



## Statement re possible all share combination with DS Smith plc- agreement in principle and extension of PUSU deadline

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### **Mondi plc**

Incorporated in England and Wales

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**THIS ANNOUNCEMENT IS AN ANNOUNCEMENT UNDER RULE 2.4 OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE "CODE") AND IS NOT AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE CODE AND ACCORDINGLY THERE CAN BE NO CERTAINTY THAT ANY TRANSACTION WILL PROCEED**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

**FOR IMMEDIATE RELEASE**

7 March 2024

### **Mondi plc and DS Smith Plc**

#### **Agreement in principle and extension of PUSU deadline**

The Boards of Mondi plc ("Mondi") and DS Smith Plc ("DS Smith") are pleased to announce that they have reached an agreement in principle on the key financial terms of a possible all share offer by Mondi for DS Smith, pursuant to which Mondi would acquire the entire issued and to be issued share capital of DS Smith (the "Combination").

Proceeding with the Combination is conditional on, inter alia, reaching agreement on the other terms and conditions of any offer, including as to regulatory matters and the completion of mutual confirmatory due diligence to the satisfaction of Mondi and DS Smith.

#### **Key Terms of the Combination**

- Mondi shareholders would own 54 per cent. and DS Smith shareholders would own 46 per cent. of the issued and to be issued share capital of Mondi;
- Based on Mondi's closing share price of 1,381 pence per share on 7 February 2024 (being the day prior to the commencement of the offer period), the terms of the Combination would represent an implied value of 373 pence per DS Smith share and a premium of 33 per cent. to DS Smith's closing share price of 281 pence per share on 7 February 2024 (being the day prior to the commencement of the offer period);
- Philip Yea would be Chair, Andrew King would be the Chief Executive Officer and Mike Powell would be the Chief Financial Officer of the enlarged Mondi Group; and

- Three Non-Executive Directors of DS Smith are expected to join the enlarged Mondi Group Board.

### **Compelling Strategic and Financial Rationale for both Mondi and DS Smith shareholders**

The Combination is an exciting opportunity to create a pan-European industry leader in paper-based sustainable packaging solutions, with complementary geographic footprints, leading customer relationships, a strong balance sheet and cash flow profile, and the potential to deliver substantial benefits to respective shareholders, customers, employees and related stakeholders.

The key benefits of the Combination to both sets of shareholders include:

- Increased exposure to structural growth trends in sustainable packaging;
- A highly complementary geographic footprint creating a leading player in corrugated packaging across Europe;
- Combining both Mondi's and DS Smith's strengths in the corrugated value chain:
  - Cost efficient virgin containerboard mills;
  - A market leading, well located converting network, focused on delivering innovative solutions for customers; and
  - Strategically located and integrated recycled containerboard production;
- Enhanced vertical integration brings with it a more balanced paper position;
- Strengthened ability to serve global FMCG customers, leveraging proven innovation capabilities of both Mondi and DS Smith;
- Significant value creation for both Mondi and DS Smith shareholders from substantial synergies (refer to "Expected Synergies" below);
- The benefit to the Combination of Mondi being a global leader in flexible packaging;
- A strong balance sheet, supported by a solid investment grade credit rating, and strong cash flow profile providing greater resilience through the cycle and strategic flexibility for continued growth investment;
- A strong customer focus, building on the expertise of two well regarded and highly experienced management teams, driving innovation and delivering value to customers; and
- Commitment to sustainability in packaging with a complementary portfolio of products, joining forces to spearhead the shift towards a more circular and sustainable economy.

### **Expected Synergies**

In reaching agreement in principle on the key terms, both Boards have taken into account the substantial synergies which they believe would arise from combining the two pan-European companies, and the consequent significant added value which should accrue to shareholders in the Combination.

These synergies are expected to result from vertical integration alongside highly complementary positions and expertise in containerboard, corrugated solutions and flexible packaging, as well as expected benefits from

economies of scale and efficiencies across a combined supply chain and administration.

Mondi and DS Smith are currently undertaking an exercise to validate the quantity of synergies which they believe will arise from the combination and intend to publish their estimated quantity of any synergies together with the reports required under the Code in due course.

### **Extension of the PUSU deadline**

In accordance with Rule 2.6(a) of the Code, Mondi was required, by not later than 5.00 p.m. on 7 March 2024, either to announce a firm intention to make an offer for DS Smith in accordance with Rule 2.7 of the Code or announce that it does not intend to make an offer, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies.

