



Full Year 2024 Results

Alexandria, 2nd March 2025 – Lecico Egypt (Stock symbols: LCSW.CA; LECI EY) announces its consolidated results for 2024.

Highlights

4Q 2024

- Lecico revenue up 46% to LE 1,784.6 million (62.1% from sanitary ware).
- Sanitary ware revenue up 49% to LE 1,109 million, volumes down 10% to 859,985 pieces (78.9% exports).
- Tile revenue up 55% to LE 598.5 million, volumes up 28% to 6.1 million square meters (14.6% exports).
- Brassware revenue down 16% to LE 77.1 million, sales volume down 53% to 31,201 pieces.
- EBIT profit up 10% to LE 177.4 million compared to LE 160.9 million in 4Q 2023.
- Net profit down 69% to LE 34.6 million compared LE 110.8 million in 4Q 2023.

FY 2024

- Lecico revenue up 37% to LE 6,644.7 million (64.8% from sanitary ware).
- Sanitary ware revenue up 36% to LE 4,303.4 million, volumes down 11% to 3.7 million pieces (77.9% exports).
- Tile revenue up 46% to LE 1,976.5 million, volumes up 17% to 22.1 million square meters (10% exports).
- Brassware revenues up 14% to LE 364.8 million, sales volume down 37% to 149,636 pieces.
- EBIT profit up 22% to LE 1,151.0 million compared to LE 941.1 million last year.
- Net profit up 99% to LE 890.3 million compared to LE 446.3 million last year.

Lecico Egypt Chairman, Gilbert Gargour commented, “I am pleased to report an outstanding performance for 2024 despite a squeeze on results in the last quarter.

“Strong revenue growth on the back of higher prices and gains on devaluation drove good growth in our operating and net profits.

“Weakening sales volumes in sanware and brassware – particularly in Egypt – did negatively affect our margins compounding the cost inflation seen in Egypt over the year.

“We are more optimistic for the year ahead with falling inflation and interest rates predicted for Egypt and our European markets. We are also looking for good growth from the roll-out

of new products next year including several new sanitary ware ranges, large format porcelain tiles and new bath and shower solutions for our brassware.

“In terms of markets, we have a plan for growth of sales footprint in the UK, France and the US in addition to organic growth from new models, current marketing strategies and market recoveries.

“We are also expecting record efficiency rates in our factories with low scrap and repair rates in sanitary ware and improving tile productivity.

“All of this should help us deliver another positive year despite the pressures of the slowing in demand over the course of 2024 and the relative strengthening of the EGP against the Sterling and Euro in the past quarter.

“I want to thank all shareholders for their faith and interest in our company and I am pleased to report the best annual results ever for Lecico for 2024 and I look forward to a strong – if challenging – 2025 together.”

Taher Gargour, Lecico Egypt CEO, added, “The last quarter of this year was challenging with weak sales volumes in sanitary ware and margins falling for both sanitary ware and brassware.

“Despite these pressures we still had a healthy growth in gross profits year-on-year for the quarter, up 42% at LE 441.2 million.

“However, this healthy gross profit growth was eroded by year-end provisions and write-offs mainly around taxes and VAT, as well as exchange losses for the quarter as a surging dollar took the Egyptian pound with it, appreciating the Pound against our main trading currencies, the Euro and the Sterling.”

“Year-end provisions and write-offs were around LE 70 million with LE 50 million in extra tax provisions and expenses and LE 20 million in write-offs primarily around VAT. These expenses should have been spread over the year and instead have all fallen in the fourth quarter. Lecico will review its policies around accruals to try and avoid such lumpy expense distribution in the future. However, while our full year results are accurate, our fourth quarter core performance is significantly understated. Approximately LE 50 million of this affected the operating profit line and LE 20 million was in tax charges affecting the net profit line only. Adjusted, our net profit for the quarter would be closer to LE 104.6 million without these unusual expenses.

“We also had an exchange loss of LE 18.7m in the quarter due to the Egyptian Pound strengthening against the Sterling and the Euro, further impacting our bottom line.

“While our results for the quarter did suffer from weaker demand and cost inflation squeezing our margins and making this our weakest quarter from the operating profit level down, this pressure was amplified by these exceptional year-end adjustments and charges.

