

2015 Management Discussion and Analysis

Business Overview

In 2015, One To One Contacts Public Company Limited or “OTO” and its subsidiaries, reported total revenues of THB 996.3 million. Comparing to THB790.4 million in 2014, its revenue grew by THB205.9 million or 26.1%. The growing revenue was mainly due to an increase in “Customer Service Representative Outsourced service”, the “Fully Contact Center Management Outsourced Service”, and the “Contact Center Facility Outsourced Service”.

Cost of sales and services were also increased by THB207.7 million to THB846.9 million in responses to higher revenue. Gross profit was THB141.3 million or 14.3% of its revenue.

The rising in 2015 revenue was mainly driven from services in private sectors as it shown an increase of THB211.3 million or 33.3% higher than last year. Other income was THB8.1 million, slightly dropped by THB8.4 million from last year. Selling expense, administrative expense, finance expense and other expense rose by THB2.9 million while corporate income tax was THB14.3 million or decreased by THB4.8 million, in line with lower profit.

Net profit amounted to THB66.2 million, or 6.6% of total revenue. It grew by THB0.2 million, or 0.4% compared to the same period of last year.

Revenues

Revenue structures from sales and services for the year ended 31 December 2015

	Revenue from Sales and Services (THB Million)	Growth Ratio
1. Revenue from Sales	142.9	2.2%
1.1 Turnkey Total Solutions	142.9	2.2%
2. Revenue from Services	845.3	33.3%
2.1 Fully Outsourced Contact Center Management Service	618.9	24.1%
2.2 Contact Center Facility Outsourced	114.5	81.9%
2.3 Customer Service Representative Outsourced	88.7	89.4%
2.4 Maintenance Service	23.2	-9.5%
Total	988.2	27.7%

1. Revenues from sales

1.1 Turnkey Solutions generated revenues of THB 142.9 million, increased by THB3 million, or 2.2%, from previous year. An increase was from sales to private sector.

2. Revenues from services

Revenues from services totaled THB845.3 million, increased by THB211.3 million, or 33.3%, from 2014, resulting mainly from the increase of revenues on “Customer Service Representative Outsourced Service”, “Fully Outsourced Contact Center Management Service” and “Contact Center Facility Outsourced Service”, as following:

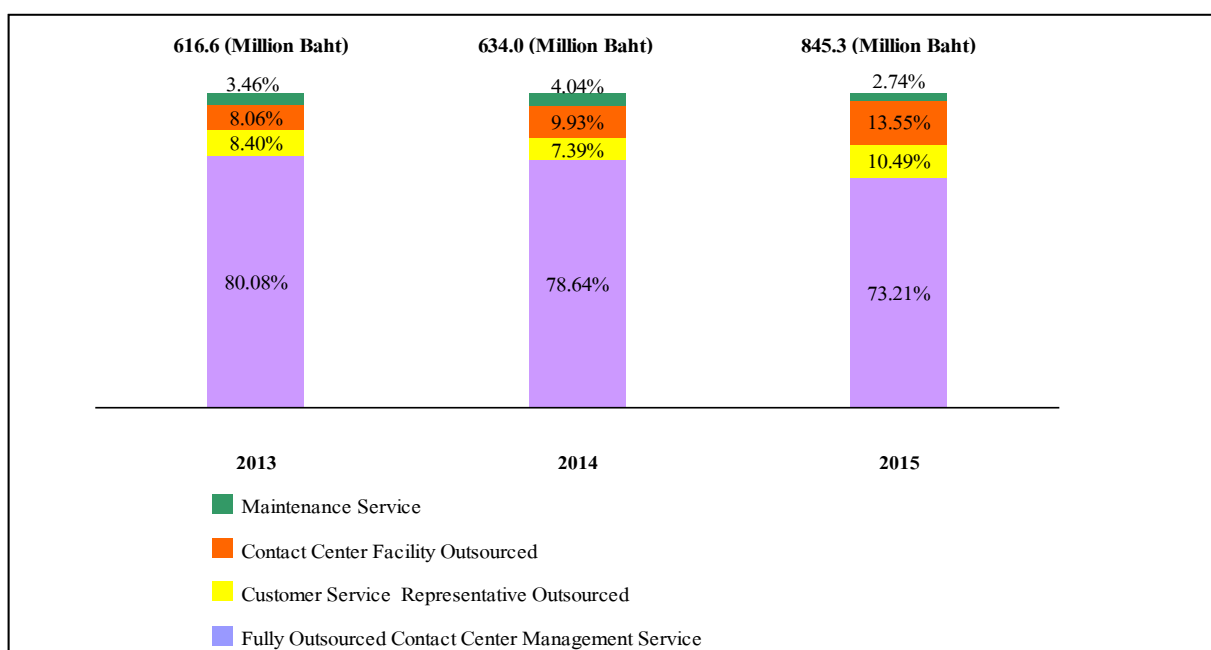
2.1 Revenues from fully outsourced contact center management services totaled THB 618.9 million, increased by THB120.3 million or 24.1% from the same period of previous year. The higher revenue was a result from new projects and up-selling projects in Airlines, Insurance, and Property.

