RAYA CONTACT CENTER REPORTS 1H2018 RESULTS

REVENUES
EGP 433.8 MN
▲ 20.2% y-o-y

GROSS PROFIT
EGP 167.3 MN
▲ 1% y-o-y

EBITDA
EGP 103.3 MN
▼ 6.3% y-o-y

NET PROFIT
EGP 90.3 MN
▲ 10.8% y-o-y

Cairo, Egypt, on August 15th, 2018 | Raya Contact Center ("RCC" or "the Company") (RACC.CA on EGX | RACC.EY on Bloomberg), Egypt's largest provider of comprehensive business process outsourcing (BPO) services, announced its consolidated results for the period ending June 30th, 2018, reporting revenue of EGP 433 million, up 20.2% y-o-y. The largest contributor to revenue was the outsourcing segment (71%), followed by hosting services (15%) and insourcing services (14%). Net profit for the period grew by 11% to reach EGP 90 million in 1H18, compared to 1H17 recorded profits of EGP 81 million, with a net profit margin of 20.9%.

Summary Income Statement

EGP	1H2018	1H2017	% Change	2Q2018	2Q2017	% Change
Revenue	**433,839,776**	**360,801,481**	***20.20%***	**220,536,281**	**186,693,753**	***18.10%***
Outsourcing	*310,523,129*	*273,476,061*	*13.50%*	*155,956,784*	*138,428,704*	*12.70%*
Insourcing	*60,130,566*	*39,394,489*	*52.60%*	*31,090,183*	*24,237,268*	*28.30%*
Hosting	*63,186,080*	*47,930,931*	*31.80%*	*33,489,314*	*24,027,781*	*39.40%*
Gross Profit	**167,293,008**	**165,629,310**	***1.00%***	**81,599,947**	**87,810,328**	***(7.10%)***
Gross Profit Margin	*38.60%*	*46.00%*	*(7.4 pts)*	*37.10%*	*47.10%*	*(10 pts)*
EBITDA	**103,315,402**	**110,214,462**	***(6.30%)***	**47,289,562**	**54,522,855**	***(13.30%)***
EBITDA Margin	*23.90%*	*30.60%*	*(6.7 pts)*	*21.50%*	*29.30%*	*(7.8 pts)*
Net Profit	**90,281,638**	**81,472,989**	***10.80%***	**42,509,053**	**41,270,665**	***3.00%***
Net Profit Margin	*20.90%*	*22.60%*	*(1.7 pts)*	*19.30%*	*22.20%*	*(2.9 pts)*

Note from the CEO

We are pleased to announce our financial and operational performance for the six months ending June 30, 2018. We closed 1H18 having delivered 20.3% increase in revenue y-o-y to EGP436 million, while on a quarterly basis revenue grew by 4.4% q-o-q driven by continued growth in our international operations, which comes in-line with our strategic directives to bolster our foreign currency proceeds and capitalize on our growing international footprint. Top-line growth was dual-pronged as we continue to push through with the organic expansion of our business and leverage upon our price-competitiveness as a uniquely positioned service exporter.

We continue to add new blood into our clientele base, with 12 new clients added so far during 1H18, and seven of which are offshore contracts with foreign currency revenue streams; this is regarded as a corporate record in terms of number of client additions during a six-month period; backed by continuous enhancements in our business development efforts. Nonetheless, and on the back of inflationary pressures witnessed in our Egyptian operations, we tried re-negotiating pricing terms with some of our local clients whose profitability margins have significantly declined, and upon inability to reach amicable re-pricing; we were inclined to terminate these accounts.

As previously guided-for, we managed to add an additional 992 seats during the six months ending June 30th, 2018, those additional capacities were in two new facilities namely Palm Strip, which is a leased facility located in West Cairo, and our Downtown Cairo facility's newly leased floors; along with some added capacities in our HQ in 6th of October City. We still foresee further additions into our operational capacities prior to year-end, to sufficiently service the upcoming business in the pipeline. Added capacities year-to-date marks another record growth milestone since the Company's inception, and a planned utilization for our EGP100 mn post-IPO rights-issue proceeds. Those added capacities are expected to start revenue-generation during the second half of 2018.

