

aramex

# INVESTOR PRESENTATION

Q3 2022 RESULTS



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1. Aramex at a Glance
2. Aramex documentary teaser marking 40 years of operations
3. Q3 2022 Financial Results Highlights
4. MyUS Acquisition

**Aramex Overview** | Aramex is a Global Provider of comprehensive Logistics and Transportation Solutions



**16,000+**  
Employees



**65+**  
Countries



**600+**  
Offices



**AED 1.4**  
Billion Revenues  
at Q3 2022



**AED 5.6**  
Billion Market Cap  
at 30 Sep 2022

**International Express**

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

**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.

**Freight forwarding**

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.

# 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

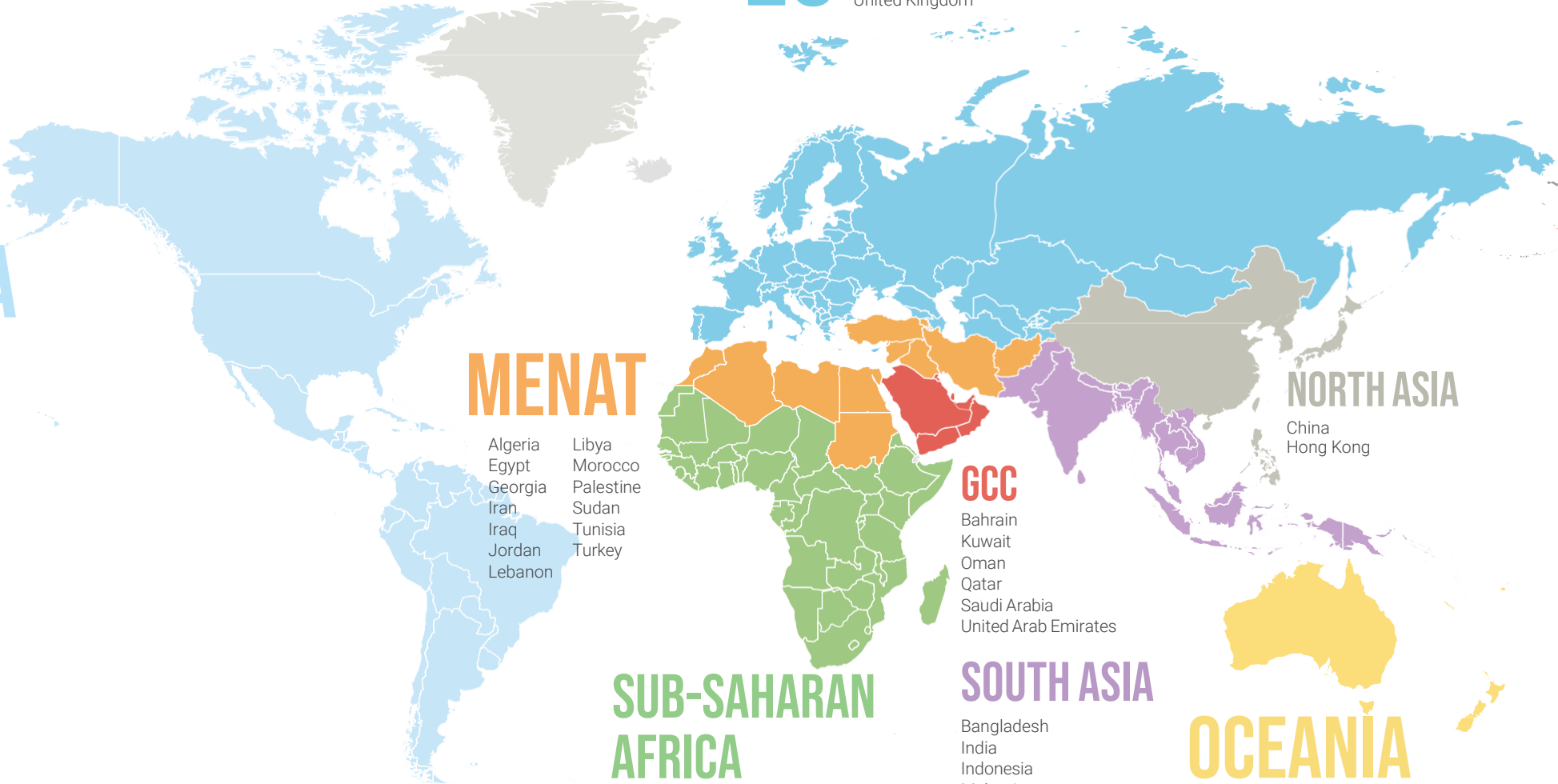
Bangladesh  
India  
Indonesia  
Malaysia  
Singapore  
Sri Lanka  
Thailand

# 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

~60% of Revenue

~40% 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.



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, facing away from the viewer. The terrain is a mix of orange-brown earth and sparse vegetation. The Aramex logo is visible on the side of the truck and in the top right corner of the image.

aramex

# IN THE MIDDLE EAST OF IT ALL

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

Click [here](#) to watch the trailer.





We rebranded 3 delivery vans to our original branding in Dubai, Amman & Egypt – When people spot the van they can take a picture and tag us to win prizes.



All staff received a retro mug



Our boxes for the month of Oct was rebranded with the original Aramex logo as part of the 40th celebration.

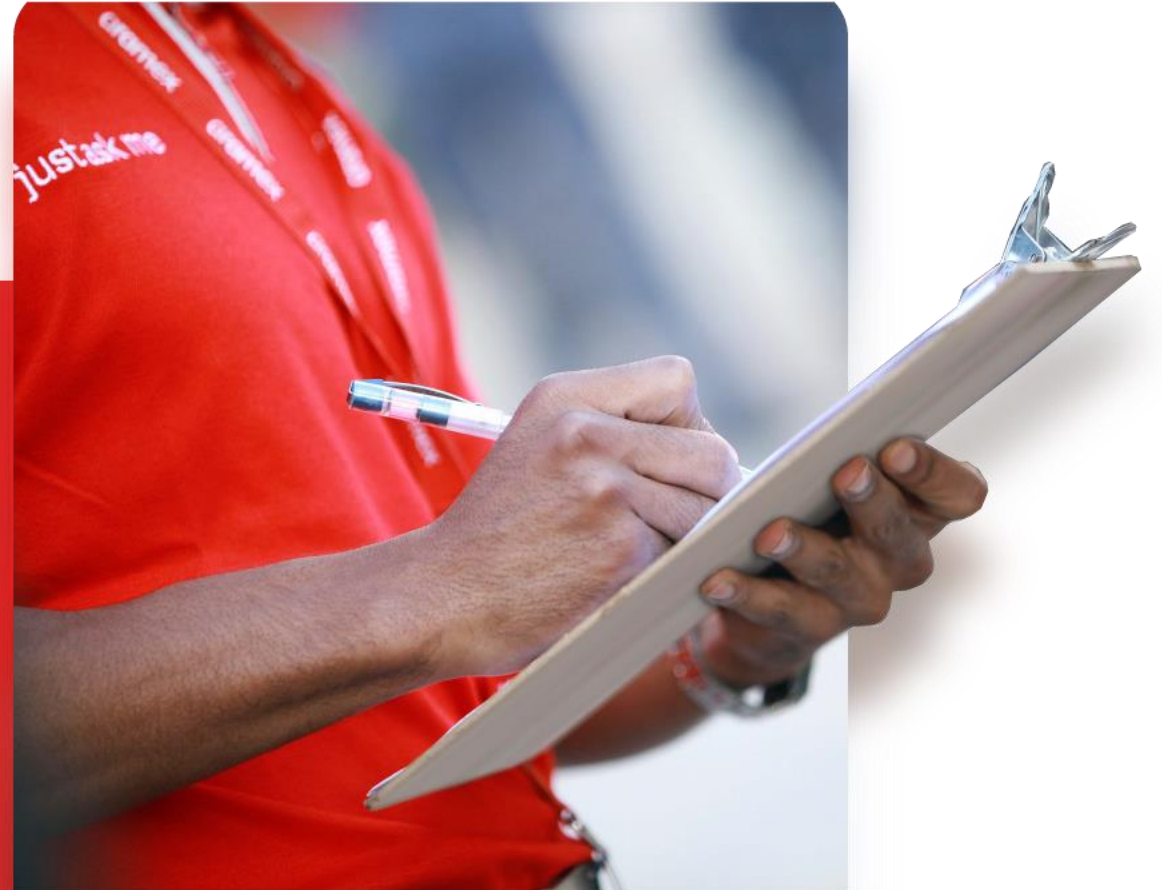


We had a "Did you know" fact everyday in the month of Oct on our social channles.



