Recording link:

https://bankaljazira-events.webex.com/bankaljazira-events/ldr.php?RCID=6f602bb54bb1db48194d4bd9f70b9529

Password:

Abcd_2024

Jamjoom Pharma's Earnings Call for FY 2024

Ibrahim Elaiwat, AJC 00:10:52.960 --> 00:11:13.280

Good afternoon everyone. My name is Ibrahim Elaiwat, and on behalf of Al-Jazira Capital, it is my pleasure to welcome you all today to Jamjoom Pharma's earnings call for 2024 results. With us today, I am pleased to welcome our panelists from Jamjoom Pharma: Chief Executive Officer Mr. Tarek Hosni, the Chief Financial Officer Mr. Anwar Mohiuddin, and the Associate Director of Finance and Head of IR Mr. Mad Bin Khaled.

The format of this call will begin with a presentation before opening up the floor to participants for a Q&A session. So, without further ado, I am yielding the floor over to IR Director Mr. Mohammed bin Khalid. Mr. Mohammed, the floor is yours.

Muhammad Bin Khalid 00:11:31.920 --> 00:11:49.120

Thank you and thank you ladies and gentlemen for joining us for our 2024 earnings call. I'm Mohammed Bin Khaled, the Head of Investor Relations, and we're pleased to present to you a 20-minute presentation from the CEO and CFO, after which we will open the floor for questions for the remainder of the call. Over to you, Doctor Tarek.

Tarek 00:11:52.400 --> 00:12:11.600

Thank you, and welcome everyone. I would like to welcome you all to our earnings call for Q4 2024 as well as the full 2024 financial audited data for Jamjoom Pharma, in addition to the guidance for 2025. Just as a refresher, you may all remember that I joined the company at the end of April 2021. It took us the following eight months, until the end of 2021, to normalize in the post-COVID era. After that, we embarked on our first business cycle. I always consider business cycles to be three-year lots. So, that was our first business cycle together as a team between 2022 and 2024. I am glad to report that we could not have ended this first cycle in better shape. I am also pleased to say that I stand here before you more confident about the future prospects of Jamjoom Pharma and the business that we are continuing to drive. Without further ado, let me start by giving you some highlights of our financials for the full 2024 year. From a revenue perspective, we concluded the year with SAR 1,318 million, which is in excess of USD 350 million, representing a 20% year-on-year growth compared to how we closed 2023. This growth reflects a CAGR of nearly 20% within the business cycle I just mentioned from when we discussed our EBITDA margin, I recorded an achievement of SAR 437 million, which represents a 27% year-on-year growth and a margin of 33.2%. This improvement is attributed to our focus on driving efficiencies through cost optimization while achieving effectiveness through sales of profitable, high-margin products and lucrative business which is appose to dilutive business and we are becoming smarter doing this over and over again as the years go.

From a net profit perspective, we managed to close the year at SAR 357 million. As I will present later, if we hadn't taken certain legitimate provisions, this number would have nearly reached SAR 370 million. We have undertaken necessary provisions, as I will also share with you. Overall, this represents a 22% year-on-year growth in net profit, standing at 27% of the top line. If we exclude the provisions, it would have been close to 29%. During the year, we successfully launched nine products across our key sectors and therapeutic areas, which is a positive development. This includes four products in Consumer Health, two oral treatments for Type 2 diabetes, one in Ophthalmology, and one in General Medicine. I'm pleased with the diversity of the products launched, aligning with our commitment to launch between six to ten high-quality launches annually. Speed to market is paramount for us. Our free cash flow stood at over USD 100 million or SAR 380 million, which reflects a very healthy cash balance. We maintained our CAPEX at the lower end of our guidance, finishing the year at 4%, consistent with our commitment to keep CAPEX between 4-6%. We continue to scale up operations and production across our key facilities to meet the increasing demand generated by our commercial teams.

So, for a brief recap on 2024, I am pleased to announce our achievements in the Saudi market. While the overall Saudi market grew at 11% if we take off the weight loss products that we usually talk about, Jamjoom Pharma outperformed with significant growth, achieving a market rank of seven in the total market including both institutional and retail sectors, up from twelve in 2020. So over 5 years we gained 4 years within the total Saudi market. Achieved third rank which is the same position at the end of 2023 in the Saudi retail market, and our tender business grew even faster than retail. Regarding export markets, including Iraq, Gulf, Egypt, we also witnessed growth across all categories, which I will detail in a separate slide on this. From a portfolio perspective, I'm very pleased with our progressing in the cardiometabolic therapy area front, and I will share with you as well how we are becoming more innovative from a management and leader perspective.

As for manufacturing, Jeddah main facility we are almost operating at 100% in 2024, but we started to release a lot of the volume that will be going to Egypt, which will likely allow us to utilize this volume effectively across other markets.

Our Egyptian facility produced approximately 3.5 million units this year, meeting nearly 70% of the market, local market requirements. Regarding our business development initiatives, we are actively exploring opportunities for growth. We are particularly focused on biosimilars and biologicals as part of our strategy.

I will share our progress on this front as developments unfold. Additionally, we are tailoring our business development efforts to expand our presence in Gulf, Egypt, and North Africa we aim to enhance our position through strategic partnerships and becoming a key successful player sooner or later.

Next slide please, At the end of 2024, we conducted a vision and strategy refresh exercise. Which I am sharing with you today first front,

Our vision front hasn't changed much, perhaps a couple of words, changing from "to become a leading MEA organization" to "becoming the leading MEA organization." Because our confidence that we are once of the best performing across middle east and north Africa markets, and we do this by serving our communities well and providing affordable high quality health care solutions. We have structured our strategy into three main focus areas: portfolio management, market focus, and serving our people and community. From a portfolio perspective, we aim to strengthen our flagship key therapeutic areas ophthalmology and dermatology products. We like to continue to strengthen our leadership there and continue to be the best player in each therapy area. From a specialty and cardiometabolic point of view, we set ourselves a target within the coming 5 years to become one of the top player in these category and continue to offer meaningful solutions in this highly demanded and competitive area. Additionally, we plan to penetrate the biosimilars and biologicals market with unique solutions. We are very pleased our consumer health portfolio has also significantly risen in prominence over the last three years, moving from an insignificant player to today the number one or number two in our key inception market in Saudi Arabia and we continue to grow this business especially with the observation we are witnessing across the region whereby our consumers and the users across the region are becoming more empowered and taking their health into their own hand and becoming more proactive into looking at preventive ways of stopping diseases before happening. And this is where we can really dial in with our consumer, high quality products. From a market focus point of view, definitely, the Saudi Arabian market will continue to be a key market for us and in this regard, we would like to continue to drive the institution in tender business cognitively and in a profitable manner without diluting our margins continue to assertively grow retail and introduce new products with launch excellence so that we can really continue to win in this regards. Gulf, definitely, we are catching up in this very important market for us as well, which supposedly should be our second biggest market. So, we definitely would like between Gulf Egypt and North Africa to perhaps design through our business development troops some tailored business development activity to enable us to hit the ground running and to jump before we work in in these very important markets for us. So basically, how can we have tailored business development or targeted business development activities for each of these markets?

