



28 April 2010

## **DS SMITH PLC PRE-CLOSE TRADING UPDATE**

DS Smith Plc, the international packaging manufacturer and office products wholesaler, today issues the following trading update ahead of its full-year results announcement for the year to 30 April 2010.

### **DS Smith Group**

The Group's trading performance in the second half of 2009/10 has been slightly ahead of management's expectations at the time of the Interim Management Statement (IMS) issued on 4 March 2010. The Group's profits have been underpinned by the steps taken to reduce costs, raise productivity and generate cash, but in recent months we have also benefited from higher than expected sales, particularly in Office Products.

We continue to be faced by the uncertainty surrounding the strength of economic recovery and the ongoing need to recover rising input costs. Nevertheless, business performance remains encouraging.

In our First Half statement issued in December 2009, we advised that exceptional cash restructuring costs of £4.5 million would be incurred in the year. We now expect there to be an additional £9 million of non-cash exceptional costs, representing the impairment of the carrying value of certain assets within the Group.

### **Packaging**

As noted in our March IMS, demand for corrugated packaging in the European market is recovering, although it is still below the level at this time in 2008. Input costs, predominantly for waste paper, continue to increase. In response we have implemented further corrugated case material (CCM) and box price increases. We expect the usual delay in the timing of the recovery of these higher costs and it will be into our next financial year before full recovery is achieved.

Plastic Packaging has continued to achieve the better profits noted in the first half; benefiting from restructuring and sales into new markets.

### **Office Products Wholesaling**

Demand for office products across our markets has been significantly affected by last year's slowdown in the European economy. Nevertheless, Spicers sales have been better than expected. The actions taken in the UK business have improved its performance and this is now reflected in the results. The profits for this Division in total are expected to be broadly in line with last year.

## **Appointment of new CEO**

As confirmed on 15 April, Miles Roberts will be joining the Company as Group Chief Executive on 4 May and Tony Thorne will step down from the Board on the same date.

The Group plans to announce its preliminary results for the financial year to 30 April 2010 on 24 June 2010.

## **Enquiries**

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