

DICE Sport and Casual Wear Report H1 – 2018 Earnings

- Summary Income Statement**

- Results in Nutshell**

- Overview of Segmental Performance**
 - **Export Segment**

 - **Retail Segment**

 - **Dyeing Segment**

 - **Printing Segment**

 - **Other Local Sales**

- Outlook (About DICE Sport and Casual Wear S.A.E).**

- Consolidated Income Sheet Statement**

- Consolidated Balance Sheet Statement**

DICE Sport and Casual Wear Report H1 – 2018 Earnings

Continuous recovery in top line growth with revenues recording a solid 39% y-o-y growth reaching EGP 712.2mn in H1-2018 coupled with quarter-on-quarter enhancement in profitability margins

Highlights for H1-2018

<p>Revenue EGP 712.2mn ▲ 39% y-o-y</p>	<p>Gross Profit⁽¹⁾ EGP211.4mn ▲ 22.8% y-o-y 29.7% GP Margin</p>
<p>EBITDA EGP160.1mn ▲ 14.4% y-o-y 22.5% EBITDA Margin</p>	<p>Net Profit EGP84.04mn 11.8% NP Margin</p>

Highlights for H1 - 2017

<p>Revenue EGP512.7mn ▲ 56.7% y-o-y</p>	<p>Gross Profit⁽¹⁾ EGP172.1mn ▲ 155.7% y-o-y 33.6% GP Margin</p>
<p>EBITDA EGP140mn ▲ 185.8% y-o-y 27.3% EBITDA Margin</p>	<p>Net Profit EGP95.2mn 18.6% NP Margin</p>

Summary Income Statement (EGP mn)

<i>In EGP 000s, unless otherwise stated</i>	Q1-2018	Q2-2018	Q2-2017	H1-2018	H1-2017
Revenue	314.2	398	241.9	712.2	512.7
<i>y-o-y growth, %</i>	16 %	64.5%		38.9%	
Gross Profit	98.4	113.0	67.0	211.4	172.1
<i>GPM, %</i>	31.3%	28.4%	27.7%	29.7%	33.6%
EBITDA	75.4	84.8	55.8	160.1	140
<i>EBITDA Margin, %</i>	24.0%	21.3%	23.1%	22.5%	27.3%
Net Profit	42.7	41.3	30.2	84.04	95.2
<i>NPM, %</i>	13.6%	10.4%	12.5%	11.8%	18.6%

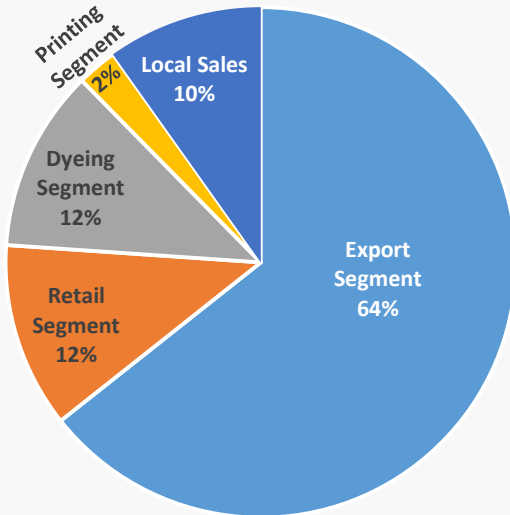
Note(1): Gross profit excludes depreciation

Results in Nutshell

23 November 2017 | Cairo | Dice Sport and Casual Wear (DSCW.CA on the Egyptian Exchange), a leading export oriented and integrated apparel and ready-made garments manufacturer and a prominent apparel retailer in Egypt

