



Half year results

2020/21

10 December 2020

Clear purpose, clear value proposition, clear culture



Proud of our employees

- Very responsive and responsible
- Significant investment in Covid protection
- Maintained our capacity
- All plants operational throughout H1



Helping our customers meet their biggest challenges

- Excellent service, agility and responsiveness
- Rapid deployment of new products and supply chains



Supporting Society

- Strong support both to and from our communities
- Leadership in circular economy

Good momentum into H2

Financial highlights

- Half-year profitability shaped by Covid-19
- Volumes building progressively throughout H1
 - -4.7% May, +3% October, overall H1 -1.0%
 - November >+5%
- Significant customer wins in Europe and North America driving market share gain
- Q1 profitability affected by negative volumes, deflation and Covid related costs
- Q2 good rebound in profitability – improving volumes and average Q2 RoS 9.5%
- US showing good momentum driven by Indiana plant progress
- Strong organic free cash flow +16%
- Encouraging outlook for remainder of the financial year
- Dividend resumed - medium term policy 2 – 2.5x cover

Continuing investment in organic growth



01

Financial Results

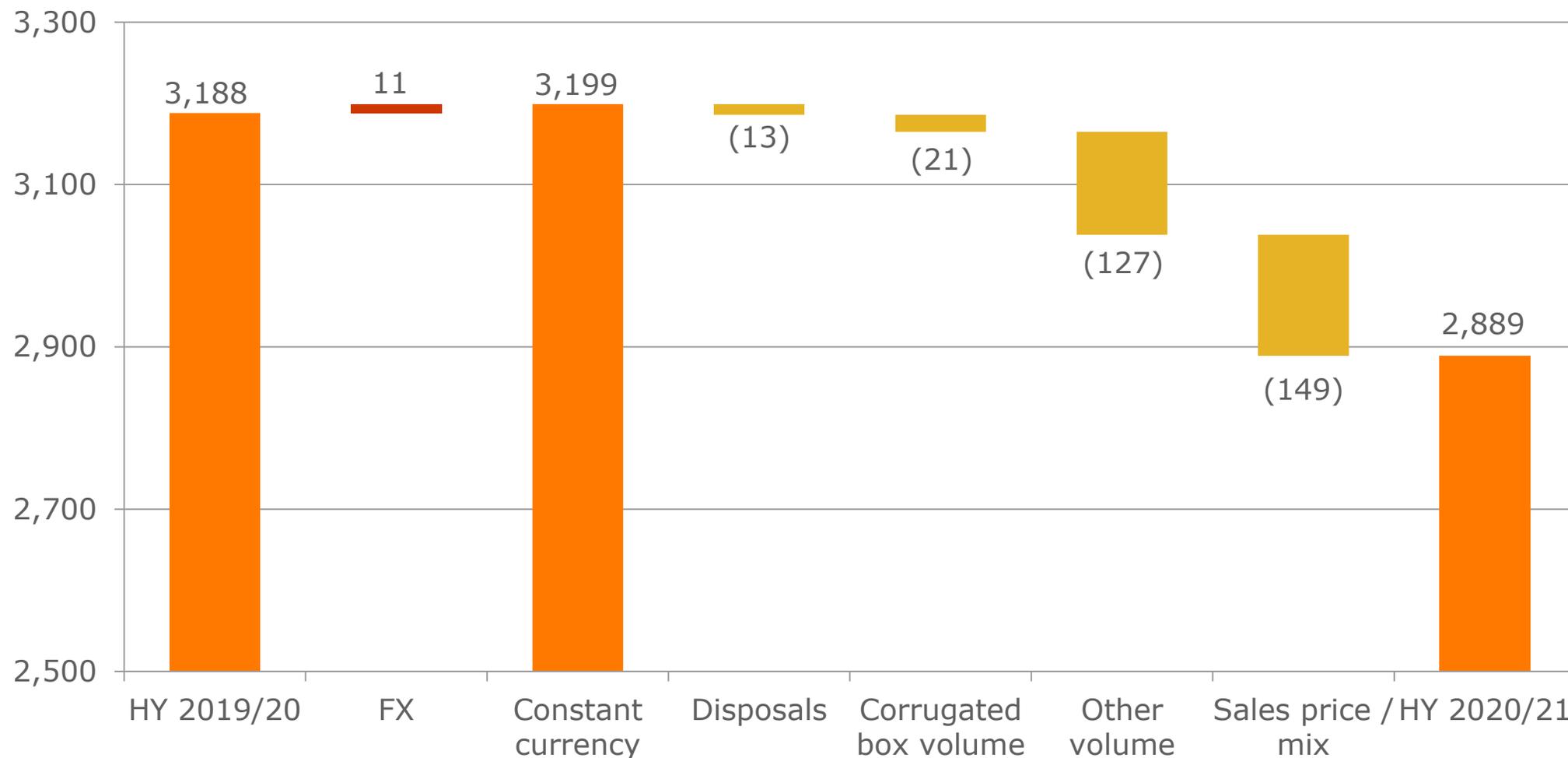
Key financial metrics

Continuing operations	H1 2020/21	Change reported	Change constant currency
Revenue (£m)	2,889	-9%	-10%
Operating profit ⁽¹⁾ (£m)	230	-34%	-35%
Return on sales ⁽¹⁾	8.0%	(300bps)	(300bps)
Adjusted EPS ⁽¹⁾	10.8p	-38%	-38%
Free cashflow (£m)	207	+16%	+16%
Dividend per share	4.0p		
ROACE ⁽¹⁾	8.7%	(310bps)	(300bps)

