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Transcript

ARMX Q3 2023 results conference call

Thursday, 09 November 2023

Ahmed Hazem Hello, good morning and good afternoon to everyone. This is Ahmed Hazem from EFG Hermes research, and we'd like to welcome you all today to Aramex's third quarter 2023 results conference call. With us on the line today is Mr Othman Aljeda, CEO, Mr Nicolas Sibuet, CFO, Mr Mohammad Alkhas, chief operating officer of Aramex Logistics, Mr Alaa Saoudi, chief operating officer of Aramex Express, and Ms Anca Cighi, investor relations director of Aramex. We'd like to take this opportunity to thank the management team in advance for the presentation, and without further ado I'd like to hand over the call to Anca. Please, go ahead.

Anca Cighi Thanks, Ahmed. And, ladies and gentlemen, good day to everyone and thank you for joining our investor call. Our financial results for the third quarter of the year are available on our IR website and the DFM website. Before I begin today's presentation, I would like to draw your attention to page number two. Some of the comments made on this conference call today may be forward-looking statements, based on our view of business and macroeconomic trends as we see them today. These elements can change due to a variety of factors, and therefore you should not assume that we will continue to hold these views in the future. I will now hand over to our CEO for the opening remarks. Please, go ahead, Othman.

Othman Aljeda Good afternoon, ladies and gentlemen, and thank you for joining our call to discuss the financial results for the third quarter of the year. Our business was resilient, despite the difficult quarter. The industry continued to face challenges in an inflationary environment, with currency devaluations in certain markets, declining freight rates, and a slower retail activity. We reported revenues, a robust revenue, of $367 million in Q3 2023, a decline of 5% year on year, and a resilient gross profit of 91 million, a growth of 4% year on year.

Excluding the FX impact, revenue decline was 2%, and gross profit growth was a healthy 8%. We increased the quality of our [edited: revenue] across four products. We continue to invest in automation and technology to support our operational efficiency initiatives and our operational KPIs, which are reflecting in our efforts. Our people are laser-focused on delivering results.

We had to further tighten costs to adapt to the environment and protect our margins. We delivered improved GP and GP margin, and our EBITDA performed in line with our revenues. The EBITDA margin was stable at 10%. A continued strength of Aramex is the power of our brand, and the infrastructure in our home markets which have significantly contributed to our performance. The GCC has a share of 40% of the total revenue now, with the region also reporting 21% growth in gross profit in Q3 of 2023, and this is in line with our offices in our core market, the GCC.

Now, looking at our global operations, they are making good progress in Australia, with a turnaround strategy where we have external consultants appointed and an internal taskforce monitoring progress. We expect to see results of the restructuring reflecting in our P&L by the end of next year. This provides a good upside for our Domestic Express product.

Moving on to operational highlights, we have completed the automation for a 20,000-square-metre facility in Australia, while, in our home market of the GCC, we continued to build the infrastructure and [edited: specialims for pharma]. An emphasis on pharma, we're now building a significant facility to accommodate this product, and getting the required licences to start operating.

We are gearing up for a very busy Q4. As you know, our business is subject to seasonality, and Q4 is typically a very strong quarter for us. We expect to see a significant ramp-up in volumes, especially for our International Express products on the back of an important new client. The volumes that are coming in, as we speak, are encouraging. We expect this client to be a top contributor to the group revenues. We will not be able to disclose further details for competitive reasons. With this, I'll hand over to Nicolas for a financial overview. Thank you very much.

Nicolas Sibuet Thank you, Othman. Good afternoon, ladies and gentlemen, good morning, and thank you for joining our conference call. We will start with the product performance, as we usually do, followed by the group-level overview. Let's move onto page 11, please, Anca, and let's have a look at the volumes for the International Express product.

