

Aramex Q1 2021 Revenues jump 24% to AED 1.4 billion

- Strong top line growth driven primarily by the increase in cross border e-commerce activities and demand for last mile services
- Company sees solid growth from B2B business, notably from strategic sectors including Healthcare and FMCG
- Actively pursuing value-enhancing acquisitions and partnerships to consolidate leadership position in core markets

Financial Summary

<i>In Thousands of AED (unless otherwise stated)</i>	Q1 2021	Q1 2020	% change (YoY)
Revenue	1,424,933	1,151,644	24%
Operating Profit ("EBIT")	79,455	99,508	(20%)
Operating Margin	5.6%	8.6%	(3%)
EBITDA Margin	11.9%	16.0%	(4.1%)
Net Profit	46,013	67,419	(32%)

Shipment Volumes

<i>In Thousands</i>	Q1 2021	Q1 2020	% change (YoY)
International & Domestic Express	31,593	25,161	26%
<i>International Express</i>	6,204	5,429	14%
<i>Domestic Express</i>	25,389	19,731	29%
<i>Domestic e-commerce in core markets</i>	6,345	4,657	36%

Dubai, UAE – Thursday, 6th May 2021: Aramex (DFM: ARMX) a leading global provider of comprehensive logistics and transportation solutions, today announced its financial results for the first quarter ending 31 March 2021.

In Q1 2021, Revenues jumped 24% to AED 1,425 million, compared to AED 1,152 million in Q1 2020 driven by increased demand for Express business including cross border e-commerce and last mile services. Operating profit declined 20% to AED 79 million compared to AED 100 million in Q1 2020, while Operating margins fell to 5.6% compared to 8.6% in the same period last year. Q1 2021 EBITDA margins came in at 11.9%, down from 16.0% in Q1 2020. The decline in operating profit and EBITDA was impacted by an increase in line haul costs on the back of global capacity constraints caused by supply chain disruptions the industry continues to face due to the pandemic. The capacity shortage during the quarter was further exacerbated as the global Covid-19 vaccines transportation and distribution gathered pace.



Subsequently, Net Profit for the period decreased 32% to AED 46 million compared to AED 67 million in Q1 2020.

As a result of prudent financial management, Aramex maintained a strong balance sheet with a negative net debt position of AED 353 million, indicating a strong cash balance as at 31 March 2021. This solid financial position enables the Company to continue investing in scaling operations, rolling out digital solutions and swiftly executing on future opportunities including value-enhancing acquisitions.

Bashar Obeid, Chief Executive Officer of Aramex, said: “We are incredibly happy to report that in Q1 2021 we witnessed revenue growth across all our business lines, an indication that the global economy is staging a gradual recovery and that business and consumer confidence is improving. We are very encouraged by the double-digit growth in our revenues which was predominantly driven by healthy increase in demand from cross border e-commerce and last mile services. The top line growth was also driven by strong recovery in our B2B services lines, particularly from the healthcare and FMCG sectors.

Over the course of the quarter, we were well prepared to handle the surge in Express volumes with zero impact on our service standards thanks to our digitally-enabled, efficient and reliable operations, enhanced last mile infrastructure and dedicated teams working around the clock. We were able to further penetrate the healthcare and FMCG verticals and capture greater market share in our core markets thanks to our efforts over the last two years to build our capabilities and expertise. As a business, we continue to focus on diversifying our revenue streams, and this will translate into sustainable, resilient long-term growth for our shareholders.

However, the impact of Covid-19 continues to weigh on our operating margins because of relatively high line haul costs. The downward pressure on margins will likely continue for the remainder of the year, however, will slowly start to abate as we continue to explore ways and redesigning our line haul network. Also, our strategic focus of investing in our digital transformation will continue to drive down costs and enhance profitability over the long run.”

Q1 2021 Business Performance Highlights

Aramex's **International Express business**, which includes **Shop & Ship**, surged 35% to AED 647 million, compared to AED 479 million in Q1 2020 driven by growth in cross-border e-commerce activities in the US, UK, Hong Kong and other Asia origins into the GCC. Operating profit was weighed by higher line haul costs.

Domestic Express business revenue grew 23%, to AED 356 million, compared to AED 289 million in Q1 2020 led by a 36% surge in domestic e-commerce volumes in core markets, notably from Saudi Arabia. In addition, we continue to see strong growth in the Oceania Region.



Freight-Forwarding business witnessed a 10% increase in revenue to AED 288 million from AED 262 million in Q1 2020 driven by a sharpened commercial focus that resulted in new business gains across different segments.

Logistics & Supply Chain Solutions business increased 10% to AED 105 million from AED 95 million in Q1 2020 mainly driven by new business gains in E-commerce, Food & Cold Chain sectors, as well as new Oil & Gas contracts.

Thomas Kipp, Chief Operating Officer at Aramex, said: “Over the last three months, we focused our efforts on ramping up operations including expanding our last mile infrastructure to support the increase in shipment volumes driven by a boom in global e-commerce and demand for our last mile services. We have also streamlined processes and accelerated roll out of technology-enabled operating solutions to increase efficiencies, reduce delivery times, and further improve service quality to our customers.

While we continue to deal with relatively inflated line haul costs, we are leveraging our strong relationships with existing partners and evaluating opportunities to enter into strategic alliances and acquisitions to drive operational synergies and alleviate pressure on margins.”

Commenting on the outlook for the remainder of 2021, Bashar Obeid said: “We are optimistic that the global economy will manage a sustained recovery underpinned by the collective efforts of the public, private sectors and international community in delivering on the global vaccine program. To that end, we are incredibly proud of the vital role Aramex is playing in delivering and distributing vaccines to over 170 countries, as part of the Hope Consortium.

However, we believe that not all industries will enjoy an equal recovery; the boom in the e-commerce will continue at its current accelerated rate and the Healthcare and FMCG sectors will continue to grow and increase their reliance on businesses like ours as key supply chain enablers.

In terms of Aramex’s strategic priorities for the remainder of the year, we are doubling down on three areas. Increasing and further diversifying our revenue source and consolidating our leadership position in core markets through acquisitions. Continue to invest in our business and accelerate digital transformation to further enhance efficiencies and customers satisfaction. And finally, managing line haul costs and improving margins by cultivating strong relationships with our existing partners and unlocking further value from potential strategic partnerships.”

- 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 employs over 17,000 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.

For more information, please visit us on: www.aramex.com

Follow us on:



For more information, please contact:

Aramex

Mohammad Al Qassem
Senior Communications Manager
+971 4 524 6755
mohammadalah@aramex.com

Brunswick Group

Celine Aswad
Director
+971 4 560 9666
ARAMEX@brunswickgroup.com