

Sappi concludes sale of Cape Kraft Mill, invests to increase energy self-sufficiency at Tugela and Saiccor Mills

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Further to the announcements of March and July 2015 regarding the sale of Sappi's Cape Kraft Mill in Milnerton, Cape Town, Sappi wishes to confirm that all conditions have been met and that the mill has been transferred, on 23 November 2015, to the new owners, the Golden Era Group. The sale is not categorisable in terms of section 9.5 of the JSE Listings Requirements.

The sale of Cape Kraft Mill, along with the sale of Enstra Mill which was completed earlier this month, signals Sappi's exit from the recycled paper packaging market, a market where Sappi did not enjoy any competitive advantage. Sappi Southern Africa in future will focus on: its commercial timber operations; enhancing its already world-leading dissolving wood pulp capacity at Ngodwana and Saiccor Mills; investing in its containerboard capacity at its Tugela and Ngodwana Mills; its tissue and office (copy) paper capacity at Stanger Mill; its newsprint capacity at Ngodwana Mill; providing the South African market with a worldclass range of coated, uncoated and speciality papers made at Sappi's European mills, as well as, increasing its by-products offering including Lignosulphonate from Tugela Mill.

During the course of 2016, Sappi will invest in projects to increase the company's energy self-sufficiency through the installation of new turbines at the Tugela and Saiccor Mills. The turbines will produce approximately 23MW of power and contribute to increasing Sappi Southern Africa's self-sufficiency from 56% to 72% by the end of 2016. This will help mitigate against any future power shortages but more importantly will lower Sappi's energy costs.

As mentioned previously the combined proceeds from the sales of Enstra and Cape Kraft Mills amounts to just under R600m.

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