



Lecico

An Egyptian Exporter

1H 2008 Results Presentation

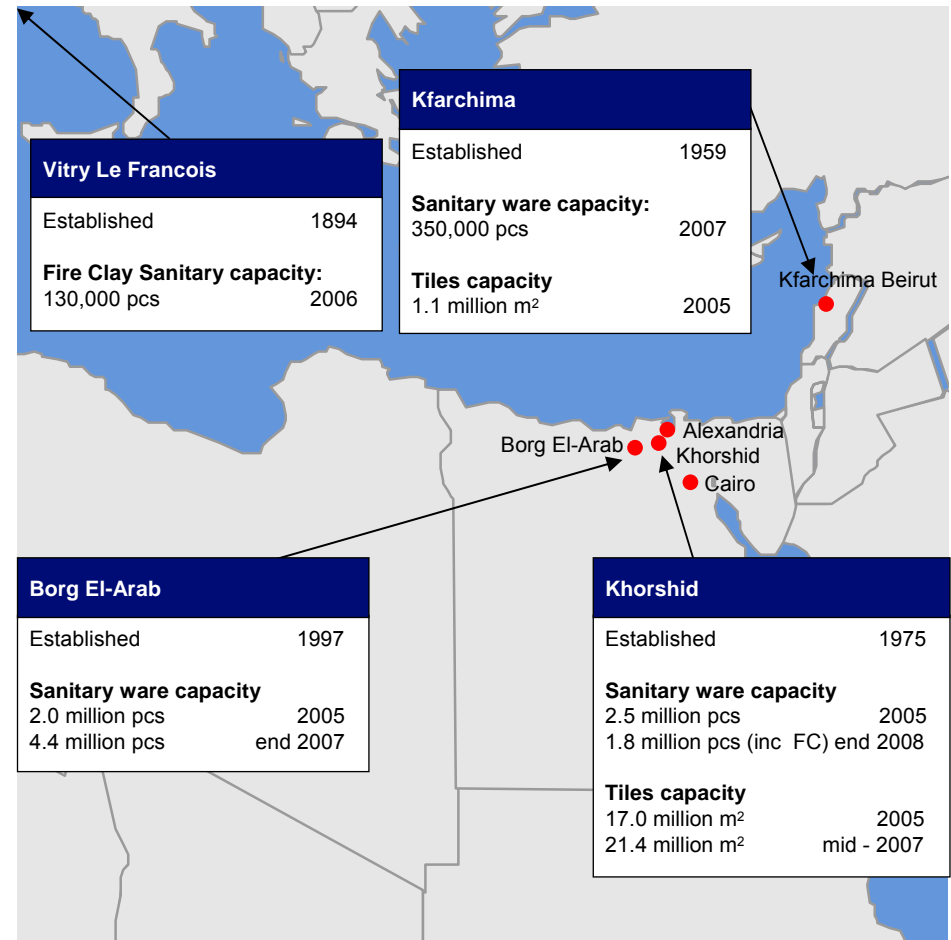
August 2008



Corporate Summary

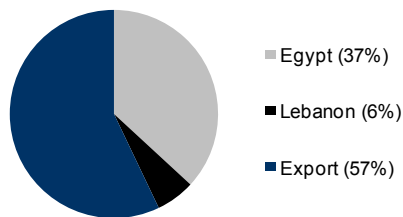
Introduction: An Egyptian exporter

- Lecico Egypt S.A.E. is one of the world's largest sanitary ware producers and a large tiles producer
- Lecico was founded in 1959 and has been majority owned by the Gargour family since 1969
- The company has a global competitive advantage making European quality sanitary ware at Egyptian costs
- The company is a significant exporter with c50% of Lecico's sanitary ware sales volume going into Europe
- Lecico finished a major capacity expansion in 2007 which boosted capacity to 6.7m pieces of sanitary wary and fire clay
- This expansion will make Lecico approximately the sixth largest sanitary ware producer in the world
- 4.4 m sqm tile expansion (24% additional capacity) also completed in 2007.

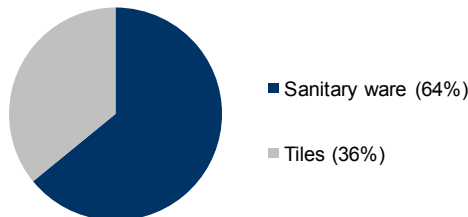


* All production facilities are owned and controlled by Lecico

Split of domestic and export¹



Split of sanitary ware and tiles¹





Corporate Profile

Investment case



Experience

- Brand with over 47 years of history
- Multi-national management
- Partnership with Sanitec

Regional leadership

- Sanitary ware market leader in Egypt and Lebanon
- Largest producer in the Middle East

Growing exports

- c 60% of sanitary ware is exported
- SW exports 17% CAGR (2000-07)
- 10%+ UK, France & Ireland mkt share

Significant cost advantage

- USD 8.62/piece cost (50% of peers)
- USD 2.00/piece shipping to Europe
- European quality product

