

DICE Sports and Casual Wear Report H1-2023 Earnings



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DICE Sport and Casual Wear Report H1-2023 Earnings

sales line increased by 60.3% Y-o-Y increasing reach EGP 1448.3 mn in H1-2023 coupled with H1-2022 Y-o-Y.

Highlights for H1-2023

<p>Revenue EGP 1448.3mn ▲ 60.3% y-o-y</p>	<p>Gross Profit⁽¹⁾ EGP 469.4mn ▲ 146% y-o-y 32.4% GP Margin</p>
<p>EBITDA EGP 347.1mn ▲ 189% y-o-y 24.0% EBITDA Margin</p>	<p>Net Profit / (loss) EGP 121.2mn 8.4% NP Margin</p>

Highlights for H1-2022

<p>Revenue EGP 903.7mn ▲ 35.6% y-o-y</p>	<p>Gross Profit⁽¹⁾ EGP 191.0mn ▲ 39% y-o-y 21.1% GP Margin</p>
<p>EBITDA EGP 120mn ▲ 91% y-o-y 13.3% EBITDA Margin</p>	<p>Net Profit / (loss) EGP 25.4mn 2.8% NP Margin</p>

Summary Income Statement (EGP mn)

In EGP 000s, unless otherwise stated	2022	Q2-2023	Q2-2022	H1-2023	H1-2022
Revenue	2,133.3	759.0	519.9	1,448.3	903.7
y-o-y growth, %	33.6%	46.0%	41.0%	60.3%	35.6%
Gross Profit	552.1	247.4	119.2	469.4	191.0
GPM, %	25.9%	32.6%	22.9%	32.4%	21.1%
EBITDA	396.79	185.4	82.1	347.1	120.0
EBITDA Margin, %	18.6%	24.4%	15.8%	24.0%	13.3%
Net Profit	120.8	104.9	31.9	121.2	25.4
NPM, %	5.7%	13.8%	6.1%	8.4%	2.8%

Note(1): Gross profit excludes depreciation

Important events during the current and subsequent period:

- ❑ On Feb 2, 2023, the Monetary Policy Committee of the Central Bank of Egypt decided to keep the overnight deposit and lending rates and the main operation price of the Central Bank to be 16.25%, 17.25% and 16.75%, respectively. The credit rate and the discount was also kept to be 16.75%.
- ❑ On Mar 30, 2023, the Monetary Policy Committee of the Central Bank of Egypt decided to raise the overnight deposit and lending rates and the main operation price of the Central Bank by 200 basis points to reach 18.25%, 19.25% and 18.75%, respectively. The credit rate was also raised. And the discount by 200 basis points to 18.75%.
- ❑ On May 18, 2023, the Monetary Policy Committee of the Central Bank of Egypt decided to keep the overnight deposit and lending rates and the main operation price of the Central Bank to be 18.25%, 19.25% and 18.75%, respectively. The credit rate and the discount was also kept to be 18.75%.
- ❑ On May 17, 2023, Prime Minister Decree 1847 of 2023 was issued to amend some provisions of the Egyptian Accounting Standards by adding Annex (B) to the amended Egyptian Accounting Standard No. (13) 2015 Effects of changes in foreign exchange rates, which includes a special accounting treatment to deal with the effects of Stirring foreign currency exchange rates.
- ❑ On August 3, 2023, the Monetary Policy Committee of the Central Bank of Egypt decided to keep the overnight deposit and lending rates and the main operation price of the Central Bank to be 19.25%, 20.25% and 19.75%, respectively. The credit rate and the discount was also kept to be 19.75%.

❑ **Export subsidy revenue :**

As a result of the government's regular payment of dues to the Export Support Fund recently, the company's board of directors decided on May 17, 2023 to change the system of recording export subsidy revenue in the company's books from recording subsidy revenue upon maturity to subsidy revenue upon collection. This resulted in the following adjustments:

Adjustments	EGP
Retained earnings on December 31, 2022, before adjustment.	134 471 297
Adjustments to retained earnings.	(94 063 612)
Retained earnings on December 31, 2022, after adjustment.	40 407 685
Net profit on December 31, 2022, before adjustment.	162 068 367
Adjustments to profits or losses during the year.	(40 626 524)
Net profit on December 31, 2022, after adjustment.	121 441 843
Net profit on Jun 30, 2022, before adjustment.	45 293 649
Adjustments to profits or losses during the period.	(19 852 148)
Net profit on Jun 30, 2022, after adjustment.	25 441 501

Results in Nutshell

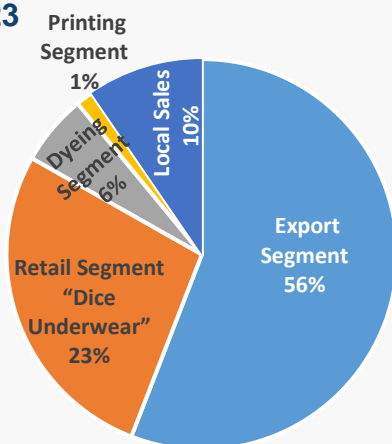
DICE reported revenues of EGP 759 mn, for Q2-2023, recording 46.0% y-o-y increasing.

