

Investor Presentation

1Q 2016 Results

Bashar Obeid, CFO

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This presentation has been prepared solely for informational purposes. The presentation may contain forward looking statements, which reflect our beliefs or current expectations and assumptions regarding the future of the business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Forward looking statements are neither historical facts nor assurances of future performance and can generally be identified by terminology including "anticipate", "aspire", "believe", "project", "estimate", "expect", "forecast", "strategy", "target", "trend", "future", "likely", "may", "should", "will", "intend", "plan", "goal", "objective", "seek", "roadmap", and other words of similar meaning or similar expressions.

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Aramex is a global provider of logistics and transportation solutions

Key Topics

Key Messages


Management Focus

Financial Performance

Value Creation

Core Beliefs

Management Incentive Plan



13,800+ employees

350+ offices in 60 Countries

AED 5.1 billion market cap

Aramex is well positioned for future growth

Leader in Transport and 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



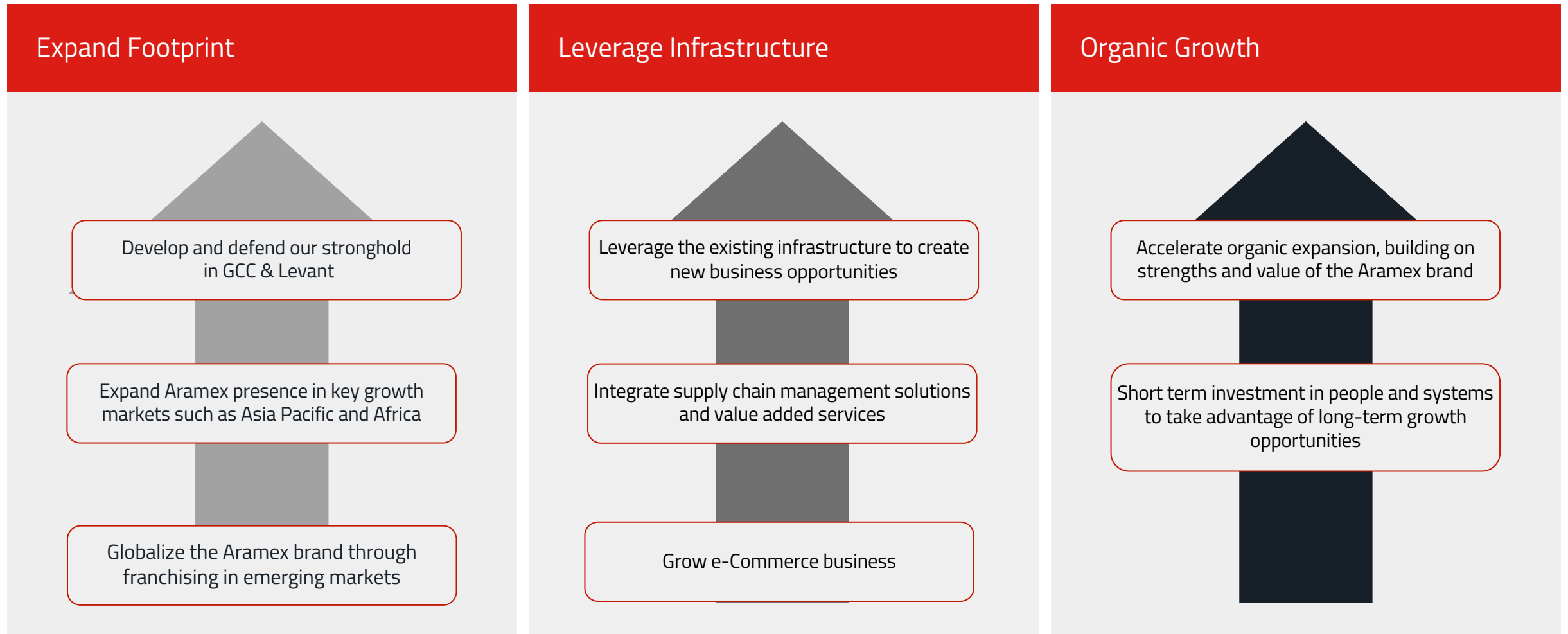
We expect to grow in all relevant financial KPIs (Revenues, EBITDA, Margins, ROE)

Shareholder participation



Our shareholders will participate with growth of dividends following FCF growth

Aramex is focused on three key priorities

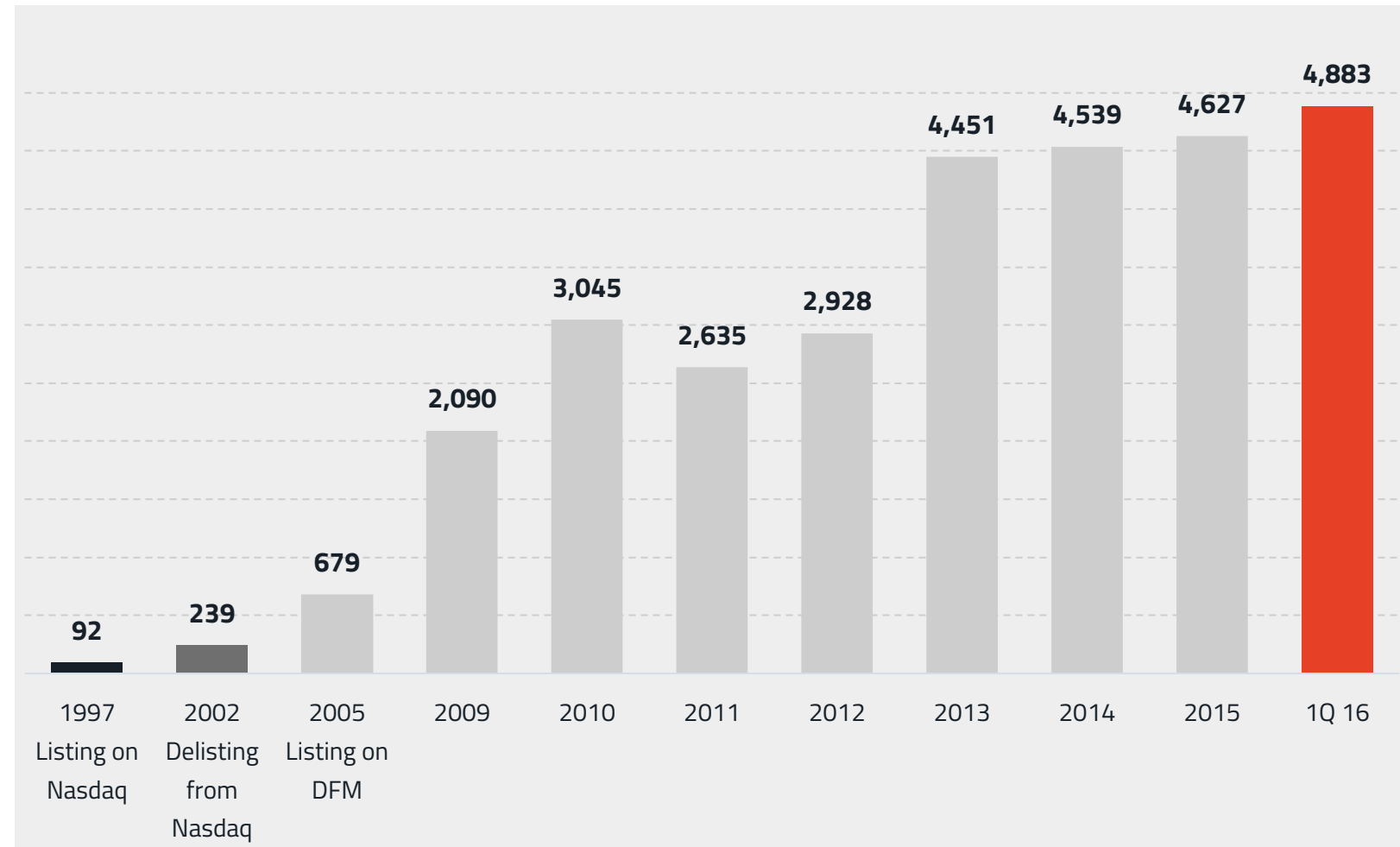


Strong start in the first quarter 2016

		1Q 2016 Results	→	Performance across key indicators				
REVENUES	→	12.7% year on year growth		929	967	937	1,003	1,048
				1Q 15	2Q 15	3Q 15	4Q 15	1Q 16
EBITDA	→	9% year on year improvement		129	137	111	93	141
				1Q 15	2Q 15	3Q 15	4Q 15	1Q 16
EBITDA MARGIN %	→	In line with management agenda		13.9%	14.1%	11.8%	9.3%	13.4%
				1Q 15	2Q 15	3Q 15	4Q 15	1Q 16
EPS	→	11.8% EPS Growth		0.059	0.063	0.051	0.039	0.066
				1Q 15	2Q 15	3Q 15	4Q 15	1Q 16

Shareholders consistently participate in growth despite market volatility

Market Capitalization (AED m)



AGM approved significant dividend payout for 2015

Dividends →

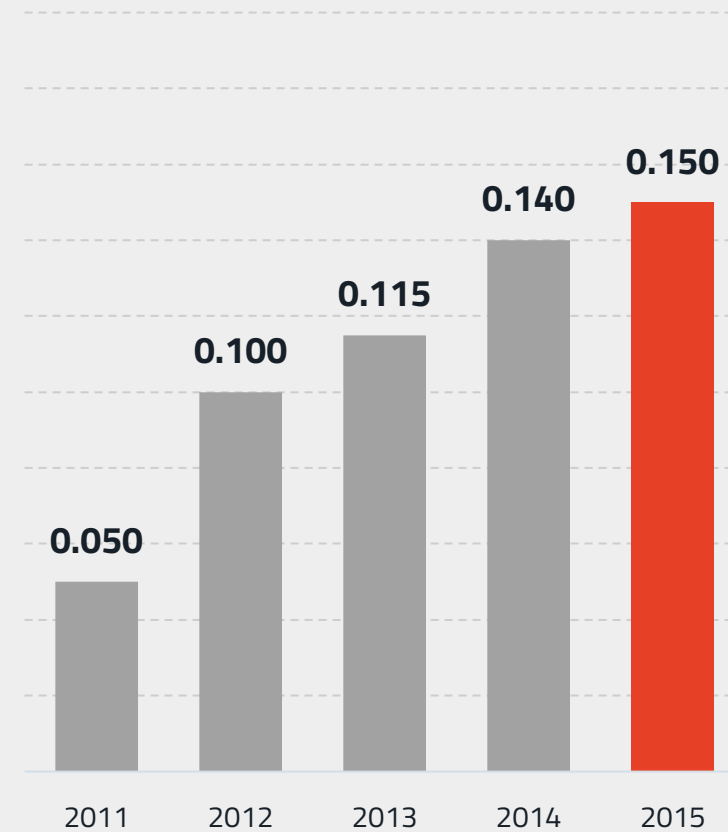
Dividend proposal of AED 0.150 per share
approved in April 2016

Gross yield: ~4.5%

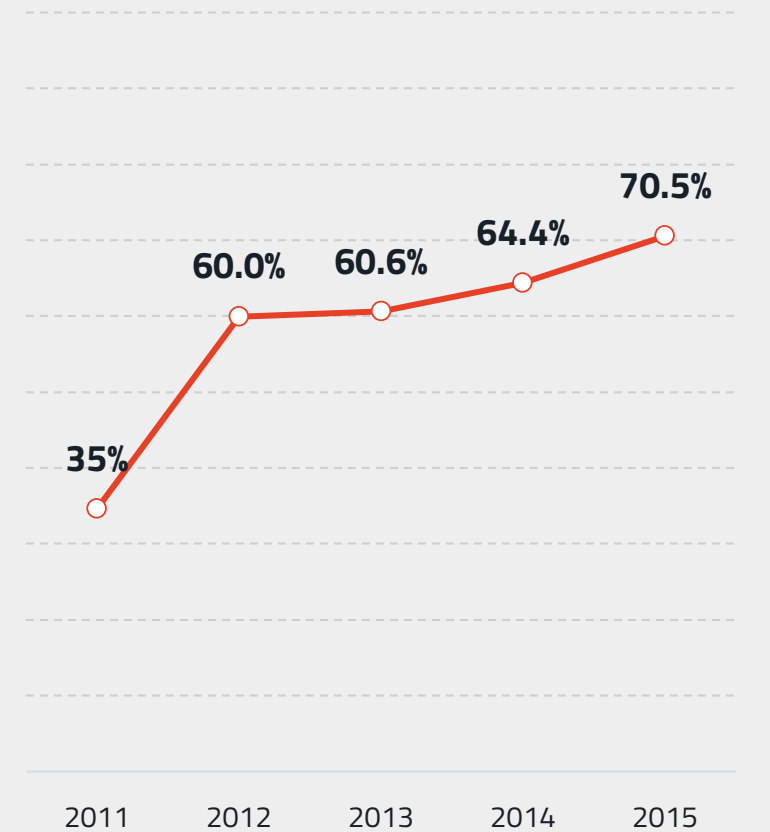
Management target remains unchanged:

