

RAYA CONTACT CENTER REPORTS Q1 2020 RESULTS

THE DECLINE WAS WELL PREDICTED AND A TURN AROUND PROCESS HAS BEEN TRIGGERED

REVENUES

EGP 193.9 MN

▼ (14.9) % y-o-y

GROSS PROFIT

EGP 59.1 MN

▼ (8.9) % y-o-y

EBITDA

EGP 15.7 MN

▼ (67.9%) y-o-y

NET PROFIT

EGP 10.3 MN

▼ (71.7) % y-o-y

Raya Contact Center (RACC.CA on EGX), Egypt's largest provider of comprehensive business process outsourcing (BPO) services, announced its consolidated Q1 2020 results, reporting revenue of EGP 193.9 million. The largest contributor to revenue was the outsourcing segment (58%), followed by hosting services (20%) and insourcing services (22%). Gross profit margin for the period recorded 30.5% down from 39.4% in Q1 2019 while net profit recorded EGP 10.8 million, reflecting a net profit margin of 3.1% compared to EGP 40.5 million, and 17.8% in Q1 2019, respectively. The overall decline on both our financial and operational performance is attributable to the following key factors:

- 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 Q1 2020 figures;
- One off expenses that were realized in Q1, such as the newly imposed social insurance law;
- The change in our revenue mix where we witnessed an increase in the Insourcing business, at the expense of Outsourcing and Hosting revenue streams, which resulted in a margin dilution.

On another note, in December 2019, we communicated the news that Ms. Reem Assaad resigned from her role as Chief Executive Officer, and Mr. Ahmed Refky was appointed by the Company's Board of Directors to succeed her. Since his Appointment, Refky has been identifying the operational and strategic shortfalls that resulted in the recent downturn that started in FY2019, and has set a strategy in place to boost financial and operational performance, that will be taking place over the 2020-2021 period.

Summary Income Statement

EGP	Q1 2020	Q1 2019	% Change
Revenue	193,912,459	227,973,121	(14.94%)
Outsourcing	112,039,440	141,028,968	(20.5%)

<i>Insourcing</i>	42,664,311	39,951,714	6.7%
<i>Hosting</i>	39,208,708	46,992,439	(16.5)%
Gross Profit	59,114,500	89,805,507	(34.1%)
<i>Gross Profit Margin</i>	30.50%	39.39%	-
EBITDA	15,700,774	48,913,965	(67.9%)
<i>EBITDA Margin</i>	8.10%	21.46%	-
Net Profit	10,301,199	36,463,526	(71.7%)
<i>Net Profit Margin</i>	5.3%	16.0%	-

Note from the CEO

We are pleased to announce our Q1, 2020 earnings release, despite the overall decline in performance due to the unpredicted challenges, and operational downfalls that took place and were communicated throughout 2019. Even though the decline in our performance is partially attributable to macro-economic factors, but I believe the downturn was clear and expected. Since I joined Raya Contact Center, I could see that it possesses all the resources and ingredients that qualify it to compete at the global front, however, I could also see that the recent poor performance is a result of multiple factors that go beyond, macro-economic and industry challenges.

In the past few months, I have been working with my team to identify and diagnose every financial, strategic, and operational aspect of our organizations, and pinpoint our internal deficits that resulted in the sharp decline on both the financial and operational levels, and in turn significantly affected our current valuation.

Our findings have led us to a path where we could set a short to medium term turnaround strategy and process in place that will navigate through several operational and strategic aspects, and steer the Company in a direction that will unlock its true potential, and position it where we envision it to be. A global BPO player.

In efforts to keep our commitment to our investors to ensure sustainable growth, and maximize value, and more importantly from a personal commitment to create and maintain a transparent channel of communication with our investors and stake holders, I would like to share with you the pillars upon which our turnaround strategy was built, in order to boost our overall performance.

