



lecico

An Egyptian Exporter

Full year 2022 Results Presentation

March 2022

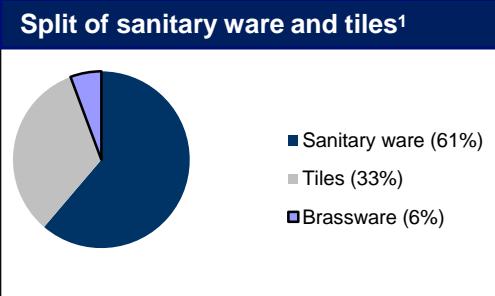
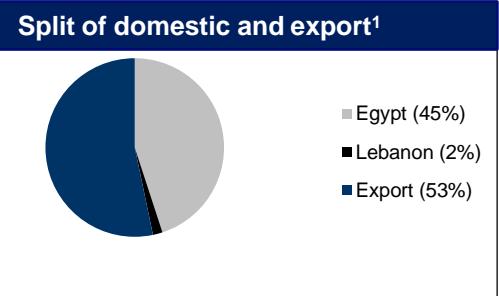


Corporate Summary

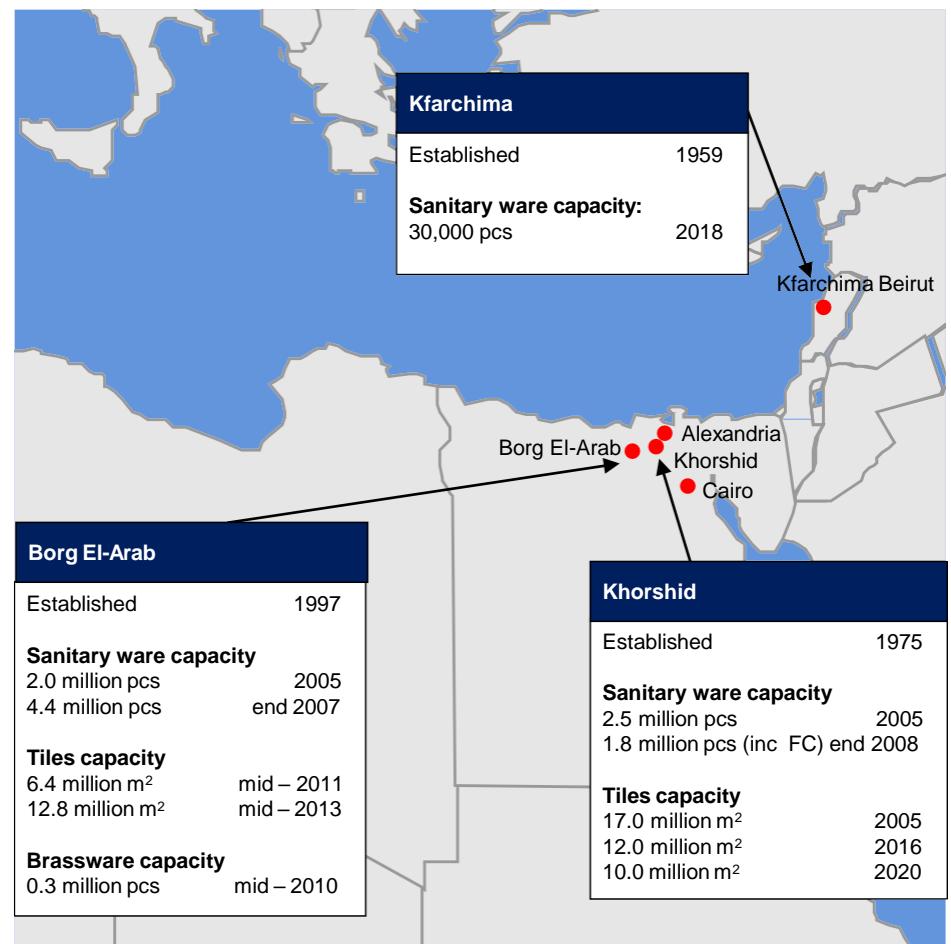
Introduction: An Egyptian exporter

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- Lecico Egypt S.A.E. was founded in 1959 and has been majority owned by the Gargour family since 1969
- The company has a global competitive advantage making European quality sanitary ware at Egyptian costs
- Lecico finished expansions in sanitary ware in 2007 which boosted capacity to 6.2m pieces of sanitary ware and fired clay
- In Summer 2010, Lecico began brassware production with a 300,000 piece per annum capacity factory
- In 2011 Lecico opened a new tile factory in Borg El Arab
- In 2016, Lecico took the step to reduce production capacities in Egyptian tiles and Lebanese sanitary ware
- In 2018, Lecico began restructuring Lebanon. Reducing capacity to 30k pieces per annum maximum.
- In 2020, Lecico reduced tile production a further 2m sqm per annum



Note1: 2022



* All production facilities are owned and controlled by Lecico



A major sanitary ware exporter

Significant cost advantage



International cost advantage

Lecico produces sanitary ware at an all-in average cost of US\$17.85/piece (FY 2022)

- In Egypt (without costs of subsidiaries/consolidation) manufacturing cost averages US\$13.90/piece of sanware (FY 2022)
- Our information suggests other low cost producers' manufacturing cost averages US\$15-35/piece
- While European producers average US\$30+/piece depending on their market

Why is Lecico able to produce so competitively?

- **Egypt:** Reasonable energy costs, low labour cost, low investment costs
- **Size:** Economies of scale, standard global plant size: 1m pieces
- **Experience:** Over 50 years manufacturing experience
- **Efficiency:** Production per employee is over twice that of our local competitors

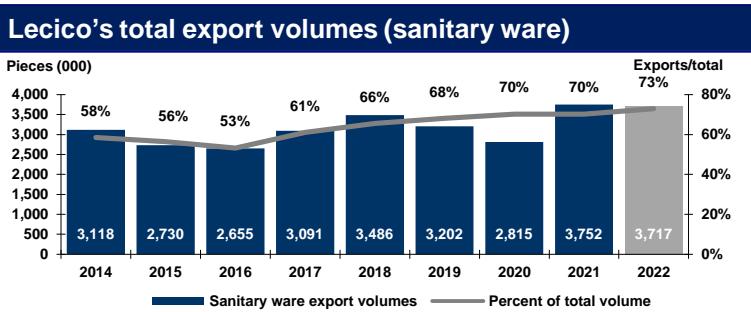
Investment, distribution and overheads benefit from regional economies of scale

