



2nd Quarter 2025 Results

Conference call transcript

Brussels – August, 08th 2025

Chris Peeters, Group CEO

Philippe Dartienne, Group CFO

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PRESENTATION

Operator (01:53-02:32) Ladies and gentlemen, hello and welcome to the bpostgroup second quarter 2025 analyst conference call. On today's call, we have Mr. Chris Peeters, CEO, and Mr. Philippe Dartienne, CFO. 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 the number five on your telephone keypad to register your question. If you wish to withdraw your question, please dial the Pound Key followed by six on your telephone keypad. I will now hand over to your host, Mr. Chris Peeters, CEO, to begin today's conference. Please go ahead, sir.

Chris Peeters (02:33-03:12) Thank you. Good morning, ladies and gentlemen. Welcome to all of you and thank you for joining us. I'm pleased to present our second quarter results as CEO of bpostgroup. With me, I have Philippe Dartienne, our CFO, as well as Antoine Lebecq from Investor Relations. 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 will 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 the Financial Outlook and follow up on some of our strategic priorities for 2025.

Philippe Dartienne (03:12-16:28) Thank you very much, Chris.

Good morning, everyone. Welcome.

As you can see in the highlights on page three, our group operating income for Q2 stood at €1,092 million, an increase year over year by 10.5%. At constant perimeter, excluding the €195 million consolidation impact of Staci, our operating income decreased by 9% or €91 million, mainly driven by the following factors. Persistent headwinds in North America following the contract terminations announced in 2024 and in the earlier part of this year; lower Press revenue driven by the new press contract that came into effect in July last year, combined with a decline in domestic mail against high volumes in 2024.

Our group adjusted EBIT came in at €58.3 million with a margin of 5.3%, or €37.7 million when excluding the €20.6 million EBIT contribution from Staci. On a like-for-like basis, this reflects a year-on-year decline of €20.1 million. At constant perimeter, with the exception of our Last Mile segment, where EBIT is down primarily driven by price, as lower revenue has a significant impact on profitability, all our other segments are growing, notably supported by continued margin actions at Radial US, where we managed to absorb the revenue decline and maintain a stable EBIT.

The results we are presenting today are in line with our expectations.

Before diving into the financial performance of our business unit, you will note on slide four that below EBIT, our financial result decreased by €44 million. This is mainly due to four factors, most of which are non-cash.

Within the cash item, we note the higher interest expense reflecting the increase in debt following our bond issuances in October last year and mid-June this year, as well as lower interest income driven by lower money market rates and a reduced cash balance following the acquisition of Staci in August last year. Together, these factors account for approximately 10 to 15 million.

As a reminder, following our Capital Market Day, we successfully issued a €750 million bond in mid-June in anticipation of the €650 million bond maturing in less than 12 months. Through a cash tender offer, we have already repurchased just under 30% of this bond. The remaining amount will be repaid next year using the proceeds temporarily placed in money market instruments, securing a positive net carry compared to the coupon of the maturing bond.

Most of the variation in the financial result is linked to non-cash items, including unrealized FX impacts, mainly our USD intercompany loans and, and the absence of last year's higher IAS19 results.

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

I'm on page five with the Last Mile segment.

We see that revenue declined by €40 million to €536 million.

Domestic mail recorded a decline in revenue of around €42 million, out of which €22 million comes from the press, mainly due to new contracts with the editors following the end of the press concession in June last year.

Excluding press, mail recorded a sharper revenue and volume contraction this quarter, mainly due to a base effect, as last year's performance was uplifted by notably the European, Federal and Regional elections. Mail recorded an underlying volume decline of -12.4% for the quarter, compared to only -3% last year. The decline in mail volume led to a revenue impact of €30 million overall, though this was partially offset by a positive price and mix impact of plus 4.1%, equating to €10 million. As a result, the domestic mail revenue decreased by 8%, or roughly €20 million year over year.

On parcels, our revenue increased by €4 million or plus 3.1% year on year, reflecting a volume growth of 4.1% and a negative price effect of -1% this quarter. On the volume side, the reported 4.1% actually corresponds to underlying growth of 1.6% when adjusting last year for the volume loss caused by the April strikes in 2024. Over the past months, this growth has been mainly driven by the outperformance in the marketplaces and strong momentum in the apparel sector, supported by favorable weather conditions in June this year. As for the price mix, it stood at -1% this quarter. When adjusted for commercial one-offs, it's in the low single-digit range, consistent with our full-year guidance.

