

# HMPO Contract and Trading Update

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DX (Group) PLC  
28 May 2019

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**AIM: DX.**

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

## **Her Majesty's Passport Office ("HMPO") Contract & Trading Update**

DX, the provider of delivery solutions, including parcel freight, secure, courier and logistics services, announces that following the conclusion of the tender process for the HMPO secure delivery contract, it has been notified that its renewal bid, which was based on commercially realistic terms, has been unsuccessful.

Accordingly, the Company's contract with HMPO is expected to expire in January 2020, after a transition period. Financial results for the current financial year ending 30 June 2019 will therefore not be affected and the Board is also pleased to confirm that DX remains comfortably on track to deliver market forecasts for this financial year.

The Board also believes that the Group remains well-positioned to achieve existing market forecasts for EBITDA of £7.7m and revenue of £328m in the next financial year ending 30 June 2020.

This view takes into account the improving trend in DX's revenue and earnings, in particular DX Freight's increasing run-rate, the slowing rate of attrition of the annuity revenue at Document Exchange and momentum within DX Express's Courier activities, as well as the actions that the Company will be taking following the non-renewal of the contract.

The Board remains encouraged by the continuing progress that is being made with the Company's turnaround and by the pipeline of new business opportunities ahead. The Board expects to publish a trading update in mid-July, when it will provide further details on the progress that has been made during the financial year.

### **Ronald Series, Chairman of DX, said:**

*"Having held this contract for 14 years, we are disappointed not to have been successful in our bid, which we believe was based on commercially realistic terms. Over its tenure, DX set new and higher service standards for this important contract, and we are proud of what has been achieved for HMPO.*

*"DX's turnaround strategy continues to show encouraging progress, and we are comfortably on track to attain market forecasts for the current financial year. We also believe the Company is well-positioned to achieve market forecasts for profitability in the next financial year, even after the non-renewal of the contract. This reflects the significant progress that has been made with DX's turnaround and the momentum in the business. We remain very focused on capturing the growth opportunities ahead of us, and will continue to invest in the long term growth of the business."*

*The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.*

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