- Sanitary ware investment cost approx. US\$30-40/piece vs. US\$35-60/piece global standard
- Low shipping cost to Europe: US\$1.1 per sanitary ware piece vs. approx. US\$5.00+ for Asian manufacturers

A major sanitary ware exporter to Europe

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Growth in group's exports Export focus on Europe

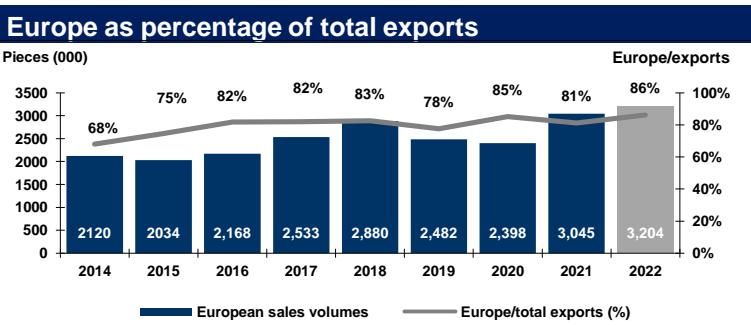


- Sanware exports rebounded in 2021...
- ...to reach record volumes with most growth coming from Europe and OEM customers

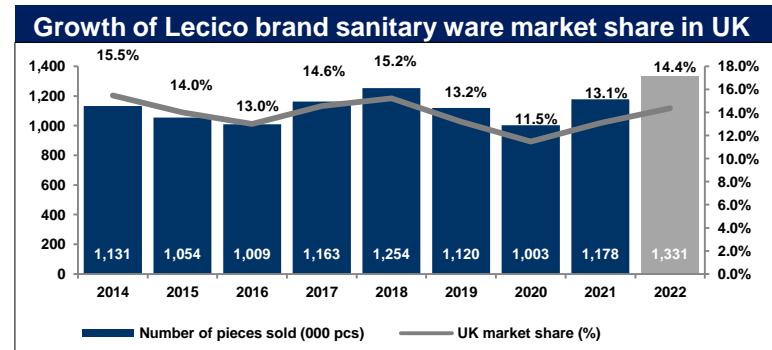
Egypt's leading sanitary ware exporter

- Lecico exports over 80% of its sanitary ware sales value and over 70% of volume vs. less than 20% for local peers
- Lecico sells to over 50 countries (including OEM sales)
- Approximately 31% of exports (23% of sanitary ware sales volumes) are for other brands
- Lecico accounts for 47% of all Egyptian sanitary ware exports (FY 21)

Export focus on Europe



- Exports to Europe grew sharply in 2021...
- ...and reached highest level ever in 2022.



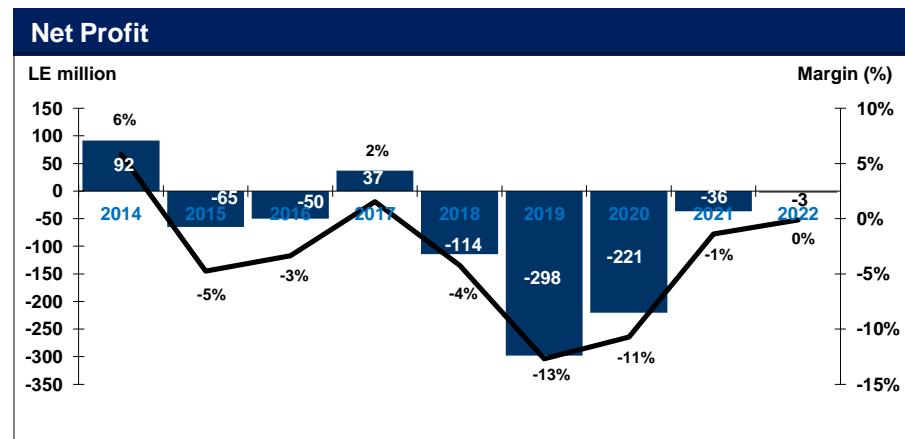
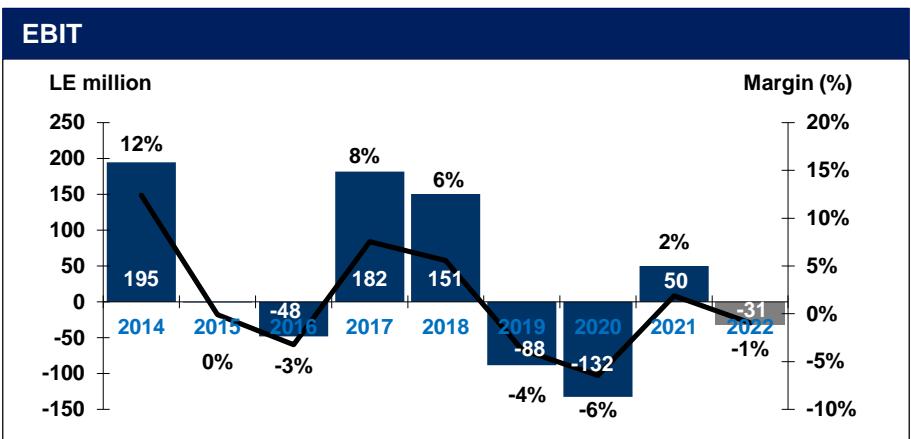
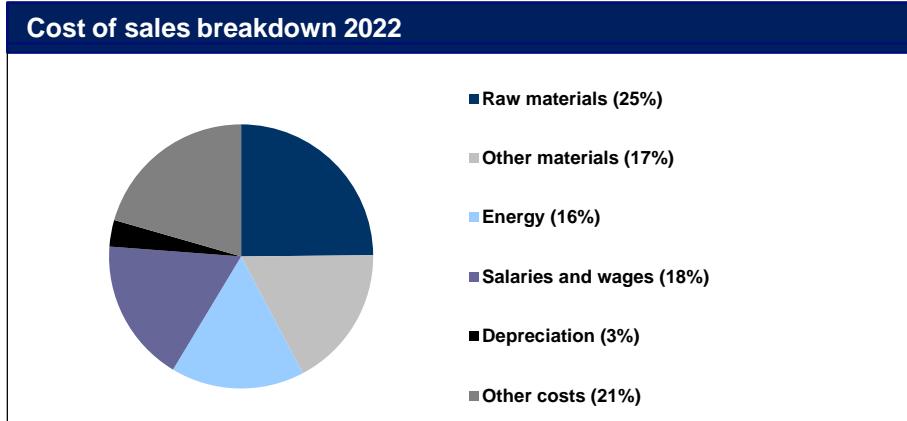
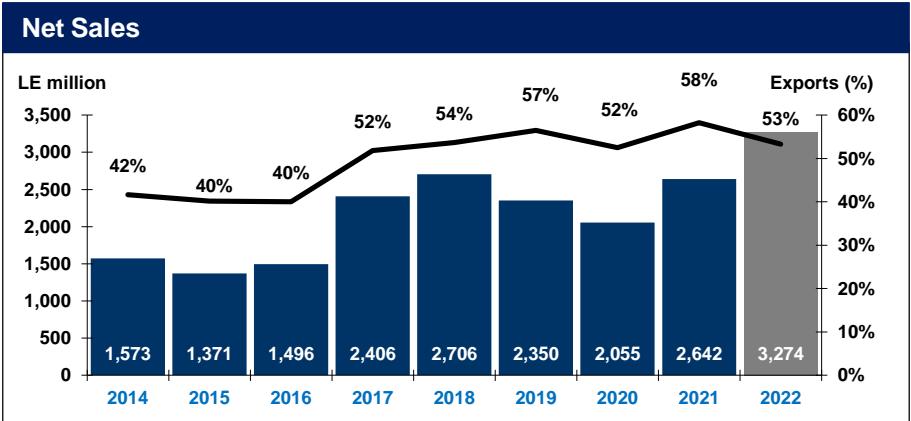
- UK estimated c13% market share in Lecico-branded and white label sales in the UK
- In addition Lecico does around 1% further sales in OEM



