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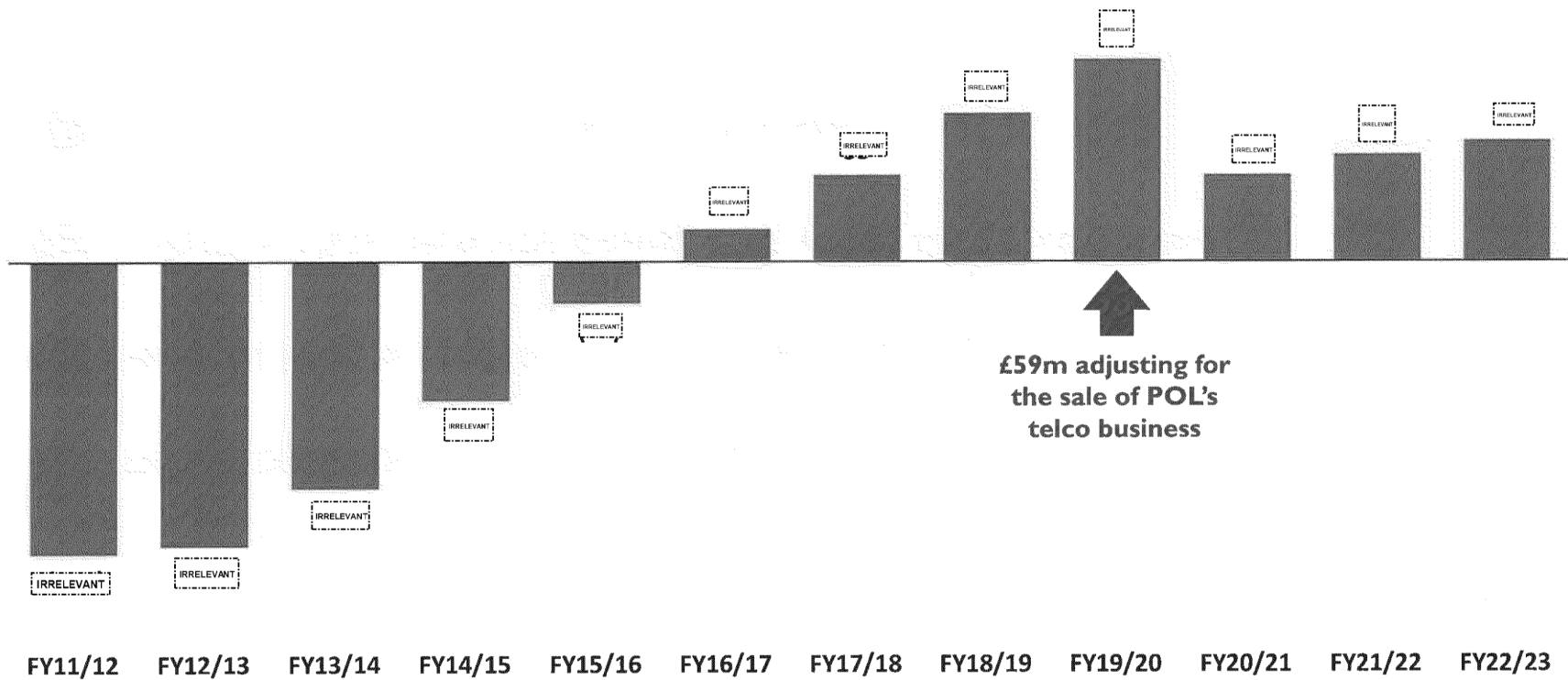
Today's Agenda

- 1 What cost savings has POL delivered to date?
- 2 How is POL's cost base structured today?
- 3 What is POL already doing and what more can it do?
- 4 What are our suggested next steps?

