

DICE Retail (Underwear) Report 9M- 2020 Earnings

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DICE Underwear Report 9M- 2020 Earnings

Due to Corona Virus (COVID-19) pandemic, Retail sales increased only by 5.9% Y-o-Y increasing reach EGP 256.5 mn in 9M- 2020 coupled with 9M-2019 Y-o-Y.

Highlights for 9M-2020

<p>Revenue EGP 256.5mn ▲ 5.9% y-o-y</p>	<p>Gross Profit⁽¹⁾ EGP 83.1mn ▼ -14.4% y-o-y 32.4% GP Margin</p>
<p>EBITDA EGP 52.8mn ▲ 0.5% y-o-y 20.6% EBITDA Margin</p>	<p>Net Profit EGP 38.3mn ▲ 35.5% y-o-y 14.9% NP Margin</p>

Highlights for 9M-2019

<p>Revenue EGP 242.2mn ▲ 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>

Summary Income Statement (EGP mn)

In EGP 000s, unless otherwise stated	2019	Q3-20	Q3-19	9M-20	9M-19
Revenue	340.92	113.6	94.7	256.5	242.2
y-o-y growth, %	60.1%	20.0%	54.4%	5.9%	72.1%
Gross Profit	132.6	38.8	36.1	83.1	97.1
GPM, %	38.9%	34.2%	38.1%	32.4%	40.1%
EBITDA	71.3	28.9	17.5	52.8	52.6
EBITDA Margin, %	20.9%	25.4%	18.5%	20.6%	21.7%
Net Profit	37.6	24	14.6	38.3	28.3
NPM, %	11.0%	21.2%	15.5%	14.9%	11.7%

Note(1): Gross profit excludes depreciation

□ Overview of Retail Segmental Performance

In EGP 000s, unless otherwise stated	2019	Q3-20	Q3-19	9M-20	9M-19
Total Number of Stores	247	275	230	275	230
o/w Rented	56	59	55	59	55
Rented %	22.7%	21.5%	23.9%	21.5%	23.9%
o/w Franchised	191	216	175	216	175
Franchise %	77.3%	78.5%	76.1%	78.5%	76.1%
Total Number of Pieces (000s)	12,462	6,068	3,606	12,217	9,149
y-o-y growth, %	61.5%	68.3%	50.9%	33.5%	71.7%
Avg. Price (EGP) / Piece	27.4	18.7	26.3	21.0	26.5
y-o-y growth, %	-0.8%	-28.7%	2.3%	-20.7%	0.2%
Total Revenue	340,919	113,642	94,727	256,507	242,241
y-o-y growth, %	60.1%	20.0%	54.4%	5.9%	72.1%
% of Total Revenue	21.7%	29.4%	23.2%	30.8%	21.3%
Gross Profit	132,626	38,841	36,060	83,081	97,065
Gross Profit Margin, %	38.9%	34.2%	38.1%	32.4%	40.1%

-In 9M- 2020, the retail segment slight significant y-o-y increasing in revenue, reaching 256.5 mn increase only by 5.9% & increasing in sales volume by a 33.5% compared to 9M-2019 due to negative effects from Corona virus (covid-19) ,DICE maintained competitive price levels to eat up market share.

-retail gross profit 9M-2020 decrease to 83.1 mn, down 32.4% of retail sales compared to 9M-2019.

