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ش.م.س.
AL ANSARI FINANCIAL SERVICES
PJSC

Al Ansari Financial Services PJSC

Investor Presentation Q3 2023

09 Nov 2023

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Today's Presenters



Rashed A. Al Ansari
Group Chief Executive Officer



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Deputy Group Chief Executive
Officer



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9M 2023 Financial Highlights



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9M 2023 Key Highlights

 **NON-REMITTANCE OPERATING INCOME** WITNESSED REMARKABLE GROWTH

 STEADY GROWTH IN **TOTAL OPERATING INCOME** AND AN IMPRESSIVE INCREASE IN **TOTAL TRANSACTIONS**

 **BANK NOTES** BUSINESS EXHIBITED A CONSISTENT UPWARD TREND

 **WPS** GROWTH REMAINED THE STAR OF THE SHOW

 **PREPAID CARDS** EXPERIENCED A SURGE IN DEMAND

 **CORPORATE BUSINESS** ² MAINTAINED A POSITIVE TRAJECTORY

 **DIGITAL CHANNELS** ³ SOARED TO NEW HEIGHTS

 FAST PACED PROGRESS WITH **NETWORK EXPANSION PLANS**

 **OVERHEADS AND EXPENSES** SURGE, IMPACTING BOTTOM LINE

 **NET PROFIT** DROPPED AMID RISE IN EXPENSES

9M'23 Operating Income YoY

+1.5%

9M'23 No. of Transactions YoY

+10%

9M'23 EBITDA YoY

439 ^{AED} mn

9M'23 Net Profit

388 ^{AED} mn

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

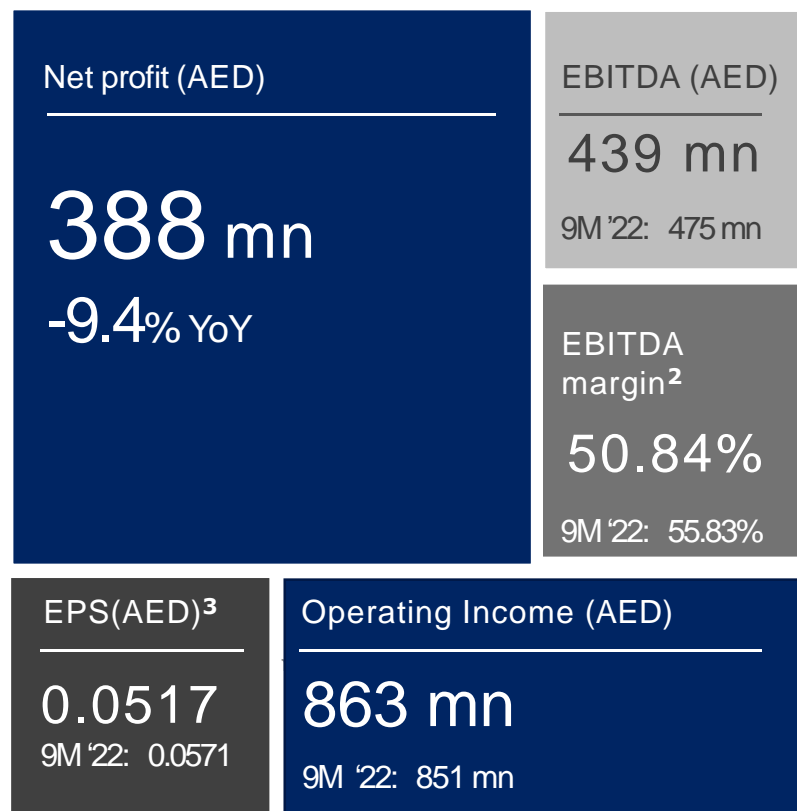
2) B2B business or Corporate business includes business transacted by Corporate customers including Remittances, Banks Notes, WPS and Bill Collection

3) Digital business includes all transactions conducted through digital channels including Remittances, Travel Card, WPS and Bill Collection

