



Half year results to 31 October 2013

5 December 2013

A decorative graphic element at the bottom of the slide, consisting of a large, irregular shape with a gradient from red to orange to yellow, and a grey section on the left side.

The Power of Less[®]

Introduction

01

- **Delivering a strong and sustainable performance**
- **Organic growth by focusing on delighting our customers**
 - Corrugated box volumes +2.2%, ahead of GDP+1%
 - Market share growth
 - Growing strongly in focus areas
- **Another financial period of delivery**
 - Top line growth and momentum
 - Cost synergies delivered
 - Cash and capital discipline
 - EPS and DPS up strongly
- **Outlook**
 - Recovering paper price rises
 - Market conditions remain challenging
 - Expect further good progress



Financial review

02

Metric	Medium-term target	H1 2013/14 ⁽⁶⁾	Progress
Volume growth ⁽¹⁾	GDP ⁽²⁾ + 1% = 1.3%	2.2%	✓ Continued growth ahead of market
Return on sales ⁽³⁾	7% - 9%	7.7%	✓ Synergy delivery and volume growth
ROACE ⁽³⁾	12% - 15%	12.1%	✓ Within range
Cash conversion ⁽⁴⁾	>120%	139%	✓ Strong cash generation
Net debt / EBITDA ⁽⁵⁾	≤2.0x	1.9x	✓ Further debt reduction

(1) Corrugated box volumes, adjusted for working days

(2) GDP growth (year-on-year) for the countries in which DS Smith operates, weighted by our sales by country for the period March – Sept 2013 = 0.3%. Source: Eurostat (14 Nov 2013)

(3) Calculated on operating profit before amortisation and exceptional items

(4) Free cash flow before tax, net interest, growth capital expenditure and pension deficit reduction payments as a percentage of earnings before interest, tax, amortisation and exceptional items

(5) EBITDA on an annualised basis, as defined by the Group's banking covenants

(6) Volumes and return on sales given for 6 months to 31 October 2013. ROACE, cash conversion and net debt / EBITDA given for the 12 months to 31 October 2013.

Financial highlights

Continuing operations (£m)	H1 2013/14	H1 2012/13 ⁽¹⁾	Change
Revenue	2,081.0	1,671.8	24.5%
Operating profit ⁽²⁾	160.2	122.3	31.0%
Return on sales	7.7%	7.3%	40bps
Profit before tax ⁽²⁾	134.9	103.9	29.8%
Adjusted EPS	11.2p	8.6p	30.2%
Dividend per share	3.2p	2.5p	28.0%
Asset turnover ⁽³⁾	1.7x	1.6x ⁽⁴⁾	0.1x
Return on average capital employed	12.1%	11.8% ⁽⁴⁾	30bps

