

NMDC Energy

Robust order pipeline and healthy win rate to support revenue growth

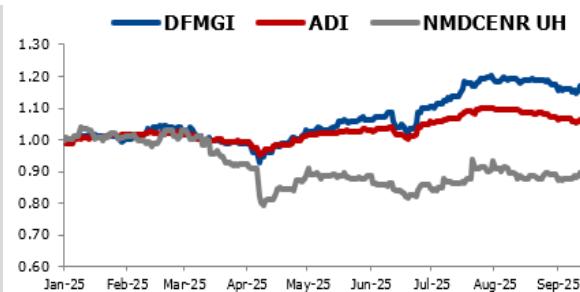
Current Price
AED 2.72

Target Price
AED 4.00

Upside/Downside (%)
+47%

Rating
BUY

- The Company's pipeline stood at AED 58.6 Bn with an expected win rate of 20%-25% in 2025.
- NMDC Energy's backlog stood at AED 40.1 Bn, with 80% from Local and 20% from International markets, while Offshore projects accounted for 63% and the balance from Onshore projects.
- NMDC Energy secured AED 13.9 Bn of new project awards, including an AED 9.7 Bn offshore EPC project in the UAE, with an AED 4.2 Bn subsea gas pipeline EPC project in Taiwan.
- 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.



4Q25 Net Profit is higher than our estimate

NMDC Energy (NMDC/The Company) net profit attributable to shareholders increased 29.6% YOY to AED 651 Mn in 4Q25, higher than our estimate of AED 613 Mn. The increase in net profit is mainly attributable to an increase in revenue coupled with an expansion in margin owing to strong project execution and operational excellence. This was further supported by a decline in finance costs, partially offset by an increase in income tax expenses and a decrease in other and finance income.

P&L Highlights

NMDC Energy's revenue increased 21.3% YOY to AED 5,650 Mn in 4Q25, on the back of strong backlog execution. Revenue earned from the Local market increased 58.6% YOY to AED 4,127 Mn, but contribution from International markets decreased 25.9% to AED 1,523 Mn in 4Q25, making the UAE the core market. The Company's backlog stood at AED 40.1 Bn in 4Q25, with 80% of backlog coming from the Local (UAE) market and the remaining 20% from international markets. The Company's direct cost increased 16.6% YOY to AED 4,729 Mn in 4Q25 on account of higher revenue. NMDC Energy's gross profit increased significantly from AED 600 Mn in 4Q24 to AED 921 Mn in 4Q25. As a result, gross profit margin increased 341 bps YOY to 16.3% in 4Q25. This is the highest gross margin it has reported in the last eight quarters. G&A expenses almost doubled from AED 36 Mn in 4Q24 to AED 70 Mn in 4Q25, with the other operating expenses growing 20.1% YOY to AED 95 Mn in 4Q25. Other income declined from AED 35 Mn in 4Q24 to AED 3 Mn in 4Q25. Meanwhile, the Company's EBITDA increased significantly from AED 580 Mn in 4Q24 to AED 895 Mn in 4Q25, reflecting strong project execution and operational excellence. Thus, EBITDA margin increased 339 bps YOY to 15.8% in 4Q25.

Stock Information

Market Cap (AED, Mn)	13,600.00
Paid Up Capital (Mn)	2,500.00
52 Week High	2.92
52 Week Low	2.22
3M Avg. daily value (AED)	5,713,111

4Q25 Result Review (AED, Mn)

Total Assets	20,416
Total Liabilities	14,264
Total Equity	6,153
EBITDA	895
Net Profit	651

Financial Ratios

Dividend Yield (12M)	5.15
Dividend Pay-out (%)	0.00
Price-Earnings Ratio(x)	8.59
Price-to-Book Ratio (x)	2.47
Book Value (AED)	1.10
Return-on Equity (%)	28.34

Stock Performance

5 Days	8.37%
1 Months	15.74%
3 Months	10.57%
6 Months	5.43%
1 Year	-4.23%
Month to Date (MTD%)	8.80%
Quarter to Date (QTD%)	16.74%
Year to Date (YTD%)	16.74%

NMDC Energy's operating profit increased 49.0% YOY to AED 757 Mn in 4Q25, with the operating profit margin increasing 249 bps YOY to 13.4% in 4Q25. The Company's finance costs declined 43.6% YOY to AED 7 Mn in 4Q25, while finance income decreased 37.0% YOY to AED 22 Mn. Furthermore, income tax expenses increased significantly from AED 27 Mn in 4Q24 to AED 120 Mn in 4Q25 due to an increase in the Company's tax rate.