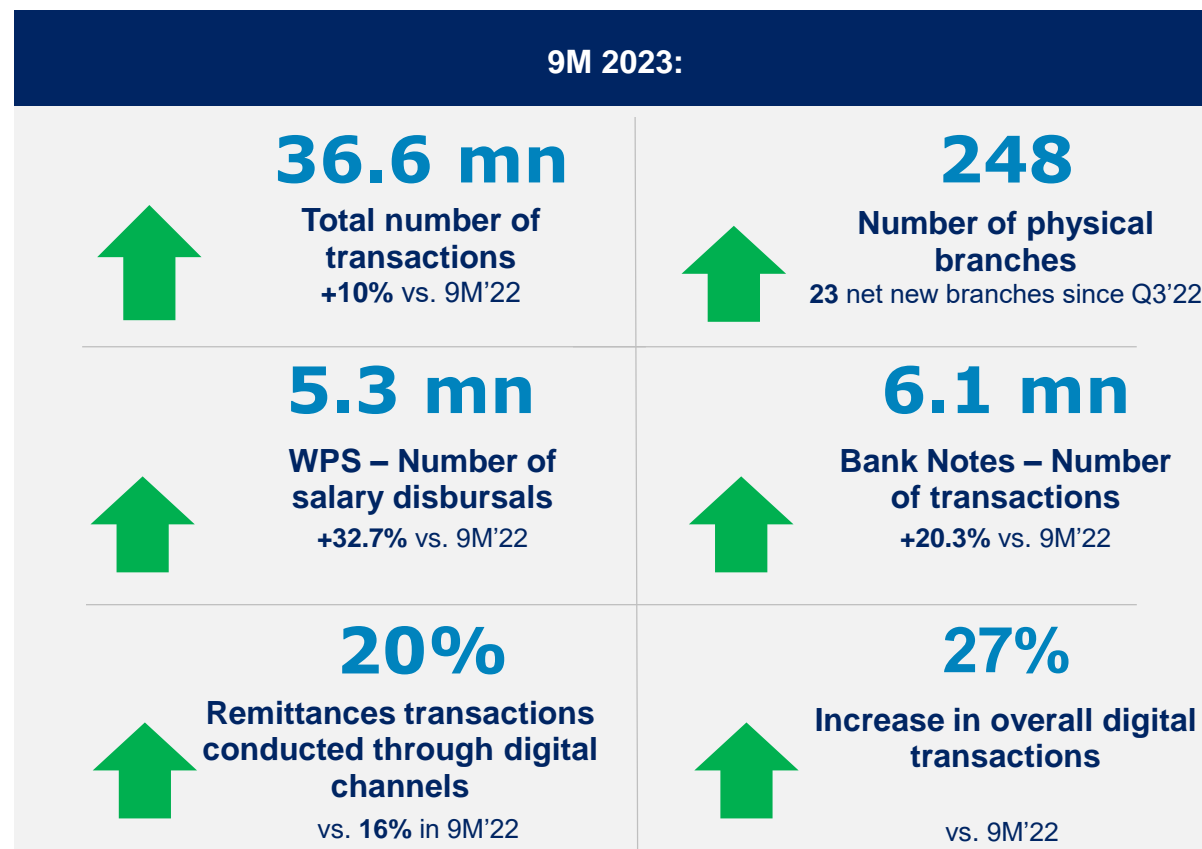


9M Financial & Operating Performance¹ Snapshot

Financial Performance



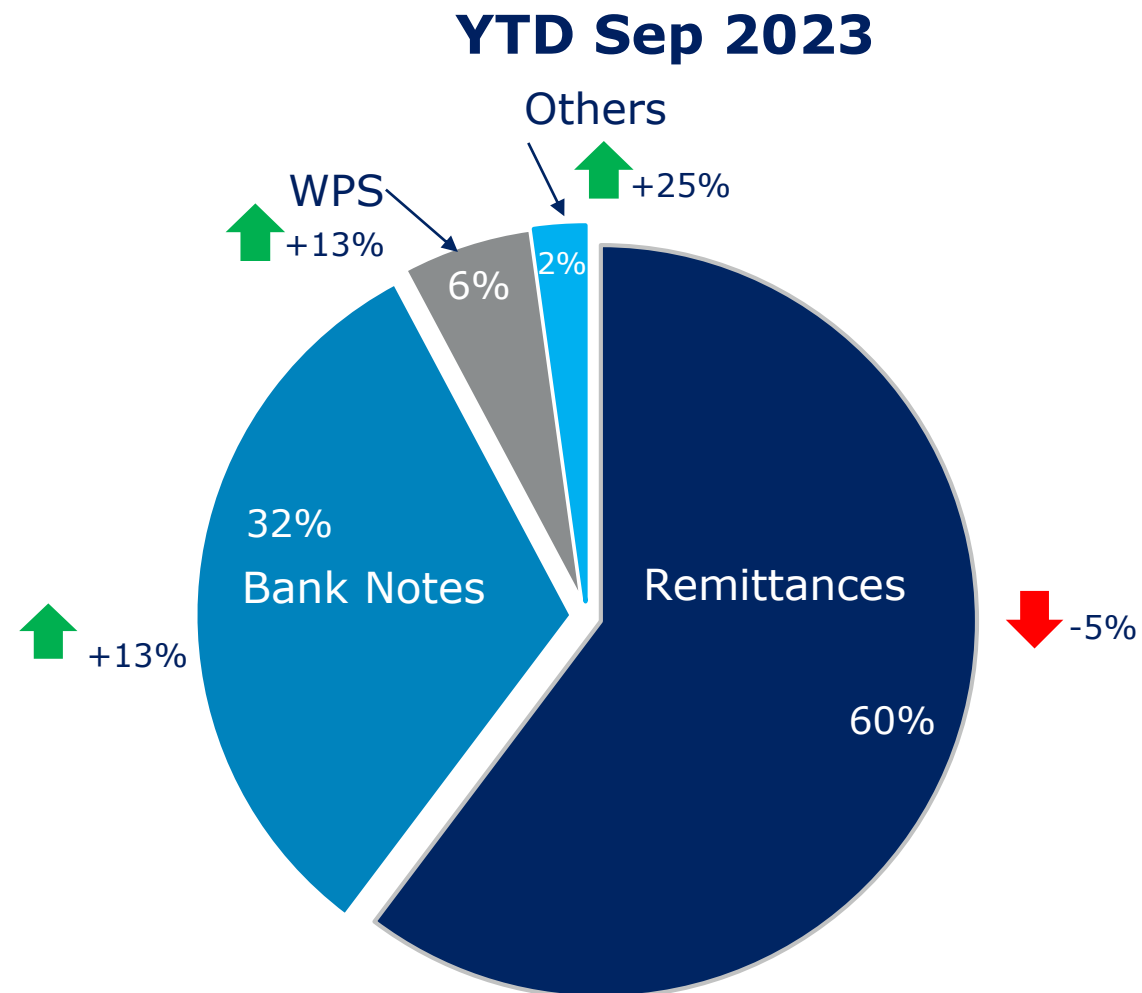
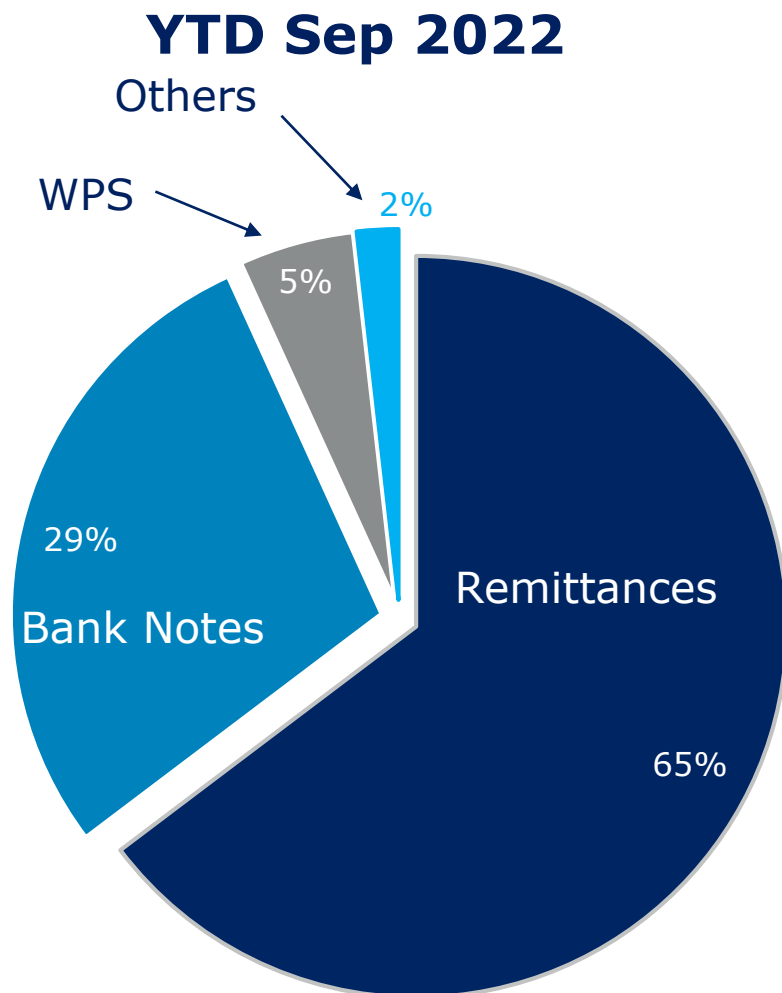
Operating Performance



