

Investors Presentation Q2 2020 Results



aramex
delivery unlimited



Management Update | Q2 2020 Results | Long Term Performance | Management Outlook

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Management Update



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Aramex is a Global Provider of Logistics and Transportation Solutions

15,623 Employees | **600+** Offices in **65+** Countries | **AED 2.5** Billion Revenues | **AED 5.1** Billion Market Cap

Domestic Express

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

International Express

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

Freight

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

Logistics & Other

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

E-Commerce

Aramex works round-the-clock to serve e-businesses of all sizes. From customized solutions for the checkout, order fulfilment, customs clearance, international shipping, and last mile delivery to returns management.

Closing Price Q2 2020

AED 3.45

Total Return Metrics

-0.12%

YTD 2020 share price increase and total shareholder return (dividend reinvested)

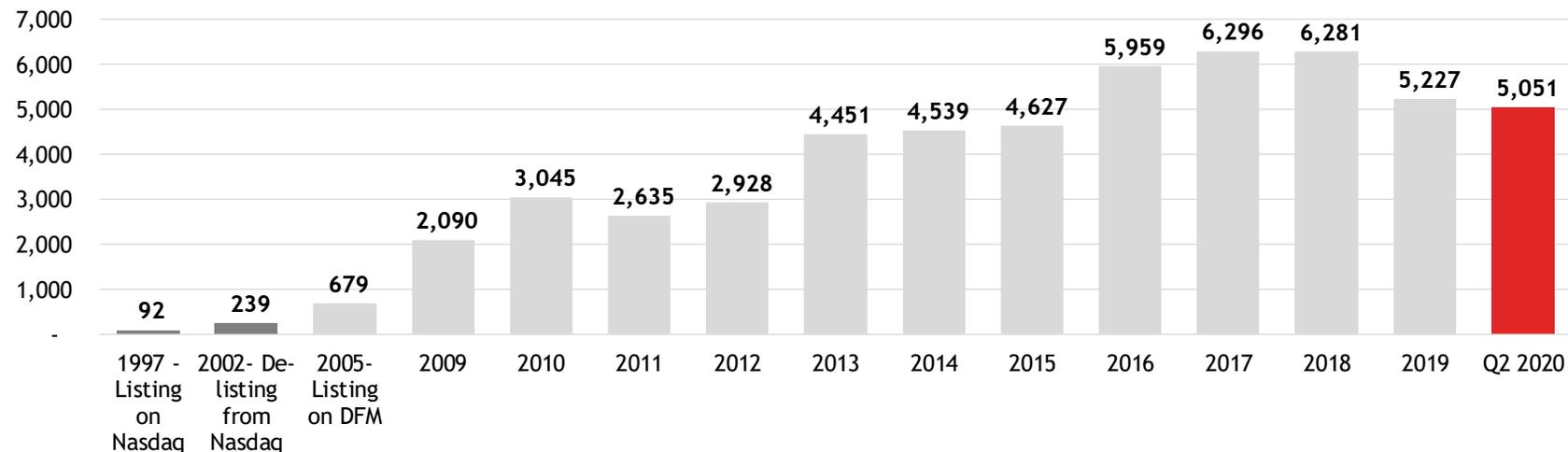
-3.36%

2019 share price increase

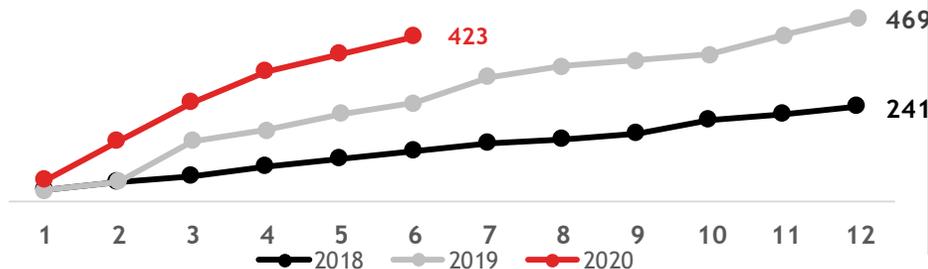
-3.09%

2020 total shareholder return (dividend reinvested)

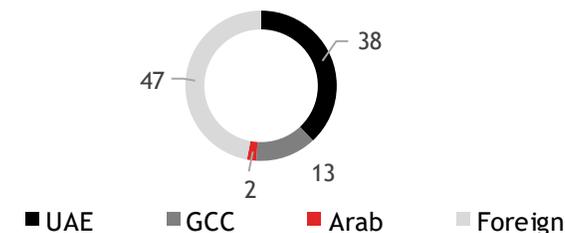
Market Capitalization (AEDm)



Aramex cumulated traded volume (million shares)



Geographic Ownership



Focus Area

Management Remains Focused on Long-Term Growth Drivers

eCommerce

Continues to be the main growth driver of Aramex express and logistics businesses

Asset-light model

Proves our business model can be successful through market cycles

Innovation and technology

Enhances our customer experience and enables us to expand our business operations

Operational efficiency

Implementation of ERP platform fosters enterprise-wide collaboration

Expand Footprint

Develop & define our
stronghold in GCC & Levant

Expand Aramex presence in
Asia Pacific and Africa

Globalize the Aramex
brand in emerging markets

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Leverage Infrastructure

Grow eCommerce business

Integrate supply chain management solutions and value added services

Leverage the existing infrastructure to create new business opportunities

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Organic Growth

Continue to deliver operational excellence

Accelerate organic expansion building on strength and value of the Aramex brand

Short term investment in people and systems to take advantage of long-term growth opportunities

Q2 2020 Results



Q2 2020 Results

Revenues

4% growth compared to Q2 2019

EBITDA

-8% year on year headline EBITDA growth

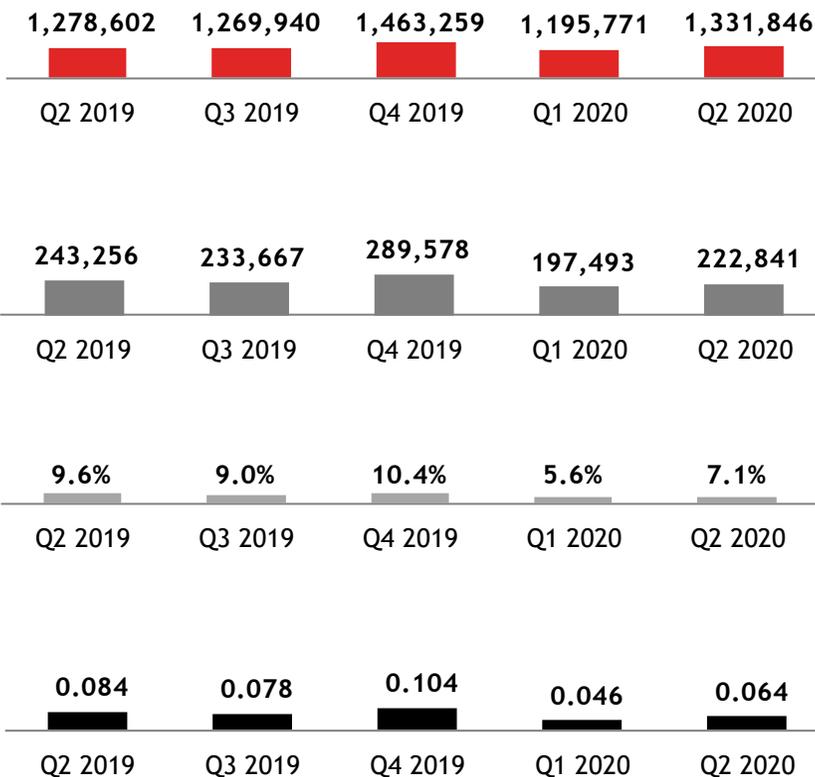
Net Profit Margin

-255 bp margin year on year

EPS

-23% earnings per share increase

Performance across key indicators (AED)



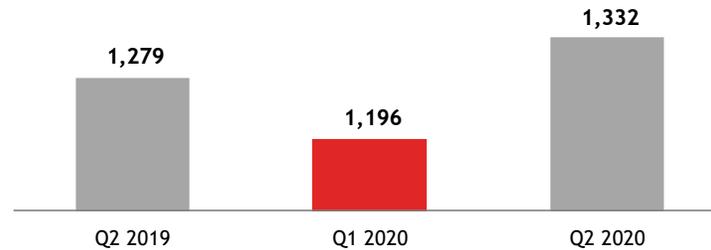
Management Comments

Growth of both, Revenues and Net Profit, continued to be negatively impacted by the rise in unforeseen costs prompted by the global onslaught of Novel Coronavirus (COVID-19) Pandemic.