Foreign-currency sources in our revenue composition constituted around 75% of our top-line in 1H18 generated from offshore accounts, with a robust double-digit growth in the offshore revenue of 15% year-over-year in constant-currency terms. We will continue to strategically focus on enhancing our foreign markets contribution to overall top-line, with our operations in Dubai and Poland together contributing 27% to our top-line in 1H18 up from only 21% in 1H17.

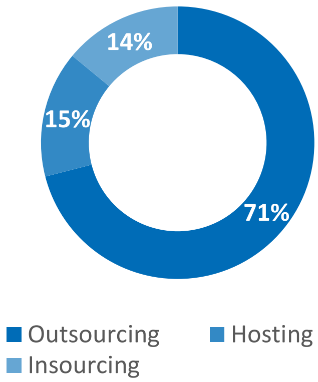
On the other hand, our international presence contributed positively to our effective tax rate (ETR), bringing it to 16.6% during 1H18, down from 21% during 1H17. Such efficiencies were successful to curb the decline witnessed on 1H18 EBITDA margin y-o-y resulting from the uncontrollable inflationary pressures post EGP flotation, and the margin dilution on the back of international expansions. We closed 1H18 with a net profit of EGP90 million, yielding a satisfactory 20.9% net profit margin and EPS of EGP 0.75 per share (net-of-appropriations). Our cash balance remains healthy, recording EGP240 million by end of 1H18, which is partially earmarked for funding our upcoming growth initiatives. Cash flows from operations remains resilient, recording EGP 45 million during 1H18.

We continue to invest in our staff, with our total headcount now exceeding seven thousand employees. Our employee average monthly attrition levels have improved significantly to reach c.4% per month during 1H18, down from 5%, 6% & 6.6% in FY17, FY16 & FY15 respectively. Improvement in attrition levels came on the back of our continuous exerted efforts on working environment enhancements, providing hands-on training, development and career progression, and emerging to be an employer of choice in the regional BPO front.

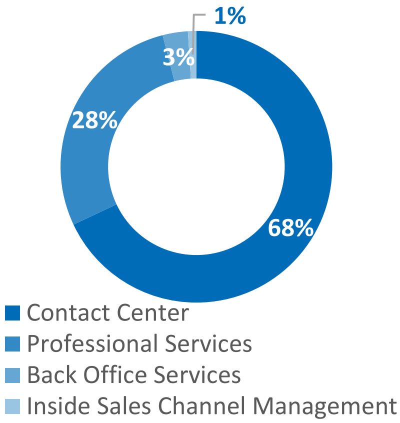
I would like to leave our shareholders and investors with a message of comfort that we remain in line with our growth targets, and aligned to our strategy of targeting continuous market penetration and development. With our prime focus directed towards enhancing our service portfolio to maximize our key-value-propositions to our clients and shareholders, while growing to be the leading provider of business process outsourcing services in the MEA region.

Reem Asaad
Chief Executive Officer

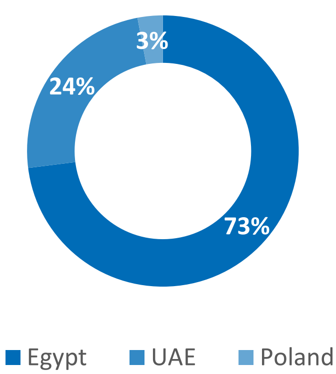
Revenue by Segment
(1H18)



Revenue by Service
(1H18)



Revenue by Geography
(1H18)



