

# Investor Presentation

## - 2Q 2018 Results -



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# Cautionary Note Regarding Forward-Looking Statements

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# Management Update



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# Aramex is a global provider of logistics and transportation solutions

17,195 employees

604 offices in 71 Countries

AED 4.7 billion revenues

AED 5.8 billion market cap

## Business Units

**Domestic  
Express**



**International  
Express**



**Freight**



**Logistics &  
Other**



**eCommerce**



## At a glance

Aramex Domestic Express offers reliable door to door solutions for time-critical packages to be delivered within a country or city.

International Express offers global solutions for moving time-sensitive documents and parcels door-to-door around the world and within a variety of transit time options.

We provide a global and cost-effective solution to land, sea and air freight needs through a worldwide network.

Aramex covers all stages of the logistics supply chain from the moment inventory leaves suppliers until the moment it reaches its destination. We provide customized solutions for various industries and records management services via InfoFort.

eCommerce is the key driver of Aramex's growth, innovation and M&A strategy.

## Shareholder Returns

# Aramex shareholders were rewarded by good TSR

Closing Price 2Q 2018

**AED 3.95**

**Total Return Metrics:**

**-8.14%**

YTD 2018 share price increase  
and Total Shareholder Return  
(Dividend reinvested)

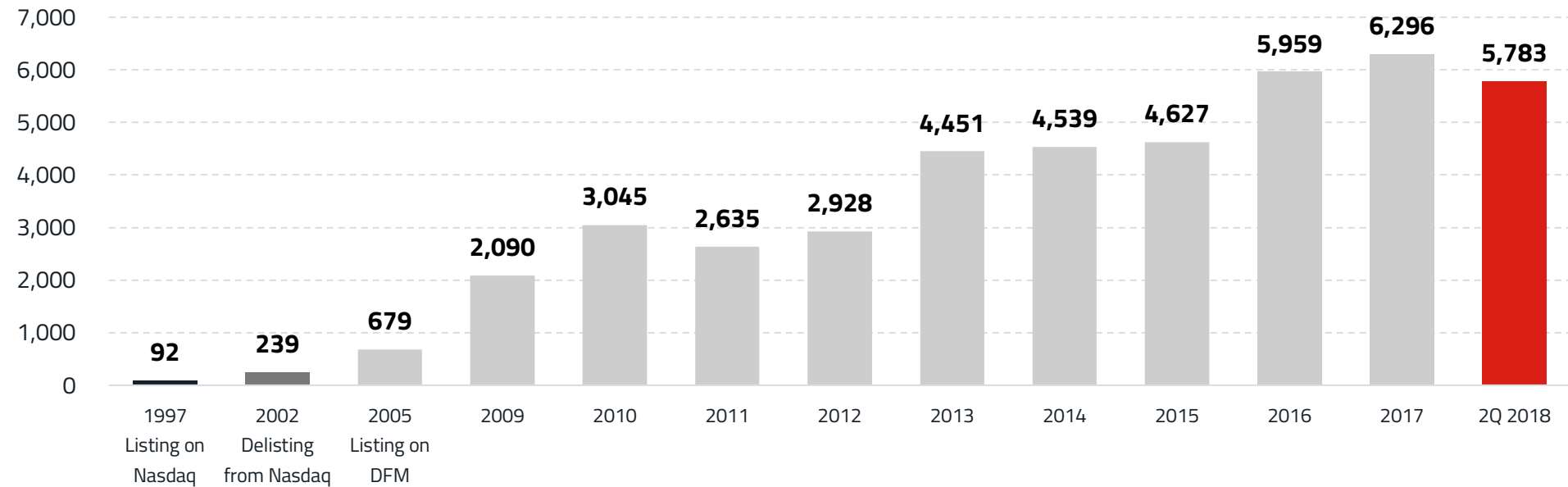
**+5.65%**

2017 share price increase

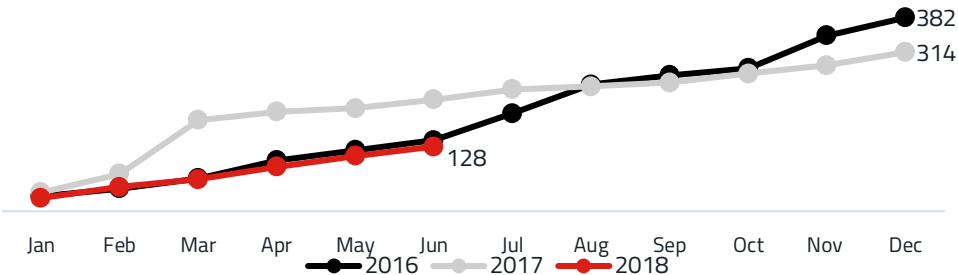
**+8.85%**

2017 Total Shareholder Return  
(Dividend reinvested)

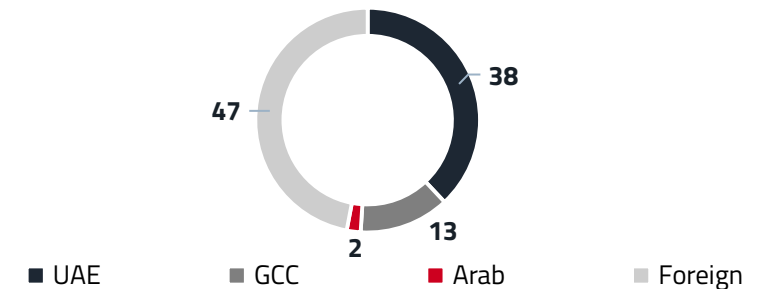
**Market Capitalization (AEDm)**



**Aramex cumulated traded volume (million shares)**



**Geographic Ownership (%)**



# Management expects to deliver on 2018 revenue targets

		2017 Actual	2018 Target	1H 2018 Actual
Express	✓	↑ 19% AED 2,007 m	Double-digit growth	↑ 10% AED 1,028 m
Freight Forwarding	✓	↑ 2% AED 1,157 m	Single-digit growth	↑ 2% AED 579 m
Domestic	✓	↑ 4% AED 1,022 m	Single-digit growth	↑ 8% AED 527 m
Logistics	✓	↓ 2% AED 260 m	Single-digit growth	↑ 13% AED 142 m
Other	✓	↓ 1% AED 275 m	Single-digit growth	↑ 9% AED 145 m
Total	✓	↑ 9% AED 4,721 m	Double-digit growth	↑ 7% AED 2,422 m

# Management focused on four key areas to drive 2018 results

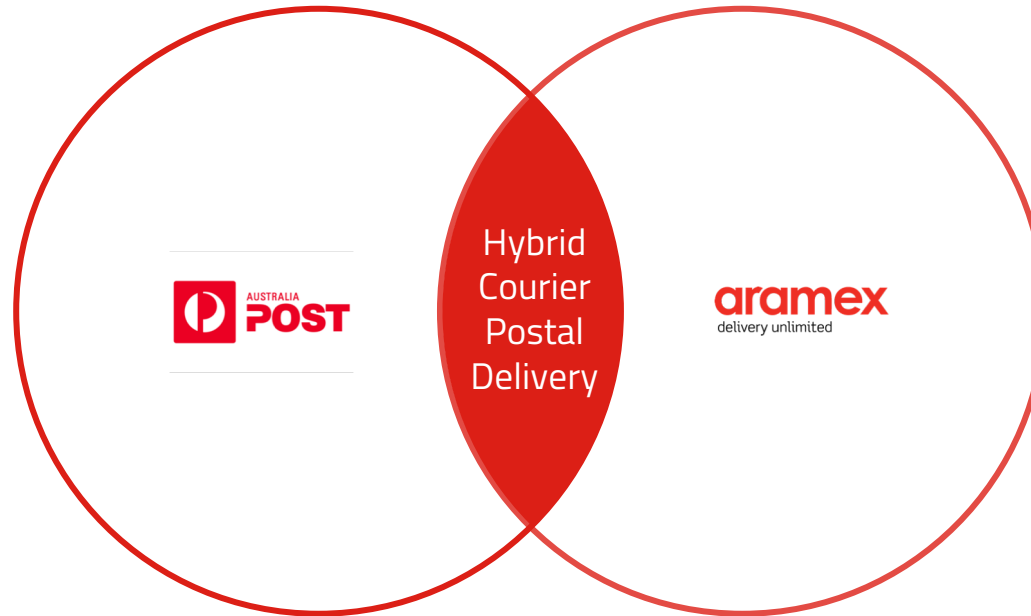
Focus Areas		Management remains focused on long-term growth drivers
eCommerce	→	Continues to be the main growth driver of Aramex express and logistics businesses
Asset-light model	→	Proves our business model can be successful through market cycles
Innovation and technology	→	Enhances our customer experience and enables us to expand our business operations
Operational efficiency	→	Implementation of ERP platform fosters enterprise-wide collaboration

## Key Messages

# Delivering the best of both worlds to offer customers maximum flexibility

### Postal Strengths

- Delivers to every address in the world
- Most respected network by all nations
- Largest number of pick-up-drop-off locations
- Competitive prices



### Courier Strengths

- Tracking and notification technology
- Ability to pay duties and taxes at checkout
- Full control over line haul speed and visibility
- No weight restrictions