Aggressive expansion program

Tile capacity more than doubled and sanitary ware capacity grew 49% since 2000

Substantial further capacity expansion underway

Strong historic growth record

26% Revenue CAGR (2000-2007)
31% Net Profit CAGR

Supplier for key European brands

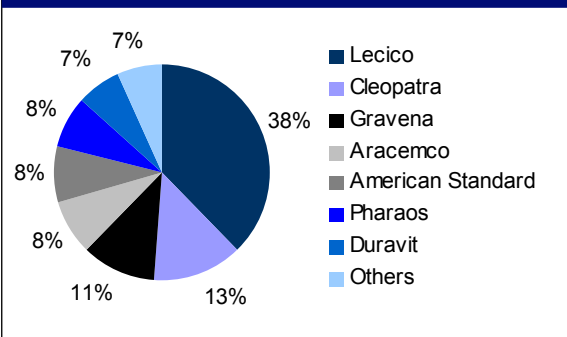
Sanitec relationship



Domestic market leadership

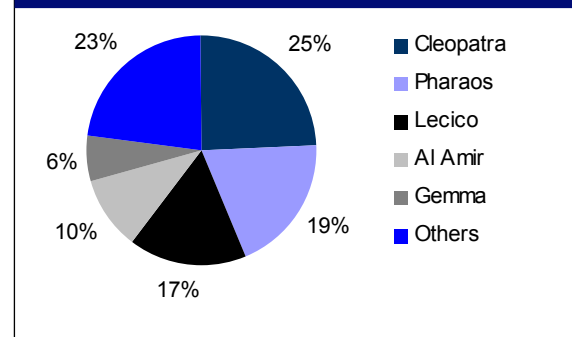
Market leadership in Egypt

Sanitary ware market (4.5 million pieces)¹



- Leading sanitary ware market share
- 2.0m piece Lecico capacity expansion ongoing

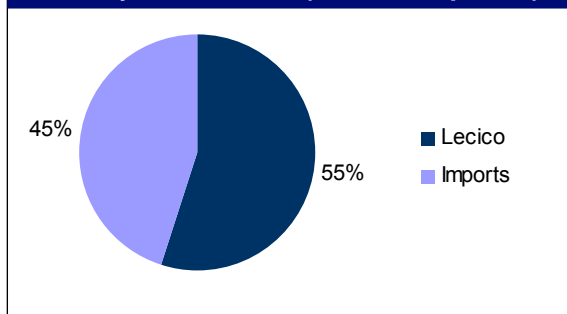
Tile market (80 million m²)¹



- Competitive pricing to support distributors' sanitary ware sales
- 4.4 m sqm Lecico capacity expansion ongoing

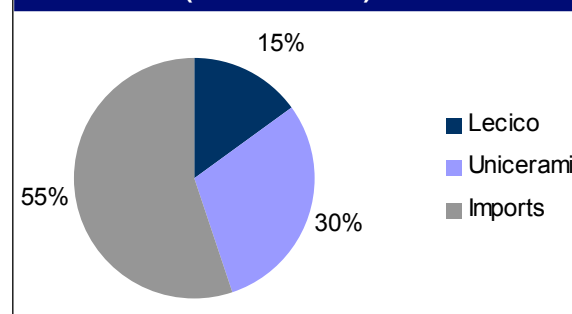
Market leadership in Lebanon

Sanitary ware market (0.5 million pieces)¹



- Leading sanitary ware market share
- Branded as European quality

Tile market (8.5 million m²)¹



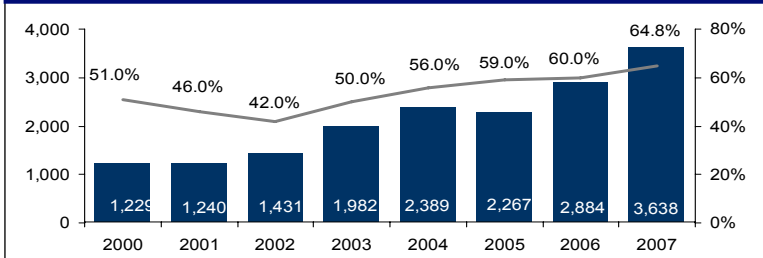
- Number two market share in tile sales
- Presence maintained to complement sanitary ware sales

Note: (1) Management estimates for 2005

Growing exports

Growth in group's exports

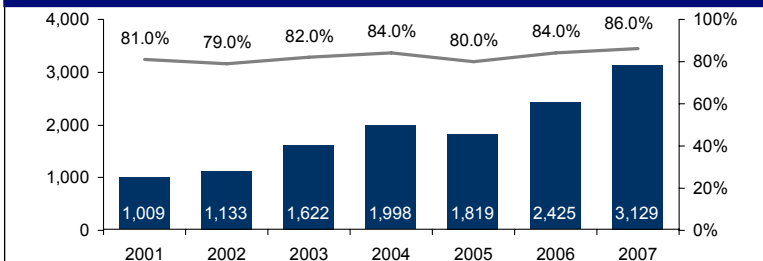
Lecico's total export volumes (sanitary ware)



- Sanitary ware export volumes grew at 15% CAGR (2001-2006)
- Volumes fell slightly in 2005 due to market slowdown in UK

