



Third Quarter 2011 Results

Lower sales and FX losses due to Eurozone crisis and production disruption due to nine-day partial strike drive a net loss of LE 3.0 million

Alexandria, 14th November 2011 – Lecico Egypt announced consolidated results for the third quarter ended 30 September 2011. Revenue was down 6% year-on-year at LE 239.2 million with production disrupted by a 9-day strike in its Khorshid facility. Operating profit (EBIT) was down 60% at LE 20.0 million (margin down 11.2 percentage points at 8.4%) as a result of cost inflation and a loss of economies due to lower production. The company reported a net loss of LE 3.0 million for the quarter due to an LE 6 million FX loss in the quarter.

For the first nine months of the year, revenue was down 10% year-on-year at LE 704.4 million. EBIT was down 47% at LE 78.7 million (margin down 7.9 percentage points to 11.2%). Net profit was down 82% at LE 14.6 million (margin down 8.6 percentage points to 2.1%).

Lecico Egypt Chairman and CEO, Gilbert Gargour, commented: "I hope the quarter will turn out to be our worst. All the negative factors of the second quarter were compounded by the 9-day strike in Khorshid and foreign exchange losses. This has taken us into a loss for the quarter. These were exceptional events in an already exceptional time, the likes of which we hope never to see again.

"We can look forward to the recovery of the Libyan market and the continued growth of our markets in the Middle East. Lecico is working hard in difficult macro-economic times to develop new customers. But the road ahead is hard and it will be some time before we return to the normal levels of profitability and growth that our company deserves. These days will be with us again and perhaps sooner rather than later."

Elie Baroudi, Lecico Egypt MD, added, "Given relative stability in our operating environment, we can recover from this record low performance due to the specific factors driving the drop in results in this quarter.

"In sanitary ware, our profitability this year has been impacted by shrinking demand in Europe and the Middle East, combined with cost inflation and operational disruption in Egypt. In the quarter this was compounded by a quarter-on-quarter drop in sales and production volumes reached their lowest levels due to the strike and Ramadan.

"In tiles, the strike in Khorshid – over 75% of tile production – saw volumes down, and the gradual rollout of the new plant added to the unit costs in the quarter. With the improved price seen in the quarter and full productivity in Khorshid and the new Borg plant, we should see quarter-on-quarter improvement in the last months of the year."

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 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 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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