



First Quarter 2005 Results

Revenues and operating results largely stable in 1Q 2005 despite slow down in demand in all major markets, net profits down on foreign exchange revaluation losses

Alexandria, 15 May, 2005 – Lecico Egypt announced consolidated results for the first quarter of 2005. Revenue for the quarter was down 3% year-on-year at LE 152.7 million. Operating profit (EBIT) for the period was up 1% at LE 36.7 million (EBIT margin was up 1.1 percentage points at 24.0%).

Net profit for the period was negatively impacted by a one off foreign exchange revaluation loss, driving it down 39% to LE 16.5 million (net profit margin was down 6.5 percentage points at 10.8%). Excluding this FX revaluation loss, recurring net profit for the period was up 9.4% to LE 29.9 million (recurring net profit margin was up 2.3 percentage points to 19.6%).

Lecico Egypt Chairman and CEO, Gilbert Gargour, commented: “This is a creditable performance in a difficult period. Sales have been maintained in a quarter during which we suffered slowdowns in our major markets brought about by economic uncertainties in the UK and Egypt and political upheaval in Lebanon. Our profitability has improved and were it not for the exceptional FX loss, the bottom line would have shown growth of just below 10% year-on-year.

Preliminary data for April and May suggest demand in Egypt and Lebanon is recovering. In the UK the market remains slow but the end of product shortage gives us an opportunity to go after new customers and new markets. We continue to work hard on all fronts to increase market share and generate new business which, combined with the start up our frit plant and new sanitary ware kiln, should drive good growth this year and next as we bring in the new capacity of Borg El Arab.”

Elie Baroudi, Lecico Egypt MD, added, “The impact of softness in demand was visible in sanitary ware sales, but strong growth in tile revenues kept total sales stable. We were able to offset the small drop in top line with operating margin growth primarily by reducing the transport and warehousing costs of our exports. We view this year as a period of consolidation that will allow us to accelerate efforts in sales and marketing and bring forward plans to introduce new products.”

The full statements for the period with analysis are available on Lecico’s website.

About Lecico

Lecico (Stock symbols: LECIq.L; LECI LI; 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 45 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. Lecico has a strategic relationship with Sanitec, a leading producer of sanitary ware in Europe, and benefits from this relationship through information sharing, extensive knowledge transfer programs and significant outsourcing contracts for Sanitec's brands.

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