



الأنصاري للخدمات المالية
ش.م.ع.
AL ANSARI FINANCIAL SERVICES
PJSC

Al Ansari Financial Services PJSC

Investor Presentation Q4 and FY 2023

14 Feb 2024

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Today's Presenters



Rashed A. Al Ansari
Group Chief Executive Officer



Mohammad Bitar
Deputy Group Chief Executive
Officer



Faisal Anwar
Group Chief Financial Officer

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Financial and Q4 2023 Highlights



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2023 Key Highlights

9% growth in **Non-Remittance Operating Income** amid positive increase in diverse business streams.

Operating Income for the Group showed a marginal decline for the full-year 2023 by -1.9% year on year (YoY), attributed to a decline in the **Remittance** business.

Expansion in line with group's strategy and ambition, solidifying its market leadership position and regional plans.

FY'23 Operating Income YoY

-1.9%

FY'23 No. of Transactions YoY

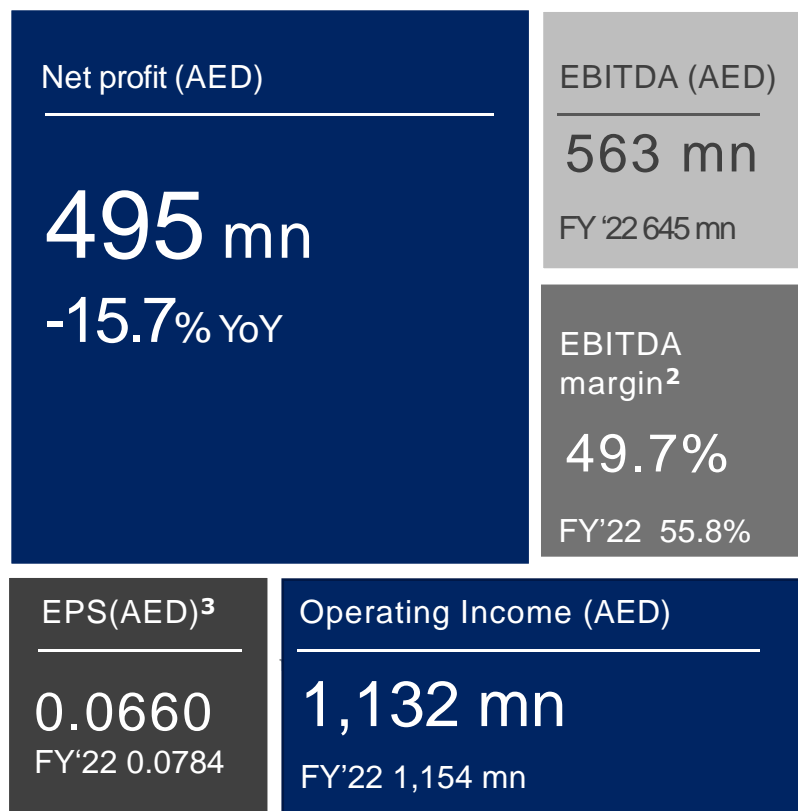
+8.5%

FY'23 EBITDA YoY

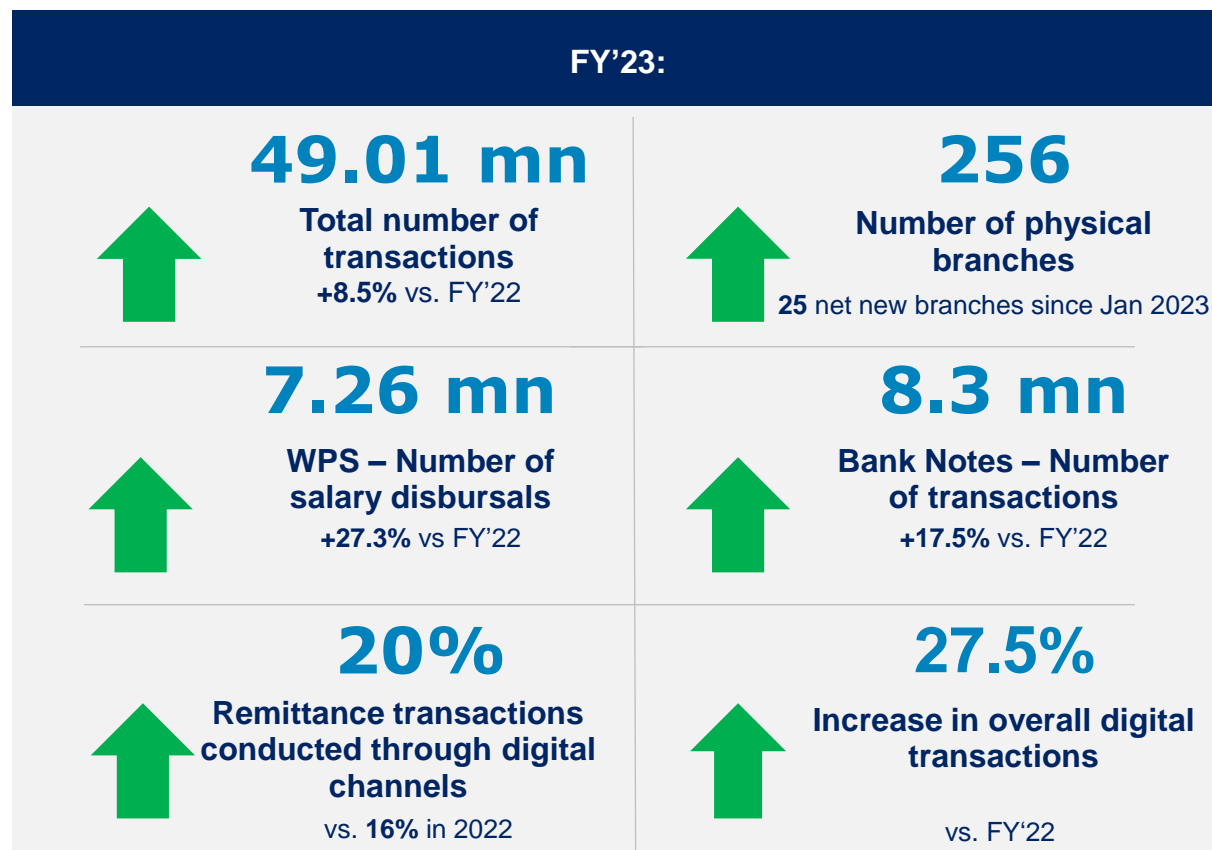
-12.7%

2023 Financial & Operating Performance¹ Snapshot

Financial Performance



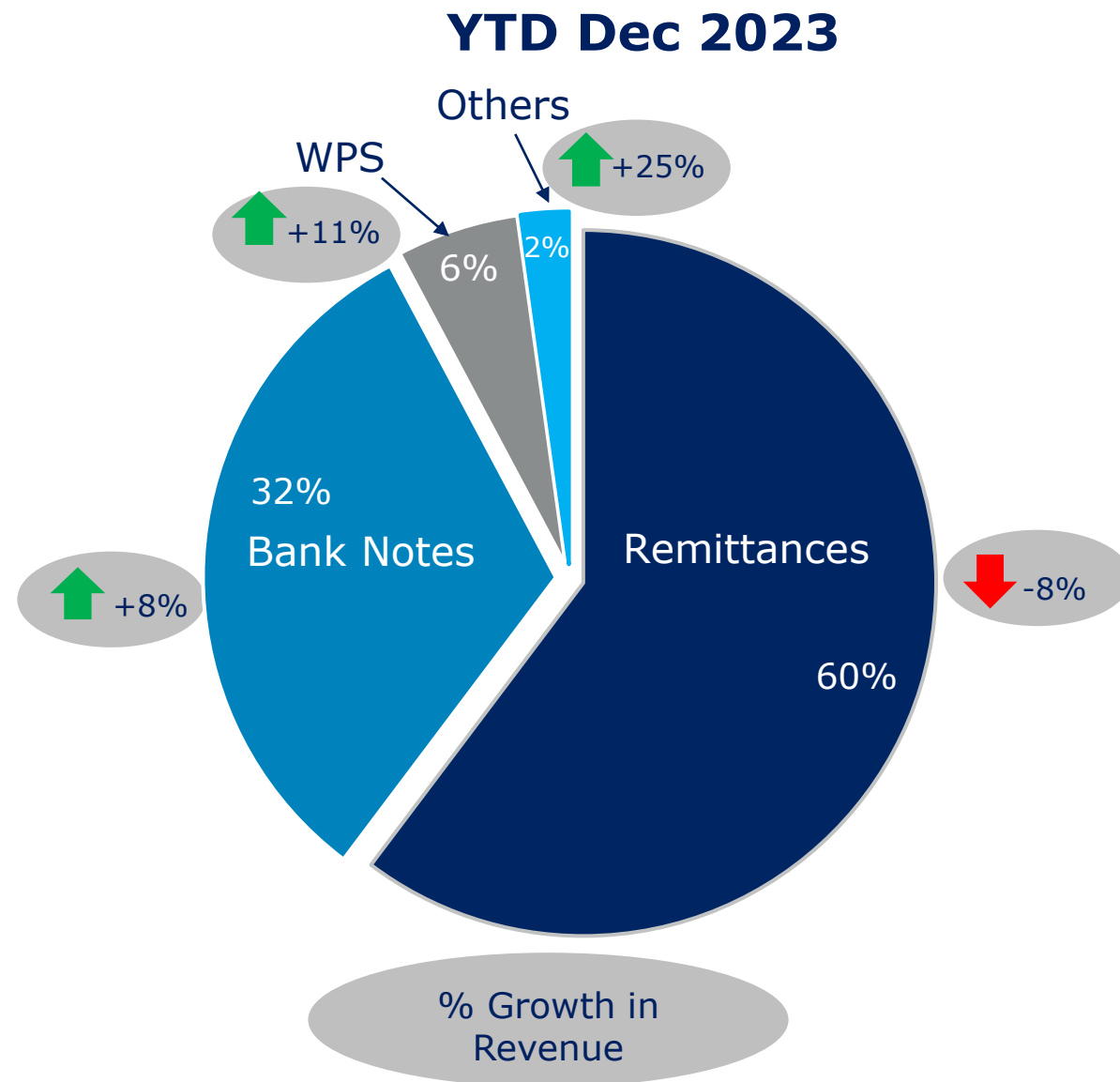
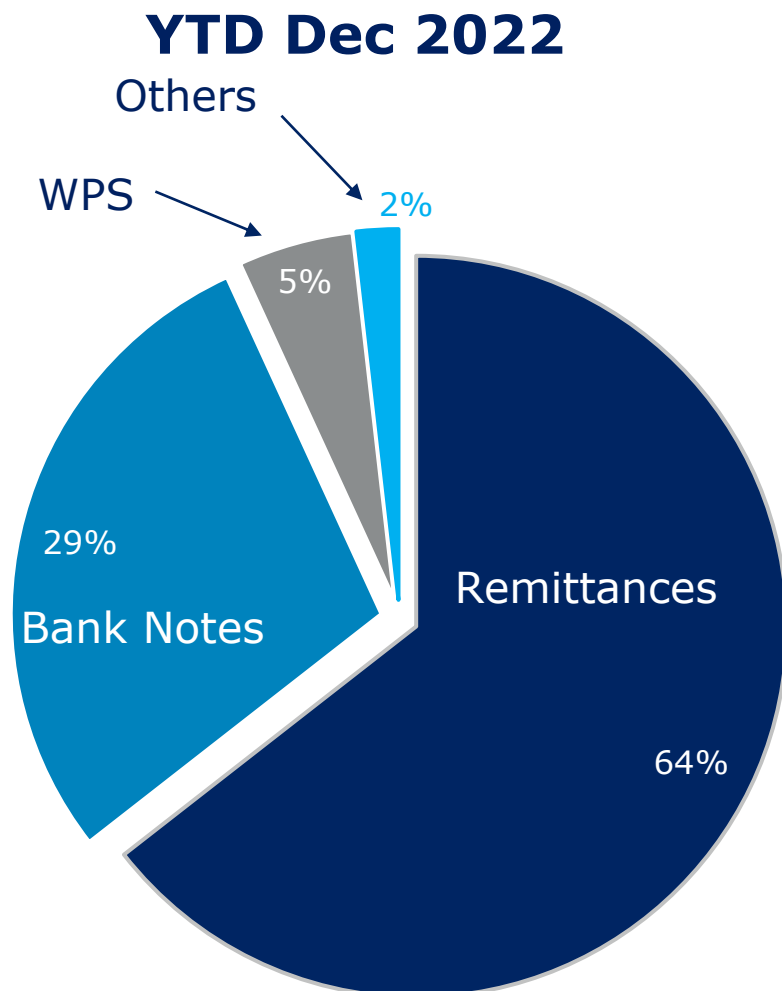
Operating Performance



