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08 February 2023

sappi

# Q1 FY23 financial results

## Forward-looking statements

Certain statements in this presentation 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. In addition, this document includes forward-looking statements relating to our potential exposure to various types of market risks, such as interest rate risk, foreign exchange rate risk and commodity price risk. 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 adverse changes in global economic conditions
- The COVID-pandemic
- 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 restructurings or 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 available on our website: <https://www.sappi.com/quarterly-reports>

# Highlights Q1 FY23

## Excluding special items\*

Best ever first quarter  
EBITDA\* US\$290m

Profit for the quarter  
US\$190m  
EPS\* 30 US cents

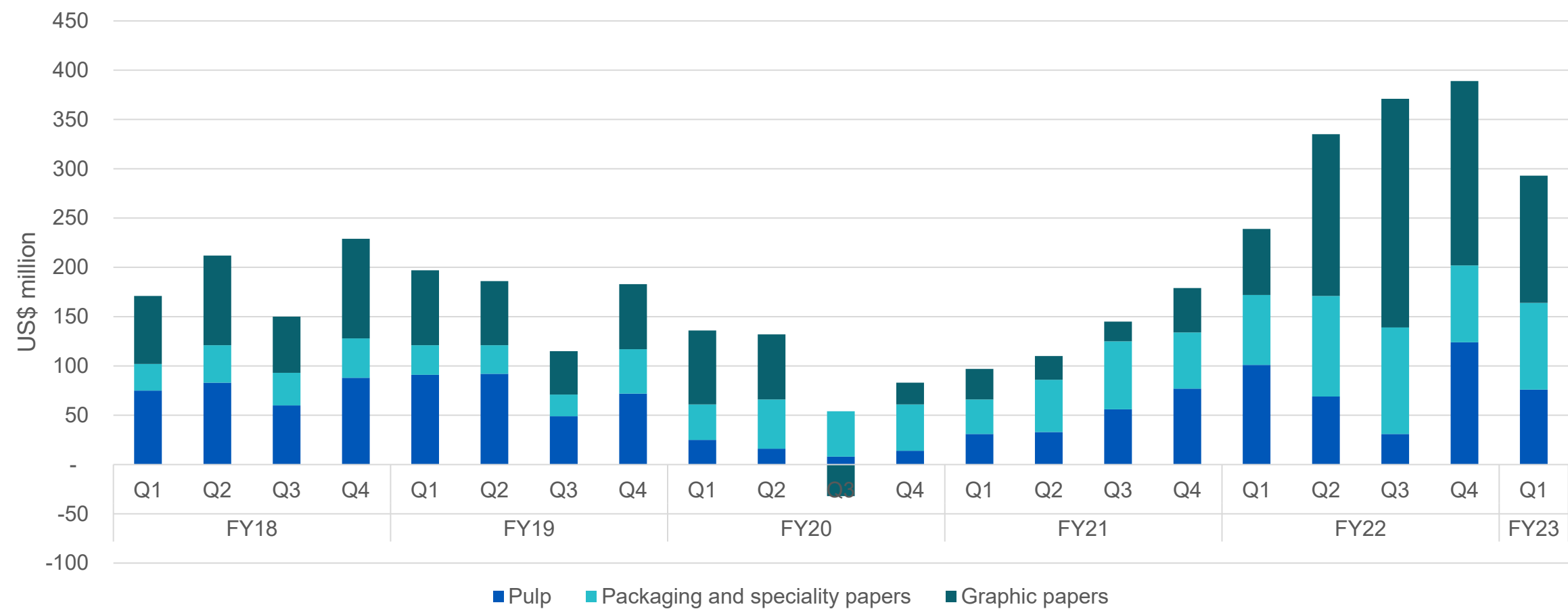
Net debt to EBITDA  
0.9x

- EBITDA\* +21% y-o-y\*\*
- Y-o-y\*\* pricing gains for paper products offset cost inflation and lower sales volumes
- Market demand began to soften during the quarter
- Rapid downstream inventory accumulation
- Slower global economy

\* Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported operating profit and page 22 in our Q1 FY23 financial results booklet (available on [www.sappi.com](http://www.sappi.com)) for a definition of special items.

\*\* Q1 FY23 versus Q1 FY22.

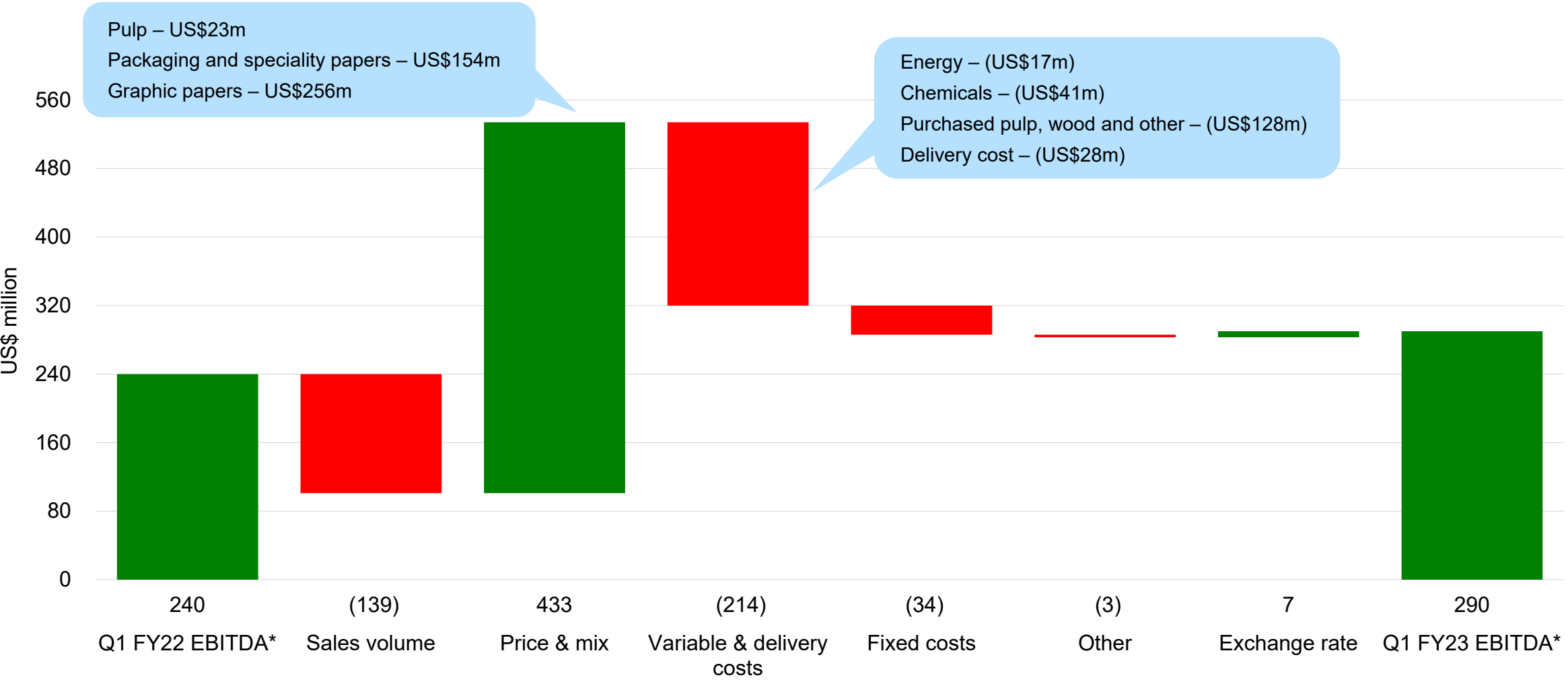
# EBITDA\* contribution split



\* Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported operating profit and page 22 in our Q1 FY23 financial results booklet (available on [www.sappi.com](http://www.sappi.com)) for a definition of special items. Data excludes treasury operations and insurance captive.

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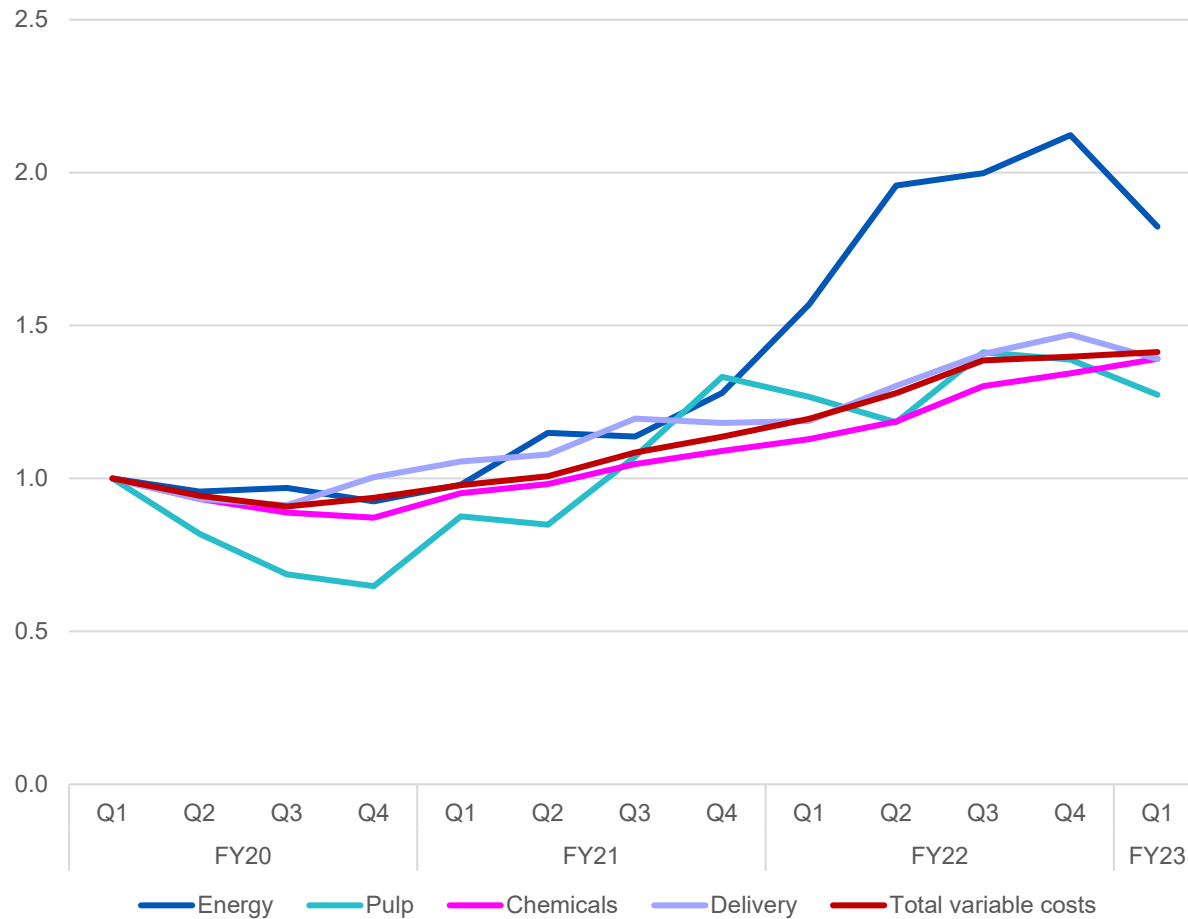
# EBITDA\* reconciliation Q1 FY22 to Q1 FY23



1. All variances were calculated excluding forestry operations.  
2. Currency conversion reflects translation and transactional effect on consolidation.  
3. \* = excluding special items.

