NMDC ENERGY
Formerly NPCC

NMDC Energy – P.J.S.C.

9M 2024 Earnings

24 October 2024

Overview

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Business Overview

- NMDC Energy provides EPC solutions to both **offshore and onshore** clients in the Energy industry.
- Executed over **1200+ projects** which comprise 1,360 installed structures, c. 8,000 km of laid pipelines both onshore and offshore, and c. 2,000 km of marine cables.
- The Company primarily operates in **UAE, Saudi Arabia, Kuwait, and Taiwan**.
- NMDC Energy owns 4 fabrication yards namely: Mussafah Yard, ICAD4 Yard, Modular Fabrication Yard and KSA Yard. Mussafah Yard is considered the **largest fabrication yard in MENA region.**
- NMDC Energy employs more than **18,000 staff members**

Key developments

ADX

NMDC Energy began trading on the ADX following an IPO that was oversubscribed by **31.3 times**

MSCI AA

CCC | B | BB | BBB | A | AA | AAA

NMDC Group received AA ESG rating by MSCI, supported by several initiatives from NMDC Energy

NMDC Energy recently agreed to acquire a yard in Abu Dhabi, to enable the growth of **Modular Fabrication**



Key figures

Revenue 9M
AED 9,783m
96% increase (YOY)

EBITDA 9M
AED 1,196m
117% increase (YOY)

Net Profit 9M
AED 904m
122% increase (YOY)

Secured Backlog
AED 50bn
As at September 2024

Pipeline
AED 59bn
As at September 2024

Dividend
~5%
Anticipated yield

Selected Clients

ADNOC · aramco · TotalEnergies · OXY · skyborn · BUNDUQ

Financial highlights: 9M 2024

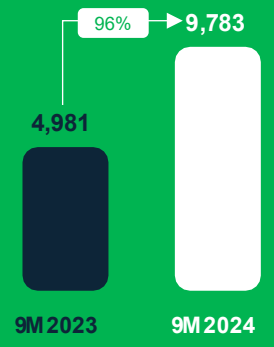
NMDC Energy **reported robust financial** results, reflecting its sustained strong performance and **ongoing growth**. This demonstrates the company's ability to consistently generate increased shareholder value.

Revenue

AED 9,783 m

96% increase (YOY)

Revenue increased by 96% in 9M2024 to AED 9,783 million

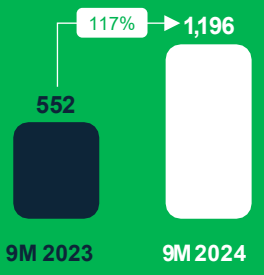


EBITDA

AED 1,196 m

117% increase (YOY)

EBITDA increased by 117% in 9M2024 to AED 1,196 million

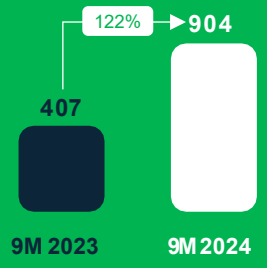


Net Profit

AED 904 m

122% increase (YOY)

Net Profit increased by 122% in 9M2024 to AED 904 million



Financial highlights: Q3 2024

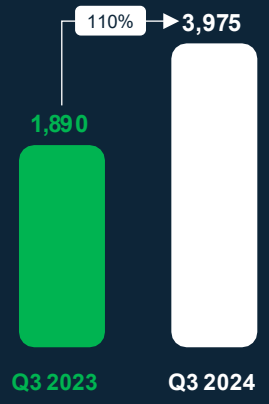
NMDC Energy **reported robust financial** results, reflecting its sustained strong performance and **ongoing growth**. This demonstrates the company's ability to consistently generate increased shareholder value.

Revenue

AED 3,975 m

110% increase (YOY)

Revenue for Q3 2024 increased by 110% YoY to AED 3,975 million. Compared to Q2 2024 revenue increased by 8%

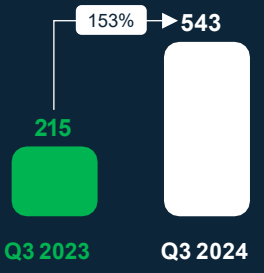


EBITDA

AED 543

153% increase (YOY)

EBITDA for Q3 2024 increased by 153% YoY to AED 543 million. Compared to Q2 2024 EBITDA increased by 28%

