



Aramex Announces Normalized Net Profit Growth of 42% in Q4 2022 and 9% for the Full Year 2022

- Financial results were normalized to give a like-for-like comparison to 2021; and therefore, they exclude MyUS performance, transaction costs related to the acquisition and other extraordinary items mostly related to the Logistics product
- Strong financial performance was supported by growth in the freight forwarding business and successful group-wide performance enhancement initiatives
- Reported Q4 2022 gross profit improved 16% YoY driven by a disciplined approach to cost management and realization of performance enhancement initiatives despite cost inflationary pressures
- Business resilience was driven by growth in our home markets in the GCC and MENAT which also contributed to a solid performance in our outbound regions, primarily the US and UK. This was partially offset by weaknesses in China and Australia
- In Q4 2022, Aramex successfully closed its biggest acquisition to date, MyUS. Therefore, the international express product benefited from two-and-a-half months contribution from this acquisition.

Dubai, UAE – Thursday, 9 February 2023: Aramex (DFM: ARMX) a leading global provider of comprehensive logistics and transportation solutions, today announced its preliminary financial results for the Fourth Quarter (“Q4”) and Full Year (“FY”) ending 31 December 2022.

The preliminary financial results and other information disclosed in this press release related to the Company’s Q4 2022 and FY 2022 performance are unaudited preliminary numbers and therefore, are subject to change. As a result, the Company’s audited financial accounts for the reporting period may vary from the preliminary information contained in this press release. Also, in Q4 2022, Aramex concluded the acquisition of MyUS, a global technology-driven platform that enables cross-border e-commerce. Therefore, Q4 2022 and FY 2022 financial performance in this press release represent the consolidated financial results post-combination.

<i>In Thousands of UAE Dirhams</i>	FY 2022	FY 2021	% Change (YoY)	Q4 2022	Q4 2021	% Change (YoY)
Revenues	5,926,005	6,068,805	(2%)	1,534,234	1,611,545	(5%)
Gross Profit	1,424,304	1,430,868	-	380,754	327,480	16%
Gross Profit Margin	24.0%	23.6%	0.4%	24.8%	20.3%	4.5%
Normalized Gross Profit	1,407,011 ¹	1,439,865 ²	(2%)	355,281	336,476	6%
Normalized Gross Profit Margin	24.0%	23.7%	0.3%	24.3%	20.9%	3.4%
EBIT	245,331	305,674	(20%)	55,850	58,653	(5%)
EBIT Margin	4.1%	5.0%	(0.9%)	3.6%	3.6%	-
Normalized EBIT	279,184	269,988	3%	69,786	44,266	58%
Normalized EBIT Margin	4.8%	4.4%	0.4%	4.8%	2.7%	2.1%
EBITDA	614,005	675,341	(9%)	148,446	149,655	(1%)
EBITDA Margin	10.4%	11.1%	(0.7%)	9.7%	9.3%	0.4%
Normalized EBITDA	644,014	639,654	1%	158,538	135,269	17%
Normalized EBITDA Margin	11.0%	10.5%	0.5%	10.9%	8.4%	2.5%
Net Profit	165,379	225,541	(27%)	33,865	46,250	(27%)
Net Profit Margin	2.8%	3.7%	(1.1%)	2.2%	2.9%	(0.7%)
Normalized Net Profit	172,995¹	158,270²	9%	45,296¹	31,861²	42%
Normalized Net Profit Margin	3.0%	2.6%	0.4%	3.1%	2.0%	1.1%

¹ Excluding MyUS combination and other extraordinary items

² Excluding extraordinary items reported during FY 2021



Financial Performance Commentary

Aramex's FY 2022 Revenue was broadly in line with the 2021, while Q4 2022 Revenue decreased 5% YoY to AED 1.53 billion. Growth in key regions including the GCC and other MENAT countries was offset by weaknesses in other markets, impacted by lockdowns in China, overall slower economic growth and lower consumer confidence as well as the global inflationary environment. Revenue was also impacted by currency devaluation in some operating countries, primarily in Lebanon and Egypt.

