NMDC Energy 3Q25 Results Call

Wednesday, 29 October 2025

Malak Hatem Good afternoon, ladies and gentlemen. I'm Malak Hatem from EFG Hermes Research and I'd like to welcome you all to NMDC Energy's Third Quarter Results Conference call. With us on the line today is Eng. Ahmed Al Dhaheri, CEO; Sreemont, Group CFO; Rahul, Finance Director of Energy and Hanzada, Senior Director Investor Relations.

I will now hand over the floor to Hanzada for the presentation.

Hanzada Nessim Thank you, Malak. Good day, ladies and gentlemen. I will start today's call with a Safe Harbor Statement and then we'll turn over the call to our Group CEO for an overview of the results and the performance of the company. In our discussion today, we may include predictions and estimates or other information that might be considered forward-looking. While these forward-looking statements represent our current judgment on what the future holds, they are subject to risks and uncertainties that could cause actual results to differ materially. The company undertakes no obligation to revise or update forward-looking statement as a result of new information since these statements may be no longer accurate or timely.

I will now hand over the whole to our CEO, Eng. Ahmed.

Eng. Ahmed Al Dhaheri Yes, I'd like to begin by welcoming everyone here on the call today. As you all know, the company reported it's third quarter and 9 months results for the year, reporting a really strong growth in its 9 month revenues for the year 2025, which really rose by 33% year-on-year to AED 13 billion. The net profit after tax increased by 5% year-on-year to the levels of AED 951 million.

The company continues to enjoy a strong liquid balance sheet with a net [indiscernible 2:09] position of AED 3.2 billion, boosted by our small collections from our clients, which leaves AED 12.6 billion. This is roughly 97% of our revenues.

Our project win [indiscernible 2:29] to AED 13.9 billion in the first 9 months of this year, with a backlog of AED 45.6 billion divided across 24 projects and a healthy pipeline of AED 61.4 billion of diversified projects within UAE and outside of UAE. The company's strategy remains intact. We remain committed to our home market and continue to look for opportunities in other markets.

In July, NMDC Energy officially commenced its fabrication activities in Saudi Arabia with its first deep [ph 3:16] cut at its newly developed Ras Al Khair yard, which is a major milestone in its regional [audio distortion]. This basically is a commitment towards Aramco and towards the [indiscernible] program.

As a testament of our excellence, we were named the EPC contractor of the year in the Middle East by Oil and Gas Middle East. We were ranked as number one EPC player for the fifth consecutive year. Additionally, in third quarter 2025, we achieved the first ever MSCI ESG Rating of A, marking a significant step in our sustainability journey and a strong reflection of our commitment to ESG governance.

I will hand over now to my colleague, Rahul, to take you to the financials.

Rahul Agarwal	Good afternoon, everyone. Like we mentioned, we've had a strong growth in revenue of 33% in the 9 months '25 period, went from AED 9.8 billion to AED 13 billion. In terms of the mix, if you look at that, UA contributed 69% or roughly 70% of the revenue mix in 9 months '25 compared to 62% in the same period last year.

Overall, within, let's say, from a geography perspective, Saudi was fairly stable, around AED 3.6 billion, with the remaining coming mainly from UAE and [indiscernible 4:59]. In terms of our offshore/onshore mix of projects, this year, 56% of our revenue is from offshore projects and 44% from onshore whereas last year, 70% of our revenue was from offshore projects. This indicates we have moved more towards onshore projects in terms of the mix this year.

Moving to EBITDA, while our reported EBITDA for 9 months '25 is close to AED 1.3 billion versus AED 1.2 billion, on an underlying basis— even from a quarterly perspective, if you see Quarter 3 '25, on a reported basis, is AED 472 million versus AED 543 million in Quarter 3 '24. It's important to note that 9 months '24 or Quarter 3 '24 had the impact of other income in the form of tax reimbursement. So, if you were to adjust for this, then our Quarter 3 '24 EBITDA would be AED 470 million. There is a corresponding reversal in the current period. If you were to adjust for that, then that AED 472 million increases to AED 500 million. So quarter-on-quarter, there's actually a growth in EBITDA. The same then applies even to 9 months '24 and 9 months '25 numbers.

Moving on to profit after tax. Compared to AED 904 million, we have AED 951 million in the current period, which represents a 5% growth. Again, while the tax adjustment doesn't impact at the back [ph 6:47] level, because the other income impact gets offset against the tax, it's important to note that our portfolio— we have a big portfolio of projects and revenue and profit as well diversified. Margins vary depending on the project progress, the receipts of approvals, external factors and challenges. We had strong growth in revenue, but it didn't, on a reported basis, mirror into the profit after tax growth, mainly because last year we did have exceptionally high margin project. Otherwise, the business has done quite well, both not only in revenue terms, but also in profit terms.

Moving to the financial position, our cash balance was AED 4.2 billion at the end of December '24, which stands at AED 3.6 billion at the end of September '25. The delta, at a big picture level, represents a AED 700 million dividend payout that we did in Q125. On the net cash, the drop from AED 3.6 billion to AED 3.2 billion broadly represents the loan repayment of AED 200 million that we did during this period.

The increase in equity from AED 5.2 billion to AED 5.5 billion is two factors. One is the profit after tax of AED 950 million, offset by the dividend payout of AED 700 million. Total assets have increased from AED 16.5 billion to AED 19.1 billion. This represents an increase in the receivables by AED 1.4 billion and the paid receivables and contract assets and receivable from our group company.

I guess that would be it from our financial position.

Hanzada Nessim	Thank you, Rahul. Malak, can you please open the floor for Q&A?

Malak's line started overlap repeating what was being said, making it difficult to understand at times.

