



Second Quarter 2009 Results

Strong growth continued in both operating profits and margins

Alexandria, 5th August 2009 – Lecico Egypt announced consolidated results for the second quarter ended 30 June 2009. Revenue was down 5% year-on-year at LE 272.5 million, attributable to the impact of a weaker Sterling and Euro on exports. Despite the drop in revenues, operating profit (EBIT) was up 8% at LE 50.3 million (margin up 2.3% at 18.5%) on the back of improved efficiency and cost control efforts. Net profit was down 20% to LE 30.3 million (net margin down 2.1 percentage point to 11.1%).

For the first half, Lecico reported revenue of LE 515 million, down 7% year-on-year. EBIT was up 5% to LE 93.3 million (margin up 2 percentage points to 18.1%). Net profit was down 23% to LE 52 million (margin down 2.1 percentage points to 10.1%).

Lecico Egypt Chairman and CEO, Gilbert Gargour, commented: “I am pleased to report that due to the strong performance of our tiles business and our success in cutting costs – and despite the continued impact of weaker exchange rates and depressed demand in export markets – Lecico has achieved our highest quarterly operating profit in over four years.

“Although our operating profits were negatively impacted by higher financing costs and the foreign currency losses, I am very pleased with our overall performance in the first half of this year. Without doubt these are difficult times for our industry globally and that is reflected in our results, but our ability to continue growing by targeting new customers and markets and by reducing costs give me great confidence in Lecico’s ability to weather well the tough times facing our industry and the global economy as a whole.”

Elie Baroudi, Lecico Egypt MD, added, “While our overall sales in the quarter are down 5% year-on-year and our sanitary ware sales are down 12%, this in fact represents an improvement from the year-on-year drops that we saw in the first quarter of 2009.

In the first half of 2009 we continued to feel the effect of a stronger Egyptian Pound against the Sterling and the Euro. This has impacted negatively on export revenues although to some extent offset by lower costs of raw materials imports and overheads. Furthermore as a result of the strengthening of the Euro and the Sterling we have reported significant exchange losses on our net foreign currency exposure.

“Despite these FX losses, 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 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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