

Management Discussion and Analysis (MD&A)

9M 2024

This Management Discussion and Analysis (MD&A) should be read in conjunction with the unaudited interim condensed consolidated financial statements of NMDC Group as at and for the three and nine month period ended 30 September 2024.





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Financial Highlights



Financial Highlights


YTD September 2024

NMDC Group reported impressive financial results, showcasing its sustained growth and solid performance. This reflects the company's ongoing ability to deliver increased value to shareholders.

Revenue 


AED 18,518 m

68% increase (YOY)


Net Profit 

AED 2,192 m

45% increase (YOY)

Special Cash Dividend 

AED 2 bn

EBITDA 

AED 2,971 m

61% increase (YOY)

Market Cap & P/E 

Current Market Cap
AED 21,396 m

LTM Sep 2024 P/E Ratio
7.55




Total Equity 

AED 13,872 m

Free Cash Flow 

AED (423) m

Working Capital 

AED 2,360 m

*Current assets - current liabilities (excluding cash and debt)

Backlog 

More than
AED 70 bn

New Projects Awarded (YTD) 

AED 35 bn

Total Assets 

AED 31,789 m

52% increase (31 Dec 23)

Financial Results

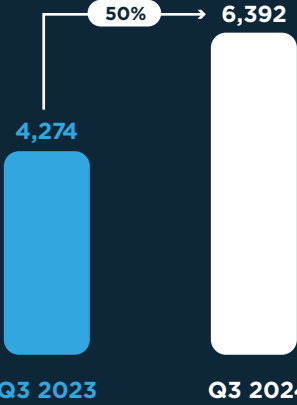
Q3 2024

Revenue

AED 6,392 m

50% increase (YOY)

Revenue for Q3 2024 was AED 6,392 million, an increase of AED 2,118 million (50%) against AED 4,274 million for Q3 2023



Quarter	Revenue (AED m)
Q3 2023	4,274
Q3 2024	6,392

EBITDA

AED 977 m

30% increase (YOY)

EBITDA for Q3 2024 was AED 977 million, an increase of AED 225 million (30%) against AED 752 million for Q3 2023



Quarter	EBITDA (AED m)
Q3 2023	752
Q3 2024	977

Net Profit

AED 731 m

16% increase (YOY)

Net Profit for Q3 2024 was AED 731 million, an increase of AED 99 million (16%) against AED 632 million for Q3 2023



Quarter	Net Profit (AED m)
Q3 2023	632
Q3 2024	731



Financial Results

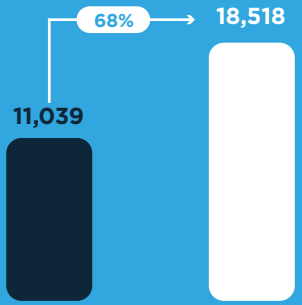
9 Months 2024



Revenue

AED 18,518 m
68% increase (YOY)

Revenue for the nine-month period ended 30 September 2024 was AED 18,518 million, an increase of AED 7,479 million (68%), compared to AED 11,039 million for the nine-month period ended 30 September 2023



Period	Revenue (AED m)
Q3 2023	11,039
Q3 2024	18,518

EBITDA

AED 2,971 m
61% increase (YOY)

EBITDA for the nine-month period ended 30 September 2024 was AED 2,971 million, an increase of AED 1,130 million (61%), compared to AED 1,841 million for the nine-month period ended 30 September 2023



Period	EBITDA (AED m)
Q3 2023	1,841
Q3 2024	2,971

Net Profit

AED 2,192 m
45% increase (YOY)

Net Profit for the nine-month period ended 30 September 2024 was AED 2,192 million, an increase of AED 679 million (45%), compared to AED 1,513 million for the nine-month period ended 30 September 2023




Period	Net Profit (AED m)
Q3 2023	1,513
Q3 2024	2,192

Backlog

More than **AED 70 bn**

As of 30 September 2024, the backlog stood at over **AED 70 billion**, reflecting a strong pipeline of projects and revenue.



Free Cash Flow



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Free Cash Flow

The group significantly enhanced its free cash flows during Q3 2024 by **AED 1.4 billion**. This was largely as a result of significant collections during the quarter.

