

# INVESTOR PRESENTATION

Q2 2023 Financial Results



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1. Aramex at a Glance
2. Key Highlights of Q2 2023
3. Q2 2023 Product Breakdown
4. Q2 2023 Group Financial Results

**16,000+**

Employees



**65+**

Countries

**600+**

Offices

**USD 378M**

Revenues Q2 2023

**USD 1.1 B**

Market Cap on 30 June 2023



### **International Express**

With Aramex International Express, sending time-sensitive documents or packages is prompt, convenient and easy.



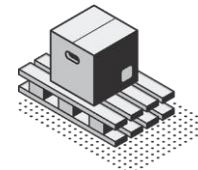
### **Freight Forwarding**

Whether by sea, air or land, Aramex Freight provides the expertise for seamless and streamlined operations.



### **Domestic Express**

We understand that delivering from one side of the country to another requires efficiency and reliability of global standards and local operations and we continually strive for excellence.



### **Logistics & Warehousing**

As a global logistics and transportation solutions provider, Aramex will help simplify customers' operations with cost effective and comprehensive solutions.

# NORTH AMERICA

United States of America  
Canada

**EU**  
Czech Republic  
Ireland  
Netherlands  
United Kingdom

# MENAT

Algeria  
Egypt  
Georgia  
Iran  
Iraq  
Jordan  
Lebanon  
Libya  
Morocco  
Palestine  
Sudan  
Tunisia  
Turkey

# SUB-SAHARAN AFRICA

Ghana  
Kenya  
Nigeria  
Tanzania  
Uganda  
South Africa

**GCC**  
Bahrain  
Kuwait  
Oman  
Qatar  
Saudi Arabia  
United Arab Emirates

# SOUTH ASIA

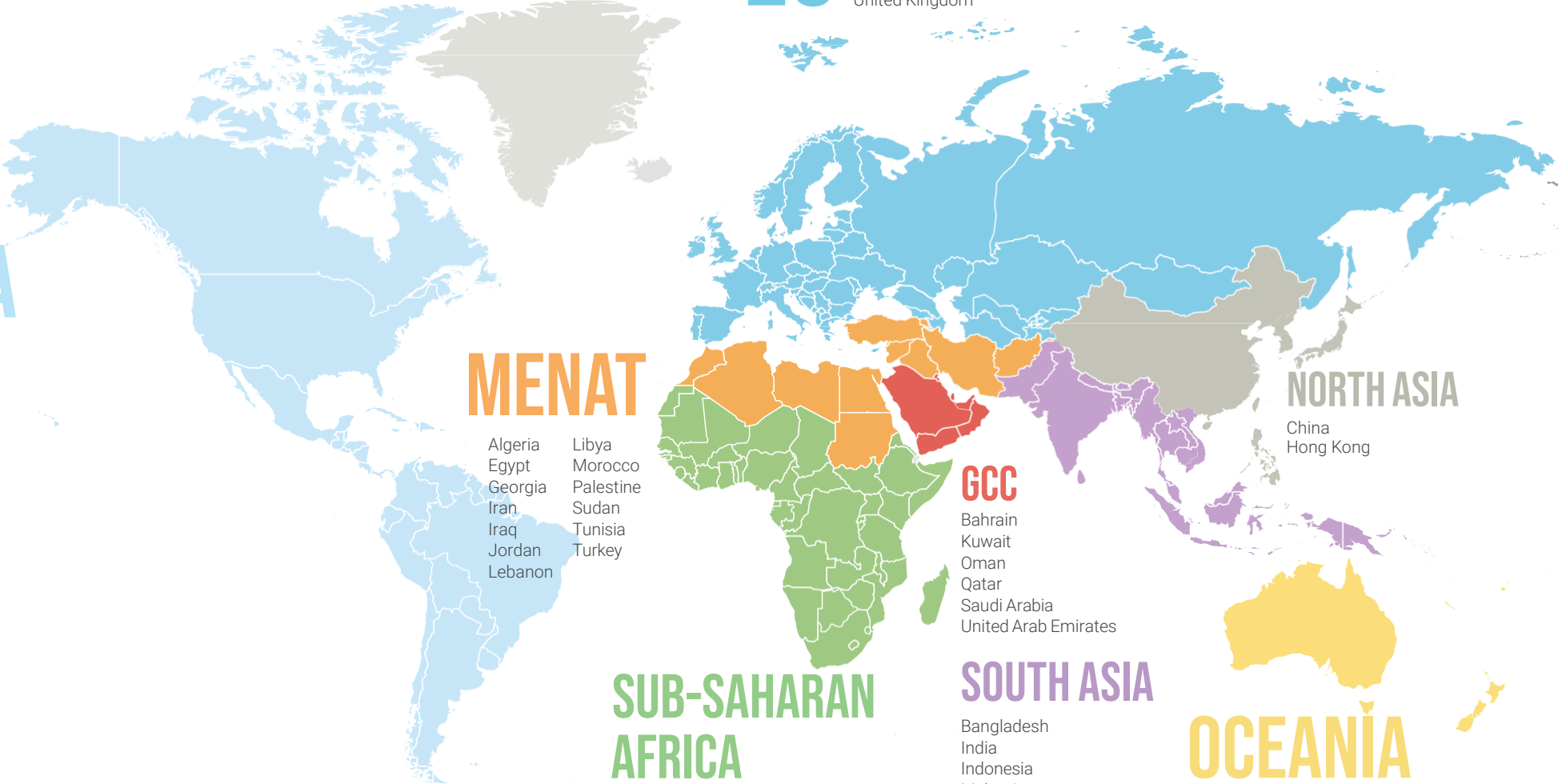
Bangladesh  
India  
Indonesia  
Malaysia  
Singapore  
Sri Lanka  
Thailand

# NORTH ASIA

China  
Hong Kong

# OCEANIA

Australia  
New Zealand





Four well-defined business products offer scale, diversification and an end-to-end service offering for customers, underpinned by a 40-year track record of successful operations.

**aramex**  
express

**aramex**  
LOGISTICS

**aramex**  
DOMESTIC

**aramex**  
FREIGHT

~66% of Revenue

~33% of Revenue



**Product diversification**

A leading transportation player, with domestic and cross border expertise, as well as freight services across air, land and sea. Our Logistics business is leveraged strategically across our infrastructure to increase customer stickiness through supply chain services and 800k sqm in facilities across key markets in the Middle East and Africa.



**Competitive advantage**

Our end-to-end service offering – across courier express, freight, warehousing and supply chain – is a distinct competitive advantage and a unique capability in many of our key markets. This integrated approach is valuable for our clients and is allowing them to benefit from our total transportation offering across all sectors.



**Growth prospects**

Well-positioned to capture growth at a higher rate than the market, through expansion of trade lanes, and exposure to high growth verticals in emerging markets with solid GDP projections, where we have the right capabilities to win.



