



Second Quarter 2020 Results

Increased operating loss as sales drop balanced by lower net finance expense

Alexandria, 13th August 2020 – Lecico Egypt announces its consolidated results for the second quarter of 2020. Revenue was down 36% to LE 382 million. The Company reported an operating loss (EBIT) of LE 65.1 million compared to an operating loss of LE 32 million in 2Q 2019. Lecico reported a net loss of LE 75 million compared to a net loss of LE 86.9 million in the same period last year.

For the first six months, revenue was down 29% to LE 878.5 million. The Company reported an operating loss (EBIT) of LE 93.3 million compared to an operating profit of LE 2.4 million in the first half of 2019. Lecico reported a net loss of LE 147.1 million compared to a net loss of LE 114.9 million in the same period last year.

Lecico Egypt Chairman, Gilbert Gargour commented “The second quarter saw a fuller impact of coronavirus on operational results. Sanitary ware export sales were substantially lower as a result of closures in Europe. Egypt and tiles were less affected and benefitted from the restructuring of our tile capacity last year.

“Despite lower sales we passed this quarter with a significant reduction in net debt as we collected LE 175 million from the sale of land in Lebanon and generated cash from operations.

“The picture remains uncertain and it is wise to remain cautious and prepare for a challenging year-end. The steps Lecico has taken to improve its cost structure and balance sheet put us in good stead to take advantage of a recovery when it comes.”

Taher Gargour, Lecico Egypt CEO, added, “I am proud of how our staff has been able to manage our cash through this challenging quarter. Our teams were able to reduce inventories of all products and materials; ensure that trade receivables were reduced; and all teams worked to reduce personnel costs and cut back on all possible expenditures. As a result, Lecico generated cash over and above proceeds from the sale of land in Lebanon.

“This puts us in a stronger position to weather the challenges of the rest of the year. While keeping our staff safe our goal is to continue to offer best service to our customers, maintain our position in our markets while managing costs and continuing to focus on tight cash control and working capital management in order to minimize our need for funding as we navigate this period. The entire Lecico team will continue to work towards the best possible result.”

The Full Statements for the period with analysis are available on Lecico’s Web site.

About Lecico

Lecico (Stock symbols: LCSW.CA; LECI EY) is a leading producer of export-quality sanitary ware in the Middle East and one of the largest tile producers in Egypt, with over 50 years of experience in the industry and decades of experience as an exporter to developed markets.

Lecico benefits from significant cost advantages in labour, energy and investment costs resulting from its economies of scale and location in Egypt and Lebanon. Lecico's marketing strategy is to use its cost advantages to target the mass market with high quality pieces at competitive prices.

Lecico exports over half its sanitary ware production and has a significant presence in the United Kingdom and other European markets. Most of the Company's exports are done under the Lecico brand, although it also produces for other European brands.

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