



Aramex Q1 Net Profit Increases 3% YoY to AED 47 million

- Significant and sustained growth in Freight-Forwarding and Logistics Business supports profit growth
- Stabilizing margins in the Courier Business driven by improving cost and operational efficiencies
- Redesigned operating model is creating value through higher operational efficiencies and cost optimization
- Robust balance sheet, low leverage and healthy cash position supports active M&A plans

Dubai, UAE – Thursday, 12th May 2022: Aramex (DFM: ARMX) a leading global provider of comprehensive logistics and transportation solutions, today announced its financial results for the first quarter (“Q1”) ended 31st March 2022.

| <i>In Thousands of AED</i> | Q1 2022 | Q1 2021 | % Change YoY |
|------------------------------------|------------------|------------------|---------------------|
| Revenue | 1,448,932 | 1,424,933 | 2% |
| Operating Profit | 75,006 | 79,455 | (6%) |
| Normalized Operating Profit | 80,009 | 79,455 | 1% |
| Operating Profit Margin | 5.2% | 5.6% | (0.4%) |
| Normalized Operating Profit Margin | 5.5% | 5.6% | (0.1%) |
| EBITDA | 169,935 | 169,844 | 0% |
| Normalized EBITDA | 174,937 | 169,844 | 3% |
| EBITDA Margin | 11.7% | 11.9% | (0.2%) |
| Normalized EBITDA Margin | 12.1% | 11.9% | 0.2% |
| Net Profit | 47,302 | 46,013 | 3% |
| Normalized Net Profit | 52,304 | 46,013 | 14% |
| Net Profit Margin | 3.3% | 3.2% | 0.1% |
| Normalized Net Profit Margin | 3.6% | 3.2% | 0.4% |

Financial Performance Highlights

- Q1 2022 Revenues rose 2% YoY to AED 1.45 billion driven by strong performance in Logistics & Freight-Forwarding Business.
- Redesigned operating model focuses on improving operational efficiencies and cost optimization, this has led to a 13% YoY decline in Selling expenses while General and Administrative Expenses (SG&A) costs declined by 1%.
- Net Profit for Q1 2022 rose 3% YoY to AED 47 million. Excluding the impact of write-offs from discontinued technologies, Normalized Net Profit for the period increased 14% YoY to AED 52 million.
- Aramex maintained a strong balance sheet position with debt-to-equity ratio of 46.8%, and a solid cash balance of AED 762 million as at 31 March 2022, supporting Company’s active M&A pipeline.

Othman Aljeda, Chief Executive Officer of Aramex, said: “Aramex is off to a strong start in 2022. We produced a solid financial and business performance as we continue to execute on our ambitious growth strategy delivered through our recently redesigned and more focused operating model.

Notably, we are starting to see a stabilization in our profitability margins. This is predominantly attributed to the strategic decision to boost contribution from the Freight-Forwarding and Logistics Business to our revenue mix. It is also driven by improving global operating conditions, as well as the realization of cost and operating efficiency enhancements in the Courier Business.



We continue to be committed to delivering at the highest levels of service to our customer through strategic investments. The latest investment in our global technology infrastructure ensured we were well-prepared for the Ramadan peak season. This allowed us to successfully manage 15% more peak load without any service interruption.

Despite increasing cost inflationary pressures, ongoing supply chain disruptions from geopolitical uncertainties and pandemic-induced lockdowns in Asia, we remain agile and competitive to ensure we continue to grow and defend our market share across the business while delivering exceptional service to all our customers.”

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

| <i>In Thousands of AED</i> | Q1 2022 | Q1 2021 | % Change YoY |
|--|---------|-----------|--------------|
| Courier Business Revenue | 911,092 | 1,002,142 | (9%) |
| Courier Business Operating Profit | 52,447 | 67,794 | (23%) |
| International Express Revenue | 557,745 | 646,524 | (14%) |
| Domestic Express Revenue | 353,347 | 355,618 | (1%) |

Courier Business Shipment Volumes

| | Q1 2022 | Q1 2021 | % Change YoY |
|-----------------------|-------------------|-------------------|--------------|
| International Express | 5,339,769 | 6,203,827 | (14%) |
| Domestic Express | 25,008,344 | 25,388,838 | (1%) |
| Total | 30,348,113 | 31,592,665 | (4%) |

- In Q1 2022, the Courier Business Revenue fell 9% YoY to AED 911 million driven by a slowdown in the cross-border business compared to the same period last year. This is attributed to an increased level in consumer travel which impacted demand for e-commerce. Meanwhile, Domestic Express Revenue held firm at AED 353 million versus the same period a year ago.
- Despite the softening in volumes, gross profit margin held steady compared with Q1 2021. This was achieved by improving cost and operational efficiencies through automation of warehouses, implementation of AI solutions across the entire value chain, and scaling up presence for a more efficient last mile operations through the network of PUDO locations (pick-up/drop-off) as well as Aramex SPOT and Aramex FLEET.
- As part of Aramex’s collaboration with DPDgroup, the Company became the 1st Express company in Morocco to be authorized to handle the Express business by road freight from France to Morocco.