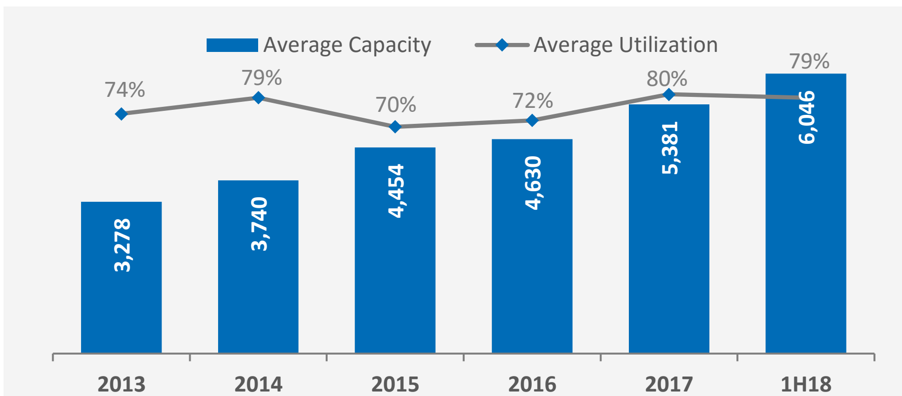
Operational Review

During the six months ended 30 June 2018, RCC added 992 new workstations across its centers, bringing its total capacity to 6,707 compared to 5,715 as at year-end 2017, up 28% y-o-y and 14% q-o-q. RCC's total CAPEX as a percentage of sales recorded 4% in 1H18 versus 6% in the same period last year.

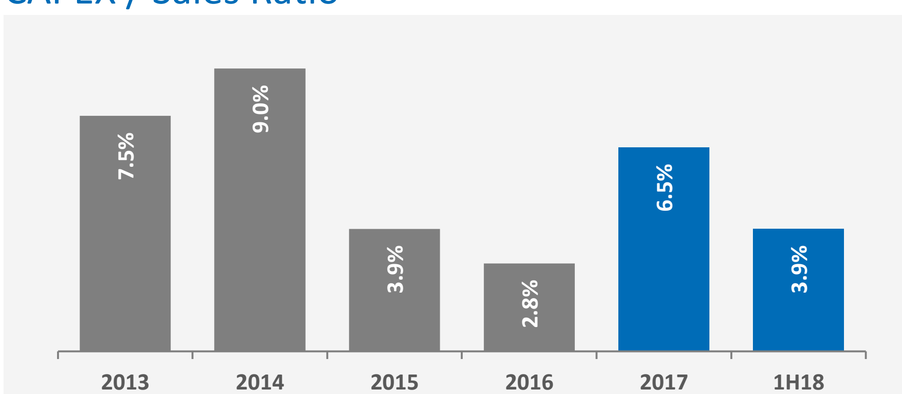
Over 76% of RCC's revenue for the year were generated from clients who have been in contract with the company for over five years, while client retention rate was at a healthy c.88%, slightly down from 90% by end of FY17, driven by managed attrition of non-profitable local currency accounts.

RCC prides itself on the quality, reliability and security of its service, a key competitive strength that is a function of its continued investment in human resources development and quality assurance programs. In 1H18, RCC extended over 165k hours of operational training to its advisors across its onboarding, ongoing and client-specific programs. In parallel, the company successfully renewed and maintained its operational quality accreditation certificates, including upgrading its COPC accreditation for performance management to the higher-tier version 6, the ITIL information technology framework, and the PCI-DSS e-payment security accreditation. Moreover, RCC follows best practices as (ISMS) Information Security Management system, which is mapped by NIST and SANS institute.

Workstation Evolution & Utilization[1]

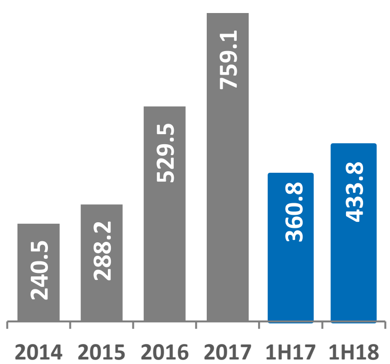


CAPEX / Sales Ratio

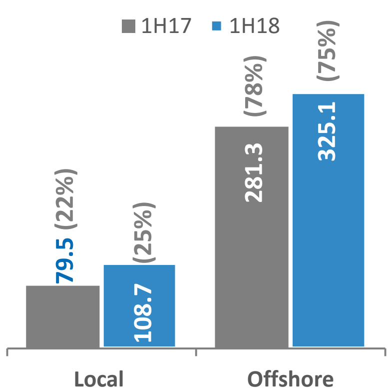


[1] Utilization is calculated as the average productive workstations' utilization by the average total workstations.

