



Half year results to 31 October 2015

Good momentum driving growth and returns

3 December 2015

A decorative graphic at the bottom of the slide consisting of overlapping geometric shapes in shades of red, orange, and grey, forming a wide, upward-pointing arrow-like shape.

The Power of Less®

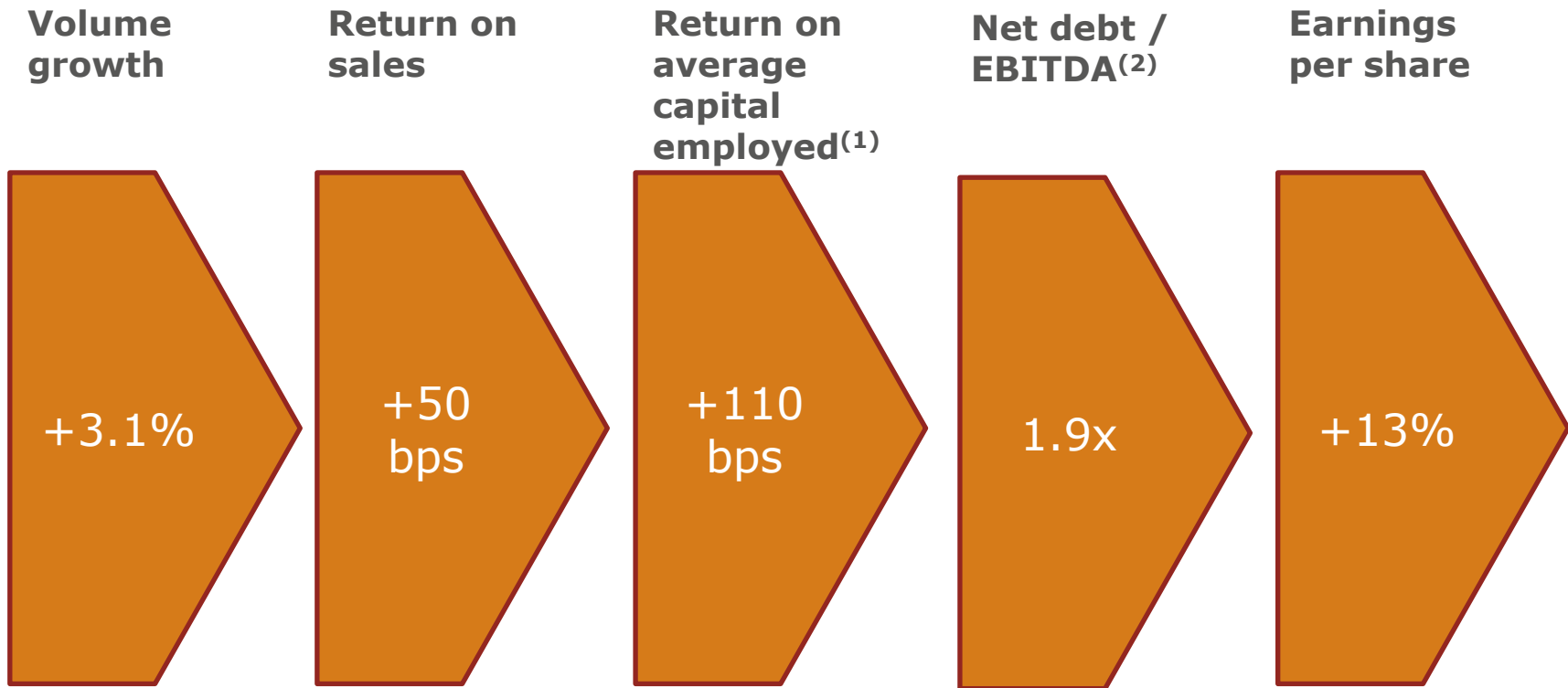
Introduction

Good momentum driving growth and returns

- Continued outperformance of the market
 - Volume +3.1%
- Focus on differentiated customer proposition
- Strong growth in margin, returns, profits and dividend
- Enhanced quality and scale of business
 - Acquisition of high quality assets in Iberia
 - Market leading position in fast-growing south-eastern Europe via acquisitions of Duropack and Cartonpack
 - Agreement to acquire specialist corrugated business in Istanbul, Turkey
- Excellent customer reaction to acquisitions
 - Integration process working smoothly
 - Initial synergies upgraded



Another period of strong delivery



Note – all figures on a constant currency basis, before exceptional items and amortisation

(1) 12 month rolling

(2) In accordance with covenant calculations

Financial review

Adrian Marsh, CFO

Sustainable delivery against medium term targets

Metric	Medium-term target	H1 2015/16		Progress
Volume growth ⁽¹⁾	GDP ⁽²⁾ + 1% = 2.8%	3.1%	✓	Growing ahead of the market
Return on sales ⁽³⁾	8% - 10%	9.4%	✓	+50bps, in target range
ROACE ⁽³⁾	12% - 15%	15.0%	✓	+110bps, top of range
Cash conversion ⁽⁴⁾	≥100%	126%	✓	Ahead of target
Net debt / EBITDA ⁽⁵⁾	≤2.0x	1.9x	✓	In target range

(1) Corrugated box volumes, adjusted for working days, on a like-for-like basis

(2) GDP growth (year-on-year) for the countries in which DS Smith operates, weighted by our sales by country for the period April 2015– September 2015 = 2.8%. Source: Eurostat (13 November 2015)

(3) Calculated on operating profit before amortisation and exceptional items (on a constant currency basis), calculated monthly

