

## Aramex

Research Update

Sector - Transportation

### Target price raised on EPS upgrades, retain "Neutral" rating

#### Cross-border ecommerce growth drives significant 2017 and 2018 EPS upgrades

We raise Aramex's 2017E EPS by 52% and 2018E EPS by 32%, as we view the company's focus on cross-border ecommerce positively. We further remain optimistic on the strategy of looking at growth outside the GCC, and more towards B2C as well. Nevertheless, the 35% increase in share price YTD, along with a slowing Domestic Express business within the GCC, and challenges that remain within the Freight Forwarding business, still lead us to be cautiously optimistic on the stock. We retain our 'Neutral' rating until we see the aforementioned concerns alleviated, or see more attractive future entry points in the stock.

#### GCC e-commerce and global cross-border revenues are primary growth drivers

Global consultant AT Kearney, the ecommerce market in the GCC is expected to grow at a CAGR of over 30% CAGR over 2015-2020 from USD 5.3 Bn to USD 19.8 Bn, driven by greater awareness of e-commerce, higher online conversions, and more retailers offering e-commerce solutions. We expect Aramex to be a key beneficiary of this trend and expect international express revenues to grow at a CAGR of 11% over 2016-2020 from AED 1.68 Mn in 2016 to AED 2.87 Mn in 2020. Furthermore, we expect StarTrack -the JV between the Australia Post and Aramex, the hybrid model of post and express, to also contribute to cross border revenues, albeit via an at-equity participation from 2018 onwards. Aramex guided that the expected JV would be operational from Q4-17 or Q1-18.

#### Domestic B2B business in the GCC and Freight Forwarding still are concerns:

The Domestic Express segment is witnessing contrasting trends within the GCC and outside the GCC. B2B business within the GCC is witnessing a significant slowdown especially from Saudi Arabia, which remains a concern. Growth is evident outside the GCC, but negative FX effects continue to affect revenue recognition. In the Freight Forwarding segment, we do expect volumes to have picked up; however, there has been some pricing pressure, which has more than offset the pick-up in volumes. We do not see this trend changing, given the overhaul of the whole freight forwarding business model globally. As a result, we expect Aramex's Freight Forwarding segment revenues to decline at a CAGR of 1.7% over 2016-2020 from AED 1,131 Mn in 2016 to AED 1,056 Mn in 2020.

#### Valuation & Risks – TP of AED 5.00/share

Our revised target price of AED 5.00/share is based on a blend of DCF and relative valuation. The stock currently trades at 2018 EV/EBITDA of 10.7x and a 2018 PE of 16.3x, which is marginally below its global peers. **Key Downside risks:** 1) Decline in global trade 2) Lower B2B volumes from the GCC 3) FX related risks. **Upside risks:** 1) Faster ramp-up of Express revenues 2) Revival in freight forwarding industry margins. 3) Reversal in B2B in Domestic Express segment.

Forecasts & Ratios	2015	2016	2017E	2018E	2019E	2020E
Revenue (AED Mn)	3,837	4,343	4,724	5,100	5,585	6,085
GPM (%)	56.5%	56.1%	57.1%	57.6%	58.3%	58.9%
EBITDA (AED Mn)	470	564	746	848	945	1,019
PE (x)	14.9	13.5	16.8	16.3	14.0	12.4
EV/EBITDA (x)	10.8	10.9	11.9	10.7	9.4	8.4
Div. yield (%)	3.6%	3.6%	3.9%	4.0%	4.6%	5.2%

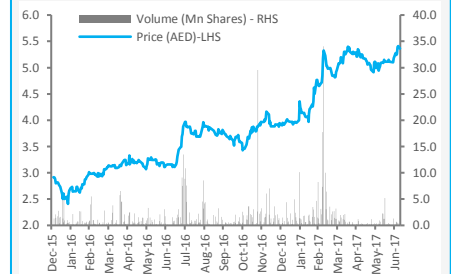
Sources: KAMCO Research, and Aramex

## Neutral

CMP 10-Jul-2017 AED 5.36

Target Price AED 5.00

Upside/Downside -6.7%



Price Perf.	1M	3M	12M
Absolute	3.9%	-0.2%	62.8%
Relative	3.6%	2.7%	62.7%

#### Stock Data

Bloomberg Ticker	ARMX DB
Reuters Ticker	ARMX.DU
Last Price (AED)	5.36
MCap (AED Mn)	7,848
EV (AED Mn)	7,995
Stock Performance - YTD (%)	29.9%
PE - 2017E (x)	16.8
EV/EBITDA - 2017E (x)	11.9
Dividend yield - 2017E (%)	3.9%
52-Week Range (AED)	3.21 / 5.50

Sources: KAMCO Research & Bloomberg

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## Valuation and Risks

### Target price raised to AED 5.00/share; 'Neutral' rating retained

Following FY-16 & Q1-17 results, we revisited our model and relooked at our investment case. We raise Aramex's 2017E EPS by 52% from our previous estimate (AED 0.21/share) and now expect an EPS of AED 0.32/share. We further raise 2018E EPS by 32%, as we expect cross border express revenues to grow at a faster pace than earlier expected, and we see Freight Forwarding revenues declining at a slower pace (-1.7% CAGR over 2016-2022) than our earlier expectations. Our revised target price of AED 5.00/share is based on a blend of DCF and relative valuation.