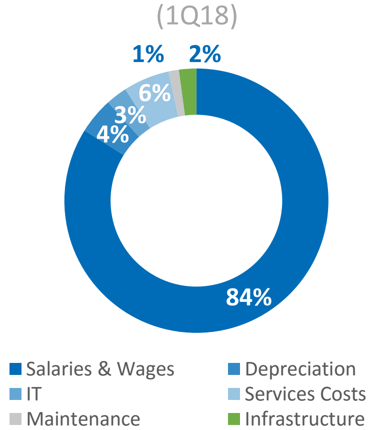
Revenue Progression
(EGP mn)



Revenue Progression by Location
(EGP mn)



COGS Breakdown
(1Q18)



Financial Review

Consolidated revenues in 1H18 recorded EGP 434 million, up 20% y-o-y driven by both organic growth — securing new clients and increasing services to existing clients — as well as the Company's increasing footprint in the region to satisfy growing demand for its high-quality BPO service offerings.

Analyzing 1H18 revenue by ***currency***, *offshore* revenue (USD pegged) recorded EGP 325 million, representing 75% from total revenue for 1H18, posting an increase in absolute value of 15.6% y-o-y. *Onshore* (*local*) revenue accounted for the balance. When it comes to 1H18 revenue by ***service segment***, RCC's core function, *contact center outsourcing* revenue recorded EGP 311 million, representing 71% of total revenue, and posting 14% y-o-y growth. *Insourcing* (*HR outsourcing*) recorded EGP 60 million, representing 14% of total revenue, and posting 53% growth y-o-y. *Hosting segment* recorded EGP 63 million, representing 15% of revenue, and growing 32% y-o-y.

Analyzing 1H18 revenue by ***geographical location***, **Egypt** operated facilities generated revenue for EGP 317 million, representing 73% from total revenue, and posting 12% annual increase. **UAE** operated facility generated EGP 105 million revenue, representing 24% from total revenue, and posting a remarkable 70% annual increase. **Poland** facility generated revenue for EGP 12 million, posting 24% annual decline, and representing 3% from total revenue.

Overall, 1H18 witnessed contraction in profitability margins y-o-y, driven by inflationary consequences following the EGP flotation as previously explained, including rental cost hikes (especially for those quoted in FCY), pricing concessions, regional expansions, and salary adjustments.

At the ***costs of goods sold*** (COGS) level, RCC recorded EGP 269 million in 1H18, up 37% y-o-y, which is a slightly higher rate than revenue growth and comes on the back of the inflationary pressures on the company's cost base. Constituting the largest share of COGS at 84%, employees' salaries and wages recorded EGP 225 million in 1H18, up 40% compared to 1H17.

Management team's efforts to curb the effect of cost inflation saw it deliver a ***gross profit*** of EGP 167 million in 1H18, up 1% y-o-y; and yielding a GP margin of 38.6%. GP margin witnessed a 7.4 percentage-point y-o-y contraction affected by inflation.

Meanwhile, ***selling, general and administrative*** (SG&A) expenses recorded 9.7% y-o-y increase to record EGP 40.9 million in 1H18. However, as a percentage of sales, SG&A stood at 9.4% during 1H18 with 1% enhancement y-o-y, down from 10.4% during 1H17, driven by cost reduction efficiencies and economies-of-scale.

EBITDA for 1H18 recorded EGP 103 million, down 6.3% y-o-y on the back of the inflationary pressures affecting direct cost items. EBITDA margin recorded a 6.7 percentage-point decline y-o-y to record 23.9%.

RCC's international diversification contributed positively to its **Effective Tax Rate (ETR)**, bringing it to 16.6% in 1H18, down from 21% in 1H17, which was successful to curb the decline witnessed on 1H18 EBITDA margin y-o-y resulting from the uncontrollable inflationary pressures. ***Net profit*** for the period recorded EGP90.3 million in 1H18, up 11% compared to the EGP81.4 million posted in the same period last year.

