



Lecico

An Egyptian Exporter

Second Quarter 2010 Results Presentation

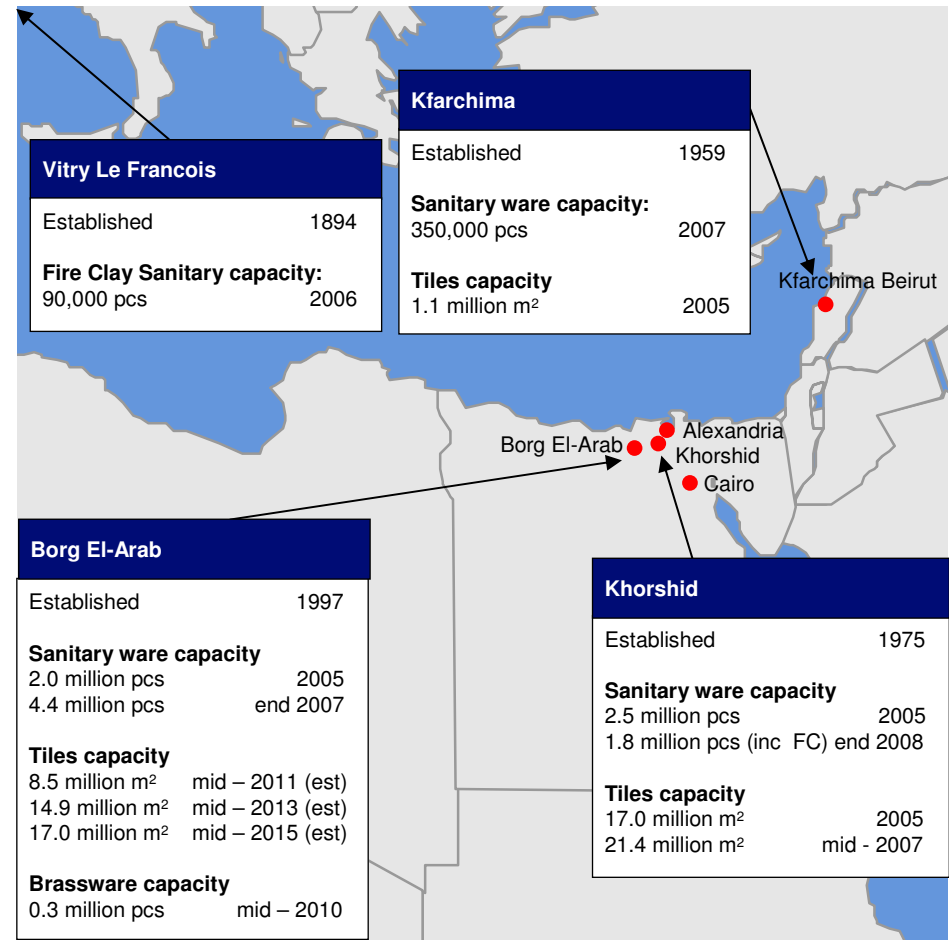
August 2010



Corporate Summary

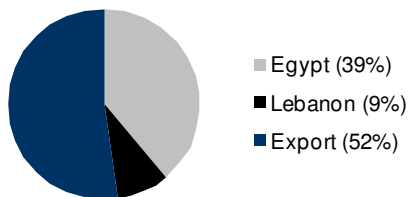
Introduction: An Egyptian exporter

- Lecico Egypt S.A.E. is one of the world's largest sanitary ware producers and a large tiles producer
- Lecico was founded in 1959 and has been majority owned by the Gargour family since 1969
- The company has a global competitive advantage making European quality sanitary ware at Egyptian costs
- The company is a significant exporter with c50% of Lecico's sanitary ware sales volume going into Europe
- Lecico finished a major capacity expansions in tile and sanitary ware in 2007 which boosted capacity to 21.4m sqm of tiles and 6.7m pieces of sanitary wary and fire clay
- In Summer 2010, Lecico began brassware production with a 300,000 piece per annum capacity factory
- In Summer 2011, Lecico is expected to begin production in its new tile factory in Borg El Arab. The factory is expected to reach 17m sqm capacity over the following 4 years

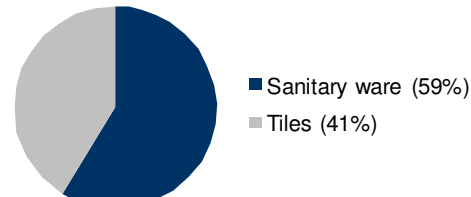


* All production facilities are owned and controlled by Lecico

Split of domestic and export¹



Split of sanitary ware and tiles¹



Note: (1) FY 2009



Corporate Profile

Investment case



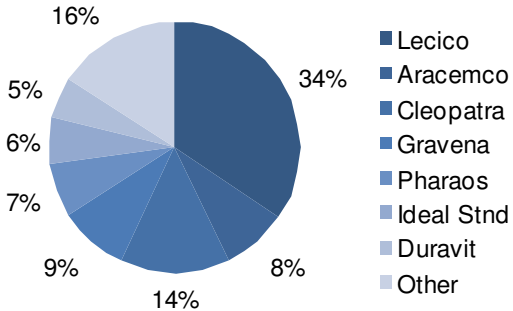
Experience <ul style="list-style-type: none">• Brand with over 50 years of history• Multi-national management• Decades of OEM exports to Europe	Regional leadership <ul style="list-style-type: none">• Sanitary ware market leader in Egypt and Lebanon• Largest producer in the Middle East	Growing exports <ul style="list-style-type: none">• c 60% of sanitary ware is exported• SW exports 12% CAGR (2000-09)• 10%+ UK, France & Ireland mkt share	Significant cost advantage <ul style="list-style-type: none">• USD 10/piece cost (50% of peers)• c USD 1.50/piece shipping to Europe• European quality product
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Domestic market leadership

