

sappi



FOURTH
QUARTER RESULTS
for the period ended September 2022

FOURTH QUARTER RESULTS

“Sappi is a leading global provider of everyday materials made from woodfibre-based renewable resources. As a diversified, innovative and trusted leader focused on sustainable processes and products, we are building a more circular economy by making what we should, not just what we can.”

Our raw material offerings (such as dissolving pulp, wood pulp, biomaterials and timber) and end-use products (packaging and speciality papers, graphic papers, casting and release papers and forestry products) are manufactured from woodfibre sourced from sustainably managed forests and plantations, in production facilities powered, in many cases, with bio-energy from steam and existing waste streams.

Together with our partners, Sappi works to build a thriving world by acting boldly to support the planet, people and prosperity.

Highlights for the year

EBITDA excluding
special items
US\$1,339 million
(FY21: US\$532 million)

Profit for the period
US\$536 million
(FY21: US\$13 million)

EPS excluding
special items
138 US cents
(FY21: 15 US cents)

Net debt of
US\$1,163 million
(FY21: US\$1,946 million)

Resumption
of dividend
15 US cents
per share

Highlights for the quarter

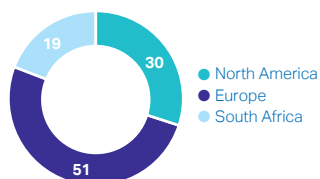
EBITDA excluding
special items
US\$391 million
(Q4 FY21: US\$177 million)

EPS excluding
special items
44 US cents
(Q4 FY21: 11 US cents)

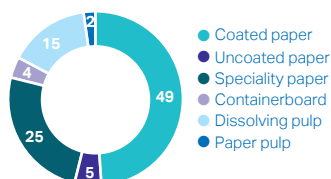
Profit for the period
US\$26 million
(Q4 FY21: US\$35 million)

Highlights for the quarter

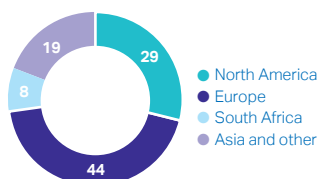
Sales by source* (%)



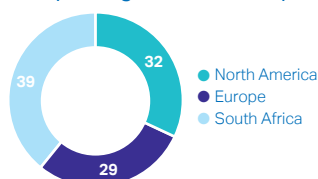
Sales by product* (%)



Sales by destination* (%)



Net operating assets** (ex Corporate) (%)



* For the period ended September 2022.

** As at September 2022.

	Quarter ended			Year ended	
	Sep 2022	Sep 2021	Jun 2022	Sep 2022	Sep 2021
Key figures: (US\$ million)					
Sales	1,923	1,425	1,818	7,296	5,265
Operating profit (loss) excluding special items ⁽¹⁾	318	92	300	1,038	203
Special items – loss (gain) ⁽²⁾	213	34	34	268	57
EBITDA excluding special items ⁽¹⁾	391	177	371	1,339	532
Profit (loss) for the period	26	35	199	536	13
Basic earnings per share (US cents)	5	6	35	95	2
EPS excluding special items (US cents) ⁽³⁾	44	11	39	138	15
Net debt ⁽³⁾	1,163	1,946	1,530	1,163	1,946
Key ratios: (%)					
Operating profit (loss) excluding special items to sales	16.5	6.5	16.5	14.2	3.9
Operating profit (loss) excluding special items to capital employed (ROCE) ⁽³⁾	34.4	9.3	29.8	27.9	5.4
EBITDA excluding special items to sales	20.3	12.4	20.4	18.4	10.1
Net debt to EBITDA excluding special items	0.9	3.7	1.4	0.9	3.7
Covenant leverage ratio ⁽³⁾	0.9	3.7	1.4	0.9	3.7
Interest cover ⁽³⁾	15.6	5.5	12.2	15.6	5.5
Net asset value per share (US cents) ⁽³⁾	417	351	421	417	351

⁽¹⁾ Refer to note 2 to the group results for the reconciliation of EBITDA excluding special items and operating profit excluding special items to operating profit by segment and profit for the period.

⁽²⁾ Refer to note 2 to the group results for details on special items.

⁽³⁾ Refer to supplemental information for the definition of the term.

The group delivered record EBITDA excluding special items of US\$1,339 million, which was well above the previous record set in FY2000 (US\$1,052 million). Strong demand and the implementation of higher sales prices to offset rising costs, combined with a focus on product and customer mix optimisation, supported margin expansion in all product segments. The outstanding performance was particularly noteworthy within the context of a challenging macroeconomic environment. Significant headwinds included extreme weather-related events, lingering Covid-19 pandemic effects in China as well as extraordinary global inflation, which was triggered by geopolitical turmoil and ongoing global supply chain disruptions. Amidst this volatility, we demonstrated resilience and remained committed to our Thrive25 strategy.

The graphic paper segment generated record EBITDA of US\$650 million. The remarkable turnaround from the lows of 2020 was driven by a number of factors which led to an unprecedented global shortage of graphic paper. These included

a surge in demand as economic activity normalised post-Covid-19 and a very tight market balance due to a combination of chronic global logistical challenges and reduced supply. Market capacity was impacted by permanent closures and a prolonged labour strike in Finland. The buoyant demand boosted sales volumes for the segment by 8% compared to the prior year. Furthermore, the favourable market conditions provided support for a series of selling price increases and energy/freight surcharges, which were necessary to compensate for substantial cost inflation and facilitated the material improvement in profitability for the segment.

The strategic priority to invest in packaging and speciality papers in recent years reaped rewards. The segment continued to grow and achieved record EBITDA of US\$359 million compared to US\$214 million in the prior year. Sales volumes increased by 9%, driven by robust global demand and renewed growth in Europe. However, sales were constrained by available capacity and low levels of inventory in South Africa and North America where demand exceeded supply. Successful selling price increases and mix improvement offset rising costs and lifted margins for the segment.

⁽¹⁾ "year-on-year" or "prior year/last year" is a comparison between FY2022 versus FY2021.

⁽²⁾ Sappi Verve – brand name for dissolving pulp.

⁽³⁾ Market price for imported hardwood dissolving pulp into China issued daily by the CCF Group.

⁽⁴⁾ Eskom is a South African electricity public utility.