(All figures in AED millions, unless otherwise stated)

- 1) Based on continued operations only (Excluding the comparative results from discontinued business)
- 2) EBITDA Margin is defined as EBITDA divided by operating income
- 3) Earnings per share

Revenue Contribution



1) Based on continued operations only (Excluding the comparative results from discontinued business)

Income Statement Overview

Income Statement	Q4'23	Q4'22	% change	YTD Dec-23	YTD Dec-22	% change
Net gain on currency exchange	129,809	152,864	(15.1%)	541,678	607,070	(10.8%)
Net commission income	138,977	150,654	(7.8%)	590,424	547,410	7.9%
Operating income	268,786	303,518	(11.4%)	1,132,102	1,154,480	(1.9%)
Interest and other income	10,506	10,210	(1.3%)	30,374	15,823	92.0%
Salaries and benefits	117,011	110,219	6.2%	450,725	406,607	10.9%
Other operating expenses	50,870	43,055	18.2%	203,235	173,732	17.0%
Finance cost	4,025	719	249.7%	13,327	2,306	477.9%
Profit from continued operations	107,386	159,735	(32.8%)	495,189	587,658	(15.7%)
Profit from discontinued operations		1,524	(100.0%)	-	7,637	(100.0%)
EBITDA ¹	124,289	169,616	(26.7%)	563,156	644,726	(12.7%)
EBITDA Margin ¹	46.24%	55.88%	(9.6%)	49.7%	55.8%	(6.1%)

1) Based on continued operations only (Excluding the comparative results from discontinued business)

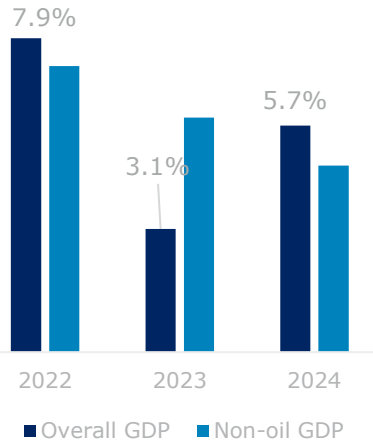
Commentary

- **Net gain on currency exchange** saw a dip of 10.8% year on year (YoY) due to a decrease of 13% in Outward Personal Remittance volumes. During 2023, the retail Bank Notes, wholesale Bank Notes and Prepaid Card volumes have grown by 14%, 14% and 32% respectively, offsetting the softness seen in the Remittance business.
- The increase in the **net commission income by 7.9%** in line with the overall transaction growth on all products, increasing by 8.5%.
- **Interest income** saw a sharp growth driven by interest earned on overnight call accounts placed with CBUAE as interest rates have increased to 5.4% during 2023
- **The increase in salaries and benefits** was due to 13% rise in the number of employees directly related to the opening of 25 new branches since 2023 and 81% increase in number of Emirati Nationals to support of the Government's Emiratization initiative.
- The rise in **Finance Cost** was driven by the interest paid on the AED 300 mn term loan drawdown on 29 December 2022 and bank overdraft facilities availed during the year
- **Profit from discontinued operations** relates to profits from Al Ansari Real Estate LLC and Al Ansari Financial Brokerage LLC which were carved out last year as part of the Group restructuring, pre IPO.
- **EBITDA** decreased by 12.7% YoY to AED 563 million with a steady **EBITDA Margin** near 50% despite notable increase in the cost base (Industry average EBITDA Margin is <30%)

Our home market, the UAE, continues to perform exceptionally

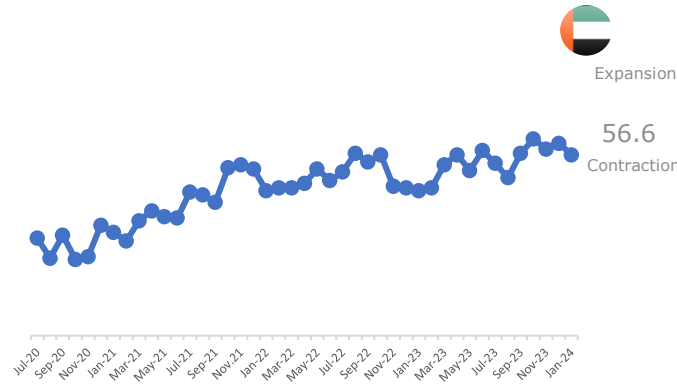
UAE's economy remains resilient

GDP Growth Forecast



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

UAE PMI



Source: S&P Global, UAE PMI Survey February 2024

Performing exceptionally on all economic fronts

**UAE's
Non-oil GDP showed a
growth of 5.9% in 9M
2023**

The UAE economy is forecast to grow 3% in 2023 and 4% in 2024, driven by the non-oil sector (tourism, government initiatives, and technological advancements) (S&P)

**28% growth in new foreign
investment projects in the
UAE during 2023 compared
to the previous year
*UNCTAD**

The UAE was ranked first globally in more than 215 indexes related to development, economy and human capital, according to international reports.