Market leadership in Egypt

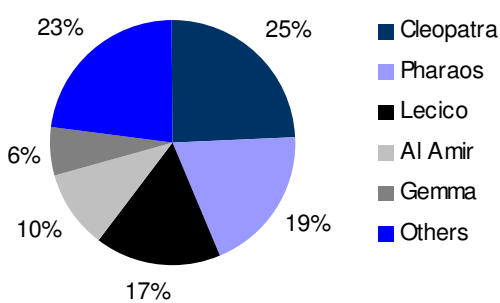
Sanitary ware market (5.8 million pieces)¹



Note: (1) Management estimates for 2009

- Leading sanitary ware market share
- 2.0m piece Lecico capacity expansion ongoing

Tile market (80 million m²)²

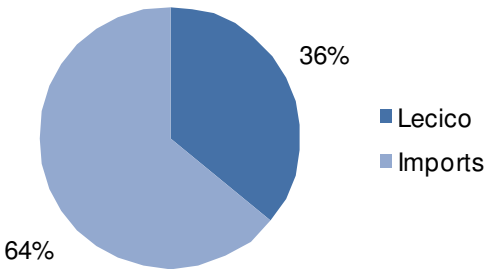


Note: (2) Management estimates for 2005

- Competitive pricing to support distributors' sanitary ware sales
- 4.4 m sqm Lecico capacity expansion ongoing

Market leadership in Lebanon

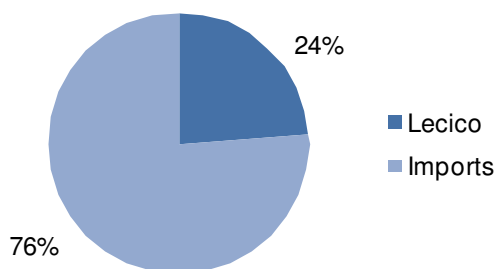
Sanitary ware market (0.58 million pcs)³



Note: (3) Management estimates for 2009

- Leading sanitary ware market share
- Branded as European quality

Tile market (8.5 million m²)³



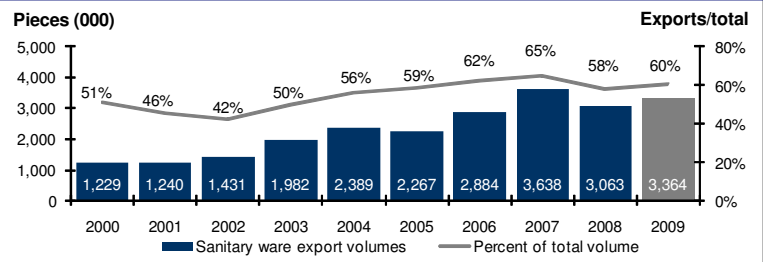
- Number two market share in tile sales
- Presence maintained to complement sanitary ware sales



Growing exports

Growth in group's exports

Lecico's total export volumes (sanitary ware)



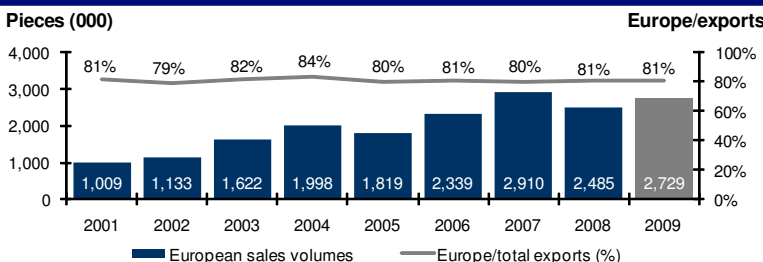
- Sanitary ware export volumes grew at 13% CAGR (2001-2009)
- Volumes fell slightly in 2005 due to market slowdown in UK

Egypt's leading sanitary ware exporter

- Lecico exports c60% of its sales vs. 20% for local peers
- Lecico sells to over 50 countries (including OEM sales)
- Approximately 25% of exports (17% of sanitary ware sales) are for other brands
- Lecico represents 50% of Egypt's sanitary ware exports with the balance split among 9 manufacturers

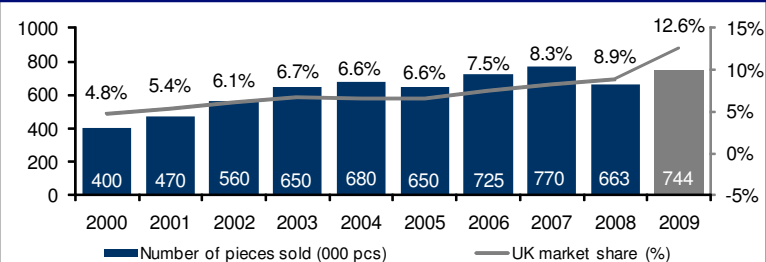
Export focus on Europe

Europe as percentages of total exports



- Average of over 80% of exports are to Western Europe
- Drop in exports in 2008 due to Sanitec bridge in 2007

Growth of Lecico brand sanitary ware market share in UK



- UK estimated c12% market share in Lecico-branded sales
- A further c12% market share in OEM sales to the UK



Significant cost advantage

International cost advantage

Lecico produces sanitary ware at an all-in average cost of US\$14/ piece

- In Egypt, ceramic manufacturing cost averages US\$10 / piece of sanitary ware
- The difference reflects higher packing costs for EU-destined exports and significantly higher industrial cost in Lebanon
- Our information suggest other low cost producers' manufacturing cost averages US\$15-30 / piece
- While European producers average US\$35+ / piece depending on their market

Why is Lecico able to produce so cheaply?

