



Second Quarter 2021 Results

Alexandria, 11th August 2021 – Lecico Egypt (Stock symbols: LCSW.CA; LECI EY) announces its consolidated results for the second quarter 2021.

Highlights

2Q 2021

- Lecico revenue up 66% to LE 636 million (64.8% from sanitary ware).
- Sanitary ware revenue up 93% to LE 411.9 million, volumes up 72% to 1.3 million pieces (80.7% exports).
- Tile revenue up 28% to LE 201.2 million, volumes up 23% to 5 million square meters (31.4% exports).
- Brassware revenue up 92% to LE 22.9 million, sales volume up 21% to 20,774 pieces.
- EBIT profit of LE 3.1 million compared to EBIT loss of LE 65.1 million in 2Q 2020.
- Net loss of LE 6.8 million compared to net loss of LE 75 million in 2Q 2020.

1H 2021

- Lecico revenue up 41% to LE 1,236.5 million (62.3% from sanitary ware).
- Sanitary ware revenue up 49% to LE 770.1 million, volumes up 44% to 2.5 million pieces (75.7% exports).
- Tile revenue up 26% to LE 417.6 million, volumes up 23% to 10.4 million square meters (25.1% exports).
- Brassware revenues up 75% to LE 48.7 million, sales volume up 33% to 47,298 pieces.
- EBIT profit of LE 13.4 million compared to EBIT loss of LE 93.3 million in 2020.
- Net loss of LE 23.6 million compared to net loss of LE 147.1 million in 2020.

Lecico Egypt Chairman, Gilbert Gargour commented, “I am pleased to see a continued quarter-on-quarter improvement in Lecico Egypt’s results driven by strong export sales.

“Our sanitary ware export demand continues to outpace our ramping up of production, allowing us to deliver our highest volume of sanitary ware sales this quarter – on the back of record export sales volumes.

“Despite Ramadan limiting sales in the Middle East and slowing our production in April and May, this has led to an operating and pre-tax profit for the quarter for the first time in over three years.

“We are still working towards a return to sustainable and significant profitability and this quarter is another important step in that recovery. I believe this will continue in the quarters ahead as we further increase production and start improving our sales mix to increase average returns.

“We have a strong demand outlook into 2022, which is giving us an opportunity to fine tune our sales mix to optimize profitability, sustainability and risk-diversification. I hope the strong demand we are seeing from Europe will be augmented by a consumer recovery in Egypt – one that is long overdue and may find impetus from the expected return of tourism in the coming year or so.

“I thank you for your continued interest and support of Lecico.”

Taher Gargour, Lecico Egypt CEO, added, “This quarter is our fourth consecutive quarter of improving gross and EBITDA margins. It is the first quarter in over three years where we have reported both an operating profit (EBIT) and a pre-tax profit.

“Year-on-year comparisons are a bit meaningless as we had a significant hit from the first wave of COVID-19, making 2Q 2020 a meaningless base for comparison.

“As in the second half of 2020, demand continued to outpace production for most of our industry and that has been our case as well in this quarter.

“We did see debt grow in the quarter as receivables rose with improving sales and as we rebuilt our raw materials and complementary product inventories that had been depleted over the last few quarters by strong demand and supply challenges.

“I am optimistic about our performance in the second half of the year, and expect the improved results seen in the first half to continue in the coming quarters.

“Lecico still has more to do to continue improving margins in sanitary ware and to see overheads fall as a proportion of sales as we continue to grow in the quarters ahead. We are looking at ways to restructure our corporate profile and reduce our disproportionate 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.”

