3rd Quarter 2013
Financial Results Presentation
2 August 2013

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, which do not relate to historical matters, identify forward-looking statements. 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 cyclicality, 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 the global economic downturn;
- 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 restructuring or strategic initiatives (including our announced dissolving wood pulp conversion projects), 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 located in the 'Investor Info' section of www.sappi.com.

Summary

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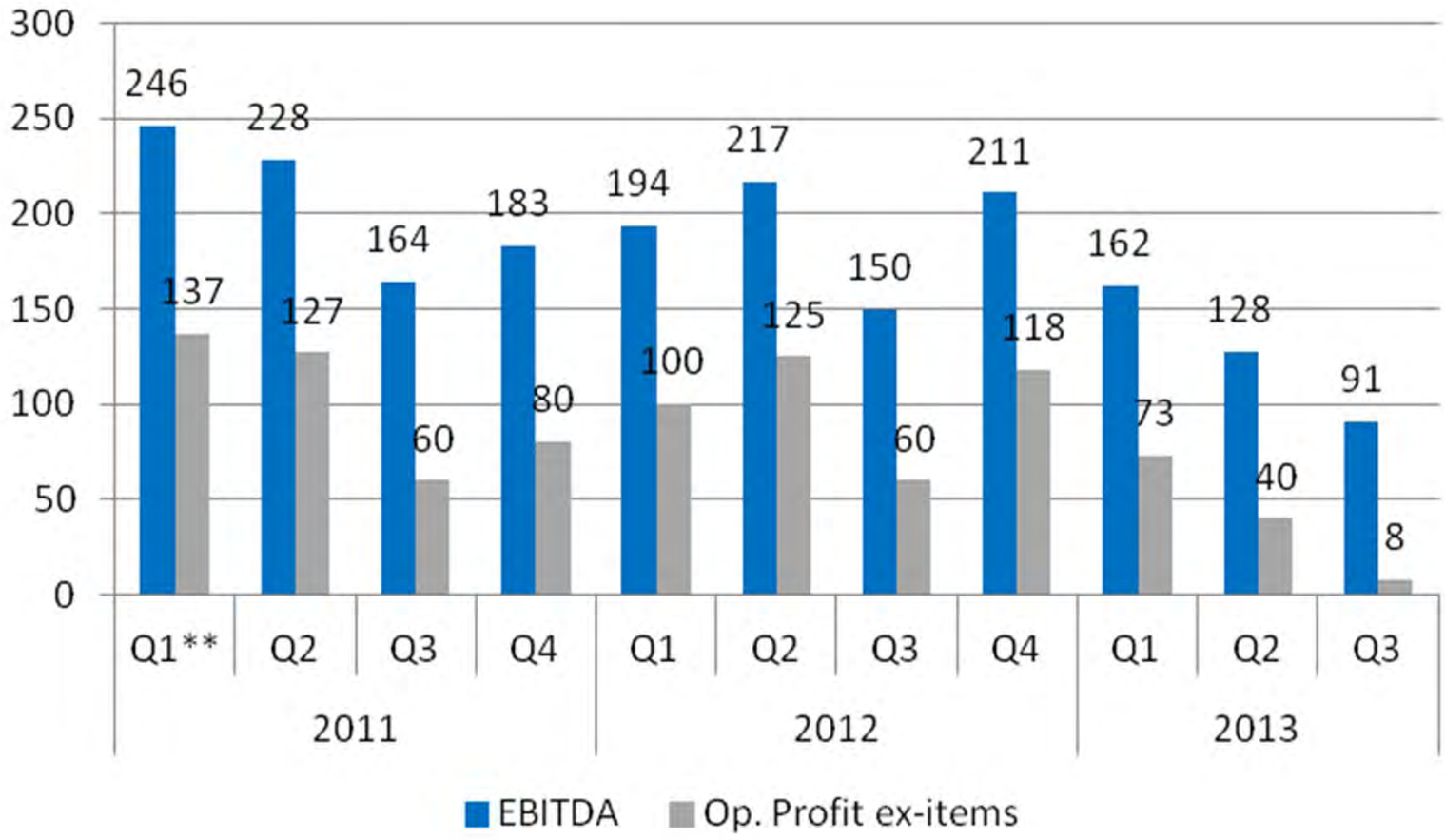
Q3 2013 Summary

- Successful start-up of both dissolving wood pulp projects
- Operating profit excluding special items US$8m (Q3 2012 US$60m)
- Loss for the period US$42m (Q3 2012 loss of US$106m)
- Loss per share 8 US cents (Q3 2012 loss of 20 US cents)
- Net finance costs of US$42m (Q3 2012 US$141m)
- Net Debt US$2,297m (Q3 2012 US$2,213m)

EBITDA & Operating Profit ex-items*

USD million



*Refer to the supplementary information in this presentation for a reconciliation of EBITDA to reported Operating Profit and page 16 in our Q3 2013 Results booklet (available on www.sappi.com) for a definition of special items.

