

Sappi concludes sale of Enstra Mill, invests in Stanger Mill

Issued by [Sappi](#)

3 Nov 2015

With reference to the announcement made on 2 July 2015 regarding the sale of Sappi's Enstra Mill near Johannesburg, Sappi wishes to confirm that all conditions have been met and that the mill has been transferred, on 2 November 2015, to the new owners, Corruseal. The sale is not categorisable in terms of section 9.5 of the JSE Listings Requirements.

The agreement with Corruseal regarding Enstra Mill includes the recycled containerboard and kraft papers business produced on PM6, as well as the fine paper and security paper portfolio produced on PM2.

With the sale of Enstra Mill, the production of Sappi's much loved Typek copy paper has moved to Sappi Stanger Mill in KwaZulu-Natal. Sappi has invested and committed in 2015 and 2016 capital upgrades to secure Stanger Mill as a worldclass office and tissue paper producer. The first phase of this project has been successfully completed through an investment of approximately R30m in upgrading various aspects of the paper machine to ensure that the paper quality meets the high standard required in today's demanding markets.

During the next five months, Sappi will invest a further R70m at Stanger Mill in our sheeting and finishing operations with a focus on speed, increasing the throughput of our finished A4 products, as well as improving the packaging quality of our products to further benefit our customers.

These investments in office paper at Stanger will bring the following benefits:

- Paper bulk and stiffness improvement for better runnability in printers and copiers as it contains sugar cane bagasse pulp
- Smoother surface for excellent print quality
- Finishing house upgrade for higher throughputs, packaging quality improvements, and
- Supply chain optimisation for higher product availability and better service levels.

Sappi expects to close the sale of its Cape Kraft Mill to New Era Holdings before the end of November 2015. The sale of the Cape Kraft and Enstra Mills is in line with Sappi Southern Africa's strategy to unlock value in line with the Sappi Limited strategy which aims to reduce debt, strengthen its balance sheet and direct resources to high-growth opportunities.

The proceeds from the two sales will amount to just under R600m.

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Sappi



Sappi works closely with customer, both direct and indirect, in over 100 countries to provide them with the relevant and sustainable paper, paper-pulp and dissolving wood pulp products and related services and innovations.

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