

DICE Sport and Casual Wear Report FY 2017 Earnings

Continuous recovery in top line growth with revenues recording a solid 64.5% y-o-y growth reaching EGP1187.1mn in FY 2017 coupled with quarter-on-quarter enhancement in profitability margins

Highlights for 2017A

<p>Revenue EGP1187.1mn ▲ 64.5% y-o-y</p>	<p>Gross Profit⁽¹⁾ EGP389mn ▲ 65.3% y-o-y 32.8% GP Margin</p>
<p>EBITDA EGP300mn ▲ 100% y-o-y 25.2% EBITDA Margin</p>	<p>Net Profit EGP178mn 15% NP Margin</p>

Highlights for Q4 - 2017

<p>Revenue EGP404.4mn ▲ 38.1% y-o-y</p>	<p>Gross Profit⁽¹⁾ EGP131.4mn ▲ 1.9% y-o-y 32.5% GP Margin</p>
<p>EBITDA EGP94.7mn ▲ 2.4% y-o-y 23.4% EBITDA Margin</p>	<p>Net Profit EGP47.1mn 11.6% NP Margin</p>

Summary Income Statement (EGP mn)

	Q3-2017	Q4-2017	Q4-2016	2017	2016
Revenue	270	404.4	292.9	1,187.1	721.7
<i>y-o-y growth, %</i>	166%	38.1%		64.5%	
Gross Profit	85.6	131.4	129.0	389.0	235.3
<i>GPM, %</i>	31.7%	32.5%	44.0%	32.8%	32.6%
EBITDA	65	94.7	92.5	299.7	150.1
<i>EBITDA Margin, %</i>	24.1%	23.4%	31.6%	25.2%	20.8%
Net Profit	36.1	47.1	(136.5)	178	(137.6)
<i>NPM, %</i>	13.4%	11.6%	-46.6%	15%	-19.1%

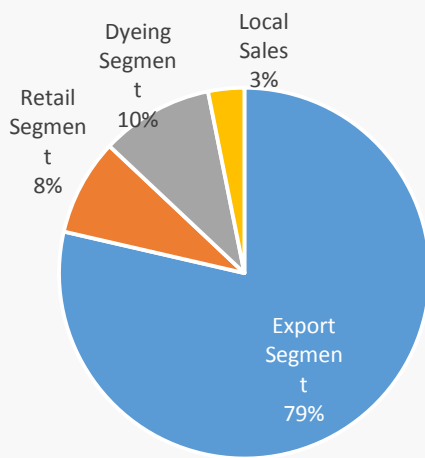
Note(1): Gross profit excludes depreciation

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

Q4 - 2017

Revenue Breakdown by Segment

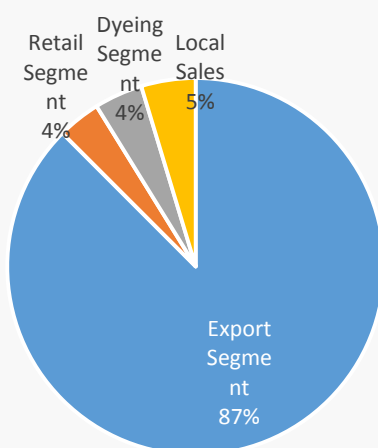


DICE reported revenues of EGP 404.4 mn for Q4-2017, recording 38.1% y-o-y growth. Gross profit margin continued to improve Q-o-Q, recording 32.5% in Q4-2017 compared to 31.7% in Q3-2017, due to :

- (i) a slight increase in prices across some of the Company's segments.
- (ii) operational efficiency resulting from the continued restructuring of ACC; newly rented hangar at the new Kafr El Dawar facility which became fully operational in July 2017.

2017

Revenue Breakdown by Segment



At EGP 1187 mn, revenues for year 2017 were up by 64.5% y-o-y. On the gross profit level, DICE reported 389 mn, up 65.3% y-o-y, and with a gross profit margin of 32.8% compared to 32.6% in the same period last year. At the end of year 2017 period, EBITDA stood at EGP 300 mn, while EBITDA margin reached 25.2% compared to 20.8% of year 2016. DICE also achieved a remarkable recovery in net profits y-o-y.