Financial overview

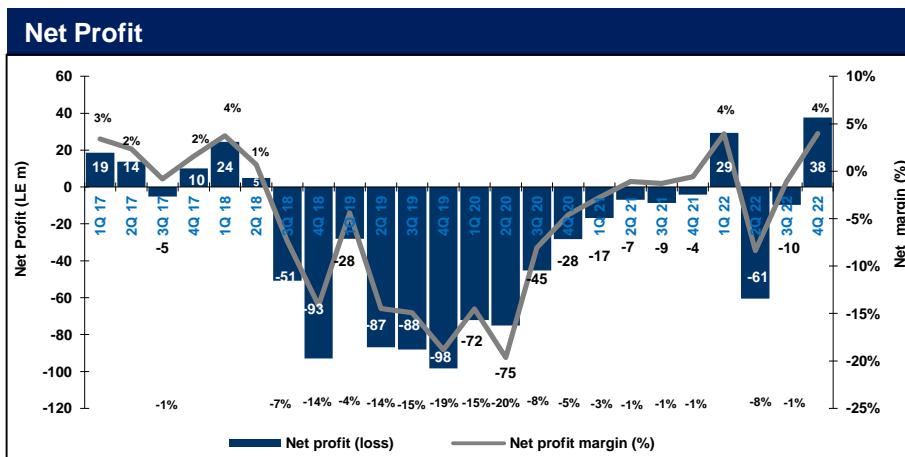
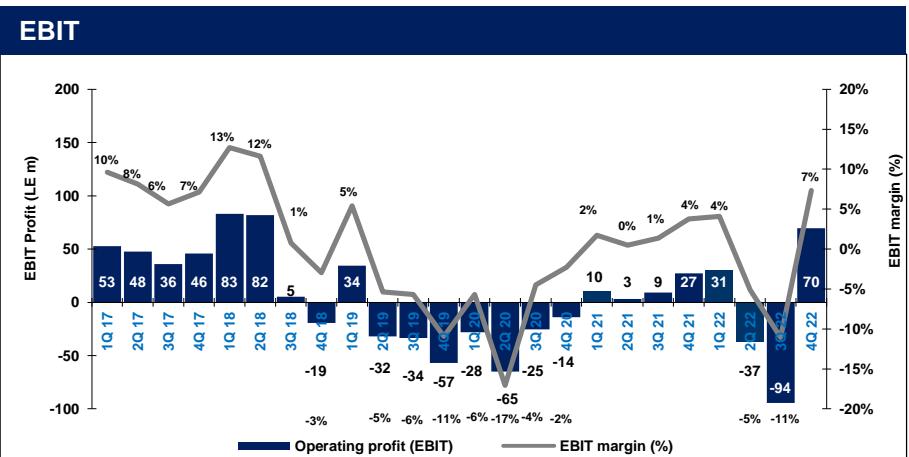
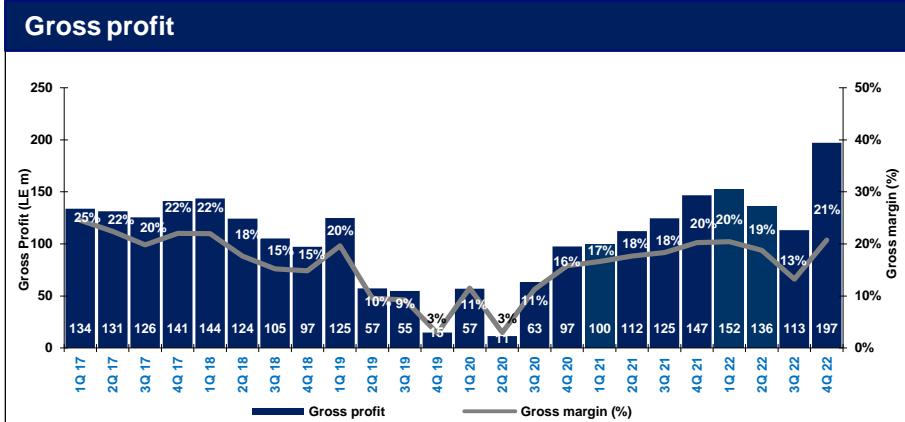
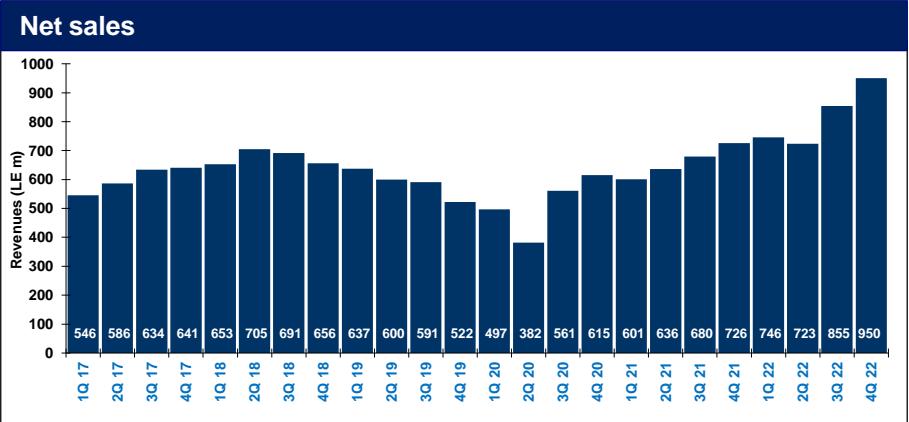
Profit and loss

