



Aramex's Revenue in FY 2020 Increases 9% to Record AED 5,510 million

- Efficient and agile operations underpinned by strong digital backbone and robust financial position enabled Aramex to handle 21% growth in International and Domestic Express Volumes during 2020
- Company's strong cash standing positions it favorably to consider value-enhancing deals in 2021

Financial summary

In AED (unless otherwise stated)	Q4 2020	Q4 2019	% change (YoY)	FY 2020	FY 2019	% change (YoY)
Revenue¹	1,598 million	1,418 million	13%	5,510 million	5,068 million	9%
Net Income²	77.0 million	152.5 million	(49%)	285.0 million	497.4 million	(42.7%)
Normalized Net Income³	116.7 million	152.5 million	(23%)	377.6 million	497.4 million	(24.1%)
EBITDA Margin²	12.4%	19.6%	(7.2%)	13.8%	18.2%	(4.5%)
Normalized EBITDA Margin³	14.9%	19.6%	(4.7%)	15.5%	18.2%	(2.8%)
International & Domestic Express Volume (% growth)	-	-	22%	-	-	21%

1. With reference to disclosure announced to the markets on 4 February 2021 on Aramex entering a definitive and binding agreement to sell InfoFort and in line with IFRS-5 to disclose InfoFort and its subsidiaries assets and liabilities held for sale, and discontinued operation for Q4 2020 and Q4 2019 and FY 2020 and FY 2019.
2. In line with Aramex's prudent and transparent financial disclosure, EBITDA and Net Income for Q4 and FY 2020 **include** one-offs and other non-recurring provisions including:
 - A non-recurring provision in Q3 and Q4 2020 to cover the damages resulted from warehouses' fire incidents in Beirut and Morocco
 - Expected Credit Loss (ECL) on the bank balances of Aramex Lebanon as per the requirements of International Reporting Financial Standard (IFRS 9)
3. EBITDA Margin and Net Income **excluding** the one-offs and non-recurring provisions.

Cash Position

In AED	As of 31 st December, 2020	As of 31 st December, 2019
Total Cash	1,255 million	1,000 million
Free Cash	441 million	294 million



Dubai, UAE – Tuesday, 9th February 2021: Aramex (DFM: ARMX), a leading global provider of comprehensive logistics and transportation solutions, today announced its financial results for the Fourth Quarter (Q4 2020) and Full Year (FY 2020) ending 31 December 2020.

In Q4 2020, Revenue increased 13% to AED 1,598 million, compared to AED 1,418 million reported in Q4 2019. This marks the Company's highest fourth quarter Revenue on record. Q4 is typically a busy shopping season and with more and more consumers turning to e-commerce to buy goods and gifts due to travel and other COVID-19 related restrictions, this supported Aramex's top line growth for the three-month period. For the year, Aramex's Revenue was AED 5,510 million, an 9% increase versus FY 2019 and the highest Revenue on record, as COVID-19 accelerated e-commerce activities.¹

In 2020, the Company's cost base witnessed an unexpected increase as line haul costs – costs associated with long distance transportation – rose and the cost to scale last mile operations to accommodate the surge in Express volumes from e-commerce also increased. There was an increase in other costs related to COVID-19, including Personal Protective Equipment (PPE) for Company employees and sanitization of facilities and fleet. Combined, these higher expenditures ultimately weighed on FY 2020 EBITDA margins, which came in at 13.8%, down from 18.2% in FY 2019. In addition to the higher cost base in Q4 2020, EBITDA margins were weighed by non-core and one-off provisions of:

- AED 18.4 million was additionally booked in Q4 2020 in relation to warehouse fire incident incurred in Q3 2020; and
- AED 21.3 million in estimated credit loss on the Company's bank deposits in Lebanon, a prudent provision in light of the deteriorating liquidity and banking conditions in that country.

Aramex reported a Net Profit of AED 77.0 million in Q4 2020, primarily due to the above-mentioned one-off provisions. However, excluding these provisions, Net Income would have been AED 116.7 million, down 23% year-on-year, mainly attributable to the higher operating cost environment. For FY 2020, Net Income was AED 285 million, down by 42.7% from AED 497.4 million for the year ago period, and normalized Net Income for the period was AED 377.6 million, down 24.1% year-on-year.

