



Aramex Reports 2x Growth in Q4 2023 Group Net Income and Delivers the Highest-Ever Quarterly Volumes in International Express

- Amid challenging market conditions and currency fluctuations, Aramex improved profitability and margin performance, delivering a strong fourth quarter and a resilient full year performance in 2023.
- Revenue growth in International Express was offset by the decline in revenues from other products. Freight Forwarding was impacted by the decline in global rates in the Freight-Forwarding industry, while the Domestic Express and Logistics products reported marginal decline in revenues, impacted by currency translation.
- Gross Profit improved 2% YoY in Q4 2023 to AED 389 million, driven by Aramex’s consistent investment in efficiency maximizing initiatives and cost optimization as well as its continued focus on quality revenues. Notably, Gross Profit Margins improved one percentage point YoY in both Q4 2023 and FY 2023, in line with management expectations.
- Further reflecting the success in managing costs and operational efficiencies, EBITDA for Q4 2023 surged by 33% to AED 197 million and 2% YoY in FY 2023, despite the revenue softness. Aramex achieved a healthy EBITDA margin of 13% in Q4 2023, and 11% for the fiscal year.

Dubai, UAE – Thursday, 8 February 2024: Aramex (DFM: ARMX) a leading global provider of comprehensive logistics and transportation solutions, today announced its audited financial results for the Fourth Quarter (“Q4”) and Full Year (“FY”) ending 31 December 2023.

<i>In Thousands of UAE Dirhams</i>	Q4 2023	Q4 2022	% Change (YoY)	FY 2023	FY 2022	% Change (YoY)
Revenues	1,524,009	1,534,234	(1%)	5,694,022	5,926,005	(4%)
Revenues % Change excl FX			0%			(1%)
Gross Profit	388,727	380,754	2%	1,426,929	1,424,304	0%
Gross Profit Margin	26%	25%		25%	24%	
EBIT	106,191	55,850	90%	266,661	245,331	9%
EBIT Margin	7%	4%		5%	4%	
EBITDA	197,409	148,446	33%	627,732	614,005	2%
EBITDA Margin	13%	10%		11%	10%	
Net Profit	76,787	33,865	127%	129,297	165,379	(22%)
Net Profit Margin	5%	2%		2%	3%	



Financial Performance Commentary

Aramex reported a marginal 1% YoY decline in Q4 2023 Revenue to AED 1.52 billion, despite challenging market conditions and currency fluctuations. Full Year Revenue was healthy at AED 5.69 billion, a decline of 4% YoY. When excluding the impact of currency translation, full year Revenue decline was 1% compared to reported decline of 4%.

Revenue growth in International Express was offset by the decline in revenues from other products. Freight Forwarding was impacted by the decline in global rates in the Freight-Forwarding industry, while the Domestic Express and Logistics businesses reported marginal decline in revenues, impacted by currency translation. Excluding the impact of currency translation, both products reported growth of 2% in revenue for the full year 2023.

With the management's resolute focus on quality revenue, operational efficiency, and cost optimization, Aramex delivered a notable 2% YoY growth in Gross Profit for Q4 2023, reaching AED 389 million and remained stable for the full year. Gross Profit Margins witnessed a one percentage point improvement both in Q4 2023 and FY 2023, reaching 26% and 25%, respectively.

The Company's fiscal discipline was further showcased through its improvement in Group Selling, General, and Administrative (SG&A) Expenses, returning to pre-pandemic levels for the cost structure. The organic business (excluding MyUS) delivered a 10% decline in general, and administrative expenses for the full year 2023. A 7% increase in selling expenses for the organic business for the full year 2023 reflects the Company's strategy to increase sales competencies in key verticals across key markets to ensure sustainable and quality revenue growth in the future.

The substantial EBITDA growth of 33% YoY in Q4 2023 was driven by an increased focus on quality revenue, enhanced operational efficiencies and a one-time logistics business boost from settlement claims in the quarter. The EBITDA margin grew to 13% in Q4 2023, and reached 11% for the entire fiscal year.

Net Profit for Q4 2023 more than doubled to AED 77 million compared to the same period last year, driven by the growth in EBITDA. For the full year, Net Income witnessed a 22% decline to AED 129 million, attributed mainly to the increase in finance expenses associated with the MyUS acquisition loan taken in Q4 2022, and to a lesser extent, to the currency translation impact. Net income for the organic business increased 7% YoY in 2023 compared to 2022, demonstrating the underlying strength of our operations.

