Proposed acquisition of Europac

4 June 2018

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Agenda

Europac transaction

- Proposed acquisition of Europac, a leading, Western European, integrated packaging business for an Enterprise Value(1) of €1,904 million (c.£1,659 million)
- Highly compelling strategic rationale and financial returns
- Fully underwritten debt and equity financing

DS Smith update

- Strong DS Smith FY18 performance with continuing box volume growth, successful ongoing input cost recovery and good momentum in all regions
- Interstate performance and integration ahead of plan
- Strategic review of Plastics division

(1) Including Treasury Shares.
GBP:EUR rate of 1.1477 used.

Building on our success in Western Europe

- Proposed acquisition of Europac for €16.80 per Europac share, equating to an Enterprise Value(1) of €1,904 million (c. £1,659 million):
  - c.53% hard irrevocables plus 6% commitments(2) to accept
- Europac is a leading, Spanish listed, 42% family owned, highly complementary integrated packaging business:
  - DS Smith has built a strong commercial relationship and dialogue with Europac over a number of years
- Highly compelling strategic rationale and financial returns:
  1. Exceptional scale opportunity to enhance DS Smith's customer offer in a key packaging growth region
  2. Clear opportunity to develop Europac's packaging assets
  3. Strengthens DS Smith's global supply chain
  4. Substantial cost synergies(3) of €50 million (£44 million)
  5. EPS enhancing and returns exceed WACC(4) in the first full year of ownership(5)
- Acquisition financing:
  - Approximately €1,148 million (£1,000 million net) rights issue (standby underwriting)
  - Approximately €746 million (£650 million) new debt facility
- Clear deleveraging profile to DS Smith's medium-term financial target leverage of 2.0x or below

Creating a higher quality, higher margin group with further growth potential

(1) Including Treasury Shares.
(2) 52.8% hard irrevocables and 6.14% treasury shares.
(3) Estimated annual run rate pre-tax cost synergies by end of FY 2021.
(4) Pre-tax Weighted Average Cost of Capital.
(5) Year ended 30 April 2020.
GBP:EUR rate of 1.1477 used.

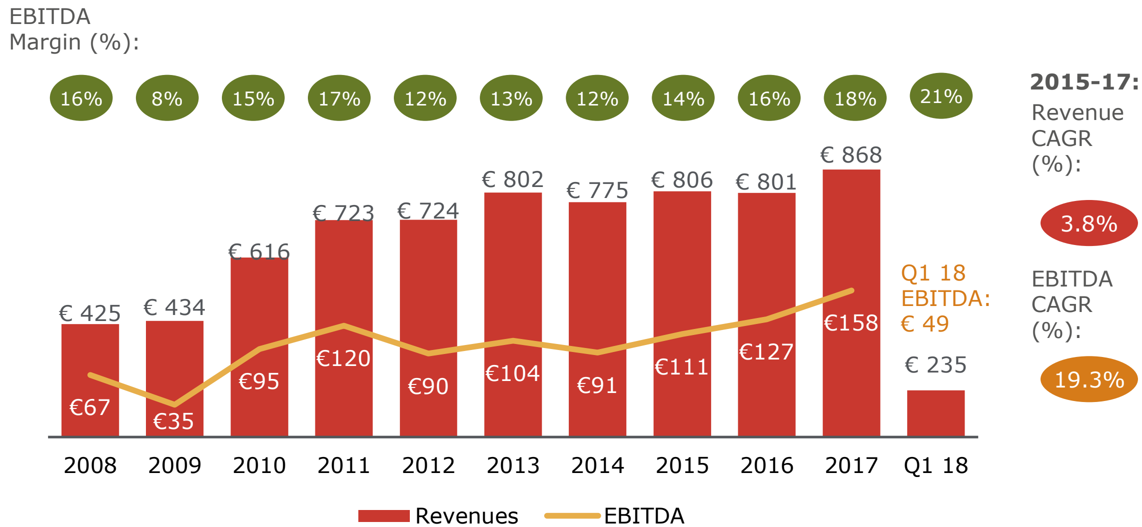
Proposed acquisition of Europac

Europac – a leading Western European integrated packaging business

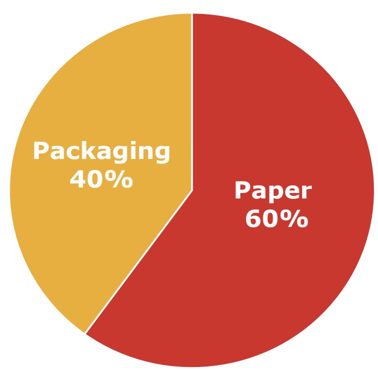
Business overview

- Vertically integrated, multinational packaging business
- Concentrated on the Iberian Peninsula with operations in France
- Diversified customer portfolio with strong customer relationships and FMCG orientation
- Highly experienced management team
- Annual production[(3)]:
  - c.940 kt / year of kraftliner and recycled papers
  - c.360 kt / year of packaging

