

## **DS Smith Plc – Trading statement**

DS Smith Plc, the leading supplier of recycled packaging for consumer goods, today issues its period-end trading statement for the half-year to 31 October 2012.

### **Trading**

The packaging business is performing in line with our expectations, with margins for the business as a whole, including SCA Packaging since acquisition on 30 June 2012, expected to be within the previously stated medium-term target range of 7 – 9% (HY 2011/12: 7.6%). This has been achieved through a combination of improving business mix together with pricing discipline and cost control. The regions of Northern Europe and Western Europe have performed particularly well in the period, whilst the UK has been held back by its high exposure to the paper cycle. The operating profit for the Group as a whole for the period reflects the seasonally higher margin usually experienced in the first half of the financial year.

As indicated at the 100-day update post the completion of the SCA Packaging acquisition, our strategic focus is on delivering above cost of capital returns and improving the mix of our business. We are growing our core FMCG categories with our pan-European customers whilst selectively exiting some categories of business that do not deliver attractive returns to shareholders.

The Plastic Packaging business has enjoyed continued growth as customers expand their use of bag-in-box for the transportation of liquids.

### **SCA Packaging integration**

The integration of the SCA Packaging business continues as expected. As previously announced, we expect to deliver €100 million of annual cost savings, €130 million of cash savings and €100 million in proceeds from disposals of surplus property and non-core businesses by the end of year three. We expect the ratio of net debt to EBITDA to fall below 2.0x by 30 April 2013, one year earlier than we expected at the time the deal was announced.

## **Outlook**

The Group continues to expect substantial year-on-year EPS growth and the Board views the remainder of the year with confidence.

Miles Roberts, Group Chief Executive, said:

“DS Smith is resilient and well placed to create further substantial value for our investors. With the integration of the recently acquired SCA Packaging business going to plan, we continue to focus on strengthening the business across a significantly enlarged geographic footprint. The transaction transforms our ability to serve customers on a pan-European basis, while improving the efficiency of our operations.”

## **Forthcoming Dates**

Results for the half-year to 31 October 2012

6 December 2012

## **Enquiries**

### **DS Smith Plc**

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