Underpinned by pro-growth and diversification government-led initiatives



UAE Tourism Strategy 2031

**Raise tourism contribution of GDP
to AED 450bn by 2031**



National SME Programme

**The UAE recorded 557 K SMEs end
of 2022 targeting 1 mn SMEs by
2030**

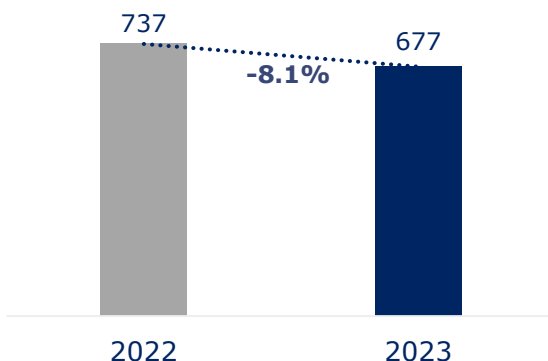


Operation 300bn

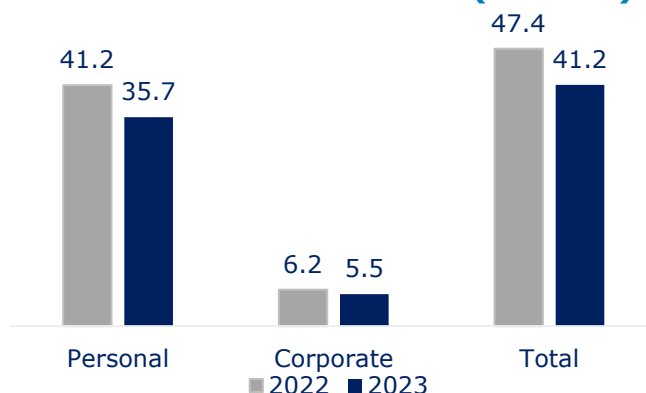
**Aims to raise the industrials
sector's contribution to the GDP to
AED 300 bn by 2031**

Remittances: 2023

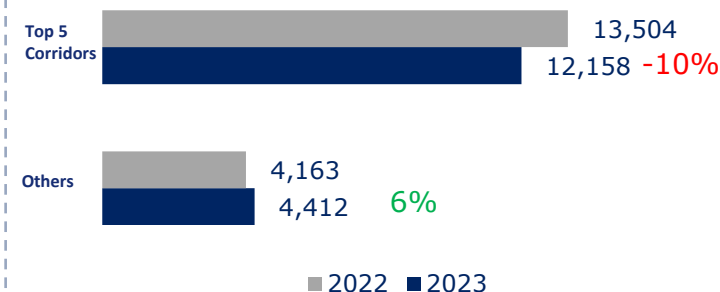
Operating Income (AED mn)



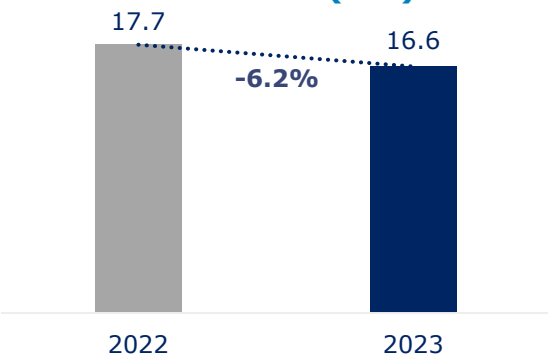
Value of Transactions (AED bn)



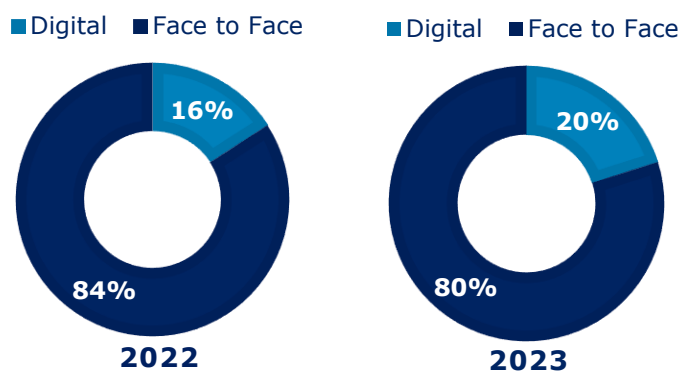
Outward Personal Remittances-Transactions ('000)



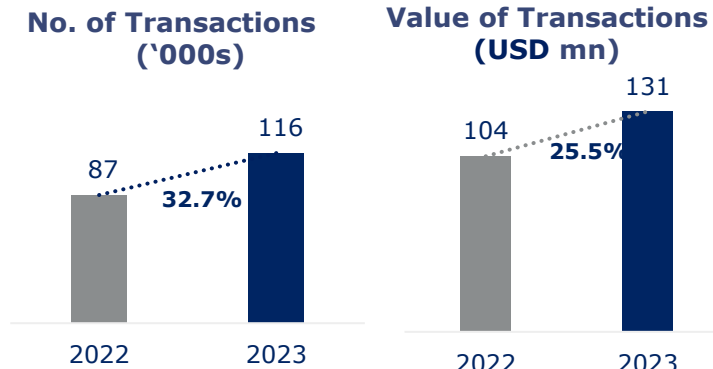
Outward Personal No. of Transactions (mn)



Digital vs. Face to Face



Worldwide Cash Express (WWCE)



A decrease in outbound personal remittances led to a reduction in operating income.