Sales volumes for the pulp segment increased by 15% compared to the prior year on the back of strong market demand and improved logistics as we secured regular breakbulk shipping alternatives for our South African exports. Demand for Verve⁽²⁾ during the year was particularly strong and sales were constrained by available production. The hardwood dissolving pulp (DP) market price⁽³⁾ rallied during the first half of the year peaking at US\$1,220 per ton in July 2022. The rebound was primarily driven by positive momentum in global commodity markets including viscose staple fibre, cotton and polyester combined with DP supply side constraints including our own losses due to a flood in South Africa and a major fire at another large market player. DP pricing began to soften in late August 2022 as Covid-19 lockdowns in China constrained VSF (viscose staple fibre) operating rates and global recessionary fears began to dampen the outlook for textile markets. The Saiccor Mill expansion project was successfully commissioned during the year and all new equipment operated as anticipated. However, production volumes were below expectations and were negatively impacted by a number of external factors such as unplanned stoppages due to the flood, Eskom⁽⁴⁾ power outages and raw material supply shortages, which severely disrupted operational stability at the mill.

Special items for the year reduced earnings by US\$268 million and comprised a US\$38 million negative plantation fair value adjustment as well as a number of once off items. These included a US\$183 million write-down to fair value and costs related to the divestment of our held-for-sale European assets and a net loss after insurance proceeds of US\$18 million for the South African region, partially offset by a US\$26 million settlement gain of a US pension liability.

Net finance costs for the year were US\$97 million, a significant decrease from the US\$134 million in the prior year due to positive foreign exchange movements and higher cash balances.

Substantially improved market conditions and record operating profitability translated to a profit of US\$536 million compared to US\$13 million for the 2021 financial year.

Sustainability forms the foundation of our Thrive25 strategy as we strive to be a trusted, transparent and innovative partner in building a biobased circular economy. We are on track to meet or exceed our Thrive25 sustainability targets. A highlight for the year was the validation of our 2030 decarbonisation targets by the Science Based Targets initiative (SBTi), which reinforces our commitment to climate action .

Fourth quarter September 2022⁽⁵⁾

The strong operating performance continued into the fourth quarter. Improved profitability for the pulp segment and another excellent performance by the North American region more than offset substantially higher raw material costs, principally energy in Europe. Consequently, the group delivered a new record quarterly EBITDA excluding special items of US\$391 million, which was US\$20 million above the previous record achieved in the prior quarter.

The graphic paper segment continued to benefit from favourable market conditions, which supported quarter-on-quarter sales price increases. However, extraordinary cost inflation in Europe, particularly for energy, reduced segmental margins relative to the prior quarter. Graphic paper sales volumes declined 4% year-on-year due to lower inventory levels and a shift towards packaging and speciality paper grades. Order activity began slowing towards the end of the quarter as consumer sentiment dampened with the inflationary pressures and challenging economic environment.

The packaging and speciality papers segmental year-on-year sales volumes were up 3%, constrained by an extended shut in South Africa during the quarter for a quality and product range upgrade to the containerboard machine at the Ngodwana Mill combined with low inventory levels in North America and South Africa following

the strong sales earlier in the year. EBITDA for the segment grew by 37% compared to last year but was below the record of the prior quarter as the lower South African sales and escalating costs, particularly in Europe, eroded margins.

VSF and hardwood DP market prices dropped during the quarter responding to weaker demand in China related to Covid-19 lockdowns, which negatively impacted operating rates for VSF producers, and general concerns around global inflation and recessionary impacts on textile demand. Despite these challenges, the profitability of the pulp segment improved substantially year-on-year with a 61% rise in EBITDA due to increased sales volumes and pricing. Net sales pricing for DP benefited from the lag in contract pricing as the market price peaked in the third quarter and formed the basis of fourth quarter contract sales. Pulp sales volumes for the quarter of 378,000 tons were 44% higher than the prior year as a result of improved logistics, particularly for exports from South Africa, which were aided by the implementation of breakbulk shipping during the year.

Earnings per share excluding special items for the quarter was 44 US cents, which was a further improvement on the 39 US cents in the prior quarter and indicative of the record profitability for the group. Special items for the quarter reduced earnings by US\$213 million, primarily due to the US\$183 million write down to fair value and costs related to the held-for-sale European assets.

⁽⁵⁾ "year-on-year" or "prior year/last year" is a comparison between Q4 FY2022 versus Q4 FY2021; "Quarter-on-quarter" or "prior quarter" is a comparison between Q4 FY2022 and Q3 FY2022.

Despite the extraordinary tight market conditions in FY2022, the graphic paper markets are in long-term decline and indications are that demand in FY2023 will again be under pressure. A key element of our Thrive25 strategy is to reduce our exposure to declining graphic paper markets. Aligned to this objective, on 29 September 2022, Sappi signed an agreement with Aurelius Investment Lux One S.à.r.l. to divest the Maastricht Mill in the Netherlands, the Stockstadt Mill in Germany and the Kirkniemi Mill in Finland. The decision was taken following a detailed and thorough strategic review and will significantly reduce our exposure to graphic paper markets. The sale will be subject to various standard suspensive conditions and is anticipated to close in the second financial quarter of 2023. The enterprise value of the transaction amounts to approximately €272 million. The proceeds will be used to reduce debt further, which will provide a platform for future expansion in our identified growth market segments.

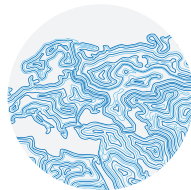
Cash flow and debt

Net cash generated for the year was US\$506 million compared to US\$29 million in the prior year. The noteworthy improvement in cash generation was largely due to substantially higher profitability despite a large investment in working capital of US\$270 million related to inflationary increases for inventories and accounts receivables. Capital expenditure of US\$368 million for the year was below expectations due to timing of certain payments and consequently approximately US\$20 million will roll over into the 2023 financial year.

Our Thrive25 strategic objective to reset the balance sheet was largely achieved. Net debt at financial year-end decreased to US\$1,163 million (FY2021 US\$1,946 million) as a result of the substantial cash generation and a positive translation impact of a weaker EUR/US Dollar exchange rate on the predominantly Euro-denominated debt. This is the lowest net debt level in over 20 years. The covenant leverage ratio reduced substantially from 3.7 at the end of the prior year to 0.9.

We recognise that global macroeconomic volatility and uncertainty remain significant risks to our business and have therefore set a new long-term strategic objective to target net debt of approximately US\$1 billion. This materially lower debt level will provide more flexibility to withstand market downturns and, combined with strong anticipated future cash generation, should provide sufficient opportunity to fund growth in our targeted market segments.