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1 Since separating from RMG, POL has increased trading profit by **IRRELEVANT**; **IRRELEVANT** from revenue growth and **IRRELEVANT** from cost reductions



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2 50% of POL's cost base today is focused on key areas of DBT policy, with 23% driven by back office central costs



Revenue supporting: 27%

(commercial staff, contact centre, stamps)

Sustaining the network: 35%

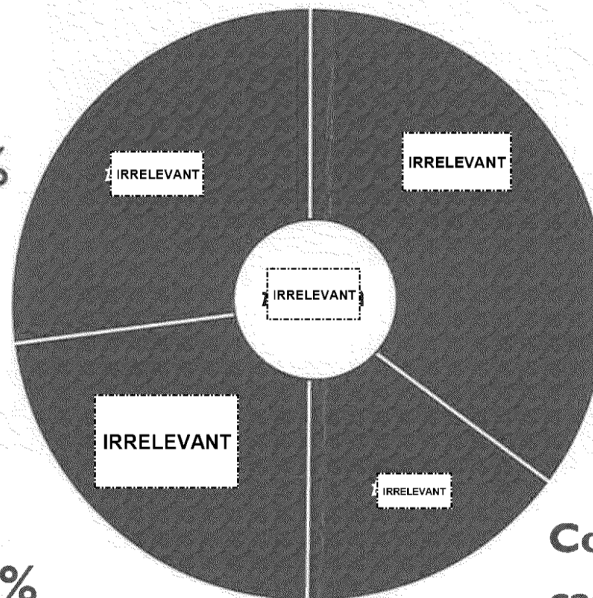
*DMB staff
Property costs
onboarding (new mgos)
IT for bus. (Fujitsu)*

Back office central: 23%

(HQ, remed. unit)

Cost of cash access: 15%

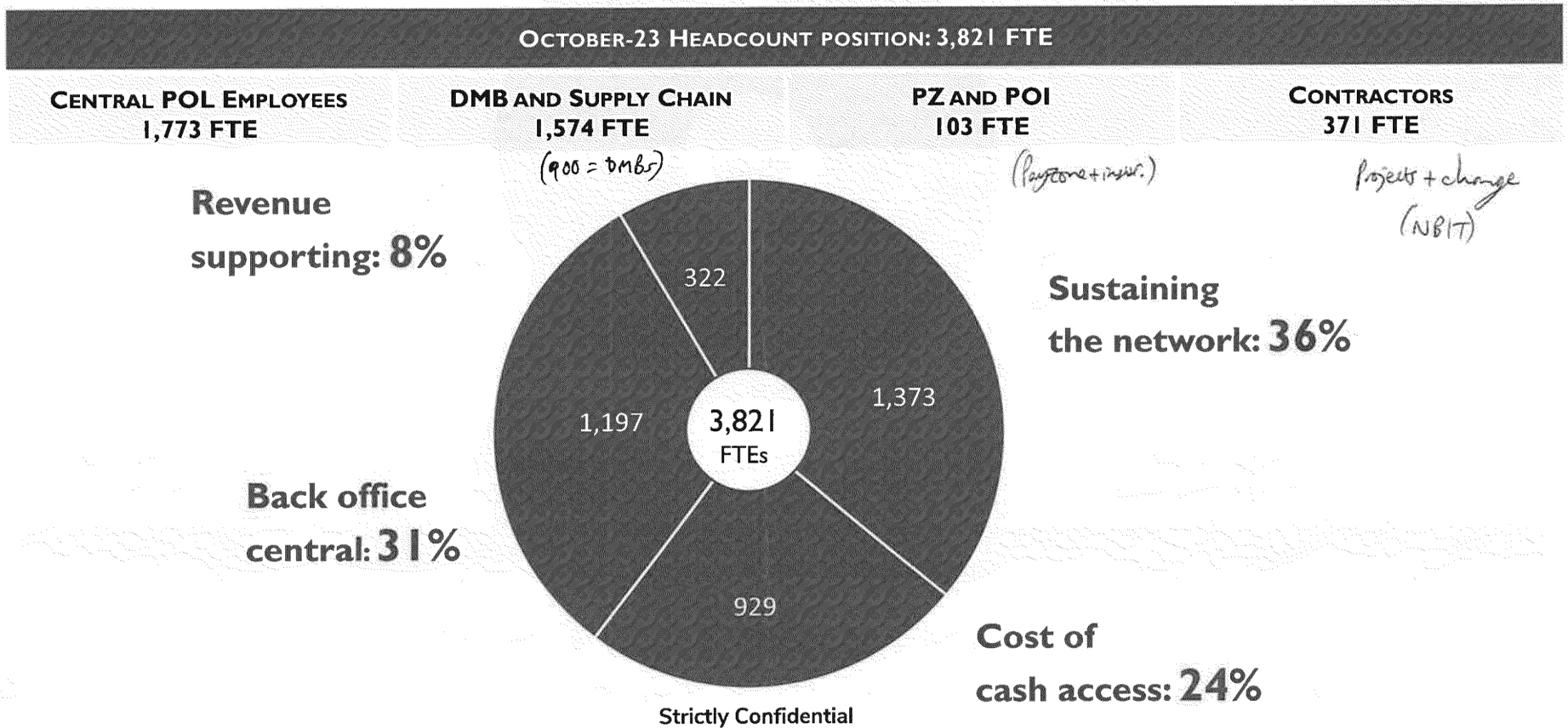
(supply chain, ATMs, banking service)



