Full year results

2021/22

21 June 2022

DS Smith

Redefining packaging for a changing world

+5.4% vol growth	**+29%** EBITA growth
+35% EPS growth	**+24%** dividend growth
10.8% ROACE (+260bps; 12.1% in H2)	**1.6x** net debt: EBITDA

- Well positioned – developed markets, global FMCG brands
- Compelling customer offering:
  - Service and security of supply
  - Innovation
  - Sustainability
  - Investment
- Strong performance, despite significant external challenges
  - Record volume growth
  - Price increases offsetting input cost inflation
  - H2 record profitability*
- Leading sustainability performance
- Investing behind fundamental growth drivers
- Positive outlook despite ongoing challenging environment

* On a constant currency basis

Financial results

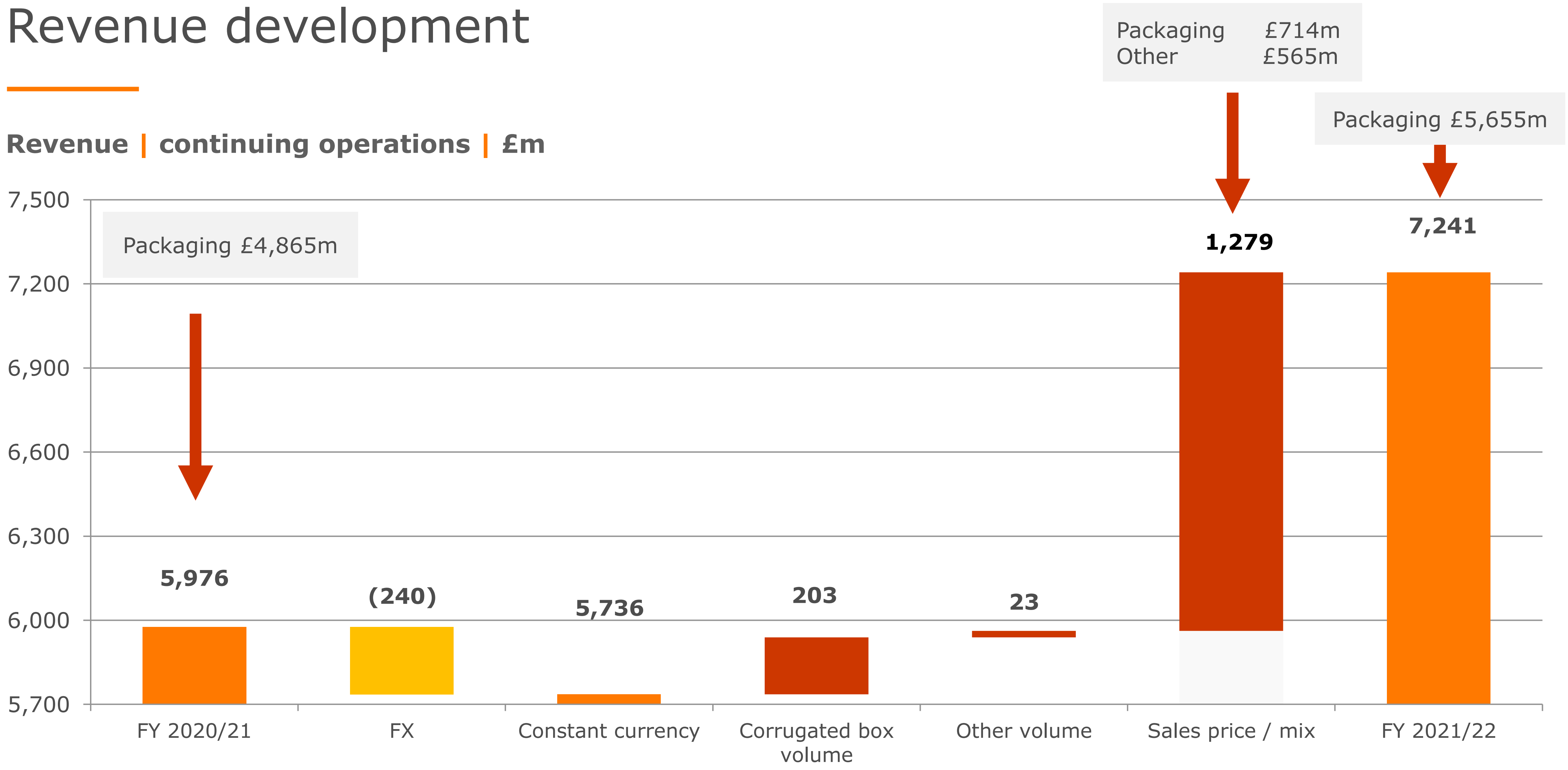
Key financial metrics

Continuing operations	FY 2021/22	FY 2020/21	**Change** reported	**Change** constant currency
Corrugated box volume	+5.4%	+3.5%	+190bps	+190bps
Revenue (£m)	7,241	5,976	+21%	+26%
Operating profit[(1)] (£m)	616	502	+23%	+29%
Return on sales[(1)]	8.5%	8.4%	+10bps	+10bps
Adjusted EPS[(1)]	30.7p	24.2p	+27%	+35%
Free cash flow (£m)	519	486	+7%	-
Dividend per share	15.0p	12.1p	+24%	-
ROACE[(1)]	10.8%	8.2%	+260bps	+260bps

(1) Before amortisation and adjusting items

Revenue development

Revenue | continuing operations | £m

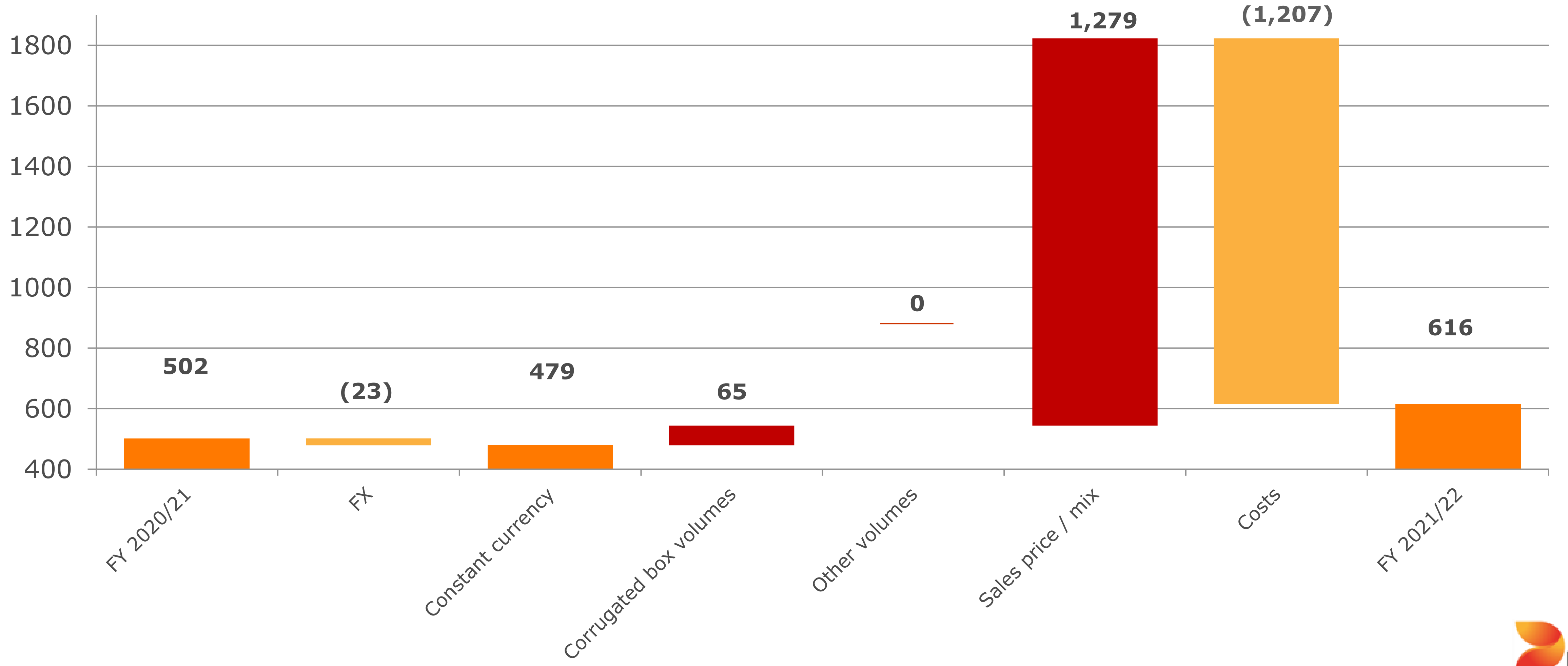


Note: Other volume includes paper, recycling and corrugated sheet
Other includes paper, recycling and external energy