Aramex maintained a strong balance sheet position with Net Debt-to-EBITDA ratio of 2.4x and a healthy cash balance of AED 575 million as of 31 December 2023.



Othman Aljeda, Chief Executive Officer, Aramex, said: “I am pleased to report a strong fourth quarter and a resilient financial year performance for Aramex in 2023, despite persistent challenges in the operating environment globally. Q4 2023 has proven to be exceptional, marked by record quarterly International Express volumes and improved profitability for the Group. This is driven by client wins, operational excellence, and the strength of our home markets in the GCC and wider MENAT region.

We are delivering on our strategy to optimize costs, improve operational efficiencies, and prioritize revenue quality in the face of cyclical pressures. Our EBITDA increased 33%, while our net profit more than doubled in Q4 2023 compared to the same period last year. Our organic net income for the full year also improved, registering a 7% growth compared to 2022.

Regionally, the GCC and MENAT continued to account for half of our total Group Revenue and Gross Profit in Q4 2023. Despite mixed economic indicators across these markets, we achieved growth in gross profit of 6% in the GCC and 32% in MENAT. Our global operations are expanding, and we see opportunities across our key international markets.

International express benefitted from new client wins, with significant growth in volumes and healthy improvement in profitability. Domestic Express maintained stable volumes despite a challenging operating environment. The Logistics product enhanced efficiencies, and is supported by a robust pipeline of client wins for 2024. While Freight Forwarding continues to pose challenges globally, we turn our attention to the situation at the Red Sea, where we are closely monitoring the current shipping disruption. With a large trucking fleet in the region, we are supporting our clients with alternative solutions. We are deploying our trucks via Dubai, United Arab Emirates and via Dammam, Saudi Arabia for the onwards journey of shipments arriving from Asia and via Port Said, Egypt for the onwards journey of shipments arriving from Europe.

Operationally, during Q4 2023 we successfully completed our most extensive automation project to date at our Sydney facility, which will improve productivity and efficiency in Australia. Additionally, other automation projects were successfully concluded in other markets, further fortifying our network capabilities.

We are seeing a good start to 2024, a year during which our strategic focus remains on securing quality revenue across our four products, further enhancing efficiencies through technology and operational investments, to continue improving overall Group profitability.”



Business Performance

International Express (Including Shop & Ship and MyUS)

<i>In Thousands of UAE Dirhams</i>	Q4 2023	Q4 2022	% Change (YoY)	FY 2023	FY 2022	% Change (YoY)
Revenues	655,839	607,549	8%	2,295,412	2,248,885	2%
Gross Profit	225,611	193,999	16%	780,241	713,329	9%
Gross Profit Margin	34%	32%		34%	32%	

International Express Shipment Volumes

<i>In millions of shipments</i>	Q4 2023	Q4 2022	% Change (YoY)	FY 2023	FY 2022	% Change (YoY)
Total Number of Shipments	7.6	5.8	31%	23.3	22.2	5%

International Express achieved a remarkable 31% increase in shipment volumes in Q4 2023 YoY reaching 7.6 million shipments, setting a record for the highest quarterly volumes in the history of the Aramex. For the full year 2023, volumes were up 5% YoY. This growth is driven by new customers. International express will continue to diversify across verticals and markets, while also expanding its premium product and dangerous goods offering.

Revenue increased to AED 656 million in Q4 2023, reflecting 8% growth YoY while full year growth was at 2% compared to FY 2022. The Gross Profit for Q4 2023 was AED 226 million, a YoY increase of 16% while the corresponding Gross Profit Margin grew to 34% mirroring the FY 2023 Gross Profit Margin performance. Aramex's investments in driving efficiencies have resulted in a strong and agile infrastructure, able to accommodate the growing business in a sustainable and profitable manner. This is reflected in the Gross Profit growing at a faster rate than the Revenue.

Domestic Express

<i>In Thousands of UAE Dirhams</i>	Q4 2023	Q4 2022	% Change (YoY)	FY 2023	FY 2022	% Change (YoY)
Revenues	361,726	377,728	(4%)	1,427,360	1,496,683	(5%)
Gross Profit	78,434	95,589	(18%)	312,826	370,289	(16%)
Gross Profit Margin	22%	25%		22%	25%	

Domestic Express Shipment Volumes

<i>In millions of shipments</i>	Q4 2023	Q4 2022	% Change (YoY)	FY 2023	FY 2022	% Change (YoY)
Total Number of Shipments	26.6	26.5	0%	100.0	100.1	(0%)

Domestic Express delivered a resilient performance in the face of softened retail activity worldwide. Volumes were stable for both the Q4 2023 and FY 2023 periods. The Q4 2023 Revenue declined by 4% YoY to AED 362 million and Revenue for the full year 2023 declined by 5% YoY to AED 1.43 billion mainly due to due to FX impacts. Excluding the currency impact, Revenue decline was 1% for the Q4 2023 period, and for the full year period Revenue grew 2%.



