Transcript for "Bnode second quarter 2026 analyst call"

Operator:
Ladies and gentlemen, hello and welcome to the Bnode Second Quarter 2026 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 in listen-only mode. However, you will have the opportunity to ask questions at the end of the call. This can be done by pressing pound key five on your telephone keypad to register your question.

If you wish to withdraw your question, please dial pound key 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:
Thank you. Good morning, ladies and gentlemen, and thank you for joining us today for Bnode's Q2 2026 analyst call. I am pleased to welcome you to our Second Quarter 2026 results presentation. Joining me today are Philippe, our CFO, as well as Alexandra and Antoine from Investor Relations. The presentation materials were published on our website earlier this morning. We will first take you through the presentation and will then be happy to answer your questions.
As always, we kindly ask you to limit yourself to two questions each to ensure everyone has the opportunity to participate.

During the call, Philippe will first take you through our Q2 financial performance. I will then come back to provide an update on the progress of our key strategic and transformation initiatives during the first half of the year, and conclude with our outlook for the remainder of 2026.

Philippe, over to you.

Philippe Dartienne:
Thank you, Chris, and good morning, everyone. As you can see from the highlights on page three, group operating income for the second quarter amounted to 1.046 billion, representing a year-on-year decrease of 46 million, or 4%. Most of the decline was driven by Bpost. In addition to the accelerating structural decline in mail volumes, which reached almost 17% during the quarter, parcel volumes also contracted by around 9%, reflecting the impact of the five-week strike that took place throughout April and which we first discussed with you in early May during our Q1 presentation. At the same time, Paxon delivered solid top-line growth of 6.5% in Europe, helping to offset both the impact of the previously announced customer churn at Radial US and temporary revenue pressure at Staci Americas.

At Landmark Global, revenue was slightly lower year-on-year, mainly reflecting the impact of the domestic strike on inbound flows from Asia to Belgium.

Turning to our adjusted EBIT of 29.4 million. With respect to the EBIT strike impact, you can see that our estimate now stands at 25.5 million, compared with approximately 15 million when we first communicated on the matter in early May, shortly after the end of the strike. Since then, contractual penalties, compensation, and other short-term effects have continued to increase the overall impact. Excluding this strike impact, the year-on-year decline was limited to around 3 million euros, which is better than we had anticipated. Indeed, despite the termination of the 679 activities and the accelerated decline in mail volumes weighing on Bpost profitability, the group's underlying performance remained relatively resilient.

This resilience was supported by continued EBIT growth at Paxon despite ongoing top-line pressure in the US, as well as by the positive contribution from the reorganization and operational measures implemented in Belgium. While these factors were not sufficient to offset the exceptional strike impact, they demonstrate the continued effectiveness of our transformation initiatives and the underlying strength of the business. The strike impact nevertheless has a material effect on our full-year outlook and takes us below our initial guidance range, Chris will come back to in detail in a few minutes. Before turning to the performance of our business units, let me highlight, as shown on slide four, that beyond the evolution of EBIT, our adjusted net profit benefited from a €19 million improvement in financial results.

This improvement was mainly driven by a favorable non-cash FX effect last year, as well as higher net income from our treasury investments this year. This positive effect was partially offset by higher interest expense related to the bond issued in June 2025. With that, let me turn to the performance of our business units.

And now on slide five, covering Bpost segment, revenue declined by €43 million year-on-year to €493 million. Domestic mail revenues decreased by 29 million, or -10.4%. Mail and press volume contracted by 16.8% during the quarter, compared to only 11.3% last year and 14.3% in Q1, and this is in line with the mid-teens volume decline guidance we provided earlier this year.

The accelerated decline mainly reflects lower transactional mail volumes following the introduction of mandatory B2B e-invoicing at the beginning of the year, as well as the termination of several advertising contracts. Overall, mail volume decline had a negative impact of around €45 million, partially offset by the positive price and mix effect of €16 million, or 6.4%.

Parcel revenues decreased by €10 million, or -7.9% year-on-year, reflecting a volume decline of -9.2% compared to growth of +9.3% in Q1, alongside a positive price/mix effect of 1.3%.

