

NetRoadshow Event Transcript

# Nmdc Group Fy25 Results Conference Call

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**Ahmed Hazem (Moderator)**

Hello. Good evening, ladies and gentlemen, and good afternoon, ladies and gentlemen. This is Ahmed Hazem speaking from EFG Hermes Research, and we'd like to welcome you all today to NMDC Group's 2025 Full Year Results Call. We have with us on the line today, Mr. Sreemont, Group CFO of NMDC Group; Mr. Amjad Shakoor, Chief Officer of Shared Services for the group; and Ms. Hanzada Nessim, Senior Director of Investor Relations and Financial Communications. Without further delay, I'd like to hand over the call to Hanzada. Hanzada, please, the line is yours.

**Hanzada Nessim (Senior Director of Investor Relations and Financial Communications)**

Thank you, Ahmed. Good day, ladies and gentlemen, and welcome to NMDC Group Full Year Results 2025. I will start today with a safe harbor statement, and then we'll give a quick review on the results, and then we'll turn it over to our Group CFO for further financial review. In our discussion today, we may include prediction estimates or other financial information that might be considered forward-looking.

While these forward-looking statements represent our current judgment on what the future holds, they are subject to risks and uncertainties that could cause actual results to differ materially. The company undertakes no obligation to revise or update forward-looking statements as a result of new information since these statements may no longer be accurate or timely. Unfortunately, Engineer Yasser, they could not attend the call today due to an emergency. So I will give the quick overview of the results.

I'm pleased to share with you that we have delivered another strong quarter and full year results, showcasing our operational efficiency, healthy margins and the resilience of our operating model. We crossed the AED 4 billion mark in net profits for the first time, and we recorded revenues of AED 28.8 billion, a record high, supported by project progression and execution of our projects. We continue to build our pipeline, which roughly reached AED 30 billion with our newest vertical, NMDC Infra contributing 10% to the pipeline, while international projects contributing 68%.

Beyond the financial performance, the year also marked important progress in advancing on our long-term strategic objectives. We continue to strengthen our presence across key markets. We made our depot into the Philippines through a landmark project in Manila Bay. We are progressing steadily on other high-impact projects, including our new Marina development in Salalah, Oman and a subsea gas pipe project in Taiwan through NMDC Energy.

As we expand our capabilities across different verticals, we build synergies across our portfolio as we aim to create a one-stop shop for our clients. I will stop here, and I will turn over the call to our Group CFO, Sreemont.

### **Sreemont Barua (Group CFO)**

Thank you, Hanzada, for the introduction to NMDC Group and our strong performance for the year 2025. Building on that background, I will now detail some key elements of our strong performance for 2025. So as mentioned, our group revenues for the period reached AED 28.8 billion, marking a 10% increase on the previous year FY '24, where we had reported AED 26.3 billion. We also achieved a 29% year-on-year increase in net profit, which increased to AED 4 billion, up from AED 3.1 billion in 2024.

This was driven by strong operational performance and strategic expansion into new projects, both in local and international markets. The significant revenue growth was primarily driven by Energy BU, which reported a 29% year-on-year revenue growth. Conversely, a larger portion of net profit came from our D&M business unit, which contributed about 60% of the net profit for the year. Our ongoing projects in the real estate sector with Modon and in the energy and oil and gas space with ADNOC and Aramco continue to drive revenue and net profit growth during the year.

In addition, we saw good traction in our new project in Taiwan that was awarded in the beginning of 2025. And with the recent awards of the new projects in Philippines and Oman, we expect to see an increase in the contribution from international projects going forward. The current revenue mix stands at 81% local and 19% international. Following on the trend from the revenue and profit growth, EBITDA also grew to AED 5.6 billion, which is a substantial 34% increase from FY 2024 and 19.5% EBITDA margin.

Touching briefly on the cost and margin side of our performance, we were also able to achieve efficiencies in the delivery of our projects, which was supported by cost optimizations, which -- due to which our 2025 gross profit margins improved from 13.8% to 16.6%. This also translated into a higher net profit margin of 13.9%, a significant increase from 11.8% in FY '24. As a result of these developments, earnings per share also rose by 21% to [ 84.29 ] in FY '25 from [ 83.55 ] in FY '24 and total assets increased from -- increased to AED 39.7 billion, up by about 20% from previous year.

The Board has recommended a dividend of about AED 844 million, AED 1 per share and for the approval of shareholders at the AGM. Moving briefly to our performance for the fourth quarter of '25 versus the third quarter of '25. We continue to show the growth momentum in Q4, which we achieved revenue levels of AED 8.27 billion in Q4 '25, up 15% from the third quarter revenue of AED 7.17 billion. We also saw a significant improvement in profits

as NMDC reached a net profit of AED 1.24 billion in the fourth quarter as compared to AED 1 billion in Q3.

On the balance sheet side, total assets, as I mentioned earlier, increased by 20% from AED 33.2 billion at year-end '24 to AED 39.7 billion at the end of '25. This was largely driven by our investments in CapEx of about AED 1.4 billion and the increase in receivables balances, which arose from increased revenue. Also, we had higher retentions due to higher levels of invoicing and an increase in supplier advances in line with the higher volume of operations.

Total equity increased by about 26% from AED 12.6 billion at the end of 2024 to AED 15.9 billion at the end of '25, primarily due to the addition of net profit of AED 4 billion, offset by dividends paid during the year of about AED 860 million. Net working capital stood at AED 2.6 billion as of 31st December 2025. This was influenced by an increase in receivables and advances to suppliers, partially offset by increase in client advances received and trade and other payables. The increase in net working capital aligns with the increase in the volume of business.

