



Government grants 38% energy price relief for 2009

Prime Ministerial Decree reverses 30 June 2008 energy price increase effective from February through year-end. Reduction of 38% from energy prices.

Alexandria, 19 February, 2009 – Prime Ministerial Decree 446, announced at February 2009, announced the reversal of the energy price increases enacted as of 30 June 2008 to energy intensive industries. This is a temporary reversal to be effective from February 1st until the end of the year and applies to some sectors including the ‘Ceramic industry’.

Lecico Egypt understands that this decree applies to the Tile segment of our business. In regards to Sanitary Ware we have also been informally advised that due to the heavy labour component in this industry it has been reclassified and removed from the energy intensive industries list altogether. This would, if confirmed signify that the reversal here will be more permanent. We are investigating this matter further.

The reversal would cause natural gas prices to reduce from USD 3.00 per million BTUs to USD 1.70 and electricity prices LE 0.334 per Kilo Watt Hour to LE 0.234.

This reversal of the last energy price increase is equivalent to a reduction of 38% in the year-end 2008 cost of energy for Lecico Egypt. In the first nine months of 2008, energy costs accounted for approximately 14% of the company’s total cost of production.

Commenting on the decree, Gilbert Gargour, Lecico Egypt Chairman and CEO, said, “We are grateful for this effort and congratulate the government for reversing the previous energy price increases for the ceramics industry which had a significant impact on our production costs and negatively impacted our profitability. This comes at a time where the international competitiveness of our industry has been negatively affected by the weakness of the Euro and of Sterling and goes some way to reverse this. I believe this move will be an important stimulus to the economy and will encourage continued growth and investment in our industry.”



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 a number of leading European brands.

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