

Raya Contact Center Reports 1Q2017 Results

Revenues

EGP 174.1 MN

▲ 87.6% y-o-y

Gross Profit

EGP 77.8 MN

▲ 108.6% y-o-y

EBITDA

EGP 55.7 MN

▲ 125.5% y-o-y

Net Profit

EGP 40.2 MN

▲ 401.1% y-o-y

Raya Contact Center (RACC.CA on the Egyptian Exchange), Egypt's largest provider of comprehensive business process outsourcing (BPO) services, announced its consolidated results for the quarter ending 31 March 2017, reporting revenues of EGP 174.1 million, up an impressive 87.6% y-o-y. The largest contributor to revenues was the outsourcing segment (77.6%), followed by hosting services (13.7%) and insourcing services (8.7%). Net profit for the quarter jumped more than five-fold to EGP 40.2 million in 1Q17, compared to 1Q16 figure of EGP 8.0 million, and with a net profit margin of 23.1%.

Summary Income Statement

EGP	1Q2017	1Q2016	% Change
Revenue	174,107,727	92,830,028	87.6%
<i>Outsourcing</i>	135,047,357	74,450,224	81.4%
<i>Insourcing</i>	15,157,221	9,347,280	62.2%
<i>Hosting</i>	23,903,150	9,032,424	164.6%
Gross Profit	77,818,982	37,310,428	108.6%
<i>Gross Profit Margin</i>	44.7%	40.2%	4.5 pts
EBITDA	55,691,607	24,702,027	125.5%
<i>EBITDA Margin</i>	32.0%	26.6%	5.4 pts
<i>Net Debt / EBITDA</i>	(0.85)	(0.99)	0.14
Net Profit	40,202,324	8,022,494	401.1%
<i>Net Profit Margin</i>	23.1%	8.6%	14.4 pts

Note from the CEO

Since RCC was established in 2001 as a 200-workstation contact center operation, management has worked tirelessly to transform the company into what is today Egypt's leading provider of business process outsourcing (BPO) services with a local market share totaling more than 20% of the contact center segment. With over 5,000 workstations at our centers in Egypt, the UAE and Poland, we serve nearly 100 clients from Europe, Middle East & Africa (EMEA) markets in over 25 different languages, offering them a full suite of BPO services including contact center, professional, back office, and inside sales channel management services.

The quarter just ended was a milestone for our company: We successfully transitioned from a privately-owned company into a public corporation and kicked-off the next phase of our growth story. Our IPO on the Egyptian Exchange was more than 4 times oversubscribed for the institutional offering and 10.4 times for the retail tranche as investors sought to tap into the opportunities presented by our market, our company's solid foundation, and our growth prospect as a leading Egyptian service exporter with a strong exposure to hard-currency revenue streams.

I am pleased to report a solid set of financial results in our first post-IPO earnings release. We delivered both top- and bottom-line growth and margin expansion across the board in the first quarter of 2017. RCC recorded revenue growth of over 87% y-o-y in 1Q17 to EGP 174.1 million, while a 4.5 percentage point expansion in gross profitability came as we grew gross profit more than two-fold to EGP 77.9 million. Revenue growth for the quarter was driven by our push for organic expansion over the course of FY2016 — and as we capitalized on our global price-competitiveness as an Egyptian service exporter following the devaluation of the Egyptian pound in November 2016. Offshore revenues grew 105.5% y-o-y in 1Q17 to EGP 138.3 million, representing c. 80% of total revenues in the period. Our revenue mix continued to be dominated by our outsourcing segment, which generated some 77.6% of our total revenue in 1Q17, followed by our hosting services at 13.7% and insourcing at 8.7%.

Operationally, in 1Q17 we continued to leverage our asset-light business model as we worked to expand our capacities both domestically and on the regional level. At the close of quarter, RCC operated a total of 5,191 workstations, up 6.6% q-o-q, and over 6,067 employees across eight centers in Egypt, one in Dubai and one in Warsaw. Together, they processed a monthly average of around 8 million transactions. We serve clients operating in industries ranging from telecom and media, technology and consumer electronics, BFSI, retail, travel and automotive among others. In 1Q17 the company was successful in securing four new clients thanks to its long-standing reputation for quality and reliability. On the human resources front, we continue to implement our regular round of soft- and technical-skills training and development, and are diligent in our internal audit process (such as COPC recertification) to ensure continued compliance with our global best-practice accreditations and quality certificates.

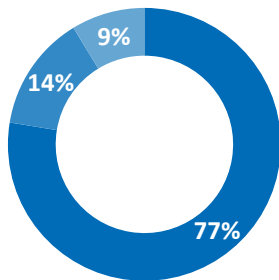
Going forward, our aim is to continue driving long-term sustainable growth and enhance our market position on the local and regional fronts to ensure we create value for our shareholders and the highest-quality service for our clients. Against that backdrop, our growth strategy aims to extend our leading position in the local market; grow to a top three position in the GCC market; and establish a strong footing in Europe. In the months ahead, this will see us optimize our existing facilities and expand their capacities, with efforts already underway to add two new centers in tier 2 Egyptian cities as we seek to capitalize on their talent pool. We are also aiming to grow our offshore revenue stream, where we are examining opportunities to establish a presence in Morocco as a base from which to serve European and francophone markets.

In parallel to geographic expansion, management will also push forward a dual-pronged service development strategy with the aim of optimizing the company's revenue mix and increasingly venture into digitized services in-line with industry trends. Key aspects of the strategy include increased focus on higher-margin (primarily non-voice / unassisted channel) services, as well as offering new value propositions to our clients.

Heading into the second half of the year, I remain confident in our ability to sustain the exceptional performance delivered in the first quarter of the 2017, and we expect to continue driving revenue growth for the full-year with across-the-board margin expansion and enhanced profitability.

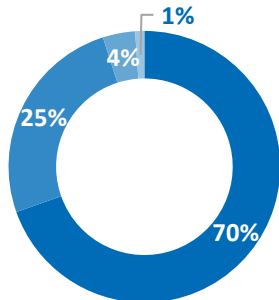
Reem Asaad
Chief Executive Officer

Revenue by Segment
(1Q17)



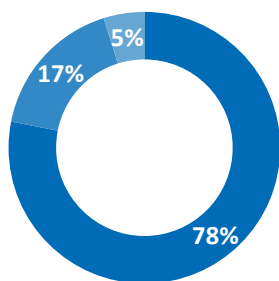
- Outsourcing
- Hosting
- Insourcing

Revenue by Service
(1Q17)



- Contact Center
- Professional Services
- Back Office Services
- Inside Sales Channel Management

Revenue by Geography
(1Q17)



- Egypt
- UAE
- Poland

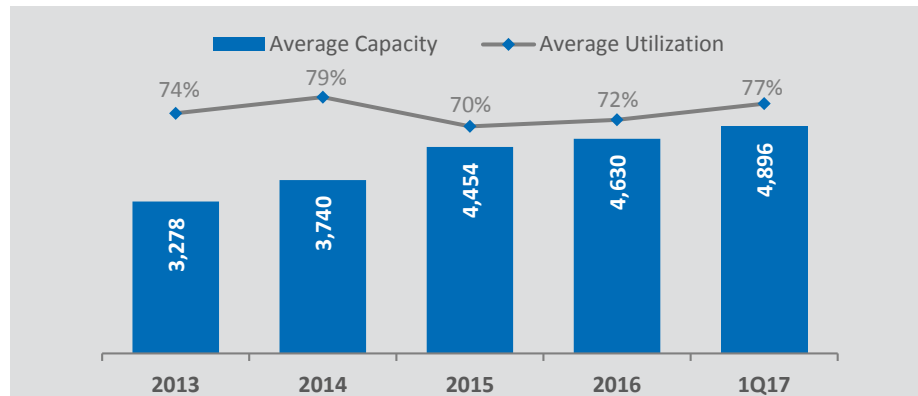
Operational Review

During the quarter ended 31 March 2017, RCC added 321 new workstations across its centers, bringing its total capacity to 5,191 compared to 4,870 as at year-end 2016, up 6.6% q-o-q. RCC's total CAPEX as a percentage of sales recorded 4.8% in 1Q17 versus 2.8% in the same period last year.

