



DX (Group) plc

**Interim Results
for 27 weeks ended
2 January 2021**

2 March 2021

Rebuilding Profitability



Presentation Team



Lloyd Dunn
CEO

- Appointed CEO in Oct 2017
- 45 years' experience in express freight and parcels industry
- Led successful turnaround of Tuffnells Parcel Express prior to sale
- Co-founded Nightfreight plc, a logistics company (listed in 1994, acquired by private equity and subsequently by DX in 2012)



David Mulligan,
CFO

- Appointed CFO in April 2018
- Over 20 years' experience in senior financial roles
- Previously CFO at Hornby plc, involved in its restructuring and turnaround
- CFO of Morgan Sindall Group plc for 9 years until 2013, having joined in 1997

Divisional Overview



DX FREIGHT

Specialists in delivery of larger and heavier items, including those with irregular dimension and weight ("IDW")

1-Man - £76m



2-Man/Logistics - £28m



H1: £104m revenue | £8.1m operating profit



DX EXPRESS

Specialists in the express delivery of time-sensitive, mission-critical and high-value items

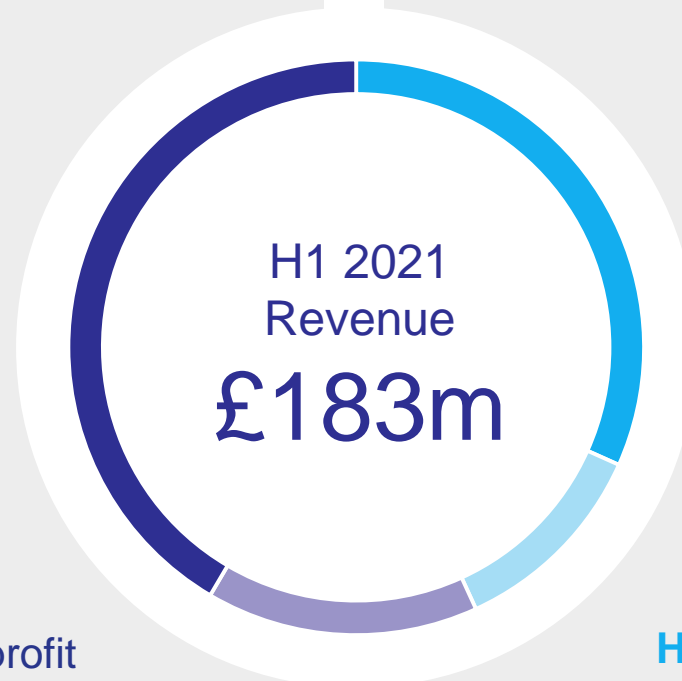


Secure Courier - £58m



Document Exchange - £21m

H1: £79m revenue | £7.4m operating profit



Returned to interim adjusted PBT

- Progress with rebuilding profitability

DX Freight outperformed

- Substantial return to profitability

DX Express affected by coronavirus

- Restrictions impacted volumes



£10m investment programme

- Set to complete in H2; £2.7m invested in H1; IT/sites/equipment

Strong net cash position

- Improved profits and deferred VAT although working capital increased

Confident of further progress

- H2 trading is significantly ahead of prior period, in line with our expectations

H1 2021 Financial Highlights



£m	H1 '21	H1 '20	Change	FY '20
Revenue	183	170	+£13m	329
DX Freight	104	87	+£17m	169
DX Express	79	83	-£4m	160
Adjusted operating profit¹	5.9	0.4	+£5.5m	4.5
DX Freight	8.1	(1.4)	+£9.5m	(0.6)
DX Express	7.4	11.1	-£3.7m	22.9
Central overheads	(9.6)	(9.3)	-£0.3m	(17.8)
Adjusted PBT/(LBT)¹	3.8	(1.7)	+£5.5m	0.2
Net cash/(debt)	14.1	(8.4)	+£22.5m	12.3
Cash flow from operating activities	12.8	3.5	+£9.3m	33.5
Capex	2.7	2.2	+£0.5m	4.6

