



Aramex Announces Preliminary Unaudited Financial Results for the Year 2021 **Full Year 2021 Revenues Grow 10% to Record AED 6.07 Billion**

- Buoyant global e-commerce continues to drive Courier Business volume growth of 10% in 2021 compared to 2020
- Freight-Forwarding Revenue up 22% in 2021 compared to previous year, following the implementation of the new operating model
- 2022 focuses on scaling business through optimized operating cost and capital expenditures in strategic areas to support sustainable growth of the business. Aramex forecasts continued growth in 2022 volumes and revenue at a faster pace compared to 2021
- Leveraging relationships with strategic investors GeoPost and Abu Dhabi Ports

Dubai, UAE – Thursday, 10th February 2022: 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 2021.

The preliminary financial results and other information disclosed in this press release related to the Company’s Q4 2021 and FY 2021 performance are unaudited preliminary numbers and therefore, are subject to change. As a result, the Company’s audited financial accounts for Q4 2021 and FY 2021 may vary from the preliminary information contained in this press release.

<i>In Thousands of AED (unless otherwise stated)</i>	FY 2021	FY 2020	% Change (YoY)	Q4 2021	Q4 2020	% Change (YoY)
Revenues	6,068,805	5,510,300	10%	1,611,545	1,598,346	1%
Operating Profit (“EBIT”)	306,739	399,549	(23%)	59,713	89,166	(33%)
Operating Profit Margin (“EBIT”)	5.1%	7.3%	(2.2%)	3.7%	5.6%	(1.9%)
Normalized Operating Profit (“EBIT”)*	300,639	510,461	(41%)	57,521	147,193	(61%)
Normalized Operating Profit Margin*	5%	9.3%	(4.3%)	3.6%	9.2%	(5.6%)
EBITDA	676,404	741,376	(9%)	150,717	179,603	(16%)
EBITDA Margin	11.1%	13.5%	(2.4%)	9.4%	11.2%	(1.8%)
Normalized EBITDA Margin*	11.2%	15.5%	(4.3%)	9.7%	14.9%	(5.2%)
Net Profit	225,373	266,651	(15%)	46,078	58,649	(21%)
Normalized Net Profit*	183,285	377,564	(51%)	39,504	116,676	(66%)

* All Extraordinary Items are listed in a table at the end of this press release

Group Performance Highlights

- In Q4 2021, Revenues rose 1% YoY to AED 1.61 billion driven by strong performance in Logistics & Freight-Forwarding Business. FY 2021 Revenues jumped 10% YoY to a record AED 6.07 billion.
- Q4 2021 Operating Profit decreased 33% YoY to AED 60 million. The drop in operating profit is attributed to (1) Linehaul cost due to the continued pricing pressure (2) higher operating costs as the Company continued to scale operations to cater to higher demand and (3) Covid-19 induced costs and capacity constraints. FY 2021 operating profit declined 23% YoY to AED 307 million.



- Q4 2021 Net Profit fell 21% to AED 46 million compared to AED 59 million in Q4 2020. FY 2021 Net Profit decreased by 15% to AED 225 million, compared to AED 267 million in FY 2020.
- Focusing on working capital, Aramex maintained a strong balance sheet with a negative net debt position of AED 452 million, supported by a solid cash balance as at 31 December 2021.

Captain Mohamed Juma Alshamsi, Chairman of the Board of Directors of Aramex, said: “In 2021, we witnessed a significant progress in the pace of recovery of the global economy, while businesses reconfigured operating and business models to adapt to the repercussions of the pandemic. The gradual reopening of the global economy in the second half of the year underpinned by the strong progress made by countries in implementing national vaccination campaigns and other related measures, spurred economic growth and improved business performance and customers confidence levels.

At Aramex, we continued to provide our customers with best services levels, and continued to promote our crucial role in enabling cross border trade. We are also proud of the key role we played in providing the necessary infrastructures and processes for safely distributing Covid-19 vaccines. We continue to dedicate resources to support countries around the globe with their vaccine campaigns, further supporting their recovery.

Our market leading position and strong reputation has attracted an international peer, GeoPost, to become a strategic investor in Aramex. Their investment is a testament to the significant growth opportunities that Aramex is well positioned to capture in the mid to long term. As we look forward, we plan to continue exploring multiple synergistic opportunities and our focus on creating value for our shareholders and all our stakeholders.”

Othman Aljeda, Chief Executive Officer, Aramex, said: “2021 demonstrated our ability to capture growth opportunities spurred by a buoyant e-commerce market and good recovery in certain industries, while simultaneously implementing a fully redesigned operating model. The Logistics and Freight-Forwarding business produced outstanding results in a short period of time, and we continued to capture greater market share in the Domestic Express business despite an increasingly crowded last mile delivery sector in our core markets.

Our customer-first approach means we are absorbing a higher cost of doing business to ensure we continue to respond to customer needs, defend and grow our market share, despite the ongoing supply chain disruptions caused by the pandemic. As a result, our margins remain under pressure. While the pressures will likely continue in 2022, we have a defined strategy to grow the business and improve the profit margins. This includes investment in technology and operational optimization initiatives to strengthen and grow our business across all markets.”