The Gross Profit Margin decreased double digits in Q4 2023 and FY 2023, primarily due to the softness in Oceania, certain adjustments in Group reporting as well as currency fluctuations. Upon removing FX effects, the Gross Profit declined 8% for the full year 2023.

Going into 2024, the focus for Domestic Express is to improve efficiency and profitability, while growing the business in key sectors. Oceania continues to account for approximately 40% of our volumes in domestic express, and the turnaround strategy is ongoing.

Freight-Forwarding

<i>In Thousands of UAE Dirhams</i>	Q4 2023	Q4 2022	% Change (YoY)	FY 2023	FY 2022	% Change (YoY)
Revenues	383,917	421,303	(9%)	1,495,870	1,684,376	(11%)
Gross Profit	53,272	61,956	(14%)	229,338	232,693	(1%)
Gross Profit Margin	14%	15%		15%	14%	

Freight-Forwarding Shipment Volumes

	Q4 2023	Q4 2022	% Change (YoY)	FY 2023	FY 2022	% Change (YoY)
Air Freight (KGs)	11,958,881	11,579,801	3%	44,832,629	52,525,834	(15%)
Sea Freight (FCL TEU)	7,694	8,392	(8%)	30,787	31,133	(1%)
Sea Freight (LCL CBM)	7,647	4,509	70%	24,733	18,526	34%
Land Freight (FTL)	8,024	7,616	5%	29,153	29,036	0%
Land Freight (LTL KGs)	46,270,905	38,871,375	19%	174,521,104	153,489,529	14%

Aramex's **Freight-Forwarding** business was resilient in a challenging market characterized by the decline in global freight rates, leading to a downward impact on pricing as seen across the freight forwarding industry worldwide. Aramex was also impacted, with Q4 2023 registering a 9% YoY decline in Revenue, mirroring a consistent trend for the full year with a 11% drop in Revenue. Notably, Q4 2023 revenue improved compared to Q3 2023 revenue.

Costs were effectively managed, aligning with Revenue, resulting in a stable Gross Profit Margin of 15% for the full year 2023.

Land freight delivered robust growth in volumes, with Aramex boasting a large trucking fleet in the GCC and wider region. During the year, the decline in sea freight rates has led to a shift in volumes from air freight to sea freight which is also reflected in the volume performance of Aramex.

As we write this report, the shipping industry is impacted by the situation at the Red Sea which is causing an increase in rates and disruption in transportation routes. Aramex is able to support clients with alternative transportation routes thanks to its strong network and infrastructure in the region.



Logistics and Supply Chain Solutions

<i>In Thousands of UAE Dirhams</i>	Q4 2023	Q4 2022	% Change (YoY)	FY 2023	FY 2022	% Change (YoY)
Revenues	110,854	115,471	(4%)	428,927	449,807	(5%)
Gross Profit	21,131	18,704	13%	65,283	69,026	(5%)
Gross Profit Margin	19%	16%		15%	15%	

In Q4 2023, the **Logistics and Supply Chain Solutions** reported Revenues of AED 111 million, a decline of 4% YoY and in line with the full year performance, which saw a 5% decline in Revenue compared to FY2022. Foreign exchange translations had a significant role to play throughout the year. When excluding the impact of currency translation, Revenue grew 2% for the full year 2023, compared to the year 2022.

Aramex continued to focus on enhancing operational efficiencies and maintained a disciplined approach to cost management. For the full year 2023, Gross Profit declined in line with Revenue and the margin was maintained at a healthy 15%.

Q4 2023 Gross Profit increased 13% YoY to AED 21 million and the margin improved to 19%. It is worth noting that Logistics benefitted from a one-off settlement which added a further boost to the profitability of this product during Q4 2023.

- Ends -



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. To address environmental concerns and combat climate change, we have committed to the Science Based Targets initiative (SBTi), renowned globally. This commitment propels us to accelerate our climate action goals, aiming for Carbon-Neutrality by 2030 and Net-Zero emissions by 2050.

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

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