Negative free cash flows during 9M 2024 was largely due to higher working capital investment in the business, given the substantial growth during the period.



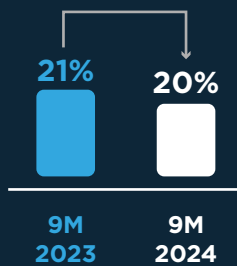
AED MILLION

	Q3 24	Q3 23	9M 24	9M 23
Cash from Operations	1,692	485	535	1,764
Capital Expenditures	(325)	(586)	(958)	(836)
Free Cash Flow	1,367	(101)	(423)	928

Return on Equity



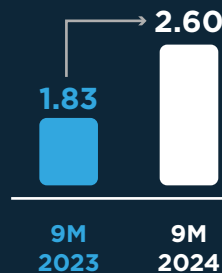
Return on equity remained largely stable between 20% and 21%.
Note: Calculated based on average equity



Earnings per share



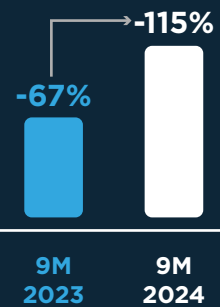
Earnings per share for 9M 2024 increased significantly by 42% to AED 2.60



Net Debt / EBITDA



Net Debt / EBITDA for 9M2024 continued to remain negative demonstrating healthy cash and leverage position



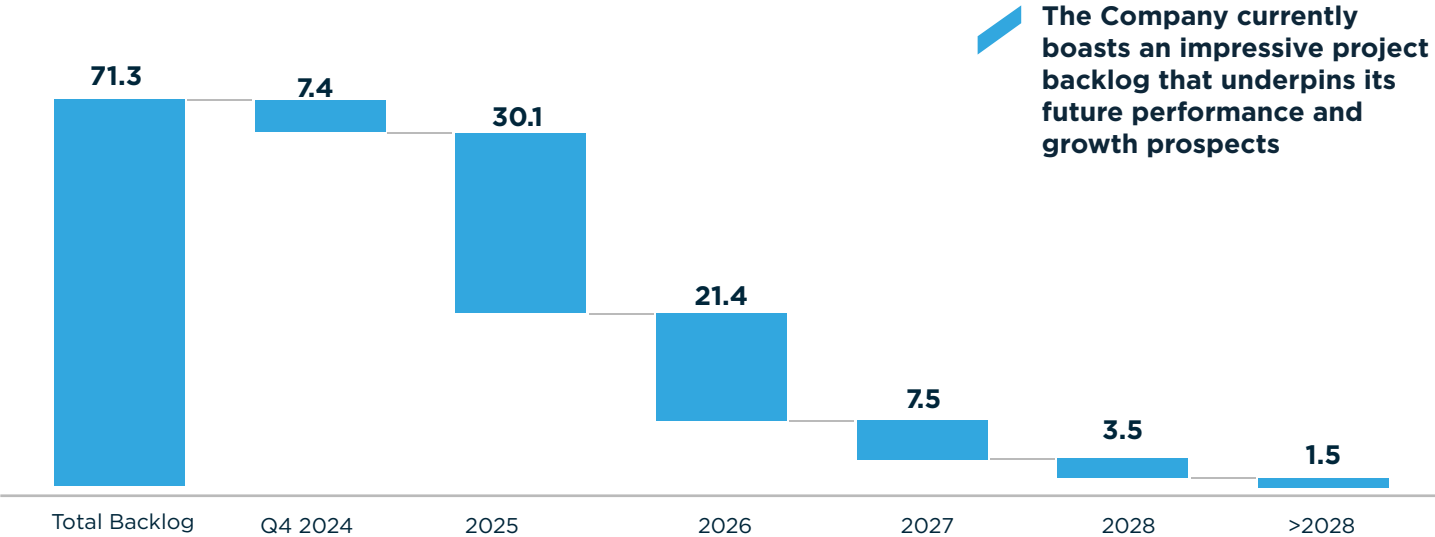
Backlog



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Backlog

Expected backlog unwinding (AED billion)



The Company currently boasts an impressive project backlog that underpins its future performance and growth prospects

The Company’s project backlog represents the total value of contracted projects that are yet to be completed. This backlog is a key indicator of the future revenue potential and operational workload.