We saw a decline of 5% year on year in consolidated volumes reported in Q3 2023 compared to Q3 2022, and a 9% decline in the organic business volumes over the same period last year, in line with the broader industry. We are also seeing our MENAT, South Asia and US volume growing and contributing to the resilience of this product.

Global challenges, such as inflation, currency devaluation in certain markets, impacted retail activity and consumer sentiment. Particularly in the UK, we saw softness in the retail sector impacting one of our key trade lanes, UK to the GCC and the MENAT region. Sequentially, Q3 2023 volumes are also down compared to Q2 2022 due to the seasonality. We always see lower activity during the summer period and a significant rebound in Q4 with end-of-the-year promotion and other activities. Just to rephrase what I just said, we saw sequentially Q3 2023 versus Q2 2023.

We are also seeing some interesting and positive trends for our Express International volumes that started unfolding during the month of September and continued growing strongly in October. These are e-commerce volumes, end-to-end, going into the UAE and KSA. We are very happy to see this growth coming to the Express International product. Let's move to the next slide, please.

On page 12, we will see the impact on financials. We continue to see positive signs. You will notice an improvement, year on year, in consolidated shipment KPIs. Revenue per shipment is up 9% year on year, and gross profit it up 27% year on year. It's worth noting that this is driven by, first, the addition of MyUS and, second, by the cost and GP particularly. We had a positive impact in Q3 2023 in our cost base, and we expect margins in the next quarter to come back to prior-quarter levels.

In line with our strategy to focus on higher-yield accounts and efficiencies while also diversifying the business, we are seeing improvements in our organic shipment KPIs quarter on quarter, with revenue cost and GP per shipment improving in Q3 2023 versus Q2 2023.

I would like to emphasise our operational efficiencies contribution here, which is also reflected in significant improvements in our delivery KPIs for both premium and deferred businesses. Overall, for the consolidated International Express product, we closed the quarter with higher revenues, lower cost and [edited: a GP margin of] 36%. If we normalise the lower cost effect discussed just now, the gross profit margin increased to 33%, which is up 2 percentage points compared to the same period last year, coming primarily from a decline in our line haul cost as well as a boost to the GP thanks to our high-margin parcel-forwarding business, which includes Shop & Ship and MyUS.

Moving to page 13, the domestic product is again very resilient, with stable revenues driven by a strong performance in our home market in the GCC and MENAT. The UAE's performing particularly well on the back of banking and e-commerce activities, with growth in volumes and revenues year on year, and on a quarter-on-quarter basis.

We previously talked about the restructuring activities taking place in Oceania and Australia. Excluding this market, volume increase for the domestic product was again 2% year on year and in Q3 2023. Operationally, our efforts in automation and operational efficiencies have helped us improve courier productivity by 6%. Aramex's Pick Up and Drop Off network, or PUDO, increased by 65% this quarter compared to the same period last year.

It is worth noting that we are starting to see positive trends in Oceania. We previously talked about our delivery KPIs improving, and we are now pleased to see that volumes are returning on the back of this improvement in delivery KPIs. Quarter on quarter, volumes were up 5% in Q3 2023 compared to Q2 2023 in Oceania.

On the following page, please, it is worth noting that the financial performance of our Domestic product is impacted by currency devaluations, amounting to $8.3 million at revenue level, and 2.5 million USD impact at gross profit level in Q3 2023, compared to the exchange rates of Q3 2022.

It is also worth noting that the FX impact in Q3 is lower than what we saw in Q2 of this year. Nevertheless, excluding FX, revenue grew 4% against a reported decline of 5%, while the gross profit declined 9% and the gross profit margin declined to 21%, impacted by the softness in the top line. It is worth again noting that the Domestic product was also negatively impacted by an internal prospective classification of heavy shipment volumes in Ireland and in the UK, from the Domestic product to the Freight business. Conversely, you will see a positive impact on the Freight product financials.

