



Half year results 2024/25

5 December 2024

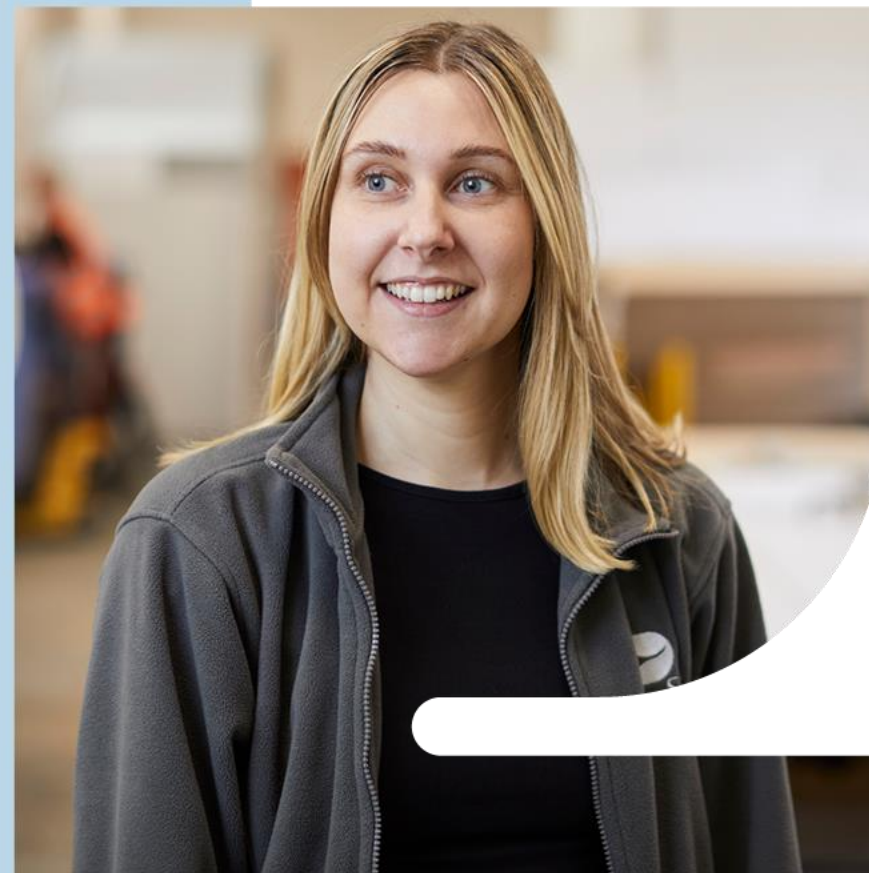
Redefining packaging for a changing world

- In line H1 profit performance despite challenging market
- Strong customer relationships, innovation, service and quality
- Volume growth of 2%
- Lower profits driven by the expected lower packaging prices
- Packaging prices yet to fully recover higher input costs;
 - Ongoing sequential progress
- Continued cost mitigation and productivity initiatives
- Additional £75m transaction costs reflected in statutory profit
- Continued sustainability progress
- Recommended all-share offer from International Paper