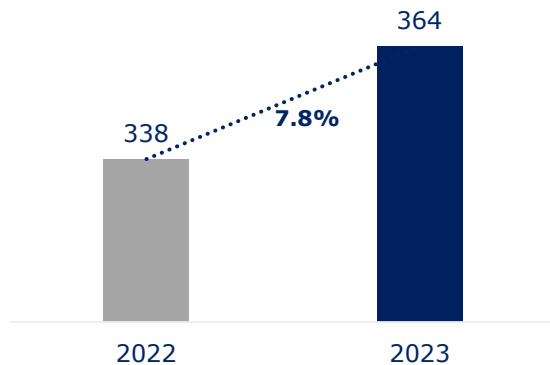
Our top 5 corridors collectively contributed to the decline, owed to the rise of parallel currency markets in some countries, partially offset by an increase in other corridors

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

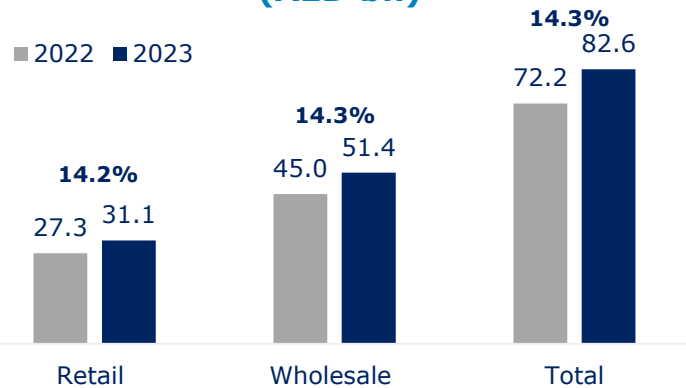
Source: Company data. Notes: (1) Digital remittance transactions calculated on outward remittances.

Bank Notes & Prepaid Cards: 2023

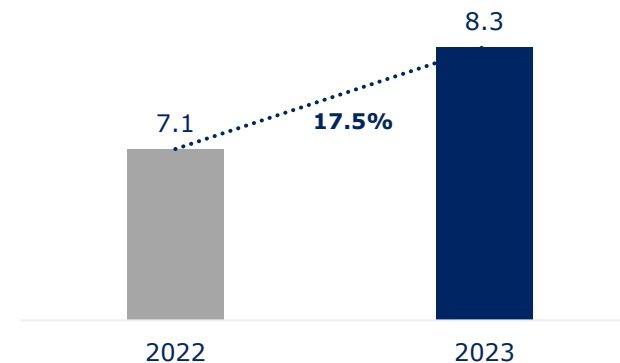
**Operating Income
(AED mn)**



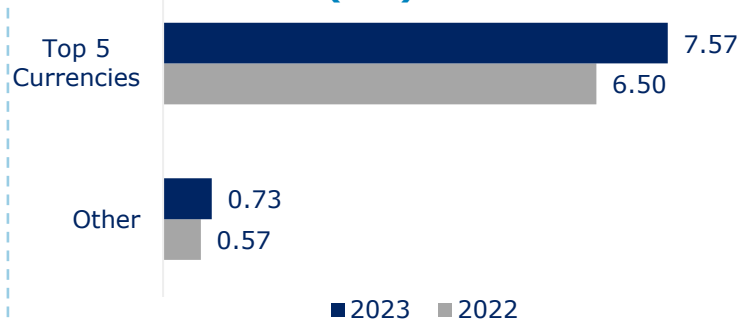
**Bank Notes Value of Transactions
(AED bn)**



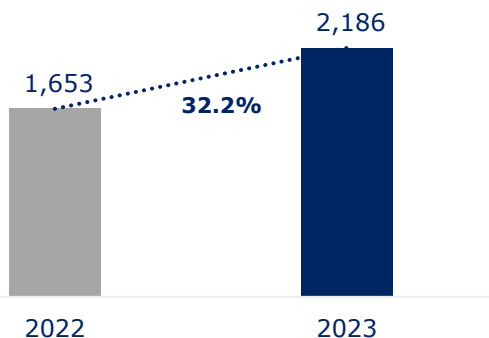
**Bank Notes No. of Transaction
(mn)**



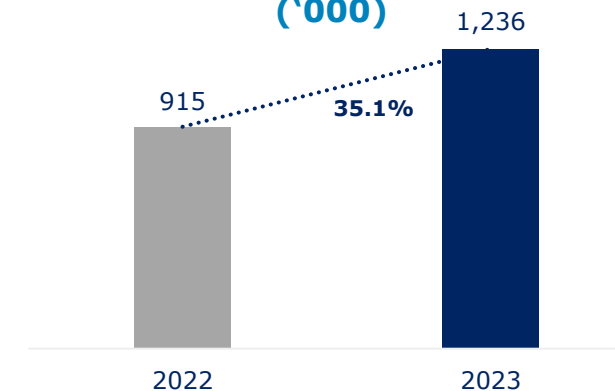
**No. of Transactions for Major
Currencies in Bank Notes
(mn)**



**Prepaid Cards Value of Transactions
(AED mn)**



**Prepaid Cards No. of Transactions
(`000)**



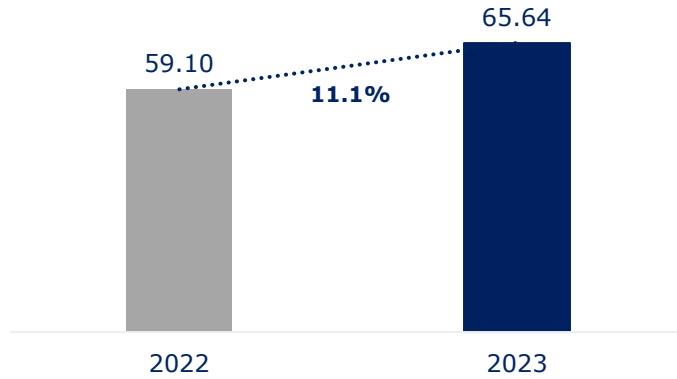
Consistent growth operating income underpinned by booming tourism and exceptional growth in the wholesale business.

Contribution from the wholesale business increasing driven by foreign and domestic sales.

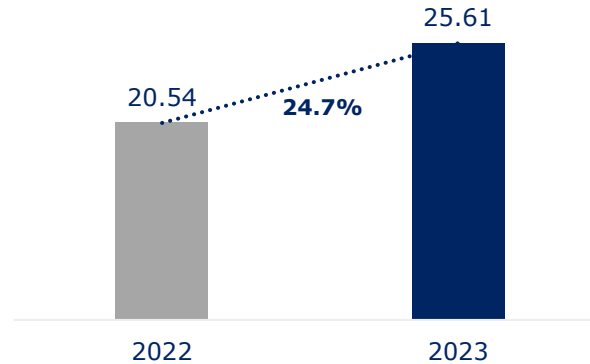
Accelerated growth in multi-currency Prepaid cards, on the back of strong demand and increase in outbound tourism.

