



## Full Year 2016 Results

A return to operating profit following the floatation of the pound and local price increases

**Alexandria, 9<sup>th</sup> March 2017** – Lecico Egypt announced consolidated results for the fourth quarter of 2016. Revenue up 61% to LE 494.1 million. The Company reported an Operating (EBIT) of LE 12.3 million (2.5% margin) compared to a loss of LE 44.6 million in 4Q 2015. Lecico reported a net profit of LE 79.5 million (16% margin) compared to a loss of LE 62.4 million in 4Q 2015.

For the full year, revenue up 9% to LE 1,496.4 million. The Company reported an Operating (EBIT) loss of LE 48.3 million (-3.2% margin) compared to a loss of LE 1.0 million in 2015. Lecico reported a net loss of LE 50.1 million (-3.3% margin) compared to a net loss of LE 65.1 million.

Lecico Egypt Chairman and CEO, Gilbert Gargour, commented “The fourth quarter results show Lecico’s operations have benefitted significantly from the float. This has increased our export revenues and our manufacturing costs. Overall, we have benefitted as a major exporter and as cost increases have pushed our industries to increase local prices.

“The results are a step in our recovery and we have reason to see that accelerate in the coming quarters. We will continue working to make that happen.”

Taher Gargour, Lecico Egypt MD, added, “The results are the strongest in over a year but we still aren’t covering our below the operating line expenses. In February, we have seen a slowdown in Egypt and a strengthening in the Egyptian pound. This will put some pressure on export margins and I am concerned about how long this slowdown could last given the inflationary squeeze on consumers. We have been ramping up production but continued destocking in January, so we start the year on a good footing.

“Our balance sheet grew significantly as a result of the currency, but we are continuing to see good progress in reducing inventories and payment collection.

“We still have a lot to do to return to profitability and will continue our focus on cost and working capital improvement. Still in all, we have seen a marked improvement and have reason to expect further improvement in the coming quarters. A reasonably good end to an extremely challenging year.”

Lecico will hold its AGM on Thursday, March 30<sup>th</sup> at 8:30am in the Imperial Ballroom at the Hilton Alexandria Corniche (544 El Geish Street, Sidi Bishr, Alexandria).

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 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.

## For additional information, please contact:

Taher G. Gargour

Telephone: +203 518 0011

Fax: +203 518 0029

Visit our website at: [www.lecico.com](http://www.lecico.com)

## Forward-looking statements

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