



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



Q3 2023 Financial Results

9 November 2023

2023
NINE MONTHS

Al Ansari Financial Services Announces its Financial Results for 9M 2023

9M

KEY HIGHLIGHTS 9M 2023

NON-REMITTANCE OPERATING INCOME WITNESSED REMARKABLE GROWTH

Operating income for all business segments, excluding the contribution of remittances, experienced a remarkable 14% increase.

A STEADY GROWTH IN OPERATING INCOME

A steady growth of 1.5% in operating income attributed to an impressive 10.0% YoY increase in total transactions across the Group's diverse offerings, partially offset by a decline of 5% in operating income from remittances business driven by the parallel exchange rate challenges in major receiving countries such as Egypt, Pakistan and India.

BANK NOTES BUSINESS EXHIBITED A CONSISTENT UPWARD TREND

Bank notes have witnessed consistent growth in volumes marking 18%, primarily propelled by the UAE's flourishing tourism and Foreign Direct Investments.

WPS GROWTH REMAINED THE STAR OF THE SHOW

Wage Protection System (WPS) saw a growth of 22%, supported by a significant increase in the number of wage disbursements, reflecting continuous growth of workforce in the UAE and solid customer acquisition.

PREPAID CARDS EXPERIENCING A SURGE IN DEMAND

Prepaid cards are increasingly gaining popularity and exhibited a 35% YoY surge in volume growth albeit from a small base, reflecting the buoyancy in outbound tourism

CORPORATE BUSINESS IS MAINTAINING A POSITIVE TRAJECTORY

Registering a notable 22.5% YoY increase in the value of transactions, Corporate Business growth aligns with the Group's strategic efforts to enhance offerings to an underserved yet promising segment.

DIGITAL CHANNELS ARE SOARING TO NEW HEIGHTS

Digital channels continue to surpass expectations, with a remarkable 27% YoY growth in the number of transactions conducted across the Group's digital platforms and accounting for 20% of the overall number of transactions.

FAST-PACED PROGRESS WITH NETWORK EXPANSION PLANS

Al Ansari Exchange opened 23 new branches throughout the UAE since Q3 2022, aligning with the group's aspirations to solidify its leading position in the domestic market. It is worth mentioning that 6 out of the 23 newly opened branches are already profitable.

OVERHEADS AND EXPENSES SURGE, IMPACTING BOTTOM LINE

Overheads surged by 16% amid network expansion costs and Emiratisation requirements. and finance costs were contributory factors.

NET PROFIT DROPPED AMID RISE IN EXPENSES

Net Profit registered a 9.4% year-over-year decline, primarily driven by a temporary drop in outward personal remittances to major receiving countries and an increase in overheads and expenses that were not offset by the planned fee increase, which is still pending regulatory approvals.

Non-remittance
Operating Income
↑ 14% YoY

Total Operating
Income
↑ 1.5% YoY

No of Transactions
↑ 10% YoY

Bank Notes
Volumes
↑ 18 % YoY

WPS
↑ 22% YoY

Prepaid Cards
↑ 35% YoY

Corporate Business
↑ 22.5% YoY

Digital Channels
↑ 27% YoY

Branches
+23 since Q3 2022

Expenses
↑ 16% YoY

Net Profit
↓ 9.4% YoY



KEY HIGHLIGHTS Post reporting period

CASH MANAGEMENT CENTRE EXECUTED IN ALIGNMENT WITH A PIVOTAL GROWTH STRATEGY PILLAR

Inaugurated the state-of-the-art CashTrans Cash Management Centre in Dubai providing access to optimised Cash Processing, Sorting and Vaulting services for companies and institutions throughout the UAE.

ANNOUNCED DIVIDEND DISTRIBUTION

AED 300 million interim cash dividend approved during the General Assembly Meeting delivering on promise to shareholders.



Dubai, UAE – 9 November 2023 - Al Ansari Financial Services PJSC (DFM: ALANSARI), (the “Group”), one of the leading integrated financial services groups in the UAE and the parent of Al Ansari Exchange, today announced its financial results for the first nine months of 2023 (“9M 2023”) and third quarter (“Q3”) 2023, ended 30 September 2023. **Operating Income** for the Group grew marginally by 1.5% year on year (YoY) during the first 9 months of 2023, as a result of a 10% increase in demand across all other products and services that was offset by a decline in the Remittance business.

