

Aramex Announces AED 1.2 Billion in Revenues in Q1 2020

- *Q1 2020 Revenues fell 3% vs. Q1 2019.*
- *Q1 2020 Net Profit declined 38% to AED 67.4 million vs. Q1 2019.*
- *Q1 2020 Logistics & Supply Chain Management Revenue rose 12%.*
- *Q1 2020 Total Domestic Express volumes rose by 21%, and by 34% in core markets.*
- *Total International Express volumes increased by 5% in Q1 2020.*
- *COVID-19 has had a disproportionate impact on service lines.*

Dubai, UAE – Thursday, 7th May 2020:

Aramex (DFM: ARMX), a leading global provider of comprehensive logistics and transportation solutions, today announces its financial results for first quarter ended 31 March 2020 and an update on COVID-19 measures.

Aramex's Q1 2020 Revenues fell 3% to AED 1,196 million, compared to AED 1,234 million in Q1 2019. Net Profit for the period decreased 38% to AED 67.4 million compared to AED 108 million in Q1 2019.

Aramex has taken several health and safety measures since the start of the COVID-19 outbreak in China in January to protect the health and safety of its people, customers, operations, and other stakeholder groups.

Bashar Obeid, Chief Executive Officer of Aramex, said:

“Just like all businesses around the world, the onslaught of the COVID-19 pandemic is challenging our operations, business model and financial standing. But as an essential industry operating under such difficult and stressful circumstances it has also revealed the truly heroic efforts of Aramex employees and has demonstrated the resilience of our business as evidenced by the limited impact on total revenue.

“Our number one priority is the health and safety of our employees, customers and communities. As the pandemic spread across the world, we intensified our efforts to protect the health and safety of Aramex employees and other stakeholders.

“From a business perspective, it is too soon to say with certainty how severe and lasting the impact of the pandemic will be on our business. However, in Q1 our revenue mix has shifted on the back of considerable changes in consumer shopping behaviour and e-commerce trends, and we saw an increase in the cost of doing business.



“Over the period, International Express and Freight Forwarding were negatively impacted. The general softening in demand for goods, and more complicated and costly shipment routes have impacted our volumes and profit margins in those service lines. In stark comparison, Domestic Express and Logistics and Supply Chain Management have witnessed significant increases in activity levels. This is mainly because almost entire populations in countries where we have significant on the ground operations were encouraged to turn to online channels to purchase and deliver necessities, such as food and other household goods. This has prompted major traditional retailers in our core countries to turn to Aramex to partly handle the influx of orders and deliveries and relieve pressure on their limited last mile capacities. At the same time, major e-commerce players have also increased their demand on our services to support their last mile delivery requirements.

“Over the period we have also intensified our commercial aspirations by targeting companies in the pharmaceutical, life sciences and healthcare sector. We are confidently servicing new clients and we expect to continue to see an increase in activity from those critical industries and sectors over the coming periods.”

Iyad Kamal, Chief Operating Officer, Aramex, said:

“Since the start of the COVID-19 outbreak in January, we had to rapidly adapt and address several operational hurdles and challenges which affected each one of our business lines.

International Express and Freight Forwarding witnessed significant changes in line haul operations as a result of the interruptions in air travel and the changes in land border regulatory requirements, yet we managed to stay operationally nimble, swiftly adapting to those changes. Domestic Express saw a spike in volumes which strained our last mile capacity in some key markets, however we were able, to a good extent and in a short period of time, to scale our last mile operations to cater to the increased demand in those markets. Logistics and Supply Chain Management continued to perform exceptionally despite the challenges to staff scheduling and restrictive mobility.

Our ability to operate under stressful and challenging conditions is a reflection of our flexibility and the hard work of our exceptional operations teams across the world. This was a display of resilience and creativity under difficult circumstances through finding swift alternatives to minimize the continuous disruptions, despite the risks. The digital transformation efforts that we carried out over the last two years have had a positive impact on our operations throughout the first quarter. Those efforts include strategic upgrades to our technology across all touch points, significant improvements in our tech-powered last mile operations, and investments in ramping up our warehousing and logistics capabilities. We will continue to work very hard to optimize our operations and increase operational efficiencies despite the current challenges,” **Kamal added.**



Business Performance

Aramex's cross-border **International Express** declined 10% to AED 479.4 million, mainly owed to significant declines in volumes from China and Hong Kong origins as COVID-19 negatively impacted supply chain out of those markets, as well as global demand for Chinese goods. Also, rapid changes and interruptions in air, rail and land routes and operations pushed line haul costs higher, adding pressure to profitability margins of this service line.

Conversely, the **Domestic Express** business jumped 13% to AED 289 million, due in large part to significant growth in demand from traditional retailers and major e-commerce players that have witnessed a surge in online deliveries, especially in Saudi Arabia and the UAE, as government stay at home measures, curfews and retail outlet closures forced more consumers to turn to online channels to deliver their basic needs. While volumes in core markets grew by 34%, the cost to scale operations increased, weighing on margins.

Freight Forwarding declined 8% to AED 262.4 million as the COVID-19 pandemic slowed end-user demand. However, Aramex witnessed increased appetite from new verticals, including pharmaceuticals, life sciences and healthcare.

Logistics & Supply Chain Management business experienced strong growth of 12% to AED 95 million, as major retailer groups witnessed a spike in demand from online channels, as retail outlets were forced to close in line with government directives to help contain the spread of COVID-19.

COVID-19 health and safety measures taken since the start of the outbreak, include strict hygiene and social distancing measures in line with public health authorities' and World Health Organisation's recommendations. Aramex continues to equip its employees with necessary personal protective equipment including masks, gloves and hand sanitisation products. The Company has also increased the intensity and frequency of disinfecting its facilities, vehicles and all touch points. Aramex conducts daily body temperature checks for all its employees before entering all facilities, including corporate buildings, using high end infra-red thermometers. Since February, management has restricted business travel and since March employees not directly involved in on the ground operations, have been working remotely. The Company continues to closely monitor the evolving situation and will make necessary changes in line with public health authorities' recommendations.

Commenting on Aramex's outlook for the remainder of 2020, Bashar Obeid said:

"The road to recovery is not yet clear. There is still a lot of uncertainty around how long lockdown measures and other movement restrictions will remain in place in countries where we have significant operations. There is also ambiguity around shifts in consumer demand trends in a post-COVID-19 world. This is why, over the coming period we are focused on remaining flexible when addressing clients' needs, while adapting to fast changing operating environment and remaining financially robust to weather a global economic downturn. At the same time, and more



importantly, we remain committed to running our day-to-day operations efficiently and as safely as possible. Our business resilience in the face of ongoing challenges will ensure that we continue to protect shareholder value and defend our leading market position in our core markets.”

- Ends-

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. Traded on the NASDAQ from 1997 to 2002, Aramex today 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 and leads a strong alliance network providing global presence, and bringing together 40 independent express companies from around the world. The range of services offered by Aramex includes integrated logistics solutions, international and domestic express delivery, freight forwarding, secure records and information management solutions, and e-services, including e-business solutions and Shop and Ship. www.aramex.com

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