bpostgroup

3rd Quarter 2024 Results

Conference call transcript

Brussels – November, 8th 2024
Philippe Dartienne, Group CFO

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PRESENTATION

Operator: Hello, and welcome to the bpost third quarter 2024 results. My name is Laura, and I will be your coordinator for today's event. Please note this call is being recorded and for the duration of the call, your lines will be on listen-only mode. 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 you over to your host, Mr Philippe Dartienne, Group CFO, to begin today's conference. Thank you.

Philippe Dartienne: Good morning, ladies and gentlemen. Welcome to all, and thank you for joining us. I'm pleased to present you our third quarter results as CFO of bpostgroup. Chris, our CEO could not make it today. And I have with me 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 a chance to be addressed in the upcoming hour.

As you can see on the highlights on page three, our Group operating income for third quarter stood at €1,025 million, and increased year-over-year by 5%. At constant perimeter, meaning excluding the €123.5 million consolidation impact of Staci, our operating income decreased by 8% or €77 million, mainly due to ongoing pressures in North America, lower Press revenue tied to the new press contract since 1st July, while on the other hand, our domestic mail remained resilient, with less than 2% decline in revenue and our domestic parcel revenue grew by 9%.

Our Group adjusted EBIT stood at €10.3 million, with a margin of 1%, or minus €1 million when excluding the €11.3 million EBIT contribution of Staci. On a like-for-like basis, this represents a decline of €29 million compared to last year or €24 million operationally, when adjusting third quarter 2023 for €5 million EBIT uplift resulting from the reversal of the repricing provision.

In a seasonally softer quarter, this decline is mainly attributable to press, where the lower revenue have a direct impact on EBIT, and to a lesser extent, to North America. This decline occurred despite our relentless efforts in cost management and productivity, which has helped mitigate some of these pressures.

The Group EBIT decline is mainly driven by the Belgium activities, which evidence our need to reshape our domestic activities and further develop our commercial offering, and also support our strategic shift towards logistics, as shown by Staci's EBIT contribution this quarter. Overall, while these results are soft, they remain broadly in line with our plan and with the guidance provided in July. We are therefore able to reaffirm the 2024 EBIT outlook today.

On page four, you can find an overview of the key financials for the quarter, both reported and adjusted. Our reported EBIT amounts to negative €0.9 million, reflecting in particular an adjustment for M&A costs of €8 million incurred during the quarter. For context, nearly €15 million in M&A costs were recorded in the first half of the year, and we do not anticipate any significant M&A cost in the fourth quarter.

In Q4 [EDIT : Q3], while our adjusted EBIT decreased by €18 million, our adjusted net profit decreased by €33 million to minus €14 million, reflecting notably lower financial results driven by the additional interest cost associated with the €1 billion of new debt on our balance sheet; the absence of last year's gain on contingent liability following our acquisition of the remaining share in Active Ants; and some unfavourable FX impacts.

Let's move now to the details of our three segments. As a reminder, as of this quarter, we have aligned our reporting format with our new "activity-based" business unit, meaning: Last Mile, Third Party Logistics also called 3PL, and Cross Border. For ease of comparison, we have restated our 2023 and 2024 quarterly results in line with this new structure. These are available in the statbook on our website.

I'm on page five with the Last Mile segment, which corresponds to the former Belgian business, and now also include a “Personalised Logistics” subsegment, featuring Dyna.

At Last Mile, we see that revenue declined by €27 million to €522 million.

For Domestic Mail, we recorded close to €24 million decline in revenue, of which €20 million comes from press, mainly due to the new contract with the editors following the end of the Press concession on 30th June 2024. Excluding Press, mail recorded an underlying volume decline of minus 6.7% for the quarter. As anticipated, this volume development in the quarter was supported by mail volume from municipal and provincial elections in Belgium. The decline in mail volume led to a revenue impact of minus €14.3 million overall, though, this was partially offset by a positive price and mix impact of plus 4.9% or plus €10.5 million. As a result, the domestic mail revenue decline was limited to under less than 2% or roughly minus €4 million year-over-year, including around €2 million benefit from election mail campaigns, as I mentioned right before.