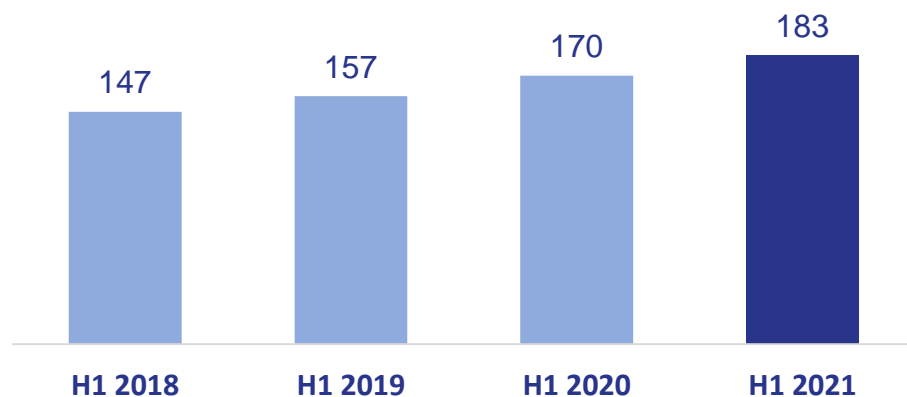
- Increases in revenue and profit driven by strong growth at DX Freight and Group-wide efficiencies
- Strong cash flow reflects:
 - increased profitability,
 - £11.4m of deferred payments,
 - seasonal increase in working capital, and
 - increased capital expenditure
- Central overhead (adjusted) up just 3% to £9.6m (2020: £9.3m) reflecting strong cost control

¹ Adjusted for amortisation of acquired intangibles (£0.1m) and share based-payments charge (£0.6m) (H1 '20: £0.1 m and £0.6m respectively; FY '20: £0.3 m and £1.2m respectively)

