



28 April 2022

DS Smith Plc – Pre-close statement

DS Smith Plc (“DS Smith”) today issues a pre-close trading update in respect of the year ending 30 April 2022.

Trading in line with management expectations

- Continued momentum during H2 with good progress in profitability and cash generation.
- Like-for-like corrugated box volume growth of at least 5 per cent for the year.
- Volume growth and continuing packaging price increases have more than offset ongoing input cost increases.
- Expected adjusted operating profit for FY22 in the range of £605 – 615 million.

Strong cashflow, reduced leverage

- Continued strong free cash flow performance for the full year with expected cash conversion over 100 per cent.
- Further reduction in our leverage to approximately 1.7 times as at 30 April 2022 (2.2 times at 30 April 2021).

Update on Ukraine and Russia

- Our only involvement in these countries is a minority investment in a Ukrainian business, which serves customers predominantly in Ukraine with limited sales in Russia. We have no other operations or employees in Russia.
- Due to the invasion and ongoing impact on the business in Ukraine, we are impairing our investment with an anticipated one-off non-cash charge of approximately £30 million in FY22. The contribution to our FY21 results was £4 million after tax.

Miles Roberts, Group Chief Executive, said:

“I am pleased with the continued momentum and performance of the business in another year disrupted by Covid-19 and macro-economic uncertainty amplified by the Russian invasion of Ukraine.

We have seen continued good momentum across our customer base, with volumes from our FMCG customers growing particularly well, underpinned by consistently high levels of service and product quality. Within Europe our Eastern and Southern regions have performed ahead of the Group average, and in the US we are seeing the benefit of the Indiana site contributing to further very strong volume growth in the region.

Strong management of our supply chain and cost base, together with volume growth and increasing packaging prices to recover the increasingly higher input costs, is delivering the expected strong profit growth. It is particularly pleasing to see the performance from areas where we have significantly invested recently, with the North America and Southern Europe regions expected to be the highest margins within the Group, with Europac delivering a very strong operational and financial contribution.

We have continued to make good progress in our sustainability goals and in January 2022 we committed to align our global operations to the sector leading 1.5°C scenario as set out in the Paris Climate Agreement and aligned with the Science Based Targets initiative as well as to net zero CO₂ emissions by 2050.

We have continued to invest in our business, leveraging our scale, our deep customer relationships and sustainable innovative solutions to lead the transition to a more circular economy, providing a strong platform for growth. We are mindful of the volatile macro-economic environment but have to date seen little or no evidence of changes to customer behaviour and we enter the next financial year with confidence.”

Enquiries

DS Smith Plc

Investors

+44 (0)20 7756 1800

Hugo Fisher, Group Investor Relations Director

Anjali Kotak, Investor Relations Director

Media

Greg Dawson, Group Corporate Affairs Director

Brunswick

+44 (0)20 7404 5959

Simon Sporborg, Dan Roberts

About DS Smith

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