



Third Quarter 2021 Results

Alexandria, 14th November 2021 – Lecico Egypt (Stock symbols: LCSW.CA; LECI EY) announces its consolidated results for the third quarter 2021.

Highlights

3Q 2021

- Lecico revenue up 21% to LE 679.6 million (63.2% from sanitary ware).
- Sanitary ware revenue up 29% to LE 429.5 million, volumes up 17% to 1.3 million pieces (76.4% exports).
- Tile revenue up 3% to LE 210.6 million, volumes down 3% to 5 million square meters (20.2% exports).
- Brassware revenue up 79% to LE 39.5 million, sales volume up 79% to 42,725 pieces.
- EBIT profit of LE 9.3 million compared to EBIT loss of LE 25.3 million in 3Q 2020.
- Net loss of LE 8.7 million compared to net loss of LE 45.3 million in 3Q 2020.

9M 2021

- Lecico revenue up 33% to LE 1,916.1 million (62.6% from sanitary ware).
- Sanitary ware revenue up 41% to LE 1,199.7 million, volumes up 34% to 3.8 million pieces (75.9% exports).
- Tile revenue up 17% to LE 628.2 million, volumes up 13% to 15.4 million square meters (23.5% exports).
- Brassware revenues up 77% to LE 88.2 million, sales volume up 52% to 90,023 pieces.
- EBIT profit of LE 22.7 million compared to EBIT loss of LE 118.5 million in 2020.
- Net loss of LE 32.2 million compared to net loss of LE 192.4 million in 2020.

Lecico Egypt Chairman, Gilbert Gargour commented, “I am pleased to see a continued quarter-on-quarter improvement in Lecico Egypt’s results with stronger local sales driven by a record quarter for our brassware business.

“The global supply shortages continue to push additional demand for our products while also pressuring our costs. So far we have been reasonably successful in offsetting cost inflation with

price increases as well as offsetting the cost through savings projects including raw material changes, packaging changes and improved operations.”

“We have a strong demand outlook into 2022, which is giving us an opportunity to pass on a lot of the cost inflation through significant price increases and to fine tune our sales mix to optimize profitability, sustainability and risk-diversification. I remain optimistic that strong demand we are seeing from Europe will be augmented by a consumer recovery in Egypt – 2022 may be the year and this will drive a continued recovery in Lecico performance.”

“I thank you for your continued interest and support of Lecico.”

Taher Gargour, Lecico Egypt CEO, added, “This quarter is our fifth consecutive quarter of improving gross and EBITDA margins. It is our second consecutive quarter of reporting both an operating (EBIT) profit and a pre-tax profit and both are improved on the second quarter.

“Despite significant cost inflation affecting all our product lines we continued to deliver a strong contribution with a drop in sanitary ware margins offset by a record performance from our brassware joint venture.

“Sanitary export demand remained strong and continued to outpace production. Sanitary ware margins dropped quarter-on-quarter primarily due to a shift in sales mix towards lower profit export customers and production inefficiencies as we introduced new models that negatively impacted our overall efficiency.

“Our brassware segment had an outstanding quarter booking almost double its average quarterly sales volumes as we have increased project sales and great success from new high-margin product lines. This segment contributed 13% of our group gross profit compared to around 11% contribution in 2020.

“We did see debt grow in the quarter as inventories of tiles and raw materials and components rose. Our build-up of raw materials and components inventories includes building stocks of items where prices are rising or where supply chain disruption requires us to hold more stock to manage risk.

“We may see a bit of a dip in sales quarter-on-quarter in the quarters ahead in line with our traditional seasonality, but the outlook for strong demand in 2022 remains positive and we will continue to recruit and train staff to increase production to meet that demand.

“Lecico’s task ahead remains to ramp up production and maximize sales while working towards continuous improvement in our management of costs, working capital and cashflows. I am pleased with our overall delivery against this task and subsequent improvement in performance so far this year. Lecico still has more to do to continue improving margins in sanitary ware and to see overheads fall as a proportion of sales as we continue to grow.