Revenue from our other activities, including retail value-added services and personal logistics, declined by €2 million year over year, mainly due to the repricing of state services, while DynaGroup revenue remained nearly stable.

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

Our total operating income decreased by €37 million, or -6.2% and on the cost side, our OpEx, including D&A, slightly declined by 0.7% or €4 million. This mainly reflects lower FTEs resulting from a lower mail and Press volume and efficiency gains. Notably, this reflects the resumption of the reorganisations, following the strikes, in our distribution centers and retail offices. But

on the other hand, there are some higher salary costs per FTE with a 3.4% year-on-year increase, driven by salary indexation in June 24th and March 25th.

Starting next quarter, our performance will be assessed on a like-for-like basis, following the end of the press concession in June this quarter. This quarter, however, the -33 million decrease in adjusted EBIT is mainly attributable to the drop in Press revenue and, to a lesser extent, to lower mail revenue against a strong comps from the prior year.

Moving on to 3PL on page seven.

3PL revenues increased by €143 million overall, but declined by €54 million, or -20% when excluding the €197 million contribution from Staci's consolidation in the quarter.

In 3PL Europe, Staci's revenue remains broadly in line versus last year. Radial and Active Ants sales were up 13% year over year, continuing the trend of previous quarters fueled by customer onboarding as part of our international expansion efforts and upscaling activities targeting existing customers.

In 3PL North America, revenue decreased by €59 million. At constant exchange rate, this corresponds to a decrease of 23%, resulting from revenue churn from contract terminations announced in 2024 and early 2025, and lower sales from existing customers - so-called Same Store Sales - which offset the contribution from new customer launches, mostly coming from the Radial Fast Track initiative.

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

Excluding Staci, while the total operating income decreased by 20%, our operating income was down by 22%, primarily driven by lower variable operating expenses in line with the Radial US revenue trend, and a continued and stronger improvement in the Radial US variable contribution margin rate. VCM increased by approximately 6% year over year, reaching its highest level to date and delivering a gain of \$10 million this quarter compared to the same quarter of the year before.

A constant perimeter, our adjusted EBIT improved by €6 million year over year, from -5.5 to just break even in Q2, mainly reflecting Radial's effective margin actions despite a 23% topline drop. Regarding Staci, the EBIT contribution came in at €21 million with a margin of 10.6%.

Moving on to Cross-border, on page nine.

Cross-border Europe revenue increased by €3 million or +3.4%. This growth was supported by solid volume increases from China across all key destinations, including Belgium, which helped offset adverse market conditions in the UK.

As in previous quarters, our top line in North America remains under pressure. Cross-border North America revenue declined by 4 million, or -7%, as Landmark Global continues to face headwinds in volumes, while the broader tariff environment is slowing down existing business and delaying new business opportunities.

Overall, our cross-border operating income slightly increased by roughly 1%.

As shown on page ten, our OpEx decreased at the same time by 2.7%, driven by lower volume-driven transportation costs, reflecting lower North American and UK volumes, alongside improved transport rates. This quarter, we also benefited to a lesser extent from a favorable cost phasing, which is expected to reverse in the third quarter. Coupled with the productivity gains in North America this resulted in a €5 million increase in EBIT.

Moving on to the Corporate segment on page 11.

Adjusted Ebit improved by €3 million to -€8 million, as lower consulting costs helped offset higher payroll costs, driven by more FTEs and inflationary pressure from two rounds of salary indexation.

Then we move to the cash flow on slide 12.

The net cash inflow in the quarter amounts to €482.5 million, mainly reflecting the bond issuance and the cash tender executed in June this year.

Besides that, the main items to flag are the following.

Cash flow from operating activities before changes in working capital stood at 134 million and decreased by 30 million versus last year, primarily reflecting higher EBITDA and lower corporate tax payments.

Change in working capital and provision amounted to a negative 125 million. The plus 40 million variance is primarily explained by the termination of the Press concession in June last year. As a reminder, under the former Press concession, compensation was typically prepaid, whereas the revenue under the new contracts is now invoiced according to the standard billing cycles. This quarter also includes the impact of the settlement of some Terminal Dues.