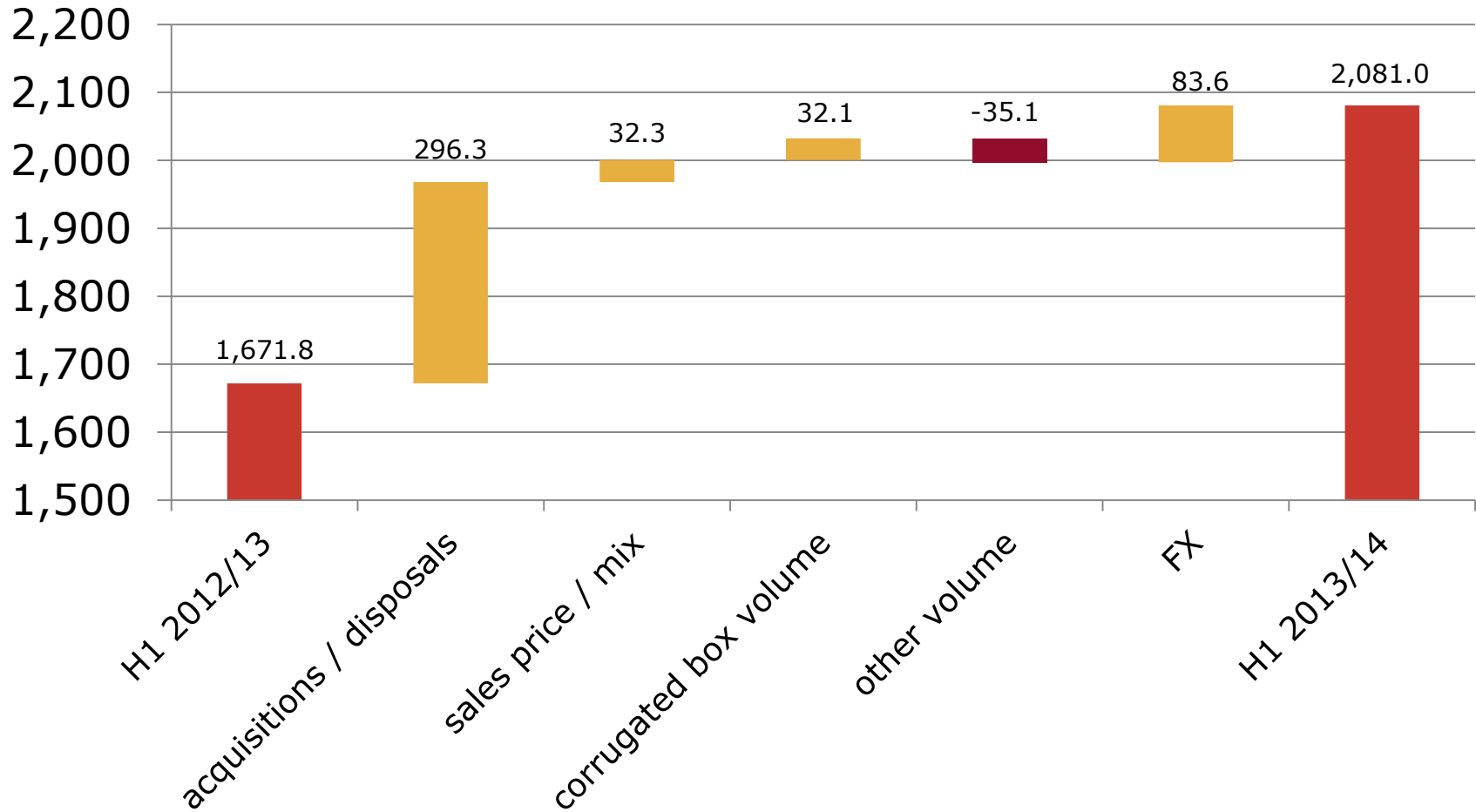
(1) Restated for IAS 19 adjustment

(2) Before amortisation, exceptional items and share of associates

(3) Revenue divided by average capital employed for the year

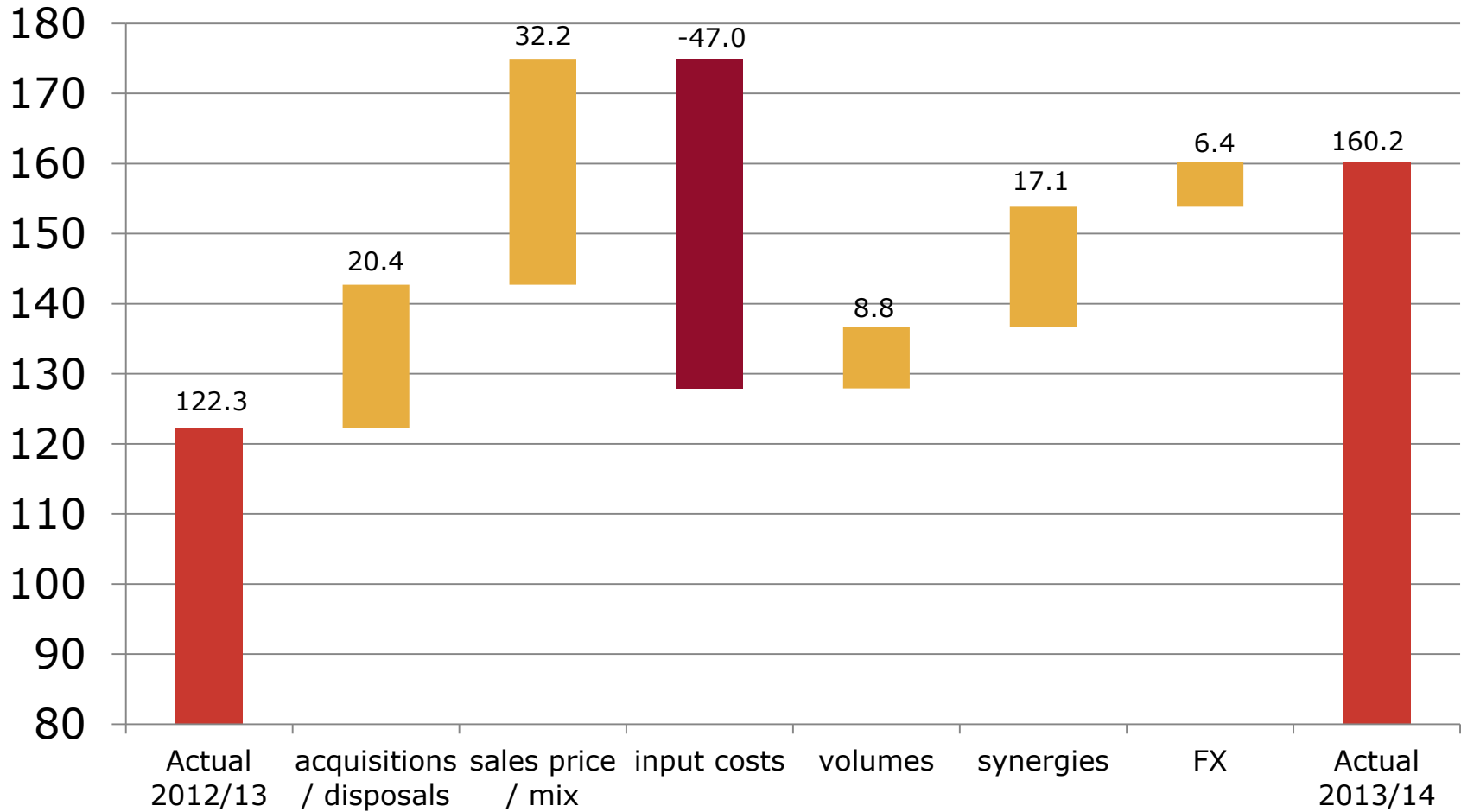
(4) Presented on a pro-forma basis

Revenue bridge (£m)



Note: Other volume includes selectively exited business in paper and corrugated sheet

Operating profit bridge (£m)



Divisional performance

Return on sales	H1 2013/14	H1 2012/13 ⁽¹⁾
UK	5.8%	5.2%
Western Europe	8.5%	8.4%
DACH & Northern Europe	8.5%	7.9%
Central Europe & Italy	7.8%	7.7%
Plastics	8.2%	9.0%

- UK positive and Western Europe broadly flat corrugated box volumes, while DACH & Northern Europe/Central Europe & Italy have grown strongly
- Short term squeeze on packaging businesses while divisions with paper manufacturing benefiting
- Plastics – good performance from European Rigid Plastic business. Liquid Packaging and Dispensing (LP&D) business impacted by a re-organisation of European manufacturing base

