



Third Quarter 2024 Results

Alexandria, 13th November 2024 – Lecico Egypt (Stock symbols: LCSW.CA; LECI EY) announces its consolidated results for the third quarter 2024.

Highlights

3Q 2024

- Lecico revenue up 58% to LE 1,925.5 million (66.1% from sanitary ware).
- Sanitary ware revenue up 54% to LE 1,272.3 million, volumes down 8% to 987,238 pieces (79.2% exports).
- Tile revenue up 89% to LE 587.4 million, volumes up 48% to 6.4 million square meters (9.1% exports).
- Brassware revenue down 16% to LE 65.8 million, sales volume down 56% to 24,397 pieces.
- EBIT profit of LE 350.5 million compared to EBIT profit of LE 199.3 million in 3Q 2023.
- Net profit of LE 227.8 million compared to net profit of LE 78.6 million in 3Q 2023.

9M 2024

- Lecico revenue up 34% to LE 4,860.1 million (65.7% from sanitary ware).
- Sanitary ware revenue up 32% to LE 3,194.4 million, volumes down 12% to 2.8 million pieces (77.6% exports).
- Tile revenue up 42% to LE 1,378 million, volumes up 13% to 16 million square meters (8.3% exports).
- Brassware revenues up 26% to LE 287.7 million, sales volume down 31% to 118,435 pieces.
- EBIT profit of LE 973.6 million compared to EBIT profit of LE 780.2 million in the same period last year.
- Net profit of LE 855.7 million compared to net profit of LE 335.5 million in the same period last year.

Lecico Egypt Chairman, Gilbert Gargour commented, “I am pleased to report our strongest quarter this year in terms of core operations performance.

“Gross profit for the quarter is up 63% over the same period last year and up over 20% on the average for the previous two quarters this year.

“The improvement came from increased production and the benefits of the devaluation increasing both our revenue value and our margins.

“We are facing some margin pressure as costs in Egypt continue to rise – largely as a result of the devaluation in March and pressure on the Egyptian government to reduce its subsidy bill. Margins are still better than they were at this time last year but are coming down from the levels seen earlier this year. We are doing what we can to offset this margin pressure through local price increases and cost saving initiatives that should help reduce cost pressures on exports.

“Looking ahead we have reason to be optimistic about the macro picture for both Egypt and our export markets, but this is generally expected to be felt in our industry late in the coming year. In the meantime, we must plan for the pressure on margins to increase as inflation in Egypt will continue to significantly outpace our average pricing power.

“That said, I expect a healthy fourth quarter still and to report to you some of the best numbers Lecico has ever seen for the year as whole. We are in a strong position going into what will likely be a challenging year overall.”

Taher Gargour, Lecico Egypt CEO, added, “I am pleased to report continued strong performance with record profit values in the quarter despite some cost pressure on margins.

“Although markets remain soft, sales volumes were improved quarter-on-quarter and tile sales volumes benefitted from the market stocking in advance of our price increases and Lecico selling older stock in promotions.

“Production volumes for the quarter were the highest in a year which helped unlock some economies of scale. Our improved net debt position also reduced our finance expenses despite the high cost of borrowing.

“Over the course of 2024, Lecico has been able to reduce its net debt by 39% in absolute terms despite the 60% devaluation that occurred in March. Our net debt to equity levels have fallen from 0.4x at the end of last year to 0.15x currently. This is a testament to the work of the entire team at Lecico to reduce stock levels, improve efficiency and source cheaper. We have done this while increasing our investment spending in machinery and equipment. At the close of the third quarter, we have spent over LE 190 million in investments.

“As we look ahead to the fourth quarter and the year ahead, I believe we will continue to deliver healthy numbers despite inflationary head winds. We are coming into 2025 with most markets depressed by inflation and high costs of money, but we are hopeful that global macroeconomics will start to improve over the course of the coming year. As always, we will continue to work hard to preserve and build on the strong improvement in our financial results in the year ahead whatever the operating environment.”

