1st Quarter 2025 Results

Conference call transcript

Brussels – May, 9th 2025
Chris Peeters, Group CEO
Philippe Dartienne, Group CFO

Transcript of the conference call held on May, 9th 2025 - 10:00 am CET

PRESENTATION

Operator: Ladies Hello and welcome to the bpostgroup First Quarter 2025 Analyst Conference Call. On today's call, we have Mr. Philippe Dartienne, CFO; and Mr. Chris Peeters, CEO. Please note, this call is being recorded and for the duration of the call, your line will be on listen-only. However, you will have the opportunity to ask questions at the end of the call. This can be done by pressing star one on your telephone keypad to register your question. If you require assistance at any point, please press star zero, and you will be connected to an operator.

I will now hand over to your host, Mr. Chris Peeters, CEO, to begin today's conference. Please go ahead, sir.

Chris Peeters: Good morning, ladies and gentlemen. Welcome to all of you and thank you for joining us. We don't only have Philippe and myself, but also Antoine Lebecq, Head of Investor Relations in the room, and Philippe and myself will walk you through our first quarter 2025 results.

We posted the materials on our website this morning. We will walk you through the presentation and will then take your questions. As always, two questions each would ensure everyone gets the chance to be addressed in the upcoming hour.

Philippe, over to you for the financials. I'll then come back with an update on some of our key strategic priorities for 2025.

Philippe Dartienne: Thank you, Chris, and good morning to all.

As you can see on the highlights on page three, our Group operating income for Q1 stood at €1,119 million, an increase year-over-year by close to 13%. At constant perimeter, meaning excluding the €199 million consolidation impact of Staci, our operating income decreased by 7% or €73 million, mainly driven by the following factors.

Number one, persistent headwinds in North America following contract termination announced in 2024, and the loss of Enterprise customers earlier this year, as flagged in our 2025 outlook.

Second, lower price revenue driven by the new price contract that came into effect in July last year in '24, combined with continuous structural volume decline in domestic mail.

And third, unlike in the previous quarters, this was not mitigated by growth in domestic parcel revenue, which were adversely impacted by volume loss during the strike in February.

Our Group Adjusted EBIT came in at €41.6 million, with a margin of 3.7%, or €28.4 million when excluding the €13.1 million contribution of Staci. On a like-for-like basis, this reflects a year-on-year decline of minus €41.3 million. Beyond the €6 million impact for the strike, this decline is primarily driven by Press, with lower revenue having significant impact on EBIT, and North America, where ongoing productivity gains are not sufficient to fully offset top-line pressures.

We'll come back in the section of 3PL, but we already want to emphasise that Staci's performance is fully in line at the end of the first quarter with our expectations and our guidance 2025 that we shared in February with you.

In the first quarter, its IFRS EBIT contribution was negatively affected by €5.1 million front-loaded IFRIC21 booking, whereas under local accounting standard, this annual impact is spread evenly over the 12 months of the year. Since the impact is fully booked in the first quarter, the margin over the next three quarters will compensate for it, and on a full-year basis, this effect will be fully neutralised.

More broadly, at bpost level, the results we are presenting today are in line with our expectations, and Chris will come back on that one.

Before diving into the financial performance of our business unit, you will note on slide four that our financial result decreased by €28 million, mainly due to four factors: higher interest expense resulting from the €1 billion increase in debt following the acquisition of Staci in 2024; lower interest income driven by lower money market rates and lower cash balance following the acquisition of Staci; higher lease-related interest expense; and some non-cash FX impact.

Let's move now to the details of the three segments.

I'm on page five with last mile segment.

We see that revenue declined by €34 million to €545 million. In line with Q3 and Q4 last year, domestic mail recorded around €28 million decline in revenue, of which €19 comes from the

Press alone, mainly due to the new contracts with the editors following the end of the press concession in June 2024.

