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DICE Sport and Casual Wear S.A.E. announces its intention for public offering of ordinary shares on the Egyptian Exchange

Cairo, 22nd of October 2017

DICE Sport and Casual Wear S.A.E. (“**DICE**” or the “**Company**”) announced today the offering of up to 33,046,420 existing ordinary shares representing 62.35% of the Company’s outstanding share capital listed on the Egyptian Exchange (“**EGX**”) currently owned by National Textile S.A.E. (Grand View) and other minority investors¹ (the “**Selling Shareholders**”).

The offering will include (i) an institutional offering to institutional investors, (ii) an Egyptian Retail Offering to retail investors in Egypt (collectively the “**Combined Offering**”). Details of the Combined Offering are outlined in the Offering Highlights section, below.

DICE’s shares have been listed on the EGX under the symbol DSCW.CA. DICE has submitted the Public Subscription Notice (“**PSN**”) to the EGX on 22 October 2017 and is awaiting approval for the shares to be admitted for trading on the EGX.

Commenting on the offering, DICE’s Chief Executive Officer Mr. Nagy Toma said: “In light of the recent macroeconomic developments, Dice has succeeded in leveraging its position as a key beneficiary of the devaluation of the Egyptian pound and government support for local manufacturers to increase their global competitiveness. We continue to expand further through a combination of organic and inorganic growth across the value chain. We are very confident in our ability to continue this growth trajectory and we look forward to cement our position in the apparel and ready-made garment export and local market.”

DICE is one of the leading integrated export oriented apparel and ready-made garments manufacturer, serving global brands, with 73.2% of 1H-17 revenues denominated in USD. DICE also owns a prominent apparel retail brand in Egypt, contributing 10.5% to DICE’s overall 1H-17 revenues. Founded in 1989, DICE Sport and Casual Wear evolved into a vertically integrated apparel manufacturing platform via an organic and inorganic growth strategy. The Company has 9 majority-owned subsidiaries, Alexandria Clothing Company (“**ACC**”), Alexandria Factory for Readymade Garments (“**ACF**”), Sweater Readymade Garments (“**ASC**”), United Dyers Company (“**UDI**”), Master Line for Textile Industries (“**ML**”), Egyptian Tricot & Readymade Garments (“**ETC**”), Textile Print Plus Company (“**TPP**”), Art Line for Trading and Agencies (“**AL**”), and the Egyptian Company for Manufacturing and Trading of Apparel. Currently, the Company operates manufacturing facilities in 5 different governorates (Cairo, Alexandria, Menoufia, Beheira and Sharqia) specializing in knitting, sewing, dyeing, and printing. This comprehensive value chain enables DICE to compete effectively in export and local markets.

As of June 30, 2017, DICE had 12 facilities with a combined knitting capacity of 11,308 tons, dyeing capacity of 18,800 tons, and a sewing capacity of 26.9mn pieces.

¹ Other minority investors include a related party to the Toma Family with a stake of 1.6%



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DICE's export segment represents the cornerstone of the Company's operational model. In 2016, the Company exported 16mn pieces worth more than USD 50mn to clients across Europe. This extensive production operation is carried out at DICE export manufacturing facilities and ACC's facilities in Alexandria. Through this segment, DICE provides sportswear, casual wear, and maternity wear garments, with a greater focus on the high growth and better margins sportswear business line, a trend that has been reflected in the Company's revenues. Sportswear alone has contributed 78.7% and 92.7% to FY2016 and 1H-17 revenues, respectively. As to its product offering, DICE offers a diverse range of products in order to accommodate varying product demand.

In 2011, DICE entered the Egyptian retail segment through establishing its own brand "DICE", leveraging its strong manufacturing capabilities and know-how. The brand's value proposition is offering affordable, durable, and fashionable products of superior quality. DICE retail has expanded considerably over the past few years, with 136 stores, franchised and rented, distributed across 22 governorates by end of 1H-17. The Company's sales channels include wholesale, hypermarkets, and export markets. The Company has introduced different products over the years in an attempt to diversify the product offering. Currently, DICE retail's product offering includes underwear, home wear, and loungewear.

