



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

First Half of 2024 Earnings Release



Al Ansari Financial Services' Financial Results for the First Half of 2024

SELECTED FINANCIAL HIGHLIGHTS H1'24

Operating Income -1.9% YoY	No. of Transactions +2.2% YoY
EBITDA -13.6% YoY	Net Profit after tax -22% YoY

H1'24 vs. H1'23

- **Operating Income** saw a 1.9% decline mainly due to a drop in bank notes attributed to the uncertainty prevailing macroeconomic conditions in the region.
- **Net profit** after tax for the first half declined by 22% YoY to AED 205 million impacted by introduction of corporate tax; 14.2% excluding tax impact.
- **Total Number of Transactions** increased by 2.2% YoY.
- **Bank Notes** have witnessed a 16% drop in volumes.
- **Wage Protection System (WPS)** volumes grew by 23%.
- **Prepaid Cards** exhibited a 25% YoY surge in volume growth.
- **Digital channels** reported an increase of 24% YoY in the number of transactions conducted, accounting for 22% of the overall outward remittance transactions.

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

- Total number of physical branches reached 259 by end of H1 2024.
- Al Ansari Digital Wallet is set to be launched before year end.
- The integration of Al Ansari Exchange in Kuwait with Oman Exchange is expected to be completed by end of August 2024. The acquisition by Al Ansari Financial Services is expected to be completed in Q4 2024 subject to legal and regulatory approvals. Synergies are projected to be realised in Q1 2025.
- In July 2024, the Group signed a sales and purchase agreement to acquire 100% of BFC Group Holdings W.L.L., a prominent foreign exchange and remittance group incorporated in Bahrain for a total acquisition purchase price of USD 200 million (AED 735 million).



Dubai, UAE – 9 August 2024 - Al Ansari Financial Services PJSC (DFM: ALANSARI), (the “Group”), one of the leading integrated financial services groups in the UAE, today reports its financial results for the six months ended 30 June 2024 (H1’24).

H1’24 saw a 1.9% YoY decline in **Operating Income**, primarily driven by the impact of macroeconomic challenges on the bank notes business.

Financial Highlights

In AED thousands (unless otherwise stated)	H1 '24	H1 '23	% change (YoY)	Q2'24	Q2'23	% change (QoQ)
Operating Income	567,055	578,026	-1.9%	292,329	291,004	0.5%
EBITDA	257,917	298,620	-13.6%	135,502	147,238	-8.0%
EBITDA Margin (%)	45.50%	51.70%	-6.2%	46.40%	50.60%	-4.2%
Net Profit after tax	205,476	263,293	-22.0%	106,732	130,284	-18.1%
Earnings per Share	0.0274	0.0351	-21.9%	0.0142	0.0174	-18.4%
Free Cash Flow (FCF)	242,019	277,757	-12.9	127,181	137,042	-7.2%

H1’24 Operational Highlights

	H1’24	H1’23	Change (unit)
No. of physical branches in UAE	259	238	Net 21 new branches since H1’2023
Total No. of transactions	25.0 mn	24.4 mn	2.2% YoY
Corporate business - value of transactions	AED 52.1 bn	AED 53.9 bn	-3.3% YoY
Digital Channels - No. of transactions	2.3 mn	1.9 mn	24.0%



FINANCIAL PERFORMANCE COMMENTARY (H1'24)

- **Remittance Operating Income** has shown signs of recovery after facing headwinds from parallel market activity in key corridors like India, Egypt, and Pakistan during previous quarters. The impact of these challenges has moderated, resulting in a modest decline of 1% in remittance income for H1 '2024 compared to the same period last year.
- Customer confidence in the Group's services remains unwavering, as evidenced by a 2.2% YoY increase in total **transactions** across all platforms. This sustained growth underscores the strength and flexibility of the business model.
- **Bank Notes Operating Income** decreased by 6% YoY, primarily driven by a contraction in the wholesale bank note business, a direct consequence of the ongoing geopolitical instability in the region.
- The **Corporate Business** segment reported a modest decline of 3.3% YoY in transaction value, reaching AED 52 billion in H1 '24. This downturn is largely attributed to the geopolitical challenges impacting the region.
- The Group witnessed a substantial increase in customer adoption of its **Digital Channels**, with transaction volume climbing by 24% YoY during the first half of 2024. This remarkable growth underscores the effectiveness of the Group's customer-centric digital strategy, demonstrating the platform's ability to consistently meet and exceed user expectations in terms of convenience and usability.
- The **Wage Protection System (WPS)** segment continues to grow rapidly, fueled by a robust UAE economy that fosters a thriving business environment. The number of transactions surged by 13.8% YoY, resulting in a 7% increase in operating income.
- Notwithstanding the challenging macroeconomic environment, the total **Operating Income** showed a slight dip of 1.9% YoY, underlining the resilience of the business.
- The Group maintained a robust **EBITDA margin** of 45.5% in H1 '24, showcasing an unwavering commitment to operational efficiency. The Group's focus on cost optimisation and effective expense management mitigated the impact of rising costs.
- H1 '24 **Net Profit after tax**, impacted by the introduction of corporate tax in the UAE as well as Emiratisation, declined by 22% YoY to AED 205 million.
- Capital Expenditure (**CAPEX**) was reduced by 24% to AED 16 million in H1 2024.
- Strong operational performance generated AED 242 million as **Free Cash Flow**, representing a robust 94% **EBITDA to cash** conversion rate.