Looking at our per shipment KPI, currency devaluation and the decrease in fuel surcharges, these matters have offset the improvement in revenue per shipment, which we have seen for rate increase and the [edited: change in customer mix] meaning more B2B customers. Additionally, Oceania continues to impact the financial performance of the Domestic product. The turnaround is progressing well. A key focus was bringing back the service level, as we've just discussed, and we are seeing consistent improvement every quarter.

We have also revised our commercial strategy following the price increase by Australia Post in Australia. This applies to all non-contractual business for which the price increases are already effective, while contractual business will take longer to implement. We are reviewing revenue surcharges such as length surcharges, working on new surcharges such as under-ticketing, which the new automation that Othman just referred to, will enable.

We continue to optimise the cost baseline including further optimisation of the line haul network and other process improvements such as insurances and claims processes. We have also completed the installation of the full automation in the 20,000-square-metre facility in Sydney, which is going live this quarter and will help drive further operational efficiencies.

On the following page, let's look at our Freight-forwarding product. We are pleased with the performance of this product, delivering a 2 percentage point growth in GP percentage year on year, to reach 16% for the third quarter of this year. This is in line with the 16% GP margin we delivered in the previous two quarters. Our EBIT and EBITDA margins were stable at the 5% and 7% marks respectively.

Operational efficiencies and consolidation of tracking resources between freight and logistics have supported the margins despite the rate drops at top line that the industry has been facing. Revenue continued to decline in line with industry rate declines. Looking at volumes, the decline in sea freights continued to push volumes from air freight to sea freight. This is reflected in our volume performance as well, with a 7% decline in air freight volumes and a growth of 14% in sea freight LCL as well as 4% growth in sea freight FCL.

Our Land product continues to grow. As you know, we have a very large fleet intra-GCC, servicing key routes daily. In addition, it is worth nothing that we have applied an internal reclassification prospectively, as previously mentioned. [edited: heavy] shipments from Ireland and the UK domestic freight business are now recognised as a Land Freight product and not the Domestic Express product anymore. Post-reclassification, growth was 39% year on year for land freight volume. To give you a like-for-like comparison and applying the re-class to the Q3 2022 period as well, the growth in land freight was 7% year on year.

Moving to the Logistic product on the next page, revenue is down 5% year on year, mainly due to the devaluation of currencies in Egypt and other markets. Excluding this FX impact, revenue was stable, up 1% year on year. Year on year, the GP margin improved 3 percentage points to 11%, and the EBITDA margin improved 5 percentage points to 19%. However, sequentially you will see a softness in the margins compared to Q2 2023, and this is due to the loss of revenues while our cost structure remained the same.

Following the acquisition of one of our clients by a company that has logistics infrastructure, we saw this business exiting our warehouses during Q3 2023. New business is being secured to fill up the warehouse space, and you will see the positive financial impact in 2024. As a reminder, we're also building a specialised pharma warehouse in Dubai, which we will be completing in the first half of next year.

On the following page, let's have a look at our product contribution to group revenue and GP. As we have discussed just now, during the third quarter of the year the market was challenging, with added headwinds from inflation, currency devaluation, slower retail activity and low freight rates. Our group revenue was 367 million USD with growth from our International Express product, a 5% decline in revenue from both Domestic and Logistic, noting that both products delivered growth when excluding FX impact. The biggest impact on revenue decline comes from our freight product in line with the industry, where we know that global freight rates declined significantly this year compared to 2022.

Looking at the gross profit performance, our International Express product helped deliver 4% growth in group [edited: gross profit] and remains the highest contributor to GP, followed by our Domestic Express and Freight product. The contribution from the Logistic product is modest. As previously discussed, this product will grow in line with our square-metres expansion, which we are now accelerating over the course of the next two years.

Moving on, on page 19, the regional contribution to revenues. You will see softness in all markets, with the exception of US, which is driven by MyUS. GCC remains the highest contributor to group revenues, with a share of 40%, and this region grew its gross profit by 21% year on year. MENAT region grew volumes by 9% year on year, and we are seeing good operational performance. However, these markets have been significantly impacted by FX. We remain well diversified across customers and geographies and focus on further growing key lanes for our business, where we have expertise and the right to win.

