

SAPPI LTD

Form 6-K

May 11, 2009

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16

under the Securities Exchange Act of 1934

For the month of May, 2009

Commission file number: 1-14872

SAPPI LIMITED

(Translation of registrant's name into English)

48 Ameshoff Street

Braamfontein

Johannesburg 2001

REPUBLIC OF SOUTH AFRICA

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F

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Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b) (1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b) (7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes

No

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If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

## FORWARD-LOOKING STATEMENTS

In order to utilize the “Safe Harbor” provisions of the United States Private Securities Litigation Reform Act of 1995 (the “Reform Act”), Sappi Limited (the “Company”) is providing the following cautionary statement. Except for historical information contained herein, statements contained in this Report on Form 6-K may constitute “forward-looking statements” within the meaning of the Reform Act. The words “believe”, “anticipate”, “expect”, “intend”, “estimate”, “plan”, “assume”, “positioned”, “will”, “may”, “should”, “risk” and other similar expressions which are predictions of or indicate future events and future trends which do not relate to historical matters identify forward-looking statements. In addition, this Report on Form 6-K may include forward-looking statements relating to the Company’s potential exposure to various types of market risks, such as interest rate risk, foreign exchange rate risk and commodity price risk. Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors which are in some cases beyond the control of the Company, together with its subsidiaries (the “Group”), and may cause the actual results, performance or achievements of the Group to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements (and from past results, performance or achievements). Certain factors that may cause such differences include but are not limited to: the highly cyclical nature of the pulp and paper industry; pulp and paper production, production capacity, input costs including raw material, energy and employee costs, and pricing levels in North America, Europe, Asia and southern Africa; any major disruption in production at the Group’s key facilities; changes in environmental, tax and other laws and regulations; adverse changes in the markets for the Group’s products; any delays, unexpected costs or other problems experienced with any business acquired or to be acquired; consequences of the Group’s leverage; adverse changes in the South African political situation and economy or the effect of governmental efforts to address present or future economic or social problems; and the impact of future investments, acquisitions and dispositions (including the financing of investments and acquisitions) and any delays, unexpected costs or other problems experienced in connection with dispositions. These and other risks, uncertainties and factors are discussed in the Company’s Annual Report on Form 20-F and other filings with and submissions to the Securities and Exchange Commission, including this Report on Form 6-K. Shareholders and prospective investors are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements are made as of the date of the submission of this Report on Form 6-K and are not intended to give any assurance as to future results. 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 2009 or beyond.

quarter results for  
the period ended  
March 2009  
2nd

*\* for the period ended March 2009*

*\*\* as at March 2009*

Coated fine paper

68%

Uncoated fine paper

6%

Coated specialities

7%

Commodity paper

7%

Pulp

11%

Other

1%

North America

26%

Europe

52%

Southern Africa

22%

Sales by product group\*

Sales by source\*

North America

27%

Europe

47%

Southern Africa

13%

Asia and Other

13%

Fine paper

70%

Forest products

30%

Sales by destination\*

Share of group's operating assets\*\*

**sappi**

// second quarter results

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Global economic downturn/weak demand impacted operating profitability

Continued production curtailment

Basic loss per share of 7 US cents

Positive cash generation

Acquisition synergies on track

Financial summary

Quarter ended

Half-year ended

Mar 2009

Mar 2008

Dec 2008

Mar 2009

Mar 2008

Key figures: (US\$ million)

Sales

1,313

1,473                      1,187                      2,500

2,850

Operating profit

6

221                      57                      63

312

Special items – gains \*

(23)

(124)

(32)

(55)

(123)

Operating (loss) profit excluding

special items

(17)

97                      25                      8

189

EBITDA excluding special items \*\*

82

190                      106                      188

378

Basic EPS (US cents) \*\*\*

(7)

43                      6                      (3)

54

Net debt \*\*\*\* (excluding rights offer cash in Dec 08)

2,735		
2,661	2,497	2,735
2,661		
Key ratios: (%)		
Operating profit to sales		
0.5		
15.0	4.8	2.5
11.0		
Operating (loss) profit excluding special items to sales		
(1.3)		
6.6	2.1	0.3
6.6		
Operating (loss) profit excluding special items to Capital Employed (ROCE) **		
(1.6)		
9.0	2.6	0.4
9.0		
EBITDA excluding special items to sales		
6.2		
12.9	8.9	7.5
13.3		
Return on average equity (ROE) *****		
(7.5)		
35.9	5.	
3		
(1.4)		
22.6		
Net debt to total capitalisation ***** (excluding rights offer cash in Dec 08)		
59.4		
61.3	57.3	
59.4		
61.3		

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

\*\* Refer to page 22, Supplemental Information for the reconciliation of EBITDA excluding special items to (loss) profit for the period.

\*\*\* Comparative figures have been revised in accordance with IAS 33 to reflect the impact of the rights offer.

\*\*\*\*\* Refer to page 21, Supplemental Information for the definition of the term.

The table above has not been audited or reviewed.

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## Commentary

The quarter was characterised by a sharp decline in our sales volumes, which was driven by declines in demand for coated paper and pulp in our major markets. Our sales volumes declined approximately 24% compared to the corresponding quarter last year, including the mills acquired from M-real on 31 December 2008 (the Acquisition) in both periods. Actual sales volumes including the new business were approximately 95% of volumes reported a year ago.

