Full year results to 30 April 2014

26 June 2014

The Power of Less®

Introduction

01

Key messages

- Substantial growth in profits, returns and dividend
- Delivering a strong and sustainable performance
  - Organic growth
  - Gaining market share
  - Continued benefits of the SCA Packaging acquisition
  - Delivering for all our stakeholders
- Strongly positioned in a growing market
  - Differentiated Supply Cycle approach
  - Positive customer feedback
- Industry leadership
- Investing in our business
  - Investment to support the customer journey, efficiency and further growth

Financial review

02

Sustainable delivery

Metric	Medium-term target	2013/14		Progress
Volume growth(1)	GDP(2) + 1% = 1.9%	2.2%	✓	Continued growth ahead of market
Return on sales(3)	7% - 9%	7.6%	✓	+80 bps
ROACE(3)	12% - 15%	13.0%	✓	+80 bps
Cash conversion(4)	≥120%	120%	✓	In target range
Net debt / EBITDA(5)	≤2.0x	1.96	✓	In target range

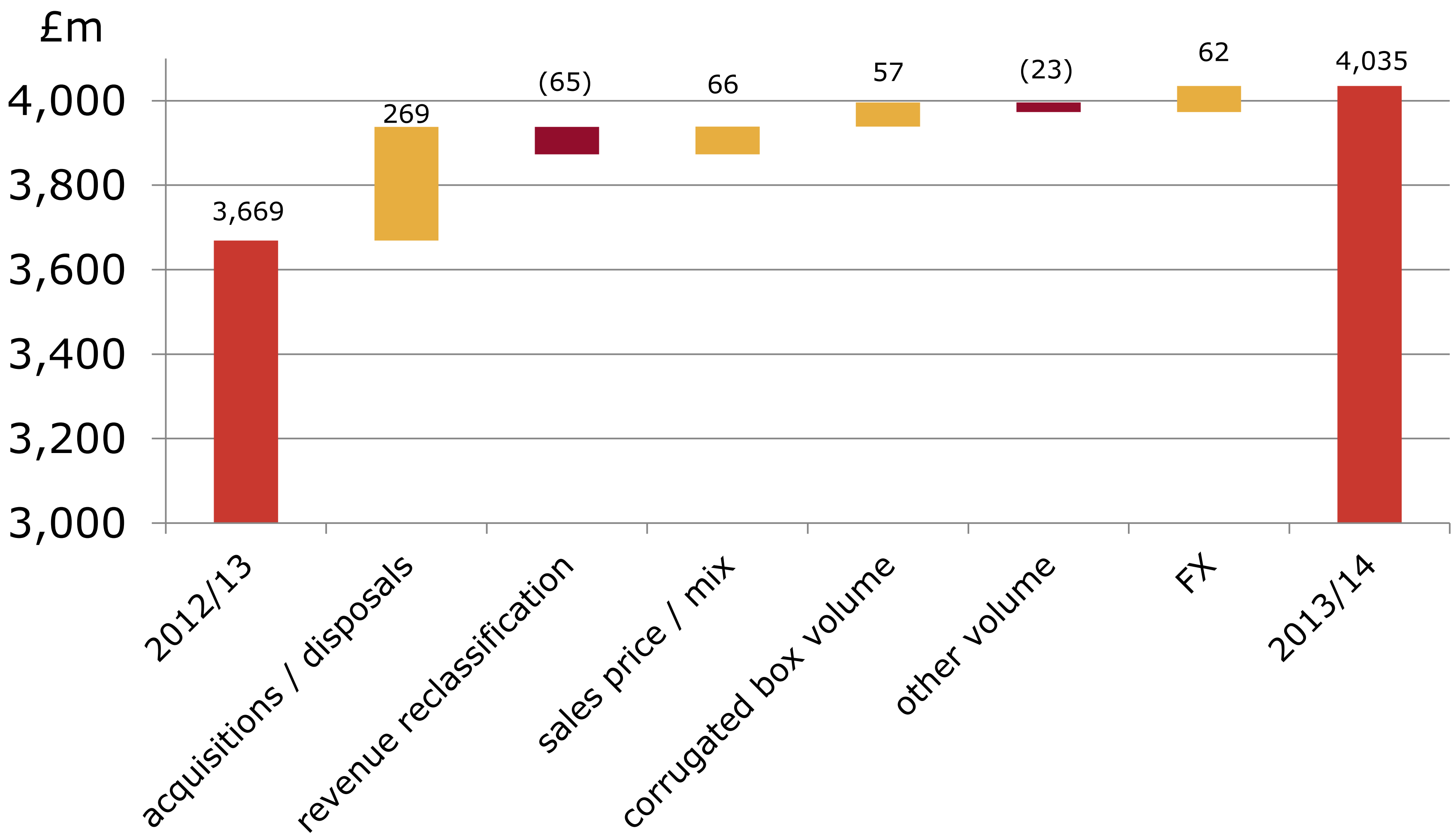
(1) Corrugated box volumes, adjusted for working days
(2) GDP growth (year-on-year) for the countries in which DS Smith operates, weighted by our sales by country for the period April 2013– March 2014 = 0.9%. Source: Eurostat (15 May 2014)
(3) Calculated on operating profit before amortisation and exceptional items
(4) Free cash flow before tax, net interest, growth capital expenditure, pension payments and exceptional cash flows as a percentage of earnings before interest, tax, amortisation and exceptional items
(5) Calculation as defined by the Group's banking covenants

