Full year results to 30 April 2016
Another year of growth, returns and momentum

23 June 2016

The Power of Less®

Introduction

01

Another year of growth, returns and momentum

- Continued outperformance of the market
  - Volumes +3.1%
  - Growth in all regions
  - Excellent growth from pan-European customers

- Significant investment in strengthening the business
  - Five acquisitions in the 2015/16 financial year
  - New or expanded presence in 13 countries and c. 4,000 new employees
  - Investment to drive strategic priorities

- Further acquisitions announced today
  - Gopaca – corrugated business in Portugal
  - Creo – specialist Point of Sale / display in the UK

- Continued delivery against all our financial medium-term targets

- Good momentum into 2016/17

Consistent strategy and delivery since 2010

Financial requirements

Consistent GDP+ growth

Reducing cyclicality

Increasing margins

Returns above our cost of capital

Strategic pillars

Differentiation

Business mix

Efficiency

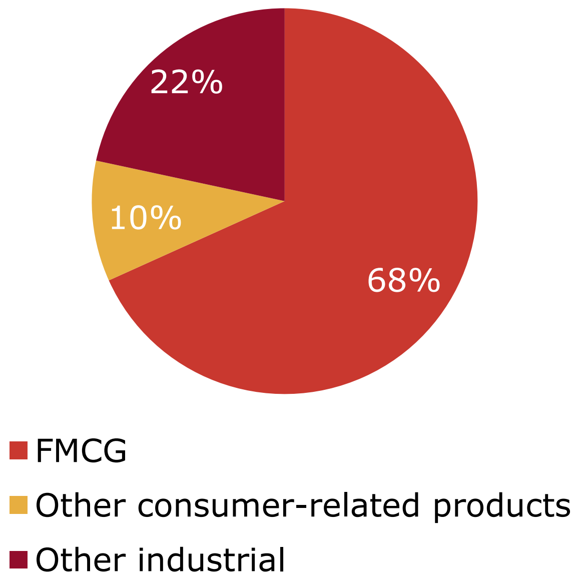
Culture and values

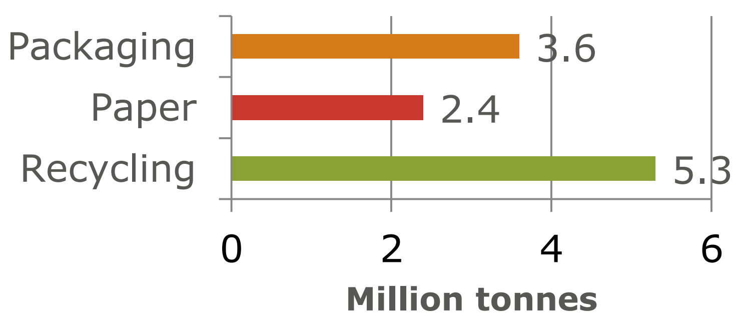
Managing risk

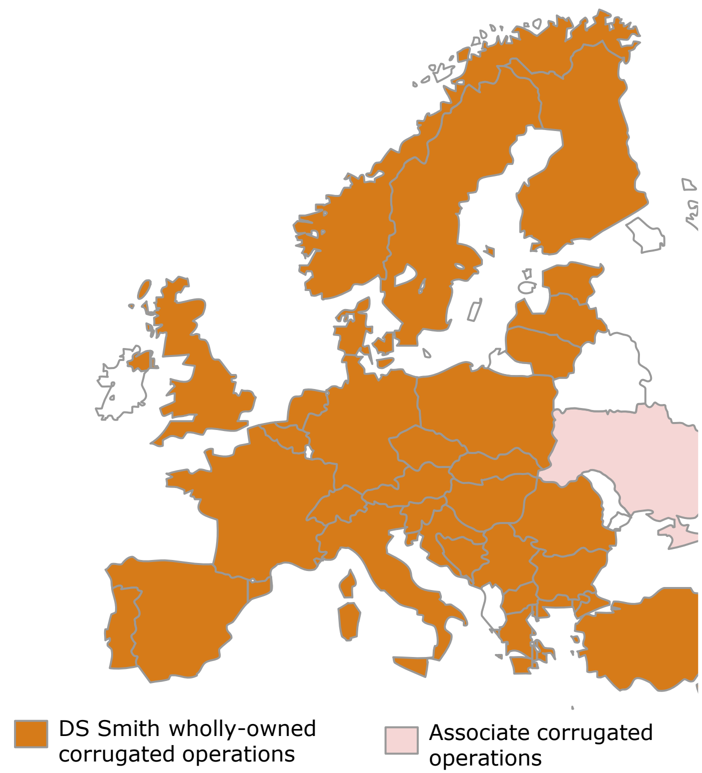
Delivering growth and returns

Focused on packaging for FMCG, Europe-wide

Corrugated packaging volumes

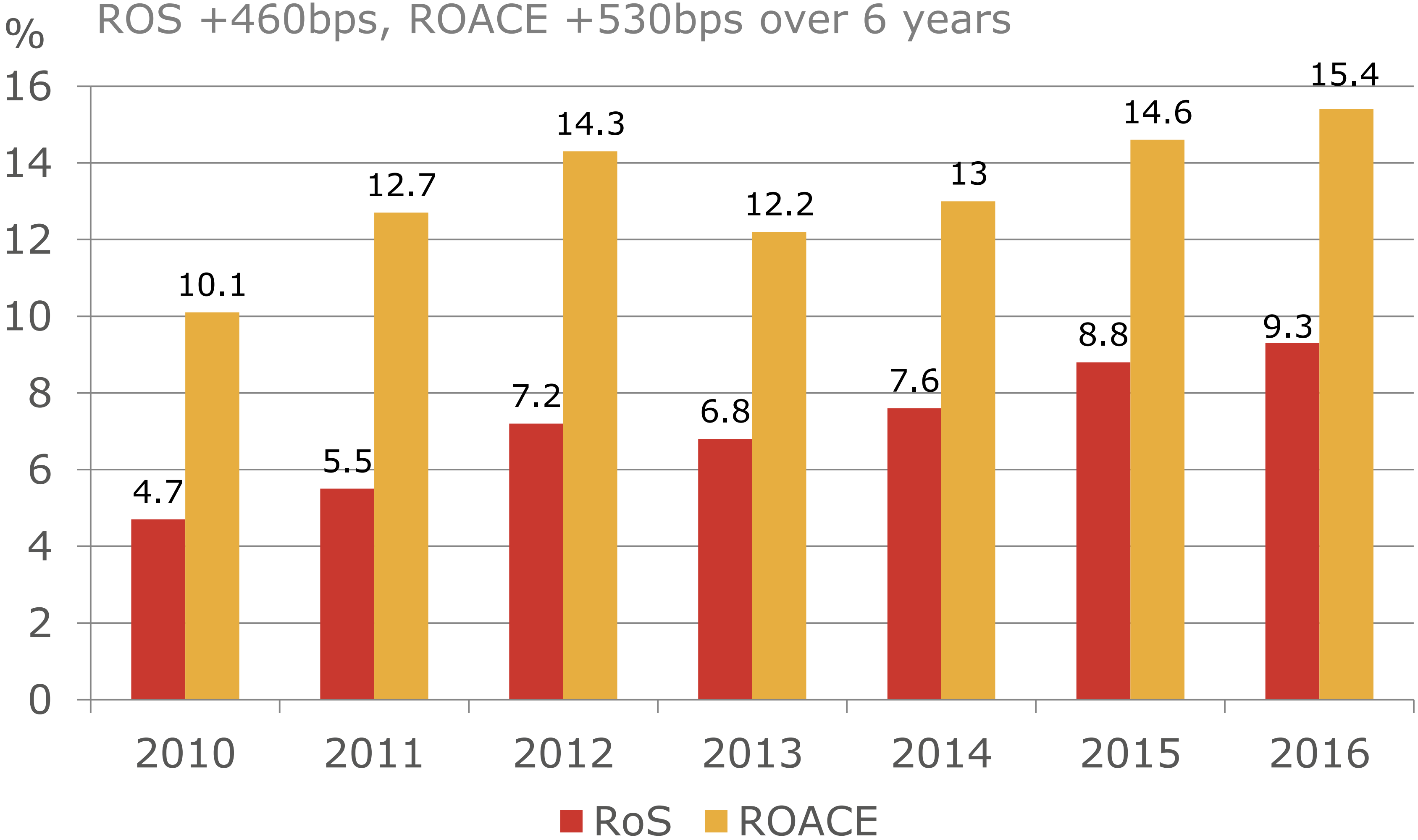






Six years of growing margin and ROACE

ROS +460bps, ROACE +530bps over 6 years