As discussed during our analyst call in May. Parcel volume declined by around 27% in April as a direct result of the strike. These figures do not include cross-border volumes with destination Belgium, which are reported within Landmark Global that I will comment on in a few minutes.

Following the end of the strike, we observed a gradual recovery in customer volume, with activity improving week after week. By the end of the quarter, volumes were broadly back in line with last year. However, this means that we have not returned yet to the underlying growth trajectory we were experiencing before the strike, and particularly in the first quarter.

Turning to price/mix. The positive effect during the quarter was driven by a favorable product and customer mix effect during the strike period, as larger customers did not inject their usual volumes, as well as a temporary fuel surcharge. These positive effects were partially offset by contractual penalties and commercial claims related to the service quality issues during the strike.

Finally, revenues from other activities, including retail value-added services and personalized logistics, declined by €4 million year-on-year. This mainly reflects lower revenue following the termination of the 679 activities at the beginning of the year, as well as lower revenue from fines solutions, partially offset by higher revenue at DynaGroup.

Let's move to the P&L of Bpost.

On page six, including inter-segment revenue from inbound cross-border volume processed through the domestic network, total operating income declined by €44 million, or -7.1% [edit: -7.9%], year-on-year.

On the cost side, OpEx, including D&A, decreased by €21 million, or -3.9%, mainly driven by two opposing effects. First, we reduced our workforce by approximately 1,500 FTEs and interim staff, representing a decrease of around 6.5%. This reflects the benefits of the ongoing reorganization of our distribution rounds and retail operations. Second, these savings were partially offset by higher salary costs per FTE, which increased by 2% year on year following the March 2026 salary indexation. This impact was slightly mitigated by unpaid absences during the strike.

As a result, the adjusted EBIT declined by 23 million year on year; this includes around €24 million of strike impact, which, together with the termination of the 679 contract, more than offset the continued productivity gains delivered throughout our ongoing reorganization initiative.

Turning to Paxon on slide seven. As in previous quarters, the performance reflects two contrasting trends. At Paxon Europe, revenue slightly increased by 3% year-on-year. Across our European businesses and geographies, we delivered a growth of around 6.5%, compared with 4% in Q1 26, with several activities continuing to grow at high single-digit rates.

This positive momentum was partially offset by the performance of Staci Americas, which is reported under Paxon Europe. Following a contract termination announced in the fourth quarter, year-on-year revenues continued to decline significantly during the second quarter, further impacted by adverse FX effects of over €1.5 million. At Paxon. North America revenues declined by €9 million. At constant exchange rates, this corresponds to a 3% decrease, driven by three factors. First, the expected revenue churn from customer contract terminations announced last year. Second, low single-digit negative Same-store sales, although this is a slight improvement compared to the first quarter of 2026. And third, these effects were partially offset by the contribution from recently signed customers, which generated around €23 million of revenue during the quarter.

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

Against this backdrop, total operating income remained nearly stable year on year, while operating expenses, including D&A, slightly decreased. The development of our cost base reflects the contrasting trends across Paxon geographies, with continued growth in Europe on one end and lower activity levels in the US on the other hand. Importantly, despite continued revenue pressure in the US, we have maintained a resilient cost structure. Variable contribution margin remains solid, while additional fixed costs and headcount actions continued to support profitability.

As a result, adjusted EBIT increased by €2 million to €23 million in the quarter, driven by top-line growth and productivity gains in Europe, and cost measures and real estate optimization in North America, helping to mitigate the impact of the continued top-line pressure.

Turning now to Landmark Global on slide nine.

[At Landmark Europe], underlying market trends remain unchanged. However, top-line performance was flat year-on-year as domestic strikes at Bpost negatively impacted parcel volumes from Asia into Belgium. Volumes were lost to competition during April and remained under pressure in May, while operations progressively returned to normal. On a more positive note, June delivered a strong recovery and growth resumed towards the end of the quarter.

Other European destinations were not impacted by the strike and continued to develop broadly in line with previous quarters. At Landmark Global North America, revenue was slightly up year on year at constant exchange rates. This reflects, on one hand, modest volume growth in the context of a macroeconomic slowdown and on the other hand, an unfavorable mix effects driven by a higher proportion of US domestic volumes and lower Canada to US volumes. Overall, Landmark Global operating income decreased by [€ 2 million] or -1.6% year on year.

