



Aramex reports AED 2.97 billion in H1 2022 revenue

- Increased activity in Industrials, Retail, Pharmaceuticals, and SMEs are contributing positively to the Freight-Forwarding and Logistics business
- Normalization in e-Commerce activity combined with the current macroeconomic pressures are leading to volume declines in the Courier business in line with the industry
- Sustained gross profit margins at a Group level driven by strong growth in Freight-Forwarding and Logistics business and operational efficiencies in Courier business
- Robust balance sheet, conservative leverage, and strong cash position underpin expansion and upcoming M&A activity, including the recently announced MyUS acquisition
- Continuous investment in digital and tech infrastructure to unlock operational efficiencies

Dubai, UAE – Thursday, 11th August 2022: Aramex (DFM: ARMX) a leading global provider of comprehensive logistics and transportation solutions, today announced its financial results for the second quarter (“Q2”) and first half (“H1”) ending 30 June 2022.

<i>In Thousands of AED</i>	Q2 2022	Q2 2021	YoY Change	H1 2022	H1 2021	YoY Change
Revenue	1,516,589	1,570,923	(3%)	2,965,521	2,995,856	(1%)
Gross Profit	378,623	388,665	(3%)	722,723	747,310	(3%)
Gross Profit Margin	25.0%	24.7%	-	24.4%	24.9%	-
Operating Profit	63,569	99,552	(36%)	138,575	179,005	(23%)
Normalized Operating Profit	-	-	-	143,577	179,005	(20%)
Operating Profit Margin	4.2%	6.3%	-	4.7%	6.0%	-
Normalized Operating Profit Margin	-	-	-	4.8%	6.0%	-
EBITDA	155,534	192,711	(19%)	324,202	362,556	(11%)
Normalized EBITDA	-	-	-	329,204	362,556	(9%)
EBITDA Margin	10.3%	12.3%	-	10.9%	12.1%	-
Normalized EBITDA Margin	-	-	-	11.1%	12.1%	-
Net Profit	44,568	65,466	(32%)	91,871	111,479	(18%)
Normalized Net Profit	-	-	-	96,873	111,479	(13%)
Net Profit Margin	2.9%	4.2%	-	3.1%	3.7%	-
Normalized Net Profit Margin	-	-	-	3.3%	3.7%	-

Group Financial Performance Highlights

- H1 2022 Revenue was AED 2.97 billion, a 1% decline from the same period a year ago. The lower performance of the Courier business was offset by solid progress in Logistics and Freight Forwarding business. Q2 2022 Revenue declined 3% YoY to AED 1.52 billion due to lower Courier volumes.
- On a group level, GP margins remained stable over both the Q2 and six-month periods, driven by accelerated growth in the Logistics and Freight-Forwarding business and efficiencies in the Courier business.



- *In H1 2022 Net Profit declined by 18% YoY to AED 91.9 million mainly attributed to softer revenues, and also partially impacted by the exchange rate impact, namely the Lebanese Pound and Egyptian Pound. Net Profit in Q2 declined 32% to AED 44.6 million. Excluding the impact of write-offs from discontinued technologies and other one offs, Normalized Net Profit for H1 2022 decreased 13% YoY to AED 96.9 million.*
- *Year to date, the Company has sustained a very healthy liquidity profile with positive free cash flows, a cash balance of AED 592 million and a debt to EBITDA ratio of 0.5x excluding IFRS 16. Aramex's strong balance sheet will support the Company's growth strategy including investments in digital and technological infrastructure as well as its active M&A pipeline.*
- *During the reporting period, in May 2022, the Company distributed FY 2021 dividends of AED 0.13 per share, or AED 190.3 million, to its shareholders.*

Othman Aljeda, Chief Executive Officer of Aramex, said: "One of the greatest changes we have seen in our business in the first half of 2022 is the change in our revenue mix. Our Freight-Forwarding and Logistics business was the star performer, helping offset the softness we have seen in the Courier business.

The double-digit top-line growth of Freight-Forwarding, and the growth in Logistics is owed to our strategic investment in expanding our operations and market share, and boosting our capabilities in that business. The organic growth year to date is predominately driven by high growth sectors such as industrials, SMEs, Retail and Pharmaceuticals.

