



# Half year results

2022/23

8 December 2022

# Excellent performance despite volatile markets

**+26%**

revenue growth

**+49%**

EBITA growth

**+9.7%**

return on sales

**+25%**

dividend growth

**13.2%**

ROACE (+400bps)

**1.0x**

net debt: EBITDA

Note: on a constant currency basis



Customers value our offering:

- Responsiveness, service, quality
- Innovation
- Sustainability



High quality asset base



Continuing to invest in the business:

- Customer-driven
- Attractive returns



Excellent risk and cost management



FY23 ahead of previous expectations

# Financial results

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# Key financial metrics

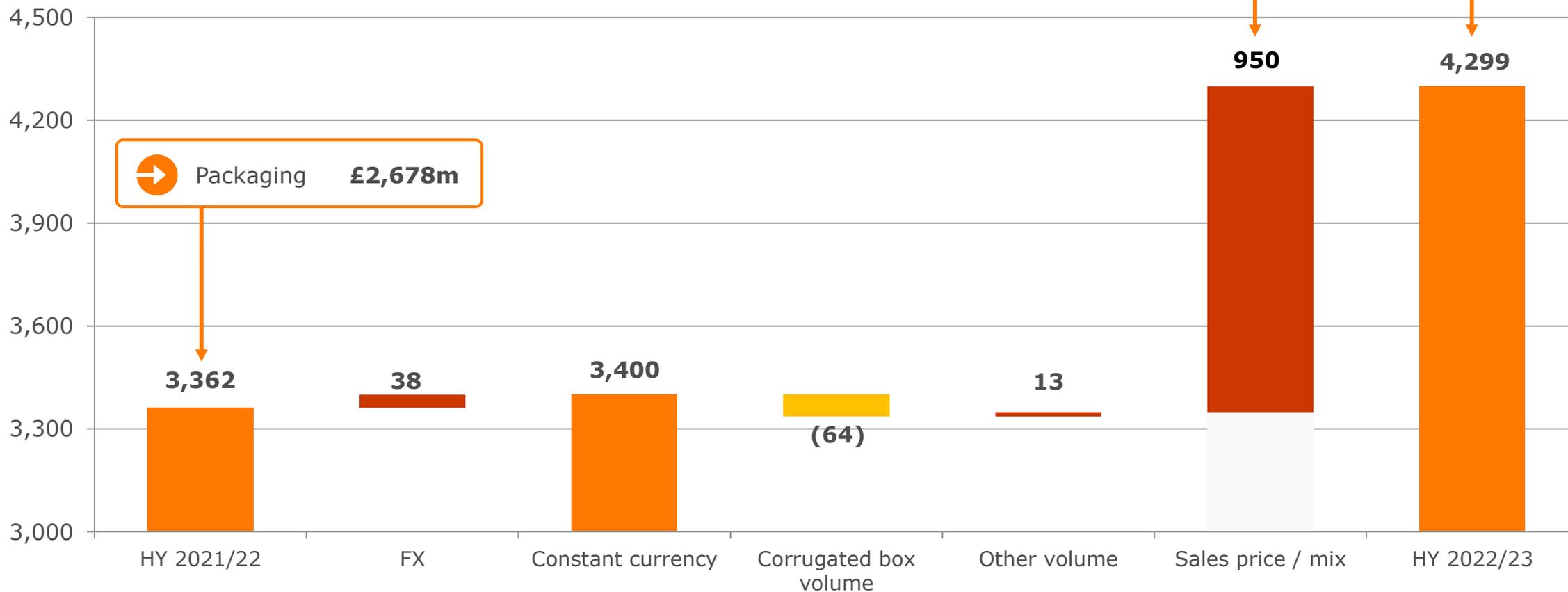
Continuing operations	H1 2022/23	H1 2021/22	Change reported	Change constant currency
Revenue (£m)	4,299	3,362	+28%	+26%
Operating profit <sup>(1)</sup> (£m)	418	276	+51%	+49%
Return on sales <sup>(1)</sup>	9.7%	8.2%	+150bps	+150bps
Adjusted EPS <sup>(1)</sup>	20.9p	13.7p	+53%	+49%
Free cash flow (£m)	494	188	+163%	
Dividend per share	6.0p	4.8p	+25%	
ROACE <sup>(1)(2)</sup>	13.2%	9.4%	+380bps	+400bps