“The entire Lecico management team will continue to work towards the best possible results with this strategy in the coming year.”

Lecico Revenue and Profitability

Profit and loss statement highlights						
(LE m)	3Q		%	9M		%
	2021	2020	21/20	2021	2020	21/20
Sanitary ware	429.5	334.3	129%	1,199.7	852.9	141%
Tiles	210.6	205.1	103%	628.2	537.2	117%
Brassware	39.5	22.0	179%	88.2	49.8	177%
Sales	679.6	561.4	121%	1,916.1	1,439.9	133%
Sanitary ware/sales (%)	63.2%	59.5%	3.7%	62.6%	59.2%	3.4%
Cost of sales	(555.1)	(498.1)	111%	(1,579.6)	(1,308.1)	121%
Cost of sales/sales (%)	(81.7%)	(88.7%)	(7.0%)	(82.4%)	(90.8%)	(8.4%)
Gross profit	124.5	63.3	197%	336.5	131.8	255%
Gross profit margin (%)	18.3%	11.3%	7.0%	17.6%	9.2%	8.4%
Distribution and administration (D&A)	(93.0)	(74.8)	124%	(274.1)	(207.0)	132%
D&A/sales (%)	(13.7%)	(13.3%)	0.4%	(14.3%)	(14.4%)	(0.1%)
Net other operating income/ (expense)	(22.2)	(13.8)	162%	(39.7)	(43.4)	91%
Net other operating income/ (expense) sales (%)	(3.3%)	(2.5%)	0.8%	(2.1%)	(3.0%)	(0.9%)
EBIT	9.3	(25.3)	-	22.7	(118.5)	-
EBIT margin (%)	1.4%	-	-	1.2%	-	-
Net profit (loss)	(8.7)	(45.3)	19%	(32.2)	(192.4)	17%
Net profit margin (%)	-	-	-	-	-	-

3Q 2021: Continued sales rebound improves performance and operating profit

Lecico reported a continued recovery with strong sales to Europe and an excellent performance from the brassware segment.

Lecico revenues for the third quarter increased by 21% year-on-year to reach LE 679.6 million (3Q 2020: LE 561.4 million) with higher revenues in all segments. Local revenues were up 6% year-on-year to reach LE 278.3 million (3Q 2020: LE 263.5 million) and export revenues were up 35% year-on-year to reach LE 401.3 million (3Q 2020: LE 297.9 million).

Quarter-on-Quarter revenues increased by 7% (2Q 2021: LE 636 million). Local revenues increased 28% quarter-on-quarter to reach LE 278.3 million (2Q 2021: LE 217.7 million), but exports decreased 4% quarter-on-quarter to reach LE 401.3 million (2Q 2021: LE 418.3 million).

Lecico's cost of goods sold increased by 11% year-on-year to LE 555.1 million (3Q 2020: LE 498.1 million) as a result of sanitary ware production volumes increasing 32% compared to the same period last year.

Quarter-on-Quarter Lecico's cost of goods sold increased by 6.0% (2Q 2021: LE 523.8 million).

Lecico's gross profit for the third quarter increased 97% year-on-year to LE 124.5 million (3Q 2020: LE 63.3 million). Lecico's gross profit margin increased 7 percentage points to 18.3% compared to 11.3% in the same period last year. Gross profit in all segments improved.

Quarter-on-quarter gross profit increased by 11% (2Q 2021: LE 112.2 million) and Lecico's gross margin increased 0.7 percentage points (2Q 2021: 17.6%).

In absolute terms, distribution and administration (D&A) expenses increased by 24% to LE 93 million (3Q 2020: LE 74.8 million) and proportional D&A expenses were up by 0.4 percentage points to 13.7% (3Q 2020: 13.3%).

Quarter-on-quarter distribution and administration (D&A) expenses decreased by 1% (2Q 2021: LE 94 million) and proportional D&A expenses were down by 1.1 percentage points (2Q 2021: 14.8%).