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 with mild price increases, mostly driven by new and more expensive SKUs, despite inflationary pressure driving prices even higher.

Overview of Segmental Performance

1 Export Segment

In Q4-2017, export sales, denominated in USD, witnessed a 25.3% increase over the same period last year despite decreasing sales volume stemming from ACC's on-going restructuring. Blended average price per piece in USD terms decreased by 2.7%.

Export operations contributed 87% to total revenue.

In early 2017, the Company intentionally suspended work with a few of ACC's key clients given the low profitability nature of the former agreements. Despite the 64.4% increased in volumes over year 2017, the export segment reported solid earnings with 72% y-o-y growth in EGP denominated revenue on the back of a favourable exchange rate and a 71.8% increase in USD average price per piece.

	<i>In EGP 000s, unless otherwise stated</i>	Q3-17	Q4 -17	Q4 -16	2017	2016
DICE	Sewing Capacity (000s pieces)	3,875	3,500	3,500	14,000	14,000
	Utilization, %	67.0%			93.8%	79.4%
	# of pieces sold (000s)	2,598	4,644	3,069	13,129	11,119
	Avg. Price (USD) / piece	3.28	3.33	4.24	3.34	3.55
	Revenue (USD '000)	8,510	15,468	13,005	43,797	39,491
	y-o-y growth, %	24.9%	18.9%		10.9%	-7.3%
	Avg. Price (EGP) / piece	58.1	59.7	59.9	59.4	36.7
	Revenue (EGP '000)	150,892	277,195	183,828	779,949	407,705
	y-o-y growth, %	150.9%	50.8%		91.3%	
	Gross Profit	35,037	53,196	81,661	207,509	111,431
Gross Profit Margin, %	23.2%	19.2%	44.4%	26.6%	27.3%	
ACC	Sewing Capacity (000s pieces)	2,850	2,850	2,850	11,400	11,400
	Utilization, %	21.0%	55.6%	25.3%	25.2%	42.7%
	# of pieces sold (000s)	599	1,586	721	2,877	4,869
	Avg. Price (USD) / piece	2.02	1.46	1.64	1.67	2.17
	Revenue (USD '000)	1,211	2,312	1,185	4,811	10,569
	y-o-y growth, %	-35.0%	95.1%		-54.5%	
	Avg. Price (EGP) / piece	36.1	25.7	20.6	29.7	19.6
	Revenue (EGP '000)	21,616	40,702	14,873	85,545	95,380
	y-o-y growth, %	30.7%	173.7%		-10.3%	
	Gross Profit	661	15,294	(7,021)	12,339	6,656
Gross Profit Margin, %	3.1%	37.6%	-47.2%	14.4%	7.0%	
Total Export Segment	Sewing Capacity (000s pieces)	6,725	6,350	6,350	25,400	25,400
	Utilization, %	47.5%	98.1%	59.7%	63.0%	62.9%
	# of pieces sold (000s)	3,197	6,229	3,790	16,006	15,988
	y-o-y growth, %	-12.8%	64.4%		0.1%	
	Avg. Price (USD) / piece	3.04	2.85	3.74	3.04	3.13
	y-o-y growth, %	28.5%	-23.8%		-3.0%	
	Revenue (USD '000)	9,721	17,780	14,190	48,608	50,060
	y-o-y growth, %	12.1%	25.3%		-2.9%	
	Avg. Price (EGP) / piece	54.0	51.0	52.4	54.1	31.5
	y-o-y growth, %	157.9%	-2.7%		71.8%	
Revenue (EGP '000)	172,508	317,897	198,701	865,494	503,085	
y-o-y growth, %	125.0%	60.0%			13.1%	
Gross Profit	35,698	68,490	74,640	219,848	118,086	
Gross Profit Margin, %	20.7%	21.5%	37.6%	25.4%	23.5%	