**Unlocking value**

Operational efficiency and investments in state-of-the-art technologies are unlocking value and are a key profitability driver. Enhancements of our digital systems, automation and AI driven business decisions are fully integrated in our business strategy.



**Strategic shareholders**

Strategic shareholders provide opportunities. Aramex has two strategic shareholders, Geopost / DPD and Abu Dhabi Ports that provide partnership opportunities for all product lines.



**Inorganic growth**

The under-gearred balance sheet is a source of value. In an industry where economies of scale are important, value accretive acquisitions will be transformational for Aramex and the source of significant earnings accretion.

\*Approximately 1% of global revenues are from Other activities

An aerial photograph of a desert landscape, showing a winding road and a red Aramex truck. The truck is positioned in the upper center of the frame, with the word 'aramex' written vertically on its side. The landscape is characterized by orange and brown tones, with some green vegetation and a river or stream visible in the upper left. The sky is filled with soft, white clouds.

aramex

# IN THE MIDDLE EAST OF IT ALL

**AN ARAMEX DOCUMENTARY | 40 YEARS OF OPERATIONS**

**Click [here](#) to watch the video.**



# Q2 2023 Key Highlights

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**Aramex announces Group revenues of USD 378m and stable margins for the second quarter of 2023, in a challenging market environment. We prioritize cost management in line with volume evolution, while G&A will be further optimized in H2 2023.**

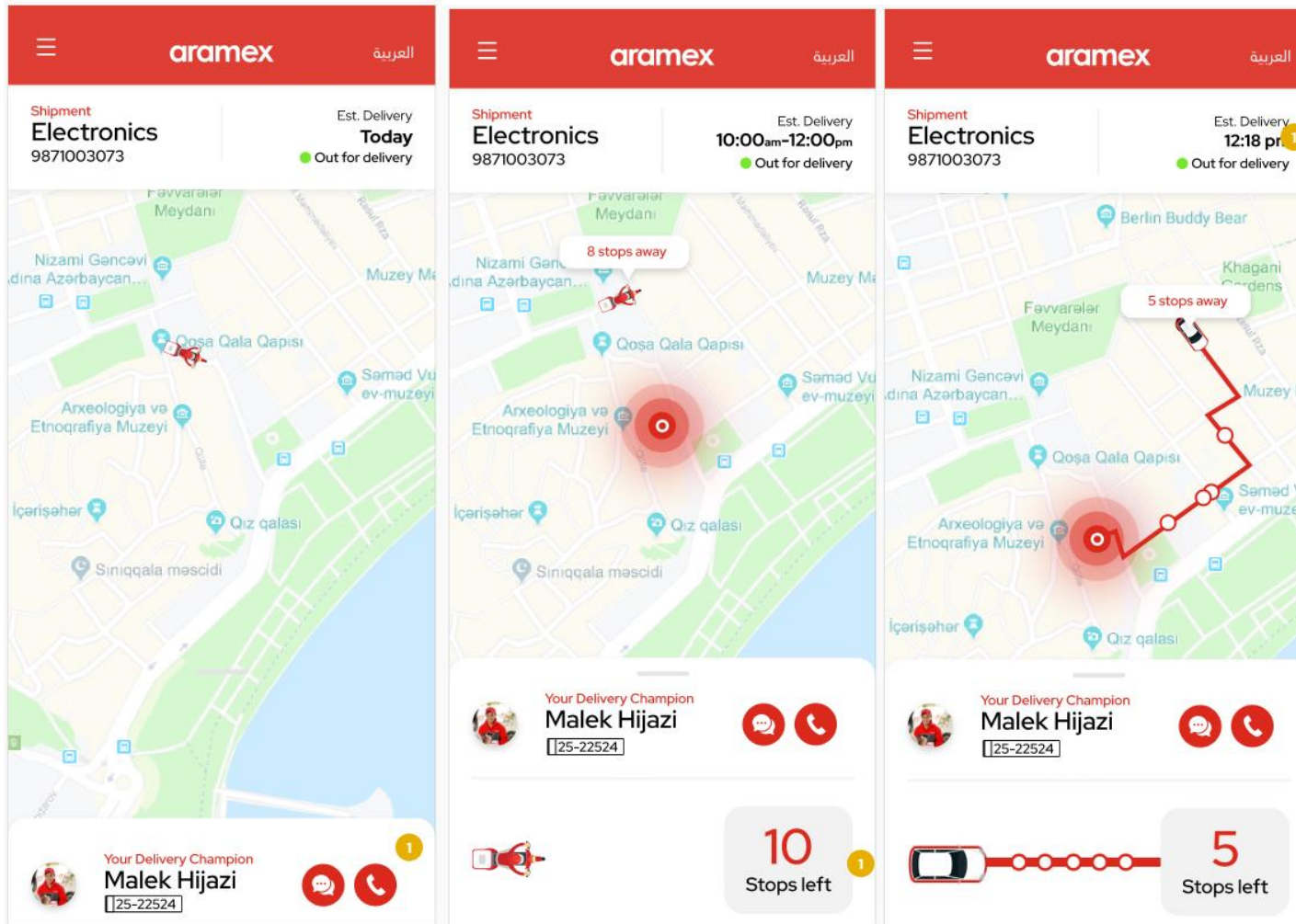
### Group Highlights

- Revenue was USD 378m in Q2 2023, down from USD 413m in Q2 2022, with USD 13.3 million decline attributed to currency devaluations.
- The Company's focus on quality revenues, operational efficiency and cost management delivered stable margins, with a Gross Profit Margin of 25%, and an EBITDA margin of 10%.
- Further cost actions are being prioritized; Organic G&A is expected to decline to pre-pandemic levels by FY 2023; while in Q2 2023 organic G&A was down 12% YoY
- Aramex's strategically balanced geographical presence is a key advantage; the GCC remains the highest contributor to Group revenues with a share of 39% of total revenues, with this market also reporting 3% growth in Gross Profit in Q2 2023.
- The Company remains robustly positioned with a healthy cash balance of USD 137 million and a strong balance sheet with a net debt-to-EBITDA ratio of 2.6x.

### Product Highlights

- International Express improved revenue per shipment, and increased the GP margin to 34%, while overall trends in international express remain challenging.
- Domestic Express was resilient, reporting growth in volumes, while revenues increased 3% when excluding the foreign exchange impact.
- Freight Forwarding delivered a three percentage points improvement in the Gross Profit Margin to 16%, while the EBIT and EBITDA margins remained stable despite the softness at the topline in line with the drop in industry freight rates.
- Logistics and Supply Chain Solutions was resilient with solid revenues, while the GP Margin of 15% and EBITDA margin of 22% were stable when compared to the average 2022 margins. Revenue grew 2% when excluding the foreign exchange impact.
- We continue to prioritise investments to support the long term growth opportunities for the business – operational efficiency across all products, automation and technology rollout, expansion of our warehouse business, and accretive M&A.

