



Full Year 2017 Results

Post-floatation boost to export margins drive a return to profitability

Alexandria, 6th March 2018 –Lecico Egypt announced consolidated results for the fourth quarter of 2017. Revenue up 30% to LE 641.1 million. The Company reported an operating profit (EBIT) of LE 45.8 million (7.1% margin) compared to an operating profit of LE 12.3 million in 4Q 2016. Lecico reported a net profit of LE 10.1 million compared to a net profit of LE 79.5 million in the same period last year.

For the full year, revenue up 61% to LE 2,406.5 million. The Company reported an operating profit (EBIT) of LE 181.9 million (7.6% margin) compared to an operating loss of LE 48.3 million in 2016. Lecico reported a net profit of LE 37.2 million (1.5% margin) compared to a loss of LE 50.1 million in 2016.

Lecico Egypt Chairman, Gilbert Gargour, commented “Lecico returned to profit in 2017 with the improved profitability of exports and the restructuring of tiles to reduce capacity with a more optimized cost structure.

“We are still in a challenging period: local demand is weak, competition aggressive and our margins susceptible to shocks. Despite the challenges we can build on the results of 2017. Local inflation is coming down and we expect interest rates to follow. Both should stimulate consumption and have a material effect on our costs. In exports, we anticipate continued strong growth in Europe, improvement in Libya and new markets for tiles.

“I thank the shareholders who continued to see value in the company. The results of 2017 are a small first step towards rewarding that belief. We will be proposing at our AGM that the treasury shares we acquired in 2017 be distributed to shareholders, effectively increasing every shareholder’s stake in the Company by 10%.”

Taher Gargour, Lecico Egypt CEO, added, “Quarter-on-quarter, the fourth quarter shows revenue and margin growth coming from better average pricing as the percentage of exports grew and we raised prices in the local market. Operations were cash flow negative with some buildup of inventories offsetting the reduction in receivables. Despite this, I am positive about working capital management despite this as we are making real progress in controlling receivables.

“It has been a relief to return to profitability in 2017 after several years of losses. Margins are thin and the recovery is accordingly fragile, but we have reason to be hopeful. We still have a lot to do and we will focus on sales growth, cost reduction and working capital improvement. I am confident we can build on the recovery seen in 2017 in the years ahead.”

Lecico will hold its AGM on Wednesday, March 28th at 8:30 am 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 will seek shareholder's approval to offer no cash dividend but to distribute its 8 million treasury shares to shareholders.

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, 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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