Financial highlights

Continuing operations	2013/14	2012/13[1]	*Change*
Revenue (£m)	4,035	3,669	+10%
Operating profit[2] (£m)	307	249	+23%
Return on sales	7.6%	6.8%	+80bps
Profit before tax (£m)	167	82	+104%
Adjusted EPS	21.4p	17.1p	+25%
Dividend per share	10.0p	8.0p	+25%
Asset turnover[3]	1.7x	1.8x	-0.1x
Return on average capital employed	13.0%	12.2%	+80bps

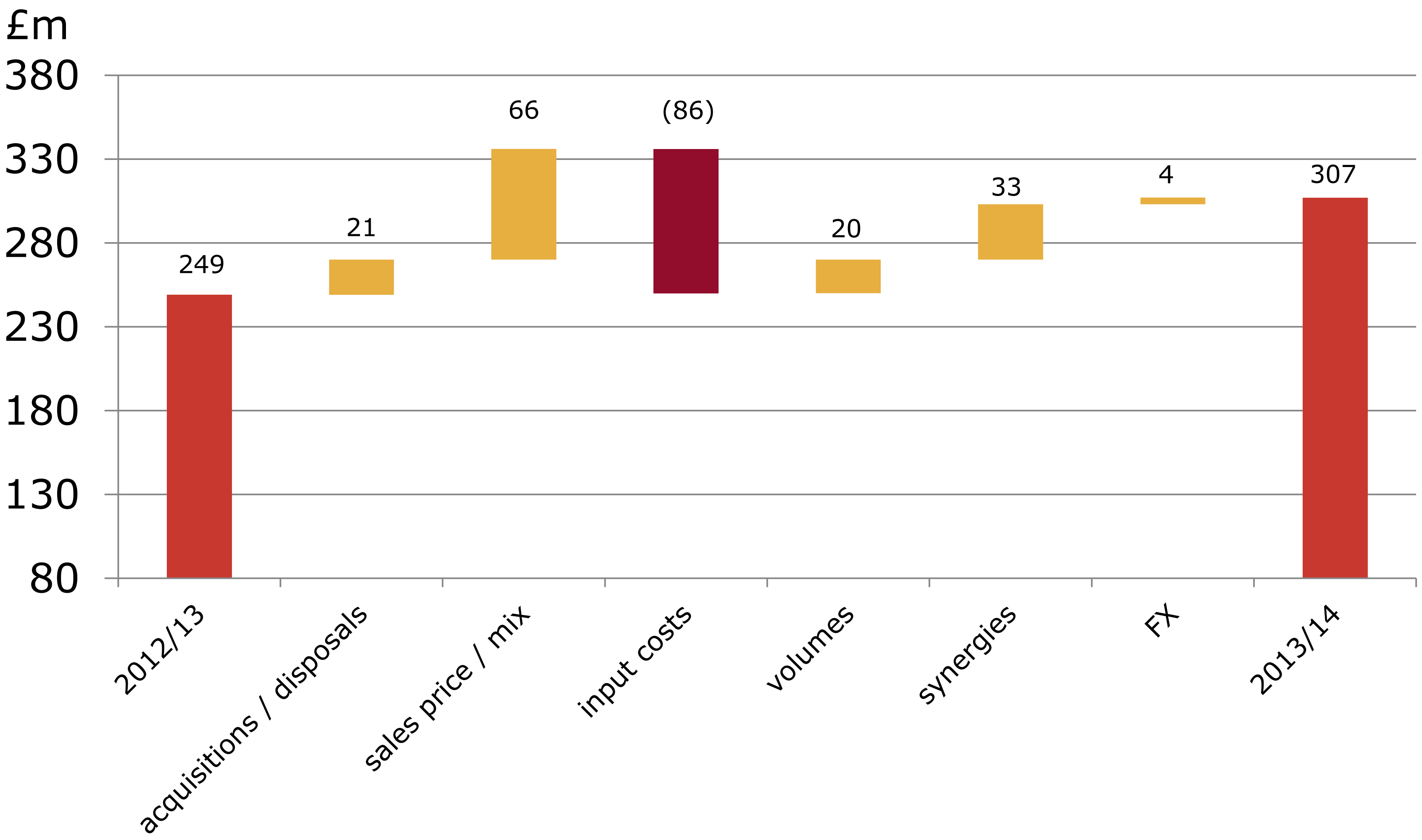
(1) Restated for IAS 19 adjustment
(2) Before amortisation, exceptional items and share of associates
(3) Revenue divided by average capital employed for the year

SCA benefit augmented by strong organic growth



Note: Other volume includes paper, corrugated sheet and recycling

Operating profit growth despite rising input costs



Continued margin improvements

Return on sales	2013/14	2012/13 (1)
UK	6.9%	4.8%
Western Europe	6.6%	7.6%
DACH & Northern Europe	9.3%	7.5%
Central Europe & Italy	7.2%	6.8%
Plastics	8.4%	8.5%
Group	**7.6%**	**6.8%**

