



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

9M 2024

Financial Results Presentation

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Today's Presenters



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Group Chief Executive Officer



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Deputy Group Chief Executive Officer



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01

Q3 2024 & 9M 2024 Highlights

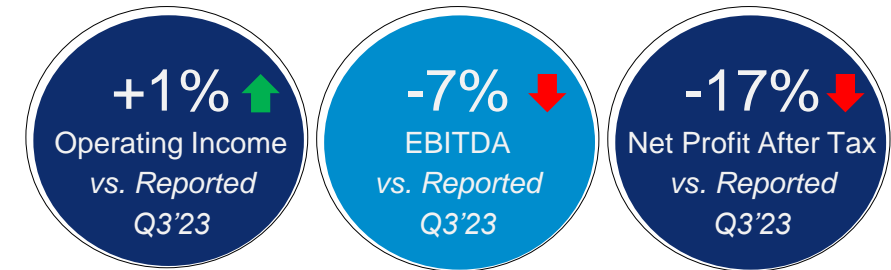
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Q3 2024 Key Highlights

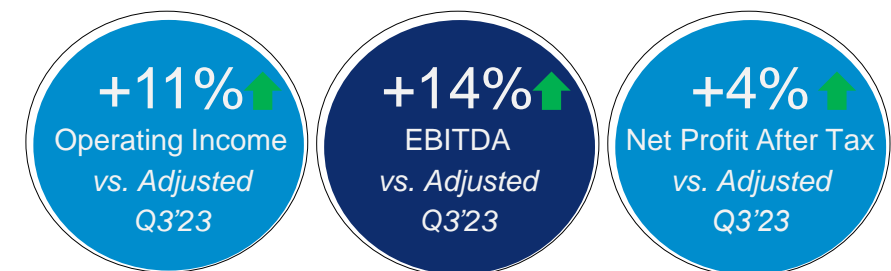


- **Operating Income** increased by 1% YoY to AED 288m, attributed to an increase in the Bank Notes business. Excluding one-off Iraq remittance income received in Q3'23 (**Adjusted basis**), **Operating Income** showed an encouraging 11% increase
- **EBITDA** dropped by 7% YoY to AED 131 million with an **EBITDA Margin** of 45% due to an increase in cost. **On an adjusted basis, EBITDA** demonstrated a promising increase of 14%
- **Net profit after tax** declined by 17% YoY to AED 103 million due to the introduction of the corporate tax. **On an adjusted basis, Net profit after tax** showed a 4% increase

Reported Comparison

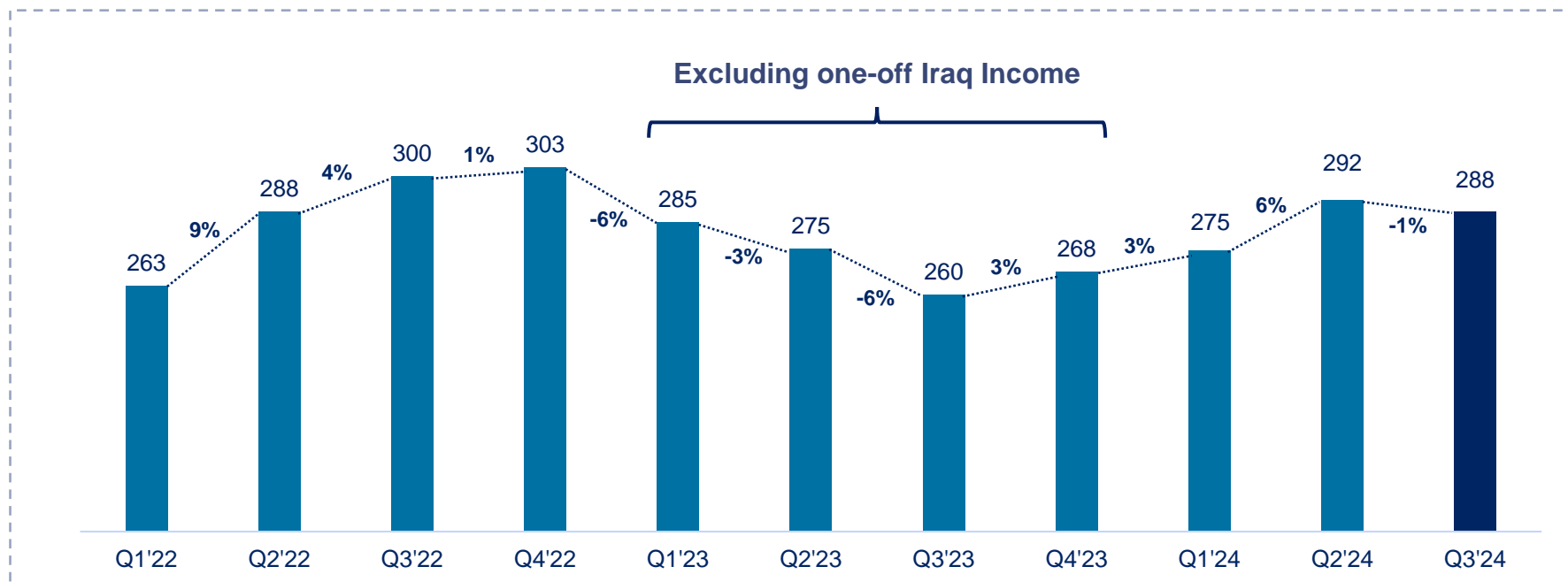


Adjusted Comparison



Quarter to Quarter Journey

Operating Income
(AED'mn)



