

DICE Sport and Casual Wear Report Q1- 2020 Earnings

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DICE Sport and Casual Wear Report Q1- 2020 Earnings

Due to Corona Virus (COVID-19) pandemic, sales line decreased by 23.1% Y-o-Y
Decreasing reach EGP 260.2 mn in Q1- 2020 coupled with Q1-2019 Y-o-Y.

Highlights for Q1-2020

<p>Revenue EGP 260.2mn ▼ -23.1% y-o-y</p>	<p>Gross Profit⁽¹⁾ EGP 50.8mn ▼ -34% y-o-y 19.5% GP Margin</p>
<p>EBITDA EGP 13.1mn ▼ -74% y-o-y 5% EBITDA Margin</p>	<p>Net Profit EGP -43.3mn -16.6% NP Margin</p>

Highlights for Q1-2019

<p>Revenue EGP 338.4mn ▲ 8% y-o-y</p>	<p>Gross Profit⁽¹⁾ EGP 77.3mn ▼ -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>

Summary Income Statement (EGP mn)

In EGP 000s, unless otherwise stated	2019	Q1-20	Q1-19
Revenue	1,570.1	260.2	338.4
y-o-y growth, %	3.6%	-23.1%	8%
Gross Profit	398.4	50.8	77.3
GPM, %	25.4%	19.5%	22.9%
EBITDA	259.12	13.12	50.5
EBITDA Margin, %	16.5%	5.0%	14.9%
Net Profit	120.8	(43.3)	31.1
NPM, %	7.7%	-16.6%	9.2%

Note(1): Gross profit excludes depreciation

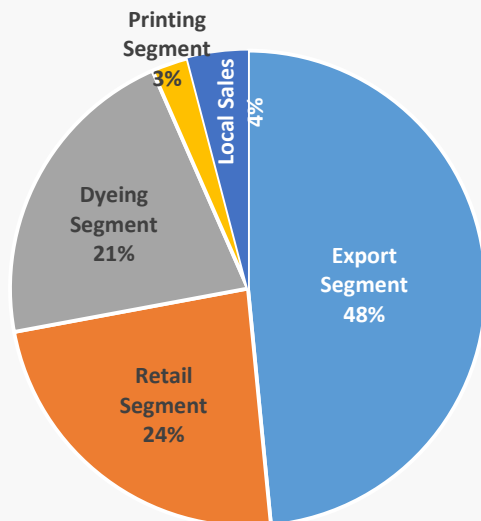
The General measures to contain the effect of an outbreak of Corona virus (COVID-19)

- ❑ The company's management is currently forming 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) The company benefited from the initiative taken by the central bank to postpone all loan and credit installments granted by banks to its customers for 6 months without delay penalties. The company has re-evaluated the loans and credit facilities granted to the company and reconsidered the breach of any financial pledges.
 - 2) Providing the raw materials needed to continue production operations without stopping so that the main raw materials are relied on in production from the local market and try to communicate with overseas suppliers to provide sufficient amount to continue production as the company relies on providing raw materials used in industry from the local and overseas markets.
 - 3) The company's plan not to lay off employees so that the necessary preventive measures were taken to preserve the health of its employees so that the work hours were alternated.
 - 4) Postpone some capital spending and any new unnecessary investments.
 - 5) The company during the recent period resumed export operations to the requirements of export customers based on official correspondence from clients.
- ❑ The company's management is closely following the conditions and amending the necessary plans to meet these repercussions by extension and if the conditions continue to evolve for a longer period of time, and to support the liquidity position of the company, additional measures will be taken to find other financing sources such as obtaining new loans and credit facilities, selling some assets or obtaining Funding from the main shareholder of the company and benefiting from the initiatives presented by the government to support the private sector to overcome this crisis in addition to the Tax Authority agreeing to installment of the income tax due from the approval of 2019 for companies operating in some sectors, including the industrial sector, especially companies working in the field of export.
- ❑ The company's management believes in the current circumstances that it is able to continue production and sales and purchases and to pay its liabilities and cash flows in a manner that meets the company's objectives.

Results in Nutshell

Q1 - 2020

Revenue Breakdown by Segment



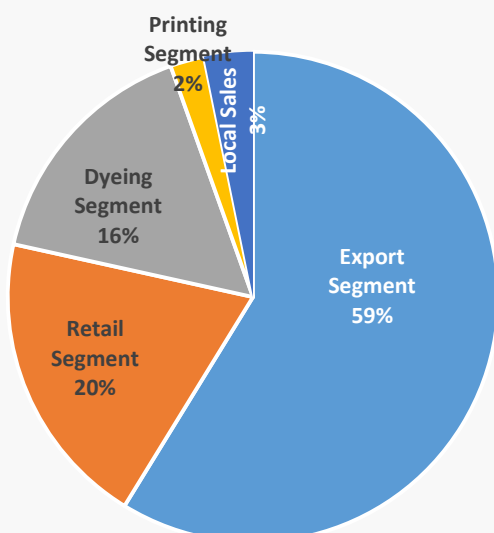
DICE reported revenues of EGP 260.2 mn, for Q1-2020, recording -23.1% y-o-y decreasing.

Gross profit margin Q-o-Q, recording 19.5% in Q1-2020 compared to 22.9 % in Q1-2019.

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.

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, 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	2019	Q1 -2020	Q1 -19
Dice	Sewing Capacity (000s pieces)	21,000	5,250	5,250
	Utilization, %	81.2%	44.7%	80.3%
	# of pieces sold (000s)	17,046	2,344	4,216
	y-o-y growth, %	-7.2%	-44.4%	-8.3%
	Avg. Price (USD) / piece	3.24	3.47	2.67
	y-o-y growth, %	4.1%	29.7%	4.6%
	Revenue (USD '000)	55,231	8,129	11,271
	y-o-y growth, %	-3.4%	-27.9%	-4.0%
	Avg. Price (EGP) / piece	53.5	53.8	47.2
	y-o-y growth, %	-3.2%	14.0%	-2.9%
	Revenue (EGP '000)	912,229	126,082	198,882
	y-o-y growth, %	-10.2%	-36.6%	-10.9%
	Gross Profit	115,732	710	19,365
	Gross Profit Margin, %	12.7%	0.6%	9.7%

- In Q1- 2020, export sales, denominated in USD, 27.9% decrease over the same period last year beside decreasing sales volume a 44.4% stemming. Blended average price per piece in USD terms increased by 29.7%.

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

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	Q1-20	Q1-19
Master Line	Capacity (tons)	7,500	1,875	1,875
	Utilization, %	80.0%	74.8%	84.1%
	Volume Sold (tons/year)	6,002	1,403	1,577
	Avg. Price (EGP) / ton	30.1	28.0	29.5
	Revenue	180,609	39,313	46,471
	y-o-y growth, %	1.3%	-15.4%	2.3%
	Gross Profit	63,430	13,846	16,035
	Gross Profit Margin, %	35.1%	35.2%	34.5%
UDI	Capacity (tons)	7,200	1,800	1,800
	Utilization, %	96.2%	86.5%	93.4%
	Volume Sold (tons/year)	6,929	1,557	1,681
	Avg. Price (EGP) / ton	24.2	25.3	22.4
	Revenue	167,497	39,452	37,599
	y-o-y growth, %	7.9%	4.9%	-1.8%
	Gross Profit	54,287	12,185	10,372
Gross Profit Margin, %	32.4%	30.9%	27.6%	
ACC	Capacity (tons)	3,200	800	800
	Utilization, %	92.0%	94.7%	%99.2
	Volume Sold (tons/year)	2,942	757	794
	Avg. Price (EGP) / ton	24	24	22
	Revenue	69,622	18,196	17,735
	y-o-y growth, %	40%	3%	%65
	Gross Profit	12,163	4,716	3,860
Gross Profit Margin, %	17.5%	25.9%	%21.8	
Total Dyeing Segment	Capacity (tons)	17,900	4,475	4,475
	Utilization, %	88.7%	83.1%	%90.5
	Volume Sold (tons/year)	15,873	3,718	4,052
	Avg. Price (EGP) / ton	26.3	26.1	25.1
	Revenue	417,728	96,960	101,805
	y-o-y growth, %	9.0%	-4.8%	%7.8
	Intercompany Sales	189,540	41,410	47,362
	Intercompany Sales (% of Revenue)	45.4%	42.7%	%46.5
	Gross Profit	129,880	30,747	30,267
	Gross Profit Margin, %	31.1%	31.7%	%29.7

As for its dyeing segment, DICE reported EGP 96.9mn in revenues in Q1- 2020, -4.8% y-o-y decreasing, third party sales during Q1-2020 contributed 57.3% of all dyeing sales compared to 53.5% in Q1-2019.

