



Aramex reports stable revenues with Gross Profit increase of 4% YoY in Q1 2023 amid global headwinds

- *Amid softening of global shipment volumes, Aramex continued to deliver a resilient performance in the first quarter of 2023, while making further progress in executing its strategy. Revenue totaled AED 1.43 billion, down marginally by 1% YoY, outperforming global peers.*
- *Gross Profit improved 4% YoY to AED 358 million in Q1 2023, driven by consolidated growth in the International Express business – with the MyUS acquisition providing a further boost. This reflects Aramex’s consistent investment in efficiency maximizing initiatives and cost optimization through the economic cycle.*
- *EBITDA for Q1 2023 decreased 9% to AED 153 million, and Net Profit was AED 24 million, compared to AED 47 million in Q1 2022. The YoY decrease in Net Profit is due to a mix of factors, including currency devaluation in certain markets, interest expenses associated with the MyUS acquisition and in line with Aramex’s strategy to leverage the balance sheet, as well as the softening at topline flowing through to the bottom line.*
- *Freight-Forwarding and Logistics and Supply Chain Solutions Businesses performed strongly with 17% and 23% increases in Gross Profit respectively, strengthening the mix of quality revenues across the Group. International Express also improved Gross Profit by 3%, while Domestic Express declined by 6% due to domestic revenue decline of 4% which is attributed to FX impact.*
- *Despite inflationary pressures, Selling, General and Administrative Expenses (SG&A) organic structure- which excludes MyUS, as a percentage of revenue remains stable. While consolidated SG&A increased by 6% YoY due to the addition of MyUS, the organic SG&A declined by 3%, reflecting the Group’s agility in cost management. Tight cost control and continued investment is expected to improve returns in the second half of the year.*
- *Aramex’s strategically balanced geographical presence enabled the Company’s home markets to continue their strong performance, with the GCC accounting for 39% of total revenues, while also supporting solid revenue growth in Europe and North American outbound markets.*
- *Robustly positioned with a healthy cash balance and low leverage with Net Debt-to-EBITDA ratio at 2.3x. Geographic and business diversification continued to support resilience in margins and performance vs peers, alongside strong road network and operational efficiencies.*
- *In line with the five-year strategy, the Group is focused on mid- and long-term growth, while continuing to attract talent and champion investments in innovation and technology.*



Dubai, UAE – Thursday, 11 May 2023: Aramex (DFM: ARMX) a leading global provider of comprehensive logistics and transportation solutions, today announced its financial results for the First Quarter (“Q1”) ending 31st March 2023.

<i>In Thousands of UAE Dirhams</i>	Q1 2023	Q1 2022	% Change (YoY)
Revenues	1,431,496	1,448,932	(1%)
Gross Profit	358,000	344,100	4%
Gross Profit Margin	25.0%	23.7%	
EBIT	63,000	75,006	(16%)
EBIT Margin	4.4%	5.2%	
EBITDA	153,163	168,669	(9%)
EBITDA Margin	10.7%	11.6%	
Net Profit	23,909	47,302	(49%)
Net Profit Margin	1.7%	3.3%	

Financial Performance Commentary

Aramex’s Q1 2023 Revenues declined marginally by 1% YoY to AED 1.43 billion, reflecting the robustness of its revamped operating model, amid global headwinds. Revenues were driven by stable performance in International Express and the resilience of the Freight-Forwarding, and Logistics and Supply Chain Solutions Businesses. Revenue continued to be impacted by currency fluctuations, inflationary pressures, and normalization of worldwide shipping flows. However, despite softening revenues, the Company demonstrated resilience in volumes and improvements in margins.

For the Q1 2023 period, Gross Profit was up 4% to AED 358 million compared to AED 344 million in Q1 2022, while the corresponding Gross Profit Margin for Q1 2023 was reported at 25%. The Selling, General and Administrative Expenses (SG&A) costs for the organic business, which excludes MyUS, declined 3% YoY, reflecting the Company’s disciplined cost optimisation drive, while consolidated Group SG&A costs increased by 6% mainly due to the addition of MyUS. The Group’s SG&A organic structure as a percentage of revenue has remained stable.