Financial Highlights

<i>In AED thousands (unless otherwise stated)</i>	Q3 2023	Q3 2022	% change (YoY)	9M 2023	9M 2022	% change (YoY)
Operating Income	285,290	300,201	(5%)	863,316	850,962	1.5%
EBITDA	140,247	174,177	(19.5%)	438,867	475,109	(7.6%)
EBITDA Margin (%)	49.16%	58.02%	(8.9%)	50.84%	55.83%	(5.0%)
Net Profit	124,510	157,954	(21.2%)	387,803	427,923	(9.4%)
Earnings per Share	0.0166	0.0211	(21%)	0.0517	0.0571	(10%)
Free Cash Flow (FCF)	129.407	167.05	(23%)	407,164	454,967	(11%)

9M 2023 Operational Highlights

	9M 2023	9M 2022	Change (unit)
No. of physical branches in UAE	248	225	Net 23 new branches since Q3 2022
Total No. of transactions	36.6 mn	33.2 mn	10% YoY
Corporate business - value of transactions	AED 79.2 bn	AED 64.6 bn	22.5% YoY
Digital Channels - No. of transactions	2.9 mn	2.3 mn	27%



FINANCIAL PERFORMANCE COMMENTARY (9M 2023)

- **Non- remittance Operating income** across all verticals experienced a significant 14% year-over-year increase. However, we witnessed a 5% decline in the Operating income of **remittances** due to challenges related to parallel exchange rates in major receiving countries, such as India, Egypt and Pakistan. Total **Operating Income** saw a 1.5% rise to AED 863 million. This increase was primarily due to an impressive 10% YoY growth in the total number of **transactions** across the Group's varied offerings and services.
 - Catering to the unmet needs of the **Corporate Business** segment by expanding its product offerings and on the back of the growth in **WPS** (Wage Protection System) and other products and services, the total value of Corporate Business transactions increased to AED 79.2 billion, registering a 22.5% YoY increase.
- The demand for our **Digital Channels** continued to surge, supported by a remarkable 72% YoY increase in transaction volumes and a 27% YoY growth in the number of transactions. This stands as a testament to the success of our user experience.
- **EBITDA Margin** held steady at near 51% despite the increase in operating costs driven by our ongoing expansion initiatives, increased manpower requirements, and the challenging macroeconomic conditions prevailing in the region, which have exerted pressure on profitability.
- **Net Profit** was AED 388 million, registering a 9.4% year-over-year decline, primarily driven by a temporary drop in outward personal remittances to major receiving countries and an increase in overheads and expenses that were not offset by the planned fee increase, which is still pending regulatory approvals.
- **CAPEX** increased by 3.7% YoY to AED 32 million as the Group continues to invest in scaling its business in line with its growth strategy.
- The Group 's **Cash Flow** from operations after adjusting for CAPEX amounted to AED 407 million reflecting a very healthy 93% EBITDA to cash conversion rate.

Q3 2023 FINANCIAL PERFORMANCE COMMENTARY

- **Operating Income** for Q3 2023 saw a YoY decrease of 5% to reach AED 285 million. This decline can mainly be attributed to a drop in the Remittance business, which was, however, partially offset by robust growth in the Bank Notes, WPS, and other services.
- **EBITDA** in Q3 2023 declined by 19.5% YoY and amounted to AED 140 million. This drop was primarily driven by increased operating costs, largely stemming from the Group's network expansion, as well as industry-wide rising costs. Additionally, a lower margin in the Remittance business contributed to this decline.



- The **Net Profit** for the three-month period decreased by 21.2% to AED 125 million. This decrease was primarily due to a higher depreciation charge resulting from the branch network expansion and a temporary drop in outward personal remittances to major receiving countries.

9M PERFORMANCE OF OTHER OFFERINGS

- **Worldwide Cash Express**, the Group's money transfer operator, experienced robust growth with a 20% YoY in transaction volume over the nine-month period ending in September 2023. This increase underscores the high demand for this service among our corporate customers.
- The **Wage Protection Services (WPS)** business witnessed a consistent rise in transaction volumes, marking a 22% YoY increase during the 9-month period ending in September 2023, coupled with a 13% YoY increase in Operating Income. This growth is primarily attributed to the acquisition of new corporate customers and an uptick in the number of wage disbursements.
- Impressive upward traction from **CashTrans**, the Group's end-to-end cash management solution, was marked by a 79% increase in the number of external customers, accompanied by a 33% YoY increase in the number of trips during the 9-month period.
 - In addition to that, the Group inaugurated its first state-of-the-art Cash Management Centre in Dubai providing access to optimised Cash Processing, Sorting and Vaulting services for companies and institutions throughout the UAE.