As at 30 September 2024, the Company’s project backlog stands in excess of **AED 70 billion**, reflecting a strong pipeline of future projects and revenues.



More than

AED 70 BN

Backlog

Total order intake for the first 9 months of 2024 amounted to **AED 35 billion**, highlighting continued client confidence in the Company’s capabilities.

Key Developments & Events



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Key Developments and Events

IPO

11 September 2024: NMDC Energy began trading on the Abu Dhabi Securities Exchange (ADX) following an Initial Public Offering (IPO) that was oversubscribed by 31.3 times.

The offering of 1.15 billion shares in NMDC Energy, representing 23 per cent of the total share capital, was made available to eligible investors at Dh2.8 per share.

The IPO saw outstanding demand across all segments, becoming oversubscribed within hours of its launch on 30th August 2024. At the close of the subscription period, the retail tranche was oversubscribed 600 times, and the professional tranche by 16.7 times.


 The unprecedented interest we received underscores the market's trust in NMDC Group's ability to lead the industries of the future.

11 September 2024

Listing Date

1.15 bn (23%)

Shares

31.3 times

over-subscribed



Key Developments and Events

Key Projects

Hail & Gasha Project

Offshore drilling centers, subsea pipelines, umbilicals, power cable connections, seawater intake structure, bridges, risers, flare, and facilities at Gasha Offshore Processing.

MERAM Project

New facilities to recover the ethane from residue gas from various existing NGL Recovery Units.

ZULUF Project

New ZULUF AH West/East Oil Facilities and associated subsea works.

Mega Dredging & Marine Works in Abu Dhabi

Dredging and reclamation project in Abu Dhabi.

Adnoc LNG growth project

Dredging operations, involving the removal of approximately 15 million cubic metres of material across a 5-kilometre channel.

Ports Development

Marine development works in the ports sector in Abu Dhabi

Al Hudayriat Island

Infrastructure development on Al Hudayriat Island Abu Dhabi



Key Developments and Events

Industry 4.0 Digital Leader



9 August 2024 - NMDC Energy has been officially recognized and certified as an Industry 4.0 Digital Leader by the Ministry of Industry and Advanced Technology (MoIAT).

This distinction recognizes NMDC Energy as a leader in the Fourth Industrial Revolution, leveraging state-of-the-art technologies to enhance operational efficiency, promote sustainable growth, and increase competitiveness within the UAE's industrial sector.

Sustainability and Health, Safety & Environment



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Sustainability and Health, Safety & Environment

Sustainability

MSCI Rating



We are proud to announce that NMDC Group has achieved an MSCI AA ESG rating, which reflects our commitment to sustainability. As a leader in this field, we are striving for excellence and aim to attain an AAA rating.



A company leading its industry in managing the most significant ESG risks and opportunities.

Emission Inventory



We have updated our emissions inventory to enhance the accuracy of our emissions assessment. These insights enable us to focus on minimizing emissions in our operations (Scope 1 and 2) as well as those of our suppliers (Scope 3).

ESG Strategy



To further optimize our sustainability performance, we have developed a comprehensive strategy built on five pillars (two environmental, two social, and one governance). This strategy encompasses eight objectives and 25 initiatives designed to enhance our overall performance.



Sustainability and Health, Safety & Environment

HSE

Artificial Reefs

NMDC coordinated with EAD to committing to deploy 100 artificial reef domes in the north side of Borrow Area 3 of the current project with ADNOC which is the Al Nouf Artificial Island Project.

Planting Mangroves

NMDC Energy was the winner of the recent 2024 IPLOCA Environmental Award for “Blue Carbon Initiative sponsored by Shell. NMDC Energy planted 20,001 mangrove seedlings which can capture 246 tons of CO₂ annually.

On site solar panels

We are setting up a pilot to install temporary solar panels on our off-grid project sites. These panels provide a renewable energy source, reducing reliance on diesel generators and minimizing greenhouse gas emissions during project execution.



International Expansion



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International Expansion

NMDC Group

International Expansion is crucial to ensure future sustainable growth. While cherishing our home markets we invest in our footprint of tomorrow





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Disclaimer

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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.

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