

Aramex Delivers Double-Digit Net Profit Growth in H1 2024 Despite Seasonal Challenges

- **Reaffirming stronghold in key markets:** Both International Express and Domestic Express achieved significant year-over-year (YoY) volume growth of 32% and 5% respectively, expanding our customer base while maintaining good service levels in the first half of the year (H1 2024). Freight Forwarding navigated a complex environment, marked by increased rates and competition, achieving growth in volumes in H1 2024, as it focuses on consolidating its position on key lanes. Logistics onboarded several new customers during the first months of the year, effectively replacing legacy accounts.
- **Strong Revenue Growth:** Aramex achieved a robust 8% YoY increase in revenue for both H1 and Q2 2024, driven by revenue growth from all products lines. The revenue performance in the first half of the year is attributed to new customer wins and volume growth.
- **Effective Cost Management:** The Company maintained a tight control over Group Selling, General, and Administrative Expenses (SG&A), with costs growing in line with revenue in H1 2024. Selling expenses increased in line with the company’s strategy to focus on sales specialism, while G&A were well managed, delivering a stable SG&A-to-revenue ratio of 20%, an improvement of 0.7 pps over H1 2023.
- **Improved Profitability:** The first six months of the year saw a solid 5% YoY increase in Gross Profit, with a healthy Gross Profit Margin of 24% amid ongoing efficiency maximization and cost optimization efforts. Net profit showed a steady rise of 15% YoY in H1 this year, driven by a 20% growth in EBIT and an improved EBIT margin, indicating strong operational performance despite Q2 2024 impact.
- **2024 Full Year Outlook:** Aramex is poised to sustain its growth momentum across key product lines in the second half of the year and is expected to deliver a good performance for the full year 2024 with an estimated growth of 8% to 9% in Group Revenues and an approximate Gross Profit Margin of 24% to 25%. The company will continue its strategic investments in infrastructure and talent to broaden its customer base and prioritize exceptional service, keeping it on course to meet year-end targets.
- **Balance Sheet:** Aramex continues to be well-positioned with a cash position of AED 457 million and a Net Debt-to-EBITDA ratio of 0.9x (excl. IFRS16) as of 30 June 2024. Management’s focus on value creation delivers 40 basis points improvement in ROIC, currently standing at 5.2% for H1 2024.

Dubai, UAE – Thursday, 8 August 2024: Aramex (DFM: ARMX) a leading global provider of comprehensive logistics and transportation solutions, announced its financial results for the second quarter (“Q2”) and first half (“H1”) ending 30 June 2024.

<i>In Thousands of UAE Dirhams</i>	Q2 2024	Q2 2023	% Change (YoY)	H1 2024	H1 2023	% Change (YoY)
Revenues	1,496,254	1,388,839	8%	3,036,955	2,820,336	8%
Gross Profit	345,131	345,546	(0%)	740,532	703,546	5%
Gross Profit Margin	23%	25%		24%	25%	
EBIT	46,962	52,762	(11%)	139,369	115,762	20%
EBIT Margin	3%	4%		5%	4%	
EBITDA	134,930	143,293	(6%)	316,104	296,456	7%
EBITDA Margin	9%	10%		10%	11%	
Net Profit	2,893	18,960	(85%)	49,458	42,869	15%
Net Profit Margin	0%	1%		2%	2%	



Seasonality impact

Q2 2024 was expected to be a softer quarter for the company, impacted by seasonality and loss of productive days. The impact was further amplified due to adverse weather conditions in the UAE causing operational disruptions and slowdowns in business and consumer activity for nearly a week.

- This year, the Ramadan season was observed entirely in Q1, resulting in Q2 not benefiting from the peak festive demand and increased consumer spending seen in Q2 2023 in several markets.
- Additionally, the two public holidays (Eid al-Fitr and Eid al-Adha) in Q2 2024 with extended vacation days resulted in slower business activity overall, and in fewer operational working days across different countries.
- The loss of productive days and the seasonality impact in Q2 2024 is estimated at approximately AED 45 million in lost revenues and AED 8.8 million in lost net income for Q2 2024 for the Group.

Therefore, due to the impact and shift in seasonality between these quarters, it is more relevant to look at the half year performance in 2024 as an indication of this year's financial situation and progress compared to last year.

Othman Aljeda, Chief Executive Officer of Aramex, said: "We are pleased to report a good performance in the first half of 2024, which underscores our strategic focus on growth. We delivered a healthy revenue growth of 8% YoY and a Net Profit increase of 15% YoY in H1 2024, despite a challenging Q2 2024.

