

## Egypt Lecico Q3 boosted by forex gains

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Egyptian ceramics company Lecico said on Wednesday third-quarter net profit rose as currency gains helped offset lower sales as tile output was hit by maintenance shutdowns.

Net profit in the period was 29.5 million Egyptian pounds (\$5.4 million), a 13 percent rise on the same period a year earlier, it said.

Lecico, which has a significant presence in Britain and France, suffered a sharp decline in profits earlier in the year in part due to falling European currencies.

"We've turned a corner from what was a very weak end of last year and a slow start to this year, as with all companies, because of the impact of the financial crisis on markets in Europe and globally," Lecico's Deputy CEO Taher Gargour said.

Net sales fell to 273.2 million pounds this quarter, compared with 295.6 million in the same period last year, driven by a reduction in tile production due to now-completed equipment maintenance, the firm said.

The firm made 26.2 million pounds in the third quarter of 2008, when currency devaluations in its key export markets hit Lecico's bottom line.

Wafaa Baddour, research analyst at Egyptian investment bank EFG-Hermes, said Lecico's third quarter net profit came 8 percent below EFG's forecast.

"This was mainly as a result of lower-than expected operating margin. The main positive surprise in the third quarter was a strong growth in sanitary ware export volumes, ahead of our estimates," Baddour said.

She added that Lecico's 2009 third quarter net profit grew mostly on the back of reported foreign exchange gains of 3 million pounds compared to foreign exchange losses of 7 million in the third quarter of 2008.

Lecico, which exports a third of its sanitary ware products including toilets and sinks, said demand from export markets was strong in the quarter.

"All this paints quite a positive picture for 2010 from the demand side," Gargour said, adding that an expected increase in energy prices would add to operational costs.

Gargour said the firm would seek to increase efficiency and raise prices, "which is not such an easy task given the current global environment".

Shares ended 1.2 percent higher at 16.01 pounds.

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