(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	Q3 '23	Q3 '22	% change	9M '23	9M '22	% change
Net gain on currency exchange	131,262	164,524	-20.2%	411,869	454,206	-9.3%
Net commission income	154,028	135,677	13.5%	451,447	396,756	13.8%
Operating income	285,290	300,201	-5.0%	863,316	850,962	1.5%
Interest and other income	7,541	3,010	150.5%	19,868	5,613	>100%
Salaries and benefits	113,844	99,466	14.5%	333,714	296,388	12.6%
Other operating expenses	52,794	45,135	17.0%	152,365	130,677	16.6%
Finance cost	1,683	656	156.6%	9,302	1,587	>100%
Profit from continued operations	124,510	157,954	-21.2%	387,803	427,923	-9.4%
Profit from discontinued operations	-	2,127	-100.0%	-	6,113	-100.0%
EBITDA ¹	140,247	174,177	-19.5%	438,867	475,109	-7.6%
EBITDA Margin ¹	49.16%	58.02%	-8.9%	50.84%	55.83%	-5.0%

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

Commentary

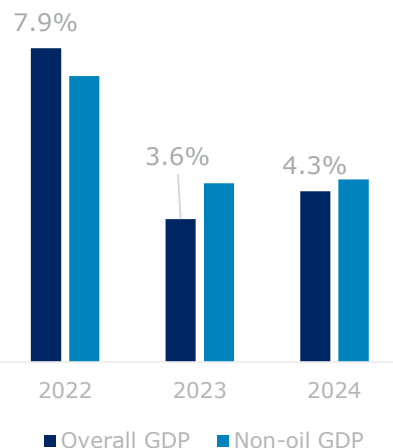
Net gain on currency exchange saw a dip of 9.3% year on year (YoY) due to a decrease of 15% in Outward Personal Remittance volumes. During 9M '23 2023, the retail Bank Notes, wholesale Bank Notes and Prepaid Card volumes have grown by 16%, 19% and 35% respectively, offsetting the softness seen in the Remittance business.