Lecico Revenue and Profitability

Profit and loss statement highlights						
(LE m)	3Q		%	9M		%
	2024	2023	24/23	2024	2023	24/23
Sanitary ware	1,272.3	828.7	154%	3,194.4	2,423.5	132%
Tiles	587.4	311.6	189%	1,378.0	968.3	142%
Brassware	65.8	78.5	84%	287.7	228.2	126%
Sales	1,925.5	1,218.7	158%	4,860.1	3,619.9	134%
Sanitary ware/sales (%)	66.1%	68.0%	(1.9%)	65.7%	66.9%	(1.2%)
Cost of sales	(1,384.0)	(886.6)	156%	(3,426.0)	(2,405.7)	142%
Cost of sales/sales (%)	(71.9%)	(72.7%)	(0.9%)	(70.5%)	(66.5%)	4.0%
Gross profit	541.5	332.1	163%	1,434.1	1,214.2	118%
Gross profit margin (%)	28.1%	27.3%	0.9%	29.5%	33.5%	(4.0%)
Distribution and administration (D&A)	(187.3)	(138.7)	135%	(467.5)	(381.3)	123%
D&A/sales (%)	(9.7%)	(11.4%)	(1.7%)	(9.6%)	(10.5%)	(0.9%)
Net other operating income/ (expense)	(3.8)	5.8	-	7.0	(52.7)	-
Net other operating income/ (expense) sales (%)	(0.2%)	0.5%	-	0.1%	(1.5%)	-
EBIT	350.5	199.3	176%	973.6	780.2	125%
EBIT margin (%)	18.2%	16.3%	1.9%	20.0%	21.6%	(1.5%)
Net profit	227.8	78.6	290%	855.7	335.5	255%
Net profit margin (%)	11.8%	6.5%	5.4%	17.6%	9.3%	8.3%

3Q 2024: Top line growth drives record result in core operations

Lecico reported strong growth in revenues which helped drive record profits from operations despite inflationary pressures in Egypt and most markets still under pressure from high inflation and interest rates.

Lecico revenues for the third quarter increased by 58% year-on-year to reach LE 1,925.5 million (3Q 2023: LE 1,218.7 million) with higher prices driving up revenues in sanitary and tile segments. Local revenues were up 56% year-on-year to reach LE 738.6 million (3Q 2023: LE 474.1 million) and export revenues were up 59% year-on-year to reach LE 1,186.9 million (3Q 2023: LE 744.6 million).

Quarter-on-quarter revenues increased 25% (2Q 2024: LE 1,545.8 million). Local revenues increased 34% to LE 738.6 million (2Q 2024: LE 550 million) and exports increased 19% to LE 1,186.9 million (2Q 2024: LE 995.8 million).

Lecico's cost of goods sold increased by 56% year-on-year to LE 1,384 million (3Q 2023: LE 886.6 million) on the back of an approximately 60% weaker Egyptian Pound and the corresponding inflationary pressures.

Quarter-on-quarter Lecico's cost of goods sold increased by 27% (2Q 2024: LE 1,089 million) on the back of higher production volumes and the impact of salary increases and energy price hikes.

Lecico's gross profit for the third quarter increased 63% year-on-year to LE 541.5 million (3Q 2023: LE 332.1 million) Lecico's gross profit margin increased 0.9 percentage points to 28.1% compared to 27.3% in the same period last year.

Quarter-on-quarter gross profit increased by 19% (2Q 2024: LE 456.8 million), thanks to higher revenues and despite a 1.4 percentage points decrease in Lecico's gross margin (2Q 2024: 29.6%).

In absolute terms, distribution and administration (D&A) expenses increased by 35% to LE 187.3 million (3Q 2023: LE 138.7 million), but proportional D&A expenses were down by 1.7 percentage points to 9.7% (3Q 2023: 11.4%).

Quarter-on-quarter distribution and administration (D&A) expenses increased by 23% (2Q 2024: LE 152.8 million), but proportional D&A expenses were down by 0.2 percentage points (2Q 2024: 9.9%).

