



## Full Year 2007 Results

Strong demand in most markets and roll-out of new capacity drives 35% net profit growth.  
Lecico proposes 100% bonus issue and LE 3.00 cash dividend for 2007.

**Alexandria, 3<sup>rd</sup> March 2008** – Lecico Egypt announced consolidated results for the year ended 31 December 2007. Revenue for the year was up 38% at LE 989.5 million driven by sanitary ware sales. Operating profit (EBIT) was up 33% at LE 156.9 million (margin down 0.6 percentage points at 15.9%). Net profit was up 35% at LE 107.0 million (net margin down 0.2 percentage points at 10.8%).

For the fourth quarter of 2007, revenue was up 36% year-on-year at LE 261.3 million. EBIT was up 125% to LE 41.2 million (margin was up 6.2 percentage points to 15.8%). The high year-on-year growth in EBIT for the quarter is due to an unusually low EBIT number in 4Q 2006, as a result of the large provision taken against the gains on the revaluation of Sarreguemes assets. Net profit was up 58% to LE 28.3 million (margin up 1.5 percentage points to 10.8%).

“It is my great pleasure to report a strong performance in 2007. It has been particularly satisfying to see the work invested over the past few years in growing capacity and market footprint finally translate into profitability, especially given the cost pressures in the year,” commented Lecico Egypt Chairman and CEO, Gilbert Gargour. “This is only the beginning of these returns, with Lecico only making our first small sales in a number of new markets and with a number of new customers. Our capacity expansion is also still in mid-rollout, although most of the investment is now behind us.

“Overall, I am confident that we will deliver satisfactory numbers in 2008 despite continuing to face a challenging business environment.

“In light of our performance this year, Lecico’s management is happy to propose to our shareholders an LE 3.00 per share dividend. We are also proposing a 100% bonus issue to double the number of shares outstanding from 20 million to 40 million. It is my hope that this will go some way to improving liquidity in our stock, which remains a concern for the company’s management and investors.”

Elie Baroudi, Lecico Egypt MD, added, “In the fourth quarter of 2007 I am pleased to report record sales and gross profit levels and the highest quarterly net profit in over two years. The results are a strong finish to a good year and leave us in well-positioned to continue to deliver growth in 2008 despite the risks of a significant drop in outsourcing volumes, energy-led highcost inflation in Egypt, unfavorable exchange rate variances and chance of a weakening in demand in some of our core markets.”

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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