Volume and pricing driving strong EBITA growth

Raw materials	£720m
Energy	£297m
Other	£190m

EBITA | continuing operations | £m



Segmental analysis

	Return on sales % FY 2021/2022	Return on sales % FY 2020/2021
Northern Europe	5.0%	5.8%
Southern Europe	11.8%	10.3%
Eastern Europe	6.5%	8.6%
North America	13.4%	11.6%
Group	8.5%	8.4%

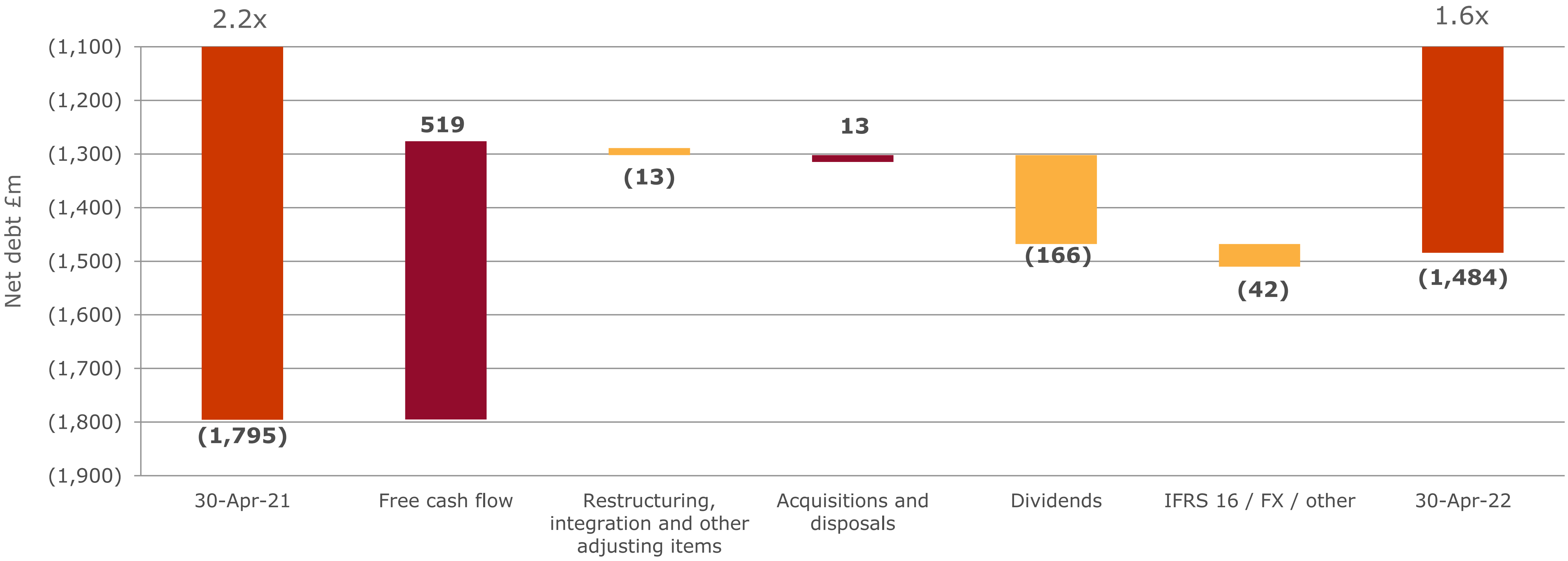
Strong cash management

Cash flow £m (continuing operations)	FY 2021/22	FY 2020/21
EBITDA	**906**	**806**
Working capital	215	**173**
Pension payments/other	(29)	**(36)**
Capex (net of proceeds)	(415)	**(323)**
Tax and interest	(158)	**(134)**
Free cash flow	**519**	**486**
FCF per share	**37.8p**	**35.4p**
Cash conversion	**142%**	**150%**

Notes: 1.Non-recourse invoice discounting as at 30/4/22: £381m (30/04/21: £395m (constant currency))
2. Working capital includes £109m benefit from derivative margin

