



Aramex Achieves Robust Operating Margins Through Diversified Portfolio and Home Market Resilience Amid Global Uncertainties

- Through persistent global challenges, inflationary environment and currency fluctuations, Aramex delivered a robust Revenue of AED 1.35 billion in Q3 2023, a decline of 5% Year-on-Year (YoY) and a resilient Gross Profit of AED 335 million, a growth of 4% YoY. Excluding the foreign exchange translation impact, Revenue decline was 2% and Gross Profit growth was 8%.
- Aramex's strategically balanced geographical presence continues to be an advantage; the GCC remains the highest contributor to Group revenues with a share of 40% of total revenues, with the region also reporting 21% growth YoY in its Gross Profit in Q3 2023.
- The Company reported robust margin performance with Gross Profit margin increasing to 25% and a stable EBITDA margin of 10%.
- EBITDA reached AED 134 million, a decline of 5% YoY in line with Revenue softness indicating the continued focus on quality business, disciplined cost management and investment in operational efficiencies.
- The Company's prioritization of cost management is also evidenced by the notable 9% decline in the Group's organic (excl MyUS) General, and Administrative Expenses (G&A) in Q3 2023. Notably, selling expenses for the organic business increased during the quarter, in line with the Company's strategy to increase sales competencies in key verticals across key markets.
- Reported Net Income declined to AED 9.6 million for the Q3 2023 reporting period, largely led by the steep increase in interest rates since the MyUS acquisition. Net income normalized for the FX impact and the increase in finance expense loans following the acquisition of MyUS transaction stood at AED 30.4 million in Q3 2023, a decline of 23% YoY.
- Aramex's International Express segment achieved steady growth, posting a 4% YoY increase in revenue, despite the softness in volumes. The Domestic Express business was resilient both on a YoY and sequential basis. Despite industry headwinds, our focus on Freight-Forwarding delivered strong margins and for our logistics business, we continue to reposition it with increase in quality revenue from strategic sectors.

Dubai, UAE – 8 November 2023: Aramex (DFM: ARMX), a global leader in comprehensive logistics and transportation solutions, today released its financial results for the third quarter of the year ending September 30, 2023.

<i>In Thousands of UAE Dirhams</i>	Q3 2023	Q3 2022	% Change (YoY)	% Change (YoY; excl FX)
Revenues	1,349,678	1,426,250	(5%)	(2%)
Gross Profit	334,657	320,827	4%	8%
Gross Profit Margin	25%	22%		
EBIT	44,709	50,907	(12%)	
EBIT Margin	3%	4%		
EBITDA	133,866	141,357	(5%)	
EBITDA Margin	10%	10%		



Net Profit	9,642	39,643	(76%)	
Net Profit Margin	1%	3%		
Normalized Net Profit*	30,420	39,643	(23%)	

* Net income was normalized for the FX impact and the increase in finance expense loans in Q3 2023 compared to Q3 2022, noting that the MyUS acquisition was closed in Q4 2022.

Financial Performance Commentary

In the third quarter of 2023, Aramex sustained its performance with Group revenues amounting to AED 1.35 billion. This represents a moderate 5% YoY decline, attributed to currency fluctuations, macroeconomic challenges, and subdued global retail activity in certain markets. Notably, when excluding the impact of foreign exchange (FX) translation, the decline in revenue was 2%.

The quarter bore testament to the Company's enduring resilience, as evidenced by a noteworthy 4% YoY increase in Gross Profit and a resilient EBITDA of AED 134 million for the third quarter of 2023. This progress was underpinned by the company's proactive measures to boost operational efficiencies and optimize General and Administrative expenses (G&A) for the organic business (excluding MyUS). Our prudent cost management resulted in strong margins in Q3, with a Gross Profit Margin of 25% and an EBITDA margin of 10%.

Despite the increase in selling expenses, which aligned with our focus on sales specialism and enhancing competencies, Aramex remained steadfast in its commitment to cost-efficiency. Notably, the third quarter of 2023 showcased the Company's ability in this regard, as evidenced by a noteworthy 9% YoY reduction in organic (excluding MyUS) G&A expenses. This achievement signifies Aramex's agility and effectiveness in managing costs, effectively bringing organic G&A back to pre-pandemic levels.

The Company reported a Net Profit of AED 9.6 million in Q3 2023, a notable decline from AED 39.6 million recorded in Q3 2022. More than half of the decline in net income can be attributed to the interest expenses related to the acquisition of MyUS due to the steep increase in interest rates since the transaction. Therefore, normalized net income – excluding the FX impact and the increase in finance loan expenses – was AED 30.4 million in Q3 2023, a decline of 23% YoY.

Aramex's strategically diversified geographical presence remains a key advantage, with the GCC region consistently leading the way by contributing a remarkable 40% of the Group's total revenues.

Aramex maintained a strong balance sheet position with Net Debt-to-EBITDA ratio of 2.6x and a healthy cash balance of AED 604 million as of September 30, 2023.

Othman Aljeda, Chief Executive Officer, Aramex, said: "In the face of an ongoing global growth slowdown, Aramex remains steadfast in its commitment to a strategic framework centered on operational efficiency, high-quality sales, and stringent cost management. Our focus on cost optimization has been pivotal in maintaining steady operating margins, even amidst the challenges posed by currency fluctuations and the interest rate environment.

"The slight softening in revenue can be attributed to global headwinds, FX translations and reduced retail activities. However with the resilience of consumer spending in the GCC, the region continues to be a key driver of growth, reporting a 21% YoY growth in Gross Profit in Q3 2023.

"As we continue to execute Q4, historically a stronger quarter marked by increased retail activity during festivals, our primary focus will be to deliver outstanding services to our customers. We will continue enhancing trade lanes, enriching the customer experience and fortifying our operational capabilities



across all business lines. Our goal is to expand our quality business lines, focusing on B2B, direct brands, SMEs, and premium offerings such as same and next-day deliveries.”