Our courier business is facing industry headwinds. Despite this, we have been able to protect and maintain our gross profit margin.

The softness in e-commerce activity is a global, industry-wide trend as consumers returned to brick-and-mortar shopping as COVID restrictions eased. We are also seeing rising inflation rates globally, which puts downward pressure on discretionary spending.

Going forward, our focus is on quality earnings and better efficiencies, by optimizing resources, and strengthening our end-to-end product and service offering across Courier, Freight, Logistics, Warehousing, and Supply Chain.

During the period, we announced the acquisition of MyUS, a global cross-border e-commerce enabler, which is set to bolster Aramex's cross-border business and expand our geographic reach and footprint in the US, a key growth market. The transaction is expected to be fully completed during the third quarter of this year."



Notable Developments

- DPDgroup, Aramex's largest single shareholder, increased its equity stake in the Company to 28% during the reporting period, demonstrating its confidence in Aramex's ability to create value over the long term. The strategic collaboration continues to progress nicely with new trade lanes opened in the first half of the year to increase connectivity between GCC and Europe.
- Operational efficiency continues through the automatization of warehouses and roll out of AI solutions across the entire logistics life cycle. The Company also scaled its presence for a more efficient last mile operation by expanding its pick up drop off locations and FLEET, Aramex's crowd-based delivery platform.
- Aramex's investments in new technologies are progressing well including the optimization of internal systems and enhancements in operational infrastructure, particularly in high-volume markets such as Egypt and Qatar.

Business Performance Highlights

Courier Business: Aramex's Courier business includes International Express and Domestic Express and offers delivery and last mile solutions serving the B2B and B2C customer base including Shop & Ship, e-commerce, FMCG, SMEs and others.

Courier Business Financial Highlights

In Thousands of AED	Q2 2022	Q2 2021	%YoY Change	H1 2022	H1 2021	%YoY Change
Courier Business Revenue	936,163	1,100,781	(15%)	1,847,255	2,102,924	(12%)
International Express Revenue	587,091	733,556	(20%)	1,144,836	1,380,080	(17%)
Domestic Express Revenue	349,072	367,226	(5%)	702,419	722,844	(3%)
Courier Business Operating Profit	40,109	104,627	(62%)	92,555	172,420	(46%)

Courier Business Shipment Volumes

	Q2 2022	Q2 2021	%YoY Change	H1 2022	H1 2021	%YoY Change
International Express	5,930,134	7,200,104	(18%)	11,269,903	13,403,931	(16%)
Domestic Express	24,101,160	25,800,486	(7%)	49,109,504	51,189,324	(4%)
Total	30,031,294	33,000,590	(9%)	60,379,407	64,593,255	(7%)

- In H1 2022 Revenue for the Courier Business decreased by 12% YoY to AED 1.85 billion, and in Q2 Revenue declined 15% to AED 936 million. The lower revenue in both periods is owed predominately to lower volumes from the cross-border International Express business, which saw a 16% YoY and 18% YoY decline in volumes in the H1 and Q2 periods, respectively.
- Domestic Express business remained relatively resilient, with H1 2022 Revenue dipping 3% YoY to AED 702 million, reflecting the 4% YoY decline in volumes for that period.
- Despite softening volumes, Courier business gross profit margin held firm at 28% in H1 2022 and 29% in Q2 2022.



Alaa Saoudi, Chief Operating Officer – Express, said: “The COVID years of 2020 and 2021 drove hyper-activity in the express and last mile sector, however this phenomenon is starting to fade. This year, we started to see a normalization in e-Commerce activities as well as macroeconomic headwinds. This has undoubtedly impacted our performance during this period on a top line level, however, we remain focused on driving greater efficiencies to maintain stable gross profit margins.

In this context, we concentrate efforts on driving quality earnings and lowering our cost to serve. We are progressing with the launch of our premium product, and are introducing innovative solutions including paperless returns and e-commerce fulfilment solutions. We continue to take a prudent approach to cost management.

