

aramex

# INVESTOR PRESENTATION



Q3 2023 Financial Results

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This presentation has been prepared solely for informational purposes. The presentation may contain forward looking statements, which reflect our beliefs or current expectations and assumptions regarding the future of the business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Forward looking statements are neither historical facts nor assurances of future performance and can generally be identified by terminology including "anticipate", "aspire", "believe", "project", "estimate", "expect", "forecast", "strategy", "target", "trend", "future", "likely", "may", "should", "will", "intend", "plan", "goal", "objective", "seek", "roadmap", and other words of similar meaning or similar expressions.

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1. Aramex at a Glance
2. Key Highlights of Q3 2023
3. Q3 2023 Product Breakdown
4. Q3 2023 Group Financial Results

**16,000+**

Employees



**65+**

Countries

**600+**

Offices

**USD 367M**

Revenues Q3 2023

**USD 857M**

Market Cap on 29 Sep 2023



### **International Express**

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



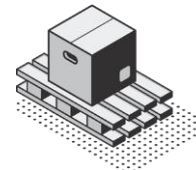
### **Freight Forwarding**

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

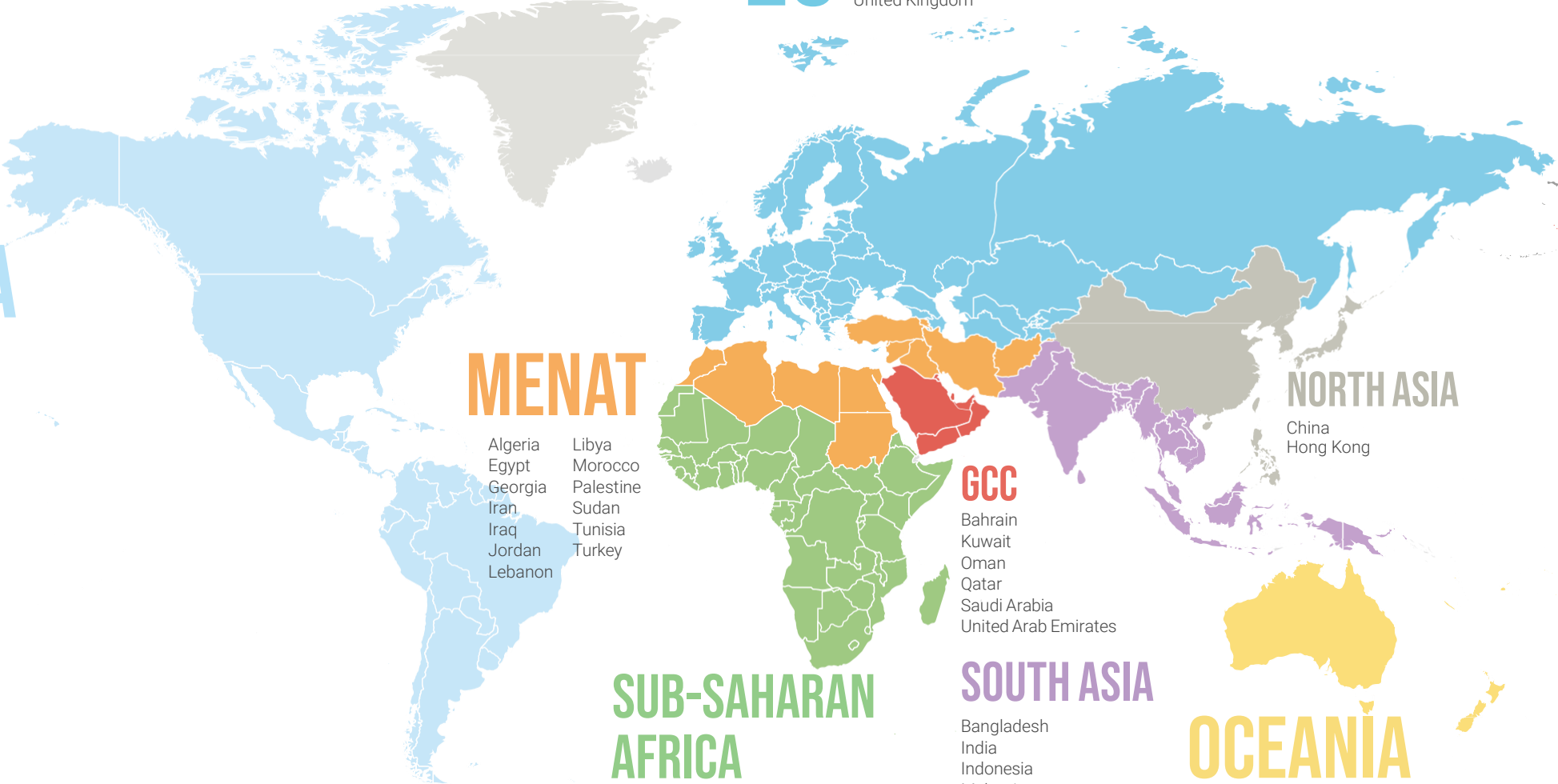
Bangladesh  
India  
Indonesia  
Malaysia  
Singapore  
Sri Lanka  
Thailand

# 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

~64% of Revenue

~35% 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, facing away from the viewer. The terrain is a mix of orange-brown earth and sparse vegetation. In the top right corner, the Aramex logo is displayed in white. The main title and subtitle are centered in the middle of the image, and a call-to-action is located in the bottom right corner.

aramex

# IN THE MIDDLE EAST OF IT ALL

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

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





# Q3 2023 Key Highlights

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**Focus on quality business, operational efficiencies and cost optimization delivers GP growth and margin improvement, and a stable EBITDA margin. Management priority remains on growing quality revenue with robust margins to improve profitability.**