- UK – strong performance in packaging; recycled packaging focus improving Kemsley profitability
- Western Europe – challenging economic conditions, particularly France
- DACH and Northern Europe – good volume growth
- Central Europe and Italy – good volume growth
- Plastics – strong performance US and in European RTP; restructuring impacted European FP&D

(1) Restated for IAS 19 adjustment

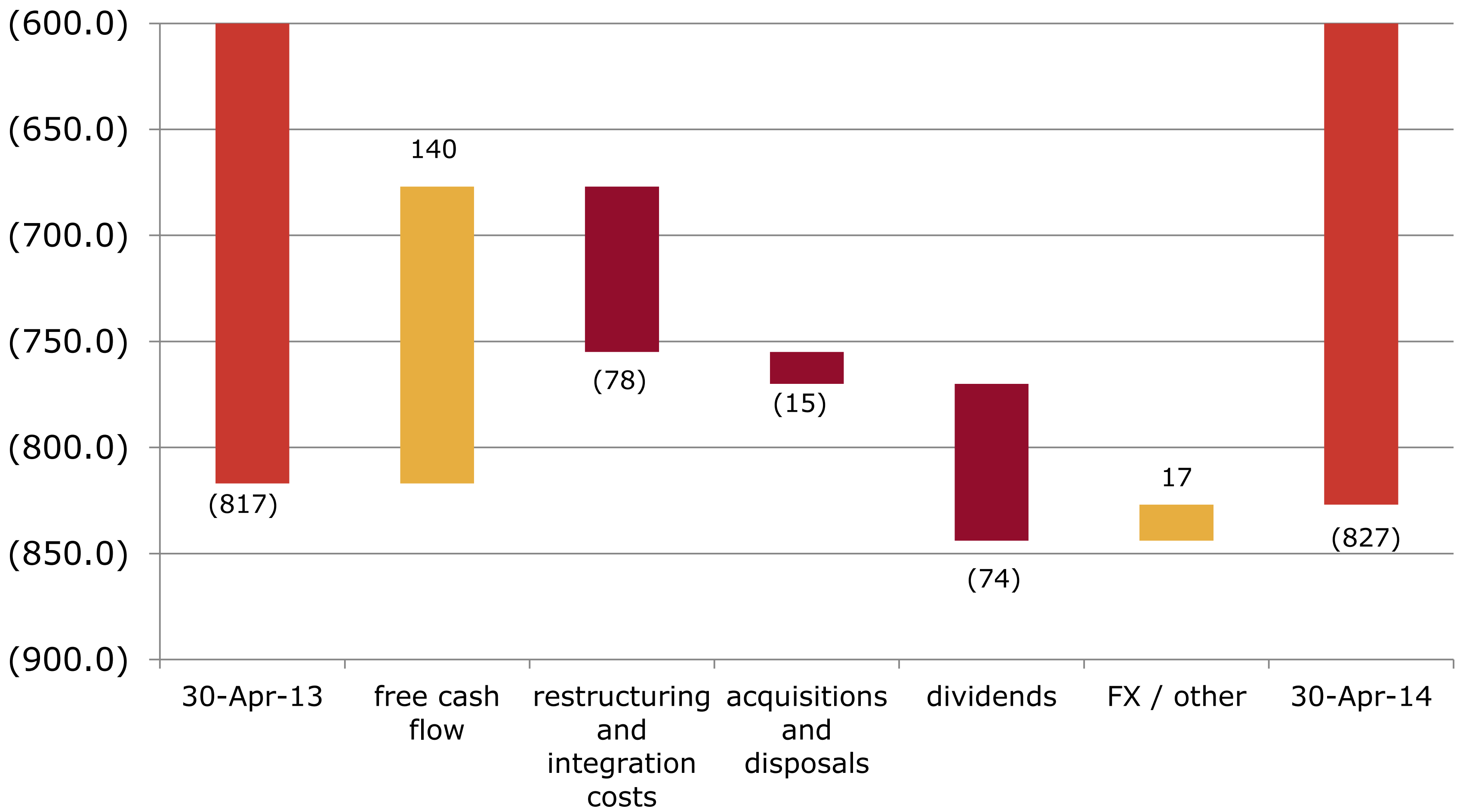
Working capital momentum maintained

£m	2013/14	2012/13[1]
EBITDA	**430**	**361**
Working capital	3	158
Pension payments/other	(39)	(15)
Capex (net of proceeds)	(156)	(157)
Tax and interest	(98)	(77)
Free cash flow	**140**	**270**
FCF per share	**15.0p**	**29.2p**