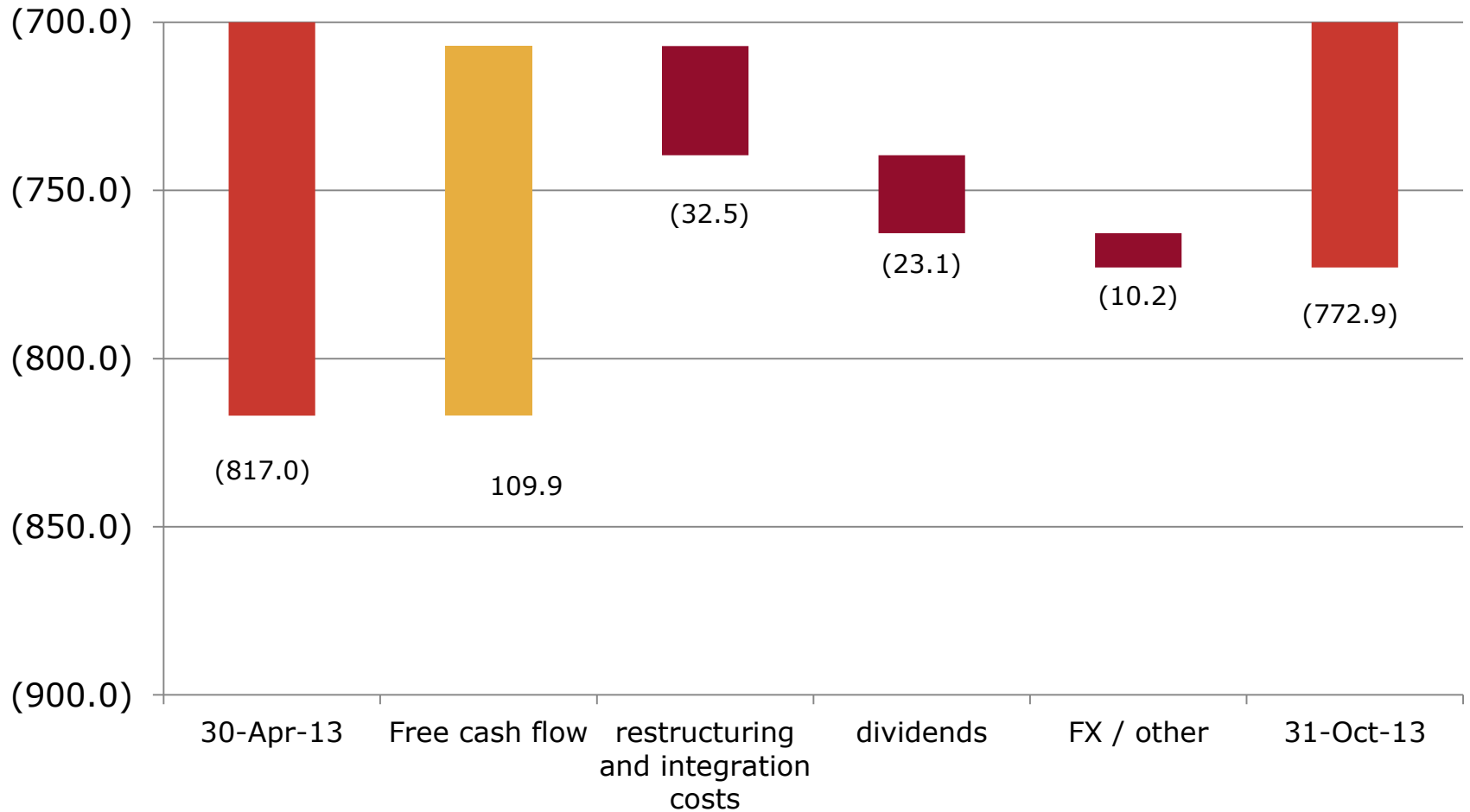
(1) Restated for IAS 19 adjustment

Free cash flow

£m	H1 2013/14	H1 2012/13
EBITDA	221.2	175.6
Working capital	6.8	79.7
Pension payments/other	(11.8)	(3.0)
Capex (net of proceeds)	(55.5)	(65.4)
Tax and interest	(50.8)	(35.1)
Free cash flow	109.9	151.8
FCF per share	11.8p	16.5p

	H1 2013/14	FY 2012/13	H1 2012/13
Average monthly working capital/sales	3.6%	4.5%	5.0%
Inventory days	22.7	23.7	23.2

Net debt bridge



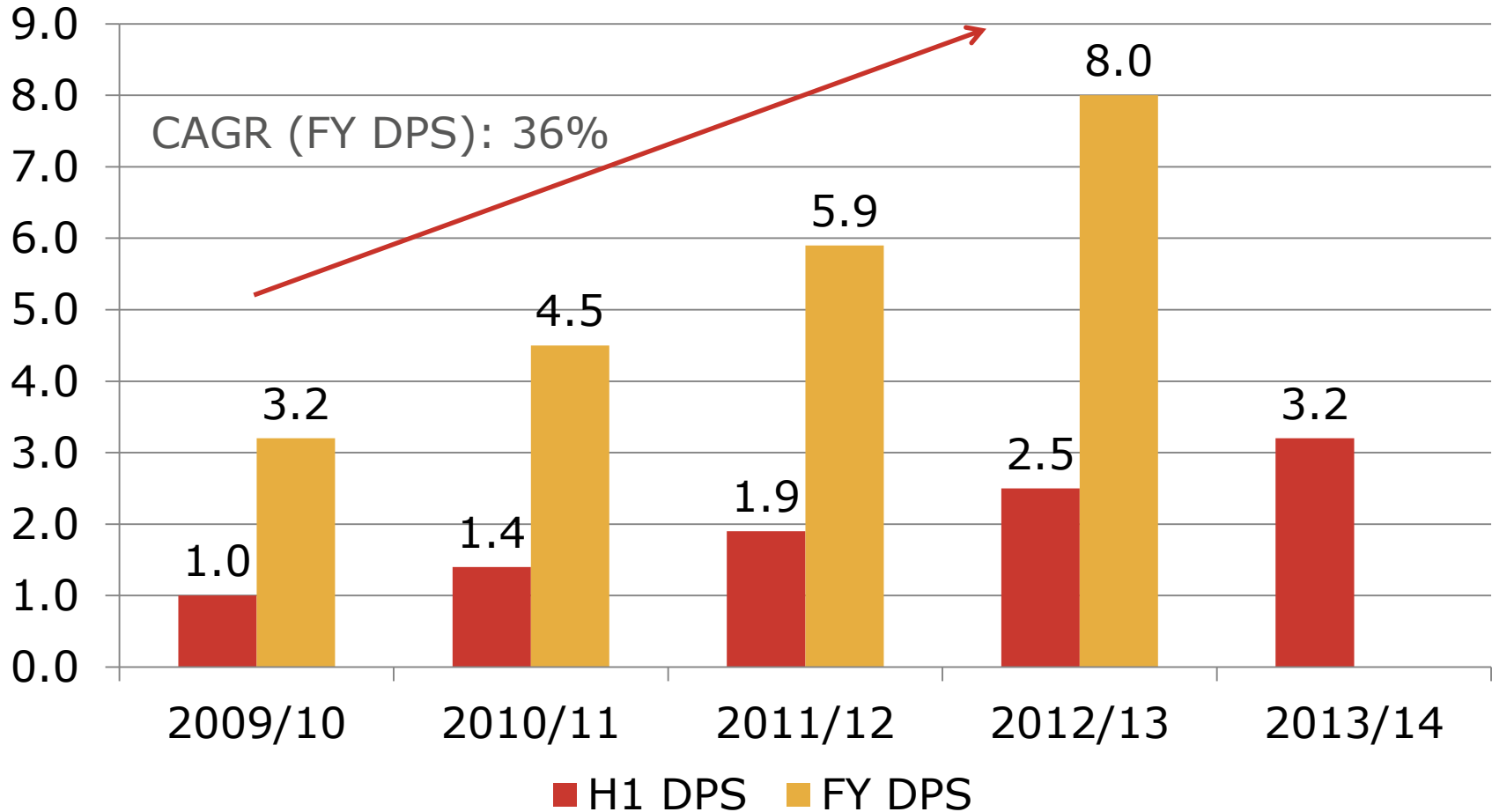
For the financial year 2013/14:

- Net capex c. £160m
- Depreciation c. £130m
- Tax rate c. 23%
- Amortisation charge c. £50m
- Total finance expense pro rata with the reported H1 figure
- IAS 19 Pension interest charge £8m



Delivering sustainable shareholder returns

Pence per share



“We are pleased with Group trading in the year to date. We continue to expect further good progress over the remainder of the year, despite ongoing challenging market conditions, and the Board views the future with confidence.”

