



## **Second Quarter 2022 Results**

LE 38 million in one-off expenses and a quiet regional market drives loss

**Alexandria, 14<sup>th</sup> August 2022** – Lecico Egypt announces its consolidated results for the second quarter of 2022. Revenue was up 14% to LE 723.3 million. The Company reported an operating loss (EBIT) of LE 37.1 million compared to an operating profit of LE 3.1 million in 2Q 2021. Lecico reported a net loss of LE 60.6 million compared to a net loss of LE 6.8 million in the same period last year.

For the first six months, revenue was up 19% to LE 1,468.8 million. The Company reported an operating loss (EBIT) of LE 6.5 million compared to an operating profit of LE 13.4 million in the first half of 2021. Lecico reported a net loss of LE 31.3 million compared to a net loss of LE 23.6 million in the same period last year.

Lecico Egypt Chairman, Gilbert Gargour commented, “The Second Quarter was challenging with one-off losses related to a land sale and a blocked shipment compounding seasonally slow regional activity to deliver a significant loss.

“These results highlight how volatile our operating environment can be. The fluctuations in the Euro and the Sterling and weak seasonal sales in Egypt had a significant impact on our performance in the quarter. Despite these challenges, we would have reported a small operating profit for the quarter if not for these one-off losses.

“Lecico intends to continue its recovery in the coming quarters. Demand in export looks strong. We have secured price increases to continue to outpace inflation over the third quarter. Our production efficiency will also improve. I thank you for your continued interest and support of Lecico.”

Taher Gargour, Lecico Egypt CEO, added, “The results for the quarter show the impact of LE 38m in one-off expenses and the tough operating environment. We recorded a loss of LE 24 million on a land sale in France. We also incurred LE 14 million in costs related to a blocked shipment to Morocco.

“Apart from these one-off costs, Lecico would have reported a marginal operating profit. This limited profit from core operations is primarily due to lost sales and efficiency in production due to the holiday season around Ramadan.

“We are in a good position to rebuild our profitability in the coming periods. Our risk is on the demand side remains in Egypt. Lecico is in the middle of a volatile trading period

and we are working hard to deliver continued growth and improvement in our financial results in the face of these challenges.”

### **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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### **Forward-looking statements**

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