

Q4 FY23
Sappi Limited
Debt update
September 2023

Forward-looking statements and Regulation G disclosure

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 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-19 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.

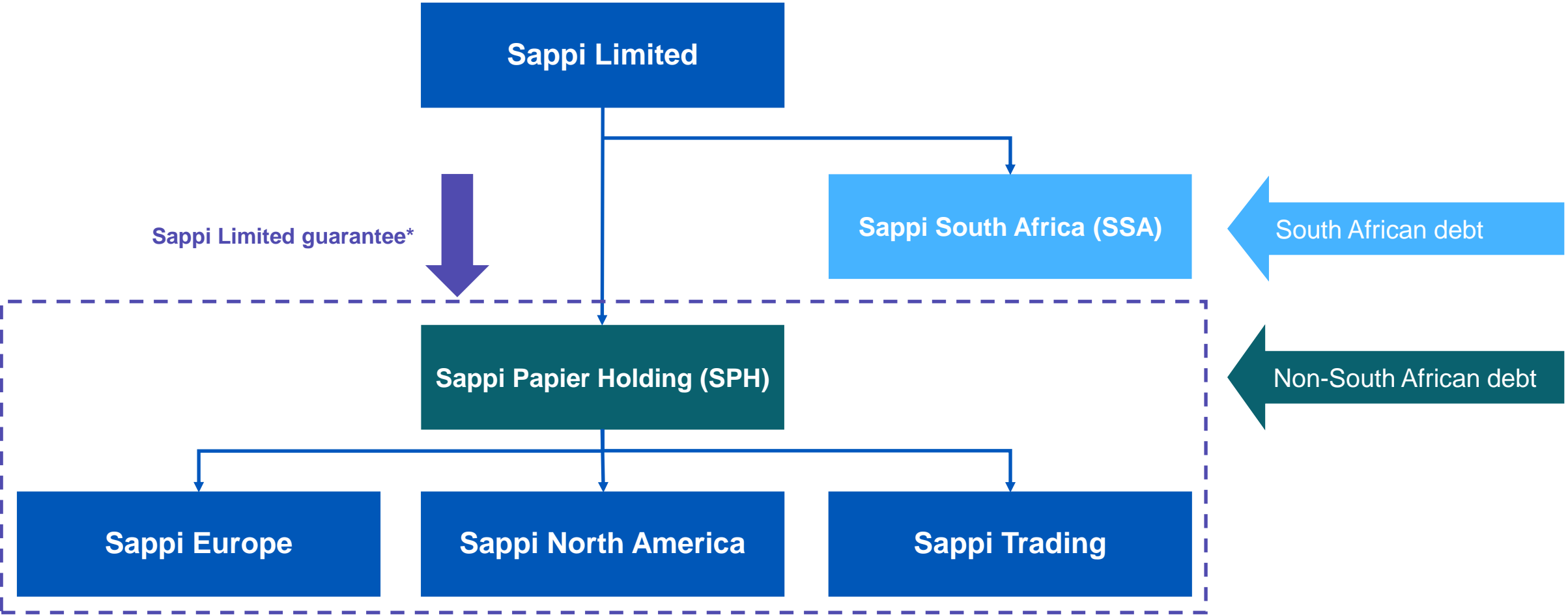
Regulation G disclosure

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>.

Group structure

Sappi entities taking up debt



* Sappi Limited provides guarantees for long-term non-South African debt.

Debt overview

US\$ million	Mar 2023	Jun 2023	Sep 2023
Long-term debt¹	1,535	1,393	1,397
Senior unsecured debt	1,320	1,260	1,213
Securitisation	293	257	280
IFRS leases from 01 October 2019	89	85	91
(Less – Short-term portion)	(167)	(207)	(187)
Net short-term debt / (Cash)	(310)	(218)	(312)
Overdrafts, short-term loans and RCF drawings	80	79	101
Short-term portion of long-term debt ²	167	207	187
(Less cash)	(557)	(504)	(601)
Net debt	1,225	1,176	1,085

1. Refer to Note 22 in the published 2022 Sappi Limited Annual Integrated Report for a detailed debt description.

2. We consider the liquidity position to be very good, with cash deposits of US\$601 million and US\$650 million of unutilised committed revolving credit facilities.

