

DICE Retail (Underwear) Report Q1- 2020 Earnings

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DICE Underwear Report Q1- 2020 Earnings

Due to Corona Virus (COVID-19) pandemic, Retail sales decreased by 7.7% Y-o-Y
Decreasing reach EGP 61.5 mn in Q1- 2020 coupled with Y-o-Y.

Highlights for Q1-2020

<p>Revenue EGP 61.5mn ▼ -7.7% y-o-y</p>	<p>Gross Profit⁽¹⁾ EGP 17mn ▼ -37.1% y-o-y 27.7% GP Margin</p>
<p>EBITDA EGP 8.3mn ▼ -44.7% y-o-y 13.6% EBITDA Margin</p>	<p>Net Profit EGP 2.9mn ▼ -50.5% y-o-y 4.8% NP Margin</p>

Highlights for Q1-2019

<p>Revenue EGP 66.6mn ▲ 103.6% y-o-y</p>	<p>Gross Profit⁽¹⁾ EGP 27.1mn ▲ 95.8% y-o-y 40.7% GP Margin</p>
<p>EBITDA EGP 15.1mn ▲ 117.5% y-o-y 22.6% EBITDA Margin</p>	<p>Net Profit EGP 5.9mn ▲ 180.4% y-o-y 8.9% NP Margin</p>

□ Summary Income Statement (EGP mn)

In EGP 000s, unless otherwise stated	2019	Q1-20	Q1-19
Revenue	340.92	61.5	66.6
y-o-y growth, %	60.1%	-7.7%	103.6%
Gross Profit	132.6	17.0	27.1
GPM, %	38.9%	27.7%	40.7%
EBITDA	71.3	8.3	15.1
EBITDA Margin, %	20.9%	13.6%	22.6%
Net Profit	37.6	2.9	5.9
NPM, %	11.0%	4.8%	8.9%

Note(1): Gross profit excludes depreciation

□ Overview of Retail Segmental Performance

In EGP 000s, unless otherwise stated	2019	Q1-20	Q1-19
Total Number of Stores	247	255	204
o/w Rented	56	60	53
Rented %	22.7%	23.5%	26.0%
o/w Franchised	191	195	151
Franchise %	77.3%	76.5%	74.0%
Total Number of Pieces (000s)	12,462	2,280	2,535
y-o-y growth, %	61.5%	-10.0%	97.0%
Avg. Price (EGP) / Piece	27.4	27.0	26.3
y-o-y growth, %	-0.8%	2.6%	3.4%
Total Revenue	340,919	61,464	66,600
y-o-y growth, %	60.1%	-7.7%	103.6%
% of Total Revenue	21.7%	23.6%	19.7%
Gross Profit	132,626	17,045	27,096
Gross Profit Margin, %	38.9%	27.7%	40.7%

-In Q1- 2020, the retail segment witnessed significant y-o-y decreasing in revenue, reaching 61.5 mn by -7.7%. This was driven primarily by a -10% decrease in sales volume due to negative effects from Corona virus (covid-19) despite of DICE maintained competitive price levels to eat up market share.

-retail gross profit decrease to 17 mn, down 27.7% of retail sales.

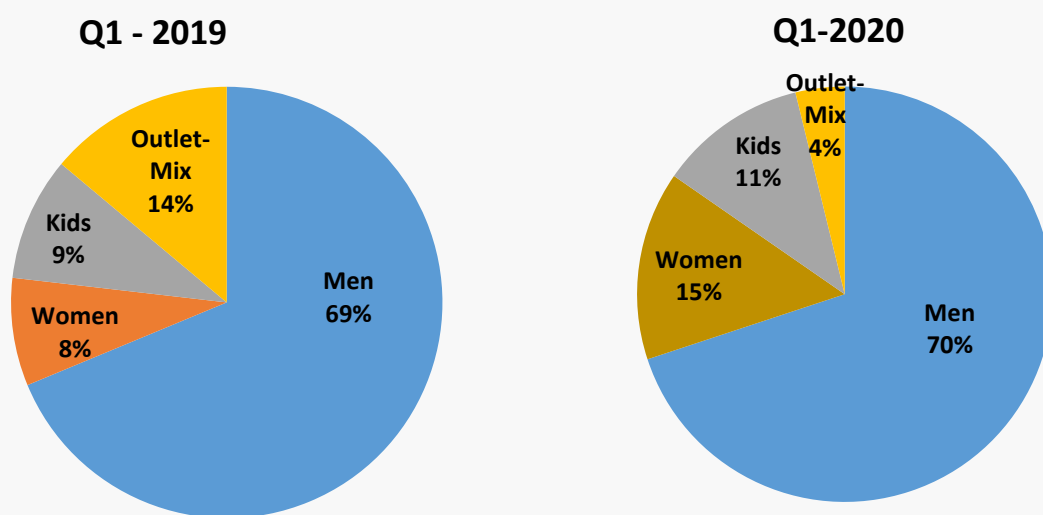
-During Q1-2020, the retail production component of the pieces changed, leading to Slightly increase in the average selling price of the piece and also increase in the number of produced pieces significantly compared to Q1-2019.