	2013/14	2012/13
Average monthly working capital/sales	3.4%	4.5%

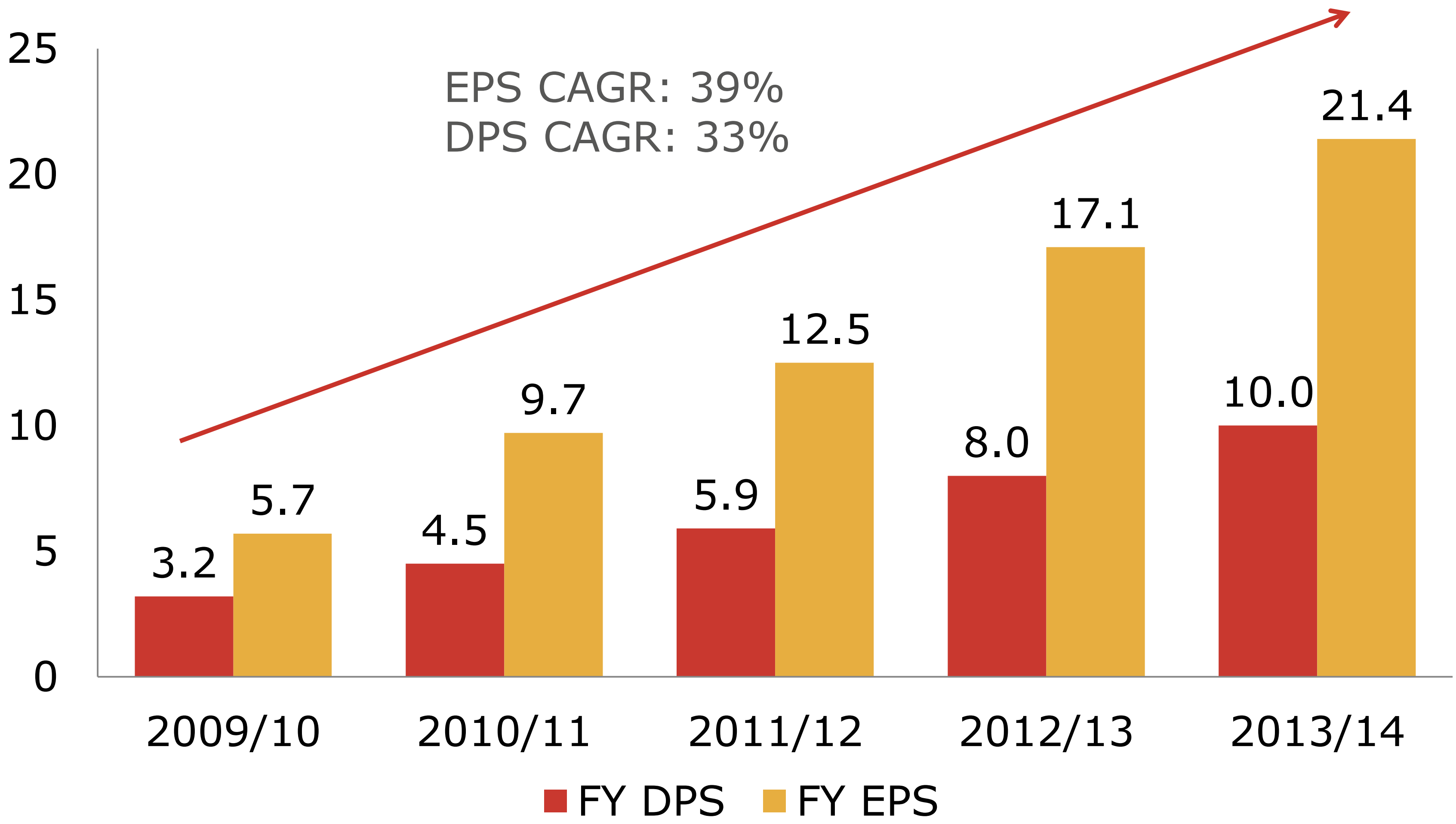
(1) Restated for IAS 19 adjustment

Net debt analysis



Delivering sustainable shareholder returns

Pence per share



Disciplined Capital Allocation

Rigorous Capital management

- Capital expenditure and restructuring
- Capital structure

Approach

- Strategic criteria – grow, maintain, exit, fix
- Financial criteria – returns and cash payback

Investment criteria for growth (3 S's)

