

UNITED INSURANCE HOLDINGS CORP.

Form 8-K

April 24, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): April 21, 2017

UNITED INSURANCE HOLDINGS CORP.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation)

001-35761

(Commission File  
Number)

75-3241967

(IRS Employer Identification No.)

800 2nd Avenue S  
Saint Petersburg, FL

33701

(Address of principal executive offices) (Zip Code)

(727) 895-7737

(Registrant's telephone number, including area  
code)

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02: Compensatory Arrangements of Certain Officers.

On April 21, 2017, the Company and its President and Chief Executive Officer, Mr. John Forney, entered into an Amended and Restated Employment Agreement ("Agreement"), replacing the previous employment agreement which has been effective since June 8, 2012. The Agreement provides that the Company will employ Mr. Forney for a term that begins on the Effective Date and continues until the fifth (5<sup>th</sup>) anniversary of the Effective Date. The Agreement will automatically renew for additional one-year terms unless either party provides 90 days' written notice of such party's intent to terminate Mr. Forney's employment. Pursuant to the Agreement, Mr. Forney will receive a minimum annual base salary of \$1,000,000. In addition, the Agreement provides that Mr. Forney is eligible (1) to receive annual cash bonuses which are payable to executive management based on achievement of performance goals to be established for the Company's executive management team by the Board, and (2) to participate in other benefits generally available to senior executives of the Company, including the Company's long-term Executive Stock Based Incentive Plan. The Agreement also provides that Mr. Forney will be eligible to receive awards of restricted equity in the Company, as determined by the Company's Compensation Committee and the Board.

The Agreement provides that upon the termination of Mr. Forney's employment for any reason, Mr. Forney will be subject to customary non-competition and non-solicitation of employees covenants for a period of 24 months.

The foregoing description does not purport to be a complete description of the Agreement and is qualified by reference to the full text of such document, which is attached as Exhibit 10.1 to this Current Report on Form 8-K.

Item 9.01(d): Exhibits.

See the Exhibit Index set forth below for a list of exhibits included with this Current Report on Form 8-K.

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Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

UNITED INSURANCE HOLDINGS CORP.

By: /s/ Brad Martz

Name: Brad Martz

Title: Chief Financial Officer  
(principal financial officer)

Date: April 24, 2017

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EXHIBIT INDEX

Exhibit  
No. Description

10.1 Employment Agreement, dated April 24, 2017, between United Insurance Holdings Corp. and John Forney

size:10pt;">Return on average equity (ROE) \*\*

(7.8)

(15.1)

17.4

6.0

12.6

Net debt to total capitalisation \*\*

47.8

50.2

43.2

47.8

43.2

*\* Refer to page 10 for details on special items.*

*\*\* Refer to page 19, Supplemental Information for the definition of the term.*

*\*\*\* Refer to page 20, Supplemental Information for the reconciliation of EBITDA excluding special items to (loss) profit for the period.*

*\*\*\*\* Refer to note 2 page 16.*

*The table above has not been audited or reviewed.*

sappi limited

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fourth quarter

Comment

Although economic conditions in our major markets became increasingly uncertain through the quarter, our order books remained strong. Sales volumes were at similar levels to the equivalent quarter last year and the prior quarter. Prices realised improved in all regions which, together with the effect of currency translation, in particular of Euros to US Dollars, resulted in a 7% increase in net sales for the quarter compared to a year ago. Prices for coated fine paper in Europe improved towards the end of the quarter, helping to offset high input costs.

High input costs including wood, energy and chemical costs continued to have an unfavourable impact on our margins in all regions. The impact of price increases on input costs of wood, energy and chemicals for the quarter was US\$78 million compared to a year ago. We were able to mitigate part of the increase through reduced usage and efficiency programmes. Fixed costs were tightly managed across the group despite inflationary pressure in all regions.

Operating profit for the quarter was US\$25 million. Operating profit excluding special items was US\$89 million compared to US\$96 million a year ago and US\$88 million in the third quarter.

Special items of US\$64 million comprised charges of US\$124 million for the planned closures of Blackburn Mill and Maastricht Mill's Paper Machine No 5 announced in August 2008, US\$37 million in respect of the impairment of Usutu Mill, US\$11 million in respect of fire damage to plantations partly offset by a favourable adjustment for the fair value of plantations of US\$108 million.

Net finance costs for the quarter were US\$26 million compared to US\$27 million a year ago.

The effective tax rate for the quarter was unusually high, mainly as a result of tax relief not being available on the asset impairments and the restructuring provisions raised.

Basic loss per share for the quarter was 14 US cents after the impact of unfavourable special items of approximately 35 US cents, compared to earnings of 33 US cents a year ago, which included a favourable impact of special items of approximately 3 US cents.

Year ended September 2008 compared to year ended September 2007

Sales for the year increased 11% to US\$5.9 billion as a result of higher prices and the effect of translation of Euro sales to US Dollars at a higher Euro/US Dollar exchange rate. Sales volumes were at similar levels.

Operating profit for the year was US\$314 million compared to US\$383 million last year. Operating profit excluding special items increased 17% to US\$366 million. Special items for the year were an unfavourable US\$52 million comprising charges relating to the shutting of Blackburn Mill and Paper Machine No. 5 at Maastricht Mill, and asset impairments partly offset by the favourable adjustment of fair value of plantations net of fire damage. In 2007, special items was a favourable US\$70 million.

Net finance costs for the year were US\$126 million compared to US\$134 million last year.

The effective tax rate for the year was 46% which was higher than 19% last year as a result of no tax relief on closures being recorded, on the asset impairments and the restructuring provisions raised.

Basic earnings per share for the year was 45 US cents after an approximate 30 US cents unfavourable impact of special items compared to 89 US cents last year which included an approximate 22 US cents favourable impact of special items.

sappi limited

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fourth quarter

Cash flow and debt

Cash generated by operations was US\$136 million for the quarter compared to US\$161 million a year ago.

On a cash flow basis, net finance costs for the quarter were an inflow of US\$24 million, compared to a payment of US\$52 million a year ago, partly as a result of a Euro 25 million (US\$37 million) cash inflow arising from rolling forward cover contracts which hedge the income statement impact of a currency exposure in a subsidiary.

The cash effect of investing activities was US\$143 million in the quarter, well above a year ago, mainly as a result of expenditure to complete the Saiccor expansion project.

Net debt at September 2008 was US\$2.4 billion compared to US\$2.7 billion at the end of June.

The reduction was a result of good cash generation in the quarter and a US\$124 million favourable currency translation effect.