- Q4'22 - Q3'23: There is a **downward trend** witnessed in operating income as result of the effect of the parallel markets across the major corridors
- Q4'23 - Q3'24: There is an **upward trend** observed in operating income, which is driven by a few key positive developments:
 - Ongoing stabilization process of the parallel markets where customers continue to return to the official channels in a gradual manner
 - Gradual increase in remittance fees in select corridors (implemented since April-24)

9M 2024 Financial & Operating Performance Snapshot

Financial Performance (AED)

<p>Net Profit After Tax</p> <p>308 mn</p> <p>Rep 9M'23: 388 mn (-20%) ↓</p> <p>Adj 9M'23: 344 mn (-10%) ↓</p>	<p>EBITDA</p> <p>388 mn</p> <p>Rep 9M'23: 439 mn (-11%) ↓</p> <p>Adj 9M'23: 395 mn (-2%) ↓</p>
<p>EPS²</p> <p>0.0412</p> <p>9M'23: 0.0517</p>	<p>EBITDA Margin¹</p> <p>45.4%</p> <p>Rep 9M'23: 50.8%</p> <p>Adj 9M'23: 48.2%</p>
<p>Operating Income</p> <p>855 mn</p> <p>Rep 9M'23: 863 mn (-1%) ↓</p> <p>Adj 9M'23: 820 mn (+4%) ↑</p>	

Operating Performance

As of 30 September 2024	
<p>37.3 mn</p> <p>Total number of transactions</p> <p>+2% vs. 9M'23</p>	<p>263</p> <p>Number of physical branches</p> <p>15 net new branches since 9M'23</p>
<p>6.1 mn</p> <p>WPS – Number of salary disbursements</p> <p>+15% vs 9M'23</p>	<p>7.2 mn</p> <p>Bank Notes – Number of transactions</p> <p>+4% vs. 9M'23</p>
<p>23%</p> <p>Outward Remittance transactions conducted through digital channels</p> <p>vs. 20% in 9M'23</p>	<p>24%</p> <p>Increase in overall digital transactions</p> <p>vs. 9M'23</p>

(All figures in AED millions, unless otherwise stated)

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

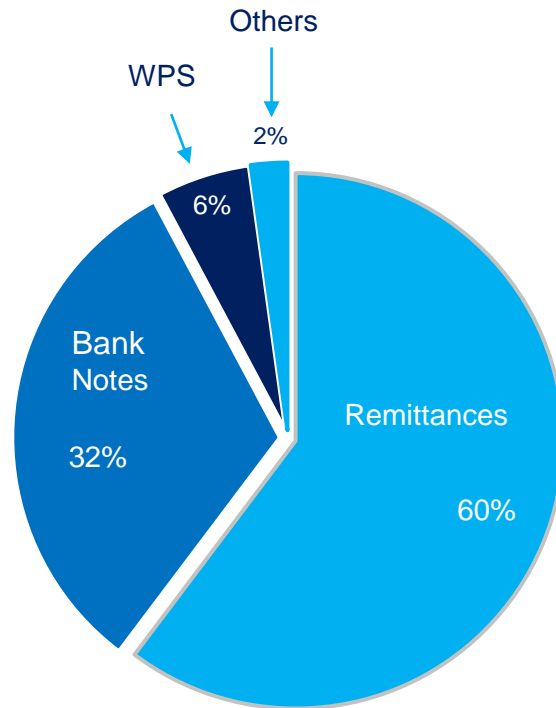
02

Business Highlights

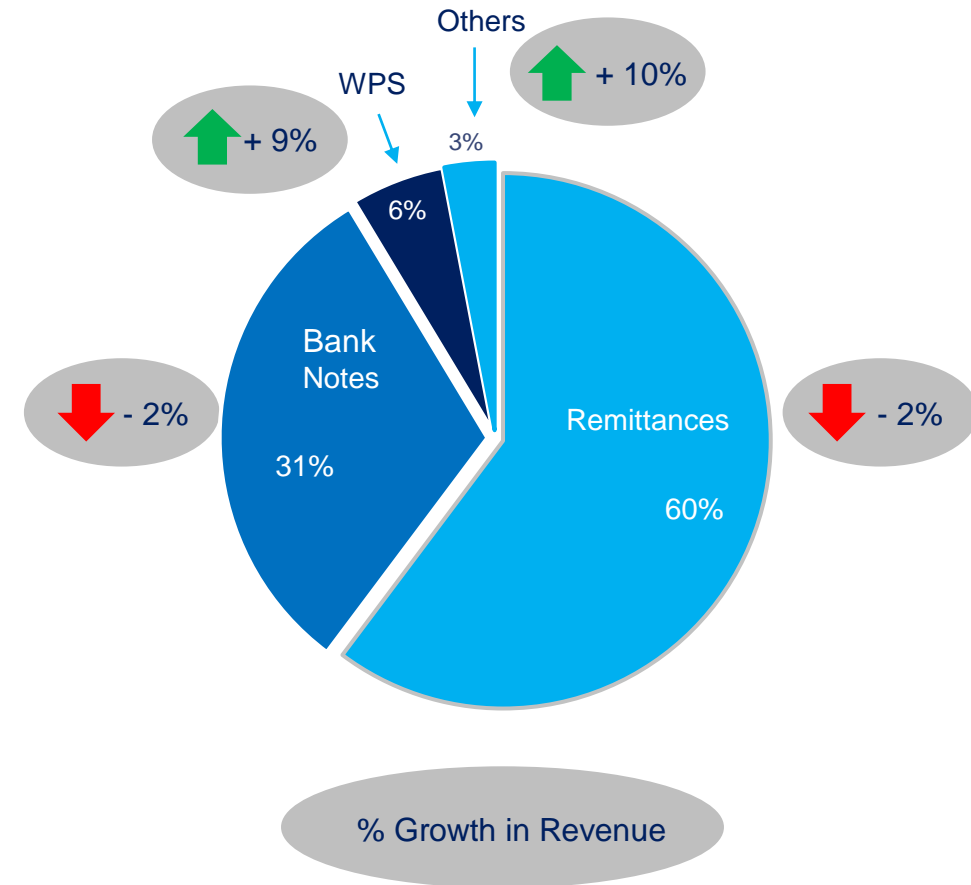
- Revenue Contribution
- Market Analysis
- Remittances
- Bank Notes & Prepaid Cards
- WPS and Other Products & Services

