FAB SECURITIES
أبـوظـبـي الأول للأوراق المالية

presight
A G42 company

Initiation Coverage

Presight AI Holding PLC

Asia
Azerbaijan
Indonesia
Kazakhstan
Maldives

Middle East
UAE
Bahrain

Africa
Angola
Congo
Senegal
Seychelles
Tanzania
Togo
Zambia

Americas
Dominican
Republic Guyana

Key Investment Highlights:

We initiate coverage on **Presight AI Holding PLC ("Presight" or "The Company")** with a **Valuation** of AED 3.05 per share. Presight AI is the UAE's leading big data analytics company, formed in 2020 with a focus on the region's digital transformation through artificial intelligence (AI). It extends its operations to over 15 countries across four continents. The Company's revenue stood at AED 1.8 Bn in FY2023.

Our investment view is supported by:

- *Leveraging technological capabilities to drive sustainable advantage*
- *Tailored solutions delivering long-term tangible benefits to clients*
- *Robust financial position and healthy liquidity underpin Growth*
- *Strategic Acquisitions and International Expansion to Drive Value-Accretive Growth*

Leveraging technological capabilities to drive sustainable advantage

Presight emerges as leading big data analytics driven by advanced artificial intelligence (AI). With a robust portfolio comprising over 10 flagship technology solutions and 100+ AI models, it caters to government and private sectors across 15 countries spanning four continents. Its proprietary solution, TAQ, seamlessly adapts to various technologies, ingests and interprets data from all sources, and scales to handle any load. It operates as a capex-light model with strong management controls that enable expansion internationally with minimal financial risk. Presight's sustainable business model thrives on offering tailored end-to-end technology solutions, ensuring client-centricity and scalability for long-term growth.

Tailored solutions delivering long-term tangible benefits to clients

Presight invests in AI and big data analytics to enhance its product portfolio and technological capabilities. The Company successfully executed over 25 projects across the MENA and UAE region, securing AED 1.6 Bn in multi-year orders during FY2023. It also expanded its market reach by targeting high-growth and underpenetrated regions, utilizing tailored market penetration strategies to capture new customer segments. Presight's solutions deliver substantial, long-term benefits supported by deep and trusted B2G relationships. The Company continuously integrates cutting-edge technologies such as GenAI, LLM, and Copilots, ensuring ongoing innovation and maintaining a competitive edge.

Robust financial position and healthy liquidity underpin growth

Presight delivered strong revenue growth primarily due to increased multiyear domestic and international contracts. The Company's strong backlog and multi-year contracts ensure robust future revenue and cash flow generation. During FY2023, the revenue from multi-year contracts accounted for 91.0% of the total Company's revenue. Backlog revenue grew to 51% of the total revenue in FY2023, compared to 39% in FY2022. Presight generated 49% of the total FY2023 revenue from the quick turn, compared to 61% in FY2022. It also maintains a strong balance sheet with a robust cash and debt-free position. The Company operates as a capex-light model with a robust cash balance (pre-AIQ acquisition) of AED 1.9 Bn, providing significant financial flexibility to fund the operation and support its inorganic growth.

Strategic acquisitions and international expansion to drive value-accretive growth

Presight actively pursues strategic acquisitions and international expansion to drive growth and enhance value. The Company has allocated a budget of USD 150-200 Mn to target mergers and acquisitions to strengthen its product portfolio and technological capabilities. By focusing on established and emerging technologies in core and adjacent markets, Presight aims to achieve operational efficiencies and meet customer needs. The recent acquisition of a 51% stake in AIQ demonstrates this strategy, integrating cutting-edge AI energy solutions with Presight's big data analytics to establish market leadership. These strategic initiatives highlight Presight's commitment to growth and diversification, leveraging M&A activities and international expansion to enhance technological capabilities and market reach.
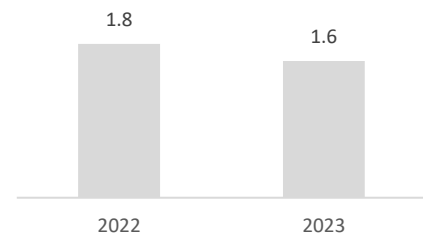
Initiating Coverage
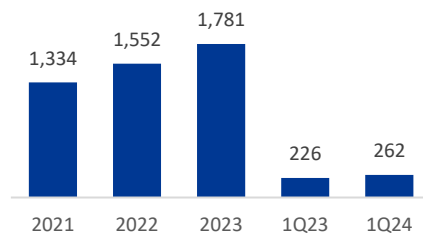*Sector: Technology*
Analyst Name: Ahmad Banihani

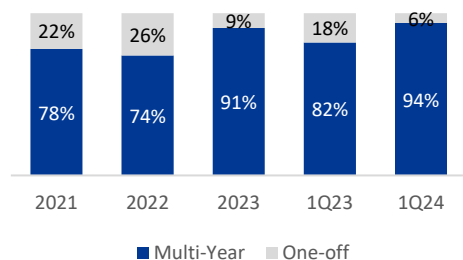| Rating	BUY
Current Market Price (AED)	2.46
Target Price (AED)	3.05
Upside/(Downside)	+24%
Market Cap (AED, Bn)	13.80

Client Order Book (AED, Bn)

Source: Company Information

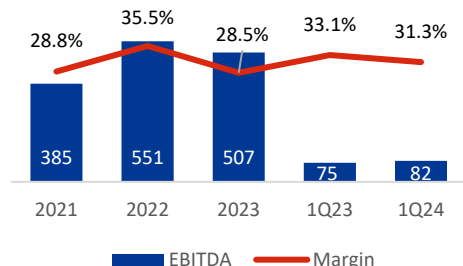**Total Revenue (AED, Mn)**

Source: Company Information

Revenue - Multi-Year and One-off (%)

Source: Company Information

EBITDA (AED, Mn) and EBITDA Margin (%)

Source: Company Information

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Introduction to Presight

Presight: Driving Digital Transformation through AI-Powered Big Data Analytics

Presight – Company Introduction

Presight is UAE's leading Generative AI and Big Data analysis provider in the Middle East region with a footprint in Asia, Africa, and South America

Presight is the UAE's leading big data analytics company formed in 2020 with a focus on the region's digital transformation through Artificial Intelligence (AI). The Company is the leading provider of complex problem-solving and big data analytics technology, utilizing information and creating insights to facilitate innovative solutions with a wide range of effects.

Presight is headquartered in Abu Dhabi and it has additional offices in Kazakhstan and Azerbaijan. It extends its operations to over 15 countries across four continents, including South American nations like the Dominican Republic and Guyana, Middle Eastern countries such as the UAE and Bahrain, and Asian territories like Azerbaijan, Indonesia, Kazakhstan, and the Maldives. The Company is also serving clients from Angola, Congo, Senegal, Seychelles, Tanzania, Togo, and Zambia in Africa. The Company provided services to the National Emergency Crisis and Disaster Management Authority (NCEMA), Abu Dhabi City, The Expo 2020, Abu Dhabi Accountability Authority (ADAA), and more domestically.

The Company is publicly listed on the Abu Dhabi Securities Exchange in March 2023. Presight exhibits a diverse ownership structure, with Group 42 Holding LTD owning the majority share at 71.0%, followed by International Tech Group Sole Proprietorship LLC holding 15.0%, ADNOC 4%, and professional & retail (floating) at 10.0%. Mubadala, a government sovereign fund, a major stakeholder of Group 42 Holdings (parent organization and major shareholder of the Company) and the relationship with the government is maintained on an arms-length basis for commercial contracts.

The Company with a workforce of 520+ employees, with 80%+ dedicated technical specialists such as data analysts. Presight demonstrates a proven track record in diverse business segments by managing 25+ projects in the UAE and MENA region, 100 Mn+ daily API usage, and customers from 15+ countries. Presight offers 10+ industry-leading technology solutions with usage of more than 70 Bn API calls. The Company also possesses a data processing capacity of 30-50 TB (Tera-Byte).

Presight generated revenues from four business segments including the Public Sector (90-95%), Financial (5-10%), Utilities, and Sports.

Figure 01: Presight's operational performance in FY2023

10+
Industry-leading flagship technology solutions

Proprietary IP
Intellectual property rights to flagship solutions

100+
Globally competitive Artificial Intelligence models

100 Million+
API Usage / Day with total usage of 70B+ API Calls

30-50 TB
Daily all-source data-processing capacity

520+ Employees
30+ nationalities, 80%+ Technical Specialists, 25% females

4 Continents
Early-mover in 15+ countries

Top 3 Award
EXPO 2020 platform placed top 3 at the World Smart City Global Awards 2022

Source: Company Information

Presight is a comprehensive provider of analytical and data interpretation services across various four verticals

During the COVID-19 crisis, the Company utilized its solutions to enable the UAE government with data analytics-based pandemic management. Since then, it expanded its operations domestically and internationally, marking its international presence by signing its initial international MoU for the National Transformation Program of Digital Angola in 2021, thus becoming the leading big data analytics company in the region driven by AI.

Presight's business expansion is based on four key industries with vast potential for continuous growth and innovation. The industries include the public sector, finance, utilities, and sports. The Company provides services to governments, sports leagues, financial institutions, and climate organizations. It is also diversifying its solutions into new sectors.

Presight generated revenue of AED 1,781 Mn in FY2023, up from AED 1,552 Mn in FY2022, out of which AED 1,633 Mn was recorded domestically, and AED 148 Mn was generated internationally. In FY2023, nearly 51% of revenue was from the backlog, while the rest was quick-turn contracts. Revenue growth is attributable to the projects deployed domestically in 2023 with 4Q23 being the strong quarter. The Company also received AED 1.6 Bn multi-year orders in FY2023.

Presight received new orders of AED 1.6 Bn in FY2023 compared to AED 1.8 Bn in FY2022. The Company recorded a net profit attributable to shareholders of Presight of AED 570 Mn in FY2023 compared to AED 425 Mn in FY2022. With the increasing demand for big data analytics and digital transformation across various sectors, the company is strategically positioned to capitalize on substantial market growth opportunities.

Figure 02: International Presence of Presight in FY2023

Asia
Azerbaijan
Indonesia
Kazakhstan
Maldives

Middle East
UAE
Bahrain

Africa
Angola
Congo
Senegal
Seychelles
Tanzania
Togo
Zambia

Americas
Dominican Republic
Guyana

Source: Company Information

Transformative Analytics Quotient (TAQ): The Omni-Analytics Platform

TAQ, the foundation of Presight, serves as a comprehensive analytics platform, driving all verticals of Presight, and excels in interpreting diverse data sources

TAQ, Presight's omnichannel big data analytics platform, elevates clients' analytics capabilities by integrating diverse data sources and applying adaptive AI algorithms to swiftly generate actionable insights to aid clients in better decision-making. At its core, TAQ features all-source data interpretation and analytics, supported by AI and a big data layer containing over 100 algorithms for various solutions like risk scoring and case management. TAQ serves as Presight's foundational omni-analytics platform, driving all verticals. It excels in interpreting diverse data sources, performing AI-driven big data analytics, and seamlessly adjusting to any technological infrastructure.

One of TAQ's key strengths lies in its ability to interpret vast amounts of data, processing up to 30-50 TB daily across multiple formats, including image, audio, video, number, multi-lingual, and geospatial data. TAQ leverages AI-driven data annotation to effectively handle new types of data.

Furthermore, TAQ combines the expertise of data scientists and industry specialists, producing a wide array of big data tools and AI models including natural language processing, link analysis, customizable OCR, advanced geo analysis, computer vision analysis, and all source data search. It also facilitates the establishment of a tech foundation, servicing clients at various tech maturity levels by providing IoT integration, data center hosting, supercomputing capabilities, and cloud integration for seamless access.
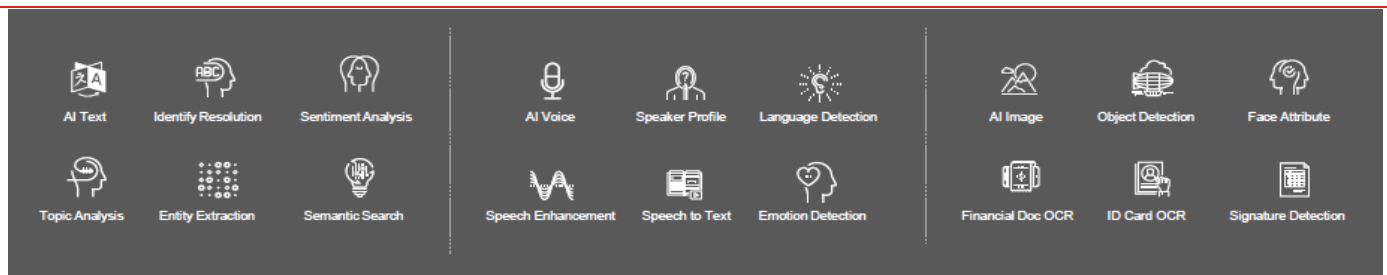
AI Library

The core of the TAQ platform is the AI library of Presight containing 100+ AI algorithms in multimedia analytics (image, audio, video), text analysis, and behaviour analysis, supporting all vertical solutions provided by the Company and facilitating automation, advanced analytics, and anomaly detection.

AI Library is the core of the TAQ platform and contains 100+ machine learning and deep learning ready-made models to apply on any AI analytics platform

For each business vertical, AI algorithms are customized to provide solutions to complex business problems. The library contains readymade proprietary components that could easily be used on all AI analytics platforms to offer customized solutions. The library also contains 100+ advanced deep learning and machine learning models with the capability to process nearly all sizes and types of data.

Some of the machine learning models offered by the TAQ library are AI text, topic analysis, language and emotion detection, financial documents and ID card OCR, AI voice, speech-to-text, face ID, incident detection, crowd control, pattern detection, impact analysis, trend forecasts, predictive and behavioral analysis, and anomaly detection.

Figure 03: AI Modules Offered by TAQ

| AI Text | Identify Resolution | Sentiment Analysis | AI Voice | Speaker Profile | Language Detection | AI Image | Object Detection | Face Attribute |
| Topic Analysis | Entity Extraction | Semantic Search | Speech Enhancement | Speech to Text | Emotion Detection | Financial Doc OCR | ID Card OCR | Signature Detection |

Source: Company Information

Technology Offerings and Core Solutions

Core solutions are the integral components of the Presight services offered across all business verticals

Presight provides an "end-to-end" technology stack for both cloud-based and on-premise solutions.

The Company offers a comprehensive technology package, including a top-tier analytics platform, a vast library of 100+ AI models, implementation services, and customizable cloud and data center infrastructure depending on client specifications. This integrated approach enables Presight's customers to access high-performance analytics tools customized for their operations, facilitating faster deployment and scalability to meet nation-wide requirements.

The omni-analytics platform of the Company serves as the primary interface for customers, offering cross-sector solutions with advanced capabilities in all-source data interpretation of any scale.

Presight's cloud and data center services offer the required infrastructure for computing, storage, and other cloud-related services as per customer requirements. The Company has introduced Microsoft Azure alongside the proprietary G42 cloud so that customers can select between cloud providers or choose to run Presight applications on-premise. The Company also offers implementation services, which include providing support to third-party hardware and other applications that can serve as data inputs for the analytics platform.

