

Investors Presentation Q1 2020 Results



aramex
delivery unlimited



Management Update | Q1 2020 Results | Long Term Performance | Management Outlook

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Management Update



Management Update | Q1 2020 Results | Long Term Performance | Management Outlook

Aramex is a Global Provider of Logistics and Transportation Solutions

15,623 Employees | **600+** Offices in **65+** Countries | **AED 1.2** Billion Revenues | **AED 3.3** 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 Q1 2020

AED 2.26

Total Return Metrics

-45.50%

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

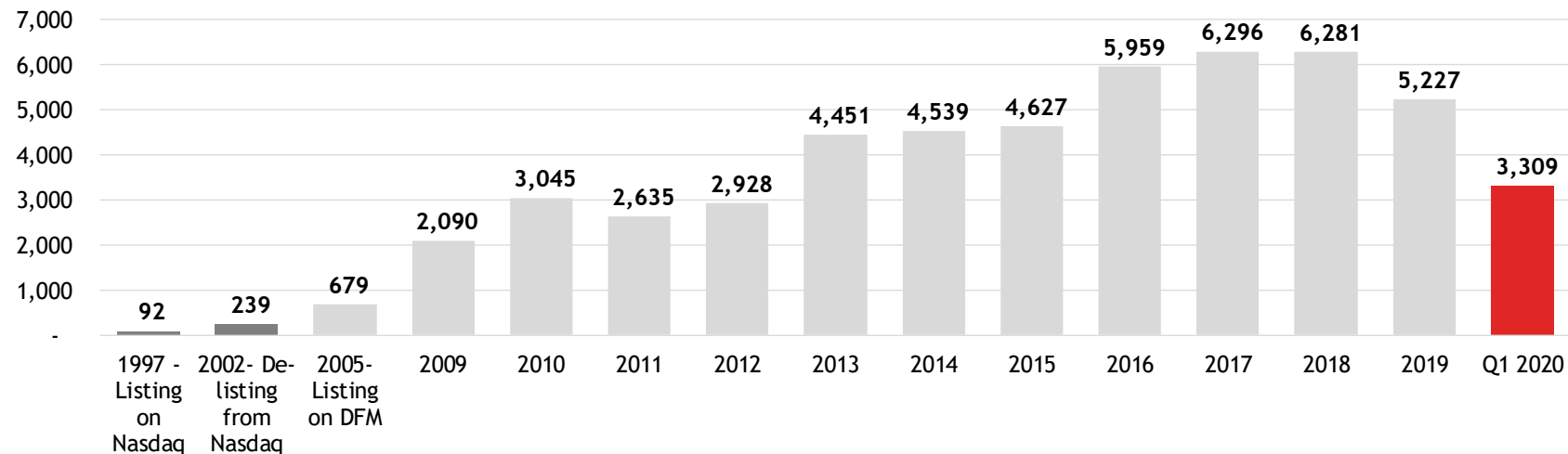
-12.93%

2019 share price increase

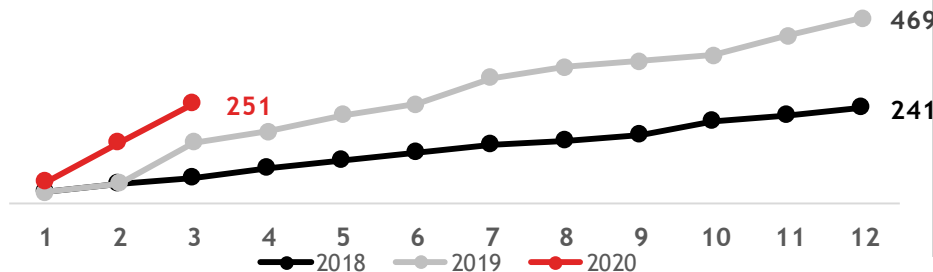
-37.00%

2020 total shareholder return (dividend reinvested)

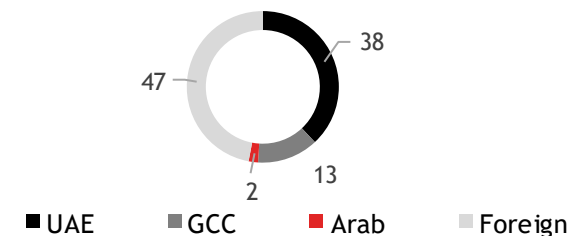
Market Capitalization (AEDm)



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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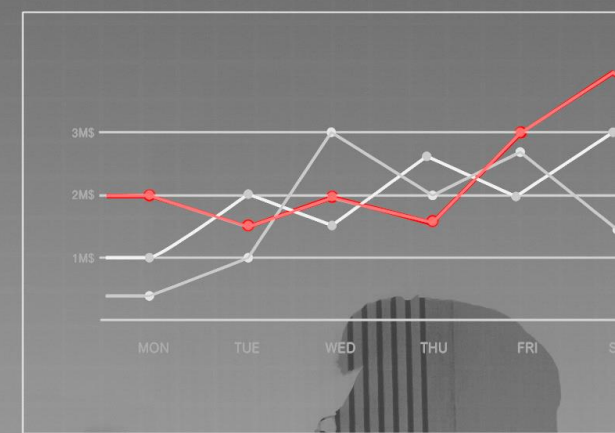
Organic Growth

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

Q1 2020 Results



Q1 2020 Results

Revenues

-3% growth compared to Q1 2019

EBITDA

-9% year on year headline EBITDA growth

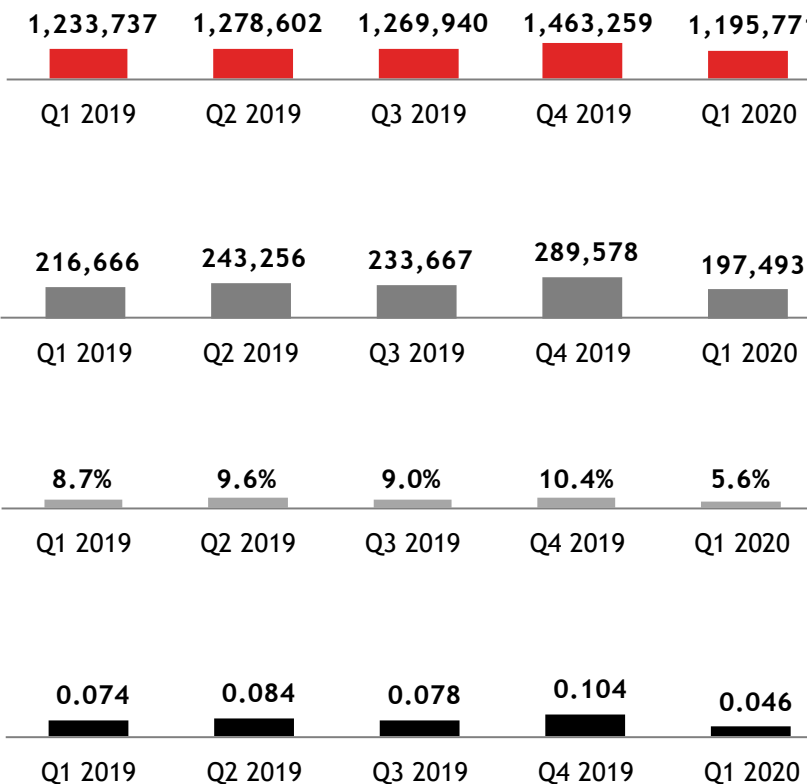
Net Profit Margin

-3.11 bp margin year on year

EPS

-38% earnings per share increase

Performance across key indicators (AED)



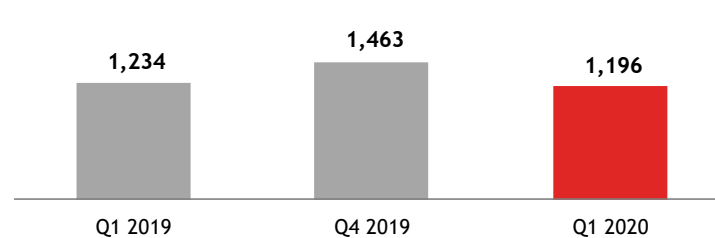
Management Comments

Growth of both, Revenues and Net Profit, was negatively impacted by the spread of Novel Coronavirus (COVID-19) Pandemic.

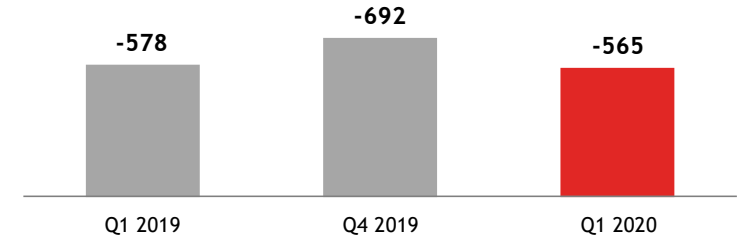
Total Domestic Express shipment volumes surged 21%, and by 34% in core markets, due in large part to significant growth in demand from traditional retailers and major e-commerce players that have witnessed a surge in online deliveries as more consumers turned to online channels to deliver their basic needs.

