



# Opportunities in a post-Covid world

DS Smith Investor Seminar

15 April 2021



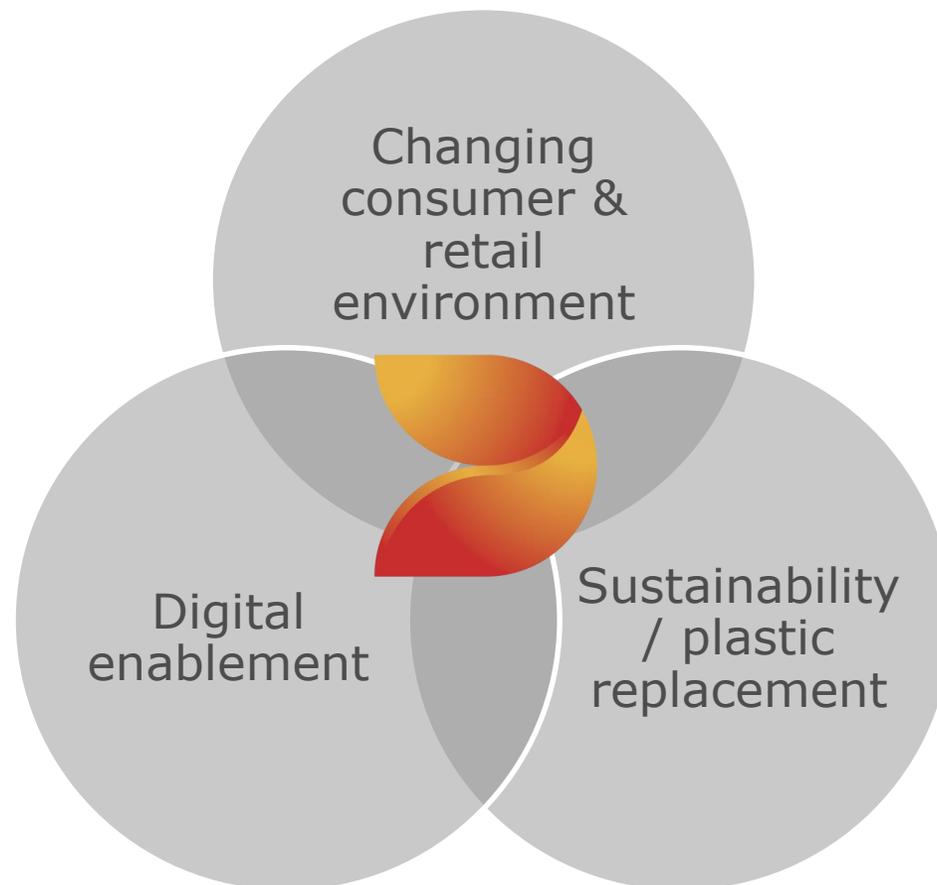
# Agenda

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- Introduction – Miles Roberts
- Beyond Covid-19: Reaping the benefits of scenario-thinking – Alex Manisty
- E-commerce: driving growth and value – Marc Chiron and Clémence Viviani
- Conclusion – Miles Roberts
- Q&A

# Intersection of three principal global trends

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**Ideally placed for volume and value-added growth**

# Our model

## Redefining Packaging for a Changing World



### Industry leader

- Solely fibre-based packaging – no plastics
- 86% FMCG / consumer-focused customers
- Flexible, people-driven culture
- Well-invested asset base and digital platforms to deliver for all customers
- Key differentiators: scale, distribution, innovation, customer focus and sustainability