Export focus on Europe

Europe as percentages of total exports

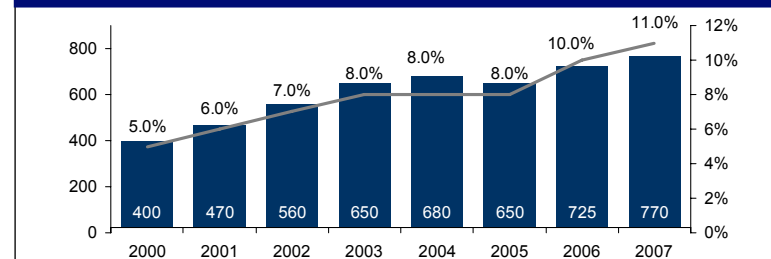


- Average of over 80% of exports are to Western Europe
- European export volumes (excluding UK) flat in 2005

Egypt's leading sanitary ware exporter

- Lecico exports c60% of its sales vs. 20% for local peers
- Lecico sells to over 50 countries (including OEM sales)
- Approximately 34% of exports (22% of sanitary ware sales) are for other brands
- Lecico represents 50% of Egypt's sanitary ware exports with the balance split among 9 manufacturers

Growth of Lecico brand sanitary ware market share in UK



- UK estimated c10% market share in direct sales
- Around 50% of total exports are to UK (direct and OEM)

Significant cost advantage

International cost advantage

Lecico produces sanitary ware at an all-in average cost of US\$14.82 / piece

- In Egypt, manufacturing cost averages US\$8.62 / piece of sanitary ware
- The difference reflects higher packing costs for EU-destined exports and significantly higher industrial cost in Lebanon
- Our information suggest other low cost producers' manufacturing cost averages US\$15-25 / piece
- While European producers average US\$30+ / piece depending on their market

Why is Lecico able to produce so cheaply?

- **Egypt:** Low energy costs, low labour cost, low investment costs, low effective taxes
- **Size:** Economies of scale, standard global plant size: 1m pieces
- **Experience:** Over 45 years as a company and almost 40 years as a sanitary ware producer
- **Utilization:** 85-90% capacity utilization rate versus 70% industry average in Egypt
- **Efficiency:** Production per employee is > twice that of our local competitors

Investment, distribution and overheads benefit from regional economies of scale

- Sanitary ware investment cost approx US\$15-20 / piece vs. US\$25-40 / piece global standard
- Low shipping cost to Europe: US\$2 per sanitary ware piece vs approx US\$7+ for Asian manufactures



Lecico

Lecico

"The Art of Ceramics"

Lecico

"The Art of Ceramics"

Growth strategy

Long-term sanitary ware growth strategy...



Expand regional and international exports

- Aim to increase market growth
 - UK, Ireland, France



- Potential future markets

- Germany, Algeria, Saudi Arabia, Iraq, Syria



- New and expanded OEM contracts – Sanitec, Heritage, SFA and others

Expand production capacity

- Sanitary ware capacity expansion: from 5.1m pcs in 2005 to 6.7m pcs
- Added 24% to tile capacity in 2007 with new plant (17% increase) by mid-2010
- Expanding fire clay and WC capacity within total sanitary ware production

Lower production costs while keeping European quality

- In-house production facility for key raw material for tiles (frit plant)
- Local sourcing of raw materials without compromising quality
- Ongoing cost savings through improvements in manufacturing efficiency

...translates into concrete actions

Strategy

Expand regional and international exports

- Aim to increase market growth
 - UK, Ireland, France
- Expand in Europe
 - Germany, Greece, Italy, Spain
- Expand in the Middle East
 - Algeria, Saudi Arabia, Iraq, Syria, UAE
- Expand OEM activity
 - Sanitec, Heritage/Bristan, SFA, Setma and others

Expand production capacity and optimize costs

- Sanitary ware expansion to 6.7m pieces
- 4.4m sqm of new tile capacity
- Adding new porcelain tile plant to target export market
- Expanding casting capacity to handle greater proportion of WCs in either plant
- Improving yields and reducing scrap rates to cut costs
- In-house frit (tiles' key raw material) production facility



Action

Expand regional and international exports

- Unbranded sales to UK builders merchants - 11% of sales in 2007
- Sales to DIY in the UK - 9% of sales in 2007
- Added new sales teams and product ranges for the UK
- Acquired Sarreguemines and secured new DIY customers in France – sales up 125% over 2005
- Registration of complete packs with Norme Française
- Trading subsidiary now operating in Algeria and Saudi Arabia – 11k pcs and 4k pcs sales respectively in 2007
- Sales executives appointed in Germany & Greece
- New outsourcing contracts and larger share of Sanitec outsourcing secured

Expand production capacity and optimize costs

- Second 1.0m piece line operational from 4Q 2007 and tile line fully operational from late 1H 2007
- Porcelain tile plant should be operational by mid-2010
- Frit plant fully operational
- c3% improvement in scrap rates across Lecico in 2007



Financial overview

Record sales volumes, revenue, operating and net profit in 2Q...