80+ financial entities utilize the quantitative benefits of the Financial Analytics platform

Financial Platform: A global AI-enabled financial analytical platform that offers real-time risk management, security, end-to-end fraud detection, and compliance management solutions using cloud computing and predictive analysis to financial institutions. The platform identifies and assesses risks using mass data patterns. The platform is specialized in intelligent audit, decision-making, and risk management. The Financial Analytics platform is utilized by 80+ entities for quantitative benefits.

Vantage: An integrated data management solution that interprets raw data inputs from various sources into domain-specific analytics by harnessing predictive modeling techniques, this product generates actionable insights and recommendations aimed at assisting decision-makers.

Video Analytics: The platform utilizes the AI library of Presight to integrate multiple standalone video management systems into a single integrated platform. Video Analytics provides real-time situation analysis and interconnect operations. The platform is used in the public sector, utility sector, and many other verticals.

Smart Grid: The Smart Grid solution uses artificial intelligence to enhance electricity and gas networks to elevate energy efficiency and avoid financial losses during energy transportation.

Sirius: Sirius is an innovative solution for visual data monitoring, situation analysis, and anomaly detection. The platform is equipped with state-of-the-art multi-sensor capabilities and offers situational awareness by consolidating visual data from various sensors and external data sources into a single, integrated platform.

The Next Step – Enterprise AI Suite

Presight launched Enterprise AI Suite featuring two products named Presight Vitruvian and Presight Connect to be the leader in the applied AI space. The Enterprise AI Suite leverages machine learning, large language models (LLM), predictive analytics, natural language processing, and Generative AI to drive business value. The Suite can also be deployed on client premises, on the cloud, or even air-gapped if required by the client to provide the highest security. These solutions enable organizations of any size with the tools required to utilize the full potential of AI-powered applications.

Enterprise Suite provides clients multiple benefits such as flexibility and scalability to allow utilization of AI technology without deep technical knowledge, cost-effectiveness, and rapid deployment on an immediate basis.

Presight Vitruvian: It is an on-premise AI platform capable of managing large-scale data and information and learnings from organization data and systems to provide new perspectives and deep business insights. Vitruvian enables Presight clients of any scale to utilize AI tools for a deep understanding of business across multiple sets of use cases and verticals.

Presight Connect: It is a cloud-based, UAE-hosted AI business assistance that can be utilized for any organization on an immediate basis. Connect provides a unique collaborative framework where AI agents and humans function intelligently and seamlessly together. Connect can employ the most adaptable GPTs to connect seamlessly with other SaaS systems and business applications to enhance operational efficiency and deliverable insights.

Connect also provides solutions like automation, personalization, and advanced planning to clients and currently deploys multiple expert agents as per client requirements. These experts include data cleansing specialists, data scientists, report analysts, financial experts, intelligent analysts, data visualization experts, and executive assistants. The Connect can operate independently and is capable of completing complex tasks without human intervention.

The Suite can be utilized for multiple business tasks including marketing & sales, recruitment & HR, finance & risk management, operations, supply chain, customer service, legal compliances, IT security, and data management. The Suite can be used in diverse industries including healthcare, finance, banking, insurance, E-commerce, retail, and others.

In the healthcare industry, Enterprise tools can predict disease progression and tailor treatment plans according to the patient's requirements. The retail industry can benefit from personalized recommendations and demand forecasting, while manufacturing can optimize supply chains and improve production efficiency. In finance, AI tools can forecast market trends, manage risks, and detect fraudulent activities.

Industries catered by Presight

1. Public Sector

The Public Sector market size in the MENA region was c. USD 86 Bn in FY2021, and expected to grow at a CAGR of 8% in FY2022-28

The Public sector contributes nearly 90-95% of revenue generated by Presight. The global demand for smart government and the city was USD 1200 Bn in FY2022 with an anticipated CAGR of c. 24% during FY2022-30. In the MENA region, the demand was USD 86 bn in FY2021 with an expected CAGR of 8% during the next five years. High demand and a healthy future outlook provide expansion opportunities for the Company in the upcoming period.

Through this segment of the business, Presight enables public agencies to facilitate digital identity management, enhance public safety, define data-driven policies, and improve citizen service offerings. The Company offers multi-source data analytics and investigative platforms to law enforcement and security agencies, also equipping them with public safety solutions such as anomaly detection, target identification and prediction, threat detection, and preventive services.

The Public sector contributes nearly 90-95% of the total revenue generated by Presight

Presight also provides comprehensive Digital ID solutions utilizing biometric data (facial, fingerprint, and iris) enabling agencies to authenticate users swiftly using AI-driven matching algorithms, ensuring secure verification processes. The Company provides e-government services and analytics to enhance citizen service delivery, catering to citizen needs more efficiently. Presight harnesses advanced big data analytics to elevate efficiency and cost savings to optimize urban planning. This includes analysis of tourist journey & spend data, healthcare digitization, retail insights, and city-wide traffic optimization.

The Company provided AI-enabled visitor management technology for EXPO 2020 to monitor 100,000+ daily visitors and 6,500+ daily vehicles. The platform utilized 12,000 CCTV cameras, 2,400 tracking devices, 137 metal detectors, 130 X-ray machines, 240 license plate recognition devices, and 158 auto arm barriers to monitor an area of 4.38 SQKM. The Presight solutions implemented video analytics, screening services, and vehicle access management for AI analytics to create alerts within milliseconds. Also, identified and prevented thousands of incidents.

The National Emergency Crisis and Disaster Management Authority (NCEMA) of UAE awarded a multi-year contract to develop an AI-based platform to enhance emergency services in the UAE. According to the contract, Presight will provide a mission-critical GAI-powered (Generative Artificial Intelligence) platform to NCEMA, an integrated and multi-faceted emergency response system for holistic management and forewarning of emergencies.

Figure 04: Sectoral Revenue Composition[1] of Presight in FY2023
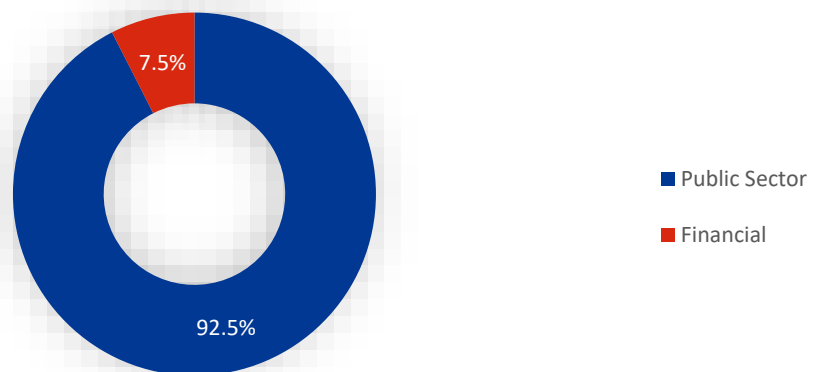
Source: Company Information, [1]Sectoral contribution is computed based on mid-point data

2. Financial sector

The financial sector contributes 5-10% of the total revenue generated by Presight. The global demand for GenAI and big data analysis in financial was USD 20 Bn in FY2022 with an anticipated CAGR of 13% during FY2022-30. The demand for fintech in the MENA region was USD 10 Bn in FY2022 with a CAGR of more than 12% during FY2022-26.
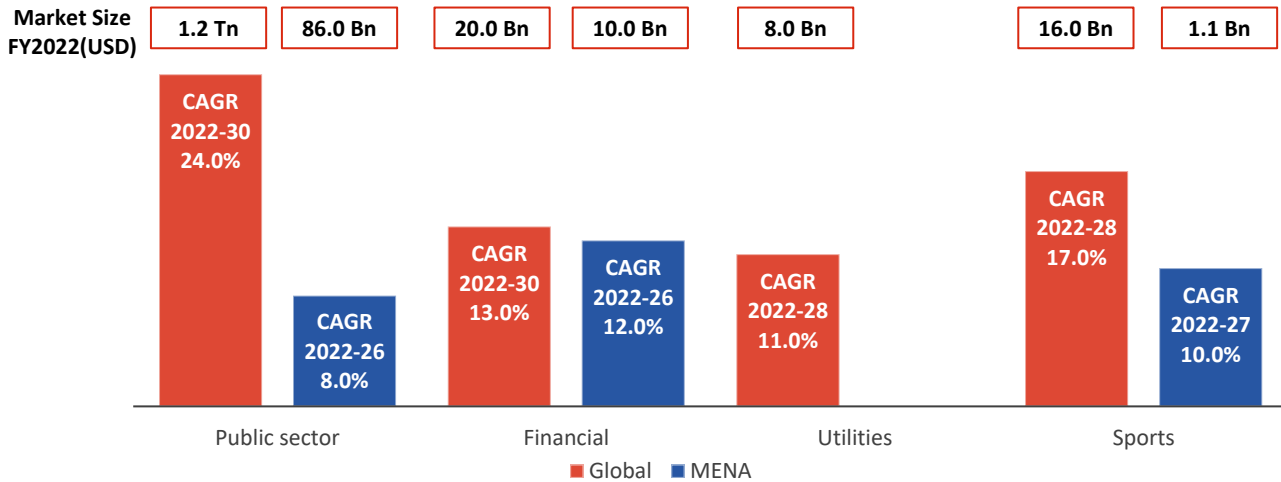
The Company offers universal AI-enabled financial analytical solutions to provide fraud detection, security, and risk management tools to financial institutions around the globe. The platform also helps to automate financial tasks and regular activities of institutions. The solutions offered by the Company include Audit and Governance solutions, Anti-money Laundering solutions, and Financial Analysis solutions. Presight also helps institutions migrate to clouds using the G-42 ecosystem. Cloud services help companies to digitalize financial services offered to clients.

The Audit and Governance solutions provide digital GenAI audit services to ensure rapid results by utilizing 100+ AI audits & governance use cases. The solution also offers anti-corruption tools to recognize conflicts of interest, HR-related party conflicts, and lifestyle anomalies. Anti-Money Laundering (AML) platform offers tax evasion and financial crime detection tools and utilizes risk scoring (AI credit risk management) and deep-link analysis to identify threats in financial transactions. The solutions also leverage cross-platform financial data analysis on a large scale to connect funding from initiation to completion.

The financial analysis platform contains a set of AI-enabled tools for financial investigation including identity protection, a set of analysis tools for image, video, and audio analysis, and fake account detection. Presight also provides automation and digitization of banking services such as credit risk, e-KYC, smart marketing, portfolio management, loan processing, AI chatbot, and others. The platform provides policymakers with a centralized intelligence visualization platform, drawing from multiple sources, to consolidate inventories and facilitate strategic decision-making.

Abu Dhabi Accountability Authority (ADAA) utilizes Presight Financial platforms for parallel auditing to process multiple entities simultaneously. The platform also provides dollar value realization and the ability to process millions of records to identify anomalies within seconds. The platforms also elevate the operational efficiency of ADAA with faster execution speed and are certified by the audit team. ADAA has selected the Financial Analytics and Audit Platform of Presight for risk management and digitalization.

Figure 05: Market size (FY2022) and expected growth in AI Analytics Demand in MENA & Global Business Verticals

| Market Size FY2022(USD) | 1.2 Tn | 86.0 Bn | 20.0 Bn | 10.0 Bn | 8.0 Bn | 16.0 Bn | 1.1 Bn |

Chart data:
- Public sector: Global CAGR 2022-30 24.0%; MENA CAGR 2022-26 8.0%
- Financial: Global CAGR 2022-30 13.0%; MENA CAGR 2022-26 12.0%
- Utilities: Global CAGR 2022-28 11.0%
- Sports: Global CAGR 2022-28 17.0%; MENA CAGR 2022-27 10.0%

Legend: ■ Global ■ MENA

Source: Company Information

The global market for big data analysis in the energy sector reached USD 8 Bn in FY2023 and is projected to expand at a CAGR of 11% over the next five years.

3. Utilities

The global market for big data analysis in the energy sector was USD 8 Bn in FY 2023 and is expected to grow at a CAGR of 11% in the next five years. Presight's data analytics platform integrates GenAI, infrastructure, IoT, and data analytics and utilizes information from multiple sources to draw insightful conclusions specifically customized for the energy and utility sectors. The platform enables public and private energy providers to elevate efficiency and sustainability in their operations by using GenAI and big data analysis. The solution also provides smart meters, IoT, and city resource management to increase the quality of community services.

The Capacity solution of the Company facilitates the prediction of future urban requirements by conducting extensive data analysis on capacity expectations, including public transport and traffic management to healthcare capacity and empowers cities to prepare for future needs well in advance proactively.

Presight's Service Optimization solution features dynamic adaptation to real-time events and evolving environments, employing live, AI-driven deployment of resources and staffing to uphold high service standards amidst unforeseen changes. The City Management solution streamlines city resources by actively monitoring crucial city-wide statistics in real-time, integrating AI prediction algorithms to facilitate effective policy-making and decision-making. This enables decision-makers to allocate their time efficiently to matters that demand their attention.

The Company also offers Meter Data Management System (MDMS) and Advanced Metering Infrastructure (AMI) solutions to elevate the government's and energy companies' capacity to track, monitor, and substantially reduce operational inefficiencies within their utility and oil & gas sectors. Through the integration of IoT, big data analytics, and smart meters, Presight can boost operational metrics by 45% and reduce technical and commercial losses by up to 20%. Digitalizing operational inefficiencies and reducing losses facilitates effective energy management, leading to decreased emissions from generators.

Presight collaborated with the Azerbaijan Electricity and Gas Distribution Company to pilot an Advanced Metering Infrastructure (AMI) alongside a Meter Data Management System (MDMS) with an Analytics Project using 1000 smart meters in the pilot stage. The Company expects to deploy 2.5 Mn smart meters upon full completion. This initiative aims to modernize the

metering infrastructure of Azerbaijan. Implementing smart meters will provide benefits such as faster identification of dead meters and connections, preventing commercial and technical losses, and improving distribution management.

The recently acquired AIQ will play an important role in the expansion of Presight into the utility segment. Presight can combine AIQ's solutions with its cross-sector big data analytics, product development, and international market access to become the leading provider of energy-focused AI organizations. AIQ is already in partnership with ADNOC, which will provide Presight with an opportunity to be a part of ADNOC's future digital transformation initiatives.

4. Sports

The global sports technology market was valued at USD 16 Bn, with an anticipated CAGR of 17% over the next six years.

The global sports technology market reached USD 16 Bn in FY2022 and is expected to grow at a CAGR of 17% in the next six years. In the MENA region, the sports rights market was valued at USD 1.1 Bn in FY2022 with an expected CAGR of 10% during FY2022-27. Presight has developed a groundbreaking sports analytics platform that leverages big data and collaborations with leading global sports organizations to enhance athlete performance through personalized training, diet plans, and injury prevention strategies. This platform provides actionable insights tailored to each athlete's specific needs.

Presight deploys AI-driven tools to engage both brands and fans in the domain of sports. By analyzing fan behaviors, media engagement, and brand attributes, Presight facilitates a holistic understanding of how these factors influence decision-making in sports. Furthermore, Presight employs scientific pre-game preparation by collecting and analyzing bioinformatics data to advise on strategic and tactical game planning.

The Sports database contains information about 3,650+ athletes, 6000+ fights, c. 245 data points per athlete, c. 490 data points per fight, and 500K+ possible combat combinations

Presight has developed and deployed a multi-source dashboard customized for the UAE National Cycling Team, facilitating athlete wellness, performance monitoring, and predictive analytics. Additionally, Presight has implemented an advanced backend analytics platform for the Ultimate Fighting Championship (UFC), focusing on fight and fighter analytics, achieving an impressive 86% prediction accuracy in forecasting fight outcomes. Currently, Presight is in the process of developing Generative Pre-trained Transformers (GPT) technology and performance analytics for the Mercedes-AMG PETRONAS Formula 1 Team, demonstrating its continued commitment to advancing sports analytics across diverse disciplines.