There are no long term debt repayments scheduled for the remainder of 2008 or 2009. The securitisation programme (US\$360 million utilised at September 2008) has functioned effectively throughout the period, despite the financial turmoil over recent months. We believe that our committed facilities and cash holdings provide liquidity assurance in respect of our short term debt.

Operating review for the quarter

*Sappi Fine Paper*

Quarter

Quarter

Quarter

ended

ended

ended

Sept 2008

Sept 2007

%

June 2008

US\$ million

US\$ million

change

US\$ million

Sales

1,222

1,118

9.3

1,224

Operating (loss) profit

(80)

29

— 36

Operating (loss) profit to sales (%)

(6.5)

2.6

—

2.9

Special items

124

—

—

—

Operating profit excluding special items

44

29

51.7

36

Operating profit excluding special

items to sales (%)

3.6

2.6

—

2.9

EBITDA excluding special items

118

102

15.7

113

EBITDA excluding special items

to sales (%)

9.7

9.1

—

9.2

RONOA pa (%)

5.6

3.7

—

4.4

The performance of our Fine Paper business was enhanced by the improvements in the North American business, which achieved a 11.5% return on net operating assets for the quarter.

Sales volumes were at similar levels to the equivalent period last year. Prices in US Dollar terms were 6% higher than a year earlier.

sappi limited

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fourth quarter

*Europe*

Quarter

Quarter

Quarter

ended

ended

%

%

ended

Sept 2008

Sept 2007

change

change

June 2008

US\$ million

US\$ million

(US\$)

(Euro)

US\$ million

Sales

680

619

9.9

(0.4)

705

Operating (loss) profit

(111)

17

—

—

10

Operating (loss) profit to sales (%)

(16.3)

2.7

—

—

1.4

Special items

123

—

—

—

—

Operating profit excluding

special items

12

17

(29.4)

(33.3)



10

Operating profit excluding  
special items to sales (%)

1.8

2.7

—

—

1.4

EBITDA excluding special items

57

60

(5)

(15.9)

55

EBITDA excluding special  
items to sales (%)

8.4

9.7

—

—

7.8

RONOA pa (%)

2.5

3.5

—

—

1.9

Prices realised by our European business improved towards the end of the quarter as a result of the price increases implemented in September, the last month of the quarter, which helped offset the pressure of continued high input costs.

Sales volumes were, however, slightly lower than a year ago partly as a result of the implementation of price increases in September. Input costs continued to increase in the quarter but were partly offset by reduced consumption of raw materials and operating efficiencies.

Negotiations on the future of Blackburn Mill and Maastricht Paper Machine No.5 continued through the quarter, and it was decided to stop production at Blackburn Mill on 17 October 2008. Production at Maastricht Paper Machine No. 5 is expected to close before the end of 2008. Charges related to the planned closures were taken in this quarter amounting to US\$124 million, of which US\$78 million were non-cash impairment charges. We expect future annual benefits to operating profit of US\$30 million as a result of the closures.

sappi limited

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fourth quarter

*North America*

Quarter

Quarter

Quarter

ended

ended

ended

Sept 2008

Sept 2007

%

June 2008

US\$ million

US\$ million

change

US\$ million

Sales

433

404

7.2

424

Operating profit

30

9

233.3

25

Operating profit to sales (%)

6.9

2.2

—

5.9

Special items

1

—

—

—

Operating profit excluding

special items

31

9

244.4

25

Operating profit excluding

special items to sales (%)

7.2

2.2

—

5.9

EBITDA excluding special items

57

35

62.9

53

EBITDA excluding special  
items to sales (%)

13.2

8.7

—

12.5

RONOA pa (%)

11.5

3.4

—

9.2

Average prices realised for the quarter were 10% above the equivalent quarter last year; however, volumes were about 2% lower largely in line with a decline in industry shipments.

Raw material prices remained high in the quarter but with tight management of costs and efficiencies and a strong operating performance across all mills, together with the improved price realisation, we achieved the best quarterly performance for several years. The business exceeded its target return on net operating assets for the quarter.

sappi limited

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fourth quarter

*South Africa*

Quarter

Quarter

Quarter

ended

ended

%

%

ended

Sept 2008

Sept 2007

change

change

June 2008

US\$ million

US\$ million

(US\$)

(Rand)

US\$ million

Sales

109

95

14.7

27.4

95

Operating profit

1

3

(66.7)

(61.9)

1

Operating profit to sales (%)

0.9

3.2

—

—

1.1

Special items

—

—

—

—

—

Operating profit excluding

special items

1

3

(66.7)

(61.9)

1

Operating profit excluding  
special items to sales (%)

0.9

3.2

—

—

1.1

EBITDA excluding special items

4

7

(42.9)

(36.7)

5

EBITDA excluding special  
items to sales (%)

3.7

7.4

—

—

5.3

RONOA pa (%)

3.4

7.9

—

—

3.2

The business improved its sales volumes and pricing in Rand terms compared to a year ago. High input costs, particularly fibre, chemicals and energy, however, had a severe impact on margins.

sappi limited

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fourth quarter

*Forest Products*

Quarter

Quarter

Quarter

ended

ended

%

%

ended

Sept 2008

Sept 2007

change

change

June 2008

US\$ million

US\$ million

(US\$)

(Rand)

US\$ million

Sales

297

304

(2.3)

8.4

270

Operating profit

106

52

103.8

126.0

(60)

Operating profit to sales (%)

35.7

17.1

—

—

(22.2)

Special items

(60)

9

—

—

111

Operating profit excluding

special items

46

61

(24.6)

(16.5)

51

Operating profit excluding  
special items to sales (%)

15.5

20.1

—

—

18.9

EBITDA excluding special items

63

79

(20.3)

(11.6)

68

EBITDA excluding special items

to sales (%)

21.2

26.0

—

—

25.2

RONOA pa (%)

10.7

15.1

—

—

12.0

Sales volumes for the quarter were below a year ago mainly as a result of output constraints at Saiccor Mill as the major expansion was completed and a refurbishment shut at Usutu Mill. International prices for pulp softened during the quarter which was offset by the weaker Rand to the US Dollar. Demand for chemical cellulose was strong. In the South African market, demand for our packaging paper and newsprint was firm.

