NMDC Group
Management Discussion & Analysis



2Q/1H 2025 Earnings Release

NMDC Group reports strong second quarter results with Group Revenues increasing 10% to reach AED13.4 billion and Net Profit up 20% to AED1.8 billion

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Key Highlights

REVENUES
AED **13.4** billion
1H25 10% Y-o-Y

EBITDA
AED **2.5** billion
1H25 25% Y-o-Y

NET PROFIT
AED **1.8** billion
1H25 20% Y-o-Y

BACKLOG
AED **66.2** billion
June-25

EPS
AED **1.92**
1H25 8% Y-o-Y

RoAE
26%

AWARDED PROJECTS
AED **15.1** billion
1H25

TOTAL ASSETS
AED **36.7** billion
11% YTD

TOTAL EQUITY
AED **13.6** billion
8% YTD

CASH & BANKS
AED **5.4** billion
8% YTD

FREE CASH FLOW
AED **916** million
1H25

CAPEX
AED **693** million
1H25

NET WORKING CAPITAL
AED **1.3** million
June-25

NMDC Group Stock Data

Closing Price	Market Cap.	Price/ Earnings	Target Price	Upside to TP
AED **24.86**	AED **21.0** bn	**6.2** X	AED **31.0**	**25%**
1% YTD		*Trailing Earnings		

*Calculation based on 30th June 2025 closing price

Financial Results

INCOME STATEMENT

AED (million)	2Q25	1Q25	2Q24	Y-o-Y	Q-o-Q	1H25	1H24	Y-o-Y
Revenue	7,149	6,223	6,784	5%	15%	13,372	12,126	10%
EBITDA	1,361	1,096	1,082	26%	24%	2,457	1,965	25%
EBITDA Margin	***19.0%***	***17.6%***	***15.9%***			***18.4%***	***16.2%***	
Net Profit Before Tax	1,105	900	894	24%	23%	2,005	1,655	21%
Net Profit after Tax	971	784	820	18%	24%	1,755	1,461	20%
Net Profit Margin	***13.6%***	***12.6%***	***12.1%***			***13.1%***	***12.1%***	
Net Profit Attributable to Shareholders	885	733	819	8%	21%	1,618	1,460	11%
Minorities	86	51	1	N/M	70%	136	1	N/M

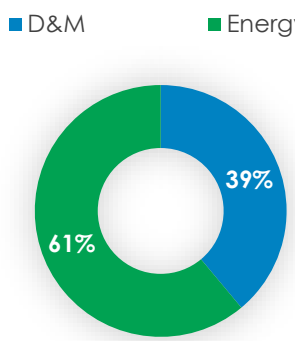
* Calculated by adding back net finance cost (income) and Depreciation & Amortization to net profit before tax

1H2025

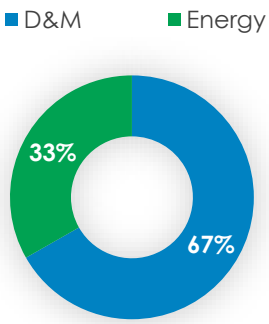
- NMDC Group reported strong set of results, demonstrating the company's operational resilience, across its different segments, and adaptability amid challenging environment.
- Embraced by strong execution of backlog, NMDC Group revenues grew 10% Y-o-Y to reach AED13.4 billion. This increase was supported by higher revenues generated from NMDC Energy, with its revenues increasing 41% Y-o-Y.
- Group EBITDA rose 25% Y-o-Y to AED2.5 billion with an EBITDA margin of 18%; boosted by strong contribution and margins from the D&M segment. D&M represented 68% of the total Group EBITDA and recorded a strong EBITDA margin of 32%. Meanwhile, NMDC Energy accounted for 32% of the Group EBITDA, with an EBITDA margin of 10%.
- The Group net profit after tax increased 20% Y-o-Y to AED1.8 billion, with net profit margins expanding to 13% in 1H25 up from12% in the same period of last year. This was underpinned by D&M's profitability (accounting for 67% of the net profit) and higher net profit margins, which came at 23%.

Group Breakdown (1H2025)

Revenue



Net Profit After Tax



* Based on 1H2025 figures

Financial Results

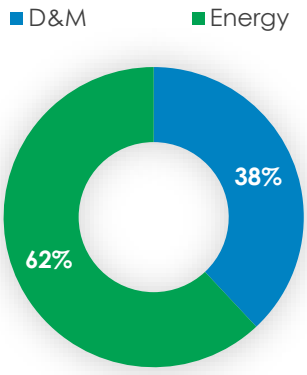
INCOME STATEMENT CON'T.