Adjusted return on sales and return on average capital employed, before amortisation and exceptional items

Financial review

02

2015/16: another year of out-performance

Volume growth	Return on sales	Return on average capital employed	Net debt / EBITDA	Earnings per share
+3.1%	+50 bps	+70 bps	2.0x	+16%

Note – Volumes on a like-for-like basis. All figures on a constant currency basis, before exceptional items and amortisation

Sustainable delivery against medium term targets

Metric	Medium-term target	2015/16		Progress
Volume growth[1]	GDP[2] + 1% = 2.8%	3.1%	✓	Growing ahead of the market
Return on sales[3]	8% - 10%	9.3%	✓	+50bps
ROACE[3]	12% - 15%	15.4%	✓	+70bps
Cash conversion[4]	≥100%	112%	✓	In target range
Net debt / EBITDA[5]	≤2.0x	2.0x	✓	In target range

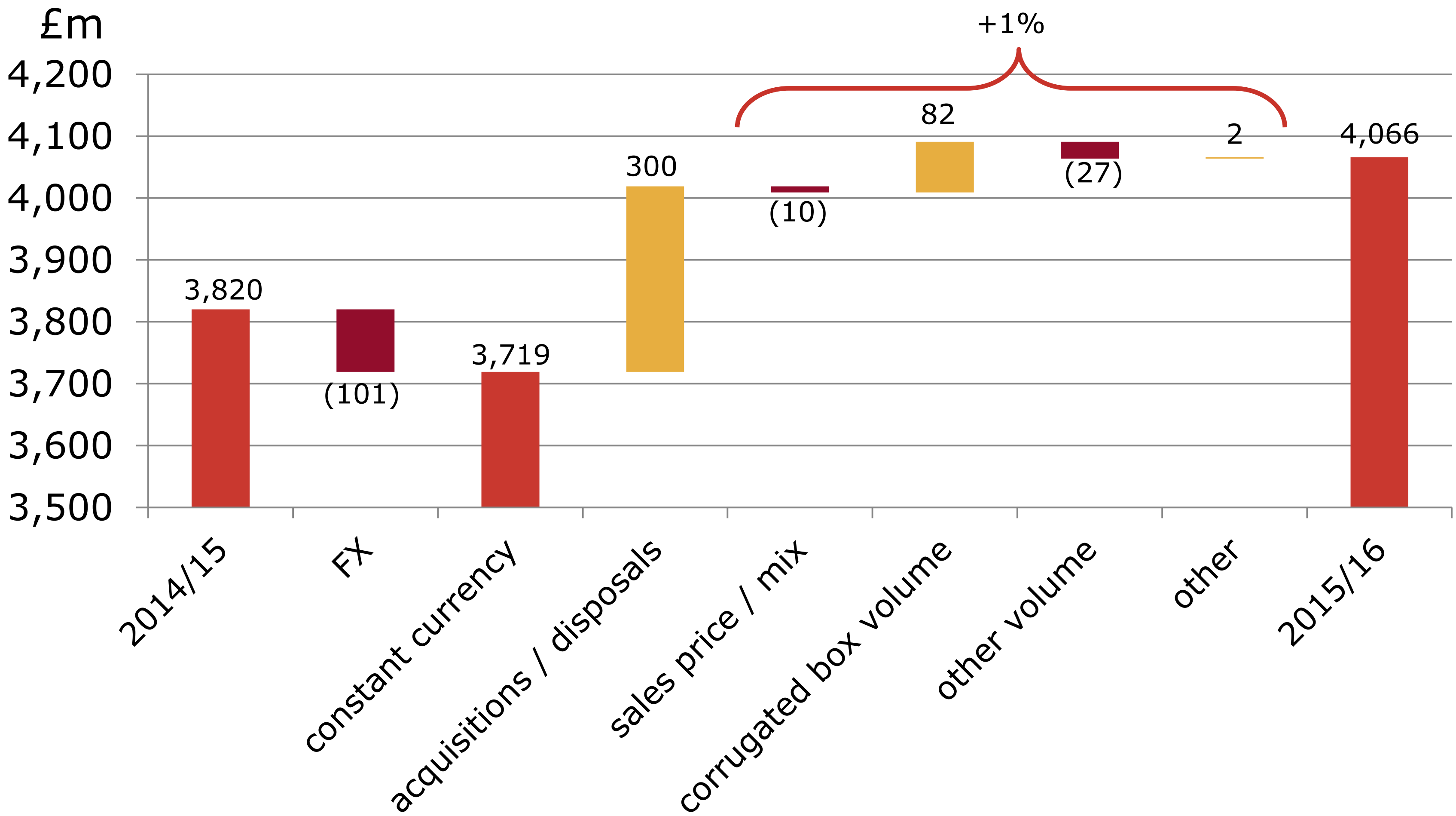
(1) Corrugated box volumes, adjusted for working days, on a like-for-like basis
(2) GDP growth (year-on-year) for the countries in which DS Smith operates, weighted by our sales by country for the period April 2015– March 2016 = 1.8%. Source: Eurostat (13 May 2016)
(3) Calculated on operating profit before amortisation and exceptional items (on a constant currency basis)
(4) Free cash flow before tax, net interest, growth capital expenditure, pension payments and exceptional cash flows as a percentage of earnings before interest, tax, amortisation and exceptional items
(5) Calculation as defined by the Group's banking covenants