- Supplier of Choice
- Supply Chain
- Sustainability

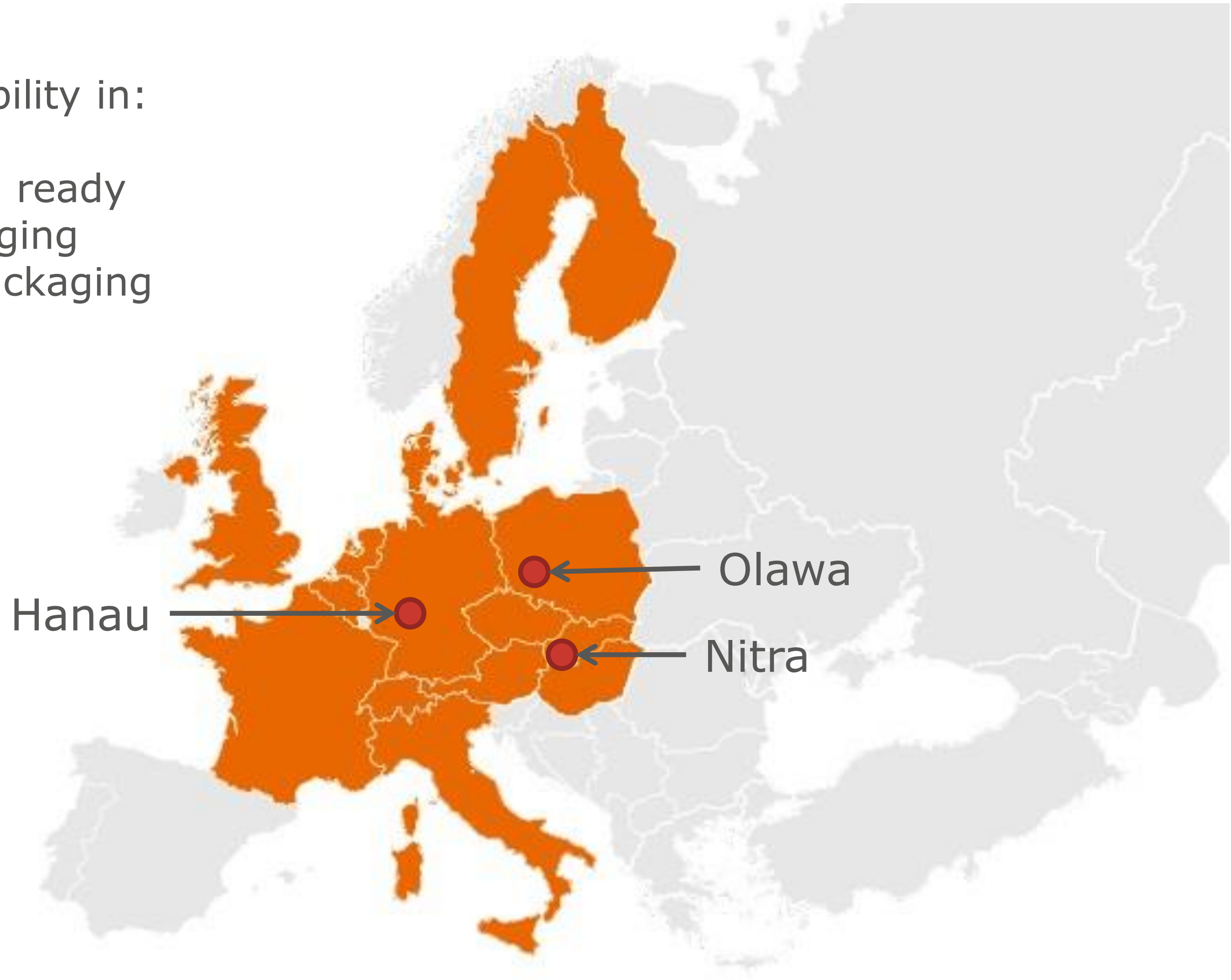
Efficiency and growth investment

- Underpin financial performance and support future growth

Efficiency and Growth Investment across Europe

Expanding our capability in:

- Display
- High quality retail ready corrugated packaging
- Flexible plastic packaging



Technical guidance

For the financial year 2014/15:

- Capex £150 – 160m
- Depreciation c. £130m
- Tax rate c. 23%
- Amortisation charge c. £50m
- Total interest – similar to 2013/14
- IAS 19 pension interest charge £7m
- Pension deficit reduction cash contribution c. £15m
- Expected exceptional costs 2014/15: c. £30m
- FX: €1c move impacts EBITA by £1.6m
    - Future reporting to include constant currency

Outlook

"The current year has started well and is in line with our expectations. While we expect a difficult consumer economic environment to remain, our focus on delivery, capital discipline and continued investment in the business provides us with confidence in the sustainability of our business model. Looking ahead we remain excited about further growth opportunities for the Group."

Chief Executive’s review

03

Summary

- **Market backdrop**

- **Positioned to benefit from changes in the consumer market**
  - Growth in on-line retail
  - Growth in retail-ready
    - Convenience store formats
    - Discount retailers / private label
  - Growth in Display
  - Sustainability / recycling focus

- **Delivering well**
  - Strong growth, particularly in DACH and Central Europe & Italy
  - Increased market share as volume growth exceeds market
  - Plastics restructuring to benefit from increased demand