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Q3 2022  
Results  
Highlights



### Domestic Courier

- GP Margin maintained stable at 28% in Q3 2022 compared to the same quarter last year
- Stable volumes across all markets, except Oceania
- Same Day volumes continue to increase in KSA, UAE, and Egypt in Tier 1 cities.
- In Saudi, we launched a 4-hour service with a major beauty / fashion retailer

- Focus on revenue quality and diversification, and new customer wins in e-commerce, retail, SMEs in Q3 2022
- Enhanced last mile infrastructure – added 32% more PUDOs in Q3 of this year compared to Q2 this year, and added new micro hubs in several GCC countries which improve courier productivity
- Route optimization and reducing a driver’s density area remain a key priority

### International Express Courier

- GP Margin maintained at 31% in Q3 2022 compared to the same quarter last year
- The premium product is progressing well, with good demand intra-GCC on 10 different lanes, and plans to expand.
- Started receiving shipments from Italy, Netherlands, and Czech Republic as part of the cooperation to build international lanes for DPD.

### Freight and Logistics

- 38% revenue growth in FF and 2% revenue growth in Logistics in Q3 2022.
- Freight generated growth from all regions; approximately 50% of freight revenues originated from the GCC in Q3 2022
- Our utilization of facilities (owned and leased) has reached 90% in our key markets and 85% overall in Q3 2022. Automation rollout is on track
- Consolidation of trucking resources between freight and logistics is driving operational efficiencies. Margin improvement on the back of reaching scale and investment in people.
- Systems are being optimized to drive operational efficiency; enhanced sales and operational teams with product specialists.

### Technology infrastructure

- Sprinklr – as part of our continuous digital transformation we have rolled out an omni channel AI powered customer care chat bot that is now available on WhatsApp and all social media channels.
- Our investment in Sprinklr will deliver 1) an improved customer journey focusing on speed of response and 2) cost reduction in overheads
- In September alone, the chatbox handled more than 94% of our customer care cases on WhatsApp and 40% on the newly enabled social media channels.

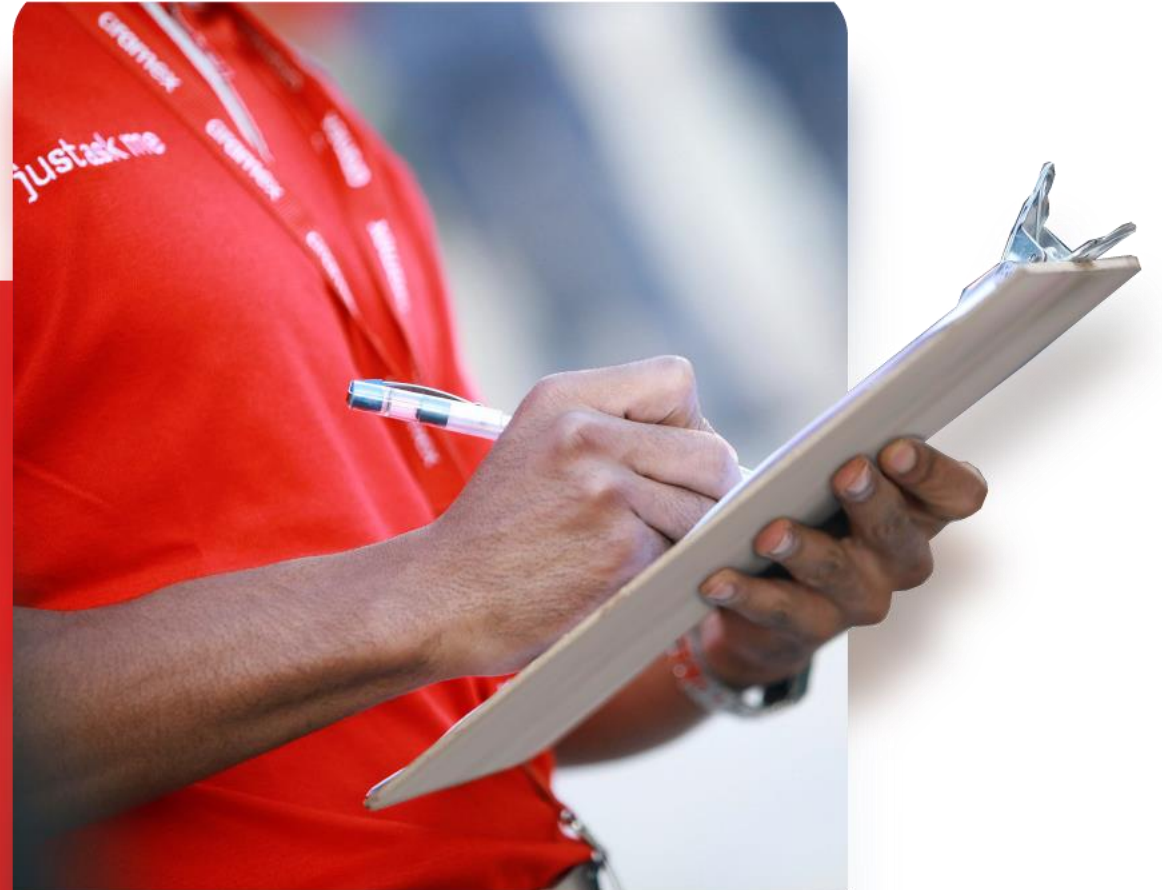
### M&A activity

- Currently engaged in multiple transactions at different stages of the life-cycle
- For a purchase price of approximately USD \$265 million, the MyUs acquisition was closed in October 2022, making it the largest acquisition in Aramex’s history.
- A value accretive deal for Aramex and shareholders, which will immediately improve ROIC and add an estimated USD30m to EBITDA in 2023.