Lecico Revenue and Profitability

Profit and loss statement highlights						
(LE m)	2Q		%	1H		%
	2021	2020	21/20	2021	2020	21/20
Sanitary ware	411.9	213.1	193%	770.1	518.6	149%
Tiles	201.2	157.0	128%	417.6	332.2	126%
Brassware	22.9	11.9	192%	48.7	27.8	175%
Sales	636.0	382.0	166%	1,236.5	878.5	141%
Sanitary ware/sales (%)	64.8%	55.8%	9.0%	62.3%	59.0%	3.3%
Cost of sales	(523.8)	(370.7)	141%	(1,024.5)	(810.1)	126%
Cost of sales/sales (%)	(82.4%)	(97.0%)	(14.7%)	(82.9%)	(92.2%)	(9.3%)
Gross profit	112.2	11.4	986%	212.0	68.5	310%
Gross profit margin (%)	17.6%	3.0%	14.7%	17.1%	7.8%	9.3%
Distribution and administration (D&A)	(94.0)	(59.3)	159%	(181.1)	(132.2)	137%
D&A/sales (%)	(14.8%)	(15.5%)	(0.7%)	(14.6%)	(15.0%)	(0.4%)
Net other operating income/ (expense)	(15.1)	(17.2)	88%	(17.4)	(29.6)	59%
Net other operating income/ (expense) sales (%)	(2.4%)	(4.5%)	(2.1%)	(1.4%)	(3.4%)	(2.0%)
EBIT	3.1	(65.1)	-	13.4	(93.3)	-
EBIT margin (%)	0.5%	-	-	1.1%	-	-
Net profit (loss)	(6.8)	(75.0)	9%	(23.6)	(147.1)	16%
Net profit margin (%)	-	-	-	-	-	-

2Q 2021: Sales rebound drives significant reduction in losses

Lecico reported a continued recovery in sales as European markets continue to bounce back and the onboarding of new customers and new designs helped build demand and Lecico continued to ramp up its sanitary ware capacity with new staff brought in over the previous quarter.

Lecico revenues for the second quarter increased by 66% year-on-year to reach LE 636 million (2Q 2020: LE 382 million) with higher revenues in all segments. Local revenues were up 6% year-on-year to reach LE 217.7 million (2Q 2020: LE 205 million) and export revenues were up 136% year-on-year to reach LE 418.3 million (2Q 2020: LE 177.1 million).

Quarter-on-Quarter revenues increased by 6% (1Q 2021: LE 600.5 million). Local revenues decreased 20% quarter-on-quarter to reach LE 217.7 million (1Q 2021: LE 272.1 million) and export increased 27% quarter-on-quarter to reach LE 418.3 million (1Q 2021: LE 328.4 million).

Lecico's cost of goods sold increased by 41% year-on-year to LE 523.8 million (2Q 2020: LE 370.7 million) as a result of the increase in production volumes with sanitary ware production increasing 28% compared to the same period last year.

Lecico's gross profit for the second quarter increased 886% year-on-year to LE 112.2 million (2Q 2020: LE 11.4 million). Lecico's gross profit margin increased 14.7 percentage points to 17.6% compared to 3% in the same period last year. Gross profit in all segments improved.

Quarter-on-quarter gross profit increased by 12% (1Q 2021: LE 99.8 million) and Lecico's gross margin increased 1 percentage points (1Q 2021: 16.6%).

In absolute terms, distribution and administration (D&A) expenses increased by 59% to LE 94 million (2Q 2020: LE 59.3 million), but proportional D&A expenses were down by 0.7 percentage points to 14.8% (2Q 2020: 15.5%).

Quarter-on-quarter distribution and administration (D&A) expenses increased by 8% (1Q 2021: LE 87.1 million) and proportional D&A expenses were up by 0.3 percentage points (1Q 2021: 14.5%).

Lecico reported LE 15.1 million in net other operating expense compared to net other operating expenses of LE 17.2 million in the same period last year.

Quarter-on-quarter Lecico reported LE 15.1 million in net other operating expense compared to net other operating expenses of LE 2.3 million in 1Q 2021. 1Q 2021 net other operating expense was reduced by a LE 13.1 million exceptional income from natural gas refund.