## Technology Highlights | Real Time Tracking for Last Mile Deliveries



- Aramex is the first logistics company in the GCC to test live tracking for last mile delivery, using the Mobility Services from Google Maps Platform and in partnership with OniGroup.
- The brand-new feature by Aramex is built upon a proprietary foundation - Aramex's own Geocoder - which utilizes machine learning and predictive AI to predict and generate precise delivery coordinates with the highest accuracy to increase delivery precision.
- This new feature leverages the strength of Google Maps and navigation to enable customers to track live location of Aramex's "Delivery Champions" from the last five stops until the shipment is delivered to their doorstep
- The successful beta testing phase for Aramex's last mile delivery live tracking is currently underway in the UAE. Once completed, Aramex is planning to roll out the solution across the GCC for all last mile deliveries, with a full-scale launch expected in 2024.

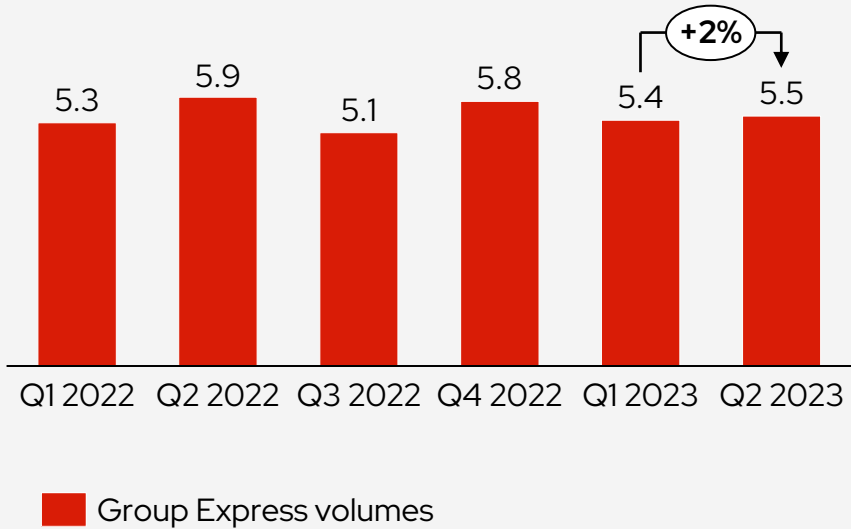


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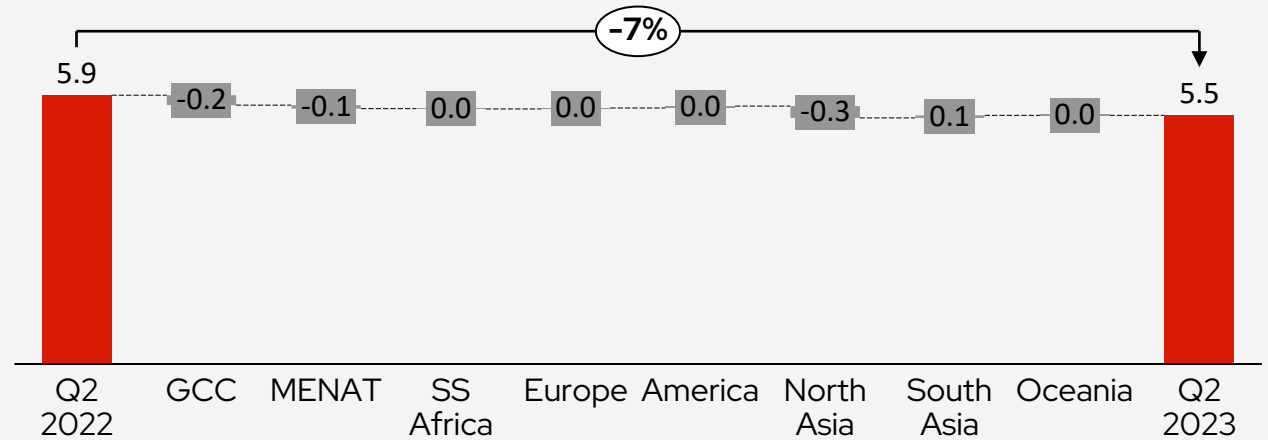
# Product Breakdown

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International Express Volumes (in million of shipments)



Geographic contributions to int'l express volumes in Q2 2023

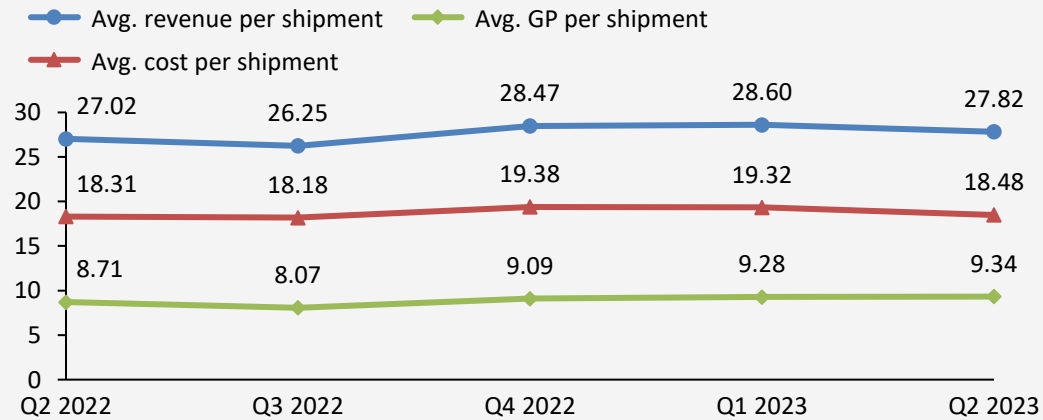


- The consolidated International express product delivered 5.5 million shipments in Q2 2023, a decline of 7% YoY, in line with the industry volume performance; 2% growth in shipments in Q2 2023 vs Q1 2023
- Overall, volumes were supported by the resilience of the business in the GCC, and growth in Europe, America and South Asia.