Excluding Press, Mail recorded an underlying volume decline of 8% for the quarter. This decline in Mail volume led to a revenue impact of €19.1 million, though was partially offset by a positive price and mix impact of plus 3.9% or €9.7 million. As a result, the domestic mail revenue decline was limited to minus 4% or €10 million year-over-year.

Our Parcels revenue remained stable year-over-year, reflecting a volume decline of 2.1% and a positive price/mix effect of 2.2%. Let's dig into the different subcomponents.

On the volume side, the decline was driven by volume lost and shifted to the competition during the two-week strike of the month of February that affected our national sorting and delivery operations. This resulted in a volume drop of minus 12% in the month of February alone, which contrasts with an average volume growth of plus 2.5% in the months of January and March.

As for the price/mix, it stood at 2.2%. This was also negatively impacted by the strike, as we faced customer claims and contractual penalties related to the non-quality and service disruptions. Excluding the strike, the average price/mix was closer to 3.9%, like we saw it in January and in March.

Revenue from other activities including Retail, Value-added services and Personalized logistics declined by €5 million year-over-year, mainly due to lower banking revenue and repricing of State services, while DynaGroup remained nearly stable.

Let's move to the P&L on page six.

Our total operating income decreased by more than €33 million, or 5.5%. On the cost side, our OPEX, including depreciation and amortisation, only slightly declined by 0.5% or €2.5 million. This reflects higher salary costs per FTE, with a 2.7% year-over-year increase, driven by salary indexations in June 2024 and in March 2025. However, this was offset by unpaid absence as well as lower FTE and interims during the strike period, and lower cost offsets.

Beyond the drop in Press revenue, the €31 million year-on-year decline in adjusted EBIT also includes approximately €6 million of direct strike impact. This mainly reflects commercial losses in Parcel volume, but also in Mail, contractual penalties and to a lesser extent, payroll costs as just mentioned.

Let's move to the segment 3PL on page seven. 3PL revenue increased by €165 million overall, but declined by €32 million or minus 12%, when excluding the €197 million contribution from the Staci consolidation in the quarter.

Staci revenues reached €197 million, up 2.4% year-on-year, fully in line with the seasonality anticipated in our full-year outlook.

In 3PL Europe, at constant perimeter, Radial and Active Ants sales were up 12% year-over-year, continuing the trend of previous quarters. This growth was fuelled by customer onboardings as part of our international expansion efforts and upscaling activities targeting existing customers.

In 3PL North America, revenue decreased by €37 million. At constant exchange rate, this corresponds to a decrease of 19%, resulting from revenue churn from contract terminations announced in '24 and early 2025, and lower sales from existing customers which offset the contribution from new customer launches in 2025.

Let's move to the P&L of 3PL on slide eight.

Excluding Staci, while the total operating income decreased by 12%, our operating expense and D&A decreased by 9%, primarily driven by lower variable OPEX in line with Radial's revenue trend and a sustained improvement in Radial US Variable Contribution Margin. Our VCM has increased by around 3% year-over-year and is currently at its highest level ever.

At constant perimeter, our adjusted EBIT is down €7 million year-over-year, from €1 million last year to minus €6 million this year, mainly reflecting Radial US's slightly negative EBIT due to its current limited ability to absorb fixed costs, mainly relating to real estate footprint.

Regarding Staci, the EBIT contribution came in at €13.1 million, with a margin of 6.6%. This is in line with the quarterly seasonality, leading to our full-year guidance of 10-12%. Operationally and in local GAAP, the performance is according to plan. In IFRS, though, this softer EBIT and EBIT margin in Q1 reflect the annual front-loaded IFRIC21 impact of €5.1

million. When adjusting the €3.8 million of this impact attributable to the period April to December, the EBIT margin is slightly below 9%.

Moving on to Cross-border on page nine.

Cross-border Europe revenue decreased by €4 million, or minus 4.4%. During the quarter, we observed a more modest growth in volumes from China to Belgium due to mixed client trends. Combined with our ongoing expansion in Europe, this was not sufficient to offset the adverse market conditions in the UK market.

