3rd Quarter 2026 Results

Conference call transcript

Brussels - November, 06th 2026
Chris Peeters, Group CEO
Philippe Dartienne, Group CFO

Transcript of the conference call held on November, 6th 2026 - 10:00 am CET

Operator (00:04-00:47)

Ladies and gentlemen, hello and welcome to the Bnode Third 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 the 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 (00:48-01:38)

Thank you.

Good morning, ladies and gentlemen, and thank you for joining us today for our third quarter results presentation. Joining me are Philippe, our CFO, as well as Antoine from Investor Relations. The presentation materials were published on our website early this morning. We will first take you through the presentation and will then answer your questions. As always, we kindly ask you to limit yourselves to two questions each to ensure everyone has the opportunity to participate.

During the call, Philippe will first take you through our Q3 financial performance. I will then update you on our strategic and transformation initiatives and conclude with our outlook for the remainder of 2026.

Philippe, over to you.

Philippe Dartienne (01:38-19:30)

Thank you, Chris, and good morning, everyone.

As you can see from the highlights on page three, group operating income for the third quarter amounted to €1,005,000,000, representing a year-on-year decrease of 24 million or -2%. The quarter was characterized by the usual seasonal softness, combined with weaker than expected demand trends across several parts of the group.

Most of the revenue decline was driven by Bpost, where the accelerated mail volume decline reached 16.4%, while parcel volume growth remained limited at 1.3%. With September momentum falling short of typical back-to-school trends and our expectations.

At the same time, Paxon Europe delivered revenue growth of 6.6%, helping to mitigate the impact of the previously announced customer churn at Radial US and the broadly stable revenue performance at Staci Americas.

At Landmark Global, revenue was slightly higher year-on-year. Despite the volume pressure on Asian flows following the introduction of the 3 euro levy on July 1st. This pressure was partially mitigated by temporary business opportunities with existing customers, but at a less favorable mix profile, a point I will come back to later.

Turning to our adjusted EBIT, which came in at -21.2 million.

The year-on-year decline of €18 million was primarily driven by Bpost, where the EBIT decreased by close to 20 million, reflecting the termination of the 679 banking activities and the accelerated decline in mail volume, as well as inflationary pressure on payroll. despite ongoing FTE reductions.

At Paxon, EBIT increased by close to 9 million year-on-year. In Europe, revenue growth translated into higher profitability, while in North America, profitability improved despite lower revenues, reflecting the benefits from the cost measures and operational improvements that we already discussed during our previous presentations.

At Landmark Global, as I just mentioned, revenues remain broadly stable year on year but this resilience was supported by temporary business opportunities, and this also came at the expense of profitability, as European and US regulatory measures weighed on the product mix and overall margin profile. As a result, despite relatively stable revenue, the EBIT contribution decreased by a bit more than 7 million year on year.

While the third quarter is typically impacted by seasonality and some summer softness, we recognize that the performance came in below our expectations. In particular, parcel volume momentum remained subdued in September, while the impact of the new regulatory measures on Asian cross-border flows proved more pronounced than initially anticipated. As a result, and given that part of these headwinds are expected to persist.

As a result, and given that part of these headwinds are expected to persist into the fourth quarter, we have revisited our outlook to reflect the trends that we are currently observing across the businesses. Chris will walk you through our updated expectations at the end of the presentation.

Then let me turn to the performance of the three business units.

I am on slide five, covering the Bpost segment, where revenue declined by €26 million year on year to €487 million.

Domestic mail revenue decreased by 24 million, or 9.4%. Mail and Press volume contracted by 16.4% during the quarter, compared with 10.1% last year and 15.5% in H1, and in line with the mid-teens volume decline guidance we provided earlier this year.

Besides the lower transaction volumes following the introduction of mandatory e-invoicing at the beginning of the year, as well as the termination of several advertising contracts, the volume decline also reflects an accelerated decline in press volume of 29.5%, driven by the ongoing newspaper volume transition in the northern part of the country.

Overall, mail volume declined had a negative impact of around €40 million, which was only partially offset by a positive price and mix effect of 7% that translates into €16 million.

Parcel revenues increased by a modest €3 million, or 2.2%, year on year.

In terms of volume, we saw growth of 1.3%. However, this figure benefited from one additional working day, and on a daily-average basis, volumes were broadly stable at -0.3% year on year.