Financial results



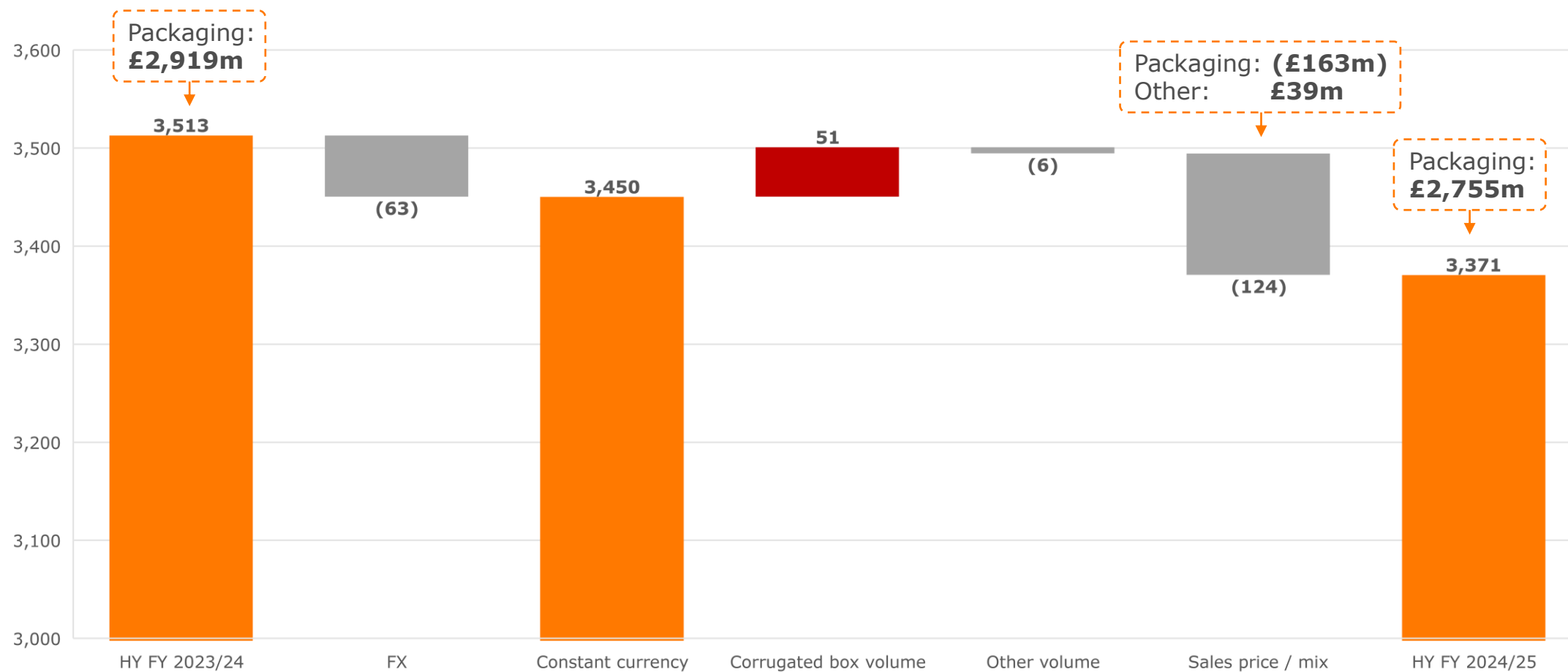
Key financial metrics

Continuing operations	HY 2024/25	HY 2023/24	Change Reported	Change Constant currency
Revenue (£m)	3,371	3,513	(4%)	(2%)
Operating profit ⁽¹⁾ (£m)	221	365	(39%)	(38%)
Return on sales ⁽¹⁾	6.6%	10.4%	(380 bps)	(370 bps)
Adjusted EPS ⁽¹⁾	8.3p	17.7p	(53%)	(52%)
Free cash flow (£m)	(69)	(54)	n.a.	n.a.
Dividend per share	6.2p	6.0p	+3%	+3%
ROACE ⁽¹⁾	8.3%	12.8%	(450 bps)	(450 bps)