Overview of Segmental Performance

2 Retail Segment

<i>In EGP 000s, unless otherwise stated</i>	3Q-17	Q4-17	Q4-16	2017	2016
Total Number of Stores	136	144	126	144	126
o/w Rented	47	48	45	48	45
<i>Rented %</i>	<i>34.6%</i>	<i>33.3%</i>	<i>35.7%</i>	<i>33.3%</i>	<i>35.7%</i>
o/w Franchised	89	96	81	96	81
<i>Franchise %</i>	<i>65.4%</i>	<i>66.7%</i>	<i>64.3%</i>	<i>66.7%</i>	<i>64.3%</i>
Total Number of Pieces (000s)	1,276	1,329	1,246	4,491	3,103
<i>y-o-y growth, %</i>	<i>32.8%</i>	<i>6.6%</i>		<i>44.7%</i>	
Avg. Price (EGP) / Piece	28.6	25.6	20.6	27.7	23.9
<i>y-o-y growth, %</i>	<i>27.3%</i>	<i>24.4%</i>		<i>15.9%</i>	
Total Revenue	36,454	34,053	25,675	124,291	74,092
<i>y-o-y growth, %</i>	<i>69.0%</i>	<i>32.6%</i>		<i>67.8%</i>	
% of Total Revenue	13.5%	8.4%	8.8%	10.5%	10.3%
Gross Profit	18,107	14,215	8,732	57,572	27,932
<i>Gross Profit Margin, %</i>	<i>49.7%</i>	<i>41.7%</i>	<i>34.0%</i>	<i>46.3%</i>	<i>37.7%</i>

In Q4-2017, the retail segment witnessed significant y-o-y growth in revenue, reaching 32.6%. This was driven primarily by a 24.4 % increase in Average Price / Piece & 6.6% increase in sales volume as DICE maintained competitive price levels to eat up market share.

Over year 2017 period leading to the end of year, the impact of the stores established early in the year began to materialize as operations ramped up which reflected in stronger earnings with 67.8% y-o-y increase in revenues and a gross profit margin of 46.3%.

Overview of Segmental Performance

3 Dyeing Segment

	In EGP 000s, unless otherwise stated	3Q-17	Q4-17	Q4-16	2017	2016
Master Line	Capacity (tons)	2,000	1,875	1,875	7,500	7,500
	<i>Utilization, %</i>	<i>74.1%</i>	<i>82.6%</i>	<i>78.6%</i>	<i>79.7%</i>	<i>77.4%</i>
	Volume Sold (tons/year)	1,481	1,548	1,474	5,977	5,801
	<i>Avg. Price (EGP) / ton</i>	<i>23.5</i>	<i>25.9</i>	<i>19.8</i>	<i>23.9</i>	<i>18.0</i>
	Revenue	34,866	40,131	29,152	142,820	104,564
	<i>y-o-y growth, %</i>	<i>39.8%</i>	<i>37.7%</i>		<i>36.6%</i>	<i>109.4%</i>
	Gross Profit	12,200	11,718	7,755	42,469	33,316
	<i>Gross Profit Margin, %</i>	<i>35.0%</i>	<i>29.2%</i>	<i>26.6%</i>	<i>29.7%</i>	<i>31.9%</i>
UDI	Capacity (tons)	1,800	1,800	1,800	7,200	7,200
	<i>Utilization, %</i>	<i>84.7%</i>	<i>96.6%</i>	<i>83.0%</i>	<i>86.6%</i>	<i>75.9%</i>
	Volume Sold (tons/year)	1,525	1,739	1,494	6,234	5,463
	<i>Avg. Price (EGP) / ton</i>	<i>22.4</i>	<i>22.8</i>	<i>16.7</i>	<i>21.8</i>	<i>15.1</i>
	Revenue	34,179	39,646	25,017	135,754	82,491
	<i>y-o-y growth, %</i>	<i>69.1%</i>	<i>58.5%</i>		<i>64.6%</i>	<i>131.2%</i>
	Gross Profit	11,196	9,773	4,976	36,580	20,748
	<i>Gross Profit Margin, %</i>	<i>32.8%</i>	<i>24.6%</i>	<i>19.9%</i>	<i>26.9%</i>	<i>25.2%</i>
Total Dyeing Segment	Capacity (tons)	3,800	3,675	3,675	14,700	14,700
	<i>Utilization, %</i>	<i>79.1%</i>	<i>89.4%</i>	<i>80.7%</i>	<i>83.1%</i>	<i>76.6%</i>
	Volume Sold (tons/year)	3,006	3,287	2,967	12,211	11,265
	<i>Avg. Price (EGP) / ton</i>	<i>23.0</i>	<i>24.3</i>	<i>18.3</i>	<i>22.8</i>	<i>16.6</i>
	Revenue	69,045	79,777	54,169	278,575	187,056
	<i>y-o-y growth, %</i>	<i>52.9%</i>	<i>47.3%</i>		<i>48.9%</i>	
	Intercompany Sales	28,027	40,029	18,510	127,400	82,804
	<i>Intercompany Sales (% of Revenue)</i>	<i>40.6%</i>	<i>50.2%</i>	<i>34.2%</i>	<i>45.7%</i>	<i>44.3%</i>
Gross Profit	23,397	21,490	12,731	79,048	54,064	
<i>Gross Profit Margin, %</i>	<i>33.9%</i>	<i>26.9%</i>	<i>23.5%</i>	<i>28.4%</i>	<i>28.9%</i>	

