

## DICE Sport and Casual Wear Report Q1 – 2018 Earnings

*Continuous recovery in top line growth with revenues recording a solid 16% y-o-y growth reaching EGP 314.2mn in Q1-2018 coupled with quarter-on-quarter enhancement in profitability margins*

### Highlights for Q1-2018

<p><b>Revenue</b> EGP 314.2mn ▲ 16% y-o-y</p>	<p><b>Gross Profit</b><sup>(1)</sup> EGP98.4mn ▼ 6.4% y-o-y 31.3% GP Margin</p>
<p><b>EBITDA</b> EGP75.4mn ▼ 10.4% y-o-y 24% EBITDA Margin</p>	<p><b>Net Profit</b> EGP42.7mn 13.6% NP Margin</p>

### Highlights for Q1 - 2017

<p><b>Revenue</b> EGP270.8mn ▲ 95.8% y-o-y</p>	<p><b>Gross Profit</b><sup>(1)</sup> EGP105.1mn ▲ 227.5% y-o-y 38.8% GP Margin</p>
<p><b>EBITDA</b> EGP84.1mn ▲ 281.3% y-o-y 31.1% EBITDA Margin</p>	<p><b>Net Profit</b> EGP65.1mn 24% NP Margin</p>

## Summary Income Statement (EGP mn)

	2017	Q1-2017	Q1-2018
<b>Revenue</b>	1,187.1	270.8	314.2
<i>y-o-y growth, %</i>	64.5%	95.8%	16.0%
<b>Gross Profit</b>	389.0	105.1	98.4
<i>GPM, %</i>	32.8%	38.8%	31.3%
<b>EBITDA</b>	299.7	84.1	75.4
<i>EBITDA Margin, %</i>	25.2%	31.1%	24.0%
<b>Net Profit</b>	178	65.1	42.7
<i>NPM, %</i>	15%	24.0%	13.6%

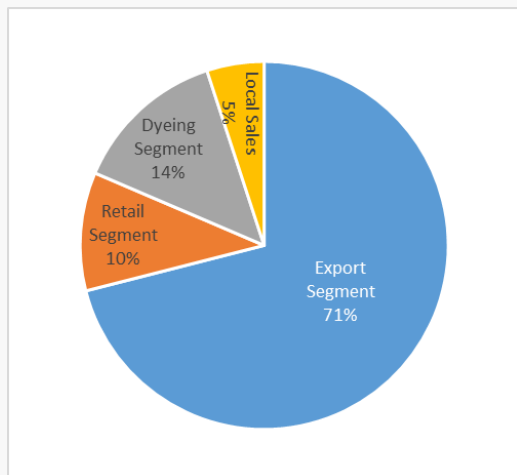
*Note(1): Gross profit excludes depreciation*

## 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

### Q1 - 2018

#### Revenue Breakdown by Segment

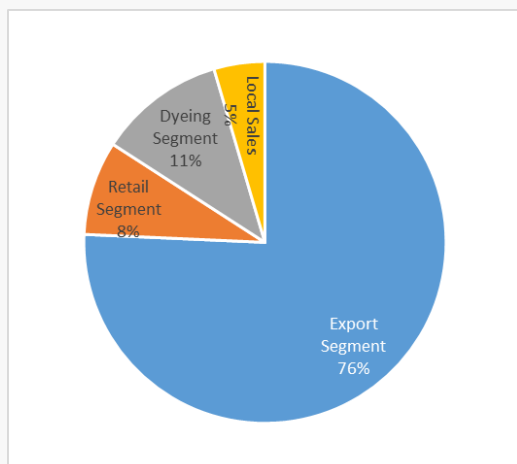


DICE reported revenues of EGP 314.2 mn for Q1-2018, recording 16% y-o-y growth. Gross profit margin Q-o-Q, recording 31.3% in Q1-2018 compared to 38.8% in Q1-2017, due to :

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

### Q1 - 2017

#### Revenue Breakdown by Segment



At EGP 314.2 mn, revenues for year Q1-2018 were up by 16% y-o-y. On the gross profit level, DICE reported 98.4 mn, down 6.4% y-o-y, and with a gross profit margin of 31.3% compared to 38.8% in the same period last year. At the end of Q1-2018 period, EBITDA stood at EGP 75.4 mn, while EBITDA margin reached 24% compared to 31.1% of Q1-2017.