### Delighting our customers

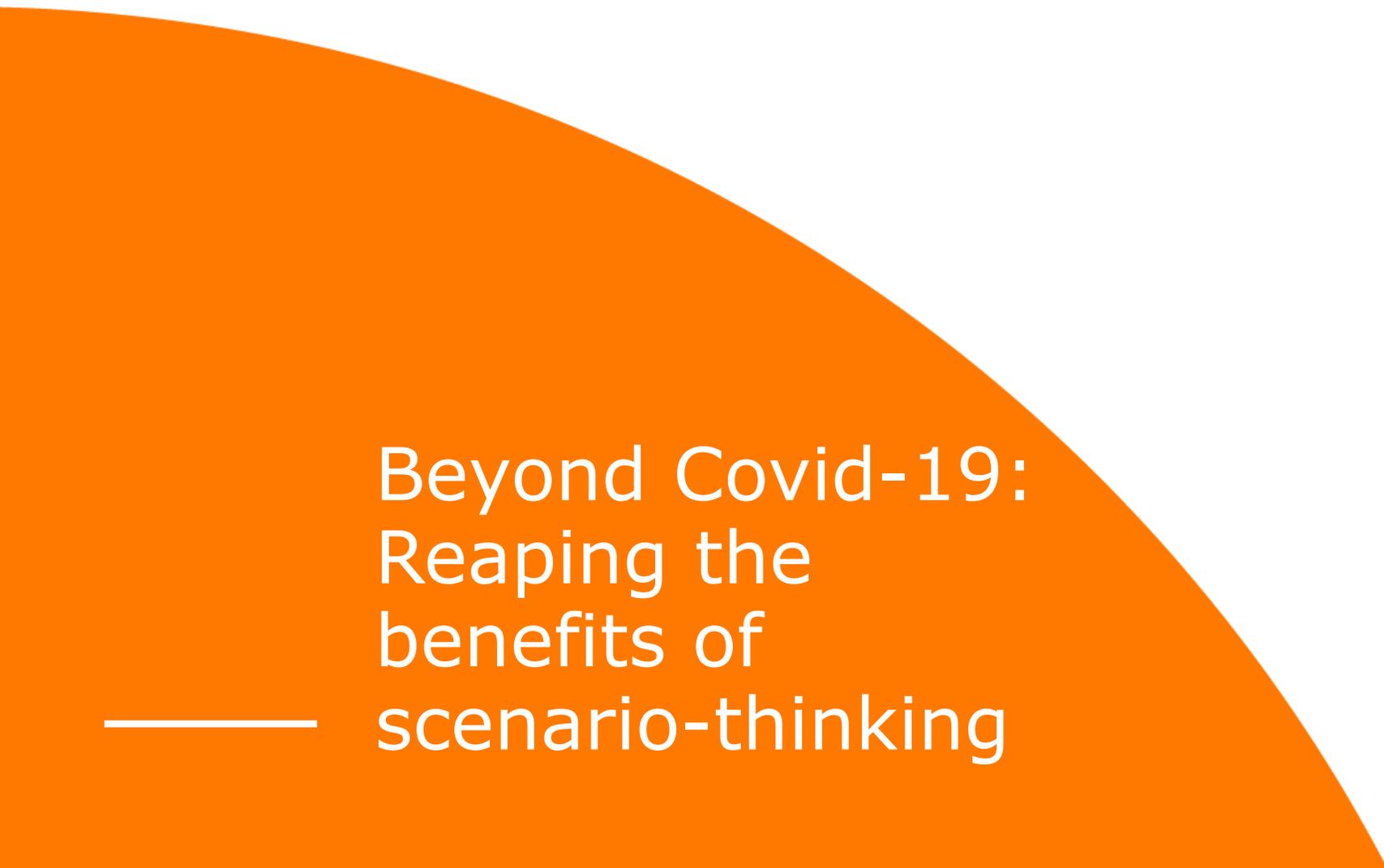
# Sustainability Leader

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- Circular business model
- Long recycling position
- Fully recyclable / reusable products
- Ellen MacArthur Foundation global partner
- Consistent delivery against carbon reduction targets and ESG performance
- Forward-thinking 'Now and Next' sustainability strategy



**Well positioned to seize the opportunity in a post COVID world**

A large, solid orange shape that curves from the left edge of the slide towards the bottom right corner, creating a backdrop for the text.

Beyond Covid-19:  
Reaping the  
benefits of  
scenario-thinking



# Prepared for post-COVID growth

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- Our industry is transitioning
  - higher-quality growth
  - consistent, increasing returns
  - exciting structural drivers
- We play to be ahead
  - seriously committed towards circular economy
  - strongly investing in e-commerce
    - market-leading offering today
    - exciting innovation pipeline
  - serious about identifying and developing new growth platforms
  - scenarios to guide focus and investment





# + Discovering the worlds in 2030

**MATERIAL PASSPORTS**  
SPECIAL REPORT

DS Smith logo

A man in a light blue shirt and suspenders stands in front of a globe. The background is dark with a glowing globe and some technical lines.