At year-end, liquidity comprised cash on hand of US\$780 million and US\$615 million from the committed unutilised revolving credit facilities (RCF) in South Africa and Europe.



Europe

EUR million	Quarter ended				
	Sep 2022	Jun 2022	Mar 2022	Dec 2021	Sep 2021
Sales – tons	757	780	801	837	757
Sales	982	943	839	740	589
Operating profit (loss) excluding special items	102	173	98	11	(21)
<i>Operating profit (loss) excluding special items to sales (%)</i>	10.4	18.3	11.7	1.5	(3.6)
EBITDA excluding special items	130	200	124	40	12
<i>EBITDA excluding special items to sales (%)</i>	13.2	21.2	14.8	5.4	2.0
RONOA <i>pa (%)</i>	30.7	49.0	29.1	3.4	(6.6)

The European business delivered an excellent quarter. Ongoing favourable market conditions supported further selling price increases, but these were insufficient to offset significant cost inflation. Consequently, EBITDA of €130 million, although substantially above the €12 million in the prior year, was below that of the record in the prior quarter.

Graphic paper sales volumes were 3% down on the prior year as demand began to soften, driven largely by a weaker economy and downstream destocking. Production was adjusted to match demand. Nevertheless, we continued to outperform the market in this segment through market share gains and year-on-year selling price increases which offset inflation.

Packaging and speciality paper sales volumes were 15% ahead of last year supported by faster than anticipated market traction for the label paper offerings from Gratkorn Mill. Selling prices in the segment improved by a further 10% compared to the prior quarter but were not enough to offset cost increases thereby reducing margins in the segment.

Variable costs increased 56% year-on-year driven by extraordinary cost inflation across all categories and further exacerbated by the weakening of the Euro/ US Dollar exchange rate in the fourth quarter. Fixed costs were 12% up year-on-year primarily due to inflationary impacts on personnel costs and short-term incentives in recognition of the record annual performance for the region.



North America

US\$ million	Quarter ended				
	Sep 2022	Jun 2022	Mar 2022	Dec 2021	Sep 2021
Sales – tons	423	437	445	453	418
Sales	586	566	536	512	458
Operating profit excluding special items	121	97	88	63	65
<i>Operating profit excluding special items to sales (%)</i>	20.6	17.1	16.4	12.3	14.2
EBITDA excluding special items	143	118	114	89	90
<i>EBITDA excluding special items to sales (%)</i>	24.4	20.8	21.3	17.4	19.7
RONOA <i>pa (%)</i>	37.1	29.2	26.4	19.1	19.5

The fourth quarter EBITDA of US\$143 million was another record for the North America region. The success was broad-based across all product segments. Strategic investments in recent years in pulp and packaging and speciality papers have created a more resilient and diversified product portfolio, significantly enhancing the profitability of the business.

Continued tight US graphic paper markets supported further selling price increases, which offset rising costs and led to additional margin gains for the segment. Sales demand for packaging and speciality paper grades was strong but sales volumes were constrained by low inventory levels due to high sales volumes in prior quarters. In particular, customer demand for paperboard products from the converted Somerset PM1 machine significantly exceeded our capacity. Increases in selling prices enabled the segment to offset inflationary

costs. Year-on-year sales volumes were 2% lower for the graphic paper segment but 4% higher for packaging and speciality papers, which is reflective of the ongoing focus to optimise product mix as we transition graphic paper capacity to speciality papers where technically feasible.

The pulp segmental sales volumes of 111,000 tons were 4% higher than the prior year. Profitability of the segment was boosted by net selling price increases for both the DP and BCTMP product categories.

Variable costs increased 22% year-on-year due to significant cost inflation across all input categories. Fixed costs were 13% up on the prior year due to inflationary impacts on personnel costs and short-term incentives in recognition of the record annual performance for the region.



South Africa

ZAR million	Quarter ended				
	Sep 2022	Jun 2022	Mar 2022	Dec 2021	Sep 2021
Sales – tons	801	654	812	737	720
Sales	6,326	4,202	6,229	5,765	4,320
Operating profit excluding special items	1,511	214	911	1,310	793
<i>Operating profit excluding special items to sales (%)</i>	23.9	5.1	14.6	22.7	18.4
EBITDA excluding special items	1,881	556	1,231	1,603	1,100
<i>EBITDA excluding special items to sales (%)</i>	29.7	13.2	19.8	27.8	25.5
RONOA <i>pa (%)</i>	22.2	3.0	12.9	19.0	11.8

The South African business bounced back strongly in the quarter. The success was due to improved performance of the pulp business as logistical backlogs were reduced, bolstered by a weaker ZAR/US Dollar exchange rate. Year-on-year net selling price increases were achieved in all product segments which offset cost inflation.

Strong demand from the agriculture sector and constrained paper imports into South Africa created a tight supply dynamic for packaging papers. Sales volumes for the quarter were 13% below last year constrained by production capacity, low inventory levels and an extended shut for the containerboard machine upgrade at the Ngodwana Mill.

Favourable market conditions for tissue, office and newsprint paper supported price increases, which led to improved profitability for these product categories.

Demand for Verve remained robust during the fourth quarter. Improved conditions at the Durban port, combined with regular breakbulk shipments, facilitated a substantial increase in sales volumes compared to both the prior quarter and year. The Saiccor Mill operations stabilised following a challenging ramp up post the KwaZulu-Natal floods and a maintenance shut in the third quarter.

Variable costs rose year-on-year due to escalating costs in all input categories, particularly wood, chemicals and delivery and were partly offset by insurance proceeds from the floods. Fixed costs were 4% higher than the prior year due to higher personnel, maintenance and depreciation costs.

Directorate

The following independent non-executive directors were appointed to the board. Mr Louis von Zeuner with effect from 1 September 2022 and Mr Nkululeko Sowazi and Ms Eleni Istavridis with effect from 3 October 2022.

Post balance sheet events

On 12 October 2022, a tender offer to purchase for cash a portion of the outstanding 3.125% Senior Notes due 2026 was concluded. As a result, US\$206 million of the aggregate principal amount of the 2026 bonds in the tender offer was repurchased at a purchase price of 92.41% (plus accrued and unpaid interest). The transaction is fully aligned with the Thrive25 strategic objective to strengthen the balance sheet and yielded a gain of US\$15 million net of the accelerated amortisation of upfront costs and will reduce gross annual interest payments by approximately US\$6 million per annum.