Lecico reported EBIT profit of LE 3.1 million compared to EBIT loss of LE 65.1 million in 2Q 2020. Lecico also reported an EBIT profit in 1Q 2021 LE 10.4 million.

Lecico reported LE 1.9 million in net financing income compared to net financing expense of LE 5.7 million in the same period last year primarily due to gain from present value of long-term notes payable of LE 8.2 million, the significant reduction in both debt levels and interest rates year-on-year, as well as the increase in exchange variance gain by LE 3.7 million.

Quarter-on-quarter Lecico reported LE 1.9 million in net financing income compared to net financing expense of LE 13.2 million in 1Q 2021 due to the significant increase in exchange variance gain by LE 13.5 million. This gain is coming from the disparity between official and black-market exchange rates in Lebanon.

Lecico reported net tax charge of LE 9.2 million in the second quarter versus tax charge LE 6.6 million in the same period last year.

Lecico reported net loss of LE 6.8 million in the second quarter compared to a net loss of LE 75 million in the same period last year. Quarter-on-quarter, Lecico's net loss decreased 59% (1Q 2021: LE 16.8 million net loss).

1H 2021: Sales led recovery sees significant drop in losses

Lecico revenues for the first half increased by 41% year-on-year to LE 1,236.5 million (1H 2020: LE 878.5 million) due to the increase in sales in all segments and the impact of the coronavirus in the first half of last year.

Lecico's cost of goods sold was up 26% year-on-year to LE 1,024.5 million (1H 2020: LE 810.1 million).

Gross profit increased by 210% to reach LE 212 million (1H 2020: LE 68.5 million) and the Company's gross profit margin was up 9.3 percentage points to 17.1% compared to 7.8% in the same period last year.

In absolute terms, distribution and administration (D&A) expenses increased by 37% to LE 181.1 million (1H 2020: LE 132.2 million), but proportional D&A expenses were down by 0.4 percentage points to 14.6% of net sales compared to 15% in last year.

Lecico reported LE 17.4 million in net other operating expenses compared to net other operating expenses of LE 29.6 million in the same period last year. The decrease is mainly due to exceptional income from natural gas refund by LE 13.1 million.

Lecico reported an EBIT profit of LE 13.4 million for the first half compared to an EBIT loss of LE 93.3 million in the same period last year.

Net financing expenses decreased 75% year-on-year during the first half of 2021 to reach LE 11.2 million compared to LE 45.7 million in the same period last year. The reduction coming from the gain from exchange variance (LE 12.8 million exchange variance gain compared to an exchange variance gain of LE 5.1 million in the same period last year), as well as the reduction in net debt and interest rates in Egypt and Lebanon.

Lecico reported net tax charge of LE 21.7 million versus a tax charge of LE 11.9 million in the same period last year.

Lecico reported net loss of LE 23.6 million compared to net loss of LE 147.1 million in the same period last year.

Segmental analysis

Sanitary ware

2Q: Sanitary ware sales volumes increased by 72% (up 521,472 pieces). Export sales volumes increased by 119% (up 548,317 pieces), but local sales volumes decreased by 8% (down 20,750 pieces) and Lebanon sales volumes decreased by 47% (down 6,095 pieces).

Quarter-on-quarter total sales volumes increased by 2% (up 30,069 pieces). Export volumes increased 17% (up 146,928 pieces) and sales in Lebanon increased by 53% (up 2,355 pieces), but Sales in Egypt decreased 34% (down 119,214 pieces).

Average sanitary ware prices increased by 13% year-on-year at LE 329.6 per piece (2Q 2020: LE 292.7). Quarter-on-quarter average prices increased by 12% (1Q 2021: LE 293.7) due to increased export sales.

Revenues were up 93% year-on-year at LE 411.9 million (2Q 2020: LE 213.1 million). Quarter-on-quarter revenues were up 15% (1Q 2021: LE 358.2 million).