“From a cash flow perspective, this quarter was positive. Our operations generated good cash flow over the quarter but significant investment charges of around LE 100 million for machinery to upgrade our product offers and technology in sanitary ware and tiles meant our net debt position was unchanged over the quarter.

“Over the course of 2024, Lecico has been able to reduce its net debt by 40% in absolute terms despite the 60% devaluation that occurred in March. Our net debt to equity levels have fallen from 0.43x at the end of last year to 0.15x currently. We have done this while increasing our investment spending in machinery and equipment, spending LE 298 million over the course of the year.

“The fourth quarter – excluding the exceptional items mentioned above – shows some of the pressures on margins from cost inflation and weak demand in our key markets compared to the earlier quarters of this year. We are coming into 2025 with most markets depressed by inflation and high costs of money, but we are hopeful that global macroeconomics will start to improve over the course of the coming year. As always, we will continue to work hard to preserve and build on the strong improvement in our financial results in the year ahead whatever the operating environment.”

Lecico Revenue and Profitability

Profit and loss statement highlights						
(LE m)	4Q		%	FY		%
	2024	2023	24/23	2024	2023	24/23
Sanitary ware	1,109.0	745.2	149%	4,303.4	3,168.7	136%
Tiles	598.5	386.5	155%	1,976.5	1,354.8	146%
Brassware	77.1	91.3	84%	364.8	319.4	114%
Sales	1,784.6	1,223.0	146%	6,644.7	4,842.9	137%
Sanitary ware/sales (%)	62.1%	60.9%	1.2%	64.8%	65.4%	(0.7%)
Cost of sales	(1,343.4)	(921.9)	146%	(4,769.5)	(3,354.0)	142%
Cost of sales/sales (%)	(75.3%)	(75.4%)	(0.1%)	(71.8%)	(69.3%)	2.5%
Gross profit	441.2	301.1	147%	1,875.2	1,488.9	126%
Gross profit margin (%)	24.7%	24.6%	0.1%	28.2%	30.7%	(2.5%)
Distribution and administration (D&A)	(192.7)	(148.1)	130%	(660.2)	(503.0)	131%
D&A/sales (%)	(10.8%)	(12.1%)	(1.3%)	(9.9%)	(10.4%)	(0.5%)
Net other operating income/ (expense)	(71.1)	7.8	-	(64.1)	(44.8)	143%
Net other operating income/ (expense) sales (%)	(4.0%)	0.6%	-	(1.0%)	(0.9%)	0.0%
EBIT	177.4	160.9	110%	1,151.0	941.1	122%
EBIT margin (%)	9.9%	13.2%	(3.2%)	17.3%	19.4%	(2.1%)
Net profit	34.6	110.8	31%	890.3	446.3	199%
Net profit margin (%)	1.9%	9.1%	(7.1%)	13.4%	9.2%	4.2%

4Q 2024: Strong top line but profits squeezed by lumpy operating and tax charges

Lecico reported strong growth in revenues despite relatively lower sales volumes in the quarter thanks to improved pricing driven by the devaluation in early 2024. Operating and net profits were squeezed by inflation-driven cost increases and adjustments to tax and VAT charges (around LE 70 million) and exchange losses as the EGP strengthened against the Euro and the Sterling.

Lecico revenues for the fourth quarter increased by 46% year-on-year to reach LE 1,784.6 million (4Q 2023: LE 1,223 million) with higher prices driving up revenues in sanitary and tile segments. Local revenues were up 24% year-on-year to reach LE 742.3 million (4Q 2023: LE 598.9 million) and export revenues were up 67% year-on-year to reach LE 1,042.3 million (4Q 2023: LE 624.1 million).

Quarter-on-quarter revenues decreased 7% (3Q 2024: LE 1,925.5 million). Local revenues slightly increased 0.5% to LE 742.3 million (3Q 2024: LE 738.6 million) thanks to good tile sales, but exports decreased 12% to LE 1,042.3 million (3Q 2024: LE 1,186.9 million).

Lecico's cost of goods sold increased by 46% year-on-year to LE 1,343.4 million (4Q 2023: LE 921.9 million) on the back of an approximately 60% weaker Egyptian Pound and the corresponding inflationary pressures.

Quarter-on-quarter Lecico's cost of goods sold decreased by 3% (3Q 2024: LE 1,384 million).

