



Half year results

2021/22

9 December 2021

Sustainability accelerating growth



- Strong sector dynamics
- Pandemic has driven huge change in how we shop and live
 - Home consumption driving new relationship with packaging
 - Consumers demanding sustainability
- COP26 impact on customers
 - Carbon challenge intensifying
 - Supply chains in greater focus
 - Need to transition to a circular economy

Well positioned for growth

Financial highlights



- Record volume growth of 9.4%; 8.8% LTM
- Secure supply chain
- Price increases mitigating input cost pressure
- US showing very good momentum, +64% growth in operating profit
- Operating profit growth +26%, EPS growth +33%
- Strong organic free cash flow £188 million, leverage reduced to 1.9x net debt/EBITDA
- Investing for growth with innovation and increasing packaging capacity
- Positive outlook for remainder of the financial year
- Significant progress towards medium term targets

Financial results



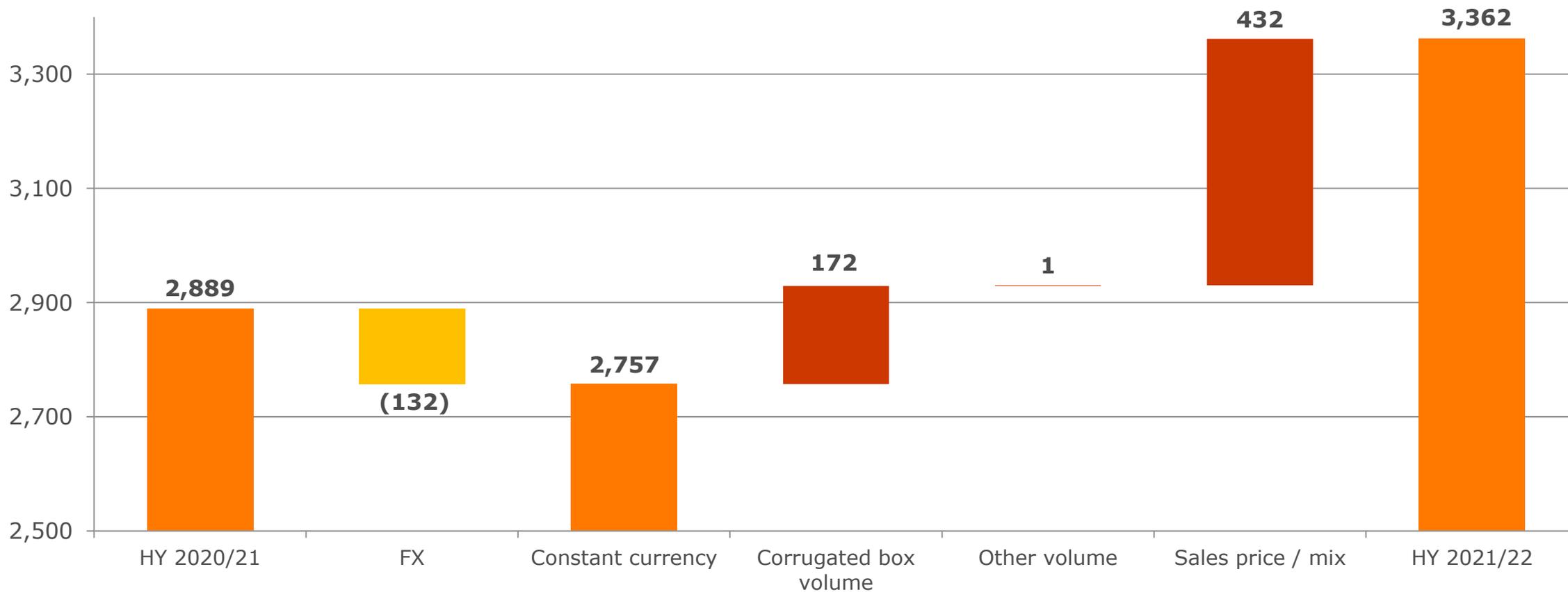
Key financial metrics

Continuing operations	H1 2021/22	H1 2020/21	Change reported	Change constant currency
Revenue (£m)	3,362	2,889	16%	22%
Operating profit ⁽¹⁾ (£m)	276	230	20%	26%
Return on sales ⁽¹⁾	8.2%	8.0%	20bps	30bps
Adjusted EPS ⁽¹⁾	13.7p	10.8p	27%	33%
Free cash flow (£m)	188	207	(9%)	N/A
Dividend per share	4.8p	4.0p	20%	N/A
ROACE ⁽¹⁾	9.4%	8.7%	70bps	60bps