Business Performance

International Express (Including Shop & Ship and MyUS)

<i>In Thousands of UAE Dirhams</i>	Q3 2023	Q3 2022	% Change (YoY)
Revenues	511,951	493,927	4%
Gross Profit	182,510	151,839	20%
Gross Profit Margin	36%	31%	5%

International Express Shipment Volumes

<i>In millions of shipments</i>	Q3 2023	Q3 2022	% Change (YoY)
Total Number of Shipments	4.9	5.1	(5%)

International Express Q3 Revenue grew by 4% YoY, reaching AED 512 million, despite the softening of shipment volumes due to the slowdown in retail activity. Premium products (same day and next day –intra GCC) and dangerous goods continue to perform well.

Reported Gross Profit for Q3 2023 reached AED 183 million, marking a 20% YoY increase and a solid Gross Profit Margin of 36%. It is worth noting that the Express product costs had a positive impact during Q3 2023 which we do not expect to recur in future quarters.

Several factors, including improvements in linehaul costs and other cost optimization measures, as well as the consolidation with MyUS, continue to support the performance of the international express product. Notably, the organic business (excl MyUS) also reported significant improvement - cost per shipment was well managed, resulting in a 12% YoY increase in Gross Profit per shipment.

Domestic Express

<i>In Thousands of UAE Dirhams</i>	Q3 2023	Q3 2022	% Change (YoY)
Revenues	352,597	369,820	(5%)
Gross Profit	72,164	88,902	(19%)
Gross Profit Margin	20%	24%	(4%)

Domestic Express Shipment Volumes

<i>In millions of shipments</i>	Q3 2023	Q3 2022	% Change (YoY)
Total Number of Shipments	24.5	24.4	0%

Domestic Express reported stable Revenue of AED 353 million in Q3 2023, representing a modest decline of 5% YoY, due to marked currency fluctuations. Excluding the FX impact, revenue grew 4%. Volumes were stable for the domestic express product. It is important to note, excluding Oceania, where a turnaround plan is currently in progress, the domestic volume growth was 2% in Q3 2023 compared to the same period last year, driven by volume growth in GCC and MENAT.



The lower Gross Profit margin is primarily attributed to the softness in Oceania, as well as a different allocation of resources within the Group. Aramex's automation and operational efficiency efforts have pushed up courier productivity by 6%; Aramex's Pick-Up and Drop-Off (PUDO) network increased by 65% this quarter compared to the same period last year.

Freight-Forwarding

<i>In Thousands of UAE Dirhams</i>	Q3 2023	Q3 2022	% Change (YoY)
Revenues	367,911	439,530	(16%)
Gross Profit	58,314	60,782	(4%)
Gross Profit Margin	16%	14%	2%

Freight-Forwarding Shipment Volumes

	Q3 2023	Q3 2022	% Change (YoY)
Air Freight (KGs)	10,901,706	11,773,193	(7%)
Sea Freight (FCL TEU)	8,051	7,766	4%
Sea Freight (LCL CBM)	5,439	4,759	14%
Land Freight (FTL)	7,718	7,355	5%
Land Freight (LTL KGs)	53,409,441	38,523,420	39%

Aramex's **Freight-Forwarding** business continues to deliver quality business, with solid growth in volumes and good profitability. Although a 4% YoY softening in Gross Profit was observed in Q3 2023, this was predominantly influenced by the reduction in global shipping rates during that period which impacted revenues.

The business has shown resilience through the economic cycles, as evidenced by the notable improvement in the Gross Profit margin, which increased to 16%.

Logistics and Supply Chain Solutions

<i>In Thousands of UAE Dirhams</i>	Q3 2023	Q3 2022	% Change (YoY)
Revenues	104,813	110,475	(5%)
Gross Profit	11,651	8,707	34%
Gross Profit Margin	11%	8%	3%

Logistics and Supply Chain Solutions Revenue witnessed a 5% decline YoY to AED 105 million in Q3 2023, primarily due to FX translations. However, when FX is factored out, Revenue grew 1% in Q3 2023.

The rebalancing of the logistics business continues, with increase in sales from strategic sectors such as retail and energy. Sequentially, Q3 2023 saw a decline in sales and margins compared to Q2 2023 due to loss of business, following the acquisition of our customer by a company already having Logistics infrastructure. New business wins secured in Q3 2023 will be reflected in the financials in 2024.

- Ends



About Aramex:

Aramex, established 40 years ago, has emerged as a global leader in logistics and transportation, renowned for its innovative services tailored to businesses and consumers. As a listed company on the Dubai Financial Market (DFM) and headquartered in the UAE, our strategic location facilitates extensive customer reach worldwide, bridging the gap between East and West.

With operations in 600+ cities across 70+ countries, Aramex employs over 16,000 professionals. Our success is attributed to four distinct business products that provide scalable, diversified, and end-to-end services for customers. These products are:

- International Express, encompassing Aramex's Parcel Forwarding Business (Shop & Ship and MyUS).
- Domestic Express
- Freight Forwarding
- Logistics & Supply Chain Solutions

Sustainability is at the core of our vision and mission. To build a truly sustainable business, we leverage our core competencies to make a positive impact as responsible members of the communities we serve. Through partnerships with local and international organizations, we strive to expand our reach and benefit more individuals through targeted programs and initiatives. To address environmental concerns and combat climate change, we have committed to the Science Based Targets initiative (SBTi), renowned globally. This commitment propels us to accelerate our climate action goals, aiming for Carbon-Neutrality by 2030 and Net-Zero emissions by 2050.

For more information, please visit us: www.aramex.com

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