- *Through persistent global challenges, inflationary environment and currency fluctuations, Aramex delivered a robust Revenue of USD 367 million in Q3 2023, a decline of 5% Year-on-Year and a resilient Gross Profit of USD 91 million, a growth of 4% Year-on-Year. Excluding the FX impact, Revenue decline was 2% and Gross Profit growth was 8%.*
- *Aramex's strategically balanced geographical presence continues to be an advantage; the GCC remains the highest contributor to Group revenues with a share of 40% of total revenues, with the region also reporting 21% growth in Gross Profit in Q3 2023.*
- *The Company reported robust margin performance with Gross Profit margin increasing to 25% and a stable EBITDA margin of 10%.*
- *The Company's prioritization of cost management is also evidenced by the notable 9% decline in the Group's organic General and Administrative Expenses (G&A) in Q3 2023. Notably, selling expenses for the organic business increased during the quarter, in line with the Company's strategy to increase sales competencies in key verticals across key markets.*
- *EBITDA reached USD 36 million, a decline of 5% YoY in line with Revenue softness, indicating the continued focus on quality business, disciplined cost management and investment in operational efficiencies.*
- *Normalized Net Income was USD 8 million in Q3 2023, a decline of 23% YoY. Net income was normalized for the currency translation impact and the increase in finance expense loans following the acquisition of MyUS in Q4 2022.*
- *The Company remains robustly positioned with a healthy cash balance of USD 164 million and a strong balance sheet with a net debt-to-EBITDA ratio of 2.6x.*



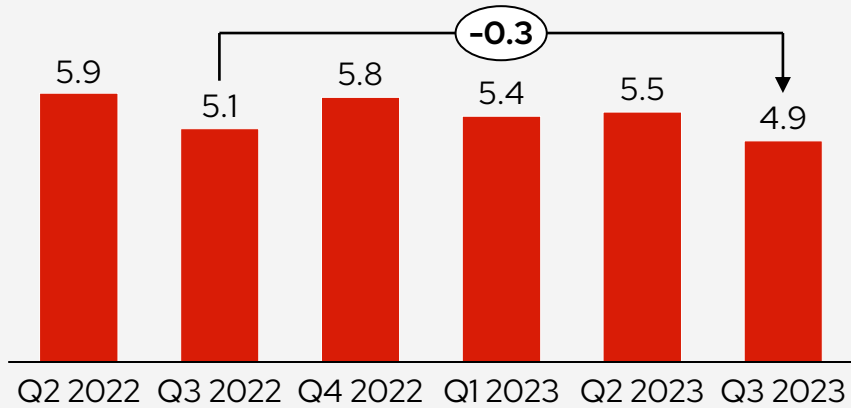
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# Product Breakdown

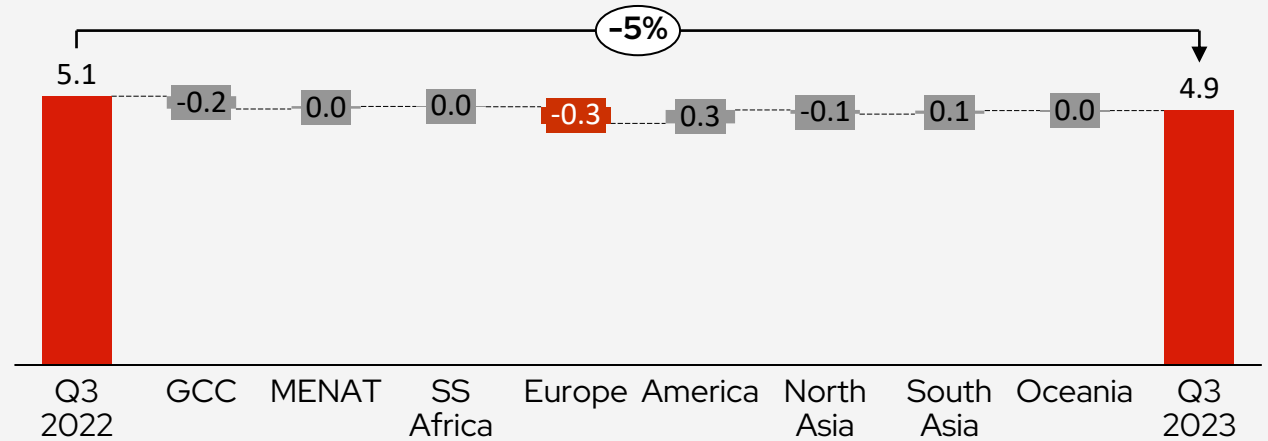
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International Express Volumes (in million of shipments)



