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The information contained in this announcement is inside information for the purposes of article 7 of Regulation 596/2014.

5 June 2017

Update on the proposed combination of DX and John Menzies' Distribution division

Further to the announcement made on 31 March 2017 by DX (Group) plc ("DX") and John Menzies plc ("John Menzies") regarding the potential combination of DX and John Menzies' Distribution division ("Menzies Distribution" and together with DX the "Enlarged Group") (the "Transaction"), the boards of DX and John Menzies today announce agreed revised terms of the Transaction.

The boards of DX and John Menzies continue to believe that the combination has strong strategic logic for all stakeholders and that the Transaction, on the agreed revised terms, represents an opportunity to deliver significant value to both companies' shareholders. The boards of DX and John Menzies believe that the combination would benefit the customers of DX and Menzies Distribution through the creation of a logistics and parcel carrier of enhanced scale and capability operating through a 24 hour logistics network across the UK and Ireland. Based on a joint assessment, the boards of DX and John Menzies estimate that the combination would generate cost synergies of around £10 million per annum.

Under the revised terms of the Transaction, it is envisaged that DX would acquire Menzies Distribution for consideration, on a cash and debt free basis, comprising £40 million in cash and the issue of new DX ordinary shares (the "New DX Shares") representing 65% of DX's issued share capital as enlarged by the Transaction. The cash consideration would be satisfied by new borrowings by the Enlarged Group.

On this basis, on completion of the Transaction, current DX shareholders would therefore own, in aggregate, 35% of DX's enlarged issued share capital. It is intended that the New DX Shares would be issued by DX to John Menzies' shareholders pro rata to their holdings of shares in John Menzies at the relevant date such that John Menzies shareholders would own, in aggregate, 60% of DX's enlarged issued share capital and 5% of DX's enlarged issued share capital would be owned directly by John Menzies' pension scheme as retained by John Menzies.

As previously announced, it is proposed that approximately 17% of John Menzies' defined benefit pension scheme would transfer to the Enlarged Group as part of the Transaction. The receipt by John Menzies' pension scheme, as retained by John Menzies, of 5% of DX's enlarged issued share capital is part of the transfer arrangements agreed with the John Menzies pension trustees.

In addition, the boards of DX and John Menzies recognise the importance of a dividend to shareholders of the Enlarged Group. It is intended that the Enlarged Group will reinstate the payment of a regular dividend on completion of the Transaction, taking into account the leverage, earnings growth and investment requirements of the business.

Alongside the Transaction, John Menzies intends to raise gross proceeds of approximately £30 million by way of a conditional cash placing of new John Menzies shares primarily to institutional investors, the proceeds of which would be retained by John Menzies post completion of the Transaction.

The boards of DX and John Menzies believe the proposed Transaction structure enables both DX and John Menzies shareholders to share in the significant potential value created by the combination of DX

and Menzies Distribution, whilst increasing substantially the liquidity of DX's ordinary shares and enabling the divestment of Menzies Distribution into a separately quoted company in line with John Menzies' strategy. The boards of DX and John Menzies believe respectively that the Transaction would create strategically focussed companies, each of which would have a strong balance sheet and the financial resources to invest in the future of their respective businesses for the benefit of each company's stakeholders.

In light of the revised terms, GCM Partners II, L.P., acting by its investment manager Gatemore Capital Management LLP ("Gatemore"), which is the beneficial owner of 21.3% of DX's issued share capital, has entered into an irrevocable undertaking with DX, dated 4 June 2017, to vote in favour of the resolutions implementing the Transaction at the general meeting of DX shareholders to be held to approve the Transaction in due course.

The Transaction would be subject, inter alia, to the approvals of both DX and John Menzies shareholders at respective general meetings.

The boards of DX and John Menzies continue to anticipate the Transaction will be completed during the summer of 2017. Discussions are ongoing and there can be no certainty that a transaction will occur.

Bob Holt, Chairman of DX, and Dermot Smurfit, Chairman of John Menzies, said:

"We are pleased to have reached this agreement and believe that the revised terms of the proposed transaction represent an attractive opportunity for all stakeholders of both companies."

A further announcement will be made when appropriate.

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Important notice

N M Rothschild & Sons Limited ("Rothschild"), which is authorised and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom, is acting as sponsor and financial adviser to John Menzies in connection with the Transaction referred to in this announcement. Rothschild is acting exclusively for John Menzies and no one else in connection with the Transaction and save for any responsibilities and liabilities, if any, which may be imposed on Rothschild, in its capacity as sponsor by the Financial Services and Markets Act 2000, as amended, Rothschild will not be responsible to anyone other than John Menzies for providing the protections afforded to clients of Rothschild or for providing advice in relation to the Transaction or the contents of this announcement or any transaction, arrangement or matter referred to herein.

Zeus Capital Limited ("Zeus Capital"), which is authorised and regulated by the FCA in the United Kingdom is acting as nominated adviser and financial adviser to DX in connection with the Transaction referred to in this announcement. Zeus Capital is acting exclusively for DX and no one else in connection with the Transaction and will not be responsible to anyone other than DX for providing the protections afforded to clients of Zeus Capital or for providing advice in relation to the Transaction or the contents of this announcement or any transaction, arrangement or matter referred to herein.

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This announcement has been issued by and is the responsibility of DX and John Menzies.

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This announcement may include statements that are, or may be deemed to be, "forward looking statements". These forward looking statements may be identified by the use of forward looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward looking statements include all matters that are not historical facts and involve predictions. Forward looking statements may and often do differ materially from actual results. Any forward looking statements reflect John Menzies' and DX's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to John Menzies' or DX's results of operations, financial position, liquidity, prospects, growth or strategies and the industry in which John Menzies and DX operate. Forward looking statements speak only as of the date they are made and cannot be relied upon as a guide to future performance. Save as required by law or regulation, John Menzies and DX disclaim any obligation or undertaking to release publicly any updates or revisions to any forward looking statements in this announcement that may occur due to any change in its expectations or to reflect events or circumstances after the date of this announcement. Nothing in this announcement is intended, or is to be construed, as a profit forecast or to be interpreted to mean that earnings per John Menzies share for the current or future financial years, or those of the Enlarged Group, will necessarily match or exceed the historical published earnings per share. Certain figures contained in this announcement have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this announcement may not conform exactly with the total figure given.

Neither the content of John Menzies' nor DX's website, nor any website accessible by hyperlinks on John Menzies' or DX's website is incorporated in, or forms part of, this announcement.