Lecico reported LE 3.8 million in net other operating expenses compared to net other operating income of LE 5.8 million in the same period last year.

Quarter-on-quarter Lecico reported LE 3.8 million in net other operating expenses compared to net other operating expenses of LE 2.6 million in 2Q 2024.

Lecico's EBIT profit for the third quarter increased 76% year-on-year to LE 350.5 million (3Q 2023: LE 199.3 million). Lecico's EBIT margin increased 1.9 percentage points to 18.2% compared to 16.3% in the same period last year.

Quarter-on-quarter Lecico's EBIT profit increased 16% (2Q 2024: LE 301.4 million), but the margin decreased 1.3 percentage points (2Q 2024: 19.5%).

Lecico reported LE 45.6 million in net financing expenses compared to net financing expenses of LE 78.6 million in the same period last year. This decrease in financing expense is due to exchange gains of LE 12 million compared to exchange loss of LE 11.7 in the same period last year.

Lecico reported a net tax charge of LE 71.4 million in the third quarter versus tax charge LE 33.1 million in the same period last year.

Lecico's net profit for the third quarter increased 190% year-on-year to LE 227.8 million (3Q 2023: LE 78.6 million). Lecico's net margin increased 5.4 percentage points to 11.8% compared to 6.5% in the same period last year.

Quarter-on-quarter, Lecico's net profit increased by 52% (2Q 2024: LE 150.4 million) and its net margin increased by 2.1 percentage point (2Q 2024: 9.7%).

9M 2024: Strong financial performance with devaluation-led price increases

Lecico revenues for the first nine months increased by 34% year-on-year to LE 4,860.1 million (9M 2023: LE 3,619.9 million) despite lower sales volumes in sanitary ware and brassware as demand remains under pressure in most markets.

Lecico's cost of goods sold was up 42% year-on-year to LE 3,426 million (9M 2023: LE 2,405.7 million).

Gross profit increased by 18% to reach LE 1,433.1 million (9M 2023: LE 1,214.2 million), but the Company's gross profit margin was down 4 percentage points to 29.5% compared to 33.5% in the same period last year.

In absolute terms, distribution and administration (D&A) expenses increased by 23% to LE 467.5 million (9M 2023: LE 381.3 million), but proportional D&A expenses were down by 0.9 percentage points to 9.6% (9M 2023: 10.5%).

Lecico reported LE 7 million in net other operating income compared to net other operating expenses of LE 52.7 million in the same period last year. The higher other operating expense in the first nine months of 2023 is primarily due to exceptional provisions.

Lecico's EBIT profit increased by 25% to reach LE 973.6 million (9M 2023: LE 780.2 million). The Company's EBIT margin was down 1.5 percentage points to 20.0% compared to 21.6% for the same period last year.

During the first nine months, Lecico reported LE 161.2 million in net financing income compared to LE 247.7 million net financing expenses in the same period last year. This increase in financing income is due to an exceptional gain of LE 362.5 million in 1Q 2024 due to the devaluation of the Egyptian Pound.

Lecico reported net tax charge of LE 253.8 million versus a tax charge of LE 179.7 million in the same period last year.

Lecico's net profit increased by 155% to reach LE 855.7 million (9M 2023: LE 335.5 million). The Company's net margin was up 8.3 percentage points to 17.6% (9M 2023: 9.3%), compared to 21.6% for the same period last year. If we exclude the exceptional gains for LE 362.5 million earlier this year due to the currency, Lecico would have an adjusted net profit of LE 492.5 million with a margin of 10.1%, both still improved on the previous year.

Segmental analysis

Sanitary ware

3Q: Sanitary ware sales volumes decreased by 8% (down 86,027 pieces). Local sales volumes decreased by 27% (down 71,833 pieces), export sales volumes decreased by 2% (down 19,907 pieces), but Lebanon sales volumes increased by 71% (up 5,713 pieces).