Financial results were normalized to give a like-for-like comparison to 2021; and therefore, they exclude MyUS performance, transaction costs related to the acquisition and other extraordinary items mostly related to the logistics product.

For the full year 2022 period, Normalized Gross Profit was down 2% YoY to AED 1.41 billion, while Reported Gross Profit was relatively unchanged from the prior period at AED 1.42 billion. For the Q4 2022 period, Normalized Gross Profit was up 6% to AED 355 million, while Reported Gross Profit was up 16% to AED 381 million. The improvement in Reported Gross Profit in the last three months of the year was primarily driven by the Company's disciplined cost management approach and operational enhancement initiatives.

Normalized Net Profit for the full year was up 9% YoY to AED 173 million, owed in large part to the Company's efforts to drive operational efficiencies underpinned by expansionary GCC economies, increase in industrial activities in the region and resilient consumer spending. FY 2022 Reported Net Profit declined 27% YoY to AED 165.4 million, impacted by currency fluctuations in certain markets. For the Q4 2022 period, Normalized Net Profit surged 42% compared to Q4 2021 to AED 45.3 million, while Reported Net Profit declined 27% to AED 33.9 million.

Aramex ended the year with a strong cash balance of AED 768 million, which was stable compared to last year. We maintained a strong balance sheet with a debt-to-EBITDA ratio (excluding IFRS 16) of 2.2x, providing the Company with considerable opportunity to deliver on its growth agenda.

Othman Aljeda, Chief Executive Officer, Aramex, said: "We ended the year as a stronger and more agile business with four well defined products and a clear growth strategy for the next five years. In 2022 we stabilized our gross profit margin for the group, as well as for our domestic and international express products; we grew our freight product by 27% while increasing its gross profit by 51%, and for our logistics product, we focused on quality revenue and reached 85% utilization of our warehouses while increasing gross profit by 58%.

This was supported by the solid growth in our home markets in the GCC and other MENAT countries, which also contributed to a good performance in our main outbound markets including the US and UK. We now have a more diversified customer base than ever before, with no single customer making up more than 7% of our revenue, thus reducing our concentration risk. Important to note, we stabilized our Group SG&A¹ in an inflationary environment which means that we have a leaner organization which is more cost efficient, more agile and ready to sustain future growth under a similar and stable SG&A structure.

The strong performance of our Freight-Forwarding product contributed significantly to our top and bottom line in 2022. This is attributed to the implementation of our B2B growth strategy and investments in talent and competencies to deliver on it, while capitalizing on market opportunities.

Today, our Domestic and Express products are more efficient and digitized. We modernized our core systems and infrastructure, deployed a secure cloud-based integration platform, and introduced new chatbots to enhance the customer journey. This translated to a 10% improvement in the productivity of our couriers for average daily pickups and drop offs for the full year; while 96% of our customer care cases in Q4 2022 were handled by our new chatbots. A 6% reduction in linehaul rate per kilogram also contributed to the improvement in margins for the express business.

¹ Group SG&A refers to the Group's selling, general and administrative expenses



What has always set Aramex apart is its people, their passion, commitment and bringing their individuality in ways that inspires collective development. 2022 marked the anniversary of 40 years of Aramex operations and I would like to take this opportunity to thank my team and all Aramexians for their valuable contributions to the business. My sincere gratitude extends to our Board of Directors for their leadership and guidance, to our shareholders for their trust and to our partners and customers for their support.”

Commenting on the future outlook, Othman Aljeda, Chief Executive Officer, Aramex, continued: “We remain confident in the economic prospects of our home markets in the GCC and MENAT, benefitting from good GDP projections, young populations and fantastic growth opportunities. We are looking forward to contributing to this growth by supporting trade across key lanes and delivering what matters most to our customers. 53% of our global revenue originates from these two regions. Accordingly, we are strengthening our sales teams with new hires in 2023.