Financial highlights

Continuing operations	2015/16	Change *constant currency*
Revenue (£m)	4,066	+9%
Operating profit[1] (£m)	379	+16%
Return on sales	9.3%	+50bps
Adjusted EPS[1]	27.4p	+16%
Dividend per share	12.8p	+12%
Asset turnover[2]	1.7x	0bps
Return on average capital employed[1]	15.4%	+70bps

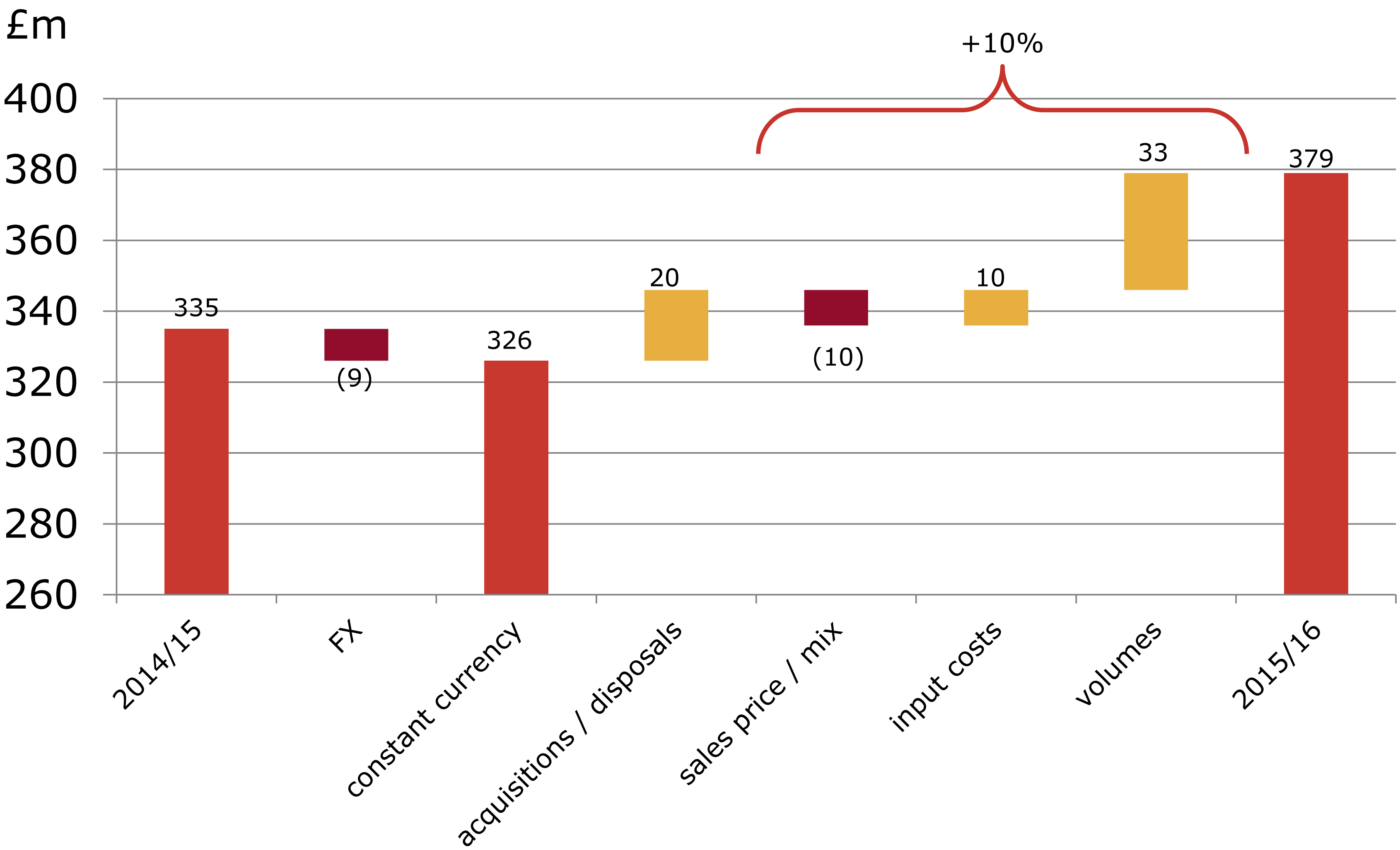
(1) Before amortisation, exceptional items and share of associates
(2) Revenue divided by average capital employed for the year