(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

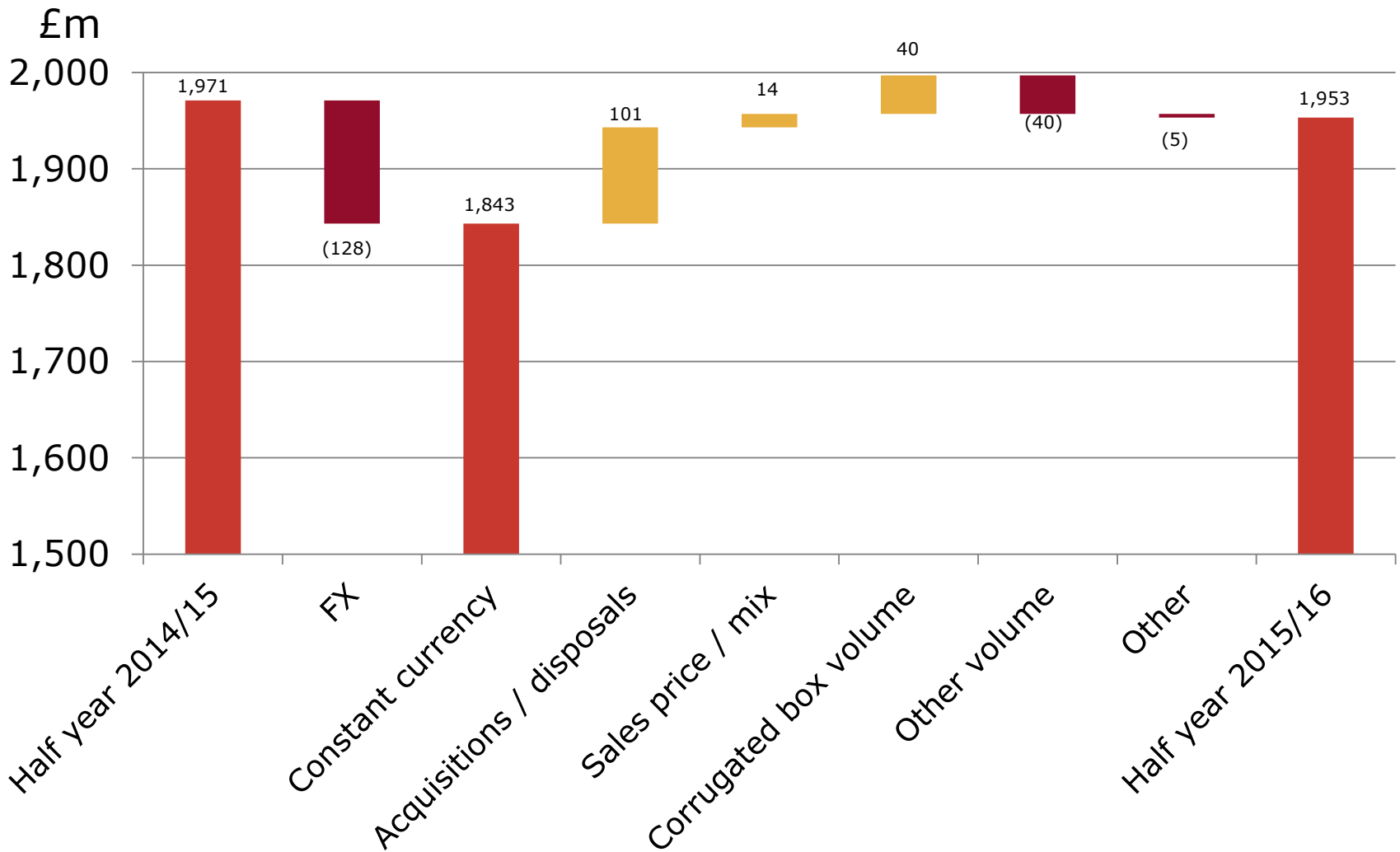
Continuing operations	H1 2015/16	Change <i>constant currency</i>
Revenue (£m)	1,953	+6%
Operating profit ⁽¹⁾ (£m)	184	+12%
Return on sales	9.4%	+50bps
Adjusted EPS ⁽²⁾	13.5p	+13%
Dividend per share	4.0p	+8%
Asset turnover ⁽³⁾	1.7x	+0%
Return on average capital employed ⁽¹⁾	15.0%	+110bps

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

(2) Before amortisation and exceptional items

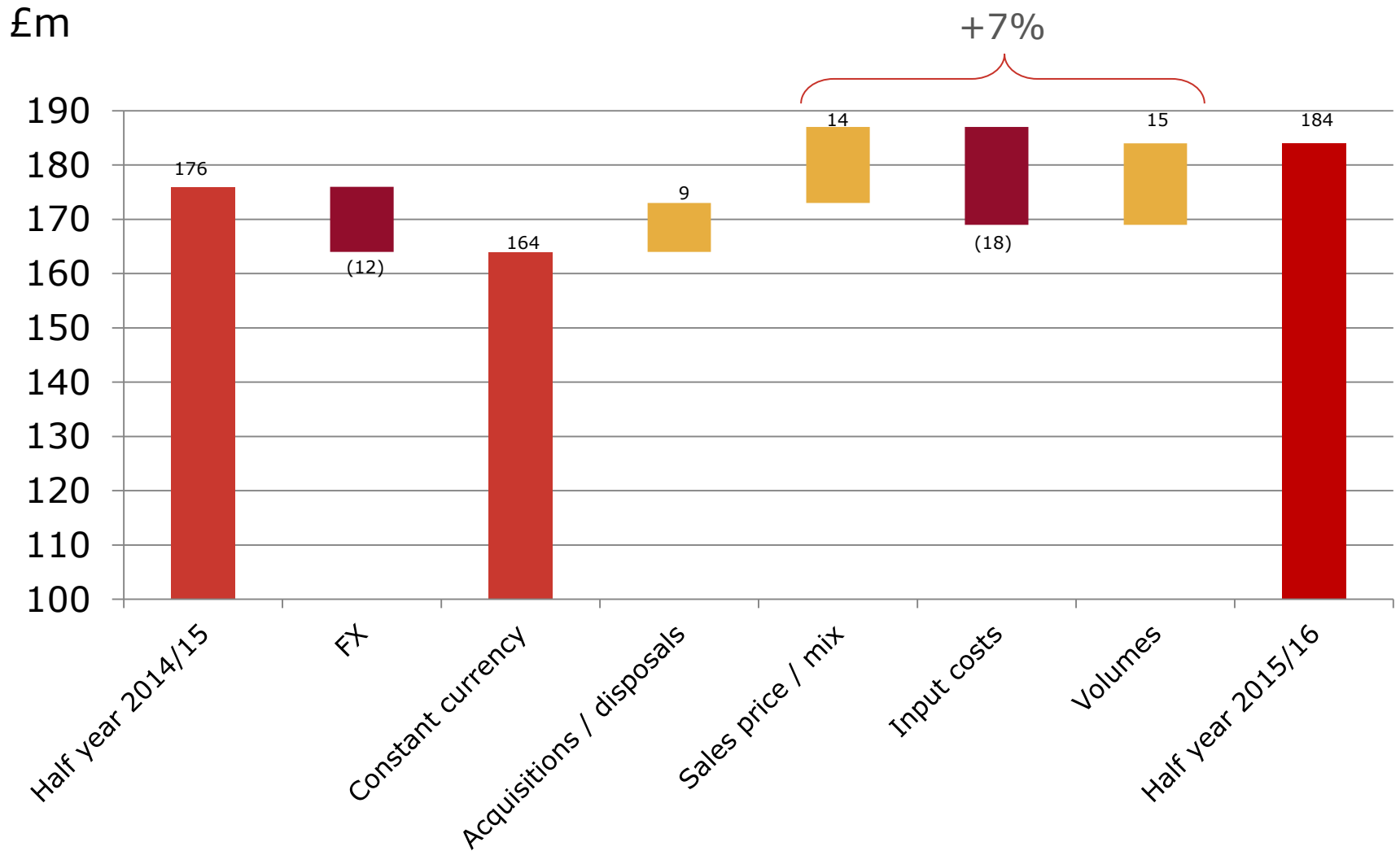
(3) Revenue divided by average capital employed for the last 12 months