Gross profit margin Q-o-Q, recording 32.6% in Q2-2023 compared to 22.9% in Q2-2022.

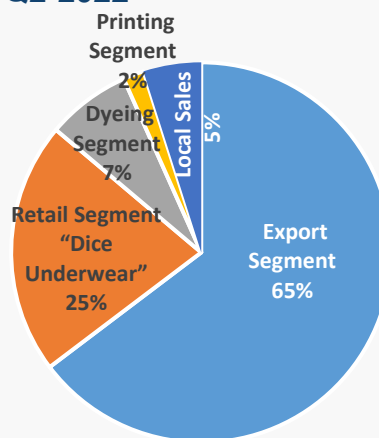
It appears from this graph that the local segment improved compared to the same period last year.

Revenue Breakdown by Segment

Q2 - 2023



Q2-2022

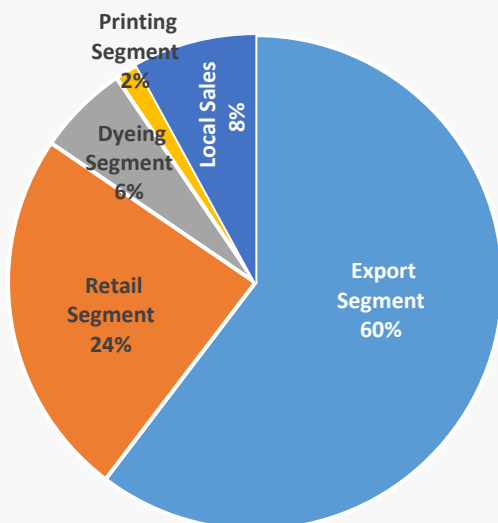


Revenue Breakdown by Segment

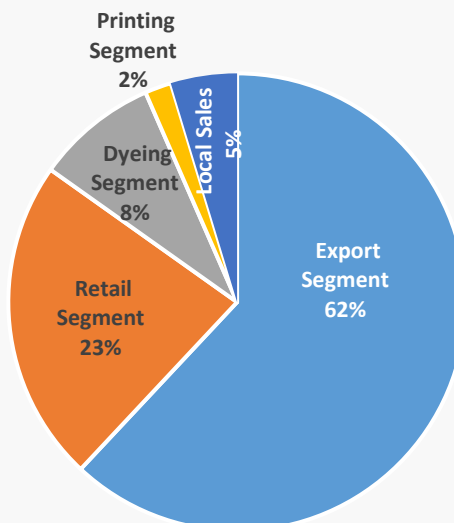
DICE reported revenues of EGP 1448.3 mn for H1-2023, recording 60.3% y-o-y increasing.

Gross profit margin Q-o-Q, recording 32.4% in H1-2023 compared to 21.1% in H1-2022.

H1-2023



H1-2022



Overview of Segmental Performance

1 Export Segment



In EGP 000s, unless otherwise stated	2022	Q2-2023	Q2-2022	H1-2023	H1-2022
Sewing Capacity (000s pieces)	21,000	5,250	5,250	10,500	10,500
Utilization, %	72.5%	60.1%	75.3%	60.8%	72.3%
# of pieces sold (000s)	15,225	3,156	3,952	6,383	7,594
y-o-y growth, %	8.2%	-20.2%	11.6%	-16.0%	26.7%
Avg. Price (USD) / piece	4.57	4.34	4.69	4.53	4.36
y-o-y growth, %	8.1%	-7.5%	24.5%	3.9%	13.4%
Revenue (USD '000)	69,553	13,696	18,547	28,903	33,099
y-o-y growth, %	17.0%	-26.2%	39.0%	-12.7%	43.6%
Avg. Price (EGP) / piece	87.0	134.4	85.1	137.0	73.8
y-o-y growth, %	31.8%	57.9%	44.6%	85.7%	22.7%
Revenue (EGP '000)	1,325,070	424,138	336,331	874,199	560,120
y-o-y growth, %	42.5%	26.1%	61.5%	56.1%	55.4%
Gross Profit	301,620	197,632	51,005	381,456	74,827
Gross Profit Margin, %	22.8%	46.6%	15.2%	43.6%	13.4%

- In H1-2023, export sales, denominated in USD, 12.7% decrease over the same period last year beside decreasing sales volume a 16% stemming. Blended average price per piece in USD terms increased by 3.9%” due to inflation”.

