22 June 2021

DS SMITH PLC – 2020/21 FULL YEAR RESULTS
BUILDING MOMENTUM, GOOD START TO THE NEW FINANCIAL YEAR

12 months to 30 April 2021 Continuing operations		Change (reported)	Change (constant currency)
Revenue	£5,976m	(1%)	(1%)
Adjusted operating profit[(1)]	£502m	(24%)	(24%)
Profit before tax	£231m	(37%)	(38%)
Adjusted basic EPS[(1)]	24.2p	(27%)	(28%)
Statutory basic EPS	13.3p	(37%)	(38%)
Dividend per share	12.1p	NA	NA
Return on sales[(2)]	8.4%	(250bps)	(260bps)
ROACE[(3)]	8.2%	(240bps)	(240bps)

See notes to financial table below

Financial highlights

- Accelerating corrugated box volume growth
  - FY +3.5%, H2 +8.2%
  - Further market share gains with FMCG customers in Europe and US
- Trading continues to build positively
  - Profit adversely impacted by Covid-19, particularly in Q1
  - Positive profit momentum: H2 adjusted operating profit £272m vs. H1 £230m
  - Good progress with initial price recovery of input cost increases
- Strong recovery from US business – adjusted operating profit up 70%
- Excellent cashflow generation
  - FCF[(8)] +37% driving net debt reduction to £1,795m 2.2x net debt/EBITDA (31 October 2020 2.4x)
- Statutory profit before tax for year £231m (-38%)

Strategic highlights

- Delivery through Covid-19
  - All sites operational throughout the period
  - High levels of service providing security of supply for customers
- Continued leadership in Circular Economy and sustainability
  - CO_2 emissions reduction of 23% since 2015
  - Commitment to science-based carbon targets and net zero by 2050
- Well positioned for growth
  - Structural trends of e-commerce and sustainability accelerated by Covid-19
  - Fully fibre-based, innovative packaging for consumer goods
  - Continuing investment in R&D, packaging capacity, innovation and digital platforms
  - New financial year started well

Summary

Through clear and consistent strategic direction we have positioned our business as a solely fibre-based Group, centred on innovation and sustainability with the scale and expertise to deliver for multinational consumer companies predominantly in the fast moving consumer goods (FMCG) and e-commerce sectors.

The start of the 2020/21 financial year coincided with the initial impacts of Covid-19 being felt across many parts of the business. This manifested in an initial fall in our packaging volumes and significant volatility in the cost of various raw materials. In response we invested in safeguarding the health and safety of our colleagues, and in the security and operational effectiveness of all our sites. This was in addition to carrying additional costs from production underutilisation. The effect of the above was a significant fall in profitability during the first quarter of the year.

With all our sites fully operational and the maintenance of high levels of customer service, we started to see a good gain in market share with increasingly positive volume growth, primarily in the FMCG/e-commerce sectors, during the second quarter of the year. This was combined with a lessening in the volatility of input costs. The second quarter of the year therefore showed a significant improvement in the run-rate of profitability over the first quarter, albeit at a lower level than the comparative period last year.

Encouragingly, the momentum in packaging volumes seen in the second quarter has continued to build throughout the remainder of the financial year resulting in second half growth of 8.2 per cent, against the previous comparative period, which compares to -1.0 per cent in the first half.

The strong demand for packaging was accompanied by an increase in input costs, particularly in the fourth quarter of the financial year. Given the strong demand, and good levels of customer service, these costs are starting to be recovered with good initial progress.

Overall profitability in H2 therefore showed a strong improvement over the first half and significantly closed the underperformance with the comparative period last year. Our US operations have performed very well, particularly in H2, with profit for the year up 70 per cent (on a constant currency basis) compared to the prior year, and H2 63 per cent ahead of H1, reflecting strong corrugated box volumes overall and improved paper and packaging market pricing in the second half.

During the year we continued to invest in our business to capitalise on the accelerated growth trends of e-commerce and sustainability and the strong pipeline of opportunities ahead. This included the announcement of two new state-of-the-art packaging plants in Italy and Poland, increased investment in digital platforms and innovation of new products.

Outlook
The continued investment in our business, together with the strong support of our customers and the momentum built over recent quarters, give us confidence for the current year and future. Whilst the business has seen reduced profitability over the last twelve months, we firmly believe that we exit 2020/21 stronger, further focused on the accelerated opportunities a post-Covid-19 world offers and that our customers will continue to recognise this going forward.

The current year has started well, with the volume momentum of the final quarter of FY21 continuing into this year. Inflationary cost pressures have also continued, in particular old corrugated cases (OCC), but also other costs such as energy, transport and labour. Packaging prices have started to increase and we expect to fully recover these increasing costs.

Accordingly, while there remains uncertainty in the overall economic environment, demand is strong and we expect to make good progress this year.

Miles Roberts, Group Chief Executive, commented:
"Above all else I would like to recognise the extraordinary commitment of all our 29,000 colleagues over the last 12 months. Our teams in over 300 sites have gone above and beyond what is required to keep delivering for our customers, supporting all our communities and, most of all, taking care of each other. We invested heavily to keep all of our people safe and all of factories open throughout the pandemic and this enabled us to build good momentum through the year after a challenging Q1.

The growth drivers of e-commerce sustainability and plastic-free packaging have accelerated over the last twelve months and we are very well placed to capitalise on this growth. We have worked hard over many years to focus our business purely on fibre-based packaging and this differentiation is clearly recognised by our customers."

Delivery against our medium-term targets

Medium-term targets *Continuing operations*	Delivery in 2020/21
Organic volume growth[(4)] at least GDP[(5)]+1% (-5.5%)	+3.5%
Return on sales[(2)] 10% – 12%	8.4%
ROACE[(3)] 12% – 15%	8.2%
Net Debt / EBITDA[(6)] ≤2.0x	2.2x
Operating cash flow/operating profit[(7)] ≥ 100%	150%

See notes to the financial tables, below

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A presentation for investors and analysts will be held today at 9:00am by webcast.

To access the webcast, please register here. A copy of the slides presented will also be available on the Group's website, https://www.dssmith.com/investors/results-and-presentations shortly before the start of the presentation.

If you would like to ask a question at the end of the webcast, then you will need to dial into the associated conference call using the following details. Please dial in 15 minutes before the start of the webcast to allow for registration.

Dial-in number (UK): +44 (0)33 0551 0200
Dial-in number (US): +1 212 999 6659
Password: DS Smith

An audio file and transcript will also be available on https://www.dssmith.com/investors/results-and-presentations.

Notes to the financial tables

Note 14 explains the use of non-GAAP performance measures. These measures are used both internally and externally to evaluate business performance, as a key constituent of the Group's planning process, they are applied in the Group's financial and debt covenants, as well as establishing the targets against which compensation is determined. Reporting of non-GAAP measures alongside reported measures is considered useful to enable investors to understand how management evaluates performance and value creation internally, enabling them to track the Group's adjusted performance and the key business drivers which underpin it over time. Reported results are presented in the Consolidated Income Statement and reconciliations to adjusted results are presented on the face of the Consolidated Income Statement, in note 2, note 7, and note 14.

(1) Adjusted operating profit (adjusted EBITA) is before adjusting items (as set out in note 3) and amortisation of £142 million.
(2) Operating profit before amortisation and adjusting items as percentage of revenue.
(3) Operating profit before amortisation and adjusting items as a percentage of the average monthly capital employed over the previous 12 month period. Average capital employed includes property, plant and equipment, right-of-use assets, intangible assets (including goodwill), working capital, provisions, capital debtors/creditors, biological assets and assets/liabilities held for sale.
(4) Corrugated box volumes adjusted to reflect a comparable number of working days.
(5) GDP growth (year-on-year) for the countries in which DS Smith operates, weighted by our sales by country, for the period April 2020 – March 2021 = -6.5%. Source: Eurostat (15/5/2021) and ONS.
(6) EBITDA being operating profit before adjusting items, depreciation and amortisation and adjusted for the full year effect of acquisitions and disposals in the period. Net debt is calculated at average exchange rates as opposed to closing rates. Ratio as calculated in accordance with bank covenants. See note 14 on non-GAAP measures for reconciliation.
(7) Free cash flow before tax, net interest, growth capital expenditure, pension payments and adjusting cash flows as a percentage of operating profit before amortisation and adjusting items.
(8) Free cash flow is the net movement on debt before cash outflow for adjusting items, dividends paid, acquisitions and divestment of subsidiary businesses (including borrowings acquired) and proceeds from issue of share capital.

Cautionary statement: This announcement contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this announcement and DS Smith Plc undertakes no obligation to update these forward-looking statements. Nothing in this statement should be construed as a profit forecast.

Operating Review

Focus on people and customers during Covid-19

Throughout the Covid-19 pandemic our primary focus has been on the health and wellbeing of our c. 29,000 employees, who have responded magnificently to the challenge. Secondly, we have focused on maintaining an uninterrupted supply to our customers, the majority of whom are FMCG companies which are essential in the food supply chain. As such, our factories were classified by governments as essential operations and I am extremely proud that all our Paper and Packaging sites have remained operational throughout the pandemic. New ways of working have been implemented to reflect the best guidance on safe operations, which led to some additional costs. In the year 2020/21, we saw a reduction in our overall box volumes during the first quarter principally due to weakness in the industrial customer categories, together with increased volatility of input costs, when the crisis was at its peak. The greater impact however has been from the cost of paper for recycling (PfR) and old corrugated cases (OCC). Here, we were impacted by an initial, short increase in prices in May and June 2020, due to sudden and extreme supply constraints caused by national lockdowns. These initial short spikes were not recovered in paper prices; however, the subsequent rises which occurred in H2 coupled with strong demand for paper have been reflected in higher paper prices which are being passed through to packaging prices along with other inflationary costs.

Strong organic growth momentum

Organic corrugated box volumes have grown 3.5 per cent across the year, reflecting substantial growth from H1 (-1.0 per cent) into H2 (+8.2 per cent). The progression in H2 was driven by exceptionally strong growth from Northern Europe, notably the UK, and strong growth also in Eastern Europe and North America. E-commerce was the driver behind much of the growth reflecting very substantial growth with existing e-commerce customers, while working with other customers to accelerate their transition into e-commerce sales.

The core market growth drivers of e-commerce, consumer and retail channel evolution and plastic substitution are more relevant than ever in the post Covid-19 world. Public awareness of the importance of alternatives to plastic packaging has continued to grow over the past 12 months despite the pandemic and we have continued to develop corrugated packaging alternatives to take advantage of this opportunity.

Our packaging growth has also been supported by the development and implementation of new digitally enabled platforms that allow for enhanced ways of working with our customers. These include, for example, digital virtual creation centres that allow for the remote development of new products and designs through to platforms that enable the placing of new orders centrally with delivery from our extensive distribution network throughout Europe.

For the full year, revenue declined 1 per cent on a constant currency basis. There was an overall positive contribution from corrugated box volumes (£123 million), having been negative (down £21 million) in H1, demonstrating the strength of growth in H2. This benefit was offset by reduced box pricing throughout H1, reflecting the annualisation of lower paper pricing in prior periods with some net improvement in H2 (£137 million decline for the full year), and a decline in other volumes (£60 million) particularly due to increased paper and recyclate integration and reduced volumes of corrugated sheet sold externally.

Operating profit declined year-on-year to £311 million (2019/20: £455 million). Adjusted operating profit fell by 24 per cent on a constant currency basis to £502 million (2019/20: £660 million), resulting in a return on sales for the Group of 8.4 per cent (2019/20: 10.9 per cent). This profit decline was despite corrugated box volume growth of £40 million, offset by additional costs incurred by the business in dealing with Covid-19 and ensuring all our colleagues were safe and our factories remained operational, and a more general input cost volatility, particularly in recyclate, in total a £66 million headwind. Profits were also impacted by the lower average selling prices for boxes, largely in H1 (as set out above), although in H2 we have seen more general price inflation. Corrugated box prices stabilised through H2 as the testliner price also increased, with some annualised pricing declines offset by new price increases agreed, with the increased box prices expected to continue to benefit the business as we progress through the current financial year. The Europac acquisition synergies came in as expected at £21 million, completing the programme of €70 million overall.

Basic earnings per share from continuing operations fell 38 per cent on a constant currency basis to 13.3 pence (2019/20: 21.2 pence). Adjusted basic earnings per share of 24.2 pence fell by 28 per cent compared to the prior year on a constant currency basis (2019/20: 33.2 pence), reflecting the decline in operating profit.