Exploring New Horizons: Organic Expansion into Emerging Sectors

1. Climate

AI plays a pivotal role in predicting the environmental impact of business activities through big data analytics

The demand for global climate analytics solutions reached USD 40 Bn in FY2022 and is anticipated to grow at a CAGR of 8% during FY2022-30. In the MENA region, the climate analytics market is valued at USD 2 Bn and expected to grow at a CAGR of 8% during the same period. Presight offers a suite of climate solutions utilizing big data analytics powered by AI to aid businesses and governments in identifying, managing, and predicting the environmental impact of their operations.

The Carbon Credit analytics solution integrates satellite imagery with AI algorithms, enabling governments and organizations to monetize carbon credits in collaboration with environmental partners.

Furthermore, Presight's Energy Optimization solution employs AI models connected to sensors installed across energy distribution networks to minimize wastage, driving savings in electricity distribution and usage. Moreover, their Maritime Conservation solution combines advanced scanning technologies with AI models to analyze trends in maritime conservation, facilitating

data-driven decision-making and policy formulation. Through these innovative solutions, Presight contributes to addressing environmental challenges and promoting sustainable practices**.**

2. Education

The surge in demand for remote learning due to COVID-19 is driving the demand for AI-enabled analytics in the Education sector

The global demand for EdTech reached USD 74 Bn in FY2022 and is expected to grow at a CAGR of 15% during the period of FY2022-27. The EdTech sector market size in the MENA region reached USD 5 Bn in FY2022 and is anticipated to grow at a CAGR of 10% during FY2022-27.

Presight can transform educational outcomes by providing authorities and institutions with data-driven tools. These tools enhance student learning achievements, optimize learning programs, and identify talent. Presight offers solutions customized to enhance childhood development, optimize learning programs, and improve student-teacher matches.

The Childhood Development solution offered by Presight enables educational institutions and authorities to recognize factors contributing to intelligent and healthy childhood development and helps to elevate childhood development over time. The GenAI can be utilized for recognizing early indicators for children with special needs and providing them with the required attention to improve their childhood.

The Company offers program optimization tools supported by AI to improve learning programs and generate desired learning outcomes. AI correlates learning outcomes and satisfaction with teaching methods, content, and course structure to suggest enhancements for the learning process.

The Student-Teacher Matching solution utilizes AI to recognize similar traits between teacher and student learning styles to match teachers with students based on compatible learning styles to achieve optimal learning outcomes. The utilization of AI in education enables customized learning experiences. The digitalization of education has surged, particularly with the growing demand for remote learning due to COVID-19. Additionally, AI aids in identifying gaps in teachers' performance.

Figure 06: Market size (FY2022) and expected growth in AI Analytics Demand in MENA & Global Emerging Verticals
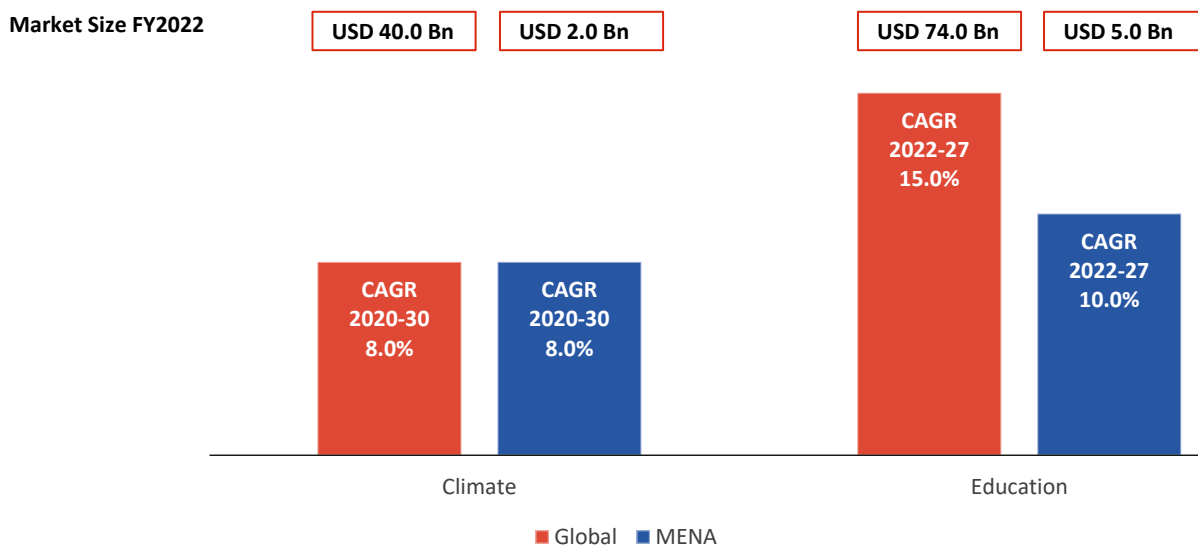
Source: Company Information

Inorganic expansion will expand the energy solution portfolio and global reach

AIQ Acquisition

AIQ combines its AI energy solutions with Presight's cross-sector big data analytics and global market access offering a strong expansion opportunity

On 1 May 2024, Presight announced the acquisition of a 51% stake in AIQ, a joint venture between the affiliates of ADNOC and G42. AIQ was 40% owned by G42 Energy LLC (an affiliate of G42) and 60% by ADNOC affiliate. After the transaction is completed, Presight will own a 51% stake in AIQ while ADNOC will retain the remaining 49% stake. On 7 June 2024, Presight completed the transaction of AIQ. The transaction is completed for a cash consideration of USD 350 Mn to be paid in two tranches. Out of which, USD 245 Mn was paid at the time of completion of the transaction and the remaining USD 105 Mn will be paid in November 2024. As part of the transaction, ADNOC will receive 4% in Presight shares currently from G42, in exchange for 11% of its shareholding in AIQ, which, at current Presight market value, values AIQ at over USD 1.4 Bn. AIQ will work as a standalone company, utilizing data to provide AI-enabled solutions to the energy sector.

Abu Dhabi-based AIQ was formed in 2020 as a joint venture between G42 and ADNOC to develop and commercialize energy products and services based on AI for the energy and utility industry. AIQ generated revenue of USD 71.8 Mn in FY2023 recording 61.4% growth compared to FY2022. Net profit also rose 21.7% to USD 35.1 Mn in FY2023. The strong revenue and profitability growth are attributed to healthy core product lines such as Autonomous Well Control (ROBOWELL), Smart Portfolio Optimizer, Well Insight, and ADNOC Reservoir 360 (AR360).

AIQ generates revenue from multiple stages of the client engagement process, including pilot and deployment, license provision, and service and maintenance. This revenue generation approach provides the groundwork for future revenues through licenses, which comprise the largest revenue segment of AIQ.

Presight's acquisition strategy is aligned with the broader market trajectory. The global demand for automation and AI in the energy sector is growing, which presents a strong opportunity for influence and expansion. The acquisition of AIQ positions Presight to utilize growing demand and elevate the company's stature in the oil, gas, and energy sectors. The acquisition will partner with ADNOC's digital transformative initiatives, cementing Presight's position in the AI domain of the gas and oil sector. The partnership will also expand Presight's energy solution portfolio at the global level.

AIQ offers multiple AI solutions for the energy sector including AR360, DRIVE, ROBOWELL, and FORESIGHT

AR360 of AIQ provides a comprehensive overview of reservoir management and production optimization and utilizes automated processes to assess reservoir model quality and optimize recovery factors. AR360 deploys machine learning and physics for real-time production forecasting, significantly reducing scenario analysis time.

DRIVE platform of AIQ replaces traditional reservoir simulators with AI-powered meta-models, allowing for rapid assessment of multiple field development scenarios. DRIVE platform highly integrates and automates quality checks and scenario rankings, enhancing the decision-making process in field development planning.

ROBOWELL utilizes APC for real-time optimization of well parameters, reducing the need for manual supervision and enhancing operational safety.

FORESIGHT platform of AIQ combines statistical, physics-based, and AI methodologies to predict failures in electrical submersible pumps and integrates with existing monitoring systems and data sources. Additionally, it also Enhances proactive maintenance planning.

Figure 07: AIQ shareholding pre-acquisition

- G-42
- ADNOC

40.0%

60.0%
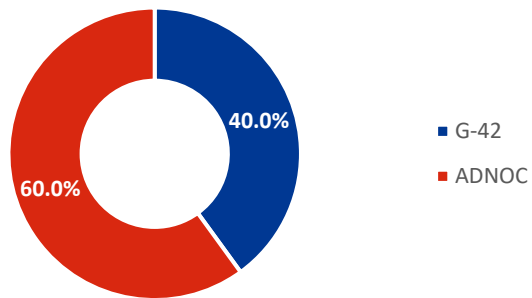
Figure 08: AIQ shareholding post-acquisition

- Presight
- ADNOC

51.0%

49.0%

Source: Company Information
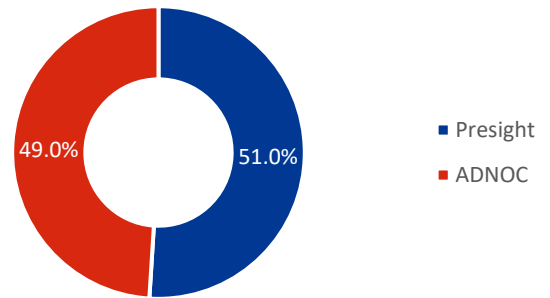
Source: Company Information

Highly Experienced Management Team

Experienced Management Team with a Long Track Record in the Business

Chairman of the Board – H.E. Dr. Sultan Ahmed Al Jaber

H. E. Dr. Sultan Ahmed Al Jaber is the Chairman of the board at Presight, a member of the Federal cabinet, the Minister of Industry and Advanced Technology, and the UAE's special envoy for climate. Dr. Al Jaber oversees efforts to further expand the industrial development of the UAE, and promote in-country value, leveraging advanced technology as a key enabler.

Vice-Chairman of the Board – H.E. Mansoor Al Mansoori

H. E. Mansoor Al Mansoori is the Vice-Chairman of the board at Presight, a member of the Abu Dhabi Executive Council, and the Chairman of the Department of Health in Abu Dhabi. He has diverse experience in the private and government sectors including telecommunications, energy, and technology working in strategies, building institutional structures and capabilities, and implementing performance-based management systems. As the COO of G42, he was responsible for the Group and operating businesses' strategic partnerships, innovation, capacity building, business efficiencies and transformation, revenue optimization, brand development, organizational culture, and the development of future leaders of G42.

Chief Executive Officer – Mr. Thomas Pramotedham

Mr. Thomas Pramotedham is the Chief Executive Officer of Presight Holding PLC. He began his career as a Business Development Manager in Bluetangerine Executive Research in 2003. Later, after working for almost three years at Bluetangerine Executive Research, he joined AdTag Holdings Limited in Hong Kong as a Chief Marketing and Product officer for almost four years. Mr Thomas then joined GeoLogic Pte ltd, which focuses on new solutions and non-software distribution business, as a General Manager for almost 12 years. Mr Thomas held management and thought-leadership positions across Asia. Before joining Presight, Mr Thomas worked as Chief Executive Officer in Esri Singapore for 7 years, a world leader in Geospatial Technology and a key partner in driving Singapore's successful Smart Nation programs. He holds a Bachelor's degree in Computer science from the National University of Singapore. Mr Thomas also holds a Certified Sake Sommelier certificate from the Sake Sommelier Association.

Chief Operating Officer – Dr. Adel Alsharji

Dr. Adel Alsharji is the Chief Operating Officer of Presight Holding Plc. Dr Adel began his career as a Franchise Owner for nine years in Yogen Fruz. During this time, he completed his doctorate degree in Business Administration at Abu Dhabi University in 2018. Later, he joined G42 as a Chief Commercial Officer role and was promoted to General Manager in 2021. Dr Adel brings over 25 years of experience to Presight with knowledge of AML, auditing, and anti-corruption. He holds a Bachelor's degree in Arts from Ohio University and a Master of Business Administration in Finance from the New York Institute of Technology.

Chief Financial Officer – Mr. Ram Meyoor

Mr. Ram leads the finance organization of the Group and is responsible for operational and financial strategy. He holds more than two decades of experience. He has held several finance positions with Motorola Solutions across MENA, India, APAC, and the US, where he was instrumental in building the financial capabilities of the organization. Mr Ram holds a bachelor's degree in Engineering, a master's degree in Science and an MBA from the US.

Chief Technology Officer – Mr. Xiaodong Zhou

Mr. Xiaodong Zhou is Presight's Chief Technology Officer and oversees the development of technology framework and AI strategy in modern-day analytical fields and adopts the latest technologies to bring out their real business value. He has over 17 years of experience working in the telecom, financial, and software industries, including with MicroStrategy which focused on analytic platforms and applications. Mr. Zhou has worked with the UAE government since 2015 on data analytics capabilities, focusing on big data analysis, cloud adoption, and data science.

Leveraging Technological Capabilities to Drive Sustainable Advantage

Sustainable business model catering to evolving customer needs

Presight's sustainable business model delivers customized, scalable technology solutions through integrated Analytics Platforms, Implementation Services, and robust Cloud & Data Center Infrastructure

Presight, a (G42 company), is a leading big data analytics company driven by advanced artificial intelligence (AI). The Company boasts over 10 flagship technology solutions and more than 100 AI models to serve clients across four continents, including the Americas, Middle East, Africa and Asia. The Company offers its services across both the government and private entities. Presight was successfully listed on the Abu Dhabi Stock Exchange on 27 March 2023 with an overwhelming response from investors and oversubscribed 136 times. Presight has four national and international partnerships and joint ventures and has signed 15 domestic and international contracts in FY2023. The Company also owns proprietary intellectual property rights for its flagship solutions, providing a competitive advantage and enabling the delivery of unique and innovative products. Its proprietary solution, TAQ, seamlessly adapts to various technologies, ingests and interprets data from all sources, and scales to handle any load. The Company also boasts a strong track record in industrial-grade data analytics, providing robust products and solutions for complex, mission-critical projects both in the UAE and globally. It provides solutions that address key solutions, such as smart cities, utilities, and economic risks in emerging markets.

The Company's business model is highly scalable, with a large addressable market driven by structural demand. It operates as a capex-light model with strong management controls that enable expansion internationally with minimal financial risk. Presight's sustainable business model thrives on offering tailored end-to-end technology solutions, ensuring client-centricity and scalability for long-term growth. The model revolves around three integral components that are seamlessly interconnected to deliver comprehensive solutions. Analytics Platforms is at the forefront, representing the top customer-facing layer and encompassing key software solutions tailored to diverse needs. This layer includes software, support, and implementation services, with pricing structured around system complexity, factoring in variables such as the number of data sources and users. Implementation services complement the Analytics Platforms, facilitating the provision of third-party hardware and solutions crucial for data input into the analytics platform. Furthermore, Presight's Cloud & Data Center offerings form the backbone, providing the essential infrastructure for computing, storage, and other cloud-related services. With pricing structured on a 'cost-plus' basis, this component ensures reliability and scalability, catering to evolving customer needs with efficiency and flexibility.

