

Sappi cracks it back into JSE top 40 index

Paper and pulp producer Sappi has made it back into the top 40 index, marking a roundly successful year in which it paid a dividend for the first time since 2008 after nearly doubling full-year net profit while cutting net debt.

By [Andries Mahlangu](#) 5 Dec 2016



Sappi is now the world's largest producer of dissolving wood pulp, which is used to manufacture viscose staple fibre, which is in turn used in textiles and pharmaceutical products, among other applications.

Picture: [Facebook / Sappi](#)

Sappi has elbowed out Sibanye Gold from the blue-chip gauge in changes that will take effect from December 19, according to the JSE.

The company has, over time, steadily repositioned its portfolio, which traditionally has leaned on producing coated paper used in glossy magazines.

The switch was its response to disruptive technology such as Apple's iPad and e-readers like Kindle, which have had a marked effect on the demand for paper products.

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Under the guidance of CE Steve Binnie, who took over from Ralph Boëttger in 2014, the company has also focused on growing speciality paper used for agricultural products for export.

Net profit in the year to September rose 91% to \$319m and net debt slipped 20% to \$1.40bn, enabling the company to declare a dividend of \$0.11 per share.

The R44.9bn stock has rallied 27% so far in 2016, outpacing larger competitor Mondi, which is down 8% over the same period.

Source: BDpro

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