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Quarterly P&L Trends

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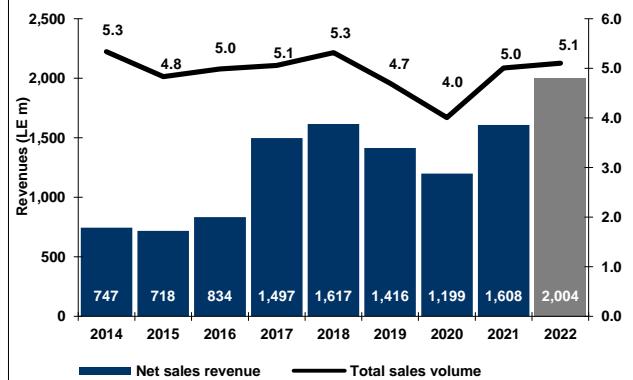
P&L Breakdown by Quarter

Lecico Group Profit & Loss (LE Million)	2020				2021				2022				2017 FY	2018 FY	2019 FY	2020 FY	2021 FY	2022 FY
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4						
Sanitary Ware	305.5	213.1	334.3	345.9	358.2	411.9	429.5	408.2	430.6	490.9	511.8	571.2	1,497.3	1,617.2	1,416.1	1,198.7	1,607.8	2,004.5
Tiles	175.2	157.0	205.1	245.0	216.4	201.2	210.6	268.1	262.1	195.6	296.1	329.9	830.7	1,002.4	856.4	782.3	896.3	1,083.6
Brassware	15.9	11.9	22.0	24.4	25.9	22.9	39.5	49.9	52.9	36.8	46.7	49.3	78.5	86.0	77.2	74.2	138.1	185.7
Net Revenues	496.5	382.0	561.4	615.3	600.5	636.0	679.6	726.1	745.5	723.3	854.6	950.4	2,406.5	2,705.5	2,349.8	2,055.2	2,642.2	3,273.8
Cost of Sales	439.4	370.7	498.1	517.9	500.7	523.8	555.1	579.3	593.2	587.5	741.3	753.2	1,874.5	2,260.7	2,098.1	1,826.0	2,158.9	2,675.2
Gross Profit	57.1	11.4	63.3	97.4	99.8	112.2	124.5	146.8	152.3	135.7	113.3	197.2	531.9	444.9	251.7	229.2	483.3	598.6
% of Sales	11%	3%	11%	16%	17%	18%	18%	20%	20%	19%	13%	21%	22%	16%	11%	11%	18%	18%
Selling expenses	32.0	26.4	33.1	34.9	46.2	47.1	44.1	48.7	49.2	55.7	61.4	55.0	146.6	157.3	141.7	126.4	186.1	221.2
Administration expenses	53.3	46.4	55.4	76.4	58.8	62.1	71.1	70.8	72.6	93.2	146.3	107.1	203.4	213.4	208.1	231.5	262.8	419.1
Overheads	85.3	72.8	88.6	111.3	104.9	109.1	115.2	119.6	121.7	148.9	207.7	162.0	350.1	370.7	349.8	357.9	448.9	640.4
% of Sales	17%	20%	16%	18%	17%	17%	17%	16%	16%	21%	24%	17%	15%	14%	15%	17%	17%	20%
Operating Profit (EBIT) without exceptional	(28.2)	(61.4)	(25.3)	(13.9)	(5.1)	3.0	9.3	27.2	30.6	(13.1)	(94.4)	35.1	181.9	74.2	(98.0)	(128.8)	34.4	(41.8)
% of Sales	-	-	-	-	-	0%	1%	4%	4%	-	-	4%	8%	3%	-	-	1%	-
Exceptional gain (loss)	-	4.9	4.5	-	13.11	-	-	-	-	(24.0)	-	(35.1)	-	76.4	9.8	9.4	13.1	(59.1)
Net Financial Expenses	(35.6)	(23.8)	(29.8)	(16.4)	(10.4)	(11.3)	(11.3)	(8.8)	(15.0)	(29.4)	(46.2)	(44.3)	(152.5)	(219.6)	(179.3)	(105.7)	(41.8)	(134.8)
Dividend Income	0.0	0.0	0.0	0.0	1.1	(0.0)	(0.0)	0.8	0.0	0.0	0.0	0.0	6.4	5.1	4.8	0.0	1.9	0.0
Exchange Variances	(4.4)	9.5	11.7	10.3	(0.4)	13.2	7.5	5.0	36.9	26.8	148.7	99.7	16.3	(8.6)	(15.6)	27.1	25.3	312.1
Profit before tax	(68.2)	(70.8)	(38.9)	(20.1)	(1.6)	5.0	5.4	24.2	52.6	(39.7)	8.1	55.5	52.1	(72.4)	(278.4)	(198.0)	32.9	76.4
% of Sales	-	-	-	-	-	1%	1%	3%	7%	-	1%	6%	2%	-	-	-	1%	2%
Taxes & minorities	(3.9)	(4.2)	(6.4)	(8.2)	(15.1)	(11.8)	(14.1)	(28.3)	(23.3)	(20.8)	(17.8)	(17.8)	(14.8)	(42.0)	(19.9)	(22.7)	(69.3)	(79.6)
Net Profit after tax	(72.1)	(75.0)	(45.3)	(28.2)	(16.7)	(6.8)	(8.6)	(4.1)	29.3	(60.6)	(9.6)	37.7	37.2	(114.3)	(298.3)	(220.6)	(36.4)	(3.2)
% of Sales	-	-	-	-	-	-	-	-	4%	-	-	4%	2%	-	-	-	-	-

