



الأنصاري للخدمات المالية
ش.م.ع.
AL ANSARI FINANCIAL SERVICES
P.J.S.C.

H1 2024

Financial Results Presentation

Disclaimer

The information contained herein has been prepared by Al Ansari Financial Services PJSC (the “Company” or the “Group”). The information contained in this presentation may not have been reviewed or reported on by the Company’s auditors. The company relies on information obtained from sources believed to be reliable but does not guarantee its accuracy or completeness.

This presentation has been prepared for information purposes only and is not and does not form part of any offer for sale or solicitation of any offer to subscribe for or purchase or sell any securities nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.

Except where otherwise indicated in the presentation, the information provided therein is based on matters as they exist at the date of preparation of the presentation and not as of any future date and will be subject to updating, revision, verification, and amendment without notice and such information may change materially.

Neither Al Ansari Financial Services PJSC, any of its subsidiary undertakings, nor any of such person’s respective directors, officers, employees, agents, affiliates, advisers, partners, or firm personnel is under an obligation to update or keep current the information contained in this presentation or to provide the recipient with access to any additional information, or to correct any inaccuracies in the presentation, that may arise in connection with it and any opinions expressed in this presentation are subject to change without notice. Nothing contained in this presentation is or should be relied upon as a promise or representation as to the future.

This document has not been reviewed or approved by any regulatory or supervisory authority. This document and any related presentations may contain statements that constitute forward-looking statements. Forward-looking statements typically use terms such as “believes”, “projects”, “anticipates”, “expects”, “intends”, “plans”, “may”, “will”, “or similar terminology. These statements include statements regarding the intent, belief or current expectations of the customer base, estimates regarding future growth in the different business lines and the business, market share, financial results and other aspects of activities of and situations relating to Al Ansari Financial Services PJSC. Such forward looking statements are not guarantees of future performance and involve risks, uncertainties and other important factors that could cause actual developments or results to differ materially from those expressed in our forward-looking statements. The recipient is cautioned not to place undue reliance on forward looking statements, which speak only as of the date of this presentation

Al Ansari Financial Services PJSC does not make any representation, warranty or prediction that the results anticipated by such forward looking statements will be achieved, and such forward looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Al Ansari Financial Services undertakes no obligation to release the results of any revisions to any forward-looking statements in this presentation that may occur due to any change in its expectations or to reflect events or circumstances after the date of this presentation and Al Ansari Financial Services PJSC and its representatives disclaim any such obligation. This presentation may not be stored, copied, distributed, transmitted, retransmitted or reproduced, in whole or in part, in any form or medium without the permission of Al Ansari Financial Services PJSC.

Today's Presenters



Mohammad Bitar

Deputy Group Chief Executive
Officer



Faisal Anwar

Group Chief Financial Officer



Omar Eteiba

Group Senior Manager – Mergers
and Acquisitions

TABLE OF CONTENTS

01 [H1 2024 Highlights](#)

02 [Business Highlights](#)

03 [Financial Highlights](#)

04 [Dividend Policy](#)

05 [Growth Strategy](#)

06 [Guidance](#)

07 [Business Updates](#)

- Key Highlights
- Financial & Operating Performance Snapshot
- Revenue Contribution
- Market Analysis
- Remittances
- Bank Notes & Prepaid Cards
- WPS and Other Products & Services
- Income Statement Overview
- Balance Sheet Overview
- Capex Business Model
- Dividend Policy
- 6 Pillar Strategy
- Short to Mid Term Guidance
- BFC Group Acquisition
- High Level Integration Timelines and Milestones

01

H1 2024 Highlights

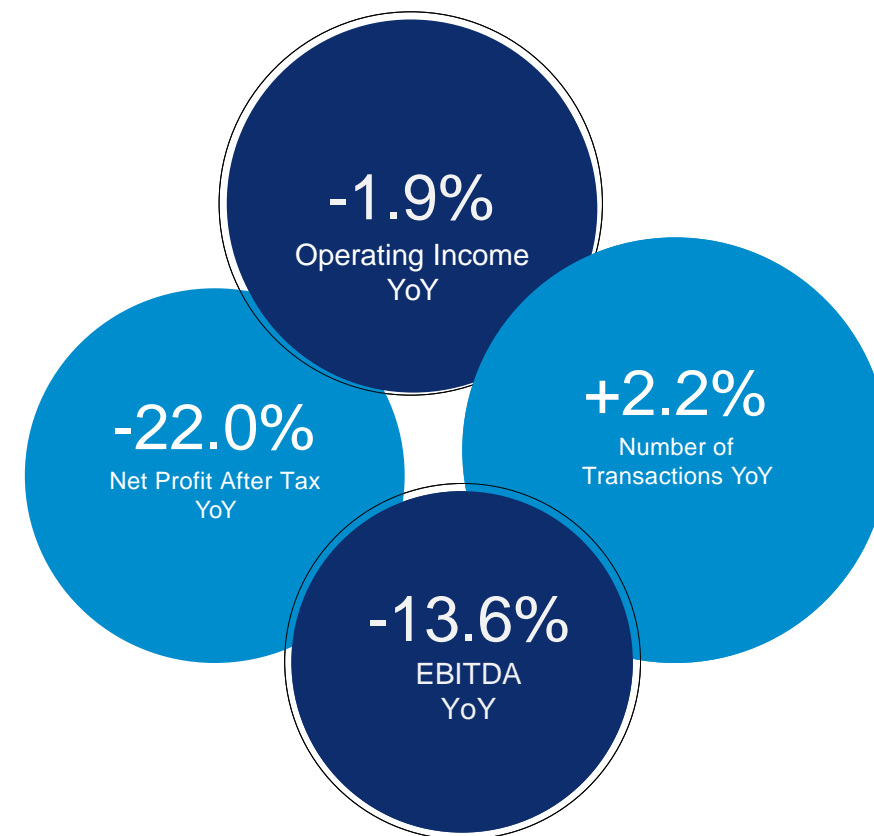
01 H1 2024 Key Highlights

02 H1 2024 Financial & Operating
Performance Snapshot

H1 2024 Key Highlights



- **Operating Income** for the Group showed a marginal decline for H1'24 by 1.9% year on year (YoY), attributed to a decline in the **Bank Notes** business
- 2.2% growth in **Transactions** due to increase in transactions of major business streams
- **EBITDA** dropped by 13.6% in H1'24 YoY to AED 258 million with an **EBITDA Margin** of 45% due to an increase in cost
- **Net profit after tax** declined 22% YoY to AED 205 million due to the introduction of the corporate tax









H1 2024 Financial & Operating Performance Snapshot

Financial Performance (AED)

Net Profit After Tax <hr/> 205 mn H1'23: 263 mn (-22.0%)	EBITDA <hr/> 258 mn H1'23: 299 mn (-13.6%)
EPS² <hr/> 0.0274 H1'23: 0.0351	EBITDA Margin¹ <hr/> 45.5% H1'23: 51.7%
Operating Income <hr/> 567 mn H1'23: 578 mn (-1.9%)	

