**NMDC Energy 3Q24 results call transcript – hosted by International Securities**

**24th October 2024**

**Afaq Nathani, CFA – International Securities**
Hello everyone and welcome to NMDC Energy Third Quarter 2024 results conference call hosted by International Securities. My name is Afaq Nathani and I'm the senior research analyst at International Securities.

Today I have the distinct pleasure of introducing the CEO of NMDC Energy, Eng. Ahmed Al Dhaheri, the group's CFO, Mr. Sreemont Barua, the senior executive director for business Growth and value creation, Mr. Ashish Khandelwal, the senior director for project control and risk, Mr. Amjad Shakoor, the senior strategy manager, Mr. Sjoerd Van Den Brand, and the investor relations manager, Miss Shaima Ali. NMDC team. I thank you all for joining the call today.

Following a presentation of NMDC Energy's quarterly performance by their team, the floor will then be open to a Q&A session. For all participants, if you would like to ask a question, please tap the raise hand button. Once it is your turn, your name will be announced, and your mic will be enabled. Once we enable your mic, you will be able to unmute locally and speak directly with the company's management. I now give the floor to NMDC Energy CEO, Eng. Ahmed Al Dhaheri. Sir, please go ahead.

**Eng. Ahmed Al Dhaheri – CEO NMDC Energy**

Welcome and good afternoon, everyone. Thank you, Afaq. I would like to begin by welcoming everyone here on today's call as we discuss, the first set of results for NMDC Energy. This is another key milestone for us since our IPO this year. Today we will present an overview of NMDC Energy’s business, key sectors and some key developments. We will shed also light on the company’s strategic direction and how it is aligned with the UAE’s vision 2030 including expansion into renewable energy.

The positive reception we had in the market for our IPO showcases the legacy we built over the past years and the trust we managed to gain. This is really a true testament to the investment community’s trust in our capabilities.

I will be starting with the financial performance. You can see here that we are experiencing unprecedented growth. NMDC energy’s performance for the first nine months of 2024 further solidifies our position as a leader of the UAE’s and the region’s energy, EPC landscape.

The revenue for the nine months period ended 30th, September 2024 was AED9.7 billion. This is an increase of almost 100% compared to the corresponding period of last year. The EBITDA as well reached AED1.19 billion, an increase of 117% compared to the same period of last year. Net profit jumped to AED904 million. This is a phenomenal increase of 122% compared to the same period of last year.

Indeed, it is a remarkable achievement, supported by our solid backlog and healthy pipeline which we'll be covering shortly. Before we get into further details, allow me just to give you a recap on NMDC Energy, what do we do as a company and what is the trajectory moving forward?

We provide engineering, procurement and construction services to both offshore and onshore clients in the energy industry and our core markets are UAE, Saudi Arabia, Kuwait and Taiwan. To date we have executed more than 1,200 projects which comprises approximately of 1,360 installed structures and 8,000 Km of pipelines, both onshore and offshore, as well as 2,000 Km of marine cables. We are really having a strategic partnership with important national oil companies like ADNOC and Aramco and also many international oil companies as you can see on the screen, with the really diverse concept, we deliver innovative and sustainable EPC solutions to our clients. Also, in other markets where we operate, such as Southeast Asia and India.

Of course, the company has strategically expanded into renewable energy. We've been busy for the past few years in the offshore wind space, executing a project in Taiwan, but also, we have managed to establish a strategic partnership with Masdar to accelerate the energy transition aspirations of the country by acting as strategic enabler by building engineering and execution capabilities. I have to mention the strategic partnership as well we have today with Technip energy whereby, we incorporated a company called NT Energies dedicated for energy transition. So green, hydrogen, blue hydrogen decarbonisation, waste to energy all these sorts of projects are going to be the target and the focus for this company. We managed so far to execute number of engineering studies and hopefully will be part of translating these studies into reality for our clients.

As mentioned, we have a diverse portfolio. This includes offshore and onshore projects. It also includes projects in the upstream, midstream and downstream. Some of these projects are mega projects and strategic in nature such as Hail & Gasha offshore package with total revenue of $8 billion and also Ruwais LNG with a total value of $5.5 billion.