Revenue Contribution

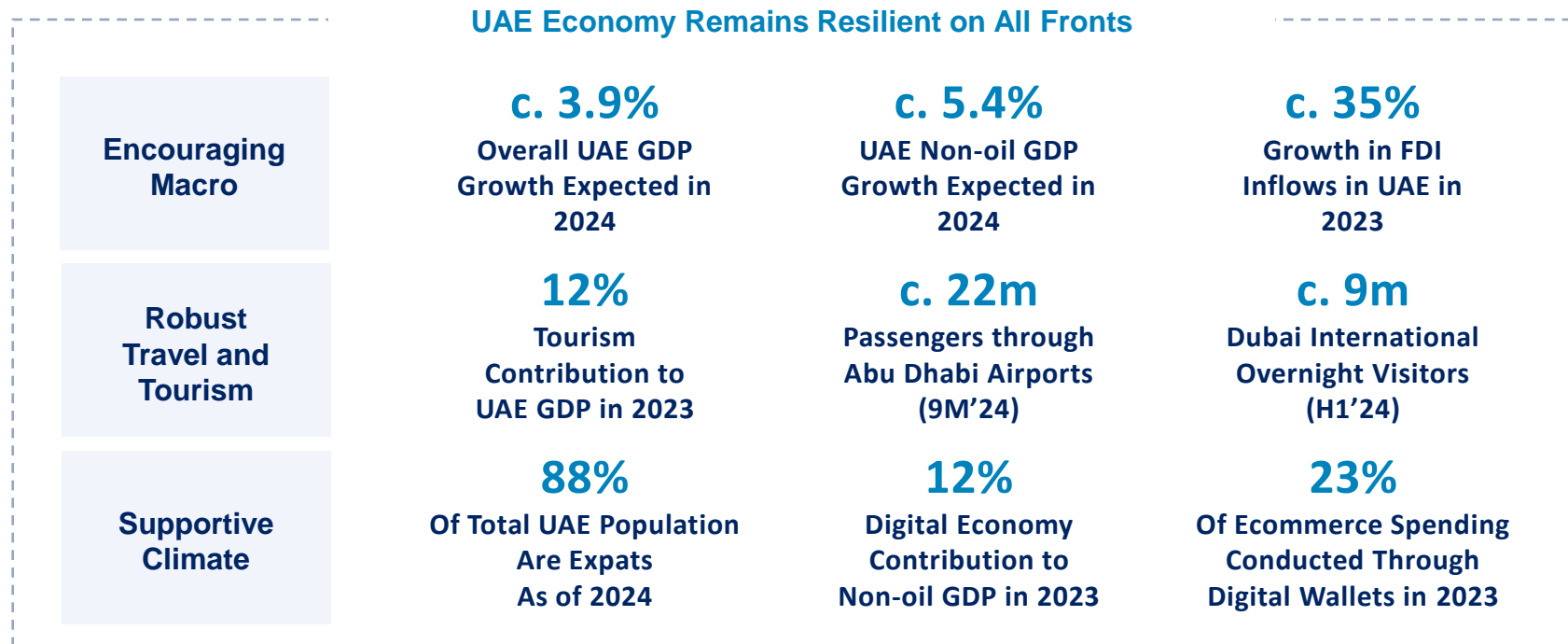
9M'23



9M'24



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



Update on Exchange Business in UAE

Local Market Share (2023)



Overview of Exchange Business (2023)



Financial Performance of Exchange Houses vs. AAFS (2023)