Let’s move on to page 20 for a summary of our consolidated group results. Revenue declined 2% excluding FX compared to the reported 5% decline. Group profit improved 8% excluding FX compared to the 4% growth, while gross profit margin reached 25% in this quarter.

Let’s continue with our expenses on page 21. We spoke last quarter about the measures we took to reduce costs, which included efficiencies measures, headcount optimisation, IT-spend optimisation, and others such as measurement of our sales force performance per individual. We are pleased to see a 9% drop in Q3 2023 organic G&A compared to the same period last year, and 10%, comparing year-to-date 2023 versus 2022.

It is worth noting that selling expenses for the organic business increased, which is aligned with our focus on sales and specific, specialised sales and enhancing competencies. Overall, SG&A for the group increased 3% year on year, including MyUS SG&As. We will maintain a disciplined approach to cost management, while also continuing to work on lowering of direct costs through various initiatives such as carrier negotiations, further fleet optimisation and automation.

Looking at our EBITDA, we note a 5% decline which is in line with revenue softness. The EBITDA margin was maintained at 10%, supported by our focus on operational efficiencies and cost management. Normalising for FX and the interest expenses increase year on year, our net profit declined 23% year on year in Q3 2023, to 8.3 million, due to the decline in revenues which is flowing directly to the bottom line. Adding back interest expenses associated with the MyUS acquisition, which we closed in Q4 2022, as well as thr FX impact, net profit declined to $2.6 million for the third quarter of the year.

On page 22, our free cash flow increased to $37 million in Q3, benefiting from higher working capital from operating activities. On the following page, you will see our balance sheet remains strong. We reduced our current liabilities by $68 million since the start of the year, with a repayment of debt which we will continue to do thanks to our strong working capital management this year. Our net debt to EBITDA is 2.6x, well below our bank covenants, and cash balance is sitting at 164 million USD.

On a final note, and before opening the Q&A session, you will find the link here on this page to our investor feedback survey. We invite you to participate. We welcome your feedback and look to improve our communication and disclosures to the market as much as possible. With this, I will now hand back to Ahmed to open the Q&A session. Ahmed?

Ahmed Hazem Thank you, Nicolas. Everyone, we will now start the Q&A session. You may raise your hand and we can unmute you, or you can send your questions in the Q&A box. We currently have one question coming in from Thom. Thom, your line is now open, please go ahead. Thom, you should unmute locally.

Anca Cighi I think you're still on mute.

Ahmed Hazem Hello, Thomas. I think now you're unmuted.

Thomas Ortmanns Am I audible?

Ahmed Hazem Yes, now you are. Please, go ahead.

Thomas Ortmanns Thanks for the call, and just have a question, a couple of questions actually. The first question is on the International Express business. You had this phased manner of integrating MyUS and running the operations in Sarasota. Just want a general update on that, and if you could give us a timeline as to when you are expecting it to reach completion.

Also, some guidance on the MyUS business and what it's done and what it's expected to do for 2023 in terms of volumes, revenues and EBITDA, and probably some guidance for 2024, would be very, very helpful. That's one on the MyUS side.

The second question was on the logistics side. You mentioned about your pharma facility, if you could give us some sort of number in terms of the amount of square metres it adds to your existing warehouse capacity, and probably some guidance on what's the sort of capacity that we can expect? You mentioned doubling of capacity to 1.6 million, some timeline around that and some sense of how we can expect revenues to come in for that as well. These are my two questions, thank you.

Othman Aljeda From my understanding, the first question was on the completion of MyUS, the date of the completion. Is that correct?

Thomas Ortmanns Yes, completion on the integration from Sarasota.

