



## Second Quarter 2015 Results

Results show improvement over the first quarter but net profits still down 92% on 2Q 2014.

**Alexandria, 12<sup>th</sup> August 2015** – Lecico Egypt announced consolidated results for the second quarter of 2015. Revenue fell 7% to LE 394.9 million. Operating profit (EBIT) was down 66% at LE 27.5 million (7.0% margin) due to lower sales and higher costs. Lecico reported a net profit of LE 3.9 million (1.0% margin) down 92% year-on-year.

For the first six months, revenue fell 11% year-on-year at LE 724.1 million. EBIT was down 67% at LE 50.2 million (6.9% margin). Net profit fell 93% at LE 6.1 million (margin 0.8%).

Lecico Egypt Chairman and CEO, Gilbert Gargour, commented “The second quarter remains challenging but shows improvement. Our numbers show a top-line led improvement on the first quarter. In response, we have raised sanitary ware prices in Egypt by around 3% from the start of July. We have not raised tile prices yet but hope to do so in months if recovery continues.

“We have had success in correcting the unfair pricing of gas to our sanitary ware operations. In August, the first of our three factories is having its gas price reduced from US\$ 7/mbtu to the legal price of US\$ 5/mbtu. We will save around LE 0.6 million per month from the price change to this factory. We are hopeful that we can get all three factories prices corrected in due course and continue to claim a return of all over charges.

“We plan to continue rebuilding our market position and profitability. Our company benefits from significant advantages and strengths which should see us eventually return to the sterling performance we have been used to.”

Taher Gargour, Lecico Egypt MD, added, “The second quarter shows some recovery from our extremely challenging first quarter results. In February, we took a number of tactical decisions to gain market share in Egypt and new export markets. As a result of these actions and seasonal demand recovery, sales volumes rose and revenue and operating profit increased 20% quarter-on-quarter.

“In the third quarter we have added full delivery service for sanitary ware in Egypt and will be introducing inkjet-printing on tiles. We hope these new products and services will allow us to grow sales quarter-on-quarter despite the slowdown in July around Ramadan.

“We are still facing a significant challenge with pressure on volumes, revenues and costs. The good news is that we are seeing some improvement. If Egypt continues to recover in the coming quarters, I hope to continue improving our results quarter-on-quarter through better sales volumes and a gradual improvement in average pricing.”

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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