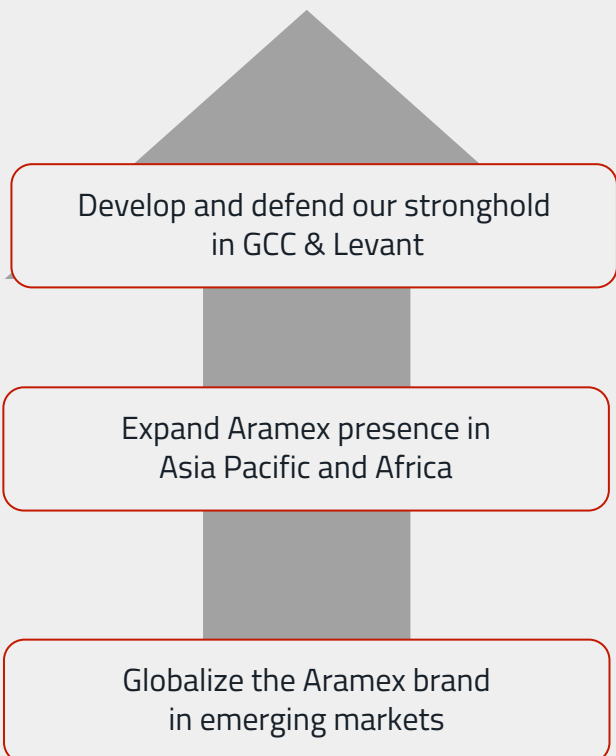
### Result

Residential coverage in 192 countries  
Cheaper than courier  
Faster than mail



# Management remains focused on three key priorities

## Expand Footprint

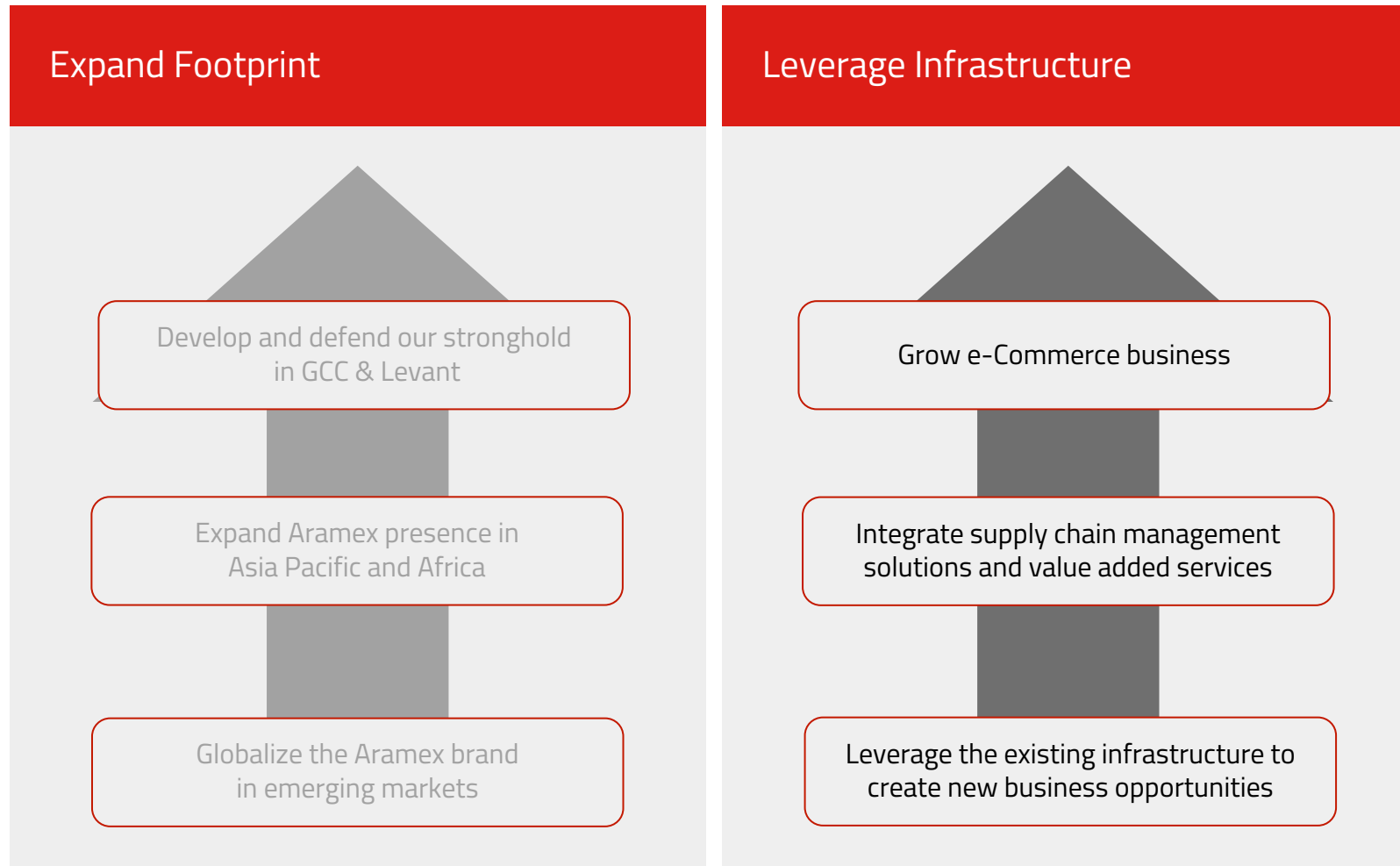


Develop and defend our stronghold  
in GCC & Levant

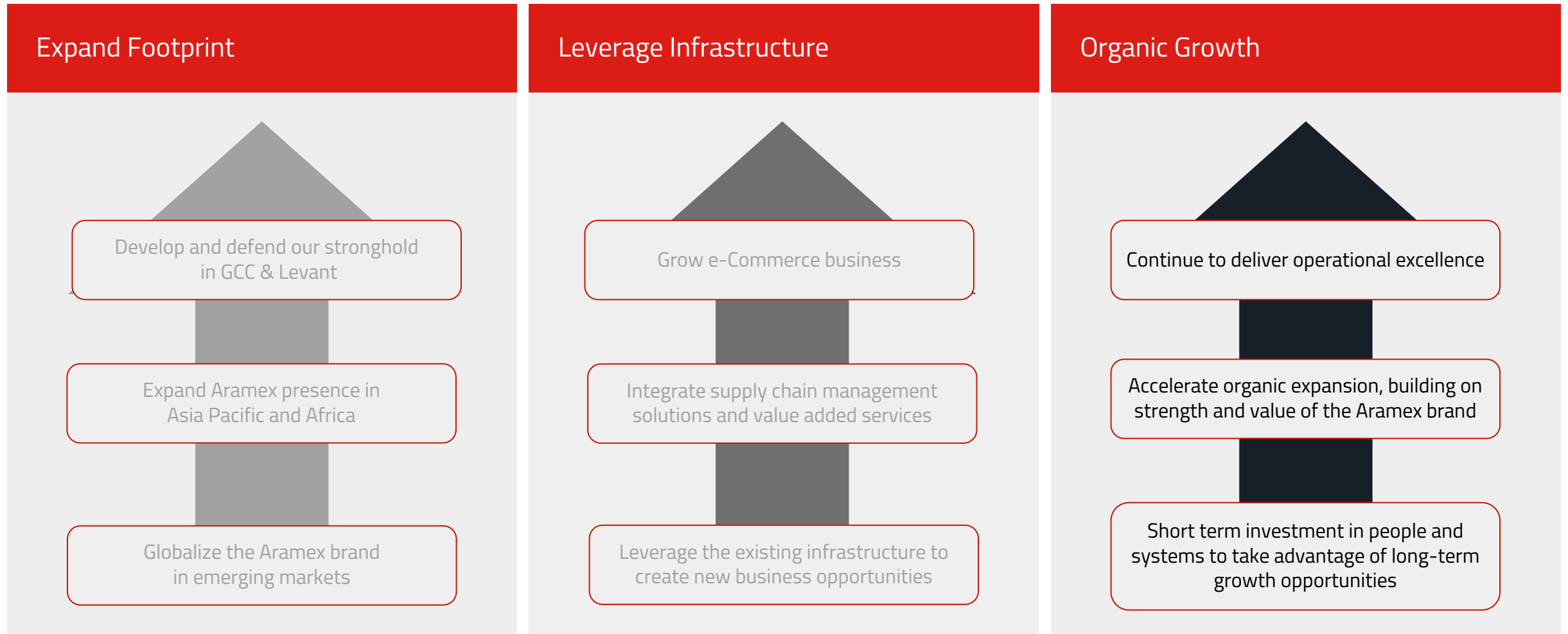
Expand Aramex presence in  
Asia Pacific and Africa

Globalize the Aramex brand  
in emerging markets

# Management remains focused on three key priorities



# Management remains focused on three key priorities



# 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



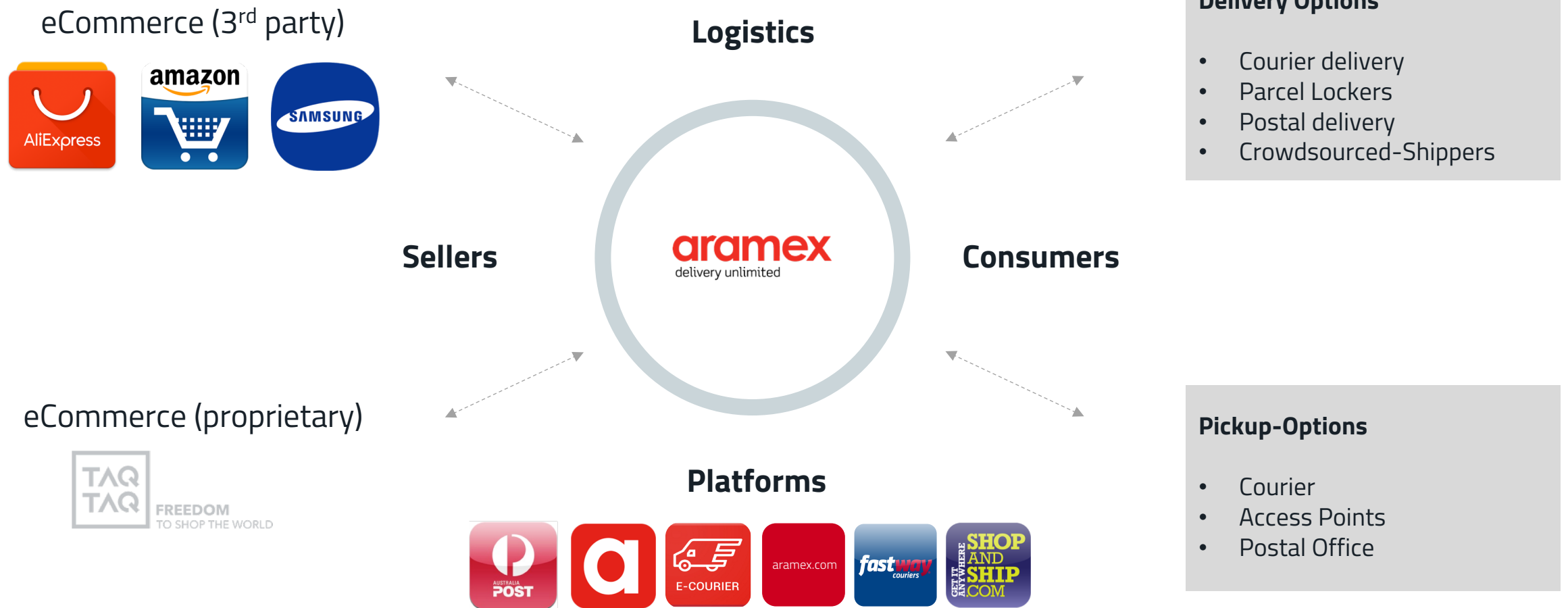
We believe that devices are becoming smarter and are connecting the unconnected

Talent



Better technology will enable employees to become more efficient

# We are continuing to build out the Aramex ecosystem





# 2Q 2018 Results



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# Strong top and bottom line performance