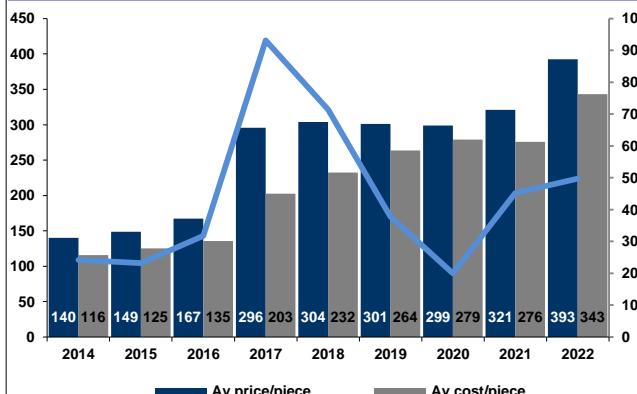
Key Segmental Analysis

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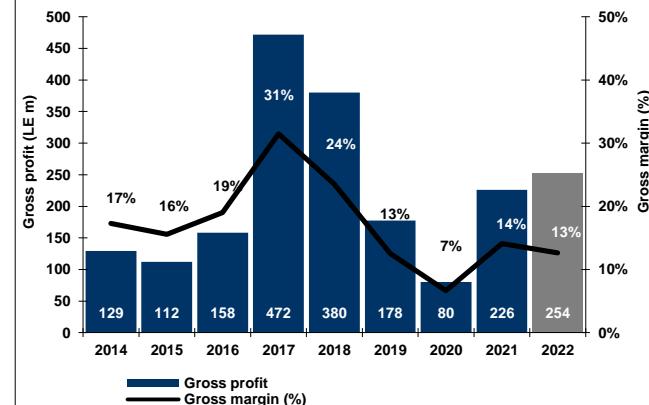
Sanitary ware – sales volumes and revenue



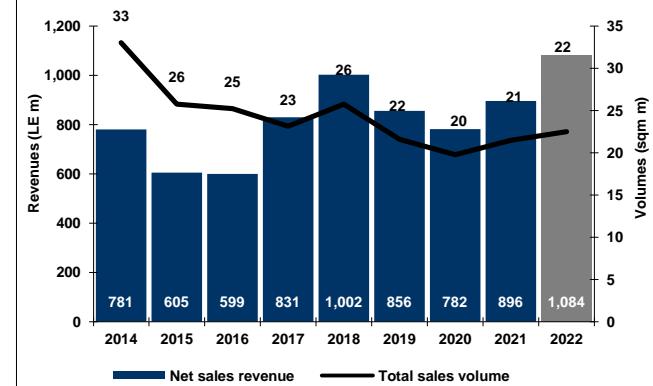
Sanitary ware – selling price and cost per piece