Geographic contributions to int'l express volumes in Q3 2023

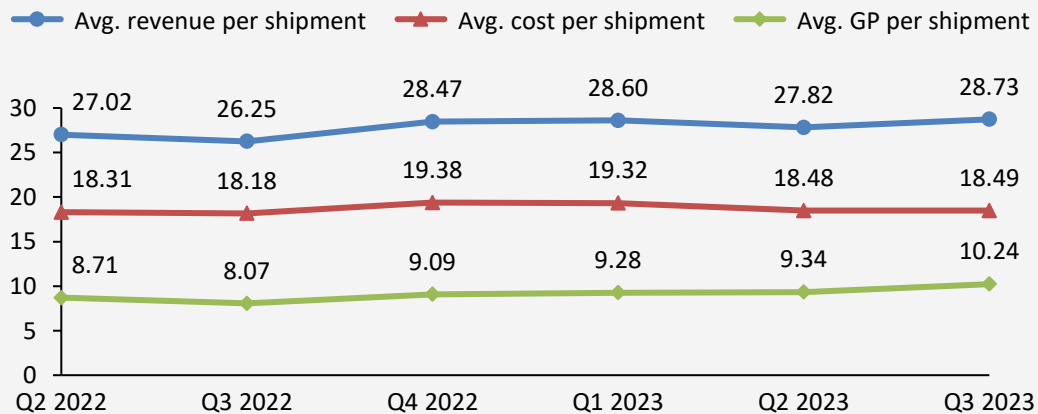


- The consolidated International express product delivered 4.9 million shipments in Q3 2023, a decline of 5% YoY. Excluding MyUS, the organic product delivered 9% drop in volumes, driven by the decline in the e-commerce business. Weakness in the retail sector in the UK impacted a key trade lane for the company, UK into the GCC / MENAT.
- Overall, volumes in Q3 2023 were supported by the resilience of the business in MENAT, South Asia and the addition of MyUS.
- We continue to see growth from our premium products (same day and next day – intra GCC) and dangerous goods.

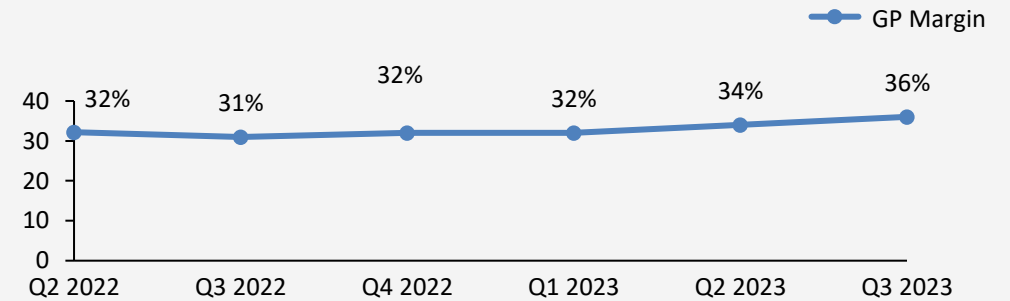
## Quarter Financials (in USD thousands)

	Q3 2022	Q3 2023	Change
<b>Revenue</b>	134,490	139,397	4%
<b>Total Direct Cost</b>	93,146	89,702	(4%)
<b>Gross Profit</b>	41,344	49,695	20%
<b>GP%</b>	31%	36%	

### Average KPIs per shipment



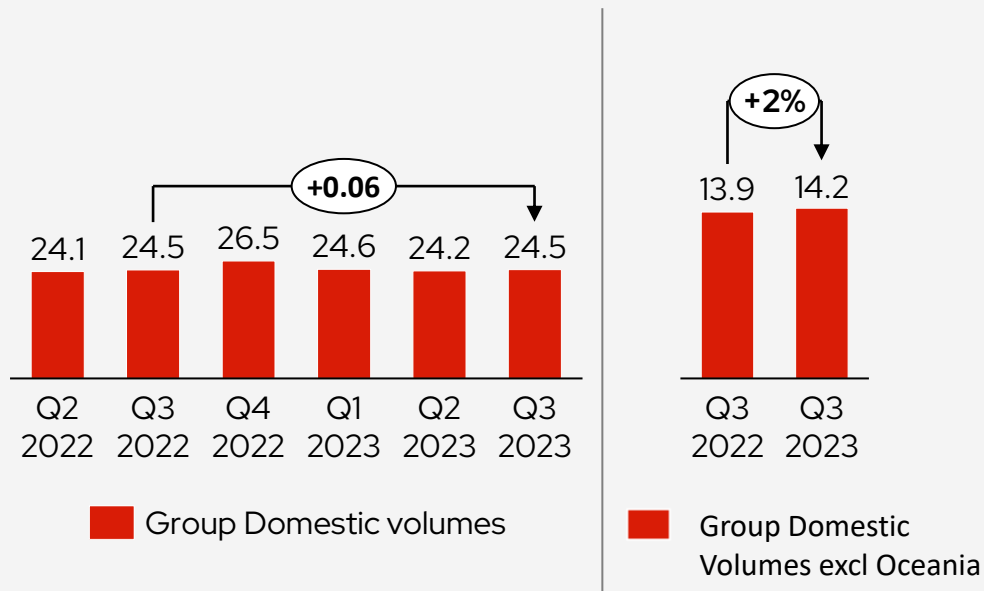
## GP Margin and Commentary



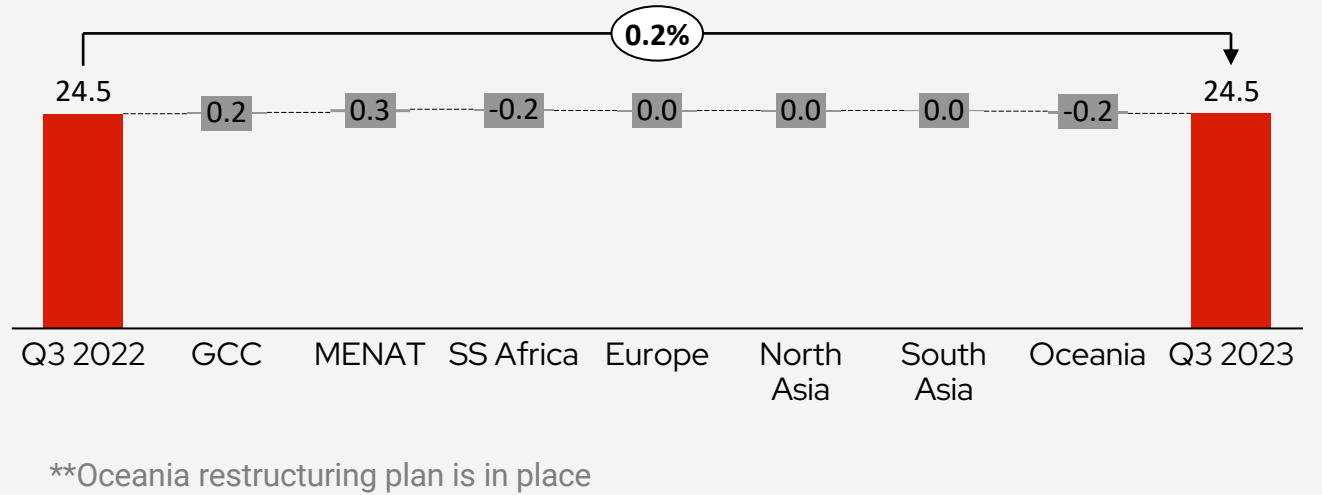
- Robust performance given the market environment, with good cost control and strong GP. We had a positive impact in Q3 2023 costs which we do not believe will recur in future quarters, and therefore we expect the GP margin to return to the prior quarter levels. Excluding the one-off impact, GP margin was 33%.
- 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).
- Shipment KPIs for the organic business show improvement QoQ.