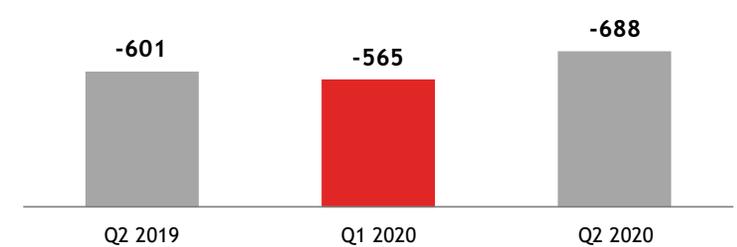
Total Domestic Express shipment volumes surged 133% in core markets driven by the exceptional growth from e-commerce related deliveries as government mandated stay at home measures and lockdowns forced people to turn to online channels to shop for necessities and other goods.

Revenue mix has shifted on the back of considerable changes in consumer shopping behavior and e-commerce trends, combined with an increase in the cost of doing business.

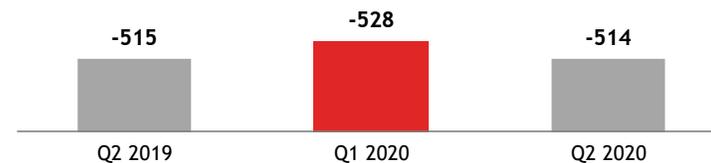
Revenue (AED m)



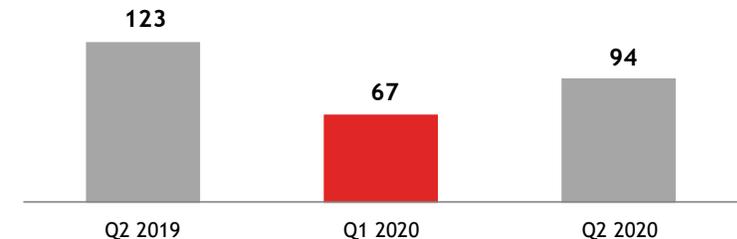
Cost of Services (AED m)



Total Overheads (AED m)



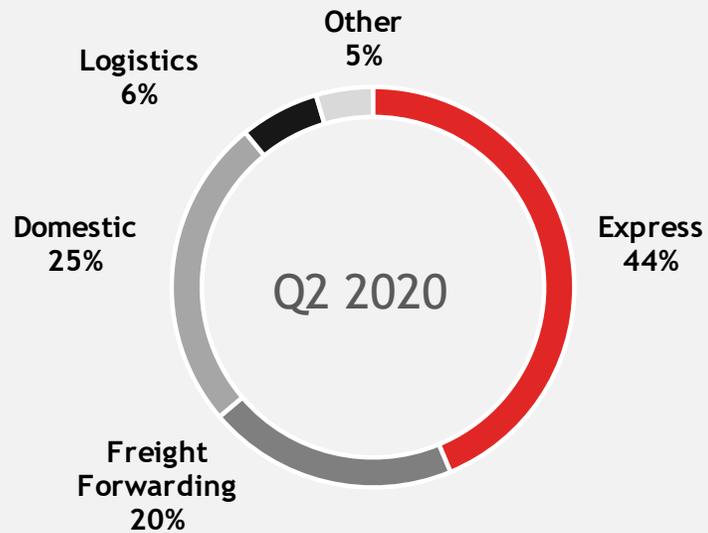
Attributable Net Profit (AED m)



Income Statement (AEDm)

	Q2 2020	Quarter		Movement (%)	
		Q1 2020	Q2 2019	q-o-q	y-o-y
Revenue	1,332	1,196	1,279	11%	4%
Cost of Services	(688)	(565)	(601)	-22%	-14%
Gross Profit	644	631	678	2%	-5%
Overheads	(514)	(528)	(515)	3%	0%
Profit for the period	94	67	123	40%	-23%
EBITDA	223	197	243	13%	-8%

Revenues by Segment (AED m)