Despite the increase in costs and after accounting for provisions, Aramex remains in a very strong cash position thanks to prudent financial management. At the end of 2020, Aramex's total cash stood at AED 1,255 million and free cash flow of AED 441 million. Moreover, the agreement to sell InfoFort will strengthen Aramex's balance sheet and result in a more focused group, consistent with the Company's long-term strategy to focus its operations on the core logistics solutions services.

Captain Mohamed Juma Alshamsi, Chairman of Aramex said: "In 2020, Aramex demonstrated its operational resilience and agility to respond swiftly to fast-changing operational conditions thanks to our strong digital infrastructure, robust financial position, experienced management team and the incredibly determined people that were on the ground getting the job done. Moreover, over the last 12 months, Aramex reinforced its reputation as a trusted brand that can deliver high levels of service in a reliable, safe and timely manner under unprecedented circumstances.

¹ It is worth noting that in line with IFRS 5, Revenue and subsequent income statement line items for Q4 and FY 2020 and Q4 and FY 2019 periods have been adjusted to exclude income from Information Fort (LLC) "InfoFort", since it has been classified as a discontinued operation, assets and liabilities held for sale following the announcement made to the market on 4 February 2021 that Aramex has entered into a definitive and binding agreement to sell InfoFort. Aramex will fully disclose the details of the transaction upon closing, which is expected in the third quarter of 2021.



As the global economy recovers from the pandemic and the global vaccination drive gathers pace, we are optimistic about the future of our industry. Demand-side fundamentals are encouraging as more and more businesses will depend on us to move and deliver shipments globally and domestically. Supply-side, we anticipate a consolidation of market participants, creating stronger, more efficient, and technology-powered logistics service providers that are better able to offer customized solutions. At Aramex, we will look to further strengthen our leadership position in our core markets while continuing to make inroads into servicing industries that have high volume and growing demand, with the intention of creating greater value for our shareholders and other stakeholder alike.”

Bashar Obeid, Chief Executive Officer of Aramex, said: “Throughout the year we remained focused on executing on both the digital transformation roadmap, to enhance operational efficiencies and service levels, and on our commercial strategy, to diversify revenue and expand our B2B business. On the digital front, we invested in several technologies with a strategic focus on further improving consumer experience and supporting the growth of the B2B segment. On the commercial front, we were incredibly successful in expanding our services and increasing the number of customers and total volume of shipments handled in the healthcare and FMCG sectors. We are excited about the prospects from both those defensive industries and will continue to build our capacity and capabilities to service and accelerate our growth in those segments.

Over the past few years, customers have become increasingly price sensitive, which means Aramex’s focus will be on maximizing efficiencies to ultimately bolster profitability. While 2020 profitability margins were squeezed by higher costs – due to COVID-19 – and one-off provisions, we believe our investments in technology and other pro-efficiency initiatives will lead to higher synergies, and will reflect positively on our profitability over the coming periods.

In 2020, we also remained focused on executing on several Sustainability initiatives including testing electric vehicles in Saudi Arabia and commissioning the second solar farm in Dubai to power our warehouses. Our efforts over the last several years continues to reap positive results and I am happy to report that we reduced our carbon emissions by 6% in 2020, and we managed to increase the number of beneficiaries of our sustainability initiatives to more than 360,000 persons around the world.”

Q4 2020 Business Performance Highlights:

Aramex's **International Express** business jumped 18% to AED 796 million, compared to AED 673 million in Q4 2019. The increase is predominately driven by growth in e-commerce from USA, Europe and Asia origins into the GCC.

Domestic Express surged 19%, to AED 387 million, compared to AED 324 million in Q4 2019. A surge in e-commerce activity led to a 37% increase in e-commerce volumes in core markets, notably from Saudi Arabia, UAE and Kuwait. There was also good growth from Australia and New Zealand.

Freight-Forwarding reported revenue of AED 280 million down 5%, from AED 294 million in Q4 2019 on the back of the decline in activity from the oil and gas and fashion retail segment. However, the healthy and encouraging growth from other segments, especially healthcare and FMCG, helped offset some of the weakness from the Company’s more established business verticals.