**2030**

Everything we buy is **customised**

DS Smith logo

A grid of icons on a blue and white background. The icons include a gear, a truck, a microphone, a globe, a bar chart, a Wi-Fi symbol, a brain, a pair of scissors, a gear, a checkmark, and boxes.

THAT IS WHY YOU PURCHASE

**ECO-ALLIANCE**

DS Smith logo

A large white recycling symbol is centered on a dark green background. The text 'THAT IS WHY YOU PURCHASE' is faintly visible above the symbol, and 'ECO-ALLIANCE' is written in large white letters below it.

**CHINA**  
SPECIAL REPORT

DS Smith logo

A landscape of a mountain range with a river, overlaid with a glowing red and white grid pattern. The text 'CHINA SPECIAL REPORT' is written in white over the image.



# MATERIAL PASSPORTS

SPECIAL REPORT

2019

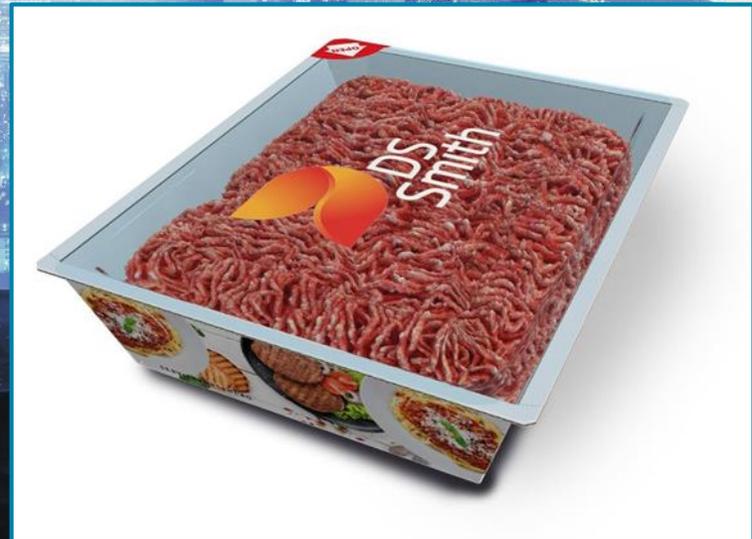
- Push-back on non-durable, non-recyclable goods
- Birth of reuse
- Proof of Circularity
- Pressure from consumers as well as regulators

2020

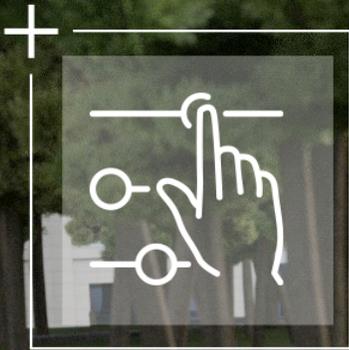
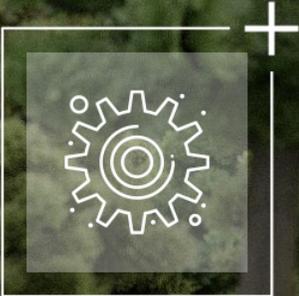
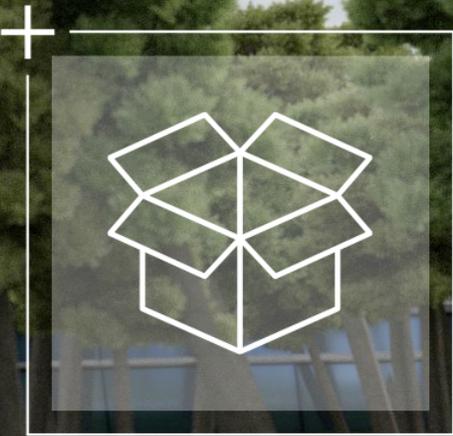
- Deepening consumer concern about the environment
- Strong action against SUPs
- Science-based carbon targets gaining momentum

