



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

First Quarter 2024 Earnings Release



Al Ansari Financial Services' First Quarter 2024 Financial Results

SELECTED FINANCIAL HIGHLIGHTS Q1'24

Operating Income -4.3% YoY	No. of Transactions +5.1% YoY
EBITDA -19.1% YoY	Net Profit after tax -26% YoY

Q1'24 vs. Q1'23

- **Operating Income** saw a 4.3% decline due to the pressure from the parallel market within major remittance corridors and the uncertainty prevailing macroeconomic conditions in the region.
- **Net profit** after tax for the quarter declined 26% YoY to AED 98.7 million mainly driven by the expansion in the branch network and the introduction of Corporate Tax.
- **Total Transactions** increased by 5.1% YoY.
- **Bank Notes** have witnessed a drop in volumes amounting to 9%.
- **Wage Protection System (WPS)** volumes saw a growth of 24%.
- **Prepaid Cards** exhibited a 26% YoY surge in volume growth.
- **Digital channels** reported an increase of 25% YoY in the number of transactions conducted across the Group's digital platforms, accounting for 21% of the overall outward remittances.

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

- Al Ansari Exchange's total number of physical branches reached 259 by end of Q1 2024.
- Al Ansari Exchange in Kuwait integration with Oman Exchange is still ongoing, to be consolidated into Al Ansari Financial Services by Q3 2024, with synergies to be realised in Q4 2024.
- Al Ansari Digital Wallet is set to be launched before the end of year.



Dubai, UAE – 10 May 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 first quarter of 2024 (Q1'24).

In Q1'24, **Operating Income** experienced a slight YoY decline of 4.3% while marking a 2.2% rise compared to the preceding quarter, Q4'23. The YoY downturn can be attributed to the persistent challenges of the parallel market in key remittance corridors and the prevailing macroeconomic conditions in the region.

Financial Highlights

In AED thousands (unless otherwise stated)	Q1 '24	Q1 '23	% change (YoY)	Q4'23	% change (QoQ)
Operating Income	274,726	287,022	-4.3%	268,786	2.2%
EBITDA	122,415	151,382	-19.1%	124,289	-1.5%
EBITDA Margin (%)	44.56%	52.7%	-8.14%	46.24%	-1.68%
Net Profit after tax	98,744	133,009	-25.8%	107,386	-8.0%
Earnings per Share	0.0132	0.0177	-25.4%	0.0143	-7.7%
Free Cash Flow (FCF)	114,838	140,715	-18.4%	110,799	3.5%

Q1'24 Operational Highlights

	Q1'24	Q1'23	Change (unit)
No. of physical branches in UAE	259	232	Net 27 new branches in 2023
Total No. of transactions	12.4 mn	11.8 mn	5.1% YoY
Corporate business - value of transactions	AED 27.9 bn	AED 27.7 bn	0.7% YoY
Digital Channels - No. of transactions	1.1 mn	0.9 mn	25%



FINANCIAL PERFORMANCE COMMENTARY (Q1'24)