In Q1, parcel volumes were growing at around 5% on an underlying basis, broadly in line with our expectations. Since the disruptions experienced during Q2, volume momentum has remained subdued and growth has not returned to pre-strike levels. This was particularly noticeable in September, where we did not observe the usual post-summer acceleration, leading us to adopt more cautious assumptions for the fourth quarter.

For Q3, several factors contributed to this softer volume development.

Consumer confidence continued to deteriorate throughout the quarter, while household spending remained resilient but subdued.

In addition, we experienced a temporary operational disruption at one of our largest e-commerce customers, which negatively impacted volumes during the period.

Finally, exceptionally warm weather in September delayed seasonal apparel purchases and weighed on apparel-related e-commerce activity during what is normally an important back-to-school month.

And despite this muted volume environment, price and mix contributed positively by close to 1%.

Finally, revenues from other activities, including Retail, Value-added services and Personalized logistics, declined by €4 million year-on-year. This mainly reflects lower revenues following the termination of the 679

banking activities at the beginning of this year. However, one should note that this impact was partially offset by continued strong growth at Dynagroup, which delivered more than €13 million, or 14%, of additional revenue year-to-date.

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

Including intersegment revenues from inbound cross-border volumes processed through the domestic network, Total operating income declined by €23 million, or 4.4%, year on year.

On the cost side, Opex, including D&A, slightly decreased by €4 million, or 0.7%, mainly driven by two factors.

First, we reduced our workforce by approximately 1,730 FTEs and interim staff, representing a decrease of 7.2% year on year compared to approximately 1,500 reported at the end of the first half. This corresponds to an EBIT improvement of more than €20 million year-on-year and reflects the continued benefit from the ongoing reorganization of our distribution and retail operations. These savings were partially offset by higher cost per FTE following two salary indexations over the past 12 months, resulting in an increase of close to 3%.

Second element, transport costs increased, primarily due to volume growth in Personalized logistics and the impact of temporary fuel surcharges.

Despite significant productivity efforts and continued progress on the reorganization agenda, these benefits were more than offset by inflationary pressures, as well as a decline in high-margin mail revenue and the termination of the 679 activities. In addition, lower cross-border volume from Landmark's Asia to Belgium activities following the implementation of the €3 levy reduced the absorption of the Bpost fixed cost base, creating an additional drag on EBIT. As a result, and against a backdrop of muted parcel momentum growth, the adjusted EBIT declined by €20 million year on year to -€29 million.

Turning to Paxon on slide seven.

As in previous quarters, the performance reflects two contrasting trends.

At Paxon Europe, revenue increased by 5.5% year on year.

Across our European businesses and geographies we delivered growth of around 6.6% in line with Q2, with several activities continuing to grow at high single-digit rates. This positive momentum was partially offset by the performance of Staci Americas, which I remind you is reported with Paxon Europe, where revenues at constant FX rate continued to decline following contract termination announced during the fourth quarter last year. In addition, and to a lesser extent, revenues were impacted by customer departures late in the quarter and by reduced service scope with certain existing customers.

While overall growth remained solid during the quarter, we are seeing increased commercial delays. As a result, the contribution from recently signed customers is ramping up more slowly than initially anticipated, which is beginning to weigh on our near-term growth expectations.

At Paxon North America, revenues declined by €12 million at constant exchange rates, corresponding to a decrease of around 10%, driven by three factors. First, the expected revenue churn from customer contract terminations announced last year. Second, mid-single digit negative Same Store Sales, representing a slight deterioration compared with the previous quarter. And third, these effects were only partially offset by the contribution from recently signed customers, which generated around €13 million of revenue during the quarter. The ramp-up of new customer wins continued to progress more slowly than initially anticipated and remains insufficient to fully offset churn, which is increasingly weighing on our near-term growth expectations, here as well.

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

Against this backdrop, Total operating income remained nearly stable year over year, while operating expense, including D&A, decreased by close to 3%. The development of our cost base reflects the different dynamics across our two regions.

In Europe, excluding Staci US, Operating expenses increased broadly in line with topline growth. In North America, note that Staci currently experiences some temporary customer profitability issues, but Radial costs adjusted downwards alongside lower activity levels while maintaining strong variable contribution margins. This was further supported by ongoing fixed cost initiatives and headcount reductions at Radial, contributing to the continued improvement in profitability despite lower revenues.

As a result, adjusted EBIT increased by close to €9 million to €7 million in the quarter.

Turning now to Landmark Global on slide nine.

At Landmark Europe, the main development during the quarter remained the impact of the €3 levy, which came into force on July 1st and weighed on Asia to Belgium volumes with an impact broadly in line with what market participants have reported over the recent months.