Lecico reported LE 22.2 million in net other operating expense compared to net other operating expenses of LE 13.8 million in the same period last year. The increase is mainly coming from additional provisions for local customers.

Quarter-on-quarter Lecico reported LE 22.2 million in net other operating expense compared to net other operating expenses of LE 15.1 million in 2Q 2021.

Lecico reported EBIT profit of LE 9.3 million compared to EBIT loss of LE 25.3 million in 3Q 2020.

Quarter-on-quarter EBIT profit increased by 210% (2Q 2021: LE 3.0 million) and Lecico's EBIT margin increased 0.9 percentage points (2Q 2021: 0.5%).

Lecico reported LE 3.9 million in net financing expense compared to net financing expense of LE 13.6 million in the same period last year due to the significant reduction in both debt levels and interest rates year-on-year.

Quarter-on-quarter Lecico reported LE 3.9 million in net financing expense compared to net financing income of LE 1.9 million in 2Q 2021 due to a drop of LE 5.7 million in exchange variance gain compared to 2Q 2021 as sales in Lebanon dropped.

Lecico reported net tax charge of LE 10.3 million in the third quarter versus tax charge LE 6 million in the same period last year.

Lecico reported net loss of LE 8.7 million in the third quarter compared to a net loss of LE 45.3 million in the same period last year. For comparison, Lecico reported net loss of LE 6.8 million in the second quarter 2021.

9M 2021: Export sales led recovery sees Lecico return to operating profit

Lecico revenues for the first nine months increased by 33% year-on-year to LE 1,916.1 million (9M 2020: LE 1,439.9 million) due to the increase in sales in all segments and particularly strong growth in sanitary ware exports and local brassware sales.

Lecico's cost of goods sold was up 21% year-on-year to LE 1,579.6 million (9M 2020: LE 1,308.1 million).

Gross profit increased by 155% to reach LE 336.5 million (9M 2020: LE 131.8 million) and the Company's gross profit margin was up 8.4 percentage points to 17.6% compared to 9.2% in the same period last year.

In absolute terms, distribution and administration (D&A) expenses increased by 32% to LE 274.1 million (9M 2020: LE 207 million), but proportional D&A expenses were down by 0.1 percentage points to 14.3% of net sales compared to 14.4% in last year.

Lecico reported LE 39.7 million in net other operating expenses compared to net other operating expenses of LE 43.4 million in the same period last year. The decrease is mainly due to exceptional income from natural gas refund by LE 13.1 million.

Lecico reported an EBIT profit of LE 22.7 million for the first nine months compared to an EBIT loss of LE 118.5 million in the same period last year.

Net financing expenses decreased 75% year-on-year during the first nine months of 2021 to reach LE 15.1 million compared to LE 59.3 million in the same period last year. The reduction coming from the gain from exchange variance (LE 20.3 million exchange variance gain compared to an exchange variance gain of LE 16.8 million in the same period last year), as well as the reduction in net debt and interest rates in Egypt and Lebanon.

Lecico reported net tax charge of LE 32 million versus a tax charge of LE 17.9 million in the same period last year.

Lecico reported net loss of LE 32.2 million compared to net loss of LE 192.4 million in the same period last year.

Segmental analysis

Sanitary ware

3Q: Sanitary ware sales volumes increased by 17% (up 192,527 pieces). Export sales volumes increased by 126% (up 206,255 pieces), but local sales volumes decreased by 2% (down 5,574 pieces) and Lebanon sales volumes decreased by 43% (down 8,154 pieces).

Quarter-on-quarter total sales volumes increased by 4% (up 47,793 pieces). Local volumes increased 26% (up 60,640 pieces) and sales in Lebanon increased by 61% (up 4,156 pieces), but Sales in export decreased 2% (down 17,003 pieces).

Average sanitary ware prices increased by 9% year-on-year at LE 331.1 per piece (3Q 2020: LE 302.5). Quarter-on-quarter average prices increased slightly by 0.4% (2Q 2021: LE 329.6).

