RAYA CONTACT CENTER REPORTS 9M 2020 RESULTS

REVENUES
EGP 565.7 MN
▼ (9.2%) y-o-y

GROSS PROFIT
EGP 180.2 MN
▼ (24.5%) y-o-y

EBITDA
EGP 56.5 MN
▼ (53.6%) y-o-y

NET PROFIT
EGP 28.6 MN
▼ (69.2%) y-o-y

Raya Contact Center (RACC.CA on EGX), Egypt's largest provider of comprehensive business process outsourcing (BPO) services, announced its consolidated 9M 2020 results, reporting revenue of EGP 565.7 million. The largest contributor to revenue was the outsourcing segment (58%), followed by hosting services (19%) and insourcing services (23%). Gross profit margin for the period recorded 37.1% down from 42.4% in 9M 2019 while net profit recorded EGP 28.6 million, reflecting a net profit margin of 5.0% compared to EGP 92.9 million, and 14.9% in 9M 2019, respectively.

Summary Income Statement

EGP	9M 2020	9M 2019	% Change
Revenue	**565,693,659**	**623,557,816**	***(9.30%)***
Outsourcing	*326,784,987*	*385,042,220*	*(15.10%)*
Insourcing	*129,916,758*	*110,100,628*	*18.00%*
Hosting	*108,991,914*	*128,414,968*	*(15.10%)*
Gross Profit	**180,211,783**	**238,607,292**	***(24.50%)***
Gross Profit Margin	*31.86%*	*38.27%*	-
EBITDA	**56,519,133**	**121,930,480**	***(53.60%)***
EBITDA Margin	*9.99%*	*19.55%*	-
Net Profit	**28,630,451**	**92,987,875**	***(69.20%)***
Net Profit Margin	*5.06%*	*14.91%*	-

Note from the CEO

With 2020 coming to end, we are pleased We are pleased to announce our 9M, 2020 earnings release, and despite the unprecedented decline in performance due to the various challenges, and operational downfalls that were diligently and transparently discussed since the start of the year, I am thrilled with the rapid progression of our turnaround strategy, and will be delighted to share with you a few outcomes that took place in this first half of the year, which serves a s testament to our commitment to steering the Company back to the right direction, and boost its financial and operational performance.

Revenues have recorded EGP 565.6 Million for the period, down 9.3% Y-o-Y, and 6.6% Q-o-Q. The decline is mainly due to a drop in business from one of our top clients who is being served from our facilities in Egypt and the UAE, who had been forced to take part of the operations captive, due to a newly imposed law by the UAE government. Gross Profit has recorded EGP 180.2 Million, reflecting a gross profit margin of 31.8%, while on the EBITDA level the Company recorded EGP 56.5 Million, reflecting an EBITDA margin of 10%. Net Profits for the period have recorded EGP 28.6 Million and a 5% Net Profit Margin.

The decline in our profitability margins is attributable to;

- The change in revenue mix where we witnessed the contribution of the Insourcing business increase to 23% of total revenue on the back of the Outsourcing and the Hosting businesses that carry much lower HR cost. This increase has started with the rise of the COVID-19 Pandemic, as there was a higher demand from local banks to meet the rising traffic especially during the lockdown phase.
- The annual increase in salaries that was not unmatched on the top line, especially with the partial termination in our Dubai's Office, mentioned previously.
- an interest expense as we started utilizing part of the medium term USD dominated debt to develop the mega facility in Smart Village, which hasn't started generating revenues yet, and is expected to kick off its operations in January 2021.
- The slightly stronger EGP that still carried a negative impact on Q3 figures.

However, we have witnessed a growth in margins on both the EBITDA and the Net Profit levels in our Egypt and Poland operations, and we are confident about our guidance and optimistic about our 2021 trajectory, with revenues kicking in from the business we landed this year, and the commencing of operations of the Smart Village facility.

