

Company: QNB Financial Services Co. WLL
Conference Title: Qatar German Medical Devices Co. (QGMD) Q4 2019 Results
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Zaid Al Nafsoosi: Hello ladies and gentlemen. This is Zaid Al Nafsoosi from QNB Financial Services. I want to welcome everyone to Qatar German Medical Devices Company 2019 Financial Results Conference Call. From the company we have Mr [inaudible] who is the board member and managing director, Mr Abdullah Dhamesh, he is the finance manager, and Ms Mai Al-Baroudi, the board secretary and IR officer.

We will start the conference call with a presentation on the group's performance, followed by questions and answers. I will now hand over the call to Ms Mai Al-Baroudi to get us started. Please go ahead.

Mai Al-Baroudi Thank you Zaid. Good afternoon everyone. And first of all, I would like to introduce myself as I said I am Mai Al-Baroudi, the board secretary and IR officer of QGMD. We would like to wish all of you a good health, especially during these coronavirus times, and please stay home, take care of yourself. And secondly, I would like to thank the Supreme Committee for Crisis Management under the Qatar leadership about their stance during this crisis. And thirdly, I would like to give a note that QGMD logo rights now and as a part of social responsibility we support Qatar in all medical supplies that are required from face-masks, from gloves, all that, medical supplies that are needed during these hard times. So QGMD is there for you, for everybody, and as a part of the social responsibility we can say that we are here. Now, we are discussing the Q for 2019 financial highlights, and we have also some good news for our investors about reducing that a lot, we are trying to survive, and I will leave the call to our Finance Manager, Mr Abdullah Dhamesh, who will explain more about these details as we are ready for QGMD regarding our financial. Please Mr Abdullah, you can start.

Abdullah Dhamesh: Okay. So thanks everybody for this chance to introduce myself. At the outset, allow me to introduce myself to you. My name is Abdullah Dhamesh, I'm the Finance Manager for Qatar German Medical Devices. I also just joined the Germany Qatar family and as you know, there is a heavy problem from previous years, therefore the company Board of Directors decide to make fundamental changes in their leadership of vital department inter-company in order to move the company to the place that is [inaudible] places them in current and future capabilities.

These changes were made and there were tangible changes that the [inaudible] still be on the company and its performance. Just name a few, the company invest in new markets for [inaudible] markets. [inaudible] has been signs with [inaudible] with the amount two million lira. Which in turn will have a significant impact on the incomes for the first quarter of 2020. And the company cash flow will be also [inaudible] to improve the financial volition of that company.

We all know the size of challenge facing the Qatar market in the likes of [inaudible]. Also, opportunities taken [inaudible] to all work, [inaudible] by working together and taking the challenge.

So, we are now in a situation that we are stable as we are, come forward[?] as we are very confident of the support that we are taking from our partners, our creditors, and our investments. Thanks.

Feras Al-Sarraj: Now we're asking for any questions, if you would like to start, thank you.

Operator: Thank you. If you wish to ask a question at this time, please press star one on your telephone keypad. Please ensure the mute function on your telephone is switched off to allow your signal to reach our equipment. Again, please press star one to ask a question. We'll pause for a moment to allow everyone's signal.

Can you please tell us if the outcome of demand for masks and medical supplies from the government sector and the private sector, how is that going to impact your revenues and what-not, and specifically, and also how your expansion to other countries is going to impact that. Can you give us some highlights please?

Abdullah Dhamesh: Yeah, as we know that due to the lockage that we have seen in Qatar. We have go-ahead to search for another market that we need to, but are productive, so we now find a huge demand from that market, the position in Asia, and there is a huge demand for our products. Along with our government support, to be because we are the first and only one factory we have in Qatar, so we have a full support from the government to achieve all the goals to boost our share in these markets, and we have even good more than what we have in Asia, we've got to [inaudible] in America we have win a tender for Bao, for supplying our products in the last quarter from 2019. So this extension would be fitting our cashflow, and this one will be a huge impact also to have a good [inaudible] to stand for other markets, to improve our products line also. And to search for outer solutions for other products also.

Feras Al-Sarraj Many thanks for that.

Operator: We have one question over the phone from Akhbar Khan from Irlam Investments.
Please go ahead.

Akhbar Khan: Thank you for the call. Just wanted to understand, in terms of your product that you have, to what extent is your product portfolio relevant for the current Covid-19 related demand that there is in Qatar or globally. Which part of your portfolio covers the areas that are in demand, or does it not?

Feras Al-Sarraj: Thank you.

Adbullah Dhamesh: This is a very good question actually, thank you very much [inaudible]. This is a critical situation we have now in the world, and we have a good facility, and with a good [inaudible] and a good logistic to meet the demands of the corona requirement. Actually, we are now we are dealing with all companies along with the government to meet the demand of the supplies of the medical, like head-masks, [inaudible] and gloves and more and more and more. We are actually, having a huge change of professional suppliers, professional people to meet the demand locally and for the region. So we are lucky now to have this much of demand, which is we have our own product and our own suppliers.

Akhbar Khan: Great, thank you. And do you, given the changes during the considerable progress you've made in delivering the financial situation[?] of the company, you've done a great job in giving them your expenses, you've cut your finance costs, etc, so, when do you expect the company will, which year, is it 2020, 2021, 2022, do you expect that the company will reach net profit, break even?

Abdullah Dhamesh: Yeah, we are, as I am saying we are facing a huge challenge from the markets from the blockage, and we will not give up, and our [inaudible] and if you see is in the financials, we have reduced the general expenses from 2018 to 2019 around 49 percentage from in 2018, the German expenses percentage[?] was eight million. In 2019, it reached four million, so we have a huge work to reduce the expenses without touching any production [inaudible] or facility of the company. And also, we have a huge source[?] about the finance course, we also reduced that one, around 10%. From the final scores, we are managing 2019 to reduce [inaudible] and we achieved [inaudible]. Also, we have [inaudible] stopped pleading of some area which is sucking our income like experiment[?] this one has been stopped. Provisions for their [inaudible], also, this one has been stopped. And also the provision of the [inaudible] is stopped also. So, in conclusion, we [inaudible] from 2019 with a good impact. The resources[?] have been reduced from 12 to 10, and in 2020 it will be our year, to improve our [inaudible] make a profit or breakeven but [inaudible].

Akhbar Khan: The line was a bit unclear, what was the last number that you said please?

Abdullah Dhamesh: The last part about, we are solving the provisions that has been bleeding our financials from 2018.

Akhbar Khan: Sorry, just the last five seconds of your answer. You said you mentioned a number, I just didn't hear the number.

Abdullah Dhamesh: The number of, in 2020 we will have two [inaudible] targeting to make a profit at least, or breakeven point in 2020 [inaudible]. Thank you.

Feras Al-Sarraj: Thank you very much, thank you.

Operator: As a reminder to ask a question, please press star one. As there are no further questions at this time, I would like to hand the call back to Zaid for any additional or closing remarks.

Zaid Al Nafosi: As there are no further questions, I would love to thank everyone for participating on this call. Please do reach out to us at QGMD FS or call our German Medical Devices company if you have any further questions or inquiries. Thank you very much and stay safe. Goodbye.