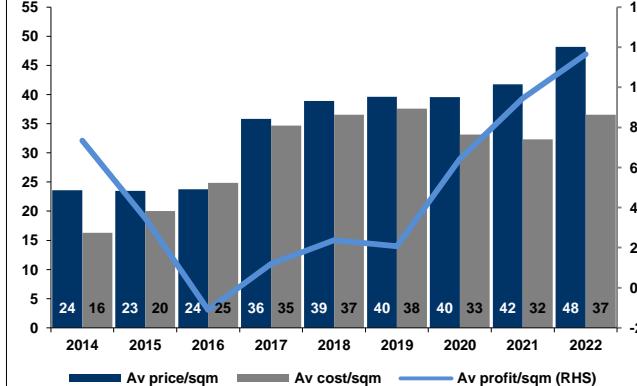
Sanitary ware – gross profit and margin



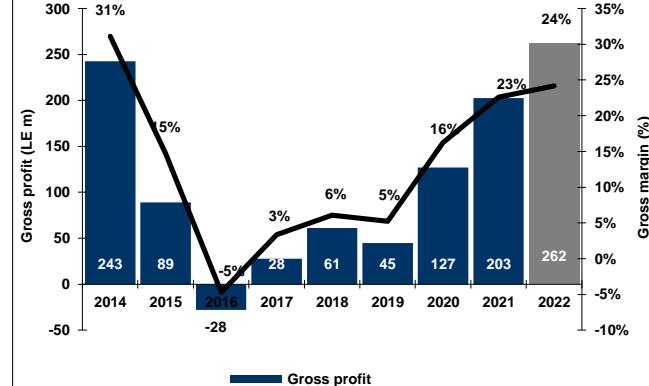
Tiles – sales volumes and revenues



Tiles – selling price and cost per sqm

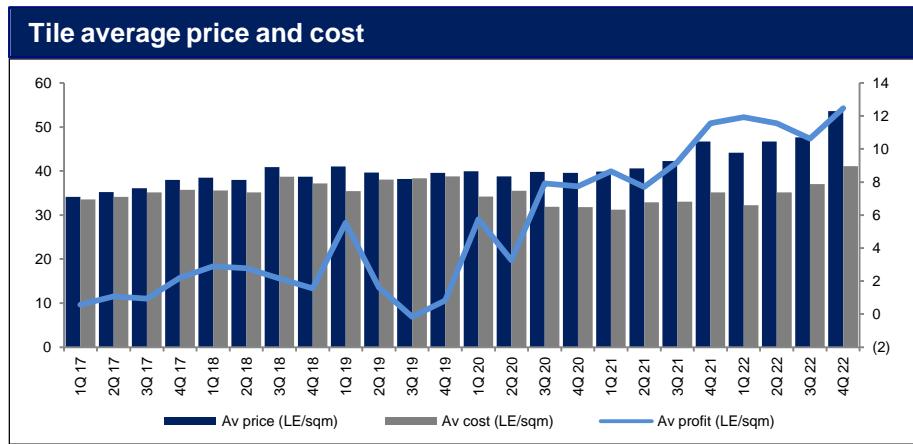
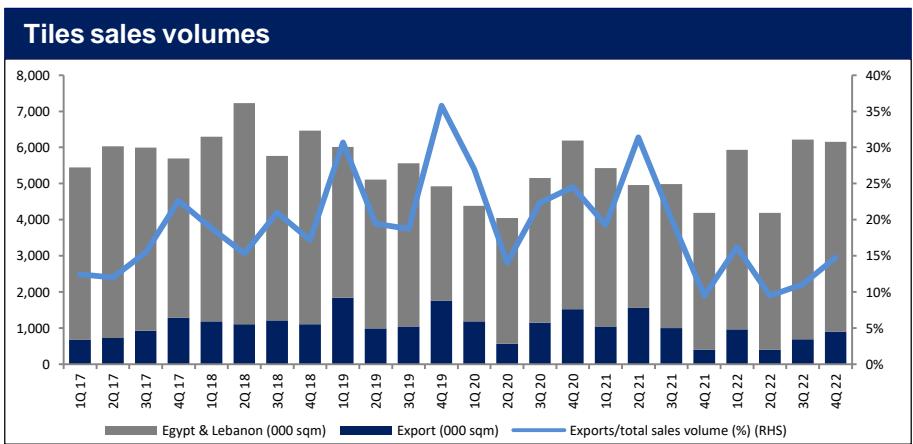
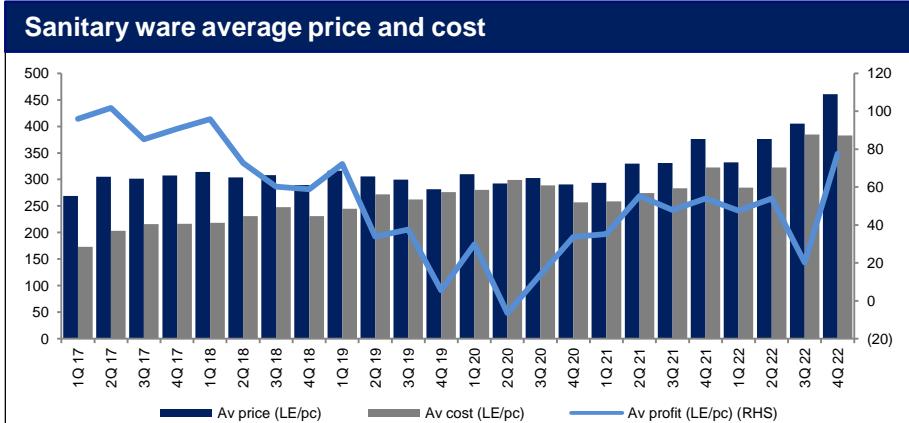
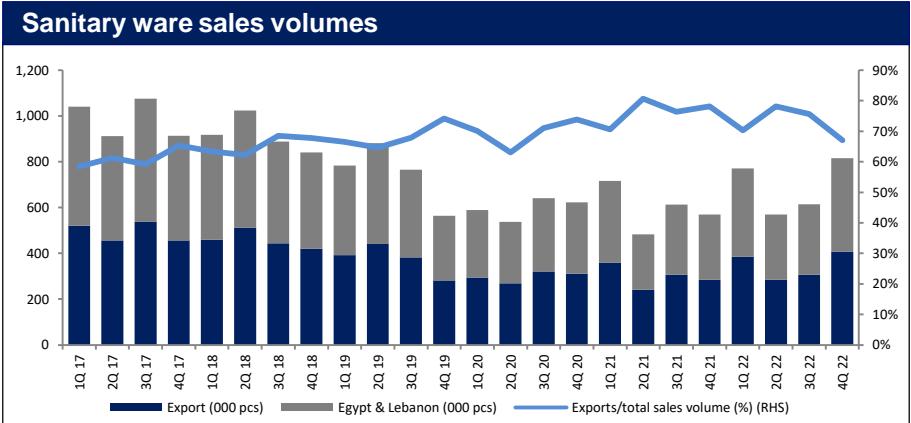


Tiles – gross profit and margin



Quarterly Key Segmental Trends

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All Segmental Breakdowns by Quarter

Lecico Group Sanitary Ware Analysis	2020				2021				2022				2017 FY	2018 FY	2019 FY	2020 FY	2021 FY	2022 FY	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4							
Volume (000's pieces)																			
Egypt	256	256	301	300	354	235	295	339	375	277	302	402	1,825	1,728	1,389	1,113	1,224	1,356	
Lebanon	39	13	19	12	4	7	11	12	11	8	6	6	146	106	83	34	30	30	
Exports	691	460	785	879	861	1,008	991	892	910	1,019	956	830	3,091	3,486	3,202	2,815	3,752	3,716	
Total Volume	986	729	1,105	1,191	1,220	1,250	1,298	1,243	1,296	1,304	1,263	1,238	5,061	5,321	4,699	4,010	5,010	5,102	
Average Selling Price	309.8	292.4	302.5	290.5	293.7	329.6	331.1	328.4	332.2	376.4	405.1	461.4	295.8	303.9	298.9	320.9	320.9	392.9	
Revenue	305.5	213.1	334.3	345.9	358.2	411.9	429.5	408.2	430.6	490.9	511.8	571.2	1,497.3	1,617.2	1,416.1	1,198.7	1,607.8	2,004.5	
Cost of Sales	276.1	217.8	319.0	305.8	315.3	342.9	367.4	356.0	369.1	420.5	486.3	474.9	1,025.7	1,262.4	1,238.6	1,118.7	1,381.5	1,750.8	
Average Cost Per Piece	280.1	298.8	288.7	256.9	258.5	274.4	283.1	286.4	284.7	322.4	384.9	383.6	202.7	237.3	263.6	279.0	275.8	343.2	
Gross Profit	29.3	(4.7)	15.3	40.1	43.0	69.0	62.2	52.2	61.5	70.4	25.5	96.3	471.6	354.8	177.6	80.0	226.3	253.7	
Gross Profit Margin	10%	-2%	5%	12%	12%	17%	14%	13%	14%	14%	5%	17%	31%	22%	13%	7%	14%	13%	

