



## Second Quarter 2017 Results

Good growth in Egypt and Exports drive quarter-on-quarter topline growth

**Alexandria, 14<sup>th</sup> August 2017** – Lecico Egypt announced consolidated results for the second quarter of 2017. Revenue up 69% to LE 586.0 million. The Company reported an Operating (EBIT) of LE 47.7 million (8.1% margin) compared to an operating loss of LE 19.4 million due in 2Q 2016. Lecico reported a net profit of LE 13.7 million (2.3% margin) compared to a loss of LE 39.1 million in the same period last year.

For the first six months, revenue up 70% to LE 1,131.8 million. The Company reported an operating profit (EBIT) of LE 100.3 million (8.9% margin) compared to an operating loss of LE 45.9 million in 2Q 2016. Lecico reported a net profit of LE 32.3 million (2.9% margin) compared to a loss of LE 80.4 million in 2Q 2016.

Lecico Egypt Chairman, Gilbert Gargour, commented “I am pleased to report another quarter of profitability. I believe the two quarters of profitability show a good step in our recovery and the fact that this was not reflected in our share price led us to buy 10% of the Company shares as treasury stock at the end of July. I think time will show it an excellent investment.

“I thank all the shareholders and assure you everyone at Lecico is working to continue to deliver a strong recovery and return to earnings in the times ahead.”

Taher Gargour, Lecico Egypt CEO, added, “The results show continued profitability and quarter-on-quarter topline growth. Gross margins are down quarter-on-quarter as reduced production in Ramadan increased unit costs for the quarter. I am pleased with our control on overhead costs. Net debt increased LE 140 million or 14% in the quarter as working capital grew quarter-on-quarter. We continued to build stocks of finished goods despite using the Ramadan slowdown to reduce production. We were able to reduce Egyptian market receivables quarter-on-quarter but this was offset by growing export receivables.

“In light of another round of government-led cost hikes in July, the Company is facing inflationary pressure and we will work to offset this with local price increases and better export prices.

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

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.

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## Forward-looking statements

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