Average cost of sales per piece was down 8% year-on-year at LE 274.4 per piece primarily as a result of the increase in production. Production was up 28% year-on-year. Quarter-on-quarter, the average cost of sales was up 6% (1Q 2021: LE 258.5 per piece).

Lecico reported gross profit of LE 69 million compared to gross loss of LE 4.7 million in the same period last year. Gross margin in the second quarter 2021 is 16.8%.

Quarter-on-quarter gross profit increased by 61% (1Q 2021: LE 43 million) and the gross margin increased by 4.8 percentage points (1Q 2021: 12%).

Sanitary ware segmental analysis	2Q		%	1H		%
	2021	2020		2021	2020	
Sanitary ware volumes (000 pcs)						
Egypt (000 pcs)	235	256	92%	589	512	115%
Lebanon (000 pcs)	7	13	53%	11	52	22%
Export (000 pcs)	1,008	460	219%	1,869	1,151	162%
Total sanitary ware volumes (000 pcs)	1,250	728	172%	2,469	1,715	144%
Exports/total sales volume (%)	80.7%	63.1%	17.5%	75.7%	67.1%	8.6%
Sanitary ware revenue (LE m)	411.9	213.1	193%	770.1	518.6	149%
Average selling price (LE/pc)	329.6	292.7	113%	311.9	302.4	103%
Average cost per piece (LE/pc)	274.4	299.1	92%	266.5	288.1	93%
Sanitary ware cost of sales	(342.9)	(217.8)	157%	(658.2)	(494.0)	133%
Sanitary ware gross profit	69.0	(4.7)	-	112.0	24.6	455%
Sanitary ware gross profit margin (%)	16.8%	-	-	14.5%	4.8%	9.8%

1H: Sanitary ware sales volume increased by 44% to 2.5 million pieces (up 754,636 pieces). Egyptian volumes increased 15% (up 76,812 pieces) and export volumes increased 62% (up 718,471 pieces) but sales in Lebanon decreased by 78% (down 40,647 pieces).

Average sanitary ware prices were up 3% year-on-year to LE 311.9 per piece (1H 2020: LE 302.4) as a result of price increases in Egypt and an increased proportion of export sales.

Revenues were up 49% year-on-year at LE 770.1 million (1H 2020: LE 518.6 million).

Average cost of sales decreased 7% at LE 266.5 per piece due to higher production. Sanitary ware production was 58% higher than in the first half of 2020.

Gross profit increased 355% to LE 112 million (1H 2020: LE 24.6 million) and the margin up 9.8 percentage points to 14.5% (1H 2020: 4.8%).

Tiles

2Q: Tile sales volumes increased 23% year-on-year (up 911,882 square meters) to reach 5 million square meters. Export sales volumes increased 174% (up 990,027 square meters), but local sales volumes decreased 1% (down 46,297 square meters) and Lebanon sales decreased 27% (down 31,849 square meters).

Quarter-on-quarter sales volumes decreased 9% (down 466,937 square meters). Local volumes decreased 24% (down 1,048,824 square meters), but export volumes increased 49% (up 512,052 square meters) and Lebanon volumes increased 384% (up 69,836 square meters).

Average net prices per square meter increased by 5% year-on-year at LE 40.6 per meter (2Q 2020: LE 38.8). Quarter-on-quarter average prices were up 2% (1Q 2021: LE 39.9).

Tiles revenues were up 28% year-on-year at LE 201.2 million (2Q 2020: LE 157 million). Quarter-on-quarter revenues were down 7% (1Q 2021: LE 216.4 million).

Average costs of sales decreased by 7% year-on-year to reach LE 32.9 per square meter (2Q 2020: LE 35.5 per square meter). Tile production increased by 2% compared to the same period last year. Cost reduction was supported by increased production, cost cutting measures in Egypt and the impact of a strengthening currency on fx-based costs. Quarter-on-quarter average costs were up 5% (1Q 2021: LE 31.2).