Overall Exchange House Sector

AED 3.2 bn

Total income of exchange houses

AED 1.5 bn

Total Income from remittance business

AED 1.2 bn

Total Income from foreign currency exchange business

AED 2.4 bn

Total expenses of exchange houses

Cost to income ratio: 75%

AED 0.8 bn

Total net profit of exchange houses

AAFS Specific

38%

AAFS contribution to total income

48%

AAFS contribution to remittance business

28%

AAFS contribution to foreign currency exchange business

29%

AAFS contribution to expenses

Cost to income ratio: 59%

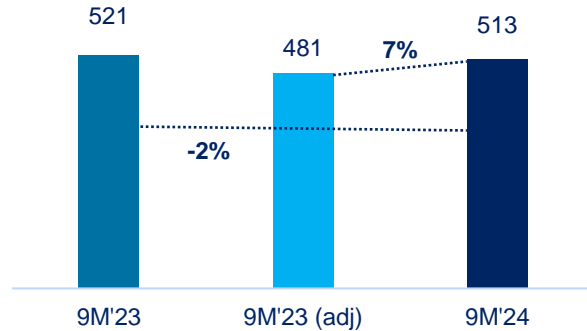
63%

AAFS contribution to net profit

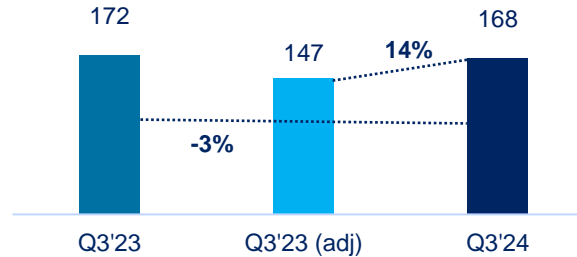
Remittances: 9M 2024

Operating Income (AED'mn)*

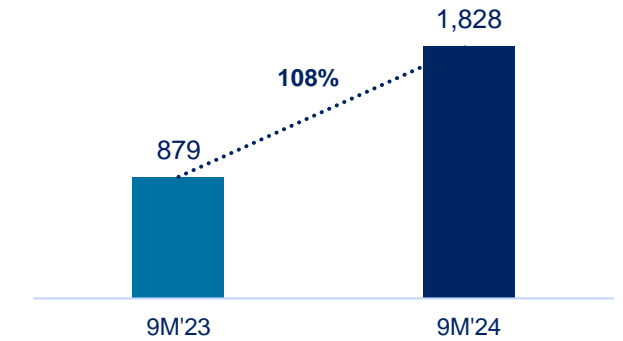
9 Months Movement



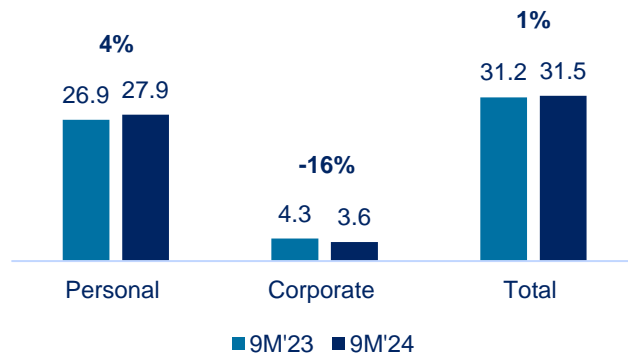
Quarter Movement



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

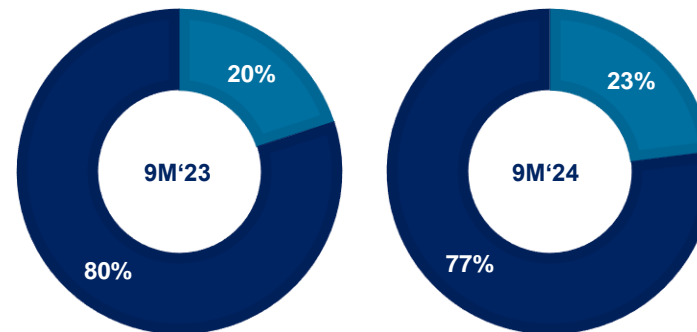


Outward Remittances – Value (AED'bn)



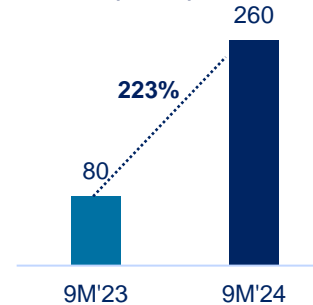
Digital vs. Face to Face

■ Digital ■ Face to Face

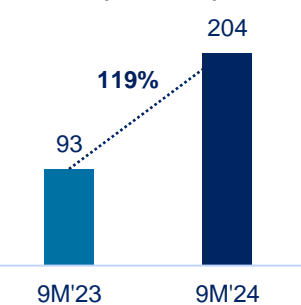


WWCE

No. of Transactions ('000s)



Value of Transactions (USD'mn)