The net cash outflow from investing activities totaled 27.5 million, driven by our CapEx for international e-commerce logistics, parcel lockers in Belgium, capacity expansion, and our domestic e-fleet.

These items constitutes the main variation in our Free Cash Flow.

The net cash outflow from financing activities, which amounted to 500 million, mainly reflecting the issuance of the cash tender on the maturing bond as well as the absence of dividend payment this year.

This now brings us to the outlook and our strategic priorities of 2025.

Chris Peeters (16:28-21:36) Thank you, Philippe.

And we can happily announce an improved outlook. As you remember, in February this year, with the results of '24, we had an initial guidance of 150 to 180 million of group EBIT. In May, at the Q1 results, we had an unchanged outlook but with a reduced exposure to the low end of the range. If we look today, we can announce an EBIT of around 100 million for the first half of the year, which is largely in line with the plan that we had, it allows us now to reaffirm our guidance but even also to say that we target now the higher end of the range.

Some elements will support in the second half of the year these results, let's zoom in.

In Radial US, we see that we continue to reach productivity gains with an improved variable contribution margin. And secondly, we have increased our lease exposures there, so we have a better occupancy rate. We will kick in as of July going forward.

And also in Belgium, there is some good news. So the reorganizations have been at full speed over the last quarter and will continue to do so, ensuring that we have our cost under control for the BeNe Last Mile activity.

So obviously we are living in an uncertain world, but we are confident that we can now actually target the higher end of the range.

If we then zoom in on our strategic initiatives, at the capital markets today, we already said that we were making speed, with many of the pilots in good shape. I'm not going to elaborate fully in this quarterly update, but at least give you some highlights on the progress that we've made.

If we zoom in on 3PL Europe, meanwhile, the new organization structure has been installed and we continue to deliver synergies. As an example, you see that Staci has already onboarded one of its clients in the Polish market. so that move from France to Poland is significant. So we're serving them now in multiple markets. And Active Ants has recently onboarded a client for the French market. So, that is actually also an element of cross-selling that we do today, thanks to the bigger geographical reach that we have.

In the US. Fast Track is really starting to create momentum. There are already six clients that we are actively serving. While the product was only launched in March. And we have six other ones in the pipeline that will be onboarded soon and will also contribute to our revenue growth.

Obviously, in a market where same-store sales are a challenge, we see that the new product is really compensating for what is happening there in the US.

If you look in Belgium, we have launched the renewal of our products already a year ago. Most of them have become more hybrid and are now higher quality products. In the funeral notices, we see that the quality we need to achieve is achieved meanwhile, there is a high-quality product today with few complaints about it anymore.

We also launched a new product for license plates. The government has decided that the annulation of a license plate in a postal office is discontinued as a public service. So we launched a commercial product on that side. And also if you look at the side of the bboxes or locker product, we are soon reaching 2000 lockers and we still aim to have 2500 of these bboxes installed by the end of the year. So we're fully in momentum over there. And that's quite important to better serve our clients, both on the sender side and at the receiver side. And as said before, many of the B2B pilots are in good shape, we already know how to scale them up.

If we look at cross-border, we have been focusing on two new lanes: the reverse lane in North America, from Canada to the US. Seven new clients have signed up for that new lane. And also in Spain, we have a first large e-commerce player who is being onboarded as we speak and will start delivering as of Q3 of this year.

And obviously, given the fact that the group is further expanding, we are also realizing more and more synergies on the transportation side.

So, as you can see, we are building up momentum. We're preparing where we can to scale up and speed up. But obviously, this is all in an environment with some challenges, but we have an optimistic outlook going forward.

We are now ready to take any question you would have. Again, two questions each, please, so that everyone gets the chance to be addressed during the session. Operator, please open the lines.

Operator (21:39-22:09)

Ladies and gentlemen, as a reminder, if you'd like to ask a question or contribute on today's call, please dial Pound Key five on your telephone keypad to enter the queue. If you wish to withdraw your question, please dial Pound Key six on your telephone keypad. Please also ensure your line remains unmuted locally. You will be advised when to ask your question.

The next question comes from Michiel Declercq from KBC Securities. Please go ahead.