Strong acquisition and volume contributions



Note: Other volume includes paper, corrugated sheet and recycling

Organic and acquisition driven profit growth



Continued margin improvements in all regions

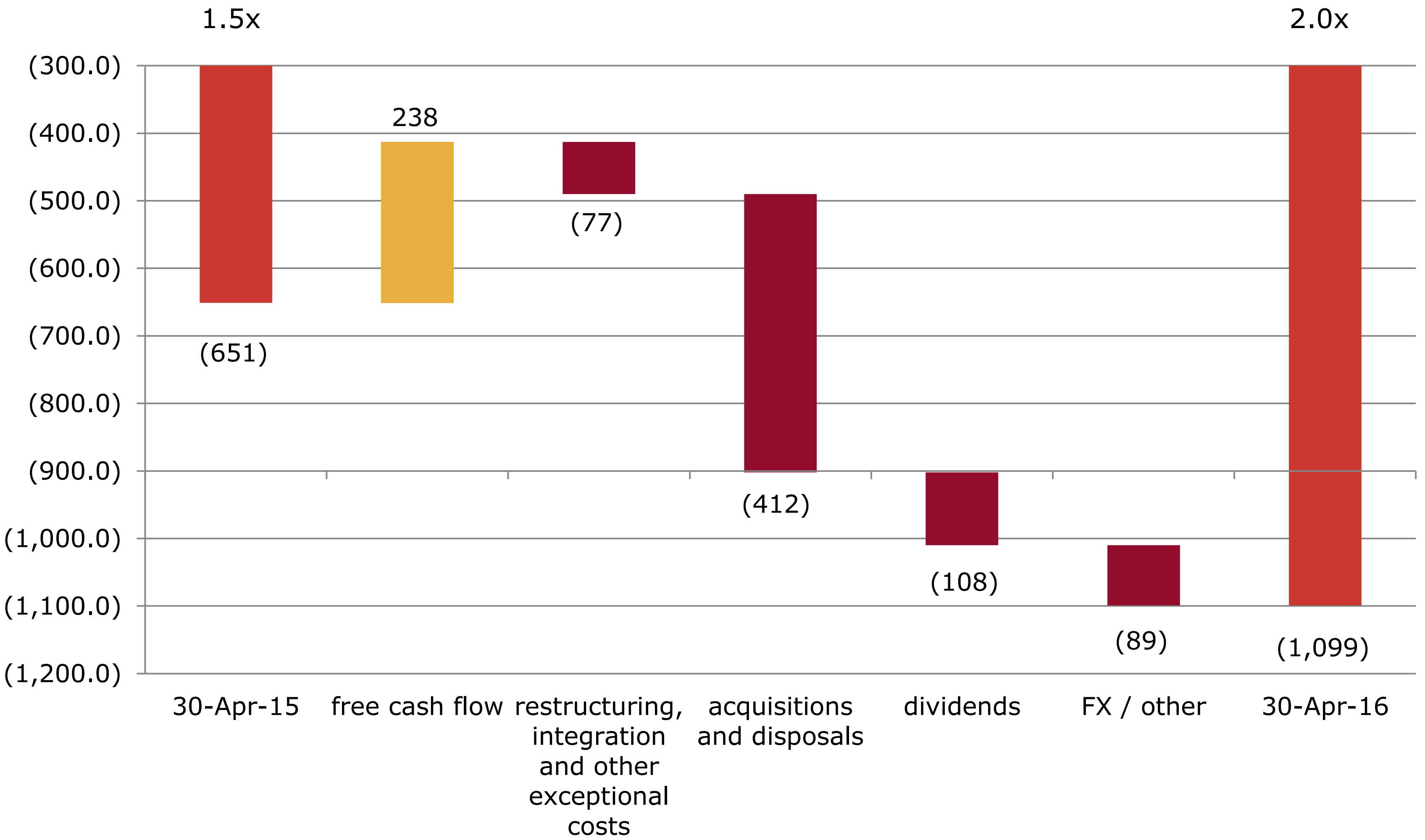
Return on sales	2015/16	2014/15	Change *Constant currency*
UK	9.8%	9.0%	+80bps
Western Europe	7.4%	6.9%	+60bps
DCH & Northern Europe	10.9%	10.4%	+60bps
Central Europe & Italy	9.0%	8.7%	+40bps
Plastics	11.3%	9.3%	+160bps

Sustained improvement in working capital

£m	2015/16	2014/15
EBITDA	**506**	**452**
Working capital	56	101
Pension payments/other	(42)	(35)
Capex (net of proceeds)	(201)	(149)
Tax and interest	(81)	(62)
Free cash flow	**238**	**307**
FCF per share	**25.2p**	**32.6p**

	2015/16	2014/15
Average monthly working capital/sales	1.6%	2.7%

Cash invested for future growth



Investing in the business

- Capex
  - Strict financial discipline and criteria
  - Opportunity to invest ahead of depreciation in growth and efficiency

- Acquisitions
  - Strict financial discipline and criteria
  - Track record of cost and cash synergies

- Strength of balance sheet
  - Consistent record of cash generation
  - Working capital discipline
  - Investment grade credit rating