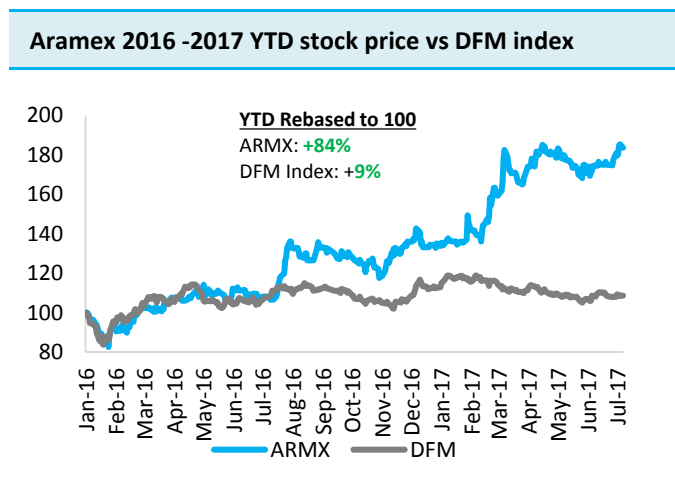
Weighted Average Fair Value			
	Fair value per share (AED)	Weight (%)	Weighted Value (AED)
DCF	4.76	75%	3.57
Relative Valuation	5.72	25%	1.43
<b>Weighted Average Fair Value per Share</b>			<b>5.00</b>
Current market price			5.36
<b>Upside/Downside</b>			<b>-6.7%</b>

Sources: KAMCO Research and Bloomberg

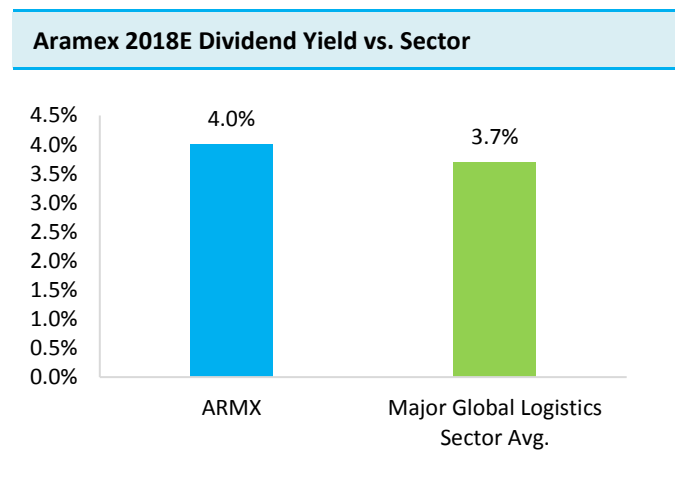
We retain our 'Neutral' rating on Aramex, despite believing that Aramex is still one of the best-listed plays on e-commerce in the GCC. We continue to view the company's focus on cross border e-commerce positively, as they look at growth outside the GCC and more towards the B2C segment. The ongoing interest to look out for accretive acquisitions and signing JVs similar to StarTrack should further translate into higher growth. Nevertheless, the 35% increase in share price from AED 3.94 in Dec-2016 to AED 5.36 by Jul-2017, along with a slowing Domestic Express business within the GCC, and challenges that remain within the Freight Forwarding business, still lead us to be cautiously optimistic on the stock, as we see limited upside on the stock.

### Noon.com's signing of Aramex as logistics partner drives stock price surge ...

Following Noon.com's signing of Aramex as one of its logistics partners, there was increased interest by market participants in the shares of Aramex, which drove the stock price up over 35% from the start of 2017. The market expects the e-commerce boom in the region and the signing of Aramex as logistics partner to translate into significantly higher revenues, which has increased interest in the stock.



Sources: Bloomberg, KAMCO Research



Sources: Bloomberg, KAMCO Research

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### *...dividend yield still provides support for current share price levels*

Though the share price has appreciated substantially, Aramex still trades at a 2018E dividend yield of 4.0%, slightly higher than its major global peers' average of 3.7%, which should provide reasonable support for its share price. Our estimates are based on management guidance of 60%-65% dividend payout annually.