(1) Before amortisation and adjusting items

Revenue development

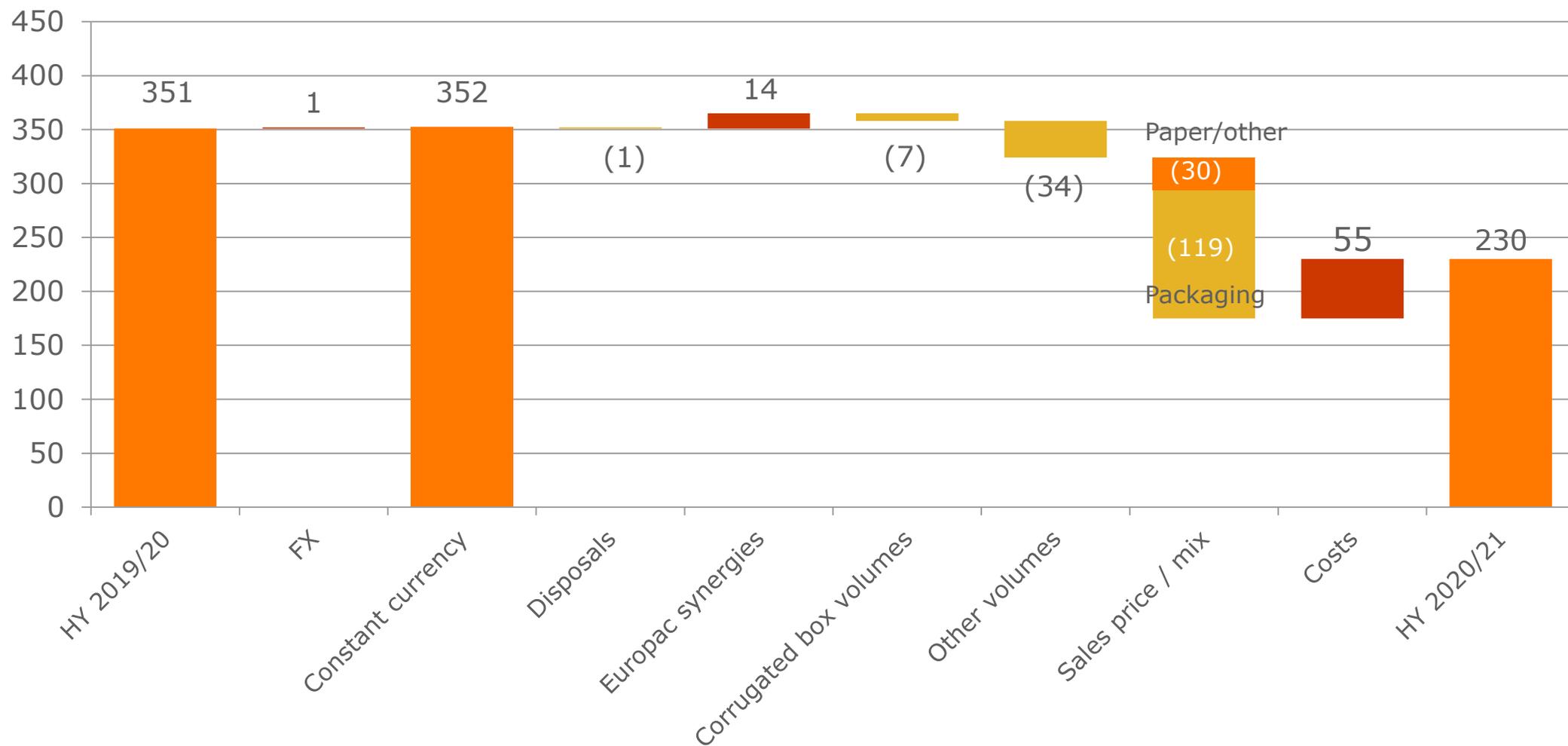
Revenue continuing operations, £m



Note: Other volume includes paper, recycling and corrugated sheet

EBITA development

EBITA continuing operations £m



Q1 Covid impact; US momentum