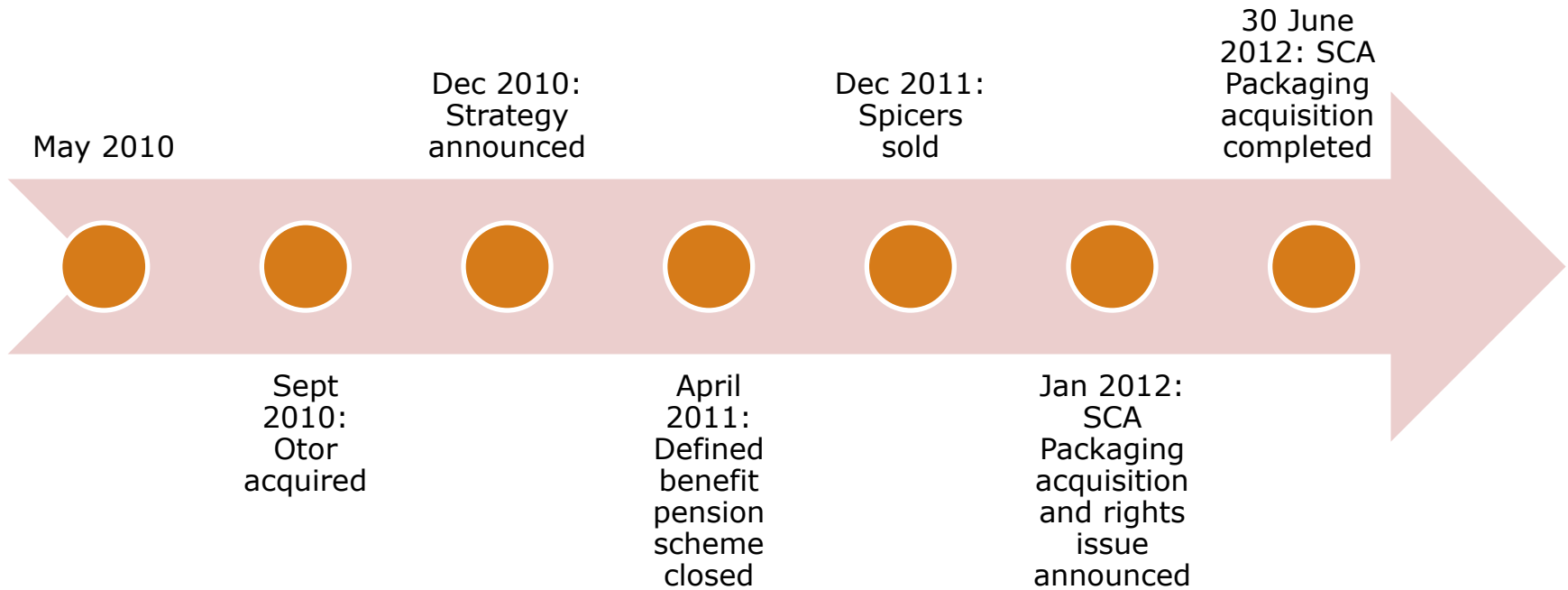
- **Sustainable business model**
- **Capital discipline**
- **Appropriate financial resources for growth**
- **Operating efficiency**