Dividends

On 10 November 2022, the directors approved a dividend (number 89) of 15 US cents per share which will be paid to shareholders on 16 January 2023. This dividend was declared after year-end and was not included as a liability at the end of the 2022 financial year and will be funded from cash reserves.

The 2022 dividend is covered 9 times by basic earnings per share, excluding special items. The group aims to declare ongoing annual dividends.

Outlook

Macroeconomic uncertainty has increased considerably in recent weeks. Ongoing lockdowns in China, the geopolitical turmoil in Europe and unprecedented inflation are increasing the likelihood of a global recession in 2023. This poses a risk to our business as weakening consumer sentiment and diminishing discretionary spend will likely weaken demand in our graphic paper and dissolving pulp segments in upcoming quarters. Order activity in these segments has slowed and destocking is occurring across the value chain. The Covid-19 pandemic demonstrated that the underlying demand for packaging and speciality papers is more resilient in economic downturns, particularly for product categories in food, beverage and healthcare. Furthermore, the shift from plastic to paper offers significant opportunity to grow this segment.

Rising input costs remain a risk in the year ahead although the prices for some raw materials, specifically natural gas and pulp, have decreased in recent weeks. We remain focused on maximising our operational efficiency and will balance our production with demand to proactively manage our costs and preserve pricing.

In South Africa, a fire at a municipal electrical substation in KwaZulu-Natal impacted production at our three local mills for a few days in October 2022. In addition, a strike at Transnet⁽⁶⁾ has negatively impacted DP supply chains once again and we anticipate that severe congestion at the Durban port may impact sales volumes in the first quarter. Sales volumes in North America will be impacted by the annual maintenance shut at Somerset Mill.

Demand for packaging and speciality papers in North America is particularly robust and our customers are actively seeking to increase their volumes with Sappi. The board has therefore approved a US\$418 million investment at Somerset Mill to convert PM2 from coated woodfree graphic paper to solid bleached sulphate board (SBS). The machine capacity will also be increased during the conversion from 240,000 tons to 470,000 tons per annum. The project is expected to be completed in early 2025 and will be funded from free cash flow from operations taking into account our net debt target of approximately US\$1 billion. The capital expenditure will be phased over three years with the majority of the spend taking place in FY2024 and FY2025. This investment is fully aligned with our Thrive25 strategic focus to reduce our exposure to declining graphic paper markets and transition our portfolio to packaging and speciality papers, pulp and biomaterials.

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

Deleveraging of our balance sheet has been material and combined with substantial cash reserves we are well positioned to navigate any market downturn. We remain encouraged by the increasing resilience of our business and opportunities for growth in our packaging and speciality papers segment.

Notwithstanding the inflationary cost pressures and weakening demand in some product segments, we anticipate that the EBITDA for the first quarter of FY2023 will be above that of the equivalent quarter in FY2022.

On behalf of the board

SR Binnie

Director

GT Pearce

Director

10 November 2022

⁽⁶⁾ Transnet is the state owned South African rail, port and pipeline company.

Dividend announcement

The directors have resolved to declare a gross cash dividend (number 89) of 15 US cents per share, payable in ZAR at an exchange rate (US\$1=ZAR) of 17.81877, being ZAR267.28155 cents per share, for the year ended September 2022 out of income, in respect of Sappi ordinary shares in issue on the record dates as detailed below.

The South African dividend tax (DT) rate is 20% and the net dividend payable to shareholders who are not exempt from DT is ZAR213.82524 cents per share. Sappi currently has 565,225,532 ordinary shares in issue. The income tax reference number is 9175203711.

In compliance with the JSE Listings Requirements the salient dates in respect of the dividend are detailed below.

Currency conversion determined on:	9 November 2022
Declaration and finalisation date:	10 November 2022
Last day to trade to qualify for the dividend:	10 January 2023
Shares commence trading ex-dividend:	11 January 2023
Record date:	13 January 2023
Payment date:	16 January 2023

Dividends payable to shareholders on the South African register will be paid in South African Rand and all dividends attributable to holders of ADR shares on the NYSE will be dealt with in accordance with their custody agreements in place with their local custodian.

Certificated shareholders who previously held their shares on the UK register, which has subsequently been discontinued, shall be paid in Pounds Sterling at the ruling exchange rate at the time.

No currency elections are permitted.

All shareholders need to ensure that their current bank mandates with their service providers are up to date. Furthermore, shareholders who have not yet done so, should submit their service providers with their tax numbers and other relevant information for dividend tax purposes. Where shareholders qualify for withholding tax exemptions, they need to ensure that such exemption applications have been lodged with their service providers.

Certificated and own name shareholders can call Computershare in South Africa on 0861 100 950 for assistance in this regard.

Share certificates will not be dematerialised or rematerialised from 11 January 2023 to 13 January 2023, both days inclusive.

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, 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 Covid-19 pandemic;

- the impact on our business of adverse changes in global economic conditions;
- 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;
- 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.

Condensed group income statement

US\$ million	Note	Quarter ended		Reviewed Year ended	
		Sep 2022	Sep 2021	Sep 2022	Sep 2021
Sales		1,923	1,425	7,296	5,265
Cost of sales		1,527	1,239	5,926	4,716
Gross profit		396	186	1,370	549
Selling, general and administrative expenses		90	106	410	376
Other operating (income) expenses	8, 9	200	25	191	30
Share of profit from equity accounted investees		1	(3)	(1)	(3)
Operating profit	3	105	58	770	146
Net finance costs		22	26	97	134
Finance costs		25	28	108	112
Finance income		(4)	(2)	(10)	(8)
Net foreign exchange gain		1	–	(1)	(1)
Net fair value loss on financial instruments		–	–	–	31
Profit before taxation		83	32	673	12
Taxation		57	(3)	137	(1)
Profit for the period		26	35	536	13
Basic earnings per share (US cents)	4	5	6	95	2
Weighted average number of shares in issue (millions)		565.2	557.5	563.3	549.7
Diluted earnings per share (US cents)	4	4	6	90	2
Weighted average number of shares on fully diluted basis (millions)		603.1	600.9	601.1	592.7

Condensed group statement of other comprehensive income

US\$ million	Note	Quarter ended		Reviewed Year ended	
		Sep 2022	Sep 2021	Sep 2022	Sep 2021
Profit for the period		26	35	536	13
Other comprehensive income, net of tax					
<i>Items that will not be reclassified subsequently to profit or loss</i>		69	(6)	35	90
Actuarial gains (losses) on post-employment benefit funds	8	92	(8)	32	92
Tax effect	8	(23)	2	3	(2)
<i>Items that may be reclassified subsequently to profit or loss</i>		(117)	(70)	(196)	162
Exchange differences on translation of foreign operations		(96)	(66)	(152)	164
Movements in hedging reserves		(23)	(4)	(46)	(1)
Tax effect		2	–	2	(1)
Total comprehensive income for the period		(22)	(41)	375	265

