

QGMD Q1 Conference Call 2020

29 April, 2020
9:30 a.m. GMT

OPERATOR: This is Conference # 7271584

Operator: Thank you for standing by. (Zade), over to you.

(Zade): Thank you, (Tim). Hello, ladies and gentlemen. This is (Zade Nafousi) from QNB Financial Services. I want to welcome everyone to Qatari German Medical Devices Company' first quarter 2020 financial results conference call. From the company, we have Mr. Eisa Al-Maslamani. He is the board member and managing director. We also have on the call (Abdullah Hamish), he's the finance manager, and Ms. Mai Al Baroudi, she's the board secretary and IR officer.

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

Mai Al Baroudi: Thank you. Thank you, everyone, for joining Q1 2020 earning call and I hope that all of you are doing well during this corona time. I'm going to start by introducing our senior team, (Mr. Abdullah), as (Zade) said, our finance manager, and Mr. Eisa Al-Maslamani, our board member and MD. And we would like to highlight that QGMD launches recently. It's a new slogan. The safety of individuals and society in the state of Qatar is our top priority.

And I would like to say good news to our investors that in coordination with the Ministry of Commerce and Industry and (in terms) of our continual basic role of social responsibility, QG plays an effective role during the coronavirus

time and the company work to ensure a strategic stock of medical face masks, surgical face masks (frequently) and N95 and many other new products forward-looking to be in our warehouse very soon. These are a forward-looking information just to highlight this issue and we are hitting our target and reducing our G&A costs and our finance costs to overcome the bad losses that we are facing (since long time).

Also I would like to tell our investors that our board of directors would like also to work seriously about the restructure of our capital and this is forward-looking information. We will give you updates on this later on once everything and the exercise will be ready and we will announce it for sure very soon. Now I would like to hand over the call to my colleague, (Mr. Abdullah Hamish).

(Abdullah Hamish): OK. Thank you. Thank you, Miss Mai. Thank you for everybody to have you in this earning call. My name is (Abdullah Fuad). I'm the finance manager for Qatari German for Medical Devices. Complimenting the correct approach that was taken at the end of the fiscal year 2019, the financial (issues) continue to improve in the first quarter for the fiscal year 2020. This indicates the (effectiveness) of the plan that was developed by the financial department in cooperation and coordination with company management.

The challenge were difficult during the first quarter due to the outbreak of corona COVID-19 pandemic through the high demand for medical supplies of all kinds. It was obligatory for Qatari German Company to take all necessary measures in order to provide these requirements in Qatari market as it sought to sign a short-term bank facility agreement for some (total develop the bank) in order to meet the Qatari market with all the medical supplies it needs in order to maintain the safety of the Qatari community and our belief in the company of the importance of social responsibility towards society and the public.

We wish everyone to adhere to everything issued by (commitment authorities) in order to contain the virus and we wish everyone safe. So if there's any questions for the first quarter, we are ready.

Operator: Ladies and gentlemen, we will now begin the question-and-answer session. If you'd like to ask a question, please press "star" and "1" on your telephone keypad and wait for your name to be taken by an operator. That is "star" and "1" if you'd like to ask any questions.

As a reminder, ladies and gentlemen, if you'd like to ask a question, please press "star" and "1" on your telephone keypad. There are no questions at this time. Oh, we have just had one question come through. Please stand by. As a reminder, that's "star" and "1" for any questions. We are just taking the details now.

(Zade Nafousi): Well, I would like to ask a question until the participants get ready. Well, we understand that with every crisis, come an opportunity. Do you guys see any profits in the coming quarter or quarters, I'm sorry, in regards of (the venue service) and new – and the new products that you're about to produce? Is that going to expand – is that going to put the bottom line into the positive any time soon?

Male: Yes. If you allow me just to (put you in) the figures of the (internal) financial statement for the three months ended in March 31, 2020, if we can (see go) through this one, the gross profit was increased by 22.6 percent from the same period in 2019 which has give us a huge indicate that the track of the company has put on that correct one and we have the output from the first quarter. And also if you go through the income statement, we can see also there is (pressure) on the general expenses to reduce by 4 percent, which is achievement, OK? And we have it also there.

And also we have – we have a good – a good rule in reducing the finance charges by 25.6 percent from the same period in 2019 which have a good impact, OK? For our operations and we know that in terms of operations, the EBITDA, we can see it and we can verify it that (it's middle) the operation profit of the company and it shows clear improvement during the first quarter for 2020 when (operation) loss has decreased about 73.9 percent, OK? In the same period 2019, it was the loss of the operation (QAR)5 million and in the first quarter, it reduced to reach only (QAR)143,000, which is a good impact and means that our plan and our strategy has the good benefit for this.

Male: Thank you.

Operator: Thank you. Our question from the phone line comes from the line of Akber Khan from Rayan Investment. Please go ahead.

Akber Khan: (Inaudible). Could you just talk a little bit about the – you mentioned in the initial comments something about the balance sheet restructuring?

(Abdullah Hamish): Oh, yes. Yes. For the – for the balance sheet restructuring, we are now in the study restructure our capital, OK? And we have a plan for that one, OK? (We would share with your people with investment, how it will goes, Inshallah) and I will let Mr. Eisa also ...

Eisa Al-Maslamani: Yes.

(Abdullah Hamish): ... (share with us) this one.

Eisa Al-Maslamani: This is Eisa Al-Maslamani, if you'll allow me to answer. It's still early to tell about this. We have to prepare our plans properly, then in due time, it will be announced for all the investors. Thank you very much, Akber.

(Abdullah Hamish): And you know, Mr. Akber, it would be – it would be in the benefit of the investment, OK? And it will be reflecting a huge impact to our share in the market and which will (give us the reality) of the operations has been done through this period.

Eisa Al- Maslamani: Thank you.

Akber Khan: Thank you very much.

Male: (Thanks).

Operator: We have no further questions at this time, so I'll hand the floor back to (Zade).

(Zade Nafousi): Thank you, (Tim). Well, if there are no further questions I would like to thank everyone for participating on this call, Mr. Maslamani, (Mr. Hamish), Ms. Baroudi. And Ramadan Mubarak, please stay safe and if you have any other

questions or concerns or inquiries, please don't hesitate to contact us at QNBFS team or Qatari German Medical Devices team. Thank you very much and stay safe.

Male: Thank you.

Male: Thank you.

Mai Al Baroudi: Thank you.

Operator: Our thanks to our speakers. That does conclude today's conference. Thank you all for participating. You may all now disconnect.

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