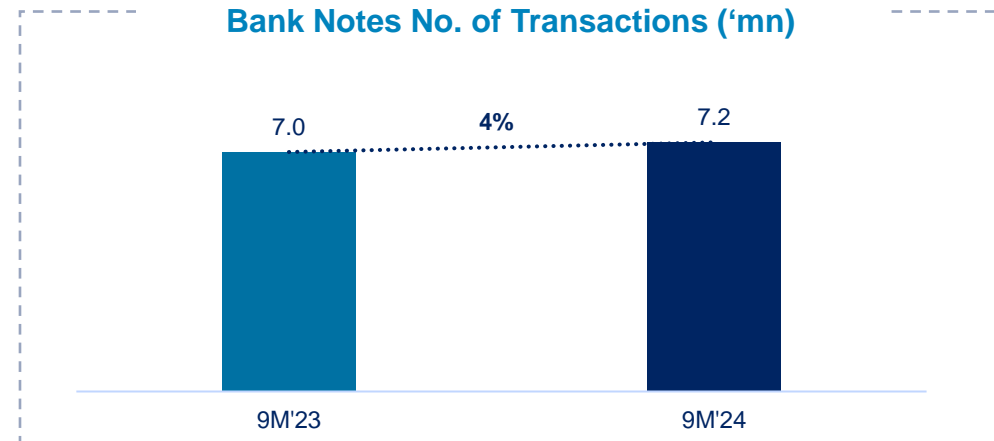
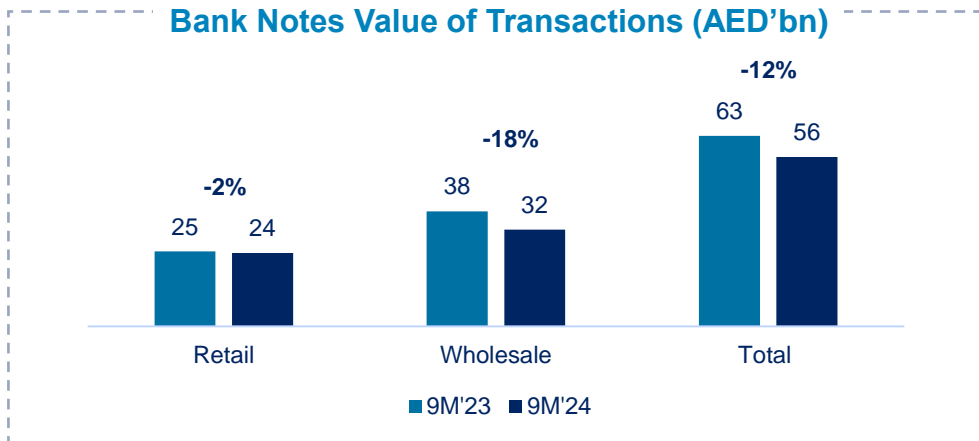
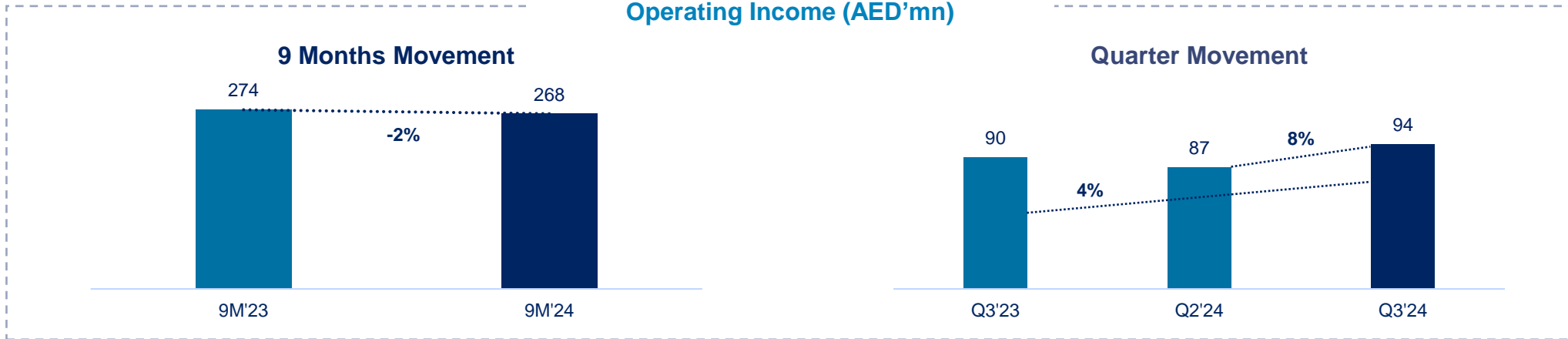
Remittance operating income slightly decreased by 2% compared to 9M'23, however demonstrated an increase of 7% on an adjusted basis

Outward Remittance transactions conducted through digital channels witnessed growth, in line with the increased digital adoption

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

Bank Notes: 9M 2024*

Operating Income (AED'mn)



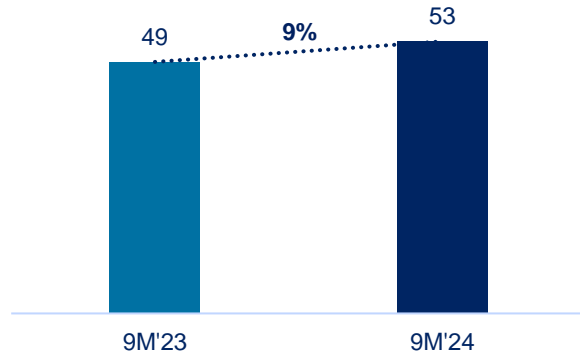
Despite the 2% decrease in Bank Notes operating income compared to 9M'23, there is a positive trend witnessed on a QoQ basis

Bank Notes number of transactions increased by 4% as compared to last year, driven by the increase in Prepaid cards transactions on the back of strong demand and increase in outbound tourism

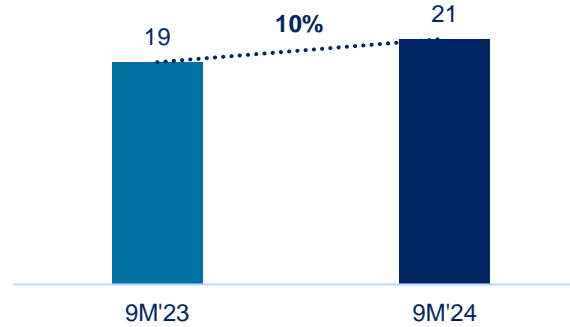
* Bank Notes results includes Prepaid cards

WPS and Other Products & Services: 9M 2024

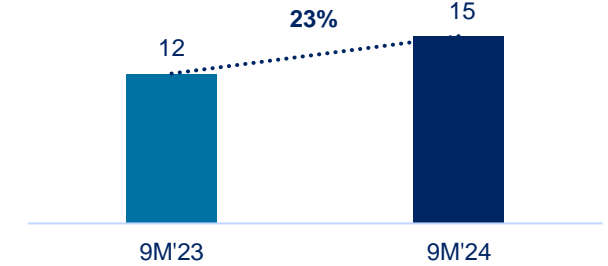
WPS Operating Income (AED'mn)