As shown on slide 10, OpEx and D&A increased by 3%, primarily reflecting higher transportation costs linked to volume growth, as well as higher corporate and ICT charges. As a result, despite underlying growth across most of our commercial activities, adjusted EBIT decreased by €6 million to just under €17 million, reflecting a strike impact of around €1.5 million, an unfavorable [business] mix effect impacting both Europe, with a higher share of commercial volumes versus postal volumes, and in North America, with a higher proportion of US domestic volume and lower US-Canada cross-border flows, and higher inter-segment charges.

Moving on to the corporate segment on slide 11.

Adjusted EBIT was slightly lower at -€10 million, primarily reflecting higher marketing, communication, and rebranding investments during the quarter. At the same time, we continue to exercise cost discipline, reducing our workforce by around 2% while absorbing an annual salary indexation of approximately 2%.

Let me now turn to the cash flow on slide 12. Net cash outflow for the quarter amounted to €90 million, compared with an inflow of approximately €480 million in the prior year period, which benefited from the bond issuance completed in June 2025. Excluding this financing effect, free cash flow remained broadly stable year on year.

The main drivers were the following. First, cash flow from operating activities before changes in working capital amounted to €107 million, representing a decrease of €27 million year-on-year, mainly reflecting lower EBITDA. Second, changes in working capital and provisions resulted in an outflow of €95 million. Compared with last year, this represents a positive year-on-year variance of €29 million, primarily driven by the timing of terminal dues settlement and movement in supplier balances. Third, net cash outflow from investing activities amounted to €30 million and remained broadly stable year on year. Investments continued to focus on parcels lockers, and capacity expansion. The renewal of our domestic fleet and further development of our international e-commerce logistics activities. Together, these elements largely explained the evolution of the Free Cash Flow during the quarter. Finally, net cash outflow from financing activities totaled €73 million. Excluding the proceeds from last year's bond issuance, the higher outflow mainly reflects the annual coupon payment of €26 million associated with the bond issued in June 2025.

Chris, over to you.

Chris Peeters:
Thank you, Philippe. I am on slide 13 with the strategy and transformation highlights at Bnode. Overall, the April strikes created significant operational disruption during the first half of the year. At the same time, execution of our transformation agenda continued with strong progress across the majority of our transformation initiatives, translating into concrete results. Importantly, these results further validate the strategic direction we have set for the group.

Despite the April strikes, the transformation towards a parcel-led operating model remains firmly on track. Following successful pilots, we are now moving into the scaling phase. September marks an important milestone as we roll out later distribution start times and expand the new dynamic distribution model from 4 to 23 distribution offices. We are further strengthening our leadership position in out-of-home through Belgium's densest locker network. We are well on track to reach our accelerated year-end target of 3,500 lockers, with only around 100 locations remaining to be deployed. At the same time, locker utilization continues to increase strongly, further reinforcing our multi-channel proposition for both consumers and businesses. Our retail network transformation progresses further through the introduction of new products, services and partnerships. Over the past months, we successfully launched nationwide partnerships with DIGI, a telecom operator, and the home security provider Verisure, strengthening the relevance and value proposition of our retail network. Nevertheless, progress has been somewhat slower than initially planned due to the ongoing discussions on the management contract. And finally, our transport activities continue to gain momentum as a new growth platform. We are steadily expanding the pilot, now serving more than 20 internal and external customers with over 150 volunteer drivers. This allows us to further validate and refine our operating model under real operating conditions while preparing for future scaling.

