

Divestment of European Assets

29 September 2022

sappi



Sappi accepts offer to sell three European graphic paper mills

sappi

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 Mill (Finland)

- Integrated pulp and paper mill
- 750 000 tons per annum coated mechanical paper



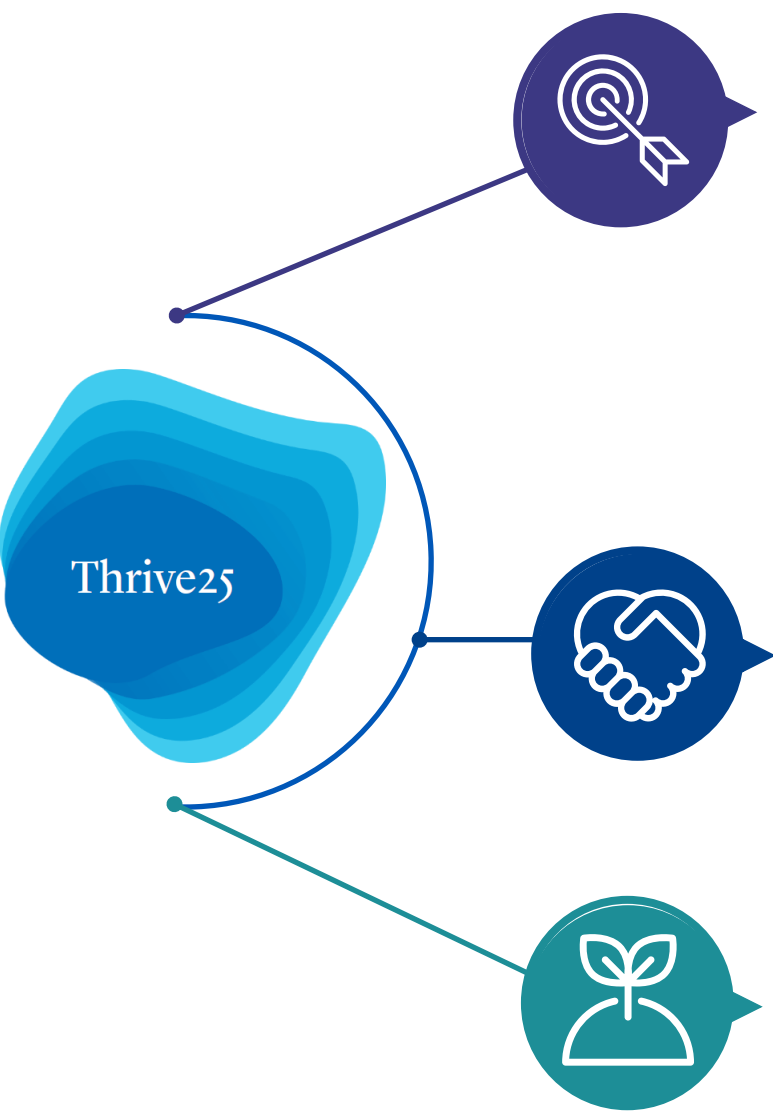
Stockstadt Mill (Germany)

- Integrated pulp and paper mill
- 220 000 tons per annum coated and uncoated woodfree paper



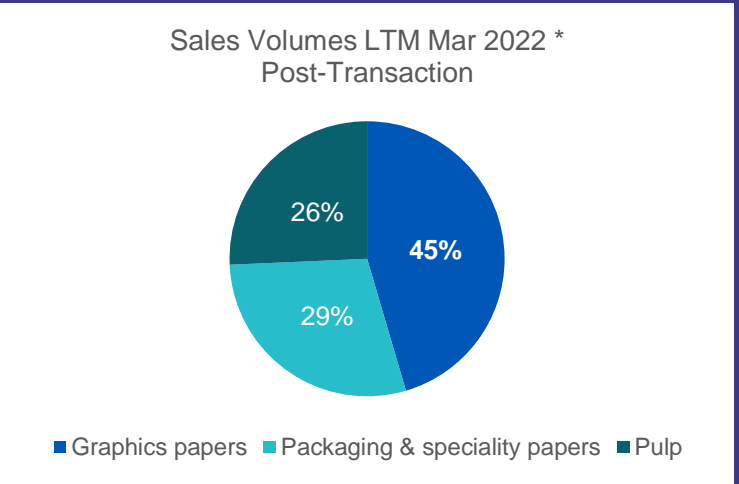
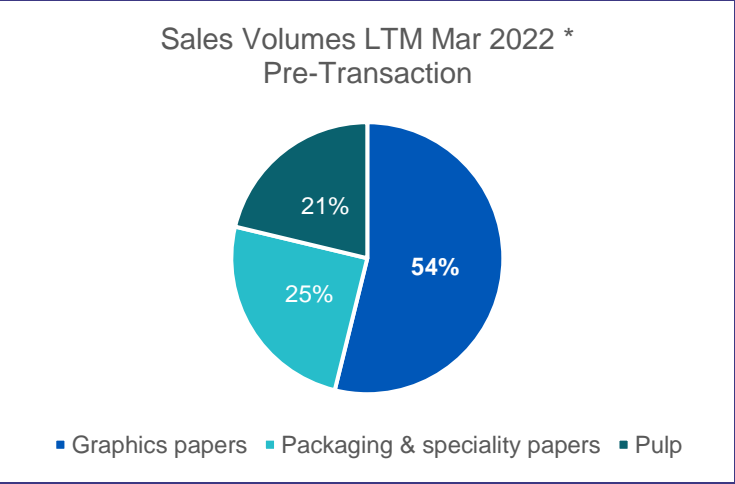
Maastricht Mill (Netherlands)

- Non-integrated paper mill
- 260 000 tons per annum coated woodfree paper and paperboard



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



Rationale for the Divestment

- Our strategic focus is on market segments not served by these mills
- This sale will help unlock potential value at each mill which would be best pursued by a new owner

Sappi Europe Product Focus

- Graphic paper segment focus is on the commercial print market
- Packaging and Speciality papers segment focus is on the flexible packaging, functional papers, self-adhesives including glassine, labels as well as dye-sublimation categories

* Sales volumes exclude forestry operations.



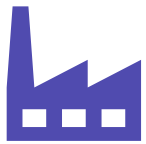
Consideration **€272 million**

Net proceeds (cash and retained receivables) **€212 million**



Closure is expected to occur FQ2 2023

Receivables will be collected FQ2/FQ3 2023



Net asset value at 31st March 2022

€396 million

Net loss for 12 months ending March 2022

(€6.5 million)

EBITDA for 12 months ending March 2022

€58 million

EBITDA for 12 months ending September 2019 (Pre-Covid)

€40 million



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