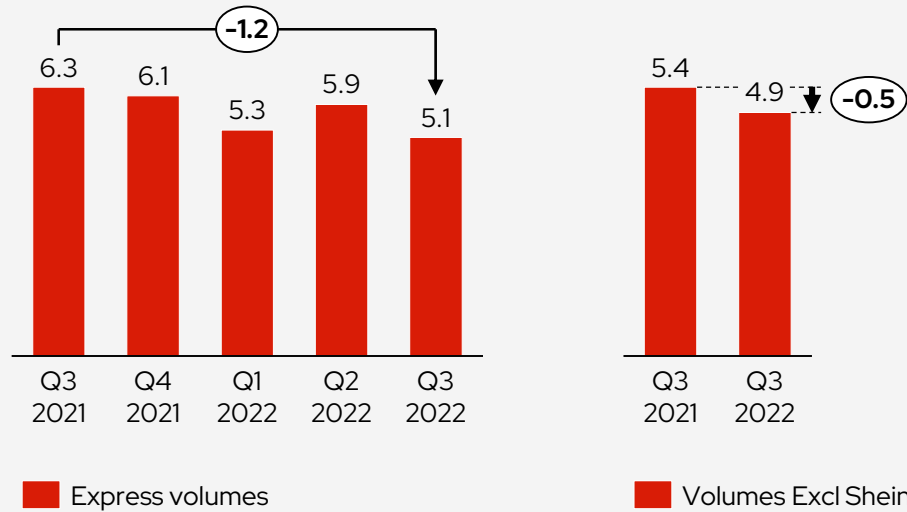


**aramex**

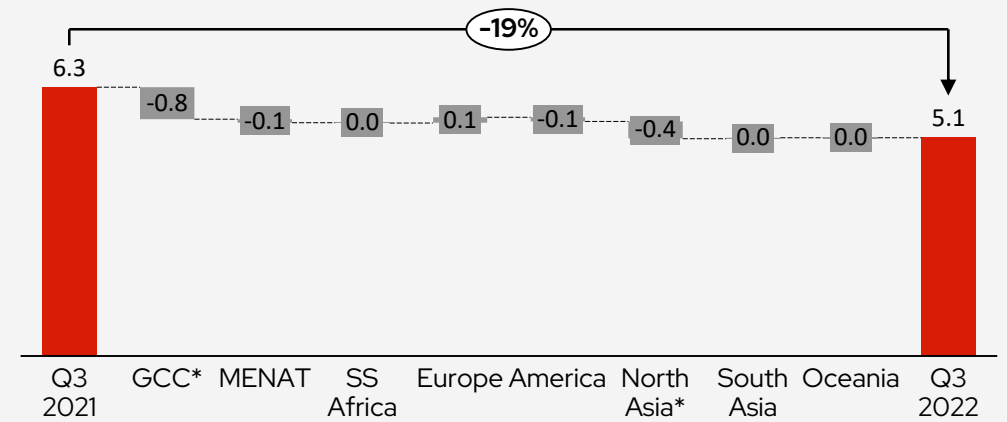
# Group Financial Results



### International Express Volumes (in million of shipments)



### Geographic contributions to int'l express volumes in Q3 2022



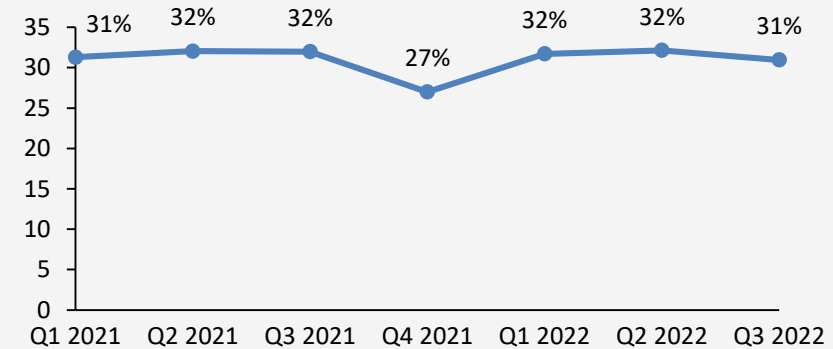
\*Volume decline in North Asia and in the GCC was significantly impacted by the Shein customer loss



Quarter Financials (in AED thousands)

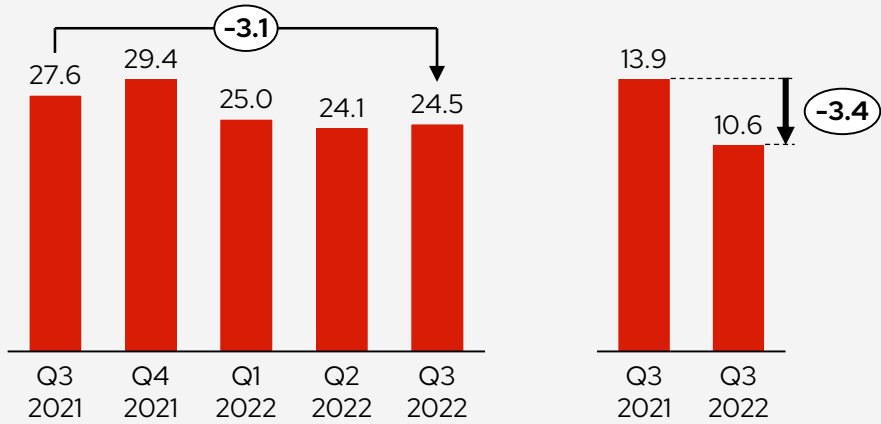
	Q3 2022	Q3 2021	Change
<b>Revenue</b>	496,500	608,877	(18%)
<b>Total Direct Cost</b>	342,798	414,055	(17%)
<b>Gross Profit</b>	153,702	194,822	(21%)
<b>GP%</b>	31%	32%	

International Express Margins



GP%

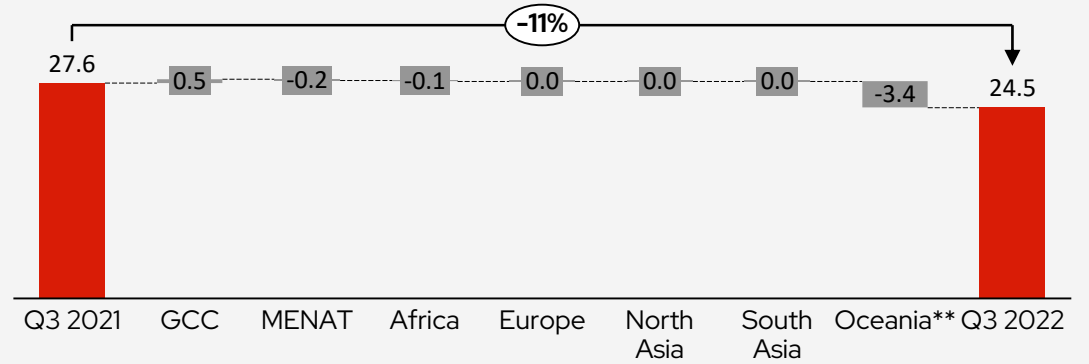
### Quarterly Domestic Volumes (in million of shipments)



■ Domestic volumes

■ Oceania volumes

### Geographic contributions to domestic volumes in Q3 2022



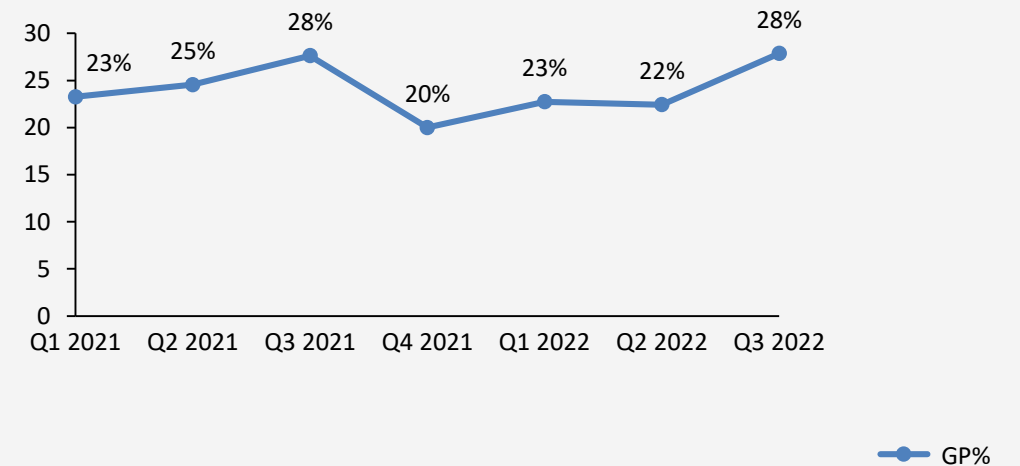
\*\*Oceania restructuring plan is in place



Quarter Financials (in AED thousands)

	Q3 2022	Q3 2021	Change
<b>Revenue*</b>	416,535	460,775	(10%)
<b>Total Direct Cost</b>	300,465	333,462	(10%)
<b>Gross Profit</b>	116,070	127,313	(9%)
<b>GP%</b>	28%	28%	

Domestic Express Margins



\*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.

