



Full Year 2014 Results

The sharp increase in energy costs and weaker sales in Egypt and regionally resulted in marginal profitability in second half. LE 91.6 million net profit for the year.

Alexandria, 11th March 2015 – Lecico Egypt announced consolidated results for 2014. Revenue was up 5% at LE 1,573.2 million. Operating profit (EBIT) was up 1% at LE 226.8 million (14.4% margin). Lecico reported a net profit of LE 91.6 million (5.8% margin) compared to a loss in 2013 due to LE 103.0 million one-off cost for exiting operations in France.

For the fourth quarter, revenue fell 10% at LE 352.8 million. Operating profit (EBIT) fell 40% at LE 34.9 million (9.9% margin) primarily as a result of higher energy costs from July onwards. Lecico reported a net profit of LE 1.5 million (0.4% margin) compared to a loss in the same period last year.

Lecico Egypt Chairman and CEO, Gilbert Gargour, commented “A year which - in the first half - saw your company break records in sales and profitability began deteriorating in July, as the abrupt increases in energy prices caused substantial increases in costs and reduction in demand. Another factor was a drop in Egyptian exports to the Middle East interrupted by unrest. For the first time in over a decade Lecico faces overcapacity in tiles and sanitary ware, with increasingly aggressive discounting from competition.

“As we begin the New Year, it is hard to be confident in the very short term but we are optimistic that the steps being taken by our government added to the inherent strength of our local economy will see a recovery and further growth. We shall overcome!”

Taher Gargour, Lecico Egypt MD, added, “Our fourth quarter results show a sharp drop in domestic demand compounding the drop in profitability seen in the third quarter. We have adopted a number of measures to try and improve on these numbers over the course of 2015.

“We are pushing for market share and new markets. We are introducing lower cost and price solutions in tiles and sanitary ware. We have temporarily rolled back about half of the tile price increase done in August. We are expanding our footprint in Egypt through retail promotion and direct distribution.

“In order to minimize costs, we have reduced production to meet market demand with the minimum energy and labour costs. This will be relatively quick to restart should demand recover. We have cut our interest expenses by LE 21 million per annum by selling foreign currency and shifting some of our debt to foreign currency.

“We are facing a significant challenge and plan to follow these first steps taken to recover with other initiatives over the year. I hope to be able to improve on the results of the second half and deliver satisfactory numbers in these circumstances.”

Lecico will hold its AGM on Tuesday, March 31st at 8:30am in the Imperial Ballroom at the Hilton Alexandria Corniche (544 El Geish Street, Sidi Bishr, Alexandria).

Lecico will be presenting a review of its annual financial performance as outlined in this document at the AGM. The Board of Directors and your management will continue to review the needs of the business.

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.

For additional information, please contact:

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

Visit our website at: www.lecico.com

Forward-looking statements

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