



## Vincent Medical Holdings Limited

Stock code : 1612. HK

**2020 net profit surged by 17.8 times to HK\$217 million**

**Revenue increased by 1.3 times to HK\$ 1.16 billion**

**Respiratory products sales rose by 2.9 times to HK\$ 819 million**

**Gross and net profit margin increased by 10.5 p.p. and 18.8 p.p.**

**Final dividend of HK\$11.0 cents**

### Financial highlights

<i>HK\$ million</i>			
<b>For the year ended 31 December</b>	<b>2020</b>	<b>2019</b>	<b>Change</b>
Revenue	<b>1,155.4</b>	502.2	+130.1%
Gross profit	<b>494.2</b>	162.0	+205.1%
Profit attributable to owners of the Company	<b>216.9</b>	11.5	+1,781.7%
EPS (HK cents)	<b>33.84</b>	1.81	+1,769.6%
Gross profit margin (%)	<b>42.8</b>	32.3	+10.5 p.p.
Net profit margin (%)	<b>21.4</b>	2.6	+18.8 p.p.

(Hong Kong, 23 March 2021) – **Vincent Medical Holdings Limited** (“Vincent Medical” or together with its subsidiaries, the “Group”, stock code: 1612), is pleased to announce its annual results for the year ended 31 December 2020 (the “Year”). Driven by surging market demand for respiratory devices and disposables as a result of the COVID-19 pandemic, together the launch of new products and expansion to new markets, total revenue for the Year increased by 130.1% year-on-year (“YoY”) to HK\$1,155.4 million (2019: HK\$502.2 million). Gross profit increased by 205.1% to HK\$494.2 million (2019: HK\$162.0 million), and gross profit margin improved from 32.3% to 42.8%, attributable to the improving revenue mix, with much stronger sales coming from inspired™ respiratory devices and disposables, along with greater economies of scale due to the expansion in production scale. Profit attributable to owners of the Company surged by 17.8 times to HK\$216.9 million (2019: HK\$11.5 million). Earnings per share also rose by 17.7 times to 33.84 HK cents (2019: HK 1.81 HK cents). The Board has proposed the payment of a final dividend of HK\$11.0 cents (2019: HK\$1.10 cents).

## **Respiratory products segment**

Respiratory products segment remained the largest revenue contributor to the Group, as revenue soared by 285.6% to HK\$819.0 million (2019: HK\$212.4 million), primarily driven by the rising global demand for respiratory devices, as well as the growth in disposables sales from the expanding installed base of the inspired™ O2FLO high flow respiratory humidifier (the “O2FLO”) and the inspired™ VHB series humidifiers (the “VHB Humidifier”) in the existing and new markets. Gross profit margin of the respiratory products segment increased from 33.5% to 47.9%, primarily attributable to the launch of the O2FLO, higher sales volume of disposables for ventilators, as well as some one-time orders of respiratory disposables from major ventilator companies and governments.

Breaking down by specific product, revenue generated from the sales of O2FLO surged to HK\$111.3 million (2019: HK\$1.1 million), with the sales of O2FLO’s dedicated disposables and accessories reaching HK\$93.5 million (2019: HK\$0.2 million). O2FLO has an installed base of over 13,000 units in major markets including India, Saudi Arabia, South Africa, the PRC, Turkey and Kazakhstan.

During the Year, the Group has entered into long-term collaborations with a number of world’s leading ventilator makers, in supplying its VHB Humidifiers with tailor-made features. Revenue generated from the sales of VHB Humidifiers increased by 11.9 times to HK\$93.9 million (2019: HK\$7.0 million), and sales from the related disposables also recorded a significant growth of 1.9 times to HK\$101.1 million (2019: HK\$33.9 million).

Sales of OEM respiratory products also rose by 198.2% to HK\$291.7 million (2019: HK\$97.8 million), mainly attributable to the increase in order intake of respiratory disposables during the COVID-19 outbreak.

## **Imaging disposable products segment**

The Group continued to manufacture and sell imaging disposable products on an OEM basis. During the Year, the Group was awarded with new projects on the development and production of certain new CT injector consumables. Supported by the stable raw materials supply, revenue generated from this segment increased by 27.0% YoY to HK\$199.5 million (2019: HK\$157.1 million). Segment gross margin also increased from 30.1% to 31.6% due to the increase in production efficiency.

## **Orthopaedic and rehabilitation products segment**

In addition to the shift of medical resources to the treatment of COVID-19, many non-urgent surgical procedures and the relevant marketing activities in the orthopaedic space were suspended in the first half of 2020, which had led to a weaker demand for the relevant devices. During the Year, revenue generated from orthopaedic and rehabilitation products segment decreased by 23.3% to HK\$63.1 million (2019: HK\$82.2 million). Segment gross profit margin decreased to 34.2% from 37.1% mainly due to lower sales volume.

## **Outlook**

Given the dramatic increase in demand that the Group observed in 2020, and with limited budget from hospitals in 2021, the Group expects there will be a YoY decrease in sales of respiratory devices in 2021. However, the Group believes that there is an increasing recognition over high flow respiratory treatment, and Vincent Medical is well-positioned to capture future market opportunities. The Group will continue to embrace its “device + disposables” growth strategy to further expand installed base, and will look to derive a growing recurring income from its dedicated disposables supported by the installed base expansion.

On product development, the Group is looking to launch an additional range of O2FLO device to satisfy the demand in a broader range of healthcare situations, such as anesthesia and surgery. The Group will also launch a series of dedicated disposables including the smoothbore heater wire circuits and new nasal prongs, in order to drive product adoption through growing functionality. In addition, the Group will work diligently to prepare a comprehensive 510(k) filing for its O2FLO and VHB Humidifier devices to expand its market coverage.

**Mr. Choi Man Shing, Chairman of Vincent Medical, said** “the COVID-19 pandemic has not only transformed the global healthcare system, but also Vincent Medical. The Group is gradually developing into a key supplier to major global respiratory companies. We are in discussions with existing partners to expand collaboration in both product range and geographical coverage. By leveraging their respective distribution network, products as well as resources, we can expand the installed base of our devices and drive sales of our disposables, thus boosting our market penetration.”

“Despite the uncertainty of the pandemic, the Group’s commitment to creating values for all stakeholders remains. The Group believes that 2020 was a major opportunity to achieve growth through our solid foundation. Supported by the new product launch, I am confident that the Group can achieve continuous long-term organic growth, and is looking to become a global leader in respiratory care in the future.”

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### **About Vincent Medical Holdings Limited (Stock code: 1612)**

Established in 1997, Vincent Medical Holdings Limited is a Hong Kong-headquartered medical device manufacturing group. We develop, manufacture and sell a wide range of medical devices to our customers around the globe, focusing on respiratory care, imaging disposable, and orthopaedic and rehabilitation products. Our products include a range of electronic medical devices such as high-flow oxygen therapy devices, respiratory humidification system, sleep ventilators, rehabilitation devices, as well as the related disposables in respiratory care and anesthesiology. With our major production base in Dongguan, China, along with the R&D, regulatory and manufacturing divisions in Dongguan Songshan Lake Technology Industrial Park, we are dedicated to bringing innovative, high-quality and reliable medical devices to the global market.

This press release is issued by DLK Advisory Limited on behalf of **Vincent Medical Holdings Limited**.

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