

DICE Sport and Casual Wear Report 9M- 2019 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**

- Consolidated Cash flow Statement**

DICE Sport and Casual Wear Report 9M- 2019 Earnings

Continuous recovery in top line growth with revenues recording a solid 10.3% y-o-y growth reaching EGP 1139.2mn in 9M- 2019 .

Highlights for 9M-2019

<p>Revenue EGP 1139.2mn ▲ 10.3% y-o-y</p>	<p>Gross Profit⁽¹⁾ EGP297.3mn ▼ -3% y-o-y 26.1% GP Margin</p>
<p>EBITDA EGP202.6mn ▼ -9.3% y-o-y 17.8% EBITDA Margin</p>	<p>Net Profit EGP125.3mn 11% NP Margin</p>

Highlights for 9M-2018

<p>Revenue EGP 1032.5mn ▲ 32% y-o-y</p>	<p>Gross Profit⁽¹⁾ EGP305.7mn ▲ 18.7% y-o-y 29.6% GP Margin</p>
<p>EBITDA EGP223.4mn ▲ 9% y-o-y 21.6% EBITDA Margin</p>	<p>Net Profit EGP112.1mn 10.9% NP Margin</p>

Summary Income Statement (EGP mn)

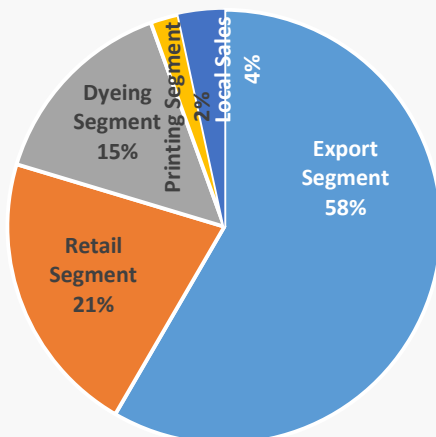
In EGP 000s, unless otherwise stated	2018	Q3-19	Q3-18	9M-19	9M-18
Revenue	1,515.8	407.9	320.2	1,139.2	1,032.5
y-o-y growth, %	28%	27.4%	18.6%	10.3%	32%
Gross Profit	428.5	115.5	94.4	297.3	305.7
GPM, %	28.3%	28.3%	29.5%	26.1%	29.6%
EBITDA	322.44	79.36	63.28	202.6	223.42
EBITDA Margin, %	21.3%	19.5%	19.8%	17.8%	21.6%
Net Profit	160.1	52.3	28.02	125.3	112.1
NPM, %	10.6%	12.8%	8.8%	11%	10.9%