2Q2025

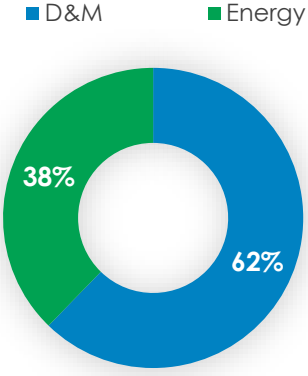
- NMDC Group reported revenues of AED7.1 billion, up 5% Y-o-Y, driven by NMDC Energy's 21% Y-o-Y growth in revenue.
- With strong EBITDA generated from the D&M segment in 2Q25 (up 33% Y-o-Y), the Group's EBITDA rose 26% Y-o-Y to AED1.4 billion. Moreover, the Group reported a buoyant EBITDA margin of 19%.
- NMDC Group reported net profit before tax of AED1.1 billion, up 24% Y-o-Y, and a net profit after tax of AED971 million, up 18% Y-o-Y, with NPAT pressured by an increase in the UAE tax rate, which rose to 15% in 2025 from 9% in 2024.

Group Breakdown (2Q2025)

Revenue



Net Profit After Tax



* Based on 2Q2025 numbers

Financial Results

BALANCE SHEET

AED (million)	Jun-25	Dec-24	YTD (%)
Current Assets	27,065	23,944	13%
Non-current Assets	9,639	9,256	4%
Total Assets	**36,704**	**33,200**	**11%**
Current Liabilities	21,299	18,905	13%
Non-current Liabilities	1,768	1,669	6%
Total Liabilities	**23,066**	**20,575**	**12%**
Total Equity	**13,638**	**12,625**	**8%**
Cash	5,370	4,993	8%
Net Cash	3,681	3,915	-6%

- Total assets stood at AED36.7 billion, up 11% YTD; driven by an increase in retention receivables, advance payments to suppliers and contract assets.
- Cash and cash balances increased to AED5.4 billion by the end of 1H25, up from AED5.0 billion at the end of FY24, mainly on strong collections and despite dividend payment of AED862 million and payments to suppliers.
- Total liabilities reached AED23.1 billion at the end of June 2025, up 12% YTD; mainly related to an increase in advances received from customers and payables to third parties.
- Total equity increased 8% YTD to AED13.6 billion, on the back of an increase in retained earnings that reflects 1H2025 net profits (AED1.8 bn) less dividends payment (AED862 mn).

EMDAD ACQUISITION

- On 1st June 2025, NMDC LTS, a wholly owned subsidiary of NMDC Group completed the acquisition of 70% of Emdad.
- A total provisional purchase price of AED298 million was accounted for this acquisition, with a goodwill of AED158 million being created.
- As a result of the acquisition, Emdad contributed AED51 million to the Group revenues and AED4 million to its net profit for the month of June.

Financial Results

FREE CASH FLOW

AED (million)	2Q25	1Q25	2Q24	1H25	1H24
Cash Flow from Operations	333	1,276	(1,468)	1,609	(1,157)
Capital Expenditures	(194)	(499)	(221)	(693)	(633)
Free Cash Flow	**139**	**777**	**(1,689)**	**916**	**(1,790)**

NET WORKING CAPITAL

AED (million)	June- 25	Mar- 25	Dec- 24
Inventories	838	759	718
Trade and other receivables	14,536	12,170	13,060
Contract Assets	5,724	4,836	4,519
Other Current Assets	598	596	653
Trade & Other Payables	(15,700)	(14,751)	(14,045)
Contract Liabilities	(3,911)	(2,864)	(4,061)
Other Current Liabilities	(771)	(624)	(457)
Net Working Capital	**1,314**	**123**	**387**