Dividend payout ratio of > 60%

Dividend Payout (AED / share)



Dividend Payout Ratio (%)



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



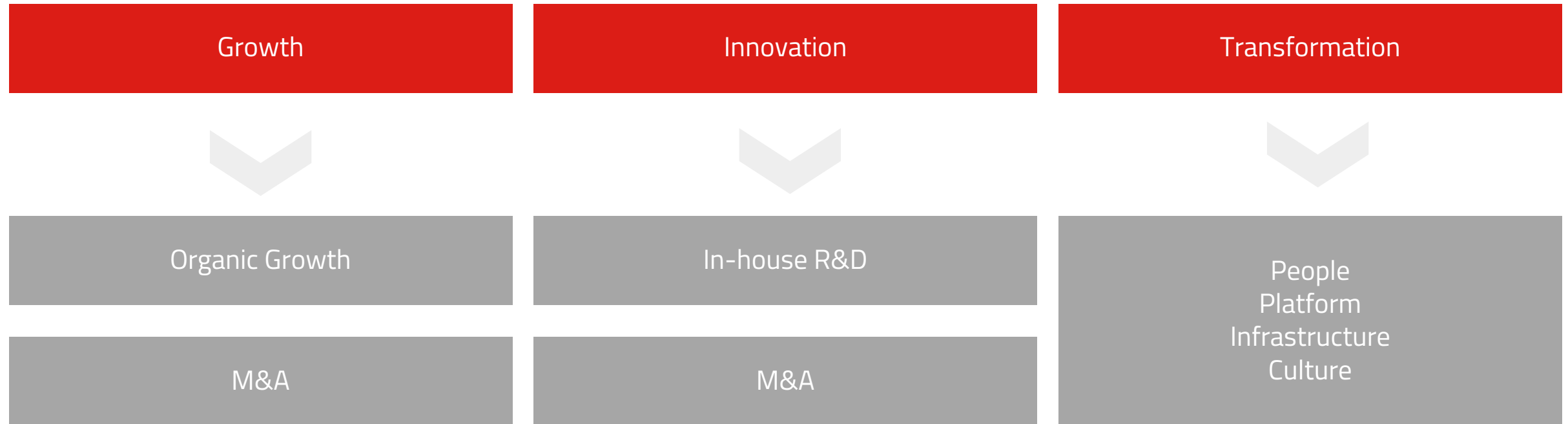
We believe that devices are becoming smarter and are connecting the unconnected

Talent



Better technology will enable employees to become more efficient

Three key components drive our operational roadmap



M&A: Focus is on eCommerce and last mile delivery

Aramex	→	Fastway Ltd – last mile delivery
21 Jan 2016	↑	100% acquisition at AED 293.65 million; cash + debt
Strong last mile delivery network	↑	1,500 courier franchisees across Australia, New Zealand, Ireland, Northern Ireland and South Africa.
Value Add	↑	Asset-light, 63 regional depots, technology savvy, new market exposure
Scale	↑	Fastway transports 16 million parcels globally to 75,000 customers each year
Target	↑	EPS accretive from day one

M&A: Focus is on eCommerce and last mile delivery

Aramex	→	Startup Portfolio
In FY 2015	↑	6 small acquisitions of eCommerce and last mile delivery networks
Geographies	↑	2 x India, 1x Canada, 1x Brazil, 1x Saudi Arabia, 1 x Dubai
Focus areas	↑	Parcel delivery, Food delivery, Laundry delivery
Purpose	↑	Integration into existing Aramex network
Target	↑	EPS accretive within 3 years

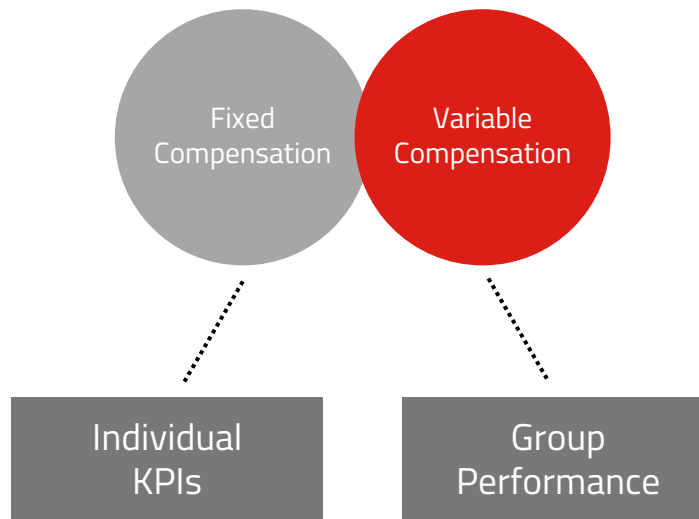
New incentive plan aligns management and shareholder interests

Short-term incentivization →

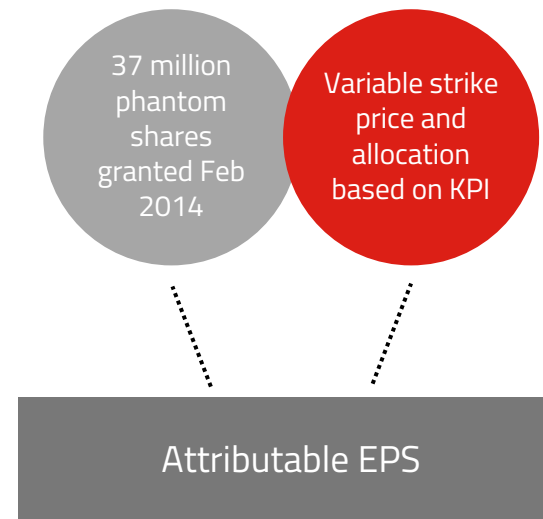
Long-term incentivization →

Cash Settlement →

Senior Executives

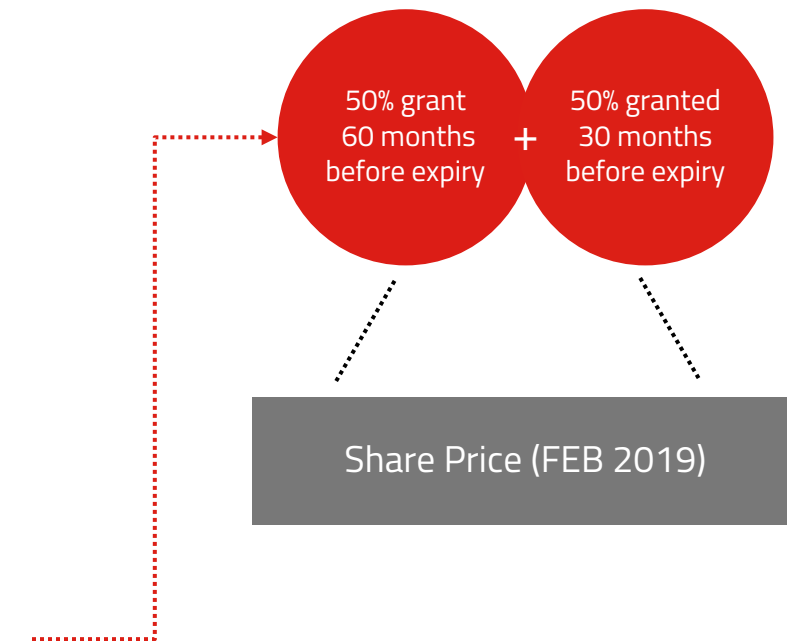


Senior Executives



**AED 46 m one-off provision
in Q4 2015**

Senior Executives



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1Q 2016 Group Highlights

Management Comments →

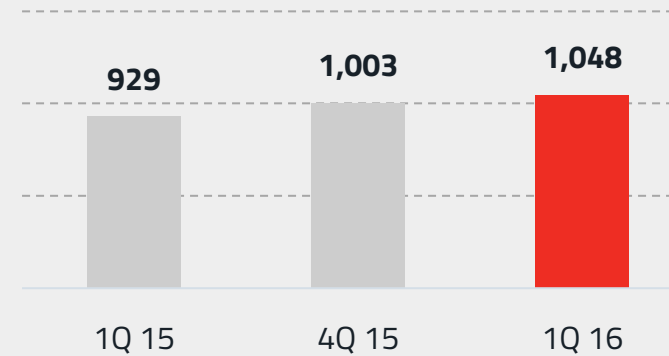
AED 118.2 million revenue increase mainly driven by double-digit growth in all core business, offset by decline in Freight Forwarding;

AED 58 million increase in domestic and international express drove CoR up 11.7%

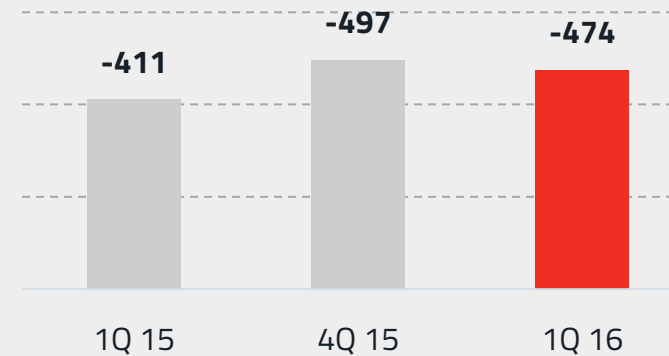
Total Overheads increased 15.4% as a result of an AED 48.3 million increase in G&A expenses

11.8% growth y-o-y in Attributable Income; sequentially up 68.3% due to one-off incentive scheme provision accounted for in Q4 15

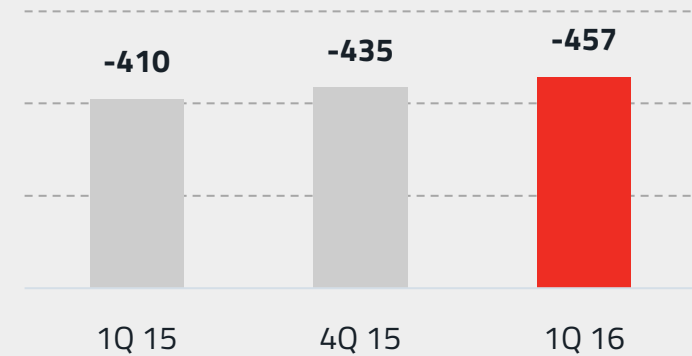
Revenues (AED m)



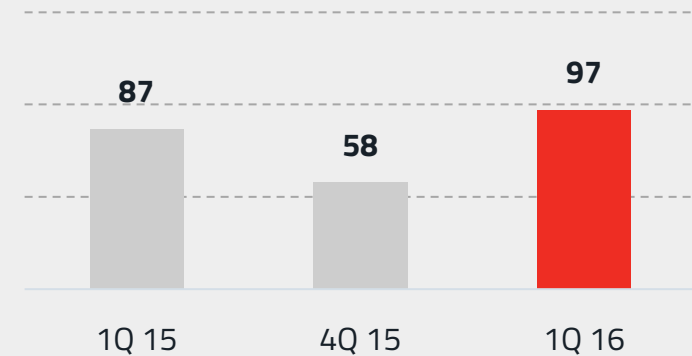
Total Overheads (AED m)



CoR (AED m)



Attributable Income (AED m)