Note(1): Gross profit excludes depreciation

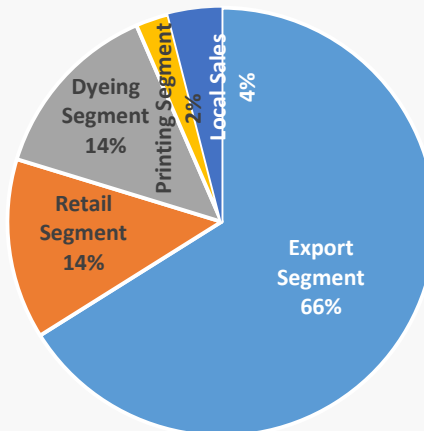
Results in Nutshell

Revenue Breakdown by Segment

9M - 2019

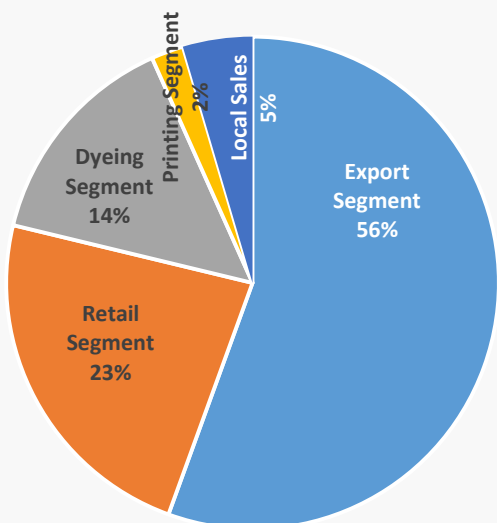


9M - 2018

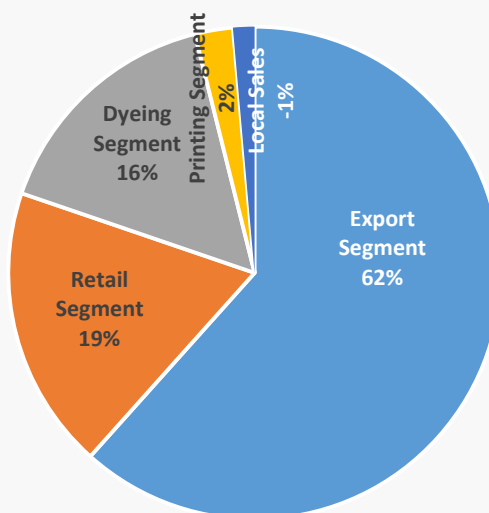


DICE reported revenues of EGP 1139.2 mn, for 9M-2019, recording 10.3% y-o-y growth. Gross profit margin Q-o-Q, recording 26.1% in 9M-2019 compared to 29.6% in 9M-2018.

Q3 - 2019



Q3 - 2018



DICE reported revenues of EGP 407.9 mn for Q3-2019, recording 27.4% y-o-y growth. Gross profit margin Q-o-Q, recording 28.3% in Q3-2019 compared to 29.5% in Q3-2018.

Overview of Segmental Performance



1 Export Segment

	In EGP 000s, unless otherwise stated	2018	Q3-19	Q3-18	9M-19	9M-18
DICE	Sewing Capacity (000s pieces)	21,000	5,250	5,250	15,750	15,750
	Utilization, %	86.2%	61.3%	64.7%	77.8%	78.1%
	# of pieces sold (000s)	18,101	3,220	3,396	12,246	12,298
	Avg. Price (USD) / piece	3.14	4.30	3.25	3.23	3.11
	Revenue (USD '000)	56,811	13,839	11,033	39,499	38,189
	y-o-y growth, %	29.7%	25.4%	29.7%	3.4%	34.8%
	Avg. Price (EGP) / piece	55.7	70.3	59.8	54.3	55.0
	Revenue (EGP '000)	1,008,897	226,554	203,064	665,091	676,009
	y-o-y growth, %	29.4%	11.6%	34.6%	-1.6%	34.5%
	Gross Profit	149,732	31,862	17,539	86,630	99,818
Gross Profit Margin, %	14.8%	14.1%	8.6%	13%	14.8%	
ACC	Sewing Capacity (000s pieces)	11,400	-	-	-	8,550
	Utilization, %	2.4%	-	-	-	2.9%
	# of pieces sold (000s)	271	-	-	-	247
	Avg. Price (USD) / piece	1.43	-	-	-	1.45
	Revenue (USD '000)	386	-	-	-	359
	y-o-y growth, %	-92.0%	-	-	-	-85.6%
	Avg. Price (EGP) / piece	25.2	-	-	-	25.6
	Revenue (EGP '000)	6,813	-	-	-	6,327
	y-o-y growth, %	-92.0%	-	-	-	-85.9%
	Gross Profit	1,640	-	-	-	1,565
Gross Profit Margin, %	24.1%	-	-	-	24.7%	
Total Export Segment	Sewing Capacity (000s pieces)	32,400	5,250	5,250	15,750	24,300
	Utilization, %	56.7%	61.3%	64.7%	77.8%	51.6%
	# of pieces sold (000s)	18,372	3,220	3,396	12,246	12,545
	y-o-y growth, %	14.8%	-5.2%	6.2%	-2.4%	28.3%
	Avg. Price (USD) / piece	3.11	4.30	3.25	3.23	3.07
	y-o-y growth, %	2.5%	32.3%	6.8%	5.0%	-2.6%
	Revenue (USD '000)	57,197	13,839	11,033	39,499	38,548
	y-o-y growth, %	17.7%	25.4%	13.5%	2.5%	25.0%
	Avg. Price (EGP) / piece	55.3	70.3	59.8	54.3	54.4
	y-o-y growth, %	2.2%	17.7%	10.8%	-0.1%	-2.9%
	Revenue (EGP '000)	1,015,710	226,554	203,064	665,091	682,336
	y-o-y growth, %	17.4%	11.6%	17.7%	-2.5%	24.6%
	Gross Profit	151,372	31,862	17,539	86,630	101,383
Gross Profit Margin, %	14.9%	14.1%	8.6%	13.0%	14.9%	

- In 9M- 2019, export sales, denominated in USD, witnessed a 2.5% increase over the same period last year beside decreasing sales volume a 2.4% stemming. Blended average price per piece in USD terms increased by 5%.

- Export Avg. Price (EGP) / piece decreased due to change in sales mix & decrease in exchange rate to EGP.

