



3 March 2021

## **DS Smith Plc – Q3 trading statement Leaders in the Circular Economy**

DS Smith Plc (“DS Smith”), today issues a trading update in respect of the period since 1 November 2020.

### **Trading update**

Trading continues to progress well, with the trends and momentum described in our H1 results on 10 December 2020 continuing into H2. We are seeing particularly strong box volume performance driven by our differentiated offering, and whilst input costs have increased, overall trading continues in line with our expectations.

Group like-for-like corrugated box volume growth has accelerated compared to Q2 of our financial year, with the expected e-commerce and FMCG strength over the Christmas period continuing into 2021, together with some encouraging signs of recovery from our industrial customers. Our Northern European and North American regions have seen the most positive performance, reflecting continued strong growth with our largest customers and increasing utilisation of our plant in Indiana.

Our North American business continues to deliver significantly improving results as a consequence of good domestic volume growth, with corresponding reduced exports of paper, and increasing pricing.

The volume growth reflects our strong performance across many sectors and customer groups. We are providing our customers with more ways and easier options to do business with us via our leading digital platforms that are proving to be very popular. These platforms are fully aligned with our unique Circular Design principles, to enhance recyclability and reusability of our products.

Input costs, including OCC, have increased during the period which, together with high demand, continues to drive higher paper prices. We have started to recover these additional costs through higher packaging prices and our expectation is, with the customary lag, they will be fully recovered and underpin continued momentum into FY22.

Working capital and cash generation remain key areas of focus and we anticipate a continued strong free cashflow performance for the full year with cash conversion over 100 per cent.

### **Sustainability update**

We are a leader in sustainability and operate a circular business where we collect and recycle more packaging than we produce. We are focused purely on fibre-based products and that is why our recycling rates are 99% companywide. We build in recyclability, reuse and plastic replacement into our packaging through our Circular Design principles, at the heart of our ‘Now and Next’ Sustainability strategy, launched in the autumn 2020.

Since the start of the calendar year, we are delighted that our rating within the MSCI ACWI Index has increased from A to AA and our ISS ESG rating had increased, retaining our Prime status. As one of only 16 strategic partners of the Ellen MacArthur foundation, we have piloted and scored A- in its Circulytics index designed to ensure greater recyclability within packaging.

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

“The Group has delivered a robust performance during the period against a challenging macro-economic environment, and I remain immensely grateful and proud of our colleagues for their commitment to keeping our plants safe and operational and continued support from our customers.

We are seeing excellent demand from FMCG and e-commerce customers for our sustainable packaging products and solutions and we continue to invest for growth in these areas. COVID-19 is accelerating a number of the structural growth drivers and with our leading position in recycling and fibre-based packaging we are well positioned to capitalise and drive further market share gains.

While the economic environment remains uncertain due to Covid-19, we are experiencing good momentum across the business in both Europe and North America. We are confident in delivering results in line with our expectations for the year and showing further good progress and momentum as we move into the next financial year.”

**Conference Call**

A conference call for analysts and investors, hosted by Miles Roberts, will take place today, 3 March 2021 at 8.00am London time. The dial-in number is:

UK/International +44 (0) 33 0551 0200  
UK Toll Free 0808 109 0700  
Password DS Smith

A play-back facility of this call will be available until 10 March 2021. The dial-in number is: +44 (0)20 8196 1480, access pin 0775645#. A recording and transcript of the call will also be available through the Investor Relations section of our website: <https://www.dssmith.com/investors/results-and-presentations>

**Enquiries**

**DS Smith Plc**

**Investors**

+44 (0)20 7756 1800

Hugo Fisher, Group Investor Relations Director

Rachel Stevens, Investor Relations Director

**Media**

Greg Dawson, Group Corporate Affairs Director

**Brunswick**

+44 (0)20 7404 5959

Dan Roberts, Sophia Lazarus

## **About DS Smith**

DS Smith is a leading provider of sustainable paper-based packaging worldwide which is supported by recycling and papermaking operations. It play a central role in the value chain across sectors including e-commerce, fast moving consumer goods and industrials. Through its purpose of 'Redefining Packaging for a Changing World' and its [Now and Next](#) sustainability strategy, DS Smith is committed to leading the transition to the circular economy, while delivering more circular solutions for its customers and wider society – replacing problem plastics, taking carbon out of supply chains and providing innovative recycling solutions. Its bespoke [box-to-box in 14 days](#) model, design capabilities and innovation strategy sits at the heart of this response. DS Smith operates in 34 countries employing around 30,000 people and is a Strategic Partner of the Ellen MacArthur Foundation.

## **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.