

# Lecico

## First Quarter 2023 Results

Devaluation drives strong recover and LE 89m net profit

**Alexandria, 16<sup>th</sup> May 2023** – Lecico Egypt announces its consolidated results for the first quarter of 2023. Revenue was up 63% to LE 1,216.7 million. The Company reported an operating profit (EBIT) of LE 306.4 million compared to an operating profit of LE 30.6 million in 1Q 2022. Lecico reported a net profit of LE 89 million compared to a net profit of LE 29.3 million in the same period last year.

Lecico Egypt Chairman, Gilbert Gargour commented, “I am pleased to report a very strong first quarter where the devaluation and significant price increases led to a significant increase in our profitability and margins.

“Lecico has been working hard for years against the significant headwinds of a strengthening currency and high inflation that squeezed our export-led business year after year.

“Over those years Lecico has become leaner and smarter doing more with less and learning to unlock the value in our fixed assets and working capital. We have improved processes, restructured our international subsidiaries and built efficiency gains through local expertise.”

“I am very proud to see the fruits of this hard from all the team and management bear fruit in this improved operating environment and I look forward to seeing that continue in the months ahead. I thank you for your continued interest and support of Lecico.”

“We remain conscious of the risks to global and Egyptian demand. We are working to offset any potential drop in demand with new products, customers and penetration in our key markets. I thank you for your continued interest and support of Lecico.”

Taher Gargour, Lecico Egypt CEO, added, “The main driver of improvement this quarter came from the devaluation coupled with price increases. Revenue was up 63% year-on-year up 28% on last quarter despite lower sales volumes.

“Our margins should reduce from this point with inflation in Egypt and the devaluation affecting the average costs of our materials. We aim to maintain a significant improvement in average margins over last year as we benefit from the devaluation and continued gains in efficiency and economies of scale.

“Our risk is on the demand side, and we are working hard to line up alternatives in our markets. We will also be focusing on inventory control and cash management as our debts have grown in the last few quarters. Lecico is in the middle of a very volatile trading period, but we are working hard to preserve the improvement in our financial results seen this quarter in the face of these uncertainties as the year progresses.”

**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.

**For additional information, please contact:**

Taher G. Gargour  
Telephone: +203 518 0011  
Fax: +203 518 0029

**Visit our website at: [www.lecico.com](http://www.lecico.com)**

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