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.

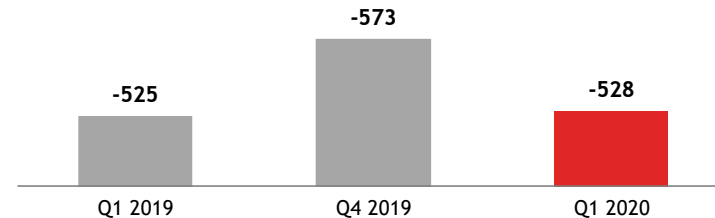
Revenue (AED m)



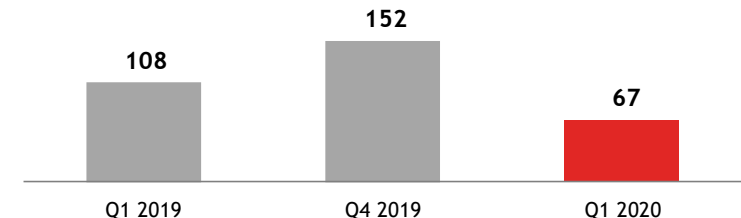
Cost of Services (AED m)



Total Overheads (AED m)



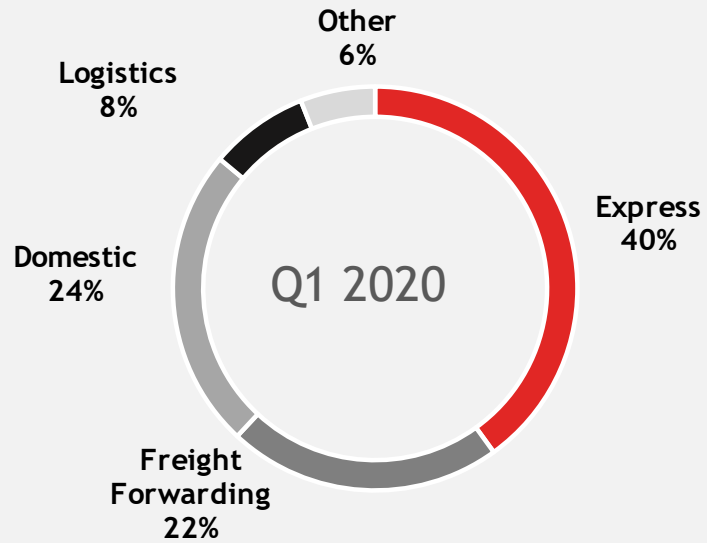
Attributable Net Profit (AED m)



Income Statement (AEDm)

| | Q1 2020 | Quarter | | Movement (%) | |
|-----------------------|---------|---------|---------|--------------|-------|
| | | Q4 2019 | Q1 2019 | q-o-q | y-o-y |
| Revenue | 1,196 | 1,463 | 1,234 | -18% | -3% |
| Cost of Services | (565) | (692) | (578) | 18% | 2% |
| Gross Profit | 631 | 771 | 656 | -18% | -4% |
| Overheads | (528) | (573) | (525) | 8% | -1% |
| Profit for the period | 67 | 152 | 108 | -56% | -38% |
| EBITDA | 197 | 290 | 217 | -32% | -9% |

Revenues by Segment (AED m)



