



6 November 2014

## **DS Smith Plc – H1 trading update and acquisition**

DS Smith Plc, the leading supplier of recycled packaging for consumer goods, today issues a trading update for the half-year to 31 October 2014 and announces the acquisition of Spanish corrugated board producer Andopack.

### **Trading update**

Group performance remains in line with our expectations, with continued good growth across all regions. The market and business trends discussed in our Interim Management Statement of 17 September 2014 have continued.

Like-for-like corrugated box volume growth is ahead of last year and our medium term financial target of GDP +1%. Return on sales and ROACE continue to improve and our focus on working capital and tight capital management has delivered a strong cash flow performance.

### **Acquisition of Andopack**

We are pleased to announce the acquisition of Andopack, a Spanish corrugated board producer. Andopack is a very well-invested and growing business with good access to both Barcelona and Madrid.

The acquisition gives the Group a direct market position in Spain, allowing us to meet the demands from our pan-European customers to have a presence in this important market. Andopack will provide cost and cash saving opportunities and an excellent platform for growth as we leverage our scale, innovation and customer relationships.

The total consideration, including the assumption of debt, is expected to be circa £35m, subject to closing adjustments, representing a post synergy multiple of between 5.0 and 6.0x EBITDA. The transaction is being financed from existing cash resources and is expected to deliver a return on invested capital above our cost of capital in the second year of ownership.

### **Outlook**

Our outlook remains positive as the business continues to grow, despite economic headwinds in many of our markets. The Board expects continued performance in line with the Group's medium term financial targets.

### **Miles Roberts, Group Chief Executive, said:**

“In the first half of this financial year, we have continued to make good progress with our customers, benefitting from our differentiated commercial offering. We have again delivered volume growth ahead of the market, together with improved margins and returns.

The acquisition of Andopack in Spain is an exciting development for DS Smith as we continue to strengthen our pan-European customer offering. Andopack has high quality assets and we look forward to growing it further as we expand in this attractive market.”

### **Conference call**

There will be a conference call at 08:00 today for analysts and investors, hosted by Miles Roberts, Group Chief Executive, and Adrian Marsh, Group Finance Director.  
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A play-back facility of this call will be available until 13 November 2014. The dial-in number is: +44 (0)20 8196 1998, access pin 9036407. A recording and transcript of the call will also be available through the Investor Relations section of our website: [www.dssmith.com](http://www.dssmith.com)

### **Capital Markets Event**

The Company will be hosting a presentation for financial analysts and institutional investors in London later today. No new material information will be disclosed and copies of the presentations will be available on our website [www.dssmith.com](http://www.dssmith.com) following the event.

### **Forthcoming events**

Results for the half-year to 31 October 2014

4 December 2014

### **Enquiries**

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### **Glossary of terms**

- *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.

### **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.