### **Risks to our rating & forecasts include:**

#### **Key downside risks:**

- Slowdown in global & GCC economic growth and trade
- Slower development of e-tailer e-commerce activity in the Asia Pacific region
- Lower consumer confidence leading to lower than expected B2C volumes
- FX related risks especially pertaining to depreciation of Egyptian Pound (EGP), Indian Rupee (INR) South African Rand (ZAR) and Australian Dollar (AUD)

#### **Key upside risks:**

- Faster than expected ramp-up of Express revenues
- Pickup in GCC Domestic Express business
- Further revival in global trade and the freight forwarding industry

GLOBAL LOGISTICS SECTOR – PEER COMPARISON TABLE

Company Name	Country	M.Cap. (USD Mn)	EV (USD mn)	EBITDA (USD Mn)		Net Profit (USD Mn)		EBITDA CAGR (%)	Net Profit CAGR (%)	P/E (x)		EV /EBITDA (x)		Dividend Yield (%)	FCF Yield (%)				
				2016	2017E	2018E	2016			2017E	2018E	2016	2017E			2018E	2016	2017E	2018E
Gulf Warehousing Co	Qatar	727	1,128	93	107	116	58	61	66	11.6%	8.0%	12.6	11.9	11.0	12.1	10.6	9.7	3.5%	16.8%
United Parcel Service Inc	US	95,766	109,313	7,654	10,561	11,263	3,458	5,193	5,592	21.0%	27.7%	27.7	18.4	17.1	14.3	10.4	9.7	2.9%	0.6%
FedEx Corp	US	58,424	69,386	8,032	9,205	10,104	2,997	3,648	4,138	12.2%	17.5%	19.5	16.0	14.1	8.6	7.5	6.9	0.7%	-0.3%
Deutsche Post AG	Germany	45,701	49,267	5,376	5,932	6,332	2,889	3,127	3,331	8.5%	6.8%	15.8	14.6	13.7	9.2	8.3	7.8	3.1%	1.7%
Kuehne + Nagel International AG	Switzerland	19,882	19,076	1,122	1,209	1,284	723	789	814	6.7%	5.6%	27.5	25.2	24.4	17.0	15.8	14.9	3.4%	2.4%
CH Robinson Worldwide Inc	US	9,579	10,589	907	897	952	517	500	528	2.2%	1.4%	18.5	19.2	18.2	11.7	11.8	11.1	2.6%	4.7%
Yamato Holdings Co Ltd	Japan	8,461	7,751	749	801	1,031	167	214	323	17.3%	39.1%	48.9	38.1	25.2	10.3	9.7	7.5	1.2%	n.a
DSVA/S	Denmark	11,574	12,693	582	807	882	310	479	538	35.2%	47.3%	37.3	24.2	21.5	21.8	15.7	14.4	0.4%	1.4%
Expeditors International of Washington Inc	US	10,257	9,104	712	716	765	427	426	456	3.3%	2.8%	24.0	24.1	22.5	12.8	12.7	11.9	1.4%	4.2%
Nippon Express Co Ltd	Japan	6,213	8,478	1,066	1,051	1,091	337	379	397	1.2%	8.5%	18.4	16.4	15.7	8.0	8.1	7.8	1.6%	n.a
Panalpina Weltransport Holding AG	Switzerland	3,314	2,923	124	184	222	50	102	129	28.9%	52.7%	66.3	32.6	25.8	23.6	15.9	13.2	2.5%	1.2%
Singapore Post Ltd	Singapore	2,237	2,518	147	152	170	24	88	101	11.5%	104.5%	92.7	25.5	22.2	17.2	16.6	14.8	2.5%	0.0%
Blue Dart Express Ltd	India	1,756	1,791	51	68	79	21	34	43	24.7%	43.6%	84.2	51.6	40.8	35.1	26.5	22.6	0.6%	1.8%
Sinotrans Ltd	Hong Kong	2,429	2,408	329	320	346	245	234	251	2.6%	1.1%	9.9	10.4	9.7	7.3	7.5	7.0	3.1%	5.9%
<b>Simple average</b>										<b>12%</b>	<b>24%</b>	<b>33.6</b>	<b>21.9</b>	<b>18.8</b>	<b>13.9</b>	<b>11.8</b>	<b>10.6</b>	<b>2.0%</b>	<b>3.1%</b>
<b>Weighted average</b>										<b>15%</b>	<b>20%</b>	<b>25.5</b>	<b>19.1</b>	<b>17.3</b>	<b>12.5</b>	<b>10.3</b>	<b>9.5</b>	<b>2.2%</b>	<b>1.0%</b>