2021

- Undeniable move away from plastic packaging
- Transparency on provenance / use of resources
- Packaging moving up the customer value chain



# IT'S PERSONAL



2019

- Home as locus of economic and social activity
- Paying with personal data
- Subscriptions replacing B&M shopping
- Customised packaging

2020

- Minimisation of time spent in store
- Acceleration of ecommerce
- Direct to Consumer (D2C) strategies

2021

- Managing channel fragmentation
- Transformation of supply chains
- Packaging delivery via digital platforms

### Our Top Customers All Have D2C Brands ~50% Launched in 2020

The image displays a collection of logos for major consumer goods companies and their Direct-to-Consumer (D2C) brands. The logos are organized into a grid. Below each group of logos, the parent company name is listed. The companies shown are Danone, Unilever, Diageo, PepsiCo, Mondelez, and P&G. The D2C brands shown include Yum!, Graze, Heineken, Beerwolf, Drinkies, Simply Cook, Freshly, N, Tails.com, Mindful Chef, Perfect Snacks, Sour Patch Kids, Uplift, Snowberry, Native, L., and Tide.



**YOUR PLANET  
NEEDS YOU**

2019

- Global Shock
- Major rethink on how we interact with our environment

2020

- Supply chains creaking under changing shopping habits
- Online complemented with local
- Increased packaging visibility at home

2021

- New re-use and recycling models
- Localisation
- Community Hubs for convenience and circularity

## Redefining Packaging for a Changing World



## To conclude

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- Covid-19 has accelerated the trends we identified years ago
  - e-commerce
  - sustainability
  - plastic replacement
  
- Corrugated growth will become less dependent on overall consumption and be driven more by consumer trends
  - Home decision-making
  - Subscriptions
  - Personalisation

**Accelerated growth and more added value**

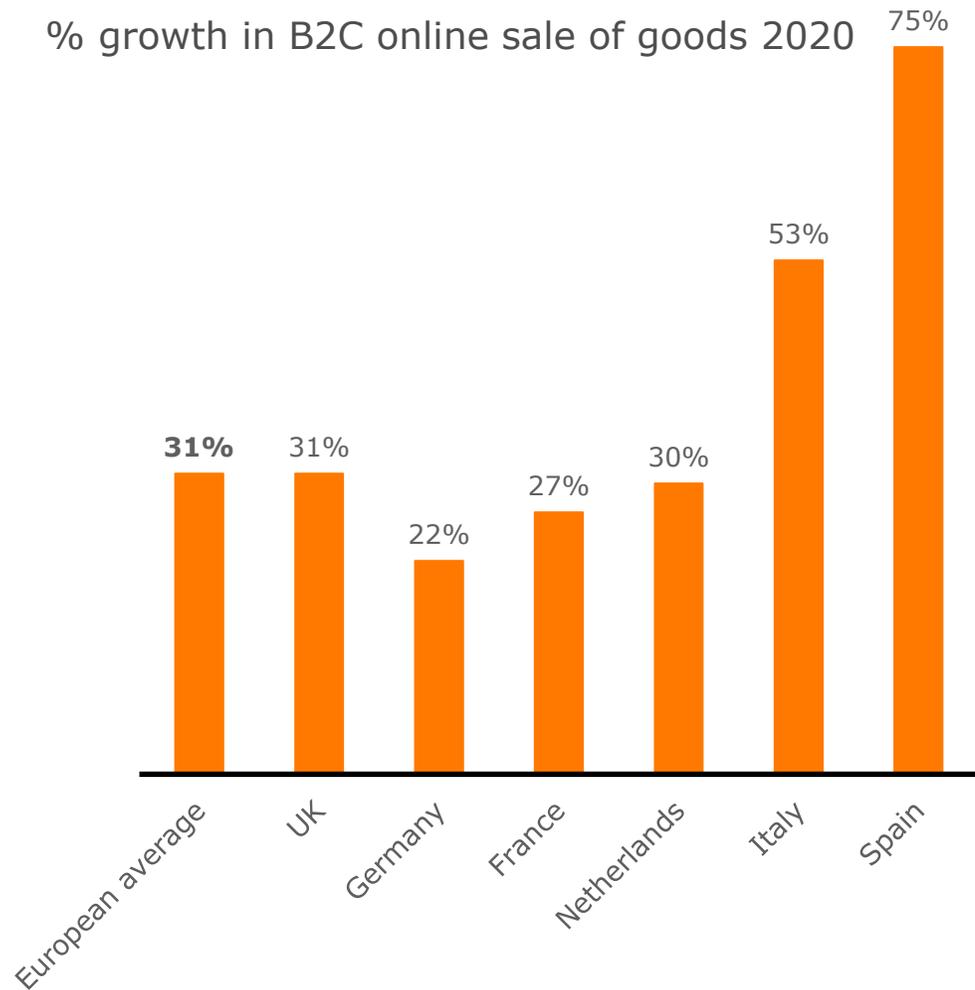
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E-commerce:  
driving growth and  
value