Average prices realised by the group in the quarter were 6% lower in US dollar terms than a year ago mainly as a result of the sharp fall in pulp prices, which fell 32% relative to a year earlier. Prices realised for coated paper were higher than in the corresponding quarter a year ago.

We curtailed production extensively in each of our regions during the quarter to match supply with demand and reduce inventories. Our finished goods inventories were reduced by 13% in volume terms compared to December 2008, excluding the Acquisition.

Raw material, in particular pulp, and energy prices were lower in the quarter compared to the prior quarter and corresponding quarter last year. This had some effect on costs in the quarter; however, we expect that a greater effect will be apparent in our third quarter now that higher cost inventories have been depleted.

We announced the suspension of operations at Muskegon Mill for at least six months and a further restructuring affecting 70 people in the North American business in response to weak demand, as part of our actions to manage costs and inventories. A restructuring provision of US\$8 million was therefore recorded in the quarter.

The acquired mills were also impacted by low operating rates as a result of global economic conditions.

The operating result for the Acquisition was a loss of US\$2.6 million for the period since 31 December 2008. The integration of the Acquisition has progressed well and the achievement of our previously announced synergies of Euro 120 million per annum within 3 years is on track.

Operating profit for the quarter was US\$6 million compared to US\$221 million in the corresponding period last year. Special items comprising mainly a favourable adjustment to plantation price fair value offset by the North American restructuring provision amounted to US\$23 million in the quarter compared to a favourable adjustment last year of US\$124 million. We therefore report an operating loss excluding special items of US\$17 million for the quarter compared to a profit of US\$97 million a year ago.

Net finance costs for the quarter increased to US\$40 million compared to US\$27 million last year as a result of increased debt and the effect of interest capitalised a year ago.

The group did not benefit from tax relief on reported losses as a result of tax losses in certain regions that could not be raised.

The basic loss per share was 7 US cents for the quarter compared to EPS of 43 US cents a year earlier, which was favourably impacted by special items of 30 US cents per share.



// second quarter results

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#### Cash flow and debt

During the quarter we completed the Acquisition, resulting in a net cash investment of US\$586 million, essentially from the proceeds of the rights offer completed in December 2008. In addition, the Acquisition resulted in increased debt of US\$359 million (Euro 220 million of Vendor Loan Notes and Euro 50 million of interest bearing assumed debt). Details of the preliminary accounting for the Acquisition are included in note 9.

Cash generated from operations for the quarter was US\$99 million, down from US\$176 million a year ago as a result of lower operating profit, but much improved on the previous quarter. In addition US\$28 million was released from working capital in the quarter.

Capital expenditure during the quarter was US\$39 million, a major reduction from US\$164 million last year which included part of the Saiccor expansion project.

Net cash generated (excluding cash invested in the Acquisition) was US\$75 million for the quarter compared to an outflow of US\$108 million a year ago. Net debt increased from approximately US\$2.0 billion in December to US\$2.7 billion as a result of the Acquisition, offset by the cash generated in the business and currency effect of approximately US\$100 million.

#### Liquidity

Our liquidity situation is soundly managed. At March Sappi had cash and cash equivalents of US\$711 million and undrawn commitments under the revolving credit facility of US\$266 million (Euro 200 million). Sappi's short term borrowings of US\$1,292 million include drawings under our Euro 600 million long term revolving credit facility which runs until May 2010 (US\$543 million), financing under the securitised receivables programme which runs until 2012 (US\$279 million) and a number of smaller short term facilities, commercial paper programmes and overdrafts (US\$470 million).

We do not have any major borrowings maturing in the next 12 months.

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Operating review for the quarter ended March 2009  
 compared to the quarter ended March 2008

*Sappi Fine Paper*

Quarter

Quarter

ended

ended

ended

March 2009

March 2008

%

Dec 2008

US\$ million

US\$ million

change

US\$ million

Sales

1,112

1,209

(8.0)

998

Operating (loss) profit

(43)

47

—

8

Operating (loss) profit to sales (%)

(3.9)

3.9

—

0.8

Special items (gains) losses

8

(2)

—

—

Operating (loss) profit excluding

special items

(35)

45

—

8

Operating (loss) profit excluding special

items to sales (%)

(3.1)

3.7

—

0.8

EBITDA excluding special items

48

120  
(60.0)  
74  
EBITDA excluding special items  
to sales (%)  
4.3  
9.9  
—  
7.4  
RONOA pa (%)  
(4.3)  
5.5  
—  
1.1

// second quarter results	
5	
<i>Europe</i>	
Quarter	
Quarter	Quarter
ended	
ended	
%	
%	
ended	
March 2009	March 2008
change	
change	
Dec 2008	
US\$ million	
US\$ million	
(US\$)	
(Euro)	
US\$ million	
Sales	
737	
697	
5.7	
19.3	
561	
Operating (loss) profit	
(21)	
18	
-	
-	
13	
Operating (loss) profit to sales (%)	
(2.8)	
2.6	
-	
-	
2.3	
Special items (gains)	
-	
(2)	
-	
-	
Operating (loss) profit excluding special items	
(21)	
16	
-	
-	
13	
Operating (loss) profit excluding	

special items to sales (%)

(2.8)

2.3

–

–

2.3

EBITDA excluding special items

34

61

(44.3)

(36.0)

50

EBITDA excluding special

items to sales (%)

4.6

8.8

–

–

8.9

RONOA pa (%)

(4.2)

3.1

–

–

3.1

Volumes for the quarter were impacted by the exceptionally weak market conditions. Apparent consumption in Europe declined by 23% for coated woodfree paper and 27% for lightweight coated paper compared to the corresponding quarter last year. Total shipments including exports declined approximately 28% and 30% respectively.