DICE introduced its Dyeing services in 2015 after acquiring UDI, ML, and ACC². This segment contributed 25.3% to DICE's revenues in 1H-17, of which only 45.7% were due to intercompany transactions.

DICE's revenue for the six months ending June 30, 2017 stood at EGP512.7 million (growing by 56.7% vs 1H-16). DICE's EBITDA and Net Profit for the six months ending June 30, 2017 were EGP140.0 million and EGP95.2 million, respectively, implying an EBITDA margin and Net Profit Margin of 27.3% and 18.6%, respectively.

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² ACC is a fully integrated knitted garments manufacturer (with knitting, dyeing and sewing services) serving the whole value chain.



Key Investment Highlights

- ***Healthy Export Business Yielding an Attractive US\$ Cashflow Stream***

Over the period of 2014-2016, DICE's export revenues have grown by 9.8%, thereby yielding enough US\$ cash flow to drive operational growth. Moreover, DICE has succeeded in maintaining a strong relationship with its existing clients in addition to attracting new ones.

- ***Key Beneficiary of Egypt's Low Cost Environment***

Egypt's strategic location and macroeconomic conditions are key drivers of DICE's growth. Close proximity to major markets offers the Company competitive shipments lead time, relatively lower transportation costs, and enables it to timely respond to trend seasonality.

Preferential trade agreements such as the EU-Egypt Association Agreement and the Pan-Arab Free Trade Agreement provide DICE with opportunities to serve clients in competitive export markets.

After the recent devaluation of the Egyptian pound, Egypt has become a more coveted manufacturing destination due to its relatively cheap cost base, sizeable labor force, and competitive pricing as a result. On the legislative side, several protective measures have been enacted to limit imports such as increased tariffs and governmental subsidies in an attempt to stimulate local manufacturing. Moreover, the government has a longstanding export subsidy program worth an estimated 4.0 billion in 2016/2017E.

- ***A Solid and Growing Retail Arm in the Egyptian Market***

Since its inception, DICE Retail has constantly expanded to further penetrate the underserved Egyptian underwear market. During the past few years, the Company has primarily focused on diversifying its store location to cover most of the Egyptian governorates to de-risk any potential sales drop in a certain area. This expansion strategy has led to an increase in DICE Retail contribution to DICE total sales, currently standing at 10.5%. By offering its products via different sales channels, DICE is able to increase its geographic reach and improve brand awareness.

- ***Successful Acquisition Track Record Further Strengthening the Value Proposition, Product Mix, and Margin Profile***

In 2015 and 2016, DICE significantly expanded its manufacturing platform, completing 4 acquisitions. The Company acquired Alexandria Company a fully integrated knitted garments manufacturer, Master Line and United Dyers Inc., both leading dyeing houses and Raafat ETC, a sewing focused company. These acquisitions have cemented DICE's positioning to become one of the leading fully integrated knitted garment manufacturers in Egypt. Additionally, the Company is finalizing all of the legal documentation to acquire Nadine Print, a printing manufacturing facility.

- ***A Vertically Integrated Business Model with Full Control Over All Aspects of the Value Chain***

DICE possess a vertically integrated business model putting it in control of all aspects of the value creation chain. By adopting this model, DICE is able to improve its production lead time and flexibility, lower its costs, and avoid any interruptions.

- ***Tenured Owner-Led Management Team***

DICE boasts a combination of experienced senior managers that have been with the company since its inception and new managers with expertise in the textiles market and experience in multinational companies. The Company's senior management team has an average of 29 years in the industry and an average of 15 years with the Company. The depth and breadth of its senior management team's experience has enabled the Company to respond effectively to changes in the market by continuing to develop its product portfolio and increase its market share.