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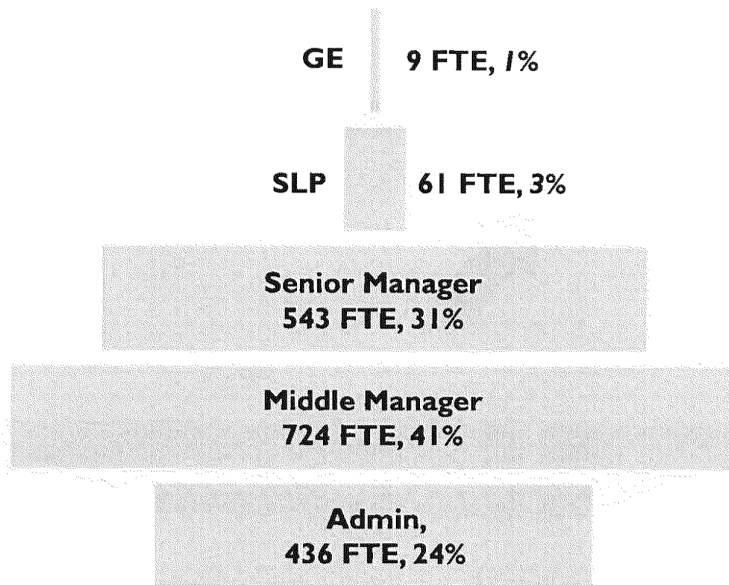
2 60% of POL's FTE headcount today are focused on key areas of DBT policy, with 31% working in back office functions



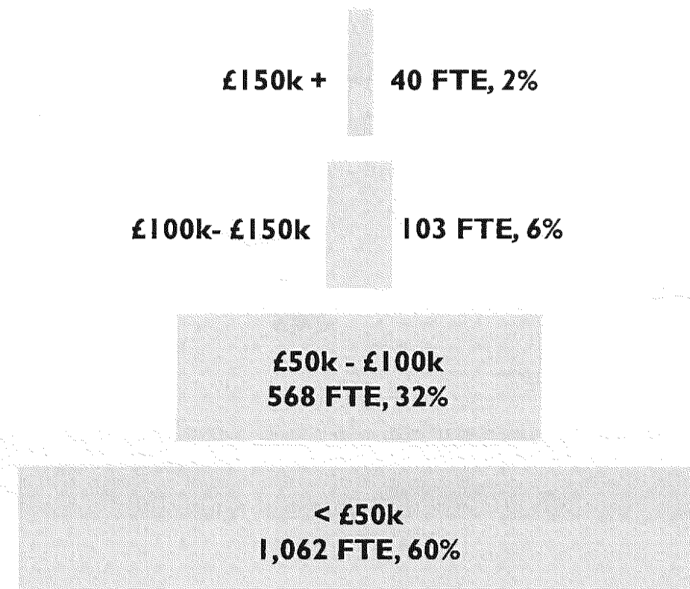
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2 60% of 1,773 central POL employees earn below £50k with 8% earning above £100k

