GLS Acquires US Overnight Parcel Delivery Company, Postal Express

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Royal Mail plc (RMG.L) today announces that General Logistics Systems (GLS) has acquired the US overnight parcel delivery company, Postal Express.

Postal Express is a regional overnight carrier operating in the states of Washington, Oregon, and Idaho. Postal Express offers overnight parcel delivery, mainly to business-to-business customers, across a number of industries. This acquisition follows the purchase of Golden State Overnight Delivery Service Inc. (GSO), the regional carrier acquired by GLS in October 2016.

The total consideration paid for 100% of the shares in Postal Express is approximately $13.3 million (around £10.6 million). Postal Express generated revenue of approximately $42 million and delivered around 8.7 million parcels in the year ended 31 December 2016. The transaction is expected to be economic profit accretivefor GLS in 2018-19.

Postal Express will be consolidated within GLS for reporting purposes but managed as a separate entity.

Rico Back, Chief Executive Officer, GLS Group, said: 'The acquisition of Postal Express is in line with GLS' strategy of careful and focused geographic expansion.'

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Notes:

1. GBP:USD rate of 1:1.25

2. Economic profit accretive: Post tax earnings minus (total amount invested x cost of capital)

About GLS Group

GLS, General Logistics Systems B.V. (headquartered in Amsterdam), provides reliable, high-quality deferred parcel services for over 220,000 customers, complemented by logistics and express services. Through organic and inorganic expansion, the Group has grown to provide network coverage of 41 European states via wholly owned and partner companies, and it is globally connected via contractual

agreements. 41 central transhipment points and more than 700 depots are at GLS' disposal. With its ground-based network GLS is one of the leading parcel service providers in Europe. In the financial year 2015-16 GLS achieved revenue of €2.2 billion.

About Royal Mail

Royal Mail plc is the parent company of Royal Mail Group Limited, the leading provider of postal and delivery services in the UK and the UK's designated universal postal service provider. UK Parcels, International and Letters (UKPIL) comprises the company's UK and international parcels and letters delivery businesses operating under the 'Royal Mail' and 'Parcelforce Worldwide' brands. Through the Royal Mail Core Network, the company delivers a one-price-goes-anywhere service on a range of parcels and letters products. Royal Mail has the capability to deliver to more than 29 million addresses in the UK, six days a week (excluding UK public holidays). Parcelforce Worldwide operates a separate UK network which collects and delivers express parcels. Royal Mail also owns General Logistics Systems (GLS) which operates one of the largest ground-based, deferred parcel delivery networks in Europe.

About Postal Express

Founded in 1985, Postal Express is an overnight carrier in the Pacific Northwest region of the United States. Postal Express customers enjoy a high level of customer service, including later pickup times and higher degrees of customisation, at competitive prices. Postal Express operates a network of 15 hub facilities, with around 400 employees.

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