For the parcels activities in Belgium, we recorded an increase of €10.1 million in revenue or plus 8.7%. Parcels volume grew by 8.7% year-over-year, marking a strong uptick compared to the plus 2.9% and plus 2.5% growth in the first and in the second quarter. The significant volume growth was driven by a strong demand in fashion and apparel, supported by weather conditions prompting earlier purchase of winter collections and the outperformance of major marketplace like Amazon and Bol.com.

Combined with the plus 2.7% in the first half, this brings year-to-year volume growth to plus 4.7%. Despite ongoing challenging market condition, including a negative consumer confidence index and inflation in Belgium still exceeding 3% and facing continued upward pressure.

As our volume growth was mainly driven by large volume customers, the price-mix remained stable in the third quarter.

On the front of proximity and convenience retail network, revenue decreased by a bit less than €7 million, with lower banking revenue offsetting the indexation of the management contract.

And revenues from value added services remained operationally stable, mainly driven by fines solution and document management. However, this was offset by the repricing of State services, which is now accounted for within "value-added services" instead of in "other revenue" streams as in the previous year.

Our Personalised Logistics revenue at Dyna remained nearly stable in the quarter.

Let's move now to the P&L of Last Mile on page six. As just explained our "intersegment and other revenue" decrease this year as they comprise a positive €5 million impact from the reversal of the repricing of the State services provision in the third quarter of 2023. Excluding this mechanical impact, we have on that line the €2.9 million higher intersegment revenues from inbound cross-border volume handled in the domestic network for the Cross-border segment.

On the cost side, our reported operating expenses, including D&A, decreased by €75 million year-on-year, reflecting last year's provision for the repayment of potential overcompensation to the Belgium State for the past.

The adjusted OPEX, including D&A, remained stable mainly driven by higher salary costs, as our cost per FTE increased by 4% year-over-year following the impact of two salary indexations in December 2023 and in June 2024, while FTEs remain stable despite higher parcel volume; and lower intersegment corporate costs.

Our adjusted EBIT declined by €29 million year-over-year, mainly due to a drop in Press revenues and the absence of last year's €5 million provision reversal, while the nearly stable mail revenues and the strong parcel volume growth could not fully compensate the increased payroll cost driven by inflation.

Let's move now to 3PL section on page seven.

The first subsegment, 3PL Europe, comprises the European activities of Radial and Active Ants that were formerly part of E-Logistics Eurasia, and Staci Group. The second subsegment, 3PL North America, corresponds to Radial US activities, formerly part of E-Logistics North America.

3PL revenues increased by €82 million, but declined by €41 million, or minus 15%, when excluding the €123 million contribution from Staci's consolidation in August and in September.

In 3PL Europe, at constant perimeter, Radial and Active Ants sales were up 14% year-over-year, continuing the trend of previous quarters. This growth was fuelled by customer onboarding as part of our international expansion efforts and upselling activities targeting existing customers.

In 3PL North America, revenues decreased by €46 million. At constant exchange rate, this corresponds to a decrease of minus 18% in line with the previous quarters, as the lower sales from existing customers and the in-year contribution of new customer wins cannot compensate the client churn we announced last year in the context of economic softness and market overcapacity, resulting in higher competition and pricing pressures for Radial and its peers.

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

Excluding Staci, while the operating income decreased by 14.3%, our operating expense and D&A decreased by 15.6%, primarily driven by lower variable OPEX in line with Radial's revenue trends and productivity gains across entities in Europe and North America, including a sustained improvement in Radial US Variable Contribution Margin. Our VCM has increased by close to 6% year-over-year and stands at its highest level in the third quarter, delivering an impact of around $13 million compared to last year. Year-to-date, this corresponds to a cumulative efficiency gain of 29 million. These efficiency gains help mitigating the top line pressures of the minus €40 million. And we see that at constant perimeter, our adjusted EBIT improved by €5 million to minus €3 million.

Now regarding Staci specifically, EBIT contribution for August and September totalled €11.3 million with a margin of 9.2%. This is slightly below our monthly average expectation, primarily due to the seasonal softness of the summer months and challenging market conditions in North America, playing a role here as well. As we previously disclosed during our bond issuance in early October, Staci achieved an IFRS EBIT margin of 11.6% last year, and we remain confident in reaching a margin of between 10% to 11% over the five months of 2024.

Moving on now to Cross-border business on page nine.

The first subsegment, Cross-border Europe, encompasses bpost domestic inbound and outbound mail and parcels activities, along with European operations of Landmark and IMX, which were previously part of E-Logistics Eurasia.