# 2020: Transformational year for E-Commerce

% growth in B2C online sale of goods 2020



Sources: Statista

## Fundamental consumer change



## Acceleration of Online Grocery

Significant impact from lockdowns

From 9% of EU shoppers to 63% doing their grocery shopping online



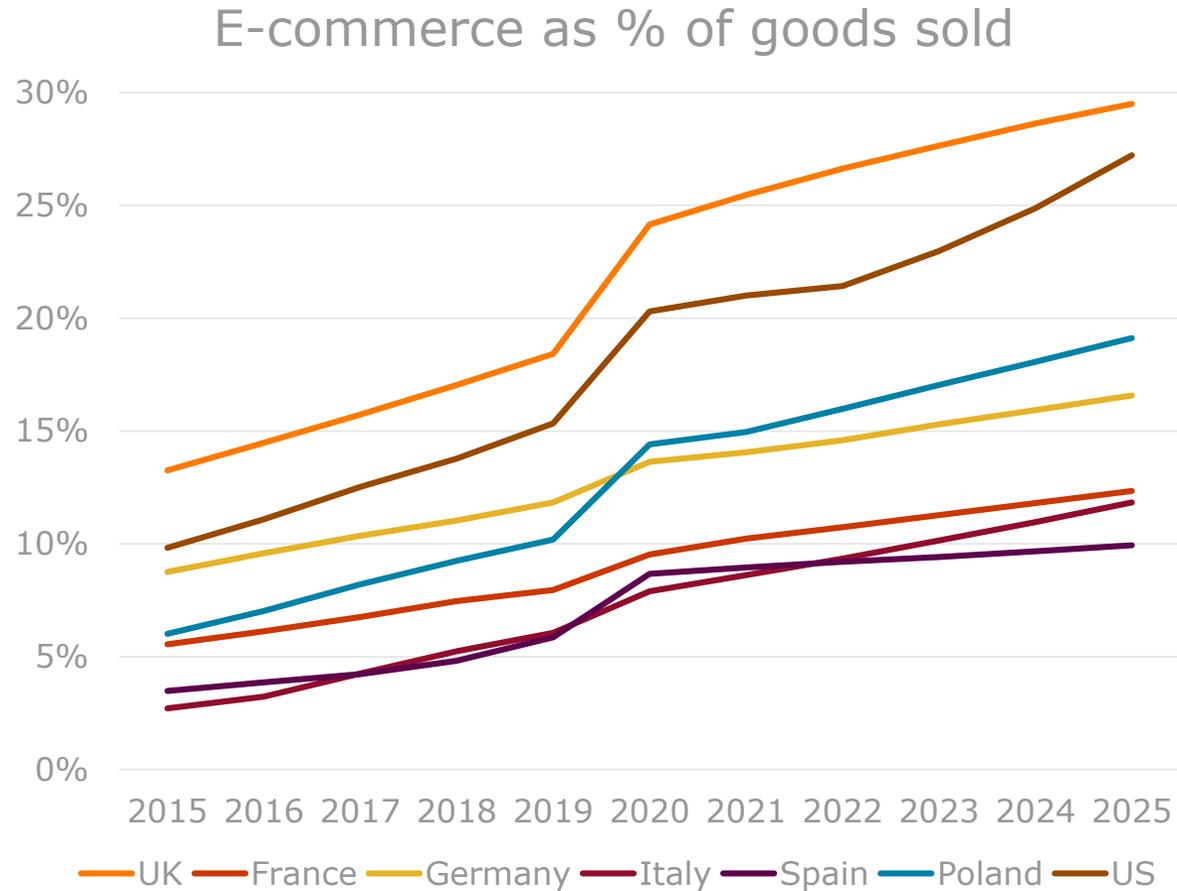