In Iraq definitely we are very proud of our leadership into the ophthalmology and dermatology lines there and we would like to even further consolidate and expand our leadership by launching cardio metabolic products and some other key products that we have in Saudi and this phone yet in the Iraqi market so that we can definitely drive our leadership forward. From people and community point of view, we definitely would like to continue to evolve our structure and acquire and develop talents and I'm going to share with you an illustrative slide about how we are walking the talk in the in this regard later on then empowering and transform our learning and development across the organization and be really a very continuously learning organization which can drive our continuous growth and development as well. Then, definitely driving a culture driven by performance and attitude. Whereby people are judged mainly with how they perform and as well what they deliver and how they deliver it. So it is very important and we continue to drive this culture as we move on in the, in our maturity as an organization. And then definitely last but not the least the important is our sustainability initiatives and this is how we modestly try to pay back the community that we serve and that serves us as well in our business by definitely doing all the right things from, the green environment and contributing to definitely bringing some smart factory initiatives where we produce carbon emission and do a lot of important things that can enable us to modestly contribute to the vision of the country.

This is a slide that I think you guys are getting used to and just updating you here that in our main facility in gender this year, as I told you last year, we are almost approached a hundred and fifty million. This year was every now was all the numbers we have we believe that we will need them in this facility to produce about hundred and forty five hundred and forty six. So that's a bit relieving a bit this year unless, obviously, that at the year moves on as always, we find the increasing demand and our troops are releasing more and more and stimulating more and more prescriptions, so hopefully, if this happened, we can meet it as well through the reserve of the month in this or capacity in this in this in this facility. In the sterile facility in in Jeddah, as I said it's a twenty-five million capacity facility for Australia products and injectables almost only ten percent capacity is utilized today, I believe we are going to close the year something close to twenty-five to thirty percent capacity utilizations there. Cairo, as I told you, it's almost at fifty percent the capacity utilization today and we believe that we will move into seventy percent before the end of the years. And we continue to evolve our Algerian facility, it's at the moment mainly focusing on the oral dosage form and we continue to try to invest in an ophthalmic state of the art unit to bring it to this market was the high demands that we see there.

Basically, when I speak about how we are tackling revenue growth in the strategic therapy area, and the clusters and regions, this is a slide that really give me the optimal pleasure because the shows that the strategies that we do in in in our offices people take it and excel and executing across all markets and all categories. I'm very proud of this slide because when you look at on the left-hand side, category by category almost every single category we touch on has grown on a very healthy manner between ophthalmology and dermatology and all the categories. None of the categories that I can remember didn't grow except for perhaps one because of the mobilization of more business into tenders and retail at a lower price, but away from this growth tremendously on every category, but on the right-hand side as well, every single market and cluster contributed to our growth. So all of them achieved above hundred percent and all of them achieved huge growth in twenty twenty four. You look at Saudi, its nineteen percent compared to a market that I told you about to grow at eleven in the gulf. We grow at a very healthy thirty percent Iraq eleven percent in North Africa, twenty two percent and Egypt nineteen percent, which is even if you take off the devaluation concept it will be multiples of this twenty percent growth. I am very pleased with this performance, which shows that people are bringing our strategy into action and even excelling, and execution better than we expected them to. Next slide.

So, if I speak about the quarter in hand, again, we listen to you guys and in the last few years about the last quarter and you'll be pleased to see that our last quarter in twenty four have done very well compared to the similar quarter in twenty three. So from a revenue perspective grew at twenty four percent from and EBITDA perspective, thirty three percent growth, three cash converts thirty six percent growth and then on the net profit front, sixteen but if you really take off some of the very healthy provisions I would like to say that we have taken in twenty twenty four, last quarter cleaning our books from every provision that we know anything that was done in the past and it can come and hunt us that we knew about, we have taken. In addition for the first time we have taken a provision for the LTI as well for the team, so net It's almost ten million provision that we have taken in this last quarter, that would have got us into a growth of close to thirty percent on the on the on the quarter front and then achievement of close to twenty three, twenty four percent on the net profit march. I am very pleased with this performance of the last quarter and that hopefully we continue to evolve our business and our split quarter by quarter as well.

That's an important slide because it dialed into we really look into our future organically, this, this is our pipeline, and as you can see, it's a very balanced I must say I'm pleased with the balance we have there between our different key categories so between ophthalmology, you can see we have a total of fifteen products and you look at the consumer health to have a twelve product everywhere under I would like to perhaps bring the spotlight Light here on the cardiometabolic where you see twenty see products coming into action over the coming few years between Antidiabetic products almost eight, nine on the cardiovascular front and six on the metabolic and the front. Please to say that as I previewed you earlier we got ten products approved within twenty twenty four, out of this five line and nine brands were launched. So, ten products approved nine launched and one was launched in early twenty or twenty five. So again, please do the speeds to action and the progress and the agility of the team in this front.

So, in this slide again we continue to report to you that how we are evolving our portfolio and diversifying our business. So, while, as I showed you earlier of ophthalmology and dramatology continue to grow on a very healthy manner they their share of the buy is the reduced between year twenty twenty one and twenty twenty four from fifty five percent to forty seven percent. While we are definitely growing at a month much faster pace when it comes to consumer health, when it comes to general medicine, when it comes to some other key categories as well. So I'm very pleased with this diversification, but I say to the team would like to see more and more especially better contribution as well on the antidiabetic and the cardiometabolic influence.

This is the slide I told you about whereby you can see into action how we take seriously recruiting and attracting and developing talents and acquiring as well the key talents. This is, the slide that shows you the transformation. I continue to do on the leadership front, my direct reports. So as you can see here we have four new executives that join my team in twenty twenty five, very pleased with they're joining. As you can see them in orange start with Ala Alzaghaa. Ala comes with almost twenty five years experience across big names on the multinational and international big pharma like Shark and Dom, Novartis, fire, Monte Farm and some others. So Ala joined, joins as our chief transformation and marketing officer. Haitham Aqel, Haitham again come to twenty six years of wealthy experience between Glaxo smith client and Hekma across different parts of the region and

across different business sectors as well he now hits our Saudi Arabian market as a vice president. Then we have Samer Lezzalq, Samer comes with twenty seven years in in one organization serving Bayer, but different markets and different businesses so he has been all over the place with, with Bayer, few years in Munich. He's a German Lebanese, a few years in the US, some years in in and some other places across Europe and He headed their organization in Egypt, headed their organization in Saudi and headed their organization in the Gulf as well. So Samer comes our general manager for Gulf Levant markets and also exports markets. And last but not least Ahmad Alkholy, Ahmed joins again similar to Samer, who's twenty years experience in one company, Sanofi Aventis, and that comes as a general manager for cardiometabolic and central nervous system across all markets, and that's an innovative approach we're trying because one of my early observations on when we started to launch type two diabetic product is that the focus and the balance between focusing on detailing and launching and serving chronic medication versus acutes, I think we need to do better at as an organization and perhaps until we build the critical mass into this important categories namely cardiometabolic and central nervous system, I need someone to harmonize the approach across all markets, build the critical mass and then perhaps in three or four years we'll push it back into markets like every other category as well. So that's innovative approach that will try and we'll keep you, we'll keep you posted about how we're progressing this fund as well. Very pleased with joining of this gentleman, as you can see as well out of my twelve direct reports between the four new and the people who have been only in the company for a year or year and a half, that's sixty six percent of my So two serves of my team are new to the organization less than one year or between one and one and a half years old or typically brand new to the organization And everyone else was the exception of the one person which is my CFO, everyone else has been as well in the job for two and a half, two years or three up between two to two and a half to three and a half years. So it's a, it's a, it's a transformation I spoke to you about I'm very pleased to see how we are progressing in this front, and we'll keep on pushing the envelope until we really the right team that can serve our business in different business cycles and really optimize our results. With this, I will pass the ground to Jamjoom Pharma’s CFO, Mr. Anwer Mohiuldin for the financial highlights.