Detailed debt summary – September 2023

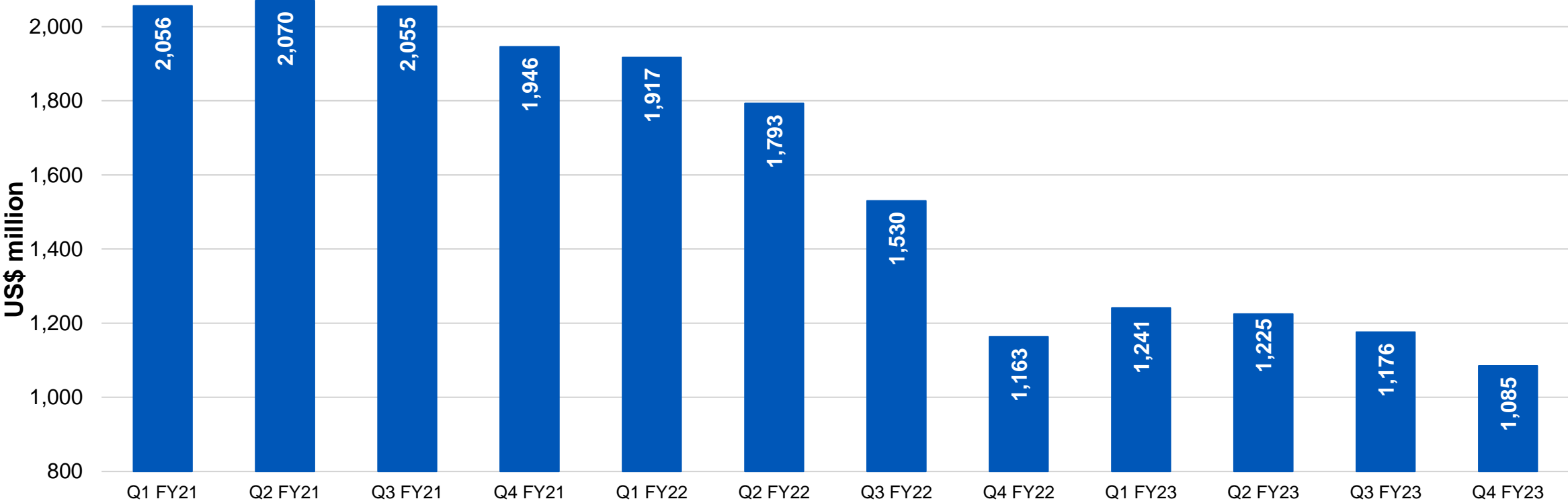
US\$ million	Non-US\$ debt	US\$ amount
Sappi South Africa long-term debt	ZAR 1,500	79
Sappi South Africa convertible bond	ZAR 1,166	62
2026 Bond (EUR)	EUR 240	254
2028 Bond (EUR)	EUR 400	423
2032 Bond		221
OeKB Term loan 2024 Somerset	EUR 60	63
OeKB Term loan 2027 Matane	EUR 53	56
OeKB Term loan 2027 Matane	CAD 92	68
Securitised receivables (EUR)	EUR 161	170
Securitised receivables (US\$)		110
Sappi Europe – leases	EUR 1	1
IFRS16 leases	USD 90	91
IFRS adjustments		-13
Long-term debt		1,583
Short-term loans and overdrafts		62
Commercial Paper – Sappi South Africa		40
Less cash – Sappi South Africa		-89
Less cash – Sappi group (excl South Africa)		-512
Net debt as at September 2023		1,085