Turning now to Paxon and Landmark Global on page 14. Across our international business, we continue to make progress against our strategic priorities, while each business faces a different set of challenges impacting the pace of progress. At Paxon, commercial development has progressed more slowly than initially anticipated, and accelerating top-line growth remains a key priority. At the same time, our commercial pipeline continues to strengthen, particularly at Paxon Europe, and disciplined cost management has helped protect profitability at Paxon North America. At Landmark Global, our business demonstrates strong resilience, maintaining volumes and defending our key trade lanes despite increasing trade barriers and the temporary disruption caused by the new €3 EU import fee. We are not yet delivering the top-line growth ambition embedded in our plans. Hence, protecting profitability remains our immediate priority. To do so, we continue to implement structural cost measures, including workforce reduction and real estate optimization. In parallel, we further execute our mid-market penetration strategy, diversifying our customer portfolio, and reducing our dependence on a limited number of large customers. At Paxon Europe, the commercial transformation is progressing more slowly than initially anticipated. Nevertheless, the commercial action plan introduced by the new Paxon CEO earlier this year is beginning to generate encouraging momentum with increased commercial collaboration and cross-selling across the organization, yielding a sustained strengthening of the commercial pipeline. In parallel, we are leveraging proven Staci capabilities to accelerate the turnaround of selected legacy sites and customer contracts.

And finally, at Landmark Global, we demonstrate strong resilience despite increasing trade barriers and the temporary market disruption following the introduction of the new €3 EU import fee. Through targeted commercial actions, we successfully restored China-Belgium volumes following the April strike and largely mitigated the impact of the new €3 EU import fee. We did so by increasing our volume share with leading Asian platforms and marketplaces, further strengthening our position in one of our most important cross-border trade lanes. So, as you can see, our #Reshape2029 strategy continues to advance across all pillars.

Let me now translate this operational progress into financial performance.

Philippe has just walked you through our Q2 results. Taking a step back and looking at the first half as a whole. Three key observations stand out in terms of revenue development. First, a significant portion of the group's revenue decline of around €100 million is attributable to our US-based parcel activity at Paxon. Combined, Radial US and Staci Americas saw revenue decline by around €62 million year-on-year, or -14%, including a negative foreign exchange impact of approximately -6%. This decline was only partly offset by the strong performance of our European 3PL businesses, which delivered growth of more than €20 million, or slightly above 5%.

Second, at Landmark Global, we continue to grow volumes despite a demanding market environment. Revenue growth was more modest due to product mix effects, but overall activity levels showed resilience. Third, at Bpost, the anticipated acceleration in mail volume decline to approximately -15% resulted in a revenue reduction of around €50 million. Under normal circumstances, part of this impact would have been offset by continued parcel growth. However, the five-week April strike disrupted that trajectory. Despite a strong first quarter and a gradual recovery in volumes following the strike, during which parcel volume fell by 27% in April, first half parcel revenue ended slightly below last year, resulting in an overall parcel revenue decline of around €3 million.

Turning now to EBIT. At Bpost and adjusting for the February 2025 and April 2026 strike impacts. EBIT declined by €15 million year-on-year, while profitability continued to be affected by the structural decline in mail volumes and the termination of the high-margin 679 contract. A meaningful part of these headwinds was offset by the benefits delivered through our ongoing reorganization initiatives and efficiency measures.

At Landmark Global, EBIT declined by around €10 million, excluding strike effects. This was despite resilient topline performance and was mainly driven by an unfavorable business mix evolution, both in Europe and in the US.

The positive highlight comes from Paxon. Despite a revenue decline of approximately €40 million, or -5%, largely attributable to the US activity, Paxon delivered EBIT growth of around €6 million, together with a margin improvement. While commercial momentum remains below our ambition and there is still work to do, this performance demonstrates that actions implemented over recent quarters are moving the business in the right direction.

This overview of our first half performance brings me to the outlook update for 2026. I am on slide 15.

Based on our first-half results and our current view of the business. We are today revising our full-year 2026 adjusted EBIT outlook to approximately €140 million. You will recall that earlier this year, we communicated an initial EBIT guidance range of €165 to €195 million, with a midpoint of €180 million. So what has changed since then?
The first element is the April strike impact, which we could not anticipate and is now estimated at approximately €25 million. Mechanically, this brings the midpoint of our guidance range from €180 million to €155 million and implies a strike-adjusted range of €140 million to €170 million. The second element mainly relates to Paxon. As I have just discussed, commercial development at Paxon is progressing more slowly than initially anticipated. While our first half performance at group level was broadly in line with our expectations, excluding the strike effects, a meaningful portion of our EBIT plan for the second half relied on new business ramp-ups and commercial initiatives that are now expected to materialize later than initially planned.

