

## ARAMEX (ARMX.DU)

**12-Month Fair Value: AED 1.91**

**Last Close (29 April, 2010): AED 1.66**

**Recommendation: Accumulate - Risk Level: 3**

- Revenue for Aramex increased by 14% in 1Q2010 to AED 530 million. According to the company's press release, the growth in revenue is a result of an improvement in all business segments, as well as double digit growth in freight forwarding operations. In our last update on Aramex, we mentioned that the freight forwarding segment was showing strong signs of recovery which can result in an improved performance in 2010.
- Net profit increased by 10% in 1Q2010 to AED 47.5 million. Improvement in revenue coupled with cost-management programs helped drive net profit growth. Despite the slight decline, the net profit margin for Aramex remained strong at 9.0% in 1Q2010 (9.3% in 1Q2009). A decline in net profit margin is normal when the freight forwarding segment outperforms.
- Aramex has a net cash position of AED 500 million, which will allow the company to pursue its expansion plans in emerging markets. The regions that Aramex is targeting are Africa, Southeast Asia and the Commonwealth of Independent States.
- Full financials are not yet available for us to formulate a final opinion on the performance on Aramex; however, we view the preliminary figures positively. Our fair value for Aramex is AED 1.91 (last close AED 1.66), and our recommendation for the stock is an "Accumulate."

### **Samir Murad, CFA**

**T.** +965 259 5145

**E.** samir.murad@nbkcapital.com

### **Related Research**

- Aramex Analyst Comment - 27 April 2010
- Aramex Analyst Comment - 31 January 2010
- Aramex Update - 06 December 2009

**RISK AND RECOMMENDATION GUIDE**

| RECOMMENDATION |   | UPSIDE (DOWNSIDE) POTENTIAL |           |   |
|----------------|---|-----------------------------|-----------|---|
| BUY            |   | MORE THAN 20%               |           |   |
| ACCUMULATE     |   | BETWEEN 5% AND 20%          |           |   |
| HOLD           |   | BETWEEN -10% AND 5%         |           |   |
| REDUCE         |   | BETWEEN -25% AND -10%       |           |   |
| SELL           |   | LESS THAN -25%              |           |   |
| RISK LEVEL     |   |                             |           |   |
| LOW RISK       |   |                             | HIGH RISK |   |
| 1              | 2 | 3                           | 4         | 5 |

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**NBK CAPITAL****Kuwait****Head Office**

38th Floor, Arraya II  
 Al Shuhada Street, Block 6, Sharq  
 P.O.Box 4950, Safat 13050  
 Kuwait  
 T. +965 2224 6900  
 F. +965 2224 6905

**MENA Research**

35th Floor, Arraya II  
 Al Shuhada Street, Block 6, Sharq  
 P.O.Box 4950, Safat 13050, Kuwait  
 T. +965 2224 6663  
 F. +965 2224 6905  
 E. menaresearch@nbkcapital.com.kw

**Brokerage**

37th Floor, Arraya II  
 Al Shuhada Street, Block 6, Sharq  
 P.O.Box 4950, Safat 13050, Kuwait  
 T. +965 2224 6964  
 F. +965 2224 6978  
 E. brokerage@nbkcapital.com

**United Arab Emirates****NBK Capital Limited**

Precinct Building 3, Office 404  
 Dubai International Financial Center  
 P.O.Box 506506  
 Dubai, UAE  
 T. +971 4 365 2800  
 F. +971 4 365 2805

**Turkey****NBK Capital**

Arastima ve Musavirlik AS,  
 Sun Plaza, 30th Floor,  
 Dereboyu Sk. No.24  
 Maslak 34398, Istanbul, Turkey  
 T. +90 212 276 5400  
 F. +90 212 276 5401

**NATIONAL BANK OF KUWAIT****Kuwait****National Bank of Kuwait SAK**

Abdullah Al-Ahmed Street  
 P.O. Box 95, Safat 13001  
 Kuwait City, Kuwait  
 T. +965 2242 2011  
 F. +965 2243 1888  
 Telex: 22043-22451 NATBANK