Y-o-Y Growth

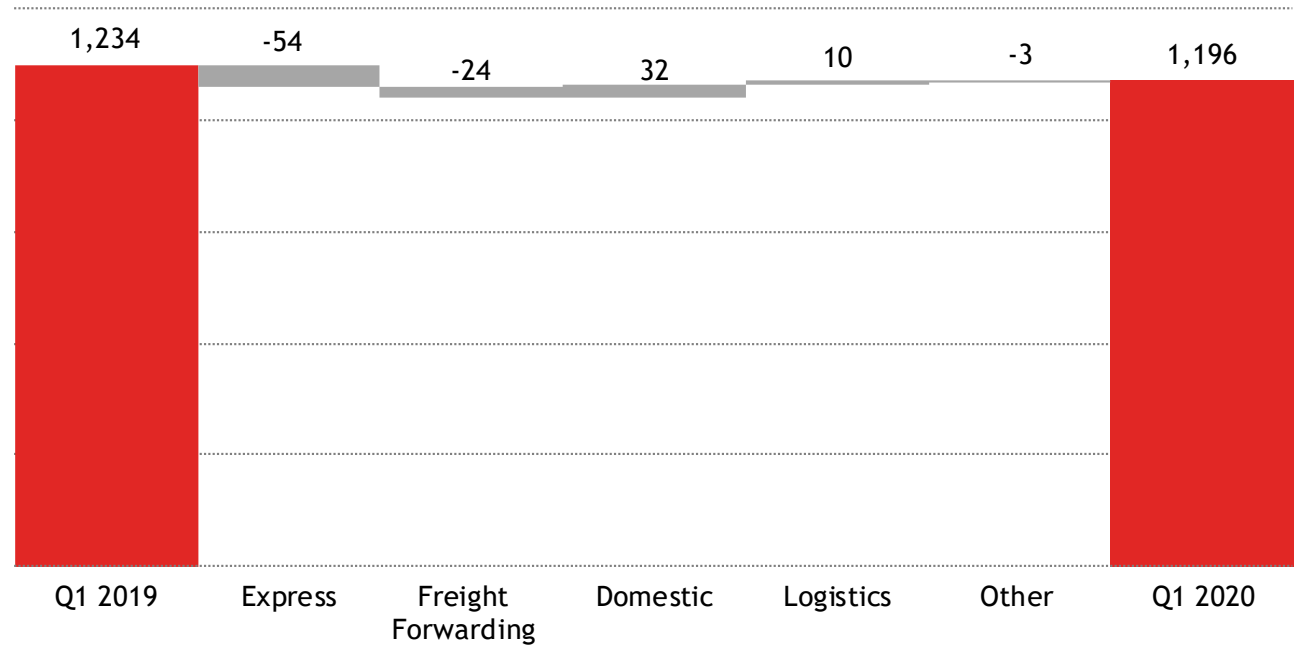
-10%

-8%

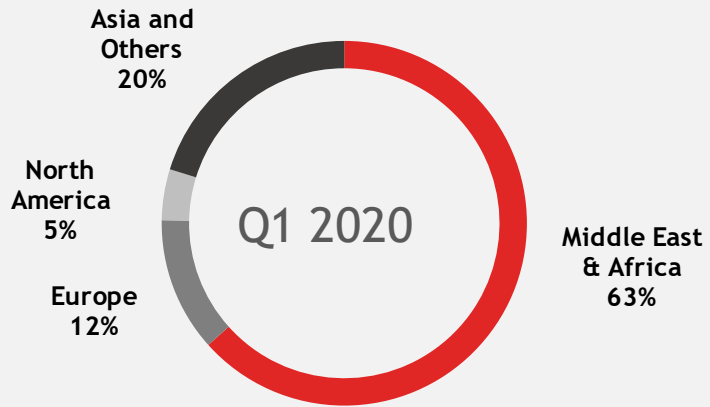
13%

12%

-4%



Revenues by Geography



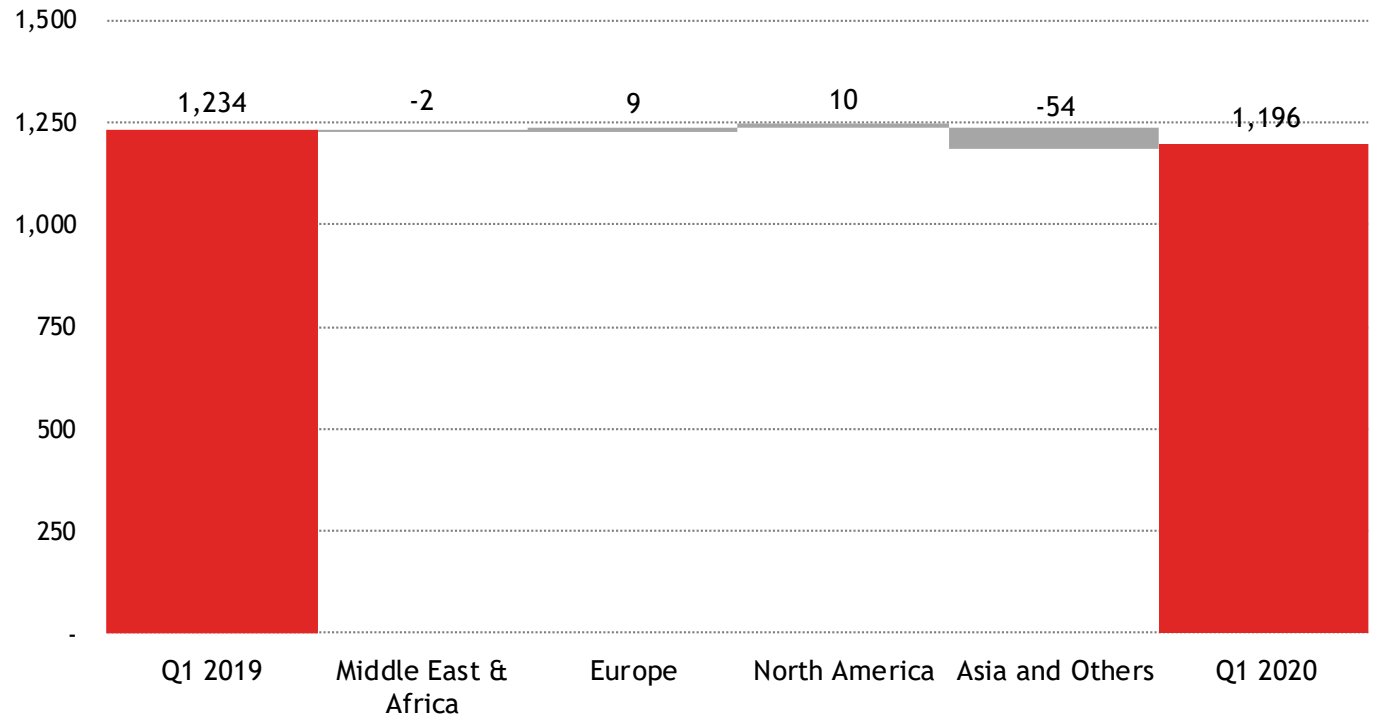
Y-o-Y Growth

-0.3%

7%

22%

-18%



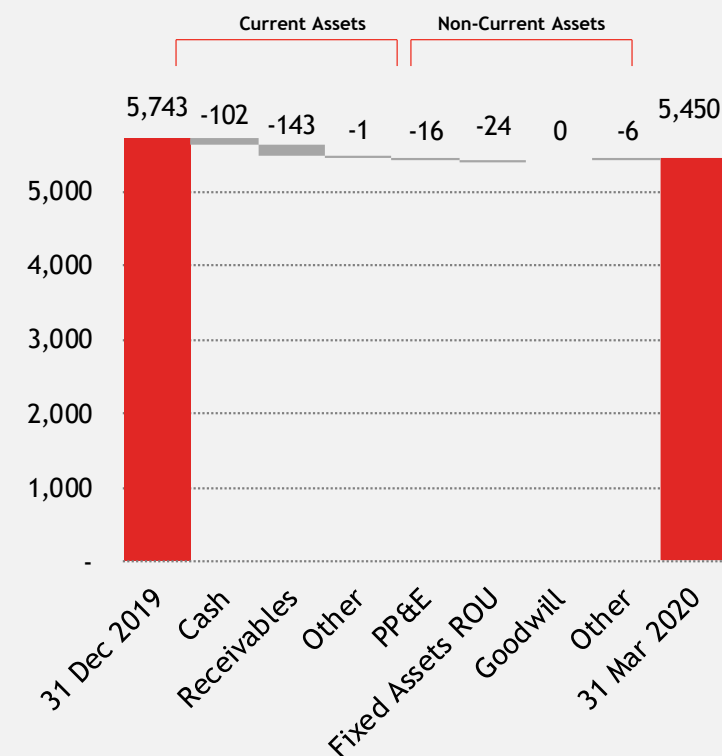
Financial Ratios (AEDm)

| | Q1 2020 | Q4 2019 | Q1 2019 | Movement (%) | |
|-----------------------|---------|---------|---------|--------------|-------|
| | | | | q-o-q | y-o-y |
| EPS (AED) | 0.046 | 0.104 | 0.074 | -56% | -38% |
| Gross Profit Margin % | 52.7% | 52.7% | 53.2% | 0.1% | -0.4% |
| Net Profit Margin % | 5.6% | 10.4% | 8.7% | -4.8% | -3.1% |
| EBITDA Margin % | 16.5% | 19.8% | 17.6% | -3.3% | -1.0% |
| Debt/Equity % | 30.6% | 33.9% | 28.6% | 3.3% | -2.0% |

Balance Sheet Highlights

| | 31 Mar 2020 | 31 Dec 2019 | Movement | |
|--------------------------|--------------|--------------|-------------|-------------|
| | | | Actual | Change % |
| Current assets | 2,223 | 2,469 | -246 | -10% |
| Non-current assets | 3,227 | 3,274 | -47 | -1% |
| Total assets | 5,450 | 5,743 | -293 | -5% |
| Current liabilities | 1,780 | 2,083 | -303 | -15% |
| Non-current liabilities | 980 | 1,027 | -47 | -5% |
| Total liabilities | 2,761 | 3,110 | -349 | -11% |
| Non-controlling interest | 15 | 15 | 0 | -1% |
| Shareholders' equity | 2,674 | 2,617 | 57 | 2% |

Asset Movement Y-o-Y (AED m)



Financial Ratios (AEDm)

| | 31 Mar 2020 | 31 Dec 2019 | Actual | Movement in % |
|-------------------------------------|--------------|--------------|-------------|------------------|
| Cash and cash equivalents | 898 | 1,000 | -102 | -10% |
| Receivables (net) | 1,054 | 1,196 | -143 | -12% |
| Other current assets | 271 | 272 | -1 | 0% |
| Total current assets | 2,223 | 2,469 | -246 | -10.0% |
| Property, Plant and equipment (net) | 989 | 1,005 | -16 | -2% |
| Goodwill (net) | 1,128 | 1,128 | 0 | 0% |
| Other non-current assets | 280 | 286 | -6 | -2% |
| Fixed assets ROU | 830 | 854 | -24 | -3% |
| Total non-current assets | 3,227 | 3,274 | -47 | -1.4% |
| Total assets | 5,450 | 5,743 | -293 | -5.1% |

Long Term Performance



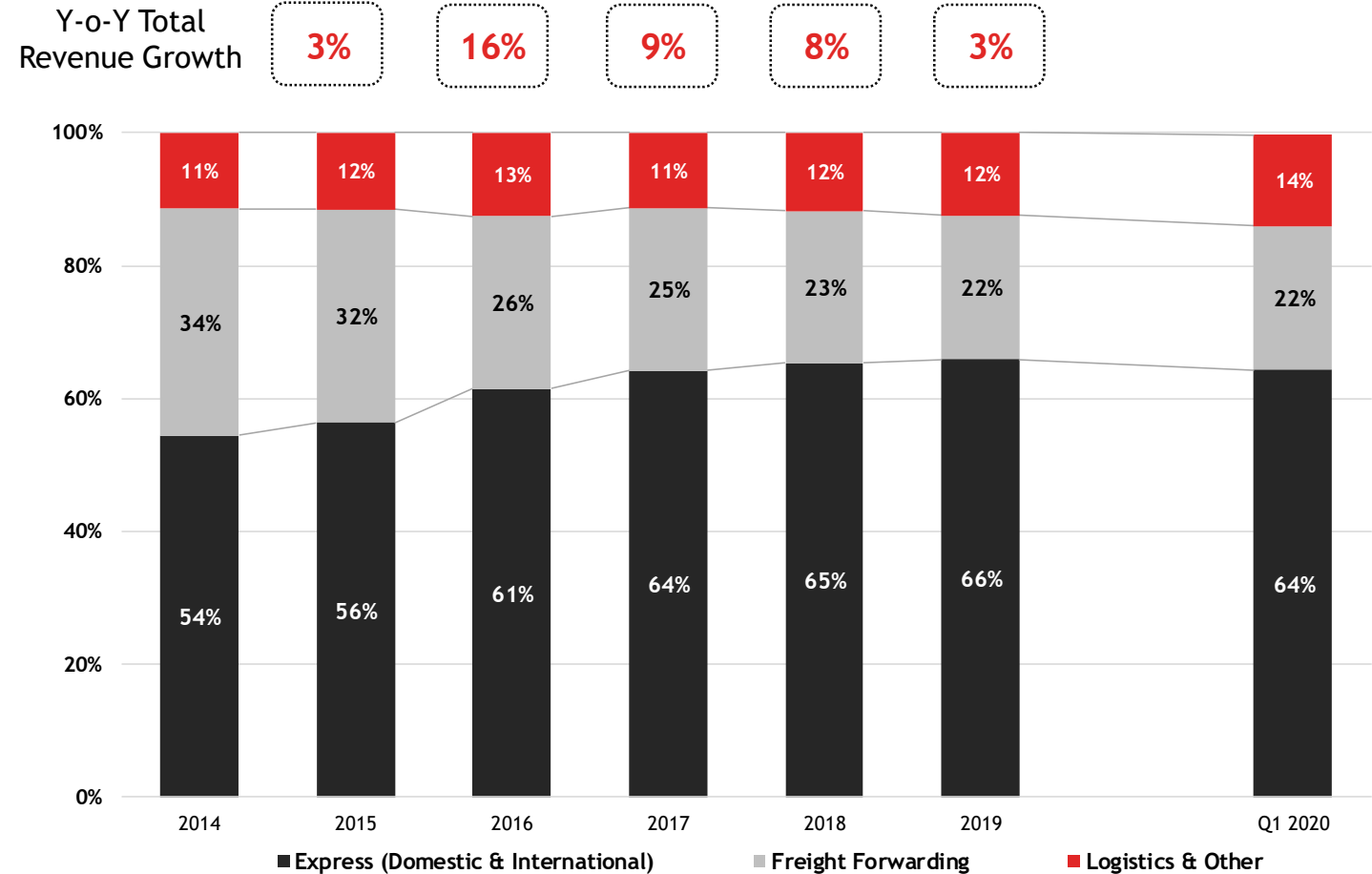
Segmental Revenues (%)

