

Trading update

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DX (Group) PLC
07 February 2017

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This announcement contains inside information

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

Trading Update

DX, the independent parcels, mail and logistics operator, provides an update on current trading for the financial year to 30 June 2017.

The challenging trading conditions referred to in the Company's update on 22 November 2016 are continuing, including pressure on pricing. The business has also continued to experience margin erosion from the ongoing change in revenue mix. While there has been strong momentum and wins in the Logistics business, the expected growth in higher margin revenue from our DX Courier and Freight activities has not come through, impacting profitability due to the fixed cost nature of this network. In addition, we have not seen the DX Secure volume growth that we achieved last year. The integration of five sites into one, part of the OneDX programme, has experienced some short term operational issues, resulting in temporary higher costs, although we are still confident about both the medium and long term benefits of this programme.

In the light of these issues, the Board has reviewed its expectations of the Group's performance and while material new contracts are now being implemented and the Company's pipeline of new business opportunities is robust, it now anticipates that profits for the year will be significantly below current market forecasts, with net debt consequently higher than expected. It has also taken the decision not to pay any dividends for the foreseeable future and has commenced a wide-ranging review of the Company's operations with a view to driving revenues and improving its financial performance.

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