

The strength of DS Smith today and the actions we are taking will position the Group well for the future. Our action programme, in response to the present tough trading environment, is firmly focused on the essentials of cost reduction and cash generation. At the same time, we continue to develop the Group and find new ways of adding value for our customers and shareholders. Some examples of how the actions we are taking are strengthening our position for tomorrow are shown in the following pages.

## **STRENGTH TODAY**

### **1 MARKET POSITIONS**

Our strategic objective to be a significant force in the markets in which we operate is assisting us in weathering the current difficult trading conditions. The market positions we have built give us a strong base from which to compete.

### **2 OPERATIONAL EFFICIENCY**

Our continuing focus on operational improvement has strengthened our businesses for facing today's more challenging times.

### **3 CASH AND FINANCING**

We have an established record of close attention to cash management and maintaining a sound balance sheet. Our financing facilities were prudently renewed in the summer of 2008.

### **4 MANAGEMENT**

The Group's executive teams have considerable experience of managing in tough trading conditions. They have demonstrated their capabilities in handling the challenges of changing circumstances and highly competitive situations.

## **ACTIONS FOR TOMORROW**

### **1 DEVELOPING OUR MARKET POSITIONS**

To ensure the Group's future success, we continue to invest in, and strive to grow, our market positions. We pursue opportunities to strengthen our product and service range, improve our competitive position and grow geographically.

### **2 COST REDUCTION**

In addition to our ongoing drive to reduce costs, we have taken action to establish a substantially lower cost base to ensure the Group's future competitiveness and profitability. We have particularly focused on lowering the Group's structural costs.

### **3 ADDING VALUE**

While focusing on the costs and efficiency of our operations, our businesses also continually strive to add value for their customers. They use their considerable expertise and resources to provide solutions that improve the efficiency and profitability of their customers' businesses.

### **4 CASH GENERATION**

A key element of our action programme is the maintenance of good cash generation. We are focusing on the reduction of working capital and are curtailing capital expenditure to reflect the demands of the present situation.





### PACKAGING DESIGN

At our Impact and Innovation Centre we demonstrate to customers and retailers how we are able to add value for them. We create packaging that will increase sales through stronger visual identity and improve supply chain efficiency in handling and transportation.

### EXPANDED SERVICES

Sevenside Recycling is growing its business, using its specialist skills to add high-profile names to its customer list. It offers a developing range of waste management and recycling services which help businesses avoid escalating landfill costs.



### NEW PRODUCTS

Our £100+ million investment at Kemsley Mill has enabled us to add high-quality lightweight corrugated case material (CCM) to our product range. This type of CCM is in strong demand today and will be an essential element of any future CCM product range.



### GEOGRAPHIC GROWTH

Spicers has expanded its business in continental Europe by over 50% in the last three years. The German and Italian businesses both made particularly strong progress in 2008/09.