

DICE Sport and Casual Wear Report 9M- 2020 Earnings

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DICE Sport and Casual Wear Report 9M- 2020 Earnings

Due to Corona Virus (COVID-19) pandemic, sales line decreased by 27% Y-o-Y
Decreasing reach EGP 831.7 mn in 9M- 2020 coupled with 9M-2019 Y-o-Y.

Highlights for 9M-2020

<p>Revenue EGP 831.7mn ▼ -27% y-o-y</p>	<p>Gross Profit⁽¹⁾ EGP 147.1mn ▼ -51% y-o-y 17.7% GP Margin</p>
<p>EBITDA EGP 47.4mn ▼ -77% y-o-y 5.7% EBITDA Margin</p>	<p>Net Profit / (loss) EGP (56.6)mn -6.8% NP Margin</p>

Highlights for 9M-2019

<p>Revenue EGP 1139.2mn ▲ 10.3% y-o-y</p>	<p>Gross Profit⁽¹⁾ EGP 297.3mn ▼ -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>

Summary Income Statement (EGP mn)

In EGP 000s, unless otherwise stated	2019	Q3-20	Q3-19	9M-20	9M-19
Revenue	1,570.1	386.6	407.9	831.7	1,139.2
y-o-y growth, %	3.6%	-5.2%	27.4%	-27.0%	10.3%
Gross Profit	398.4	75.4	115.5	147.1	297.3
GPM, %	25.4%	19.5%	28.3%	17.7%	26.1%
EBITDA	259.12	42.81	79.36	47.39	202.63
EBITDA Margin, %	16.5%	11.1%	19.5%	5.7%	17.8%
Net Profit	120.8	36.2	52.3	-56.6	125.3
NPM, %	7.7%	9.4%	12.8%	-6.8%	11.0%

Note(1): Gross profit excludes depreciation

The General measures to contain the effect of an outbreak of Corona virus (COVID-19)

□ The company's management formed a teamwork to develop and implement contingency plans to counter the negative effects on the expected business and cash flows of the company in terms of a decrease in revenues and an expected decrease in operating cash receipts and is currently closely monitoring and continuous evaluation of all developments and accordingly the following decisions were taken:

- 1) Providing the necessary raw materials for the continuation of production operations without interruption and with the full production capacity of the company, so that the main raw materials are relied on in production from the local market and try to communicate with external suppliers to provide sufficient quantities for the continuation of production as the company depends on providing the raw materials used in the industry from the two local markets And external.
- 2) The company recently resumed export operations for the requirements of external clients, based on official correspondence from clients.
- 3) The company's plan not to dispense with employees, so that the necessary preventive measures were taken to maintain the health of its employees, so that the work hours were shifted and the workers' dues were disbursed on earlier dates than the assigned time and according to the production need, the extra working hours and production incentives were canceled during the period of stopping export customers Receipt of shipments due to the closure of foreign countries to limit the spread of the Corona virus during the second quarter of the year.
- 4) Reducing other costs such as electricity, gas, water and gasoline (transporting goods and workers) due to the current situation, which supports the enhancement of net earnings before interest, taxes, depreciation.
- 5) The management monitors the cash flows on a monthly basis and concluded that the expected cash flows will be positive during the coming months without any problems in the current cash flow. Accordingly, the administration decided to pay all bank loans on time and take advantage of the central bank's initiative to postpone the installments for a period of six months.
 - The management evaluation included the following areas in consideration while assessing the impact of the emerging coronavirus.
 - The risk of impairment of fixed assets
 - The risk of declining inventory value due to the presence of slow moving items.
 - Risks of not being able to pay the obligations owed to banks, creditors and workers on the due date.
 - Risks that may arise from any claims resulting from lawsuits

□ The management concluded that there is no impact on the company's work that could lead to a decrease in the value of fixed assets, as the factory operates as planned to meet customers' demand and the company pays all its obligations on the due date. The company has also chosen to benefit from the initiative announced by the Central Bank of Egypt to postpone installments for a period of six months. The company's management also believes that, in the current circumstances, it is able to continue production, sales and purchases, and pay its obligations and cash flows to meet the company's objectives.

