

3rd Quarter results for the quarter ended June 2013

The **dissolving wood pulp projects** at the Ngodwana and Cloquet pulp mills have successfully **started production**.

The third financial quarter, **seasonally our weakest** was further impacted by the **extended conversion shuts** at the Cloquet and Ngodwana mills.

Market conditions, particularly in Europe, **further deteriorated** during the quarter; the group operating profit declined to US\$8 million.

Plans being finalised for significant capacity closure, lower costs and improved operating margins in Europe.

highlights

Financial highlights	Q3 2013	Q3 2012
Operating profit Excludes special items	US\$8 million	US\$60 million
Loss for the period	(US\$42 million)	(US\$106 million)
Loss per share	(US 08 cents)	(US 20 cents)
Net debt	US\$2,297 million	US\$2,213 million

outlook

The North American paper business is positioned to perform well in an increasingly competitive market.

The South African paper business expects to see growth in containerboard volumes while demand remains weak in other grades

Demand in Europe is expected to remain subdued. Input costs remain high and we do not expect any price increases in our major paper grades.

Our expanded global specialised cellulose business is focussed on cementing our position as the leading producer in this market. Dissolving wood pulp prices are under pressure in a competitive market, and this may have an impact on margins going forward.

Net Debt remains within target levels. We expect net debt to end the year at similar levels to those reported at the end June 2013.

We expect our European business to continue to make an operating loss in the fourth financial quarter; this will result in the group making a small net loss for the financial year. Our full year results may be impacted by the strategic initiatives announced and any asset impairments and restructuring costs that may arise.

focus ²⁰/₁₃

Our strategic focus converges around three themes to accelerate our drive toward increased profitability, earnings growth, and a stronger financial position.

paper

Focused, low cost paper businesses with reasonable margins and strong cash flows.

Further actions will be undertaken in Europe and South Africa to improve profitability.

growth

Growth in profitable specialised cellulose based solutions and other high margin businesses.

Dissolving wood pulp production capacity expansion projects concluded and ramp-up to full production has begun. Demand remains very strong.

finance

Healthy Balance Sheet.

Net debt levels are evolving as expected in this transitional year. During the quarter, the €330 million international securitisation programme has been renewed and the facility maturity date extended to 2016.

“ To be an exciting, growing and profitable leader in paper and specialised cellulose, providing value for our shareholders, people, and customers by leveraging our resources effectively to create value. ”

strategy

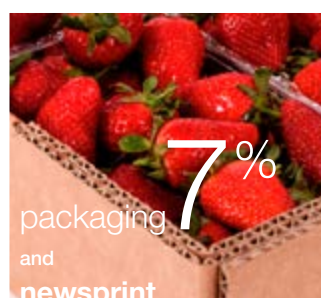
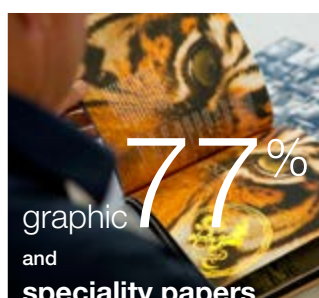
Key figures	Quarter ended			Nine months ended	
US\$ million	June 2013	June 2012	March 2013	June 2013	June 2012
Sales	1,417	1,544	1,503	4,395	4,762
Operating profit (loss)	(11)	34	78	137	261
Special items – (gains) losses*	19	26	(38)	(16)	24
Operating profit excluding special items*	8	60	40	121	285
EBITDA excluding special items*	91	150	128	381	561
(Loss) Profit for the period	(42)	(106)	7	(18)	(3)
Basic earnings (loss) per share (US cents)	(8)	(20)	1	(3)	(1)
Net debt	2,297	2,213	2,152	2,297	2,213

Key ratios (%)					
Operating profit (loss) to sales	(0.8)	2.2	5.2	3.1	5.5
Operating profit excluding special items to sales	0.6	3.9	2.7	2.8	6.0
Operating profit excluding special items to capital employed (ROCE)*	0.9	6.4	4.4	4.5	10.3
EBITDA excluding special items to sales	6.4	9.7	8.5	8.7	11.8
Return on average equity (ROE)*	(12.1)	(26.5)	1.9	(1.7)	(0.3)
Net debt to total capitalisation*	63.2	58.7	59.9	63.2	58.7
Net asset value per share (US cents)	257	299	277	257	299

* 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.

This table has not been audited or reviewed.

Per the 2012 Integrated Report



Sappi Alfeld Mill project (September 2013)
Convert 150,000tpa paper capacity to 135,000tpa one-sided coated speciality paper for packaging labels and technical applications.