The second subsegment, Cross-border North America, includes the activities of Landmark Global and Apple Express, which were formerly part of E-Logistics North America.

Cross-Border Europe revenues rose by €4.6 million, or plus 6%, showing an acceleration from the plus 1.7% and plus 4.2% in the previous quarters of the year. This growth was driven by increased volume from China to Belgium, contribution from new customers, as well as from continuous growth from recent customer wins in the European lanes. However, challenging market conditions in the UK and a decline in cross-border volume from Asia to destinations other than Belgium limited further topline expansion.

Similar to previous quarters, our topline in North America remains under pressure. Cross-Border North America revenues declined by €9.6 million, or minus 15%, as Landmark Global reported its seventh consecutive quarter of year-over-year revenue decline. This drop is largely due to downtrading among existing customers, with only a few of our top-10 customers experiencing growth, and a limited contribution from new business, as well as Amazon insourcing, which began at the end of 2022 and is now stabilising just a few million.

Overall, our global Cross-Border revenue decreased by €5 million or -minus 3.5% year-over-year.

As shown on page ten, our OPEX and D&A remained stable, driven by a net slight decrease in volume-driven transportation costs, reflecting lower North American volume alongside higher volumes shipped to Belgium, and marginally higher salary costs tied to the ramp up of international activities and inflationary pressures.

Overall, from a profitability standpoint, the €5 million EBIT decline and year-over-year margin dilution reflect ongoing challenges at Landmark US.

Moving now on to Corporate segment on page 11.

External operating income decreased by €0.9 million year-over-year, reflecting the absence of building sales this year in line with our annual guidance.

The net OPEX after internal invoicing and D&A slightly decreased by €1 million, mainly reflecting lower cost associated with compliance review from last year. This decrease was partially offset by inflationary pressure on payroll costs resulting from the two salary indexation I mentioned earlier.

Adjusted EBIT remained stable at minus €10 million, while reported EBIT was minus €18 million, reflecting M&A costs of €8.1 million incurred during the quarter.

Then we move to the cash flow on slide 12.

The main items to flag are the following.

Cash flow from operating activities before changes in working capital stood at €80 million and increased by €55 million versus last year, reflecting higher EBITDA this year since we had last year the impact of the €75 million provision for the repayment of overcompensation to the Belgium State.

Change in working capital and provision stood at minus €8 million, reflecting a variation of plus €13 million year-over-year. Excluding the impact of the €75 million provision, the operational change is minus €62 million. This variation primarily stems from a shift in accounts receivable due to the termination of the press concession, which was typically settled in the following year, and was still recorded on the balance sheet last year.

The cash outflow from investing activities totalled €1,340 million, primarily driven by the acquisition of Staci for €1.3 billion and capital expenditure of €43 million during the quarter.

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

And the net cash inflow from financing activities amounted to €952 million following the utilisation of the €1 billion bridge financing to fund the acquisition of Staci.

Before we get to the outlook, I am pleased to report that within just three months of acquiring Staci, we successfully refinanced the bridge financing through a €1 billion dual tranche senior unsecured bond offering, featuring both five- and ten- year maturities. This offering was met with an impressive oversubscription of 4.4 times. The €500 million bond maturing in 2029 carries an annual coupon of 3.29%, while the 10-year bond maturing in 2034 has a coupon of 3.63%. Both bonds are rated A- by S&P.

Moving on to the outlook on page 13.

As our segment structure has evolved, we are now presenting our outlook according to the new reporting format. With the performance of the first nine months tracking in line with plan and based on our current views on the year end peak, we are reaffirming our outlook for 2024, projecting an adjusted Group EBIT in the range of €205 million to €230 million.

The underlying parameters of the outlook shared with you in early July did not materially change.

For the Last Mile segment, we can confirm the guidance provided in July for Belgium business, with no change to our mail and parcel volume assumptions, or the financial impact tied to the new Press contracts.

The former E-Logistic Eurasia and North America segments have now been restructured in 3PL and Cross-border, with revenue development and EBIT margin assumptions restated accordingly. In addition to the integration of Staci in the 3PL business unit, we have also taken into account the additional challenges faced by Landmark Global within the Cross-border segment.

Finally, our CAPEX guidance has already been reduced from €180 million to €150 million in July, and we are maintaining this guidance.