Erlensee display plant, Frankfurt, opening Nov 2016

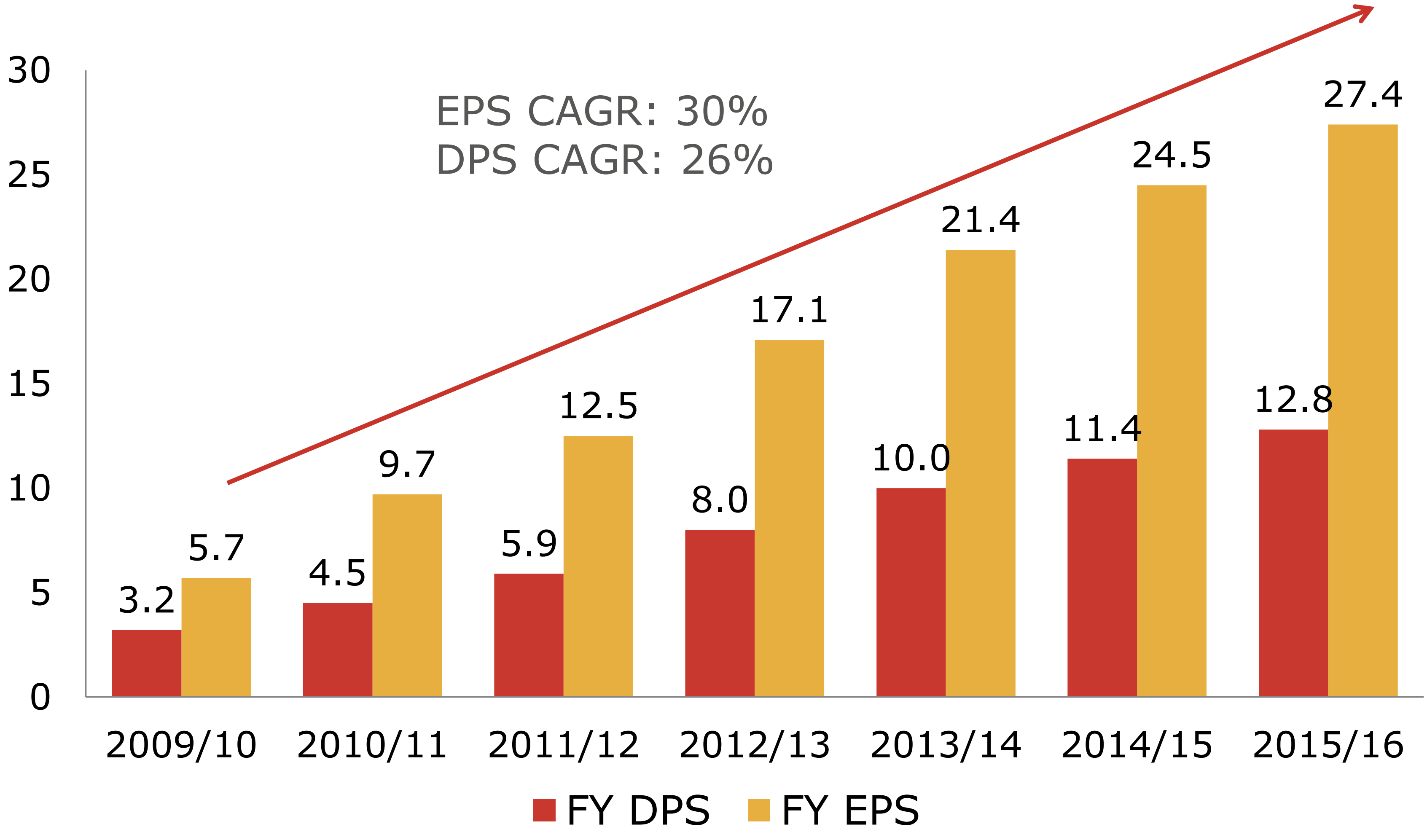
Technical guidance

For the financial year 2016/17:

- Capex c. £200m
- Depreciation c. £150m
- Tax rate c. 22%
- Amortisation charge c. £50m
- Interest, inclusive of pension interest c. £50m
  - IAS 19 pension interest charge £6m
- Pension deficit reduction cash contribution c. £17m
- Expected exceptional costs 2016/17: c. £50m
- FX: €1c move impacts EBITA by c. £2m

Sustainable shareholder returns

Pence per share



Chief Executive's review

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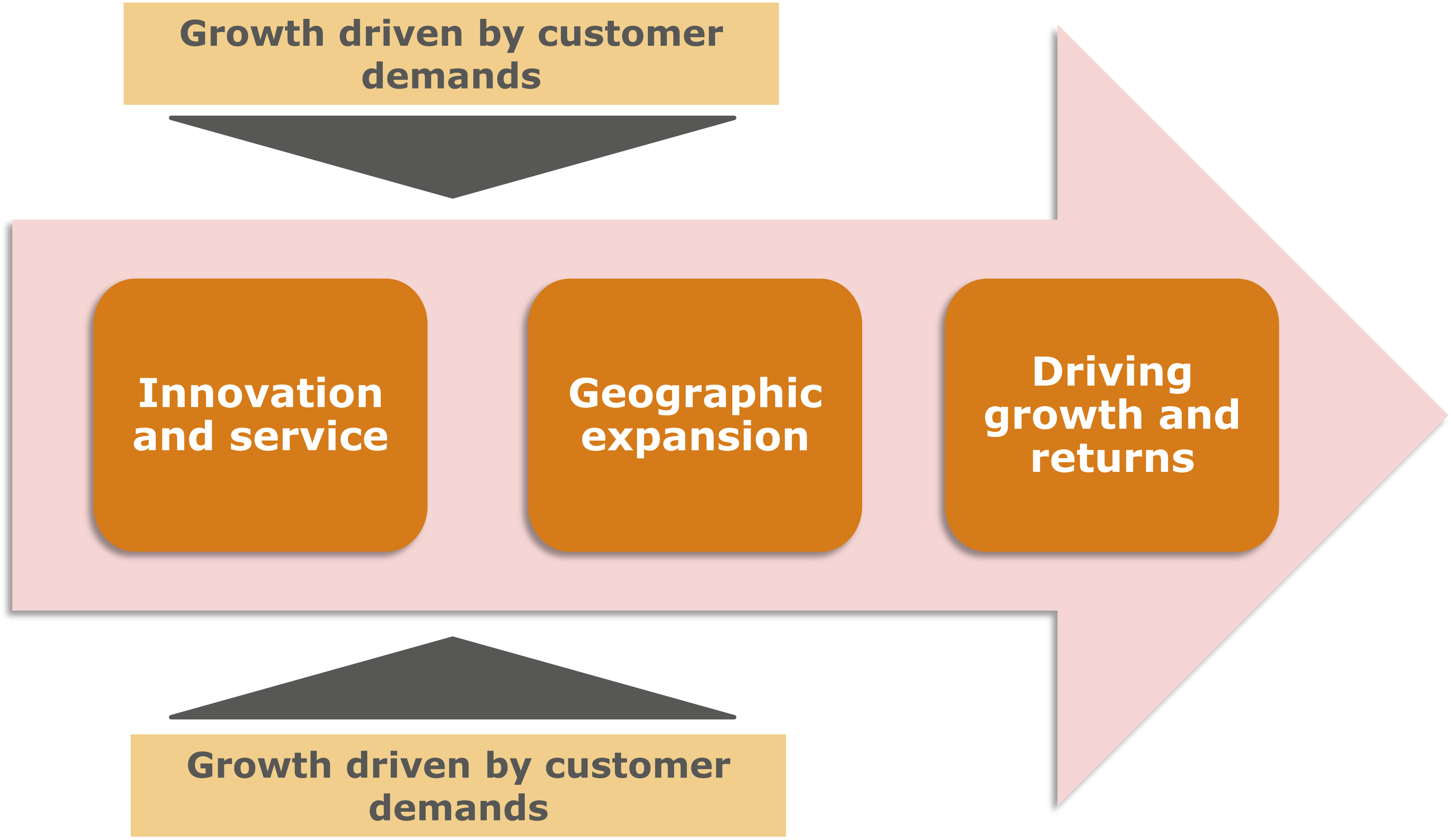
Growth drivers



Changing packaging requirements drive innovation

Consumer trends

- Reduced effectiveness of advertising
- Reduced brand loyalty
- Proliferation of retail channels
- Rise in on-line retail

Impact on packaging

- Packaging is the new advertising
- Packaging adaptable for different retail formats
- Packaging for e-commerce

Investing to reinforce our market leadership

- Retail ready packaging and point-of-sale / display
- E-commerce capability
- Impact Centres and PackRight Centres

Investing in display packaging

Erlensee, Germany, plant dedicated to display packaging

Acquisition of Creo, creating market leader in display packaging in the UK

E-commerce is an opportunity for DS Smith

- **All home deliveries need packaging**
- **Complexity is an opportunity**

4.2bn+

Estimated number of parcels sent annually

8.0%

Estimated share of online goods in total retail of goods

B2C e-commerce goods sales

€237bn

in Europe, 2015

E-commerce retail growth

c.**10%**p.a.

