

Royal Mail posts £6bn of sales thanks to online shopping boom

Royal Mail revenues raced past £6 billion in the last six months as the online shopping boom continued to transform the formerly struggling business.

Lockdown was good for the Royal Mail, as posties became one of the heroes of the pandemic.

While the letters arm remains in structural decline – it is down 60% since 2004 – even that saw some resurgence as families unable to see each other sought other ways to stay in touch.

Royal Mail is paying a divi of 6.7p a share and another £200 million special dividend. There's also a £200 million buyback to please investors.

The dividend payments are worth £240 to staff if they hold on to the 913 shares they got when the company went public. They will get the cheque on January 12.

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That was a controversial float then. Even Margaret Thatcher had once said she would not privatise "the Queen's head". The float price of 330p was deemed to cheap at first. The stock today gained 25p to 463p.

Royal Mail made profit of £378 million in the half year to September, up from £18 million last time.

Chief executive Simon Thompson said: "Re-invention of Royal Mail is in flight; we are making pleasing progress with our change agenda. We're seeing the benefits of our programmes to reduce costs, and are developing our plans to address inflationary pressures which will impact next year and beyond. We're also taking steps to equalise performance across our whole operation to ensure that our customers always get the great levels of service they expect from Royal Mail."

On Daniel Kretinsky, the 15% shareholder dubbed the Czech Sphinx, he said: "We meet him and his team regularly, he is very respectful. I don't try and second guess the motives of any of our investors, but our sense is that he is committed to what we are doing."

Kretinsky's intentions are not yet clear. Thompson says he does not think Kretinsky wants to break the business up.

The billionaire also has stakes in Sainsbury and West Ham United.

Thompson again praised his staff. "We are competing well. The team is magnificent. Every day they are out there wind or hail or shine."

Nicholas Hyett, equity analyst at Hargreaves Lansdown, said of the figures: "The pace of Royal Mail's turnaround has hugely impressed, leaving the group in very real danger of becoming

an attractive business.

“It would be easy to put the current windfall down simply to the effect of the pandemic on parcel demand. And that has played a part. But ramping up facilities to cope with the extra demand is no small achievement, and a quick glance under the hood shows a business which is in far better shape than before the pandemic.”