



## Full Year 2004 Results

Lecico announces record results for 2004 with a 63% increase in net profits driven by growth in revenues and profitability resulting from increased capacity and exports

**Alexandria, 13 March, 2005** – Lecico Egypt announced consolidated results for the year ended 31 December 2004, with revenue of LE 696.8 million, up 25% year-on-year. Operating profit (EBIT) for the period was up 74% at LE 187.6 million (EBIT margin was up 7.7 percentage points at 26.9%). Net profit for the period was up 63% to LE 142.8 million (net profit margin was up 4.9 percentage points at 15.6%).

For the fourth quarter of 2004 revenue for the quarter was up 13% year-on-year at LE 180.8 million, operating profit up 29% at LE 39.8 million (EBIT margin was up 2.6 percentage points at 22.0%) and net profit for the quarter was up 42% to LE 35.3 million (net margin was up 3.9 percentage points at 19.5%).

Lecico Egypt Chairman and CEO, Gilbert Gargour commented, “The trend of export-led growth and improved profitability continued in the quarter closing out a record year for Lecico, despite weakening demand in export and domestic markets towards the end of the year. Indications in early 2005 suggest the beginning of a small cyclical downturn. This is almost welcome given our current shortage of capacity: it should not impact our annual sales volume and will allow us to better service existing clients. However, we may see some impact on performance in early 2005 as we stock inventory and reconfigure our sales plan for the year. With the advantages of Egypt as a market and an export platform, and given our commitment to European quality standards, we intend to deliver strong revenue growth and healthy margins to our shareholders in 2005 and beyond it.”

Elie Baroudi, Lecico Egypt MD, added, “Following our recent public offering, I am proud to announce Lecico’s strongest ever year in terms of revenues, volumes and profitability. In the fourth quarter, sanitary ware continued to be the most significant revenue driver, growing 16% year-on-year on the back of higher prices. Tile revenues grew 9%, driven by capacity from our new line completed in June 2004. In order to deliver more of this growth to shareholders, Lecico acquired the remaining stake in our Borg El Arab subsidiary; significantly reducing our minority interests charges.”

Lecico’s board is proposing a dividend of LE 3.00 per share, with a total distribution of LE 60 million, to be approved at our Annual General Meeting (AGM) at the Akhnaton Hall in the Grand Hyatt Hotel, Garden City, Cairo at 3 p.m. on Tuesday 5 April.

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

This release may contain certain "forward-looking statements", relating to the Company's business, which can be identified by the use of forward-looking terminology such as "will", "planned", "expectations", "forecast" or similar expressions, or by discussions of strategy, plans or intentions. Such statements may include descriptions of investments planned or currently under development by the company and the anticipated impact of these investments. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results that may be expressed or implied by such forward-looking statements.