Full year results to 30 April 2018

Growth, returns and momentum

18 June 2018

The Power of Less®

Introduction

Growth, returns and momentum

- Gaining market share
- Corrugated box volumes +5.2%
- Leadership in e-commerce packaging
- Strong margin performance despite significant input cost headwinds
- Excellent performance by North America business
  - Delivering well ahead of initial expectations
  - Returns greater than WACC in the initial period of ownership
- Ongoing bolt-on acquisition momentum
  - Europe and US
- Proposed Europac acquisition
- Strategic review of Plastics division underway
- Good momentum into 2018/19

Financial review

2017/18: delivery against our targets

Volume growth	Return on sales	Return on average capital employed	Cash conversion	Net debt / EBITDA
+5.2%	9.2%	14.1%	100%	2.2x
Target: ≥3.5%	**Target: 8-10%**	**Target: 12 - 15%**	**Target: ≥100%**	**Target: ≤2.0x**

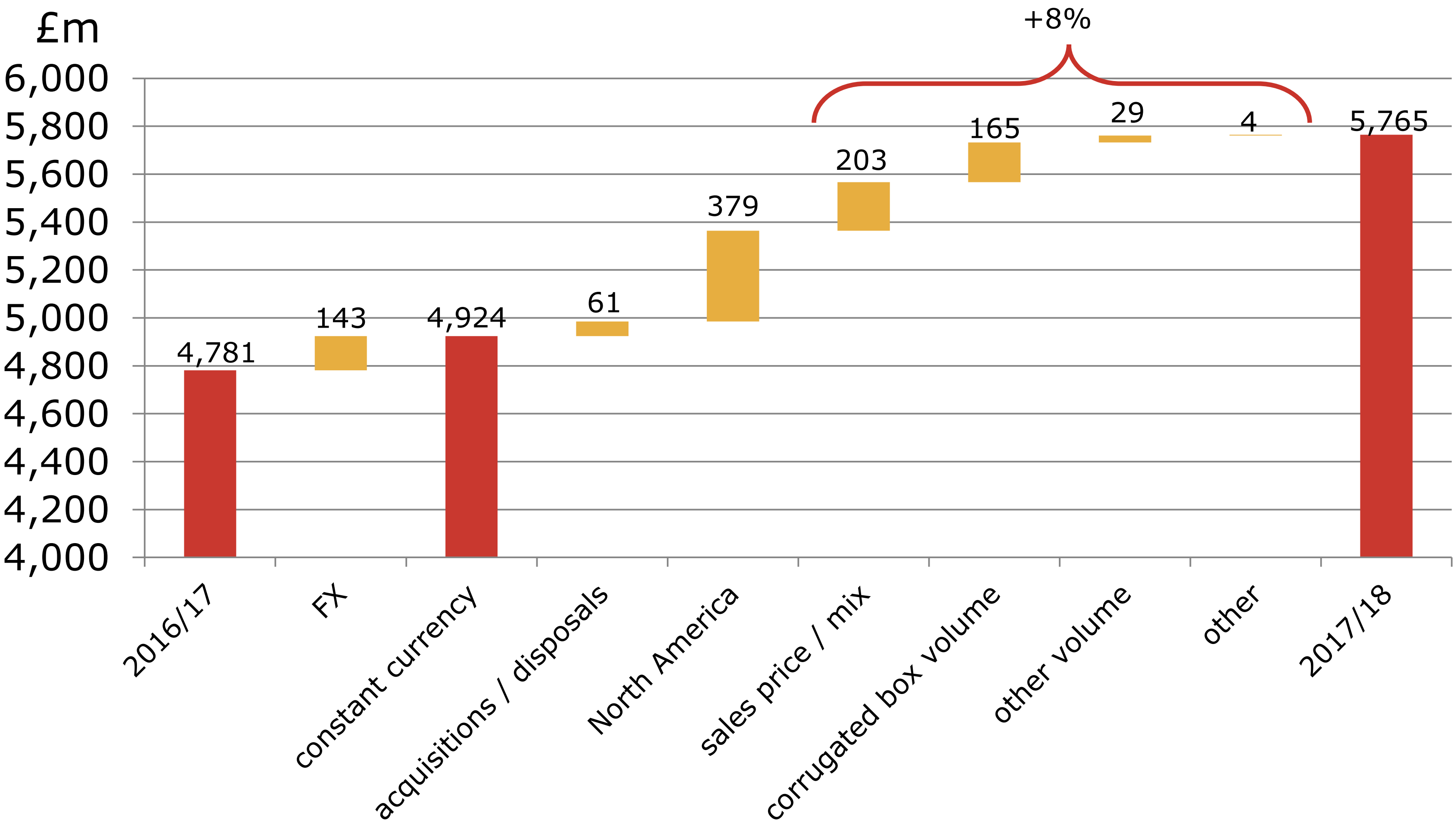
Note – Volumes on a like-for-like basis. All figures on a constant currency basis, before adjusting items and amortisation

Financial highlights

Continuing operations	2017/18	Change *constant currency*
Revenue (£m)	5,765	+17%
Operating profit[1] (£m)	530	+16%
Return on sales	9.2%	(10)bps
Adjusted EPS[1]	35.5p	+7%
Dividend per share[2] - Interim - Final	 4.9p 9.8p	 7% See note 2
Asset turnover[3]	1.5x	(10)bps
Return on average capital employed[1]	14.1%	(70)bps