On key developments, I would like to mention that we managed to achieve an excellent position. This is the NMDC group's AA rating when it comes to ESG. This is really concerned to be an excellent position. It reflects our commitment towards sustainability, and this was really supported by several initiatives from NMDC Energy.

I have to mention also that we were recognized by the Ministry of Industry and Advanced Technology to be Industry 4.0 Digital Leader, recognising our efforts into driving efficient technologies in our operations and also the utilization of latest Initiatives related to AI and smart initiatives to help us be more efficient and to drive our productivity further and further and to distinguish and differentiate ourselves as an EPC player. Also, recently we have agreed to acquire a yard in ICAD to enable the growth of modular fabrication.

I will pass the mic now to my colleague Ashish to take you through further details about our financials and our aspirations.

**Ashish Khandelwal – Senior Executive Director for business growth and value creation**

Thank you, engineer Ahmed, for the introduction on NMDC Energy and I will mainly focus areas in terms of you know where we currently stand and highlight of the financial performance. Now just to delve into the specifics of our performance for the third quarter and also for the first nine months of 2024. From a revenue perspective, we posted about AED 9.8 billion, which represent close to 100%, nearly doubling from the corresponding period in 2023.

We currently have 23 ongoing projects and the most significant ones where we had revenues in the first nine months were the Hail & Gasha project. We had a significant amount of work executed for Aramco under the CRPO Framework Agreement and the ESTIDAMA project. So that basically you know kind of underpinned the growth or the significant growth that we saw in the first nine months in 2024 as compared to 2023.

Moving on from an EBITDA perspective, we recorded about AED1.2 billion in nine months of 2024 compared to the previous corresponding period in 2023. From an EBITDA margin perspective, again there was positive movement where in the previous historical corresponding period in 2023, our EBITDA margins were roughly about 11%, but in the current nine-month period, this has moved up to 12.2%. Finally, in terms of the net profits, we basically recorded net profits of AED904 million which again was 122% increase as compared to the corresponding period last year and talking about the net profit margins again, there was an increase that we were

able to witness when compared to the corresponding period in 2023 where our net profit margins were 8.1% as compared to the first nine months results which translate to about 9.2% from a net margin perspective. This is reflective of the sustained strong performance and ongoing growth. One thing which I would like to also highlight is that most of the growth that we see in the in the first nine months of 2024 is predominantly organic because we've not done any acquisitions with our assets or entities in the first nine months or in the corresponding period, so to keep it on a like for like basis, you know this is all predominantly as a result of organic growth that we saw within the business. We do believe that the robust results that we have demonstrated in the first nine months will definitely, you know, meet up to the market expectations.

Moving on to the next slide. Again, you know similar numbers. In fact, even better as compared to the quarter in the corresponding year where revenues were 110% higher. The revenues for the third quarter in 2024 were close to about four billion dirhams. EBITDA was about AED 543 million, which was up 150% as compared to the corresponding quarter in 2023. From an EBITDA margin perspective again, you know there was a there was a growth of roughly about two percentage points. If you look at absolute margins for the third quarter 2024 as compared to the third quarter in 2023. And then again from a Net margin or net profit perspective we have reported about AED 400 million of net profit, which again represents a net profit margin of 10.1%, which is again up compared to the corresponding quarter in 2023, which stood at 8.7%. That's basically a highlight of, you know, the current quarter.

So, this, this slide talks about the free cash flow and the working capital position that we currently have. The free cash flow position for the third quarter was positive AED 316 million and nine month period was positive close to AED 800 million, which again is significantly higher than what we evidenced in the previous in the corresponding period in 2023. The primary reason is definitely the significant increase in the operations and also to an extent favourable working capital management, which we have been able to work over the early 2024 to enhance our working capital cycles and moving on working capital, we continue to have or operate on negative working capital position with the day sales outstanding again improving from 150 days in as of December 2023 to 141 days and from a days payable outstanding, we were able to negotiate better terms with our suppliers from a credit perspective where it actually expanded from roughly 200 days to 225 days so, This has also impacted favourably on our working capital position.

In addition to that, of course, we also benefited from advances that we received on the projects which were awarded during 2024. From the beginning of this year, I think the awards that we've seen so far is roughly about AED 16.6 billion, and therefore that also helped us from a working capital position.

