

DS Smith Plc – Q3 trading statement

DS Smith Plc (“DS Smith”), today issues a trading update in respect of the period since 1 November 2017.

Trading update

We are pleased with the good progress of the business in the period, reflecting the increasing relevance of sustainable packaging and our compelling customer offering.

Box volume growth has remained strong, continuing the positive trend seen in the first half of the year, reflecting on-going good progress with our multi-national and e-commerce customers. Growth was delivered across all our geographies, with our expertise in e-commerce, combined with a strong Christmas trading period for online retail sales, contributing to our continued market share gains.

Integration of our North America business is going very well. The business continues to perform ahead of our initial expectations, with packaging volume growth significantly ahead of the Group average rate and improved paper productivity.

The recovery of recent increases in paper prices is progressing well, as expected. This, together with operational leverage coming from the strong top-line growth, means that return on sales is expected to increase in this H2 period as compared to H1, and the full year return on sales is expected to be in line with that for the prior year, with trading overall in line with our expectations.

Completion of acquisition of Ecopack and Ecopaper in Romania

DS Smith completed the acquisition of Ecopack and Ecopaper, a leading integrated packaging and paper group in Romania, on 6 March 2018. The acquisition will significantly enhance our capacity to serve customers in this high growth region as well as supporting our wider substantial Eastern European presence. The acquisition, for an enterprise value of c. €208 million, is expected to be earnings enhancing immediately and is consistent with the Group’s medium term financial targets.

Miles Roberts, Group Chief Executive, said:

“I am very pleased with how our strategy is delivering for customers and producing strong results. We continue to gain market share by delivering packaging that adds value for our customers, as they look to improve the efficiency of their own operations. The excellent reaction from US customers reflects the differentiated

offer we bring, including our expertise in retail-ready packaging and e-commerce. At the same time, the benefit of a global supply platform for paper and fibre is being seen in the improved operational efficiency of our US assets and greater co-ordination across the Group.

We are excited by the structural drivers supporting the growth of sustainable packaging and the opportunities for DS Smith. Our outlook therefore is positive and we remain confident in the future.”

Conference Call

A conference call for analysts and investors, hosted by Miles Roberts, will take place today, 7 March 2018 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 14 March 2018. The dial-in number is: +44 (0)20 8196 1998, access pin 1031814# . A recording and transcript of the call will also be available through the Investor Relations section of our website: www.dssmith.com/investors.

Technical note

6,492,411 vendor consideration shares in respect to the acquisition of Ecopack and Ecopaper, are expected to be admitted to trading on the London Stock Exchange tomorrow.

Forthcoming Dates

Results for the full year to 30 April 2018 28 June 2018

Enquiries

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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.