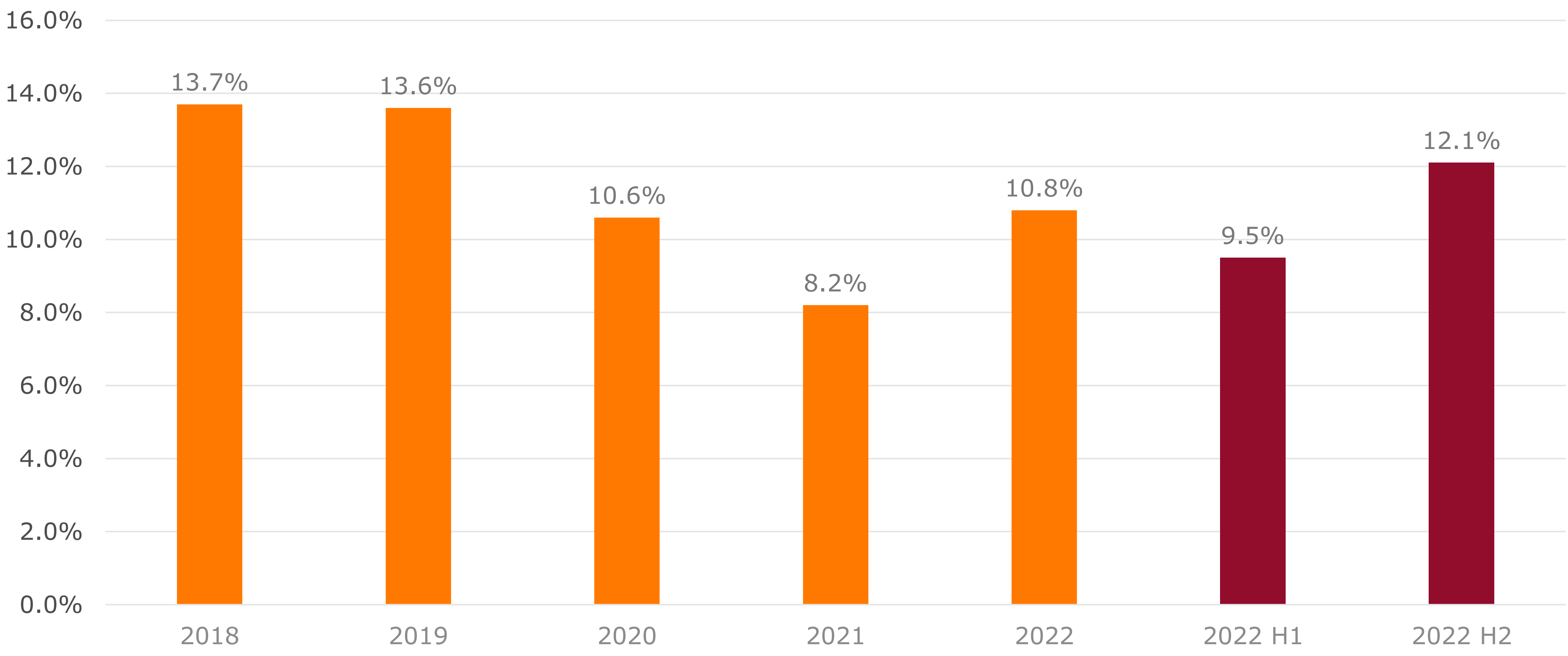
Strong operating cash flow driving net debt reduction

EBITDA | Net debt



Net debt / EBITDA given as defined by our banking covenants

Strengthened platform, ROACE momentum



Note: 2022 H1 and 2022 H2 ROACE calculated for the 6 month 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: £135 million
- Energy currently >80% hedged for FY23
- Tax rate: 25%
- Interest incl. pension: c. £68 million (of which £2 million is pension charge)
- Pension deficit reduction cash contribution: £20 million
- Working capital; reversal of £109m hedging derivative margin benefit
- Interstate put c.£100m
- No adjusting / exceptional items
- FX: 1% move in GBP = approximately £7 million EBITA