During the quarter the Saiccor expansion project was commissioned. The start up went well and we expect a rapid ramp up of production. The expected increase in sales volumes was, however, impacted by the approximate 3-month delay in the start up. At full capacity, which we expect to reach during the first calendar quarter of 2009, the expansion will increase output by 225,000 tons of chemical cellulose to an annual capacity of 800,000 tons. Our plantations in South Africa and Swaziland were severely damaged by fires during August (following severe fires during 2007) resulting in damage to approximately 26,000 hectares of planted trees. The damage to plantations resulted in a charge of US\$11 million in the quarter. The volume of trees lost in Swaziland reduced the value of Usutu Mill which has therefore been impaired. During the quarter a charge of US\$37 million was recorded in respect of this impairment. The plantation fair value (price) adjustment for the quarter was a gain of US\$108 million.

sappi limited

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fourth quarter

Dividend

Taking into account factors including the macro economic and global financial market conditions, the board has decided to rebase the dividend. Accordingly the board has approved a dividend, number 85, of 16 US cents per share for the year ended September 2008. The dividend will be payable on all shares in issue on 28 November 2008, which is prior to completion of the proposed rights offer. A dividend of 32 US cents per share was paid for the previous year.

Acquisition

On 29 September 2008, we announced the proposed acquisition of M-real's coated graphic paper business for Euro 750 million. On 03 November 2008, Sappi shareholders approved the resolutions authorising the transaction and placing newly created shares under the control of directors for the purposes of a rights offer to finance the transaction. On 31 October 2008, we announced that Sappi intends to raise the Rand equivalent of Euro 450 million through a fully underwritten renounceable rights offer. Further details of the rights offer are expected to be announced on 07 November 2008.

The acquisition was cleared by the European Commission on 31 October 2008. The acquisition is subject to the implementation of our planned rights offer and certain adverse change conditions.

We plan to fund the transaction with Euro 500 million of equity with the balance in long term debt, which will therefore strengthen our balance sheet ratios.

Outlook

Given the turmoil in world financial markets and predictions of lower global economic growth following from this, we expect demand in our major markets to be lower in the near term. Developments in the supply and demand balance for coated fine paper remain favourable. A number of producers, including ourselves, have announced capacity reductions in Europe amounting to approximately one million tons of coated woodfree paper (around 10% of capacity) over the next few months.

We also believe that circumstances are right for the reduction of many of our input costs including wood, chemicals and energy, and we will work with our suppliers to achieve this. We expect reduced input costs to help offset the unfavourable impact on our margins if demand slows.

The decline in the value of both the Rand and the Euro against the US Dollar will have a net positive effect on margins in South Africa, and to a lesser extent in Europe, respectively. The strong US Dollar does, however, make the North American market more susceptible to imports. We expect the net effect of recent currency movements to be positive for our business in terms of both margin and debt.

We expect the quarter ahead to be weak as it is typically a seasonally slower quarter and we plan a number of major mill maintenance shuts during the quarter.

Our strategic initiatives, including the acquisition of M-real's coated graphic paper business, are progressing well. We expect the acquisition to be completed on 31 December 2008, resulting in a stronger European business with excellent brands and strong customer relations. We estimate total annual synergies of approximately Euro 120 million from the acquisition and the integration of the acquired business into our existing business. We expect to achieve these synergies within three years and without material capital investments.

Production at our expanded Saiccor Mill is ramping up well and although NBSK pulp prices have softened over the last few months, prospects for this business are excellent – the business has exciting markets and price realisation in Rand terms has increased compared to the previous quarter.



sappi limited

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fourth quarter

Following the completion of the Saiccor expansion, we plan to reduce the level of capital expenditure and expect to reduce debt levels during financial year 2009 with internally generated cash flow. Given the uncertain conditions in global financial markets, refinancing existing or raising additional debt and the associated terms are likely to be more challenging.

We believe that successful implementation of our strategic initiatives, coupled with capacity closures in Europe and input cost reductions across all our businesses, will place the group in a good position to face the year ahead.

On behalf of the board

R J Boëttger

M R Thompson

Director

Director

06 November 2008

sappi limited

(Registration number 1936/008963/06)

Issuer Code: SAVVI

JSE Code: SAP

ISIN: ZAE000006284

Dividend Announcement

The directors have declared a dividend (number 85) of 16 US cents per share for the year ended September 2008:

In compliance with the requirements of STRATE, the JSE electronic settlement system which is applicable to Sappi, the salient dates in respect of the dividend will be as follows :

Last day to trade to qualify for dividend:

Friday 21 November 2008

Date on which shares commence trading *ex-dividend*:

Monday 24 November 2008

Record date:

Friday 28 November 2008

Payment date:

Tuesday 02 December 2008

Dividends payable from the Johannesburg transfer office will be paid in South African Rands except that dividends payable to nominee shareholders in respect of shares which they hold on behalf of non-residents of the Republic of South Africa will without exception be paid in United States Dollars. There will not be any currency election.

Dividends payable from the London transfer office will be paid in British Pounds Sterling or in the case of shareholders with registered addresses in the USA, in United States Dollars.

Dividends payable other than in United States Dollars will be calculated at the respective rates of exchange ruling at 21h15 Central European Time as per Reuters on Thursday 13 November 2008 and announced on Friday 14 November 2008.

There will not be any de-materialisation nor re-materialisation of Sappi Limited share certificates from Friday 21 November 2008 to Friday 28 November 2008 both days inclusive.

Sappi Management Services (Pty) Limited

Secretaries

Per D J O'Connor

06 November 2008

sappi limited

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fourth quarter

Other information *(This information has not been reviewed)*

*special items*

Special items cover those operating items which management believe are material by nature or amount to the results and

require separate disclosure. Such items would generally include profit and loss on disposal of property, investments and

businesses, asset impairments, restructuring charges, financial impacts of natural disasters and non-cash gains or losses

on the price fair value adjustment of plantations.

Special items, excluding interest and tax effects, for the relevant periods are:

Quarter

Quarter

Year

Year

ended

ended

ended

ended

Sept 2008

Sept 2007

Sept 2008

Sept 2007

US\$ million

US\$ million

US\$ million

US\$ million

Plantation price fair value adjustment

(108)

2

(120)

(54)

Restructuring provisions raised (released)

44

—

41

(7)

Profit on sale of assets

—

(1)

(5)

(26)

Asset impairments

116

—

119

—

Fire, flood, storm and related events

(1)

12  
8  
17  
17  
64  
9  
52  
(70)  
(1)  
*The year ended September 2008 includes the US\$6 million business interruption impact of the flood at Saiccor mill in South Africa.*  
*key regional figures*  
Quarter  
Quarter  
Year  
Year  
ended  
ended  
ended  
ended  
Sept 2008  
Sept 2007  
Sept 2008  
Sept 2007  
Metric tons  
Metric tons  
Metric tons  
Metric tons  
(000's)  
(000's)  
(000's)  
(000's)  
Sales volume  
Fine Paper –  
North America  
389  
398  
1,553  
1,506  
Europe  
628  
633  
2,546  
2,493  
Southern Africa  
93  
90  
339  
350  
*Total*  
1,110