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 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 Q1-2018, export sales, denominated in USD, witnessed a 1% increase over the same period last year despite increasing sales volume a 20.1% stemming from attracting new foreign clients. Blended average price per piece in USD terms decreased by 16.7%.

Export operations contributed 71% 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.

	<i>In EGP 000s, unless otherwise stated</i>	2017	Q1 -17	Q1 -18
<b>DICE</b>	Sewing Capacity (000s pieces)	14,000	3,500	5,250
	<i>Utilization, %</i>	93.8%	98.8%	82.8%
	<b># of pieces sold (000s)</b>	13,129	3,457	4,348
	<i>Avg. Price (USD) / piece</i>	3.34	3.22	2.62
	<b>Revenue (USD '000)</b>	<b>43,797</b>	11,122	11,382
	<i>y-o-y growth, %</i>	10.9%		2.3%
	<i>Avg. Price (EGP) / piece</i>	59.4	56.2	49.9
	<b>Revenue (EGP '000)</b>	<b>779,949</b>	194,179	216,863
	<i>y-o-y growth, %</i>	91.3%		11.7%
	<b>Gross Profit</b>	<b>207,509</b>	74,319	35,748
<i>Gross Profit Margin, %</i>	26.6%	38.3%	16.5%	
<b>ACC</b>	Sewing Capacity (000s pieces)	11,400	2,850	2,850
	<i>Utilization, %</i>	25.2%	12.9%	8.7%
	<b># of pieces sold (000s)</b>	2,877	367	247
	<i>Avg. Price (USD) / piece</i>	1.67	1.64	1.45
	<b>Revenue (USD '000)</b>	<b>4,811</b>	603	359
	<i>y-o-y growth, %</i>	-54.5%		-40.5%
	<i>Avg. Price (EGP) / piece</i>	29.7	29.5	25.6
	<b>Revenue (EGP '000)</b>	<b>85,545</b>	10,842	6,327
	<i>y-o-y growth, %</i>	-10.3%		-41.6%
	<b>Gross Profit</b>	<b>12,339</b>	4,641	1,565
<i>Gross Profit Margin, %</i>	14.4%	42.8%	24.7%	
<b>Total Export Segment</b>	Sewing Capacity (000s pieces)	25,400	6,350	8,100
	<i>Utilization, %</i>	63.0%	60.2%	56.7%
	<b># of pieces sold (000s)</b>	16,006	3,825	4,595
	<i>y-o-y growth, %</i>	0.1%		20.1%
	<i>Avg. Price (USD) / piece</i>	3.04	3.07	2.56
	<i>y-o-y growth, %</i>	-3.0%		-16.7%
	<b>Revenue (USD '000)</b>	<b>48,608</b>	<b>11,725</b>	<b>11,741</b>
	<i>y-o-y growth, %</i>	-2.9%		0.1%
	<i>Avg. Price (EGP) / piece</i>	54.1	53.6	48.6
	<i>y-o-y growth, %</i>	71.8%		-9.4%
<b>Revenue (EGP '000)</b>	<b>865,494</b>	<b>205,020</b>	<b>223,190</b>	
<i>y-o-y growth, %</i>			8.9%	
<b>Gross Profit</b>	<b>219,848</b>	<b>78,961</b>	<b>37,313</b>	
<i>Gross Profit Margin, %</i>	25.4%	38.5%	16.7%	

## Overview of Segmental Performance

### 2 Retail Segment

<i>In EGP 000s, unless otherwise stated</i>	2017	Q1-17	Q1-18
<b>Total Number of Stores</b>	<b>144</b>	<b>132</b>	<b>152</b>
o/w Rented	48	46	49
<i>Rented %</i>	33.3%	34.8%	32.2%
o/w Franchised	96	86	103
<i>Franchise %</i>	66.7%	65.2%	67.8%
<b>Total Number of Pieces (000s)</b>	<b>4,491</b>	<b>741</b>	<b>1,287</b>
<i>y-o-y growth, %</i>	44.7%		73.5%
<b>Avg. Price (EGP) / Piece</b>	<b>27.7</b>	<b>30.8</b>	<b>25.4</b>
<i>y-o-y growth, %</i>	15.9%		-17.4%
<b>Total Revenue</b>	<b>124,291</b>	<b>22,807</b>	<b>32,707</b>
<i>y-o-y growth, %</i>	67.8%		43.4%
<b>% of Total Revenue</b>	<b>10.5%</b>	<b>8.4%</b>	<b>10.4%</b>
<b>Gross Profit</b>	<b>57,572</b>	<b>9,035</b>	<b>14,541</b>
<i>Gross Profit Margin, %</i>	46.3%	39.6%	44.5%

