RAYA CONTACT CENTER REPORTS H1 2020 RESULTS

REVENUES
EGP 386.2 MN
▼ (9.6 %) y-o-y

GROSS PROFIT
EGP 121.0 MN
▼ (26.5%) y-o-y

EBITDA
EGP 38.4 MN
▼ (54.7%) y-o-y

NET PROFIT
EGP 20.6 MN
▼ (67.8%) y-o-y

Raya Contact Center (RACC.CA on EGX), Egypt's largest provider of comprehensive business process outsourcing (BPO) services, announced its consolidated H1 2020 results, reporting revenue of EGP 386.2 million. The largest contributor to revenue was the outsourcing segment (58%), followed by hosting services (23%) and insourcing services (19%). Gross profit margin for the period recorded 31.3% down from 38.5% in H1 2019 while net profit recorded EGP 20.6 million, reflecting a net profit margin of 5.3% compared to EGP 64.2 million, and 15.0% in H1 2019, respectively.

Summary Income Statement

EGP	H1 2020	H1 2019	% Change
Revenue	**386,220,754**	**427,418,484**	*(9.63%)*
Outsourcing	*224,612,687*	*264,195,858*	*(14.98%)*
Insourcing	*89,946,877*	*74,624,518*	*20.53%*
Hosting	*71,661,190*	*88,598,108*	*(19.11)%*
Gross Profit	**121,057,687**	**164,776,624**	*(26.53%)*
Gross Profit Margin	*31.30%*	*38.55%*	-
EBITDA	**38,485,261**	**84,989,506**	*(54.71%)*
EBITDA Margin	*9.96%*	*19.88%*	-
Net Profit	**20,656,138**	**64,294,339**	*(67.87%)*
Net Profit Margin	*5.3%*	*15.04%*	-

Note from the CEO

We are pleased to announce our H1, 2020 earnings release, and despite the unprecedented decline in performance due to the various challenges, and operational downfalls that were diligently and transparently discussed in our Q1 investor call, 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.

We have previously communicated that our turn-around strategy is built on 3 main pillars; Internal Development, Market Development, and Service Development, and to ensure the agility and rapidness of our organization transformation journey, I have decided to create a growth committee with the objective of addressing all defined growth aspects in parallel. This committee includes both internal and external members (industry consultants) who all have vast industry experience, and are working seamlessly towards the same goal. During H1 2020, we have already started to witness several positive outcomes, across these aspects that's demonstrating we are on the right path.

Even though our efforts are not yet reflected on our figures, our internal development initiatives have already started to yield, especially with the account cleansing and revenue deconcentrating process which was our top priorities. We have started the year with some of our largest contributors to revenues are also the largest contributors to our bottom line losses. By the end of this period we have witnessed these account turn to profitability. We have also injected new businesses with very healthy margins which helped us ease the client concentration. On the commercial side, our pipeline is quite robust, with a total of EGP 83.5 million of awarded contracts as of June, a figure that is double that of all of 2019. 75% of our awarded contracts should be realized in 2020.

On a positive note our efforts to manage our capacities and utilization have also been very efficient. During this period, we have succeeded in securing a contract for our mega facility in Smart Village, that has been idle for over a year. The 3-year contract with one of the multi-national top players in the Hosting business, should generate a little over USD 11.5 million in revenues, starting October 2020. Moreover, our work from home transition has been very smooth and efficient as around 75% of our eligible workforce are currently operating remotely.

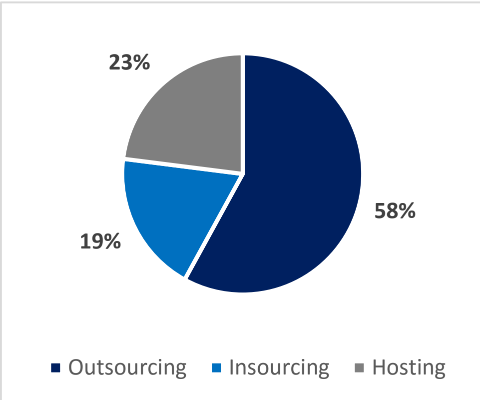
on another front, our share has been showing a lot of improvement, in terms of liquidity, which has always been an obstacle to our investors, and had a part in the recent decline in share price, and we are pleased to share that we are back to being traded on the EGX 70. With the increasing performance, 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 203.6 million in H1 2020, which will be partially used to revive and fund our expansion strategy through acquisitions, and investing in upgrading our digital initiatives.

