

2Q15: Management Discussion and Analysis

Business Overview

In 2Q15, One To One PCL or “OTO” reported quarterly consolidated revenues of THB 232.9 million, increased by 42.2 THB million or 22.1% from same period of prior year (YoY). This was mainly owing to an increase in sale of “Fully Outsourced Contact Center Management Service” part as well as “Contact Center Facility Outsourced” part. Moreover, consolidated revenues of this quarter grew by THB 13.8 million or 6.3% from first quarter (QoQ) as a result of continuously improve in sale of both Turnkey Total Solutions and Outsourced Contact Center parts.

Moreover, operating profit was THB 21.9 million, decreased THB 6.5 million or 22.9% from same period of prior year as a result of an increase of depreciation cost from investing an asset to support customer. Net profit was THB 18.6 million, decreased by THB 4.0 million or 17.6% from same period of last year. However, comparing with the first quarter of 2015, net profit was improved by THB 2.3 million or 13.9%. This was contributed to the higher revenue from sale and service. Also the portion of “net profit to total revenue” increased from 7.4% in the first quarter of 2015 to 8.0% in the second quarter of 2015.

Financial Performance

Revenue structure of sales and services (*Unit: THB million*)

	2/15	2/14	%YoY
1. Revenue from Sales (Turnkey Total Solutions)	20.0	39.9	(49.7%)
1. Turnkey Total Solutions	20.0	39.9	(49.7%)
2. Revenue from Services (Outsourced Contact Center)	211.7	149.1	42.0%
2.1 Fully Outsourced Contact Center Management Service	158.0	117.7	34.3%
2.2 Customer Service Representative Outsourced	15.7	10.0	56.4%
2.3 Contact Center Facility Outsourced	32.6	15.0	116.7%
2.4 Maintenance Service	5.4	6.4	(15.5%)
Total	231.7	189.0	22.6%

Revenue from sales and services

1. Revenue from sales

1.1 Turnkey Total Solutions was THB 20.0 million, decreased by THB 19.9 million or 49.7% from the same period of prior year.

2. Revenue from services

Revenue from services was THB 211.7 million, increased by THB 62.6 million or 42.0% from the same period of prior year, mainly resulting from the increase of revenue in part of “Fully Outsourced Contact Center Management Service” and “Contact Center Facility Outsourced”. Revenue from services consists of four categories which are summarized as followings:

2.1 Revenue from services (Fully Outsourced Contact Center Management Service) was THB 158.0 million, significantly increased by THB 40.3 million or 34.3% from same period of last year. This was contributed to higher revenues from many customer sectors such as Airline, Energy, Insurance, Property and Government & State Enterprise.

2.2 Revenue from services (Customer Service Representative Outsourced) was THB 15.7 million, significantly increased by THB 5.7 million or 56.4% from same period of last year. It mainly contributed from higher revenue from Government & State Enterprise sector.

2.3 Revenue from services (Contact Center Facility Outsourced) was THB 32.6 million, significantly increased by THB 17.6 million or 116.7% from same period of last year as a result that company has generated more revenue continuously from customer in Insurance sector.

2.4 Revenue from services (Maintenance Service) was THB 5.4 million, decreased by THB 1.0 million or 15.5% compared with same period of last year.

Gross Profit

In 2Q15, gross profit was THB 37.5 million, decreased by THB 3.8 million or 9.3% from the same period of last year. And gross profit margin was 16.2%, decreased from 21.9% of last year. It mostly due to an increase of depreciation cost from investing an asset to support customer.

Selling Expenses, Administrative Expenses, Other Expenses and Finance Expenses

Selling expenses, administrative expenses, other expenses, and finance Expenses were THB 16.9 million, increased by THB 2.0 million or 13.7% from the same period of prior year. The Portion of “These Expenses to Total Revenue” decreased from 7.9% in the second quarter of 2014 to 7.3 percent in the second quarter of 2015.

Net Profit

The consolidated net profit was THB 18.6 million, decreased by THB 4.0 million or 17.6% from the same period of last year. It mainly results from lower gross margin due to an increase of depreciation expense from investing an asset to support customer. And the portion of “net profit to total revenue” decreases from 11.8% in the second quarter of 2014 to 8.0% in the second quarter of 2015. However, comparing with the first quarter of 2015, net profit was improved by THB 2.3 million or 13.9%. This was contributed to the higher revenue from sale and service. Also the portion of “net profit to total revenue” increased from 7.4% in the first quarter of 2015 to 8.0% in the second quarter of 2015.

Financial Position

As of 30 June 2015, OTO reported the total assets of THB 931.5 million, increased by THB 27.6 million or 3.1% comparing to the year ended 2014, mainly resulting from the increase of account receivable relative to higher revenue.

The company also reported total liabilities at THB 104.2 million, increased by THB 6.6 million or 6.8% comparing to the year ended 2014, mainly resulting from the increase of income taxable. Total shareholders' equity at 30 June, 2015 was THB 827.4 million, increased of THB 21 million or 2.6% compared with year ended 2014.

Yours faithfully,

(Mr. Pracha Phathayakorn)

Director