

Group five year summary (unaudited)

The following information has been prepared on a 52 week basis and excludes, for the 2012 to 2013 comparative years, the Group's former Post Office Limited (POL) subsidiary, which was transferred to Royal Mail Holdings plc (subsequently renamed Postal Services Holding Company Limited) on 1 April 2012. The Directors are of the view that this presentation provides a meaningful comparative history of the current Group excluding POL.

This five year summary includes the financial performance and position of the DPD SL subsidiary, up to and including the 2014 reporting year, after which time it was sold (on 31 March 2015).

| | Financial reporting year (52 weeks) ended March | | | | |
|--|---|------------|------------|------------|------------|
| | 2016 £m | 2015 £m | 2014 £m | 2013 £m | 2012 £m |
| Income statement – Adjusted | | | | | |
| Revenue | 9,251 | 9,328 | 9,456 | 9,146 | 8,764 |
| Operating profit before transformation costs | 742 | 740 | 729 | 595 | 372 |
| Transformation costs | (191) | (145) | (241) | (195) | (229) |
| Operating profit after transformation costs | 551 | 595 | 488 | 400 | 143 |
| Finance costs | (13) | (26) | (67) | (99) | (100) |
| Profit before tax | 538 | 569 | 421 | 301 | 43 |
| Tax | (118) | (138) | (110) | (81) | (13) |
| Profit after tax | 420 | 431 | 311 | 220 | 30 |

| | Financial reporting year (52 weeks) ended March | | | | |
|--|---|------------|------------|------------|------------|
| | 2016 £m | 2015 £m | 2014 £m | 2013 £m | 2012 £m |
| Income statement – Reported | | | | | |
| Revenue | 9,251 | 9,328 | 9,456 | 9,146 | 8,764 |
| Operating profit before transformation costs | 485 | 611 | 671 | 598 | 381 |
| Transformation costs | (191) | (145) | (241) | (195) | (229) |
| Operating profit after transformation costs | 294 | 466 | 430 | 403 | 152 |
| Operating specific items | (156) | (248) | 1,213 | (77) | (57) |
| Non-operating specific items | 29 | 133 | 21 | 4 | 182 |
| Earnings before interest and tax (EBIT) | 167 | 351 | 1,664 | 330 | 277 |
| Finance income/(costs) – mainly net pension interest (non-operating specific item) | 113 | 75 | 69 | 52 | (230) |
| Finance costs | (13) | (26) | (67) | (99) | (100) |
| Profit/(loss) before tax | 267 | 400 | 1,666 | 283 | (53) |
| Tax (specific items and other) | (45) | (72) | (386) | 246 | (51) |
| Profit/(loss) after tax | 222 | 328 | 1,280 | 529 | (104) |

| | Financial reporting year (52 weeks) ended March | | | | |
|---|---|------------|------------|------------|------------|
| | 2016 £m | 2015 £m | 2014 £m | 2013 £m | 2012 £m |
| Free cash flow¹ | | | | | |
| EBITDA before transformation costs | 756 | 889 | 940 | 915 | 681 |
| Pension charge to cash difference | 257 | 129 | 58 | (3) | (9) |
| Adjusted EBITDA before transformation costs | 1,013 | 1,018 | 998 | 912 | 672 |
| Trading working capital movements | (26) | (5) | (57) | (60) | (19) |
| Total investment | (694) | (648) | (617) | (665) | (615) |
| Other (dividends, tax, interest) | (39) | (50) | (67) | (81) | (87) |
| In-year trading cash inflow/(outflow) | 254 | 315 | 257 | 106 | (49) |
| Other working capital movements | 6 | 17 | 140 | 202 | – |
| Cash cost of operating specific items | (6) | (8) | (35) | (26) | (37) |
| Proceeds from disposal of assets/business | 38 | 129 | 36 | 52 | 240 |
| Free cash inflow | 292 | 453 | 398 | 334 | 154 |

¹ An explanation of free cash flow is provided in the Financial Review on page 25

Group five year summary (unaudited) (continued)

| | At March financial reporting year end date | | | | |
|--|---|-------------------|---------|---------|---------|
| | 2016 | 2015 ¹ | 2014 | 2013 | 2012 |
| | £m | £m | £m | £m | £m |
| Balance sheet | | | | | |
| Property, plant and equipment | 2,000 | 1,933 | 1,989 | 1,916 | 1,822 |
| Intangible assets (mainly software) | 451 | 300 | 195 | 139 | 135 |
| Inventories | 21 | 20 | 22 | 24 | 32 |
| Trade and other receivables | 1,038 | 960 | 939 | 1,012 | 1,036 |
| Trade and other payables | (1,741) | (1,708) | (1,683) | (1,647) | (1,548) |
| Other net (liabilities)/assets | (16) | (31) | (20) | - | 4 |
| Provisions | (247) | (253) | (268) | (246) | (217) |
| Goodwill (mainly relates to GLS) | 206 | 182 | 197 | 196 | 189 |
| Investments in associates | 9 | 5 | 4 | 3 | 3 |
| Net operating assets and investments in associates | 1,721 | 1,408 | 1,375 | 1,397 | 1,456 |
| Cash and cash equivalents | 368 | 287 | 366 | 351 | 473 |
| Pension escrow investments | 20 | 20 | 20 | 20 | 149 |
| Loans and borrowings | (392) | (366) | (600) | (973) | (1,522) |
| Other net financial liabilities | (220) | (216) | (341) | (304) | (286) |
| Net debt | (224) | (275) | (555) | (906) | (1,186) |
| Deferred tax (liabilities)/assets | (460) | (504) | (175) | 89 | (9) |
| Net assets before pension deficit and pension escrow investments | 1,037 | 629 | 645 | 580 | 261 |
| Pension surplus/(deficit) ¹ | 3,430 | 3,367 | 1,889 | 825 | (2,716) |
| Net assets/(liabilities) ¹ | 4,467 | 3,996 | 2,534 | 1,405 | (2,455) |
| | | | | | |
| | Financial reporting year (52 weeks) ended March | | | | |
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| People numbers - year end headcount | | | | | |
| UKPIL | 139,408 | 142,910 | 148,441 | 149,940 | 151,156 |
| GLS | 13,991 | 14,409 | 13,811 | 13,646 | 13,362 |
| UK partially owned subsidiaries | 3,136 | 3,199 | 3,999 | 4,030 | 3,926 |
| Group total | 156,535 | 160,518 | 166,251 | 167,616 | 168,444 |

¹ Restated at 29 March 2015 for change in accounting policy relating to pensions administration costs