

Royal Mail PLC results for the full year ended 28 march 2021

20-05-2021

Full year performance well above initial expectations driven by strong parcel growth at both Royal Mail and GLS. Group adjusted operating profit² up 116.0% with a broadly equal contribution from Royal Mail and GLS. Royal Mail parcels revenue up 38.7%, partly offset by letters decline of 12.5%. Operating costs up 9.2%. GLS adjusted operating margin increased 230 basis points to 8.9%. Improved performance in focus countries, Spain, France and the US. April 2021 trading: Royal Mail revenue up 24.1%, GLS up 22.3% year on year. Royal Mail parcel volumes down 2% and addressed letters (excluding elections) volume up 25%. Parcel volume growth at GLS remained strong until mid-April, with a subsequent slowdown given the high volumes observed last year. Strong Group in-year trading cash flow of £762 million (2019-20: £556 million). 10p one-off final dividend proposed in respect of 2020-21.

Progressive future dividend policy, with dividend for 2021-22 set at 20 pence per share. Subject to retaining a prudent capital structure, the Board will not retain excess capital which is unutilised under our capital allocation framework.

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"The Group has delivered a pleasing set of results in what has been an unprecedented year. This is in no small part thanks to the dedication of our colleagues across the Group who have played a key role keeping people and businesses connected. The Group has demonstrated that it can effectively harness market growth opportunities even in difficult circumstances and revenues previously forecast for three years' time have been delivered this year.

However there is still much to do. We need to accelerate the transformation of Royal Mail and continue to build on GLS' strengths."

Keith Williams, Non-Executive Chair, commented:

"As the outlook for 2021-22 contains a number of uncertainties that could significantly influence volumes and costs it is difficult to provide specific guidance for 2021-22 for Royal Mail. Instead we have provided information on costs and some sensitivities to assist in quantifying potential outcomes for the year ahead. GLS is expected to perform in line with the guidance given in March 2021. Despite this uncertainty, there are grounds for optimism. The opportunities are there. We must harness them."

Simon Thompson, Chief Executive, Royal Mail said:

"Last year stood out as one of remarkable change at Royal Mail. It has been challenging at times, but we have learnt that we can deliver results and change at lightning pace when we are united by a common purpose. From starting to deliver on Sundays through to trialling drones - We're changing. And it's working.

"Looking ahead, we must remain laser focused on accelerating the pace of change, being brilliant for our customers, and doing all this in an increasingly efficient way."

Martin Seidenberg, Chief Executive, GLS added:

"GLS has delivered a strong performance including an exceptional margin. Our 'Accelerate GLS' strategy, which builds on our strengths, has already delivered benefits in 2020-21 and will unlock further growth opportunities in the future."

¹ Reported results are in accordance with International Financial Reporting Standards (IFRS). Adjusted results exclude the pension charge to cash difference adjustment and specific items, consistent with the way financial performance is measured by Management and reported to the Board.

² For further details on Adjusted Group operating profit, reported results and Alternative Performance Measures (APMs) used, see section entitled 'Presentation of results and Alternative Performance Measures'.

³ All percentage changes reflect the movement between figures as presented, unless otherwise stated.

⁴ In-year trading cashflow is reported net cash inflow from operating activities, adjusted to exclude other working capital movements and the cash cost of operating specific items and to include the cash cost of property, plant and equipment and intangible asset acquisitions and net finance payments.

Source: [Royal Mail PLC](#)