Balance Sheet Highlights

NMDC Energy's cash balance improved from AED 3.6 Bn in 3Q25 to AED 4.5 Bn in 4Q25 due to disciplined working capital management. Capex stood at AED 553 Mn in 2025, largely related to KSA yard construction and UAE yards upgrade, equipment purchases and maintenance capex. Moreover, NMDC Energy's debt, including long-term lease liabilities, stood at AED 737 Mn in 4Q25.

Target Price and Rating

We maintain our BUY rating on NMDC Energy with a target price of AED 4.00. NMDC Energy reported higher profitability in 4Q25, driven by strong backlog execution. As of 2025, NMDC Energy's backlog stood at AED 40.1 Bn, with 80% from Local markets and 20% from international markets, while Offshore projects accounted for 63% and Onshore projects for 37% of the total backlog. In 2025, NMDC Energy secured AED 13.9 Bn of new project awards, including an AED 9.7 Bn offshore EPC project in the UAE awarded in March 2025 with expected completion within 57 months from commencing, along with an AED 4.2 Bn subsea gas pipeline EPC project in Taiwan awarded in January 2025, further strengthening revenue visibility. The Company has submitted bids worth c. AED 11 Bn across eight projects, including seven for Saudi Aramco and one for ONGC India and ADNOC's plan to increase production from the Upper Zakum project from 1 Mn barrels to 1.5 Mn barrels. Additionally, projects pending submission represent a sizeable opportunity of c. AED 46 Bn, supporting strong medium-term revenue visibility. This brings the Company's pipeline c. AED 58.6 Bn with an expected win rate of 20%-25%. Strategic partnerships signed during the year enhance execution capabilities and long-term growth prospects. These include MoUs with CITIC Steel to secure high-quality supply, Baker Hughes to localize key products across the MENATI region and Saudi Arabia, and additional collaborations with HHI, Energy Masters Enterprises and Engineers India Limited to jointly pursue offshore and onshore EPC opportunities across regional and international markets. Geographically, the Company expects a gradual diversification of revenues, with the UAE remaining the core market, while contributions from international market increasing over time, driven by new project wins and expansion into new geographies. M&A remains a key strategic pillar, with management targeting acquisitions of up to USD 500 Mn per deal to expand offshore and onshore capabilities across North Africa, Europe and Asia, with financial contribution expected from 2027 onwards, without compromising margins. Additionally, NMDC Energy's planned capex is focused on fleet expansion and yard modernization, including the acquisition of a dual-purpose heavy vessel capable of serving both conventional and renewable energy projects. In parallel, the Company plans to continue investing in advanced yard technologies, further automation and robotics to enhance execution efficiency and capabilities. The Company reiterated confidence in margin sustainability, supported by disciplined project selection, backward integration and synergy benefits from expansion initiatives. Macroeconomically, the medium-term outlook remains strong, underpinned by a USD 33 Bn oil & gas opportunity in the UAE and Saudi Arabia, USD 35 Bn regional onshore opportunities, USD 40 Bn offshore wind potential, and the development of recurring OPEX-based revenues from long-term operating projects. Additionally, 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. Thus, considering the above factors, we assign a BUY rating on the stock.

