

DICE Sport and Casual Wear Report FY 2018 Earnings

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DICE Sport and Casual Wear Report FY 2018 Earnings

Continuous recovery in top line growth with revenues recording a solid 28% y-o-y growth reaching EGP 1515.8mn in FY 2018 coupled with Y-on-Y enhancement in profitability margins

Highlights for FY-2018

<p>Revenue EGP 1515.8mn ▲ 28% y-o-y</p>	<p>Gross Profit⁽¹⁾ EGP428.5mn ▲ 10.1% y-o-y 28.3% GP Margin</p>
<p>EBITDA EGP322.4mn ▲ 8% y-o-y 21.3% EBITDA Margin</p>	<p>Net Profit EGP160.1mn 10.6% NP Margin</p>

Highlights for FY - 2017

<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>

Summary Income Statement (EGP mn)

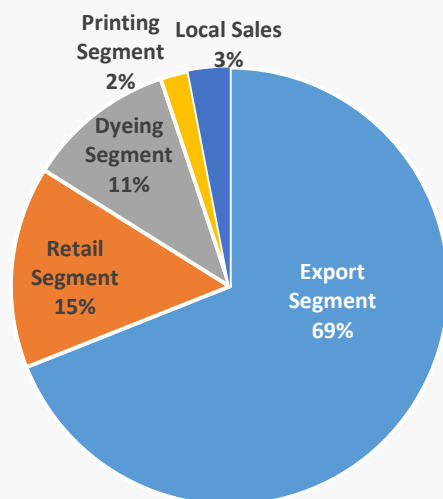
In EGP 000s, unless otherwise stated	2016	Q4-2018	Q4-2017	2018	2017
Revenue	721.7	483.3	404.4	1,515.8	1,187.1
y-o-y growth, %		19%	38.1%	28%	64.5%
Gross Profit	235.3	122.8	131.4	428.5	389.0
GPM, %	32.6%	25.4%	32.5%	28.3%	32.8%
EBITDA	150.1	99.02	94.7	322.44	299.7
EBITDA Margin, %	20.8%	20.5%	23.4%	21.3%	25.2%
Net Profit	(137.6)	48.0	47.1	160.1	178
NPM, %	-19.1%	9.9%	11.6%	10.6%	15%

Note(1): Gross profit excludes depreciation

Results in Nutshell

Q4 - 2018

Revenue Breakdown by Segment

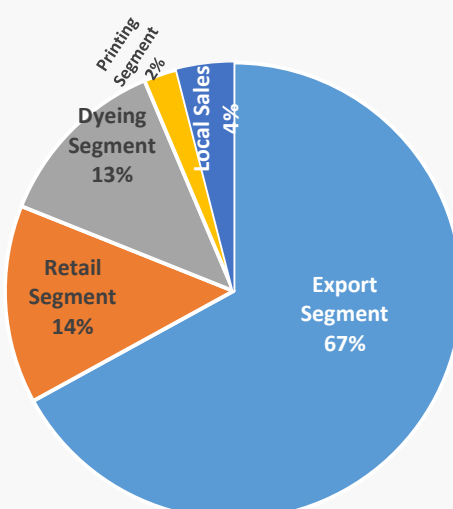


DICE reported revenues of EGP 483.3 mn, for Q4-2018, recording 19% y-o-y growth.

Gross profit margin Q-o-Q, recording 25.4% in Q4-2018 compared to 32.5% in Q4-2017.

FY - 2018

Revenue Breakdown by Segment



At EGP 1515.8 mn, revenues for year FY 2018 were up by 28% y-o-y. On the gross profit level, DICE reported 428.5mn, up 10.1% y-o-y, and with a gross profit margin of 28.3% compared to 32.8% in the same period last year. At the end of FY-2018 period, EBITDA stood at EGP 322.4 mn, while EBITDA margin reached 21.3% compared to 25.2% of FY-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