(1) Before amortisation and adjusting items

Revenue development

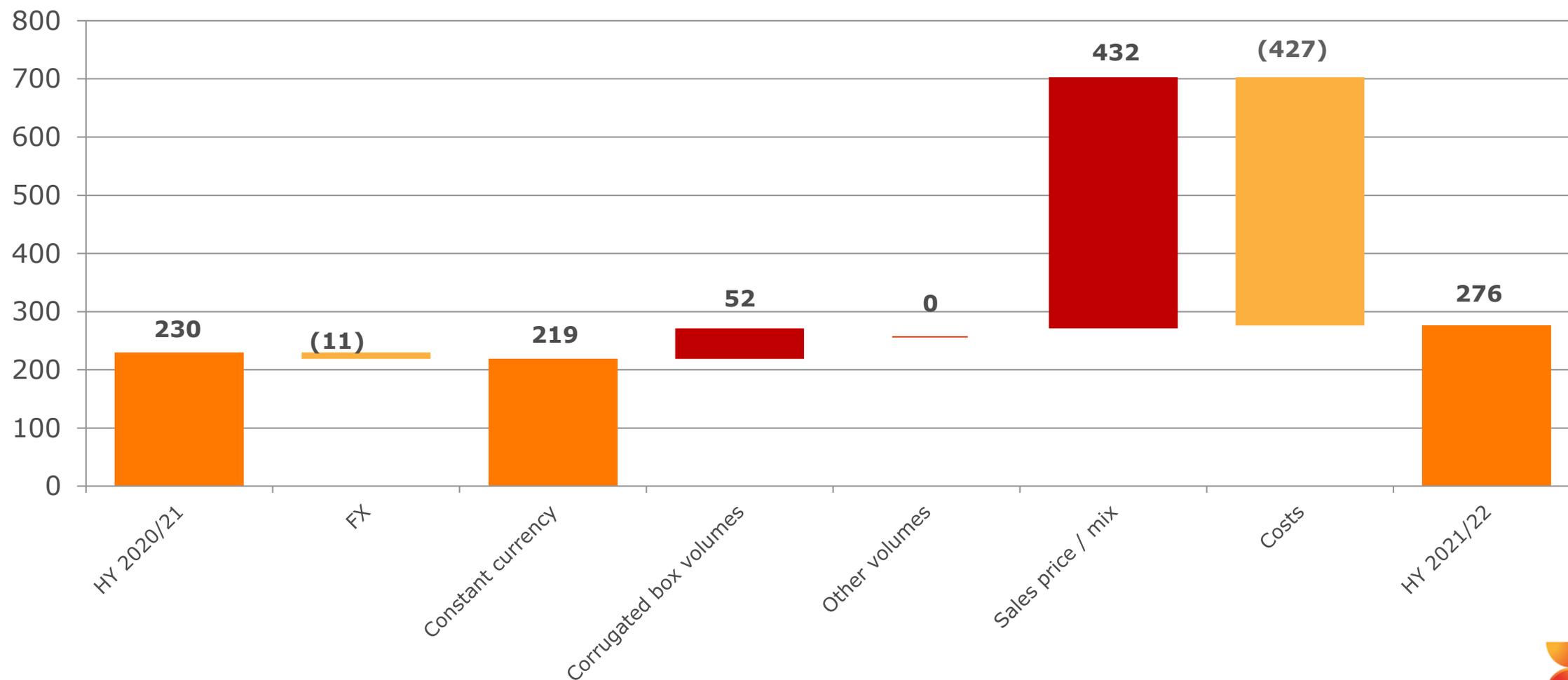
Revenue | continuing operations | £m



Note: Other volume includes paper, recycling and corrugated sheet

EBITA development

EBITA | continuing operations | £m



Segmental analysis

Half year to 31 October	Return on sales % 2021/2022	Return on sales % 2020/2021	Change constant currency
Northern Europe	6.5%	6.0%	50bps
Southern Europe	9.9%	9.7%	10bps
Eastern Europe	5.9%	8.4%	(260bps)
North America	13.1%	8.6%	450bps
Group	8.2%	8.0%	30bps

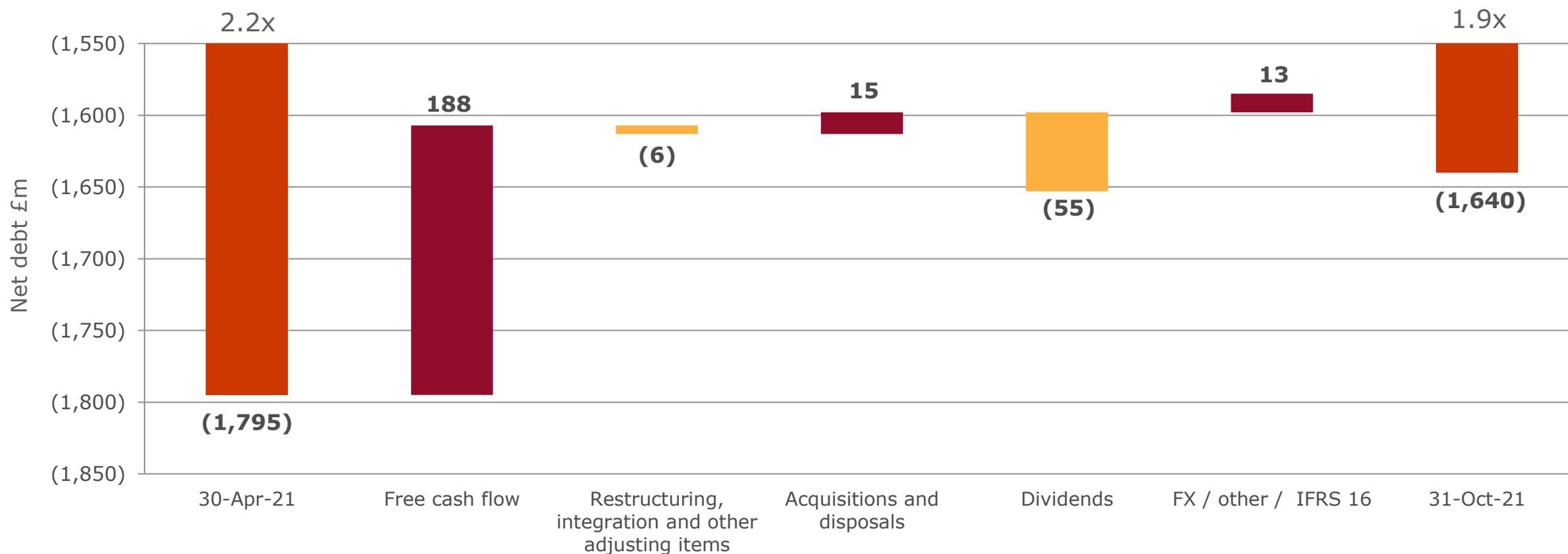
Strong cash management

Cash flow £m (continuing operations)	HY 2021/22	HY 2020/21
EBITDA	423	385
Working capital	(3)	25
Pension payments/other	(11)	11
Capex (net of proceeds)	(125)	(132)
Tax and interest	(96)	(82)
Free cash flow	188	207
FCF per share	13.7p	15.1p
Cash conversion	124%	146%

Non-recourse invoice discounting as at 31/10/21: £385m (30/04/21: £398m (constant currency))

Strong operating cash flow driving net debt reduction

EBITDA | Net debt



Net debt / EBITDA given as defined by our banking covenants

Technical guidance for FY22 remains unchanged

- 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
- FX: 1% move in GBP = approximately £5 million EBITA