Operating Performance

As of 30 June 2024	
 25.0 mn Total number of transactions +2.2% vs. H1'23	 259 Number of physical branches 21 net new branches since H1'23
 3.9 mn WPS – Number of salary disbursements +13.8% vs H1'23	 4.2 mn Bank Notes – Number of transactions +2.6% vs. H1'23
 22% Outward Remittance transactions conducted through digital channels vs. 19% in H1'23	 24% Increase in overall digital transactions vs. H1'23

(All figures in AED millions, unless otherwise stated)

- 1) EBITDA margin is defined as EBITDA divided by operating income
- 2) Earnings per share

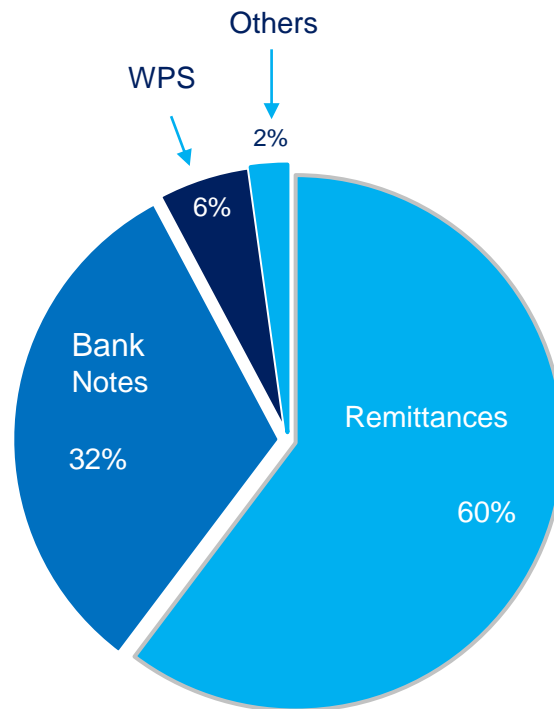
02

Business Highlights

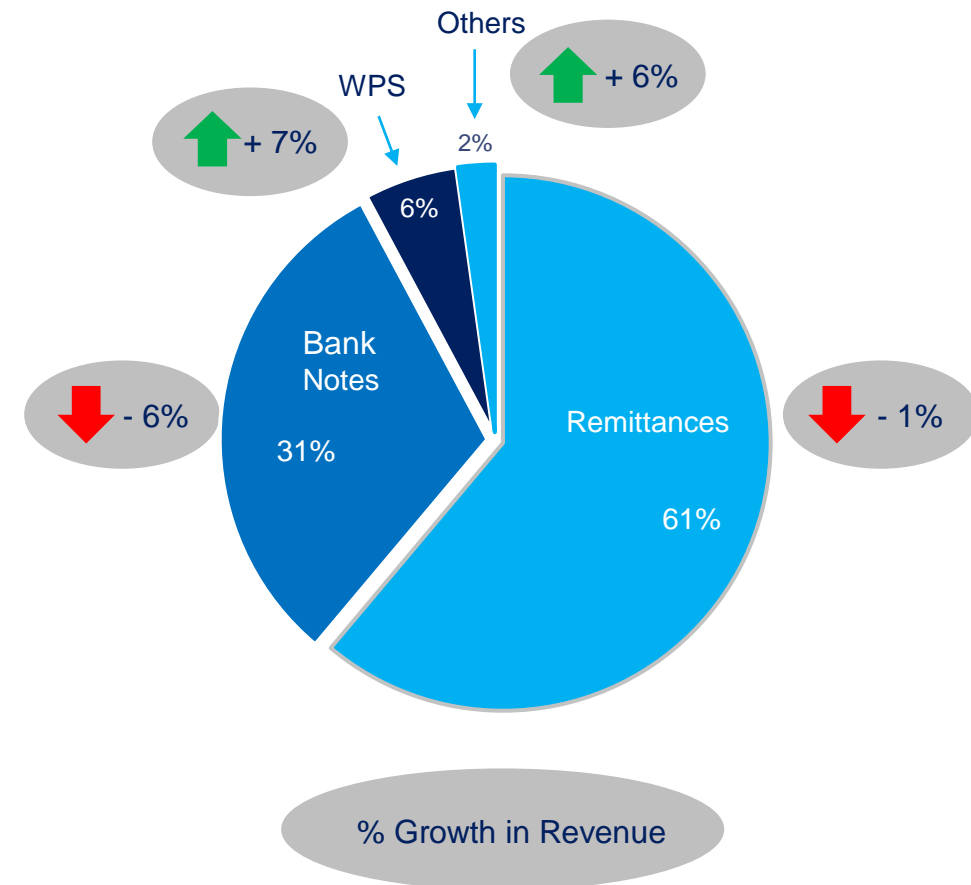
- Revenue Contribution
- Market Analysis
- Remittances
- Bank Notes & Prepaid Cards
- WPS and Other Products & Services

Revenue Contribution

H1'23

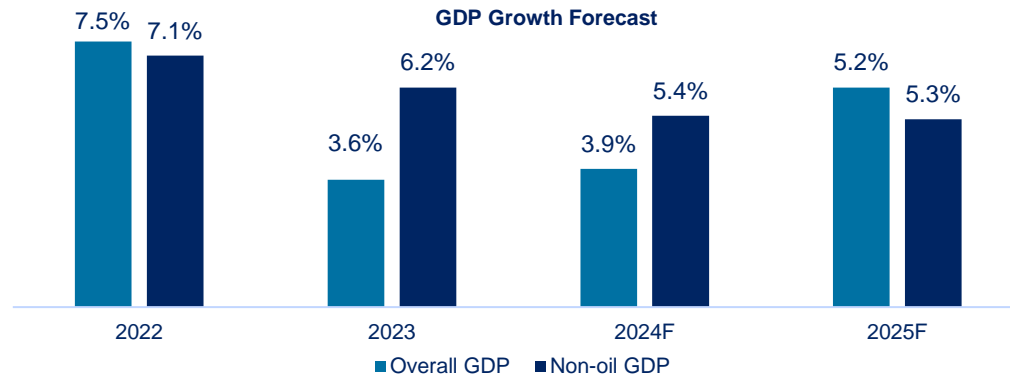


H1'24



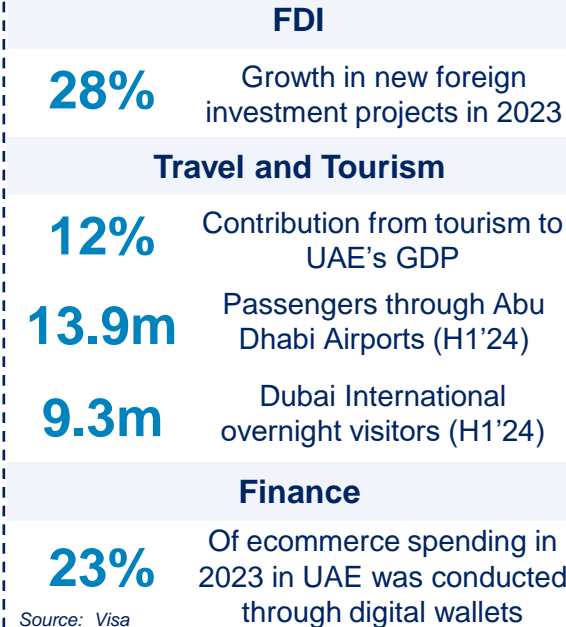
Our home market, the UAE, continues to remain robust despite global headwind