	RoS % H1 2019/20	RoS % FY 2019/20	RoS % H1 2020/21
Northern Europe	8.5%	9.4%	6.0%
Southern Europe	14.5%	14.2%	9.7%
Eastern Europe	10.0%	9.9%	8.4%
North America	9.5%	6.5%	8.6%
Group⁽¹⁾	11.0%	10.9%	8.0%

Positive margin progression - Q2 9.5%

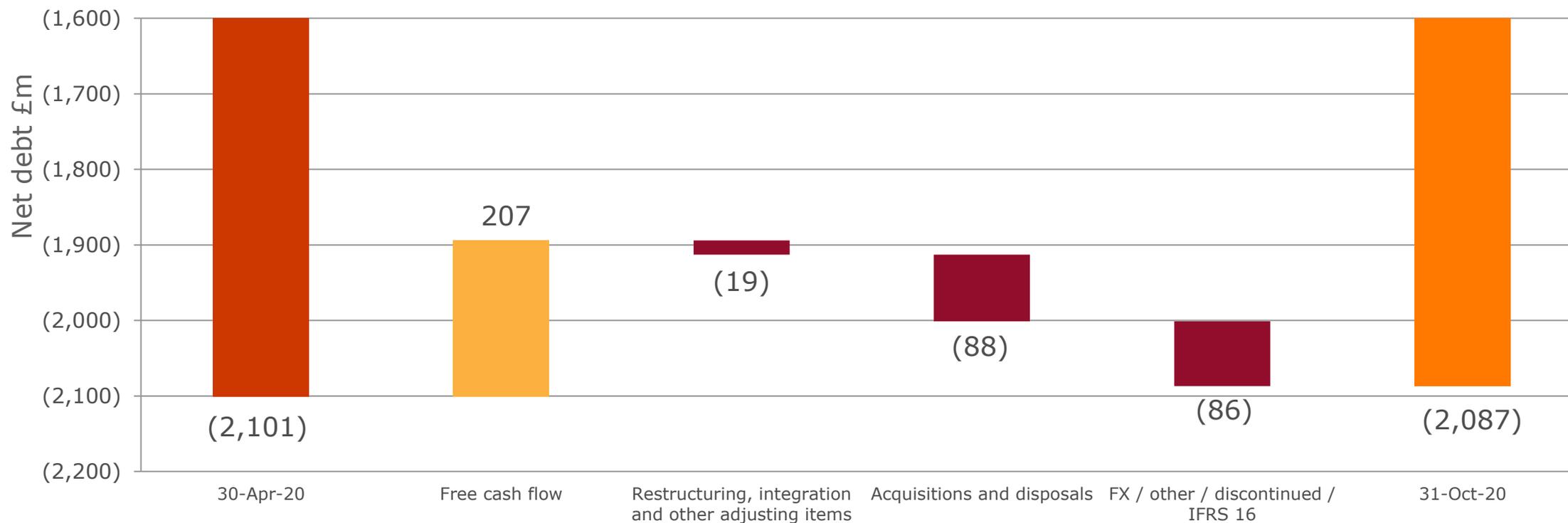
(1): Includes Covid-19-related costs across all regions