We estimate the resulting EBIT shortfall at approximately €20 million, to be mitigated by around €5 million of additional corporate cost-saving initiatives, resulting in a net EBIT impact of around €15 million. So if you think about the guidance revision, there are really two distinct steps. First, the mechanical adjustment reflecting the updated strike impact. And second, the lower than expected contribution from commercial development at Paxon, consistent with the trends we have observed during the first half of the year.

Put differently, our current expectation of around €140 million corresponds broadly to the lower end of our initial guidance range, adjusted for the €25 million strike impact.

With this, we are now ready to take your questions. Again, two questions each, please, so that everyone gets the chance to be addressed during the session. Operator, please open the lines.

Operator
Ladies and gentlemen, as a reminder, if you'd like to ask a question or contribute on today's call, please dial star five on your telephone keypad to enter the queue. If you wish to withdraw your question, please dial star 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
Yes. Hi, and thanks for taking my questions. I have two questions on the Paxon business, please. One on Europe and one on the US. But first on Europe, as we filter out, of course, the customer loss that you had in the US, your growth improved to 6.5%. But then if I look at the guidance, you mentioned that you expect some slower development of business activities in France. What do you mean by this? Exactly. Is that new customer onboarding or new pillars? If you can elaborate a bit on that, because it is a bit different than what we have seen in the second quarter. And then the second question is on Radial US; so during the Capital Markets Day, you were quite positive on these new customer onboardings, these smaller customers. Now that seems to be trending a bit below your expectations. Can you tell me a bit about what the pushback is or what the reasons are for this? Why is it more difficult than you originally expected, or is it just a bit of a delay in phasing where you see that some contracts are being postponed into 2027? Could you please comment a bit on those topics?

Philippe Dartienne
Thank you for your question. First, indeed, your analysis is perfectly right. Despite the growth of 6.5% in Europe, we are seeing that in France particularly, the development is not at the level that we are expecting. You know that we have a point of sale activity which is not growing within the sector in general. It's not growing very fast, but we are experiencing some delays in onboarding new customers for new services. So, it is not that it will not happen. I would say it is a delay in onboarding those customers.

Chris Peeters
Regarding the US, indeed, when we launched the Fast Track product, we had very good traction in the initial part of that. If we now take back the analysis, a part of that was actually due to the fact that the tariffs inclined a number of retailers from outside of the US that were importing directly towards consumers and a couple of fashion brands that started to do local fulfillment, and we could benefit from that momentum that was there at that moment. And we estimated based on that to some extent, let's say, over-exaggerated the growth curve that we could expect going forward. That rebalanced in

terms of tariffs later on, which means that the pipeline was less filled with these kinds of opportunities. And therefore, it is developing a bit slower than our expectation that we had at the moment that we made the Capital Markets Day announcement.

Michiel Declercq
If I can quickly follow up again on Europe. So you mentioned some delays on new customer onboarding. If you look at the growth of existing customers, the 6.5%. Can you break this down a bit? I mean, what part is maybe Radial Europe fulfillment and which part is Staci?
And based on your comment, I would expect this growth rate to come down again in the second half of the year, is that correct?

Philippe Dartienne
In fact, when we speak about operations in Europe now, we operate as one. All the activities we told you about, we moved from an organization just post-acquisition, where in every country we had a former Staci, Radial, or Landmark Global operation. Now, since the beginning of the year, we are really operating those countries as one, and all the sales force and warehouses are operated as one. So it is very difficult to make the split and frankly, it does not make much sense for us to continue looking at what was formerly Staci customers versus Radial customers. We made that acquisition to reinforce our presence in Europe and in other geographies where we are present, and we added some.
And this is exactly what is happening, particularly in France. In fact, there are two elements that are penalizing us. As I said, there were no formal activities from Radial or Dynagroup, despite the fact that we want to bring that knowledge on e-commerce into France, which is a competence that Staci did not have there; it is a bit more difficult to penetrate that market of e-commerce in France so far, while at the same time the POSM business, which is the core of our business in France, is really not a growing business. The business as a whole is at best stable, so there is limited growth coming from that kind of activity.