Quarterly Domestic Volumes (in million of shipments)



Geographic contributions to domestic volumes in Q3 2023

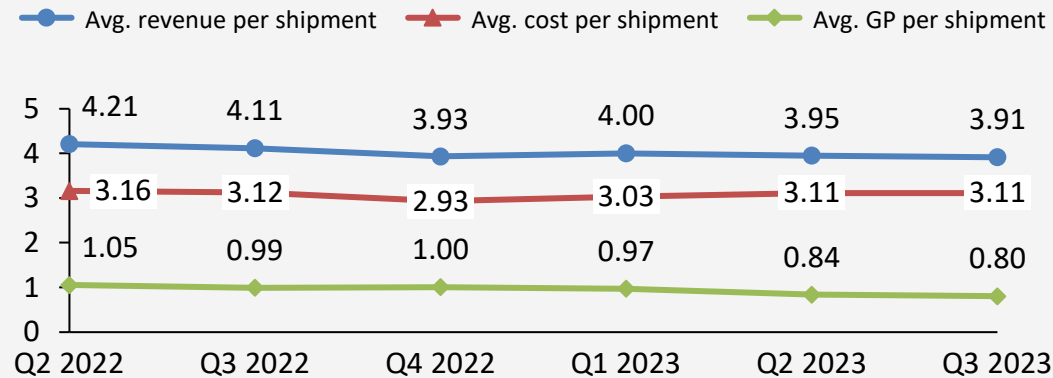


- 24.5 million domestic shipments in Q3 2023, representing stable revenues YoY. Excluding Oceania, domestic volume growth was again 2% in Q3 2023 compared to Q3 2022, driven by growth in volumes in the GCC and MENAT.
- In the GCC specifically, UAE is performing particularly well on the back of banking and e-commerce; with growth in volumes and revenues YoY and QoQ .

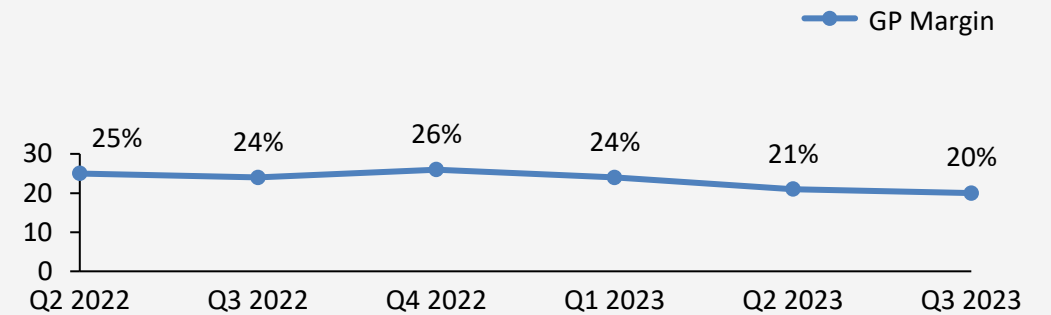
### Quarter Financials (in USD thousands)

	Q3 2022	Q3 2023	Change	Change Excl FX
<b>Revenue</b>	100,697	96,007	(5%)	4%
<b>Total Direct Cost</b>	76,490	76,358	(0%)	
<b>Gross Profit</b>	24,207	19,649	(19%)	(9%)
<b>GP%</b>	24%	20%		

### Average KPIs per shipment



### GP Margin and Commentary



- The Domestic Express business was impacted by foreign exchange translation, with a negative impact of USD 8.3 million on Revenue and USD 2.5 million on Gross Profit. Excluding FX, domestic revenue grew 4% and GP declined 9% in Q3 2023 compared to Q3 2022; with a corresponding GP margin of 21% in Q3 2023.
- Internal reclassifications negatively impacted the financial performance comparison to prior year: heavy shipment business in Ireland and UK was reclassified internally from domestic to freight business from July 2023 onwards. The lower Gross Profit margin is primarily attributed to the softness in Oceania, as well as a different allocation of resources within the Group.
- 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.