(1) Before amortisation and adjusting items

(2) 12 month basis

# Revenue development

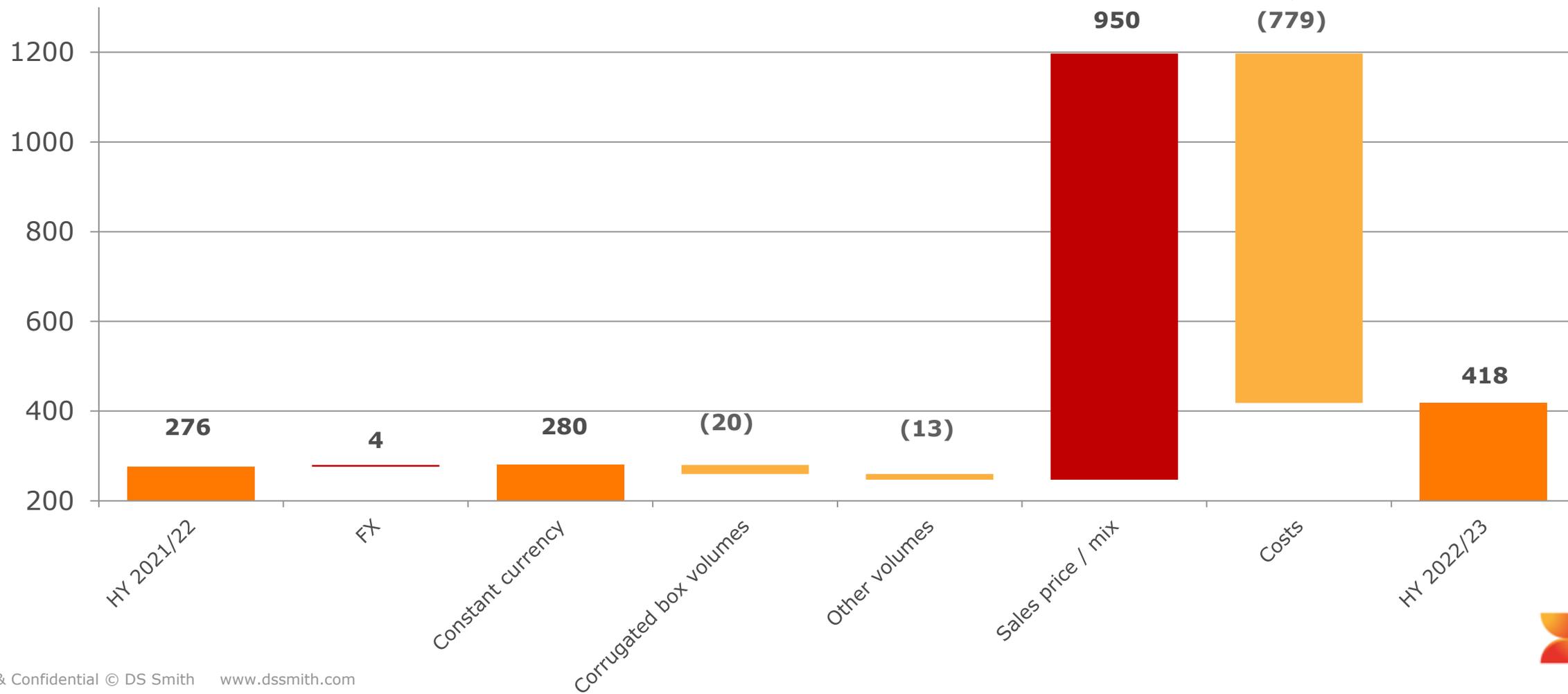
Revenue | continuing operations | £m



Note: Other volume includes paper, recycling and corrugated sheet  
 Other includes paper, recycling and external energy

