



## First Quarter 2014 Results

Strong top line growth and improved cost structure drive 115% growth in net profits.

**Alexandria, 12<sup>th</sup> May 2014** – Lecico Egypt announced consolidated results for the first quarter ended 31 March 2014. Revenue was up 16% year-on-year at LE 383.8 million, primarily as a result of increased tile sales in Egypt. Operating profit (EBIT) rose 68% to LE 71.2 million (margin rose 5.8 percentage points to 18.6%). Net profit rose 115% to LE 35.0 million (net margin rose 4.2 percentage point to 9.1%).

Lecico Egypt Chairman and CEO, Gilbert Gargour, commented "Lecico Egypt's results are a promising start to the year with strong top line growth despite a slow start to sanitary ware demand in Egypt and Libya. We were able to show growing revenues in all segments as a result of better pricing, changing mix and a weaker Egyptian Pound.

"As a result of this strong core activity and the reduction in overheads, the first quarter results represent new records for Lecico in quarterly operating and net profit figures in absolute terms with margins continuing to improve year-on-year.

"We have also continued to improve relative working capital figures over the quarter despite a build-up of finished products in sanitary ware as the market slowed. We were also able to reduce both gross and net debt over the quarter.

"Overall this quarter's results show a strong start to the year and give us some confidence that we can continue to grow our business and returns over 2014. We continue to be concerned about the slower than expected sales in Egypt and Libya. I hope that we can deliver a banner year of financial results despite these concerns."

Taher Gargour, Lecico Egypt MD, added, "The results for the first quarter of 2014 continued the trend of strong growth and margin recovery seen in 2012 and 2013 and delivered our best recorded quarterly operating and net profit numbers.

"While this represents a strong start to the year we continue to face the challenge of cost inflation which may pressure these margins as the year progresses. We will continue to work to offset any inflationary pressures through efficiency gains and economies of scale but this may be mitigated by weaker than expected volume growth – particularly in sanitary ware.

"The strong performance in all segments and our ability to deliver margin growth and improve our cash flow and balance sheet in the face of these challenges in the first quarter give us reason to remain optimistic about the year. I hope that we can continue improving and growing in the year ahead, assuming that the political change and uncertainty in Egypt and the region do not too significantly impact demand in those markets."

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.

### **For additional information, please contact:**

Taher G. Gargour  
Telephone: +203 518 0011  
Fax: +203 518 0029

Visit our website at: [www.lecico.com](http://www.lecico.com)

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