** Q1 2011 included an extra accounting week

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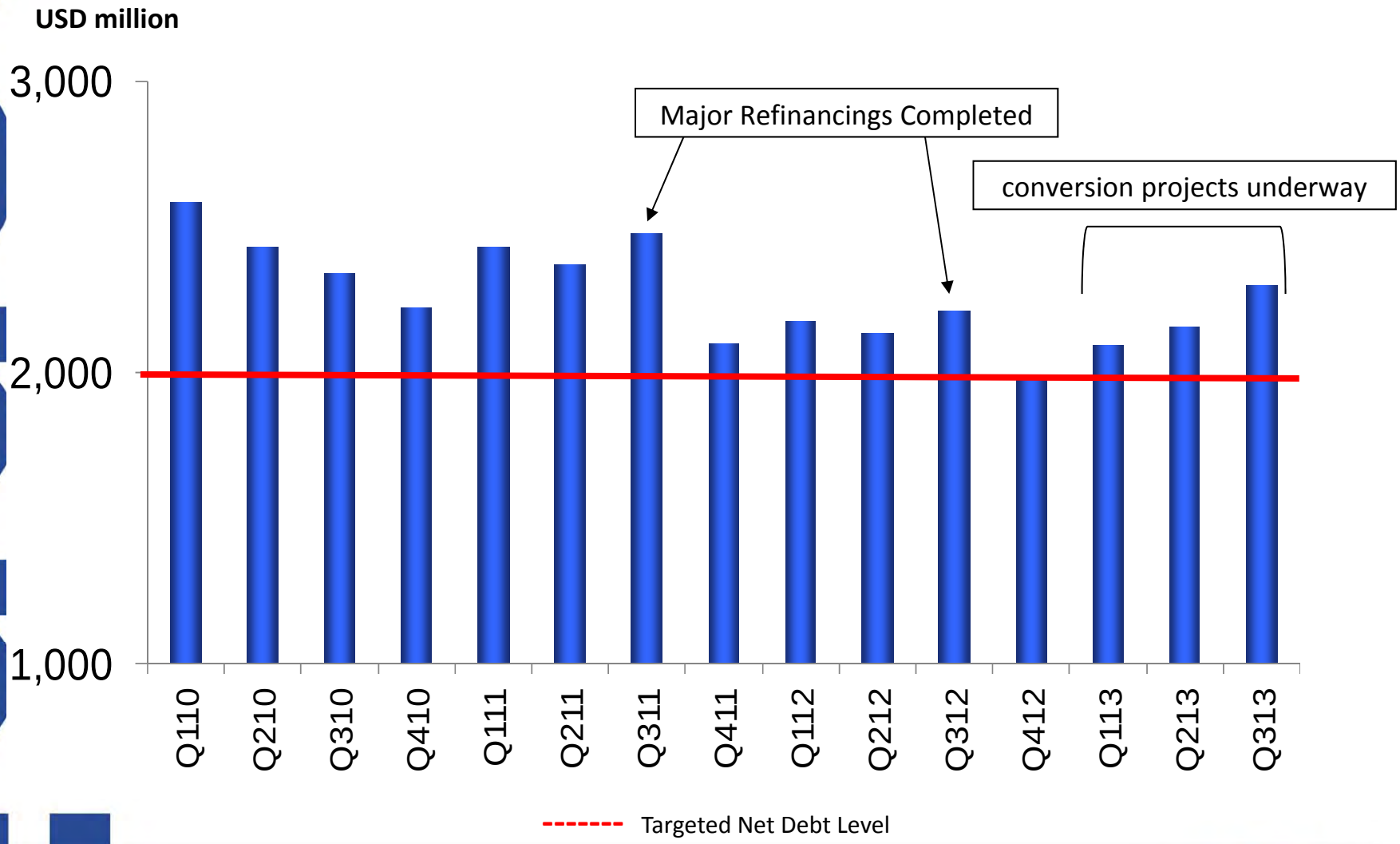
Net Debt Development



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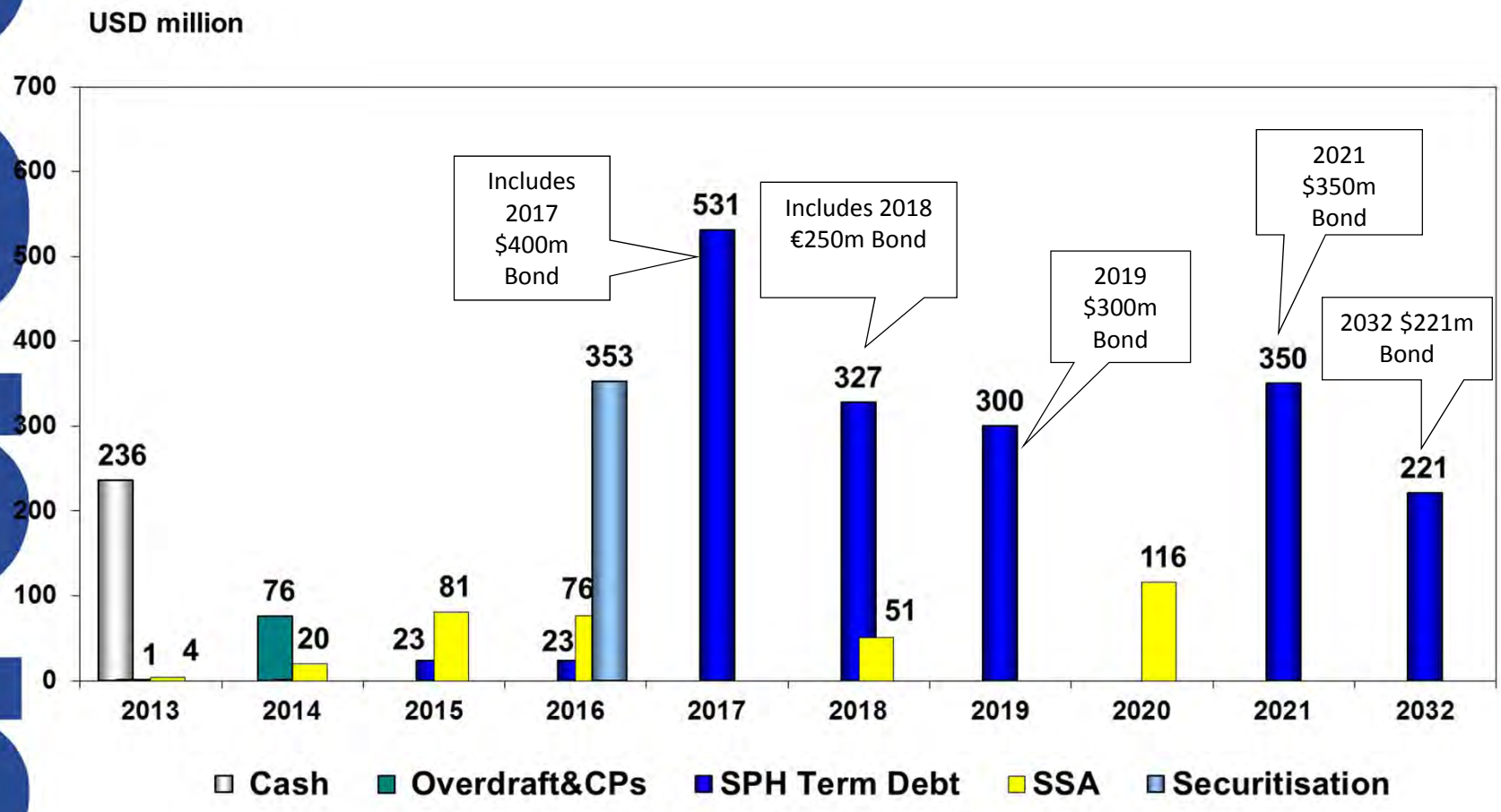
Debt Maturity Profile (fiscal years) as at June 2013