Michiel Declercq (22:11-23:49)

Yes. Hi, and thanks for taking my questions. I have two. Um, the first one is on, uh, Radial. Um, can you give a bit more color on the fast track and what to expect in the second half and the phasing of it, because it was still down more than 20% this quarter but that should improve in the second half and then especially going into the start of '26. So a bit more color on that and, perhaps more importantly you were able to maintain your profitability in the second quarter at Radial US quite decently, even improving compared to last year, what should we expect for the second half here, especially considering that you have some real estate management and some benefits from the leasing coming into effect in the second half? Should we maybe even expect an improvement in the profitability in the second half for Radial US? So that would be my first question. And the first and the, the second one is on the, the volumes, the parcel volumes in Belgium. Of course, a bit of a tailwind compared to the strikes from last year, however, underlying it's still 1.6%. You anticipated mid to high single-digit growth at the start of the year. Later, you came back and said it was maybe more around the mid-single digit

trends, but evidently still a bit of a catch-up in the second half, which is a more favorable comparable. How do you expect to achieve this, or what should accelerate this trend? Those would be my questions, please.

Chris Peeters (23:50-26:25)

Okay. Thank you. Maybe on Fast Track, as I said, we onboarded six clients, meanwhile, with an ACV, which is in the higher 40 million range. Uh, checking with Philippe. I think that's correct. And we have another six that have signed, but we still have to onboard. I think what is important is that you see that the time between the signature and onboarding has become much shorter than what we had in the past so there we actually have a relatively optimistic view. Secondly, in our new verticals portfolio, we have less cyclical clients, which means that there is less impact from peak seasons but also that we continue to onboard clients throughout the peak season with this specific product. If you look at the profitability, yes, indeed, the teams have done a really decent job in controlling the cost in light of some client losses that we announced earlier this year, and so, uh, I have to congratulate our teams over there for the good performance they had over there. However, I would say that I do not expect additional profitability coming in from that side anymore because they right-sized the organization. They have managed the lease exposure, we don't have a pipeline at this time with any further improvement coming from that side. So you will still have a little bit of fast track effect. But the profitability improvement, we captured it quickly. We could turn it around fast, but we don't expect additional improvements coming in the second half for Radial. Um, if you look at the volumes in Belgium, indeed what you see is we could win back some of the client volumes. However, we are still impacted by some of those clients that went dual carrier as a consequence of the strike. We are still working on capturing a higher share of the wallet within those clients. Um, it's a little bit, let's say, difficult to have a precise view of that, for sure it will not be in the higher single digits. It will be closer to somewhere between where we are now and the mid-single digit as announced. Our teams are working every day to win back those clients. But as you know, sometimes it takes a little bit of time before we win back their full confidence. So for those volume forecasts, I would be on the cautious side as we speak.

Michiel Declercq (26:29-26:31)

Okay. That's very clear. Thank you very much for the answers.

Operator (26:37-26:41)

The next question comes from Marc Zwartsenburg from ING. Please go ahead.

Marc Zwartsenburg (26:44-26:55)

Yeah. Good morning. One quick follow-up on Michiel's question. You mentioned the onboarding of the six new clients at Radial with a 40 million annual run rate. Is that correct?

Philippe Dartienne (26:56-26:57)

Oh, no no.

Chris Peeters (26:59-27:44)

No, no, no, no. The ACV is on what is already onboarded clients, in which, as you might have seen in some of the communication we've done, there is one large client which is actually above the typical fast track size. Which means that we actually have a higher 40 million ACV with the onboarded clients but the size of the clients that we have in the pipeline are typically in the range of 2.5 to 5 million, that's the typical client in the Fast Track range. And so, the six one will not add the additional volume that you would have seen in the first one, because there was, let's say, an out-sized client in the portfolio of the first six.

Mark Zwartsenburg (27:47-27:52)

So one is, just for my understanding. So one is 40 million, while the rest range from 1 to 2 million.

Chris Peeters (27:52-28:02)

No, no, no, we are typically in the range of two and a half to five per client. But you have one client which is substantially above in terms of size among the first six.

Mark Zwartsenburg (28:04-28:06)

What then makes up the 40 million?

Chris Peeters (28:06-28:10)

The sum of the first six onboarded clients together.