□ Sales Mix - client

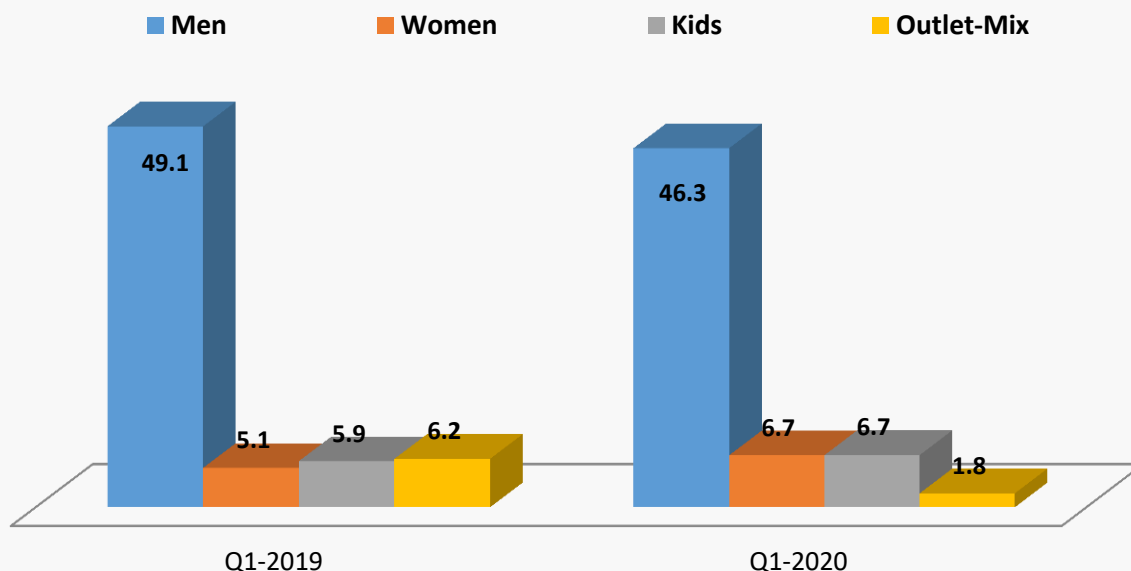
In Dice underwear sales with the decrease in the quantity and value of sales in Q1-2020 compared to the same period Q1- 2019, we find a change in the mix rates of sales to increase the share of men , women and kids sales and decrease the share of outlet sales.

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

Sales Mix - Quantity



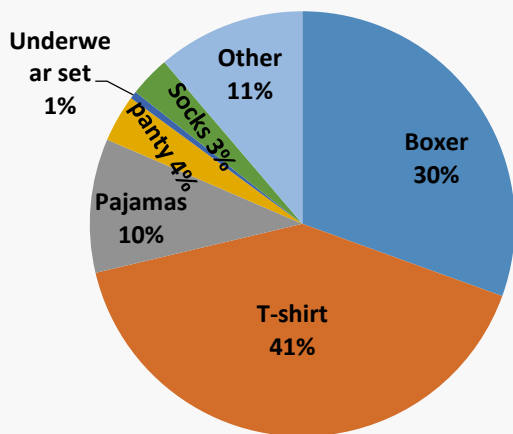
Sales Mix – Value (EGP, mn)



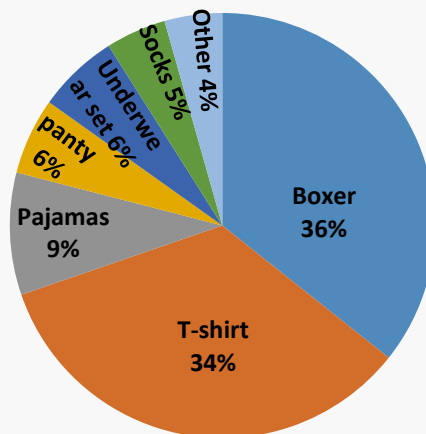
□ Sales Mix - type

In Dice underwear sales with the decrease in the quantity and value of sales in Q1-2020 compared to the same period Q1- 2019, we find a change in the mix rates of as shown in the diagram.