- **Egypt:** Low energy costs, low labour cost, low investment costs, low effective taxes
- **Size:** Economies of scale, standard global plant size: 1m pieces
- **Experience:** Over 45 years as a company and almost 40 years as a sanitary ware producer
- **Utilization:** 85-90% capacity utilization rate versus 70% industry average in Egypt
- **Efficiency:** Production per employee is > twice that of our local competitors

Investment, distribution and overheads benefit from regional economies of scale

- Sanitary ware investment cost approx US\$15-25 / piece vs. US\$25-40 / piece global standard
- Low shipping cost to Europe: US\$1.50 per sanitary ware piece vs. approx US\$6+ for Asian manufactures



Growth strategy



Expand regional and international exports

- Aim to increase market growth
 - UK, Ireland, France



- Potential future markets
 - Germany, Algeria, Saudi Arabia, Iraq, Syria



- New and expanded OEM contracts – Sanitec, Heritage, SFA and others

Build multi-brand and service options solutions for customers

- Local service options in key markets (stock, delivery, tailor-made NPD)
- International manufacturing options: direct container delivery at competitive pricing
- Dual brand + strategy: European brands (Sarreguemines), Commercial brand (Lecico) and OEM

Commercial strategy: Offer more for less

- Strategy based on giving all the benefits of European supplier at best prices
- Consistent and dependable world-class quality, service, manufacturing and design
- Advantages over European peers: Greater flexibility as a partner at better prices



Financial overview

2Q 2010 results impacted by warehouse fire



June sanitary ware sales drop sharply following fire – resulting in drop in quarterly revenues and gross profit

2Q 2010 results:

- Revenue was down 6% year-on-year at LE 255.7 million, attributable to the loss of exports resulting from the June 1st warehouse fire.
- Operating profit (EBIT) was up 1% at LE 50.7 million (margin up 1.3% at 19.8%) as a result of overhead reductions.
- Net profit was down 15% at LE 25.7 million (net margin down 1 percentage point to 10.1%) due to higher tax and finance expense charges.

1H 2010 results:

- Lecico reported revenue of LE 525.2 million, up 2% year-on-year.
- EBIT was up 5% at LE 98.1 million (margin up 0.6 percentage points to 18.7%).
- Net profit was up 1% at LE 52.6 million (margin down 0.1 percentage points to 10%).

Commentary:

Lecico Egypt Chairman and CEO, Gilbert Gargour, commented: "The fire destroyed 409k pcs, approximately 53% of export stock and almost all of our seat covers and flushing mechanisms. June was the first month sanitary ware sales were down year-on-year. Total sales volumes in the month were down 26%.

"Despite this setback Lecico still reported operating profit and margin growth in the quarter.

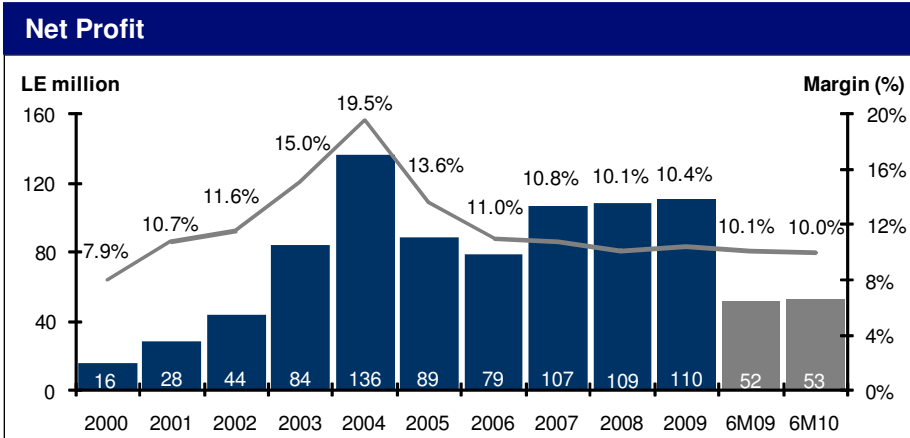
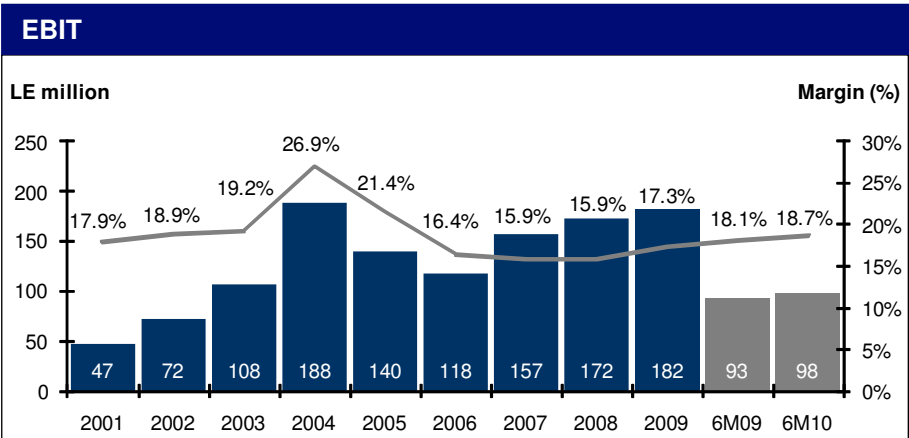
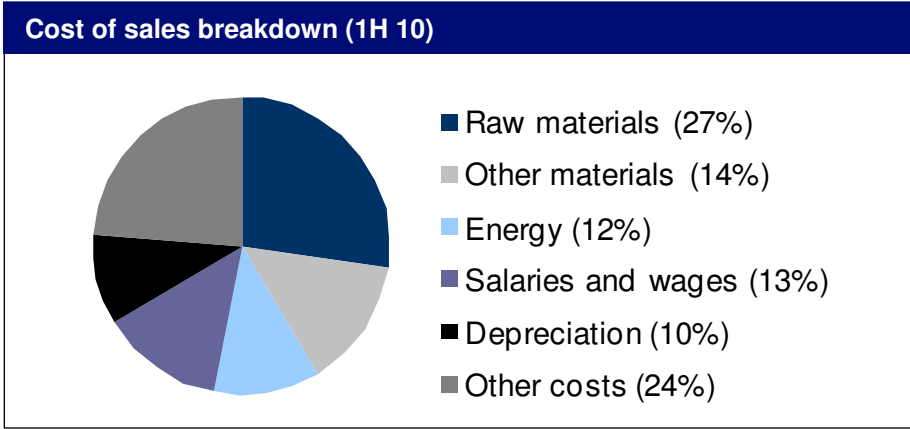
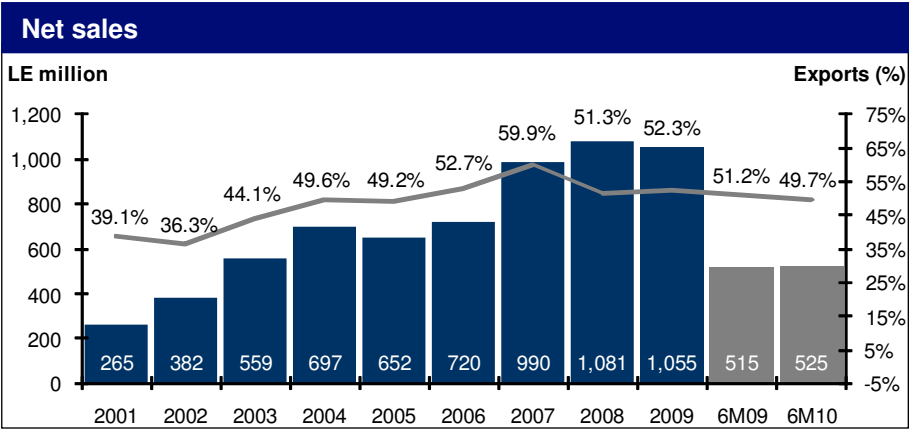
"Preliminary figures for July look better. By the end of August, we will have rebuilt our accessory stocks and volumes should be recovering. Our sales are "business to business", with layers of stock insulating the end user, so hopefully we will regain sales in the months ahead."

