



Redefining Packaging for a Changing World

Full year results 2020/21

22 June 2021



Well positioned to capitalise on accelerated opportunities



Redefining Packaging for a Changing World

Our vision: “To be the leading supplier of sustainable packaging solutions” is more relevant than ever

- FMCG and e-commerce focus
- Sustainability and circular economy at the heart
- Fully fibre based

Our key strengths to drive our future growth are:

- Our scale: 34 countries, 29,000 employees
- Our distribution, underpinned by our digitally enabled offering
- Our culture of innovation and our investment in organic capacity
- Our leadership in sustainability
- Our reputation and long term relationships with our customers

2020/21 performance – summary

- Good performance in a challenging environment
- Focussed on our people
- Focussed on our customers:
 - Market share progression in Europe and US
 - Volume progression: -1% in H1; +8.2% in H2
 - Good initial price recovery to mitigate rising input costs
- Continued to invest in the business
- Strong US momentum in volumes and pricing
- Strong overall profit recovery through the year
- Excellent working capital & FCF
- Good momentum into new year





Financial Results

300 x 200 x 125

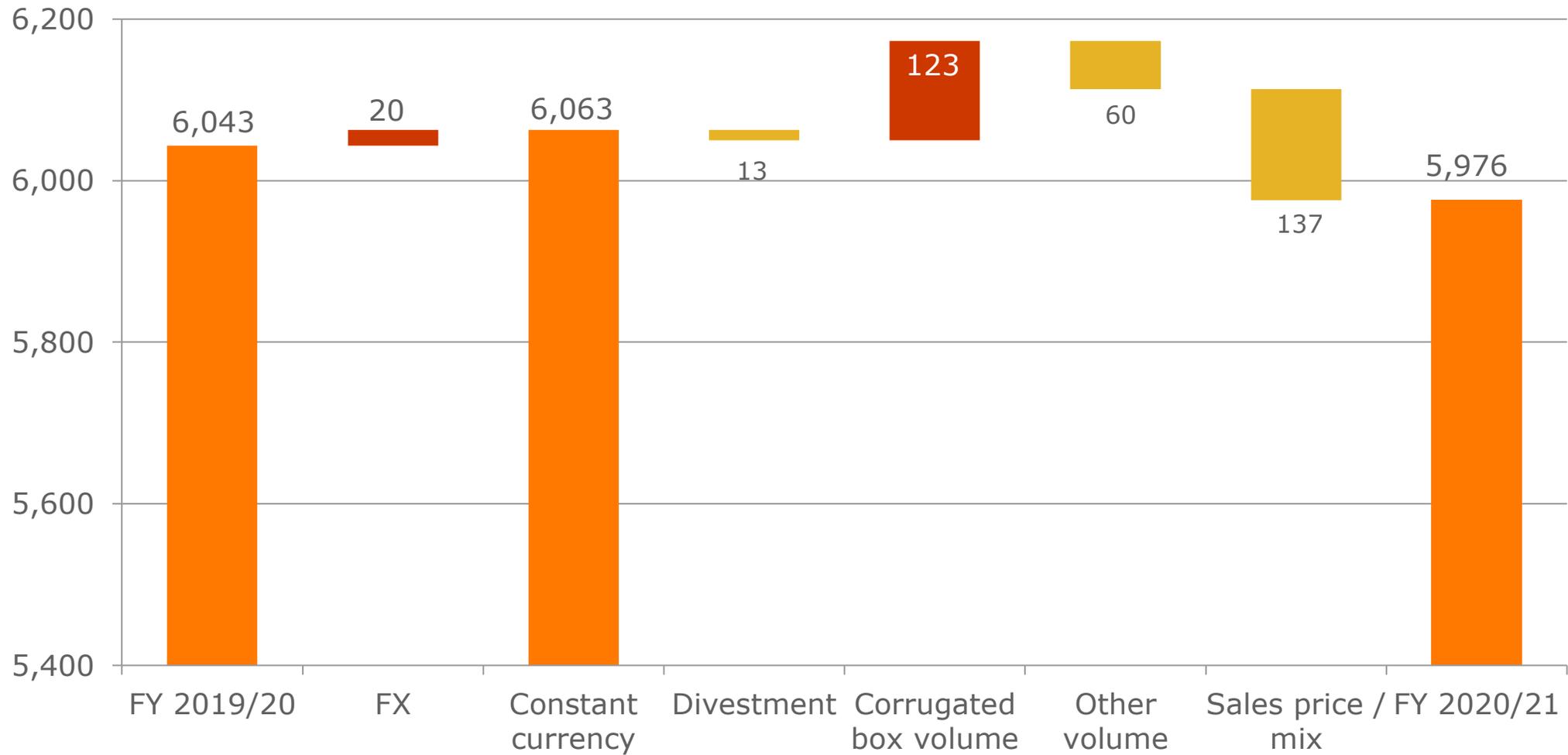
Financial headlines

Continuing operations	2020/21	Change reported	Change constant currency
Corrugated box volume	+3.5%	+290bps	NA
Revenue (£m)	5,976	-1%	-1%
Operating profit ⁽¹⁾ (£m)	502	-24%	-24%
Return on sales ⁽¹⁾	8.4%	-250bps	-260bps
Adjusted EPS ⁽¹⁾	24.2p	-27%	-28%
Free cash flow (£m)	486	+37%	NA
Dividend per share	12.1p	NA	NA
ROACE ⁽¹⁾	8.2%	-240bps	-240bps