Othman Aljeda The integration, okay. I'll leave that to Alaa because he's heading this project.

Alaa Saoudi Thomas, thank you for the question. For MyUS, we started already the integration between Shop & Ship and the movement from JFK to Sarasota. We have so far migrated 16 destinations on phase 1, and the transfer was done in three months. So far, we achieved, out of these destinations, almost 70% of the volume. Customers started transferring to Sarasota. So we're on the right track with that.

Phase 2 will start before the end of the year, where we'll have another two big destinations that we move also, one of them is Doha. For the rest of the destinations, especially the big ones UAE and Saudi, we're planning to [edited: migrate them] in June next year. As we started working [edited: the automation] project, that will help us handling these volumes, because we're talking about almost doubling the volume of what currently Sarasota and the MyUS team handles.

So we have to install the automation system and hopefully the promised date for delivery is June. By then, we'll start the final phase of movement and everything will be moved by June next year. With that, the integration and the synergies should be complete.

Meanwhile, Aramex as a carrier already was on board for the MyUS business, and we started seeing good traction of movement on shipments from other carriers to Aramex. We are positioning ourselves as a premium carrier as well for the destinations where we know that we can compete in terms of cost, selling and in terms of the line haul that we're getting. Maybe, Nicolas, to you on the financial question on MyUS?

Nicolas Sibuet Sure, thank you, Alaa. As you know, we don't discuss MyUS as a standalone, but what I can tell you is that what we have seen in terms of performance of MyUS and Shop & Ship as well is that we have seen, in the first half of the year 2023, a drop in volumes, a double-digit drop in volumes.

What we are seeing now, over the past two to three months, is a stabilisation of this volume at a lower level, and what we are expecting now, as we are seeing less impact of the devaluation in certain destinations of MyUS and Shop & Ship, and with enhanced marketing activities we are anticipating high-single-digit percentage growth into 2024 for MyUS. And this is on the back of very specific and [edited: targeted] activities, trade lane by trade lane, country by country. And what we are expecting, basically, is, as I was saying, high-single-digit growth for next year. The EBITDA will remain in the mid-20s, as it has been historically at, and we are still seeing this about 25% EBITDA into next year as well. Finally…

Othman Aljeda I think the next question is on the pharma and the logistics. Maybe Alkas can take that?

Mohammad Alkhas Yes, of course. Thank you for the question. We started our repurpose of one chamber of our warehouses to be GDP-compliant in Dubai. We already started the business to re-border it so it can be GDP-compliant.

Once you go into a vertical like pharma, you have to be compliant locally and you have to comply for certain distribution methodologies for pharma.

So we are repurposing part of the warehouse to be GDP-compliant, in line with capturing more business in the short term, while our long-term plan is to develop a big warehouse for pharma in Dubai as well, to integrate whatever we have revenues coming out from this business, or this vertical, from our international places where we are GDP-compliant, like Ireland, like South Africa, like India, where we have some pockets of expertise there, so we can connect and integrate them together. So we are on the plan and we are moving ahead with it.

Thomas Ortmanns Sure. Just to follow up, you mentioned you're adding capacity on the [unclear] side, can you give us a ball-park estimate as to the amount of [unclear] capacity you're adding with the [overtalking]?

Mohammad Alkhas Our five-year strategy is to double our space globally, and we are on track on that. We just finished a meeting where we are finalising an expansion in our facilities here, and we are on track on that. We already increased our capacity in some areas, like India we increased by 22,000 square metres. We are expanding in places like Egypt, Saudi, Morocco, Ireland. And we might expand a bit in Amsterdam if business is available, but it depends on how things move forward with this.

Thomas Ortmanns Very clear, but one more question if I may. Do you have an update on the NVOCC business with AD Ports?

Mohammad Alkhas Yes. We're already moving along with it, and the NVOCC is a long-term play, so we are buying in at very low, attractive prices, and we are focusing on developing shipping connectivity in GCC, Indian Subcontinent and East Africa, where we have strong customer relationships.