Lecico's gross profit for the fourth quarter increased 47% year-on-year to LE 441.2 million (4Q 2023: LE 301.1 million) Lecico's gross profit margin decreased 0.1 percentage points to 24.7% compared to 24.6% in the same period last year.

Quarter-on-quarter gross profit decreased by 19% (3Q 2024: LE 541.5 million) and gross profit margin decreased 3.4 percentage points to 24.7% compared to 28.1%.

In absolute terms, distribution and administration (D&A) expenses increased by 30% to LE 192.7 million (4Q 2023: LE 148.1 million), but proportional D&A expenses were down by 1.3 percentage points to 10.8% (4Q 2023: 12.1%).

Quarter-on-quarter distribution and administration (D&A) expenses increased by 3% (3Q 2024: LE 187.3 million), and proportional D&A expenses were up by 1.1 percentage points (3Q 2024: 9.7%).

Lecico reported LE 71.1 million in net other operating expenses compared to net other operating income of LE 7.8 million in the same period last year.

Quarter-on-quarter Lecico reported LE 71.1 million in net other operating expenses compared to net other operating expenses of LE 3.8 million in 3Q 2024. The increase in other operating expenses was primarily due to tax provisions of LE 41.2 million made in the fourth quarter.

Lecico's EBIT profit for the fourth quarter increased 10% year-on-year to LE 177.4 million (4Q 2023: LE 160.9 million). Lecico's EBIT margin decreased 3.2 percentage points to 9.9% compared to 13.2% in the same period last year.

Quarter-on-quarter Lecico's EBIT profit decreased 49% (3Q 2024: LE 350.5 million) and the margin decreased 8.3 percentage points (3Q 2024: 18.2%).

Management estimates that excluding exceptional charges in the UK (affecting COGs and SG&A) and tax provisions in Egypt (affecting other operating expenses) impacting this quarter specifically, the company would have reported an Operating Profit of approximately LE 227.4 million.

Lecico reported LE 81.3 million in net financing expenses compared to net financing expenses of LE 6.4 million in the same period last year. This increase in financing expense is due to exchange loss of LE 18.7 million compared to exchange profit of LE 38.3 in the same period last year.

Lecico reported a net tax charge of LE 58.6 million in the fourth quarter versus tax charge LE 34.4 million in the same period last year. This tax charge included adjustments for previous quarters which significantly distorted the tax charge for the quarter in isolation.

Lecico's net profit for the fourth quarter decreased 69% year-on-year to LE 34.6 million (4Q 2023: LE 110.8 million). Lecico's net margin decreased 7.1 percentage points to 1.9% compared to 9.1% in the same period last year.

If we exclude the exceptional tax provisions and charges as well exceptional write-offs from this quarter's results, management estimates net profit would have been around LE 104.6 million (4.7% margin).

Quarter-on-quarter, Lecico's net profit decreased by 85% (3Q 2024: LE 227.8 million) and its net margin decreased by 9.9 percentage point (3Q 2024: 11.8%).

FY 2024: A record year driven by strong top line growth on prices

Lecico revenues for the year increased by 37% year-on-year to LE 6,644.7 million (FY 2023: LE 4,842.9 million), a record number for the Company, as price increases driven by the impact of the devaluation of the Pound, despite lower sales volumes in sanitary ware and brassware as demand remains under pressure in most markets.

Lecico's cost of goods sold was up 42% year-on-year to LE 4,769.5 million (FY 2023: LE 3,354 million).

Gross profit increased by 26% to reach LE 1,875.2 million (FY 2023: LE 1,488.9 million), but the Company's gross profit margin was down 2.5 percentage points to 28.2% compared to 31.5% last year. It should be noted that in 2024, Lecico changed its reporting to move goods transportation costs from D&A expenses to COGs, Lecico's gross margin would have been approximately 4% higher (32%) if that adjustment had not been made.

In absolute terms, distribution and administration (D&A) expenses increased by 31% to LE 660.2 million (FY 2023: LE 503 million), but proportional D&A expenses were down by 0.5 percentage points to 9.9% (FY 2023: 10.4%). It should be noted that in 2024, Lecico changed

its reporting to move goods transportation costs from D&A expenses to COGs, D&A expenses would have been approximately 13.7% of sales if that adjustment had not been made.

Lecico reported LE 64.1 million in net other operating expenses compared to net other operating expenses of LE 44.8 million in the same period last year.