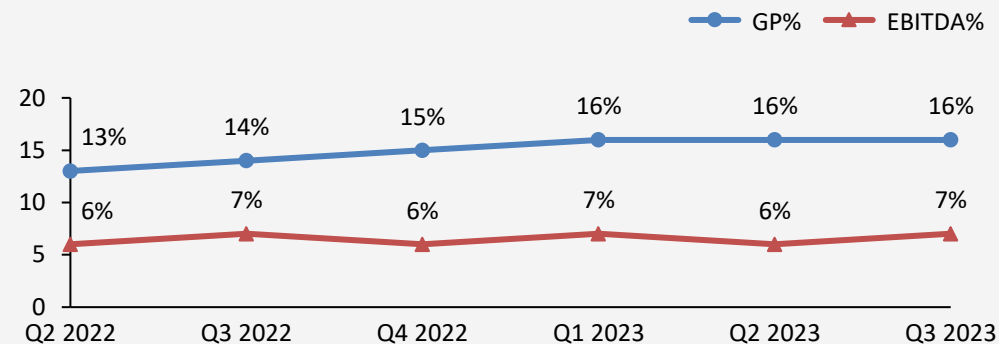


### Quarter Financials (in USD thousands) and Volumes

	Q3 2022	Q3 2023	Change	Excl. FX
<b>Revenue</b>	119,678	100,177	(16%)	(15%)
<b>Total Direct Cost</b>	103,128	84,299	(18%)	
<b>Gross Profit</b>	16,550	15,878	(4%)	(1%)
<b>GP%</b>	14%	16%		
<b>EBIT</b>	6,417	4,679	(27%)	
<b>EBIT%</b>	5%	5%		
<b>EBITDA</b>	8,521	6,539	(23%)	
<b>EBITDA%</b>	7%	7%		

- Freight continues to deliver quality business, with solid growth in land freight and sea freight volumes. Industry sea freight rates continued to decline, 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 and noting an increase in SG&A costs.

### Freight Margins and Volumes

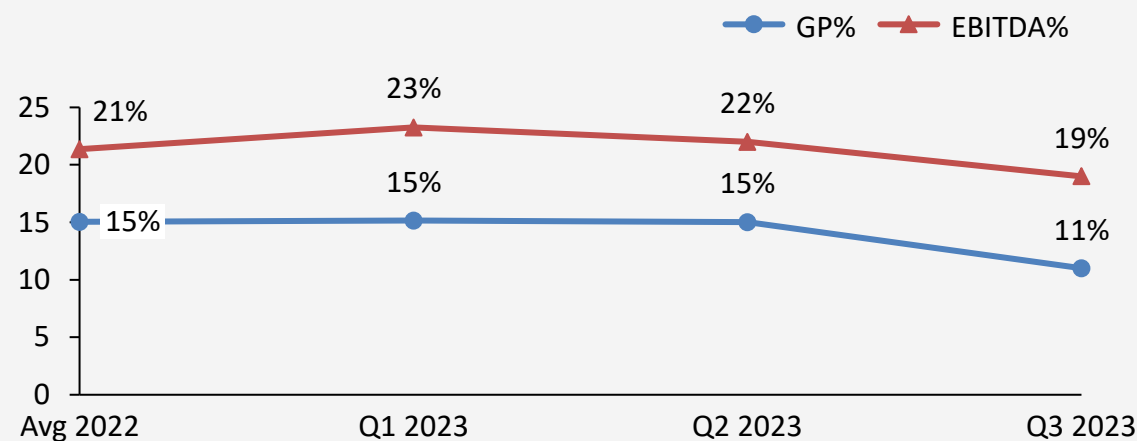


	Q3 2022	Q3 2023	Change
<b>Land freight (FTL)</b>	7,355	7,718	5%
<b>Land Freight (LTL KGs)</b>	38,523,420	53,409,441	39%
<b>Sea Freight (FCL TEU)</b>	7,766	8,051	4%
<b>Sea Freight (LCL CBM)</b>	4,759	5,439	14%
<b>Air Freight (KGs)</b>	11,773,193	10,901,706	-7%

Quarter Financials (in USD thousands)

	Q3 2022	Q3 2023	Change	Excl FX
<b>Revenue</b>	30,081	28,539	(5%)	1%
<b>Total Direct Cost</b>	27,710	25,367	(8%)	
<b>Gross Profit</b>	2,371	3,173	34%	61%
<b>GP%</b>	8%	11%		
<b>EBIT</b>	(1,665)	(842)	49%	
<b>EBIT%</b>	(6%)	(3%)		
<b>EBITDA</b>	4,105	5,319	30%	
<b>EBITDA%</b>	14%	19%		

Logistics Margins



- Resilient performance for the Logistics product: Revenue was impacted by foreign exchange translation, with a loss of USD 1.9 million. Excluding FX, Revenue grew 1% in Q3 2023.
- The rebalancing of the logistics business continues, with increase in sales from strategic sectors such as retail and energy. Sequentially, Q3 2023 saw a decline in sales and margins compared to Q2 2023 due to loss of business, following the acquisition of our customer by a company already having Logistics infrastructure. New business wins secured in Q3 2023 will be reflected in the financials in 2024.
- The specialized pharma facility build is on track for opening next year.





