International Post Corporation

Royal Mail plc Full Year Results 2019-20

25-06-2020

Royal Mail plc (RMG.L) is today announcing its Results for the full year ended 29 March 2020 and providing an update on trading since the year end.

Keith Williams, interim Executive Chair, Royal Mail Group, commented: "In recent years, our UK business has not adapted quickly enough to the changes in our marketplace of more parcels and fewer letters. COVID-19 has accelerated those trends, presenting additional challenges.

"We are implementing a three-step plan. Firstly, we're taking immediate action on costs, which will result in a £130 million saving in people costs next year and flat non-people costs, along with a reduction of around £300 million in capex across the Group over the next two years, to address the immediate impact of COVID-19. Regrettably, we are also proposing a management restructure impacting around 2,000 roles. We are committed to conducting the upcoming consultation process carefully and sensitively. We will work closely with our managers and their representatives during this difficult period, including supporting them as they transition into the next stage in their careers.

"Secondly, we're accelerating the pace of operational change in the UK to address long-standing challenges and be sustainable for the long term. Thirdly, we're working with all stakeholders to underpin the USO to ensure it reflects user needs and is modern, contemporary and sustainable. We want to ensure Royal Mail remains a key part of the UK economy, a good employer, and the nation's delivery partner of choice.

"At GLS, we are capitalising on growth opportunities in parcels, protecting margin in the short term with opportunities for margin expansion in the future. At the same time, we are seeking to improve performance in key markets. We will focus investment on growing markets, and improve cashflow.

"Royal Mail and GLS are different businesses, with different strategies. At Royal Mail, our focus is on a step change in transformation; at GLS we aim to continue to grow. Our new structure brings more focus and accountability and whilst there are few synergies today between Royal Mail and GLS, in the medium term an international presence is clearly important, and the opportunity remains to create more value for shareholders. Given the challenges of the current year, the Board does not intend to pay

any dividend in relation to 2020-21, but our ambition is to re-commence dividend payments in 2021-22, supported by GLS.

"Finally, I'd like to offer my profound thanks to all my colleagues across the Group. Our UK postmen and women are playing a crucial role in mitigating the impact of the COVID-19 pandemic. They are key workers on the frontline. Our GLS colleagues have also gone the extra mile in the many countries in which they operate to support their customers and communities."

Source: Royal Mail

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