**Jordan****National Bank of Kuwait SAK**

**Head Office**  
 Al Hajj Mohd Abdul Rahim Street  
 Hijazi Plaza, Building # 70  
 P.O.Box 941297,  
 Amman -11194, Jordan  
 T. +962 6 580 0400  
 F. +962 6 580 0441

**United States of America****National Bank of Kuwait SAK**

**New York Branch**  
 299 Park Avenue, 17th Floor  
 New York, NY 10171, USA  
 T. +1 212 303 9800  
 F. +1 212 319 8269

**Vietnam****National Bank of Kuwait SAK**

**Vietnam Representative Office**  
 Room 2006, Sun Wah Tower  
 115 Nguyen Hue Blvd, District 1  
 Ho Chi Minh City, Vietnam  
 T. +84 8 3827 8008  
 F. +84 8 3827 8009

**INTERNATIONAL NETWORK****Bahrain****National Bank of Kuwait SAK**

**Bahrain Branch**  
 Seef Tower, Al-Seef District  
 P.O. Box 5290, Manama, Bahrain  
 T. +973 17 583 333  
 F. +973 17 587 111

**Lebanon****National Bank of Kuwait**

**(Lebanon) SAL**  
 Sanayeh Head Office  
 BAC Building, Justinian Street  
 P.O. Box 11-5727, Riyad El Solh  
 1107 2200 Beirut, Lebanon  
 T. +961 1 759 700  
 F. +961 1 747 866

**United Kingdom****National Bank of Kuwait (Intl.) Plc**

**Head Office**  
 13 George Street,  
 London W1U 3QJ, UK  
 T. +44 20 7224 2277  
 F. +44 20 7224 2101

**China****National Bank of Kuwait SAK**

**Shanghai Representative Office**  
 Suite 1003, 10th Floor,  
 Azia Center, 1233 Lujiazui Ring Rd.  
 Shanghai 200120, China  
 T. +86 21 6888 1092  
 F. +86 21 5047 1011

**Saudi Arabia****National Bank of Kuwait SAK**

**Jeddah Branch**  
 Al-Andalus Street, Red Sea Plaza  
 P.O. Box 15385  
 Jeddah 21444, Saudi Arabia  
 T. +966 2 653 8600  
 F. +966 2 653 8653

**Iraq****Credit Bank of Iraq**

Street 9, Building 187  
 Sadoon Street, District 102  
 P.O.Box 3420, Baghdad, Iraq  
 T. +964 1 7182198/7191944  
 +964 1 7188406/7171673  
 F. +964 1 7170156

**NBK Investment**

**Management Limited**  
 13 George Street  
 London W1U 3QJ, UK  
 T. +44 20 7224 2288  
 F. +44 20 7224 2102

**France****National Bank of Kuwait (Intl.) Plc**

**Paris Branch**  
 90 Avenue des Champs-Elysees  
 75008 Paris, France  
 T. +33 1 5659 8600  
 F. +33 1 5659 8623

**ASSOCIATES****Qatar****International Bank of Qatar (QSC)**

Suhaim bin Hamad Street  
 P.O.Box 2001  
 Doha, Qatar  
 T. +974 447 3700  
 F. +974 447 3710

**United Arab Emirates****National Bank of Kuwait SAK**

**Dubai Branch**  
 Sheikh Rashed Road, Port Saeed  
 Area, ACICO Business Park  
 P.O. Box 88867, Dubai  
 United Arab Emirates  
 T. +971 4 2929 222  
 F. +971 4 2943 337

**Egypt****Al Watany Bank of Egypt**

13 Al Themar Street  
 Gameat Al Dowal AlArabia  
 Fouad Mohie El Din Square  
 Mohandessin, Giza, Egypt  
 T. +202 333 888 16/17  
 F. +202 333 79302

**Singapore****National Bank of Kuwait SAK**

**Singapore Branch**  
 9 Raffles Place #51-01/02  
 Republic Plaza, Singapore 048619  
 T. +65 6222 5348  
 F. +65 6224 5438

**Turkey****Turkish Bank**

**Head Office**  
 Valikonagl Avenue No. 1  
 P.O.Box 34371 Nisantasi,  
 Istanbul, Turkey  
 T. +90 212 373 6373  
 F. +90 212 225 0353