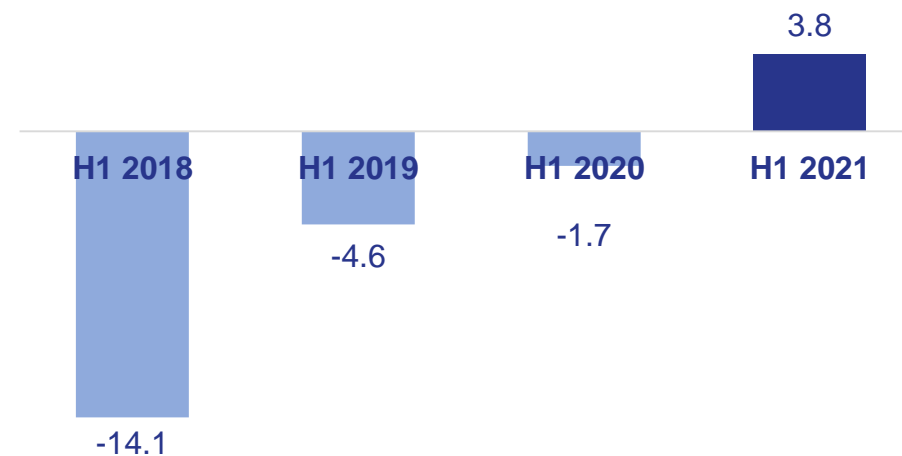
H1 Financial Progress



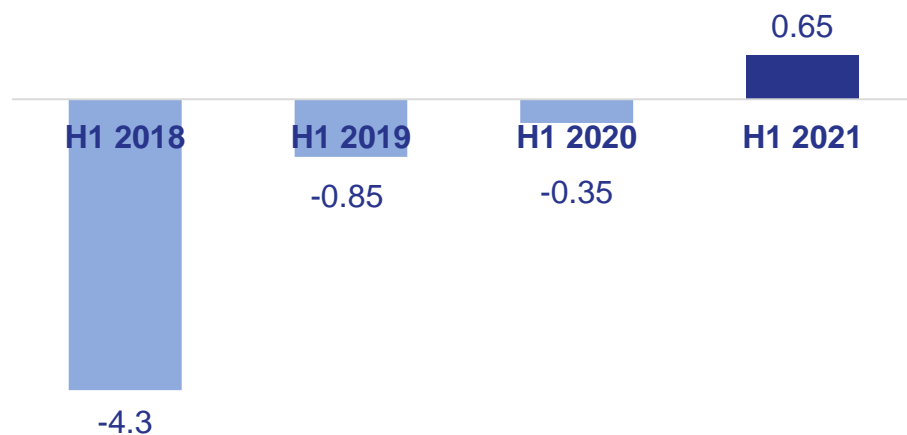
Revenue (£m)



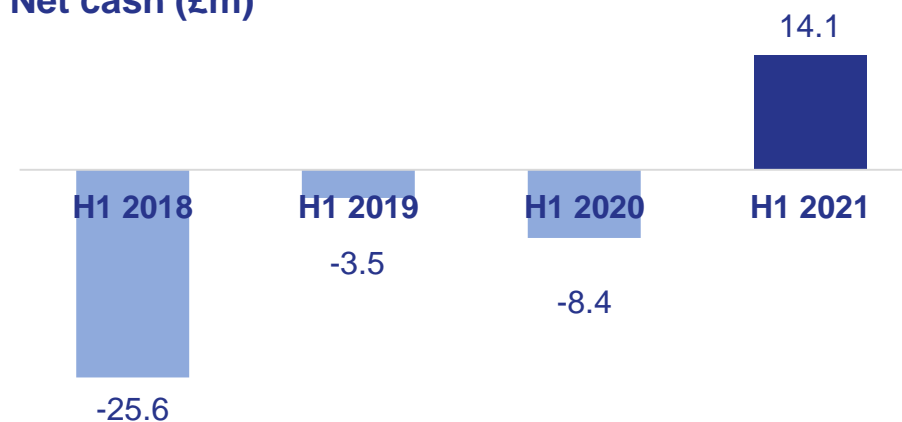
Adj. PBT¹ (£m)



Adjusted EPS¹ (p)



Net cash (£m)



¹ Adjusted for amortisation of acquired intangibles, exceptional items and share based-payments charge

