



Second Quarter 2014 Results

Record Revenue and profits on the back of top line growth and improving margins drive net profit up 48% year-on-year to reach LE 49.8 million.

Alexandria, 13th August 2014 – Lecico Egypt announced consolidated results for the second quarter of 2014. Revenue was up 6% year-on-year at LE 425.4 million. Operating profit (EBIT) was up 27% at LE 81.2 million (margin up 3.1 percentage points to 19.1%) on the back of improving gross margins in all segments. Net profit was up 48% at LE 49.8 million (margin up 3.3 percentage points to 11.7%).

For the first half of the year, revenue was up 11% year-on-year at LE 809.2 million. EBIT was up 43% at LE 152.4 million (margin up 4.3 percentage points to 18.8%). Net profit was up 70% at LE 84.8 million (margin up 3.7 percentage points to 10.5%).

Lecico Egypt Chairman and CEO, Gilbert Gargour, commented "Lecico Egypt's second quarter results are the strongest in our history with record sales and profits.

"However, we face a strong challenge as significant cost increases in energy and fuel and increased taxes on operations are being implemented by the Government. These changes will result in a 20% increase in our costs from July onwards. We are enacting price increases where possible but challenging markets mean that we are unlikely to be able to pass on the full effect of these cost increases immediately.

"This will impact our performance in the quarters ahead. We must be grateful that the stronger position we are in will come in good stead as we are going through this phase in a Middle East where Egypt remains one of the few stable and well managed countries. We continue to believe Egypt to be one of the strongest markets in the region and the best place to produce tiles and sanitary ware competitively in the medium and long term."

Taher Gargour, Lecico Egypt MD, added, "The results for the quarter continued the trend of growth and margin recovery and delivered our best recorded quarterly sales, operating and net profit numbers.

"Unfortunately the exceptional increases in energy enacted by the government threaten to overtake all the gains we have made. We are increasing prices where possible with an average 8% increase coming into effect over August. We hope to increase prices further but I am not confident we will be able to cover the increased costs fully by year end.

"Without doubt we face our biggest challenge ever in terms of cost inflation. The strong performance in all segments and our ability to deliver margin growth in a challenging environment over the past years makes me optimistic about our ability to overcome this challenge and return to growth in the future given relative stability in costs and 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 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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