As in the previous quarters, our top-line in North America remains under pressure. Cross-border North America revenue declined by €4 million, or 6%, as Landmark Global continued to face volume headwinds, while the broader tariff environment is delaying new business opportunities.

Overall, our global cross-border operating income decreased by €8 million, or 5% year-over-year.

As shown on page ten, our OPEX and D&A decreased at the same time by 4.7%, driven by lower volume transportation costs, reflecting lower North American and UK volume, alongside with improved transport rates.

Overall, despite top-line decline, our margin remains broadly intact. From an EBIT perspective, the €2 million decrease reflects ongoing pressure, a Landmark in the US.

Moving on to the Corporate segment on page 11.

Adjusted EBIT declined by €2 million to minus €12 million, mainly driven by higher net OPEX after internal reinvoicing and D&A. These were largely the result of higher FTEs and inflationary pressure following the two salary indexations I've mentioned earlier.

Then let's move to the cash flow statement on slide 12.

The main items to flag here are the following.

Cash flow from operating activities before change in working capital stood at €131 million and decreased by €25 million versus last year, mainly reflecting higher corporate tax repayment last year.

Change in working capital provision amounted to plus €45 million. The minus €71 million variance is primarily due to the termination of the Press concession in June last year. As a reminder, the compensation under that previous Press concession was typically prepaid in advance, while Press revenues are now invoiced according to normal billing cycles under the new Press contracts with the editors.

The net cash outflow from investing activities totalled €26 million, driven by our CAPEX for international e-commerce logistics, parcel lockers and capacity expansion, and our domestic fleet.

These items constitute the main variation in our free cash flow.

The net cash outflow from financing activities amounted to minus €59 million, mainly reflecting higher lease liability related payments, result of the scope effect of the acquisition of Staci in August last year.

Chris this brings us now to the outlook for 2025 and the strategic priorities.

Chris Peeters: Thank you, Philippe.

As you know, we presented our guidance at the end of February, just two months ago.

The results Philippe just shared are broadly in line with our expectation at Group level and continue to track towards the full-year EBIT guidance. This is despite the direct strike impacts incurred in Q1, which at the time of our initial guidance could not yet be quantified and were therefore excluded at that moment.

While several market developments have occurred since then, the current trajectory supports maintaining our EBIT guidance of €150-180 million, with recent trends indicating reduced risk of landing at the lower end of this range.

That said, we remain cautious and continued vigilance is required. This guidance does not factor in any potential future commercial impacts stemming from the February strike, neither the potential impacts of evolving trade tariffs and policies driving macroeconomic uncertainty and limiting visibility.

This being said, we, of course, have already a visibility of the risks coming from the trade wars and also the opportunities that we see.

First of all, at the risk side, we see a reduced consumption, especially in Canada, where you see the lower consumer confidence and also a growing national sentiment or an anti-US sentiment. Second, you see also the disruption of certain trade lanes, where you see that due to the introduction of tariffs and duties and the end of the de-minimis exemptions that trade flows are diminishing, and also you see that there is a delay in supply chain strategies as the consequence of the uncertainty, so decisions are delayed.

On the other hand, for a company like bpostgroup, there is a number of opportunities also following out of this situation. First of all, we have, of course, a portfolio with multiple strengths, and we can capitalise on that to provide alternative trade lanes and also have robust custom clearance capabilities. We see that already that certain trade lanes in Canada have been redirected and that we can benefit from that.

And also, we are working on a diversified service offering. Certain clients are, of course, revisiting their potential supply chain strategies, and we could be also a partner for them in those new strategies.

If we then zoom in on the strategic initiatives, in the previous discussion we went through the 22 initiatives that we have. I'm not going to go through them each one by one, however, that being said, I think there is a lot of things moving and good news on most of those ones.