Q2 '24 FINANCIAL PERFORMANCE COMMENTARY

- **Q2 '24 Operating Income** saw a modest uptick of 0.5% YoY to AED 292 million, signaling a positive trend in the remittance business.
- **Q2 '24 EBITDA** declined by -8% to AED 136 million due to increased operational expenses primarily related to network expansion.
- **Net profit after Tax** for the quarter declined by- 18.1% to AED 107 million, impacted by higher finance costs, employee expenses, and the introduction of corporate tax.



H1'24 PERFORMANCE OF OTHER OFFERINGS

- In H1'24, **Worldwide Cash Express**, the Group's money transfer service, excelled with a remarkable 118% YoY growth in the number of transactions to third party customers and an 81% YoY increase in transaction value, reaching USD 110 million. This highlights its rising significance in addressing the financial needs of corporate clients.
- **CashTrans**, the Group's integrated cash management solution, recorded a striking 79% YoY increase in its external customer base and a 26% YoY rise in completed trips, reflecting its growing popularity and effectiveness.

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

"Building upon the solid foundation established in the first quarter of the year, Al Ansari Financial Services has continued to demonstrate resilience and strategic execution. The positive impact of our diversified business model and customer-centric approach is evident in our results. Furthermore, we will continue to see the positive contribution from the stabilisation of parallel market conditions and the successful implementation of increased remittance fees on our financial performance in the near future. These factors collectively position the Group for sustained growth and continued value creation for our shareholders."

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

"Despite a reduction in wholesale banknote transactions attributable to geopolitical factors, Al Ansari Financial Services demonstrated a robust performance in the first half of 2024. Remittance operating income experienced a 6% increase relative to the second half of 2023, with a modest YoY decline of %. This indicates a positive trajectory for the remittance business and a potential reduction in customers' reliance on the parallel market.

Overall operating income experienced a slight decline of 1.9% in the first half of 2024 compared to the first half of 2023, but on a positive side, transactions volume rose by 2.2% YoY.

Our digital platforms continued to thrive, with transactions soaring by 24% in the first half of 2024 compared to the same period last year, reaffirming the strong preference for our digital channels among our customers.

We successfully expanded our branch network to 259 locations by the end of the reporting period, while maintaining a strong operational efficiency, as evidenced by an EBITDA margin of nearly 45%.

Looking ahead, we are optimistic about the future, buoyed by the expanding remittance sector, ongoing fee adjustments, and a favourable macroeconomic outlook for the UAE, supported by government initiatives. We remain steadfast in our growth strategy and committed to delivering increased value to our shareholders."



POST H1 REPORTING PERIOD UPDATE

EXPANSION THROUGH ACQUISITION

On 30 July 2024, The Group announced that it had signed a sales and purchase agreement to acquire BFC Group Holdings W.L.L. for USD 200 million, reflecting its ambitions to expand its geographic presence and service portfolio achieving sustainable growth.

With this acquisition, the Group is poised to become the leading provider of foreign exchange and remittance services across the Gulf Region with

- A total of more than 410 branches across the UAE, Bahrain, Kuwait and India.
- Combined workforce of approximately 6,000 employees
- FY23 consolidated revenues of the Group and BFCGH: ~USD 385 million (AED 1.4 billion) a 22% rise on the Group's reported revenue.

The acquisition is subject to the necessary regulatory and authority approvals. The anticipated completion date for the acquisition is set for Q1 2025.