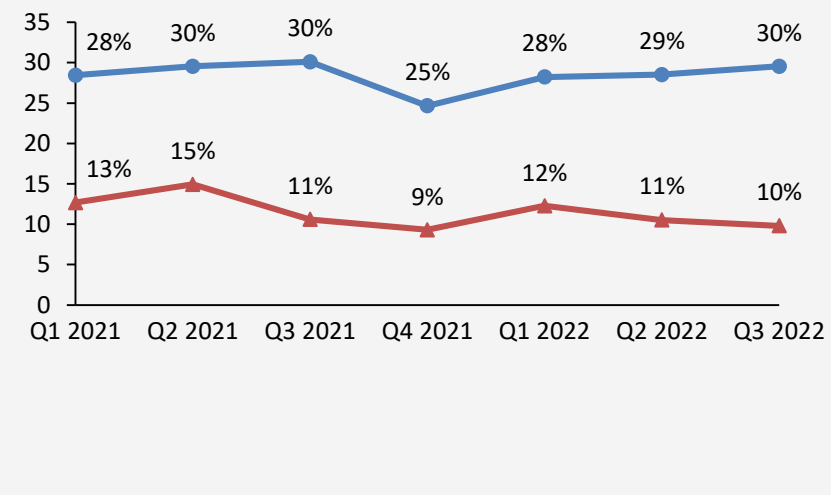
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## Financial & Performance Highlights | Courier Services (consolidated Domestic and International Express)

### Quarter Financials (in AED thousands)

	Q3 2022	Q3 2021	Change
<b>Revenue</b>	913,035	1,069,652	(15%)
<b>Total Direct Cost</b>	643,263	747,513	(14%)
<b>Gross Profit</b>	269,773	322,138	(16%)
<b>GP%</b>	30%	30%	
<b>EBIT</b>	20,147	42,423	(53%)
<b>EBIT%</b>	2%	4%	
<b>EBITDA</b>	89,569	113,373	(21%)
<b>EBITDA%</b>	10%	11%	

### Courier Margins





Quarter Financials (in AED thousands)

	Q3 2022	Q3 2021	Change
<b>Revenue</b>	439,530	318,000	38%
<b>Total Direct Cost</b>	378,656	279,789	35%
<b>Gross Profit</b>	60,873	38,211	59%
<b>GP%</b>	14%	12%	
<b>EBIT</b>	23,649	5,640	319%
<b>EBIT%</b>	5%	2%	
<b>EBITDA</b>	31,379	12,317	155%
<b>EBITDA%</b>	7%	4%	

Freight Volumes\*

	Q3 2022	Q3 2021	Change
<b>Land freight (FTL)</b>	7,355	6,294	17%
<b>Land Freight (LTL KGs)</b>	38,523,420	39,762,128	-3%
<b>Sea Freight (FCL TEU)</b>	7,766	8,663	-10%
<b>Sea Freight (LCL CBM)</b>	4,759	8,441	-44%
<b>Air Freight (KGs)</b>	11,773,193	12,392,469	-5%

\*Freight Volumes were updated as per the new data system implementation across the network which improves data quality. The impact is mainly on land freight LTL absolute numbers.

### Quarter Financials (in AED thousands)

	Q3 2022	Q3 2021	Change
<b>Revenue</b>	110,475	108,445	2%
<b>Total Direct Cost</b>	101,859	94,777	7%
<b>Gross Profit</b>	8,616	13,668	-37%
<b>GP%</b>	8%	13%	
<b>Normalised Gross Profit*</b>	18,458	13,668	35%
<b>Normalized GP%</b>	17%	13%	
<b>EBIT</b>	(6,207)	5,816	(207%)
<b>EBIT%</b>	(6%)	5%	
<b>Normalised EBIT</b>	3,636	(794)	558%
<b>Normalised EBIT*</b>	3%	(1%)	
<b>EBITDA</b>	14,986	28,919	-48%
<b>EBITDA%</b>	14%	27%	
<b>Normalised EBITDA*</b>	24,827	22,307	11%
<b>Normalised EBITDA Margin*</b>	22%	21%	