Gross profit for the quarter reached LE 38.2 million compared to gross profit LE 13.2 million in the same period last year. Gross margin increased 10.6 percentage points (2Q 2020: 8.4%).

Quarter-on-quarter gross profit decreased by 19% (1Q 2021: LE 46.9 million) and the gross margin decreased 2.7 percentage points (1Q 2021: 21.7%).

Tile segmental analysis	2Q		%	1H		%
	2021	2020		2021	2020	
Tile volumes (000 sqm)						
Egypt (000 sqm)	3,314	3,360	99%	7,677	6,514	118%
Lebanon (000 sqm)	88	120	73%	106	168	63%
Export (000 sqm)	1,558	568	274%	2,604	1,752	149%
Total tile volumes (000 sqm)	4,960	4,048	123%	10,388	8,434	123%
Exports/total sales volume (%)	31.4%	14.0%	17.4%	25.1%	20.8%	4.3%
Tile revenue (LE m)	201.2	157.0	128%	417.6	332.2	126%
Average selling price (LE/sqm)	40.6	38.8	105%	40.2	39.4	102%
Average cost per sqm (LE/sqm)	32.9	35.5	93%	32.0	34.8	92%
Tile cost of sales	(163.0)	(143.8)	113%	(332.5)	(293.8)	113%
Tile gross profit	38.2	13.2	289%	85.1	38.4	222%
Tile gross profit margin (%)	19.0%	8.4%	10.6%	20.4%	11.6%	8.8%

1H: Tile sales volumes increased by 23% year-on-year (up 1.95 million square meters) to reach 10.4 million square meters. Sales in Egypt increased 18% (up 1.2 million square meters), sales in Export increased by 49% (up 852,141 square meters), but sales in Lebanon decreased by 37% (down 61,667 square meters).

Average net prices up 2% to LE 40.2 per square meter compared to LE 39.4 in the same period last year.

Tiles revenues increased 26% year-on-year at LE 417.6 million in the first half of 2021 (1H 2020: LE 332.2 million).

Average costs decreased 8% year-on-year to reach LE 32 per square meter due to cost cutting measures in Egypt, the impact of a strengthening currency on fx-based costs as well as production volume which was 26% higher than the same period in 2020.

Gross profit increased 122% to reach LE 85.1 million (1H 2020: LE 38.4 million) and the margin increased by 8.8 percentage points to 20.4% (1H 2020: 11.6%).

Brassware

2Q: Sales volumes for the first quarter 2021 increased by 21% to reach 20,774 pieces (2Q 2020: 17,228 pieces). Quarter-on-quarter sales volumes decreased by 22% (1Q 2021: 26,524 pieces).

Average net prices were up 59% to reach LE 1,101.8 per piece (2Q 2020: LE 690.9) reflecting a more expensive mix of sales. Quarter-on-quarter prices increased by 13% (1Q 2021: LE 974.6) due to product mix.

Revenue for the quarter increased 92% year-on-year to reach LE 22.9 million (2Q 2020: LE 11.9 million). Brassware accounted for 3.6% of the quarter's revenues, compared to 3.1% in the same period last year. Quarter-on-quarter revenues decreased by 11% (1Q 2021: LE 25.9 million).

Average cost per piece increased 64% to LE 865.1 per piece (2Q 2020: LE 526.7 per piece) reflecting changing mix. Quarter-on-quarter average cost per piece increased 44% (1Q 2021: LE 600.4 per piece).

Gross profit for the quarter increased by 74% year-on-year to reach LE 4.9 million (2Q 2020: LE 2.8 million), but the gross margin decreased 2.3 percentage points to 21.5% (2Q 2020: 23.8%).

Brassware accounted for 4.4% of the quarter's gross profits compared to 24.9% in the same period last year.

Quarter-on-quarter gross profit decreased by 50% (1Q 2021: LE 9.9 million), and the gross margin decreased 16.9 percentage points (1Q 2021: 38.4%). Brassware accounted for 9.9% of gross profits in 1Q 2021.