Acquisitions and box volumes delivering revenue growth



Note: Other volume includes paper, recycling and corrugated sheet

Excellent margin progression driving profit growth



Continued margin improvements

Return on sales	H1 2015/16	H1 2014/15	Change <i>Reported</i>	Change <i>Constant currency</i>
UK	10.6%	9.9%	+70bps	+70bps
Western Europe	7.4%	7.7%	-30bps	-40bps
DCH & Northern Europe	10.7%	10.0%	+70bps	+80bps
Central Europe & Italy	8.9%	8.4%	+50bps	+70bps
Plastics	10.9%	7.8%	+310bps	+310bps

- Profit growth in all regions
- Benefits of restructuring in Plastics delivering substantial profit improvement
- Central Europe + Italy region profit +50%
 - **Organic and acquired growth**

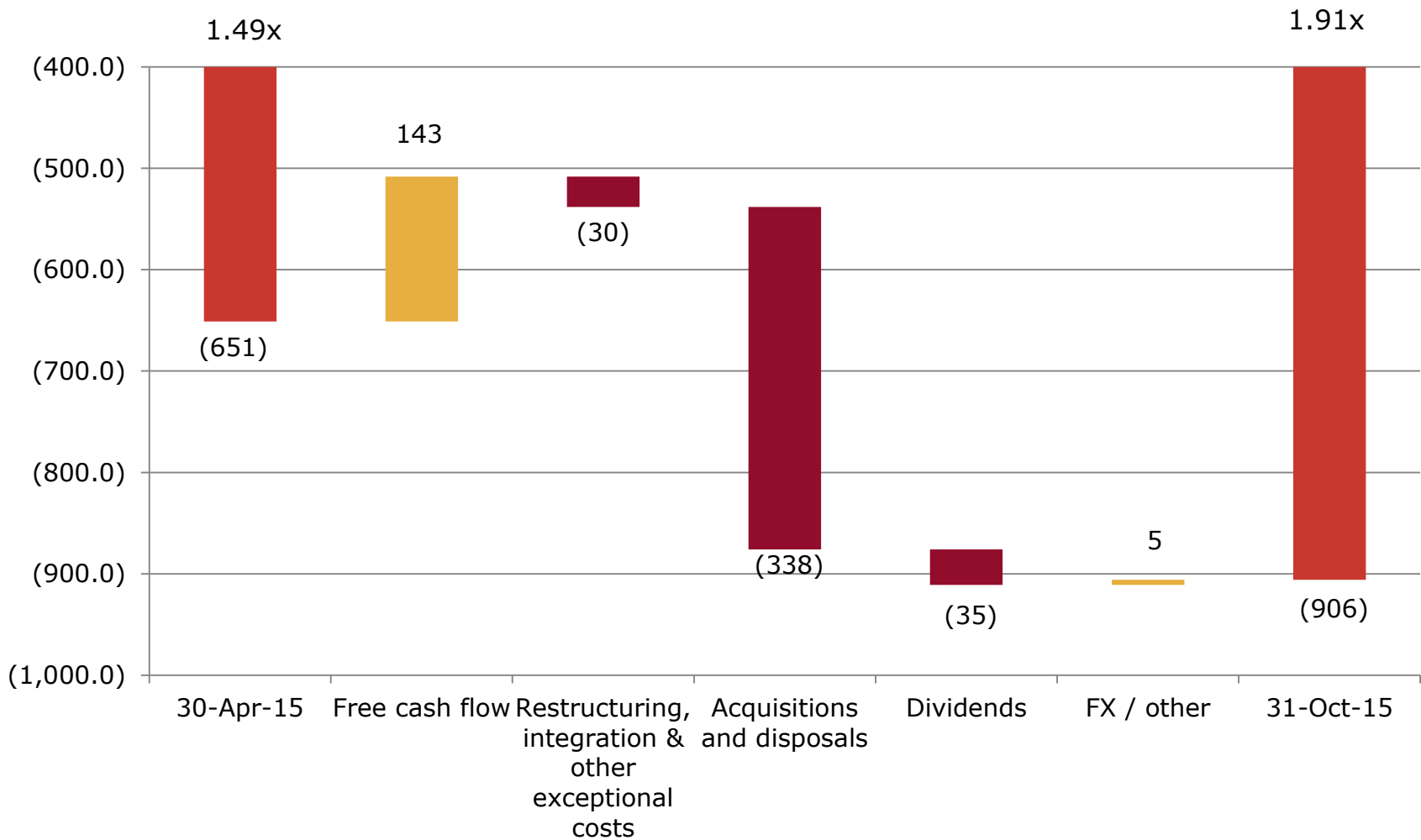
Further reductions in working capital

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£m	H1 2015/16	H1 2014/15
EBITDA	244	233
Working capital	32	23
Pension payments/other	(24)	(19)
Capex (net of proceeds)	(74)	(63)
Tax and interest	(35)	(23)
Free cash flow	143	151
FCF per share	15.2p	16.1p