# Cost inflation developments

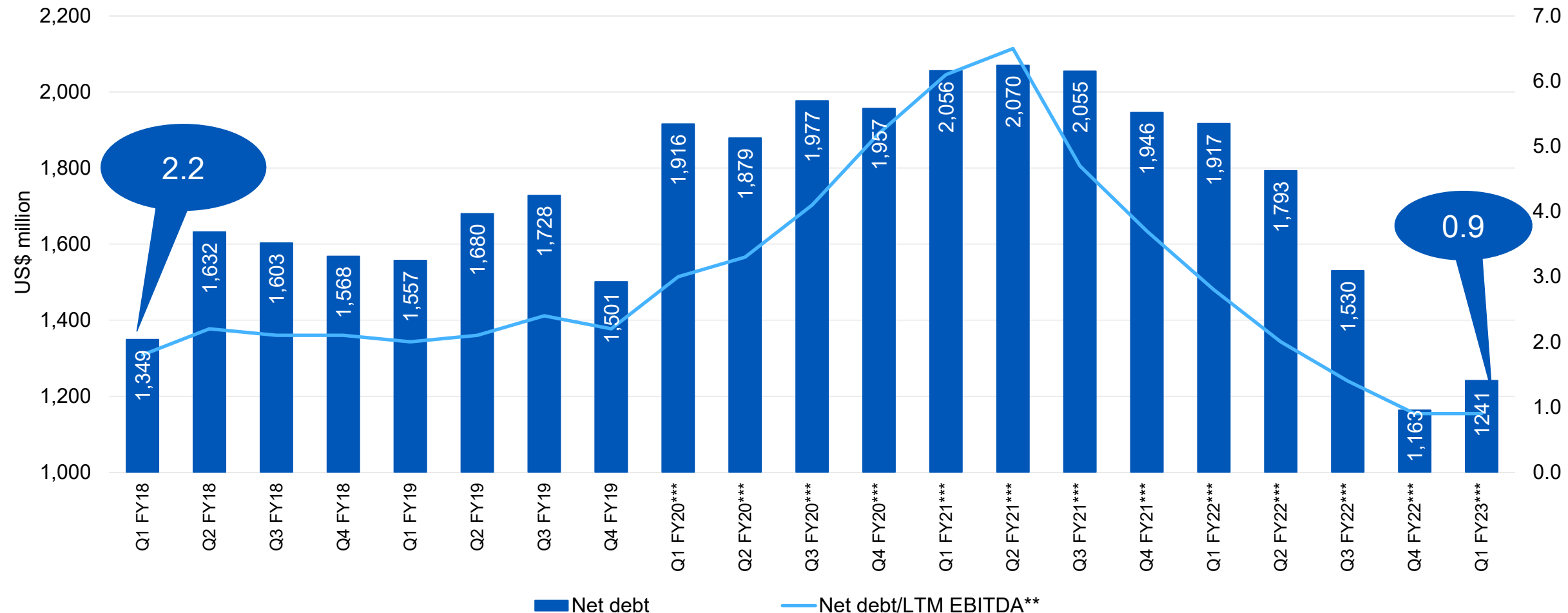
Major variable input cost/ton impact on the Group since Q1 FY2020



- Energy +82%
  - Largely due to the Russian-Ukrainian conflict
- Pulp +27%
- Chemicals +39%
- Delivery +39%
  - Global logistical challenges and fuel inflation negatively impacted delivery costs
- Total variable costs +41%

Indexed to Q1 FY2020.

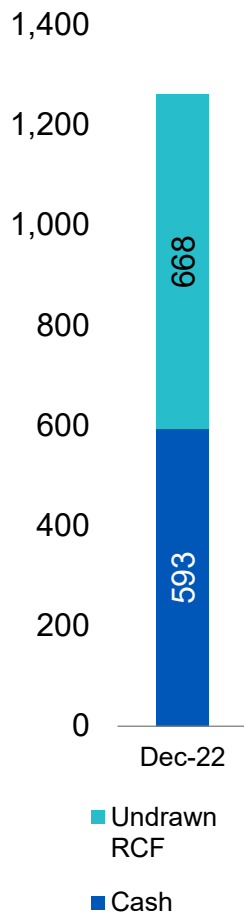
# Net debt/EBITDA\* development



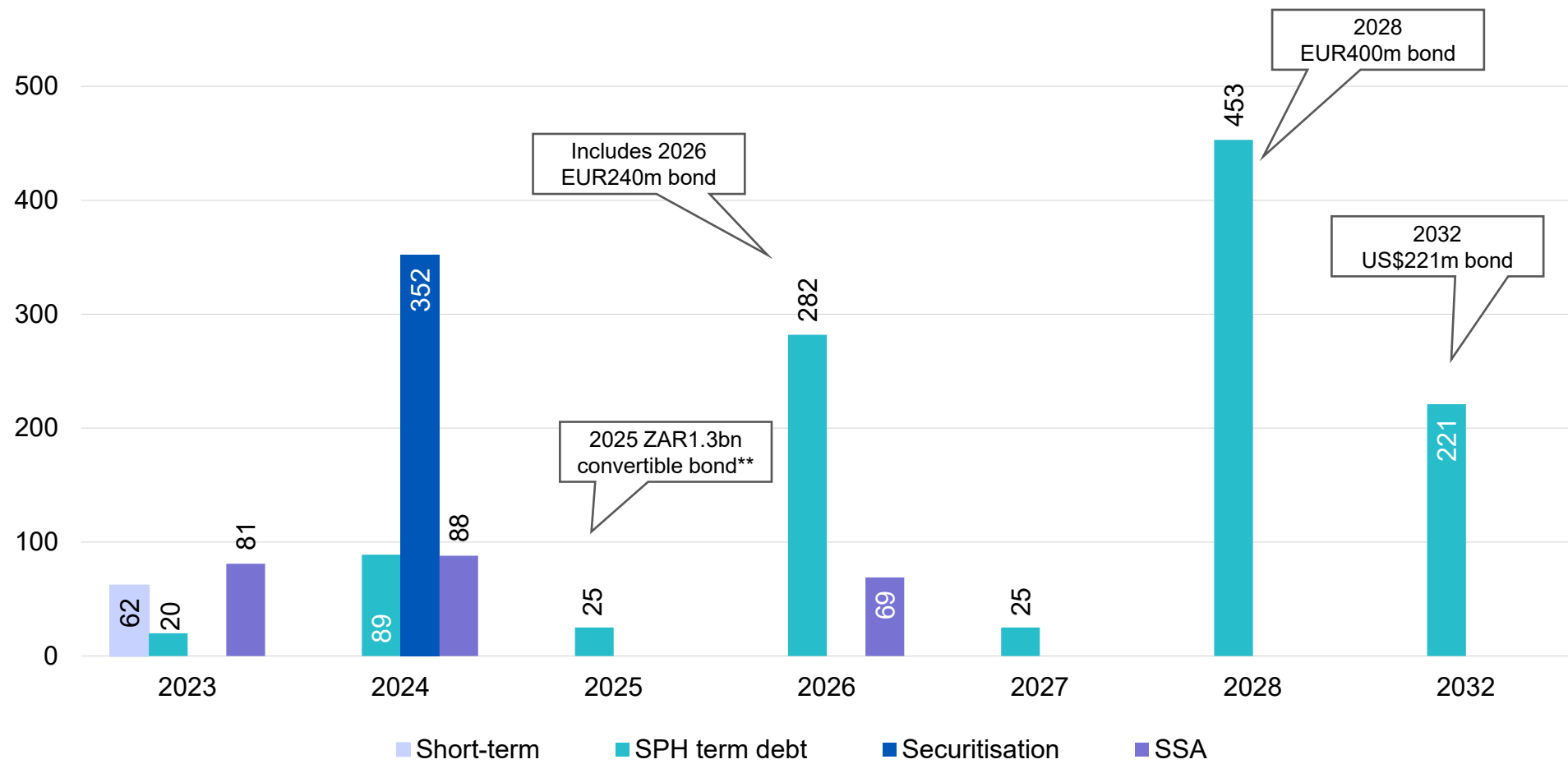
\* EBITDA excluding special items.  
\*\* The covenant Net debt/LTM EBITDA calculation has adjustments and therefore differs from that shown above.  
\*\*\* Quarters impacted by IFRS 16 leases (Q1 FY23 ~US\$85m) and Matane Mill acquisition (Q1 FY20 US\$158m).

# Debt maturity profile\* Fiscal years

Liquidity, US\$ millions



Debt Maturity , US\$ millions



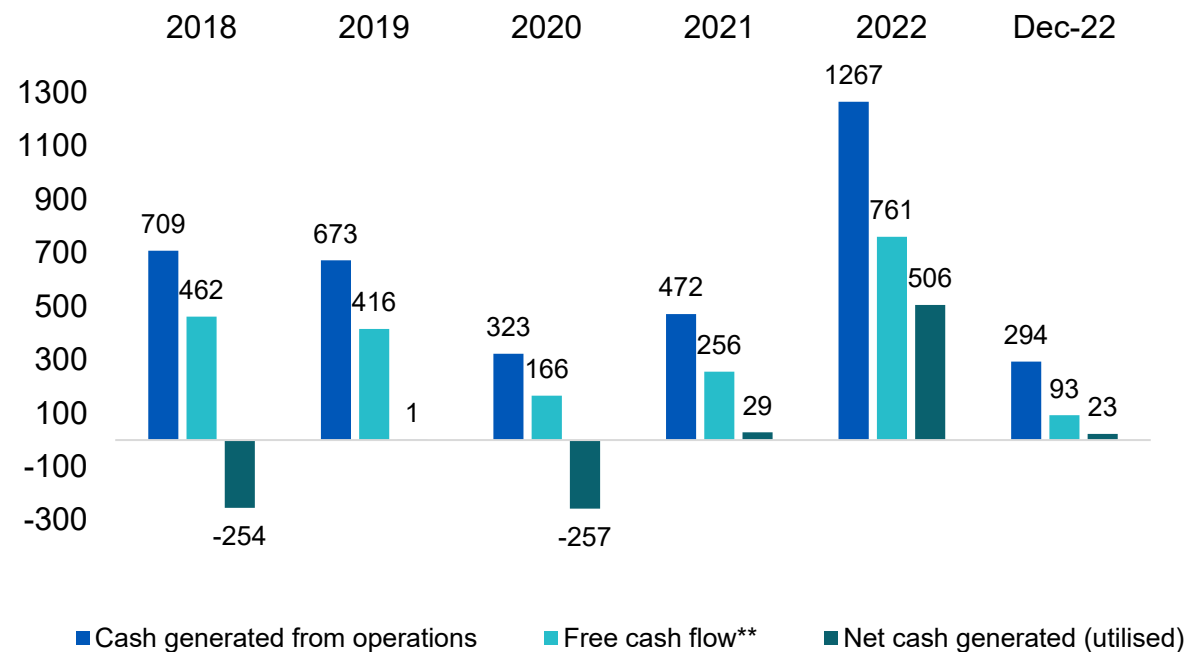
\* Excludes US\$85 million in IFRS 16 leases; average time to maturity of approximately four years.

\*\* SSA issued five-year convertible bonds in 2020 with a principal amount of ZAR1.8 billion. The bonds are convertible into ordinary shares of Sappi Limited. The Group has received conversion notices for the convertible bond of just over 32% of the initial offering of ZAR1.8 billion.

