



Second Quarter 2008 Results

Lecico announces 20% revenue growth and 38% increase in net profit in the second quarter.

Alexandria, 5 August 2008 – Lecico Egypt announced consolidated results for the second quarter of 2008. Revenue for the quarter was up 20% year-on-year at LE 287.4 million driven by strong growth in tile sales volumes and strong sanitary ware sales growth in its domestic market in Egypt and the Middle East. Operating profit (EBIT) was up 16% at LE 46.6 million (margin down 0.6 percentage points to 16.2%). Net profit was up 38% at LE 37.9 million (net margin up 1.7 percentage point to 13.2%).

For the first half, Lecico reported revenue of LE 551.5 million, up 17% year-on-year. EBIT was up 18% to LE 88.6 million (margin up 0.1 percentage points to 16.1%). Net profit was up 33% to LE 67.5 million (margin up 1.4 percentage points to 12.2%).

Lecico Egypt Chairman and CEO, Gilbert Gargour, commented: “I am pleased to report very strong second quarter results, with new record highs in quarterly sales volumes, revenue, operating and net profit. Margins have also improved, despite domestic and global inflationary pressures.

“Unfortunately, we face a difficult second half with slowing export markets, an increase in energy costs of around 70% effective from the start of July and general inflation in Egypt of around 20%. While we will be able to partially compensate with higher prices, increased sales to the Middle East and in our domestic markets and a continued focus on cutting costs and improving efficiency both revenues and margins are expected to be lower in the second half of this year.”

Elie Baroudi, Lecico Egypt MD, added, “I am pleased to report a respectable 20% year-on-year revenue growth in the second 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.

“As our Chairman mentioned, while this has really been a record quarter for the group, we expect our performance in the second half of the year to come under significant pressure from reduced sanitary ware sales volumes and overall cost inflation. While we remain confident that Lecico will still deliver a satisfactory performance for the year as a whole, we think it wise to alert investors from assuming that the growth in revenues and margins in the first half will continue in the second half.”

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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