Quarter-on-quarter total sales volumes increased by 21% (up 173,975 pieces). Local volumes increased 64% (up 74,594 pieces), export sales volumes increased 14% (up 94,061 pieces) and sales in Lebanon increased 63% (up 5,320 pieces).

Average sanitary ware prices increased by 67% year-on-year at LE 1,288.7 per piece (3Q 2023: LE 772.1) following a series of price increases over the course of the year plus the impact of the significant devaluation on export prices. Quarter-on-quarter average selling prices increased by 1% (2Q 2024: LE 1,272).

Revenues were up 54% year-on-year at LE 1,272.3 million (3Q 2023: LE 828.7 million). Quarter-on-quarter revenues were up 23% (2Q 2024: LE 1,034.4 million).

Average cost of sales per piece increased by 54% year-on-year at LE 865.1 per piece, as costs were inflated primarily on the back of significant inflation locally and the impact of devaluation on imported costs. Sanitary ware production was up 31% compared to the same period last year.

Quarter-on-quarter, the average cost of sales per piece slightly decreased by 1% (2Q 2024: LE 871.5 per piece) as increased production offset increases in costs especially from the annual salary increase in July. Production was up 21% over 2Q 2024.

Gross profit increased 85% to LE 418.2 million (3Q 2023: LE 226 million), and the gross margin was up 5.6 percentage points to 32.9% (3Q 2023: 27.3%).

Quarter-on-quarter gross profit increased by 28% (2Q 2024: LE 325.7 million), and the gross margin increased by 1.4 percentage points (2Q 2024: 31.5%).

Sanitary ware segmental analysis	3Q		%	9M		%
	2024	2023		24/23	2024	
Sanitary ware volumes (000 pcs)						
Egypt (000 pcs)	191	263	73%	604	796	76%
Lebanon (000 pcs)	14	8	171%	30	25	118%
Export (000 pcs)	782	802	98%	2,191	2,384	92%
Total sanitary ware volumes (000 pcs)	987	1,073	92%	2,825	3,204	88%
Exports/total sales volume (%)	79.2%	74.7%	4.5%	77.6%	74.4%	3.2%
Sanitary ware revenue (LE m)	1,272.3	828.7	154%	3,194.4	2,423.5	132%
Average selling price (LE/pc)	1,288.7	772.1	167%	1,130.8	756.3	150%
Average cost per piece (LE/pc)	865.1	561.5	154%	766.5	487.0	157%
Sanitary ware cost of sales	(854.1)	(602.6)	142%	(2,165.4)	(1,560.5)	139%
Sanitary ware gross profit	418.2	226.0	185%	1,029.0	863.0	119%
Sanitary ware gross profit margin (%)	32.9%	27.3%	5.6%	32.2%	35.6%	(3.4%)

9M: Sanitary ware sales volume decreased by 12% to 2.8 million pieces (down 379,425 pieces). Egyptian volumes decreased 24% (down 191,714 pieces), export volumes decreased 8% (down 192,138 pieces), but sales in Lebanon increased by 18% (up 4,427 pieces).

Average sanitary ware prices were up 50% year-on-year to LE 1,130.8 per piece (9M 2023: LE 756.3) because of price increases and the devaluation of the Egyptian Pound.

Revenues were up 32% year-on-year at LE 3,194.4 million (9M 2023: LE 2,423.5 million).

Average cost of sales increased 57% at LE 766.5 per piece, as production was reduced by 23% and costs were inflated primarily on the back of significant inflation locally and the impact of devaluation on imported costs.

Gross profit increased 19% to LE 1,029 million (9M 2023: LE 863 million), but the margin down 3.4 percentage points to 32.2% (9M 2023: 35.6%).

Tiles

3Q: Tile sales volumes increased 48% year-on-year (up 2 million square meters) to reach 6.4 million square meters. Local sales volumes increased 57% (up 2 million square meters) while export sales decreased 1% (up 5,429 square meters) and Lebanon sales volumes decreased 36% (down 26,521 square meters).

