

Sappi announces sale of Enstra Mill recycled packaging paper business to Corruseal Group

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Sappi wishes to confirm that it has reached an agreement to sell its Enstra Mill recycled containerboard and kraft papers business situated in Springs near Johannesburg to Corruseal Group. Sappi opened negotiations with Corruseal when it was jointly decided that there was a good fit between Corruseal and Enstra Mill. The mill will continue to manufacture recycled and lightweight packaging paper. The existing Security Paper, Office, Speciality and Folio businesses also conducted at the mill will remain with Sappi. A transfer plan is being arranged with current staff and customers. The disposal is not categorisable in terms of section 9.5 of the JSE Listings Requirements. The transaction value has not been disclosed.

Commenting on the transaction, Sappi Southern Africa CEO Alex Thiel said: "The sale of the mill is in line with Sappi Southern Africa's strategy to unlock value and is in line with the Sappi Limited strategy which aims to reduce debt, strengthen its balance sheet and direct resources to high-growth opportunities. Over the past four years Sappi Southern Africa has undertaken a comprehensive review of its business and implemented a number of changes to help the business turn around and to put the business firmly on the path to profitability and growth - in particular in its paper and paper packaging business. These actions have delivered significant positive impacts with Sappi Southern Africa returning exceptional results during Sappi's 2014 financial year and strong results during this financial year."

Commenting on the expansion of their portfolio Corruseal Group Joint CEOs Mehul Mehta and Rajiv Mehta said: "The Enstra Mill fits perfectly with our strategy to backward integrate and grow our business. Our commitment is to provide better packaging for a better world. We are committed to remain a sustainable, innovative, service driven and world-class manufacturer of packaging."

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