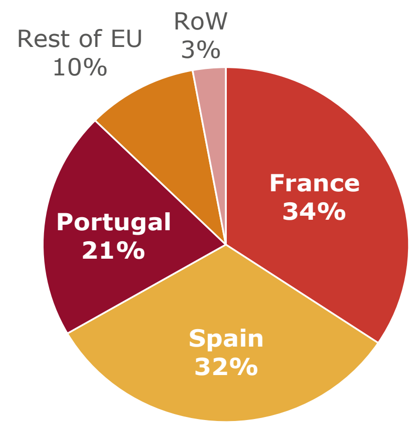
Summary financials[(1,2)] (€m, FYE-Dec)



2017A revenue by segment[1]



2017A revenue by region



Source: Company filings.
Note: Financials shown at Europac's December fiscal year-end.
(1) Based on Consolidated basis.
(2) In Q1 2017 Europac had Consolidated Revenues of €210m and Consolidated EBITDA of €31m.
(3) As at December 2017.

Highly compelling strategic opportunity for DS Smith

1 **Exceptional scale opportunity to enhance DS Smith’s customer offer in a key packaging growth region**

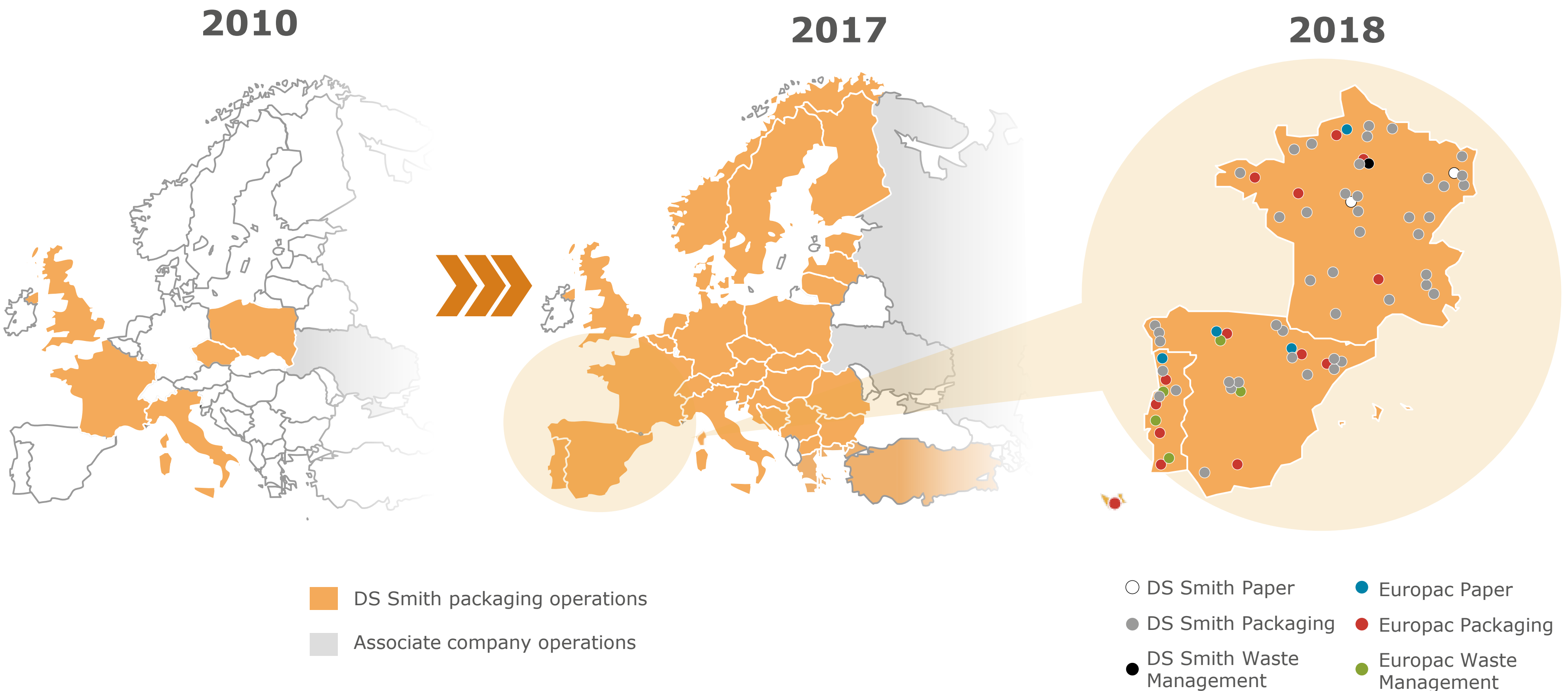
2 **Clear opportunity to develop Europac’s packaging assets**

