

DICE Sport and Casual Wear Report Q1- 2019 Earnings

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DICE Sport and Casual Wear Report Q1- 2019 Earnings

Continuous recovery in top line growth with revenues recording a solid 8% y-o-y growth reaching EGP 338.4mn in Q1- 2019 coupled with Y-on-Y enhancement in profitability margins

Highlights for Q1-2019

<p>Revenue EGP 338.4mn ▲ 8% y-o-y</p>	<p>Gross Profit⁽¹⁾ EGP77.3mn ▼ -21% y-o-y 22.9% GP Margin</p>
<p>EBITDA EGP50.5mn ▼ -33% y-o-y 14.9% EBITDA Margin</p>	<p>Net Profit EGP31.1mn 9.2% NP Margin</p>

Highlights for Q1-2018

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

Summary Income Statement (EGP mn)

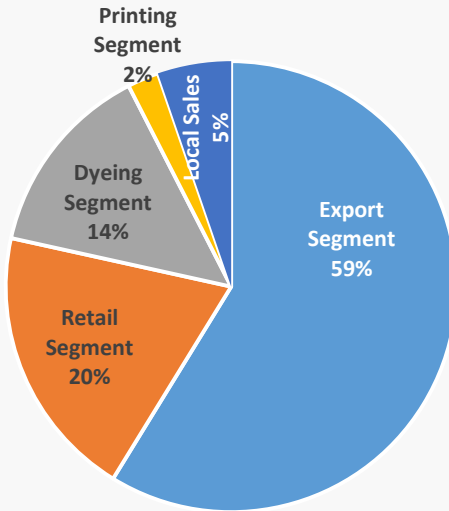
In EGP 000s, unless otherwise stated	2018	Q1-19	Q1-18
Revenue	1,515.8	338.4	314.2
y-o-y growth, %	28%	8%	16.0%
Gross Profit	428.5	77.3	98.4
GPM, %	28.3%	22.9%	31.3%
EBITDA	322.44	50.5	75.4
EBITDA Margin, %	21.3%	14.9%	24.0%
Net Profit	160.1	31.1	42.7
NPM, %	10.6%	9.2%	13.6%

Note(1): Gross profit excludes depreciation

Results in Nutshell

Q1 - 2019

Revenue Breakdown by Segment

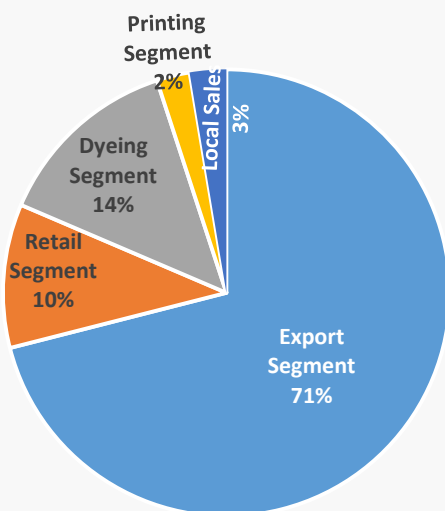


DICE reported revenues of EGP 338.4 mn, for Q1-2019, recording 8% y-o-y growth.

Gross profit margin Q-o-Q, recording 22.9% in Q1-2019 compared to 31.3% in Q1-2018.

