



Second Quarter 2021 Results

Sales rebound drives return to operating profits

Alexandria, 11th August 2021 – Lecico Egypt announces its consolidated results for the second quarter of 2021. Revenue was up 66% to LE 636 million. The Company reported an operating profit (EBIT) of LE 3.1 million compared to an operating loss of LE 65.1 million in 2Q 2020. Lecico reported a net loss of LE 6.8 million compared to a net loss of LE 75 million in the same period last year.

For the first six months, revenue was up 41% to LE 1,236.5 million. The Company reported an operating profit (EBIT) of LE 13.4 million compared to an operating loss of LE 93.3 million in the first half of 2020. Lecico reported a net loss of LE 23.6 million compared to a net loss of LE 147.1 million in the same period last year.

Lecico Egypt Chairman, Gilbert Gargour commented, “I am pleased to see a continued quarter-on-quarter improvement. Sanitary ware export demand continues to outpace our production, allowing us to deliver record export sales. This has led to an operating and pre-tax profit for the first time in over three years.

“We are still working towards a return to sustainable and significant profitability and this quarter is an important step in that recovery. 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 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 pre-tax profit. Year-on-year comparisons are a bit meaningless as we had a significant hit from the first wave of COVID-19 in 2Q 2020.

“We did see debt grow as receivables rose with improving sales and as we rebuilt 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 and to reduce overheads as a proportion of sales as we continue to grow in the quarters ahead. We are looking at ways

to restructure and reduce our disproportionate tax charges. The entire Lecico team will continue to work towards the best possible results.”

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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