Strong cash management

Cash flow £m (continuing operations)	HY 2020/21	HY 2019/20
EBITDA	385	498
Working capital	25	(36)
Pension payments/other	11	(8)
Capex (net of proceeds)	(132)	(174)
Tax and interest	(82)	(102)
Free cash flow	207	178
FCF per share	15.1p	13.0p
Cash flow conversion	146%	103%

Non-recourse invoice discounting as at 31/10/20: £447 million (30/04/20: £440m (constant currency))

Net debt reduction driven by strong free cash flow



Financial position, liquidity profile and dividends

- Net debt / EBITDA at 31 October 2020⁽¹⁾: 2.37x (30 April 2020: 2.14x)
 - Covenant 3.75x
- Strong liquidity profile
 - Undrawn £1.45bn facilities available
 - No significant refinancing until FY23
- Dividend reinstated in line with existing policy
- Continue to review non-core assets



(1) Based on banking covenants

Key adjustments – constant FX, and pro-forma EBITDA for businesses acquired in the year and IFRS 16 *Leases* excluded

(2) Debt shown net of swaps and fees.

(3) Bond maturities after FY2025

Technical guidance

For FY21

- Capex: £330 million
- Depreciation: £310 million
- Amortisation: £145 million
- Tax rate: 23%
- Interest incl. pension: £82 million (of which £4 million is pension charge)
- Pension deficit reduction cash contribution: £20 million
- Adjusting items: c.£50m (Europac integration, Interstate put unwind and Covid-19 related restructuring)
- Covid specific costs: c.£30m
- FX: 1% move in GBP = approximately £4 million EBITA



02

1H FY20/21
Differentiated business
driving success with
customers

Well positioned for growth

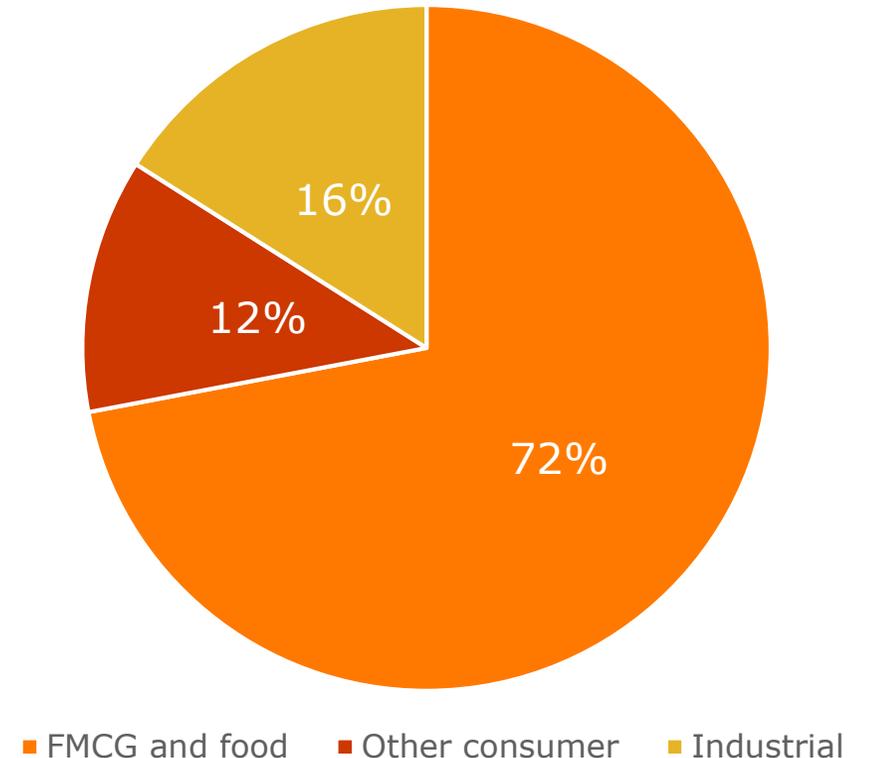
Redefining Packaging for a Changing World

