

Steve Binnie  
Chief Executive Officer, Sappi Limited  
10 November 2022

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# Q4 FY22 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 FY2022

## Excluding special items\*

Record annual EBITDA\*  
US\$1,339m

Profit for the year US\$536m  
EPS\* 138 US cents

Net debt to EBITDA  
0.9x

- Strong global paper markets
- Pricing momentum offset sharply rising costs
- Graphic papers generated record EBITDA\* US\$650 million
- Packaging and speciality papers EBITDA\* growth y-o-y\*\* 68%
- Successful commissioning of Saiccor expansion project
- Net debt reduced by US\$783 million y-o-y\*\*
- Resumption of dividend; 15 US cents per share

• Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported operating profit and page 33 in our Q4 FY22 financial results booklet (available on [www.sappi.com](http://www.sappi.com)) for a definition of special items.

\*\* FY22 versus FY21

# Highlights Q4 FY22

## Excluding special items\*

Record quarterly EBITDA\*  
US\$391m

Profit for the quarter  
US\$26m  
EPS\* 44 US cents

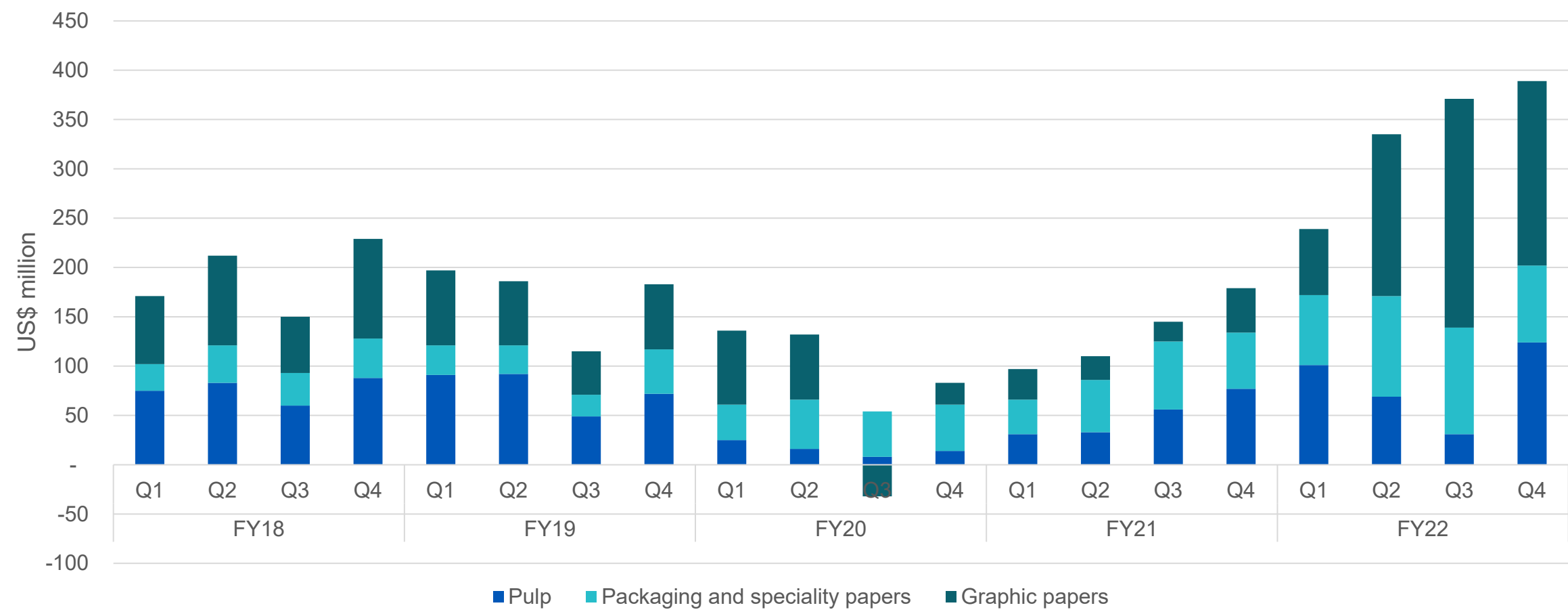
Net debt to EBITDA  
0.9x

- Strong operating performance continued into FQ4
- All regions delivered excellent results
- Graphic papers a healthy EBITDA\* margin 17.9%
- Packaging and speciality papers EBITDA\* growth y-o-y\*\* 37%
- Pulp segment EBITDA\* +61% y-o-y\*\*
- Further cost inflation, particularly energy

\* Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported operating profit and page 33 in our Q4 FY22 financial results booklet (available on [www.sappi.com](http://www.sappi.com)) for a definition of special items.

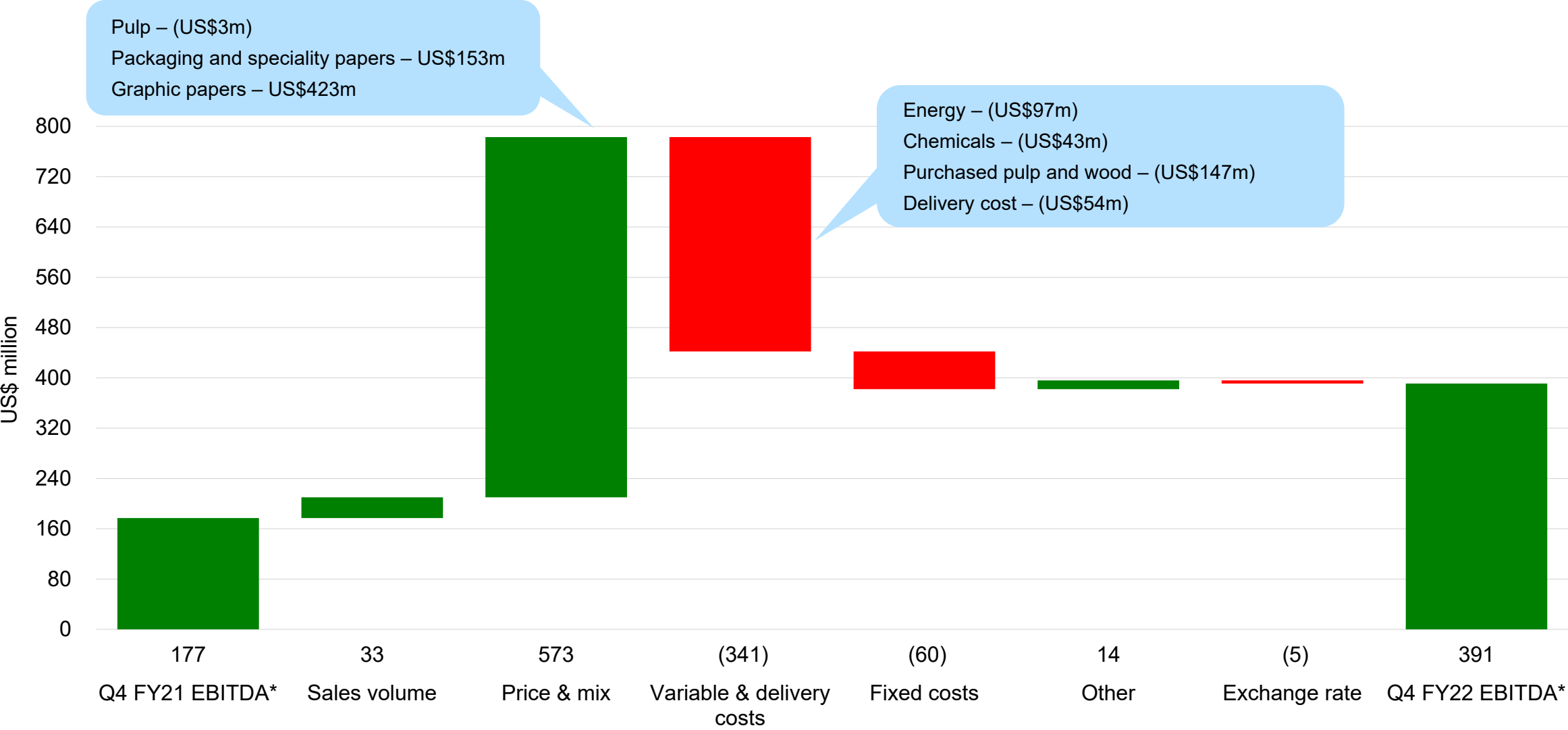
\*\* Q4 FY22 versus Q4 FY21.

# EBITDA\* contribution split



\* Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported operating profit and page 33 in our Q4 FY22 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.

# EBITDA\* reconciliation Q4 FY21 to Q4 FY22

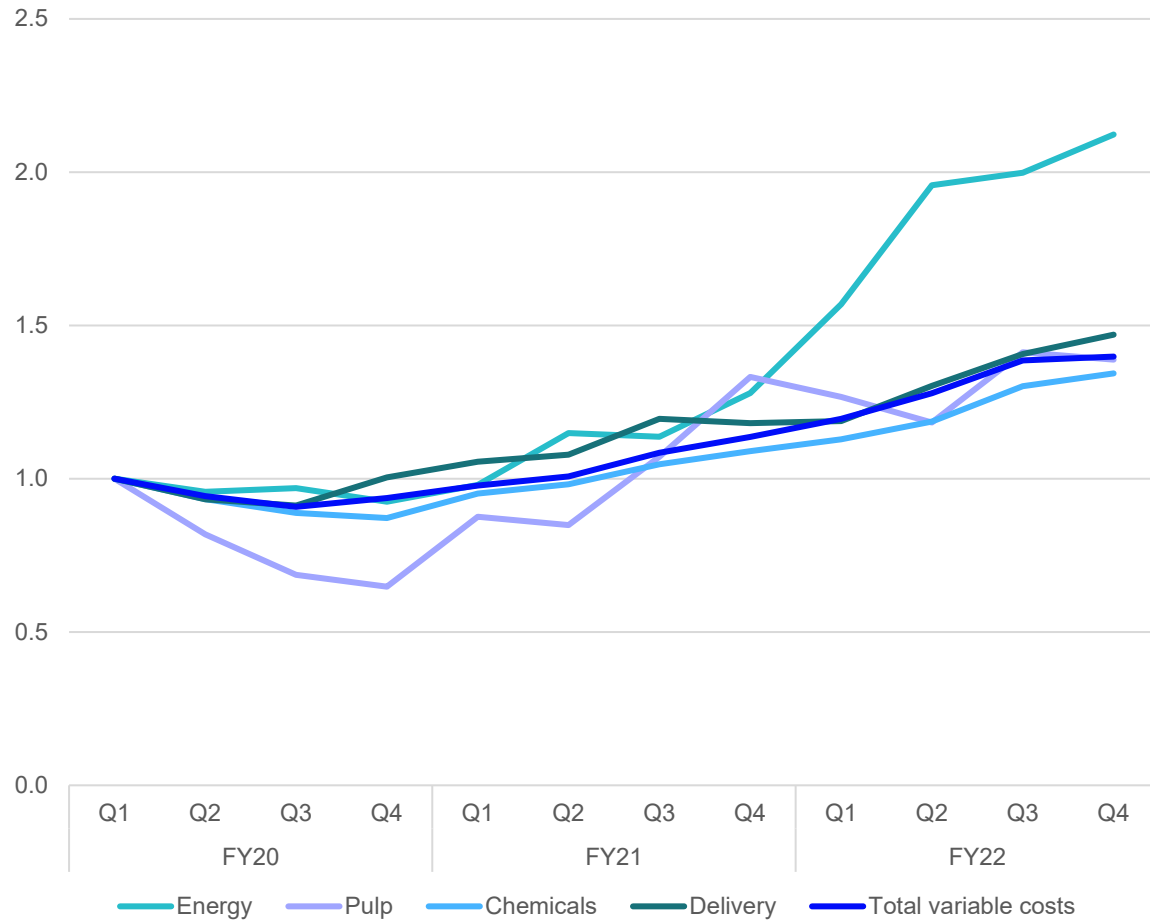


1. All variances were calculated excluding forestry operations.  
2. Currency conversion reflects translation and transactional effect on consolidation.  
3. \* = excluding special items.