Quarter-on-quarter sales volumes increased 45% (up 2 million square meters). Local volumes increased 47% (up 1.9 million square meters) and export volumes increased 34% (up 147,435 square meters), but Lebanon volumes decreased 17% (down 10,003 square meters).

Average net prices per square meter increased by 28% year-on-year at LE 91.6 per meter (3Q 2023: LE 71.8) because of price increases locally and the impact of the devaluation on export prices. Quarter-on-quarter average prices increased by 2% (2Q 2024: LE 89.8).

Tile revenues were up 89% year-on-year at LE 587.4 million (3Q 2023: LE 311.6 million). Quarter-on-quarter revenues were up 48% (2Q 2024: LE 396.2 million).

Average cost of sales per square meter increased by 40% year-on-year to reach LE 78 (3Q 2023: LE 55.7 per square meter). Tile production was up 19% compared to the same period last year.

Quarter-on-quarter average costs per square meter increased by 4% (2Q 2024: LE 74.9). Tile production increased by 19% quarter-on-quarter.

Gross profit for the quarter increased 25% to reach LE 87.2 million (3Q 2023: LE 69.6 million). Gross margin decreased by 7.5 percentage points to 14.8% (3Q 2023: 22.4%).

Quarter-on-quarter gross profit increased by 33% (2Q 2024: LE 65.4 million), but the margin down 1.7 percentage points to 14.8% (2Q 2024: 16.5%).

Tile segmental analysis	3Q		%	9M		%
	2024	2023		2024	2023	
	Tile volumes (000 sqm)					
Egypt (000 sqm)	5,778	3,688	157%	14,558	12,149	120%
Lebanon (000 sqm)	48	74	64%	145	247	59%
Export (000 sqm)	584	578	101%	1,330	1,786	74%
Total tile volumes (000 sqm)	6,410	4,340	148%	16,033	14,182	113%
Exports/total sales volume (%)	9.1%	13.3%	(4.2%)	8.3%	12.6%	(4.3%)
Tile revenue (LE m)	587.4	311.6	189%	1,378.0	968.3	142%
Average selling price (LE/sqm)	91.6	71.8	128%	85.9	68.3	126%
Average cost per sqm (LE/sqm)	78.0	55.7	140%	70.7	50.9	139%
Tile cost of sales	(500.3)	(241.9)	207%	(1133.8)	(722.5)	157%
Tile gross profit	87.2	69.6	125%	244.1	245.8	99%
Tile gross profit margin (%)	14.8%	22.4%	(7.5%)	17.7%	25.4%	(7.7%)

9M: Tile sales volumes increased by 13% year-on-year (up 1.8 million square meters) to reach 16 million square meters. Sales in Egypt increased 20% (up 2.4 million square meters), but export sales decreased by 26% (down 456,366 square meters) and Lebanon sales decreased by 41% (down 102,071 square meters).

Tiles revenues increased 42% year-on-year at LE 1,378 million in the first nine month of 2024 (9M 2023: LE 968.3 million).

Average net prices rose 26% to LE 85.9 per square meter compared to LE 68.3 in the same period last year.

Average costs increased 39% year-on-year to reach LE 70.7 per square meter due to cost cutting measures in Egypt offsetting the impact of inflation and devaluation. Production volume was 4% greater than the same period in 2023.

Gross profit decreased 1% to reach LE 244.1 million (9M 2023: LE 245.8 million) and the margin decreased by 7.7 percentage points to 17.7% (9M 2023: 25.4%).

Brassware

3Q: Sales volumes for the third quarter of 2024 decreased by 56% to reach 24,397 pieces (3Q 2023: 55,128 pieces), with a significant slowdown in orders in the quarter across this segment in Egpt.. Quarter-on-quarter sales volumes decreased by 44% (2Q 2024: 43,270 pieces).

Average net prices increased 90% to LE 2,697 compared to LE 1,423 in the same period last year. Quarter-on-quarter average prices increased by 1% (2Q 2024: LE 2,662).