Elie Baroudi, Lecico Egypt MD, added, "The quarter was also impacted by the continued weakness of the euro and sterling which reduced export revenues.

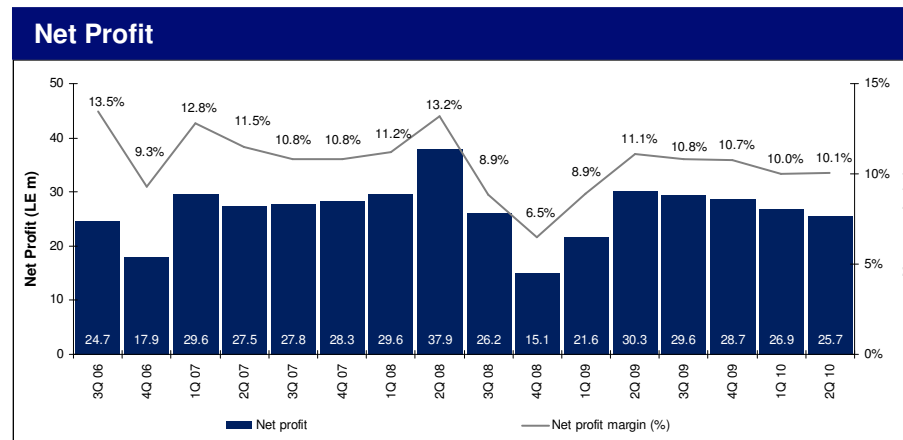
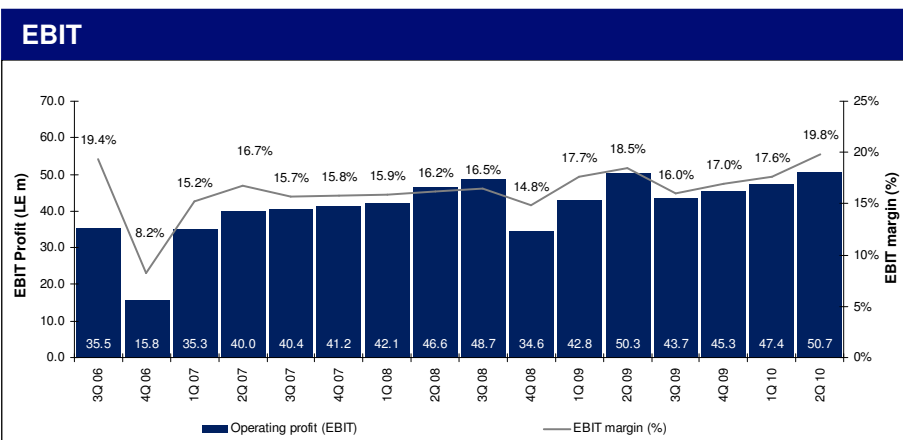
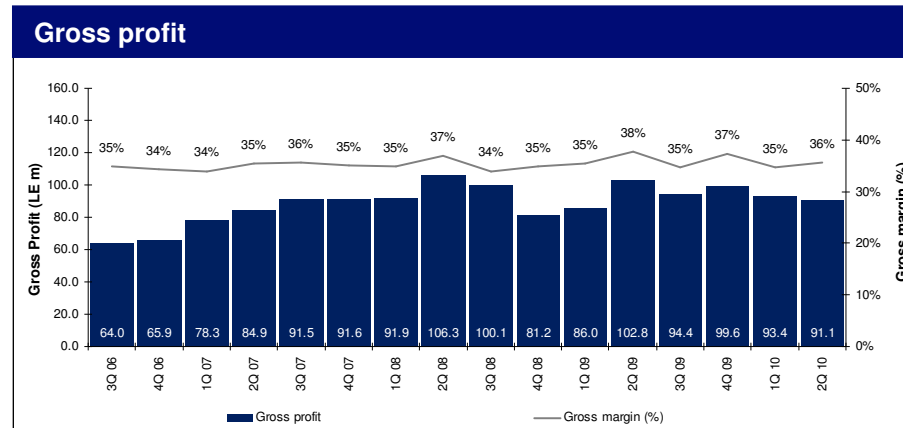
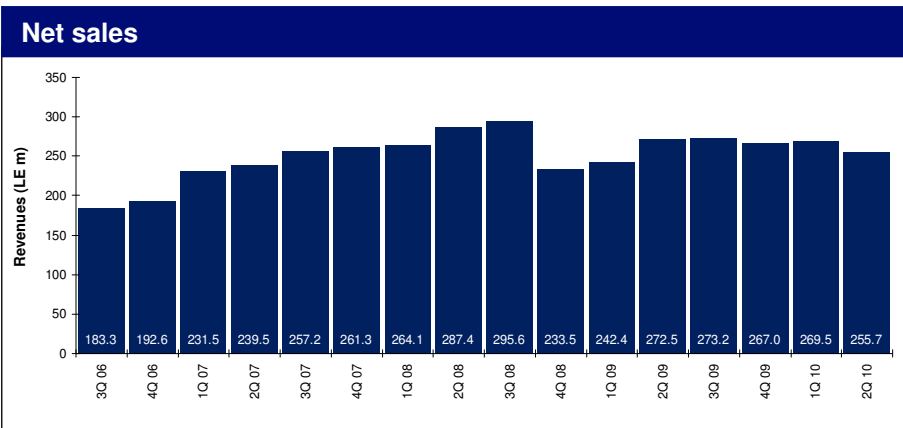
"To address the price and margin erosion we are facing as a result of foreign exchange and energy price increases from July onwards, we have negotiated price increases with some of our largest export customers and raised local market prices in July.