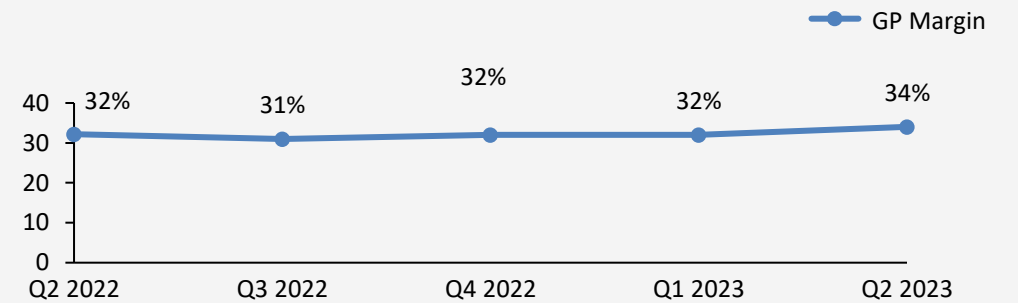
### Quarter Financials (in USD thousands)

	Q2 2022	Q2 2023	Change
<b>Revenue</b>	160,222	152,764	(5%)
<b>Total Direct Cost</b>	108,567	101,486	(7%)
<b>Gross Profit</b>	51,655	51,278	(1%)
<b>GP%</b>	32%	34%	

#### Average KPIs per shipment

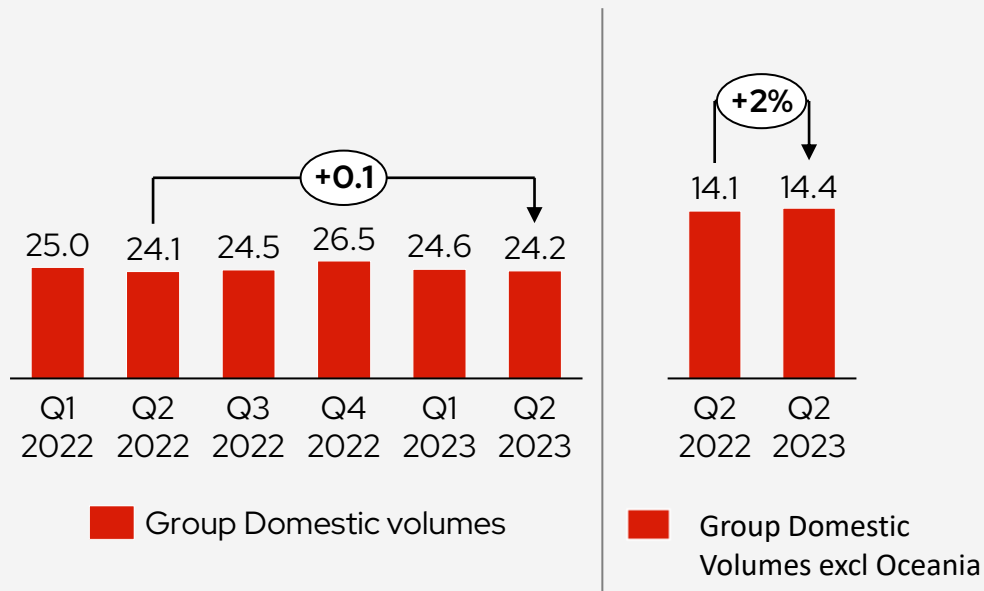


### GP Margin and Commentary

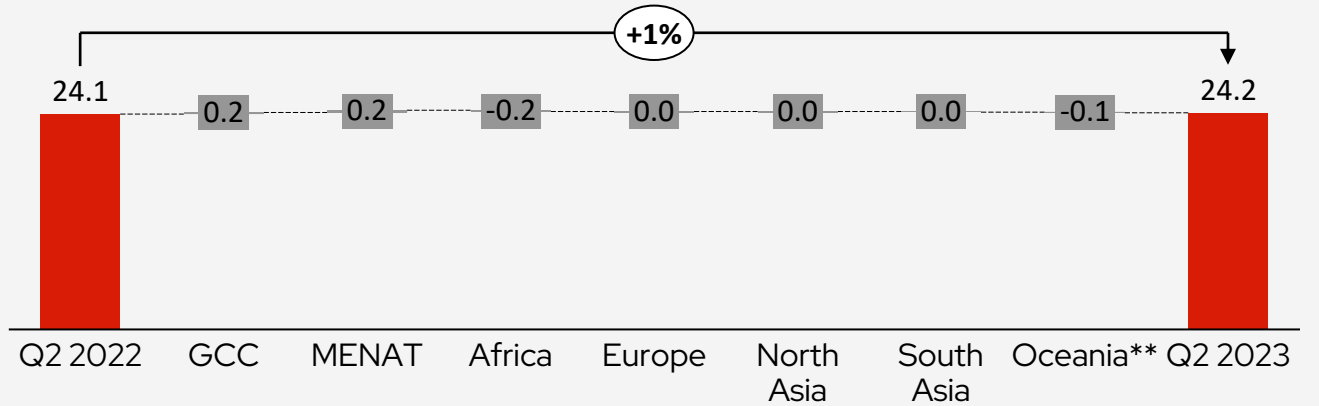


- Robust performance given the market environment, with good cost control and stable gross profit delivering GP margin improvement.
- The increase in revenue per shipment was due to 1) MyUS impact and 2) rate increases which was partially offset by the declines primarily associated with 1) the change in customer mix and 2) the drop in surcharges (C19 and fuel) and COD business (cash on delivery).

Quarterly Domestic Volumes (in million of shipments)



Geographic contributions to domestic volumes in Q2 2023



\*\*Oceania restructuring plan is in place

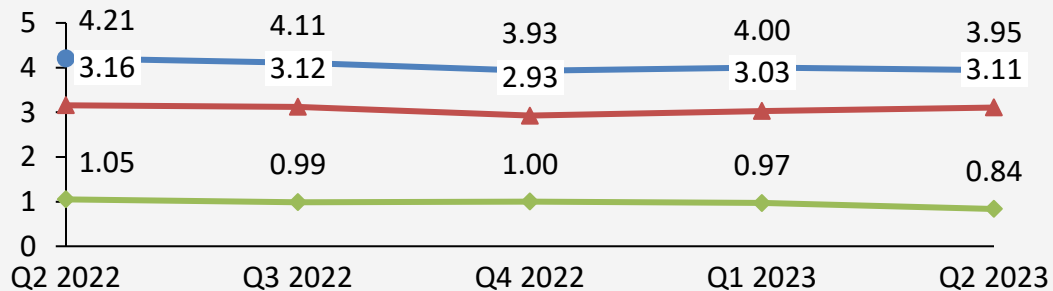
- 24.2 million domestic shipments in Q2 2023, representing a growth of 1% YoY. Excluding Oceania, domestic volume growth was 2% in Q2 2023 compared to Q2 2022, driven by a good volume performance in the GCC, MENAT and South Asia.
- The turnaround plan for Oceania is expected to deliver significant upside to the domestic product, with Oceania accounting for 41% of total domestic express volumes