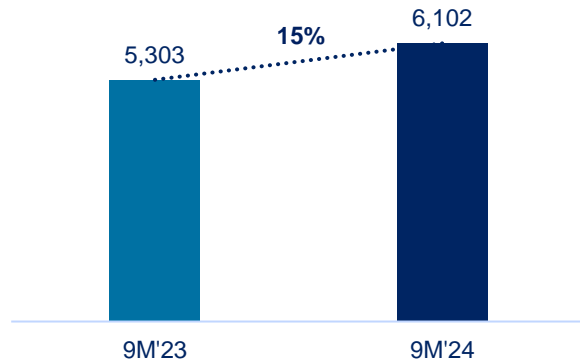
Other Products & Services Operating Income (AED'mn)



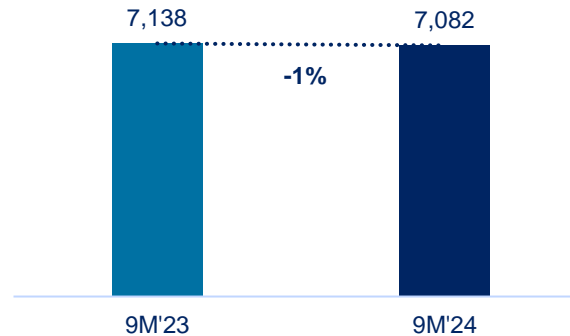
CashTrans (End-to-end cash management) Operating Income (AED'mn) *



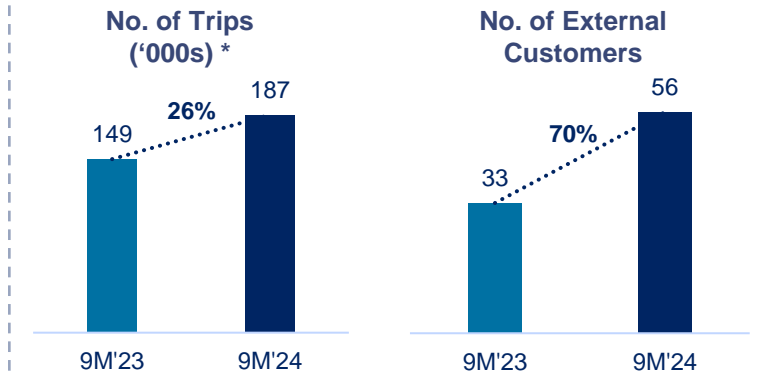
WPS Salary Disbursals ('000)



Bill Collection No. of Transactions ('000)



CashTrans



WPS operating income growth owed to 17% increase in number of customers and 15% 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	Q3'24	Q3'23	% change	9M'24	9M'23	% change
Net gain on currency exchange	138,403	131,262	5.4%	403,934	411,869	(1.9%)
Net commission income	149,611	154,028	(2.9%)	451,135	451,447	(0.1%)
Operating income	288,014	285,290	1.0%	855,069	863,316	(1.0%)
Interest and other income	9,298	7,541	23.3%	27,689	19,868	39.4%
Salaries and benefits	(120,618)	(113,844)	6.0%	(362,086)	(333,714)	8.5%
Other operating expenses	(61,089)	(52,794)	15.7%	(174,176)	(152,365)	14.3%
Finance cost	(1,943)	(1,683)	15.4%	(7,036)	(9,302)	(24.4%)
Profit before tax	113,662	124,510	(8.7%)	339,460	387,803	(12.5%)
Corporate Income tax	(10,601)			(30,923)		
Profit after tax	103,061	124,510	(17.2%)	308,537	387,803	(20.4%)
EBITDA	130,664	140,247	(6.8%)	388,581	438,867	(11.5%)
EBITDA Margin	45.4%	49.2%		45.4%	50.8%	

Commentary

- **Net gain on currency exchange** saw a slight dip of 1.9% YoY mainly due to decline in Bank Notes wholesale volumes, which was partially offset by increase in exchange gain income on foreign currency travel cards amounting to AED 5 million
- The **net commission income remained flat YoY** as decline in commission income from remittances was offset by increases in WPS and other products
- **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 15 new branches since Q3'23 and 38% increase in number of Emirati Nationals in support of the Government's Emiratization initiative
- **Other operating expenses** have increased by 14.3% directly related to opening of 15 new branches since Q3'23 and cash processing center in Q4'23
- **The decline in Finance Cost** is mainly attributable to efficient utilization of bank overdraft facilities 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 11.5% YoY to AED 389 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	Sep'24	Dec'23	% Change
Right of use assets	100,420	92,031	9.1%
Property and Equipment	73,335	71,926	2.0%
Cash in hand, Due from banks and exchange houses	2,776,694	2,761,476	0.6%
Other assets ¹	184,499	168,735	9.3%
Total assets	3,134,948	3,094,168	1.3%
Trade and other payables	971,189	742,103	30.9%
Dividend payable	157,500	-	-
Bank borrowings	159,016	325,000	(51.1%)
Lease liabilities	85,903	82,696	3.9%
Other Liabilities ²	131,214	142,950	(8.2%)
Total liabilities	1,504,822	1,292,749	16.4%
Shareholder's equity	1,630,126	1,801,419	(9.5%)

