First Quarter 2024 Results

Record net profits on strong operations and foreign exchange income

Alexandria, 26th May 2024 – Lecico Egypt announces its consolidated results for the first quarter of 2024. Revenue was up 14% to LE 1,388.8 million. The Company reported an operating profit (EBIT) of LE 321.7 million compared to an operating profit of LE 306.4 million in 1Q 2023. Lecico reported a net profit of LE 477.5 million compared to a net profit of LE 89 million in the same period last year.

Lecico Egypt Chairman, Gilbert Gargour commented, "I am pleased to report a strong start to the year with the highest ever quarterly revenue, operating profit and net profit results."

"Core operations saw an improvement on last few quarters with local sales offsetting weakness in exports and margins benefitting from increased production volumes, better efficiency, and a boost in export revenues in March when the pound devalued around 52%.

"We also booked LE 361.5 million in non-operating gains from swapping excess dollars through GDR trading and from Exchange gains in March from the devaluation of the Pound. These strong non-operating gains allowed us to report more profit in the quarter than we did for the whole of 2023.

Taher Gargour, Lecico Egypt CEO, added, "As we look ahead to the rest of 2024, I believe we will continue to deliver healthy numbers – without the exceptional gains of this quarter – but I expect some pressure on margins erosion from lower sales volumes on the back of weak demand, with price competition in most markets limiting our ability to pass on cost increases and inflation in Egypt driving up our costs. We will be able to offset some of this pressure as we benefit from the full effect of the devaluation of the Pound and continue to deliver efficiency gains and cost savings. But these pressures are still likely to impact our performance in the coming quarters.

"Our strong first quarter results will provide us a good footing to face the challenges of the year ahead and the devaluation of the Egyptian Pound has given us a boost to help absorb the expected pressures ahead. Over the course of the rest of the year, we will work hard to preserve and build on the strong improvement in our financial results in the past year."

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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