



Third Quarter 2008 Results

Lecico announces 15% revenue growth and 21% increase in operating profit in the third quarter.

Alexandria, 5 November 2008 – Lecico Egypt announced consolidated results for the third quarter of 2008. Revenue for the quarter was up 15% year-on-year at LE 295.6 million driven mainly by a strong improvement in tile volumes and prices. Operating profit (EBIT) was up 21% at LE 48.7 million (margin up 0.8 percentage points to 16.5%). Foreign exchange losses due to the appreciation of the dollar drove net profit down 6% to LE 26.2 million (net margin down 1.9 percentage point to 8.9%).

For the first 9 months, Lecico reported revenue of LE 847.1 million, up 16% year-on-year. EBIT was up 19% to LE 137.3 million (margin up 0.3 percentage points to 16.2%). Net profit was up 19% to LE 93.7 million (margin up 0.3 percentage points to 11.1%).

Lecico Egypt Chairman and CEO, Gilbert Gargour, commented: “Lecico continues to do well under difficult circumstances. Our numbers for the quarter show good growth. The only exception has been a foreign exchange loss, a result of the unexpected strength to the dollar.

“The recent global financial turmoil has not yet affected our business. We are seeing a strong increase in enquiries from existing and new customers. As things stand, I expect that we should end the year with good progress on the commercial side.

“A major international recession is now expected and we may suffer some weakness in the near future. But our penetration is still low and our competitive advantages should allow us to gain market share.

“Lecico’s fundamentals are strong and will not only enable us to weather the current financial crisis, but to benefit from it as financially weaker competitors in Europe and elsewhere come under pressure. I would also like to reconfirm to our shareholders that we have completed the purchase of 3,157,895 treasury shares which we intend to distribute to them in 2009.”

Elie Baroudi, Lecico Egypt MD, added, “I am pleased to report a 15% year-on-year revenue growth in the third quarter, driven primarily by strong demand for tiles in local and regional markets. Sanitary ware also performed well in Egypt and other Middle Eastern markets but exports to Europe remained under pressure due to the economic slowdown in these markets and the anticipated reduced outsourcing by Sanitec.”

“As our Chairman mentioned, we remain confident that Lecico will continue to maintain its competitive position in the domestic and export markets which will allow us to deliver a satisfactory performance for the year as a whole.”

The Full Statements for the period with analysis are available on Lecico’s Web site

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.

For additional information, please contact:

Taher G. Gargour
Telephone: +203 518 0011
Fax: +203 518 0029
Mobile : +2 012 104 1047
E-mail: tgargour@lecico.com

Visit our website at: www.lecicoegypt.com

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