Results in Nutshell

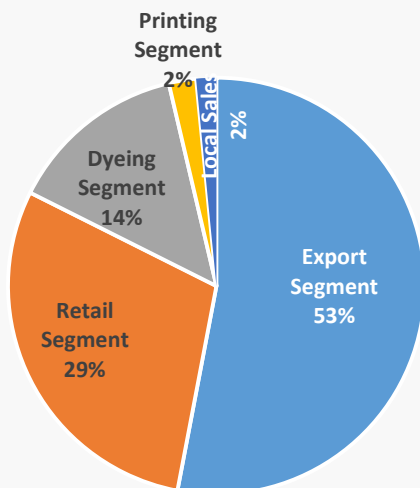
DICE reported revenues of EGP 386.6 mn, for Q3-2020, recording -5.2% y-o-y decreasing.

Gross profit margin Q-o-Q, recording 19.5% in Q3-2020 compared to 28.3% in Q3-2019.

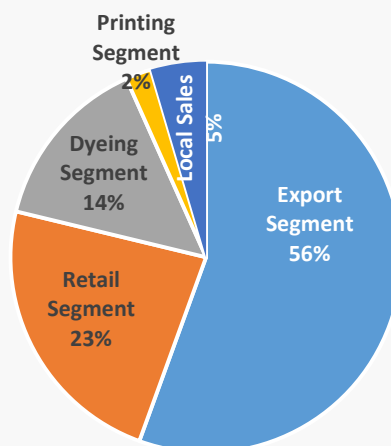
It appears from this graph that the strong negative impact of Corona virus on the export segment is the result of the temporary stopping of the export customers during March & April 2020 & Sales gradually return from May.

Revenue Breakdown by Segment

Q3 - 2020



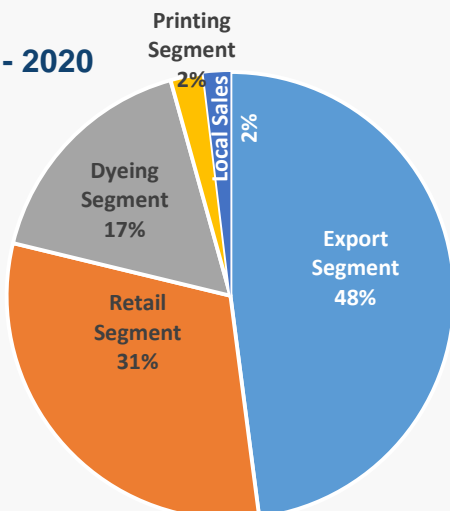
Q3 - 2019



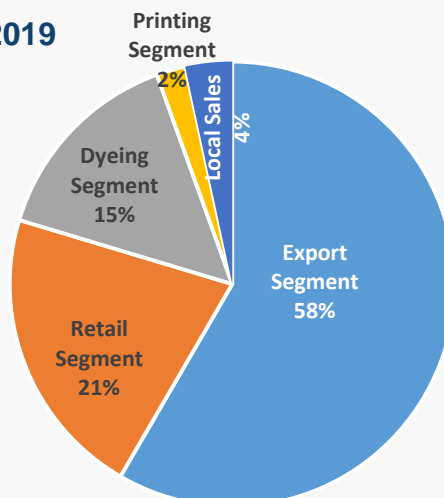
Revenue Breakdown by Segment

DICE reported revenues of EGP 831.7 mn for 9M-2020, recording -27% y-o-y decreasing. Gross profit margin Q-o-Q, recording 17.7% in 9M-2020 compared to 26.1% in 9M-2019.

