

6 September 2011

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 30 April 2011. DS Smith will be holding its Annual General Meeting today at 11am.

DS Smith Group

Trading in the period has been good with a strong contribution from the successful acquisition and integration of Otor (now DS Smith Packaging France). Like-for-like volumes in corrugated packaging are up 3%, in line with our previously announced Group targets, reflecting our resilient fast-moving consumer goods (FMCG) customer base and, at the same time, we have continued to make progress on margins.

Conversion of profit into operating cashflow has been robust due to a continued focus on working capital. Working capital has fallen in absolute terms, year-on-year, despite both the acquisition of Otor and increased raw material prices raising the value of inventories and debtors.

There has been no significant change to the financial position of the Group since the publication of our results for the full year to 30 April 2011.

Packaging

We have seen strong like-for-like revenue growth of 13% across the packaging business, reflecting the recovery of substantial cost increases as well as underlying volume growth. We remain focused on completing the process of recovering these cost increases by seeking to differentiate DS Smith through the high standards of service, quality and innovation that we offer. Customer take-up of our proprietary corrugated product R-Flute® in the UK remains very good and we are also seeing growing demand in France, where we are now manufacturing R-Flute® at two of our sites.

Trading in the period benefits from the inclusion of DS Smith Packaging France, which is performing well both in terms of revenue growth and progressive delivery of the previously announced cost synergies of €13 million. We also continue to make good progress with the previously announced procurement and UK efficiency savings. These programmes are on track to deliver the expected £6 million in total cost savings in 2011/12.

Business development

Following the announcement of receipt of a binding offer for Spicers from Unipapel S.A., on 6 July 2011, the legal and regulatory process is continuing to plan. Trading at Spicers was satisfactory over the period.

Following the disposal, DS Smith will be a focused, international supplier of recycled packaging for FMCG customers with the financial strength to invest in the organic growth of the business and to pursue acquisitions within a fragmented packaging sector, whilst maintaining strict financial discipline.

Outlook

We remain confident in the strength of the refocused DS Smith business model, with long positions in recycled corrugated packaging and in the collection of fibre, and a more limited and (as previously announced) reducing exposure to paper manufacturing. Our focus on FMCG customers is an important part of our strategy as the resilient demand for consumer goods reduces the volatility in the demand for our products.

Despite the ongoing challenging macro-economic environment and the recent turmoil in global markets, we remain confident in the trading outlook for the year. The Group expects to make further progress towards its previously announced medium term financial objectives in this financial year, in terms of margin improvement, return on capital and cash generation.

Enquiries

DS Smith Plc

+44 (0)1628 583 400

Miles Roberts, Group Chief Executive
Steve Dryden, Group Finance Director
Rachel Stevens, Head of Investor Relations

Tulchan

+44 (0)20 7353 4200

John Sunnucks
David Allchurch

Conference call

A conference call for analysts and investors, hosted by Miles Roberts and Steve Dryden, will take place today, 6 September 2011 at 08.00 BST. The dial-in number is:

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

Confirmation number: 5545049

A play-back facility of this call will be available until 13 September 2011. The dial-in number is: + 44 (0)20 7769 6425, passcode 5545049#

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	27 October 2011
Results for the half year to 31 October 2011	7 December 2011