- The increase in the **net commission income by 13.8%** in line with the overall transaction growth on all products, increasing by 10%.
- 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 Q3 2023 compared to 3.2% p.a. during same period last year.
- The increase in salaries and benefits** was due to 12% rise in the number of employees directly related to the opening of 23 new branches since Q3 2022 and 59% 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 7.6% YoY to AED 439 million with a steady **EBITDA Margin** near 51% despite notable increase in the cost base (Industry average EBITDA Margin is <30%)

Our home market, the UAE, continues to perform exceptionally

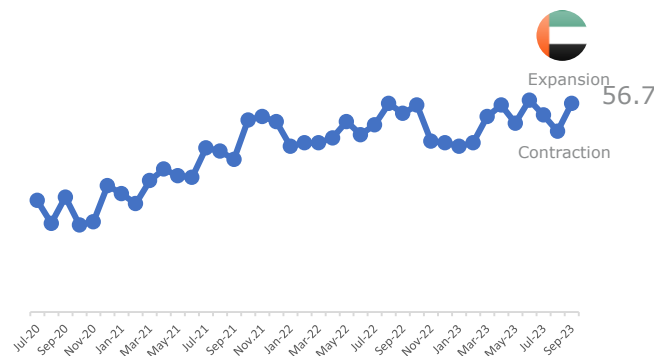
UAE's economy remains resilient

GDP Growth Forecast



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

UAE PMI



Source: S&P Global, UAE PMI Survey Sep 2023

Performing exceptionally on all economic fronts

H1 2023 GDP expanded 3.7% YoY, with non oil GDP increasing by 5.9% YoY

UAE ranks 4th globally in international tourist spending in 2022 amounting to AED 224 billion

UAE rated world's second most economically stable country

Increase in Dubai's population to all time high, surpassing 3.6 million.

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

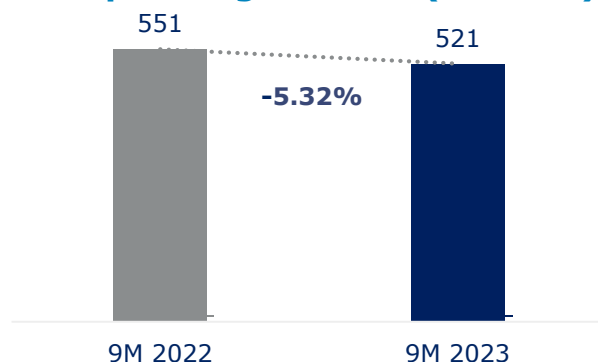


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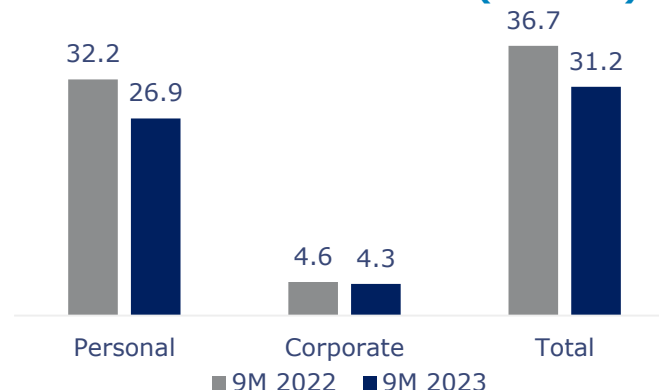
Expects 70,000 visitors 198 Parties (negotiators from 197 States and the EU)

Remittances: 9M 2023

Operating Income (AED mn)



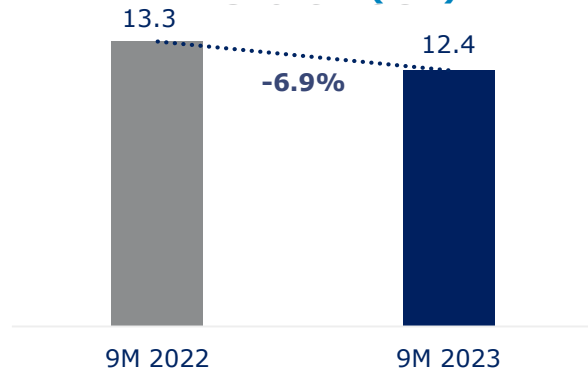
Value of Transactions (AED bn)



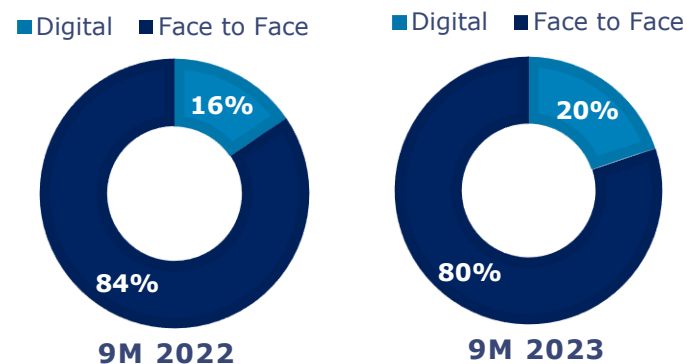
Outward Personal Remittances- Transactions ('000)