## Increase of B2B online purchases

85K new online businesses in the UK

Online B2B purchases +24%

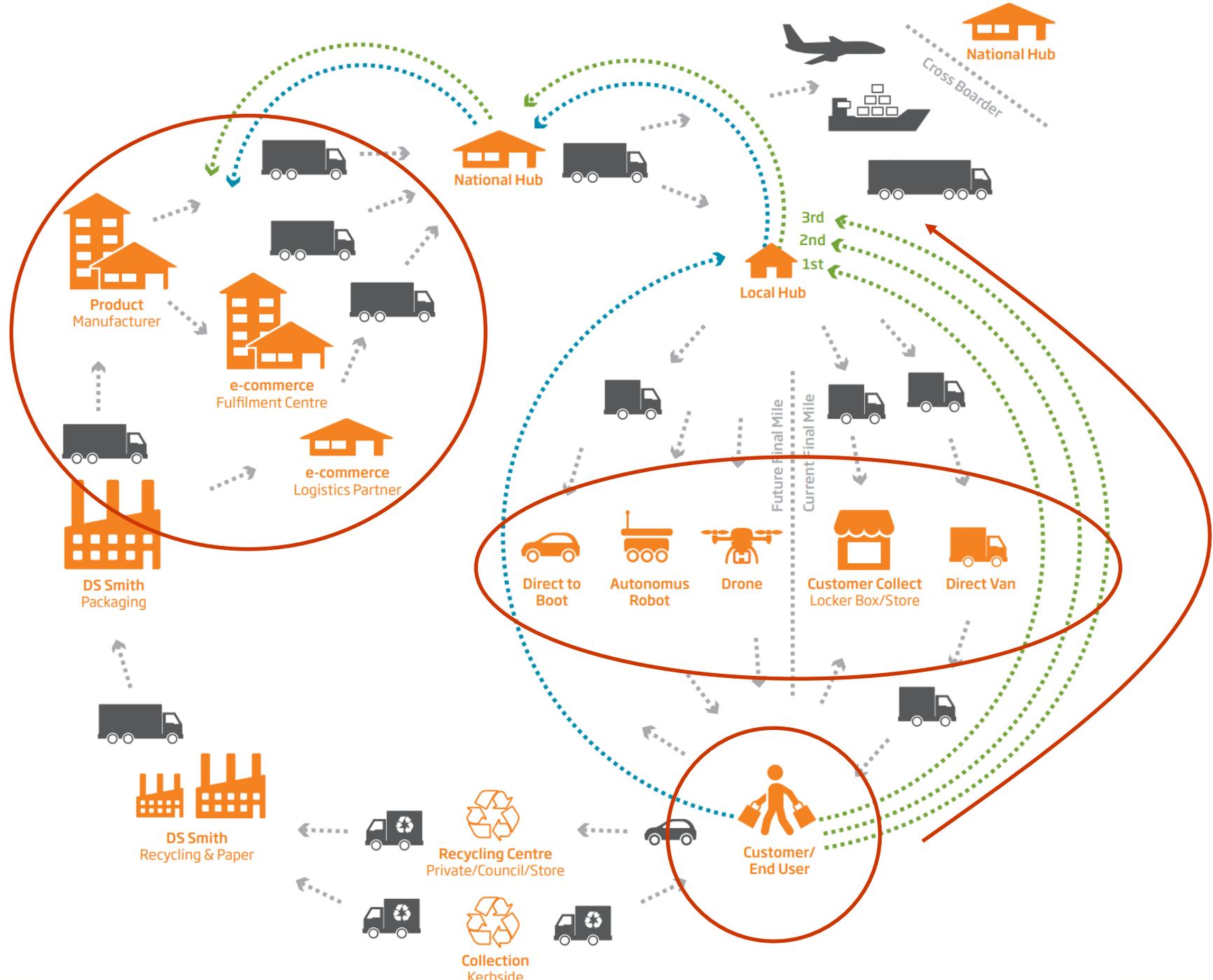


# E-Commerce growth set to stay



- E-comm expected to account for 17% of goods sold in Europe by 2025
- EU e-comm forecasted to grow by +57.5% by 2025 vs 2020