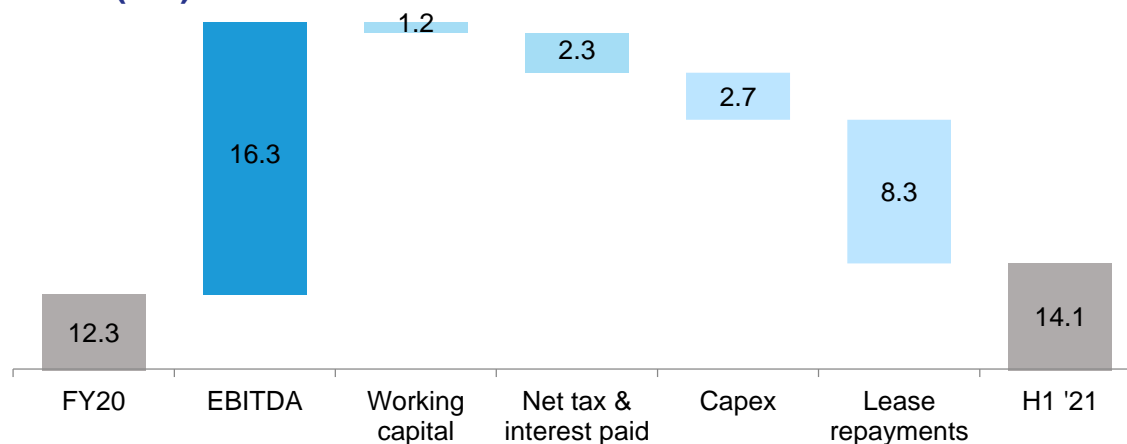
Cash Flow



£m	H1 '21	H2 '20
EBITDA	16.3	10.4
Movement in working capital	(1.2)	(4.7)
Operating cash flow	15.1	5.7
Tax paid	(0.2)	(0.2)
Interest paid	(2.1)	(2.0)
Capital expenditure	(2.7)	(2.2)
Lease repayments	(8.3)	(8.4)
Free cash flow	1.8	(7.1)

- Strong cash performance
- Net cash benefited from £11.4m of deferred payments, principally VAT
- Deferred payments will unwind through to February 2022
- Capex spend increased on last year; expected to increase in H2 2021
- Interest paid relates to interest on Right-of-use asset lease liability
- Lease repayments relates to capital element of Right-of-use assets
- Group expected to remain cash positive at the end of FY2021
- New £20m IDF facility agreed with Barclays Bank to replace existing facility

Net cash (£m)



Balance Sheet



£m		H1 '21	H1 '20	FY20
Non-current assets	Property, plant and equipment	11.5	10.5	10.4
	Right-of-use assets	80.4	78.6	80.2
	Intangible assets and goodwill	31.1	31.2	31.0
	Deferred tax assets	2.3	2.3	2.3
Total non-current assets		125.3	122.6	123.9
Current assets	Trade and other receivables	29.4	36.5	33.5
	Current tax receivable	0.1	-	0.1
	Cash and cash equivalents	14.1	1.2	12.3
Total current assets		43.6	37.7	45.9
Total assets		168.9	160.3	169.8
Equity	Share capital and share premium	30.9	30.9	30.9
	Retained earnings	(4.3)	(9.4)	(7.9)
Total equity		26.6	21.5	23.0
Non-current liabilities	Lease liabilities	69.2	66.7	68.3
	Provisions	6.0	4.0	5.0
Total non-current liabilities		75.2	70.7	73.3
Current liabilities	Lease liabilities	15.8	15.1	15.8
	Loans and borrowings	-	9.6	-
	Trade and other payables	38.8	28.9	42.0
	Deferred income	10.5	13.7	14.2
	Provisions	2.0	0.8	1.5
Total current liabilities		67.1	68.1	73.5
Total liabilities		142.3	138.8	146.8
Total equity and liabilities		168.9	160.3	169.8

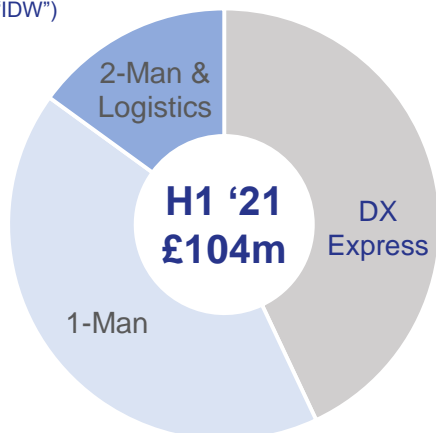
DX Freight



- Revenue up by 19% to £103m (2020: £87m); Operating profit of £8.1m (2020: loss of £1.4m), a £9.5m turnaround and operating margin of 7.8% (2020: (1.6)%)
- 1-Man – 34% increase in revenue reflected
 - strong growth in new business, underpinned by significantly improved customer service
 - productivity improvements
- 2-Man/Logistics – 10% reduction in revenue, reflected managed exit from loss-making contracts
- Three new depots opened at Westbury, Oxford and Burnley
 - takes network to 45 depots
 - further 6 sites planned over next 2 years, including 2 in H2 '21
 - depot network expansion helps to improve efficiency and service levels; stem mileage reduced, closer to customers
- Significant scope to increase market share in IDW, and to grow 2-Man and Logistics