Michiel Declercq
Okay, it's very clear. Thank you.

Philippe Dartienne (34:07-34:08)
You are welcome.

Operator
The next question comes from Frank Claassen from Degroof.. Please go ahead.

Frank Claassen
Yes, good morning. My first question is on the strike impact. The 25 million negative. Is this it, or is there any risk of a sort of delayed impact from maybe penalties or loss of market share? So could you elaborate on that?

And my second question is on the parcel volume growth. We are back to flattish in May and June. What have you baked into your guidance? What do you assume for the second half? Do you expect to return to growth? And how much growth? Thank you.

Chris Peeters

Okay, so on the 25 million, more or less, everything that we had to include is included by now. So if we look at the effects that we had, it was, of course, the direct strike impact during the period itself, then you had a strong decline in the number of clients, of which for most of them we could regain their trust and they are in a normal operating mode again. Some of them took a bit of time because we had two effects there. One effect was that some said, first, you have to fully clean up the backlog before we start to reinject with you. And that took some time, and some other clients had contracted with other players for a certain period of time, with an agreement for them to handle the last mile.

And so it took time before that contract ended, before they came back. But at this point in time, we have fully recovered from that. The second thing that you mentioned relates to the penalties. Most of the negotiations are in a final state, meaning that legal documents have to be finalized. But I think that the agreements are more or less finalized for most of those penalties, and we don't expect new penalties to come in.

Philippe Dartienne
When it comes to parcel growth for the second half, we expect, in line with our initial guidance, a low single-digit growth.

Frank Claassen
A low single digit for the second half as well. So not for the full year, but for the second half.

Philippe Dartienne
No, no, for the second half.

Frank Clausen
Yes, okay, exactly. All right, thank you very much.

Philippe Dartienne
Welcome.

Operator
The next question comes from Marc Zeck from Kepler. Please go ahead.

Marc Zeck (36:38-38:31)
Good morning. Thank you for taking my questions. I'm afraid I just want to follow up on the question from my colleague on Paxon. To me, it is not yet quite clear if the slowdown or the delays in commercial development are structural, or if it is just a delay in that the volume or the revenues will come later for Paxon US. I have to say, from what you said, it seemed more like a structural slowdown. So it's not really a delay, but that your initial expectations were just too optimistic. And that is not really a delay, but really less revenues to be expected going forward. Regarding Paxon Europe. They mentioned that there are delays in onboarding new customers. Could you elaborate a bit on what is causing these delays? Are these just operational delays? Is it maybe due to, I don't know, France-specific issues? Or is this also some kind of a structural delay that will lead to lower revenues going forward? That is my first question, and I recognize there are a couple of sub-questions in there. The second question would be on that level. Could you maybe give us a bit of a feeling for how H2 might develop for Landmark Global? I believe for H1 we are significantly below last year, even excluding the strike impact, will you catch up on this a bit in H2 or should we more or less factor in the same delta for H2 on profits that we saw in H1. That concludes my two questions. Thank you.

Philippe Dartienne

Let me start by thanking you for your question, Mark. Let me start with the second one on Landmark Global. In fact, when we show the guidance, we show a guidance of mid-single digit growth, with the impact of the strike and all the adverse impacts that we have. As Chris mentioned, in the US, with the tariffs, we are more targeting a low single-digit percentage growth for the top-line development. That being said, I think it is important to highlight that in terms of profitability, we are still maintaining our guidance.

We might be at the low end of the range, but we are still meeting the guidance, which reflects very healthy profitability at the EBIT level. It should not be underestimated the resilience of the business when we see all the adverse macroeconomic impacts that we are facing. There is the one in the US that started, it did not start yesterday. It started a bit at the end of last year as well. But despite that, they have been able to develop new lanes to come directly to Canada and also develop some other new lanes, destination Europe. So indeed, it's a bit slower. But I would say, interestingly, I think we could qualify Landmark Global as very resilient, being able to adjust to macroeconomic circumstances and adjust to customer needs. So I'm a bit more positive than what I'm hearing from your question on Landmark Global.