Note 1: before any disposal proceeds



1H FY21/22

Differentiated
business driving
success with
customers



H1 operational highlights



People

- Very responsive and responsible
- All plants operational

Supply chain and cost management

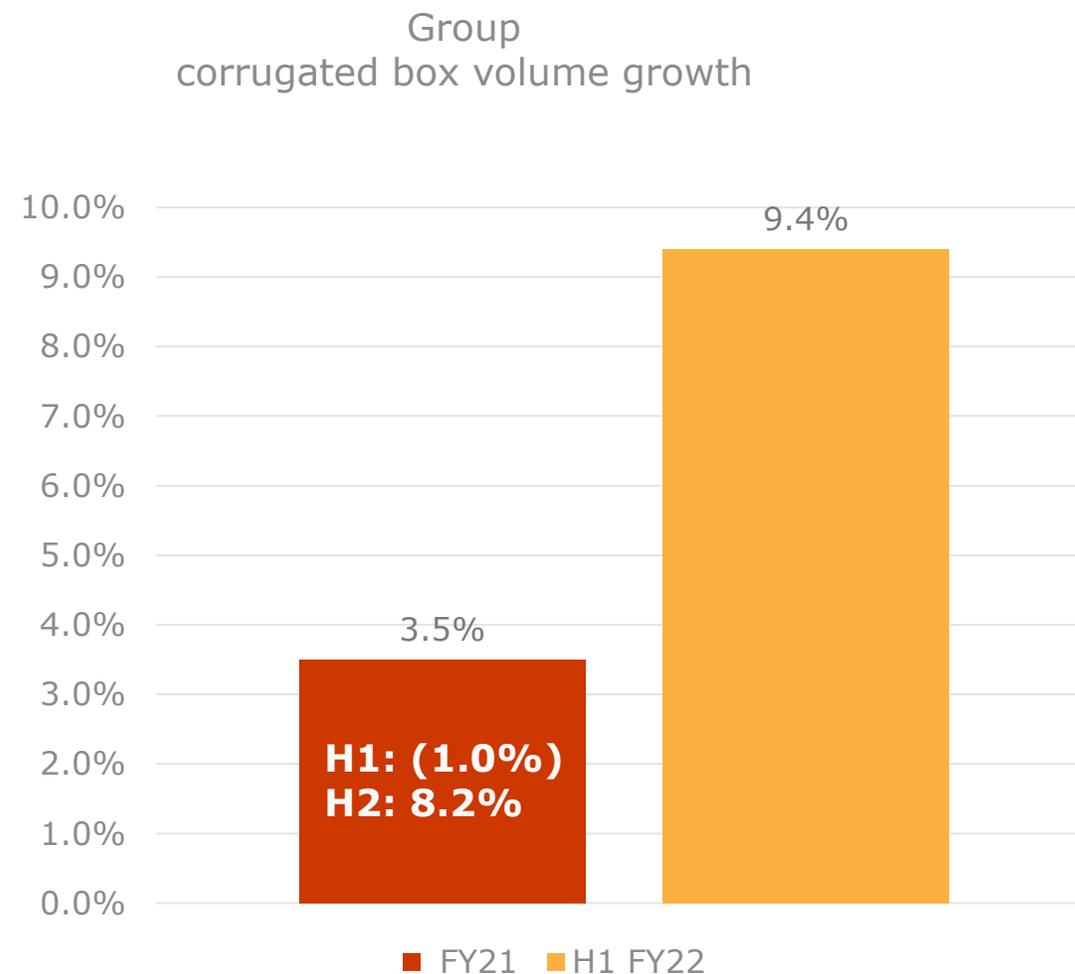
- Scale benefits mitigating supply chain challenges
- Active hedging programme reduced impact of volatile energy prices
- Long term relationships have ensured continuing security of supply of paper