In terms of cash flows, our core operational cash flow before working capital movements was at AED 5.4 billion, and it's up significantly from the AED 4.1 billion generated in FY '24. However, as I mentioned, our receivables also increased considerably at the year-end due to increased revenues, advances and prepayments as a result of which we ended up with a net operational cash flow of about AED 2.8 billion. After CapEx investments of about AED 1.4 billion, free cash flow stood at about AED 1.3 billion for the year.

Our collections remained robust at about AED 26.4 billion, which is about 92% of the revenue that we recognized during the year. In terms of backlog, we ended the period with a secured backlog of about AED 58 billion, which includes new awards won during the year of about AED 19.5 billion. And we have a strong pipeline of about AED 109 billion in tenders. So we are confident of our ability to convert a chunk of that into further backlog for the future.

So in summary, these results and the consistently strong growth trend demonstrated over the last few years are more than just strong numbers. They are proof that our strategic focus is continuing to deliver results. So with a robust balance sheet and a AED 58 billion backlog, we are well positioned to create value for our shareholders in the year ahead.

Thank you.

**Hanzada Nessim (Senior Director of Investor Relations and Financial Communications)**

Thank you, Sreemont. Ahmed, can we open the floor for Q&A.

**Unknown Speaker (Operator)**

Sure. Thank you for the presentation. We will now open the floor for Q&A. As a reminder please use the raise hand function or type in your questions in the chat box. Noting that the priority is going to be to raised hands. I'm going to wait a few minutes for questions to come in. We have our first question coming in from [ Faisal. ] Please unmute [indiscernible] (00:10:16).

**Faisal (analyst)**

Hello. Good evening. I just have a quick question about your backlog. We see there's a big backlog decrease from 2024 to 2025. I wanted to ask if this is driven by demand or capacity. Are you guys at 100% capacity or close to that? Or is it that there is a reduction in demand?

**Amjad Shakoor (Chief Officer of Shared Services)**

Good afternoon. Thanks for the question. As mentioned by Group's CFO during the presentation earlier, we have a pipeline of close to AED 109 billion worth of work under bidding. It's a normal routine whenever the project gets awarded, of course, it comes to that. But towards the end of 2025, we couldn't get a few of the awards, and it will be in the pipeline coming in. So hopefully, within quarters 1 and 2, we should have it replenished. However, as we said earlier, our backlog today stands at AED 58 billion, sizable enough to perform for the next 1.5 years without any issues as such.

**Faisal (analyst)**

Thank you very much.

**Unknown Speaker (Operator)**

Wait a few more minutes for more questions to come in.

**Ahmed Hazem (Moderator)**

Maybe before more questions come in, maybe I take this opportunity to ask a question. On the dividend policy, how should we be thinking about the dividends going forward? Obviously, we've seen the NMDC Energy increase its dividend and increase the policy. But it seems that you have more capacity to increase the dividend, but have yet to increase that dividend. So should we be expecting more dividends to come in the future? Or what -- how should we be looking at the capital allocation policy going forward?

**Sreemont Barua (Group CFO)**

This is Sreemont. As you can see from 2024 to 2025, we have already increased the dividend by about 20% to AED 1 per share. That is what is concrete. In terms of dividend policy, we have said before that this was under consideration with the Board, and it is still,

as such, remained like that. But in terms of expectation, I don't think we will see any declining trend. So that's all I can comment on the policy at the moment.

**Ahmed Hazem (Moderator)**

Okay. Thank you. And as a reminder for everyone you can use the raise hand function or you can write your questions in the Q&A box.

**Unknown Speaker (Operator)**

Okay. We have a question coming in from the chat box [ from me ]. Is your pipeline impacted by KSA Aramco cancellation of the increase in capacity from 12 million to 13 million barrels per day?

**Amjad Shakoor (Chief Officer of Shared Services)**

Yes. Amjad, no, it has not been impacted. We are still on bidding process on at least five CRPOs right now. So we do not have any sort of issues when it comes to the capacity reduction.

**Unknown Speaker (Operator)**

We have another question coming from Ildar. Can you please unmute [ locally. ]

**Ahmed Hazem (Moderator)**

Hi Ildar you're not audible. I don't think Ildar was audible there. So maybe we'll give a chance for Ildar maybe to type this question if he wants. So Ildar just sent his question in the Q&A box. Does the company now fully utilize capacity of its facilities in KSA? That's the question coming in from Ildar.

**Amjad Shakoor (Chief Officer of Shared Services)**

Yes. The company is right now utilizing it, and we are exploring further more. At present, we are having projects which have been executed in Saudi Arabia, which uses the facility. And going forward, we'll be using more of that facility.

**Ahmed Hazem (Moderator)**

What's the rough utilization rate of the facility right now as it is?

**Amjad Shakoor (Chief Officer of Shared Services)**

You're talking about the facility of KSA yard in particular or like...

**Ahmed Hazem (Moderator)**

Yes. I believe here Ildar was referring to the KSA facility, the Ras Al Khair facility. The new yard.

**Amjad Shakoor (Chief Officer of Shared Services)**

Right. Ras Al Khair facility was established as you know last year, and it is being utilized to 50 percentage of its utilization capacity because it was just established, and we are fabricating structures over there. And we are also having some inquiries from our competitors in order to use our place, which is happening as well. So that's why I said we'll be expanding it.

**Ahmed Hazem (Moderator)**

Perfect. Thank you.

**Unknown Speaker (Operator)**

As a quick and final reminder, please use the raise hand function or type in your question in the chat box. Okay, it looks like we have no further questions. I'll hand over the call to management for closing remarks.

**Hanzada Nessim (Senior Director of Investor Relations and Financial Communications)**

Thank you, Malik. We thank everyone who joined on today's call. We have no further closing remarks.

**Unknown Speaker (Operator)**

Thank you for the presentation. This ends today's call. You may now disconnect.