

Presight AI Holding PLC

Current Price

AED 2.23

Target Price

AED 3.05

Upside/Downside (%)

37%

Rating

BUY

4Q24 Net Profit lower than our estimate

- Revenue surged by 46.2% YOY to AED 1043 Mn in 4Q24, driven by strong execution on existing contracts, supporting positive organic growth from a robust base. Additionally, AIQ delivered an exceptional performance, further accelerating top-line expansion.
- Revenue from project services grew by 20.7% YOY to AED 856 Mn in 4Q24 meanwhile, revenue from the sale of hardware and software licenses increased from AED 4 Mn in 4Q23 to AED 187 Mn in 4Q24.
- Presight AI generated more than 63% of its revenue within UAE in 4Q24.
- Gross profit increased by 72.6% YOY to AED 471 Mn in 4Q24, reflecting a margin of 45.2%. The Company posted a significant increase in gross profit due to strong revenue growth in 4Q24.
- Operating profit jumped by 27.6% YOY to AED 348 Mn in 4Q24 with an operating profit margin of 33.3%.
- EBITDA increased significantly by 32.3% YOY to AED 366 Mn in 4Q24, driven by higher revenue, a favourable product mix, and an approximate doubling of AIQ's gross margin on a QOQ basis.
- Presight AI recorded a net profit of AED 260 Mn in 4Q24 which is a decline of 13.6% YOY with a net profit margin of 24.9% in 4Q24 due to higher contribution to NCI.
- Presight AI maintained a robust, debt-free position with AED 1.94 Bn in cash as of 4Q24, ensuring ample flexibility for future inorganic and organic growth.
- Presight generated operating Cash Flow of AED 748.0 Mn in Q424, bringing FY24 operating cash flow to AED 1.2 Bn, equivalent to 1.8x of FY2024 EBITDA, fueled by strong customer collections from various contracts.

Earnings Call Summary

- Formed strategic alliances, JVs, and technology partnerships with Intel, Dell, and Microsoft to enhance the technology portfolio and accelerate AI adoption across the Global South.
- Presight's enterprise launches and investment in generative AI-centric offerings resulted in rapid deployment of generative AI technology across all sectors.
- Launched adaptive smart infrastructure platform and first agentic AI solution for the energy value chain through AIQ.
- Presight launched cutting-edge AI products and solutions, including ENERGYai, which sets a new standard for the energy sector through its sustainability, efficiency, and innovation.
- ENERGYai is anticipated to generate more than USD 1 Bn in value for ADNOC, enhancing the seismic interpretation efficiencies by over 80%, reducing carbon intensity by 10%, and substantially improving advanced reservoir monitoring along with improving data quality through anomaly detection.
- Launched the UAE-First AI-Startup Accelerator Program and the UAE's first sovereign enterprise data marketplace platform "Datahub". Participants in the UAE AI Accelerator will be provided with expertise and mentorship, access to cloud computing, data centres, and high-performance computing services along with customer and partner networking opportunities across the G42 ecosystem.
- Presight's JV, IntelliGrid signed a USD 480 Mn preliminary agreement with Azerbaijan's National Oil and Gas to develop a smart gas grid management system across Azeri Gas service area in Azerbaijan. Additionally, IntelliGrid will leverage advanced metering and cutting-edge AI-driven solutions to drive resilience, efficiency, and sustainability across Azerbaijan's energy infrastructure.
- Presight will accelerate Etihad Rail's digital transformation, including smart transportation and logistics solutions using generative AI.

- Presight signed an agreement with Masdar Gateway to develop and commercialize AI-powered digital solutions in the ports and maritime markets.
- Presight started the initial phase of deployment of a sovereign cloud in Angol.
- Continuously looking for acquisitions that bring in synergies of products and customer markets.
- Signed an MOU with Swiss AI to use its AI capabilities and advanced big data analytics to transform cities into smarter and more efficient sustainable environments.
- Piloted AI-powered presenter that can summarize and provide insights from PPT, Word, and PDF documents. Additionally, the digital product will be shortly available in the Azure marketplace.

Presight AI – P&L

| AED Mn | 4Q23 | 3Q24 | 4Q24 | 4Q24F | Var. | YOY Ch | QOQ Ch |
|------------------------------|------------|------------|------------|------------|---------------|---------------|---------------|
| Revenue | 714 | 566 | 1,043 | 1,014 | 2.8% | 46.2% | 84.2% |
| Cost of sales | -440 | -361 | -572 | -681 | -16.0% | 29.9% | 58.3% |
| Gross Profit | 273 | 205 | 471 | 334 | 41.1% | 72.6% | NM |
| G&A & marketing exp | 0 | -102 | -123 | -14 | NM | NM | 20.9% |
| Finance income | 28 | 17 | 12 | 21 | -44.8% | -57.6% | -30.0% |
| Other Income | 0 | 0 | 0 | 0 | NM | NM | NM |
| EBITDA | 276 | 115 | 366 | 317 | 15.4% | 32.3% | NM |
| Profit before tax | 301 | 120 | 360 | 341 | 5.4% | 19.7% | NM |
| Income tax expense | 0 | -11 | -32 | -31 | 6.0% | NM | NM |
| Profit before NCI | 301 | 109 | 327 | 311 | 5.4% | 8.9% | NM |
| Non-controlling interest | 0 | 12 | 68 | 18 | NM | NM | NM |
| Profit for the period | 301 | 97 | 260 | 293 | -11.3% | -13.6% | 167.9% |

FABS estimate & Co Data

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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