



Full Year 2010 Results

Operating profit growth for the year despite demand weakness in Eurozone, warehouse fire in June and LE 11.2 million in extraordinary charges in the fourth quarter

Alexandria, 9th March 2011 – Lecico Egypt announced consolidated results for the year ended 31 December 2010. Revenue was down 3% year-on-year at LE 1,019.2 million driven by the drop in sanitary ware volumes resulting from the fire that destroyed our export warehouse in June, along with weaker demand in our European export markets due in part to the risks of contagion as a result of the Greek and Irish crisis. Operating profit (EBIT) was up 3% at LE 188.0 million (margin up 1.1 percentage points to 18.4%). Net profit was down 14% to LE 94.8 million (margin down 1.1 percentage points to 9.3%) due to extraordinary provisions and charges taken in the fourth quarter.

For the fourth quarter of 2010, revenue was down 10% year-on-year at LE 239.9 million. Operating profit (EBIT) was down 12% at LE 39.9 million (margin down 0.4 percentage points to 16.6%) due to a LE 7.5 million extraordinary provision. Net profit was down 60% to LE 11.4 million (net margin down 5.9 percentage point to 4.8%) due to a further LE 3.7 million in extraordinary charges for notional interest discount on receivables.

Lecico Egypt Chairman and CEO, Gilbert Gargour, commented: "2010 has been a difficult year with the negative effects of weaker demand in our European markets compounded by loss of our export warehouse and several months of export stocks at the peak of our summer season. Despite the challenging environment, we have delivered operating profit and margin growth for the year as a whole and would have reported growth in the fourth quarter if not for one-off additional provisions and finance charges.

"2011 is a momentous year. The will for change expressed in Egypt and in the rest of the Middle East is a welcome and salutary call. Change will however likely bring with it periods of instability and confusion. As of this writing our markets in Egypt and in Libya are directly affected, our labor force has required and been given wage and benefit adjustments and our foreign clients are nervous. It is therefore hard to expect improvement in the early part of the year ahead. We hope that as the year progresses and over the coming ones as Egypt and the region stabilize that we will unlock even greater regional demand growth and prosperity."

Elie Baroudi, Lecico Egypt MD, added, "In this period of uncertainty and change, our goal is to do all we can to minimize the negative impact of ongoing events on our business and profitability. Our focus in the months ahead will be three-fold: developing new customers and markets to offset anticipated weakness in domestic and regional markets; improving pricing; and continued focus on cost control. We hope that this combination will help alleviate some of the impact of expected cost inflation and regional demand weakness."

Lecico will hold an AGM and EGM at the Cairo Marriott Hotel, Zamalek, Cairo on March 29th. The Board of Directors and your management will continue to review the needs of the business as we move forward in order to determine and propose an appropriate cash dividend. A cash dividend proposal will be presented to shareholders at the AGM.

At the Extraordinary General Meeting to be convened directly after the AGM, the company will seek shareholder's approval to issue 20 million shares as a 33.33% bonus issue.

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.

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Forward-looking statements

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