Strategic client engagement model enables robust topline growth

Presight generates revenue by offering proprietary and third-party solutions. In addition, it also cross-sells G42 cloud-based solutions for deployment in key sectors

Presight's client engagement model is built on a strategic and comprehensive process through which the Company earns its revenue. The process begins with setting up National Level Agreements with federal and state authorities to implement AI Solutions. In this, the Company engages with host nations to develop and execute digitalization strategies and with key government stakeholders and state-owned enterprises to ensure alignment and effectiveness. Following the agreement, Presight focuses on ICT infrastructure, deploying sovereign data center infrastructure tailored to the client's specific requirements. This service operates on a cost-plus model, allowing Presight to resell ICT solutions and generate significant revenue through high-volume transactions. Once the ICT infrastructure is in place, the Company transitions to implementing cloud technology according to the client's needs. Presight provides cloud solutions on a cost-plus basis, utilizing G42 Cloud-based services to deliver robust and scalable solutions. This ensures substantial revenue by meeting the diverse and growing demands for cloud infrastructure. Furthermore, Presight offers proprietary and third-party

solutions, which include a combination of licensing and professional services that contribute to high revenue and margin value.

Figure 09: Presight's Client Engagement Model
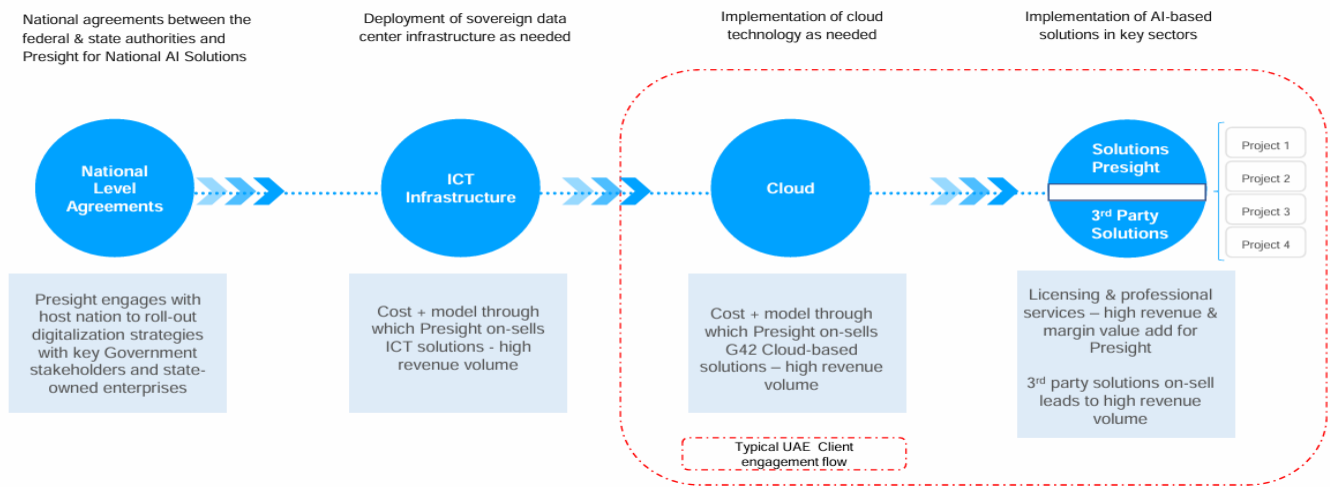
Source: Company Information

Both public and private entities benefitted from Presight Technology solutions

Presight's cutting-edge AI-technologies benefitted the Government of Dubai during EXPO 2020 and athletes/fighters during UFC tournament

Presight's AI-driven technology significantly benefitted both public and private sector entities. In the public sector services, the Company delivered Smart, AI-powered Visitor Management operations for the Dubai Government during the Dubai Expo 2020. The implementation enhanced security measures and operational efficiency throughout the event. The advanced systems deployed by Presight utilized state-of-the-art technology, including CCTV cameras, metal detectors, and x-ray machines, to monitor over 100,000+ daily visitors and 6,500+ daily vehicles. Presight provided real-time insights for continuous operation monitoring and effective security situation assessment by leveraging Advanced video analytics. The screening services comprise X-ray and metal detectors, which successfully intercept prohibited items, ensure visitor safety, and eliminate potential threats. Additionally, the Company's Vehicle Access Management (VAM) technology efficiently controls entry and exit points through intelligent automation, managing car access and parking operations and preventing unauthorized vehicle access. The AI-driven solutions facilitated swift incident detection and prevention and offered track and trace capabilities, contributing to the overall security and smooth functioning of Dubai Expo 2020. It was awarded a contract from NCEMA to enhance crisis and emergency management by developing an AI-driven platform to support emergency services in the UAE. The collaboration integrates a multi-year, mission-critical GAI-powered platform with a comprehensive emergency response system, offering holistic management and forewarning of emergencies. The partnership enhances operational efficiency, optimizes resources, and improves situational awareness, enabling quick response and reducing the impact on lives and property. In addition, the Company recently launched its Enterprise AI Suite, featuring two products, Presight Vitruvian and Presight Connect, underscoring its leadership in the applied AI industry. This success underscores the potential for substantial returns on investment in Presight's cutting-edge AI technologies, given its proven ability to enhance security and operational efficiency on a large scale.

Through its AI-driven smart sports platform offered to the Ultimate Fight Championship (UFC), Presight provides rapid and accurate fight outcome predictions, achieving a predictive accuracy higher than any other entity within six months. The platform offers functionalities such as

fighter profiling, match and audience statistics, video analytics, and public opinion analysis. In addition, the platform also provides comprehensive insights and enhances athlete performance and fan experience. The AI-based tool has a robust database, including profiles of over 3,560 athletes, 6,000+ fights, and extensive data points related to athletes/fights. These data points exemplify Presight's advanced big data analysis capabilities.

Figure 10: Presight's Client Engagement Model
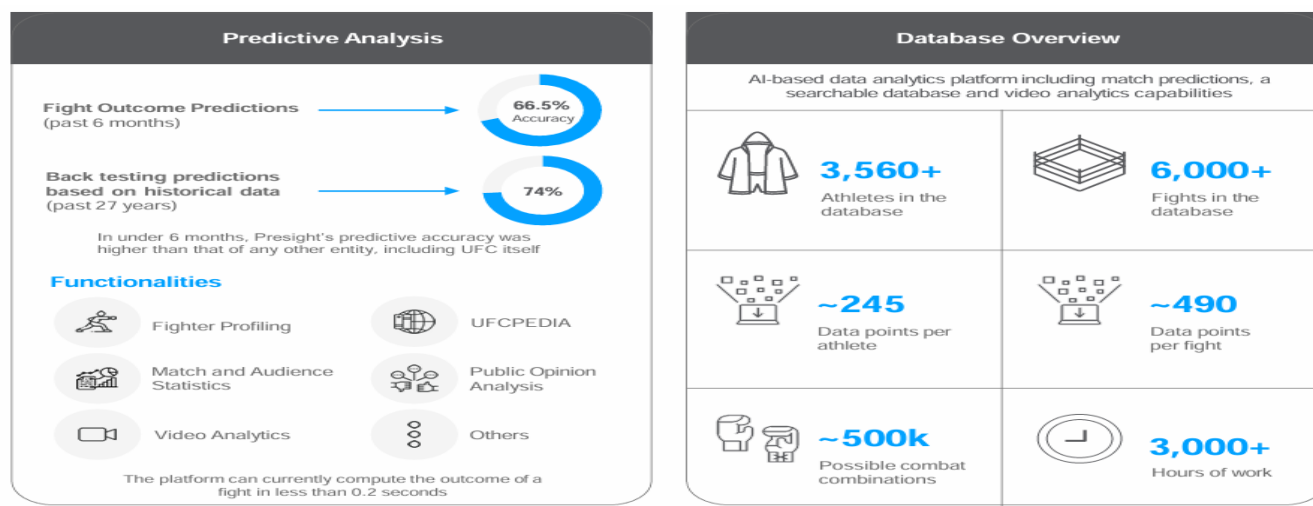
Source: Company Information

Tailored Solutions Delivering Long-Term Tangible Benefits to Clients

Continued business investments offer attractive return

Presight significant investment in AI and Big data analytics highlights strong growth potential and market expansion strategies

Presight invests in AI and big data analytics to enhance its product portfolio and technological capabilities. The Company prioritises projects with high return potential and successfully executed over 25 projects across the UAE and MENA region, securing AED 1.6 Bn in multi-year orders during FY2023. It also expanded its market reach by targeting high-growth and underpenetrated regions, employing tailored market penetration strategies to capture new customer segments. Presight successfully secured substantial contracts across various nations, including Angola, Kazakhstan, and the Maldives, reflecting the momentum of its international expansion efforts and strong customer confidence. The Company is engaged in key contracts, including strategic engagements with the Emirates Talent Competitive Council and the Statistics Council of Abu Dhabi, alongside a critical multi-year contract with NCEMA to strengthen the UAE's crisis management. Presight also signed multiple MoUs, including an MoU with DeepTech Engineering, NEC, and Intelligent Security Systems, further supporting its technological partnerships and market position. Presight is committed to investing in attractive business opportunities to develop cutting-edge AI solutions and offerings to deliver enhanced customer experience.

Healthy domestic and international customer relationship strengthens topline growth

Presight enhances client analytics and operational efficiency through tailored, customer-centric solutions through continuous engagement

The Company works with leading organisations to generate significant, scalable impacts and rapidly enhance each client's analytics capabilities. Its solutions deliver substantial, long-term benefits, supported by deep and trusted B2G relationships. By offering a tailored technology stack, it enables rapid and cost-effective AI adoption. Additionally, it continuously integrates cutting-edge technologies such as GenAI, LLM, and Copilots, ensuring ongoing innovation and maintaining a competitive edge. The Company's customer-centric approach enhances

satisfaction and loyalty by tailoring solutions to specific client needs. For instance, the relationship with the Maldives Police Service showcases Presight's ability to deliver impactful solutions that enhance operational efficiency and decision-making processes. By leveraging data analytics and AI, Presight helps the Maldives Police Service to improve its crime prevention, investigation, and public safety capabilities. The Company is also developing software platforms for the Uzbekistan Anti-Corruption Agency, utilizing AI algorithms to identify conflicts of interest, prevent money laundering, and ensure legal compliance in public procurement processes. Moreover, Presight exclusively provides solutions to clients and ensures that no client data is shared with the company.

Figure 11: Presight: Domestic and Internation Customers

Source: Company Information

Strategic Acquisitions and International Expansion to Drive Value-Accretive Growth

Strategic M&A deals to enhance the product portfolio

Prestige is well-positioned to expand into new sectors, such as energy and utilities, and to enter new geographical markets

Presight is actively pursuing value-accretive opportunities, including mergers and acquisitions, to strengthen its product portfolio and technological capabilities. The focus is on both established and new technologies in core and adjacent markets. While pursuing acquisition opportunities, it ensures the opportunities meet hurdle rate and a systematic approach is followed for investment appraisal. Presight allocated USD 150-200 Mn to fund its inorganic growth. It is well-positioned to expand into new sectors, such as energy and utilities, and new geographical markets. Presight forged partnerships with prominent advisory firms to support this growth and established a dedicated in-house M&A team, underscoring its commitment to strategic and well-executed expansion. Furthermore, the Company has already screened over 50 potential opportunities, indicating its proactive and comprehensive approach to discovering and analyzing high-potential investments. Recently, the Company acquired a 51% stake in AIQ for USD 350 Mn. The combined entity utilizes AIQ's cutting-edge AI energy solutions with Presight's extensive big data analytics, product development, and international market access, positioning AIQ as a leading energy-focused AI organization. AIQ will use AI and machine learning to improve processes in the oil and gas industry. Since AIQ provides services to ADNOC, it has access to a huge volume of data, which will be combined with AI technology provided by Presight to offer solutions in the energy industry. Presight's acquisition strategy is aligned with the broader market trajectory. The global demand for automation and AI in the energy sector is growing, which presents a strong opportunity for influence and expansion. The acquisition of AIQ positions Presight to utilize growing demand and elevate the company's stature in the oil, gas, and energy sectors. The acquisition will partner with ADNOC's digital transformative

initiatives, cementing Presight's position in the AI domain of the gas and oil sector. The partnership will also expand Presight's energy solution portfolio at the global level. These strategic initiatives highlight Presight's focus on growth and diversification, leveraging M&A activities to enhance its technological capabilities and market reach.

Increasing international expansion to boost the market share

Presight strategic partnerships, JVs, and MOUs are aimed to boost international revenue from 9% in FY2023 to 30-40% in the medium term

Presight operates in 15 countries across four continents. The Company expects its revenue from international contracts to account for more than 30-40% over the medium term as compared to 9% in FY2023. It plans to expand its footprint by establishing efficient go-to-market channels, launching marketing programs, and increasing local presence and infrastructure to support this growth. Presight will deploy capital prudently for international expansion, focusing on maximizing investment returns. Recently, the Company established its international offices in Kazakhstan and Azerbaijan. Additionally, Presight formed several joint ventures (JVs), strategic partnerships, and Memoranda of Understanding (MoUs). These include a strategic JV with Samruk Kazyna to drive digital transformation in Kazakhstan and another with TOTM Technologies Limited. Furthermore, the Company signed international MoUs for digital transformation programs with Senegal, Zambia, and Mauritania. The Company is also deploying a National Analytical Platform, Data Centre, and National Cloud valued at USD 90 Mn for the Angolan Ministry of Information Technology. These strategic collaborations and investments underscore Presight's commitment to expand its global footprint and enhancing its digital transformation capabilities.

Figure 12: Presight's revenue from international operation
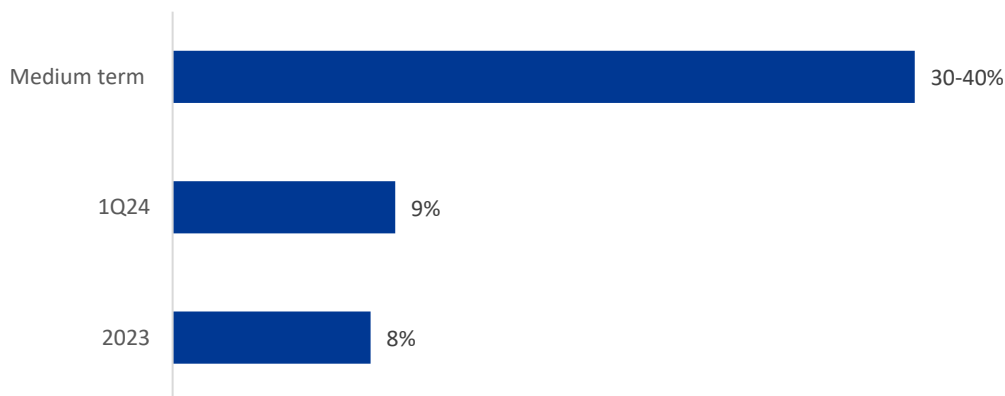
Source: Company Information

Robust Financial Performance with Growing Revenue and EBITDA

Growing backlog and multi-year contracts ensure strong revenue visibility

Presight's solid revenue growth, propelled by robust backlog and multi-year contracts, indicates a strong market position and international expansion potential

Presight delivered strong revenue growth, with a CAGR of 15.5% from AED 1,334 Mn in FY2021 to AED 1,781 Mn in FY2023. The Company's revenue grew 14.7% to AED 1,781 Mn in FY2023. The revenue growth is primarily underpinned by an increase in multiyear domestic and international contracts. The Company received new customer orders of AED 1.6 Bn in FY2023. In addition, the Company's revenue grew 15.9% YOY to AED 262 Mn in 1Q24, mainly due to an increase in multi-year revenue compared to 1Q23.