### Quarter Financials (in USD thousands)

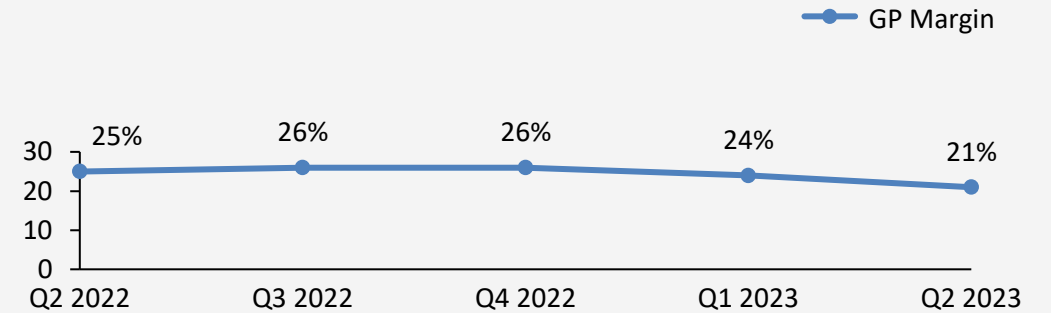
	Q2 2022	Q2 2023	Change
<b>Revenue</b>	101,425	95,677	(6%)
<b>Total Direct Cost</b>	76,094	75,367	(1%)
<b>Gross Profit</b>	25,331	20,310	(20%)
<b>GP%</b>	25%	21%	

#### Average KPIs per shipment

● Avg. revenue per shipment    ▲ Avg. cost per shipment    ◆ Avg. GP per shipment



### GP Margin and Commentary



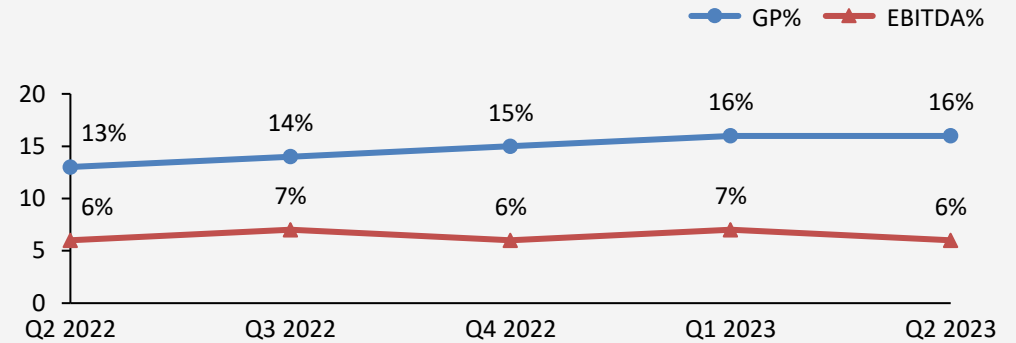
- The Domestic Express business was impacted by foreign exchange translation, with a negative impact of USD 9 million on Revenue and USD 3.4m on Gross Profit. Excluding FX, domestic revenue grew 3% and GP declined 6% in Q2 2023 compared to Q2 2022; with a corresponding GP margin of 23% in Q2 2023.
- Revenue per shipment benefitted from 1) increases in rates and customer mix which was offset by primarily 1) FX impact, and to a lesser degree, the 2) decrease in fuel surcharges.

### Quarter Financials (in USD thousands) and Volumes

	Q2 2022	Q2 2023	Change
<b>Revenue</b>	117,739	97,645	(17%)
<b>Total Direct Cost</b>	101,974	82,233	(19%)
<b>Gross Profit</b>	15,766	15,412	(2%)
<b>GP%</b>	13%	16%	
<b>EBIT</b>	4,680	4,232	(10%)
<b>EBIT%</b>	4%	4%	
<b>EBITDA</b>	6,730	6,079	(10%)
<b>EBITDA%</b>	6%	6%	

- Land freight volumes are resilient, while sea freight volumes showed double digit growth. Industry sea freight rates declined significantly, leading to a shift in volumes from air freight, back to sea freight.
- Increased operational efficiency drives improvement in GP margin to 16% while EBIT and EBITDA margins are stable despite the softness at the topline.

### Freight Margins and Volumes



	Q2 2022	Q2 2023	Change
<b>Land freight (FTL)</b>	6,794	6,582	-3%
<b>Land Freight (LTL KGs)</b>	39,173,304	38,483,702	-2%
<b>Sea Freight (FCL TEU)</b>	6,833	8,039	18%
<b>Sea Freight (LCL CBM)</b>	4,033	5,576	38%
<b>Air Freight (KGs)</b>	16,432,000	10,813,056	-34%

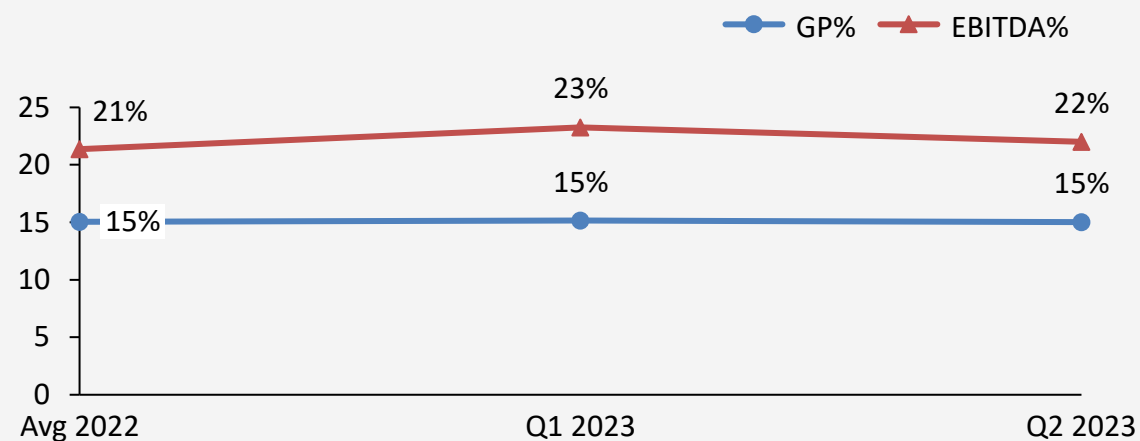


### Quarter Financials (in USD thousands)

	Q2 2022*	Q2 2023	Change
<b>Revenue</b>	30,430	28,921	(5%)
<b>Total Direct Cost</b>	22,685	24,484	8%
<b>Gross Profit</b>	7,745	4,438	(43%)
<b>GP%</b>	25%	15%	
<b>EBIT</b>	1,410	376	(73%)
<b>EBIT%</b>	5%	1%	
<b>EBITDA</b>	7,345	6,472	(12%)
<b>EBITDA%</b>	24%	22%	

\*Q2 2022 was impacted by certain extraordinary items disclosed during the quarter

### Logistics Margins



- Revenue was impacted by currency devaluations in Q2 2023, amounting to USD 2 million. Excluding FX, Revenue grew 2% YoY in Q2 2023. Revenues were stable compared to Q1 2023.
- Stable GP margin at 15%, compared to the average 2022 margin of 15% and to Q1 2023 margin of 15%, attributed to the company’s focus on quality revenue and high growth verticals such as industrials and retail.

