

## Aramex Nine-month 2021 Revenue Increases 14% to AED 4.46 Billion

Dubai, UAE – Thursday, 4<sup>th</sup> November 2021: Aramex (DFM: ARMX) a leading global provider of comprehensive logistics and transportation solutions, today announced its financial results for the third quarter (“Q3”) and nine months (“9M”) ending 30 September 2021.

<i>In Thousands of AED (unless otherwise stated)</i>	Q3 2021	Q3 2020	% change (YoY)	9M 2021	9M 2020	% change (YoY)
Revenue	1,461,404	1,466,534	0%	4,457,261	3,911,954	14%
Operating Profit ("EBIT")	68,019	84,153	(19%)	247,026	310,382	(20%)
Operating Profit Margin ("EBIT")	4.7%	5.7%	(1%)	5.5%	7.9%	(2%)
Normalized Operating Profit ("EBIT") <sup>1</sup>	61,409	137,038	(55%)	240,416	363,267	(34%)
Normalized Operating Profit Margin <sup>1</sup>	4.2%	9.3%	(5%)	5.4%	9.3%	(4%)
EBITDA	163,134	169,497	(4%)	525,687	561,772	(6%)
EBITDA Margin	11.2%	11.6%	(0%)	11.8%	14.4%	(3%)
Normalized EBITDA Margin <sup>1</sup>	10.7%	15.2%	(5%)	11.6%	15.7%	(4%)
Net Profit	67,815	46,206	47%	179,295	208,002	(14%)
Normalized Net Profit <sup>2</sup>	29,598	99,091	(70%)	141,077	260,888	(46%)

### Group Performance Highlights

- In Q3 2021, Revenue was stable YoY year at AED 1.46 billion, driven by double-digit growth in Domestic Express and a strong rebound in Logistics & Freight-Forwarding business. It is worth noting that last year witnessed an exceptional surge in revenue due to Covid-19 related lockdown and curfew measures.
- In nine-month 2021, Revenue increased 14% YoY to AED 4.46 billion, compared to AED 3.91 billion in the same period in 2020, driven by growth across all service lines in both the Courier Business, and Logistics & Freight-Forwarding business as the Company benefitted from shifting consumer trends to online shopping and recovery in global business activity post Covid-19, especially in the oil & gas and retail sector.
- Operating Profit fell 19% YoY in Q3 2021 to AED 68 million, and Operating Profit margin dropped by 1% compared to Q3 2020. Excluding the one-off events, Q3 2021 Operating Profit fell 55% YoY. Overall costs across the business rose as the Company

<sup>1</sup> Excluding the impact from insurance collected for the Beirut Port blast amounting to AED 6,610 thousand in 2021.

Excluding the impact from Beirut Port blast (AED 7,712 thousand) and Morocco warehouse fire incident (AED 45,173 thousand) in 2020.

<sup>2</sup> Excluding the impact from the completion of the sale of InfoFort (AED 31,608 thousand) and insurance collected from the Beirut Blast (AED 6,610 thousand) in 2021.

Excluding the impact from Beirut Port blast (AED 7,712 thousand) and Morocco warehouse fire incident (AED 45,173 thousand) in 2020.

continued to build scale and increase capacity to handle the growth in shipment volumes.

- For the nine-month period, Operating Profit fell 20% YoY to AED 247 million, with Operating Profit margin decreasing slightly by 2% compared to the corresponding period in 2020.
- Net Profit for Q3 2021 rose 47% to AED 67.8 million compared to AED 46.2 million in Q3 2020. However, excluding one-off events in both years<sup>3</sup>, normalized net profit for the three-month 2021 period declined 70% YoY to AED 29.6 million compared to AED 99 million for the same period last year.
- Nine-month 2021 Net Profit decreased by 14% to AED 179 million, compared to AED 208 million in 9M 2020. Excluding one off items in both years<sup>3</sup>, normalized net profit for the nine-month period decreased 46% YoY to AED 141 million compared to AED 261 million for the same period last year.
- As a result of prudent financial management, Aramex maintained a strong balance sheet with negative net debt position of AED 357 million, representing a strong cash balance as at end 30 September 2021.

**Othman Aljeda, Group Chief Executive Officer, Aramex, said:** “The impact of our new redesigned operating model is already starting to reflect positively on our performance. With a renewed emphasis on enhancing operating efficiencies, improving service levels to customers, building scale and reorganization of our team of professionals, we have been able to capture growth opportunities in both the Courier Business, and Logistics & Freight-Forwarding business.

Over the last few months, we have witnessed an almost complete return to pre-Covid operating environment and are noticing a few trends that we believe will continue to shape the future of our business and drive our growth strategy. For our Courier Business, we are seeing a surge in domestic express volumes driven by a significant increase in number of retailers opting to tap online sales channel to satisfy the needs of shoppers that have now increased expectations to buy all products, from necessities to luxuries, online. Notably, we are seeing very strong growth for our business in Saudi Arabia, where we have been and will continue to invest in expanding and ramping up our operations. We are also seeing increased competition in the last mile across all our geographies, especially from relatively smaller and new players in the market. However, with our expertise, scale, strong network, technology-enabled operations, user-friendly customer applications, and strong financial position to fund the expansion of our ground operations, we are well-positioned to continue consolidating our leadership position in last mile solutions within our core markets.