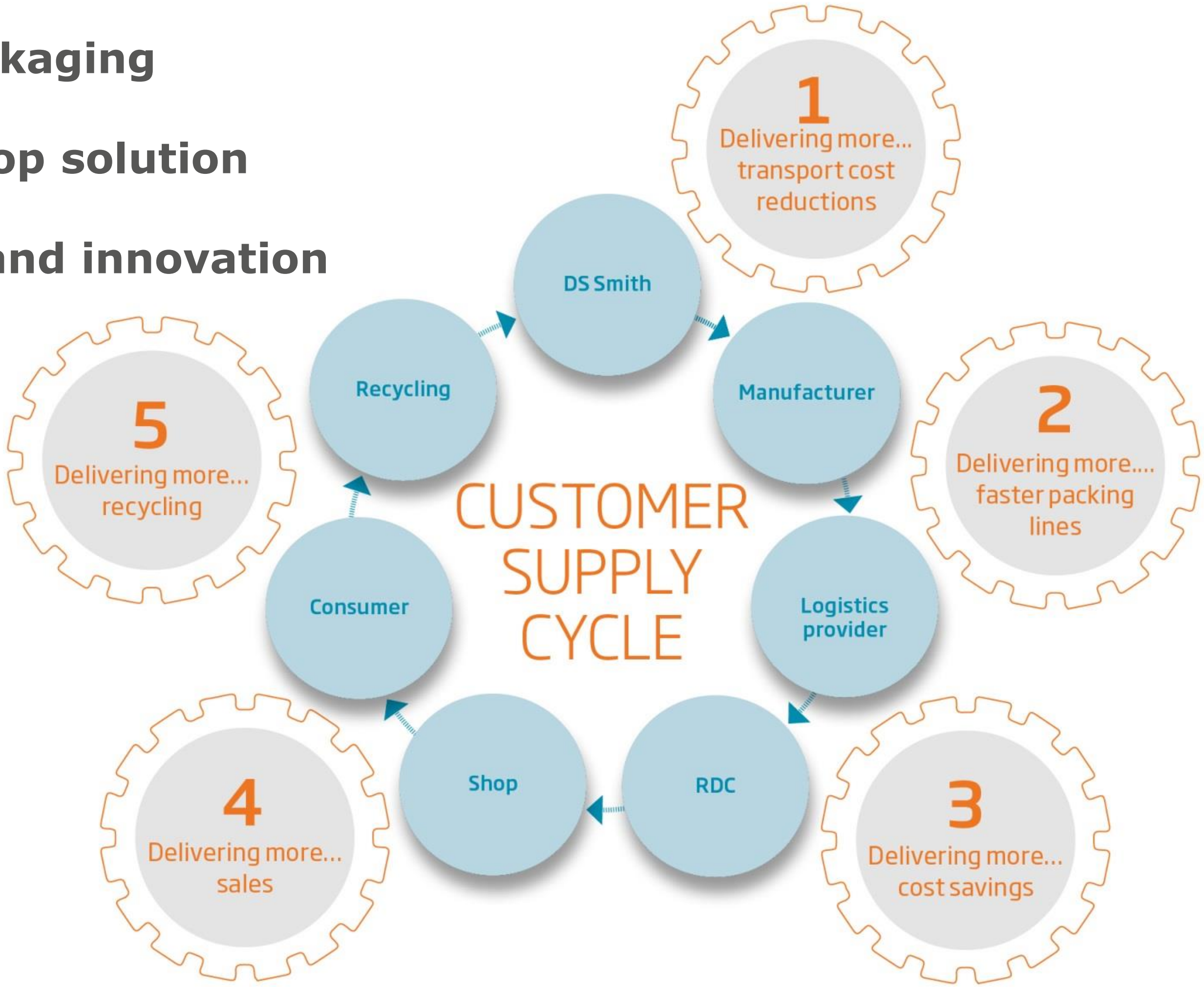
- **Investing in our business**
  - Investment to support efficiency and further growth

A sustainable model

- **Investors**
  - Strong financial performance and returns to shareholders
- **Employees**
  - Enhanced engagement
  - Further improved health and safety performance
  - Reduced accident frequency rate
  - Reduced number of lost-time accidents
- **Customers**
  - Roll out of our differentiated offering
  - Improved underlying service
  - Further improved product quality
- **Environment**
  - CO_2, water usage and waste reduction
  - Business model helps others achieve environmental benefits

Our differentiated offering

- **Optimising the whole supply cycle**
- **Performance packaging**
- **Unique closed loop solution**
- **Service, quality and innovation**



Delivering more than a box

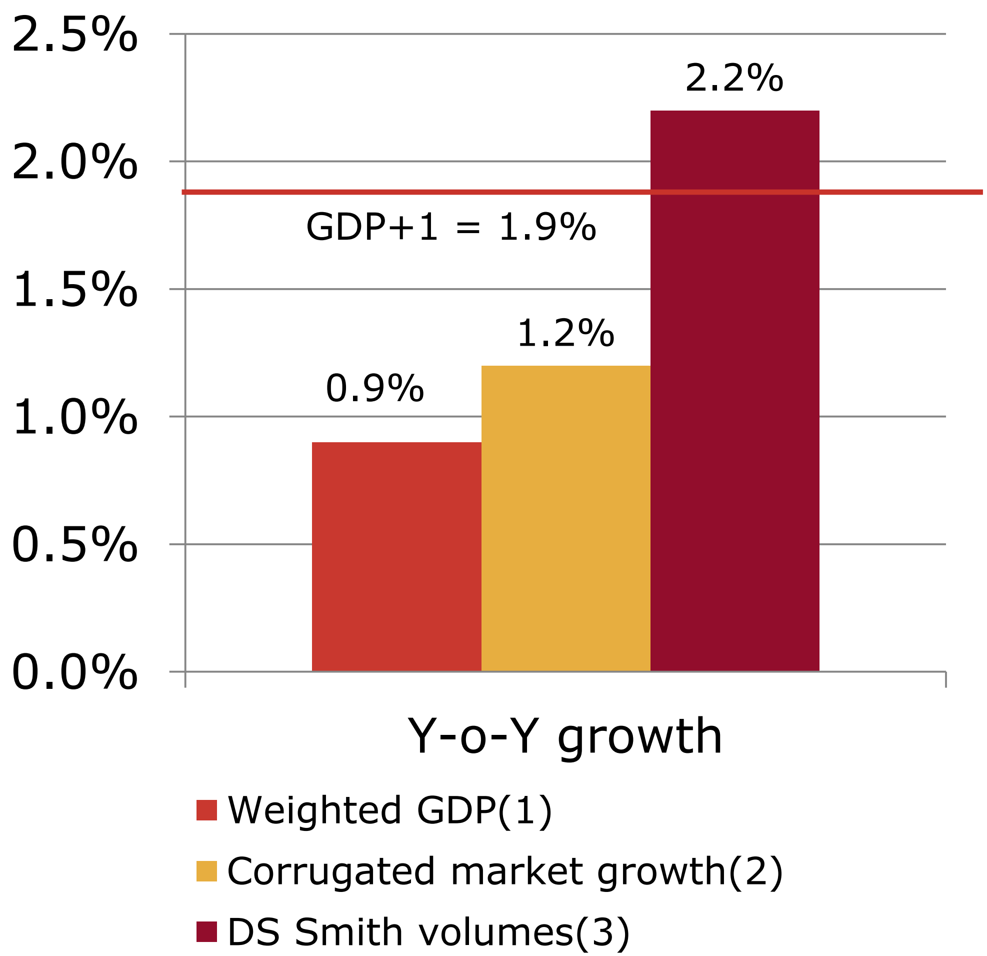
Awarded "#1 packaging supplier" award by Nestle for the second year running

