

Presight AI Holdings

Current Price	Target Price	Upside/Downside (%)	Rating
AED 2.33	AED 2.90	+25%	BUY

1Q25 Net Profit slightly higher than our estimate

- Net revenue surged from AED 262 Mn in 1Q24 to AED 564 Mn in 1Q25, driven by strong execution on existing contracts, supporting positive organic growth from a robust base, accelerated software deployment internationally and acquisition of AIQ. Additionally, AIQ delivered an exceptional performance, further accelerating top-line expansion.
- AIQ contributed AED 172 Mn in revenue during 1Q25, equivalent to 30.5% of group revenue.
- Revenue from project services doubled from AED 262 Mn in 1Q24 to AED 514 Mn in 1Q25 meanwhile, revenue from the sale of hardware and software licenses increased substantially from AED 0.2 Mn in 1Q24 to AED 50 Mn in 1Q25.
- Presight AI generated 22.5% of its revenue internationally during 1Q25 compared to 9.1% in 1Q24.
- Gross profit increased by 65.7% YOY to AED 218 Mn in 1Q25, reflecting a margin of 38.6%. The Company posted a significant increase in gross profit due to strong revenue growth in 1Q25, however profitability declined during the quarter.
- EBITDA increased significantly by 71.8% YOY to AED 141 Mn in 1Q25, driven by higher revenue, a favourable product mix, healthy contribution from AIQ.
- AIQ contributed AED 39 Mn in EBITDA during 1Q25, equivalent to 27.4% of group EBITDA.
- Presight AI recorded a net profit growth of 13.2% YOY to AED 109 Mn in 1Q25, with a net profit margin of 19.3% in 1Q25.
- Presight AI maintained a robust, debt-free position with AED 1.97 Bn in cash as of 1Q25, ensuring ample flexibility for future inorganic and organic growth.

Earnings Call Summary

- Presight reported impressive organic growth of c. 50% in 1Q25, driven by both delayed projects from 3Q24 and 4Q24 of the previous year and new project launches.
- The total order book reached AED 3.9 Bn, with addition of AED 1.44 Bn during 1Q25 with two-thirds of the orders being international during 1Q25, including a significant USD 190 Mn order for the Kazakh Asana Smart City project.
- AIQ's revenue showed strong growth, particularly after its consolidation into the financials. The company recently secured an AED 340 Mn contract with ADNOC for deploying ENERGYai platform.
- Presight's enterprise launches and investment in generative AI-centric offerings resulted in rapid deployment of generative AI technology across all sectors.
- Launched two new platforms in 1Q25: Presight Synergy (an enterprise AI platform) and Presight Lifesaver (an AI-driven emergency and crisis response platform).
- Presight signed a Memorandum of Understanding (MoU) with Microsoft to support startups through the Microsoft Founders Hub and foster AI innovation through its accelerator program.
- Presight entered into a multi-year contract with the UAE Accounting Authority (UAEAA) to provide a comprehensive video analytics and access management solution.
- The company faced a higher tax expense due to the implementation of a 15% corporate tax rate.
- Presight's international market strategy is often framed by government-to-government (G2G) agreements, ensuring financial and currency risk protection, especially in emerging markets.
- The company has established a regional HQ in Kazakhstan to support its growing business in Central Asia, including Uzbekistan, Kyrgyzstan, and Azerbaijan, and is also expanding into the Balkans.

- Presight's international business has grown significantly, aiming to reach 40% of total revenue from international markets in the mid-term.
- AIQ's net margin was volatile in 1Q25, falling to 14% from over 40% in the previous year, largely due to a higher proportion of system integration revenue from Gen 1-3 products and is expected to recover in the medium term
- AIQ plans to focus more on deploying software platforms (like ENERGYai solutions). Thus, margins are expected to improve, parallel to Presight's core business.
- AIQ's revenue is expected to grow at the higher end of the 19-25% range, aligning with the broader growth rate target.
- Presight aims to improve the linearity of its revenue across quarters in 2025, reducing the heavy weight seen in 4Q24, and fostering consistent growth throughout the year.

Presight AI – P&L

AED Mn	1Q24	4Q24	1Q25	1Q25F	Var.	YOY Ch	QOQ Ch
Revenue	262	1,043	564	285	98.0%	115.1%	-45.9%
Cost of sales	-131	-572	-346	-142	143.2%	164.8%	-39.5%
Gross Profit	131	471	218	142	52.9%	65.7%	-53.8%
G&A & marketing exp	-53	-123	-92	-57	61.9%	73.6%	-25.2%
Finance income	27	12	15	30	-49.0%	-43.8%	29.3%
EBITDA	82	366	141	94	49.6%	71.8%	-61.5%
Profit before tax	106	360	141	115	21.9%	33.4%	-60.9%
Income tax expense	-10	-32	-21	-10	NM	NM	-36.0%
Profit before NCI	96	327	120	105	14.2%	25.1%	-63.3%
Non-controlling interest	0	68	11	0	NM	NM	-83.1%
Profit for the period	96	260	109	105	3.3%	13.2%	-58.2%

FABS estimate & Co Data

Guidance: (2025-2027)

- Group Revenue growth of (19%-25%).
- Group EBITDA growth of (16%-21%).
- Group Post-tax Profit growth of (6%-11%), applying a 15% corporate tax rate.

Research Rating Methodology:

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

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