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

Overview of Segmental Performance



1 Export Segment

	In EGP 000s, unless otherwise stated	2018	Q1 -19	Q1 -18
DICE	Sewing Capacity (000s pieces)	21,000	5,250	5,250
	Utilization, %	86.2%	80.3%	82.8%
	# of pieces sold (000s)	18,101	4,216	4,348
	Avg. Price (USD) / piece	3.14	2.67	2.62
	Revenue (USD '000)	56,811	11,271	11,382
	y-o-y growth, %	29.7%	-1%	2.3%
	Avg. Price (EGP) / piece	55.7	47.2	49.9
	Revenue (EGP '000)	1,008,897	198,882	216,863
	y-o-y growth, %	29.4%	-8.3%	11.7%
	Gross Profit	162,044	19,365	36,447
	Gross Profit Margin, %	16.1%	9.7%	16.8%
ACC	Sewing Capacity (000s pieces)	11,400	-	2,850
	Utilization, %	2.4%	-	8.7%
	# 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%	-	-40.5%
	Avg. Price (EGP) / piece	25.2	-	25.6
	Revenue (EGP '000)	6,813	-	6,327
	y-o-y growth, %	-92.0%	-	-41.6%
Gross Profit	1,640	-	1,565	
Gross Profit Margin, %	24.1%	-	24.7%	
Total Export Segment	Sewing Capacity (000s pieces)	32,400	5,250	8,100
	Utilization, %	56.7%	80.3%	56.7%
	# of pieces sold (000s)	18,372	4,216	4,595
	y-o-y growth, %	14.8%	-8.3%	20.1%
	Avg. Price (USD) / piece	3.11	2.67	2.56
	y-o-y growth, %	2.5%	4.6%	-16.7%
	Revenue (USD '000)	57,197	11,271	11,741
	y-o-y growth, %	17.7%	-4.0%	0.1%
	Avg. Price (EGP) / piece	55.3	47.2	48.6
	y-o-y growth, %	2.2%	-2.9%	-9.4%
	Revenue (EGP '000)	1,015,710	198,882	223,190
y-o-y growth, %	17.4%	-10.9%	8.9%	
Gross Profit	163,684	19,365	38,012	
Gross Profit Margin, %	16.1%	9.7%	17.0%	

- In Q1- 2019, export sales, denominated in USD, witnessed a 4% decrease over the same period last year beside decreasing sales volume a 8.3% stemming. Blended average price per piece in USD terms decreased by 2.9%.

- 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

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

Overview of Segmental Performance

3 Dyeing Segment

	In EGP 000s, unless otherwise stated	2018	Q1-19	Q1-18
Master Line	Capacity (tons)	7,500	1,875	1,875
	Utilization, %	86.4%	84.1%	87.9%
	Volume Sold (tons/year)	6,478	1,577	1,649
	Avg. Price (EGP) / ton	27.5	29.5	27.5
	Revenue	178,291	46,471	45,426
	y-o-y growth, %	24.8%	2.3%	29.4%
	Gross Profit	64,102	16,035	16,615
	Gross Profit Margin, %	36.0%	34.5%	36.6%
UDI	Capacity (tons)	7,200	1,800	1,800
	Utilization, %	92.3%	93.4%	92.8%
	Volume Sold (tons/year)	6,644	1,681	1,671
	Avg. Price (EGP) / ton	23.4	22.4	22.9
	Revenue	155,202	37,599	38,286
	y-o-y growth, %	14.3%	-1.8%	28.5%
	Gross Profit	50,063	10,372	11,148
Gross Profit Margin, %	32.3%	27.6%	29.1%	
Total Dyeing Segment	Capacity (tons)	14,700	3,675	3,675
	Utilization, %	89.3%	88.7%	90.3%
	Volume Sold (tons/year)	13,122	3,258	3,320
	Avg. Price (EGP) / ton	25.4	25.8	25.2
	Revenue	333,492	84,070	83,711
	y-o-y growth, %	19.7%	0.4%	29.0%
	Intercompany Sales	142,859	36,611	41,192
	Intercompany Sales (% of Revenue)	42.8%	43.5%	49.2%
	Gross Profit	114,166	26,407	27,763
Gross Profit Margin, %	34.2%	31.4%	33.2%	

As for its dyeing segment, DICE reported EGP 84.1mn in revenues in Q1- 2019, 0.4% y-o-y growth, on the back of higher volumes and prices. Moreover, third party sales during Q1-2019 contributed 56.5% of all dyeing sales compared to 50.8% in Q1-2018.