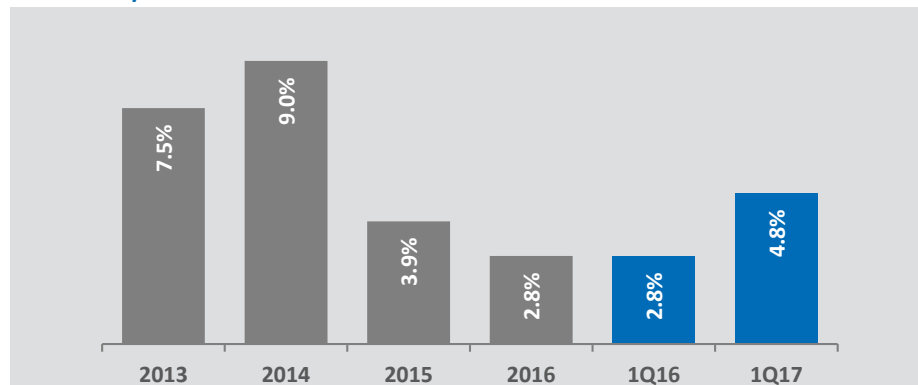
Over 74% of RCC's revenues for the quarter were generated from clients who have been in contract with the company for over five years, while client retention rate was at a healthy c.90%.

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 1Q17, RCC extended 183,786 hours of training to its employees across its onboarding, ongoing and client-specific programs. In parallel, the company maintained operational quality assurance in compliance with requirements of its accreditation certificates, including the COPC for performance management; the ITIL information technology framework; ISO 27001 for information security; and the PCI-DSS e-payment security accreditation.

Workstation Evolution & Utilization¹

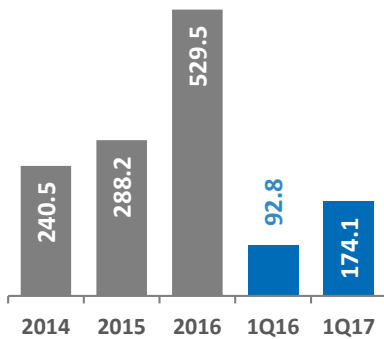


CAPEX / Sales Ratio

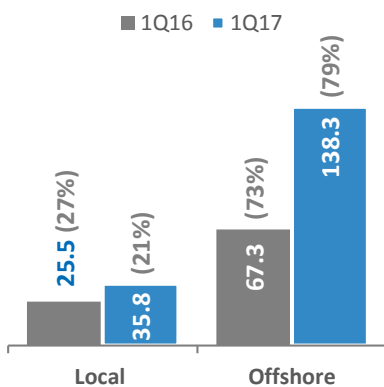


¹ Utilization is calculated as the average productive workstations utilization by the average total workstations

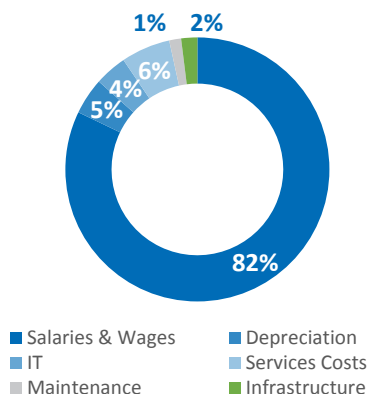
Revenue Progression (EGP mn)



Revenue Progression by Location (EGP mn)



COGS Breakdown (1Q17)



Financial Review

Consolidated revenues in 1Q17 recorded EGP 174.1 million, up 87.6% y-o-y driven by both organic growth — securing new clients and increasing services to existing clients — as well as the effect of translating the company’s foreign-currency denominated revenue streams onto the company’s EGP financials post the float of the Egyptian Pound in November 2016.

