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Media release

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Sappi provides Q1 financial update

JSE-listed forestry and woodfibre resource group Sappi has released its financial results for the quarter ended 31 December 2025. The group delivered Adjusted EBITDA of US$90 million for the quarter.

Commenting on the results for the period, group CEO Steve Binnie said: "Market conditions remained challenging during the quarter with ongoing macroeconomic pressures, subdued consumer confidence and overcapacity driving pricing declines across all product segments.

"The results were impacted by Rand appreciation against the US Dollar, a combination of scheduled and unscheduled maintenance work as well as lower dissolving wood pulp (DWP) prices. These adverse impacts were partially offset by ongoing group-wide strategic cost saving initiatives and the annual energy refunds in Europe.

"In response to the headwinds faced by the group, we continue to implement a number of cost saving initiatives to offset lower selling prices and significant weakening of the USD against the ZAR and EUR. We have further reduced our capital expenditure for FY2026 to approximately US$260 million to proactively manage the balance sheet and preserve cash. Liquidity improved further after quarter-end with the increased international RCF and the new term loan

We remain focused on executing the "Back to Basics" phase of our Thrive strategy, closely monitoring external developments while prioritizing strong cost discipline and targeted operational efficiency improvements to strengthen the balance sheet and maintain agility during this period of market weakness."

Further detail and segmental reporting is available on our website www.sappi.com/latest-financial-results.

Update on proposed joint venture with UPM

Sappi has also provided an update on the potential formation of a 50/50 joint venture with UPM-Kymmene Corporation ("UPM") for graphic papers in Europe. The proposed joint venture will combine Sappi's European graphic paper operations with UPM's Communications Paper business in Europe, the UK, and the USA.

The parties intend to sign definitive agreements during the first half of 2026 and expect to complete the transaction by the end of 2026, subject to the fulfilment of all conditions precedent.

Outlook

In light of the rapidly evolving global trade environment, Sappi management are erring on the side of caution.

Binnie concludes: "A challenging global macroeconomic environment and persistent geopolitical and trade tensions continue to disrupt market stability and dampen consumer demand, negatively impacting our industry. Taking into account the challenging macroeconomic environment, exchange rate headwinds and depressed DWP pricing, we anticipate that Adjusted EBITDA for the second quarter of FY2026 will be below that of the first quarter of FY2026."

ENDS.