Revenues were up 29% year-on-year at LE 429.5 million (3Q 2020: LE 334.3 million). Quarter-on-quarter revenues were up 4% (2Q 2021: LE 411.9 million).

Average cost of sales per piece was down 2% year-on-year at LE 283.1 per piece primarily as a result of the increase in production. Production was up 32% year-on-year.

Quarter-on-quarter, the average cost of sales was up 3% (2Q 2021: LE 274.4 per piece).

Gross profit increased 307% to LE 62.2 million (3Q 2020: LE 15.3 million) and the margin up 9.9 percentage points to 14.5% (3Q 2020: 4.6%).

Quarter-on-quarter gross profit decreased by 10% (2Q 2021: LE 69 million) and the gross margin decreased by 2.3 percentage points (2Q 2021: 16.8%).

Sanitary ware segmental analysis	3Q		%	9M		%
	2021	2020	21/20	2021	2020	21/20
Sanitary ware volumes (000 pcs)						
Egypt (000 pcs)	295	301	98%	884	813	109%
Lebanon (000 pcs)	11	19	57%	22	71	31%
Export (000 pcs)	991	785	126%	2,860	1,936	148%
Total sanitary ware volumes (000 pcs)	1,298	1,105	117%	3,767	2,820	134%
Exports/total sales volume (%)	76.4%	71.0%	5.4%	75.9%	68.6%	7.3%
Sanitary ware revenue (LE m)	429.5	334.3	129%	1199.7	852.9	141%
Average selling price (LE/pc)	331.1	302.5	109%	318.5	302.5	105%
Average cost per piece (LE/pc)	283.1	288.7	98%	272.3	288.3	94%
Sanitary ware cost of sales	(367.4)	(319.0)	115%	(1025.5)	(812.9)	126%
Sanitary ware gross profit	62.2	15.3	407%	174.1	39.9	436%
Sanitary ware gross profit margin (%)	14.5%	4.6%	9.9%	14.5%	4.7%	9.8%

9M: Sanitary ware sales volume increased by 34% to 3.8 million pieces (up 947,164 pieces). Egyptian volumes increased 9% (up 71,237 pieces) and export volumes increased 48% (up 924,727 pieces) but sales in Lebanon decreased by 69% (down 48,801 pieces).

Average sanitary ware prices were up 5% year-on-year to LE 318.5 per piece (9M 2020: LE 302.5) as a result of price increases in Egypt and an increased proportion of export sales.

Revenues were up 41% year-on-year at LE 1,199.7 million (9M 2020: LE 852.9 million).

Average cost of sales decreased 6% at LE 272.3 per piece due to economies of scale on higher production. Sanitary ware production was 51% higher than in the first nine months of 2020.

Gross profit increased 336% to LE 174.1 million (9M 2020: LE 39.9 million) and the margin up 9.8 percentage points to 14.5% (9M 2020: 4.7%).

Tiles

3Q: Tile sales volumes decreased 3% year-on-year (down 166,909 square meters) to reach 5 million square meters. Local sales volumes increased 1% (up 47,599 square meters), but export sales volumes decreased 13% (down 145,558 square meters) and Lebanon sales decreased 61% (down 68,950 square meters).

Quarter-on-quarter sales volumes increased 1% (up 26,000 square meters). Local volumes increased 19% (up 622,000 square meters), but export volumes decreased 35% (down 553,000 square meters) and Lebanon volumes decreased 49% (down 43,000 square meters).

Average net prices per square meter increased by 6% year-on-year at LE 42.2 per meter (3Q 2020: LE 39.8). Quarter-on-quarter average prices were up 4% (2Q 2021: LE 40.6).

Tiles revenues were up 3% year-on-year at LE 210.6 million (3Q 2020: LE 205.1 million). Quarter-on-quarter revenues were up 5% (2Q 2021: LE 201.2 million).

Average costs of sales increased by 4% year-on-year to reach LE 33 per square meter (3Q 2020: LE 31.9 per square meter). Tile production increased by 4% compared to the same period last year. Cost reduction was supported by cost cutting measures in Egypt and the impact of a strengthening currency on fx-based costs. Quarter-on-quarter average costs were up 1% (2Q 2021: LE 32.9).