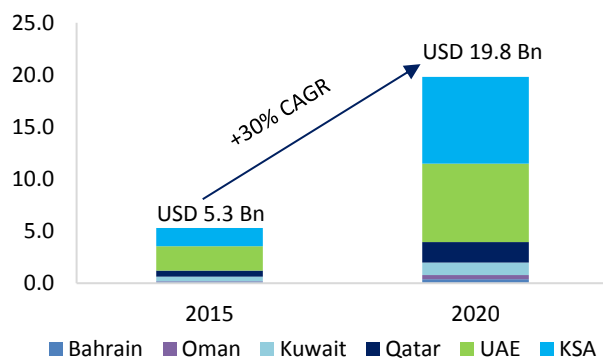
Source: Bloomberg, KAMCO Research

# Investment Thesis

## E-commerce and international cross-border focus – most important catalyst

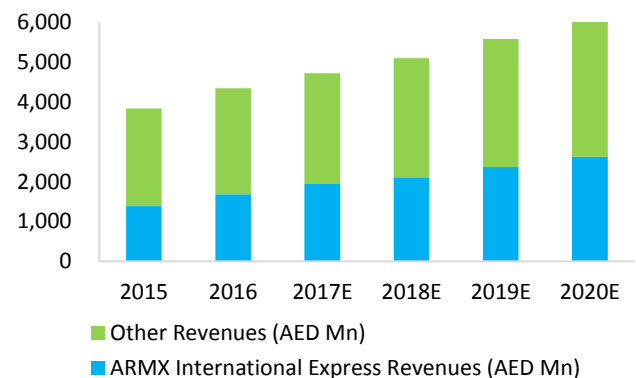
We strongly believe that Aramex's e-commerce and international cross-border focus are key fundamental drivers that would drive earnings growth. In their Q1-17 earnings call, Aramex mentioned that Asia continues to remain the dominant growth market as its market share went up to 23% as compared to 20% by end 2016. For the International Express segment, Aramex mentioned that strong new e-commerce business trends are emerging from South East Asia, China and Hong Kong, mainly from new e-tailers. In addition, bulk of the demand came into the region for Q1-17. As per global consultant AT Kearney, the e-commerce market in the GCC is expected to grow at a CAGR of over 30% CAGR over 2015-2020 from USD 5.3 Bn to USD 19.8 Bn, driven by greater awareness of e-commerce, higher online conversions, and more retailers offering e-commerce solutions. We expect Aramex to be a key beneficiary of this trend and expect international express revenues to grow at a CAGR of 11% over 2016-2020 from AED 1.68 Mn in 2016 to AED 2.87 Mn in 2020.

### GCC e-commerce growth 2015-2020



Sources: AT Kearney, KAMCO Research

### International Express revenue contribution (2015-2020)



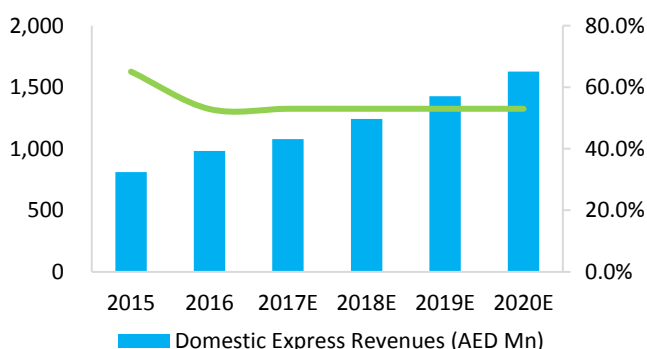
Sources: Aramex, KAMCO Research

We expect segment profitability in terms of gross margins to be above 65% over our explicit forecast period. Furthermore, we expect StarTrack -the JV between the Australia Post and Aramex and a hybrid model of post and express, to also contribute to cross border revenues, albeit via an at-equity participation. Aramex guided that the expected JV would be operational from Q4-17 or Q1-18.

## B2B business in the GCC hurting Domestic Express segment

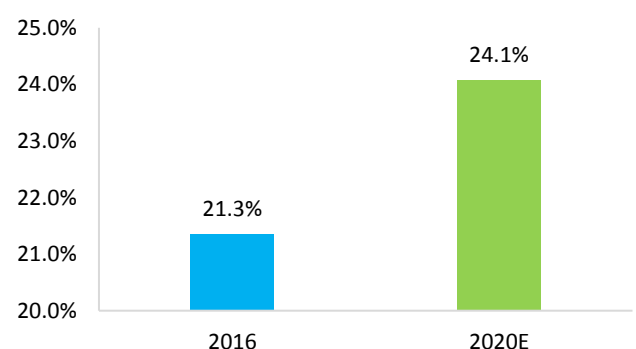
The Domestic Express segment is witnessing contrasting trends within the GCC and outside the GCC. Aramex guided that the B2B business within the GCC is witnessing a significant slowdown.