(1) Before amortisation and adjusting items

Revenue development

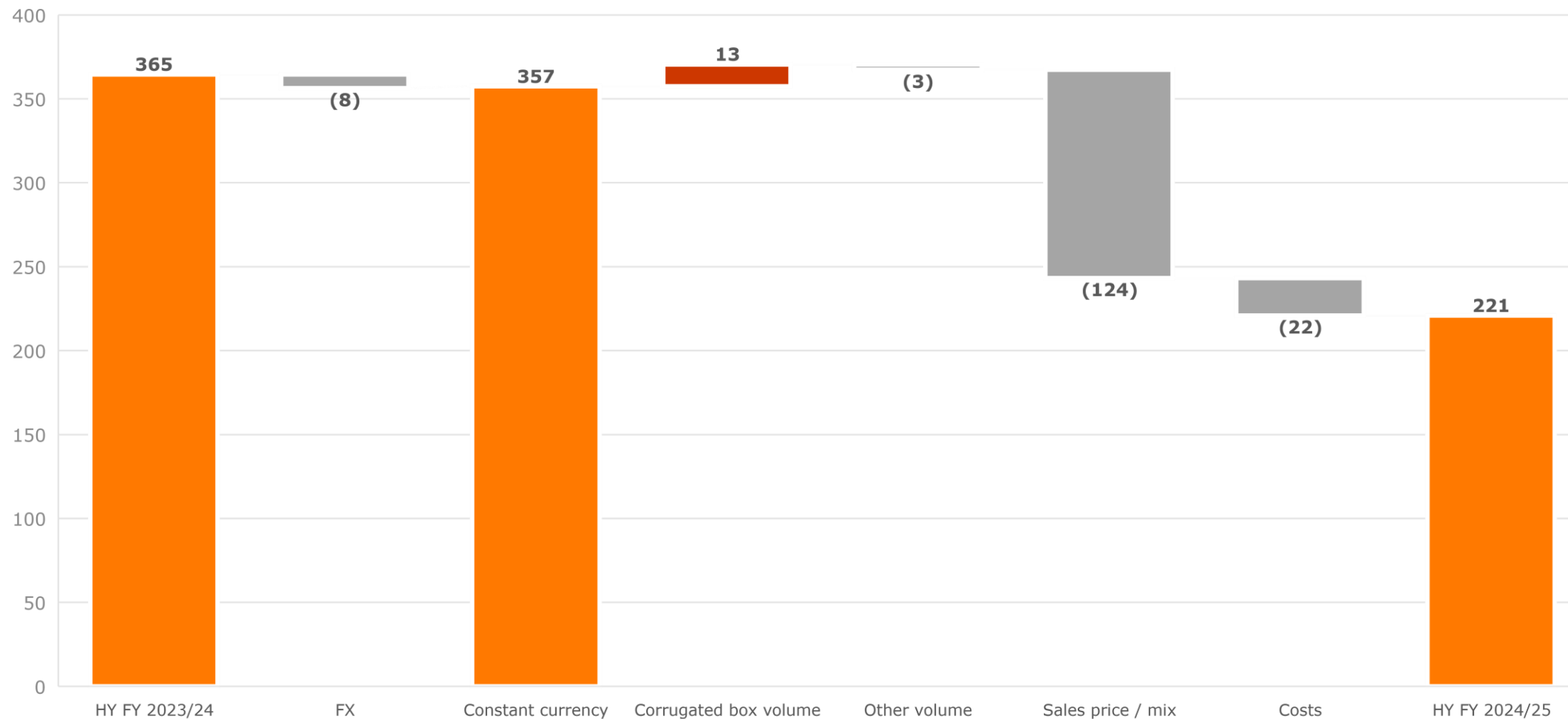
Revenue | continuing operations | £m



- Other volume includes paper, recycling corrugated sheet
- Other sales price mix includes paper, recycling and external energy

