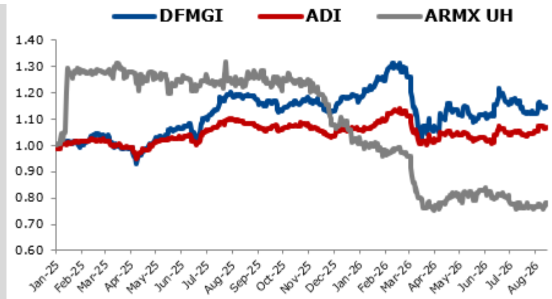
Aramex PJSC

Strong Freight and Logistics Revenue Supported Earnings

Current Price	Target Price	Upside/Downside (%)	Rating
AED 1.69	AED 2.45	+45%	BUY

- Freight Forwarding delivered its highest-ever quarterly revenue growth of 48.8% YOY to AED 652 Mn in 2Q26.
- Gross profit margin declined from 22.0% in 2Q25 to 21.4% in 2Q26, reflecting product mix changes, lower contribution from International Express and continued cost pressures.
- Cash balance stood at AED 503 Mn in 2Q26, with a reported debt-to-EBITDA ratio of 2.7x.
- Logistics revenues increased 15.0% YOY in 2Q26 to AED 151 Mn, supported by continued growth in the segment.



Stock Information	
Market Cap (AED, Mn)	2,518.25
Paid Up Capital (Mn)	1,464.10
52 Week High	2.87
52 Week Low	1.63
3M Avg. daily value (AED)	201,325

2Q26 Result Review (AED, Mn)	
Total Assets	6,170
Total Liabilities	3,553
Total Equity	2,617
EBITDA	181
Net Profit	47

Financial Ratios	
Dividend Yield (12m)	N/A
Dividend Pay-out (%)	0.00
Price-Earnings Ratio(x)	31.82
Price-to-Book Ratio (x)	0.95
Book Value (AED)	1.78
Return-on Equity (%)	3.00

Stock Performance	
5 Days	1.78%
1 Months	1.18%
3 Months	-5.49%
6 Months	-20.74%
1 Year	-36.53%
Month to Date (MTD%)	1.78%
Quarter to Date (QTD%)	-1.15%
Year to Date (YTD%)	-24.23%

2Q26 net profit higher than our estimate

Aramex PJSC (Aramex/the Company) reported a net profit of AED 47 Mn in 2Q26 compared to a net loss of AED 9 Mn in 2Q25, significantly higher than our estimate of AED 7 Mn. The increase in net profit is mainly attributable to an increase in revenue coupled with decline in administrative expenses, impairment costs and finance cost. This was partially offset by increase in cost of services, selling & marketing expenses, tax expenses and non-controlling charges coupled with decrease in other income and finance income.

P&L Highlights

Aramex's revenue increased 22.2% YOY to AED 1,830 Mn in 2Q26, supported by growth across its all segments except Other services. The Company's Freight Forwarding segment reported a 48.8% YOY increase in revenue to AED 652 Mn in 2Q26, due to strong customer demand, pricing discipline and its diversified multimodal offering. The Courier segment increased 10.9% YOY to AED 1,016 Mn in 2Q26, supported by continued growth in Domestic Express supported by sustained regional and domestic activity. However, International Express volumes were broadly stable, indicating signs of stabilisation following declines in previous periods. The Logistics & Warehousing segment delivered revenue growth of 15.0% YOY to AED 152 Mn in 2Q26, however Other Services revenue declined 8.3% YOY to AED 10 Mn in 2Q26. Cost of services increased by 23.1% YOY to AED 1,439 Mn in 2Q26. Consequently, gross profit increased 19.0% YOY to AED 392 Mn in 2Q26, reflecting changes in revenue mix and improved sales in select markets. Gross profit margin declined by 58 bps YOY to 21.4% in 2Q26. Selling and marketing expenses rose 1.6% YOY to AED 85 Mn in 2Q26, while administrative expenses decreased by 4.0% YOY to AED 216 Mn in 2Q26. The Company's impairment charges decreased significantly by 28.7% to AED 4 Mn in 2Q26. Other income decreased from AED 2 Mn in 2Q25 to AED 1 Mn in 2Q26.