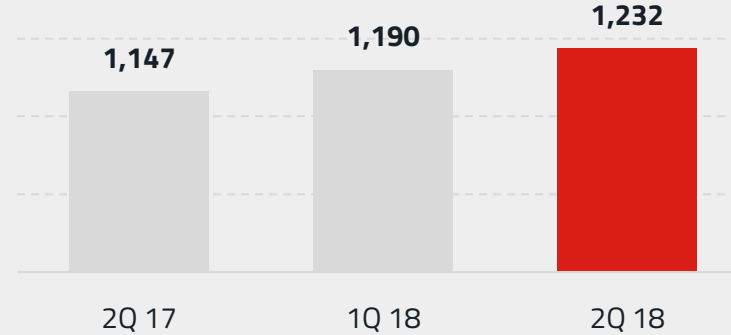
		2Q 2018 Results →	Performance across key indicators (AED)														
Revenues	→	7% growth compared to 2Q 17	<table><tr><td>1,147,441</td><td>1,143,399</td><td>1,323,973</td><td>1,189,632</td><td>1,231,913</td></tr><tr><td>2Q 17</td><td>3Q 17</td><td>4Q 17</td><td>1Q 18</td><td>2Q 18</td></tr></table>					1,147,441	1,143,399	1,323,973	1,189,632	1,231,913	2Q 17	3Q 17	4Q 17	1Q 18	2Q 18
1,147,441	1,143,399	1,323,973	1,189,632	1,231,913													
2Q 17	3Q 17	4Q 17	1Q 18	2Q 18													
EBITDA	→	26% year on year headline EBITDA growth	<table><tr><td>150,845</td><td>134,650</td><td>237,023</td><td>164,626</td><td>190,212</td></tr><tr><td>2Q 17</td><td>3Q 17</td><td>4Q 17</td><td>1Q 18</td><td>2Q 18</td></tr></table>					150,845	134,650	237,023	164,626	190,212	2Q 17	3Q 17	4Q 17	1Q 18	2Q 18
150,845	134,650	237,023	164,626	190,212													
2Q 17	3Q 17	4Q 17	1Q 18	2Q 18													
Net Profit Margin	→	147 bp margin improvement year on year	<table><tr><td>8.5%</td><td>7.1%</td><td>12.5%</td><td>8.7%</td><td>9.9%</td></tr><tr><td>2Q 17</td><td>3Q 17</td><td>4Q 17</td><td>1Q 18</td><td>2Q 18</td></tr></table>					8.5%	7.1%	12.5%	8.7%	9.9%	2Q 17	3Q 17	4Q 17	1Q 18	2Q 18
8.5%	7.1%	12.5%	8.7%	9.9%													
2Q 17	3Q 17	4Q 17	1Q 18	2Q 18													
EPS	→	26% earnings per share increase	<table><tr><td>0.066</td><td>0.056</td><td>0.113</td><td>0.071</td><td>0.084</td></tr><tr><td>2Q 17</td><td>3Q 17</td><td>4Q 17</td><td>1Q 18</td><td>2Q 18</td></tr></table>					0.066	0.056	0.113	0.071	0.084	2Q 17	3Q 17	4Q 17	1Q 18	2Q 18
0.066	0.056	0.113	0.071	0.084													
2Q 17	3Q 17	4Q 17	1Q 18	2Q 18													

## 2Q 2018 Group Highlights

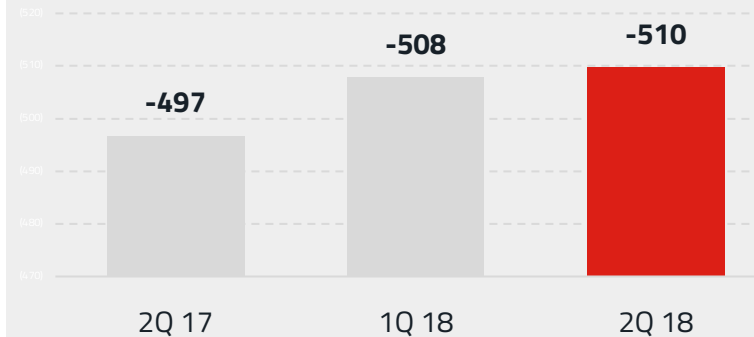
### Management Comments →

- Revenue growth in 2Q 2018 was driven by most geographies, with Middle East & Africa being major contributors.
- Cost of Revenues increased year-on-year in line with overall growth of the business.
- Attributable Net Profit rose in 2Q 2018 as a result of revenue growth and improved cost efficiency.

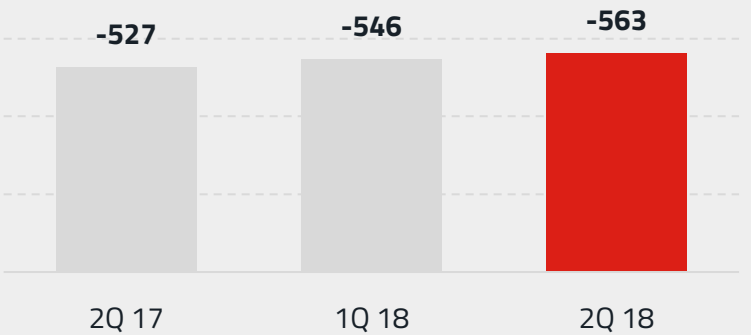
#### Revenues (AED m)



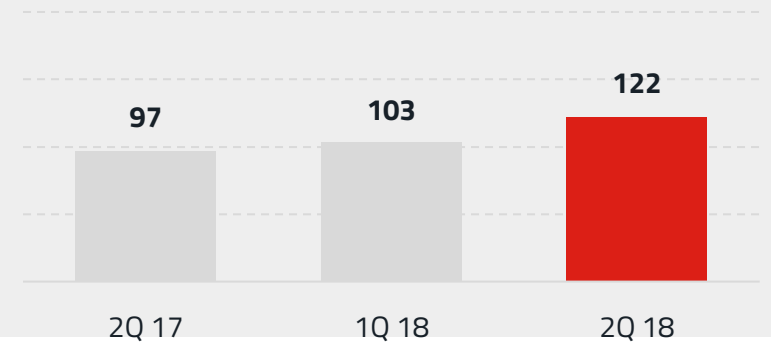
#### Total Overheads (AED m)



#### Cost of Revenues (AED m)



#### Attributable Net Profit (AED m)



## 2Q 2018 Financial Highlights

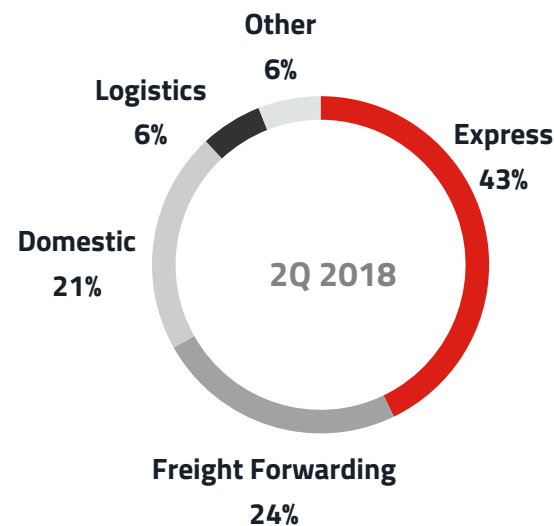
### Income Statement (AEDm)



	2Q 18	Quarter 1Q 18	2Q 17	Movement (%)	
				q-o-q	y-o-y
Revenue	1,232	1,190	1,147	4%	7%
Cost of Revenues	(563)	(546)	(527)	-3%	-7%
Gross profit	669	644	621	4%	8%
Overheads	(510)	(508)	(497)	0%	-3%
Profit for the period	130	111	101	17%	29%
EBITDA	190	165	151	16%	26%

# International Express and Domestic delivered 64% of revenues

Revenues by segment (AED m) →



Y-o-Y Growth

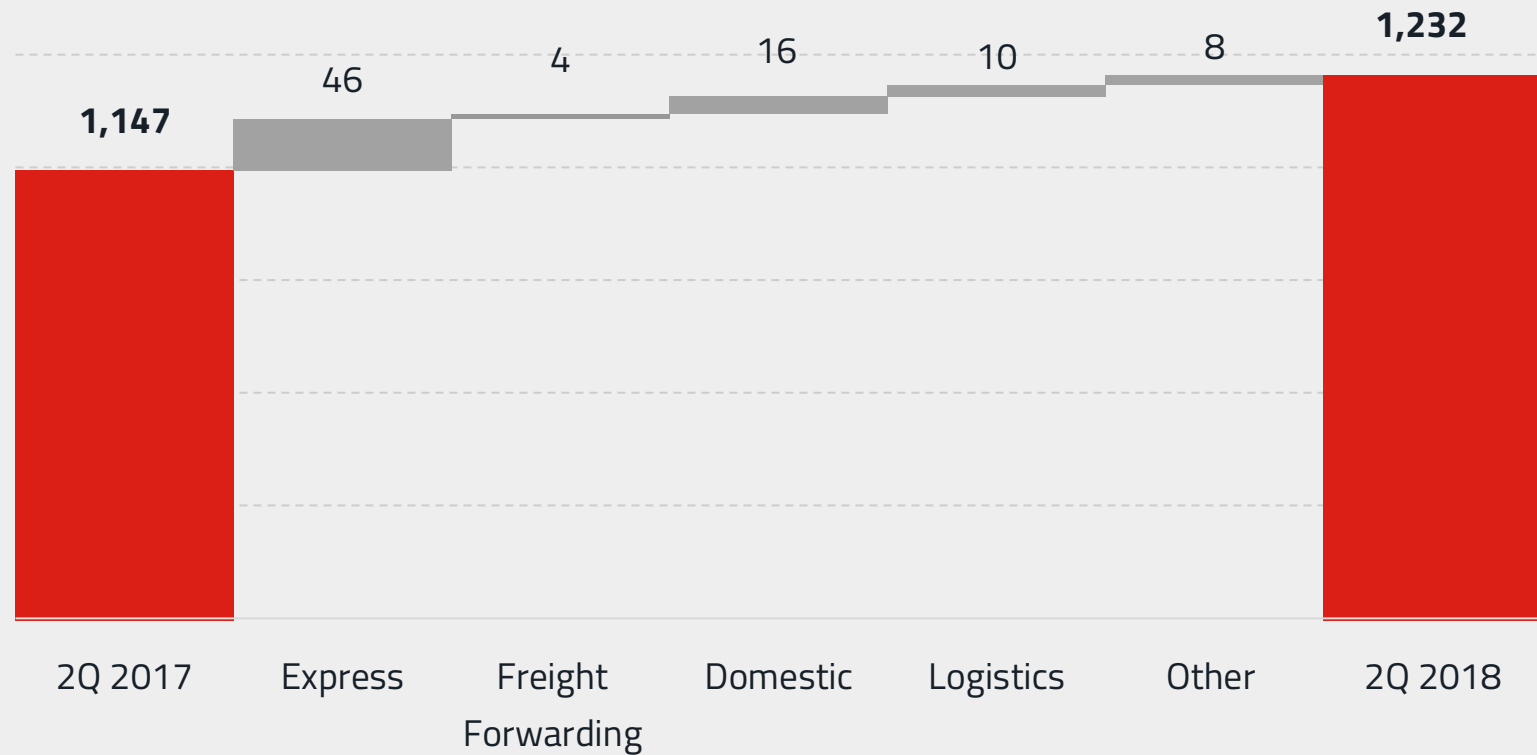
10%

1%

6%

16%

13%

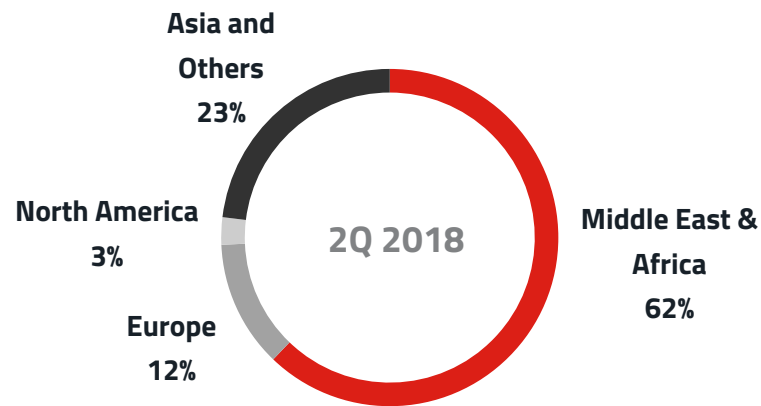




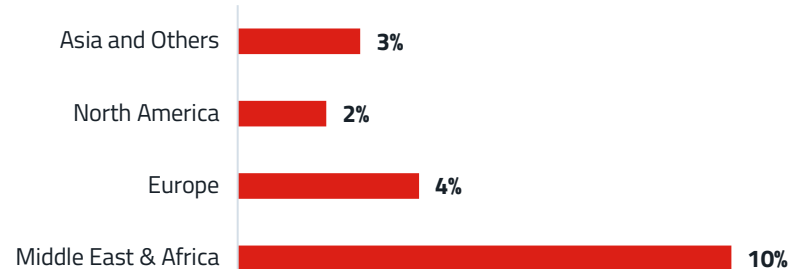
# Geographic performance – strongest growth recorded in Middle East & Africa