1,121  
 4,438  
 4,349  
 Forest Products –  
 Pulp and paper operations  
 380  
 417  
 1,419  
 1,484  
 Forestry operations  
 268  
 242  
 994  
 1,030  
*Total*  
 1,758  
 1,780  
 6,851  
 6,863  
 US\$ million  
 US\$ million  
 US\$ million  
 US\$ million  
 Sales  
 Fine Paper –  
 North America  
 433  
 404  
 1,664  
 1,511  
 Europe  
 680  
 619  
 2,720  
 2,387  
 Southern Africa  
 109  
 95  
 380  
 358  
*Total*  
 1,222  
 1,118  
 4,764  
 4,256  
 Forest Products –  
 Pulp and paper operations  
 276  
 285  
 1,023  
 979

Forestry operations

21

19

76

69

*Total*

1,519

1,422

5,863

5,304

sappi limited  
11  
fourth quarter  
Quarter  
Quarter  
Year  
Year  
ended  
ended  
ended  
ended  
Sept 2008  
Sept 2007  
Sept 2008  
Sept 2007  
US\$ million  
US\$ million  
US\$ million  
US\$ million  
Operating profit  
Fine Paper –  
North America  
30  
9  
92  
22  
Europe  
(111)  
17  
(64)  
88  
Southern Africa  
1  
3  
6  
9  
*Total*  
(80)  
29  
34  
119  
Forest Products  
106  
52  
273  
264  
Corporate and other  
(1)  
6  
7  
–

*Total*

25

87

314

383

Special items – losses (gains)

Fine Paper –

North America

1

–

3

–

Europe

123

–

119

(32)

Southern Africa

–

–

–

–

*Total*

124

–

122

(32)

Forest Products

(60)

9

(70)

(40)

Corporate and other

–

–

–

2

*Total*

64

9

52

(70)

Operating profit excluding special items

Fine Paper –

North America

31

9

95

22

Europe

12

|                                |
|--------------------------------|
| 17                             |
| 55                             |
| 56                             |
| Southern Africa                |
| 1                              |
| 3                              |
| 6                              |
| 9                              |
| <i>Total</i>                   |
| 44                             |
| 29                             |
| 156                            |
| 87                             |
| Forest Products                |
| 46                             |
| 61                             |
| 203                            |
| 224                            |
| Corporate and other            |
| (1)                            |
| 6                              |
| 7                              |
| 2                              |
| <i>Total</i>                   |
| 89                             |
| 96                             |
| 366                            |
| 313                            |
| EBITDA excluding special items |
| Fine Paper –                   |
| North America                  |
| 57                             |
| 35                             |
| 201                            |
| 128                            |
| Europe                         |
| 57                             |
| 60                             |
| 235                            |
| 234                            |
| Southern Africa                |
| 4                              |
| 7                              |
| 21                             |
| 24                             |
| <i>Total</i>                   |
| 118                            |
| 102                            |
| 457                            |
| 386                            |
| Forest Products                |



63

79

275

299

Corporate and other

(1)

6

8

3

*Total*

180

187

740

688

Other information *(This information has not been reviewed)*

sappi limited

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fourth quarter

forward-looking statements

Certain statements in this release that are neither reported financial results nor other historical information, are forward-looking statements, including but not limited to statements that are predictions of or indicate future earnings, savings, synergies, events, trends, plans or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors, that could cause actual results and company plans and objectives to differ materially from those expressed or implied in the forward-looking statements (or from past results). Such risks, uncertainties and factors include, but are not limited to, the risk that the Acquired Business will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected, expected revenue synergies and cost savings from the acquisition may not be fully realized or realized within the expected time frame, revenues following the acquisition may be lower than expected, any anticipated benefits from the consolidation of the European paper business may not be achieved or the related financings, the highly cyclical nature of the pulp and paper industry (and the factors that contribute to such cyclicity, such as levels of demand, production capacity, production, input costs including raw material, energy and employee costs, and pricing), adverse changes in the markets for the group's products, consequences of substantial leverage, including as a result of adverse changes in credit markets that affect our ability to raise capital when needed, changing regulatory requirements, unanticipated production disruptions (including as a result of planned or unexpected power outages), economic and political conditions in international markets, the impact of investments, acquisitions and dispositions (including related financing), any delays, unexpected costs or other problems experienced with integrating acquisitions and achieving expected savings and synergies and currency fluctuations.

The company undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information or future events or circumstances or otherwise.

We have included in this announcement an estimate of total synergies from the proposed acquisition of M-real's coated graphic paper business and the integration of the acquired business into our existing business. The estimate of synergies that we expect to achieve following the completion of the proposed acquisition is based on assumptions which in the view of our management were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of our management's knowledge and belief, the expected course of action and the expected future financial impact on our performance due to the proposed acquisition. However, the assumptions about these expected synergies are inherently uncertain and, though considered reasonable by management as of the date of preparation, are subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in this estimate of synergies. There can be no assurance that we will be able to successfully implement the strategic or operational initiatives that are intended, or realise the estimated synergies. This synergy estimate is not a profit forecast or a profit estimate and should not be treated as such or relied on by shareholders or prospective investors to calculate the likely level of profits or losses for Sappi for the fiscal 2008 or beyond.

sappi limited  
 13  
 fourth quarter  
 Group income statement  
 Restated  
 Reviewed  
 Reviewed  
 Reviewed  
 Reviewed  
 Quarter  
 Quarter  
 Year  
 Year  
 ended  
 ended  
 ended  
 ended  
 Sept 2008  
 Sept 2007  
 Sept 2008  
 Sept 2007  
 Note  
 US\$ million  
 US\$ million % change  
 US\$ million  
 US\$ million % change  
 Sales  
 1,519  
 1,422  
 6.8  
 5,863  
 5,304  
 10.5  
 Cost of sales  
 1,234  
 1,242  
 5,016  
 4,591  
 Gross profit  
 285  
 180  
 58.3  
 847  
 713  
 18.8  
 Selling, general &  
 administrative expenses  
 91  
 94  
 385  
 362