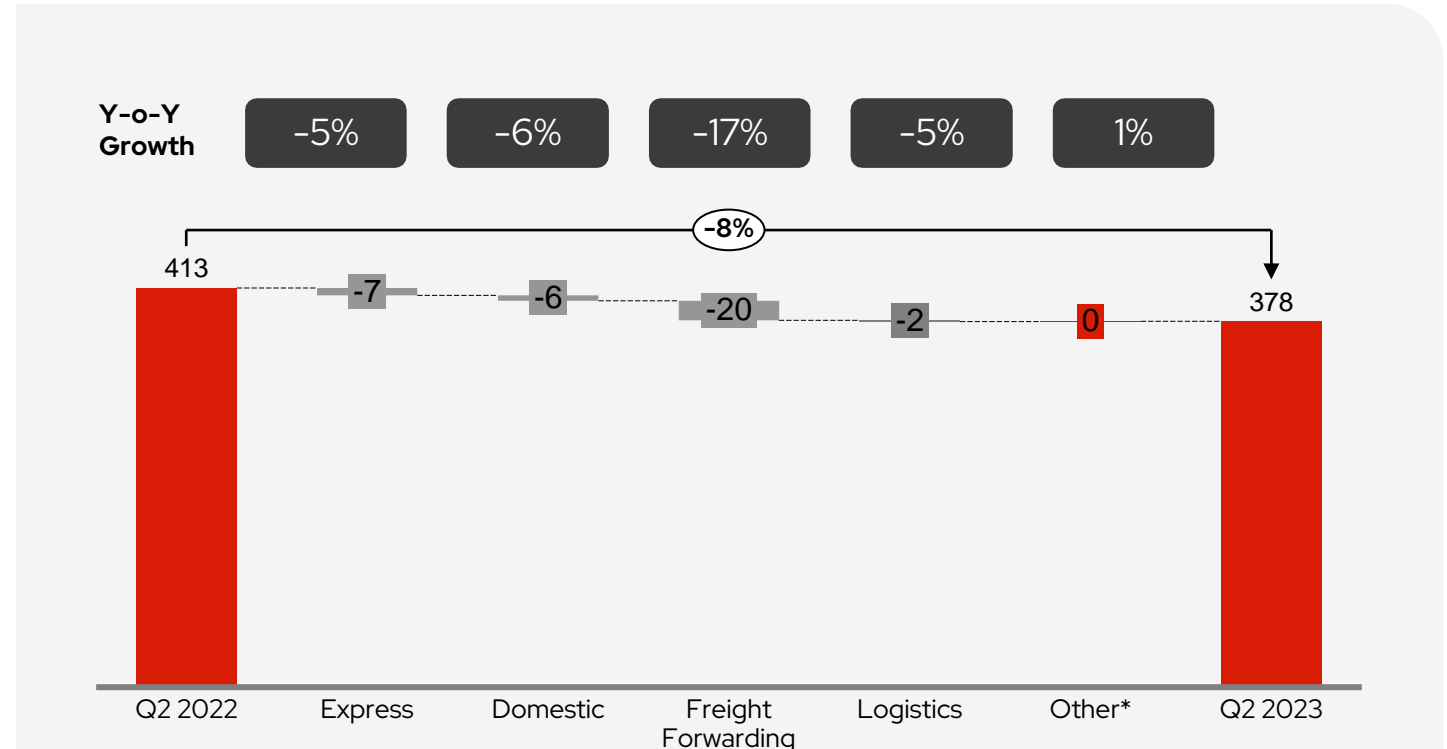
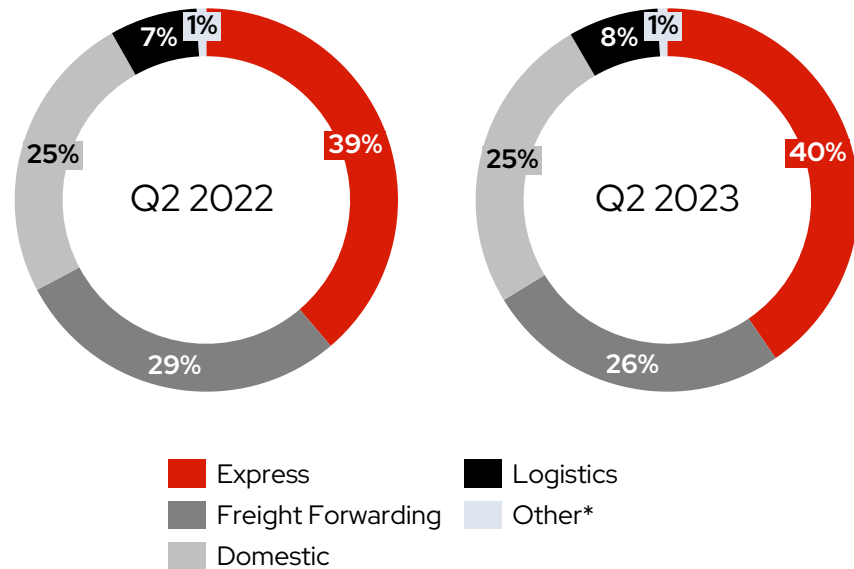


# Group Financial Results

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## Revenues by Segment (USD m)

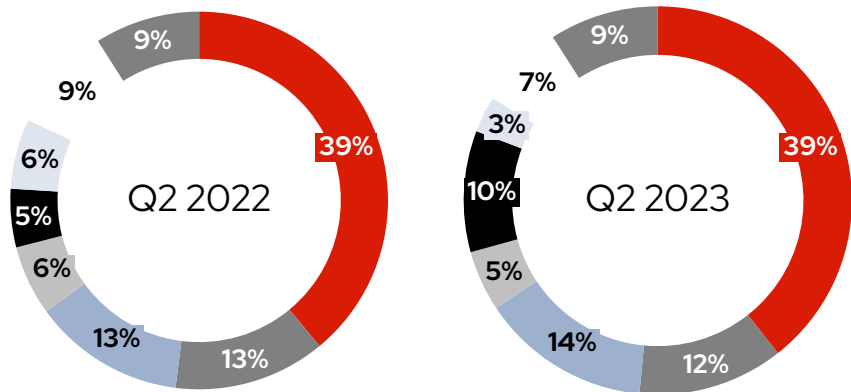


\*Domestic Express Revenues were positively impacted by the reclassification of the “Other” Revenues. Other Revenues included, among others, Royalty and Franchisee revenues which are directly related to the Courier Business. The reclassification took place as management believes these revenues are directly attributable to the Courier Business and must therefore be reflected under Courier Revenues.