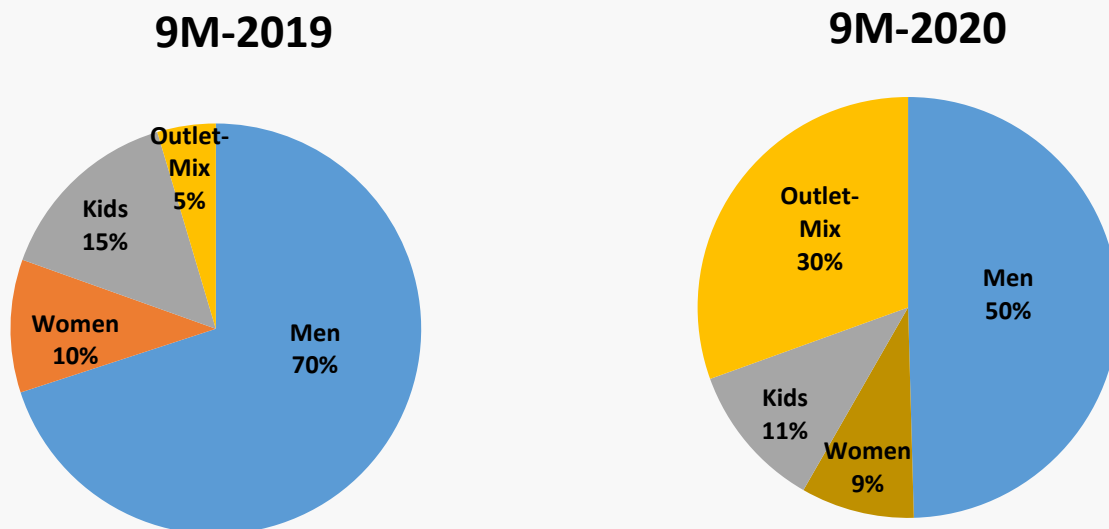
-During 9M-2020, the retail production component of the pieces changed, leading to decrease in the average selling price of the piece and increase in the number of produced pieces compared to 9M-2019.

□ Sales Mix - client

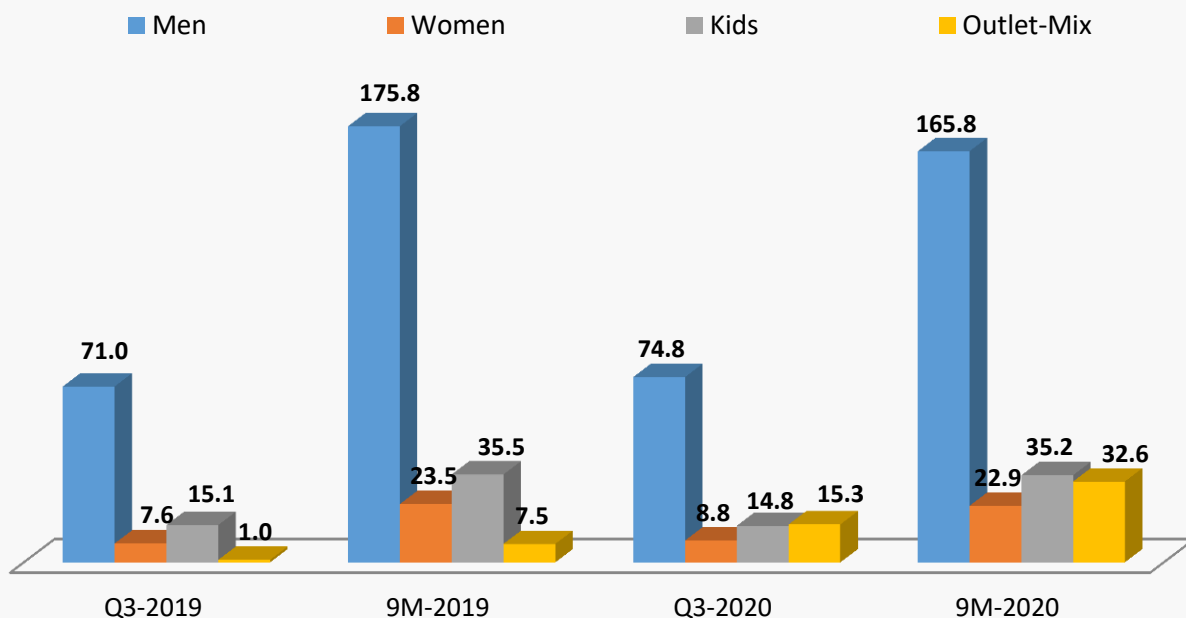
In Dice underwear sales with the increase in the quantity and increase in value of sales in 9M-2020 compared to the same period 9M- 2019, we find a change in the mix rates of sales to increase the share of outlet sales and decrease the share of men , women & kids sales.