We curtailed production by approximately 30% during the quarter across all our European mills, including the mills acquired from M-real, on 1 January 2009, to match our production to the reduced demand level and to reduce inventories.

Average prices realised in the quarter in Euros were 3% above the corresponding quarter last year.

Further price increases for coated fine paper were implemented in Europe in the quarter.

The integration of the Acquisition has progressed well. The achievement of the synergy target of Euro 120 million per annum within three years is on track as is the target for 2009, despite current difficult market conditions.

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*North America*

Quarter

Quarter

Quarter

ended

ended

ended

March 2009

March 2008

%

Dec 2008

US\$ million

US\$ million

change

US\$ million

Sales

301

423

(28.8)

363

Operating (loss) profit

(24)

26

-

(7)

Operating (loss) profit to sales (%)

(8.0)

6.1

-

(1.9)

Special items – losses

8

-

-

-

Operating (loss) profit excluding

special items

(16)

26

-

(7)

Operating (loss) profit excluding

special items to sales (%)

(5.3)

6.1

-

(1.9)

EBITDA excluding special items

8

51

(84.3)

19

EBITDA excluding special  
items to sales (%)

2.7

12.1

—

5.2

RONOA pa (%)

(5.9)

9.7

—

(2.6)

Total sales volumes declined about 30% compared to the corresponding quarter last year, with pulp sales volumes declining 40%. Average prices realised were at the same level as a year ago. Paper prices realised, although lower than the peak achieved in mid-2008, were 2% higher than a year ago. Pulp prices, however, were more than 30% lower than the corresponding quarter last year.

We curtailed coated paper production by approximately 100,000 tons during the quarter and reduced our paper inventories by 13% in volume terms. In addition we suspended operations at Muskegon Mill, which has a capacity of 170,000 tons per annum, for at least six months. During this period 190 people have been temporarily laid off. We have reduced a further 70 positions across the North American business to help manage our costs. Costs of raw materials and energy declined in the quarter but were partly offset by inefficiencies of stopping and starting operations.

// second quarter results  
 7  
*Southern Africa*  
 Quarter  
 Quarter  
 ended  
 ended  
 %  
 %  
 ended  
 March 2009    March 2008  
 change  
 change  
 Dec 2008  
 US\$ million  
 US\$ million  
 (US\$)  
 (Rand)  
 US\$ million  
 Sales  
 74  
 89  
 (16.9)  
 10.2  
 74  
 Operating profit  
 2  
 3  
 (33.3)  
 (9.1)  
 2  
 Operating profit to sales (%)  
 2.7  
 3.4  
 –  
 –  
 2.7  
 Special items  
 –  
 –  
 –  
 –  
 –  
 Operating profit excluding  
 special items  
 2  
 3  
 (33.3)  
 (9.1)  
 2  
 Operating profit excluding

Quarter



special items to sales (%)

2.7

3.4

—

—

2.7

EBITDA excluding special items

6

8

(25.0)

(1.7)

5

EBITDA excluding special

items to sales (%)

8.1

9.0

—

—

6.8

RONOA pa (%)

4.6

8.6

—

—

5.7

The business generated a small operating profit; however, margins declined as a result of a 10% decline in sales volumes and continued cost pressure.

8

*Forest Products*

Quarter

Quarter

Quarter

ended

ended

%

%

ended

March 2009      March 2008

change

change

Dec 2008

US\$ million

US\$ million

(US\$)

(Rand)

US\$ million

Sales

201

264

(23.9)

1.0

189

Operating profit

48

172

(72.1)

(63.0)

49

Operating profit to sales (%)

23.9

65.2

–

–

25.9

Special items – (gains)

(31)

(122)

–

–

(32)

Operating profit excluding

special items

17

50

(66.0)

(55.0)

17

Operating profit excluding

special items to sales (%)

8.5  
 18.9  
 –  
 –  
 9.0  
 EBITDA excluding special items  
 32  
 67  
 (52.2)  
 (36.6)  
 32  
 EBITDA excluding special  
 items to sales (%)  
 15.9  
 25.4  
 –  
 –  
 16.9  
 RONOA pa (%)  
 4.6  
 11.3  
 –  
 –  
 4.3

The forest products' business was affected by weakening demand in the Southern African and export markets for its packaging paper. Sales volumes of chemical cellulose, although well below Saiccor Mill's expanded capacity, were higher than volumes in the equivalent quarter last year.

Pulp prices continued to fall in US Dollar terms and were more than 30% lower than a year ago impacting paper pulp and chemical cellulose sales.

Wood, other raw material and energy input costs in Rand terms increased significantly compared to a year ago, partly as a result of the weakening of the Rand against the US Dollar.