On the B2B side, we are deepening our expertise, leveraging our strategically located hubs and global network to customize our offerings in response to customer needs. This has enabled us benefit from the uptick in global economic activity.

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<sup>3</sup> Excluding the impact from the completion of the sale of InfoFort (AED 31,608 thousand) and insurance collected from the Beirut Blast (AED 6,610 thousand) in 2021.

Excluding the impact from Beirut Port blast (AED 7,712 thousand) and Morocco warehouse fire incident (AED 45,173 thousand) in 2020.

We are also enhancing our efforts towards achieving our sustainability strategy and have signed a commitment with the Science Based Target initiatives whereby we will work within well-defined science-based carbon targets to accelerate the Company’s goal towards reducing its emissions in line with the Paris Agreement’s goals of curbing a rise in global temperature to well-below two degrees Celsius and towards supporting the governments of the countries we operate in to reach their respective net-zero emission targets.”

### Business Performance Highlights

**Courier Business.** *The courier business which includes International Express and Domestic Express offers delivery and last mile solutions serving the B2B and B2C customer base including Shop & Ship, e-commerce, FMCG, SMEs and others.*

### Financial Highlights

<i>In Thousands of AED (unless otherwise stated)</i>	Q3 2021	Q3 2020	% change (YoY)	9M 2021	9M 2020	% change (YoY)
<b>Courier Business revenue</b>	997,395	1,065,473	(6%)	3,100,319	2,752,310	13%
International Express revenue	603,323	715,249	(16%)	1,983,403	1,776,837	12%
Domestic Express revenue	394,072	350,224	13%	1,116,915	975,473	14%
<b>Courier Business EBIT</b>	53,853	135,935	(60%)	226,242	330,054	(31%)

### Shipment Volumes

	Q3 2021 vs. Q3 2020 YoY Change	9M 2021 vs. 9M 2020 YoY Change
International Express	(10%)	12%
Domestic Express	6%	14%
Total Courier Business	3%	13%

- In Q3 2021 Domestic Express continued to sustain a solid growth momentum, yet this was offset by a slowdown in cross border activity which led to a 6% YoY decrease in Courier Business Revenue to AED 997.4 million. For the nine-month period, the Courier Business grew 13% YoY to AED 3.1 billion driven by increased activity in both the domestic and international courier services.
- As the Courier Business continues to scale in response to increasing volumes, during the period the business witnessed an increase in operating costs which led to a 60% YoY decline in Q3 2021 Operating Profit to AED 53.9 million. For the nine-month period, Courier Business’s Operating Profit fell 31% YoY to AED 226 million.

### International Express (including Shop & Ship):

- With the resumption in international travel over the summer months compared due to an easing in Covid-19 related travel restrictions, International Express witnessed a slowdown, leading to a 16% YoY decrease in Q3 2021 Revenue and 10% drop in

volumes. It is worth noting that in the corresponding period of 2020, the world was in full lockdown, which spurred exceptional growth in cross border express shipment activity. For the nine-month period, cross border express witnessed a 12% YoY increase in Revenue to AED 1.98 billion, with noticeable increase from Hong Kong, China and other Asian origins and US into the GCC.

### Domestic Express

- The boom in e-commerce activity continued to build momentum across all regions, driving a 13% YoY increase in Q3 2021 Revenue to AED 394 million and 6% increase in volumes. Of note, was the strong growth in activity in Saudi Arabia, New Zealand, and Australia. For the nine-month period, Domestic Express produced a 14% YoY increase in Revenue, to AED 1.1 billion.

**Alaa Saoudi, Chief Operating Officer – Express, said:** “Our focus so far this year has been on scaling our on the ground operations, especially within our last mile infrastructure, in strategic locations to handle current and expected surge in volumes. Of note, we invested in expanding our presence in Saudi Arabia and have opened a new gateway in Riyadh with a fully-automated state-of-the-art facility, enabling us to handle greater volumes in a more timely and efficient manner and to meet customer expectations of shortened delivery windows across the Kingdom. We are also leveraging data analytics and AI to help us better prepare, plan, and optimize our operations, this will be especially beneficial as we approach the very busy peak shopping season. As for line haul costs, while they remain above pre-Covid levels, they have dropped from their 2020 peak and the capacity issues are subsiding, which translates into slight improvement in margin and reduced delays in cross border activity over the coming periods.”