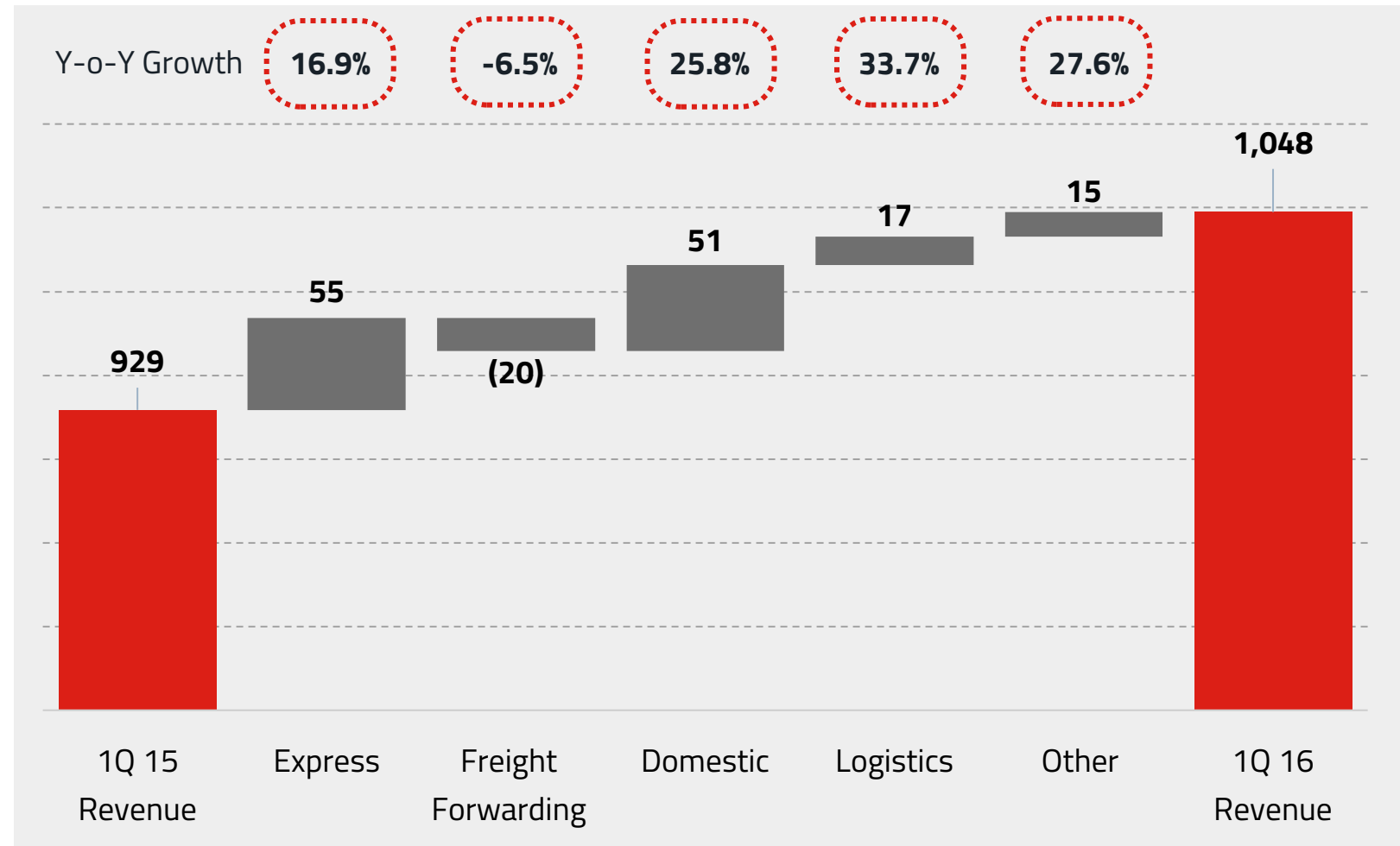
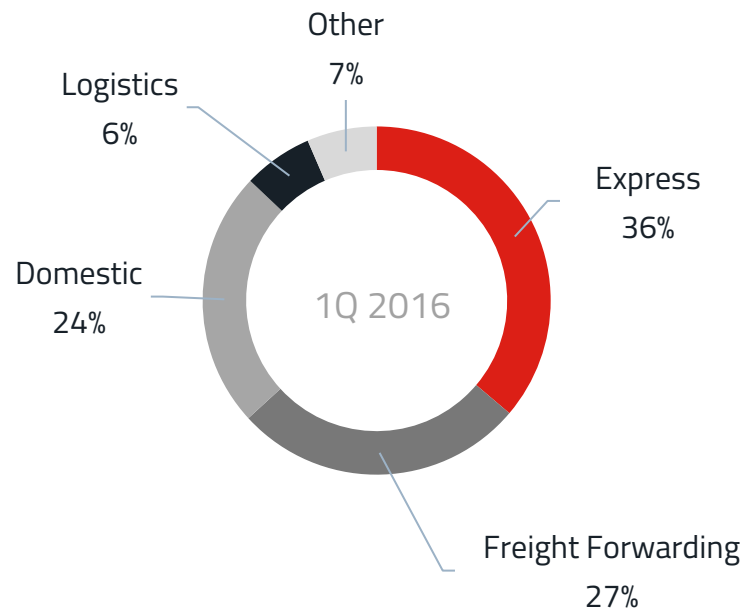


1Q 2016 Key Performance Indicators

Financial Ratios (AED m)	→				
	1Q 16	4Q 15	1Q 15	q-o-q	Y-o-y
EPS (AED)	0.066	0.039	0.059	68.3%	11.8%
Gross profit margin (%)	56%	57%	56%	-0.3%	0.4%
Net profit margin (%)	9.9%	6.7%	10.4%	3.3%	-0.5%
EBITDA margin %	13.4%	9.3%	13.9%	4.1%	-0.5%
ROE %	17.4%	10.7%	15.6%	6.8%	1.8%
ROA %	9.9%	6.7%	10.8%	3.3%	-0.9%
Debt/Equity %	30.9%	16.2%	7.3%	14.7%	23.7%
BVPS (AED)	1.521	1.476	1.519	3.0%	0.15%

Q1 growth in core segments in line with management agenda

Revenues by segment (AED m) →



1Q 2016 Business segment highlights

Segmental Performance (AED m) →

	Revenue			Gross Profit		
	1Q 16	1Q 15	y-o-y	1Q 16	1Q 15	y-o-y
Express	379.1	324.2	16.9%	261.3	218.6	20%
Freight Forwarding	282.8	302.5	-6.5%	80.5	82.4	-2%
Domestic	250.1	198.9	25.8%	138.9	133.5	4%
Logistics	67.6	50.5	33.7%	51.5	40.0	29%
Other	67.9	53.2	27.6%	57.8	45.3	28%
Total	1,047.5	929.3	12.7%	590.1	519.8	14%

Express business is outgrowing freight forwarding

Segmental Revenues (%)

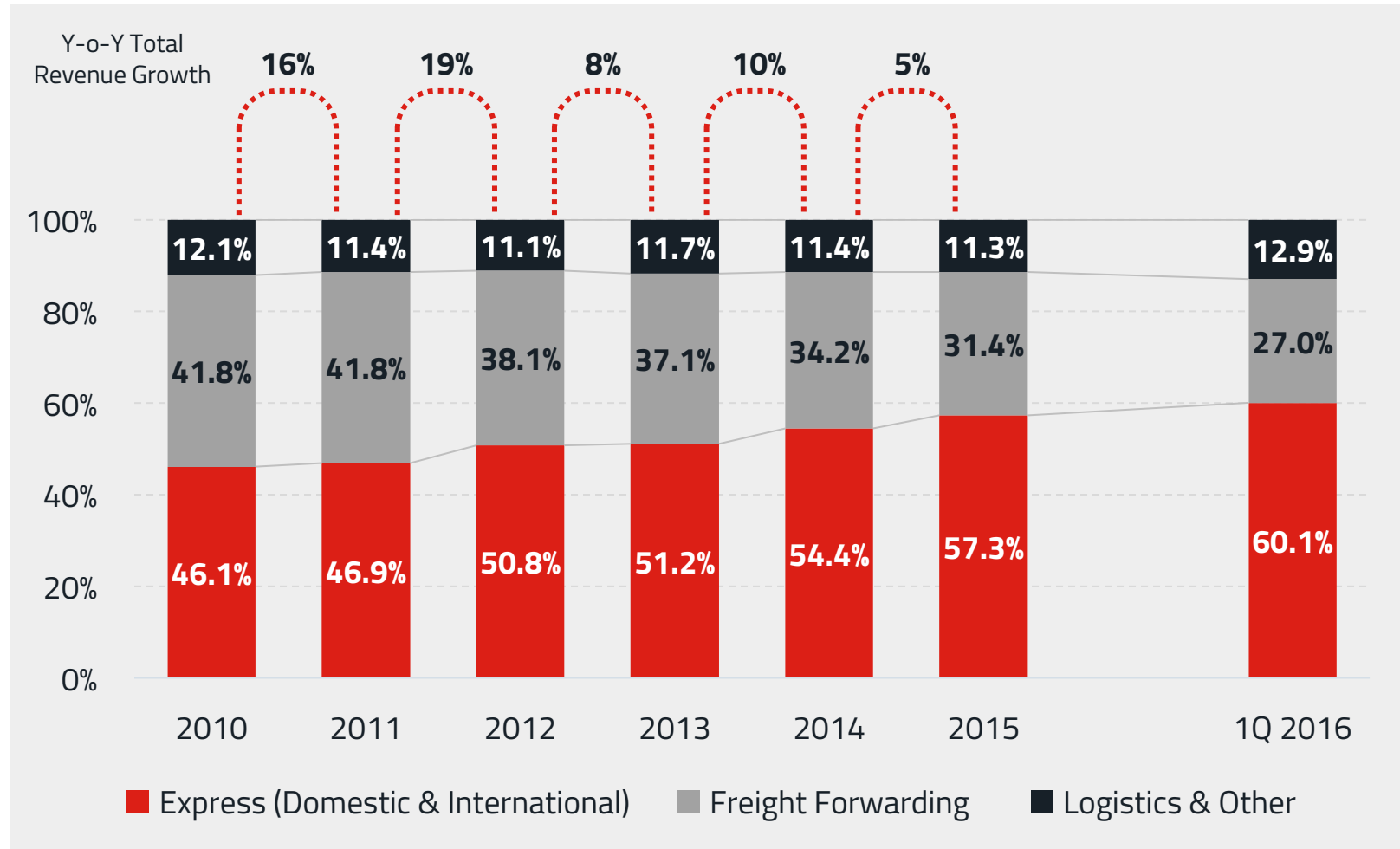


Evolution of revenue mix since 2010 points to Express business outgrowing other businesses; this is a direct result of the growing eCommerce business

Combined domestic and international Express contribution +11.2% of revenues since 2010

Freight forwarding has consistently declined by -10.4% of total revenues since 2010

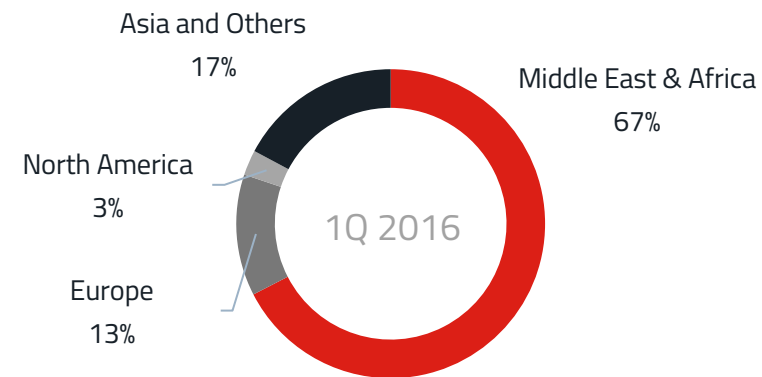
Management expects this trend to continue throughout 2016 and beyond



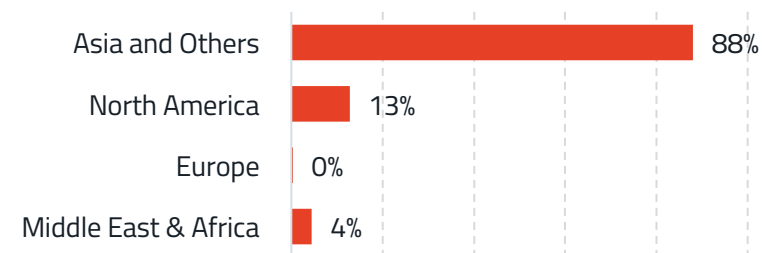
Geographic performance – strongest growth in Asia