Packaging pricing yet to reflect 2025 input cost increases

EBITA | continuing operations | £m



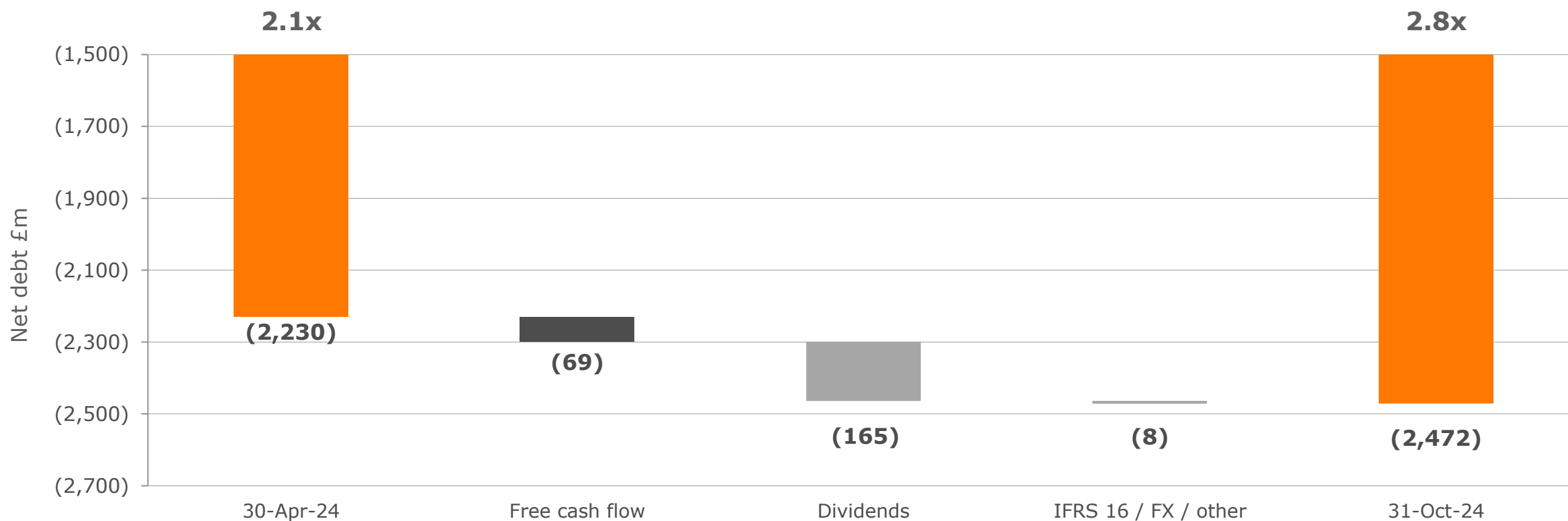
Cash flow

Cash flow £m (continuing operations)	HY 2024/25	HY 2023/24
EBITDA	391	522
Working capital	(55)	(253)
Pension payments/other	(42)	(10)
Capex (net of proceeds)	(239)	(208)
Tax and interest	(124)	(105)
Free cash flow	(69)	(54)
FCF per share	(5.0p)	(3.9p)
Cash conversion	65%	41%

- Non-recourse invoice discounting as at 31/10/24: £390m (30/04/24: £369m)
- Working capital includes £26m net outflow from derivative margin unwind (H1 FY2024 outflow of £79m)

Net Debt and leverage ratios

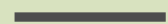
EBITDA | Net debt



Net debt / EBITDA given as defined by our banking covenants



HY24/25



Delivering for all stakeholders



In-line performance despite a challenging market

Challenging market backdrop

- Positive volume growth
 - Strong growth in North America and Eastern Europe
 - Packaging pricing yet to fully recover higher input costs
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Managing input cost pressures

- Productivity improvements
 - Tight cost control offsetting inflation
 - Sequential packaging price rises reflecting usual lag
 - Mix of index and free price contracts
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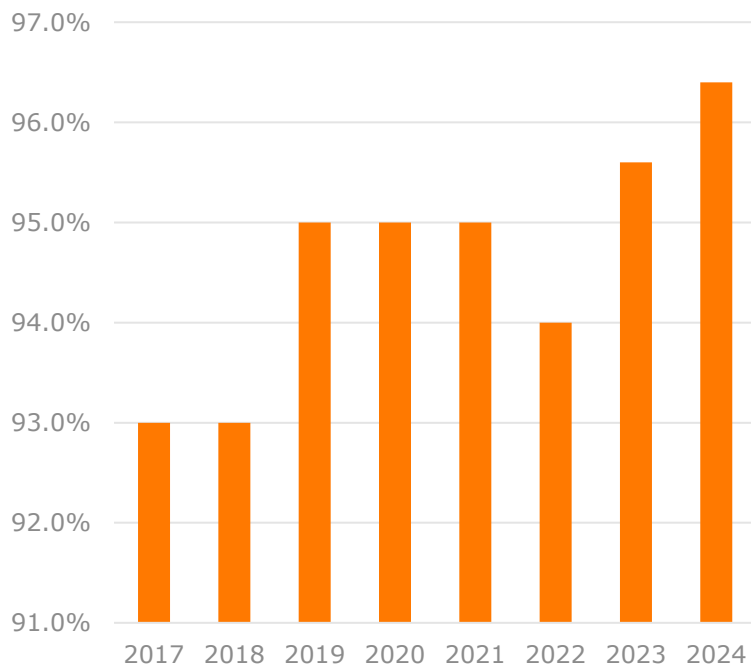
Strong customer focus