	H1 2015/16	H1 2014/15
Average monthly working capital/sales	1.5%	3.4%

Strong free cash flow funding growth

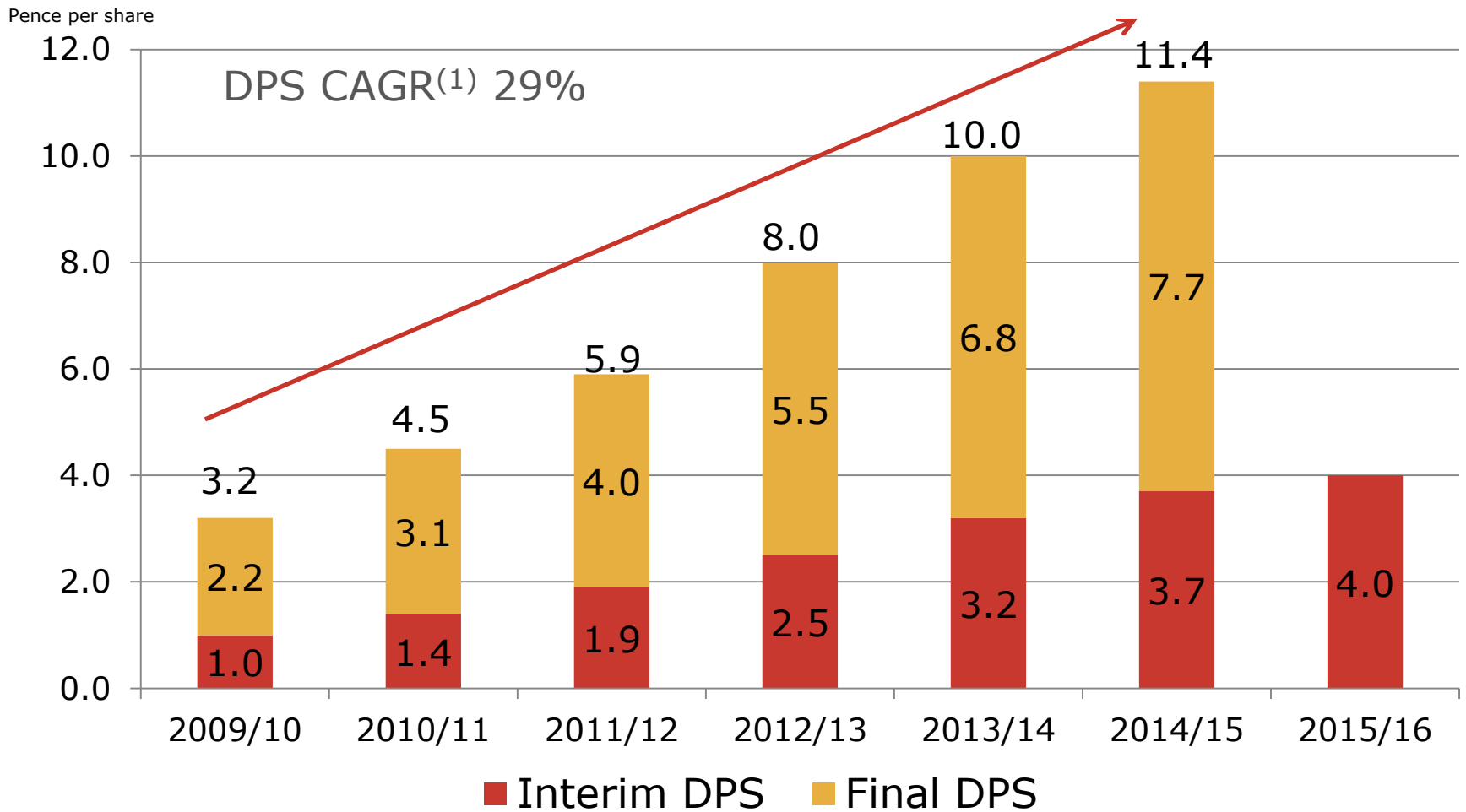


For the financial year 2015/16:

- Capex c. £170m
- Depreciation c. £126m
- Tax rate 22.2%
- Amortisation charge c. £48m
- Interest, inclusive of £6m IAS19 pension interest, c. £50m
- Pension deficit reduction cash contribution c. £16m
- Expected exceptional costs 2015/16: c. £77m
 - Prior guidance £47m
 - Wansbrough paper mill £30m (£20m non-cash)
- FX: €1c move impacts EBITA by c. £1.8m