	In EGP 000s, unless otherwise stated	2016	Q4 -18	Q4-17	2018	2017
DICE	Sewing Capacity (000s pieces)	14,000	5,250	3,500	21,000	14,000
	Utilization, %	79.4%	110.5%		86.2%	93.8%
	# of pieces sold (000s)	11,119	5,803	4,644	18,101	13,129
	Avg. Price (USD) / piece	3.55	3.21	3.33	3.14	3.34
	Revenue (USD '000)	39,491	18,621	15,468	56,811	43,797
	y-o-y growth, %	-7.3%	20.4%	18.9%	29.7%	10.9%
	Avg. Price (EGP) / piece	36.7	57.4	59.7	55.7	59.4
	Revenue (EGP '000)	407,705	332,888	277,195	1,008,897	779,949
	y-o-y growth, %	26%	20.1%	50.8%	29.4%	91.3%
	Gross Profit	111,431	55,909	56,075	162,044	219,845
Gross Profit Margin, %	27.3%	16.8%	20.2%	16.1%	28.2%	
ACC	Sewing Capacity (000s pieces)	11,400	2,850	2,850	11,400	11,400
	Utilization, %	42.7%	0.8%	55.6%	2.4%	25.2%
	# of pieces sold (000s)	4,869	23	1,586	271	2,877
	Avg. Price (USD) / piece	2.17	1.17	1.46	1.43	1.67
	Revenue (USD '000)	10,569	27	2,312	386	4,811
	y-o-y growth, %	-31.7%		95.1%	-92.0%	-54.5%
	Avg. Price (EGP) / piece	19.6	20.9	25.7	25.2	29.7
	Revenue (EGP '000)	95,380	486	40,702	6,813	85,545
	y-o-y growth, %	-21.2%		173.7%	-92.0%	-10.3%
	Gross Profit	6,656	75	15,294	1,640	12,339
Gross Profit Margin, %	7.0%	15.4%	37.6%	24.1%	14.4%	
Total Export Segment	Sewing Capacity (000s pieces)	25,400	8,100	6,350	32,400	25,400
	Utilization, %	62.9%	71.9%	98.1%	56.7%	63.0%
	# of pieces sold (000s)	15,988	5,826	6,229	18,372	16,006
	y-o-y growth, %	-11.6%	-6.5%	64.4%	14.8%	0.1%
	Avg. Price (USD) / piece	3.13	3.20	2.85	3.11	3.04
	y-o-y growth, %	-2.5%	12.1%	-23.8%	2.5%	-3.0%
	Revenue (USD '000)	50,060	18,649	17,780	57,197	48,608
	y-o-y growth, %	-13.8%	4.9%	25.3%	17.7%	-2.9%
	Avg. Price (EGP) / piece	31.5	57.2	51.0	55.3	54.1
	y-o-y growth, %	28%	12.1%	-2.7%	2.2%	71.8%
	Revenue (EGP '000)	503,085	333,374	317,897	1,015,710	865,494
	y-o-y growth, %	13.1%	4.9%	60.0%	17.4%	72%
	Gross Profit	118,086	55,984	71,369	163,684	232,184
Gross Profit Margin, %	23.5%	16.8%	22.5%	16.1%	26.8%	

- In FY 2018, export sales, denominated in USD, witnessed a 17.7% increase over the same period last year beside increasing sales volume a 14.8% stemming from attracting new foreign clients. Blended average price per piece in USD terms increased by 2.2%.

- Export Avg. Price (EGP) / piece increased due to change in sales mix (decrease in kids product)

- 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

In EGP 000s, unless otherwise stated	2016	Q4-18	Q4 -17	2018	2017
Total Number of Stores	126	183	144	188	144
o/w Rented	45	51	48	51	48
Rented %	35.7%	27.9%	33.3%	27.1%	33.3%
o/w Franchised	81	132	96	137	96
Franchise %	64.3%	72.1%	66.7%	72.9%	66.7%
Total Number of Pieces (000s)	3,103	2,389	1,329	7,719	4,491
y-o-y growth, %		79.8%	6.6%	71.9%	44.7%
Avg. Price (EGP) / Piece	23.9	30.2	25.6	27.6	27.7
y-o-y growth, %		17.8%	24.4%	-0.3%	15.9%
Total Revenue	74,092	72,154	34,053	212,950	124,291
y-o-y growth, %		111.9%	32.6%	71.3%	67.8%
% of Total Revenue	10.3%	14.9%	8.4%	14.0%	10.5%
Gross Profit	27,932	22,898	11,336	72,664	45,236
Gross Profit Margin, %	37.7%	31.7%	33.3%	34.1%	36.4%

-In FY 2018, the retail segment witnessed significant y-o-y growth in revenue, reaching 212.95 mn by 71.3%. This was driven primarily by a 71.9% increase in sales volume as DICE maintained competitive price levels to eat up market share.