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FY21/22

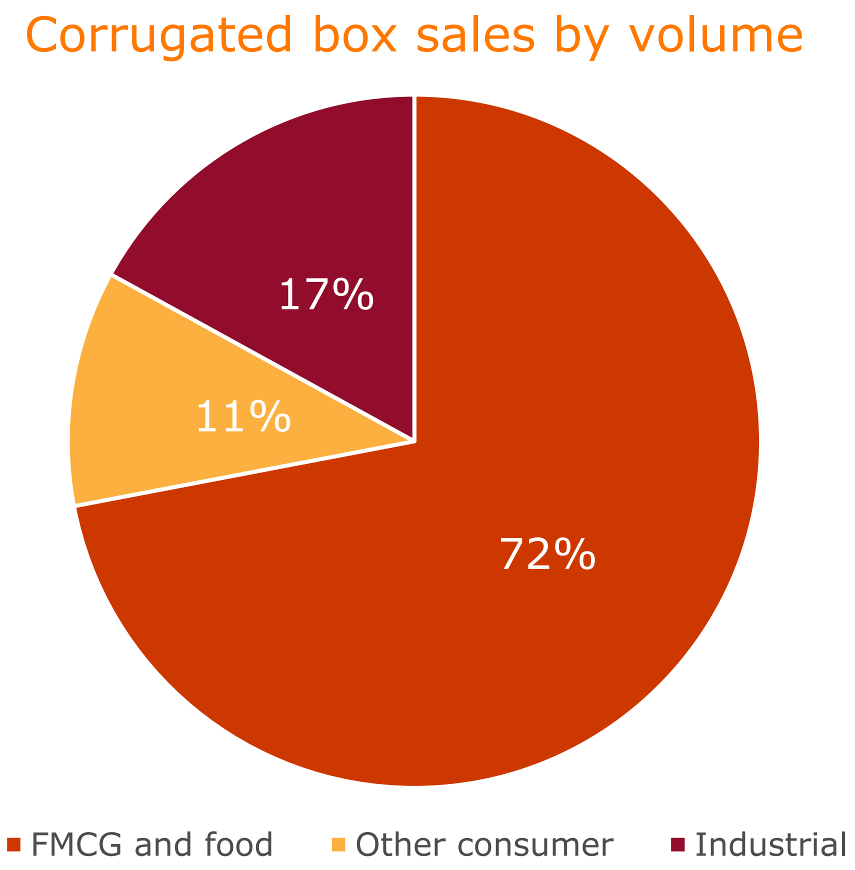
Delivering for all stakeholders to drive shareholder value

On-going growth opportunities

- Dynamic market place in challenging environment
- FMCG sector growth supported by:
  - Plastic replacement supported by changing legislation
  - E-commerce remains underpenetrated in many markets – e.g. Italy, Spain, France* at 9%-11%
  - Changing retail formats – hard discounter segment growing most strongly
  - Changing demographics and shopping frequency
- Industrials expected to be softer in short term

*Source: Euromonitor

Winning with customers



- Loyal and developing customer base
  - Average 10 year volume growth >2.5% p.a.
  - Long term relationships – average 19 years
  - Consistent market share growth
- Customer drivers
  - Increased sustainability focus
    - 313m units of plastic replaced since 2020
  - Scale and security of supply
  - Consolidation of suppliers
  - Continued US momentum
- Continued volume growth
  - Currently expect FY23 lfl growth 2-4% (H2 weighted reflecting comparatives)

Confidence in navigating an inflationary environment

Managing cost inflation

Global procurement and centralised paper sourcing

Long term strategic paper supplier relationships ensuring security of supply

Consistent 3 year rolling energy hedging policy

Ongoing opportunities to improve productivity and "Performance Packaging"