When it comes to Paxon, if I start with the US, it is a question. It might be a question of terminology. When we speak about delay, yes, there is a delay in onboarding new customers, but or is it a permanent loss? No, it is the fact that it takes more time to attract those mid-size customers. When we launch that fast track product, it really rocketed in the first quarter, and now it is plateauing. We have to recognize it. It also led us to revisit our service offering. Is it the right one? We believe yes, but it is more difficult to attract those customers. Also it should not be underestimated the same store sales impact. In the past, we had some of our best customers that were in the positive territories. Of course, it comes because you are serving them well and they stay with you, but you also benefit from the inherent growth of their business. While for several quarters now, we see that the same store sales are really in the negative territories. As I mentioned, it is slightly, let's be very simple, we experienced a minus 5% in the first quarter. We experienced a minus 4% in the second one. Okay. It's a small improvement, but it is still in the negative territory and that affects us in terms of top line quite significantly when it comes to France, I would say. I will repeat what I said to Frank; it's more like we are trying to bring a new type of service to the French market, where it takes more time than expected. Our presence there is barely known, mostly known for the POSM segment. We are bringing in new customers. When you bring a new type of service offering based on new competencies, it takes some time, a bit more time. You need to convince some existing customers to give us those e-commerce type of businesses. But it does not come overnight.
We are very confident that we will prevail. But it is really a question of delay, I would say, on that one.

Marc Zeck
Thank you very much.

Operator
The next question comes from Henk Slotboom, from The Idea. Please go ahead.

Henk Slotboom
Good morning all and thanks for taking my questions. I'm afraid it's on Paxon as well. Chris, it is more like a clarification or a question I have regarding your final remarks on the outlook for the current year, for the second half of the year for Paxon. I got the impression that when you refer to delays in commercial new contracts and that sort of thing, does that relate to contracts that have already been signed and have not kicked in yet, or is it reflecting the fact that you hope to onboard new clients somewhere in the course of the second half of the year? That was a little bit unclear. So perhaps you

could clarify that. The second question I have is that you also refer to the fact that you have made a lot of progress in getting back volumes, especially from the Chinese platforms. That is, of course, helping Landmark and with a favorable position of Liege and Brussels as European hubs. I guess that should offer a little bit of help, but is there a crossover in the direction of Paxon as well? Regarding the Chinese e-commerce players, some of them have advocated for local warehousing and local fulfillment. Is that something you expect to be able to benefit from?
Those were my questions. Thank you.

Chris Peeters
Thank you Henk. On the first one, in terms of delays, the way we have brought it into our outlook is that we looked at a pipeline and the conversion rate with a fairly healthy conversion rate that we have seen over the last period. So it is not all signed contracts, but an applied conversion rate that we have on a very healthy portfolio in terms of different stages that we see within that pipeline. That is always the way how we have done it. So there's a mix of some things might be signed, some things might be in negotiation. But on each of those different steps within our pipeline, we apply a conversion rate towards the final contract.

And of course, there is risk mitigation, because typically people announce more volume than they really do in practice later on. That is also an effect that we see. So we correct for these effects. But that's the way it was built up. So it is a mix of the two on which we applied conversion rates on the different stages in the pipeline that we are developing.

If you look at the volume that we see happening. So there, I think that indeed, of course, we benefit from the fact that Liege Airport is a very important hub for the Chinese volumes coming in; the EU import fee impact, as you have probably seen in the press, resulted in a serious decline in the volumes coming in. We could benefit from that situation and, by commercial action, capture a disproportionate share of the part that was still coming in. And meanwhile, indeed, we are in conversation with a couple of parties, but it is too early to make any announcement regarding those looking for opportunities for closer to delivery market fulfillment. As you know, many of them have announced warehouses. Some are actually opening warehouses almost as we speak. And so in that discussion, of course, Paxon is in discussions with multiple parties over there as well.

Henk Slotboom
Okay. Sorry. Perhaps I can squeeze in a follow-up. Chris, when I look at earlier reports by, for example, PostNL and CTT, I sense an increased activity in the field of opening warehouses and fulfillment centers elsewhere as well. Do you see increased competition in that? You already referred to the Chinese players that are coming? Is it something that is of any concern to you, or is the power ofActive Ants or Radial and that sort of thing? Is it so strong that you say, okay, well, we will manage that. It is one of the factors.