- Innovation
- Responsiveness
- Industry leading service and quality



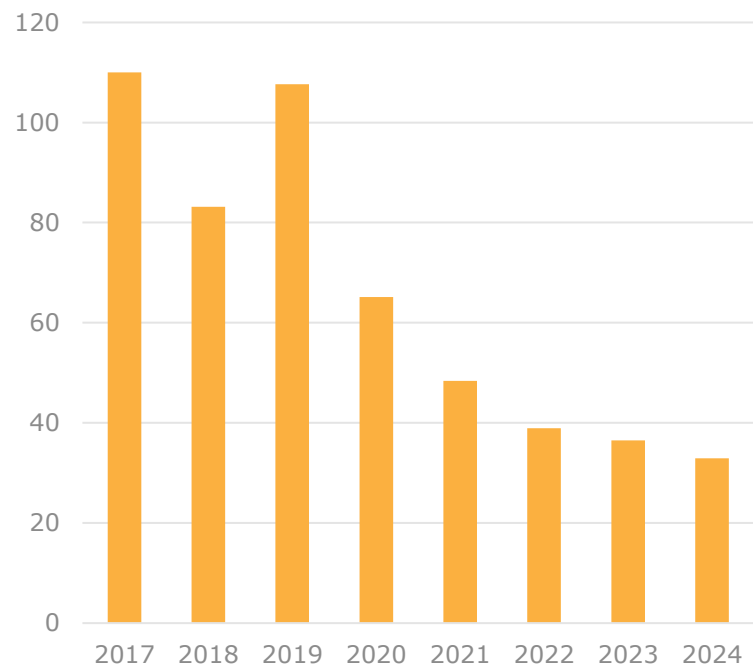
Delivering for our customers

Service⁽¹⁾

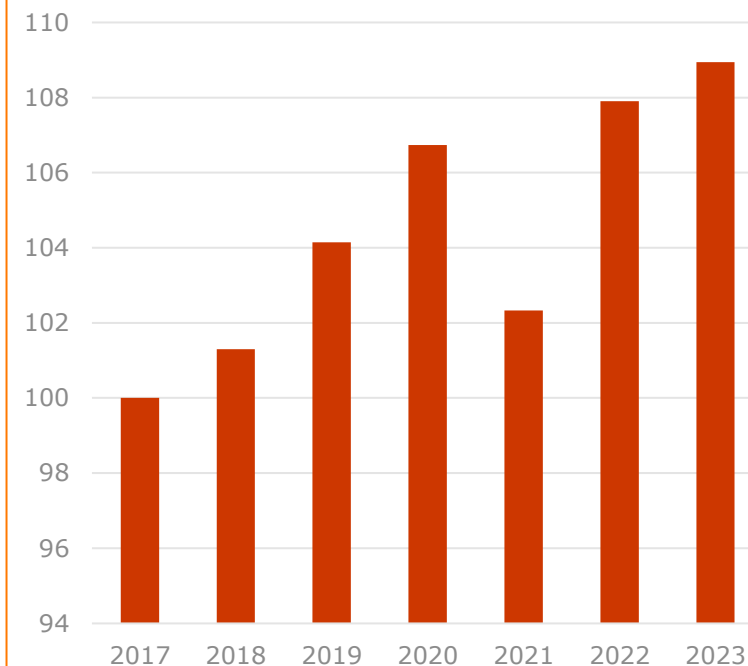


Quality⁽²⁾

Defect reduction



Customer satisfaction⁽³⁾



(1) On-time, in-full

(2) Defects parts per million, indexed to 2017

(3) Indexed to 2017

Delivering for our customers



"Wicked"

- **100% plastic free** point of sale display.



Nestlé

- **Simplex Innovators Award:** cost reduction and supply chain optimisation.



