



Third Quarter 2015 Results

Weakening demand in Egypt and Middle East drive a net loss of LE 8.7 million

Alexandria, 11th November 2015 – Lecico Egypt announced consolidated results for the third quarter of 2015. Revenue fell 18% to LE 338.9 million. Operating profit (EBIT) was down 58% at 16.4 million (4.8% margin) due to lower sales and higher costs. Lecico reported a net loss of LE 8.7 million compared to a profit of LE 5.3 million in the previous period.

For the first nine months, revenue fell 13% year-on-year at LE 1,062.9 million. EBIT was down 65% at LE 66.6 million (6.3% margin). Lecico reported a net loss of LE 2.6 million compared to a profit of LE 90.1 million for the first nine months of 2014.

Lecico Egypt Chairman and CEO, Gilbert Gargour, commented “The quarter was an extremely difficult one. We reported an LE 8.7 million loss as increasing market weakness impacted demand and holidays limited trading days in Egypt and the region. Sales were down 15% quarter-on-quarter and production was reduced impacting costs.

“We continue to be affected by a soft economic environment, substantial increases in energy costs, and the virtual closure of several key regional markets. The continuing return of political stability and the completion of the political roadmap is the most positive element to date and a necessary one. Economic steps can perhaps begin to build on that.

“While we face difficult markets in the near term, we are expanding our export base and our product offerings and offering increasingly competitive terms. Our management teams are working hard to offset the negative environment and responding well to a challenging situation.”

Taher Gargour, Lecico Egypt MD, added, “The quarter saw a reduction in sales with the summer high-demand season ending early. The topline slowdown tipped us into net losses. We are facing an increasingly challenging year-end and start of 2016 and lack clear signs of recovery in Egypt or the region..

“In the third quarter we added full delivery service for sanitary ware in Egypt and in the fourth we introduced new sizes and inkjet-printing technology to tiles. We plan to follow these marketing initiatives launched in 2015 with others to take market share and deliver the best possible results. Our actions in response to the difficult environment will help us best utilize our significant advantages and strengths to eventually return stronger and leaner than before.”

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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