- Category covered all types of packaging
- Win by delivering more than a box
- Criteria were
  - Innovation
  - Logistics
  - Relationship (reactivity, proactivity, communication)
  - Technical
  - Quality
  - Cost

Gaining market share

Strong volume growth

- Consistently out–performing the market across the business
- Positive customer response to our solutions and service focused offering
- Particular success in areas of focus
- Ongoing customer–driven investment to support further growth



(1) GDP from Eurostat (15 May 2014) average Y-o-Y calendar (April 2013 – March 2014)
(2) FEFCO YTD growth from April 2013 to March 2014, adjusted for working days
(3) DS Smith corrugated box volumes, adjusted for working days

On-line retailing

- Everything in a box…
- Greater variety and sophistication of product
- More specialised and automation capability
- Opportunity for enhanced customer experience
- Substantial growth in the European retail market
  - Smartphone / tablet use
  - Broadband penetration
  - Expansion of click-and-collect
- European forecast online sales 11.4% CAGR to €307bn 2012-17(1)
  - UK is the largest market in Europe (23%) followed by France (21%) and Germany (15%)

Scanstar award for e-commerce packaging
- Danish postal service approved
- Significant savings for e-retailers

(1) Source: Marketline

Retail ready

Convenience and discount retailers driving retail ready

- Maximisation of store density and speed of shelf replenishment
- Limited labour and stock storage capability
- Importance of attractive and eye-catching presentation

Market opportunity

- Discounters estimated to increase share of the UK grocery market from 5.6% (2013) to 9.0% (2018) (Source: IGD)
- Convenience stores across Europe estimated in grow 6.2% (CAGR 2011 – 2016) (Source: Canadean)
- Sainsbury report +17% year-on-year growth from their convenience stores

Developing our Display capability

Use of attractive in-store displays driven by

- Increased in-store purchasing decisions
- Greater proportion of goods bought on promotion
- Drive to reduce labour costs at retail sites
  - Displays pre-assembled

Continued delivery from Plastics

Flexible packaging and dispensing

- Strong growth in the US
  - Continued success of solutions for fast-food outlets and restaurants
  - Investing in additional capacity

- Investment in the European business
  - Improved cost base
  - Better positioned geographically for customers
  - More efficient manufacturing with scope for additional capacity

Returnable transit packaging

- Strong profit growth
- Environmentally based solution
- Adding further capacity

Summary

- Consistent delivery
- Shaping the development of the industry
- Delivering our financial results
- Investing for growth

Questions please

Appendix

Exceptional items

£m	2013/14 Income statement	2013/14 Cash flow
SCA Packaging integration	42	(43)
Other	(1)	(35)
Total	41	78

- Other exceptional costs include acquisition costs of £4m, restructuring and rationalisation in the Plastics businesses of £12m, UK Packaging site closures and reorganisations of £7m, associate exceptional loss, partially offset by a provision release for employee compensation, gain in relation to the SCA Packaging completion process and the release of an onerous energy contract in Italy.

Foreign exchange exposure

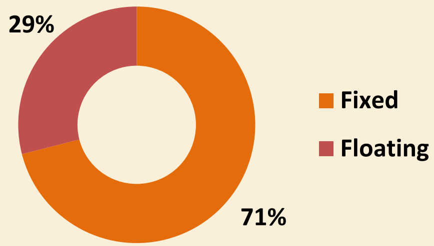
2013/14	Revenue (%)	EBITA (%)	Average rate FY 2013/14	Average rate HY 2013/14	Closing rate 30 April 2014	Closing rate 31 October 2013
GBP	25%	13%				
EUR	60%	65%	1.191	1.171	1.215	1.181
USD	2%	5%	1.607	1.553	1.682	1.606
Other	13%	17%				