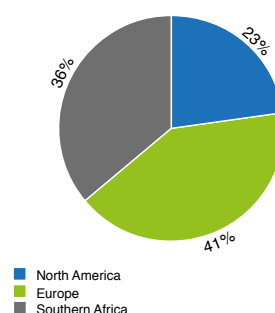


Sappi Cloquet Mill project
455,000tpa paper pulp capacity converted to 330,000tpa dissolving wood pulp for viscose staple fibre and other applications.



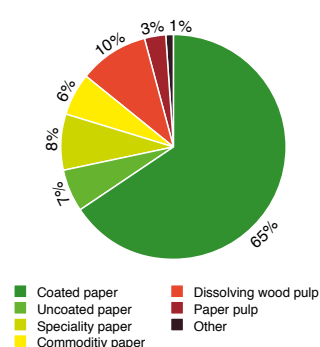
Sappi Ngodwana Mill project
300,000tpa paper pulp capacity converted to 210,000tpa dissolving wood pulp for viscose staple fibre and other applications.

Net Operating Assets



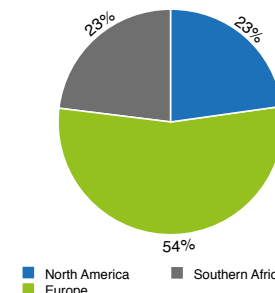
as at June 2013

Sales by Product



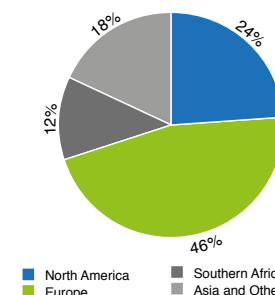
for the period ended June 2013

Sales by Source



for the period ended June 2013

Sales by Destination



for the period ended June 2013

Regional summary of 3rd quarter results

Sappi Fine Paper Europe



Berry Wiersum
Chief Executive Officer
Sappi Fine Paper Europe

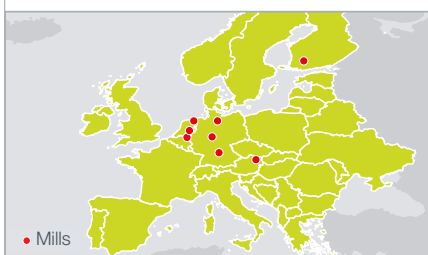
This seasonally slow quarter saw a significant decline in demand for our major paper grades, with firm demand for speciality paper products.

Total sales volumes were 6% below that of the equivalent quarter last year, despite good growth in specialities volumes.

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.

The coated woodfree paper machine conversion project at the Alfeld mill, which will increase our speciality paper production, remains on track for start-up during the first financial quarter of 2014.



8 Paper Mills
16 Sales Offices

Produces
53%
of group sales

Sappi Fine Paper North America



Mark Gardner
President and Chief
Executive Officer
Sappi Fine Paper
North America

The conversion of the Cloquet pulp mill to dissolving wood pulp has been completed successfully; production started at the beginning of June.

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.

Coated paper sales volumes were essentially flat year-on-year; the average net price per ton was 4% lower than in the prior year due to a competitive local market and increased import pressure. Prices have stabilised and we expect to realise price increases on economy sheets and in web products.

The release business continues to perform well, and sales volumes were up 11% compared to last year driven by improved demand and the success of our key new patterns.



1 Paper Mill
1 Speciality Paper Mill
1 Paper and Specialised Cellulose Mill
4 Sales Offices

Produces
23%
of group sales

Sappi Southern Africa



Alex Thiel
Chief Executive Officer
Sappi Southern Africa

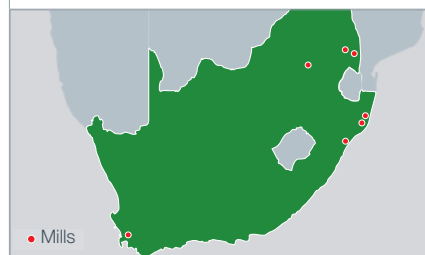
The Specialised Cellulose business had another good quarter, generating 30% EBITDA (excluding special items) margin on volumes.

The anticipated adverse operating profit impact of the conversion to dissolving wood pulp at Ngodwana was approximately ZAR78 million.

NBSK dollar pulp prices, to which our dissolving pulp prices are linked, improved; the weaker ZAR/USD exchange rate also contributing to higher price levels. The spot market remains competitive, with new capacity and an oversupplied viscose staple fibre market increasing the pressure on prices.

We are pleased that we were able to reach an agreement with labour on wage increases for the forthcoming year.

Variable costs remain a challenge. Fixed costs were flat compared to the prior quarter and the equivalent quarter last year.



4 Paper Mills
1 Paper and Specialised Cellulose Mill
1 Specialised Cellulose Mill
1 Sawmill
4 Sales Offices
554,000ha Forests

Produces
24%
of group sales