- Changing in export sales price Avg (USD ,EGP / piece) is according to the mixture of sales, in addition the value of the revenues in USD or EGP includes the sale of materials (elastic) and the number of pieces sold does not show what represents this value, and this also affects the average price of the piece in USD or EGP.

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	2022	Q2-2023	Q2-2022	H1-2023	H1-2022
Master Line	Capacity (tons)	7,500	1,875	1,875	3,750	3,750
	Utilization, %	58.7%	57.5%	64.1%	53.9%	63.8%
	Volume Sold (tons/year)	4,401	1,078	1,203	2,023	2,394
	Avg. Price (EGP) / ton	34.6	39.7	36.5	38.5	34.2
	Revenue	152,170	42,786	43,915	77,877	81,976
	y-o-y growth, %	-12.5%	-2.6%	0.7%	-5.0%	0.6%
	Gross Profit	34,564	7,976	11,149	11,485	19,982
	Gross Profit Margin, %	22.7%	18.6%	25.4%	14.7%	24.4%
UDI	Capacity (tons)	7,200	1,800	1,800	3,600	3,600
	Utilization, %	59.7%	47.7%	57.9%	51.8%	65.3%
	Volume Sold (tons/year)	4,300	858	1,043	1,866	2,350
	Avg. Price (EGP) / ton	32.7	49.4	32.2	41.0	30.5
	Revenue	140,593	42,342	33,620	76,551	71,636
	y-o-y growth, %	7.8%	25.9%	12.6%	6.9%	12.0%
	Gross Profit	22,059	7,308	3,207	9,758	11,933
Gross Profit Margin, %	15.7%	17.3%	9.5%	12.7%	16.7%	
ACC	Capacity (tons)	3,600	900	900	1,800	1,800
	Utilization, %	72.9%	62.1%	69.2%	68.7%	75.9%
	Volume Sold (tons/year)	2,625	559	623	1,237	1,367
	Avg. Price (EGP) / ton	28	34	25	33	24
	Revenue	73,376	18,927	15,422	40,792	32,888
	y-o-y growth, %	-10%	23%	-17%	24%	-19%
	Gross Profit	23,825	4,171	2,774	9,313	8,836
Gross Profit Margin, %	32.5%	22.0%	18.0%	22.8%	26.9%	
Total Dyeing Segment	Capacity (tons)	18,300	4,575	4,575	9,150	9,150
	Utilization, %	61.9%	54.5%	62.7%	56.0%	66.8%
	Volume Sold (tons/year)	11,326	2,495	2,869	5,125	6,111
	Avg. Price (EGP) / ton	32.3	41.7	32.4	38.1	30.5
	Revenue	366,140	104,055	92,957	195,220	186,500
	y-o-y growth, %	-5.1%	11.9%	1.0%	4.7%	0.4%
	Intercompany Sales	205,792	59,746	55,759	108,672	108,657
	Intercompany Sales (% of Revenue)	56.2%	57.4%	60.0%	55.7%	58.3%
	Gross Profit	80,448	19,455	17,130	30,556	40,752
	Gross Profit Margin, %	22.0%	18.7%	18.4%	15.7%	21.9%

As for its dyeing segment, DICE reported EGP 195.2mn in revenues in H1-2023, 4.7% y-o-y increasing, third party sales during H1-2023 contributed 44.3% of all dyeing sales compared to 41.7% in H1-2022.

Overview of Segmental Performance

4 Printing Segment

	In EGP 000s, unless otherwise stated	2022	Q2-2023	Q2-2022	H1-2023	H1-2022
NP Printing	Capacity (meter)	6,000	1,500	1,500	3,000	3,000
	Utilization, %	48.1%	45.4%	43.0%	47.6%	47.2%
	Volume Sold (piece/year)	2,886	681	645	1,429	1,416
	Avg. Price (EGP) / ton	12.79	15.7	14.2	15.4	11.9
	Revenue	36,893	10,669	9,191	22,037	16,912
	y-o-y growth, %	-6.4%	16.1%	-13.3%	30.3%	-35.8%
	Gross Profit	4,219	1,561	1,058	2,131	1,711
	Gross Profit Margin, %	11.4%	14.6%	11.5%	9.7%	10.1%