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Divisional Overviews

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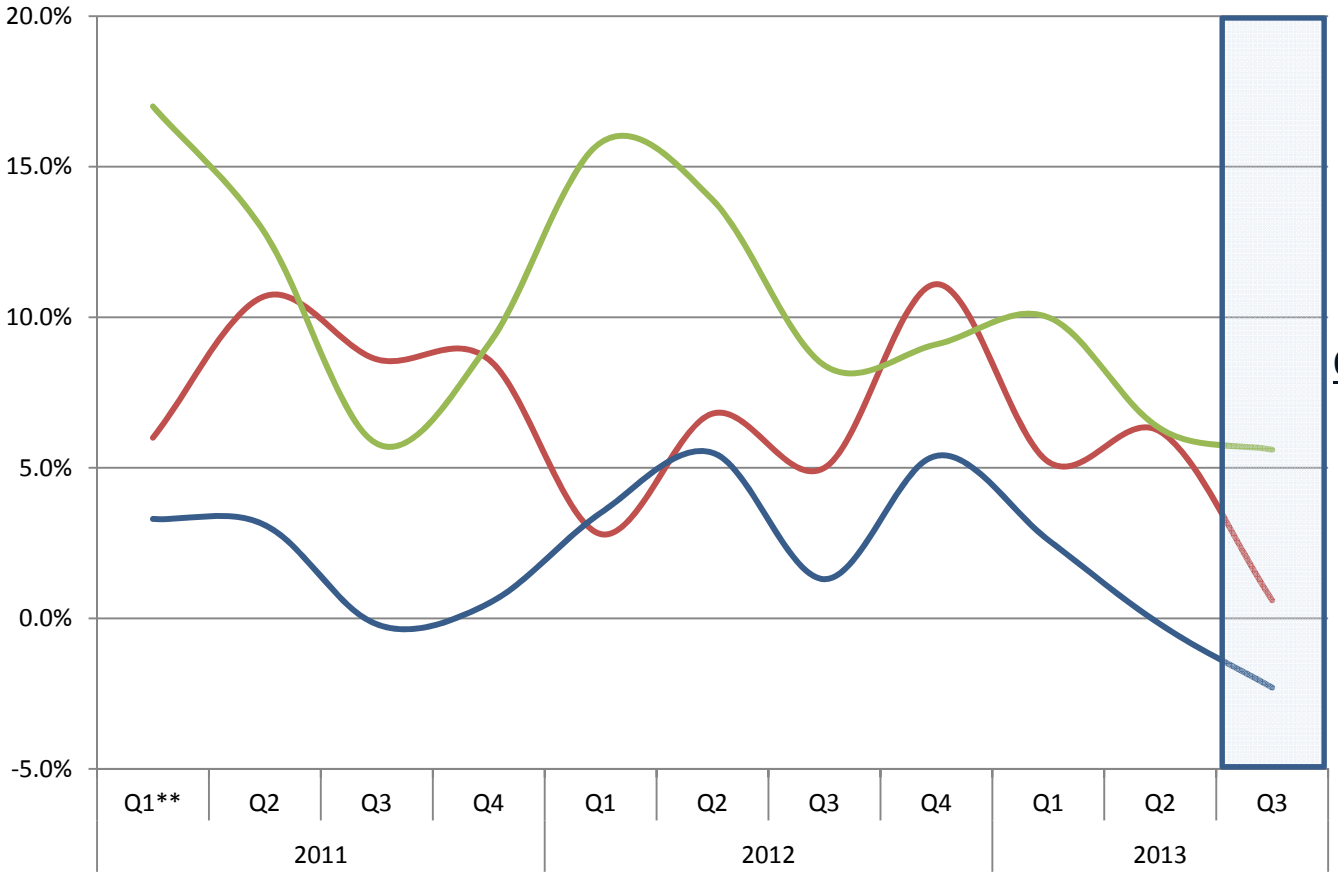
Divisional Operating Margins*



Q3 '13 Margins:

S-Africa 5.6%

N-America 0.6%

Europe -2.3%

*The divisional operating margins exclude special items. Refer to page 16 in our Q3 2013 Results announcement booklet for a definition of special items.

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Sappi Fine Paper Europe

- Seasonally slower quarter, though worse than expected. Industry deliveries down 8% year-on-year, SFPE down 6% with firm demand for speciality paper products.

- Higher average prices realised than last quarter as a result of some price increases in the quarter. Year-on-year, realised prices were down approximately 2%.

- Fixed and variable costs were tightly managed in the quarter, both were lower year-on-year, but pulp prices continue to pressure margins.

- Speciality paper conversion at our Alfeld Mill remains on track to start production during the December quarter.

Sappi Fine Paper North America

- Successfully completed Specialty Cellulose conversion. 1st customer deliveries shipped during the quarter with good quality levels achieved. $12m adverse once-off operating profit impact due to conversion.

- Coated paper sales volumes flat year-on-year and prices declined during the quarter. Prices have stabilized and we expect to realise higher prices over the coming months.

- Market pulp sales volumes were much lower due to the conversion. Speciality Cellulose sales should increase through the upcoming months as the mill continues to ramp up to full capacity.

- Release business continues to do well, successful key new patterns and upgrade of coater.

Sappi Southern Africa

• Another good quarter from the Specialized Cellulose business – 30% EBITDA margin despite volumes that were 8% lower than last year due to timing of shipments.

• Higher NBSK pulp prices and a weaker Rand/Dollar exchange rate contributed to higher price realization. Spot market remains competitive with new capacity coming on-line and an oversupplied VSF market increasing the pressure on sales prices, demand continues to grow however.

• Domestic paper packaging and office paper markets were weak, although there were encouraging signs in the containerboard segment indicating a potential improvement in volumes.

•Variable costs, particularly purchased timber and pulp, remain a challenge with the imported components especially problematic due to weaker Rand exchange rates

• Wage settlement reached with labour

Strategic Focus

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Strategic Focus

3 themes:

- Focused, low cost paper businesses with reasonable margins and strong cash flows
- Growth in profitable specialised cellulose based solutions and other high margin businesses
- Healthy balance sheet

Accelerate our drive toward increased profitability, earnings growth, and a stronger financial position

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Focus Areas

Focused, low cost paper businesses

- North America – paper business maintains firm market share
- Europe – industry dynamics won't improve without intervention
  - Significantly reduce graphic paper exposure
  - Increased speciality paper business
  - Similar business to US
- South Africa – cost pressure, and weak local markets

More to be done

Growth in Specialised Cellulose and higher margin businesses

- Demand for commodity DWP remains very strong
- Saiccor performing well, Ngodwana and Cloquet ramping up
- Alfeld conversion on track

On track

Healthy Balance Sheet

- Net debt level evolving as expected in this transitional year
- Potential Usutu sale would further aid our liquidity position

Managing balance

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Cloquet Conversion – text-book start-up