Y-o-Y Growth

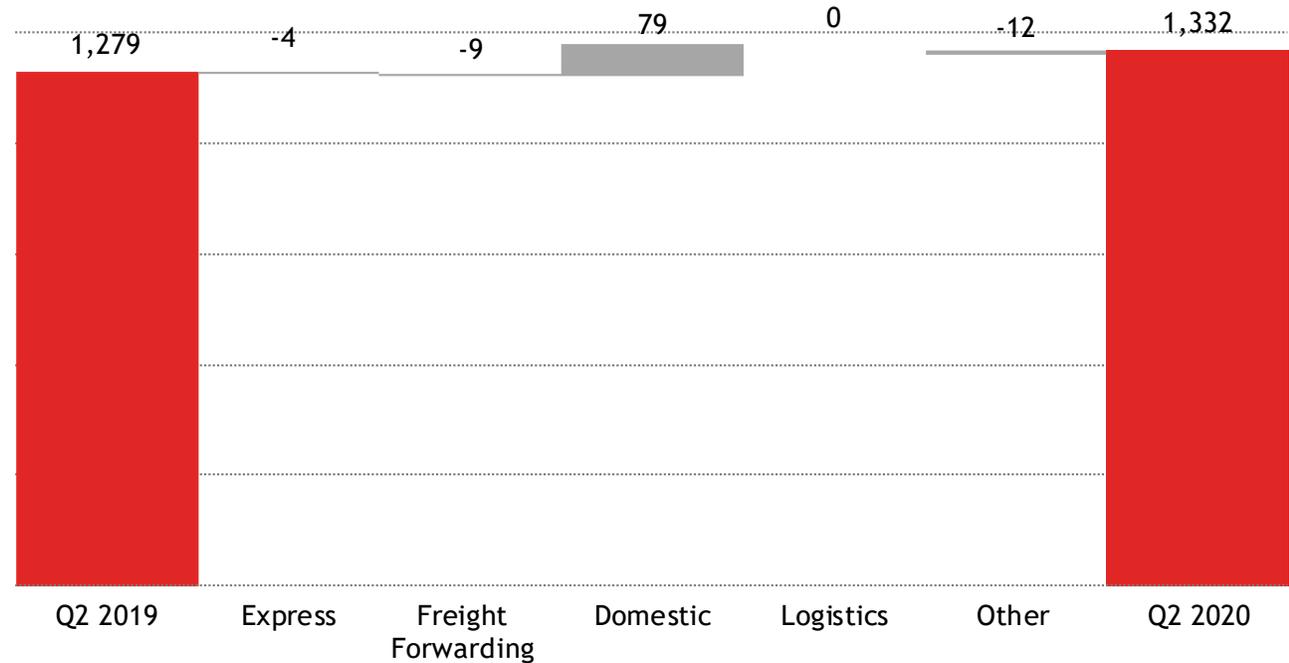
-1%

-3%

31%

0%

-17%



Revenues by Geography



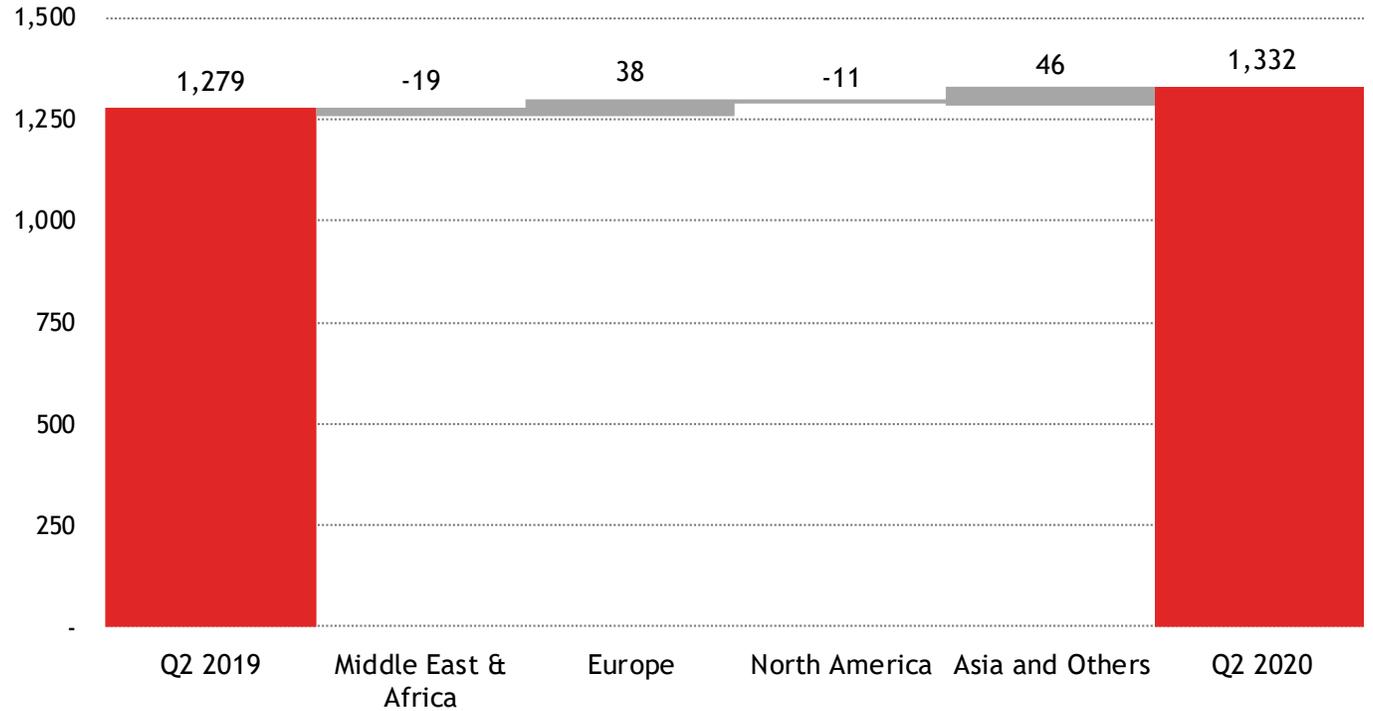
Y-o-Y Growth

-2.5%

27%

-25%

15%



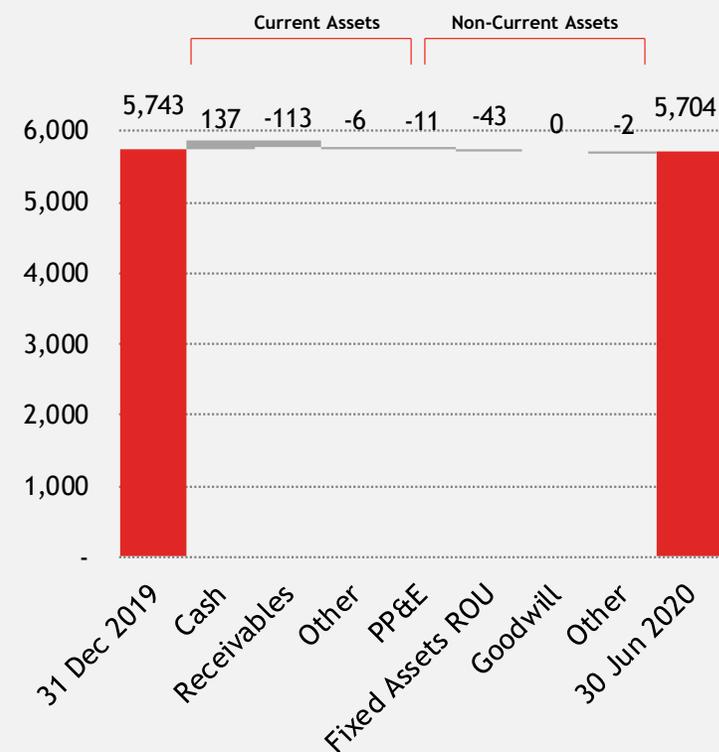
Financial Ratios (AEDm)

	Q2 2020	Q1 2020	Q2 2019	Movement (%)	
				q-o-q	y-o-y
EPS (AED)	0.064	0.046	0.084	39%	-24%
Gross Profit Margin %	48.4%	52.7%	53.0%	-4.4%	-4.6%
Net Profit Margin %	7.1%	5.6%	9.6%	1.4%	-2.6%
EBITDA Margin %	16.7%	16.5%	19.0%	0.2%	-2.3%
Debt/Equity %	33.1%	30.6%	38.5%	-2.5%	5.4%

Balance Sheet Highlights

	30 Jun 2020	31 Dec 2019	Movement	
			Actual	Change %
Current assets	2,487	2,469	18	1%
Non-current assets	3,217	3,274	-57	-2%
Total assets	5,704	5,743	-39	-1%
Current liabilities	2,191	2,083	108	5%
Non-current liabilities	986	1,027	-41	-4%
Total liabilities	3,177	3,110	67	2%
Non-controlling interest	15	15	0	0%
Shareholders' equity	2,512	2,617	-105	-4%

Asset Movement Y-o-Y (AED m)



Financial Ratios (AEDm)

	30 Jun 2020	31 Dec 2019	Actual	Movement in %
Cash and cash equivalents	1,137	1,000	137	14%
Receivables (net)	1,084	1,196	-113	-9%
Other current assets	266	272	-6	-2%
Total current assets	2,487	2,469	18	0.7%
Property, Plant and equipment (net)	994	1,005	-11	-1%
Goodwill (net)	1,128	1,128	0	0%
Other non-current assets	284	286	-2	-1%
Fixed assets ROU	811	854	-43	-5%
Total non-current assets	3,217	3,274	-57	-1.7%
Total assets	5,704	5,743	-39	-0.7%

Long Term Performance



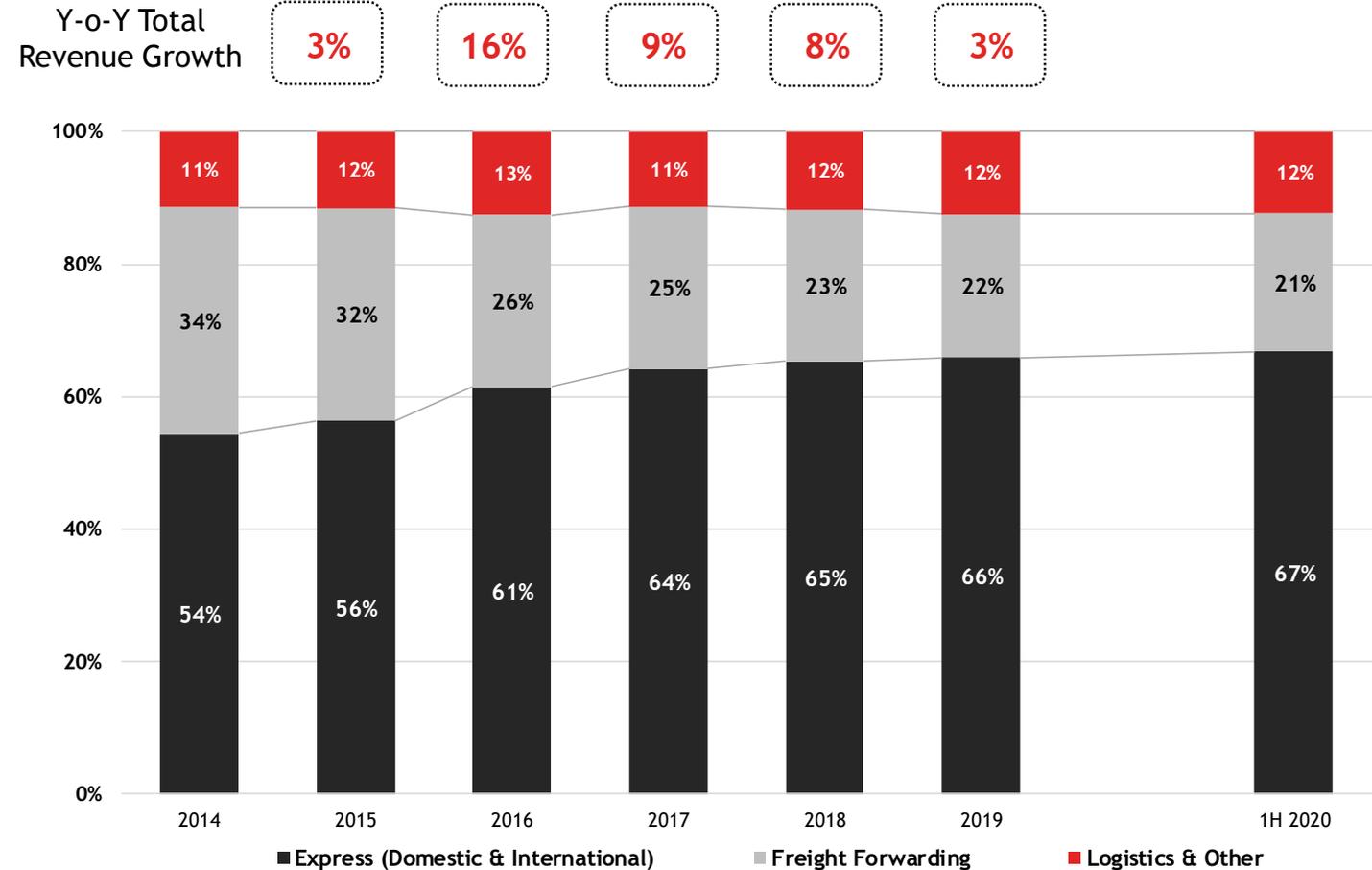
Segmental Revenues (%)

