



Aramex 2019 Revenue Grows to AED 5.2 billion

E-commerce spurs strong growth in Express shipment volumes while business transformation efforts continue to drive operational efficiencies

Financial highlights

- *Full Year 2019 Revenue hit AED 5,246 million, up 3% vs FY 2018; and Q4 2019 Revenue up 3% to AED 1,463 million*
- *Full Year 2019 Net Profit increased by 1% to AED 497.4 million vs. 2018; while Q4 2019 Net Profit was down 1% at AED 152.5 million vs. Q4 2018*
- *In 2019, Express shipment volumes surged 15% vs. 2018 as a result of the strong growth in global e-commerce activities*
- *Revenue growth and margins continue to be impacted by e-commerce pricing pressure*

Dubai, UAE – Monday, 10th February 2020:

Aramex (DFM: ARMX), a leading global provider of comprehensive logistics and transportation solutions, today announced its financial results for the Fourth Quarter and Full Year ending 31 December 2019.

Full Year 2019 Revenue increased by 3% to AED 5,246 million, compared to AED 5,086 million in FY 2018. FY 2019 Net Profit increased 1% to AED 497.4 million, compared to AED 492.6 million made in the year ago period.

Aramex's Q4 2019 Revenue grew by 3% to AED 1,463 million, compared to AED 1,425 million in Q4 2018. Q4 Net Profit dropped slightly by 1% to AED 152.5 million, compared to AED 154 million in the year ago period. In Q4 2018, Aramex registered a one-off impairment of AED 46 million from the divestment of Aramex Global Solutions (AGS).

The Company remains in a very strong cash position thanks to prudent financial management; at the end of 2019, Aramex's total cash stood at AED 1 billion and free cash flow of AED 294 million.

Commenting on the results, Bashar Obeid, Chief Executive Officer of Aramex, said:

"We are pleased with our resilient performance despite headwinds emanating from regional and global economic challenges and pricing pressure on our core business prompted by shifting e-commerce dynamics.

In 2019, we strategically focused efforts on upgrading our operations and deepening our commitment to building a digital infrastructure that enables a higher service level to customers, more efficient processes to handle strong growth in shipment volumes and partial mitigation of impacts from pricing pressure, especially in our express business. More specifically, we invested heavily in the last mile operations, one of the most critical and



competitive stages of the delivery journey. This has enabled us to become the leaders in last mile in our core markets.

Simultaneously, we are fast tracking our commercial transformation process to encourage accelerated growth in our B2B business lines such as fashion retail, telecommunications, manufacturing, chemicals and healthcare, which will help us diversify our revenue mix. To extract more value from that business we are undergoing a restructuring of our commercial teams and processes, and expect it to increase its contribution to our performance in the coming quarters.”

Q4 2019 Business Performance Highlights:

Aramex's **International Express** business declined 4% to AED 673 million, compared to AED 702 million in Q4 2018. This decline is attributed to the continued pressure on pricing for e-commerce business in Aramex’s Asian markets, especially China and Hong Kong, despite the growth in volumes. E-commerce business from other markets including the UK and USA witnessed double-digit growth compared to the year ago period.

Domestic Express surged 20%, to AED 324 million, compared to AED 270 million in Q4 2018. The significant growth in this business line is attributed to the double-digit growth in core markets, notably from Saudi Arabia, Egypt and UAE. Excluding India restructuring and impact from exchange rate fluctuations, Domestic Express growth would have reached 26%.

Freight-Forwarding witnessed flat growth of AED 294 million, from AED 293 million in Q4 2018. Meanwhile, Aramex’s Oil and Gas business registered healthy growth. Aramex continued to diversify across different geographies and strategic sector verticals, mainly fashion retail, manufacturing and healthcare, setting the foundation for a steady projected growth over the long term.

Aramex’s **Logistics and Supply Chain Management** business grew by 15% to AED 97 million, compared to AED 84 million in Q4 2018, as a result of the growth of business across the company’s key markets, especially in the UAE and Saudi Arabia. The increase is driven by more traditional retailers choosing to tap omni-channel sales to compete with pure-play e-commerce companies.