3 **Strengthens DS Smith's global supply chain**

4 **Substantial cost synergies**

5 **Delivering attractive financial returns**

1 Exceptional scale opportunity to enhance DS Smith's customer offer in a key packaging growth region

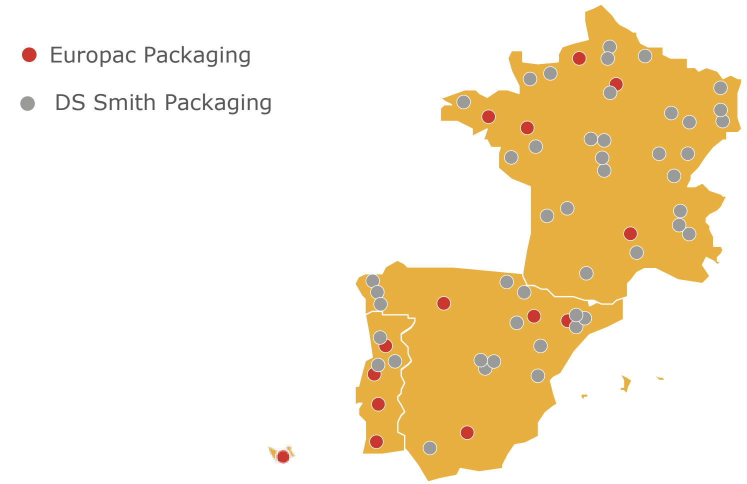


- Attractive Iberian market opportunity
  - 3rd largest market in Europe
  - 25% e-commerce growth
  - Consistent growth ahead of Group average
  - Strong customer pull for DS Smith offering and multi-national capability
  - Builds on acquisitions of Andopack, Lantero, Gopaca and P&I Display

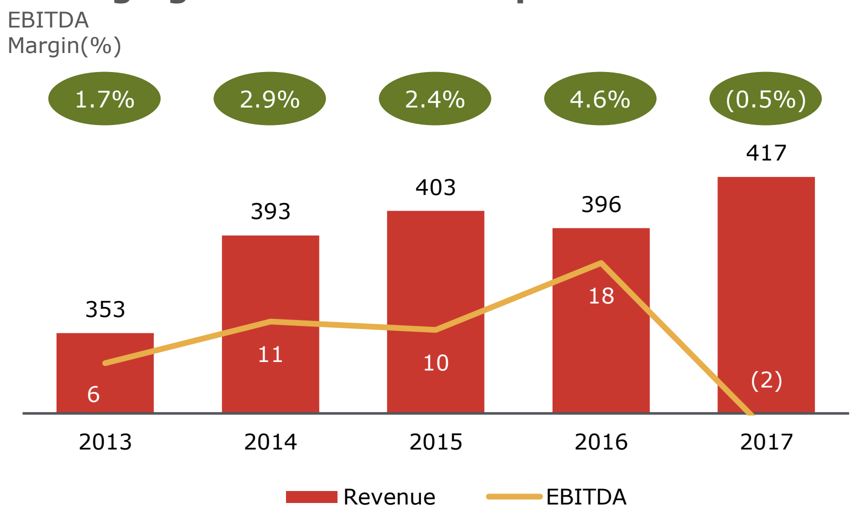
2 Clear opportunity to develop Europac's packaging assets

- Further consolidates our Iberian market position, with substantial growth and margin potential
- Strong track record of delivering value in previous regional integrations
- Track record on margin through proven operational and commercial excellence
- Substantial customer opportunities to drive performance by overlaying DS Smith expertise:
  - Leveraging DS Smith innovation to drive sales
  - Retail ready and e-commerce expertise
  - Multinational approach
  - More efficient use of fibre based packaging
  - Total supply chain perspective

DS Smith and Europac's key packaging assets



Packaging division financial performance(1)