Condensed group balance sheet

		Reviewed	
US\$ million	Note	Sep 2022	Sep 2021
ASSETS			
Non-current assets		3,430	4,255
Property, plant and equipment		2,705	3,325
Right-of-use assets		76	110
Plantations		382	477
Deferred tax assets	8	46	59
Goodwill and intangible assets		89	110
Equity accounted investees		8	10
Other non-current assets	8	123	164
Derivative financial instruments		1	–
Current assets		2,799	1,931
Inventories	8	780	841
Trade and other receivables	8	939	703
Derivative financial assets		8	4
Taxation receivable		1	7
Cash and cash equivalents		780	366
Assets held for sale	9	291	10
Total assets		6,229	6,186
EQUITY AND LIABILITIES			
Shareholders' equity			
Ordinary shareholders' interest	8	2,358	1,970
Non-current liabilities		2,347	2,907
Interest-bearing borrowings		1,688	2,062
Lease liabilities		66	94
Deferred tax liabilities	8	361	345
Defined benefit and other liabilities	8	232	400
Derivative financial liabilities		–	6
Current liabilities		1,524	1,309
Interest-bearing borrowings		171	132
Lease liabilities		18	24
Trade and other payables		1,045	1,131
Provisions		4	10
Derivative financial liabilities		21	4
Taxation payable		25	8
Liabilities associated with assets held for sale	9	240	–
Total equity and liabilities		6,229	6,186
Number of shares in issue at balance sheet date (millions)		565.2	561.5

Condensed group statement of cash flows

US\$ million	Quarter ended		Reviewed Year ended	
	Sep 2022	Sep 2021	Sep 2022	Sep 2021
Profit for the period	26	35	536	13
<i>Adjustment for:</i>				
Depreciation, fellings and amortisation	86	100	356	396
Taxation	57	(3)	137	(1)
Net finance costs	22	26	97	134
Defined post-employment benefits paid	(9)	(11)	(25)	(49)
Plantation fair value adjustments	(22)	(15)	(36)	(66)
Asset impairments	–	12	–	19
(Gain) Loss on measurement of held-for-sale assets	183	–	183	(4)
Equity accounted investees impairments	–	3	(3)	4
Net restructuring provisions	–	2	–	2
(Profit) Loss on disposal and written off assets	2	1	22	(1)
Other non-cash items	7	(9)	–	25
Cash generated from operations	352	141	1,267	472
Movement in working capital	78	63	(270)	39
Finance costs paid	(50)	(24)	(102)	(110)
Finance income received	5	1	10	8
Taxation (paid) refund	(8)	(5)	(23)	(2)
Cash generated from operating activities	377	176	882	407
Cash utilised in investing activities	(135)	(143)	(376)	(378)
Capital expenditure	(134)	(143)	(368)	(374)
Proceeds on disposal of assets	1	1	2	4
Other non-current asset movements	(2)	(1)	(10)	(8)

US\$ million	Quarter ended		Reviewed Year ended	
	Sep 2022	Sep 2021	Sep 2022	Sep 2021
Net cash generated (utilised)	242	33	506	29
Cash effects of financing activities	(28)	(71)	(43)	33
Proceeds from interest-bearing borrowings	(2)	44	46	690
Repayment of interest-bearing borrowings	(19)	(109)	(65)	(631)
Lease repayments	(7)	(6)	(24)	(26)
Net movement in cash and cash equivalents	214	(38)	463	62
Cash and cash equivalents at beginning of period	570	405	366	279
Translation effects	(4)	(1)	(49)	25
Cash and cash equivalents at end of period	780	366	780	366

Condensed group statement of changes in equity

US\$ million	Reviewed Year ended	
	Sep 2022	Sep 2021
Balance – beginning of period	1,970	1,632
Profit for the period	536	13
Other comprehensive income for the period	(161)	252
Issue of shares	6	26
Convertible bond – equity portion	–	39
Share-based payment reserve	7	8
Balance – end of period	2,358	1,970
Comprising		
Ordinary share capital and premium	728	877
Non-distributable reserves	117	121
Foreign currency translation reserves	(191)	(194)
Hedging reserves	(76)	(43)
Retained earnings	1,780	1,209
Total equity	2,358	1,970

Notes to the condensed group results

1. Basis of preparation

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports and the requirements of the Companies Act of South Africa. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous annual financial statements.

The year ended September 2022 comprised 53 weeks whereas the year ended September 2021 comprised 52 weeks.

The preparation of these condensed consolidated financial statements was supervised by the Chief Financial Officer, GT Pearce, CA(SA) and were authorised for issue on 10 November 2022.

The condensed consolidated financial statements for the year ended September 2022 have been reviewed by KPMG Inc., who expressed an unmodified review conclusion. The auditor's report does not necessarily report on all of the information contained in these financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

2. Segment information

Metric tons (000's)	Quarter ended		Year ended	
	Sep 2022	Sep 2021	Sep 2022	Sep 2021
Sales volume				
North America	423	418	1,758	1,685
Europe	757	757	3,175	2,817
South Africa – Pulp and paper	404	316	1,535	1,398
Forestry	397	404	1,469	1,439
Total	1,981	1,895	7,937	7,339
Which consists of:				
Pulp	378	263	1,421	1,236
Packaging and speciality papers	393	383	1,600	1,464
Graphic papers	813	845	3,447	3,200
Forestry	397	404	1,469	1,439

US\$ million	Quarter ended		Reviewed Year ended	
	Sep 2022	Sep 2021	Sep 2022	Sep 2021
Sales				
North America	586	458	2,200	1,688
Europe	1,002	697	3,803	2,499
South Africa – Pulp and paper	352	272	1,339	1,083
Forestry	24	24	88	83
Delivery costs revenue adjustment ⁽²⁾	(44)	(26)	(137)	(88)
Total	1,920	1,425	7,293	5,265
Which consists of:				
Pulp	347	241	1,260	952
Packaging and speciality papers	550	430	2,107	1,578
Graphic papers	1,043	756	3,975	2,740
Forestry	24	24	88	83
Delivery costs revenue adjustment ⁽¹⁾	(44)	(26)	(137)	(88)

⁽¹⁾ Relates to delivery costs netted off against revenue.