- Strong Egyptian market demand – 41% growth in Egyptian revenues (Y-o-Y)
- Price increases – Average sanitary ware price up 9% and average tile price up 5%
- Fx gains – LE 7.4 million fx gain vs. LE 1.1 million gain in 2Q 2007
- offset rising costs – Production input prices have risen by 25% in 12 months to 31 June 2008

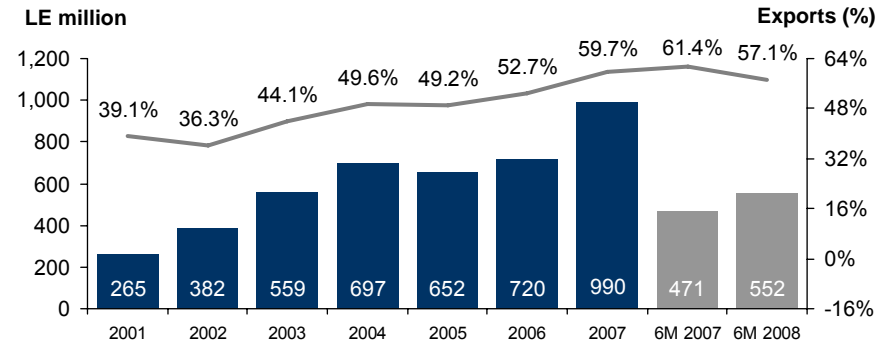
...difficult 2H expected with lower volumes and high cost inflation

- Sanitary ware export volumes expected to be lower Y-o-Y in 2H 2008 with slowing export markets and less outsourcing for Sanitec
- High cost inflation with energy prices rising almost 70% at end of June and over 20% Egyptian CPI reflected in many other costs
- Revenue and margins expected to be lower than in 1H 2008

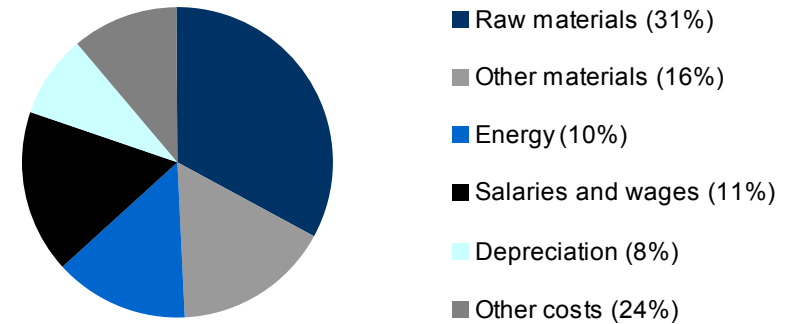
Profit and loss



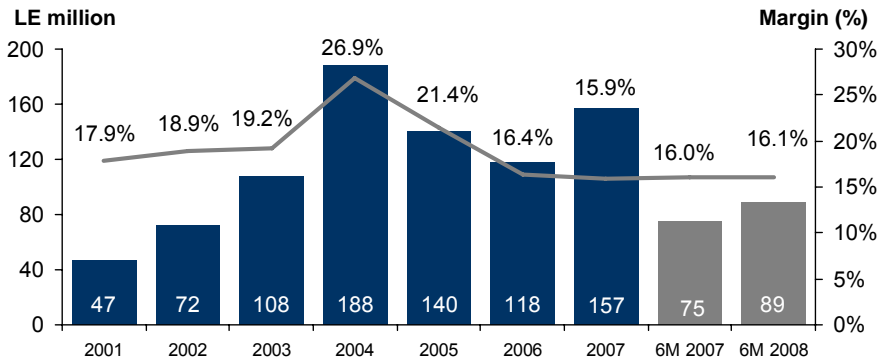
Net sales



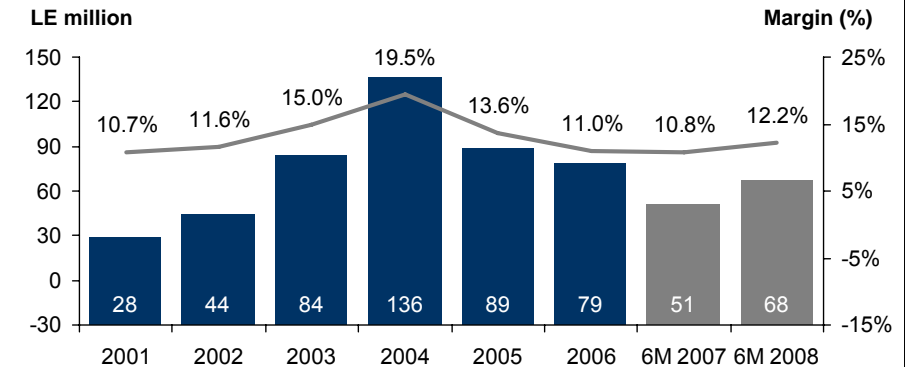
Cost of sales breakdown (1H 2008)