NMDC Energy - Relative valuation ¹

(at CMP)	2024	2025	2026F
PE	9.61	8.43	8.18
PB	2.59	2.19	1.94
EV/EBITDA	5.56	4.43	4.73
BVPS (AED)	1.044	1.231	1.394
EPS (AED)	0.281	0.320	0.330
DPS (AED)	0.140	0.160	0.165
Dividend yield	5.1%	5.9%	6.1%

FABS Estimates & Co Data, ¹The Company was listed in 2024 hence no prior data is available

NMDC Energy - P&L

AED Mn	4Q24	3Q25	4Q25	4Q25F	Var	YOY	QOQ	2024	2025	Change
Contract revenue	4,657	4,846	5,650	6,674	-15.3%	21.3%	16.6%	14,440	18,662	29.2%
Direct costs	-4,056	-4,356	-4,729	-5,827	-18.8%	16.6%	8.6%	-12,643	-16,464	30.2%
Gross profit	600	490	921	847	8.8%	53.4%	88.2%	1,797	2,198	22.3%
Other operating expenses	-79	-57	-95	-94	1.7%	20.1%	67.5%	-273	-277	1.6%
G&A Expenses	-36	-44	-70	-34	105.6%	95.6%	60.6%	-123	-160	30.6%
Other income, net	35	-14	3	-5	NM	-90.5%	NM	141	-17	NM
EBIT	508	367	757	715	5.8%	49.0%	NM	1,525	1,733	13.6%
EBITDA	580	472	895	810	10.5%	54.3%	89.6%	1,776	2,160	21.6%
Finance income	34	34	22	26	-17.8%	-37.0%	-37.0%	117	109	-7.1%
Finance costs	-13	-9	-7	-15	-50.8%	-43.6%	-20.8%	-62	-39	-36.9%
PBT from continuing operations	530	392	772	727	6.1%	45.7%	96.7%	1,581	1,803	14.0%
Income tax expense	-27	-25	-120	-113	6.2%	NM	NM	-174	-200	15.0%
Profit for the year	502	368	651	614	6.1%	29.7%	77.2%	1,406	1,602	13.9%
NCI	0	0	0	1	NM	NM	NM	2	2	-24.9%
Net Profit after NCI	503	367	651	613	6.2%	29.6%	77.3%	1,404	1,601	14.0%

FABS estimate & Co Data

NMDC Energy - Margins

	4Q24	3Q25	4Q25	YOY Ch	QOQ Ch	2024	2025	Change
Gross Profit	12.9%	10.1%	16.3%	341	620	12.4%	11.8%	-67
EBITDA	12.5%	9.7%	15.8%	339	610	12.3%	11.6%	-72
Operating Profit	10.9%	7.6%	13.4%	249	582	10.6%	9.3%	-128
Net Profit	10.8%	7.6%	11.5%	73	395	9.7%	8.6%	-115

FABS estimate & Co Data

Key Developments:

- **19 November 2025:** NMDC Energy P.J.S.C. advanced its international expansion by opening offices in Taiwan and Shanghai and signing an MoU with CITIC Steel to strengthen supply chains, deepen vendor relationships, and support energy projects across Southeast Asia.
- **12 November 2025:** NMDC Energy PJSC signed an MoU with Baker Hughes to localize offshore solutions in Saudi Arabia, leveraging its Ras Al Khair fabrication yard to deliver automated offshore products and services for the MENATI region.
- **6 November 2025:** NMDC Energy completed ADIPEC 2025 by announcing multiple MoUs with global partners across gas technology, offshore energy, ESPs, and onshore EPC, while showcasing its capabilities and project execution expertise.
- **21 May 2025:** NMDC Energy PJSC signed an MoU with Al Gharbia to strengthen metallic pipe manufacturing in the UAE, supporting local and regional demand in line with MIITE's industrial growth objectives.
- **20 May 2025:** NMDC Energy PJSC signed an MoU with Shanghai Hilong Shine New Materials at the Make it in the Emirates forum to explore JV opportunities in coating and materials operations across the UAE and Saudi Arabia.
- **24 April 2025:** NMDC Energy PJSC extended its Long-Term Agreement with Aramco by three years, with a further three-year option, covering offshore EPCI works, supported by its new advanced fabrication yard in Ras Al Khair, Saudi Arabia.
- **13 March 2025:** NMDC Energy P.J.S.C. received a letter of award for an AED 9.7 Bn EPC project, set to commence on 31 March 2025 with a planned completion period of 57 months.
- **14 January 2025:** NMDC Energy inaugurated a 400,000 sqm fabrication yard in Ras Al Khair, Saudi Arabia, with 40,000-ton annual capacity, supporting offshore and onshore fabrication, aligned with Vision 2030 and backed by AED 200 Mn investment.
- **09 January 2025:** NMDC Energy secured a USD 1.14 Bn EPC contract from Taiwan Power Company for the Tung-Hsiao Power Plant renewal, covering subsea gas pipelines and dredging works, to be executed with NMDC Dredging & Marine.