(1) Before amortisation and adjusting items

Revenue bridge

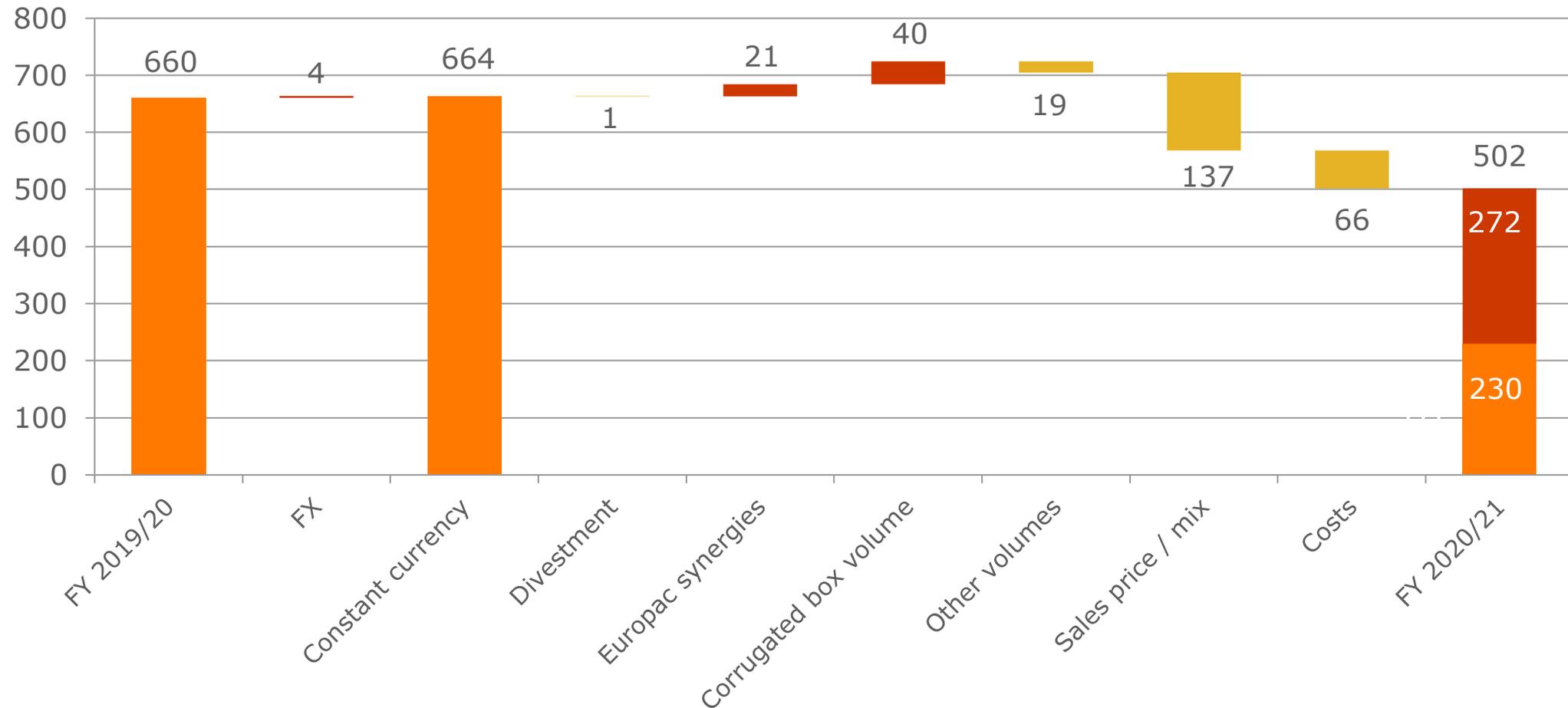
Revenue continuing operations, £m



Note: Other volume includes paper, recycling and corrugated sheet

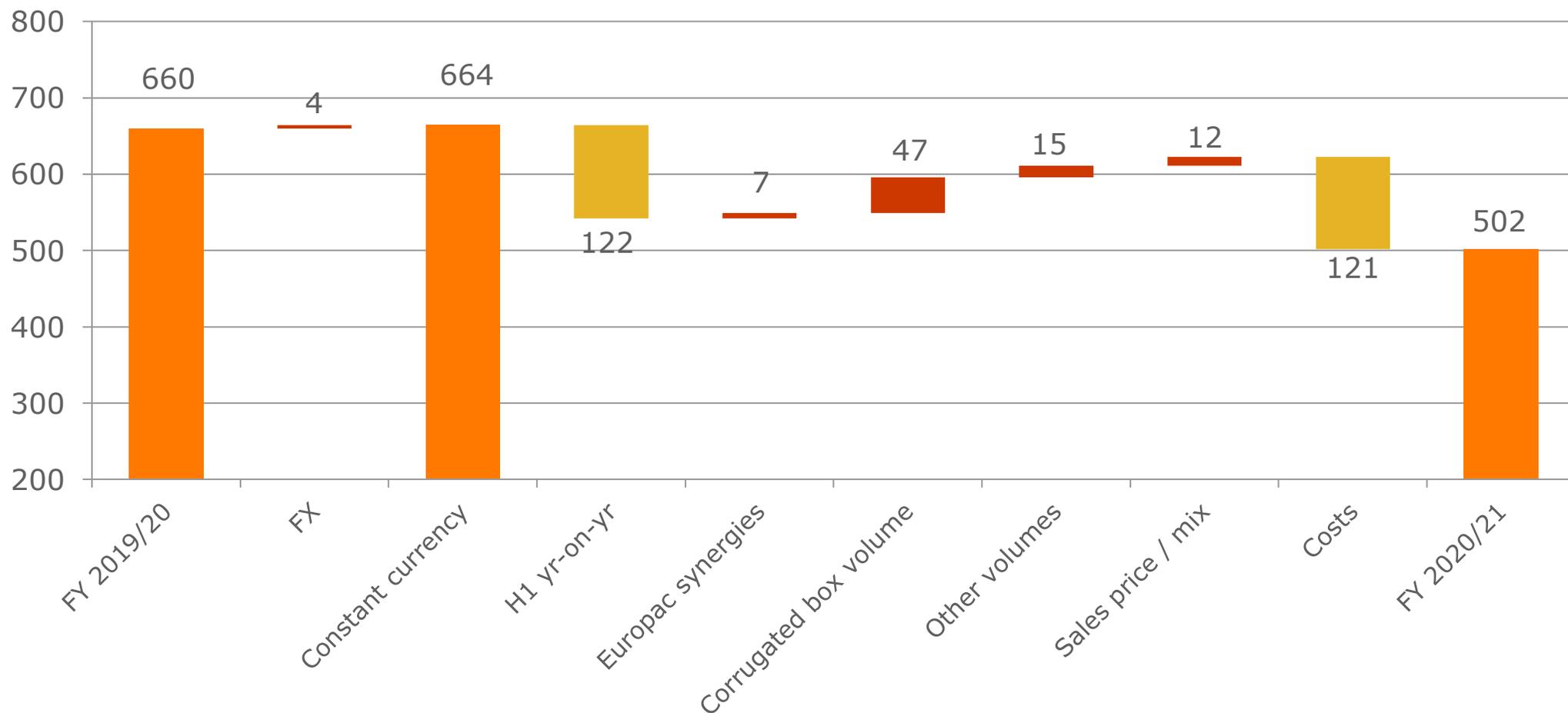
Profit bridge – full year

EBITA continuing operations £m



Momentum in volume and pricing in H2

EBITA continuing operations £m



Maintaining track record of successful price recovery

- Good recovery being delivered as planned
- We anticipate full recovery of rising input and paper prices, with the usual lag
- Box price management is a core discipline
 - Packaging is c.1% of total costs for majority of customers
 - Packaging is essential, with demand very strong across the market
 - Paper prices now similar to those in 2018
- Pricing dynamics reflect both input costs and value-add



More Sales

We help our customers generate more sales with the packaging



Lower Cost

We help our customers eliminate unnecessary cost



Risk Managed

We help our customers address risk throughout the supply chain



Circular Ready

We help our customers with circular packaging solutions

Regional margin

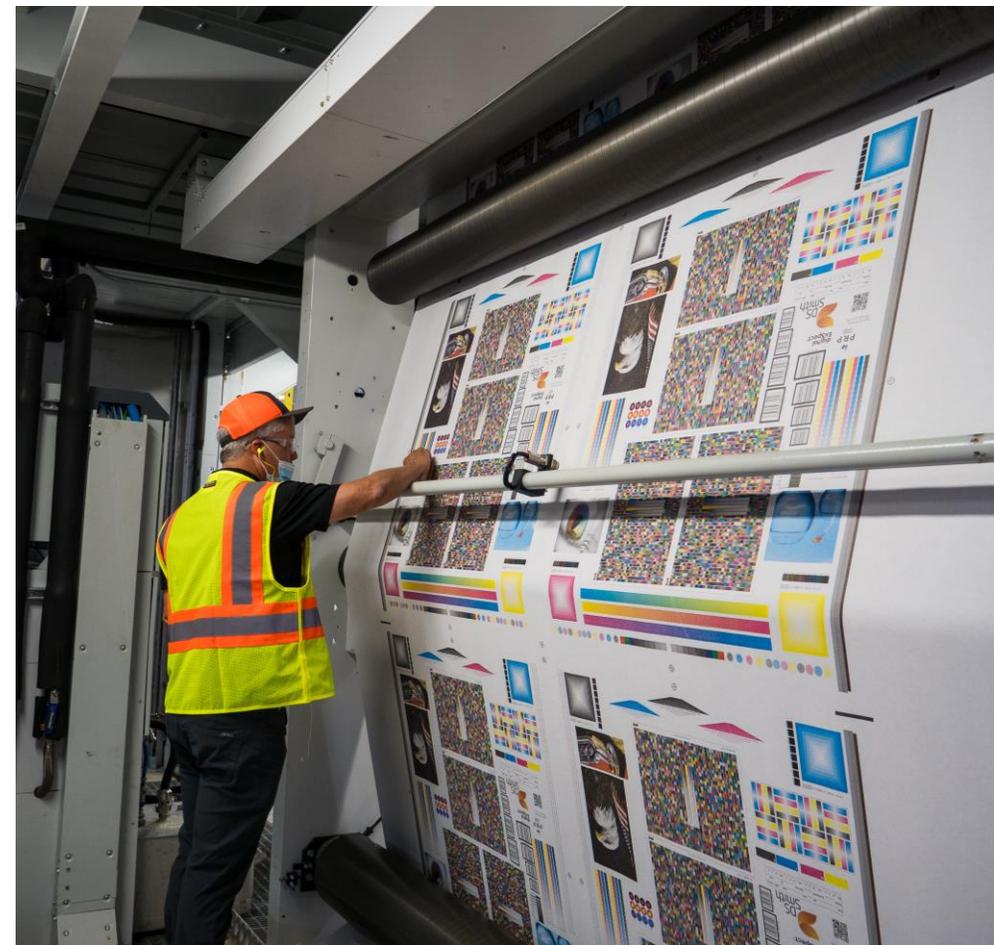
Return on sales	2020/21		2019/20
	H1	FY	FY
Northern Europe	6.0%	5.8%	9.4%
Eastern Europe	8.4%	8.6%	9.9%
Southern Europe	9.7%	10.3%	14.2%
North America	8.6%	11.6%	6.5%
Group⁽¹⁾	8.0%	8.4%	10.9%

Notes:

1. Includes £30m estimated COVID-19 costs across all regions

US operations – profit recovery and building momentum

- Substantial profit growth as expected
 - Excellent volume growth
 - Greater utilisation of own paper
 - Domestic and export price improvements
 - Margin development – H2 margin 14.9%
- PackRight Centers driving engagement
 - Product and service innovation
 - Sustainability focus
- Indiana site delivering
 - 150 full time employees
 - On target to reach planned full capacity in FY23
 - Additional e-commerce-focused equipment being installed



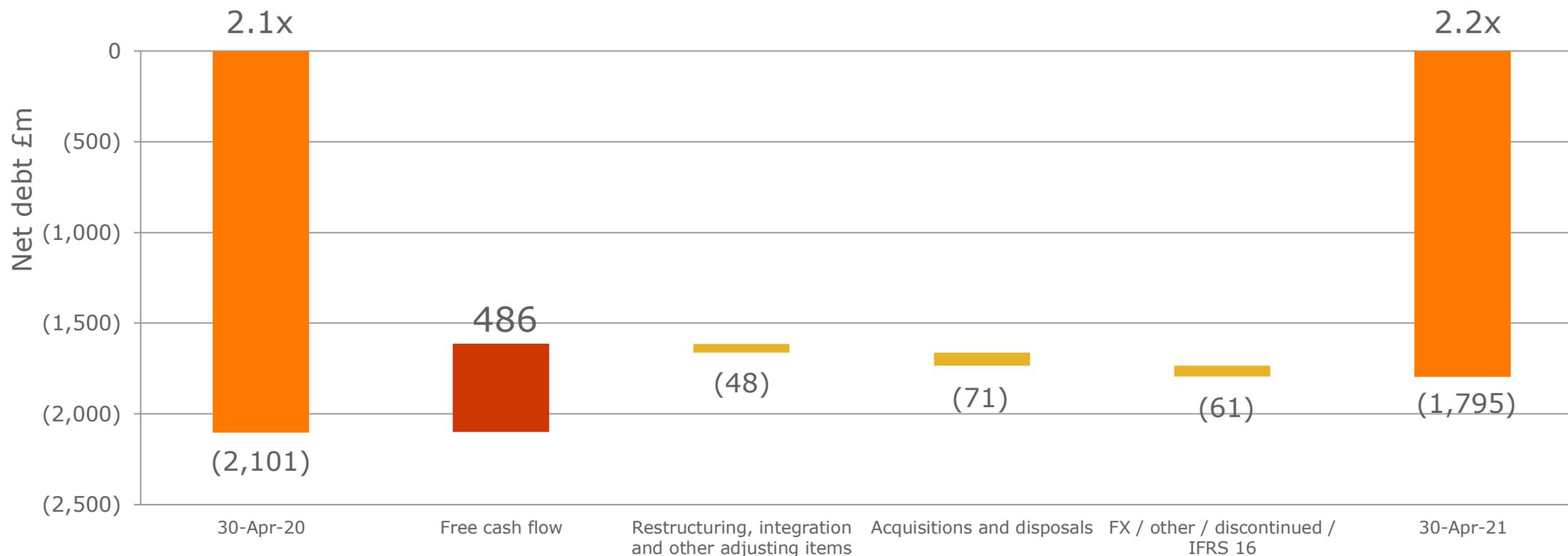
Strong focus on cashflow

Cash flow £m (continuing operations)	FY 2020/21	FY 2019/20
EBITDA	806	956
Working capital	173	(30)
Pension payments/other	(36)	(37)
Capex (net of proceeds)	(323)	(364)
Tax and interest	(134)	(171)
Free cash flow	486	354
FCF per share	35.4p	25.8p
Cash flow conversion	150%	103%

Non-recourse invoice discounting as at 30/04/21: £407m (30/4/20: £428m)

Strong operating cash flow driving net debt reduction

Net debt / EBITDA



Net debt / EBITDA given as defined by our banking covenants

Technical guidance for FY22

- Capex¹: c. £430 million of which c. 55% is growth, efficiency and environment capex, including the new sites
- Depreciation: £316 million
- Amortisation: £143 million
- Tax rate: 24%
- Interest incl. pension: c. £74 million (of which £3 million is pension charge)
- Pension deficit reduction cash contribution: £20 million
- Adjusting items: <£10m
- OCC consumption: c.4m tonnes per annum
- FX: 1% move in GBP = approximately £5 million EBITA

Note 1: before any disposal proceeds

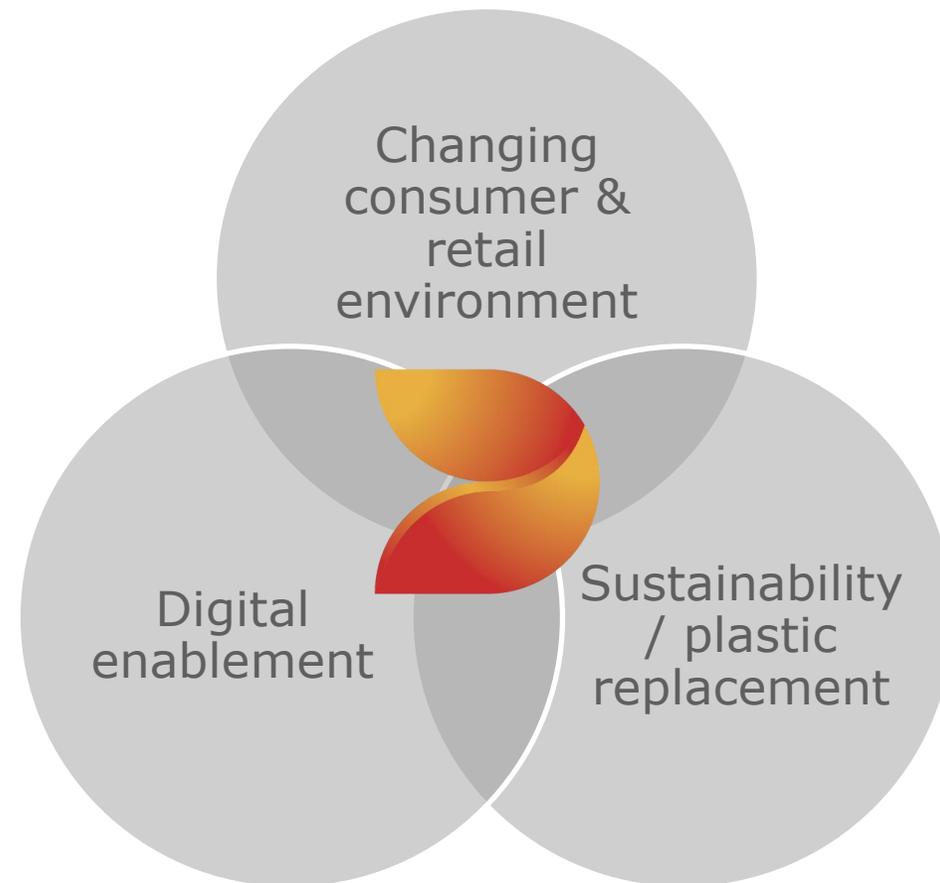




Well positioned to meet
the new growth
opportunities

Built a business at the intersection of key trends

- Fully fibre-based
- Sustainability and Circular Economy at the heart
- FMCG & E-commerce focussed
- Covid has accelerated these trends



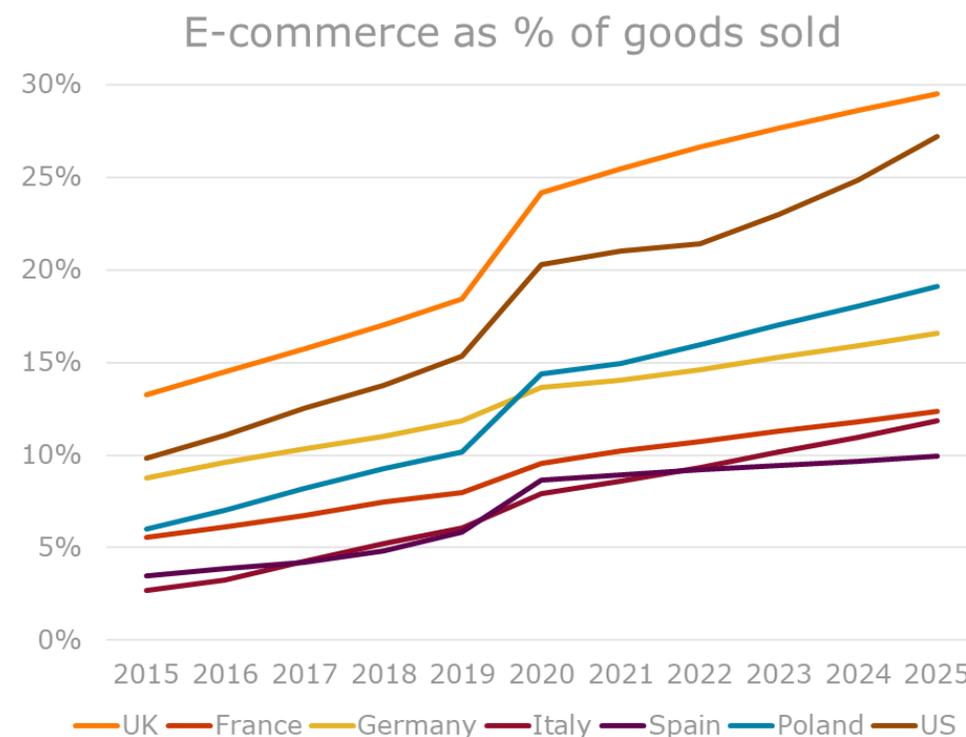
E-commerce: volume and value opportunity