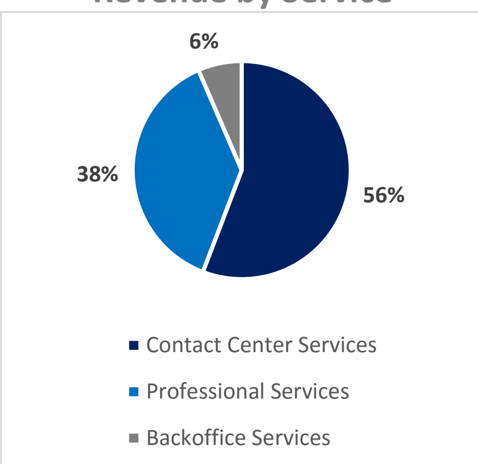
We remain confident that by focusing on growth, innovation, products and services renewal, tackling our operational shortfalls, and managing our cost drivers we will be able to overcome the existing macro-economic challenges and be well positioned to resume our double digit growth for years to come.

Ahmed Refky
Chief Executive Officer

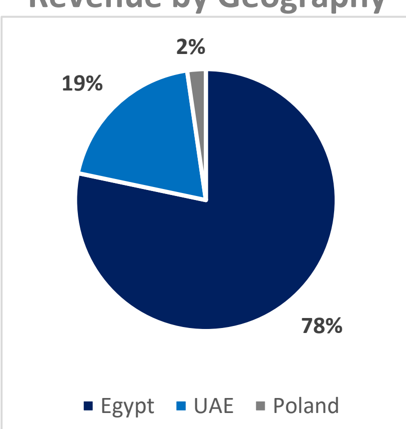
Revenue by Segment



Revenue by Service



Revenue by Geography

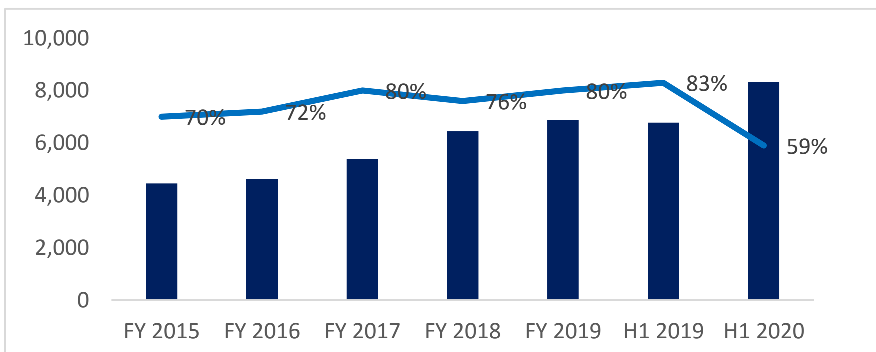


Operational Review

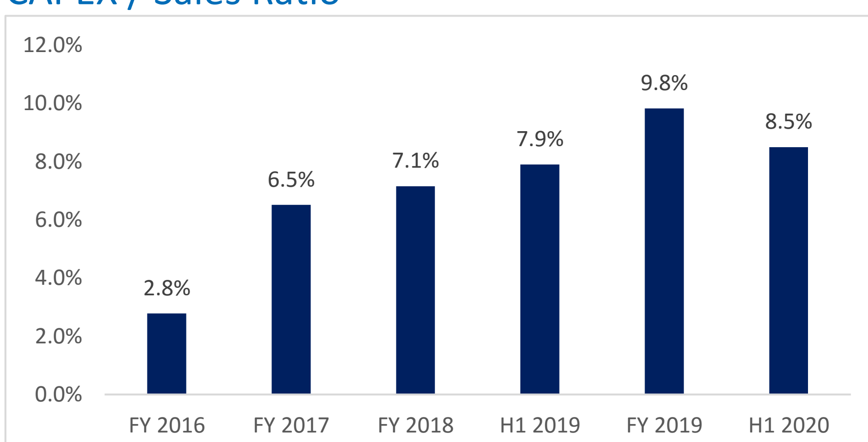
In H1 2020, RCC's total workstation capacity stood at around 8,300 compared to 6,909 in 2019, representing a 20.4% y-o-y growth. RCC's total CAPEX/Revenue recorded 8.5% for the period, versus 7.9% in H1 2019. The increase in CAPEX is mainly attributable to the development and renovations some of our 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.