EBIT



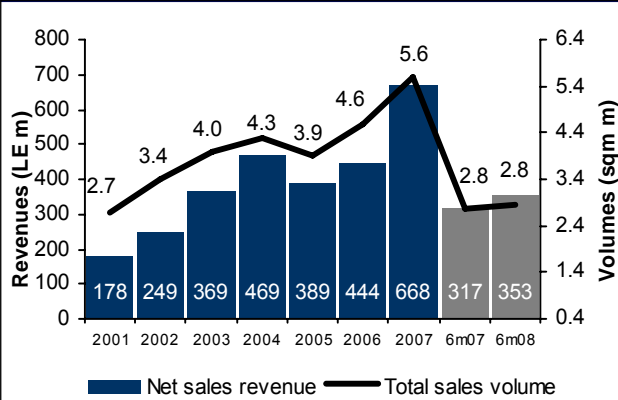
Net Profit



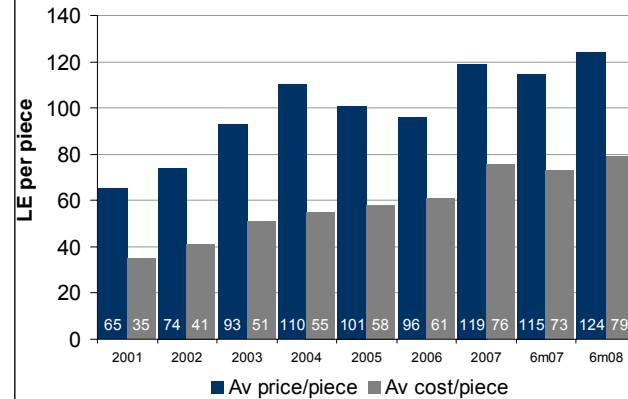
Segmental analysis



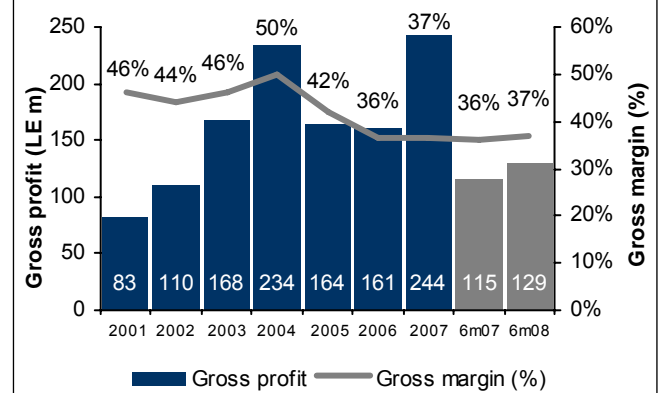
Sanitary ware – sales volumes and revenue



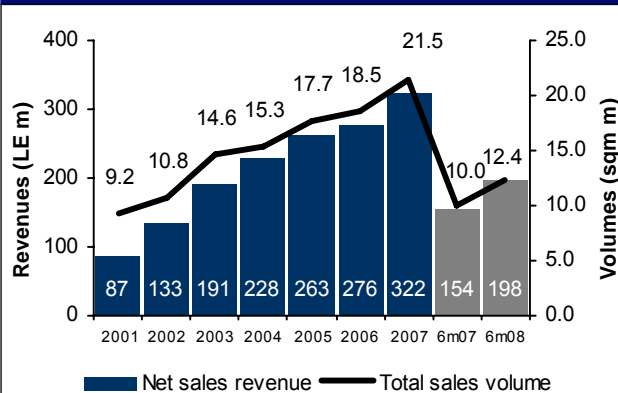
Sanitary ware – selling price and cost per piece