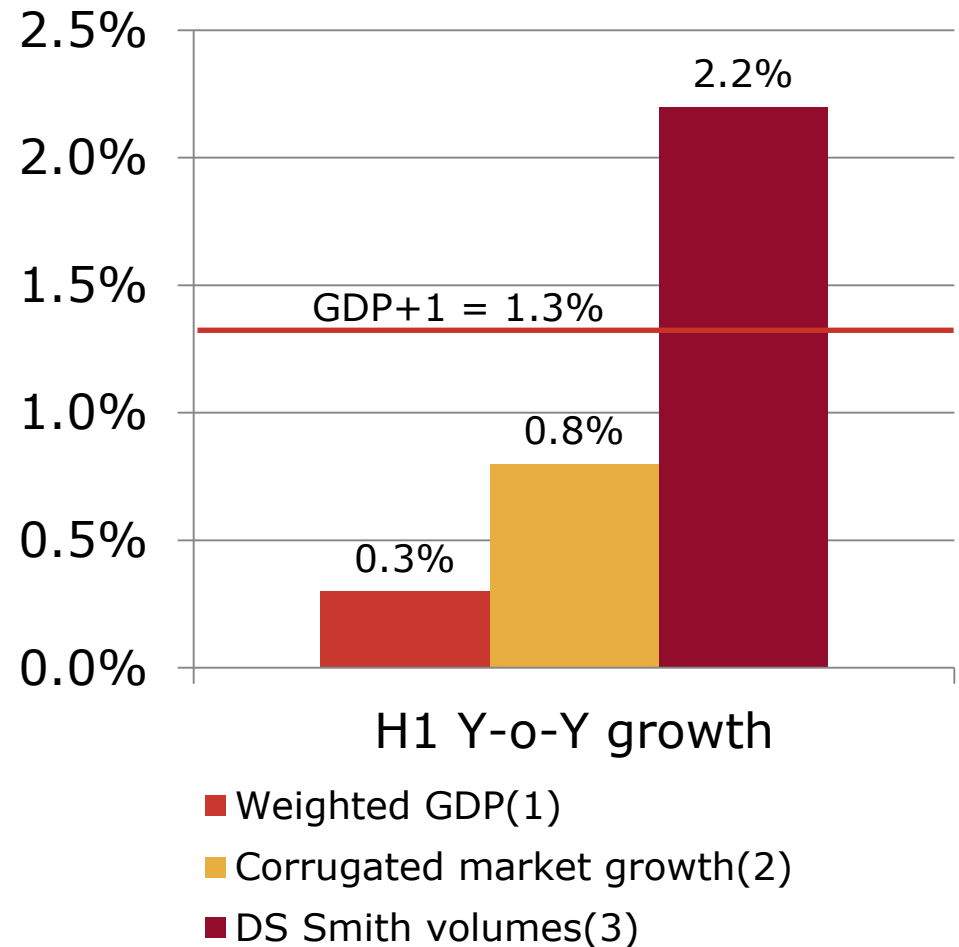
Delivering our strategy

03

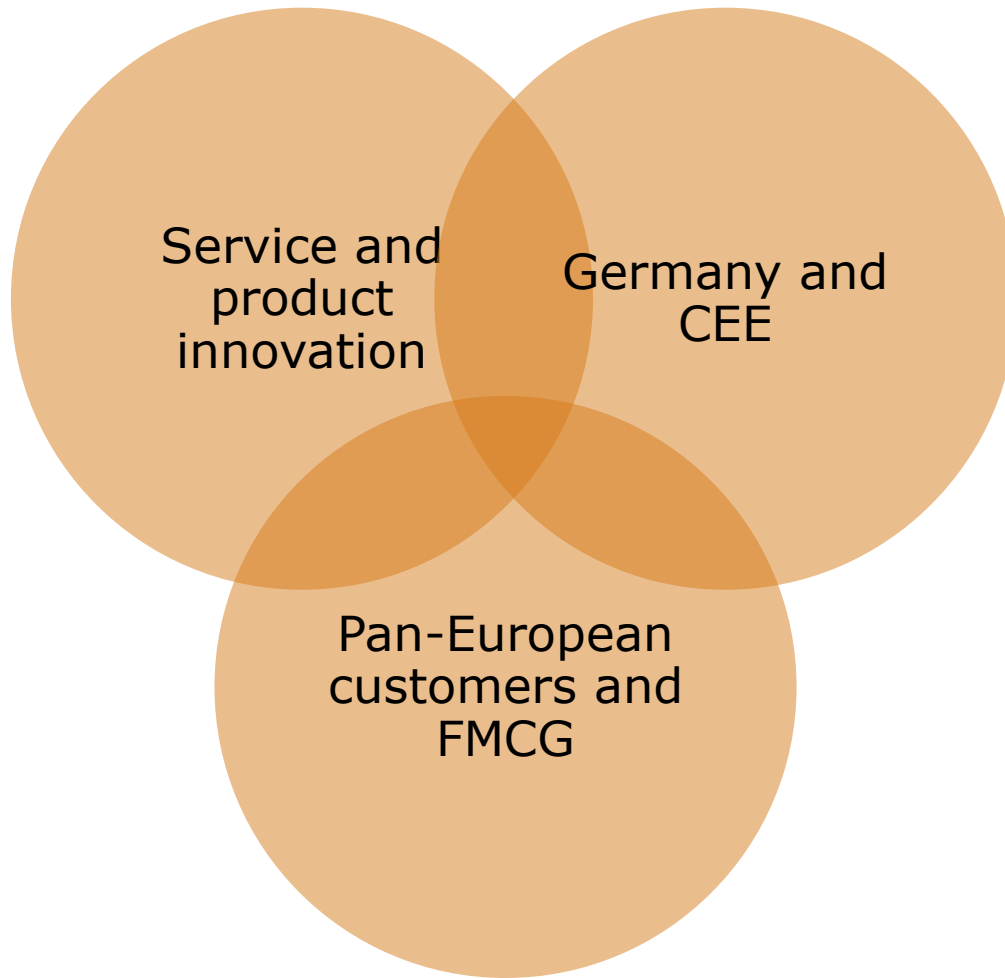
Our journey so far



- Volume growth ahead of GDP+1%
- Particular strength in Germany and Eastern Europe
 - **Winning with new and existing customers**
- UK and Italy – continued share gains
- Western Europe – maintaining our strong market position in resilient FMCG sector



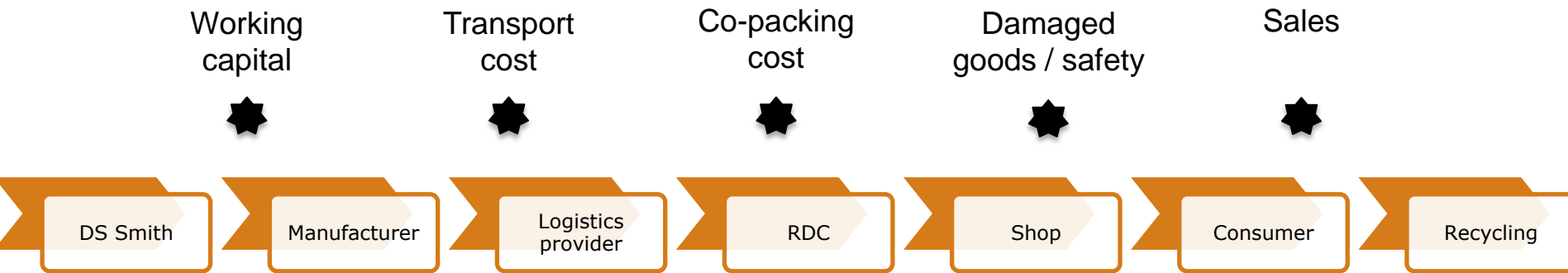
- (1) GDP from Eurostat (14 Nov 2013) average calendar Q2 + Q3
(2) FEFCO YTD growth from April to Sept 2013, adjusted for working days
(3) DS Smith corrugated box volumes, adjusted for working days



More than the box

“Packaging is essential to **reducing food waste**” **Nestlé**⁽¹⁾

“**Good packaging** design... **helps consumers** use products efficiently.” **Unilever**⁽²⁾



“Danone's ongoing concern has always been to reduce the environmental impact of its packaging by integrating a **holistic view of the upstream and downstream aspects of its processes**” **Danone**⁽³⁾

(1) www.nestle.com/csv/environmental-sustainability/packaging

(2) www.unilever.com/sustainable-living/wasteandpackaging/ourwasteandpackagingstrategy

(3) www.danone.com/en/axes-strategiques/packaging.html

Our customers want recycled packaging



Nestlé packaging policy:

- Optimise weight and volume of materials
- Lead the development and use of materials from sustainably-managed renewable resources considering packaging and product performance requirements
- Support initiatives to recycle or recover energy from used packaging, and
- Use recycled materials where there is an environmental benefit and it is appropriate.