Mark Zwartsenburg (28:11-28:19)

Okay. And are there. Is there already some revenue in Q2? Or is everything coming in the second half?

Philippe Dartienne (28:19-28:22)

No, there is some revenue in Q2, but it's rather limited so far.

Chris Peeters (28:24-28:25)

So, we started to have the first shippings in May for Fast Track.

Mark Zwartsenburg (28:36-29:24)

And then on your outlook, you made almost 100 million in the first half, adjusted Ebit. So they're suggesting that there's a maximum of 80 to come. But last year you made almost 100 in the second half. Well, you have some extra tailwinds coming and onboarding of new clients. Still some lower lease costs. Uh, potentially no impact from strikes, etc., etc.. Let's hope so. You have one extra month benefit from Staci. How could it be that the result for the second half, which you're guiding, is so much lower than last year? Is that logical?

Philippe Dartienne (29:26-31:25)

Yeah. So in fact, the situation is different business unit by business unit. Typically, if I start with cross-border, mostly H1 equates H2 or the other way around, it's more or less the same, they are not so much impacted by peak. When it comes to Radial in the US, H2 is significantly higher than H1 because it is greatly driven by peak sensitivity. Uh, it has always been the case, and there is no change in the pattern on that one. Uh, when it comes to 3PL in Europe, we will see higher H2 than H1 because the synergies will start kicking in during the second half - they already started kicking in - but mostly in the third and fourth quarter. So that would lead to having an H2 that would be significantly higher than H1, based on what I've explained. But in Belgium, it's the opposite. We have always seen that H1 was significantly higher than H2. Again,

it's not '24. It was '23, '22 and before. The highest quarter is typically the first quarter. The second quarter ranks second. Due to the low volume in the summertime, and the third quarter is close to zero in terms of EBIT. And then there is the impact of the year-end peak, which has always demonstrated to have a higher topline, but from a percentage margin contribution, it's lower than the first half. So if you mix all that together, it explains why we are guiding on those numbers.

Mark Zwartsenburg (31:28-31:35)

But that would mean quite a significant markdown on average for the Last Mile versus last year as well.

Chris Peeters (31:35-32:27)

You have a combination of postal impact and an increase in parcel volume, but it's unfortunately also offset by higher costs for handling due to the flexibilities we have to incorporate into the system. And so, we don't achieve a substantially better EBIT. So there is higher revenue in the fourth quarter but, let's say, a stable or slightly increased EBIT. But the third quarter actually is the, let's say, the least attractive quarter for us. And there you see that the impact of the sum of the two makes the total result, combined with mail in BeNe last mile of the Belgian business, the postal business combined with the parcel business, will be lower than in H1. And which is fully in line with the announce that we made before, which is fully in line with what we've seen in the past with the announcements we've made around that. So there's no surprise in that; it's just what we have always said.

Mark Zwartsenburg (32:38-33:00)

Yeah, that's true. But if you look back, the second half is not that much weaker than the first half. You have a few extra tailwinds, and some headwinds you had in the first half due to the strikes and related issues. So it would mitigate a bit the difference between the first half and the second half. That's why I'm feeling that there's a bit of caution building.

Philippe Dartienne (33:00-33:31)

But it's really the fact that to deliver these higher volumes, we really need to add a lot of additional resources and it comes at a cost. That's really what Chris explained. And this is something that we've observed for many years. Of course, when you were comparing the face value of it, you noticed that in those past numbers, the Press was extremely stable quarter over quarter so, it was diluting that impact a bit or hiding that seasonality impact. Now it really comes to full light.

Mark Zwartsenburg (33:34-33:51)

Okay. Maybe you want a quick follow up. The price mix on the parcel side was negative, while initially there was guidance for a positive impact for the year. Um, is that because of the client mix changing and is that continuing that we should also expect maybe a negative price mix in the second half?

Chris Peeters (33:52-34:37)

That's still an impact of the strike, where we see that the large clients, which typically have a lower margin, have come back faster in terms of the volume than the ones we see with smaller clients, as you can imagine. Of course, our sales force is fully engaged in capturing those clients back. You start, obviously, with them where the biggest volumes are, and then you have to go one by one with your other clients, which takes more time. And so, we are still in the process of winning them back. And so that resulted in a negative impact on the product mix. So the compensation that we have seen for the volume loss due to the strike, the win-back was faster with the larger clients than with the mid-sized and smaller clients.

