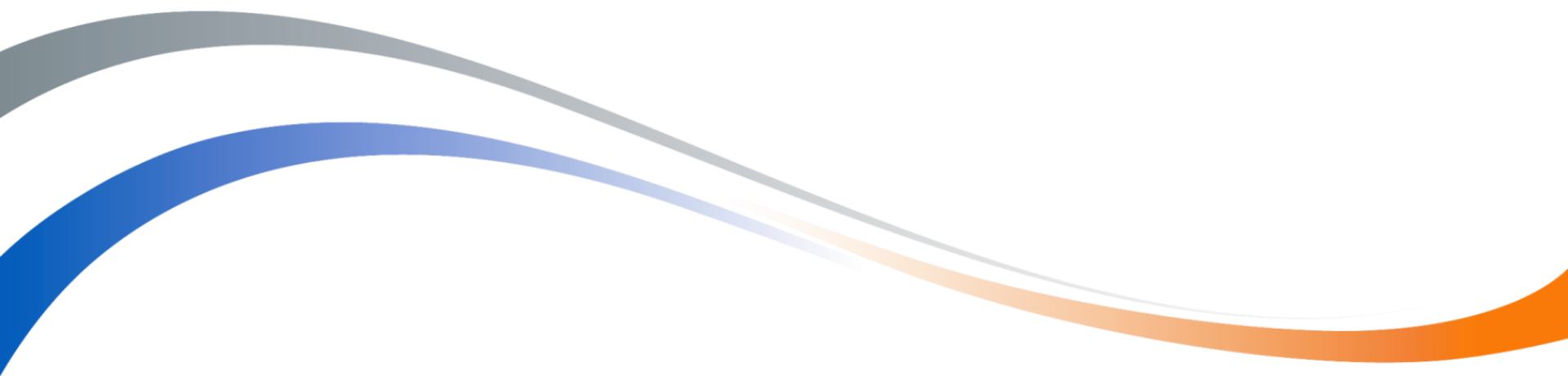


Capital Markets Day

Maximising commercial opportunities

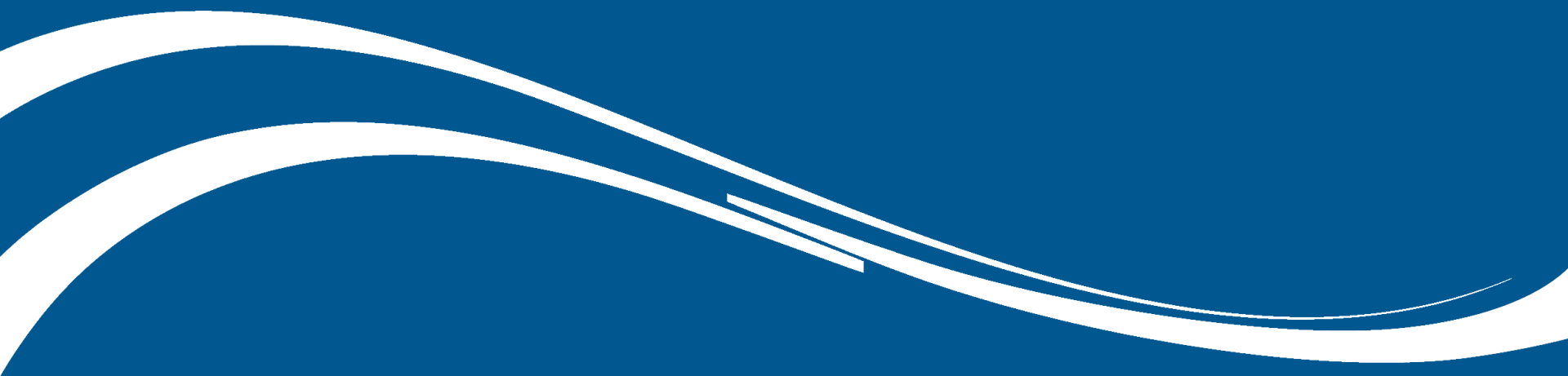
6 September 2013



Introduction

Miles Roberts

Group Chief Executive



Agenda

- Introduction – Miles Roberts, CEO
- Our chosen markets – Richard Stuckes, Head of Packaging
- What are our customers looking for? – Marc Chiron, Marketing Director
- Accelerating our growth – Marc Chiron, Marketing Director
- Scalable innovation in action – Francesco Barsanti, DS Smith Italy
- Summary – Miles Roberts, CEO
- Innovation Centre tour – Wim Wouters, Design Director

Creating shareholder value

Sustainable and growing returns

- ✓ Consistent GDP+ growth
- ✓ Much reduced cyclicalty
- ✓ Higher margins
- ✓ Returns above our cost of capital



Business mix Differentiation

- Efficiency
- Culture
- Managing risk
- Synergies
- Opportunities for development

- Consistent delivery**
- 3 year quarterly volume growth
 - Value creating acquisitions

Successful integration of SCA Packaging

Building a stronger platform together

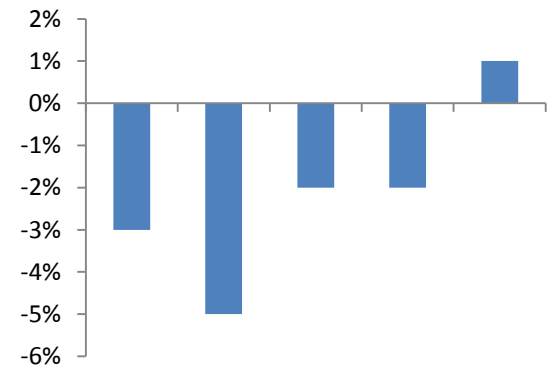
- ✓ Earlier and larger delivery of synergies
- ✓ Strong employee and customer buy-in
- ✓ Strengthened management team
- ✓ Improving performance in ex SCA Packaging

Combined business



Transformed the customer proposition

Ex-SCA lfl corrugated box volume performance*



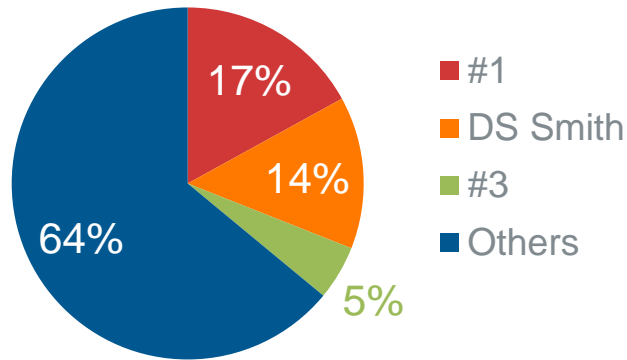
H1 2011 H2 2011 H1 2012 H2 2012 H1 2013

- DS Smith estimates prior to acquisition of SCA Packaging (excludes sheet) on a calendar year basis