# Cost inflation developments

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

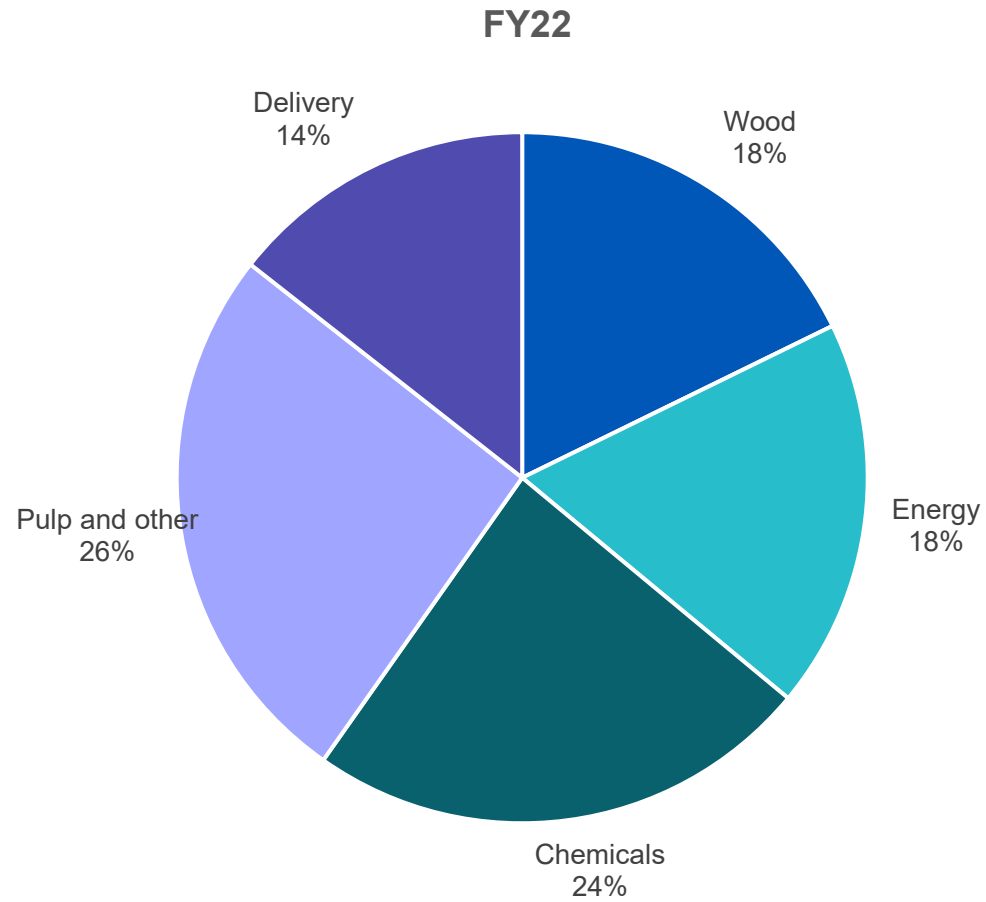
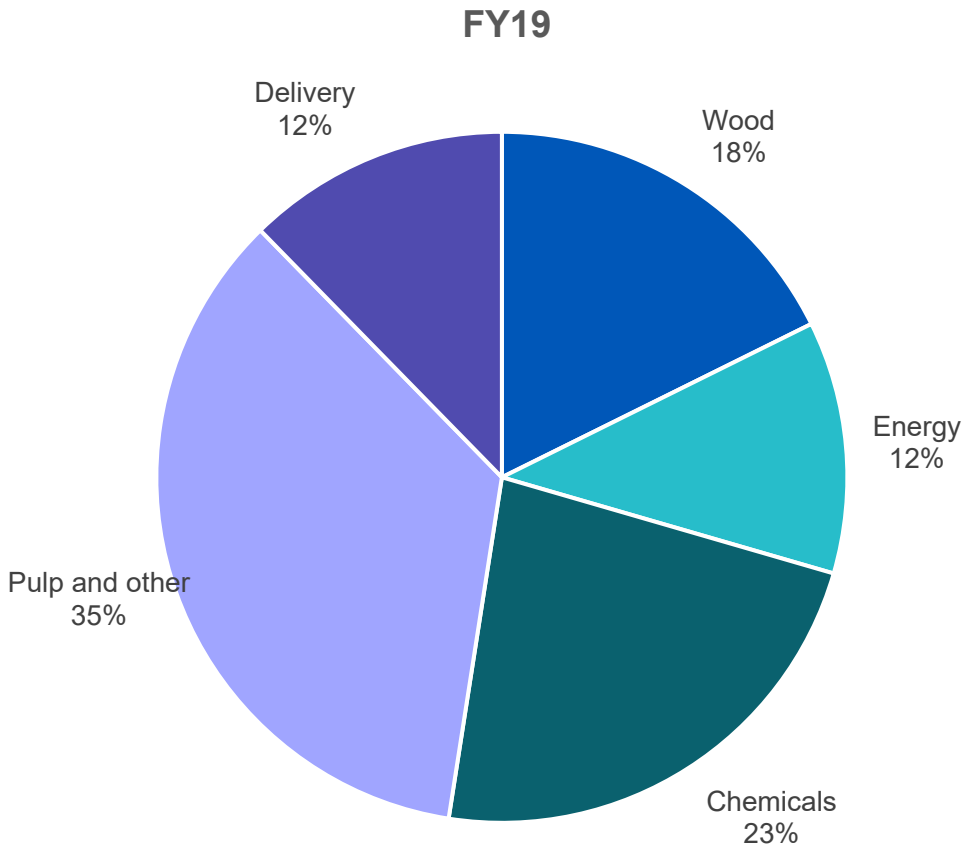


- Energy +112%
  - Largely due to the Russian-Ukrainian conflict
- Pulp +39%
- Chemicals +34%
- Delivery +47%
  - Global logistical challenges and fuel inflation continue to negatively impact delivery costs
- Total variable costs +40%

Indexed to Q1 FY2020.

# Cost inflation developments

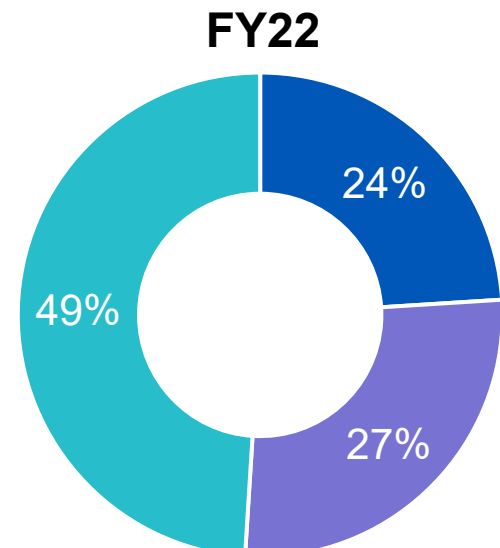
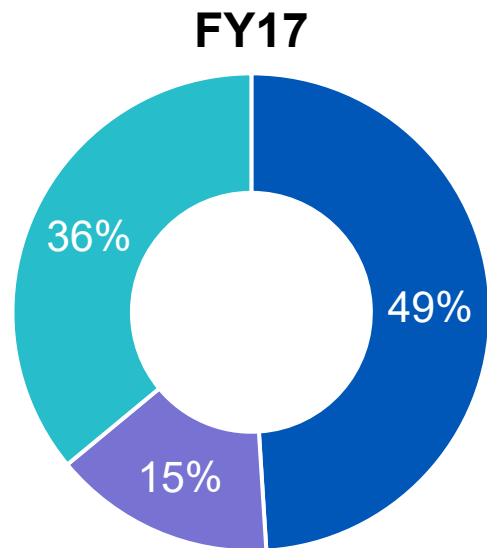
## Major variable input cost





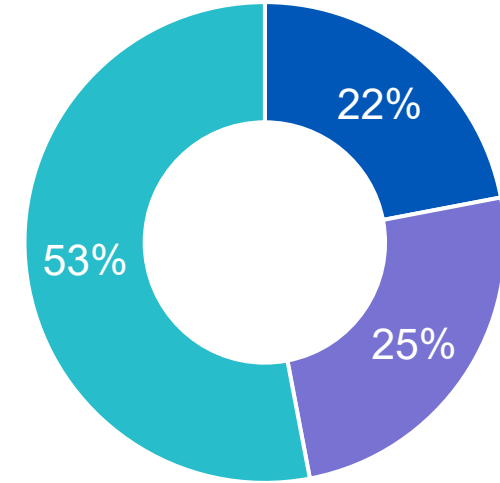
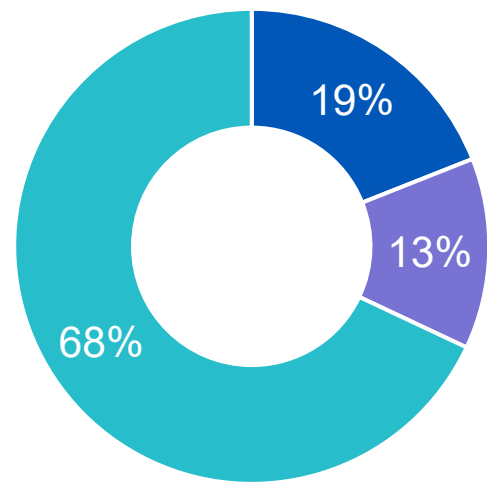
# Product contribution split

EBITDA\* excluding special items



- Pulp
- Packaging and speciality papers
- Graphic papers

Sales volumes\*\*

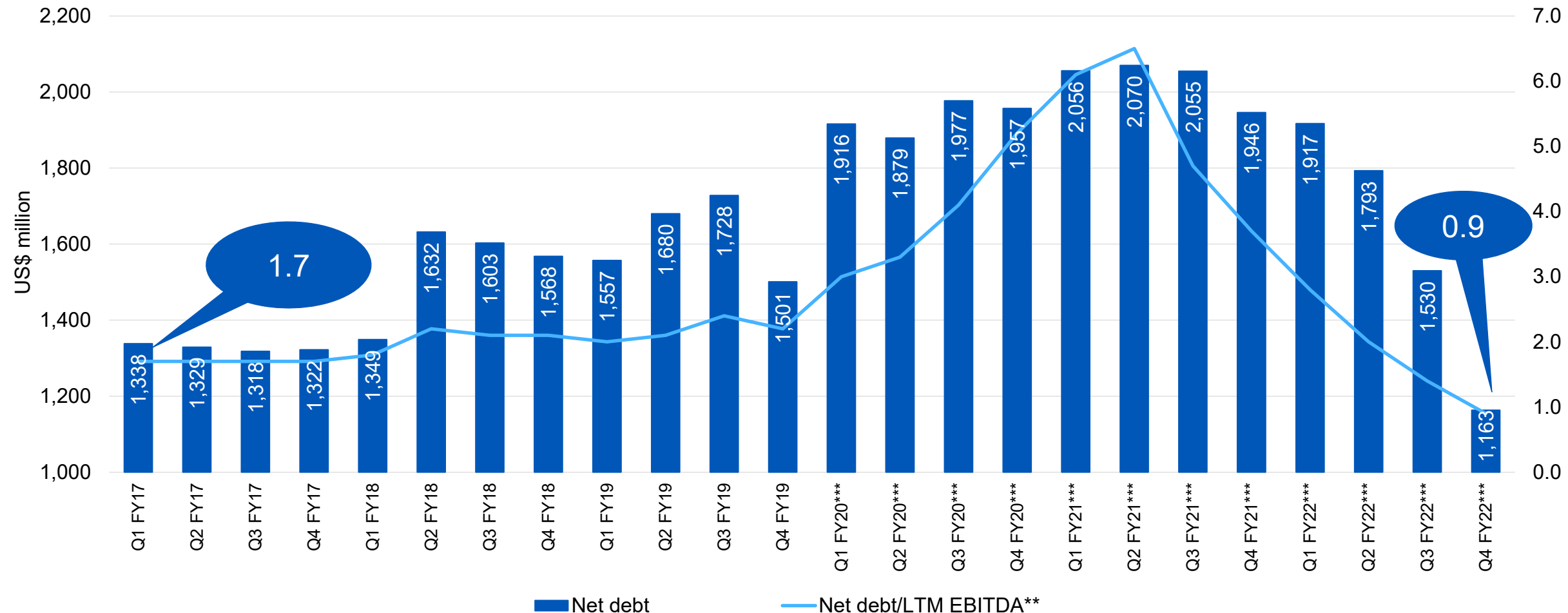


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\*\* Sales volumes exclude forestry operations.