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 64% as of Q1 2020.

Freight forwarding continues to decline from 34% revenue contribution to 22%.

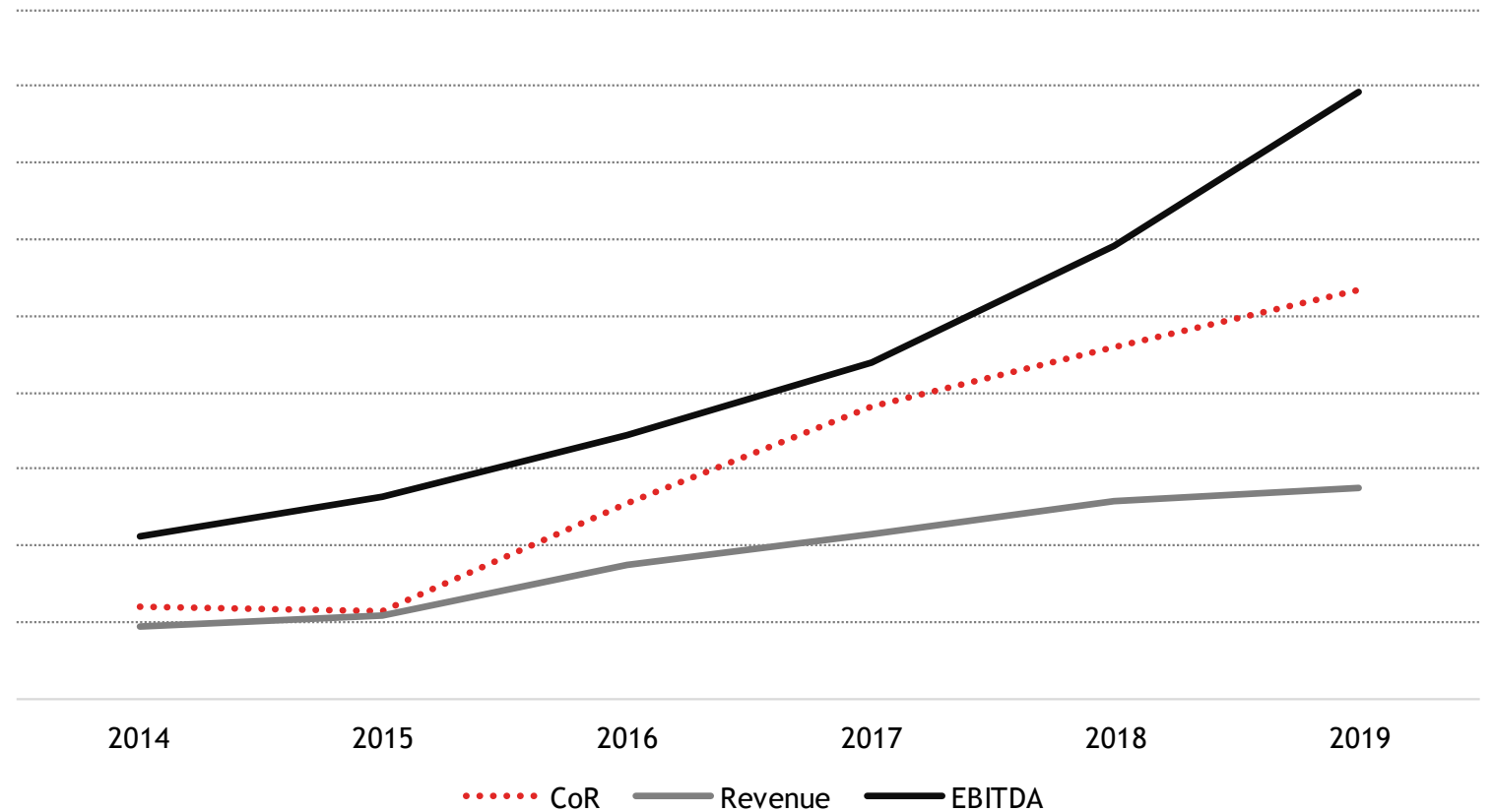


Aramex 2014 - 2019 (indexed)

We delivered a consistently strong performance since 2014

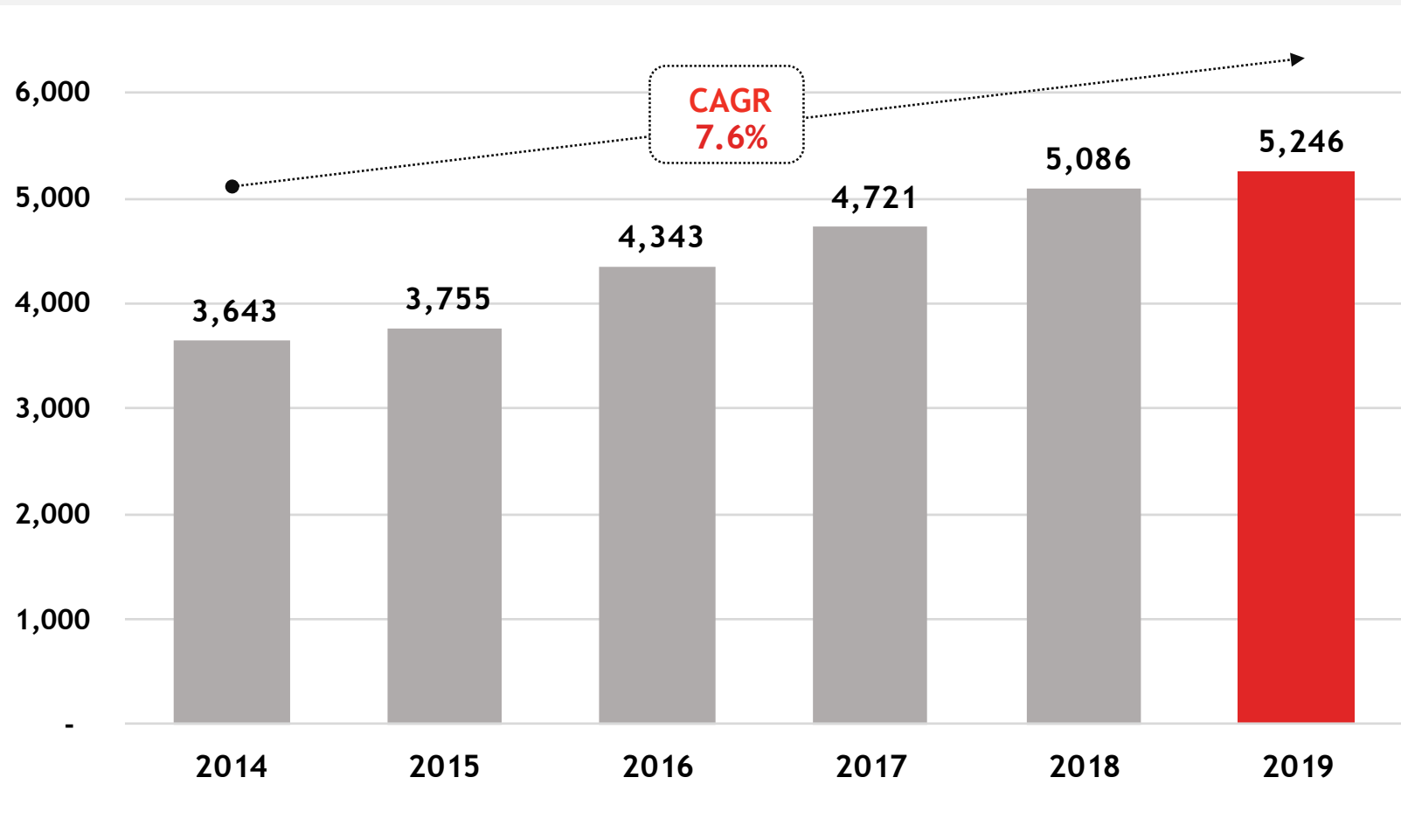
2014 - 2019 CAGR

| | |
|------------------|-------|
| Revenues | 7.6% |
| Cost of Services | 8.5% |
| EBITDA | 16.0% |