Importantly, we did not observe any meaningful sequential recovery throughout the quarter, with volume remaining under pressure from July through September.

This volume pressure was partially mitigated by a temporary business opportunity with existing customers, which helped stabilize overall volumes. However, this incremental volume came with a less favorable mix profile, resulting in a slight dilution of both revenue and profitability.

Beyond Asia to Belgium, we continue to see healthy momentum across most other European and UK flows, which contributed positively to the quarter and ultimately allowed Europe to deliver a modest year-on-year revenue growth of close to 2% despite the regulatory headwinds.

At Landmark North America, revenue was slightly higher year-on-year at constant exchange rates. Next to a modest volume growth, consistent with a softer macroeconomic backdrop, this performance also reflects

an unfavorable mix effect, driven by a higher proportion of “US domestic” volumes and lower “US to Canada” flows, which continue to be impacted by tariff-related measures.

Overall, Landmark Global operating income increased by 1% year over year.

As shown on slide ten, OpEx and D&A increased by close to 7%, primarily reflecting two factors.

First, higher transportation costs driven by volume growth, but also by temporary fuel surcharges and lower carrier rebates compared with the prior year. And second, an unfavorable phasing of terminal dues.

As a result, despite volume resilience across most of our commercial activities, adjusted EBIT decreased by €7 million to just under €10 million, reflecting an unfavorable business mix effect already visible in previous quarters but further exacerbated this quarter by the regulatory change impacting Asian volumes in Europe, and unfavorable phasing of terminal dues, which is expected to normalize over the remainder of the year.

Moving on to the corporate segment on slide 11.

EBIT improved modestly year-over-year to -9 million, driven by continued cost discipline and a workforce reduction of around 4%, more than offsetting the annual salary indexation of just under 3%.

Let me turn now to cash flow on slide 12.

Net cash outflow for the quarter amounted to €470 million, compared with an outflow of around €16 million last year. This primarily reflects the repayment of the 2018 bond at maturity in July 2026, and excluding this financing effect, free cash flow remained broadly stable year over year at around €63 million.

This reflects, on one hand, cash flow from operating activities of around 91 million, broadly stable with last year. The lower EBITDA was largely compensated by favourable working capital evolution, notably at the

receivables level. On the other hand, CapEx amounted to approximately 28 million, remaining broadly stable year on year.

As a result, underlying activity remained resilient during the quarter despite the lower profitability performance.

Chris, over to you.

Chris Peeters (19:30-28:40)

Thank you, Philippe.

I'm on slide 13 with the Strategy and Transformation highlights.

As part of our transformation journey, we delivered several important milestones during the quarter. Most notably, the transformation of the Bpost operating model and the commercial launch of Paxon as our unified global 3PL platform.

At the same time, as just explained, our financial performance remains affected by a combination of softer demand trends, regulatory developments, and slower-than-expected commercial ramp-up across several activities. While some of these factors are clearly external, others require stronger execution on our side, particularly in commercial development, which is now a key area of focus for management.

If you look at Bpost, we see that the revenue pressure remains significant. The accelerated decline in mail continues to outweigh parcel growth, while commercial development in logistics activities is progressing more slowly than initially anticipated.

Another important area of focus remains our IT transformation. The realization of IT efficiency gains assumed over '25 to '27 have been slower than initially anticipated, resulting in a gap versus our longer-term cost trajectory. We completed a comprehensive review of our IT cost base and identified approximately €30

million of annual savings potential. We have now established a phased implementation roadmap running from 2027 to 2031. While this confirms our ability to capture meaningful efficiencies, the timing of these savings is now expected to be later than originally planned.

Despite these headwinds, execution of our transformation agenda remains on track and continues to deliver tangible milestones.

If you look at the operating model, in September, Bpost implemented significant changes to its distribution model to support the transition towards a parcel-focused operating model. These changes include the implementation of dynamic distribution rounds, more efficient pre-sorting of mail at sorting centers, and later delivery start times, allowing customers to inject parcels later into our network. At the same time, the rollout of our dense and non-dense operating model continues according to plan and remains a key lever to further improve workforce efficiencies in the coming years.

Our out-of-home strategy also continues to gain traction. The Bbox network now exceeds 3,000 lockers, with more than 600,000 new users acquired through targeted customer campaigns, and we are on track to reach approximately 3,300 lockers by year-end.

