

DS Smith Plc



15 October 2003

DS SMITH PLC

PRE-CLOSE TRADING UPDATE

DS Smith Plc (LSE:SMDS), the international packaging manufacturer and office products wholesaler, is releasing the following trading update prior to the half year end on 31 October 2003.

The trading environment in the financial year to date has remained difficult, particularly for our Paper business, but the performance of the other parts of the Group has been satisfactory and at present we anticipate results for the full year being broadly in line with expectations.

Paper and Corrugated Packaging

Our Paper operations are being impacted by the downswing in the paper cycle. As indicated in the preliminary results announcement, margins have been squeezed by falling paper prices, the fluctuating cost of recovered paper and lower demand for Packaging Recovery Notes, following the government's decision not to increase recycling targets for 2003. We have achieved good production volumes but with the sales mix including a higher proportion of exports. In Corrugated, although prices are weakening, our operations continue to make good progress due to the benefit from acquisitions, better operating efficiencies and targeting higher added value segments.

In the first half of the year, profit progress in Corrugated is expected partially to offset the lower profit in Paper.

Plastic Packaging

In the first half, we have continued to grow sales in our core markets of liquid packaging and dispensing and in returnable transit packaging. However, margins have been affected by the competitive environment and sales mix. Profits for the full year are expected to be broadly in line with 2002/03.

Office Products Wholesaling

Market conditions for office products across Europe remain tough. Nevertheless, Spicers is expected to make further progress this year through operational improvement. Spicers UK has continued to perform well by maintaining high service levels and lowering costs. In France, where we have a leading position, our results have been affected by the market slow-down, which began later than in the UK. At Spicers Germany, customer confidence in our service capability is resulting in a good rate of sales growth although results have been affected by a limited number of bad debts. Spicers Spain is exceeding sales growth expectations.

Office Products Manufacturing

Intense competition from imported products has impacted John Dickinson's profits but it continues to benefit from the cost reduction undertaken in 2002.

DS Smith's Interim results for the half year to 31 October 2003 will be announced on 10 December 2003.

Enquiries

DS Smith Plc

020 7932 5000

Tony Thorne, Group Chief Executive

Gavin Morris, Group Finance Director

Peter Aubusson, Group Communications Manager

Financial Dynamics

020 7269 7291

Richard Mountain/Robert Gurner