Operating profit increased significantly from AED 16 Mn in 2Q25 to AED 87 Mn in 2Q26. Operating profit margin also improved by 368 bps YOY to 4.8% in 2Q26. Furthermore, EBITDA increased significantly from AED 105 Mn in 2Q25 to AED 181 Mn in 2Q26. EBITDA margins increased 291 bps YOY to 9.9% in 2Q26. Finance income decreased 8.7% YOY to AED 1 Mn in 2Q26, while finance costs declined 5.0% YOY to AED 26 Mn in 2Q26. Tax expense increased to AED 15 Mn in 2Q26 compared to tax reversal of AED 1 Mn in 2Q25. The Company also recorded share of profit to non-controlling shareholders of AED 1 Mn in 2Q26 compared to loss of AED 1 Mn in 2Q25.

Balance Sheet Highlights

Aramex's gross debt fell from AED 978 Mn in 1Q26 to AED 966 Mn in 2Q26. Net debt increased from AED 428 Mn in 1Q26 to AED 464 Mn in 2Q26. The Company's cash and cash equivalents stood at AED 503 Mn in 2Q26, compared to AED 551 Mn in 2Q26. Aramex generated lower cash flow from operating activities to AED 75 Mn in 2Q26, compared to AED 90 Mn in 2Q25. Free cash flow declined from AED 76 Mn in 1Q26 to AED 28 Mn in 2Q26.

Target Price and Rating

We maintain our rating to BUY on Aramex with a target price of AED 2.45. The Company’s profitability improved significantly in 2Q26, supported by strong revenue growth, disciplined management of operating costs and overheads, and contributions from the Accelerate28 initiatives. Freight Forwarding delivered its highest-ever quarterly revenue growth of 48.8% YOY to AED 652 Mn in 2Q26, supported by strong customer demand, pricing discipline and Aramex’s multimodal offering. The ability to activate alternative routes during regional disruptions demonstrates the resilience of the business. Aramex continues to experience a structural shift in global trade flows, as nearshoring and regionalization reshape supply chain dynamics. This trend has supported sustained growth in Domestic Express and Logistics, while International Express volumes showed signs of stabilization following declines in previous periods. Consequently, the contribution of the Company’s high-margin International Express business remains under pressure, altering the overall product mix and profitability profile. Domestic Express continued to grow in 2Q26, supported by sustained regional and domestic activity. The Company also activated alternative routes across its Middle East gateway network, including Europe-to-Middle East land solutions and air and sea charter capacity, amid regional disruptions. The Accelerate28 transformation initiative continues to progress well, with initiatives contributing to improved operational performance and profitability during 1H26. Aramex maintains a solid balance sheet with AED 503 Mn in cash and a Debt-to-EBITDA ratio of 2.7x as of 2Q26, providing flexibility to support continued investments in its transformation program and long-term growth priorities. The Company remains focused on margin optimization, product-led growth, operational efficiency and targeted investments in transformation heading into the remainder of 2026. Thus, based on our analysis, we maintain our BUY rating on the stock.

Aramex - Relative valuation

(at CMP)	**2021**	**2022**	**2023**	**2024**	**2025**	**2026F**
PE (x)	13.74	15.64	19.54	17.76	122.35	22.48
PB (x)	0.94	1.00	1.02	1.00	0.98	0.94
EV/EBITDA	3.07	4.90	4.87	4.54	5.08	4.13
BVPS	1.820	1.714	1.681	1.719	1.747	1.823
EPS	0.125	0.110	0.088	0.097	0.014	0.077
DPS	0.130	0.130	0.095	0.000	0.000	0.000
Dividend yield	7.6%	7.6%	5.6%	NA	NA	NA