We also successfully secured the renewal of the Belgian License Plate production and distribution contract for another five years, ensuring a meaningful, recurring B2B revenue stream through 2032.

In parallel, we continue to increase the relevance of our retail network through new partnerships. The home security provider Verisure and the telecom operator DIGI are now available across the entire Post Office network, while our partnership with the energy provider Luminus has started in an initial wave of offices ahead of a broader rollout next year.

Finally, one should note that uncertainty remains regarding the Management Contract with the Belgian State, with the year-end deadline approaching and no further clarity having been provided at this stage.

While these transformation initiatives are progressing according to plan and already contributing to workforce efficiencies, the financial benefits are currently being absorbed by the challenging revenue environment.

Turning now to Paxon and Landmark Global. I am on page 14.

The launch of Paxon on September 30th marks an important milestone in the creation of a unified global 3PL brand by bringing together Staci, Radial, Active Ants, and Base Logistics under one commercial identity. We strengthen our positioning and our ability to serve customers globally.

In Europe, we continue to deliver revenue growth and cost synergies. However, commercial execution remains below our ambitions both in new business acquisition and cross-selling activities. While topline development remains positive, commercial ramp-ups are taking longer than initially anticipated. As a result, we have launched a dedicated growth plan focused on accelerating sales execution, strengthening lead generation and increasing commercial conversion.

In North America, operational performance continued to improve, and fixed cost and overhead reduction initiatives launched over the last quarter are delivering tangible profitability improvements. However, here as well, commercial momentum remains softer than expected. Customer churn, slower market growth and the delayed ramp-up of new customer wins continue to weigh on revenue development. Strengthening commercial execution in North America is therefore a clear priority for management going forward.

Landmark continues to demonstrate commercial resilience in an increasingly challenging regulatory environment. The introduction of the €3 levy on Asian volumes persisted throughout the quarter, without any meaningful recovery from July through September. Targeted commercial opportunities with existing customers helped mitigate part of this pressure and supported revenue resilience. However, these opportunities were temporary in nature and came with a less favorable mix profile, and therefore impacted profitability. Looking ahead, the introduction of the additional €2 handling fee will further increase regulatory pressure on Asian flows and reinforces our focus on continuing to expand the range of commercial services offered to our customers.

Finally, at group level, we recently adapted our executive committee structure and organization to support the next phase of our transformation. These changes are designed to strengthen customer focus, improve execution, and accelerate decision-making across the group. As Nicolas Baise prepares to become CEO of Bpost on January 1st, I will return fully to my group CEO responsibilities after a period during which I combined both roles. This additional focus at group level will allow us to further accelerate execution of our strategic priorities across all business units.

To conclude, the transformation continues to progress and confirms the strategic direction we have set for the group. While recent market developments and commercial headwinds have impacted our short-term performance, our priorities remain unchanged. Beyond productivity initiatives, we are now placing even greater emphasis on commercial execution and customer profitability across all business units. This will be one of management's key priorities going forward.

And this brings me to the outlook update for the remainder of 2026. I am on slide 15.

As Philippe highlighted earlier, third quarter performance came in below our expectations. More importantly, several of the trends observed during the quarter are not showing the improvement we had anticipated heading into the year-end peak season. Parcel volume momentum remained muted during September despite the usual back-to-school period. Commercial ramp-ups are progressing more slowly than expected, and regulatory pressure on Asian cross-border flows continues to intensify. All of this is occurring in a challenging macroeconomic environment.

As a result, we now expect fourth-quarter adjusted EBIT to be between €55 million and €65 million. With weaker revenue expectations across all of our major business units. As detailed on this slide. This translates into a full-year adjusted EBIT outlook of €95 million to €105 million, compared with our previous expectation of around €140 million communicated at the time of our first-half results.

At the same time, we remain disciplined on capital allocation and have therefore reduced by 10% our expected full-year CAPEX from €150 million to approximately €135 million.

While we are clearly disappointed by this revision, we remain fully committed to delivering on our transformation agenda, accelerating commercial execution, and reinforcing profitability growth across the group.

With this, we are now ready to take your questions. Again, two questions each (...)