If we first zoom in on the 3PL business, the new organisation structure in Europe is in place. That means that Staci, Active Ants and Radial Europe are managed as one, and so there is a lot of synergies coming out of that, both at the commercial upside, so revenue upside as at the side of the cost synergies that we have.

We also have this morning announced a leadership change; Thomas Mortier has announced that he will end his full-time commitment by the end of this year and then continue as a consultant towards the company. He will remain invested in the company, but that also, that transition helps us to prepare for the future, and we will stepwise make sure that we prepare for that future.

At the US side, good news on Fast Track. Fast Track is accelerating faster than Fast Track would even announce, meaning that we already onboarded five new clients on that with really very good metrics. So, we have a number of cases where there are only a few weeks between signing of the contract and delivering to the first consumer with our fulfilment service. And also, you see that this is accelerating the portfolio diversification strategy that we had developed for the US.

If we then zoom in on Belgium or BeNe Last Mile, as of 1 May, I took the helm of the Belgian organisation to help accelerate the transformation. We have a large number of new products that we launched quite successfully, talking about obituaries, secured delivery, label-free and pack-free delivery pilot in the C2C segment. Our locker strategy is in full acceleration, these days we instal six lockers a day in Belgium. And also, at the level of the social dialogue, you see that the intensity of conversations is increasing, but the level of action, except for the ones against the government, is strongly reducing, which helps us, of course, to drive the hardly needed transformation of the organisation in Belgium.

Next to that, I still have to mention to you that we announced at the end of February that we will have a Capital Markets Day on 3 June to present in more detail our strategy and financial strategy for the coming years. The event will take place in Brussels and will also be accessible online. So, save the date and pre-registration link have already been shared. You can find all relevant information in the dedicated section of our investor website. Further details and final agenda will be communicated shortly.

And now we're ready to take your questions. Again, two questions each, please, so that everyone gets a chance to be addressed during the session. Operator, please open the lines.

Questions and Answers

Operator: Thank you very much. Ladies and gentlemen, as a reminder, if you'd like to ask a question or contribute on today's call, please press star one now on the telephone keypad. And to redraw your question, it's star two. Please also ensure your line remains unmuted locally. You will be advised when to ask your question.

The first question comes from the line of Frank Claassen calling from Degroof Petercam. Please go ahead.

Frank Claassen (Degroof Petercam): Yes. Good morning. My two questions.

First of all, on Radial, that's minus 19% in Q1, quite steep decline. Can you elaborate what you are doing on the cost side there to, let's say, mitigate the negative revenue impact?

And then secondly, on the parcel volumes in Benelux, in BeNe, let's say, without the strike month of February, it was 2.5% growth in January and March. If I'm not mistaken, your full-year guidance is mid-to-high-single-digit volume growth. So yeah, is that still applicable? And what could drive the assumed growth acceleration in the rest of the year in Parcels? Thank you.

Chris Peeters: Okay. I can take the first question, and maybe you can take the second question.

So, on the Radial side, indeed, we have announced at the February meeting the impairment as a consequence of the loss of an Enterprise-size client. We have immediately afterwards reduced our staff with 144 FTEs. That was an immediate cost reduction reaction that we had both on the operational side, but also on the overhead side to adjust our cost structure to that reality. So, the only element that was remaining was the leasing cost that we had into it, which, of course, is something that we cannot reduce in that very short term.

But if you look at all the other costs, more or less, we can follow the revenues of our clients quite quickly in the US context.

Philippe Dartienne: On the parcels side, you're absolutely right, Frank. We guided mid-to-high-single-digit for the full year. In Q1, we have been affected by the strike, which is the "direct" impact of the strike.

But there is also an "indirect" impact of the strike. It's now getting to the customers to tell them that they have to join bpost as a reliable operator, what we are. There are still some concerns raised, rightly so, by the way, by customers saying, okay, but what guarantees me that in the future strike will not happen again?