Nadine Print press : The revenue figures shown here reflect sales to third-party only,

Overview of Segmental Performance

5 Other Local Sales

In EGP 000s, unless otherwise stated	2022	Q2-2023	Q2-2022	H1-2023	H1-2022
Local Revenue	173,443	96,024	30,580	150,143	53,975
y-o-y growth	105.2%	214.0%	63.0%	178.2%	38.1%
Total Intercompany *	53,983	23,470	5,016	34,799	11,655
% of Local	31.1%	24.4%	16.4%	23.2%	21.6%
Net Revenue	119,460	72,554	25,564	115,344	42,321
y-o-y growth	135.1%	183.8%	107.5%	172.5%	82.8%
Gross Profit	23,559	-5,522	12,922	1,616	14,618
GPM, %	13.6%	-5.8%	42.3%	1.1%	27.1%

□ elastic & cordon Sales

In EGP 000s, unless otherwise stated	2022	Q2-2023	Q2-2022	H1-2023	H1-2022
Revenue	55,940	18,017	12,258	36,057	26,176
y-o-y growth	25%	47.0%	-0.5%	38%	17%
Volume Sold (tons/year)	412	99	94	204	209
Intercompany **	51,446	15,495	11,450	31,564	24,284
% of Revenue	92%	86%	93%	88%	93%
Net Revenue	4,493	2,523	808	4,494	1,892
y-o-y growth	-45%	212%	-44%	138%	-57%

Other local sales comprise of :

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

* Subsidiary company sales by sales invoices.

** Internal operation without sales invoices, but it is evaluated to know the value of the total revenue of elastic and cordon.

Outlook

DICE remains optimistic about its future growth. The Board of Directors of Dice Ready-to-Wear has agreed to rent a factory of about 45,000 square meters from Misr Helwan Spinning and Weaving Company, In a statement to the Egypt Stock Exchange, the company stated that the company won the lease contract for a period of 9 years, with a monthly rental value of 774.5 thousand pounds, after approving the financial and technical offer submitted by Dice, it indicated that the factory is expected to gradually increase Dice's production capacity by approximately 30% of the current capacity, and to allocate that increase for export, It is expected that the production of this factory will begin after re-equipping for production in March 2024, with local production of Dice brand first and then after that for export products.

It pointed out that this is in line with the state's policy of encouraging the private sector to export, provide foreign currency, and contribute to reducing the unemployment rate by providing new job opportunities.

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, and 346 retail stores distributed across 20 governorates. Learn more about DICE by visiting www.dice.eg

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Consolidated Income Sheet Statement

In EGP mn unless otherwise stated	2022	Q2-2023	Q2-2022	H1-2023	H1-2022
Revenue	2,133.3	759.0	519.9	1,448.3	903.7
y-o-y growth, %	33.6%	46.0%	41.0%	60.3%	35.6%
Cost of Sales	(1,581.2)	(511.6)	(400.7)	(978.9)	(712.7)
Gross Profit (1)	552.1	247.4	119.2	469.4	191.0
Gross Profit Margin, %	25.9%	32.6%	22.9%	32.4%	21.1%
S&D Expenses	(93.6)	(16.8)	(29.9)	(35.0)	(44.5)
% of Revenue	4.4%	2.2%	5.8%	2.4%	4.9%
G&A Expenses	(160.7)	(45.2)	(36.7)	(87.3)	(72.6)
% of Revenue	7.5%	6.0%	7.1%	6.0%	8.0%
Export Rebate	58.4	-	26.2	-	26.2
% of Export Revenue	4.4%	-	7.8%	-	4.7%
EBITDA	356.17	185.36	78.80	347.10	100.12
EBITDA Margin, %	16.7%	24.4%	15.2%	24.0%	11.1%
Depreciation & Amortization of the right of use leased assets	(58.8)	(15.8)	(13.9)	(31.7)	(26.2)
EBIT	297.4	169.5	64.9	315.4	73.9
EBIT Margin, %	13.9%	22.3%	12.5%	21.8%	8.2%
Net Interest Expense	(87.0)	(38.0)	(22.3)	(69.0)	(39.0)
Leasing interest Expenses (right of use)	(5.7)	(1.7)	(0.9)	(3.5)	(1.9)
FX Gain / Loss	(33.4)	(1.5)	(9.4)	(99.0)	(4.8)
Other Income / Expense	(9.7)	(0.3)	0.6	1.4	1.1
EBT	161.6	128.1	32.9	145.2	29.2
EBT Margin, %	7.6%	16.9%	6.3%	10.0%	3.2%
Taxes	(40.8)	(23.1)	(1.0)	(24.1)	(3.8)
Tax Rate, %	25.3%	18.0%	3.2%	16.6%	13.0%
Net Profit	120.8	104.9	31.9	121.2	25.4
Net Profit Margin, %	5.7%	13.8%	6.1%	8.4%	2.8%

