



## Third Quarter 2004 Results

Lecico announces 37% increase in profits for 3Q 2004, with growth in revenues and margins driven by capacity expansion and increased exports

**Alexandria, 20 December, 2004** – Lecico Egypt (Stock symbols: LECIq.L; LECI LI; LCSW.CA; LECI EY) announced its consolidated results for the third quarter of 2004. Revenue for the quarter was up 23% year-on-year at LE 187.5 million, with operating profit (EBIT) up 28% at LE 55.1 million (EBIT margin was up 1.3 percentage points at 29.4%). Net profit for the quarter was up 37% to LE 40.5 million (net profit margin was up 2.3 percentage points at 21.6%).

For the nine months ended 30 September 2004, Lecico reported consolidated revenue of LE 516.0 million, up 29% year-on-year. Operating profit (EBIT) for the period was up 93% at LE 147.8 million (EBIT margin was up 9.5 percentage points at 28.6%). Net profit for the period was up 72% to LE 107.5 million (net profit margin was up 5.2 percentage points at 20.8%).

Lecico Egypt Chairman and CEO, Gilbert Gargour commented, “The third quarter continued the trend of export-led revenue growth and improved profitability delivered in the first half of the year. Of course, the floatation of the Egyptian pound had a profound impact on growth in the first half of 2004, but the third quarter results have shown that the levels of revenue and profitability reached in the first half represent a sustainable base for future growth. With the advantages of Egypt as a market and as a platform for exports to Europe, and with a consistent strategy to produce quality products for those markets, we hope to continue to deliver strong growth and healthy margins for our shareholders.”

Elie Baroudi, Lecico Egypt Managing Director, added, “Lecico’s growth continues to be driven by our capacity expansion plans as well as our increasing export activity. The incremental benefits from the completion of our Borg El Arab expansion last year has driven a 17% increase in sanitary ware sales volume, and we intend to deliver more of this growth to the bottom line for our shareholders following the completion of our acquisition of the remaining stake in this subsidiary in the fourth quarter. Furthermore, tile volumes are up 16% in the third quarter, following the completion of another tile production line at the end of the first half. Margins in the sanitary ware and tile segments are both continuing to improve, as is our export profile, with exports accounting for approximately 51% of revenue in the first nine months of this year, compared to 45% for the same period last year.”

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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