Lecico's EBIT profit increased by 22% to reach LE 1,151 million (FY 2023: LE 941.1 million). The Company's EBIT margin was down 2.1 percentage points to 17.3% compared to 19.4% for the same period last year.

Lecico reported LE 79.9 million in net financing income compared to LE 254.1 million net financing expenses in the last year. This increase in financing income is due to an exceptional gain of LE 362.5 million in 1Q 2024 due to the devaluation of the Egyptian Pound.

Lecico reported net tax charge of LE 312.5 million versus a tax charge of LE 214 million in the last year.

Lecico's net profit increased by 99% to reach LE 890.3 million (FY 2023: LE 446.3 million). The Company's net margin was up 4.2 percentage points to 13.4% (FY 2023: 9.2%). If we exclude the exceptional gains for LE 362.5 million earlier this year due to the currency, Lecico would have an adjusted net profit of LE 527.8 million with a margin of 8%.

Segmental analysis

Sanitary ware

4Q: Sanitary ware sales volumes decreased by 10% (down 90,787 pieces). Local sales volumes decreased by 42% (down 124,129 pieces), but export sales volumes increased by 4% (up 27,570 pieces) and Lebanon sales volumes increased by 77% (up 5,772 pieces).

Quarter-on-quarter total sales volumes decreased by 13% (down 127,253 pieces). Local volumes decreased 12% (down 22,890 pieces), export sales volumes decreased 13% (down 103,899 pieces) and sales in Lebanon decreased 3% (down 464 pieces).

Average sanitary ware prices increased by 65% year-on-year at LE 1,289.5 per piece (4Q 2023: LE 783.8) following a series of price increases over the course of the year plus the impact of the significant devaluation on export prices. Quarter-on-quarter average selling prices slightly increased 0.06% (3Q 2024: LE 1,288.7).

Revenues were up 49% year-on-year at LE 1,109 million (4Q 2023: LE 745.2 million). Quarter-on-quarter revenues were down 13% (3Q 2024: LE 1,272.3 million).

Average cost of sales per piece increased by 55% year-on-year at LE 930.6 per piece, as costs were inflated primarily on the back of significant inflation locally and the impact of devaluation on imported costs. Sanitary ware production increased 18% compared to the same period last year.

Quarter-on-quarter, the average cost of sales per piece increased by 8% (3Q 2024: LE 865.1 per piece), driven by July's annual salary increase. Sanitary ware production was flat on the previous quarter.

Gross profit increased 76% to LE 308.7 million (4Q 2023: LE 175.2 million), and the gross margin was up 4.3 percentage points to 27.8% (4Q 2023: 23.5%).

Quarter-on-quarter gross profit decreased by 26% (3Q 2024: LE 418.2 million), and the gross margin decreased by 5 percentage points (3Q 2024: 32.9%).

Sanitary ware segmental analysis						
	4Q		%	FY		%
	2024	2023	24/23	2024	2023	24/23
Sanitary ware volumes (000 pcs)						
Egypt (000 pcs)	168	293	58%	772	1,088	71%
Lebanon (000 pcs)	13	7	177%	43	33	131%
Export (000 pcs)	678	651	104%	2,870	3,034	95%
Total sanitary ware volumes (000 pcs)	860	951	90%	3,685	4,155	89%
Exports/total sales volume (%)	78.9%	68.4%	10.4%	77.9%	73.0%	4.9%
Sanitary ware revenue (LE m)	1,109.0	745.2	149%	4,303.4	3,168.7	136%
Average selling price (LE/pc)	1,289.5	783.8	165%	1,167.8	762.6	153%
Average cost per piece (LE/pc)	930.6	599.5	155%	804.8	518.9	155%
Sanitary ware cost of sales	(800.3)	(570.0)	140%	(2,965.7)	(2,156.2)	138%
Sanitary ware gross profit	308.7	175.2	176%	1,337.7	1,012.5	132%
Sanitary ware gross profit margin (%)	27.8%	23.5%	4.3%	31.1%	32.0%	(0.9%)

FY: Sanitary ware sales volume decreased by 11% to 3.7 million pieces (down 470,212 pieces). Egyptian volumes decreased 29% (down 315,843 pieces), export volumes decreased 5% (down 164,568 pieces), but sales in Lebanon increased by 31% (up 10,199 pieces).

Average sanitary ware prices were up 53% year-on-year to LE 1,167.8 per piece (FY 2023: LE 762.6) because of price increases and the devaluation of the Egyptian Pound.

Revenues were up 36% year-on-year at LE 4,303.4 million (FY 2023: LE 3,168.7 million).

Average cost of sales increased 55% at LE 804.8 per piece, as production was reduced by 15% and costs were inflated primarily on the back of significant inflation locally and the impact of devaluation on imported costs.

Gross profit increased 32% to LE 1,337.7 million (FY 2023: LE 1,012.5 million), but the margin down 0.9 percentage points to 31.1% (FY 2023: 32%).

Tiles

4Q: Tile sales volumes increased 28% year-on-year (up 1.3 million square meters) to reach 6.1 million square meters. Local sales volumes increased 27% (up 1.1 million square meters) and export sales increased 38% (up 242,509 square meters), but Lebanon sales volumes decreased 63% (down 34,117 square meters).

Quarter-on-quarter sales volumes decreased 5% (down 323,742 square meters). Local volumes decreased 10% (down 600,420 square meters) and Lebanon volumes decreased 58% (down 27,507 square meters), but export volumes increased 52% (up 304,185 square meters).

Average net prices per square meter increased by 21% year-on-year at LE 98.3 per meter (4Q 2023: LE 81) because of price increases locally and the impact of the devaluation on export prices. Quarter-on-quarter average prices increased by 7% (3Q 2024: LE 91.6).

Tile revenues were up 55% year-on-year at LE 598.5 million (4Q 2023: LE 386.5 million). Quarter-on-quarter revenues were up 2% (3Q 2024: LE 587.4 million).

Average cost of sales per square meter increased by 32% year-on-year to reach LE 82.2 (4Q 2023: LE 62.2 per square meter). Tile production was up 53% compared to the same period last year.

Quarter-on-quarter average costs per square meter increased by 5% (3Q 2024: LE 78). Tile production increased by 7% quarter-on-quarter.

Gross profit for the quarter increased 10% to reach LE 98.6 million (4Q 2023: LE 89.7 million). Gross margin decreased by 6.7 percentage points to 16.5% (4Q 2023: 23.2%).

Quarter-on-quarter gross profit increased by 13% (3Q 2024: LE 87.2 million) and the margin increased 1.6 percentage points to 16.5% (3Q 2024: 14.8%).

Tile segmental analysis	4Q		%	FY		%
	2024	2023	24/23	2024	2023	24/23
	Tile volumes (000 sqm)					
Egypt (000 sqm)	5,178	4,071	127%	19,736	16,219	122%
Lebanon (000 sqm)	20	54	37%	166	302	55%
Export (000 sqm)	888	646	138%	2,218	2,432	91%
Total tile volumes (000 sqm)	6,086	4,770	128%	22,119	18,953	117%
Exports/total sales volume (%)	14.6%	13.5%	1.1%	10.0%	12.8%	(2.8%)
Tile revenue (LE m)	598.5	386.5	155%	1,976.5	1,354.8	146%
Average selling price (LE/sqm)	98.3	81.0	121%	89.4	71.5	125%
Average cost per sqm (LE/sqm)	82.2	62.2	132%	73.9	53.8	137%
Tile cost of sales	(500.0)	(296.8)	168%	(1633.8)	(1020.1)	160%
Tile gross profit	98.6	89.7	110%	342.7	334.8	102%
Tile gross profit margin (%)	16.5%	23.2%	(6.7%)	17.3%	24.7%	(7.4%)

FY: Tile sales volumes increased by 17% year-on-year (up 3.2 million square meters) to reach 22 million square meters. Sales in Egypt increased 22% (up 3.5 million square meters), but export sales decreased by 9% (down 213,856 square meters) and Lebanon sales decreased by 45% (down 136,188 square meters).

Tiles revenues increased 46% year-on-year at LE 1,976.5 million in 2024 (FY 2023: LE 1,354.8 million).

Average net prices rose 25% to LE 89.4 per square meter compared to LE 71.5 in the same period last year because of price increases locally and the impact of the devaluation on export prices.

Average costs increased 37% year-on-year to reach LE 73.9 per square meter due to cost cutting measures in Egypt offsetting the impact of inflation and devaluation. Production volume was 14% greater than last year.

Gross profit increased 2% to reach LE 342.7 million (FY 2023: LE 334.8 million), but the margin decreased by 7.4 percentage points to 17.3% (FY 2023: 24.7%).

Brassware

4Q: Sales volumes for the fourth quarter of 2024 decreased by 53% to reach 31,201 pieces (4Q 2023: 65,831 pieces), with a significant slowdown in orders in the quarter across this segment in Egypt. Quarter-on-quarter sales volumes increased by 28% (3Q 2024: 24,397 pieces), primarily on the back of promotion prices from November onwards and new products launched in December.

Average net prices increased 78% to LE 2,471 compared to LE 1,387 in the same period last year. Quarter-on-quarter average prices decreased by 8% (3Q 2024: LE 2,697).

Revenue for the quarter decreased 16% year-on-year to reach LE 77.1 million (4Q 2023: LE 91.3 million). Brassware accounted for 4.3% of the quarter's total revenues, compared to 7.5% in the same period last year. Quarter-on-quarter revenues increased by 17% (3Q 2024: LE 65.8 million).

Average cost per piece increased 66% to LE 1,384 (4Q 2023: LE 835.8 per piece) reflecting changing mix and inflation from local costs and the devaluation. Quarter-on-quarter average cost per piece increased by 14% (3Q 2024: LE 1,214.5 per piece).

Gross profit for the quarter decreased by 6% year-on-year to reach LE 33.9 million (4Q 2023: LE 36.3 million), but the gross margin increased by 4.3 percentage points to 44% (4Q 2023: 39.7%). Brassware accounted for 7.7% of the quarter's total gross profits compared to 12% in the same period last year.

Quarter-on-quarter gross profit decreased by 6% (3Q 2024: LE 36.2 million) and the gross margin decreased 11 percentage points (3Q 2024: 55%). Brassware accounted for 6.7% of total gross profits in 3Q 2024.

Brassware segmental analysis						
	4Q		%	FY		%
	2024	2023		2024	2023	
Brassware volumes (pcs)						
Egypt (pcs)	31,201	65,831	47%	149,233	237,592	63%
Export (pcs)	-	-	0%	403	-	-
Total brassware volumes (pcs)	31,201	65,831	47%	149,636	237,592	63%
Exports/total sales volume (%)	0.0%	0.0%	0.0%	0.3%	0.0%	0.3%
Brassware revenue (LE m)	77.1	91.3	84%	364.8	319.4	114%
Average selling price (LE/pc)	2,471	1,387	178%	2,438	1,344	181%
Average cost per piece (LE/pc)	1,384.0	835.8	166%	1,136	748	152%
Brassware cost of sales	(43.2)	(55.0)	78%	(169.9)	(177.8)	96%
Brassware ware gross profit	33.9	36.3	94%	194.9	141.7	138%
Brassware gross profit margin (%)	44.0%	39.7%	4.3%	53.4%	44.3%	9.1%

FY: Sales volumes for 2024 decreased by 37% year-on-year (down 87,956 pieces).

Average net prices increased 181% to reach LE 2,438 per piece and revenues increased 14% year-on-year to reach LE 364.8 million (FY 2023: LE 319.4 million).

Brassware's percentage of total consolidated revenues was 5.5% (FY 2023: 6.6% of sales).

Average cost per piece increased 52% to LE 1,136 per piece (FY 2023: LE 748 per piece) reflecting changing mix.

Gross profit increased 38% to LE 194.9 million (FY 2023: LE 141.7 million) and the margin increased 9.1 percentage points to 53.4% (FY 2023: 44.3%).

Brassware's percentage of total consolidated gross profits increased to 10.4% (FY 2023: 9.5%).

Financial Position

The value of Lecico's non-current assets increased by 53% at the end of December 2024, to reach LE 3,407.9 million (2023: LE 2,222.4 million) following a revaluation of fixed assets according to IAS 16.

Total Equity increased 87% at the end of December 2024, to reach LE 3,734.6 million (2023: LE 1,996.9 million) following a revaluation of fixed assets according to IAS 16.

The value of Lecico's current assets increased by 34% at the end of December 2024, to reach LE 4,339.5 million (2023: LE 3,233 million) because of the impact of the devaluation of the Egyptian Pound and continued inflation on both selling and cost prices.

Total liabilities increased by 15% to reach LE 3,890.8 million (2023: LE 3,382.3 million) due to the increase in trade and other payables.

Gross debt decreased 34% or LE 479 million to reach LE 918.8 million compared to LE 1,397.8 million at the end of 2023.

Net debt decreased 40% or LE 377.9 million to reach LE 563.6 million compared to LE 941.5 million at the end of 2023.

Net debt to equity at the end of December 2024 reached 0.15x compared to 0.47x at the end of 2023.

Working capital increased 33% or LE 544.3 million to reach LE 2,198.2 million compared to LE 1,653.8 million at the end of 2023.

Recent developments and outlook

Outlook for 2025: Lecico expects current demand patterns to continue in early 2025, with inflation and interest rates continuing to limit appetite.

Lecico expects for 2025 to see the demand picture improve as the year advances as lower interest rates help drive a recovery in demand and spending in the Company's export markets and in Egypt.

Inflation will continue to put pressure on margins unless there is further devaluation of the Egyptian pound, which cannot be expected with any degree of certainty. The Company will look to local price increases, cost savings and tighter management of working capital to absorb this pressure on margins.

Accounting changes in 2024 move expenses from Overheads to COGs: In order to streamline cost and margin analysis and unify treatment of different transport costs, Lecico now reports all transport costs for goods and materials in COGs. The effect of this change is to add about 4% to COGs, reducing the gross margin by about 3 percentage points. A similar value is removed from SG&A, reducing overheads. Our operating profit and margin are not changed by this new treatment. We have restated comparative figures for 2023 for the same treatment.

Lecico Lebanon update: In 1Q 2023, Lecico Lebanon management has switched to hyper-inflation accounting using IAS 21 and IAS 29 and the "Sayrafa" exchange rate. All assets have been restated in Lebanese Pounds based on the impact of hyper-inflation and the P&L and balance sheet are translated at the "Sayrafa" rate as opposed to the official exchange rate.

Management is working towards formalizing hyper-inflation accounting new treatment with its auditors which may lead to adjustments or restatements when these management accounts are audited. Management understands that this will also lead to some restatement of past years as IAS rules calls for adjustment back to the beginning of hyperinflation in the economy. In due course, this should also lead to the removal of all the qualifications to Lecico Egypt's consolidated accounts that stem from not using hyper-inflation accounting and following IAS 21 and IAS 29. Management intends to continue to update investors on the progress of restructuring on a quarterly basis in the Results Newsletter.

AGM Announcement

Lecico's Annual General Meeting will be held electronically with voting over five days before the assembly meeting on Thursday, March 27, 2025, at exactly 8:30 AM.

The Board of Directors recommends not to distribute a dividend for 2024 results due to the uncertainties in market conditions. 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 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)	4Q		%	FY		%
	2024	2023	24/23	2024	2023	24/23
Sales	1,784.6	1,223.0	146%	6,644.7	4,842.9	137%
Cost of sales	(1,343.4)	(921.9)	146%	(4,769.5)	(3,354.0)	142%
Gross profit	441.2	301.1	147%	1,875.2	1,488.9	126%
Gross margin (%)	24.7%	24.6%	0.1%	28.2%	30.7%	(2.5%)
Distribution expenses	(66.1)	(62.3)	106%	(192.0)	(179.1)	107%
Administrative expenses	(126.6)	(85.7)	148%	(468.2)	(323.9)	145%
Other Operating income	(15.1)	28.2	-	86.3	133.0	65%
Other Operating expenses	(56.1)	(20.4)	275%	(150.4)	(177.8)	85%
Operating profit (EBIT)	177.4	160.9	110%	1,151.0	941.1	122%
Operating (EBIT) margin (%)	9.9%	13.2%	(3.2%)	17.3%	19.4%	(2.1%)
Investment revenues	1.0	-	-	1.0	-	-
Finance income	(13.3)	29.7	-	361.8	29.7	1217%
Finance expense	(68.0)	(36.1)	188%	(281.9)	(283.8)	99%
Profit before tax and minority margin (%)	97.1	154.5	63%	1,231.9	687.0	179%
Income tax	(56.1)	(21.6)	259%	(320.5)	(201.7)	159%
Deferred tax	(2.6)	(12.7)	20%	8.0	(12.4)	-
Net profit after tax margin (%)	38.5	120.2	32%	919.4	472.9	194%
Minority interest	(3.9)	(9.4)	41%	(29.1)	(26.6)	109%
Net profit	34.6	110.8	31%	890.3	446.3	199%
Net profit margin (%)	1.9%	9.1%	(7.1%)	13.4%	9.2%	4.2%