- Repositioning over many years has created a strong platform
- Differentiated offer – solely fibre based
- Agile, responsive and responsible
- Well positioned for growth

Repositioning over many years has created a strong platform

- Comprehensive coverage for FMCG / e-commerce customers
- Solely focused on fibre based solutions
- Covid-19 has accelerated existing structural growth drivers for corrugated packaging
- US greenfield supporting multinational customer led growth
- Europac acquisition provided key packaging capacity and paper supply
- Continuing opportunities to improve operational and balance sheet efficiency

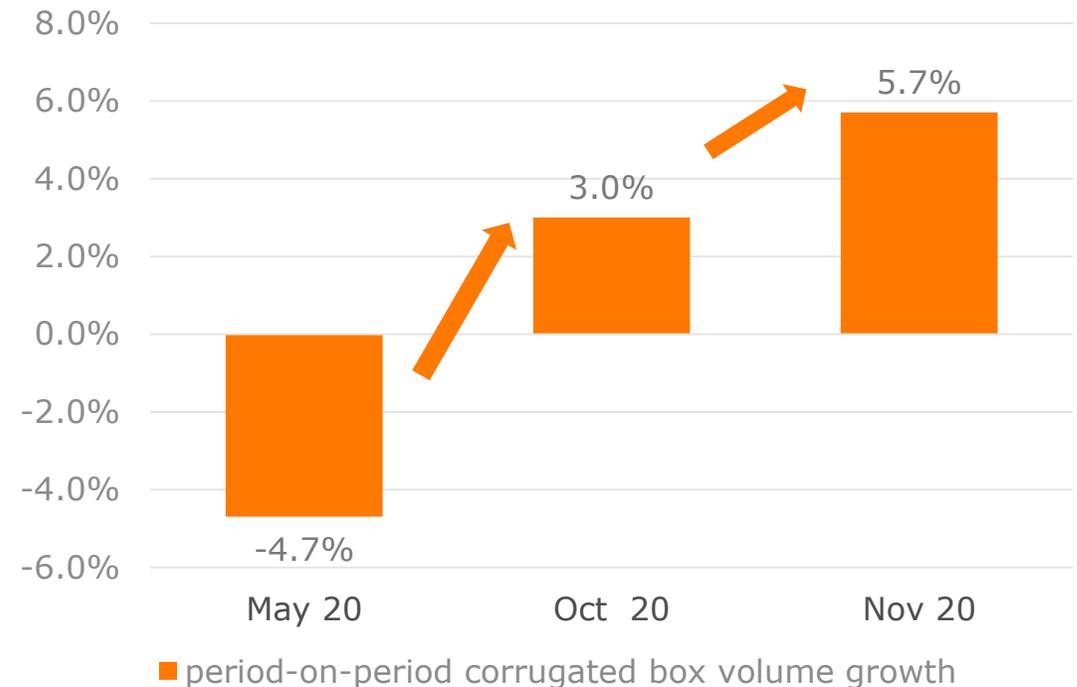
corrugated box sales by volume



Comprehensive coverage – customer focus

- Continued market share gains
 - Market declined -3.3% (FEFCO May to Oct 2020)
- FMCG and e-commerce growing throughout H1;
 - industrial declining in H1
- Large FMCG and e-commerce customer volumes growth +8%
 - significant new wins with major FMCG customers
- E-commerce up c. 30%, with growth sustained from Q1 to Q2
- Expect positive growth in industrial in 2021