Customers

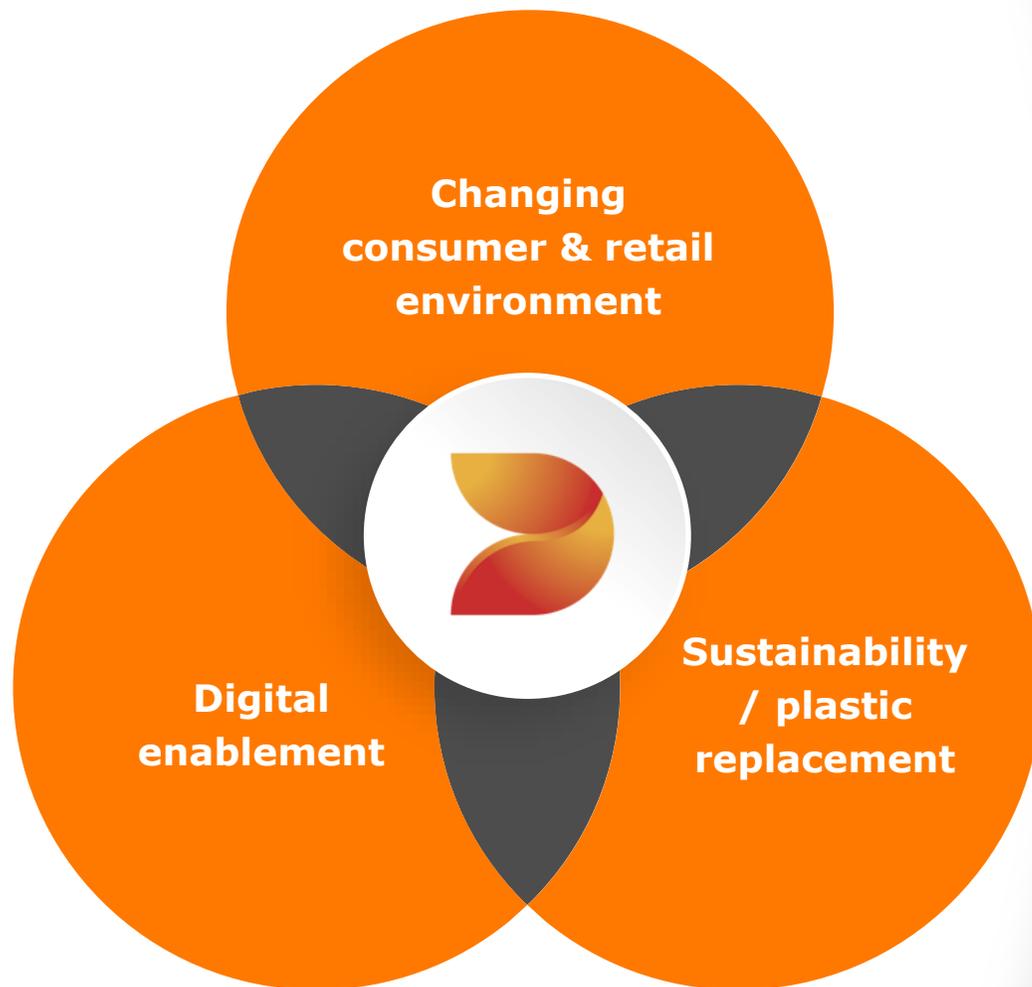
- Good service, agility and responsiveness
- Deeper relationships
- Good price recovery offsetting higher costs

Winning with customers

- Acceleration in H1
 - 9.4% volume growth in H1
 - 8.8% volume growth on rolling 12 months basis c. 4.3% p.a. over 24 months
 - Continued market share gains
- Consistent growth with large customers
- Deeper and longer customer relationships
- Greater focus on innovation
- Strong US growth, particularly global accounts
- Continuing momentum into H2



