

4th Quarter and full year results for the period ended September 2014

Q4

EBITDA up 29% year-on-year excluding special items

EPS 12 US cents excluding special items

US\$288 million cash generation in the quarter

FY2014

Strategy delivers strong earnings growth

EBITDA up 25% year-on-year excluding special items

EPS 22 US cents excluding special items

Net debt down US\$300 million year-on-year

FY20
focus₁₅

Over the next two years, we will continue our focus on having a cleaner, stronger balance sheet so that we can then accelerate our growth in adjacent businesses.

Achieve cost advantages

We work to lower fixed and variable costs, increase cost efficiencies and invest for cost advantages.

Optimise and rationalise declining businesses

Recognising the decreasing demand for graphic paper, we manage our capacity to strengthen our leadership position in these markets, realising their strategic importance to the group and maximising their significant cash flow generation.

Moderate investments in growth opportunities

We will make smaller investments in existing areas with strong potential growth, including pulp, speciality grades and packaging papers.

Our targets

ROCE >12%

Net debt/EBITDA
2.0 times

Financial highlights	Quarter ended		Year ended	
	Sept 2014	Sept 2013	Sept 2014	Sept 2013
Profit (loss) for the period	US\$68m	(US\$149m)	US\$135m	(US\$182m)
Earnings (loss) per share	US13c	(US29c)	US26c	(US35c)
EBITDA excl special items	US\$200m	US\$155m	US\$658m	US\$528m
Net debt	US\$1,946m	US\$2,247m	US\$1,946m	US\$2,247m

m=millions c=cents

outlook

Markets will remain challenging. Graphic paper demand is expected to continue to decline. Although dissolving wood pulp demand remains robust, US Dollar prices have weakened post financial year-end.

FY2015Q1 will be negatively impacted by three weeks downtime for the Gratkorn PM11 upgrade and an extended annual maintenance outage and finalisation of the natural gas conversion at Somerset Mill. We expect group EBITDA excluding special items to be similar to that of the equivalent quarter last year, despite the improved underlying performance of the business.

Based on current market conditions, we believe that EBITDA excluding special items in the 2015 financial year will be broadly similar to that of 2014 due to the once-off impact of various projects and lower DWP prices offsetting improved performance in paper businesses.

We are considering utilising our increased cash reserves to repay and refinance a portion of our debt in order to lower costs and expect to reduce our financial leverage towards our target of two times net debt to EBITDA.

Capital expenditure in FY2015 is expected to be in line with FY2014, and focussed largely on the investments at our Kirkniemi and Gratkorn Mills.

For more detail on, and the nature of forward-looking statements — please refer to the published results.

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To actively transform Sappi into a growing and profitable diversified woodfibre group, focused on specialised cellulose, cash generative and profitable paper businesses, and other high margin industrial products which will provide value to our customers and wealth to our shareholders and people.

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strategic goal

Key figures	Quarter ended			Year ended	
US\$ million	Sept 2014	Restated ¹ Sept 2013	June 2014	Sept 2014	Restated ¹ Sept 2013
Sales	1,505	1,530	1,484	6,061	5,925
Operating profit excluding special items ²	124	67	67	346	180
Special items – losses (gains) ²	48	177	(2)	32	161
EBITDA excluding special items ²	200	155	140	658	528
Profit (loss) for the period	68	(149)	17	135	(182)
Basic earnings (loss) per share (US cents)	13	(29)	3	26	(35)
Net debt ²	1,946	2,247	2,286	1,946	2,247

Key ratios (%)					
Operating profit excl special items ² to sales	8.2	4.4	4.5	5.7	3.0
Operating profit excluding special items ² to capital employed (ROCE) ²	15.4	7.6	7.8	10.8	5.2
EBITDA excl special items ² to sales	13.3	10.1	9.4	10.9	8.9
Return on average equity (ROE) ²	24.7	(48.0)	5.9	12.3	(13.6)
Net debt to total capitalisation ²	65.1	66.3	66.3	65.1	66.3
Net asset value per share (US cents)	199	219	222	199	219

1 Restated for the adoption of ISA 19 (Revised) Employee Benefits and IFRS 10 Consolidated Financial Statements

2 Refer to the published results for details on special items, the definition of the terms and the reconciliation of EBITDA excluding special items to profit/loss for the period.