The largest contributor to revenue in 1Q17 was the outsourcing segment at EGP 135.0 million (77.6%) for which RCC extends the comprehensive suite of BPO services, including contact center services, professional services, back office services and inside sales channel management services. The outsourcing segment was also the largest contributor to revenue growth in absolute terms at 74.6%. Meanwhile contributing 13.7% to total revenues in 1Q17, professional services provided by the hosting segment posted EGP 23.9 million and recorded the fastest y-o-y growth of 164.6%. The segment was also the second largest contributor to revenue growth in absolute terms at 18.3%. Professional services insourcing generated revenues of EGP 15.2 million in 1Q17, up 62.2% y-o-y and contributing 8.7% to total revenues for the quarter.

Offshore revenues constituted 79.4% of the total at EGP 138.3 million in 1Q17, up over two-fold compared to 1Q16 figure of EGP 67.3 million.

At the **costs of goods sold** (COGS) level, RCC recorded EGP 96.3 million in 1Q17, up 73.4% y-o-y which is a slower rate than revenue growth and comes despite the inflationary pressures on the company’s cost base. Constituting the largest share of COGS at 82.0%, employees’ salaries and wages recorded EGP 79.0 million in 1Q17, up 84.8% y-o-y.

Management’s ability to control cost inflation below revenue growth saw it deliver a **gross profit** of EGP 77.9 million in 1Q17, up an impressive 108.6% y-o-y and yielding a 4.5 percentage-point expansion in gross profit margin to 44.7%.

Meanwhile, the company’s **selling, general and administrative** (SG&A) expenses recorded a 61.5% y-o-y increase to EGP 18.5 million in 1Q17. However, as a percentage of sales, SG&A stood at 10.6% during the quarter down from 12.3% in 1Q16.

EBITDA for the quarter recorded EGP 55.7 million, up 125.5% y-o-y thanks to a tight rein on operating costs. EBITDA margin consequently recorded a 5.4 percentage-point expansion to 32.0% in 1Q17.

The company recorded FX gains of EGP 0.8 million in 1Q17, compared to an FX loss of EGP 6.9 million in the same period last year, in-turn supporting the company’s bottom-line. **Net profit** for the period recorded EGP 40.2 million in 1Q17, up more than five-fold compared to the EGP 8.0 million posted in the same period last year, and with a 14.4 percentage-point expansion in net profit margin to 23.1%.

As at the quarter ended 31 March 2017, the company’s financial position remained liquid with a healthy **cash balance** of EGP 58.0 million or c.20% of total assets. **Net debt to EBITDA** recorded negative 0.85.

About Raya Contact Center

Raya Contact Center 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. Raya Contact Center serves its clients from eight contact center facilities located Egypt, UAE and Poland with over 5,191 seats capacity and 6,067 agents talent pool, focusing on high growth industries, namely telecom and media, technology and consumer electronics, travel and hospitality, banking, automotive & retail industries.

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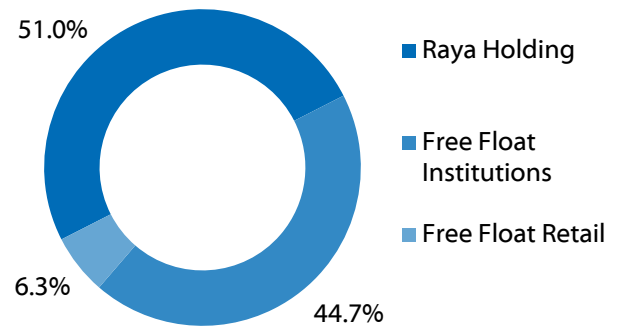
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RACC.CA on the EGX

Number of Shares	100,000,000
Share Price (28 May '17)	EGP 16.50
Market Cap (28 May '17)	EGP 1,650,000,000