Brassware segmental analysis	2Q		%	1H		%
	2021	2020		21/20	2021	
Brassware volumes (pcs)						
Egypt (pcs)	20,774	17,228	121%	47,298	35,516	133%
Export (pcs)	-	0	0%	-	0	-
Total brassware volumes (pcs)	20,774	17,228	121%	47,298	35,516	133%
Exports/total sales volume (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Brassware revenue (LE m)	22.9	11.9	192%	48.7	27.8	175%
Average selling price (LE/pc)	1101.8	690.9	159%	1030.5	782.2	132%
Average cost per piece (LE/pc)	865.1	526.7	164%	716.7	628.8	114%
Brassware cost of sales	(18.0)	(9.1)	198%	(33.9)	(22.3)	152%
Brassware ware gross profit	4.9	2.8	174%	14.8	5.4	272%
Brassware gross profit margin (%)	21.5%	23.8%	(2.3%)	30.5%	19.6%	10.8%

1H: Sales volumes for first half of 2021 increased by 33% year-on-year (up 11,782 pieces)

Average net prices increased 32% to reach LE 1,030.5 per piece due to product mix.

Revenues increased 75% year-on-year to reach LE 48.7 million (1H 2020: LE 27.8 million).

Brassware's percentage of consolidated revenues 3.9%, while the percentage for last year was 3.2% of sales.

Average cost per piece rose 14% to LE 716.7 per piece (1H 2020: LE 628.8 per piece) reflecting changing mix.

Gross profit increased 172% to LE 14.8 million (1H 2020: LE 5.4 million) and the margin increased 10.8 percentage points to 30.5% (1H 2020: 19.6%).

Brassware's percentage of consolidated gross profits decreased to 7% of Lecico gross profits (1H 2020: 8%).

Financial Position

The value of Lecico's non-current assets decreased by 3% at the end of June 31, 2021 to reach LE 1,626.5 million (2020: LE 1,669.1 million).

The value of Lecico's current assets increased by 19% at the end of June 31, 2021 to reach LE 1,877.9 million (2020: LE 1,583.8 million) primarily as a result of the increase in cash, inventory and receivables during the first half of 2021.

Total liabilities increased by 16% to reach LE 1,953.9 million (2020: LE 1,686.8 million) primarily as a result of the increase in bank overdrafts and payables.

Gross debt increased 19% or LE 146.9 million to reach LE 910 million compared to LE 763.1 million at the end of 2020.

Net debt increased 17% or LE 110.6 million to reach LE 754.2 million compared to LE 643.6 million at the end of 2020.

Net debt to equity at the end of June 2021 reached 0.5x compared to 0.42x at the end of 2020.

Working capital increased 25% or LE 160.7 million to reach LE 797.5 million compared to LE 636.9 million at the end of 2020 primarily due to the increase in inventory and receivables.

Recent developments and outlook

Outlook for 3Q and the rest of 2021: The recovery in export demand seen in the past twelve months is expected to continue over the rest of the year. The resurgence of the coronavirus seems to be balanced by the success of vaccinations with expectations that there will be limited lockdowns to disrupt sales over the rest of the year.

Demand in Egypt remains constrained, but a recovery in tourism in the second half of 2021 is expected and this could help accelerate private sector spending in the country.

As markets and demand recover, Lecico is gradually ramping up production but being careful to keep costs low and limit the roll back of cost cutting measures enacted to deal with the fallout of the coronavirus. At the same time, safety measures put in place to minimize the risk to our staff which added to our costs of operations remain in place.

Following the improvements in 2Q 2021, management is cautiously optimistic – despite the many risks and unknown variables around the coronavirus - that the improvement seen in the first half will continue in the year ahead with management expecting the average quarterly results for 2021 to show an improvement disregarding seasonal issues in any individual quarter.