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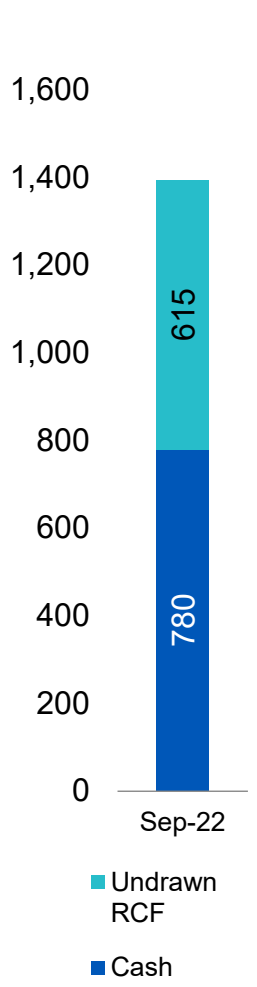
# Net debt/EBITDA\* development



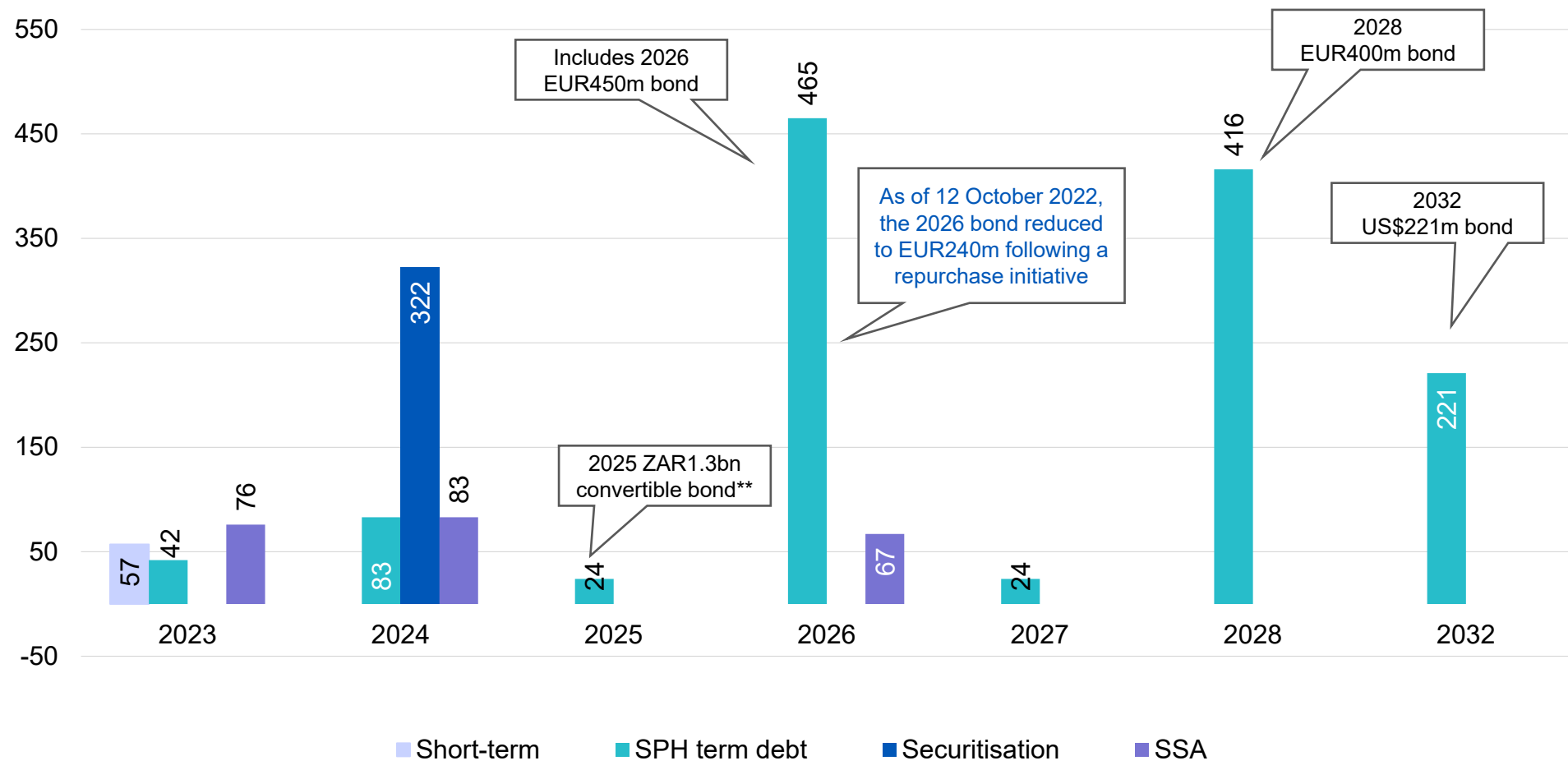
\* EBITDA excluding special items.  
\*\* The covenant Net debt/LTM EBITDA calculation has adjustments and therefore differs from that shown above.  
\*\*\* Quarters impacted by IFRS 16 leases (Q4 FY22 ~US\$84m) and Matane Mill acquisition (Q1 FY20 US\$158m).

# Debt maturity profile\* Fiscal years

Liquidity, US\$ millions



Debt Maturity , US\$ millions



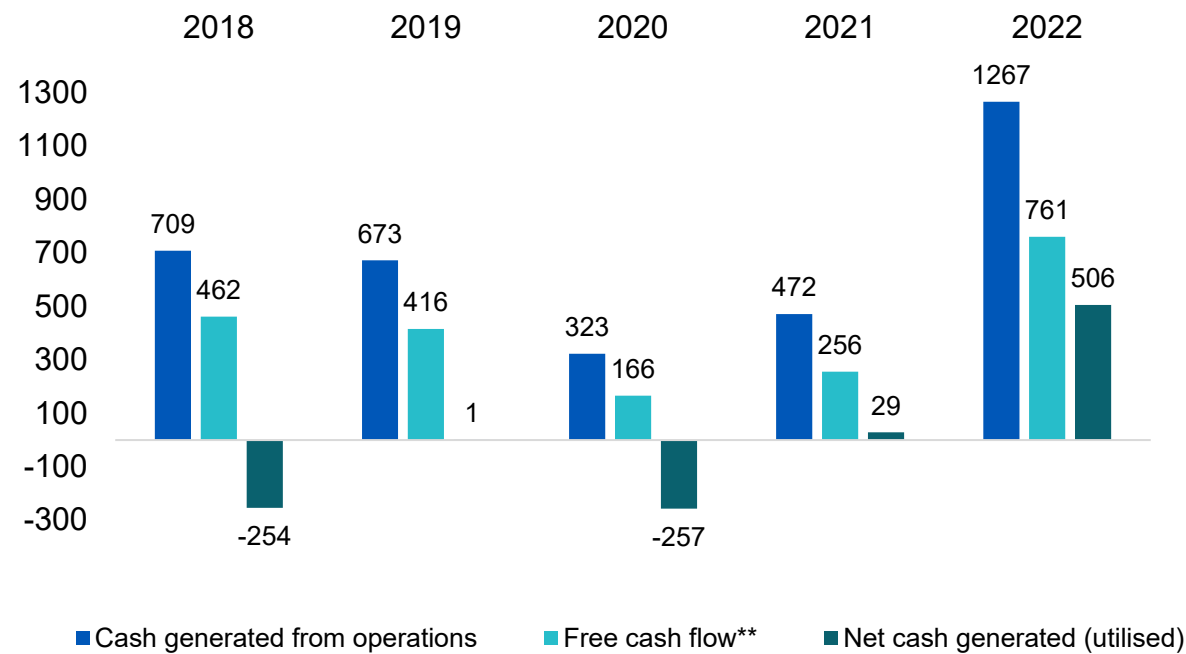
\* Excludes US\$120 million in IFRS 16 leases; average time to maturity of approximately four years.

\*\* 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.

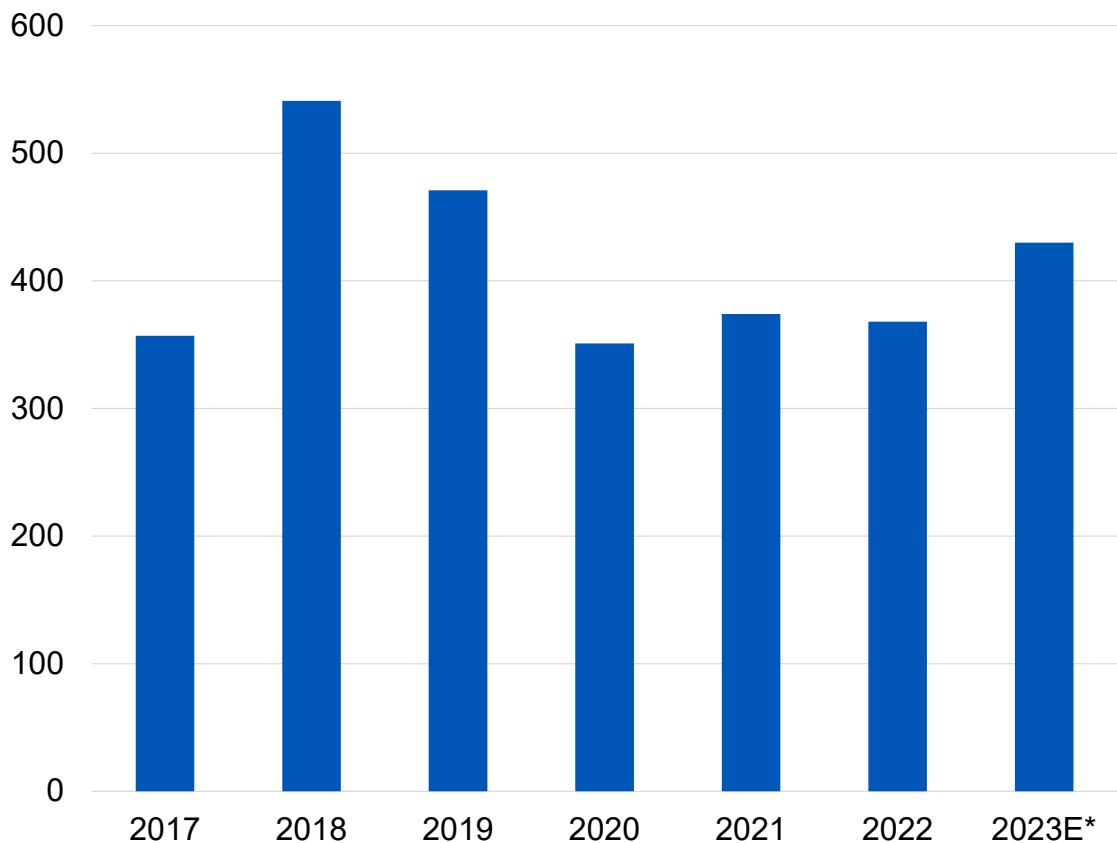
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# Cash flow and Capex

Cash Flow, US\$ millions



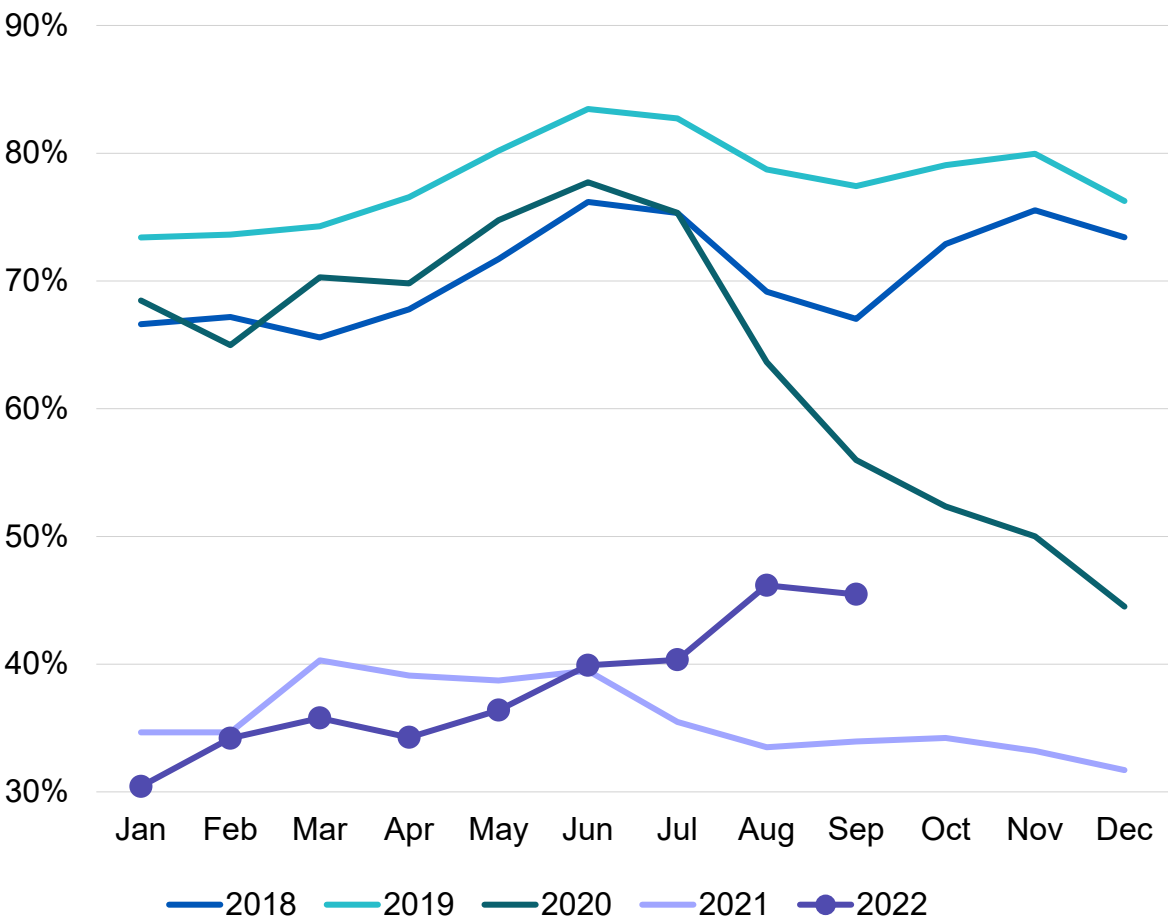
Capital Expenditure, US\$ millions



\* 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

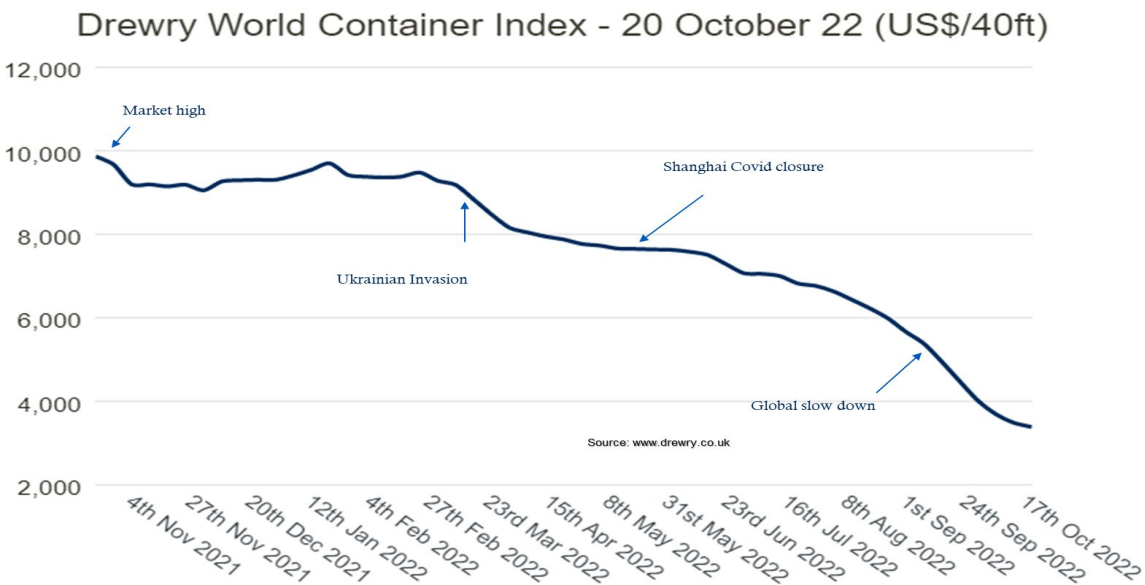
\*\* Free cash flow = Cash generated from operations less working capital less maintenance and regulatory/ environmental capex