Overview of Segmental Performance

4 Printing Segment

	In EGP 000s, unless otherwise stated	2019	Q1-20	Q1-19
TPP Printing	Capacity (piece)	4,000	1,000	1,000
	Utilization, %	51.8%	29.3%	76.9%
	Volume Sold (tons/year)	2,071	293	769
	Avg. Price (EGP) / ton	3.88	5.64	3.14
	Revenue	8,030	1,654	2,418
	y-o-y growth, %	-19.7%	-31.6%	-10.0%
	Gross Profit	4,291	907	1,609
	Gross Profit Margin, %	53.4%	54.9%	66.6%
NP Printing	Capacity (meter)	6,000	1,500	1,500
	Utilization, %	50.4%	38.9%	%49.3
	Volume Sold (tons/year)	3,021	584	739
	Avg. Price (EGP) / ton	11.03	11.23	10.28
	Revenue	33,324	6,552	7,601
	y-o-y growth, %	-7.5%	-13.8%	%1.5
	Gross Profit	9,188	932	2,392
Gross Profit Margin, %	27.6%	14.2%	31.5%	
Total Printing Segment	Capacity (piece / meter)	10,000	2,500	2,500
	Utilization, %	50.9%	35.1%	60.4%
	Volume Sold (tons/year)	5,092	877	1,509
	Avg. Price (EGP) / ton	8.1	9.4	6.6
	Revenue	41,354	8,205	10,018
	y-o-y growth, %	-10.2%	-18.1%	-1.5%
	Intercompany Sales	8,145	1,726	2,418
	Intercompany Sales (% of Revenue)	19.7%	21.0%	24.1%
	Gross Profit	13,479	1,839	4,001
Gross Profit Margin, %	32.6%	22.4%	39.9%	

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 .

Overview of Segmental Performance

5 Other Local Sales

In EGP 000s, unless otherwise stated	2019	Q1-20	Q1-19
Local Revenue	93,281	17,447	32,777
y-o-y growth	-57.3%	-46.8%	-37.9%
Total Intercompany	37,761	6,821	21,930
% of Local	40.5%	39.1%	66.9%
Net Revenue	55,520	10,626	10,847
y-o-y growth	10.8%	-2.0%	58.3%
Gross Profit	6,639	440	-3,399
GPM, %	7.1%	2.5%	-10.4%

□ elastic & cordon Sales

In EGP 000s, unless otherwise stated	2019	Q1-20	Q1-19
Revenue	17,610	8,099	1,584
y-o-y growth	1025%	411%	-
Volume Sold	178	75	23
Intercompany	15,052	6,887	1,187
% of Revenue	85%	85%	75%
Net Revenue	2,558	1,212	397
y-o-y growth	420%	205%	-

Other local sales comprise of :

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

Note :

- The value of printing segment was excluded from the comparison years, with a separate analysis of the printing segment & dyeing of ACC too .

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 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, 1 rented manufacturing facilities and 255 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	Q1-20	Q1-19
Revenue	1,570.1	260.2	338.4
y-o-y growth, %	3.6%	-23.1%	8%
Cost of Sales	(1,171.7)	(209.4)	(261.0)
Gross Profit ⁽¹⁾	398.4	50.8	77.3
Gross Profit Margin, %	25.4%	19.5%	22.9%
S&D Expenses	(70.3)	(10.8)	(13.7)
% of Revenue	4.5%	4.2%	4.1%
G&A Expenses	(123.7)	(37.4)	(27.1)
% of Revenue	7.9%	14.4%	8.0%
Export Rebate	54.8	10.6	14.0
% of Export Revenue	6.0%	8.4%	7.1%
EBITDA	259.12	13.12	50.49
EBITDA Margin, %	16.5%	5.0%	14.9%
Depreciation & Amortization	(32.1)	(9.5)	(7.6)
EBIT	227.1	3.6	42.9
EBIT Margin, %	14.5%	1.4%	12.7%
Net Interest Expense	(113.6)	(20.2)	(21.2)
Leasing Financing Expenses	-	-	(3.5)
FX Gain / Loss	70.0	10.4	18.9
Other Income / Expense	(24.0)	(31.2)	4.7
EBT	159.6	(37.4)	41.9
EBT Margin, %	10.2%	-14.4%	12.4%
Taxes	(38.7)	(5.9)	(10.9)
Tax Rate, %	24.3%	-15.7%	25.9%
Net Profit	120.8	(43.3)	31.1
Net Profit Margin, %	7.7%	-16.6%	9.2%