Delivering sustainable shareholder returns

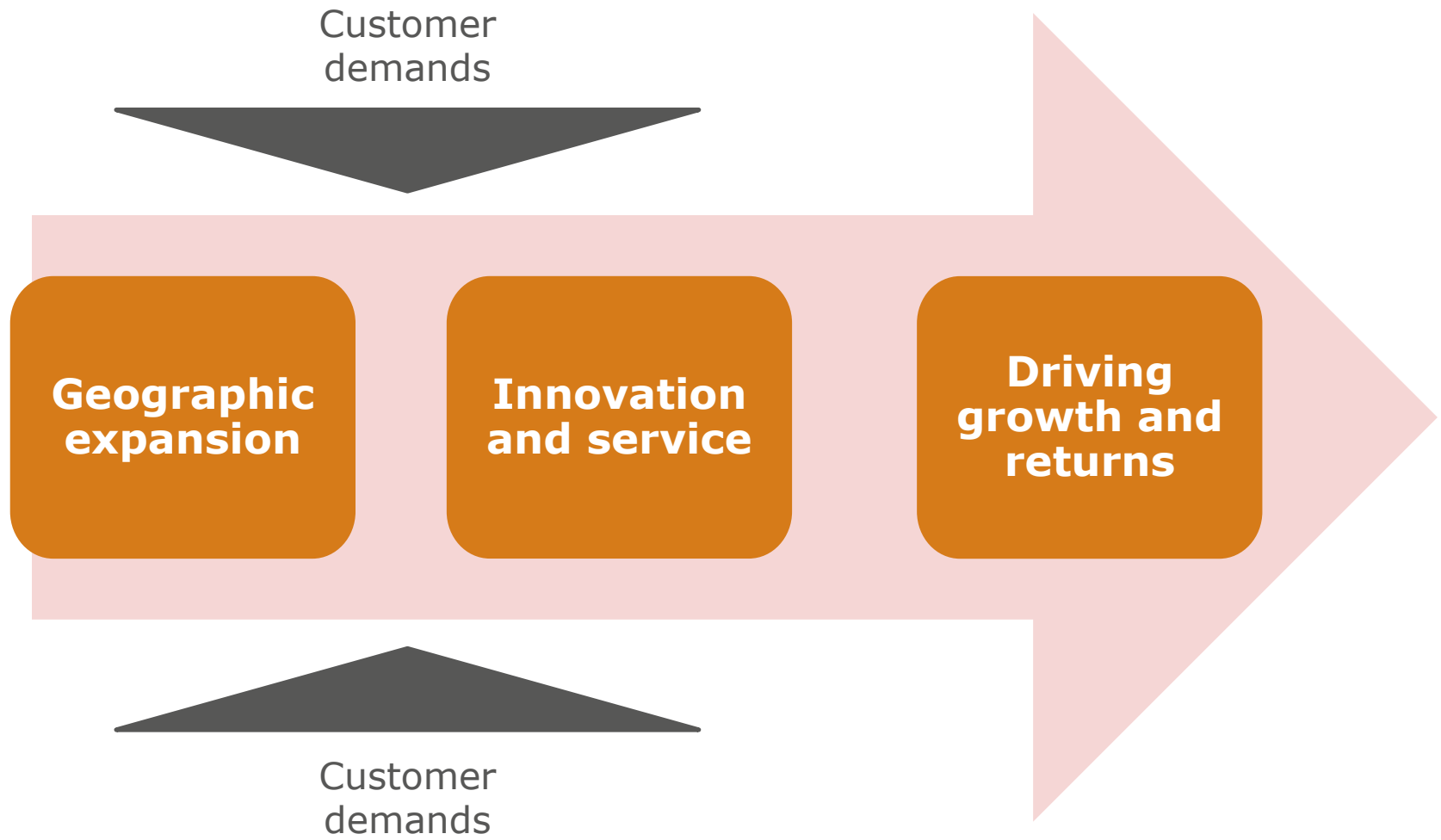


(1) 2009/10 – 2014/15

Driving growth and returns

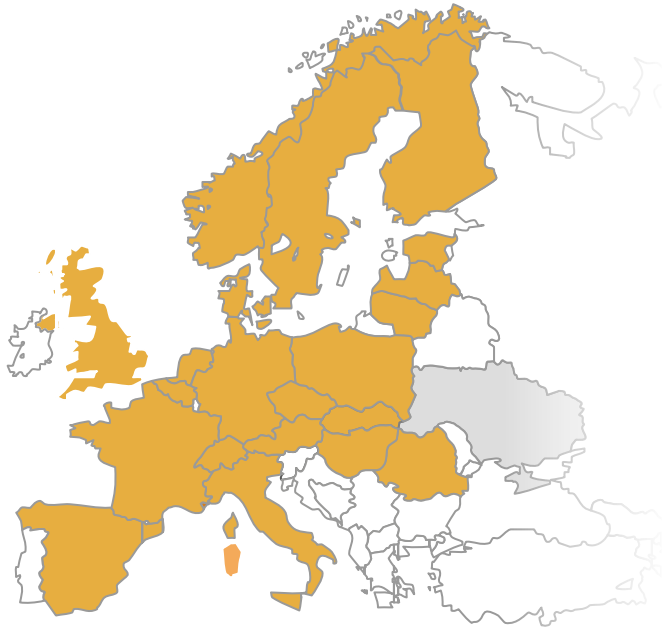
Miles Roberts, CEO

Driving margin through differentiation

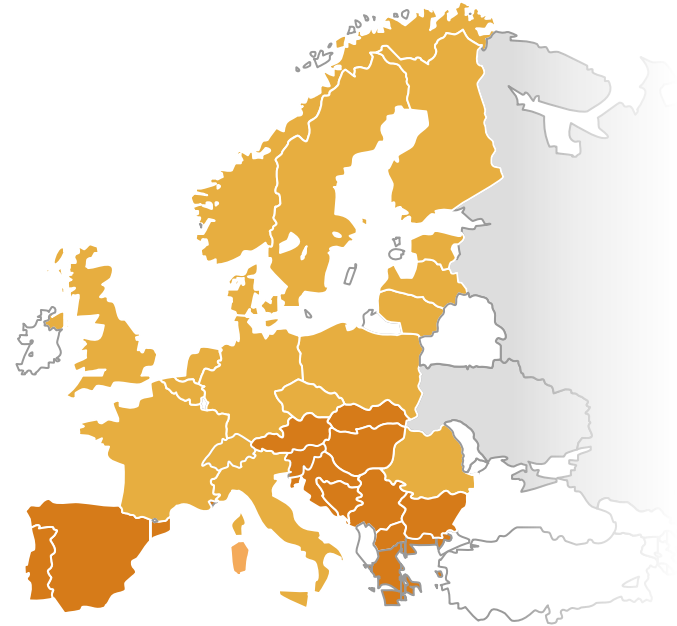


Substantially expanded footprint in last 6 months

April 2015



Oct 2015



- Existing DS Smith packaging operations
- New / additional DS Smith packaging operations
- Associate company operations