- 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

- Refer to the attached file “ Dice Retail (Underwear) report”

Overview of Segmental Performance

3 Dyeing Segment

	In EGP 000s, unless otherwise stated	2018	Q3-19	Q3-18	9M-2019	9M-18
Master Line	Capacity (tons)	7,500	1,875	1,875	5,625	5,625
	Utilization, %	86.4%	75.6%	87.9%	80.1%	85.7%
	Volume Sold (tons/year)	6,478	1,418	1,647	4,507	4,820
	Avg. Price (EGP) / ton	27.5	30.2	27.5	29.8	27.5
	Revenue	178,291	42,846	45,343	134,235	132,628
	y-o-y growth, %	24.8%	-5.5%	30.0%	1.2%	29.2%
	Gross Profit	64,102	14,743	16,551	47,328	48,427
	Gross Profit Margin, %	36.0%	34.4%	36.5%	35.3%	36.5%
UDI	Capacity (tons)	7,200	1,800	1,800	5,400	5,400
	Utilization, %	92.3%	94.0%	89.2%	94.5%	89.2%
	Volume Sold (tons/year)	6,644	1,692	1,606	5,102	4,815
	Avg. Price (EGP) / ton	23.4	25.8	23.6	24.1	23.4
	Revenue	155,202	43,608	37,972	123,190	112,765
	y-o-y growth, %	14.3%	14.8%	11.1%	9.2%	17.3%
	Gross Profit	50,063	15,893	12,642	40,014	35,819
Gross Profit Margin, %	32.3%	36.4%	33.3%	32.5%	31.8%	
ACC	Capacity (tons)	3,000	800	750	2,400	2,250
	Utilization, %	69.1%	92.8%	73.9%	91.8%	61.3%
	Volume Sold (tons/year)	2,073	742	554	2,202	1,379
	Avg. Price (EGP) / ton	23.9	24.4	24.3	23.4	25.1
	Revenue	49,581	18,103	13,458	51,552	34,675
	y-o-y growth, %	-	35%		49%	
Gross Profit	4,048	3,498	2,218	10,179	2,118	
Gross Profit Margin, %	8.2%	19.3%	16.5%	19.7%	6.1%	
Total Dyeing Segment	Capacity (tons)	17,700	4,475	4,425	13,425	13,275
	Utilization, %	85.8%	86.1%	86.0%	88.0%	83.0%
	Volume Sold (tons/year)	15,195	3,852	3,808	11,811	11,014
	Avg. Price (EGP) / ton	25.2	27.1	25.4	26.2	25.4
	Revenue	383,073	104,557	96,774	308,977	280,068
	y-o-y growth, %	37.5%	8.0%	40.2%	10.3%	40.9%
	Intercompany Sales	182,056	45,237	44,531	139,852	137,873
	Intercompany Sales (% of Revenue)	47.5%	43.3%	46.0%	45.3%	49.2%
	Gross Profit	118,213	34,134	31,411	97,520	86,364
	Gross Profit Margin, %	30.9%	32.6%	32.5%	31.6%	30.8%

As for its dyeing segment, DICE reported EGP 309mn in revenues in 9M- 2019, 10.3% y-o-y growth, on the back of higher volumes and prices. Moreover, third party sales during 9M-2019 contributed 54.7% of all dyeing sales compared to 50.8% in 9M-2018.

A reclassification of the dyeing activity of ACC has been made and excluded from other local sales and added to the dyeing segment

Overview of Segmental Performance

4 Printing Segment

	In EGP 000s, unless otherwise stated	2018	Q3-19	Q3-18	9M-19	9M-18
TPP Printing	Capacity (piece)	4,000	1,000	1,000	3,000	3,000
	Utilization, %	73.3%	36.4%	84.1%	53.3%	75.3%
	Volume Sold (tons/year)	2,930	364	841	1,599	2,260
	Avg. Price (EGP) / ton	3.41	4.60	3.82	3.48	3.45
	Revenue	10,002	1,675	3,214	5,558	7,805
	y-o-y growth, %	40.5%	-47.9%	149.5%	-28.8%	47.2%
	Gross Profit	5,855	599	2,239	2,674	5,147
	Gross Profit Margin, %	58.5%	35.8%	69.7%	48.1%	65.9%
NP Printing	Capacity (meter)	6,000	1,500	1,500	4,500	4,500
	Utilization, %	54.9%	52.5%	51.4%	49.3%	52.8%
	Volume Sold (tons/year)	3,291	787	771	2,216	2,376
	Avg. Price (EGP) / ton	10.95	11.04	10.74	10.86	10.88
	Revenue	36,031	8,687	8,272	24,060	25,850
	y-o-y growth, %		5.0%		-6.9%	
	Gross Profit	11,431	3,336	2,533	8,356	7,959
	Gross Profit Margin, %	31.7%	38.4%	30.6%	34.7%	30.8%
Total Printing Segment	Capacity (piece / meter)	10,000	2,500	2,500	7,500	7,500
	Utilization, %	62.2%	46.1%	64.5%	50.9%	61.8%
	Volume Sold (tons/year)	6,222	1,151	1,612	3,815	4,636
	Avg. Price (EGP) / ton	7.4	9.0	7.1	7.8	7.3
	Revenue	46,033	10,362	11,486	29,617	33,655
	y-o-y growth, %	546.8%	-9.8%	791.7%	-12.0%	534.9%
	Intercompany Sales	10,059	1,705	3,262	5,604	7,791
	Intercompany Sales (% of Revenue)	21.9%	16.5%	28.4%	18.9%	23.1%
	Gross Profit	17,286	3,935	4,772	11,030	13,106
	Gross Profit Margin, %	37.6%	38.0%	41.5%	37.2%	38.9%

