# Daniel Kretinsky eyes acquisition of Royal Mail amid struggles



Billionaire investor Daniel Kretinsky, known as the "Czech Sphinx," has set his sights on acquiring Royal Mail, a national institution that has struggled with profitability and relevance in recent years. With a net worth of £6 billion, Kretinsky is making headlines as he manoeuvres through the regulatory landscape that governs the sale of Royal Mail's parent company, International Distribution Services (IDS). The UK government has approved his bid after Kretinsky agreed to "legally binding" commitments aimed at mitigating concerns over foreign ownership and operational stability.

Royal Mail, founded over 500 years ago and identifiable by the royal cipher on its delivery vans, has had a storied history as a cherished part of British life. However, the company has faced a dramatic decline in its fortunes: letter volumes have plummeted from 20 billion in 2004 to fewer than 7 billion last year. This decline, combined with operational losses, has left Royal Mail in a precarious position, leading to strikes and an increasingly bitter relationship with its workforce. In December 2024, the company was fined £10.5 million by Ofcom for failing to meet delivery targets for both first and second-class mail, exemplifying its challenges in an evolving marketplace dominated by competitors like Amazon and DHL.

The timeline for the potential complete acquisition is set for April 2025, following the resolution of remaining regulatory hurdles. Kretinsky, who has substantial investments in sectors such as energy and retail, sees Royal Mail as a pivotal element of a broader logistics strategy. He claims that under his stewardship, Royal Mail could evolve into a key contender in the logistics sector alongside established players. His immediate plan involves leveraging Royal Mail's extensive infrastructure to challenge more dynamic competitors and create synergies with the European parcels business, GLS, which IDS also owns and has performed significantly better than Royal Mail.

During a breakfast meeting at Claridge's in June 2024, Kretinsky expressed optimism about fostering a turnaround for Royal Mail. "I will honour the USO [Universal Service Obligation] as long as I am alive," he stated, while simultaneously advocating for its reform. The company's obligations require it to deliver letters and parcels to every address across the UK on a regular schedule, but Kretinsky suggests that its requirements need to adapt to contemporary market realities.

Recent discussions with Ofcom indicate that the regulatory body is open to examining the viability of modifying the USO, which might yield substantial annual savings for Royal Mail. Kretinsky's vision includes the expansion of out-of-home delivery options, alongside initiatives to modernise Royal Mail's operations through technological advancements, such as parcel lockers positioned in cooperation with retail partners.

Kretinsky's efforts to secure union support have yielded some positive outcomes, with the Communication Workers Union (CWU) expressing cautious optimism about the changes under his governance. The billionaire has made commitments to avoid compulsory redundancies for at least two years and to uphold various operational safeguards, which have helped alleviate some concerns surrounding foreign ownership of a national asset.

As Kretinsky prepares for this significant acquisition, the landscape for Royal Mail remains fraught with challenges and uncertainties. With the potential for price adjustments in first-class mail services and the introduction of new parcel locker systems, customers may soon experience a shift in the service model of a brand that has long been woven into the fabric of British life. The outcome of this ambitious plan may not only reshape Royal Mail but also redefine its role within the broader logistics sector across Europe.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

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