



## Royal Mail plc results for the half year ended 29 September 2019

21-11-2019

Rico Back, Group Chief Executive Officer, commented: “Our profitability performance is in line with our expectations for the half year, despite considerable UK economic and political uncertainty. Group revenue was up 5.1 per cent, including our best UK revenue performance in 5 years. UK parcel revenue growth more than offset letter revenue declines. GLS revenue, up 14.1 per cent including acquisitions, underlines the strength of our international operations. We continue to expect to deliver adjusted Group operating profit of between £300-340 million (before IFRS 16) in 2019-20, in line with guidance. The business has delivered good in-year trading cash flow, supporting our new dividend policy. As a result, the Board has declared an interim dividend of 7.5 pence per share.

“The UK letter revenue performance in the first half is our best for 5 years. It will also benefit from the General Election in the second half. But, the outlook, excluding elections, for the letters business in the UK is challenging. Lower than anticipated GDP and lower GDP forecasts for 2020-21, together with business uncertainty, are expected to have an impact on addressed letter volumes. For 2019-20, we now expect addressed letter volume decline (excluding elections) to be in the 7-9 per cent range. In 2020-21, we expect letter volume decline (excluding elections) may be in the 6-8 per cent range.

“Our transformation is behind schedule. We are investing more because of the industrial relations environment, the General Election and Christmas, to underpin our Quality of

Service at this key time. This is likely to impact our productivity for the remainder of the year. When combined, revenue and cost headwinds could possibly result in a break-even or loss-making position for the UK business in 2020-21. We maintain the ambitions associated with our Journey 2024 plan as set out in our full year results in May.

“People are posting fewer letters and receiving more parcels. We have to adapt to that change. The challenging financial outlook in the UK means now, more than ever before, we need to make the changes required – and accelerate them - to ensure a successful UK business. We remain committed to investing £1.8 billion in our transformation. We want to change, working with our unions, but we can only do so through an affordable resolution. We have changed many times before. We will



do it again.”

Source: [Royal Mail](#)