Note(1): Gross profit excludes depreciation

Consolidated Balance Sheet Statement

In EGP '000, unless otherwise stated	Q1-2020	2019	2018
Net Fixed Assets	521.1	377.0	313.2
Lease payment	-	-	10.6
Other Non Current Assets	83.9	96.5	35.1
Total Non Current Assets	605.1	473.5	358.9
Cash & Cash Equivalents	66.4	28.7	45.9
Inventory	701.8	654.2	558.9
Accounts Receivable	307.7	337.9	254.3
Debtors and Other Debit Balances	197.3	185.9	279.2
Total Current Assets	1,273	1,207	1,138.3
Total Assets	1,878	1,680	1,497.2
Overdraft	872.0	821.6	706.7
CPLTD	26.8	23.3	28
Accounts Payable	88.3	102	104.3
Provisions	47.4	47.4	41.8
Due to Related Parties	20.9	21.4	19.8
Deferred gain from leasing - current	-	-	7.8
leasing Liabilities - current	9.3	7.9	-
Creditors and Other Credit Balances	243.9	134.4	126.5
Total Current Liabilities	1,308.5	1,158.2	1,034.9
Long term Debt	108.6	35.8	64.7
Long term Notes Payable	11.5	-	-
Deferred gain from leasing - non current	-	-	26.1
leasing Liabilities - non current	24.7	18	-
Deferred Tax Liability	38.0	36.0	23.4
Total Non Current Liabilities	182.7	89.5	114.2
Total Liabilities	1,491	1,248	1,149.2
Paid in Capital	106	106	53
Reserves	21.9	17.6	13.6
Retained Earnings	282.3	171.9	108.1
Net Profit	(42.2)	116.3	154.5
Minority Interest	19.1	20.7	18.8
Total Shareholder's Equity	387	433	348.1
Total Liabilities and Shareholder's Equity	1,878	1,680	1,497.2

Consolidated Cash flow Statement

In EGP '000, unless otherwise stated	Q1-2020	2019	2018
EBT	(37.4)	159.6	192.3
ADD:			
Fixed assets depreciation	9.5	31.7	26.1
Impairment provisions	32.2	30.4	2.4
Reversal of provisions	-	(1.46)	8.21
Interest Income	(0.06)	(0.23)	(0.17)
Financing expense	20	114	91.9
Capital gain/(loss)	(0.21)	0.01	(5.5)
Operating profit before working capital changes	24.4	333.8	315.2
(Increase)/Decrease in inventories	(71.2)	(95.2)	(140.1)
(Increase)/Decrease accounts and notes receivable	21.5	(98.0)	(17.3)
(Increase)/Decrease in due from related parties	-	-	0.66
(Increase)/Decrease in debtors and other debit balances	(11.4)	21.1	(93.1)
Increase/(Decrease) in accounts and notes payable	(42.6)	(2.0)	(8.4)
Increase/(Decrease) in creditors and other credit balances	80.9	(23.9)	41.8
Increase/(Decrease) in due to related parties	(0.5)	1.6	(38.7)
Used provisions	-	(5.5)	(2.11)
Paid taxes	(0.9)	(39.9)	(33.1)
Paid interest	(20.3)	(113.0)	(91.9)
Cash flow from operations	(20.1)	(21.2)	(67.1)
Interest Income	0.06	0.23	0.17
Minority interests at the time of Acquisition	-	(0.0)	(2.0)
Payments for the purchase of fixed assets	(101.2)	(57.2)	(79.3)
Gain on sale of fixed assets	0.35	0.01	61.4
Payments for finance leasing	-	-	(14.7)
(Increase)/Decrease in PUC	0.07	-	(33.9)
Cash flow from Investing Activities	(100.7)	(56.9)	(68.4)
Change in debt and credit facilities	76.2	65.5	164.3
Payments leasing of property & plant	84.5	-	-
Paid Dividends	(2.1)	(20.4)	(1.7)
Cash flow from Financing Activities	158.6	78.4	162.6
Net change in cash	37.8	(33.0)	27.1
Beginning cash balance	28.7	45.9	18.8
Ending cash balance	66.4	12.9	45.9