Other operating expenses  
(income)  
171  
3  
165  
(22)  
Share of profit from  
associates and joint  
ventures  
(2)  
(4)  
(17)  
(10)  
Operating profit  
4  
25  
87  
(71.3)  
314  
383  
(18.0)  
Net finance costs  
26  
27  
126  
134  
Net interest  
37  
40  
143  
152  
Finance cost capitalised  
—  
(6)  
(16)  
(14)  
Net foreign exchange  
gains  
(5)  
(4)  
(8)  
(13)  
Net fair value (gain) loss  
on financial instruments  
(6)  
(3)  
7  
9  
(Loss) profit before taxation  
(1)  
60

|                               |  |
|-------------------------------|--|
| —                             |  |
| 188                           |  |
| 249                           |  |
| (24.5)                        |  |
| Taxation                      |  |
| 31                            |  |
| (15)                          |  |
| 86                            |  |
| 47                            |  |
| Current                       |  |
| (5)                           |  |
| 6                             |  |
| 6                             |  |
| 38                            |  |
| Deferred                      |  |
| 36                            |  |
| (21)                          |  |
| 80                            |  |
| 9                             |  |
| (Loss) profit for the period  |  |
| (32)                          |  |
| 75                            |  |
| —                             |  |
| 102                           |  |
| 202                           |  |
| (49.5)                        |  |
| Basic (loss) earnings per     |  |
| share (US cents)              |  |
| (14)                          |  |
| 33                            |  |
| 45                            |  |
| 89                            |  |
| Weighted average number       |  |
| of shares in issue (millions) |  |
| 228.8                         |  |
| 228.4                         |  |
| 228.8                         |  |
| 227.8                         |  |
| Diluted basic (loss) earnings |  |
| per share (US cents)          |  |
| (14)                          |  |
| 32                            |  |
| 44                            |  |
| 88                            |  |
| Weighted average number       |  |
| of shares on fully            |  |
| diluted basis (millions)      |  |
| 230.7                         |  |
| 231.2                         |  |
| 231.1                         |  |
| 230.5                         |  |

sappi limited  
14  
fourth quarter  
Group balance sheet  
Reviewed  
Reviewed  
Sept 2008  
Sept 2007  
US\$ million  
US\$ million  
ASSETS  
Non-current assets  
4,408  
4,608  
Property, plant and equipment  
3,361  
3,491  
Plantations  
631  
636  
Deferred taxation  
41  
60  
Other non-current assets  
375  
421  
Current assets  
1,701  
1,736  
Inventories  
725  
712  
Trade and other receivables  
702  
660  
Cash and cash equivalents  
274  
364  
Total assets  
6,109  
6,344  
EQUITY AND LIABILITIES  
Shareholders' equity  
Ordinary shareholders' interest  
1,605  
1,816  
Non-current liabilities  
2,578  
2,612  
Interest-bearing borrowings  
1,832

|                                                            |  |
|------------------------------------------------------------|--|
| 1,828                                                      |  |
| Deferred taxation                                          |  |
| 399                                                        |  |
| 385                                                        |  |
| Other non-current liabilities                              |  |
| 347                                                        |  |
| 399                                                        |  |
| Current liabilities                                        |  |
| 1,926                                                      |  |
| 1,916                                                      |  |
| Interest-bearing borrowings                                |  |
| 821                                                        |  |
| 771                                                        |  |
| Bank overdraft                                             |  |
| 26                                                         |  |
| 22                                                         |  |
| Other current liabilities                                  |  |
| 1,025                                                      |  |
| 998                                                        |  |
| Taxation payable                                           |  |
| 54                                                         |  |
| 125                                                        |  |
| Total equity and liabilities                               |  |
| 6,109                                                      |  |
| 6,344                                                      |  |
| Number of shares in issue at balance sheet date (millions) |  |
| 229.2                                                      |  |
| 228.5                                                      |  |

sappi limited  
 15  
 fourth quarter  
 Group cash flow statement  
 Restated  
 Reviewed  
 Reviewed  
 Reviewed  
 Reviewed  
 Quarter  
 Quarter  
 Year  
 Year  
 ended  
 ended  
 ended  
 ended  
 Sept 2008  
 Sept 2007  
 Sept 2008  
 Sept 2007  
 US\$ million  
 US\$ million  
 US\$ million  
 US\$ million  
 (Loss) profit for the period  
 (32)  
 75  
 102  
 202  
 Adjustment for:  
 Depreciation, fellings and amortisation  
 110  
 109  
 454  
 445  
 Taxation  
 31  
 (15)  
 86  
 47  
 Net finance costs  
 26  
 27  
 126  
 134  
 Post employment benefits \*\*  
 (23)  
 (21)  
 (88)  
 (101)



Other non-cash items

24

(14)

(57)

(142)

Cash generated from operations \*\*

136

161

623

585

Movement in working capital

135

140

1

60

Net finance costs

24

(52)

(126)

(162)

Taxation paid

(14)

(9)

(70)

(27)

Dividends paid \*

—

—

(73)

(68)

Cash retained from operating activities

281

240

355

388

Cash utilised in investing activities \*\*

(143)

(99)

(494)

(364)

138

141

(139)

24

Cash effects of financing activities

(112)

24

49

98

Net movement in cash and cash equivalents

26

165

(90)

122

\* Dividend number 84: 32 US cents per share (2007: 30 US cents per share).

\*\* Reclassification – Refer note 1.

Group statement of recognised income and expense

Restated

Reviewed

Reviewed

Reviewed

Reviewed

Quarter

Quarter

Year

Year

ended

ended

ended

ended

Sept 2008

Sept 2007

Sept 2008

Sept 2007

US\$ million

US\$ million

US\$ million

US\$ million

Exchange differences on translation of  
foreign operations

(40)

28

(262)

151

Actuarial gains on pension funds

8

101

7

101

Pension fund assets recognised

–

1

–

45

Sundry other movements in equity

–

1

–

1

Deferred tax effect of above

(3)

(12)

(1)  
(21)  
Net (expense) income recorded directly  
in equity  
(35)  
119  
(256)  
277  
(Loss) profit for the period  
(32)  
75  
102  
202  
Total recognised (expense) income for  
the period  
(67)  
194  
(154)  
479

sappi limited

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fourth quarter

Notes to the group results

1.

Basis of preparation

The condensed financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The accounting policies and methods of computation used in the preparation of the results are consistent, in all material respects, with those used in the annual financial statements for September 2007 which are compliant with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The preliminary results for the year ended September 2008 as set out on pages 13 to 18 have been reviewed in terms of the International Standard on Review Engagements 2410 by the group's auditors, Deloitte & Touche. Their unmodified review report is available for inspection at the company's registered offices. The results for the quarters ended March 2008 and December 2007 have not been audited or reviewed on a stand-alone basis by the auditors. Reclassification of comparative figures – Cash outflows relating to contributions to post-employment benefit funds previously reflected in cash utilised in investing activities, have been included in cash generated from operations.

