



## Full Year 2006 Results

Lecico announces 10% growth in revenues driven by sanitary ware exports. Net profit for the year is down 11% to LE 79.2 million

**Alexandria, 5<sup>th</sup> March 2007** – Lecico Egypt announced consolidated results for the year ended 31 December 2006. Revenue for the year was up 10% at LE 719.5 million driven by sanitary ware exports. Operating profit (EBIT) was down 15% at LE 118.1 million (margin down 5 percentage points at 16.4%). The drop in EBIT is largely the result of an LE 10 million working capital provision taken in light of the LE 11.3 million gains on the revaluation of Sarreguemines assets in the fourth quarter. Net profit was down 11% at LE 79.2 million (net margin down 2.6 percentage points at 11.0%).

For the fourth quarter of 2006, revenue was up 27% year-on-year at LE 192.6 million. EBIT was down 27% to LE 18.4 million (margin was down 7.1 percentage points to 9.3%). Net profit was up 8% to LE 17.9 million (margin down 1.6 percentage points to 9.3%).

“The fourth quarter has been a turning point for Lecico. We have grown our business despite a difficult operating environment, with revenues for the quarter reaching record levels,” commented Gilbert Gargour, Lecico Egypt’s Chairman and CEO. “Profit recovery was blurred by the effects of the Sarreguemines acquisition, the change of the business model in France, and results in Lebanon. We also had to book a large extraordinary gain upon the acquisition and used this as an opportunity to increase provisions on our working capital assets.

“I know the last two years have been a source of disappointment to our shareholders, but the second half of 2006 and in particular the last quarter show a clearer turning point, one I hope will continue and allow us to share better news with you over the coming years.

“In addition to an LE 1.00 per share cash dividend for the year, Lecico will propose a 5% bonus issue, essentially redistributing our 1.0 million in treasury shares to investors. The dividend and bonus issue are equivalent to a 7.2% dividend yield, compared to a 5.8% last year. I hope this goes some way towards rewarding investors who have continued to believe in our company.”

Elie Baroudi, Lecico Egypt MD, added, “The recovery that we have seen in the last quarter is a good indicator of prospects for 2007. That’s not to say the coming year will be without challenges, principal among them the situation in Lebanon, the full and proper integration of Sarreguemines and the usual teething problems expected with the roll out of a new sanitary ware plant.”

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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