As at the period ending June 30th 2018, the company's financial position remained liquid with a healthy ***cash balance*** of EGP 240 million or c.41% of total assets. ***Cash Flows from Operations*** remains resilient, recording EGP45 million during 1H18.

About Raya Contact Center

Raya Contact Center (RCC) is a world-class business process outsourcing (BPO) and contact center outsourcing (CCO) service provider offering contact center, professional, back office and inside sales channel management services to global clients, including Fortune 1000 companies in the Middle East, Europe, Africa, & North America in over 25 different languages. ***As at end of 1H2018***, Raya Contact Center operated nine top-of-the-line facilities, spanning seven facilities in various locations around Egypt, one facility in Dubai, UAE, and one in Warsaw, Poland, with over 6,707 seat capacity and 7,020 employee. RCC serves a diversified clientele base of over 103 clients operating in the EMEA region, focusing on high growth industries, namely telecom & media, technology & consumer electronics, travel & hospitality, banking, automotive, and retail industries.

Raya Contact Center is the number one BPO provider in Egypt boasting the largest market share by total FTEs (Full Time Equivalent), and aspires to be the leading BPO provider in the MENA region. Raya Contact Center is the only listed BPO player on the Egyptian Stock Exchange, and is currently trading under the symbol “RACC.CA”.

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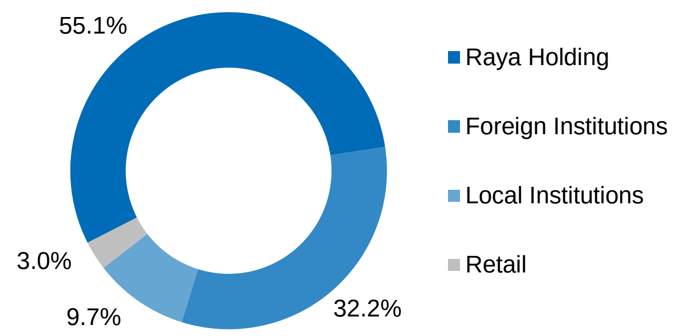
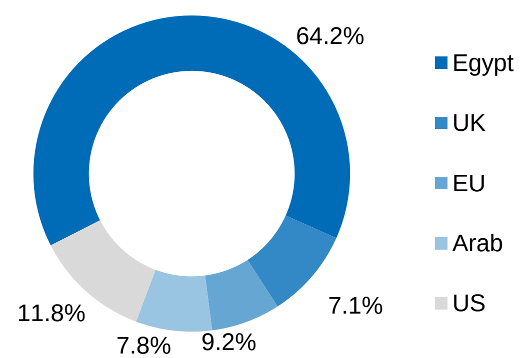
RACC.CA on the EGX	
Number of Shares	106,060,606
Share Price (14 Aug ’18)	EGP 11.01
Market Cap (14 Aug ’18)	EGP 1,167,727,272

Shareholding Structure
(as at 30 June, 2018)



Shareholders by Geography
(as at 30 June, 2018)



Forward-Looking Statements

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.

Forward-looking statements reflect our management’s (“Management”) current views of future events, are based on Management’s assumptions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these for0ward-looking statements. The occurrence or non-occurrence of an assumption could cause our actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements. Our business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to become inaccurate. These risks include fluctuations in the prices of raw materials or employee costs required by our operations, its ability to retain the services of certain key employees, its ability to compete successfully, changes in political, social, legal or economic conditions in Egypt, worldwide economic trends, the impact of war and terrorist activity, inflation, interest rate and exchange rate fluctuations and Management’s ability to timely and accurately identify future risks to our business and manage the risks mentioned above.