9M - 2020



9M - 2019



Overview of Segmental Performance

1 Export Segment



	In EGP 000s, unless otherwise stated	2019	Q3 -2020	Q3 -19	9M -2020	9M -19
Dice	Sewing Capacity (000s pieces)	21,000	5,250	5,250	15,750	15,750
	Utilization, %	81.2%	63.8%	61.3%	44.5%	77.8%
	# of pieces sold (000s)	17,046	3,350	3,220	7,007	12,246
	y-o-y growth, %	-7.2%	4.0%	-5.2%	-42.8%	-2.4%
	Avg. Price (USD) / piece	3.24	3.84	4.30	3.58	3.23
	y-o-y growth, %	4.1%	-10.7%	32.3%	11.1%	5.0%
	Revenue (USD '000)	55,231	12,859	13,839	25,106	39,499
	y-o-y growth, %	-3.4%	-7.1%	25.4%	-36.4%	2.5%
	Avg. Price (EGP) / piece	53.5	61.2	70.3	56.9	54.3
	y-o-y growth, %	-3.2%	-13.1%	17.7%	4.8%	-0.1%
	Revenue (EGP '000)	912,229	204,878	226,554	398,688	665,091
	y-o-y growth, %	-10.2%	-9.6%	11.6%	-40.1%	-2.5%
	Gross Profit	115,732	2,061	32,857	-24,081	87,625
	Gross Profit Margin, %	12.7%	1.0%	14.5%	-6.0%	13.2%

- In 9M- 2020, export sales, denominated in USD, 36.4% decrease over the same period last year beside decreasing sales volume a 42.8% stemming. Blended average price per piece in USD terms increased by 11.1%.

- Export Avg. Price (USD ,EGP) / piece increased due to change in sales mix (decrease in kids product) ,in addition the value of the revenues in USD or EGP includes the sale of materials (cloth and elastic) and the number of pieces sold does not show what represents this value, and this also affects the average price of the piece in USD or EGP.

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	2019	Q3-20	Q3-19	9M-20	9M-19
Master Line	Capacity (tons)	7,500	1,875	1,875	5,625	5,625
	Utilization, %	80.0%	66.6%	75.6%	60.8%	80.1%
	Volume Sold (tons/year)	6,002	1,248	1,418	3,419	4,507
	Avg. Price (EGP) / ton	30.1	32.8	30.2	30.2	29.8
	Revenue	180,609	40,941	42,846	103,124	134,235
	y-o-y growth, %	1.3%	-4.4%	-5.5%	-23.2%	1.2%
	Gross Profit	63,430	13,896	14,743	34,132	47,328
	Gross Profit Margin, %	35.1%	33.9%	34.4%	33.1%	35.3%
UDI	Capacity (tons)	7,200	1,800	1,800	5,400	5,400
	Utilization, %	96.2%	69.9%	94.0%	67%	94.5%
	Volume Sold (tons/year)	6,929	1,258	1,692	3,617	5,102
	Avg. Price (EGP) / ton	24.2	26.7	25.8	25.9	24.1
	Revenue	167,497	33,599	43,608	93,782	123,190
	y-o-y growth, %	7.9%	-23.0%	14.8%	-23.9%	9.2%
	Gross Profit	54,287	10,629	15,893	27,471	40,014
	Gross Profit Margin, %	32.4%	31.6%	36.4%	29.3%	32.5%
ACC	Capacity (tons)	3,200	800	800	2,400	2,400
	Utilization, %	92.0%	89.2%	92.8%	78.1%	91.8%
	Volume Sold (tons/year)	2,942	714	742	1,875	2,202
	Avg. Price (EGP) / ton	24	22	24.4	23	23
	Revenue	69,622	16,053	18,103	42,894	51,552
	y-o-y growth, %	40%	-11%	35%	-17%	49%
	Gross Profit	12,163	4,347	3,498	8,666	10,179
	Gross Profit Margin, %	17.5%	27.1%	19.3%	20.2%	19.7%
Total Dyeing Segment	Capacity (tons)	17,900	4,475	4,475	13,425	13,425
	Utilization, %	88.7%	72%	86.1%	66.4%	88%
	Volume Sold (tons/year)	15,873	3,220	3,852	8,911	11,811
	Avg. Price (EGP) / ton	26.3	28.1	27.1	26.9	26.2
	Revenue	417,728	90,593	104,557	239,800	308,977
	y-o-y growth, %	9.0%	-13.4%	8.0%	-22.4%	10.3%
	Intercompany Sales	189,540	36,769	45,237	99,183	139,852
	Intercompany Sales (% of Revenue)	45.4%	40.6%	43.3%	41.4%	45.3%
	Gross Profit	129,880	28,871	34,134	70,268	97,520
	Gross Profit Margin, %	31.1%	31.9%	32.6%	29.3%	31.6%