Mark Zwartsenburg (34:39-34:42)

Yeah, that makes sense. Okay. That's very clear. Thank you very much.

Operator (34:48-34:52)

The next question comes from Marco Limite from Barclays. Please go ahead.

Marco Limite (34:54-36:08)

Hello. Good morning. Thanks for taking my questions. I'll start with the first one, which is about your financial expenses this quarter, amounting to €42 million. Um, I mean, you disclosed that there are some other, uh, elements in that number, but just wondering what would be, let's say, a normal run rate for financial expenses for Q3, Q4, and also what we should expect directionally in 2026. Um, again on the financial expenses number. And then the second question is on Staci. So, uh, if I look at your slide on, uh, page seven, you're basically, uh, showing that all of the 3PL Europe revenue increase is coming from the consolidation of Staci. At the same time, you have got Europe and Active Ants growing 13%. Am I right in thinking that, uh, Staci revenues are actually down year over year? Um, and if overall if Staci revenues and business performance are developing in line with your expectations. Thank you.

Philippe Dartienne (36:10-39:47)

Let me start with the financial expenses. So, thanks for your question. So what we said is that in the financial results, there are some cash and non-cash elements. If I talk about the cash element, the variation equates to a range between 10 and 15 million, due to the situation where, prior to the Staci acquisition, we had cash that was invested at a higher interest rate, and now we have a lower level of cash, and by the way, interest rates also went down. And we have additional debt coming from the acquisition of Staci. So basically, based on what we shared with the market, the issuance of the bond that we did last year and this year gives you a pretty fair view of what will happen going forward. Now, this is for the cash part, the non-cash part, uh, which is, as I said, if the cash part is between 10 and 15 million, the non-cash part, you could do the math compared to what I said, is highly volatile and depending on the evolution of the US euro exchange rate since we have intercompany loans between bpost NV to the US market, and since the US dollar weakened, of course we had to mark-to-market this, uh, or revaluation if you want, at the end of the quarter since it's a balance sheet item. Then explains most of the variance. Uh, if you were closing the book as we speak, we would have already regained a quarter of the shortfall that we are seeing due to the exchange rate valuation. So, uh, to guide you. I think, uh, you should consider the rates that we have observed, uh, during the issuance of the bond. This is the best proxy for future interest expenses on both cash, and

non-cash items I cannot predict the evolution of the US dollar euro rates. On Staci, well at 3PL Europe, indeed we continue to see significant growth in Radial and Active Ants since we have been enjoying that for many quarters, and Staci itself delivered good, uh, profitability because we, as we said, had a 10.4% EBIT margin to sales, which is a very reasonable one. It's fair to say that the top line development on the portfolio of Staci was a bit, uh, less strong than we could have expected while having a different situations. We have the U.S. really growing very well. Uh, the UK is presenting some challenges, by the way, this is what we have mentioned also on other parts of the business, we see that the UK market, in terms of volume development, is difficult. Uh, our colleagues in cross-border also experience that one. And in France, the activity was equal to the year before. But profitability was in line with expectations.

Marco Limite (39:50-40:05)

Okay. If I can follow up on that, uh, topic. Um, I think you're still looking for a Management role for 3PL Europe. Is that right?

Chris Peeters (40:05-40:16)

Well, the process is on track. Uh, it's not yet in a phase that we can communicate. And so we will communicate at the moment that this process is coming to a conclusion.

Marco Limite (40:19-40:20)

Okay. Thanks.

Operator (40:25-40:29)

The next question comes from Mark Zeck from Kepler Cheuvreux. Please go ahead.

Mark Zeck (40:32-41:57)

Good morning. Um, thank you for taking my questions, too, if I may. I'm afraid I need to come back or follow up on the H2 profit that is implied by the guidance. I guess I understand what you said on Last Mile H1 versus H2 expectations, but still, I believe your guidance implies that the Benelux H2 this year versus H2 last year will see quite a step down in profitability. And if you can help me understand how that happens. And then the second question is more like a

macro question on us. And, um, if you could elaborate if you expect any impact on us from the abolishment of the US de minimis regulation, um, which at the end of August will basically now affect all countries in addition to China and Hong Kong. Will this have any impact on Radial for Q3, Q4, or for 2026? Or Is Radial not at all exposed to any e-commerce business that was coming into the US under the de minimis regulation. Thank you.