And all the questions that we are addressing right now with all our customers is to develop a robust contingency plan in case of strike. And I think this will come in the coming months, will help restoring the confidence of the customers that if we would be facing strikes in the coming quarter - by the way, it's also important to notice, as Chris mentioned it, that there are some bpost strikes and there are some anti-government strikes that affect us both - we would be able to better react. So, this slows down a bit the commercial development.

Also, in the context where the market is not growing as what we expected, and we see it in Belgium, but it's also observed by some of our colleagues on different European markets. So, the market growth is sluggish. The consumer confidence is again in bad territories.

So that's the reason why we do not believe that we will be able to catch up what we had announced, and I think we'll be at the low end of the range, rather than the high end of the range.

Frank Claassen: Okay, that's clear. Thank you.

Operator: Ladies and gentlemen, we currently have no questions coming through. So as a final reminder, if you'd like to ask a question, please press star one now on your telephone keypad.

The next question comes from the line of Stefano. Stefano calling from ABN AMRO – ODDO. Please go ahead.

Stefano Toffano (ABN AMRO – ODDO BHF): Yes. Good morning. Happy that my hand was raised. I forgot to do that. Two questions actually related to the strikes. One is the volumes that you lost. How much of that is structural and how much of that can you, let's say, gain back going forward?

And then there's a follow-up question again on the strike with respect to being prepared or better prepared, like you mentioned, in the case of future strikes. What does that exactly mean? I know it will be difficult to quantify, but I cannot imagine a strike not having a negative effect on your volumes. Thank you.

Chris Peeters: Okay, thank you for both questions. Philippe, you take the first one. I will take the second one this time.

Philippe Dartienne: Yes. On strikes, there is really a short-term impact and potentially a mid- to long-term impact. What we can see is that, especially for the big customers, they have come back. Just after the strike, of course, there was intense discussion with them, but they came back. They are there. And as long as we could demonstrate our resilience and quality in the coming months and quarters, we have no reason to believe that they will not be sticky, with the comment and Chris will address it right after, about the resilience in case of future strikes.

When it comes to the rest of the portfolio, which is a mix of small to mid-sized customers, it has been rather resilient and most of them stayed with us.

We have to admit that some of them have left us for the competition. And the small ones, you know, they don't have a really dual carrier strategy because when you are sending 10 or 20 parcels per day, it's very difficult to have a dual carrier strategy like the big customers because they could spread their volume over multiple carriers. Those ones that have left, we will try to regain them, but it might take a bit of time to regain their trust. But it's only a fraction of the portfolio.

Chris Peeters: Yeah. Okay. On the business continuity plans, in our discussion with several of the clients, we had that question how would we react, and how can we make our plans more resilient in case of a strike?

There have been plans developed on multiple levels. First of all, of course, we have had with our social partners an ongoing dialogue on the way, how we can react and, on the way, how we avoid that local social conflicts lead to a full blockage of the company so that we limit the impact of that. And also that we keep for everything that has to do with strikes against the government, that we keep a client-first approach into that discussion, which I think that we made very good progress over the last couple of months with our social partners in the understanding that we, of course, respect the right for strike that they have, which is a legal right that they have. But there's a way how they strike that can harm or less harm the company. And I think that we made good progress. Not yet there, but I think that we made big steps together with them. And I think that that relationship is evolving towards a constructive dialogue that we need to have to work on that.

Then, of course, next to that, operational measures that you can take. I'm not going to give all the details of what we have in those plans, but each of those clients have a specific approach of what would happen in case that we would have a sorting centre or a transport blockage, which are the two most important, let's say, blockages that could, let's say, have impact on a broader client range or a broader end client range. And for all of these dependent on the scenario, we are now developing alternative backups that we can have to ensure that we can deliver on those clients, which is key for them, of course, in the way how they will distribute the volume, just as Philippe said before.