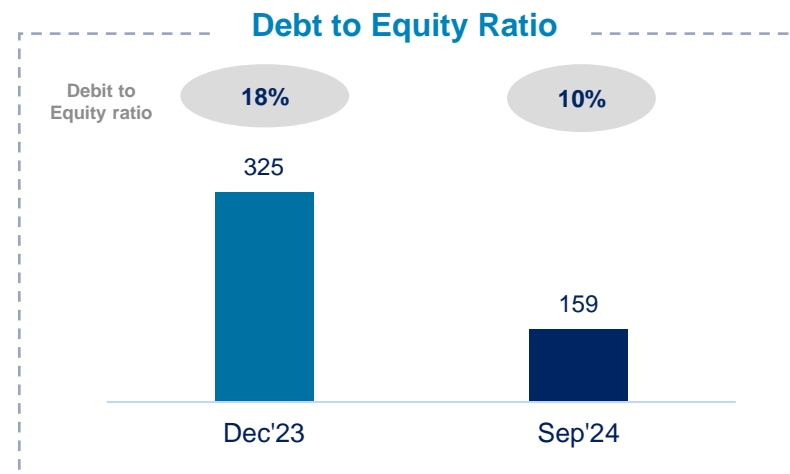
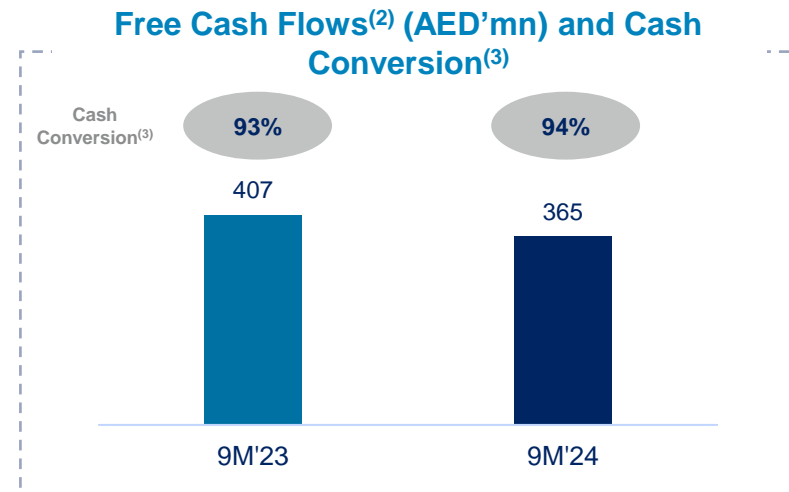
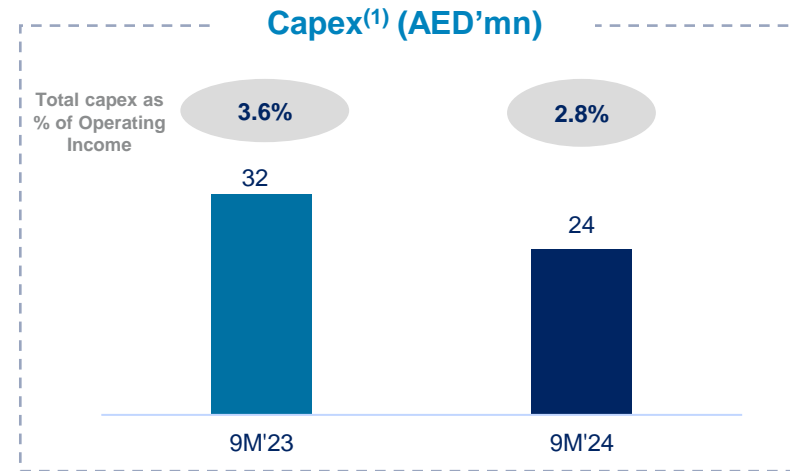
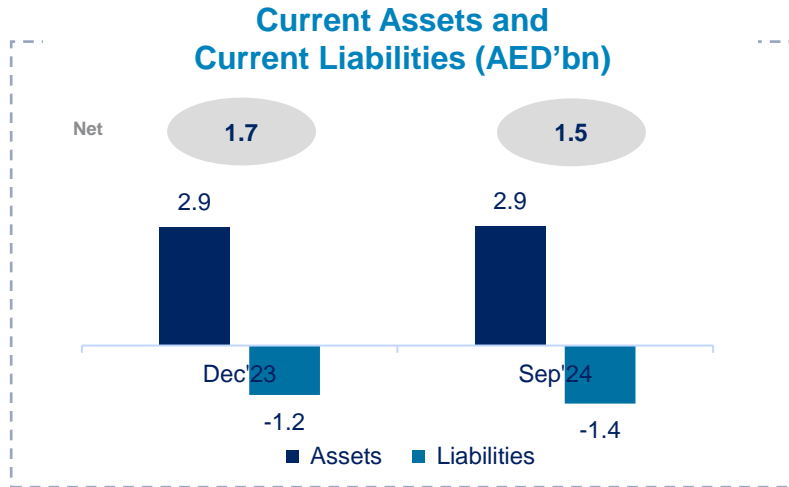
Commentary