Schedule reliability as of September 2022



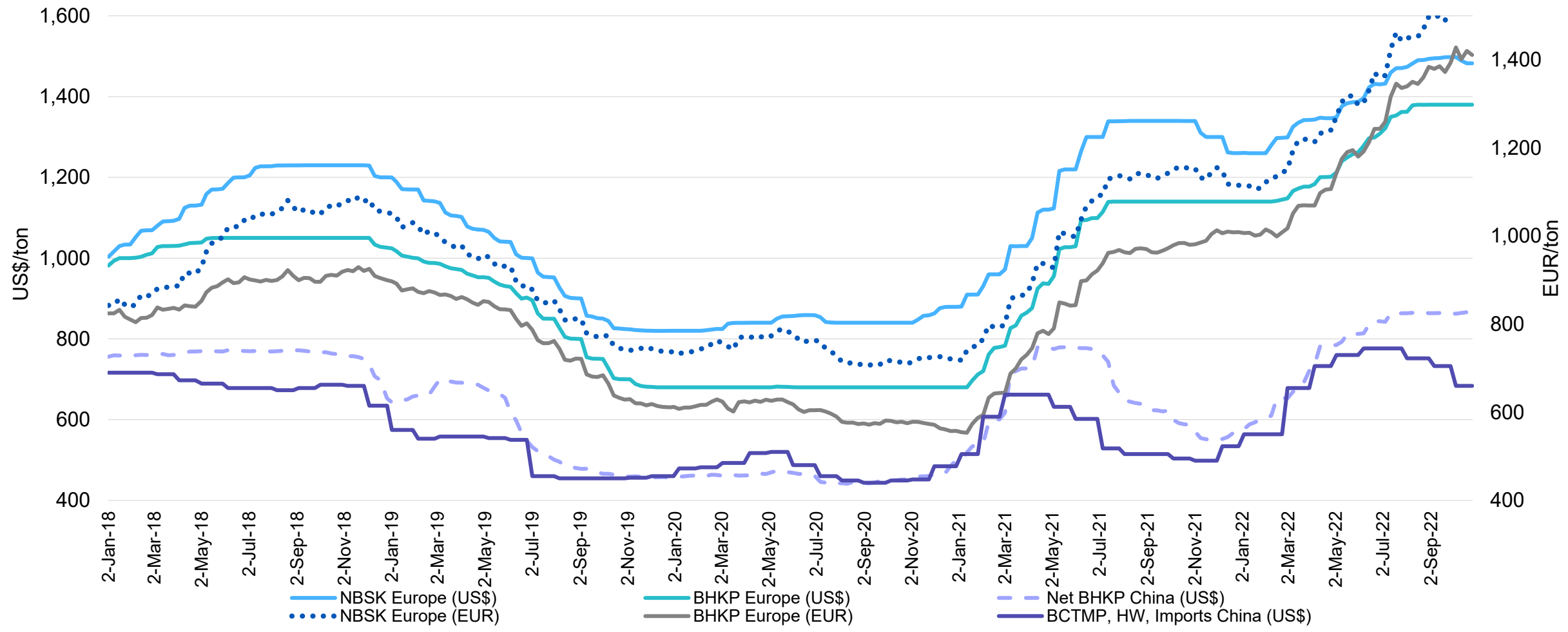
Source: Sea-Intelligence, GLP Issue 134.

WCI\* decreased to \$3,383 per 40ft



Source: Drewry  
\* WCI – World Container Index.

# Paper pulp Prices



Source: FOEX, CCF group, RISI.



- Volatility in energy prices continues; natural gas prices decreased in recent weeks
- Ongoing threat to gas and energy supplies poses a potential risk to our European business
- To date, our energy risk mitigation strategies have successfully reduced cost impacts



# Segmental overview

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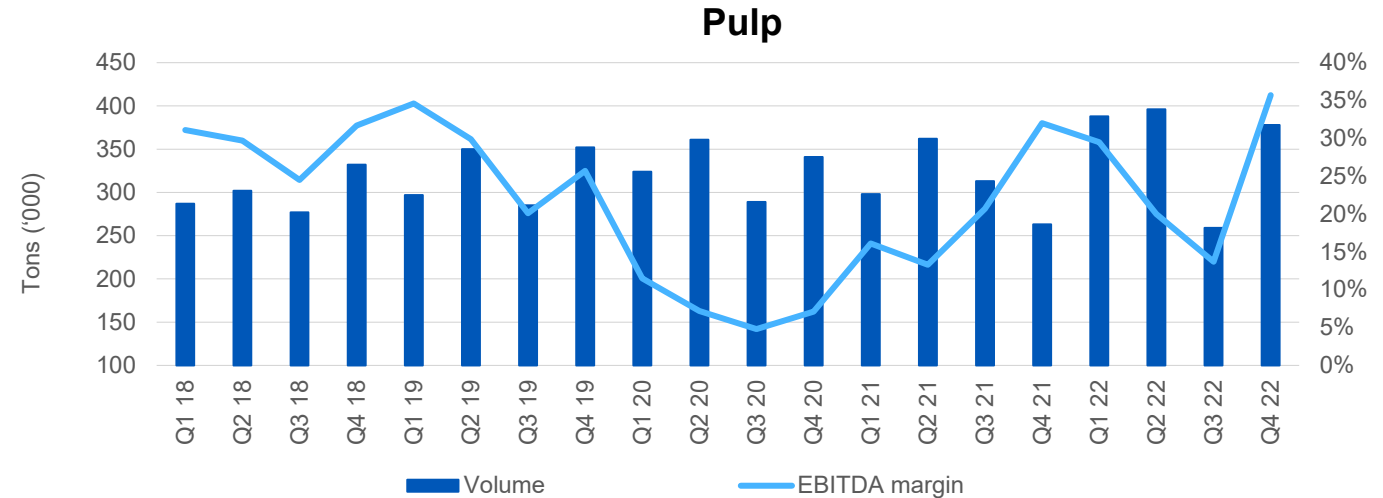
# Pulp

## Highlights Q4 FY22

Sales tons +44%  
year-on-year\*\*

Price per ton  
flat year-on-year\*\*

EBITDA\* margin  
35.7%



- EBITDA\* + 61% y-o-y \*\* due to increased sales volumes and beneficial DP pricing
- Improved logistics, particularly for exports from South Africa
- Weaker sentiment in textile value chain due to high retail inventories and recessionary fears

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\*\* Q4 FY22 vs Q4 FY21.

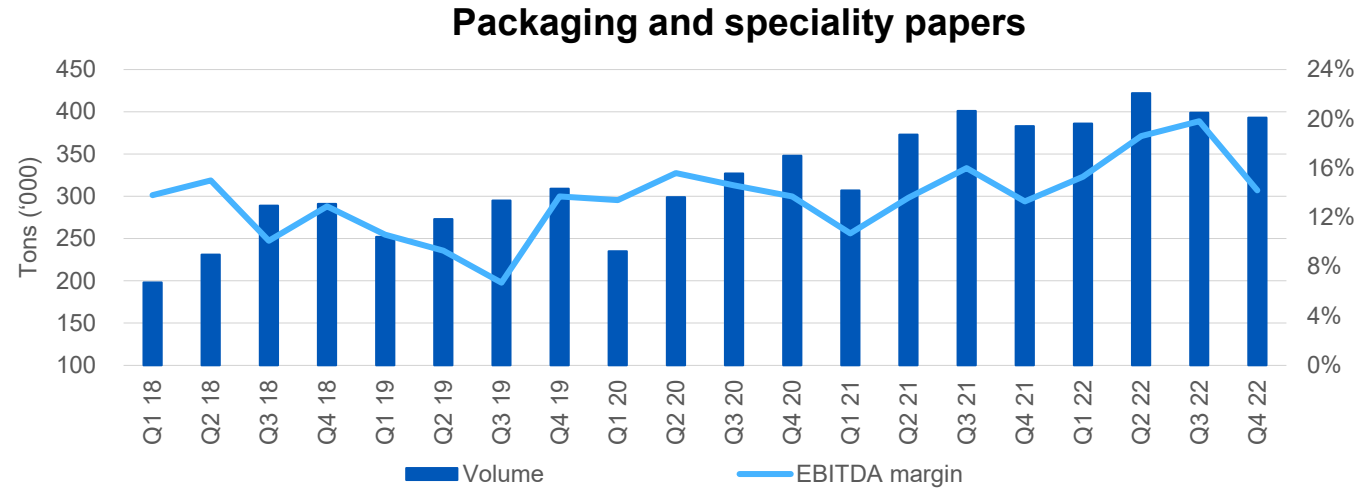
# Packaging and speciality papers

## Highlights Q4 FY22

Sales tons  
+3% year-on-year\*\*

Price per ton  
+25% year-on-year\*\*

EBITDA\* margin  
14.2%



- EBITDA\* +37% y-o-y\*\*
- Sales constrained by low inventory levels
- Escalating costs eroded margins q-o-q

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\*\* Q4 FY22 vs Q4 FY21.

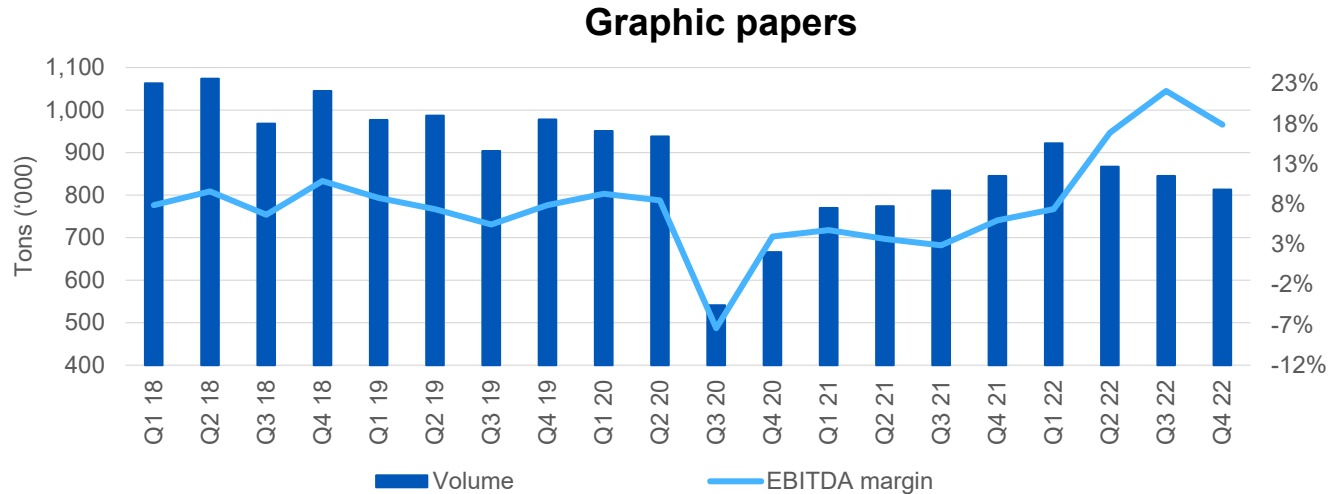
# Graphic papers

## Highlights Q4 FY22

Sales tons -4%  
year-on-year\*\*

Price per ton  
+43% year-on-year\*\*

EBITDA\* margin  
17.9%



- Favourable market conditions supported further q-o-q selling price increases
- Cost inflation, particularly in Europe, reduced margins q-o-q

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\*\* Q4 FY22 vs Q4 FY21.

Sales tons flat  
year-on-year\*\*

Price per ton (EUR)  
+67% year-on-year\*\*

EBITDA\* margin  
13.2%

- Excellent quarterly performance; EBITDA €130 million
- Favourable market conditions supported further selling price increases but insufficient to offset significant cost inflation
- Graphic paper segment continued to outperform the market
- Packaging and speciality papers sales volumes +15% y-o-y\*\*

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\*\* Q4 FY22 vs Q4 FY21.