- Revisiting RCC's value proposition, and investing in new services and technologies, that would expand our services portfolio, and enable us to keep up with global industry trends;
- Strengthen our brand awareness, and our sales efforts in the new markets as well as the existing markets we are positioned to serve;
- Reviving the acquisition strategy that has been dormant since the IPO and expand RCC's footprint beyond the region, in a move to get away from fierce local competition and slim margins – especially that we have a lost opportunity in the recent industry consolidation activity;
- Internal process optimization and Client's Onboarding and continuous relationship handling
- Implementation of Work from Home model (WFH) as well as a complete virtual Recruitment Process that would expand talent pool and have a significant impact on cost reduction;
- Create and analyze different utilization scenarios for all our facilities, and take rapid steps towards either fully utilizing them or shift them to WFH, should it appear to offer better profitability, and ease our access to target markets;
- Initiate a client portfolio cleansing phase, and reassess it based on profitability and future expansion plans; and

- Maintain an ongoing transparent communication channel with major investors and the investor community

On a positive note, we had already taken steps to introduce the WFH model before the Corona Virus Pandemic, which showcased our readiness, to instantly offer smooth and streamlined operations to our clients. We are currently operating at over 90% of our workforce from home, while maintaining top notch quality and performance standards.

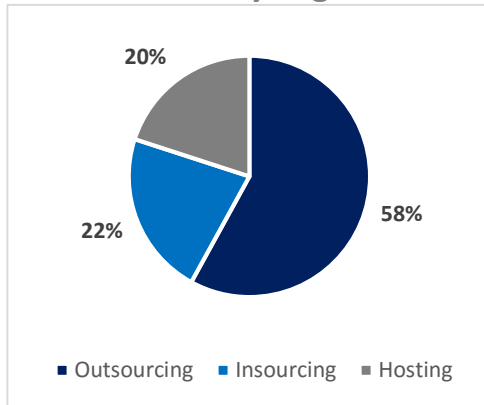
COVID-19 Status Update: Even though we are still unable at this point to conclude the actual impact of, we can see a slight halt to our Clients' businesses and industries which in turn might result in a decline in the volume of calls – a key driver to our major revenue contributor. However, we are certain that this Pandemic will have a significant impact on and reshape several industries, and we believe that the BPO/Outsourcing industry will witness vast growth in the coming years, as business continuity and disaster recovery measures will be a major factor of consideration to businesses across all industries.

Our balance sheet remains resilient, with a healthy cash balance standing at EGP 188.4 million in Q1 2020, which will be partially used to revive and fund our expansion strategy, investments in our digital initiatives, and finance our share buyback process. It is worth mentioning that during March and April 2020, we have acquired around 8.5 million shares, that represent 8.0% of the Company's outstanding shares, and we intend to extend the share buyback program to acquire up to the legal limit of 10%, as we truly believe in the potential of Raya Contact Center and the BPO industry.

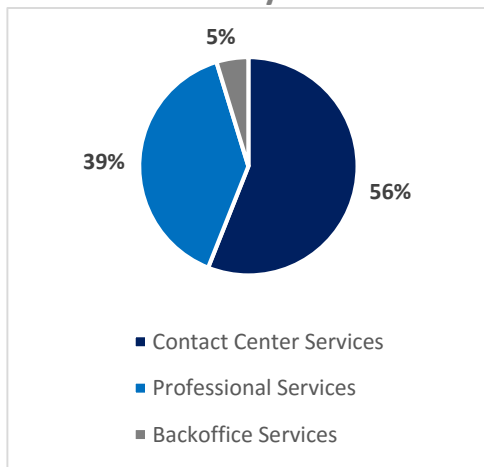
We remain confident that by focusing on growth, innovation, products and services renewal, tackling our operational shortfalls, and managing our cost drivers we will be able to overcome the existing macro-economic challenges and be well positioned to resume our double digit growth for years to come.