Net Profit for Q1 2023 declined by 49% YoY to AED 24 million due to a mix of factors, including currency devaluation in certain markets, interest expenses associated with the MyUS acquisition and in line with Aramex’s strategy to leverage the balance sheet, as well as the softening at topline flowing through to the bottom line.

Due to some negative FX and devaluation impact in some markets, Aramex moved swiftly to hedge exposures and move into more US Dollar-denominated contracts.

Aramex maintained a strong balance sheet position with Net Debt-to-EBITDA ratio of 2.3x and a healthy cash balance of AED 722 million as of 31 March 2023.

Othman Aljeda, Chief Executive Officer, Aramex, said: “In a quarter when our industry globally continued to face headwinds from cost inflation, base rate rises, softening shipment volumes and FX fluctuations, we are proud to present a stable and resilient financial and business performance for the first three months of 2023. We continued to both drive revenue quality and benefit from our sustained investment in efficiency, and our performance vs industry means we are confident in unlocking the potential of our rebalanced business model.

Three of our four business lines increased Gross Profit Year-on-Year, and we maintained a stable Profit Margin in our Domestic Express business, due to our relentless focus on cost control and improvements



in productivity. We maintain our commitment to invest in optimization measures across the economic cycle, including automation of shipments sorting process which enables us to boost operational productivity; and the newly launched Enterprise Automation & Robotic Process Automation Centre of Excellence that is focused on digitalizing the overall enterprise for higher efficiency levels within the support functions as well as across our operations.

The continued growth in the GCC economies, and the expectation that inflationary pressures around the world may peak and then decline significantly show some signs of optimism towards the end of the year. We believe the key differentiator in the months ahead will be our ability to invest in technology, along with our geographic and business line diversification which offers competitive advantage.

We will continue to improve the efficiency of our services, enhancing customer experience, strengthening road networks, improving resourcing and making other targeted operational improvements across our four products – putting us in a strong position to capture market share and deliver long-term value for our shareholders.”

Business Performance

International Express (Including Shop & Ship and MyUS)

<i>In Thousands of UAE Dirhams</i>	Q1 2023	Q1 2022	% Change (YoY)
Revenues	566,581	558,976	1%
Gross Profit	183,795	177,782	3%
Gross Profit Margin	32.4%	31.8%	

International Express Shipment Volumes

<i>In millions of shipments</i>	Q1 2023	Q1 2022	% Change (YoY)
Total Number of Shipments	5.4	5.3	1%

International Express reported stable consolidated Revenue of AED 567 million in Q1 2023, reflecting the additional volume from MyUS and attractive margins in Aramex’s Parcel Forwarding Business, which includes MyUS and Shop & Ship. Organic Revenue (excluding MyUS) witnessed a softness Year-on-Year due to a change in customer mix.

Reported Gross Profit for Q1 2023 was AED 184 million, a YoY increase of 3%. The corresponding Gross Profit Margin was maintained at 32% due to a number of factors, including improvements in linehaul costs and other cost optimization measures.

Domestic Express

<i>In Thousands of UAE Dirhams</i>	Q1 2023	Q1 2022	% Change (YoY)
Revenues	361,652	376,641	(4%)
Gross Profit	87,637	92,767	(6%)
Gross Profit Margin	24.2%	24.6%	

Domestic Express Shipment Volumes

<i>In millions of shipments</i>	Q1 2023	Q1 2022	% Change (YoY)
Total Number of Shipments	24.6	25.0	(2%)



Domestic Express Q1 2023 Revenue declined by 4% to AED 362 million due to FX impacts in Egypt, Lebanon, South Africa and certain MENAT countries, as well as a revenue decline in Oceania, where a restructuring plan is in progress. This was partially offset by an increase in domestic revenues from the GCC and prudent cost management. Gross Profit for the period was AED 87.6 million, a slight decrease of 6%. However, the corresponding Gross Profit Margin remained stable at 24% compared to the same period last year, reflecting the Company's success in operational efficiencies especially at the "last mile" as a result of the Company's automation efforts- which further enhanced courier productivity; and a doubling of Aramex's Pick-Up and Drop-Off (PUDO) network in Q1 2023.