# Sappi North America

## Highlights Q4 FY22

Sales tons +1%  
year-on-year\*\*

Price per ton (US\$)  
+26% year-on-year\*\*

EBITDA\* margin  
24.4%

- Another record quarterly EBITDA of US\$143 million
- Continued tight US graphic paper markets supported further selling price increases
- Customer demand for paperboard products significantly exceeded our capacity
- Profitability of the pulp segment was boosted by net selling price increases for both DP and BCTMP

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\*\* Q4 FY22 vs Q4 FY21.

# Sappi Southern Africa

## Highlights Q4 FY22

Sales tons\*\* +28%  
year-on-year\*\*\*

Price per ton (ZAR)\*\*  
+17% year-on-year\*\*\*

EBITDA\* margin  
29.7%

- Strong performance in the quarter
- Improved performance of the pulp business
  - Regular breakbulk shipments increased sales volumes
  - Successful trial to export Ngodwana pulp from Maputo
  - Weaker ZAR/US Dollar exchange rate
- Y-o-y\*\*\* net selling price increases were achieved in all product segments which offset cost inflation
- Favourable market conditions for tissue, office and newsprint

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

\*\*\* Q4 FY22 vs Q4 FY21.

# 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.

(1) EBITDA = EBITDA excluding special items.

(2) TCFD = Task Force on Climate-related Financial Disclosures.

# 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
	Shareholder value		Sustainable dividends return value to shareholders Target dividend 3 x cover Target ROCE 2% above WACC		Improve pulp integration Dividend 15 US cents, Jan 2023
<b>Shareholder Returns</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



# Divestment of European graphic paper mills

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Sappi has concluded an agreement with **AURELIUS Investment Lux One S.à.r.l.** to divest three European graphic paper mills with combined capacity of **1,230,000 tons per annum**

## Kirkniemi (Finland)



750 000 tpa coated mechanical paper

## Maastricht (Netherlands)



260 000 tpa coated woodfree paper & paperboard

## Stockstadt (Germany)



220 000 tpa coated & uncoated woodfree paper

### Consideration **€272 million**

- Cash and retained receivables **€212 million**
- Transfer of liabilities to Aurelius **€60 million**

29 September 2022



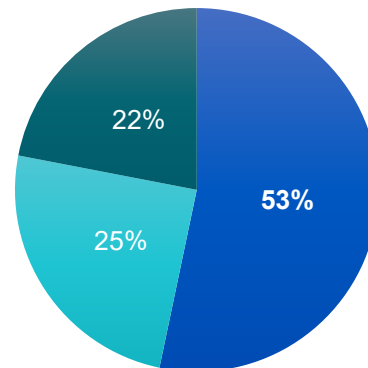
- Closure is expected to occur by end of Q2 FY2023
- Receivables will be collected by end of Q3 FY2023

- Cash proceeds will be used to reduce debt and advance the Thrive25 strategy to grow in higher growth and higher margin segments including packaging and speciality papers, pulp and biomaterials

### Thrive25 Strategic Objective

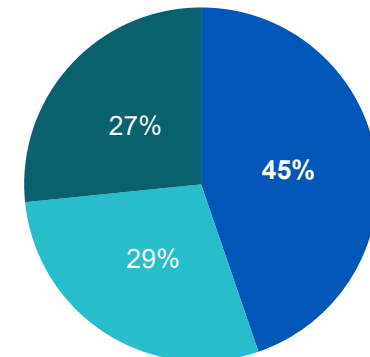
- Reduce exposure to the graphic paper segment while expanding Sappi's presence in higher growth and higher margin segments including packaging and speciality papers, pulp and biomaterials

Group Sales Volumes FY2022



- Graphics papers
- Packaging & speciality papers
- Pulp

Group Sales Volumes FY2022  
Excluding Divestment Mills



# Conversion and expansion of Somerset PM2

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- 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





# 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.





# Global People & Prosperity Targets FY22



## Safety

- LTIFR\* target achieved in all regions
- Strong safety focus



## Gender diversity

- Target for women in senior positions achieved
- SEU needs further improvement



## Sustainable procurement

- Target achieved; 74% of our group procurement spend with a declared compliance with our Supplier Code of Conduct
- 199 suppliers on EcoVadis platform



## Advanced broad-based black economic empowerment (B-BBEE)\*\*

- B-BBEE for SSA target achieved
- Level 1 contributor



## Return on Capital Employed (ROCE)

- ROCE target achieved

\* Lost time injury frequency (LTIFR) rate for own employees and contractors.

\*\* Specific to Sappi Southern Africa



Specific for Sappi Southern Africa

Thrive25

# Global Planet Targets FY22



## Specific process water usage\*

- Target not achieved
- Water usage in KwaZulu-Natal mills impacted by floods requiring stop-start and Saiccor Mill instability during the year



## Energy efficiency

- Target not achieved
- SSA below target due to operational disruptions relating to the floods in KwaZulu Natal and turbine generator failures



## Share of renewable energy

- Below FY2022 target but improvement from FY2021
- SSA used more coal based purchased energy than planned



## Specific landfilled solid waste

- Target achieved



## Specific GHG emission

- Reduction target (Scope 1 + 2) achieved



## Certified fibre (%)

- Target achieved



## Biodiversity\*

- Action plans in progress to improve habitat conditions on important conservation areas within forestry landholdings

\* Specific to Sappi Southern Africa.



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# 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

- Target 0.77 tons CO<sub>2</sub>/adt
- Actual 0.79 tons CO<sub>2</sub>/adt
- Did not achieve planned emission reduction target at Saiccor mill due to operational instability and ramp up of expansion project

# Outlook

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## Demand

- Macroeconomic uncertainty will likely weaken demand in our graphic paper and dissolving pulp segments in upcoming quarters
- Demand for packaging and speciality papers is more resilient in economic downturns

## Cost inflation

- 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

## Sales volumes

- Sales volumes in South Africa negatively impacted by a fire at a municipal electrical substation in KwaZulu Natal and Transnet strike
- Sales volumes in North America will be impacted by the annual maintenance shut at Somerset



## Packaging investment

- The Board approved a US\$418 million investment for conversion and expansion of Somerset PM2 from coated woodfree graphic paper to solid bleached sulphate board (SBS)
- Project funded from free cash from operations (FY2023 US\$70 million)

## Capital expenditure

- Capital expenditure in FY2023 is estimated to be US\$430 million

## Overall impact on Q1 FY23

- 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



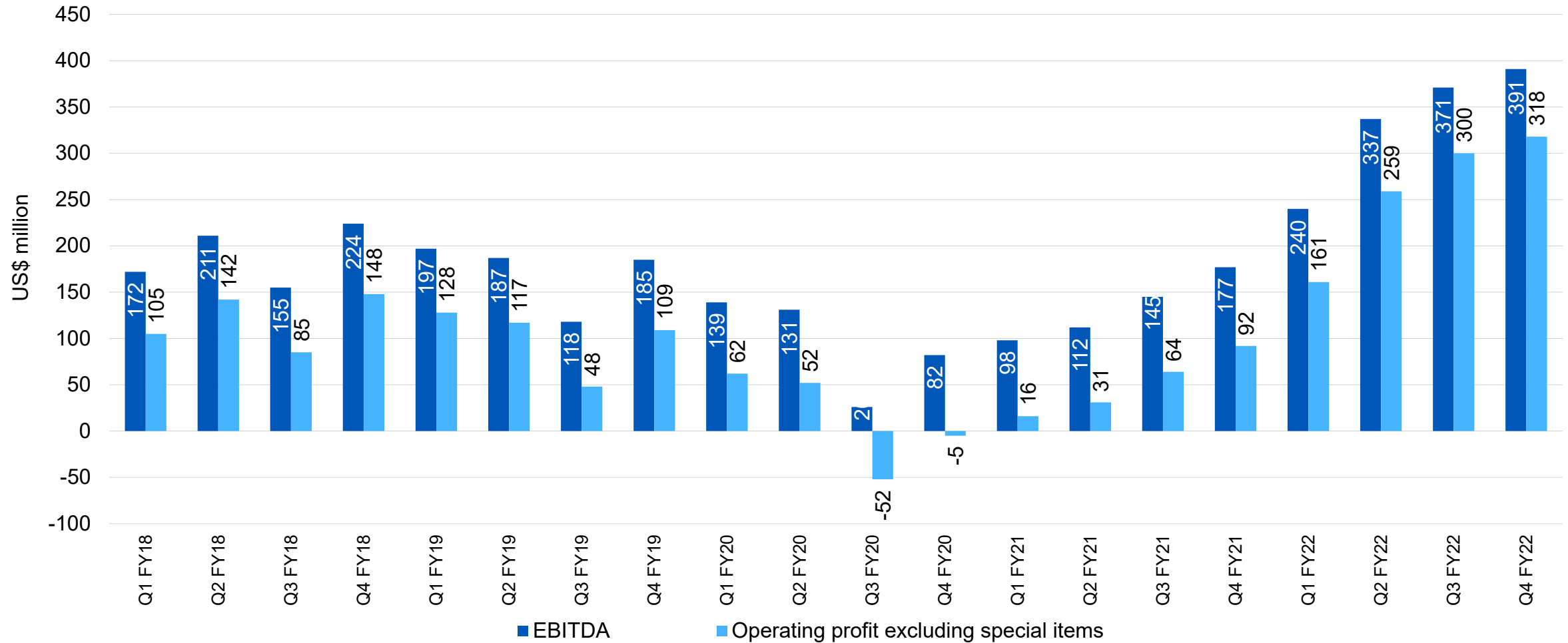
Thank you



# Supplementary information

# EBITDA and operating profit

## Excluding special items\*



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# Packaging and speciality papers Production facilities



## 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



## Stockstadt Mill\* (Germany)

Label paper, flexible packaging, containerboard



## Condino Mill (Italy)

Flexible packaging, silicone base paper, dye sublimation paper



## Gratkorn Mill (Austria)

Label paper



## Tugela Mill (South Africa)

Containerboard



## Ehingen Mill (Germany)

Containerboard
























## Westbrook Mill (United States)

Casting and release paper

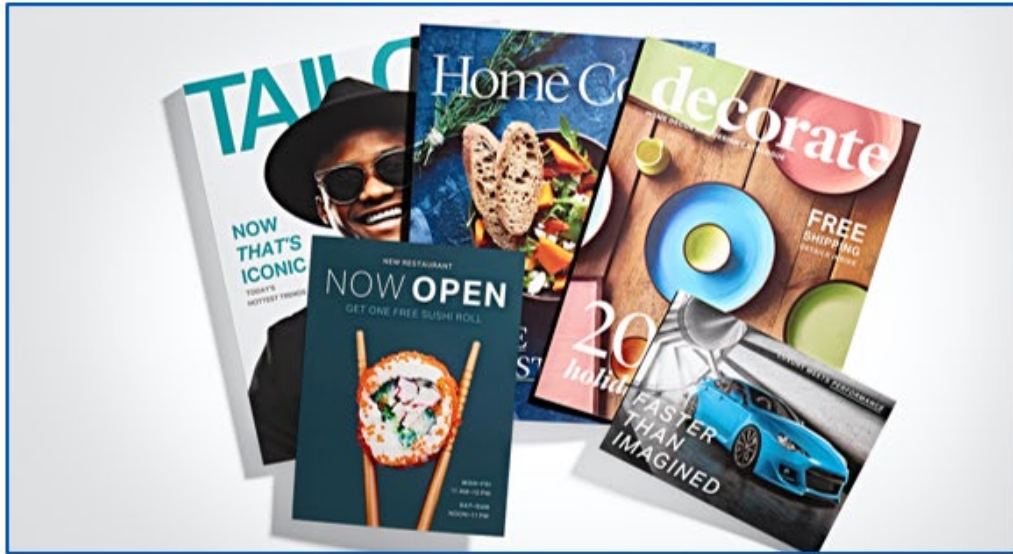
\* The divestment of the Maastricht and Stockstadt mills is anticipated to take place in Q2 of FY2023



# Packaging and speciality papers Product portfolio

Packaging			Speciality			
Flexible packaging	Paperboard	Containerboard	Label & self-adhesive papers	Casting and release papers	Dye sublimation papers	Tissue
						
						
						
						