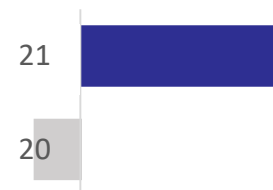
Specialists in delivery of larger and heavier items, including those with irregular dimension and weight ("IDW")



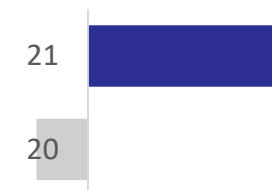
Revenue
£103m
2020: £87m



Operating profit
£8.1m
2020: £(1.4)m



Operating margin
7.8%
2020: (1.6)%



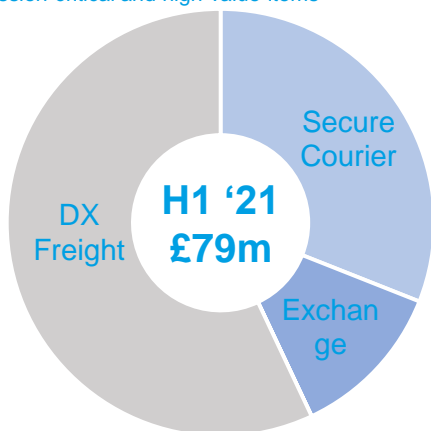
DX Express



- Revenue reduced by 5% to £79m as expected (H1 2020: £83m); Operating profit of £7.4m (2020: £11.1m)
 - cessation of HMPO contract
 - coronavirus restrictions impacted volumes esp. non-essential retail; business mix skewed towards B2C
- Estimated Time of Arrival (“ETA”) technology launched in April 2020
 - enabling 2-hour delivery window & on-route changes
 - helping to secure new business
- Document Exchange growth initiatives:
 - launch of Digital Document Exchange
 - planned separation of delivery network to reinforce pre-9.00 a.m. service
- Network expansion:
 - two new depots to open in H2 ‘21, in Rotherham and Glasgow
 - further six depots planned over next two years
- Strategy to provide customers with a reliable, next-day service based on strong relationships, centred on security and tracked items via network of local depots



Specialists in the express delivery of time-sensitive, mission-critical and high-value items



Revenue
£79m
2020: £83m



Operating profit
£7.4m
2020: £11.1m



Operating margin
9.3%
2020: 13.3%



£10m capital investment programme on track to conclude this FY

Focus is on technology, network and parcel handing systems



DX Freight

- IDW market has few competitors and relatively high barriers to entry
- Improved sales force supported by strong commercial team
- Strong volume growth and relatively high operational leverage will drive margin expansion
- Further seven depots planned over next three years to bring network to 51 depots
- Mechanisation programme will support improved efficiency and productivity



DX Express

- ETA technology opens new opportunities
- Growing market opportunity through strong trend towards online purchasing
- Continue to emphasise service to strengthen position as quality offering in competitive market
- Drive margin expansion through efficiencies
- Eight new depots to be opened over next two years
- Reinforce Document Exchange service and target broader services to legal profession

Summary and Outlook



Rebuild profits

- Focusing on improving margins - efficiency and productivity gains
- Grow revenue in existing markets and scope to develop new segments

Expand network

- Underpins quality service offering
- Deliver efficiency and productivity improvements

Cash generative

- Business is intrinsically cash generative
- Invest to underpin growth and future return to dividends

Strong platform

- Earnings and cash generation are traditionally H2 weighted
- Trading in H2 so far is significantly ahead of prior period - in line with our expectations. Increased level of confidence looking further ahead

Supplementary Information

- Who we are
- History
- ESG
- Disciplined Commercial Processes
- Board of Directors
- Major shareholders