Lecico Group Tile Analysis	2020				2021				2022				2017 FY	2018 FY	2019 FY	2020 FY	2021 FY	2022 FY	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4							
Volume (000's sqm)																			
Egypt	3,153	3,360	3,888	4,591	4,363	3,314	3,936	4,523	4,912	3,728	5,404	5,209	18,994	20,666	15,309	14,993	16,136	19,253	
Lebanon	48	120	114	84	18	88	45	34	60	64	123	41	558	478	660	366	186	288	
Exports	1,184	568	1,151	1,519	1,046	1,558	1,005	1,541	961	397	688	906	3,618	4,611	5,642	4,422	5,151	2,952	
Total Volume	4,386	4,048	5,153	6,194	5,427	4,961	4,986	6,099	5,933	4,190	6,215	6,156	23,171	25,755	21,611	19,781	21,472	22,494	
Average Selling Price	39.9	38.8	39.8	39.6	39.9	40.6	42.2	44.0	44.2	46.7	47.6	53.6	35.9	38.9	39.6	41.7	48.2		
Revenue	175.2	157.0	205.1	245.0	216.4	201.2	210.6	268.1	262.1	195.6	296.1	329.9	830.7	1,002.4	856.4	782.3	896.3	1,083.6	
Cost of Sales	150.0	143.8	164.3	197.1	169.5	163.0	164.7	196.4	191.3	147.2	230.1	253.0	803.0	941.4	811.8	655.2	693.6	821.5	
Average Cost Per sqm	34.2	35.5	31.9	31.8	31.2	32.9	33.0	32.2	32.2	35.1	37.0	41.1	34.7	36.6	37.6	33.1	32.3	36.5	
Gross Profit	25.2	13.2	40.8	47.9	46.9	38.2	45.8	71.7	70.8	48.4	66.0	76.8	27.7	61.0	44.7	127.1	202.7	262.0	
Gross Profit Margin	14%	8%	20%	20%	22%	19%	22%	27%	27%	25%	22%	23%	3%	6%	5%	16%	23%	24%	

Lecico Group Brassware Analysis	2020				2021				2022				2017 FY	2018 FY	2019 FY	2020 FY	2021 FY	2022 FY	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4							
Volume (pieces)																			
Egypt	18,288	17,228	23,857	27,150	26,524	20,774	42,380	59,915	63,922	29,580	44,005	36,455	108,471	106,371	82,933	86,523	149,593	173,962	
Exports	0	0	0	0	0	0	345	0	0	0	0	0	160	1,940	12	0	345	0	
Total Volume	18,288	17,228	23,857	27,150	26,524	20,774	42,725	59,915	63,922	29,580	44,005	36,455	108,631	108,311	82,945	86,523	149,938	173,962	
Average Selling Price	868.2	690.9	923.3	898.5	974.6	1,101.8	924.2	832.5	827.3	1,243.9	1,062.3	1,352.6	722.5	793.6	931.3	857.6	921.1	1,067.7	
Revenue	15.9	11.9	22.0	24.4	25.9	22.9	39.5	49.9	32.9	19.9	24.9	25.2	45.9	56.9	47.7	52.2	83.8	102.9	
Cost of Sales	13.3	9.1	14.9	15.0	15.9	18.0	23.0	27.0	600.4	865.1	537.7	449.9	514.2	671.7	566.7	691.2	559.1	591.3	
Average Cost Per Piece	724.9	526.7	623.1	551.2	9.9	4.9	16.5	22.9	20.0	16.9	21.8	24.1	32.6	29.1	29.5	22.0	54.3	82.9	
Gross Profit	2.6	2.8	7.2	9.4	9.9	4.9	16.5	22.9	38%	21%	42%	46%	42.4%	34%	38%	30%	39%	45%	
Gross Profit Margin	17%	24%	33%	39%	38%	21%	42%	46%	38%	46%	47%	49%							

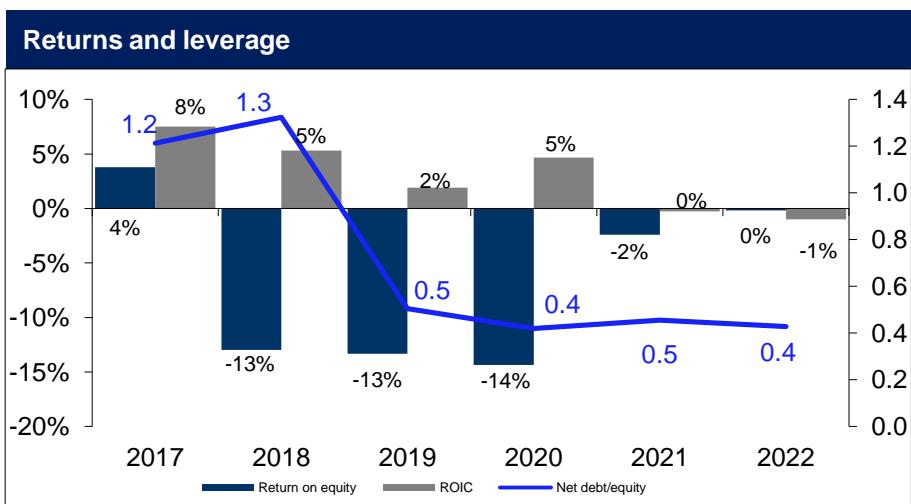
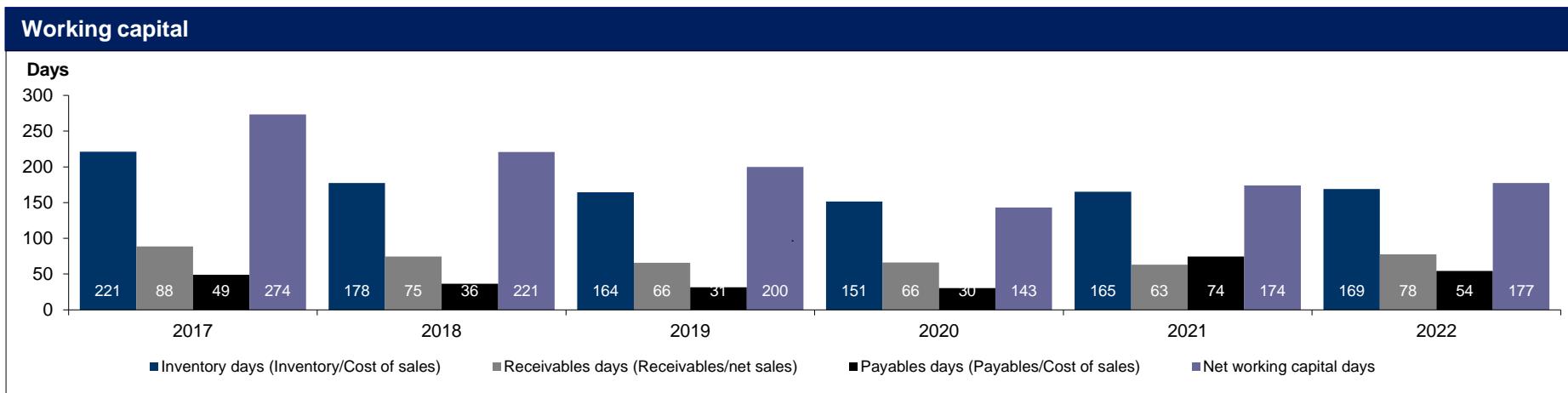
Balance Sheet by Quarter