International and Domestic Express contribution to total revenues continues to grow, outgrowing all other businesses.

The key driver of this development is the fast-growing ecommerce volumes.

International and Domestic Express revenue contribution has grown from 54% to 67% as of Q2 2020.

Freight forwarding continues to decline from 34% revenue contribution to 21%.



Aramex 2014 - 2019 (indexed)

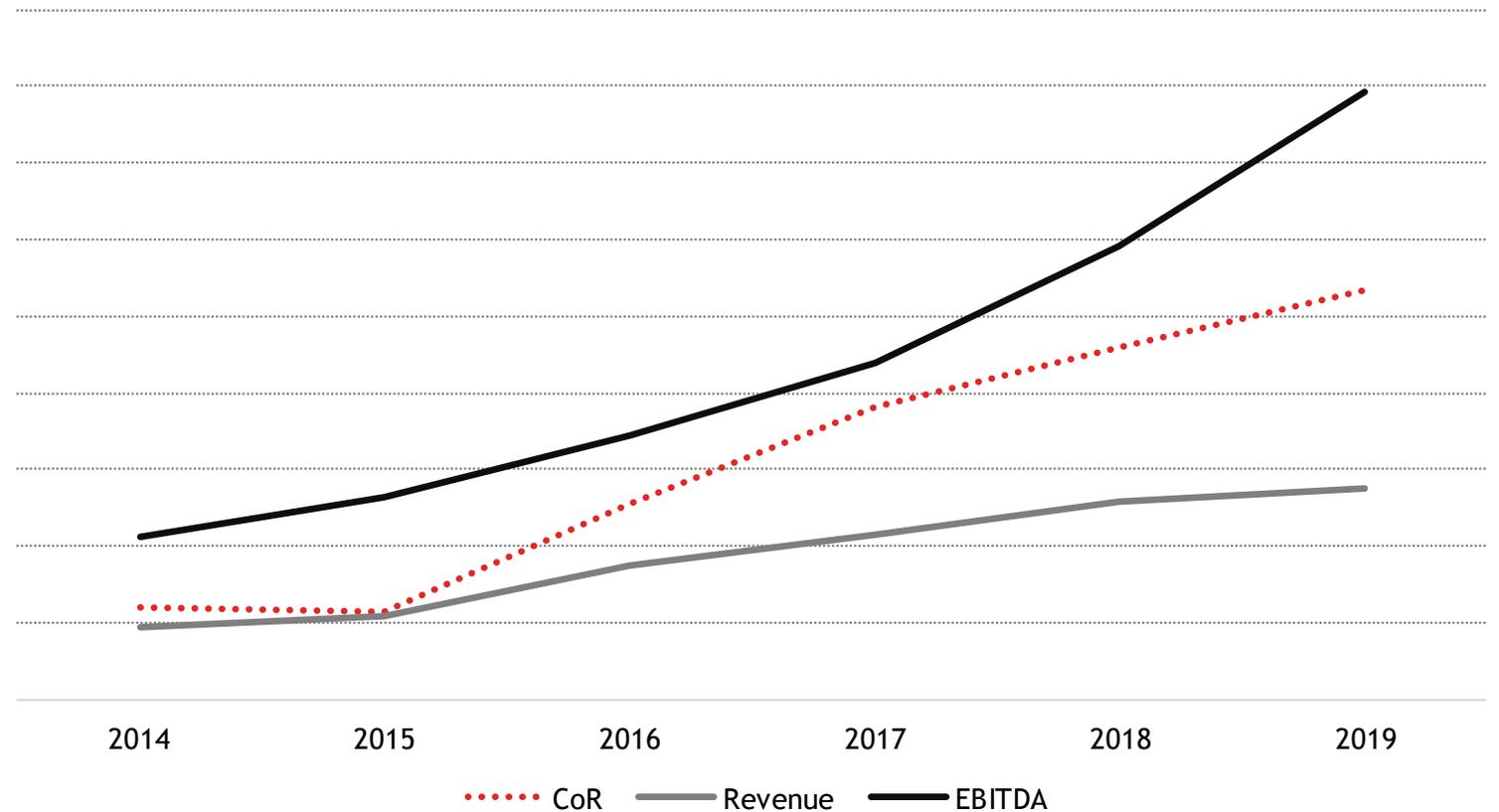
We delivered a consistently strong performance since 2014