Looking ahead, our 5-year business strategy provides us with a clear roadmap to grow our business and deliver long term value for all our stakeholders. We have earmarked AED 2.4 billion in capital expenditure over the next five years to sustain our organic growth plans. We also have several M&A opportunities in the pipeline, as inorganic growth is a key component of our growth strategy. Our strong cash position will help us fund some of these acquisitions.

For our Freight-Forwarding product, we will further build our expertise and competencies. For our Logistics product, we are almost doubling our warehousing space by 2027 to accommodate the growth in our business. Meanwhile for our Domestic and International Express business, we will continue to focus on protecting our margins and boosting operational efficiencies, while continuing to grow our key verticals across SMEs, e-commerce, retail and more.”

Business Performance

International Express (Including Shop & Ship and MyUS)

<i>In Thousands of UAE Dirhams</i>	FY 2022	FY 2021	% Change (YoY)	Q4 2022	Q4 2021	% Change (YoY)
Revenues	2,248,885	2,662,153	(16%)	607,549	673,196	(10%)
Gross Profit	713,329	816,914	(13%)	193,999	184,538	5%
Gross Profit Margin	32%	31%	1%	32%	27%	5%

International Express Shipment Volumes

<i>In millions of shipments</i>	FY 2022	FY 2021	% Change (YoY)	Q4 2022	Q4 2021	% Change (YoY)
Total Number of Shipments	22.2	25.7	(14%)	5.8	6.1	(4%)

The **International Express** FY 2022 Revenue declined 16% YoY to AED 2.25 billion, driven by the softening of volumes due to COVID-induced lockdowns in China. This was partially offset by significant customer wins from local and international brands, as well as the robust growth of Shop and Ship business which benefitted from positive contributions from MyUS². Gross profit margin during the year increased to 32% driven by linehaul cost improvement and cost efficiency efforts. Reported gross profit for Q4 2022 increased 5% YoY to AED 194 million with a corresponding gross profit margin of 32%.

² The financial results of MyUS corresponding to the two and a half operational months post acquisition (14 days in October, November and December 2022) have been consolidated with Shop and Ship within the International Express business.



Domestic Express

<i>In Thousands of UAE Dirhams</i>	FY 2022	FY 2021	% Change (YoY)	Q4 2022	Q4 2021	% Change (YoY)
Revenues	1,501,196	1,607,576	(7%)	382,241	423,957	(10%)
Gross Profit	372,292	385,133	(3%)	97,592	84,959	15%
Gross Profit Margin	25%	24%	1%	26%	20%	6%

Domestic Express Shipment Volumes

<i>In millions of shipments</i>	FY 2022	FY 2021	% Change (YoY)	Q4 2022	Q4 2021	% Change (YoY)
Total Number of Shipments	100.1	108.2	(8%)	26.5	29.4	(10%)

The **Domestic Express** FY 2022 revenue declined 7% YoY to AED 1.5 billion driven by foreign exchange impact and lower volumes particularly in Australia. This was partially offset by an increase in volumes in home markets particularly in the GCC and MENA region. As a result of efficiency enhancement initiatives including digital optimization and the doubling of Pick-Up and Drop-Off (PUDO) network, FY 2022 gross profit margin increased to 25% and Q4 2022 gross profit increased 15% to AED 97.6 million with a corresponding gross profit margin at 26%.