Pan-European footprint

Stronger not just bigger

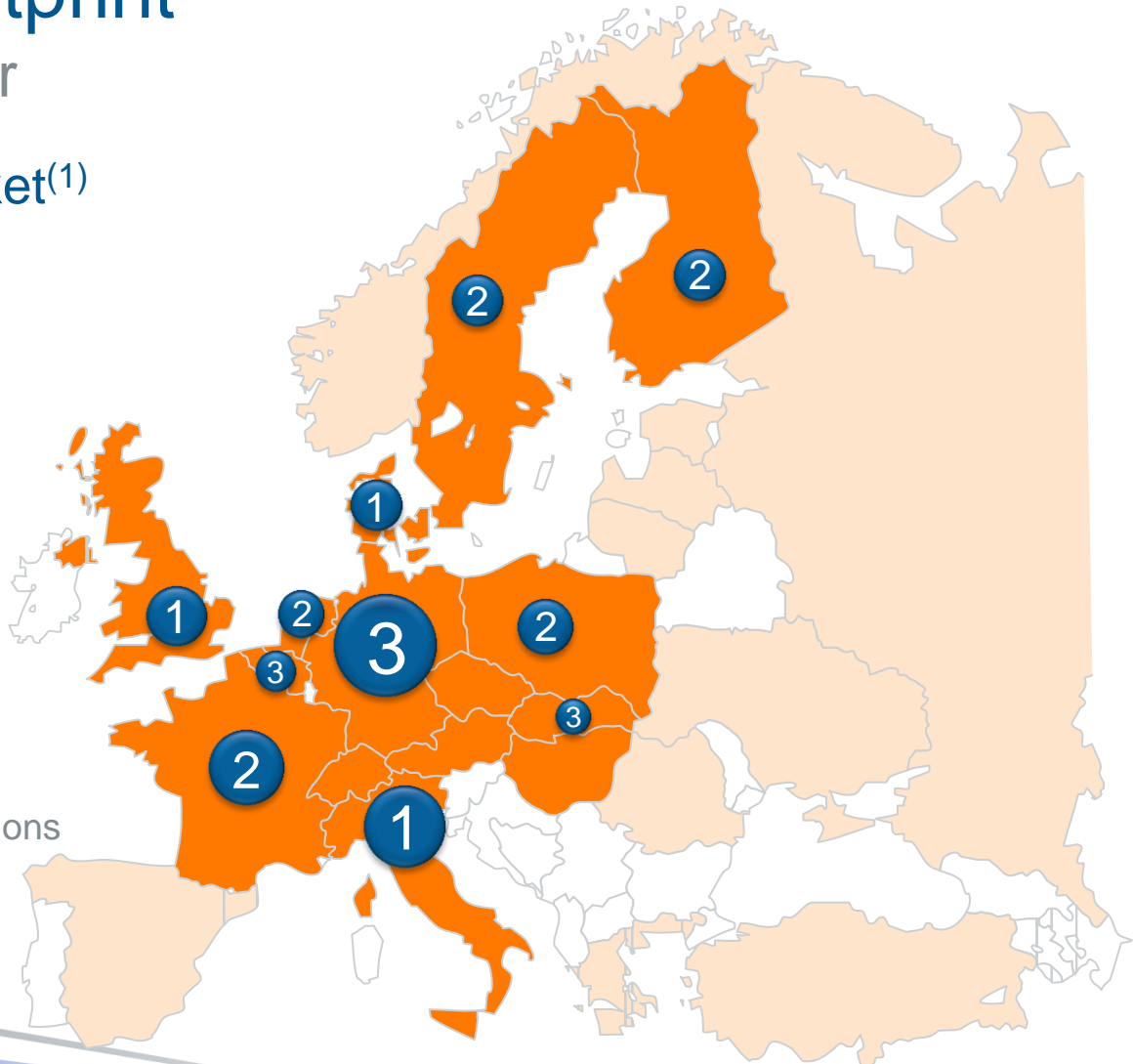
European Corrugated Market⁽¹⁾



(1) the markets in which DS Smith operates

- DS Smith corrugated operations
- Limited DS Smith corrugated operations

Note – size of circle above represents the size of the corrugated market in the country and number denotes market share position



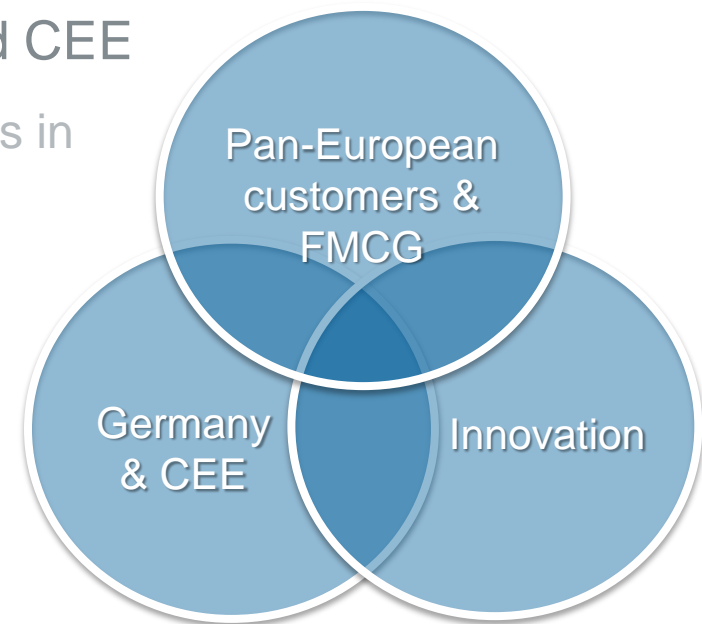
Strategic growth drivers

Performance based packaging and solutions

- Developing a powerful customer proposition
- New products and scalable innovation
- Targeting FMCG mix of at least 65%
- Targeting faster growth in Germany and CEE
 - Growing to more than 30% of total sales in the medium term