I am now ready to take your question. Again, two questions each please. So everyone gets a chance to get to be addressed in the coming 30 minutes. Operator, please open the lines.

Questions and Answers

Operator: Thank you. Ladies and gentlemen, as a reminder, if you would like to ask a question, please press star one on your telephone keypad. Thank you. We will now take our first question from Michiel Declercq of KBC Securities. Your line is open. Please go ahead.

Michiel Declercq (KBC Securities): Yes. Hi. Thanks for taking my questions. The first one would be on the new 3PL business, and more specifically, the North American segment. So now that you brought this in this new 3PL segment, we can clearly see the margin evolution there. So quite striking to see that margins are going up despite the volume pressure, of course if we adjust for Staci. I'm just wondering can you give a bit of an update there? Because you mentioned in the past that you will start onboarding more niche and smaller customers, and this will become visible as of next year. Can you tell us a bit about the phasing? I would expect most of the positive impact to be at the year-end. But can you just walk us a bit through this and how this should translate into the 3PL margins there? Because I assume, given the variable cost savings, it should have quite a positive impact.

And then my second question is on the recent news in Belgium. We have seen quite some complaints regarding the new press distributions from AMP and PPP, and they're [EDIT : i.e. press editors] asking for bpost to maybe extend their service and not doing it via subcontractors. So could you maybe comment a bit on this and if you would be willing to postpone the timeline here and if there would be a financial impact from that?

And then just a very small third one for the Staci acquisition. I was just wondering, it looks like the Amware part is not part of the American business yet, and it's still included in Europe. Can you confirm this or the reason why it's not in the US segment? Thank you.

Philippe Dartienne: Thank you for your question. I will start with the third one because it's a yes or no answer. So indeed, Amware - that was the former brand name - now it's called Staci Americas, is indeed well reported under Staci, that is the reason why we mentioned Staci

Group meaning all the activities of Staci. So for the moment, we have left the Staci Group in one block under the management of Thomas Mortier. By the way, Thomas Mortier is managing not only the entire former Staci Group, but also Radial in Europe and Active Ants in Europe. And in the US, Radial US is separate from the American activities. The main reason behind that one is that it's still different businesses in the sense that the portfolio of customers for Amware (Staci America) is still different than what we have in Radial.

This being said, it's not because they are managed separately that we are not already implementing synergies, especially on the cost side. We already mentioned that some of the synergies that we could see with the acquisition of Staci were twofold. One, being on the top line with cross-sell activities, and the second one being on the cost aspect and the biggest one being the transport contract. And we are already migrating the Staci contracts to the Radial ones. So these synergies are already in place – being implemented, sorry. Not in place but being implemented. You know that they have some periods you cannot shift contracts from one day to another one. So you will see these effects gradually in the coming quarters.

Coming to the first question, which is, 3PL NAM segment. Indeed, we see a pressure on the former – on Radial US for the reason that we have mentioned since many quarters, unfortunately. The fact that we have some customers who left us and also which is, I would say difference in scope, customers leaving and we have the full year impact of that.

We also see that the Same Store Sale, so the sale of the existing customers are really going down year-over-year. By the way, this is something that our peers are also seeing, and the signing of new customers, which is also part of your question, the reorientation, if you want, of the portfolio to move gradually out from big customers to mid-sized segment, is not able to compensate for the loss of the customers. And as we already said, and Chris mentioned it last time as well, that portfolio adjustment will take time and we will see the benefits - we commit to have really visible numbers - after the peak of 2025, and we have not changed on that one.

So that's for the topline, which is, let's be clear, it's not a good news, but it's no change compared to what we have seen in the past; and we have changed the strategy accordingly to move from the big customers to the mid-sized customers and also to enter new segments, so not only fashion and health and beauty, but also entering into news one. This is on the revenue side.

On the cost side, I really want to emphasise that, again, Radial's team has been able to manage its variable and its fixed costs. Where you see that the Variable Contribution Margin, both on the fulfilment activities and on the transport activities are at its peak, since many quarters now, and we have no reason to believe that it would change in the coming future.

That's for the US.

So now coming to what is happening relating to the Press concession in Belgium. So, indeed, the Press concession contract ended up at the end of July of this year. So starting August, we are under another scheme. And there we need to make a distinction between what is happening in Wallonia, so the southern parts of Belgium, and what is happening in the northern parts of Belgium.