Q2 - 2018

Revenue Breakdown by Segment

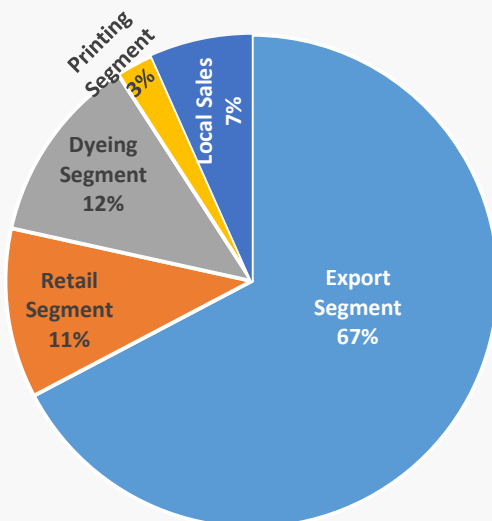


DICE reported revenues of EGP 398 mn, for Q2-2018, recording 64.5% y-o-y growth. Gross profit margin Q-o-Q, recording 28.4% in Q2-2018 compared to 27.7% in Q2-2017, due to :

- (i) Return of the percentage of COGS to the value of sales of their natural rates after the stability of exchange rates relatively

H1 - 2018

Revenue Breakdown by Segment



At EGP 712.2 mn, revenues for year H1-2018 were up by 39% y-o-y. On the gross profit level, DICE reported 211.4 mn, up 22.8% y-o-y, and with a gross profit margin of 29.7% compared to 33.6% in the same period last year. At the end of H1-2018 period, EBITDA stood at EGP 160.1 mn, while EBITDA margin reached 22.5% compared to 27.3% of H1-2017.

DICE capitalized on the devaluation of the EGP in order to attract new export clients due to more competitive prices. The currency mismatch between incoming USD denominated revenues and the cost of imported raw materials enabled DICE to continue its growth trajectory. In the retail segment, DICE was able to increase its number of pieces sold without price increases, despite the inflationary in utilities to eat up market share.

Overview of Segmental Performance

1 Export Segment

	<i>In EGP 000s, unless otherwise stated</i>	2017	Q2 -18	Q2 -17	H1-18	H1-17
DICE	Sewing Capacity (000s pieces)	14,000	5,250	3,500	10,500	7,750
	<i>Utilization, %</i>	93.8%	86.7%	69.4%	84.8%	76%
	# of pieces sold (000s)	13,129	4,554	2,430	8,902	5,888
	<i>Avg. Price (USD) / piece</i>	3.34	3.46	3.58	3.05	3.37
	Revenue (USD '000)	43,797	15,774	8,696	27,156	19,818
	<i>y-o-y growth, %</i>	10.9%	81.4%		37%	
	<i>Avg. Price (EGP) / piece</i>	59.4	56.2	64.9	53.1	59.8
	Revenue (EGP '000)	779,949	256,082	157,683	472,945	351,862
	<i>y-o-y growth, %</i>	91.3%	62.4%		34.4%	
	Gross Profit	207,509	50,542	44,957	86,290	119,276
<i>Gross Profit Margin, %</i>	26.6%	19.7%	28.5%	18.2%	33.9%	
ACC	Sewing Capacity (000s pieces)	11,400	-	2,850	5,700	5,700
	<i>Utilization, %</i>	25.2%	-	11.4%	4.3%	12.1%
	# of pieces sold (000s)	2,877	-	325	247	692
	<i>Avg. Price (USD) / piece</i>	1.67	-	2.11	1.45	1.86
	Revenue (USD '000)	4,811	-	686	359	1,288
	<i>y-o-y growth, %</i>	-54.5%	-		-72.2%	
	<i>Avg. Price (EGP) / piece</i>	29.7	-	38.1	25.6	33.6
	Revenue (EGP '000)	85,545	-	12,386	6,327	23,227
	<i>y-o-y growth, %</i>	-10.3%	-		-72.8%	
	Gross Profit	12,339	-	(8,257)	1,565	(3,616)
<i>Gross Profit Margin, %</i>	14.4%	-	-66.7%	24.7%	-15.6%	
Total Export Segment	Sewing Capacity (000s pieces)	25,400	8,100	6,350	16,200	13,450
	<i>Utilization, %</i>	63.0%	56.2%	43.4%	56.5%	48.9%
	# of pieces sold (000s)	16,006	4,554	2,755	9,149	6,580
	<i>y-o-y growth, %</i>	0.1%	65.3%		39%	
	<i>Avg. Price (USD) / piece</i>	3.04	3.46	3.41	3.01	3.21
	<i>y-o-y growth, %</i>	-3.0%	1.7%		-6.2%	
	Revenue (USD '000)	48,608	15,774	9,382	27,515	21,107
	<i>y-o-y growth, %</i>	-2.9%	68.1%		30.4%	
	<i>Avg. Price (EGP) / piece</i>	54.1	56.2	61.7	52.4	57
	<i>y-o-y growth, %</i>	71.8%	-8.9%		-8.1%	
Revenue (EGP '000)	865,494	256,082	170,069	479,273	375,089	
<i>y-o-y growth, %</i>	72%	50.6%		27.8%		
Gross Profit	219,848	50,542	36,700	87,854	115,660	
<i>Gross Profit Margin, %</i>	25.4%	19.7%	21.6%	18.3%	30.8%	