And so that we made important progress. We're still also in discussion with those clients. Most of them are, of course, the large volume clients in the first place where we're working on. And I think that what they see that we're doing now is giving them the confidence that we have increased our resilience and our reliability going forward.

Stefano Toffano: Thank you. And if I may sneak in one last question, which is related to your APM proposition. If I remember correctly at the Q4 results, you mentioned that you have about 1.3 thousand, so one thousand three hundred lockers with the intention to double the amount of lockers and triple the capacity. Is that still in place for this year?

Chris Peeters: Yes.

Stefano Toffano: And by the way, how big are they? I don't know if you can tell me, let's say the average locker size of the APMs.

Chris Peeters: Yes. So, we continue to put those lockers in place. I think that we have a very successful programme focused on the areas of most client traction towards those lockers. You can do the maths yourself. We need to be at six lockers installed a day, which is the speed at which we are as we speak. So, we had a start in the year at four or five per day. And we ramped it up now to six per day that we installed, six per working day that we are installing.

And we have a pipeline of permits and approvals or agreements with partners that we can install them so that we don't see any major hiccup in the coming months to instal them all. We still have to work a little bit of technology for the ones that have no direct power connection. So that is one that we have delayed a little bit, but we have so many, let's say, permits already that we can actually advance a couple of those ones that have a power connection.

So that is a little bit of a change that you see in that. But so, we keep the pace of six per working day that we install.

And I think that the good news there is that compared to the figures that we had initially on the speed that the utilisation of those lockers would be, it's much higher than what we expected. So, in less than two months, we see that we reach the utilisation rates that we actually expected to have actually, over the course of eight to nine months. So, we see that speeding up and the use of those capabilities is much faster than we anticipated.

And to your question on the size, I think that we're on average size today – it depends a little bit because you know that we also focus on B2B going forward with larger doors - but on average, we are around 100 doors per installation.

Stefano Toffano: Perfect. Thank you.

Operator: The next question comes from the line of Marc Zwartsenburg, calling from ING. Please go ahead.

Marc Zwartsenburg (ING): Good morning. Thank you for taking my questions. The first one is on Radial US.

So, Q1 obviously already well flagged that it will be high-double-digit down. Now with the pipeline of onboarding of new clients and still a bit of the aftermath of the client churn and the large Enterprise client, what would you expect in the next quarters in terms of trend? Would we see something like a low-double-digit decline in Q2 and then moving to mid-single-digit and a plus in Q4? Is that a bit the pattern? Can you give a bit more colour, maybe there?

And then my – yeah, sorry, let's take them one by one. It's easier.

Chris Peeters: Okay, so maybe on your question, I will ask Antoine to come back on the exact figures that we have in that forecast because I don't have them with me. But what I can say is that on the Fast Track introduction, you know that on a trade fair in Las Vegas, what was it, early April, we introduced the new product and the launch of the product. And what we see today is actually that we in conversion are already at three quarters of our year's target today.

So, the new approach is really a good success. And we also see in the pipeline of clients asking for, depending on the stage, a clear proposal or detailed information on how they could work, that pipeline is well filled today. So that would mean that compared to the initial forecast that we have, that we will be to some extent overbalanced in new onboarding of Fast Track clients more than we will see on Enterprise clients in our initial budget.

So, we were before at the relationship of what was it, 50-50 more or less that we expected. And I think that it will be an overbalance to Fast Track clients going forward. When we will be fully compensated for the loss of the Enterprise client earlier this year, I think it's more to the Q3 level that we will have even later or Q4 that we will have that.

So, we onboarded, and we are delivering on sizeable clients also in Fast Track as we speak. So, we have a couple of, I think we onboarded five, four of them are more in the 5-7 million ACV range. One is substantially above that. So, this is one which is clearly a couple of tens of millions that we see in ACV that is coming from that client. So, if you look, if you look at that, of course, an enterprise client, you need to have like onboarded and delivered three times the volume that we have onboarded by now. So, give us the time to make that happen. But overall, the trend is better than expected on the Fast Track side. Enterprise level will remain more or less with the uncertainty that everybody knows in the US market, where consumer confidence has gone down a little bit. So, to be seen a little bit what happens at the Enterprise side.