In the northern parts of Belgium, some of the volumes are being transferred either to PPP or to AMP, so coming from bpost. And we are still at the beginning of this transition. We have launched seven pilots, and we had agreed with the editors that the level of service for the first two months would be a challenge. By the way, it's no different that when we are changing routes and when we are changing postmen during holiday periods and they are replaced, or when they are sick or going on training, replaced by people who are less familiar with the routes, it has the first day an impact. We have never denied that, we share that very transparently with the editors, and it's also important to keep in mind that we are still not at the end of the two months transition period that we had agreed upon with the editors, and we already see some improvements compared to the first weeks.

On postponing any change, I will not comment, we have agreement with editors right now. Let's continue the implementation and if and when necessary, editors could potentially or not come back to us. But let's give us a bit of time to deliver qualitative services, as we typically do for delivering mail and newspapers. It's again, I repeat, sorry to be heavy, we knew that the transition would not be easy, we are still not at the end of the first two months.

Michiel Declercq: Okay. That's clear. Thank you.

Operator: Thank you. Once again, ladies and gentlemen, if you would like to ask a question, please press star one on your telephone keypad. We'll pause for just a moment while waiting for them to queue in for questions. Thank you. We will now take our next question from Marco Limite of Barclays. Your line is open. Please go ahead.

Marco Limite (Barclays): Hi. Good morning. I've got a couple of questions, and I apologise if those questions have been asked already, but had some IT issues for a bit. So the first question is Staci. I think the run rate in Q3 for Staci was a bit below the €8 million to €9 million EBIT annualised. I mean, is there anything else in there other than Q3 being softer seasonality? First question.

And the second question, given the change in disclosure, just checking how the underlying Radial North America business is doing? So is there any big change in trends compared to the previous quarters? Number one. And on your US cross-border business, which has been affected in the past by insourcing, whether there has been any meaningful change there? Thank you.

Philippe Dartienne: Okay. Hello, Marco. Good morning. No, none of your questions were asked before, so I'm going to take them. Anyway, I would have taken them anyway.

So starting with Staci. So different elements. So like, in all the activities… sorry – one, two, three, stop, rewind, play again. Like in all our activity, the third quarter is always a bit soft because of the summer months. It's not different within Staci. Summer months are always soft. So we see some seasonality impact. That's true that this summer has been particularly soft, including at Staci, and mainly driven by their American activities, by the way, more or less like what we are seeing ourselves.

Nevertheless, we are very confident for the full year average because you will recall that we had spoken about an average over the five months. The peak season is also of importance for Staci, in Europe but also in the US, so we have no reason to be worried when it comes to that one. I would also mention, because this is our top line, but also in terms of profitability measured at EBIT. I just want to remind that the profitability of Staci in IFRS in 2023 was 11.6%. When we went to the market in October, to market the bond issuance, we have said that we would be thinking of reaching a 10% to 11% EBIT margin in 2024. This quarter, which is particularly soft, we're at 9.2%. So yes, we are a bit below, but nothing to be worried about. Of course, dependent of the fourth quarter, but this comment I could make it for all the businesses, which is the impact of the peak.

When it comes to US Radial, unfortunately, a bit of the same story where we are still being negatively affected by the churn of the customers that happened last year and this year, combined with a severe negative Same Store Sales. By the way, that Same Store Sales evolution was negative in 2023, which is still negative in 2024, which is not a good element, but we are not the only one facing that. Our peers also faced the same kind of situation in the US. That's on the development of the top line.

On the operation and efficiency, I would say, there are still very positive news because Radial US has reached its highest Variable Contribution Margin ever in the third quarter. So their continued effort of managing in an efficient manner the variable and fixed cost is still maintained.

When it comes to LGI [EDIT: Landmark Global, Inc.], so the US activities, we indeed see softness due to the loss of customers. And it has been – indeed Amazon decided to leave us –

announced they would leave us at the end of 2022. Now they are at the bottom, which is very marginal into the total top line, but we have not been able to onboard a sufficient number of customers to offset that. And you have also to understand or to know that there is a fierce competition going on, on the Canadian market that makes the acquisition of new customers even more difficult than it was in the past.

I think with that, I've covered your three question, Marco.