Balance Sheet (£E m)	2017	2018	2019	2020	2020	2020	2020	2021	2021	2021	2021	2022	2022	2022	2022
	4Q	4Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Cash and short-term investments	261.3	186.9	129.0	231.6	216.7	179.2	119.4	154.7	155.8	145.3	177.1	296.0	285.0	452.4	498.0
Inventory	1133.8	1087.2	945.0	927.5	894.0	798.2	833.7	870.5	965.3	996.8	976.5	1023.2	1090.9	1057.3	1238.2
Receivables	744.3	765.1	655.5	693.8	675.0	660.4	626.8	685.7	756.8	751.2	667.0	759.5	808.7	892.0	950.0
Related parties -debit balances	38.7	23.1	19.4	23.8	10.6	6.1	4.0	(0.0)	0.0	0.0	1.3	0.0	0.3	0.3	0.3
Current Assets	2,178.0	2,062.2	1,748.9	1,876.8	1,796.3	1,643.9	1,583.8	1,710.8	1,877.9	1,893.3	1,822.0	2,078.8	2,184.9	2,401.9	2,686.4
Non-Current Assets	782.1	744.4	2385.1	2019.4	1635.6	1683.7	1669.1	1645.5	1626.5	1610.7	1603.0	1614.7	1876.3	1859.2	2009.1
Total Assets	2,960.1	2,806.5	4,134.0	3,896.2	3,431.9	3,327.6	3,252.9	3,356.3	3,504.4	3,504.0	3,424.9	3,693.5	4,061.2	4,261.2	4,695.5
Banks Overdraft	1390.5	1332.0	1186.2	1123.5	1070.0	850.2	717.2	743.9	865.9	881.7	823.9	905.8	1058.7	1107.3	1247.3
Current portion of long-term liabilities	46.6	20.0	22.1	21.3	21.8	83.4	86.1	85.5	90.0	35.4	24.5	33.3	35.8	35.6	46.8
Trade & other payables	464.9	518.7	552.2	587.1	616.2	729.8	824.8	921.0	925.2	788.9	753.2	854.2	793.9	949.6	1023.5
Total Current Liabilities	1,902.0	1,870.8	1,760.5	1,731.8	1,708.0	1,663.4	1,628.0	1,750.4	1,881.1	1,706.1	1,601.7	1,793.4	1,888.5	2,092.5	2,317.5
Long-term loans	20.0	0.0	52.9	47.3	45.5	39.7	34.9	30.1	25.2	20.4	25.0	22.9	17.8	12.4	8.2
Other long-term liabilities	0.0	0.0	3.8	3.8	3.2	2.3	2.3	1.2	26.2	215.0	233.4	254.7	277.7	291.4	337.1
Provisions	10.6	9.3	8.5	8.4	8.5	6.7	6.7	7.8	8.2	9.0	8.4	10.0	11.0	13.1	21.3
Deferred tax	22.8	23.4	23.0	23.3	22.6	22.5	14.9	13.6	13.1	11.9	13.4	12.8	11.0	9.4	110.9
Total Non-Current Liabilities	53.4	32.7	88.2	82.7	79.8	71.3	58.8	52.6	72.7	256.2	280.2	300.4	317.5	326.3	477.6
Total Liabilities	1,955.4	1,903.4	1,848.7	1,814.5	1,787.8	1,734.7	1,686.8	1,803.1	1,953.9	1,962.3	1,881.9	2,093.8	2,206.0	2,418.8	2,795.1
Minority Interest	18.7	22.8	46.9	28.4	29.9	28.6	30.0	35.3	36.4	30.9	35.2	32.8	41.6	44.3	57.3
Total Equity	986.1	880.4	2238.4	2053.3	1614.2	1564.3	1536.1	1518.0	1514.1	1510.8	1507.9	1566.9	1813.6	1798.1	1843.1
Total Equity, Minorities and Liabilities	2,960.1	2,806.5	4,134.0	3,896.2	3,431.9	3,327.6	3,252.9	3,356.3	3,504.4	3,504.0	3,424.9	3,693.5	4,061.2	4,261.2	4,695.5

Receivables Days	88	74	66	66	68	66	66	69	69	70	70	72	70	76	78
Payables days	36	31	30	33	37	51	74	90	87	56	60	60	56	65	69
Inventory Days	221	178	164	167	176	147	151	168	173	173	184	166	172	154	169
Gross Debt	1457	1352	1258	1190	1135	909	763	788	910	926	863	951	1100	1144	1286
Gross Debt / Equity	1.48	1.54	0.56	0.58	0.70	0.58	0.50	0.52	0.60	0.61	0.57	0.61	0.61	0.64	0.70
Net Debt	1196	1165	1129	958	918	730	644	633	754	780	686	655	815	691	788
Net Debt / Equity	1.21	1.32	0.50	0.47	0.57	0.47	0.42	0.42	0.50	0.52	0.45	0.42	0.45	0.38	0.43
Current Ratio	1.15	1.10	0.99	1.08	1.05	0.99	0.97	0.98	1.00	1.11	1.14	1.16	1.16	1.15	1.16
Assets Turnover	0.81	0.97	0.57	0.63	0.58	0.65	0.68	0.64	0.69	0.72	0.69	0.75	0.71	0.72	0.70
Working Capital (Inv. + Receivable -Payables)	1,423	1,336	1,052	1,041	966	735	637	637	798	991	918	957	1,137	1,038	1,255

Working Capital and Returns



Thank you



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