FABS Estimates & Co Data

Aramex – P&L

AED Mn	2Q25	1Q26	2Q26	2Q26F	Var	YOY Ch	QOQ Ch	2025	2026F	Change
Rendering of Services	1,498	1,600	1,830	1,551	18.0%	22.2%	14.4%	6,360	7,153	12.5%
Cost of Services	-1,168	-1,257	-1,439	-1,210	18.9%	23.1%	14.4%	-4,910	-5,544	12.9%
Gross profit	**329**	**342**	**392**	**341**	**14.8%**	**19.0%**	**14.4%**	**1,449**	**1,609**	**11.0%**
Selling and Marketing Expenses	-84	-85	-85	-89	-4.8%	1.6%	0.1%	-348	-358	2.8%
Administrative Expenses	-225	-208	-216	-216	0.2%	-4.0%	3.8%	-905	-966	6.7%
Impairment loss on fin. assets	-6	-1	-4	-5	-12.4%	-28.7%	NM	-18	-14	-22.1%
Other income, net	2	4	1	5	NM	-51.9%	NM	15	14	-3.2%
Operating profit	**16**	**52**	**87**	**36**	**NM**	**NM**	**NM**	**193**	**286**	**48.5%**
EBITDA	**105**	**143**	**181**	**135**	**34.0%**	**NM**	**26.7%**	**569**	**688**	**20.9%**
Finance Income	2	1	1	2	-8.3%	-8.7%	37.5%	7	7	12.5%
Finance Costs	-28	-29	-26	-29	-8.5%	-5.0%	-9.2%	-119	-121	1.9%
Share of results of JVs	-1	0	0	2	NM	NM	NM	-5	-3	-40.8%
Profit before Income Tax	**-11**	**24**	**63**	**10**	**NM**	**NM**	**NM**	**56**	**170**	**NM**
Income Tax Expense	1	-7	-15	-4	NM	NM	NM	-35	-56	NM
Profit for the period	**-10**	**17**	**48**	**7**	**NM**	**NM**	**NM**	**21**	**114**	**NM**
NCI	1	0	-1	0	NM	NM	NM	0	-2	NM
Profit attributable	**-9**	**17**	**47**	**7**	**NM**	**NM**	**NM**	**21**	**112**	**NM**

FABS estimate & Co Data

Aramex - Margins

	2Q25	1Q26	2Q26	YOY ch	QOQ ch	2025	2026	Change
Gross Profit	22.0%	21.4%	21.4%	-58	NM	22.8%	22.5%	-29
EBITDA	7.0%	8.9%	9.9%	291	96	8.9%	9.6%	67
Operating Profit	1.1%	3.2%	4.8%	368	151	3.0%	4.0%	97
Net Profit	-0.6%	1.1%	2.6%	321	153	0.3%	1.6%	124

FABS estimate & Co Data

Key Developments:

- **23rd January 2026:** Aramex selected Softeon as its strategic Warehouse Management System (WMS) partner, with plans to deploy the platform across more than 70 facilities globally to improve visibility, operational efficiency and customer experience.
- **25th February 2026:** Aramex launched an AI-first global data foundation built on Google Cloud, creating a unified platform across its global network to improve data visibility and support real-time decision-making.
- **26th February 2026:** Aramex entered into a Share Purchase Agreement to acquire 100% of Hawthorn Logistics Solutions Limited, a logistics and freight services company operating in Ireland.
- **1st March 2026:** Aramex completed the acquisition of the business and operating assets of LMD Couriers Pty Ltd, trading as Aramex Central Coast, expanding its operations in Australia.
- **16th March 2026:** Aramex opened its first regional healthcare and pharmaceutical hub at Dubai South Free Zone, expanding its capabilities in the life sciences and medical supply-chain segment.
- **8th June 2026:** Aramex and ICTLC International announced approval of the Aramex Group Binding Corporate Rules for Controllers by the Dutch Supervisory Authority, strengthening the Group's data-protection framework.

Valuation:

We use Discounted Free Cash Flow (DCF) and Relative Valuation (RV) to value Aramex. We have assigned 70% weight to DCF and 30% to RV.

Valuation Method	Target	Weight	Weighted Value
DCF Method	2.62	70.0%	1.84
Relative Valuation (RV)	2.04	30.0%	0.61
Weighted Average Valuation (AED)			**2.45**
Current market price (AED)			1.69
Upside/Downside (%)			+45%

1) DCF Method:

Aramex is valued using free cash flow to the firm. We have discounted the cash flow using the weighted average cost of capital of 8.7%. It arrived after using cost of equity of 10.5% and after-tax cost of debt of 3.9%. Cost of equity is calculated by using 10-year government bond yield of 4.4%, beta of 1.00 and equity risk premium of 6.1%. Government bond yield is calculated after adding Dubai 10-year spread over 10-year US risk-free rate. The cost of debt of 3.9% is calculated after adjusting a tax rate of 33%. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (AED, Mn)	1,464
Terminal value (AED, Mn)	3,837
FV to Common shareholders (AED, Mn)	**5,301**
No. of shares (Mn)	1,464
Current Market Price (AED)	1.69
Fair Value per share (AED)	**2.62**

DCF Method

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
NOPAT	230	147	148	143	167
D&A	402	411	415	420	427
Change in working capital	-72	24	-8	-7	-66
(-) Capex	-185	-141	-144	-161	-164
Free Cash Flow to Firm (FCFF)	**376**	**441**	**411**	**396**	**364**
Discounting Factor	*0.97*	*0.89*	*0.82*	*0.75*	*0.69*
Discounted FCFF	**182[1]**	**393**	**337**	**298**	**253**

Source: FAB Securities, [1]Adjusted for partial year

2) Relative Valuation:

We have used local as well as international peers to value Aramex, and it is valued using the EV/EBITDA multiple. It is valued at a 2027 EV/EBITDA multiple of 7.7x in line with peers.

Company	Market	EV/EBITDA (x)		P/E (x)	
	(USD Mn)	2026F	2027F	2026F	2027F
The Sumitomo Warehouse Co Ltd	1,976	14.7	14.1	17.6	17.9
Gulf Warehousing Co QPSC	388	7.5	6.7	10.5	8.9
Jiayou International Logistics Co, Ltd	2,545	8.6	7.7	12.3	10.8
Kamigumi Co. Ltd	3,376	9.5	8.9	17.1	16.1
SEINO Holdings Ltd	3,240	6.9	6.6	16.1	14.7
POSTI GROUP OYJ	491	4.6	4.5	11.5	9.1
S F HOLDING CO LTD-A	25,870	5.6	5.0	14.1	12.5
SG HOLDINGS CO LTD	6,474	8.1	7.7	15.3	13.9
HANJIN LOGISTICS CORP	169	8.3	7.8	18.2	8.1
UNITED PARCEL SERVICE-CL B	78,255	9.0	8.4	14.5	13.0
CJ LOGISTICS	1,247	4.6	4.3	7.2	5.8
YTO EXPRESS GROUP CO LTD-A	9,631	6.0	5.4	10.5	9.1
SINGAPORE POST LTD	613	NA	NA	86.2	57.5
FEDEX CORP	76,281	10.5	9.7	18.2	15.1
Average		**8.0x**	**7.4x**	**19.2x**	**15.2x**
Median		**8.1x**	**7.7x**	**14.9x**	**12.7x**
Max		**9.0x**	**8.4x**	**17.5x**	**15.0x**
Min		**6.0x**	**5.4x**	**11.7x**	**9.1x**

Source: FAB Securities

FAB SECURITIES أبوظبي الأول للأوراق المالية

Research Rating Methodology:

Rating	Upside/Downside potential
BUY	Higher than +15%
ACCUMULATE	Between +10% to +15%
HOLD	Lower than +10% to -5%
REDUCE	Between -5% to -15%
SELL	Lower than -15%

FAB Securities Contacts:

Research Analyst		
Ahmad Banihani	+971-2-6161629	Ahmad.Banihani@Bankfab.com
Shahrukh Nawaz	+971-2-6161612	Shahrukh.Nawaz@bankfab.com
Sales & Execution		
Abu Dhabi Head Office		
Trading Desk	+971-2-6161700/1	Online Trading Link
	+971-2-6161777	
Institutional Desk	+971-4-4245765	

DISCLAIMER