

# Investor Presentation 3Q 2016 Results

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# Management Update

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# Aramex is a global provider of logistics and transportation solutions

## Introduction to Aramex

1. Key Messages
2. Management Focus
3. Financial Performance
4. Value Creation
5. Our Core Beliefs



## Key Messages

# Aramex is integrating digital platforms to give the business greater speed

Leader in Logistics



Aramex is a market leader with a strong management track record of success

Asset-light



We remain focused on delivering an asset-light business model

Efficiency



We are transitioning towards a leaner, more agile business model

Acquisitions



We are investing in plug and play acquisitions to grow our footprint

Growth



We expect to grow in all relevant financial KPIs (Revenues, EBITDA, Margins, ROE)

Shareholder participation



Our shareholders will participate with growth of dividends following FCF growth

# Aramex is focused on three key priorities

## Expand Footprint

Develop and defend our stronghold in GCC & Levant

Expand Aramex presence in key growth markets such as Asia Pacific and Africa

Globalize the Aramex brand through franchising in emerging markets

## Leverage Infrastructure

Leverage the existing infrastructure to create new business opportunities

Integrate supply chain management solutions and value added services

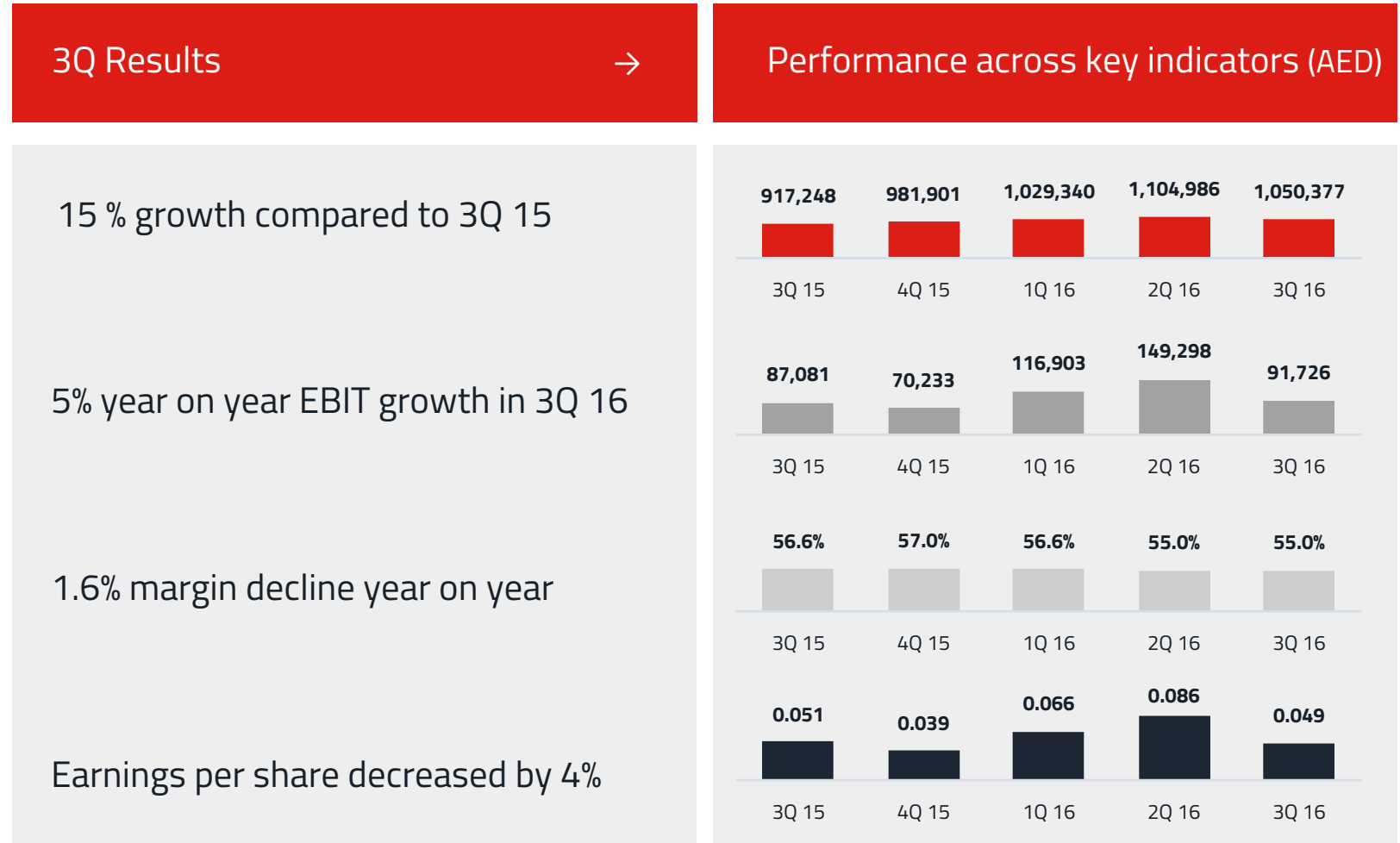
Grow e-Commerce business

## Organic Growth

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

# Strong top line growth in 3Q 2016 – bottom line offset by one-offs



# Aramex shareholders consistently participate in growth

## Market Capitalization (AED m) →

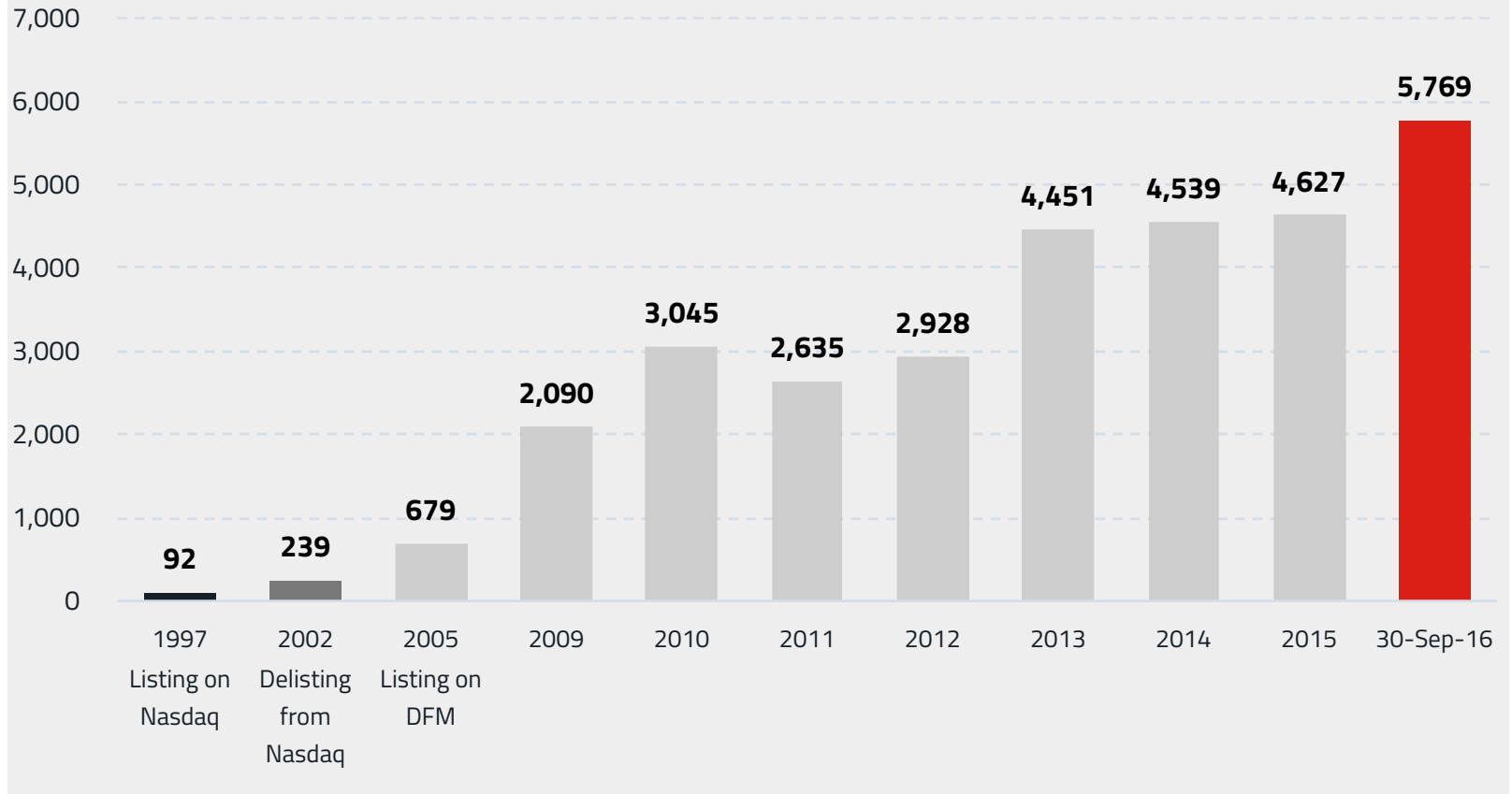
### Total Return Metrics:

**+24.7%**  
YTD Share Price

**+29.4%**  
Total Return  
(Dividend reinvested)

**+42.0%**  
Annualized Total Return  
(Dividend reinvested)

### Market Capitalization (AEDm)





# Aramex paid a significant dividend for 2015

## Dividends →

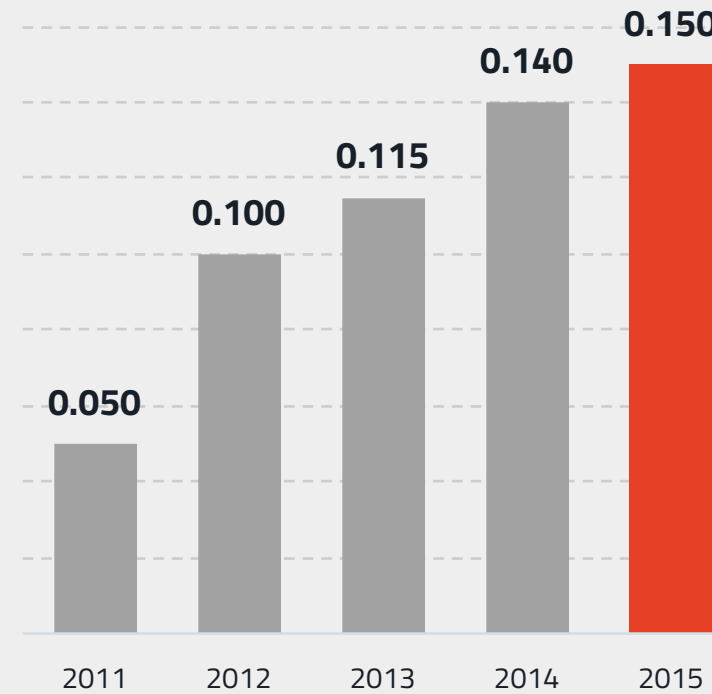
Dividend proposal of AED 0.150 per share approved in April 2016