Procter & Gamble

- **Procter & Gamble Excellence Awards:** Baby Care and Home Care packaging solutions.

Delivering for our customers



Zalando

- **Extended preferred supplier partnership** for sustainable fibre-based e-commerce packaging.



Mondelez

- **Fibre-based** solutions to replace single-use plastics across Europe.
- Supporting **net-zero emissions** by 2050 goal.



Carlsberg

- **Pioneering multi-pack** packaging solution with round corners.
- **Significant CO2 saving.**



Rouen biomass boiler

€90m incl €15m subsidy

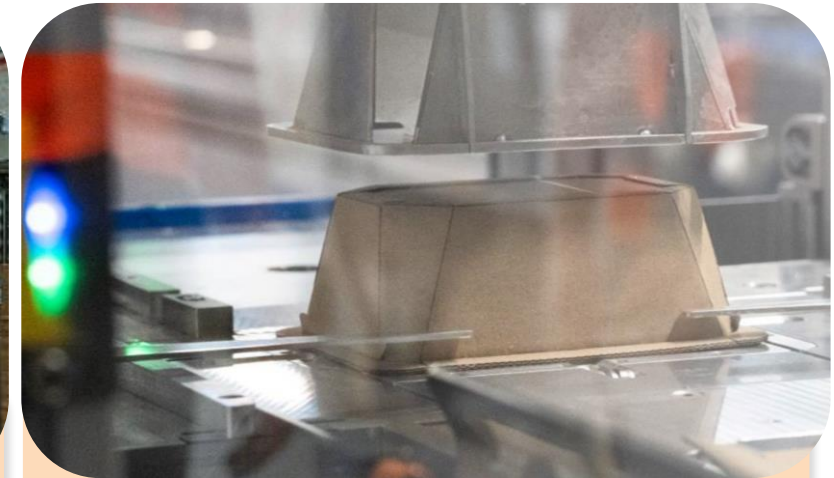
- Operational Q1 2025; on time, on budget
- Long term biomass supply & power offtake
- Anticipated stable utility like returns and > 20% ROACE
- c.99k tonne CO2 emission reduction



Customer driven expansion in Hungary

€35m investment

- Over 40% manufacturing capacity boost
- Significant productivity and energy efficiency benefits
- Expected ROACE >15%



Increasing innovation footprint in Poland

€25M investment

- Increased annual packaging production
- New production lines:
 - DS Smith Easy Bowl
 - fibre-based bags for e-commerce
- Expected ROACE > 15%

Combination with International Paper

- Combining two complementary businesses with leading positions in Europe and North America to create a global sustainable packaging solutions leader
- Opportunity to drive best practice and optimise supply chains
- Unlocking meaningful cost synergies as well as capex savings and revenue opportunities
- Enhancing the global proposition to existing and prospective customers, in particular in the FMCG sector
- Strong operational fit and complementary nature of operations
- Integration planning and EC process ongoing
- Expected completion Q1 2025



Outlook

- Q2 market trends continuing into H2
- Relentless focus on customer value-add
- Expect ongoing modest volume growth and sequential packaging price increases to recover higher input costs
- Recent paper market weakness
- Strong corrugated market fundamentals
- Completion of acquisition by International Paper