As for its dyeing segment, DICE reported EGP 239.8mn in revenues in 9M- 2020, 22.4% y-o-y decreasing, third party sales during 9M-2020 contributed 58.6% of all dyeing sales compared to 54.7% in 9M-2019.

Overview of Segmental Performance

4 Printing Segment

	In EGP 000s, unless otherwise stated	2019	Q3-20	Q3-19	9M-20	9M-19
TPP Printing	Capacity (piece)	4,000	1,000	1,000	3,000	3,000
	Utilization, %	51.8%	38.1%	36.4%	30.0%	53.3%
	Volume Sold (tons/year)	2,071	381	364	900	1,599
	Avg. Price (EGP) / ton	3.88	4.34	4.60	5.01	3.48
	Revenue	8,030	1,653	1,675	4,510	5,558
	y-o-y growth, %	-19.7%	-1.3%	-47.9%	-18.9%	-28.8%
	Gross Profit	4,291	905	599	2,337	2,674
	Gross Profit Margin, %	53.4%	54.7%	35.8%	51.8%	48.1%
NP Printing	Capacity (meter)	6,000	1,500	1,500	4,500	4,500
	Utilization, %	50.4%	46.8%	52.5%	37.3%	49.3%
	Volume Sold (tons/year)	3,021	702	787	1,680	2,216
	Avg. Price (EGP) / ton	11.03	11.81	11.04	12.02	10.86
	Revenue	33,324	8,293	8,687	20,186	24,060
	y-o-y growth, %	-7.5%	-4.5%	5.0%	-16.1%	-6.9%
	Gross Profit	9,188	288	2,342	806	7,361
	Gross Profit Margin, %	27.6%	3.5%	27.0%	4.0%	30.6%
Total Printing Segment	Capacity (piece / meter)	10,000	2,500	2,500	7,500	7,500
	Utilization, %	50.9%	43.3%	46.1%	34.4%	50.9%
	Volume Sold (tons/year)	5,092	1,083	1,151	2,580	3,815
	Avg. Price (EGP) / ton	8.1	9.2	9.0	9.6	7.8
	Revenue	41,354	9,947	10,362	24,696	29,617
	y-o-y growth, %	-10.2%	-48.3%	-9.8%	138.3%	-12.0%
	Intercompany Sales	8,145	1,756	1,705	4,756	5,604
	Intercompany Sales (% of Revenue)	19.7%	17.7%	16.5%	19.3%	18.9%
	Gross Profit	13,479	1,193	2,941	3,143	10,035
	Gross Profit Margin, %	32.6%	12.0%	28.4%	12.7%	33.9%

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 during years 2018: 2019 .