Revenues by Geography →

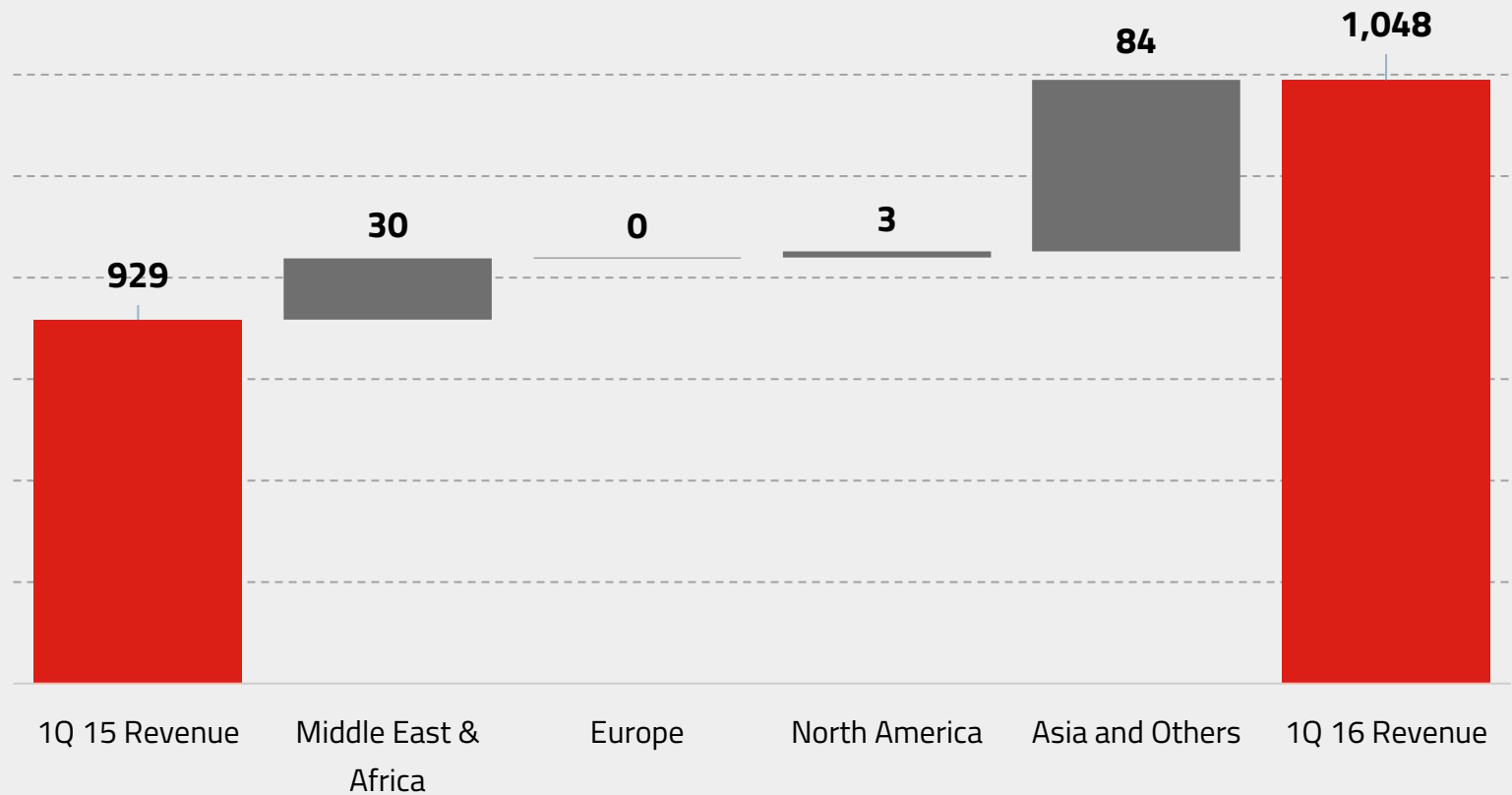
Geographic Contribution (%)



Geographic Performance y-o-y (%)



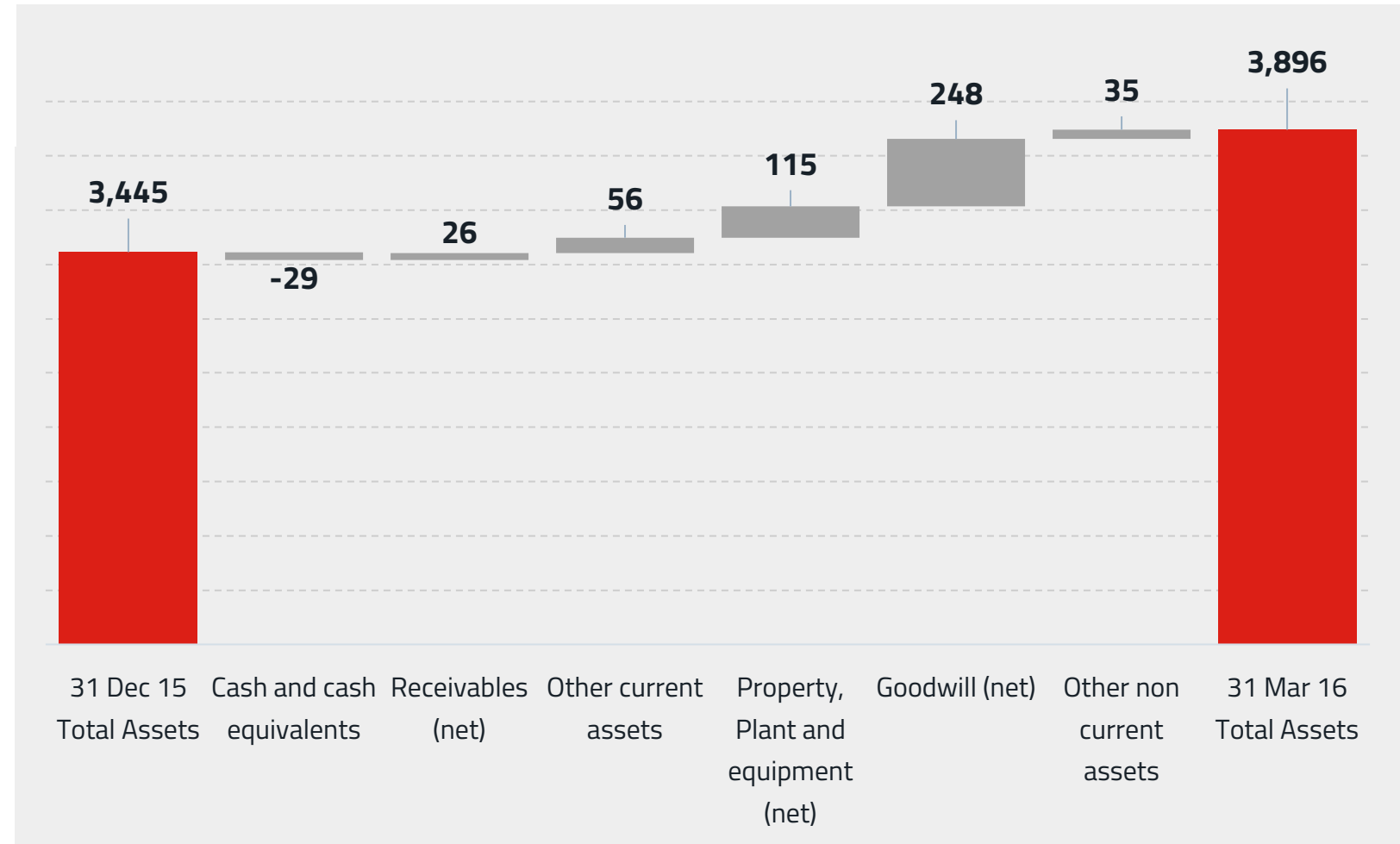
Revenue Bridge y-o-y (AED m)



Balance Sheet Movement in 1Q 2016

Total Assets (AED m) →

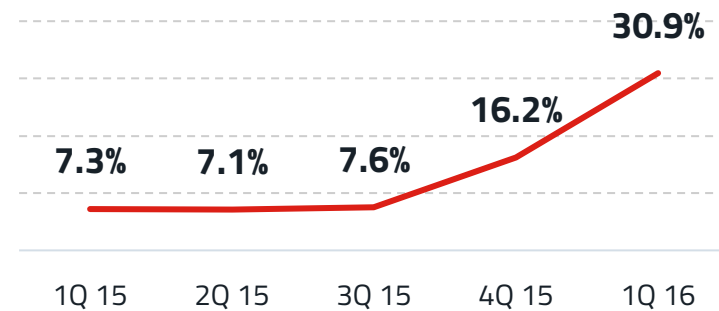
Total assets increased AED 451 million (+13.1%), mainly as a result of an increase in goodwill and property, plant & equipment from the acquisition of Fastway Ltd.



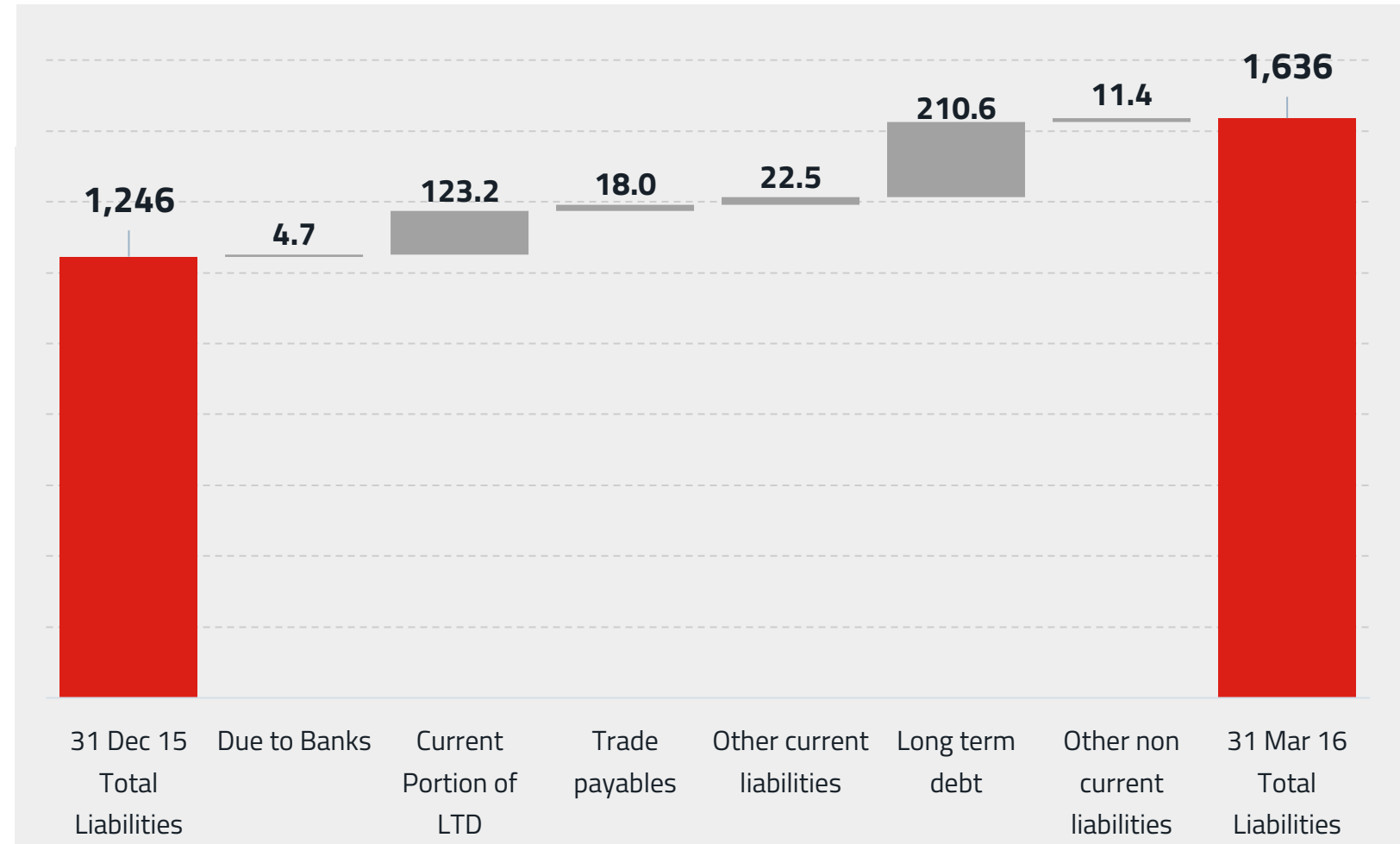
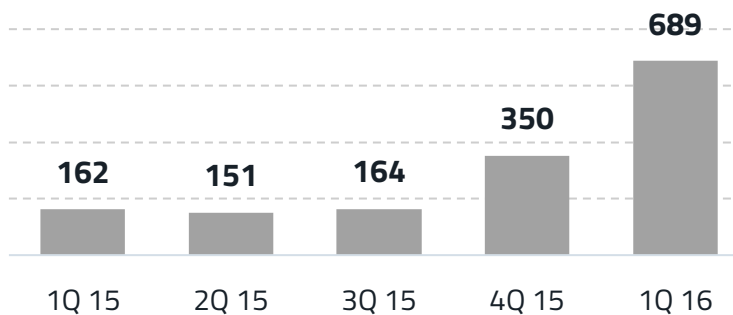
Q1 2016 acquisitions drive increase in total debt