## Revenues by Geography →

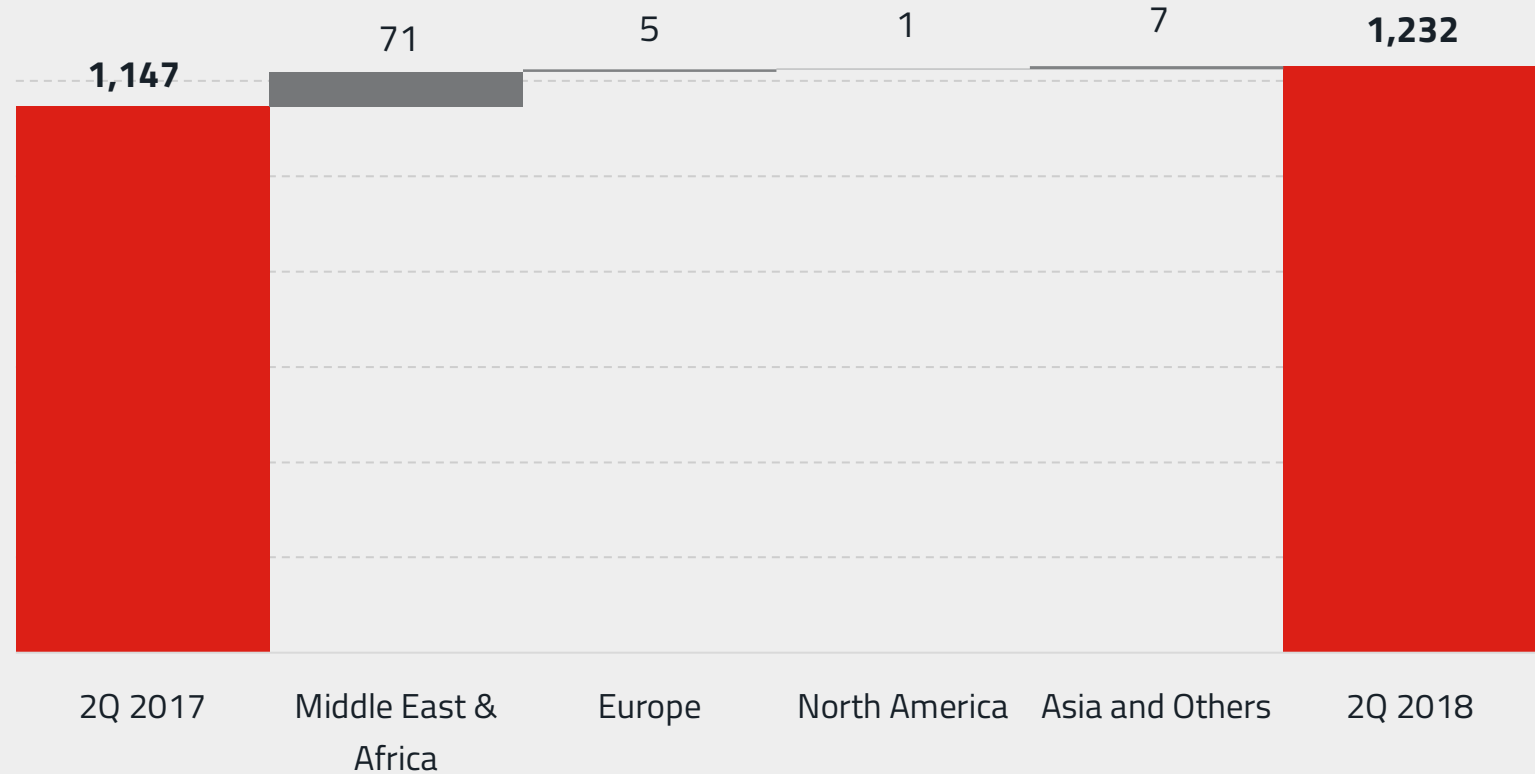
### Geographic Contribution (%)



### Geographic Performance y-o-y (%)



### Revenue Bridge y-o-y (AED m)



## 2Q 2018 Financial Highlights

### Financial Ratios (AEDm)



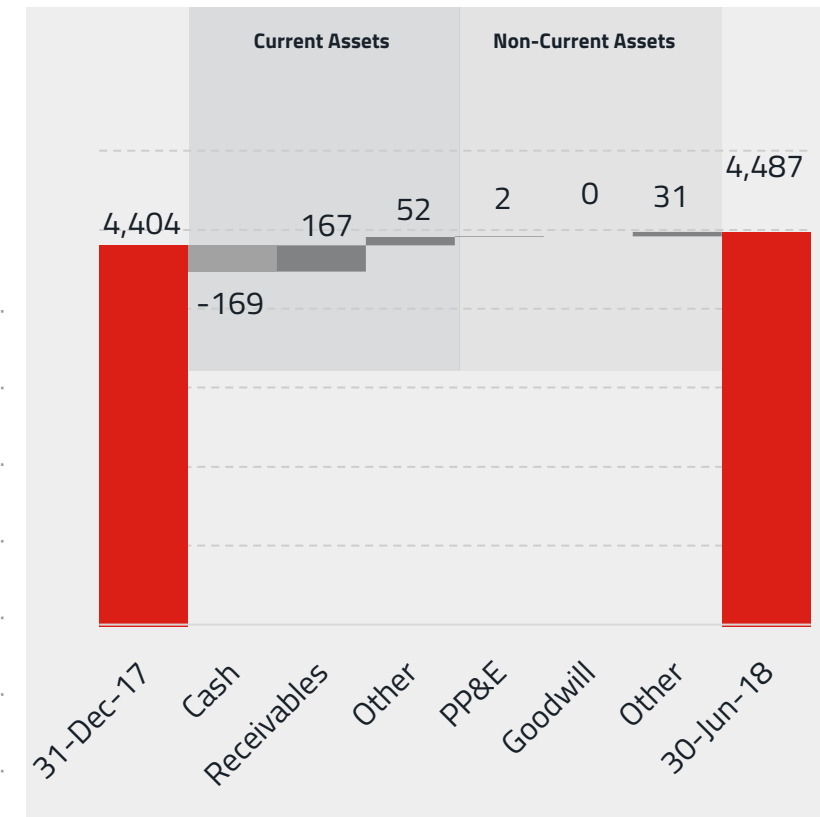
	Quarter			Movement	
	2Q 18	1Q 18	2Q 17	q-o-q	y-o-y
EPS (AED)	<b>0.084</b>	0.071	0.066	18%	27%
Gross profit margin (%)	<b>54.3%</b>	54.1%	54.1%	0.2%	0.2%
Net profit margin (%)	<b>9.9%</b>	8.7%	8.5%	1.3%	1.5%
EBITDA margin (%)	<b>15.4%</b>	13.8%	13.1%	1.6%	2.3%
Debt/Equity %	<b>29.9%</b>	22.9%	30.1%	-7.0%	0.2%

## Balance sheet remains strong and liquid

### Balance Sheet Highlights →

	30 June 2018	31 Dec 2017	Movement	
			Actual	Change %
Current assets	1,961	1,911	50	3%
Non-current assets	2,526	2,493	33	1%
<b>Total assets</b>	<b>4,487</b>	<b>4,404</b>	83	2%
Current liabilities	1,481	1,368	113	8%
Non-current liabilities	505	517	-12	-2%
<b>Total liabilities</b>	<b>1,986</b>	<b>1,885</b>	101	5%
Non-controlling interest	23	19	4	20%
<b>Shareholders' equity</b>	<b>2,478</b>	<b>2,500</b>	-22	-1%

### Asset Movement Y-o-Y (AED m) →



# Composition of assets

Financial Ratios (AEDm)



	30 June 2018	31 Dec 2017	Actual	Movement in %
Cash and cash equivalents	559	728	-169	-23%
Receivables (net)	1101	934	167	18%
Other current assets	301	249	52	21%
<b>Total current assets</b>	<b>1,961</b>	<b>1,911</b>	50	2.6%
Property, Plant and equipment (net)	914	912	2	0%
Goodwill (net)	1,164	1,164	0	0%
Other non current assets	448	417	31	7%
<b>Total non-current assets</b>	<b>2,526</b>	<b>2,493</b>	32	1.3%
<b>Total assets</b>	<b>4,487</b>	<b>4,404</b>	83	1.9%



# Long-term Performance



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# Evolution of Express business – outgrowing freight forwarding

## Segmental Revenues (%) →

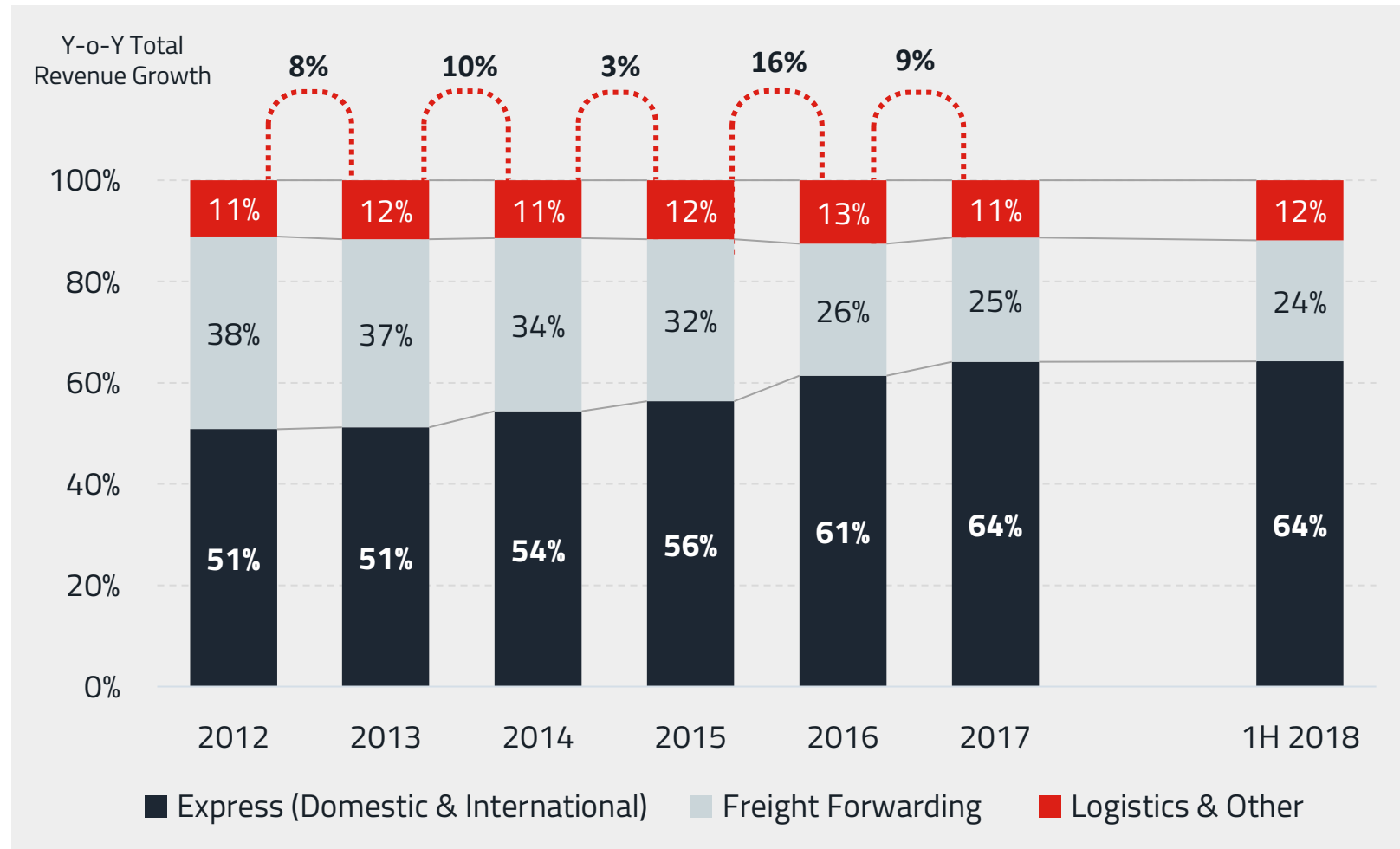
Express contribution to total revenues continues to grow, outgrowing all other businesses