Who We Are



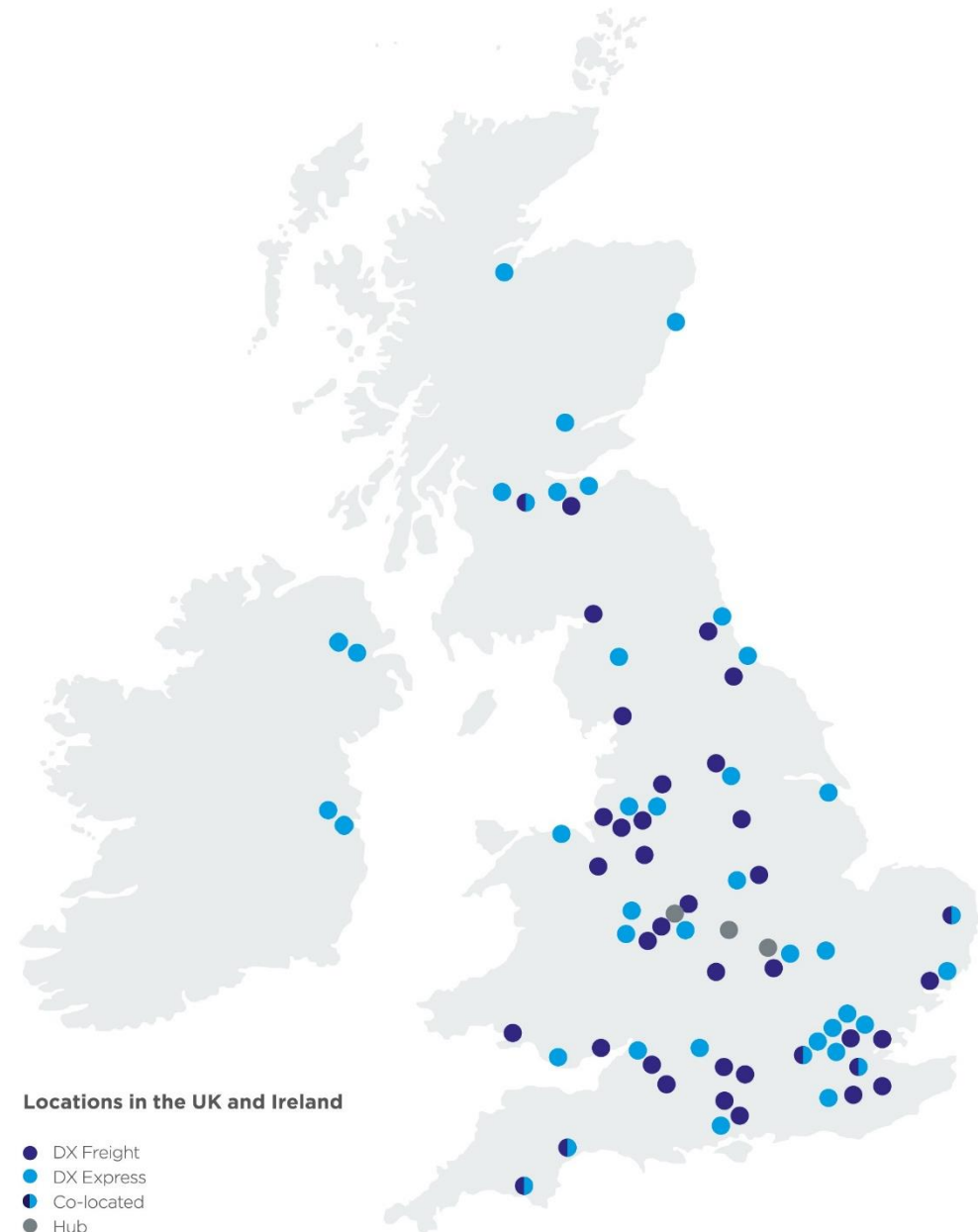
DX is a leading provider of a wide range of delivery services to both business (B2B) and residential (B2C) addresses throughout the UK and Ireland