Going on to the next page. I will pass on to Amjad from our projects team to talk on the backlog position and the key projects.  Amjad, over to you.

**Amjad Abdul Shakoor– Senior Director for project control and risk**

Thanks Ashish. So, on the secured backlog and the key projects out of the 23 projects which we are executing at present, your highlight on the five of them which are on the right-hand side of the screen. The left-hand side shows the backlog unwinding as to balance of quarter four, about AED 4 billion, then 2025 AED16.5bn, 2026 AED18.1bn, 2027 AED 6.5bn then on for 2028 AED 3.5bn.

We have a strong pipeline. As we mentioned above 2025 of 16.6 billion is already secured as come when it comes to the backlog. On the key projects, if you go, Hail & Gasha project was mentioned earlier. Our share is AED15 billion when it comes to only EPC of it for us and the completion date is planned to be 3Q2028. We have another project which is Meram with a value of approximately AED6.4 billion with a completion in 3Q27. Then Zuluf, which is an Aramco project, we are expecting a completion in Q226 with the value of AED8 billion. HURLK, the lower Zakum EPC project where the award was given this year, and the completion is 3Q26 with a value of AED2.3 billion. LTDP Lower Zakum EPC works is a AED9.2 billion award which was also awarded in 2024 with completion date of 2Q2028. These are only highlights of the major 5 projects out of the 23.

Projects on pipeline also we wanted to mention that we have a strong pipeline of close to AED 59 billion at present and this is across geographies with 10% in far east, GCC around 30%, around 35% in Saudi markets and, 25% in UAE. This is roughly the composition of the pipeline projects.

**Ashish Khandelwal – Senior Executive Director for business growth and value creation**

Thank you, Amjad. So moving on to the next slide, I think this slide really talks about our the strategy and I think for this for some of you who might have already gone through a decent prospectus, this is not going to be a side which is which is like a new information, but effectively as the engineer Ahmed mentioned that you know our strategic direction is pretty aligned with the UAE 2030 vision. We are focusing on

expansion into renewable energy at the same time we are very cognizant of our social commitment from sustainability perspective. From a geographical expansion perspective, we are closely looking at markets in Southeast Asia, India and Africa. Just by way of reference, we do have some capability in India from an engineering perspective and therefore our plan is to basically you know enhance that capability into full scale EPC to focus on opportunities in the Indian market as well. And then in Africa, again, we're looking at potentially markets in Libya and Western African markets on a selective basis. In addition to that, we are also looking at expanding our capacity when it comes to modular fabrication. This is something that we are looking to expand to enhance the way we actually execute our projects for our clients and that process is something which is ongoing at this stage. In addition to that, we have also substantially completed the work on the Saudi Yard, which effectively gives us the capacity to deliver project with Aramco in Saudi Arabia to a larger extent than what we used to historically do, so that's something that, you know, we expect that by the beginning of next year, we would basically have the Saudi Yard fully operational servicing the market in the Kingdom.

Going on to the next page. On the next page is a map. This is effectively giving us or giving you an overview of our presence, the ones or the countries where which are highlighted in or shaded in green are the ones which are effectively home markets or where we have presence at this point in time. As I mentioned earlier in India, we have the presence from an engineering capability perspective, but we basically are looking at enhancing that further. And on the on the orange shaded countries we are looking at further expansion. If I take Southeast Asia, we are looking at markets such as Thailand, Malaysia, Indonesia. Taiwan of course, we are currently performing work on the renewable on the offshore wind side. So that is a key market that we are focusing on at this point in time for further expansion. Moving on to the African side, Libya is a market where there are opportunities. We believe that there are opportunities, and which can potentially be a favourable market for us and for the nature of the services that we offer. And if we effectively extend it towards the European continent, we are basically looking at more around the offshore wind opportunity out there and the decommissioning opportunity, specifically in the North Sea. So, this is how we are kind of you know really looking at it from a future growth strategy perspective.

I will move on to the next slide and the next slide also gives you some more details around what are the key strategic levers that we are kind of currently looking at in order to achieve further growth and diversification within our business. But I will hand over to Eng. Ahmed to basically, you know, talk about the strategic growth areas for business.