Overview of Segmental Performance

4 Printing Segment

	In EGP 000s, unless otherwise stated	2018	Q1-19	Q1-18
TPP Printing	Capacity (piece)	4,000	1,000	1,000
	Utilization, %	73.3%	76.9%	%90.3
	Volume Sold (tons/year)	2,930	769	903
	Avg. Price (EGP) / ton	3.41	3.14	2.97
	Revenue	10,002	2,418	2,686
	y-o-y growth, %	40.5%	-10.0%	%34.4
	Gross Profit	5,855	1,609	1,864
	Gross Profit Margin, %	58.5%	66.6%	%69.4
NP Printing	Capacity (meter)	6,000	1,500	1,500
	Utilization, %	54.9%	%49.3	%45.6
	Volume Sold (tons/year)	3,296	739	684
	Avg. Price (EGP) / ton	10.93	10.28	10.95
	Revenue	36,031	7,601	7,488
	y-o-y growth, %	-	%1.5	
	Gross Profit	27,754	5,986	5,625
Gross Profit Margin, %	77.0%	%78.8	%75.1	
Total Printing Segment	Capacity (piece / meter)	10,000	2,500	2,500
	Utilization, %	62.3%	60.4%	63.5%
	Volume Sold (tons/year)	6,226	1,509	1,587
	Avg. Price (EGP) / ton	7.4	6.6	6.4
	Revenue	46,033	10,018	10,174
	y-o-y growth, %	546.8%	-1.5%	89.9%
	Intercompany Sales	10,059	2,418	2,641
	Intercompany Sales (% of Revenue)	21.9%	24.1%	26.0%
	Gross Profit	33,609	7,596	7,490
	Gross Profit Margin, %	73.0%	75.8%	73.6%

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	2018	Q1-19	Q1-18
Local Revenue	268,093	50,512	63,522
y-o-y growth	107.4%	-20.5%	102.5%
Total Intercompany	207,595	32,680	55,236
% of Local	77.4%	64.7%	87.0%
Net Revenue	60,498	17,832	8,286
y-o-y growth	31.0%	115.2%	-32.7%
Gross Profit	44,340	(3,134)	11,280
GPM, %	16.5%	-6.2%	17.8%

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	2018	Q1-19	Q1-18
Revenue	1,515.8	338.4	314.2
y-o-y growth, %	28%	8%	16.0%
Cost of Sales	(1,087.3)	(261.0)	(215.8)
Gross Profit ⁽¹⁾	428.5	77.3	98.4
Gross Profit Margin, %	28.3%	22.9%	31.3%
S&D Expenses	(47.5)	(13.7)	(8.8)
% of Revenue	3.1%	4.1%	2.8%
G&A Expenses	(120.4)	(27.1)	(27.7)
% of Revenue	7.9%	8.0%	8.8%
Export Rebate	61.9	14.0	13.5
% of Export Revenue	6.0%	1.4%	(8.8)
EBITDA	322.44	50.49	75.37
EBITDA Margin, %	21.3%	14.9%	24.0%
Depreciation & Amortization	(26.1)	(7.6)	(6.4)
EBIT	296.3	42.9	69.0
EBIT Margin, %	19.5%	12.7%	22.0%
Net Interest Expense	(91.7)	(21.2)	(19.0)
Leasing Financing Expenses	(9.3)	(3.5)	-
FX Gain / Loss	(3.2)	18.9	1.1
Other Income / Expense	0.2	4.7	1.8
EBT	192.3	41.9	52.9
EBT Margin, %	12.7%	12.4%	16.8%
Taxes	(32.2)	(10.9)	(10.1)
Tax Rate, %	16.8%	25.9%	19.2%
Net Profit	160.1	31.1	42.7
Net Profit Margin, %	10.6%	9.2%	13.6%