Net debt movement – Quarterly and Annual

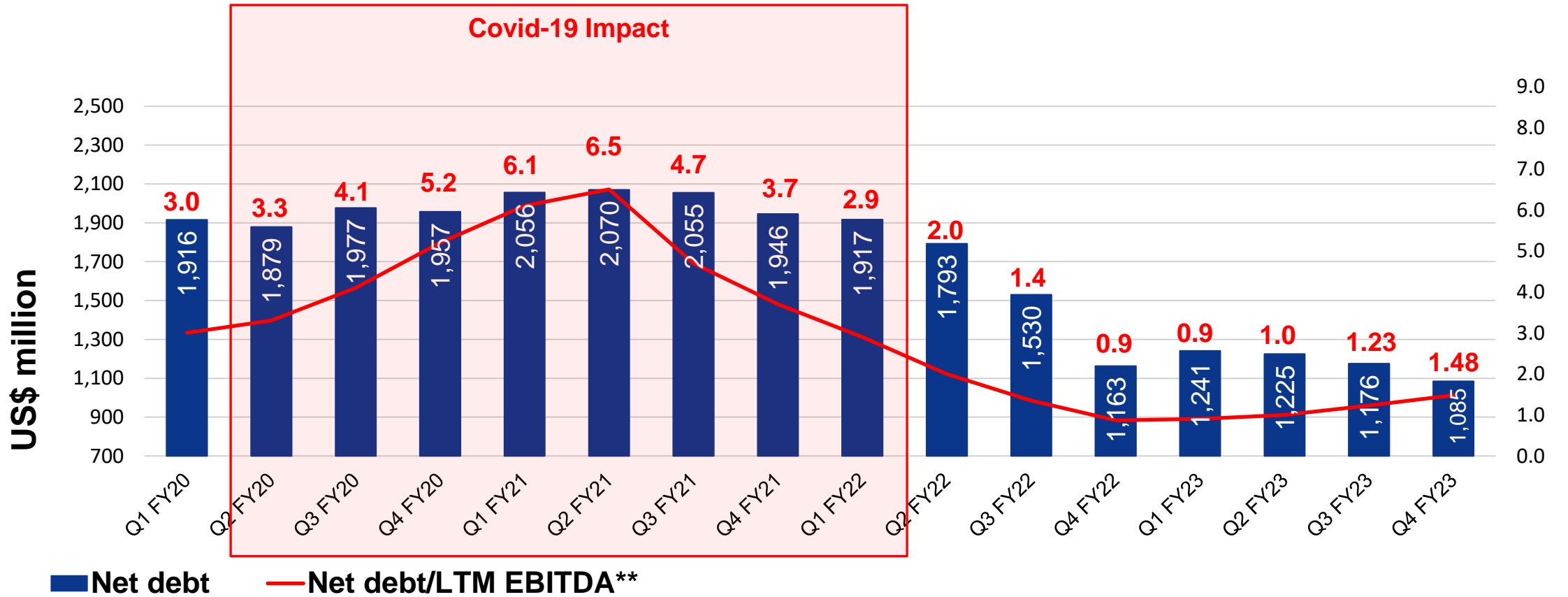
US\$ million	Q4 FY23
Net debt – June 2023	(1,176)
Cash generated during the period	76
Net increase in IFRS16 leases	(14)
Currency, fair value impact and other	29
Net debt – September 2023	(1,085)

US\$ million	FY23
Net debt – September 2022	(1,163)
Cash generated during the period	210
Net increase in IFRS16 leases	(31)
Conversion of SSA convertible bond shares	3
Share repurchase	(22)
Currency, fair value impact and other	(82)
Net debt – September 2023	(1,085)