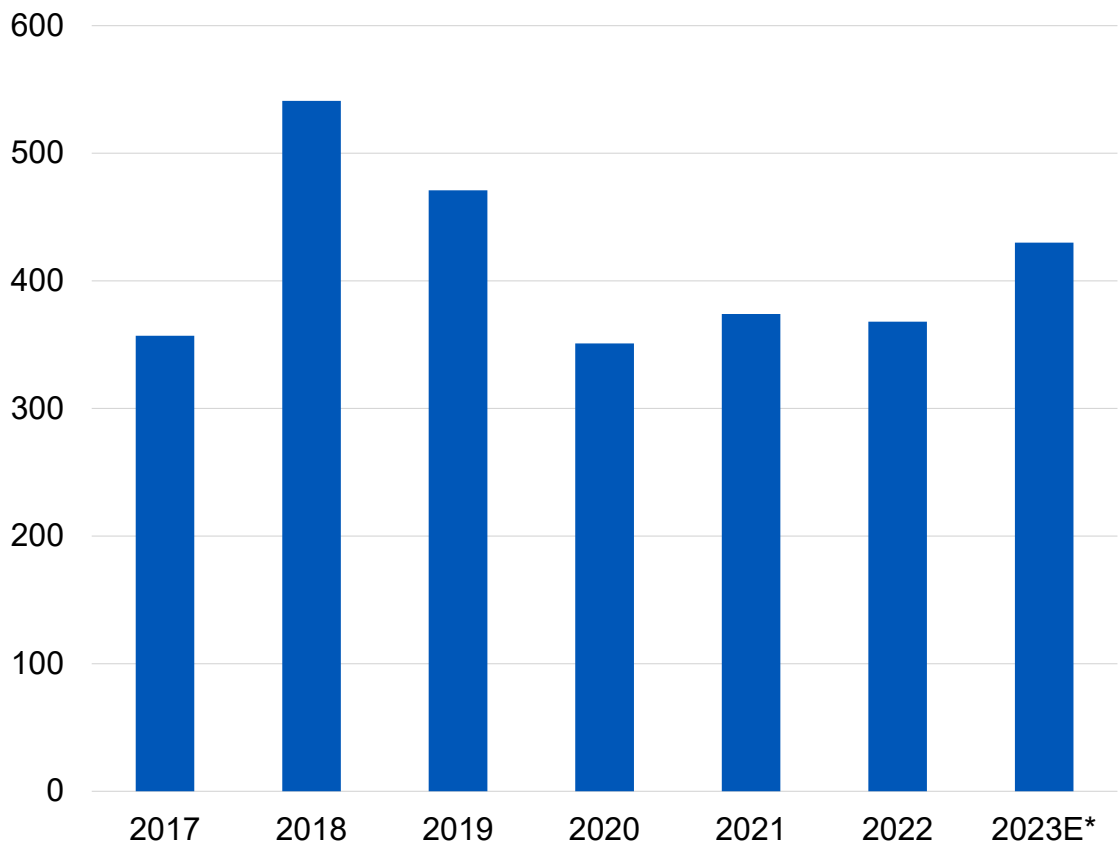
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# Cash flow and Capex

Cash Flow, US\$ millions



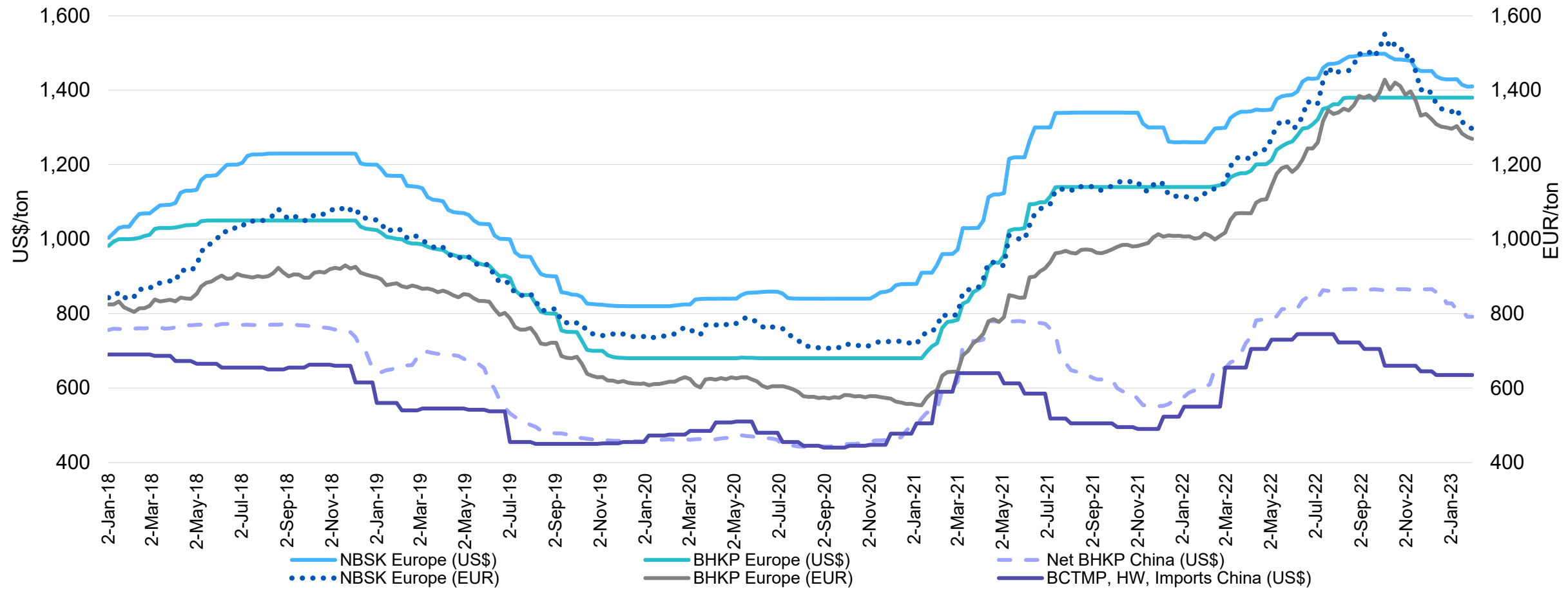
Capital Expenditure, US\$ millions



\* Capital expenditure in FY2023 is estimated to be US\$430million and includes approximately US\$70 million for Somerset PM2 conversion, US\$60 million for sustainability projects and US\$20 million capex spill over from FY2022

\*\* Free cash flow = Cash generated from operations less working capital less maintenance and regulatory/environmental capex

# Paper pulp Prices



Source: FOEX, CCF group, RISI.



- Milder than anticipated winter season reduced demand
- Sufficient LNG supply as well as pipeline supply from Norway
- Continued high storage levels across Europe
- Effective gas replacement by coal, nuclear and biomass
- High renewable power generation

# Segmental overview

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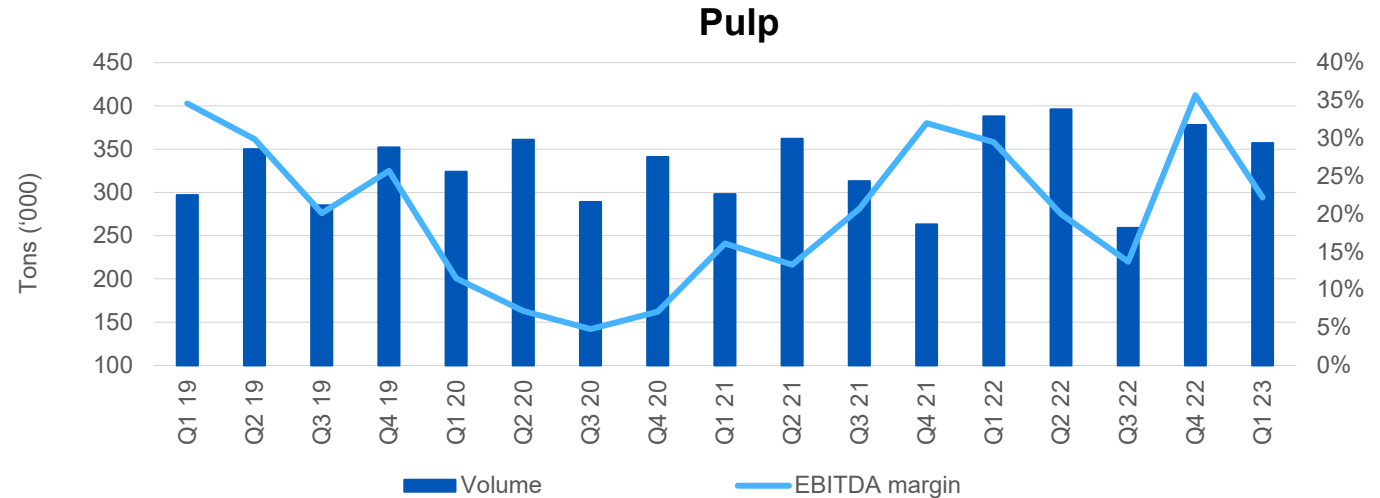
# Pulp

## Highlights Q1 FY23

Sales tons -8%  
year-on-year\*\*

Price per ton +9%  
year-on-year\*\*

EBITDA\* margin  
22%



- Net average sales price +9% y-o-y\*\*
- Reduced profitability due to higher costs and lower sales volumes
- Weaker sentiment in textile value chain due to high retail inventories and recessionary fears

\* Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported operating profit page 22 in our Q1 FY23 financial results booklet (available on [www.sappi.com](http://www.sappi.com)) for a definition of special items.

\*\* Q1 FY23 vs Q1 FY22.

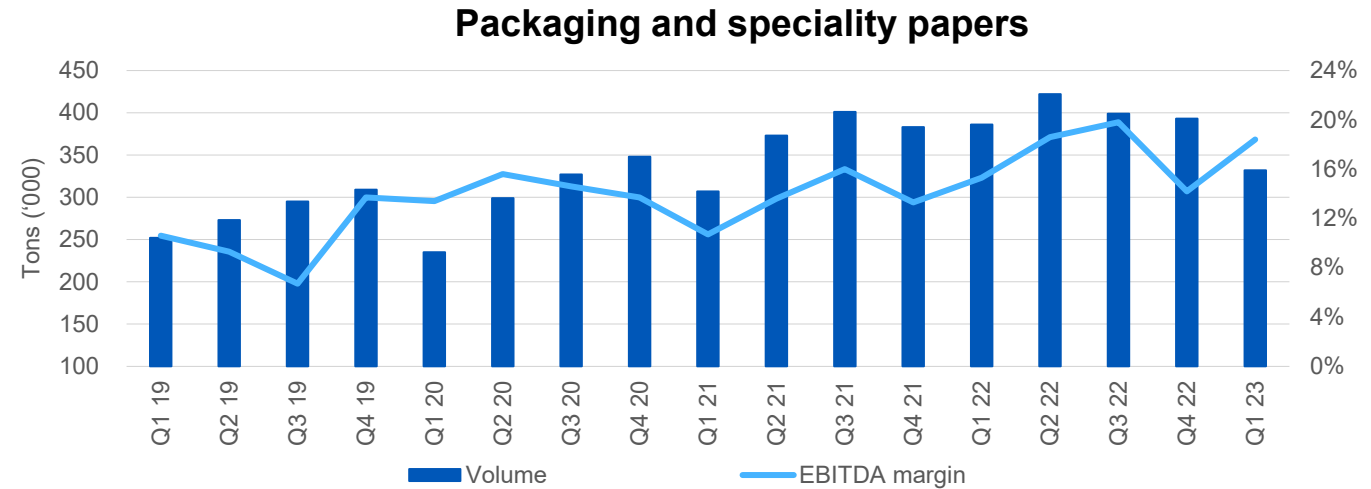
# Packaging and speciality papers

## Highlights Q1 FY23

Sales tons  
-14% year-on-year\*\*

Price per ton  
+20% year-on-year\*\*

EBITDA\* margin  
18.4%



- Underlying demand relatively stable
- High inventory levels with customers
- Selling price realisation supported y-o-y\*\* margin expansion
- EBITDA\* +24% y-o-y\*\*

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\*\* Q1 FY23 vs Q1 FY22.

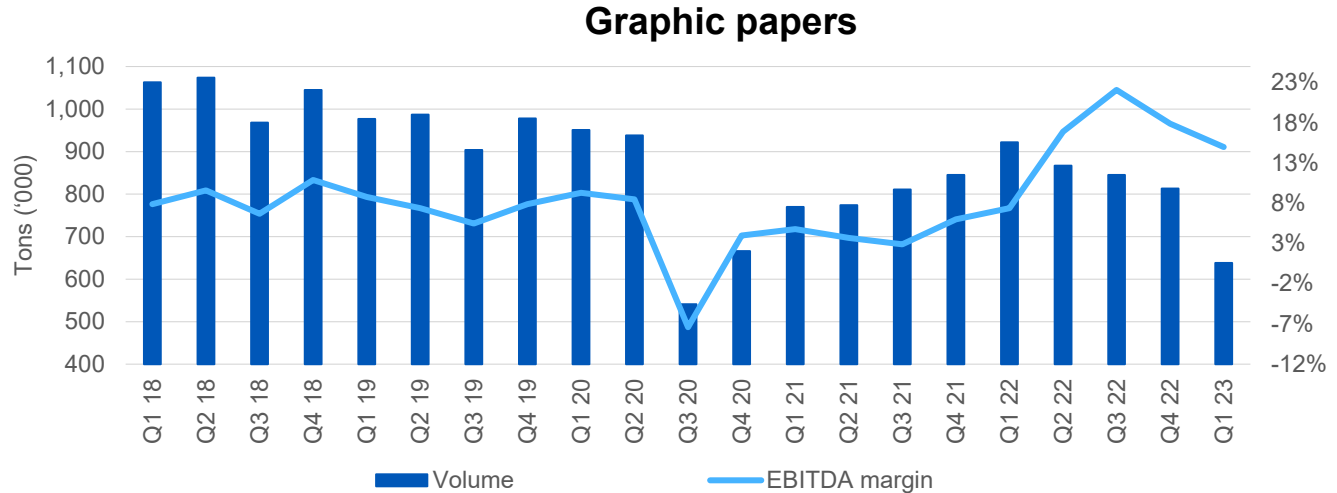
# Graphic papers

## Highlights Q1 FY23

Sales tons -31%  
year-on-year\*\*

Price per ton  
+37% year-on-year\*\*

EBITDA\* margin  
15.0%



- Weaker market conditions
- High inventory levels with merchants and printers
- Production rates optimised to match sales
- Prior year price increases neutralised impact of cost inflation and lower sales volumes

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\*\* Q1 FY23 vs Q1 FY22.