2. Segment information continued

US\$ million	Quarter ended		Reviewed Year ended	
	Sep 2022	Sep 2021	Sep 2022	Sep 2021
Operating profit (loss) excluding special items				
North America	121	65	369	105
Europe	104	(25)	416	(52)
South Africa	92	54	250	151
Unallocated and eliminations ⁽¹⁾	1	(2)	3	(1)
Total	318	92	1,038	203
Which consists of:				
Pulp	104	57	250	127
Packaging and speciality papers	57	33	264	109
Graphic papers	156	4	521	(32)
Unallocated and eliminations ⁽¹⁾	1	(2)	3	(1)
Special items – (gains) losses				
North America	–	4	(29)	1
Europe	189	18	207	17
South Africa	(13)	9	72	29
Unallocated and eliminations ⁽¹⁾	37	3	18	10
Total	213	34	268	57

⁽¹⁾ Includes the group's treasury operations and insurance captive.

Notes to the condensed group results continued

2. Segment information continued

US\$ million	Quarter ended		Reviewed Year ended	
	Sep 2022	Sep 2021	Sep 2022	Sep 2021
Operating profit (loss) by segment				
North America	121	61	398	104
Europe	(85)	(43)	209	(69)
South Africa	105	45	178	122
Unallocated and eliminations ⁽¹⁾	(36)	(5)	(15)	(11)
Total	105	58	770	146
EBITDA excluding special items				
North America	143	90	464	209
Europe	132	14	536	94
South Africa	114	75	334	228
Unallocated and eliminations ⁽¹⁾	2	(2)	5	1
Total	391	177	1,339	532
Which consists of:				
Pulp	124	77	325	197
Packaging and speciality papers	78	57	359	214
Graphic papers	187	45	650	120
Unallocated and eliminations ⁽¹⁾	2	(2)	5	1

⁽¹⁾ Includes the group's treasury operations and insurance captive.

2. Segment information continued

Reconciliation of EBITDA excluding special items to profit for the period and operating profit excluding special items to operating profit

Special items cover those items which management believe are material by nature or amount to the operating results and require separate disclosure.

US\$ million	Note	Quarter ended		Reviewed Year ended	
		Sep 2022	Sep 2021	Sep 2022	Sep 2021
EBITDA excluding special items		391	177	1,339	532
Depreciation and amortisation		(73)	(85)	(301)	(329)
Operating profit excluding special items		318	92	1,038	203
Special items – gains (losses)		(213)	(34)	(268)	(57)
Plantation price fair value adjustment		6	(5)	(38)	(13)
Acquisition costs		–	1	–	–
Net restructuring provisions		–	(2)	–	(2)
Profit (loss) on disposal, written off assets and incremental costs	8	(19)	(1)	(63)	1
Asset impairments		–	(12)	–	(19)
(Loss) Gain on measurement of held-for-sale assets		(183)	–	(183)	4
Equity accounted investees impairment reversal		–	(3)	3	(4)
Insurance recoveries		6	(1)	30	(1)
Fire, flood, storm and other events	8	(23)	(11)	(17)	(23)
Operating profit		105	58	770	146
Net finance costs		(22)	(26)	(97)	(134)
Profit before taxation		83	32	673	12
Taxation		(57)	3	(137)	1
Profit for the period		26	35	536	13

Notes to the condensed group results continued

2. Segment information continued

US\$ million	Reviewed Year ended	
	Sep 2022	Sep 2021
Net operating assets		
North America	1,308	1,322
Europe	1,191	1,478
South Africa	1,569	1,815
Unallocated and eliminations ⁽¹⁾	–	(7)
Total	4,068	4,608
Reconciliation of net operating assets to total assets		
Segment assets	4,068	4,608
Deferred tax assets	46	59
Cash and cash equivalents	780	366
Trade and other payables	1,045	1,131
Provisions	4	10
Derivative financial instruments	21	4
Taxation payable	25	8
Liabilities associated with assets held for sale	240	–
Total assets	6,229	6,186

⁽¹⁾ Includes the group's treasury operations and insurance captive.

3. Operating profit (loss)

US\$ million	Quarter ended		Reviewed Year ended	
	Sep 2022	Sep 2021	Sep 2022	Sep 2021
Included in operating profit are the following items:				
Depreciation and amortisation	73	85	301	329
Fair value adjustment on plantations (included in cost of sales)				
Changes in volume				
Fellings	13	15	55	67
Growth	(16)	(20)	(74)	(79)
	(3)	(5)	(19)	(12)
Plantation price fair value adjustment	(6)	5	38	13
	(9)	–	19	1
Net restructuring provisions	–	2	–	2
Profit (Loss) on disposal, written off assets and incremental costs	19	1	63	(1)
Asset impairments	–	12	–	19
Loss (Gain) on measurement of held-for-sale assets	183	–	183	(4)
Equity accounted investees impairment reversal	–	3	(3)	4
Insurance recoveries	(6)	1	(30)	1

Notes to the condensed group results continued

4. Earnings per share

US\$ million	Note	Quarter ended		Reviewed Year ended	
		Sep 2022	Sep 2021	Sep 2022	Sep 2021
Basic earnings per share (US cents)		5	6	95	2
Headline earnings per share (US cents)		37	9	130	5
EPS excluding special items (US cents)		44	11	138	15
Weighted average number of shares in issue (millions)		565.2	557.5	563.3	549.7
Diluted earnings per share (US cents)		4	6	90	2
Diluted headline earnings per share (US cents)		35	9	122	5
Weighted average number of shares on fully diluted basis (millions)		603.1	600.9	601.1	592.7
Calculation of headline earnings					
Profit (Loss) for the period		26	35	536	13
(Profit) Loss on disposal and write off of property, plant and equipment		2	1	22	(1)
Asset impairments		–	12	–	19
Loss (Gain) on measurement of held-for-sale assets		183	–	183	(4)
Equity accounted investees impairment reversal		–	3	(3)	4
Tax effect of above items		(2)	(1)	(7)	(3)
Headline earnings		209	50	731	28
Calculation of earnings excluding special items					
Profit (Loss) for the period		26	35	536	13
Special items after tax		223	29	249	46
Special items		213	34	268	57
Tax effect		10	(5)	(19)	(11)
Finance costs		–	(1)	–	22
Tax special items	8	(1)	–	(6)	–
Earnings excluding special items		248	63	779	81

5. Financial instruments

The group's financial instruments that are measured at fair value on a recurring basis consist of derivative financial instruments and investments funds. These have been categorised in terms of the fair value measurement hierarchy as established by IFRS 13 *Fair Value Measurement* per the table below.