# Graphic papers Product portfolio



# Biomaterials Product portfolio



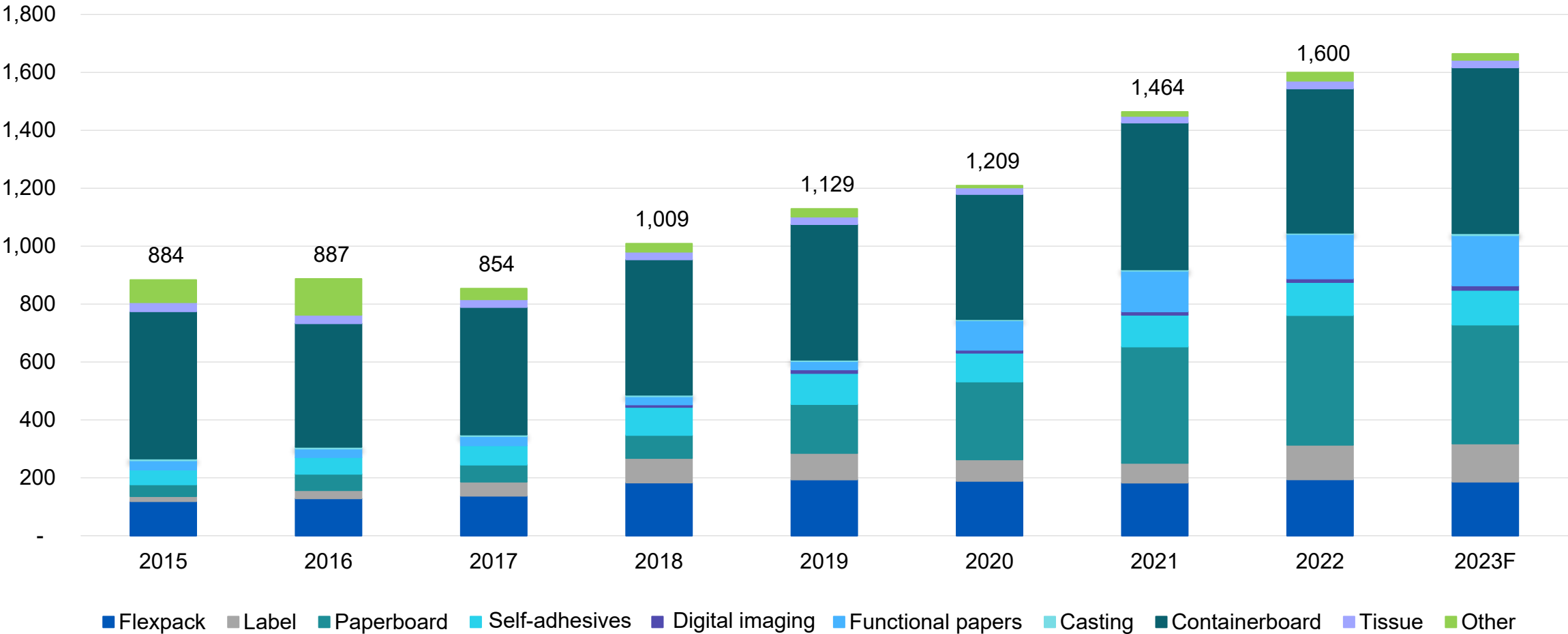


# Dissolving pulp Product portfolio

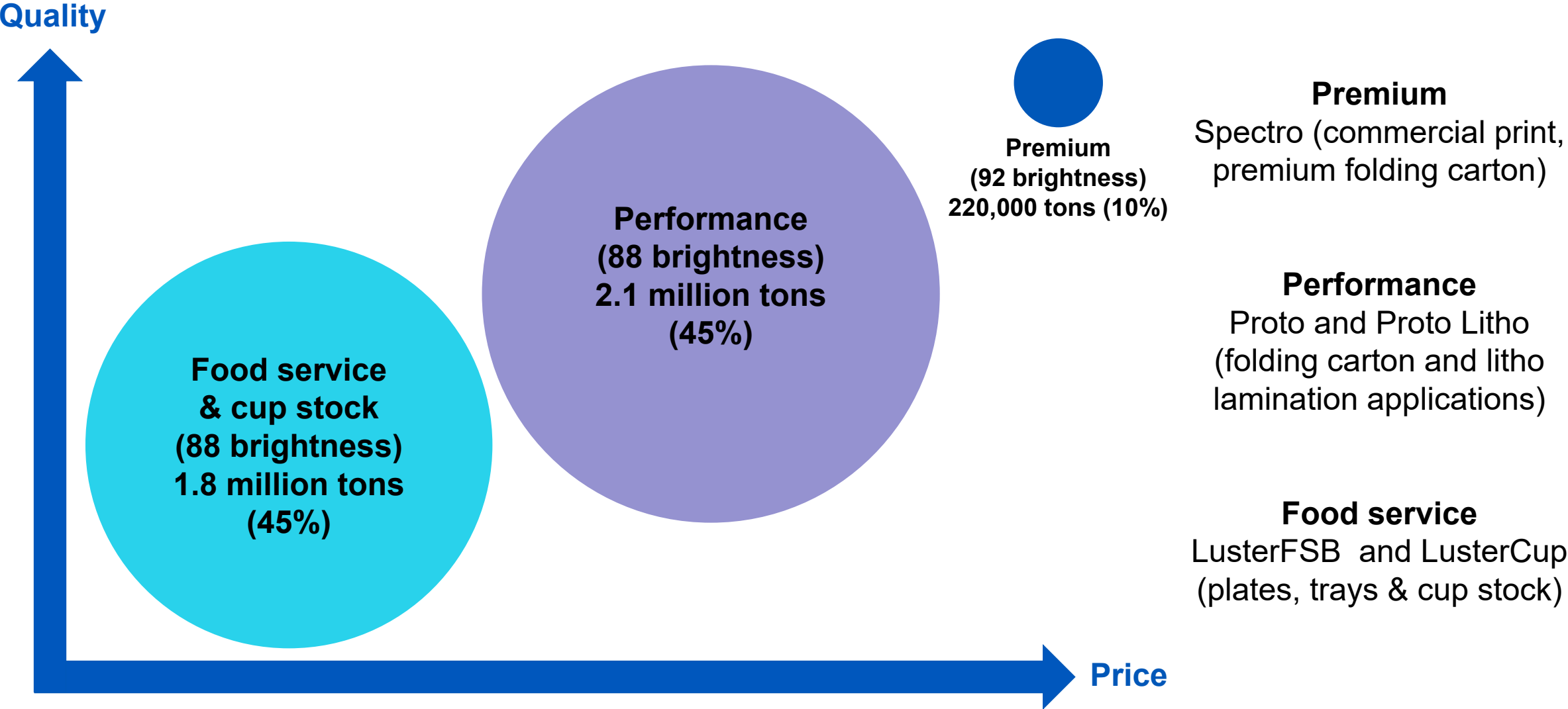


# Packaging and speciality papers

## 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.

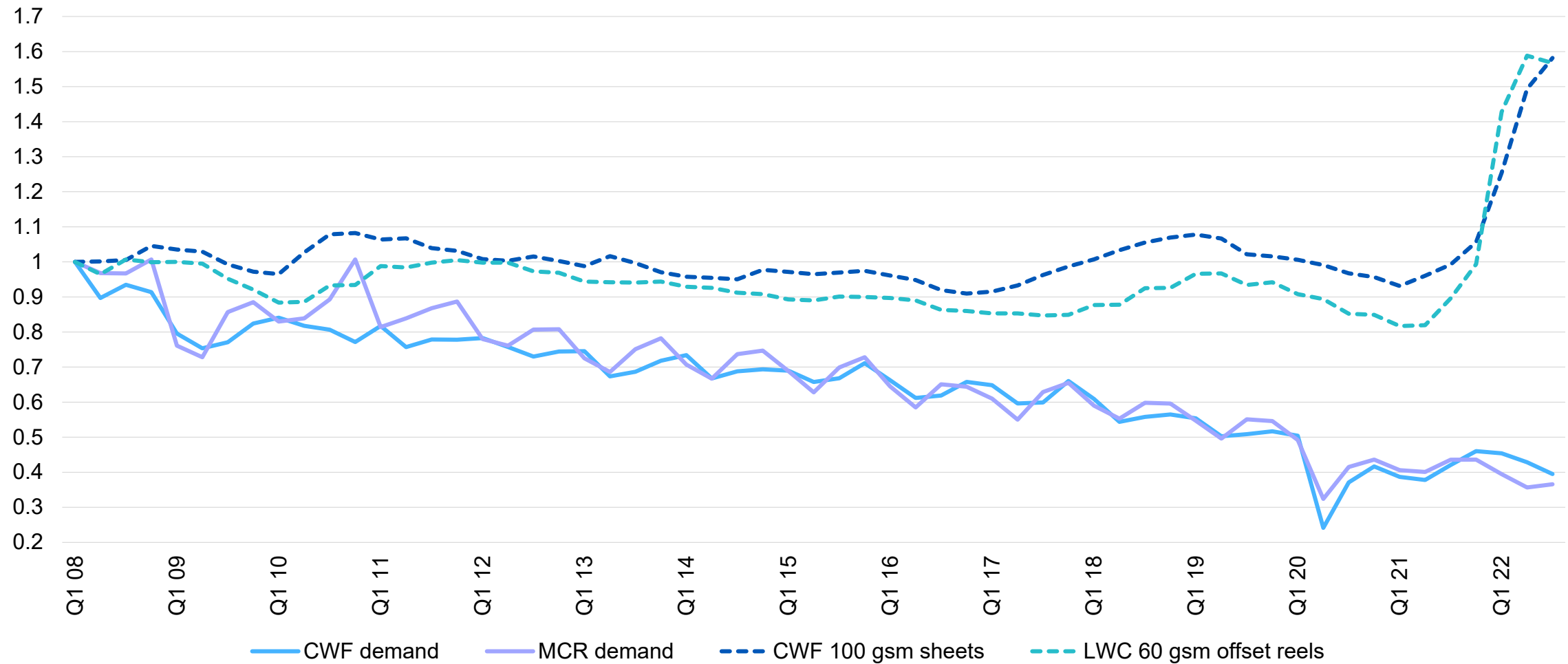
	Q4 FY22	Q3 FY22	Q4 FY21
<b>Tons sold ('000)</b>	<b>757</b>	<b>780</b>	<b>757</b>
- <i>Packaging and speciality papers</i>	153	163	133
- <i>Graphic papers</i>	604	617	624
<b>Sales (EURm)</b>	<b>982</b>	<b>943</b>	<b>589</b>
Price/Ton (EUR)	1,297	1,209	778
Cost/Ton* (EUR)	1,162	987	806
<b>Operating profit excluding special items** (EURm)</b>	<b>102</b>	<b>173</b>	<b>(21)</b>
<b>EBITDA excluding special items** (EURm)</b>	<b>130</b>	<b>200</b>	<b>12</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 33 in our Q4 FY22 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.

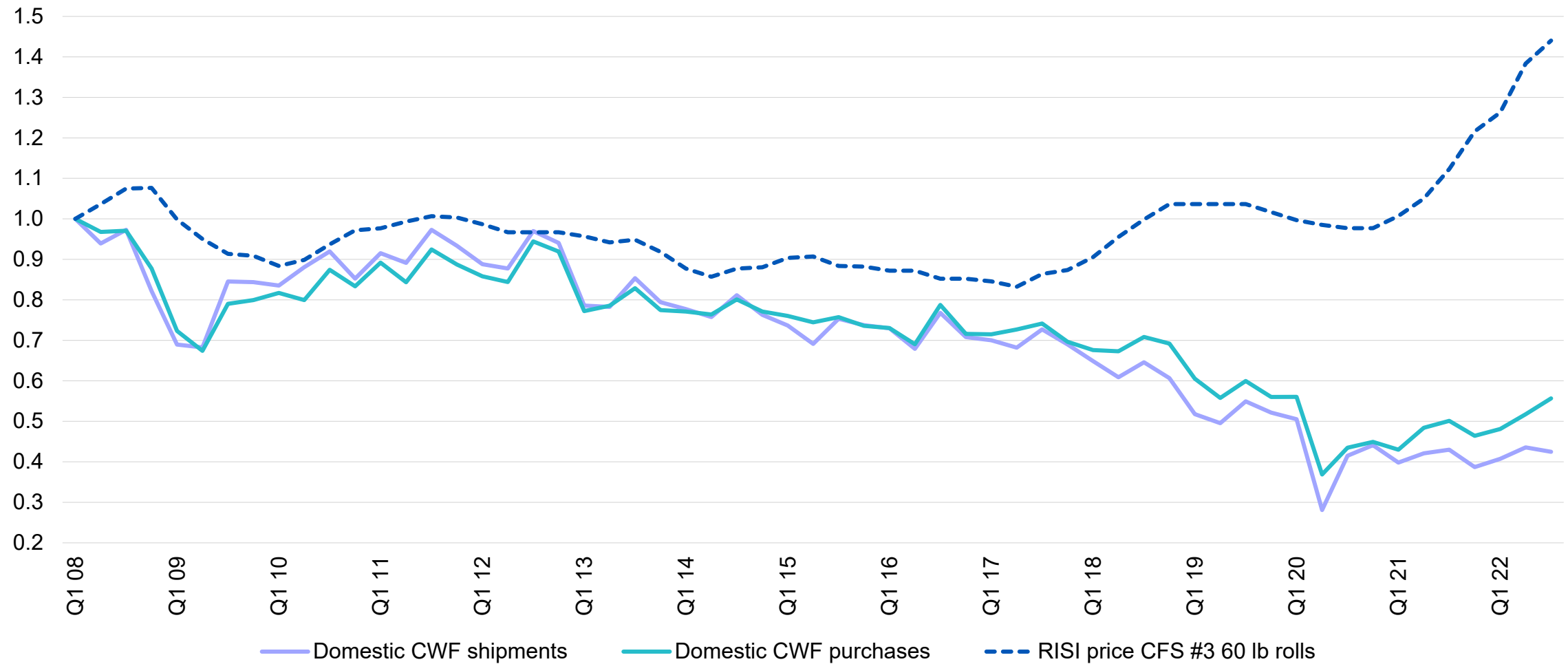
	Q4 FY22	Q3 FY22	Q4 FY21
<b>Tons sold ('000)</b>	<b>423</b>	<b>437</b>	<b>418</b>
- Pulp	111	116	107
- Packaging and speciality papers	135	132	130
- Graphic papers	177	189	181
<b>Sales (US\$m)</b>	<b>586</b>	<b>566</b>	<b>458</b>
Price/Ton (US\$)	1,385	1,295	1,096
Cost/Ton* (US\$)	1,099	1,073	940
<b>Operating profit excluding special items** (US\$m)</b>	<b>121</b>	<b>97</b>	<b>65</b>
<b>EBITDA excluding special items** (US\$m)</b>	<b>143</b>	<b>118</b>	<b>90</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 33 in our Q4 FY22 financial results booklet (available on [www.sappi.com](http://www.sappi.com)) for a definition of special items.