### Domestic Express revenues and gross margins (%)



Sources: Aramex, KAMCO Research

### Domestic Express Gross Profit Contribution to Group (%)



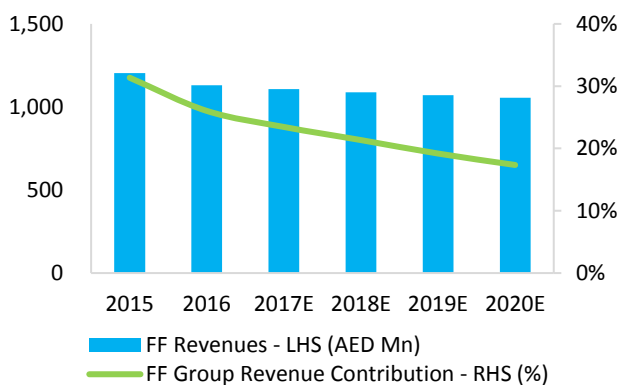
Sources: Aramex, KAMCO Research

Saudi Arabia, which is the biggest Domestic Express market for Aramex in the GCC is worst affected as per Aramex. Examples of slowdown in domestic B2B business would include a decline in credit card sales from the banking sector, which has translated into slower express business. However, outside the GCC, Domestic express volumes are growing but were negatively affected by FX rates in Q1-17. FX rates affected Aramex's India, South African and Egypt business despite healthy volumes. KAMCO Research expectations are still for low double-digit growth for Aramex's domestic express business as stability in the region's economic outlook in H2-17 and business sentiment in the GCC, especially in Saudi Arabia, should ensure that segment revenues grow from AED 981 Mn in 2016 to AED 1,627 Mn in 2020. With the acquisition of Fastway, we expect higher revenues at lower margins to eventually result in gross margins over 51%-53% over our explicit forecast period.

### Freight Forwarding still tricky, despite a resurgence in volumes

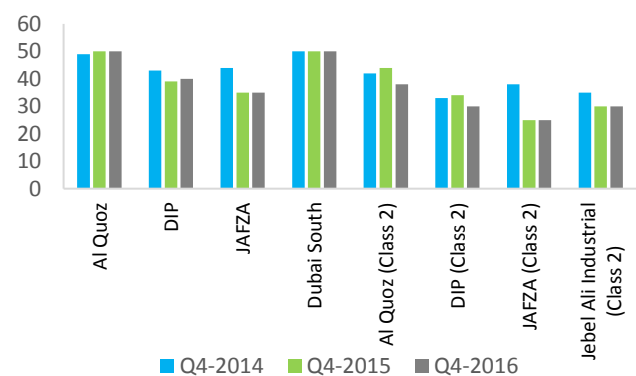
The global freight forwarding market grew by 2.7% in 2016 in real terms, as per Transport Intelligence (Ti) forecasts. However, Ti mentioned that air and ocean freight rates significantly squeezed most forwarders' revenue. They further forecast the industry to grow at a CAGR of 4.1% over 2016-2020, in line with global trade volumes.

Freight forwarding segment revenue trends



Sources: Aramex, KAMCO Research

Dubai Industrial rents ( AED/sq.ft)



Sources: Aramex, KAMCO Research

There is an interesting trend that we have gathered while speaking to industry participants. The industry is largely countercyclical in the sense that during recessionary period, freight forwarder are able to enhance profitability even though their revenue side weakens. As volumes eventually weaken, carriers have excess capacity, which brings in price competition for rates, which drives down overall profitability further. As volumes pick up, rates do not necessarily go up but freight forwarders are able to increase profitability largely due to higher volumes. For Aramex, we do expect volumes to have picked up; nevertheless, there has been some pricing pressure, which has more than offset the pick-up in volumes. We do not see this trend changing, given the overhaul of the whole freight forwarding business model. As a result we expect the Freight Forwarding segments revenues to decline at a CAGR of 1.7% over 2016-2020 from AED 1,131 Mn in 2016 to AED 1,056 Mn in 2020. We expect profitability (2016 Gross Margins: 28.3%) to also come down albeit marginally, in order to gain market share and in-line with the industry average of 15%-20%.

The Logistics segment is yet to realize its full potential for Aramex as they have doubled their capacity in the GCC by adding capacity in Dubai Logistics City, which takes their total space owned to 100,000 sq.m. A pickup in fashion retail would be a key driver for more uptake in industrial warehouses as the overall market is oversupplied and would require new business to sustain rents, which have come off their peak. We continue to be in line with guidance for the Logistics segment as Aramex still expects double-digit growth for 2017, but we would take a closer at the revenue figures for full year 2017, once we see Q2-17 figures.

