

Trading Update

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DX (Group) PLC
14 July 2017

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AIM: DX.

This announcement contains inside information

DX (Group) plc ("DX" or "the Company" or "the Group")

Trading Update, Reorganisation & Board Changes

DX, the independent parcels, mail and logistics operator, announces an update on trading, reorganisation of the business and Board changes.

Results for the financial year ended 30 June 2017 are expected to show revenues of approximately £292m and adjusted profit before tax (before exceptional items) in line with market forecasts. Net debt at the year end is expected to stand at £19.1m. In an exceptionally challenging year, the Company was pleased to successfully renew its contract with Her Majesty's Passport Office as well as sign a number of notable contract wins, including with Avon. Looking ahead, management has completed a review of the Company's expected performance in the new financial year and, taking into account the reorganisational changes referred to below, it now considers that earnings before interest tax, depreciation and amortisation will be broadly flat year-on-year. The Company continues to enjoy the support of its bank.

As previously announced, the Company has been undertaking a wide-ranging review of its operations in the period and, as part of this review, the Company is announcing a reorganisation of the business to create two Divisions: DX Express and DX Freight. DX Express will comprise the DX Exchange, DX Secure, the Courier operations and Mail activities while DX Freight will comprise Logistics, DX 1-Man, and DX 2-Man. DX Express will be headed by Nick Cullen, DX's existing Chief Operations Officer and DX Freight by Stuart Godman, who is currently Chief Commercial Officer. Both Divisional Managing Directors will report directly to the Board. The reorganisation is expected to provide greater flexibility in managing costs and puts the Company in a better position to advance its operational and sales performance and to provide an enhanced service to its customers.

As part of the reorganisation, Chief Executive Officer, Petar Cvetkovic, and Finance Director, Daljit Basi, will be stepping down from the Board and the Company. James Hayward, FCA, has been appointed as interim Chief Financial Officer (a non-Board appointment). James has spent over 20 years working as an independent restructuring and transformation specialist and has been directly involved with over 40 companies at the Board level, both as an executive and advisor in the quoted and private sector. These changes take immediate effect.

DX's results for the financial year to 30 June 2017 are expected to be announced towards the end of September.

Bob Holt, Chairman of DX, said:

"The changes we are making both to the Board of Directors and to the Group's operational structure are aimed at supporting business transformation. In particular the reorganisation provides greater flexibility in managing costs and puts the Company in a better position to advance its operational and sales performance and to provide an enhanced service to its customers."

"In a challenging year, we are pleased to have the support of our bank and remain firmly committed to acting in the best interests of all our shareholders."

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