Pricing

Long term successful pricing driven by "value add" to customers

c.50% of packaging contracts indexed

FY22 cumulative 20%+ price increase, Q4 highest increase Q/Q

FY23 further indexation and annualisation of increases achieved

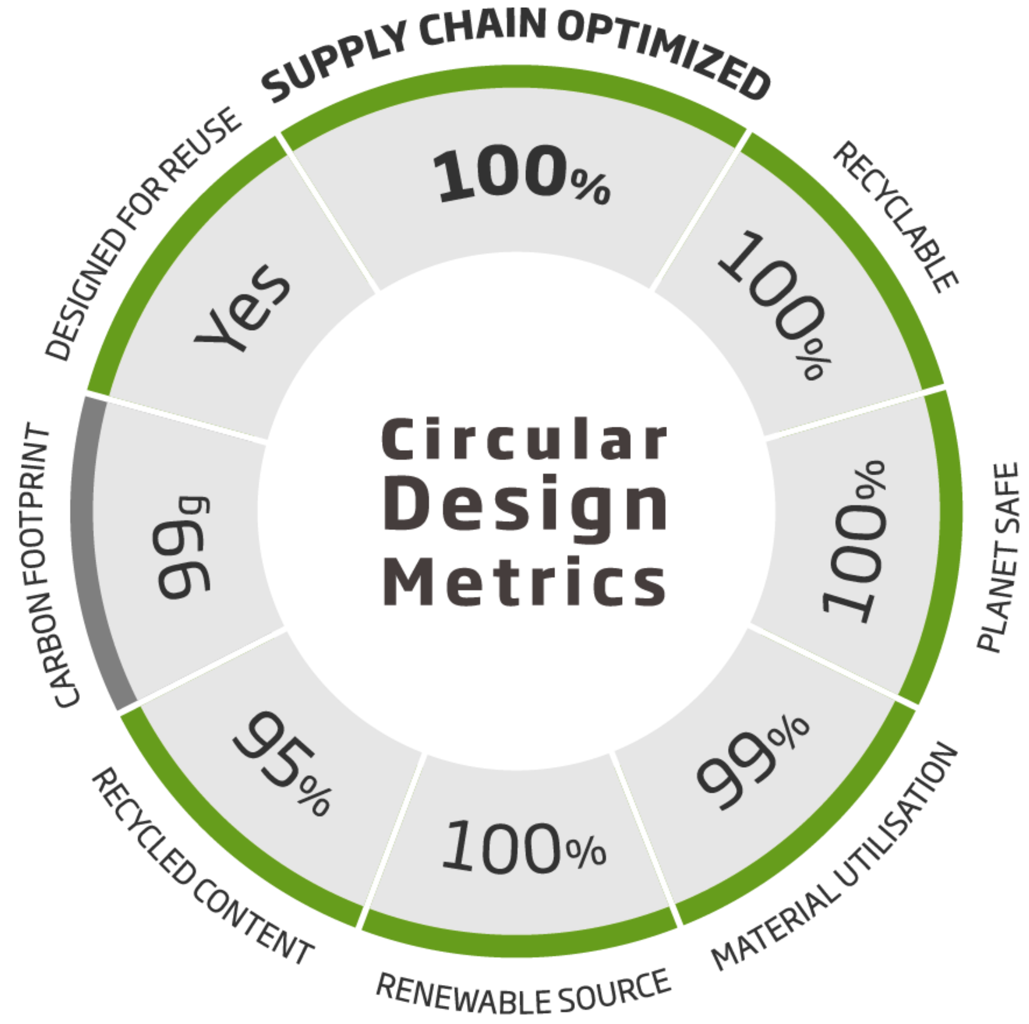
Leading in sustainability
Delivering on Climate Change

- Industry leading CO_2 reduction targets
  - 5%* reduction in FY22
  - 29%* reduction achieved since 2015
  - Commitment to:
    - 46% absolute reduction by 2030 vs 2019
    - Net Zero carbon emissions by 2050
- 5% reduction in water abstraction
- 100 biodiversity projects
- Improvement in rating by key external agencies

* Per tonne of production

Circular Economy driving growth

- Strategic partner - Ellen MacArthur Foundation
  - 700 designers trained
- Circular Design Metrics
  - 2,000 projects in year 1
- Acceleration in plastic replacement
  - 313 million since 2020
- Achieved 100% packaging recyclability target



Our people, our communities

Continuing to invest in our people

- Commitment to training and development
- Support through COVID
- Record health and safety performance
- Continued and constructive EWC engagement
- Long service with stable average tenure of 10 years

Increasing engagement with our communities

- All sites engaged in community projects
- Additional support for Ukrainian hardship relief

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Investment driving growth and returns