**Logistics & Freight Forwarding.** *This business unit includes air freight, sea freight, land freight, and warehousing and distribution solutions, serves B2B customer base across multiple industries including oil & gas, healthcare & pharmaceutical, aerospace, retail & fashion, amongst others.*

<i>In Thousands of AED (unless otherwise stated)</i>	Q3 2021	Q3 2020	% change (YoY)	9M 2021	9M 2020	% change (YoY)
<b>Logistics &amp; Freight Forwarding</b>	426,445	368,918	16%	1,256,715	1,078,988	16%
Freight forwarding revenue	318,000	274,872	16%	934,875	804,884	16%
Integrated Logistics & Supply Chain Solutions revenue	108,445	94,046	15%	321,840	274,104	17%
<b>Logistics &amp; Freight Forwarding EBIT</b>	12,191	(50,180)	124%	16,837	(15,286)	210%

- The Logistics & Freight-Forwarding business’s Q3 2021 Revenue jumped 16% YoY AED 426.4 million driven by a rebound in global economic activity notably from the oil & gas and retail & fashion sectors. The business also continued to see good contribution

from more defensive sector such as healthcare & pharmaceuticals. For the nine-month period, Revenue was also up 16% YoY to AED 1.26 billion.

- In Q3 2021, Operating Profit reached to AED 12.2 million which represents 124% growth YoY, and for the nine-month period, Operating Profit grew by 210% to AED 16.84 million. The growth was due to one-off events in Q3 and the nine-month period, namely the positive impact from insurance collected from the Beirut Blast in 2021, and the negative impact from Beirut Port blast and Morocco warehouse fire incident in 2020.

### **Freight-Forwarding**

- In Q3 2021, the Freight Forwarding business produced a 16% YoY increase in Revenue to AED 318 million, predominantly driven by an increase in activity within the oil & gas industry as well as the retail & fashion industry. For the nine-month period, Revenue of this service line also grew 16% YoY to AED 934.9 million.

### **Integrated Logistics & Supply Chain Solutions**

- In Q3 2021 the Integrated Logistics & Supply Chain Solutions business, which includes warehousing, witnessed a 15% YoY growth in Revenue to AED 108.4 million on the back of increased activity from consumer-oriented businesses within the retail & fashion sector as well as the food & beverage sector. For the nine-month period, Revenue for this service line climbed 17% YoY to AED 321.8 million.

**Mohammad Alkhas, Chief Operating Officer – Logistics & Freight-forwarding, said:** “We are very encouraged by the recovery in economic activity in the GCC and across the world and believe this growth will be sustained for the foreseeable future. With the improved oil prices, activity within the oil & gas sector is gathering pace. This has also encouraged Governments in the GCC to increase investment and expenditure in key projects. Collectively these factors have supported the growth of the Logistics & Freight-Forwarding business, and we expect this growth momentum to continue well into 2022. Also, retail outlets are restocking inventory for in-store and online shopping, ahead of the busy shopping season, and this too has supported the growth of the business over the reporting period.

Our expertise in developing and operating a major logistical hub has enabled us to grow our presence in strategic markets, and over the period we invested in major projects across the MENA region to support the growth of e-commerce ecosystem. More specifically we are investing heavily in Saudi Arabia, and have recently inaugurated a major logistics hub in Riyadh that will help us further boost our logistics and freight forwarding capacity and grow our operations and business in the largest, and fast growing, GCC market.”

While global sea freight issues are disrupting supply chains, the impact on our business has so far been manageable and believe these issues will be resolved in the coming few quarters. Land freight movement has improved considerably, and we are benefitting from increased capacity.”

## Outlook

**Commenting on the outlook for the remainder of 2021, Othman Aljeda said:** “As we approach the busiest period for the Courier Business, we are very well prepared to handle the expected surge in volumes and are especially focusing on enhancing our responsiveness to customer needs and demands. While the world returns to relative normalcy, we remain very committed to ensuring the priority of the health and safety of our employees, customers and communities.

Looking ahead I am very excited with how much potential our new redesigned operating model will enable us to unlock opportunities for our shareholders and wider stakeholders. We believe we will continue to unlock opportunities and build scale while remaining agile, asset light and financially flexible. We will also further diversify and strengthen our global network to remain resilient to economic cycles and supply chain disruptions.”

- Ends -

### **About Aramex:**

Since its foundation in 1982, Aramex has grown to become a global leader in the logistics and transportation industry, recognized for its customized and innovative services for businesses and consumers. Listed on the Dubai Financial Market (DFM) and headquartered in the UAE, our location bridges the path between East and West, enabling our reach to more customers with the provision of effective logistics solutions worldwide. We currently have business operations in 600+ cities across more than 60 countries worldwide and employ over 17,000 professionals. We offer innovative services and solutions including international and domestic express delivery, freight-forwarding, integrated logistics and supply chain management, and e-commerce solutions. We are strategically leveraging technology for better and more efficient last-mile delivery solutions. This approach has significant benefits, and that’s why we consider ourselves a technology-driven enterprise, selling transportation and logistics solutions without owning heavy assets.

For more information, please visit us: [www.aramex.com](http://www.aramex.com)

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