100m items delivered in FY20

78 depots

3,600 employees

c.700 vehicles in fleet



History

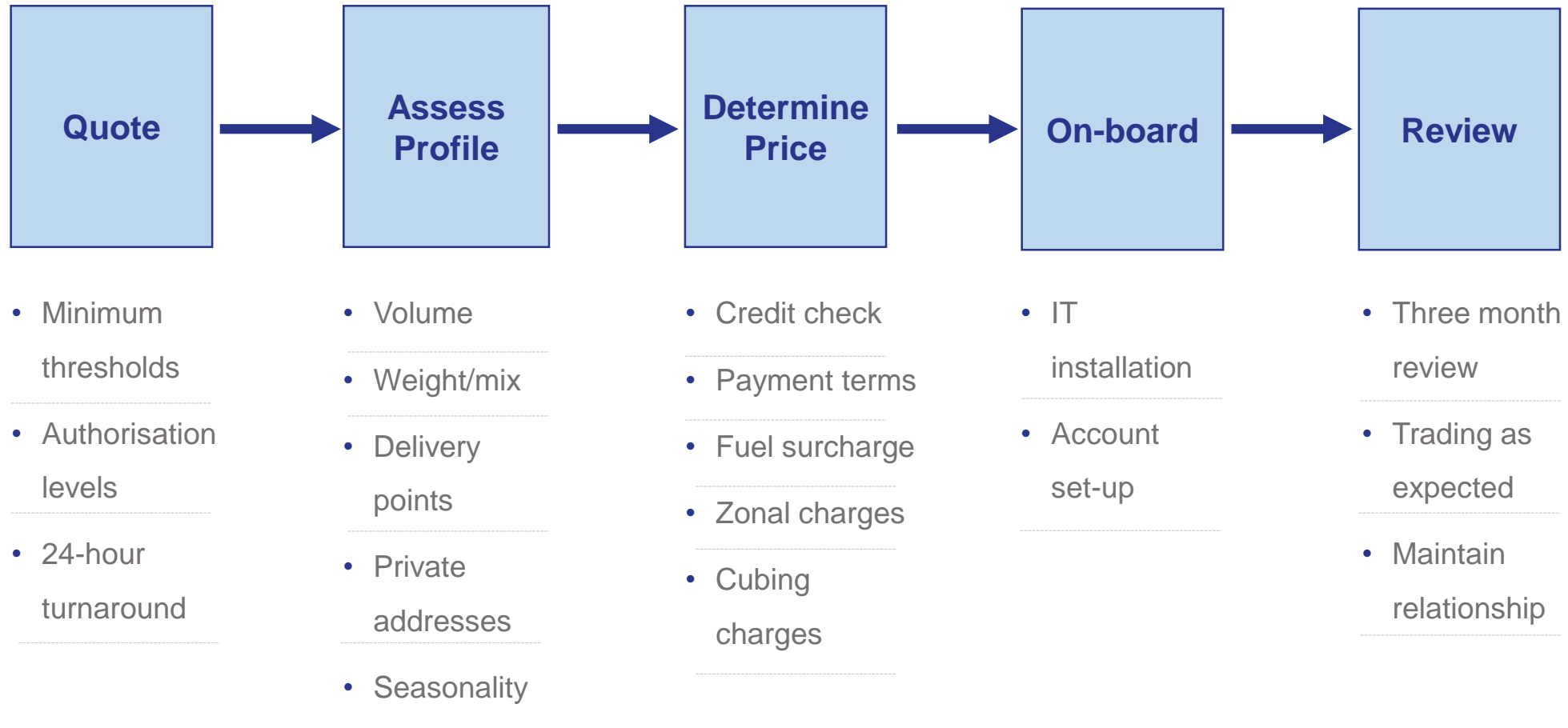


DX was established in 1975 initially offering a Document Exchange service through a network of fixed exchanges	
2006 - 2012	<ul style="list-style-type: none"> Taken private (in 2006) Acquisition-led expansion – with Nightfreight plc acquisition (in 2012) materially changing the scale and scope of DX, adding parcel, freight and logistics products
2014	<ul style="list-style-type: none"> February – IPO
2017	<ul style="list-style-type: none"> Talks with John Menzies between March and August New Board Directors appointed in October 2017 Convertible Loan Notes (£24.0m) issued in October 2017
2018	<ul style="list-style-type: none"> Turnaround plans announced with Interim Results in March Balance sheet strengthened with cancellation of Loan Notes and replacement with new equity issuance
2019	<ul style="list-style-type: none"> Return to positive EBITDA Commencement of three year investment programme
2020	<ul style="list-style-type: none"> Return to adjusted PBT despite coronavirus crisis and lockdown



ENVIRONMENTAL	SOCIAL	GOVERNANCE
<ul style="list-style-type: none"> Continued focus on reducing Group carbon footprint CO2 emissions rise in FY 2020 due to higher level of activity Fleet refreshed in last 3 years to meet latest emission standards – Euro 6 compliant Courses in energy awareness and driver efficiency Vehicle telematics monitor driver behaviour and fuel efficiency 	<ul style="list-style-type: none"> Coronavirus; modified approach to ensure health and safety of employees and customers Improving health and safety record Bespoke e-learning solution is proving an effective method of engaging with employees to reduce risk Road Risk Management Policy provides guidance for drivers in identifying and evaluating potential risks ‘Warehouse-to-Wheels’ Programme SAYE scheme introduced in January 2021 	<ul style="list-style-type: none"> QCA corporate governance code adopted Regular assessment of Board effectiveness Board has strict control over key areas of expenditure to ensure diligence in capital and people decisions Senior management team has significant depth of industry experience Strong governance ethos with appropriate Board sub-committees