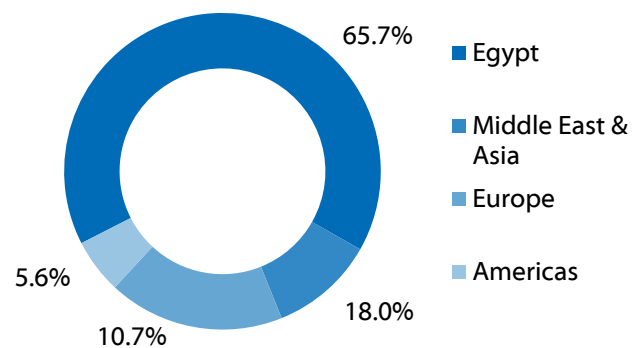
Shareholding Structure

(as at 28 May, 2017)



Shareholders by Geography

(as at 28 May, 2017)



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	1Q2017	1Q2016	Change
Sales	174,107,728	92,830,028	88%
COGS	(96,288,746)	(55,519,600)	73%
Gross Profit	77,818,982	37,310,428	109%
General & Administrative Exp.	(16,755,064)	(10,841,041)	55%
Selling & Marketing Exp.	(1,725,804)	(598,551)	188%
Rent	(10,306,529)	(7,252,632)	42%
Impairments	(120,686)	(580,618)	(79%)
Impairments Reversal	2,508,239	374,283	570%
Operating Profit	51,419,138	18,411,869	179%
Interest Income (Expense)	(720,677)	(361,774)	99%
Gain on Sale of Fixed Assets	-	(5,278)	
FX Gain (Loss)	796,344	(6,941,794)	-
EBT	51,494,805	11,103,023	364%
Tax	(11,292,481)	(3,080,529)	267%
Net Income	40,202,324	8,022,494	401%
<u>Distributed as follows:</u>			
Shareholders of the Parent Company	39,929,467	7,965,130	401%
Minority Interest	272,857	57,364	376%
Earnings Per Share	0.33	0.06	450%

Consolidated Balance Sheet

EGP	31 March 2017	31 December 2016
Assets		
Long Term Assets		
Fixed Assets	34,598,692	30,621,052
Intangible Assets	126,291	135,648
Deferred Tax Asset	709,447	2,795,682
Goodwill	26,582,777	26,582,777
Total Long term Assets	62,017,207	60,135,159
Current Assets		
Accounts Receivables	144,461,590	135,888,406
Advance Payment & Other Debit Balances	41,356,670	20,087,774
Due from Related Parties	1,846,456	62,811,936
Cash & Cash Equivalents	57,901,219	26,004,247
Total Current Assets	245,565,935	244,792,363
Total Assets	307,583,142	304,927,522
Equity		
Issued and Paid Capital	50,000,000	50,000,000
Legal Reserve	9,397,510	4,545,130
Merger Reserves	(2,834,374)	(2,834,374)
FX Translation Reserve	10,280,827	11,166,995
Retained Earnings	32,424,007	(2,042,322)
Net Income Attributable to Majority Owners	39,929,467	117,847,635
Total Parent's Shareholders' Equity	139,197,437	178,683,064
Minority Interest	1,172,758	899,901
Total Equity	140,370,195	179,582,965
Liabilities		
Long Term Liabilities		
Other long term Liabilities	1,753,859	1,385,714
Total long term Liabilities	1,753,859	1,385,714
Current Liabilities		
Bank Overdraft & Short Term loans	10,504,910	1,306,328
Accounts Payable	61,443,289	43,402,556
Other Credit balance	40,426,070	40,657,086
Provisions	1,914,977	1,914,977
Due to Related Parties	213	-
Deferred Taxes	45,040,306	36,365,628
Dividends Payable	6,129,323	312,268
Total Current Liabilities	165,459,088	123,958,843
Total Liabilities	167,212,947	125,344,557
Total Liabilities & Equity	307,583,142	304,927,522