



7 September 2010

## **DS SMITH PLC INTERIM MANAGEMENT STATEMENT**

DS Smith Plc (“DS Smith” or “the Group”), the international packaging supplier and office products wholesaler, today publishes its Interim Management Statement in respect of the period since 1 May 2010. DS Smith will be holding its Annual General Meeting today at 12 noon.

### **DS Smith Group**

Overall trading in the first quarter of financial year 2010/11 has been encouraging, with good volume growth throughout the group. This is led from progress in the FMCG (Fast Moving Consumer Goods) sector driven by our focus on service, innovation and efficiency.

### **Packaging**

Our Paper and Corrugated Packaging businesses have had a good first quarter with positive demand trends, in Europe and the UK, feeding through to increased volumes. The anticipated phased recovery of paper price increases has led to profits in line with our expectations. Plastics have also had an encouraging start to the year with good volume growth and cost control.

### **Office Products Wholesaling**

The trading performance at Spicers is ahead of last year with profitability increasing due to better product mix. The focus remains on improving mix and on tight cost control to ensure Spicers leverages its strong market positions to take advantage of improving economic conditions.

### **Business Review**

The review of our business strategy is making considerable progress. As set out in June this year, our aims are to create a growing business that is more focused, producing higher margins and returns with less cyclicity. We expect to announce our conclusions at the time of our half-year results on 9 December this year.

### **Acquisition of Otor**

On 7 July 2010 the acquisition of Otor for €247m was announced and completion took place, earlier than planned, on 1 September 2010.

As set out at the time of announcement of the acquisition, we expect Otor to be accretive, before exceptional costs, to both earnings and margins in the first full financial year of ownership, with a return on investment above DS Smith’s weighted average cost of capital.

The integration teams are established and the work is proceeding well to realise annual cost synergies of €9.3 million in the second full financial year of ownership. Combining Otor's successful, well-established, FMCG focused corrugated packaging business with our existing French operations will create a platform for further revenue opportunities across the wider European market.

Save for the acquisition of Otor as described above, there has been no significant change to the financial position of the Group since the publication of the results for the full year to 30 April 2010.

### **Pension**

We have started consultation with the remaining active employee members of the Group's UK defined benefit pension scheme with a view to closing the scheme to future accrual. This will help the Group better manage this exposure in the future.

### **Outlook**

The year is progressing in line with expectations underpinned by continued FMCG demand and we continue to grow our business through our continuous focus on innovation and servicing the customer. We look forward to the remainder of the year with confidence.

### **Enquiries**

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A conference call for analysts and investors, hosted by Miles Roberts, will take place today, 7 September 2010 at 08.15 BST. The dial-in numbers are:

UK / International: +44 (0)20 8817 9301  
UK only: 0800 634 5205  
Confirmation number: 340 8790

A recording of this conference call will be available by telephone from 10:30 BST until 23.59 BST on 14 September 2010. The dial-in numbers for this recording are:

Tel: +44 (0)20 7769 6425  
Replay code: 340 8790#

A recording of the call will also be available through the Investor Relations section of our website: [www.dssmith.co.uk](http://www.dssmith.co.uk) from 15.00 BST, 7 September 2010.

### **Forthcoming dates**

Results for the half-year to 31 October 2010

9 December 2010