



Third Quarter 2017 Results

Strong top line offset by cost inflation and diseconomies of scale in production

Alexandria, 12th November 2017 –Lecico Egypt announced consolidated results for the third quarter of 2017. Revenue up 88% to LE 633.6 million. The Company reported an Operating (EBIT) of LE 35.8 million (5.6% margin) compared to an operating loss of LE 14.7 million due in 3Q 2016. Lecico reported a net loss of LE 5.2 million compared to a loss of LE 49.1 million in the same period last year.

For the first nine months, revenue up 76% to LE 1,765.4 million. The Company reported an operating profit (EBIT) of LE 136.1 million (7.7% margin) compared to an operating loss of LE 60.6 million in 3Q 2016. Lecico reported a net profit of LE 27.2 million (1.5% margin) compared to a loss of LE 129.6 million in the same period last year.

Lecico Egypt Chairman, Gilbert Gargour, commented “The results of the quarter are the consequence of a number of unusual occurrences: continuing its policy of reducing subsidies, the government has caused a substantial rise in the cost of petrol, diesel and electricity; in addition the reduced production around the Eid holiday has put pressure on our costs of goods sold; finally, to combat inflation the Central Bank has pushed interest rates to still higher levels.

“Nevertheless, our results are still fundamentally positive with strong revenue growth and positive cash flow from operations. We are in a much stronger position this year than in the past few years and I am confident we will continue to build on this into the year ahead. In addition, we look forward to a record year for sanitary ware exports to Europe.

“I thank all the shareholders who continue to believe in the company and assure you everyone at Lecico is working to deliver a strong recovery and return in the times ahead.”

Taher Gargour, Lecico Egypt CEO, added, “Despite record revenues and the highest export volumes in over three years, we reported a loss of LE 5.2 million as cost inflation in Egypt and reduced production eroded our margins. Lecico’s operations were marginally cash flow positive in the quarter. This is an important milestone in our recovery.

“Looking forward, we are likely to face continued demand pressure in Egypt. Sanitary ware should see quarter-on-quarter continued growth in exports and production. But tiles will be under pressure with shrinking Egyptian demand.

“We have a lot to do to reach the levels of cash flow and sustainable profitability we can achieve. Although the operating environment remains challenging and we will continue

to have to balance between P&L and balance sheet, I am confident we can build on the improvements seen so far this year in the years ahead.”

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

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 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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