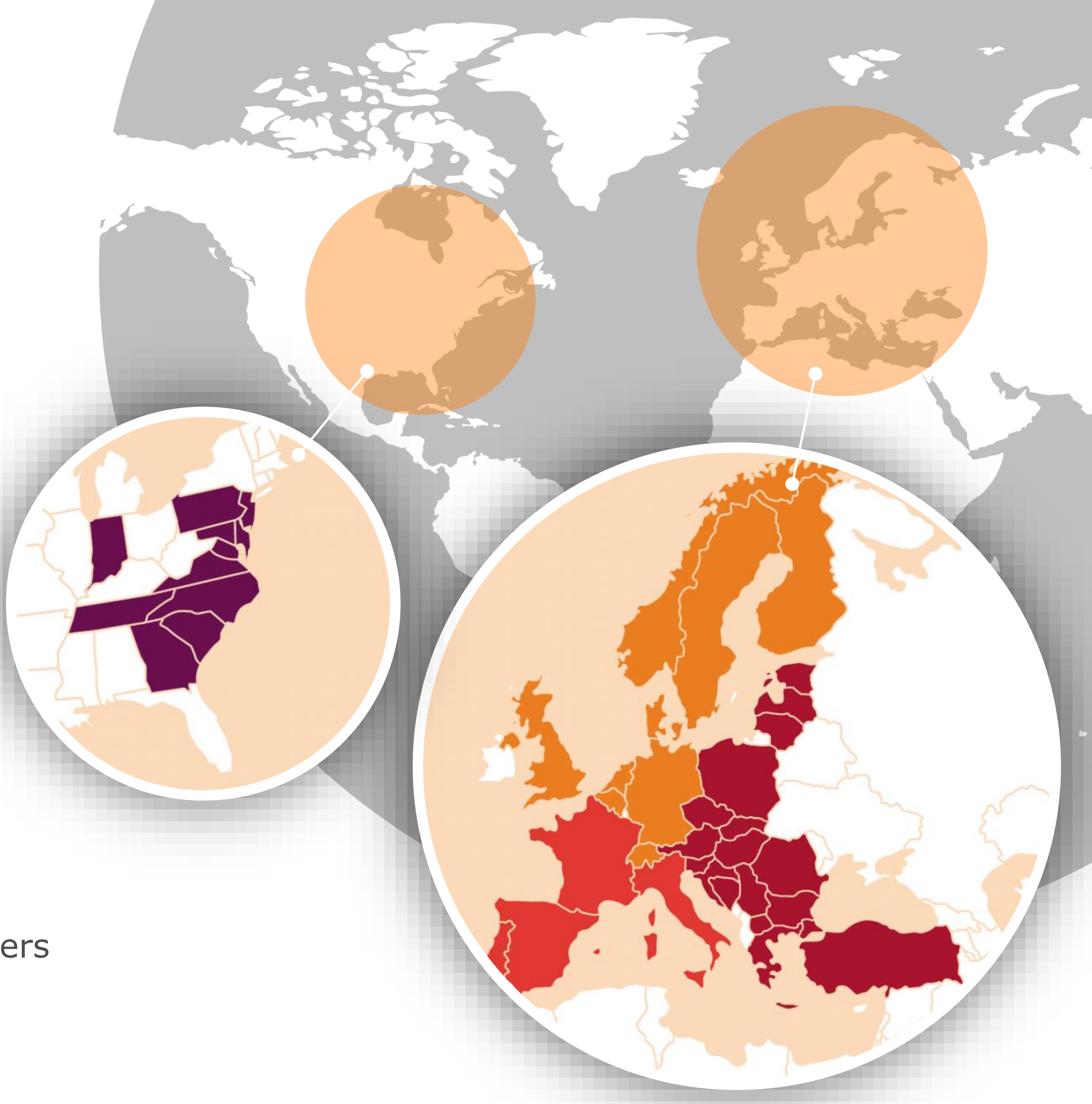
Strong platform for growth

Europe

- Comprehensive pan-European coverage
  - >230 packaging sites and 45 customer impact/ packright centres
- Europac driving growth and margin development
  - Key strategic paper assets and Iberian packaging capacity
  - Return on capital of 12% in FY22

US operations growing strongly

- Highest volume growth and margin region
- Continued good progress with global customers
- Good Lebanon development, tightness in labour market easing
- Expect continued momentum



Customer led investment

NEW

greenfield sites in Italy and Poland

80%

pre-sold capacity will be implemented by end of year 2

15%-20%

Expected return on capital in year 3

Investing for on-going customer led growth

Investing in products and services

New product and service innovation

Helping our customers drive their sustainability agenda

Investing in our capacity and capability

Existing packaging plants

Efficiency gains through enhanced technology

On-going investment in aligning paper to customer needs

Investing for the environment

Reducing our carbon footprint

Asset replacement programme

Driving efficiency gains

Expected return on capital 15% - 20%

Building momentum

Positive outlook for FY23 despite challenging market conditions

- Building on momentum into FY23
- Positive start to the year
- Continued volume growth
  - Current expectation 2-4% in FY23
- Continued price recovery and cost management offsetting inflationary costs
- Increasing RoS and ROACE
- Confidence in FY23 outlook