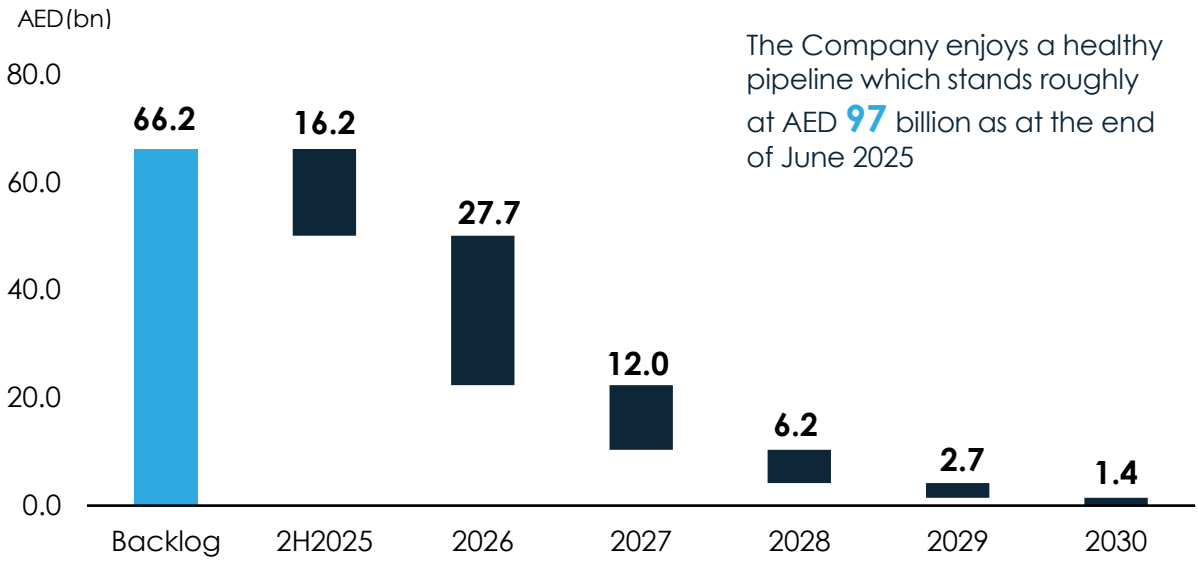
- Free cash flow reached AED916 million in 1H25, mirroring strong cash generated from operations which was partially offset by capex spending.
- Capex spending stood at AED693 million in 1H25, mainly on the back of advance payment for the purchase of a CSD dredger for D&M, NMDC Energy's KSA yard and UAE yards upgrade, together with maintenance capex and additions of equipment including barges, pipelines, and technical equipment.
- Net working capital came at AED1.3 billion by the end of June 2025, as the increase in retention receivables, advance payments to suppliers and contract assets out-weighted the increase in advance payments from clients and payables to third parties.

Project Awards and Backlog

Awarded Projects

EPC work off-shore project	UAE	AED 9.7 billion
EPC Work for TaiPower - subsea gas pipeline	Taiwan	AED 4.2 billion
Salalah Marina Works	Oman	AED 0.4 billion
Dredging & Marine Projects	UAE	AED 0.8 billion
Total Awarded Projects in 1HQ25		**AED 15.1 billion**

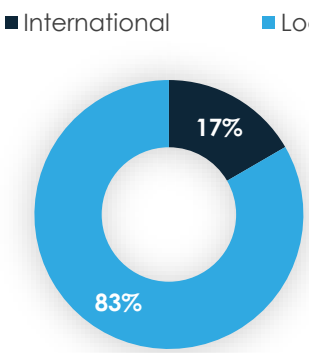
Expected Backlog Unwinding



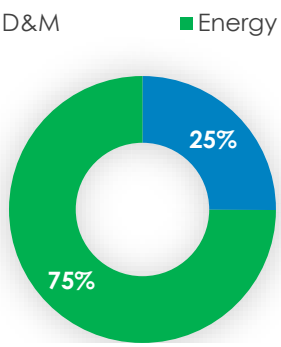
The Company enjoys a healthy pipeline which stands roughly at AED **97** billion as at the end of June 2025

Backlog Breakdown

Local Vs. International



D&M Vs. Energy



Business Development and Achievements

NMDC LTS Completes the Acquisition of 70% Stake in Emdad

NMDC LTS, completed the acquisition of a 70% equity stake in Emdad, a UAE-based integrated oilfield services provider. The transaction supports NMDC's strategy to expand into the OPEX-driven oilfield services segment and diversify its revenue streams. Emdad offers a broad range of services including well intervention, waste management, shutdowns/turnarounds, coil tubing, and valve services. The acquisition enhances NMDC's competitive edge, strengthens its position in the regional energy services market, and aligns with its long-term growth and diversification strategy.

NMDC Group to establish a new Company "NMDCCC" in partnership with CCC

NMDC Group and Consolidated Contractors Operations (Cyprus) Limited "CCC" have agreed to combine their capabilities and signed Heads of Agreement to establish a new company 'NMDCCC' or "the Company" to operate within the UAE, with branches in Dubai and outside the UAE. Under this agreement NMDC Group will hold indirectly through NMDC INFRA 50%(+1 share) of the Company, while CCC will hold the remaining 50%(-one share), with NMDC Group reserving control and consolidation of the new Company. Additionally, under this agreement both entities have agreed to pursue together other business ventures outside the UAE, through Joint Operations (JOs) arrangements, with particular focus on Africa.