Ahmed Refky
Chief Executive Officer

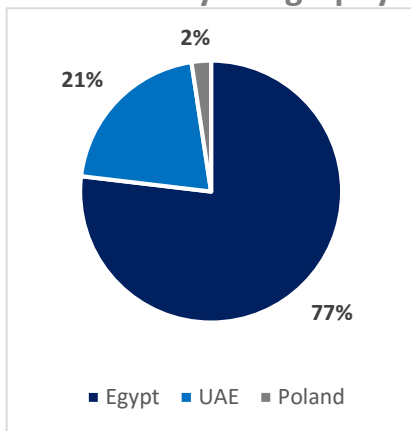
Revenue by Segment



Revenue by Service



Revenue by Geography



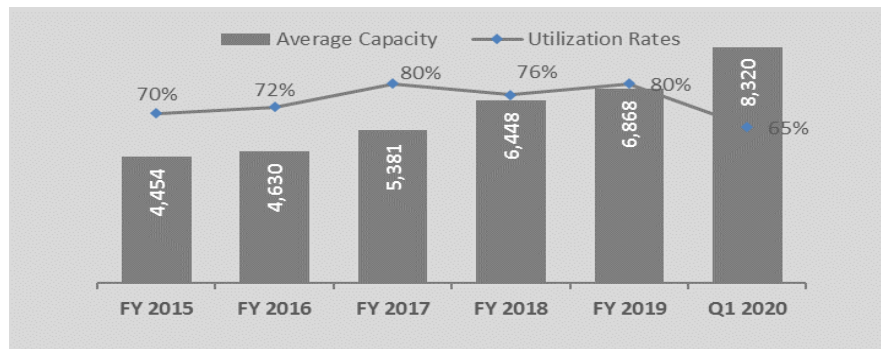
Operational Review

During 2019, RCC added 1,680 new workstations across its facilities, and divested 110 workstations to lower the burden of unutilized capacity in its facility in Poland, bringing its total capacity to 8,320 compared to 6,688 in 2018, representing a 21% y-o-y growth. RCC's total CAPEX/Revenue recorded 12.4% for the period, versus 2.4% in Q1 2019. The spike in CAPEX is mainly attributable to the development of the mega facility in Smart Village as well as renovations to other existing facilities.

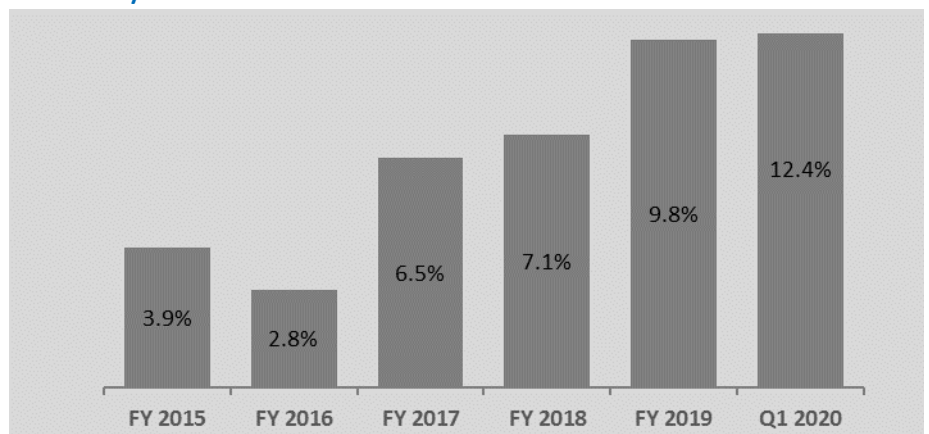
82% of revenues for the period were generated from clients who have been with RCC for over five years, reflecting a healthy client retention rate of c.86%.

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 2019, RCC 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 & Utilization¹

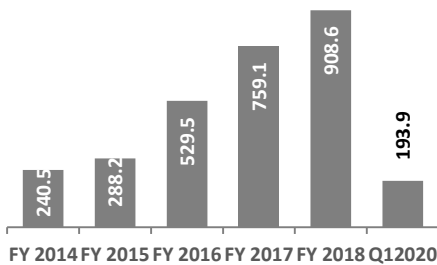


CAPEX / Sales Ratio

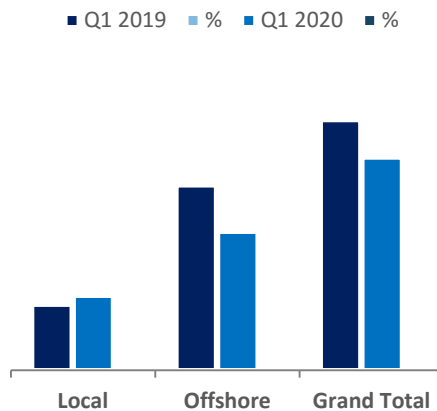


¹ Utilization is calculated as the average productive workstations' utilization by the average total workstations.

