



**Connect Group PLC**  
**(“Connect Group” or “the Group”)**

**TRADING UPDATE**

Connect Group PLC, a leading specialist distributor operating in four divisions: News & Media, Books, Education & Care and Parcel Freight, is today issuing a Trading Update covering the 44 week period to 7 July 2015.

Total Group revenues for the 44 week period increased 3.1% on the same period last year, with overall performance marginally ahead of management expectations.

The performance of each division has been as follows:

- **Connect News & Media:**
  - News revenues decreased by 3.4% compared with the same period last year with the benefit of new regional business offset by the absence of last year’s World Cup sticker sales.
  - Like for like revenues decreased by 3.5% for the 44 week period, comfortably within our medium term forecasts with newspaper cover price inflation strengthening and magazine performance continuing to improve.
  - Pass my Parcel recruitment continues as planned with over 2,400 parcel shops recruited to date, up from c.700 at the time of interim results in April and keeping us on track to achieve our ambition of c.3,000 by the financial year end. We are continuing dialogue with potential new clients and the launch of further services.
  - Media revenues increased by 1.9% as a result of new contract wins with like for like revenues decreasing 2.3%.
  
- **Connect Books:**
  - Revenues decreased by 1.1% as we continue to focus on profitable sales. Like for like revenues increased by 2.3% for the 44 week period, showing improving momentum since the interim results.
  - Performance has been driven by the ongoing recovery in Trade sales as management actions from the stabilisation plan take effect, alongside Wordery’s continued impressive growth.
  
- **Connect Education & Care:**
  - Revenues increased by 1.9% with like for like revenues increasing by 1.8% for the 44 week period, showing a stronger run rate since the interim results.
  - Core revenues were up by 2.9% and growth continues to be driven by strength in Primary Education and Early Years.
  - Momentum is building for the key peak trading period which has started in line with expectations supported by recent and ongoing investments in our new Warehouse Management System.

- **Connect Parcel Freight:**

- The division has continued its strong start within the Group and is ahead of management expectations, with total revenues increasing by 20.6% driven by market growth and new customers.
- Planned operational synergies identified at the time of the acquisition remain on track.
- As announced on 28 May 2015, Chris Ward was appointed Managing Director of the division, with effect from 29 June 2015.

There has been no change in the underlying financial condition of the Group since the interim results announcement on 22 April 2015.

The Group will announce its preliminary results for the twelve months ending 31 August 2015 on 14 October 2015.

*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.*

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**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 serving approximately 30,000 customers across England and Wales, including large general retailers as well as smaller independent newsagents with approximately 40 million newspapers supplied weekly; Dawson Media Direct is an international media direct business supplying newspapers, magazines and inflight entertainment technology and content to over 80 airlines in 50 countries. In October 2014, the Group announced the launch of Pass My Parcel, a new wholly-owned 'click and collect' delivery service to be operated by the News Business with Amazon as its first client. The Directors consider it to be an important organic opportunity with significant potential.
- **Connect Books** - Combining a number of recognised brands in print and digital bookselling, including Bertrams, Dawson Books and Wordery. A leading distributor of physical and digital books, the division serves over 8,200 customers in approximately 100 countries, with over 156,000 in stock titles and access to over a further seven 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 currently holds an approximate 5 per cent. market share of the estimated addressable market, comprising the consumables element of education spend and serves over 30,000 customers with an extensive range of over 40,000 products across a branded, own-brand and value range, including stationery, arts and craft and cleaning.

- **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 35 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 customers focusing on SMEs.