2014 - 2019 CAGR

Revenues 7.6%

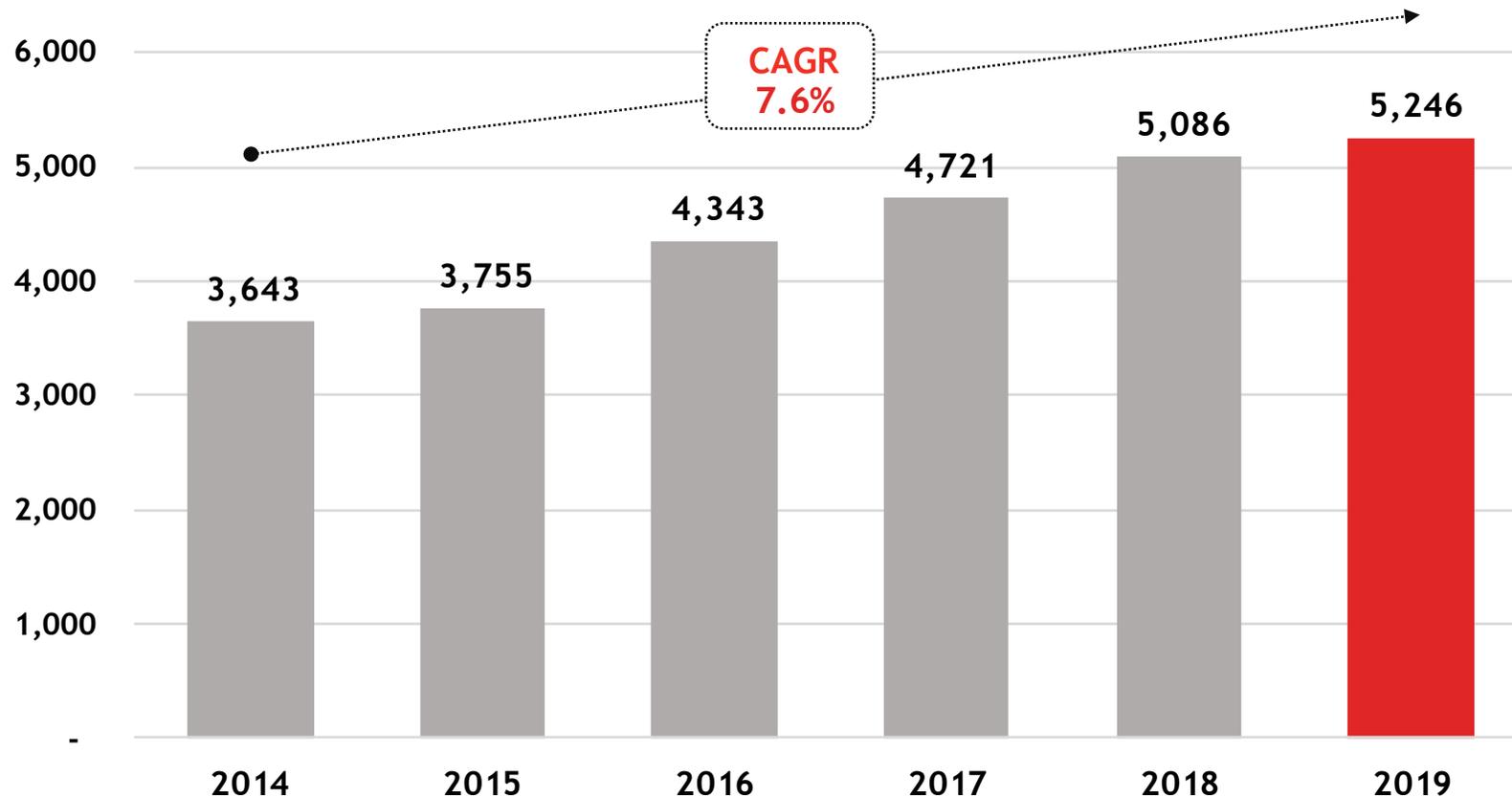
Cost of Services 8.5%

EBITDA 16.0%



Revenues (AEDm)

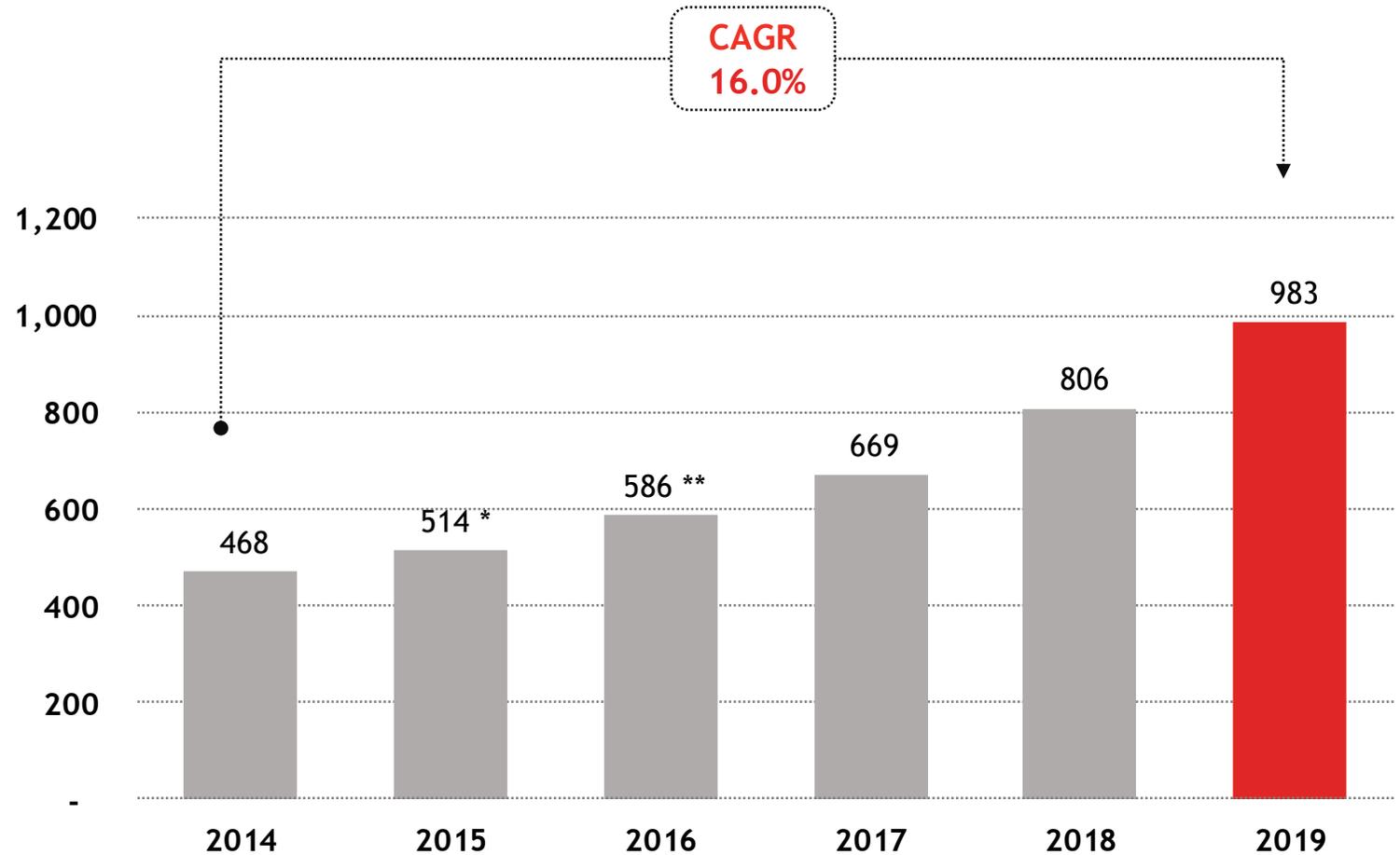
- Revenue growth of 3% in 2019
- Revenue growth reflects additional income generated primarily in international cross border express business as well as in Asia Pacific



EBITDA Before Special Items (AED m)

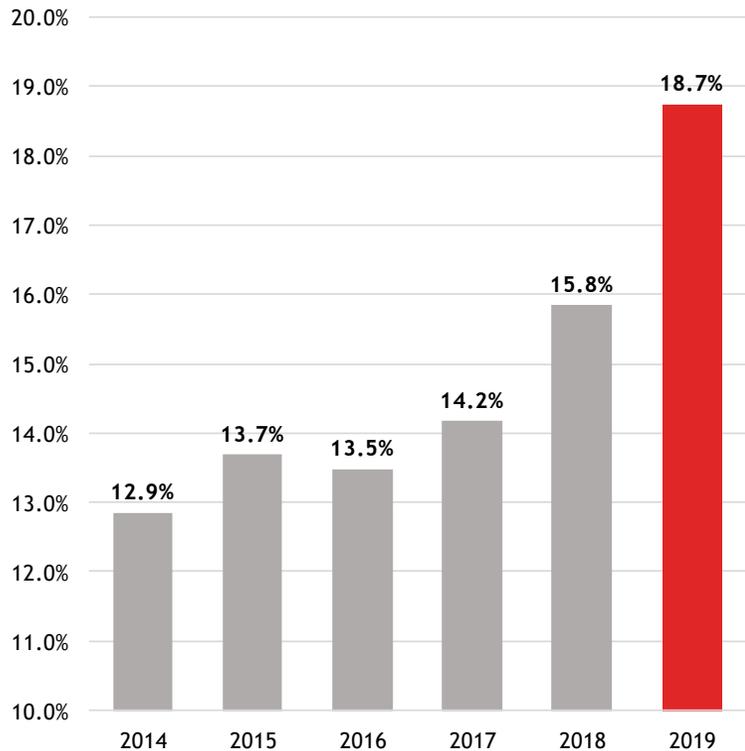
EBITDA before special items:

Aramex generated strong underlying results across the business

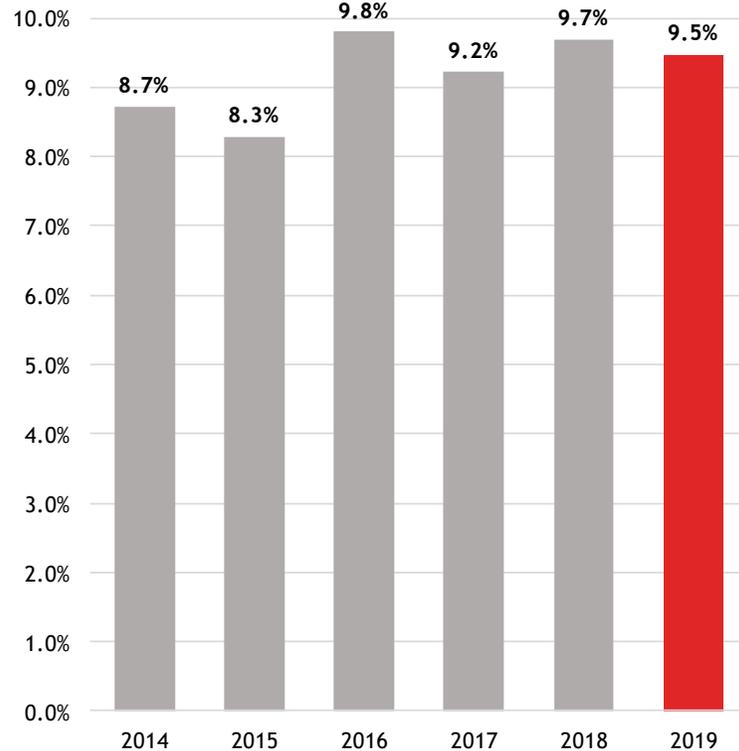


* 2015 - additional provision of AED 46,271 thousand related to company's incentive scheme.
** Special items comprise: 2Q 2016 - gain on bargain purchase of AMC of AED 41,568 thousand.

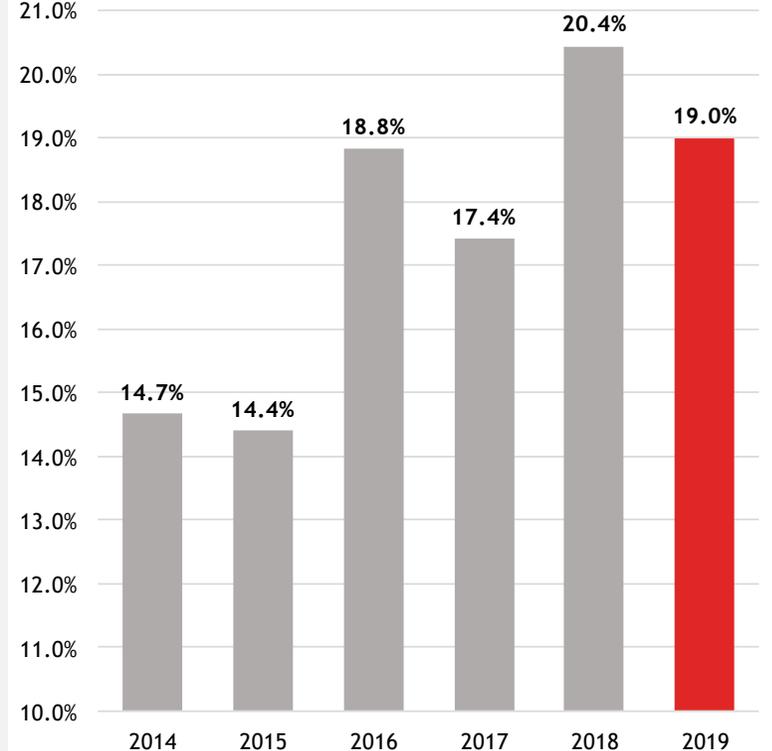
EBITDA Margin (%)



Net Profit Margin (%)



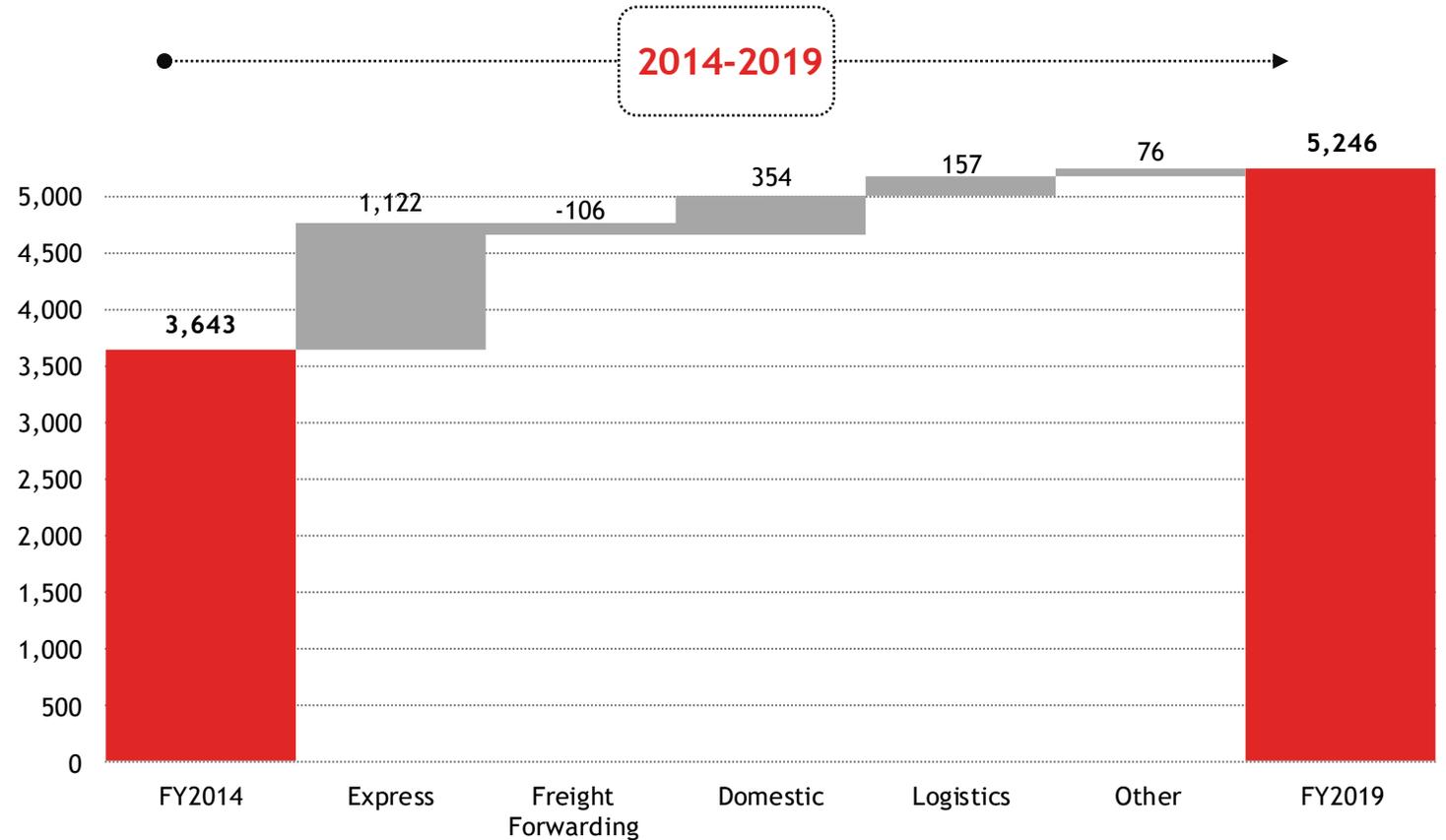
Return on Equity (%)



Contribution by Business (AED m)