**Eng. Ahmed Al Dhaheri – CEO NMDC Energy**

Thank you, Ashish. Of course, at NMDC Energy, we believe that growth is crucial to ensuring sustainable development. Our commitment to continuous expansion and not only drives our financial performance, but also helps us to maintain our competitive edge in the industry. These strategic initiatives started way back and we are progressing steadily in the right direction. I mentioned about the first strategic initiative which is NT Energies. This is a vehicle that is focusing on energy transition and for tomorrow's energy and it is steadily gaining momentum, and we are today executing engineering studies not only in the UAE but also beyond. Specifically, talk about what Petronas in Malaysia and also sometimes joining hands with Masdar wherever they venture in the rest of the world like Azerbaijan.

Talking about KSA expansion, as you know Aramco is a strategic partner for NMDC Energy and we've been increasing our presence over the years and this would enable us to position when our company for grasping and for acquiring more jobs, more projects in the coming years. This is an important yard to somehow replicate the fabrication facilities we have here in Musaffah. It's going to be located in Ras-Al-Khair which is in the eastern region and hopefully the construction activities will be completed by end of 2024. So, this facility will not only cater for Saudi Aramco requirements, but also for the requirements of the region.

Maybe onshore expansion as you can see today 40% roughly of our backlog is on shore projects. And this was a strategic initiative that we started in 2017 to ensure that we diversify and to ensure that we are ready to execute complex onshore jobs, not only in the upstream domain but also in the downstream domain. And today, as I highlighted in the opening, we are already in the downstream with Ruwais LNG and we are today executing number of gas related projects, but of course the intention is to continue our growth and to expand into onshore projects in Saudi and hopefully try to penetrate new markets as we go.

The Module Fabrication we expanded our ICAD 4 yard by adding 220,000 square metres of land and also by acquiring a yard in ICAD 2 which has a space of 180,000 square metres and well developed to a cater for the modules fabrication.

Offshore wind is another strategic move for NMDC energy and we have successfully completed our wind project in Taiwan and we believe that given the demand and the forecast we see in the world when it comes to offshore wind, this will allow us to continue our growth and this will allow us to capitalize on the experience we gained over the past three years. This might be requiring more assets, more investments, but

we are currently we currently completed a feasibility study, and it is really positive and supports our aspirations in the offshore wind domain.

Southeast Asia expansion, we are already present in Malaysia, and we are monitoring these projects and also tendering in Malaysia, so this is a market that has been always under our radar, and we've been always monitoring all the developments that happen in that part of the world.

In terms of the India expansion, it was mentioned that we today have two engineering companies in in Bombay and the other one in Hyderabad with total workforce around 1000 engineers and designers. And apart from that, we've been always executing EPC projects, and we believe we will be prevailing local content requirements and regulations. We need really to turn our engineering companies in India to act and to become an EPC player to have more competitive advantage and to have the same cost base of the Indian players.

As you can see also Africa expansion, we are closely monitoring and active in number of tenders in Libya and these tenders, these projects are really big projects, and we hope that they will materialize very soon. We are looking at some opportunities in Nigeria on border. Of course, Africa is as well growing, but we are trying to identify the right execution strategy and the right penetration mechanism there.

In terms of M&A, this has been always part of our growth story and we will continue to assess any opportunity that we come across that help us be more competitive in what we are currently doing, but also in building new capabilities that will open up new sectors for the company in the coming years.

Thank you. And over to you, Sjoerd, to cover the sustainability suites.

**Sjoerd Van Den Brand – Senior Strategy Manager**

Yeah. Thank you. Thank you very much. So as already shown in our strategy, sustainability is one of the key pillars of our strategy and operations and this is also recently recognized and introduced by Eng. Ahmed in the beginning of this presentation. NMDC Group has achieved an MSCI AA rating and NMDC Energy is one of the major contributors. This means that we now have a clear ESG strategy with various initiatives to help us in our goal to attain and to attain a AAA rating in the future. So, we don't stop with the AA, we want to go further, of course.

You can also see on the right hand side of this slide planting mangroves and thereby also capturing a significant amount of CO2 on an annual basis, but also reducing our

emissions by electrifying the yards that we have and installing on site solar panels in the off grid projects that we are doing.