First Break bulk vessel loading – Star Gran

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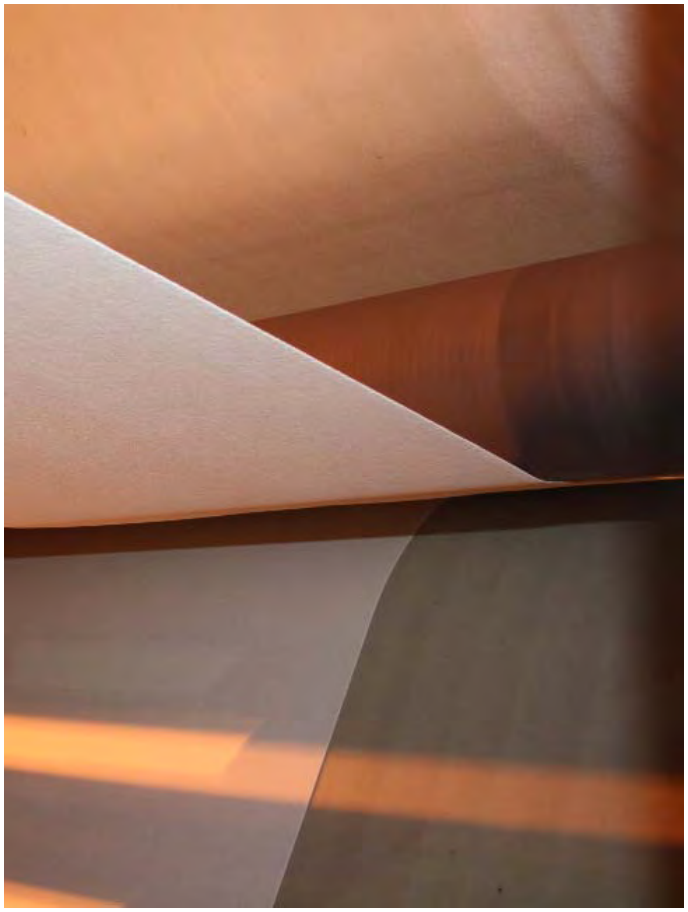
Ngodwana Conversion – DWP production



Fiberline #3 - DWP

Dissolving wood pulp bales

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Alfeld Conversion – Speciality packaging paper

Yankee cylinder being transported to the mill

Construction of crane foundation - required for installation

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Looking forward

Within 3 years Sappi will be a **well balanced** and **robust** business, generating **good returns** and with a **strong balance sheet.**

We will achieve this by:

- Maintaining and growing our world leadership position as a low cost dissolving wood pulp producer
- Growing high margin speciality paper business in all regions
- Smaller and simpler low cost graphic paper business
- Maximising value from our forestry operations in SA
- An emphasis on cash generation and debt reduction

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Outlook

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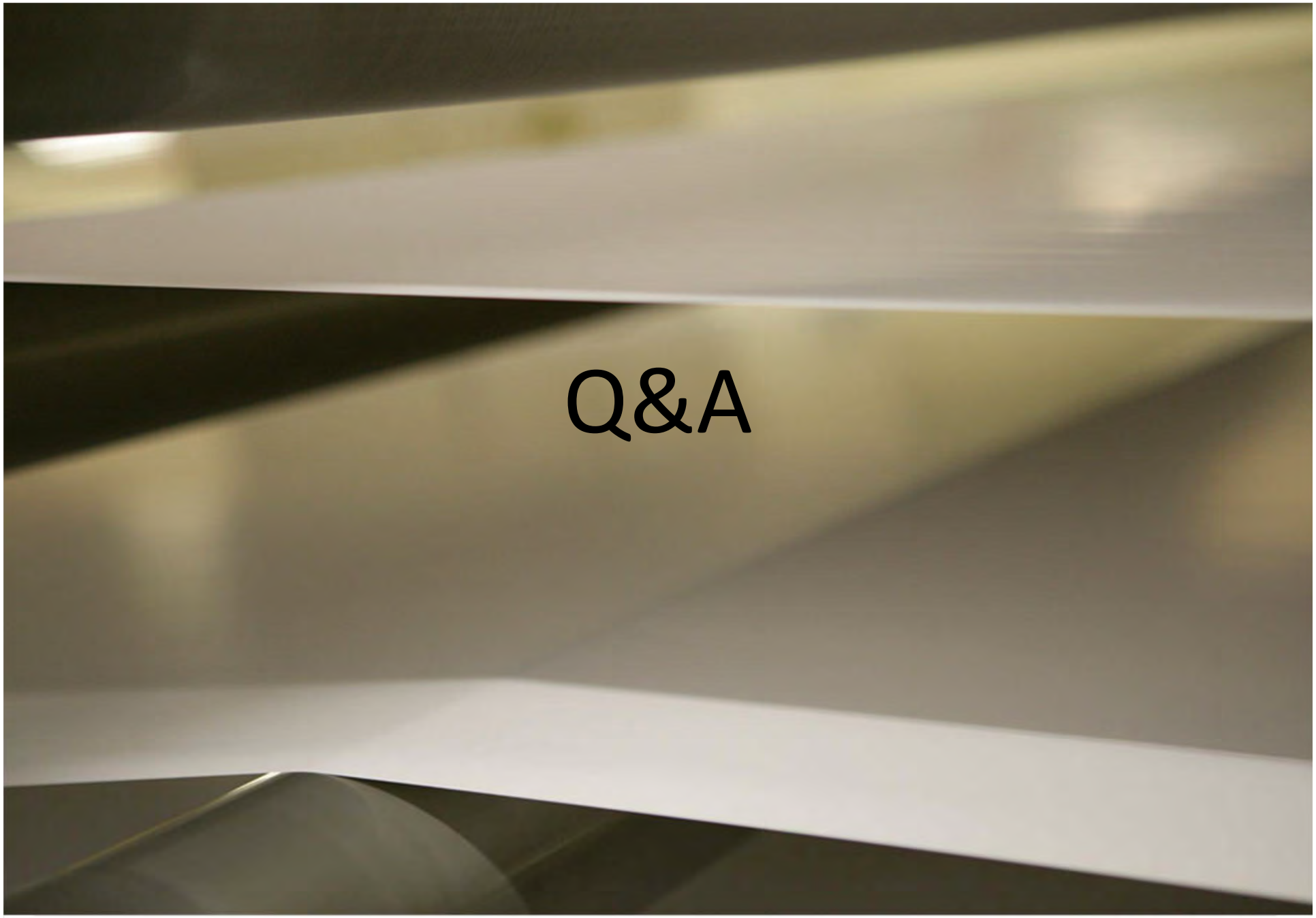
Outlook

- European Restructuring – plans are being finalised to improve operating margins, will result in capacity closure and lower costs.
- South African paper business expects to see growth in containerboard volumes, although demand continues to be weak in other grades. Cost pressures and weak demand have resulted in further actions to improve the profitability being implemented.
- The newly expanded Specialized Cellulose business remains focused on ramping up both conversion projects to full capacity thereby cementing our position as the leading producer of dissolving wood pulp.
- Despite the weaker operating performance, Net Debt remains within targeted levels. We expect net debt to end the year at slightly lower levels than those reported as at end June 2013.
- We expect our European business to operate at a loss in the fourth financial quarter, thus resulting in a small net loss for the group for the financial year. This may be further impacted by asset impairments and restructuring costs as a result of strategic initiatives.