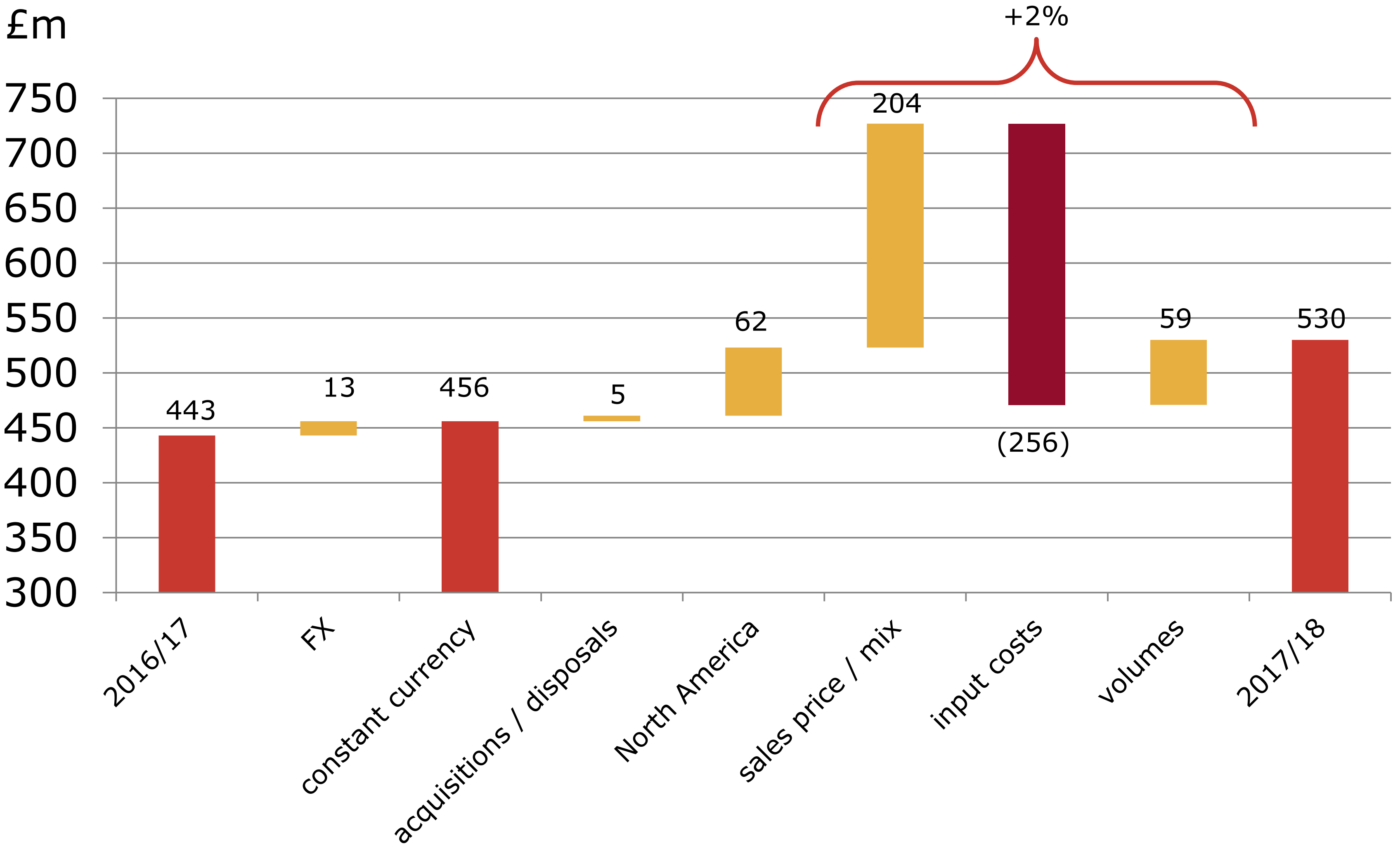
(1) Before amortisation and adjusting items
(2) The final dividend will be paid to all shareholders at the record date, including shares issued as part of the rights issue.
(3) Revenue divided by average capital employed for the year

Strong volume and acquisition contributions



Note: Other volume includes paper, corrugated sheet, recycling and plastics

Organic and acquisition driven profit growth



Margins recovering from input cost headwinds

EBITA £m	2017/18	2016/17 (1)	Change *Constant currency*
UK	£109m	£94m	+16%
	10.1%	9.8%	+30bps
Western Europe	£102m	£104m	(6%)
	7.0%	8.2%	(120bps)
DCH & Northern Europe	£90m	£82m	+6%
	8.3%	8.3%	-
Central Europe & Italy	£129m	£125m	(2%)
	9.0%	10.1%	(110bps)
North America	£62m	-	-
	16.4%	-	-
Plastics	£38m	£38m	-
	11.0%	11.6%	(50bps)
Total	**£530m**	**£443m**	**+16%**
	9.2%	**9.3%**	**(10bps)**