This concludes our presentation. Now giving back the floor to international securities for the Q&A session.

**Afaq Nathani, CFA – International Securities**
Thank you NMDC Energy's management team for a comprehensive review of the company's operations, financial results and strategic objectives. We will now open the floor to questions. As a reminder, please tap the raise hand button to ask a question. Once it is your turn, your mic will be enabled, and your name will be announced. We have received quite a few questions via e-mail, but we will wait a moment and let everybody else click the raise hand button and then your name will be announced for questions.

We'll start with the questions that we've received over e-mail. NMDC management. One of the questions we've received is on the sequential growth in revenues which is stemming from high backlog. The question is where does the management think the backlog peaks and is there a timeline towards it and a total backlog amount that the company thinks they will be able to reach after which the drawdown period starts?

**Ashish Khandelwal – Senior Executive Director for business growth and value creation**
Yeah. Thank you for the question. So, so effectively just to just to go back, you know, as we discussed in the in the presentation, you know, we currently have a backlog of close to 50 billion 50.1 billion to be precise which of course will be delivered over the over the next four to five years as per the scale or as per the schedule of progress which needs to be made on these projects. Now, having said that, as we also identified or as we also indicated, we are, we have a pipeline which is currently where we are working on a number of tenders which equate to roughly about 59 billion dirhams, so of course, you know we do participate in several tenders and effectively you know we effectively you know try to convert as many as possible subject to the economic or the financial and economic indicators which are acceptable to us.

We do believe from a backlog perspective, at least for the next 24 months, we do not see that the backlog is expected to significantly go down because our plan would be to replenish the backlog, which effectively gets unwinded into the revenue. As we also mentioned earlier just in the first nine months of this year, we have been awarded about AED16.6 billion of revenues which effectively means that we've

actually won more awards than effectively the value of revenue that we have recognized from the end of 2023 up until 30th of September 2024. So, we do believe that subject to of course you know economic conditions and of course, subject to spending with major oil and gas players, we do expect that our backlog will stay healthy. Particularly on the spending incurred on the energy sector, including renewable, because as we mentioned that you know we are branching out into the offshore wind side of things where we believe that there is a very healthy market for us to capture and we are very well placed to. So, to answer your question in short, you know we do see, at least in the next 12 to 24 months that we should not have any significant erosion from a backlog perspective, and we should be in a position to replenish on an annual basis.

**Afaq Nathani, CFA – International Securities**
Thank you, Ashish. That's very clear.

We now have a question from the line of Aakash Tomar. Your mic has now been enabled. Please unmute locally and go ahead with your question. Akash your mic is still mute.

**Aakash Tomar – SICO Investment Bank Bahrain**
Yes, hi. Yeah. Thank you for giving me the opportunity and thank you for the call. My first question is on your financials. Can you please elaborate or give more colour on why the other income short up to AED67 million and your tax also shot up quite a bit. So, what is the reason for these two increases and what is the sustainable level going forward?

**Sreemont Barua – Group CFO NMDC**
I think in terms of taxes, in UAE there were taxes for the first time this year, so that has obviously had an impact on our income tax expenses. So that's one primary reason, but there's also a transaction which has happened between the related parties, whereby there's a dividend tax on income received from Saudi by NMDC Energy, which has been reimbursed by the group and that has had an impact on both the other income as well as the corporate tax. So that's sort of summarizes both the questions, both the areas that you're talking about.

**Afaq Nathani, CFA – International Securities**
We have another question from the line of Abdulaziz Abdullah. Please you may unmute locally. Please introduce yourself and you may ask the question. Hello, gentlemen.

**Abdulaziz Abdulla – Jadwa Investments**

Thank you for the presentation and thank you for arranging the call. So, I have a couple of questions. The first one working capital, I believe during the IPO roadshow, you've guided for the working capital gradually would move to +20% of your revenue which currently still stands at negative balance. The overall capital still stands at negative balance. Can you elaborate more on that point? especially that we see that the free cash flow figure is still impressive.