Momentum in our business

Our corrugated box business is over 80 per cent weighted by volume to the growing FMCG, e-commerce and consumer sector, with the remaining sectors being mainly industrial, such as automotive and chemicals. E-commerce volumes are split across FMCG and the other consumer categories, depending on the product sold. The benefit of this end-customer profile is both the resilience of volumes in difficult economic times, as seen in our H1 period, and the exceptional growth evidenced in the past six months, as consumers have appreciated the convenience of e-commerce and our customers have expanded their offerings, and we expect this trend to continue.

Box pricing is also gathering momentum. In the past year, particularly in H2, paper prices have increased materially and we are actively recovering these through well established pricing mechanisms albeit with the customary level of delay. This is consistent with 2017 and 2018, when paper prices of similar magnitudes were all successfully recovered. Exceptionally strong demand for packaging has allowed us to ensure this price recovery is already well progressed with the major benefit to fall in the 2021/22 financial year.

Overall, the acceleration of volumes and momentum in pricing resulted in much stronger H2 profitability versus H1, with adjusted operating profit for the H2 period of £272 million versus £230 million for the H1 period.

Investing for growth

We continue to invest behind the strong structural demand for our products and are focused on ensuring we are able to respond to our customer needs across our global footprint. As announced in December 2020, we are building two new greenfield corrugated box plants, in Italy and Poland. Both represent additional packaging capacity, including dedicated equipment focused on e-commerce packaging. The Polish site will be quickly filled with existing customer demand and the Italian site will allow us to expand further our strong e-commerce offer. Work on both sites has begun and both are expected to begin operations in Q4 of the current financial year. In addition to these new sites, we are significantly expanding our Arnstadt packaging facility in Germany, a site which serves a range of high quality FMCG customers. Together, these three site developments add c. 5 per cent to our corrugated capacity.

Capex for 2021/22 is expected to increase from the £323 million in 2020/21 to around £430 million of which c. 55 per cent has been allocated to growth, efficiency and environmental capex. We remain extremely focused on capital allocation and where possible recycling capital from disposal of non-core assets into investment in growth assets. All the projects undertaken have estimated returns on capital in excess of the Group target ROACE.

Leading the way in sustainability

Sustainability has been at the heart of our business for many years as we have developed and grown into a solely fibre based packaging business. This has accompanied the setting of stretching environmental targets since 2011 that have been consistently upgraded on the back of strong performance and also the desire to consistently outperform our customers' requirements. Our latest sustainability strategy, Now and Next, was launched in the autumn of 2020. This is focused on the circular economy, where we take the leading packaging role as well as carbon reduction. This policy includes 26 KPIs covering a broad range of sustainability issues, from carbon reduction to recyclability, where DS Smith can and does make a difference. On 9 June 2021, we announced a series of further enhanced climate targets. These include a science-based target which requires a minimum 40 per cent reduction of CO_2 emissions per tonne of product by 2030, compared to 2019 levels, and a commitment to reach at least Net Zero emissions by 2050. These targets will be validated by the Science Based Targets initiative as in line with the goals of the Paris Agreement. To further underline the Group's ambition and commitment, we also announced our membership of the UN's Race to Zero.

This year, we have continued to deliver against all of our ESG targets. Most notably, our CO_2e emissions (per tonne of production) have reduced by 23 per cent compared to our comparative 2015 baseline. This excellent reduction puts us ahead of target to deliver against our current goal of 30 per cent by 2030. Please go to our website and/or our latest Sustainability Report for more details on our delivery against ESG goals.

In addition to our progress against our own sustainability targets, we continue to work actively with our customers to help them address their sustainability challenges. Our circular design principles and our recently-launched circularity metrics allow us to analyse our customers' increasing sustainability requirements. We have invested significantly in training and development in our designers' capabilities, which differentiates our offering as we drive re-use, recyclability, carbon and other resource utilisation for the benefit of our customers, their customers and the environment.

Dividend

The Board considers the dividend to be a very important component of shareholder returns. In December 2020 we announced an interim dividend of 4.0 pence per share. Our policy is that dividends will be progressive and that, in the medium term, dividend cover should be on average of 2 to 2.5 times (relative to adjusted earnings per share), through the cycle. Accordingly, we are announcing a final dividend for this year of 8.1 pence, taking the total dividend for the year to 12.1 pence (2019/20: nil), in line with our policy.

Our medium-term targets and key performance indicators

We measure our performance according to both our financial and non-financial medium-term targets and key performance indicators. Whilst a number of the outcomes are clearly disappointing, they are reflective of a highly unusual year and the Board is committed to restoring our performance to the levels of achievement prior to the pandemic.

As set out above, like-for-like corrugated box volumes grew by 3.5 per cent, well ahead of our target of GDP+1 per cent of -5.5 per cent, based on year-on-year GDP growth to 30 April 2020, weighted by our sales in the markets in which we operate, estimated at -6.5 per cent. The GDP figure is particularly impacted by Covid-19. As described earlier, volume growth has been led by growth with e-commerce and consumer-focused customers.

Return on sales fell 250 basis points to 8.4 per cent (2019/20: 10.9 per cent), due to the overall fall in adjusted operating profit, below our medium-term target range of 10 to 12 per cent.

Adjusted return on average capital employed (ROACE) is 8.2 per cent (2019/20: 10.6 per cent), below our medium-term target range of 12 to 15 per cent. The reduction reflects the decline in adjusted operating profit, and the continued impact of Interstate Resources in North America and of Europac in Europe, which have been dilutive to return on capital in these initial years. This pattern was also seen at the time of the SCA Packaging acquisition in 2012, where ROACE initially dipped and then built up as the acquisition synergies were fully realised and our expectations are for ROACE to improve into the target range as the effects of the pandemic are reduced.

Net debt as at 30 April 2021 was £1,795 million (30 April 2020: £2,101 million), with the reduction principally due to excellent cash management resulting in free cash flow of £486 million. Working capital performance was extremely good with both a strong focus in the business and the benefit of rising input costs such as paper and OCC on our payables. Some of this commodity related payables benefit may reverse in 2021/22. Cash generated from operations before adjusting cash items of £943 million was used to invest in net capex of £323 million, an 11 per cent reduction on the prior year reflecting capex constraints put in place at the start of the year and eased later in the year. Net debt/EBITDA (calculated in accordance with our banking covenant requirements) is 2.2 times (2019/20: 2.1 times), substantially below our banking covenant of 3.75 times. The Group remains fully committed to its investment grade credit rating.

During the year, the Group generated free cash flow of £486 million (2019/20: £354 million), despite the reduction in profit. Cash conversion, as defined in our financial KPIs (note 14), was 150 per cent, well ahead of our target of being at or above 100 per cent.

DS Smith is committed to providing all employees with a safe and productive working environment. We are pleased once again, for the 12th consecutive year, to report improvements in our safety record, with our accident frequency rate (defined as the number of lost time accidents per million hours worked) reducing by a further 14 per cent to 2.06, reflecting our ongoing commitment to best practice in health and safety. We are proud to report that 246 sites achieved our target of zero accidents this year and we continue to strive for zero accidents for the Group as a whole.

The Group has a challenging target for customer service of 97 per cent on-time, in-full deliveries. Despite the significant operational challenges due to Covid-19, in the year we achieved a continued strong performance at 95 per cent. However, management remains fully committed to delivering our target and the highest standards of service, quality and innovation to all our customers and we will continue to challenge ourselves to meet the demanding standards our customers expect. Other markers of quality such as our defects rate (measured in parts-per-million) have improved significantly, having reduced 22 per cent.

Operating review
Unless otherwise stated, any commentary and comparable analysis in the operating review is based on constant currency performance.

Northern Europe

	Year ended 30 April 2021	Year ended 30 April 2020	Change-reported	Change-constant currency
Revenue	£2,370m	£2,333m	+2%	+1%
Adjusted operating profit(1)	£138m	£219m	(37%)	(37%)
Return on sales(1)	5.8%	9.4%	(360bps)	(350bps)

(1)Adjusted to exclude amortisation and adjusting items

The Northern Europe division has seen very strong corrugated box volume growth, reflecting an exceptional level of growth in the UK, driven in particular by e-commerce, and good trading in Benelux and Germany.

While revenues remained broadly flat, the reduction in adjusted operating profit reflects very good corrugated box volume growth more than offset by the annualisation of pricing declines, and a significant impact on input costs in our paper mills due to the volatility in OCC pricing. This region has a higher proportion of higher value point-of-sales and display business which was particularly badly impacted by retailers in-store activity during lockdowns. Return on sales reduced by 350 basis points to 5.8 per cent. The recovery of the higher paper prices and margins is well underway and in-store retail activity is also recovering quickly.

Southern Europe

	Year ended 30 April 2021	Year ended 30 April 2020	Change-reported	Change – constant currency
Revenue	£2,156m	£2,214m	(3%)	(4%)
Adjusted operating profit(1)	£223m	£314m	(29%)	(30%)
Return on sales(1)	10.3%	14.2%	(390bps)	(390bps)

(1)Adjusted to exclude amortisation and adjusting items

Volumes in the year have grown across the region, driven by good volume growth in Italy, while revenues declined 4 per cent as average selling prices reflected prior paper price declines.

Adjusted operating profit fell by 30 per cent, reflecting the challenging economic and market environment and in particular the volatility of OCC and of pulp used at our Viana kraftliner mill. This region was particularly badly impacted in H1 with significantly lower tourist and agricultural activity in the early months of the pandemic.

Eastern Europe

	Year ended 30 April 2021	Year ended 30 April 2020	Change – reported	Change – constant currency
Revenue	£909m	£892m	+2%	+2%
Adjusted operating profit(1)	£78m	£88m	(11%)	(10%)
Return on sales(1)	8.6%	9.9%	(130bps)	(120bps)

(1)Adjusted to exclude amortisation and adjusting items

Volumes in this region have again been very good throughout the period, with particularly strong performance in operations in Poland and the Baltics, with revenues increasing 2 per cent.

Adjusted operating profit fell by 10 per cent, reflecting declines in both the Paper and Packaging operations in the region. The region has less paper capacity than the others and as such did not see the same impact from the OCC volatility in the period.

North America

	Year ended 30 April 2021	Year ended 30 April 2020	Change – reported	Change – constant currency
Revenue	£541m	£604m	(10%)	(5%)
Adjusted operating profit(1)	£63m	£39m	+62%	+70%
Return on sales(1)	11.6%	6.5%	+510bps	+510bps

(1)Adjusted for amortisation and adjusting items

Volumes in the region have been very good, reflecting growth in a number of packaging sites as we manage the ramp-up of the new box plant in Indiana. Full utilisation is expected to be completed on plan in the financial year 2022/23. Volumes in North America were badly impacted by Covid-19 in Q1 due to certain customer site closures, so the recovery through the year has been particularly pleasing and a testament to the support and confidence of many old and new customers to our new products, production capacity and ways of working.

Revenue fell 5 per cent, principally due to increased internal utilisation of paper. Adjusted operating profit for the division improved by 70 per cent, reflecting improved volumes across our packaging plants, including the ramp-up of the new Indiana site, the improvement in domestic paper and packaging pricing and the US export paper price. As a result, return on sales improved to 11.6 per cent, with H2 profitability substantially ahead of H1.

Brexit

The UK left the EU in January 2020 and the transition period ended on 31 December 2020. The UK comprises 15 per cent of Group revenue with the majority of our operations in continental Europe. Product for UK customers is largely manufactured within the UK and materials sourced within the UK, and as such we did not experience substantial disruption in the first few months of 2021 as the new trading arrangements between the UK and EU came into place. While there are some friction impacts of Brexit, in particular limited capacity with carriers and brokers at the start of the year, we have planned, in collaboration with key trading partners, and accordingly the overall impact on DS Smith has not been material.

Financial review

Overview
Robust performance despite challenging environment

2020/21 presented a variety of challenges, most notably the economic contraction triggered by the Covid-19 pandemic. From an operations standpoint the business continued uninterrupted throughout the year in all regions, providing essential products and services to its customers.

After a challenging first half year influenced by the pandemic, the second half year saw a strong recovery in box volumes across all regions with momentum continuing to build throughout the period. The recent commencement of work on greenfield sites in Italy and Poland will add further capacity to the growing demand in these markets. The Indiana site in North America continues to drive both packaging volume growth and a shortening of the paper position in this market, in line with our long-term strategic objectives.