In Q1-2018, the retail segment witnessed significant y-o-y growth in revenue, reaching 32.7 mn by 43.4%. This was driven primarily by a 73.5% increase in sales volume as DICE maintained competitive price levels to eat up market share.

retail gross profit increase to 14.5 mn, up 44.5% of retail sales

## Overview of Segmental Performance

### 3 Dyeing Segment

	In EGP 000s, unless otherwise stated	2017	Q1-17	Q1-18
Master Line	Capacity (tons)	7,500	1,875	1,875
	<i>Utilization, %</i>	79.7%	80.7%	87.9%
	<b>Volume Sold (tons/year)</b>	<b>5,977</b>	1,513	1,649
	<i>Avg. Price (EGP) / ton</i>	<i>23.9</i>	<i>23.2</i>	<i>27.5</i>
	<b>Revenue</b>	<b>142,820</b>	35,109	45,426
	<i>y-o-y growth, %</i>	<i>36.6%</i>		<i>29.4%</i>
	<b>Gross Profit</b>	<b>42,469</b>	9,549	16,615
	<i>Gross Profit Margin, %</i>	<i>29.7%</i>	<i>27.2%</i>	<i>36.6%</i>
UDI	Capacity (tons)	7,200	1,800	1,800
	<i>Utilization, %</i>	86.6%	83.7%	92.8%
	<b>Volume Sold (tons/year)</b>	<b>6,234</b>	1,507	1,671
	<i>Avg. Price (EGP) / ton</i>	<i>21.8</i>	<i>19.8</i>	<i>22.9</i>
	<b>Revenue</b>	<b>135,754</b>	29,793	38,286
	<i>y-o-y growth, %</i>	<i>64.6%</i>		<i>28.5%</i>
	<b>Gross Profit</b>	<b>36,580</b>	7,008	11,148
	<i>Gross Profit Margin, %</i>	<i>26.9%</i>	<i>23.5%</i>	<i>29.1%</i>
Total Dyeing Segment	Capacity (tons)	14,700	3,675	3,675
	<i>Utilization, %</i>	83.1%	82.2%	90.3%
	<b>Volume Sold (tons/year)</b>	<b>12,211</b>	3,020	3,320
	<i>Avg. Price (EGP) / ton</i>	<i>22.8</i>	<i>21.5</i>	<i>25.2</i>
	<b>Revenue</b>	<b>278,575</b>	<b>64,901</b>	<b>83,711</b>
	<i>y-o-y growth, %</i>	<i>48.9%</i>		<i>29.0%</i>
	Intercompany Sales	127,400	34,234	41,192
	<i>Intercompany Sales (% of Revenue)</i>	<i>45.7%</i>	<i>52.7%</i>	<i>49.2%</i>
<b>Gross Profit</b>	<b>79,048</b>	<b>16,557</b>	<b>27,763</b>	
<i>Gross Profit Margin, %</i>	<i>28.4%</i>	<i>25.5%</i>	<i>33.2%</i>	

As for its dyeing segment, DICE reported EGP 83.7 mn in revenues in Q1-2018, 29% y-o-y growth, on the back of higher volumes and prices. Moreover, third party sales during Q1-18 contributed 49.2% of all dyeing sales compared to 52.7% in Q1-2017.

Over the course of Q1-2018, the dyeing segment also reported strong results, with revenue growth 29%, y-o-y growth, due to increasing intercompany and third party volumes

## Overview of Segmental Performance

### 4 Other Local Sales

<i>In EGP 000s, unless otherwise stated</i>	2017	Q1-17	Q1-18
<b>Local Revenue</b>	<b>136,385</b>	<b>1,188</b>	<b>17,963</b>
<i>y-o-y growth</i>	<i>51.8%</i>		<i>1411.5%</i>
<b>Total Intercompany</b>	<b>90,216</b>	<b>21,049</b>	<b>57,877</b>
<i>% of Local</i>	<i>66.1%</i>	<i>63.1%</i>	<i>78.5%</i>
<b>Gross Profit</b>	<b>32,560</b>	<b>537</b>	<b>18,769</b>
<i>GPM, %</i>	<i>23.9%</i>	<i>1.6%</i>	<i>25.5%</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 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](http://www.ir.dicefactory.net)