UAE's economy remains resilient



Source: Central Bank of the UAE (CBUAE)
Updated news

on all fronts



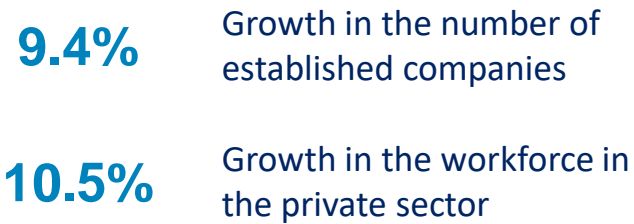
Source: Visa

backed by government initiatives



Open Finance Framework

Ministry of Human Resources and Emiratisation (2023)



Source: MOHRE

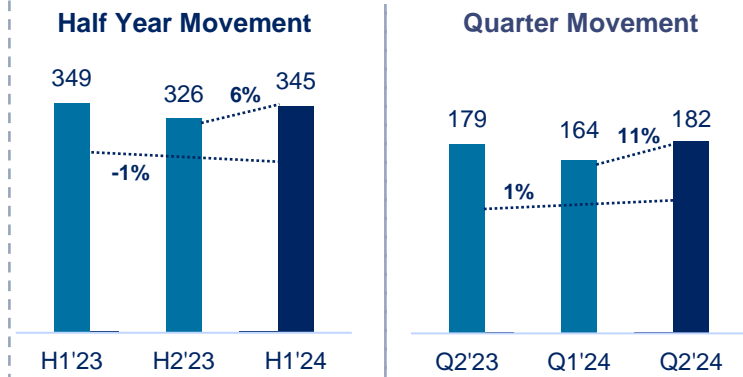
Overview of Exchange Business (2023)



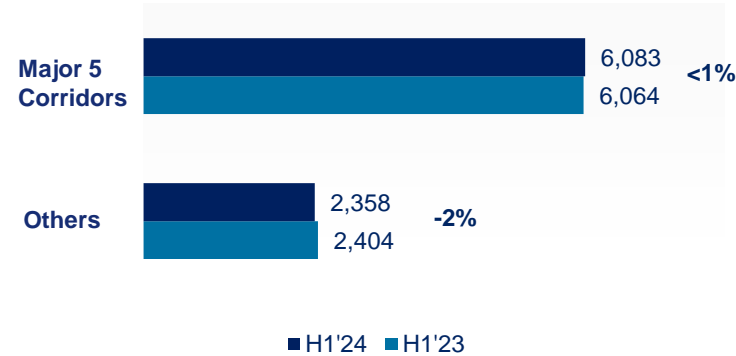
Source: CBUAE Annual Report 2023

Remittances: H1 2024

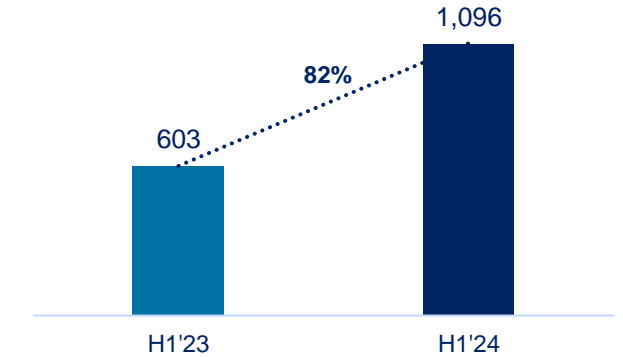
Operating Income (AED'mn)



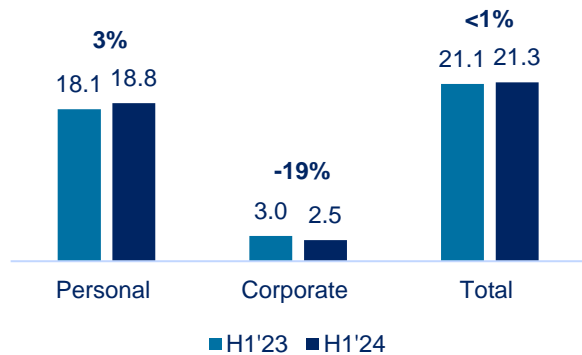
Outward Personal Transactions ('000)



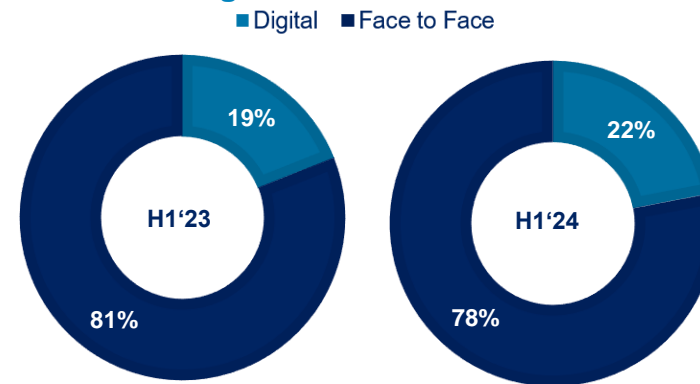
Worldwide Cash Express ("WWCE") Operating Income (AED'000)



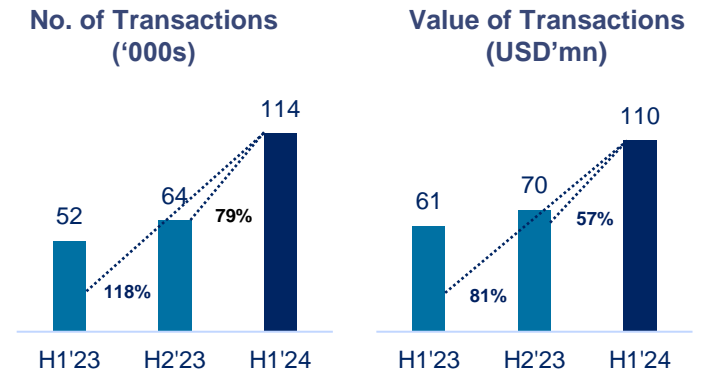
Outward Remittances – Value (AED'bn)



