



First Quarter 2008 Results

Revenue growth and improving margins drive 26% net profit growth

Alexandria, 6th May 2008 – Lecico Egypt announced consolidated results for the first quarter of 2008. Revenue for the quarter was up 14% year-on-year at LE 264.1 million driven by sales in Egypt and the Middle East. Operating profit (EBIT) was up 20% at LE 42.1 million (margin up 0.8 percentage points at 15.9%). Net profit was up 26% at LE 29.6 million (net margin up 1.1 percentage points at 11.2%).

Lecico Egypt Chairman and CEO, Gilbert Gargour, commented: “I am pleased to report a very strong start to the year, with the highest quarterly gross, operating and net profit results in over two years. Our volumes continue to grow and we have so far been able to absorb Egyptian and global inflationary pressures while improving our returns.

“However, the news is not all good and we have started to see the impact of some of the challenges that we anticipated for 2008.. Our outsourcing for Sanitec is down significantly as expected this quarter and we are seeing some signs of a slowdown in our major European markets which may be linked to a downturn in the economies of these countries. Given these trends, I continue to believe that Lecico will need to work hard to make sure sales remain strong in the year ahead and we will need to continue to focus on improving our price points and our efficiency to absorb cost inflation.”

Elie Baroudi, Lecico Egypt MD, added, “I am pleased to report a respectable 14% year-on-year revenue growth in the first quarter, with domestic sales and regional demand continuing to drive growth in both sanitary ware and tiles volumes, allowing us to use more of our recently expanded capacities in both segments.

“The company increased prices marginally in most markets and this – combined with a favorable exchange rate environment, efficiency improvements in our manufacturing process and a continued focus on cost and balance sheet control – allowed us to improve our profit margins as well.

“Overall, these first quarter results are a strong start to the year, but I share our Chairman’s concerns about the operating environment in Europe in the year ahead and the implications this has for Lecico’s revenue growth in the coming quarters. . While I remain confident that Lecico will still deliver a good performance over the rest of the year, I would caution investors from assuming that the growth in revenues and margins in the first quarter should be taken as a benchmark for coming quarters.”

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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