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## Consolidated Income Sheet Statement

<i>In EGP mn unless otherwise stated</i>	2017	Q1-17	Q1-18
<b>Revenue</b>	<b>1,187.1</b>	<b>270.8</b>	<b>314.2</b>
<i>y-o-y growth, %</i>	<i>64.5%</i>	<i>95.8%</i>	<i>16.0%</i>
Cost of Sales	(798.1)	(165.7)	(215.8)
<b>Gross Profit <sup>(1)</sup></b>	<b>389</b>	<b>105.1</b>	<b>98.4</b>
<i>Gross Profit Margin, %</i>	<i>32.8%</i>	<i>38.8%</i>	<i>31.3%</i>
S&D Expenses	(41.5)	(7.6)	(8.8)
<i>% of Revenue</i>	<i>3.5%</i>	<i>2.8%</i>	<i>2.8%</i>
G&A Expenses	(99.1)	(25.2)	(27.7)
<i>% of Revenue</i>	<i>8.4%</i>	<i>9.3%</i>	<i>8.8%</i>
Export Rebate	51.3	11.9	13.5
<i>% of Revenue</i>	<i>5.9%</i>	<i>(7.6)</i>	<i>(8.8)</i>
<b>EBITDA</b>	<b>299.7</b>	<b>84.1</b>	<b>75.37</b>
<i>EBITDA Margin, %</i>	<i>25.2%</i>	<i>31.1%</i>	<i>24.0%</i>
Depreciation & Amortization	(23.5)	(5.9)	(6.4)
<b>EBIT</b>	<b>276.1</b>	<b>78.3</b>	<b>69.0</b>
<i>EBIT Margin, %</i>	<i>23.3%</i>	<i>28.9%</i>	<i>22.0%</i>
Net Interest Expense	(70.1)	(13.6)	(19.0)
FX Gain / Loss	(0.8)	(0.1)	1.1
Other Income / Expense	5.9	1.4	1.8
<b>EBT</b>	<b>211.1</b>	<b>66.0</b>	<b>52.9</b>
<i>EBT Margin, %</i>	<i>17.8%</i>	<i>24.4%</i>	<i>16.8%</i>
Taxes	(32.7)	(0.9)	(10.1)
<i>Tax Rate, %</i>	<i>15.5%</i>	<i>1.4%</i>	<i>19.2%</i>
<b>Net Profit</b>	<b>178</b>	<b>65.1</b>	<b>42.7</b>
<i>Net Profit Margin, %</i>	<i>15.0%</i>	<i>24 %</i>	<i>13.6%</i>

Note(1): Gross profit excludes depreciation



## Consolidated Balance Sheet Statement

<i>In EGP '000, unless otherwise stated</i>	2017	Q1-18
Net Fixed Assets	282	282.7
Other Non Current Assets	1.2	10.5
Goodwill	2.4	2.4
<b>Total Non Current Assets</b>	<b>285.6</b>	<b>295.6</b>
Cash & Cash Equivalents	18.8	60.2
Inventory	421	500.0
Accounts Receivable	237.6	190.6
Due from Related Parties	0.7	0.7
Debtors and Other Debit Balances	182	235.6
<b>Total Current Assets</b>	<b>860</b>	<b>987.0</b>
<b>Total Assets</b>	<b>1,145.6</b>	<b>1,282.6</b>
Overdraft	592.7	656.5
CPLTD	10	10.0
Accounts Payable	111.9	96.4
Provisions	38.5	38.2
Due to Related Parties	58.5	58.1
Creditors and Other Credit Balances	77.9	112.0
<b>Total Current Liabilities</b>	<b>889.5</b>	<b>971.3</b>
Long term Debt	32.5	45.9
Long term Notes Payable	0.8	0.3
Deferred Tax Liability	31.1	30.7
<b>Total Non Current Liabilities</b>	<b>64.4</b>	<b>76.9</b>
<b>Total Liabilities</b>	<b>953.9</b>	<b>1,048.2</b>
Paid in Capital	53.0	53.0
Reserves	7.3	17.6
Retained Earnings	(58.5)	107.9
Net Profit	176.7	41.5
Minority Interest	13.2	14.4
<b>Total Shareholder's Equity</b>	<b>191.7</b>	<b>234.4</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>1,145.6</b>	<b>1,282.6</b>