

DS Smith Plc – Pre-close statement

Continued positive performance from DS Smith

DS Smith Plc, the international supplier of recycled packaging for consumer goods, today issues its pre-close statement for the full-year to 30 April 2012.

DS Smith Group

The positive performance reported in our IMS on 17 January 2012 has continued in line with our expectations, with like-for-like volume growth in corrugated packaging for the financial year to date in line with our target of GDP+1%, driven by a consistent performance among our FMCG customer base, with a particularly strong contribution from our business in Continental Europe.

We have been successful in our continued focus on reducing working capital and anticipate achieving the previously announced target of average working capital / revenue of 5% at this year-end (2010/11: 6.4%). The return on average capital employed for the year is expected to be within our target range of 12 – 15% (2010/11: 11.5%), representing a substantial improvement on the prior year.

Paper prices have been volatile in the second half of this financial year. DS Smith remains structurally long in fibre collection, and a net buyer of paper, therefore the impact of this headwind in paper has been mitigated by an improved performance in corrugated packaging. The UK business has been restructured to further improve our competitive position.

Performance of Plastic Packaging, particularly liquid packaging and dispensing, has enjoyed strong growth as customers expand their use of bag-in-box for the transportation of liquids.

Recent events

On 30 December 2011, DS Smith announced the completion of the sale of Spicers for £200 million, a significant premium to book value.

On 9 January 2012, DS Smith announced that it now recognises its 49.6% stake in a Ukrainian associate, Rubezhansk, as that company has completed the signing of a revised loan agreement with its lending banks.

The Rights Issue to fund the acquisition of SCA Packaging completed on 22 February 2012 and the proceeds were received at that time.

Save as disclosed above, there has been no significant change in the financial position of the Group.

SCA Packaging acquisition

The proposed acquisition of SCA Packaging, as announced on 17 January 2012, is proceeding on track. Application was made to the European Commission for competition clearance, on 28 March 2012. In addition, consultation has been completed with all the relevant works councils, including those in France which were required prior to SCA accepting the offer for the French Business. Accordingly on 24 April 2012 DS Smith and SCA signed the agreement for DS Smith to acquire the French Business of SCA. The acquisition of the French Business is therefore expected to follow the same timetable as for the remainder of SCA Packaging. Completion of this acquisition will normally take place at the end of the month in which the last of the conditions is met. As previously announced, this is expected to occur by the end of June 2012 following satisfaction of remaining conditions.

Outlook

In relation to the coming financial year, the key drivers will be the completion and subsequent integration of the SCA Packaging acquisition and associated cost synergies we have previously identified, along with the underlying performance of the enlarged Group.

In relation to the proposed acquisition of SCA Packaging, as previously announced, we continue to expect that in the first 12 months of ownership the acquired business (inclusive of synergies) will deliver a return above the Group's pre-tax cost of capital of 10%. Accordingly, the Board continues to view the coming year with confidence.

Miles Roberts, Group Chief Executive, said

“2012 has been an important year for DS Smith with the announcement in January of the proposed acquisition of SCA Packaging. We are delighted with the support for the transaction given to us by our shareholders and I am pleased to report that the process towards completion is on track. We will update shareholders as appropriate as the regulatory process progresses.

We continue to make encouraging progress towards the delivery of the financial and operational targets we have set ourselves.”

Conference call

A conference call for analysts and investors, hosted by Miles Roberts and Steve Dryden, will take place today, 25 April 2012 at 07:45 BST. The dial-in number is:

UK/International: +44 (0) 20 3003 2666

Password: DS Smith

A play-back facility of this call will be available until 2 May 2012. The dial-in number is: 44 (0) 20 8196 1998 (access pin: 2182030).

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

Results for the full-year to 30 April 2012

28 June 2012

Enquiries

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Technical note for analysts and investors

Following the Rights Issue, the average number of shares in issue for this financial year (2011/12) is calculated as a weighted number of shares in issue pre and post rights issue. The number of shares in issue pre rights issue is adjusted with reference to the bonus factor (based on the share price immediately prior to the shares trading ex-rights versus the theoretical ex-rights price). We estimate that the average number of shares in issue (excluding shares in trust that are not included in the EPS calculation) will be approximately 681m for the current financial year (2011/12). For next year (2012/13) the average number of shares is expected to be approximately 920m, before taking account of any shares issued as a result of option exercise in the coming year.

Footnote: where relevant, all numbers given exclude Spicers.