### Top Revenue generating sectors



Industrials



FMCG



Telecommunication



Fashion



Ecommerce



Electronics

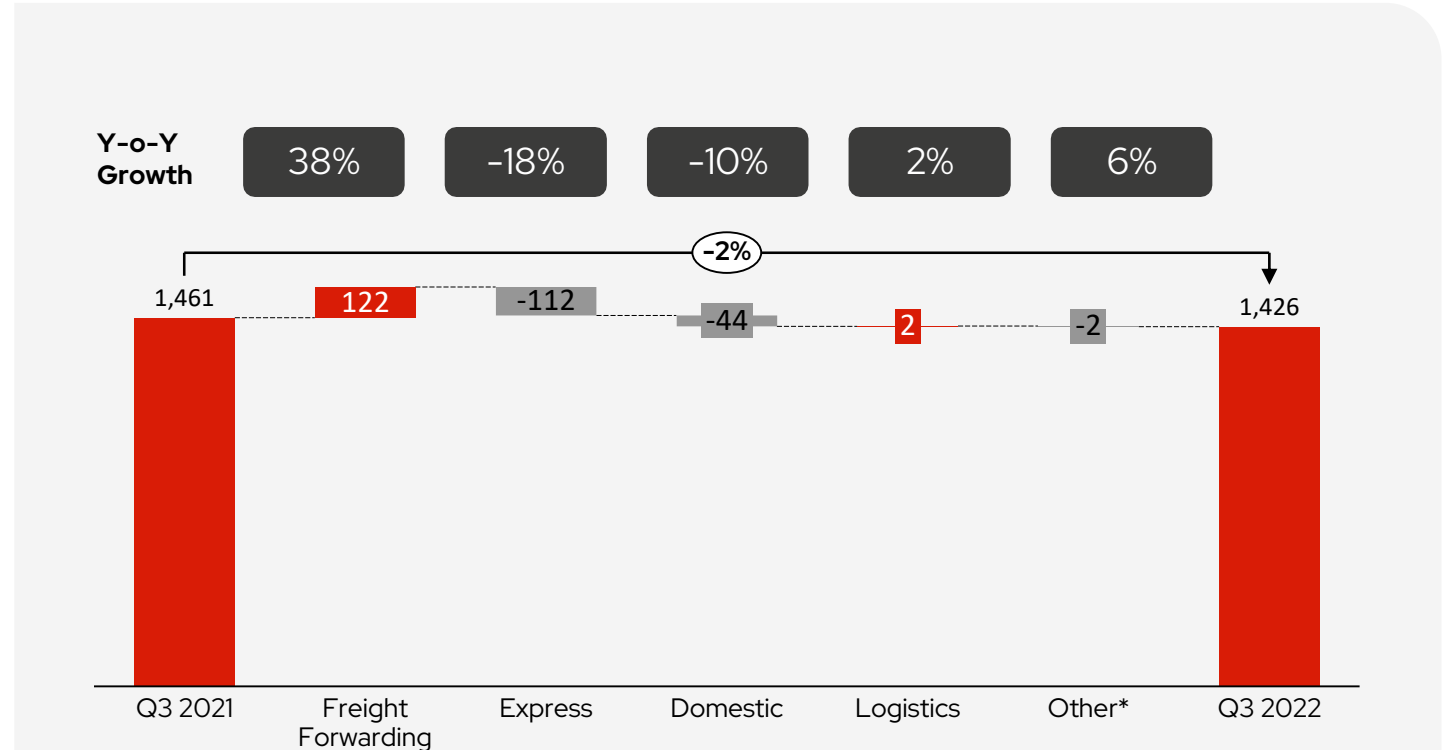
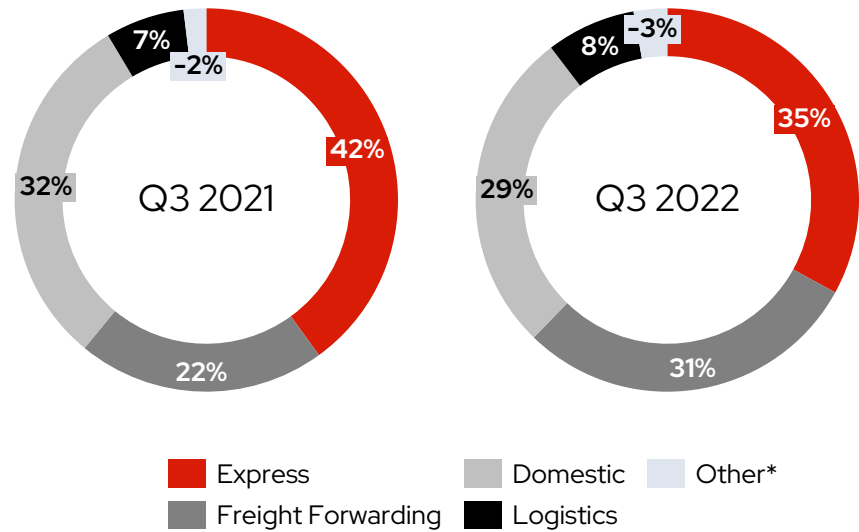


Healthcare

\*GP, EBIT and EBITDA have been normalized to show real business performance for the logistics product, isolating the effect of the restructuring / clean up process which management believes will conclude in Q4 2022.

Financial & Performance Highlights | Group Revenues: Continued growth in Freight and Logistics

Revenues by Segment (AED m)

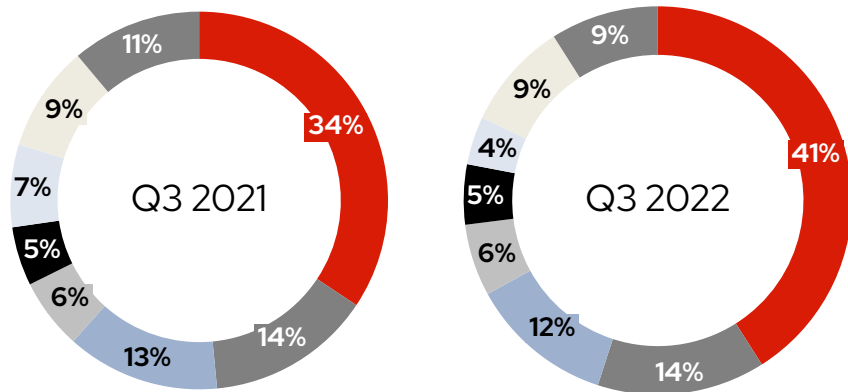


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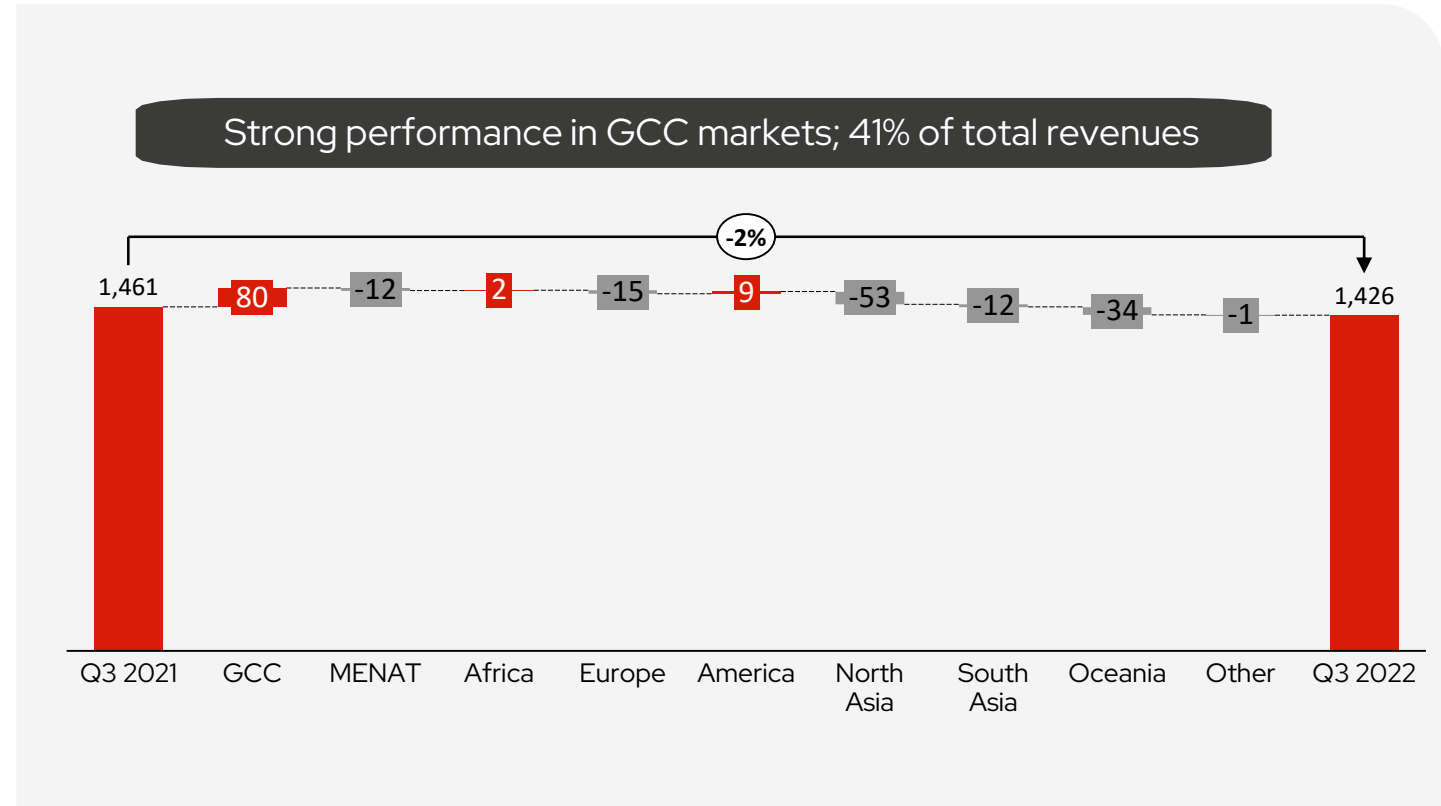
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## Revenues by Geography (AED m)

