



Third Quarter 2022 Results

Exceptional adjustments in Lebanon distort P&L

Alexandria, 14th November 2022 – Lecico Egypt announces its consolidated results for the third quarter of 2022. Revenue was up 26% to LE 854.6 million. The Company reported an operating loss (EBIT) of LE 94.4 million compared to an operating profit of LE 9.3 million in 3Q 2021. This operating loss was due to exceptional charges of LE 124.3 million in Lebanon during the quarter. Lecico reported a net loss of LE 9.6 million compared to a net loss of LE 8.7 million in the same period last year. The exceptional operating charges incurred in the quarter were offset by an exceptional LE 153.7 million foreign exchange variance gain.

For the first nine months, revenue was up 21% to LE 2,323.4 million. The Company reported an operating loss (EBIT) of LE 100.9 million compared to an operating profit of LE 22.7 million in the first nine months of 2021. Lecico reported a net loss of LE 40.9 million compared to a net loss of LE 32.2 million in the same period last year.

Lecico Egypt Chairman, Gilbert Gargour commented, “The third quarter of 2022 has been distorted by several exceptional charges in Lebanon reducing operating profit for the quarter by LE 124.3 million. At the same time, Lecico Lebanon reported an exceptional LE 153.7 million gain in exchange variances.

“Unfortunately, the gap between official and unofficial exchange rates in Lebanon often obscures the real achievements and margins we are making this quarter.

Taher Gargour, Lecico Egypt CEO, added, “If we strip out the exceptionals from Lebanon, our results for the quarter show gross margins slightly down while gross profit and per unit profits are up in value terms.

“Improvements at the operating line were offset as interest rate increases and losses on our forward contracts saw quarterly finance expenses double. We will bear charges for our forward contracts through February 2023, and we can assume interest rates will continue to rise well into the coming year.

“Despite the disruption, I am pleased that these adjustments in Lebanon will reduce the impact on future results of any official devaluation or hyper-inflation adjustment. Our books are better balanced now for these future shocks.

“We are in a good position to continue to build our core operating profitability in the coming periods. Lecico is in the middle of a very 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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