



Lecico acquires certain assets of Sarreguemines

Lecico acquires certain assets of Sarreguemines in France for €1.5 million post restructuring.

Alexandria, 9 October, 2006 – Lecico Egypt announce that its offer to acquire the assets of Sarreguemines Sanitaire (www.sarreguemines-sanitaire.com) in France, was accepted by the court-appointed administrator on the 5th of October 2006. The offer, at € 1.5 million, covers certain operating assets including inventory, a warehouse, trade mark and manufacturing facilities. The operations of Sarreguemines have been restructured and staff reduced to 143 members from 253 in 2005.

Sarreguemines is a long established small French sanitary ware producer with sales of around 460 thousand pieces a year, of which 130 thousand pieces are large fine fireclay ones. In 2005, Sarreguemines reported revenues and operational (EBIT) losses of €18.6 million and €1.2 million, respectively. In July 2006, the company went into receivership. Subsequently, Lecico Egypt, through its consolidated subsidiary, Lecico France, submitted an offer to the court-appointed administrator of Sarreguemines to buy back specific assets of the company with a reduced workforce.

“We are pleased to announce to our shareholders this acquisition. This is a challenging and important step towards expanding our brand portfolio and our footprint in Europe” commented Gilbert Gargour, Lecico Egypt Chairman and CEO. “Sarreguemines brings very important design and manufacturing capabilities to the group particularly in fine fireclay products where demand is rapidly growing. These products are typically larger in size and thus can have very attractive features not normally available in the traditional vitreous china ones. Lecico already produces 60 thousand pieces of such products and has plans to increase capacity to 200-225 thousand gradually from early 2007 onwards. The Sarreguemines’ acquisition will allow us to accelerate this process. Sarreguemines will also stop manufacturing vitreous china products in Europe and will outsource them to Lecico and other low cost producers. It is our ambition for Sarreguemines to become a first rank European brand again and to become the focal point of the group in design and development.”

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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