WPS and Other Products & Services: 2023

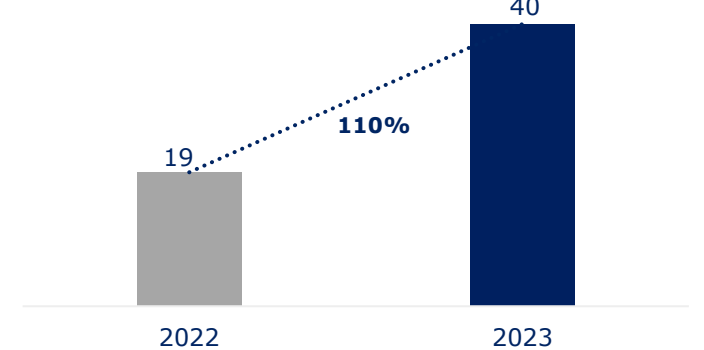
WPS Operating Income (AED mn)



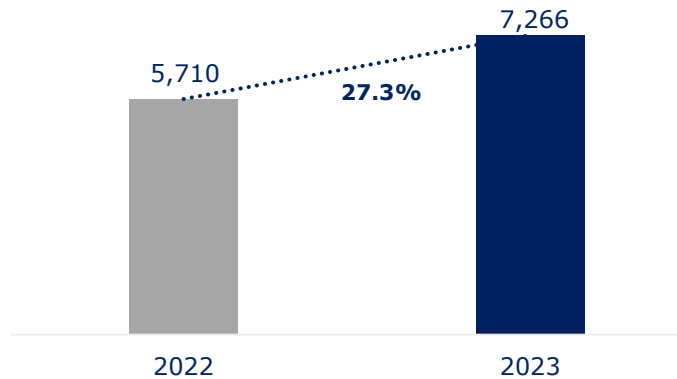
Other Products & Services (AED mn)



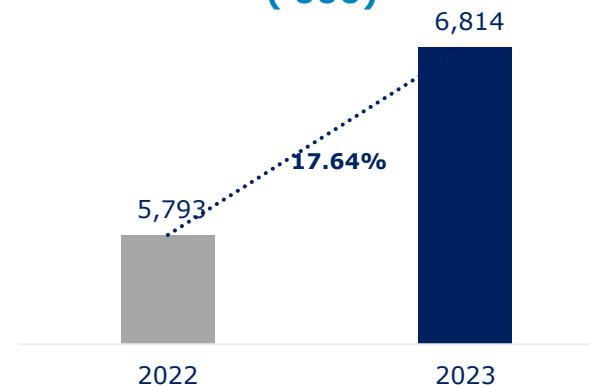
**CashTrans
(End-to-end cash management)
No. of external customers**



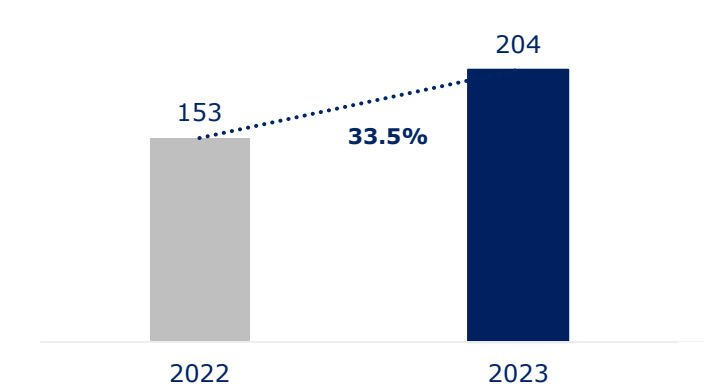
WPS Salary Disbursals ('000)



**Bill Collection No. of Transactions
('000)**



CashTrans No. of Trips ('000)



WPS operating income surge owed to 21% increase in number of customers and 27.3% increase in salary disbursals

Bill collection transactions increase is due to onboarding of 13 new bill collection companies

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

Balance Sheet Overview

	Dec'23	Dec'22	% change
Right of use assets	92,031	67,235	36.9%
Property and Equipment	71,926	53,404	34.7%
Cash in hand, Due from banks and exchange houses	2,761,476	2,498,237	10.5%
Other assets ¹	168,735	144,574	16.7%
Total assets	3,094,168	2,763,450	12.0%
Trade and other payables	742,103	644,712	15.1%
Bank borrowings	325,000	348,750	(6.8%)
Lease liabilities	82,696	57,623	43.5%
Other liabilities ²	142,950	106,135	34.7%
Total liabilities	1,292,749	1,157,220	11.7%
Shareholder's equity	1,801,419	1,606,230	12.2%