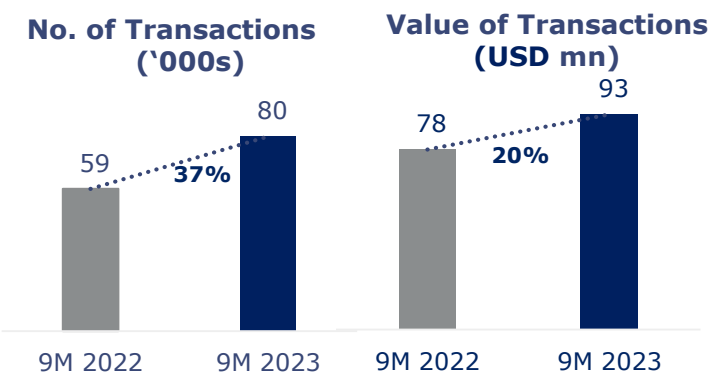
Outward Personal No. of Transactions (mn)



Digital vs. Face to Face



Worldwide Cash Express (WWCE)



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

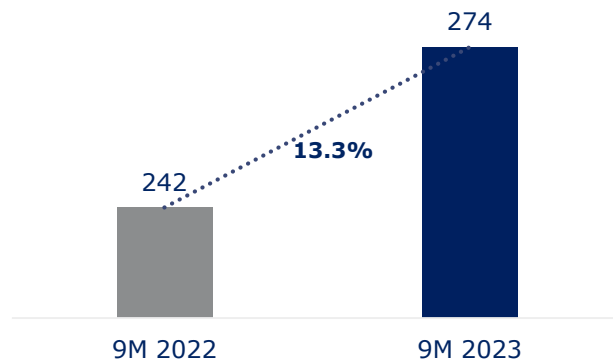
Out top 5 corridors collectively contributed to the decline, owed to the rise of parallel currency markets in some countries, partially offset by an increase in other corridors

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

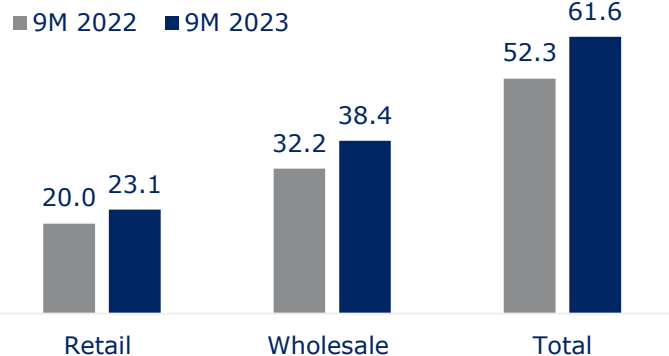
Source: Company data. Notes: (1) Digital remittance transactions calculated on outward remittances.

Bank Notes & Prepaid Cards: 9M 2023

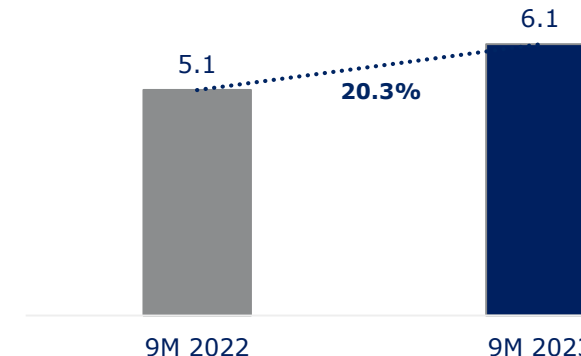
**Operating Income
(AED mn)**



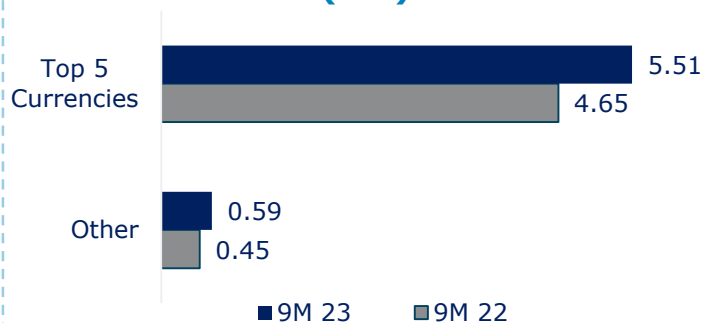
**Bank Notes Value of Transactions
(AED bn)**



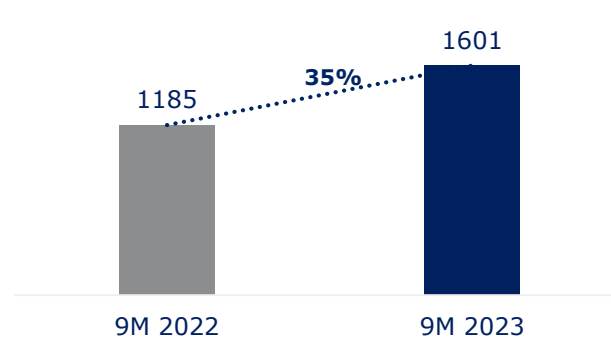
**Bank Notes No. of Transaction
(mn)**



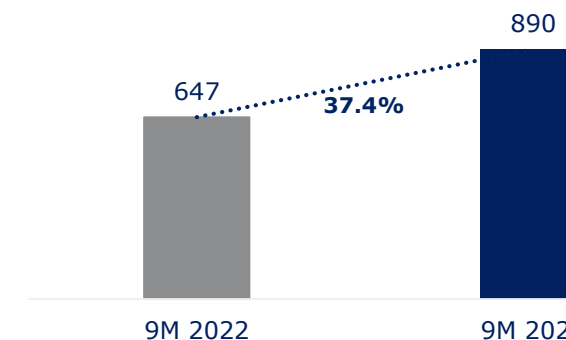
**No. of Transactions for Major
Currencies in Bank Notes
(mn)**



