

Retail (DICE Underwear) Report 9M- 2019 Earnings

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DICE Underwear Report 9M- 2019 Earnings

Continuous recovery in top line growth with revenues recording a solid 72.1% y-o-y growth reaching EGP 242.24mn in 9M-2019 coupled with Y-on-Y enhancement in profitability margins.

Highlights for 9M-2019

<p>Revenue EGP 242.24mn ▲ 72.1% y-o-y</p>	<p>Gross Profit⁽¹⁾ EGP 97.1mn ▲ 73.1% y-o-y 40.1% GP Margin</p>
<p>EBITDA EGP 52.6mn ▲ 69.4% y-o-y 21.7% EBITDA Margin</p>	<p>Net Profit EGP 28.3mn ▲ 112.2% y-o-y 11.7% NP Margin</p>

Highlights for 9M - 2018

<p>Revenue EGP 140.8mn ▲ 56.0% y-o-y</p>	<p>Gross Profit⁽¹⁾ EGP 56.1mn ▲ 31.5% y-o-y 39.8% GP Margin</p>
<p>EBITDA EGP 31.0mn ▲ 108.4% y-o-y 22% EBITDA Margin</p>	<p>Net Profit EGP 13.3mn ▲ 122.6% y-o-y 9.5% NP Margin</p>

□ Summary Income Statement (EGP mn)

In EGP 000s, unless otherwise stated	2018	Q3-19	Q3-18	9M-19	9M-18
Revenue	212.9	94.7	61.4	242.2	140.80
y-o-y growth, %	71.3%	54.4%	68.3%	72.1%	56.0%
Gross Profit	85.0	36.1	24.1	97.1	56.08
GPM, %	39.9%	38.1%	39.2%	40.1%	39.8%
EBITDA	49.7	17.5	15.2	52.6	31.02
EBITDA Margin, %	23.3%	18.5%	24.8%	21.7%	22.0%
Net Profit	22.9	14.6	7.9	28.3	13.33
NPM, %	10.8%	15.5%	12.8%	11.7%	9.5%

Note(1): Gross profit excludes depreciation

□ Overview of Retail Segmental Performance

In EGP 000s, unless otherwise stated	2018	Q3-19	Q3-18	9M-19	9M-18
Total Number of Stores	188	230	169	230	169
o/w Rented	51	55	47	55	47
Rented %	27.1%	23.9%	27.8%	23.9%	27.8%
o/w Franchised	137	175	122	175	122
Franchise %	72.9%	76.1%	72.2%	76.1%	72.2%
Total Number of Pieces (000s)	7,719	3,606	2,390	9,149	5,330
y-o-y growth, %	71.9%	50.9%	87.3%	71.7%	68.5%
Avg. Price (EGP) / Piece	27.6	26.3	25.7	26.5	26.4
y-o-y growth, %	-0.3%	2.3%	-10.1%	0.2%	-7.4%
Total Revenue	212,950	94,727	61,351	242,241	140,796
y-o-y growth, %	71.3%	54.4%	68.3%	72.1%	56.0%
% of Total Revenue	14.0%	23.2%	19.2%	21.3%	13.6%
Gross Profit	84,976	36,060	24,062	97,065	56,083
Gross Profit Margin, %	39.9%	38.1%	39.2%	40.1%	39.8%

-In 9M- 2019, the retail segment witnessed significant y-o-y growth in revenue, reaching 242.2 mn by 72.1%. This was driven primarily by a 71.7% increase in sales volume as DICE maintained competitive price levels to eat up market share.

-retail gross profit increase to 97 mn, up 40.1% of retail sales.