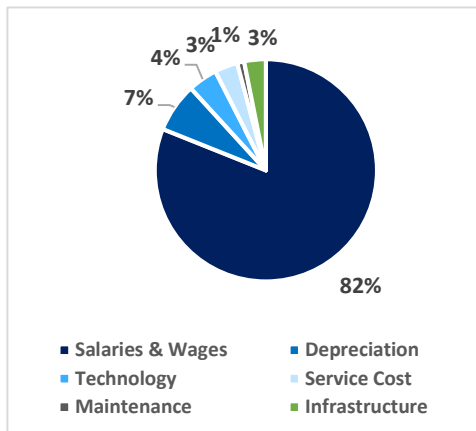
Revenue Progression
(EGP mn)



Revenue Progression by Location
(EGP mn)



COGS Breakdown



Financial Review

Consolidated revenues in Q1 2020 recorded EGP 193.9 million, down (14.9%) y-o-y — The decline in our top line is partially attributable to the global economic shock derived by the COVID-19 Pandemic, even though we still unable at this point to conclude the actual impact of, we can see a slight halt to our Clients’ businesses and industries which in turn resulted in a decline in the volume of calls as well as 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 Q1 2020 figures

Analyzing Q1 2020 revenue by **currency**, offshore revenue (USD) recorded EGP 126.2 million, representing 65% from total revenue, while locally generated revenue accounted for the balance. Q1 2020 revenue by **service segment**, our main revenue contributor, **contact center outsourcing** recorded EGP 112.0 million, representing 62% of total revenue. **Insourcing business (HR outsourcing)** recorded EGP 42.6 million, representing 22% of total revenue, while the **Hosting business** recorded EGP 39.2 million, representing 20% 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 149.0 million of revenue, representing 77% from total revenue. **UAE** facilities contributed by EGP 40.1 million, representing 21% from total revenue, while our facility in **Poland** accounted for EGP 4.6 million.

On the **costs of goods sold** (COGS) level, RCC recorded EGP 134.7 million in Q1 2020. Salaries & wages constituted of the largest share of COGS standing at 80%.

Despite Management’s efforts to curb the effect of cost inflation **gross profit recorded** EGP 59.1 million, down 34% y-o-y, and yielding a GP margin of 30.4%. The newly imposed social insurance law has a major role in the hit to our GP margin, as a bulk of the one off expense was directed to Salaries.

Meanwhile, **selling, general and administrative** (SG&A) expenses recorded 23.7 million in Q1 2020, representing 12% from total revenue.

EBITDA recorded EGP 15.7 million, with an 8.10% EBITDA margin, reflecting a 67.9% decline y-o-y, due to the aforementioned increase in COGS and operating expenses.

Net profit recorded EGP 10.3 million with a net profit margin 5.3%, down from reflecting a 71.7% decline from the same period last year

As of end Q1 2020, the company’s financial position remained liquid with a healthy **cash balance** of EGP 188.4 million or c.30% 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. **Q1 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".