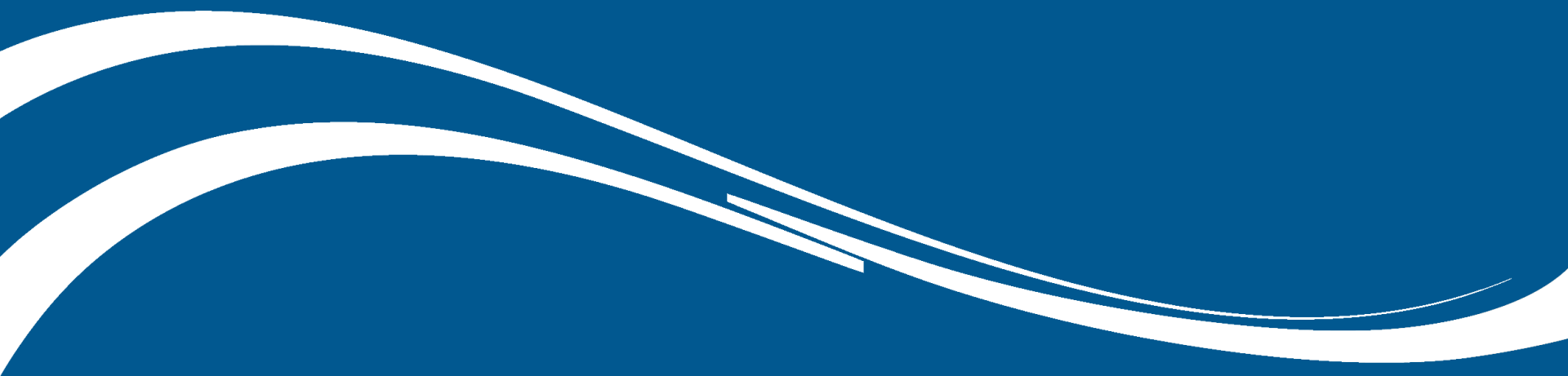
- **Higher quality growth**
- **Outperformance of GDP +1%**



Our chosen markets

Richard Stuckes

Head of Packaging

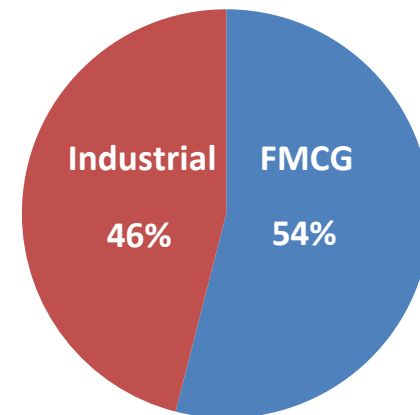


Market overview

Attractive, fragmented, indifferently served market

- Total value of European corrugated board market = €25bn*
- Total volume of European corrugated board market = 22.1m tonnes*
 - DS Smith share still modest at 3.0m tonnes
 - Marked regional disparities in usage per capita ———> growth opportunities
 - Packaging sophistication varies widely ———> innovation opportunities
 - Efficient supply chains rely on packaging

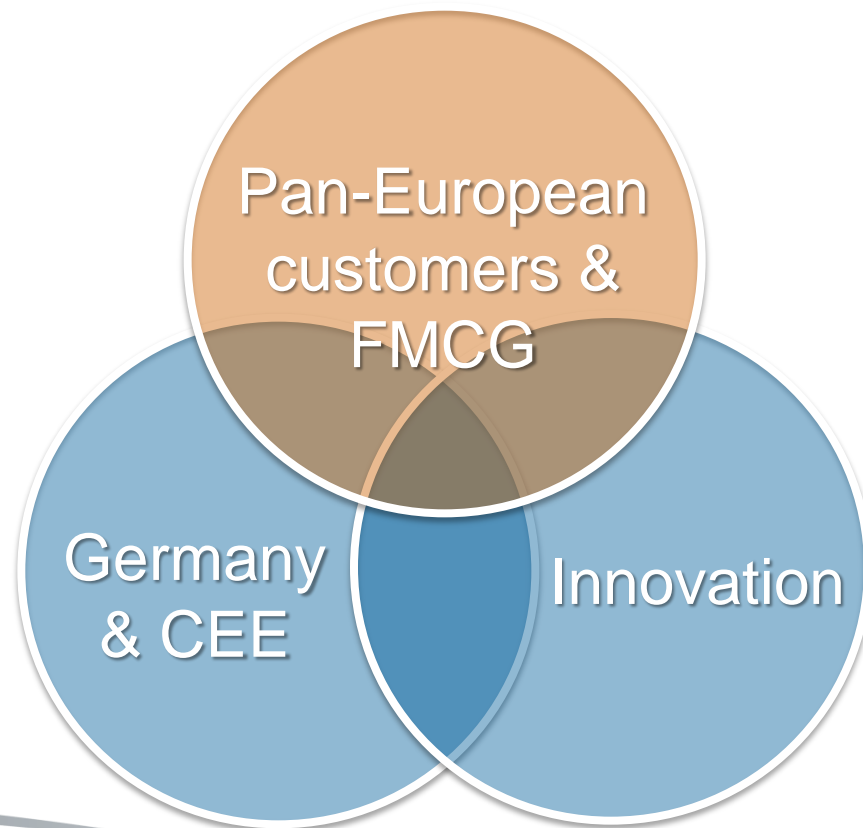
European Corrugated Board Market Split*



* Source: Smithers Pira

Strategic growth drivers

Developing our commercial proposition



FMCG markets - characteristics

Stable, consolidating, looking for leadership...

Criteria	Comment	Attractive?
Size of market	11.9m tonnes	✓✓
Market growth	Consistent (GDP+)	✓
Cyclical	Limited	✓✓✓
Margin	Innovation-driven	✓
Scope to innovate	Critical	✓✓
New trends	Yes – online	✓✓
Pan-European scope	Yes, and growing	✓✓✓
Asset utilisation	High	✓✓

FMCG market trends

- RRP – renovation in mature markets, innovation in growth markets
 - High quality RRP drives sales
 - New innovation in print and structure
- Substitution of alternative packaging types continues (wood, plastic)
- Much greater interest in the science behind packaging performance
 - Economic and environmental drivers
- Standardisation of specifications across Europe
 - Customer push to reduce complexity via innovation
- FMCG players continuing to consolidate own markets
- Consolidation of supply base favours scale players
 - Enabling outperformance of the market



FMCG market

Choosing where to play...