Q&A

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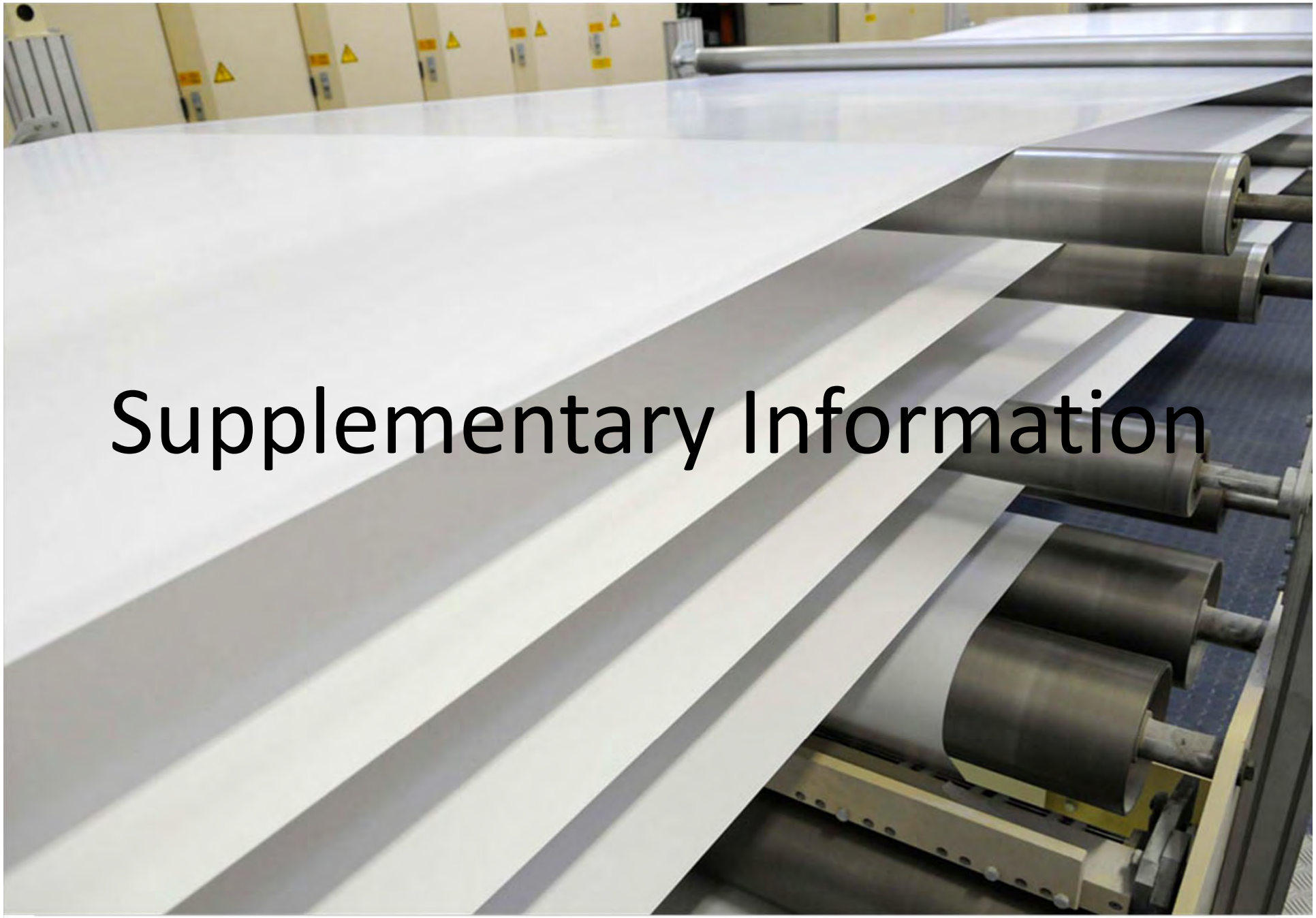

Supplementary Information

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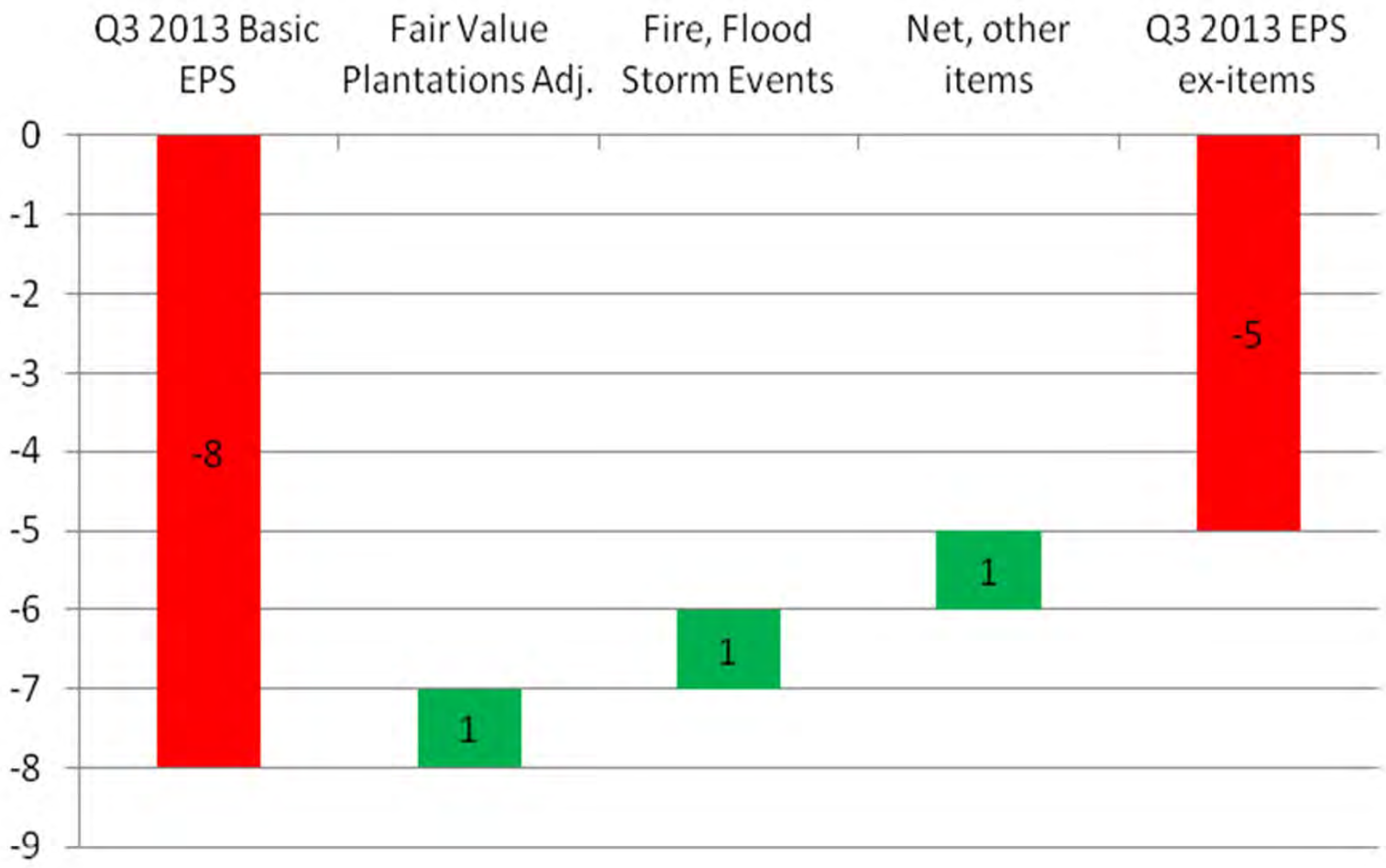
Earnings/Loss per share detail



Refer to page 16 in our Q3 2013 Results announcement booklet for a definition of special items.

