

Sappi Southern Africa Limited
(Incorporated in the Republic of South Africa)
Registration number: 1951/003180/06
Alpha code: SSAI
("Sappi" or the "Company")

UPDATE ON IMPACT OF CIVIL UNREST IN SOUTH AFRICA ON SAPPI'S SOUTH AFRICAN OPERATIONS

Bondholders are referred to the following announcement released on SENS by Sappi Limited ("Sappi"), being the holding company of Sappi Southern Africa.

"The civil unrest referenced in our market update of 14th July appears to be under control. Intensive work by government agencies and business is focused on ensuring that supply chain disruptions are resolved, and people can move safely to and from work. Sappi's employees at the affected mills were able to return to work on Monday 19th July.

There was no material damage to any of our plants and the immediate focus is on reinstating logistical supply chains for raw materials and product delivery. Operations at our three affected mills, Saiccor, Tugela and Stanger, commenced slowly from 19th July. However, these are complex plants and the restarting of production must be conducted in a prudent and structured manner. The three dissolving pulp lines at Saiccor will be restarted in a phased approach and production output will take a few days to ramp-up to full capacity. Work on the Saiccor expansion project also resumed on 19th July, but the commissioning timeline has been negatively impacted and the start-up is now expected to begin in September/early October 2021.

Although the Port of Durban has resumed operations, it is anticipated that export deliveries could be negatively impacted for an extended period due to congestion and limited availability of vessel space. This will likely result in protracted delays for dissolving pulp exports.

The financial impact of the temporary closures and associated ramp-up of production at the three mills is a permanent loss of sales volumes of approximately 28 000 tons of dissolving pulp and 7 000 tons of paper with an expected negative impact on EBITDA of approximately R220 million (US\$16 million) on the Sappi fourth quarter results.

The information included in this announcement has not been reviewed or reported on by Sappi's external auditors."

21 July 2021

Debt sponsor : Nedbank Corporate and Investment Banking, a division of Nedbank Limited