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

Thank You

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

The Power of Less®

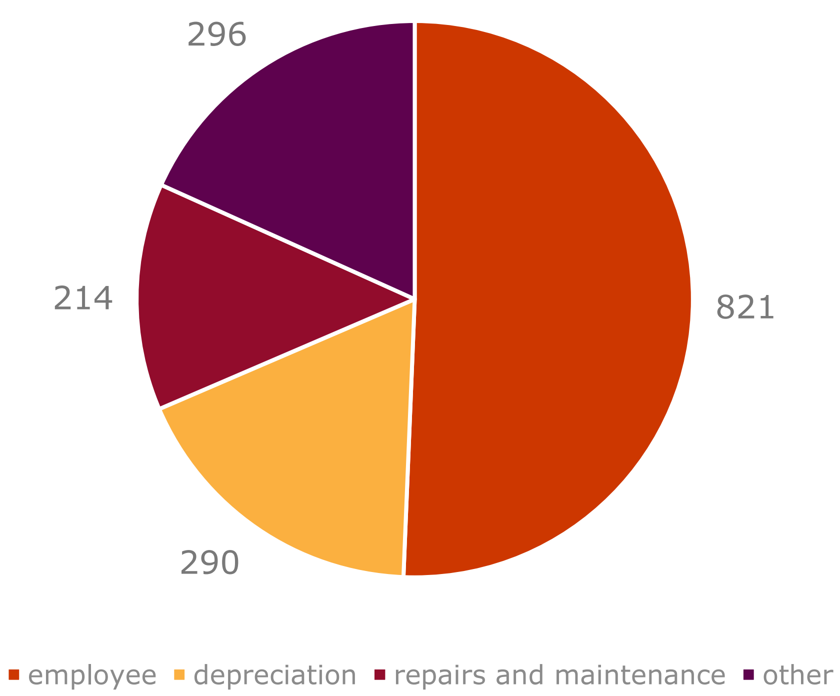
Appendix

Foreign exchange exposure

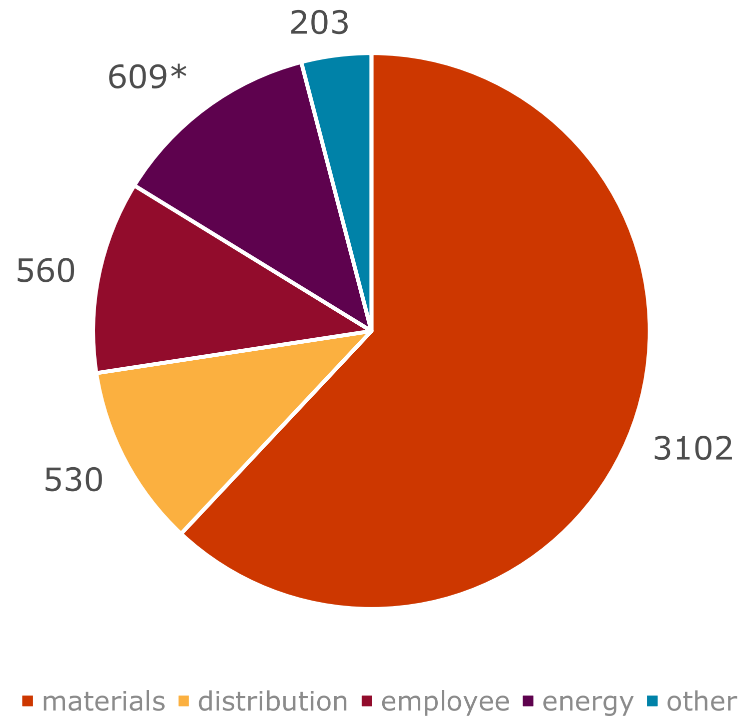
2020/21	Revenue (%)	EBITA (%)	Average rate FY 2020/21	Average rate H1 2021/22	Average rate FY 2021/22	Closing rate 30 April 2022
GBP	14.9	1.9				
EUR	60.5	71.4	1.122	1.169	1.179	1.192
PLN	3.0	0.8	5.051	5.322	5.415	5.575
SEK	2.5	3.6	11.547	11.863	12.088	12.270
DKK	2.1	0.2	8.353	8.692	8.772	8.869
USD	8.4	11.4	1.320	1.386	1.359	1.256
Other	8.6	10.4				

Cost analysis 2021/22

Fixed costs
Total £1,621m



Variable costs
Total £5,004m

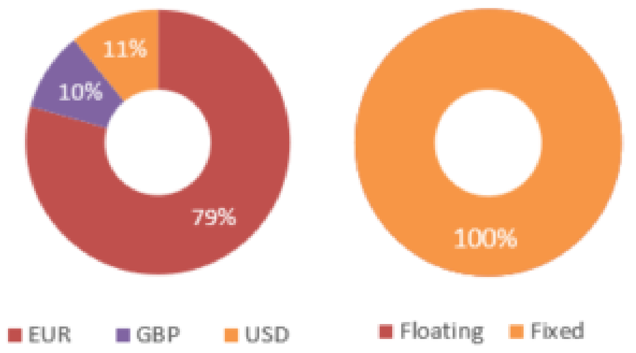


* Net energy cost, after external energy revenue is £392 million

Debt analysis

Net Debt (excl. IFRS16)	£1,283m
Net Debt / EBITDA*	1.6x
EBITDA / Net Interest*	14.6x

* As defined in the Group's banking agreements.



As at 30 April 2022, the weighted average remaining life of the Group's committed borrowing was 3.04 years Debt shown net of swaps and fees

Performance – leading progress in ESG