# Strong EBITA growth

EBITA | continuing operations | £m

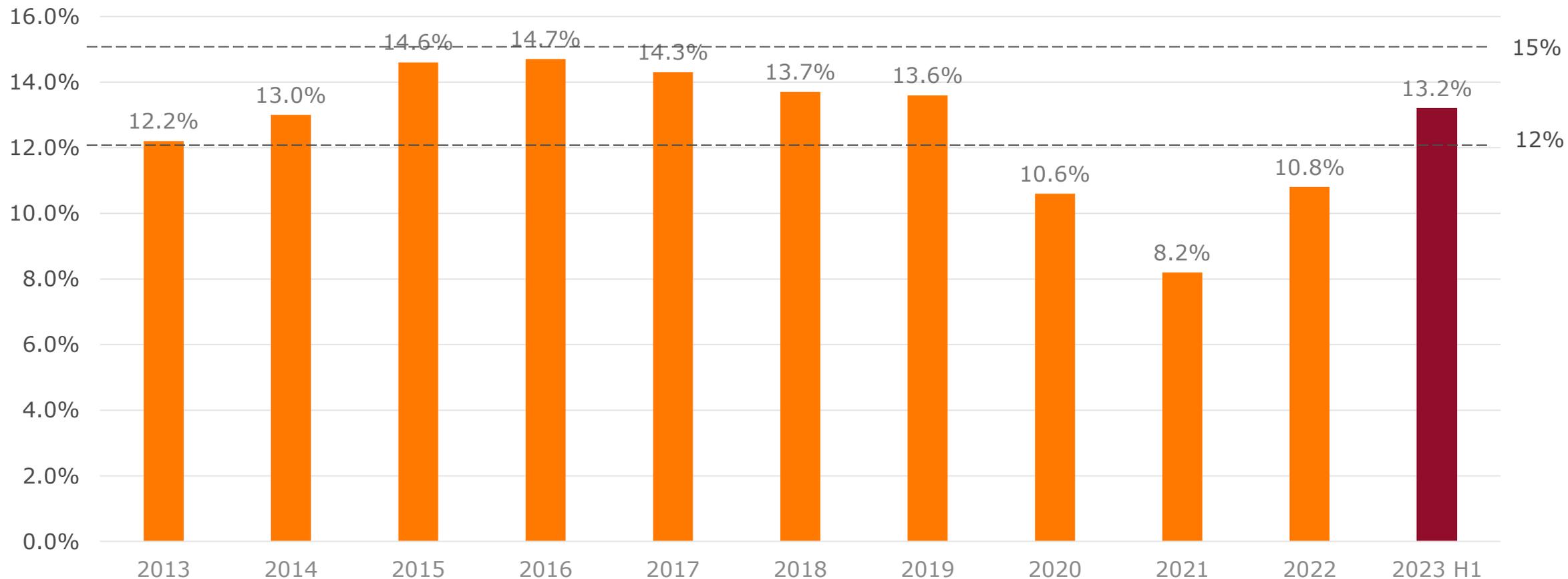


# Segmental analysis

	Return on sales % HY 2022/2023	Return on sales % HY 2021/2022
Northern Europe	5.2%	6.5%
Southern Europe	15.1%	9.9%
Eastern Europe	5.9%	5.9%
North America	12.1%	13.1%
<b>Group</b>	9.7%	8.2%

