



## First Quarter 2017 Results

Higher revenues and margins post-float drive return to profitability

**Alexandria, 14<sup>th</sup> May 2017** – Lecico Egypt announced consolidated results for the first quarter of 2017. Revenue up 71% to LE 545.8 million. The Company reported an operating profit (EBIT) of LE 52.6 million (9.6% margin) compared to an operating loss of LE 26.5 million in 1Q 2016. Lecico reported a net profit of LE 18.6 million (3.4% margin) compared to a loss of LE 41.3 million in 1Q 2016.

Lecico Egypt Chairman, Gilbert Gargour, commented “I am pleased to report a return to profitability in the first quarter of 2017 as the full effects of the currency float and our subsequent significant local prices increases have significantly improved our revenue and gross profits in all segments.

“The first quarter results are far from our true potential but the continued improvement on the results of this quarter will be realized step-by-step.

“I thank all the shareholders who continued to believe in the company during the extremely challenging last couple of years and I assure you everyone at Lecico is working to continue to deliver a strong recovery and return to solid earnings in the times ahead.”

Taher Gargour, Lecico Egypt CEO, added, “The first quarter results continued to build on the recovery we saw in the fourth quarter, but it was expected and the quarter is a bit weaker than hoped due to the soft demand in Egypt and the Middle East.

“Although the numbers seem to be improving in March and April and preliminary data for May, the volumes are below the fourth quarter and even full year averages for 2016. I believe the market will improve in the coming quarters. More importantly, we are adding new distributors, market incentives and products to offset this by market share.

“As a result, revenues are lower than I would like which has a knock-on effect down the P&L statement. Furthermore, we have built some stocks in the first quarter and which is against our goal of improving working capital and unlocking cash.

“We still have a lot to do to reach to the levels of profitability I think we can, and we will focus on cost reduction and working capital improvement as necessary parts of this.

“Concerns aside, the results of the quarter represent an important achievement and it is better to be worried about these same concerns from this position than the far more challenging one we faced at this time last year. The floatation and related price increases

in the local market have made a big difference to our financial health and we must build on this in the coming quarters.”

## 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.

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