Gross profit for the quarter reached LE 45.8 million compared to gross profit LE 40.9 million in the same period last year. Gross margin increased 1.8 percentage points (3Q 2020: 19.9%).

Quarter-on-quarter gross profit increased by 20% (2Q 2021: LE 38.2 million) and the gross margin increased 2.8 percentage points (2Q 2021: 19%).

Tile segmental analysis	3Q		%	9M		%
	2021	2020		2021	2020	
Tile volumes (000 sqm)						
Egypt (000 sqm)	3,936	3,888	101%	11,613	10,402	112%
Lebanon (000 sqm)	45	114	39%	151	282	54%
Export (000 sqm)	1,005	1,151	87%	3,609	2,903	124%
Total tile volumes (000 sqm)	4,986	5,153	97%	15,373	13,587	113%
Exports/total sales volume (%)	20.2%	22.3%	(2.2%)	23.5%	21.4%	2.1%
Tile revenue (LE m)	210.6	205.1	103%	628.2	537.2	117%
Average selling price (LE/sqm)	42.2	39.8	106%	40.9	39.5	103%
Average cost per sqm (LE/sqm)	33.0	31.9	104%	32.3	33.7	96%
Tile cost of sales	(164.7)	(164.2)	100%	(497.2)	(458.0)	109%
Tile gross profit	45.8	40.9	112%	131.0	79.2	165%
Tile gross profit margin (%)	21.8%	19.9%	1.8%	20.8%	14.7%	6.1%

9M: Tile sales volumes increased by 13% year-on-year (up 1.8 million square meters) to reach 15.4 million square meters. Sales in Egypt increased 12% (up 1.2 million square meters), sales in Export increased by 24% (up 706,477 square meters), but sales in Lebanon decreased by 46% (down 130,510 square meters).

Average net prices rose 3% to LE 40.9 per square meter compared to LE 39.5 in the same period last year.

Tiles revenues increased 17% year-on-year at LE 628.2 million in the first nine months of 2021 (9M 2020: LE 537.2 million).

Average costs decreased 4% year-on-year to reach LE 32.3 per square meter due to cost cutting measures in Egypt, the impact of a strengthening currency on fx-based costs as well as economies of scale as production volume was 19% higher than the same period in 2020.

Gross profit increased 65% to reach LE 131 million (9M 2020: LE 79.2 million) and the margin increased by 6.1 percentage points to 20.8% (9M 2020: 14.7%).

Brassware

3Q: Sales volumes for the third quarter 2021 increased by 79% to reach 42,725 pieces (3Q 2020: 23,857 pieces). Quarter-on-quarter sales volumes increased by 106% (2Q 2021: 20,774 pieces).

Average net prices increased slightly by 0.1% to LE 924.2 compared to LE 923.3 in the same period last year. Quarter-on-quarter average prices were down 16% (2Q 2020: LE 1,102) due to product mix.

Revenue for the quarter increased 79% year-on-year to reach LE 39.5 million (3Q 2020: LE 22 million). Brassware accounted for 5.8% of the quarter's revenues, compared to 3.9% in the same period last year. Quarter-on-quarter revenues increased by 73% (2Q 2021: LE 22.9 million).

Average cost per piece decreased 14% to LE 537.7 per piece (3Q 2020: LE 623.1 per piece) reflecting changing mix. Quarter-on-quarter average cost per piece decreased 38% (2Q 2021: LE 865.1 per piece).

Gross profit for the quarter increased by 131% year-on-year to reach LE 16.5 million (3Q 2020: LE 7.2 million) and the gross margin increased 9.3 percentage points to 41.8% (3Q 2020: 32.5%). Brassware accounted for 13.3% of the quarter's gross profits compared to 11.3% in the same period last year.

Quarter-on-quarter gross profit increased by 236% (2Q 2021: LE 4.9 million), and the gross margin increased 20.3 percentage points (2Q 2021: 21.5%). Brassware accounted for 4.4% of gross profits in 2Q 2021.

Brassware segmental analysis	3Q		%	9M		%
	2021	2020		2021	2020	
Brassware volumes (pcs)						
Egypt (pcs)	42,380	23,857	178%	89,678	59,373	151%
Export (pcs)	345.00	0	0%	345.00	0	-
Total brassware volumes (pcs)	42,725	23,857	179%	90,023	59,373	152%
Exports/total sales volume (%)	0.8%	0.0%	0.8%	0.4%	0.0%	0.4%
Brassware revenue (LE m)	39.5	22.0	179%	88.2	49.8	177%
Average selling price (LE/pc)	924.2	923.3	100%	980.0	838.9	117%
Average cost per piece (LE/pc)	537.7	623.1	86%	631.8	626.5	101%
Brassware cost of sales	(23.0)	(14.9)	155%	(56.9)	(37.2)	153%
Brassware ware gross profit	16.5	7.2	231%	31.4	12.6	249%
Brassware gross profit margin (%)	41.8%	32.5%	9.3%	35.5%	25.3%	10.2%

9M: Sales volumes for first nine months of 2021 increased by 52% year-on-year (up 30,650 pieces).

Average net prices increased 17% to reach LE 980 per piece due to product mix.

Revenues increased 77% year-on-year to reach LE 88.2 million (9M 2020: LE 49.8 million).

Brassware's percentage of consolidated revenues 4.6%, while the percentage for last year was 3.5% of sales.

Average cost per piece rose 1% to LE 631.8 per piece (9M 2020: LE 626.5 per piece) reflecting changing mix and a strengthening Egyptian pound offsetting cost inflation.

Gross profit increased 149% to LE 31.4 million (9M 2020: LE 12.6 million) and the margin increased 10.2 percentage points to 35.5% (9M 2020: 25.3%).

Brassware's percentage of consolidated gross profits decreased to 9.3% of Lecico gross profits (9M 2020: 9.6%).

Financial Position

The value of Lecico's non-current assets decreased by 3% at the end of September 30, 2021 to reach LE 1,610.7 million (2020: LE 1,669.1 million).

The value of Lecico's current assets increased by 20% at the end of September 30, 2021 to reach LE 1,893.3 million (2020: LE 1,583.8 million) primarily as a result of the increase in cash, inventory and receivables during the first nine months of 2021.

Total liabilities increased by 16% to reach LE 1,962.2 million (2020: LE 1,686.8 million) primarily as a result of the increase in bank overdrafts and other payables.

Gross debt increased 21% or LE 162.7 million to reach LE 925.7 million compared to LE 763.1 million at the end of 2020.

Net debt increased 21% or LE 136.8 million to reach LE 780.4 million compared to LE 643.6 million at the end of 2020.

Net debt to equity at the end of September 2021 reached 0.52x compared to 0.42x at the end of 2020.

Working capital increased 53% or LE 317.6 million to reach LE 991.1 million compared to LE 673.5 million at the end of 2020 primarily due to the increase in inventory and receivables.

Recent developments and outlook

Outlook for 4Q and 2022: In the fourth quarter, Lecico expects some seasonal slowdown in sales compared to the third quarter, whilst still showing growth over the same period last year.

The Company is enacting price increases in the local market and on regional exports to try and offset continued pressure on costs. However, lower sales may see profitability drop quarter-on-quarter despite these efforts.

Looking ahead to 2022, the recovery in export demand seen in the past twelve months is expected to continue driving significant growth in sanitary ware sales volumes in the year ahead. Brassware is also expected to build on the strong results seen in the third quarter for a record year in 2022.

Another round of cost inflation in shipping, raw materials, complementary and packing materials is underway at the year end with some threat to supply of inputs for Lecico.

Lecico will try to offset this with larger than normal price increases in export markets in early 2022 and will continue to monitor to see if additional exceptional increases will be needed over and above this as we see performance over the first half of 2022.