// second quarter results

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#### Outlook

The general economic outlook and market conditions remain depressed. In these circumstances we expect demand for our products to remain weak and we will therefore continue to curtail production to match supply with demand.

It has been difficult to identify the extent to which the fall in apparent demand for our products is an inventory effect, but it appears that the decline of inventories in the downstream supply chain has been significant. We are of the opinion that downstream inventories are stabilising and therefore expect apparent demand to start improving slightly in many of our markets.

Demand for chemical cellulose, particularly in Asia, has started to improve and we are continuing to ramp up production at Saiccor Mill. We expect the operating rate to be close to the total expanded capacity by our financial year end. Pricing, however, is expected to remain weak for the rest of the year. The other Southern African businesses will continue to manage production to match demand. The Rand has recently strengthened relative to the US Dollar, which, if sustained, will put pressure on margins.

In Europe stabilisation of downstream inventories is expected to help improve the supply/demand balance. M-real ceased coated fine paper production at Hallein and Gohrsmühle at the end of April 2009. We were selling the output of these mills for M-real on an agency basis and therefore expect the operating rates of our own mills to improve following this cessation as we transfer this production to our mills. This, together with the continued achievement of Acquisition synergies, is expected to improve the region's profitability. In North America we do not expect a significant market improvement this year. The actions taken to restructure the business including suspending operations at Muskegon Mill are expected to help improve profitability.

Although market conditions remain difficult and there is still little visibility, we expect our profitability to improve in the next quarter as a result of the actions we have taken to manage costs, continued declines in input costs and the gradual achievement of Acquisition synergies.

Prioritising cash generation and liquidity remains our critical objective as we stated in our trading update at the group's Annual General Meeting in March. Each of our operating businesses is implementing production curtailment and variable and fixed cost reduction plans to minimise the cash impact of the current weak market conditions, including the suspension of operations at Muskegon Mill. We are also tightly managing working capital down to minimum levels without compromising on service excellence. We are targeting a further reduction in working capital by our financial year end. In addition, we are reducing capital expenditure to a minimum. In the current financial year we expect capital expenditure in our operations to be below US\$200 million compared to US\$505 million last year. As a result of these actions we expect positive cash generation for the full financial year.

Given the weak global market conditions, we are expecting the rest of 2009 to remain challenging.

Our actions and plans are focused on dealing with these tough market conditions and importantly to ensure that Sappi develops even closer relationships with our customers through the quality of our service and continued improvements in efficiencies and remains well positioned to take full advantage of our leading positions in coated graphic paper and chemical cellulose when markets start to recover.

On behalf of the board

R J Boëttger

M R Thompson

Director

Director

05 May 2009

sappi limited

(Registration number 1936/008963/06)

Issuer Code: SAVVI

JSE Code: SAP

ISIN: ZAE000006284

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

*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 or 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

Half-year

Half-year

ended

ended

ended

ended

Mar 2009

Mar 2008

Mar 2009

Mar 2008

US\$ million

US\$ million

US\$ million

US\$ million

Plantation price fair value adjustment

(35)

(118)

(69)

(117)

Restructuring provisions raised (released)

8

(2)

8

(3)

Profit on disposal of property, plant and equipment

–

(3)

(1)

(4)

Asset impairments

2

–

5

2

Fire, flood, storm and related events

2

(1)

2

(1)

(23)

(124)

(55)

(123)

*key regional figures*

Quarter

Quarter

Half-year

Half-year

ended

ended

ended

ended

Mar 2009

Mar 2008

Mar 2009

Mar 2008

Metric tons

Metric tons

Metric tons

Metric tons

(000's)

(000's)

(000's)

(000's)

Sales volume

Fine Paper –

North America

289

402

619

775

Europe

759

657

1,315

1,281

Southern Africa

75

83

152

159

*Total*

1,123

1,142

2,086

2,215

Forest Products – Pulp and paper operations

334

347

613

692

Forestry operations

189

247

431

447

*Total*

1,646

1,736

3,130

3,354

US\$ million

US\$ million

US\$ million

US\$ million

Sales

Fine Paper –

North America

301

423

664

807

Europe

737

697

1,298

1,335

Southern Africa

74

89

148

176

*Total*

1,112

1,209

2,110

2,318

Forest Products – Pulp and paper operations

189

246

363

498

Forestry operations

12

18

27

34

*Total*

1,313

1,473

2,500

2,850

// second quarter results

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

Quarter

Quarter

Half-year

Half-year

ended

ended

ended

ended

Mar 2009

Mar 2008

Mar 2009

Mar 2008

US\$ million

US\$ million

US\$ million

US\$ million

Operating profit (loss)

Fine Paper –

North America

(24)

26

(31)

37

Europe

(21)

18

(8)

37

Southern Africa

2

3

4

4

*Total*

(43)

47

(35)

78

Forest Products

48

172

97

227

Corporate and other

1

2

1

7



*Total*

6

221

63

312

Special items – (gains) losses

Fine Paper –

North America

8

–

8

2

Europe

–

(2)

–

(4)

Southern Africa

–

–

–

–

*Total*

8

(2)

8

(2)

Forest Products

(31)

(122)

(63)

(121)

*Total*

(23)

(124)

(55)

(123)