DIVIDEND

- The Group received shareholders' approval for the proposed **interim dividend payment of AED 300 million at 4 fils per share**, fulfilling a commitment announced during the IPO and outlined in the Prospectus. The second payment of an equivalent amount will be disbursed in April 2024.
- A total dividend payment of AED 600m implies a dividend yield of **7%** based on the closing price of **AED 1.15** per share on 31 October 2023.

Commenting on the results, Rashed A. Al Ansari, Group CEO of Al Ansari Financial Services, said:

“Despite the current global economic and political uncertainties, our confidence remains steadfast, bolstered by the enduring strength of our core assets and value propositions. These assets encompass our esteemed brand, a robust and healthy balance sheet, an expansive branch network, unparalleled digital capabilities, and a diversified, resilient portfolio of offerings. These exceptional assets position us favourably to execute our growth strategy while consistently delivering robust financial results.

We take great pride in outperforming the market across all our products and offerings, as well as in our unwavering commitment to achieving our growth targets, while acknowledging a 5% drop in the operating income from the remittance business that is expected to be adjusted in the near future.

Our physical branch network has grown to include **250 branches**, and it's noteworthy that **95%** of all these branches are profitable. We maintain our dedication to further our geographic expansion and the augmentation of our digital capabilities and offerings. Furthermore, we recently celebrated the official inauguration of our state-of-the-art CashTrans’ **Cash Management Centre**, enabling us to deliver exceptional cash servicing facilities to our valued corporate customers in the UAE.

These achievements epitomise the advancement of our strategic endeavours. They are a testament to our commitment to being financially inclusive and our dedication to serving our customers far and wide, providing them with the financial services they need.”

Mohammad Bitar, Deputy Group CEO of Al Ansari Financial Services, said:

“We are thrilled to share the exceptional achievements and significant milestones that Al Ansari Financial Services has reached during the past 9-month period.

One of the standout performances in this quarter has been our **Bank Notes** business, which experienced exceptional growth. This was primarily driven by the increased activity in the tourism, a clear sign that we are effectively adapting to market demands and maximising opportunities.

Our **multi-currency Prepaid Cards** have continued to soar, achieving new heights month after month. In addition, the **WPS** (Wage Protection System) business demonstrated strong performance during this period. This was primarily due to the increase in the number of cash disbursements and the successful onboarding of new businesses into our system. This growth reaffirms our position as a trusted partner for businesses across various industries.

Our **Corporate business** segment exceeded our expectations. We anticipate this robust growth to continue as we remain dedicated to providing tailored solutions that meet the unique financial needs of our corporate clients.

Another area where we've witnessed remarkable success is our **Digital Channels**. Our digital platforms have continued to surpass expectations, showing an impressive 27% year-on-year growth in the number of transactions conducted. This increase underscores our commitment to providing convenient, efficient, and secure digital services to our customers, meeting the demands of an increasingly digital world.

While we celebrate these remarkable achievements across our various business segments, it is also important to acknowledge that amidst our growth, there remain challenges. Some of our remittance corridors have experienced weakness due to uncontrollable situations. We are confident that these issues will be resolved, and we remain committed to providing the best possible service to all our customers.

I would like to express my gratitude to the entire Al Ansari Financial Services team, whose hard work, dedication, and commitment to excellence have made these achievements possible. As we move forward, we are more determined than ever to continue our growth trajectory, adapt to market dynamics, and provide the best products and solutions to our valued customers. “

OTHER MAJOR UPDATES

EMPLOYEES

The Group saw a 12% increase in the number of employees in 9M 2023 compared to the same period last year. The consistent growth in the number of employees is in line with the Group's expansion strategy.

Emiratisation has experienced remarkable growth in 9M 2023, compared to the same period in 2022, with a significant increase of 59% in the number of Emirati nationals, in line with the Group's support of the Government's Emiratisation initiative. This growth can be attributed to various measures taken by the Group, including providing training and development programmes and actively seeking out and recruiting Emirati talent at career events and in collaboration with top universities in the region.