Lecico will also be looking to offset cost pressure by ramping up production in sanitary ware and brassware over 2022 to unlock economies of scale while also continuing to look at sourcing and raw material changes to keep cutting like-for-like costs.

Following the improvements so far in 2021, management is cautiously optimistic – despite the many risks and unknown variables around inflation, supply chain disruption and unusually strong demand - that the improvement will continue in the year ahead with management expecting the average quarterly results for 2022 to show an improvement on 2021.

Lecico Lebanon restructuring update: The crisis in Lebanon continues to make the market extremely unpredictable and limits activity. Trading in Lebanon remains limited and strictly on a cash basis with fluctuations based on political sentiment and uncertainty over exchange rates.

Shortages and inflation continue to squeeze the consumer and we imagine very little scope for improvement in the short term until a solution to the closed economy is found. Lecico Lebanon is continuing to survive these challenges with limited sales being enough to keep the company cash flow positive and operational as we wait for the economic situation to improve.

Lebanon's macroeconomic and political outlook for 2022 remains extremely uncertain. In absence of better visibility, Lecico is expected to trade at levels close to 2021 in the year ahead; with similar losses but positive cash flow.

As the situation stabilizes Lecico Lebanon may need to change its business restructuring plan to adjust to any new market realities. Lecico Lebanon will do its best to be flexible and adaptive to the current environment to avoid as much as possible the risks these changes raise and to get the best benefit out of the opportunities it presents.

Management intends to continue to update investors on the progress of restructuring on a quarterly basis in the Results Newsletter.

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 manufacturing base in Egypt. 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 a number of leading European brands.

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Forward-looking statements

This release may contain certain "forward-looking statements", relating to the Company's business, which can be identified by the use of forward-looking terminology such as "will", "planned", "expectations", "forecast" or similar expressions, or by discussions of strategy, plans or intentions. Such statements may include descriptions of investments planned or currently under development by the Company and the anticipated impact of these investments. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results that may be expressed or implied by such forward-looking statements.

Lecico Egypt consolidated income statement

Income statement						
(LE m)	3Q		%	9M		%
	2021	2020	21/20	2021	2020	21/20
Sales	679.6	561.4	121%	1,916.1	1,439.9	133%
Cost of sales	(555.1)	(498.1)	111%	(1,579.6)	(1,308.1)	121%
Gross profit	124.5	63.3	197%	336.5	131.8	255%
Gross margin (%)	18.3%	11.3%	7.0%	17.6%	9.2%	8.4%
Distribution expenses	(44.1)	(33.1)	133%	(137.3)	(91.5)	150%
Administrative expenses	(48.9)	(41.7)	117%	(136.8)	(115.5)	118%
Other Operating income	14.2	3.4	418%	46.0	9.5	486%
Other Operating expenses	(36.4)	(17.2)	212%	(85.7)	(52.8)	162%
Operating profit (EBIT)	9.3	(25.3)	-	22.7	(118.5)	-
Operating (EBIT) margin (%)	1.4%	-	-	1.2%	-	-
Investment revenues	(0.0)	0.0	-	1.1	0.0	-
Finance income	8.8	12.3	72%	22.7	19.0	119%
Finance expense	(12.7)	(25.9)	49%	(37.8)	(78.3)	48%
Loss before tax and minority (PBTM)	5.4	(38.9)	-	8.7	(177.9)	-
PBTM margin (%)	0.8%	-	-	0.5%	-	-
Income tax	(11.6)	(6.1)	189%	(35.0)	(18.4)	190%
Deferred tax	1.3	0.1	1531%	3.0	0.5	601%
Net Loss after tax (NPAT)	(4.9)	(44.9)	11%	(23.3)	(195.8)	12%
NPAT margin (%)	-	-	-	-	-	-
Minority interest	(3.8)	(0.4)	965%	(9.0)	3.4	-
Net Loss	(8.7)	(45.3)	19%	(32.2)	(192.4)	17%
Net profit margin (%)	-	-	-	-	-	-