Revenue for the quarter decreased 16% year-on-year to reach LE 65.8 million (3Q 2023: LE 78.5 million). Brassware accounted for 3.4% of the quarter's total revenues, compared to 6.4% in the same period last year. Quarter-on-quarter revenues decreased by 43% (2Q 2024: LE 115.2 million).

Average cost per piece increased 59% to LE 1,214.5 (3Q 2023: LE 762.4 per piece) reflecting changing mix and inflation from local costs and the devaluation. Quarter-on-quarter average cost per piece increased by 6% (2Q 2024: LE 1,144.5 per piece).

Gross profit for the quarter slightly decreased by 1% year-on-year to reach LE 36.2 million (3Q 2023: LE 36.4 million), but the gross margin increased by 8.5 percentage points to 55% (3Q 2023: 46.4%). Brassware accounted for 6.7% of the quarter's total gross profits compared to 11% in the same period last year.

Quarter-on-quarter gross profit decreased by 45% (2Q 2024: LE 65.7 million) and the gross margin decreased 2 percentage points (2Q 2024: 57%). Brassware accounted for 14.4% of total gross profits in 2Q 2024.

Brassware segmental analysis	3Q		%	9M		%
	2024	2023	24/23	2024	2023	24/23
Brassware volumes (pcs)						
Egypt (pcs)	24,397	55,128	44%	118,032	171,761	69%
Export (pcs)	-	-	0%	403	-	-
Total brassware volumes (pcs)	24,397	55,128	44%	118,435	171,761	69%
Exports/total sales volume (%)	0.0%	0.0%	0.0%	0.3%	0.0%	0.3%
Brassware revenue (LE m)	65.8	78.5	84%	287.7	228.2	126%
Average selling price (LE/pc)	2,697	1,423	190%	2,429	1,328	183%
Average cost per piece (LE/pc)	1,214.5	762.4	159%	1,070	715	150%
Brassware cost of sales	(29.6)	(42.0)	70%	(126.8)	(122.7)	103%
Brassware ware gross profit	36.2	36.4	99%	161.0	105.4	153%
Brassware gross profit margin (%)	55.0%	46.4%	8.5%	55.9%	46.2%	9.7%

9M: Sales volumes for first nine months of 2024 decreased by 31% year-on-year (down 53,326 pieces)

Average net prices increased 83% to reach LE 2,429 per piece and revenues increased 26% year-on-year to reach LE 287.7 million (9M 2023: LE 228.2 million).

Brassware's percentage of total consolidated revenues was 5.9% (9M 2023: 6.3% of sales).

Average cost per piece increased 50% to LE 1,070 per piece (9M 2023: LE 715 per piece) reflecting changing mix.

Gross profit increased 53% to LE 161 million (9M 2023: LE 105.4 million) and the margin increased 9.7 percentage points to 55.9% (9M 2023: 46.2%).

Brassware's percentage of total consolidated gross profits increased to 11.2% (9M 2023: 8.7%).

Financial Position

The value of Lecico's non-current assets increased by 51% at the end of September 2024, to reach LE 3,355.4 million (2023: LE 2,222.4 million) following a revaluation of fixed assets according to IAS 16.

Total Equity increased 69% at the end of September 30, 2024, to reach LE 3,684.9 million (2023: LE 2,185.5 million) following a revaluation of fixed assets according to IAS 16.

The value of Lecico's current assets increased by 48% at the end of September 30, 2024, to reach LE 4,779.9 million (2023: LE 3,233 million) despite destocking because of the impact of the devaluation of the Egyptian Pound and continued inflation on both selling and cost prices.

Total liabilities increased by 36% to reach LE 4,332 million (2023: LE 3,193.6 million) due to the increase in trade and other payables.

Gross debt decreased 1% or LE 13.4 million to reach LE 1,391.1 million compared to LE 1,404.5 million at the end of 2023.

Net debt decreased 41% or LE 387.2 million to reach LE 561.1 million compared to LE 948.3 million at the end of 2023.

Net debt to equity at the end of September 2024 reached 0.15x compared to 0.43x at the end of 2023.

