

## Aramex plans further acquisitions despite uncertain times

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**Aramex**, a leading global courier and logistics company is keen on expanding into international markets despite the current global economic conditions, said a top company executive.

The company is riding on its positive performance in 2008 to pursue opportunities in both emerging and mature markets as a key strategy for growth and consolidation.

"We are almost finalising several strategic acquisitions in China and SouthEast Asia as part of our robust expansion plan," Fadi Ghandour, **Aramex** CEO and founder told Emirates Business.

"The companies we are talking to are currently undergoing evaluation and we hope to have the deals completed sometime this year."

The acquisitions aim to consolidate and leverage **Aramex's** global network, which consists of key hubs in Dubai, Hong Kong, New York, London, Amman, Liege and Singapore.

The company already has a strong presence in Asia and hopes that further acquisitions will expand its operations in that region and open up markets in other Asian countries with increased commercial activity.

The company already has \$200m (Dh734.5m) allocated for acquisitions and plans to invest the money in new markets for its business as it tries to position itself as the fifth largest global logistics and express transportation service provider by 2010.

"We have not felt a large impact from the current global economic slowdown and all our targets for 2008 have been met. We hope to have a continued positive performance in 2009," added Ghandour.

He said the current slowdown will open up more acquisition opportunities as takeover prices continue to fall. "This makes it the ideal time to buy," said Ghandour.

**Aramex** already has a presence in the US in the East Coast region but wants to expand its services to markets in middle and western states, despite the downturn in the US economy.

**Aramex** also plans to expand its brand by franchising in developing markets such Eastern Europe, Africa and Central Asia. There are increasing fears of a downturn in the US economy.

**Aramex** revenues and net earnings in the third quarter of 2008 grew to Dh545m and Dh33.9m respectively. Revenues and net earnings had grown 21 per cent and 31 per cent consequently last year. Revenues for the nine-month period until September 30, 2008 increased 22.6 per cent, while operating profit, for the same period, hit Dh132.8m; rising 22 per cent above last year.

The Dubai-listed company expects earnings in 2009 to top 2008 levels, fuelled by continued economic expansion among its core markets in the Gulf States.

**Aramex** expects to continue a growth rate ranging between 20 and 25 per cent in both revenues and net profits. In 2007 we recorded what is considered the company's best year yet.

The year 2007 was **Aramex's** best year, with revenues increasing to Dh1.8bn compared to around Dh1.4bn in 2006, a 31-per cent surge in revenues. Also, net profits rose by 28 per cent in 2007 - from Dh95m to around Dh121m in 2006.

While some major international logistics players are already restructuring their services and adopting cost cutting measures, **Aramex** will not take similar steps.

"We have no plans to restructure our services, but we will continue to monitor costs and find better ways of minimising them through negotiations with clients," said Ghandour.

The company also hopes to increase customer satisfaction through efficient communication channels and improving visibility in order to retain clients and also overcome growing competition.

**Aramex** and its worldwide alliance form an extensive transportation network worldwide offering customers a wide range of transportation solutions including international and domestic express delivery, freight forwarding, logistics, warehousing and specialised shopping services.

Also **Aramex**- led Global Distribution Alliance (GDA) brings together 40 independent express companies covering the world with unified standards and business procedures.

An integrated information and communication technology infrastructure connects **Aramex's** worldwide operations, enabling flow of information between **Aramex** and its alliance members and customers.

However, Ghandour said courier and logistics companies in the region would receive a major impact from falling oil prices and slowdown in the banking sector.

"The performance of business in the region is pegged on the price of oil, but certainly a decline in prices will deeply impact the industry.

"The GDP growth in the region is forecasted to slowdown, this will be reflected across the industry," said Ghandour.

He, however, said the regional courier and logistics industry will continue to outperform other regions due to expected expansion programs and investments by local and international institutions as well as high demand for movement of people, capital and goods.

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