Lecico Egypt consolidated balance sheet

Balance Sheet			
(LE m)	30-Sep-21	31-Dec-20	21/20 (%)
Cash	145.3	119.4	122%
Inventory	996.8	833.7	120%
Receivables	751.2	626.8	120%
Related parties -debit balances	0.0	4.0	0%
Total current assets	1,893.3	1,583.8	120%
Net fixed assets	1,548.2	1,628.8	95%
Intangible assets	9.4	20.2	47%
Projects in progress	41.5	5.4	775%
Available for sale investments	5.9	5.9	100%
Long-term notes receivable	5.7	8.8	64%
Total non-current assets	1,610.7	1,669.1	97%
Total assets	3,504.0	3,252.9	108%
Banks overdraft	881.7	717.2	123%
Current portion of long-term liabilities	35.4	86.1	41%
Trade and notes payable	322.4	410.2	79%
Other current payable	434.5	376.7	115%
Related parties -credit balances	0.0	0.8	2%
Provisions	32.0	37.03	86%
Total current liabilities	1,706.1	1,628.0	105%
Long-term loans	20.4	34.9	58%
Other long-term liabilities	55.8	2.3	2387%
Provisions	9.0	6.7	134%
Deferred tax	11.9	14.9	80%
Long Term Notes Payables	159.2	-	0%
Total non-current liabilities	256.2	58.8	436%
Total liabilities	1,962.3	1,686.8	116%
Minority interest	30.9	30.0	103%
Issued capital	400.0	400.0	100%
Reserves	1,440.8	1,433.9	100%
Retained earnings	(297.8)	(77.2)	386%
Net Loss for the period/year	(32.2)	(220.6)	15%
Total equity	1,510.8	1,536.1	98%
Total equity, minorities and liabilities	3,504.0	3,252.9	108%

Lecico Egypt consolidated cash flow

Cash flow statement (LE m)	9M		%
	2021	2020	21/20
Cash Flow from operating activities			
Net Loss for the period before tax	8.7	(177.9)	-
Fixed assets depreciation	89.1	87.8	101%
Intangible assets amortization	0.7	(0.8)	-
Capital gains (loss)	(0.07)	(0.08)	84%
Gain (Loss) of selling other investment	0.0	1.1	0%
Impairment of intangible assets	11.3	7.0	161%
Provided provisions	2.6	30.9	8%
Impairment of Receivables	18.5	(0.02)	-
Difference result from discounting of long term notes receivables	(0.6)	(3.2)	18%
Difference result from discounting of long term notes payable	(56.3)		
Reversal of expired provision	(4.50)	0.00	-
Employee share in net profit	53.2	45.6	117%
Increase (Decrease) in translation reserve	(1.2)	(73.3)	2%
Gain /(Loss) from operating	121.3	(83.0)	
(Increase) Decrease in Inventory	(163.2)	147.1	-
(Increase) Decrease in Receivables	(135.1)	20.2	-
Increase (Decrease) in Payables	200.0	155.5	129%
Income tax paid	(35.1)	(21.6)	163%
Utilized Provisions	(0.5)	(28.8)	2%
Dividends paid	(68.6)	(25.8)	266%
Net cash from operating activities	(81.2)	163.5	-
Cash flow from investing activities			
Additions to fixed assets and projects	(44.6)	(43.3)	103%
Intangible assets	(1.2)	(0.0)	-
Net change in available for sale investments	0.0	4.9	0%
Proceeds from sales of fixed assets	0.1	213.0	0%
Net cash from investing activities	(45.7)	174.6	-
Cash flow from financing activities			
Increase (Decrease) in long-term loans	(2.0)	48.1	-
Payment for leased assets	(9.8)	0.0	-
Bank credit facilities	164.6	(335.9)	
Net cash from financing activities	152.8	(287.9)	-
Net change in cash & cash equivalent during the period	25.9	50.3	52%
Net cash and cash equivalent at beginning of the year	119.4	129.0	93%
Net cash and cash equivalent at the end of the period	145.3	179.2	81%