*"Post COVID-19, the pace of digitization continues to accelerate and the **shift from offline to online**, in particular for individual shopping, is becoming a habit for consumers" – Jefferies consumer research*

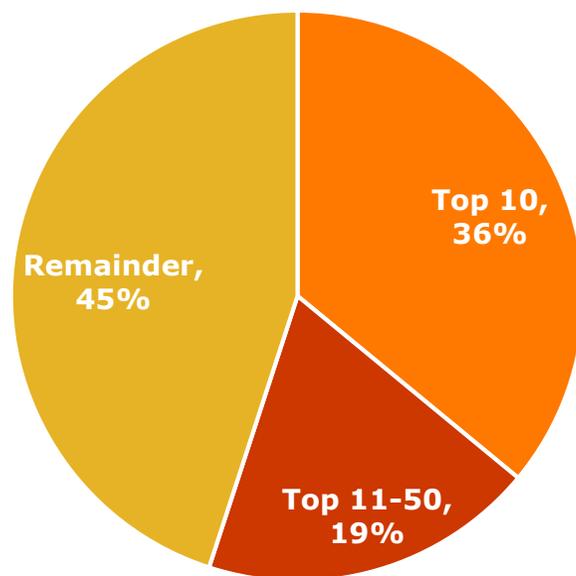


# Understanding different customer types key to value-add

## ➤ Size of e-comm business & the e-comm **Maturity**

- SMEs, Big FMCG actors, Pure Players etc.

Sales by size of E-Commerce retailer - Europe

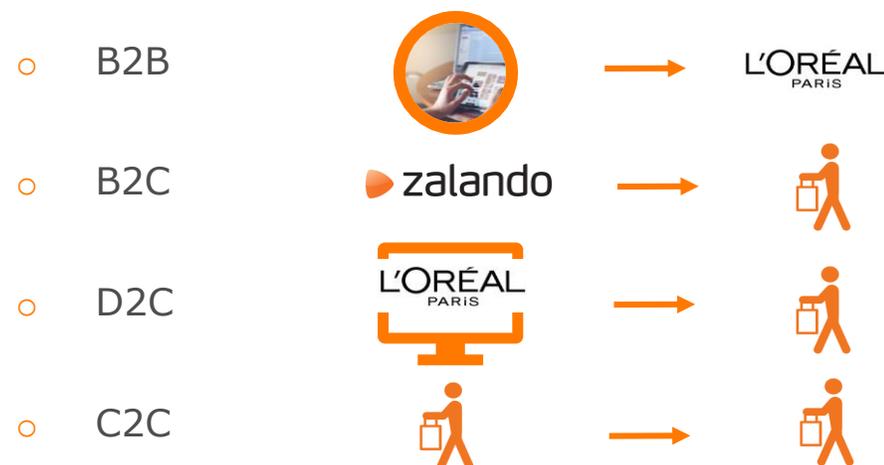


Sources: Euromonitor

## ➤ Customer types:

- E-tailers
- Retailers
- Brand owners
- Logistic partners

## ➤ Channels used to deliver products to the end users:



# Substantial value-add opportunity

The complex e-comm environment requires elaborated solutions:

- Delivering **Customer Experience**: Brand Equity, Personalization
- Supporting **Sustainability**: Air reduction, Recyclability, Reuse, Less material, Traceability
- Improving **Logistic efficiencies**: Right-size packaging, Range optimisation, Security, Protection, Tracking
- **Services** offering **Convenience** (E.g.: Platform/Marketplace)