Thank you doctor Tarek and good afternoon, everyone, and thank you for joining us today for our earning calls already doctor Tarek has briefly described you for overall performance for twenty twenty four. I am pleased to share that our performance in the year twenty twenty four has demonstrated continued growth across all financial matrix. Speaking of cost management, we have effectively navigated rising costs through offsetting costs of revenue increase with operating leverage with in other expenses. Our cost of revenue rose by twenty five percent year on year driven by the increase in direct production cost, including raw materials and consumables as well as employee related costs. Our raw material expenses increased by twenty three percent year on year due to production ramp ups across all our facilities while salaries and employee related costs rolls by thirty three percent year on year reflecting the hiring of new talent in our plants especially to support the business expansion and a strategic growth. Depreciation and amortization expenses rose by fifty seven percent year on year due to the full year impact of our new facility in Egypt and a partial impact from the newly capitalized Jeddah plant. Despite this cost pressure, our effective cost control have helped mitigate their impact. Cost of revenue outpaced revenue due to changes in product and geographic mix. On the other hand, we implemented strict control on operating expenses which increased by only nine percent year on year, highlighting our continued focus on efficiency. Our direct production costs per unit remains at two point eight largely flat compared to last year and comfortably lower than the year twenty twenty two.

Moving on to the next slide where we focus, we focus on our margins I am pleased to report that our EBITDA margin expanded to thirty three point two percent in the year twenty twenty four. Representing a twenty two percent percentage point improvement from our last year and beating our guided target of thirty one to thirty two point five percent this improvement was achieved despite rising costs thanks to operational efficiencies, improved sales efforts and contribution from our Algerian joint venture. As shown on the right side of this slide, our EBITDA and net profit margins have decreased slightly in quarter four twenty twenty four. This decline was due to strategically lower sales in quarter four, twenty twenty four plus some one time provisions which doctor Tarek already explained. However, we remain a leading player in industry in terms of profitability.

Moving to the next slide, we will move to the cash cycle. Lastly, our focus on cash flow efficiency continues support our strategic growth, our cash conversion cycle increased slightly by eight point five percent to two hundred and fifty two days. Reflecting our strategy to build inventory reserves and manage our receivers and pay bills due to business expansion, working capital group about twenty eight percent year on year to Saudi riyal five hundred ninety four million reflecting a strategic inventory built up to in order to support anticipated future demand. Twenty twenty four ended with the net cash balance of Saudi riyal two hundred sixty two million reflecting the solid liquidity position of the company. This performance highlights our ability to sustain the strength of our core operations and generate liquidity by balancing growth with financial prudence. Following dividend distribution to shareholders in June and August twenty twenty four. Which align with our strategy to deliver tangible shareholder value.

With this I would like to hand over to doctor Tarek for future outlook.

Tarek:

Thank you Anwer. So the last slide is as you guys are used with us now. So we'll give you the reaffirmation for our twenty five to twenty seven guidance at the last column. So basically from a revenue perspective, we continue to reaffirm the twelve to fifteen percent growth a year on year, on EBITDA front we reaffirmed the thirty percent with a potential of a hundred to hundred and fifty extra point growth on Capex four to six percent and on the dividend we remain committed for the fifty to sixty payout ratio on biannual basis.

I will perhaps post stop here and invite questions from your side.

Ibrahim Elaiwat, AJC 00:46:46.480 --> 00:47:06.960

Alright, thank you panelists. Ladies and gentlemen, we will now commence with the Q and A session. You may raise your hand by pressing the hand icon on your screen to speak with the panelists or alternatively, you may drop your question onto the Q and A chat box. With that being said, please limit your questions to two at a time so we may satisfy as many questions from participants as possible. You are, however, more than welcome to join the back of the queue if you have a follow up. So without further ado, the Q and A session is now open.

Alright, we have a question.

At from the Q and A box, Jane is asking why we're a sales strategically lower in Q four.

Tarek:

So, basically, we repeatedly explained this. On the shipment we have two sales going in parallel. The in market and the two So let me maybe, maybe I will answer Jane better by a slide whereby you can see here, that. For example, this is our first quarter on the two market front in in orange almost I don't know how the color comes to you guys, but eyes of orange or red, and then in purple you see our in market sales. So as while you can see that on the, on the two market front we closed the reach at the quarter was Two hundred and sixty million on the in market front, it's above three hundred and five million. So in market is our sales too from our distributor into the market. That's really translating demand into action and the responding to straight pharmacies, hospitals, and other accounts requiring our products. The two market, however, is just shipment from us into our distributors to replenish the restocks and ensure they are ready with dispensing our medications when they receive the orders. So I will slow down in the, on the last quarter because we're really pumped the first nine months slight high on the distributor front. The in market never stops and continue to perform consistently across every month. So this is the strategy that we adapted since twenty twenty two, been very successful with us and I have zero intent to improve it, but I listened to some comments last year when people told us that perhaps it's very, the last quarter relatively to other quarters seems pretty much from the high side, so this year we tried to make the balance a little bit and will improved as you can see our first quarter, so listening to you guys and learning sometimes from you how we can perhaps run our business in a more balanced manner. But it's definitely a strategy that is working well serving our business, but more importantly serving our customers as well, and be it the stream customers or the patients and consumer, but as well our distributors who are the key customer we don't bombard them in the last quarter, with a lot of sales and a lot of deals at the start of the following year, but they start the new year hitting the ground running and ready to really replenish the stocks and buying healthy stocks from us. So that's the strategy that as I said have been working for us and to continue to work well for us. Thank you Jane, for the question.

Ibrahim Elaiwat, AJC 00:50:41.360 --> 00:50:50.720

That's very clear. Thank you doctor Tarek. Our next question comes from the line of Sultan. Sultan, your line is now open. Please unmute yourself and go ahead.

Sultan omar 00:50:55.480 --> 00:51:01.880

First of all congrats for the strong set of results. Can you hear me guys?

Tarek00:51:03.120 --> 00:51:04.000 Yeah we can.

Sultan omar 00:51:05.120 --> 00:51:06.360

I Have two questions, one, In your guidance you're assuming thirty to thirty one point five percent a EBITDA margin, which is lower like a hundred and fifty bit basis points lower than your twenty twenty for a EBITDA margin. Are you assuming or are you being conservative here or just you're assuming generally margins will decline.

Tarek00:51:35.880 --> 00:51:36.920

Is that your question Sultan?

Sultan omar 00:51:37.680 --> 00:51:38.680

This is the first question.

Tarek00:51:39.600 --> 00:51:42.960

Okay, you want to ask the second one and then I can answer both.

Sultan omar 00:51:43.480 --> 00:51:59.080

Sure and again similarly in your guidance, are you taking into account the new launches for forty revenue growth guidance you're giving from like twelve to fifteen or are you in considering the new launches or is that not reflected in the growth? Guidance?

Tarek00:52:03.920 --> 00:52:06.840

Yeah, yeah, thank you Sultan for the couple of Interlinked questions. So first on the EBITDA front, we definitely are not being more conservative or sandbagging but I think since we went public in June twenty twenty three, people who have been with us since then, I think are used to us promising and delivering, but we don't under promise and, or over promise. What once we know things concrete in our hands, we basically, come back and upgrade or change our, our guidance but as we stand today, we believe that we are embarking on a year with different dynamics in in the marketplace. The numbers that we can stand solid to is the numbers that we are sharing there with you here, come quarter end of quarter two quarter three, if we see that things are working better in terms of market uptake and as well we see that the it's not a one off improvement, but the market will continue to do well until the end of the year. It will not be the first time that will come and say, we'll upgrade our top line and the bottom line into different figures. But, we always start with this numbers that we based on our thorough budgeting and forecasting exercise. We can stand solid too and then we will continue to upgrade you as the year evolves.