Net debt development



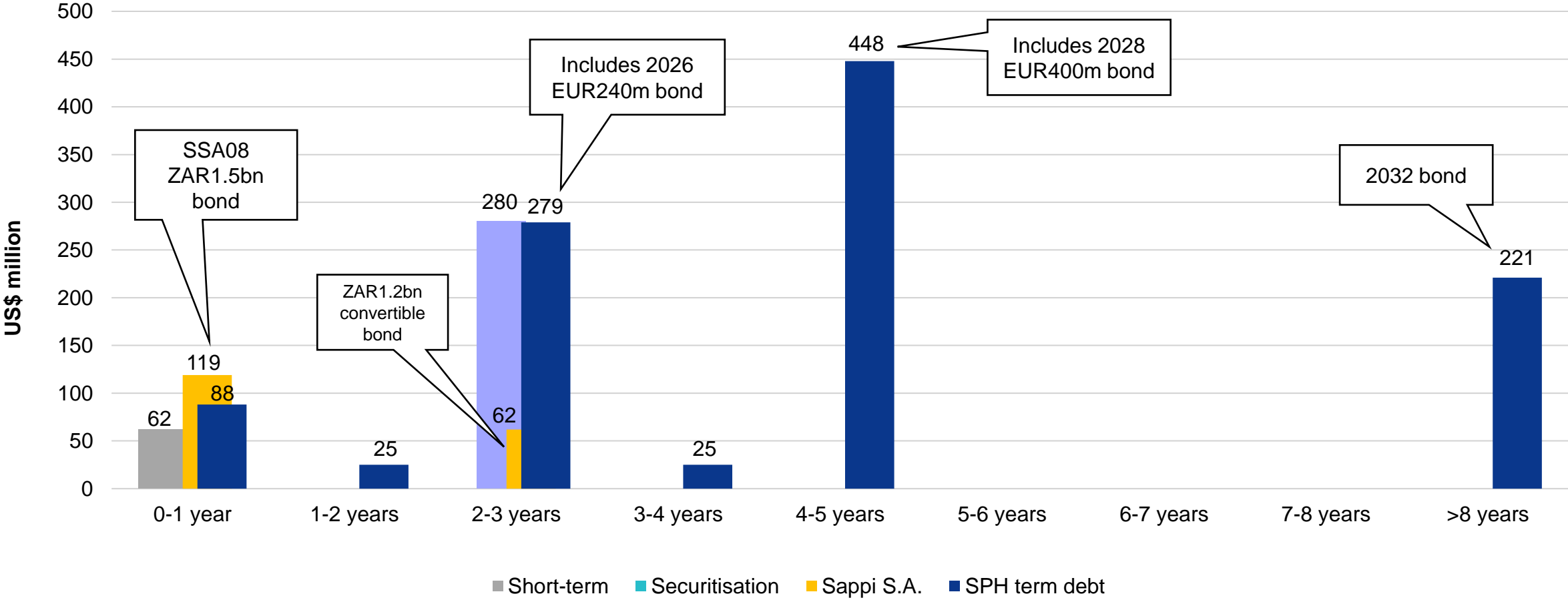
Net debt/EBITDA* development



* EBITDA is excluding special items.

** The financial covenant Net debt/LTM EBITDA calculation has adjustments and therefore differs from the published results shown above. Net Debt since Q1/20 impacted by IFRS 16 leases now on balance sheet (~US\$90m in Q4/23).

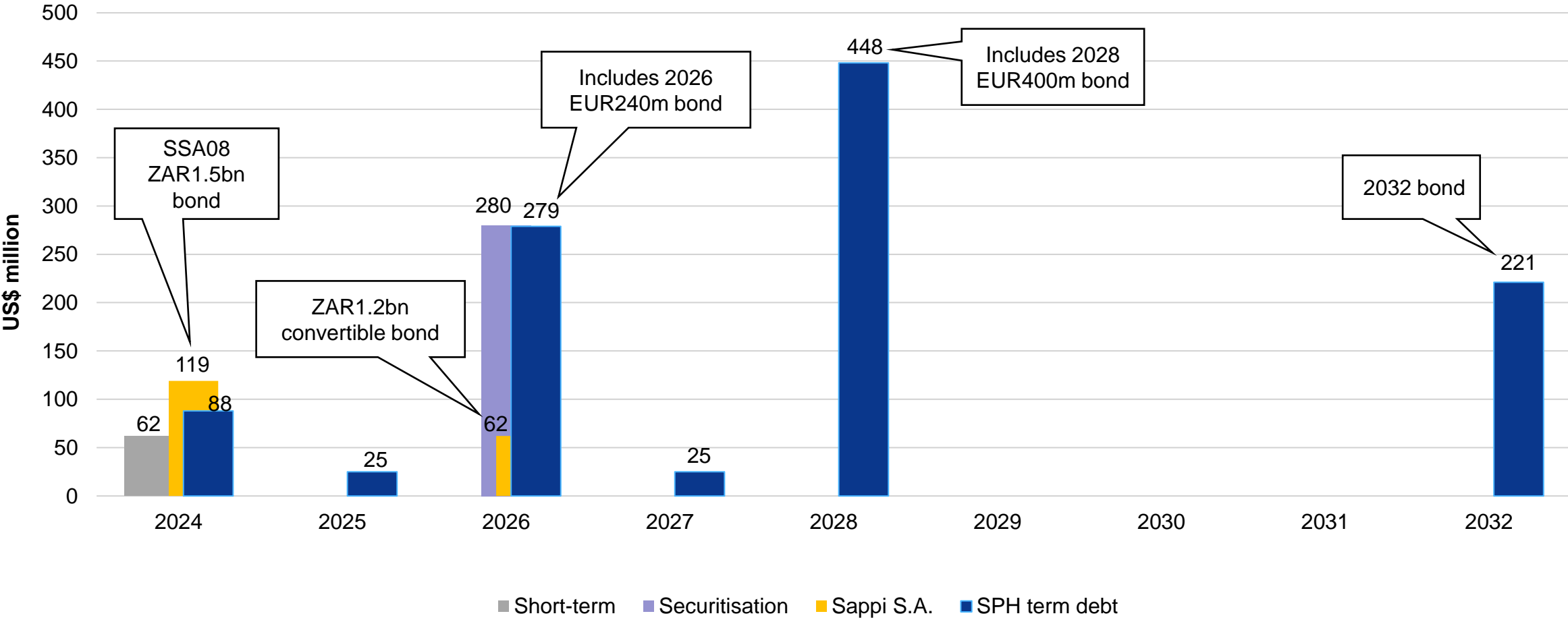
Maturity profile (Annual)* September 2023