Project Award in Oman

In line with the Group's Strategy that focuses on geographical diversification, NMDC Group has signed a contract for the construction of a marina project in the Sultanate of Oman, with a total value of AED 383 million. The project is expected to be completed within 15 months from the date of signing.

NMDC Group Strengthens GCC Presence with Oman Branch Establishment

As part of NMDC ongoing regional expansion, NMDC Group established a wholly owned subsidiary in Oman. Our presence aligns with Oman's growing EPC market and rising construction activity and enhances the Group's tender eligibility, improves our ICV score, and places the Group closer to potential future opportunities.

A 3-year extension for the Long-Term Agreement with Aramco

NMDC Energy continues to strengthen its long-lasting relationship with Aramco, with a 3-year extension to its Long-Term Agreement ("LTA") and an option for an additional 3 years. NMDC Energy has been involved in multiple projects with Aramco since their previous LTA was signed in 2016. The services provided by NMDC Energy under the LTA cover detailed engineering, material procurement, fabrication, transportation, installation, and pre-commissioning of offshore facilities in connection with projects to be executed within Saudi Arabian territorial waters.

Taipower Project Award

In January 2025, NMDC Energy has been awarded a contract by Taiwan Power Company (Taipower) for the installation of subsea gas pipelines, for the second-phase renewal project of the Tung-Hsiao Power Plant in Taiwan. NMDC Energy will be responsible for the design, construction, and installation of marine pipelines at depths ranging from 10 to 55 meters, extending between Taichung and Tung-Hsiao on Taiwan's west coast. This massive project, valued at $1.136 billion, enhances NMDC Energy's presence in Taiwan and actively supports its contributions to renewable energy initiatives.

Business Development and Achievements

USD 2.6 billion Local Project Award

NMDC Energy was awarded a AED9.7 billion local project in March 2025. The project involves off-shore EPC work and is expected to be completed within 57 months commencing 31st March 2025. This comes as a testament for NMDC Energy's operational excellence and resilient long-standing relationship with our clients.

NMDC Energy MSCI EM Small Cap. Index Inclusion

NMDC Energy was successfully qualified and included in MSCI EM Index and MSCI Small Cap. EM Index during their rebalancing event in February 2025; thus, resulting in passive funds flow during the period. The inclusion comes post NMDC Energy's listing in September 2024.

NMDC Energy Inaugurated KSA Yard

In January 2025, NMDC Energy inaugurated its state-of-the-art fabrication yard in Ras Al Khair Special Economic Zone in Saudi Arabia, with investment value of AED 200 million. The 400,000 sqm yard will provide off-shore facilities fabrication as well as on-shore modularization. This includes the construction of off-shore facilities, structures, design and assembly of modular (pre-fabricated) units on-shore.

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Forbes Top 100 Listed Companies

Forbes Middle East
Top 100 Listed Companies 2025

NMDC Group has been recognized in Forbes Middle East's Top 100 Listed Companies list for 2025.

NMDC Energy, a subsidiary of NMDC Group, was included for the first time in Forbes Middle East's Top 100 Listed Companies 2025 ranking.

Oil & Gas Middle East Awards 2025

NMDC Energy was Awarded **"The EPC Contractor of the Year"** for the fourth consecutive at the Oil & Gas Middle East Awards 2025



NMDC Energy was Awarded **"The Yard Modernization Company"** of the Year for the second year in a row at the Oil & Gas Middle East Awards 2025

Recent Events

Make It In The Emirates (MIITE) 2025

NMDC Energy awarded ICV Excellence Award

NMDC Energy received the ICV Excellence Award in the category of Semi-Governmental Manufacturers at the Make it in Emirates forum in Abu Dhabi. The ICV Excellence Award recognizes manufacturers that have obtained the In Country Value certification and it celebrates their efforts to support the growth and development of local industries, businesses, communities, and talent in the UAE.

NMDC LTS and Huaying Valves sign an MoU

NMDC LTS, a business vertical of NMDC Group, has announced the signing of an MoU to explore the establishment of a Joint Venture with Jiangsu Huaying Valves Co. Ltd at the Make it in the Emirates forum to set-up a facility in the UAE which will assemble, fabricate, and distribute valves to be used in the energy sector.