CAGR 2016-2021

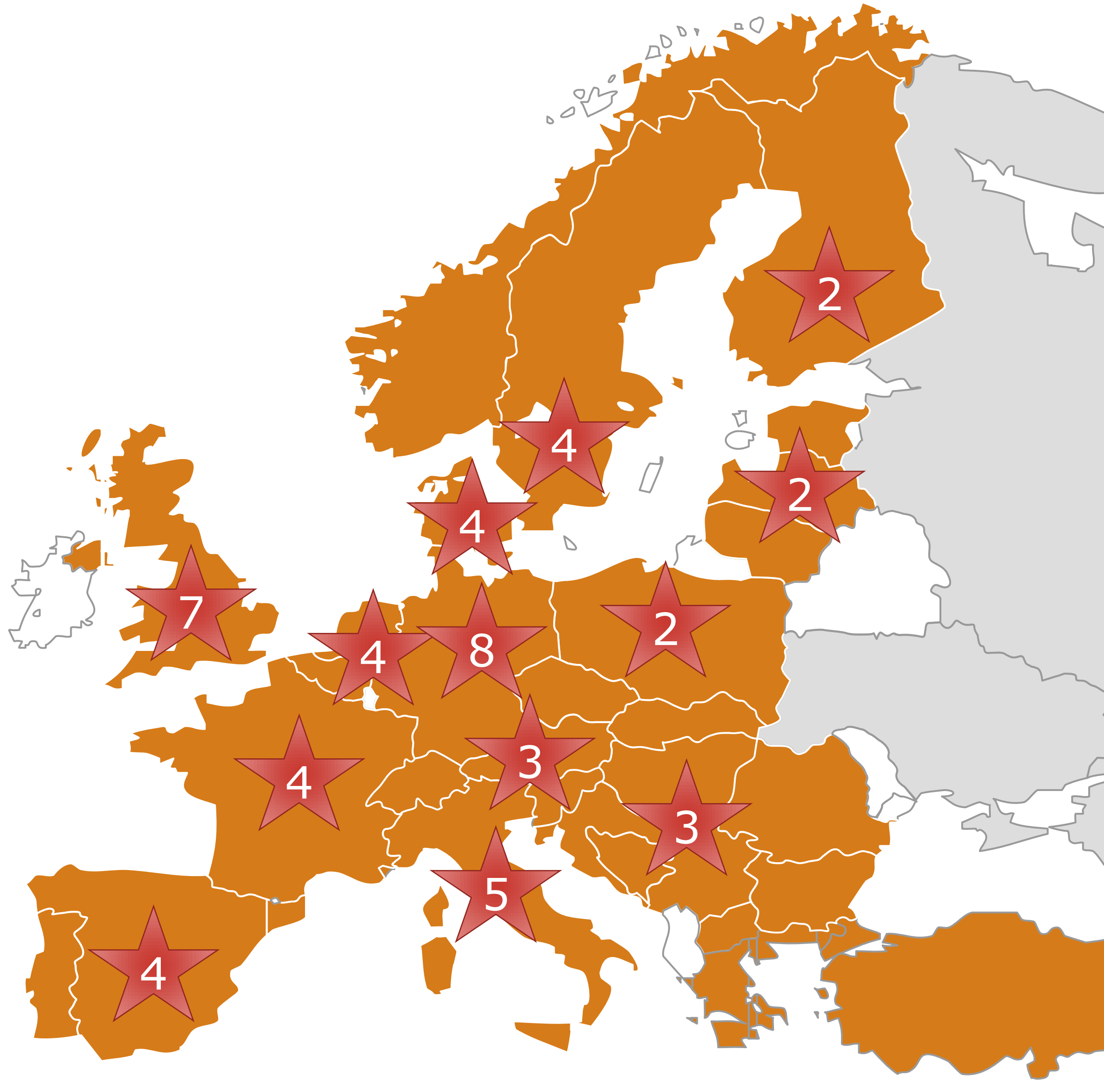
Source: Mintel

Adding value with e-commerce solutions

- Void-space reduction
- Branding
- Increasing product retention rates
- Solutions for “last mile” delivery

Investing in Impact Centres and PackRight Centres

- **Innovation, design and consultancy services leveraged across our European network**
- **Comprehensive route to market**
- **52 PRCs and ICs by end of 2016/17**



Scope to further expand in Europe

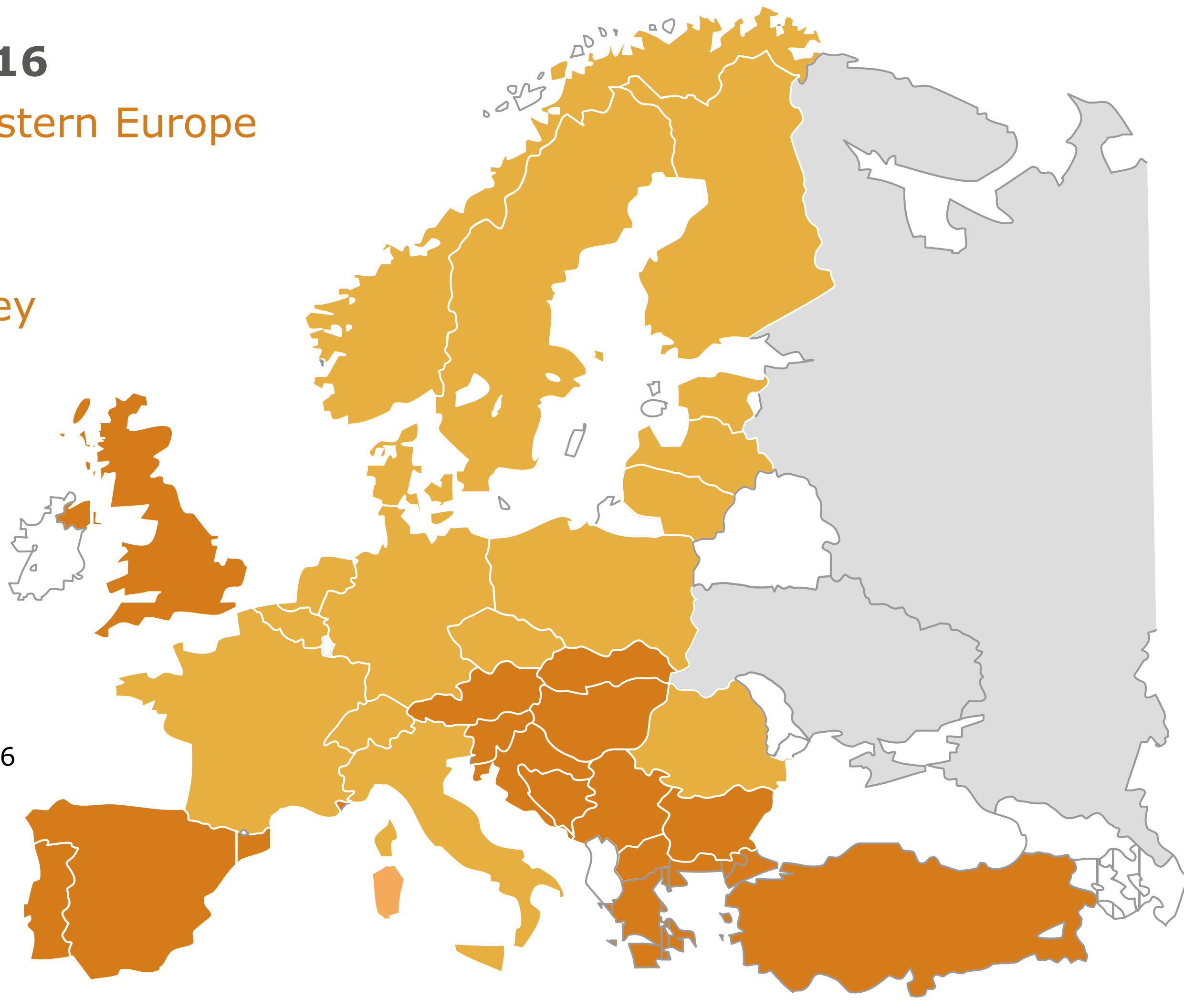
DS Smith – 15% of a fragmented market

Acquisitions in 2015/16

- Duropack – south eastern Europe
- Lantero – Spain
- Cartonpack - Greece
- Milas Ambelaj - Turkey
- TRM - UK

Announced today

- Gopaca – Portugal
- Creo – UK



DS Smith – expanded in 2015/16

DS Smith – existing

Associate business

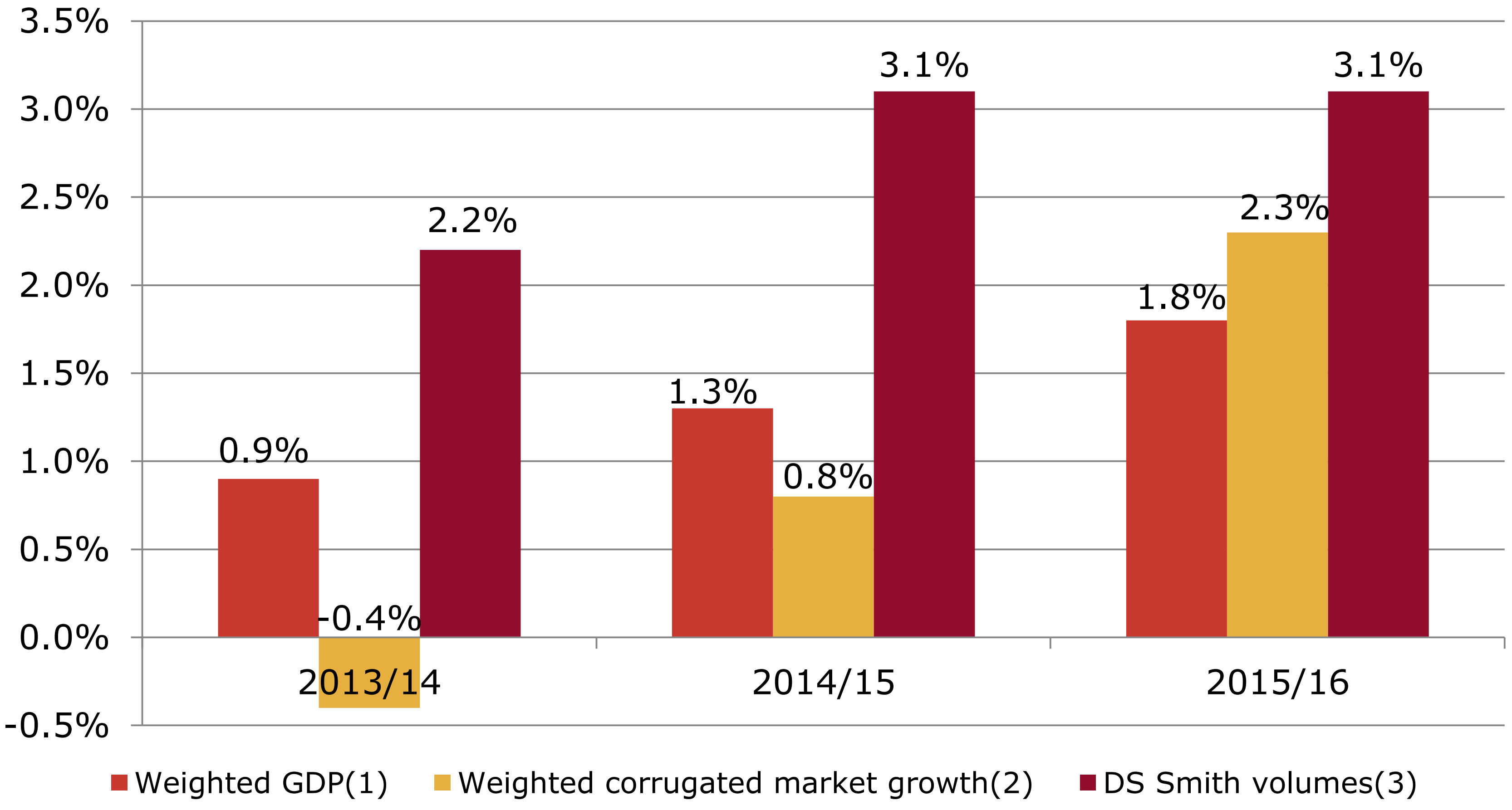
Continued success with global FMCG customers

- **Excellent growth from pan-European accounts**

Nestlé

Mondelēz International

Consistently growing ahead of the market



(1) GDP from Eurostat (June 2016) average Y-o-Y growth (April 2015 – April 2016), weighted by DS Smith sales by country
(2) FEFCO YTD growth from May 2015 to March 2016, adjusted for working days
(3) DS Smith corrugated box volume organic growth, adjusted for working days

Global customer driven service offering

- Greater visibility of market dynamics
- Better engagement with global customers
- Design and manage display requirements

Growth, returns and momentum

- Continued outperformance of the market
- Significant investment in strengthening the business
- Further acquisitions announced today
- Continued delivery against all our financial medium-term targets
- Good momentum into 2016/17

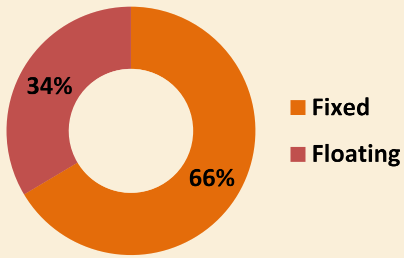
Appendix

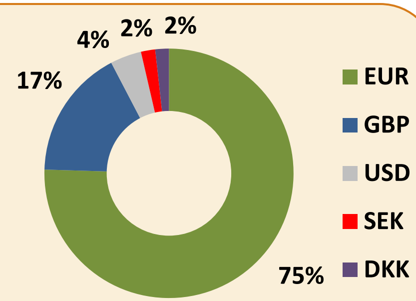
Foreign exchange exposure

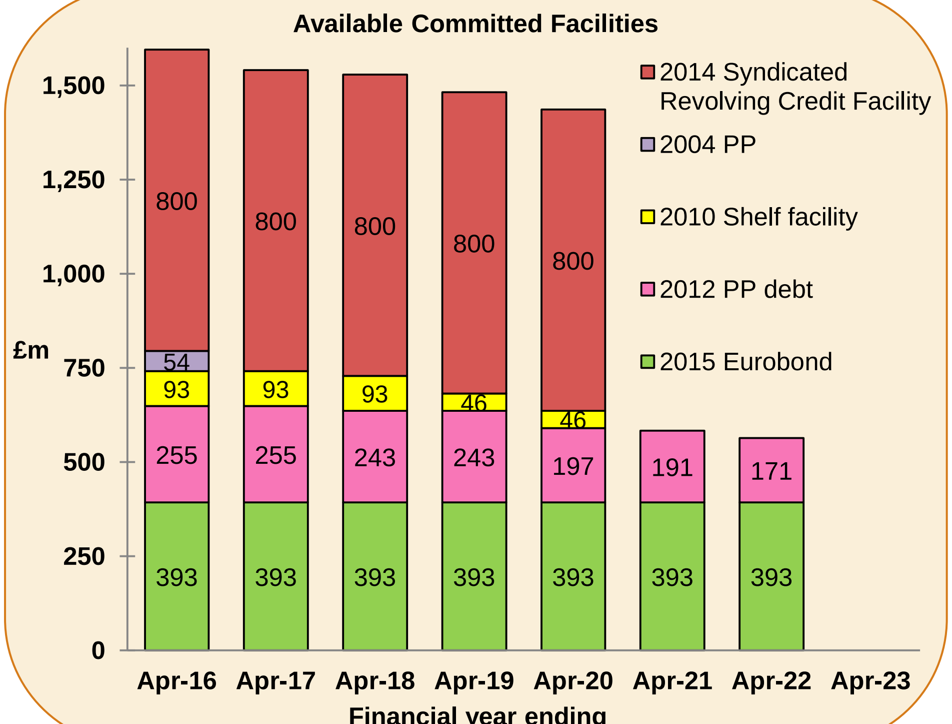
2015/16	Revenue (%)	EBITA (%)	Average rate FY 2015/16	Closing rate 30 April 2016
GBP	22%	18%		
EUR	61%	65%	1.3401	1.2724
PLN	3%	3%	5.7321	5.5760
SEK	3%	3%	12.6004	11.6780
DKK	2%	1%	9.9082	9.4678
USD	2%	4%	1.4966	1.4673
Other	7%	6%		

- Note that the difference in the % of GBP at EBITA versus revenue is due to a significant proportion of central costs being in GBP

Debt analysis







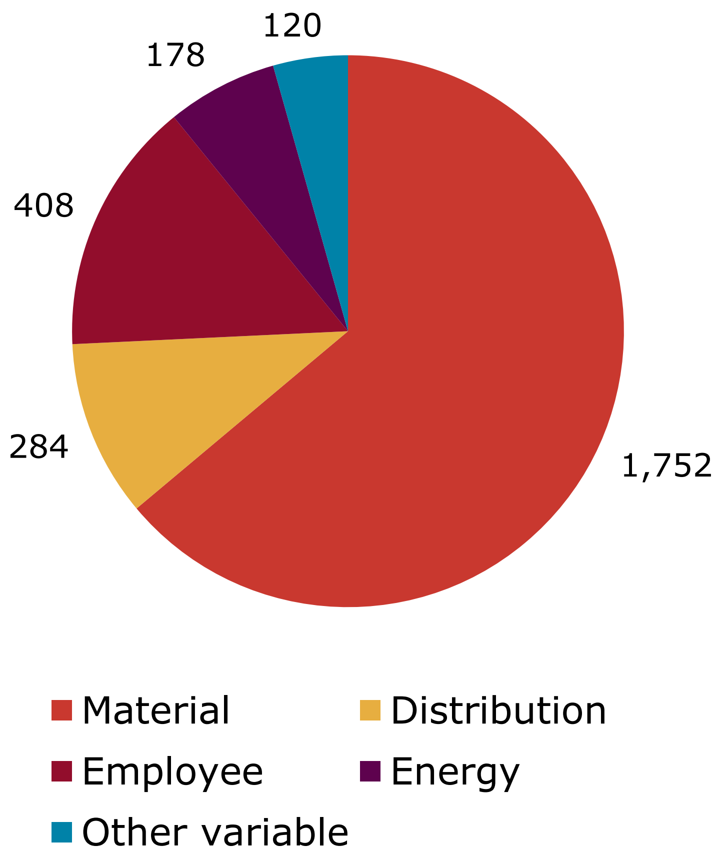
Net Debt	£ 1,099m
Net Debt/ EBITDA ratio*	2.0x
EBITDA/ Net Interest ratio*	12.7x

As at 30 April 2016, the weighted average remaining life of the Group's committed borrowing facilities was 4.7 years.

* Ratios as defined in the Group’s banking agreements.

Cost analysis 2015/16

Variable costs:
Total £2,742m



Fixed costs:
Total £945m