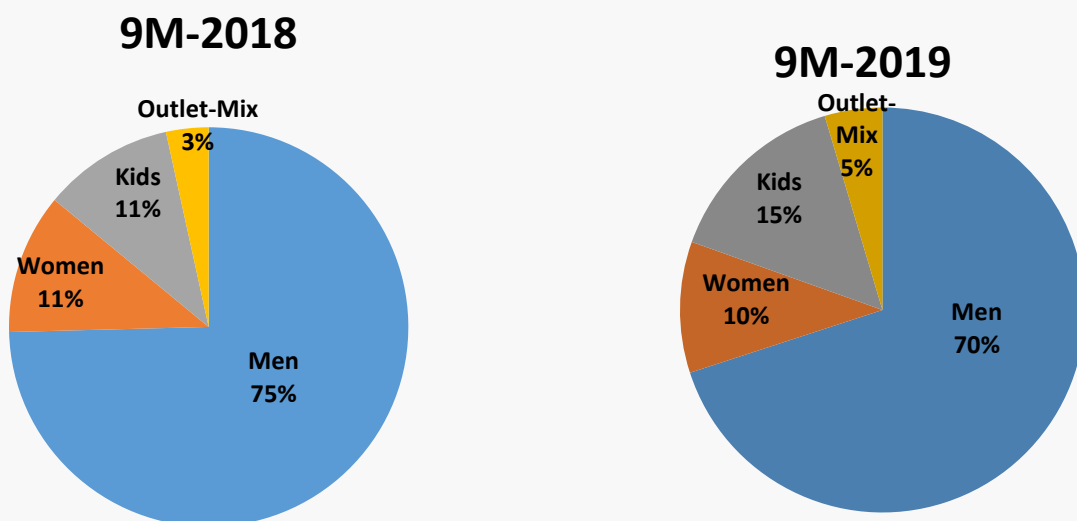
-During 9M-2019, the retail production component of the pieces changed, leading to Slightly increase in the average selling price of the piece and increase in the number of produced pieces significantly compared to 9M- 2018.

□ Sales Mix - client

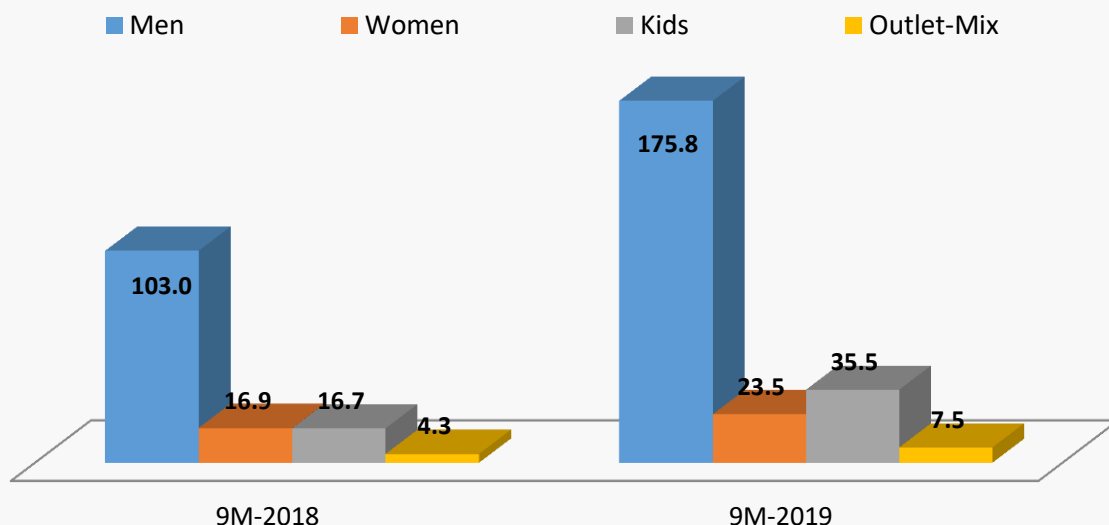
In Dice underwear sales with the increase in the quantity and value of sales in 9M-2019 compared to the same period 9M- 2018, we find a change in the mix rates of sales to increase the share of kids and mix sales and decrease the share of men & women sales.

Therefore, the company's management seeks to maximize the share of women's sales during the coming period.

