Martin Seidenberg, CEO IDS Group

As Mick highlighted earlier, we are really pleased with the progress that has been made during the first half of the year. Both volumes and revenues were up whilst our profit and margin trajectory are in line with full year guidance. That's a great result given the weak economy and market backdrop. But, as always, there are various dynamics at play impacting how we're performing in individual countries and business segments. So let me take you through these in more detail.

GLS delivered a robust performance across its European markets. In most markets we have seen a decline in consumer spending due to persistently high inflation, rising interest rates and high energy costs. In Southern Europe, we saw good growth in all markets, bolstered by increasing 2C deliveries. In Italy, revenues were up 6.7%, driven mainly by higher B2C volumes. Combined with good cost control this resulted in an increase in operating profit.

Spain also performed well. Revenues grew by 19%, driven by double-digit volume growth, improved pricing and the value add driven by our Madrid hub. Operating profit decreased slightly compared to last year, due to higher minimum wages and costs associated with the hub ramp-up. France continues to progress well and remains on track with its improvement plan, with revenues up 5.3%, driven by higher volumes.

In Western Europe, our performance remained resilient. In Germany, revenues grew 4.5% on flat volumes, enabled by a successful pricing strategy. Despite the impact from higher minimum wages on our cost base, we were able to improve profits. In Eastern Europe, volume growth has slowed due to a general weakening in consumer spending. Despite this, we grew our revenues by 5.4%, with particularly good export volume growth in Poland.

Turning to North America. The market has also been affected by the difficult economic climate, which is challenging all industry players and impacting freight and parcel volumes. As a result, the market experienced a softening of volumes due to reduced consumer spending. Despite this, in the US, we have seen significant growth in our B2C customer base, with double-digit parcel volume growth, which represents a strong performance compared with the market.

Our revenues declined by 4.8% in US dollar terms due to the lower freight revenues, which could not be fully offset by the growth in new parcel customers. We remain confident in our US operations and the success of the turnaround strategy. Losses in Half 1 reduced significantly compared with the exit rate in the second half of last year. In Canada, our organic revenues declined by 8% in Canadian dollar terms, principally due to lower freight activity and a normalisation compared with last year's exceptional performance. However, we're continuing to perform well and deliver higher than average margins in the market.

In addition to a good financial performance, we also made progress on delivering our strategic priorities at GLS. We continue to invest in our network to boost productivity. Our planned hubs in Paris and Berlin are on track to be operational before the 2024 peak season and, as I mentioned, our Madrid hub is performing exceptionally well. This is a good example of how strategic investments into the network are driving our long-term success.

The transformation of last-mile operations remains a key component of our B2C strategy, and the global expansion of our out-of-home network is progressing well. The network grew by 11% in 8 the first half of the year, driven by a strong increase in lockers. Moving forward, we will continue to ramp up our out-of-home footprint where we see promising opportunities. In parallel, our investment in digital solutions to enhance seamless customer experience, is delivering real change to our business.

We are also progressing towards a more sustainable footprint by making our hubs more environmentally friendly, expanding our low and zero-emission fleet and testing hydrogen and electric line-haul vehicles. Finally, the GLS international network remains one of our key strengths. During Half 1 we saw good export volume growth and we will continue to look for opportunities to further expand our presence in cross-border.

So, in summary, we are pleased with our Half 1 GLS performance. As we move into the second half of the year, we expect a generally slower economic recovery than previously predicted. Against this backdrop, we have a clear set of priorities to drive the business forward and are confident that we will meet our full year guidance while delivering on our strategic goals. Firstly, we have a high performing core business, underpinned by a strong brand known for delivering high quality with a broad, loyal customer base.

Secondly, we are continuing to invest in innovation, boosting network productivity and automation. GLS is an integral part of the IDS Group and continuously delivers good performance. We remain focussed on our long-term growth ambitions and delivering solid profits in the years to come.