



Third Quarter 2020 Results

Sales rebound drives a significant reduction in losses

Alexandria, 17th November 2020 – Lecico Egypt announces its consolidated results for the Third quarter of 2020. Revenue was down 5% to LE 561.4 million. The Company reported an operating loss (EBIT) of LE 25.3 million compared to an operating loss of LE 33.6 million in 3Q 2019. Lecico reported a net loss of LE 45.3 million compared to a net loss of LE 88.1 million in the same period last year.

For the first nine months, revenue was down 21% to LE 1,439.9 million. The Company reported an operating loss (EBIT) of LE 118.5 million compared to an operating loss of LE 31.2 million in the first nine months of 2019. Lecico reported a net loss of LE 192.4 million compared to a net loss of LE 203 million in the same period last year.

Lecico Egypt Chairman, Gilbert Gargour commented “The third quarter saw Lecico achieve a strong rebound in revenues and lowest losses in over a year. Sales rebounded to pre-COVID levels both in Egypt and in exports. Our working capital levels continued to improve as we continue to destock inventories and push out payment terms. Our net debt has been reduced to its lowest value in over five years.

“Lecico still has a way to go to return to profitability, but the progress achieved gives me confidence that we are on the right path. We should continue showing strong improvement in the next year.”

Taher Gargour, Lecico Egypt CEO, added, “The speed of the market rebound we have seen in the past quarter has made me optimistic that Lecico is in a strong position to generate increased sales in the coming year. This recovery will continue to drive our return to profitability now that we have made significant progress in cutting our below the operating line expenses.

“We still have work to do to reduce our debt further, monetize further assets and restructure our tax rates to keep improving our cost structure, but now lion’s share of our recovery has to come from the top line and economies of scale.

“Lecico’s task ahead is to maximize sales and take advantage of these commercial opportunities while driving continuous improvement in our smart management of costs, working capital and cashflows. A lot of our success in this is dependent on external factors, but rest assured that the entire Lecico management team will continue to work towards the best possible result despite these challenges.”

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.

For additional information, please contact:

Taher G. Gargour
Telephone: +203 518 0011
Fax: +203 518 0029

Visit our website at: www.lecico.com

Forward-looking statements

This release may contain certain "forward-looking statements", relating to the Company's business, which can be identified by the use of forward-looking terminology such as "will", "planned", "expectations", "forecast" or similar expressions, or by discussions of strategy, plans or intentions. Such statements may include descriptions of investments planned or currently under development by the company and the anticipated impact of these investments. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results that may be expressed or implied by such forward-looking statements.