Freight-Forwarding

<i>In Thousands of UAE Dirhams</i>	FY 2022	FY 2021	% Change (YoY)	Q4 2022	Q4 2021	% Change (YoY)
Revenues	1,684,376	1,325,551	27%	421,303	390,676	8%
Gross Profit	232,697	153,875	51%	61,961	44,878	38%
Gross Profit Margin	14%	12%	2%	15%	11%	4%

Freight-Forwarding Shipment Volumes

	FY 2022	FY 2021	% Change (YoY)	Q4 2022	Q4 2021	% Change (YoY)
Air Freight (KGs)	52,525,833	46,832,172	12%	11,579,801	11,950,161	(3%)
Sea Freight (FCL TEU)	31,134	34,783	(10%)	8,392	7,815	7%
Sea Freight (LCL CBM)	18,526	38,755	(52%)	4,509	9,690	(53%)
Land Freight (FTL)	29,036	25,862	12%	7,616	7,680	(1%)
Land Freight (LTL KGs)	153,489,529	151,795,648	1%	38,871,375	40,009,071	(3%)

Aramex's **Freight-Forwarding** business recorded a strong FY 2022 performance with a 27% YoY increase in revenues to AED 1.68 billion, and a 51% YoY increase in gross profit to AED 232.7 million due the increased focus on freight capabilities and competencies. During the year, Aramex expanded its air and sea charters and increased its focus on core markets including UAE and KSA.



Logistics and Supply Chain Solutions

<i>In Thousands of UAE Dirhams</i>	FY 2022	FY 2021	% Change (YoY)	Q4 2022	Q4 2021	% Change (YoY)
Revenues	445,294	434,856	2%	110,958	113,016	(2%)
Gross Profit	67,019	42,477	58%	16,696	3,863	332%
Gross Profit Margin	15%	10%	5%	15%	3%	12%
Normalized Gross Profit	77,251	47,802	62%	20,758	9,188	126%
Normalized Gross Profit Margin	17.3%	11.0%	6.3%	18.7%	8.1%	10.6%

The **Logistics and Supply Chain Solutions** FY2022 revenue increased by 2% YoY to AED 445.3 million, while Q4 2022 revenue declined by 2% YoY to AED 111 million. Utilization rate at warehouses reached 85% in FY 2022. Good cost management and automation helped reduce costs and deliver growth in gross profits. FY 2022 gross profit increased 58% YoY to reach AED 67 million, corresponding to an improved gross profit margin of 15% up from 10% in 2021. Meanwhile, Q4 2022 gross profit rose 332% YoY to AED 16.7 million, corresponding to a gross profit margin of 15% from the previous 3%.

Financial performance was impacted by the change in focus to quality revenue which resulted in certain provisions and extraordinary items. Excluding these extraordinary items, normalized gross profit shows a higher growth of 62% for the full year 2022, while the normalized gross profit margin significantly improved to 17.3% for the same period. For the Q4 2022 period, normalized gross profit more than doubled, while the normalized gross profit margin increased to 18.7%.

- 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, Aramex's location bridges the path between East and West, enabling its reach to more customers with the provision of effective logistics solutions worldwide. Aramex currently has business operations in 600+ cities across more than 60 countries worldwide and employs over 15,000 professionals.

The Company has two core businesses:

1. **Express:** It includes International Express, which includes Shop & Ship and MyUS; and Domestic Express. It offers cross-border and domestic delivery and last-mile solutions serving the B2B and B2C customers in the e-commerce, FMCG, SMEs, and others; and
2. **Freight-Forwarding & Logistics:** Aramex's Freight-Forwarding business includes Air Freight, Sea Freight, and Land Freight; and the Logistics business includes Integrated Logistics, Warehousing and Supply Chain Management solutions. Both segments serve a B2B and B2C customer base across multiple verticals including industrial, healthcare & pharmaceutical, aerospace, retail & fashion amongst others.

Contributing to sustainable development is a core pillar of Aramex's strategy. Through its Delivering Good program, Aramex pioneers sustainable projects on the three key themes of Education and Youth Empowerment, Entrepreneurship, and Environment. Aramex is committed to the Science Based Targets initiative (SBTi), with a clear roadmap to achieve its Net Zero goal by 2040. For more information, please visit us: www.aramex.com

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