The business experienced higher input costs in 2020/21, most notably the cost of recyclate. The final quarter of 2019/20 saw fibre prices close to record lows; however, dual price spikes in Q1 and Q4 of 2020/21 drove the average cost of paper production significantly higher. During the first half of the year, paper prices continued the decline seen in H2 of 2019/20. However, the second half saw prices increase above pre-pandemic levels, driven by both tightness of demand and increases in core input costs.

The effective pass-through of these higher prices on to customers in both the Paper and Packaging businesses mitigated some of the input cost impact and will continue to be a key focus area in 2021/22.

During this significant period of macro-economic uncertainty, the Group remains committed to achieving its medium-term financial measures and key performance indicators, as established by the Board. The results, which do not make any adjustments for the impact of Covid-19, are described below:

- Organic corrugated box volume growth of 3.5 per cent (2019/20: +0.6 per cent)
- Revenue down 1 per cent on a constant currency and reported basis to £5,976 million (2019/20: £6,043 million)
- Adjusted operating profit of £502 million, a decrease of 24 per cent on a reported and constant currency basis (2019/20: £660 million)
- 32 per cent decrease in operating profit to £311 million on a statutory basis; 32 per cent decrease on a constant currency basis (2019/20: £455 million)
- 38 per cent decrease in statutory profit before tax to £231 million on a constant currency basis and 37 per cent decrease on a reported basis (2019/20: £368 million)

- Decrease in adjusted return on sales of 250 bps to 8.4 per cent (2019/20: 10.9 per cent)
- Adjusted return on average capital employed of 8.2 per cent (2019/20: 10.6 per cent)
- Net debt to EBITDA ratio of 2.2 times (2019/20: 2.1 times)
- Cash conversion 150 per cent (2019/20: 103 per cent)

Unless otherwise stated, the commentary below references the continuing operations of the Group.

Non-GAAP performance measures

The Group presents non-GAAP measures alongside reported measures, in order to provide a balanced and comparable view of the Group's overall performance and position. Non-GAAP performance measures eliminate amortisation and unusual or non-operational items that may obscure understanding of the key trends and performance. These measures are used both internally and externally to evaluate business performance, as a key constituent of the Group's planning process, they are applied in the Group's financial and debt covenants, as well as comprising targets against which compensation is determined. Amortisation relates primarily to customer contracts and relationships arising from business combinations. Unusual or non-operational items include business disposals, restructuring, acquisition related and integration costs and impairments, and are referred to as adjusting items.

Reporting of non-GAAP measures alongside statutory measures is considered useful by investors to understand how management evaluates performance and value creation, enabling them to track the Group's performance and the key business drivers which underpin it and the basis on which to anticipate future prospects.

Note 14 explains further the use of non-GAAP performance measures and provides reconciliations as appropriate to information derived directly from the financial statements. Where a non-GAAP measure is referred to in the review, the equivalent measure stemming directly from the financial statements (if available and appropriate) is also referred to.

Trading results

Revenue decreased by 1 per cent on a reported basis to £5,976 million (2019/20: £6,043 million). Despite higher box volumes, Packaging revenue saw a reduction in realised selling prices, largely reflecting the decline in paper price benchmarks in H2 2019/20 and H1 2020/21. Strong internal demand for paper meant that the Group continued to integrate further in 2020/21. This also contributed to lower revenues as a higher proportion of the paper produced in the Group's own paper mills was consumed internally by the Group's box plants rather than being sold externally. These impacts were partially offset by higher recyclate prices sold externally in both Europe and North America.

Reported revenues are subject to foreign currency translation effects. In the year, the euro accounted for 59 per cent of Group revenue. As such, the movements of the euro against sterling during the year constituted the majority of the £20 million of positive foreign exchange translation impact. On a constant currency basis, revenues decreased by 1 per cent.

Corrugated box volume growth of 3.5 per cent (2019/20: 0.6 per cent growth) reflects the resilience of the Group's business model and the momentum seen in its core markets and segments, with market share gains in all segments. While Q1 growth was constrained by the unfolding pandemic, box volumes rebounded progressively from Q2 onwards. The Group was well positioned to meet the corresponding changes in consumer behaviour which drove higher demand for both e-commerce and FMCG products.

The Group target of volume growth of GDP+1 per cent was achieved during 2020/21, with GDP (weighted by the countries' mix) estimated at -5.5 per cent for the 12 months to April 2021. As a Group, c. 82 per cent of corrugated box volumes are sold to consumer goods customers, substantially ahead of the industry average, an indicator that the continued development of tailored and innovative packaging solutions is regarded as a differential offering in the market.

Adjusted operating profit of £502 million on a reported basis is a decrease of 24 per cent (2019/20: £660 million). This reduction is largely attributable to pandemic effects with a lower average selling price and mix in the Packaging and Paper business (£(137) million) as a result of declining paper benchmarks, volatile input costs (£(66) million) and lower other volumes of £(19) million.

These impacts were partially offset by higher box volume (£40 million), continued strong delivery of Europac synergies (£21 million) and FX and other impacts (£3 million).

Operating profit at £311 million, is a decrease of 32 per cent both on a constant currency and reported basis (2019/20: £455 million). The Group benefited from a strong performance by the Packaging business in mitigating various commercial pressures, including the headwinds of cost inflation prior to the pandemic and lately the impact of rising paper prices. In addition, the strong focus on value-added packaging and overall performance improvement targeted in North America more than offset the start-up costs associated with the commissioning and progression towards full operation of the new facility in Indiana, US.

Depreciation increased to £304 million on a reported basis (2019/20: £296 million), an £8 million increase driven by the additional capital commissioned during the year to support the Group's growth programme. Amortisation decreased marginally to £142 million.

The Group has continued to focus on margin recovery through commercial disciplines and ongoing cost management and efficiency programmes, but the impact of the pandemic, in spite of the resilience demonstrated by the Group, led to an adjusted return on sales decrease of 250 basis points to 8.4 per cent (2019/20: 10.9 per cent). The Group does not expect a repeat of the costs incurred specifically in keeping our colleagues safe and our factories open.

The adjusted return on average capital employed (ROACE) decreased to 8.2 per cent (2019/20: 10.6 per cent). The ROACE remains below the target set by the Board of 12 to 15 per cent and the Board remains fully committed to achieving this target again as global economies recover from the pandemic.

Income statement – from continuing operations (unless otherwise stated)	**2020/21 £m**	**2019/20 £m**
Revenue	5,976	6,043
Adjusted operating profit[1]	502	660
Operating profit	311	455
Adjusted return on sales[1]	8.4%	10.9%
Adjusted net financing costs	(78)	(87)
Share of profit of equity-accounted investments, net of tax	5	7
Profit before income tax	**231**	**368**
Adjusted profit before income tax	**429**	**580**
Adjusted income tax expense	(97)	(125)
Adjusted earnings	**332**	**455**
Profit from discontinued operations, net of tax	12	237
Basic adjusted earnings per share	24.2p	33.2p
Profit for the year attributable to owners of the parent (including discontinued operations)	**194**	**527**
Basic earnings per share from continuing and discontinued operations	14.2p	38.5p
Basic earnings per share	13.3p	21.2p

[1] Adjusted to exclude amortisation and adjusting items (see note 3)

Covid-19

The Group's operations across all its regions were affected throughout the year by the pandemic. However, as an essential supplier for critical supply chains in areas such as FMCG food and drink, pharmaceuticals and other essential suppliers the Group's sites remained fully operational throughout the period. The Group adapted quickly to changes in the box demand profile as a result of the pandemic, with strong volume growth achieved in both e-commerce and FMCG segments.

Lockdown-induced disruption in waste collections has resulted in a volatile year in the recyclate market. Prices spiked in Q1 and then fell across the summer months before spiking again in the final quarter of the year with prices now at or near a historical high in certain core markets.

Adjusting items

Adjusting items before tax and financing costs were £49 million (2019/20: £62 million).

The costs primarily consisted of ongoing integration programmes relating to acquisitions made in prior years of £17 million (2019/20: £30 million) and other restructuring programmes of £27 million (2019/20: £24 million). Of the integration costs, £14 million related to the Europac integration programme, including costs to deliver synergy projects implemented during the year, IT operational costs and site rebranding, and £3 million related to the North American integration programme, which included the centralisation of transaction processing in that region. Both these integration programmes were highlighted in their respective Class 1 circulars and have now completed in this financial year.

Within restructuring costs, £23 million principally relates to a major restructuring programme in Germany and a structured review of the underlying, indirect cost base of the European Packaging business.

Merger and acquisition-related costs of £2 million (2019/20: £10 million) were incurred, being predominantly professional advisory fees, and contractual deferred consideration payments on prior year acquisitions.

Loss on divestments was £3 million primarily relating to the disposal of a small sheet plant operation in North America.

Within discontinued operations, the gain related to the finalisation of certain provisions made on disposal of the Plastics business and the recognition of a deferred tax asset of £9 million arising on tax losses in relation to the disposal. The Group continues to provide transitional support services to the buyer.

Adjusting items in 2021/22 are estimated to be less than £10 million.

Interest, tax and earnings per share

Net finance costs were £85 million (2019/20: £94 million). The decrease of £9 million on last year is primarily a result of lower levels of debt throughout the year. The employment benefit net finance expense of £3 million has remained at a similar level to the prior year.

Adjusting financing costs of £7 million (2019/20: £7 million) represents the unwind of the Interstate Resources put option.

The share of profits of equity-accounted investments was £5 million (2019/20: £7 million).

Profit before tax decreased by 37 per cent on a reported basis to £231 million (2019/20: £368 million), driven by the decrease in operating profit, partly offset by a reduction in financing costs. Adjusted profit before tax of £429 million (2019/20: £580 million) decreased by 26 per cent on a reported basis, again due to the decrease in the underlying adjusted operating profit.

The tax charge of £49 million (2019/20: £78 million) reflects the impact of lower profits and recognition of a deferred tax asset on losses in France, partially offset by an increase in provisions in relation to uncertain tax positions on non-adjusting items. The Group's effective tax rate on adjusted profit, excluding amortisation, adjusting items and associates was 23.0 per cent (2019/20: 22.0 per cent). The tax credit through adjusting items was £16 million (2019/20: £14 million).

The previous year discontinued operations profit after tax of £237 million includes the £230 million net gain on sale of the Plastics business.

Reported profit after tax, amortisation and adjusting items for continuing and discontinued operations was £194 million (2019/20: £527 million).

The decrease in operating profit led to a decrease of 37 per cent in basic earnings per share on a reported basis to 13.3 pence (2019/20: 21.2 pence), with adjusted earnings per share 27 per cent lower at 24.2 pence (2019/20: 33.2 pence).

Acquisitions and disposals

In recent years, the Group's strategy has focused on growth in order to support our global customers in the regions in which they operate. Throughout 2020/21, the Group continued to successfully integrate earlier acquisitions, including Europac in Iberia and Corrugated Container Corporation in North America, both acquired in 2018/19 and Interstate Resources in North America, acquired in 2017/18. As set out in the respective Class 1 acquisition circulars for Interstate and Europac, the integration programmes have now concluded.

During 2019/20 , the Group agreed to the purchase of a further 10 per cent holding in Interstate Resources for £106 million, following the exercise of part of the pre-existing put option by the former owners of that business. A cash settlement of £82 million was made in June 2020 with the balance to be paid in October 2021. The final 10 per cent stake remains subject to the put option conditions.

Cash flow

Reported net debt of £1,795 million (30 April 2020: £2,101 million) has decreased from the prior year, driven by higher cash inflows from operating activities and steps taken during the year to conserve cash during the pandemic.

Net working capital inflows of £173 million are driven by a strong focus on cash management, in particular cash collection, inventory management and influenced by higher commodity prices, most notably the cost of recyclate and paper costs at the end of the year leading to increases in trade payables at the year-end compared to the prior year. The Group has demonstrated ongoing success in driving sustainable working capital improvements. Trade receivables factoring is £21 million lower than April 2020 at £407 million. Going forward the Group expects to continue to sell high credit quality receivables under this programme within the range £350-400 million outstanding at any one time. This is a reduction of some 30 per cent from the peak balance of £565 million in 2018.

Net capital expenditure decreased by £41 million to £323 million in the year. Spending on some capital projects was initially delayed until greater confidence in the economic outlook was established. However, despite these constraints, the Group continued to focus on growth and efficiency capital projects, which represented 53 per cent of the reported spend in the year. Proceeds from the disposal of property, plant and equipment were £8 million (2019/20: £12 million).