- FMCG dominated by food & drink companies – 80%* of the market
- FMCG currently 60% of DS Smith customers – **targeting at least 65% in the medium term**
 - Growing with pan-European customers as they invest in and acquire brands
 - Targeting innovation solutions to expand share with existing customers
 - Investing in higher growth economies (Poland/Hungary/Romania etc.)

*Source: Smithers Pira



Industrial markets - characteristics

High technical/service content, more cyclical...

Criteria	Comment	Attractive?
Size of market	10.2m tonnes	✓✓
Market growth	Exports to East	✓✓
Cyclical	Higher	x
Margin	Higher	✓✓
Scope to innovate	Moderate	✓
New trends	Yes – services	✓✓
Pan-European scope	Global	✓
Asset utilisation	Medium	✓

Industrial market trends

- Strong strategic drivers for packaging
 - Supply very fragmented, majority still small & local suppliers
 - Customers searching for leadership in supply chain management
- Big players aggressively reducing supply base
 - Looking to delegate supply-chain management
 - Seeking Total Cost of Ownership, not just packaging
- Auto aftermarket – hubbing, kitting, JIT, stockholding, sub-contractors
- Export shipments in specialist segments growing strongly
 - Automotive and Electronics
- Consolidation of supply base favours scale players
 - Enabling outperformance of the market

Industrial markets

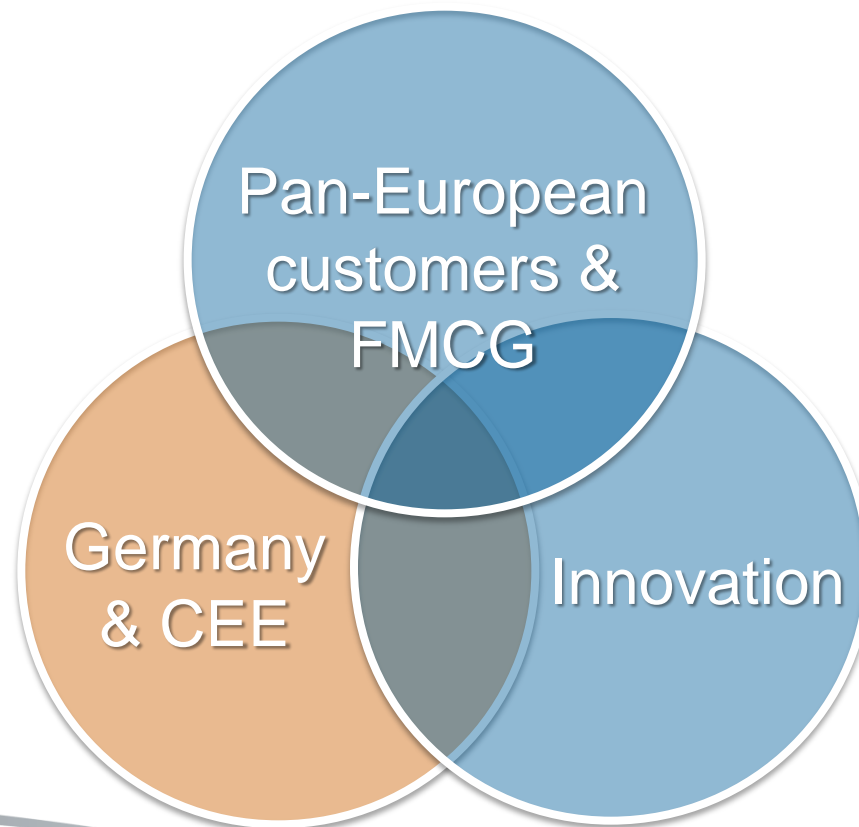
Choosing where to play...

- Choosing less cyclical, high quality sectors where we can add value
 - Automotive (aftermarket), Electronics (maintenance), Pharma, Online
 - Supply chain management for quality customers
- DS Smith well positioned with strong CEE footprint and well-developed supply-chain and service capability
- DS Smith Industrial share 40% - looking to maintain 35% share in these growing markets as FMCG share increases



Strategic growth drivers

Developing our commercial proposition

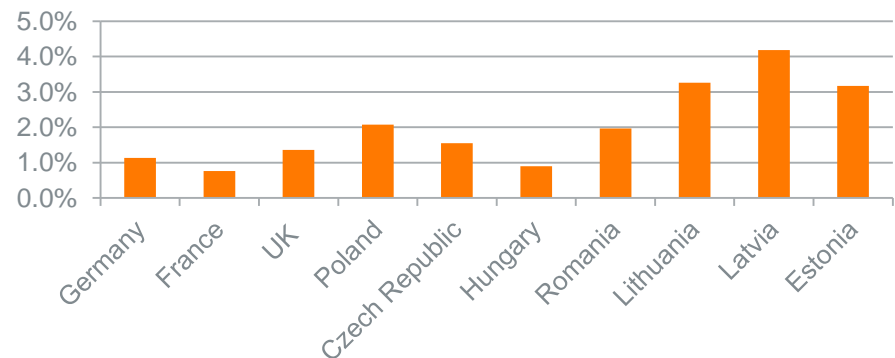


Higher growth opportunities

Germany and CEE key markets

- DS Smith only #3 in Germany (22% of European board market)
- Attractive opportunities in higher growth markets of Central & Eastern Europe
 - FMCG – leveraging our retail and consumer experience
 - Industrial – taking pole position for supporting customers with exports
- Strong fundamentals: board usage per head in Poland only 2/3's German rates
- Eastern Europe board market forecast to add c.€1bn* from 2012 to 2017 (2.8% CAGR)

