



First Quarter 2015 Results

Weaker sales in Egypt and the region and the sharp increase in energy costs drive net profit down 94% year-on-year.

Alexandria, 12th May 2015 – Lecico Egypt announced consolidated results for the first quarter of 2015. Revenue fell 14% to LE 329.2 million. Operating profit (EBIT) was down 68% at LE 22.8 million (6.9% margin) due to lower sales and higher costs. Lecico reported a net profit of LE 2.2 million (0.7% margin) down 94% year-on-year.

Lecico Egypt Chairman and CEO, Gilbert Gargour, commented “The first quarter of this year was poor. The company has been affected by a confluence of factors: poor economic environment in Egypt and the increases in costs that were added to our business. This coincided with seeing demand evaporate in several export markets as a result of the political situation. This has affected the economies of the whole Middle East.

“At Lecico the most affected sector was the tile business. This business relied on the area's export markets and as a consequence the industry aggressively tried to replace this demand in the weak local market resulting in very aggressive pricing.

“We begin to believe that this situation is beginning to unwind, at least in Egypt.

“We detail later what we did to react to this situation. I am very proud of management's reactions and this leaves me hopeful that we shall gradually recover. Our company continues to benefit from significant advantages and strengths which should allow us to eventually return to the performance we have been used to.”

Taher Gargour, Lecico Egypt MD, added, “The first quarter has been perhaps our most difficult. The good news is that after an extremely slow January, we have seen an encouraging recovery in sales volumes in the past few months.

“In February, we took a number of tactical decisions to gain market share. Following these actions sales volumes have grown month-on-month and – if the trend continues – should see volumes in the second quarter improve. Tile recovery is even allowing us to restart some of the capacity we closed while steadily destocking inventories.

“We are facing a significant challenge in 2015 with pressure on volumes, revenues and costs. We are seeing some improvement as a result of our marketing initiatives. We plan to follow on these first steps taken to recover with other initiatives over the course of the year. If we are spared any significant external shocks in the coming quarters, I hope to be able to improve our results quarter on quarter and deliver satisfactory numbers in these circumstances.”

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 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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