On the commercial side, our pipeline is quite robust, with a total of EGP 177 million of awarded contracts as of September, with all of the new business offering a very healthy net profit margin ranging between 16% to 20%. That brings our total awarded business as of September 2020 to around EGP 380 Million, if we take into account the Hosting Contract for the Smart Village facility that is expected to be operational in January 2021. Moreover, our work from home operations has been very successful and we have started blending it in our services offering to our clients.

Utilization also plays a major role in our transformational strategy, and our efforts to ensure optimized operations. Our workstation utilization currently stands at 55%, due to the triggering of the work from home since the start of the Pandemic, and even though we it had never reached that point, it gives us room to fully utilize our capacity without further investment in the local market, and allocate our expansion investments into foreign markets, in line with our acquisition strategy.

on another front, our share has been showing a lot of improvement, in terms of liquidity, which has always been an obstacle to our investors, and had a part in the recent decline in share price, and we are pleased to share that since we have been relisted on EGX70 EWI, our stock has witnessed an increase of over 40% in value since July. With the increasing performance, and the enhancement in trading volume, we see that having a positive impact on our share price, and over all valuation.

Our balance sheet remains resilient, with a healthy cash balance standing at EGP 195.2 million in 9M 2020, which will be partially used to revive and fund our expansion strategy through acquisitions, and investing in upgrading our digital initiatives.

We remain confident that by focusing on growth, innovation, products and services renewal, tackling our operational shortfalls, and managing our cost drivers we will be able to overcome the existing macro-economic challenges and be well positioned to resume our double digit growth for years to come.

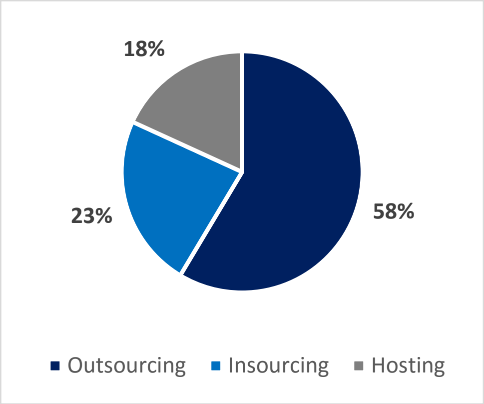
Ahmed Refky
Chief Executive Officer

Operational Review

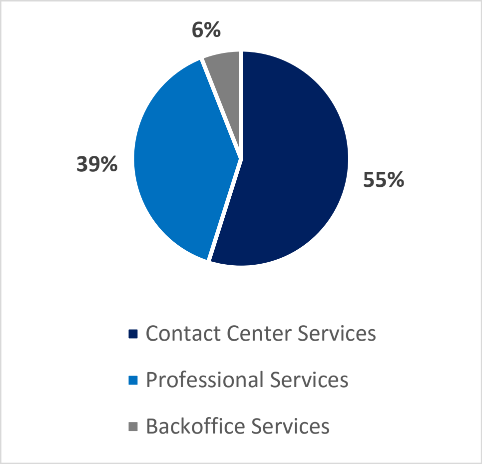
In 9M 2020, RCC's total workstation capacity stood at around 8,300 compared to 6,909 in 2019, representing a 20.4% y-o-y growth. RCC's total CAPEX/Revenue recorded 6.7% for the period, versus 6.6% in 9M 2019. The increase in CAPEX is mainly attributable to the development and renovations some of our facilities.

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 2020, RCC successfully renewed and maintained its operational quality accreditation certificates, including its COPC accreditation for performance management for the 13th consecutive year, 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.