Chris Peeters (41:58-41:59)

You take the first one.

Philippe Dartienne (42:00-43:25)

So in H2, I really want to emphasize the fact that the peak execution comes at a higher cost than normal operations. Also in terms of, uh, absolute EBIT. Uh, it's, uh, the EBIT contribution will be dependent on the volumes themselves, the top line. Uh, we see that the consumer confidence in Europe is not at its highest. Uh, to the contrary. Uh, so if we combine the two, uh, we believe that, uh, it's the best, uh, forecast that we could make, uh, at this stage. That being said, we will continue to improve from an operational standpoint, so we will not accept a potential lower growth rate on the top line as a fact without taking action. I think operational measures were already initiated in the first quarter. The second one and some additional will come to be able to compensate for that, but we do not believe that it will make the fourth quarter very high in terms of EBIT. Unlike what we see in the first and second quarters, where it's more base-loaded and we have the best operational efficiency.

Chris Peeters (43:27-45:39)

At the De minimis change. What we see is quite some activity around discussions on local fulfillment, but it's not yet leading to specific contracts. What we see that is realized in the pipeline was already, let's say, in a discussion before the discussion of the de minimis, but we could expect, when it comes through, that there is an increase in local fulfillment, which is positive for the business of Radial. Obviously, it also involves the entire tariff discussion in the US that has quite an impact on what is happening in our cross-border business. And there you can see shifts in lanes. Luckily, our teams have been able to adapt to the shift in lanes, and we

see that they are managing it fairly well so far. But it's a very complex environment where we see that, for instance, the US-Canada lane is under pressure. It is compensated to some extent with the Asia-Canada lane, where we have higher volumes coming in. You see as well that we're developing new lanes, the reverse lane from Canada to the US, and the lane in Spain that we're developing. So teams are working well and are still delivering on the plans. But what you see is quite significant shifts in the flows within the business that we observe today. But on the side of fulfillment, I think that there are two effects we can expect. One is likely more potential in the fulfillment space to grow the business. On the other hand, there is probably pressure on same store sales in the longer run, given the decreased purchasing power as a consequence of the tariff war that we see, which is expected to lead at some point in time to a decrease in consumer confidence in the US, not today, as we see, of course, but something in the long run. So we see those two parameters that will weigh on each other, making it hard to predict in detail which one will ultimately win in that dynamic. But I think the good news is we have a very active sales team today really hunting for opportunities, both in the cross-border and in the Radial business. So we're confident that we will try to get the best out of these changes in the market.

Philippe Dartienne (45:41-45:49)

And it's something we have not seen, although we could have potentially seen is that in anticipation of these changes, we have not really seen higher volumes.

Chris Peeters (45:49-45:59)

Yes. So we looked into lease optimization as well. If there was an opportunity for earlier inbound into the US, we have not seen it. No.

Mark Zeck (46:01-46:02)

Okay.

Philippe Dartienne (46:02-46:05)

Thank you.

Operator (46:11-46:15)

The next question comes from Henk Slotboom from TheIdea. Please go ahead.

Henk Slotboom (46:17-47:43)

Good morning Chris, Philippe, and Antoine. Well, looking at today's figures, uh, I guess you can say the first blow is half the battle. Um, I've got two questions. One is a follow-up on the previous question regarding cross-border activities. Chris you said you were seeing higher activities on the China-Canada lane and at the same time, we see you've been adding clients in cross-border on the Canada-US routes. Is that a structural thing? And De minimis rule is now affecting all countries around the world. And yeah, we all know that the relationship between the US and Canada is not in its best shape ever. And the second question I had is on the parcels, and that's on the negative impact of the price mix effect. Is that more like a mix effect, or is it something like you had a strike in the first quarter, is it a sort of peace offering to the clients to keep them in? And have you seen any material damage to your client base in the back of the strikes we've seen in the first half? Sorry. In the first quarter of this year.