# Group Financial Results

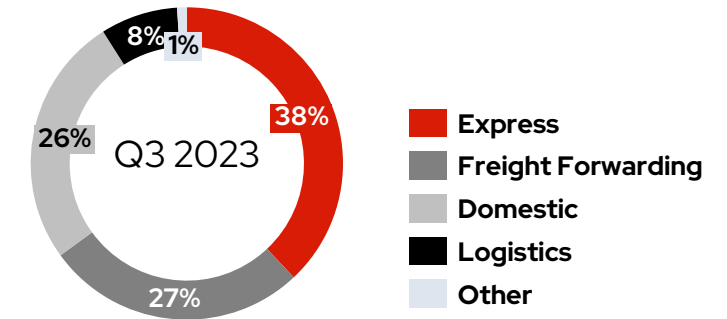
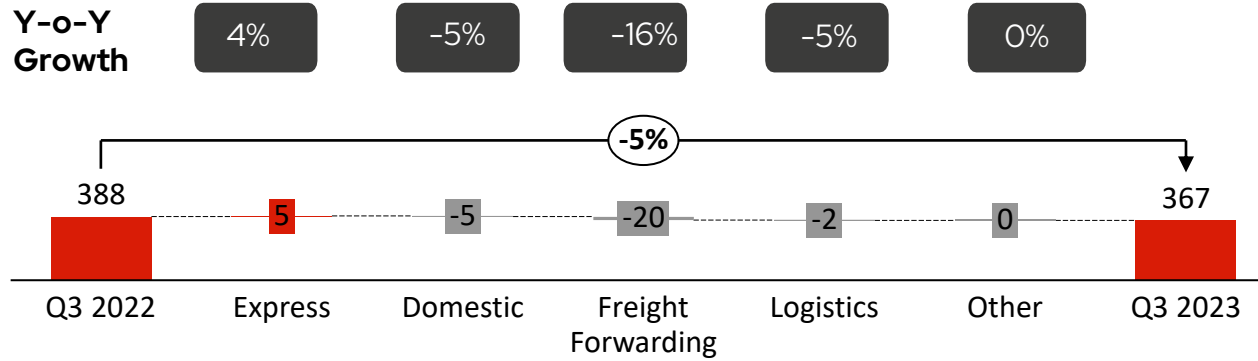
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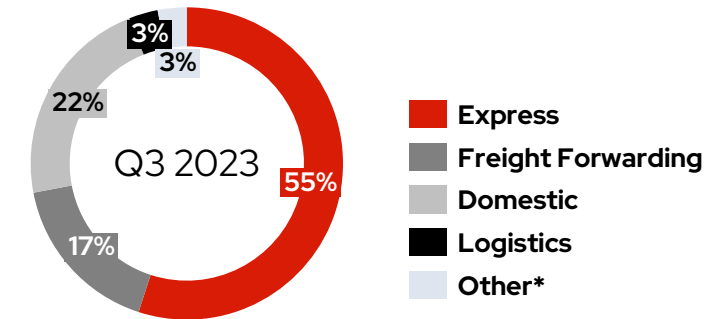
Q3 2023 vs Q3 2022 (in USD million)

Contribution to Group (in % of total)

REVENUE



GROSS PROFIT



X% Represents Margin in % of Revenue

## Regions (in thousands USD)

GCC		
<b>Rev Ctrb to Group</b>		40%
<b>Rev &amp; Grth</b>	145,861	(8%)
<b>GP &amp; Grth</b>	35,029	21%
<b>Volumes</b>	9,405,646	(1%)

MENAT		
<b>Rev Ctrb to Group</b>		12%
<b>Rev &amp; Grth</b>	45,475	(14%)
<b>GP &amp; Grth</b>	11,467	(17%)
<b>Volumes</b>	4,752,766	9%

Europe		
<b>Rev Ctrb to Group</b>		12%
<b>Rev &amp; Grth</b>	43,764	(6%)
<b>GP &amp; Grth</b>	6,264	(8%)
<b>Volumes</b>	937,978	(26%)

America		
<b>Rev Ctrb to Group</b>		10%
<b>Rev &amp; Grth</b>	38,491	89%
<b>GP &amp; Grth</b>	10,435	149%
<b>Volumes</b>	1,242,720	26%

SS Africa		
<b>Rev Ctrb to Group</b>		5%
<b>Rev &amp; Grth</b>	19,424	(18%)
<b>GP &amp; Grth</b>	7,365	(3%)
<b>Volumes</b>	1,416,238	(11%)

North Asia		
<b>Rev Ctrb to Group</b>		3%
<b>Rev &amp; Grth</b>	9,973	(34%)
<b>GP &amp; Grth</b>	2,518	(40%)
<b>Volumes</b>	215,550	(26%)

South Asia		
<b>Rev Ctrb to Group</b>		7%
<b>Rev &amp; Grth</b>	27,480	(18%)
<b>GP &amp; Grth</b>	5,529	(11%)
<b>Volumes</b>	1,098,510	3%

Oceania		
<b>Rev Ctrb to Group</b>		10%
<b>Rev &amp; Grth</b>	35,181	(2%)
<b>GP &amp; Grth</b>	5,531	(35%)
<b>Volumes</b>	10,325,425	(2%)