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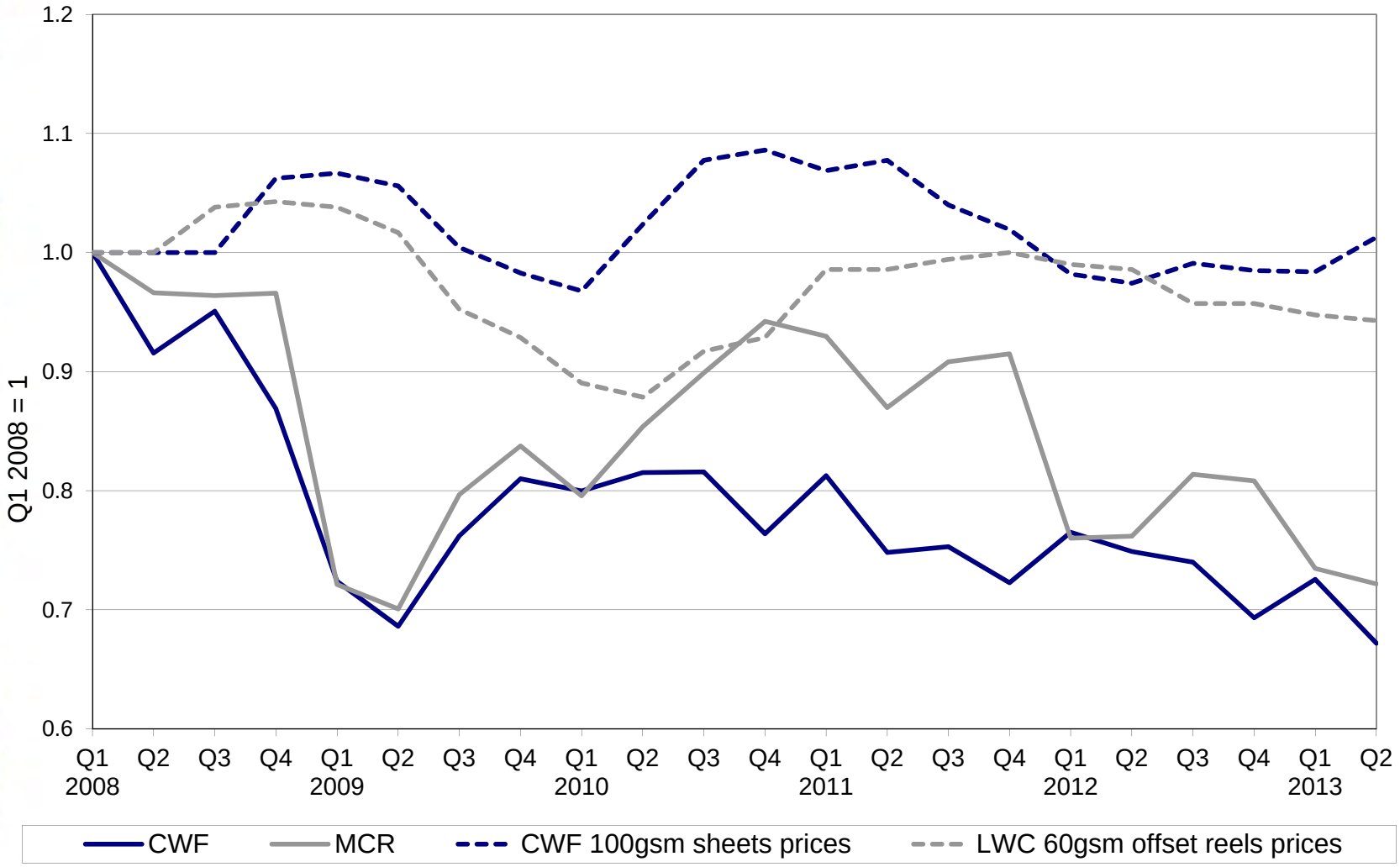
W. Europe Coated Paper Deliveries & Prices



Western Europe Shipments Incl. Export – Source Cepifine, Cepiprint and RISI indexed to Calendar Q1 2008

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Sappi Fine Paper Europe

	Q3 12	Q3 13	YTD 12	YTD 13
Tons Sold ('000)	843	796	2,611	2,527
Sales ($'m)	795	749	2,524	2,372
Price / Ton ($)	943	941	967	939
Price / Ton (€)	735	721	735	718
Cost / Ton* (€)	726	737	710	717
Operating profit ex items ($'m)**	**10**	**(16)**	**88**	**3**

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

** Operating profit excluding special items. Refer to the supplementary information in this presentation for a reconciliation to reported operating profit and page 16 in our Q3 2013 Results booklet (available on www.sappi.com) for a definition of special items.