Gross dividend yield: ~4%

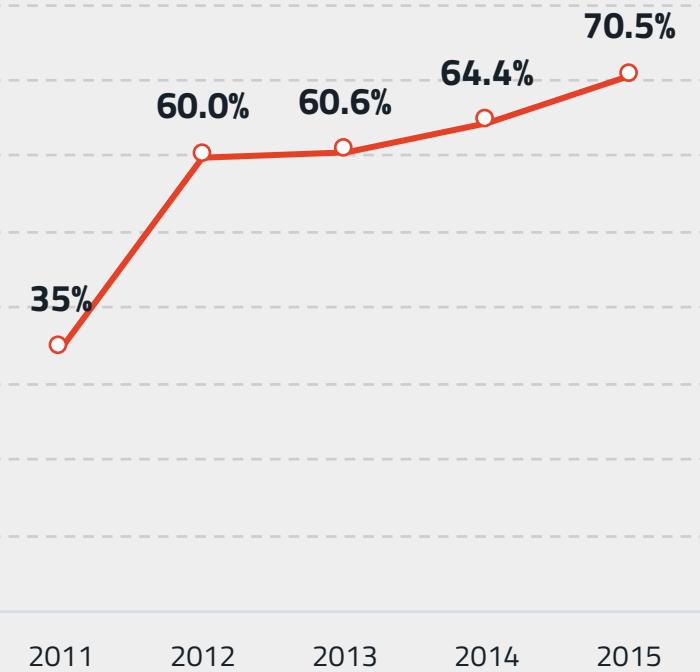
**Management target remains unchanged:**

Dividend payout ratio of > 60%

Dividend Payout (AED / share)



Dividend Payout Ratio (%)



## Core Beliefs

# We believe in transforming our business to succeed in a digital world

### Business Model Disruption



We believe that the current logistics model will not last

Shipping is changing



All the way from bulk to containers to pallets to boxes to pieces – new industry dynamics apply to all players in the industry

Ecosystem



We believe in winning with an ecosystem that connects “sharing” platforms

Technology



We believe that technology has already accelerated the pace of industry change

Devices



We believe that devices are becoming smarter and are connecting the unconnected

Talent



Better technology will enable employees to become more efficient

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# 3Q 2016 Group Highlights

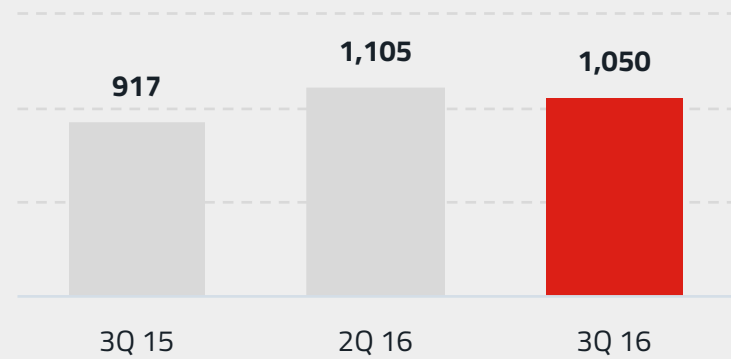
## Management Comments →

Revenue performance in the third quarter was driven by growth across most geographies, with Asia-Pacific being a major contributor to growth.

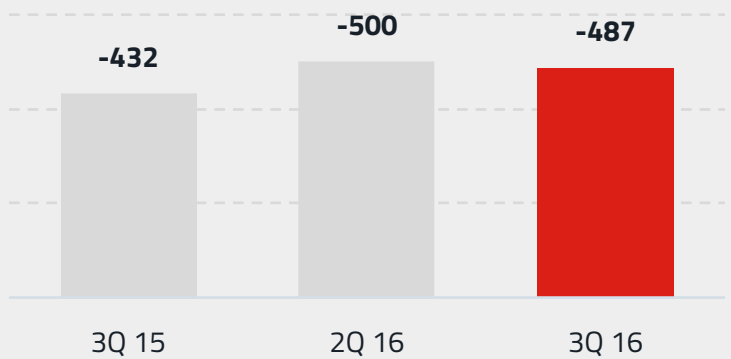
Cost Revenues and Overheads increased year-on-year in line with overall growth of the business

In addition to slower economic activity in the GCC region, attributable Net Profit was distorted by the reduced number of working days due to public holidays,

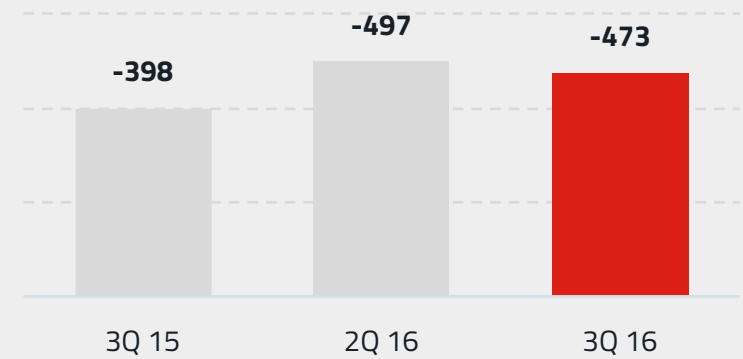
Revenues (AED m)