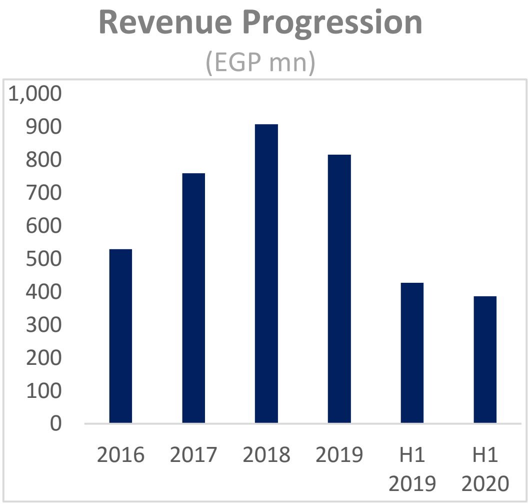
Workstation Evolution & Utilization[1]

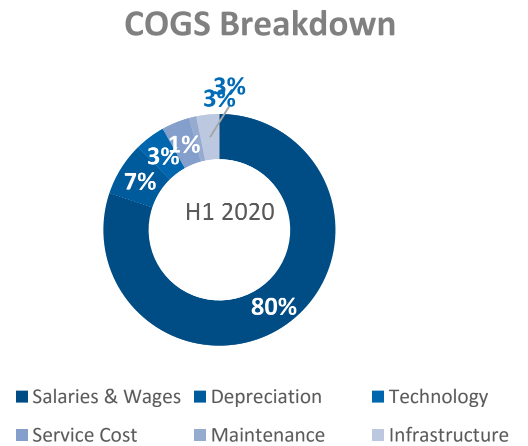


CAPEX / Sales Ratio



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





Financial Review

Consolidated revenues in H1 2020 recorded EGP 386.2 million, down (9.6%) y-o-y — The decline in our top line is mainly attributable to downsizing and account termination that were communicated in the end of 2019, and the triggering of our transitional account cleaning process, as some of our account have reached a point of unprofitability. Moreover, the change in FX recognition rate, on the back of the EGP appreciation against the USD that took place in 2019 and had a negative impact on our top line and was still carried on to H1 2020 figures.
Analyzing H1 2020 revenue by ***currency***, *offshore* revenue (USD) recorded EGP 242.8 million, representing 62% from total revenue, while locally generated revenue accounted for the balance. H1 2020 revenue by ***service segment***, our main revenue contributor, *contact center outsourcing* recorded EGP 224.6 million, representing 58% of total revenue. *Insourcing business* (*HR outsourcing*) recorded EGP 89.9 million, representing 23% of total revenue, while the *Hosting business* recorded EGP 71.6 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.

Analyzing revenue by ***geographical location***, **Egypt's** facilities generated EGP 302.4 million of revenue, representing 78% from total revenue. **UAE's** operations contributed by EGP 40.1 million, representing 19% from total revenue, while our facility in **Poland** accounted for EGP 8.6 million.

On the ***costs of goods sold*** (COGS) level, RCC recorded EGP 265.1 million in H1 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 121.0 million, down 26.5% y-o-y, and yielding a GP margin of 31.3%. 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. Moreover, the newly imposed social insurance law has a major role in the hit to our GP margin, as a chunck of the one off expense was directed to Salaries,

Meanwhile, ***selling, general and administrative*** (SG&A) expenses recorded 44.1 million in H1 2020, representing 11% from total revenue.

EBITDA recorded EGP 38.4 million, with an 10% EBITDA margin, reflecting a 55% decline y-o-y, due to the aforementioned increase in COGS and operating expenses.