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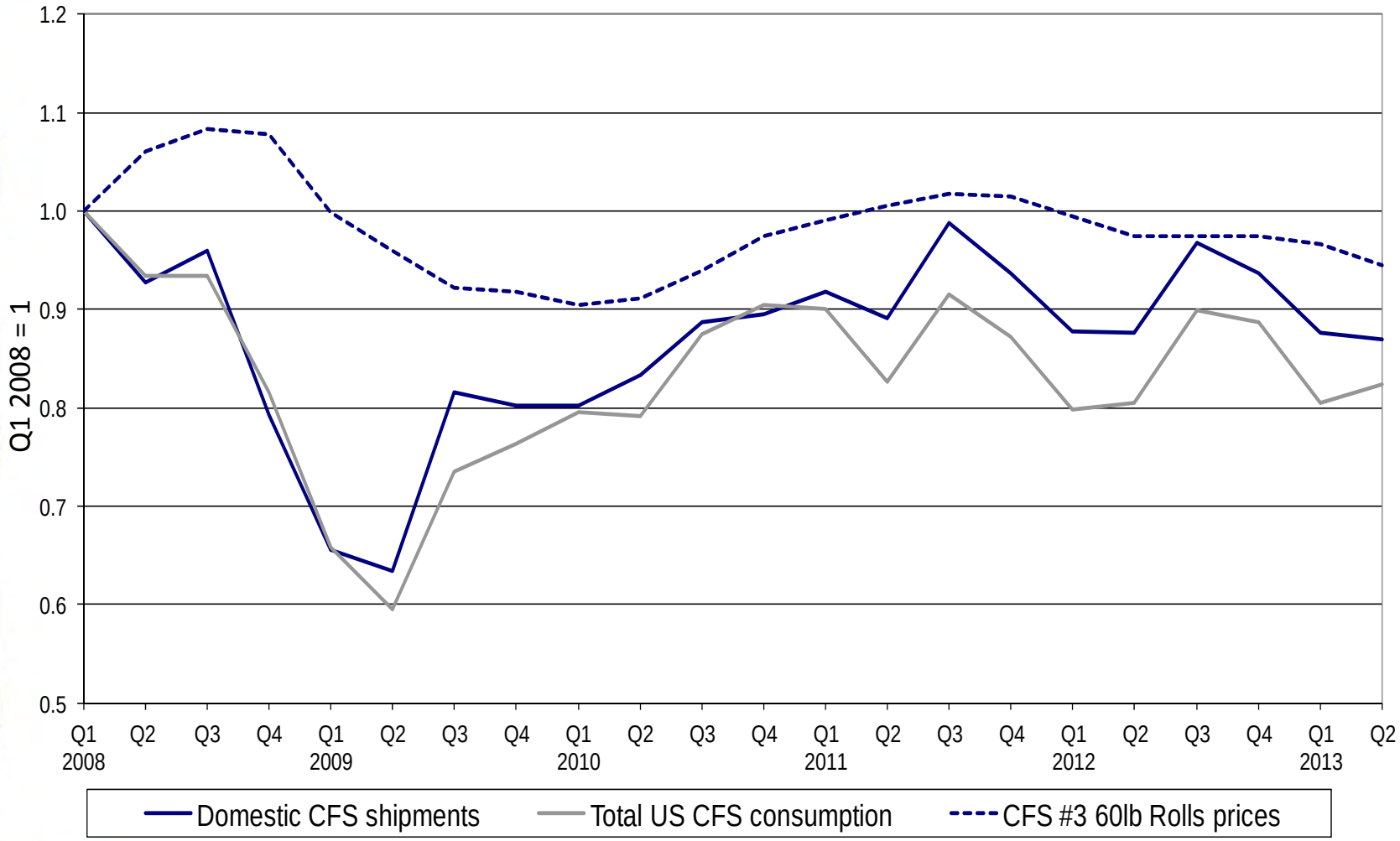
US Coated Paper Prices and Shipments



US Industry Shipments and total US consumption – Source AF&PA and RISI indexed to Q1 2008

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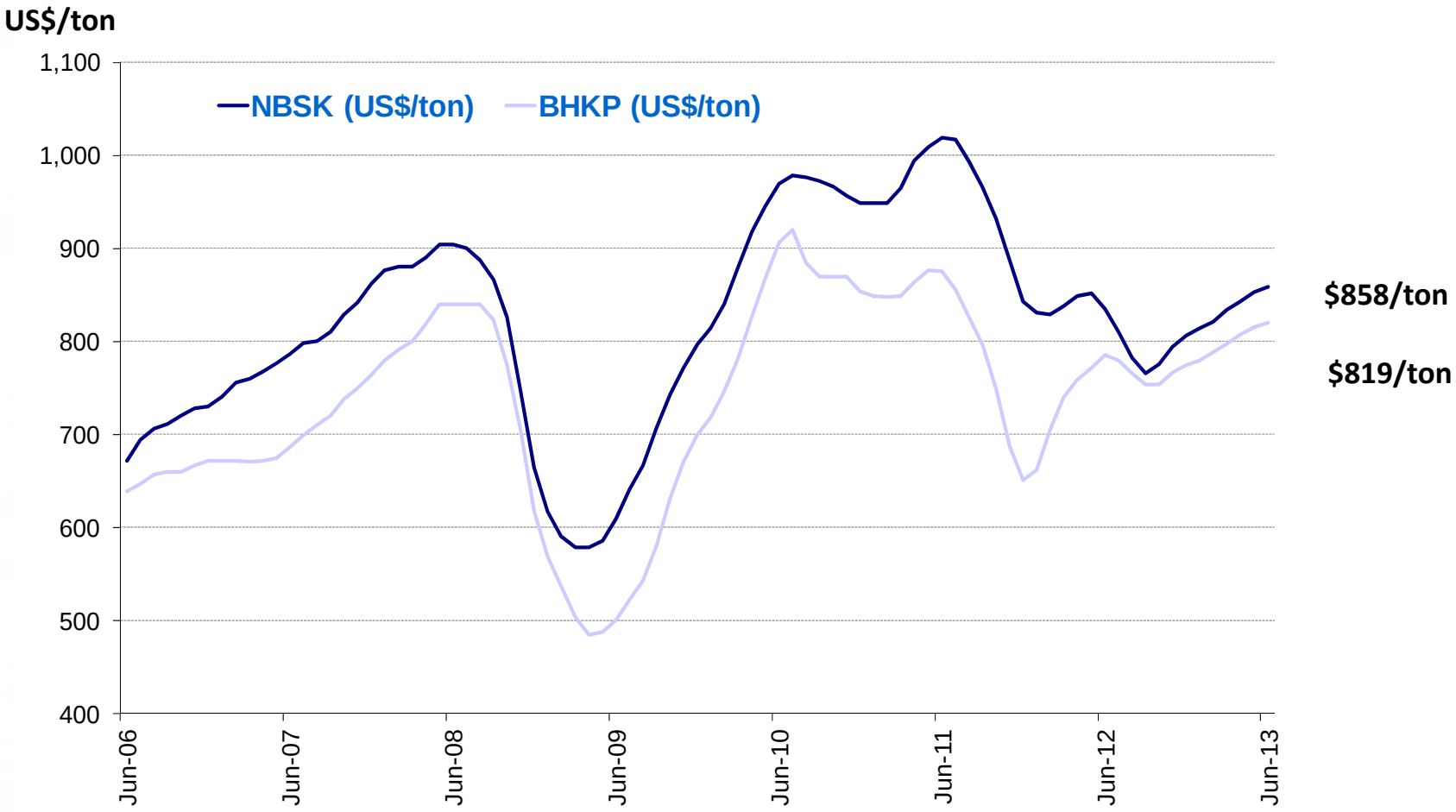
Sappi Fine Paper North America

	Q3 12	Q3 13	YTD 12	YTD 13
Tons Sold ('000)	351	297	1,031	963
Sales ($'m)	360	324	1,061	1,011
Price / Ton ($)	1,026	1,091	1,029	1,050
Cost / Ton* ($)	974	1,084	979	1,007
Operating Profit ex items ($'m)**	**18**	**2**	**52**	**41**

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

** Operating profit excluding special items. Refer to the supplementary information in this presentation for a reconciliation to reported operating profit and page 16 in our Q3 2013 Results booklet (available on www.sappi.com) for a definition of special items.