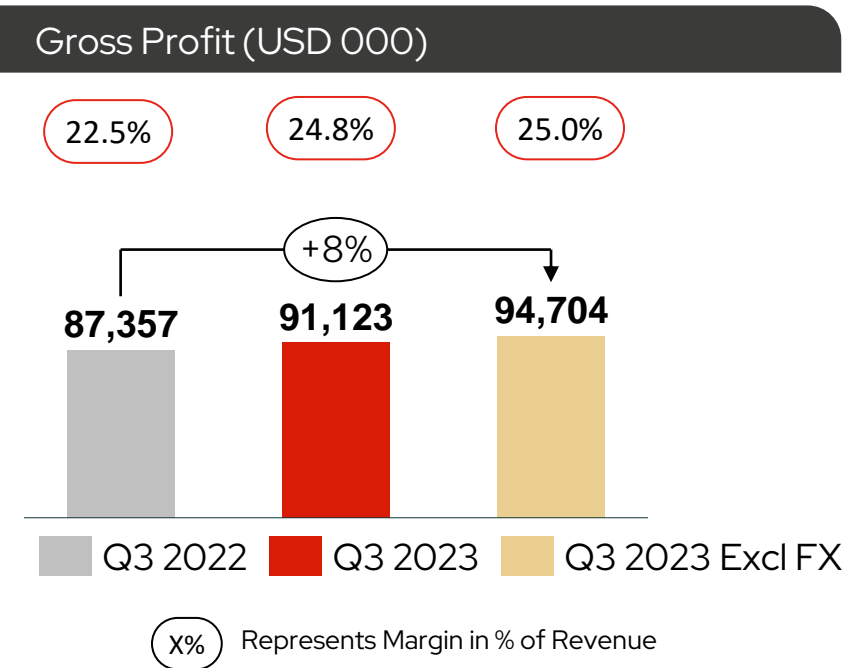
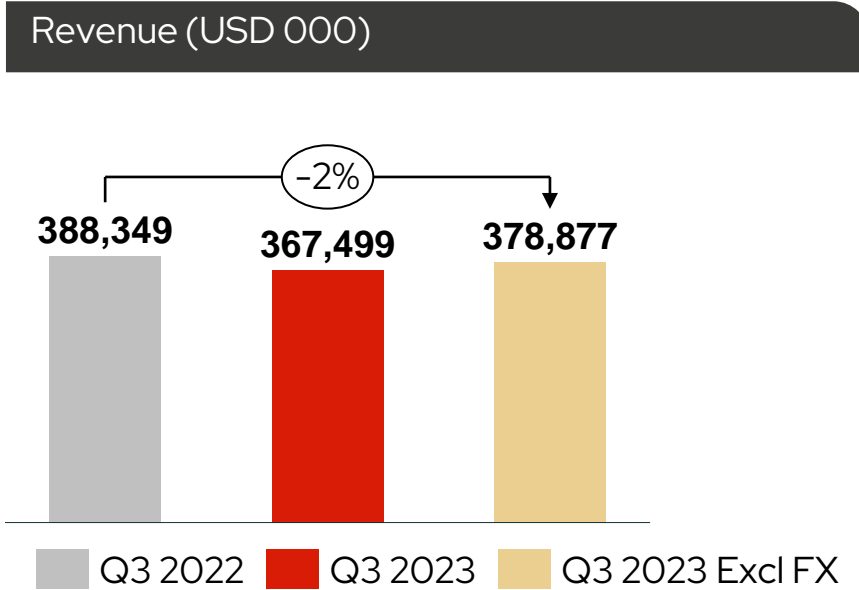
**Revenues** include revenues from all four product lines: International Express & SnS; Domestic Courier, Freight Forwarding and Logistics, and Other

**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



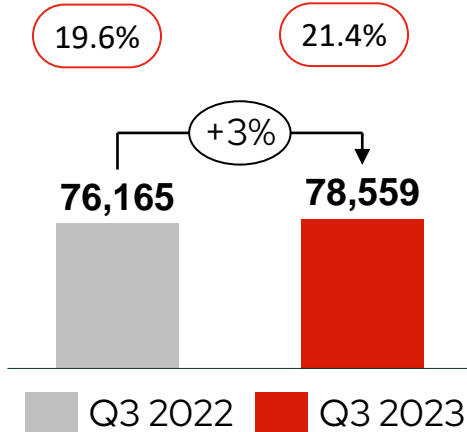
## Financial & Performance Highlights | Group Highlights Q3 2023



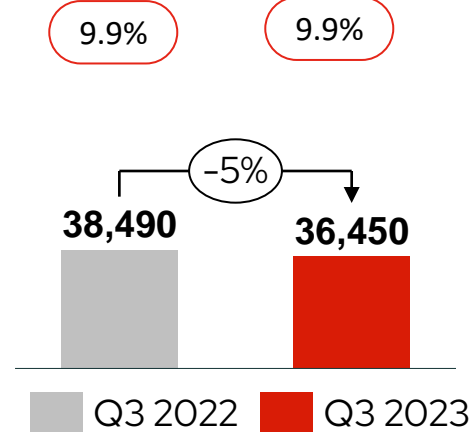
- Reported revenue was USD 367m, down 5% YOY, impacted by USD 11.4 million in currency devaluation. The slight softening in revenue can be attributed to global headwinds, FX translations and reduced retail activities. Excluding FX, revenue decline was 2% driven by volume decline.
- Management continues to prioritize quality revenue, operational efficiency and cost optimization through the economic cycle delivering 4% growth in reported Gross Profit and margin improvement. Excluding FX, Gross Profit growth was 8%. A positive impact in Q3 2023 costs contributed to the boost in gross profit.

## Financial & Performance Highlights | Group Highlights Q3 2023

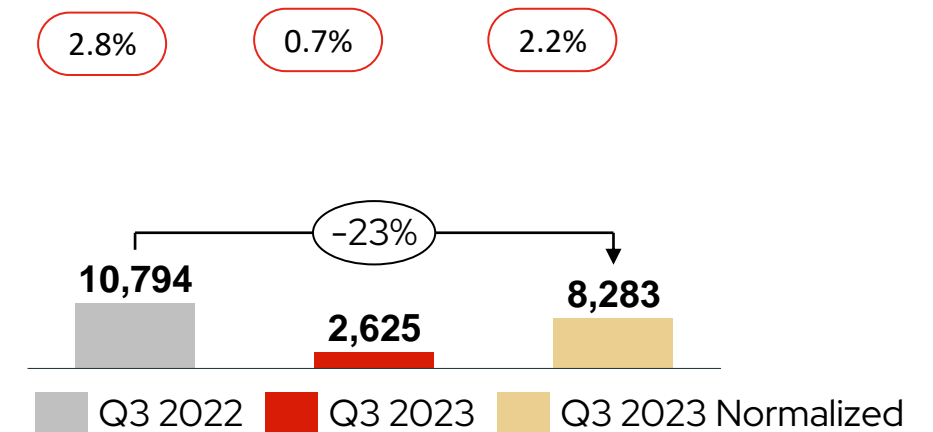
### SG&A (USD 000)