"Sanitary ware performance was offset by our tile segment and lower distribution and administration expenses. As a result of this our operating profits and margin increased. This didn't translate to the bottom line as a result of higher finance expenses and taxes but I am hopeful with the recovery from the fire over the next several months we will return to bottom line growth for the year."

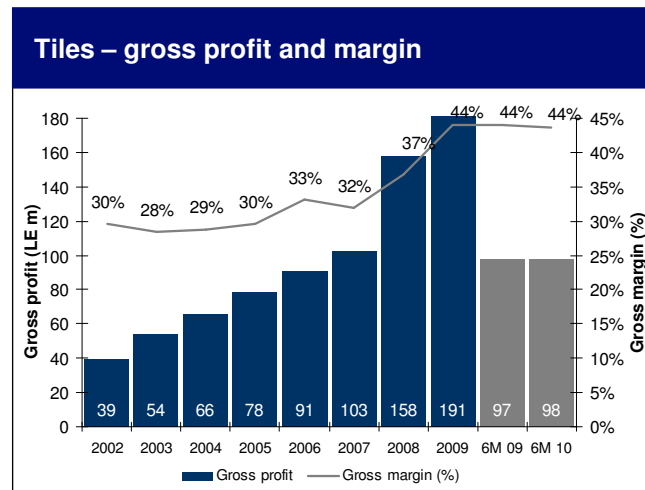
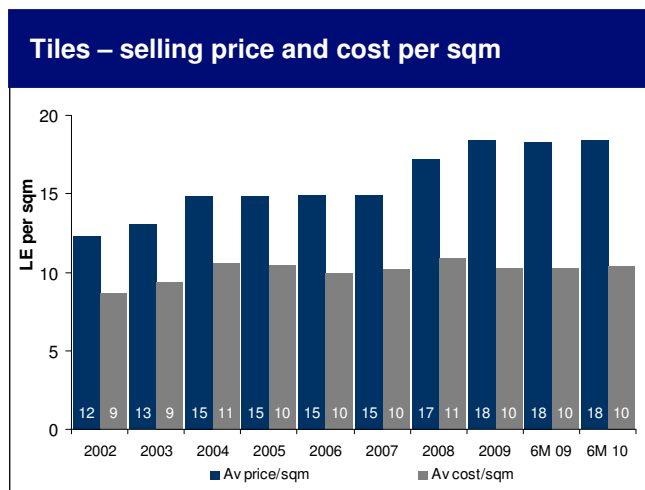
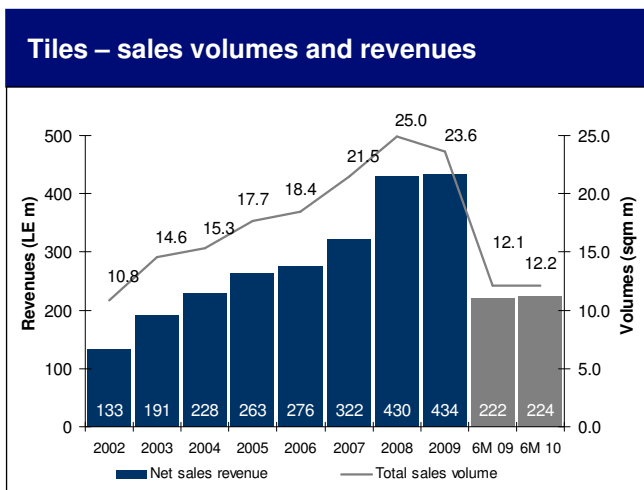
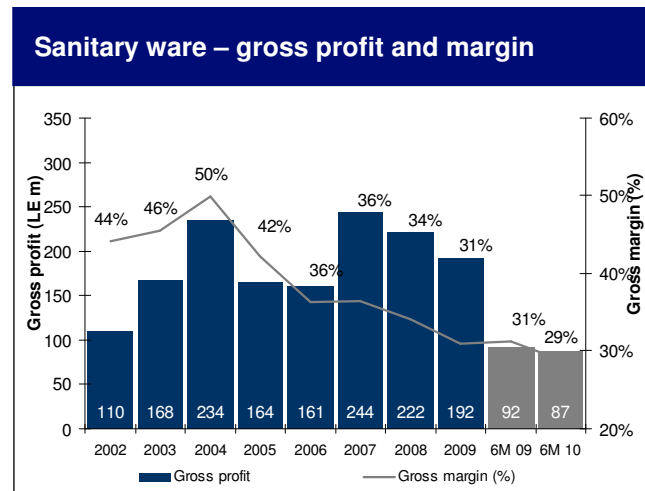
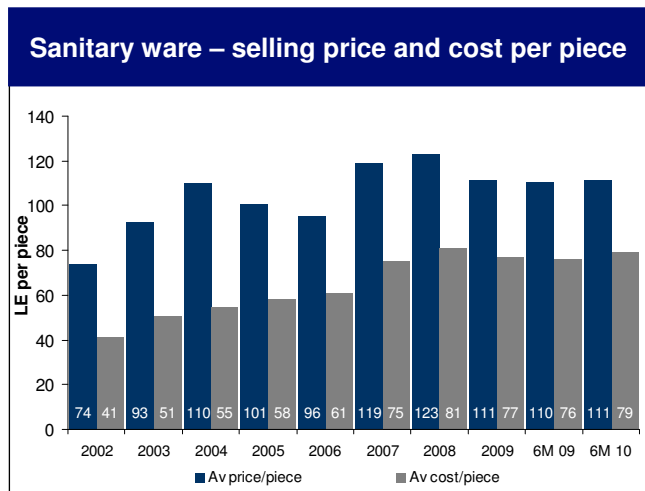
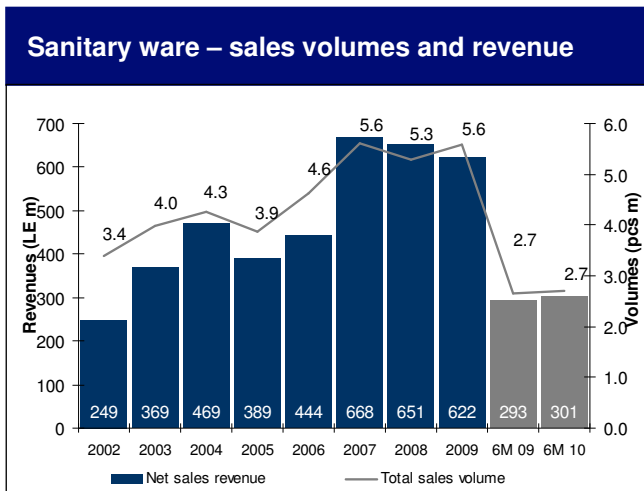
Profit and loss



