



Egypt operations disrupted over last few weeks

Lecico's Egyptian manufacturing and commercial operations have all suffered disruption and some stoppage due to political events and a two-day general strike.

Alexandria, 14th February 2011 – Lecico has faced significant disruption to its operations in Egypt over the past two and a half weeks as a result of the virtual closure of the economy resulting from nationwide political unrest and the wave of strikes and worker actions that has spread across the country.

Lecico had a two-day general strike and work stoppage over the 12th and 13th of February. Similar strike actions have reportedly occurred in many factories and services across Egypt over the last few days — among railway and bus workers, state electricity staff and service technicians at the Suez Canal, in factories manufacturing textiles, steel, cement and beverages, and in the petroleum and telecommunication industries.

Lecico management believe that the root cause of work stoppages is the rapid inflation - particularly in food prices - over the last several years that have put increasing pressure on workers' standard of living. This is a global trend, with labour costs in most low-cost countries including China and India increasing significantly over the past year.

In the absence of clearer guidance from the Egyptian government on minimum wages and benefits for workers and employees, it is perhaps part of the change process now sweeping Egypt that the worker's compensation and rights will be renegotiated through protests and stoppages inspired by Tahrir Square.

Given these factors, Lecico management negotiated a new compact with its workforce increasing average wages significantly, initiating several new benefits and also strengthening the communication lines between the workers and management.

Until this work stoppage on Saturday 12th of February, all Lecico factories had remained in operation throughout the political protests and disruptions of the past two weeks although productivity was reduced by approximately 30% over that period.

Furthermore, due to a virtual closure of the economy over that period, Lecico's local and export activity was stopped for eight days from the 29th of January to the 6th of February.

Lecico is pleased to report that all Lecico management, employees and factories remain safe and sound, with no damages to any during the events of the last few weeks.

All commercial and production activity at Lecico Egypt has resumed again as of Monday 14th of February. Throughout the events of the past weeks Lecico's foreign subsidiaries in the UK, France, Lebanon, South Africa, Poland, Algeria and Saudi Arabia have continued working normally.



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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