Freight-Forwarding

<i>In Thousands of UAE Dirhams</i>	Q1 2023	Q1 2022	% Change (YoY)
Revenues	385,432	391,133	(1%)
Gross Profit	61,151	52,053	17%
Gross Profit Margin	15.9%	13.3%	

Freight-Forwarding Shipment Volumes

	Q1 2023	Q1 2022	% Change (YoY)
Air Freight (KGs)	11,158,986	12,740,840	(12%)
Sea Freight (FCL TEU)	7,004	8,142	(14%)
Sea Freight (LCL CBM)	6,072	5,225	16%
Land Freight (FTL)	6,829	7,271	(6%)
Land Freight (LTL KGs)	36,357,056	36,921,430	(2%)

Aramex's **Freight-Forwarding** business delivered a robust performance in the first quarter with Revenue maintained at AED 385 million and a 17% increase in Gross Profit at AED 61 million. This was driven by the positive impact of operational efficiencies, including increased focus on realizing quality revenue and consolidation of trucking resources between freight and logistics products. Revenue growth in Africa and America, stable revenues in the GCC and MENAT, and newly opened freight services in Oceania contributed to the revenue growth in the Freight-Forwarding business.

Logistics and Supply Chain Solutions

<i>In Thousands of UAE Dirhams</i>	Q1 2023	Q1 2022	% Change (YoY)
Revenues	107,044	112,105	(5%)
Gross Profit	16,203	13,171	23%
Gross Profit Margin	15.1%	11.7%	

Logistics and Supply Chain Solutions Revenue decreased marginally by 5% to AED 107 million in Q1 2023, while Gross Profit increased by 23% to AED 16.2 million, with a corresponding Gross Profit Margin of 15.1% - up from 11.7% in Q1 2022. Solid performance in the GCC, Europe and South Africa, driven by sectors such as Retail, e-Commerce, Pharma and Oil & Gas, contributed to this growth.

- Ends -



About Aramex:

Since its foundation 40 years ago, 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 and innovative logistics solutions worldwide.

We currently have business operations in **600+** cities across more than **70** countries worldwide and employ over **16,000** professionals.

Aramex operates through four well-defined business products which offer scale, diversification and an end-to-end service offering for customers, and support the Company's efforts to capture greater global market share within both the B2C and B2B customer segments. These products are:

1. International Express, which includes Aramex's Parcel Forwarding Business (Shop & Ship and MyUS).
2. Domestic Express
3. Freight-Forwarding
4. Logistics & Supply Chain Solutions

Aramex's **Vision** is to "Deliver what our customers value most everywhere, on time, every time!", and its **Mission** is to "Connect people & businesses, reliably & responsibly".

Sustainability is core to achieving our vision and mission. We believe that in order to grow a truly sustainable business, it is crucial that we utilize our main competencies to enhance our positive impact as active citizens in the communities in which we operate. Our "Delivering Good" sustainability platform is active in over 100 projects worldwide across three well-defined key themes (1) Education and Youth Empowerment, (2) Entrepreneurship, and (3) Environment. Therefore, we continue to partner with international and local organizations dedicated to similar causes to reach more beneficiaries every year through targeted programs and initiatives. As part of our efforts to protect the environment and mitigate climate change risks, we signed up for the globally renowned Science Based Targets initiative (SBTi), to further accelerate our climate action goals toward achieving Carbon-Neutrality by 2030 and Net-Zero by 2050.

We live in an era where technology transforms and influences our daily lives more than ever before; as a result, we continue to strategically leverage the latest technologies for higher operational efficiencies, to satisfy customers evolving needs and to deliver the maximum value to all our stakeholders.

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

Follow us on:



For more information, please contact:

Aramex

Mohammad Al Qassem

Head of Corporate Communications

mohammadalah@aramex.com

Anca Cighi

Investor Relations Director

Investorrelations@aramex.com