2.

Restatement

During third quarter 2007, the group recognised a taxation credit of US\$14 million related to a tax rate change in Germany. The recognition was based on the group's judgment that the change in the German tax rate from 38% to 30% had been substantively enacted during the quarter ended June 2007. The group has subsequently concluded that the tax law change was substantively enacted on 6 July 2007, and accordingly, the impact of the tax rate change should have been reflected in its fourth quarter results. The change has no impact on the group's results for the year ended September 2007, however it does impact the deferred taxation and profit for the period for the quarters ended June and September 2007 and for the nine months ended June 2007 as follows:

Reviewed

Reviewed

Reviewed

Reviewed

Quarter

Quarter

Nine months

Year

ended

ended

ended

ended

June 2007

Sept 2007

June 2007

Sept 2007

US\$ million

US\$ million

US\$ million

US\$ million

Deferred taxation as reported

(20)

(7)

16

|                                                    |  |
|----------------------------------------------------|--|
| 9                                                  |  |
| Change in timing of taxation credit                |  |
| 14                                                 |  |
| (14)                                               |  |
| 14                                                 |  |
| —                                                  |  |
| Deferred taxation as restated                      |  |
| (6)                                                |  |
| (21)                                               |  |
| 30                                                 |  |
| 9                                                  |  |
| Profit for the period as reported                  |  |
| 53                                                 |  |
| 61                                                 |  |
| 141                                                |  |
| 202                                                |  |
| Taxation credit                                    |  |
| (14)                                               |  |
| 14                                                 |  |
| (14)                                               |  |
| Profit for the period as restated                  |  |
| 39                                                 |  |
| 75                                                 |  |
| 127                                                |  |
| 202                                                |  |
| Basic earnings per share (US cents) as reported    |  |
| 23                                                 |  |
| 27                                                 |  |
| 62                                                 |  |
| 89                                                 |  |
| Basic earnings per share (US cents) as restated    |  |
| 17                                                 |  |
| 33                                                 |  |
| 56                                                 |  |
| 89                                                 |  |
| Diluted basic (loss) earnings per share (US cents) |  |
| as reported                                        |  |
| 23                                                 |  |
| 26                                                 |  |
| 61                                                 |  |
| 88                                                 |  |
| Diluted basic (loss) earnings per share (US cents) |  |
| as restated                                        |  |
| 17                                                 |  |
| 32                                                 |  |
| 55                                                 |  |
| 88                                                 |  |
| 3.                                                 |  |
| Reconciliation of movement in shareholders' equity |  |
| Reviewed                                           |  |
| Reviewed                                           |  |

|                                                       |       |
|-------------------------------------------------------|-------|
| Year                                                  |       |
| Year                                                  |       |
| ended                                                 |       |
| ended                                                 |       |
| Sept 2008                                             |       |
| Sept 2007                                             |       |
| US\$ million                                          |       |
| US\$ million                                          |       |
| Balance – beginning of year                           | 1,816 |
|                                                       | 1,386 |
| Total recognised (expense) income for the period      | (154) |
|                                                       | 479   |
| Dividends paid                                        | (73)  |
|                                                       | (68)  |
| Transfers to participants of the share purchase trust | 6     |
|                                                       | 14    |
| Share based payment reserve                           | 10    |
|                                                       | 5     |
| Balance – end of year                                 | 1,605 |
|                                                       | 1,816 |

sappi limited

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fourth quarter

Restated

Reviewed

Reviewed

Reviewed

Reviewed

Quarter

Quarter

Year

Year

ended

ended

ended

ended

Sept 2008

Sept 2007

Sept 2008

Sept 2007

US\$ million

US\$ million

US\$ million

US\$ million

4.

Operating profit

Included in operating profit are the following

non-cash items:

Depreciation and amortisation

91

91

374

375

Fair value adjustment on plantations

(included in cost of sales)

Changes in volume

Fellings

19

18

80

70

Growth

(15)

(19)

(70)

(76)

4

(1)

10

(6)

Plantation price fair value adjustment

(108)  
2  
(120)  
(54)  
(104)  
1  
(110)  
(60)  
Included in other operating (income) expenses  
are the following:  
Asset impairments  
116  
1  
119  
2  
Profit on disposal of property, plant & equipment  
—  
—  
(5)  
(24)  
Restructuring provisions raised (released)  
44  
—  
41  
(11)  
5.  
Headline earnings per share  
Headline earnings per share (US cents) \*  
36  
34  
94  
82  
Weighted average number of shares in issue (millions)  
228.8  
228.4  
228.8  
227.8  
Diluted headline earnings per share (US cents) \*  
36  
33  
93  
81  
Weighted average number of shares on fully diluted  
basis (millions)  
230.7  
231.2  
231.1  
230.5  
Calculation of Headline earnings \*  
(Loss) profit for the period  
(32)



|                                                                       |
|-----------------------------------------------------------------------|
| 75                                                                    |
| 102                                                                   |
| 202                                                                   |
| Asset impairments                                                     |
| 116                                                                   |
| 1                                                                     |
| 119                                                                   |
| 2                                                                     |
| Profit on disposal of property, plant & equipment                     |
| —                                                                     |
| —                                                                     |
| (5)                                                                   |
| (24)                                                                  |
| Tax effect of above items                                             |
| (1)                                                                   |
| 1                                                                     |
| —                                                                     |
| 6                                                                     |
| Headline earnings                                                     |
| 83                                                                    |
| 77                                                                    |
| 216                                                                   |
| 186                                                                   |
| <i>* Headline earnings disclosure is required by the JSE Limited.</i> |
| 6.                                                                    |
| Capital expenditure                                                   |
| Property, plant and equipment                                         |
| 133                                                                   |
| 128                                                                   |
| 510                                                                   |
| 458                                                                   |
| Sept 2008                                                             |
| Sept 2007                                                             |
| US\$ million                                                          |
| US\$ million                                                          |
| 7.                                                                    |
| Capital commitments                                                   |
| Contracted                                                            |
| 76                                                                    |
| 188                                                                   |
| Approved but not contracted                                           |
| 130                                                                   |
| 249                                                                   |
| 206                                                                   |
| 437                                                                   |
| notes to the group results                                            |

sappi limited

18

fourth quarter

Sept 2008

Sept 2007

US\$ million

US\$ million

8.

Contingent liabilities

Guarantees and suretyships

38

43

Other contingent liabilities \*

7

26

45

69

*\* The decrease in contingent liabilities reflects management's revised estimate of losses which could arise from taxation queries*

*to which certain group companies are subject. These amounts have now been recognised as liabilities.*

9.