Liabilities (AED m) →

Debt/ Equity Ratio (%)



Total Debt (AED m)



Long-term Performance



Bashar Obeid, CFO

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Aramex has a track record of delivering operational excellence

Aramex 2010-2015 (Indexed) →

We delivered a consistently strong performance since 2010

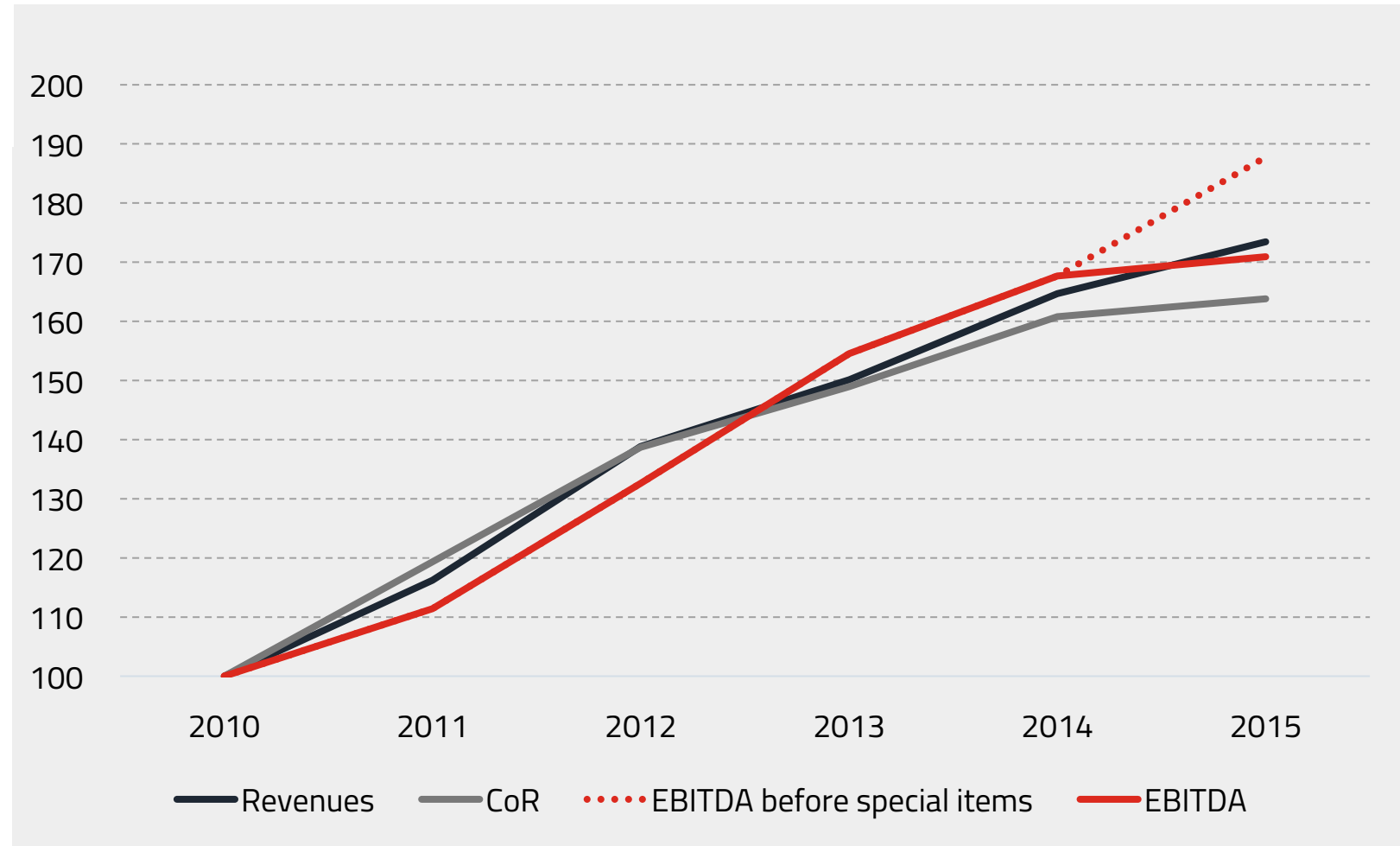
2010-2015 CAGR

Revenues 11.6%

Cost of Revenues 10.4%

EBITDA: 11.3%

EBITDA before special items: 13.4%



Aramex continues to deliver solid top line growth

Revenues (AED m)



Revenue generation

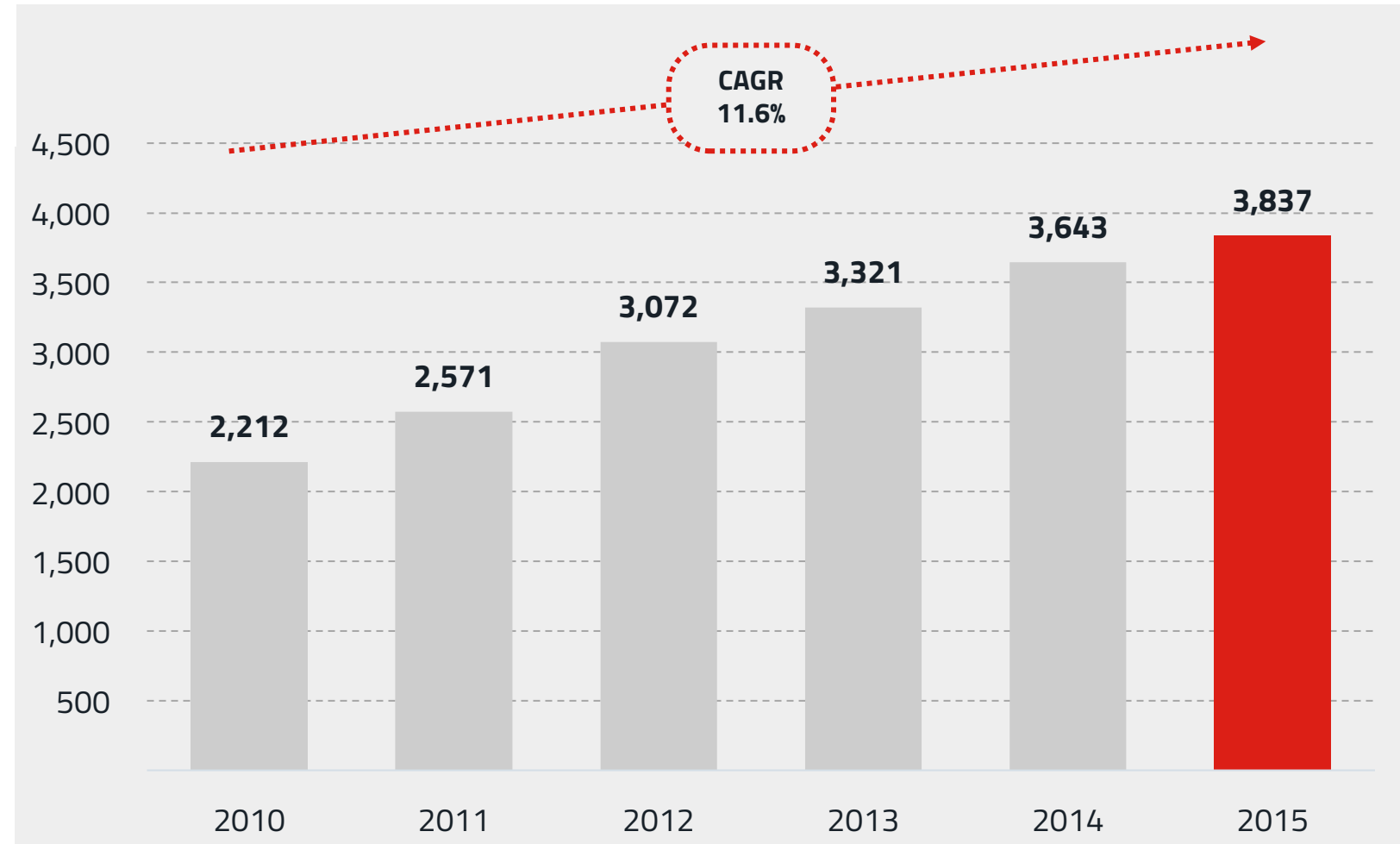
Despite market volatility, low oil price and regional instability, very solid revenue growth of 5.3% for 2015

Growth primarily in international and domestic express as well as in Middle East & Africa