- The increase in **Right of Use assets** by 9.1% can be attributed to addition of new branch locations and the renewal of lease contracts expired during the period
- The primary reason for the 9.3% 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 30.9%, driven by payables in respect of WPS and increase in prepaid cards payables that remain undisbursed to the beneficiaries, coupled with income tax provision for the period
- **Dividend payable** approved in Board meeting held on September 19th 2024 and settled subsequent to the period-end on October 16th 2024
- **Bank borrowings** are temporary availed based on business requirement and liquidity position of the Company and were settled subsequent to the period end in October'24
- **Other Liabilities** declined by 8.2% due to the settlement of 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 25% from SPLY as the Group streamlines its branch network expansion
- Decrease in cash generation in 9M'24 due to decrease in **EBITDA** by 11.5% with c. 94% cash conversion rate
- Debt to equity ratio decreased from 18% to 10% due to repayment of borrowings

04

Dividend Policy

- Dividend Policy

Dividend Policy

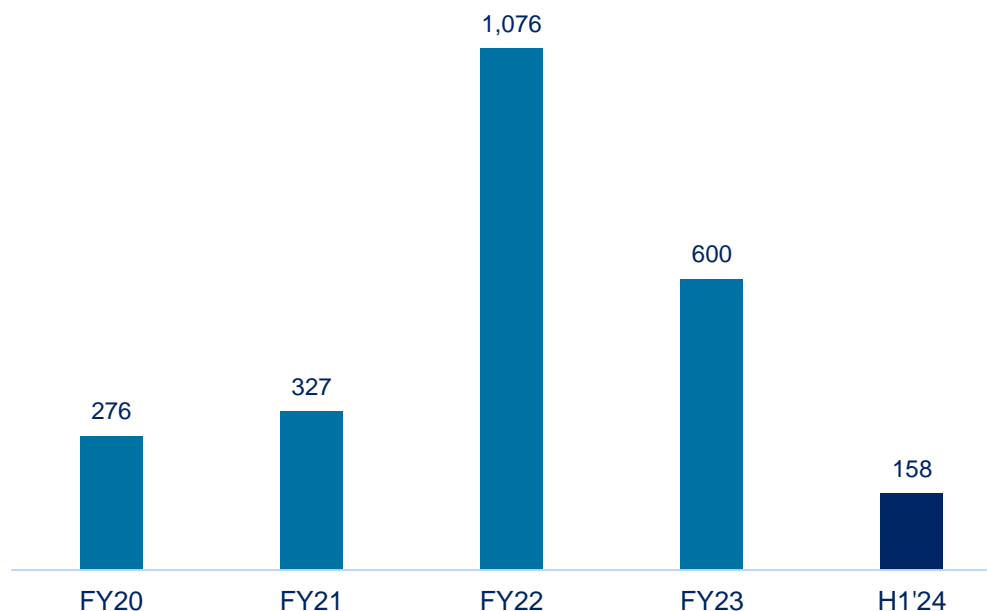
Dividend Policy:

- 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

Dividend Distribution:

- **H1 2024:** The Group distributed a dividend of AED 157.5 million to the shareholders, which was paid subsequently on October 16th 2024. Implied annualized dividend yield as of closing price of AED 0.997 per share on September 30th 2024 is **4.2%**

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 through **WWCE**


3 Digital Innovation




Continued investment in **Al Ansari Exchange App**



Create a **digital marketplace ecosystem**



Smart counters in branches




Further expanding **pre-paid cards offering**

progress



1 Physical Network Expansion




Opened **15 net new** branches since September 2023


Total 263 branches as of September 2024

95% of the branches are profitable

2 Geographic Expansion



- Al Ansari Exchange Kuwait (“AAEK”) integration with Oman Exchange is **completed**
- AAEK to be acquired by AAFS by Q4'24, synergies to be realized by Q1'25



- BFC Group is currently in the closing process with an expected closing date by end of Q1'25
- Post closing, we expect to complete the integration process and realize the synergies between Q1'26 – Q3'26

3 Digital Innovation

46% Growth in Number of Smart Counters (vs. 9M'23)	16% Growth in Newly Issued Pre-paid Cards (vs. 9M'23)
13% Growth in Number of Active App Users (vs. 9M'23)	Digital Wallet 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 9M'24 period.

Clear Growth Strategy Centered on 6 Pillars (continued)

4

Margin Increases



Scope to **increase margins** given the quality of the services, market leadership position and growing digital capabilities

5

Corporate Cross-border Remittances



c.370K
SMEs active in the UAE

190K
registered SME customers for WPS offers a valuable cross-selling tool

Big Market Opportunity
for SME cross-border remittances

6

CashTrans



Planned and ongoing investments for **central warehouses**, additional **vehicles** and dedicated **ERP system**

progress



4

Margin Increases



Raised remittance fees by a minimum of 15% in select corridors. The increase has been in effect since April 2024

5

Corporate Cross-border Remittances



Significant increase in the number of new customers

Number of outward corporate remittance transactions increased by 11% in 9M'24



Launched **eExchange**, a web-based portal for corporates to perform transactions

6

CashTrans



56
External Customers



49
Armored Vehicles



1
Cash Processing Facility
2.4 bn notes per day



263
Cash Hubs

06

Guidance

- Short to Mid Term Guidance
- Key Takeaways

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.

Key Takeaways from Q3 2024 and 9M 2024



Upward Performance Trend

Q3'24 results demonstrate the start of the recovery trend in the Company's overall performance



Alignment with Regulators

Positive results from the active discussions with regulatory bodies in the UAE to address key market challenges such as the parallel markets and predatory pricing



Actionable Pipeline

Strong pipeline of strategic initiatives are well underway including Digital Wallet, BFC acquisition, Corporate Services as well as other projects



Margin Improvement

Cost optimization plans are in place to restore EBITDA margin profile to pre-IPO levels without compromising on quality of service





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Thank you