Digital vs. Face to Face



WWCE



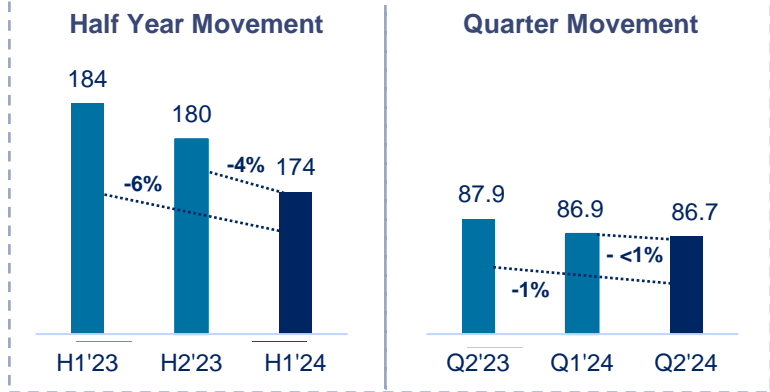
Remittance operating income increased by 6% compared to H2'23, demonstrating a positive trend

Our major 5 corridors witnessed a marginal increase for personal remittance transactions

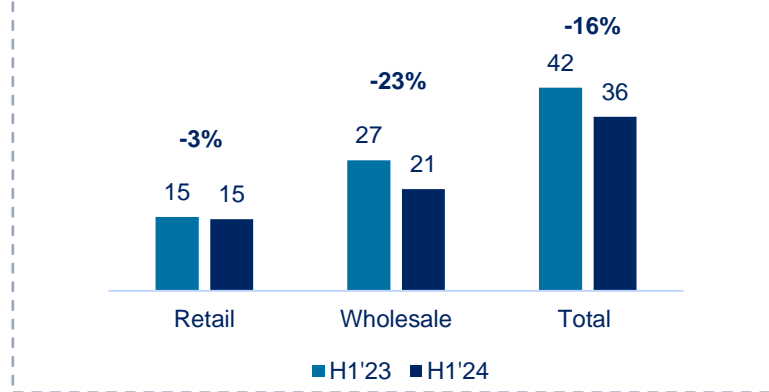
Strong growth of WWCE, in line with the Group's strategy

Bank Notes & Prepaid Cards: H1 2024

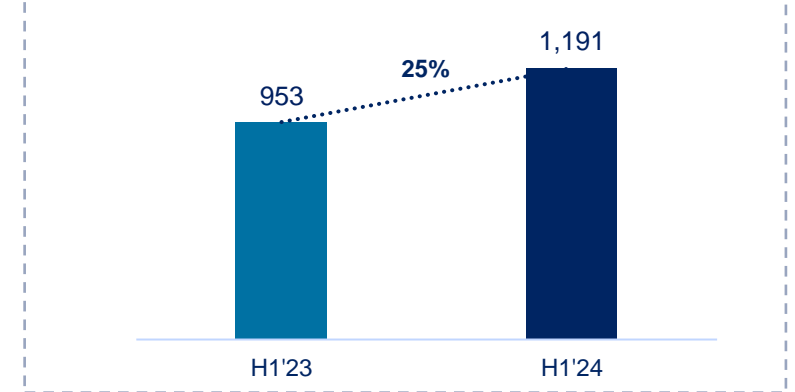
Operating Income (AED'mn)



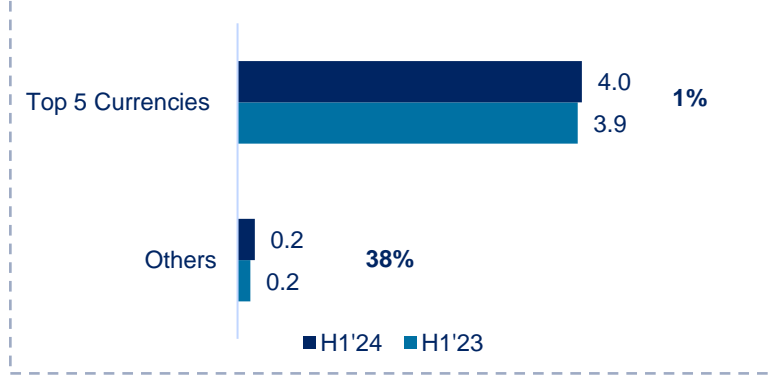
Bank Notes Value of Transactions (AED'bn)



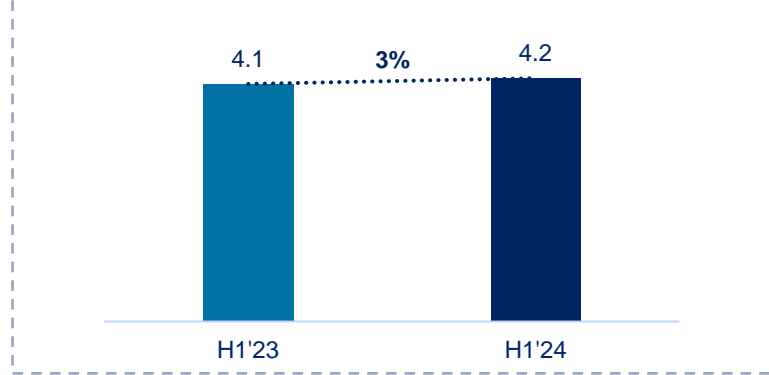
Prepaid Cards Value of Transactions (AED'mn)



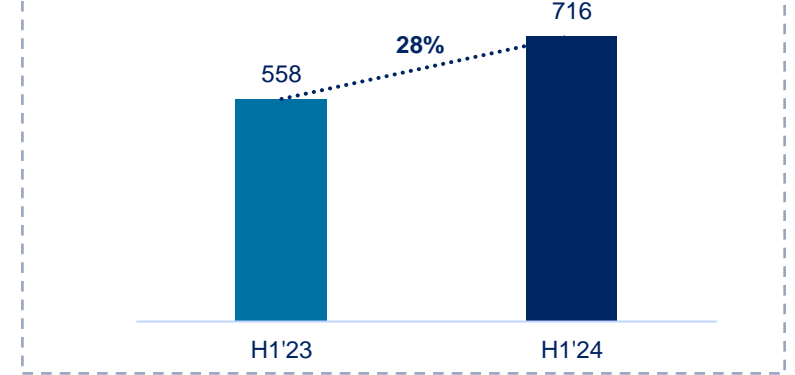
No. of Transactions for Major Currencies in Bank Notes ('mn)



Bank Notes No. of Transaction ('mn)



Prepaid Cards No. of Transactions ('000)



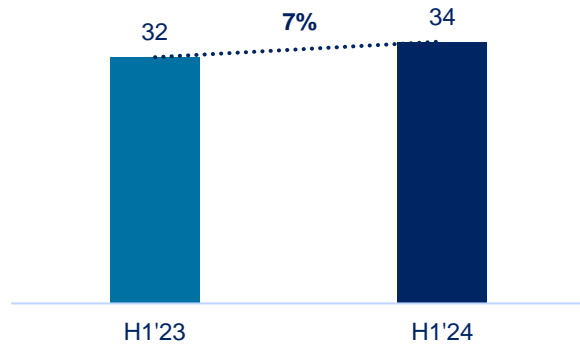
Decrease in wholesale bank notes business (margins and volumes) led to a decrease in operating income