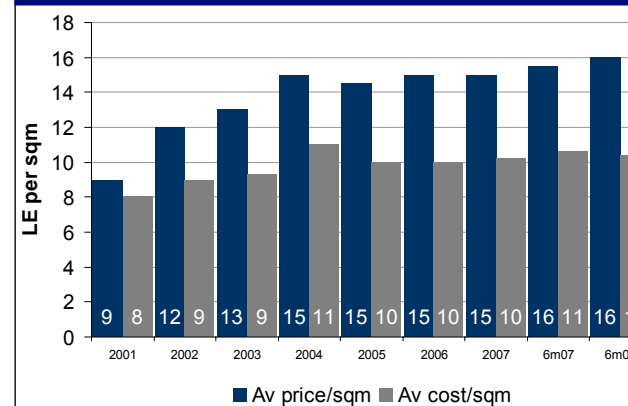
Sanitary ware – gross profit and margin



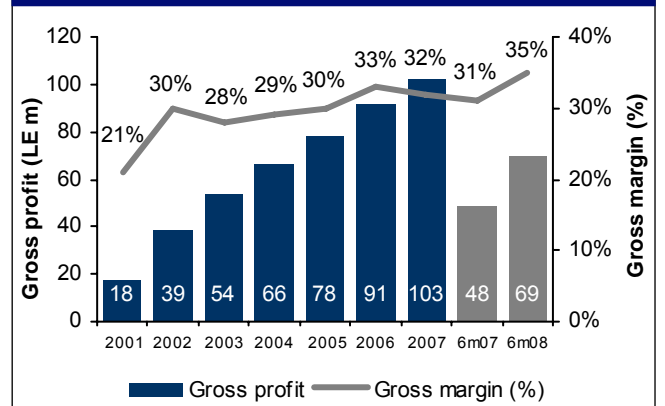
Tiles – sales volumes and revenues



Tiles – selling price and cost per sqm

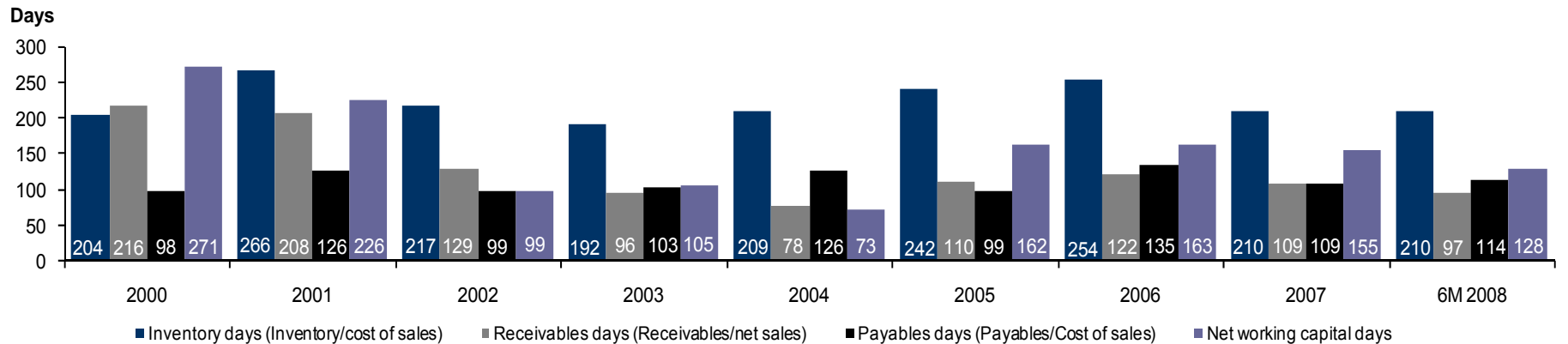


Tiles – gross profit and margin

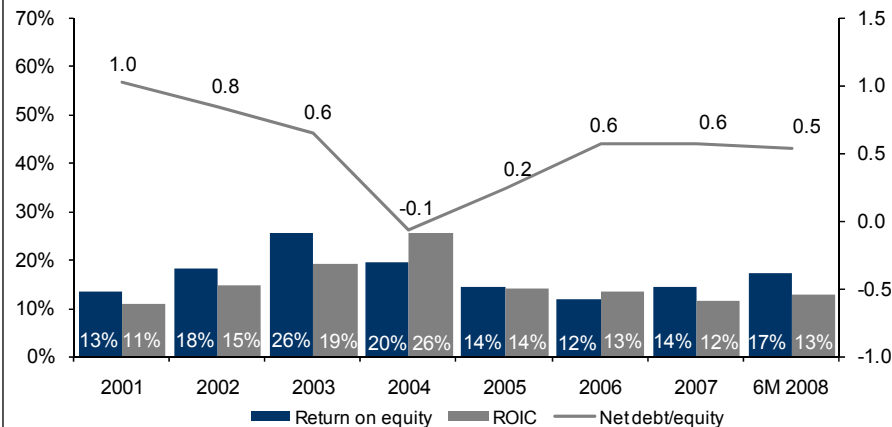


Balance sheet and cash flow

Working capital



Returns and leverage



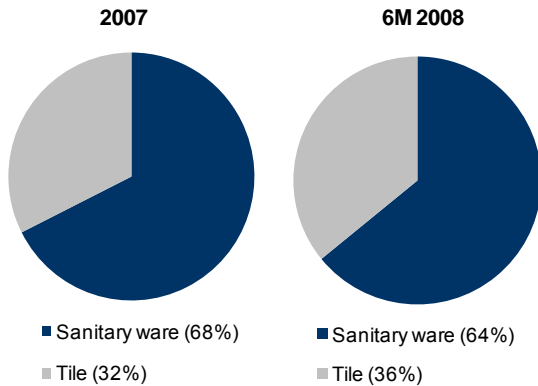
NB: 6m 2008 returns annualised

Capital expenditures

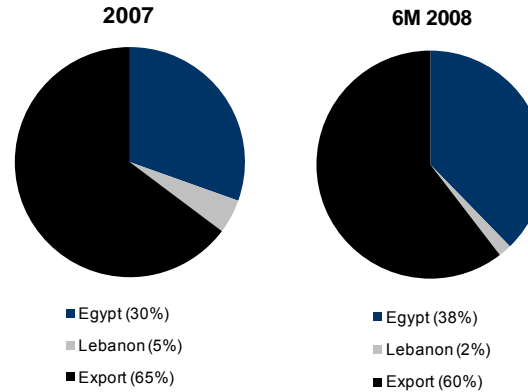
Project	Investment cost (LE m)
Borg El-Arab 3 & 4	5.0
Sanitary ware decoration	5.0
Maintenance work and other investments	40.0
Showroom	25.0
Gres Porcellanato Tile plant phase 1	60.0
Total planned specific project capex	135.0