Sales Mix - Quantity



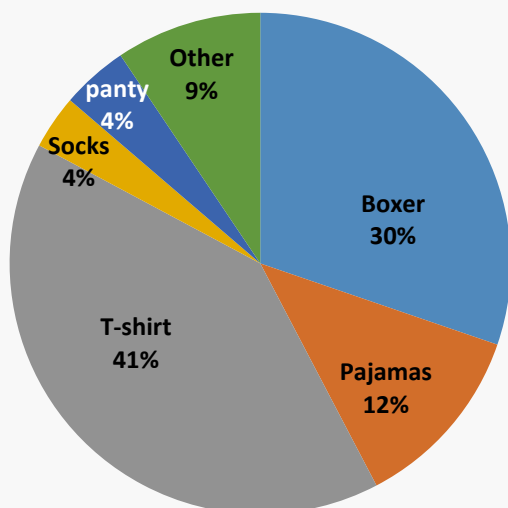
Sales Mix – Value (EGP, mn)



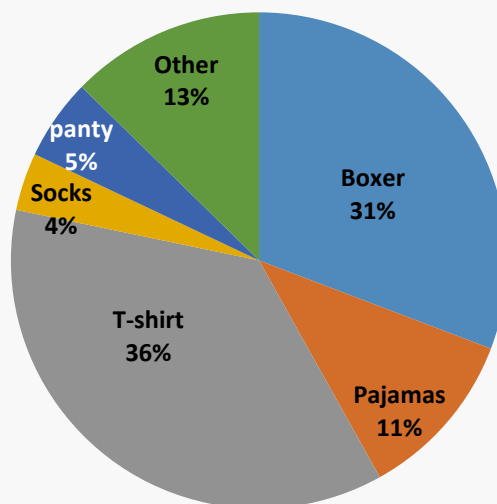
□ Sales Mix – type

In Dice underwear sales with the increase in the quantity and value of sales in 9M-2019 compared to the same period 9M- 2018, we find a change in the mix rates of sales to increase the share of boxer , panty & other sales & decrease the share of pajamas & T-shirt sales.

9M-2018

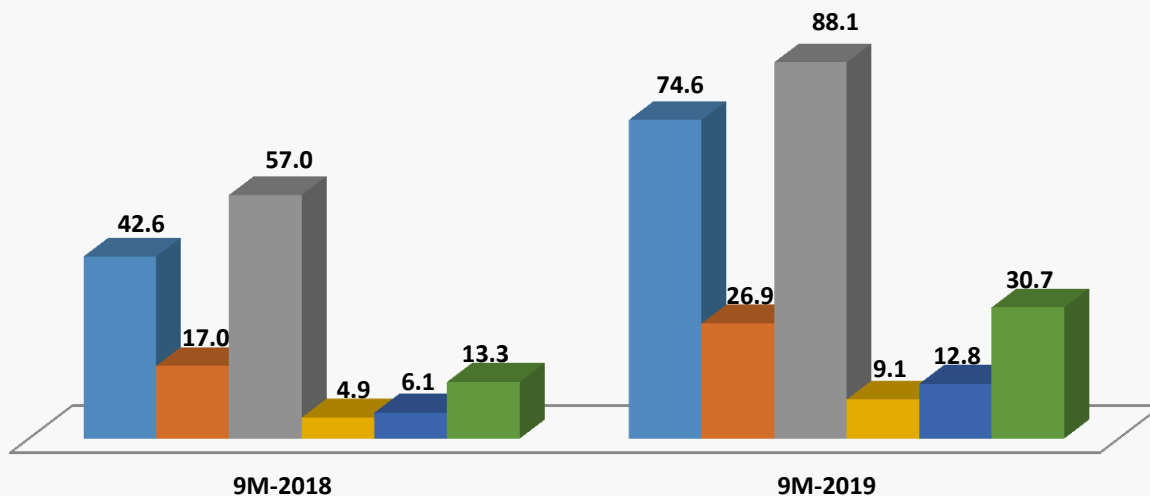


9M-2019



Sales Mix – type (EGP, mn)

■ Boxer ■ Pajamas ■ T-shirt ■ Socks ■ panty ■ Other



□ sale points

DICE management succeed to maximize the volume of Dice underwear sales for 9M- 2019 compared to the same period 9M- 2018 with a growth 72.1% y-o-y and that is through two main axes:

- **The first axis**

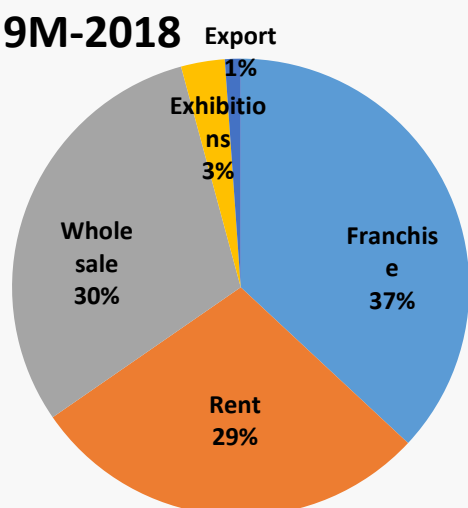
increase of production facilities that allocated for the DICE underwear production.

- **The second axis**

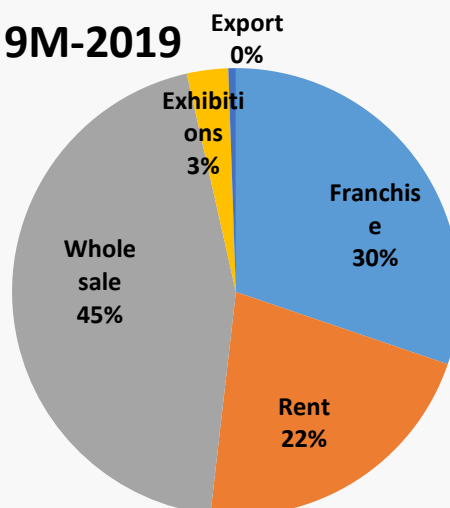
through the basic selling points of the activity as following:

- Increase the number of booth rent & franchise shops with more geographical distribution.
- Focus with wholesaler the main indicator for market demand & comply their needs & furnish them with requested range of products in timely manner.
- The company seeks to have a share outside of Egypt of the global market for underwear, in brand DICE whether in Arab or European countries.

9M-2018

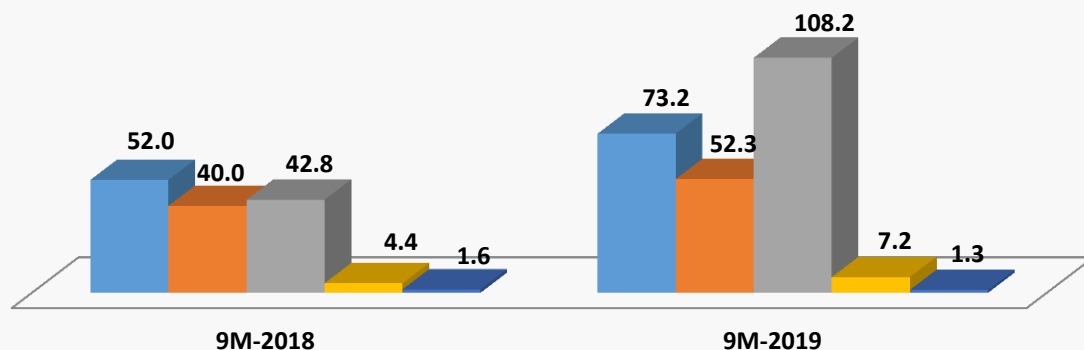


9M-2019



Sales Point – (EGP, mn)

■ Franchise ■ Rent ■ Whole sale ■ Exhibitions ■ Export



□ Outlook

- Entered in the Egyptian retail segment in 2011 through establishing its own brand “**DICE Underwear**” with **230 retail stores** distributed across **20 governorates** as of 9M-2019.
- Increase penetration of DICE retail store network, through both owned and franchised stores while reshuffling certain store locations to attract the highest foot traffic .
- Continuous development of new product designs and migration towards higher price point SKUs.
- Expand the women’s underwear segment within the DICE retail brand.
- Explore exporting DICE retail brands to neighboring countries .

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 230 retail stores distributed across 20 governorates. Learn more about DICE by visiting www.ir.dicefactory.net

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