Chris Peeters
I would say overall market growth is good for Paxon Europe, depending of course on the different markets, and we don't have the same strength of position in each of the markets. But typically, if a market grows, it is beneficial for us because it means that our conversion rates and our pipeline are better at that moment in time. So as long as you hear that there is more activity coming to the European market, it's typically a positive signal for the quality and the healthiness of our pipeline.

Henk Slotboom
Okay, thank you very much.

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

Marco Limite (47:56-48:49)
Hi, good morning. Thanks for taking my questions. I have a couple of questions, so the first one is on the de minimis. How do you assess the risk from new European regulation, especially in your Landmark Global business? You were mentioning that June was actually quite good.

Do we think that there was a sort of front-loading of volumes? How do you think that the Landmark Global business will adjust or react to the de minimis? Do we think the second half is going to be challenging? And then my second question is on the new management contract on retail activities. If you could please remind us when does that expire? What is the risk around this contract? How, you know, what is the revenue that needs to be renegotiated? Thank you.

Chris Peeters
Regarding the de minimis. So, June was pre the €3 import fee, the European import fee. And so it was a very strong month which showed that we could rebound from the strike. So for us, that is a clear sign that we could strongly rebound from the strike.

What we see now, as I already mentioned, was already in a number of publications, there was a hefty reduction of the import volumes in the first weeks after the €3 import fee. So you see that the Chinese platforms have not yet fully adapted to that reality, meaning that neither local fulfillment has been completely delivered to them. Neither could they compensate for the impact of that €3 import fee through commercial actions. That being said, the position of Landmark Global was very strong during the month of July. As far as we can see, that means that we actually are quite optimistic. Relatively speaking to that market, we are actually fairly competitive. Going forward, but it has not yet played out fully, what the endgame is of this €3 fee. So regarding the €3, the rebound after the 40% decline typically suggests that volumes will gradually return, though not fully, and some of that will shift to local fulfillment. And so how that balances out is a little bit difficult to have a real view on. The second thing, of course, that we should not forget is that there is a handling fee coming in later this year. And so that as well could have a second effect on that volume in that market. And that is an element, of course, that we will watch carefully. And whether our commercial teams are preparing well to ensure that we don't have negative effects on the side of Landmark Global.

Philippe Dartienne
So on the management contract, it will end at the end of this year. The current management contract generates €150 million in revenue. The government has expressed its willingness to reduce that amount by €50 million. It is public information. They stated that to reach their budget.
They want to reduce it. And we are in negotiation with the government to see how we could implement that. Because for us, it is quite obvious that the reduction in the topline will not lead to a loss of 50 million in EBIT, as we will not absorb that reduction of top line while maintaining the same services. So we are discussing with the government to see under which modalities we want to reshape the portfolio of services to reflect the fact that the topline will move from 150 to 100 million.

Marco Limite
Thank you. But on this, there is no risk that the whole of the 150 million disappears. So you can confirm that we should be quite relaxed that we only get a 50 million reduction, right? Yes, there is no further risk on it. It is more of a negotiation on the service.

Chris Peeters

It is a statement in the government agreement. So that was also made public at the moment that this government started to operate. It is seldom that you see big changes towards a delicate government agreement, because then you would question all the elements in a very large government agreement. So it is indeed a very low risk that that would change going forward. But it is not something certain, as it is a political decision.
It is not something that can be fully excluded. But it would be strange for something that is written in hard text in a government agreement to drastically change during the course of that government.

Philippe Dartienne
And during the discussions that we have, we are speaking about how to implement these 50 million reductions. It is not a question it will not go to zero.

Marco Limite
So, okay. Thank you very much.

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

Chris Peeters
So thank you, everybody, on the call for having taken the time to be with us. And for your interesting questions. We look forward to staying in touch. And as a reminder, Philippe will present our third quarter results on November 6th. For those who have not been on holiday yet, I wish you happy holidays.

Thank you very much and have a nice day.

Operator
Thank you for participating in the call. You may now disconnect.