Presight's strong backlog and multi-year contracts generate robust future revenue and cash flow. During FY2023, the revenue from multi-year contracts accounted for 91.0% of the total revenue, up from 74.0% in FY2022. The Company's multi-year deployments include cloud services, analytics platforms, data centres, project solutions & support and maintenance

programs. Presight generates revenue from both backlogs as well as quick turn contracts (contracts won in the current year). The Company's backlog revenue grew to 51% of the total revenue in FY2023, compared to 39% in FY2022. Additionally, Presight generated 49% of the total FY2023 revenue from the quick turn, compared to 61% in FY2022. The higher contribution of revenue from backlog provides revenue visibility and growing acceptability of the Company's products and services. The Company won substantial contracts in various countries, including Angola, Kazakhstan, and the Maldives in FY2023. The increase in contract wins underpins the Company's advancement in international expansion and growing customer trust. Presight also conducted a pilot project with the Azerbaijan Electricity and Gas Distribution Company to implement an Advanced Metering Infrastructure (AMI) and a Meter Data Management System (MDMS) with analytics for the modernization of the metering infrastructure. It further aims to broaden its reach beyond the UAE, focusing on Central and Southeast Asia and Africa, excluding South Africa. This strategic expansion is expected to drive revenue growth by tapping into new, high-potential markets and meeting the rising demand for digital services. Additionally, the Company generated 94% of the total revenue through multi-year contracts in 1Q24, compared to 82% in 1Q23, whereas revenue from the backlog contracts accounted for 98% in 1Q24, compared to 82% in 1Q23.

Revenue is expected to grow at a CAGR of 18.6% during FY2023-28

Presight's revenue is expected to grow at a CAGR of 18.6% from AED 1,781 Mn in FY2023 to AED 4,179 Mn in FY2028, supported by solid growth in revenue from Project services segment driven by new contract wins from the local and international markets.
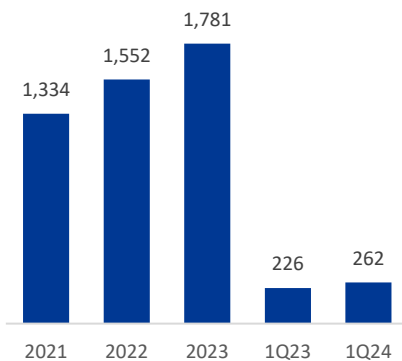
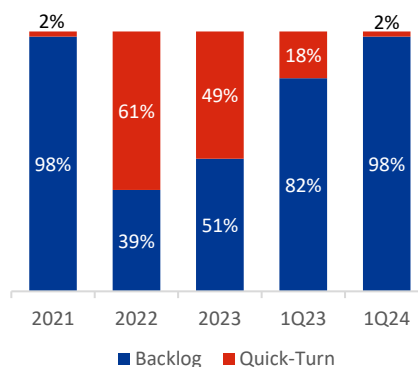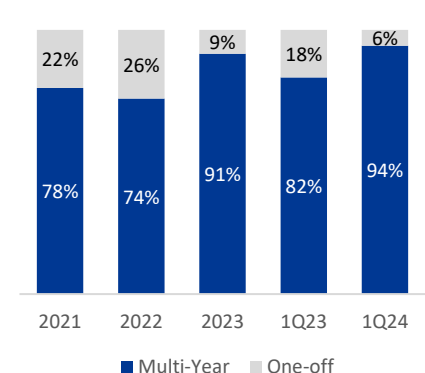| Figure 13: Revenue (AED Mn)	Figure 14: Revenue Quality – Backlog[1] and Quick Turn[2]	Figure 15: Revenue Quality - Multi-Year and One-off

Source: Company Information, [1]Backlog implies revenues yet to be accrued on contracts concluded in the previous financial year, [2]Quick turn implies revenues from contracts concluded in the current year

Strong financial position and healthy liquidity underpin future growth

We expect EBITDA and net profit after tax and NCI are expected to grow at a CAGR of 17.8% and 13.2%, respectively, during FY2023-28

Presight EBITDA grew strongly at a CAGR of 14.8% from AED 385 Mn in FY2021 to AED 507 Mn in FY2023. However, the Company's EBITDA declined 8.0% to AED 507 Mn in FY2023 primarily due to the one-off items related to a short-term project at high margins for quick deployment in FY2022. Thus, EBITDA margins declined from 35.5% in FY2022 to 28.5% in FY2023. However, excluding the one-off item, the Company's EBITDA margin grew marginally in FY2023, driven by a higher proportion of software deployments, providing higher margins than infrastructure. Furthermore, the Company's EBITDA grew 9.5% YOY to AED 82 Mn in 1Q24, driven by strong revenue growth. We expect the EBITDA to grow at a CAGR of 17.8% from AED 507 Mn in FY2023 to AED 1,149 Mn in FY2028. Presight's net profit before tax grew at a CAGR of 27.6% from AED 351 Mn in FY2021 to AED 571 Mn in FY2023. The Company's net profit before tax rose from AED 543 Mn in FY2022 to AED 571 Mn in FY2023, driven by an acceleration in deployment activity during 2H23. Additionally, the Company's pre-tax profit grew 45.9% YOY to AED 106

Mn in 1Q24. We further expect the Company's net profit after tax and NCI to grow at a CAGR of 13.2% from AED 570 Mn in FY2023 to AED 1,061 Mn in FY2028.

Presight's is expected to generate a cumulative cash flow from operations of AED 3.9 Bn during FY2024-28

Presight maintains a strong balance sheet with a robust cash and debt-free position. It operates as a capex-light model. The Company's cash balance (before the AIQ acquisition) stood at AED 1,971 Mn in 1Q24, which provides significant financial flexibility to fund the operation and support its inorganic growth. It also generated strong cash flow from operations of AED 337 Mn in FY2023. We further expect the Company to generate a cumulative operating cash flow from operations of AED 3.9 Bn during FY2024-28.

Figure 16: EBITDA (AED, Mn) and Margin (%)
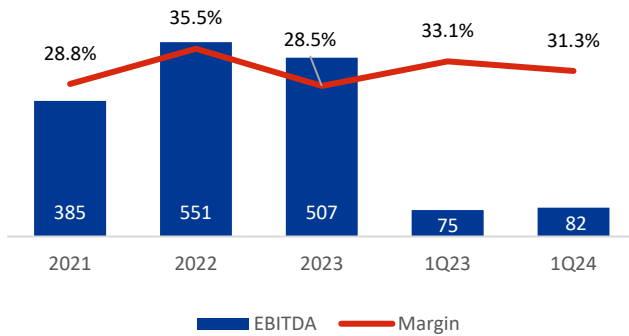
Source: Company Information

Figure 17: Pre-tax Profit (AED, Mn) and Margin (%)
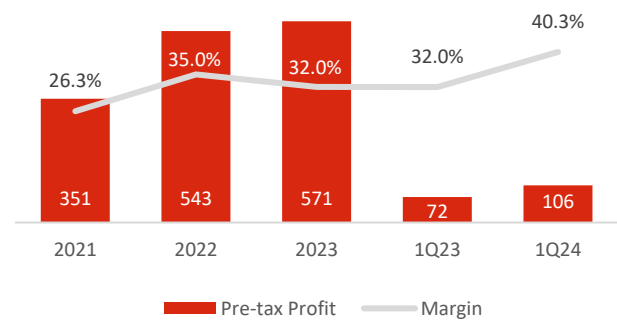
Source: Company Information

Strong R&D Capabilities Supports Innovation and Future Growth

Presight is intensifying its R&D in Generative AI, planning to launch GenAI products in 2024 for future growth

Presight delivers all its customer facing solutions through Omni-Analytics platform. It is primary customer facing application delivering cross-sector solutions. The platform houses over 100 AI machine learning and deep learning models using its R&D capabilities. These models come with the capability to process nearly all sizes and types of data.

The Company is committed to innovation and the creation of new products with a focus on expanding current development activities from the UAE to international locations. Additionally, the Company aims to continue co-developing new technologies and intellectual properties through ongoing deployments of its analytics platforms at various locations. Recently, Presight launched its Enterprise AI Suite, featuring two products, Presight Vitruvian and Presight Connect, underscoring its leadership in the applied AI industry. The AI suite leverages machine learning, natural language processing, predictive analytics, large language models, and Generative AI to enhance business value. It integrates with existing technology stacks and can be deployed within an organisation, on the cloud, or air-gapped for maximum security. Presight Vitruvian is an on-premise AI platform for large-scale data management that provides deep business insights. Presight Connect is a cloud-based AI assistant hosted in the UAE, offering a collaborative framework where humans and AI work together seamlessly. It integrates with leading SaaS systems and business applications using adaptable GPT technology.

Presight also plans to focus its R&D efforts on creating AI big data applications and AI models in the financial services sector, including auditing platforms, anti-money laundering tools, and financial investigation systems. It remained focused on sports analytics, climate science, education, and game engine technology while researching emerging open AI fields like ChatGPT and deepfake detection due to their increasing significance and wide-ranging applications. Historically, the Company spent less than 10% of its total revenue on R&D. The focus on R&D allows it to stay ahead of technological trends and develop innovative solutions that meet future market demands. By consistently bringing new and improved products to market, Presight maintains its competitive edge and drives long-term growth.

Big Data Analytics Driven by AI will Play a Crucial Role Across Diverse Sectors

Presight's big data analytics solutions significantly benefited the UAE government in the public sector and the Abu Dhabi Accountability Authority (AADA) in the financial sector

The role of artificial intelligence (AI) expanded significantly across multiple sectors. This growth is primarily driven by the explosion of available data and advancements in AI algorithms. AI is transforming various sectors by providing innovative solutions and enhancing efficiency. The demand for Big Data analytics is expected to increase significantly, driven by the efficiency gains offered by cutting-edge technology. Presight holds a leading position in the Big Data analytics industry, providing core solutions across various sectors, including public services, finance, utilities, and sports. The company is well-positioned to benefit from this growing demand as its solutions help organizations optimize processes, enhance decision-making, and drive innovation. These advancements enable organizations not only to improve operational efficiency but also to expand their capabilities and achieve sustainable growth.

Public Sector

Big data analytics and AI revolutionize the public sector by enhancing decision-making, improving public services, optimizing resource allocation, and bolstering public safety. Governments leverage these technologies to formulate data-driven policies by analyzing vast datasets, enabling more informed and efficient decisions. AI enhances public safety by analyzing crime patterns and detecting threats in real time, enhancing overall security.

Presight demonstrates how big data analytics and AI can support both government and private entities. Its Video Analytics platform in Abu Dhabi enhanced safety, making it one of the safest cities globally. In Astana, Kazakhstan, Presight's solutions will be used for safe city and smart traffic management. Moreover, during recent floods in the UAE, the National Emergency Crisis and Disaster Management Authority used Presight's solution for crisis management. The market size of public sector's global smart government and city market is valued at USD 1.2 Tn in FY2022 and is expected to grow at a CAGR of 24% from FY2022-30. In the MENA region, the market size stood at USD 86 Bn in FY2021 and is projected to grow at a CAGR of 8% during FY2022-26. This expansion drives the demand for big data analytics, positioning Presight for continued growth.

Financial

The global financial Big Data analytics market stood at USD 20 Bn in FY2022, while the MENA region's fintech market stood at USD 10 Bn, highlighting the region's strong adoption of big data analytics. The global market is projected to grow at a CAGR of 13% from FY2022-30, while the MENA market is expected to grow at a CAGR of 12% from FY2022-26. AI transforms the financial sector by boosting efficiency, customer service, security, and innovation. AI-powered chatbots and virtual assistants provide round-the-clock support, enhancing customer satisfaction and cutting costs. In security, AI detects fraud by analyzing real-time transactions and continuously learning from new data.

The growing importance of big data analytics in finance is expected to boost AI-driven technology companies. Presight provides critical platforms and solutions to clients across various regions. The company signed a contract with the Abu Dhabi Accountability Authority (ADAA) to deliver a financial analytics and audit platform for ADAA. This AI-enhanced platform specializes in intelligent auditing, fraud identification, risk management, and decision-making. Leveraging predictive analytics and cloud computing, it offers real-time, end-to-end fraud detection, security, and compliance management solutions to financial institutions of all sizes worldwide.

Figure 18: Presight Solution to ADAA
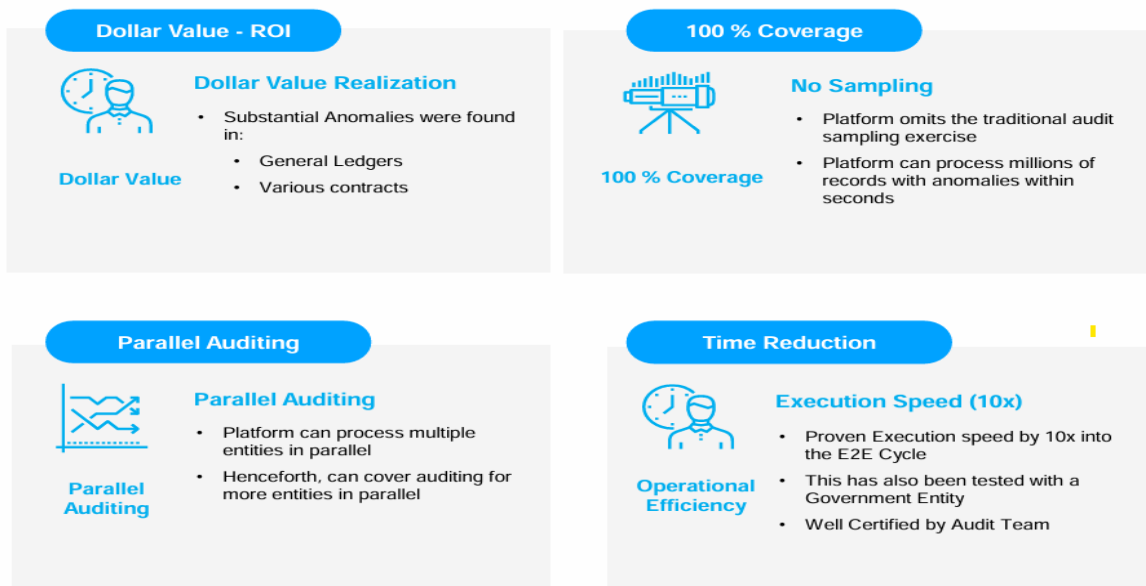
Source: Company Information

Presight's utility solution aims to improve operational efficiency metrics by 45% and decrease technical and commercial losses by 20%.

Utilities

AI is transforming the utilities sector by optimizing operations, enhancing efficiency, and improving customer service. In the electricity, water, and gas sectors, AI-driven analytics analyze data from sensors and meters to optimize asset management, predict equipment failures, and schedule proactive maintenance, reducing downtime and costs. AI also plays an important role in energy distribution and grid management by using machine learning to forecast demand, optimize energy distribution, and integrate renewable sources, improving grid stability and efficiency. Customer service benefits from AI-powered chatbots and virtual assistants that handle queries and provide personalized energy-saving recommendations. Additionally, AI enhances safety by monitoring infrastructure for anomalies and improving incident response times. Overall, AI is making utilities smarter, more efficient, and more customer-focused while supporting sustainability goals.