## Guidance & Financial Forecasts

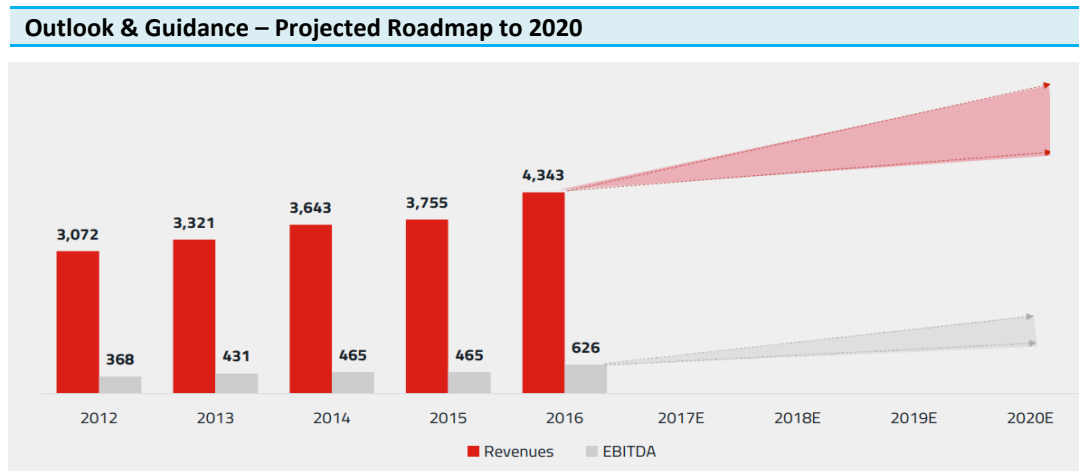
### 2017 Outlook – KAMCO Research broadly in line with guidance

Aramex released specific revenue guidance for 2017 at the group level and for individual segments. The management guided for a double-digit considerable increase in 2017 revenues, with International Express and Domestic Express expected to post double-digit growth as compared to 2015. Our new forecasts are slightly lower than management guidance, as we expect group revenues grow by 8.8% y-o-y in 2017.

2017 KAMCO Forecasts vs. Aramex Guidance					
Revenues ( AED Mn)	2016	2017 Guidance: Aramex	KAMCO Research Forecasts: 2017	Y-o-Y (%)	KAMCO Research Forecasts Rationale
<b>Segmental</b>					
International Express	1,687	Double-digit growth	1,940	15%	E-commerce business especially from e-tailers out of Asia, especially, China & Hong Kong and overall realizable scale of the GCC e-commerce market should push revenue growth
Freight Forwarding	1,131	Single-digit decrease	1,108	-2%	Volumes still yet to pick-up to peak levels and pricing still a concern, and this segment is really not a strategic focus for Aramex
Domestic Express	981	Single-digit growth	1,079	10%	Outside GCC growth ( barring any FX effects) should more than offset GCC domestic express volumes
Logistics	265	Double-digit growth	296	12%	Based on management guidance & Q1-17 trends
Other	279	Single-digit growth	300	7.5%	Based on management guidance & Q1-17 trends
<b>Group Revenues</b>	<b>4,343</b>	<b>Double-digit growth</b>	<b>4,724</b>	<b>8.8%</b>	<b>Express revenues would continue to buoy group revenues and register a high single digit y-o-y growth for 2017</b>

Source: Aramex, KAMCO Research

Aramex further released a roadmap until 2020 in their Q1-17 presentation that included revenue and EBITDA bands for the period, seen in the exhibit below.



Source: Aramex Q1-17 presentation

**2017E & 2018E EPS raised by 52% and 32% respectively from previous update**

Following Q1-17 results, we revisited our model and reworked our estimates. We upgraded our revenue forecasts for 2017E and 2018E higher by 6% and 5% respectively and now expect revenues of AED 4.72 Bn for 2017E and 5.10 Bn for 2018E. Our forecasts are broadly in-line with consensus estimates of AED 4.73 Bn for 2017E & AED 5.16 Bn for 2018E as well. We now also expect gross margins for 2017E to be higher by 140 bps at 57.1% and 110 bps higher in 2018E (57%), due to higher International Express revenue contribution.

We raise 2017E EPS by 52% from our previous estimates (AED 0.21/share) and now expect an EPS of AED 0.32/share. We raise 2018E EPS by 32%, given that revenue growth should come in from Asia and other regions outside the GCC region and we expect the Domestic Express business within the GCC should recover from 2018 onwards.