# 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.

	Q4 FY22	Q3 FY22	Q4 FY21
<b>Tons sold* ('000)</b>	<b>404</b>	<b>286</b>	<b>316</b>
- Pulp	267	143	156
- Packaging and speciality papers	105	104	121
- Graphic papers	32	39	39
<b>Sales* (ZARm)</b>	<b>5,924</b>	<b>3,858</b>	<b>3,969</b>
Price/Ton* (ZAR)	14,663	13,490	12,560
Cost/Ton** (ZAR)	10,923	12,741	10,051
<b>Operating profit excluding special items*** (ZARm)</b>	<b>1,511</b>	<b>214</b>	<b>793</b>
<b>EBITDA excluding special items*** (ZARm)</b>	<b>1,881</b>	<b>556</b>	<b>1,100</b>

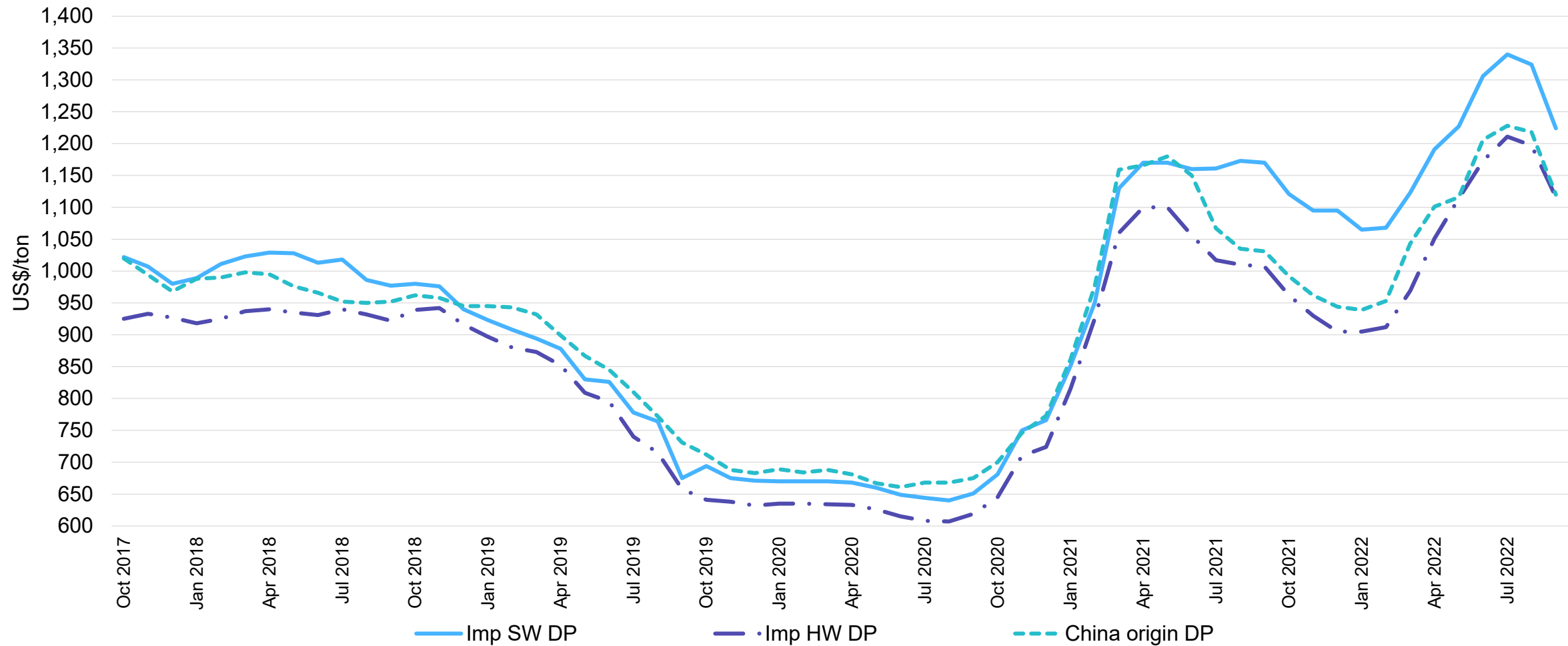
\* Tons sold, sales and price per ton excludes forestry operations.

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

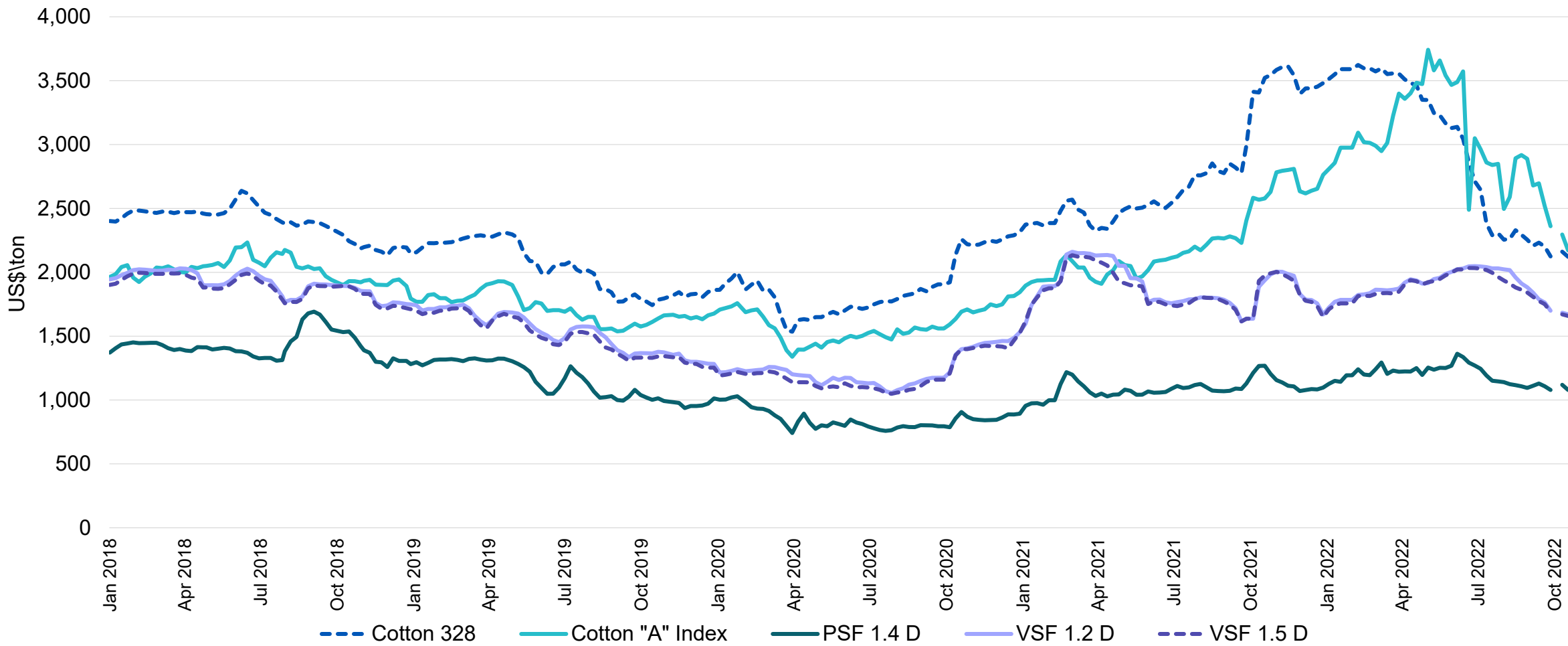
\*\*\* Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported operating profit and page 33 in our Q4 FY22 financial results booklet (available on [www.sappi.com](http://www.sappi.com)) for a definition of special items.



# Dissolving pulp Prices

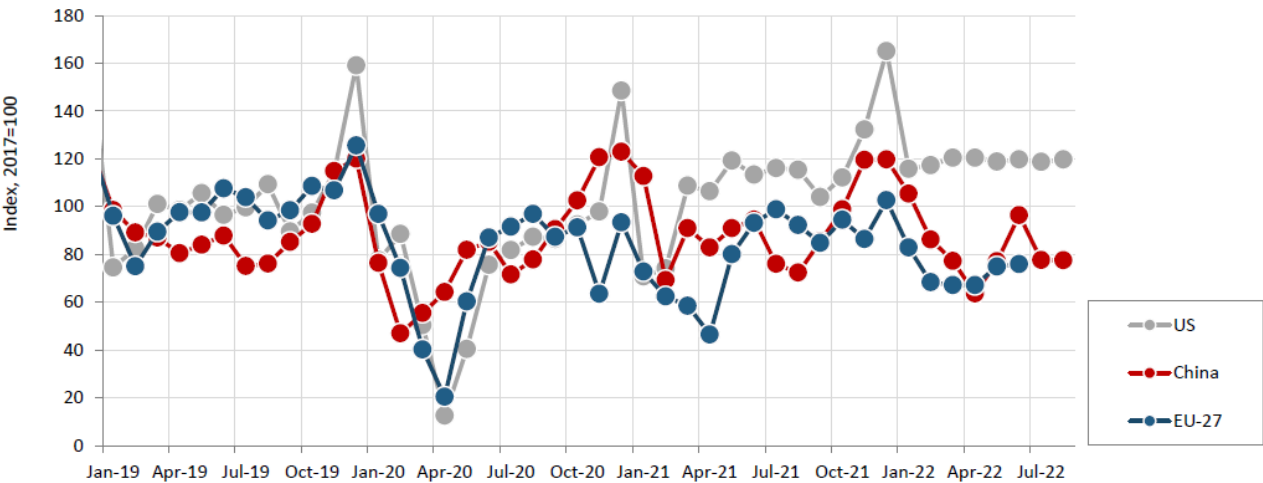


# Textile fibre Prices



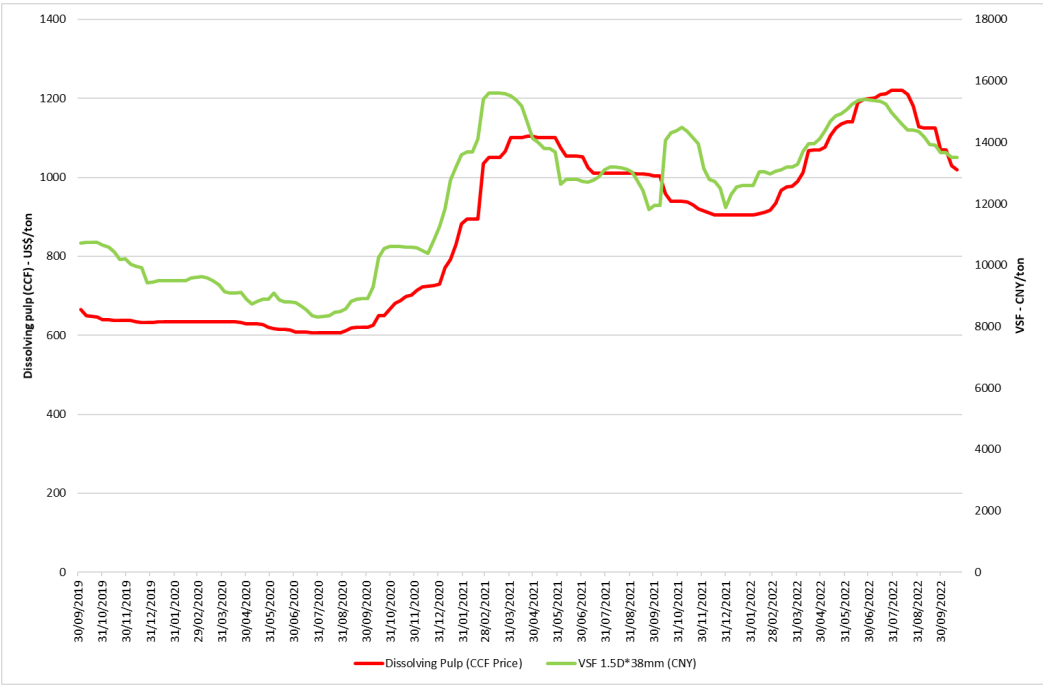
Source: CCF Group.

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.

