



Full Year 2023 Results

A strong recovery on the back of devaluation and price increases

Alexandria, 29th February 2024 – Lecico Egypt announces its consolidated results for the fourth quarter of 2023. Revenue was up 29% to LE 1,223 million. The Company reported an operating profit (EBIT) of LE 160.9 million compared to an operating profit of LE 69.6 million in 4Q 2022. Lecico reported a net profit of LE 110.8 million compared to a net profit of LE 37.7 million in the same period last year.

For the full year, revenue was up 48% to LE 4,842.9 million. The Company reported an operating profit (EBIT) of LE 941.1 million compared to an operating loss of LE 31.3 million in 2022. Lecico reported a net profit of LE 446.3 million compared to a net loss of LE 3.2 million in the last year.

Lecico Egypt Chairman, Gilbert Gargour commented, “I am pleased to report a strong performance for 2023, with Lecico seeing significant gains in our gross margins and a relative reduction in overheads driving a dramatic improvement in our core profitability and a strong bottom line.

“These results show what Lecico is capable of when the Egyptian pound is competitively priced, allowing the potential strength of Egypt as an export base to shine through. Although we are expecting the challenges of 2023 to intensify in 2024 with pressure on the Egyptian economy and continued weakness in European and regional markets, Lecico management hopes to be able to deliver continued strong performance in 2024.”

Taher Gargour, Lecico Egypt CEO, added, “I am pleased that our margins held up in the fourth quarter. Despite the diseconomies of scale as we reduced production from the run-rate of the first half of the year, Lecico was still able to deliver a double-digit operating margins.

“We also delivered an excellent bottom line as we monetized our excess dollar supply adding LE 29.7 million to profits and we reported LE 38.3m in positive exchange variances for the quarter between Lebanon and our other operations. Our ability to make gains on our excess foreign currency through the GDR market continue into next year and could have a significant impact on our bottom line for 2024.

“I am optimistic that we can continue to deliver strong results despite the headwinds of Egypt’s economic challenges and the slowdown in Europe. We will face cost inflation from Egyptian inputs but hopefully this will be balanced by currency movements. The

potential of Egypt as an export base will increase our earnings as European markets start to recover towards the end of the year and Egypt – with the support of the IMF and others – sees its currency, budget and inflation issues start to improve. Lecico will work hard to preserve and build on the strong improvement in our financial results delivered in 2023.”

AGM Announcement

Lecico’s Annual General Meeting will be held electronically with voting over five days before the assembly meeting on Sunday, March 31, 2024, at exactly 8:30 AM.

The Board of Directors recommends not to distribute a dividend. The Company has distributed treasury shares as a stock dividend in 2023. Lecico Egypt stand-alone results have an accumulated loss due to prior years losses which prevents us paying a dividend. The Board’s recommendation will be presented to shareholders at Lecico’s AGM.

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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