

Company: QNB Financial Services Co.
Conference Title: Qatar German Medical Devices Co. (QGMD) Q4 2020
Date: 11th March 2021
Conference Time: 10:30 (UTC+00:00)

Mehmet Aksoy: Hi, good afternoon, ladies and gentlemen. This is Mehmet Aksoy, from QNB Financial Services. I want to welcome everyone to Qatari German for Medical Devices Co's (QGMD) Q4 2020 Financial Results Conference Call. On this call from QGMD, we have Mr. Saleh Majed Al-Khulaifi, who is the Chairman, Mr. Ali Hassan Al-Emadi, who is the Board Member, Mr. Eisa Khalid Al Maslamani, Board Member and Managing Director, Mr. Abdullah Dhamesh, Finance Manager, and Ms. Mai Al-Baroudi, Board Secretary and IR Officer. We will conduct this conference first with brief comments on the presentation, followed by the Q&A. I will now hand the call over to Ms. Mai Al-Baroudi, to get us, get us started. Please go ahead.

Mai Al-Baroudi: Thank you so much. First of all, thank you for attending the call and we have great news this quarter. That's why our Chairman, he would like to start the opening and to say the great news for our shareholders and investment community. And our Finance Manager, he has also a lot of analysis he would like to share with us and good news. So the presentation is sent already. And we can start with small speech with our Chairman, Mr. Saleh Majed Al-Khulaifi.

Saleh Majed Al- Khulaifi: [inaudible]. First of all, I would like to welcome everyone with us on the call today for covering the Q4. [inaudible] for the first time, in a long time, we have created and gained a positive Net Profit for the company. While we are covering and exporting to so many of the countries that are in need of our syringes, that are being used for the elimination of COVID. Not only that, our Trading business is also growing, as there is a big need and care for the Medical Sector, in different elements, whether it's the equipment that we provide and [inaudible] or some of the other consumables that we provide.

[inaudible] then 2020, may not have been a good year for other industries but the Medical Industry and Pharmaceutical has been going great. And inshallah, we're going to speak more in detail. Other than that, we have also good news, inshallah, coming in the Finance Sectors, which we'll speak in details about each of our sectors, the different products as we're doing, and finally, the Net Profits that we have announced. Thank you.

Ali Hassan Al-Emadi: Thank you. Thank you, Mr. Saleh, for the introduction. And first, I would like to thank the Board of Directors, the Chairman and the Executive Management, for the efforts made during the past year 2020, which in turn, reflect positively on the company's operations and for putting the company in the right path and direction towards profitability and achieving the hopes and the ambitions of the shareholders. Please guys stay safe, as has been announced that COVID has been spread more and more. So everyone stay safe, inshallah.

Now we are going to the Financial Statement and Achievement for the year 2020. I will start with the status of the financial position. As you see in our presentation, which we have shared with our shareholders in the websites. We have a huge impact in the financials. I will start with a major one for the Working Capital. We have increased 301% in the Working Capital from minus QAR 7 million to plus QAR 15 million this year. In other words, we have a Working Capital Ratio, one to 1.58, which is putting QGMD, in the standard and safe side to meet our short and current liabilities, which is a big achievement.

Also, as you can see from the financial position, the Equity increased 2.8%. This is the first time since maybe more than 10 years, our Equity has been increased 2.8% this year. And also we have a big achievement to stop the bleeding of our accumulated losses during this year. And we have reduced and we have made some big effort to reduce the accumulated losses, decreased by 0.6% from the last year. So if it indicate, it will indicate that the plans, which we put in the 2020, has the full output, meeting our expectations. Also, if you can see that in the Statement of Financial Position, the Free Cash increased around 215% from QAR 903 million.

So what does that mean? It means we have a success cash flow, which is able to generate our income and expenses easily and smoothly without any difficulties. So, now I will move to the Income Statement also to see the improvement there. We are saying, for the Revenue, we are increasing from QAR 8.1 million in 19' to QAR 24.5 million in 2020. It's a big achievement there in the Sales as Mr. Saleh says. Okay. And the growth percentage is around 201%, increase from the last year. Also, we keep to maintain our Gross Profit to 25.34% for the last year. Also, we can see also the Other Income has increased into 16%. And with this size of Revenue, we were able to decrease the General and Administration Expenses by 5%. Okay. And also we were able to decrease the Finance Cost, 19.8%.

So, in terms of [inaudible], we have Net Profit of QAR 884,183. Okay. Comparing with the losses in 19', QAR 10.386 million. And we have a basic indicate losses from -0.1090 to +0.008. Also I would like just to highlight in the Statement of the Cash Flow, there's a one segment, showing that the Operating Profit has become QAR 4.128 million, comparing with minus QAR 1,000,417 in 2019. So it means our Operations has meet our Planning and we are success in that area. So we are very happy to announce that in our operations, there is an output, which is meeting our expectation also for the Board.

One more thing, which is very, very, very important for this year and the top of our Board, Mr. Saleh, has evolved for the issue of the patent, which is what's dragging from 2017 to 2019. Okay. We plan ourselves to hire an independent evaluator, third party to evaluate our patent. Okay. And we have given the fair value as of last year, but still this is subject to be an additional assets for us in next years, because the patent would be more and more, inshallah in 2020, 21' and 22' and 23'. So, now in our Financial, we have zero qualified points. So we are now in a position to move ahead, inshallah. Also, I would like to announce that there's something maybe you will be able to see in the website and in the Economic website, that the semi-annual review of the FTSE Russell Emerging Market Index, revealed the inclusion of Qatari Germany Medical Devices in their Index.

And we know that, FTSE Russell is the subsidiary for London Stock Exchange. So we feel the trust and we feel confident that we reach to this market and our name has been there, okay, in this market. So I think I covered everything, if any question, I'm ready.

Operator: Thank you. Ladies and gentlemen, if you would like to ask a question, please signal by pressing star followed by one. That's star one, if you wish to queue for a question. We'll pause for a brief moment to allow everyone an opportunity to signal for questions. Once again, that's star one, if you wish to queue for a question, star one. And it appears we have no questions over the audio at this time, sir. I'd like to turn the conference back for any additional or closing remarks.

Mehmet Aksoy: Hi, this is Mehmet Aksoy again. If there are no further questions, then we can wind up the call for today. I would like to thank everyone for participating in the call. Please do reach out to team@qnbfs or QGMD, if you have any further questions. Thank you.

Operator: Ladies and gentlemen, this concludes today's conference call. Thank you for your participation. You may now disconnect.