Operating (loss) profit excluding  
special items

Fine Paper –

North America

(16)

26

(23)

39

Europe

(21)

16

(8)

33

Southern Africa

2  
3  
4  
4  
*Total*  
(35)  
45  
(27)  
76  
Forest Products  
17  
50  
34  
106  
Corporate and other  
1  
2  
1  
7  
*Total*  
(17)  
97  
8  
189  
EBITDA excluding special items  
Fine Paper –  
North America  
8  
51  
27  
91  
Europe  
34  
61  
84  
123  
Southern Africa  
6  
8  
11  
12  
*Total*  
48  
120  
122  
226  
Forest Products  
32  
67  
64  
144

Corporate and other

2

3

2

8

*Total*

82

190

188

378

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## 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 impact of the global economic downturn, the risk that the Acquisition 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, the highly cyclical nature of the pulp and paper industry (and the factors that contribute to such cyclical nature, 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 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 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 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 fiscal 2009 or beyond.

// second quarter results  
 13  
 Group income statement  
 Reviewed  
 Reviewed  
 Reviewed  
 Reviewed  
 Quarter  
 Quarter  
 Half-year  
 Half-year  
 ended  
 ended  
 ended  
 ended  
 Mar 2009  
 Mar 2008  
 %  
 Mar 2009  
 Mar 2008  
 %  
 Notes  
 US\$ million  
 US\$ million  
 change  
 US\$ million  
 US\$ million  
 change  
 Sales  
 1,313  
 1,473 (11)  
 2,500  
 2,850 (12)  
 Cost of sales  
 1,196  
 1,162  
 2,238  
 2,354  
 Gross profit  
 117  
 311 (62)  
 262  
 496 (47)  
 Selling, general and  
 administrative expenses  
 97  
 102  
 183  
 199  
 Other operating expenses  
 (income)

11	
(7)	
14	
(6)	
Share of loss (profit) from associates and joint ventures	
3	
(5)	
2	
(9)	
Operating profit	
3	
6	
221	(97)
63	
312	(80)
Net finance costs	
40	
27	
61	
55	
Net interest	
41	
26	
72	
63	
Finance cost capitalised	
-	
(6)	
-	
(15)	
Net foreign exchange gains	
(4)	
(4)	
(11)	
(5)	
Net fair value loss on financial instruments	
3	
11	
-	
12	
(Loss) profit before taxation	
(34)	
194	
-	
2	
257	(99)
Taxation	
1	
39	

14
60
Current
(6)
1
4
4
Deferred
7
38
10
56
(Loss) profit for the period
(35)
155
–
(12)
197
–
Basic (loss) earnings per share (US cents)
1
(7)
43
(3)
54
Weighted average number of shares in issue (millions)
1
515.8
362.3
449.4
361.9
Diluted basic (loss) earnings per share (US cents)
1
(7)
42
(3)
54
Weighted average number of shares on fully diluted basis (millions)
1
517.8
365.0
451.5
364.9

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Group balance sheet

Reviewed

Reviewed

Mar 2009

Sept 2008

US\$ million

US\$ million

ASSETS

Non-current assets

4,669

4,408

Property, plant and equipment

3,626

3,361

Plantations

605

631

Deferred taxation

36

41

Other non-current assets

402

375

Current assets

2,373

1,701

Inventories

821

725

Trade and other receivables

841

702

Cash and cash equivalents

711

274

Total assets

7,042

6,109

EQUITY AND LIABILITIES

Shareholders' equity

Ordinary shareholders' interest

1,866

1,605

Non-current liabilities

2,873

2,578

Interest-bearing borrowings

2,154

1,832

Deferred taxation



334
399
Other non-current liabilities
385
347
Current liabilities
2,303
1,926
Interest-bearing borrowings
1,259
821
Bank overdraft
33
26
Other current liabilities
959
1,025
Taxation payable
52
54
Total equity and liabilities
7,042
6,109
Number of shares in issue at balance sheet date (millions)
515.8
229.2

// second quarter results  
15  
Group cash flow statement  
Reviewed  
Reviewed  
Reviewed  
Reviewed  
Quarter  
Quarter  
Half-year  
Half-year  
ended  
ended  
ended  
ended  
Mar 2009  
Mar 2008  
Mar 2009  
Mar 2008  
US\$ million  
US\$ million  
US\$ million  
US\$ million  
(Loss) profit for the period  
(35)  
155  
(12)  
197  
Adjustment for:  
Depreciation, fellings and amortisation  
114  
112  
211  
229  
Taxation  
1  
39  
14  
60  
Net finance costs  
40  
27  
61  
55  
Post employment benefits  
(11)  
(39)  
(19)  
(53)  
Other non-cash items  
(10)

(118)  
 (61)  
 (157)  
 Cash generated from operations  
 99  
 176  
 194  
 331  
 Movement in working capital  
 28  
 (30)  
 (68)  
 (163)  
 Net finance costs  
 (10)  
 (8)  
 (54)  
 (67)  
 Taxation paid  
 (3)  
 (9)  
 (2)  
 (16)  
 Dividends paid \*  
 –  
 (73)  
 (37)  
 (73)  
 Cash retained from operating activities  
 114  
 56  
 33  
 12  
 Cash utilised in investing activities  
 (625)  
 (164)  
 (665)  
 (253)  
 Capital expenditure  
 (39)  
 (164)  
 (79)  
 (253)  
 Acquisition of M-real  
 (586)  
 –  
 (586)  
 –  
 (511)  
 (108)  
 (632)