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 \$2.5mn approx. to acquire high tech new printing machine .

The gross profit of the printing activity of NP has been adjusted by charging indirect operating expenses to the sales ratio of others

Overview of Segmental Performance

5 Other Local Sales

In EGP 000s, unless otherwise stated	2018	Q3-19	Q3-18	9M-19	9M-18
Local Revenue	218,512	26,907	56,558	73,379	163,369
y-o-y growth	69.0%	-52.4%	22.3%	-55.1%	87.8%
Total Intercompany	168,398	8,290	61,197	34,684	122,091
% of Local	77.1%	30.8%	108.2%	47.3%	74.7%
Net Revenue	50,114	18,617	-4,639	38,695	41,278
y-o-y growth	8.5%	-501.3%	-123.2%	-6.3%	23.5%
Gross Profit	56,615	9,479	16,570	5068	48,774
GPM, %	25.9%	35.2%	29.3%	6.9%	29.9%

Note :

The value of printing segment was excluded from the comparison years, with a separate analysis of the printing segment & dyeing of ACC too .

Other local sales comprise of :

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

Outlook

DICE remains optimistic about its future growth. Management expects to finalize the acquisition transaction of currently leased assets of Cairo Cotton Centre in 2019. Furthermore, a new expansion in manufacturing elastic will take place in 2019, an expansion that would lead to a cost reduction as well as adding a new segment of revenue.

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 9 owned manufacturing facilities, 5 rented manufacturing facilities and 230 retail stores distributed across 20 governorates. Learn more about DICE by visiting www.ir.dicefactory.net

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Consolidated Income Sheet Statement

In EGP mn unless otherwise stated	2018	Q3-19	Q3-18	9M-19	9M-18
Revenue	1,515.8	407.9	320.2	1,139.2	1,032.5
y-o-y growth, %	28%	27%	18.6%	10.3%	32%
Cost of Sales	(1,087.3)	(292.4)	(225.9)	(841.9)	(726.8)
Gross Profit ⁽¹⁾	428.5	115.5	94.4	297.3	305.7
Gross Profit Margin, %	28.3%	28.3%	29.5%	26.1%	29.6%
S&D Expenses	(47.5)	(20.1)	(12.6)	(49.7)	(33.0)
% of Revenue	3.1%	4.9%	3.9%	4.4%	3.2%
G&A Expenses	(120.4)	(29.7)	(30.9)	(89.5)	(90.7)
% of Revenue	7.9%	7.3%	9.6%	7.9%	8.8%
Export Rebate	61.9	13.7	12.4	44.5	41.4
% of Export Revenue	6.0%	6.0%	6.0%	6.6%	6.0%
EBITDA	322.44	79.36	63.28	202.63	223.42
EBITDA Margin, %	21.3%	19.5%	19.8%	17.8%	21.6%
Depreciation & Amortization	(26.1)	(8.4)	(6.5)	(23.8)	(19.2)
EBIT	296.3	71.0	56.8	178.9	204.2
EBIT Margin, %	19.5%	17.4%	17.7%	15.7%	19.8%
Net Interest Expense	(91.7)	(22.1)	(25.4)	(65.1)	(70.1)
Leasing Financing Expenses	(9.3)	5.5	(3.5)	(1.5)	(5.8)
FX Gain / Loss	(3.2)	21.0	(0.6)	60.7	(5.1)
Other Income / Expense	0.2	(8.6)	6.6	(5.8)	13.3
EBT	192.3	66.8	33.9	167.3	136.6
EBT Margin, %	12.7%	16.4%	10.6%	14.7%	13.2%
Taxes	(32.2)	(14.5)	(5.8)	(42.0)	(24.5)
Tax Rate, %	16.8%	21.7%	17.2%	25.1%	18.0%
Net Profit	160.1	52.3	28.0	125.3	112.1
Net Profit Margin, %	10.6%	12.8%	8.8%	11.0%	10.9%