# Well invested asset base

## ROACE



Note: 2023 H1 calculated for rolling 12 month period

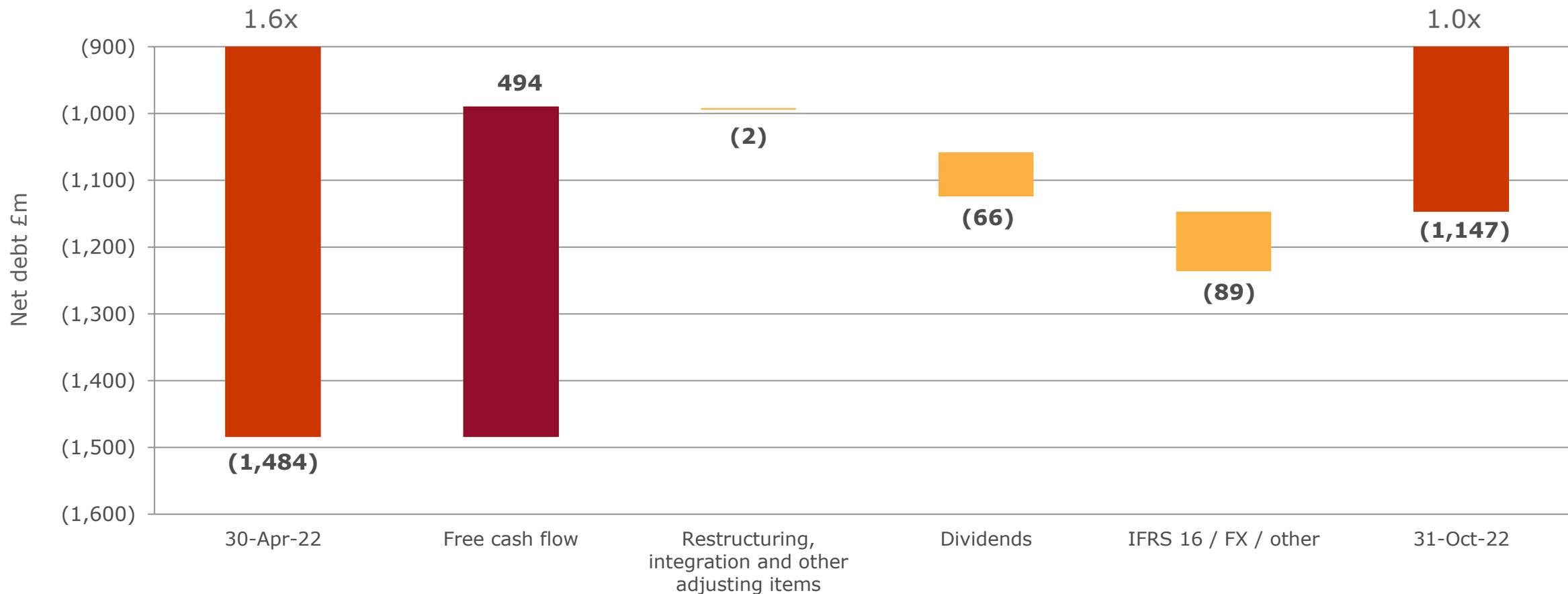
# Strong cash management

Cash flow £m (continuing operations)	HY 2022/23	HY 2021/22
<b>EBITDA</b>	<b>572</b>	<b>423</b>
Working capital	138	(3)
Other	46	(11)
Capex (net of proceeds)	(162)	(125)
Tax and interest	(100)	(96)
<b>Free cash flow</b>	<b>494</b>	<b>188</b>
<b>FCF per share</b>	<b>35.9p</b>	<b>13.7p</b>
<b>Cash conversion</b>	<b>160%</b>	<b>124%</b>

Notes: 1. Non-recourse invoice discounting as at 31/10/22: £380m (30/4/22: £381m)  
 2. Working capital includes £197m benefit from net inflow from derivative margin calls