Marco Limite: You did. And if I can, maybe I've got a fourth, please. So you have announced a few weeks ago stamp price increase for 2025 at 2% or 3%, if I remember right. Again, I apologise if this question has been asked already. But I mean, that sounds a bit lower compared to the mid-single digit run rate that we've seen in the past. And yeah, definitely, inflation is still, okay, has gone down, but still stronger than pre-pandemic or pre-Russian war.

So yeah, why the price increase was quite lower compared to the historical rate of mid-single digit? Thank you.

Philippe Dartienne: So basically, the price increase, if I look at Parcel: Prepaid products will increase by 1.6% in 2025, and Contract parcels will increase by 3.5%. And on that one, you know that there is a rule that we have to adjust our pricing based on the ITLB, which is Institut Transport & Logistic in Belgium, and we typically translate the increase of 80% of the increase of that index. So that's for the parcel side. So basically, it's driven by our cost evolution. The comparison with what happened in the past, it's a bit difficult for me because we are looking what is our expected evolution of cost.

When it comes to Mail, the average price increase will be 4.8%. That has been approved, by the way, same as for Parcels prepaid products by IBPT, by the regulator, which is always the result of two elements, the fact that the volumes are going down and that we have inflation of costs. So we have applied, I would say, roughly the same methodology as in the past. It's also important to notice that as we have introduced that optionality two years ago, we could increase the price by an additional 3% in the course of 2025, would the inflation indices or cost raise in the course of the year.

Marco Limite: Thank you.

Operator: Thank you. Once again, as a final reminder, if you would like to ask a question, please press star one on your telephone keypad. Thank you. And we will now take our next question from Marc Zwartsenburg of ING. The line is open. Please go ahead.

Marc Zwartsenburg (ING): Yeah. Good morning, gentlemen. One question actually left for me. Could you perhaps give a bit more colour on your parcel volume trend? Because it was quite a good number over the average of the quarter. But you mentioned specifically September. We also saw at your peer that September was a strong month. So yeah, it was September. Can you provide a bit more colour on exit rates, whether they were already double digits and what we're seeing going into Q4? Thank you.

Philippe Dartienne: So thank you for your question, Marc. Indeed, strong performance on the parcel side. Strong performance for parcels in Belgium. So mostly driven by the big platforms, so Bol and Amazon. So these two platforms are really growing faster than the market. And since we are delivering the parcels, we benefit from the fact that they are outpacing the market. So very positive news on that one. I would say, recent developments are still positive and of the same vein.

Marc Zwartsenburg: But is it indeed true then, that September was double-digit? Because it must be, if you mentioned specifically.

Philippe Dartienne: Yes, indeed. Absolutely. You're right.

Marc Zwartsenburg: And given the trend of the larger platforms, should we expect still a sort of flattish price mix for Q4, or should we expect a bit more negative price mix?

Philippe Dartienne: Very good question. I think as you mentioned it, as you've seen it, the price-mix impact in the third quarter was negatively affected by the fact that big customers. Typically the platform taking more weight into the average portfolio negatively affect it. Would that trend accelerate again in the fourth quarter, same cause would generate the same effect.

If all the market would go up at the same trend, meaning the platform and the rest of the market, then there would not be an additional impact.

Marc Zwartsenburg: Okay. Very clear. Thank you very much.

Operator: Thank you. And we will now take a next follow up question from Michiel Declercq of KBC Securities. Your line is open. Please go ahead.

Michiel Declercq: Yes. Thanks again for taking my follow up questions. I just wanted to return a bit to the Radial in the US. Because returning to the fact that revenues were down at the one hand from the customer churn, and on the other hand, of course, from the same customer sales. Just wanted to check because if I look at it from the previous quarter, Q2 and Q1, I mean, your trend in terms of revenue growth minus 19% is roughly the same. But I think if I look a bit at the overall environment in the US and what your peers UPS and FedEx reported, there was actually a bit more of an improvement there in volumes, as to say. So I would originally expect that some of that improvement would be visible in your same customer sales as well. I'm just wondering why this is not the case? Is this also because the same trend that you see in Belgium, the move towards these larger players like Amazon? So that would be my question.

And then I have a very small one still on Staci. Very useful that you provided the revenue and EBIT contribution for this quarter. I'm just wondering, will you continue to provide this info in the upcoming quarters as well? As I would expect, most investors would like to see the evolution of Staci in the in the future. Thank you.