(241)  
 Cash effects of financing activities  
 243  
 (118)  
 1,036  
 105  
 Net movement in cash and  
 cash equivalents  
 (268)  
 (226)  
 404  
 (136)  
*\* Dividend no 85: 16 US cents per share paid on 28 November 2008.*  
 Group statement of recognised income and expense  
 Reviewed  
 Reviewed  
 Reviewed  
 Reviewed  
 Quarter  
 Quarter  
 Half-year  
 Half-year  
 ended  
 ended  
 ended  
 ended  
 Mar 2009  
 Mar 2008  
 Mar 2009  
 Mar 2008  
 US\$ million  
 US\$ million  
 US\$ million  
 US\$ million  
 Exchange differences on translation of  
 foreign operations  
 6  
 (262)  
 (287)  
 (272)  
 Realised gain on cash flow hedge  
 (32)  
 –  
 –  
 –  
 Sundry other movements in equity  
 9  
 –  
 –  
 2  
 Net expense recorded directly in equity

(17)  
(262)  
(287)  
(270)  
(Loss) profit for the period  
(35)  
155  
(12)  
197  
Total recognised expense for the period  
(52)  
(107)  
(299)  
(73)

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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 2008 which are compliant with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The preliminary results for the six month period and quarter ended March 2009 as set out on pages 13 to 20 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.

In November and December 2008, Sappi conducted a renounceable rights offer of 286,886,270 new ordinary shares of ZAR1.00 each to qualifying Sappi shareholders recorded in the shareholders register at the close of business on Friday 21 November 2008, at a subscription price of ZAR20.27 per rights offer share in the ratio of 6 rights offer shares for every 5 Sappi shares held. The rights offer was fully subscribed and the shareholders received their shares on 15 December 2008. The rights offer raised ZAR5,8 billion which was used to partly finance the acquisition of the coated graphic paper business of M-Real and the related costs. In accordance with IAS 33, prior period basic, headline and diluted earnings per share have been restated to take into account the bonus element of the rights offer. The prior period weighted average number of shares has been adjusted by a factor of 1.58 (the adjustment factor). Please refer to page 21, Supplemental Information for a summary of this calculation.

2.

Reconciliation of movement in shareholders' equity

Reviewed

Reviewed

Half-year

Half-year

ended

ended

Mar 2009

Mar 2008

US\$ million

US\$ million

Balance – beginning of period

1,605

1,816

Total recognised expense for the period

(299)

(73)

Dividends paid

(37)

(73)

Rights offer

575

–

Costs directly attributable to the rights offer

(31)

–

Issue of new shares to M-real

45

–

Transfer to participants of the share purchase trust

3

3

Share based payment reserve

5

4

Balance – end of period

1,866

1,677

// second quarter results

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3.

Operating profit

Reviewed

Reviewed

Reviewed

Reviewed

Quarter

Quarter

Half-year

Half-year

ended

ended

ended

ended

Mar 2009

Mar 2008

Mar 2009

Mar 2008

US\$ million

US\$ million

US\$ million

US\$ million

Included in operating profit are the following non-cash items:

Depreciation and amortisation

99

93

180

189

Fair value adjustment on plantations

(included in cost of sales)

Changes in volume

Fellings

15

19

31

40

Growth

(16)

(17)

(32)

(35)

(1)

2

(1)

5

Plantation price fair value

adjustment

(35)



(118)  
(69)  
(117)  
(36)  
(116)  
(70)  
(112)  
Included in other operating expenses  
are the following:  
Asset impairments  
2  
—  
5  
2  
Profit on disposal of property,  
plant and equipment  
—  
(3)  
(1)  
(4)  
Restructuring provisions  
raised (released)  
8  
(2)  
8  
(3)  
4.  
Headline earnings per share \*  
Headline earnings per share (US cents) \*\*  
(6)  
42  
(2)  
54  
Weighted average number of shares in  
issue (millions) \*\*  
515.8  
362.3  
449.4  
361.9  
Diluted headline earnings per  
share (US cents) \*\*  
(6)  
41  
(2)  
53  
Weighted average number of shares on  
fully diluted basis (millions) \*\*  
517.8  
365.0  
451.5  
364.9

Calculation of headline earnings \*

(Loss) profit for the period

(35)

155

(12)

197

Asset impairments

2

–

5

2

Profit on disposal of property, plant  
and equipment

–

(3)

(1)

(4)

Tax effect of above items

–

(1)

–

–

Headline (loss) earnings

(33)

151

(8)

195

*\* Headline earnings disclosure is required by the JSE Limited.*

*\*\* Prior period headline earnings per share has been restated for the bonus element of the rights offer in accordance with IAS 33.*

*Please refer to page 21, Supplemental Information for a summary of this calculation.*

5.

Capital expenditure

Property, plant and equipment

46

165

93

274

Mar 2009

Sept 2008

US\$ million

US\$ million

6.

Capital commitments

Contracted

96

76

Approved but not contracted

160

130

256



18

Notes to the group results

Mar 2009

Sept 2008

US\$ million

US\$ million

7.