# Strong operating cash flow driving net debt reduction

## EBITDA | Net debt



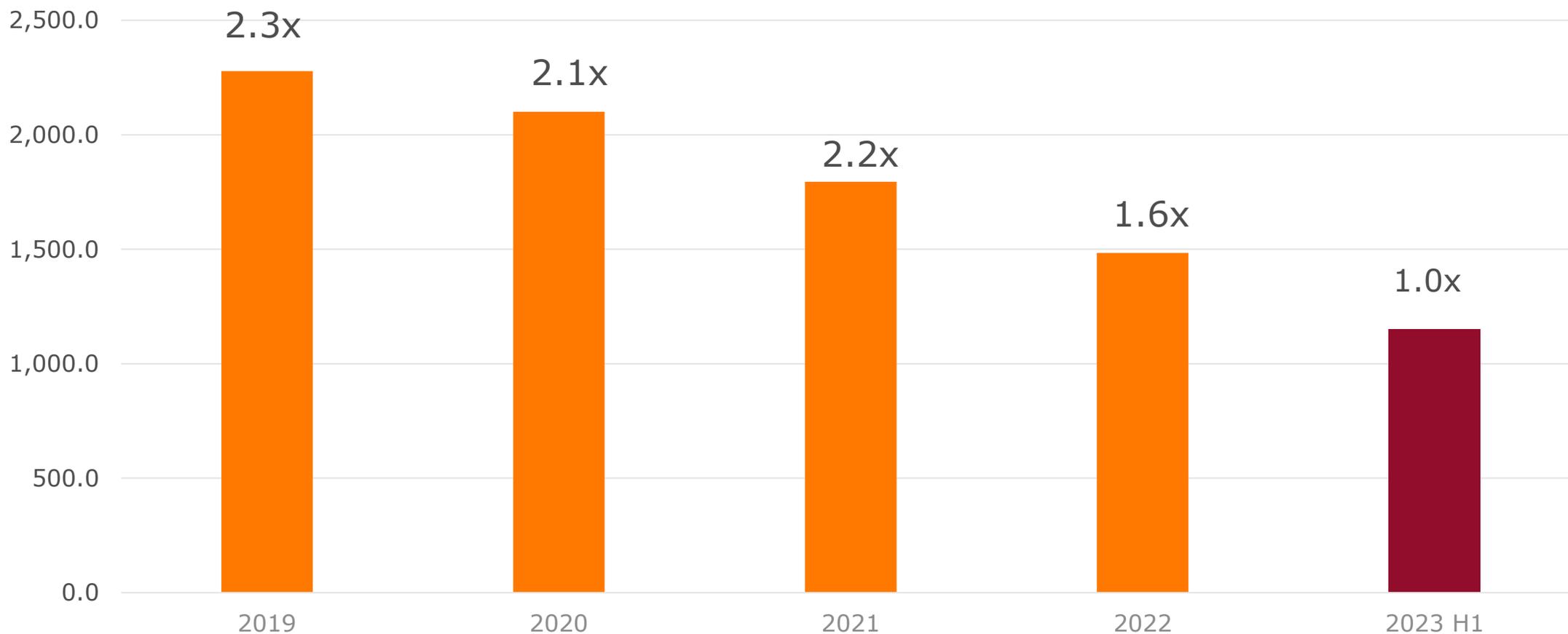
Net debt / EBITDA given as defined by our banking covenants

# Strong financial position



£2.2bn in free cashflow generated since 2019

Net debt  
£'000m



Note: Ratio calculated in accordance with banking covenants. 2023 H1 ratio calculated for the last 12 months period

# Maximising shareholder value through disciplined capital allocation

## Key financial medium term target metrics

Investment grade rating and  $< 2.0x$  net debt / EBITDA

### Organic investment

$> 15\%$  ROIC  
Supporting customer growth

### Dividend

Progressive  
 $2-2.5x$  covered

### Bolt-on M&A

Disciplined approach driven by customer pull and financial returns

Surplus capital returned to shareholders

# Technical guidance for FY23

- Capex: **c.£500 million** predominantly growth
- Depreciation: **£310 million**
- Amortisation: **£115 million**
- Energy currently **100%** hedged for FY23 for gas consumption
- Tax rate: **25%**
- Interest incl. pension: **c.£70 million** (of which £2 million is pension charge)
- Pension deficit reduction cash contribution: **£20 million**
- Interstate put **c.£110m**
- Adjusting items of **c.£7m** (Interstate put, non-cash)
- FX: **1% move in GBP** = approximately £7 million EBITA



