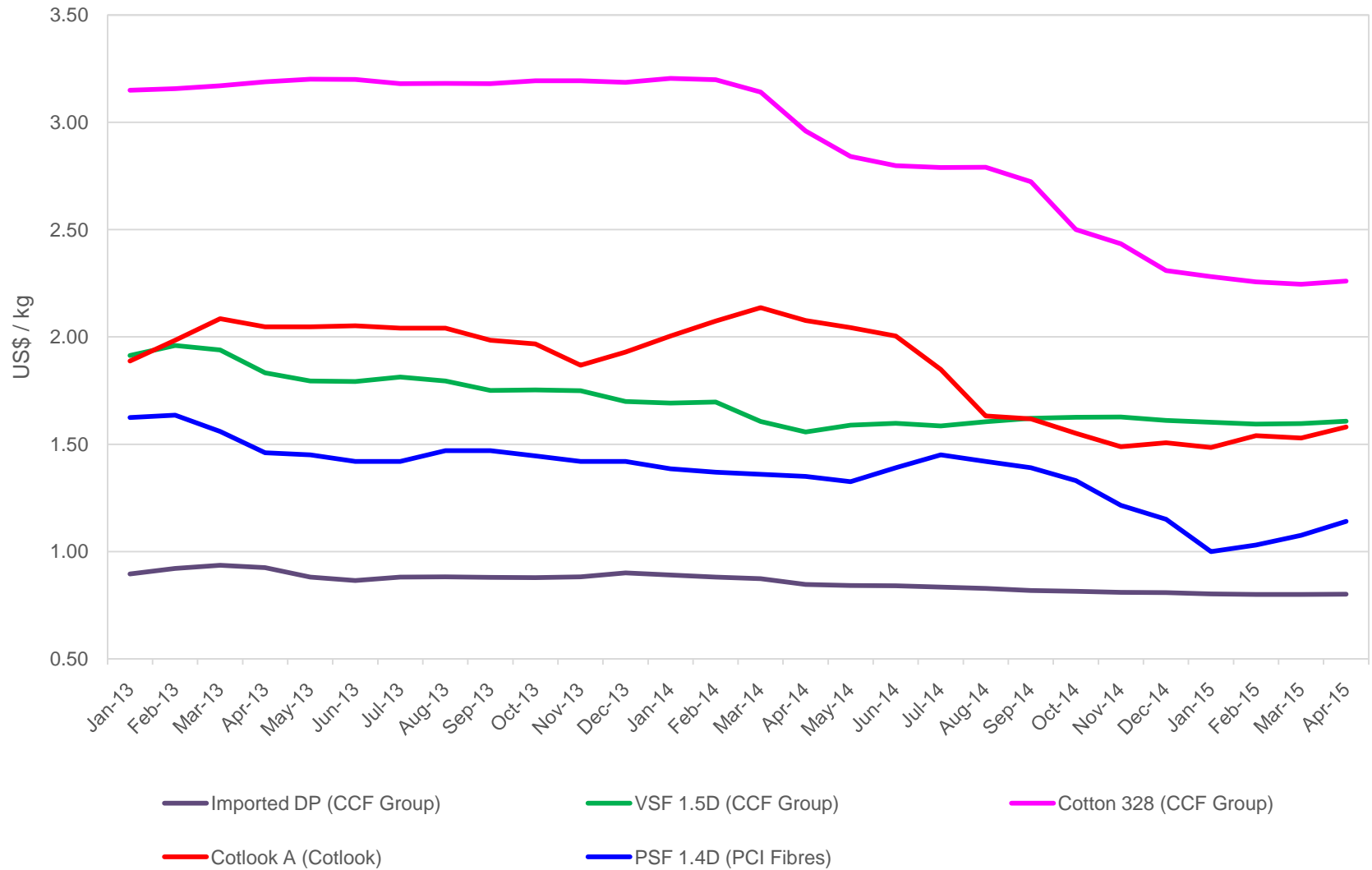
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Pulp Prices*



* Source: Average weekly FOEX delivered European prices

Textile fibre prices



Sappi Southern Africa ex Forestry

	Q2 15	Q2 14	1H 15	1H 14
Tons Sold ('000)	424	427	850	830
Sales (ZAR'm)	3,653	3,746	7,297	7,062
Price / Ton (ZAR)	8,616	8,773	8,585	8,509
Cost / Ton* (ZAR)	6,795	6,981	6,846	6,903
Operating profit ex items** (ZAR'm)	772	765	1,478	1,333

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

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Cash Flow - US\$m

	Q2 15	Q2 14	1H 15	1H 14
Cash generated from operations	136	152	273	288
- Movement in working capital	23	59	(113)	(90)
- Net finance costs paid	(38)	(30)	(90)	(86)
- Taxation paid	(1)	4	(4)	3
Cash generated from operating activities	120	185	66	115
Cash utilised in investing activities	(38)	(53)	(105)	(116)
- Capital expenditure	(46)	(62)	(114)	(133)
- Net proceeds on disposal of assets and businesses	-	6	-	12
- Other movements	8	3	9	5
Net Cash (utilised) generated	82	132	(39)	(1)

EBITDA & operating profit excluding special items recon to reported operating profit

	Q2 15	Q2 14	1H 15	1H 14
EBITDA ex-items*	170	171	315	318
Depreciation and Amortisation	(66)	(76)	(137)	(163)
Operating Profit ex-items*	104	95	178	155
Special Items* - gains (losses)	68	4	63	14
Plantation price fair value adj.	18	5	19	13
Net restructuring provisions	(2)	(2)	(3)	(3)
Profit on disposal of PP&E	-	-	-	1
Profit on disposal of assets held for sale	-	1	-	1
Asset impairment reversals	-	1	-	3
Employee benefit liability settlement	57	-	57	-
BEE charge	(1)	(1)	(1)	(1)
Fire, flood, storm and other events	(4)	-	(9)	-
Segment Operating Profit	172	99	241	169

* Refer to page 21 in our Q2 2015 Results booklet (available on www.sappi.com) for a definition of special items.



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Thank You