

# Capital Allocation Policy Review

RNS Number : 9070A  
DX (Group) PLC  
28 September 2022

**AIM: DX.**

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

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

## **Capital Allocation Policy including Recommencement of Dividend Payments and Share Buy-back Programme**

DX, the provider of delivery solutions, including parcel freight, secure courier and logistics services, has today published interim results for the first half of its financial year ended 2 July 2022. These results demonstrate the Group's continuing strong progress, both operationally and financially, and underpin the Board's confidence in the Group's prospects.

DX is a growth business, with high returns on capital and strong cash generation. The Board's long-term growth strategy is focused on increasing profit and cash flow through outstanding customer service, volume growth, productivity improvements and margin expansion.

The Board is pleased to announce the details of the Group's capital allocation policy which will underpin investment decisions and ensure the efficient and appropriate use of DX's capital resources to deliver the Company's long term growth strategy and maximise shareholder value.

In this context, the Board's capital allocation priorities are as follows:

- *Investment for organic growth:* the Board intends to continue focus on driving organic growth across the business, with investment in new depots, upgrading of operational equipment and strengthening of IT systems to support the growth of the existing depot network in line with previously announced plans. Current requirements are forecast at £8-10 million per annum for the next three years;
- *Regular returns to shareholders:* the Board is pleased to confirm its intention to reinstate a dividend in respect of the current financial year ending 1 July 2023 with a total dividend expected to be 1.5p per share, with approximately one-third of the total dividend payable after the announcement of the interim results in March 2023 and the remaining approximately two-thirds paid after the approval of a final dividend at the Annual General Meeting towards the end of calendar 2023.

Thereafter, the Board will seek to maintain a progressive dividend policy that will take into account:

- o growth in earnings and cash generation;
- o a target dividend cover of between two to three times adjusted earnings per share, (earnings per share adjusted for amortisation of any acquired intangibles, exceptional items and share-based payments charges, including related tax where applicable) through the economic cycle; and
- o ensure that dividend payments are funded by operating free cash flow.

- *Strategic investments:* in the medium term, the Board will consider selective property investment to support the Group's operations and strategic acquisitions of operating businesses that are accretive to earnings and which will support growth over the longer term; and
- *Other returns to shareholders:* the Board is committed to ensuring that the balance sheet remains efficient. Given the relatively high operational leverage of the business, it will maintain a positive cash balance. As and when appropriate, it will return surplus capital to shareholders in the form of special dividends or share buy-backs.

#### *Share buy-back*

The Board intends to utilise the share buyback authority granted by shareholders at the Company's 2021 AGM once the suspension of the shares on AIM is lifted. The authority is intended to be used to minimise dilution resulting from the exercise of options pursuant to the Company's Performance Share Plan 2017. A further announcement will be made in due course.

*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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