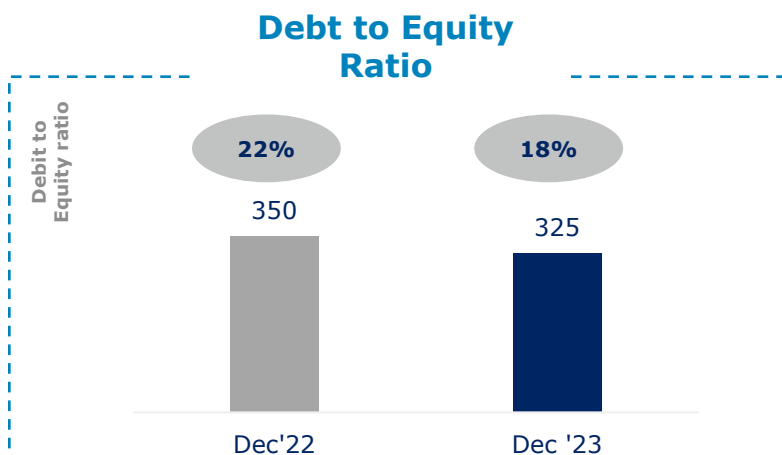
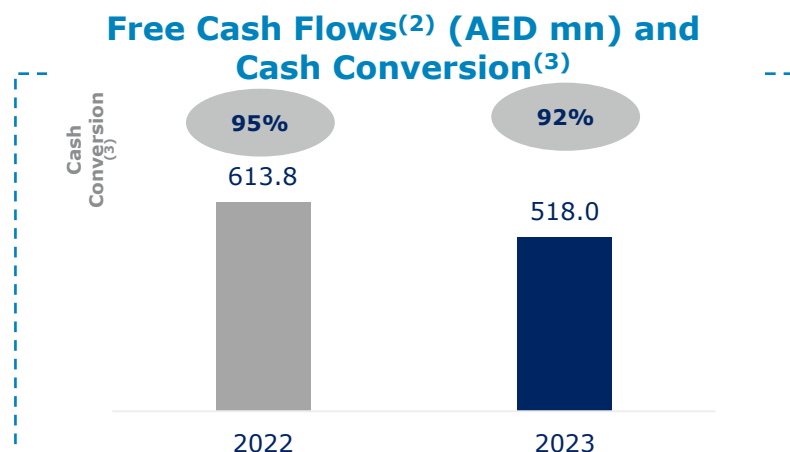
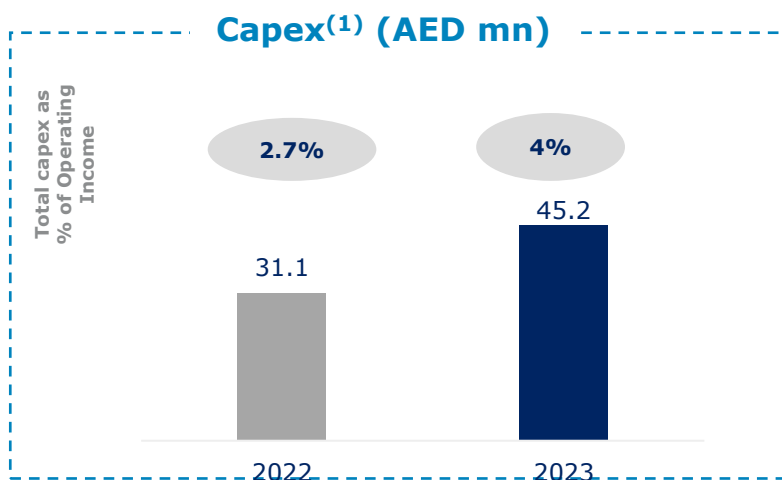
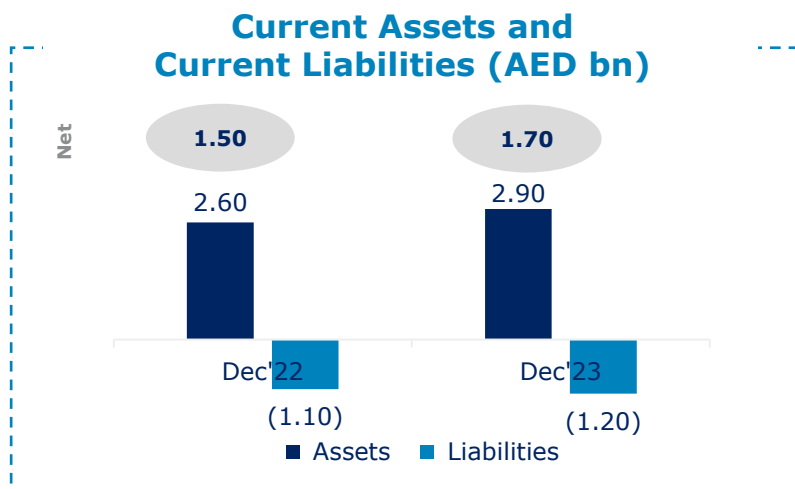
Commentary

- The increase in **Right of Use assets** by 36.9% can be attributed to two factors: the renewal of the Head Office lease for an additional six years (with a related party) and the inclusion of new branches (25).
- The rise in **Property and Equipment** is a result of the capital expenditure for the development of new and upcoming branches.
- The primary reason for the 16.7% increase in **Other Assets** is the rise in commissions, incentives and bills receivables.
- **Trade and other payables** increased by 15.1%, driven by payables in respect of prepaid Travel card & WPS.
- **Bank borrowings** were temporarily availed at year end to fund the operations.
- **Lease Liabilities** witnessed a 43.5% increase inline with the right-of-use assets (see above)
- **Other Liabilities** rose by 34.7% 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 year end the Group average cash requirements for remittances and bank notes ranged from 3-4 days and 3-7 days (already net of customer cash), respectively.
- Management also considers a buffer of 25% given the company's business has significant infra-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 2.5-4% of total revenues) .
- Decrease in cash generation in 2023 due to decrease in **EBITDA** of 12.7% with c. 92% cash conversion rate
- Debt to equity ratio slightly reduced from 22% to 18%.

Notes: (1) Capex includes Purchase of Property and Equipment; (2) Calculated as EBITDA – Capex; (3) Calculated as (EBITDA – Capex) / EBITDA

Dividend Policy

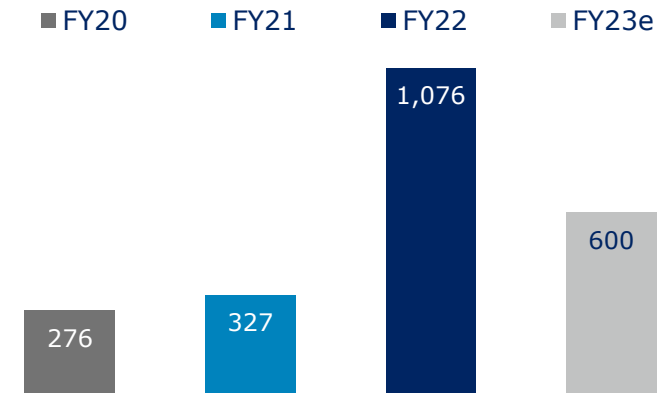
- **Minimum Annual Dividends:**

- **FY 2023:** The Group expects to pay a dividend amount of AED 600 million for the 2023 FY, with AED 300 million that was paid in November 2023 and the remaining AED 300 million to be paid in April 2024 pending shareholder's approval at the upcoming AGM.
- Thereafter it expects to pay (on a semi-annual basis in Apr. and Oct. of each year) a minimum of 70% of the net profit generated.