The global energy big data analytics market is expected to grow at a CAGR of 11% from FY2022-28. Presight supports this growth by providing advanced, tailored solutions in the energy sector. Also, Gartner estimates that power and utility firms will spend USD 212.6 Bn in FY2024 on Enterprise IT solutions worldwide. The IT spending of power and utility companies is expected to grow at a CAGR of 10.8% to USD 323.2 Bn in FY2028. IT services and software combined accounted for c. 62% of total IT spending. Software spending in the utility sector will be driven by increasing demand for intelligent operations, to boost organizational agility, enhance operational performance, and meet changing customer needs to effectively navigate the power and utilities transformation.

The company has secured contracts with the Ministry of Digital Development in Kazakhstan and SOCAR from Azerbaijan. Presight provides smart meter technology through its utilities solution to help governments and energy companies track, monitor, and significantly reduce operational inefficiencies in the utility and oil & gas sectors. By integrating IoT, big data analytics, and smart meters, Presight can enhance operational metrics by 45% and cut technical and commercial losses by up to 20%.
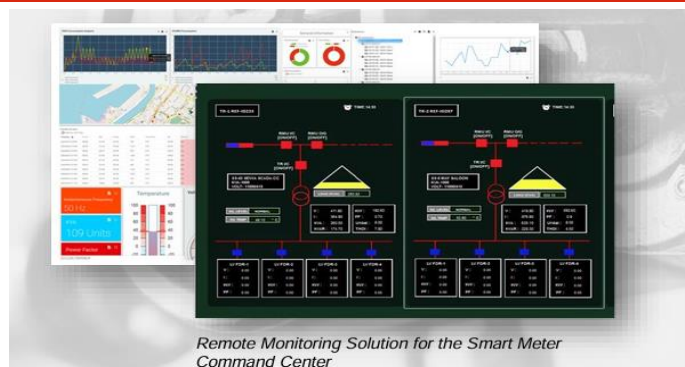
Sports

AI is transforming the sports industry by enhancing athlete performance, improving fan engagement, optimizing team strategies, and advancing sports analytics. In athlete performance, AI analyzes data from wearables and sensors to monitor physical conditions, optimize training regime, and prevent injuries by identifying risk factors. In team strategy, AI assists coaches by analyzing game footage and statistics to develop tactics, assess opponents, and make data-driven decisions. Overall, AI is revolutionizing the sports industry by making it more data-driven, interactive, and efficient.

Presight is advancing the sports technology market with its solutions for the UAE Cycling Team, UFC, and Petronas. Presight developed a multi-source dashboard for the UAE Cycling Team to monitor athlete wellness, performance, and predictive analytics. For UFC, Presight implemented a backend analytics platform that provides fight and fighter analytics, achieving a prediction accuracy of 86% for fight outcomes. Additionally, Presight is developing GPT and performance analytics for the Mercedes AMG PETRONAS Formula 1 Team. The global sports technology estimated market stood at USD 16 Bn in FY2022 and is expected to grow at a CAGR of 17% from FY2022-28. Thus, the growing demand for sports technology will benefit Presight, highlighting its strong position and growth potential in the industry.

Figure 19: Utility Solution to SOCAR

Remote Monitoring Solution for the Smart Meter Command Center

Source: Company Information

Figure 20: Sports Solution to UAE Cycle Team
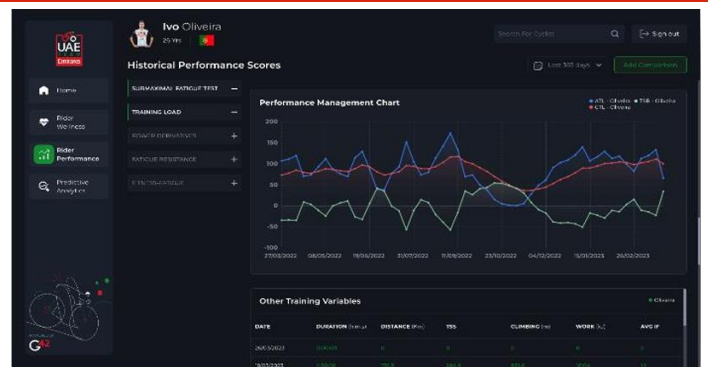
Source: Company Information

Climate

AI plays a crucial role in the climate sector by enhancing modelling, improving disaster response, optimizing resource management, and promoting sustainable practices. It analyzes vast climate data to create accurate models for understanding climate change, predicting extreme weather, and assessing impacts. AI enhances early warning systems for hurricanes, floods, and wildfires, facilitating timely evacuations and resource allocation. Overall, AI provides essential tools to understand, respond to, and mitigate climate change impacts, promoting a sustainable and resilient future.

Presight leverages big data analytics to help businesses and governments identify, manage, and predict the environmental impact of their activities while monetizing the environmental, social, and governance (ESG) initiatives.

Education

AI is transforming the education sector by enhancing the learning experience, assisting teachers, and creating differentiated and individualized learning. AI empowers teachers, students, and administrators to achieve new levels of effectiveness and accessibility. Presight AI modules can customize educational experiences according to individual student's requirements and identify strengths and weaknesses, providing personalized guidance for learning. This approach ensures

Presight offers personalized educational experience according to the needs of the student, providing customized learning solutions and support

that each student progresses at their own pace, creating proficiency in both basic and advanced skills.

The COVID-19 pandemic accelerated the use of AI in education, increasing its role in providing remote learning and administrative tasks. As educational institutions worldwide face the challenges of remote education, Presight AI can provide digitalization of education ensuring continuity and accessibility in the learning process. Presight AI modules can identify and supplement gaps in teachers' performance.

SWOT Analysis

STRENGTHS	WEAKNESSES
• **Technology Expertise:** The company possesses deep expertise in AI and big data analytics, allowing it to develop cutting-edge solutions for clients • **Strong Market Position in UAE:** With a significant presence in the UAE market, Presight enjoys a competitive advantage due to its established reputation and brand recognition • **Strong relationship with UAE Government:** Strong relationships and successful track record with the UAE government provides a stable revenue stream • **Strong Financial Position:** Robust financial performance with growing revenue and profits. A strong cash position with a debt-free balance sheet offers inorganic expansion opportunities • **Strategic Partnerships:** Relationship with G42, a prominent technology company, provides the Company with access to essential infrastructure and technical support, strengthening its capabilities and market reach • **Strong R&D with Latest Products:** Continuous investment in research and development enables the company to stay at the forefront of innovation, offering state-of-the-art products and solutions to meet evolving market demands	• **Dependency on UAE Market:** Over-reliance on the UAE market for revenue may expose Presight to risks associated with economic downturns within the region. The Company generates 91.7% of revenue from the UAE region in FY2023. Presight generated c. 97% of revenues from related parties in FY2023, this heavy reliance on related parties for revenue generation creates significant risk • **Dependency on Subcontractors for Infrastructure:** Relying on subcontractors for essential infrastructure may create challenges in quality control, project management, and responsiveness. The Absence of sufficient in-house infrastructure may lead to difficulties in scalability, customization, and quality control
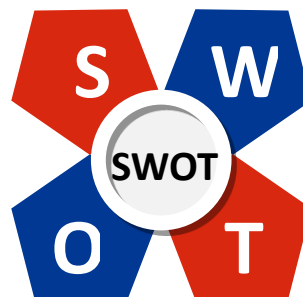
OPPORTUNITIES	THREATS
• **Market Expansion:** Presight has the opportunity to expand into new geographies such as Africa and Asia and industries that are adopting AI technologies, such as climate and education. By leveraging this opportunity, Presight can tap into new revenue streams and diversify its customer base • **Diverse Product demand:** With a diverse demand for AI-driven products and services, Presight has the opportunity to develop new products to meet diverse customer demands • **Strategic Acquisitions:** Growth potential through acquisitions of smaller AI companies. The acquisition of AIQ by the Company allowed expansion into the energy market • **AI Adoption:** Rapid AI adoption across industries, such as the public sector and finance fuels demand for AI solutions • **Government Initiatives:** Presight can utilize government support and initiatives promoting AI development and innovation. The UAE is actively promoting the use of AI and data analytics in all government activities, presenting growth opportunities for Presight	• **Intense Competition:** Fierce competition from other AI companies and technology giants challenges market share and profitability, forcing Presight to constantly innovate and differentiate to maintain a competitive edge • **Regulatory Changes:** Shifts in regulations disrupt operations and will require adaptation and compliance, possibly increasing administrative work and operational costs for the Company • **Economic Uncertainty:** Global economic instability and market volatility can affect business performance. Global instability poses revenue risks, requiring agile strategies to navigate market fluctuations and ensure financial resilience • **Technological Obsolescence:** Rapid technological advancements may risk existing products becoming outdated, requiring constant innovation and research

Valuation Methodology

Target Fair Value Analysis

DCF AND RELATIVE VALUATION

We arrive at Presight's fair value of AED 3.05 per share based on a mix of valuation methods

We have used a mix of Discounted Cash Flow (DCF) and Comparable Company Method (CCM) valuation methods to arrive at the fair value of Presight. Presight is the UAE's leading big data analytics company formed in 2020 with a focus on the region's digital transformation through Artificial Intelligence (AI). The Company is the leading provider of complex problem-solving and big data analytics technology, utilizing information and creating insights to facilitate innovative solutions with a wide range of effects. With the increasing demand for big data analytics and digital transformation across various sectors, the company is strategically positioned to capitalize on substantial market growth opportunities. Presight is the subsidiary of Group 42 based in the UAE and has full access to the G42 ecosystem. Its presence is across four core business verticals including the Public sector, Finance sector, Energy & Utilities, and Sports. Presight operates a capex-light business model, where most of the required infrastructure is provided by G-42 on a cost-plus basis. The Company boasts a debt-free balance sheet with healthy cash reserves presenting opportunities for both, organic and inorganic expansion in the future.

We have assigned a higher weight to DCF valuation as it strengthens its reliability in capturing future cash flow projections over multiple periods as opposed to other valuation methods. In CCM valuation, an average of EV/Sales, EV/EBITDA, and P/E multiple is used to value the Company as the P/E multiple allows for easy comparison with similar companies within the industry or sector, EV/EBITDA multiple allows us to compare companies of various sizes with different capital structures, and EV/Sales facilitates direct comparison of companies' valuation based on their revenue generation, particularly useful in high-growth sectors.

CONSOLIDATED VALUATION Presight

Name of Entity	Valuation (AED, Mn)	Weight (%)	Total Valuation (AED, Mn)
Valuation of the Presight based on -			
Discounted Cash Flow (DCF)	16,863	70.0%	11,804
Relative Valuation (Average of EV/Sales, P/E, and EV/EBITDA)	17,596	30.0%	5,279
Total Valuation (AED, Mn)			**17,083**
Total Valuation (USD, Mn)			**4,651**
No. of Shares outstanding (Mn)			**5,609**
Equity Value per Share (AED)			**3.05**

The performance of Presight is analyzed in detail to arrive at fair value estimates. We took a fair estimate across the respective companies' income statements and financial positions to arrive at their valuation. The valuation brought forward a target value of AED 3.05 per share.

The weightage assigned to the DCF and Relative valuation methods stood at 70% and 30%, respectively.

We arrived at a value of AED 3.01 per share using DCF valuation

1) Discounted Cash Flow Valuation

We relied upon the guidance provided by the Company management for the next few financial years starting from FY2024 and ending FY2028 to arrive at the valuation through DCF methodology. We derived the Company's Terminal Value using the Gordon Model and extrapolated last year's adjusted free cash flows at a terminal growth rate of 3.5% to perpetuity. To arrive at Ke (Cost of Equity), we have used the 10-year government bond yield of 4.9%, Country risk premium of 4.0%, and average Beta of 0.90 for the technology sector. After applying all these, we arrived at the cost of equity of 8.5%. We have used a 10-year US Government Yield and further added a 10-year Abu Dhabi Government CDS spread to arrive at an appropriate risk-free rate. Presight boasts a debt-free balance sheet, thus the cost of equity is used as the cost of capital. We have used free cash flow to equity to arrive at the valuation using the DCF methodology.

I.   DCF Valuation of Presight

All figures in AED Mn, unless stated	FY2024	FY2025	FY2026	FY2027	FY2028
Net Profit	555	652	789	915	1,062
(+/-) Depreciation & amortization	8	22	20	18	16
(+/-) CAPEX	-2	-3	-3	-4	-4
(+/-) Working Capital	71	-133	-109	-109	-109
Net Change in Debt	-8	-9	-10	-12	-14
Free Cash flow to Equity	624	530	686	808	951
Discount factor	0.97	0.89	0.82	0.76	0.70
Present Value of Equity	602	472	564	612	664
Total Present value of FCFE					2,914
Terminal Value					13,949
Terminal growth rate					3.5%
Weighted average cost of capital					8.5%
Equity Value					16,863

Source: FAB Securities Research

a)   Sensitivity of DCF to Key Assumptions

Sensitivity analysis generates the highest valuation of AED 4.94 per share and the lowest valuation of AED 2.19 per share

Our DCF valuation is based on a weighted average cost of capital (WACC) of 8.5%. A sensitivity analysis shows that a change of +/- 0.5% in the weighted average cost of capital and terminal growth rate will provide a valuation range of AED 2.19 per share to AED 4.94 per share. The table below shows the sensitivity between the change in terminal growth rate and the weighted average cost of capital.

1.   DCF Sensitivity to Terminal Growth Rate and WACC

		WACC				
		7.5%	8.0%	8.5%	9.0%	9.5%
	2.5%	3.10	2.81	2.57	2.36	2.19
Terminal	3.0%	3.40	3.05	2.77	2.53	2.33
Growth	3.5%	3.78	3.35	3.01	2.73	2.49
	4.0%	4.28	3.73	3.30	2.96	2.69
	4.5%	4.94	4.21	3.67	3.25	2.92

2) Relative Valuation

We are using EV/Sales, EV/EBITDA, and P/E multiple in CCM valuation to value the firm

In the CCM valuation, an Average of EV/EBITDA, EV/Sales, and P/E multiple is used to value the Company as the P/E multiple allows for easy comparison with similar companies within the industry or sector, EV/EBITDA multiple allows us to compare companies of various sizes with different capital structures, and EV/Sales facilitates direct comparison of companies' valuation based on their revenue generation, particularly useful in high-growth sectors. Presight is a technology company with characteristics similar to those of other technology players, like Palantir Technology, Altair Engineering, Informatica, Coforge Ltd., Appier Group, ELM, and Solutions.