Pulp Prices*



* Source: Average monthly FOEX delivered European prices

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Sappi Southern Africa

	Q3 12	Q3 13	YTD 12	YTD 13
Tons Sold ('000)	435	405	1,253	1,172
Sales ($'m)	367	324	1,114	953
Price / Ton ($)	844	800	889	813
Price / Ton (ZAR)	6,853	7,580	7,102	7,348
Cost / Ton* (ZAR)	6,274	7,136	6,178	6,808
Operating Profit ex items ($'m)**	31	19	145	70

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

** Operating profit excluding special items. Refer to the supplementary information in this presentation for a reconciliation to reported operating profit and page 16 in our Q3 2013 Results booklet (available on www.sappi.com) for a definition of special items.

Cash Flow

	Q3 12	Q3 13	YTD 12	YTD 13
Cash generated from operations	**137**	**61**	**546**	**326**
- Movement in working capital	(27)	8	(217)	(128)
- Net finance costs paid	(56)	(57)	(157)	(144)
- Taxation paid	(2)	(2)	(12)	(15)
Cash generated from operating activities	**52**	**10**	**160**	**39**
Cash utilised in investing activities	**(108)**	**(167)**	**(236)**	**(397)**
- Capital expenditure	(112)	(174)	(246)	(449)
- Proceeds on disposal of non-current assets	4	7	11	50
- Other movements	-	-	(1)	2
Net Cash (utilized) generated	**(56)**	**(157)**	**(76)**	**(358)**

Reconciliation of EBITDA excluding special items* to profit for the period

	Q3 12	Q3 13	YTD 12	YTD 13
EBITDA ex. special items	**150**	**91**	**561**	**381**
Depreciation and amortization	(90)	(83)	(276)	(260)
Operating profit ex. special items	**60**	**8**	**285**	**121**
Special Items	**(26)**	**(19)**	**(24)**	**16**
Plantation price fair value adj.	(20)	(11)	(24)	93
Net restructuring provisions	-	(2)	(1)	(16)
Profit (loss) on disposal of PP&E	(2)	-	7	1
Impairment of assets & investments	3	1	3	(46)
BEE Charge	(1)	(1)	(3)	(3)
Fire, flood, storm related events	(6)	(6)	(6)	(13)
Segment operating profit	**34**	**(11)**	**261**	**137**
Net Finance Costs	(141)	(42)	(246)	(124)
Profit (Loss) before tax	**(107)**	**(53)**	**15**	**13**
Taxation	1	11	(18)	(31)
Profit (Loss) for the period	**(106)**	**(42)**	**(3)**	**(18)**

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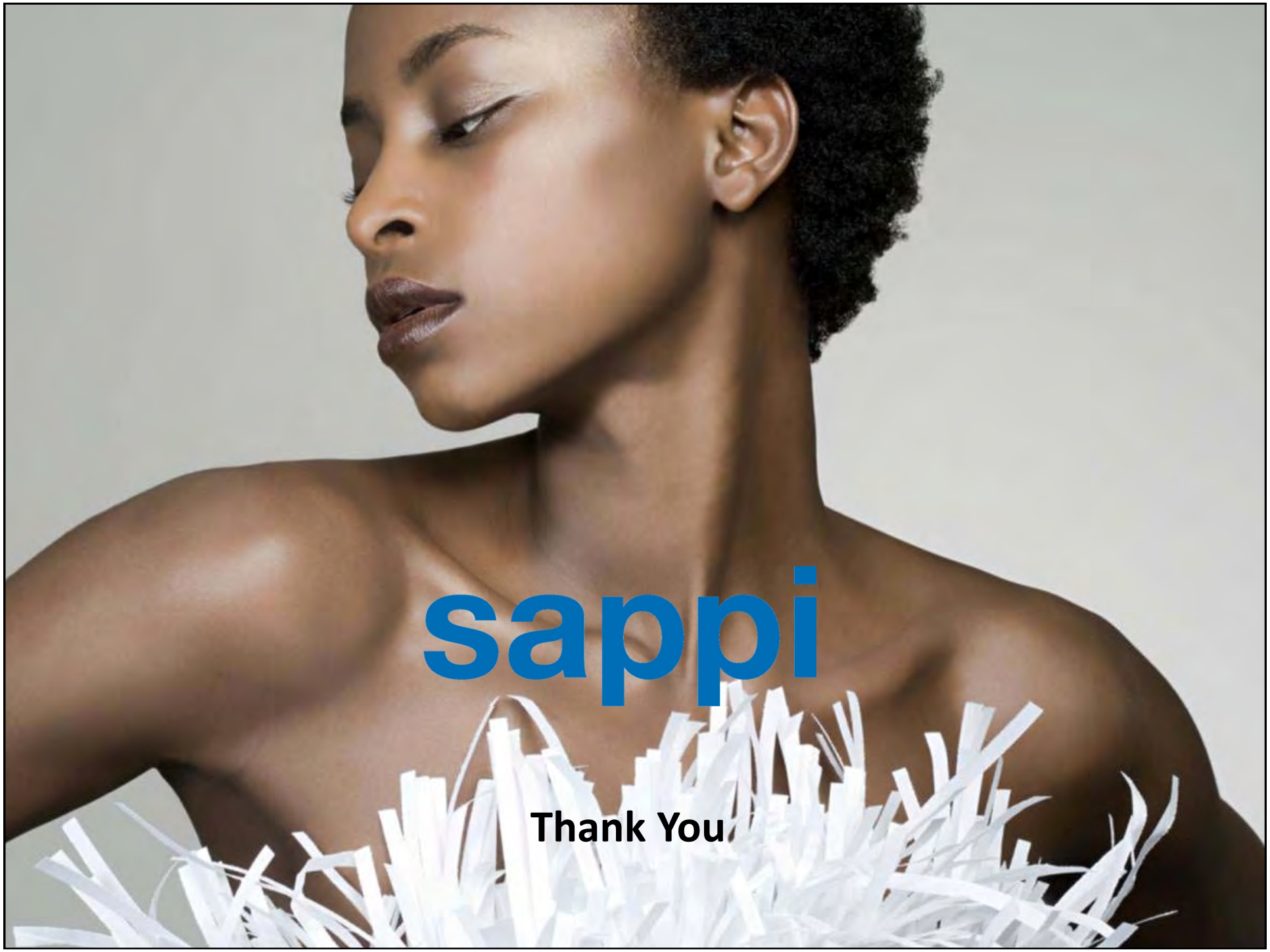
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Thank You