Customer led, value creating acquisitions

Acquisition	Countries	Corrugated sites	2014 turnover	Acquisition rationale
Duropack	Austria, Hungary, Slovakia, Slovenia, Croatia, Bosnia & Herzegovina, Serbia, Macedonia, Bulgaria	14	€273m	<ul style="list-style-type: none">• Market leader in fast growing region• Expands our capacity in region where would otherwise require investment• Growing customer base
Lantero	Spain, Portugal	8	€183m	<ul style="list-style-type: none">• Delivers 10% market share in the 4th largest corrugated market in Europe• Complementary customer fit with existing Spanish business• Well located and well invested sites
Cartonpack	Greece	3	€80m	<ul style="list-style-type: none">• Market leader• Resilient business with good quality customer base• Complementary geographic fit

Pricing discipline

- 5 – 6x post-synergy EBITDA
- Synergies delivered over three years
 - **Ahead of initial estimates**

Embedding our corporate culture



Be caring



Be trusted



Be responsive



Be challenging

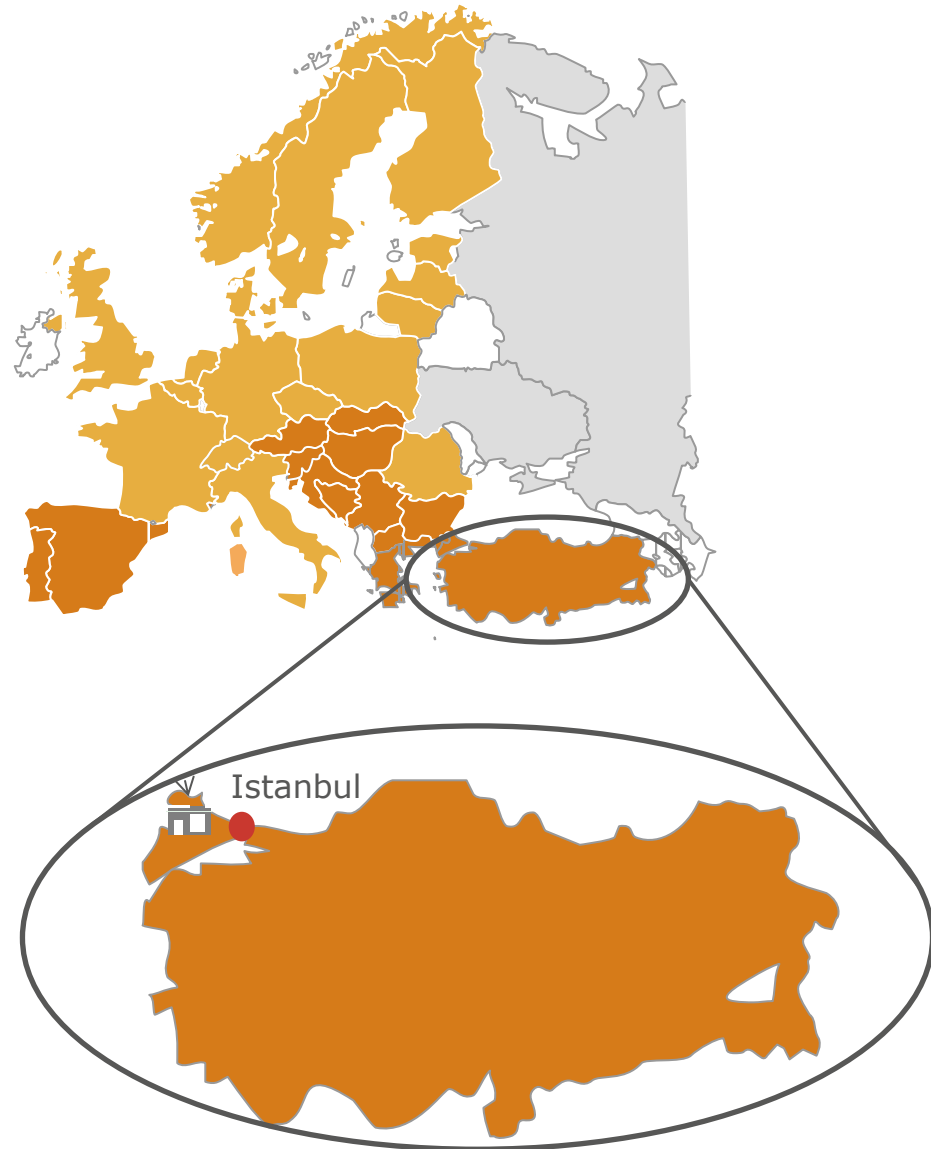


Be tenacious

Further expansion into Istanbul, Turkey

Agreement to acquire business in Turkey

- Display and specialist corrugated packaging focus
- International FMCG customers
- Strong growing market
- Positioned for Istanbul market and export to Europe
- c. 240 employees
- Completion expected by end of financial year
- Attractive financial returns



Operational best practice

- Efficiency
- Waste
- Health and safety
- Sales approach

Global sourcing

- Materials
- Paper
- Machinery

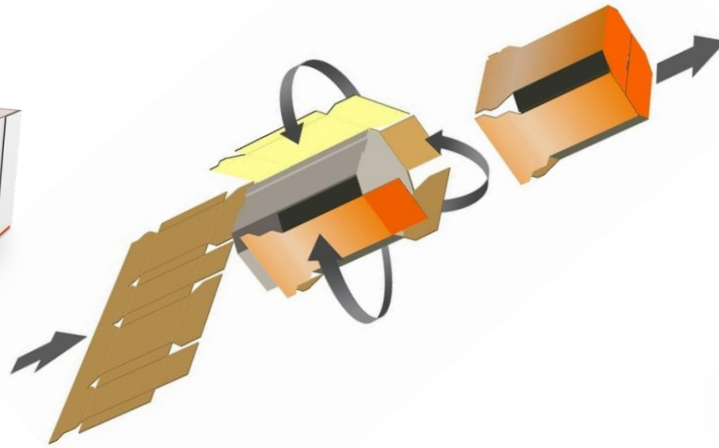
Innovation

- Investment
- Scaleable solutions
- Network of Impact centres and pack-right centres across Europe
- First mover advantage