# Sappi Europe

## Highlights Q1 FY23

Sales tons -32%  
year-on-year\*\*

Price per ton (EUR)  
+56% year-on-year\*\*

EBITDA\* margin  
11.6%

- Y-o-y\*\* pricing gains offset cost inflation
- Lower demand occurred across all product categories
- Operations curtailed to match demand and manage working capital
- Selling prices remained stable q-o-q\*\*

\* Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported operating profit and page 22 in our Q1 FY23 financial results booklet (available on [www.sappi.com](http://www.sappi.com)) for a definition of special items.

\*\* Q1 FY23 vs Q1 FY22.

# Sappi North America

## Highlights Q1 FY23

Sales tons -17%  
year-on-year\*\*

Price per ton (US\$)  
+23% year-on-year\*\*

EBITDA\* margin  
21.7%

- Another strong performance
- Selling price gains offset cost inflation
- Production was adjusted to match softening demand towards latter part of the quarter
- Successful completion of reel upgrade project at Cloquet and annual maintenance outage at Somerset

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\*\* Q1 FY23 vs Q1 FY22.

# Sappi Southern Africa

## Highlights Q1 FY23

Sales tons\*\* -6%  
year-on-year\*\*\*

- Significant y-o-y\*\* cost inflation impacted profitability
- Good progress was made shipping DP from the Maputo port
- Tight containerboard markets created robust demand for our packaging grades
- Improved office paper and newsprint sales volumes and pricing improved profitability in the graphic paper segment

Price per ton (ZAR)\*\*  
+22% year-on-year\*\*\*

EBITDA\* margin  
22.9%

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\*\* Sales tons and price per ton excludes forestry operations.

\*\*\* Q1 FY23 vs Q1 FY22.

# Our business strategy Thrive25



## What this means

### Drive operational excellence

- Strengthen our safety-first culture.
- Continuously improve our cost position.
- Continue to maximise the benefits of our global footprint.
- Best-in-class production efficiencies.

### Enhance trust

- Improving our understanding of and proactively partnering with all stakeholders.
- Driving sustainability solutions.
- Meeting the changing needs of every Sappi employee.

### Grow our business

- Grow DP capacity, matching market demand.
- Continue to expand and grow packaging and specialty papers (P&SP) in all regions.
- Further commercialisation of biotech opportunities.
- Reduce exposure to declining graphic papers business.

### Sustain our financial health

- Target net debt: EBITDA<sup>(1)</sup> at 1.5x.
- Reduce absolute debt level and improve EBITDA.
- Optimise capital management.
- Optimise debt maturity profile and finance charges.

## Short-term objectives

- Achieve zero fatalities and at least 10% reduction in LTIFR pa.
- Maximise production outputs
- Gain cost advantage through global footprint
- Optimise supply chain and customer service

- Validated science-based decarbonisation targets
- Implement the TCFD<sup>(2)</sup> recommendations
- Expand Supplier Code of Conduct
- Maintain forestry certification and B-BBEE in SA
- Sustain and/or improve employee engagement
- Sustainability capex spend ~US\$70m per annum

- Continue to grow and optimise packaging and specialty papers
  - Wet-glue and self adhesive labelling at Gratkorn Mill
  - New coater installed for functional papers at Alfeld Mill
  - Debottlenecking Somerset PM1 (30ktpa)
- Maximise DP volumes to capacity
- Disposal of three graphic paper mills in Europe
- Continue to grow and advance other biotech opportunities

- Focus on managing fixed and variable costs
- Sustain and improve our margins
- Optimise graphic paper business
- Focus on maximising cash generation through efficient capex and working capital management
- Target net debt of approximately US\$1bn
- SPH RCF renewed to 2027 with sustainability linked KPIs

\* Earnings before interest, tax, depreciation and amortisation.

<sup>(1)</sup> EBITDA = EBITDA excluding special items.

<sup>(2)</sup> TCFD = Task Force on Climate-related Financial Disclosures.

# Sustainability is at the core of our business.

We understand that the long-term sustainability of our business will only be ensured by delivering sustained value for our stakeholders.



ESG - continuously rethinking what we do and how we do it

Sustainability is embedded into Sappi's business and work culture

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Sappi's commitment to sustainable growth



- Sappi Forests: 100% FSC certified,
- Sappi Forests: 100% PEFC certified



- Awarded Platinum Level in sustainability performance by independent rating agency EcoVadis



- Rated 'Prime' by Oekom Research, improved from C+ to B- (Dec 2022)



- Report to the CDP ([www.cdp.net/en](http://www.cdp.net/en)) under its *climate change* (2022 B), *forest* (2022 A-) and *water* (2022 B-) programmes making our responses publicly available



- Confirmed as a constituent of the FTSE4Good Index Series (Juln2022)



- MSCI rating improved to A (May 2022)



- Validated Science-Based GHG reduction target

Level 1

B-BBEE Contributor

- Sappi Southern Africa is a Level 1 Broad-Based Black Economic Empowerment contributor (2022)



Sappi 2022 Annual Integrated Report



Sappi 2022 Sustainability Report

# Our Science-Based Targets have been approved

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## Emission reduction targets

Approved by the SBTi as consistent with levels required to meet the goals of the Paris Agreement

## Greenhouse gas emissions

Our operations (scopes 1 and 2) are consistent with reductions required to keep warming to well below 2°C

## Our commitment

- Reduce scope 1 and scope 2 GHG emissions 41.5% per ton of product by 2030 from a 2019 base year\*.
- 44% of our suppliers by spend will have science-based targets by 2026.

*\*The target boundary includes biogenic emissions and removals from bioenergy feedstocks.*



## Our FY2022 Performance

Scope 1 and 2 emissions  
-4.5% y-o-y  
-9.4% from base year

Scope 3  
26% of our suppliers by spend have science-based targets

# Outlook

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## Demand

- The short term outlook is expected to be negatively impacted by the combination of the final phase of the downstream inventory destocking cycle, the resulting impact on sales volumes across all market segments and the relatively high cost base – albeit this is starting to turn

## Cost inflation

- Cost inflation expected to recede in FY2023
- Lower European natural gas prices are expected to have a positive impact on European costs
- Global pulp prices expected to decline; US and Europe lag Asia, therefore it may take time for benefits to be realised
- Delivery costs are anticipated to reduce through FY2023
- Chemical costs have started to decline

## European divestment

- The transaction is expected to close during the second quarter. The cash proceeds and receivables will be collected in the second and third quarter

## Capital expenditure

- Capital expenditure in FY2023 is estimated to be US\$430 million; includes US\$70 million for the Somerset PM2 conversion and expansion project

## Overall impact on Q2 FY23

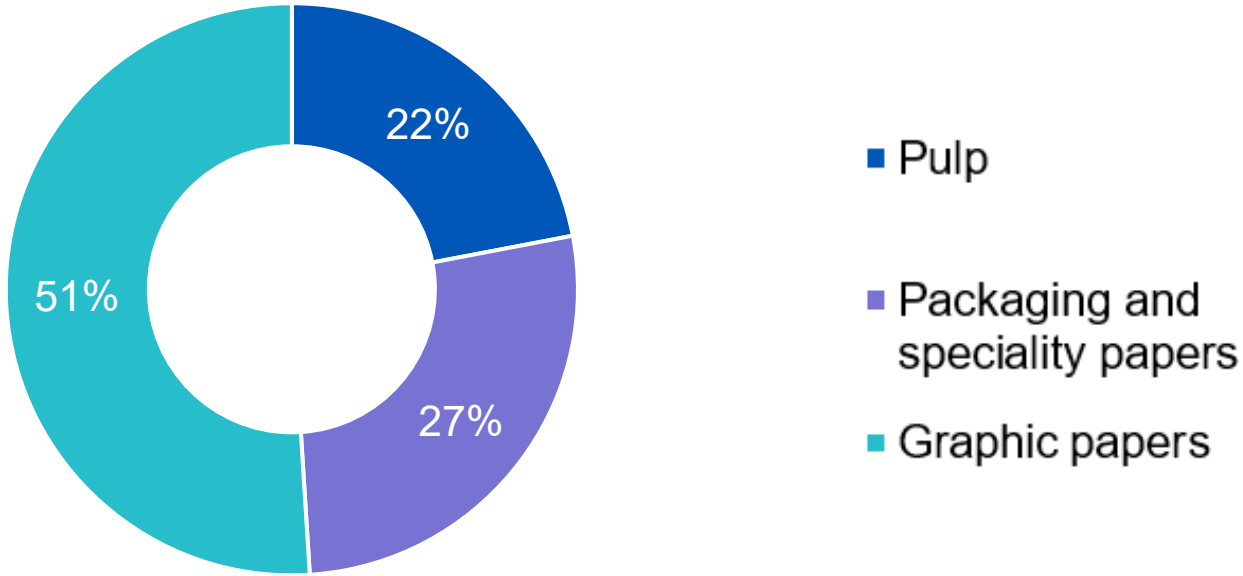
- Factoring in the protracted macroeconomic uncertainty, and coming off three quarters of outperformance, we anticipate a return to a normalised level of earnings in FY2023. The second quarter will likely be the most challenging with a recovery in earnings expected later in the financial year
- EBITDA for the second quarter of FY2023 is expected to be below that of the first quarter