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▪ ***Robust Top and Bottom Line Growth Coupled with Strong and Improving Margins***

DICE's strong financial performance is supported by the acquisition spree undertaken by Company since 2015, the flotation of the Egyptian Pound which enhanced the competitiveness of the export segment and the continuous growth of the local retail segment. This has, in turn helped the Company in boosting its revenue and enhance its margins with revenues reaching EGP512.7mn, as at June 30, 2017 (representing 56.7% y-o-y growth from June 30, 2016) and EBITDA and Net Profit margins for the same period reaching 27.3% and 18.6%, respectively.

Strategy

The main goals of DICE's growth strategy are to: (i) focus on existing and new clients to increase repeat and new export orders; (ii) expand DICE retail stores in addition to offer a more diversified product mix; (iii) continue to expand the complementary, high-margin dyeing and printing segments; (iv) finalize the expansion phase in the recently secured land plot in Alexandria; and (v) continue exploring the potential of value-accretive acquisitions to continue fueling top-line growth and complement the product offering

DICE intends to pursue these goals through the following:

▪ ***Export Segment***

- Maintain the existing relationship with key export clients to improve new and repeat orders while focusing on strong margin product
- Expand current client base – targeting clients with a large volume and high frequency repeat order nature

▪ ***Retail Segment***

- 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 migrate towards higher price point SKUs
- Expand the women's underwear segment within the DICE retail
- Explore exporting DICE retail brands to neighboring countries

▪ ***Dyeing and Printing Segments***

- Focus on further growing the high margin dyeing segment
- Implement the turnaround strategy set in place for Nadine Print – a recently acquired company in the printing segment

▪ ***Organic Growth***

- Continue the construction of the two hangars in the recently secured 5,000sqm land plot in Alexandria to accommodate the expected volume growth in the export and retail segments

▪ ***Inorganic Growth***

- Continue to explore value accretive opportunities in textile segments with a focus on the higher margin production areas of the value chain



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Financial Highlights³

EGP in millions	2016	1H-2017
Revenue	721.7	512.7
14-16 CAGR	42.7%	
EBITDA	150.1	140.0
EBITDA Margin, %	20.8%	27.3%
Net Profit	(137.6)⁴	95.2
Net Profit Margin, %	(19.1%) ⁴	18.6%

Offering Highlights

Pursuant to approvals received from the EGX, shares will be offered to institutions (the “**Institutional Offering**”) with a further offering of shares in a domestic offering in Egypt (the “**Egyptian Retail Offering**”).

The Combined Offering will consist of 33,046,420 ordinary shares, with up to 28,089,457 shares for the Institutional Offering and a further 4,956,963 shares in the Egyptian Retail Offering.

The Selling Shareholders are National Textile S.A.E, which holds 56.0% of DICE’s share capital of DICE, and other minority investors⁵ which holds 6.4% of DICE’s share capital.

EFG Hermes Promoting & Underwriting is sole global coordinator and bookrunner for the Combined Offering. Matouk Bassiouny is serving as local counsel to the issuer of the Combined Offering.

—Ends—

³ Figures derived from Egyptian Accounting Standards audited financial statements. The financial highlights are qualified in their entirety by DICE’s audited financial statements, including the Notes thereto.

⁴ Include FX losses amounting to EGP212mn due to US\$ working capital overdrafts while the company’s financials are issued in EGP.

⁵ Other minority investors include a related party to the Toma Family with a stake of 1.6%



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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 12 manufacturing facilities, and 136 retail stores distributed across 22 governorates. Learn more about DICE by visiting www.dicefactory.net

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This communication contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as “according to estimates”, “anticipates”, “assumes”, “believes”, “could”, “estimates”, “expects”, “intends”, “is of the opinion”, “may”, “plans”, “potential”, “predicts”, “projects”, “should”, “to the knowledge of”, “will”, “would” or, in each case their negatives or other similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding our business and management, our future growth or profitability and general economic and regulatory conditions and other matters affecting us.

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