Key trends

- Exceptional demand
 - New categories and channels
 - New customer types
- Value opportunities:
 - Sustainability
 - Logistics efficiencies
 - Security & Traceability
 - Premiumisation
 - Personalisation

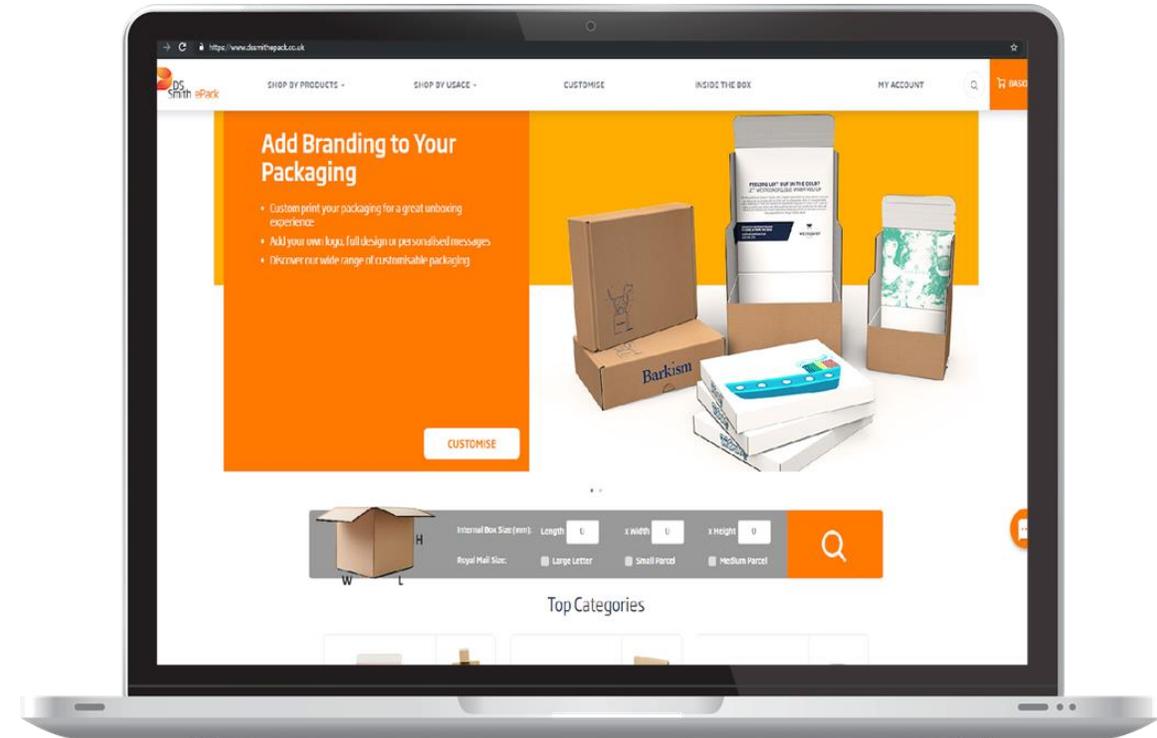


E-commerce growth is here to stay



DS Smith: the e-commerce partner of choice

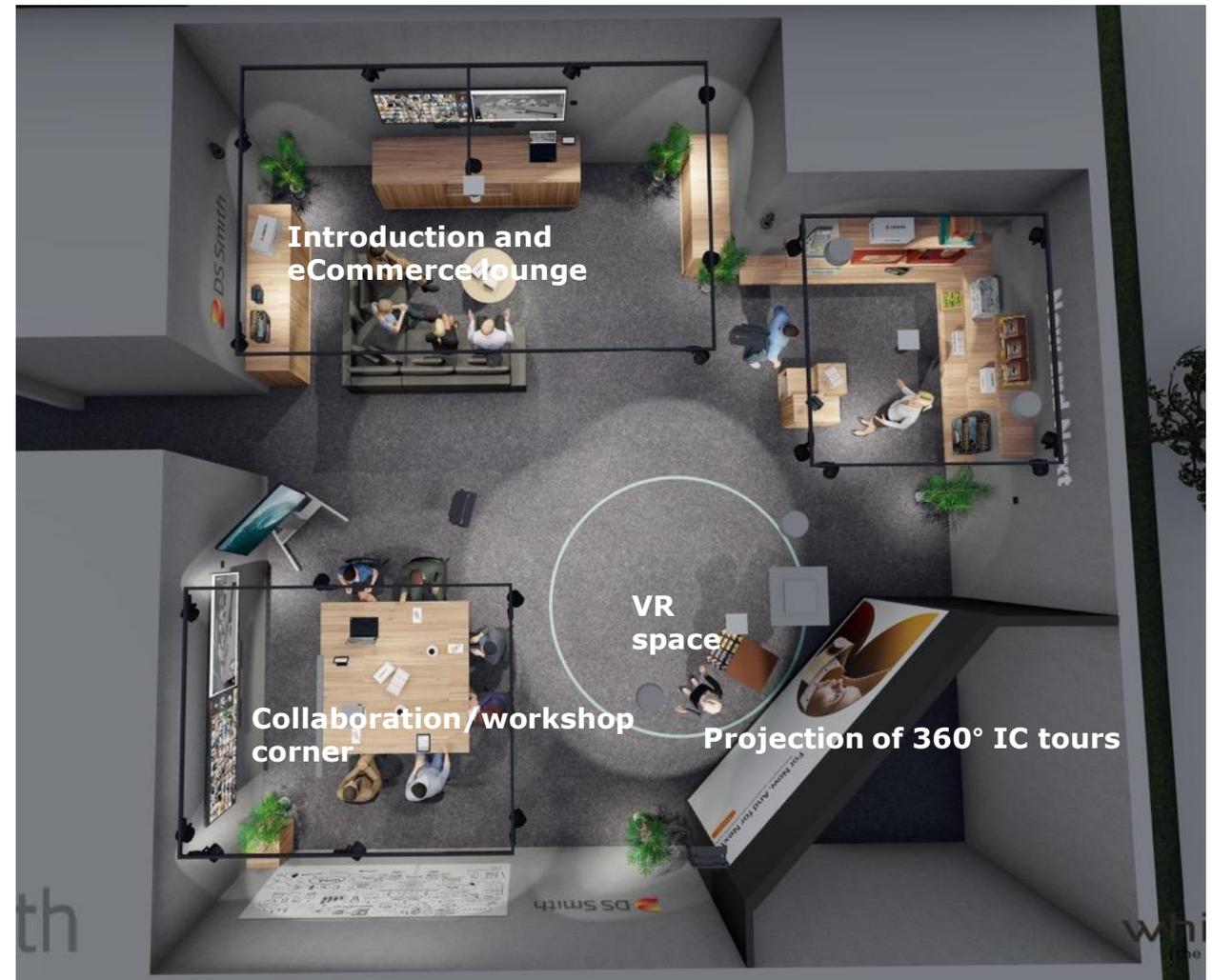
- 10+ years of expertise and innovation
- Leading European position
- Consistent investment to support all customer types:
 - E-tailers
 - Retailers
 - Brand owners
 - Logistic partners