**Ashish Khandelwal – Senior Executive Director for business growth and value creation**

So I think to answer your question, we currently enjoy a negative working capital, one of the key primary reason for that is of course because we have because of the you know the recent awards that we have benefited from over the last two years. We have also received advances from our customers to manage over working capital on the projects. Now ideally from a from a gold standard perspective, you want to always have negative working capital, but you know in reality that might not necessarily be the case all the time. Currently we do have, you know, a negative working capital. Yes, at the time of the IPO, we have given guidance that you know we do expect positive territory over time and this is also because of the fact that we are as you might have heard, we are looking at diversification into number of geographies where the landscape from a working capital perspective could be quite different. In addition to that, we do believe that as these contracted advances hit a stage where we will have some working capital locked up on the projects that we are currently executing. The guidance that we had given was longer term for the purposes of the IPO. But you know at least you know as we as we stand for now, you know the working capital continues to remain negative, but at some stage in the future we might experience positive working capital requirement for the business.

Having said that, of course you know, if you look at the balance sheet of the business, you know we do enjoy a position where our debt is fairly minimal considering the scale of operations that we operate in. So, you know, the idea would be to fund some of that working capital through external debt as well.

**Abdulaziz Abdulla – Jadwa Investments**

Clear. Thanks a lot, and very impressive to be honest. So that takes me to my next question. If, as you mentioned the geographies, so as you as you're moving to new geographies with a bit of diversification in the business, how should we think of the margins going forward specially that you're moving to new geographies to the company? Especially that you've talked about moving to some countries in in North

Africa and some Asian countries, which should have different dynamics compared to your established infrastructure here in the GCC.

**Ashish Khandelwal – Senior Executive Director for business growth and value creation**

So effectively what I was saying that we do not expect that the diversification will impact our margins. And the reason for that is because we are whilst we are diversifying or looking to diversify from a geographical perspective we are also diversifying from a service offering perspective, for example, if you look at our strategy to expand into offshore wind, the margin profile is usually higher from an EPC contracting perspective. In addition to that, you know if we are looking to expand further into decommissioning and further into you know other kind of adjacencies, we do believe that the margins are likely to be better than what we currently have on a blended basis. So overall, you know, given that we look at the overall project portfolio or the project, all the projects at a portfolio level, we do not really expect that our margins are going to be impacted significantly as a result of our diversification strategy.

**Abdulaziz Abdulla – Jadwa Investments**

Thanks a lot. One last question from my end which is follow up to the previous question asked is basically on the point you mentioned on the tax from your subsidiary in Saudi, can you just elaborate a bit more on that because we've seen on the financials that there is significantly higher tax and we just want to understand how should we look into it going forward?

**Ashish Khandelwal – Senior Executive Director for business growth and value creation**

So, the way I would look at it or the way I would look at it effectively, Abdul Aziz is that it's almost a gross up. So effectively if you look at you know the income tax expense, it is grossed up by about AED 64 million, so effectively you kind of take that 64 million or knock it off against both other income as well as income tax. That's basically how I would look at it.

**Sreemont Barua – Group CFO NMDC**

Just to add, this is a one-off transaction, so this is just happening this quarter or this year.

**Abdulaziz Abdulla – Jadwa Investments**

So, we shouldn't expect similar pattern to happen in the future?

**Ashish Khandelwal – Senior Executive Director for business growth and value creation**

No. Our effective tax rate should be roughly about anywhere between 9% to 10%, which is in line with what you know the guidance, or the regulation is in the UAE at least up until 2026. Because just to highlight that you know there is the regulation is an ever-changing landscape so you know, of course, our tax or effective tax rate will depend on the any changes or any future changes to regulations.

**Afaq Nathani, CFA – International Securities**

Thank you, Abdulaziz. Our next question is from the line of Mansoor Al Alami. Your mic has been enabled. Please go ahead.

**Mansoor Al Alami – Executive Chairman, Gulf Marine Services PLC**

Amazing results, thank you very much again and the presentation is very useful. I want to congratulate Eng. Ahmed for this and his management team. My question is, what's the scope of work if you can elaborate more on your work with regard to the offshore renewables? I know this in Taiwan, you've done the work and because we see also there's tremendous growth in this field in the Western Europe as well. Thank you.