Bank Notes number of transactions saw a 3% increase

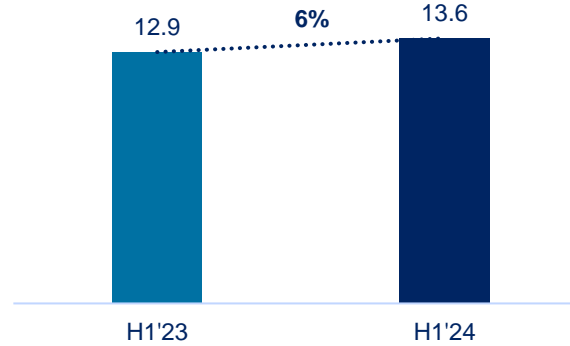
Accelerated growth in multi-currency Prepaid Cards, on the back of strong demand and increase in outbound tourism

WPS and Other Products & Services: H1 2024

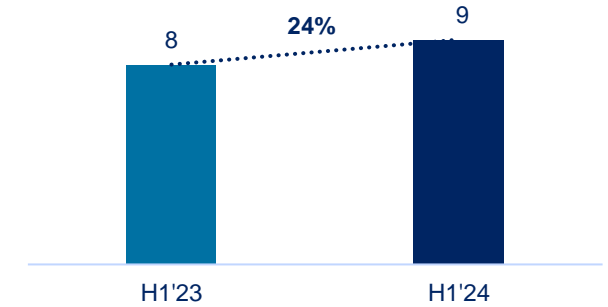
WPS Operating Income (AED'mn)



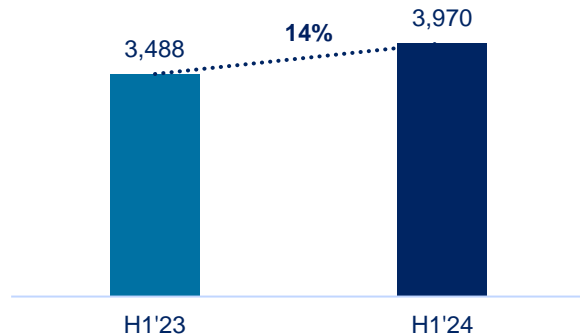
Other Products & Services (AED'mn)



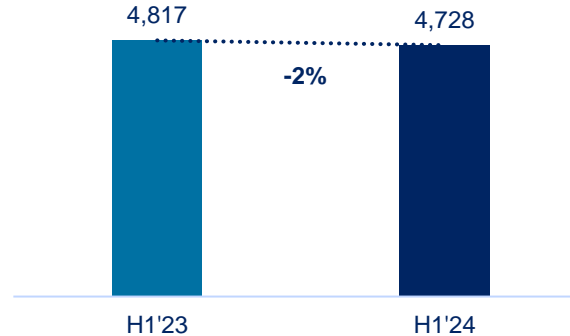
CashTrans
(End-to-end cash management)
Operating Income (AED'mn) *



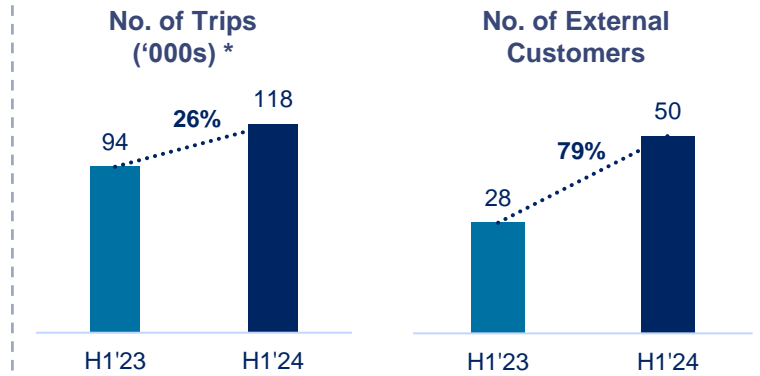
WPS Salary Disbursals ('000)



Bill Collection No. of Transactions ('000)



CashTrans



WPS operating income growth owed to 17% increase in number of customers and 14% increase in salary disbursals

Marginal decrease in bill collection transactions

Other products and services are positively contributing, with CashTrans business expected to continue gathering pace

* CashTrans includes services provided to Al Ansari Exchange

03

Financial Highlights

- Income Statement Overview
- Balance Sheet Overview
- Capex Business Model

Income Statement Overview

AED '000	Q2'24	Q2'23	% change	H1'24	H1'23	% change
Net gain on currency exchange	136,494	130,973	4.2%	265,531	280,607	(5.4%)
Net commission income	155,835	160,031	(2.6%)	301,524	297,419	1.4%
Operating income	292,329	291,004	0.5%	567,055	578,026	(1.9%)
Interest and other income	7,553	6,350	18.9%	18,391	12,327	49.2%
Salaries and benefits	(122,955)	(112,448)	9.3%	(241,468)	(219,870)	9.8%
Other operating expenses	(56,724)	(52,091)	8.9%	(113,087)	(99,571)	13.6%
Finance cost	(2,915)	(2,531)	15.2%	(5,093)	(7,619)	(33.2%)
Profit before tax	117,288	130,284	(10.0%)	225,798	263,293	(14.2%)
Corporate Income tax	(10,556)	-		(20,322)	-	
Profit after tax	106,732	130,284	(18.1%)	205,476	263,293	(22.0%)
EBITDA	135,502	147,238	(8.0%)	257,917	298,620	(13.6%)
EBITDA Margin	46.4%	50.6%		45.5%	51.7%	

Commentary

- **Net gain on currency exchange** saw a dip of 5.4% YoY mainly due to decline in Bank Notes volumes. Increase in income from exchange gain on foreign currency travel cards amounts to AED 2 million
- The increase in the **net commission income by 1.4%** in line with the overall transaction growth on all products, increasing by 2.2%
- **Interest income** saw a sharp growth as a result of placement of excess cash as fixed deposits for short term duration (one week to three months)
- **The increase in salaries and benefits** was due to rise in the number of employees directly related to the opening of 21 new branches since June 2023 and 33% increase in number of Emirati Nationals in support of the Government's Emiratization initiative
- **Other operating expenses** have increased by 13.6% directly related to opening of 21 new branches since June 2023 and cash processing center in Q4'23
- **The decline in Finance Cost** is attributable to replacing the AED 300 million term loan in H1'23 with utilization of bank overdraft in H1'24 during peak business days only
- **Corporate Income tax** expense is recognized based on the income tax rate of 9%, applicable to AAFS from 1st January 2024
- **EBITDA** decreased by 13.6% YoY to AED 258 million with an **EBITDA Margin** of 45% due to notable increase in the cost base (Industry average EBITDA Margin is <30%)

Balance Sheet Overview

AED '000	June'24	Dec'23	% Change
Right of use assets	95,424	92,031	3.7%
Property and Equipment	72,505	71,926	0.8%
Cash in hand, Due from banks and exchange houses	2,713,586	2,761,476	(1.7%)
Other assets ¹	202,233	168,735	19.9%
Total assets	3,083,748	3,094,168	(0.3%)
Trade and other payables	942,945	742,103	27.1%
Bank borrowings	200,000	325,000	(38.5%)
Lease liabilities	79,902	82,696	(3.4%)
Other Liabilities ²	160,872	142,950	12.5%
Total liabilities	1,383,719	1,292,749	7.0%
Shareholder's equity	1,700,029	1,801,419	(5.6%)