Currencies

FX fluctuations adversely impacted

FY 2015 revenues by 4.4%

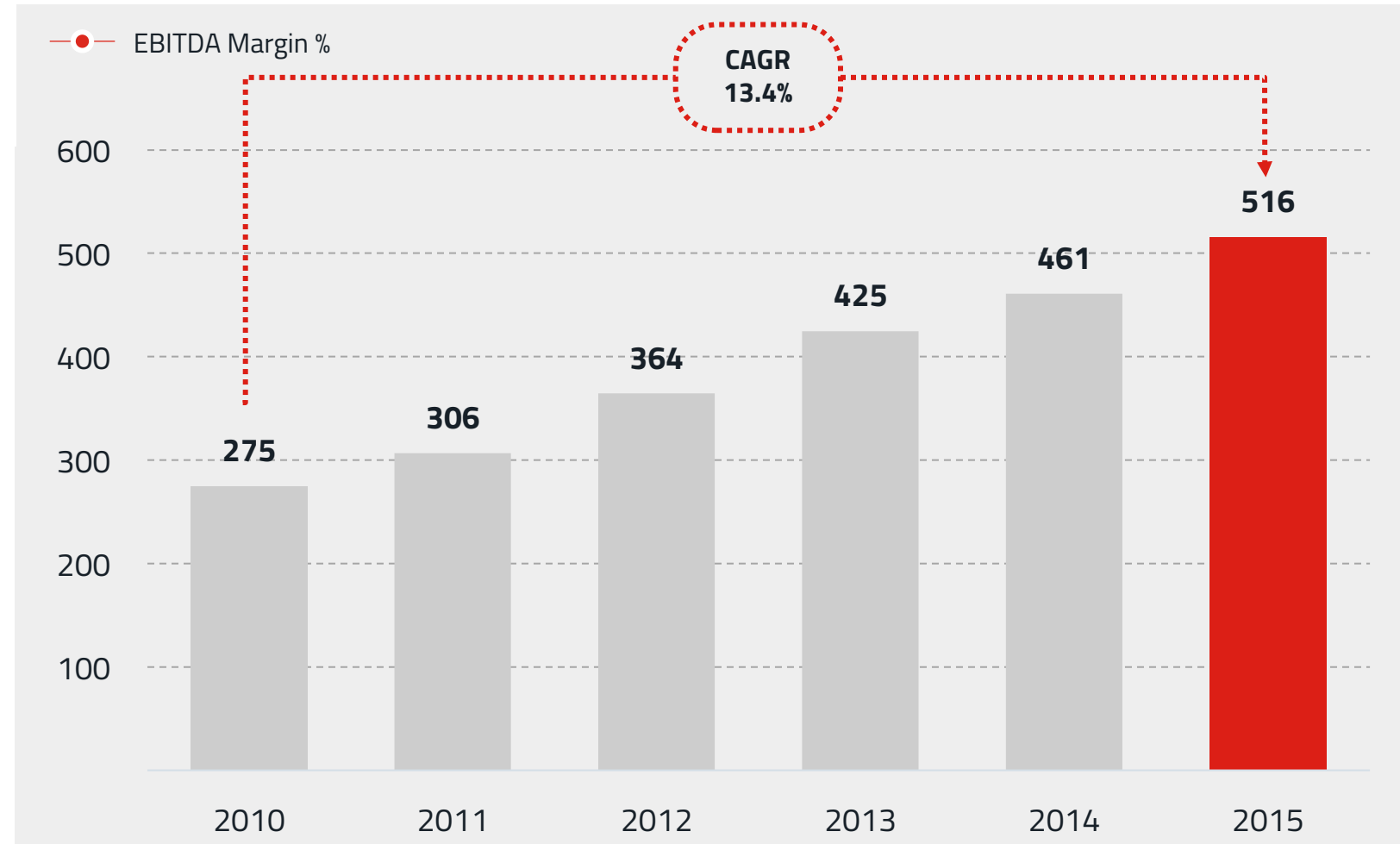


Strong underlying result across the business

EBITDA before special items (AED m) →

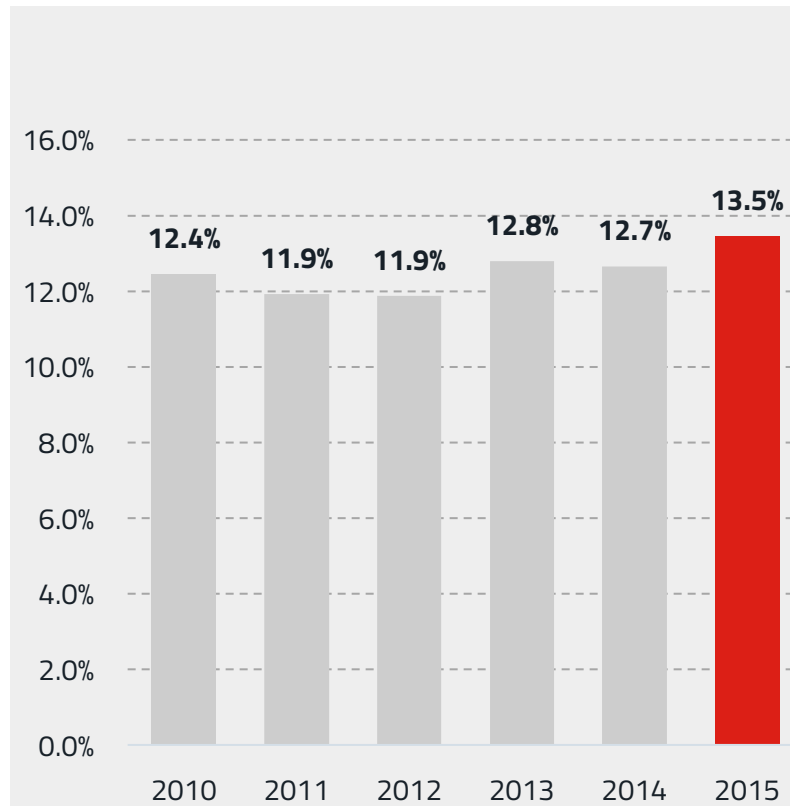
EBITDA before special items:

Aramex generated strong underlying result across the business

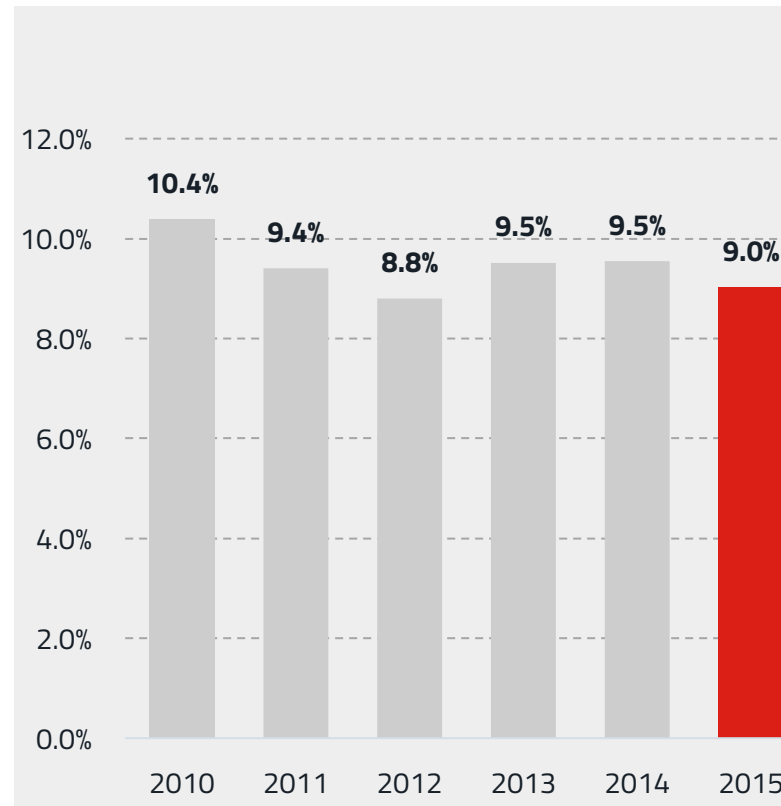


Aramex maintains performance across key indicators

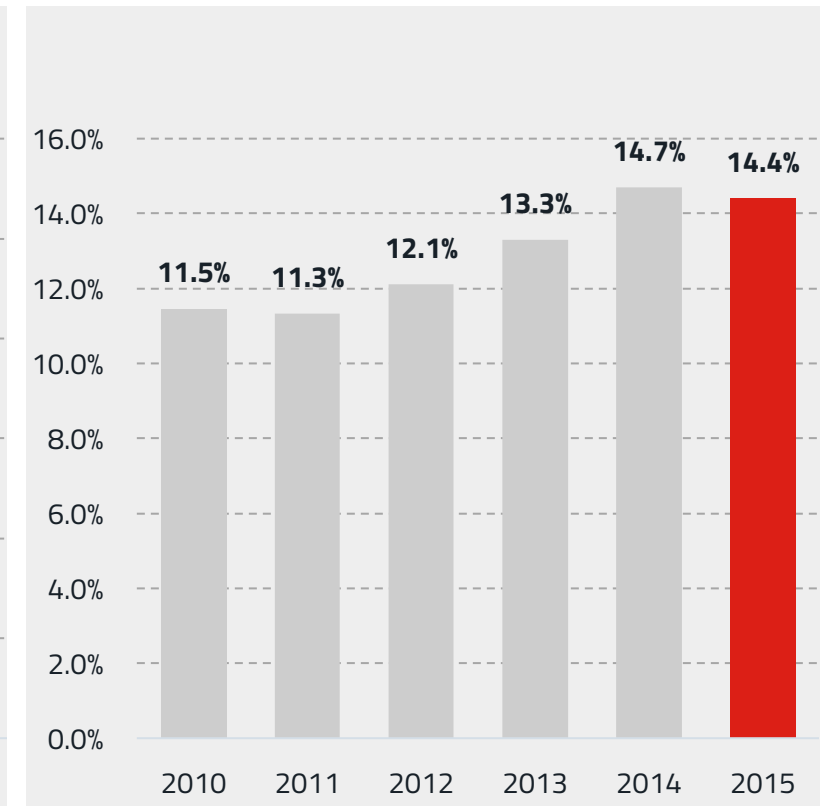
EBITDA margin before special items (%) →



Net Profit Margin (%) →



Return on Equity (%) →

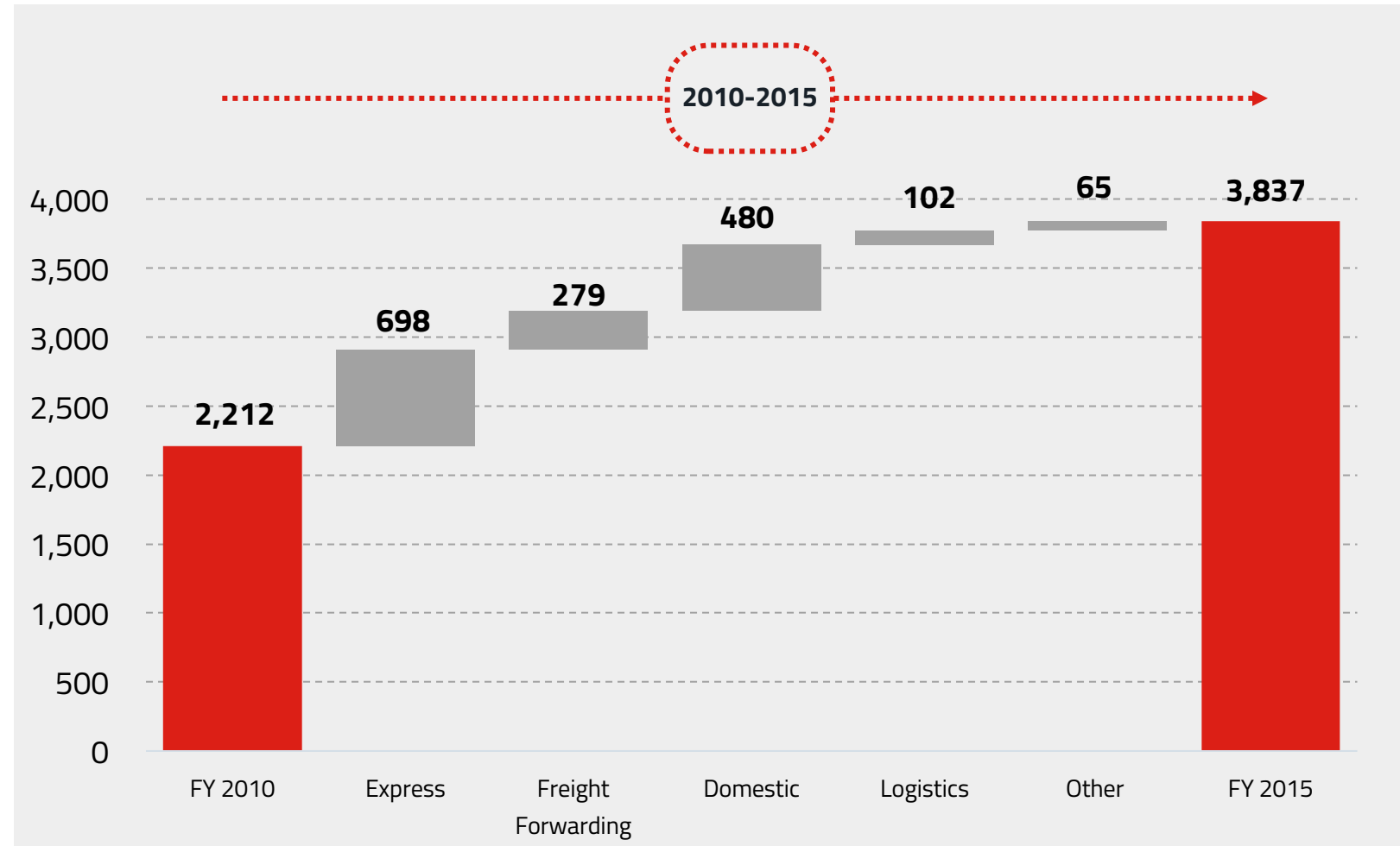


Key components of Aramex's long term growth story

Contribution by Business (AED m) →

Growth story since 2010

CAGR Express	15.0%
CAGR Freight Forwarding	5.4%
CAGR Domestic	19.6%
CAGR Logistics	14.7%
CAGR Other	7.0%