Operator (28:40-29:11)

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 (29:14-31:35)

Yes. Hi and thanks for taking my questions. A lot to digest during this results release. But my first question would be a bit on Paxon and more specifically the outlook for the fourth quarter. So, in Q3, your revenues were broadly flat. You guide for a high single-digit decline in the fourth quarter. Can you help me understand the dynamics a bit better here? Because I understand at Radial North America the same store sales deteriorate a bit from mid-single digits to mid to high single digits. And then in Europe, you guide for low single-digit same-store sales. But how does this compare to Q3 for Europe, or how should I interpret this guidance, which suggests that Europe should also experience a meaningful decline in the fourth quarter? I understand there is still that U.S. customer that is lost, but help me understand the bit here. What is changing in terms of Same Store Sales for Europe as well? And what the impact may be of potential new onboarding, customer delays and how you look at this going into next year.

And then the second question would be regarding the outlook for 2027. So, you lowered your guidance two times this year. You are now at around 100 million at the midpoint. Next year you should have some tailwind from the strikes that will hopefully not reoccur. But at the other end, at Radial US, there is no improvement in sight. It looks like the EU is deteriorating a bit as well at Paxon. Then you have, of course, the de minimis impact at Landmark Global, which is expected to intensify further in November, if I'm not mistaken. So quite a lot of headwinds despite hopefully no strike impact. But how are you looking at EBIT for 2027? Do you think you can increase there, or what measures can be taken to offset these challenges? Those would be my questions, please.

Philippe Dartienne (31:35-34:15)

Thank you for your question. Indeed, it is a lot, but I think with what we have announced, it is absolutely logical and normal. And you know, those are very good questions. In the US, speaking about Radial - sorry to go back to the old terminology - but you referred to it, indeed what we are seeing is that the same store sales is really decelerating. I think, as I look at Antoine, that it is maybe not more than 12 or 15 quarters that we have seen a degradation of Same Store Sales. We always believe it is the last one, but it still continues. And we don't see, based on the forecast that our customers are providing us, that the peak season would be a great season in the US this year. So it is part of the element. On the other hand, you also noticed that when it comes to variable contribution and efforts made to adjust the structure to the current volumes. We are continuing and repeating that, quarter after quarter, but it is still the case. It helps mitigate the lower development. This being said, we also have to acknowledge the fact that, in terms of rebate rates that we are receiving from transporters - so, the discounts we are getting from the providers are lower - also, there is a huge overcapacity in transport capabilities in the US, it also weighs on the rebates that they are offering us.

When it comes to Paxon Europe. Indeed, there will be further degradation in Q4 2026, but it is just the annualization or the follow-up, if you want, of what happened in the third quarter, namely a low growth rate and the same-store sales, which are also not picking up in Europe. And the impact of loss of certain customers at Staci Americas. So it's more like what we observed in Q3 was not applicable to the entire quarter, but it will be annualized or quarterized, if I could use that word, in the fourth quarter, which really explains why we are more concerned for the fourth quarter than we were some weeks ago.

Chris Peeters (34:17-37:19)

And on the EBIT guidance. As you know, of course, this is not the moment to give EBIT guidance for next year. As we are still in the middle of the budgeting process. But I agree with you that there are a couple of, let's say, negative external trends that play against us.

Most importantly, of course, the one on the tariff and handling fee from Europe versus Asian volumes, which both are affecting Landmark and the unit people. So that is an important negative trend that we see. And the overall consumer confidence, which results in a slower than expected parcel growth environment and continued acceleration of the decline in mail volume, is mainly driven by digitalization such as e-invoicing in Belgium. That has accelerated the decline in mail. And we expect that to continue.

That being said, of course we are putting in place a range of measures against that, both on the cost reduction side and on the sales stimulation side. So we will ensure that on those different fronts we will look for an acceleration. There are also new opportunities in the market. And as you clearly said, the big impact that we saw this year in April regarding the strike, we at least hope that there is no reason for a similar event. The transformation has now been realized.

We see that the dynamic in our personnel overall is positive regarding the changes we have implemented. So once the implementation was there, we see that we have a positive dynamic. For most of our employees at this point in time, we continue, of course, to do changes, but none of them with the same level of impact as the ones that we have just executed during the month of September. And therefore, we are pretty confident looking at that. So when we come back to you with better guidance it will be the sum of those two, and an increased focus on some cost reduction measures that we are prioritizing.

How do we see alternatives for top line growth? As you know, many of those Chinese platforms are looking for fulfillment opportunities in Europe as we speak and also for logistical opportunities there. So there will be new sources of volume likely being in Europe soon as well. We are also looking at those opportunities.

It will be a continued focus on those dimensions where it really matters for us, where we can make a meaningful change in the light of the transformation we've done. I think the important message here is that the transformation as such has advanced, well, alongside a couple of external headwinds that I mentioned and internal headwinds, such as the strike. Looking forward, external factors remain the same, but internally, it probably allows us to have more focus on both cost and revenues in the coming year. And so the balance of that, we will communicate with you at the moment that we have the full year results of 2026.