Tax paid of £66 million is £28 million lower than the prior year, as a result of tax receipts of £20 million in North America, lower tax payments in general and the timing of certain payments.

Net interest payments of £68 million decreased by £9 million over the prior year driven by the maturity of debt bearing higher interest rates and a lower net debt position throughout the year. The remainder of interest principally comprises interest on the Euro medium-term notes and US private placements, with amortisation of debt issuance and other finance costs accounting for the majority of the difference between cash interest paid and finance costs reported in the income statement. Cash outflows associated with adjusting items decreased by £5 million to £48 million, and include restructuring and integration costs. The current year reduction is driven by a further decrease in merger and acquisition costs incurred in the prior year.

No dividend payments were made during the year, with payments resumed in May 2021.

Cash generated from operations before adjusting cash items increased by £54 million to £943 million. Net cash inflow was £366 million, a £195 million decrease on the prior year, which benefited from the disposal proceeds of the Plastics business and the Europac remedy disposals of £480 million.

Acquisitions and disposals of £74 million in the year include payments made for the 10 per cent settlement of the Interstate put option of £82 million and proceeds from the sale of a small sheet business in North America of £16 million.

Cash flow	**2020/21 £m**	**2019/20 £m**
Cash generated from operations before adjusting cash items	943	889
Capital expenditure (net of disposal of fixed assets)	(323)	(364)
Tax paid	(66)	(94)
Net interest paid	(68)	(77)
Free cash flow	**486**	**354**
Cash outflow for adjusting items	(48)	(53)

Dividends	-	(222)
Acquisitions and disposals of businesses, net of cash and cash equivalents	(74)	480
Other	2	2
Net cash flow	**366**	**561**
Issue of share capital	3	2
Loans, borrowings and finance leases divested	3	2
Foreign exchange, fair value and other movements	(56)	(118)
Net debt movement – continuing operations	**316**	**447**
Net debt movement – discontinued operations	(10)	(29)
IFRS 16 right-of-use obligation at 1 May 2019	-	(242)
Opening net debt	(2,101)	(2,277)
Closing net debt	**(1,795)**	**(2,101)**

Statement of financial position
At 30 April 2021, shareholder funds increased to £3,533 million from £3,350 million in the prior year. Profit attributable to shareholders of £194 million contributed to the growth (2019/20: £527 million), which was increased by a net change in cash flow hedges of £112 million (2019/20: £32 million loss), offset by actuarial losses on employee benefits of £5 million (2019/20: £46 million loss) and foreign currency translation effects of £95 million (2019/20: credit of £39 million). There were no dividends paid in the year (2019/20: £222 million). Equity attributable to non-controlling interests was £2 million (2019/20: £1 million).

The Group's bank and private placement debt covenants stipulate the methodology upon which the net debt to adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) ratio is to be calculated. Factored receivables and the effects of IFRS 16 Leases, adopted since 1 May 2019, are excluded from the ratio's determination. The ratio has increased to 2.2 times, as the reduction in EBITDA more than offset the improvement in debt, but represents an improvement from the H1 position of 2.4 times. The ratio remains compliant with the covenant requirements, which across all banking debt is 3.75 times. We retain a 3.25 times level in the remaining US Private Placement loan notes ($298 million) of which $30 million will mature by August 2021 and the balance by August 2022. As the exercise of the second tranche of the Interstate Resources put option is still outstanding at 30 April 2021, this has not been factored in to the calculated ratio. If the exercise of the remaining 10 per cent stake subject to the put option was included, the ratio would increase to c. 2.4 times. The Group's publicly traded euro and sterling bonds are not subject to any financial covenants. The bonds are, however, subject to a coupon step up of 125 basis points for any period the Group falls below an investment grade credit rating.

The Group is also compliant with a second banking covenant requiring an EBITDA to net interest payable ratio of not less than 4.50 times.

The covenant calculations also exclude income statement items identified as adjusting by the Group and any interest arising from the defined benefit pension schemes. At 30 April 2021, the Group has substantial headroom under its covenants, with the future outlook assessed as part of the annual going concern review. The Group's investment grade credit rating from Standard and Poor's remains stable at BBB-, which takes into account all the items excluded from covenant calculations and working capital.

Statement of financial position	**2020/21 £m**	**2019/20 £m**
Intangible assets	2,995	3,197
Property, plant and equipment	3,050	3,042
Right-of-use assets	226	256
Inventories	537	518
Trade and other receivables	819	772
Cash and cash equivalents	813	595
Other	260	245
Total assets	**8,700**	**8,625**
Bank overdrafts	(94)	(90)
Borrowings	(2,301)	(2,398)
Trade and other payables	(1,849)	(1,723)
Provisions	(56)	(70)
Employee benefits	(175)	(199)
Lease liabilities	(230)	(255)
Other	(460)	(539)
Total liabilities	**(5,165)**	**(5,274)**
Net assets	**3,535**	**3,351**
Net debt	**1,795**	**2,101**
Net debt to EBITDA ratio	**2.2x**	**2.1x**

Energy costs

Production facilities, in particular paper mills, are energy intensive, therefore energy costs are significant for the Group. In 2020/21, costs for gas, electricity and other fuels, net of periodic local incentives, were £325 million (2019/20: £318 million). This year on year comparison does, however, mask a significant increase in energy costs from H1 £146 million to H2 £179 million. The Group continues to invest in energy efficiency projects and limits the exposure to volatile energy pricing by hedging energy costs with suppliers and financial institutions, managed by the Group's Energy Procurement team.

Capital structure and treasury management

In addition to its trading cash flow, the Group finances its operations using a combination of borrowings, property and equipment leases, shareholders' equity and, where appropriate, disposals of non-core businesses. The Group's funding strategy is to achieve a capital structure that provides an appropriate cost of capital whilst providing the desired flexibility in short and medium-term funding to enable the execution of material investments or acquisitions, as required.

The Group aims to maintain a strong balance sheet enabling significant headroom within the financial covenants and to ensure continuity of funding by having a range of maturities from a variety of sources. The Group has an investment grade rating from Standard and Poor's of BBB – stable outlook.

The Group's overarching treasury objective is to ensure sufficient funds are available for the Group to execute its strategy and to manage the financial risks to which the Group is exposed.

In November 2018, the Group signed a £1.4 billion five-year committed syndicated revolving credit facility (RCF) with its core banks. The second extension option was exercised in November 2020. £1.1 billion of the facility now matures in 2025 with the remaining £0.3 billion maturing in 2024.

Available cash and debt facilities are reviewed regularly to ensure sufficient funds are available to support the Group's activities. At 30 April 2021, the Group's committed facilities totalled £3.7 billion, of which £1.5 billion remained undrawn and £3.5 billion matures beyond one year or more. Undrawn committed borrowing facilities are maintained to provide protection against refinancing risk.

At 30 April 2021, the committed borrowing facilities had a weighted average maturity of 3.9 years (30 April 2020: 4.5 years). Additional detail on these facilities is provided below. Total gross borrowings at 30 April 2021 were £2,301 million (30 April 2020: £2,398 million). The committed borrowing facilities described do not include the £460 million of three-year committed factoring facilities, which allow the sale of receivables without recourse. Given the three-year committed nature of these facilities, they fully protect the Group from any short-term liquidity risks which may arise from volatility in financial markets.

The balance of trade receivables sold as part of the factoring programme decreased by £21 million to £407 million at 30 April 2021 (30 April 2020: £428 million).

In November 2019, the Group established a €1 billion Euro Commercial Paper Programme. At 30 April 2021, the programme was undrawn due to the positive cash position in the Group.

Facilities	**Currency**	**Maturity Date**	**£m equivalent**
Syndicated RCF 2018	Various	2024-25	1,400
Euro medium-term notes	EUR	2022-26	1,608
Euro RCF 2020	EUR	2023	52
Sterling bond medium-term note	GBP	2029	250
Euro bilateral loans	EUR	2021-23	130
US dollar private placement	USD	2021-22	215
Euro term loan	EUR	2025	35
Committed facilities at 30 April 2021			**3,690**

Impairment
The net book value of goodwill and other intangibles at 30 April 2021 was £2,995 million (30 April 2020: £3,197 million).

IAS 36 *Impairment of Assets* requires annual testing of goodwill and other intangible assets, as well as an assessment of any other assets for which there may be indicators of impairment. As part of this testing, the Group compares the carrying amount of the assets subject to testing with the higher of their net realisable value and value-in-use to identify whether any impairment exists. The asset or group of assets value-in-use is determined by discounting the future cash flows they expect to generate by the assumed pre-tax discount rate of 9.5 per cent, plus a blended country risk premium for each group of assets. Asset values were tested as at 30 April 2021, with no impairment identified as a result of the testing performed.

Pensions
The Group's primary funded defined benefit pension scheme, based in the UK, is closed to future accrual. There are a variety of other post-retirement and employee benefit schemes operated locally for overseas operations, and an additional unfunded scheme in the UK relating to three former directors which is secured against assets of the UK business. In accordance with IAS 19 *Employee Benefits (Revised 2011)*, the Group is required to make assumptions surrounding rates of inflation, discount rates and current and future life expectancies, amongst others, which could materially impact the value of any scheme surplus or liability. A material revaluation of the relevant assets and liabilities could result in a change to the cost to fund the scheme liabilities. The assumptions applied are subject to periodic review.

A summary of the balance sheet position as at 30 April is as follows:

	30 April 2021	**30 April 2020**
Aggregate gross assets of schemes	£1,178 million	£1,164 million
Aggregate gross liabilities of schemes	£(1,353) million	£(1,363) million
Gross balance sheet deficit	£(175) million	£(199) million
Deferred tax assets	£40 million	£45 million
Net balance sheet deficit	£(135) million	£(154) million

The net deficit has decreased versus prior year driven by two scheme settlements and discount rate assumptions having a small impact at 30 April 2021, as well as the asset valuations increasing.

The 2019 triennial valuation of the main UK scheme incorporated updates to underlying scheme assumptions, including demographic and life expectancy rates, which, along with updates surrounding mortality and proportion married assumptions and future improvements, resulted in a net c. 1 per cent increase in the valuation of the scheme liabilities. No changes were made to the previously approved funding plan following the triennial valuation.

Total cash contributions paid into the Group pension schemes, reported within cash generated from operations in the cash flow, were £20 million in 2020/21 (2019/20: £20 million), which primarily constitute the agreed contributions under the UK defined benefit scheme deficit recovery plan.

Discontinued operations

The consolidated statement of cash flows presents a single amount of net cash flow from discontinued operations.

During the previous year, 2019/20, the Plastics business was sold, representing £230 million of the £237 million profit from discontinued operations, net of tax. In the current year the gain of £12 million predominantly relates to the recognition of a deferred tax asset (£9 million) relating to the Plastics business disposal.

Consolidated income statement

Year ended 30 April 2021

Continuing operations	Note	**Before adjusting items 2021 £m**	**Adjusting items 2021 (note 3) £m**	**After adjusting items 2021 £m**	Before adjusting items 2020 £m	Adjusting items 2020 (note 3) £m	After adjusting items 2020 £m
Revenue	2	**5,976**	**-**	**5,976**	6,043	–	6,043
Operating costs		**(5,474)**	**(44)**	**(5,518)**	(5,383)	(58)	(5,441)
Operating profit before amortisation, acquisitions and divestments	2	**502**	**(44)**	**458**	660	(58)	602
Amortisation of intangible assets; acquisitions and divestments	3	**(142)**	**(5)**	**(147)**	(143)	(4)	(147)
Operating profit		**360**	**(49)**	**311**	517	(62)	455
Finance income	5	**1**	**-**	**1**	4	–	4
Finance costs	5, 3	**(76)**	**(7)**	**(83)**	(88)	(7)	(95)
Employment benefit net finance expense	4	**(3)**	**-**	**(3)**	(3)	–	(3)
Net financing costs		**(78)**	**(7)**	**(85)**	(87)	(7)	(94)
Profit after financing costs		**282**	**(56)**	**226**	430	(69)	361
Share of profit of equity accounted investments, net of tax		**5**	**-**	**5**	7	–	7
Profit before income tax		**287**	**(56)**	**231**	437	(69)	368
Income tax (expense)/credit	6, 3	**(65)**	**16**	**(49)**	(92)	14	(78)
Profit for the year from continuing operations		**222**	**(40)**	**182**	345	(55)	290
Discontinued operations							
Profit for the year from discontinued operations, net of tax	13	**-**	**12**	**12**	10	227	237
Profit for the year		**222**	**(28)**	**194**	355	172	527
Profit for the year attributable to:							
Owners of the parent		**222**	**(28)**	**194**	355	172	527
Non-controlling interests		**-**	**-**	**-**	–	–	–
Earnings per share							
Earnings per share from continuing and discontinued operations							
Basic	7			**14.2p**			38.5p
Diluted	7			**14.1p**			38.2p
Earnings per share from continuing operations							
Basic	7			**13.3p**			21.2p
Diluted	7			**13.2p**			21.0p
Adjusted earnings per share from continuing operations							
Basic	7, 14		**24.2p**			33.2p	
Diluted	7		**24.1p**			33.0p	

a) The financial information presented in this preliminary announcement is extracted from, and is consistent with, the Group's audited financial statements for the year ended 30 April 2021. The financial information set out above does not constitute the Company's statutory financial statements for the years ended 30 April 2021 or 30 April 2020 but is derived from those financial statements. Statutory accounts for the year ended 30 April 2020 have been delivered to the Registrar of Companies. Statutory accounts for the year ended 30 April 2021 will be delivered following the Company's Annual General Meeting. The Auditor's report on these accounts was not qualified or modified and did not contain any statement under Sections 498(2) or (3) of the Companies Act 2006.