-retail gross profit increase to 72.7 mn, up 34.1% of retail sales.

-During 2018, the retail production component of the pieces changed, leading to Slightly 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

	In EGP 000s, unless otherwise stated	2016	Q4-18	Q4 -17	2018	2017
Master Line	Capacity (tons)	7,500	1,875	1,875	7,500	7,500
	Utilization, %	77.4%	88.4%	82.6%	86.4%	79.7%
	Volume Sold (tons/year)	5,801	1,658	1,548	6,478	5,977
	Avg. Price (EGP) / ton	18.0	27.5	25.9	27.5	23.9
	Revenue	104,564	45,662	40,131	178,291	142,820
	y-o-y growth, %	109.4%	13.8%	37.7%	24.8%	36.6%
	Gross Profit	33,316	15,676	11,718	64,102	42,469
	Gross Profit Margin, %	31.9%	34.3%	29.2%	36.0%	29.7%
UDI	Capacity (tons)	7,200	1,800	1,800	7,200	7,200
	Utilization, %	75.9%	101.6%	96.6%	92.3%	86.6%
	Volume Sold (tons/year)	5,463	1,829	1,739	6,644	6,234
	Avg. Price (EGP) / ton	15.1	23.2	22.8	23.4	21.8
	Revenue	82,491	42,436	39,646	155,202	135,754
	y-o-y growth, %	131.2%	7.0%	58.5%	14.3%	64.6%
	Gross Profit	20,748	14,244	9,773	50,063	36,580
	Gross Profit Margin, %	25.2%	33.6%	24.6%	32.3%	26.9%
Total Dyeing Segment	Capacity (tons)	14,700	3,675	3,675	14,700	14,700
	Utilization, %	76.6%	94.9%	89.4%	89.3%	83.1%
	Volume Sold (tons/year)	11,265	3,487	3,287	13,122	12,211
	Avg. Price (EGP) / ton	16.6	25.3	24.3	25.4	22.8
	Revenue	187,056	88,099	79,777	333,492	278,575
	y-o-y growth, %		10.4%	47.3%	19.7%	48.9%
	Intercompany Sales	82,804	35,033	40,029	142,859	127,400
	Intercompany Sales (% of Revenue)	44.3%	39.8%	50.2%	42.8%	45.7%
Gross Profit	54,064	29,920	21,490	114,166	79,048	
Gross Profit Margin, %	28.9%	34.0%	26.9%	34.2%	28.4%	

As for its dyeing segment, DICE reported EGP 333.5mn in revenues in FY 2018, 19.7% y-o-y growth, on the back of higher volumes and prices. Moreover, third party sales during 2018 contributed 57.2% of all dyeing sales compared to 54.3% in 2017.

Overview of Segmental Performance

4 Printing Segment

	In EGP 000s, unless otherwise stated	2016	Q4-18	Q4-17	2018	2017
TPP Printing	Capacity (piece)	1,872	1,000	1,000	4,000	4,000
	Utilization, %	112.4%	67.0%	69.9%	73.3%	66.4%
	Volume Sold (tons/year)	2,104	670	699	2,930	2,657
	Avg. Price (EGP) / ton	2.55	3.28	2.60	3.41	2.68
	Revenue	5,357	2,197	1,816	10,002	7,117
	y-o-y growth, %	10.1%	21.0%		40.5%	32.8%
	Gross Profit	3,455	708	582	5,855	3,660
	Gross Profit Margin, %	64.5%	32.2%	32.1%	58.5%	51.4%
NP Printing	Capacity (meter)	-	1,500	-	6,000	-
	Utilization, %	-	61.3%	-	54.9%	-
	Volume Sold (tons/year)	-	920	-	3,296	-
	Avg. Price (EGP) / ton	-	11.06	-	10.93	-
	Revenue	-	10,181	-	36,031	-
	y-o-y growth, %	-	-	-	-	-
	Gross Profit	-	8,108	-	27,754	-
	Gross Profit Margin, %	-	79.6%	-	77.0%	-
Total Printing Segment	Capacity (piece / meter)	1,872	2,500	1,000	10,000	4,000
	Utilization, %	112.4%	63.6%	69.9%	62.3%	66.4%
	Volume Sold (tons/year)	2,104	1,590	699	6,226	2,657
	Avg. Price (EGP) / ton	2.5	7.8	2.6	7.4	2.68
	Revenue	5,357	12,379	1,816	46,033	7,117
	y-o-y growth, %	10.1%	581.7%	-24.8%	546.8%	32.8%
	Intercompany Sales	5,357	2,268	1,816	10,059	7,117
	Intercompany Sales (% of Revenue)	100.0%	18.3%	100.0%	21.9%	100%
	Gross Profit	3,455	8,816	582	33,609	3,660
	Gross Profit Margin, %	64.5%	71.2%	32.1%	73.0%	51.4%