US\$ million	Classification	Fair value hierarchy	Fair value ⁽¹⁾	
			Reviewed Sep 2022	Reviewed Sep 2021
Investment funds ⁽²⁾	FV through OCI	Level 1	4	6
Derivative financial assets	FV through PL	Level 2	9	4
Derivative financial liabilities	FV through PL	Level 2	21	10

⁽¹⁾ The fair value of the financial instruments are equal to their carrying value.

⁽²⁾ Included in other non-current assets.

There have been no transfers of financial assets or financial liabilities between the categories of the fair value hierarchy.

The fair value of all external over-the-counter derivatives is calculated based on the discount rate adjustment technique. The discount rate used is derived from observable rates of return for comparable assets or liabilities traded in the market. The credit risk of the external counterparty is incorporated into the calculation of fair values of financial assets and own credit risk is incorporated in the measurement of financial liabilities. The change in fair value is therefore impacted by the following inputs, the movement of the interest rate curves, by the volatility of the applied credit spreads, and by any changes to the credit profile of the involved parties.

There are no financial assets and liabilities that have been remeasured to fair value on a non-recurring basis.

The carrying amounts of other financial instruments which include cash and cash equivalents, trade and other receivables, certain investments, trade and other payables and current interest-bearing borrowings approximate their fair values.

6. Capital commitments

US\$ million	Reviewed	
	Sep 2022	Sep 2021
Contracted	108	116
Approved but not contracted*	255	144
	363	260

* Subsequent to year-end a further US\$418 million was approved but not contracted for.

7. Interest-bearing borrowings, lease liabilities and cash and cash equivalents

US\$ million	Reviewed	
	Sep 2022	Sep 2021
Non-current and current interest-bearing borrowings	1,859	2,194
Non-current and current lease liabilities	84	118
Less: Cash and cash equivalents	(780)	(366)
Net debt	1,163	1,946
As at September 2022, the group was in compliance with its debt covenants:		
Covenant leverage ratio	0.9	3.7
Interest cover	15.6	5.5

8. Material balance sheet movements

Since the 2021 financial year-end, both the Euro and the ZAR have weakened by approximately 16.4% and 21.3% respectively against the US Dollar, the group's presentation currency. This has resulted in a movement of the group's European and South African assets and liabilities, which are held in the aforementioned functional currency, on translation to the presentation currency at period end.

Ordinary shareholders' interest

The group issued 3.4 million ordinary shares in April 2022 amounting to US\$6 million to settle just over 6% of its subsidiary's convertible bond initial offering of ZAR1.8 billion.

8. Material balance sheet movements continued

Other non-current assets

In October 2021, the group purchased a group annuity contract from its pension assets for US\$508 million to transfer US\$535 million of the North American regions' retiree pension obligations to an insurance company. The pension obligations were remeasured to their present value, as required, prior to settlement resulting in an actuarial loss of US\$33 million. The resulting settlement gain of US\$26 million, net of professional fees, was recorded in profit or loss.

Deferred tax assets and liabilities

On 23 February 2022, the South African Minister of Finance announced that the corporate income tax rate would be reduced from 28% to 27%, effective from years of assessment ending on or after 31 March 2023. The impact of this rate change to the income statement was a credit of US\$12 million.

In March 2022, our North American segment recognised net deferred tax assets that had previously been derecognised related to actuarial losses on its defined benefit plans with US\$18 million recognised directly in other comprehensive income in March 2022.

Inventories, trade and other receivables

In April 2022, severe flooding occurred in the KwaZulu-Natal province of South Africa resulting in widespread damage and losses. As a result, the group's South African segment wrote off inventory, incurred incremental costs and business interruption losses amounting to US\$48 million to the end of September 2022. Related insurance proceeds amounting to US\$30 million have been recognised in other operating expenses (income) in the income statement.

Other non-current assets and liabilities

The group's post-employment benefit funds recorded US\$32 million net actuarial remeasurement gains as at September 2022.

9. Held-for-sale asset and liabilities

On 29 September 2022, Sappi signed an agreement, subject to certain conditions precedent, to sell its three European graphic paper mills, being Kirkniemi, Stockstadt and Maastricht, to Aurelius Investment Lux One S.à.r.l. for a consideration of €272 million consisting of:

	EURO
Cash	41
Retained receivables	170
Assumed liabilities	61
	272

In terms of the agreement, which is structured in the form of a share deal, the purchaser will acquire the specific legal entities which own and control the assets and liabilities of the individual mills. The disposal group of assets were written down by US\$183 million (€169 million) to fair value less costs to sell. The transaction is expected to close, once all conditions precedent have been fulfilled, by the first calendar quarter of 2023. The major classes of assets held for sale or liabilities associated with assets held for sale are as follows:

	US\$
Property, plant and equipment	102
Right-of-use assets	9
Other non current assets	1
Inventories	121
Trade and other receivables	48
Assets held for sale	281
Other non-current liabilities	37
Other current liabilities	203
Liabilities associated with assets held for sale	240
Net assets classified as held for sale	41

Included in assets held for sale is US\$10 million relating to assets in North America which have been held for sale since the prior year. There have been no changes in the fair value of these assets since the prior year.

10. Related parties

There has been no material change, by nature or amount, in transactions with related parties since the 2021 financial year-end.

11. Events after balance sheet date

In October 2022, the group offered to purchase for cash a portion of its outstanding 3.125% Senior Notes due in 2026. The result of this tender offer was a repurchase of US\$206 million (€210 million) of nominal Senior Notes in the tender offer at a purchase price of 92.41%, yielding a gain of US\$15 million (€15 million) net of the accelerated amortisation of upfront costs.

The directors have resolved to declare a gross cash dividend (number 89) out of income earned for the financial year ended September 2022 of 15 US cents per ordinary share in issue on the record date being 13 January 2023. The dividend is payable in ZAR at an exchange rate of ZAR17.81877, being ZAR267.28155 cents per share.

In November, the board approved a US\$418 million investment at Somerset to convert PM2 from coated to woodfree graphic paper to solid bleached sulphate board.

12. Accounting standards, interpretations and amendments to existing standards that are not yet effective

There has been no significant change to management's estimates in respect of new accounting standards, amendments and interpretations to existing standards that have been published which are not yet effective and which have not yet been adopted by the group.