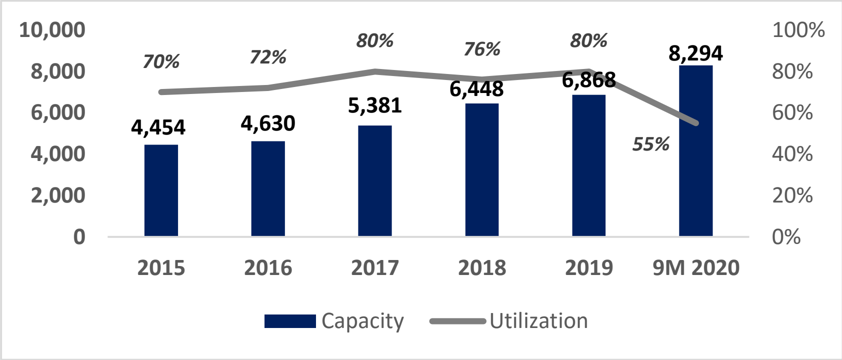
Revenue by Segment



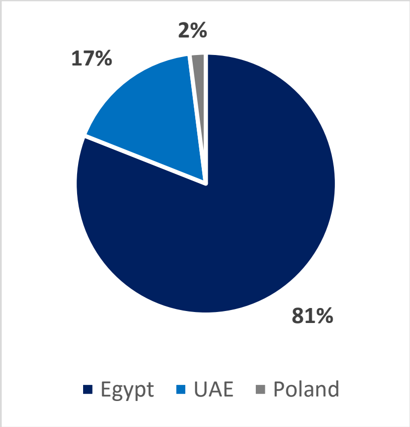
Revenue by Service



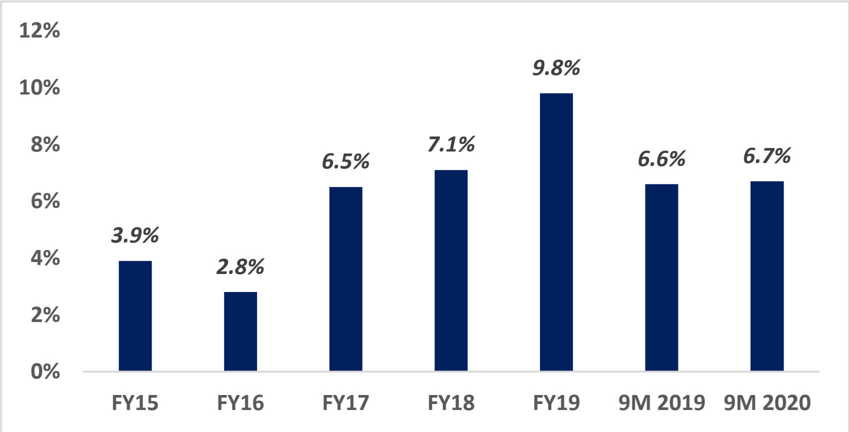
Workstation Evolution & Utilization[1]



Revenue by Geography

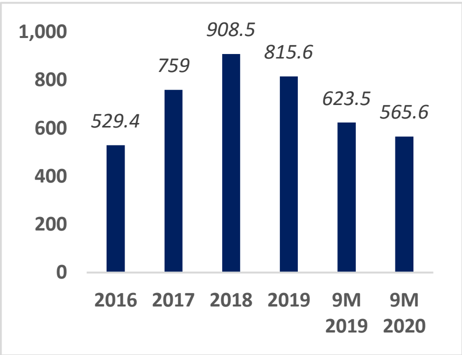


CAPEX / Sales Ratio

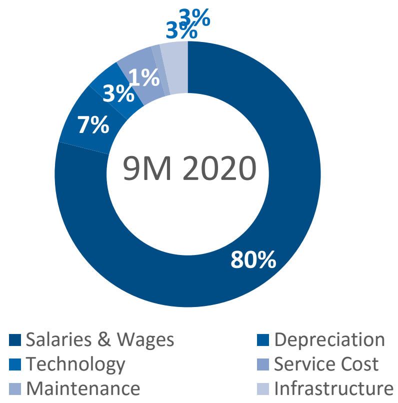


[1] Utilization is calculated as the average productive workstations' utilization by the average total workstations.