Overview of Segmental Performance

5 Other Local Sales

In EGP 000s, unless otherwise stated	2019	Q3-20	Q3-19	9M-20	9M-19
Local Revenue	93,281	12,175	26,907	33,238	73,379
y-o-y growth	-57.3%	-54.8%	-52.4%	-54.7%	-55.1%
Total Intercompany *	37,761	6,154	8,290	17,318	34,684
% of Local	40.5%	50.5%	30.8%	52.1%	47.3%
Net Revenue	55,520	6,021	18,617	15,920	38,695
y-o-y growth	10.8%	-67.7%	-501.3%	-58.9%	-6.3%
Gross Profit	6,639	4,438	9,479	14,705	5,068
GPM, %	7.1%	36.4%	35.2%	44.2%	6.9%

□ elastic & cordon Sales

In EGP 000s, unless otherwise stated	2019	Q3-20	Q3-19	9M-20	9M-19
Revenue	17,610	10,491	4,756	22,123	8,871
y-o-y growth	1025%	121%	-	149%	-
Volume Sold (tons/year)	178	80	51	190	100
Intercompany **	15,052	9,638	4,173	19,230	7,649
% of Revenue	85%	92%	88%	87%	86%
Net Revenue	2,558	853	583	2,893	1,222
y-o-y growth	420%	46%	-	137%	-

Other local sales comprise of :

- i) second tier export products.
- ii) scrap sales.
- iii) elastic & cordon sales

* Subsidiary company sales by sales invoices.

** Internal operation without sales invoices, but it is evaluated to know the value of the total revenue of elastic and cordon.

Outlook

DICE remains optimistic about its future growth. Management finalized the acquisition transaction of currently leased assets of Cairo Cotton Centre in Feb 2020. Furthermore, a new expansion in manufacturing elastic & cordon takes a 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 13 owned manufacturing facilities, and 275 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	2019	Q3-20	Q3-19	9M-20	9M-19
Revenue	1,570.1	386.6	407.9	831.7	1,139.2
y-o-y growth, %	3.6%	-5.2%	27%	- 27%	10.3%
Cost of Sales	(1,171.7)	(311.2)	(292.4)	(684.6)	(841.9)
Gross Profit ⁽¹⁾	398.4	75.4	115.5	147.1	297.3
Gross Profit Margin, %	25.4%	19.5%	28.3%	17.7%	26.1%
S&D Expenses	(70.3)	(13.5)	(20.1)	(36.0)	(49.7)
% of Revenue	4.5%	3.5%	4.9%	4.3%	4.4%
G&A Expenses	(123.7)	(29.2)	(29.7)	(91.6)	(89.5)
% of Revenue	7.9%	7.6%	7.3%	11.0%	7.9%
Export Rebate	54.8	10.1	13.7	27.9	44.5
% of Export Revenue	6.0%	5.1%	4.9%	7%	6.6%
EBITDA	259.12	42.81	79.36	47.39	202.63
EBITDA Margin, %	16.5%	11.1%	19.5%	5.7%	17.8%
Depreciation & Amortization	(32.1)	(10.2)	(8.4)	(29.7)	(23.8)
EBIT	227.1	32.6	71.0	17.7	178.9
EBIT Margin, %	14.5%	8.4%	17.4%	2.1%	15.7%
Net Interest Expense	(113.6)	(13.8)	(22.1)	(54.5)	(65.1)
Leasing Financing Expenses	-	-	5.5	-	(1.5)
FX Gain / Loss	70.0	10.8	21.0	4.0	60.7
Other Income / Expense	(24.0)	10.5	(8.6)	(14.2)	(5.8)
EBT	159.6	40.1	66.8	(46.9)	167.3
EBT Margin, %	10.2%	10.4%	16.4%	-5.6%	14.7%
Taxes	(38.7)	(3.9)	(14.5)	(9.6)	(42.0)
Tax Rate, %	24.3%	9.8%	21.7%	-20.5%	25.1%
Net Profit	120.8	36.2	52.3	(56.6)	125.3
Net Profit Margin, %	7.7%	9.4%	12.8%	-6.8%	11.0%