Source: www.nestle.com/csv/environmental-sustainability/packaging



#1 supplier of corrugated packaging to Nestlé
(criteria: innovation, technical capability, relationship, performance and sustainability)

- Shift from Kraftliner to testliner
 - Using 126kt less kraft than a year ago
- Developing our network of design and Impact & Innovation centres
 - Design centres – from 15 to 30 by 2015
 - Impact and Innovation centres – from 3 to 10 by 2015
- Scalable innovation
 - R-Flute® roll-out – now in UK, Germany, Austria, France, Italy, Hungary, Poland, Belgium, Denmark, Netherlands, and Sweden
- Strong R&D commitment

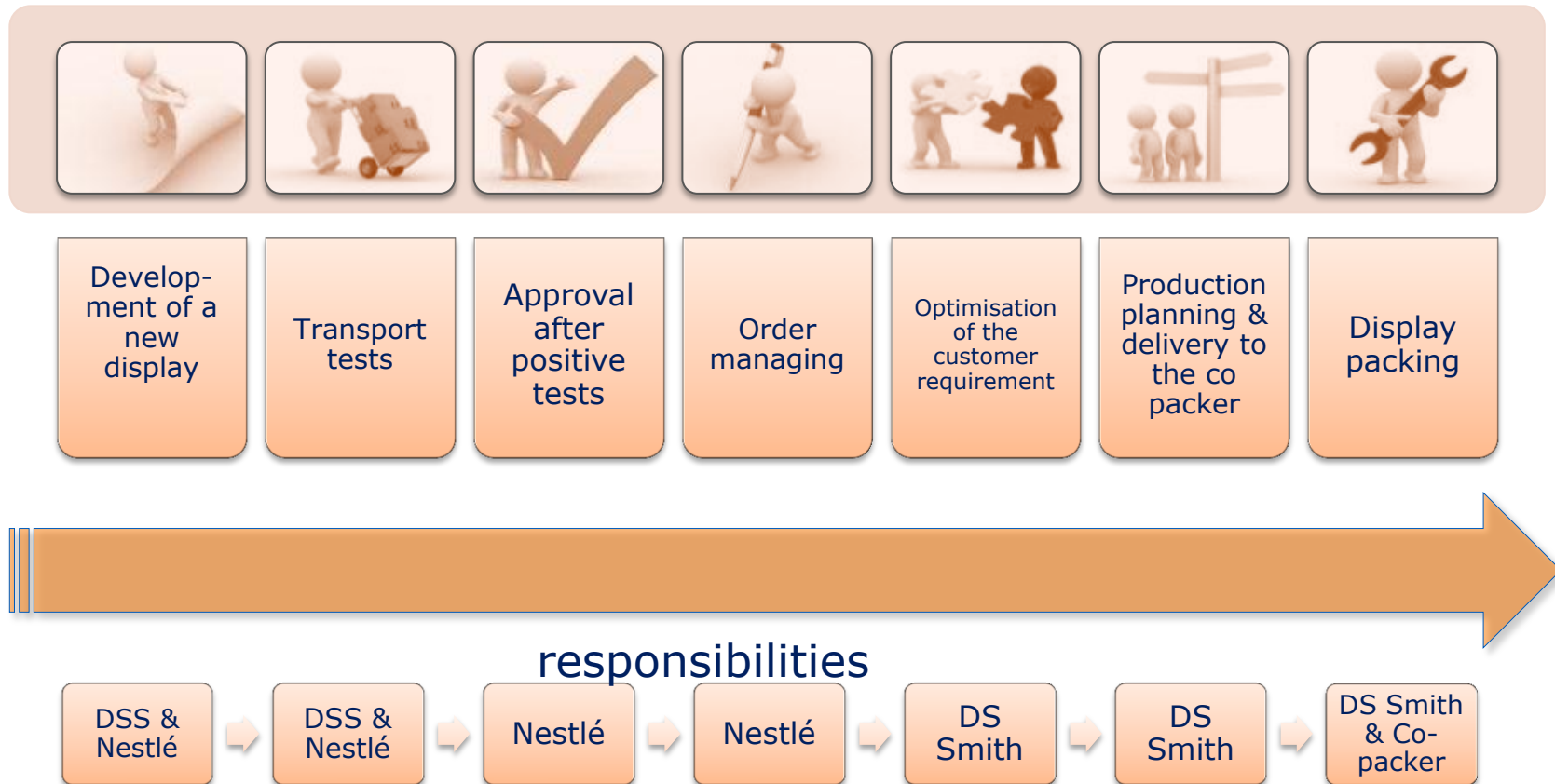
Packaging solutions for Nestlé

New “Purina” shelf-ready packaging and Point-of-Sale concept

- Designed to reduce costs to Nestlé in their supply chain
 - Saving Nestlé c. £0.5m p.a.
- Involved in every step of the design process
- Developing 29 Point-of-Sale models across the Nestlé pet-care range
- Selling c. 70 000 displays/year



Packaging solutions for Nestlé



- **Large customers looking for leadership and cross-business support**
 - Applying best practice across their **range of brands**
- **Procurement teams looking to deal with fewer, better suppliers**
 - DS Smith taking advantage of network to **supply in more countries**
- **Building on strong existing relationships**
 - Long term stability