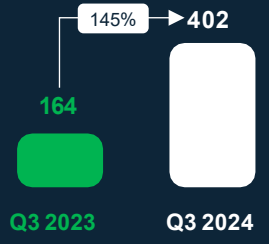


Net Profit

AED 402 m

145% increase (YOY)

Net Profit for Q3 2024 increased by 145% YoY to AED 402 million. Compared to Q2 2024 Net Profit increased by 22%



Free Cash Flow and Working Capital

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Free Cash Flow:

Free cash flow in Q3 2024 was driven by lower CapEx incurred during the quarter. For the nine-month period in 2024 **free cash flows have more than doubled** given the significant increase in business operations and **favorable working capital management.**

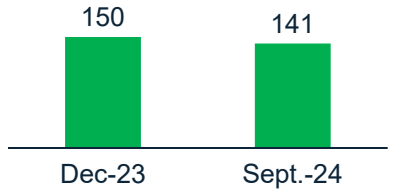
AED Million	Q3 24	Q3 23	9M 24	9M 23
Cash from Operations	415	294	1,097	821
Capital Expenditures	(100)	(401)	(305)	(503)
Free Cash Flow	**315**	**(107)**	**792**	**318**

Working Capital:

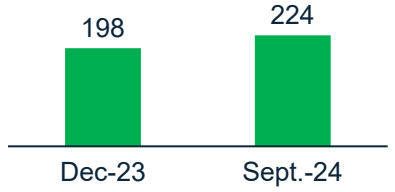
Net working capital continued to remain negative as at 30 September 2024 largely driven by **increased focus on collections** which led to a reduction in debtor days, and advances from customers coupled with an expansion in payable days.. On an overall basis the business continues to operate with a healthy position from a working capital cycle perspective despite significant growth in operations.

AED Million	30 Sep 2024	31 Dec 2023
Inventories	250	236
Trade & Receivables	5,759	3,175
Contract Assets	2,997	2,209
Other Current Assets	204	1,041
Trade & Other Payables	(9,045)	(6,028)
Contract Liabilities	(333)	(141)
Other Current Liabilities	(237)	(851)
Net Working Capital	**(405)**	**(359)**

Days Sales Outstanding



Days Payables Outstanding



Secured backlog and key projects

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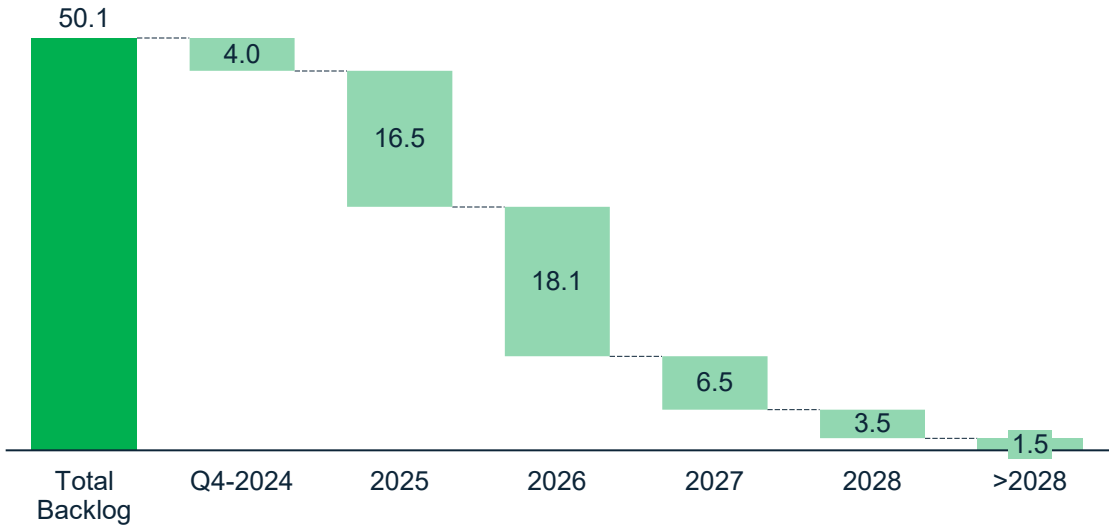
Backlog



As at 30 September 2024, the Company's secured project backlog stands at **AED 50 billion**, reflecting a strong pipeline of future projects and secured revenues. Total order intake for the first 9 months of 2024 amounted to **AED 16.6 billion**, highlighting continued client confidence in the Company's capabilities.