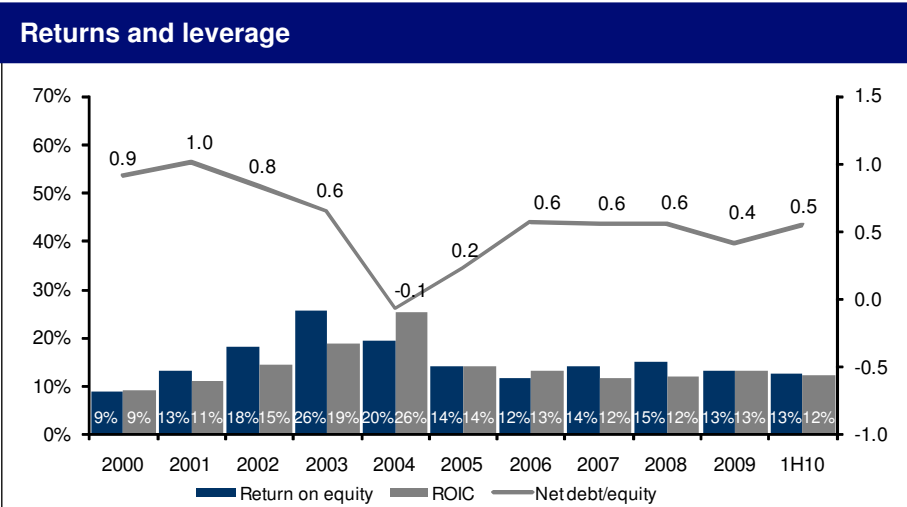
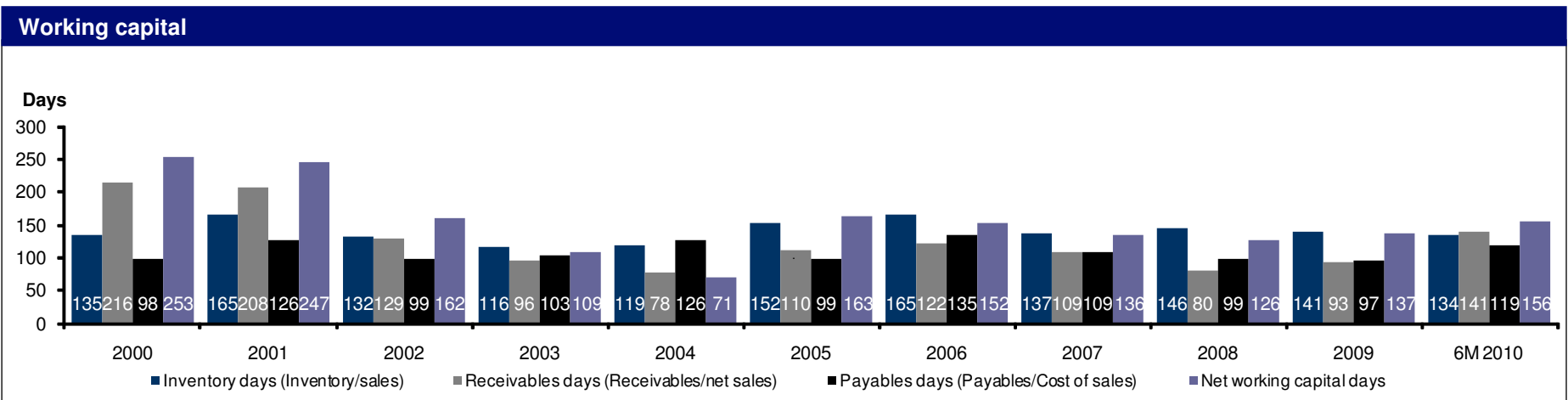
Quarterly P&L Trends