Contingent liabilities

Guarantees and suretyships

36

38

Other contingent liabilities

7

7

43

45

8.

Material balance sheet movements

Acquisition of M-real's coated graphic paper business

See note 9 for details of how the acquisition is recorded in the balance sheet.

Interest-bearing borrowings and cash and cash equivalents

Included in long term borrowings is the EUR220 million (US\$293 million) vendor loan note and the assumed interest bearing debt both used to partly finance the acquisition of M-real's coated graphic paper business.

During the six months ended March 2009, the group also drew down EUR200 million (US\$266 million) of its committed facilities and raised a further US\$52 million in long term bank loans. All of this is currently held in cash.

9.

Acquisition

On 31 December 2008, Sappi acquired M-real's coated graphic paper business for EUR750 million (US\$1.1 billion). The transaction includes M-real's coated graphic paper business (excluding M-real's South African business), including brands and company knowledge, as well as four coated graphic mills.

The acquisition was financed through a combination of equity, assumed debt, the cash proceeds from a rights offering and a vendor loan note.

The acquired business contributed revenues of US\$280 million, a net operating loss of US\$3 million and a net loss of US\$7 million to the group for the period from acquisition to 29 March 2009.

Details of net assets acquired and goodwill are as follows:

EURO

US\$

Purchase consideration:

Cash consideration

400

563

Shares issued \*

32

45

Vendor loan note

220

308

Adjustments to working capital

6

8

Gain on forward exchange contract covering purchase consideration

(24)

(32)

Direct costs relating to the acquisition

21

30

Total purchase consideration

655

922

Provisional fair value of net identifiable assets acquired (see below)

628

884

Provisional goodwill \*\*

27

38

*\* 11,159,702 Sappi shares were issued to M-real as partial payment of the acquisition price. The fair value of US\$45 million*

*(EUR32 million) was determined using Sappi's published market price at the date of exchange.*

*\*\* The initial accounting for the business combination has been determined provisionally as at the end of the second quarter ended*

*March 2009 because the group is still in the process of finalising the fair values of the identifiable assets and liabilities of the acquired business of M-real.*

// second quarter results

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The assets and liabilities arising from the acquisition are as follows:

EURO

EURO

US\$

US\$

Acquiree's	Provisional	Acquiree's	Provisional
carrying		carrying	

fair	carrying		
------	----------	--	--

fair

amount	value		
--------	-------	--	--

amount	value		
--------	-------	--	--

Property, plant and equipment

640

494

901

695

Information technology related intangibles

2

2

3

3

Brand names

–

18

–

25

Inventories

118

116	166	163
-----	-----	-----

Trade

receivables

200

200	281	281
-----	-----	-----

Prepayments and other debit balances

15

21

21

30

Cash and cash equivalents

5

5

7

7

Trade payables

(86)

(86)

(121)

(121)

Pension liabilities

(37)  
(40)  
(52)  
(56)  
Borrowings (46)  
(47)  
(65)  
(66)  
Provisions (4)  
(4)  
(6)  
(6)  
Other payables and accruals  
(66)  
(64)  
(93)  
(89)  
Net deferred tax (liabilities) assets  
(10)  
13  
(14)  
18  
Net identifiable assets acquired  
731  
628  
1,028  
884  
Outflow of cash to acquire business, net of cash acquired:  
EURO  
US\$  
Cash consideration  
400  
563  
Direct costs relating to acquisition  
21  
30  
Cash and cash equivalents in subsidiary acquired  
(5)  
(7)  
Cash outflow on acquisition  
416  
586

20  
Notes to the group results  
Reviewed  
Reviewed  
Reviewed  
Reviewed  
Quarter  
Quarter  
Half-year  
Half-year  
ended  
ended  
ended  
ended  
Mar 2009  
Mar 2008  
%  
Mar 2009  
Mar 2008  
%  
US\$ million  
US\$ million  
change  
US\$ million  
US\$ million  
change  
10. Regional information  
Sales  
Fine Paper – North America  
301  
423  
(29)  
664  
807  
(18)  
Europe  
737  
697  
6  
1,298  
1,335  
(3)  
Southern Africa  
74  
89  
(17)  
148  
176  
(16)  
*Total*  
1,112



1,209  
(8)  
2,110  
2,318  
(9)  
Forest  
Products –  
Pulp and paper  
operations  
189  
246  
(23)  
363  
498  
(27)  
Forestry operations  
12  
18  
(33)  
27  
34  
(21)  
*Total*  
1,313  
1,473  
(11)  
2,500  
2,850  
(12)  
Operating profit  
Fine Paper – North America  
(24)  
26  
–  
(31)  
37  
–  
Europe  
(21)  
18  
–  
(8)  
37  
–  
Southern Africa  
2  
3  
(33)  
4  
4  
–

*Total*  
(43)  
47  
—  
(35)  
78  
—  
Forest Products  
48  
172  
(72)  
97  
227  
(57)  
Corporate and other  
1  
2  
(50)  
1  
7  
100  
*Total*  
6  
221  
(97)  
63  
312  
(80)  
Net operating assets  
Fine Paper – North America  
1,070  
1,116  
(4)  
1,070  
1,116  
(4)  
Europe  
2,376  
2,085  
14  
2,376  
2,085  
14  
Southern Africa  
181  
127  
43  
181  
127  
43  
*Total*