* Excludes IFRS 16 leases with an average time to maturity of approximately four years.

Maturity profile (Fiscal)*

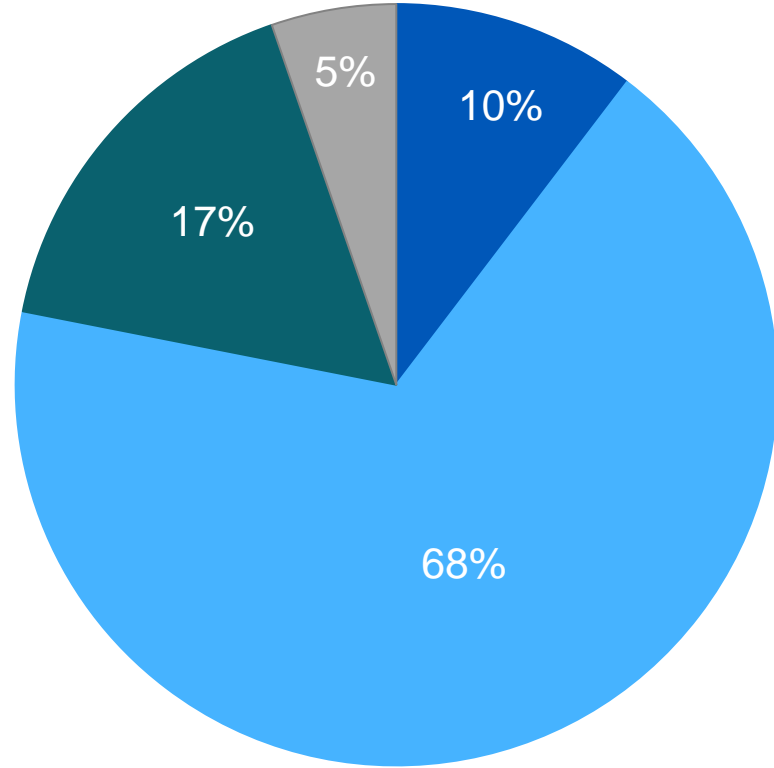
September 2023



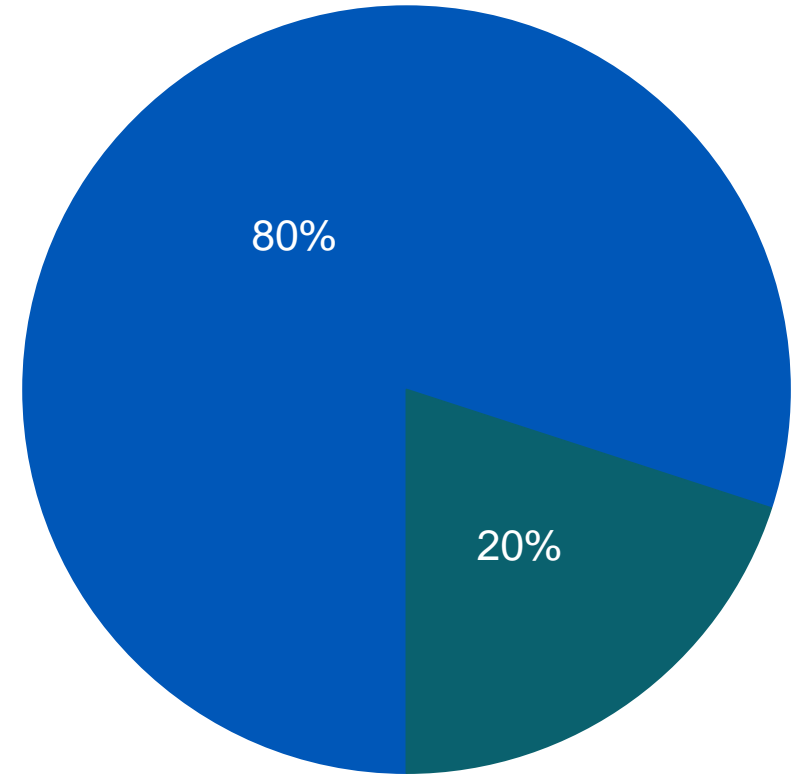
* Excludes IFRS 16 leases with an average time to maturity of approximately four years.