Note(1): Gross profit excludes depreciation

Consolidated Balance Sheet Statement

In EGP '000, unless otherwise stated	2017	2018	Q1-19
Net Fixed Assets	282	313.2	316.0
Lease payment	-	10.6	9.8
Other Non Current Assets	1.2	35.1	29.3
Goodwill	2.4	-	-
Total Non Current Assets	285.6	358.9	355.1
Cash & Cash Equivalents	18.8	45.9	35.8
Inventory	421	558.9	614.8
Accounts Receivable	237.6	254.3	257.2
Due from Related Parties	0.7	-	-
Debtors and Other Debit Balances	182	279.2	310.9
Total Current Assets	860	1,138.3	1,218.7
Total Assets	1,145.6	1,497.2	1,573.8
Overdraft	592.7	706.7	756.2
CPLTD	10	28.0	25.2
Accounts Payable	111.9	104.3	96.2
Provisions	38.5	41.8	40.6
Due to Related Parties	58.5	19.8	20.4
Deferred gain from leasing - current	-	7.8	7.8
Creditors and Other Credit Balances	77.9	126.5	143.7
Total Current Liabilities	889.5	1,034.9	1,090.0
Long term Debt	32.5	64.7	57.5
Long term Notes Payable	0.8	-	-
Deferred gain from leasing - non current	-	26.1	23.6
Deferred Tax Liability	31.1	23.4	23.6
			-
Total Non Current Liabilities	64.4	114.2	104.7
Total Liabilities	953.9	1,149.2	1,194.7
Paid in Capital	53	53	53
Reserves	7.3	13.6	17.6
Retained Earnings	(58.5)	108.1	258.7
Net Profit	176.7	154.5	30.1
Minority Interest	13.2	18.8	19.8
Total Shareholder's Equity	191.7	348.1	379.1
Total Liabilities and Shareholder's Equity	1,145.6	1,497.2	1,573.8

Consolidated Cash flow Statement

In EGP '000, unless otherwise stated	2017A	2018	Q1-19
EBT	211	192.3	41.9
ADD:			
Fixed assets depreciation	23.5	26.1	8.1
Impairment provisions	2.4	2.4	-
Reversal of provisions	(6.6)	8.21	-
Interest Income	(0.3)	(0.17)	(0.13)
Financing expense	70.5	91.9	21.3
Capital gain/(loss)	2.0	(5.5)	(1.9)
Operating profit before working capital changes	303	315.2	69.2
(Increase)/Decrease in inventories	(147.2)	(140.1)	(55.8)
(Increase)/Decrease accounts and notes receivable	(53.2)	(17.3)	(2.9)
(Increase)/Decrease in due from related parties	0.8	0.66	-
(Increase)/Decrease in debtors and other debit balances	(70.8)	(93.1)	(31.8)
Increase/(Decrease) in accounts and notes payable	22.1	(8.4)	(8.1)
Increase/(Decrease) in creditors and other credit balances	5.9	41.8	6.5
Increase/(Decrease) in due to related parties	(53.3)	(38.7)	0.6
Used provisions	(2.4)	(2.11)	(1.26)
Paid taxes	(13.2)	(33.1)	-
Paid interest	(70.5)	(91.9)	(21.3)
Cash flow from operations	(79.2)	(67.1)	(44.9)
Interest Income	0.3	0.17	0.13
Minority interests at the time of Acquisition	-	(2.0)	(0.0)
Payments for the purchase of fixed assets	(41.4)	(79.3)	(10.9)
Gain on sale of fixed assets	0.2	61.4	2.0
Purchase of fixed assets	(0.2)	-	-
Payments for finance leasing	-	(14.7)	(1.6)
(Increase)/Decrease in PUC	(0.9)	(33.9)	5.8
Cash flow from Investing Activities	(42)	(68.4)	(4.6)
Change in debt and credit facilities	42.9	164.3	39.4
Payment for increasing the share capital	25	-	-
Payments leasing of property & plant	-	-	-
Paid Dividends	(1.7)	(1.7)	-
Cash flow from Financing Activities	66.2	162.6	39.4
Net change in cash	(55.1)	27.1	(10.2)
Beginning cash balance	73.9	18.8	45.9
Ending cash balance	18.8	45.9	35.8