Structural growth drivers



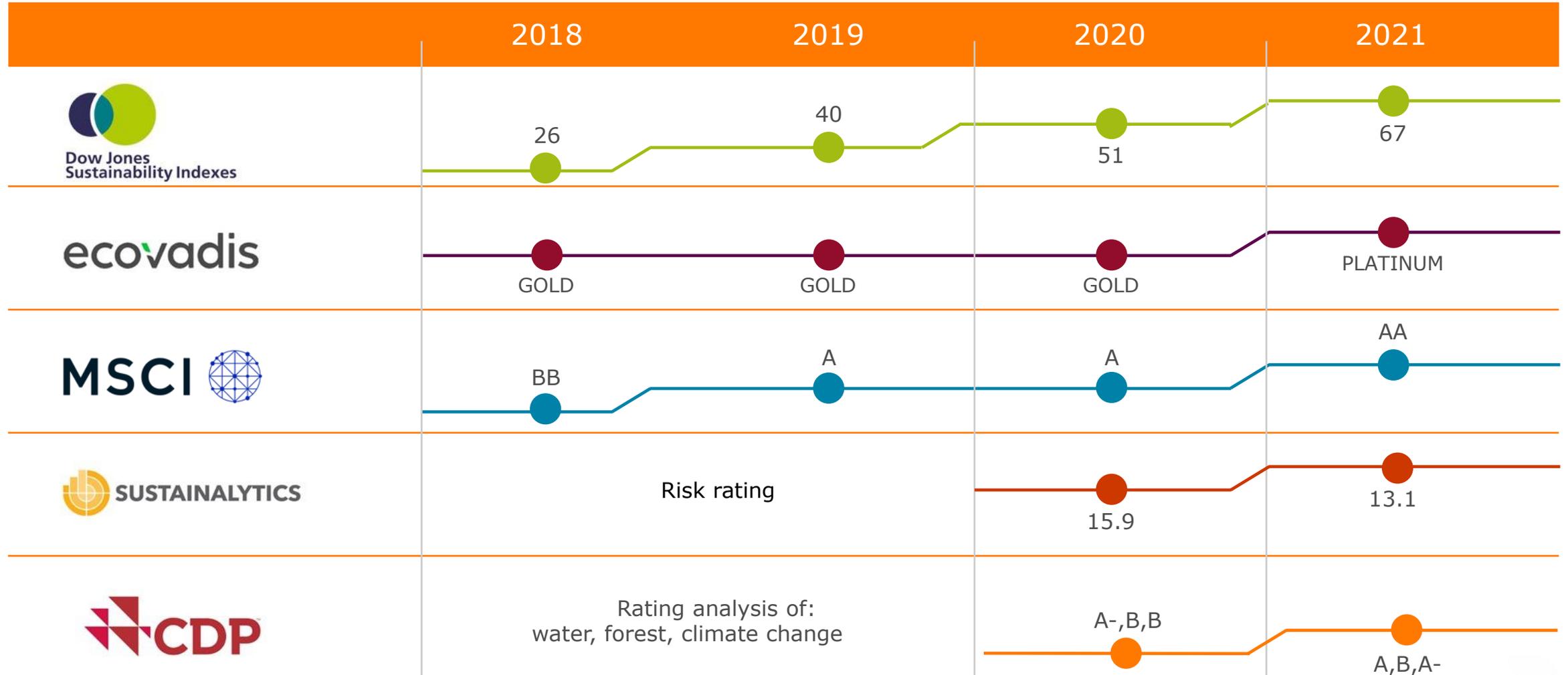
Increasing focus on sustainability

- Circular economy and circular design metrics to meet customer needs
- Plastic replacement - £5.7bn market opportunity
- Greater focus on carbon reduction
 - Commitment to Science Based Targets and net zero by 2050
- Supportive legislative environment



Well positioned with strong FMCG and e-commerce relationships

Continued momentum in ESG scores



Sustainable innovation in the circular economy



- Evolving Consumer and Customer demand:
 - 100% recyclable packaging
 - Reduced waste / more re-use
- “Closed loop” model for Laithwaites
 - ‘Box to Box in 14 days’ solution
 - Zero plastic, enhanced cardboard packaging

Sustainable innovation accelerating plastic replacement

H1 2021/22 we have replaced **118 million** pieces of plastic vs 54 million FY 2020/21



- 1.7 million tonnes Styrofoam removed per annum
- 20% reduction in carbon footprint