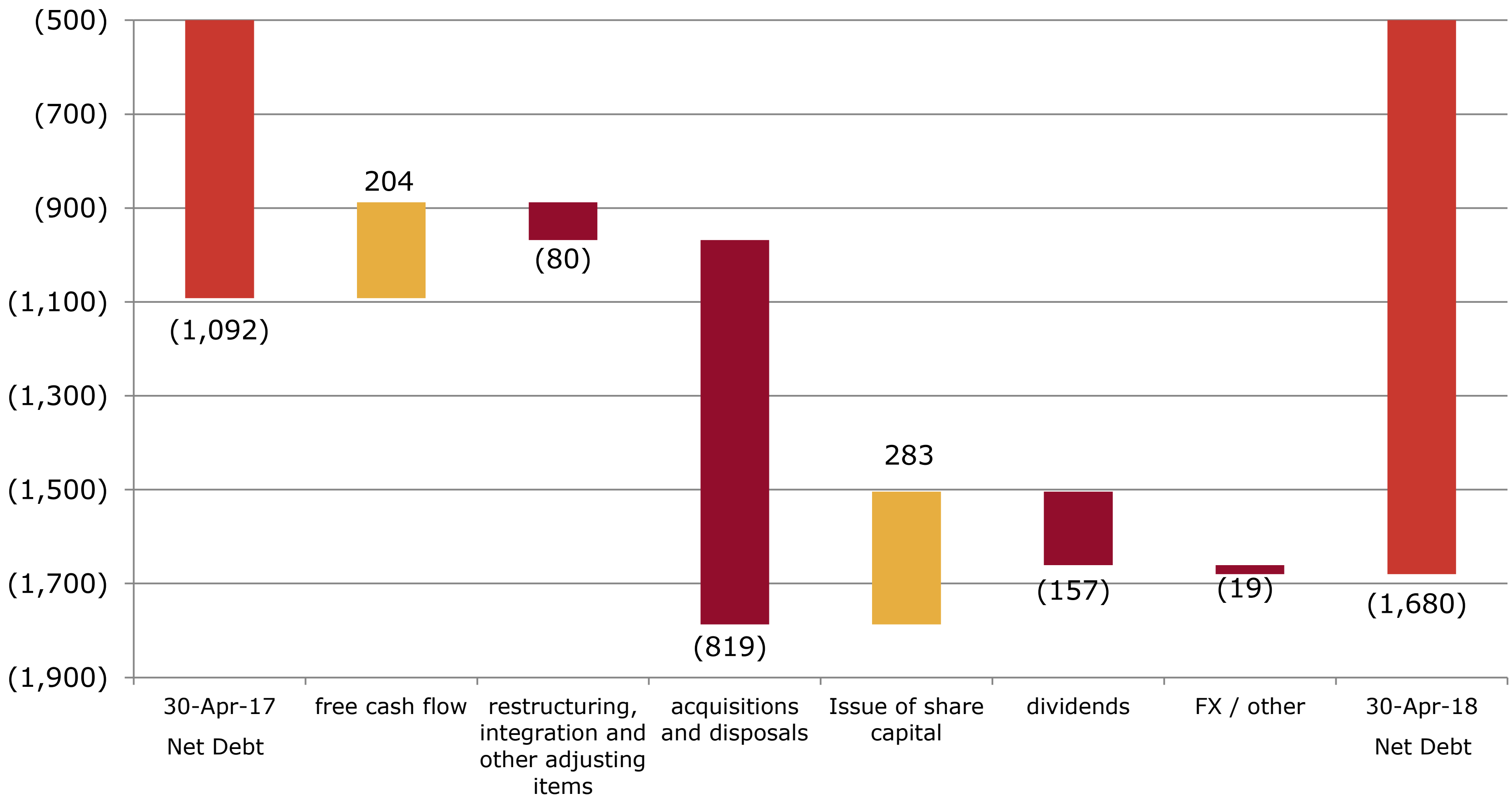
(1) Reported basis

Cash remains a focus

£m	2017/18	2016/17
EBITDA	**698**	**591**
Working capital	(16)	124
Pension payments/other	(26)	(20)
Capex (net of proceeds)	(329)	(226)
Tax and interest	(123)	(106)
Free cash flow	**204**	**363**
FCF per share	**19.6p**	**38.4p**

.

Investing for future growth



Technical guidance

For the financial year 2018/19, excluding impact of Europac:

- Capex c. £270m
- Depreciation c. £200m
- Tax rate c. 23%
- Amortisation charge c. £100m
- Interest, inclusive of pension interest c. £66m
  - IAS 19 pension interest charge £5m
- Pension deficit reduction cash contribution c. £20m
- Expected adjusting items 2018/19: c. £53m
- FX: €1c move impacts EBITA by c. £3m

An update of guidance inclusive of Europac will be provided post completion.

Europac financing and conditions

- Proposed acquisition of Europac for a consideration of €1,667 million (c. £1,453 million), plus DS Smith will also assume Europac's financial indebtedness after completion (as at 31 Dec 2017: c.€237 million (c.£206 million):
  - Rights issue of c.€1,148 million (c.£1,000 million net):
    - New shares will rank pari passu (including for FY18 final dividend)
  - €740 million (c.£650 million) committed new debt facility
- Focus on deleveraging post acquisition:
  - As at 30 April 2019 expected net debt / EBITDA less than 2.5x
  - Strongly cash generative with glide path to medium-term financial target leverage of 2.0x or below
- Conditions to completion:
  - DS Smith shareholder approval
  - Receipt of required level of acceptances from Europac shareholders:
    - Acceptance level of 50% + 1 share
    - 59% commitments to accept received by DS Smith:
      - Hard irrevocables of c.53% from family and certain other shareholders
  - Regulatory approvals and clearances
- DS Smith can de-list Europac following either the automatic squeeze out (>90% of shares tendered) or legal delisting process (>50% + 1 share owned by DS Smith)

Chief Executive's review

Structural drivers of growth

Positive economic backdrop in Europe and north America

Market trends

- Changing demographics and consumer choices
- Pack sizes reducing
- Proliferation of retail channels
    - Continued rise of e-commerce
- Increased relevance of packaging at point of sale
- Growth in emerging brands
- Sustainability of fibre based packaging

Increased requirement for packaging

Customer trends

- Driving efficiency through enhanced packaging
- Consolidating suppliers

DS Smith – driving organic growth

Our differentiators

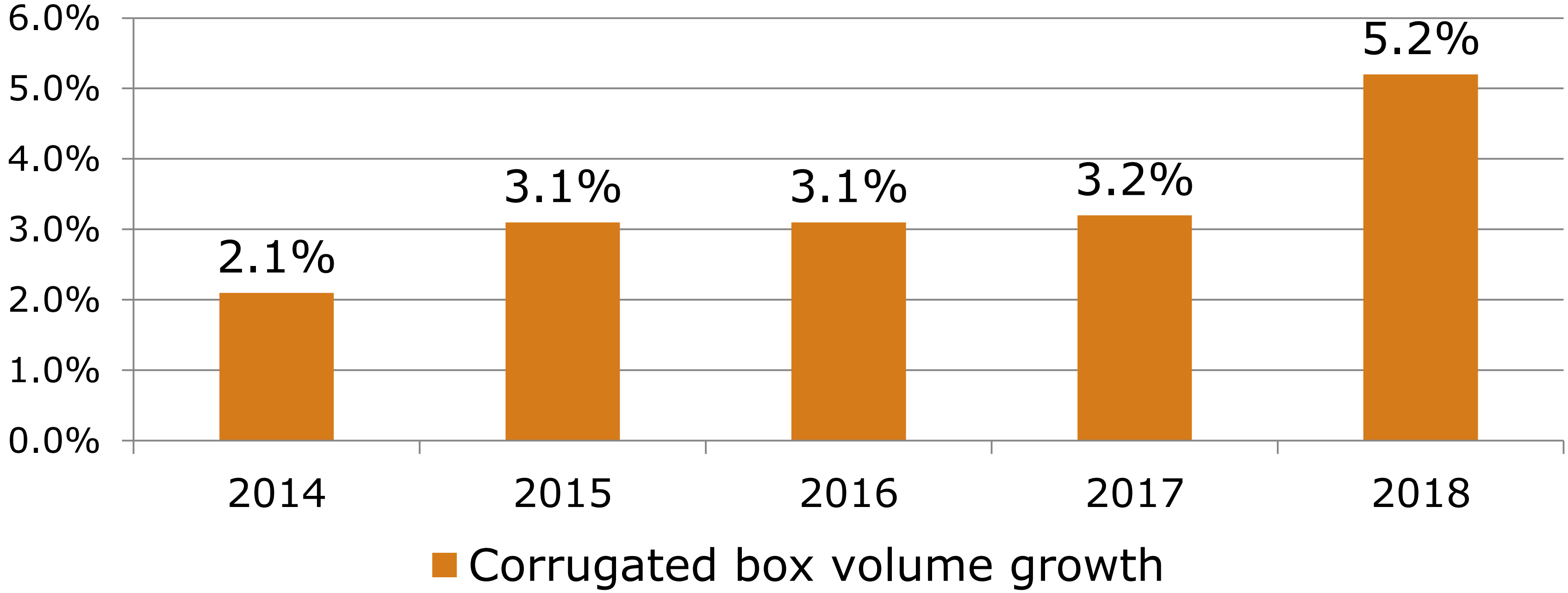
- Multi-national capability
- E-commerce leadership
- Insight & Innovation
    - Performance packaging
    - Digital printing
- Economies of scale
- Total value approach
- Sustainability

