

Trading Update

RNS Number : 5910R
DX (Group) PLC
07 July 2022

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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

**Trading for the financial year ended 2 July 2022
anticipated to be significantly ahead of management expectations**

DX, the provider of delivery solutions, including parcel freight, secure courier and logistics services, is pleased to provide an update on trading and to report that trading for the financial year ended 2 July 2022 is anticipated to be significantly ahead of management targets. The Board also expects to deliver a further improved performance in the new financial year.

After a good first half, trading in the second half of the financial year, especially since Easter, has been strong. As a result, revenue for the financial year is expected to be approximately £425m, 11% ahead of last year (2021: £382.1m), with the Group's overall performance for the year expected to be significantly ahead of management targets.

A key driver of this outturn has been DX Freight, where revenue has increased year-on-year by around 15%, with DX Express revenue growing as expected by 7%. Other factors supporting results include improved productivity and the easing of supply chain issues.

Net cash as at 2 July 2022 is up by 61% year-on-year at £27.0 million (3 July 2021: £16.8 million), which is ahead of management expectations.

Despite current economic headwinds, the pipeline of opportunities remains very robust and given the ongoing positive momentum, the Group expects to make further progress in the new financial year.

The corporate governance investigation has given rise to approximately £1.0 million of exceptional costs in the financial year under review. Approximately £0.4m of costs were expensed in the prior financial year.

Network Expansion

DX has made continued progress with its network expansion plans, which will support the next phase of the Group's growth. Three new depots were opened in the second half of the financial year, at Bodmin, Coventry and Dartford. The new depots have freed up resources at other local depots, increased delivery capacity and enhanced customer service levels as expected.

Three new depots are currently on track to open in the next three months, which is part of overall plans to open at least 12 new depots by the end of June 2024. At the same time, a programme of major upgrades to 12 existing sites is set to commence and is expected to be completed in the same timescale.

Capital Allocation Policy

As announced on 21 December 2021, the Board is progressing with its review of the Group's growth strategy and capital allocation policy. The review is considering the Group's total shareholder returns and capital allocation policy, including dividend policy and share-buy backs. An update on this will be provided with the publication of the Group's audited Annual Report and Accounts for the financial year ended 3 July 2021 ("2021 Accounts").

Publication of 2021 Accounts and audit of 2022 Accounts

Management expects the recently commenced audit of the Company's report and accounts for the financial period ended 3 July 2021 to be completed by 30 September 2022.

As previously announced, the audit of the Group's financial statements for the financial year ending 2 July 2022 will be commenced as soon as practicable.

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the company's obligations under Article 17 of MAR.

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