In accordance with Rule 2.6(c) of the Code, the DS Smith Board has requested that the Panel on Takeovers and Mergers (the "Panel") extends the relevant deadline, as referred to above, to enable the parties to continue their discussions regarding the Combination. In light of this request, an extension has been granted by the Panel and Mondi must, by not later than 5.00 p.m. on 4 April 2024, either announce a firm intention to make an offer for DS Smith in accordance with Rule 2.7 of the Code or announce that it does not intend to make an offer for DS Smith, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. This deadline will only be extended with the consent of the Panel in accordance with Rule 2.6(c) of the Code.

There can be no certainty that any firm offer will be made. This announcement has been made with the consent of each of Mondi and DS Smith.

The person responsible for arranging for the release of this announcement on behalf of Mondi is Jenny Hampshire and on behalf of DS Smith is Iain Simm.

### **Enquiries**

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Linklaters LLP is acting as legal adviser to Mondi. Slaughter and May is acting as legal adviser to DS Smith.

**Important Code notes**

The parties reserve the right to amend the terms of the Combination, including to be on less favourable terms for either party with the agreement or recommendation of each other. The parties reserve the right to adjust the terms of the Combination to take account of the value of any dividend or other distribution or return of capital which is announced, declared, made or paid by either party after the date of this announcement other than ordinary course agreed dividends, further details of which will be set out in any firm offer announcement.

Mondi reserves the right to make an offer for DS Smith at any time on less favourable terms than those set out in this announcement: (i) if a third party announces a possible offer or a firm intention to make an offer for DS Smith which, at that date, is of a value less than the Combination; or (ii) following the announcement by DS Smith of a Rule 9 waiver proposal or a reverse takeover (as defined in the Takeover Code). Mondi reserves the right to introduce other forms of consideration and/or, subject always to the requirements of Rule 2.5 of the Code, vary the mix or composition of consideration of any offer. Mondi reserves the right to waive any pre-condition to the making of an offer.

**Important Notices**

*Disclosure requirements of the Code*

*Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.*

*Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).*

*Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position disclosure or a dealing disclosure.*

## **Rule 26.1 disclosure**

*In accordance with Rule 26.1 of the Code, a copy of this announcement will be available at [www.mondigroup.com](http://www.mondigroup.com) and [www.dssmith.com](http://www.dssmith.com) by no later than 12 noon (London time) on 8 March 2024.*

*The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.*

### **Other**

*N.M. Rothschild & Sons Limited ("Rothschild & Co"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Mondi and for no one else in connection with the subject matter of this announcement and will not be responsible to anyone other than Mondi for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this announcement.*

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*Goldman Sachs International, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting exclusively for DS Smith and no one else in connection with the matters referred to in this announcement and will not be responsible to anyone other than DS Smith for providing the protections afforded to clients of Goldman Sachs International, or for providing advice in connection with the matters referred to in this announcement.*

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*This announcement has been prepared in accordance with English law and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England.*

*The distribution of this announcement in jurisdictions other than the United Kingdom may be affected by the laws of relevant jurisdictions. Therefore, any persons who are subject to the laws of any jurisdiction other than the United Kingdom or shareholders of Mondi or DS Smith who are not resident in the United Kingdom will need to inform themselves about, and observe, any applicable requirements. Any failure to comply with the restrictions may constitute a violation of the securities law of any such jurisdiction.*

### **Editor's notes**

*Mondi is a global leader in packaging and paper, contributing to a better world by producing products that are sustainable by design. We employ 22,000 people in more than 30 countries and operate an integrated business*



*with expertise spanning the entire value chain, enabling us to offer our customers a broad range of innovative solutions for consumer and industrial end-use applications. Sustainability is at the centre of our strategy, with our ambitious commitments to 2030 focused on circular driven solutions, created by empowered people, taking action on climate.*

*In 2023, Mondi had revenues of €7.3 billion and underlying EBITDA of €1.2 billion. Mondi has a premium listing on the London Stock Exchange (MNDI), where the Group is a FTSE100 constituent, and also has a secondary listing on the JSE Limited (MNP).*

*Sponsor in South Africa: Merrill Lynch South Africa (Pty) Ltd t/a BofA Securities.*

*DS Smith is a leading provider of sustainable paper-based packaging worldwide which is supported by recycling and papermaking operations. It plays 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.*

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