Enhanced digital engagement

- Customers want to interact differently
 - Virtual innovation centres
 - Integrated systems for dynamic planning
 - Digital remote ordering
- Digital delivery through e-Pack
 - European roll-out
 - Scalable platform capable of serving all customer types and sizes
 - Extensive European distribution network

“The easiest company to do business with”



Sustainability leader

- Consistent delivery against carbon reduction targets and ESG performance
- Ellen MacArthur Foundation global partner
- Forward-thinking 'Now and Next' sustainability strategy
- Circular business model
 - Fully recyclable / reusable products
 - Europe's largest recycler of paper/cardboard
 - Circular design principles



**ELLEN MACARTHUR
FOUNDATION**
Strategic Partner

Delivering for the environment

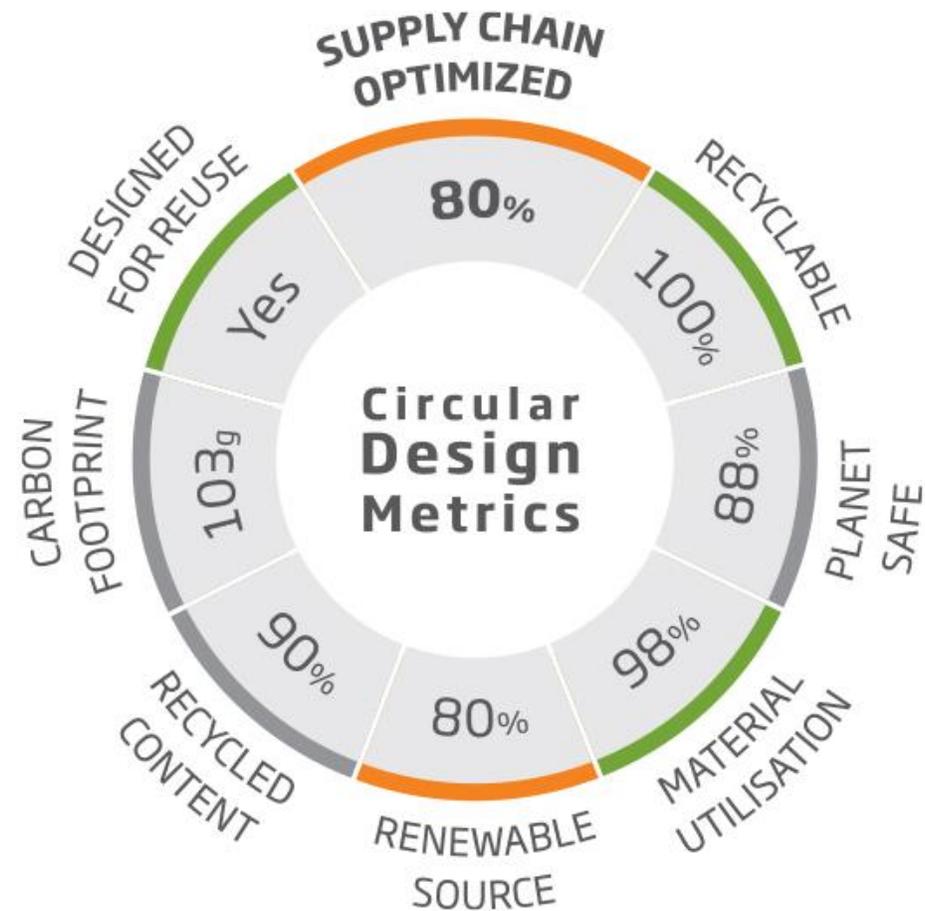
- 23% reduction in CO₂e / tonne production since 2015
- Commitment to science-based targets in line with the Paris Agreement and Race to Zero
- 5% reduction in water abstraction y/y
- 104 biodiversity ongoing programmes
- 54m plastic pieces replaced



Circular Economy - where product meets sustainability

DS Smith circular design metrics

- Strong customer take-up
- Driving circularity in practice
 - Optimized fibre use
 - Closed loop recycling
 - Plastic replacement



Plastic replacement

Accelerating opportunity

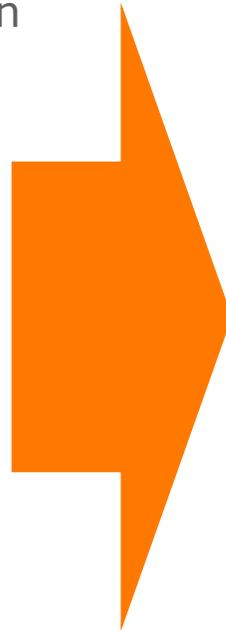
- Food
- Primary packaging
- Shelf-ready
- Point of sale / display



Covid-19 has deepened customer relationships

Accelerated customers' need for our value-add:

- ✓ Value-enhancing design and innovation
- ✓ Circular design metrics
- ✓ Geographic reach
- ✓ Digital interface
- ✓ Security of supply
- ✓ Focus on supplier "quality"



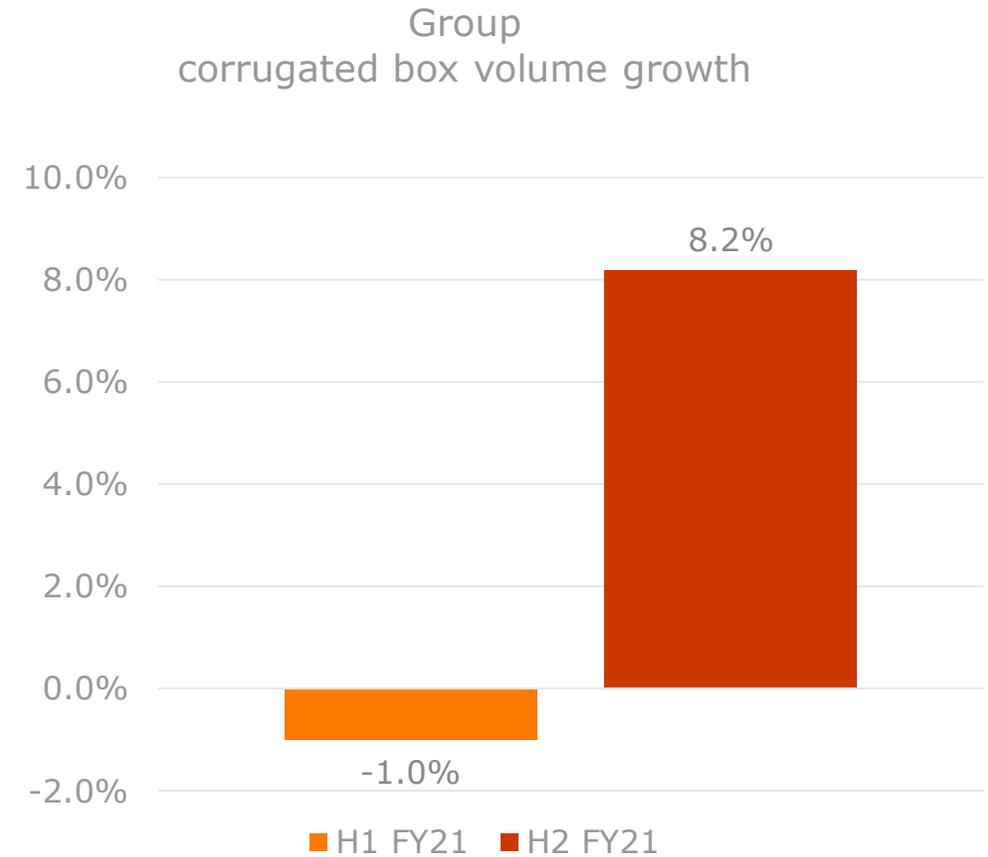
Higher quality contracts

- Average key account contract length c.3 years
- New large contracts typically 3-5 years
- Packaging optimisation benefits over time
- Helping customers with their sustainability

Over 10%
volume
growth among
our top-20
customers

Winning with customers

- Acceleration through the year
 - 8.2% in H2
 - Continued market share gains
- Strong growth with large customers
- US customer base growth, particularly global accounts
- Continuing momentum into the new financial year





Investing for future growth

Investing for growth

- Increasing capacity
 - Existing sites: flexible workforce / shifts
 - New sites: Poland & Italy plus expansion in Germany
 - Supporting FMCG and e-comm customers
- Doubling investment in innovation and R&D
 - New materials & barrier technology
 - Designing out waste
 - Prototyping acceleration hub
- Enhanced service: digital capability
 - Scalable platform driving e-commerce growth
 - New ways of customer interaction





Building momentum

Positive outlook

- Overall economic uncertainty
- Business benefiting from being at the intersection of key trends
- Enhanced market share
- Strong volume momentum
- Rising packaging pricing to recover increasing input costs
- US strengthening
- New investment in packaging capacity and product and service innovation



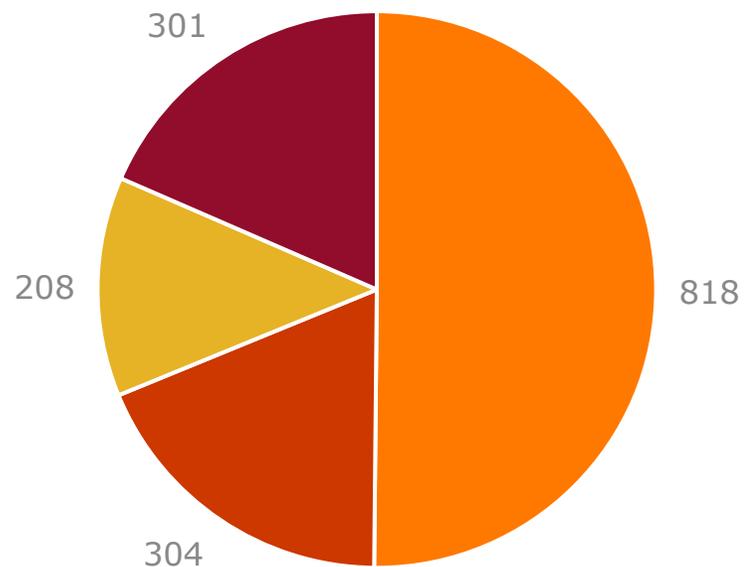
Appendices

Foreign exchange exposure

2020/21	Revenue (%)	EBITA (%)	Average rate FY 2019/20	Average rate H1 2020/21	Average rate FY 2020/21	Closing rate 30 Apr 2021
GBP	15.3	4.6				
EUR	59.2	64.5	1.139	1.110	1.122	1.151
PLN	2.9	3.2	4.923	4.964	5.051	5.254
SEK	2.6	4.2	12.197	11.574	11.547	11.701
DKK	2.2	1.6	8.484	8.265	8.353	8.561
USD	9.2	10.2	1.251	1.276	1.320	1.391
Other	8.6	11.7				