Revenues (AEDm)

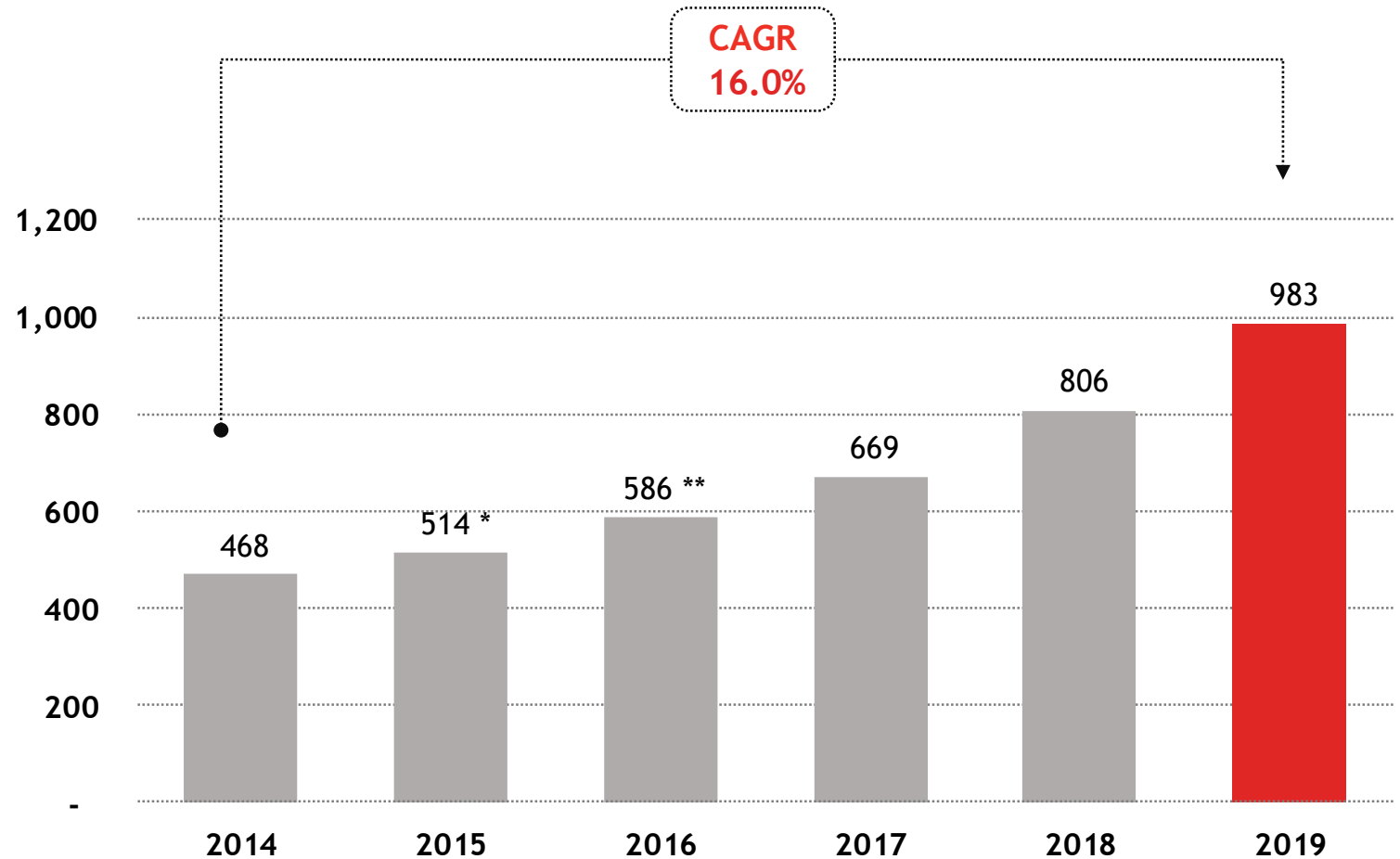
- Revenue growth of 3% in 2019
- Revenue growth reflects additional income generated primarily in international cross border express business as well as in Asia Pacific



EBITDA Before Special Items (AED m)

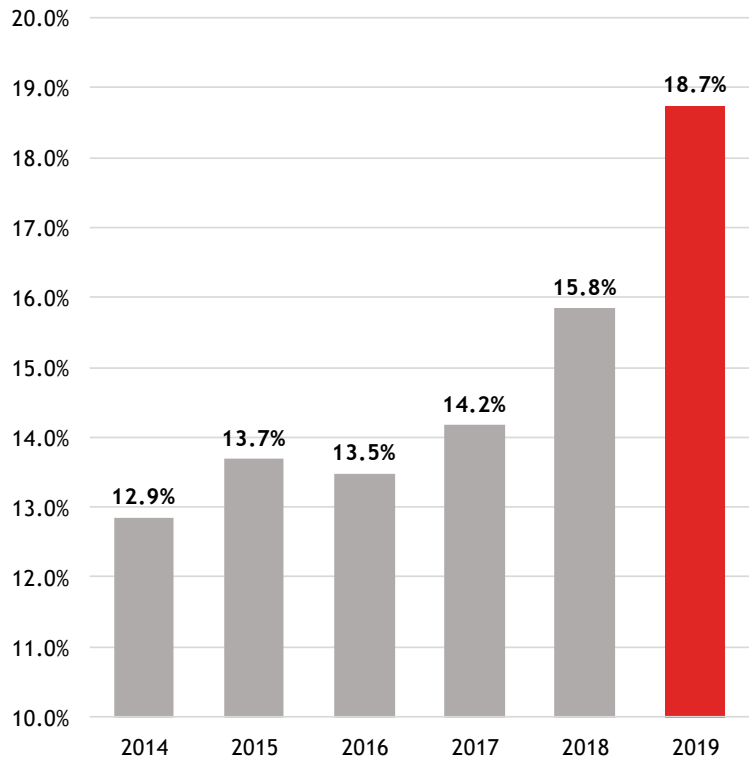
EBITDA before special items:

Aramex generated strong underlying results across the business

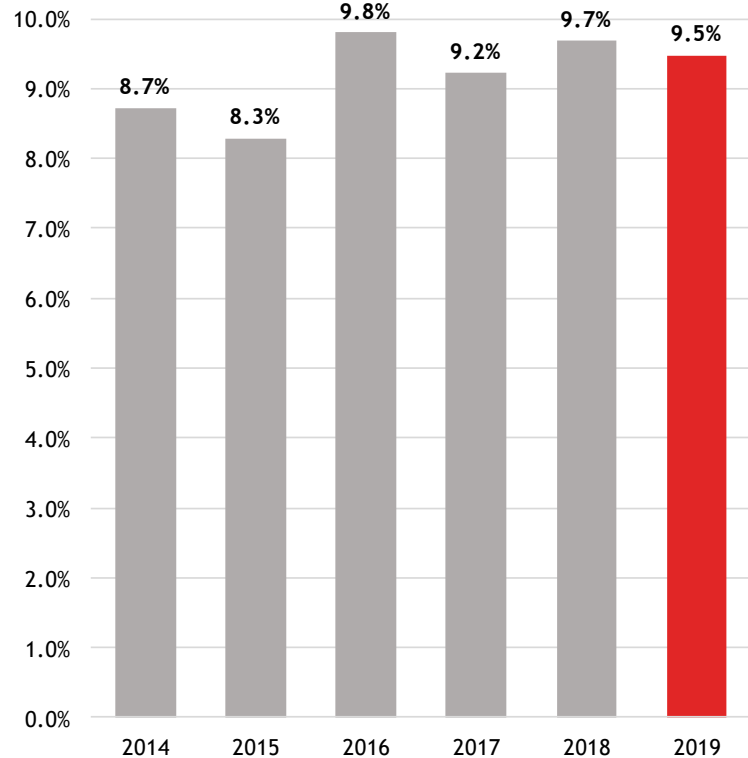


* 2015 - additional provision of AED 46,271 thousand related to company's incentive scheme.
** Special items comprise: 2Q 2016 - gain on bargain purchase of AMC of AED 41,568 thousand.

