



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 ANNOUNCES FINAL TERMS OF SENIOR UNSECURED CONVERTIBLE REGISTERED BOND OFFERING

1. Introduction

Sappi Limited ("Sappi") hereby announces the final terms of an offering (the "Offering") of senior, unsecured, convertible registered bonds due in 2025 with an aggregate principal amount of ZAR 1,800,000,000 (the "Bonds") by SSA. The Bonds will, subject to certain conditions including the passing of the Shareholder Resolutions (defined below), be convertible into ordinary shares of Sappi Limited ("Ordinary Shares").

2. Results of the Offering

The Bonds, which are expected to mature on 26 November 2025, will be issued at par and will carry a fixed rate coupon of 5.25% 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 of ZAR 33.1636 was set at a premium of 32.5% above the reference share price of ZAR 25.0291 being the volume weighted average price ("VWAP") of the Ordinary Shares, between opening and pricing of the offer, on the Main Board of the JSE Limited (the "JSE") today.

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 (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.

As mentioned above, the Bonds issued by SSA will, subject to certain conditions including the passing of the Shareholder Resolutions (defined below), be convertible into Ordinary Shares. The Issuer undertakes to use all reasonable endeavours to procure that Sappi convenes a meeting of its



shareholders by 28 February 2021 for the purpose of considering, and if thought fit, passing such resolutions (the “Shareholder Resolutions”) as are required to enable the issue of, or transfer and delivery of, such number of 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.

3. 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 additional capacity of 110,000 tons. This additional capacity is fully committed to existing customers and is expected to be completed by mid-2021.

4. Settlement and listing

Settlement is expected to take place on or around Wednesday, 25 November 2020 (the “Settlement Date”). The Bonds will be unlisted on date of issue. An application to list the Bonds on the Main Board of the JSE will be submitted within four months following the Settlement Date.

5. Lock-ups

The Issuer, together with Sappi and its material subsidiaries, have agreed not to issue or dispose of any 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.

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 and SSA

Bowman Gilfillan Inc.

Legal adviser to Bookrunners

Webber Wentzel

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