So we're not going to go and do transatlantic or transpacific business, it's going to be regional here, and it's riding on the infrastructure that we have, that Abu Dhabi Ports have in terms of vessels moving along these routes, so we can benefit the most out of these routes that we're working on.

Thomas Ortmanns Sure, thank you.

Ahmed Hazem Thank you. Our next question comes from Indarpreet. Indarpreet, your line is open, please unmute locally as well.

Indarpreet Singh For the opportunity. Two questions from my side, both on the International Express business. the first one is in light of the new customer acquisition, could you please share your outlook for the business for the next year? And, second, your press release talks about some one-off cost benefit in the International Express segment in the third quarter, if you could please quantify the impact? Thank you.

Nicolas Sibuet Thank you, let me…

Othman Aljeda Let me take the first one. I couldn't hear the second one, the quality was a bit bad. But we have gained a new customer. Unfortunately, we cannot disclose at this stage who this customer is, but it is a customer, let's say, who's not from the East and they're not from the West, there are somewhere in our region. They are quite big, domestically, in their country and they have now started to expand, and their first expansion phase is into our region in the Middle East.

They just started with us a couple of months ago, and we're seeing fantastic numbers. Again, it's difficult for me to disclose the number but they are substantial. This will become one of our biggest customers next year, with a very, very high volume of business, specifically on… First step is going to be cross-border, second step they will hold stock in the region, and then the third step is the last mile within the region. And we're following them on every stage of the process that we are aligned with them strategically, long term, that we build this infrastructure and capacity together.

And then this obviously helps us when it comes to cost control, because the volumes they will inject to us will lower the unit costs for us in delivery. So it will average out the other shipments at the lower average. So we're very excited about this customer, it's a very big brand and it will be a significant portion of our revenue next year. Sorry, I couldn't get the second question.

Nicolas Sibuet I will take the second part, Othman. Just to complement Othman's answer here, what we are expecting next year on the Express International product, per se, in terms of growth, is a double-digit growth, so about 10% for this product, based on the acquisition of these new customers, and also additional activities that we are undertaking in all markets. So a 10% growth in the International Express product is fair to assume for your modelling.

To your question regarding the one-off in Q3 on the International Express, it's mostly an opportunity cost that we have undertaken during Q3. It's a 2.5 million one-off in dollars, and basically this will not be recurring. So this situation will not happen again. So it's 2.5 million extraordinary opportunity, lower cost in Q3, and this will not happen again in Q4 and in the quarters after. I hope I answered your question.

Indarpreet Singh If you could just confirm, you said 2.5 million USD, right?

Nicolas Sibuet USD, yes.

Indarpreet Singh Got it, thank you. I'll come back in the queue.

Othman Aljeda Nicolas, I think there's a Q&A on cash flow on [overtalking].

Nicolas Sibuet Yes, I saw it. Answering the question on the Q&A on the chat from Faisal, so, Faisal, different things that we have been focusing on this year. The first thing is a strict discipline on working capital management. We have improved by almost ten days in less than 12 months the total DSO of the group, and currently the DSOs are sitting at 64 days, which is quite an extraordinary achievement. Obviously, we are also focusing on DPOs and better management of the supply chain, that's on the working capital side.

We are also prioritising better our expenses, and particularly the CAPEX expenditures, in order to not anticipate them, delay them when we can. And finally, we have reorganised the overall treasury function and adopted a better cash pooling management strategy, keeping all subsidiaries short in cash and centralising much more cash at a higher level in the group, which allows us to basically unlock opportunities to pay down short-term debt and overdrafts. And also you will see that, in Q4, we continued paying down, in a smaller way but we are keeping on paying down, debt. So that's just basically a very focused and disciplined approach to working capital, Faisal.