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 .

Overview of Segmental Performance

5 Other Local Sales

In EGP 000s, unless otherwise stated	2016	Q4-18	Q4-17	2018	2017
Local Revenue	84,478	70,049	42,271	268,093	129,268
y-o-y growth	16.8%	65.7%	11.9%	107.4%	53.0%
Total Intercompany	44,234	55,457	29,523	207,595	83,100
% of Local	52.4%	79.2%	69.8%	77.4%	64.3%
Net Revenue	40,244	14,592	12,748	60,498	46,168
y-o-y growth		14.5%		31.0%	14.7%
Gross Profit	31,801	5,135	24,606	44,340	28,900
GPM, %	37.6%	7.3%	58.2%	16.5%	22.4%

Note :
The value of printing segment was excluded from the comparison years, with a separate analysis of the printing segment .

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 188 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	2016	Q3-18	Q4-18	Q4 -17	2018	2017
Revenue	721.7	320.2	483.3	404.4	1,515.8	1,187.1
y-o-y growth, %	%22.6	18.6%	19%	38.1%	28%	64.5%
Cost of Sales	(486.3)	(225.9)	(360.5)	(273.1)	(1,087.3)	(798.1)
Gross Profit ⁽¹⁾	235.3	94.4	122.8	131.4	428.5	389
Gross Profit Margin, %	32.6%	29.5%	25.4%	32.5%	28.3%	32.8%
S&D Expenses	(26.8)	(12.6)	(14.5)	(8.6)	(47.5)	(41.5)
% of Revenue	3.7%	3.9%	3.0%	2.1%	3.1%	3.5%
G&A Expenses	(84.9)	(30.9)	(29.7)	(46.5)	(120.4)	(99.1)
% of Revenue	11.8%	9.6%	6.1%	11.5%	7.9%	8.4%
Export Rebate	26.4	12.4	20.5	18.5	61.9	51.3
% of Export Revenue	5.3%	6.0%	6.1%	6.0%	6.0%	5.9%
EBITDA	150.1	63.28	99.02	94.7	322.44	299.7
EBITDA Margin, %	20.8%	19.8%	20.5%	23.4%	21.3%	25.2%
Depreciation & Amortization	(23.6)	(6.5)	(6.9)	(5.9)	(26.1)	(23.5)
EBIT	126.5	56.8	92.1	88.8	296.3	276.1
EBIT Margin, %	17.5%	17.7%	19.1%	22.0%	19.5%	23.3%
Net Interest Expense	(38.1)	(25.4)	(21.6)	(20.0)	(91.7)	(70.1)
Leasing Financing Expenses	-	(3.5)	(3.5)	-	(9.3)	-
FX Gain / Loss	(211.7)	(0.6)	1.8	(6.1)	(3.2)	(0.8)
Other Income / Expense	(1.9)	6.6	(7.3)	1.5	0.2	5.9
EBT	(125.2)	33.9	55.7	64.3	192.3	211.1
EBT Margin, %	-17.3%	10.6%	11.5%	15.9%	12.7%	17.8%
Taxes	(12.4)	(5.8)	(7.7)	(17.2)	(32.2)	(32.7)
Tax Rate, %	-9.9%	17.2%	13.8%	26.7%	16.8%	15.5%
Net Profit	(137.6)	28.0	48.0	47.1	160.1	178.4
Net Profit Margin, %	-19.1%	8.8%	9.9%	11.6%	10.6%	15.0%