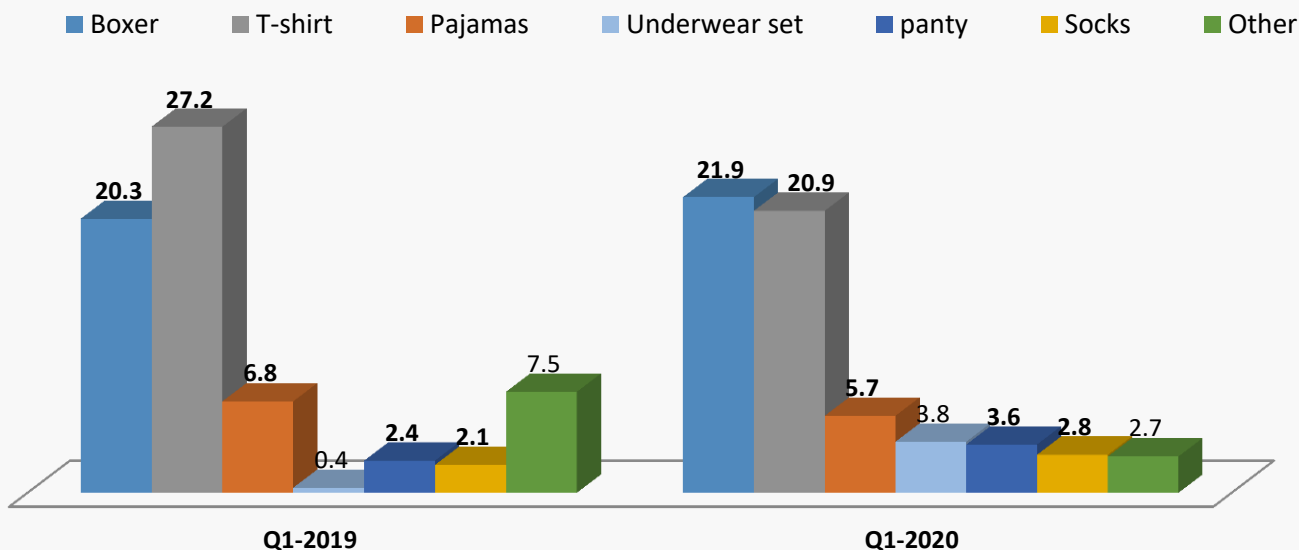
Q1-2019



Q1-2020



Sales Mix – type (EGP, mn)



□ sale points

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

- **The first axis**

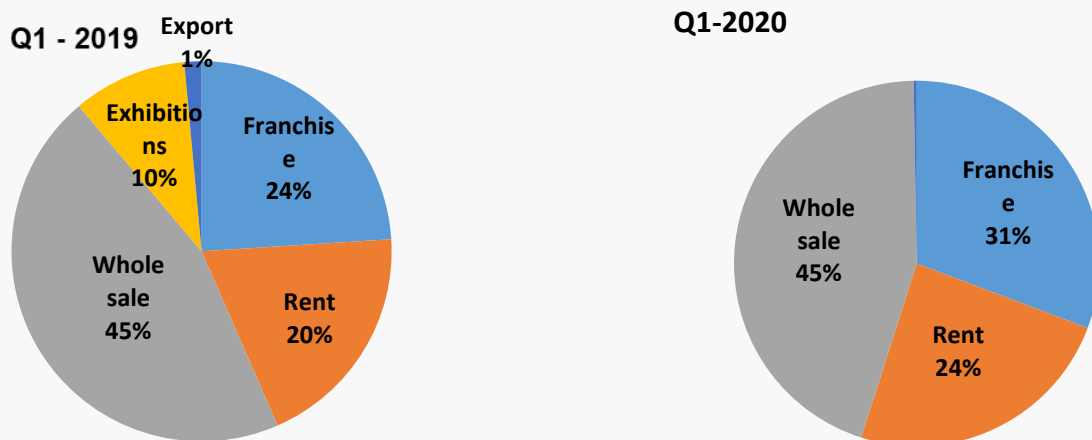
increase of production facilities that allocated for the DICE underwear production.

- **The second axis**

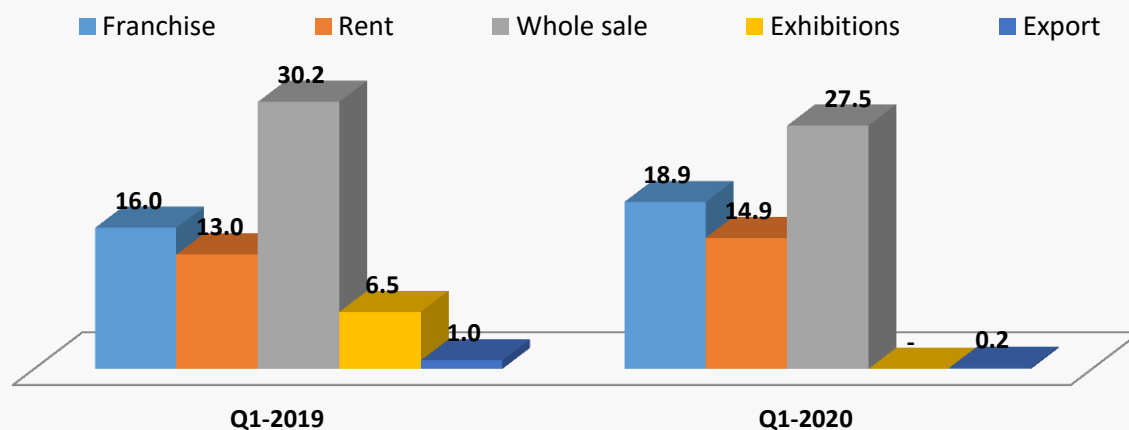
through the basic selling points of the activity as following:

- 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 Q1-2020 & 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 **255 retail stores** distributed across **20 governorates** as of Q1-2020.
- 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, 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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