(b) The Group's audited financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. The preliminary announcement has been agreed with the Company's Auditor for release.

Consolidated statement of comprehensive income
Year ended 30 April 2021

	Note	**2021 £m**	2020 £m
Profit for the year		**194**	527
Items which will not be reclassified subsequently to profit or loss			
Actuarial loss on employee benefits	4	**(5)**	(46)
Equity interest at FVTOCI – net change in fair value		**(3)**	-
Income tax on items which will not be reclassified subsequently to profit or loss		**(5)**	15
Items which may be reclassified subsequently to profit or loss			
Foreign currency translation differences		**(95)**	39
Reclassification from translation reserve to income statement arising on divestment		**-**	(30)
Cash flow hedges fair value changes		**103**	(31)
Reclassification from cash flow hedge reserve to income statement		**9**	(1)
Movement in net investment hedge		**(2)**	(23)
Income tax on items which may be reclassified subsequently to profit or loss		**(21)**	11
Other comprehensive expense for the year, net of tax		**(19)**	(66)
Total comprehensive income for the year		**175**	461
Total comprehensive income attributable to:			
Owners of the parent		**175**	461
Non-controlling interests		**-**	-

Consolidated statement of financial position
At 30 April 2021

	Note	2021 £m	2020 £m
Assets			
Non-current assets			
Intangible assets		**2,995**	3,197
Biological assets		**9**	9
Property, plant and equipment		**3,050**	3,042
Right-of-use assets		**226**	256
Equity accounted investments		**38**	35
Other investments		**13**	12
Deferred tax assets		**37**	77
Other receivables		**1**	19
Derivative financial instruments		**35**	27
Total non-current assets		**6,404**	6,674
Current assets			
Inventories		**537**	518
Biological assets		**6**	6
Income tax receivable		**41**	42
Trade and other receivables		**818**	753
Cash and cash equivalents		**813**	595
Derivative financial instruments		**80**	34
Assets classified as held for sale		**1**	3
Total current assets		**2,296**	1,951
Total assets		**8,700**	8,625
Liabilities			
Non-current liabilities			
Borrowings		**(2,066)**	(2,300)
Employee benefits	4	**(175)**	(199)
Other payables		**(15)**	(15)
Provisions		**(8)**	(12)
Lease liabilities		**(159)**	(182)
Deferred tax liabilities		**(271)**	(305)
Derivative financial instruments		**(15)**	(41)
Total non-current liabilities		**(2,709)**	(3,054)
Current liabilities			
Bank overdrafts		**(94)**	(90)
Borrowings		**(235)**	(98)
Trade and other payables		**(1,834)**	(1,708)
Income tax liabilities		**(133)**	(149)
Provisions		**(48)**	(58)
Lease liabilities		**(71)**	(73)
Derivative financial instruments		**(41)**	(44)
Total current liabilities		**(2,456)**	(2,220)
Total liabilities		**(5,165)**	(5,274)
Net assets		**3,535**	3,351
Equity			
Issued capital		**137**	137
Share premium		**2,241**	2,238
Reserves		**1,155**	975
Total equity attributable to owners of the parent		**3,533**	3,350
Non-controlling interests		**2**	1
Total equity		**3,535**	3,351

Approved by the Board of Directors of DS Smith Plc on 21 June 2021 and signed on its behalf by:

M W Roberts
Director

A R T Marsh
Director

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

Year ended 30 April 2021

	Note	Share capital £m	Share premium £m	Hedging reserve £m	Translation reserve £m	Own shares £m	Retained earnings [1]£m	Total equity attributable to owners of the parent £m	Non-controlling interests £m	Total equity £m
At 1 May 2019		**137**	**2,236**	**(13)**	**23**	**(1)**	**729**	**3,111**	**1**	**3,112**
Profit for the year		–	–	–	–	–	527	527	–	527
Actuarial loss on employee benefits		–	–	–	–	–	(46)	(46)	–	(46)
Foreign currency translation differences		–	–	–	39	–	–	39	–	39
Reclassification from translation reserve to income statement arising on divestment	13(b)	–	–	–	(30)	–	–	(30)	–	(30)
Cash flow hedges fair value changes		–	–	(31)	–	–	–	(31)	–	(31)
Reclassification from cash flow hedge reserve to income statement		–	–	(1)	–	–	–	(1)	–	(1)
Movement in net investment hedge		–	–	–	(23)	–	–	(23)	–	(23)
Income tax on other comprehensive income		–	–	6	5	–	15	26	–	26
Total comprehensive (expense)/ income		**-**	**-**	**(26)**	**(9)**	**-**	**496**	**461**	**-**	**461**
Issue of share capital		–	2	–	–	–	–	2	–	2
Employee share trust		–	–	–	–	(2)	(2)	(4)	–	(4)
Share-based payment expense (net of tax)		–	–	–	–	–	2	2	–	2
Dividends paid	8	–	–	–	–	–	(222)	(222)	–	(222)
Other changes in equity in the year		**-**	**2**	**-**	**-**	**(2)**	**(222)**	**(222)**	**-**	**(222)**
At 30 April 2020		**137**	**2,238**	**(39)**	**14**	**(3)**	**1,003**	**3,350**	**1**	**3,351**
Profit for the year		–	–	–	–	–	194	194	–	194
Actuarial loss on employee benefits		–	–	–	–	–	(5)	(5)	–	(5)
Equity interest at FVTOCI – change in fair value		–	–	–	–	–	(3)	(3)	–	(3)
Foreign currency translation differences		–	–	–	(95)	–	-	(95)	–	(95)
Cash flow hedges fair value changes		–	–	103	–	–	–	103	–	103
Reclassification from cash flow hedge reserve to income statement		–	–	9	–	–	–	9	–	9
Movement in net investment hedge		–	–	–	(2)	–	–	(2)	–	(2)
Income tax on other comprehensive income		–	–	(20)	(1)	–	(5)	(26)	–	(26)
Total comprehensive income/(expense)		**-**	**-**	**92**	**(98)**	**-**	**181**	**175**	**-**	**175**
Issue of share capital		–	3	–	–	–	–	3	–	3
Employee share trust		–	–	–	–	–	(2)	(2)	–	(2)
Share-based payment expense (net of tax)		–	–	–	–	–	10	10	–	10
Transactions with non-controlling interests		–	–	–	–	–	(3)	(3)	1	(2)
Other changes in equity in the year		**-**	**3**	**-**	**-**	**-**	**5**	**8**	**1**	**9**
At 30 April 2021		**137**	**2,241**	**53**	**(84)**	**(3)**	**1,189**	**3,533**	**2**	**3,535**

1. Retained earnings include a reserve related to merger relief.

Consolidated statement of cash flows

Year ended 30 April 2021

Continuing operations	Note	**2021 £m**	2020 £m
Operating activities			
Cash generated from operations	10	**895**	836
Interest received		**1**	2
Interest paid		**(69)**	(79)
Tax paid		**(66)**	(94)
Cash flows from operating activities		**761**	665
Investing activities			
Acquisition of subsidiary businesses, net of cash and cash equivalents	13	**(90)**	(4)
Divestment of discontinued operation, net of cash and cash equivalents	13	**-**	422
Divestment of subsidiary businesses, net of cash and cash equivalents	13	**16**	62
Capital expenditure		**(331)**	(376)
Proceeds from sale of property, plant and equipment and intangible assets		**8**	12
Cash flows from restricted cash and other deposits		**4**	56
Other investing activities		**2**	6
Cash flows (used in)/from investing activities		**(391)**	178
Financing activities			
Proceeds from issue of share capital		**3**	2
Repayment of borrowings		**(1,213)**	(3,497)
Proceeds from borrowings		**1,157**	3,235
Payments in respect of derivative financial instruments		**(16)**	(5)
Repayment of principal on lease liabilities		**(73)**	(71)
Dividends paid to Group shareholders	8	**-**	(222)
Other		**-**	(4)
Cash flows used in financing activities		**(142)**	(562)
Increase in cash and cash equivalents from continuing operations		**228**	281
Discontinued operation			
Cash flows used in discontinued operation	13(b)	**(10)**	(29)
Increase in cash and cash equivalents		**218**	252
Net cash and cash equivalents at beginning of the year		**505**	253
Exchange losses on cash and cash equivalents		**(4)**	-
Net cash and cash equivalents at end of the year		**719**	505

Notes to the consolidated financial statements

1. Significant accounting policies

Basis of preparation

(i) Consolidated financial statements

These financial statements are the consolidated financial statements for the Group consisting of DS Smith Plc, a company registered in England and Wales, and all its subsidiaries. The consolidated financial statements have been prepared and approved by the Directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The consolidated financial statements have also been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

On 31 December 2020 EU-adopted IFRS was brought into UK law and became UK adopted international accounting standards, with future changes to IFRS being subject to endorsement by the UK Endorsement Board. The Groups' Consolidated Financial Statements will transition to UK adopted international accounting standards for financial periods beginning 1 January 2021 onwards.

The consolidated financial statements are prepared on the historical cost basis with the exception of biological assets, other investments, assets and liabilities of certain financial instruments and employee benefit plans that are stated at their fair value and share-based payments that are stated at their grant date fair value.

(ii) Discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset or disposal group, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement. Cash flows generated from discontinued operations are presented as a single item in the statement of cash flows.

All other notes to the financial statements include amounts for continuing operations.

(iii) New accounting standards adopted

The following new accounting standards, amendments or interpretations have been adopted by the Group as of 1 May 2020:

Amendments to IFRS 3 Business Combinations;

Reform Amendments to IAS 1 and IAS 8 Definition of Material; and

Amendments to the Conceptual Framework for Financial Reporting.

The adoption of the new accounting standards, amendments and interpretations has not had a material effect on the results for the yea r or the financial position at the year end.

The accounting policies set out above have been applied consistently in all periods presented in these consolidated financial statements. The accounting policies have been applied consistently by all Group entities.

(iv) Going concern

The financial statements have been prepared on a going concern basis and the Directors consider that adequate resources exist for the Company to continue in operational existence for the foreseeable future. The performance of the Group was impacted during the year by the covid-19 pandemic but, as an essential supplier, the Group continued to operate throughout the most restrictive periods. In preparing the financial statements, the Directors have undertaken a going concern review.

The Group's liquidity and funding arrangements are described in the financial review. There is significant liquidity/financing headroom (in excess of £1 billion) across the going concern forecast period and the going concern review has focused more on forecast covenant compliance which is considered further below.

The Group has modelled two scenarios – the base case and the downside case.

The base case is derived from the full year 2022 budget , the key inputs and assumptions of which include:

- Packaging volume growth consistent with 2020/21
- Paper prices consistent with levels experienced in the final quarter of 2020/21 and reflecting the upward trajectory since October 2020
- Fibre prices trends consistent with paper prices trends

The downside case models stagnate European packaging volumes, a rise in fibre prices not mitigated by a commensurate rise in paper prices and a substantial cash outflow from working capital.