Michiel Declercq (37:21-37:23)

Okay. Thank you.

Operator (37:27-37:31)

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

Frank Claassen (37:33-38:27)

Yes, sir. Good morning gentlemen. My first question is on Radial. Because on the one hand, you have still got the declining churn and on the other hand, the commercial delays. Yeah, can you elaborate on when we can expect some kind of turning point for Radial? Should I also be assuming a turning point in 2027 or when could we expect some kind of inflection point?

And my second question is more on the Capital Markets Day that you hosted last year. Of course. Obviously, there have been much more headwinds than anticipated since then, but how should we look at the strategic progress so far and also the targets you gave at the Capital Markets Day? I remember also our target for next year so, how should we look at that in the current context?

Thank you.

Philippe Dartienne (38:29-40:28)

On Radial, it's a combination of two things. The customer churn in 2025 and 2026 having an impact in 2026, and some of them will also have an impact in 2027. Also, I just want to remind you, as I mentioned in the

answer to the previous question, that in Radial, what is positive is that they are capable and have demonstrated the capability to adjust the cost base on both a variable and a fixed cost basis to the level of activity. Okay, you might tell me that reducing costs is not a sustainable way of developing a company. Totally agreed, but at least this continues while operational excellence is delivered to customers.

So, in fact, I think it is a bit too early to determine the turning point. It will come with the announcement of the 2027 numbers, as Chris referred to, that we will bring to you with the Q4 results. Yes, we will be turning into a positive momentum. But the question is, what is the full-year impact of the customers lost in 2026 that will still have an impact in 2027.

And the pace at which we can onboard customers, of course, we will also have, conversely, the full-year impact of the customers that we have onboarded in 2026, which will have a full year impact in 2027. But for more details on that one, I ask you to have a bit of patience and wait for our budget exercise to be completed.

Chris...

Chris Peeters (40:28-41:47)

Yes, so on the Capital Market Day. So, we will obviously have to revisit that given the more complex external environment. That being said, the fundamental drivers of our transformation remain solid. So we had an intense review of all the drivers that we had. As I have always said, we are in a transformation which, given the context of the company, we came late and we have to accelerate on many of those dimensions, obviously, the strike this year has not helped us. A lot of focus was placed on the operational transformation that we needed to execute, and that was fairly successful in the end after the strike. So that is something that we are doing. So now we will re-emphasize the focus on some of the delays that I mentioned, the one that we have seen in the digital transformation and the one that we have seen in the commercial transformation. So that focus will be there.

I believe there will certainly be a delay in execution compared to the initial announcement, what we discussed in the capital markets. At that moment was due to the combination of headwinds and some delay

of transformation. But overall, the fundamentals that we have, the kind of company we will become after the transformation, and the way in which we will create profitability and value remain solid and the same.

Frank Claassen (41:48-41:51)

Okay. Thank you for your comments. Thank you.

Operator (41:54-41:58)

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

Marco Limite (42:01-43:12)

Hi, thanks for taking my questions. A similar question on the Q4 high single-digit decline, but rather than on Paxon, it is on Landmark. I am aware that, of course, we have had several regulatory headwinds in summer and from the 1st of November. But just checking that the acceleration in revenue decline in Q4 versus Q3 is basically all driven by new regulatory headwinds or if there is anything else there.

The second question is just to go back on this IT transformation. Are you able to quantify by how much you are behind the plan? So in euro million terms, how much cost savings are missing?

And if I can seek a third one quickly on this license plate distribution contract, you are talking about lower annual value. Can you just remind us how much lower? Thank you.

Philippe Dartienne (43:13-45:50)

So on the Q4 forecast in Landmark, it is really driven by the regulatory impact. It continues. You know, we had two waves, the €3, and we have now the additional €2 for processing fees that will come into effect. So it will have an impact. This is really the main driver for the decrease that we are seeing.

Historically, when we have seen a change in regulation, you have a drop which is typically around 10% to 20%. And then over a period of 4 to 6 weeks, it goes back nearly to the same level. Here, we experience, as the business, the profession if you want, we experienced a drop of between 30% and 40%, and it has not

come back. So, there would be an additional layer of €2, which weighs a lot when you make purchases of an average value of 3 to €5 for the product itself, if you have to add another €5 on top of it. Now, it is really an impact on the decision of the customers. Do I buy, yes or no? And we are really seeing an acceleration of that.