Debt split

Gross debt



■ Sappi S.A. ■ SPH ■ Securitisation ■ IFRS16 Leases

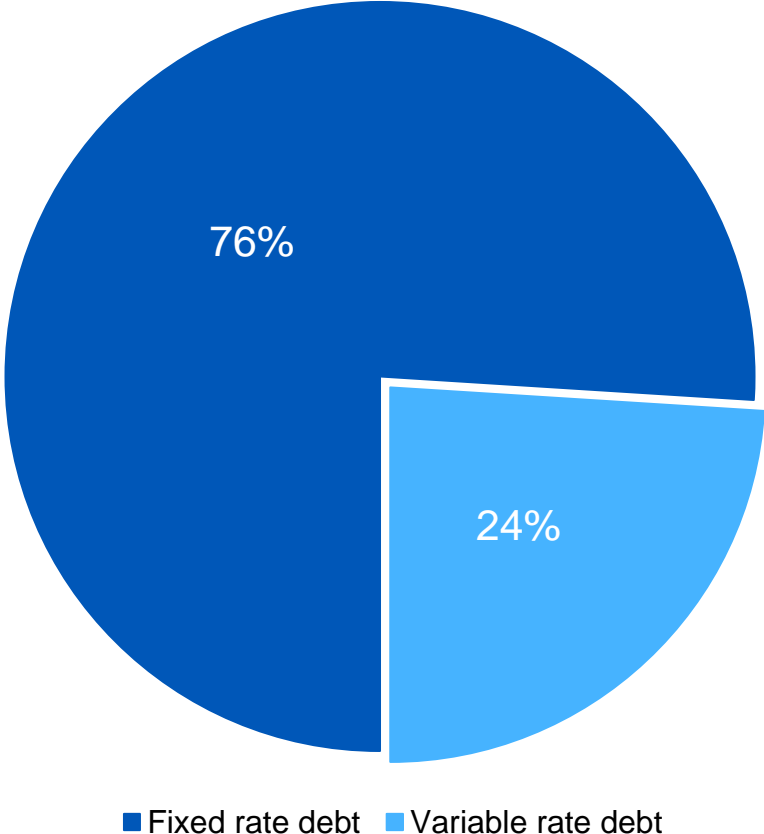
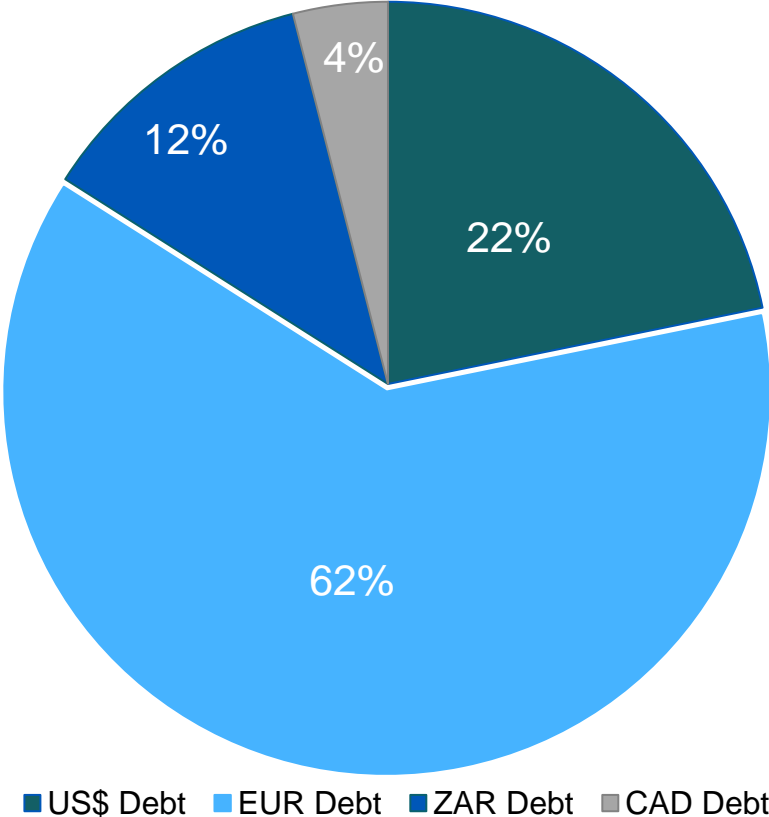


