

DS SMITH PLC INTERIM MANAGEMENT STATEMENT

DS Smith Plc (“DS Smith” or “the Group”), the international supplier of recycled packaging for consumer goods, today publishes its Interim Management Statement in respect of the period since 31 October 2010.

DS Smith Group

Trading in the period has been good, with like-for-like⁽¹⁾ volume growth in corrugated packaging maintained at 8%, as we have continued to focus on service, quality and innovation to our customers. Profitability for the period is in line with expectations.

There has been no significant change to the financial position of the Group since the publication of our results for the half year to 31 October 2010.

Packaging

We have seen strong revenue growth in the period of 27% in the UK and 23% in Europe on a like-for-like basis. This has been driven both by volume growth and consistent recovery of rising input costs, albeit with the usual delay. This success is due to our continued focus on adding value to our customers.

The Plastics business has seen like-for-like revenue growth of 7% and continues to see excellent volume growth, driven by bag-in-box products, particularly in North America and good recovery of input costs.

Office Products Wholesaling

The trading performance at Spicers continues to be satisfactory with revenue flat year-on-year, with good performance in its European markets, in particular France and Germany, and more difficult trading conditions in the UK. The effect of cost control, combined with a focus on margin management, is that profitability in the division is ahead of the comparable period last year.

Investor Seminar

This afternoon at 3:30pm we are holding a seminar, when Miles Roberts, Steve Dryden and certain divisional senior managers from DS Smith will present to analysts and investors. Save as disclosed below, no new price-sensitive information is expected to be disclosed at this event.

Note (1): Adjusted for acquisitions and disposals and, as appropriate, foreign exchange translation

The topics discussed will cover the commercial benefits and the cost savings from the Otor acquisition, actions being taken on working capital and procurement, work to improve the efficiency of the UK business, and the integral role of DS Smith Recycling in the Group.

The commercial benefits of the Otor acquisition are beginning to be realised. In the first six months of ownership Otor has exceeded our expectations and we have secured additional business equivalent to 4% of the Otor business we acquired. We re-affirm our previously announced cost synergy target of €10.3m (originally estimated at the time of acquisition at €9.3m).

The efficiency savings in the UK packaging business are expected to yield annual cost savings of £10m, as previously announced.

On working capital, our targeted savings are for a reduction in working capital as a percentage of revenue from 8% to 5% over the three years to April 2014 (equivalent to c. £75m). This will be achieved by a stringent focus on all elements of working capital, aided by the actions being taken to improve our buying processes. We are already seeing some early successes from this work, with £30m taken out of working capital in this financial year to date.

In procurement, we are targeting annual cost savings of £10m by April 2012. This will be achieved by a central procurement team, working closely with all parts of the business to leverage the Group's size and position with our suppliers.

These topics demonstrate the actions that we are taking as part of our plan for the Group to achieve its financial objectives of volume growth of 3% (full year 2009/10: flat), return on sales margin of 6 – 8% (full year 2009/10: 4.7%) and return on capital target of 12 – 15% (full year 2009/10: 10.1%).

Outlook

As previously indicated, the year is expected to progress in line with expectations with significant EPS growth, reflecting the continued benefit of our focus on service, quality and innovation to our customers. Notwithstanding further input cost increases which are expected in the fourth quarter of the year, we look forward to the remainder of the year with confidence.

In respect of the coming financial year, the Group expects to continue to make progress towards its financial objectives as set out at the time of our half year results in December 2010.

Enquiries

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Conference call

A conference call for analysts and investors, hosted by Miles Roberts and Steve Dryden, will take place today, 10 March 2011 at 08.15 GMT. The dial-in numbers are:

UK / International: +44 (0)20 8817 9301

UK only: 0800 634 5205

Confirmation number: 4416800

A play-back facility of this call will be available until 17 March 2011. The dial-in number is +44 (0)20 7769 6425, passcode 4416800#.

A recording and transcript of the call will also be available through the Investor Relations section of our website: www.dssmith.uk.com

Forthcoming dates

Pre-close statement

20 April 2011

Results for the full year to 30 April 2011

23 June 2011