Furthermore, we worked on enhancing the last mile journey by expanding our fleet of pick-up and drop-off locations (PUDO) in the GCC by 22% compared to Q1 2022, as well as adopting a fleet management platform to help optimize our fleet performance. Meanwhile, our strategic alliance with DPDgroup enabled us to execute on our commitment to facilitating global trade as we opened three new trade lanes in Italy, Germany, France and Netherlands.”

Logistics & Freight Forwarding: *Aramex’s Logistics & Freight Forwarding business includes air freight, sea freight, land freight, and warehousing and distribution solutions. It serves a B2B customer base across multiple verticals including industrials, healthcare & pharmaceutical, aerospace, retail & fashion, amongst others.*

Logistics & Freight Forwarding Business Financial Highlights

<i>In Thousands of AED</i>	Q2 2022	Q2 2021	%YoY Change	H1 2022	H1 2021	%YoY Change
Logistics & Freight Forwarding Revenue	544,166	437,404	24%	1,047,404	830,270	26%
Freight Forwarding Revenue	432,410	328,595	32%	823,542	616,875	34%
Integrated Logistics & Supply Chain Solutions Revenue	111,756	108,809	3%	223,862	213,395	5%
Logistics & Freight-Forwarding Operating Profit	22,371	(4,917)	555%	42,942	4,610	832%



Freight-Forwarding Shipment Volumes

	Q2 2022	Q2 2021	%YoY Change	H1 2022	H1 2021	%YoY Change
Land Freight (FTL)	6,768	5,981	13%	14,038	11,932	18%
Land Freight (LTL KGs)	7,755,561	7,394,215	5%	15,773,676	13,791,148	14%
Sea Freight (FCL TEU)	7,179	9,183	(22%)	15,398	17,849	(14%)
Sea Freight (LCL CBM)	4,066	28,129	(86%)	9,396	41,281	(77%)
Air Freight (KGs)	16,897,577	11,538,110	46%	30,310,592	23,066,952	31%

- In H1 2022, Revenue for the Logistics & Freight-Forwarding business increased 26% YoY to AED 1.05 billion and Q2 2022 registered a 24% YoY increase to AED 544 million on the back of strong performance of the Freight-Forwarding business, as well as the steady pace of growth of the Logistics business.
- Freight-Forwarding Revenue surged 34% YoY in H1 2022 to AED 824 million and by 32% YoY in Q2 2022 to AED 432 million. The remarkable growth is predominantly driven by solid demand from the industrial and SME sectors, as well as higher contributions from high-growth sectors including retail and pharmaceuticals. In Q2 2022, Gross profit and EBIT are growing at a much faster rate than revenue, indicating the success of the initiatives to improve capabilities and operational efficiencies.
- Integrated Logistics & Supply Chain Solutions revenues rose 5% YoY in H1 2022 to AED 224 million and 3% YoY in Q2 2022 to AED 112 million attributed to strong retail activity, increased volumes from industrial clients, and new business wins in GCC, Egypt and Ireland. The segment also witnessed significant growth in margins driven by robust client management and strong operational and cost efficiencies. The gross profit margin in Q2 2022 was 25% up from the 6% in the same period last year. Meanwhile, the gross profit margin in H1 2022 was 19%, up from 12% in the previous year.

Mohammad Alkhas, Chief Operating Officer – Logistics & Freight-Forwarding, said:

“The Logistics & Freight-Forwarding business sustained a remarkable growth momentum as we focused on capitalizing on verticals where Aramex has a dominant position while adopting a solutions-oriented customer approach to attract new customers.

During the period, we continued our efforts to enable global trade and enhance connectivity, as well as consolidated trade lanes between Europe and the Middle East. We also progressed our digital strategy to drive efficiencies across the business including automation, optimization of storage methods, and wider improvements in our IT and data systems.”

- 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 16,000 professionals. Aramex offers innovative services and solutions, including international and domestic express delivery, freight-forwarding, integrated logistics and supply chain management and e-Commerce solutions. Aramex is strategically leveraging technology for better and more efficient last-mile delivery solutions. This approach has significant benefits, and that's why Aramex considers itself to be a technology-driven enterprise, selling transportation and logistics solutions without owning heavy assets.

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