3 Year Average GDP Growth
2013-15

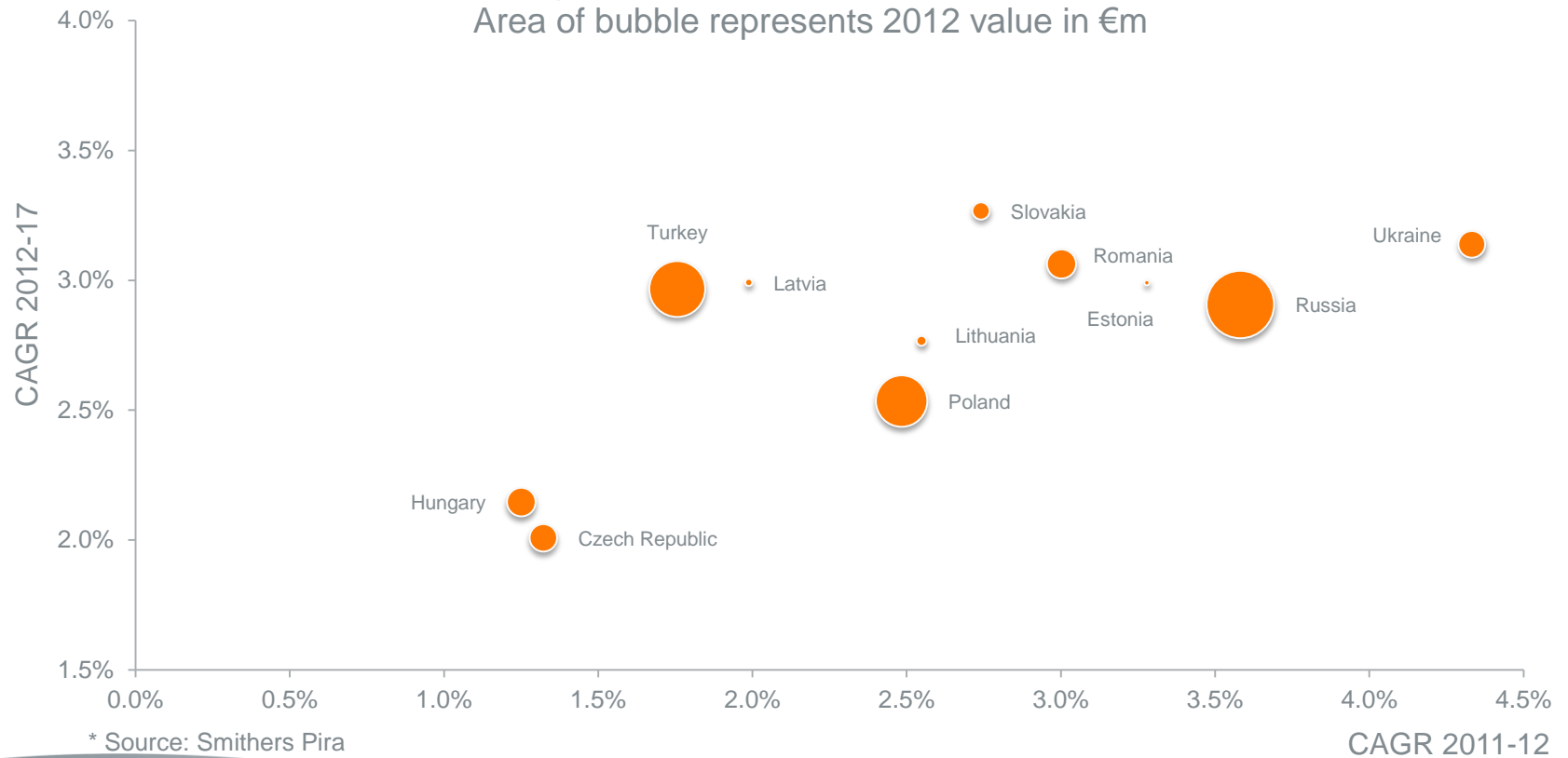


* Source: Smithers Pira

Source: IMF, World Economic Outlook Database

Higher growth market opportunity

Value growth by country in Eastern Europe*
Area of bubble represents 2012 value in €m



Targets for growth priorities

Choosing where to play...

- Building higher share in German market
 - Targeting 5% growth p.a. in the medium term
- Investing to profit from high growth CEE markets
 - Targeting 8% growth p.a. in the medium term
- Working now to research opportunities to expand network
- Focusing our investment in these regions
- Germany and Central and Eastern Europe
 - Currently 25% of DS Smith
 - **Medium term target greater than 30%**

What are our customers looking for?

Marc Chiron

Marketing Director for Packaging



What do our customers want?

An industry leader...

“The paper board industry hasn’t stepped up to the game. They’re lousy at addressing challenges. We want suppliers to change the game, not just nips and tucks.”

Global Packaging Technologist

Cross business expertise...

“Our supplier needs to know about our business strategy...but suppliers miss the mark on knowing what we want 99 out of 100 times.”

Packaging Innovation Manager

A strategic partner...

“The importance of retail ready is not just branding but also driving efficiency throughout the supply chain.”

