

Trading Update

RNS Number : 13470
DX (Group) PLC
28 May 2020

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

*A leading provider of delivery solutions,
including parcel freight, secure, courier and logistics services*

Trading Update

Following DX's announcement on 16 April 2020 regarding the impact of the global coronavirus crisis on the business, the Company is pleased to provide a further update on current trading for the financial year ending 27 June 2020. As an essential service provider, DX has continued to maintain operations at all its depots and service centres since the Government's 'lockdown' measures came into effect.

The Company has experienced a slow and steady recovery in trading since 16 April. Trading in both DX Freight and DX Express has been better than the Board anticipated, although Group revenue is still approximately 10-15% below expected seasonal levels at this point in time. As a result of the improvement and taking into account the outlook for the remainder of the financial year, the Board now expects the Group to generate a small profit before tax in the second half of FY20 and for revenue and adjusted EBITDA for the full year to be ahead of current market forecasts¹.

In responding to lockdown conditions, the Company has adapted to the increased demand for B2C deliveries and its business mix shows a stronger weighting to B2C activity than normal, in particular for 2-Man deliveries. After an initial steep decline following lockdown restrictions, B2B activity has improved over the period as customers have adapted to conditions in their respective markets. Operationally, the Company has benefitted from reduced road traffic and from B2C customers being at home to receive deliveries, which has allowed for slightly improved delivery productivity.

The Company continues to manage costs tightly, whilst re-introducing some costs into the business as volumes have recovered. It is also maintaining a good level of liquidity headroom. Net debt at 25 April 2020 was £2.0m.

A further update will be provided in mid-to-late July in a pre-close trading statement.

Ronald Series, Chairman, commented:

"This period has demonstrated the resilience of the business, and trading since mid-April has recovered more quickly than we anticipated at the beginning of the UK's lockdown, although it is still 10-15% below the levels we would expect at this point in the year. Our teams have responded very flexibly to the changed environment, including a shift to more B2C deliveries, and we have continued to provide customers with an excellent level of service during this challenging time.

"We remain well-positioned to deliver further recovery in volumes, and will continue to control costs carefully."

¹, The Board believes that consensus market figures for revenue and adjusted EBITDA (IAS 17 and IFRS 16) for the Company's financial year ending 27 June 2020 prior to this announcement were respectively £309.1m and £1.6m (IAS 17 basis) and £22.2m (IFRS 16 basis).

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

Enquiries:

DX (Group) plc

Ronald Series, Chairman
Lloyd Dunn, Chief Executive Officer
David Mulligan, Chief Financial Officer

T: 020 3178 6378 (c/o
KTZ
Communications)

**finnCap (Nominated Adviser and Joint
Broker to DX)**

Matt Goode/Simon Hicks/Hannah Boros
(Corporate Finance)
Andrew Burdis/Camille Gochez (ECM)

T: 020 7220 0500

Liberum (Joint Broker to DX)

Robert Morton/Euan Brown/Laura Hamilton

T: 020 3100 2000

KTZ Communications

Katie Tzouliadis
Dan Mahoney

T: 020 3178 6378

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