II.   Relative Valuation of Presight

(All Figures in Million AED, unless stated)	
Based on EV/Sales Multiple	
Sales (FY2024)	2,173
Applicable Multiple	4.9x
Premium/(Discount to Median Multiple)	0.0%
Peer Median Valuation	4.9x
Enterprise Value	**10,539**
Net (Debt)/Cash	983
Equity Value	**11,522**

Source: Company Information, FAB Securities Research

(All Figures in Million AED, unless stated)	
Based on EV/EBITDA Multiple	
EBITDA (FY2024)	565
Applicable Multiple	26.6x
Premium/(Discount to Median Multiple)	0.0%
Peer Median Valuation	26.6x
Enterprise Value	**15,023**
Net (Debt)/Cash	983
Equity Value	**16,006**

Source: Company Information, FAB Securities Research

(All Figures in Million AED, unless stated)	
Based on P/E Multiple	
Net Income (FY2023)	555
Applicable Multiple	45.5x
Premium/ (Discount to Median Multiple)	0.0%
Peer Median Valuation	45.5x
Equity Value	**25,259**

Source: Company Information, FAB Securities Research

III. Peers Valuation

Company. Name	Market Cap (USD, mn)	EV/Sales (x)		EV/EBITDA (x)		PE (x)	
		2024	2025	2024	2025	2024	2025
Global Technology Companies							
Palantir Technologies	51,130	22.4x	18.6x	66.5x	57.2x	87.1x	73.1x
Altair Engineering	7,400	11.3x	10.3x	51.9x	43.4x	73.3x	65.7x
Informatica	8,660	4.9x	4.5x	14.7x	13.3x	22.3x	22.3x
Coforge Limited	4,100	3.8x	3.2x	25.2x	21.8x	44.6x	40.0x
Appier Group	840	3.4x	2.7x	26.6x	15.7x	59.5x	26.8x
ELM	18,751	9.8x	8.3x	39.1x	32.7x	45.5x	38.4x
Solutions	9,155	2.7x	2.4x	18.2x	16.3x	24.7x	21.6x
Average		**8.3x**	**7.2x**	**34.6x**	**28.6x**	**51.0x**	**41.1x**
Median		**4.9x**	**4.5x**	**26.6x**	**21.8x**	**45.5x**	**38.4x**
Max[1] (Quartile 3)		**10.5x**	**9.3x**	**45.5x**	**38.0x**	**66.4x**	**52.8x**
Min[2] (Quartile 1)		**3.6x**	**3.0x**	**21.7x**	**16.0x**	**34.7x**	**24.5x**

Source: Bloomberg, [1] Values correspond to Quartile 3, [2] Values correspond to Quartile 1

Financials

Revenue

We anticipate steady growth in Presight's top line and bottom line. The company has envisaged a growth plan based on the international digital transformation through big data analytics utilizing artificial intelligence. The demand for AI-enabled big data analytics is growing in multiple business verticals, such as the public sector, financials, utilities, and sports.

Presight operates on a robust revenue model that revolves around developing and deploying AI-based projects utilizing state-of-the-art technologies and a deep understanding of client needs. The company's primary source of revenue is project-based contracts with clients across diverse industries. These contracts involve customizing, developing, and implementing AI-based big data solutions tailored for specific business objectives.

Presight's total revenue grew 14.7% from AED 1,552 Mn in FY2022 to AED 1,781 Mn in FY2023 due to more domestic project deployments in 2H23. The Company's revenue is further expected to grow at a CAGR of 18.6% from AED 1,781 in FY2023 to AED 4,179 Mn in FY2028, driven by the organic and inorganic expansion into new business verticals. The Company expects higher growth in sectors like energy and utility.

The Public sector revenue contributed nearly 90-95% of total revenue in FY2023 and is expected to be the largest contributor in the forthcoming period. The Company expects the public sector to contribute 75-85% of revenue by FY2027. The Financial vertical contributed nearly 5-10% of total revenue in FY2023 and is expected to generate 4-6% until FY2027. The Energy and Utility verticals will be the key growth drivers for the Company in the upcoming period owing to the acquisition of AIQ in FY2024 and agreements signed with Azari Gas, SOCAR, and Samruk Kazyna in FY2023. The Utility and Energy vertical is anticipated to generate 11-18% of total revenue by FY2027.

Presight generated AED 1,743 Mn in FY2023 from project services compared to AED 1,265 Mn in FY2022. It earned AED 282 Mn from selling hardware and software licenses in FY2022 but declined to AED 38 Mn in FY2023. Higher revenue in FY2022 is attributable to a large one-off project received and completed in FY2022. However, such a contract is not expected to repeat in FY2023 or beyond.
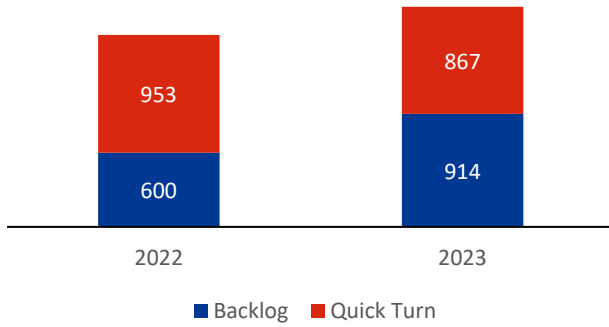
Presight earned AED 914 Mn or 51.3% of total revenue in FY2023 from contracts signed in FY2022 (Backlog), compared to 39% or AED 600 Mn in FY2022 from contracts signed in FY2021. The Company also recorded AED 867 Mn or 48.7% revenue from contracts concluded in FY2023 (Quick turn), compared to AED 953 Mn or 61% in FY2022.

The Company earned AED 1,633 Mn from domestic customers and AED 148 Mn from international operations in FY2023, compared to AED 1,235 Mn from UAE operations and AED 317 Mn from international customers in FY2022. The revenue from international operations declined in FY2023 due to the shifting of certain projects to FY2024 (such as the Angola project).

Presight generates the majority of annual revenue in the second half aligning with the project deployment cycle and client budget. The Company recorded AED 1,267 Mn in 2H23 revenue compared to AED 514 Mn in 1H23. Similarly, the Company generated revenue of AED 1,074 Mn in 2H22 compared to AED 479 Mn in 1H22.

Figure 21: Quality of Revenue (AED, Mn)

- 2022: Backlog 600, Quick Turn 953
- 2023: Backlog 914, Quick Turn 867

■ Backlog ■ Quick Turn

Source: Company Information

Figure 22: Revenue by geography (AED, Mn)

- 2022: UAE 1,235, International 317
- 2023: UAE 1,633, International 148

■ UAE ■ International
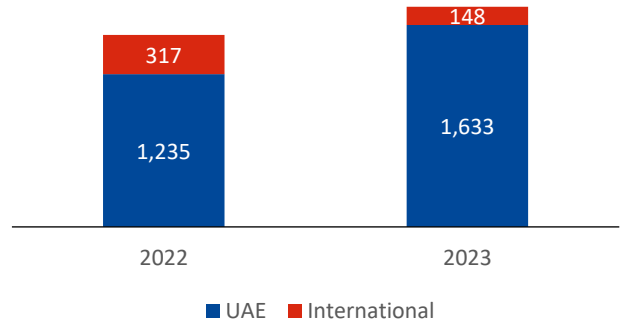
Source: Company Information

Figure 23: Total Revenue (AED, Mn)

CAGR 18.6%

2023	2024E	2025E	2026E	2027E	2028E
1,781	2,173	2,645	3,168	3,639	4,179
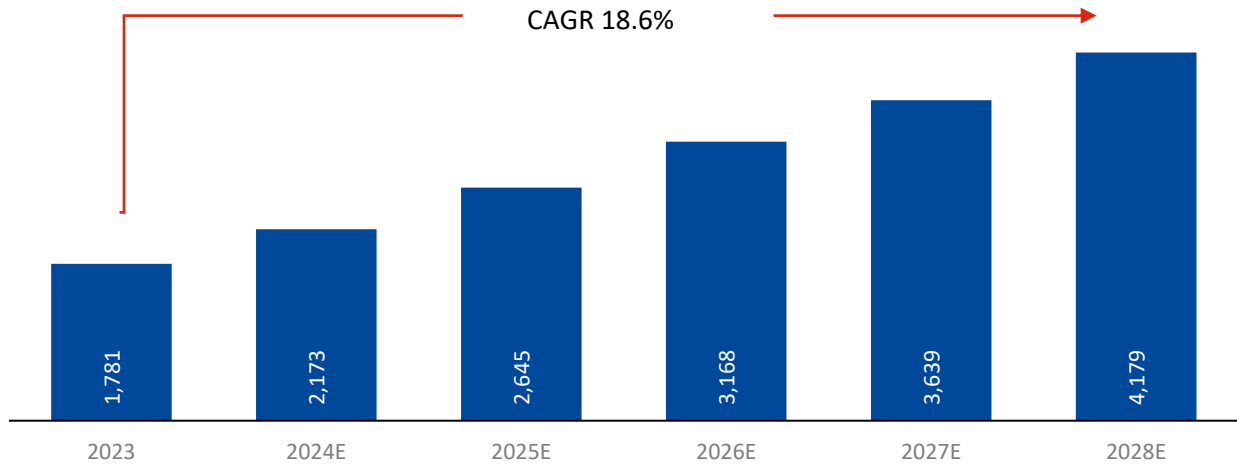
Source: Company Information, FAB Securities research (2024E-28E)

Figure 24: Revenue breakdown by period (AED, Mn)

- H1: 2022 479, 2023 514
- H2: 2022 1,074, 2023 1,267

■ 2022 ■ 2023
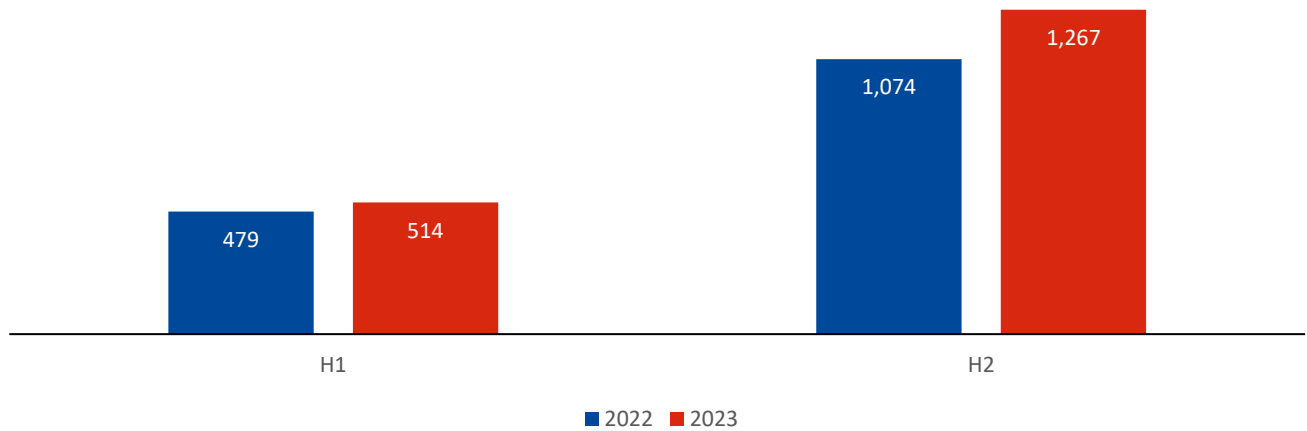
Source: Company Information

EBITDA

EBITDA is expected to grow at a CAGR of 17.8% from AED 507 Mn in FY 2023 to AED 1,149 Mn in FY 2028

Presight's EBITDA declined 8.0% from AED 551 Mn in FY2022 to AED 507 Mn in FY2023, also the EBITDA margin declined 702 bps from 35.5% in FY2022 to 28.5% in FY2023. The decline in EBITDA and margins is owing to the one-off item in FY2022 which is not expected to repeat going forward. It re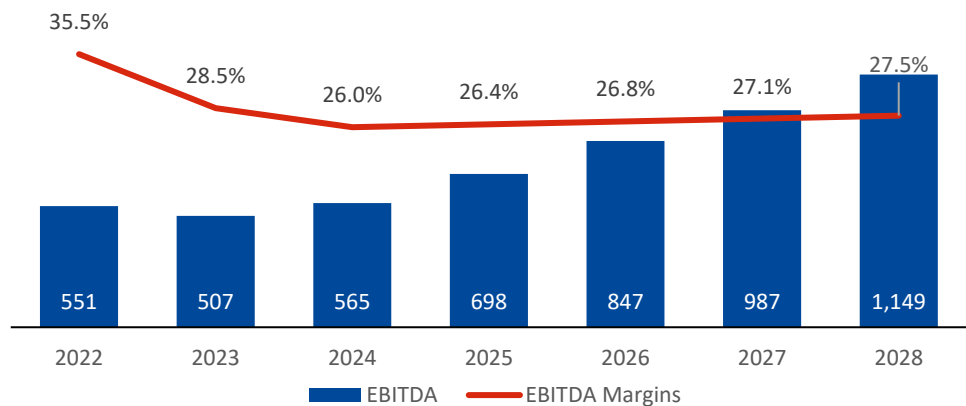ceived a large one-off project in FY2022 for the provision of hardware and software licenses and the contract required quick deployment with a high margin. In addition, direct costs rose to AED 1,123 Mn in FY2023 from AED 576 Mn in FY2022 due to high subcontractor costs, employee costs, and R&D spending. Subcontractor costs are accrued on third-party services like deployment of digital infrastructure for clients, which the Companies sell and use the services of subcontractors for the deployment, implementation services, hardware, and cloud-based technology from G42. General, Administrative and Marketing expenses (GAM) declined from AED 433 Mn in FY2022 to AED 162 Mn in FY2023 owing to a one-time expense on sponsorship for a large event in FY2022.

We expect EBITDA will grow at a CAGR of 17.8% and increase from AED 507 Mn in FY2023 to AED 1,149 Mn in FY2028. In addition, the EBITDA margin is expected to remain steady and the margin is anticipated to average 26.8% during FY2024-28.

Figure 25: EBITDA (AED, Mn) and Margin

	2022	2023	2024	2025	2026	2027	2028
EBITDA	551	507	565	698	847	987	1,149
EBITDA Margins	35.5%	28.5%	26.0%	26.4%	26.8%	27.1%	27.5%

Source: Company Information, FAB Securities research (2024E-28E)

Net Profit

Net profit attributable to equity holders is anticipated to grow at a CAGR of 13.2% from AED 570 Mn in FY2023 to AED 1,061 Mn in FY2028

The Company's net profit is expected to grow at CAGR 13.2% from AED 570 Mn in FY2023 to AED 1,061 Mn in FY2028. However, the net profit margin of Presight is expected to decline from 32.0% in FY2023 to 25.4% in FY2028 due to an introduction of corporate tax in the UAE from FY2024 onwards. The net profit attributable to shareholders of the Company rose from AED 425 Mn in FY2022 to AED 570 Mn in FY2023 due to a decline in non-controlling interest. The net profit margin also increased from 27.4% in FY2022 to 32.0% in FY2023.

