International Post Corporation

International Distribution Services plc results for the 26 weeks ended 29 September 2024

21-11-2024

Royal Mail transformation delivering an improved financial and operational performance - on track to deliver full year guidance3; GLS margin lower compared to H1 2023-24 against a challenging economic and regulatory backdrop; taking action through cost and efficiency measures.

Group overview:

- Revenue £6,343 million, up £481 million year-on-year.
- Adjusted operating profit1 of £61 million (H1 2023-24: loss of £169 million), mainly due to significantly reduced loss in Royal Mail.
- Reported operating loss of £26 million (H1 2023-24: loss of £243 million), including an impairment of the carrying value of Royal Mail of £134 million (H1 2023-24: £nil):
- Impairment charge largely due to expected additional tax burden reflected in a c. £120 million annual increase in employers National Insurance from FY 2025-26 – a result of Royal Mail's role as a major UK employer with c. 130,000 people – which is expected to only be partially mitigated in the short term through pricing and costs actions; additional initiatives being developed to fully offset the impact over the long term.
- Net debt increased to £1,894 million (£1,532 million September 2023); strong balance sheet maintained, ample liquidity.

Martin Seidenberg, Group Chief Executive Officer of IDS commented:

"The modernisation of the Royal Mail network continues at pace, with innovation to improve our services to customers, including the rapid expansion of our out of home footprint. As we enter our busiest period, we are well prepared to deliver Christmas, with around 4,000 new vehicles being delivered before peak, 16,000 extra people, extended delivery hours until 8pm and our growing network of parcel lockers and parcel shops.

"We are delivering on the changes we can control, but the cost environment is worsening just at the time when we need to invest. As a major employer with around 130,000 permanent employees, the changes to National Insurance will disproportionately impact our business relative to competitors. This makes Universal Service reform even more urgent.

"GLS' flexible business model, diverse

geographic footprint and commitment to high quality has enabled it to navigate a challenging environment. We are taking action to drive efficiencies and control costs while continuing with our strategy to invest to expand our out of home network, develop new digital solutions for customers and upgrade the network to drive productivity and growth. We are also expanding our global service offering across the US and Asia-Pacific.

"I would like to thank all our colleagues across the Group for their continued hard work, dedication to serving our customers every day and the role they have played in the progress we have made."

Source: Royal Mail

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