**Eng. Ahmed Al Dhaheri – CEO NMDC Energy**

Yeah. Thank you, Mansour. When it comes to the scope that we are interested with it is related to foundation installations, so this is the scope that we covered in Taiwan for wind. We installed 50 foundations, and we believe this is an area that we really can add tremendous value to developers. Now looking at of course the outlook of offshore wind energy, you can see that there will be a tremendous growth in the coming 10 years. The Europe aspiration is to triple their current offshore wind capacity from 44 GW to reach 207 and similarly, if you add also Southeast Asia and other uh part of the world. So, our focus for the current time is going to be on offshore, offshore wind foundations but we are also keeping an eye on the installation of towers, turbines and blades. Hopefully this will be coming in the next phase of our expansion in offshore wind.

**Mansoor Al Alami – Executive Chairman, Gulf Marine Services PLC**

Excellent. Well, thank you very much. As we are also involved, we see the same thing in many parts of the world as well as we are involved in the maintenance of those wind turbines. So, thank you very much. Thank you.

**Afaq Nathani, CFA – International Securities**
Thank you, Mansour. While we wait for any other questions to come up, we can take a question we receive via e-mail. The question is, in the third quarter 2024, the general and admin expenses are considerably lower despite sizeable growth in business. Is this a sustainable level or should we expect this to reverse going forward?

**Ashish Khandelwal – Senior Executive Director for business growth and value creation**

So I think the question was around the low level of G&A and I think you know, of course one thing which we've basically you know, worked very hard to over the last 24 months as far as the business is concerned is really basically, you know kind of looking at our overhead spend and of course, you know it's not about cost rationalization, but it is actually more about cost optimization and when I say cost optimization, it's more around the fact that you know how can we actually allocate as much cost as possible onto the projects so that effectively everything is direct cost and not really G&A. So we've kind of taken concerted efforts and significant efforts to effectively ensure that we minimize our unallocated overheads, which effectively were significantly higher in the historical period, and it has taken us, you know, some time and efforts to actually really get that internal kind of operating model alignment where most of our or a large portion of our general and administrative expenses are now allocated onto projects and that actually also is something which we do believe is a bit of a reflection of our gross profit margin when you look at sustainability. Whilst we have done that and there are more overheads which are allocated towards direct cost over gross margins have not suffered as a result of that. So, you know, given the scale of operations or the increase in the scale of operations, it's just that basically you know, we've been able to ensure that the allocation of indirect costs onto projects is much higher. So that is basically what is really kind of caused this movement that you see in the financials.

**Afaq Nathani, CFA – International Securities**
Understood. We have quite a few questions here, but in the interest of time, we'll take one last one. We have. The question is we have seen from ADNOC drilling that they're venturing into unconventional space, which is considered as the next leg of

O&G growth in in UAE. Will NMDC Energy bid for the tender for unconventional rigs placement?

**Eng. Ahmed Al Dhaheri – CEO NMDC Energy**

Yes, we are aware of that and basically this is not really an area of our competency or one of our core businesses. So, we are into the EPC business, and we did not really enter into rigs fabrication. Of course, ADNOC Drilling, they are trying to have these rigs fabricated locally, but we believe that we should be focusing more and more on what we are good at and on EPC business moving forward.

**Afaq Nathani, CFA – International Securities**

I don't have any other questions online and there are a few questions that we receive by e-mail, but we'll share those with the NMDC team. Engineer Ahmed, if you have any closing remarks before we conclude the call today.

**Eng. Ahmed Al Dhaheri – CEO NMDC Energy**

Thank you. Thank you very much, I believe the performance of our company is phenomenal. I can say this is an all-time record high. We are experiencing unprecedented surge in capital expenditures everywhere and also, we see quite significant Capex expected in the offshore wind domain, which will hopefully enable us to continue to experience such unprecedented growth in our performance. I think the solid backlog we have, and the healthy pipeline is supporting this growth for the years to come. And I really thank everyone attending this call and we are ready to answer any further questions if anyone did not have the chance to get the answers on the questions they have.

**Afaq Nathani, CFA – International Securities**

Thank you so much NMDC Energy's management team for comprehensive review of the third quarter results and for taking the questions. Participants, if you have any more questions, you can e-mail at ir@nmdc-group.com. Thank you all for joining in today. A recording of this call will be available, and you can get in touch with the International securities team or NMDC for access. Have a nice day everyone. You may now disconnect. Goodbye.