Revenue Progression
(EGP mn)



COGS Breakdown



Financial Review

Consolidated revenues in 9M 2020 recorded EGP 565.6 million, down (9.3%) y-o-y — The decline in our top line is mainly attributable to one of our top contributor clients who is being served from both our Egypt and UAE offices, who has terminated part their operations that has been serviced out of Dubai, due to a newly imposed law by the Government that has forced the Client to move the operation in house. Moreover, the change in FX recognition rate, on the back of the EGP appreciation against the USD still carried some negative on to 9M 2020 figures.
Analyzing 9M 2020 revenue by ***currency***, *offshore* revenue (USD) recorded EGP 344.7 million, representing 61% from total revenue, while locally generated revenue accounted for the balance. 9M 2020 revenue by ***service segment***, our main revenue contributor, *contact center outsourcing* recorded EGP 326.7 million, representing 58% of total revenue. *Insourcing business* (*HR outsourcing*) recorded EGP 129.9 million, representing 23% of total revenue, while the *Hosting business* recorded EGP 108.9 million, representing 19% of revenue. The increase in the Insourcing business at the expense of the other business lines has had a partial role in diluting profitability margins.

It is also worth mentioning that the Company was eligible for an export subsidy in past years that amounted to EGP 2 million and EGP 1 million in 2018 and 2019, respectively. In 2020, due to a change in the eligibility criteria related to the size of revenues, RCC has become ineligible for said subsidy.

Analyzing revenue by ***geographical location***, **Egypt's** facilities generated EGP 457.0 million of revenue, representing 81% from total revenue. **UAE's** operations contributed by EGP 95.9 million, representing 17% from total revenue, while our facility in **Poland** accounted for EGP 12.7 million.

On the ***costs of goods sold*** (COGS) level, RCC recorded EGP 385.4 million in 9M 2020. Salaries & wages constituted of the largest share of COGS standing at 80%, which is in line with our historical trends.

Despite Management's efforts to curb the effect of cost inflation ***gross profit recorded*** EGP 180.2 million, down 24.4% y-o-y, and yielding a GP margin of 31.8%. first and foremost, the decline in margins is due to a change in our revenue mix as we witnessed an increase in our Insourcing business, which offers the lowest margins due to the higher HR costs, on the expense of the Outsourcing and the Hosting businesses, both of which offer much higher margins.

Meanwhile, ***selling, general and administrative*** (SG&A) expenses recorded 66.7 million in 9M 2020, representing 11.7% from total revenue.

EBITDA recorded EGP 56.5 million, with an 10% EBITDA margin, reflecting a 53.6% decline y-o-y, due to the aforementioned increase in COGS and operating expenses.

Net profit recorded EGP 28.6 million with a net profit margin 5.0%, down from reflecting a 69% decline from the same period last year

As of end 9M 2020, the company's financial position remained liquid with a healthy ***cash balance*** of EGP 195.0 million or c.34% of total assets.

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 1,000 companies in the Middle East, Europe, Africa, & North America in over 25 different languages. ***9M 2020***, Raya Contact Center operated ten top-of-the-line facilities, spanning eight facilities in various locations around Egypt, one facility in Dubai, UAE, and one in Warsaw, Poland, with over 8,300 seats capacity and 5,300+ employees. RCC serves a diversified clientele base of over 100 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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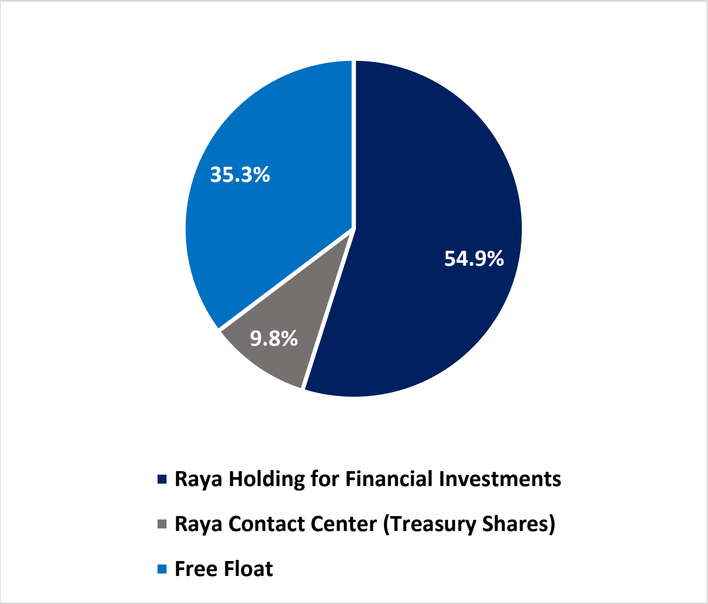
RACC.CA on the EGX	
Number of Shares	106,060,606
Share Price (November 15, 2020)	EGP 6.90
Market Cap (November 15, 2020)	EGP 731.8 Million

