



NATIONAL MARINE DREDGING COMPANY PJSC

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

This Management Discussion and Analysis (MD&A) should be read in conjunction with the unaudited interim condensed consolidated financial statements of National Marine Dredging Company PJSC (individually, “NMDC” and collectively with National Petroleum Construction Company (“NPCC”), the “Group”) as at and for the nine-month period ended 30 September 2021.

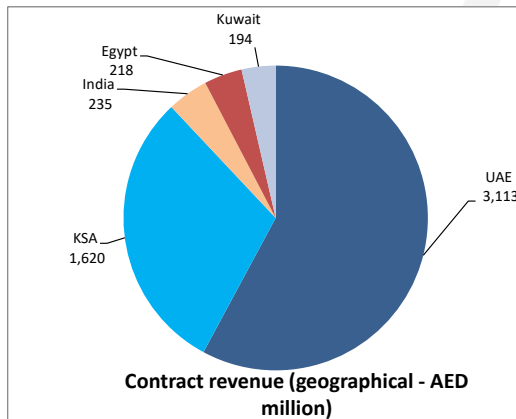
SUMMARY OF CONSOLIDATED FINANCIAL RESULTS

(AED Millions)

	Three months ended 30 September			Nine months ended 30 September		
	2021	2020	Variance	2021	2020	Variance
Revenue	2,112	1,164	948	5,380	2,786	2,594
Gross profit (loss)	254	57	197	485	(113)	598
Net profit (loss)	270	1	269	501	(231)	732

* Comparative period financial results (i.e., 30 September 2020) relates to NPCC only. See notes below.

- On 11 February 2021, the merger between NMDC and NPCC was concluded after all regulatory approvals.
 - (i) The merger resulted in an immediate increase in the geographical diversification of the Group’s consolidated revenues of AED 5,380m for the nine month period ended 30 September 2021, as shown in the pie chart below:



- (ii) The Group continued its operations on major projects such as Hail and Ghasha for ADNOC in the UAE and ARAMCO LTAs in the Kingdom of Saudi Arabia, and reported a gross profit of AED 485m for the nine month period ended 30 September 2021.



SUMMARY OF CONSOLIDATED FINANCIAL RESULTS (continued)

- (iii) The merger with NPCC resulted in a gain of AED 50m during the nine month period ended 30 September 2021, which was recorded as a "Gain on Bargain Purchase".
- (iv) The financial results for the period ended 30 September 2021 include the NMDC results for the period from 11 February to 30 September 2021 i.e., revenue of AED 2,836m and net profit before tax of AED 438m.

MAJOR EVENTS

- (i) **New Projects:** During Q3'2021, the Group was awarded the Dadna Fujairah Project (AED 485 million), Bardawil project (estimated at AED 150 million) and Damietta project (estimated at AED 290 million) in Egypt.
- (ii) **Others:** NPCC is selected as one of the eight companies that have been chosen and awarded the opportunity to provide engineering services for key projects for ADNOC which are valued at approximately AED 3.67bn. ADNOC will advise on specifics of projects awarded in due course.

CAPITAL EXPENDITURE

During the nine month period ended 30 September 2021, the Group invested AED 110m in capital expenditure, which mainly comprised expenditure on support equipment and dry docking/upgrade of dredgers.

COVID-19 IMPACT AND THE GROUP'S RESPONSE

COVID-19 imposed a number of challenges on the organization spanning across operational and commercial affairs. The spread of the pandemic and the resulting safety and financial precautions to contain its impact, forced us to deal with a situation in which maintaining safety, positive cash flows and continuity of operations at current projects became conflicting in nature. Mobilization of both technical and human resources became extremely difficult, honoring project execution timelines became very challenging and our pipeline of new projects diminished.

To mitigate the impact of this pandemic, management took various strategic and tactical measures. These included the application of health and safety precautionary measures across all businesses and project sites, allocation for funds for COVID-19 related expenses, reassessing operational protocols for additional health and safety proofing, introduction of new processes, equipment and workflows to enhance efficiency, developing a new deployment and utilization scheme for the offshore fleet, crafting of new project plans to comply with client guidelines and safety requirements, accelerating the digital transformation program to allow for more flexibility and easier deployment of resources, and working out a new financial strategy to maintain healthy levels of liquidity and cash flow through savings and contracts optimization.

For and on behalf of
National Marine Dredging Company

Eng. Yasser Nasr Zaghoul
Group Chief Executive Officer



Signature



شركة الجرافات
البحرية الوطنية
NATIONAL MARINE
DREDGING COMPANY

About National Marine Dredging Company Group:

The Group is a leading contractor in the field of Engineering, Procurement and Construction (EPC), Dredging and Marine Civil Construction. The Group delivers a range of services including the construction of oil and gas and port infrastructure, land reclamation, coastal defense and deepening and maintenance of waterways. The Group owns and operates a modern fleet of dredgers supported by a wide range of auxiliary equipment including tugs, workboats, barges and survey vessels. The Group employs 14,546 professionals.

For more information, please visit www.nmdc.com, or contact:

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