More Sales



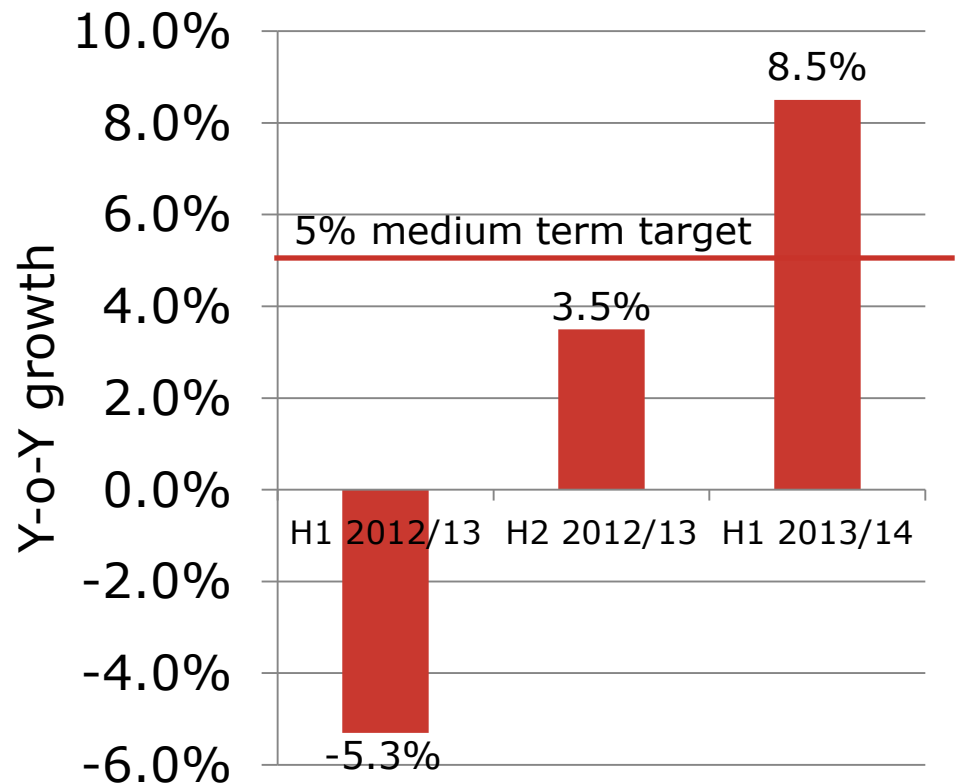
Lower Cost



Risk Managed

- Turnaround performance
 - Substantial revenue growth despite modest market growth
 - Driven by FMCG customers including major pan-European accounts
 - Expanding our offering with legacy DS Smith customers

DS Smith corrugated volume - Germany



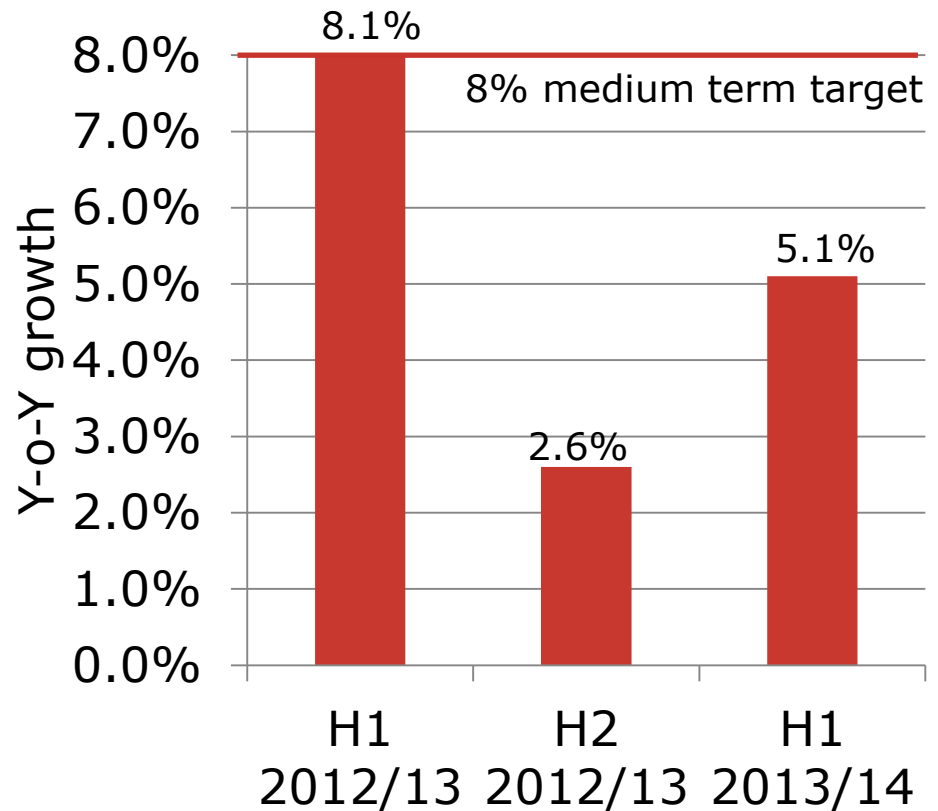
Corrugated box volumes, adjusted for working days

- Offering packaging solutions across their brand range
 - Offering **international coverage**: Germany, UK, France, and Holland
 - Advice and **collaboration on innovation**, the packaging **process** and **change management**
- Double-digit sales growth



- Historically strong DS Smith business now has a significantly expanded capability with the acquired business
- Strong growth, particularly in Hungary, Romania and Czech Republic, and also in Poland
- Growth driven by continued success with existing customers in Poland and a number of new customer wins in Czech Republic