Working capital increased 33% or LE 557 million to reach LE 2,228.7 million compared to LE 1,670.8 million at the end of 2023.

Recent developments and outlook

Outlook for 4Q and the rest of 2025: Lecico expects current demand patterns to continue for the rest of the year and early 2025, with inflation and interest rates continuing to limit appetite. The management expects seasonality to mean sales volumes in the fourth quarter will likely see some reduction from this quarter's levels.

Lecico expects to start the year at a similar run rate but hopes that 2025 will see the demand picture improve as the year advances as lower interest rates help drive a recovery in demand and spending in the Company's export markets and in Egypt.

Inflation will continue to put pressure on margins unless there is further devaluation of the Egyptian pound, which cannot be expected with any degree of certainty. The Company will look to local price increases, cost savings and tighter management of working capital to absorb this pressure on margins.

Accounting changes in 2024 will move expenses from Overheads to COGs: In order to streamline cost and margin analysis and unify treatment of different transport costs, Lecico now reports all transport costs for goods and materials in COGs. The effect of this change is to add about 4% to COGs, reducing the gross margin by about 3 percentage points. A similar value is removed from SG&A, reducing overheads. Our operating profit and margin are not changed by this new treatment. We have restated comparative figures for 2023 for the same treatment.

Lecico Lebanon update: In 1Q 2023, Lecico Lebanon management has switched to hyper-inflation accounting using IAS 21 and IAS 29 and the "Sayrafa" exchange rate. All assets have been restated in Lebanese Pounds based on the impact of hyper-inflation and the P&L and balance sheet are translated at the "Sayrafa" rate as opposed to the official exchange rate.

Management is working towards formalizing hyper-inflation accounting new treatment with its auditors which may lead to adjustments or restatements when these management accounts are audited. Management understands that this will also lead to some restatement of past years as IAS rules calls for adjustment back to the beginning of hyperinflation in the economy. In due course, this should also lead to the removal of all the qualifications to Lecico Egypt's consolidated accounts that stem from not using hyper-inflation accounting and following IAS 21 and IAS 29. 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)	3Q		%	9M		%
	2024	2023	24/23	2024	2023	24/23
Sales	1,925.5	1,218.7	158%	4,860.1	3,619.9	134%
Cost of sales	(1,384.0)	(886.6)	156%	(3,426.0)	(2,405.7)	142%
Gross profit	541.5	332.1	163%	1,434.1	1,214.2	118%
Gross margin (%)	28.1%	27.3%	0.9%	29.5%	33.5%	(4.0%)
Distribution expenses	(50.9)	(50.2)	101%	(125.9)	(143.2)	88%
Administrative expenses	(136.4)	(88.5)	154%	(341.6)	(238.2)	143%
Other Operating income	0.1	39.1	0%	101.3	104.7	97%
Other Operating expenses	(3.9)	(33.3)	12%	(94.3)	(157.4)	60%
Operating profit (EBIT)	350.5	199.3	176%	973.6	780.2	125%
Operating (EBIT) margin (%)	18.2%	16.3%	1.9%	20.0%	21.6%	(1.5%)
Finance income	15.7	-	-	375.1	-	-
Finance expense	(61.2)	(78.6)	78%	(213.9)	(247.7)	86%
Profit before tax and minority margin (%)	304.9	120.7	253%	1,134.8	532.5	213%
margin (%)	15.8%	9.9%	5.9%	23.3%	14.7%	8.6%
Income tax	(73.6)	(33.8)	218%	(264.4)	(180.1)	147%
Deferred tax	2.2	0.7	293%	10.5	0.4	2859%
Net profit after tax	233.5	87.6	267%	880.9	352.8	250%
margin (%)	12.1%	7.2%	4.9%	18.1%	9.7%	8.4%
Minority interest	(5.7)	(9.0)	63%	(25.2)	(17.2)	146%
Net profit	227.8	78.6	290%	855.7	335.5	255%
Net profit margin (%)	11.8%	6.5%	5.4%	17.6%	9.3%	8.3%