- The trends observed in past quarters persist, as challenges posed by the parallel market in key remittance corridors like India, Egypt, and Pakistan led to a 3% YoY decline in **remittance income during Q1 '24**.
- Encouragingly, customer trust remains robust, with **total transactions** across all services maintaining an impressive 5.1% YoY growth trajectory. This sustained growth further validates the strength and adaptability of our business model.
- The 9% YoY decline in **Bank Note income** was due to a drop in Banknotes wholesale business reflecting the geopolitical factors affecting the region.
- As a result, the overall effect on **operating income** shows a modest 4.3% YoY decline. Yet, compared to the previous quarter (Q4'23), we observe a 2.2% growth, signalling a promising resurgence in both our operating income and remittance revenue as the challenges posed by the parallel market begin to diminish.
- Our commitment to fulfilling unmet needs in the **Corporate Business** segment yielded positive results, with a 1% YoY increase in transaction value, reaching AED 28 billion in Q1'24. This success highlights the effectiveness of our strategic approach, which included expanding our product offerings and driving significant growth in specific services like WPS.
- Customers are embracing digital with open arms! Number of transactions on our **digital channels** surged by a 25% YoY during the first quarter of 2024. This growth highlights the success of our user experience strategy, making it clear that our digital solutions are convenient, accessible, and perfectly in tune with customer needs.
- The **Wage Protection System (WPS)** business maintained strong momentum in Q1'24. Number of transactions surged by 15.2% YoY, driving a 9% increase in Operating Income. The business is well-positioned for continued growth, fuelled by a robust UAE economy fostering a thriving business environment. This translates to successful client onboarding and a significant rise in the number of wage disbursements facilitated through WPS.
- Demonstrating an unwavering commitment to operational efficiency, the Group maintained a robust **EBITDA margin** of 44.6% in Q1 2024. This achievement comes despite ongoing expansion, increased manpower needs, and challenging regional economic conditions. Our focus on cost-effective operations, coupled with effective expense management and economies of scale, mitigated the impact of rising costs and ensured profitability. This unwavering dedication to cost optimisation positions us for continued success in the evolving market landscape.
- **Net profit after tax** for the quarter declined 26% YoY to AED 98.7 million. This reflects the cumulative impact of a reduction in operating income, an 11% increase in overhead expenses and the introduction of Corporate Tax.
- In line with its evolving growth strategy, the Group invested AED 8 million in capital expenditure (**CAPEX**) during Q1 2024. This strategic allocation reflects a 29% decrease compared to the same period last year as the Group streamlines its branch network expansion.
- The Group's **Cash Flow** from operations after adjusting for CAPEX amounted to AED 115 million, reflecting a very healthy 94% EBITDA to cash conversion rate.



Q1'24 PERFORMANCE OF OTHER OFFERINGS

- **Worldwide Cash Express**, the Group's dedicated money transfer service provider, delivered a stellar performance in Q1'24. Number of Transactions soared 93% YoY, demonstrating its growing importance in fulfilling corporate client financial needs.
- **CashTrans**, the Group's comprehensive cash management solution, kicked off 2024 with an impressive 84% increase in its external customer base, coupled with a 35% year-on-year jump in the number of trips completed, demonstrating its growing popularity and effectiveness.

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

"Despite the challenging market environment, Al Ansari Financial Services remains dedicated to exceeding our customers' evolving needs through innovative solutions that deliver a seamless experience, with a focus on its growth strategy.

We started the year with results that reflect the positive impact of our diversified portfolio and ongoing efforts to navigate the challenging market environment.

Looking ahead, we're encouraged by several key developments. The parallel market conditions in critical markets have stabilised, and the increased remittance fees implemented in April position us for significant future growth. We're confident these initiatives will translate into improved financial performance in the coming quarters. As always, we remain committed to transparency and will continue to update the market on our progress as we navigate this exciting period of growth."

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

"I'm pleased to announce a resilient performance in Q1 2024. We executed our strategy well, our diversified portfolio remains strong, and we're seeing positive signs in **outward remittances**.

Total **operating income** reflects these trends, declining modestly 4.3%, yet resulting in a significant rise in **transactions**, up 5.1% YoY. It is worth noting that, compared to the previous quarter, we saw a 2.2% increase in operating income. This is a clear sign that the challenge posed by the parallel market is beginning to abate.

Digital channels are thriving, with a 25% YoY transaction increase, improving customer experience and reducing costs. Branch expansion continues strategically, reaching 259 locations by the end of the period. Our operational efficiency remains high, with a steady **EBITDA margin** of near 45% even in a rising cost environment.

We expect healthy growth in remittance operating income, especially as the fee increase comes into effect in the second quarter and the challenge of the parallel market recedes. Our confidence is bolstered by a positive macroeconomic outlook in the UAE driven by pro-growth government initiatives. We are firmly committed to our strategic growth agenda and remain confident in our ability to unlock greater shareholder value."