- **Additional Annual Dividends:** The Company continues to evaluate accretive investment opportunities for growth. In the absence of suitable opportunities that meet the target investment criteria and returns, the Company will consider distributing higher dividends than the Minimum Annual Dividends stated above

- Implied dividend yield as of closing price of AED 1.06 per share on 31 December 2023 based on AED 600 million dividend payout is **7.55%**

Historical Dividends (AED mn)



- The Board of Directors recommended a dividend of AED 0.04 per share to be approved by the shareholders at the upcoming Annual General Meeting,

(1) Dividend payout calculated on "Profit for the year" of the same year

Growth Strategy & Guidance



Al Ansari Financial Services

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
Secured regulatory Approval for the acquisition of majority stake in Oman based Exchange house



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

3 Digital Innovation



Continued investment in **Al Ansari Exchange App**

Smart counters in branches



Create a **digital marketplace** ecosystem

Further expanding **pre-paid cards** offering



progress



1 Physical Network Expansion

Opened **25 net new** branches in 2023.

- 256** branches in total. **92.6%** of the branches are profitable
- Secured CBUAE approval for additional **15 branches in 2024**

2 Geographic Expansion



- Al Ansari Exchange Kuwait (AAEK) integration with Oman Exchange is ongoing.
- AAEK to be consolidated into AAFS by Q1 2024, synergies to be realised Q2 2024



- Secured regulatory approval for the acquisition of majority stake in Oman based Exchange house.

3 Digital Innovation

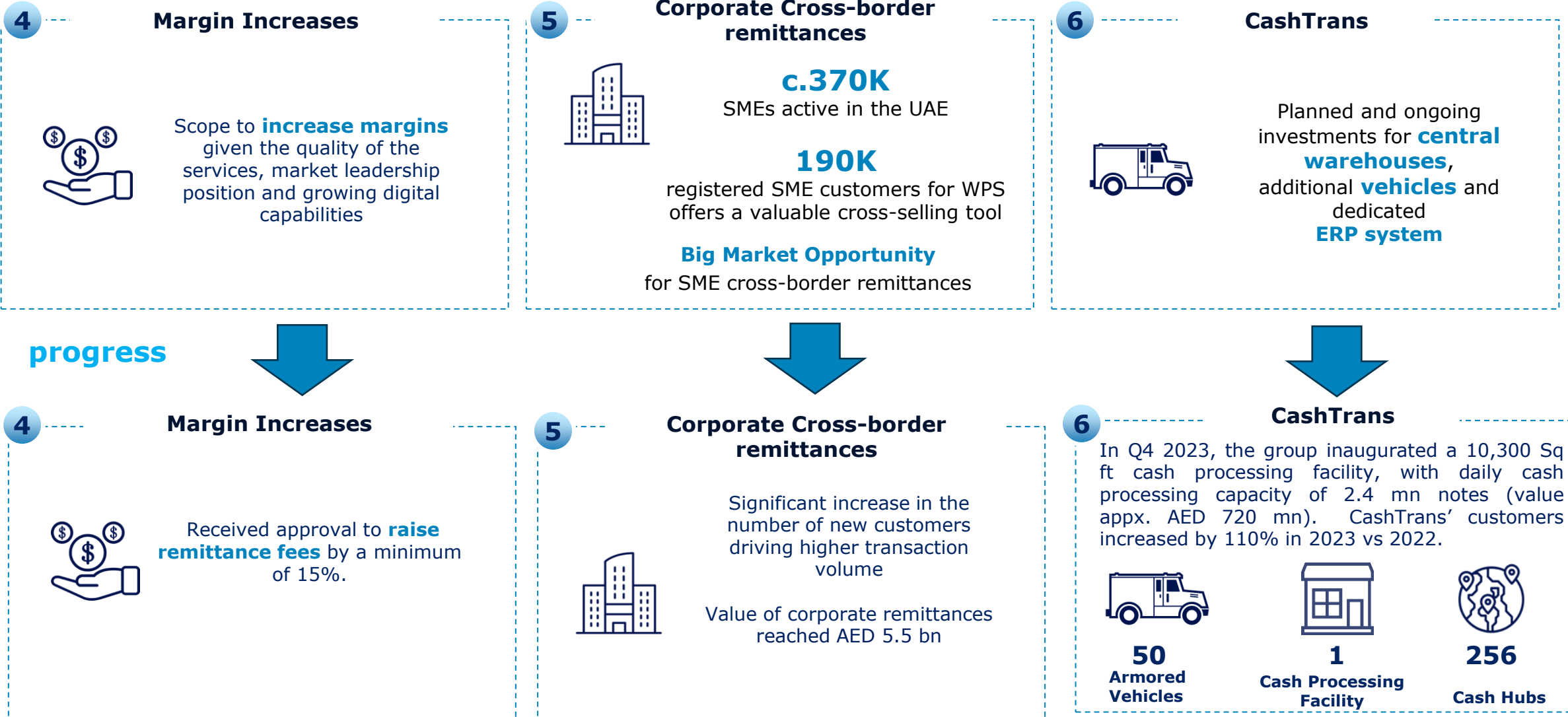
■ FY'23
■ FY'22



Al Ansari Digital Pay

- Received digital wallet license from CBUAE

Clear growth strategy centered on 6 pillars



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	Lower single digit growth Low-to-mid teens	Short-term Mid-term
Bank Notes Income	High teens	Short-term
WPS and other products	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)	Short-term
	Low to mid teens (Annual growth rate)	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



AI Ansari Financial Services

Thank You