Alaa Saudi, Chief Operating Officer – Express, said: “The Covid-19 years of 2020 and 2021 were a black swan event for Aramex. We witnessed unexpected surges in volumes because of the global lockdown. However, over the past three months as most countries reopen and the majority of consumers return to normal shopping habits, we inevitably saw a softening in volumes in cross-border express. However, in the Domestic Express business, we are encouraged by the volumes. Achieving near Q1 2021 volumes is impressive and suggests that despite a resumption to life as normal, consumers have adapted to a new way of local shopping, and we believe this will continue to drive sustain growth in this segment.



During the period, we invested in initiatives to support our growth strategy and execute on our commitment in facilitating global trade. We launched a new premium service offering in the GCC, in response to market needs. Across our global operations, we continued to enhance the last mile infrastructure. In Europe, we deepened our collaboration with DPDgroup's entities in Spain and France, and also upgraded our facility in Czech Republic to serve as an entry and exit point for Eastern Europe. In addition, we are in the process of opening new lanes in North Asia to enable trade into South Africa and Australia."

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.*

Logistics & Freight Forwarding Business Financial Highlights

| <i>In Thousands of AED</i> | Q1 2022 | Q1 2021 | % Change YoY |
|---|---------|---------|--------------|
| Logistics & Freight-Forwarding Revenue | 503,238 | 392,867 | 28% |
| Freight-Forwarding Revenue | 391,133 | 288,281 | 36% |
| Integrated Logistics & Supply Chain Solutions Revenue | 112,105 | 104,586 | 7% |
| Logistics & Freight-Forwarding EBIT | 20,571 | 9,525 | 116% |

Freight-Forwarding Shipment Volumes

| | Q1 2022 | Q1 2021 | % Change YoY |
|------------------------|------------|------------|--------------|
| Land Freight (FTL) | 7,270 | 5,951 | 22% |
| Land Freight (LTL KGs) | 8,018,115 | 6,396,933 | 25% |
| Sea Freight (FCL TEU) | 8,219 | 8,666 | (5%) |
| Sea Freight (LCL CBM) | 5,330 | 13,152 | (59%) |
| Air Freight (KGs) | 13,413,015 | 11,528,842 | 16% |

- In Q1 2022, Logistics & Freight-Forwarding revenues rose 28% YoY to AED 503 million on the back of strong performance of the Freight business, as well as the steady pace of growth of the Logistics business.
- Freight-Forwarding revenues surged 36% YoY to AED 391 million in Q1 2022, predominantly driven by solid demand from SMEs and strong recovery in business activity in the oil & gas sector. The segment also benefitted from organizational restructuring including hiring more specialists.
- Integrated Logistics & Supply Chain Solutions revenues witnessed a 7% increase to AED 112 million in Q1 2022, on the back of strong retail activity, increased volumes from oil and gas clients, and increasing number of consumer businesses expanded their reach through e-commerce platforms.

Mohammad Alkhas, Chief Operating Officer – Logistics & Freight-Forwarding, said: "Over the past three months we sustained our growth momentum. Supported by our revamped operating model, we built deeper expertise and understanding of the business, market dynamics and customer needs. Our enhanced capabilities helped us gain significant market share across several major industry verticals including oil and gas, while providing tailored solutions to SME businesses.

Looking ahead, we are committed to accelerate our growth agenda by implementing cost and operational efficiency initiatives, hiring more specialists, leveraging the right data systems, and upgrading our Freight-Forwarding partnership network."



Sustainability Updates

- During the quarter, Aramex upgraded two solar farms in Jordan and received approval for the installation of a new solar farm in Egypt.

Corporate Updates

- Aramex's Board of Directors have passed a resolution to increase the Foreign Ownership Limit to 100% from 49%, making it the first onshore UAE company listed on the Dubai Financial Market to allow for full ownership of its free-floating shares by foreign investors.
- Aramex is a constituent of the FTSE Emerging Market Index and the MSCI Small Cap Emerging Market Index. The change in foreign ownership is expected to increase the stock's available foreign room which would result in an increase of the stock's weight in these indices, followed by an increase in passive money flows.

Outlook

Commenting on the outlook for 2022, Othman Aljeda said: "Amid an inflationary backdrop and dynamic macroeconomic conditions, we are focused on delivering value for our customers, partners, and shareholders. With a clear roadmap for each of our business clusters, I am confident in Aramex's ability to build on the strong momentum we achieved during the quarter. Supported by a robust balance sheet, low leverage and healthy cash position, we are ready to pursue value-accretive acquisitions over the course of the year to ensure we deliver on our global growth strategy. We are also looking forward to exploring and unlocking greater synergistic opportunities with our strategic shareholders, GeoPost / DPDgroup and Abu Dhabi Ports."

- 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, 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 16,000 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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