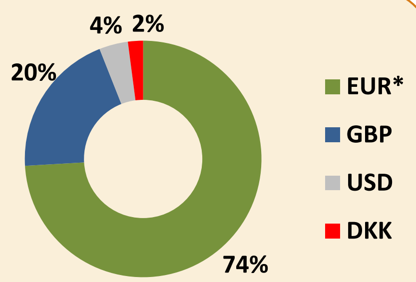
- Note that the difference in the % of GBP at EBITA versus revenue is due to a significant proportion of central costs being in GBP
- Other currencies are predominantly European (the largest being Polish Zloty and Swedish Krone)

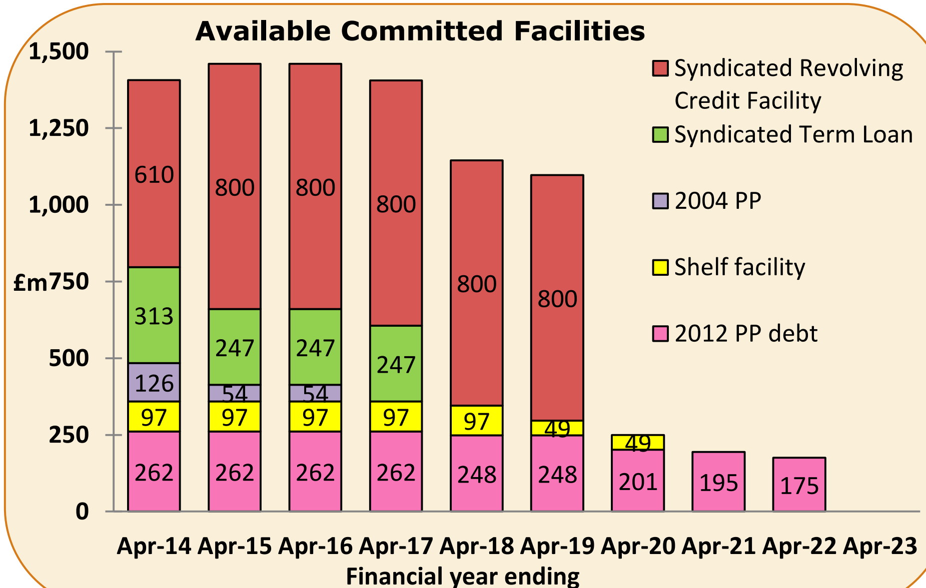
SCA Packaging acquisition synergies

Synergy	Target	Delivered by April 2014
Cost savings	€120m by April 2015	€80m cumulative, €40m in 2013/14
Disposal of surplus assets	€100m by April 2015	€74m cumulative, €14m in 2013/14

Debt analysis







Net Debt	£ 827m
Net Debt/ EBITDA ratio	1.96x
EBITDA/ Net Interest ratio	10.4x

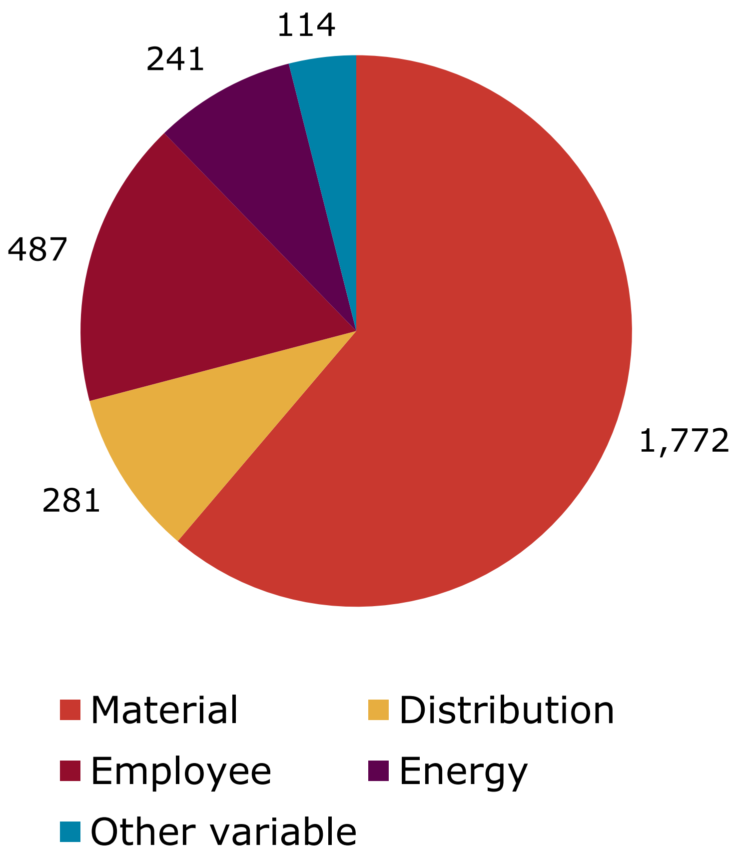
As at 30 April 2014, the weighted average remaining life of the Group's committed borrowing facilities was 3.3 years.

The Group refinanced its bank facilities on 20 May 2014. Taking this into account, the weighted average life is 4.8 years.

Ratios as defined in the Group’s banking agreements.

Cost analysis

Variable costs:
Total £2,895m



Fixed costs:
Total £864m