Segmental analysis



Balance sheet and cash flow



Capital expenditures 2010e

Project	Investment cost (LE m)
Maintenance work and other investments	30.0
Gres Porcellanato Tile plant phase 1	88.0
Total planned specific project capex	118.0

P&L summary 1Q and 1H 2010



Income statement						
(LE m)	2Q		%	1H		%
	2010	2009	10/09	2010	2009	10/09
Net sales	255.7	272.5	94%	525.2	515.0	102%
Cost of sales	(164.6)	(169.7)	97%	(340.6)	(326.1)	104%
Gross profit	91.1	102.8	89%	184.6	188.9	98%
Gross margin (%)	35.6%	37.7%	(2.1%)	35.1%	36.7%	(1.5%)
Distribution and Administrative expenses	(41.3)	(48.6)	85%	(85.8)	(90.2)	95%
Net Other Operating income/(expenses)	0.9	(3.9)	-	(0.7)	(5.3)	12%
Operating profit (EBIT)	50.7	50.3	101%	98.2	93.3	105%
Operating (EBIT) margin (%)	19.8%	18.5%	1.4%	18.7%	18.1%	0.6%
Investment revenues	0.0	0.0	0%	0.1	0.0	0%
Finance income	1.6	1.5	107%	3.2	3.6	88%
Finance expense	(17.3)	(13.7)	126%	(29.9)	(29.8)	100%
Profits before tax and minority (PBTM)	35.0	38.1	92%	71.6	67.1	107%
PBTM margin (%)	13.7%	14.0%	(0.3%)	13.6%	13.0%	0.7%
Income tax	(7.7)	(5.2)	148%	(16.1)	(9.2)	175%
Deferred tax	0.5	0.0	0%	1.5	(0.5)	-
Net Profit after tax (NPAT)	27.8	32.8	85%	57.0	57.3	99%
NPAT margin (%)	10.9%	12.0%	(1.3%)	10.9%	11.1%	(0.3%)
Employee profit participation	(2.9)	(2.7)	107%	(5.9)	(5.3)	111%
Net profit before minority interest	24.9	30.1	83%	51.1	52.0	98%
Minority interest	0.8	0.2	423%	1.5	(0.0)	-
Net Profit	25.7	30.3	85%	52.6	52.0	101%
Net profit margin (%)	10.0%	11.1%	(1.1%)	10.0%	10.1%	(0.2%)

Segmental Analysis 1Q and 1H 2010



Sanitary ware segmental analysis	2Q		%	1H		%
	2010	2009	10/09	2010	2009	10/09
Sanitary ware volumes (000 pcs)						
Egypt (000 pcs)	527	549	96%	1,038	1,006	103%
Lebanon (000 pcs)	58	49	118%	104	81	128%
Export (000 pcs)	721	834	86%	1,564	1,571	100%
Total sanitary ware volumes (000 pcs)	1,306	1,432	91%	2,706	2,658	102%
Exports/total sales volume (%)	55.2%	58.2%	(3.0%)	57.8%	59.1%	(1.3%)
Sanitary ware revenue (LEm)	139.9	158.8	88%	301.5	293.4	103%
Average selling price (LE/pc)	107.1	110.9	97%	111.4	110.4	101%
Average cost per piece (LE/pc)	77.3	74.9	103%	79.3	76.0	104%
Sanitary ware cost of sales	(100.9)	(107.3)	94%	(214.5)	(201.9)	106%
Sanitary ware gross profit	39.0	51.5	76%	87.0	91.5	95%
Sanitary ware gross profit margin (%)	27.9%	32.4%	(4.6%)	28.9%	31.2%	(2.3%)

Tile segmental analysis	2Q		%	1H		%
	2010	2009	10/09	2010	2009	10/09
Tile volumes (000 sqm)						
Egypt (000 sqm)	3,997	4,096	98%	8,132	8,328	98%
Lebanon (000 sqm)	684	543	126%	1,239	974	127%
Export (000 sqm)	1,438	1,588	91%	2,780	2,797	99%
Total tile volumes (000 sqm)	6,119	6,227	98%	12,151	12,099	100%
Exports/total sales volume (%)	23.5%	25.5%	(2.0%)	22.9%	23.1%	(0.2%)
Tile revenue (LEm)	115.8	113.7	102%	223.7	221.6	101%
Average selling price (LE/sqm)	18.9	18.3	104%	18.4	18.3	101%
Average cost per sqm (LE/sqm)	10.4	10.0	104%	10.4	10.3	101%
Tile cost of sales	(63.6)	(62.4)	102%	(126.1)	(124.2)	102%
Tile gross profit	52.2	51.3	102%	97.6	97.4	100%
Tile gross profit margin (%)	45.1%	45.1%	(0.0%)	43.6%	44.0%	(0.3%)