Valuation:

We use Discounted Free Cash Flow (DCF) and Relative Valuation (EV/EBITDA and P/E) to value NMDC Energy. We have assigned 70% weight to DCF and 30% to RV (15% each to EV/EBITDA and P/E).

Valuation Method	Target	Weight	Weighted Value
DCF	3.73	70.0%	2.61
EV/EBITDA	4.20	15.0%	0.63
P/E	5.06	15.0%	0.76
Weighted Average Valuation (AED)			4.00
Current market price (AED)			2.72
Upside/Downside (%)			+47%

1) DCF Method:

NMDC Energy is valued using free cash flow to the firm. We have discounted the cash flows using a weighted-average cost of capital of 9.6%. It has arrived after using a cost of equity of 10.0% and an after-tax cost of debt of 4.4%, with equity and debt weights of 93.6% and 6.4%, respectively. Cost of equity is calculated by using the 10-year government bond yield of 4.3%, the beta of 1.00 and the equity risk premium of 5.1%. Government bond yield is calculated after adding Abu Dhabi's 10-year spread over the 10-year US risk-free rate. The cost of debt of 5.2% is adjusted for a tax rate of 15.0% to arrive at after tax cost of debt of 4.4%. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (AED, Mn)	2,397
Terminal value (AED, Mn)	12,501
Firm Value (AED, Mn)	14,899
Net Debt as of Dec 2025 (AED, Mn)	3,742
Equity Value to Share Holders (AED Mn)	18,640
No. of share (Mn)	5,000
Current Market Price (AED)	2.72
Fair Value per share (AED)	3.73

DCF Method

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
NOPAT	1,602	1,797	1,990	2,236	2,484
(+/-) Depreciation & amortization	431	451	497	526	578
(+/-) CAPEX	-706	-703	-757	-815	-874
(+/-) Working Capital	-1,828	-1,096	-730	-836	-711
Free Cash Flow to Firm (FCFF)	-501	449	1,000	1,112	1,476
Discounting Factor	0.92	0.84	0.77	0.70	0.64
Discounted FCFF	(461)	377	765	776	940

Source: FAB Securities

2) Relative Valuation:

We have used local and international peers to value NMDC Energy, and it is valued using the EV/EBITDA and P/E multiple. It is valued at a 2026 EV/EBITDA multiple of 7.5x and a P/E multiple of 15.3x.

Company	Market Cap (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2026F	2027F	2026F	2027F
TECNICAS REUNIDAS SA	2,964	6.1	5.5	12.5	10.8
MAIRE SPA	5,907	8.8	7.8	16.5	14.3
FLUOR CORP	7,556	11.1	9.7	20.1	17.0
TECHNIP ENERGIES NV	6,781	3.8	3.5	11.7	10.6
JGC HOLDINGS CORP	3,487	5.9	5.4	18.5	16.4
Offshore Oil Engineering Co Ltd	4,125	3.5	3.4	10.7	9.9
SUBSEA 7 SA	7,574	NA	NA	NA	NA
TECHNIPFMC PLC	22,835	11.2	10.4	20.3	17.1
GREAT LAKES DREDGE & DOCK CO	1,008	8.8	7.9	14.1	12.2
Average		7.4x	6.7x	15.6x	13.5x
Median		7.5x	6.7x	15.3x	13.2x
Max		9.4x	8.3x	18.9x	16.6x
Min		5.4x	4.9x	12.3x	10.8x

Source: FAB Securities

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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