Thank you

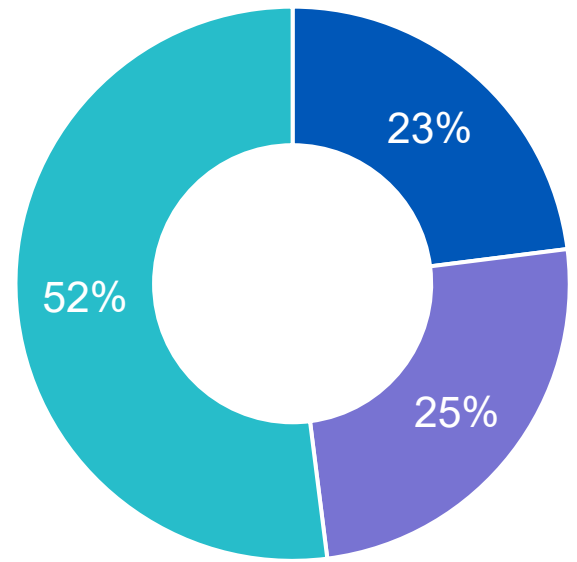
# Supplementary information

# Product contribution split Last twelve months

EBITDA\* excluding special items



Sales volumes\*\*



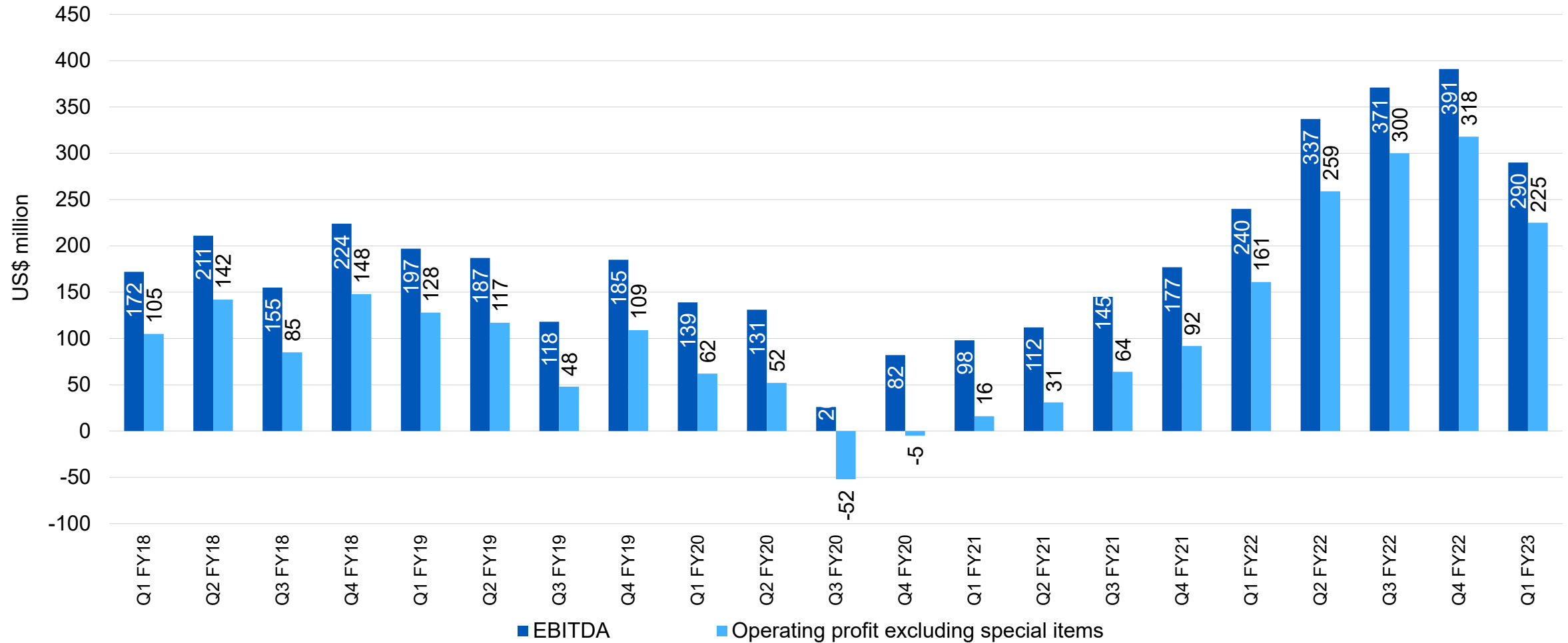
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\*\* Sales volumes exclude forestry operations.

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# EBITDA and operating profit

## Excluding special items\*



\* Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported operating profit and page 22 in our Q1 FY23 financial results booklet (available on [www.sappi.com](http://www.sappi.com)) for a definition of special items.

# Packaging and speciality papers Production facilities

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## Alfeld Mill (Germany)

Flexible packaging, label paper, paperboard, containerboard, silicone base paper, functional paper



## Lanaken Mill (Belgium)

Functional paper



## Rockwell Solutions (Scotland)

Functional papers and flexible packaging



## Carmignano Mill (Italy)

Flexible packaging, label paper, inkjet paper, dye sublimation paper



## Maastricht Mill\* (Netherlands)

Paperboard



## Somerset Mill (United States)

Label paper, paperboard, flexible packaging



## Cloquet Mill (United States)

Label paper



## Ngodwana Mill (South Africa)

Containerboard



## Tugela Mill (South Africa)

Containerboard



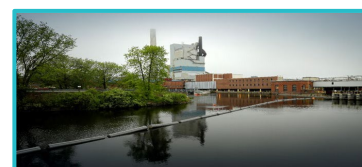
## Condino Mill (Italy)

Flexible packaging, silicone base paper, dye sublimation paper



## Gratkorn Mill (Austria)

Label paper



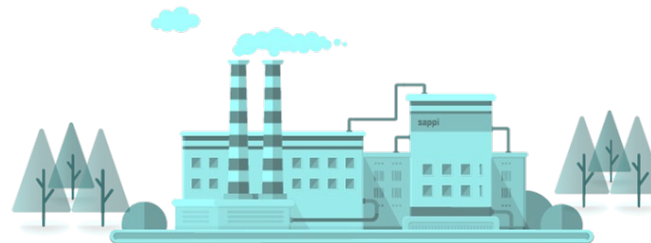
## Westbrook Mill (United States)

Casting and release paper














## Ehingen Mill (Germany)

Containerboard

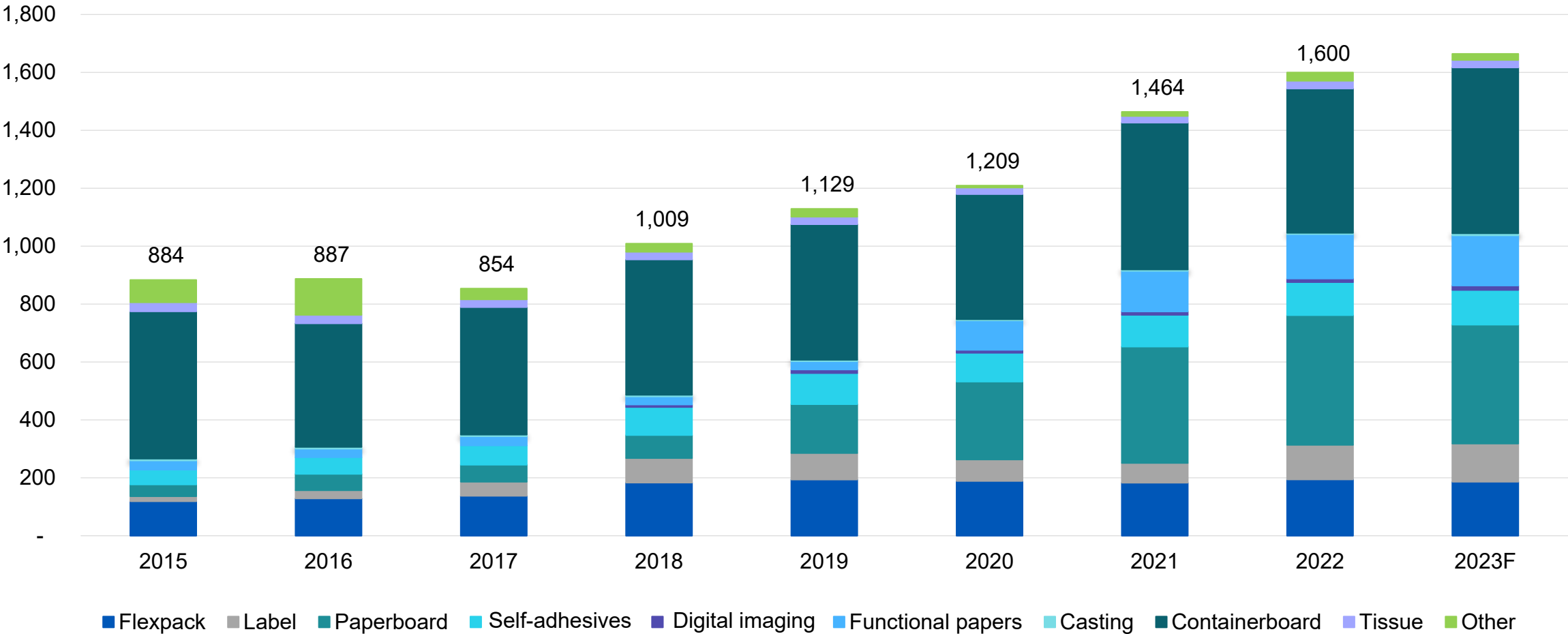


\* The divestment of the Maastricht and Stockstadt mills is anticipated to take place in Q2 of FY2023

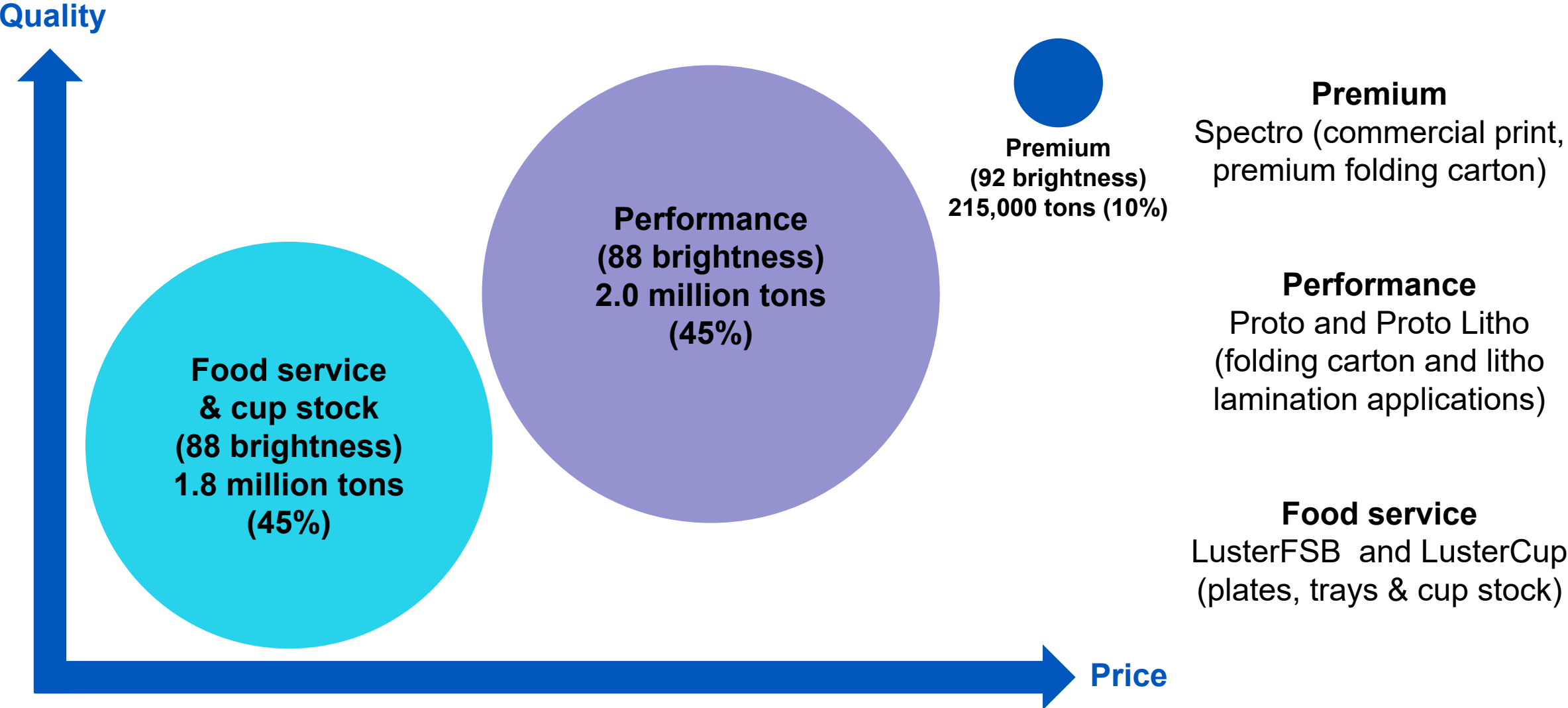
Flexible packaging papers	Functional papers	Containerboard	Paperboard	Label papers	Silicone base papers	Dye sublimation papers	Casting and release papers
						 	
							
							
							

# Packaging and speciality papers

## Volume growth 2015 to 2023



# Paperboard segments North America



Sources: RISI, Poyry and Chartic; premium volume includes a range of premium folding carton from Sappi estimations.