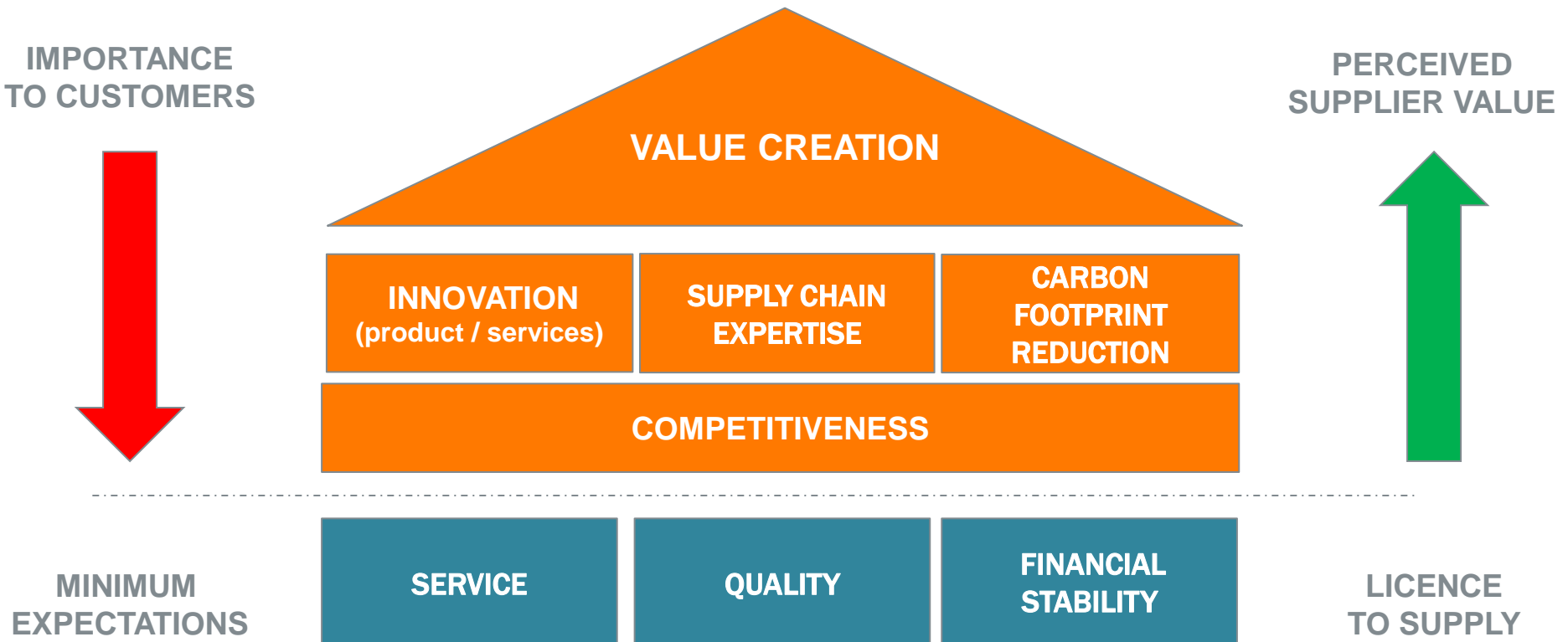
Senior Packaging Technologist

They are prepared to pay for it...

“We’d always be open to a different price structure as long as it reduces the total cost for us.”

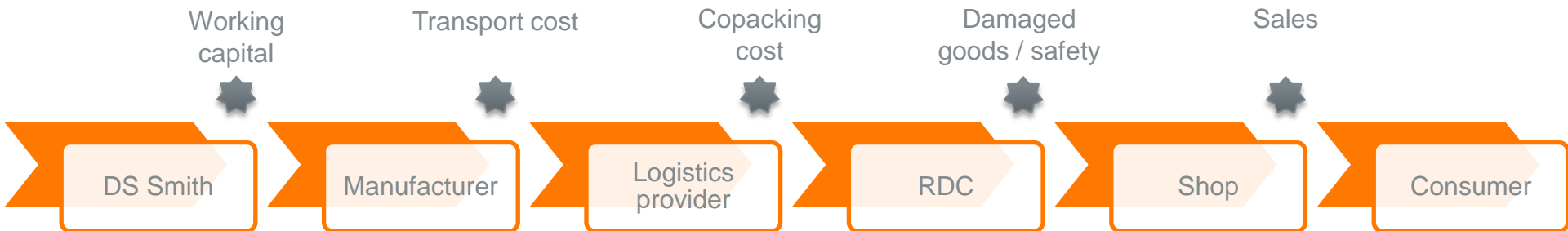
Strategic Account Manager

Demonstrating clear benefits to customers...



Value chain integration

Enhancing our customers' performance



More than a box
Simplifying life for our customers

Increase sales
Reduce cost
Manage risk

Becoming a strategic business partner

Acting as strategist beyond our manufacturing capability

- Growing our service offer to create value for both parties
 - Innovative packaging solutions that simplify the lives of our customers
- Helping our customers' products perform at their "moment of truth"
 - Deliver consistent innovation through unique customer journey
 - Impact & Innovation / design centres
- Behave as facilitator with retailers
 - Anticipate supply chain challenges through holistic approach



Accelerating our growth

Three thick, white, wavy lines that curve across the bottom of the slide, starting from the left and moving towards the right.

Customer insight leading the way to growth

We will take our place as the Industry Leader

- Large customers looking for leadership and cross-business support
 - DS Smith taking solution and service model to **wider range of brands**
- Procurement teams looking to deal with fewer, better suppliers
 - DS Smith taking advantage of network to **supply in more countries**
- **Scalable innovation**



Building on strong existing relationships



Growing with our customers – new brands

- Danone
 - Traditionally a relationship based on Dairy brands
 - Now extended into strong partnership with Baby & Medical
- Nestlé
 - Strong position in Beverage, Ice Cream, Confectionery, Nutrition
 - Now being extended into strong partnership with Petcare
- Pernod Ricard
 - Traditionally a relationship based on Brandy & Whisky brands
 - Now being extended into premium Champagne