Pan-European customers

- Commercial differentiator
- Joined-up solutions
- Sophistication of approach

Innovation and technology driving value



More Sales



Lower Cost



Risk Managed

Consistent demand from high quality customer base

FMCG

- FMCG and food
 - Grocery
 - Home and personal care
 - Beverages
 - Tobacco
 - Agriculture

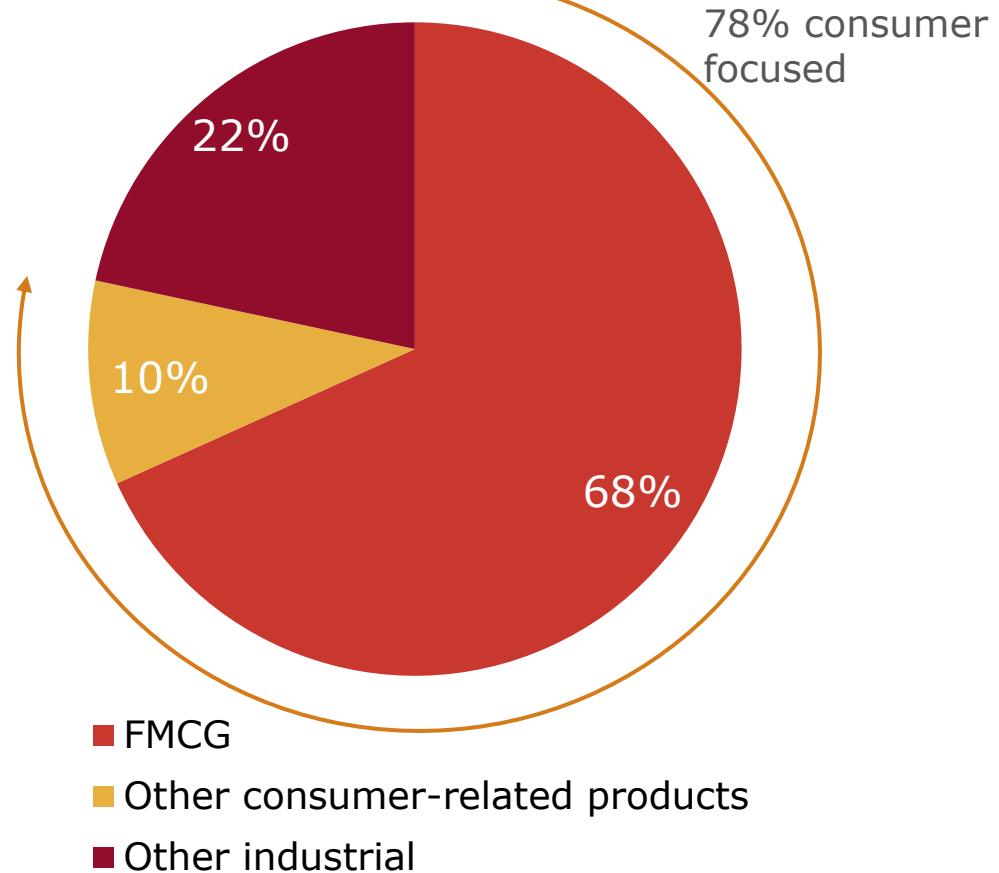
Other consumer-related products

- Pharma
 - Prescription products
 - OTC products
 - Healthcare
- Electronics
 - Consumer electronics
 - Telecoms
- Auto
 - Parts for assembly
 - Spares