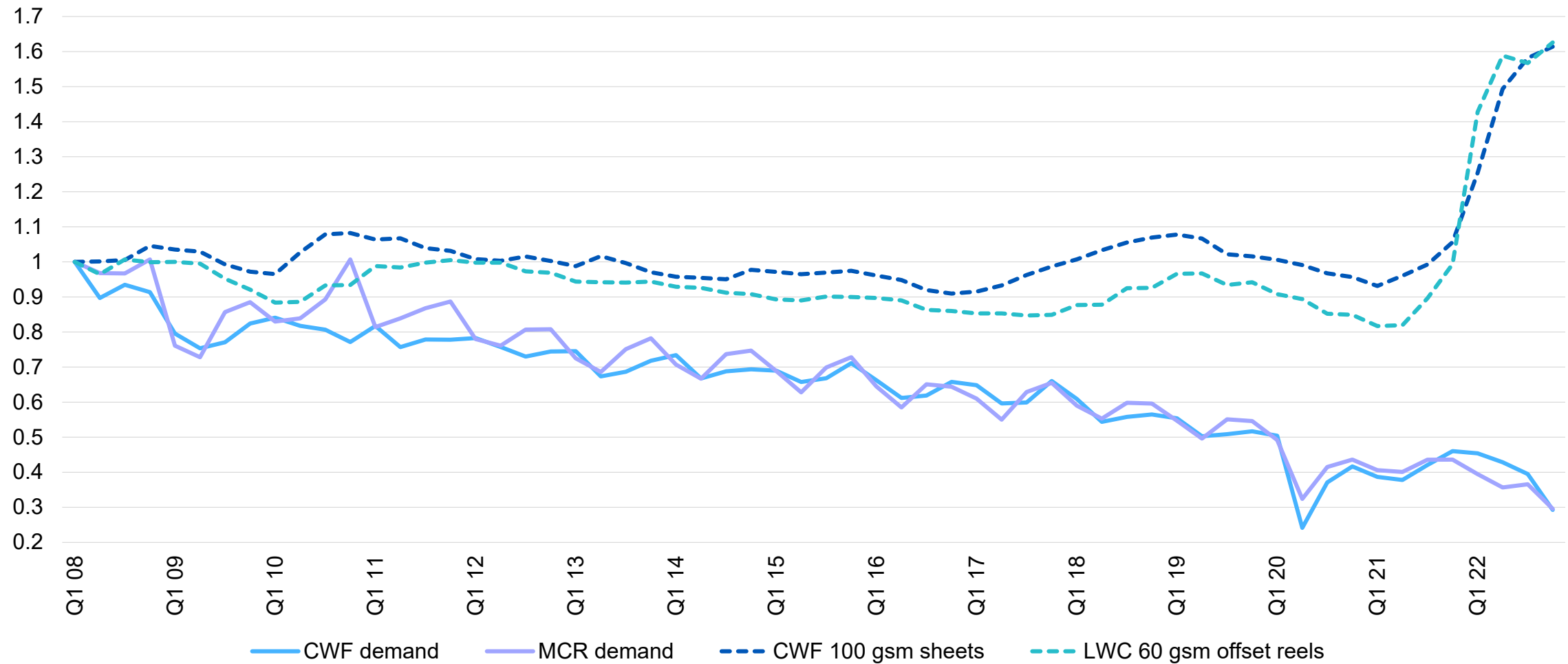
	Q1 FY23	Q4 FY22	Q1 FY22
<b>Tons sold ('000)</b>	<b>568</b>	<b>757</b>	<b>837</b>
- <i>Packaging and speciality papers</i>	124	153	153
- <i>Graphic papers</i>	444	604	684
<b>Sales (EURm)</b>	<b>783</b>	<b>982</b>	<b>740</b>
Price/Ton (EUR)	1,379	1,297	884
Cost/Ton* (EUR)	1,250	1,162	871
<b>Operating profit excluding special items** (EURm)</b>	<b>73</b>	<b>102</b>	<b>11</b>
<b>EBITDA excluding special items** (EURm)</b>	<b>91</b>	<b>130</b>	<b>40</b>

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

\*\* Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported operating profit and page 22 in our Q1 FY23 financial results booklet (available on [www.sappi.com](http://www.sappi.com)) for a definition of special items.

# Coated paper Deliveries and prices

## Western Europe\*



\* Western Europe shipments including export.

Source: Cepifine, Cepiprint and RISI indexed to 1Q 2008.

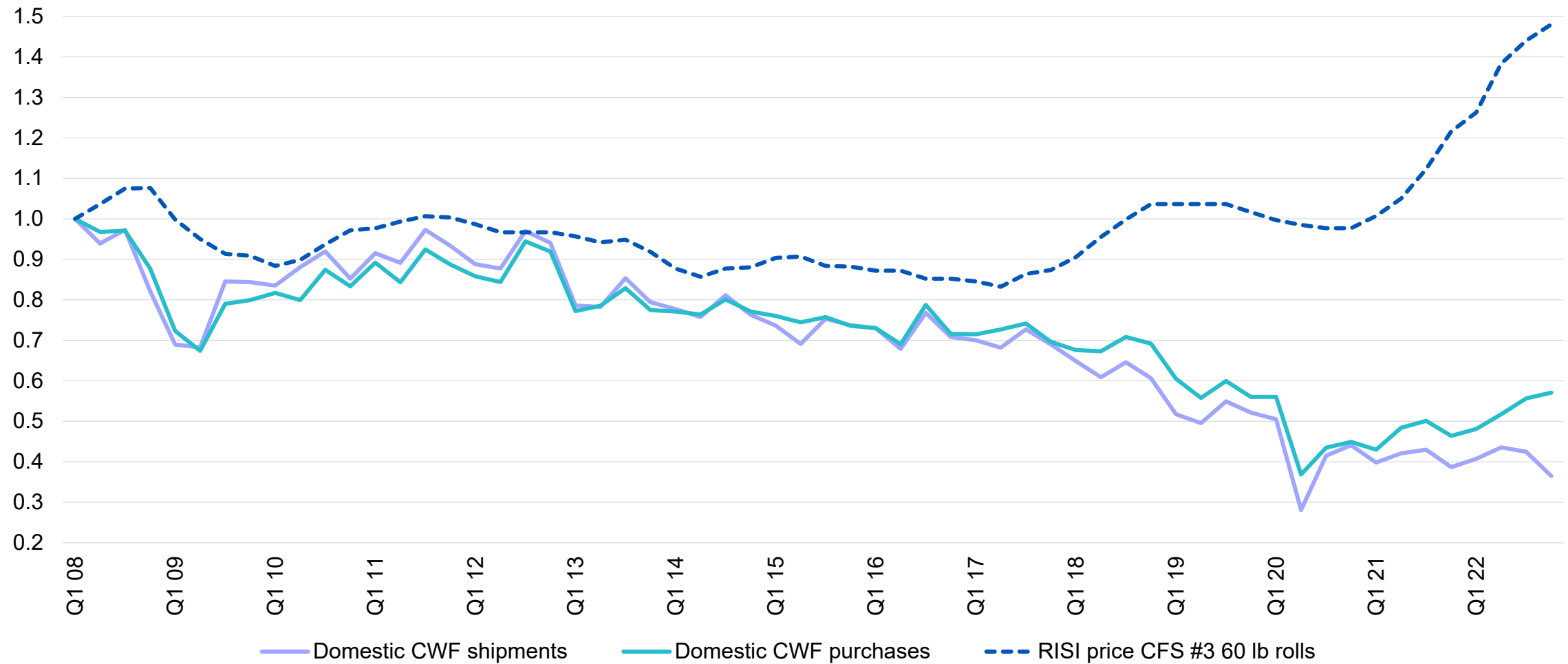
	Q1 FY23	Q4 FY22	Q1 FY22
<b>Tons sold ('000)</b>	<b>378</b>	<b>423</b>	<b>453</b>
- Pulp	114	111	135
- Packaging and speciality papers	111	135	123
- Graphic papers	153	177	195
<b>Sales (US\$m)</b>	<b>526</b>	<b>586</b>	<b>512</b>
Price/Ton (US\$)	1,392	1,385	1,130
Cost/Ton* (US\$)	1,151	1,099	991
<b>Operating profit excluding special items** (US\$m)</b>	<b>91</b>	<b>121</b>	<b>63</b>
<b>EBITDA excluding special items** (US\$m)</b>	<b>114</b>	<b>143</b>	<b>89</b>

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

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# Coated paper Deliveries and prices

## United States\*



\* US industry purchases defined as industry shipments, plus imports, less exports.

Source: AF&PA and RISI indexed to Q1 2008.

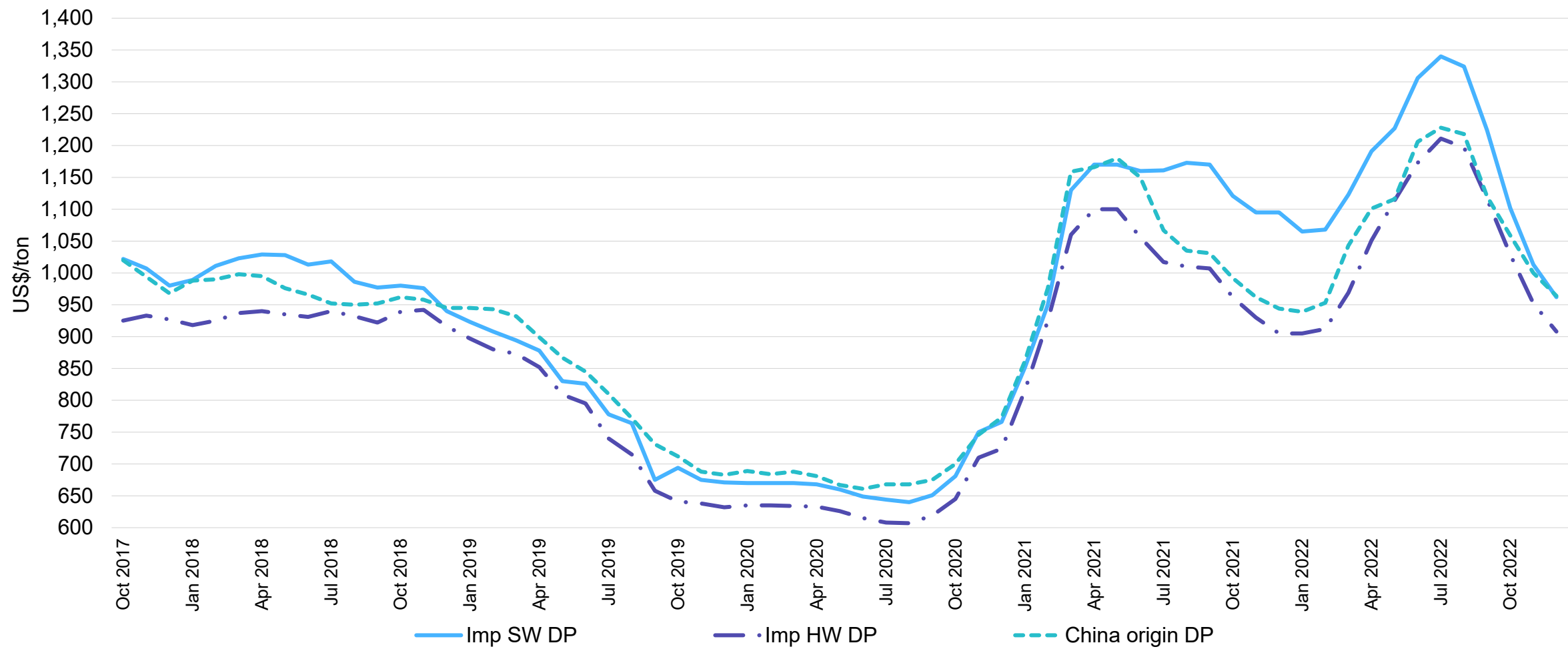
	Q1 FY23	Q4 FY22	Q1 FY22
<b>Tons sold* ('000)</b>	<b>381</b>	<b>404</b>	<b>406</b>
- Pulp	243	267	253
- Packaging and speciality papers	97	105	110
- Graphic papers	41	32	43
<b>Sales* (ZARm)</b>	<b>6,250</b>	<b>5,924</b>	<b>5,472</b>
Price/Ton* (ZAR)	16,404	14,663	13,478
Cost/Ton** (ZAR)	13,493	10,923	10,251
<b>Operating profit excluding special items*** (ZARm)</b>	<b>1,109</b>	<b>1,511</b>	<b>1,310</b>
<b>EBITDA excluding special items*** (ZARm)</b>	<b>1,514</b>	<b>1,881</b>	<b>1,603</b>