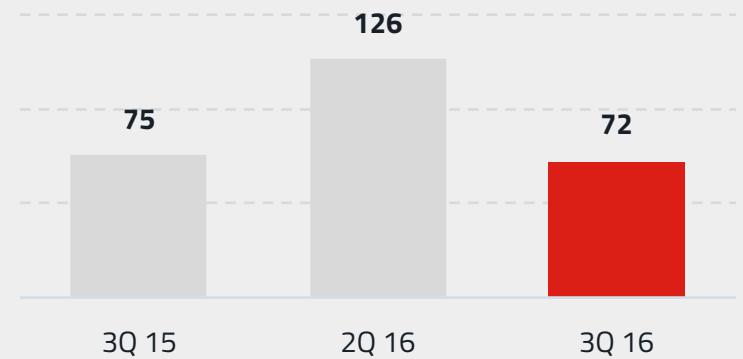
Total Overheads (AED m)



CoR (AED m)



Attributable Net Profit (AED m)



## 3Q 2016 Financial Highlights

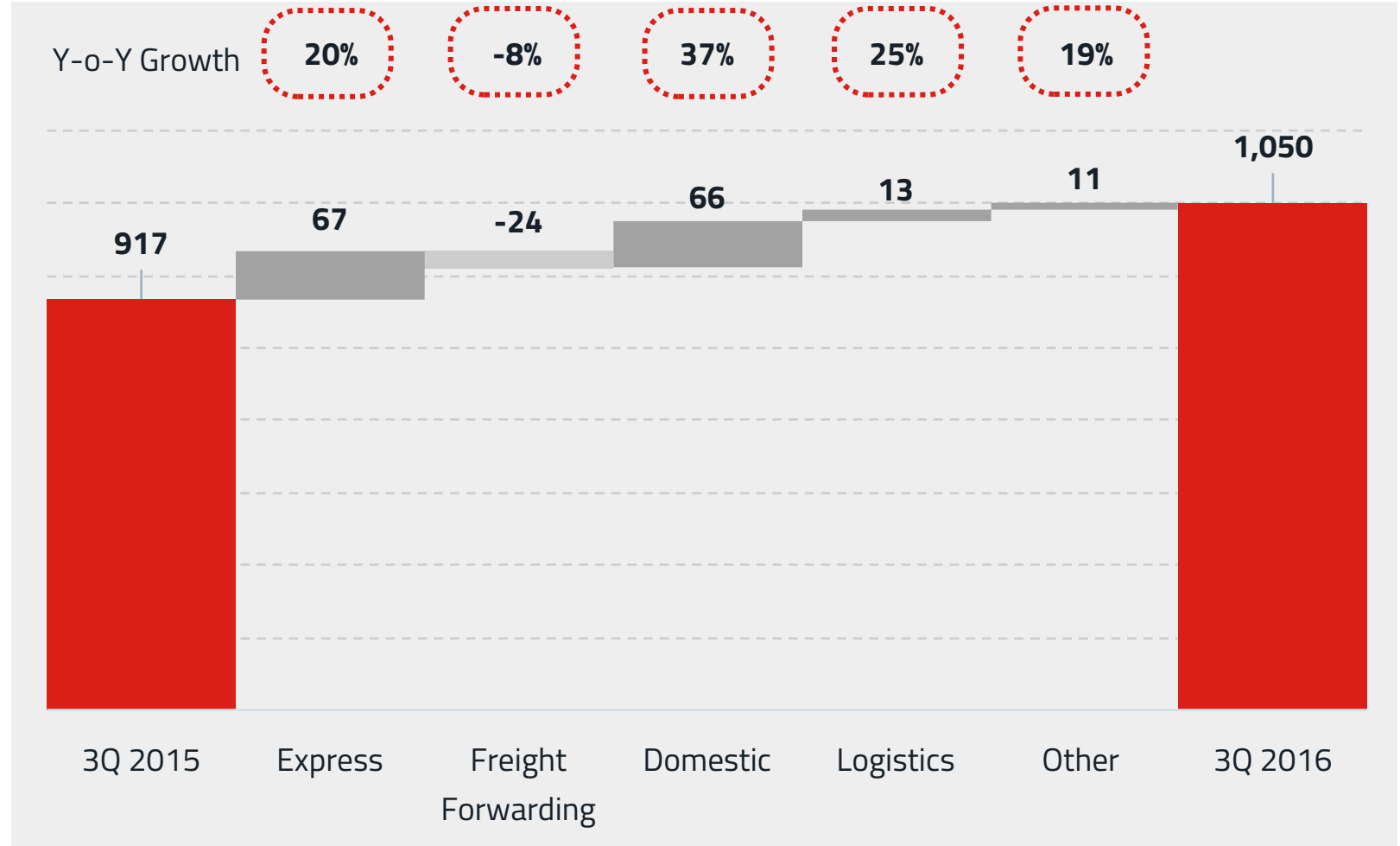
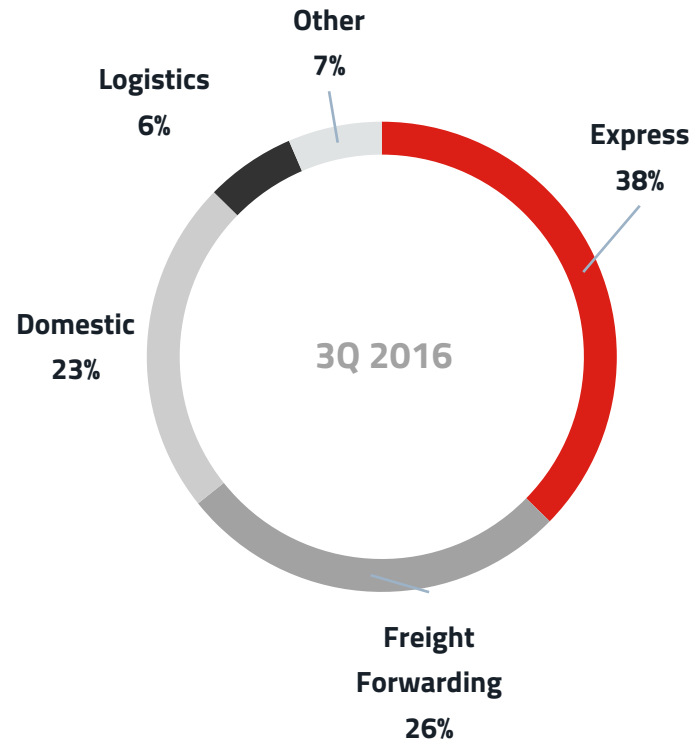
### Income Statement (AEDm) →