As at September 2024, the Company has identified potential projects in the pipeline amounting to **AED 59 billion.**

Note: Estimated phasing of backlog

Key Projects

Hail & Gasha Project

Ofshore drilling centers, subsea pipelines, umbilicals, power cable connections, seawater intake structure, bridges, risers, flare, and facilities at Ghasha Offshore Processing with a value of approximately AED 15 billion and an expected completion date of Q3-2028.

MERAM Project

New facilities to recover the ethane from residue gas from various existing NGL Recovery Units with avalue of approximately AED 6.4 billion and an expected completion date of Q3-2027.

ZULUF Project

New ZULUF AH West/East Oil Facilities and associated subsea works with avalue of approximately AED 8 billion and an expected completion date of Q2-2026.

HURLK Project

Lower Zakum HURLK EPC project with atotal value of approximately AED 2.3 billion and expected completion date of Q3 2026.

Lower Zakum LTDP 1

EPC works with a value of approximately AED 8.8 billion and expected completion date of Q2 2028.

NMDC Energy Strategy

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Energy Excellence Unleashed



NMDC Energy's formidable strategy illuminates a path of resilience and sustainable growth in the dynamic energy landscape.

Strategic direction aligned with the **UAE Vision 2030**, including expansion into **renewable energy** and our continuous **focus on sustainability**

Geographic expansion into Southeast Asia, India, and Africa fostering a truly global presence.

Strategic advantage provided by our **new yard in KSA** and the ongoing acquisition of a yard in the UAE for **modular fabrication** to enhance our operational efficiency and capacity, solidifying NMDC Energy's position as a leading force in the industry.

Our Vision

Deliver innovative solutions shaping the future

Our Mission

We leverage the talent and experience of our people and provide opportunities to build successful and rewarding careers.

We serve our clients through delivering EPC solutions and beyond, that are environmentally conscious, safe and cost efficient.

We generate exceptional returns for our shareholders.

Strategic Objectives

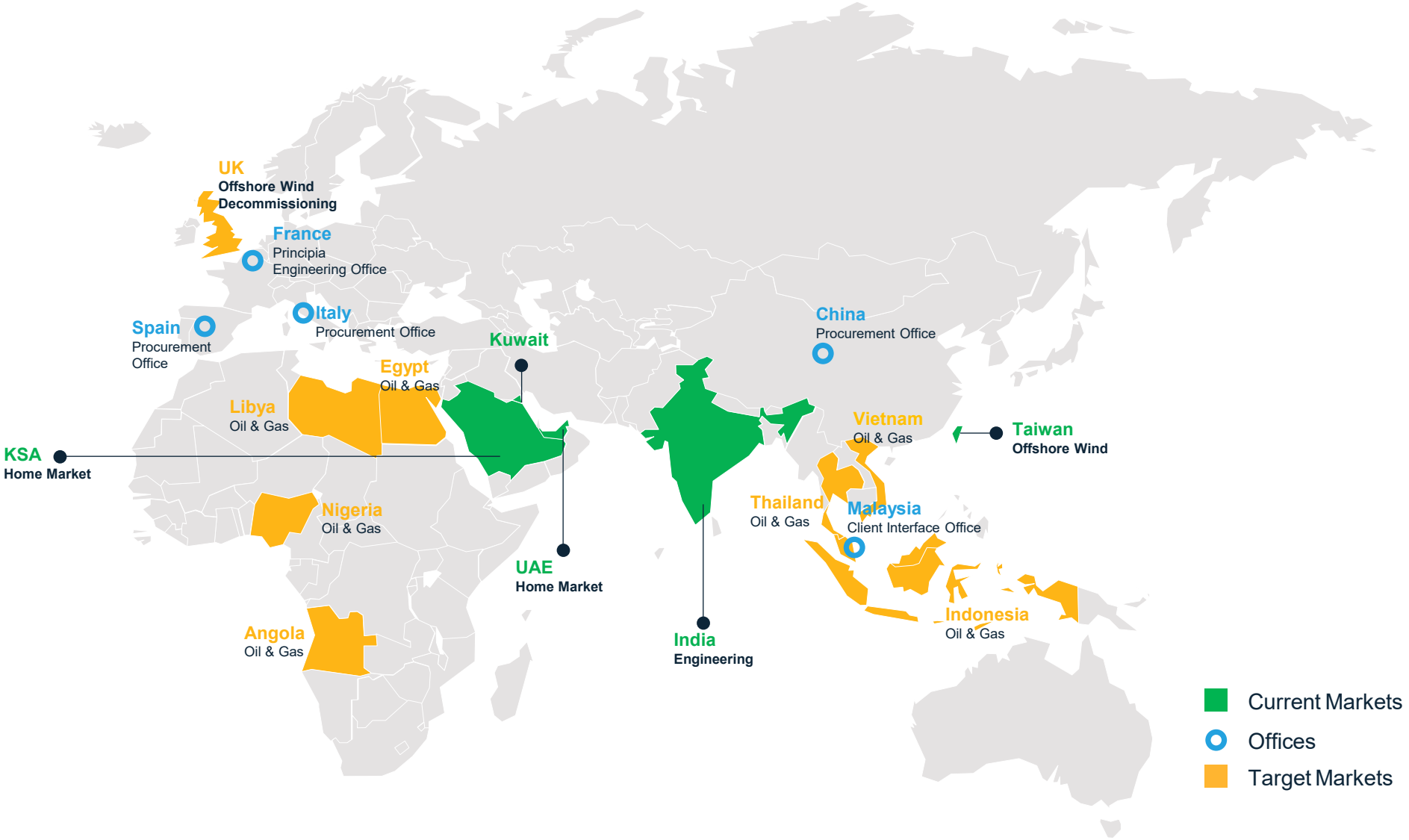
- Improve Core Operations
- Cherish current Markets
- Strengthen Government, Client and Investor relations
- Enter New Markets
- Commit to Sustainability