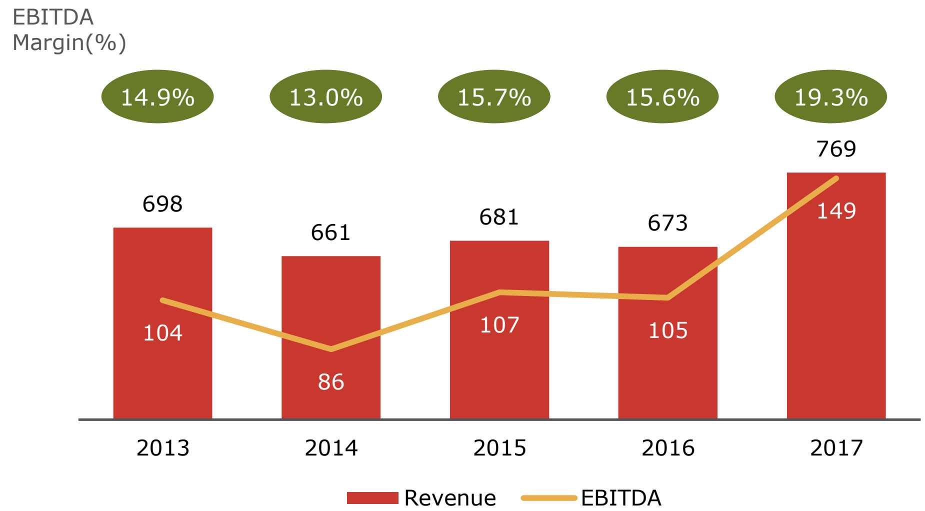


Source: Company filings.
Note: Financials shown at Europac's December fiscal year-end.
(1) Based on aggregated basis.

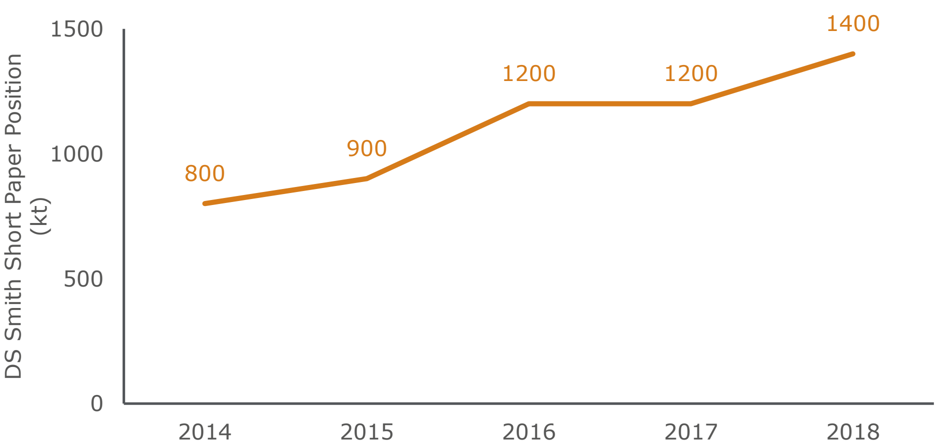
③ Strengthens DS Smith's global supply chain

- High quality, high margin asset base with kraftliner supply provides important addition to global supply chain:
  - Global procurement approach
  - Geographic position of assets
  - DS Smith annualised packaging growth of c.200kt per annum
  - Europac net paper contribution approximately 580kt
- Remain committed to short paper strategy
- Supports medium term packaging growth ambition
- Provides opportunity to reassess enlarged Group's paper asset base

Paper division financial performance[1]



DS Smith short paper position[2]



Source: Company filings.
Note: Financials shown at Europac's December fiscal year-end.
(1) Based on aggregated basis.
(2) FY2018 sales volumes, excluding DS Smith US operations.

4 Substantial cost synergies identified

- Proven integration expertise:
  - Long-standing Europac relationship
  - Collaborative due diligence process
  - Strong track record of transaction integration and synergy delivery
- DS Smith leadership combined with experienced Europac management team
- c.€50 million estimated annual run rate pre-tax cost synergies identified from procurement and operational efficiencies by the end of FY 2021, with over 50% achieved in the first full financial year:
  - One-off costs of €70m (incremental net capex c.€30m, exceptional costs €40m), largely split between FY19 and FY20
  - Acquisition cash costs of up to £50m
- Potential working capital impact from integrating Europac paper assets
- Revenue growth opportunities from existing pan-European and Global customers

5 Delivering attractive financial returns

- Expected to be accretive to DS Smith's earnings per share in the first full year of ownership(1)
- Expected to generate a pre-tax ROIC > DS Smith's WACC(2) in the first full year of ownership(1)
- Further EPS and ROIC accretion anticipated
- Consistent with DS Smith's medium term targets