	Quarter			Movement (%)	
	3Q 16	2Q 16	3Q 15	q-o-q	y-o-y
Revenue	1,050.4	1,105.0	917.2	-5%	15%
Cost of Revenues	(472.8)	(497.1)	(398.1)	5%	-19%
Gross profit	577.5	607.8	519.1	-5%	11%
Overheads	(487.2)	(499.7)	(431.5)	-3%	-13%
Income before tax	87.4	145.0	85.6	-40%	2%
Profit after tax from cont. operations	71.9	131.1	76.8	-45%	-6%
Profit for the period	76.4	132.7	78.6	-42%	-3%
Attributable income	72.2	125.7	74.6	-43%	-3%
EBIT (Operating income)	91.7	149.3	87.1	-39%	5%



# Q3 2016 growth in core segments in line with management agenda

Revenues by segment (AED m) →



# Strong performance in Express business during 3Q 2016

## Segmental Revenues (%) →

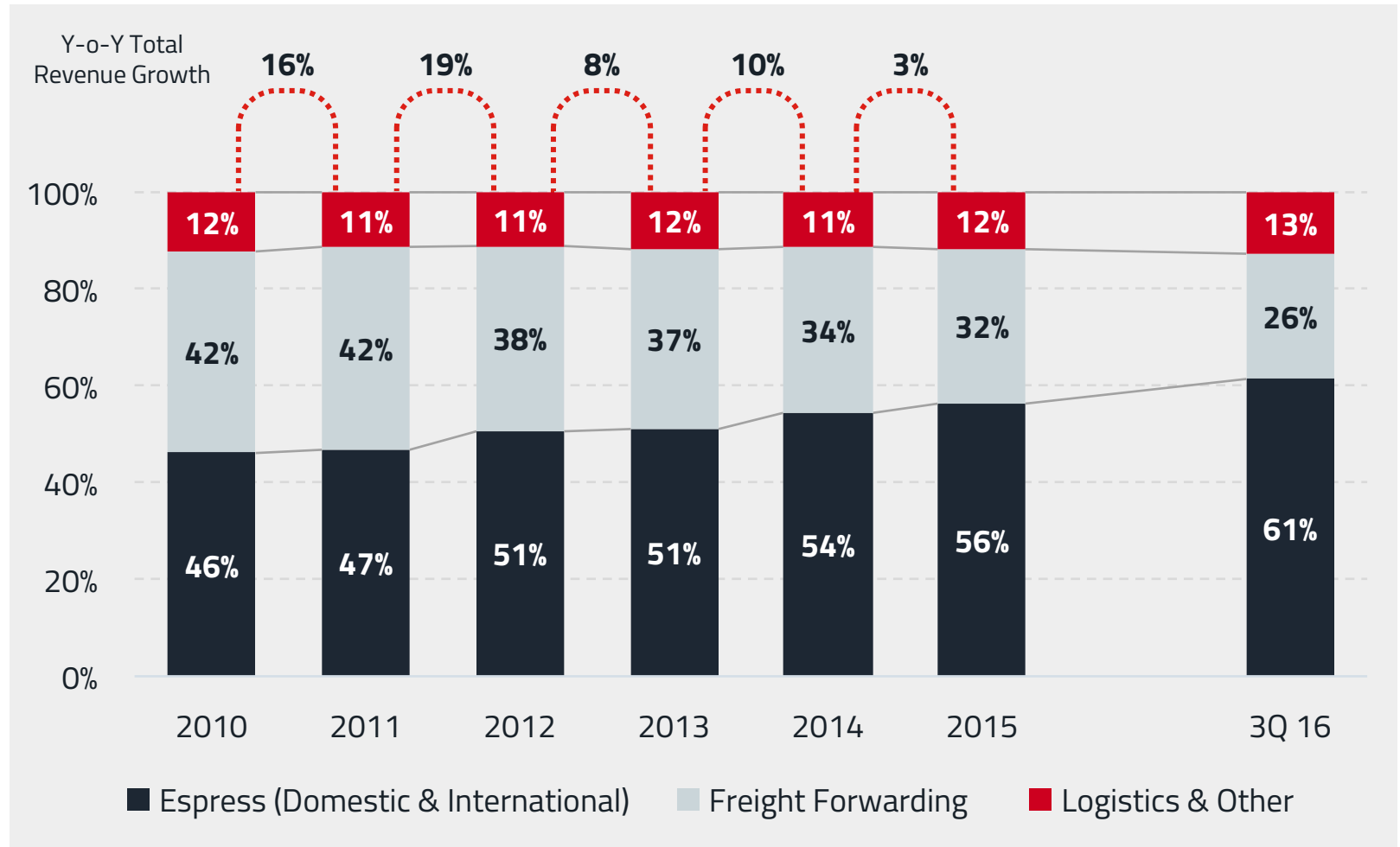
Express contribution to total revenues continues to grow, outgrowing other businesses;