### EBITDA (USD 000)



### Net Profit (USD 000)

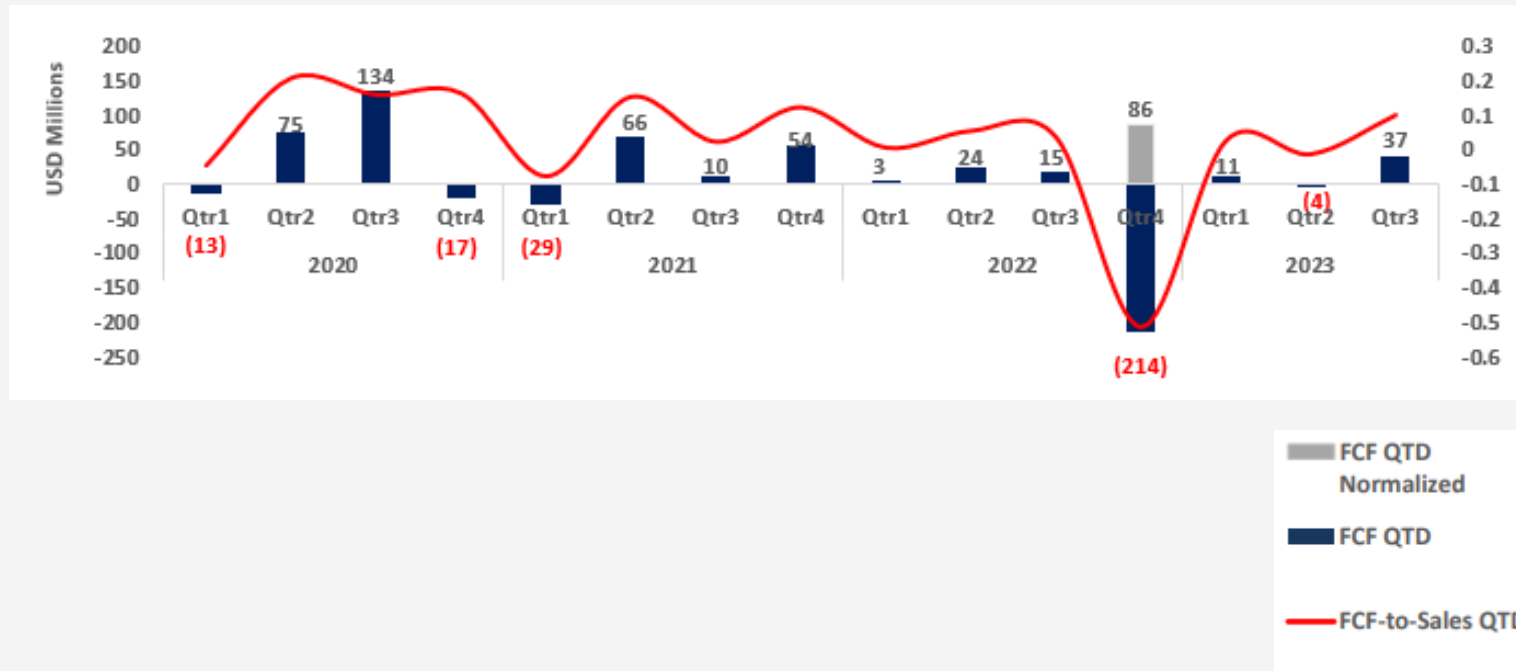


X% Represents Margin in % of Revenue

- Consolidated Group SG&A increased by 3% YoY. Organic G&A (which excludes MyUS) declined by 9%, reflecting the Company's agility in cost management, reaching pre-pandemic levels. Notably, selling expenses for the organic business increased during the quarter, in line with the Company's strategy to increase sales competencies in key verticals across key markets.
- EBITDA margins were maintained at 10%, while EBITDA reached USD 36 million, a decline of 5% YoY in line with revenue indicating our success in managing costs and operational efficiencies.
- Normalized net income was USD 8.3 million, down 23% YoY. Net income was normalized for the currency translation impact and the increase in finance expense loans following the acquisition of MyUS in Q4 2022.

## FCF Evolution

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



- Free Cash Flow in Q3 2023 improved significantly, benefitting from higher cash from operating activities and improvement in the cash conversion cycle.
- 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 September 2023	31 Dec 2022	Change	Change %
Current assets	498,910	594,401	(95,492)	-16.1%
Assets held for sale	1,487	1,789	(302)	-16.9%
Non-current assets	1,054,424	1,062,718	(8,295)	-0.8%
<b>Total assets</b>	1,554,820	1,658,908	(104,088)	-6.3%
Current liabilities	344,189	412,500	(68,311)	-16.6%
Liabilities held for sale	935	1,336	(401)	-30.0%
Non-current liabilities	555,832	559,349	(3,517)	-0.6%
<b>Total liabilities</b>	900,955	973,185	(72,229)	-7.4%
Non-controlling interest equity	1,734	2,414	(680)	-28.2%
Equity Attributable to equity holders	652,131	683,310	(31,179)	-4.6%
<b>Total equity</b>	653,865	685,724	(31,859)	-4.6%
<b>Key Ratios</b>				
Net Debt TO EBITDA	2.6x	2.3x		
Debt to Equity	86.0%	87.5%		
Debt to Equity (Excluding IFRS 16)	47.3%	50.1%		

## Investor Feedback – Annual Survey

Aramex invites you to participate in the Annual Investor Feedback Survey.

This survey will take ten minutes of your time, and your feedback will help us improve our investor relations activities, communications and disclosures.

All survey responses are anonymous. Please [click here](#) to access the survey until November 16<sup>th</sup>, 2023.

Your feedback is much appreciated!



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