



6 September 2022

DS Smith Plc – AGM trading statement

DS Smith Plc (“DS Smith”), today issues a trading update in respect of the period since 1 May 2022.

Strong growth in profits and returns underpinned by excellent customer relationships, continued price recovery and good cost and cash management

- Overall trading in line with our expectations driven by pricing momentum and good cost control.
- Corrugated box volumes in Q1 declined slightly on a like for like basis, as expected and against growth in the comparative quarter of 13%; we continue to expect growth of at least 2% for the full year.
- Virtually all input costs, including energy, have increased significantly.
- Energy cost increases substantially mitigated by efficiency initiatives and by long-term hedging programme.
- Currently more than 90% natural gas costs hedged for FY23 and c.80% for FY24 with costs being recovered through increased packaging pricing.
- Long term supplier relationships and other cost management programmes ongoing to mitigate inflation.
- Continuing strong operating cashflow generation.
- Our outlook for FY23 remains unchanged with an expectation of a significant improvement in performance.

Miles Roberts, Group Chief Executive, said:

“We have started the financial year very strongly, despite the current macro-economic conditions. We are focusing on ensuring the highest levels of security of supply and customer service and are very pleased with the ongoing support we receive from both our customer and supplier base. Whilst the industrial sector is showing some weakness, our FMCG business remains resilient.

The increased profitability and cash generation is being driven by improving efficiency and cost increase mitigation as well as successfully continuing to raise packaging prices. Overall returns on capital remain within our medium term target.

As we enter the second quarter, we are very mindful of the challenging economic environment in which we operate and the impact it has on both our customers and colleagues. However, our operating plans and progress to date continue to give us confidence in our outlook for FY23.”

Conference Call

There will be a conference call for analysts and investors, hosted by Miles Roberts, at 8:00am UK time. The dial in number is:

UK/International +44 (0) 33 0551 0200
UK Toll Free 0808 109 0700
Password DS Smith

A play-back facility of this call will be available until 13 September 2022. The dial-in number is: +44 (0) 20 8196 1480, access pin 8201642#. A recording and transcript of the call will also be available through the Investor Relations section of our website: <https://www.dsmith.com/investors/results-and-presentations>

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About DS Smith

DS Smith is a leading provider of sustainable paper-based packaging worldwide which is supported by recycling and papermaking operations. It plays a central role in the value chain across sectors including e-commerce, fast moving consumer goods and industrials. Through its purpose of 'Redefining Packaging for a Changing World' and its [Now and Next](#) sustainability strategy, DS Smith is committed to leading the transition to the circular economy, while delivering more circular solutions for its customers and wider society – replacing problem plastics, taking carbon out of supply chains and providing innovative recycling solutions. Its bespoke [box-to-box in 14 days](#) model, design capabilities and innovation strategy sits at the heart of this response. DS Smith operates in 34 countries employing around 30,000 people and is a Strategic Partner of the Ellen MacArthur Foundation.

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 trading statement should be construed as a profit forecast.