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

Express revenue contribution has grown from 51% to 64% as at 2Q 2018

Freight forwarding continues to decline from 38% revenue contribution to 24%.

**Management expects this trend to continue throughout 2018 and beyond.**



# Aramex maintains a track record of delivering operational excellence

## Aramex 2012 - 2017 (Indexed) →

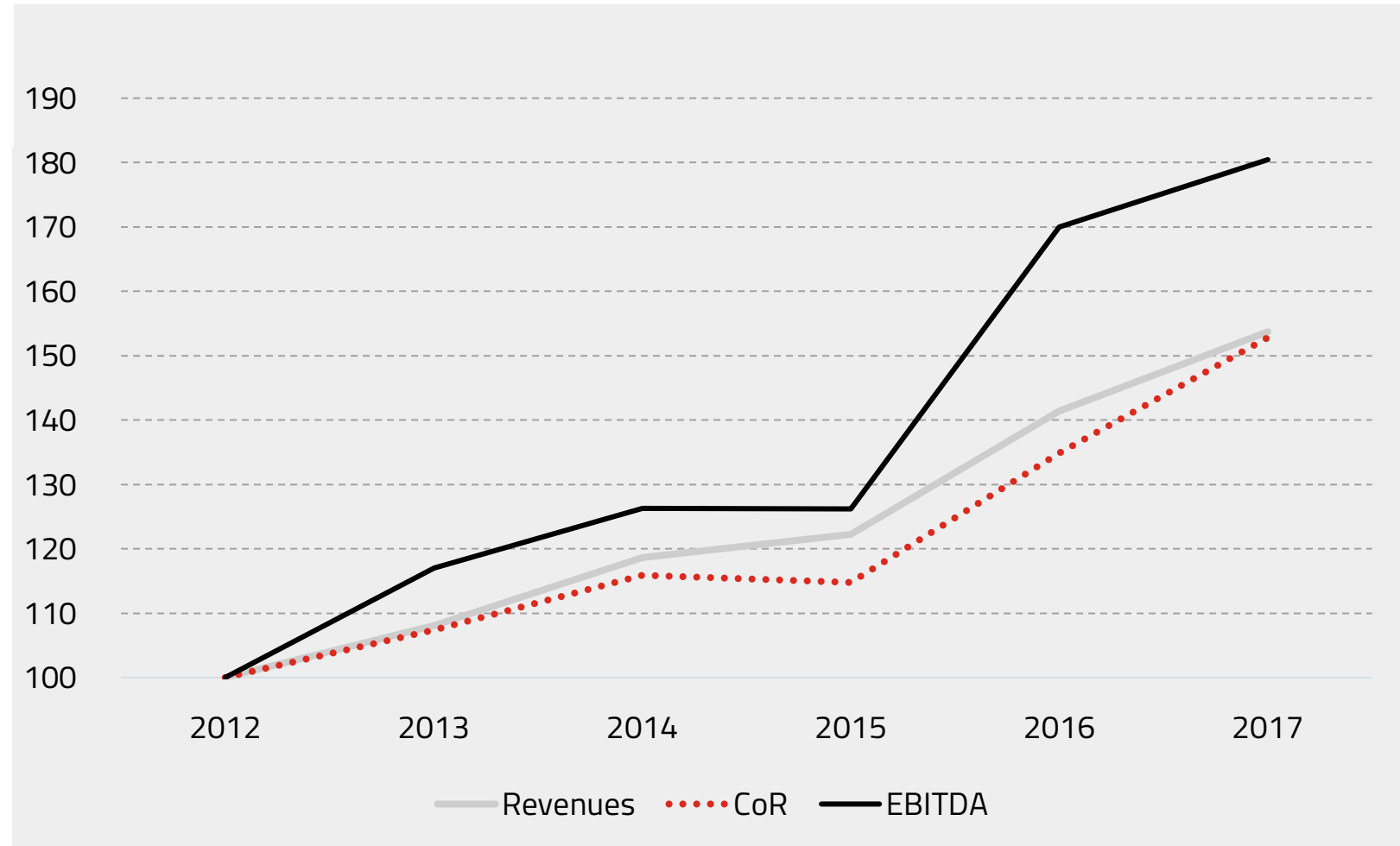
We delivered a consistently strong performance since 2012