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



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



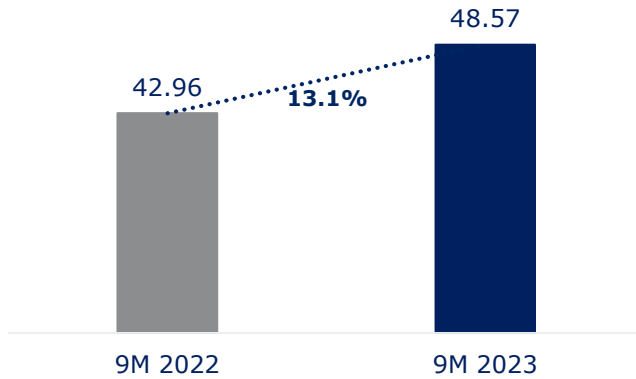
Consistent growth operating income underpinned by booming tourism and exceptional growth in the wholesale business.

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

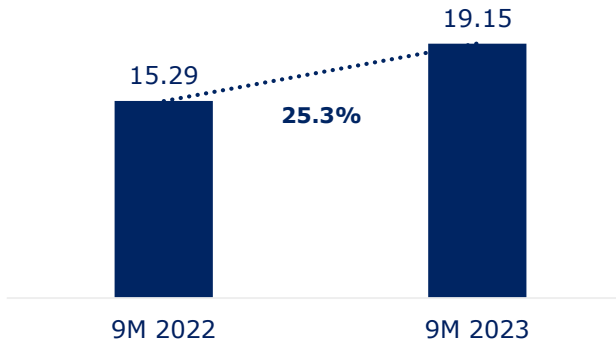
Accelerated growth in multi-currency Prepaid cards, on the back of strong demand and increase in outbound tourism.

WPS and Other Products & Services: 9M 2023

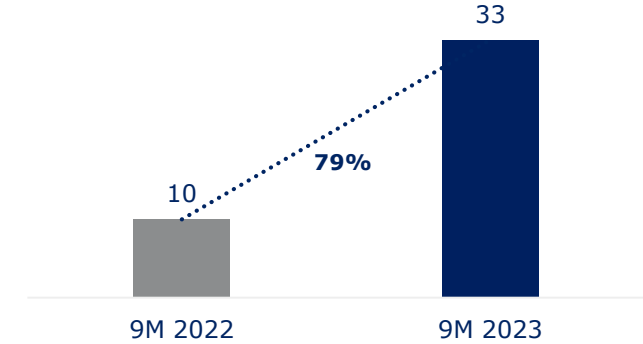
WPS Operating Income (AED mn)



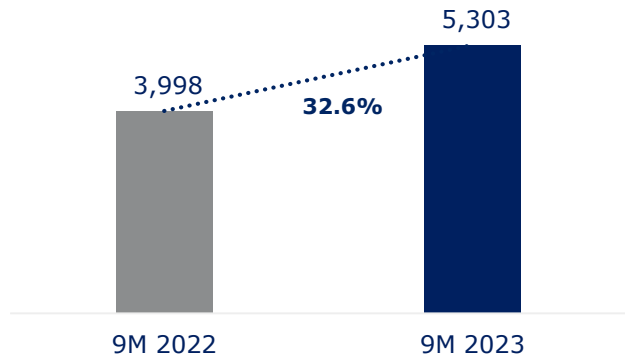
Other Products & Services (AED mn)



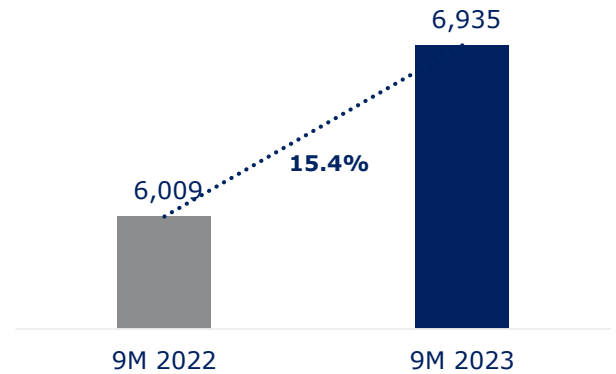
CashTrans
(End-to-end cash management)
No. of external customers



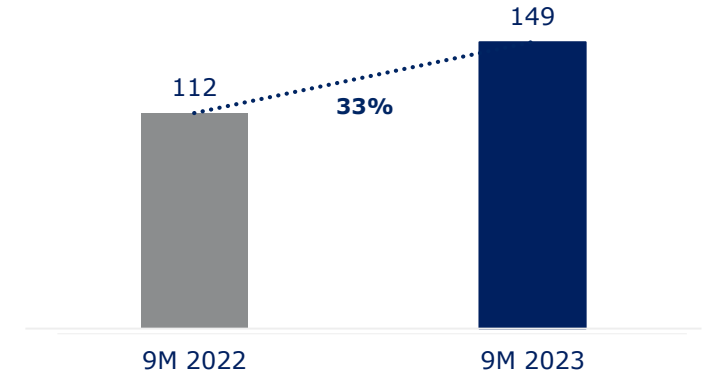
WPS Salary Disbursals ('000)