For further information,
Please contact:

Karim Seoudy

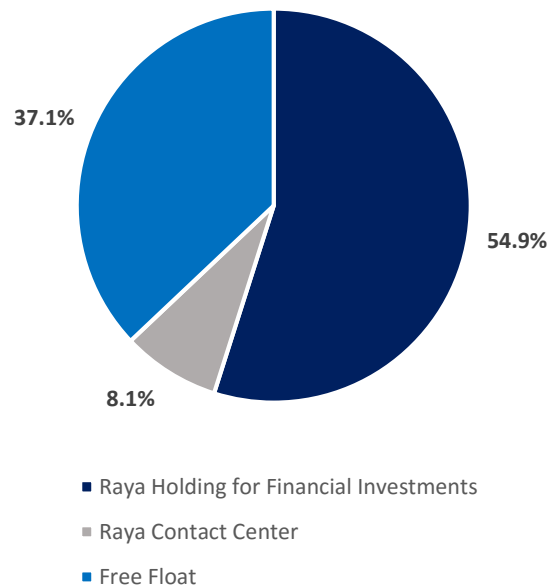
Head of Investments & Investor Relations
T: +2 (0)2 8276 0000
investor_relations@rayacc.com

RACC.CA on the EGX

Number of Shares	106,060,606
Share Price (June 11th 2020)	EGP 4.71
Market Cap (June 11th 2020)	EGP 499.5 Million

Shareholding Structure

(As of June 11th 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	Q1 2020	Q1 2019	% Change
Revenue	193,912,459	227,973,121	(14.9%)
COGS	(134,797,959)	(138,167,614)	(2.4%)
Gross Profit	59,114,500	89,805,507	(34.2%)
General & Administrative Exp.	(22,779,783)	(19,223,871)	18.5%
Selling & Marketing Exp.	(947,599)	(1,269,074)	(25.3%)
Rent	(28,534,424)	(28,032,651)	1.8%
Provisions (No Longer Required)	0	23,200	-
Impairments	(1,454,311)	(2,247,207)	-
Impairments Reversal	542,528	1,460,670	-
Operating Profit	5,940,911	40,516,574	(85.3%)
Interest Income (Expense)	4,547,816	6,371,806	
FX Gain (Loss)	350,901	(2,089,200)	
EBT	10,839,628	44,799,180	(75.8%)
Tax	(538,429)	(8,335,654)	(93.5%)
Net Income	10,301,199	36,463,526	(71.7%)
<u>Distributed as follows:</u>			
Shareholders of the Parent Co.	10,037,170	36,073,142	(72.2%)
Minority Interest	264,029	390,384	(32.4%)
Earnings Per Share	0.08	0.29	(71.7%)

Consolidated Balance Sheet

	31-Mar-20	31-Mar-19
Assets		
Long Term Assets		
Fixed Assets	154,210,006	139,946,329
Intangible Assets	202,681	233,222
Deferred Tax Asset	801,304	95,561
Goodwill	26,582,777	26,582,777
Total Long term Assets	181,796,768	166,857,889
Current Assets		
Accounts Receivables	188,992,933	151,999,210
Advance Payment & Other Debit Balances	58,588,214	63,475,398
Due from Related Parties	6,162	6,162
Deferred Tax	-	-
Cash & Cash Equivalents	188,455,916	209,931,161
Total Current Assets	436,043,225	425,411,931
Total Assets	617,839,993	592,269,820
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	(6,084,580)	(3,229,718)
Treasury Stock	(20,346,670)	-
Retained Earnings	276,294,242	163,081,851
Net Income Attributable to Majority Owners	10,037,170	113,212,391
Total Parent's Shareholders' Equity	416,463,298	429,627,660
Minority Interest	2,016,479	1,752,450
Total Equity	418,479,777	431,380,110
Liabilities		
Long Term Liabilities		
Long Term Debt		
Deferred Tax Liability	29,062,159	-
Other long term Liabilities	4,538,212	6,524,377
Total long term Liabilities	6,685,532	6,815,005
Current Liabilities		
Bank Overdraft	5,380,720	5,018,278
Accounts Payable	60,121,494	54,616,504
Other Credit balance	50,419,714	48,276,984
Provisions	2,014,207	2,014,207
Due to Related Parties	8,429,850	7,226,328
Long Term Debt	17,476,731	14,246,393
Taxes Payable	4,843,693	-
Dividends Payable	10,387,904	16,151,634
Total Current Liabilities	159,074,313	147,550,328

Total Liabilities	199,360,216	160,889,710
Total Liabilities & Equity	617,839,993	592,269,820