Our Presence

NMDC Energy
Crafting Excellence
Across Continents



Our global footprint is a testament to our unwavering commitment, transcending borders and shaping a world where **infrastructure meets excellence.**



Strategic growth

NMDC Energy
(Formerly NPCC)
look to growth



> We are committed to continually seeking avenues for growth and extending our reach.

NT Energies
Energy Transition

The JV is poised to bolster the company's financial outlook, particularly in light of the abundant market opportunities in the GCC, estimated to exceed **AED 50 billion** over the next five years.

KSA
Expansion

The establishment of NMDC Energy's new yard in KSA with an investment exceeding **AED 200 million** reflects a significant commitment to enhancing the company's capabilities, enabling it to handle a greater volume of projects and ultimately leading to increased revenues

Onshore
Expansion
Upstream, Midstream & Downstream

Onshore expansion is client-driven, aligning with the evolving needs of our key customers who have projects in onshore sectors. We leverage our established expertise and relationships in existing geographical markets to seamlessly enter the onshore segment.

Module Fabrication
Fabrication Yard

Yard has been identified in Musaffah **to focus on module fabrication**

Offshore Wind
Renewable

Strategic move to increase its revenue from wind projects by acquiring a DP vessel is poised to be a transformative step, propelling the company towards an annual revenue exceeding **AED 1 billion** and solidifying its position as a key player in the rapidly expanding renewable energy sector.

Decommissioning

NMDC Energy (Formerly NPCC) is planning to enter the Decommissioning Sector either through building its own inhouse capabilities or inorganically through acquisitions. Total expected global decommissioning expenditure out to 2050 is around **USD 500bn** of which USD 128 billion between 2022 and 2030

SEA
Expansion

NMDC Energy's **strategic entry into the Southeast Asian (SEA) market** through potential partnerships with a number of existing players heralds a new era, unlocking promising avenues for projects in that dynamic region and broadening the company's global footprint.

India
Enhancing Capabilities

NMDC Energy (Formerly NPCC) is currently expanding the capabilities of its engineering office in India **(NEL) to undertake small and medium-sized EPC projects**, ensuring a diversified portfolio and guaranteeing additional revenue streams for the company.

Africa
Expansion

NMDC Energy's strategic move to enter the African oil market signals a pivotal expansion, with the continent offering immense potential with total project values in the African market estimated to surpass more than **AED 100 billion** in the next five years

M&A
Enhancing Capabilities

NMDC Energy's strategic plan for the acquisition of **companies** signifies enhancement of the company's capabilities, unlocking additional project capacity and paving the way for increased revenue

Sustainability

MSCI AA

CCC | B | BB | BBB | A | AA | AAA

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

- **MSCI Rating:** We are proud to announce that NMDC Group, the majority shareholder of NMDC Energy, 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.
- **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 a number of initiatives designed to enhance our overall performance.


Planting mangroves


Yard electrification


On site solar panels

- **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**.
- **Electrification:** As part of our commitment to sustainability and reducing our environmental impact, we have initiated the **electrification of our construction yard**. This transition from traditional fuel-based power sources to **renewable electricity aligns with our Sustainability goals**
- **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.

Q&A

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