Ahmed Hazem Thank you for that, Nicolas. So just as a reminder for everyone, you can use the Raise Hand function and I can unmute you, or you can send your question in the Q&A box. We'll give it a minute until more people raise hands or ask questions.

Nicolas Sibuet There's another question on the chat regarding the logistics segment, from Varun. I will take it, if you don't mind. As I mentioned during my comments, we lost a key customer in the GCC region, and it's not a loss, there's nothing we could do, this customer was acquired by a bigger organisation that also had their own logistic capabilities and it was obvious that they would be centralising and bringing synergies following this acquisition.

So we have empty spaces today in the GCC in these warehouses in particular, and we have a pipeline of opportunities that we are targeting. So we believe the weaknesses at the top line in the logistic segment will remain over the next one or two quarters, so in Q4 and potentially Q1 2024, and after that we will be replenishing this particular warehouse and we should bring back revenue to the prior levels that we are seen in Q1 and part of Q2.

Ahmed Hazem Thank you, Nicolas. Again, as a final reminder, you can use the Raise Hand function or send your question in the Q&A box. I see Thomas and Indarpreet you still have your hands raised, do you have any further questions? I'll see Thomas first. No. Yes, Thomas?

Thomas Ortmanns My question's answered, thank you, sorry.

Ahmed Hazem Thank you. So we have another question in the Q&A box from Varun. Any outlook on SG&A expenses for the organic business?

Nicolas Sibuet Yes, Varun, on SG&A, basically we have, overall, a drop in SG&A of the organic business, if you compare year-to-date 2023 with year-to-date 2022. This is on the back of what we discussed during the call, the focus on headcount, the focus on system, the focus on every single line of the P&L that we can approach.

This is basically a healthy focus that will directly drive enhancement at the EBIT level. So if you look at the organic level, we dropped 10% on G&A, we increased 5% on selling, altogether consolidating MyUS we have a 3% quarter on quarter, Q3 2022 compared to this year, we have a 3% increase, about $2 million additional cost.

If you look at guidance, we believe that overall the combined SG&A of the group, including MyUS, will not grow more than 3% or 4% into next year, and this is considering all the inflationary pressures that are impacting our employees and the different incremental costs that we are seeing. So the net-net impact of further savings that we will be unlocking in SG&A and the inflationary conditions, market conditions that we are seeing, we are seeing a 3% to 4% increase into next year for the SG&A, including MyUS.

Ahmed Hazem Thank you, Nicolas. At this stage, we don't have any further questions. I come back to you, Anca, back to you.

Anca Cighi Ahmed, I will hand it back to Othman and Nicolas for the concluding remarks.

Othman Aljeda Thank you, Anca. Yes, so Q3 obviously was slow. I think this year, especially in the GCC markets, a lot of people travel, so it's a very seasonal time for us. Q3 is always a low quarter for us. But now we're heading into a completely different quarter, which is Q4, which is a very, very strong quarter for us in terms of volumes. With this new customer that we have acquired, there's a lot of work being done both on the ground in terms of ramp-up of fleets, especially in the GCC, and this is a significant ramp-up of our fleet. We are also now looking at various options in terms of improving line haul for this customer and how we can get the best options and the best model for them.

I think in terms of efficiencies, we're on the track and we're doing a lot of technology in terms of group optimisation, working with Google and so on, to improve the quality of service and customer journey itself. I think from the freight-forwarding and logistics side, again we're seeing now things improving. We're entering new verticals such as pharma and fashion, and we will continue to double down on that. We have a very, very strong position in our core market when it comes to freight-forwarding and logistics, and especially connecting the GCC together. So that's something we will double down on. And we're very confident going into Q4. I think this is usually our best quarter, and we're now preparing to have it as efficient as possible and to make sure all of the service levels are up to standard and customers are happy. Thank you very much.

Ahmed Hazem Thank you to the entire management team and to everyone who participated. With that, you may now disconnect. Thank you.