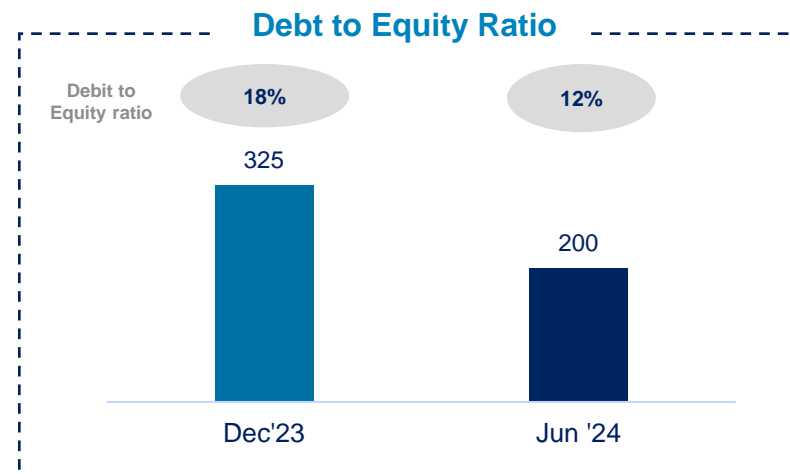
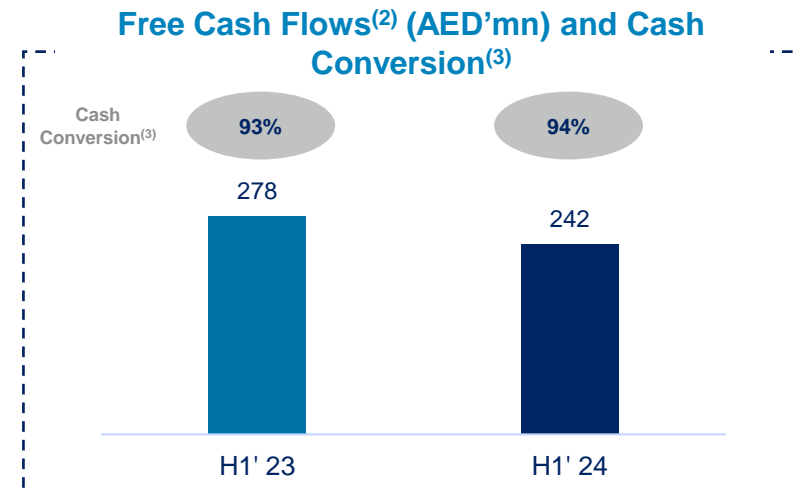
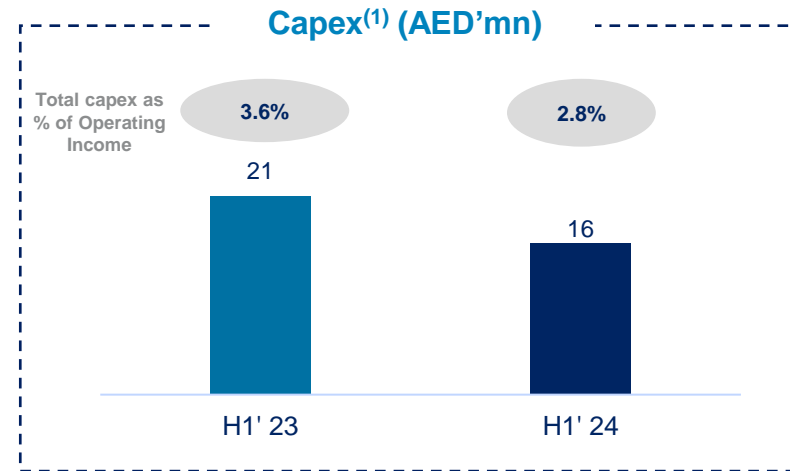
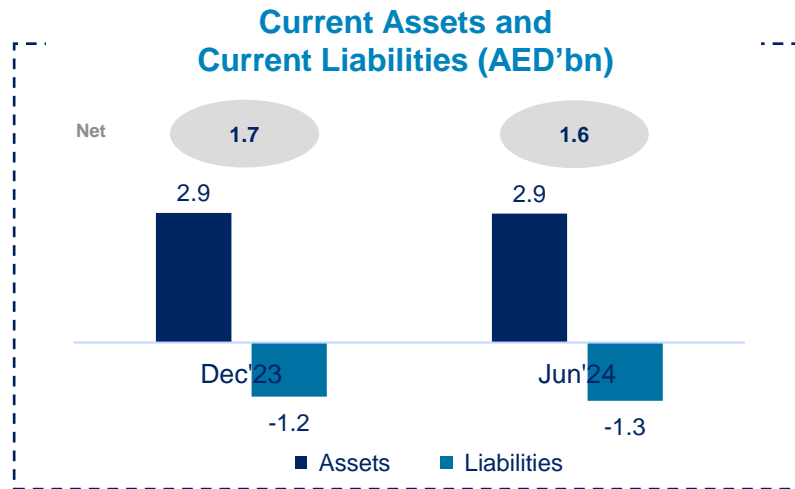
Commentary

- The increase in **Right of Use assets** by 3.7% can be attributed to addition of new branch locations and the renewal of lease contracts expired during the period
- The primary reason for the 19.9% increase in **Other Assets** is the rise in outstanding balance owed by a related party against foreign currency parcel and advance to liquidity provider to support the market price of the shares
- **Trade and other payables** increased by 27.1%, driven by payables in respect of WPS and cash payout remittances that remain undisbursed to the beneficiaries, coupled with increase in prepaid cards payables
- **Bank borrowings** are temporary availed based on business requirement and liquidity position of the Company and were settled subsequent to the period end in July'24
- **Other Liabilities** rose by 12.5% due to the increase in accounts payable to exchange houses and other agents against the settlement of remittances

1) Other assets include due from related parties, and prepayments other receivables and restricted deposits with banks.

2) Other liabilities include due to banks, due to exchange houses, due to related parties and provision for employees' end-of-service benefits.

