NMDC Energy

Current Price	Target Price	Upside/Downside (%)	Rating
AED 2.72	AED 4.00	+47%	BUY

4Q25 Net Profit higher than our estimate

- NMDC Energy's revenue increased 21.3% YOY to AED 5.7 Bn in 4Q25, supported by a strong backlog execution.
- Gross profit increased significantly from AED 600 Mn in 4Q24 to AED 921 Mn in 4Q25, with gross profit margins increasing 341 bps YOY to 16.3%.
- EBITDA increased from AED 580 Mn in 4Q24 to AED 895 Mn in 4Q25, reflecting strong project execution and operational excellence, while EBITDA margin increased 339 bps YOY to 15.8% in 4Q25.
- Operating profit increased 49.0% YOY to AED 757 Mn, with an increase in operating profit margin of 249 bps YOY to 13.4% in 4Q25.
- Net profit attributable to shareholders increased 29.6% YOY to AED 651 Mn, with a marginal increase of 73 bps YOY in net margin to 11.5% in 4Q25.
- The Company's order backlog stood at AED 40.1 Bn as of 4Q25, comprising 63% offshore projects and 37% onshore projects.
- Cash and Bank balances stood at AED 4.5 Bn in 4Q25 up from AED 4.2 Bn in 4Q24, reflecting strong payments from clients, strong collections of receivables and higher profitability.

Earnings Call Summary

- NMDC Energy proposes to pay a dividend of AED 800 Mn (16 fils per share) in 2025 and aims to maintain a payout ratio of 50% for the next three years, starting from 2025 until 2027, subject to shareholders approval, reflecting balance sheet strength.
- Order backlog stands at AED 40.1 Bn, alongside a pipeline of c. AED 58.6 Bn and c. AED 11 Bn of submitted bids, with the Company targeting c. USD 4.5 Bn in new order wins in 2026, supporting backlog growth and providing strong earnings visibility.
- The company's AED 56 Bn pipeline includes ADNOC's AED 10 Bn Upper Zakum project expansion, five Saudi Aramco tenders with c. AED 20 Bn, ongoing maintenance-driven projects and diversification projects into global offshore wind.
- The Company expects a gradual diversification of revenues, with the UAE remaining the core market, while international contributions are anticipated to increase over time, driven by project wins and expansion into new geographies.
- The Company signed various joining MOUs with Energy Masters Enterprises, Engineers India Limited, CITIC Steel each and two MOUs with Baker Hughes to develop more capabilities and to penetrate new markets to sustain growth in the coming years.
- Capex plans are focused on expanding Saudi yard capacity, enhancing automation, acquiring vessels, and upgrading technology, while maintaining disciplined capital allocation.
- Receivables cycle remains stable at c.120 days, with the Company aiming to maintain or improve working capital efficiency.
- M&A remains a key strategic pillar, focused on expanding onshore and offshore presence across new geographies, including North Africa, Europe, and Asia, while also pursuing offshore wind opportunities through both organic and inorganic growth, without compromising margins.
- The Company is targeting sizable global acquisitions of up to USD 500 Mn per deal, with financial contribution likely visible from 2027 onwards.

- The Company highlighted a strong medium-term outlook supported by a USD 33 Bn oil and gas opportunity in UAE and Saudi, additional USD 35 Bn regional onshore opportunities, USD 40 Bn offshore wind potential, and plans to build recurring OPEX-based revenue streams through long-term operating projects.
- The Company reiterated confidence in margin sustainability, targeting stable or improving margins through strategic project selection, backward integration and synergy benefits from expansion initiatives.

NMDC Energy – P&L

AED Mn	4Q24	3Q25	4Q25	4Q25F	Var.	YOY Ch	QOQ Ch
Contract revenue	4,657	4,846	5,650	6,674	-15.3%	21.3%	16.6%
Direct costs	-4,056	-4,356	-4,729	-5,827	-18.8%	16.6%	8.6%
Gross profit	**600**	**490**	**921**	**847**	8.8%	**53.4%**	**88.2%**
Other operating expenses	-79	-57	-95	-94	1.7%	20.1%	67.5%
G&A expenses	-36	-44	-70	-34	105.6%	95.6%	60.6%
Other income, net	35	-14	3	-5	-170.2%	-90.5%	-123.3%
EBIT	**508**	**367**	**757**	**715**	5.8%	**49.0%**	**106.3%**
EBITDA	**580**	**472**	**895**	**810**	10.5%	**54.3%**	**89.6%**
Profit before tax	**530**	**392**	**772**	**727**	6.1%	**45.7%**	**96.7%**
Tax	-27	-25	-120	-113	6.2%	337.9%	387.0%
Profit for the year	**502**	**368**	**651**	**614**	6.1%	**29.7%**	**77.2%**
NCI	0	0	0	1	-100.5%	-99.0%	-101.2%
Profit for the period	**503**	**367**	**651**	**613**	**6.2%**	**29.6%**	**77.3%**

FABS estimate & Co Data

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Research Rating Methodology:

Rating	Upside/Downside potential
BUY	Higher than +15%
ACCUMULATE	Between +10% to +15%
HOLD	Lower than +10% to -5%
REDUCE	Between -5% to -15%
SELL	Lower than -15%

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