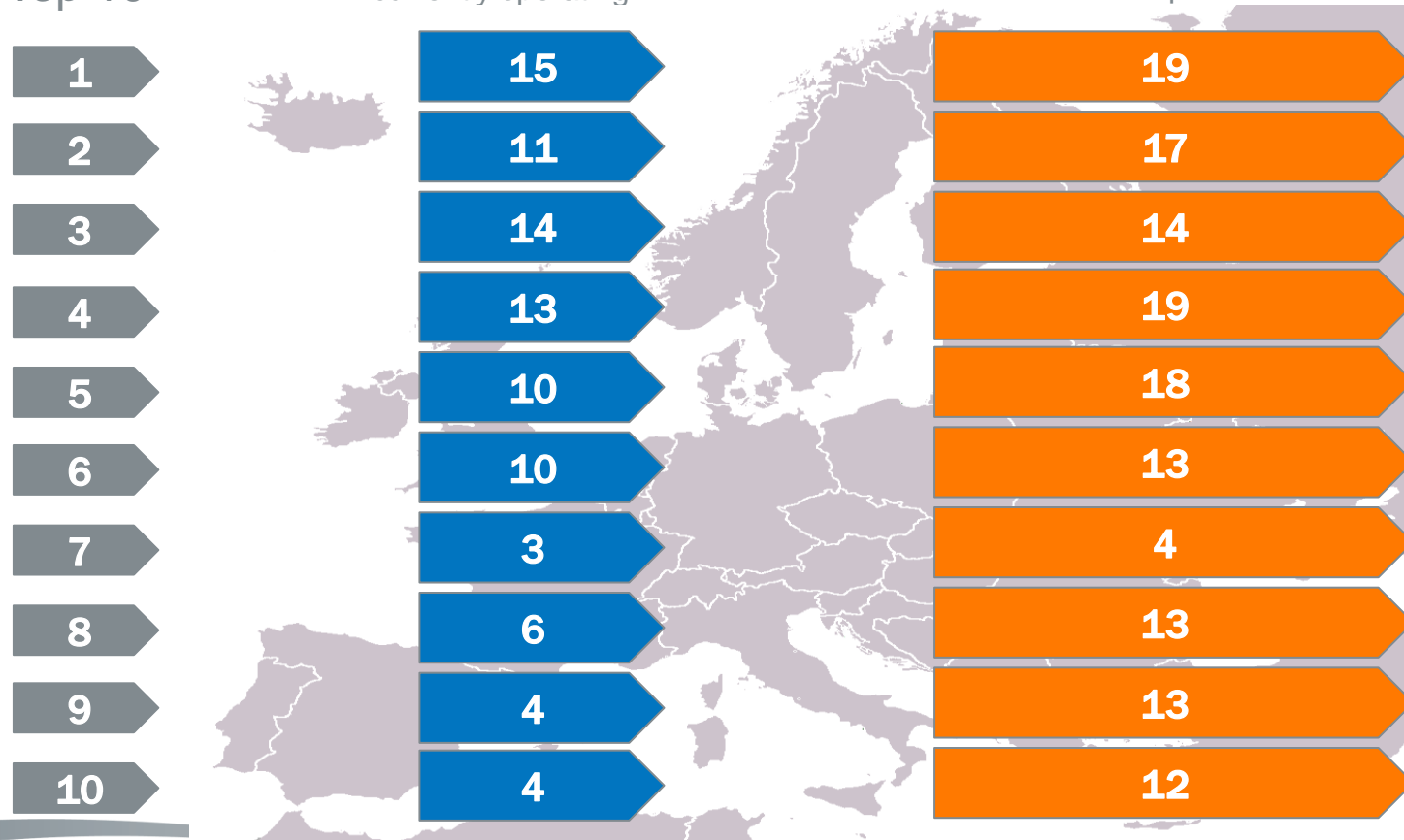


Growing with our customers – new territories

Top 10

Number of countries DS Smith currently operating in

Potential number of countries DS Smith could operate in



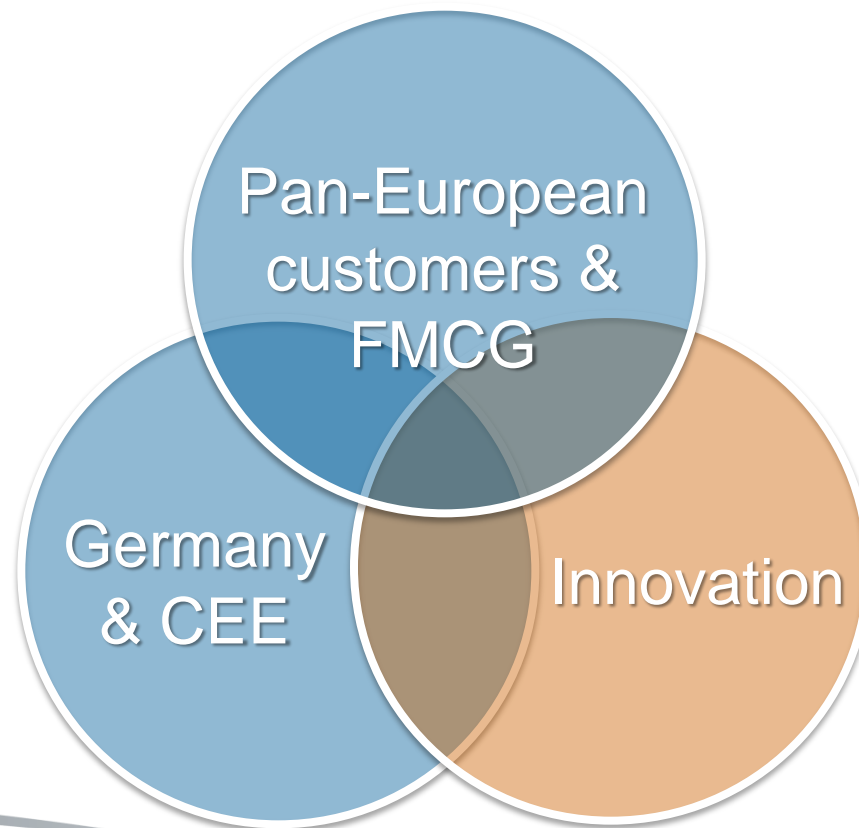
Growing with our customers – new territories

- Danone
 - New business in Belgium, Netherlands, Poland, Spain
- Nestlé
 - New business in Germany, Romania, Switzerland
- Procter & Gamble
 - New business in Germany, Romania
- Unilever
 - New business in Finland, Greece



Strategic growth drivers

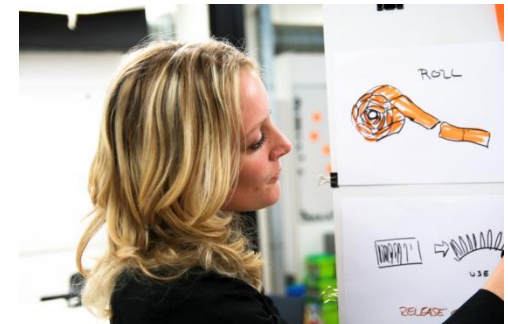
Developing our commercial proposition



Growing with our customers - innovation

Increasing sales, reducing costs, managing risks

- R&D spend focused on critical market issues
 - New partnership with Innventia in Sweden
 - Differentiation via improved solutions for performance packaging
- Fully integrated tools to delight our customers
 - Design centres from 15 to 30 by 2015
 - Impact & Innovation centres from 3 to 10 by 2015
 - New consultancy and solutions approach
 - Roll-out of scalable innovation



Scalable Innovation in Action

Francesco Barsanti

Director of Sales, DS Smith Italia



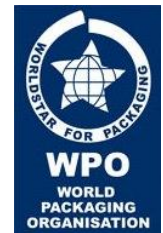
Selling impulse products in varied retail formats



Trayzer

Creating maximum value with one design

- Increasing sales
- Lowering co-packing costs
- Reducing complexity
- Easier to deploy
- RRP & Display at same time
- Strong consumer attraction
- Excellent product availability
- Reduced carbon footprint



Growth opportunity for Trayzer...