When it comes to Paxon, it is just the continuation of what we have observed in Q3. Those customers will have a left or reduced scope, and in the context of lower Same Store Sales, it will have an even more important impact in the fourth quarter.

When it comes to IT transformation, we said that we revisited what we could achieve in terms of IT efficiencies, and we mentioned a number of 30 million over a four-year period, which is a revised version of what we had anticipated two years ago. So it came out a bit lower. Meaning that it has an impact on non-delivered savings, if you want, in 2026 of more than 10 million.

On the license plate. I don't have the number in my head. I will refer back to you on that one.

Marco Limite (45:52-46:22)

Thank you. Just a quick follow-up on the first question around Landmark. So you are talking about 30 to 40% decline in volumes, which makes sense as it is the number I have seen elsewhere. But then how do we reconcile the 30% to 40% decline with only, let's say, a high single-digit percent decline? I guess so.

Chris Peeters (46:22-47:35)

Yes, we successfully reached out to those clients and increased our market share in a declining volume market. So, we are still affected by some decline in volume, but we increased our market share in those Asian volumes coming to Europe. Obviously, that came based on a new product offering that we had with a lower margin than the previous one. But we took the opportunity to focus on ensuring that we could have a market share increase in the flows from Asia to Europe. And that was successful already, starting from, let's say, starting from the second half of July and throughout the month. However, you see that it has a stabilizing effect at the top line. But you don't see it fully translated in the EBIT lines because you have some volume

decline that we still see. Even net of that, we still lose some volume; despite the big market share increase, given the 40% decline, obviously, even with that market share increase, you still see some volume loss and the price-mix effects that you see in the overall result of Q3.

Marco Limite (47:37-47:38)

Very clear. Thank you.

Operator (47:43-47:47)

The next question comes from Henk Slotboom from the IDEA. Please go ahead.

Henk Slotboom (47:49-50:18)

Yes, good morning and thank you for taking my questions. I have a lot, but I will try to wrap them into two long questions.

The first question is on Landmark. Chris, you already elaborated on increasing your market share in the Asian volumes and related matters. At the end of the day, you already said it is a temporary thing. Have we seen a lot of Chinese companies moving their warehousing and fulfillment to Europe? So that means that effectively you should increasingly switch from Asia-Europe into a network that is intra-Europe cross-border. How do you assess your chances there? Because I asked the same question to CTT earlier this week. Everybody is talking about the same thing, whether I talk about Spring or I talk about Asia, or whether I talk about Landmark Global.
How are you going to build a position or extend the position here? And what are your advantages? Is it very much the strength of Liege as a hub? So that's my first question.

The second question is more on Paxon and especially on Paxon Europe. First of all, if I look at what the Chinese are doing, it looks as if they are creating their own dedicated fulfillment and warehousing capacity in Europe. Is it right to assume that Paxon, Active Ants, or Radial Europe are not benefiting from the relocation of the Chinese, or the move from the Chinese to local warehousing and fulfillment in Europe? That is one thing, and secondly, I am a bit puzzled. Maybe the explanation is simple regarding what you said about the

prospects of Paxon Europe for the fourth quarter. It refers to low end-of-year sales. However, Paxon Europe is mainly B2B. Is this being caused by Staci or are there any other things I do not see at this moment?

Chris Peeters (50:19-53:28)

It is a long question. So let's try to structure it a little bit. So if you look at the Asian volume, indeed. So the commercial repositioning that we did, increasing market share, is of a temporary nature, as we also mentioned in the documentation that we sent out today. That being said, of course, we are of the opinion, as you also underline, that those tariffs will be there to stay and that the change in the nature of the business that we will do with the Asian platforms, Chinese mainly, will change, as you know that we still have some of the business as well coming from other Asian countries to Belgium.

So, we see less of a change today than we see on the Chinese platforms, as they are currently building up fulfillment capabilities within Europe. Some of them are already active and running. From everything that we can see, and from every discussion that we have, they run fully on their own warehouse management systems and their own order management systems, and they want to operate most of those facilities today, mainly positioned in Eastern Europe themselves. That being said, you have seen that we have already taken significant steps in the carve-out, or rather, the splitting off within the legal entity of our transport division. And so there will be increased line haul activity coming in the first phase of this transformation from Poland and Romania towards Western Europe.