CENTRAL POL EMPLOYEE FTEs BY GRADE



CENTRAL POL FTEs BY SALARY BAND

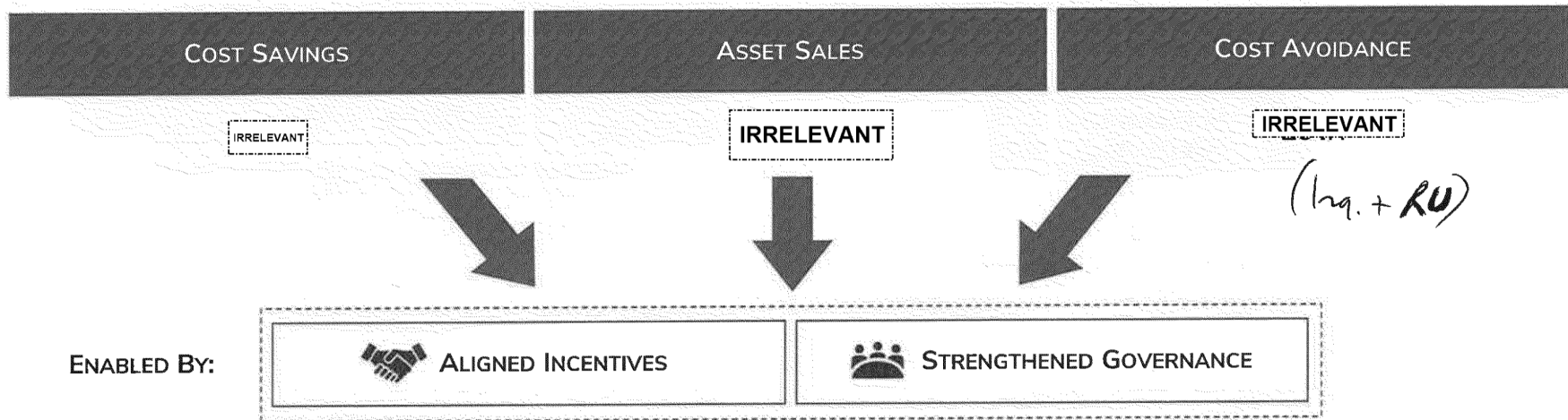


Note: Excludes DMB and Supply Chain,
Payzone and POI and Contractors

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3 POL is already delivering extensive self-help and savings with limited investment in the 3 year plan



COST SAVINGS ACHIEVED IN SPITE OF THREE SIGNIFICANT FRICTIONS...



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4 Further scope for self-help is possible but this either involves trade-offs in the near term or it delivers benefits outside of the 3YP

i We have cost saving targets for FY23/24 and we will have further targets for FY24/25. However cash constraints limit what we can deliver in the near term

ii If DBT was to **IRRELEVANT** (and noting subsidy has been flat for five years), we would **IRRELEVANT** we would also have more funds to support cost saving activity

iii We know our costs can and should be reduced and we have a track record of taking costs out across our business over the last ten years. But to have any material lasting impact we need access to funding

iv With limited capacity, tight cash and uncertain future funding, working up detailed cost saving plans is speculative and high risk. Plans developed today can only be implemented today

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Annexe

What savings are we achieving in the current 3YP?

COST SAVINGS	ASSET SALES	COST AVOIDANCE
IRRELEVANT	IRRELEVANT	IRRELEVANT
3YP Cost Saving	Asset Sales	Staff Cost
OD Staff Cost	Darwin (Swindon) proceeds	Non-OD Staff Cost Avoidance
Non-Staff Cost	CVIT Manchester Relocation	POHIT Inquiry
DMBs	CVIT London Sale and Leaseback	POHIT Inquiry RLR
Property Efficiency	TOTAL	POHIT Inquiry D&O Recovery
Network Strategy		Remediation Unit
Wood Street Relocation		HSS Late App. Fixed Fee
Swindon Stock Centre Outsource		OHC Run In-house
TOTAL		Detriment Run In-house
		TOTAL

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