■ Public debt ■ Bank debt

- Sappi takes up debt mainly at SPH and Sappi S.A. (refer to slide 3).
- SPH Securitisation debt is taken up in a central special purpose vehicle which is consolidated in the group results.

Debt ratios

Gross debt



• Debt by currency, based on gross debt and includes effect of currency swaps and hedges, where applicable.

Key historical cash flow items

US\$ million	FY21	FY22	FY23
Key cash flow items			
Cash generated by operations	472	1,267	659
Change in net working capital	39	-270	178
Maintenance capex	-176	-188	-170
Cash taxes	-2	-23	-56
Net finance costs	-102	-92	-91
Dividend paid	0	0	-85
Other	-4	-8	-13
Cash flow post maintenance capex	227	686	422
Expansion capex	-198	-180	-212
Acquisitions	0	0	0
Key figures and ratios			
EBITDA excluding special items ¹	532	1,339	731
Net debt	1,946	1,163	1,083
Net debt / EBITDA	3.7x	0.9x	1.5x
EBITDA / Net finance costs ²	5.2x	15.3x	6.2x

1. Please refer to the Annual Integrated Report for a definition of special items.

2. Net finance costs per income statement (excluding non-recurring breakage fees). Please refer to published results for full financial summary.

Bank covenants*

- **Two bank covenants exist at the consolidated Sappi Limited level:**
 - A net debt to EBITDA covenant, and
 - An interest coverage covenant.
- **Two separate bank covenants exist at the Sappi Southern Africa level for its own bank facilities:**
 - A net debt to equity covenant, and
 - An interest coverage covenant.
- **As of September 2023, all bank covenants were met.**



* Refer to page 140 of the 2022 Annual Integrated Report for the detailed covenants.

Rating agency ratings

- **S&P, Moody's and Fitch have assigned the following credit ratings:**

Moody's	Sappi group rating	SPH Senior unsecured debt	2032 Bonds
January 2019	Ba1/Stable/NP	Ba1/Stable/NP	Ba3
February 2020	Ba2/Stable/NP	Ba2/Stable/NP	B1
December 2020	Ba2/Negative/NP	Ba2/Negative/NP	B1
December 2021	Ba2/Stable/NP	Ba2/Stable/NP	B1
December 2022	Ba2/Positive/NP	Ba2/Positive/NP	B1
S&P	Sappi group rating	SPH Senior unsecured debt	2032 Bonds
January 2017	BB/Stable/B	BB/Stable/B	BB
April 2020	BB/Negative/B	BB/Negative/B	BB
September 2020	BB-/Stable/B	BB-/Stable/B	BB-
January 2023	BB/Positive/B	BB/Positive/B	BB
Fitch	Sappi group rating	SPH Senior unsecured debt	2032 Bonds
April 2023	BB+/Stable	BB+/Stable	BB

- **Global Credit Ratings have assigned the following credit rating to Sappi Southern Africa Limited:**

GCR	SSA Local rating
March 2019	AA- (ZA)/Stable
May 2020	AA (ZA)/Stable
June 2022	AA+ (ZA)/Positive
June 2023	AAA (ZA)/Stable

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