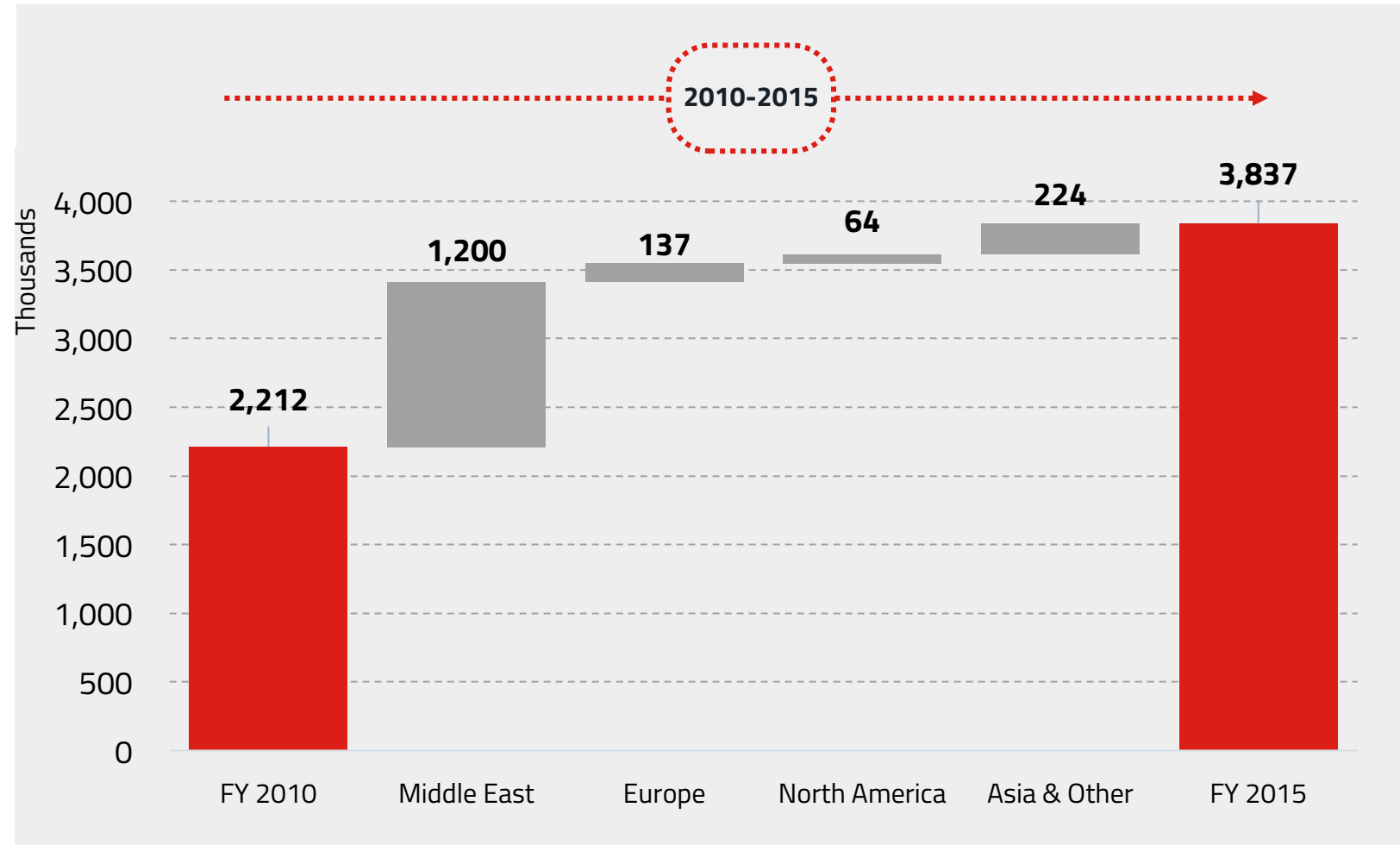


Defending and developing our market position in growth markets

Contribution by Geography (AED m) →

Growth story since 2010

CAGR Middle East	12.1%
CAGR Europe	5.9%
CAGR North America	18.8%
CAGR Asia & Other	16.7%



Aramex balance sheet Evolution

Total Asset (AED m)