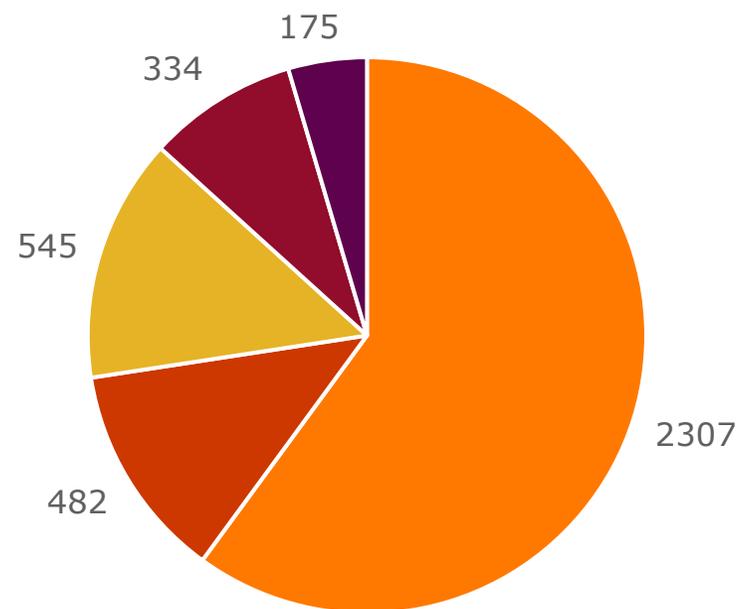
Cost analysis 2020/21

Fixed costs
Total £1,631m



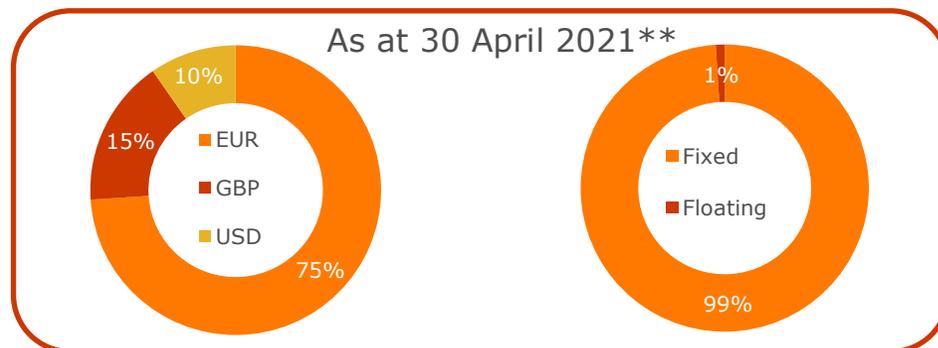
■ employee ■ depreciation ■ repairs and maintenance ■ other

Variable costs
Total £3,843m

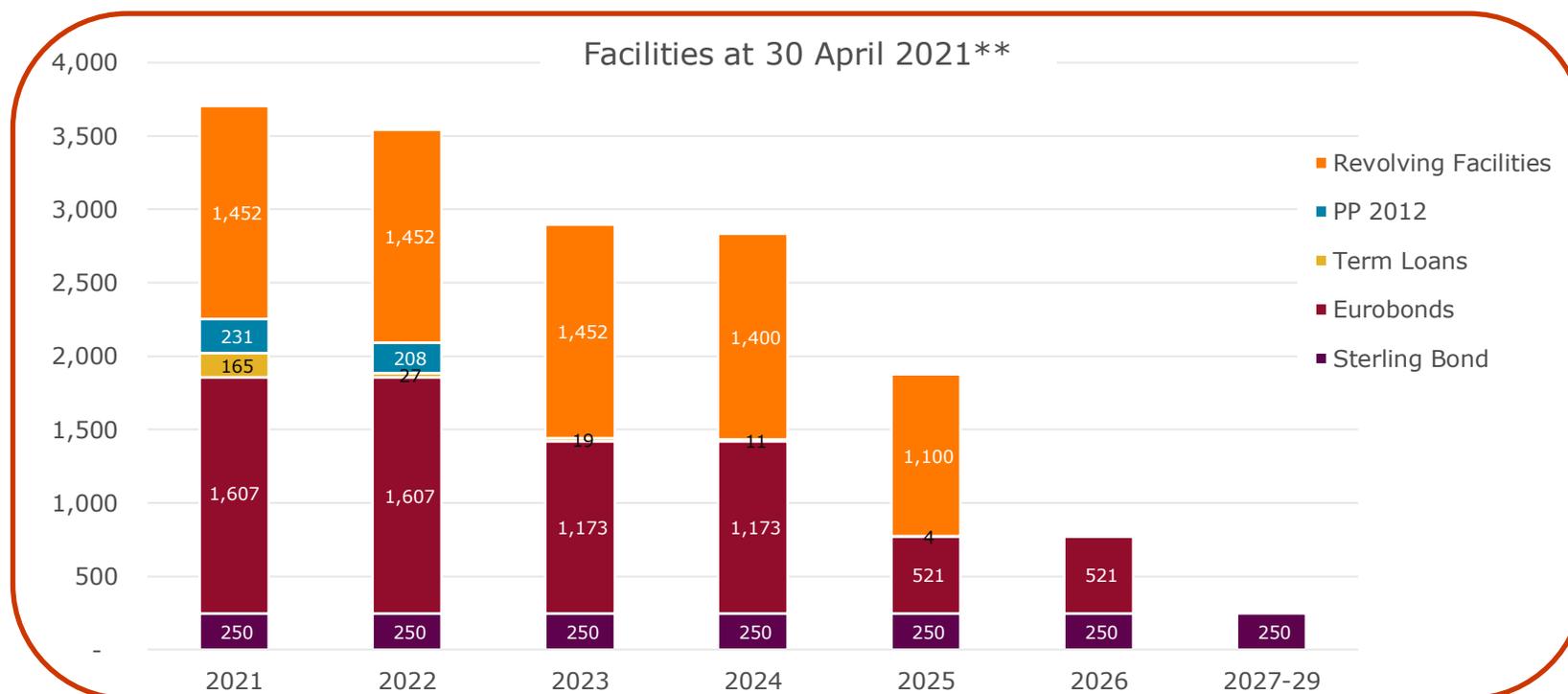


■ materials ■ distribution ■ employee ■ energy ■ other

Debt analysis



Net Debt	£1,795
Net Debt / EBITDA*	2.2 x
EBITDA / Net Interest*	11.6 x



As at 30 April 2021, the weighted average remaining life of the Group's committed borrowing facilities was 3.9 years.

* Ratios as defined in the Group's banking agreements. ** Debt shown net of swaps and fees.