Sultan omar 00:53:48.560 --> 00:53:55.720

Just a follow up, sir Tark if you allow me, can you like to walk us through why you think the margins will decline? Is it like more of the new Egypt facility, do you think the product mix will shift towards like lower market, which might have like lower margins or is it the Nupco Exposure? Can you like add more color if you can please?

Tarek00:54:15.760 --> 00:54:36.000

No, it's none of the above. It's, so listen, I mean when you continue to outperform the market for three years in a row, and you do twenty percent, you don't come the following year, if you don't have real solid new things in your mind and you are forecasting the markets over all overall in the region to grow at an eight to ten percent, and then you come and promise another beyond the fifteen or eighteen percent. So that's our position plan brother Sultan. The fact is that we grow the year on year for, on nineteen twenty percent for the last three years. I don't think it make me stand solid here and come and tell you unless I have something in inorganic opportunity or other out of the calculation opportunity in my hand, but what we do every year so that I don't take you into unnecessary details during our budgeting and the forecasting exercise that we take almost between four to five weeks in finalizing it and we take it very seriously. We start with the external market how we forecast the market to grow, how we forecast our internal opportunities to grow, including but not limited too, as you mentioned the new products and everything else that we have enhanced, and then we come up with our set of figures. And basically we start the year like this. If the If the year surprised us pleasantly as it did in the last three years, we'll come and let you guys know by the second or third quarter. I'm God forbid if it happened the other way, either we'll find other ways to compensate from pushing as a markets or other products or whatever or will come and tell you in full transparency, the market behaving at much less than what we forecasted for it. That's why we believe that our own forecast as well will come down. We haven't reached this yet and hopefully we don't but one of the reasons why is that we always start with a solid confirmed numbers in our hands with you and then we'll update you as zero goes. And we would like to continue to do this in full transparent manner.

Sultan omar 00:56:31.440 --> 00:56:32.440

Okay, thank you mister Tarek.

Ibrahim Elaiwat, AJC 00:56:37.200 --> 00:56:44.680

Thank you for that. Our next question comes from the line of Yash. Yash, your line is unmuted. Please unmute yourself and go ahead.

Yash Joglekar 00:56:49.360 --> 00:57:04.760

The zero capital for all standard call. I have two questions. So first, how do you view the size of the tender business market opportunity in the sub short and the medium term and what shared do you expect to capture?

Tarek00:57:05.360 --> 00:57:13.040

I'm sorry I can hardly hear you. So either you come close to the microphone or because you are breaking up, I can I cannot hear you properly.

Yash Joglekar 00:57:16.960 --> 00:57:17.320

Hello Anyone.

Tarek00:57:18.800 --> 00:57:20.480

A little bit better yes. Carry on.

Yash Joglekar 00:57:20.920 --> 00:57:40.760

So I have two set of questions. The first is how do you view the size of tender business market opportunity in the short and the medium term and what share do you expect to capture? This is my first question and my second question is, what are the some expiring patents that the sector is racing towards. That we should be looking at? If you could throw some light on this.

Tarek00:57:55.280 --> 00:58:13.120

So the first question, yeah, we continue as we always mentioned to you, guys, to target doing better in the institution and tender business. But we do this as I said cautiously and consciously driving post top and bottom line, not just selling commodity or evaluating our margins. So we become very selective in the products that we target the tender market with. And we continue the dialogue with authorities and regulators and people who are responsible for the, for this business to explain to us and show us the unmet needs and the windows that we can come and satisfy with our products with the unique business proposition without impacting pretty much reducing prices and diluting margins. So that's what we continue to do. So to become more concrete because you guys like numbers. Saudi Arabia, for example, which is our key tender and institution markets, it's almost contributing into ninety percent of our tender across. All active markets. In Saudi, we basically concluded twenty twenty four with twenty percent business representation of the of the institutional tender compared to the total business. We continue to evolve this business and hopefully we will push for the likes of twenty five to thirty percent out of the total Saudi business coming from institution and tender, but as I said, in a selective manner and with the best products proposition and product mix that enable us to really compete selectively and assertively in this market without the diluting margins. So that's basically what we look at. Your second part of the question, which is Patent expiries and that are we looking into other areas? I think I tried to allude into the fact in my presentation that one of the areas that it's, really, getting more and more competitive but as well needed in the market is the the balance of the biosimilars and biologicals products. So we're looking into this area a very seriously and when it comes to biosimilars, as you know, it's already off patent products. So you're playing in an arena where you bring it's exactly the translation, the literal translation of the name. It's a similar to the biologicals but of patent but you can bring some unique proposition products in this in this arena where no one else is serving some unique disease areas and then you can win in this market front. Others and I'm sure you have it in your mind while asking which question is things like on the weight lost fronts. Weight loss slash diabetic treatments, and yeah, definitely we continue to push the envelope and look for some products that either it's closed to lost to lose patent or innovative way of looking at how can we really look at similar products that doesn't come under the patency protection but provide a similar end result to and benefit to the patients like weight loss and diabetes control. So we continue to push this envelope as well and we're looking at post areas plus other areas, but once something is concrete in our hands, we'll, will come in and let you know. And perhaps to link your question was Sultans question, if some of these opportunities become meaningful and we can finalize it in twenty twenty five, definitely this will contribute in a lucrative and a surplus way into our top line and bottom line guidance.

Thank you for the question.

Ibrahim Elaiwat, AJC 01:02:11.360 --> 01:02:18.960

Thank you Dr. Tarek. We have a question from the line of Taha. Taha, your line is unmuted, please unmute yourself and go ahead.

Taha Javed 01:02:21.600 --> 01:02:41.840

So, a couple of questions from my side. One needed clarity on the facility. You showed that it's like the capacity and production is now nearly like near full utilization. So like will you be needing Capex on this facility or how will or is it expandable above utilization to serve the obviously the double digit revenue growth for twenty twenty five to twenty eight twenty seven period, and the second question is, how do you see the industry growth in or obviously twenty four was a good year, thanks to the diabetic obviously product, but how do you see overall the market industry growth in twenty five? Thank you.

Tarek01:03:06.040 --> 01:03:25.280

Listen, you can only be assured as you can when it comes to things like capacity because, you know, I mean, it's a final product of many things. One of it, that you cannot undermine is leadership continue to push the envelope and seeking and pushing people to ways of Improving the capacity with minimal capex investment which is perhaps what you are alluding to in your question. Yeah but listen, yeah, I mean, we know that we are we have been working hand to mouth over the last couple of years and this facility and I transparently shared this with you guys regularly we need capex to upgrade, of course I mean this is the capacity, as you know it's up and running since year two thousand two thousand and one is it is it on is it part that will come over and above the four six percent guidance that was spoke to you on the, on the guidance front of the capex? No, it's within the four to six whatever upgrades or new machinery we need both for this facility and any other facility for that matter. So it's always taken into account.

Taha Javed 01:04:21.480 --> 01:04:24.280

Great, and the industry growth, how do you see that planning out twenty five.

Tarek01:04:24.400 --> 01:04:32.680

But I mentioned it already so I think I told you that our forecast this year is an average of eight to ten percent across our active markets. Hence our guidance of twelve to fifteen percent to beat the market again. So we'll see whether the market will stay at eight to ten will come lower or come higher we'll see. I mean, you know, the last couple of years we're a little bit skewed with some unusual products that came into the market mainly the weight lost products that contributed in sometimes into almost thirty plus or forty plus percent out of the total growth of the, of some of the key markets. So when you take this, when this product start to become normalized in this year and beyond, and you see that the real growth of the market, we'll see how would that look like or our forecast is as I as I showed you and our forecast by the way, we don't base it on intuitions or our best guess, but we look as well at our some of our consultancies and marketer search guys who basically published the reports and basically we take some mix and match of some of these reports and then we come up with a realistic expectation for the external markets and then we set our own internal expectations. So this is how we do it, with our comparting you with the details.