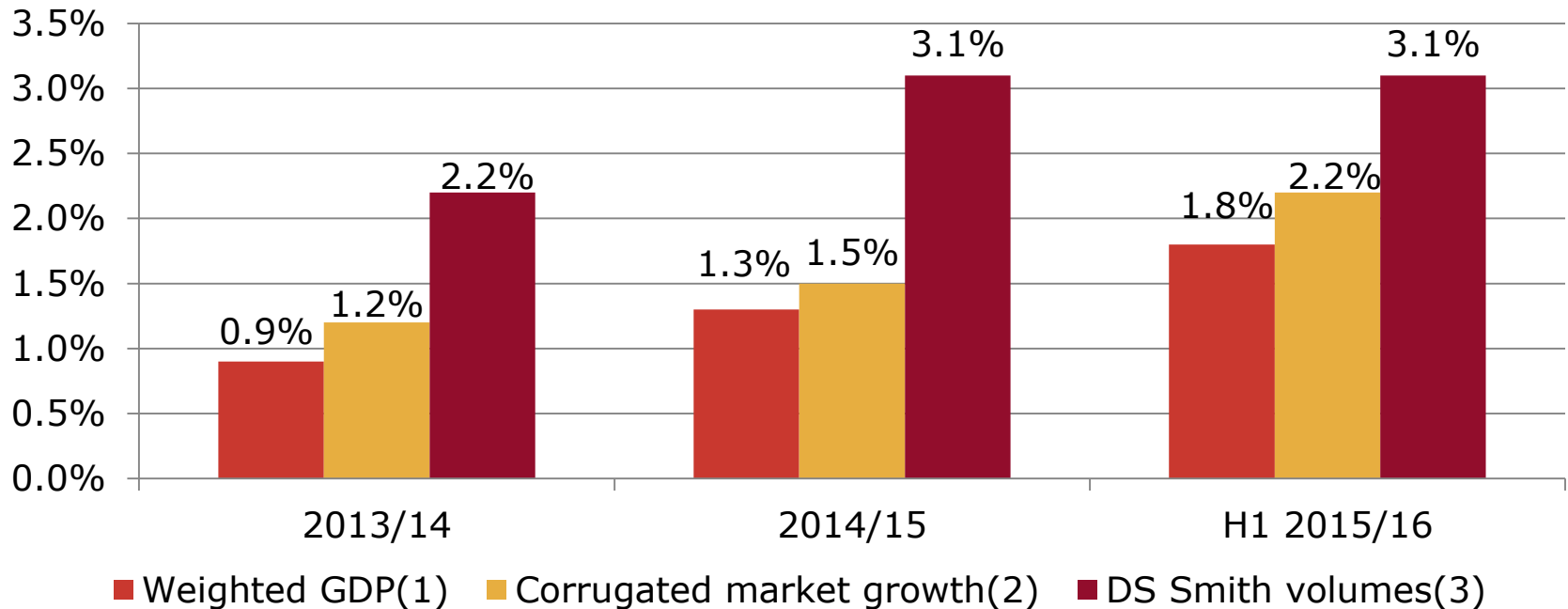
Other industrial

- Machinery
- Chemicals
- Construction

Corrugated packaging volumes



Consistently growing ahead of the market



- Consistently out-performing the market

(1) GDP from Eurostat (13 Nov 2015) average Y-o-Y growth (May – Sept 2015), weighted by DS Smith sales by country

(2) FEFCO YTD growth from May 2015 to Sept 2015, adjusted for working days

(3) DS Smith corrugated box volume organic growth, adjusted for working days

- Continued volume momentum
- Focus on differentiated customer proposition
- Strong growth in profits, returns and dividend, despite FX translation headwinds
- Enhanced quality and scale of business
- Healthy pipeline
- Excellent customer reaction to acquisitions



Questions please

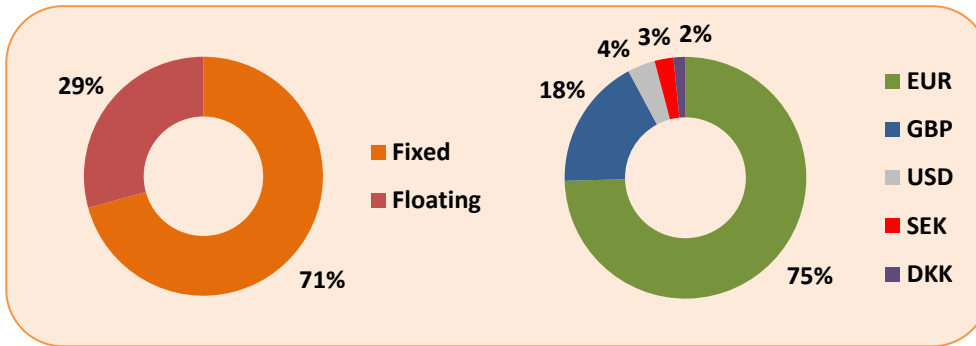
Appendix

Foreign exchange exposure

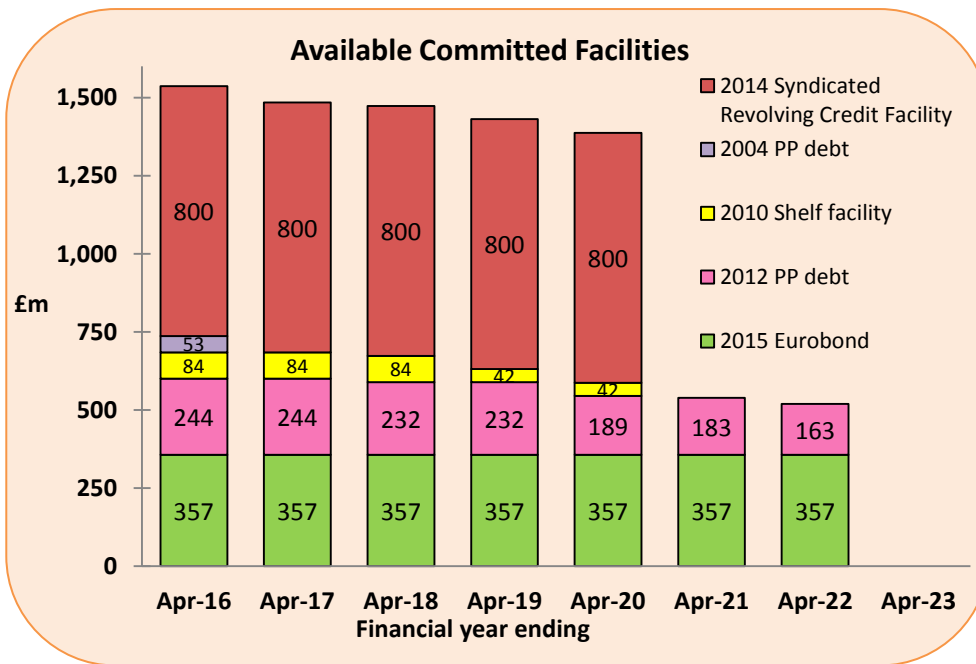
	Revenue (%)	EBITA (%)	Average rate HY 2014/15	Average rate FY 2014/15	Average rate HY 2015/16	Closing rate 31 Oct 2015
GBP	24%	19%				
EUR	60%	63%	1.2595	1.2895	1.3857	1.4019
PLN	3%	3%	5.2661	5.3814	5.7864	5.9583
SEK	3%	3%	11.5738	11.9456	12.9929	13.1722
DKK	2%	1%	9.3856	9.6096	10.3400	10.4564
USD	2%	4%	1.6604	1.5976	1.5470	1.5429
Other	6%	7%				

- Note that the difference in the GBP % of EBITA versus revenue is due the proportion of central costs in GBP

Debt analysis



Net Debt	£ 906m
Net Debt/ EBITDA ratio	1.9x
EBITDA/ Net Interest ratio	14.1x



The Group issued a €500m Eurobond on 16 September 2015 and prepaid the €500m Term Loan on 30 September 2015.

As at 31 October 2015, the weighted average remaining life of the Group's committed borrowing facilities was 5.1 years.

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