Capex-light Business Model, Easy to Scale and Able to Deliver Strong Growth and Value to the Shareholders



Commentary

- Majority of the **current assets** are composed of cash and cash-like items, a significant portion of which is used to run operations
- During period end, the Group average cash requirements for remittances and bank notes ranged from 3-4 days and 3-7 days, respectively
- Management also considers a buffer of 25% given the company's business has significant intra-month seasonality (e.g., holidays, weekends, salary payment days, etc.)
- Capex-light business model*, able to generate strong growth with limited capex requirements (Expected to be 3% of operating income). Capex decreased 24% from SPLY as the Group streamlines its branch network expansion
- Decrease in cash generation in H1'24 due to decrease in **EBITDA** by 13.6% with c. 94% cash conversion rate
- Debt to equity ratio reduced from 18% to 12% on account of settlement of overdraft balance during H1'24

04

Dividend Policy

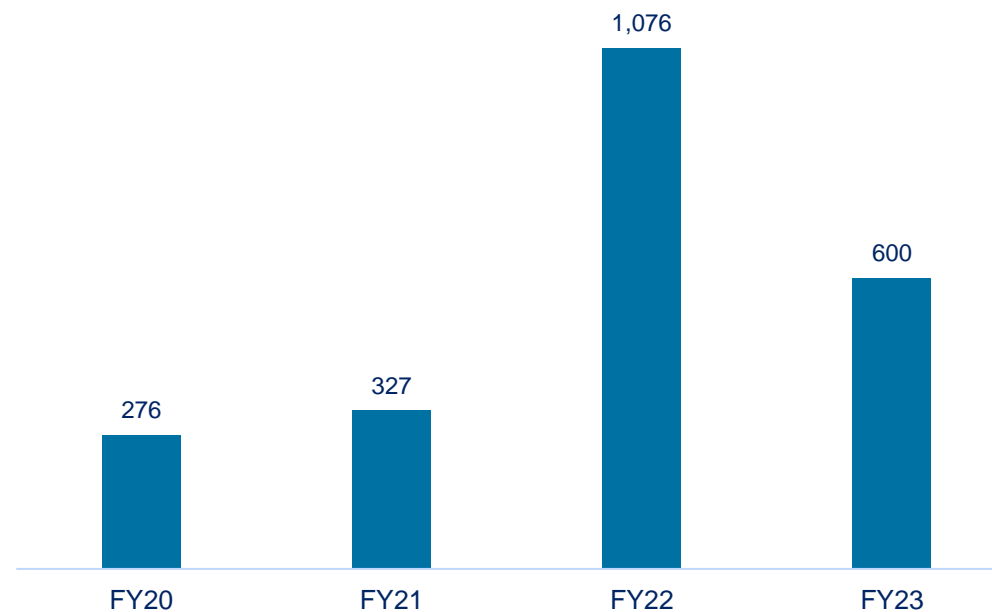
- Dividend Policy

Dividend Policy

Minimum Annual Dividends:

- FY 2023:** The Group has paid a dividend amount of AED 600 million for the FY 2023, with AED 300 million each paid in November 2023 and April 2024
- FY 2024:** The Group expects to pay (on a semi-annual basis in April and October of each year) a minimum dividend of 70% of the net profit generated

Historical Dividends (AED mn)




05

Growth Strategy

- 6 Pillar Strategy

Clear Growth Strategy Centered on 6 Pillars

1 Physical Network Expansion



80% of remittance market in 2027 is expected to still be face-to-face

Target to open **300 branches** in the mid term

2 Geographic Expansion




Growing market share in Kuwait and entering other attractive GCC markets




Expansion in other GCC countries (e.g. Saudi Arabia) through **WWCE**


3 Digital Innovation




Smart counters in branches



Continued investment in **Al Ansari Exchange App**



Create a **digital marketplace ecosystem**




Further expanding **pre-paid cards offering**

progress



1 Physical Network Expansion




Opened **21 net new** branches since June 2023

Total 259 branches as of June 2024

97% of the branches are profitable

2 Geographic Expansion



- Al Ansari Exchange Kuwait (“AAEK”) integration with Oman Exchange is expected by end of August 2024
- AAEK to be consolidated into AAFS by Q4’24, synergies to be realized Q1’25

3 Digital Innovation

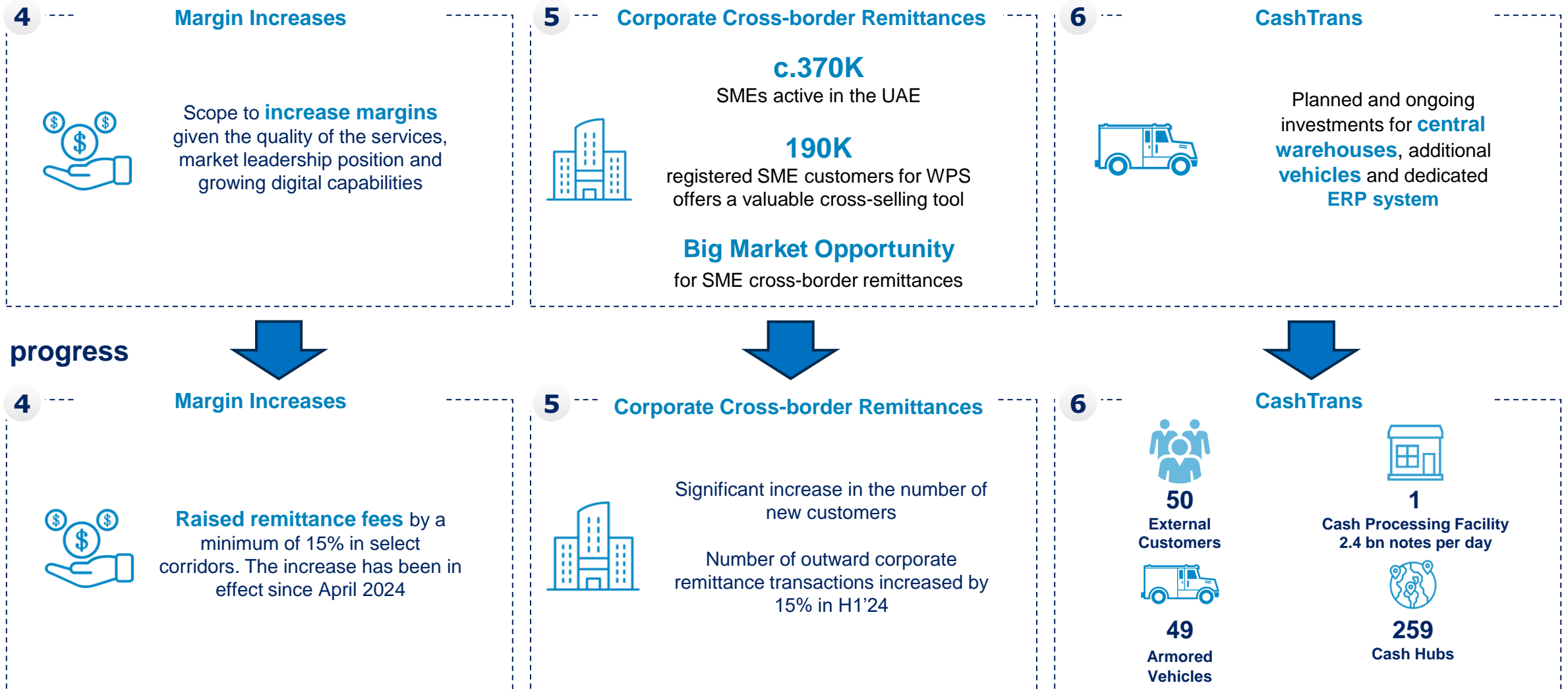
No of Smart Counters		Newly Issued pre-paid cards	
H1'23	27	H1'23	45k
H1'24	51	H1'24	54k
89%		18%	

Number of Active App Users*	
H1'23	278k
H1'24	315k
13%	

Al Ansari Digital Pay
to be launched before end of 2024

* Number of active users on the app is defined as users that conducted at least one transaction during the H1-24 period.