Philippe Dartienne: Thank you for additional questions. So let's start with Radial. I think as it has already been mentioned many, many times, and also by Antoine when he's in direct contact with you, we take the peers as a proxy for the market. It's not a like-for-like comparison. Because you know that we are heavily "health, beauty and fashion" weighted while the competitors have a more broader portfolio. So a trend that you are seeing with them does not automatically translate in the same manner in our situation. And I think, once again, it's the case in the quarter. So directionally, it doesn't go in the other direction. It's just that sometimes it's a bit more, a bit more or less on our side because we are dependent on mostly two customer segments. So again, treat these numbers as proxy for the market. And a proxy never totally reflects the reality. It's always more subtle than that.

Coming to your question on Staci, we will in some quarters continue to report data on Staci, while it will be integrated, will be in a run rate, we will combine together. But nevertheless, we will always be ready to take specific questions on Staci.

Michiel Declercq: Okay. Thank you.

Operator: Thank you. And we will now take our next question from Henk Slotboom of the IDEA!. Your line is open. Please go ahead.

Henk Slotboom (the IDEA!): Good morning, gentlemen. Yeah. Sorry for having missed the first 35 minutes of the call. So I may ask a question that has already been asked. Blame your colleagues from Poland for that. A couple of very brief questions. When I look at – a question I've asked and I've discussed with you before - Walmart has entered the 3PL market as well. I can imagine that the impact on Radial has been pretty limited up to now. As you always say, if you want to change from a 3PL provider, that's quite a hassle and you don't do that ahead of the peak season. How are you looking at it right now? What are your first experiences there? Could there be an impact in let's say 2025 or so, that distorts your growth pattern?

Then maybe a stupid question, I don't know. But the vision between Staci's European sales and non-European sales, so US sales basically. And is there a material difference in the growth path of both areas?

And then the final question, and that I may have missed it, again apologies for that. You spoke of a Capital Markets Day or an Investor Day at the third quarter. Has that date already been fixed?

Philippe Dartienne: Okay, Henk, thank you for your question. So let's start with the easiest one. Capital Markets Day will be in April next year. So after the fourth quarter result being known.

When it comes to the US, and I start with Walmart and impact on Radial. So far, no, we have not seen any impact or customers that we could have lost to Walmart. As you rightly mentioned, Henk, people are not keen on changing prior to the peak. So short answer, no impact so far. Mid-term, can we fear that one? Then I would quote, Craig, who is our CEO in the US. When we asked exactly that question some weeks ago, and he said, that there are customers who like being served by big corporations and there are some companies who don't want.

And since we are – because the processes are more standardized, less tailored solution, some like it, some do not like it or do not need it or sometimes need it. And typically when it comes to the new target or set of customers that we are targeting, which are mid to small sized customers, maybe there would be keener to work with smaller in size type of 3PL organisation that could also sometimes be a bit more flexible when it comes to their needs. So we do not see that as a major threat, as a factor that would limit the growth in the segment.

Staci, you rightly point out that they are active in Europe and in the US. So roughly, the balance between European activities and US activities is a bit more than two thirds in Europe, a bit less than a third in the US. Indeed, the growth pattern is different. Europe has a slower growth potential than the US, this being said, they are also active in different markets. They are mostly present in France and they also have UK, Germany, Spain, Italy, Netherlands and Belgium in their portfolio. And all that have a different dynamic. But also their market share is totally different. Where they have a very strong market share in France, they are very small in the other countries. So the potential for growth, even if the market itself is not really double-digit booming, they have a good growth potential as well.

In the US, they are pretty small. The forecasted growth of the market is significant, combined with the fact that they also want to bring to the market, to the customers some core capabilities that they have in Staci that was not there in Amware, because Amware was a sort of Radial-like type of services on smaller customers. They are also bringing their expertise when it comes to promo goods, this kind of stuff that would help boosting their growth in the US.

Henk Slotboom: Okay. Thank you.

Operator: Thank you. That was our last question. I will now hand it back to Philippe for closing remarks.

Philippe Dartienne: So thank you everybody for joining the call and for your questions this morning. We will look forward to staying in touch with our fourth quarter results, which will be published on 28th February. Thank you very much and have a nice day.

Operator: Thank you. This concludes today's call. Thank you for your participation. You may now disconnect.

[END OF TRANSCRIPT]