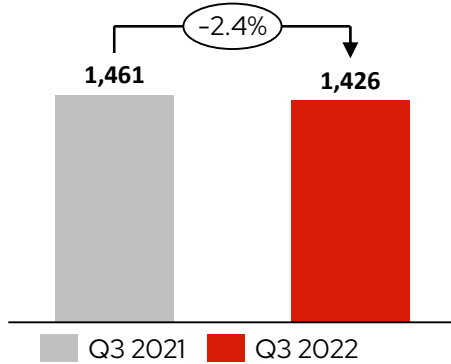


- GCC
- America
- MENAT
- North Asia
- Europe
- South Asia
- SS Africa
- Oceania

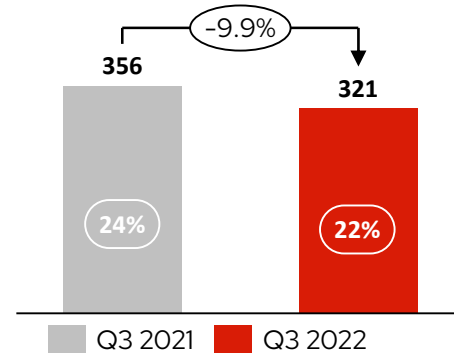


## Financial & Performance Highlights | Group Highlights

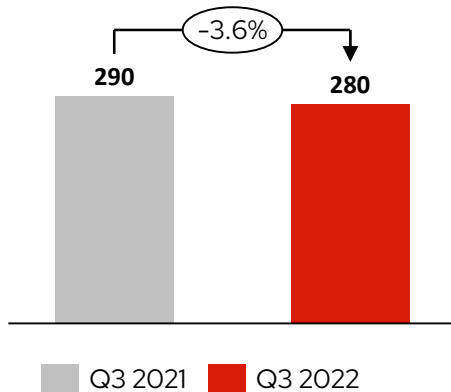
### Revenue (AED m)



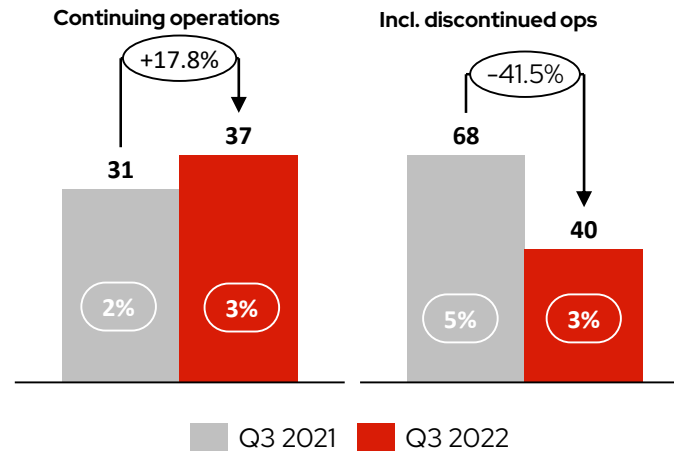
### Gross Profit (AED m)



### Total Overheads (AED m)



### Attributable Net Profit (AED m)



XX Margin in % of revenues

### Management Commentary

Q3 2022 Revenue declined 2.4% YoY to AED 1.42 billion, a deceleration compared to the decline reported in Q2 2022 of 3.5% YoY, attributed to lower Courier revenues and FX, which was partially offset by strong growth in Freight Forwarding and Logistics.

FX negatively impacted Revenue and Net Profit by AED 49.5m and AED 4.6m, respectively.

The decline in Courier volumes is attributed to: 1) the impact of Shein loss; 2) Oceania domestic and 3) in line with the global industry trend, driven by a softness in e-commerce activity compared to Covid years 2020, 2021 as well as the new macro economic environment. E-commerce fundamentals remain strong.

Good cost management delivered a 3.6% reduction in overheads, driven by reductions in consultancy fees, bad debt, and as a direct benefit from the decentralization efforts. Even after investment in people and salary adjustments for inflation, we have been able to realise significant efficiencies. SG&A continues to be a key area of focus for management.

One offs associated with the clean up / restructuring in the Logistics product has impacted Q3 2022 GP, EBIT and Net Income at a Group level. We expect to complete these restructuring efforts by end of this year. Excluding these one offs, normalised Group GP margin for the group was 23.2%.

Net profit from continuing operations increased 17.8% to AED 37 million. Profit from discontinued operations includes profits from InfoFort in Q3 2021, an asset which was sold last year. The company was also impacted by the FX devaluation of the Lebanese Pound, Egyptian Pound and Turkish Lira against the dollar.

Normalised net income – to isolate the impact from the Logistics restructuring – was AED 49 million in Q3 22, a decrease of 19% from AED 61 million in Q3 2021. This includes discontinued operations.

Regions (in AED millions)

	GCC		MENAT		Europe		South Asia				
REV & Ctrb	582	41%	REV & Ctrb	193.7	14%	REV & Ctrb	171.3	12%	REV & Ctrb	123.6	9%
Rev GRTH	80.4	16%	Rev GRTH	(11.9)	-6.0%	Rev GRTH	-14.6	-8%	Rev GRTH	-11.9	-9%
GP	106.4	↑ 7%	GP	51.1	↓ -18%	GP	25.1	↓ -22%	GP	22.7	↑ 23%
Volumes	9,476,220	↓ -3%	Volumes	4,372,138	↓ -5%	Volumes	1,259,151	↑ 11%	Volumes	1,062,561	↑ 4%

	North Asia		America		SS & Africa		Oceania				
REV & Ctrb	55.8	4%	REV & Ctrb	74.6	5%	REV & Ctrb	86.7	6%	REV & Ctrb	131.8	9%
Rev GRTH	-53.1	-49%	Rev GRTH	8.6	13%	Rev GRTH	2.1	2%	Rev GRTH	-33.9	-20%
GP	15.4	↓ -45%	GP	15.4	↑ 41%	GP	27.8	↑ 2%	GP	31.5	↓ -27%
Volumes	290,569	↓ -58%	Volumes	986,158	↓ -10%	Volumes	1,590,184	↓ -5%	Volumes	1,056,475	↓ -24%

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

Volumes: include volumes from International Express & SnS and Domestic Courier.

Ctrb refers to regional revenue contribution to total group revenues.