Lecico Lebanon restructuring update: The crisis in Lebanon continues to make the market extremely unpredictable and limits activity. Additionally, Lecico Lebanon has been effectively barred from trading for most of 1Q 2021 by lockdowns reaction to COVID-19.

Uncertainty over the exchange rates and the impact of a closed economy are also starting to limit spending more and more in 2Q 2021.

Lecico Lebanon has moved in 2021 to 100% cash payment model as the subsidiary has effectively paid off all its banks' debts and now needs to generate hard currency cash to repay suppliers.

Lebanon's macroeconomic and political outlook for 2021 remains extremely uncertain. Given the slow sales overall in the first half, Lecico Lebanon is expected to book similar losses to last year but to begin repaying Lecico Egypt for old balances of goods now that banks have essentially been paid off.

However, any forecast of Lecico's Lebanese business, in light of the economic and political uncertainty in the country, is subject to extreme variation. We have seen this disruption clearly in the start of the year and how this affects our forecasts will be determined by the appetite of the market once lockdown is lifted as well as where policy goes in the months ahead.

As the situation stabilizes Lecico Lebanon may need to change its business restructuring plan to adjust to any new market realities. Lecico Lebanon will do its best to be flexible and adaptive to the current environment to avoid as much as possible the risks these changes raise and to get the best benefit out of the opportunities it presents.

Management intends to continue to update investors on the progress of restructuring on a quarterly basis in the Results Newsletter.

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 a number of leading European brands.

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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.

Lecico Egypt consolidated income statement

Income statement						
(LE m)	2Q		%	1H		%
	2021	2020	21/20	2021	2020	21/20
Sales	636.0	382.0	166%	1,236.5	878.5	141%
Cost of sales	(523.8)	(370.7)	141%	(1,024.5)	(810.1)	126%
Gross profit	112.2	11.4	986%	212.0	68.5	310%
Gross margin (%)	17.6%	3.0%	14.7%	17.1%	7.8%	9.3%
Distribution expenses	(47.1)	(26.4)	178%	(93.2)	(58.4)	160%
Administrative expenses	(46.9)	(32.9)	143%	(87.9)	(73.8)	119%
Other Operating income	12.3	3.3	372%	31.8	6.1	524%
Other Operating expenses	(27.4)	(20.5)	134%	(49.2)	(35.7)	138%
Operating profit (EBIT)	3.1	(65.1)	-	13.4	(93.3)	-
Operating (EBIT) margin (%)	0.5%	-	-	1.1%	-	-
Investment revenues	(0.0)	0.0	-	1.1	0.0	-
Finance income	13.3	6.0	222%	13.8	6.8	205%
Finance expense	(11.4)	(11.7)	97%	(25.1)	(52.4)	48%
Loss before tax and minority (PBTM)	5.0	(70.8)	-	3.3	(139.0)	-
PBTM margin (%)	0.8%	-	-	0.3%	-	-
Income tax	(9.7)	(7.2)	134%	(23.5)	(12.3)	191%
Deferred tax	0.5	0.6	81%	1.7	0.4	416%
Net Loss after tax (NPAT)	(4.2)	(77.4)	5%	(18.4)	(150.9)	12%
NPAT margin (%)	-	-	-	-	-	-
Minority interest	(2.6)	2.4	-	(5.2)	3.8	-
Net Loss	(6.8)	(75.0)	9%	(23.6)	(147.1)	16%
Net profit margin (%)	-	-	-	-	-	-

