



First Quarter 2011 Results

Political upheavals impact sales volumes and margins. Net profit down 46% year-on-year.

Alexandria, 5th May 2011 – Lecico Egypt announced consolidated results for the first quarter ended 31 March 2011. Revenue was down 20% year-on-year at LE 215.5 million, primarily as a result of the impact of political upheavals in Egypt and Libya. Operating profit (EBIT) fell 37% to LE 29.7 million (margin fell 3.8 percentage points to 13.8%) as the drop in gross profits was only partially offset by the LE 5.5 million reduction in overheads. Net profit fell 46% to LE 12.5 million (net margin down 4.2 percentage point to 5.8%) as the drop in operating profits was partially offset by a LE 3.4 million reduction in financing and tax expenses.

Lecico Egypt Chairman and CEO, Gilbert Gargour, commented: "Our operating environment in this quarter was very difficult and the negative numbers reflect the upheaval across our region with production and sales days lost, lower consumer confidence, higher costs in Egypt and lost sales in Libya, our major regional export market. The dedication of all involved at Lecico was exemplary and we owe a debt of gratitude to our colleagues for their courage and dedication during these difficult times.

"In the last month we have seen a relative recovery in our local market and failing further upheavals we are confident business will recover in Egypt, particularly because of a renewed commitment to public housing. But we are still in negotiations to finalize our insurance claims and are several months delayed in launching our new tile plant due to bureaucratic difficulties in finalizing the delivery of natural gas. It seems everyone is increasingly hesitant about taking any decisions in the current environment.

"In Libya the situation is desperately harder. Violence and civil war have stopped all activities though we continue to talk to our distributors and thank God for their safety and continued well being.

"In these uncertain times we continue to put emphasis on prudent management and marshalling of resources. We are confident our company will surmount the current uncertainties and return to growth as soon as possible."

Elie Baroudi, Lecico Egypt MD, added, "Our first goal is to try to recover lost sales. In the second quarter we expect to launch sanitary ware sales to two new OEM customers - one of them quite significant in volume terms - as well as first sales to the Nordic markets. We are also aggressively pushing to grow exports of tiles to the Middle East and have promising prospects in that regard.

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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