- Roll out of DS Smith capability
 - Capital investment
 - Customer qualification
- Additional opportunities:
 - Brand
 - Geographical
 - Customer
- Excited about further growth opportunities



Trayzer rollout across Europe

- | | |
|-----------------|---------------------|
| a. France 2009 | b. Netherlands 2010 |
| c. Germany 2010 | d. Poland 2011 |
| e. UK 2013 | |

R-Flute® - a reminder of the benefits



Better print and perforations vs. B-Flute

- Outstanding Retail Ready Packaging

20% fewer packaging deliveries

- Less inbound handling, traffic, & admin

20% less storage for packaging

- Valuable capacity saved or released

20% fewer pallet movements

- Fewer movements to packing lines
- Fewer pallets, straps and wraps to handle

Using R-Flute® to drive growth

- DS Smith UK Packaging Innovation
 - Developed late 2009 and trademarked
 - Driven from first trials to 30% of volume in UK by Summer 2012
 - Huge benefits to customers – supply chain, presentation, sustainability
- SCA Acquisition presents golden opportunity
 - Now investing in equipment in Austria, Belgium, Denmark, France, Hungary, Italy, Netherlands, Poland, Sweden
 - Strong interest across the board from existing and new customers
 - Confirms our view that proactive solutions will win share



DS Smith Italia: Pessione Plant

Summary

- Turnover: €40m
- Production: 55msm
- 40% Spirits and Wine
- 30% Automotive
- 30% Confectionery, Pasta, Cosmetics



Spirits and Wine Sector

Background

- DS Smith is industry leader in the Piedmont area for this segment
- BUT – innovation urgently needed to avoid products being commoditised

Market dynamics

- Three tier-one bottlers: more than 100 million bottles per year each
- Ten tier-two producers: between 5 and 30 million bottles per year

Customers are looking for:

- Retail Ready Packaging: moving from expensive and poorly functioning tear tape to front panels with die-cut perforations
- Premium print quality
- Higher logistics requirements, higher number of references
- Lower costs and carbon footprint

Summary

Current production (September 2013)

- R-Flute[®] represents 15% of Pessione production after only nine months in the market

Targets:

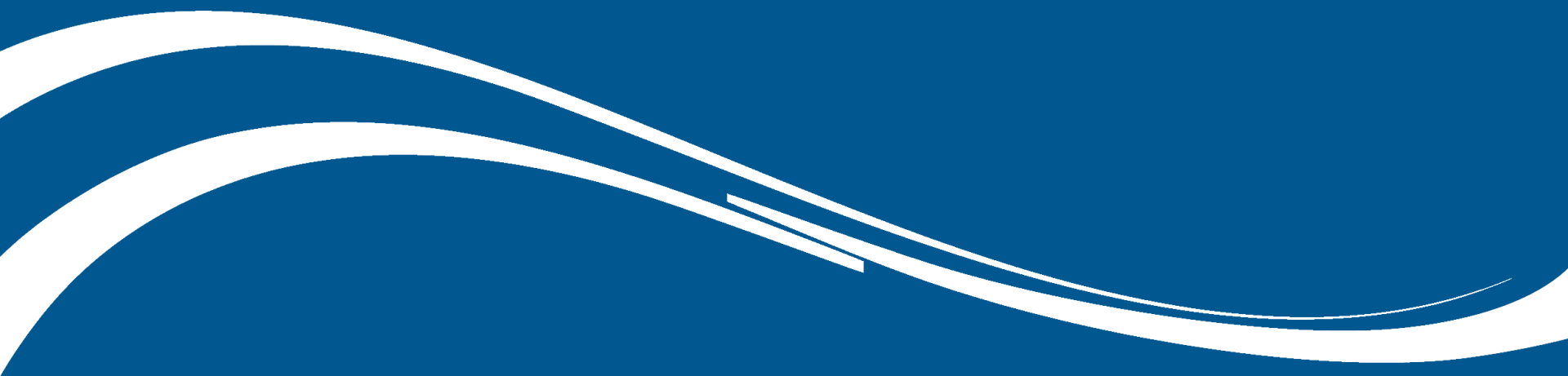
- 30% of total output by September 2014
- Key offer is improved display and printing quality
- Successfully defending current business and winning new business with existing customers
- Now also attracting new customers
- Equipment now installed for three other plants in Italy

0% to 15% in 9 months... **30%** in 12 months time

Summary

Miles Roberts

Group Chief Executive



Maximising our commercial opportunities

- Our business today —→ Enhanced pan-European platform
- Market characteristics —→ €25bn, fragmented market
—→ Customers consolidating suppliers
- Strategic growth drivers
 - Customers —→ looking for leadership
 - Products —→ performance packaging products and solutions
 - Route to market —→ design centres
 - Regions —→ focus on higher growth markets for DS Smith

More than a box

The box...

- Increasingly sophisticated raw material technology
- Recycled wherever possible
- Printing – world class structural and graphic design
- Outstanding pack performance and print execution

...outside the box

- Supply cycle consultancy – reducing total cost for customers
- Expert on consumer preferences – growing sales for customers
- Scalable packaging solutions – making ideas easy to implement
- Differentiated solutions backed by IP and licencing arrangements



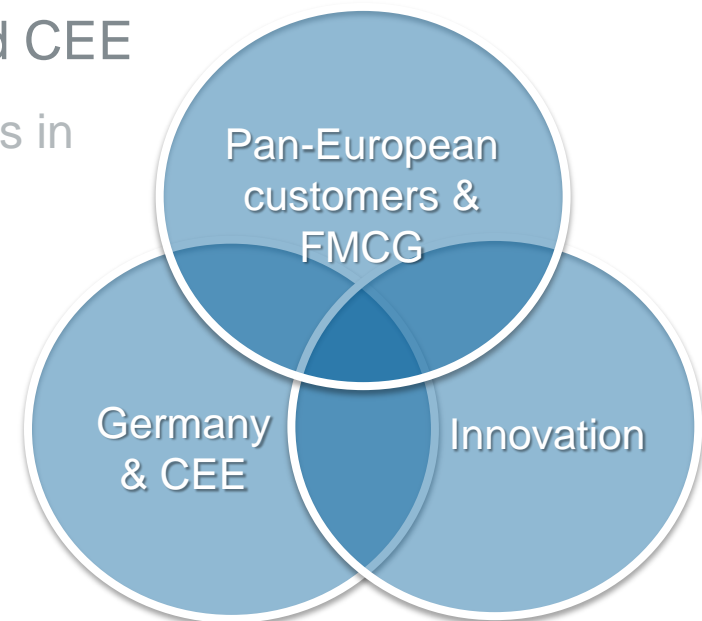
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 - Growing to more than 30% of total sales in the medium term



- **Higher quality growth**
- **Outperformance of GDP +1%**



The future of packaging...

Where will the market be in 5-10 years?

- Key trends:
 - Customers consolidating their supply chain
 - Cost reduction
 - Best practice
- Customers' approach becoming more global:
 - Common solutions (eg. licensing)
 - Global capability and investment
 - Investment in strategic business partnerships
- Trend towards global solutions and relationships

DS Smith well positioned for the future

Questions and Answers