Lecico Egypt consolidated balance sheet

Balance Sheet (LE m)	30-Jun-21	31-Dec-20	21/20 (%)
Cash	155.8	119.4	130%
Inventory	965.3	833.7	116%
Receivables	756.8	626.8	121%
Related parties -debit balances	0.0	4.0	0%
Total current assets	1,877.9	1,583.8	119%
Net fixed assets	1,576.7	1,628.8	97%
Intangible assets	12.9	20.2	64%
Projects in progress	26.7	5.4	499%
Available for sale investments	5.9	5.9	100%
Long-term notes receivable	4.3	8.8	49%
Total non-current assets	1,626.5	1,669.1	97%
Total assets	3,504.4	3,252.9	108%
Banks overdraft	865.9	717.2	121%
Current portion of long-term liabilities	90.0	86.1	105%
Trade and notes payable	485.1	410.2	118%
Other current payable	439.5	413.4	106%
Related parties -credit balances	0.3	0.8	32%
Provisions	0.4	0.4	100%
Total current liabilities	1,881.1	1,628.0	116%
Long-term loans	25.2	34.9	72%
Other long-term liabilities	1.2	2.3	50%
Provisions	8.2	6.7	122%
Deferred tax	13.1	14.9	88%
Long Term Notes Payables	25.0	-	0%
Total non-current liabilities	72.7	58.8	124%
Total liabilities	1,953.9	1,686.8	116%
Minority interest	36.4	30.0	122%
Issued capital	400.0	400.0	100%
Reserves	1,435.5	1,433.9	100%
Retained earnings	(297.8)	(77.2)	386%
Net Loss for the period/year	(23.6)	(220.6)	11%
Total equity	1,514.1	1,536.1	99%
Total equity, minorities and liabilities	3,504.4	3,252.9	108%

Lecico Egypt consolidated cash flow

Cash flow statement (LE m)	1H		%
	2021	2020	21/20
Cash Flow from operating activities			
Net Loss for the period	(23.6)	(147.1)	16%
Depreciation and translation adjustment	59.2	54.9	108%
Intangible assets amortization and translation adjustment	0.4	1.2	30%
Intangible write off	7.5	4.6	162%
Income tax expense	23.5	12.3	191%
Income tax paid	(29.5)	(19.5)	152%
Deferred income tax	(1.7)	(0.3)	510%
Capital gains	0.0	(0.0)	0%
Gain of selling other investment	-	1.1	0%
Provided provisions and translation adjustment	41.7	21.6	193%
Reversal of expired provision	0.00	(0.02)	0%
Employee share in net profit	35.5	30.4	117%
Increase (Decrease) in minority interest	6.5	(15.4)	-
Increase (Decrease) in translation reserve	1.6	7.5	21%
(Increase) Decrease in Inventory	(131.6)	50.9	-
(Increase) Decrease in Receivables	(133.7)	47.6	-
Increase (Decrease) in Payables	112.5	55.1	204%
Difference resulted from discounting of long term payables	(8.4)	0.0	-
Utilized Provisions	(32.6)	(10.7)	304%
Increase (Decrease) in Other Long Term Liabilities	(1.2)	(0.6)	187%
Difference result from discounting of long term notes receivables	(0.8)	(2.3)	35%
Net cash from operating activities	(74.9)	91.4	-
Cash flow from investing activities			
Additions to fixed assets and projects	(28.5)	(17.5)	163%
Intangible assets	(0.5)	0.0	-
Net change in available for sale investments	0.0	4.8	0%
Proceeds from sales of fixed assets	(0.0)	166.3	-
Increase (Decrease) in long-term notes receivable	5.3	4.4	120%
Increase (Decrease) in Long Term Notes Payables	33.4	-	-
Net cash (used in) from investing activities	9.7	157.9	6%
Cash flow from financing activities			
Increase (Decrease) in long-term loans	(9.7)	(7.4)	130%
Increase (Decrease) in current portion of long term liabilities	3.9	(0.3)	-
Employees Dividends paid	(41.5)	(37.7)	110%
Net cash from financing activities	(47.3)	(45.5)	104%
Net change in cash & cash equivalent during the period	(112.4)	203.9	-
Net cash and cash equivalent at beginning of the year	(597.7)	(1,057.2)	57%
Net cash and cash equivalent at the end of the period	(710.2)	(853.3)	83%