Like-for-like corrugated box volume growth



COVID has fast-tracked market trends

E-commerce channel step-change

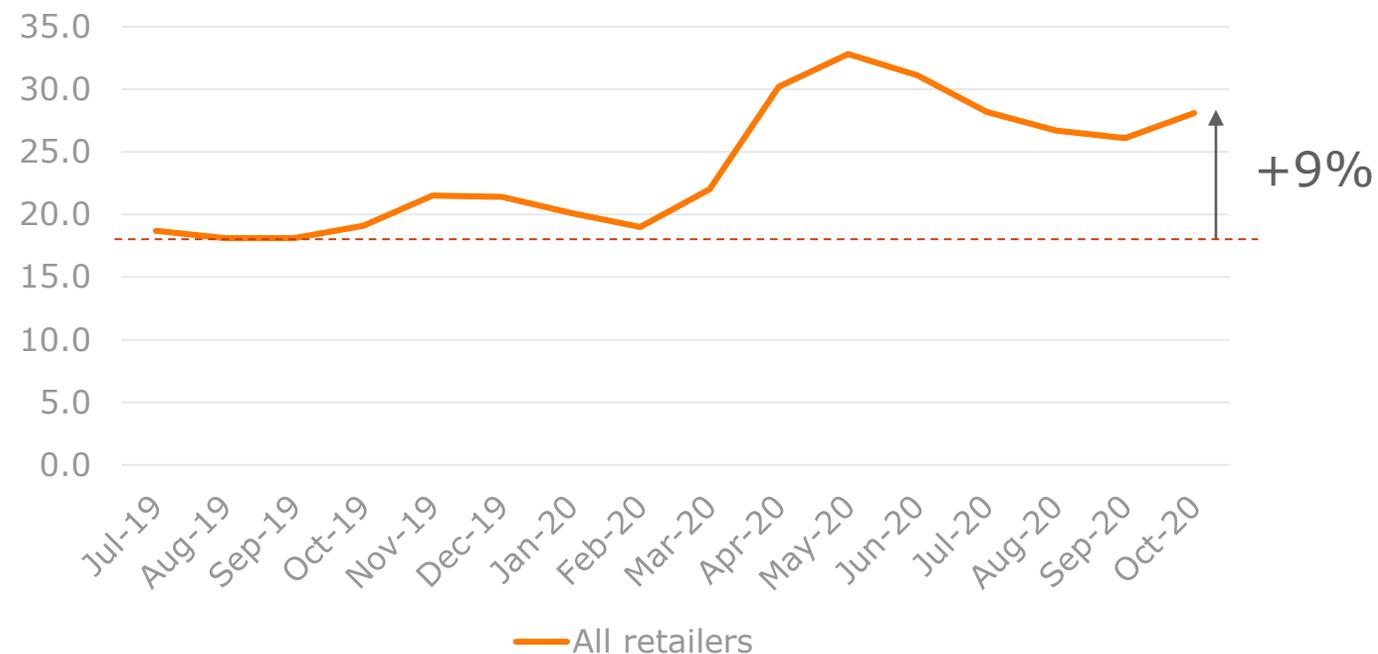
- Traditional stores accelerating online
- On-line only also grown significantly

Our customer priorities:

- Security of supply
- Service, quality and innovation
- Sustainability

Customer consolidation of suppliers

% UK retail sales via e-commerce channel

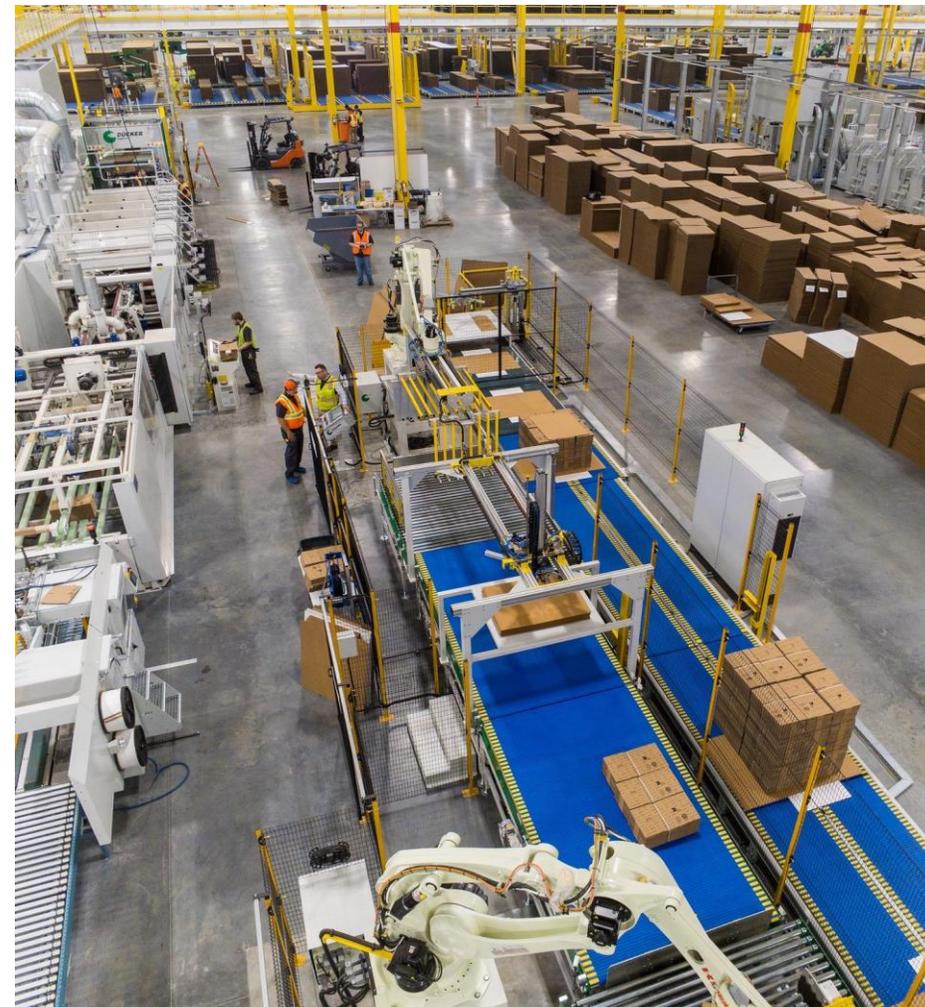


Source: ONS Oct 2020 UK Internet retail sales – value as % of all UK retail
Dotted line shows average internet retail sales in 2019 = 19%

Internet sales re-set at higher % share

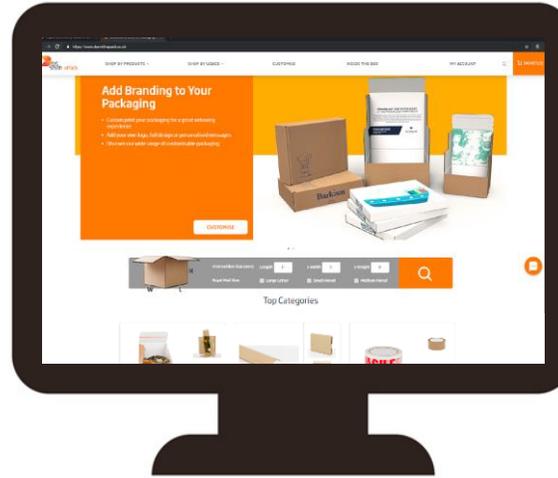
Strong US momentum

- Good underlying performance despite export price weakness
- Q1 impacted by Covid and ramp up of Indiana
- Strong recovery in Q2 continuing into H2
- Excellent customer traction in Indiana plant
 - Strong customer wins and pipeline
 - 40%+ utilised by end of current FY
 - Positive profit contribution in H2
 - Progressively reduces long paper position
- Positive momentum in paper and box pricing



Our differentiation - DS Smith ePack

- Online shop for e-commerce packaging
- Launched in UK in FY19
- +650% growth YoY in 2020
- Currently rolling out across Europe



Our differentiation - Leadership in sustainability

Entirely fibre-based sustainable packaging



Closing the loop through better design



Protecting natural resources by making the most of every fibre



Reducing waste and pollution through circular solutions



Equipping people to lead the transition to a circular economy



Drive carbon reduction



Care for forests and their biodiversity

Our key sustainability targets



Closing the loop through better design



By 2023 we will manufacture 100% reusable or recyclable packaging. It is our aim that by 2030 all of our packaging will be recycled or reused



Reducing waste and pollution



By 2025 we will take 1 billion pieces of problem plastics off supermarket shelves. By 2030 our aim is to use packaging and recycling to enable the circular economy by replacing problem plastics, reducing customer carbon and eliminating consumer packaging waste



