



**Connect Group PLC**  
**("Connect Group" or "the Group")**

**TRADING UPDATE & ASOS RETURN SERVICE LAUNCH**

Connect Group PLC, a leading specialist distributor operating in four divisions; News & Media, Books, Education & Care and Parcel Freight, is today issuing its Trading Update covering the 19 week period to 9 January 2016. It is also pleased to announce ASOS, a leading online fashion retailer, as the second customer for Pass My Parcel, the Group's Click & Collect service.

Overall performance continues in line with management expectations with total Group revenues increasing 6.4% compared to the same period last year, including the benefit of a full period's strong contribution from the Parcel Freight division following the acquisition of Tuffnells in December 2014. Total Group like for like revenues decreased 2.3%.

The Group continues to make good progress with its growth initiatives. Pass My Parcel delivered an excellent operational performance over the peak Christmas period remaining on track with its current expansion plans. The launch of a mobile enabled returns collection service, with a QR (Quick Response) code sent to customers' mobile phones, is the next step in the Group's strategy to grow Pass My Parcel, having originally launched the Click & Collect service in October 2014 with Amazon as its first client. The Group today names ASOS as its second customer with an initial trial in 20 retail outlets to be rolled out across the remaining 3,000 outlets over the coming months.

The performance of each division was as follows:

- Connect News & Media: News total revenues decreased by 2.7% and like for like revenues decreased by 3.7%, with newspaper performance in line with recent run rates and magazine run rates continuing to improve. Media total revenues increased by 2.5% while like for like revenues increased by 1.8%.
- Connect Books: total revenues declined by 0.8%, while like for like revenues increased by 1.2%, through a sustained focus on more profitable contracts as part of the efforts to reduce costs and increase margins. Ongoing significant growth in Wordery and a good performance in Wholesale were offset by continuing tough conditions in UK Libraries and International markets.
- Connect Education & Care: total and like for like revenues both increased by 0.1%. Core revenues increased by 1.7% underpinned by strong growth in Early Years partly offset by performance in Secondary Education, with the division remaining focused on maintaining a strong gross margin.
- Connect Parcel Freight: total and like for like revenues both increased by 12.1% with continued positive market growth and new customer wins. The division's performance remains in line with management expectations, with strong growth under the Group's ownership.

There has been no change in the underlying financial condition of the Group since the preliminary financial results announcement on 14 October 2015.

The Group will announce its interim results for the six months ending 29 February 2016 on 19 April 2016.

*Note: The following definitions apply consistently throughout Connect Group PLC results*

*(1) Like for like revenues exclude the impact of gains and losses, including contracts, new business and acquisitions reported in the current or prior year total sales.*

## Enquiries:

Connect Group PLC  
Mark Cashmore, Group Chief Executive  
Nick Gresham, Chief Financial Officer

Tel: 01793 563641

Buchanan  
Sophie McNulty  
Richard Oldworth  
Gabriella Clinkard

Tel: 020 7466 5000

## About Connect Group PLC:

Connect Group PLC is a leading specialist distributor operating in large and diverse markets. The Group has four separate divisions, connecting suppliers to customers in an efficient, knowledgeable and service oriented way:

- **Connect News & Media** - Encompassing: Smiths News and Dawson Media Direct. Smiths News is the UK's largest newspaper and magazine wholesaling business with an approximate 55 per cent. market share. It distributes newspapers and magazines on behalf of the majority of the major national publishers as well as a large number of regional publishers. It serves approximately 30,000 customers across England and Wales, including large general retailers as well as smaller independent newsagents delivering approximately 35 million newspapers and 11 million magazines weekly. The News business also wholly owns Pass My Parcel, a new Click & Collect delivery service for outbound and returns parcels with Amazon as its first client; Dawson Media Direct is an international media direct business supplying newspapers, magazines, inflight entertainment technology and content to over 80 airlines in 50 countries.
- **Connect Books** - Combining a number of recognised brands in print and digital bookselling across four customer focused business units: Wholesale, including Bertrams Books; UK Libraries, including Dawson Books; Direct to Consumer, including Wordery and International, including Houtschild. The division serves over 8,200 customers in approximately 100 countries, with over 170,000 in stock titles for next day delivery and access to over a further nine million consumer and twenty million academic titles.
- **Connect Education & Care** - A leading independent supplier of consumable products through The Consortium and West Mercia Supplies. The division holds an approximate 5 per cent. market share of the estimated addressable market, comprising the consumables element of education spend. It serves over 30,000 customers with an extensive range of over 40,000 products across a branded, own-brand and value range, including exercise books, stationery, arts and craft and cleaning products through a paper based catalogue and increasing focus on e-commerce trading with schools.
- **Connect Parcel Freight** - Tuffnells is a leading provider of next-day B2B delivery of mixed freight/ parcel consignments, specialising in items of irregular dimension and weight ("IDW"), examples of which include bulky furnishings, building materials and automotive parts. Tuffnells offers distribution coverage throughout the UK through a network of 37 depots and operates a largely depot-to-depot operational model, providing over 10 million deliveries per annum, through a wide range of services to over 4,200 largely 'SME' customers.