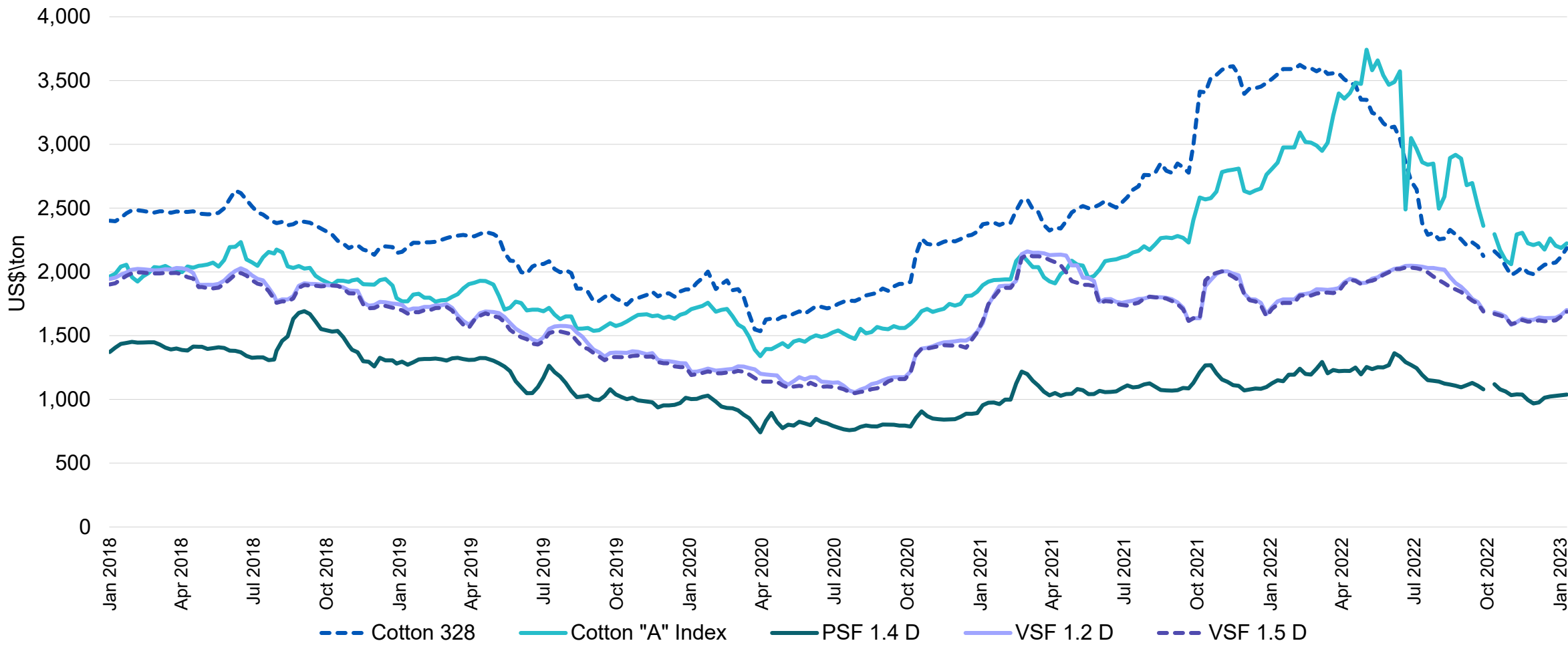
\* Tons sold, sales and price per ton excludes forestry operations.

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

\*\*\* Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported operating profit and page 22 in our Q1 FY23 financial results booklet (available on [www.sappi.com](http://www.sappi.com)) for a definition of special items.

# Dissolving pulp Prices



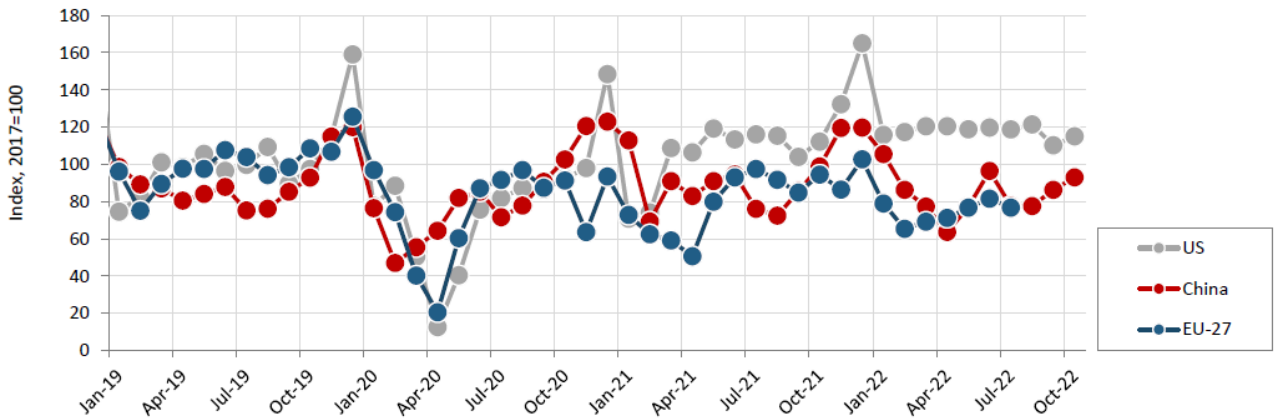


Source: CCF Group.

# Dissolving pulp

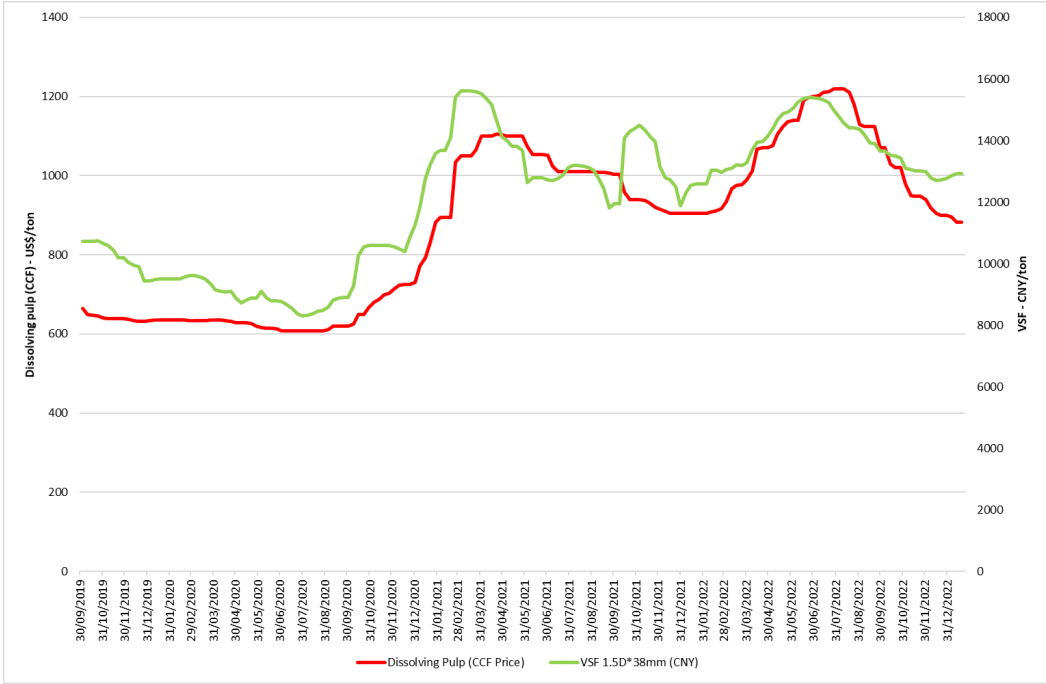
## Market indicators

Retail textile and apparel sales by region/country  
Indexed 2017=100



Source: US Census, National Bureau of Statistics, Eurostat. Indexing by Hawkins Wright. Estimates for the US are based on data from the Monthly Retail Trade Survey, Annual Retail Trade Survey, Service Annual Survey and administrative records. Estimates for China are based on retail sales of enterprises above a designated size, garments, footwear, hats, knitwear. Estimates for EU-27 are based upon retail sale of textiles, clothing, footwear and leather goods in specialised stores. Index of turnover.

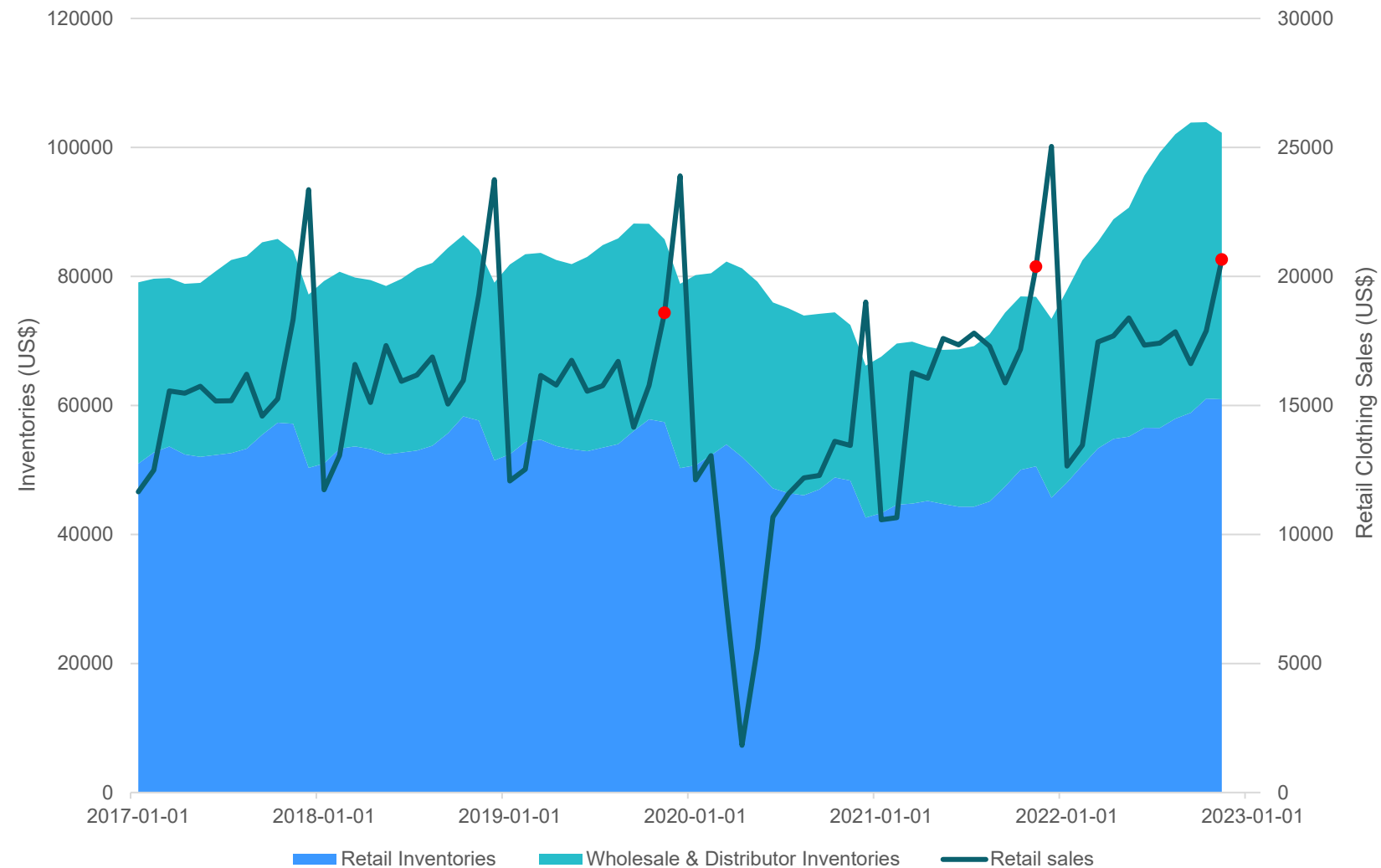
Dissolving pulp pricing vs Viscose staple fibre (VSF)



Source: CCF Group.