Revenues and margins

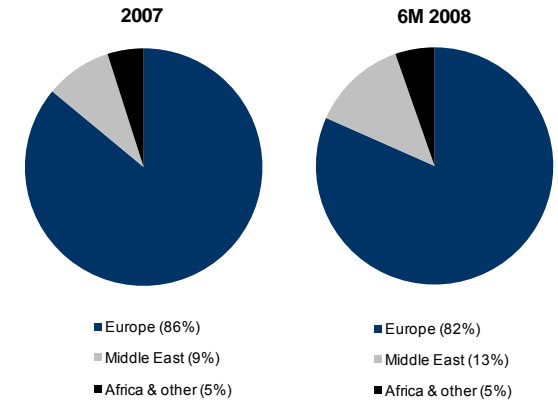
Segmental sales breakdown



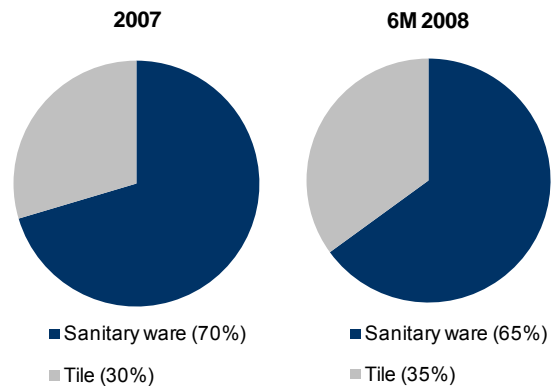
Sanitary ware sales volume by geography



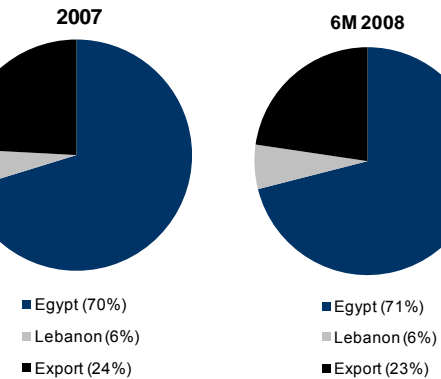
Sanitary ware export volumes by geography



Segmental gross profit



Tile sales volume by geography



Summary Income Statement



Income statement (LE m)	2Q		%	1H		%
	2008	2007	08/07	2008	2007	08/07
Net sales	287.4	239.5	120%	551.5	471.0	117%
Cost of sales	(181.1)	(154.6)	117%	(353.3)	(307.9)	115%
Gross profit	106.3	84.9	125%	198.2	163.2	121%
Gross margin (%)	37.0%	35.4%	1.5%	35.9%	34.6%	1.3%
Distribution and Administration expenses	(54.2)	(44.7)	121%	(103.6)	(86.8)	119%
Net other Operating income/(expense)	(5.6)	0.0	-	(6.0)	(1.0)	575%
Operating profit (EBIT)	46.6	40.2	116%	88.6	75.3	118%
Operating (EBIT) margin (%)	16.2%	16.8%	(0.6%)	16.1%	16.0%	0.1%
Net interest expense	(7.7)	(10.3)	74%	(16.9)	(17.9)	94%
Investment income	0.2	1.1	23%	0.2	1.1	19%
Foreign currencies exchange differences	7.4	1.1	673%	10.3	1.8	-
Profits before tax and minority (PBTM)	46.6	32.1	145%	82.3	60.2	137%
PBTM margin (%)	16.2%	13.4%	2.8%	14.9%	12.8%	2.1%
Income and deferred tax	(6.0)	(2.3)	255%	(9.5)	(4.7)	204%
Net Profit after tax (NPAT)	40.6	29.7	137%	72.7	55.6	131%
NPAT margin (%)	14.1%	12.4%	1.7%	13.2%	11.8%	1.4%
Employee profit participation	(2.4)	(2.2)	109%	(4.8)	(4.4)	109%
Minority interest	(0.3)	0.0	-	(0.5)	(0.3)	177%
Net Profit	37.9	27.5	138%	67.5	50.9	133%
Net profit margin (%)	13.2%	11.5%	1.7%	12.2%	10.8%	1.4%

Balance Sheet Highlights



Balance Sheet (LE m)	30-Jun-08	31-Dec-07	6M 08/FY07 (%)
Cash and short-term investments	194.9	293.9	66%
Inventory	406.3	370.2	110%
Receivables and related party debit balances	293.0	292.8	100%
Total current assets	894.2	956.9	93%
Net fixed assets, intangibles and other non-current assets	765.5	739.7	103%
Total assets	1,659.7	1,696.6	98%
Banks overdraft and current portion of long-term liabilities	473.7	511.5	93%
Trade and notes payable	86.3	85.0	102%
Other current payables and related party credit balances	113.2	85.5	132%
Provisions	20.4	19.9	102%
Total current liabilities	693.6	701.9	99%
Long-term loans	138.0	204.2	68%
Other long-term liabilities	39.1	32.6	120%
Total non-current liabilities	177.0	236.8	75%
Total liabilities	870.6	938.7	93%
Minority interest	8.8	8.8	100%
Total equity	780.3	749.1	104%
Total equity, minorities and liabilities	1,659.7	1,696.6	98%