**FY22/23**

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Differentiated business  
driving success with  
customers

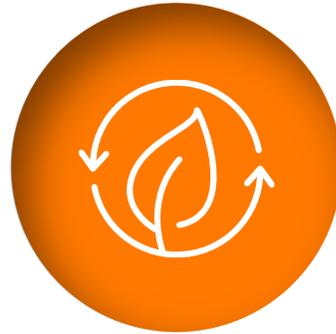


# Our differentiators



## Industry leader

Leading supplier of innovative sustainable packaging solutions with a **well invested asset base** and **scale**.



## Sustainability leader

Solely fibre based packaging company in Europe, driving the transition to the circular economy.



## Customer focused

With predominantly FMCG customer base.

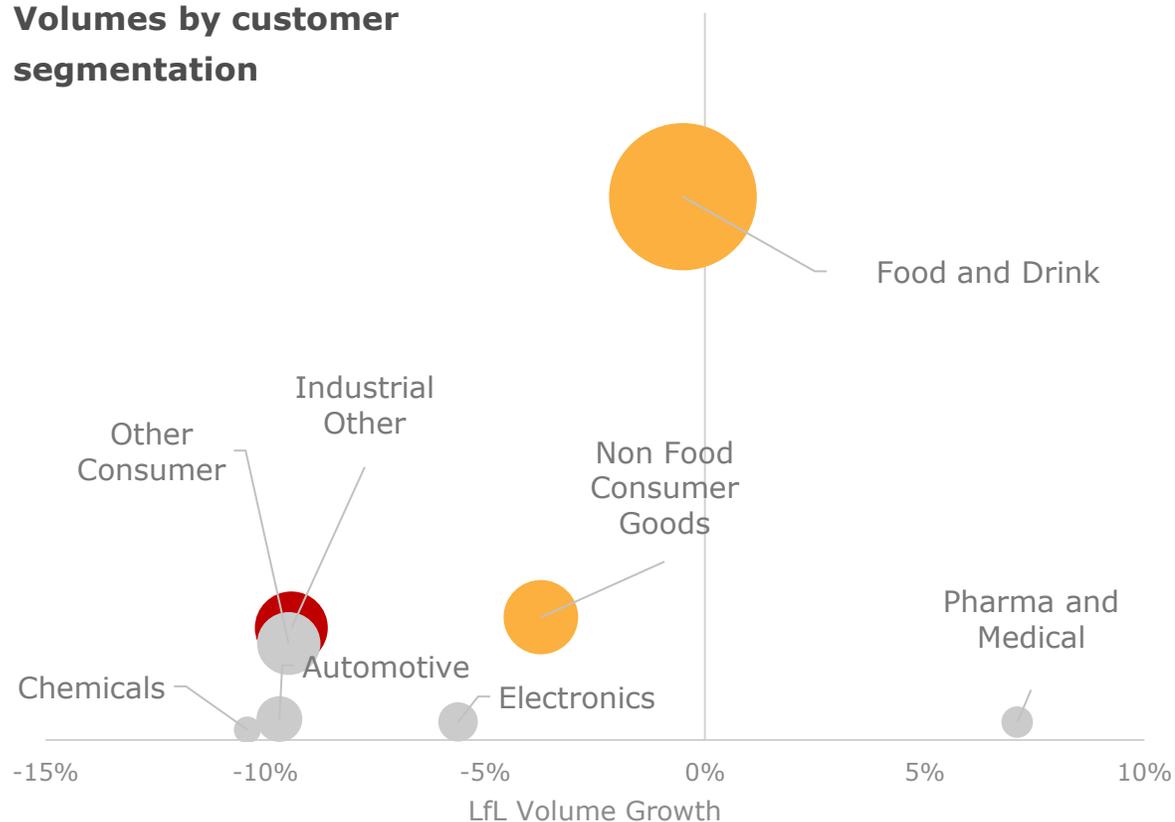


## Investing for growth

Investing for growth  
Continuous investment in **innovative products** and **services** for customers.