Business Performance Highlights

Courier Business. Aramex's courier business includes International Express and Domestic Express 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 (unless otherwise stated)	FY 2021	FY 2020	% Change (YoY)	Q4 2021	Q4 2020	% Change (YoY)
Courier Business revenue	4,143,962	3,935,398	5%	1,043,644	1,183,088	(12%)
International Express revenue	2,654,796	2,573,330	3%	671,393	796,493	(16%)
Domestic Express revenue	1,489,166	1,362,069	9%	372,251	386,596	(4%)
Courier Business EBIT	267,662	457,704	(42%)	41,367	129,229	(68%)

Courier Business Shipment Volumes

	FY 2021	FY 2020	% Change (YoY)	Q4 2021	Q4 2020	% Change (YoY)
Number of shipments (International Express)	25,756,639	24,695,684	4%	6,052,494	7,200,502	(16%)
Number of shipments (Domestic Express)	108,226,277	96,632,684	12%	29,436,845	27,811,708	6%
Total Number of Shipments (Courier Business)	133,982,916	121,328,368	10%	35,489,339	35,012,210	1%

- In Q4 2021, the Courier Business fell 12% YoY to AED 1.0 billion. The decline is partly attributed to a slowdown in both International and Domestic Express business compared to 2020, which was an exceptionally busy period due to Covid-19 related travel restrictions and lockdowns. FY 2021, the Courier Business grew 5% YoY to AED 4.14 billion driven by accelerated growth in the global e-commerce market. FY 2021 volumes for the business increased 10% YoY.
- Gross profit margins declined predominately driven by Covid-19 induced costs and disruptions including higher linehaul costs and airline capacity constraints. The business also incurred higher costs related to scaling operations and boosting capacity.

International Express (including Shop & Ship):

- In Q4 2021, International Express business witnessed a 16% YoY decline to AED 671 million and a 16% drop in volumes on the back of significantly reduced demand from Asia, notably Hong Kong and China into the GCC. For FY 2021, the cross-border business increased 3% YoY, and shipment volumes increased by 4%.

Domestic Express:

- In Q4 2021, Domestic Express declined 4% to AED 372 million as volumes witnessed 6% YoY growth. The lower revenue and higher volume are mainly attributed to intensifying competition in the last mile delivery in some of our core markets. However, for the 12-month period, Domestic Express

increased 9% to AED 1.49 billion versus FY 2020 driven by strong growth in KSA, UAE, Egypt and Australia from e-commerce and banking verticals while volumes rose 12% YoY.

Alaa Saudi, Chief Operating Officer – Express, said: “Over the course of the year, we invested in expanding our operations in key markets, including Riyadh, where we built and are operating a fully automated warehouse. We continue upgrading and automating existing facilities and are using data analytics and AI to better plan for peak shopping periods and flex our capacity accordingly. While we are seeing intensified competition from new market entrants, especially in the last mile, our scale and industry expertise will continue to solidify our market leading position and our product innovation will continue to give us a differentiated edge to service customers of all types and sizes.”

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

<i>In Thousands of AED (unless otherwise stated)</i>	FY 2021	FY 2020	% Change (YoY)	Q4 2021	Q4 2020	% Change (YoY)
Logistics & Freight-Forwarding	1,760,407	1,459,594	21%	503,692	380,605	32%
Freight-Forwarding revenue	1,325,551	1,084,731	22%	390,676	279,847	40%
Integrated Logistics & Supply Chain Solutions revenue	434,856	374,862	16%	113,016	100,758	12%
Logistics & Freight-Forwarding EBIT	36,983	(68,184)	154%	20,213	(46,771)	143%

Freight-Forwarding Shipment Volumes

	FY 2021	FY 2020	% Change (YoY)	Q4 2021	Q4 2020	% Change (YoY)
Land Freight (FTL)	23,737	10,736	121%	7,498	3,175	136%
Land Freight (LTL KGs)	27,853,731	13,855,624	101%	8,215,829	3,783,841	117%
Sea Freight (FCL TEU)	30,215	42,547	(29%)	5,913	11,897	(50%)
Sea Freight (LCL CBM)	179,322	140,399	28%	26,970	29,450	(8%)
Air Freight (KGs)	49,123,007	39,321,985	25%	11,594,436	11,621,351	0%

- In Q4 2021, this business unit jumped 32% YoY to AED 504 million on the back of strong demand from the oil & gas, retail & fashion and healthcare sector. The business was able to capitalize on growth opportunities thanks to the redesigned operating model. In FY 2021, top line grew 21% YoY to AED 1.76 billion driven by a rebound in global economic activity.
- Gross profit margin improved, driven by swift adoption of operational optimization initiatives.

Freight-Forwarding

- Freight Forwarding surged 40% YoY to AED 391 million in Q4 2021, predominantly driven by strong recovery in business activity across oil & gas, retail & fashion, and healthcare sectors. For FY 2021, this service line increased 22% YoY Revenue to AED 1.33 billion.