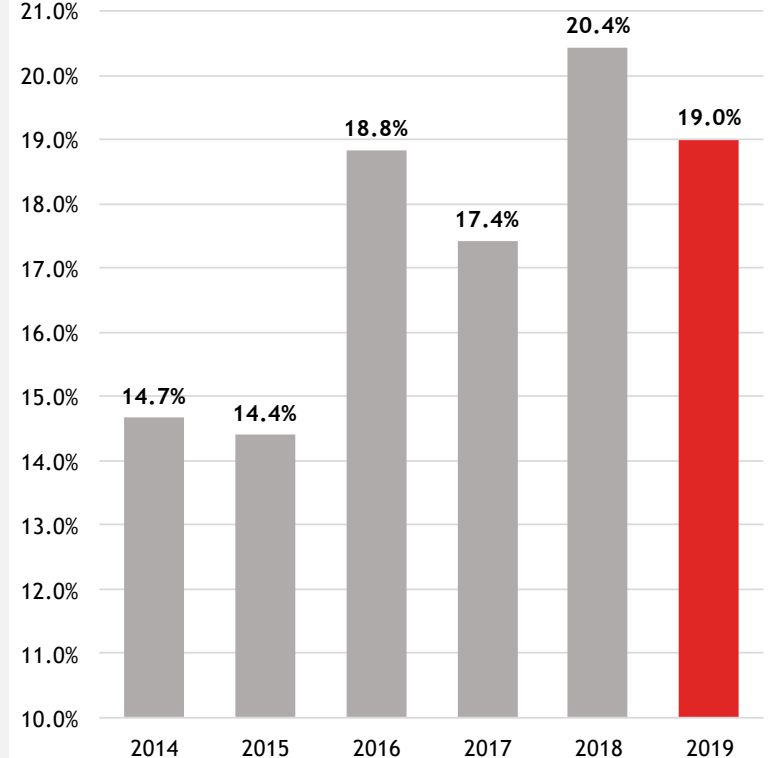
EBITDA Margin (%)



Net Profit Margin (%)



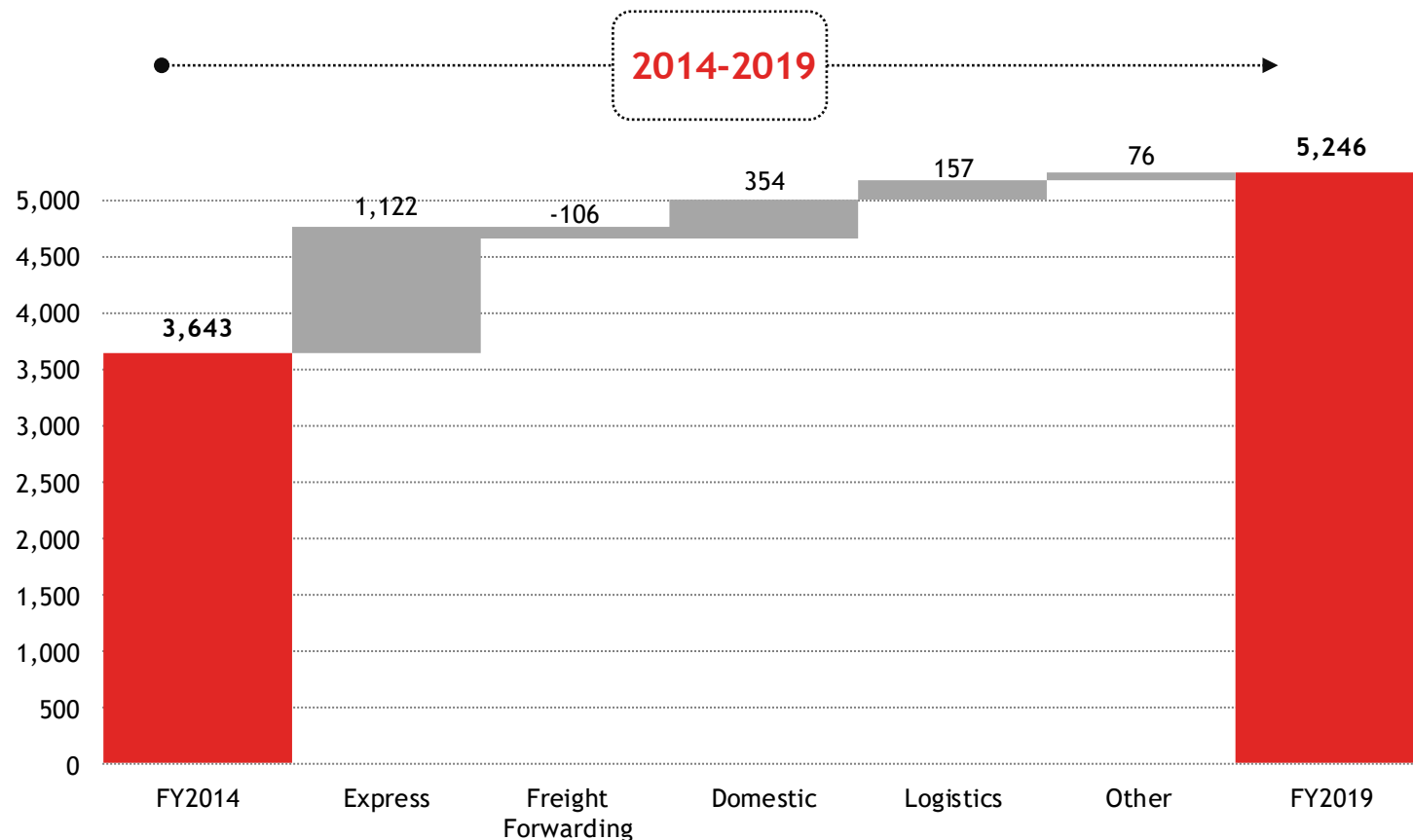
Return on Equity (%)



Contribution by Business (AED m)

Growth story since 2014

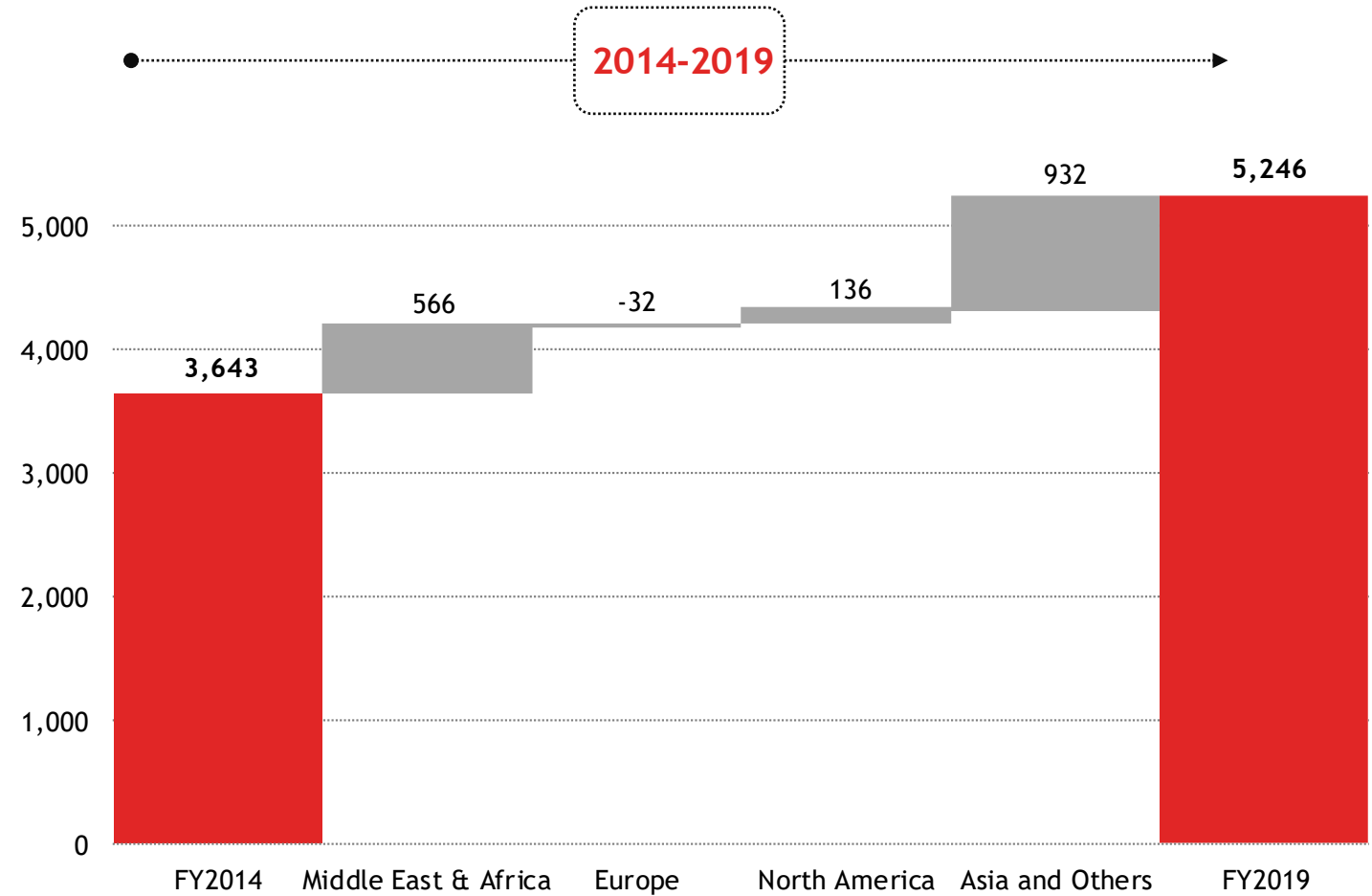
| | |
|-------------------------|--------------|
| CAGR Express | 13.9% |
| CAGR Freight Forwarding | -1.8% |
| CAGR Domestic | 8.0% |
| CAGR Logistics | 12.4% |
| CAGR Other | 6.2% |