Taha Javed 01:05:57.840 --> 01:05:58.840

Great. Thank you so much.

Tarek01:06:00.400 --> 01:06:03.520

Great. Thank you for the question. Okay.

Ibrahim Elaiwat, AJC 01:06:03.600 --> 01:06:22.800

Thank you for that. We do have some questions piling up in the Q and A box, so I'll read some of those off. So we have a question from Rabih. Rabih, he thanks you for the call and then he asks. How much can we expect in percentage terms for capacity increases per quarter to reach seventy percent for the Egypt facility?

Tarek01:06:24.120 --> 01:06:25.360

Third quarter?

Ibrahim Elaiwat:

Per quarter.

Tarek01:06:27.280 --> 01:06:32.520

I mean that's difficult because I wish it worked this way it doesn't always become even quite honestly. But, yeah basically as I told you we closed the last year almost was fifty percent and we are targeting seventy percent at the end of this year. So it's almost a twenty percent addition. So yeah, can take an easy approach and tell you it will be a seven percent increase quarter on quarter or six percent, but in full frankness and the transparency it doesn't work this way. It has it's much more complicated than this It depends on the product mix, it depends on our readiness was material because you know for a machine to work, you need materials, you need active ingredients, you need experience, you need based on that, you need everything to be ready at the right time for your machines to evolve and produce. And you take as well some other seasonality's of the market into account. So it doesn't really work. We don't do it quarter by quarter, but we don't we do it across the year and we say this is the volume we targets. What percentage of the total volume that is required for Asia is going to be produced locally and how would that represent out of the total capacity of the local facility? So this is how we come into the number I shared with you.

Ibrahim Elaiwat, AJC 01:07:55.680 --> 01:07:56.280

That is very clear. Thank you.

Ibrahim Elaiwat, AJC 01:07:58.240 --> 01:08:07.760

A question from the Q and A box. We've got a question from Sarah Sarah's asking if you could please shuttle up some light on the performance of the Algerian joint venture. If you have any guidance on that front.

Tarek01:08:09.080 --> 01:08:29.279

Absolutely. Yeah, just thank you Sarah. I just came from Algeria overnight so it's like a fresh in my mind. And yeah, I'm very pleased with the how we are evolving in this, not easy markets perhaps, you know, but very rewarding if you get your act together and do things right and then this market.

So luckily for us I think we are, we have really started on the right foot and we are getting a lot of internal support as well. People are really appreciating that Jamjoom Pharma as willing to invest in this key market. Authorities are appreciating this especially on the things like ophthalmology and some other key products that we have. They are pushing us to bring even the facility that. Will produce ophthalmic products sooner than later because of the greater need in the in the marketplace. Yeah, so we're really we have a very good active partners there who has fifty one percent as you know, as per the local law, people who have expertise in the marketplace. And that was definitely the target in my mind when we embarked on starting our business there and investing there in Algeria because I wanted really a strong partner, not just financially, but someone who can help us and becomes our eye on the ground to help us with key decision making because, you know, I mean, we, we don't have our troops Condensed there as much as they are in Saudi or in the Gulf or whatever. And we're pleased was the partner there were pleased was the support we are getting, we're pleased with how we are progressing in terms of getting approvals for the new office unit for some exceptions that will enable us to bring some of our key products until we finalize Our construction. So in general, it's progressing positively. I'm glad to really to report to as well Sarah asked last year was our first full year operating in in Nigeria. You know, we concluded the deal in September October twenty twenty three, so twenty four was our first full financial year and we closed the year exceeding expectation from a top and the bottom line front. Mind you, as a refresher, we don't consolidate our top line there because of the forty nine fifty one percent but it's we share the profit with our partner and yeah until this regulation change we are pleased with this arrangements because it's really either this for you become out of this very important market for North Africa and we choose not to so until perhaps one day regulation will change and we can even consolidate our top line or please do it the way, things are evolving in Algeria.

But thank you for the question.

Ibrahim Elaiwat, AJC 01:11:16.560 --> 01:11:27.880

Very clear. Thank you very much. Our panelists I just wanted to ask as we're run over the a lot of time, is it alright with you if we run over time till we ask some of the questions as we, we still got some questions popped up.

Tarek01:11:28.080 --> 01:11:33.000

I'm good there to go and until the people are fed up with me. But yeah.

Ibrahim Elaiwat, AJC 01:11:33.920 --> 01:11:42.920

Alright, great. Thank you very much. So, i'll read one more question off the Q and A box from Mohammed asks, how many products out of your pipeline are expected to be launched in twenty twenty five?

Tarek01:11:47.320 --> 01:12:07.600

As I said, as a guidance Mohammed, as I as I always said for the last couple of years and I reaffirm now it's between six and ten last year we targeted this and we ended up launching nine as you have seen this year will not be different. We'll target this. That's mind you Mohammed because I know this is perhaps, one of the reason of your question. This is organic, this is internal out of the pipeline I showed you. Now, if we're managed to finalize some of the deals that it's work in progress for us at the moment, as I shared with you guys, yeah, this will be over and above. But what we can guarantee for you today that will target internally organically is the six to ten that we continue to target here on year.

Thank you Mohammed for the question.

Ibrahim Elaiwat, AJC 01:12:36.560 --> 01:12:44.880

Very clear. Thank you. Going back to the raised hands, we've got a question from the line of a Ibrahim Atiya. Ibrahim. Your line is unmuted, please unmute yourself and go ahead.

Ibrahim Elaiwat, AJC 01:12:47.640 --> 01:12:49.080

Oh, it seems, oh, there he is.

Ibrahim Atiyah 01:12:50.760 --> 01:12:58.760

National investment, first of all congrats on the strong set of results. I do have a few questions. One on Nupco tender, which is the new tender that started in H two, so can you tell us how it's progressing towards the Q four.

Tarek01:13:11.120 --> 01:13:27.560

Sorry, Ibrahim. I yeah, I, I understand you're asking about I understand you are asking about the new tender that was awarded in twenty four for the coming two years, but then I didn't hear your last part of the question. What are you focusing on? On.

Ibrahim Atiyah 01:13:27.800 --> 01:13:29.880

How is it progressing towards Q four?

Tarek01:13:32.440 --> 01:13:33.200

Q4 twenty twenty four?

Crossing well, I mean, we, you know, I mean the previous tendor was supposed to carry on for up to twenty twenty two and then it was extended for another year to twenty twenty three, and then we had a new tender in twenty four that we started working on this new tender and the delivery as late as September October, and yeah, in twenty in in Q four we did some deliveries and as well this quarter in in Q one twenty twenty five, we're doing some increasing deliveries as well of this tender, so in general it's working well for us and the way this work so that everyone around the call understand we get our vision, we get like first award and we get some possibilities as well from some other products that we can, we get it as a second award. So if the first award the failed to deliver or has any problems, then we jump into the becoming first or the and so keep an eye on this, but as well, whatever you get as a first you can increase the it depends on your people as well. Liquidating into the accounts and the hospital and then they can give you like an extent an extension in the tender of the tender over the couple of years. So it's work in progress. It's never as people sometimes imagine it's a one off every two years. No, yeah, it's a big bulk is one off, but then you have as well additional smaller quantities compared to the original one. But yeah, it continue to evolve over two years. So please know what we got in twenty twenty four and we keep on pushing the envelope to increase on some of the strategic products as well in term of creating demands and hopefully getting more orders.