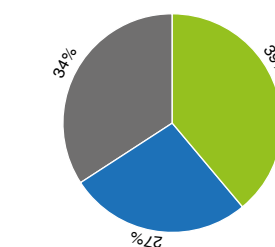


An upgrade to Gratkorn Mill's pulp production facilities and improvements to its papermaking capabilities, expected to be completed mid 2015, will secure a significantly lower cost base. The investment increases PM11's weight range and ensures long-term emission limits compliance.



A new power plant, at Kirkniemi Mill, expected to be operational early 2016, will significantly improve cost competitiveness and profitability by reducing energy costs and securing energy supply. The plant can potentially use 100% solid biomass such as bark from the mill's debarking process.

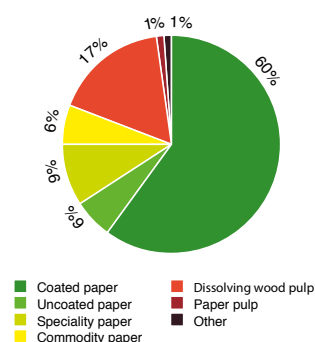
Net Operating Assets



Europe
North America
Southern Africa

as at September 2014

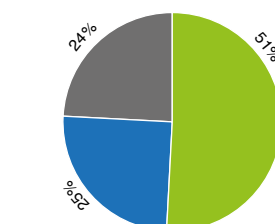
Sales by product



Coated paper
Uncoated paper
Speciality paper
Commodity paper
Dissolving wood pulp
Paper pulp
Other

for the period ended September 2014

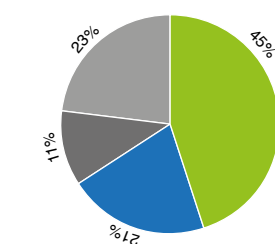
Sales by source



Europe
North America
Southern Africa

for the period ended September 2014

Sales by destination



Europe
North America
Southern Africa
Asia and Other

for the period ended September 2014

Regional summary of 4th quarter results

Europe



Berry Wiersum
Chief Executive Officer
Sappi Europe

We achieved an EBITDA (excluding special items) margin of more than 10%, for the first time since 2012, on an encouraging margin improvement in this seasonally better quarter.

Industry demand for coated woodfree papers was flat compared to FY2013Q4. Coated mechanical paper demand continued to decline. The weaker Euro/Dollar exchange rate led to improved export volume pricing during September; local selling prices were broadly flat compared to the prior quarter.

The Nijmegen Mill disposal completed in Q3, negatively impacted volumes.

Variable costs were 6% below those of the equivalent quarter last year.

The Specialities business progressed strongly through the quarter with improved volumes and lower costs compared to the prior quarter.



7 Paper mills
16 Sales offices

Produces

51%
of group sales

North America



Mark Gardner
President and Chief
Executive Officer
Sappi North America

Market conditions were extremely competitive throughout the year with significant downward pricing pressure.

During this seasonally stronger quarter, operating profit, excluding special items, recovered compared with the prior quarter, but remains slightly below that of the equivalent quarter last year.

Coated woodfree web prices increased during the quarter, but have yet to match prior year price levels.

Lower dissolving wood pulp prices impacted Cloquet Mill. Productivity exceeded FY2014H2 targets. Recent changes to our transportation network have improved costs.

The release paper business was once again impacted by weak Chinese demand, only partially offset by stronger sales to the rest of the world.

Cost reduction initiatives reduced energy and chemical costs. Purchased hardwood paper pulp prices declined. Higher wood costs continue to impact variable costs negatively.



1 Paper mill
1 Speciality paper mill
1 Paper and specialised cellulose mill
4 Sales offices

Produces

25%
of group sales

Southern Africa



Alex Thiel
Chief Executive Officer
Sappi Southern Africa

Overall, this has been a good year with an expanded Specialised Cellulose business and the restructured paper business consistently delivering enhanced margins.

Performance of the Southern African business improved compared to the equivalent quarter last year due to increased sales volumes for dissolving wood pulp, as well as higher average prices for paper and paper packaging.

Compared to the prior quarter, lower average Rand pricing for dissolving wood pulp and higher fixed costs as a result of a planned maintenance shut at Saiccor contributed to the reduction in profitability.

Variable costs were 1% lower than the prior quarter and approximately 3% higher than the equivalent quarter last year, mainly due to higher energy, wood and paper pulp costs.



4 Paper mills
1 Paper and specialised cellulose mill
1 Specialised cellulose mill
1 Sawmill
4 Sales offices
495,000ha Forests

Produces

24%
of group sales