In H1-2018, export sales, denominated in USD, witnessed a 30.4% increase over the same period last year beside increasing sales volume a 39% stemming from attracting new foreign clients. Blended average price per piece in USD terms decreased by 8.1%.

Export operations contributed 67% to total revenue.

In early of 2018, ACC has been restructured to serve Dice operation (export / retail) & became all export in Dice company.

Overview of Segmental Performance

2 Retail Segment

<i>In EGP 000s, unless otherwise stated</i>	2017	Q2-18	Q2 -17	H1-18	H1-17
Total Number of Stores	144	154	136	154	136
o/w Rented	48	49	47	49	47
<i>Rented %</i>	33.3%	31.8%	34.6%	31.8%	34.6%
o/w Franchised	96	105	89	105	89
<i>Franchise %</i>	66.7%	68.2%	65.4%	68.2%	65.4%
Total Number of Pieces (000s)	4,491	1,653	1,145	2,940	1,887
<i>y-o-y growth, %</i>	44.7%	44.4%		55.8%	
Avg. Price (EGP) / Piece	27.7	28.3	27.1	27.0	28.5
<i>y-o-y growth, %</i>	15.9%	4.5%		-5.2%	
Total Revenue	124,291	46,738	30,978	79,445	53,785
<i>y-o-y growth, %</i>	67.8%	50.9%		47.7%	
% of Total Revenue	10.5%	11.7%	12.8%	11.2%	10.5%
Gross Profit	57,572	13,470	16,214	28,011	25,249
<i>Gross Profit Margin, %</i>	46.3%	28.8%	52.3%	35.3%	46.9%

-In H1-2018, the retail segment witnessed significant y-o-y growth in revenue, reaching 79.5 mn by 47.7%. This was driven primarily by a 55.8% increase in sales volume as DICE maintained competitive price levels to eat up market share.

-retail gross profit increase to 28 mn, up 35.3% of retail sales.

-During 2018, the retail production component of the pieces changed, leading to decrease in the average selling price of the piece and also increase in the number of produced pieces significantly compared to 2017

Overview of Segmental Performance

3 Dyeing Segment

	<i>In EGP 000s, unless otherwise stated</i>	2017	Q2-18	Q2 -17	H1-18	H1-17
Master Line	Capacity (tons)	7,500	1875	1,875	3750	3,750
	<i>Utilization, %</i>	79.7%	81.3%	76.5%	84.6%	78.6%
	Volume Sold (tons/year)	5,977	1,524	1,434	3,173	2,947
	<i>Avg. Price (EGP) / ton</i>	<i>23.9</i>	<i>27.5</i>	<i>22.8</i>	<i>27.5</i>	<i>23.0</i>
	Revenue	142,820	41,860	32,714	87,285	67,823
	<i>y-o-y growth, %</i>	<i>36.6%</i>	<i>28%</i>		<i>28.7%</i>	<i>34.9%</i>
	Gross Profit	42,469	15,261	9,002	31,876	18,551
	<i>Gross Profit Margin, %</i>	<i>29.7%</i>	<i>36.5%</i>	<i>27.5%</i>	<i>36.5%</i>	<i>27.4%</i>
UDI	Capacity (tons)	7,200	1,800	1,800	3,600	3,600
	<i>Utilization, %</i>	86.6%	85.4%	81.3%	89.1%	82.5%
	Volume Sold (tons/year)	6,234	1,538	1,463	3,209	2,970
	<i>Avg. Price (EGP) / ton</i>	<i>21.8</i>	<i>23.7</i>	<i>22.0</i>	<i>23.3</i>	<i>20.9</i>
	Revenue	135,754	36,507	32,137	74,793	61,930
	<i>y-o-y growth, %</i>	<i>64.6%</i>	<i>13.6%</i>		<i>20.8%</i>	<i>67.2%</i>
	Gross Profit	36,580	12,029	8,602	23,177	15,611
<i>Gross Profit Margin, %</i>	<i>26.9%</i>	<i>33%</i>	<i>26.8%</i>	<i>31%</i>	<i>25.2%</i>	
Total Dyeing Segment	Capacity (tons)	14,700	3,675	3,675	7,350	7,350
	<i>Utilization, %</i>	83.1%	83.3%	78.9%	86.8%	80.5%
	Volume Sold (tons/year)	12,211	3,062	2,898	6,382	5,917
	<i>Avg. Price (EGP) / ton</i>	<i>22.8</i>	<i>25.6</i>	<i>22.4</i>	<i>25.4</i>	<i>21.9</i>
	Revenue	278,575	78,367	64,851	162,078	129,752
	<i>y-o-y growth, %</i>	<i>48.9%</i>	<i>20.8%</i>		<i>24.9%</i>	<i>48.6%</i>
	Intercompany Sales	127,400	32,440	25,109	73,633	59,343
	<i>Intercompany Sales (% of Revenue)</i>	<i>45.7%</i>	<i>41.4%</i>	<i>38.7%</i>	<i>45.4%</i>	<i>45.7%</i>
Gross Profit	79,048	27,290	17,604	55,053	34,161	
<i>Gross Profit Margin, %</i>	<i>28.4%</i>	<i>34.8%</i>	<i>27.1%</i>	<i>34%</i>	<i>26.3%</i>	

As for its dyeing segment, DICE reported EGP 162 mn in revenues in H1-2018, 24.9% y-o-y growth, on the back of higher volumes and prices. Moreover, third party sales during H1-18 contributed 54.6% of all dyeing sales compared to 54.3% in H1-2017.

Overview of Segmental Performance

4 Printing Segment

	<i>In EGP 000s, unless otherwise stated</i>	2017	Q2-18	Q2 -17	H1-18	H1-17
TPP Printing	Capacity (tons)	4,000	1,000	1,000	2,000	2,000
	<i>Utilization, %</i>	66.4%	51.6%	75.0%	70.9%	70.4%
	Volume Sold (tons/year)	2,657	516	750	1,419	1,409
	<i>Avg. Price (EGP) / ton</i>	2.68	3.69	2.68	3.24	2.85
	Revenue	7,117	1,905	2,015	4,591	4,013
	<i>y-o-y growth, %</i>	32.8%	-5.4%		14.4%	
	Gross Profit	3,660	1,044	1,024	2,908	2,440
<i>Gross Profit Margin, %</i>	51.4%	54.8%	50.8%	63.3%	60.8%	
NP Printing	Capacity (tons)	-	1,500	-	3,000	-
	<i>Utilization, %</i>	-	74%	-	75.8%	-
	Volume Sold (tons/year)	-	1,110	-	2,274	-
	<i>Avg. Price (EGP) / ton</i>	-	9.09	-	7.73	-
	Revenue	-	10,089	-	17,577	-
	<i>y-o-y growth, %</i>	-	-	-		-
	Gross Profit	-	7,726	-	13,351	-
<i>Gross Profit Margin, %</i>	-	76.6%	-	76.0%	-	
Total Printing Segment	Capacity (tons)	4,000	2,500	1000	5,000	2,000
	<i>Utilization, %</i>	66.4%	65.1%	75%	73.9%	70.4%
	Volume Sold (tons/year)	2,657	1,627	750	3,693	1,409
	<i>Avg. Price (EGP) / ton</i>	2.68	7.4	2.7	6	2.8
	Revenue	7,117	11,994	2,015	22,168	4,013
	<i>y-o-y growth, %</i>	32.8%	495.4%		452.4%	
	Intercompany Sales	7,117	1887	2,015	4,529	4,013
	<i>Intercompany Sales (% of Revenue)</i>	100%	15.7%	100%	20.4%	100%
	Gross Profit	3,660	8,769	1,024	16,259	2,440
<i>Gross Profit Margin, %</i>	51.4%	73.1%	50.8%	73.3%	60.8%	

With the beginning of 2018 Nadine Print press was Acquired as a fixed asset and added to complete the production internally stages & The revenue figures shown here reflect sales to third-party only, in addition to the existence Textile Print Plus Press and 100% of its production intercompany.

we paid \$2mn approx. to acquire high tech new printing machine & will expected start production Before end of year.

Overview of Segmental Performance

5 Other Local Sales

<i>In EGP 000s, unless otherwise stated</i>	2017	Q2-18	Q2 -17	H1-18	H1-17
Local Revenue	136,385	64,506	9,391	128,028	40,758
<i>y-o-y growth</i>	<i>51.8%</i>	<i>586.9%</i>		<i>214.1%</i>	
Total Intercompany	90,216	25,367	8,267	80,603	27,318
<i>% of Local</i>	66.1%	39.3%	88%	63%	67%
Net Revenue	46,168	39,138	1,124	47,424	13,440
<i>y-o-y growth</i>	<i>14.7%</i>	<i>3383.3%</i>		<i>252.9%</i>	
Gross Profit	32,560	12,898	(4,565)	24,178	(5,444)
<i>GPM, %</i>	<i>23.9%</i>	<i>20%</i>	<i>-48.6%</i>	<i>18.9%</i>	<i>-13.4%</i>

Other local sales comprise of :

- i) second tier export products,
- ii) scrap sales,

Outlook

DICE remains optimistic about its future growth. Management expects to begin consolidating revenue from Nadine Print in 2018. Construction of the second hangar at the Kafr El Dawar Facility, which is due to end by early 2018, will provide DICE with direct access to cheap labour thereby reducing manufacturing overheads. Furthermore, with the recently signed rental agreement with Cairo Cotton Center, the Company expects revenue contribution to reach c. USD 40 mn. Operationally, DICE should sell more than the initially forecasted 15 mn pieces by year end. Starting 2018, purchase orders from newly signed customers, Inditex and Levis, will significantly impact the number of pieces sold. With prices scheduled to increase, and assuming no EGP appreciation, the Company expects revenues to continue this upward trend.

DICE also intends to increase third party sales from its dyeing segment in order to capitalize on the low utilization rates.

Overall, DICE aims to reduce client concentration by attracting new clients; scaling its retail platform to improve revenue mix; and utilizing its dyeing and printing capacities to enhance profit margins.

About DICE Sport and Casual Wear S.A.E.

DICE Sport and Casual Wear, founded in 1989, is a leading garment manufacturer, serving multiple clients primarily in Europe, from operating facilities in Egypt. The Company offers a manufacturing value chain comprising knitting, sewing, dyeing, printing, and a retail brand. The Company has 13 owned manufacturing facilities, 6 rented manufacturing facilities and 144 retail stores distributed across 22 governorates. Learn more about DICE by visiting www.ir.dicefactory.net

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Consolidated Income Sheet Statement

<i>In EGP mn unless otherwise stated</i>	2017	Q1-18	Q2-18	Q2 -17	H1-18	H1-17
Revenue	1,187.1	314.2	398.0	241.9	712.2	512.7
<i>y-o-y growth, %</i>	<i>64.5%</i>	<i>16%</i>	<i>64.5%</i>		<i>38.9%</i>	
Cost of Sales	(798.1)	(215.8)	(285.0)	(175)	(500.9)	(340.7)
Gross Profit ⁽¹⁾	389	98.4	113.0	67.0	211.4	172.1
<i>Gross Profit Margin, %</i>	<i>32.8%</i>	<i>31.3%</i>	<i>28.4%</i>	<i>27.7%</i>	<i>29.7%</i>	<i>33.6%</i>
S&D Expenses	(41.5)	(8.8)	(11.5)	(12.9)	(20.4)	(20.5)
<i>% of Revenue</i>	<i>3.5%</i>	<i>2.8%</i>	<i>2.9%</i>	<i>5.3%</i>	<i>2.9%</i>	<i>4%</i>
G&A Expenses	(99.1)	(27.7)	(32.1)	(8.9)	(59.8)	(34.1)
<i>% of Revenue</i>	<i>8.4%</i>	<i>8.8%</i>	<i>8.1%</i>	<i>3.7%</i>	<i>8.4%</i>	<i>6.6%</i>
Export Rebate	51.3	13.5	15.5	10.6	29	22.5
<i>% of Revenue</i>	<i>5.9%</i>	<i>6%</i>	<i>6%</i>	<i>5%</i>	<i>6%</i>	<i>6%</i>
EBITDA	299.7	75.4	84.76	55.8	160.13	140.0
<i>EBITDA Margin, %</i>	<i>25.2%</i>	<i>24%</i>	<i>21.3%</i>	<i>23.1%</i>	<i>22.5%</i>	<i>27.3%</i>
Depreciation & Amortization	(23.5)	(6.4)	(6.3)	(4.3)	(12.7)	(10.2)
EBIT	276.1	69	78.4	51.5	147.4	129.8
<i>EBIT Margin, %</i>	<i>23.3%</i>	<i>22%</i>	<i>19.7%</i>	<i>21.3%</i>	<i>20.7%</i>	<i>25.3%</i>
Net Interest Expense	(70.1)	(19)	(25.7)	(15.7)	(44.7)	(29.3)
FX Gain / Loss	(0.8)	1.1	(5.5)	(1.1)	(4.4)	(1.1)
Other Income / Expense	5.9	1.8	2.6	4.7	4.4	6.1
EBT	211.1	52.9	49.9	39.4	102.7	105.4
<i>EBT Margin, %</i>	<i>17.8%</i>	<i>16.8%</i>	<i>12.5%</i>	<i>16.3%</i>	<i>14.4%</i>	<i>20.6%</i>
Taxes	(32.7)	(10.1)	(8.6)	(9.3)	(18.7)	(10.2)
<i>Tax Rate, %</i>	<i>15.5%</i>	<i>19.2%</i>	<i>17.2%</i>	<i>23.5%</i>	<i>18.2%</i>	<i>9.7%</i>
Net Profit	178	42.7	41.3	30.2	84.0	95.2
<i>Net Profit Margin, %</i>	<i>15.0%</i>	<i>13.6%</i>	<i>10.4%</i>	<i>12.5%</i>	<i>11.8%</i>	<i>18.6%</i>

Note(1): Gross profit excludes depreciation

Consolidated Balance Sheet Statement

<i>In EGP '000, unless otherwise stated</i>	2016	2017	H1-18
Net Fixed Assets	242.3	282	277.9
Lease payment	-	-	53.1
Other Non Current Assets	24.1	1.2	30.4
Goodwill	4.7	2.4	2.4
Total Non Current Assets	271.1	285.6	363.7
Cash & Cash Equivalents	73.9	18.8	90.5
Inventory	270.6	421	522.1
Accounts Receivable	183.4	237.6	263.7
Due from Related Parties	1.5	0.7	0.7
Debtors and Other Debit Balances	111.1	182	344
Total Current Assets	640.5	860	1,221
Total Assets	911.6	1,145.6	1,584.7
Overdraft	534.7	592.7	843.7
CPLTD	16.2	10	10
Accounts Payable	88	111.9	94.4
Provisions	43.3	38.5	38
Due to Related Parties	86.8	58.5	56.2
Creditors and Other Credit Balances	52.2	77.9	99.1
Total Current Liabilities	821.2	889.5	1,141.4
Long term Debt	41.4	32.5	69.7
Long term Notes Payable	2.6	0.8	40.4
Deferred Tax Liability	31.6	31.1	29.2
Deferred revenue	-	-	30
Due to Related Party (Shareholder Loan)	25	-	-
Total Non Current Liabilities	100.6	64.4	169.3
Total Liabilities	921.7	953.9	1,310.7
Paid in Capital	28	53	53
Reserves	7.3	7.3	18.3
Retained Earnings	79.7	(58.5)	105.8
Net Profit	(137.5)	176.7	81.4
Minority Interest	12.4	13.2	15.6
Total Shareholder's Equity	(10.1)	191.7	274
Total Liabilities and Shareholder's Equity	911.6	1,145.6	1,584.7