The key driver of this development is the fast-growing eCommerce business

Express revenue (domestic & international) has grown from 46% to 61% as at YTD 2016

Freight forwarding has consistently declined from 42% revenue contribution to 26%

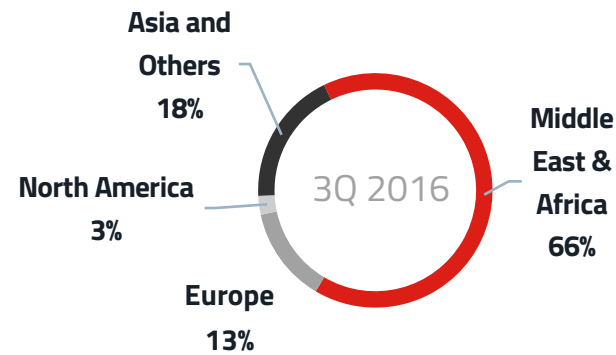
**Management expects this trend to continue throughout 2016 and beyond**



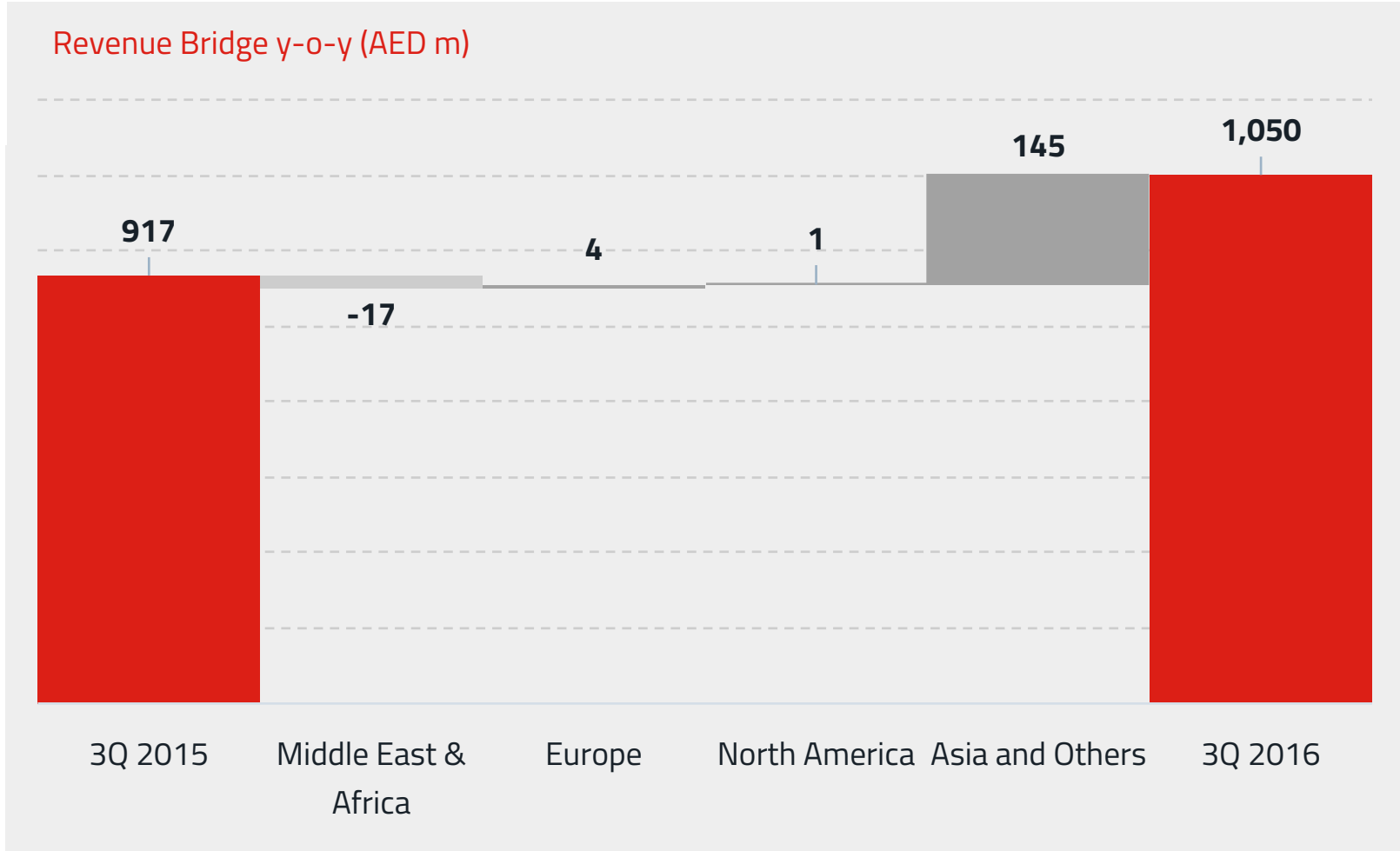
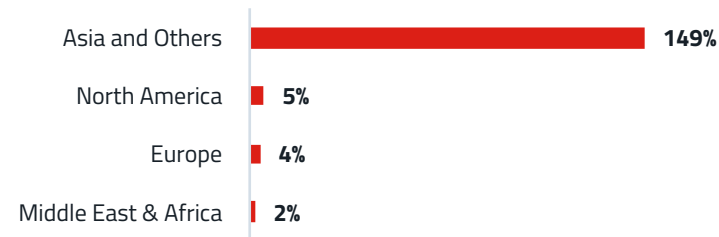
# Geographic performance – strongest growth recorded again in Asia

