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Media release

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Sappi Limited (JSE: SAP, OTC: SPPJY) reports its fourth quarter and full year financial results for 2025

Johannesburg, South Africa — [06 November 2025]: Sappi, a diversified industrial business that utilises renewable resources to produce woodfibre-based products for global markets, today announced its audited financial results for the year ended 30 September 2025. The global group which has manufacturing operations on 3 continents and sells its products in over 150 countries, is now turning its attention to extracting operational benefits from bedding down a key North American investment while reducing debt.

"Sappi's immediate focus remains on internal levers within the company's control," says Sappi CEO Steve Binnie, adding: "Our 'Back to Basics' focus is to reduce debt and strengthening the balance sheet through targeted cost savings initiatives and operational efficiency improvements."

Financial summary for the period include:

- The group delivered Adjusted EBITDA (Earnings before interest, taxation, depreciation, amortisation, special items and the plantation fair value price adjustment) of US$501 million for FY2025 and a loss of US$177 million.
- In March 2025, the company successfully completed a €300 million bond issuance of 4.500% sustainability-linked senior notes due in 2032. A vote of confidence from lenders in Sappi's sustainability strategy and long-term debt profile.
- At year end, liquidity remained healthy with cash on hand of US$219 million and US$602 million from unutilised committed revolving credit facilities (RCF) in South Africa and Europe.

- Strong institutional investor support from long-term anchor shareholders and positive analyst consensus outlook.

Geographical performance

South Africa

The South African region delivered a satisfactory performance within the context of challenging global paper market conditions, weaker dissolving wood pulp (DWP) pricing, and adverse USD/ZAR exchange rate movements affecting the pulp segment. Domestic containerboard demand were boosted as the citrus season concluded with citrus production significantly higher than last year. South African operations delivered ZAR26.18 billion in revenue with adjusted EBITDA of ZAR5.2 billion for the year.

North America

Revenue for the North American operations was $1.73 billion with Adjusted EBITDA of $133m for the year. A key highlight was the completion of the Somerset Mill PM2 conversion and expansion project in North America – a key technology upgrade. Although the start-up was delayed, the technical ramp-up is exceeding expectations with excellent initial market feedback of product quality. Sales volumes for packaging and speciality papers increased 22% compared to the previous year as production at the Somerset Mill stabilised and the PM2 ramp-up progressed through the quarter. Despite the higher sales, segment profitability remained below last year's levels, primarily due to lower pricing in weak market conditions and higher costs. The cost increase was in line with expectations and reflected operational inefficiencies and limited fixed cost absorption during the transitional PM2 ramp-up phase.

Europe

Market conditions in Europe remained challenging with a continuing high level of competition against the backdrop of an oversupplied and weak demand environment. The weak operating conditions have underscored the need for continued proactive measures to strengthen Sappi's competitive position. Sales volumes in the packaging and speciality papers segment improved by 8% compared to last year driven primarily by increased sales of label paper while paperboard demand remained stable and flexible packaging - especially in the dairy segment - showed gradual signs of recovery. The region delivered revenue of EUR2.03 billion and Adjusted EBITDA of EUR58 million.

Outlook

Challenging global macroeconomic conditions and persistent geopolitical tensions continue to disrupt market stability, creating ongoing supply and demand imbalances across our industry. In addition, heightened trade tensions and the resulting realignment of supply chains are introducing additional costs and uncertainty. While these conditions have created a more complex operating environment, Sappi remains confident in the underlying strength of its business and the resilience of its operations.

In support of the leadership team's commitment to reducing debt, capital expenditure has been adjusted downward to below US$300 million per annum for the next two years, with no expansionary capex anticipated during this period.

Commenting on the outlook for the first financial quarter, Binnie said: "Taking into account the confluence of market factors and the scheduled maintenance shut at the Somerset Mill, we anticipate that the Adjusted EBITDA for the first quarter of FY2026 will be below that of the fourth quarter of FY2025."

Binnie concludes: "Sappi is a well-capitalised business with a proven ability to adapt and respond to market cycles. Our recent strategic growth investments in packaging and speciality papers and dissolving wood pulp (DWP) have strengthened our portfolio and position us well to benefit from a market recovery. We remain committed to navigating the current operating environment with discipline and transparency, prioritising cash generation to reenforce our balance sheet and further enhance our financial resilience. "

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About

Sappi uses renewable resources to make woodfibre based products. We are a diversified, innovative and trusted leader focused on sustainable processes and products, and are building a circular economy that benefits the world.

Our packaging papers, graphic papers, pulp and biomaterials are manufactured from woodfibre sourced from sustainably managed forests, in production facilities which, in many cases use internally generated bioenergy. Many of our operations are self-sufficient.

We have manufacturing operations on three continents and sell our products in more than 150 countries. Our global presence allows us to optimise for different markets, while sharing best practices and the latest technological achievements.

Together with our partners, we work to build a thriving world by acting boldly to support the planet, people and prosperity.