



First Quarter 2009 Results

Growth in operating profits and margins despite difficult economic climate

Alexandria, 5th May 2009 – Lecico Egypt announced consolidated results for the first quarter ended 31 March 2009. Revenue was down 8% year-on-year at LE 242.4 million, attributable to softening demand in light of global economic conditions compounded by the impact of a weaker Sterling and Euro on exports. Despite the drop in revenues, operating profit (EBIT) was up 2% at LE 42.8 million (margin up 1.8% at 17.7%) on the back of improved efficiency and cost control efforts. Net profit was down 27% to LE 21.6 million (net margin down 2.3 percentage point to 8.9%).

Lecico Egypt Chairman and CEO, Gilbert Gargour, commented: “I am pleased to report a growth in operating profits and margins by almost two percentage points despite the current depressed economic climate. Our tiles segment performed well, with strong revenue growth and record profits and margins, but as anticipated the drop in sanitary ware sales volumes and values that we saw at the end of last year continued, overshadowing our successes in the Middle East and with new OEM customers in Europe and the US. The drop in sales volumes was compounded by the continued weakness of the Sterling and the Euro against the Egyptian pound.

“Although our strong operating profits were negatively impacted by both the increase in financing costs and the foreign currency losses, I am quite encouraged by our overall performance in the quarter. Without doubt these are difficult times for our industry globally and this is reflected in our results, but our ability to aggressively target new customers and markets coupled with our initial success in reducing costs give me great confidence in Lecico’s ability to not only weather the current storm but profit from it.”

Elie Baroudi, Lecico Egypt MD, added, “Although our overall sales are down 8% with sanitary ware revenues down 22% year-on-year, we have had some real successes in penetrating new markets and developing new OEM business in sanitary ware in the first quarter.

“In order to prepare ourselves for the challenges of a global economic slowdown, Lecico embarked on initiatives to aggressively cut costs at the beginning of this year and you can see some of the impact of these savings in our results for the quarter. I am sure the benefit of our cost cutting initiatives will continue in the months ahead as these programs take root.

“I am pleased with our overall performance in the quarter and am cautiously optimistic that we will be seeing better results in the quarters ahead as we continue to develop new sales opportunities, improve our efficiency and rationalize our cost base.”

The Full Statements for the period with analysis are available on Lecico’s Web site.



About Lecico

Lecico (Stock symbols: LECIq.L; LECI LI; 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 and Lebanon, with over 45 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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