



## **Lecico 4Q 2015 trading update**

**Lecico Egypt announces further market weakness and likelihood of overall losses for the fourth quarter and the year**

**Alexandria, 9<sup>th</sup> December 2015** – Lecico Egypt has seen a continued slowdown in tile trading volumes in October, which was the principal cause of an LE 10 million month-on-month drop in unaudited, preliminary revenue to LE 108 million, the Company's second lowest month of sales all year.

The drop in revenues combined with reduced tile production have put the tile segment into marginal gross profitability, resulting in a preliminary, unaudited net loss of LE 10.5 million for the month.

The Board of Directors and Company management felt it necessary to inform the market of the situation as November data shows a similar sales trend exacerbated by an annual storm which caused limited stoppages in our operations and limited trading days for many of our distributors. Typical seasonality should also see a slowdown of sanitary ware exports in late November and early December as customers shut down for Christmas holidays.

These factors are likely to cause net losses in the last quarter and for the year.

The Board of Directors will accordingly be recommending to shareholders that no dividend be distributed on 2015 results.

Lecico Egypt Chairman and CEO, Gilbert Gargour, commented, "The local and regional markets for tile remain very competitive with over-capacity, price reductions and aggressive deal-brokering the order of the day. The continued weakness in local and regional markets due to the political situation in the area is adding to overall pressure.

"In this environment where volumes, prices and profitability have already been squeezed, our Company's profitability can swing significantly on a relatively small decrease or increase in sales.

"Our management teams are working hard to offset this difficult trading environment by expanding our export to counter challenges in our domestic markets and expanding our product offerings and offering increasingly competitive terms to the domestic market.

"I am confident we will weather this crisis and these efforts to diversify markets and improve domestic market share will bear fruit. However, this is likely to be an extended period of extreme competition and our short-term financial performance is likely to remain pressured."

## 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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