Philippe Dartienne: If you allow me to add one element, even if it's included in the word "Fast Track", meaning that we could onboard fast. Typically, with the Enterprise customers, we were not onboarding them or starting the operation after the summer, we were really stopping because there was a preparation for the peak.

Now with the Fast Track, we're really ready to onboard them very close to the peak season. Operations were telling us that it's so easy to onboard that even two or three weeks prior to the peak season, we could onboard them. So if you compare the speed at which we used to onboard customers in the previous years, providing we had the contract, of course, it adds some, I would say, easily a quarter, an additional quarter in terms of time frame to onboard these customers to already contribute to the current 2025 top-line.

Marc Zwartsenburg: Okay, that's very elaborate. Thank you. And then maybe on tariff impact, you had on the slide a few risks, a few opportunities.

But is there any direct impact you're already seeing or potentially might be seeing from potentially some of your apparel clients that have all of a sudden less inflow from Asia lines or because they make their stuff maybe in Asia, shipping them to the US, maybe they're now stuck in containers somewhere. Do you see any impact, whether it's front-loading ahead of tariffs or on holds because the tariffs are coming? Do you see anything there?

Chris Peeters: No, at this point of time, we don't see it within the Radial operations. We have many discussions with clients. Many clients are considering a number of alternative options, but also everybody is waiting before they make a decision.

We see the same for additional local fulfilment activities that people see to avoid cross-border activity. So, you see a number of these things that are evaluated by clients. But most of our clients are in holding mode and are operating as they operated before, with, of course, the let's say the consumer confidence effect that we have seen over the last few weeks.

Marc Zwartsenburg: Are they building down, say, their inventory levels that you see as being fulfilment, or …?

Chris Peeters: No, we don't see anything of that today. I think that today most people are in preparation mode, but also in waiting mode until they get full clarity on what is going to happen, because as we all have seen yet, a lot of announcements, less, let's say, implementation these days. And so, a lot of people are having discussions with us, how we can help them in case of such an implementation will happen but are not yet in execution mode.

Philippe Dartienne: So, what I want you to add is that a part of our customer portfolio, there is indeed a lot of stuff coming from China, but from others, the impact of the tariffs on their cost of sale is rather limited. So, some of the customers, typically when it's high-end type of product, the impact would be minimal. And these, our customers could decide to partially or totally absorb that impact on their P&L while redirecting their supply chain. That will definitely take time.

So, it's not as black or white. It's really dependent on industry to industry. And also in our portfolio, we are exposed to multiple types of customers and industries.

Marc Zwartsenburg: Okay, then a very small one to finish off. I saw, I think in the press release, that you also had some lower pay for absence, I guess, than that you don't pay when they're on strike or so. How should I read that?

Philippe Dartienne: Exactly. When they are covered by their unions, they are paid by the unions and not paid by us.

Marc Zwartsenburg: Okay, that's what it is. Okay, clear. Thanks very much. That's it for my side. Thank you.

Philippe Dartienne: Thank you.

Operator: We currently have no question in the queue. So, a final reminder, the very final reminder. If you would like to ask a question, please press star one now.

Well, there are no further questions, so I will hand it back to Chris to conclude today's conference.

Chris Peeters: Yes, we would like to thank everybody in the call for having taken the time to be with us and for your interesting questions. As a reminder, bpost will hold its Annual Shareholder Meeting next Wednesday and our second quarter results will be released on 8 August. In the meantime, we look forward to staying in touch and welcoming you at our Capital Markets Day on 3 June.

Thank you very much and have a nice day.

Philippe Dartienne: Thank you.

Chris Peeters: Thank you.

Operator: Thank you for joining today's call, you may now disconnect.

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