

DS Smith Plc – trading statement

DS Smith Plc, the leading supplier of recycled packaging for consumer goods, today issues a trading update in respect of the four month period since 1 November 2015.

Trading update

In the second half of the year to date, the business has continued to progress in line with our expectations. Volume growth has been good, particularly in Western Europe and South Eastern Europe, where as expected, customers have reacted positively to our business offering including access to our design and innovation capability. Growth from pan-European customers continues to benefit from our increased scale and coverage and reflects our continued investment in quality, service and innovation.

Our return on sales and return on average capital employed have both shown further improvement versus the comparable prior year period, reflecting the benefit of operating leverage and the strength of our business model.

Strengthening our business

On 23 January 2016, we completed the acquisition of Milas Ambalaj, a high quality producer of specialist corrugated packaging and displays in Istanbul, Turkey. Integration is progressing as planned and we are pleased with the initial customer reaction. The businesses acquired in the first half of the year, in Iberia and South Eastern Europe, also continue to deliver in line with our expectations.

Outlook

Our outlook remains positive as volumes and financial returns continue to grow, despite ongoing challenging market conditions. The Board continues to anticipate performance in line with our medium term financial targets and views the remainder of the year with confidence.

Miles Roberts, Group Chief Executive, said:

“We are pleased with progress in the year to date as we continue to grow organically and integrate the businesses acquired over the past year, with a positive customer reaction. We aim to continue to develop our high quality packaging offering while extending our geographic reach. The performance of the business, together with the customer and market opportunities for growth, gives us confidence for the future.”

Conference Call

A conference call for analysts and investors, hosted by Miles Roberts, will take place today, 9 March 2016 at 8.00am London time. The dial-in number is:

UK / International +44 (0)20 3003 2666
UK Toll Free 0808 109 0700
Password DS Smith

A play-back facility of this call will be available until 16 March 2016. The dial-in number is: +44 (0)20 8196 1998, access pin 2280998#. A recording and transcript of the call will also be available through the Investor Relations section of our website: www.dssmith.com/investors.

Forthcoming Dates

Results for the full year to 30 April 2016 23 June 2016

Enquiries

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Adoption of Financial Reporting Standard (FRS) 101 – Reduced Disclosure Framework in parent company financial statements

Following the publication of FRS 100 Application of financial reporting requirements by the Financial Reporting Council, the parent company, DS Smith plc is required to change its accounting framework for its entity financial statements, which is currently UK GAAP, for its financial year commencing 1 May 2015.

The Board considers that it is in the best interests of the group for the Company to adopt FRS 101 Reduced disclosure framework.

No disclosures in the current UK GAAP financial statements would be omitted on adoption of FRS 101.

Shareholders will be notified in writing about the adoption of FRS 101 and a shareholder or shareholders holding in aggregate 5% or more of the total allotted shares in DS Smith plc may serve objections to the use of the disclosure exemptions on DS Smith plc, in writing, to its registered office (350 Euston Road, London, NW1 3AX) not later than 30 April 2016.

This proposed change will effect only the entity financial statements, not the consolidated accounts for DS Smith Plc group.

Disclosure of Home Member State

For the purposes of the Transparency Directive (Directive 2004/109/EC), as amended by the Transparency Directive Amending Directive (Directive 2013/50/EU) and DTR 6.4.2 of the Financial Conduct Authority's Disclosure Rules and Transparency Rules, the Home Member State of DS Smith Plc is the United Kingdom.

Notes

- *Return on sales*: earnings before interest, tax, amortisation and exceptional items as a percentage of revenue.
- *Return on average capital employed (ROACE)*: earnings before interest, tax, amortisation and exceptional items as a percentage of the average monthly capital employed over the previous 12 month period. Average capital employed includes property, plant and equipment, intangible assets (including goodwill), working capital, provisions, capital debtors/creditors and assets/liabilities held for sale.
- For information on foreign exchange exposure please reference page 15 of our results statement of 25 June 2015, available on www.dssmith.com/investors

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.