2017 & 2018 Forecasts - KAMCO Research vs. Consensus Estimates										
Aramex - Group	2017					2018				
	KAMCO - Previous Estimates	KAMCO - Current Estimates	KAMCO Change (%)	Consensus	KAMCO vs. Consensus	KAMCO - Previous Estimates	KAMCO - Current Estimates	KAMCO Estimates - Change (%)	Consensus	KAMCO vs. Consensus
Revenues (AED Mn)	4,473	4,724	6%	4,736	0%	4,869	5,100	5%	5,161	-1%
Gross Margins (%)	55.7%	57.1%	1.4%	56.4%	0.7%	56.5%	57.6%	1.1%	57.0%	0.6%
EBITDA (AED Mn)	523	671	28%	667	1%	600	746	24%	751	-1%
Net Income* (AED Mn)	304	466	53%	441	6%	392	483	23%	501	-4%
EPS*(AED/share)	0.21	0.32	52%	0.31	4%	0.25	0.33	32%	0.35	-5%

Source: Aramex, KAMCO Research, \*Net Income and \*EPS are before any adjustments to maintain parity with consensus estimates



Financial Indicators							
Balance Sheet (AED Mn)	2014	2015	2016	2017E	2018E	2019E	2020E
<b>Assets</b>							
Cash and cash equivalents	620	707	701	633	889	1,307	1,761
Receivables	687	731	754	939	1,014	1,110	1,210
Total current assets	1,498	1,602	1,655	1,830	2,194	2,736	3,319
Net property, plant and equipment	531	703	840	1,169	1,152	1,142	1,137
Goodwill	1,076	1,038	1,084	1,084	1,084	1,084	1,084
Other assets	102	103	395	443	433	423	412
<b>Total assets</b>	<b>3,207</b>	<b>3,445</b>	<b>3,974</b>	<b>4,526</b>	<b>4,863</b>	<b>5,385</b>	<b>5,953</b>
<b>Liabilities</b>							
Long-term debt	97	229	362	804	904	1,034	1,181
Accounts payable and other liabilities	179	176	232	260	281	308	336
<b>Total liabilities</b>	<b>1,042</b>	<b>1,284</b>	<b>1,709</b>	<b>2,013</b>	<b>2,122</b>	<b>2,343</b>	<b>2,579</b>
<b>Shareholders' Equity</b>							
Share capital	1,464	1,464	1,464	1,464	1,464	1,464	1,464
Retained earnings	708	786	958	1,190	1,370	1,615	1,883
<b>Total Shareholders Equity</b>	<b>2,165</b>	<b>2,162</b>	<b>2,265</b>	<b>2,513</b>	<b>2,741</b>	<b>3,042</b>	<b>3,373</b>
<b>Total liabilities and equity</b>	<b>3,207</b>	<b>3,445</b>	<b>3,974</b>	<b>4,526</b>	<b>4,863</b>	<b>5,385</b>	<b>5,953</b>
Income Statement (AED Mn)	2014	2015	2016	2017E	2018E	2019E	2020E
Revenue	3,643	3,837	4,343	4,724	5,100	5,585	6,085
Cost of goods sold	(1,639)	(1,668)	(1,906)	(2,029)	(2,163)	(2,326)	(2,502)
<b>Gross profit</b>	<b>2,004</b>	<b>2,169</b>	<b>2,437</b>	<b>2,696</b>	<b>2,937</b>	<b>3,258</b>	<b>3,583</b>
General and administrative expenses	(833)	(955)	(1,085)	(1,167)	(1,265)	(1,391)	(1,521)
Other operating expenses	(706)	(741)	(787)	(855)	(923)	(1,016)	(1,114)
Other operational Income/Loss	(3.7)	(3)	(1)	(3)	(3)	(3)	(3)
<b>EBITDA</b>	<b>461</b>	<b>470</b>	<b>564</b>	<b>671</b>	<b>746</b>	<b>848</b>	<b>945</b>
Depreciation and amortization	(81)	(87)	(104)	(118)	(159)	(167)	(178)
<b>EBIT</b>	<b>380</b>	<b>383</b>	<b>460</b>	<b>552</b>	<b>588</b>	<b>681</b>	<b>767</b>
Finance costs	(7.1)	(7.8)	(27.2)	(33.2)	(51.3)	(60.6)	(72.0)
Interest/investment income	7.7	6.1	11.5	9.9	10.1	15.4	23.9
Other Income/Loss	4.2	4.9	61.8	33.6	36.1	39.4	42.7
<b>Net profit before taxes</b>	<b>384</b>	<b>386</b>	<b>506</b>	<b>563</b>	<b>583</b>	<b>675</b>	<b>762</b>
Provision for Income Taxes	(37)	(40)	(61)	(68)	(70)	(81)	(91)
<b>Net profit after taxes</b>	<b>348</b>	<b>346</b>	<b>445</b>	<b>495</b>	<b>513</b>	<b>594</b>	<b>670</b>
Minority interest	(29)	(34)	(26)	(29)	(30)	(34)	(39)
<b>Net profit attributable to parent</b>	<b>319</b>	<b>312</b>	<b>419</b>	<b>466</b>	<b>483</b>	<b>560</b>	<b>631</b>
<b>EPS (AED)</b>	<b>0.22</b>	<b>0.21</b>	<b>0.29</b>	<b>0.32</b>	<b>0.33</b>	<b>0.38</b>	<b>0.43</b>