Figure 26: Net Profit (AED, Mn) and Margin
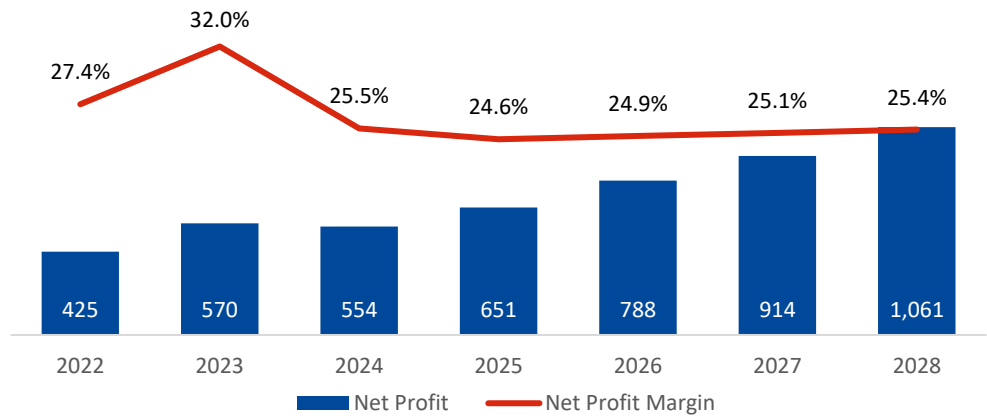
Working Capital

We anticipate Presight to invest AED 389 Mn in working capital during FY2024-28

Presight's working capital comprises trade and other receivables, trade and other payables, due from related parties, contract liabilities, due to related parties, and contract assets. The company's net working capital stood positive at AED 773 Mn and AED 974 Mn in FY2022 and FY2023, respectively. It generated AED 193 Mn in working capital during FY2022 while made an investment of AED 180 Mn in working capital in FY2023. The company's receivable days stood at 222 days and 187 days in FY2022 and FY2023, respectively. The vast majority of trade receivables are from government entities, so are highly credit-worthy. The payable days stood at 212 and 188 days during FY2022 and FY2023, respectively. We expect payable days to decline marginally on average during FY2024-28. We also anticipate receivables days to average 176 days and payable days to average 181 days during FY2024-28. We further project the Company to make an investment of AED 389 Mn in working capital during FY2024-28.

**Figure 27: Net Working Capital (AED, Mn)**
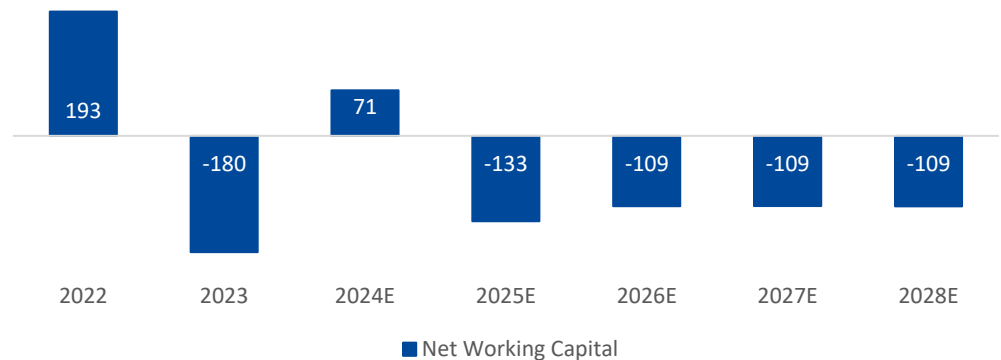
Capital Expenditure

The Company deployed an asset-light business model leading to minimal expenditure on Capex

The company expands with an asset-light business model. The capex will likely remain at low levels going forward since Presight provides the infrastructure to clients on a cost-plus basis through third parties like G-42. Thus, we expect the Company to incur a cumulative capex of AED 16 Mn during FY2024-28. Also, Presight acquired AIQ for USD 350 Mn. Out of which USD 245 Mn was paid after the completion of the transaction and the remaining USD 105 Mn will be paid in November 2024.

Figure 28: Capital Expenditure (AED, Mn)

Source: Company Information, FAB Securities research 2024-28
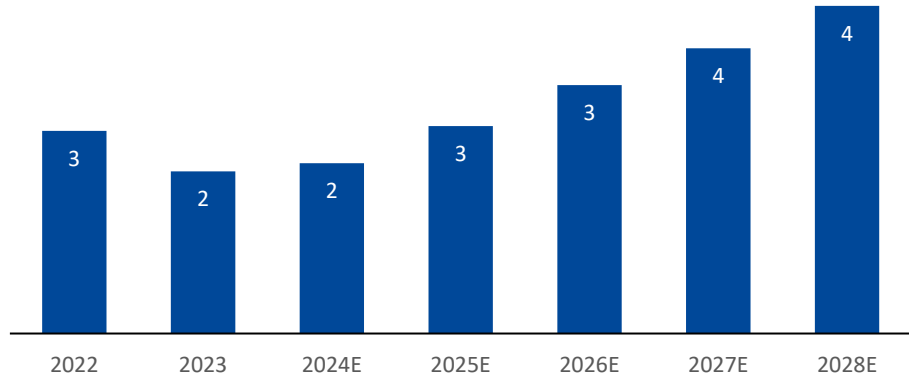
Cash Flow Generation

Presight is expected to generate a cumulative free cash flow of AED 3.9 Bn (adjusted for taxes from FY2024-28) during FY2024-2028

Presight generated AED 746 Mn, and AED 335 Mn, in free cash flow (FCF) in FY2022 and FY2023, respectively. This is equivalent to a FCF conversion ratio of 136%, and 66% in FY2022 and FY2023, respectively. The high free cash flow conversion rate in FY2022 and FY2023 is attributed to minimal investment in capex. The positive cash flow generation from working capital boosted the conversion ratio in FY2022 while investment in working capital impacted conversion in FY2023.

We expect Presight to generate robust free cash flow during the forecasted period owing to minimal investment in capex. It is expected to generate a cumulative free cash flow of AED 3,877 Mn during FY2024-28 (Free cash flow = Cash flow from operations – Capex on PPE & Intangibles). Presight is also expected to generate an average operating cash flow of AED 779 Mn in FY2024 -28. We expect the FCF conversion ratio to average 94% FY2024-28.

Figure 29: Free Cash Flows & Conversion[1] (AED, Mn)
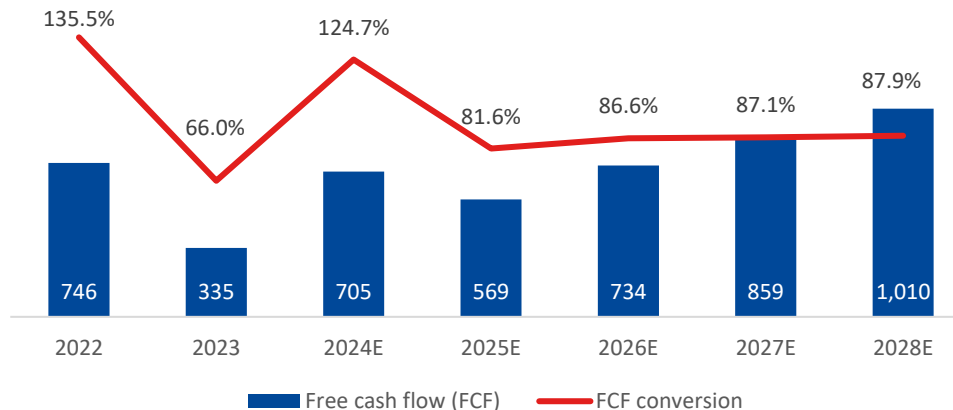
Source: Company Information, FAB Securities Research 2024-28, [1]FCF conversion ratio = FCF / EBITDA

Financial Statements:

Income Statement, (AED, Mn)

	2022A	2023A	2024E	2025E	2026E	2027E	2028E
Revenue	1,552	1,781	2,173	2,645	3,168	3,639	4,179
Cost of sales	-576	-1,123	-1,434	-1,733	-2,059	-2,347	-2,675
Gross Profit	**976**	**658**	**739**	**913**	**1,109**	**1,292**	**1,505**
General, administrative and marketing expenses	-433	-162	-192	-248	-293	-336	-387
Finance income	0	75	63	52	52	50	50
Other Income	0	0	0	0	0	0	0
EBITDA	**551**	**507**	**565**	**698**	**847**	**987**	**1,149**
Profit / (loss) before tax	**543**	**571**	**610**	**717**	**867**	**1,006**	**1,167**
Income tax expense	0	0	-55	-64	-78	-90	-105
Profit / (loss) after tax for the year	**543**	**571**	**555**	**652**	**789**	**915**	**1,062**
Profit Attributable to:							
Owners of the Company	425	570	554	651	788	914	1,061
Non-controlling interests	118	0	1	1	1	1	1
EPS	231.71	0.12	0.10	0.12	0.14	0.16	0.19
Shares outstanding	2	4,757	5,609	5,609	5,609	5,609	5,609

Source: Company Information, FAB Securities research (2024E-28E)

Key Ratios:

	2022A	2023A	2024E	2025E	2026E	2027E	2028E
YoY % Change							
Revenue	16.4%	14.7%	22.0%	21.7%	19.8%	14.9%	14.9%
Gross Profit	92.5%	-32.6%	12.3%	23.5%	21.5%	16.5%	16.5%
EBITDA	43.2%	-8.0%	11.4%	23.5%	21.5%	16.5%	16.5%
Net profit	54.9%	5.1%	-2.8%	17.6%	21.0%	16.0%	16.1%
% Margin							
Gross Profit	62.9%	37.0%	34.0%	34.5%	35.0%	35.5%	36.0%
EBITDA	35.5%	28.5%	26.0%	26.4%	26.8%	27.1%	27.5%
EBIT	35.0%	27.8%	25.2%	25.1%	25.7%	26.3%	26.7%
Net profit margin	35.0%	32.0%	25.5%	24.7%	24.9%	25.1%	25.4%
Return ratios							
ROE	65.4%	19.2%	15.7%	15.6%	15.9%	15.6%	15.3%
ROA	30.3%	14.0%	11.4%	11.4%	11.8%	11.8%	11.8%
ROCE	179.0%	26.6%	25.5%	26.9%	27.4%	26.9%	26.5%
Free Cash Flow							
Free cash flow (FCF)	746	335	705	569	734	859	1,010
FCF conversion[1]	135.5%	66.0%	124.7%	81.6%	86.6%	87.1%	87.9%

Source: Company Information, FAB Securities research (2024E-28E), [1]Free cash flow = Cash flow from operations – Capex on PPE & Intangibles

Balance Sheet (AED, Mn)

	2022A	2023A	2024E	2025E	2026E	2027E	2028E
Assets							
Non-current assets							
Property and equipment	3	4	183	163	147	132	120
Intangible assets	0	0	1,100	1,100	1,100	1,100	1,100
Right of use assets	19	24	24	27	31	35	40
Total Non-current assets	**23**	**28**	**1,307**	**1,290**	**1,277**	**1,267**	**1,260**
Current assets							
Trade and other receivables	943	913	1,072	1,290	1,528	1,735	1,969
Contract assets	437	1,013	934	1,005	1,045	1,092	1,128
Due from related parties	0	27	38	38	38	38	38
Cash and bank balances	0	2,093	1,505	2,066	2,790	3,637	4,633
Total current assets	**1,380**	**4,045**	**3,549**	**4,399**	**5,401**	**6,501**	**7,769**
Total assets	**1,402**	**4,073**	**4,856**	**5,689**	**6,678**	**7,769**	**9,029**
Equity and liabilities							
Equity							
Share capital	0	561	561	561	561	561	561
Share premium	0	1,680	1,680	1,680	1,680	1,680	1,680
Retained earnings	650	727	1,281	1,932	2,720	3,634	4,695
Equity attributable to owners of the company	**650**	**2,968**	**3,522**	**4,173**	**4,961**	**5,875**	**6,936**
Non-controlling interests	118	83	84	85	86	87	88
Total Equity	**768**	**3,051**	**3,606**	**4,258**	**5,047**	**5,962**	**7,024**
Non-current liabilities							
Employees end of service benefits	8	14	22	31	41	53	66
Lease liabilities	12	19	23	27	32	37	43
Total non-current liabilities	**20**	**34**	**45**	**58**	**73**	**90**	**108**
Current liabilities							
Trade and other payables	334	579	727	869	1,021	1,151	1,297
Lease liabilities	8	9	10	12	14	16	18
Contract liabilities	9	58	72	87	103	117	134
Current tax liabilities	0	0	55	64	78	90	105
Due to related parties	264	342	342	342	342	342	342
Total current liabilities	**615**	**988**	**1,205**	**1,374**	**1,558**	**1,717**	**1,896**
Total liabilities	**635**	**1,022**	**1,250**	**1,431**	**1,631**	**1,806**	**2,005**
Total equity and liabilities	**1,402**	**4,073**	**4,856**	**5,689**	**6,678**	**7,769**	**9,029**

Source: Company Information, FAB Securities research (2024E-28E)

Cash Flow Statement (AED, Mn)

	2022A	2023A	2024E	2025E	2026E	2027E	2028E
Cash flow from operating activities							
Profit for the period	543	571	555	652	789	915	1,062
Adjustments for -							
Depreciation of property and equipment	1	2	8	22	20	18	16
Amortisation of intangible assets	0	0	0	0	0	0	0
Depreciation of right-of-use assets	6	9	10	11	12	14	16
Provision for expected credit loss of trade receivables	1	3	0	0	0	0	0
Provision for employees' end of service benefits, net	5	7	9	11	13	15	17
Finance income	0	-75	0	0	0	0	0
Finance costs	1	1	1	1	1	1	2
Taxes	0	0	55	64	78	90	105
Operating cash flows before changes in working capital	**558**	**518**	**637**	**761**	**913**	**1,053**	**1,218**
Working capital changes:							
Decrease/(increase) in trade and other receivables	-645	51	-159	-218	-238	-207	-235
Increase in contract assets	-56	-576	78	-71	-40	-46	-37
(Increase)/decrease in due from related parties	1,181	-27	-11	0	0	0	0
Increase in due to related parties	58	78	0	0	0	0	0
Increase/(decrease) in contract liabilities	-17	49	14	15	16	14	16
Increase/(decrease) in trade and other payables	-329	244	148	142	152	130	146
Cash generated from operations	**750**	**337**	**708**	**629**	**804**	**944**	**1,108**
Employees' end of service benefit paid	-1	-1	-1	-2	-2	-3	-4
Taxes paid	0	0	0	-55	-64	-78	-90
Net cash flow from operating activities	**749**	**337**	**707**	**572**	**737**	**863**	**1,014**
Cash flow from investing activities							
Payment for acquisition of property and equipment	-3	-2	-2	-3	-3	-4	-4
Payment for acquisition of intangible assets	0	0	0	0	0	0	0
Movement in fixed deposit – under lien	0	-16	0	0	0	0	0
Finance income received	0	51	0	0	0	0	0
Acquisition of AIQ	0	0	-1,285	0	0	0	0
Net cash used in investing activities	**-3**	**33**	**-1,287**	**-3**	**-3**	**-4**	**-4**
Cash flow from financing activities							
Issue of share capital	0	2,241	0	0	0	0	0
Dividends paid	-747	-528	0	0	0	0	0
Payments of the principal portion of lease liabilities	-6	-6	-8	-9	-10	-12	-14
Net cash used in financing activities	**-752**	**1,707**	**-8**	**-9**	**-10**	**-12**	**-14**
Net change in cash and cash equivalents	**-6**	**2,076**	**-587**	**561**	**724**	**848**	**996**
Cash and cash equivalent at the beginning of the period	6	0	2,093	1,505	2,066	2,790	3,637
Cash and cash equivalent at the end of the period	**0**	**2,076**	**1,505**	**2,066**	**2,790**	**3,637**	**4,633**

Source: Company Information, FAB Securities research (2024E-28E)

FAB Securities Contacts:

Research Analysts

Ahmad Banihani   +971-2-6161629   ahmad.banihani@Bankfab.com

Sales & Execution

Trading Desk Abu Dhabi Head Office   +971-2-6161777   Online Trading Link
Trading Desk Dubai DFM Branch   +971-4-5659593
Institutional Desk   +971-4-5658395
Sales and Marketing   +971-2-6161622

Customer Service

Abu Dhabi Office   +971-2-6161600

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