



First Quarter 2021 Results

Sales rebound drives significant reduction in losses

Alexandria, 26th May 2021 – Lecico Egypt announces its consolidated results for the first quarter of 2021. Revenue was up 21% to LE 600.5 million. The Company reported an operating profit (EBIT) of LE 10.4 million compared to an operating loss of LE 28.2 million in 1Q 2020. Lecico reported a net loss of LE 16.8 million compared to a net loss of LE 72.1 million in the same period last year.

Lecico Egypt Chairman, Gilbert Gargour commented, “Lecico continues to deliver improved results in a global environment where strong demand is lifting manufacturing results globally. Aside from some Ramadan related headwinds in the second quarter, Lecico will continue to build on those numbers in the coming year and I am optimistic that Lecico will deliver a significant improvement year-on-year in 2021.”

Taher Gargour, Lecico Egypt CEO, added, “In the first quarter, Lecico posted improved gross margins and gross profits in all segments, giving us our best quarterly operating results for the last two years. Thanks to this improved operating performance and LE 13.1 million in extraordinary income, we reported our first pre-tax profit and lowest net loss in over two years.

“We generated cash and further reduced debt over the quarter with stronger cash flows from operations and despite some stock building and receivables growth.

“This strong start puts us on good footing for 2021, although we face a seasonal slowdown in the second quarter due to Ramadan and an increase in plastics, packaging and shipping costs. Lecico has raised prices in Egypt and the Middle East to begin offsetting this increase and we are beginning to raise prices in Europe although this remains constrained by low overall inflation and contracts with large customers in our export markets.

“Lecico still has a lot to do to continue improving our margins in sanitary ware and see overheads fall as a proportion of sales as we continue to grow sales volumes and revenues in the quarters ahead. We also are taking a close look at how to restructure our corporate profile to reduce our tax charges.

“Lecico’s task ahead remains to ramp up production and maximize sales while working towards continuous improvement in our 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 results in these focus areas in any situation.”

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 manufacturing base in Egypt. 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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