Revenues by Geography →

Geographic Contribution (%)



Geographic Performance y-o-y (%)



# 3Q 2016 Financial Highlights

## Financial Ratios (AEDm) →

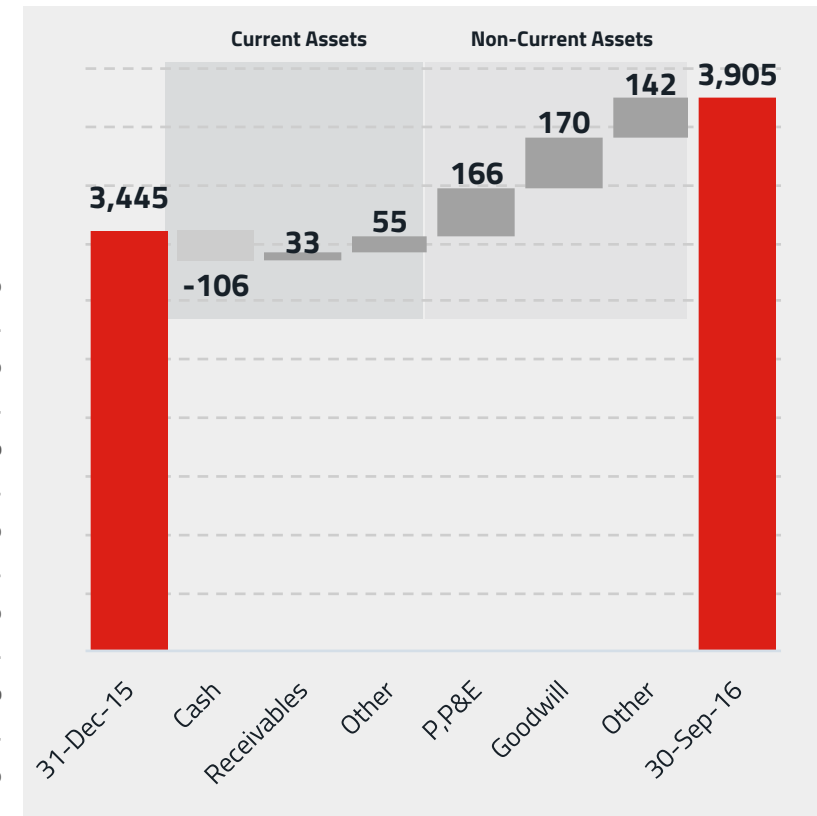
	Quarter			Movement (%)	
	3Q 16	2Q 16	3Q 15	q-o-q	y-o-y
EPS (AED)	0.049	0.086	0.051	-43%	-2%
Gross profit margin (%)	55.0%	55.0%	56.6%	0.0%	-1.6%
Net profit margin (%)	6.9%	11.4%	8.1%	-4.5%	-1.2%
EBITDA margin %	11.1%	15.9%	11.8%	-4.8%	-0.7%
ROE %	19.0%	23.6%	13.7%	-4.6%	5.3%
ROA %	13.0%	13.2%	9.4%	-0.2%	3.6%
Debt/Equity %	30.5%	31.6%	7.6%	1.1%	-23.0%

# Balance sheet remains strong and liquid despite lower cash

Balance Sheet Highlights →

Asset Movement Y-o-Y (AED m) →

	30 Sep 2016	31 Dec 2015	Actual	Movement Change %
Current assets	1,583	1,602	(19)	-1%
Non-current assets	2,321	1,844	477	26%
<b>Total assets</b>	<b>3,905</b>	<b>3,445</b>	<b>460</b>	<b>13%</b>
Current liabilities	1,047	822	225	27%
Non-current liabilities	613	424	189	45%
<b>Total liabilities</b>	<b>1,660</b>	<b>1,246</b>	<b>414</b>	<b>33%</b>
<b>Shareholders' equity</b>	<b>2,223</b>	<b>2,161</b>	62	3%





