



Third Quarter 2007 Results

Lecico announces 40% revenue growth and 13% net profit growth in the third quarter.

Alexandria, 5th November 2007 – Lecico Egypt announced consolidated results for the third quarter of 2007. Revenue for the quarter was up 40% year-on-year at LE 257.2 million driven by increased tile sales and the consolidation of Sarreguemines. Operating profit (EBIT) was up 12% at LE 40.4 million (margin down 4.0 percentage points to 15.7%). The drop in EBIT margins reflects the consolidation of Sarreguemines and the impact of energy price increases in Egypt. Net profit was up 13% at LE 27.8 million (net margin down 2.7 percentage points to 10.8%).

For the first nine months, Lecico reported revenue of LE 728.2 million, up 38%. EBIT was up 16% to LE 115.7 million (margin down 3 percentage points to 15.9%). Net profit was up 28% to LE 78.7 million (margin down 0.8 percentage points to 10.8%).

Lecico Egypt Chairman and CEO, Gilbert Gargour, commented: “I am pleased to report record highs in sales and gross profits in the quarter, with good growth in net profits despite continued investments to expand our production capacity and market footprint.

“However, the need to continue improving efficiency has become more important as our Khorshid site, approximately 60% of our production, is subject to substantial energy price increases being applied against large users. We believe we are the only sanitary ware or tile manufacturer subject to these increases. We do not think that this was the intent of the legislator and we are seeking clarification to allow us to take actions to try and avoid or mitigate what would be undue discrimination. I am sure through improving efficiency and increasing average prices, we will minimize the impact of any cost increases.

“Overall, I am confident that our staff will continue to meet the challenge and I expect to keep on delivering growth for the rest of this year and into 2008.”

Elie Baroudi, Lecico Egypt MD, added, “I am pleased with our results for the quarter. Our program to improve yields and efficiency has delivered real gains in 2007. Our expansion plans continue on schedule and capital expenditure is starting to come down.

“With Lecico operating at full capacity, our immediate challenge is to service customers well across our markets. We also have interesting opportunities with new customers and markets to begin delivering on once our current expansions are up and running.

“Our overall position looks positive for the coming year, but I expect cost inflation and a drop in outsourcing volumes will mean slower growth than in 2007. Nonetheless, we will continue to deliver solid and sustainable growth in 2008.”

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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