Note(1): Gross profit excludes depreciation

Consolidated Balance Sheet Statement

In EGP '000, unless otherwise stated	9M-2020	2019	2018
Net Fixed Assets	504	377.0	313.2
Lease payment	-	-	10.6
Other Non Current Assets	69.9	96.5	35.1
Total Non Current Assets	573.8	473.5	358.9
Cash & Cash Equivalents	29.8	28.7	45.9
Inventory	606.1	654.2	558.9
Accounts Receivable	412.4	337.9	254.3
Due from Related Parties	0.3	-	-
Debtors and Other Debit Balances	140.5	185.9	279.2
Total Current Assets	1,189	1,207	1,138.3
Total Assets	1,763	1,680	1,497.2
Overdraft	836.4	821.6	706.7
CPLTD	17.9	23.3	28
Accounts Payable	112.7	102	104.3
Provisions	44.4	47.4	41.8
Due to Related Parties	22.9	21.4	19.8
Deferred gain from leasing - current	-	-	7.8
leasing Liabilities - current	14.5	7.9	-
Creditors and Other Credit Balances	174.3	134.4	126.5
Total Current Liabilities	1,223.2	1,158.2	1,034.9
Long term Debt	107.8	35.8	64.7
Deferred gain from leasing - non current	-	-	26.1
leasing Liabilities - non current	21.5	18	-
Deferred Tax Liability	37.4	36.0	23.4
Total Non Current Liabilities	166.8	89.5	114.2
Total Liabilities	1,390	1,248	1,149.2
Paid in Capital	106	106	53
Reserves	21.9	17.6	13.6
Retained Earnings	281.4	171.9	108.1
Net Profit / (loss)	(58.7)	116.3	154.5
Minority Interest	22.3	20.7	18.8
Total Shareholder's Equity	373	433	348.1
Total Liabilities and Shareholder's Equity	1,763	1,680	1,497.2

Consolidated Cash flow Statement

In EGP '000, unless otherwise stated	9M-2020	2019	2018
EBT	(46.9)	159.6	192.3
ADD:			
Fixed assets depreciation	29.7	31.7	26.1
Impairment provisions	32.2	30.4	2.4
Reversal of provisions	(12.7)	(1.46)	8.21
Interest Income	(0.3)	(0.23)	(0.17)
Financing expense	54.8	114	91.9
Capital gain/(loss)	(0.04)	0.01	(5.5)
Expense of leasing	4.1	-	-
Used of impairment	(4.5)	-	-
Operating profit before working capital changes	56.4	333.8	315.2
(Increase)/Decrease in inventories	32	(95.2)	(140.1)
(Increase)/Decrease accounts and notes receivable	(78.0)	(98.0)	(17.3)
(Increase)/Decrease in due from related parties	(0.3)	-	0.66
(Increase)/Decrease in debtors and other debit balances	66.3	21.1	(93.1)
Increase/(Decrease) in accounts and notes payable	10.5	(2.0)	(8.4)
Increase/(Decrease) in creditors and other credit balances	22.6	(23.9)	41.8
Increase/(Decrease) in due to related parties	1.6	1.6	(38.7)
Used provisions	(2.9)	(5.5)	(2.11)
Paid taxes	(20.5)	(39.9)	(33.1)
Paid interest	(54.6)	(113.0)	(91.9)
Cash flow from operations	33	(21.2)	(67.1)
Interest Income	0.3	0.23	0.17
Minority interests at the time of Acquisition	-	(0.0)	(2.0)
Payments for the purchase of fixed assets	(105.6)	(57.2)	(79.3)
Gain on sale of fixed assets	1.6	0.01	61.4
Payments for finance leasing	-	-	(14.7)
(Increase)/Decrease in PUC	(2.7)	-	(33.9)
Cash flow from Investing Activities	(106.4)	(56.9)	(68.4)
Change in debt and credit facilities	95.5	65.5	164.3
Payments leasing of property & plant	(4.1)	-	-
Paid Dividends	(2.9)	(20.4)	(1.7)
Cash flow from Financing Activities	88.5	78.4	162.6
Net change in cash	15.1	(33.0)	27.1
Beginning cash balance	12.9	45.9	18.8
Ending cash balance	28	12.9	45.9