Bill Collection No. of Transactions
('000)



CashTrans No. of Trips ('000)



WPS operating income surge owed to 21% increase in number of customers and 33% increase in salary disbursals

Bill collection transactions increase is due to onboarding of 14 new bill collection companies

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

Balance Sheet Overview

	Sep'23	Dec'22	% change
Right of use assets	94,817	67,235	41.0%
Other non-current assets ¹	66,659	53,404	24.8%
Cash in hand, Due from banks and exchange houses	2,724,736	2,548,593	6.9%
Other assets ²	145,623	94,218	54.6%
Total assets	3,031,835	2,763,450	9.7%
Trade and other payables	816,532	657,492	24.2%
Bank borrowings	-	348,750	-100%
Lease liabilities	84,466	57,623	46.6%
Other liabilities	136,804	93,355	46.5%
Total liabilities	1,037,802	1,157,220	-10.3%
Shareholders' equity	1,994,033	1,606,230	24.1%

1) Other non-current assets include property and equipment, and capital work in progress.

2) Other assets include due from related parties, and prepayments other receivables.

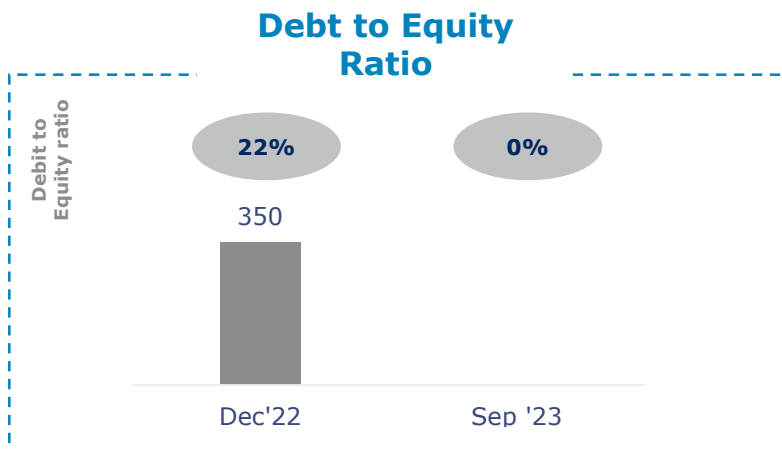
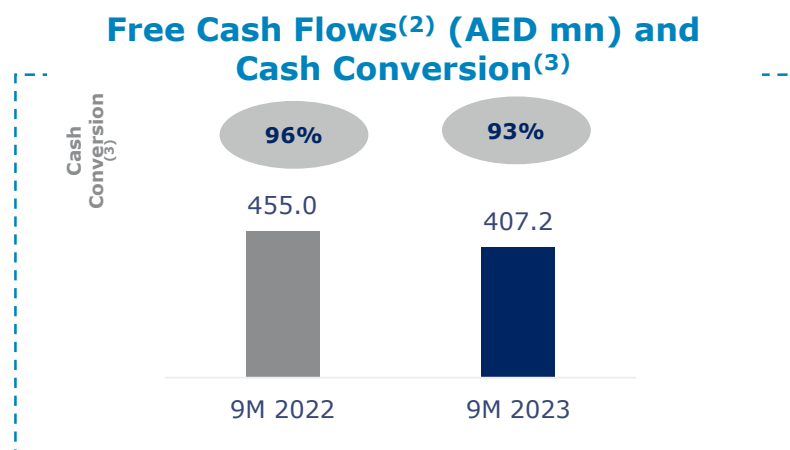
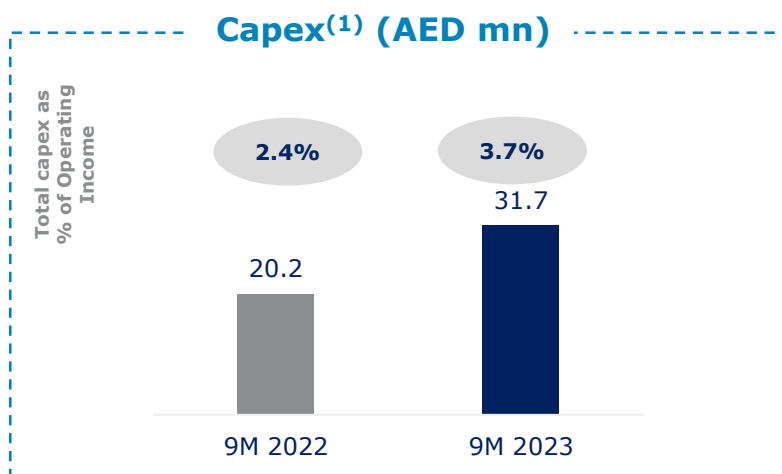
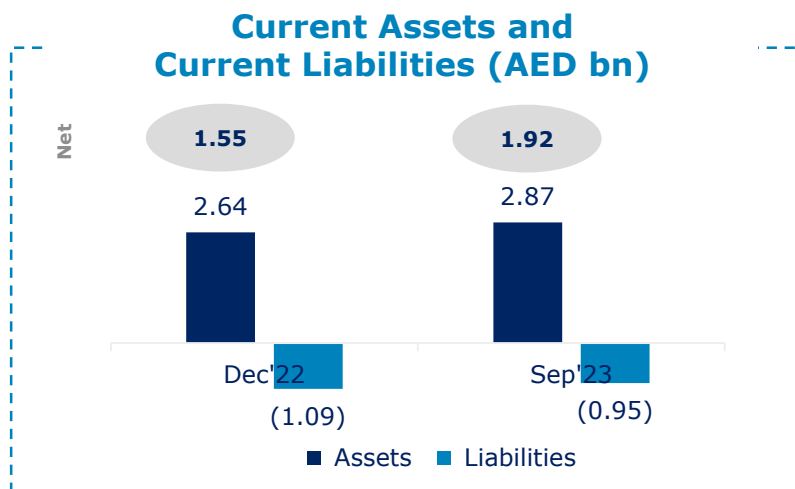
3) Other liabilities include due to banks, due to exchange houses, due to related parties and provision for employees' end-of-service benefits.