Aramex's **Logistics & Supply Chain Solutions** business witnessed a 4% year on year growth to AED 101 million and rebounding from Q2 2020 lows. This was mainly attributed to growth from very promising and strategic sectors including healthcare and FMCG. In December, the Company joined the Hope Consortium, spearheaded by Department of Health – Abu Dhabi, to safely deliver vaccine vials in over 170 countries.

Thomas Kipp, Chief Operating Officer at Aramex, said: “While 2020 was riddled with operational hurdles, we managed to end the year on a strong footing. In Q4 we handled a record volume in Express shipments and witnessed a strong rebound in volumes in our International Express from the Q2 2020 lows. We also expanded our operations to handle crucial and temperature sensitive shipments from both the healthcare and FMCG segments. Our investments in cold chain solutions, capabilities and temperature-controlled infrastructure will continue to service that growing customer segment. On the last mile front, we were very well positioned to efficiently handle our highest ever Domestic Express volumes for the busiest shopping season of the year.

For the year, however, we saw a significant increase in cost per kilo of shipment due to constrained sea freight and air freight capacity and higher overall line haul costs. This is why we are looking at ways to redesign our line haul network including chartering our own flights on certain routes. To that end, in late 2020 we began expanding operations in one of our core markets strategically located hubs, Abu Dhabi, to help us achieve our time definite service. As of Q1 2021 we will begin chartering our own flights from Abu Dhabi to other GCC markets.”

Full Year 2020 Business Performance Highlights:

Aramex's **International Express** business jumped 10% to AED 2,573 million, compared to AED 2,349 million in 2019. The second half of the year staged a strong recovery from a weak first half, as lockdown measures eased and there was a gradual return to normal business operations. However, margins came under pressure from higher line haul costs.

Domestic Express business surged 23% to AED 1,362 million, compared to AED 1,108 million in 2019, driven by the rise in domestic e-commerce across GCC and Australia. In core markets, e-commerce volumes skyrocketed 74% as more and more consumers relied on e-commerce to buy all types of goods – from essentials to non-essentials.

Aramex's **Freight-Forwarding** business declined by 5% to AED 1,085 million, compared to AED 1,138 million in 2019 due to weakness in oil & gas and traditional retail market.

Logistics & Supply Chain Solutions business increased 6% to AED 375 million, compared to AED 355 million in 2019, due to solid growth from very promising and strategic sectors including healthcare and FMCG.

Commenting on the outlook for 2021, Bashar Obeid said: “Going into 2021 Aramex will have an increased focus on servicing the healthcare and FMCG segment and we will double down our investment in operations and relevant technologies to service those defensive segments. More broadly, we believe we have entered a new era for e-commerce. As an increasing number of consumers depend on online shopping for essentials as equally as luxury goods, we must continue to enhance and expand our e-commerce operations, especially in the last mile, to defend our market position in core markets. From an industry perspective, we are adjusting to lower margins because of more competitive pricing and higher cost environment. Therefore, to continue delivering value to



shareholders, one of strategies we are actively pursuing is strategic acquisitions with a focus on core markets. Our strong cash position, low leverage and robust capital structure positions us favorably to capitalize on attractive opportunities in 2021.

As a business, our strategic priorities will remain to execute on our digital transformation which will help us realize synergies and boost our profitability and to broaden our b2b business to diversify our revenue sources, enabling us to continue to grow through various market cycles. We will remain steadfast in the execution of our sustainability initiatives – which are an integral and integrated part of our Aramex.”

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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. The company was the first Arab-based organization to be traded on NASDAQ stock exchange (1997-2002), and today, Aramex is a publicly traded company on the Dubai Financial Market, employing more than 15,500 people in over 600 locations across more than 65 countries. The range of services offered by Aramex includes International and Domestic Express Delivery, Freight-Forwarding, Integrated Logistics Solutions & Supply Chain Management, Secure Records and Information Management Solutions, and e-Commerce Solutions including Shop and Ship. For more information, please visit us on: www.aramex.com

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