Appendix

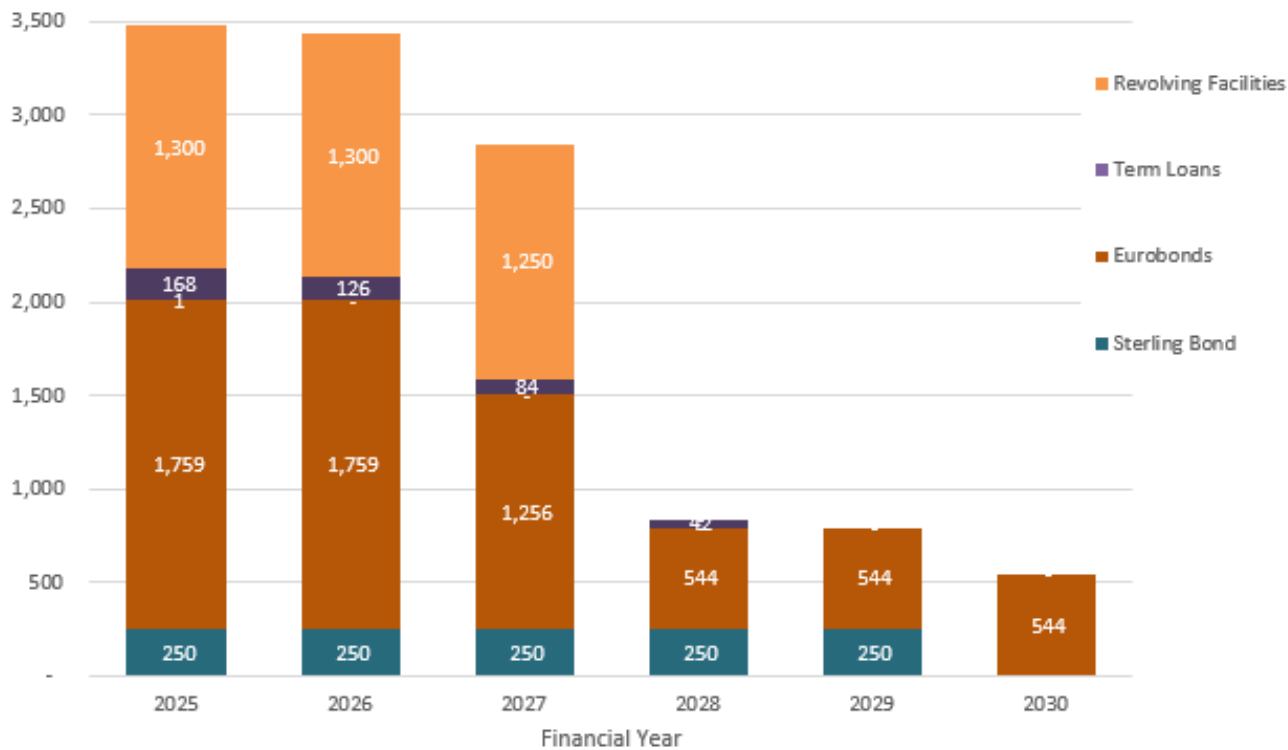


Foreign exchange exposure

2024/25	Revenue (%)	Average rate H1 2023/24	Average rate FY 2023/24	Average rate H1 2024/25	Closing rate 31 October 2024
GBP	14.7%				
EUR	59.7%	1.159	1.161	1.183	1.194
PLN	3.4%	5.220	5.134	5.080	5.195
SEK	2.4%	13.523	13.371	13.542	13.887
DKK	2.0%	8.641	8.658	8.825	8.907
USD	9.3%	1.255	1.258	1.290	1.299
Other	8.5%				

Debt analysis

Available Committed Facilities at 31 October 2024

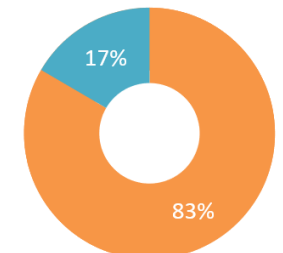
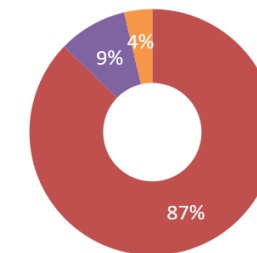


Net Debt (excl. IFRS16)	£2,244
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Net Debt / EBITDA *	2.8
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* As defined in the Group's banking agreements.

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■ EUR ■ GBP ■ USD

■ Floating ■ Fixed

As at 31 October 2024, the weighted average remaining life of the Group's committed borrowing was 3.25 years. Debt shown net of swaps.

Technical guidance

£345m

Depreciation

£23m

Pension deficit reduction cash contribution

£95m

Amortisation

c.£400-450m

Capex

c.£145m

Interest incl. pension
(£1 million is pension)

1% move in GBP

FX Approximately £5m EBITA annual impact

25%

Tax rate