As for its dyeing segment, DICE reported EGP 79.7 mn in revenues in Q4-2017, 47.3% y-o-y growth, on the back of higher volumes and prices. Moreover, third party sales during Q4-17 contributed 50.2% of all dyeing sales compared to 34.2% in Q4-2016.

Over the course of year 2017, the dyeing segment also reported strong results, with revenue growth 48.9%, y-o-y growth, due to increasing intercompany and third party volumes and 37% y-o-y increase in prices.

Overview of Segmental Performance

4 Other Local Sales

<i>In EGP 000s, unless otherwise stated</i>	3Q-17	Q4-17	Q4-16	2017	2016
Local Revenue	42,760	44,087	43,136	136,385	89,835
<i>y-o-y growth</i>	<i>66.7%</i>	<i>2.2%</i>		<i>51.8%</i>	
Total Intercompany	22,780	31,339	10,252	90,216	49,591
<i>% of Local</i>	<i>53.3%</i>	<i>71.1%</i>	<i>23.8%</i>	<i>66.1%</i>	<i>55.2%</i>
Gross Profit	8,364	27,199	32,853	32,560	35,256
<i>GPM, %</i>	<i>19.6%</i>	<i>61.7%</i>	<i>76.2%</i>	<i>23.9%</i>	<i>39.2%</i>

Other local sales comprise of :

- i) second tier export products,
 - ii) scrap sales,
 - iii) intercompany revenues from Textile Print Plus, a wholly owned subsidiary.
- During Q4 2017, gross profit margin regained its historical average (12-20%)

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 labor 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.

As for the retail segment, the number of retail stores is 144 by end of 2017 and continue this growth trajectory into 2018 and 2019 thereby boosting the top line. With the introduction of new SKUs, average price per piece is set to increase (10-15%) without negatively impacting the Company's market share.

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

For Further Information, Please Contact:

DICE Sport and Casual Wear

Victor Fakhry

Chief Financial Officer

T: +2 01221005471

E: victor.elmalek@dicefactory.net

George Gamal

Member of Investor Relations and Corporate Affairs Department

T: +2 01001510833

E: george.gamal@dicefactory.net

Consolidated Income Sheet Statement

<i>In EGP mn unless otherwise stated</i>	2Q-17	3Q-17	Q4-17	Q4-16	2017	2016
Revenue	241.9	270	404.4	292.9	1,187.1	721.7
<i>y-o-y growth, %</i>		<i>166.0%</i>	<i>38.1%</i>		<i>64.5%</i>	
Cost of Sales	(175)	(184.4)	(273.1)	(164.0)	(798.1)	(486.3)
Gross Profit ⁽¹⁾	67	85.6	131.4	129	389	235.3
<i>Gross Profit Margin, %</i>	<i>27.7%</i>	<i>31.7%</i>	<i>32.5%</i>	<i>44.0%</i>	<i>32.8%</i>	<i>32.6%</i>
S&D Expenses	(12.9)	(12.4)	(8.6)	(14.4)	(41.5)	(26.8)
<i>% of Revenue</i>	<i>5.3%</i>	<i>4.6%</i>	<i>2.1%</i>	<i>4.9%</i>	<i>3.5%</i>	<i>3.7%</i>
G&A Expenses	(8.9)	(18.6)	(46.5)	(28.3)	(99.1)	(84.9)
<i>% of Revenue</i>	<i>3.7%</i>	<i>6.9%</i>	<i>11.5%</i>	<i>9.7%</i>	<i>8.4%</i>	<i>11.8%</i>
Export Rebate	10.6	10.4	18.5	6.2	51.3	26.4
<i>% of Revenue</i>		<i>6%</i>	<i>6%</i>	<i>3.1%</i>	<i>5.9%</i>	<i>5.3%</i>
EBITDA	55.8	65.0	94.7	92.5	299.7	150.1
<i>EBITDA Margin, %</i>	<i>23.1%</i>	<i>24.1%</i>	<i>23.4%</i>	<i>31.6%</i>	<i>25.2%</i>	<i>20.8%</i>
Depreciation & Amortization	(4.3)	(7.5)	(5.9)	(6.2)	(23.5)	(23.6)
EBIT	51.5	57.5	88.8	86.3	276.1	126.5
<i>EBIT Margin, %</i>	<i>21.3%</i>	<i>21.3%</i>	<i>22.0%</i>	<i>29.5%</i>	<i>23.3%</i>	<i>17.5%</i>
Net Interest Expense	(15.7)	(20.8)	(20.3)	(13.8)	(70.1)	(38.1)
FX Gain / Loss	(1.1)	6.4	(6.1)	(197.9)	(0.8)	(211.7)
Other Income / Expense	4.7	(1.7)	1.8	(3.2)	5.9	(1.9)
EBT	39.4	41.4	64.3	(128.6)	211.1	(125.2)
<i>EBT Margin, %</i>	<i>16.3%</i>	<i>15.3%</i>	<i>15.9%</i>	<i>-43.9%</i>	<i>17.8%</i>	<i>-17.3%</i>
Taxes	(9.3)	(5.3)	(17.2)	(7.8)	(32.7)	(12.4)
<i>Tax Rate, %</i>	<i>23.5%</i>	<i>12.8%</i>	<i>26.7%</i>	<i>-6.1%</i>	<i>15.5%</i>	<i>-9.9%</i>
Net Profit	30.2	36.1	47.1	(136.5)	178	(137.6)
<i>Net Profit Margin, %</i>	<i>12.5%</i>	<i>13.4%</i>	<i>11.6%</i>	<i>-46.6%</i>	<i>15.0%</i>	<i>-19.1%</i>

Note(1): Gross profit excludes depreciation

Consolidated Balance Sheet Statement

<i>In EGP '000, unless otherwise stated</i>	2015A	2016A	2017
Net Fixed Assets	251.8	242.3	282
Other Non Current Assets	4.6	24.1	1.2
Goodwill	9.4	4.7	2.4
Total Non Current Assets	265.8	271.1	285.6
Cash & Cash Equivalents	18.2	73.9	18.8
Inventory	215.8	270.6	421
Accounts Receivable	134.7	183.4	237.6
Due from Related Parties	1.5	1.5	0.7
Debtors and Other Debit Balances	73	111.1	182
Total Current Assets	443.3	640.5	860
Total Assets	709.1	911.6	1,145.6
Overdraft	257.7	534.7	592.7
CPLTD	11.6	16.2	10
Accounts Payable	39.1	88	111.9
Provisions	51.3	43.3	38.5
Due to Related Parties	78.7	86.8	58.5
Creditors and Other Credit Balances	45.7	52.2	77.9
Total Current Liabilities	484.1	821.2	889.5
Long term Debt	39.0	41.4	32.5
Long term Notes Payable	0.3	2.6	0.8
Deferred Tax Liability	32.4	31.6	31.1
Due to Related Party (Shareholder Loan)	25.0	25.0	-
Total Non Current Liabilities	96.6	100.6	64.4
Total Liabilities	580.7	921.7	953.9
Paid in Capital	28.0	28.0	53.0
Reserves	6.3	7.3	7.3
Retained Earnings	28.4	79.7	(58.5)
Net Profit	53.1	(137.5)	176.7
Minority Interest	12.5	12.4	13.2
Total Shareholder's Equity	128.4	(10.1)	191.7
Total Liabilities and Shareholder's Equity	709.1	911.6	1,145.6