- 100% reusable e-commerce packaging
- 30% reduction in CO₂

Continuing investment for growth

- Strong structural tailwinds and customer demand
- Latest technology, more efficient, minimises carbon
- ROIC 15% - 20% in year 3
- Italy and Poland on track for production in Q4
- Adds 3-4% to Group packaging capacity
- Over 50% capacity pre-sold
- Well established paper supply

Evaluating further opportunities with customers in Europe & US

ITALY



POLAND



Committed to medium term targets



Financial targets

- Organic volume growth > GDP+1%
- Return on sales 10%-12%
- ROACE 12%-15%
- Net debt/EBITDA < 2.0x
- Cash conversion > 100%

Confidence driven by:

- Volume growth, increased productivity and pricing momentum
- US performance strengthening
- Strong on-going cash generation
- Future investment returns of 15%-20% ROIC
- Significant progress expected in H2

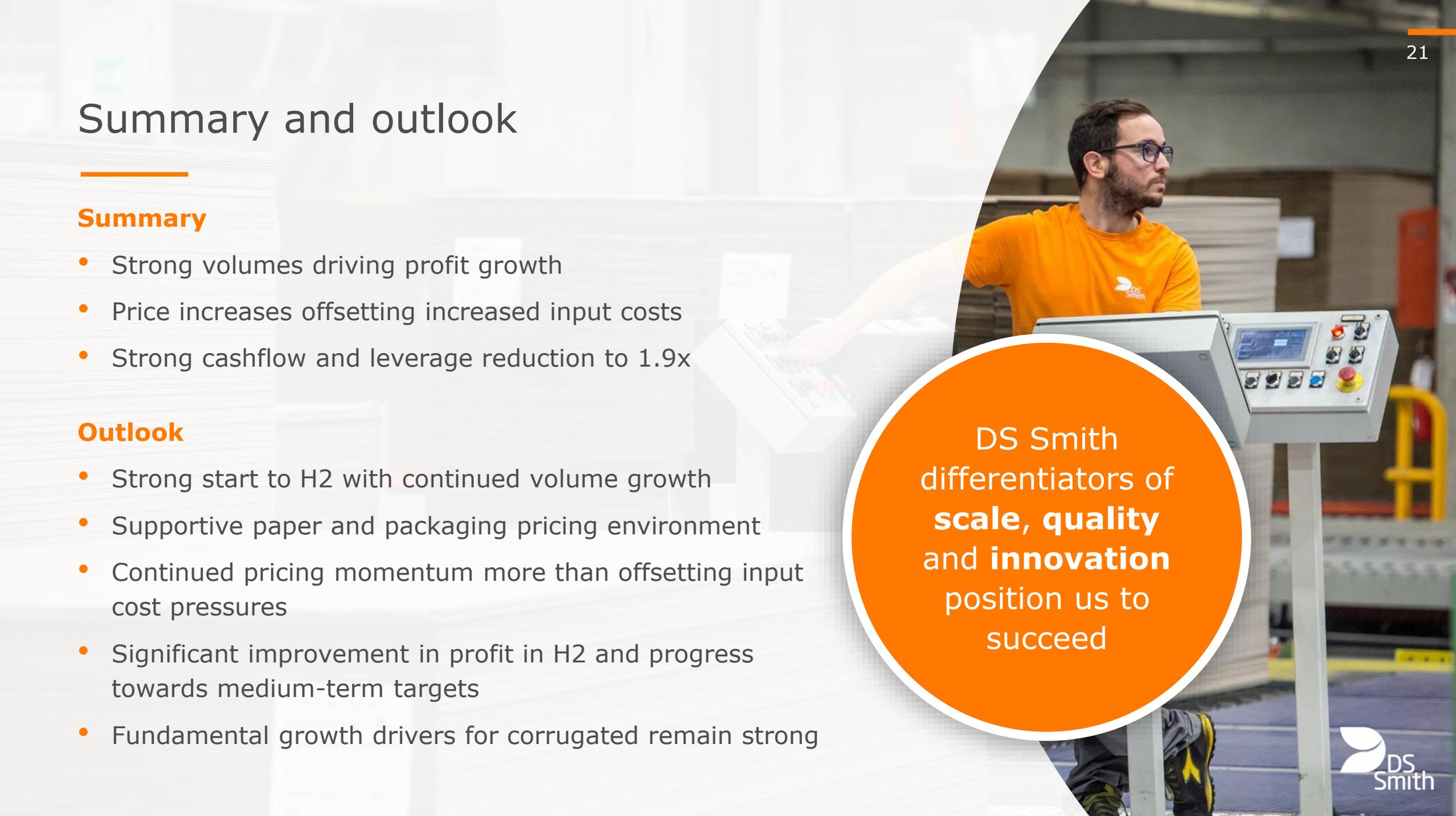
Summary and outlook

Summary

- Strong volumes driving profit growth
- Price increases offsetting increased input costs
- Strong cashflow and leverage reduction to 1.9x

Outlook

- Strong start to H2 with continued volume growth
- Supportive paper and packaging pricing environment
- Continued pricing momentum more than offsetting input cost pressures
- Significant improvement in profit in H2 and progress towards medium-term targets