NMDC Energy and Hilong Sign an MoU

NMDC Energy signed a Memorandum of Understanding (MoU) to explore collaboration with Shanghai Hilong Shine New Materials Co. LTD (Hilong), a company committed to R&D and manufacturing related to high-end coating and new materials for industrial heavy-duty anti corrosion, at the Make it in Emirates forum in Abu Dhabi. Both entities will explore the possibility of establishing Joint Venture agreements to conduct operations together in the UAE and the Kingdom of Saudia Arabia.



NMDC Energy and Al Gharbia Sign an MoU

NMDC Energy signed a strategic Memorandum of Understanding (MoU) with Al Gharbia, the Abu Dhabi based advanced pipeline manufacturer, to explore ways to accelerate pipe production in the UAE to meet local and regional demand. The partnership forms part of the MIITE mandate to drive industrial growth in the UAE, and it serves as another example of the increasing level of synergy between key local players in the UAE's industrial and energy landscape.



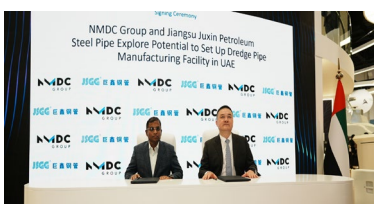
NMDC LTS and Chaoda Sign an MoU

NMDC LTS, has signed an MoU with China-based Chaoda to explore a Joint Venture for a valve assembly and distribution facility in the UAE. Announced at the MIITE forum, the project will support the regional energy sector and contribute to UAE's industrial growth and supply chain localization. The two parties will assess operational needs jointly, in line with NMDC's broader strategy for regional expansion and economic development.



NMDC D&M sign MOU with Jiangsu Juxin Petroleum Steel Pipe

NMDC D&M, subsidiary of NMDC Group signed an MoU with Jiangsu Juxin Petroleum Steel Pipe to explore establishing steel pipe manufacturing facilities in the UAE. The partnership aims to support major dredging and infrastructure projects, leveraging Juxin's expertise in welded steel pipes for offshore wind, ports, bridges, and rail. This initiative aligns with NMDC's strategy to boost local industrial capacity, enhance UAE-China industrial cooperation, and support the Group's regional and international expansion.



Sustainability & HSE

Clean Technology Investment

- Significant investments in R&D across clean initiatives, including nature-based solutions, vessel fuel optimization, and renewable energy infrastructure,

Biodiversity & Land Use

- Conducted rigorous environmental assessments and monitoring across all projects, with designated no-disturbance zones monitored using real-time geofencing systems.

Corporate Behaviour

- Ethics, compliance, and audit frameworks were strengthened, with new plans under development for 2025 focused on risk-based due diligence and employee ethics training.

Demonstrates Commitment to Safety

- Achieved full contractor integration into NMDC's safety management system, with over 2 Million hours of safety training, a 12% reduction in TRIR, and 180+ audits conducted.

HSE Awareness & Emergency Readiness

- Conducted multiple sessions and drills on fire safety, heat stress, housekeeping, and site safety to promote a safer work environment.

Decarbonization Initiatives

- Continued electrification of cranes and equipment to reduce emissions.

GHG Emissions Management

- Ongoing monitoring and tracking of emissions; 3rd party audit initiated as per GHG Protocol.

Staff Sustainability Capacity Building

- Facilitated ESG and sustainability training to improve staff awareness and engagement.

Sustainability Integration

- Issued Sustainability Policy to reinforce integration into core business operations.

Carbon Sequestration – Mangrove Plantations

- Continued planting to support CO_2 absorption and climate action.

Strong HSE Culture on Major Projects

- Zero LTI at NOD and Jetty Area (NMDC Energy, (Al Yassat Island – NMDC D&M))

Waste Reduction

- Installed three waste converters to minimize environmental impact.

Disclaimer

This document might include forward-looking statements. The forward-looking statements contained in this document speak only as of the date of this document. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the control of NMDC Energy (the Company) and all of which are based on current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe", "expects", "may", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned" or "anticipates" or the negative thereof, other variations thereon or comparable terminology. These forward- looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding intentions, beliefs and current expectations concerning, among other things, results of operations, financial standing, liquidity, prospects, growth, strategies, and dividend policy and the industry in which the Company operates.

These forward-looking statements and other statements contained in this document regarding matters that are not historical facts as of the date of this document involve predictions. No assurance can be given that such future results will be achieved. There is no obligation or undertaking to update these forward-looking statements contained in this document to reflect any change in the expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so: (i) as a result of an important change with respect to a material point in this document; or (ii) by applicable laws of the UAE.

Actual events or results may difer materially as a result of risks and uncertainties that the Company faces. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements.