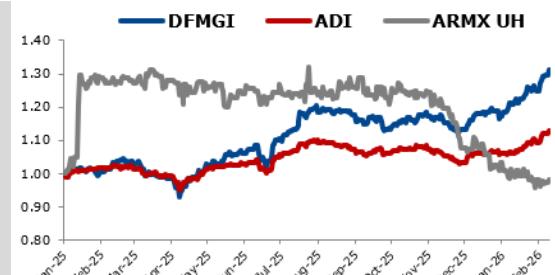


## Aramex PJSC

Elevated direct costs and operating expenses pressure the bottom-line

Current Price AED 2.18	Target Price AED 2.75	Upside/Downside (%) +26%	Rating BUY
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- Gross profit margin declined from 23.5% in 4Q24 to 22.7% in 4Q25, reflecting product mix changes, lower contribution from International Express and continued cost pressures.
- Net debt declined from AED 383 Mn in 3Q25 to AED 368 Mn in 4Q25, with a reported debt to EBITDA ratio of 3.2x.
- Excluding one-off costs from the ADQ acquisition, transformation program, and restructuring initiatives, the Company's normalized net profit for 4Q25 is AED 25 Mn.
- Logistics revenues increased 12.8% YOY in 4Q25, supported by strong onboarding of well-priced long-term contracts and improved warehouse utilization, driving continued margin expansion.



### 4Q25 net profit lower than our estimate

Aramex PJSC (Aramex/the Company) reported a net profit of AED 8 Mn in 4Q25, compared to a net profit of AED 66 Mn in 4Q24, below than our estimate of AED 40 Mn. The decline in net profit was primarily driven by higher direct costs and increased tax charges, alongside one-off expenses incurred in relation to the ADQ acquisition, the Accelerate28 transformation program, and regional restructuring initiatives during 4Q25. However, after adjusting for these one-off costs, the Company's normalized net profit would have stood at AED 25 Mn in 4Q25.

### P&L Highlights

Aramex's revenue rose marginally by 0.3% YOY to AED 1,700 Mn in 4Q25. The growth was underpinned by an industry-wide shift toward regionalization and nearshoring, which supported solid performance in the Domestic Express and Logistics segments. However, this was partially offset by persistent softness in the International Express segment. The Company's Freight Forwarding segment reported a 2.2% YOY decline in revenue to AED 454 Mn in 4Q25, primarily due to a sharp contraction in Sea Freight LCL volumes. The Courier segment remained flat YOY at AED 1,096 Mn in 4Q25, driven by lower International express volumes, reflecting ongoing nearshoring trends and reduced long-haul volumes, partially offset by growth in Domestic express volumes, supported by strong regional demand and a structural shift in volume flows from international to domestic networks. The Company's International Express volumes fell 12.5% YOY to 6.3 Mn shipments in 4Q25, However, Domestic Express volumes increased by 7.7% YOY to 33 Mn in 4Q25, primarily driven by resilient intra-regional and domestic activity. The Contract Logistics segment recorded strong revenue growth of 12.8% YoY to AED 138 Mn in 4Q25, driven by the successful onboarding of long-term, well-priced contracts, disciplined pricing strategies, and continued

Stock Information	
Market Cap (AED, Mn)	3,191.74
Paid Up Capital (Mn)	1,464.10
52 Week High	2.98
52 Week Low	2.11
3M Avg. daily value (AED)	268,534

4Q25 Result Review (AED, Mn)	
Total Assets	5,897
Total Liabilities	3,334
Total Equity	2,563
EBITDA	153
Net Profit	8

Financial Ratios	
Dividend Yield (12m)	N/A
Dividend Pay-out (%)	0.00
Price-Earnings Ratio(x)	143.59
Price-to-Book Ratio (x)	1.24
Book Value (AED)	1.75
Return-on Equity (%)	0.81

Stock Performance	
5 Days	1.40%
1 Months	-2.24%
3 Months	-15.18%
6 Months	-22.42%
1 Year	-23.24%
Month to Date (MTD%)	0.93%
Quarter to Date (QTD%)	-3.96%
Year to Date (YTD%)	-3.96%

investments in storage technologies, which enhanced facility capacity across key markets. Other service revenue declined 5.7% YOY to AED 11 Mn in 4Q25. Cost of services increased by 1.4% YOY to AED 1,315 Mn in 4Q25. Consequently, gross profit declined 3.3% YOY to AED 385 Mn in 4Q25, impacted by a shift in revenue mix toward lower-margin segments and sustained pricing pressure across certain markets. Gross profit margin also declined by 85 bps YOY to 22.7% in 4Q25. Selling and marketing expenses rose 4.3% YOY to AED 90 Mn in 4Q25, while administrative expenses increased marginally by 0.5% YOY to AED 237 Mn in 4Q25. The Company's impairment charges decreased to AED 7 Mn in 4Q25. Other income improved from a loss of AED 6 Mn in 4Q24 to income of AED 1 Mn in 4Q25. Operating profit declined 42.2% YOY to AED 52 Mn in 4Q25. Operating profit margin declined by 223 bps YOY to 3.0% in 4Q25. Furthermore, EBITDA decreased from AED 176 Mn in 4Q24 to AED 153 Mn in 4Q25. EBITDA margins decreased from 10.4% in 4Q24 to 9.0% in 4Q25. Finance income increased to AED 3 Mn in 4Q25 from AED 1 Mn in 4Q24, while finance costs also rose marginally from AED 29 Mn in 4Q24 to AED 30 Mn in 4Q25. The Company reported a loss from joint ventures and associates of AED 2 Mn in 4Q25, compared to a profit of AED 2 Mn in 4Q24. Meanwhile, tax expense rose significantly to AED 14 Mn in 4Q25 compared to tax charges of AED 4 Mn in 4Q24, further weighing on bottom-line performance.

### Balance Sheet Highlights

Aramex's gross debt fell from AED 958 Mn in 3Q25 to AED 941 Mn in 4Q25. Net debt also declined from AED 383 Mn in 3Q25 to AED 368 Mn in 4Q25. The Company's cash and cash equivalents stood at AED 573 Mn in 4Q25, compared to AED 575 Mn in 3Q25. Aramex generated lower cash flow from operating activities to AED 133 Mn in 4Q25, compared to AED 158 Mn in 3Q25. Free cash flow declined from AED 126 Mn in 3Q25 to AED 95 Mn in 4Q25.

### Target Price and Rating

We maintain our BUY rating on Aramex with a revised target price of AED 2.75. The Company's profitability was impacted by the one-off costs associated with the ADQ acquisition and the Accelerate28 transformation program, coupled with higher selling and market expenses. However, excluding these one-off costs, the Company's normalized EBIT stood at AED 68 Mn, while normalized net profit reached AED 25 Mn during 4Q25, highlighting stable underlying performance despite structural shifts. 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 segments. Consequently, the contribution of the Company's high-margin International Express business to both revenue and gross profit continued to decline in 4Q25, reshaping the overall product mix and profitability profile. Meanwhile, Domestic Express remained resilient, with 8% YOY revenue growth in 4Q25, supported by solid regional demand and an ongoing shift in volumes from international to domestic networks. The logistics segment maintained strong momentum, driven by strong contract wins and the onboarding of long-term, well-priced agreements, alongside high warehouse utilization and expanded regional capacity. Continued investments in storage technologies and disciplined pricing further supported performance, enabling enhanced profitability. The segment remains a key driver of margin improvement and a core pillar of Aramex's ongoing transformation strategy. The Freight Forwarding segment recorded steady revenue growth of 4% YOY to AED 1.8 Bn in 2025, supported by healthy volume expansion across key trade lanes, including air freight growth from Europe to the Middle East driven by newly established consolidation capabilities in Europe, sea freight growth led by stronger outbound volumes from China, and land freight growth across the GCC and Europe supported by improved utilization of existing infrastructure. GCC and MENAT markets remained the largest contributors, supported by resilient economic activity and sustained intra-regional trade flows. Oceania showed operational improvement during 4Q25, with continued performance improvement and positive momentum expected into 2026. The Accelerate28 transformation initiative continues to progress well, with over 300 initiatives underway across functions and geographies. 2025 marked the first full year of implementation, with early signs of operational efficiency gains and improved logistics profitability. Aramex maintains a solid balance sheet with AED 573 Mn in cash and a reported Debt-to-EBITDA ratio of 3.2x as of 4Q25, providing flexibility to support ongoing investments and operational improvements. Management remains focused on margin optimization, product-led growth, and targeted investments in automation and infrastructure heading into 2026. Thus, based on our analysis, we assign our BUY rating on the stock.

**Aramex - Relative valuation**

(at CMP)	2021	2022	2023	2024	2025	2026F
PE (x)	17.17	19.55	24.43	23.24	152.94	44.97
PB (x)	1.18	1.25	1.28	1.25	1.23	1.20
EV/EBITDA	4.05	5.94	5.89	5.50	6.19	5.98
BVPS	1.820	1.714	1.681	1.719	1.747	1.795
EPS	0.125	0.110	0.088	0.093	0.014	0.048
DPS	0.130	0.130	0.095	0.000	0.000	0.000
Dividend yield	6.0%	6.0%	4.4%	NA	NA	0.0%

FABS Estimates & Co Data

**Aramex - P&L**

AED Mn	4Q24	3Q25	4Q25	4Q25F	Var	YOY Ch	QOQ Ch	2024	2025	Change
Rendering of Services	1,695	1,599	1,700	1,702	-0.1%	0.3%	6.3%	6,324	6,360	0.6%
Cost of Services	-1,297	-1,229	-1,315	-1,306	0.7%	1.4%	7.0%	-4,812	-4,910	2.0%
<b>Gross profit</b>	<b>399</b>	<b>370</b>	<b>385</b>	<b>396</b>	<b>-2.6%</b>	<b>-3.3%</b>	<b>4.1%</b>	<b>1,512</b>	<b>1,449</b>	<b>-4.1%</b>
Selling and Marketing Expenses	-86	-86	-90	-86	5.0%	4.3%	4.6%	-340	-348	2.3%
Administrative Expenses	-236	-225	-237	-227	4.3%	0.5%	5.3%	-893	-905	1.4%
Impairment loss on fin. assets	19	-1	-7	-2	NM	NM	NM	7	-18	NM
Other income, net	-6	6	1	-3	NM	NM	NM	11	15	36.9%
<b>Operating profit</b>	<b>89</b>	<b>64</b>	<b>52</b>	<b>78</b>	<b>-33.7%</b>	<b>-42.2%</b>	<b>NM</b>	<b>297</b>	<b>193</b>	<b>-35.0%</b>
<b>EBITDA</b>	<b>176</b>	<b>164</b>	<b>153</b>	<b>171</b>	<b>-10.5%</b>	<b>-12.8%</b>	<b>NM</b>	<b>650</b>	<b>569</b>	<b>-12.5%</b>
Finance Income	1	1	3	2	10.4%	NM	NM	5	7	37.5%
Finance Costs	-29	-33	-30	-23	28.5%	2.5%	-9.7%	-121	-119	-2.0%
Share of results of JVs	2	-2	-2	-1	NM	NM	44.1%	2.5	-4.83	NM
Other non-operating expense	0	-11	0	-11	NM	NM	NM	0	-20	NM
<b>Profit before Income Tax</b>	<b>64</b>	<b>19</b>	<b>21</b>	<b>45</b>	<b>-52.3%</b>	<b>-66.2%</b>	<b>10.8%</b>	<b>183</b>	<b>56</b>	<b>NM</b>
Income Tax Expense	-4	-14	-14	-5	NM	NM	2.9%	-46	-35	-23.4%
<b>Profit for the period</b>	<b>59</b>	<b>6</b>	<b>7</b>	<b>40</b>	<b>NM</b>	<b>NM</b>	<b>29.6%</b>	<b>137</b>	<b>21</b>	<b>NM</b>
NCI	-1	-1	0	1	NM	NM	NM	-2	0	NM
<b>Profit attributable</b>	<b>66</b>	<b>5</b>	<b>8</b>	<b>40</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>	<b>142</b>	<b>21</b>	<b>NM</b>

FABS estimate & Co Data

**Aramex - Margins**

	4Q24	3Q25	4Q25	YOY ch	QOQ ch	2024	2025	Change
Gross Profit	23.5%	23.2%	22.7%	-85	-49	23.9%	22.8%	-112
EBITDA	10.4%	10.2%	9.0%	-136	-122	10.3%	8.9%	-134
Operating Profit	5.3%	4.0%	3.0%	-223	-98	4.7%	3.0%	-166
Net Profit	3.9%	0.3%	0.4%	-343	12	2.2%	0.3%	-192

FABS estimate & Co Data

## Key Developments:

- **13 January 2025:** Aramex PJSC has received a notification from Q Logistics Holding LLC, an ADQ subsidiary, expressing its intention to launch a voluntary conditional cash offer to acquire up to 100% of Aramex's share capital not already owned by Abu Dhabi Ports Company. Shareholders who decide to accept the offer will be entitled to receive AED 3.00 in cash for each of their shares in Aramex. The proposal will be reviewed by Aramex's Board in line with SCA acquisition and merger regulations. The Company will provide further updates as material developments arise.
- **27 January 2025:** Aramex's Board has reviewed Q Logistics Holding LLC's intention to launch a voluntary conditional cash offer for all shares not owned by Abu Dhabi Ports and has appointed HSBC and Clifford Chance as independent advisors to oversee the process. The Company will follow all SCA regulatory steps, including due diligence, tender launch, approvals, and issuance of a fairness opinion, with further updates to follow. Aramex confirmed that operations remain unaffected and reiterated its strong business fundamentals and commitment to stakeholders.
- **11 February 2025:** Aramex's Board reviewed HSBC's fairness opinion on Q Logistics Holding LLC's voluntary conditional cash offer, which concludes that the offer is financially fair for shareholders. Based on this, the Board has agreed to recommend the offer to shareholders. A detailed shareholders' circular, including the Board's recommendation and HSBC's fairness opinion, will be issued in line with SCA acquisition and merger regulations.
- **13 February 2025:** Aramex's Board, after reviewing HSBC's fairness opinion at its 11 February 2025 meeting and resolving to recommend Q Logistics Holding LLC's voluntary conditional cash offer, has issued the shareholders' circular. The circular includes the Board's recommendation and HSBC's fairness opinion, in line with SCA rules on acquisitions and mergers.
- **11 March 2025:** ADQ announced that its subsidiary, Q Logistics, secured acceptances for 35.31% of Aramex's shares through its voluntary tender offer, which closed on 10 March 2025. Combined with AD Ports Group's 22.69% stake, this brings total ownership to 58%, surpassing the minimum acceptance threshold under SCA regulations. Q Logistics will continue accepting late tenders until 24 March, with final results set for 28 March. Subject to settlement conditions, ADQ will become Aramex's majority shareholder and plans a long-term, capital-intensive transformation of the company. The AED 3 offer price reflects an attractive premium of 32–35% to recent trading levels and implies valuations of ~9x LTM EV/EBITDA and ~29x LTM P/E.
- **28 March 2025:** Aramex has received from ADQ, on behalf of Q Logistics, the final results of the voluntary conditional cash offer to acquire all shares not owned by Abu Dhabi Ports. Completion of the transaction is still subject to fulfilling the remaining conditions outlined in the Offer Document. The Company will issue further updates as material developments occur.
- **22 July 2025:** ADQ announced that all antitrust, foreign investment, and regulatory approvals required for its voluntary tender offer for Aramex, submitted through its subsidiary Q Logistics, have now been obtained, with all remaining offer conditions satisfied or waived. As a result, the offer is officially unconditional as of 22 July 2025. Payment to Aramex shareholders and registration of shares in Q Logistics' name are scheduled for 25 July 2025, marking the final steps of the transaction.

## 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	2.69	70.0%	1.88
Relative Valuation (RV)	2.90	30.0%	0.87
<b>Weighted Average Valuation (AED)</b>			<b>2.75</b>
Current market price (AED)			2.18
Upside/Downside (%)			+26%

### 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 8.4%. It is arrived after using cost of equity of 9.7% and after-tax cost of debt of 3.9%. Cost of equity is calculated by using 10-year government bond yield of 5.1%, beta of 1.05 and equity risk premium of 4.4%. Government bond yield is calculated after adding Dubai 10-year spread over 10-year US risk-free rate. The cost of debt of 5.8% is calculated after adjusting a tax rate of 33% to arrive at the after-tax cost of debt of 3.9%. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (AED, Mn)	1,501
Terminal value (AED, Mn)	3,806
<b>FV to Common shareholders (AED, Mn)</b>	<b>3,934</b>
No. of shares (Mn)	1,464
Current Market Price (AED)	2.18
<b>Fair Value per share (AED)</b>	<b>2.69</b>

### DCF Method

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
NOPAT	169	175	182	193	205
D&A	387	372	369	365	372
Change in working capital	-41	-18	-18	-20	-42
(-) Capex	-136	-142	-149	-171	-179
<b>Free Cash Flow to Firm (FCFF)</b>	<b>379</b>	<b>387</b>	<b>384</b>	<b>369</b>	<b>356</b>
Discounting Factor	0.93	0.86	0.79	0.73	0.68
<b>Discounted FCFF</b>	<b>354</b>	<b>333</b>	<b>304</b>	<b>270</b>	<b>240</b>

Source: FAB Securities

## 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 2026 EV/EBITDA multiple of 9.5x in line with peers.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2026F	2027F	2026F	2027F
The Sumitomo Warehouse Co Ltd	1,890	14.9	13.9	18.2	20.7
Gulf Warehousing Co QPSC	400	6.8	6.7	11.3	10.6
Jiayou International Logistics Co., Ltd.	2,709	9.5	8.3	13.3	11.3
Kamigumi Co., Ltd.	3,603	10.8	10.4	18.9	18.9
SEINO Holdings Ltd	2,470	7.0	6.7	16.5	15.0
<b>Average</b>		<b>9.8x</b>	<b>9.2x</b>	<b>15.6x</b>	<b>15.3x</b>
<b>Median</b>		<b>9.5x</b>	<b>8.3x</b>	<b>16.5x</b>	<b>15.0x</b>
<b>Max</b>		<b>10.8x</b>	<b>10.4x</b>	<b>18.2x</b>	<b>18.9x</b>
<b>Min</b>		<b>7.0x</b>	<b>6.7x</b>	<b>13.3x</b>	<b>11.3x</b>

Source: FAB Securities

## 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%

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