Integrated Logistics & Supply Chain Solutions

- Integrated Logistics & Supply Chain Solutions witnessed a 12% increase to AED 113 million in Q4 2021, on the back of increased demand from business activity in Saudi, Egypt, UAE and Morocco driven by the retail & fashion sector. For FY 2021, this service line climbed 16% YoY to AED 435 million as an increasing number of consumer businesses expanded their reach through e-commerce platforms.

Mohammad Alkhas, Chief Operating Officer – Logistics & Freight-forwarding, said: “We ended the year on a strong footing. By operating within a more decentralized model, we were able to service a new and growing number of customers, offering more innovative solutions to capture pockets of growth and capitalize on the steady recovery in certain industry verticals including oil & gas and retail & fashion. We also strengthened our capabilities with the addition of industry experts and technology investments to capture greater market share. Despite the Covid-19 induced disruptions to the global supply chains, our commitment to operational optimization supported margin growth, and our commitment to integrating sustainability measures within our operations means we are operating at greener levels.”

Outlook

Commenting on the outlook for 2022, Othman Aljeda said: “We enter 2022 with a clear strategy to deliver our growth ambitions. Our new operating model will enable us to be better prepared to capitalize on the steady global economic recovery and grow our market share within both the Logistics & Freight Forwarding and the Courier Business.

We expect e-commerce to sustain a good growth momentum in 2022 and beyond. That is why for our Courier Business, we will be focused on driving new trade lanes for the global e-commerce market while positioning ourselves as the premier last mile solutions provider to businesses of all sizes in our core markets. Aramex has the benefit of scale, and we continue to solidify our position through expansion of our ground operations and fleet in core markets. We are also focusing on a differentiated premium product offer, as well as the end-to-end solution for the customer. Moreover, we have a clear strategic roadmap for automation of handling and sortation operations which will lead to better service levels and cost savings. We will continue to rely on data analytics and AI to optimize predictions, planning and route optimization to enhance every mile of the first to last mile journey.

Aramex Logistics currently accounts for a little under a third of our revenues and we intend to grow this to approximately half of total group revenues over the next few years. Our strategic priorities will focus on investing in a greener infrastructure, optimizing operational efficiencies, and strengthening our footprint in key growth markets including Egypt and KSA. We will also continue to transform how we serve SMEs and startup businesses customers by providing them innovative solutions including on-the-go warehousing solutions that are flexible and quick to set up.

Acquisitions remain a key enabler of our growth. To that end, we are seeking attractive and value accretive investment opportunities in markets that will enable trade flows into MENAT, and help us to further grow our global footprint.

- Ends -

***Extraordinary Items**

<i>In Thousands of AED (unless otherwise stated)</i>	FY 2021	FY 2020	% Change (YoY)			Q4 2021	Q4 2020	% Change (YoY)
Reported EBIT	306,739	399,549	(23%)			59,713	89,166	(33%)
<u>Extraordinary Items:</u>								
Less: Morocco provision reversal	(18,473)	-				(18,473)	-	
Less: Morocco insurance refund	(6,243)	-				(6,243)	-	
Less: Lebanon insurance refund	(6,611)	-				-	-	
Less: Lebanon provision reversal	(2,339)	-				(2,339)	-	
Add: Expected Credit Losses on Banks-Lebanon	5,491	21,301				2,788	21,301	
Add: Morocco Fire provision	-	45,173				-	-	
Add: Lebanon port blast provision		7,712						
Add: Morocco Legal Provision	-	36,726				-	36,726	
Add: Lebanon translation impact	22,076	-				22,076	-	
Normalized EBIT	300,639	510,461	(41%)			57,521	147,193	(61%)
<i>In Thousands of AED (unless otherwise stated)</i>	FY 2021	FY 2020	% Change (YoY)			Q4 2021	Q4 2020	% Change (YoY)
Reported Net Income	225,373	266,651	(15%)			46,078	58,649	(21%)
<u>Extraordinary Items:</u>								
Less: Morocco provision reversal	(18,473)	-				(18,473)	-	
Less: Morocco insurance refund	(6,243)	-				(6,243)	-	
Less: Lebanon insurance refund	(6,611)	-				-	-	
Less: Lebanon provision reversal	(2,339)	-				(2,339)	-	
Less: InfoFort Gain	(31,606)	-				-	-	
Add: Expected Credit Losses on Banks-Lebanon	5,491	21,301				2,788	21,301	
Add: Morocco Fire provision	-	45,173				-	-	
Add: Lebanon port blast provision		7,712						
Add: Morocco Legal Provision	-	36,726				-	36,726	
Add: Lebanon translation impact	17,695	-				17,695	-	
Normalized Net Income	183,285	377,564	(51%)			39,504	116,676	(66%)



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, our location bridges the path between East and West, enabling our reach to more customers with the provision of effective logistics solutions worldwide. We currently have business operations in 600+ cities across more than 60 countries worldwide and employ over 17,000 professionals. We offer innovative services and solutions, including international and domestic express delivery, freight-forwarding, integrated logistics and supply chain management, and e-commerce solutions. We are strategically leveraging technology for better and more efficient last-mile delivery solutions. This approach has significant benefits, and that's why we consider ourselves a technology-driven enterprise, selling transportation and logistics solutions without owning heavy assets.

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