3,627

3,328

9

3,627

3,328

9

Forest Products

1,531

1,695

(10)

1,531

1,695

(10)

Corporate and other

126

8

—

126

8

—

*Total*

5,284

5,031

5

5,284

5,031

5

// second quarter results

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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 certain 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

Acquisition – the acquisition of M-real's coated graphic paper business on 31 December 2008

Adjustment factor – This is calculated using the pre-announcement share price divided by the theoretical ex-rights price (TERP). TERP is the [(Number of new shares multiplied by the Subscription price) plus the (Number of shares held multiplied by the Ex-dividend share price)] all divided by the (Number of new shares plus the number of shares held prior to the rights offer).

Capital employed – shareholders' equity plus net debt

EBITDA excluding special items – earnings before interest (net finance costs), taxation, 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 overdraft (net of cash, cash equivalents and short-term deposits)

Net debt to total capitalisation – net debt divided by capital employed

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

Net assets – total assets less total liabilities

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

ROCE – return on average capital employed. Operating profit excluding special items divided by average capital employed

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

RONOA – return on average 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 or 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.*

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Supplemental Information *(this information has not been reviewed)*

*EBITDA excluding special items*

Quarter

Quarter

Half-year

Half-year

ended

ended

ended

ended

Mar 2009

Mar 2008

Mar 2009

Mar 2008

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

(35)

155

(12)

197

Net finance costs

40

27

61

55

Taxation

1

39

14

60

Special items – gains

(23)

(124)

(55)

(123)

Operating (loss) profit excluding special items

(17)

97

8

189

Depreciation and amortisation

99

93

180

189  
 EBITDA excluding special items  
 (1)  
 82  
 190  
 188  
 378  
 Mar 2009  
 Sept 2008  
 US\$ million  
 US\$ million  
 Net debt (US\$ million)  
 (2)  
 2,735  
 2,405  
 Net debt to total capitalisation (%)  
 (2)  
 59.4  
 60.0  
 Net asset value per share (US\$)  
 (2)  
 3.62  
 7.00  
 (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 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.*

*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 21, Supplemental Information for the definition of the term.*

// second quarter results

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Supplemental Information (this information has not been reviewed)

*summary rand convenience translation*

Quarter ended

Half-year ended

Mar 2009

Mar 2008

% change

Mar 2009

Mar 2008

% change

Key figures: (ZAR million)

Sales

12,996

10,988           18

24,754

20,368           22

Operating profit

59

1,649           (96)

624

2,230           (72)

Special items – gains \*

(228)

(925)

–

(545)

(879)

–

Operating (loss) profit excluding

special items

(168)

724           –

79

1,351           (94)

EBITDA excluding special items \*

812

1,417           (43)

1,861

2,701           (31)

Basic EPS (SA cents)

(69)

321           –

(30)

386           –

Net debt \*

26,215

21,669           21

26,215

21,669           21



Key ratios: (%)

Operating profit to sales

0.5

15.0

2.5

10.9

Operating (loss) profit excluding  
special items to sales

(1.3)

6.6

0.3

6.6

Operating (loss) profit excluding  
special items to Capital

Employed (ROCE)

(1.7)

9.0

0.4

8.6

EBITDA excluding special items  
to sales

6.2

12.9

7.5

13.3

Net debt to total capitalisation \*

59.4

61.3

59.4

61.3

\* Refer to page 21, 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

Mar

Dec

Sept

June

Mar

2009

2008

2008

2008

2008

Exchange rates:

Period end rate: US\$1 = ZAR

9.5849

9.7148

8.0751

7.9145

8.1432

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

9.8979

9.8584

7.8150

7.8385

7.4593

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

9.9015

9.8584

7.4294

7.3236

7.1465

Period end rate: EUR 1 = US\$

1.3301

1.4064

1.4615

1.5795

1.5802

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

1.3300

1.3471

1.5228

1.5747

1.5006

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

1.3288

1.3471

1.5064

1.5071

1.4790

*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.*

24  
US\$  
0  
2  
4  
6  
8  
10  
12  
14  
Apr 05  
Jul 05  
Oct 06  
Jan 07  
Apr 07  
Jul 07  
Oct 07  
Jan 08  
Apr 08  
Jul 08  
Jan 09  
Apr 09  
Oct 08  
Oct 05  
Jan 06  
Apr 06  
Jul 06  
ZAR  
Apr 05  
Jul 05  
Oct 06  
Jan 07  
Apr 07  
Jul 07  
Oct 07  
Jan 08  
Apr 08  
Jul 08  
Jan 09  
Apr 09  
Oct 08  
Oct 05  
Jan 06  
Apr 06  
Jul 06  
0  
10  
20  
30  
40  
50

60

70

80

90

Sappi ordinary shares\* (JSE: SAP)

US Dollar share price conversion\*

\* *Historic share prices revised to reflect rights offer*

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Channel Islands:

Computershare Investor

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Johannesburg 2001

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St Helier,

PO Box 61051

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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:

May 5, 2009

SAPPI LIMITED,

Name:

M. R. Thompson

Title:

Chief Financial Officer

M. R. Thompson

By:

/s/