The purpose of the assessment was to consider if there was a significant risk that the Group would breach its key financial covenants on the committed bank facilities of net debt:EBITDA less than 3.75 times. Under neither scenario was the covenant breached at any of the testing dates – 31 October 2021, 30 April 2022, 31 October 2022 and 30 April 2023– and significant headroom was available in each case. In addition, there are a range of options that remain at the Group's disposal should they be required which provide the opportunity to support operating profit, cash flow and net debt.

2. Segment reporting

Operating segments

Year ended 30 April 2021	Note	Northern Europe £m	Southern Europe £m	Eastern Europe £m	North America £m	Total continuing operations £m
External revenue		**2,370**	**2,156**	**909**	**541**	**5,976**
Adjusted EBITDA[1]		**257**	**333**	**119**	**97**	**806**
Depreciation		**(119)**	**(110)**	**(41)**	**(34)**	**(304)**
Adjusted operating profit[1]		**138**	**223**	**78**	**63**	**502**
Unallocated items:						
Amortisation						**(142)**
Adjusting items in operating profit	3					**(49)**
Total operating profit (continuing operations)						**311**
Unallocated items:						
Net financing costs						**(85)**
Share of profit of equity accounted investments, net of tax						**5**
Profit before income tax						**231**
Income tax expense						**(49)**
Profit for the year (continuing operations)						**182**

Analysis of total assets and total liabilities						
Segment assets		**2,079**	**3,344**	**1,015**	**1,204**	**7,642**
Unallocated items:						
Equity accounted investments and other investments						**51**
Derivative financial instruments						**115**
Cash and cash equivalents						**813**
Tax						**78**
Assets classified as held for sale						**1**
Total assets						**8,700**
Segment liabilities		**(1,028)**	**(743)**	**(223)**	**(117)**	**(2,111)**
Unallocated items:						
Borrowings, overdrafts and interest payable						**(2,419)**
Derivative financial instruments						**(56)**
Tax						**(404)**
Employee benefits						**(175)**
Total liabilities						**(5,165)**
Capital expenditure		**93**	**147**	**56**	**35**	**331**

1. Adjusted to exclude amortisation and adjusting items.

Year ended 30 April 2020	Note	Northern Europe £m	Southern Europe £m	Eastern Europe £m	North America £m	Total continuing operations £m
External revenue		2,333	2,214	892	604	6,043
Adjusted EBITDA[1]		335	422	127	72	956
Depreciation		(116)	(108)	(39)	(33)	(296)
Adjusted operating profit[1]		219	314	88	39	660
Unallocated items:						
Amortisation						(143)
Adjusting items in operating profit	3					(62)
Total operating profit (continuing operations)						455
Unallocated items:						
Net financing costs						(94)
Share of profit of equity accounted investment, net of tax						7
Profit before income tax						368
Income tax expense						(78)
Profit for the year (continuing operations)						290
Analysis of total assets and total liabilities						
Segment assets		2,107	3,302	1,005	1,386	7,800
Unallocated items:						
Equity accounted investment and other investments						47
Derivative financial instruments						61
Cash and cash equivalents						595
Tax						119
Assets classified as held for sale						3
Total assets						8,625
Segment liabilities		(948)	(687)	(235)	(141)	(2,011)
Unallocated items:						
Borrowings, overdrafts and interest payable						(2,525)
Derivative financial instruments						(85)
Tax						(454)
Employee benefits						(199)
Total liabilities						(5,274)
Capital expenditure		103	135	53	85	376

1. Adjusted to exclude amortisation and adjusting items.

Geographical areas

In presenting information by geographical area, external revenue is based on the geographical location of customers. Non-current assets are based on the geographical location of assets and exclude investments, deferred tax assets, derivative financial instruments and intangible assets (which are monitored at the operating segment level, not at a country level).

	External revenue	
Continuing operations	**2021 £m**	2020 £m
UK	**947**	828
France	**897**	844
Iberia	**654**	704
Germany	**599**	587
Italy	**599**	563
USA	**551**	569
Rest of the World	**1,729**	1,948
	5,976	6,043

3. Adjusting items

Items are presented as adjusting in the financial statements where they are significant items of financial performance that the Directors consider should be separately disclosed to assist in the understanding of the trading and financial results of the Group. Such items include business disposals, restructuring and optimisation, acquisition related and integration costs, and impairments.

Continuing operations	2021 £m	2020 £m
Acquisition related costs	**(2)**	(10)
(Losses)/gains on acquisitions and divestments	**(3)**	6
Acquisitions and divestments	**(5)**	(4)
Integration costs	**(17)**	(30)
Other restructuring costs	**(27)**	(24)
Impairment of assets	**-**	(4)
Total pre-tax adjusting items (recognised in operating profit)	**(49)**	(62)
Finance costs adjusting items	**(7)**	(7)
Adjusting tax items	**5**	(1)
Current tax credit on adjusting items	**11**	14
Deferred tax credit on adjusting items	**-**	1
Total post-tax adjusting items	**(40)**	(55)

2020/21

Acquisition related costs of £2m were incurred predominantly relating to professional advisory, legal and consultancy fees and contractual deferred consideration payments on prior year acquisitions.

The loss on divestment of £3m primarily relates to the disposal of a small sheet plant in North America.

Integration costs relate to integration projects underway, primarily to achieve cost synergies from the major acquisitions made in the previous financial years (of which £14m relates to Europac and £3m relates to Interstate Resources). They include redundancies, professional fees, IT costs and those directly attributable internal salary costs which would otherwise not be incurred. Integration cost activity in respect of Europac and Interstate Resources has ceased with effect from 30 April 2021.

Within other restructuring costs of £27m, £23m relates to a material restructuring in Germany and a structured review of the underlying indirect cost base of European Packaging business, focusing predominantly on reduction of these indirect costs.

Finance costs adjusting items of £7m relate to the unwind of the discount on the redemption liability related to the purchase of Interstate Resources.

Adjusting tax items – 2020/21

The current tax credit on adjusting items of £11m in the year ended 30 April 2021 is the tax effect at the local applicable tax rate of adjusting items that are subject to tax. This excludes non-tax-deductable deal related advisory fees in relation to acquisitions and divestments.

The adjusting tax item of £5m includes a net decrease in the State Aid provision of £2m primarily in relation to the estimate of interest on overdue tax following agreement reached with HM Revenue & Customs ("HMRC") and the release of a US tax provision of £3m relating to the Plastics business that is no longer due.

2019/20

Acquisition related costs of £10m relate to professional advisory, legal and consultancy fees for review of potential deals, deferred consideration and retention bonuses.

Gains on acquisition and divestments relate primarily to the remedy disposal of legacy Group sites required as part of the Europac acquisition. The profit on disposal of the Plastics business is classified under discontinued operations (see note 13(b)).

Integration costs relate to integration projects underway, primarily to achieve cost synergies from the major acquisitions made in the previous financial years (of which £19m relates to Europac and £11m relates to Interstate Resources). They include redundancies, professional fees, IT costs and those directly attributable internal salary costs which would otherwise not be incurred.

Other restructuring costs of £24m primarily comprise a reorganisation and restructuring project across the Packaging business, focusing predominantly on reduction of indirect costs.

Impairment of assets comprises impairment, primarily of property, plant and equipment, directly related to restructuring projects.

Finance costs adjusting items relate to the unwind of the discount on the redemption liability related to the purchase of Interstate Resources.

Adjusting items from discontinued operations are detailed in note 13.

Adjusting tax items - 2019/20

The current tax credit on adjusting items of £14m in the year ended 30 April 2020 is the tax effect at the local applicable tax rate of adjusting items that are subject to tax. This excludes non-tax-deductible deal related advisory fees in relation to acquisitions and divestments.

The adjusting tax item of £1m is an increase in the State Aid provision in relation to the estimate of interest on overdue tax covering the year to 30 April 2020.

4. Employee benefits

	2021 £m	2020 £m
Employee benefit deficit at beginning of the year	**(199)**	(170)
Divestments	**-**	2
Expense recognised in operating profit	**(5)**	(7)
Scheme settlement	**5**	-
Employment benefit net finance expense	**(3)**	(2)
Employer contributions	**20**	20
Other payments and contributions	**10**	6
Actuarial losses	**(5)**	(46)
Currency translation	**2**	(2)
Employee benefit deficit at 30 April	**(175)**	(199)
Deferred tax asset	**40**	45
Net employee benefit deficit at end of the year	**(135)**	(154)

The table above is the aggregate value of all Group employee benefit schemes including both overseas and UK schemes. The Group's principal funded, defined benefit pension scheme, the DS Smith Group Pension scheme, is in the UK and is now closed to future accrual.

The Group also operates various local post-retirement arrangements for overseas operations, pre-retirement benefits and long-service awards and a small UK unfunded scheme.

5. Finance income and costs

Continuing operations	2021 £m	2020 £m
Interest income from financial assets	**(1)**	(2)
Other	**-**	(2)
Finance income	**(1)**	(4)
Interest on borrowings and overdrafts	**55**	62
Interest on lease liabilities	**12**	12
Other	**9**	14
Finance costs before adjusting items	**76**	88
Finance costs adjusting items (note 3)	**7**	7
Finance costs	**83**	95

6. Income tax expense

	2021 £m	2020 £m
Current tax expense		
Current year	**(61)**	(86)
Adjustment in respect of prior years	**(3)**	(16)
	(64)	(102)
Deferred tax(charge)/ credit		
Origination and reversal of temporary differences	**(28)**	-
Change in tax rates	**-**	(3)
Recognition of previously unrecognised deferred tax assets	**18**	18
Adjustment in respect of prior years	**9**	(5)
	(1)	10
Total income tax expense before adjusting items	**(65)**	(92)
Adjusting tax items (note 3)	**5**	(1)
Current tax credit on adjusting items (note 3)	**11**	14
Deferred tax credit on adjusting items (note 3)	**-**	1
Total income tax expense in the income statement from continuing operations	**(49)**	(78)
Total income tax expense in the income statement from discontinued operations (note 13)	**9**	(11)
Total income tax expense in the income statement - total Group	**(40)**	(89)

The tax credit on amortisation was £32m (2019/20: £33m).

The reconciliation of the actual tax charge to the domestic corporation tax rate is as follows:

	2021 £m	2020 £m
Profit before income tax on continuing operations	**231**	368
Profit before income tax on discontinued operations (note 13)	**3**	248
Share of profit of equity accounted investments, net of tax	**(5)**	(7)
Profit before tax and share of profit of equity accounted investments, net of tax	**229**	609
Income tax at the domestic corporation tax rate of 19.00% (2019/20: 19.00%)	**(44)**	(116)
Effect of additional taxes and tax rates in overseas jurisdictions	**(23)**	(41)
Additional items deductible for tax purposes	**16**	19
Non-deductible expenses	**(22)**	(20)
Non-taxable gain on disposal of business	**-**	77
Recognition of previously unrecognised deferred tax assets	**27**	18
Deferred tax not recognised	**(5)**	(2)
Adjustment in respect of prior years[1]	**11**	(21)
Effect of change in corporation tax rates	**-**	(3)
Income tax expense - total Group	**(40)**	(89)

1. Included within the adjustments in respect of prior years is £5m which relates to adjusting items in the current year.

The Group's effective tax rate, excluding amortisation, adjusting items and share of result from equity accounted investments, was 23.0% (2019/20: 22.0%).

In the March 2021 Budget the UK Government announced that legislation will be introduced in the Finance Bill 2021 to increase the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023.

7. Earnings per share

Basic earnings per share from continuing operations

	2021	2020
Profit from continuing operations attributable to ordinary shareholders	**£182m**	£290m
Weighted average number of ordinary shares	**1,371m**	1,371m
Basic earnings per share	**13.3p**	21.2p

Diluted earnings per share from continuing operations

	2021	2020
Profit from continuing operations attributable to ordinary shareholders	**£182m**	£290m
Weighted average number of ordinary shares	**1,371m**	1,371m
Potentially dilutive shares issuable under share-based payment arrangements	**6m**	7m
Weighted average number of ordinary shares (diluted)	**1,377m**	1,378m
Diluted earnings per share	**13.2p**	21.0p

The number of shares excludes the weighted average number of the Company's own shares held as treasury shares during the year of 1m (2019/20: 1m).