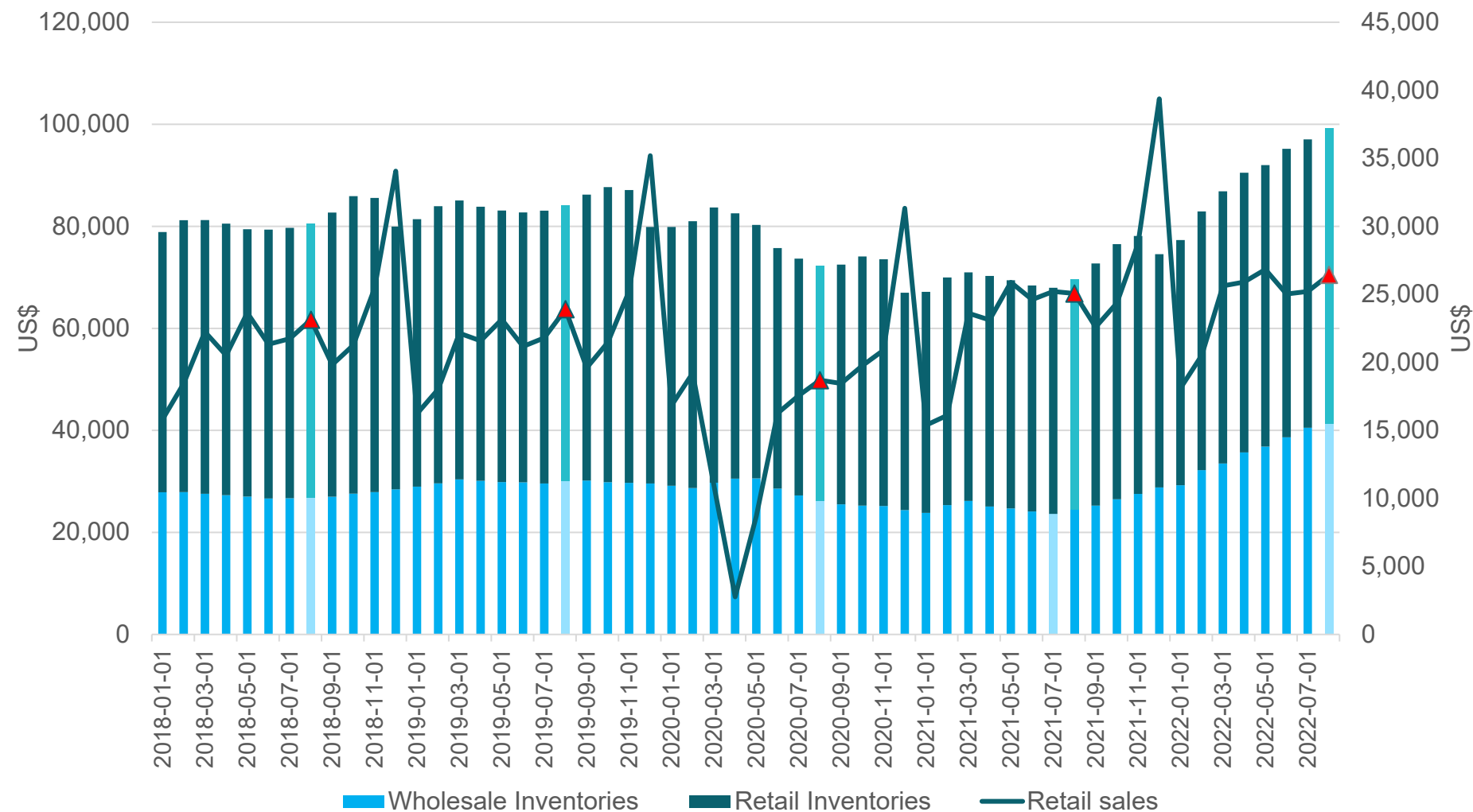
Dissolving pulp pricing vs Viscose staple fibre (VSF)



Source: CCF Group.

# US textile value chain inventory and sales

Significant inventory build through 2022 responding to low inventories in 2021  
Sales still growing; +5% y-o-y



## August 2022 vs August 2021

- Wholesale Inventory +70%
- Retail Inventory +28%
- Total Inventory + 43%
- Sales +5%

## August 2022 vs August 2019

- Total Inventory +18%
- Retail sales +11%

US\$m	Q4 FY22	Q3 FY22	Q4 FY21
<b>Cash generated from operations</b>	<b>352</b>	<b>351</b>	<b>141</b>
Movement in working capital	78	(71)	63
Finance costs paid	(50)	(14)	(24)
Finance income received	5	2	1
Taxation (paid) refund	(8)	(7)	(5)
<b>Cash generated from operating activities</b>	<b>377</b>	<b>261</b>	<b>176</b>
<b>Cash utilised in investing activities</b>	<b>(135)</b>	<b>(91)</b>	<b>(143)</b>
Capital expenditure	(134)	(93)	(143)
Proceeds on disposal of assets	1	-	1
Other non-current asset movements	(2)	2	(1)
<b>Net cash generated (utilised)</b>	<b>242</b>	<b>170</b>	<b>33</b>

# EBITDA and operating profit

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

US\$m	Q4 FY22	Q3 FY22	Q4 FY21
<b>EBITDA excluding special items*</b>	<b>391</b>	<b>371</b>	<b>177</b>
Depreciation and amortisation	(73)	(71)	(85)
<b>Operating profit excluding special items*</b>	<b>318</b>	<b>300</b>	<b>92</b>
<b>Special items* – gains (losses)</b>	<b>(213)</b>	<b>(34)</b>	<b>(34)</b>
Plantation price fair value adjustment	6	(16)	(5)
Acquisition costs	-	-	1
Net restructuring provisions	-	-	(2)
Profit (loss) on disposal and written off assets	(19)	(24)	(1)
Asset impairments	-	-	(12)
Gain (Loss) on measurement of held-for-sale assets	(183)	-	-
Equity accounted investees impairment reversal	-	3	(3)
Insurance recoveries	6	24	(1)
Fire, flood, storm and other events	(23)	(21)	(11)
<b>Operating profit</b>	<b>105</b>	<b>266</b>	<b>58</b>

\* Refer to page 33 in our Q4 FY22 results booklet (available on [www.sappi.com](http://www.sappi.com)) for a definition of special items.

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

## Sustainability is embedded into Sappi's business and work culture

sappi

### Sappi's commitment to sustainable growth

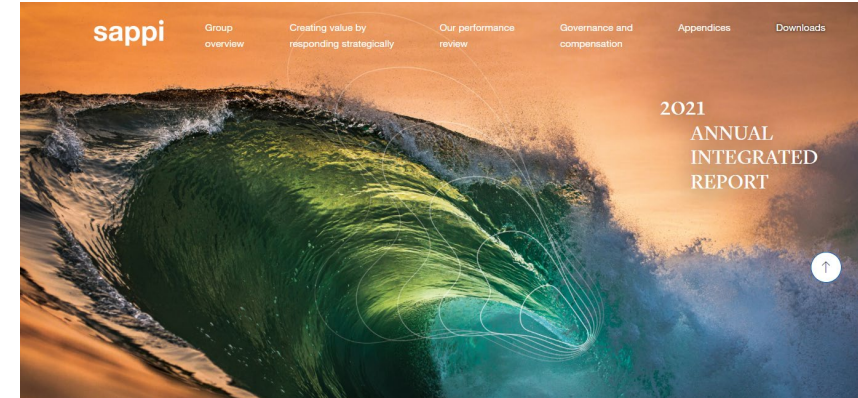


FTSE4Good

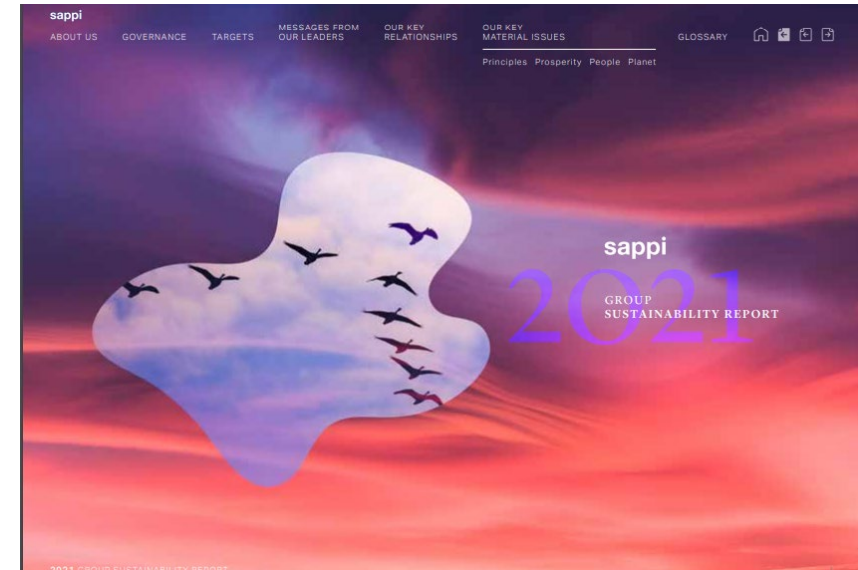


**Level 1**  
**B-BBEE**  
**Contributor**

- 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, meaning Sappi fulfils the demanding requirements regarding sustainability performance in the sector (Jan 2022)
- Report to the CDP ([www.cdp.net/en](http://www.cdp.net/en)) under its climate change (2021 B) and forest programmes (2021 A-), making our responses publicly available
- Confirmed as a constituent of the FTSE4Good Index Series (Jul 2021)
- Validated Science-Based GHG reduction target
- Sappi Southern Africa is a Level 1 Broad-Based Black Economic Empowerment contributor (2022)









[Sappi 2021 Annual Integrated Report](#)



[Sappi 2021 Sustainability Report](#)

# 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 North America between 2021–2025\*:

7 AFFORDABLE AND CLEAN ENERGY 	Within 5% of baseline or higher	Share of renewable and clean energy Baseline = 81.8%	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

# 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\*:

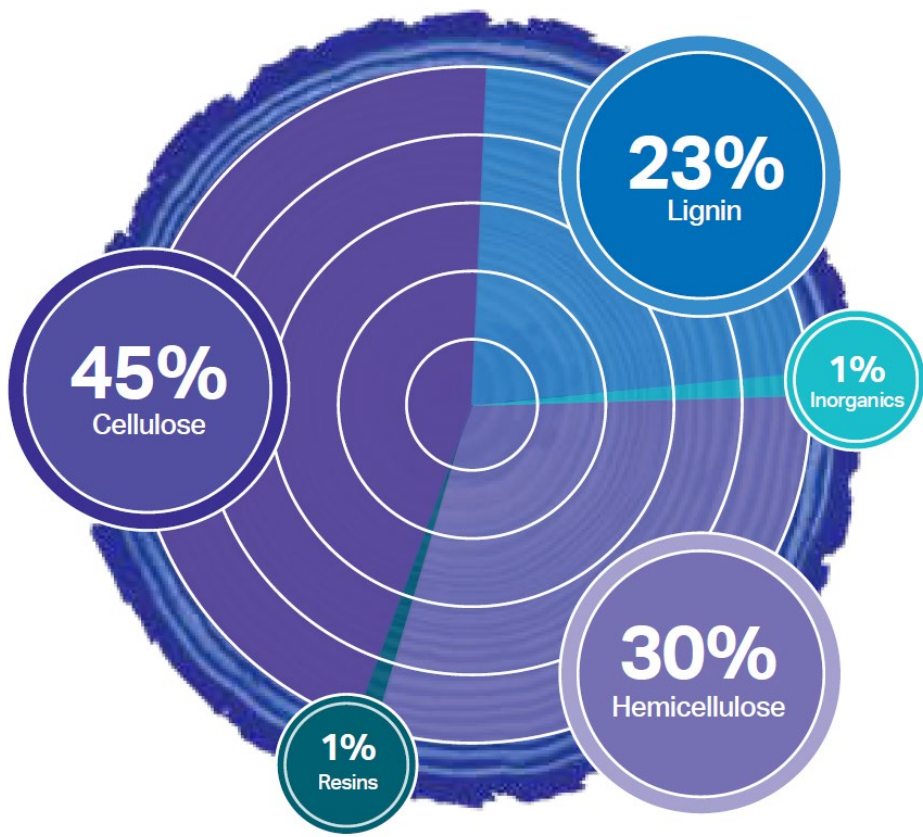
7 AFFORDABLE AND CLEAN ENERGY	7%pts	Increase proportion of renewable and clean energy	9%	Improvement in specific total energy (GJ/adt)	
8 DECENT WORK AND ECONOMIC GROWTH	10% year-on-year improvement	Safety: achieve zero harm in the workplace (LTIFR)	80%	Declared compliance with Sappi Supplier Code of Conduct	3.1%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	24%	Reduction in solid waste to landfill (ton/adt)	
13 CLIMATE ACTION	20%	Reduction in GHG emissions (ton CO2eq/adt) (Scope 1+2 combined)	21%	Reduction in specific purchased fossil energy	
15 LIFE ON LAND	>82%	Certified fibre input	10%	Biodiversity improvement on our own forestry landholdings	>4 Mt Sustainable annual growth in our plantations
6 CLEAN WATER AND SANITATION	23%	Reduction in specific water use	1 NO POVERTY	Level 1	B-BBEE contributor status

\*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