Summary Cash Flow



Cash flow statement (LE m)	2Q		%
	2008	2007	08/07
Cash Flow from operating activities			
Net profit for the period	67.5	50.9	133%
Depreciation and translation adjustment	33.2	26.6	125%
Intangible assets amortisation and translation adjustment	0.2	0.1	188%
Income tax expense	6.9	3.8	182%
Deferred income tax	2.6	0.9	290%
Provided provisions, inventory adjustment and translation adjustment	5.8	1.9	304%
Employee share in net profit	4.8	4.4	109%
Increase in minority interest	(0.0)	1.4	-
Increase (decrease) in translation reserve	6.6	1.6	412%
Increase in Inventory, Receivables and Payables	(7.2)	(51.6)	14%
Other increases (decreases) in cash from operating activities	76.4	4.0	1911%
Net cash from operating activities	196.9	43.9	448%
Cash flow from investing activities			
Additions to fixed assets and projects	(59.4)	(47.1)	126%
Other changes in cashflow from investing activities	0.2	0.2	117%
Net cash from investing activities	(59.2)	(46.8)	126%
Cash flow from financing activities			
Increase (decrease) in long-term loans	(66.3)	73.7	-
Increase (decrease) in current portion of long term liabilities	(6.4)	18.7	-
Other increases (decreases) in cash from financing activities	3.9	(12.0)	-
Dividends paid	(60.0)	(19.0)	316%
Net cash from financing activities	(128.7)	60.2	-
Net change in cash & cash equivalent during the period	9.0	58.5	15%
Net cash and cash equivalent at beginning of the period	(355.5)	(437.5)	81%
Net cash and cash equivalent at the end of the period	(346.5)	(379.1)	91%

Share performance and data

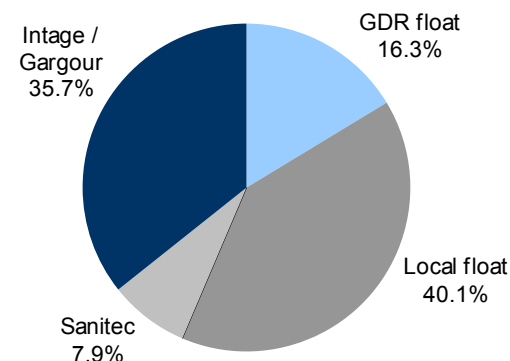


Bonus split announcement improves liquidity

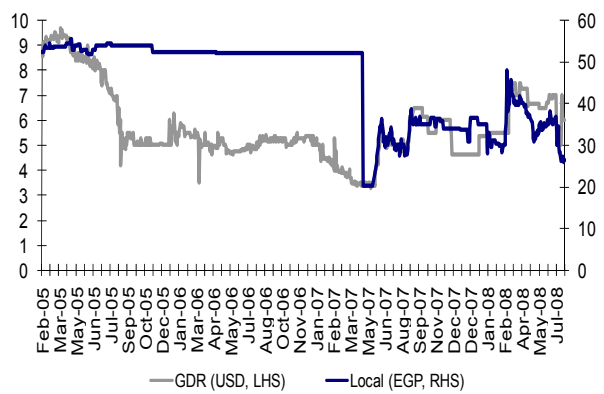


- Year-end and 1Q results – and our 100% bonus issue – have driven:
 - A dramatic liquidity improvement with a combined average daily trading value of US\$ 2.5 million (March-July) compared with an average of US\$ 0.17 million in 2006 and 2007
 - A shift to local shares and retail investors with over 10% of shares moving from GDR to local free float (since end of February) and local shares now accounting for majority of float
 - A shift to retail investors increasing total number of shareholders from less than two hundred to over five thousand investors.
- Lecico valued at a market cap of US\$ 197 million with a 46.4% free float
 - GDR trades approx US\$ 0.28 million a day and on 31% of trading days (March – July 08)
 - Local share trades US\$ 2.25 million per day and on 100% of trading days (March – July 08)

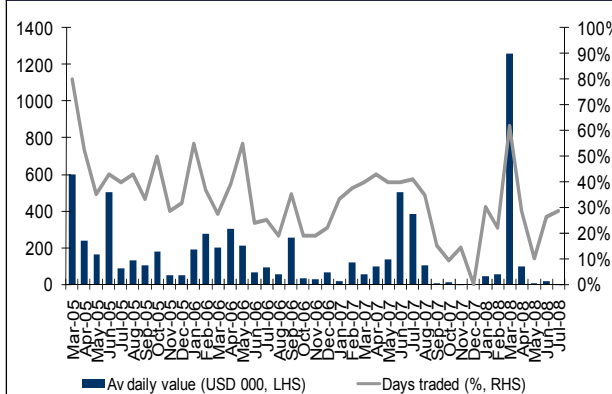
Shareholding structure



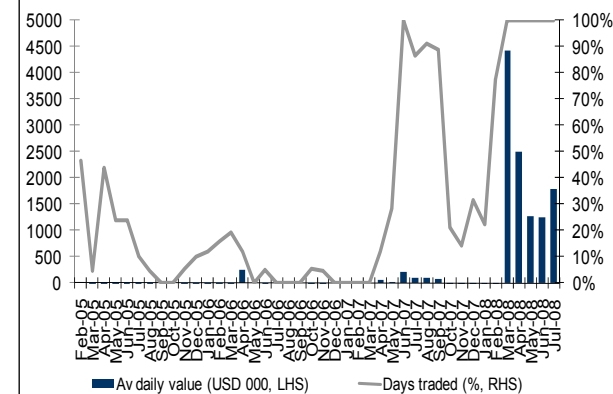
GDR and Local share price



Share liquidity overview (GDR)



Share liquidity overview (Local)



Thank you



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