



Sappi Southern Africa Limited
(Incorporated in the Republic of South Africa)
Registration number: 1951/003180/06
Alpha code: SSAI
JSE code: SAPCB
("Sappi" or the "Company")
ISIN: ZAE000296083

Impact of adverse weather and flooding in KwaZulu Natal province, South Africa on Sappi's South African operations

With reference to the original announcement of 13 April, the weather conditions in the affected areas have improved and mopping up operations are in progress. The South African government declared a national state of disaster and are mobilizing resources and expertise to deal with the immediate emergency and the required reconstruction. Sappi's employees have returned to work.

There is no material damage to any of the plants and the immediate focus is on reinstating logistical supply chains for raw materials and finished goods. Mill operations have resumed with Tugela and Stanger Mills fully operational as of 21 April. Production at Saiccor Mill has started up in a phased manner and output will take a few days to ramp up to full capacity. Damage to public infrastructure including rail and road connections will take time to restore. Alternative arrangements to ensure delivery of raw materials and transfer of finished goods have been made. Additional warehousing facilities were secured.

Although the Port of Durban resumed operations, export deliveries could be impacted negatively for a few weeks due to damage to access roads, congestion and limited availability of vessel space.

The estimated impact of the lost production at the three mills is approximately 23,000 tons, mainly dissolving pulp. In addition, approximately 45,000 tons of inventory (including dissolving pulp of 30,000 tons) was damaged in the warehouses. Insurance is in place for business interruption and inventory damage subject to normal excesses and Sappi's insurance captive first loss provisions. As a result, there will not be a material impact on EBITDA for the year. However, the estimated net loss after external insurance proceeds of approximately \$28 million will be reflected as a special item expense.



“Although the disruption to production and customer deliveries were outside our control, we are making every effort to minimise the negative impact on our customers”, said Steve Binnie Chief Executive Officer of Sappi Limited.

22 April 2022

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