Chris Peeters (47:44-50:34)

Yeah. Um, okay. Let me take them one by one. On cross-border so, of course, it's hard to predict because what we already observed in the Canadian situation was even before the de minimis change and before the tariff impact on Canada, we saw a changing buying behavior of Canadians. So there was a lower volume on the US-Canada lane and an increased volume on the Asia-Canada lane. And so it's not only driven by tariffs, it's also influenced by sentiment, and predicting that sentiment with the current situation in North America is a little bit challenging for us. I think that the good news for us is, of course, that we are present on both lanes. And so, uh, whatever will shift in those lanes, I will also be looking at other lanes towards Canada where we can reinforce our presence. So, we make sure that we continue to be a very strong player in the Canadian market there. What is new is that the flow from Canada to the US was previously lower, and we have actually seen an increase in activity, also driven by substantial sales efforts from our team. But we see now that we are reinforcing our position in

the reverse flow that we see from Canada to the US. And so that is probably something that we think will be a structural trend. Also, it should be acknowledged as well today, it's not that significant that we should make it a big point, but it's important to recognize that a new dynamic is starting there. And at least we're part of that new dynamic. Price/Mix effects is really a mix effect that you see today, as an effect of the strike we have a number of clients that deviated, they were already dual couriers, that deviated to the other couriers. Some of that volume, and it took us time to bring it back. But overall, actually these are typically the larger accounts where we were, let's say, really good at rebuilding that confidence with them and ensuring that they would come back. Uh, what you see is, of course, in the, let's say, the clients that bring lower volumes, it takes more time for us because it's more sales effort linked to that. And that's typically volumes that come with a slightly better price mix than the ones you have on the larger side. So today, it's not about offering a discount to win clients back. We spend time to get the right volumes back. But we have a little bit of a negative mix effect on the speed at which the volume comes back to our facilities.

Philippe Dartienne (50:34-50:37)

And neither a temporary discount, we've not done that.

Chris Peeters (50:37-51:02)

No, no temporary discount. It's really building on that. Obviously I'm not going to reveal the details of that, but there's a lot of commercial discussion on that which is more about reliability, ensuring backup plans and all these kinds of elements to ensure that we can deliver high quality to our clients in any circumstance, which we have spent quite some time on. But it has not been about commercial discounts to maintain volumes.

Henk Slotboom (51:03-51:22)

So if I understand you correctly, you're saying there's no structural damage in the client base as a result of the strikes. And as far as the negative mix effect is concerned, with a bit of luck, we might see it turning positive again if the smaller clients come back.

Chris Peeters (51:23-52:00)

I'm happy to see your confidence. We're a little bit more cautious than you are in the sense that, of course, we have to talk to these clients every day. And I think there have been some confidence issues with some of those clients. I don't think we're back to normal levels yet. Uh, but we see that, uh, we're on the right track to build it up again. And obviously, if we're able to build it up again and build that confidence, that is a very good base for future growth of our activity. But it's a little bit early to already cry victory on this one.

Philippe Dartienne (52:03-52:12)

We're not, we're not claiming victory on the war, but the battle maybe, because, in the second quarter, the price mix effect was slightly positive.

Henk Slotboom (52:13-52:32)

Okay. And would you allow me a small follow up on the first, uh, answer you gave? Is it fair to assume that the growth in clients on the Canada-US lane could be a prelude to, uh, clients opting for, uh, local fulfillment, uh, as well?

Chris Peeters (52:33-52:40)

Yeah. It's clearly linked. Uh, the one is linked to the other. That's a good observation, I would say.

Henk Slotboom (52:41-52:43)

Okay. That's all. Thank you very much.

Operator (52:47-52:54)

Ladies and gentlemen, there are no further questions, so I will hand it back to Chris to conclude today's conference. Thank you.

Chris Peeters (52:54-53:18)

Okay. Thank you to everybody on the call for taking the time to be with us and for your interesting questions. As a reminder, our third quarter results will be published in early November, exceptionally this time on Wednesday, November 5th, instead of the usual Friday.

Until then, we look forward to staying in touch. And for those who haven't taken their holidays yet, I wish you a great break. Thank you very much and have a nice day.

Philippe Dartienne (53:19-53:20)

Thank you.

Operator (53:22-53:25)

Thank you for joining today's call. You may now disconnect.

[END OF TRANSCRIPT]