Material balance sheet movements

Taxation payable

The movement is a result of certain tax liabilities which the group has settled in fiscal 2008.

10. Regional information

Reviewed

Reviewed

Reviewed

Reviewed

Quarter

Quarter

Year

Year

ended

ended

ended

ended

Sept 2008

Sept 2007

Sept 2008

Sept 2007

US\$ million

US\$ million % change

US\$ million

US\$ million % change

Sales

Fine Paper –

North America

433

404

7.2

1,664  
 1,511  
 10.1  
 Europe  
 680  
 619  
 9.9  
 2,720  
 2,387  
 14.0  
 Southern Africa  
 109  
 95  
 14.7  
 380  
 358  
 6.1  
*Total*  
 1,222  
 1,118  
 9.3  
 4,764  
 4,256  
 11.9  
 Forest Products – Pulp and paper  
 operations  
 276  
 285  
 (3.2)  
 1,023  
 979  
 4.5  
 Forestry operations  
 21  
 19  
 10.5  
 76  
 69  
 10.1  
*Total*  
 1,519  
 1,422  
 6.8  
 5,863  
 5,304  
 10.5  
 Operating profit  
 Fine Paper –  
 North America  
 30  
 9

233.3  
 92  
 22  
 318.2  
 Europe  
 (111)  
 17  
 —  
 (64)  
 88  
 —  
 Southern Africa  
 1  
 3  
 (66.7)  
 6  
 9  
 (33.3)  
*Total*  
 (80)  
 29  
 —  
 34  
 119  
 (71.4)  
 Forest Products  
 106  
 52  
 103.8  
 273  
 264  
 3.4  
 Corporate and other  
 (1)  
 6  
 —  
 7  
 —  
 100.0  
*Total*  
 25  
 87  
 (71.3)  
 314  
 383  
 (18.0)  
 Net operating assets  
 Fine Paper —  
 North America  
 1,087  
 1,031

5.4  
 1,087  
 1,031  
 5.4  
 Europe  
 1,758  
 1,941  
 (9.4)  
 1,758  
 1,941  
 (9.4)  
 Southern Africa  
 110  
 149  
 (26.2)  
 110  
 149  
 (26.2)  
*Total*  
 2,955  
 3,121  
 (5.3)  
 2,955  
 3,121  
 (5.3)  
 Forest Products  
 1,721  
 1,655  
 4.0  
 1,721  
 1,655  
 4.0  
 Corporate and other  
 39  
 21  
 85.7  
 39  
 21  
 85.7  
*Total*  
 4,715  
 4,797  
 (1.7)  
 4,715  
 4,797  
 (1.7)  
 notes to the group results

sappi limited

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fourth quarter

Supplemental information *(This information has not been reviewed)*

*general definitions*

Average – averages are calculated as the sum of the opening and closing balances for the relevant period divided by two

Fellings – the amount charged against the income statement representing the standing value of the plantations harvested

NBSK – Northern Bleached Softwood Kraft pulp. One of the main varieties of market pulp, mainly produced from spruce trees in Scandinavia, Canada and north eastern USA. The NBSK is a benchmark widely used in the pulp and paper industry for comparative purposes

SG&A – selling, general and administrative expenses

Non-GAAP measures

The group believes that it is useful to report these non-GAAP measures for the following reasons:

- these measures are used by the group for internal performance analysis;
- the presentation by the group's reported business segments of these measures facilitates comparability with other companies in our industry, although the group's measures may not be comparable with similarly titled profit measurements reported by other companies; and
- it is useful in connection with discussion with the investment analyst community and debt rating agencies.

These non-GAAP measures should not be considered in isolation or construed as a substitute for GAAP measures in accordance with IFRS

EBITDA excluding special items – earnings before interest (net finance costs), tax, depreciation, amortisation and special items

Headline earnings – as defined in circular 8/2007 issued by the South African Institute of Chartered Accountants, separates from earnings all separately identifiable re-measurements. It is not necessarily a measure of sustainable earnings. It is a listing requirement of the JSE Limited to disclose headline earnings per share

Net debt – current and non-current interest-bearing borrowings, and bank overdrafts (net of cash, cash equivalents and short-term deposits)

Net debt to total capitalisation – Net debt divided by shareholders' equity plus minority interest, non-current liabilities, current interest-bearing borrowings and overdraft

Net operating assets – total assets (excluding deferred taxation and cash) less current liabilities (excluding interest-bearing borrowings and bank overdraft)

Net assets – total assets less current liabilities

Net asset value – shareholders' equity plus deferred tax liabilities minus deferred tax assets

Net asset value per share – net asset value divided by the number of shares in issue at balance sheet date

ROE – return on average equity. Profit for the period divided by average shareholders' equity

RONOA – return on net operating assets. Operating profit excluding special items divided by average net operating assets

Special items – special items cover those items which management believe are material by nature or amount to the operating results and require separate disclosure. Such items would generally include profit and loss on disposal of property, investments and businesses, asset impairments, restructuring charges, financial impacts of natural disasters and non-cash gains or losses on the price fair value adjustment of plantations.

*The above financial measures are presented to assist our shareholders and the investment community in interpreting our financial results. These financial measures are regularly used and compared between companies in our industry.*

sappi limited

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fourth quarter

Supplemental information *(This information has not been reviewed)*

*EBITDA excluding special items*

Restated

Quarter

Quarter

Year

Year

ended

ended

ended

ended

Sept 2008

Sept 2007

Sept 2008

Sept 2007

US\$ million

US\$ million

US\$ million

US\$ million

Reconciliation of (loss) profit for the period

to EBITDA excluding special items

(1)

(Loss) profit for the period

(32)

75

102

202

Net finance costs

26

27

126

134

Taxation

31

(15)

86

47

Special items – losses (gains)

64

9

52

(70)

Operating profit excluding special items

89

96

366

313

Depreciation and amortisation

91  
 91  
 374  
 375  
 EBITDA excluding special items  
 (1)  
 180  
 187  
 740  
 688  
 Sept 2008  
 Sept 2007  
 US\$ million  
 US\$ million  
 Net debt (US\$ million)  
 (2)  
 2,405  
 2,257  
 Net debt to total capitalisation (%)  
 (2)  
 47.8  
 43.2  
 Net asset value per share (US\$)

(2)  
 8.56  
 9.37  
 (1)  
*In connection with the U.S. Securities Exchange Commission ("SEC") rules relating to "Conditions for Use of Non-GAAP Financial Measures", we have reconciled EBITDA excluding special items to net profit rather than operating profit. As a result our definition retains minority interest as part of EBITDA excluding special items.*