Note(1): Gross profit excludes depreciation

Consolidated Balance Sheet Statement

In EGP '000, unless otherwise stated	2017	2018	9M-19
Net Fixed Assets	282	313.2	354.0
Lease payment	-	10.6	-
Other Non Current Assets	1.2	35.1	18.5
Goodwill	2.4	-	-
Total Non Current Assets	285.6	358.9	372.5
Cash & Cash Equivalents	18.8	45.9	32.4
Inventory	421	558.9	671.6
Accounts Receivable	237.6	254.3	334.3
Due from Related Parties	0.7	-	-
Debtors and Other Debit Balances	182	279.2	289.4
Total Current Assets	860	1,138.3	1,327.8
Total Assets	1,145.6	1,497.2	1,700.3
Overdraft	592.7	706.7	838.5
CPLTD	10	28	23.9
Accounts Payable	111.9	104.3	88.5
Provisions	38.5	41.8	46.5
Due to Related Parties	58.5	19.8	20.8
Deferred gain from leasing - current	-	7.8	-
leasing Liabilities - current	-	-	8
Creditors and Other Credit Balances	77.9	126.5	149.8
Total Current Liabilities	889.5	1,034.9	1,175.8
Long term Debt	32.5	64.7	42.8
Long term Notes Payable	0.8	-	-
Deferred gain from leasing - non current	-	26.1	-
leasing Liabilities - non current	-	-	20
Deferred Tax Liability	31.1	23.4	34.5
Total Non Current Liabilities	64.4	114.2	97.3
Total Liabilities	953.9	1,149.2	1,273.1
Paid in Capital	53	53	53
Reserves	7.3	13.6	17.6
Retained Earnings	(58.5)	108.1	215.2
Net Profit	176.7	154.5	121.7
Minority Interest	13.2	18.8	19.8
Total Shareholder's Equity	191.7	348.1	427
Total Liabilities and Shareholder's Equity	1,145.6	1,497.2	1,700.3

Consolidated Cash flow Statement

In EGP '000, unless otherwise stated	2017A	2018	9M-19
EBT	211	192.3	167.3
ADD:			
Fixed assets depreciation	23.5	26.1	24.1
Impairment provisions	2.4	2.4	9.8
Reversal of provisions	(6.6)	8.21	-0.2
Interest Income	(0.3)	(0.17)	-0.3
Financing expense	70.5	91.9	65.4
Capital gain/(loss)	2.0	(5.5)	0.01
Deferred gain /(loss) from leasing	-	-	1.5
Operating profit before working capital changes	303	315.2	267.6
(Increase)/Decrease in inventories	(147.2)	(140.1)	(112.7)
(Increase)/Decrease accounts and notes receivable	(53.2)	(17.3)	(80.1)
(Increase)/Decrease in due from related parties	0.8	0.66	-
(Increase)/Decrease in debtors and other debit balances	(70.8)	(93.1)	(14.3)
Increase/(Decrease) in accounts and notes payable	22.1	(8.4)	(15.8)
Increase/(Decrease) in creditors and other credit balances	5.9	41.8	11.1
Increase/(Decrease) in due to related parties	(53.3)	(38.7)	1.01
Used provisions	(2.4)	(2.11)	(5.0)
Paid taxes	(13.2)	(33.1)	(39.9)
Paid interest	(70.5)	(91.9)	(66.8)
Cash flow from operations	(79.2)	(67.1)	(54.9)
Interest Income	0.3	0.17	0.26
Minority interests at the time of Acquisition	-	(2.0)	(0.0)
Payments for the purchase of fixed assets	(41.6)	(79.3)	(37.3)
Gain on sale of fixed assets	0.2	61.4	0.01
Payments for finance leasing	-	(14.7)	-
(Increase)/Decrease in PUC	(0.9)	(33.9)	-
Cash flow from Investing Activities	(42)	(68.4)	(37.0)
Change in debt and credit facilities	42.9	164.3	105.7
Payment for increasing the share capital	25.0	-	-
Payments leasing of property & plant	-	-	(7.8)
Paid Dividends	(1.7)	(1.7)	(19.5)
Cash flow from Financing Activities	66.2	162.6	78.4
Net change in cash	(55.1)	27.1	(13.5)
Beginning cash balance	73.9	18.8	45.9
Ending cash balance	18.8	45.9	32.4