Ibrahim Atiyah 01:15:39.680 --> 01:15:46.040

Awesome so let me be specific, is there any delays on deliveries versus the purchase orders by Nupco?

Tarek01:15:47.280 --> 01:16:07.760

Well, I mean there's always I mean sometimes we deliver early, sometimes we have some delays, yeah, I mean that's the nature of the beast. It depends as well because that's sometimes they want products earlier than we can produce and purchase materials and everything but critical delays that make me lose sleep overnight, the answer is no. But yeah, there's always some wash between late delays and everything in between, how can we but we keep the communication with them and we, when we have some delays for a legitimate clear reason with communicate to them and we say listen guys I mean we might be late by so and so maybe we can have partial delivery and then we'll get the rest later on. And yeah, if your question is about, do we sometimes get some perhaps alerts from them that we are a little bit delayed more and some products it happened with every company and us no exception as well. But in general, we keep on evolving well in terms of our sticking to delivery on time and matching the requirements.

Ibrahim Atiyah 01:17:04.120 --> 01:17:12.160

Excellent, this is very helpful. Just a follow up question on the same subject as what was the exact growth in the public market during twenty twenty four?

If there's any available.

Tarek01:17:14.960 --> 01:17:19.560

As I mentioned in one of the slide twenty six percent, so I it was it was there on the.

Ibrahim Atiyah 01:17:20.720 --> 01:17:22.120

Not for Jamjoom for the total market.

Tarek01:17:22.640 --> 01:17:34.080

Yes, no, it's very difficult for the total markets. You cannot get and even when you get it so let me let me share with you, for example. If the market has And actually that's the case, it the tender market has a lot of categories that you are not a player at and these are significant categories. They play like for big parts like for example vaccines, you are not at the moment as we stand as young Pharma is not a player. Biological biosimilar is not a player. So even if you can get access to the concrete overall gross on the tender which we not get even if you get it, how you are going to dissect between the categories where you play and you have active representation and the other big categories that constitute big part of the market and you don't you don't play. So it's difficult, it will not be able to.

Ibrahim Atiyah 01:18:17.680 --> 01:18:35.240

Fair enough. My second question is on the slide of in market and to market. Yeah, and I'm not sure if this is an illustration or it's actual numbers, but I can see the in market sales. It's the actual numbers external, so the in market says only grow by four percent year on year I mean based on. Last year presentation, so it showed only four percent growth in the in market. So can you, can you help us understand the variance that happened during this quarter?

Tarek01:18:46.480 --> 01:19:04.280

But, yeah, the variance. Yeah, I mean I keep on trying to explain the variance so basically hopefully under you guys keep the feedback going because I feel like a little bit partially to convey the message sometimes to certain people. Basically, what we try to do Mohammed is in the first nine months of the of the year, we ensure that we replenish and we stock our distributors in a very healthy manners to meet slash exceed our forecasted numbers for the full year. Okay, in the first nine months. And then we see we come in August slash September time and we say, ok, now, given our in market forecast for the comings three to four months to finish the year, as well as what we need to start the year after will the strategic stocks. What further stocks do we need to sell in the fourth quarter? And then we do this. So, as I said, while the in markets go across the year consistently and there whenever play like a huge push in the first nine months and then a little bit slow down in the last quarter, we do this on the two markets so that we can balance things and we can start the year on a very healthy front. Post with stock level as well as distributor debts and commitment to us in terms of payments. So that's what we're driving.

Ibrahim Atiyah 01:20:28.880 --> 01:20:34.120

So you do see four percent growth in the end market as sustainable going into next year or.

Tarek01:20:34.640 --> 01:20:35.600

I don't think.

Ibrahim Atiyah 01:20:35.920 --> 01:20:38.800

This point. Yeah, four percent growth in any market.

Tarek01:20:42.960 --> 01:20:46.200

So you're talking between last year and the this year's lives.

Ibrahim Atiyah 01:20:46.800 --> 01:20:47.800

In market yes.

Tarek01:20:48.720 --> 01:21:09.160

I mean or more quite honestly, because you ask it a very good question initially you started your discussion with the question on the any institution delivered in fourth quarter, for example, if next year, if twenty five, we have more deliveries in the last quarter, and we created more demand on the institutional front that will increase our sales in market sales growth over the last two quarter of twenty four. And the same in retail and the same if we bring some products in organically. So all this will contribute, it's not I wish I can give you a simple answer but it's never a simple answer. All this will contribute into But what I can guarantee you will see a healthy growth. That's the only thing I can guarantee. What percentage I cannot tell you as we speak.

Ibrahim Atiyah 01:21:38.720 --> 01:21:43.760

Excellent great. Thank you so much and this is very helpful and wish you all the best.

Tarek01:21:44.400 --> 01:21:48.240

Thank you for your question. Thank you very much.

Ibrahim Elaiwat, AJC 01:21:48.240 --> 01:21:55.320

Thank you very much. We do have a question from the line of Abdalaziz. Abdalaziz, your line is now open. Please unmute yourself and go ahead.

Abdulaziz Alshaikh 01:22:01.680 --> 01:22:21.520

Thank you for the presentation, this is Abdulaziz Al-Alshaikh from Jadwa Investment. So my first question is on the margins and therapeutic areas we noticed MashaAllah this quarter of the company have achieved sixty one percent gross margin. And we also noticed that ophthalmology and consumer health have a little bit growth in the fourth quarter. Did that, did the higher growth in in these categories impacted the margin as in those categories have somewhat higher margins and my second question is on the regulatory products versus the free priced products. Is there part of the company's portfolio that is free priced not regulated under the SFDA, and if there is any, what's the contribution and in which therapeutic areas thank you gentlemen.

Tarek01:22:54.800 --> 01:23:14.760

Well thank you for the question. A less than you're not helping me that don't my finance guys by saying to them that the gross margin at sixty one percent is good. I keep on pushing them to say it's not good enough. We need to increase it so but yeah, we always target, yeah, something, between sixty two to sixty five or even hopefully about the hopefully this year you will see an improvement in this front as the year evolved was with us. So your first question was about the.

Abdulaziz Alshaikh 01:23:37.040 --> 01:23:38.760

So basically on the therapeutic areas, is.

Tarek01:23:40.960 --> 01:23:59.400

Optha and Derma contributed and yes, your spot on not only ophthalmology and dermatology but so in general, and that's i'm glad you are being the weight for me but perhaps that's the only thing I did mention during the call, which is when we did the strategy refresh, with the team, one of the things that we really pushed the four twenty twenty five and beyond is how we look more into selling more and more smarter and focusing on strategic slash high margin products that becomes a bigger portion of our sales as we move on. And majority of our investment goes behind these products. So it's basically putting our money where our mouth is. So this will continue to evolve and will keep on doing this, what you have seen in Q four. I'm hoping that will continue, you will continue to see quarter in quarter out as we move, if the strategy that we have refreshed is going to be successful and will work well for us, and I wish it will inshaAllah and I have all the reason to believe that it's it will. So that's the first question you ask. The second is related to which part of our business is free priced and yes, the consumer health in many products of it are free priced. It's mainly as you remember, Perhaps and others, it's mainly dominating internal business contribution in the Saudi market we launching ourselves with some modest consumer health products in the Gulf area, in Iraq as well, and we're looking at other markets to even expand this very successful category for us that gave us a very meaningful competitive advantage in the markets. We are looking forward as well to launch this category this year into more markets as well. We keep on complementing this category with new areas like properly. So last year we launched almost three, four probiotics under our consumer health categories, and we'll continue to do this as we move on, so yeah, so many products under the consumer health are free priced, but we play it as well reasonably and we studied a consumer expectation and the average prices in the market and the repays that we need to pay in the market. So it's as complicated as our pharma business when it comes to, but it's different way and different channels of the of selling it as well. But very interesting portfolio that I'm very pleased about how we are progressing there. And, yeah, we haven't even scratched the surface because we are just focusing in Saudi imagine when you repeat the success we had in Saudi in all our active markets, definitely these consumer health will give us a very good competitive edge as we move on.