*Operating profit excluding special items represents earnings before interest (net finance costs), taxation and special items. Net finance*

*costs includes: gross interest paid; interest received; interest capitalised; net foreign exchange gains; and net fair value adjustments on*

*interest rate financial instruments. See the group income statement for an explanation of the computation of net finance costs. Special*

*items cover those items which management believe are material by nature or amount to the results and require separate disclosure. Such*

*items would generally include profit and loss on disposal of property, investments and businesses, asset impairments, restructuring*

*charges, financial impacts of natural disasters and non-cash gains or losses on the price fair value adjustment of plantations.*

*EBITDA excluding special items represents operating profit before depreciation, amortisation and special items.*

*We use both operating profit excluding special items and EBITDA excluding special items as internal measures of performance to*

*benchmark and compare performance, both between our own operations and as against other companies. Operating profit excluding*

*special items and EBITDA excluding special items are measures used by the group, together with measures of*



*performance under IFRS,*

*to compare the relative performance of operations in planning, budgeting and reviewing the performances of various businesses. We*

*believe they are useful and commonly used measures of financial performance in addition to net profit, operating profit and other profitability measures under IFRS because they facilitate operating performance comparisons from period to period and company to company. By eliminating potential differences in results of operations between periods or companies caused by factors such as depreciation and amortisation methods, historic cost and age of assets, financing and capital structures and taxation positions or regimes, we believe both operating profit excluding special items and EBITDA excluding special items can provide a useful additional basis for comparing the current performance of the operations being evaluated. For these reasons, we believe operating profit excluding special items and EBITDA excluding special items and similar measures are regularly used by the investment community as a means of comparison of companies in our industry. Different companies and analysts may calculate operating profit excluding special items and EBITDA excluding special items differently, so making comparisons among companies on this basis should be done very carefully. Operating profit excluding special items and EBITDA excluding special items are not measures of performance under IFRS and should not be considered in isolation or construed as a substitute for operating profit or net profit as indicators of the company's operations in accordance with IFRS.*

*(2)*

*Refer to page 19, Supplemental Information for the definition of the term.*

sappi limited

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fourth quarter

Supplemental information *(This information has not been reviewed)*

*summary Rand convenience translation*

Restated

Quarter

Quarter

Year

Year

ended

ended

%

ended

ended

%

Sept 2008

Sept 2007

change

Sept 2008

Sept 2007 change

Key figures: (ZAR million)

Sales

11,871

10,018

18.5

43,559

38,051

14.5

Operating profit

195

613

(68.2)

2,333

2,748

(15.1)

Special items – losses (gains) \*

500

63

693.7

386

(502)

—

Operating profit excluding

special items

696

676

3.0

2,719

2,245

21.1

EBITDA excluding special items \*

1,407

1,317

6.8

5,498

4,936

11.4

(Loss) profit for the period

(250)

528

—

758

1,449

(47.7)

Basic EPS (SA cents)

(109)

232

—

334

638

(47.6)

Net debt \*

19,421

15,509

25.2

19,421

15,509

25.2

Cash generated from operations

1,063

1,134

(6.3)

4,629

4,197

10.3

Cash retained from operating

activities

2,196

1,691

29.9

2,637

2,784

(5.3)

Net movement in cash and

cash equivalents

203

1,162

(82.5)

(669)

875

—

Key ratios: (%)

Operating profit to sales

1.6

6.1

5.4

7.2

Operating profit excluding special items to sales

5.9

6.7

6.2

5.9

EBITDA excluding special items to sales

11.8

13.2

12.6

13.0

Operating profit excluding special items to average net assets

8.2

9.0

8.5

7.4

Net debt to total capitalisation \*

47.8

43.2

47.8

43.2

*\* Refer to page 19, Supplemental Information for the definition of the term.*

*The above financial results have been translated into ZAR from US Dollars as follows:*

—

*Assets and liabilities at rates of exchange ruling at period end; and*

—

*Income, expenditure and cash flow items at average exchange rates.*

*exchange rates*

Sept

June

March

Dec

Sept

2008

2008

2008

2007

2007

Exchange rates :

Period end rate: US\$1 = ZAR

8.0751

7.9145

8.1432

6.8068

6.8713

Average rate for the Quarter: US\$1 = ZAR

7.8150

7.8385

7.4593

6.7488

7.0453

Average rate for the YTD: US\$1 = ZAR

7.4294

7.3236

7.1465

6.7488

7.1741

Period end rate: EUR 1 = US\$

1.4615

1.5795

1.5802

1.4717

1.4272

Average rate for the Quarter: EUR 1 = US\$

1.5228

1.5747

1.5006

1.4556

1.3782

Average rate for the YTD: EUR 1 = US\$

1.5064

1.5071

1.4790

1.4556

1.3336

*The financial results of entities with reporting currencies other than the US Dollar are translated into US Dollars as follows:*

—

*Assets and liabilities at rates of exchange ruling at period end; and*

—

*Income, expenditure and cash flow items at average exchange rates.*

sappi limited

22

fourth quarter

Sappi ordinary shares

ADR price (NYSE TICKER: SPP)

160

140

120

100

80

60

20

40

0

Oct 04

Jan 05

Apr 06

Jul 06

Oct 06

Jan 07

Apr 07

Jul 07

Oct 07

Jan 08

Jul 08

Oct 08

Oct 08

Apr 08

ZAR

Apr 05

Jul 05

Oct 05

Jan 06

20

16

12

10

8

6

2

4

0

US\$

18

14

Oct 04

Jan 05

Apr 06

Jul 06

Oct 06

Jan 07

Apr 07  
Jul 07  
Oct 07  
Jan 08  
Jul 08  
Oct 08  
Oct 08  
Apr 08  
Apr 05  
Jul 05  
Oct 05  
Jan 06

sappi limited  
23  
fourth quarter  
Notes

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sappi limited

24

fourth quarter

Other interested parties can obtain printed copies of this report from:

South Africa:

United States:

Channel Islands:

Computershare Investor

ADR Depositary:

Capita Registrars

Services (Proprietary) Limited

The Bank of New York Mellon

(Jersey) Limited

70 Marshall Street

Investor Relations

12 Castle Street

Johannesburg 2001

PO Box 11258

St Helier,

PO Box 61051

Church Street Station

Jersey

Marshalltown 2107

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date:

7 November, 2008

SAPPI LIMITED,

Name:

M. R. Thompson

Title:

Chief Financial Officer

M. R. Thompson

By:

/s/