2012-2017 CAGR

Revenues 9.0%

Cost of Revenues 8.9%

EBITDA: 12.5%

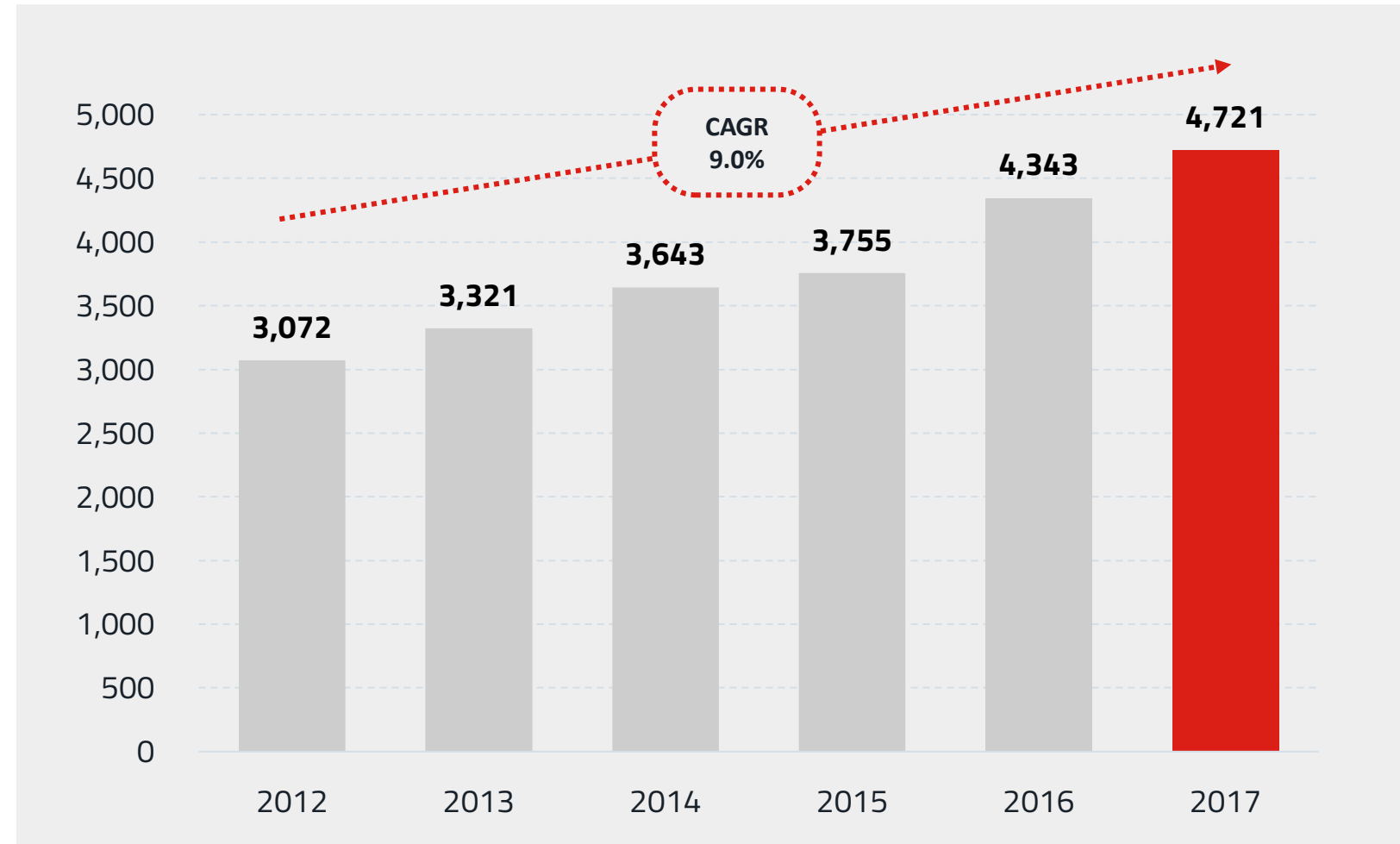


# Aramex continues to deliver solid top line performance

## Revenues (AED m) →

### Revenue generation

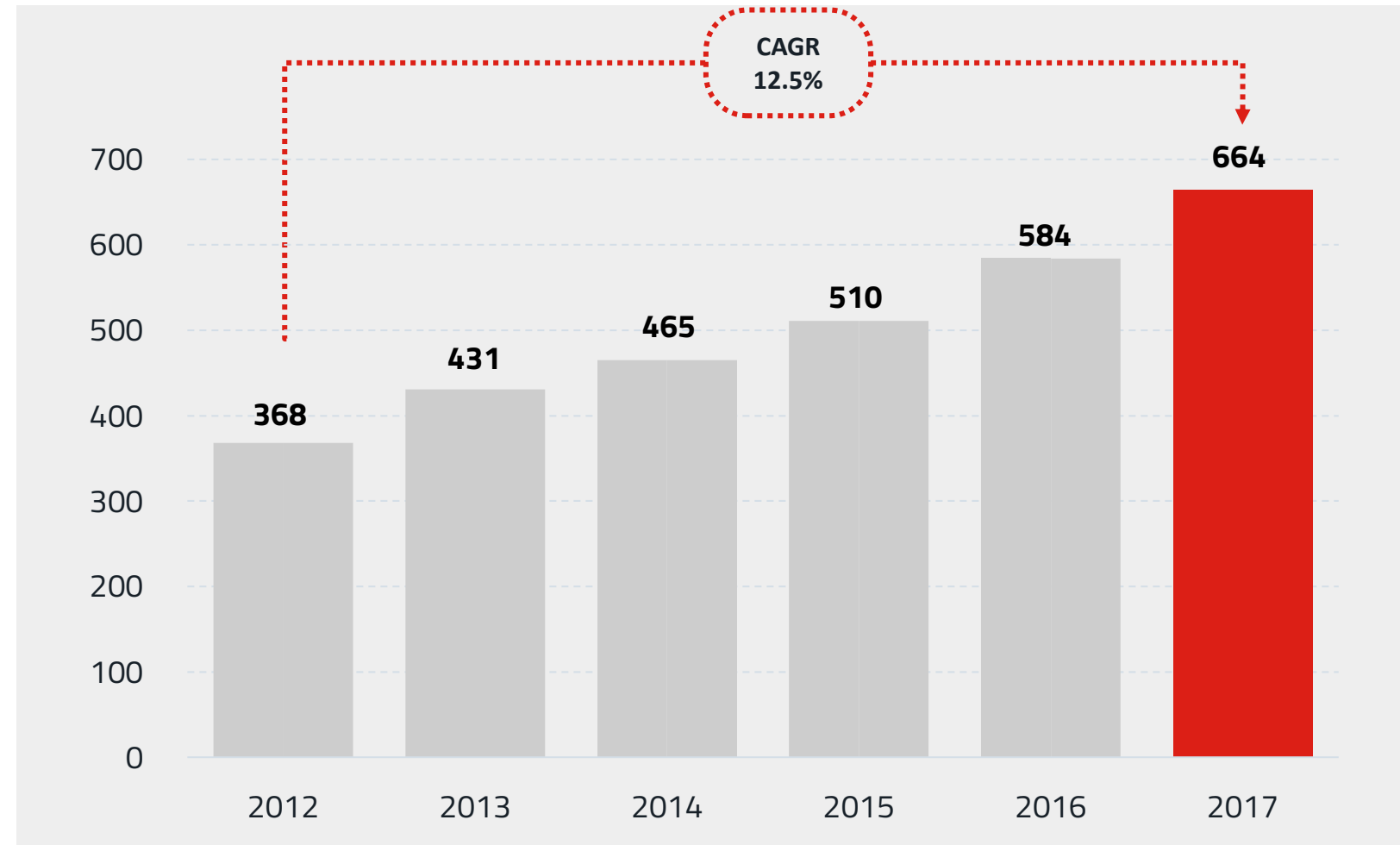
- Revenue growth of 9% in 2017 despite impact of exchange rate volatility. Excluding exchange rate impacts, total revenue grew 11% in 2017
- Revenue growth reflects additional income generated primarily in international cross-border express business as well as in Asia Pacific



## Strong underlying results right across the business

EBITDA before special items (AED m) →

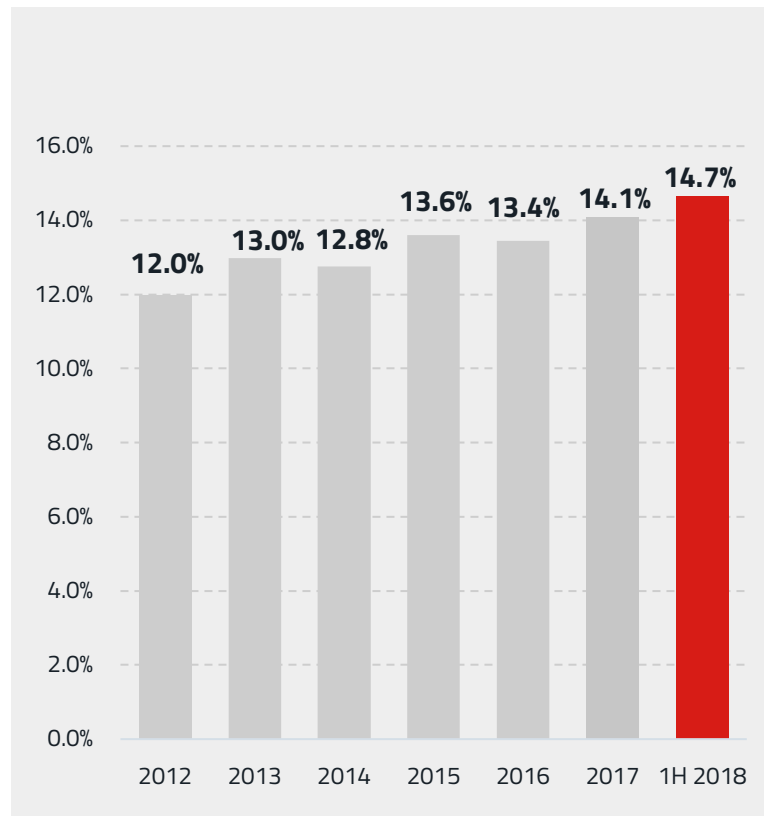
EBITDA before special items:  
Aramex generated strong underlying results  
across the business



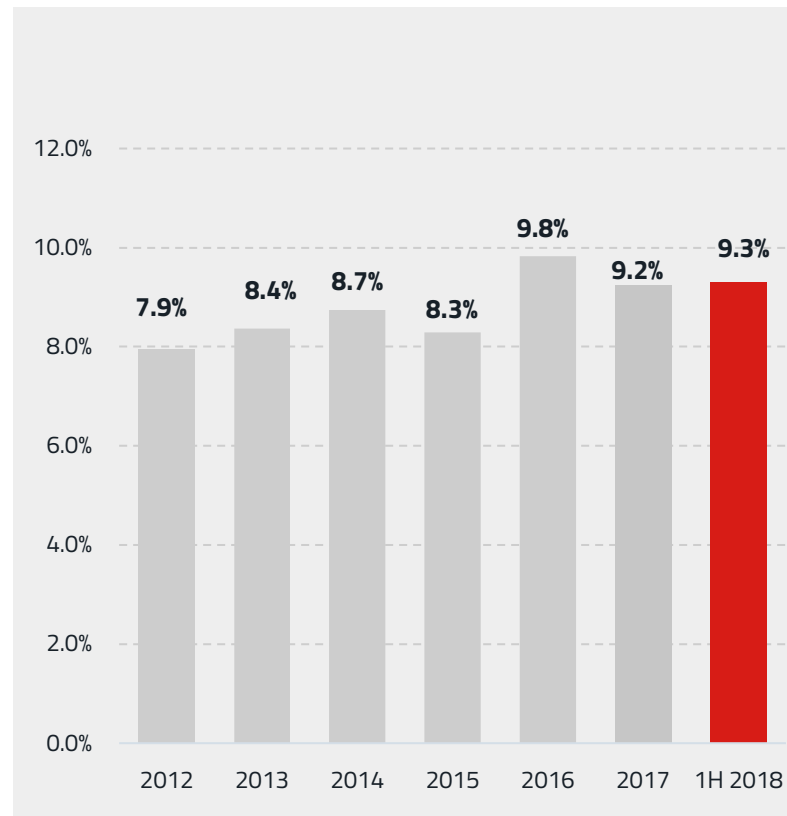
\*Special items comprise: 2Q 2016 – gain on bargain purchase of AMC of AED 41,568 thousand; 2015 – additional provision of AED 46,271 thousand related to company's incentive scheme.

# Aramex generates consistent performance across key KPIs

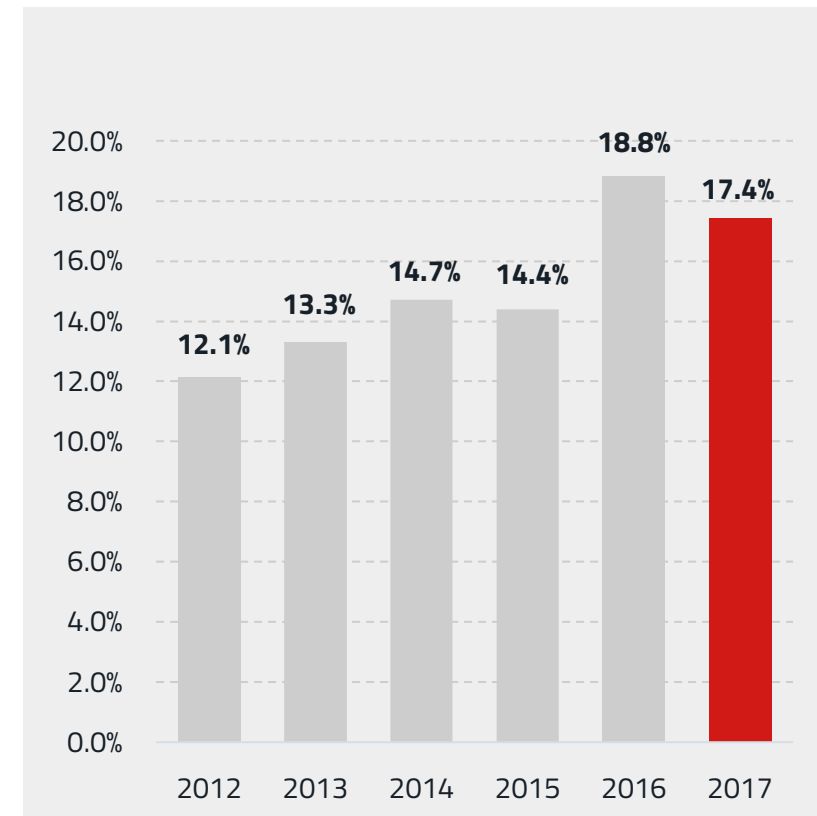
EBITDA margin (%)



Net Profit Margin (%)



Return on Equity (%)

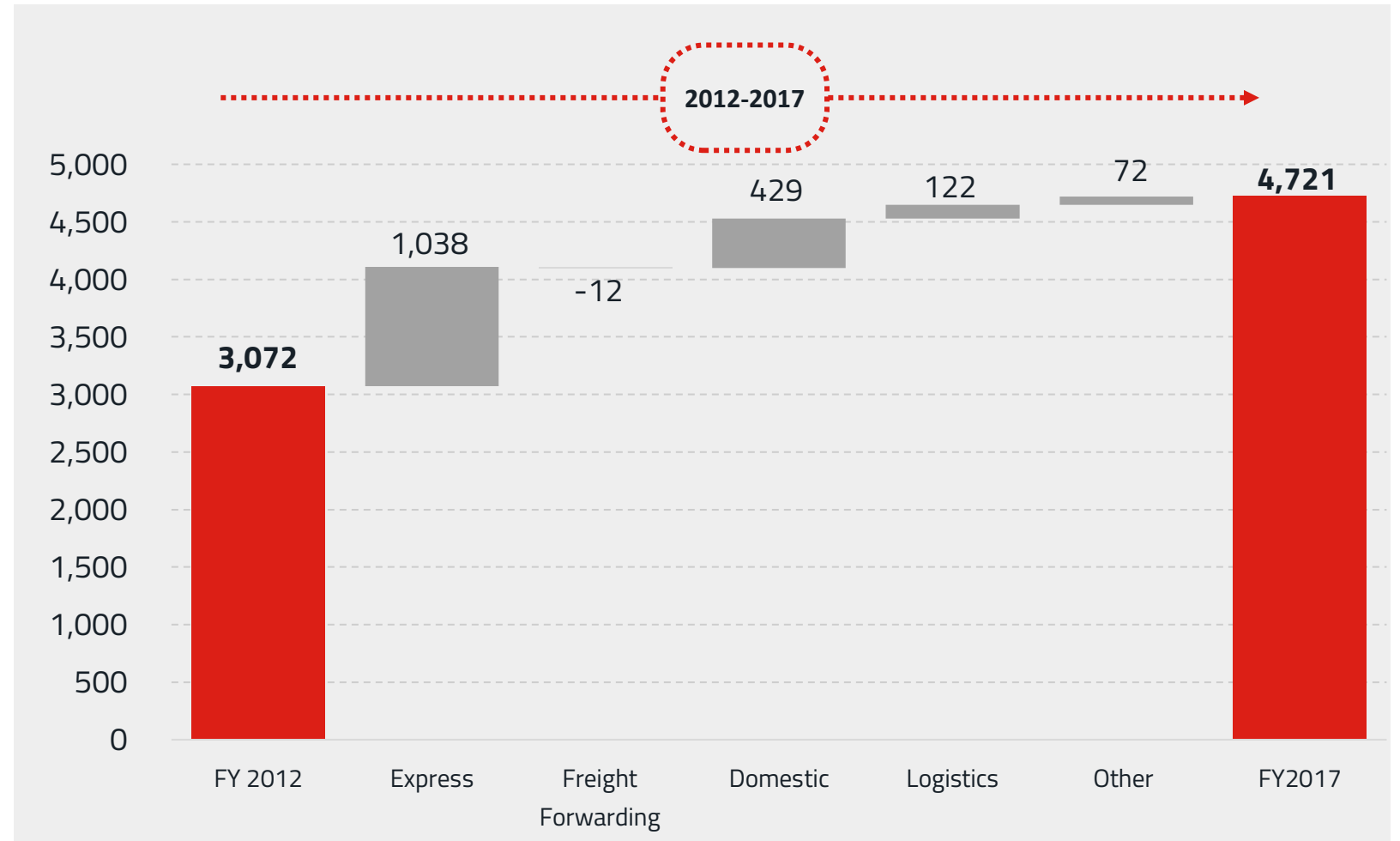


# Key components of Aramex's long term growth story

Contribution by Business (AED m) →

## Growth story since 2012

CAGR Express	15.7%
CAGR Freight Forwarding	-0.2%
CAGR Domestic	11.5%
CAGR Logistics	13.5%
CAGR Other	6.3%

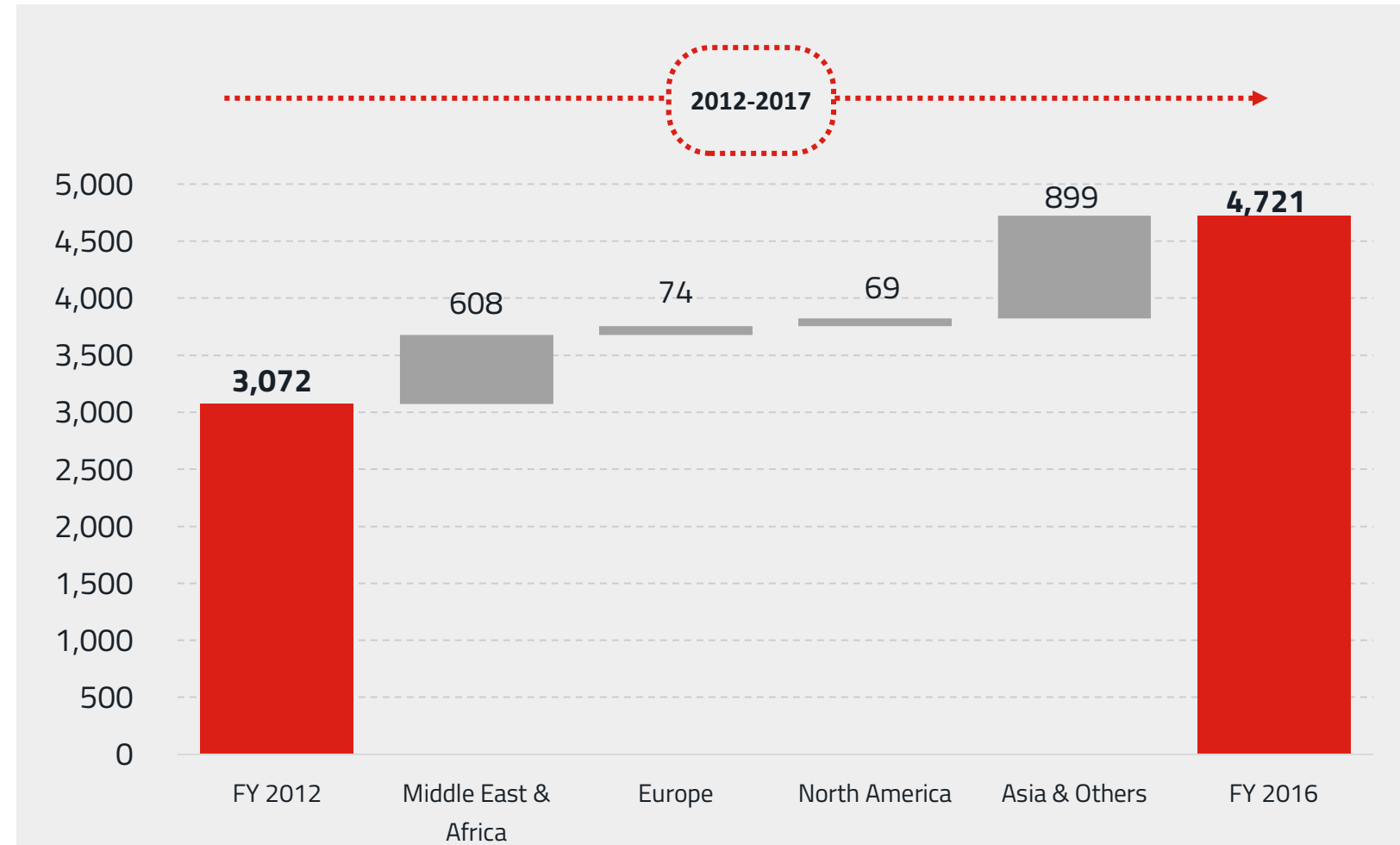


# Defending and developing our market position in growth markets

## Contribution by Geography (AED m) →

### Growth story since 2012

CAGR Middle East	4.9%
CAGR Europe	2.8%
CAGR North America	15.3%
CAGR Asia & Other	33.6%





# Aramex balance sheet evolution

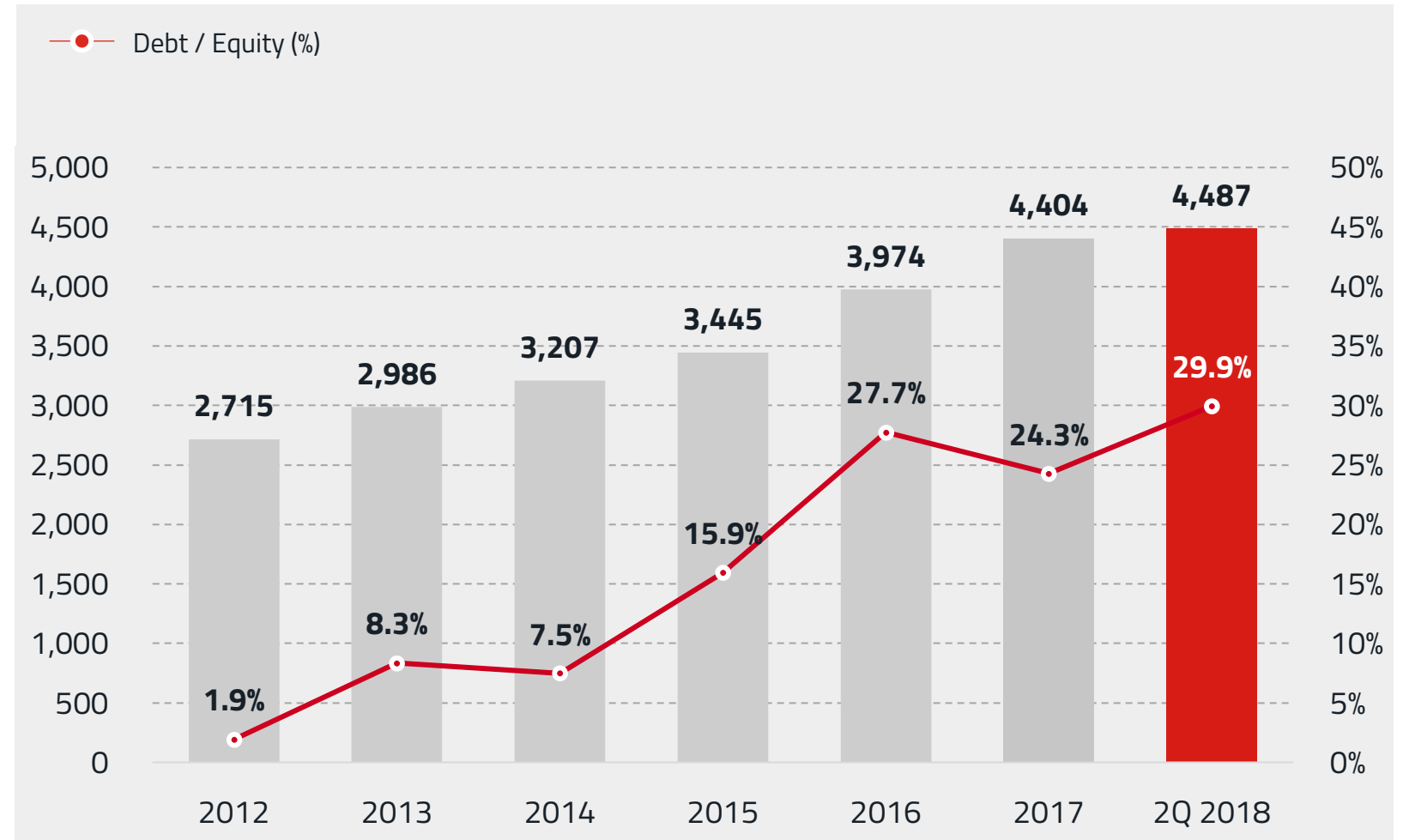
Total Asset (AED m) →

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 29.9% as of 30 June 2018.



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

# Aramex management proposes to pay a dividend of AED 0.163 for 2017

## Dividends →

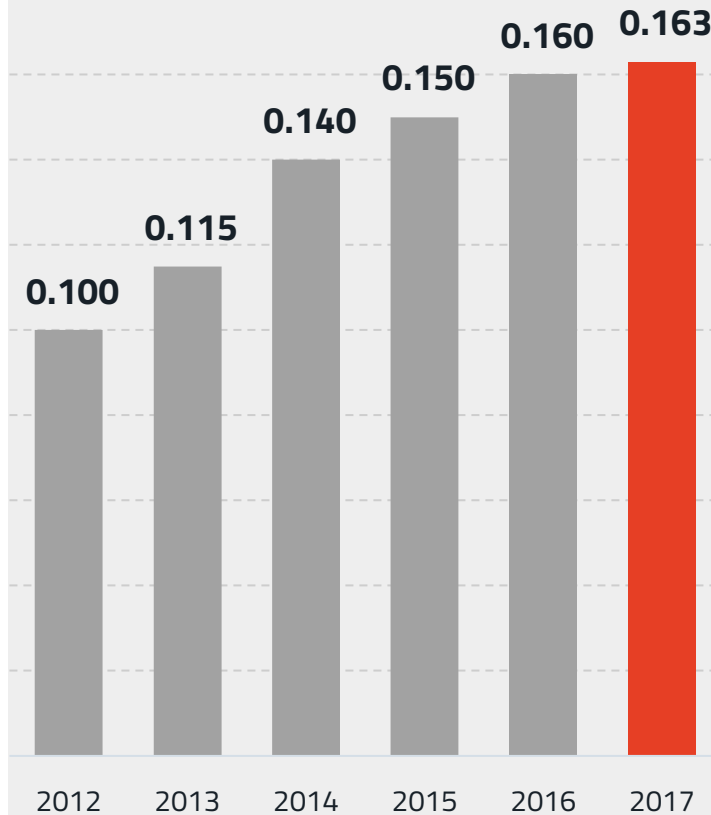
Dividend proposal of AED 0.163 per share was approved by shareholders at AGM on 8 April 2018.

Gross dividend yield: 3.79%

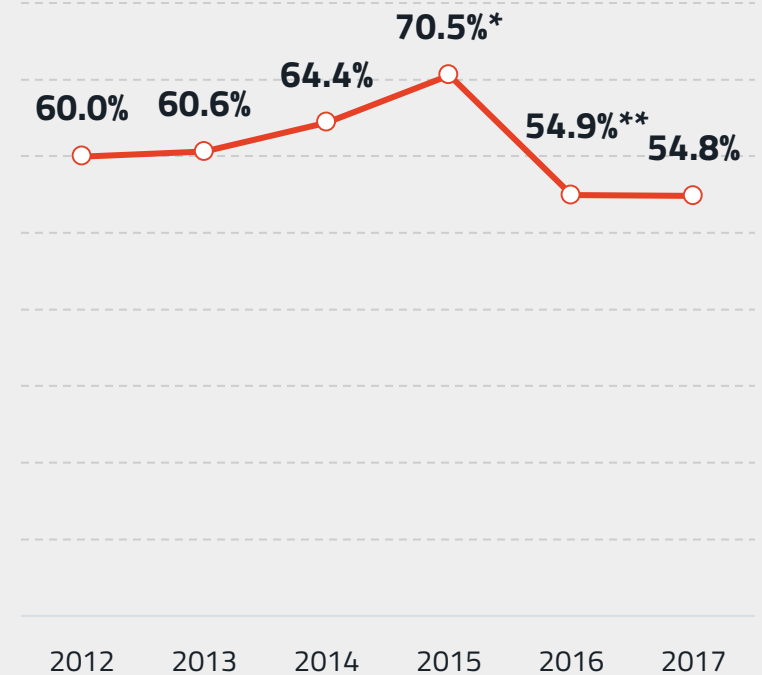
**Long-term management target:**

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%.

# Aramex shareholders are rewarded by long term performance

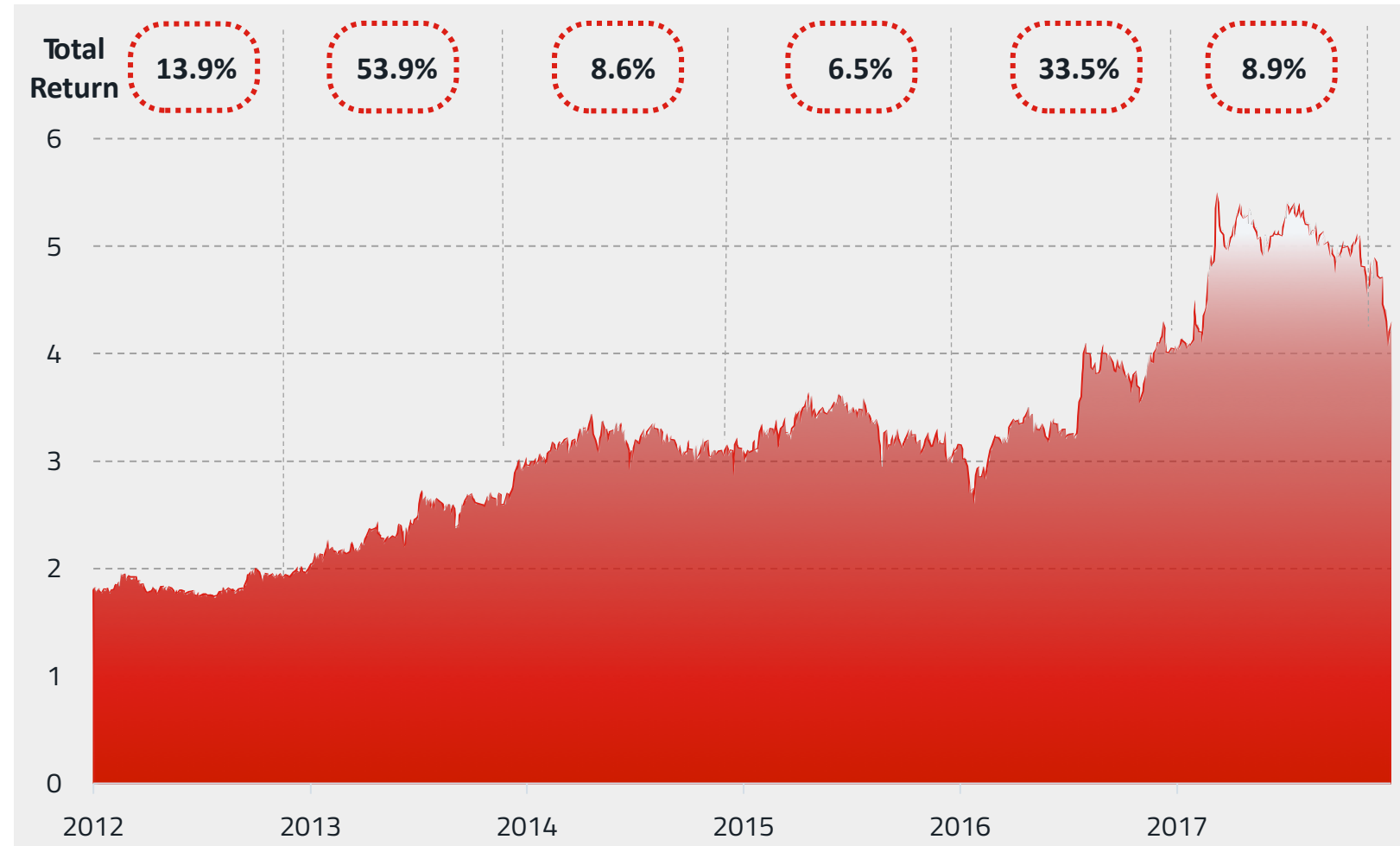
Performance (Jan 2012 - June 2018) →

Share Price Change: 119.44%

Annualized return: 12.87%

Total Return  
(dividends reinvested): 172.31%

Annualized Total Return:  
(dividends reinvested) 16.68%







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## The Way Forward: Management Priorities

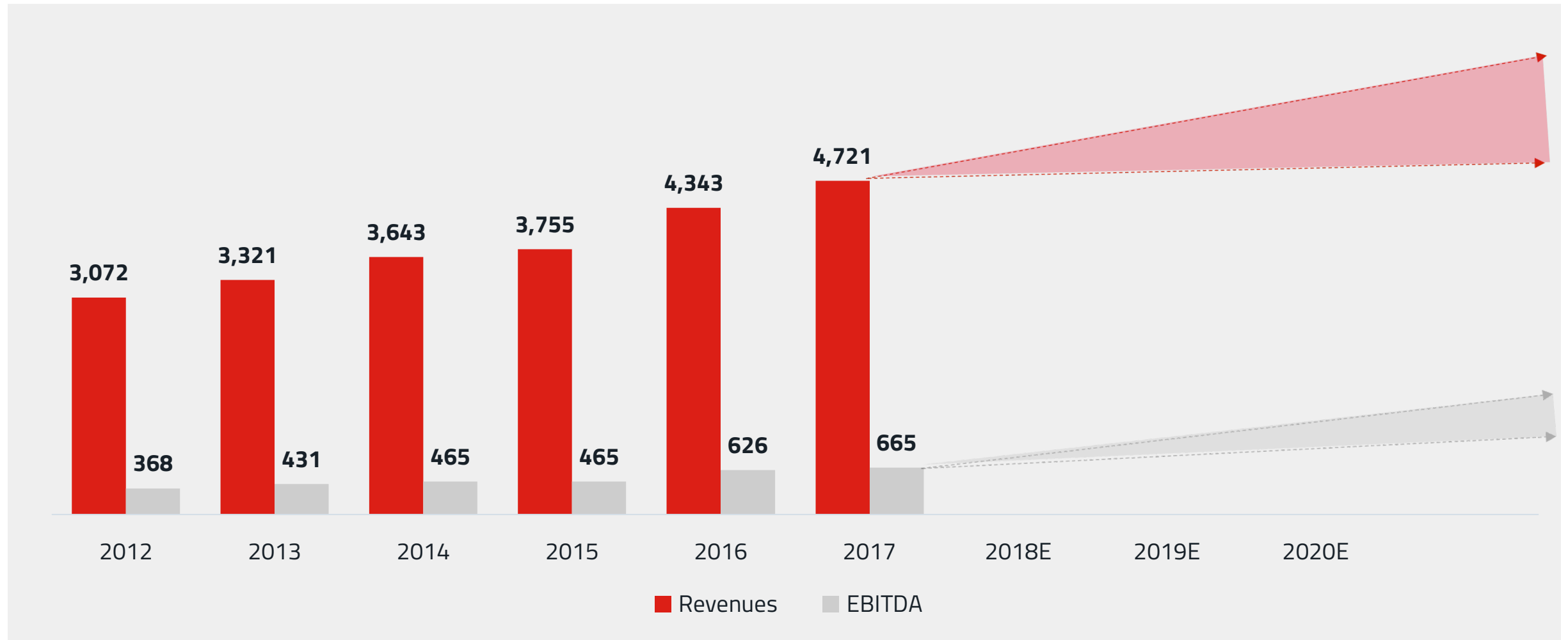
Grow the business	Consistent profitability	Shareholder participation
Focus on innovation and technology →	Focus on operational excellence →	Continue with our progressive dividend policy →
Grow eCommerce Portfolio →	Variabilization of cost structure →	Target Payout Ratio: > 50% →
Organic growth plus acquisitions →	Actively manage FX volatility →	
Attractive growth markets →		

## Management Ambition: Guidance

	2016 Actual	2017 Actual	2018 Targets
Express	↑ 22% AED 1,687 m	↑ 19% AED 2,007 m	Double-digit growth
Freight Forwarding	↓ 6% AED 1,131 m	↑ 2% AED 1,157 m	Single-digit growth
Domestic	↑ 35% AED 981 m	↑ 4% AED 1,022 m	Single-digit growth
Logistics	↑ 29% AED 265 m	↓ 2% AED 260 m	Single-digit growth
Other	↑ 22% AED 279 m	↓ 1% AED 275 m	Single-digit growth
Total	↑ 16% AED 4,343 m	↑ 9% AED 4,721 m	Double-digit growth



## Long Term Ambition Level – Projected Roadmap to 2020



## Investor Relations Contacts

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Bashar Obeid  
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