And so that is an opportunity that we are investigating as we speak. The second point is that, from our conversations with those platforms, we understand the first wave will be in Eastern Europe, which currently still involves a multi-day delivery window. The initial order will be complemented with more local fulfillment in the second wave, which they will execute once they have established their position. And so we are looking at what the opportunities would be there. So we consider that for Paxon fulfillment opportunities in the, let's say, the big volumes that you will see that still have a D+3 to D+7 kind of delay.

We don't think that we play any fulfillment role in that. We think that it is likely that no major fulfillment player in Europe will play a role in that. That being said, around the markets that you serve, there will be

opportunities when they want to increase their quality of delivery. That is an active discussion that they have, as they want to move those platforms as a digital platform, which is Chinese-owned, but with a logistical activity that is regional. In that regional play, we are looking to see if there are opportunities, though it is a bit too early to say if they will continue as they stated, we want to partner on those and see them execute on that.

But at least they were very clear for the first bulk. They do not look specifically at partners in fulfillment. For the second one, they announced that they would look for partners. And obviously, we are actively looking at that at this point in time with Paxon.

Henk Slotboom (53:29-53:31)

Okay, that's clear.

Chris Peeters (53:33-53:39)

Then your other question was on the Q4; maybe you can talk through that.

Philippe Dartienne (53:39-54:41)

Yes, through that. So, you are absolutely right. We are mostly in Paxon Europe, having B2B customers. Nevertheless, those B2B customers are also impacted by the global economic environment, where we see less development in their topline and, as a consequence, a ripple effect on us as well. Also in the US, we said we have some customer churn, with customers totally exiting us or reducing their scope of services.

But we also experience both in the US and in France some temporary profitability issues with three customers that impacted our results quite significantly. And that will take a bit of time to be brought back to an acceptable level of profitability.

Henk Slotboom (54:42-54:49)

Okay. And maybe a clarification, not so much a question, because otherwise I would violate the rules.

Chris Peeters (54:49-54:50)

Be careful there.

Henk Slotboom (54:53-55:11)

The 50 million euro subsidy had been discussed. Sorry, the federal government wanted to cut the subsidy by 50 million, which was taking place in Belgium. I believe the Prime Minister is heading towards the King for the second time this week.

Chris Peeters (55:11-55:13)

He should be there at this moment.

Henk Slotboom (55:13-55:33)

Yes. Okay. What is the status there? Because on one hand you said if we have to cut, if the subsidy is cut by 50 million, we will act correspondingly. But is it still to be expected as of the 1st of January? Or are we going to see a push out of this whole phenomenon?

Chris Peeters (55:33-58:05)

So, there are a couple of legal safeguards around that. So it is fairly unlikely that there will be any plan that needs to be fully implemented as of 1st of January, given the timeline that we are on now. Meaning as well that in any case, there needs to be a European approval. In case there is a proposal for a revisited network with different opening hours or a different size of the network, it depends on the government choices that we take. But we have a reasonable implementation time for that.

Once that decision is taken, you can see the political standstill that we see in this country today will also make it unlikely that we will have that decision. Let's say in the coming weeks, I think that we are not the highest priority file. So it is first the budget, and you have a couple of other very sensitive files, as was published in the press, such as the nuclear file. The files around the banking situation are probably higher on the list than the Bpost one. So we expect that the government will miss the deadline in giving us clarity, which would mean that we would roll over next year for a couple of months in the current system, and at the moment that

we have an agreement, we will probably then see what reasonable timing is combined with the approval of Europe to get it right.

I think what is important in this for us is that in all the negotiations that we have, I think that every party participating in the current government has also made clear that they agree that this needs to be a phased approach that can be handled by Bpost in a reasonable way without big hiccups in it. So a little bit like what we do in the reorganization situation in distribution, where we adjust volumes with the speed of the natural attrition curves that we see within this company. Those are the kind of scenarios that we have on the table. Now it is of course difficult to see when and which scenario they will choose, but once it is there, we will have an execution plan which will continue to have the logic of the management agreement, which is the management contract, where we have an accepted return by Europe of 7% of that activity. And so that is the one that we likely will continue to have also in the next phase of that.

Henk Slotboom (58:06-58:08)

Okay. That is very clear. Thank you very much.

Operator (58:11-58:19)

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 (58:20-58:38)

We would like to thank 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. We will have, of course, more outlook, as some of you asked for 2027 at the moment that we have the full year results and we thank you very much and have a nice day.

Operator (58:41-58:45)

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

[END OF TRANSCRIPT]