

Highlights of 2023 Financial Results

In Thousands of UAE Dirhams	FY 2023	FY 2022	Change % (YoY)
Revenues	5,694,022	5,926,005	(4%)
Revenues Change excl FX %			(1%)
Gross Profit	1,426,929	1,424,304	0%
Gross Profit Margin	25%	24%	
EBIT	266,661	245,331	9%
EBIT Margin	5%	4%	
EBITDA	627,732	614,005	2%
EBITDA Margin	11%	10%	
Net Profit	129,297	165,379	(22%)
Net Profit Margin	2%	3%	

Amid challenging market conditions and currency fluctuations, Aramex delivered a resilient full year performance in 2023. Revenue was healthy at AED 5.69 billion, representing a decline of 4% in 2023 compared to 2022. When excluding the impact of currency translation, full year Revenue decline was 1% year-on-year compared to reported decline of 4%.

Revenue growth of 2% in International Express for the year 2023 was offset by the decline in revenues from other products. Freight Forwarding was impacted by the decline in global rates in the Freight-Forwarding industry, while the Domestic Express and Logistics businesses reported marginal decline in revenues, impacted by currency translation. Excluding the impact of currency translation, both Domestic Express and Logistics reported growth of 2% in revenue for the year 2023 compared to the year 2022.

With the management's resolute focus on quality revenue, operational efficiency, and cost optimization, Aramex maintained Gross Profit at AED 1.43 billion for the year 2023 and delivered an improvement of a one percentage point in the Gross Profit margin to 25%.

The Company's fiscal discipline was further showcased through its improvement in Group Selling, General, and Administrative (SG&A) Expenses, returning to pre-pandemic levels for the cost structure. The organic business (excluding MyUS) delivered a 10% decline in general, and administrative expenses. A 7% increase in selling expenses for the organic business reflects the Company's strategy to increase sales competencies in key verticals across key markets to ensure sustainable and quality revenue growth in the future.

Group EBITDA increased 2% to AED 628 million, despite the decline of 4% in Revenues, while the EBITDA margin also improved to 11% for the full year 2023. EBITDA improvement was driven by an increased focus on quality revenue, enhanced operational efficiencies and a one-time logistics business boost from settlement claims in the fourth quarter of the year.

Net Income witnessed a 22% decline to AED 129 million in 2023, attributed mainly to the increase in finance expenses associated with the MyUS acquisition loan taken in Q4 2022, and to a lesser extent, to the currency translation impact. Net income for the organic business increased 7% YoY in 2023 compared to 2022, demonstrating the underlying strength of our operations.

Aramex maintained a strong balance sheet position with Net Debt-to-EBITDA ratio of 2.4x and a healthy cash balance of AED 575 million as of 31 December 2023.

Business Performance

International Express (Including Shop & Ship and MyUS)

In Thousands of UAE Dirhams	FY 2023	FY 2022	Change % (YoY)
Revenues	2,295,412	2,248,885	2%
Gross Profit	780,241	713,329	9%
Gross Profit Margin	34%	32%	

International Express Shipment Volumes (in millions)

In millions of shipments	FY 2023	FY 2022	Change % (YoY)
Total Number of Shipments	23.3	22.2	5%

Revenue increased to AED 2.3 billion in 2023, a growth of 2% year-on-year, driven by the growth in volumes. International Express delivered 5% growth in volumes to reach 23.3 million shipments in 2023. Aramex's investments in driving efficiencies have resulted in a strong and agile infrastructure, able to accommodate the growing business in a sustainable and profitable manner. The Gross Profit for 2023 was AED 780 million,, a year-on-year increase of 9% while the corresponding Gross Profit Margin grew to 34%.

Domestic Express

In Thousands of UAE Dirhams	FY 2023	FY 2022	Change % (YoY)
Revenues	1,427,360	1,496,683	(5%)
Gross Profit	312,826	370,289	(16%)
Gross Profit Margin	22%	25%	

Domestic Express Shipment Volumes

In millions of shipments	FY 2023	FY 2022	Change % (YoY)
Total Number of Shipments	100.0	100.1	(0%)

Domestic Express delivered a resilient performance in the face of softened retail activity worldwide during 2023. Volumes were stable at 100 million shipments and Revenue for the full year 2023 declined by 5% year-on-year to AED 1.43 billion mainly due to due to FX impacts. Excluding the currency impact, Revenue grew 2% in 2023.

The Gross Profit Margin decreased double digits in 2023, primarily due to the softness in Oceania, certain adjustments in Group reporting as well as currency fluctuations. Upon removing FX effects, the Gross Profit declined 8% for the full year 2023 compared to the year 2022.

Freight-Forwarding

In Thousands of UAE Dirhams	FY 2023	FY 2022	Change % (YoY)
Revenues	1,495,870	1,684,376	(11%)
Gross Profit	229,338	232,693	(1%)
Gross Profit Margin	15%	14%	

Freight-Forwarding Shipment Volumes

In Thousands of UAE Dirhams	FY 2023	FY 2022	Change % (YoY)
(Air Freight (KGs	44,832,629	52,525,834	(15%)
(Sea Freight (FCL TEU	30,787	31,133	(1%)
(Sea Freight (LCL CBM	24,733	18,526	34%
(Land Freight (FTL	29,153	29,036	0%
(Land Freight (LTL KGs	174,521,104	153,489,529	14%

Aramex’s Freight-Forwarding business was resilient in a challenging market characterized by the decline in global freight rates, leading to a downward impact on pricing as seen across the freight forwarding industry worldwide. Aramex was also impacted, with 2023 registering AED 1.50 billion in Revenue, representing a decline of 11% compared to the year 2022.

Costs were effectively managed, aligning with Revenue, resulting in a stable Gross Profit of AED 229 million and an improvement in the Gross Profit Margin to 15% for the year 2023.

Land freight delivered robust growth in volumes, with Aramex boasting a large trucking fleet in the GCC and wider region. During the year, the decline in sea freight rates has led to a shift in volumes from air freight to sea freight which is also reflected in the volume performance of Aramex.

As we write this report, the shipping industry is impacted by the situation at the Red Sea which is causing an increase in rates and disruption in transportation routes. Aramex is able to support clients with alternative transportation routes thanks to its strong network and infrastructure in the region.

Logistics and Supply Chain Solutions

In Thousands of UAE Dirhams	FY 2023	FY 2022	Change % (YoY)
Revenues	428,927	449,807	(5%)
Gross Profit	65,283	69,026	(5%)
Gross Profit Margin	15%	15%	

In 2023, the Logistics and Supply Chain Solutions reported Revenues of AED 429 million, a decline of 5% compared to FY2022. Foreign exchange translations had a significant role to play throughout the year. When excluding the impact of currency translation, Revenue grew 2% for the full year 2023, compared to the year 2022.

Aramex continued to focus on enhancing operational efficiencies and maintained a disciplined approach to cost management. For the full year 2023, Gross Profit declined in line with Revenue and the margin was maintained at a healthy 15%.