	2021		2020	
	Basic pence per share	**Diluted pence per share**	Basic pence per share	Diluted pence per share
Earnings per share from continuing operations	**13.3p**	**13.2p**	21.2p	21.0p
Earnings per share from discontinued operations (note 13(b))	**0.9p**	**0.9p**	17.3p	17.2p
Earnings per share from continuing and discontinued operations	**14.2p**	**14.1p**	38.5p	38.2p

Adjusted earnings per share from continuing operations

Adjusted earnings per share is a key performance measure for management long-term remuneration and is widely used by the Group's shareholders. Adjusted earnings is calculated by adding back the post-tax effects of both amortisation and adjusting items.

Further detail about the use of non-GAAP performance measures, including details of why amortisation is excluded, is given in note 14.

A reconciliation of basic to adjusted earnings per share is as follows:

	2021			2020		
	£m	**Basic pence per share**	**Diluted pence per share**	£m	Basic pence per share	Diluted pence per share
Basic earnings	**182**	**13.3p**	**13.2p**	290	21.2p	21.0p
Add back:						
Amortisation of intangible assets	**142**	**10.3p**	**10.3p**	143	10.4p	10.4p
Tax credit on amortisation	**(32)**	**(2.3p)**	**(2.3p)**	(33)	(2.4p)	(2.4p)
Adjusting items, before tax	**56**	**4.1p**	**4.1p**	69	5.0p	5.0p
Tax on adjusting items and adjusting tax items	**(16)**	**(1.2p)**	**(1.2p)**	(14)	(1.0p)	(1.0p)
Adjusted earnings	**332**	**24.2p**	**24.1p**	455	33.2p	33.0p

8. Dividends proposed and paid

	2021		2020	
	Pence per share	**£m**	Pence per share	£m
2019/20 interim dividend – proposed and cancelled	**-**	**-**	5.4p	74
2019/20 final dividend	**-**	**-**	nil	–
2020/21 interim dividend – proposed	**4.0p**	**55**	–	–
2020/21 final dividend – proposed	**8.1p**	**111**	–	–

	2021 £m	2020 £m
Paid during the year	**-**	222

The 2020/21 interim dividend of 4.0p was paid after the year-end on 4 May 2021.

The 2018/19 interim and final dividends were paid during the 2019/20 financial year. The Group announced on 8 April 2020 that the interim dividend in respect of 2019/20 of 5.4 pence per share (£74m), which was due to be paid after the year end on 1 May 2020, would no longer be paid, as a prudent action to respond to the significant uncertainty in the global environment as a result of Covid-19.

9. Net debt

The components of net debt are as follows:

	At 30 April 2021 £m	At 30 April 2020 £m
Cash and cash equivalents	**813**	595
Overdrafts	**(94)**	(90)
Net cash and cash equivalents	**719**	505
Other investments – restricted cash	**3**	3
Other deposits	**29**	33
Borrowings – after one year	**(2,066)**	(2,300)
Borrowings – within one year	**(235)**	(98)
Lease liabilities	**(230)**	(255)
Derivative financial instruments		
assets	**-**	13
liabilities	**(15)**	(2)
	(2,514)	(2,606)
Net debt – reported basis	**(1,795)**	(2,101)
IFRS 16	**227**	249
Net debt excluding IFRS 16 liabilities	**(1,568)**	(1,852)

Net debt is a non-GAAP measure not defined by IFRS. While the Group has included lease liabilities after transition to IFRS 16 *Leases* within total lease liabilities (in addition to arrangements previously classified as finance leases under IAS 17), IFRS 16 liabilities are currently excluded from the definition of net debt as set out in the Group's banking covenant requirements.

Further detail on the use of non-GAAP measures and a reconciliation showing the calculation of adjusted net debt, as defined in the Group's banking covenants, is included in note 14.

Derivative financial instruments above relate to forward foreign exchange contracts and cross-currency swaps used to hedge the Group's borrowings and the net assets of foreign operations. The difference between the amounts shown above and the total derivative financial instrument assets and liabilities in the consolidated statement of financial position relates to derivative financial instruments that hedge forecast foreign currency transactions and the Group's purchases of energy.

Other deposits are included, as these short-term receivables have the characteristics of net debt.

10. Cash generated from operations

Continuing operations	2021 £m	2020 £m
Profit for the year	**182**	290
Adjustments for:		
Pre-tax integration costs and other adjusting items	**44**	58
Amortisation of intangible assets; acquisitions and divestments	**147**	147
Cash outflow for adjusting items	**(48)**	(53)
Depreciation	**304**	296
Loss/(profit) on sale of non-current assets	**2**	(2)
Share of profit of equity accounted investments, net of tax	**(5)**	(7)
Employment benefit net finance expense	**3**	3
Share-based payment expense	**9**	5
Finance income	**(1)**	(4)
Finance costs	**83**	95
Other non-cash items	**(6)**	–
Income tax expense	**49**	78
Change in provisions	**(9)**	(21)
Change in employee benefits	**(32)**	(19)
Cash generation before working capital movement	**722**	866
Changes in:		
Inventories	**(28)**	45
Trade and other receivables	**(75)**	86
Trade and other payables	**276**	(161)
Working capital movement	**173**	(30)
Cash generated from continuing operations	**895**	836

11. Reconciliation of net cash flow to movement in net debt

	2021 £m	2020 £m
Profit for the year	**182**	290
Income tax expense	**49**	78
Share of profit of equity accounted investments, net of tax	**(5)**	(7)
Net financing costs	**85**	94
Amortisation of intangible assets; acquisitions and divestments	**147**	147
Pre-tax integration costs and other adjusting items	**44**	58
Adjusted operating profit	**502**	660
Depreciation	**304**	296
Adjusted EBITDA	**806**	956
Working capital movement	**173**	(30)
Change in provisions	**(9)**	(21)
Change in employee benefits	**(32)**	(19)
Other	**5**	3
Cash generated from operations before adjusting cash items	**943**	889
Capital expenditure	**(331)**	(376)
Proceeds from sale of property, plant and equipment and other investments	**8**	12
Tax paid	**(66)**	(94)
Net interest paid	**(68)**	(77)
Free cash flow	**486**	354
Cash outflow for adjusting items	**(48)**	(53)
Dividends paid	**-**	(222)
Acquisition of subsidiary businesses, net of cash and cash equivalents	**(90)**	(4)
Divestment of discontinued operation, net of cash and cash equivalents	**-**	422
Divestment of subsidiary businesses, net of cash and cash equivalents	**16**	62
Other	**2**	2
Net cash flow	**366**	561
Proceeds from issue of share capital	**3**	2
Borrowings and lease liabilities divested	**3**	2
Net movement on debt	**372**	565
Foreign exchange, fair value and other non-cash movements	**(56)**	(118)
Net debt movement - continuing operations	**316**	447
Net debt movement – discontinued operation (note 13(b))	**(10)**	(29)
Opening net debt	**(2,101)**	(2,277)
Transition to IFRS 16	**-**	(242)
Closing net debt - reported basis	**(1,795)**	(2,101)

Adjusted operating profit, adjusted EBITDA, free cash flow, and net debt are non-GAAP measures not defined by IFRS. Further detail on the use of non-GAAP measures is included in note 14.

12. Financial instruments

Carrying amounts and fair values of financial assets and liabilities

Set out below is the accounting classification of the carrying amounts and fair values of all of the Group's financial assets and liabilities:

	Category	2021 Carrying amount £m	2021 Fair value £m	2020 Carrying amount £m	2020 Fair value £m
Financial assets					
Cash and cash equivalents	Amortised cost	**813**	**813**	595	595
Restricted cash	Amortised cost	**3**	**3**	3	3
Other investments	Fair value through other comprehensive income	**10**	**10**	9	9
Trade and other receivables	Amortised cost	**819**	**819**	772	772
Derivative financial instruments	Fair value – hedging instruments	**115**	**115**	61	61
Total financial assets		**1,760**	**1,760**	1,440	1,440
Financial liabilities					
Trade and other payables	Amortised cost, except as detailed below	**(1,849)**	**(1,849)**	(1,723)	(1,723)
Bank and other loans	Amortised cost	**(32)**	**(32)**	(14)	(14)
Commercial paper	Amortised cost	**(43)**	**(43)**	(21)	(21)
Medium-term notes and other fixed-term debt	Amortised cost	**(2,226)**	**(2,323)**	(2,363)	(2,376)
Lease liabilities	Amortised cost	**(230)**	**(230)**	(255)	(255)
Bank overdrafts	Amortised cost	**(94)**	**(94)**	(90)	(90)
Derivative financial instruments	Fair value – hedging instruments	**(56)**	**(56)**	(85)	(85)
Total financial liabilities		**(4,530)**	**(4,627)**	(4,551)	(4,564)

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For financial instruments carried at fair value, market prices or rates are used to determine fair value where an active market exists. The Group uses forward prices for valuing forward foreign exchange and commodity contracts and uses valuation models with present value calculations based on market yield curves to value fixed rate borrowings and cross-currency swaps. All derivative financial instruments are shown at fair value in the consolidated statement of financial position.

The Group's medium-term notes and other fixed-term debt are in effective cash flow and net investment hedges. The fair values of financial assets and liabilities which bear floating rates of interest or are short-term in nature are estimated to be equivalent to their carrying amounts.

The Group's financial assets and financial liabilities are categorised within the fair value hierarchy that reflects the significance of the inputs used in making the assessments. The majority of the Group's financial instruments are Level 2 financial instruments in accordance with the fair value hierarchy, meaning although the instruments are not traded in an active market, inputs to fair value are observable for the asset and liability, either directly (i.e. quoted market prices) or indirectly (i.e. derived from prices). The Group's medium-term notes are Level 1 financial instruments, as the notes are listed on the Luxembourg Stock Exchange. Other investments and the redemption liability arising on the acquisition of Interstate Resources (within trade and other payables) are Level 3 financial instruments. The fair value of other investments is derived from fair value calculations based on their cash flows.

13. Acquisitions and divestments

(a) 2020/21

On 26 June 2020, the purchase of a further 10% stake in Interstate Resources was completed after the exercise of a portion of the put option held by the sellers. Of the £106m consideration, £82m was paid in cash, with, by agreement, the remainder deferred to October 2021. The final 10% stake remains subject to the put option. As a substantial shareholder of the Group, the seller met the definition of a related party.

In total, during the year ended 30 April 2021, cash consideration for acquisition of subsidiary businesses, net of cash and cash equivalents, was £90m, and borrowings acquired, including deposits, were £nil. Apart from the acquisition of the 10% stake in Interstate Resources, the remaining acquisitions are not material to the Group individually or in aggregate.

On 11 December 2020, the Group sold the New England sheets business in North America. Cash consideration, net of cash and cash equivalents, was £16m, and finance leases divested were £3m.

A deferred tax asset of £9m arose in respect of tax losses on the disposal of the Plastics business and has been recognised in discontinued operations.

(b) Plastics division

On 27 February 2020, the sale of the Group's Plastics division to Olympus Partners and its affiliate Liqui-Box Holdings was completed.

Plastics principally comprised flexible packaging and dispensing solutions, extruded and injection moulded products and foam products.

The Plastics segment has been classified as a discontinued operation as disclosed in note 1(a)(ii). The consolidated income statement presents the Plastics segment as a discontinued operation with a single line amount of profit from discontinued operation, net of tax. The consolidated statement of cash flows presents a single amount of net cash flow from discontinued operations.

Consolidated income statement – discontinued operations

	Year ended 30 April 2021 £m	Year ended 30 April 2020 £m
Revenue	**-**	281
Operating costs	**-**	(259)
Operating profit before amortisation and adjusting items	**-**	22
Amortisation of intangible assets	**-**	(2)
Profit on disposal before tax	**3**	232
Other pre-tax adjusting items	**-**	(3)
Net finance expense	**-**	(1)
Profit before income tax	**3**	248
Income tax credit/(expense)	**9**	(11)
Profit for the year from discontinued operations	**12**	237

The income tax credit/(expense) is net of a tax credit on adjusting items of £9m (30 April 2020: £2m) arising on the sale of the discontinued operation.

Basic earnings per share from discontinued operations

	2021	2020
Profit from discontinued operations attributable to ordinary shareholders	**£12m**	£237m
Weighted average number of ordinary shares	**1,371m**	1,371m
Basic earnings per share	**0.9p**	17.3p

Diluted earnings per share from discontinued operations

	2021	2020
Profit from discontinued operations attributable to ordinary shareholders	**£12m**	£237m
Weighted average number of ordinary shares	**1,371m**	1,371m
Potentially dilutive shares issuable under share-based payment arrangement	**6m**	7m
Weighted average number of ordinary shares (diluted)	**1,377m**	1,378m
Diluted earnings per share	**0.9p**	17.2p

The number of shares excludes the weighted average number of the Company's own shares held as treasury shares during the year of 1m (2019/20: 1m).