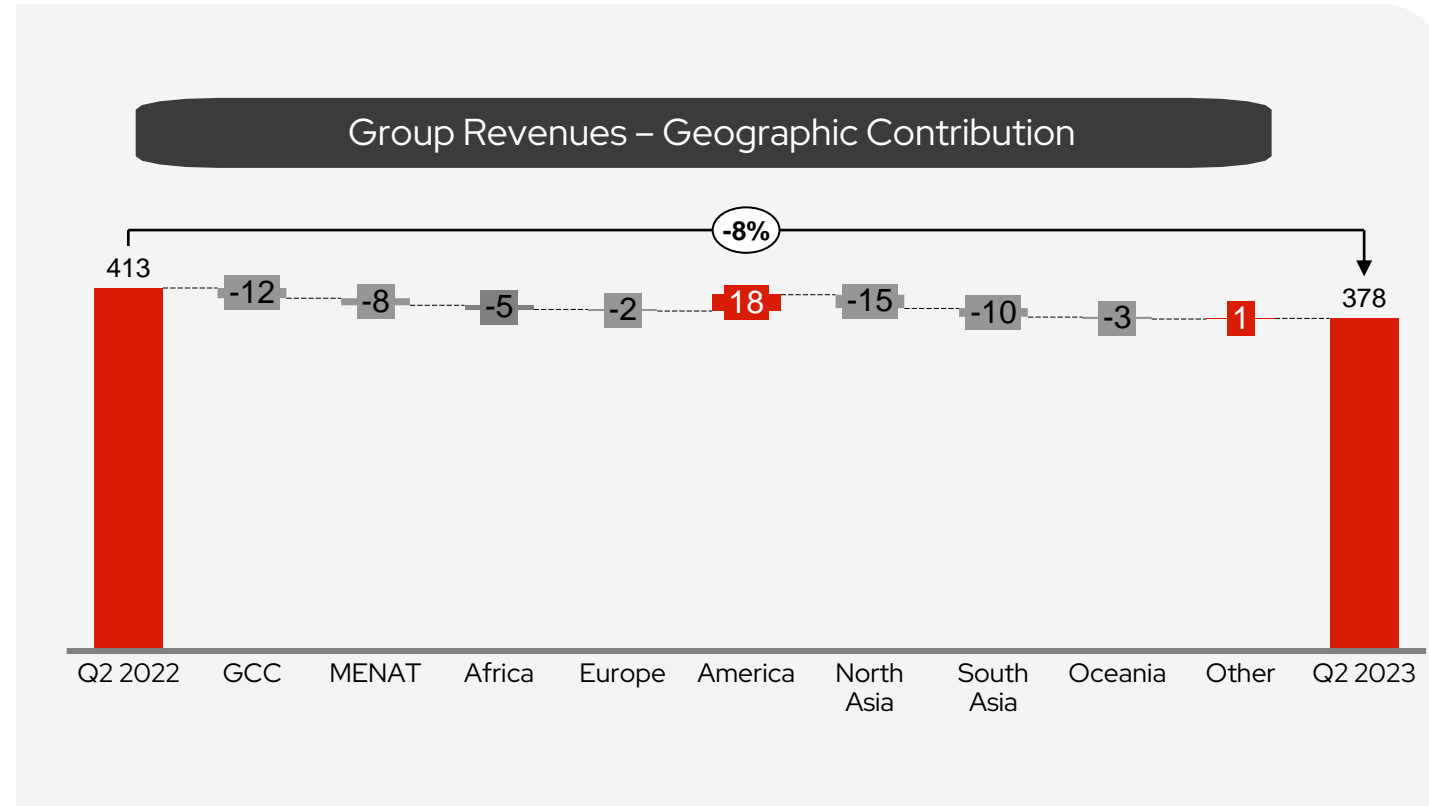
There is no impact on the condensed interim consolidated statement of profit or loss as a result of this change. The reclassification was done in Aug YTD 2022 and part of the revenue from the “others” segment from August YTD was allocated to Domestic in the subsequent quarters (Q3 2022, Q4 2022, Q1 2023) and for the corresponding quarters in the previous year.

**Financial & Performance Highlights** | Strong performance in GCC markets; 39% of total revenues

**Revenues by Geography (USD m)**



- GCC
- MENAT
- Europe
- SS Africa
- America
- North Asia
- South Asia
- Oceania



## Regions (in thousands USD)

GCC		
<b>Rev Ctrb to Group</b>		39%
<b>Rev &amp; Grth</b>	148,416	(7%)
<b>GP &amp; Grth</b>	35,155	3%
<b>Volumes</b>	9,665,227	0%

MENAT		
<b>Rev Ctrb to Group</b>		12%
<b>Rev &amp; Grth</b>	46,194	(15%)
<b>GP &amp; Grth</b>	12,984	(16%)
<b>Volumes</b>	4,757,245	3%

Europe		
<b>Rev Ctrb to Group</b>		14%
<b>Rev &amp; Grth</b>	51,847	(3%)
<b>GP &amp; Grth</b>	7,641	(17%)
<b>Volumes</b>	1,499,506	2%

America		
<b>Rev Ctrb to Group</b>		10%
<b>Rev &amp; Grth</b>	39,146	88%
<b>GP &amp; Grth</b>	11,841	284%
<b>Volumes</b>	1,226,063	3%

SS Africa		
<b>Rev Ctrb to Group</b>		5%
<b>Rev &amp; Grth</b>	19,725	(19%)
<b>GP &amp; Grth</b>	7,595	(21%)
<b>Volumes</b>	1,399,693	(11%)

North Asia		
<b>Rev Ctrb to Group</b>		3%
<b>Rev &amp; Grth</b>	10,448	(59%)
<b>GP &amp; Grth</b>	2,435	(66%)
<b>Volumes</b>	228,739	(54%)

South Asia		
<b>Rev Ctrb to Group</b>		7%
<b>Rev &amp; Grth</b>	26,824	(27%)
<b>GP &amp; Grth</b>	5,489	2%
<b>Volumes</b>	1,067,432	4%

Oceania		
<b>Rev Ctrb to Group</b>		9%
<b>Rev &amp; Grth</b>	32,878	(7%)
<b>GP &amp; Grth</b>	5,138	(41%)
<b>Volumes</b>	9,879,498	(1%)