"We are proud of the dedication and hard work of our Aramexians, spearheading this robust performance. We expanded our customer base and delivered solid volume growth across our product lines, reinforcing our stronghold and leadership position in our key markets. Both International Express and Domestic Express achieved significant volume growth while maintaining strong service standards. Freight Forwarding navigated a complex operating environment, delivering good growth in volumes for the first half of the year. Our Logistics business successfully onboarded new customers in its warehouses during H1 2024 and replaced legacy accounts.

"We are monitoring the regional developments and Red Sea complexities closely. Despite the recent global macroeconomic headwinds and the regional disruptions, we are robustly positioned to deliver resilient performance in the second half of the year and achieve our year-end targets."

"We remain committed to demonstrating the resilience and adaptability of our strategies to market dynamics and creating long-term value for our stakeholders. We will continue our investments in critical projects, ensuring we are well-prepared to capitalize on growth opportunities. Looking ahead, we are confident in our ability to deliver quality service and enhance operational efficiency to meet the evolving needs of all our customers."

Financial Performance Commentary

In line with expectations, in the first half (H1) of 2024, Aramex saw strong revenue contribution from all products with revenue growing by 8% year on year (YoY) in H1 2024 driven by new customer wins and an increased focus on sales specialism. The performance was further supported by impressive volume growth of 32% in International Express, 5% in Domestic Express along with strong growth in freight volumes in H1 2024. Revenue performance in Q2 2024 maintained positive momentum, also recording an 8% increase, compared to Q2 2023.

The Company posted an increase of 5% YoY in Gross Profit in H1 2024 to AED 741 million, and a stable Gross Profit of AED345 million in Q2 2024. The Gross Profit margin was healthy at 24% in H1 2024 and at 23% in Q2 2024.

Costs were well managed, with the Group Selling, General, and Administrative Expenses (SG&A) growing in line with revenue delivering a stable SG&A-to-revenue ratio of 20% for both H1 2024 and Q2 2024.

Q2 2024 was expected to be a softer quarter for the company, impacted by seasonality. EBIT declined 11% to AED 47 million. Furthermore, Q2 2024 net profit declined to AED 2.9 million, impacted by 1) approximately AED 8.8 million from seasonality and adverse weather effects and 2) negative FX impact of AED 5.1 million coming primarily from the devaluation of the Egyptian pound.



For the half year period, Net profit remained on an upward trajectory, reaching AED 49.5 million in H1 2024, a significant 15% YoY increase, driven by a 20% growth in EBIT and an improved EBIT margin.

Aramex has a strong cash position of AED 457 million and a Net Debt-to-EBITDA ratio of 0.9x as of 30 June 2024. Management's focus on value creation delivers 40 basis points improvement in ROIC, currently standing at 5.2% for H1 2024.

Product Performance

International Express (Including Parcel Forwarding)

<i>In Thousands of UAE Dirhams</i>	Q2 2024	Q2 2023	% Change (YoY)	H1 2024	H1 2023	% Change (YoY)
Revenues	589,300	561,041	5%	1,235,105	1,127,622	10%
Gross Profit	188,104	188,324	(0%)	407,246	372,120	9%
Gross Profit Margin	32%	34%		33%	33%	

International Express Shipment Volumes

<i>In millions of shipments</i>	Q2 2024	Q2 2023	% Change (YoY)	H1 2024	H1 2023	% Change (YoY)
Total Number of Shipments	6.7	5.5	21%	14.4	10.9	32%

In line with expectations, **International Express** revenue for the first half of 2024 reached AED 1.2 billion, marking an impressive 10% YoY increase. The segment also demonstrated solid quarterly performance, with Q2 revenue growing by 5% YoY.

Aramex successfully handled 14.4 million shipments in H1, with shipment volumes growing significantly by 32% YoY for H1 and 21% YoY for Q2.

Gross Profit for H1 2024 was reported at AED 407.2 million, reflecting a 9% YoY growth and a healthy margin of 33%. Gross Profit for Q2 2024 was stable with a healthy margin of 32%.

Domestic Express

<i>In Thousands of UAE Dirhams</i>	Q2 2024	Q2 2023	% Change (YoY)	H1 2024	H1 2023	% Change (YoY)
Revenues	376,074	351,385	7%	756,279	713,037	6%
Gross Profit	81,435	74,591	9%	176,240	162,228	9%
Gross Profit Margin	22%	21%		23%	23%	

Domestic Express Shipment Volumes

<i>In millions of shipments</i>	Q2 2024	Q2 2023	% Change (YoY)	H1 2024	H1 2023	% Change (YoY)
Total Number of Shipments	25	24	4%	51	49	5%

The **Domestic Express** segment demonstrated steady growth across all indicators.