DS Smith corrugated volume - CEE



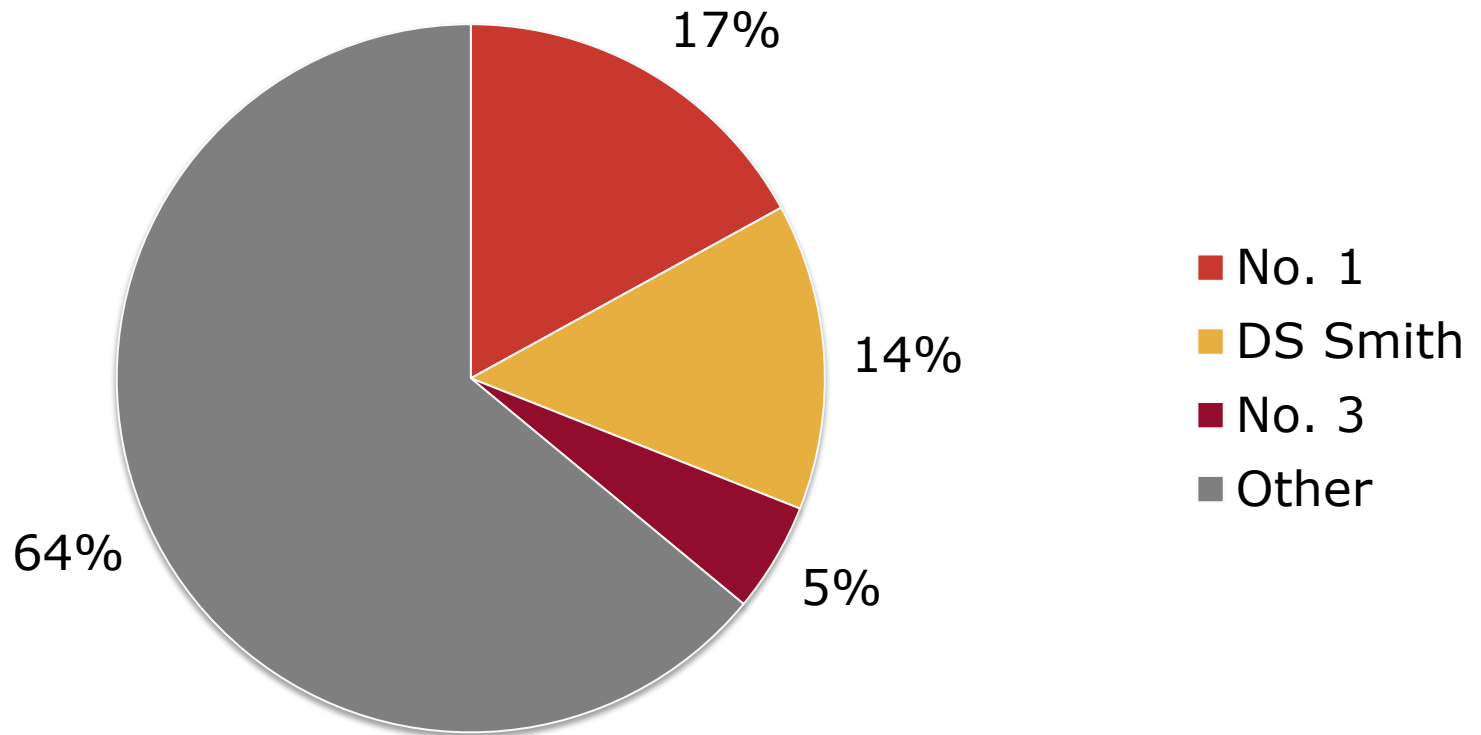
Corrugated box volumes, adjusted for working days

Delivering value to Danone in Poland

- Designed packaging to **optimise Danone's** packaging lines **efficiency**
- Focus on packaging that **drives sales**
 - Delivers products from the factory to the customer in perfect condition
 - **Promotes and differentiates** the product on shelf
- Implemented R-Flute® for Danone
- Strong double-digit sales increase



European corrugated market*



* European corrugated markets in which DS Smith operates

- **Driving organic growth**
 - Service and product innovation
 - FMCG and pan-European customers
 - Germany and Central and Eastern Europe
- **Delighting our customers**
- **Delivering our financial results**
- **Strategy is working**
- **Platform for growth**



Questions please

Appendix

Exceptional items

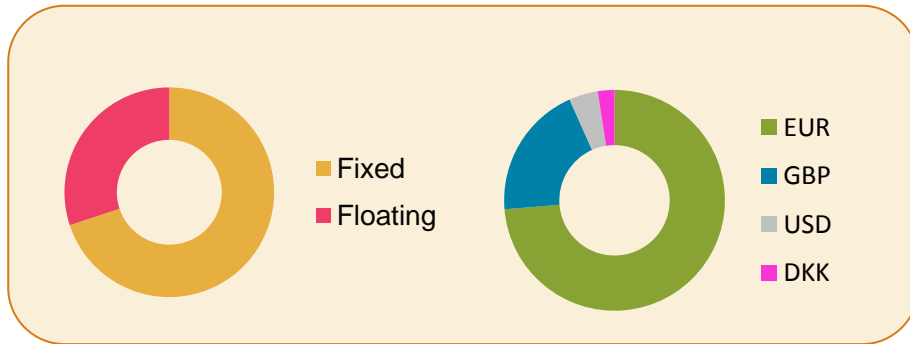
£m	H1 2013/14
SCA Packaging integration	21
Other	4
Total	25

- Other exceptional costs include one off restructuring costs relating to the Plastics and Packaging businesses in the UK, along with costs relating to SCA Packaging completion accounts process

Foreign exchange exposure

HY 2013/14	EBITA (%)
GBP	19%
EUR	59%
USD	5%
Other	17%

- Other currencies are predominantly European

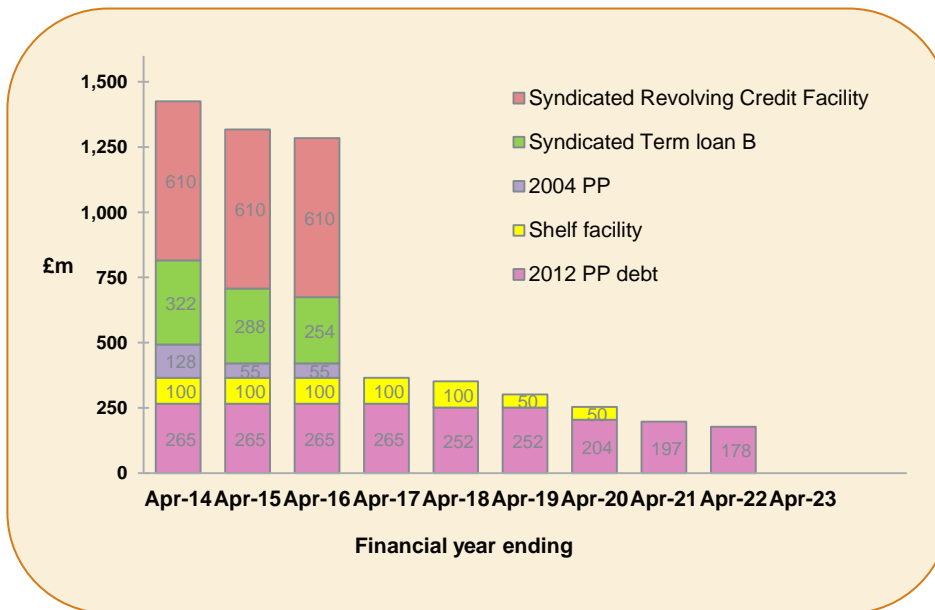


Net Debt £773m

*Consolidated Net Assets	£1,268 m
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*EBITDA/Net Debt ratio	1.90x
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*EBITDA/ Net Interest Payable	9.5x
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Weighted average life of borrowing facilities is 4 years.

* As defined by the Group's banking covenants

Future events

- Q3 IMS* 6 March 2014
- Pre-close trading statement* 30 April 2014
- Full year results* 26 June 2014

* Provisional dates