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% |



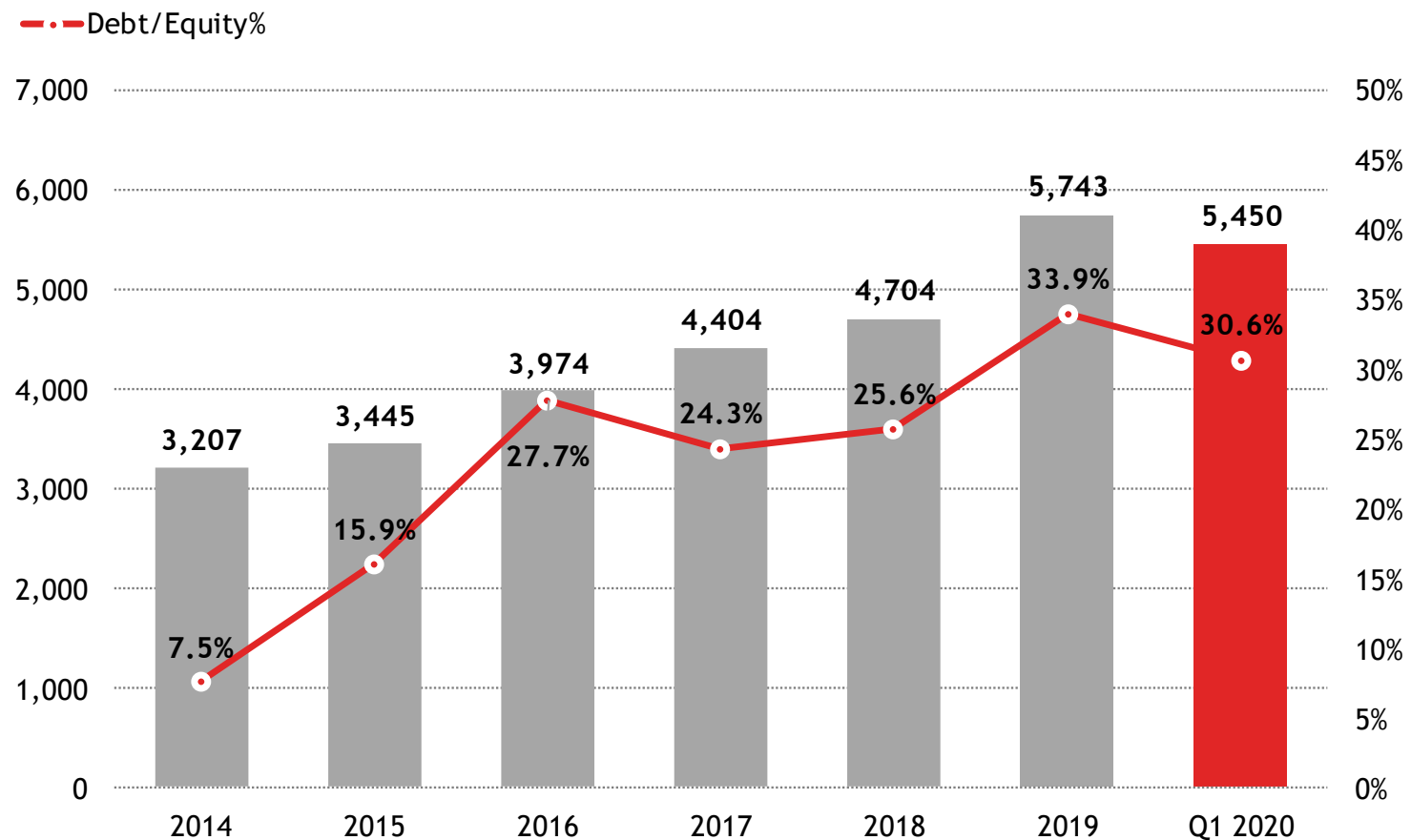
Total Assets (AED m)

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 30.6% as of 31 Mar 2020



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

Dividends

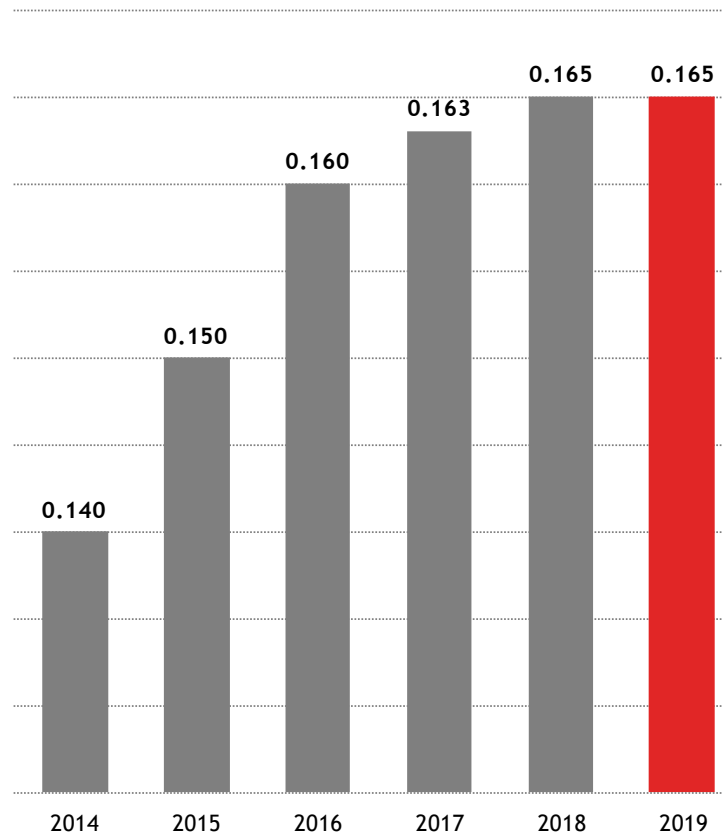
Dividend proposal of AED 0.165 per share to be discussed for approval by shareholders at AGM on June 2020

Gross dividend yield: 4.8%

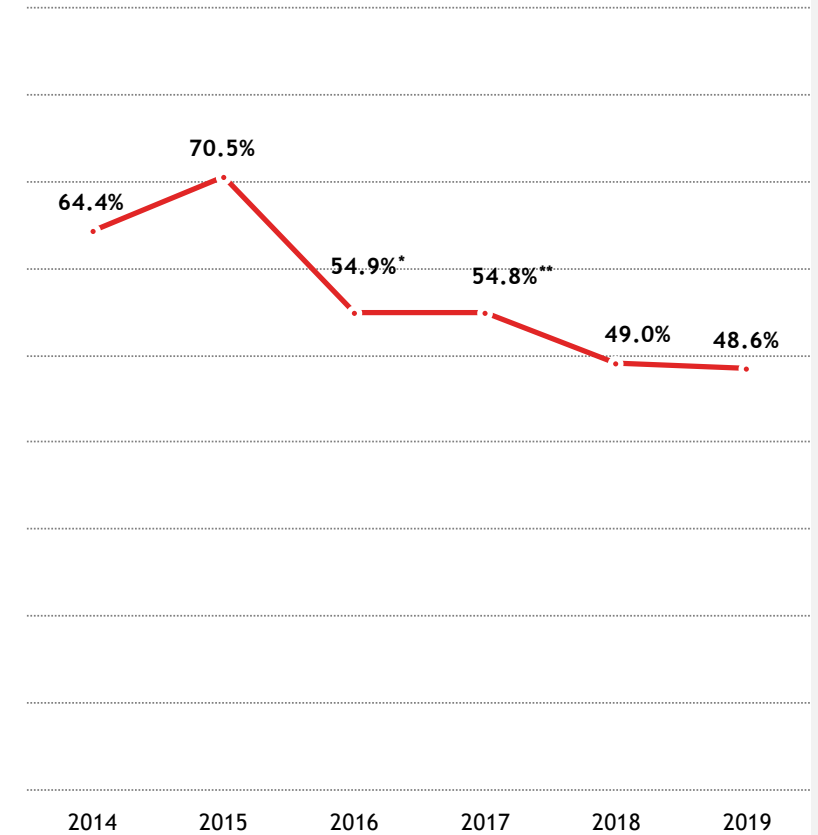
Long-term management target:

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%

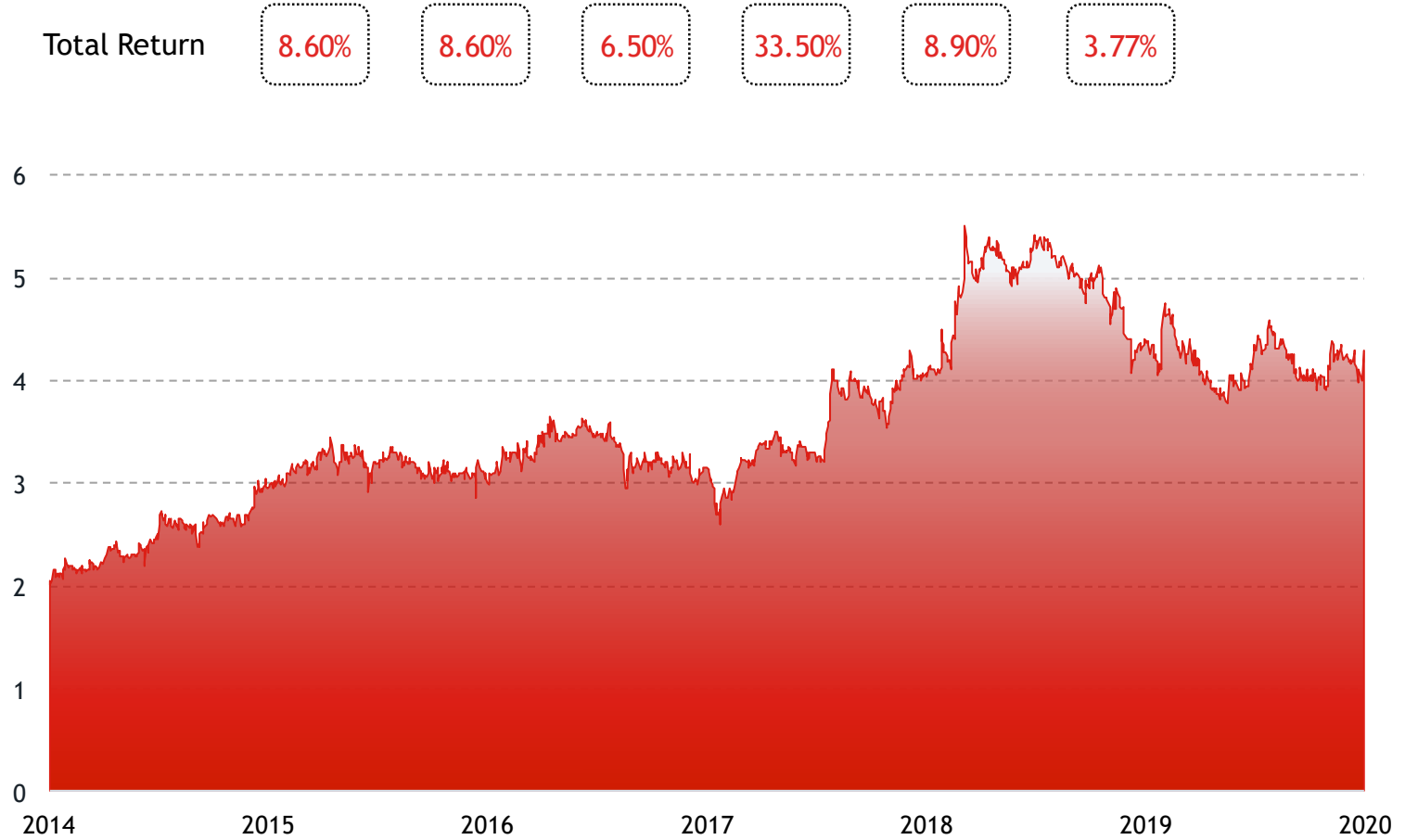
** Excluding gain on bargain purchase of AMC of AED 41,568 thousand, Dividend Payout Ratio - 60.8%.

Performance (Jan 2014 - Mar 2020)

Share price change: **-26.14%**

Annualized return: **4.41%**

Total return
(dividends reinvested): **4.76%**



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

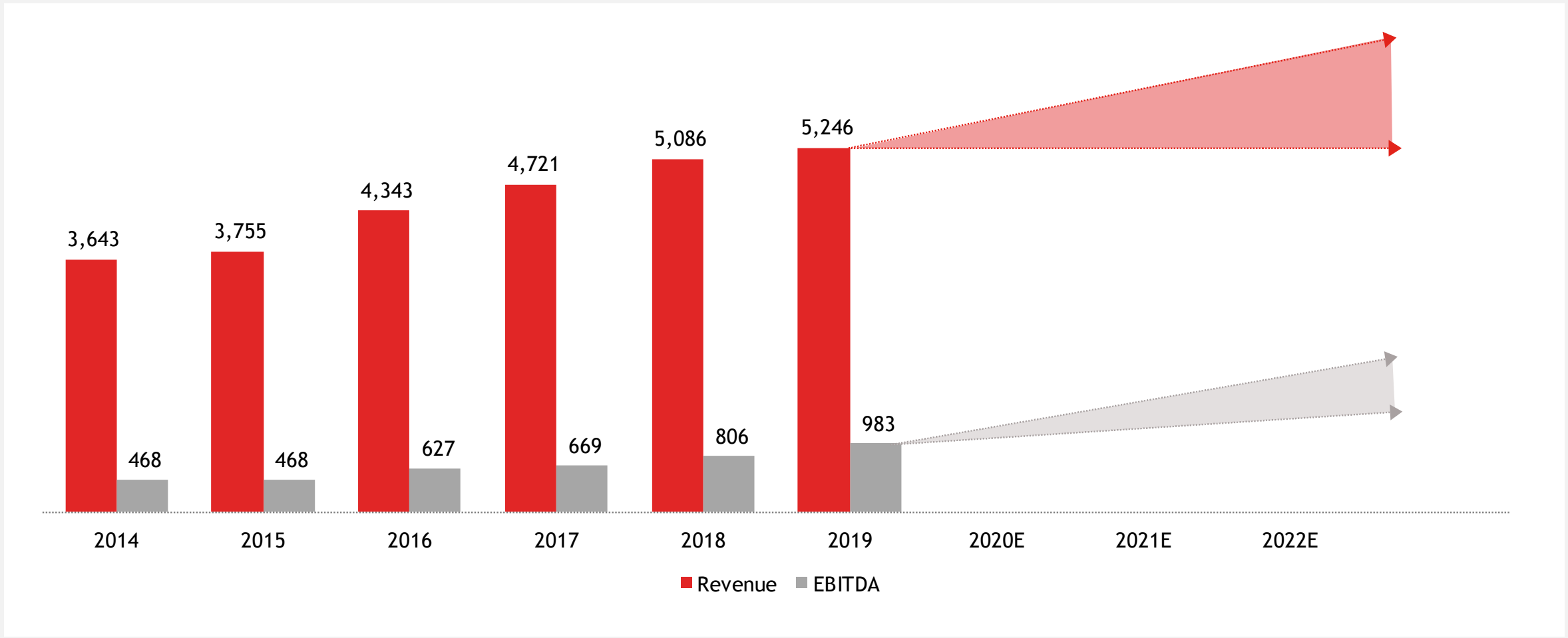
Actively manage FX volatility

Shareholder Participation

Continue with our progressive dividend policy

Target payout ratio: > 50%

Long Term Ambition Level - Projected Roadmap to 2022





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CEO



Nadia Abu Sarah
CFO



Iyad Kamal
COO



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