



## New Tile Plant to Begin Operations in 2Q 2011

Lecico expands previously announced project to increase overall tile capacity by over 70% at a cost of USD 42 million

**Alexandria, 17<sup>th</sup> November 2009** – Lecico Egypt’s board of directors has approved an expansion on its original program to build a new tile plant in Borg El-Arab (Alexandria), Egypt. The expanded investment plan will increase the planned capacity of the plant to 17 million square meters, 12.8 million square meters of red body tiles and 4.2 million square meters of Gres Porcellanato or glazed porcelain floor tiles.

“This project will increase Lecico’s existing tile capacity by over 70%, a significant expansion justified by the strong demand and steady growth in profitability of our tile business,” commented Gilbert Gargour, Lecico Egypt Chairman and CEO. “For several years now our tile plant has been operating at full capacity and we have had to make difficult choices about allocating product as demand for our tiles has continued to grow with our increasing sales presence in the Middle East. I am also very enthusiastic about the prospects for glazed porcelain tiles - a new high value product for Lecico with potential markets across Europe and the Middle East. If current market conditions hold constant, this expansion, has the potential to generate incremental annual revenues of around LE 490 million when the project is running at full capacity. This should be quite profitable for the company as these sales should be achievable with only a limited increase in distribution and other overheads.”

The plant is expected to cost around USD 42 million, of which the Company has already invested USD 8.7 million to date on the project.

The investment will be done in two phases. Each phase will have a capacity of 6.4 million square meters of red body tiles and 2.1 million square meters of porcelain tiles. The first phase will cost around USD 27.5 million. The red body portion of this first phase will begin operations by 2Q 2011 and the porcelain phase will begin operations by 4Q 2011. The second phase will cost around USD 14.5 million with red body tiles expected to begin operation by mid 2013 and porcelain tiles by early 2015.

Gres Porcellanato is the Italian name for porcelain stoneware or porcelain tiles. Glazed or unglazed, they are made up of special clays and are fully vitrified tiles with very low water absorption. These tiles are regarded as superior to red-body tiles because of their unique features like color, stain, chemical and frost resistance, high abrasion resistance and low water absorption. These qualities make porcelain stoneware tiles a perfect choice for both exterior and interior application in any climate.

This new plan is an expansion on Lecico’s plan to build a 3.8 million square meter porcelain tile plant for USD 12.5 million which was announced in November 2007 and temporarily suspended in light of the economic environment at the end of last year.



### 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.

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