



## **Sanitec to increase outsourcing share from Lecico**

Sanitec estimates to order 75% of its overall annual outsourcing volume from Lecico.

**Alexandria, 28 August, 2006** – Lecico Egypt and Sanitec Corporation have agreed to a new outsourcing arrangement. Sanitec estimates to source 75% of its total external sanitary ware requirements from Lecico. The new agreement is effective retroactively from 1 January 2006.

Over the past three years, Sanitec has sourced approximately 50% of its external outsourcing volumes from Lecico.

In case either Lecico or Sanitec would want the quantities reduced, this will have to take place over a period of two years.

“We welcome the opportunity to provide Sanitec with a greater proportion of their outsourcing requirements and believe this will add to the profitability of both companies,” commented Gilbert Gargour, Lecico Egypt Chairman and CEO. “Sanitec has been an outstanding partner, shareholder and customer of Lecico. Lecico is one of the very few providers of quality sanitary ware in substantial quantities and at competitive prices.”

At the same time as agreeing to these new terms, it was agreed that Sanitec would cease to share in the management fees paid by Lecico to CMS. CMS will continue to provide management, marketing, financial and technical consultancy services to Lecico, however CMS and Lecico have agreed to reduce the CMS management fee by 20% to reflect this reduction in expenses for CMS. The CMS fee will now be calculated on 1.6% of gross sales of Lecico’s manufacturing entities instead of 2%. The fee is part of Lecico's administrative expenses.

### About Sanitec

Sanitec is a European multi-brand group that designs, manufactures and markets bathroom ceramics and bath and shower products. The Sanitec group has locally well known brands, with strong positions and deep roots in the bathroom industry.

Sanitec is the leading provider of bathroom products in Europe, with a complete bathroom offering in key product categories. The company works closely together with customers and industrial partners, architects and designers to develop sustainable bathroom concepts with advanced design.

### 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 for Sanitec's brands.

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