Supplemental information

(this information has not been audited or reviewed)

General definitions

Average – averages are calculated as the sum of the opening and closing balances for the relevant period divided by two

Capital employed – shareholders' equity plus net debt

Covenant leverage ratio – net debt divided by last 12 months EBITDA excluding special items as defined by our bank covenants

EBITDA excluding special items – earnings before interest (net finance costs), taxation, depreciation, amortisation and special items

EPS excluding special items – earnings per share excluding special items and certain once-off finance and tax items

Fellings – the amount charged against the income statement representing the standing value of the plantations harvested

Headline earnings – as defined in circular 1/2021, issued by the South African Institute of Chartered Accountants in March 2021, which separates from earnings all separately identifiable remeasurements. It is not necessarily a measure of sustainable earnings

It is a Listings Requirement of the JSE Limited to disclose headline earnings per share

Interest cover – last 12 months EBITDA excluding special items to net interest adjusted for refinancing costs

NBSK – Northern Bleached Softwood Kraft pulp. One of the main varieties of market pulp, produced from coniferous trees (ie spruce, pine) in Scandinavia, Canada and northern USA. The price of NBSK is a benchmark widely used in the pulp and paper industry for comparative purposes

Net assets – total assets less total liabilities

Net asset value per share – net assets divided by the number of shares in issue at balance sheet date

Net debt – current and non-current interest-bearing borrowings and lease liabilities, bank overdrafts less cash and cash equivalents

Net debt to EBITDA excluding special items – net debt divided by the last 12 months EBITDA excluding special items

Net operating assets – total assets (excluding deferred tax assets and cash) less current liabilities (excluding interest-bearing borrowings, lease liabilities and overdraft)

Operating profit – a profit from business operations before deduction of net finance costs and taxes

Non-GAAP measures – The group believes that it is useful to report certain non-GAAP measures for the following reasons:

- these measures are used by the group for internal performance analysis
- the presentation by the group's reported business segments of these measures facilitates comparability with other companies in our industry, although the group's measures may not be comparable with similarly titled profit measurements reported by other companies
- it is useful in connection with discussion with the investment analyst community and debt rating agencies

These non-GAAP measures should not be considered in isolation or construed as a substitute for GAAP measures in accordance with IFRS

ROCE – annualised return on average capital employed. Operating profit excluding special items divided by average capital employed

RONOA – return on average net operating assets. Operating profit excluding special items divided by average net operating assets

Special items – special items cover those items which management believes are material by nature or amount to the operating results and require separate disclosure. Such items would generally include profit or loss on disposal of property, investments and businesses, asset impairments, restructuring charges, non-recurring integration costs related to acquisitions, financial impacts of natural disasters, non-cash gains or losses on the price fair value adjustment of plantations and settlement gains or losses on defined benefit obligations

The above financial measures are presented to assist our shareholders and the investment community in interpreting our financial results. These financial measures are regularly used and compared between companies in our industry

Supplemental information continued

(this information has not been audited or reviewed)

Summary Rand convenience translation

	Quarter ended		Year ended	
	Sep 2022	Sep 2021	Sep 2022	Sep 2021
Key figures: (ZAR million)				
Sales	32,787	20,782	115,152	78,188
Operating profit excluding special items ⁽¹⁾	5,422	1,342	16,383	3,015
Special items – (gains) losses ⁽¹⁾	3,632	496	4,230	846
EBITDA excluding special items ⁽¹⁾	6,667	2,581	21,133	7,900
Profit for the period	443	510	8,460	193
Basic earnings per share (SA cents)	78	91	1,502	35
Net debt ⁽¹⁾	21,113	29,124	21,113	29,124
Key ratios: (%)				
Operating profit excluding special items to sales	16.5	6.5	14.2	3.9
Operating profit excluding special items to capital employed (ROCE) ⁽¹⁾	34.0	6.2	25.9	3.7
EBITDA excluding special items to sales	20.3	12.4	18.4	10.1

⁽¹⁾ Refer to supplemental information for the definition of the term.

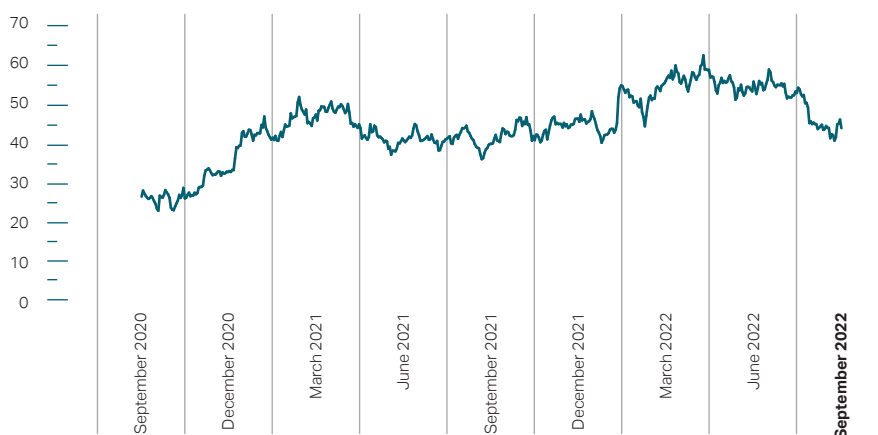
The above financial results have been translated into Rand from US Dollar as follows:

- assets and liabilities at rates of exchange ruling at period end; and
- income, expenditure and cash flow items at average exchange rates.

Exchange rates

	Sep 2022	Jun 2022	Mar 2022	Dec 2021	Sep 2021
Exchange rates:					
Period end rate: US\$1 = ZAR	18.1537	16.4033	14.6650	15.9996	14.9659
Average rate for the quarter: US\$1 = ZAR	17.0501	15.6115	15.2130	15.4148	14.5837
Average rate for the year to date: US\$1 = ZAR	15.7829	15.4097	15.3186	15.4148	14.8505
Period end rate: €1 = US\$	0.9801	1.0429	1.1055	1.1370	1.1716
Average rate for the quarter: €1 = US\$	1.0066	1.0638	1.1214	1.1447	1.1802
Average rate for the year to date: €1 = US\$	1.0853	1.1108	1.1335	1.1447	1.1955

Sappi share price – September 2020 to September 2022



Sappi has a
primary listing
on the JSE
Limited and a
Level 1 ADR
programme that
trades in the
over-the-counter
market in the
United States

sappi

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