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

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

	31 Dec 2021	30 Sep 2022	Change	Movement	Change %
<b>Current assets</b>	2,282,572	2,001,594	(280,978)		-12%
<b>Assets held for sale</b>	10,650	7,992	(2,658)		-25%
<b>Non-current assets</b>	3,106,726	3,037,875	(68,851)		-2%
<b>Total assets</b>	<b>5,399,948</b>	<b>5,047,461</b>	<b>(352,487)</b>		<b>-7%</b>
<b>Current liabilities</b>	1,618,017	1,401,513	(216,504)		-13%
<b>Liabilities held for sale</b>	4,505	5,838	1,333		30%
<b>Non-current liabilities</b>	1,101,433	1,084,570	(16,863)		-2%
<b>Total liabilities</b>	<b>2,723,955</b>	<b>2,491,921</b>	<b>(232,034)</b>		<b>-9%</b>
<b>Non-controlling interest</b>	10,817	9,252	(1,565)		-14%
<b>Shareholders' equity</b>	<b>2,665,176</b>	<b>2,546,288</b>	<b>(118,888)</b>		<b>-4%</b>



Financial Ratios (in AED millions)

	Q3 2022	Q3 2021	9M 2022	9M 2021	Change	
					Q3'22 vs Q3'21	9M'22 vs 9M'22
<b>Gross Profit Margin %</b>	22.5%	24.4%	23.8%	24.8%	-1.9%	-1%
<b>EBIT %</b>	3.6%	4.7%	4.3%	5.5%	-1.1%	-1.2%
<b>EBITDA%</b>	9.9%	11.2%	10.6%	11.8%	-1.3%	-1.2%
<b>Net Profit Margin %</b>	2.8%	4.6%	3.0%	4.0%	-1.8%	-1.0%
<b>Normalised Net Profit%</b>	3.5%	4.2%	3.2%	3.9%	-0.7%	-0.7%
<b>EPS (AED)</b>	0.025	0.021			18%	
<b>Debt/Equity %</b>			49.11%	54.18%		-5.07%
<b>Debt to Equity (Excluding IFRS 16)</b>			11.70%	21.04%		-9.34%
<b>Debt TO EBITDA</b>			1.50	1.86		-0.36
<b>Debt to EBITDA (Excluding IFRS 16)</b>			0.78	0.85		-0.07

# MyUs Acquisition



aramex

# Transaction rationale



Provides an attractive financial profile – a profitable business with superior cash conversion which provides an accretive financial profile improving the global ROIC. Transaction is fully financed with debt



Considerably expands coverage of new destinations and complements Aramex's position for Middle East flows with limited customer overlap



Attractive commercial upsides and synergy potential, complementing Aramex's Shop & Ship offering



Scalable technology-enabled platform well-positioned for expansion beyond existing segments and for growth in a \$4tn+ global addressable E-commerce market, providing attractive growth upside to Aramex

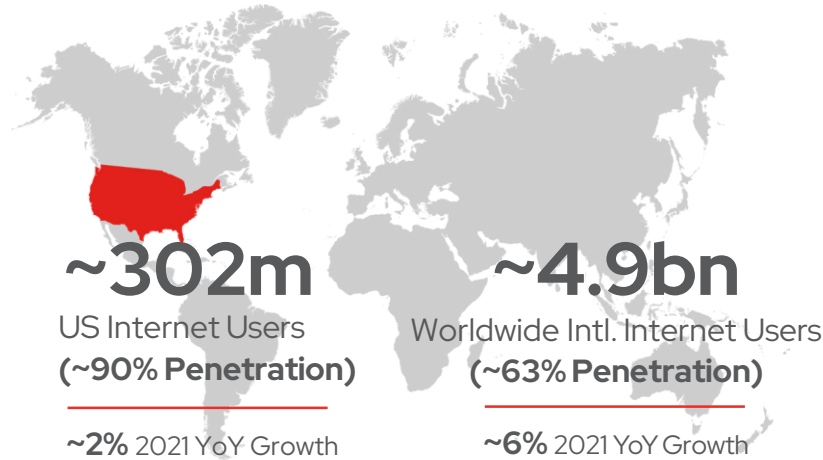


Proprietary software, well-established compliance program and industry regulatory expertise will complement Aramex's existing capabilities

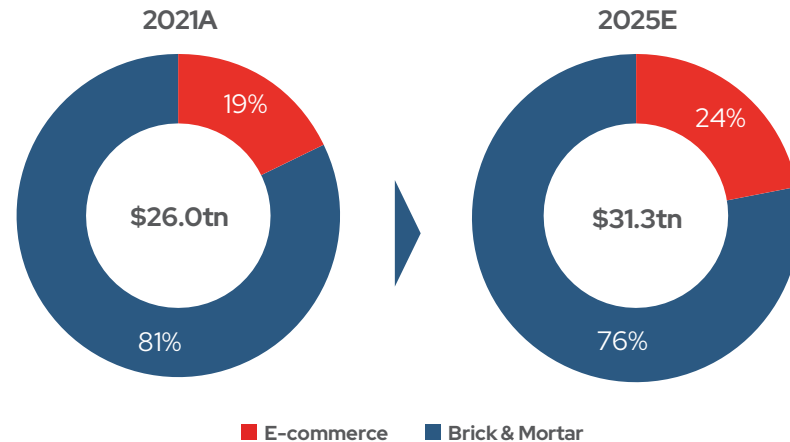
# Long term E-commerce growth fundamentals remain strong

MyUS is set to benefit from a large addressable market at a global level, which is 12x larger than the US market. The double-digit growth in E-Commerce provides a favorable demand driver.

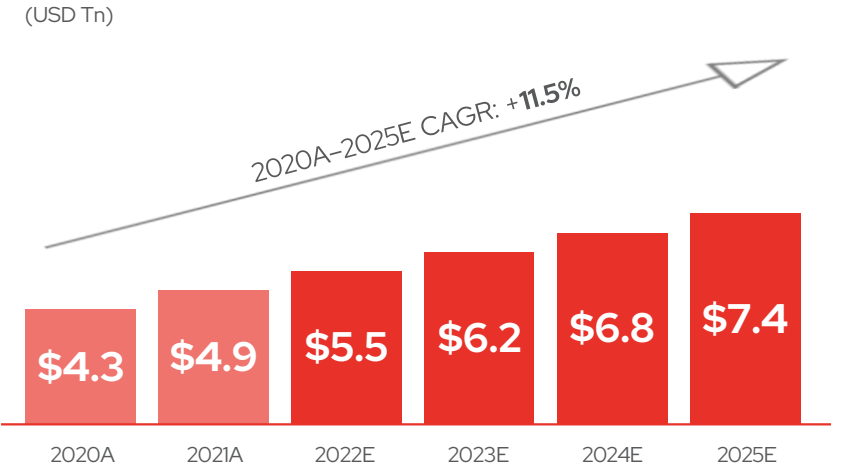
## Large Addressable Market



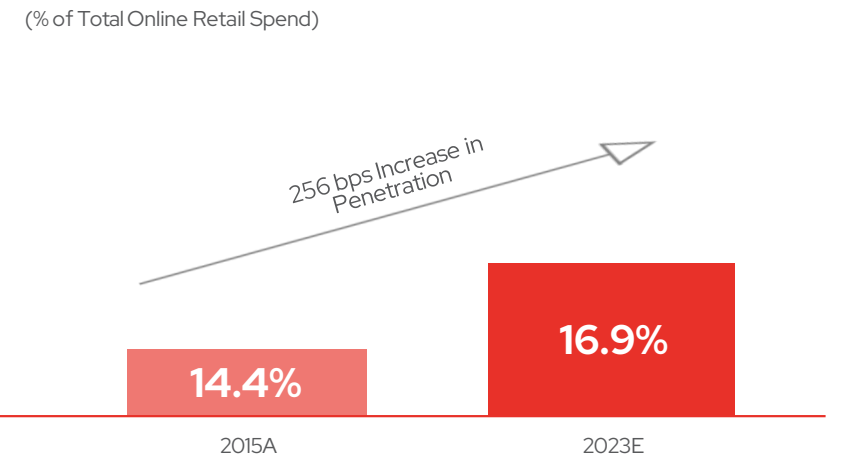
## Increasing Global Retail Market Penetration



## Growing Global Retail E-Commerce Market



## Increasing Online Cross-Border Import Spend





# MyUs at a glance

	Provides a subscription-based service that allows global consumers to shop from US, UK and China-based websites
	Provides package consolidation, tracking and tax-free zip code services
	Delivers significant cost savings on shipping versus traditional carriers and retailers
	Currently offers 3 membership options: Standard, Premium and Business