Iyad Kamal, Chief Operating Officer at Aramex, said:

“Over the course of the year we have invested in strategic ground infrastructure projects specifically in our core markets with the ultimate objective of boosting operational efficiencies and enhancing the overall customer experience. Our efforts, together with the continuous commitment and dedication of our passionate teams around the world, have enabled us to handle growth of 30% in shipment volumes in our core markets efficiently with an improvement in delivery times. Those investments included the establishment of new fulfillment facilities, increasing the number of Aramex PickUp and Drop Off (PUDO) points to be closer to end recipients, and introducing more automation in our operational and back office processes.”



Commenting on Aramex’s digital transformation Mohammed Sleetq, Chief Digital Officer at Aramex, said:

“In 2019, we have invested in several digital technologies with a strategic focus on enhancing customer experience, last mile transformation and modernizing our core technology infrastructure. These investments helped reshape our digital identity to increase agility and speed innovation and efficiency across all business lines. Our data lake, which hosts a big data infrastructure that leverages machine learning and artificial intelligence capabilities, allows us to digitize the end-to-end customer experience and solve some of the industry challenges. We also introduced Aramex Fleet and Spot, innovative solutions together forming a zero-asset tech-driven model that supports our capacity scalability efforts and solve last mile challenges, especially around peak periods. We will continue to invest in latest technologies that allow us to accelerate our digital transformation journey, improve service level to customers and realize higher efficiencies.”

Full Year 2019 Business Performance Highlights:

Aramex's **International Express** business grew by 3% to AED 2,349 million, compared to AED 2,273 million in 2018, most notably coming from USA, UK, Singapore and Saudi Arabia.

In FY 2019 **Domestic Express** business grew by 5% to AED 1,108 million, compared to AED 1,051 million in 2018, driven by the rise in domestic e-commerce across GCC and Australia. Performance was impacted by the strategic restructuring of operations in India and currency fluctuations; excluding these two factors, Domestic Express would have grown by 13% in 2019. In Aramex’s core markets, Domestic Express shipment volumes rose by 27% compared to 2018, namely driven by strong growth in Saudi Arabia and Egypt.

Aramex's **Freight-Forwarding** business declined by 2% to AED 1,138 million, compared to AED 1,164 million in 2018 due to continued regional economic uncertainty.

Logistics and Supply Chain Management operations over the year increased 18% to AED 355 million, compared to AED 302 million in 2018, due to the strong demand from traditional retailers for Aramex’s warehousing and other value-added services across key markets.

Commenting on the outlook for 2020, Bashar Obeid said: “While we anticipate shipment volumes to continue to demonstrate healthy growth in the coming year, notably from our core markets, pricing pressure on e-commerce business is expected to continue over the coming period. Our efforts in 2020 will be focused on accelerating our business transformation roadmap across different areas in the company to realize synergies and lower cost of doing business on the ground. We will also continue our aggressive roll-out of the commercial restructuring process prioritizing the B2B segment, to ensure we have a well-diversified revenue mix.”

- Ends -



About Aramex:

Aramex (DFM: ARMX) is a leading global provider of comprehensive logistics and transportation solutions. Established in 1982 as an express operator, the company rapidly evolved into a global brand recognized for its customized services and innovative multi-product offering. Traded on the NASDAQ from 1997 to 2002, Aramex today is a publicly traded company on the Dubai Financial Market, employing more than 16,500 people in over 600 locations across more than 65 countries and leads a strong alliance network providing global presence, and bringing together 40 independent express companies from around the world. The range of services offered by Aramex includes integrated logistics solutions, international and domestic express delivery, freight forwarding, secure records and information management solutions, and e-services, including e-business solutions and Shop and Ship. www.aramex.com

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Aramex

Mohammad Al Qassem
Senior Communications Manager
+971 4 524 6755
Email: mohammad.alqassem@aramex.com

Brunswick Group

Celine Aswad
Associate
+971 4 560 9666
ARAMEX@brunswickgroup.com