Malak Hatem	Thank you for thank you for the presentation. We will now open the floor for Q&A. As a reminder [audio overlap 9:09]. I would like to start about revenues. Why did revenues fall short of expectations [indiscernible 9:23]? On the same front, why are [indiscernible] below the guidance? What are you're—
Hanzada Nessim	Malak, we cannot hear you well.
Malak Hatem	Excuse me, excuse me. Can you hear me? Can you hear me?
Hanzada Nessim	Malak?
Malak Hatem	Can you me?
Hanzada Nessim	Your voice is cutting. Can you please repeat the question?
Malak Hatem	Am I audible? [Indiscernible 10:10]
Hanzada Nessim	No, just one.
Malak Hatem	Can you hear me?
Hanzada Nessim	Yes. Now, it's clear.
Malak Hatem	Perfect. My question was about the [indiscernible 10:28]. On the same front, why are margins [indiscernible] guidance? What are you [indiscernible] margins by the end of the year and what is the guidance on [indiscernible]?
Hanzada Nessim	I would say [indiscernible 10:56] lower revenues than what is [indiscernible] current view. Regarding margins were lower, we simply touched upon it— you can say we touched upon it, the mix of margins.
Eng. Ahmed Al Dhaheri	I would say we expect revenues to catch-up and also the margins [indiscernible 11:14]. To answer your question, we do expect our revenues and margins both to catch up in Quarter 4. It's typically a strong quarter for us. Regarding margins being lower, I think I answered the question. It's effectively last year we had that impact of a high margin project, but this year, we're doing quite well and we believe Quarter 4 will see a catch-up.
Malak Hatem	Okay, thank you. We'll wait for a few minutes. We have a question coming from Hassan Ferris [ph].
Hassan Ferris	Thank you for taking the question. This is Hassan Ferris from Comm Capital [ph 12:48]. Just two questions. The first one is, is there any margin differential between the onshore and [audio gap] projects, given the migration from 70% last year to around 56% in onshore projects?

The second one is, I know that the dividend policy expires next year. When should we expect an updated dividend policy?

Eng. Ahmed Al Dhaheri Okay, so if I understood your question well, you're talking about the revenue breakdown onshore versus offshore and you can see here for the onshore is picking up. This is due to number of mega onshore drops within our backlog. So, now the share is roughly 44%, so it's getting higher. Usually onshore jobs are having more [indiscernible 13:50], more competition, which means relatively lower margins than offshore jobs. Usually offshore projects, we will see three to maximum five competitors. It requires different set of capabilities and that's why it attracts higher margins. I hope this clarify your question.

The point is related to dividends. This is going to be in line with the prospectus during the IPO, 3 years of 700 million governments payout. We are sticking to the same guidance that we have in the prospectus and there are no changes to be highlighted.

Malak Hatem Thank you so much. We have another question from Arkash Tomar.

Arkash Tomar Good afternoon. Thank you for the detailed presentation. This is Arkash Tomar from SQL Investment [indiscernible 15:19]. Our question on the recent announcement by ADNOC Drilling of making up to 300 drilling— up to 300 unconventional drills [ph]. Is there any implication for NMDC Energy in that regard? Are you seeing any increase in the bidding pipeline or any pickup in the contracts awarded that is there that is not reflected in the backlog currently? Any thoughts on that?

Eng. Ahmed Al Dhaheri Yes, I have to say here that these are two different activities, two different sectors. Drilling has, let's say, nothing to do with the business we are in, the EPC. However, it gives you an excellent indication that projects will come very soon. So, today, I shared with you the pipeline, which is around AED 61 billion. When you see a new drilling is drilling more, it means more projects will come. So, this is really a good sign and we can see that number of mega jobs are being launched by ADNOC as we speak, and we're talking about mega developments. This is in the market today. One of them like Zakum to increase the production of this field from 1 million barrels per day to 1.5 million barrels. And this is going to be the massive project. There are other two similar, I would say, jobs already in the market, most via ADNOC.

Malak Hatem We have another question coming from the chat box. What are the new projects that you're going to be bidding for in the near future?

Eng. Ahmed Al Dhaheri I have to say that we have submitted many tenders so far, with a total value of AED 14 billion roughly. The tenders yet to be submitted are around AED 47 billion, so there's a lot to be done from our perspective,

Malak Hatem We have another question from Arkash Tomar.

Arkash Tomar I just have a follow-up on the previous question. So, as you said, you are not directly related to drilling, but so can you define, in terms of the timeline, where does NMDC Energy get into

	the picture, in terms of developing any project, be it onshore or offshore field, where do you come in versus the other players, like drilling? Any color on that would be helpful.
Eng. Ahmed Al Dhaheri	I guess I would like to highlight here what is under our control. When we see invitation to tender in the market, this is when we start really preparing ourselves and we understand that more projects are coming. Drilling usually is, as I said, is an excellent indication, because drilling means more production and this means more facilities to be built. Literally, these facilities are being built by the [indiscernible 19:49] players like NMDC Energy. This year is almost over, so we are looking forward to hear the news for what we have submitted already. For whatever to be submitted, it will be most probably for 2026. Usually these tenders, they require from three months to six months to submit a commercial bid and then it takes clients two to three months for them to decide.
Malak Hatem	We have another question coming from Hamad Hasni [ph 20:44]. We'll wait a few more minutes for further questions. It looks like we have no further questions. I'll hand over the call to management for closing remarks.
Hanzada Nessim	Thank you, Malak. Thank you everyone for dialing in today's call. We have no further remarks. Thank you, everyone.
Malak Hatem	Thank you for the presentation. This ends today's call. You may now disconnect.