



## First Quarter 2007 Results

Record revenue and profit numbers on the back of strong export growth and Sarreguemines consolidation. Net profits up 35% year-on-year.

**Alexandria, 8<sup>th</sup> May 2007** – Lecico Egypt announced consolidated results for the first quarter of 2007. Revenue for the quarter was up 49% year-on-year at LE 231.5 million driven by sanitary ware exports and the consolidation of Sarreguemines. Operating profit (EBIT) was up 22% at LE 35.1 million (margin down 3.1 percentage points at 15.2%). The drop in EBIT margins is largely the result of integrating Sarreguemines but also reflects destination and product mix. Net profit was up 37% at LE 23.4 million (net margin down 0.8 percentage points at 10.1%).

Lecico Egypt Chairman and CEO, Gilbert Gargour, commented: “It is with great pleasure, after two difficult years, to be able to come to you with good news. Our numbers for this quarter are much more satisfactory than they have been for a long while and are a continuation of the turn around trend that began in the second half of 2006.

“Our quarterly revenues are a new record for us and - more importantly - our profits are the best we ever recorded for a first quarter. We therefore are quite confident about 2007 and are heartened by the fact that our new capacities are coming on board. This should give us the wherewithal to seek further growth in the near future.

“We are also pleased with the early indications we have of the performance of Sarreguemines. The integration with Lecico France has gone well and the market seems to welcome our involvement and the strengthening of a traditional French brand. Thanks are due to all for very hard and useful work during this initial period.”

Elie Baroudi, Lecico Egypt MD, added, “As our Chairman has mentioned, we feel good about our prospects for the year ahead. Our success this quarter is down to the great efforts made by our staff who continue to deliver despite the different challenges that they face. Our export markets also look better with strong demand for our products.

“The consolidation of Sarreguemines also had a significant impact on our numbers adding 12% to our revenue for the quarter and over 10% to our gross profit. Nonetheless, the Sarreguemines business remains a little softer than we had anticipated as we rebuild customer confidence following its going into receivership prior to our acquisition.

“The coming year will still have its challenges particularly as we roll out new capacity and invest in people and processes so that we can better serve our customers. Of course the risk of external shocks as was seen in 2006 remains, but we can otherwise hopefully look forward to a good year.”

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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## Forward-looking statements

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