Growth story since 2014

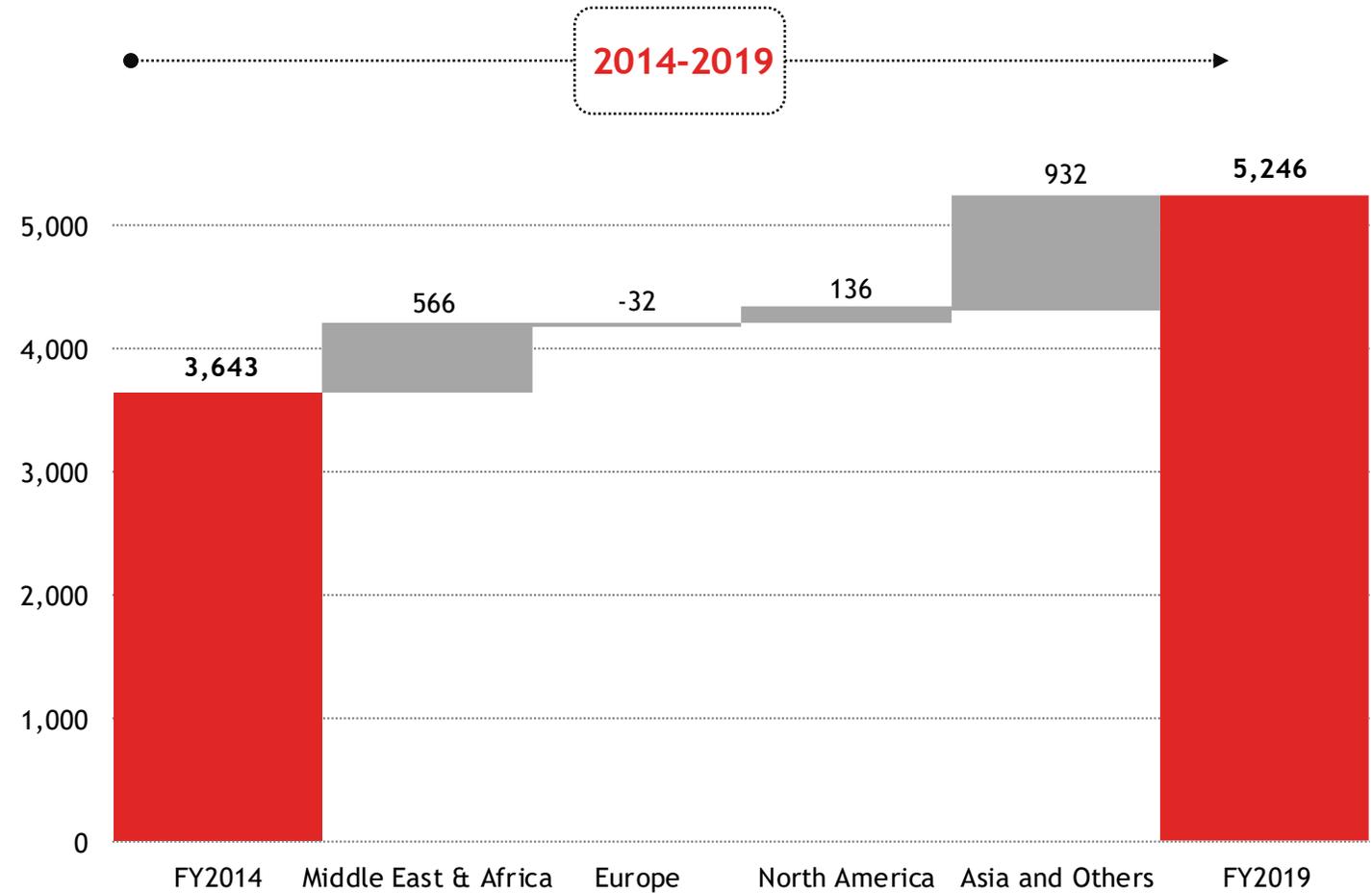
CAGR Express	13.9%
CAGR Freight Forwarding	-1.8%
CAGR Domestic	8.0%
CAGR Logistics	12.4%
CAGR Other	6.2%



Contribution by Geography (AED m)

Growth story since 2014

CAGR Middle East	4.0%
CAGR Europe	-1.1%
CAGR North America	24.9%
CAGR Asia & Other	28.7%



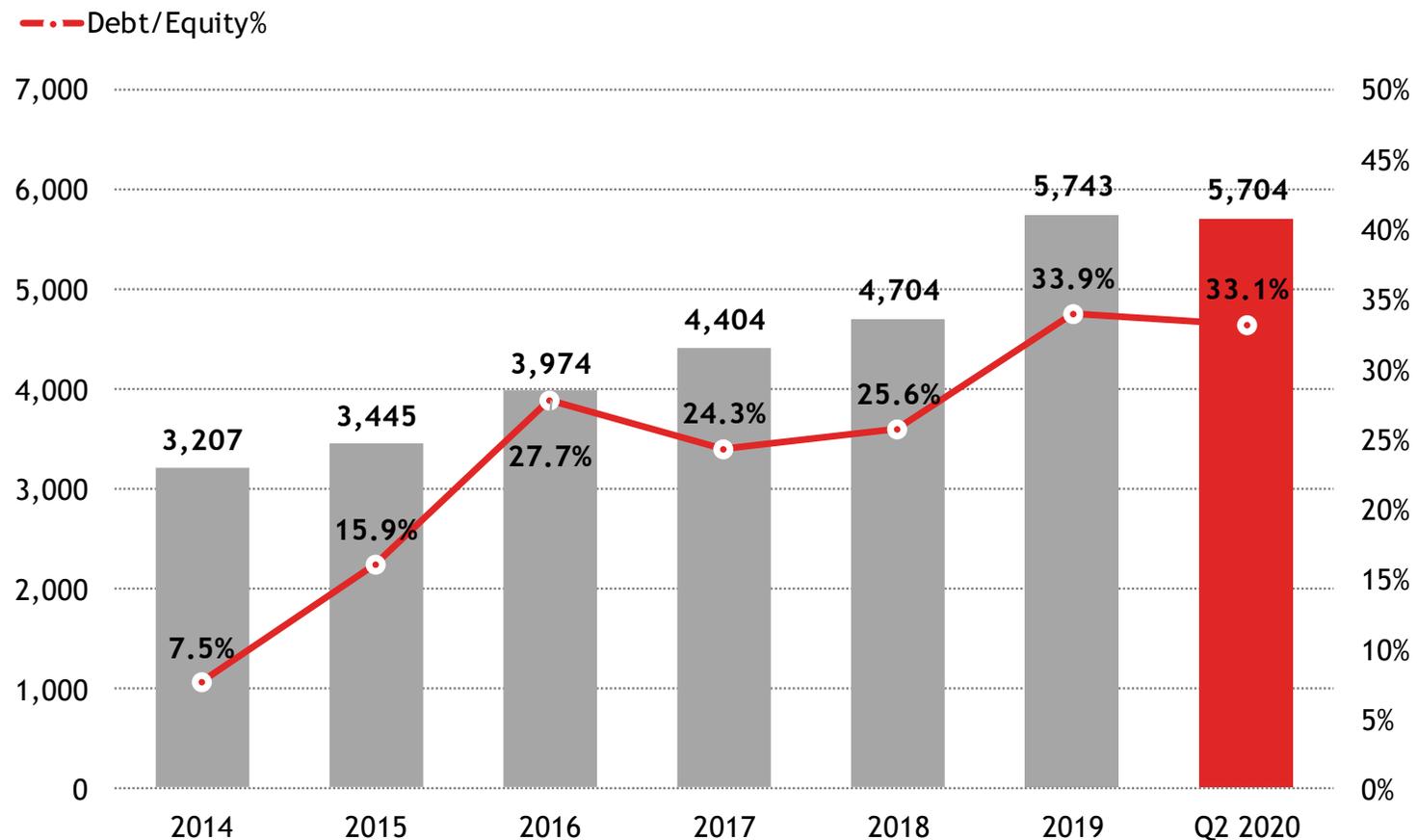
Total Assets (AED m)

Aramex has consistently grown its balance sheet.

Driven mainly by acquisitions, Aramex will continue to increase leverage.

Management continues to maintain a prudent approach towards managing debt.