# US textile value chain inventory and sales

Significant inventory build through 2022 responding to low inventories in 2021; inventories started reducing in November 2022



## November 2022 vs November 2021

- Wholesale inventory +57%
- Retail inventory +21%
- Total inventory + 33%
- Retail clothing sales +1%

## November 2022 vs November 2019

- Total inventory +19%
- Retail clothing sales +11%

US\$m	Q1 FY23	Q4 FY22	Q1 FY22
<b>Cash generated from operations</b>	<b>294</b>	<b>352</b>	<b>236</b>
Movement in working capital	(174)	78	(134)
Finance costs paid	(39)	(50)	(28)
Finance income received	7	5	1
Taxation (paid) refund	(3)	(8)	(4)
<b>Cash generated from operating activities</b>	<b>85</b>	<b>377</b>	<b>71</b>
<b>Cash utilised in investing activities</b>	<b>(62)</b>	<b>(135)</b>	<b>(82)</b>
Capital expenditure	(58)	(134)	(72)
Proceeds on disposal of assets	-	1	-
Proceeds on held-for-sale assets	10	-	-
Other non-current asset movements	(14)	(2)	(10)
<b>Net cash generated (utilised)</b>	<b>23</b>	<b>242</b>	<b>(11)</b>

# EBITDA and operating profit

## Excluding special items\* reconciliation to reported operating profit

US\$m	Q1 FY23	Q4 FY22	Q1 FY22
<b>EBITDA excluding special items*</b>	<b>290</b>	<b>391</b>	<b>240</b>
Depreciation and amortisation	(65)	(73)	(79)
<b>Operating profit excluding special items*</b>	<b>225</b>	<b>318</b>	<b>161</b>
<b>Special items* – gains (losses)</b>	<b>6</b>	<b>(213)</b>	<b>8</b>
Plantation price fair value adjustment	6	6	(15)
Net restructuring provisions	-	-	(1)
Profit (loss) on disposal of held-for-sale assets	(1)	-	-
Profit (loss) on disposal and written off assets	-	(19)	-
Gain (Loss) on measurement of held-for-sale assets	-	(183)	-
Insurance recoveries	3	6	-
Fire, flood, storm and other events	(2)	(23)	24
<b>Operating profit</b>	<b>231</b>	<b>105</b>	<b>169</b>

\* Refer to page 22 in our Q1 FY23 results booklet (available on [www.sappi.com](http://www.sappi.com)) for a definition of special items.

# Sappi capital allocation priorities: Phase 2 Thrive25

Category		Strategic priority		FY2023 Targets/Actions	
<b>Regulatory &amp; Environmental</b> 	External regulatory & environmental requirements	High	Mandatory license to operate Mandatory to meet ESG goals		US\$60 million for sustainability
	Maintenance		Critical to existing operations		US\$250 million for maintenance
<b>Sustaining</b> 	Balance sheet sustainability		Healthy balance sheet maximises capital allocation flexibility		Target net debt <US\$1bn by year end Target net debt /EBITDA ~1.5x
	Protect against future decline		Reduce exposure to declining graphic paper markets		Divestment of European graphic paper assets FQ2
<b>Profit improvement</b> 	Cost reduction/ Increase efficiency/ Mix optimisation	Low	Improve cost position Optimise assets and shift and into better performing product categories		(Total of US\$50 million FY2023)  Gratkorn label paper, Alfeld barrier coatings, Somerset PM1 debottlenecking Improve pulp integration
	Shareholder value		Sustainable dividends return value to shareholders Target ROCE 2% above WACC		Dividend 15 US cents, Jan 2023
<b>Growth</b> 	Expansion of existing products		Strengthen market position and product competitiveness Invest in growth segments - packaging and pulp Fund from free cash flow		Conversion and expansion of Somerset PM2 to 470ktpa SBS (US\$70million FY23)
	New products		Investments to stay ahead of the market in R&D and new trends – Invest in Biotech		Saiccor furfural pilot plant technical programme in progress

# Conversion and expansion of Somerset PM2

sappi



- Conversion and expansion of Somerset PM2 from 235 000 tons per annum CWF to **470 000 tons SBS**
- Approved by Board on 9<sup>th</sup> November 2022

- Class 10 engineering completed
- Equipment orders FQ2 2023
- Start up 2H FY2025







- Aligned with Thrive25 strategy to reduce exposure to declining graphic paper markets and grow packaging and speciality papers
- North American demand for food service board and flexible packaging exceeds current supply
- Significant growth opportunity as consumer demand for packaging shifts from plastic to paper
- Somerset PM1 hybrid capability to produce both CWF and SBS provides maximum flexibility for optimising product mix during ramp up

- Project cost ~ US\$418 million
- Spend will be phased over three years.
- FY2023 US\$70 million
- Project will be funded from free cash flow from operations



# 2025 Sustainability targets are aligned with United Nation's Sustainable Development Goals (SDGs)









What we need to achieve in Sappi Europe between 2021–2025\*:

7 AFFORDABLE AND CLEAN ENERGY 	<b>11%pts</b>	Increase share of renewable and clean energy	<b>5%</b>	Improvement in specific total energy (GJ/adt)	
8 DECENT WORK AND ECONOMIC GROWTH 	<b>10% year-on-year improvement</b>	Safety: achieve zero harm in the workplace (LTIFR)	<b>80%</b>	Declared compliance with Sappi Supplier Code of Conduct	<b>5.8%pts</b> Increase proportion of women in management roles
8 DECENT WORK AND ECONOMIC GROWTH 	<b>WACC+2%</b>	Return on net operating assets (RONOA)	<b>&gt;85%</b>	Participation in employee engagement survey	<b>&gt;75%</b> Employees engaged with the business
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	<b>15</b>	Products launched with defined sustainability benefits	<b>5%</b>	Reduction in solid waste to landfill (ton/adt)	
13 CLIMATE ACTION 	<b>25%</b>	Reduction in GHG emissions (ton CO <sub>2</sub> eq/adt) (Scope 1+2 combined)			
15 LIFE ON LAND 	<b>&gt;78%</b>	Certified fibre input			

\*Our Baseline year is FY2019

# 2025 Sustainability targets are aligned with United Nation's Sustainable Development Goals (SDGs)







What we need to achieve in Sappi Southern Africa between 2021–2025\*:

	<b>7%pts</b>	Increase proportion of renewable and clean energy	<b>9%</b>	Improvement in specific total energy (GJ/adt)	
	<b>10% year-on-year improvement</b>	Safety: achieve zero harm in the workplace (LTIFR)	<b>80%</b>	Declared compliance with Sappi Supplier Code of Conduct	<b>3.1%pts</b> Increase proportion of women in management roles
	<b>WACC+2%</b>	Return on net operating assets (RONOA)	<b>&gt;85%</b>	Participation in employee engagement survey	<b>&gt;75%</b> Employees engaged with the business
	<b>5</b>	Products launched with defined sustainability benefits	<b>24%</b>	Reduction in solid waste to landfill (ton/adt)	
	<b>20%</b>	Reduction in GHG emissions (ton CO2eq/adt) (Scope 1+2 combined)	<b>21%</b>	Reduction in specific purchased fossil energy	
	<b>&gt;82%</b>	Certified fibre input	<b>10%</b>	Biodiversity improvement on our own forestry landholdings	<b>&gt;4 Mt</b> Sustainable annual growth in our plantations
	<b>23%</b>	Reduction in specific water use		<b>Level 1</b> B-BBEE contributor status	

\*Our Baseline year is FY2019

# 2025 Sustainability targets are aligned with United Nation's Sustainable Development Goals (SDGs)

What we need to achieve in Sappi North America between 2021–2025\*:

7 AFFORDABLE AND CLEAN ENERGY 	Within 5% of baseline or higher	Share of renewable and clean energy Baseline = 79.1%	5%	Improvement in specific total energy (GJ/adt)	
8 DECENT WORK AND ECONOMIC GROWTH 	10% year-on-year improvement	Safety: achieve zero harm in the workplace (LTIFR)	80%	Declared compliance with Sappi Supplier Code of Conduct	4%pts Increase proportion of women in management roles
8 DECENT WORK AND ECONOMIC GROWTH 	WACC+2%	Return on net operating assets (RONOA)	>85%	Participation in employee engagement survey	>75% Employees engaged with the business
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	5	Products launched with defined sustainability benefits	10%	Reduction in solid waste to landfill (ton/adt)	
13 CLIMATE ACTION 	5%	Reduction in GHG emissions (ton CO2eq/adt) (Scope 1+2 combined)			
15 LIFE ON LAND 	>55%	Certified fibre input			

\*Our Baseline year is FY2019

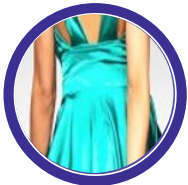
# Innovative R&D focus

## Unlocking the full potential of each tree

**Graphic papers**  
**Packaging and speciality papers**  
Commercial print and publishing  
Product packaging  
Technical papers



**Pulp**  
Textiles  
Pharmaceuticals  
Foodstuffs



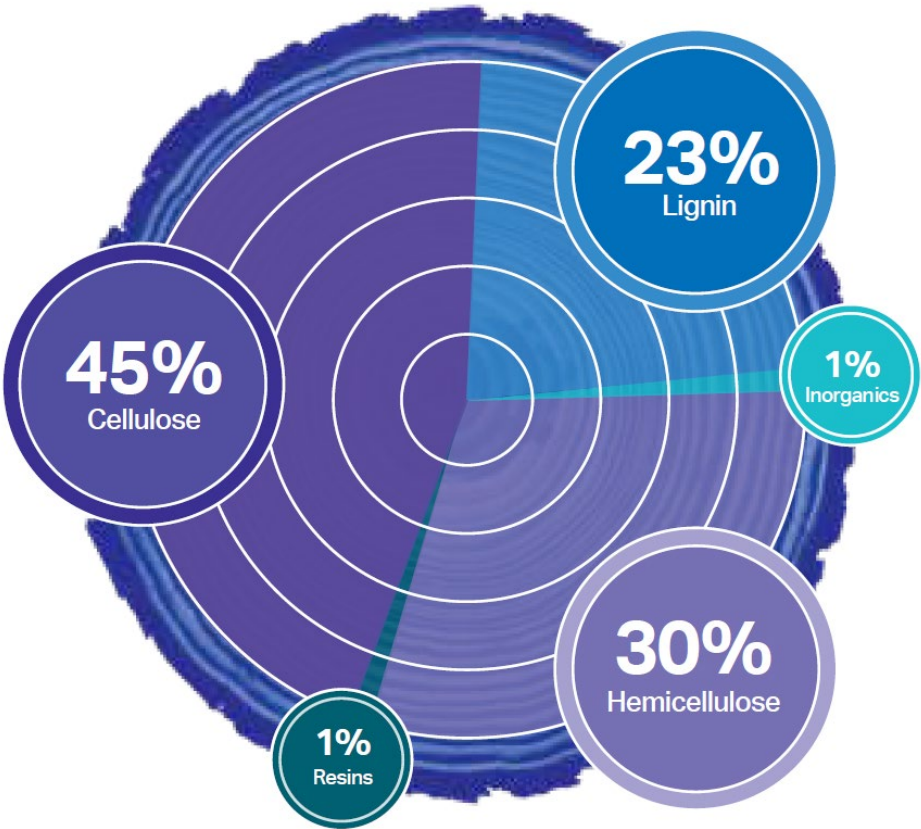
**Fibre composites**  
Automotive parts  
Furniture  
Audio speakers



**Nanocellulose**  
Reinforcing agent  
Control release agent  
Viscosity modifier



**Casting and release papers**  
Textures for materials  
Functional films  
Automotive wraps



**Chemicals from lignin**  
Binding agent  
Dispersion agent  
Emulsion stabiliser



**Extraction and beneficiation of C5 sugars**  
Xylose  
Xylitol  
Furfural

Thank you