More Sales Lower Cost Risk Managed

Record volume growth

Drivers of 5.2% organic volume growth

- Strong performance throughout the group
- Multinational customers
- Significant growth in E-commerce



Strong acquisition & integration track record

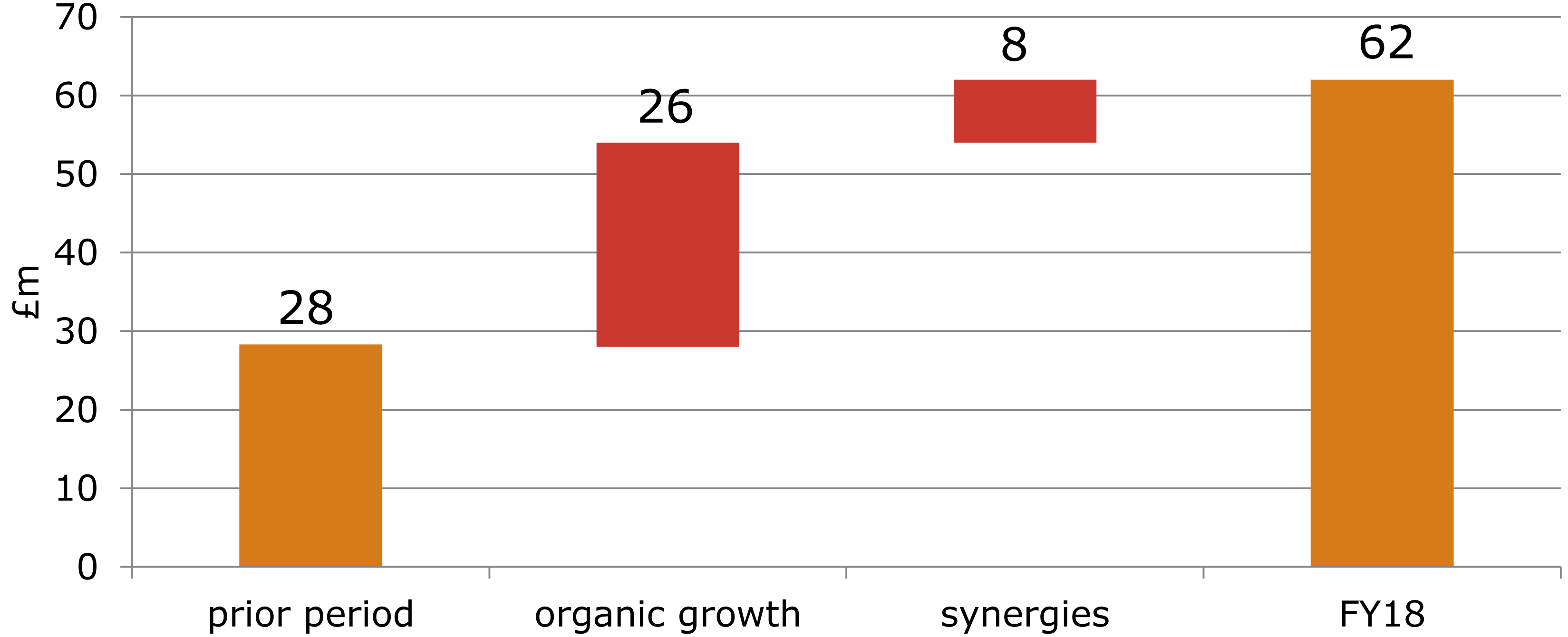
- Consistent strategic rationale
- Rigorous due diligence
- Strong financial discipline
  - Returns vs WACC & medium term targets
- “Best of both” philosophy
- Consistent approach by highly experienced and resourced team
  - 18 deals successfully integrated
- Report back after 100 days to refine our business plan
  - learn from acquired companies in addition to bringing best practice
- Local team assume leadership after c. 3 – 6 months

Interstate Resources acquisition significantly ahead

Return on investment in excess of WACC in this initial period

- Volume growth ahead of group average
  - Very positive response from local and multinational customers
  - Pleasing reception to retail-ready and performance packaging expertise

North American Packaging and Paper EBITA bridge

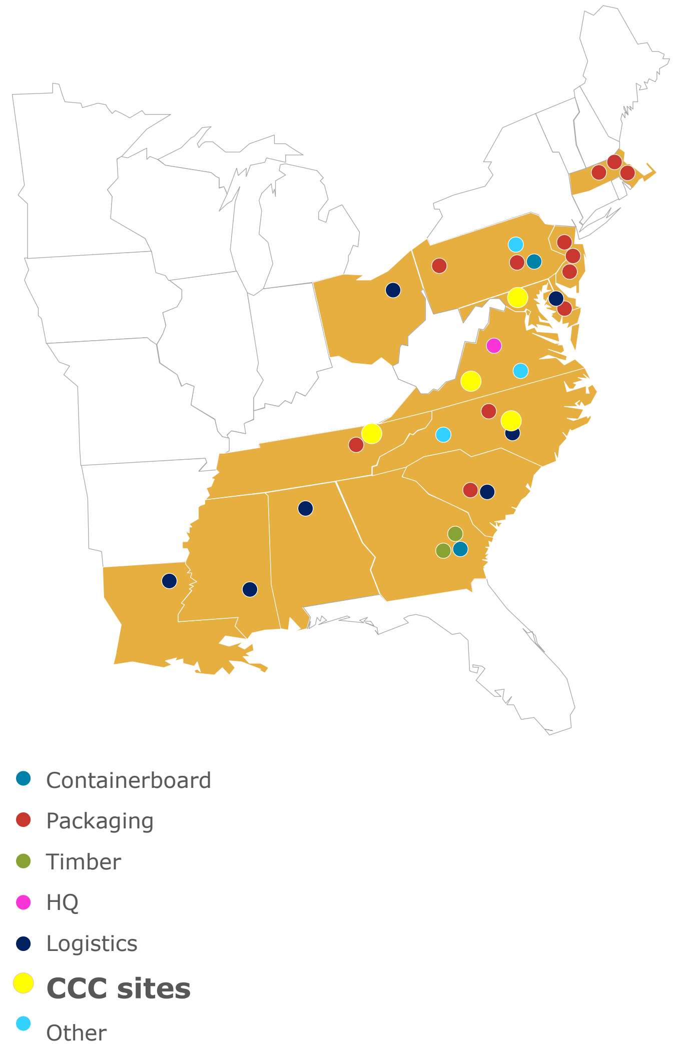


FY18 given for 8 month's ownership in FY18, and the prior period is the comparable period in the prior year

Building our US capability

- High level of engagement from major FMCG multinational customers
- Management structure fully established
  - Integration initial phase complete and continued integration now run by US management team
- Continuing to build the business
  - Corrugated Container Corporation acquisition
- Investing in our capability
  - Retail ready
  - PackRight Centre
  - Digital printing
  - Greenfield sites
- Reducing long paper position

Key US assets



Europac - Building on our success in Western Europe

- Proposed acquisition of Europac for €16.80 per Europac share, equating to an Enterprise Value[(1)] of €1,904 million (c. £1,659 million):
  - c.53% hard irrevocables plus 6% commitments[(2)] to accept
  - EV/EBITDA multiple of 8.4x LTM to 31/3/18 including full run rate synergies[(3)]
- Europac is a leading, Spanish listed, 42% family owned, highly complementary integrated packaging business:
  - DS Smith has built a strong commercial relationship and dialogue with Europac over a number of years
- Highly compelling strategic rationale and financial returns:
  1. Exceptional scale opportunity to enhance DS Smith's customer offer in a key packaging growth region
  2. Clear opportunity to develop Europac's packaging assets
  3. Strengthens DS Smith's global supply chain
  4. Substantial cost synergies[(3)] of €50 million (£44 million)
  5. EPS enhancing and returns exceed WACC[(4)] in the first full year of ownership[(5)]

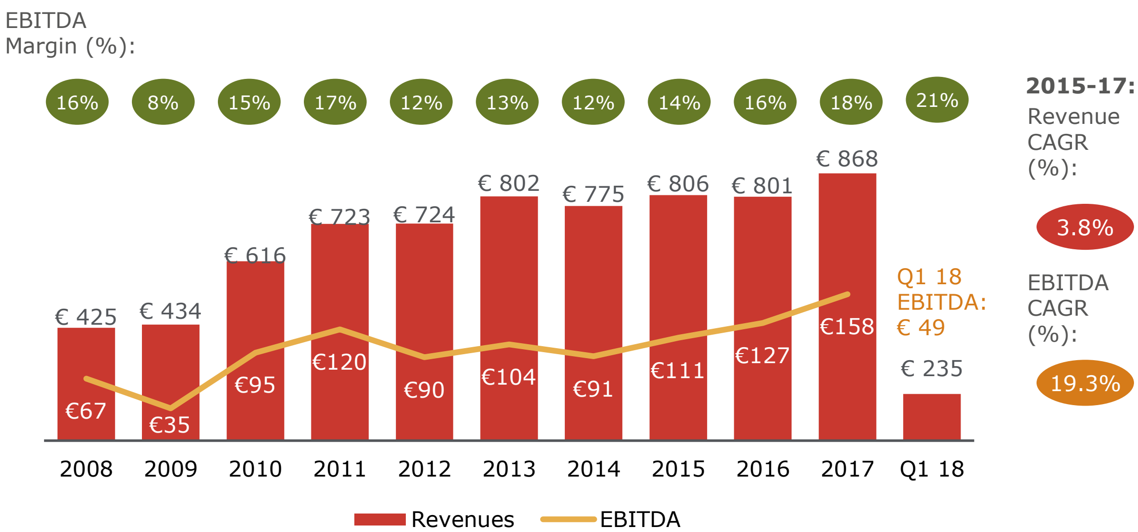
(1) Including Treasury Shares.
(2) 52.8% hard irrevocables and 6.14% treasury shares.
(3) Estimated annual run rate pre-tax cost synergies by end of FY 2021.
(4) Pre-tax Weighted Average Cost of Capital.
(5) Year ended 30 April 2020.
GBP:EUR rate of 1.1477 used.

Europac – a leading Western European integrated packaging business

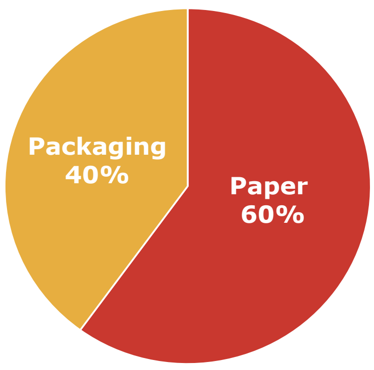
Business overview

- Vertically integrated, multinational packaging business
- Concentrated on the Iberian Peninsula with operations in France
- Diversified customer portfolio with strong customer relationships and FMCG orientation
- Highly experienced management team
- Annual production(3):
  - c.940 kt / year of kraftliner and recycled papers
  - c.360 kt / year of packaging

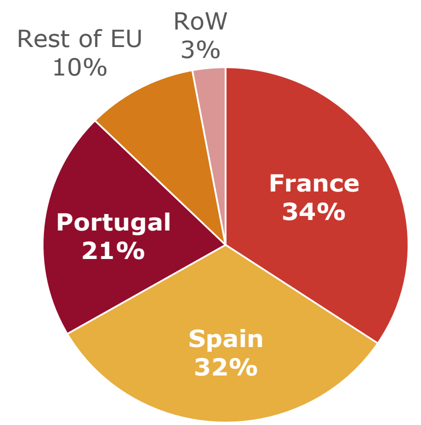
Summary financials(1,2) (€m, FYE-Dec)



2017A revenue by segment1



2017A revenue by region



Source: Company filings.
Note: Financials shown at Europac's December fiscal year-end.
(1) Based on Consolidated basis.
(2) In Q1 2017 Europac had Consolidated Revenues of €210m and Consolidated EBITDA of €31m.
(3) As at December 2017.

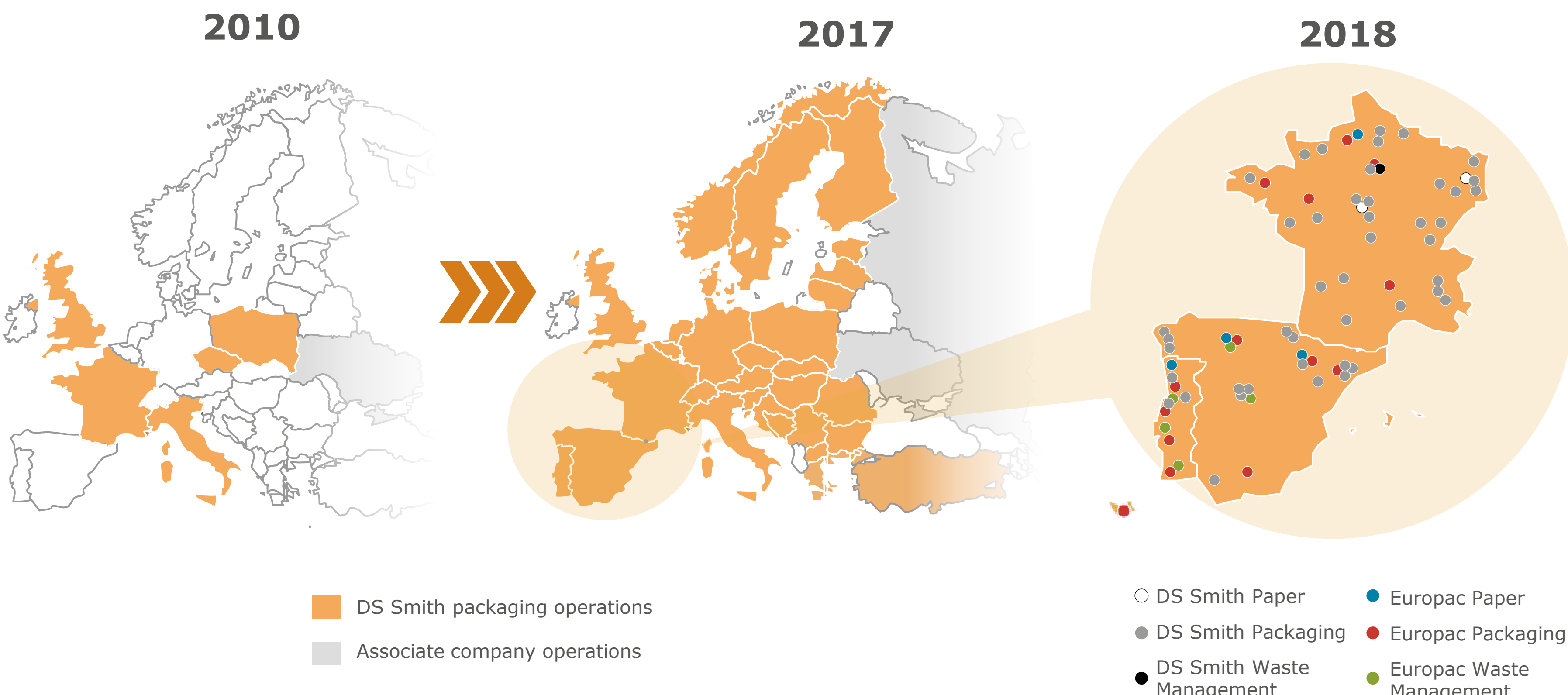
Summary

Growth, returns and momentum

- Gaining market share
- Corrugated box volumes +5.2%
- Leadership in e-commerce packaging
- Strong margin performance despite significant input cost headwinds
- Excellent performance by North America business
  - Delivering well ahead of initial expectations
  - Returns greater than WACC in the initial period of ownership
- Ongoing bolt-on acquisition momentum
  - Europe and US
- Proposed Europac acquisition
- Strategic review of Plastics division underway
- Good momentum into 2018/19

Appendix

Exceptional scale opportunity to enhance DS Smith’s customer offer in a key packaging growth region

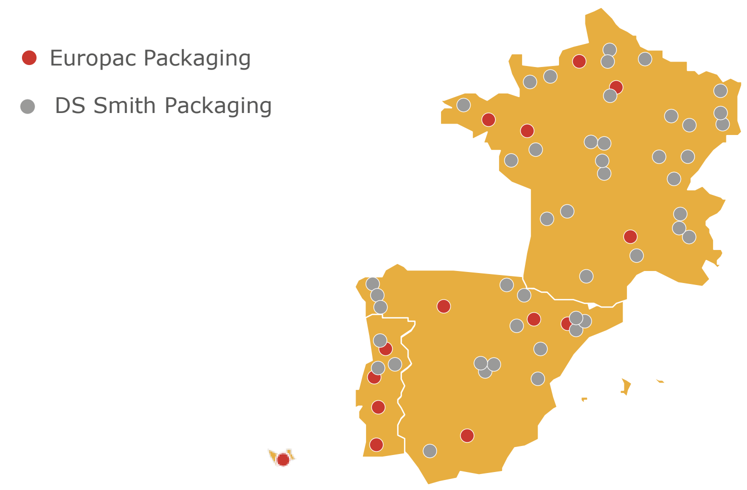


- Attractive Iberian market opportunity
  - 3rd largest market in Europe
  - 25% e-commerce growth
  - Consistent growth ahead of Group average
  - Strong customer pull for DS Smith offering and multi-national capability
  - Builds on acquisitions of Andopack, Lantero, Gopaca and P&I Display

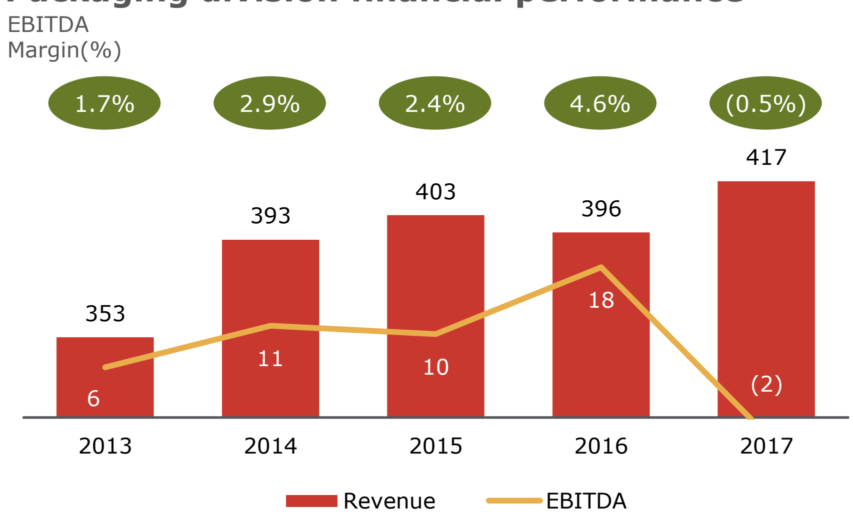
Clear opportunity to develop Europac's packaging assets

- Further consolidates our Iberian market position, with substantial growth and margin potential
- Strong track record of delivering value in previous regional integrations
- Track record on margin through proven operational and commercial excellence
- Substantial customer opportunities to drive performance by overlaying DS Smith expertise:
  - Leveraging DS Smith innovation to drive sales
  - Retail ready and e-commerce expertise
  - Multinational approach
  - More efficient use of fibre based packaging
  - Total supply chain perspective

DS Smith and Europac's key packaging assets



Packaging division financial performance[1]

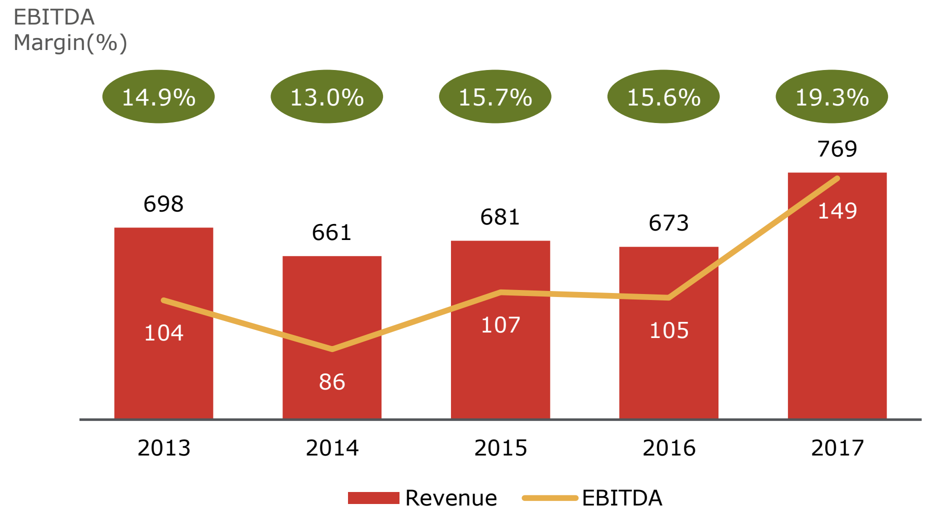


Source: Company filings.
Note: Financials shown at Europac's December fiscal year-end.
(1) Based on aggregated basis.

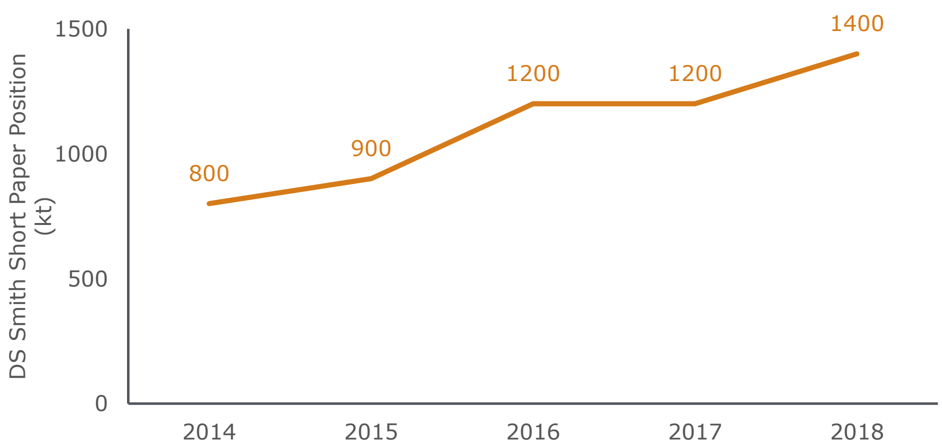
Strengthens DS Smith's global supply chain

- High quality, high margin asset base with kraftliner supply provides important addition to global supply chain:
  - Global procurement approach
  - Geographic position of assets
  - DS Smith annualised packaging growth of c.200kt per annum
  - Europac net paper contribution approximately 580kt
- Remain committed to short paper strategy
- Supports medium term packaging growth ambition
- Provides opportunity to reassess enlarged Group's paper asset base

Paper division financial performance[1]



DS Smith short paper position[2]



Source: Company filings.
Note: Financials shown at Europac's December fiscal year-end.
(1) Based on aggregated basis.
(2) FY2018 sales volumes, excluding DS Smith US operations.

Substantial cost synergies identified

- Proven integration expertise:
  - Long-standing Europac relationship
  - Collaborative due diligence process
  - Strong track record of transaction integration and synergy delivery
- DS Smith leadership combined with experienced Europac management team
- c.€50 million estimated annual run rate pre-tax cost synergies identified from procurement and operational efficiencies by the end of FY 2021, with over 50% achieved in the first full financial year:
  - One-off costs of €70m (incremental net capex c.€30m, exceptional costs €40m), largely split between FY19 and FY20
  - Acquisition cash costs of up to £50m
- Potential working capital impact from integrating Europac paper assets
- Revenue growth opportunities from existing pan-European and Global customers

Delivering attractive financial returns

- Expected to be accretive to DS Smith's earnings per share in the first full year of ownership[(1)]
- Expected to generate a pre-tax ROIC > DS Smith's WACC[(2)] in the first full year of ownership[(1)]
- Further EPS and ROIC accretion anticipated
- Consistent with DS Smith's medium term targets

DS Smith's medium term targets

	Target	Delivery FY2017/18[(9)]
Organic volume growth[(3)]	≥GDP[(4)] +1	+5.2%
Return on sales[(5)]	8% – 10%	9.2%
ROACE[(6)]	12% - 15%	14.1%
Net debt / EBITDA[(7)]	≤2.0x	2.2x
Cash conversion[(8)]	≥100%	100%

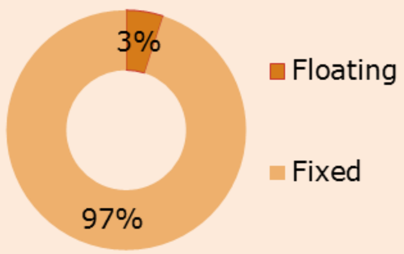
(1) Year ended 30 April 2020.
(2) Pre-tax Weighted Average Cost of Capital.
(3) Corrugated box volumes, adjusted for working days, on a like-for-like basis.
(4) GDP growth (year-on-year) for the countries in which DS Smith operates, weighted by our sales by country = 3.5%. Source: Eurostat (15 May2018).
(5) Operating profit before adjusting items and amortisation of intangible assets as a percentage of revenue.
(6) Operating profit before adjusting items and amortisation of intangible assets as a percentage of the average monthly capital employed over the previous 12 month period. Average capital employed includes property, plant and equipment, intangible assets (including goodwill), working capital, provisions, capital debtors/creditors and assets/liabilities held for sale.
(7) Net debt at average exchange rates over operating profit before depreciation, adjusting items and amortisation of intangible assets for the previous 12 month period, calculated in accordance with banking covenants.
(8) Free cash flow before tax, net interest, growth capital expenditure and pension payments as a percentage of operating profit before adjusting items and amortisation of intangible assets.
(9) Organic volume growth, cash conversion and return on sales given for the 6 months to 31 October 2017, ROACE and net debt / EBITDA given for the 12 months to 31 October 2017.

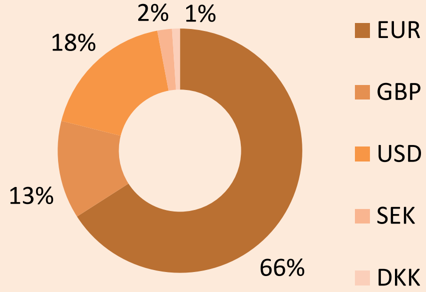
Foreign exchange exposure

2017/18	Revenue (%)	EBITA (%)	Average rate FY 2017/18	Closing rate 30 April 2018
GBP	18.0%	12.5%		
EUR	57.4%	52.4%	1.132	1.137
PLN	2.8%	1.9%	4.785	4.805
SEK	2.5%	2.3%	11.156	11.936
DKK	2.5%	0.8%	8.394	8.470
USD	8.3%	20.4%	1.356	1.373
Other	8.5%	9.7%		

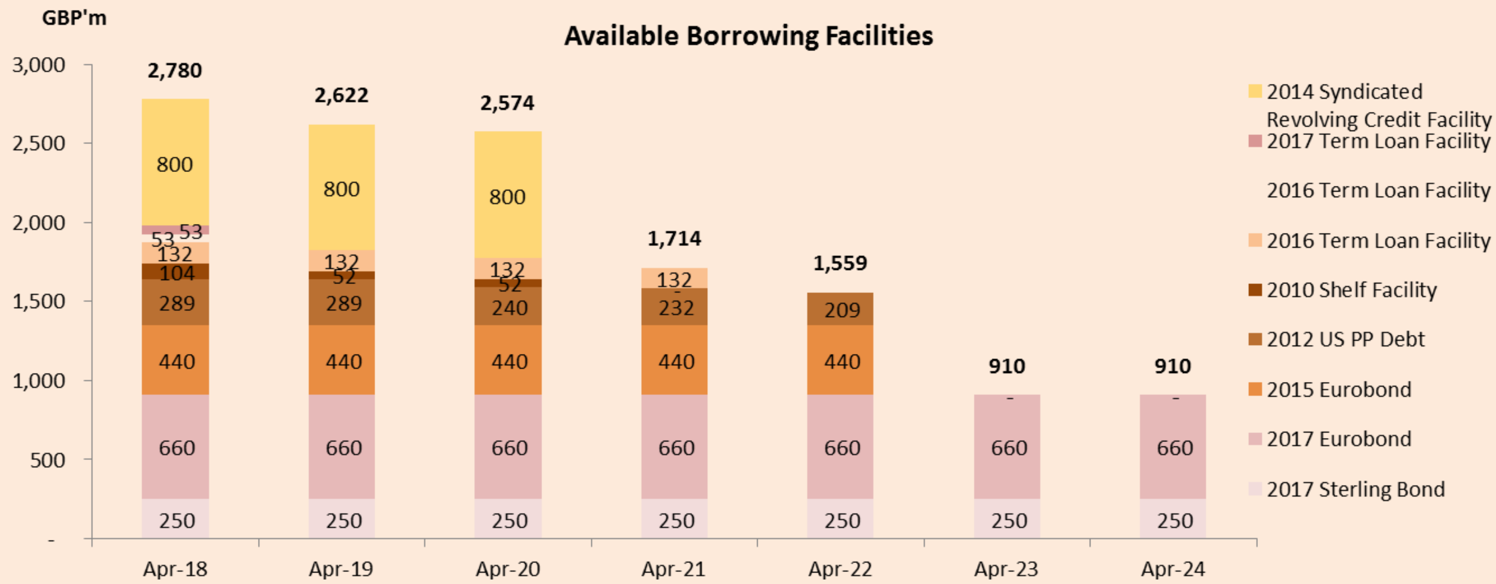
- Note that the difference in the % of GBP at EBITA versus revenue is due to a significant proportion of central costs being in GBP

Debt analysis as at 30 April 2018





Net Debt	£ 1,680m
Net Debt/ EBITDA ratio*	2.2x
EBITDA/ Net Interest ratio*	12.2x

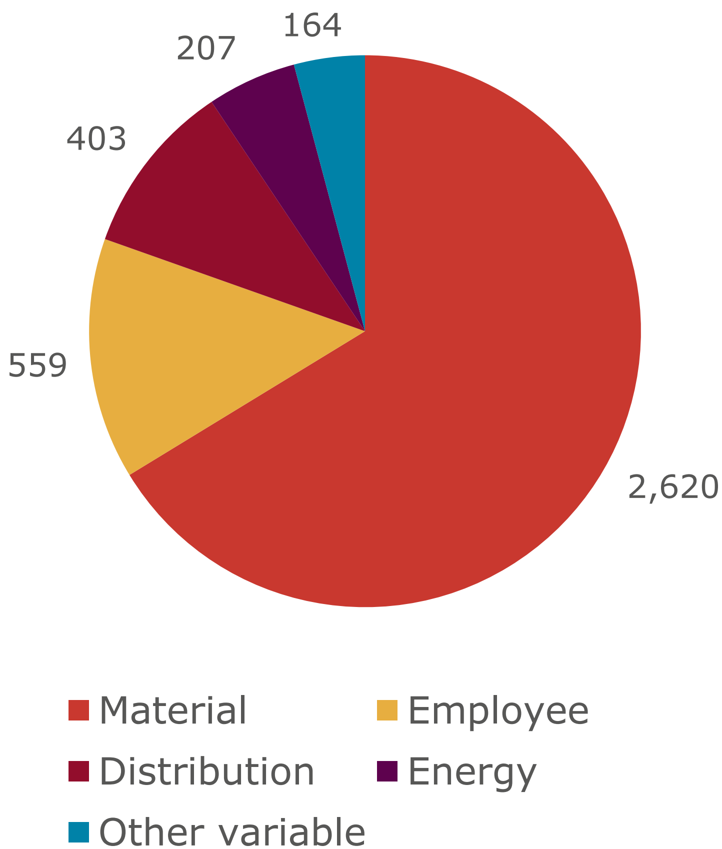


* Ratios as defined in the Group's banking agreements.

As at 30 April 2018, the weighted average remaining life of the Group's committed borrowing facilities was 4.4 years.

Cost analysis 2017/18

Variable costs:
Total £3,953m



Fixed costs:
Total £1,282m