DS Smith's medium term targets

	Target	Delivery in H1 2017/18(9)
Organic volume growth(3)	≥GDP(4) +1	+5.2%
Return on sales(5)	8% – 10%	9.0%
ROACE(6)	12% - 15%	14.6%
Net debt / EBITDA(7)	≤2.0x	2.0x
Cash conversion(8)	≥100%	118%

(1) Year ended 30 April 2020.
(2) Pre-tax Weighted Average Cost of Capital.
(3) Corrugated box volumes, adjusted for working days, on a like-for-like basis.
(4) GDP growth (year-on-year) for the countries in which DS Smith operates, weighted by our sales by country = 2.4%. Source: Eurostat (14 Nov 2017).
(5) Operating profit before adjusting items and amortisation of intangible assets as a percentage of revenue.
(6) Operating profit before adjusting items and amortisation of intangible assets as a percentage of the average monthly capital employed over the previous 12 month period. Average capital employed includes property, plant and equipment, intangible assets (including goodwill), working capital, provisions, capital debtors/creditors and assets/liabilities held for sale.
(7) Net debt at average exchange rates over operating profit before depreciation, adjusting items and amortisation of intangible assets for the previous 12 month period, calculated in accordance with banking covenants.
(8) Free cash flow before tax, net interest, growth capital expenditure and pension payments as a percentage of operating profit before adjusting items and amortisation of intangible assets.
(9) Organic volume growth, cash conversion and return on sales given for the 6 months to 31 October 2017, ROACE and net debt / EBITDA given for the 12 months to 31 October 2017.

Proposed acquisition financing

- Proposed acquisition of Europac for a consideration of €1,667 million (c. £1,453 million), plus DS Smith will also assume Europac's financial indebtedness after completion (as at 31 Dec 2017: c.€237 million (c.£206 million):
  - Rights issue of c.€1,148 million (c.£1,000 million net):
    - Standby underwriting
    - Expected rights issue launch with FY results in June
    - New shares will rank pari passu (including for FY18 final dividend)
  - €746 million (c.£650 million) committed new debt facility
- Commitment to investment grade credit rating:
  - As at 30 April 2019 expected net debt / EBITDA less than 2.5x
  - Strongly cash generative with clear deleveraging profile to DS Smith's medium-term financial target leverage of 2.0x or below

(1) GBP:EUR rate of 1.1477 used.

Indicative transaction timetable and conditions

Event	Date
Transaction announcement	June 2018
DS Smith FY results, anticipated posting of Prospectus and Circular	mid-June 2018
Anticipated launch of the rights issue(1)	July 2018
Proposed DS Smith EGM to approve the acquisition	July 2018
Expected completion of the rights issue	July 2018
Anticipated receipt of CNMV approval and start of acceptance period	Q4 2018
Anticipated regulatory approvals and anti-trust clearances	Q4 2018
Anticipated completion of the acquisition	Q4 2018

- Conditions to completion:
  - DS Smith shareholder approval
  - Receipt of required level of acceptances from Europac shareholders:
    - Acceptance level of 50% + 1 share
    - 59% commitments(2) to accept received by DS Smith:
      - Hard irrevocables of c.53% from family and certain other shareholders
  - Regulatory approvals and clearances
- DS Smith can de-list Europac following either the automatic squeeze out (>90% of shares tendered) or legal delisting process (>50% + 1 share owned by DS Smith)

(1) Reflecting CNMV certain funds requirement.
(2) 52.8% hard irrevocables and 6.14% treasury shares.

Summary

Summary

- Exceptional scale opportunity to enhance DS Smith's customer offer in a key packaging growth region
- Highly compelling strategic rationale – significant packaging opportunity combined with assets to enhance global supply chain capabilities
- EPS enhancing and returns exceed WACC[(1)] in the first full year of ownership
- Synergies of €50 million (c.£44 million) identified
- Strong DS Smith FY18 performance
- Interstate performance and integration ahead of plan
- Strategic review of Plastics division announced

Creating a higher quality, higher margin group with further growth potential

(1) Pre-tax Weighted Average Cost of Capital.
GBP:EUR rate of 1.1477 used.

Appendix

FY18 trading update

- Strong, continuing box volume growth
- Leadership in e-commerce, multi-national and display packaging
- Good momentum in all regions during 2018
- Continued delivery against all our financial medium-term targets
- Recovering input costs as planned, RoS in line with prior year
- Successful entry into US fibre-based market, Interstate performance and integration ahead of plan
- Acquisition of Corrugated Container Corporation
- Since the start of the current financial year DS Smith's group performance has continued to be in line with management expectations