



3 November 2020

## **DS Smith Plc – Pre-close statement**

DS Smith Plc (“DS Smith”) today issues a pre-close trading update in respect of the half year ending 31 October 2020.

### **Trading update**

As expected, the market trends and our performance have continued to improve since our trading update of 8 September 2020 with our expectations for overall financial performance unchanged. All of our manufacturing facilities have remained open and fully operational year to date due to the diligence of our people and the robust procedures we have put in place to protect our teams. Despite the considerable challenges, our service and quality standards have further improved throughout the period, supporting our strong customer proposition.

Corrugated box volumes in and throughout Q2 have returned to growth versus the comparable prior year period following the challenges of Q1 and we expect volumes for the H1 period overall to be c. 1.5% lower than the prior year H1. The regional trends described in September have also continued, with positive corrugated box growth seen in both Europe and the US, reflecting ongoing market share gains, in particular with our large FMCG and e-commerce customers. The step-change in use of e-commerce is clearly established across our territories with very high demand from customers for e-commerce packaging as we head into the festive season.

We remain highly focussed on costs and margin, together with robust cash generation, as we continue to see the anticipated year on year modest price deflation in box pricing. We note that the Q2 increases in packaging demand are being reflected in upward pressure on paper pricing in Europe and the US, providing a support for corrugated box pricing.

While the profit for the half year will be lower than the comparable prior year period due to Covid, we have seen significant improvement in Q2 compared to Q1, on both sides of the Atlantic, reflecting the benefit of improving packaging volumes and reduced OCC pricing, combined with the Q1 weighting of the additional Covid disruption costs previously identified. Given the improvement in performance it remains our intention to declare a dividend for the half year to 31 October 2020, as previously announced.

### **Leadership in sustainability**

In late September, we launched our new sustainability strategy centred on our leadership role in the circular economy via our sole focus on fibre-based packaging and Europe’s largest recycler of paper and cardboard. We are pleased with the

engagement we continue to receive from customers as they increasingly look to us for sustainable packaging solutions, as well as broader stakeholders.

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

"I am pleased with the performance of the Group in the first half of the year, in what remains a difficult and uncertain economic environment caused by Covid. We continue to be excited by the underlying drivers of demand for our sustainable corrugated packaging and our leading offerings for FMCG and e-commerce customers, together with our focus on cost efficiency and cash generation, give us confidence in the business going forward."

**Forthcoming Dates**

Results for the half year to 31 October 2020

10 December 2020

**Enquiries**

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**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.