Shareholding Structure

(As of November 15, 2020)



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 forward-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	9M 2020	9M 2019	% Change
Revenue	**565,693,659**	**623,557,816**	***(9.3%)***
COGS	(385,481,876)	(384,950,524)	***0.1%***
Gross Profit	**180,211,783**	**238,607,292**	***(24.5%)***
General & Administrative Exp.	(62,790,662)	(53,599,671)	-
Selling & Marketing Exp.	(3,922,567)	(3,820,979)	-
Rent	(85,995,225)	(82,357,500)	-
Provisions (No Longer Required)	0	46,200	-
Impairments	(4,382,821)	(6,968,019)	-
Impairments Reversal	3,474,950	3,608,994	-
Operating Profit	**26,595,458**	**95,516,317**	***(72.2%)***
Interest Income (Expense)	9,497,549	17,777,794	-
FX Gain (Loss)	(1,324,239)	(1,289,211)	-
EBT	**34,768,768**	**112,004,900**	***(69.0%)***
Tax	(6,138,317)	(19,017,025)	-
Net Income	**28,630,451**	**92,987,875**	***(69.2%)***
Distributed as follows:			
Shareholders of the Parent Co.	27,985,680	91,847,306	-
Minority Interest	644,771	1,140,569	-
Earnings Per Share	**0.23**	**0.75**	***(69.2%)***

Consolidated Balance Sheet

	31-Sep-20	30-Sep-19
Assets		
Long Term Assets		
Fixed Assets	139,946,329	147,720,119
Intangible Assets	233,222	165,980
Deferred Tax Asset	95,561	93,010
Goodwill	26,582,777	26,582,777
Total Long term Assets	**166,857,889**	**174,561,886**
Current Assets		
Accounts Receivables	151,999,210	127,976,726
Advance Payment & Other Debit Balances	63,475,398	76,039,521
Due from Related Parties	6,162	6,162
Deferred Tax	-	-
Cash & Cash Equivalents	209,931,161	195,291,299
Total Current Assets	**425,411,931**	**399,313,708**
Total Assets	**592,269,820**	**573,875,594**
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	(3,229,718)	(5,366,573)
Treasury Stock	-	(50,239,412)
Retained Earnings	163,081,851	267,405,967
Net Income Attributable to Majority Owners	113,212,391	27,985,680
Total Parent's Shareholders' Equity	**429,627,660**	**396,348,798**
Minority Interest	1,752,450	2,397,221
Total Equity	**431,380,110**	**398,746,019**
Liabilities		
Long Term Liabilities		
Long Term Debt	-	33,764,578
Deferred Tax Liability	6,524,377	4,451,994
Other long term Liabilities	6,815,005	2,914,526
Total long term Liabilities	**13,339,382**	**41,131,098**
Current Liabilities		
Bank Overdraft	5,018,278	4,935,112
Accounts Payable	54,616,504	52,086,448
Other Credit balance	48,276,984	41,794,850
Provisions	2,014,207	2,014,207
Due to Related Parties	7,226,328	7,944,519
Long Term Debt	14,246,393	8,067,466
Taxes Payable	-	5,958,455
Dividends Payable	16,151,634	11,197,420
Total Current Liabilities	**147,550,328**	**133,998,477**

Total Liabilities	**160,889,710**	**175,129,575**
Total Liabilities & Equity	**592,269,820**	**573,875,594**