Commentary

- The increase in **Right of Use assets** by 41% 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 (23).
- The rise in **Other non-current Assets** is a result of the capital expenditures for the development of new and upcoming branches.
- The primary reason for the 54.6% increase in **Other Assets** is the rise in outstanding balance owed by a related party in a foreign currency parcel.
- **Trade and other payables** increased by 24.2%, driven by cash payout remittances and WPS salaries that remain undisbursed to the beneficiaries.
- **Bank borrowings were fully repaid as on the reporting date.**
- **Lease Liabilities** witnessed a 46.6% increase inline with the right-of-use assets (see above)
- **Other Liabilities** rose by 46.5% due to the increase in accounts payable to exchange houses and other agents regarding the settlement of remittances.



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 by cash and cash-like item, a significant portion of which is used to run the business operations.
- During Q3'23 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 2.5-3.6% of total revenues for YE 2023) .
- Decrease in cash generation in 9M'23 due to decrease in **EBITDA** of 7.6% with c. 93% cash conversion rate
- Debt to equity ratio reduced to zero due to settlement of the bank borrowings during 9M period.

Notes: (1) Capex includes Purchase of PPE and Capital Work In Progress; (2) Calculated as EBITDA – Capex; (3) Calculated as (EBITDA – Capex) / EBITDA

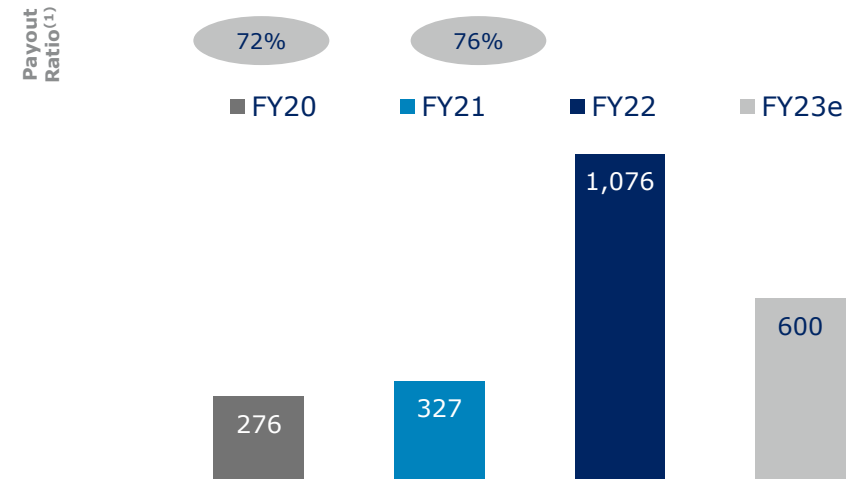
Dividend Policy

- **Minimum Annual Dividends:**

- **FY 2023:** The Group expects to pay a minimum dividend amount of AED 600 million for the 2023FY, to be paid in equal instalments in Nov. 2023 (approved by shareholders in General Meeting) and Apr. 2024.
- **Beyond 2023:** 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 1.15 per share on 31 October 2023 based on AED 600 million dividend payout is **6.96%**

Historical Dividends (AED mn)



At the General Meeting of the shareholders held on 1 November 2023, the shareholders, based on recommendation of Directors, have approved interim cash dividend of AED 0.04 per outstanding share amounting to AED 300 million.

(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 **23 new** branches since 9M' 22

Expected to open **10 additional** by year-end taking total to **258**

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



Al Ansari Digital Pay

- Expecting to receive CBUAE License Q4 2023
- Vision: Digital wallet creating a seamless marketplace ecosystem

Clear growth strategy centered on 6 pillars

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



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

5

Corporate Cross-border remittances



Significant increase in the number of new customers driving higher transaction volume

Value of corporate remittances reached AED 4.3 bn

6

CashTrans



50
Armored
Vehicles



1
Cash Processing
Facility



248
Cash Hubs

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 drop 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