Consolidated Income Statement

EGP	1H2018	1H2017	*Change*	2Q2018	2Q2017	*Change*
Sales	**435,909,771**	**362,307,544**	***20.3%***	**222,606,276**	**188,199,816**	***18.3%***
COGS	(268,616,763)	(196,678,234)	*36.6%*	(141,006,329)	(100,389,488)	*40.5%*
Gross Profit	**167,293,008**	**165,629,310**	***1.0%***	**81,599,947**	**87,810,328**	***(7.1%)***
General & Administrative Exp.	(38,107,040)	(34,742,025)	*9.7%*	(19,025,336)	(17,986,961)	*5.8%*
Selling & Marketing Exp.	(2,755,357)	(2,516,778)	*9.5%*	(1,316,372)	(790,974)	*66.4%*
Rent	(36,221,004)	(29,543,574)	*22.6%*	(19,805,478)	(19,237,045)	*3.0%*
Provisions / No Longer Required	(16,400)	0		(19,200)	0	
Impairments	(912,349)	(650,949)	*40.2%*	(810,611)	(530,263)	*52.9%*
Impairments Reversal	2,108,298	2,708,531	*(22.2%)*	632,343	200,292	*215.7%*
Operating Profit	**91,389,156**	**100,884,515**	***(9.4%)***	**41,255,293**	**49,465,377**	***(16.6%)***
Interest Income (Expense)	17,575,735	1,871,416		8,214,193	2,592,093	
Gain on Sale of Fixed Assets	0	0		0	0	
FX Gain (Loss)	(698,519)	350,849		(644,215)	(445,495)	
EBT	**108,266,372**	**103,106,780**	***5.0%***	**48,825,271**	**51,611,975**	***(5.4%)***
Tax	(17,984,734)	(21,633,791)	*(16.9%)*	(6,316,218)	(10,341,310)	*(38.9%)*
Net Income	**90,281,638**	**81,472,989**	***10.8%***	**42,509,053**	**41,270,665**	***3.0%***
Distributed as follows:						
Shareholders of the Parent Co.	89,509,383	80,908,193	*10.6%*	42,129,668	40,978,726	*2.8%*
Minority Interest	772,255	564,796	*36.7%*	379,385	291,939	*30.0%*
Earnings Per Share	**0.75**	**0.69**	***8.7%***	**0.36**	**0.34**	***5.9%***

Consolidated Balance Sheet

	30-Jun-18	31-Dec-17
Assets		
Long Term Assets		
Fixed Assets	62,314,873	57,538,373
Intangible Assets	127,337	160,446
Deferred Tax Asset	2,343,990	1,696,128
Goodwill	26,582,777	26,582,777
Total Long term Assets	**91,368,977**	**85,977,724**
Current Assets		
Accounts Receivables	182,347,302	167,988,981
Advance Payment & Other Debit Balances	67,331,873	34,300,958
Due from Related Parties	6,162	6,162
Cash & Cash Equivalents	239,922,795	243,841,269
Total Current Assets	**489,608,132**	**446,137,370**
Total Assets	**580,977,109**	**532,115,094**
Equity		
Issued and Paid Capital	53,030,303	53,030,303
Additional Paid in Capital	75,306,925	75,306,925
Legal Reserve	31,060,282	31,060,282
Merger Reserves	(2,834,374)	(2,834,374)
FX Translation Reserve	10,647,688	10,031,639
Retained Earnings	100,534,016	29,596,331
Net Income Attributable to Majority Owners	89,509,383	157,312,669
Total Parent's Shareholders' Equity	**357,254,223**	**353,503,775**
Minority Interest	1,147,873	1,532,869
Total Equity	**358,402,096**	**355,036,644**
Liabilities		
Long Term Liabilities		
Deferred Tax Liability	1,653,557	2,923,846
Other long term Liabilities	5,508,959	3,697,237
Total long term Liabilities	**7,162,516**	**6,621,083**
Current Liabilities		
Bank Overdraft	39,867,928	8,070,284
Accounts Payable	62,547,635	52,070,098
Other Credit balance	78,981,391	67,016,330
Provisions	1,925,377	1,908,977
Due to Related Parties	4,803,513	6,890,228
Taxes Payable	13,671,100	32,459,513
Dividends Payable	13,615,553	2,041,937
Total Current Liabilities	**215,412,497**	**170,457,367**
Total Liabilities	**222,575,013**	**177,078,450**
Total Liabilities & Equity	**580,977,109**	**532,115,094**