

lecico

First Quarter 2018 Results

Revenue growth and one-off income on energy drive improvement in profitability

Alexandria, 14th May 2018 –Lecico Egypt announced consolidated results for the first quarter of 2018. Revenue was up 20% to LE 653 million. Operating profit (EBIT) rose 58% to LE 82.9 million (margin rose 3.1 percentage points to 12.7%). Excluding the exceptional income of LE 25.5 million for historic gas mispricing, EBIT increased 9% to LE 57.4 million and margin fell 0.8 percentage points to 8.8%. Net profit rose 31% to LE 24.4 million (margin rose 0.3 percentage points to 3.7%).

Lecico Egypt Chairman, Gilbert Gargour, commented “I am pleased to report a good start to the year with operational growth year-on-year. Results were boosted by the exceptional income of LE 25.5 million from historical mispricing of gas for the last of our sanitary ware factories. This is an important milestone and will also improve our costs going forward by around LE 10 million a year.

“We are continuing to rebuild our business. Results for the quarter show growth through the operating line both year-on-year and quarter-on-quarter on core business. Our tile business is continuing to recover with the highest quarterly revenue and gross margin in over two years. Our sanitary ware segment reported its highest ever quarterly gross profit value in Egyptian Pounds.

“This is a good start to the year but we are still rebuilding. I hope to be able to show further improvement and stronger results in the coming quarters and over the year.”

Taher Gargour, Lecico Egypt CEO, added, “I was very pleased to finally get gas correctly priced on the last of our three sanitary ware plants during the first quarter. Even without the exceptional income from this we had record operating results. I am particularly pleased given the slow start to the quarter and I am optimistic we should see that momentum continue into the second quarter despite Ramadan holidays. I am less pleased with our negative cash flow over the quarter and the impact that our debt service had on both that cash flow and our bottom line.

“The results for the quarter are another step in the right direction and we have had a significant step forward with the adjustment of gas prices. We have a lot to do, and we will continue to improve on these results and get closer to the levels of sustainable profitability I think we can achieve in the quarters ahead.”

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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Forward-looking statements

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