Equipping people to lead the transition to a circular economy



By 2025 we will engage 100% of our people on the circular economy. By 2030 we will engage 5 million young people on the circular economy and circular lifestyles



Protecting natural resources



By 2025 we will optimise fibre use for individual supply chains in 100% of our new packaging solutions. By 2030 we are aiming to optimise every fibre for every supply chain



Driving carbon reduction



By 2030 we will reduce our CO₂ emissions by 30% against a 2015 baseline

22 million plastic units replaced



Punnets

For fruits and vegetables



Edge protectors

For shipment of goods



ECO Bowl

For frozen, chilled and ambient foods



Stacking trays

For retail and industrial supply chains



Product displays

For store shelves

New partnerships and sustainable innovations

ClimaCell®

Temperature control



Partner: TemperPack

Thermal insulation for meal kits, perishable groceries, and medical products.

Reusable. Fully recyclable in paper waste stream.

ParceLive

Track & Trace



Partner: Hanhaa

Live tracking of high value and sensitive goods through supply chain.

Avoid waste. Reusable

Virus-resistant

Surface Coating



Partnership: Touchgard

An additional layer of protection with anti-microbial coating.

100% recyclable

Hydropol™

Biodegradable windows



Partner: Aquapak

Replacement for problem plastic for laminate film, window patching

100% biodegradable and recyclable

Well positioned for organic growth

- New plants in Italy and Poland to meet increasing FMCG and e-commerce demand
 - Land purchased, permits received, construction commenced
 - Significant capacity pre sold
 - Funded through anticipated asset disposals / cash flow
 - Outstanding facilities
- E-comm capacity in Iberia from Europac
- US – real momentum growing within the Indiana site
- Expect continued market share gains from leveraging FMCG, e-commerce and sustainability leadership



Momentum into H2 supported by structural trends

Summary

- Strong recovery post Q1 Covid-19 impact
- Positive progress in US driven by Indiana plant
- Confidence to resume dividend

Outlook

- Uncertain macro-economic and political backdrop
- Positive H2 volume and margin momentum
- Supportive paper pricing environment
- Fundamental growth drivers for corrugated remain strong
- Covid-19 has fast-tracked a number of market trends

DS Smith differentiators of scale, quality and innovation positions 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®



03

Appendix



Foreign exchange exposure

2020/21	Revenue (%)	EBITA (%)	Average rate H1 2019/20	Average rate FY 2019/20	Average rate H1 2020/21	Closing rate 31 Oct 2020
GBP	15.3	8.3				
EUR	58.5	64.2	1.124	1.139	1.110	1.109
PLN	2.9	3.7	4.834	4.923	4.964	5.124
SEK	2.6	4.6	12.014	12.197	11.574	11.490
DKK	2.3	1.9	8.389	8.484	8.265	8.255
USD	9.8	5.9	1.253	1.251	1.276	1.297
Other	8.6	11.4				

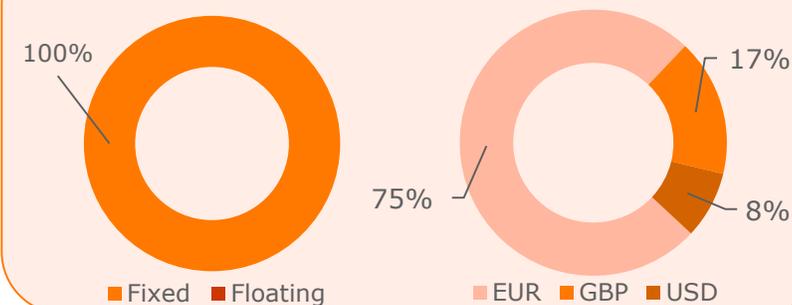
Debt analysis



Financial Year

As at 31 October 2020, the weighted average remaining life of the Group's committed borrowing was 4.35 years.

As at 31 October 2020**



Net Debt (excl IFRS16)	£1,847m
Net Debt / EBITDA*	2.37x
EBITDA / Net Interest*	12.3x

* As defined in the Group's banking agreements.

** Debt shown net of swaps and fees.

*** Bond maturities after FY2025