Lecico Egypt Consolidated Balance Sheet

Balance Sheet (LE m)	30-Sep-24	31-Dec-23	24/23 (%)
Cash and cash equivalents	830.0	456.3	182%
Inventory	2,338.8	1597.0	146%
Trades and other receivables	1611.1	1179.8	137%
Total current assets	4,779.9	3,233.0	148%
Property, plant & equipment	3,148.0	2,159.2	146%
Intangible assets	24.6	15.9	155%
Projects under construction	182.4	47.0	388%
Investment in subsidiaries & Other investment	0.021	0.021	100%
Notes receivable	0.4	0.4	108%
Total non-current assets	3,355.4	2,222.4	151%
Total assets	8,135.2	5,455.4	149%
Banks credit facilities	1,390.4	1,387.5	100%
Loans due within a year	39.5	34.0	116%
Trade and creditors	905.8	500.5	181%
Other current payable	817.4	605.4	135%
Provisions	120.2	108.1	111%
Total current liabilities	3,273.4	2,635.3	124%
Long-term loans	0.0	0.2	0%
Non-current portion of lease liabilities	125.1	85.0	147%
Provisions	20.7	14.4	143%
Deferred tax liabilities	518.8	123.5	420%
Long term notes payables	394.0	335.2	118%
Total non-current liabilities	1058.6	558.3	190%
Total liabilities	4,332.0	3,193.6	136%
Non-controlling interest	118.4	76.3	155%
Share capital	400.0	400.0	100%
Reserves	2,379.0	1,735.4	137%
Treasury shares	0.0	(25.4)	0%
Retained earnings	905.8	75.5	1200%
Total equity	3,684.9	2,185.5	169%
Total equity, non-controlling interest and liabilities	8,135.2	5,455.4	149%

Lecico Egypt Consolidated Cash Flow

Cash flow statement (LE m)	9M		%
	2024	2023	24/23
Cash Flow from operating activities			
Net Profit for the period before tax	1,134.8	532.5	213%
Fixed assets depreciation	126.6	83.9	151%
Intangible assets amortization	2.7	2.1	125%
Finance interest expense on leases contract	9.5	3.9	245%
Finance expenses	204.4	170.5	120%
Net income from investment at fair value through profit or loss	(150.5)	-	-
Capital gains	-	(2.8)	0%
Change in translation reserve and foreign currency differences	134.7	(357.3)	-
Gain from operating	1,462.1	432.8	338%
Change in Inventory	(810.6)	(387.0)	209%
Change in trade, notes and other receivables	(436.1)	(143.0)	305%
Change in trade, notes and other payables	599.7	117.7	510%
Change in Provisions	16.7	21.7	77%
	831.7	42.2	1972%
Income tax paid	(185.8)	(67.5)	275%
Interest expenses paid	(213.9)	(174.4)	123%
Net cash from operating activities	432.0	(199.7)	-
Cash flow from investing activities			
Payments for acquisition of property, plant & equipment & PUC	(189.0)	(142.1)	133%
Payments for acquisition financial securities	(409.8)	-	-
Proceeds from financial securities	392.4	-	-
Payments for acquisition of intangible assets	(1.4)	(0.6)	-
Proceeds from sale of property, plant and equipment	-	3.6	0%
Net cash (used in) investing activities	(207.8)	(139.1)	149%
Cash flow from financing activities			
Payments of loans	(10.3)	(28.3)	36%
Payment of lease liabilities	(11.0)	(15.5)	71%
Payments for acquisition of treasury shares	-	(25.4)	0%
Net proceeds from banks credit facilities	2.9	292.5	1%
Net cash (used in) /available from financing activities	(18.4)	223.3	-
Net change in cash & cash equivalent during the period	205.8	(115.5)	-
Cash and cash equivalent at beginning of the period	456.3	383.0	119%
Restricted time deposits	-	30.0	0%
Cash and cash equivalent at the end of the period	662.1	297.5	223%
Non- cash transactions			
The effect of lease contract during the period	3.9	13.8	