FAB أبوظبي الأول للأوراق المالية SECURITIES

Earnings Call Insight | 2Q26

UAE Equity Research | Sector: Technology | Market: ADX

Presight AI Holdings

Current Price	Target Price	Upside/Downside (%)	Rating
AED 3.61	AED 4.20	+16.3%	BUY

2Q26 Net Profit in line with our estimate

- Presight revenue rose 36.1% YOY to AED 713 Mn in 2Q26, supported by strong domestic growth from effective order backlog conversion, a major national platform renewal and new contract wins, alongside multi-year deployments across Kazakhstan, Albania, Jordan and Africa.
- AIQ contributed AED 214 Mn in revenue during 2Q26, equivalent to 30.0% of group revenue.
- Revenue from project services increased 30.0% YOY to AED 633 Mn in 2Q26.
- Meanwhile, revenue from the sale of hardware and software licenses increased substantially from AED 37 Mn in 2Q25 to AED 80 Mn in 2Q26.
- The Company's cost of sales increased 40.0% YOY to AED 499 Mn in 2Q26, mainly attributable to a rise in staff costs and higher sub-contractor cost.
- EBITDA increased 41.7% YOY to AED 148 Mn in 2Q26, EBITDA growth outpaced revenue, supported by the strongest organic quarterly growth to date, with organic EBITDA margin expanding by 265 bps YoY. Overall EBITDA margin increased by 20 bps to 20.1%, driven by strong organic revenue growth, stable gross margins and disciplined cost management, partly offset by an unfavorable AIQ mix.
- Presight AI Holdings net profit increased 33.9% YOY to AED 103 Mn in 2Q26, in line with our estimate of AED 103 Mn, with a net profit margin of 14.5% in 2Q26.
- Presight AI maintained a robust, debt-free position with AED 2.0 Bn in cash as of 2Q26, ensuring ample flexibility for future inorganic and organic growth.

Earnings Call Summary

- Presight strengthened its UAE sovereign AI position in 2Q26 by renewing key national platforms and securing new contracts worth AED 2.48 Bn.
- The Company expanded its agentic AI capabilities in the UAE through a partnership with Abu Dhabi Chamber of Commerce and Industry to deploy AI solutions across more than 102,000 SMEs, while also supporting the transition toward an AI-native government.
- The Company expanded its Kazakhstan presence through an MoU with the Almaty Mayor's Office to explore AI-enabled urban infrastructure and a unified operating layer, including a data center, while also exploring an intelligent agent platform for road safety with the Ministry of Transport.
- AIQ expanded its domestic and international pipeline by securing a new multi-year ADNOC contract for video analytics, signing an MoU with Oman's Ras Al Hamra for AI-powered upstream solutions, and piloting solutions in three new international markets.
- AIQ signed its first international contract shortly after quarter-end with an Indian multinational to deploy AI-enabled computer vision across refining and retail operations, broadening its exposure beyond oil and gas.
- Presight secured new engagements with the UAE Ministry of Trade and the Federal Competitiveness & Statistics Center to develop an AI-native ministry, while maintaining its focus on sovereign AI and scalable long-term growth.
- Presight expects AIQ's margins to return to the 25–30% range in line with its medium-term guidance as software deployments increase, particularly in 4Q26, following lower margins in 1H26 due to project mix and deployment timing.
- Presight started generating revenue from non-kinetic defense through its Ministry of Defense AI rollout and is positioned to participate in the new US-UAE military AI initiative, with further details expected in 3Q26-4Q26.

- Presight's AED 2.5 Bn domestic order intake includes UAE government, Etisalat and Abu Dhabi Chamber contracts at different deployment stages. However, the Company did not disclosed the specific revenue contribution from these contracts.
- Presight expects 2H26 renewals to come mainly from international markets, particularly Africa, as new international projects are expected to convert into contracts.
- Presight expects fixed costs and investments as a percentage of revenue to decline from 2H26 onwards, while direct costs will vary by project mix, with early-stage greenfield projects carrying higher cloud, implementation and third-party costs.
- Presight highlighted that a typical three-year sovereign AI contract is worth around USD 100 Mn, while AIQ's India contract is expected to support its international expansion.
- Presight expects new greenfield international projects to initially have lower margins due to higher infrastructure and implementation costs, but margins should improve as projects scale and become more software-led. Presight expects this model to play out in Angola, Kazakhstan and the Balkans, with later project phases delivering better margins.
- The Company is targeting small- to mid-sized, EBITDA-positive companies in government technology, smart cities and financial services, mainly across the Balkans, Southern Europe and Central Europe, to expand its geographic presence and capabilities.
- Presight could revise its medium-term guidance if M&A adds incremental growth or if its non-kinetic defense business gains sustainable traction, with a potential update in 3Q26-4Q26.
- Presight expects Stargate's first 200 MW to become operational by late 3Q26-4Q26, while the digital-embassy infrastructure is expected to be available by end 2027 to support AI solutions for international markets.
- Presight is expanding in Kazakhstan by building AI solutions on its supercomputing infrastructure, while in Azerbaijan it is focusing on AI software for gas and utility grids, with potential contracts providing additional backlog upside.

Presight AI – P&L

AED Mn	**2Q25**	**1Q26**	**2Q26**	**2Q26F**	**Var**	**YOY Ch**	**QOQ Ch**
Revenue	524	689	713	710	0.5%	36.1%	3.5%
Cost of sales	-356	-433	-499	-461	8.0%	40.0%	15.1%
Gross Profit	**168**	**256**	**215**	**248**	**-13.6%**	**27.9%**	**-16.1%**
G&A & marketing exp	-81	-113	-92	-121	-23.7%	14.6%	-18.3%
Finance income	18	15	14	13	4.9%	-21.1%	-6.1%
EBITDA	**105**	**159**	**144**	**142**	**1.0%**	**37.5%**	**-9.8%**
Profit before tax	**105**	**157**	**136**	**140**	**-3.1%**	**29.9%**	**-13.6%**
Income tax expense	-15	-24	-19	-21	-8.6%	28.2%	-18.5%
Profit before NCI	**90**	**134**	**117**	**119**	**-2.2%**	**30.2%**	**-12.7%**
Non-controlling interest	13	18	14	16	-15.6%	7.7%	-24.7%
Profit for the period	**77**	**116**	**103**	**103**	**-0.1%**	**33.9%**	**-10.8%**

FABS estimate & Co Data

Management Guidance:

Key Metrics	Medium-term Guidance	H2 contribution % to Full Year outturn	Required H2 contribution % to Full Year outturn (2026)	
		Average 2023 – 2025	Low end of guidance range	High end of guidance range
Group Revenue	+20% - 25%[1]	69.3%	61.4%	63.0%
Group EBITDA	+23% - 28%[1]	73.5%	68.7%	69.9%
Group Profit after Tax[2]	+21% - 26%[1]	71.8%	68.9%	70.1%

[1] Organic growth excluding potential future acquisitions.
[2] 100% Group profit including minorities.

Research Rating Methodology:

Rating	Upside/Downside potential
BUY	Higher than +15%
ACCUMULATE	Between +10% to +15%
HOLD	Lower than +10% to -5%
REDUCE	Between -5% to -15%
SELL	Lower than -15%

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