Disciplined Commercial Processes



Board of Directors



RON SERIES Chairman	<ul style="list-style-type: none">• Appointed Executive Chairman in October 2017• Highly experienced in business turnaround situations• Previously Chairman of Tuffnells Parcel Express (2002-05) during its successful turnaround• Chairman of Braemar Shipping Services plc
LLOYD DUNN Chief Executive	<ul style="list-style-type: none">• Appointed as CEO in October 2017• 45 years' experience in express freight and parcels industry• Led successful turnaround of Tuffnells Parcel Express prior to its sale• Co-founded Nightfreight plc, a logistics company (listed in 1994, acquired by private equity and subsequently by DX in 2012)
DAVID MULLIGAN CFO	<ul style="list-style-type: none">• Appointed CFO in April 2018• Over 20 years' experience in senior financial roles• Previously CFO at Hornby plc, involved in its restructuring and turnaround• Before that, CFO of Morgan Sindall Group plc for nine years until 2013, having joined in 1997
RUSSELL BLACK NED	<ul style="list-style-type: none">• Joined as NED in October 2017• Over 40 years experience in transport, founder and CEO of Nightfreight plc from 1984 to 2002
PAUL GOODSON NED	<ul style="list-style-type: none">• Joined as NED in October 2017• Previously executive chairman of Great Bear distribution, and spent 13 years with Barclays Private Equity
IAN GRAY NED	<ul style="list-style-type: none">• Joined as NED in July 2017• Has spent the past 30 years advising on business transformation and strategy development• NED at Clancy Group Holdings Ltd

Major shareholders



	Number of Shares	Percentage Held
Gatamore Capital Management LLP	139,128,538	24.25%
Hargreave Hale Limited	106,300,000	18.53%
Lloyd Dunn	61,949,293	10.80%
Lombard Odier Asset Management (Europe) Limited	30,000,000	5.23%
Ruffer LLP	27,420,000	4.78%

Total number of ordinary shares in issue as of 25 February 2021: 573,681,792

Number of shares held in treasury: none

As of 25 February 2021, 55.61% of the Company's issued share capital was not in public hands



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