Clear Growth Strategy Centered on 6 Pillars (continued)



06

Guidance

- Short to Mid Term Guidance

Short to Mid Term Guidance*

Item	Target (annual growth rate unless otherwise stated)	Time Horizon
Branch Network	300 total no. of physical branches	Mid-term
Remittance Income	Single digit growth Low to mid teens	Short-term Mid-term
Bank Notes Income	Single digit growth Low to mid teens	Short-term Mid-term
WPS and other products	Mid to high teens (as a % of total Operating Income)	Short-term
	High teens (as a % of overall Operating Income) with CashTrans accounting for approx. 10% of Operating Income)	Mid-term
Operating Income	Single digit (Annual growth rate) Mid teens (Annual growth rate)	Short-term Mid-term
EBITDA Margin	Stabilising at current margin	Short-term
	Expanding in line with operating income	Mid-term
CAPEX	Low single digit (% of operating income)	Mid-term

* M&A and start-up initiatives are currently not included in the short to mid term guidance. We will update our guidance accordingly once the initiatives materialize.

07

Business Updates

- BFC Group Acquisition
- High Level Integration Timelines and Milestones

BFC Group Acquisition



Strategic Rationale

Become The Leading Regional Powerhouse

- Become the **largest remittance and exchange provider in GCC region by branch network** with **over 410 branches** (60% increase on AAFS current branch network) and supported by a **combined c. 6,000 employees** (25% increase on AAFS current workforce)
- Become **#1 player in Bahrain market, #3 player in Kuwait market**, and a **sizeable player in India market**
- Provide a strong foundation for entry into the new markets, utilizing BFC's **established network, local market knowledge and customer relationships**

Geographic Expansion and Diversification

- Strengthen our **market position** by **expanding the customer base** and **increasing our market share**, positioning AAFS as a formidable market leader in GCC region with broader capabilities
- **Diversification of our geographic footprint** to reduce reliance on existing markets and enhance the stability of our revenue streams

Significant Value Creation Potential

- Expected **cost synergies and operational efficiencies** from streamlined operations, shared services, optimization of the branch network and economies of scale
- Potential for **revenue synergies** as a result of cross-selling opportunities and expanded market reach, leveraging best practices across both organizations
- **Value accretive from a profitability perspective** for AAFS shareholders once the synergies and efficiencies are realized post integration

Key Highlights

53%
Of Bahrain Population
Are Expats



69%
Of Kuwait Population
Are Expats

c. USD 4bn
Value for Personal
Outward Remittances
Market for Bahrain



c. USD 19bn
Value for Personal
Outward Remittances
Market for Kuwait

Significant
Brand Equity Across Key
GCC Markets and India



Strong
Digital Capabilities and
Mobile App Presence

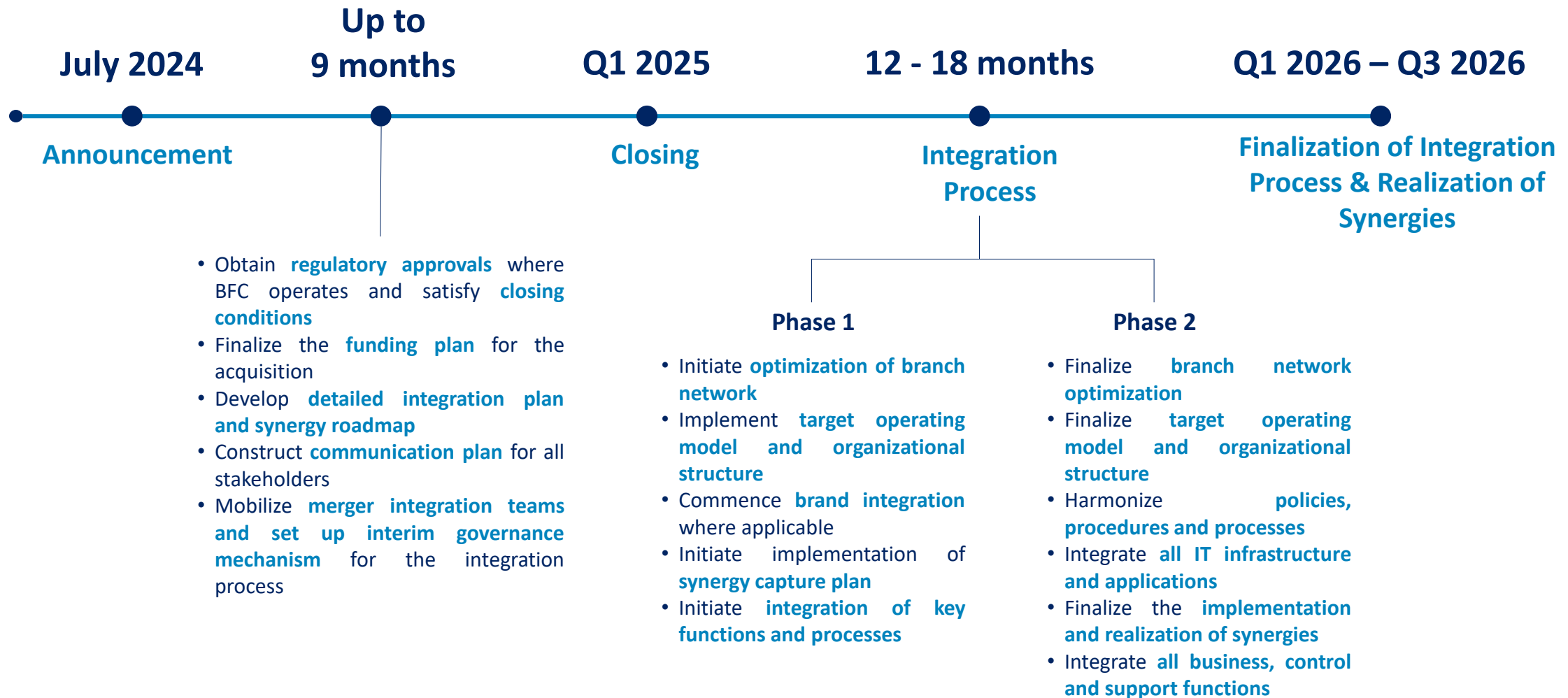
Large
Partnership Network of
Correspondent Banks and
Agents



Sizeable
Customer Base with High
Penetration of Blue-Collar
Workers

Source: EDC report as of December 2022, Statista

High Level Integration Timelines and Milestones





الأنصاري للخدمات المالية
ش.م.ع.
AL ANSARI FINANCIAL SERVICES
P.J.S.C.

Thank you