Lecico Egypt Consolidated Balance Sheet

Balance Sheet (LE m)	31-Dec-24	31-Dec-23	24/23 (%)
Cash and cash equivalents	352.2	456.3	77%
Inventory	2543.4	1597.0	159%
Trades and other receivables	1443.9	1179.8	122%
Total current assets	4339.5	3233.0	134%
Property, plant & equipment	3323.5	2159.2	154%
Intangible assets	28.6	15.9	180%
Projects under construction	55.8	47.0	119%
Notes receivable	0.0	0.4	0%
Total non-current assets	3407.9	2222.4	153%
Total assets	7747.4	5455.4	142%
Banks credit facilities	918.5	1387.5	66%
Loans due within a year	35.8	34.0	105%
Trade and creditors	955.6	518.4	184%
Other current payable	836.1	605.4	138%
Related parties -credit balances	2.6	0.9	304%
Provisions	151.2	119.4	127%
Total current liabilities	2897.2	2664.6	109%
Long-term loans	0.0	0.2	0%
Non-current portion of lease liabilities	107.7	85.0	127%
Provisions	9.6	3.1	309%
Deferred tax liabilities	520.4	312.1	167%
Long term notes payables	355.9	317.3	112%
Total non-current liabilities	993.6	717.7	138%
Total liabilities	3890.8	3382.3	115%
Non-controlling interest	122.0	76.3	160%
Share capital	400.0	400.0	100%
Reserves	2394.2	1546.8	155%
Treasury shares	0.0	(25.4)	0%
Retained earnings	940.4	75.5	1246%
Total equity	3734.6	1996.9	187%
Total equity, non-controlling interest and liabilities	7747.4	5455.4	142%

Lecico Egypt Consolidated Cash Flow

Cash flow statement (LE m)	FY		%
	2024	2023	24/23
Cash Flow from operating activities			
Net Profit for the year before tax	1,231.9	687.0	179%
Property, plant and equipment depreciation	175.0	115.4	152%
Intangible assets amortization	4.1	2.8	144%
Interest Income	(6.9)	-	-
Finance interest expense on leases contract	7.8	5.1	154%
Finance expenses	274.1	243.7	112%
Net income from investment at fair value through profit or loss	(153.8)	(29.7)	517%
Capital gains	(0.0)	(2.8)	1%
Foreign currency translation differences	(201.1)	35.0	-
Gain from operating	1,331.0	1,056.5	126%
Change in Inventory	(1,025.0)	(227.2)	451%
Change in trade, notes and other receivables	(268.5)	(27.0)	994%
Change in trade, notes and other payables	940.4	(440.8)	-
Change in Provisions	35.6	65.9	54%
	1,013.4	427.4	237%
Proceeds from Interest Income	6.9	-	-
Income tax paid	(201.4)	(41.4)	486%
Interest expenses paid	(274.1)	(243.7)	112%
Finance interest expenses paid on lease contracts	(7.8)	(5.1)	154%
Net cash available from/(used in) operating activities	537.1	137.3	391%
Cash flow from investing activities			
Payments for acquisition of property, plant & equipment & PUC	(285.0)	(264.4)	108%
Payments for acquisition of intangible assets	(6.2)	(4.0)	-
Proceeds from sale of property, plant and equipment	0.0	3.6	0%
Net cash (used in) investing activities	(291.1)	(264.8)	110%
Cash flow from financing activities			
Payments of loans	(10.5)	(37.7)	28%
Payment of lease liabilities	(24.3)	(21.0)	116%
Payments for acquisition of treasury shares	-	(25.4)	0%
Payments for acquisition financial securities	(599.0)	(48.9)	1225%
Proceeds from financial securities	752.8	78.6	957%
Change in banks credit facilities	(469.0)	140.2	-
proceeds from time deposits	-	30.0	0%
Net cash (used in) /available from financing activities	(350.0)	115.9	-
Net change in cash & cash equivalent during the year	(104.0)	(11.7)	890%
Cash and cash equivalent at beginning of the year	456.3	468.0	98%
Cash and cash equivalent at the end of the year	352.2	456.3	77%