Net profit recorded EGP 20.6 million with a net profit margin 5.3%, down from reflecting a 68% decline from the same period last year

As of end H1 2020, the company's financial position remained liquid with a healthy ***cash balance*** of EGP 203.6 million or c.35% 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. ***H1 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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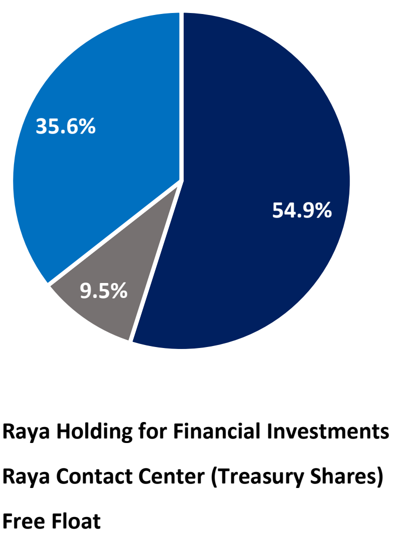
RACC.CA on the EGX	
Number of Shares	106,060,606
Share Price (August 13, 2020	EGP 5.19
Market Cap (August 13, 2020	EGP 550.4 Million

Shareholding Structure

(As of August 13, 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	H1 2020	H1 2019	% Change
Revenue	**386,220,754**	**427,418,484**	***(9.6%)***
COGS	(265,163,067)	(262,641,860)	*1.0%*
Gross Profit	**121,057,687**	**164,776,624**	***(26.5%)***
General & Administrative Exp.	(42,048,870)	(37,437,524)	*12.3%*
Selling & Marketing Exp.	(2,153,577)	(2,593,386)	*(17.0%)*
Rent	(57,677,061)	(55,381,402)	*4.1%*
Provisions (No Longer Required)	0	48,000	-
Impairments	(2,755,530)	(4,670,238)	-
Impairments Reversal	1,638,580	3,610,609	-
Operating Profit	**18,061,229**	**68,352,683**	***(73.6%)***
Interest Income (Expense)	7,418,558	12,538,412	
FX Gain (Loss)	(867,050)	(1,319,988)	
EBT	**24,612,737**	**79,571,107**	***(69.1%)***
Tax	(3,956,599)	(15,276,768)	*(74.1%)*
Net Income	**20,656,138**	**64,294,339**	***(67.9%)***
Distributed as follows:			
Shareholders of the Parent Co.	20,208,300	63,520,662	*(68.2%)*
Minority Interest	447,838	773,677	*(42.1%)*
Earnings Per Share	**0.17**	**0.52**	***(67.9%)***

Consolidated Balance Sheet

	31-Jun-20	31-Jun-19
Assets		
Long Term Assets		
Fixed Assets	152,828,673	113,033,936
Intangible Assets	186,144	280,650
Deferred Tax Asset	95,729	3,040,103
Goodwill	26,582,777	26,582,777
Total Long term Assets	**179,693,323**	**142,937,466**
Current Assets		
Accounts Receivables	150,181,286	192,361,375
Advance Payment & Other Debit Balances	59,541,887	66,433,000
Due from Related Parties	6,162	6,162
Deferred Tax	-	-
Cash & Cash Equivalents	203,610,655	179,451,297
Total Current Assets	**413,339,990**	**438,251,834**
Total Assets	**593,033,313**	**581,189,300**
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	(3,429,829)	2,109,160
Treasury Stock	(46,518,571)	-
Retained Earnings	267,405,967	171,525,149
Net Income Attributable to Majority Owners	20,208,300	63,520,662
Total Parent's Shareholders' Equity	**394,229,003**	**393,718,107**
Minority Interest	2,200,288	2,731,512
Total Equity	**396,429,291**	**396,449,619**
Liabilities		
Long Term Liabilities		
Long Term Debt	34,370,817	-
Deferred Tax Liability	5,139,011	8,993,682
Other long term Liabilities	7,084,148	7,148,493
Total long term Liabilities	**46,593,976**	**16,142,175**
Current Liabilities		
Bank Overdraft	10,402,772	4,545,528
Accounts Payable	44,575,410	74,667,055
Other Credit balance	60,753,477	58,771,694
Provisions	2,014,207	1,877,377
Due to Related Parties	7,341,136	4,957,354
Long Term Debt	5,303,427	-
Taxes Payable	5,728,470	7,640,124

Dividends Payable	13,891,147	16,138,374
Total Current Liabilities	**150,010,046**	**168,597,506**
Total Liabilities	**196,604,022**	**184,739,681**
Total Liabilities & Equity	**593,033,313**	**581,189,300**