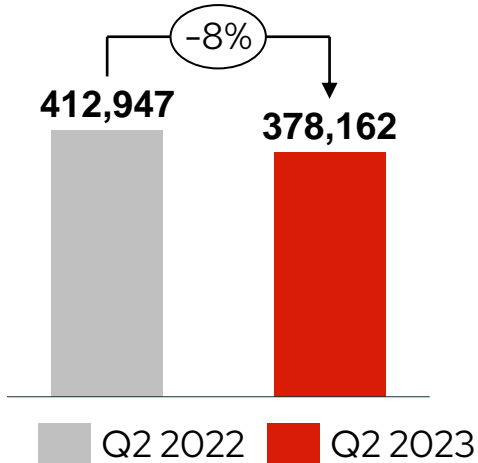
**Revenues** include revenues from all four product lines: International Express & SnS; Domestic Courier, Freight Forwarding and Logistics

**Ctrb** refers to regional revenue contribution to total group revenues.

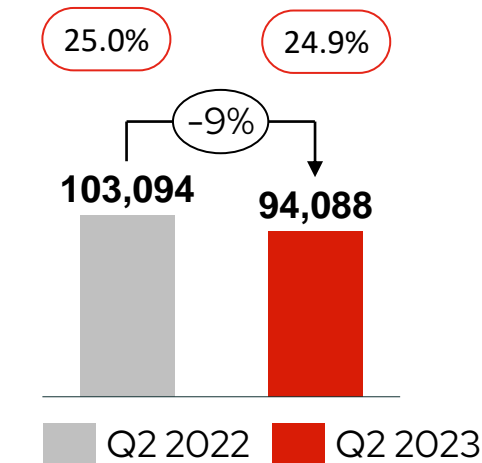
**Volumes:** includes volumes from International Express (incl. SnS and MyUS) and Domestic Courier; all volume numbers are actuals

## Financial & Performance Highlights | Group Highlights Q2 2023

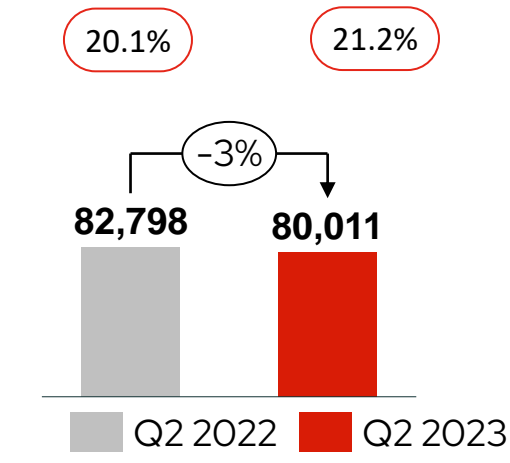
### Revenue (USD m)



### Gross Profit (USD m)



### SG&A (USD m)



- Revenue was USD 378m, down 8% YOY, impacted by volume decline in line with industry trends, as well as USD 13.3 million in currency devaluation. Excluding FX, revenue decline was 5%.

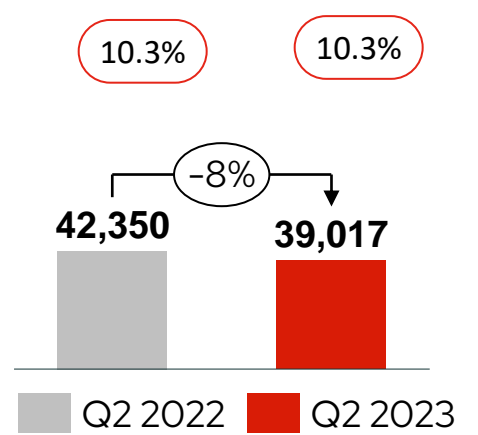
- Gross profit declined 9% YoY, in line with the revenue softness. Gross Profit margins were maintained at 25%, reflecting Aramex's consistent investment in efficiency maximizing initiatives and cost optimization through the economic cycle.

- Consolidated Group SG&A decreased by 3% YoY. Organic SG&A (which excludes MyUS) declined by 12%, reflecting the Company's agility in cost management.

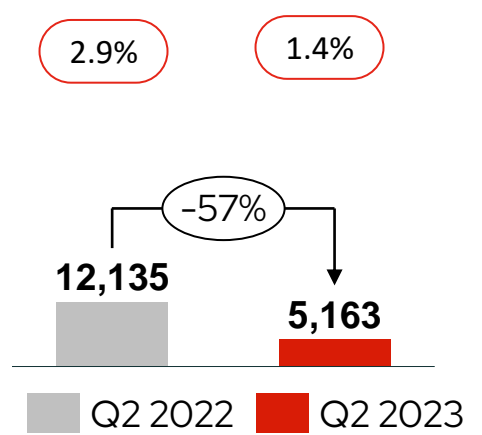
- Net Profit was USD 5.2m, compared to USD 12.1m in Q2 2022, impacted by the decline in revenues and an increase in finance expenses.

- Effective Tax Rate was 21% in Q2 2023, compared to 31% in Q1 2023. Normalized tax rate in Q2 2023 was 34%

### EBITDA (USD m)



### Net Profit (USD m)



(X%) Represents Margin in % of Revenue

## FCF Evolution

$$\text{Free Cash Flow} = \text{Cash Flow from Operating} - (\text{Lease Repayments} + \text{Interest Expense ROU}) + \text{CapEx}$$



- Free Cash Flow in Q2 2023 was impacted by dividend payments and lower operating cashflow due to the decline in pre-tax income.
- Free Cash Flow in Q4 2022 includes the consideration paid for the acquisition of MyUS.
- Normalised Free Cash Flow in Q4 2022 was \$72 million, representing 4.5% of sales and indicating the start of a good recovery compared to 2021
- Normalizations applied to FCF in Q4 2022 include the MyUS acquisition cash outflow, and certain 2021 non-recurring items including the proceeds from the sale of InfoFort

**Financial & Performance Highlights** | Healthy balance sheet, conservative leverage, and strong cash position

**Balance Sheet Highlights (in USD thousands)**

	30 June 2023	31 Dec 2022	Change	Change %
Current assets	504,981	594,401	(89,421)	-15%
Assets held for sale	1,600	1,789	(188)	-11%
Non-current assets	1,067,677	1,062,718	4,959	0%
<b>Total assets</b>	1,574,259	1,658,908	(84,650)	-5%
Current liabilities	359,145	412,500	(53,356)	-13%
Liabilities held for sale	1,067	1,336	(269)	-20%
Non-current liabilities	564,433	559,349	5,084	1%
<b>Total liabilities</b>	924,645	973,185	(48,541)	-5%
Non-controlling interest equity	2,008	2,414	(406)	-17%
Equity Attributable to equity holders	647,606	683,310	(35,704)	-5%
<b>Total equity</b>	649,614	685,724	(36,110)	-5%
<b>Key Ratios</b>				
Net Debt TO EBITDA	2.6x	2.3x		
Debt to Equity	88.4%	87.5%		
Debt to Equity (Excluding IFRS 16)	48.1%	50.10%		



**Nicolas Sibuet**

Chief Financial Officer

**Anca Cighi**

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