Domestic shipment volumes remained strong, growing by 5% in the first half of the year to reach 51 million shipments. Q2 2024 volumes also saw solid growth, increasing by 4% compared to the same period last year, mainly attributed to the turnaround strategy in Oceania. Revenues were up 7% in Q2 2024 and 6% in H1 2024. Excluding the impact of currency devaluation, revenue grew 9% YoY for both periods.

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The Gross Profit Margin increased to 22% in Q2 2024 compared to same period last year, attributed to operational efficiencies and a change in the cost profile of domestic and international express products. As a reminder, higher volumes in international express lead to a higher allocation of fixed direct cost to the international express product, benefitting the cost profile of the domestic express product. Both domestic express and international express products run on the same infrastructure.

Freight-Forwarding

<i>In Thousands of UAE Dirhams</i>	Q2 2024	Q2 2023	% Change (YoY)	H1 2024	H1 2023	% Change (YoY)
Revenues	411,266	358,609	15%	809,806	744,042	9%
Gross Profit	51,920	56,601	(8%)	108,457	117,752	(8%)
Gross Profit Margin	13%	16%		13%	16%	

Freight-Forwarding Shipment Volumes

	Q2 2024	Q2 2023	% Change (YoY)	H1 2024	H1 2023	% Change (YoY)
Air Freight (KGs)	11,009,289	10,813,056	2%	23,431,971	21,972,042	7%
Sea Freight (FCL TEU)	7,518	8,039	(6%)	15,340	15,042	2%
Sea Freight (LCL CBM)	6,847	5,576	23%	19,002	11,647	63%
Land Freight (FTL)	6,731	6,582	2%	14,624	13,411	9%
Land Freight (LTL KGs)	50,469,732	38,483,702	31%	99,429,900	74,840,758	33%

The **Freight Forwarding** segment reported a solid YoY revenue growth of 9% in H1 2024 and 15% in Q2 2024, boosted by increased shipment volumes particularly across land and air freight. Sea freight volumes were effectively managed despite disruptions in the Red Sea shipping lanes.

The Freight Forwarding business performance aligns with global industry complexities and fluctuating market conditions in addition to the Q2 seasonal impact seen in the region.

Focusing on expanding volumes on key trade lanes, freight made additional investments in sales specialism during the quarter. The increase in freight rates and a fierce competitive environment pressured the margins during Q2 2024, as the Company focused on scaling up. Gross Profit Margins were recorded at 13% for both periods.

Logistics and Supply Chain Solutions

<i>In Thousands of UAE Dirhams</i>	Q2 2024	Q2 2023	% Change (YoY)	H1 2024	H1 2023	% Change (YoY)
Revenues	107,671	106,217	1%	214,274	213,260	0%
Gross Profit	12,356	16,297	(24%)	28,687	32,500	(12%)
Gross Profit Margin	11%	15%		13%	15%	

The **Logistics and Supply Chain Solutions** segment reported stable revenues in H1 2024, and a marginal 1% growth in Q2 2024 compared to the same period last year.



Logistics onboarded several important customers during the first months of the year, effectively replacing legacy accounts that transitioned out over the last 18 months. To support this, additional investments were made in infrastructure and personnel, as the business ramped up operations in its warehouses in Q2 2024. These investments led to increased costs including mobilization costs and optimization of warehouses for the new customers.

Subsequently, Gross Profit declined by 12% in H1 and by 24% in Q2 2024. Despite these short-term pressures, we have a positive outlook for Logistics in H2 2024 on the back of the new customer wins, and will focus on unlocking value going forward.

Currency devaluations continue to impact the financial profile of the Logistics product. Excluding the impact of exchange losses, Logistics revenues were up 5% YoY in Q2 2024, and GP was down 17% YoY in Q2 2024 versus the reported 1% and negative 24%, respectively.

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About Aramex:

Founded in 1982, Aramex 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 (since 2005) 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, ensuring long-term positive change and community development.

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

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For more information, please contact:

Aramex

Anca Cighi

Investor Relations Director

Investorrelations@aramex.com

Edelman Smithfield

Shruti Choudhury

Account Director

M: +971 54 586 7874

E: Aramex@edelmansmithfield.com

Shraddha Sundar

Account Manager

M: +971 50 735 0608

E: Aramex@edelmansmithfield.com