Note(1): Gross profit excludes depreciation

Consolidated Balance Sheet Statement

In EGP '000, unless otherwise stated	2016	2017	2018
Net Fixed Assets	242.3	282	313.2
Lease payment	-	-	10.6
Other Non Current Assets	24.1	1.2	35.1
Goodwill	4.7	2.4	-
Total Non Current Assets	271.1	285.6	358.9
Cash & Cash Equivalents	73.9	18.8	45.9
Inventory	270.6	421	558.9
Accounts Receivable	183.4	237.6	254.3
Due from Related Parties	1.5	0.7	-
Debtors and Other Debit Balances	111.1	182	279.2
Total Current Assets	640.5	860	1,138.3
Total Assets	911.6	1,145.6	1,497.2
Overdraft	534.7	592.7	706.7
CPLTD	16.2	10	28.0
Accounts Payable	88	111.9	104.3
Provisions	43.3	38.5	41.8
Due to Related Parties	86.8	58.5	19.8
Deferred gain from leasing - current	-	-	7.8
Creditors and Other Credit Balances	52.2	77.9	126.5
Total Current Liabilities	821.2	889.5	1,034.9
Long term Debt	41.4	32.5	64.7
Long term Notes Payable	2.6	0.8	-
Deferred gain from leasing - non current	-	-	26.1
Due to Related Party (Shareholder Loan)	25	-	-
Deferred Tax Liability	31.6	31.1	23.4
Total Non Current Liabilities	100.6	64.4	114.2
Total Liabilities	921.7	953.9	1,149.2
Paid in Capital	28	53	53
Reserves	7.3	7.3	13.6
Retained Earnings	79.7	(58.5)	108.1
Net Profit	(137.5)	176.7	154.5
Minority Interest	12.4	13.2	18.8
Total Shareholder's Equity	(10.1)	191.7	348.1
Total Liabilities and Shareholder's Equity	911.6	1,145.6	1,497.2

Consolidated Cash flow Statement

In EGP '000, unless otherwise stated	2016A	2017A	2018
EBT	(125.2)	211	192.3
ADD:			
Fixed assets depreciation	23.6	23.5	26.1
Impairment provisions	7.2	2.4	2.4
Reversal of provisions	(4.4)	(6.6)	8.21
Interest Income	(0.9)	(0.3)	(0.17)
Financing expense	39.0	70.5	91.9
Capital gain/(loss)	(0.3)	2.0	(5.5)
Operating profit before working capital changes	(61.0)	303	315.2
(Increase)/Decrease in inventories	(55.4)	(147.2)	(140.1)
(Increase)/Decrease accounts and notes receivable	(49.9)	(53.2)	(17.3)
(Increase)/Decrease in due from related parties	(0.0)	0.8	0.66
(Increase)/Decrease in debtors and other debit balances	(36.8)	(70.8)	(93.1)
Increase/(Decrease) in accounts and notes payable	51.3	22.1	(8.4)
Increase/(Decrease) in creditors and other credit balances	10.9	5.9	41.8
Increase/(Decrease) in due to related parties	8.0	(53.3)	(38.7)
Used provisions	(4.3)	(2.4)	(2.11)
Paid taxes	(17.7)	(13.2)	(33.1)
Paid interest	(39.0)	(70.5)	(91.9)
Cash flow from operations	(193.8)	(79.2)	(67.1)
Interest Income	0.9	0.3	0.17
Minority interests at the time of Acquisition	-	-	(2.0)
Payments for the purchase of fixed assets	(23.5)	(41.4)	(79.3)
Gain on sale of fixed assets	0.6	0.2	61.4
Purchase of fixed assets	(14.4)	(0.2)	-
Payments for finance leasing	-	-	(14.7)
(Increase)/Decrease in PUC	2.7	(0.9)	(33.9)
Cash flow from Investing Activities	(33.7)	(42)	(68.4)
Change in debt and credit facilities	284.0	42.9	164.3
Payment for increasing the share capital	-	25	-
Payments leasing of property & plant	-	-	-
Paid Dividends	(0.9)	(1.7)	(1.7)
Cash flow from Financing Activities	283.1	66.2	162.6
Net change in cash	55.6	(55.1)	27.1
Beginning cash balance	18.2	73.9	18.8
Ending cash balance	73.9	18.8	45.9