Note(1): Gross profit excludes depreciation

Consolidated Balance Sheet Statement

In EGP '000, unless otherwise stated	H1-2023	2022	2021
Net Fixed Assets	510.0	490.1	489.3
right of use -Lease (net)	53.8	56.4	37.8
Other Non Current Assets	14.0	21.8	10.9
Total Non Current Assets	577.8	568.3	537.9
Cash & Cash Equivalents	51.8	108.3	110.9
Inventory	926.1	836.0	644.3
Accounts Receivable	646.8	526.1	312.0
Mutual funds	2.0	30.0	-
Debtors and Other Debit Balances	186.8	193.1	214.1
Total Current Assets	1,813	1,694	1,281.3
Total Assets	2,391.3	2,261.8	1,819.2
Overdraft	1,035.8	967.7	728.2
CPLTD	86.5	89.2	68.5
Accounts Payable	236.6	245.5	184.1
Provisions	42.3	41.4	49.3
Due to Related Parties	0.1	0.2	3.0
Right of use Liabilities - current	19.8	17.9	9.3
leasing Liabilities - current	3.8	6.9	10.6
Creditors and Other Credit Balances	142.0	142.5	158.3
Total Current Liabilities	1,567	1,511	1,211
Long term Debt	97.0	107.6	126.5
Right of use Liabilities - non current	40.1	43	30.2
leasing Liabilities - non current	-	3.4	12.1
Deferred Tax Liability	37.9	36.6	38.2
Total Non Current Liabilities	175.0	190.6	207.0
Total Liabilities	1,741.9	1,702.1	1,418.4
Paid in Capital	357	357	106
treasury shares	(32)	-	-
Reserves	30.9	23.0	21.9
Retained Earnings	153.9	40.4	207.9
Net Profit / (loss)	120.9	121.4	31.8
Minority Interest	17.8	17.6	33.1
Total Shareholder's Equity	649.4	559.7	400.8
Total Liabilities and Shareholder's Equity	2,391.3	2,261.8	1,819.2

Consolidated Cash flow Statement

In EGP '000, unless otherwise stated	H1-2023	H1-2022
EBT	145.2	(18.0)
ADD:		
Fixed assets depreciation	20.40	19.6
Right of use depreciation	11.33	6.0
provisions	1.54	-
Interest - lease Right of use	3.54	1.9
Impairment provisions	0.74	-
Reversal of provisions	0.80	-
Interest Income	(0.1)	(0.3)
Financing expense	69.15	39.3
Capital gain/(loss)	(0.0)	(0.1)
foreign exchange differences related to liabilities	-	(10.7)
Operating profit before working capital changes	251.75	37.69
(Increase)/Decrease in inventories	(90.1)	(139.1)
(Increase)/Decrease accounts and notes receivable	(121.5)	(134.9)
(Increase)/Decrease in debtors and other debit balances	6.3	(58.2)
Increase/(Decrease) in accounts and notes payable	(8.8)	178.0
Increase/(Decrease) in creditors and other credit balances	19.0	24.7
Increase/(Decrease) in due to related parties	(0.1)	(1.6)
Used provisions	(0.7)	(0.5)
Paid taxes	(43.9)	(12.7)
Paid interest	(67.6)	(38.4)
Cash flow from operations	(55.6)	(145.1)
Interest Income	0.1	0.3
Payments for the purchase of investments	28.0	(2.5)
Payments for the purchase of fixed assets	(28.3)	(4.9)
Gain on sale of fixed assets	0.1	0.1
(Increase)/Decrease in PUC	(4.2)	(1.8)
Cash flow from Investing Activities	(4.3)	(8.9)
Change in debt and credit facilities	54.48	99.1
Payments for finance leasing	(6.6)	(0.7)
Payments leasing of property & plant	(13.3)	(6.9)
purchasing treasury shares	(31.5)	
Paid Dividends	-	(14.0)
Cash flow from Financing Activities	3.1	77.4
Net change in cash	(56.8)	(76.6)
Beginning cash balance	105.4	110.9
Ending cash balance	48.6	34.3