More Sales



Lower Cost



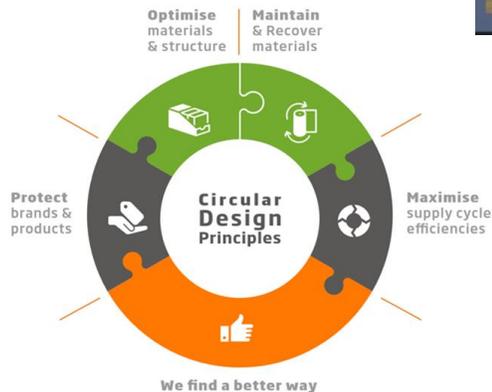
Risk Managed



# The packaging partner of choice for all parts of the market



- Pan-European scale
- 10+ years of **expertise** and **innovation**:
  - 700 designers
  - More than a thousand E-Commerce tailored designs
  - Virtual collaboration
- E-comm specific solutions:
  - Supply chain **value-added tools** (e.g. DISCS, Parcelive)
  - New Scalable **digital platform**
- Circular economy design principles



# Delivering solutions for brands to connect with consumers at scale

## Their main challenges:

- Sustainability
- Brand consistency and scale
- Operational efficiency
- Customer Experience



## What we deliver:

- Design for sustainability
- Range optimization
- Automation
- Design premiumisation

# Driving the sustainable growth agenda for e-tailers

We **partner** with Zalando, the leading fashion online pure player, to **redesign** their core range, using **circular design principles**

## What we deliver:

-  CO<sub>2</sub> Reduction:
  - 200 lorries off the road
-  Plastic substitution:
  - 8 Tonnes per year
-  Premiumisation of their range (Zalando Lounge)



*"The relationship with our supplier DS Smith started in their Berlin factory and today DS Smith is our supplier in many European markets. They help us realise our goal by **bringing new and innovative packaging ideas** to the table which **create value** for our customers. For us, packaging takes up a great role in fostering our relationship with customers: when they receive their order, packaging is the very **first physical touchpoint** customers have with Zalando"*

**Berlin, Mr. Streiber** (Lead & Sr. Manager "Warehouse Consumables"/Team Packaging)

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# Providing additional services via digital platform

The screenshot displays the DS Smith ePack web shop platform. The header includes the DS Smith ePack logo, a search bar, and navigation links for BLOG, MY ACCOUNT, and BASKET 0. The main navigation menu lists various product categories: Cardboard Boxes, Mailers & Tubes, Coloured Boxes, Protective Packaging, Wrapping & Voidfill, Tapes & Dispensers, Postal Bags, Shipping Labels, and Bespoke Boxes. The current page is titled 'CARDBOARD BOXES' and features a list of benefits: protecting items, providing a positive unboxing experience, and reducing costs. A 'FREQUENTLY ASKED QUESTIONS' section provides links to guides on choosing the right box for various sizes, weights, fragile items, and high-value items. A form allows users to specify 'Internal Box Size (mm)' with fields for Length, Width, and Height, and 'Royal Mail Size' with radio buttons for Large Letter, Small Parcel, and Medium Parcel. A 'FIND OUR BEST BOXES' button is prominently displayed. Below the form, there are filters for product weight (Light, Medium, Heavy duty) and a promotional message: 'We're UK's favourite cardboard manufacturer and recycler. Here are 8 reasons companies love us.' The bottom of the page shows a grid of product images.

## Managing complexity

Enabling fragmented deliveries

Multiple smaller deliveries to our customer's stores or employees

## Supporting SMEs' different routes to market

Direct to consumer through webshop or e-tailer market place

## Developing Partnership opportunities

Supporting logistics/ mailing companies with branded packaging ranges bought through their webshop

# Key take-aways

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- Covid-19 has accelerated the growth of e-commerce and it is set to keep on growing
- DS Smith has the strategy and tools to capitalise on this growth
- Unique opportunity to add value to packaging, reducing complexity & connecting consumers to brands
- Digital platform positions us well to drive new business opportunities



Conclusion



## Strong platform for growth

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- Centre of three principal global trends
- Business model fully fibre-focused
- Well-invested asset base and digital platforms to deliver for all customers
- Key differentiators
  - scale
  - distribution
  - innovation
  - customer focus
  - sustainability
- Aligned with a flexible, people-driven culture

**Ideally placed for volume and  
value-added growth**



# 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®**