Adjusted earnings per share from discontinued operations

Further detail about the use of non-GAAP performance measures is given in note 14.

A reconciliation of basic to adjusted earnings per share from discontinued operations is as follows:

	2021			2020		
	£m	**Basic - pence per share**	**Diluted - pence per share**	£m	Basic – pence per share	Diluted – pence per share
Basic earnings from discontinued operations	**12**	**0.9p**	**0.9p**	237	17.3p	17.2p
Add back:						
Amortisation of intangible assets, before tax of £nil	**-**	**-**	**-**	2	0.1p	0.1p
Adjusting items, before tax	**(3)**	**(0.2p)**	**(0.2p)**	(229)	(16.6p)	(16.6p)
Tax on adjusting items and adjusting tax items	**(9)**	**(0.7p)**	**(0.7p)**	2	0.1p	0.1p
Adjusted earnings from discontinued operations	**-**	**-**	**-**	12	0.9p	0.8p

Cash flows used in discontinued operations

	Year ended 30 April 2021 £m	Year ended 30 April 2020 £m
Net cash used infrom operating activities	**-**	(18)
Net cash used in investing activities	**(10)**	(11)
Net cash flows for the year	**(10)**	(29)

Effect of disposal on the financial position of the Group

	2020 £m
Intangible assets	**68**
Property, plant and equipment	**74**
Right-of-use assets	**18**
Deferred tax assets	**4**
Inventories	**33**
Income tax receivable	**2**
Trade and other receivables	**91**
Cash and cash equivalents	**6**
Employee benefits	**(2)**
Trade and other payables	**(81)**
Lease liabilities	**(18)**
Deferred tax liabilities	**(5)**
Income tax liabilities	**(15)**
Net assets disposed	**175**
Consideration received, satisfied in cash	**436**
Reclassification from translation reserve to income statement arising on divestment	**30**
Transaction and separation costs	**(59)**
Profit on disposal before tax	**232**
Tax charge on profit on disposal	**(2)**
Profit on disposal after tax	**230**

Cash inflow on disposal	**2020 £m**
Consideration received, satisfied in cash	**436**
Cash and cash equivalents divested	**(6)**
Transaction costs paid	**(8)**
Net cash inflow	**422**

(c) Other 2019/20 acquisitions and divestments

In the year ended 30 April 2020, half of the put option was exercised by the sellers of Interstate Resources, for a further 10% stake in Interstate Resources for £106m. On 26 June 2020, the Group completed the purchase and paid £82m to the sellers of Interstate Resources, with, by agreement, the remainder deferred to October 2021. The final 10% stake remains subject to the put option. As a substantial shareholder of the Group, the seller met the definition of a related party.

In June 2019, the Group completed the remedy disposals required as part of the acquisition of Europac for €73m. Cash consideration received, net of transaction costs, was £62m, and including net debt disposed of, the total impact on net debt from disposals was £64m. Acquisition of subsidiary businesses, net of cash and cash equivalents of £4m in the statement of cash flows relates to completion accounts adjustments on prior year acquisitions. Neither the disposals or the acquisition adjustments were material to the Group individually or in aggregate.

(d) Acquisition related costs

The Group incurred acquisition related costs of £2m (2019/20: £10m), primarily related to professional, advisory, legal and consultancy fees and contractual deferred consideration payments on prior year acquisitions.

14. Non-GAAP performance measures

The Group presents reported and adjusted financial information in order to provide shareholders with additional information to further understand the Group's operational performance and financial position.

The principal adjustments to financial information are made to exclude the effects of adjusting items (refer to note 3) and amortisation.

Total reported financial information represents the Group's overall performance and financial position, but can contain significant unusual or non-operational items that may obscure understanding of the key trends and position. These unusual or non-operational items include business disposals, restructuring and optimisation project costs, acquisition-related and integration costs, and impairments. Restructuring and optimisation items treated as adjusting items are major programmes usually spanning more than one year, with uneven impact on the profit and loss for those years affected. Other adjusting items, such as business disposals, impairments, integration and acquisition costs, are by nature either highly variable or can also have a similar distorting effect. Therefore, the Directors consider that presenting non-GAAP measures which exclude adjusting items enables comparability of the recurring core business, complementing the IFRS measures presented.

Amortisation relates primarily to customer contracts and relationships and infrastructure optimisation projects arising from or as a result of business combinations. Significant costs are incurred in maintaining, developing and increasing the value of such intangibles, costs which are charged in determining adjusted profit. Exclusion of amortisation remedies this double count as well as, in the case of customer contracts and relationships, providing comparability over the accounting treatment of customer contracts and relationships arising from the acquisition of businesses and those generated internally.

The Group's key non-GAAP measures are used both internally and externally to evaluate business performance against the Group's KPIs and banking and debt covenants, as a key constituent of the Group's planning process, as well as comprising targets against which compensation is determined.

Certain non-GAAP performance measures can be, and are, reconciled to information presented in the financial statements. Other financial key performance measures are calculated using information which is not presented in the financial statements and is based on, for example, average 12-month balances or average exchange rates.

Unlike other of the Group's non-GAAP performance measures, net debt and net debt/EBITDA remain calculated under the previous standard, IAS 17 *Leases*, because they are calculated in accordance with the Group's banking covenant requirements which remain on the previous GAAP basis. As such, for net debt and net debt/EBITDA, the reconciliation for the non-GAAP performance measure below has been expanded to show the calculation to return the non-GAAP performance measure to the IAS 17 basis.

Key non-GAAP performance measures

The key non-GAAP performance measures used by the Group and their calculation methods are as follows:

Adjusted operating profit

Adjusted operating profit is operating profit excluding the pre-tax effects of both amortisation and adjusting items. Adjusting items include business divestment gains and losses, restructuring and optimisation costs, acquisition related and integration costs and impairments.

A reconciliation between reported and adjusted operating profit is set out on the face of the consolidated income statement.

Operating profit before adjusting items

A reconciliation between operating profit and operating profit before adjusting items is set out on the face of the consolidated income statement.

Other similar profit measures before adjusting items are quoted, such as profit before income tax and adjusting items, and are directly derived from the consolidated income statement, from which they can be directly reconciled.

Adjusted EBITDA

Earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA) is adjusted operating profit excluding depreciation. A reconciliation from adjusted operating profit to adjusted EBITDA is provided in note 11.

Adjusted earnings per share

Adjusted earnings per share is basic earnings per share adjusted to exclude the post-tax effects of adjusting items and amortisation. Adjusted earnings per share is a key performance measure for management long-term remuneration and is widely used by the Group's shareholders.

A reconciliation between basic and adjusted earnings per share is provided in note 7.

Return on sales

Return on sales is adjusted operating profit measured as a percentage of revenue. Return on sales is used to measure the value we deliver to customers and the Group's ability to charge for that value.

	2021 £m	2020 £m
Adjusted operating profit	**502**	660
Revenue	**5,976**	6,043
Return on sales	**8.4%**	10.9%

Adjusted return on average capital employed (ROACE)

ROACE is the last 12 months' adjusted operating profit as a percentage of the average monthly capital employed over the previous 12 month period. Capital employed is the sum of property, plant and equipment, right-of-use assets, goodwill and intangible assets, working capital, capital debtors/creditors, provisions, biological assets and assets/liabilities held for sale. Assets and liabilities relating to discontinued operations are excluded.

	2021 £m	2020 £m
Capital employed at 30 April	**5,728**	6,010
Currency, inter-month and acquisition/divestment movements	**394**	244
Last 12 months' average capital employed	**6,122**	6,254
Last 12 months' adjusted operating profit	**502**	660
Adjusted return on average capital employed	**8.2%**	10.6%

Net debt and net debt/EBITDA

Net debt is the measure by which the Group assesses its level of overall indebtedness within its financial position. The components of net debt as they reconcile to the primary financial statements and notes to the accounts are disclosed in note 9.

Net debt/EBITDA is the ratio of net debt to adjusted EBITDA, calculated in accordance with the Group's banking covenant requirements.

Net debt/EBITDA is considered a key measure of balance sheet strength and financial stability by which the Group assesses its financial position.

The Group's banking covenant requirements currently exclude IFRS 16 liabilities from the definition of net debt, as well as requiring that EBITDA is calculated before the effects of IFRS 16, so an adjustment to the previous IAS 17 basis is made in the calculation.

In calculating the ratio, net debt is stated at average rates as opposed to closing rates, and adjusted EBITDA is adjusted operating profit before depreciation from the previous 12 month period adjusted for the full year effect of acquisitions and divestments in the period, and to adjust to an IAS 17 basis.

	2021 £m	2020 £m
Net debt – reported basis (see note 9)	**1,795**	2,101
IFRS 16 lease liabilities (see note 9)	**(227)**	(249)
Adjustment to average rate	**38**	17
Net debt – adjusted basis	**1,606**	1,869
Adjusted EBITDA – last 12 months' reported basis (continuing operations)	**806**	956
Adjust to IAS 17 basis	**(82)**	(80)
Acquisition and divestment effects	**2**	(2)
Adjusted EBITDA – banking covenant basis	**726**	874
Net debt/EBITDA	**2.2x**	2.1x

Free cash flow

Free cash flow is the net movement on debt before cash outflow for adjusting items, dividends paid, acquisition and divestment of subsidiary businesses (including borrowings acquired), and proceeds from issue of share capital.

A reconciliation from Adjusted EBITDA to free cash flow is set out in note 11.

Cash conversion

Cash conversion is free cash flow, as defined above, adjusted to exclude tax, net interest, growth capital expenditure and pension payments as a percentage of adjusted operating profit and can be derived directly from note 11, other than growth capital expenditure, which is capital expenditure necessary for the development or expansion of the business as follows:

	2021 £m	2020 £m
Growth capital expenditure	**100**	137
Non-growth capital expenditure	**231**	239
Total capital expenditure (note 11)	**331**	376
Free cash flow (note 11)	**486**	354
Tax paid (note 11)	**66**	94
Net interest paid (note 11)	**68**	77
Growth capital expenditure	**100**	137
Change in employee benefits (note 11)	**32**	19
Adjusted free cash flow	**752**	681
Adjusted operating profit	**502**	660
Cash conversion	**150%**	103%

Average working capital to sales

Average working capital to sales measures the level of investment the Group makes in working capital to conduct its operations. It is measured by comparing the monthly working capital balances for the previous 12 months as a percentage of revenue over the same period. Working capital is the sum of inventories, trade and other receivables, and trade and other payables, excluding capital and acquisition and divestment related debtors and creditors.

	2021 £m	2020 £m
Inventories	**537**	518
Trade and other receivables	**786**	736
Trade and other payables	**(1,669)**	(1,419)
Inter-month movements and exclusion of capital and acquisition and divestment related items	**236**	195
Last 12 months' average working capital	**(110)**	30
Last 12 months' revenue	**5,976**	6,043
Average working capital to sales	**(1.8%)**	0.5%

Constant currency and organic growth

The Group presents commentary on both reported and constant currency revenue and adjusted operating profit comparatives in order to explain the impact of exchange rates on the Group's key income statement items. Constant currency comparatives recalculate the prior year revenue and adjusted operating profit as if they had been generated using the current year exchange rates. In addition, the Group then separates the incremental effects of acquisitions and disposals made in the current year, and the incremental effects of acquisitions and disposals made in the previous year, to determine underlying organic growth. The table below shows the calculations:

	Revenue £m	**Adjusted operating profit £m**
Reported basis – comparative year ended 30 April 2020	**6,043**	**660**
Currency effects	**20**	**4**
Constant currency basis – comparative year ended 30 April 2020	**6,063**	**664**
Prior year disposals	**(13)**	**(1)**
	6,050	**663**
Synergies	**-**	**21**
Organic growth	**(74)**	**(182)**
Reported basis – year ended 30 April 2021	**5,976**	**502**

Dividend cover

Dividend cover is adjusted earnings per share divided by the total dividend for the year.

	2021	2020
Adjusted earnings per share	**24.2p**	33.2p
Total dividend	**12.1p**	n/a
Dividend cover	**2.0x**	n/a

15. Subsequent events

There are no other subsequent events after the reporting date which require disclosure.