- Fundamental growth drivers for corrugated remain strong



DS Smith
differentiators of
scale, quality
and **innovation**
position us to
succeed



Thank You

Danke Dankjewel Благодаря 谢谢 Hvala Děkují Tak Aitäh Kiitos Merci Ευχαριστώ
Köszönöm Grazie Paldies Ačiū Ви благодарам شکرالکم Dziękuję Obrigado Mulțumesc
Ďakujem Gracias Tack ขอบคุณ Teşekkür ederim

The Power of Less®

Appendix



Foreign exchange exposure

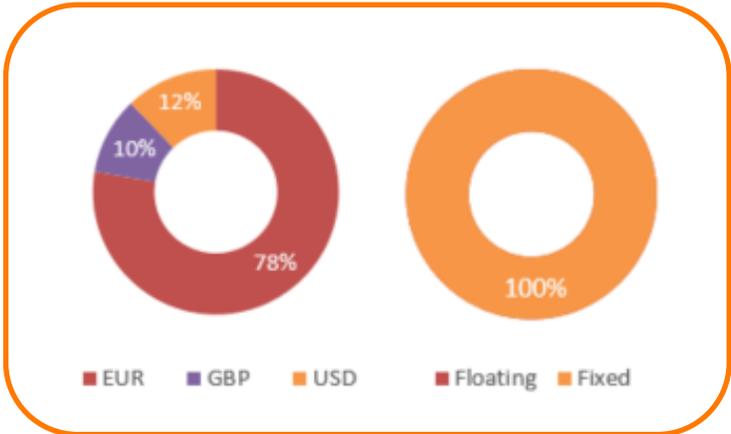
2020/21	Revenue (%)	EBITA (%)	Average rate H1 2020/21	Average rate FY 2020/21	Average rate H1 2021/22	Closing rate 31 Oct 2021
GBP	15.4	4.3				
EUR	60.0	69.2	1.110	1.122	1.169	1.184
PLN	3.1	1.4	4.964	5.051	5.322	5.470
SEK	2.5	4.0	11.574	11.547	11.863	11.761
DKK	2.2	0.7	8.265	8.353	8.692	8.805
USD	8.3	10.5	1.276	1.320	1.386	1.378
Other	8.5	9.9				

Debt analysis



Net Debt (excl. IFRS16)	£1,434m
Net Debt / EBITDA*	1.9x
EBITDA / Net Interest*	13.4x

* As defined in the Group's banking agreements.



As at 31 October 2021, the weighted average remaining life of the Group's committed borrowing was 3.52 years. Debt shown net of swaps and fees.

Delivering on climate change

- 23% reduction in CO₂e/tonne production since 2015
- Commitment to science-based targets in line with the Paris Agreement and Race to Zero
- At least 40% reduction in CO₂/tonne production by 2030
- Investment in biomass, biofuel, biogas and solar energy