Balance Sheet Summary 1Q and 1H 2010



Balance Sheet (LE m)	30-Jun-10	31-Dec-09	6M10/FY09 (%)
Cash and short-term investments	119.7	99.6	120%
Inventory	384.6	408.5	94%
Receivables	360.3	237.6	152%
Related parties -debit balances	43.9	32.0	137%
Total current assets	908.5	777.7	117 %
Net fixed assets	637.1	672.1	95%
Intangible assets	23.1	23.9	97%
Projects in progress	145.8	91.6	159%
Other non-current assets	6.3	6.3	100%
Total non-current assets	812.3	793.8	102 %
Total assets	1,720.8	1,571.5	110 %
Banks overdraft	472.4	333.4	142%
Current portion of long-term liabilities	61.0	53.8	113%
Trade and notes payable	68.1	65.9	103%
Other current liabilities	153.9	113.1	136%
Total current liabilities	755.4	566.2	133 %
Long-term loans	33.9	57.5	59%
Other non-current liabilities	110.6	115.7	96%
Total non-current liabilities	144.5	173.2	83 %
Total liabilities	899.9	739.4	122 %
Minority interest	0.7	3.5	20 %
Issued capital	300.0	200.0	100%
Reserves	285.6	282.9	101%
Retained earnings	182.0	235.5	120%
Net profit for the year	52.6	110.2	48%
Total equity	820.2	828.6	99 %
Total equity, minorities and liabilities	1,720.8	1,571.5	109 %



Share performance and data

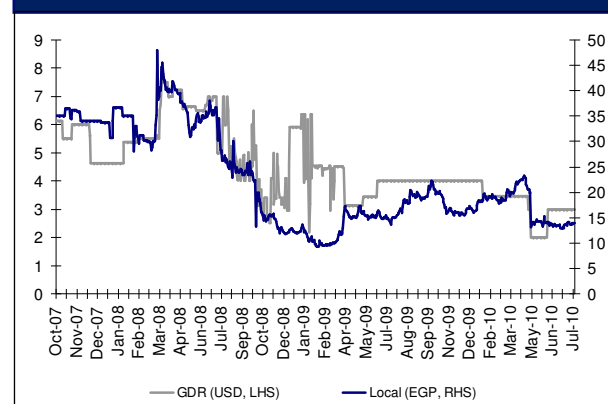


Shareholding structure and performance

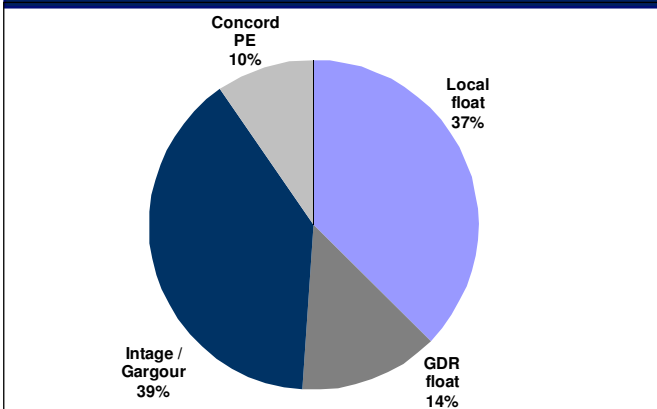
Liquidity has moved to local share and improved

- **Lecico valued at a market cap of US\$ 150 million with a 51% free float**
 - Almost all activity has moved from GDR to local share
 - As part of its annual profit distribution, Lecico increased number of shares from 40m to 60m in May 2010
 - Local share trades US\$ 210,000 per day and on 100% of trading days (12m thru July 2010)
- **Liquidity and trading frequency has vastly improved with shift to local share**
 - Trading frequency has gone to 100% of market days from c 40% of market days in 2005-2007
 - Total average daily trading value has improved 15% from US\$ 183,000 (2005-2007)
- **Lecico trades at a trailing PER multiple of 7.8x 2009 earnings**
 - EV/EBITDA of 5.6x.
 - Price to book value of 1.2x
 - Dividend Yield of 7%

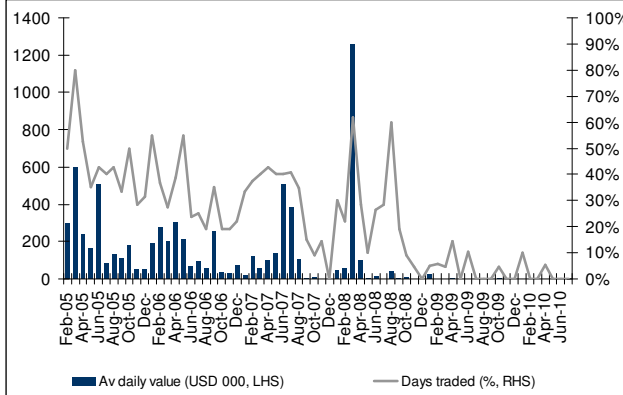
Lecico share price comparison



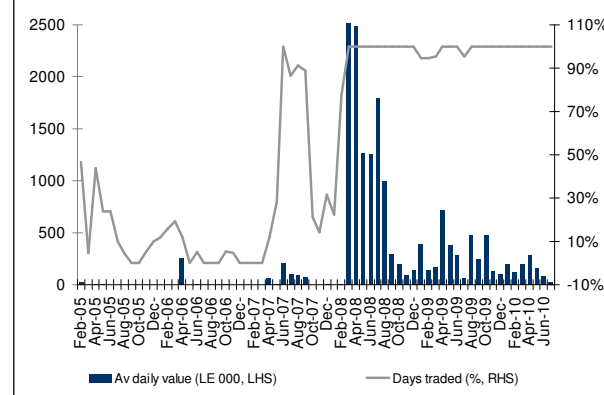
Shareholding structure



Share liquidity overview (GDR)



Share liquidity overview (Local)



Thank you

Lecico

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Forward-looking statements:

This presentation may contain certain “forward-looking statements”, relating to Lecico Egypt S.A.E. 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 Lecico Egypt S.A.E. and the anticipated impact of these investments. Such statements reflect the current views of Lecico Egypt S.A.E. 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 Lecico Egypt S.A.E. to be materially different from any future results that may be expressed or implied by such forward-looking statements.