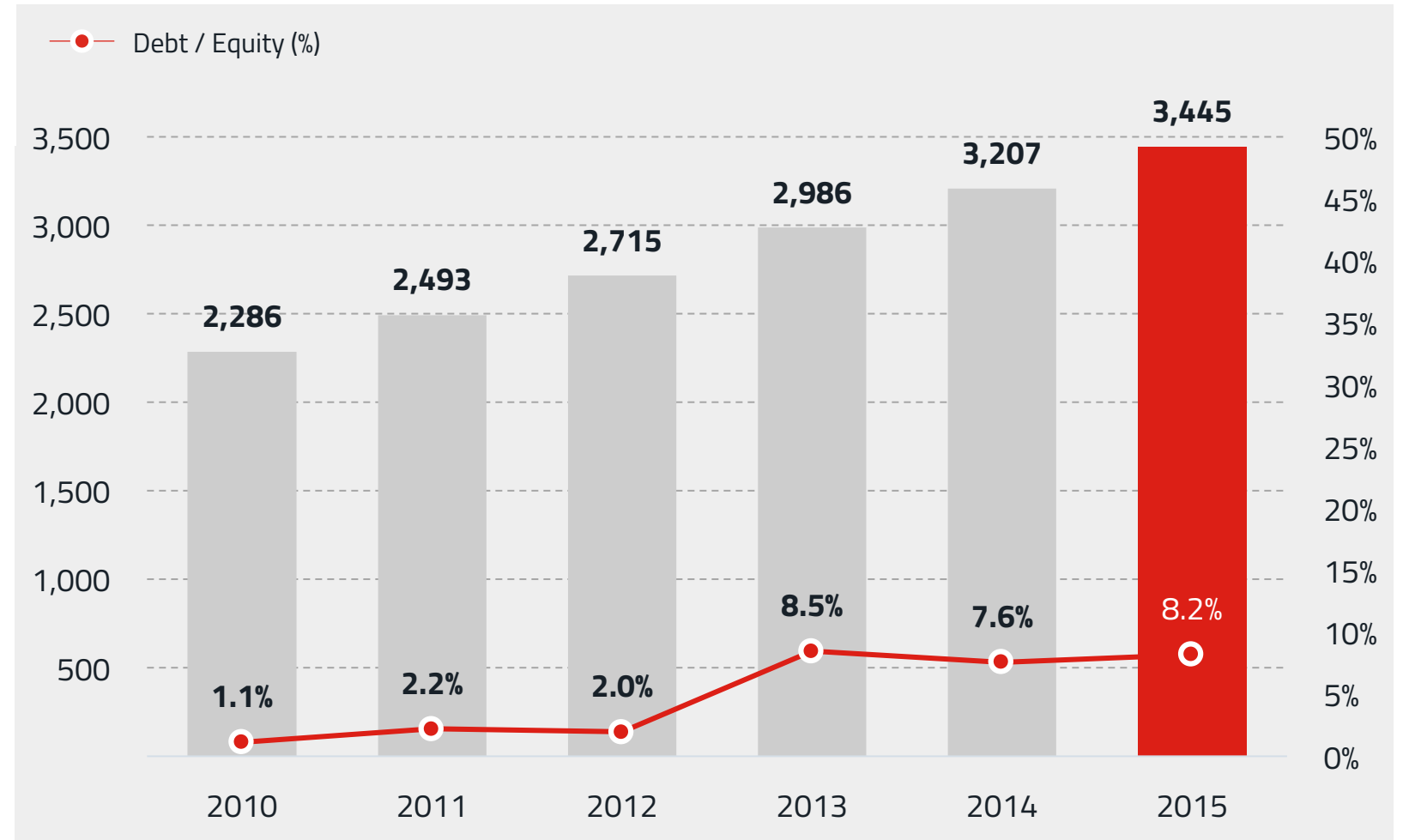


Aramex consistently grows its balance sheet

We maintain a prudent approach towards managing our debt

Debt* / Equity low at 8.2%

Debt / EBITDA: 67%



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

Aramex shareholders rewarded by long term performance

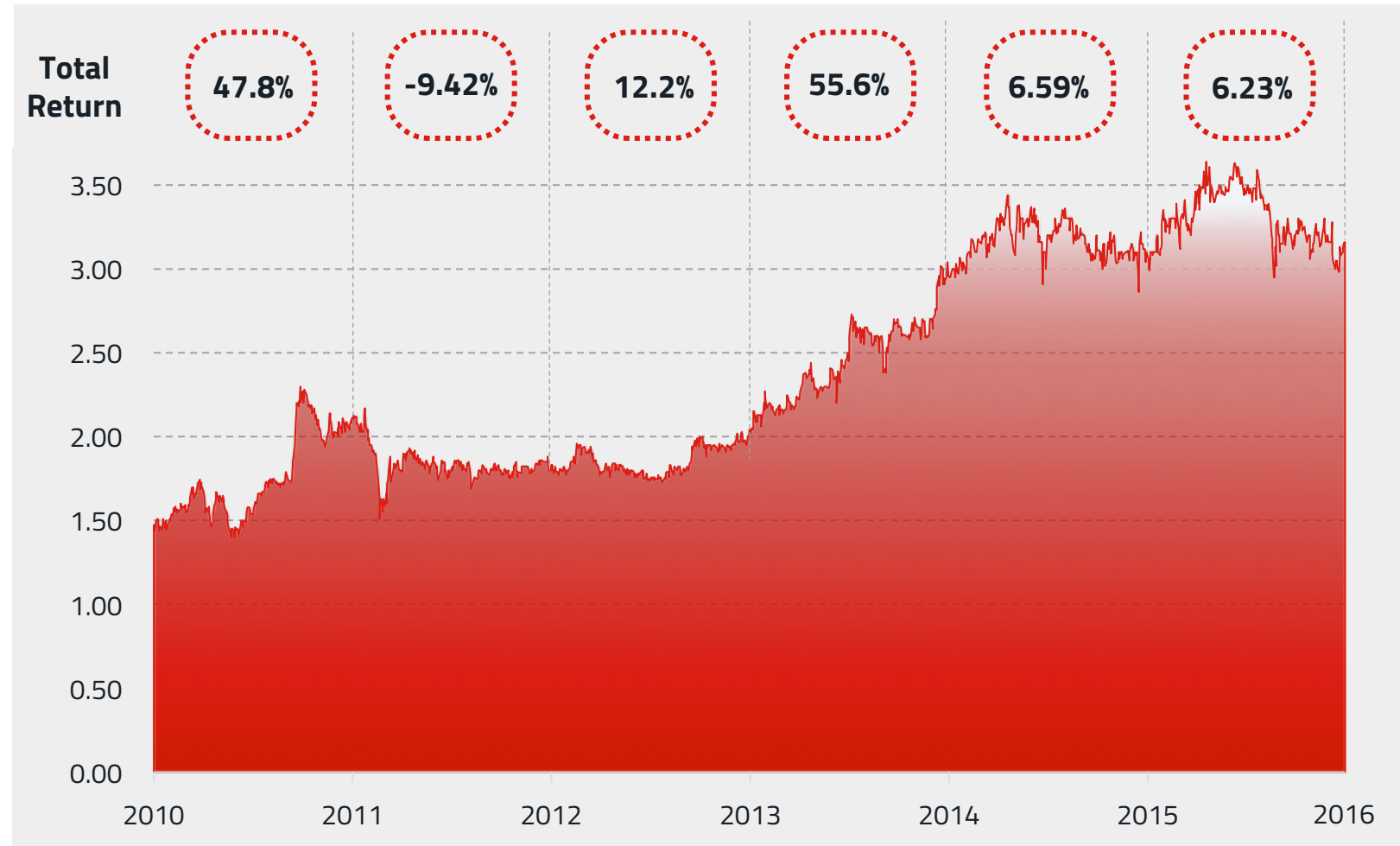
Performance (Jan 2010-Dec 2015) →

Share Price Change: 118.6%

Annualized return: 13.9%

Total Return
(dividends reinvested): 180.4%

Annualized Total Return:
(dividends reinvested) 18.7%



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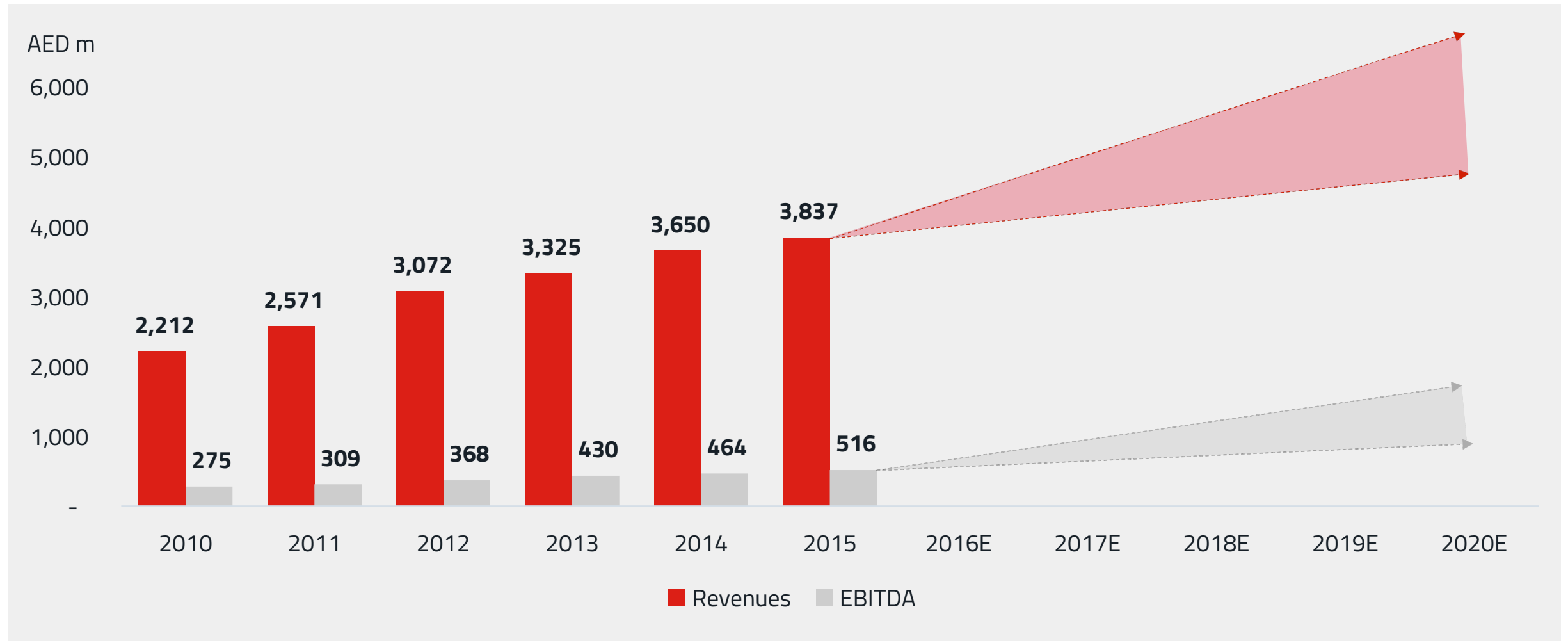
The Way Forward: Management Priorities

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		2016 Target (AED m)
Express	↑ 13%	AED 1,387 m	Double-digit growth
Freight Forwarding	↓ 3.3%	AED 1,203 m	Slight decrease
Domestic	↗ 7.5%	AED 811 m	Double-digit growth
Logistics	↗ 3.9%	AED 205 m	Slight increase
Other	↗ 4.9%	AED 229 m	Slight increase
Total	↗ 5.3%	AED 3,837 m	Considerable increase

Long Term Ambition Level – Roadmap to 2020





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Aramex balance sheet remains strong and liquid

2015 Highlights →

Total balance sheet grew by 7.4%

Total assets increased by AED 238 m

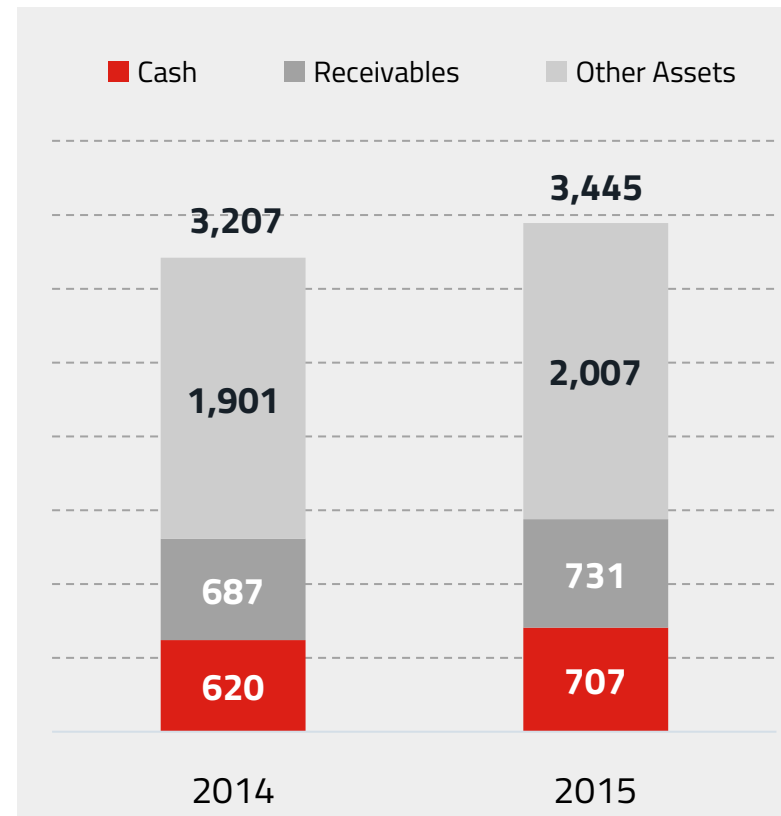
Cash up by AED 87.3 m; 20.5% of total assets

Receivables up AED 44.6 m, 21.2% of total assets

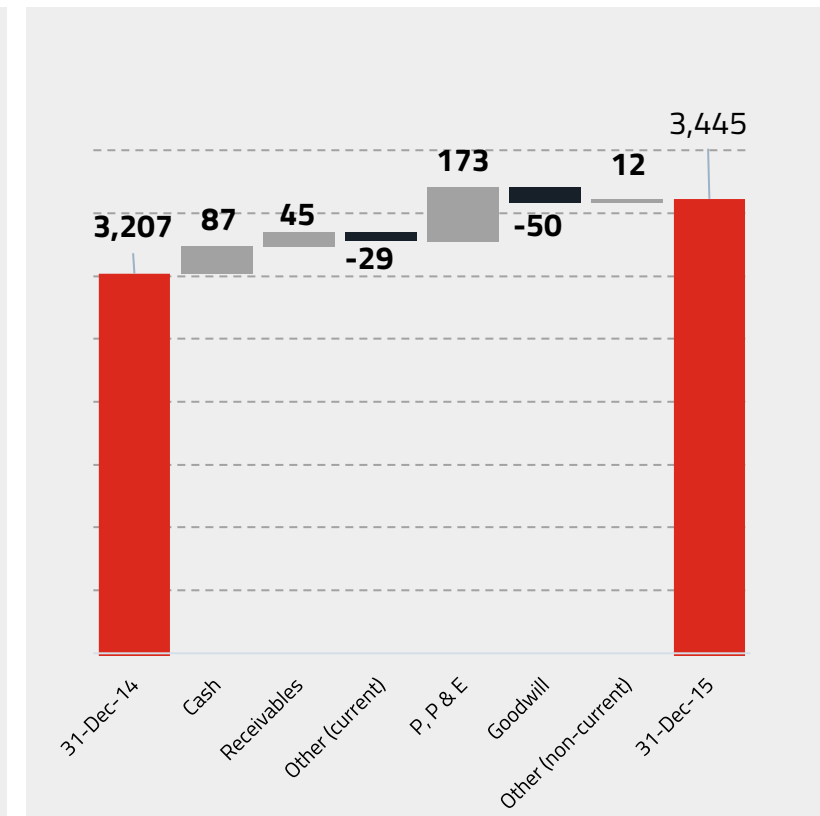
PPE increased AED 173 m

Goodwill impairment of AED 50

Total Assets (AED m) →



Asset Movement Y-o-Y (AED m) →



Aramex increased debt to increasing funding flexibility for acquisitions

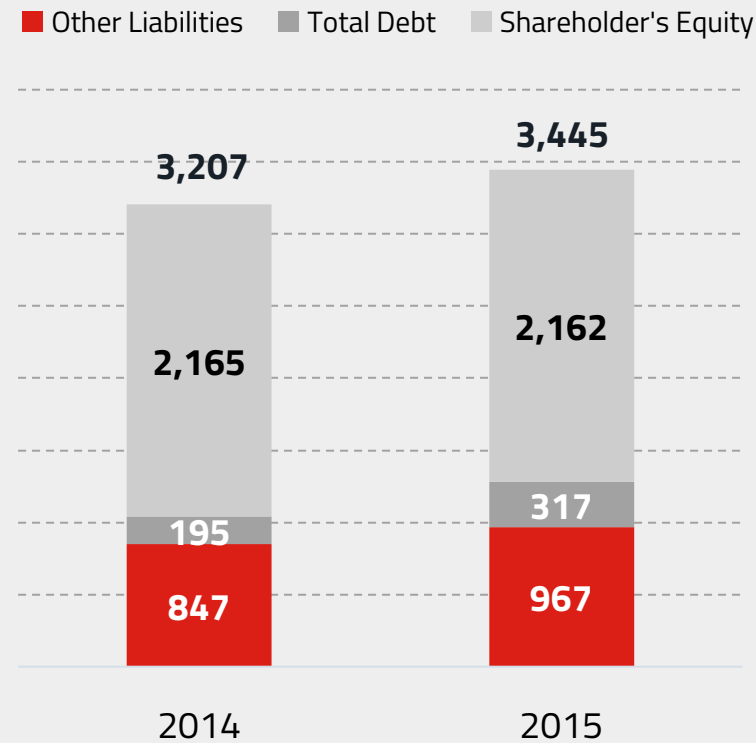
2015 Highlights →

Total liabilities are up AED 131 m

Increase mainly a result of increased long term debt to fund acquisitions and other liabilities

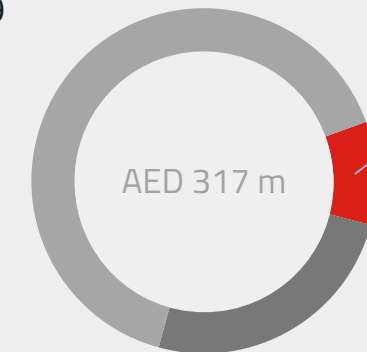
Total debt* is up 63% to AED 317 m

Total Liabilities (AED m) →



Total Debt Breakdown (AED m) →

Long term debt, 229



Due to Banks, 34

Current Portion of LTD, 88

*Due to banks, long term debt, current portion of LTD

Segmental Performance

AED m	1Q 16	4Q 15	1Q 15	q-o-q	y-o-y
Express					
Revenues	379.1	382.3	324.2	-0.8%	16.9%
CoR	(117.8)	(121.2)	(105.6)	-2.8%	11.6%
Gross Profit	261.3	261.1	218.6	0.1%	19.5%
GP % of Revenue	68.9%	68.3%	67.4%	0.9%	2.2%
Freight Forwarding					
Revenues	282.8	1,003.3	929.3	4.4%	12.7%
CoR	(202.2)	(434.9)	(409.5)	5.2%	11.7%
Gross Profit	80.5	568.4	519.8	3.8%	13.5%
GP % of Revenue	76.2%	77.7%	79.2%	-1.9%	-3.8%
Domestic					
Revenues	250.1	211.1	198.9	18.5%	25.8%
CoR	(111.2)	(78.8)	(65.4)	41.1%	70.1%
Gross Profit	138.9	132.3	133.5	5.0%	4.1%
GP % of Revenue	55.5%	62.7%	67.1%	-11.4%	-17.3%
Logistics					
Revenues	67.6	52.2	50.5	29.3%	33.7%
CoR	(16.1)	(11.7)	(10.5)	37.9%	53.2%
Gross Profit	51.5	40.6	40.0	26.9%	28.6%
GP % of Revenue	76.2%	77.7%	79.2%	-1.9%	-3.8%
Other					
Revenues	67.9	59.3	53.2	14.5%	27.6%
CoR	(10.1)	(7.6)	(7.9)	32.2%	27.2%
Gross Profit	57.8	51.7	45.3	11.9%	27.7%
GP % of Revenue	85.2%	87.2%	85.1%	-2.3%	0.1%

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