Abdulaziz Alshaikh 01:26:42.040 --> 01:26:54.360

Great, just to follow up here, doctor Tarek, so these free price products, do they generally have higher margins and what percentage of the portfolio is, is really priced?

Tarek01:26:55.440 --> 01:26:59.280

So the consumer health in general basically give or take Mohammed is you're talking about.

Almost around the give or take you're talking about something within the range of twenty percent give or take of your, of your sales is within the consumer healthy category. But that's as I said, only in Saudi Arabian market and hopefully we move in by launching it in into other markets. And we focus on high profit products as well. Yeah I know that you repeated the question a couple of times. And basically I think you're trying to hint that it might be a different or lower margin than that typical pharma. And the answer is yes in some products, but no in some other products as well. In general, we are pleased with the consumer health contribution top line and the bottom line remain very competitive with the typical players in the marketplace. And you know, I mean it's a way of how you diversify your portfolio as well after and provide a unique competitive advantage that wrong foods your competition as well. So for us it's strategically by viable and vital for us to continue, even though it might be slightly less margin than the typical pharma.

Abdulaziz Alshaikh 01:28:29.600 --> 01:28:31.320

Great, thanks a lot doctor Target.

Tarek01:28:32.120 --> 01:28:35.240

Thank you very much.

Ibrahim Elaiwat, AJC 01:28:36.680 --> 01:28:51.600

We'll be moving on to the Q and A chat boxes, we still do have a couple of questions from there. We've got two questions from Abdalaziz. Abdalaziz wants to know if you could please clarify why your DSO is better than the industry average. His second question asks, is the industry facing some issues regarding.

Tarek01:28:52.000 --> 01:28:53.240

Can you repeat the first question.

Ibrahim Elaiwat, AJC 01:28:53.840 --> 01:29:00.880

So Abdalaziz is asking, could you please clarify while you're, why your days of sales outstanding is better than the industry average?

Tarek01:29:01.520 --> 01:29:04.600

Yes. Okay.

Ibrahim Elaiwat, AJC 01:29:04.840 --> 01:29:11.760

Question asks, if the industry is facing some issues regarding sourcing APIs locally, and is that affecting localization initiatives?

Tarek01:29:14.400 --> 01:29:18.800

industry facing some issues regarding sourcing APIs.

Ibrahim Elaiwat, AJC 01:29:19.520 --> 01:29:21.200

API's locally. Yes. Yeah.

Tarek01:29:22.280 --> 01:29:41.760

Which can affect localization. Yeah, good, question Abdulaziz. So the first question I'll have an attempt and I will pass the floor to my CFO Anwer for to carry on. Yeah, basically, when you look at our key competitors is when it to the DSO, they run their own distribution, which can be a good placing workers as well because sometime when you run your own distribution, which is something we avoided to have, you become a little bit more complacent and you become the judge and jury at the same time, at the same time, which is something that we try to, to stay out our main focus of the business Is to drive sales and drive marketing and drive stuff and we have the experts who help us in term of distribution. So that's why we keep on pushing the envelope better and we don't have similar complacency to what you see perhaps in the in the marketplace. I don't know Anwer if you have any…

Anwer Mohiuddin 01:30:21.520 --> 01:30:40.680

You already explained that ok is some of our competitors have their own distribution where they are facing some challenges in the local market, whereas like over here in KSA we are distributing through the distributor. One more point I would like to add, our exports, the other we I mean almost thirty five more than thirty five percent sales are ever exports, and in our exports we are covered by SBLCs LCs. So this payment is, you know, we are not getting any delays from, this, our receivable from our exports. So that is also improving our, you know, days on receivables. So that is the two reasons that ok in the local market we are distributing to distributed, not our own distribution and international that ok we are covered through LCs and SBLCs.

Tarek01:31:11.520 --> 01:31:26.840

Thank you Anwer, and for your second question which is basically related to the API sourcing and other sourcing, yeah, we face some challenges in twenty four Red sea crisis and other stuff, but Is it to the extent to impacting localization and all I wouldn't say so I hope the issue do not get more dramatized have more negative impact to us in twenty four. But we always have our plan B I think I briefed you in twenty four in an earlier quarter that we strategically forecasted from the beginning of the year to order more of our strategic API materials than perhaps our norm. And the little we knew about the let's see crisis we only wanted to do it to control the controllables and to ensure that we have enough stocks if increased the month happening, but it worked for us nicely and helping us as a competitive advantage compared to others in, and we'll continue to do this quite honestly, trying to push the envelope and ordering more of the strategic APIs requirements so that we can really ensure that we are in control of our destiny as you would say, but more importantly diversifying as well our sourcing not necessarily number but as well sometimes country and quality. So we don't have to rely on like three or four distributors for the same material from the same country. But hopefully two or three distributors but different countries so that if you have a problem in one route, hopefully the other doesn't. So we try to continue to do this as we move on And this is how we try to manage, and minimize the risk on this.

Thank you for the two questions after.

Ibrahim Elaiwat, AJC 01:33:07.960 --> 01:33:28.240

That's very clear, thank you panelists. Another question from the Q and A box, we've got Haifa Abd Alali asking two questions. She wants to know how much is the contribution of the newly launched nine products. Her second question asks who bears the risk of the expired products? How does the agreement work between you and the distributor? How does the agreement work between you and the distributor? Regarding expired products?

Tarek01:33:34.360 --> 01:33:34.880

Yeah, so Haifa basically what we normally target unless it's really a different unique product proposition, we normally target in the first year of launch and it depends on timing and this as well between one to three percent contribution of new products to our overall product portfolio. In twenty twenty four to be exact, it came close to one point five percent which is again it's impacted by sometimes you launch later than expected and this and that but it's within our target and in in absolute number.

Tarek01:34:20.960 --> 01:34:41.040

Our value of new product launches we exceeded our budget for twenty twenty four. When it comes to new products, but we generally target one to three percent in in any given year of new product contribution unless, as I told you, if it's really a unique product proposition, that's coming hitting the ground running, which will be a different ball game completely. I look forward to having this kind of products as we move on in in our in organic product portfolio shopping.

Your question is about expiries with distributors, which is very technical. Yeah, it differs from one distributor and one country to another but in all absolute fairness it's our product at the end of the day. Distributor is just the middleman. They don't do promotion they don't do a push of the product. They just responded to demands from the market. So if, for example, we push products from them on the premises that it will be sold and we don't, we fail to sell it, it's our problem, it's our mistake, it's our baby we have to take it back. So in majority of the cases, we play fair and just and we say, yeah we control the controllable initially by not pushing more product at one or our people can sell more that can come back and haunt us lately as expiries, but as well when it happens, we, we take the product back but we keep it if your question is more specific about our average, we keep it within the industry average, which doesn't exceed the hopefully the two to three percent on annual basis. And yeah, I will keep on pushing the envelope and even bringing it down.

Anwer Mohiuddin 01:36:14.800 --> 01:36:22.320

Let me add that, ok, we already have a provision from the sales for this two to three percent.