## 3Q 2016 Financial Highlights

### Financial Ratios (AEDm) →

	30 Sept 2016	31 Dec 2015	Actual	Movement in %
Cash and cash equivalents	601.1	707.2	-106.1	-15.0%
Receivables (net)	763.8	731.2	32.6	4.5%
Other current assets	218.5	163.2	55.3	33.9%
<b>Total current assets</b>	<b>1,583.4</b>	<b>1,601.6</b>	<b>-18.2</b>	<b>-1.1%</b>
Property, Plant and equipment (net)	869.3	703.2	166.1	23.6%
Goodwill (net)	1207.7	1038.1	169.7	16.3%
Other non current assets	244.2	102.5	141.7	138.2%
<b>Total non-current assets</b>	<b>2,321.2</b>	<b>1,843.8</b>	<b>477.5</b>	<b>25.9%</b>
<b>Total assets</b>	<b>3,904.6</b>	<b>3,445.4</b>	<b>459.3</b>	<b>13.3%</b>



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# The Way Forward: Management Priorities

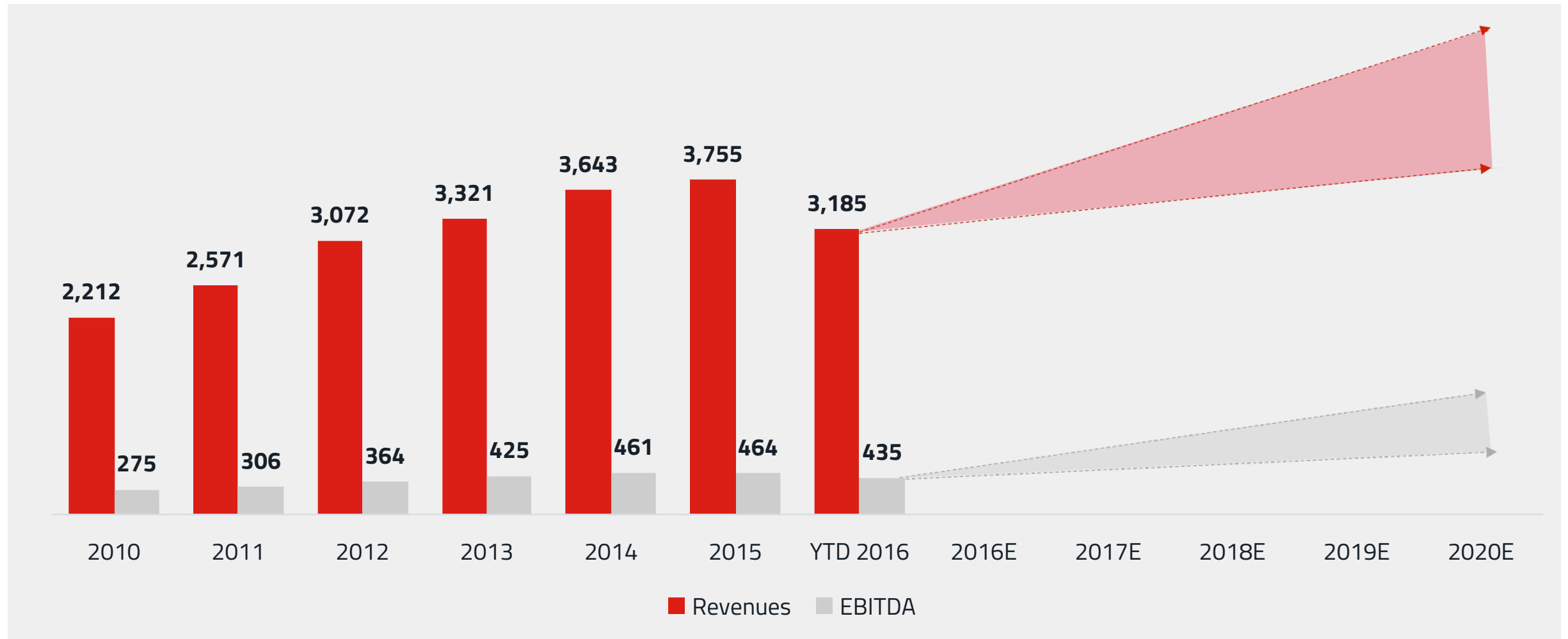
Grow the business	Consistent profitability	Shareholder participation
Focus on technology →	Focus on operational excellence →	Continue with our progressive dividend policy →
Grow e Commerce Portfolio →	Variabilization of cost structure →	Target Payout Ratio: > 60% →
Organic growth plus acquisitions →	Actively manage FX volatility →	
Attractive growth markets →		



## Management Ambition: Guidance

	2015 Actual		YTD 2016	2016 Target (AED)
Express	↑ 13%	AED 1,387 m	AED 1,189 m	Double-digit growth
Freight Forwarding	↓ 3.3%	AED 1,203 m	AED 858 m	Slight decrease
Domestic	↓ 3.4%	AED 729 m	AED 734 m	Double-digit growth
Logistics	↗ 3.9%	AED 206 m	AED 197 m	Slight increase
Other	↗ 4.9%	AED 229 m	AED 206 m	Slight increase
Total	↗ 3.1%	AED 3,755 m	AED 3,185 m	Considerable increase

# Long Term Ambition Level – Projected Roadmap to 2020





## Investor Relations Contacts

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Hussein Hachem  
CEO



Bashar Obeid  
CFO



Mohammad Al Qassem  
Investor Relations

**Investor Relations:**

investors@aramex.com

Tel +971 4 2118464

P.O. Box

Dubai – UAE

[www.aramex.com/investors](http://www.aramex.com/investors)

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