# Winning with customers

## Volumes by customer segmentation



- FMCG
- Other consumer
- Industrial

- ➔ Challenging market backdrop
  - FMCG resilient, UK, Germany, industrial weakest
  - Hard discounter category growth

- ➔ Strong customer focus
  - Responsiveness
  - Service,
  - Quality

- ➔ Strong innovation progress
  - Sustainability
  - 520m units of plastic replaced since 2020

- ➔ Consistent market share gain

- ➔ H2 lfl volumes ahead of H1 lfl

# Innovation



## ECO Carrier

Fibre-based shrink wrap replacement



## Vanish e-Com pack

c.85% less plastic.

# Continued investment with high returns

## Investing in products and services



New product and service innovation

Helping our customers drive their sustainability agenda

## Investing in our capacity and capability



New builds in Italy and Poland delivering ahead of plan

Expansion in Germany

Aligning paper to customer needs

## Investing for the environment



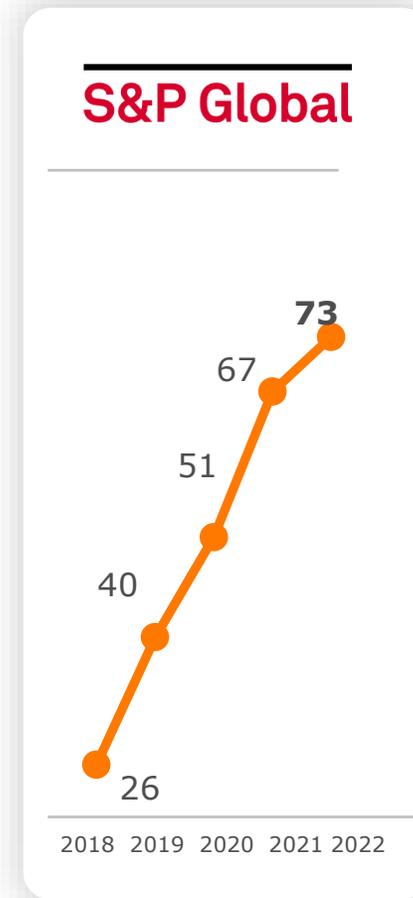
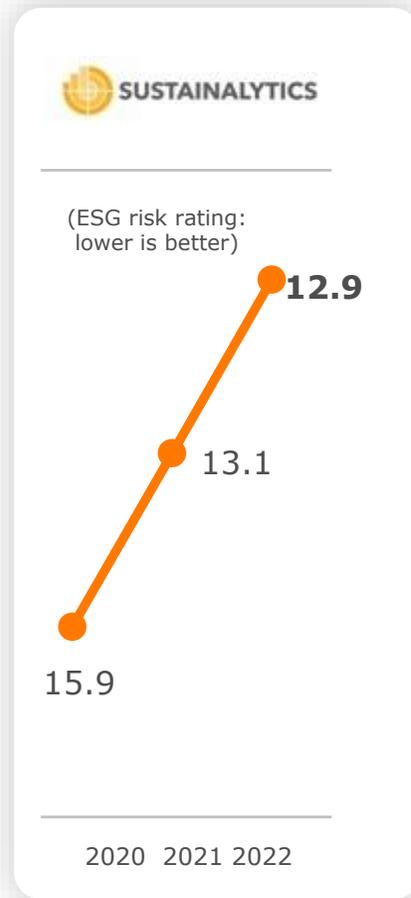
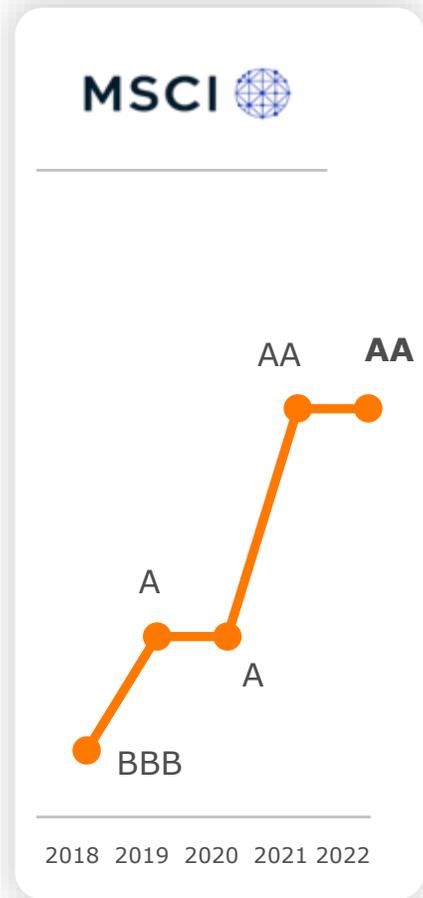
Reducing our carbon footprint