Source : KAMCO Research and Aramex

Key Financial Ratios							
Key Ratios	2014	2015	2016	2017E	2018E	2019E	2020E
<b>Asset Structure and Leverage Ratios</b>							
Total Liabilities / Total Assets (%)	32.5%	37.3%	43.0%	44.5%	43.6%	43.5%	43.3%
Total Debt / Total Assets (x)	0.05	0.10	0.16	0.18	0.19	0.19	0.20
Total Debt / Equity (x)	0.08	0.16	0.28	0.32	0.33	0.34	0.35
Interest Coverage Ratio (x)	53.7	49.0	16.9	16.6	11.5	11.2	10.7
<b>Liquidity Ratios</b>							
Current Ratio (x)	1.9	1.9	1.5	1.8	2.2	2.5	2.9
Quick Ratio (x)	1.6	1.8	1.3	1.5	1.9	2.2	2.6
Cash Ratio (Cash & Eq./Current Liabilities) (x)	0.8	0.9	0.6	0.6	0.9	1.2	1.5
<b>Operating Efficiency Ratios</b>							
Receivables Turnover (x)	5.6	5.4	5.8	5.6	5.2	5.3	5.2
Days sales outstanding	69	71	70	63	70	69	70
Accounts Payable Turnover (x)	9.6	9.4	9.3	7.5	7.3	7.2	7.1
Days payable outstanding	41	38	38	39	47	45	45
Total Assets Turnover Ratio (x)	1.2	1.2	1.2	1.1	1.1	1.1	1.1
Cash conversion cycle	28	32	32	24	22	25	25
<b>Profitability Ratios</b>							
Return on Average Assets (%)	10.3%	9.4%	11.5%	11.0%	10.3%	10.9%	11.1%
Return on Average Equity (%)	15.0%	14.4%	19.3%	19.5%	18.4%	19.4%	19.7%
ROIC (%)	18.7%	17.6%	18.1%	18.2%	17.5%	19.8%	22.0%
<b>Margins</b>							
Gross profit margin (%)	55.0%	56.5%	56.1%	57.1%	57.6%	58.3%	58.9%
EBITDA margin (%)	12.7%	12.2%	13.0%	14.2%	14.6%	15.2%	15.5%
EBIT margin (%)	10.4%	10.0%	10.6%	11.7%	11.5%	12.2%	12.6%
Net profit margin (%)	8.7%	8.1%	9.8%	9.9%	9.5%	10.0%	10.4%
<b>Payout Ratio</b>							
Dividend Payout (%)	46.0%	54.1%	48.0%	65.0%	65.0%	65.0%	65.0%
<b>Market Data and Valuation Ratios</b>							
Share Price (AED)	2.45	3.16	3.94	5.36	5.36	5.36	5.36
Number of Shares (Mn)	1464.1	1464.1	1464.1	1464.1	1464.1	1464.1	1464.1
Market Capitalization (AED Mn)	3,581	4,629	5,771	7,848	7,848	7,848	7,848
Enterprise Value (AED Mn)	4,061	5,085	6,128	7,995	7,995	7,995	7,995
Earnings Per Share (AED)	0.22	0.21	0.29	0.32	0.33	0.38	0.43
Book Value Per Share (AED)	1.48	1.48	1.55	1.72	1.87	2.08	2.30
Dividend Per Share (AED)	0.10	0.12	0.14	0.21	0.21	0.25	0.28
PE (x)	11.2	14.9	13.5	16.8	16.3	14.0	12.4
EV/EBITDA (x)	8.8	10.8	10.9	11.9	10.7	9.4	8.5
PB (x)	1.7	2.1	2.5	3.1	2.9	2.6	2.3
Dividend Yield (%)	4.1%	3.6%	3.6%	3.9%	4.0%	4.6%	5.2%

Source : KAMCO Research and Aramex

Note : Forward Valuation ratios are based on current market prices

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