**USD 100+ m**  
Revenues in 2021



**EBITDA margin**  
at 24% for 2021



**~180 k**  
Active B2C customers  
globally as of 2021



**~300**  
Employees



**HQ in  
Sarasota**  
Florida






**165 k sq. ft.**  
facility



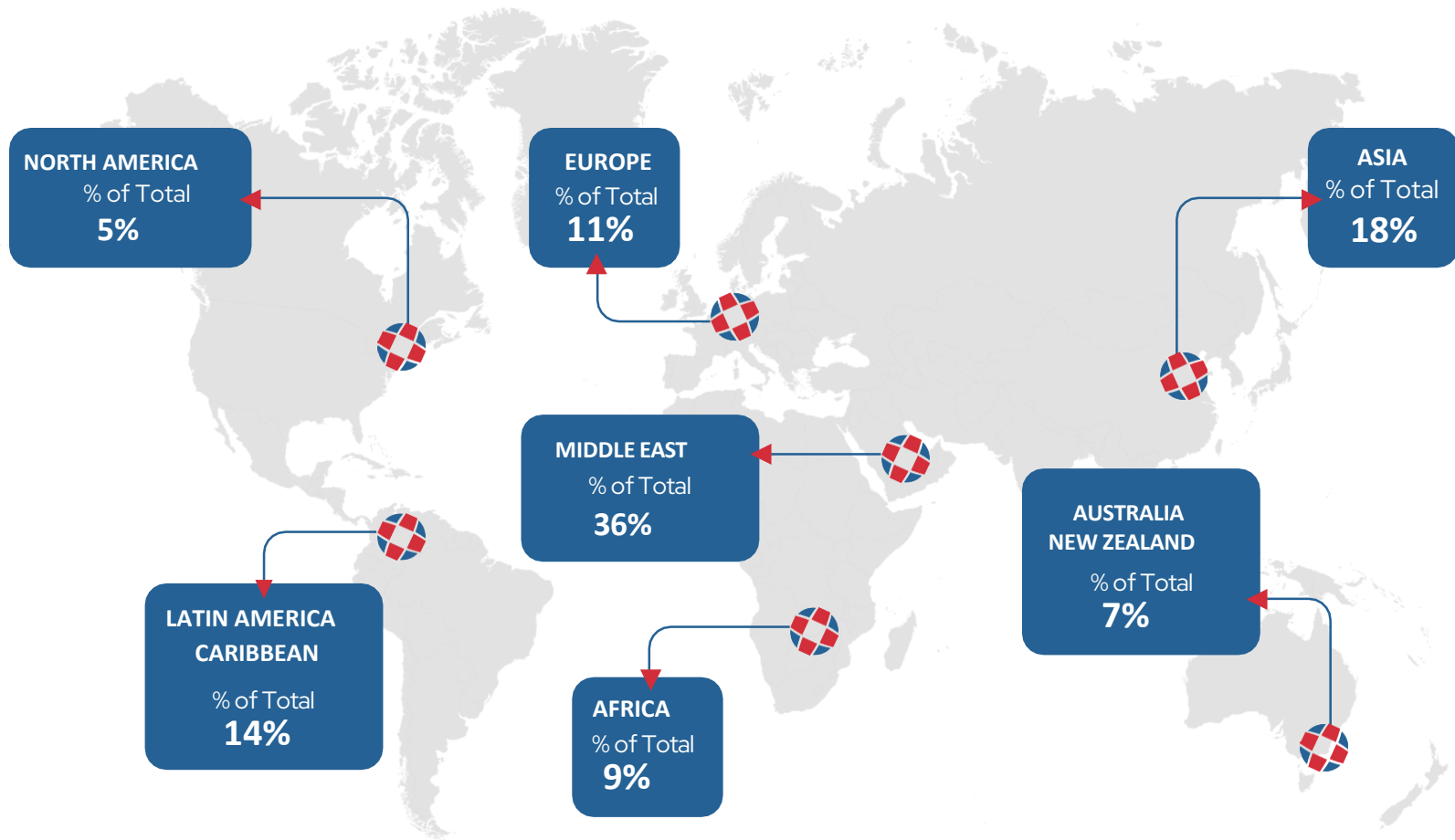
**25 years**  
of track record

# Strong product offering and advanced tech capabilities enable MyUS to serve a variety of customers

Overview

Current Offerings		Recently Launched
 B2C	 B2B	 C2C
<ul style="list-style-type: none"><li>• Provides customers with virtual mailbox to enable cross-border shipments from US retailers</li><li>• Utilizes tax-free zip code to offer savings for customers</li><li>• Enables consolidation of packages to reduce freight costs</li></ul>	<ul style="list-style-type: none"><li>• Offers fulfilment service for white-label partners while partners focus on last-mile delivery</li><li>• Enables regional e-commerce players with its technology and fulfilment services</li></ul>	<ul style="list-style-type: none"><li>• Leverages MyUS's cross-border shipping know how, technology and carrier relationships</li><li>• Provides US customers easy-to-use door-to-door shipping and package consolidation services and allows users to self-manage shipments</li></ul>

# MyUS has a diverse customer base with a strong presence in many high growth markets



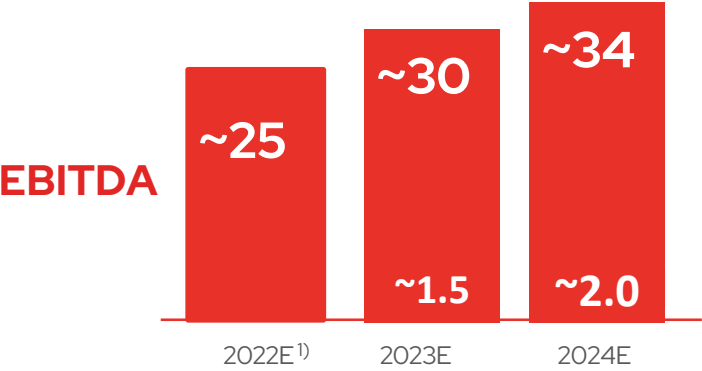
- ❖ Complements Aramex's position for Middle East flows but also expands coverage to new destinations. In common markets, the customer base is differentiated from SnS and the customer analysis study shows limited overlap.
- ❖ Has strong customer base in multiple high growth markets in Asia, Africa and the Middle East
- ❖ Constitutes platform to drive further growth in untapped or underserved regions: Southeast Asia, Western Europe, South Africa and Island Countries



**MyUS**  
provides an  
attractive  
financial  
profile

### Expected EBITDA contribution of MyUS [USD m]

#### Synergies



Acquisition price of USD 265 million

Once fully integrated, MyUS is expected to contribute USD ~30 m to the combined EBITDA in 2023, including synergies of cc USD 1.5m in 2023 and USD 2m in 2024.

This transaction is expected to be immediately accretive, improving ROIC.

### Synergies – to be achieved within 12-24 months

#### Selection of synergy categories – Non-exhaustive

#### Revenue synergies

Provide customers at MyUS and SNS with superior products applying joint capabilities, incl. more shipping options, VAT free shopping, improved technology & pricing, etc.

#### Expanding MyUS network

Utilize Aramex’s existing scale and capabilities to offer additional products & origins to customers

#### Warehouse and linehaul cost synergies

Potential consolidation of linehaul volumes as well as warehouse operations with MyUS, achieving efficiencies

#### Support functions

Opportunity to combine back-office support functions to create efficiencies

(1) Full year EBITDA contribution. Post closing figures to be consolidated



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**Thank you.**

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