



Sappi Limited
(Incorporated in the Republic of South Africa)
(Registration number 1936/008963/06)
ISIN: ZAE000006284
JSE Share code: SAP
Bloomberg: SAP SJ EQUITY
Reuters: SAPJ.J
("Sappi Limited")

Sappi Southern Africa Limited
(Incorporated in the Republic of South Africa)
(Registration number 1951/003180/06)
Bond company code: SSAI
("SSA" or the "Issuer")

NOT FOR DISTRIBUTION IN OR INTO THE UNITED STATES, AUSTRALIA, CANADA, JAPAN OR ANY OTHER JURISDICTION IN WHICH SUCH DISTRIBUTION WOULD BE PROHIBITED BY APPLICABLE LAW

SAPPI SOUTHERN AFRICA LIMITED SENIOR UNSECURED CONVERTIBLE REGISTERED BOND OFFERING

1. Introduction

Sappi Limited hereby announces the launch of an offering (the "**Offering**") of senior, unsecured, convertible registered bonds due in 2025 with an aggregate principal amount of approximately ZAR1,750,000,000 (the "**Bonds**"). The ZAR denominated Bonds are to be issued by SSA and will, subject to certain conditions including the passing of the Shareholder Resolutions (as defined below), be convertible into ordinary shares of Sappi Limited (the "**Ordinary Shares**").

The Issuer is rated AA (Stable Outlook, National Scale Long Term) by GCR Ratings. Sappi Limited is rated BB- (Stable outlook, International Scale Long Term) by S&P Global Ratings and Ba2 (Stable outlook, International Scale Long Term) by Moody's Investors Service.

2. Rationale and use of proceeds

SSA intends to use the net proceeds from the Bonds to fund the remaining capital expenditure required to expand the Saiccor mill ("**Saiccor**") in South Africa. The Saiccor expansion project is currently approximately 80% complete and is expected to contribute an additional capacity of 110,000 tons. This additional capacity is fully committed to existing customers and the project is expected to be completed by mid-2021.

3. Terms of the Offering

The Bonds, which are expected to mature on 26 November 2025, will be issued at par and are expected to carry a fixed rate coupon of between 5.00% and 5.50% per annum payable semi-annually in arrears on 26 May and 26 November of each year, commencing on 26 May 2021.



The initial conversion price is expected to be set at a premium of between 30% and 35% to the volume weighted average price ("VWAP") of the Ordinary Shares of Sappi Limited listed on the Main Board of the JSE Limited ("**JSE**") from market open to the pricing of the offer today. The conversion price will be subject to customary adjustments (as described in the terms and conditions of the Bonds). The expected Ordinary Shares underlying the Bonds represent approximately 9.0% of Sappi Limited's issued and outstanding ordinary share capital immediately prior to the Offering.

The Issuer may redeem all but not some of the Bonds at their principal amount together with accrued interest to but excluding the date of redemption: (i) on or at any time after the twenty-first day following the third (3rd) anniversary of the Settlement Date (as defined below), if the VWAP of an Ordinary Share exceeds 130% of the conversion price on no less than 20 out of any 30 consecutive dealing days; or (ii) at any time, if more than 85% of the Bonds originally issued have been converted and/or redeemed and/or purchased and cancelled.

The Issuer will undertake to use all reasonable endeavours to procure that Sappi Limited convenes a meeting of its shareholders by 28 February 2021 for the purpose of considering, and if deemed fit, passing such resolutions (the "**Shareholder Resolutions**") as are required to enable the issue of, or transfer and delivery of, such number of the Ordinary Shares as may be required to be issued or, as the case may be, transferred and delivered from time to time upon the exercise of conversion rights. Absent such approval, holders of the Bonds will on conversion receive a cash amount as described in the terms and conditions of the Bonds. For so long as the Shareholder Resolutions have not been passed, the Issuer may, at any time, by giving notice not later than 10 dealing days prior to the long stop date of 31 March 2021 elect to redeem all but not some of the Bonds at the greater of (i) 102% of the principal amount of the Bonds, together with accrued interest to (but excluding) the date fixed for redemption or (ii) 102% of the fair bond value of the Bonds together with accrued interest to (but excluding) the date fixed for redemption.

Bondholders may at their option require the Bonds to be redeemed, in the event of a change of control or a de-listing of the Ordinary Shares, in each case, at their principal amount plus accrued interest.

The Offering is being conducted by way of an accelerated bookbuild solely on a private placement basis with South African and international institutional investors outside the United States of America in accordance with Regulation S under the Securities Act (as defined below) and outside Canada, Australia and Japan. The Offering is open with immediate effect and will close as soon as is practicable today, Wednesday, 18 November 2020.

4. Settlement and listing

The final terms of the Bonds are expected to be announced today and settlement is expected to take place on or around 25 November 2020 (the "**Settlement Date**").

The Bonds will be unlisted on issue. An application to list the Bonds on the Main Board of the JSE will be submitted within 4 months following the Settlement Date.

5. Lock-ups

The Issuer, together with Sappi Limited and its other material subsidiaries, have agreed not to issue or dispose of any of the Ordinary Shares, or securities convertible or exchangeable into Ordinary Shares, held by or on their behalf, for a period of 90 days from the pricing date, subject to customary exceptions.



For additional information on the Offering, refer to <https://www.sappi.com/investors>.

Johannesburg
18 November 2020

Global Coordinator and Transaction Sponsor
Rand Merchant Bank, a division of FirstRand Bank Limited

Bookrunners
Rand Merchant Bank, a division of FirstRand Bank Limited
Morgan Stanley & Co. International plc (non-South African book)

Legal adviser to Sappi Limited and SSA
Bowman Gilfillan Inc.

Legal adviser to Bookrunners
Webber Wentzel

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