



Third Quarter 2005 Results

Lecico announces 9% drop in revenues for 3Q 2005 due to continued weakness in sanitary ware demand in the UK and Egypt

Alexandria, 14 November, 2005 – Lecico Egypt announced consolidated results for the third quarter of 2005. Revenue was down 9% year-on-year at LE 170.5 million. Operating profit (EBIT) for the quarter was down 37% at LE 34.9 million (EBIT margin was down 8.9 percentage points at 20.5%). Net profit was down 35% to LE 26.5 million (net profit margin was down 6.1 percentage points at 15.5%).

For the first nine months of 2005, Lecico reported revenue of LE 500.7 million, down 3% year-on-year. EBIT was down 23% at LE 114.4 million (margin was down 5.8 percentage points at 22.8%). Net profit was down 28% year-on-year to LE 77.7 million (margin was down 5.3 percentage points at 15.5%).

“I regret I cannot bring much better news at the end of this third quarter of the year compared to a very strong period in 2004” comments Gilbert Gargour, Lecico Egypt’s Chairman and CEO, “but weaker sanitary ware demand in the UK and Egypt continued to hurt our volumes, average prices and margins.

“However, our sales push has led to a growth in exports outside England and we continue to focus on breaking new markets and deepening our presence in current markets.

“In Egypt, we are introducing new products and improving our marketing efforts, but we are most excited about the improving economic picture. Strong oil prices, buoyant tourism numbers and a pick up in confidence all augur well for a period of strong growth. We already see a pick-up in cement and steel, typically a lead indicator for our business.

“We remain confident of Lecico’s potential for substantial, sustainable growth. This year is a difficult one, but we remain confident that our sales and marketing efforts will be rewarded in due course as they are based on sound economics and vigilant strategy.”

Elie Baroudi, Lecico Egypt MD, added, “While our main focus continues to be on generating sanitary ware sales, we also have new investment plans in tiles and fired clay, which should increase our tile capacity by over 25% and increase our fired clay capacity substantially. These investments are being made in response to demand from the market place and should provide another growth driver in coming years.”

Management fee reduced for 2005: Intage and Sanitec have always been committed to align their management fee to the interests of all shareholders. As a consequence they have decided that for the third quarter of 2005, the Egyptian management fee will be reduced by 25 % commensurate with the drop in net profits year-to-date.

The full statements for the period with segmental analysis are available on our 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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