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)

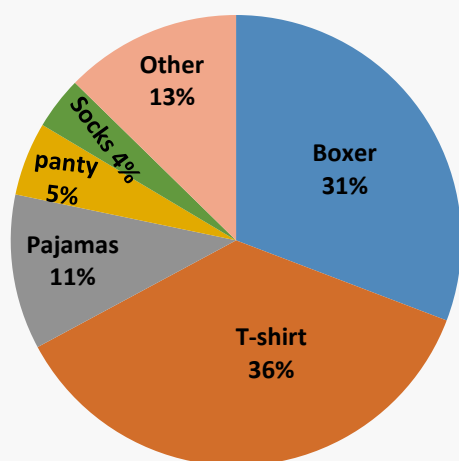


□ Sales Mix - type

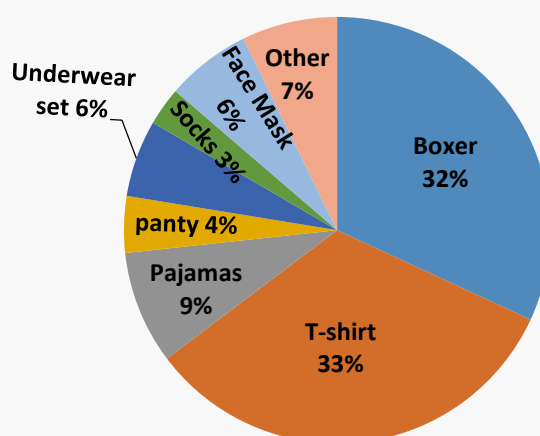
In Dice underwear sales with the increase in the value of sales in 9M-2020 compared to the same period 9M- 2019, we find a change in the mix rates of as shown in the diagram.

It should be noted that Dice, in response to market requirements and the repercussions of Coronavirus (covid19), added a new item to Dice products the face mask , which began production in the second quarter of 2020 and acquired a share of 6% of retail sales in 9M-2020.

9M-2019

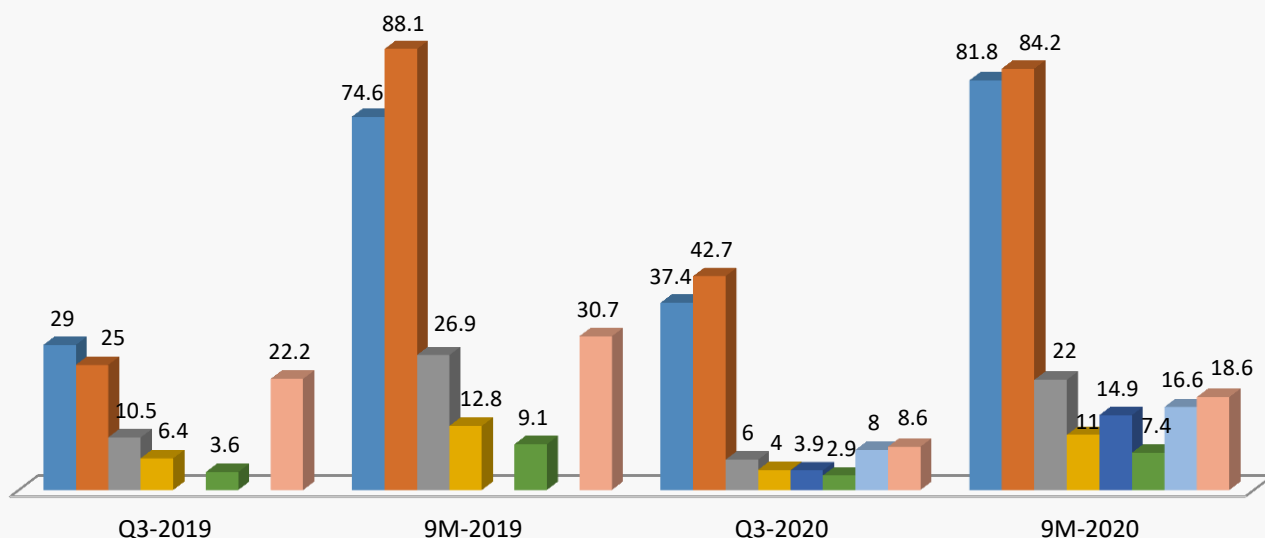


9M-2020



Sales Mix – type (EGP, mn)

■ Boxer
 ■ T-shirt
 ■ Pajamas
 ■ panty
 ■ Underwear set
 ■ Socks
 ■ Face Mask
 ■ Other



□ sale points

DICE management succeed to maximize the volume of Dice underwear sales for the previous years through two main axes:

- **The first axis**

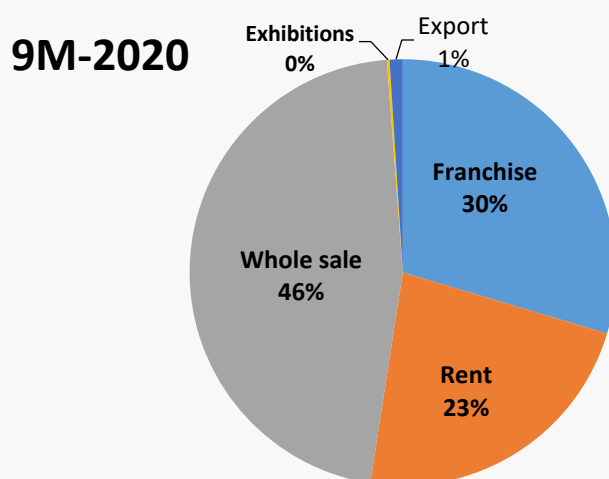
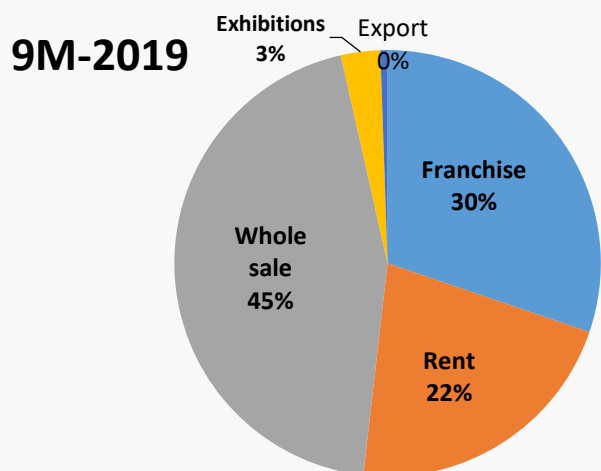
increase of production facilities that allocated for the DICE underwear production.

- **The second axis**

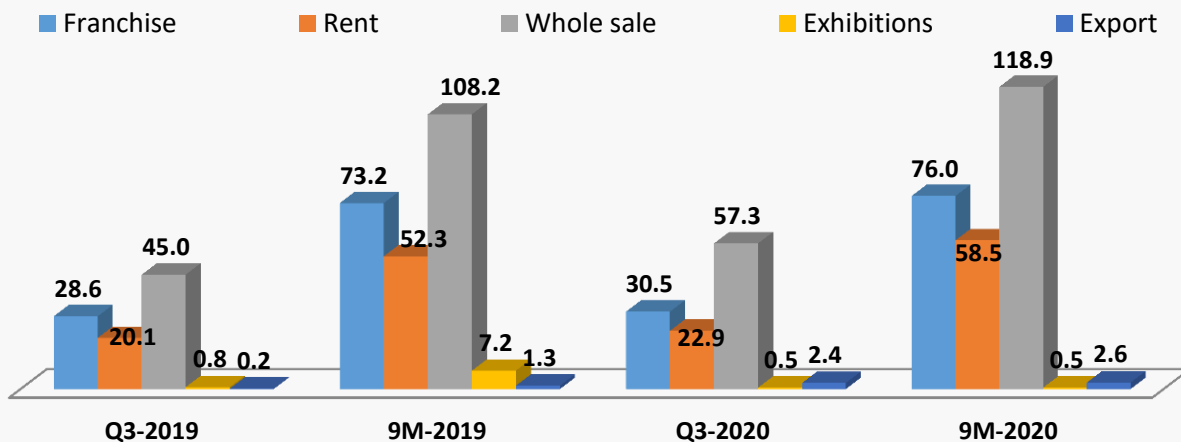
through the basic selling points of the activity as following:

- 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.

➤ However, this growth was negatively affected, contrary to what was expected, due to the outbreak of the Corona virus during 9M-2020 & This clearly shows the cancellation of exhibitions and the absence of export Underwear sales with a small number.



Sales Point – (EGP, mn)



□ Outlook

- Entered in the Egyptian retail segment in 2011 through establishing its own brand “**DICE Underwear**” with **275 retail stores** distributed across **20 governorates** as of 9M-2020.
- 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 13 owned manufacturing facilities, and 275 retail stores distributed across 20 governorates. Learn more about DICE by visiting www.ir.dicefactory.net

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