Debt*/ Equity at 33.1% as of 30 Jun 2020



*Debt for this purpose consists of interest-bearing short & long term liabilities

Dividends

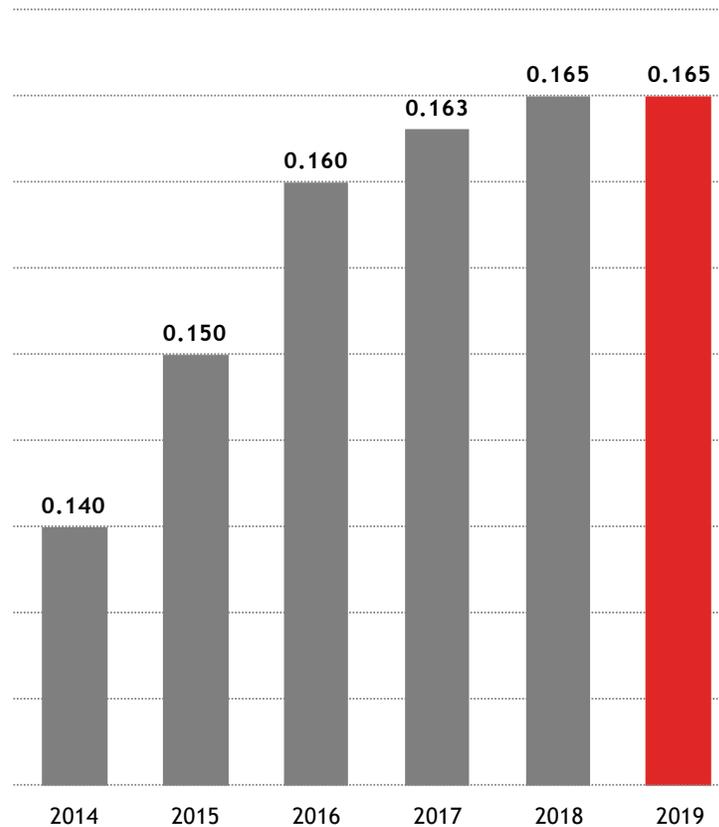
Dividend proposal of AED per 0.165 share was approved by the shareholders at AGM on 22nd June 2020

Gross dividend yield: 4.8%

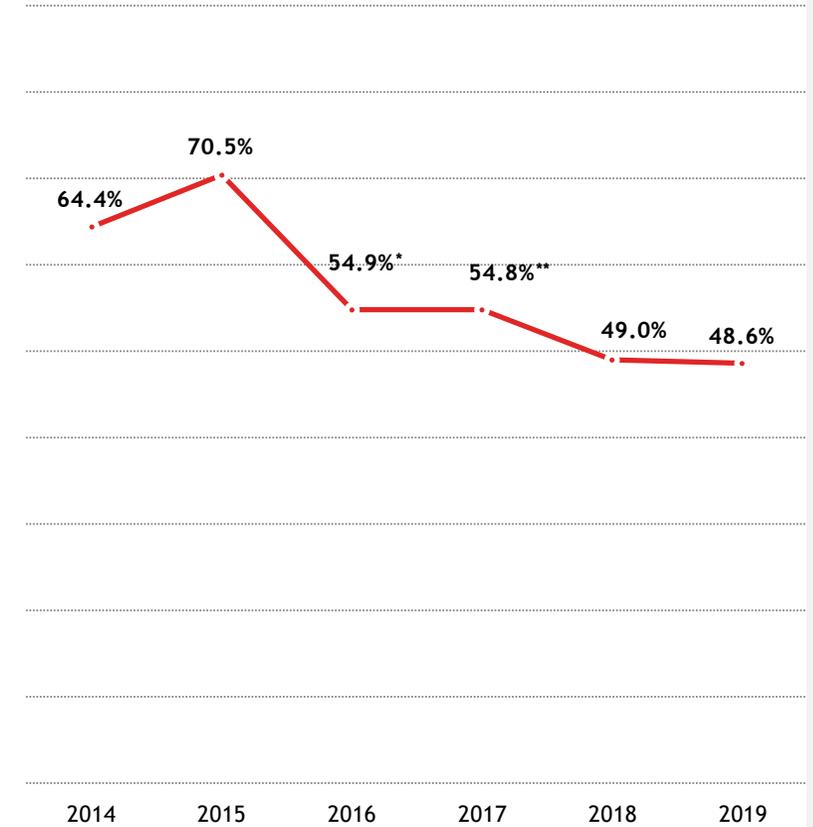
Long-term management target:

Dividend payout ratio of > 50%

Dividend Payout (AED/Share)



Dividend Payout Ratio (%)



*Excluding additional provision of AED 46,271 thousand related to company's incentive scheme, Dividend Payout Ratio - 61.4%

** Excluding gain on bargain purchase of AMC of AED 41,568 thousand, Dividend Payout Ratio - 60.8%.

Performance (Jan 2014 - Jun 2020)

Share price change: **2.99%**

Annualized return: **38.00%**

Total return
(dividends reinvested): **13.00%**



Management Outlook



Grow the Business

Focus on innovation and technology

Grow eCommerce Portfolio

Organic growth plus acquisitions

Attractive growth markets

Consistent Profitability

Focus on operational excellence

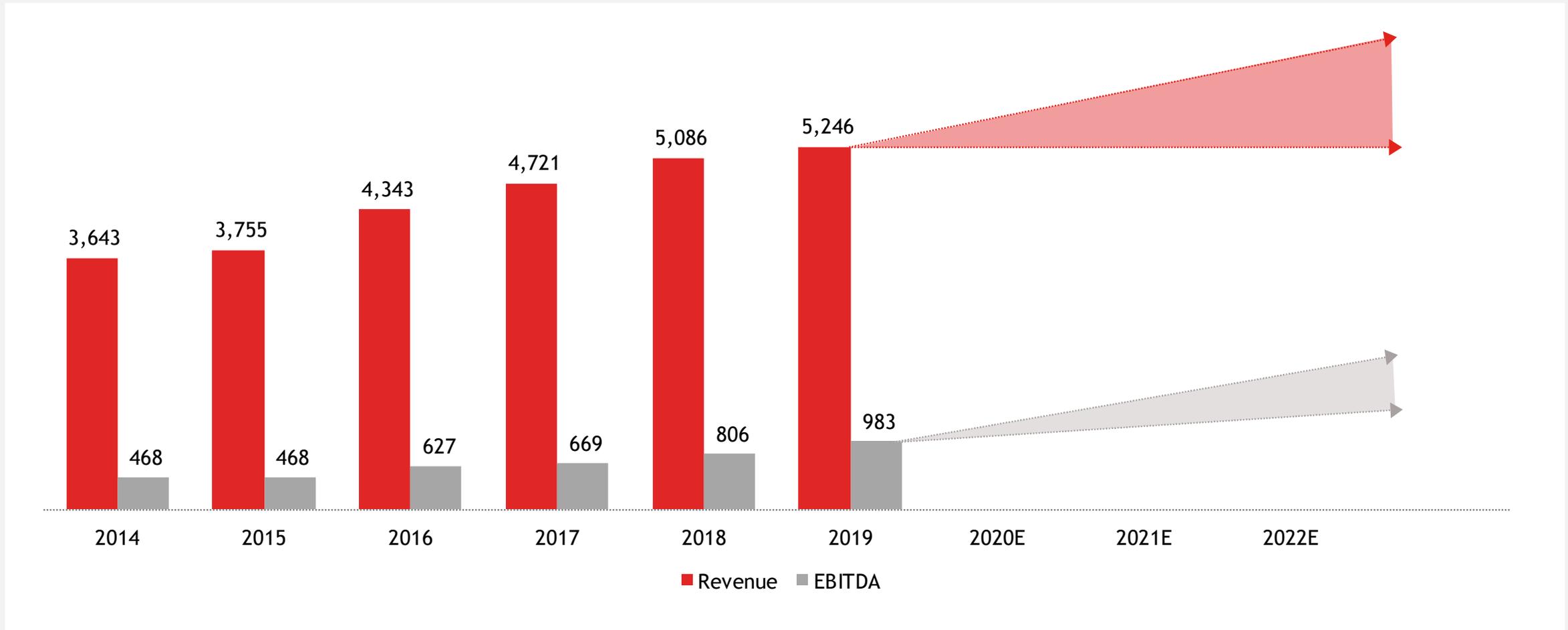
Variabilization of cost structure

Actively manage FX volatility

Shareholder Participation

Continue with our progressive dividend policy

Target payout ratio: > 50%





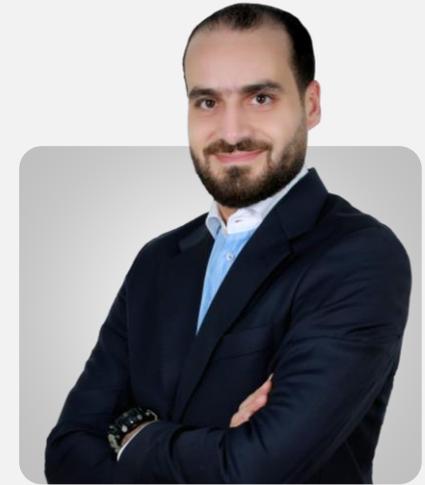
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