New Biomass and EFW plants in France and Germany

Driving efficiency gains

Expected return on capital **15% - 20%**

# Leading in sustainability - progress in ESG



# Outlook

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- ➔ Excellent progress year to date
- ➔ Relentless customer focus
- ➔ Effective cost mitigation and pricing
- ➔ Ongoing investment at attractive returns
- ➔ Continued market share gains in a difficult market
- ➔ FY23 ahead of previous expectations

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

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# Foreign exchange exposure

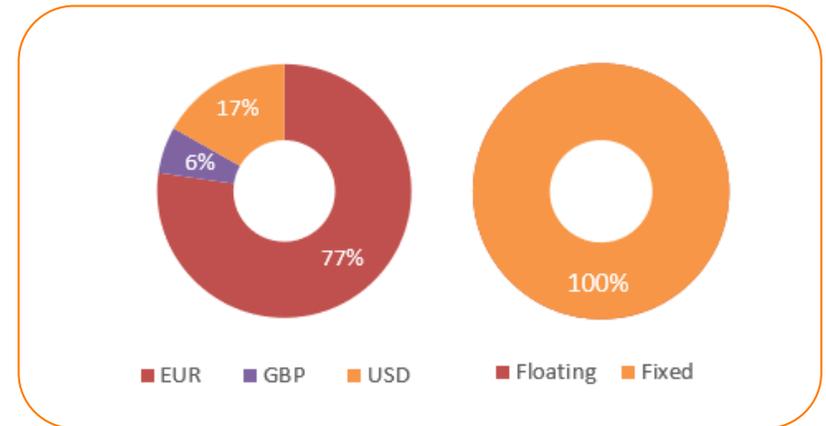
2020/21	Revenue (%)	EBITA (%)	Average rate H1 2021/22	Average rate FY 2021/22	Average rate H1 2022/23	Closing rate 31 Oct 2022
GBP	15.3	2.2				
EUR	60.6	78.0	1.169	1.179	1.166	1.161
PLN	3.0	0.0	5.322	5.415	5.505	5.468
SEK	2.3	2.4	11.863	12.088	12.414	12.659
DKK	2.0	0.2	8.692	8.772	8.675	8.645
USD	8.3	8.9	1.386	1.359	1.189	1.151
Other	8.5	8.3				

# Debt analysis



Net Debt (excl. IFRS16)	£947m
Net Debt / EBITDA*	1.0x
EBITDA / Net Interest*	16.6x

\* As defined in the Group's banking agreements.



As at 31 October 2022, the weighted average remaining life of the Group's committed borrowing was 3.12 years. Debt shown net of swaps and fees.