Tarek01:36:23.120 --> 01:36:43.560

Yeah, but even though we don't become a become complacent onward with just because of the provision but we push the envelope the less we do the better because it doesn't only impact the money because we secure ourselves to Answers point by provision, but as well we don't want our capability to be impacted. We don't, I mean forecasting accuracy is very important for us and we take it diligent we don't push products on partners that we don't think that we can sell or it will come back and hold us. So it's very important for us that we to play it this way.

Tarek01:36:57.280 --> 01:36:58.320

Other Questions?

Ibrahim Elaiwat, AJC 01:36:58.960 --> 01:37:13.720

With that we do have a follow up from the Mike section. We've got a follow up from Ibrahim Atiya. Your line. Oh, seems over there he is, Ibrahim your line is open, please unmute yourself and go ahead. Seems he dropped out of the line. We do have a follow up from Abdalaziz, I mean Abdalaziz if you don't have the follow up, please lower your hand. Otherwise, I will unmute you Abdulaziz dropped out as well and Sultan, if you do not have a follow up, could you please lower your hand. Otherwise I will unmute you and your line is now open. Please unmute yourself and go ahead.

Sultan omar 01:37:40.600 --> 01:37:50.640

Yeah, thank you Ibrahim. Hi mister Tarek again, so I just have a very quick questions. You mentioned you had one off in the fourth quarter of around ten million, right?

Tarek:

Correct.

Sultan omar: And the other question is related to the new data facility. Can you just give us an update on the ramp up of the, of that facility.

The ramp up of the like utilization, the capacity ramp up like going into.

Tarek01:38:14.480 --> 01:38:21.440

Yeah, as I said after this we almost concluded twenty four was with almost ten percent utilization if you take yeah I mean ten fifteen percent, if you take the three point five million produced compared to twenty three million theoretical capacity on this on this facility hopefully you will this year we can run it up to something close to thirty, forty percent and then we keep on evolving on this because to your best awareness and others, we intend at least in the first few years not to shut down our Sterile product facility in the existing Jeddah facility, so the two will continue to work in parallel. So that's very important for you to understand when you analyze the capacity localization on this plant as well. So this plant is, is meant to really help us with the future demand, and we believe and perhaps that's where a part of your question. We believe that this plant will keep us growing with the gross we expect and the business over the coming three years up to twenty twenty seven which means realistically will reach almost eighty ninety percent capacity utilization by twenty seven and then we'll have to really either upgrade machinery or come up with a new extension or whatever. Which we are working on from today to satisfy growth over and beyond twenty twenty seven. Yeah.

Sultan omar 01:40:03.920 --> 01:40:19.920

And just another follow up on my previous question on the EBITDA guidance, like during your talk with Abdulaziz you mentioned that you're pushing gross margin higher. You want to increase gross margin and you expect gross margin to improve in twenty five. If gross margin is improving in twenty five, why are you assuming EBIDA margins going to decline? Are you assuming.

Tarek01:40:31.080 --> 01:40:50.680

Gross margin can improve, but your investment can improve as well because you're launching new products and your, you're pushing on many other fronts. So EBITDA is not a final product to just gross margin as you know better than me. So yeah, we, we push every line in the in the PNL as I said to become more positive but as well we don't become short on investing behind the new product launches behind the key strategic products for us and not so that we can drive the growth in a healthy manner. So it's a full equation, you cannot take it in part. Yes, we keep on pushing gross margin, but as well we do to be able to fund better investments, to fund the better servicing behind products to ensure that we even pull our future growth in a more healthy manner.

Ibrahim Elaiwat, AJC 01:41:28.440 --> 01:41:39.120

Thank you panelists. Sure we have a question from Naif, please try to limit your questions two at a time so we may wrap up all the questions as much as possible. Your line is now open, please unmute yourself and go ahead.

Naif Binghaith 01:41:45.280 --> 01:41:46.320 Am I audible now?

Naif Binghaith 01:41:47.600 --> 01:42:04.600

I thank you Ibrahim and thank you management for your presentation. I just have a clarifying question on the provisions that have been taken. I saw in the presentation that the management said it's for it was five point one million in in legacy investments if I'm not mistaken, but now they are saying It was ten million in the fourth quarter, so which was you know which is at the ten or the five.

Tarek01:42:12.680 --> 01:42:32.600

I mentioned already, because you cannot argue it's a one off because it will be a repeated here because this is the first year where approved an LTI for the team. So we took a provision for this and we have the provision which is you already tried me the five point one or five point two which is couple of the earlier investment that didn't work well for the company, and we decided to clean our books. So when you add the two together, it's close to the ten million I told you about.

Naif Binghaith 01:42:44.560 --> 01:42:47.600

Okay, now it's clear for me. Thank you.

Ibrahim Elaiwat, AJC 01:42:50.480 --> 01:43:00.600

Panelists, we have a final question from Sarah. Sarah Sarah's asking, we noticed the Egypt sales declining this quarter as well as the previous quarter. What's the reason behind this decline.

Tarek01:43:05.840 --> 01:43:11.800

So, Sarah sorry I didn't get the question Egypt sales declined in in Q four.

Ibrahim Elaiwat, AJC 01:43:12.760 --> 01:43:17.680

Yeah, for two quarters in a row and she's asking if you can shed some light on the reason behind that.

Tarek01:43:17.840 --> 01:43:34.520

Yeah, so as I, as I mentioned earlier Sarah, we achieved above our target in in in Egypt and we achieved a very healthy growth as well. I think the numbers you see as well is a final product of supply and our ability to supply and our ability to rationalize as well mobilizing volumes from Jeddah or not mobilizing volumes from Jeddah prioritizing other markets. But the in marketing in in Egypt went very healthy and we achieved our number for twenty twenty four, above a hundred percent. On the targets or on the work, hundred percent with the gross as I mentioned in the earlier slide of nineteen percent if you take off that evaluation impacted will be multiples of this nineteen percent so in general, yeah, I mean it was a fluctuation of quarter to quarter, so the first two quarters in Egypt toward were hugely above budget and the second, the latter part of the, of the year that were impacted by supply issues, some product mobilization, some lack of law materials, and other stuff It costly this, but net we managed to make our numbers in Egypt at the at the end of twenty twenty four.

Thank you for the observations Sara.

Ibrahim Elaiwat, AJC 01:44:43.600 --> 01:45:03.960

That's very clear. Thank you. And that would have to mark the final question for our session to conclude the call and on behalf of Al Jazira capital. I'd like to extend our sincere thank you to Jamjoom pharma's management for their time and the presentation and for your willingness to go overtime on this call. And thank you to our guests for taking the time to join the call as well.

Panelists I'll leave the floor to you for any closing remarks.

Tarek01:45:05.360 --> 01:45:25.440

No, thank you very much. I really enjoy the company of this group of analysts and investors and business partners and I like the quality of the questions that are improving one quarter on the other and the guys you are part of this success I'm very pleased that with you keeping on giving us, we are not only giving you guidance, but you give us sometimes guidance and we listen and we implement as I showed you in in our last quarter in twenty four, and we'll continue to keep this healthy dialogue going.

Thank you very much and I wish you an amazing day, Al Salam Alaikom.

Ibrahim Elaiwat, AJC 01:45:42.480 --> 01:45:45.160

Thank you once again panelists. Thank you to our guests. The meeting is now over.

Anwer Mohiuddin 01:45:45.680 --> 01:45:46.240 Thank you so much.

Ibrahim Elaiwat, AJC 01:45:46.320 --> 01:45:48.120

Let me close the chat. Thank you. Bye bye.

-End-