2.2 Revenues from contact center facility services was THB114.5 million, showing an increase of THB51.5 million, or 81.9% from the same period of previous year. The increase represented a greater revenue contribution from the Government & State Enterprise sector.

2.3 Revenues from customer service representative outsourced services was up to THB 88.7 million, increased by THB41.8 million, or 89.4% from last year. This was attributed mainly to higher revenues from the Government & State Enterprise and growing demand from Insurance sector.

2.4 Revenues from maintenance services totaled THB23.2 million, decreased by THB 2.4 million or 9.5% from last year. The decremental revenues were mainly from the Government's slow - paced budget allocation.

Revenue structure from services



Selling Expenses, Administrative Expenses, Other Expenses and Financial Expenses

Selling expenses, administrative expenses, other expenses, and financial expenses totaled THB68.8 million, increased by THB2.9 million or 4.4% from last year.

Financial Cost

In 2015, financial cost was THB0.14 million, decreased by THB0.2 million.

Financial Position

Assets

As of 31 December 2015, total assets were THB1,018.6 million, increased by THB114.6 million, or 12.7% from previous year, which were resulted from an increase in accounts receivable and other receivables of THB 120 million and current portion of financial lease receivable of THB 37.3 million

Account Receivables and Other Receivables

As of 31 December 2015, account receivables and other receivable were THB329.7 million which contributed to 32.4% of total assets. An average collection period in 2015 was 98.19 days, greater than an average of 86.76 days in 2014. The company's policy for an allowance for doubtful account on overdue payment more than 6 month but no later than 12 month is at the ratio of 50%. In case of overdue payment more than 12 months, the company will count for the full amount of an allowance for doubtful accounts by considering the risk of each debtor. In case the governmental enterprise, its risk will be at low level; therefore the company will not consider for an allowance of doubtful accounts.

Current portion of finance lease receivable

As of December 31, 2015, the company had current portion of finance lease receivable of THB37.3 million.

Accrued Income

As of 31 December 2015, accrued income was THB140.9 million, or 13.8% of total assets. Accrued income was derived in the circumstance when company had provided service but unable to issue an invoice; for example, the case of turnkey services which accrued income was set by level of completion. In addition, the case of outsourced contact center service which service will be charged by monthly, company will estimate its income at the ending period according to service value for the month and the income will be recorded as accrued income. An accrued income will then be changed to account receivable. When the company issues an invoice, the income will then be adjusted to the amount appeared in an invoice to customer. The invoice issuance will be in accordance with the duration as mentioned in the service contract.

Equipment

As of 31 December 2015 equipment dropped to THB176 million from THB236 million in 2014 or decreased by THB 60 million due to depreciation from operation.

Liquidity

As of December 31, 2015, consolidated ratio of current assets to current liabilities was at 4.94 times, decreased from 7.56 times in last year due to an increase in account payable and other payable from business expansion.

Net increase in cash and cash equivalents was amounting to THB19.6 million. Details of cash flow by activities were as follows:

- Cash flow from operating activities was THB87.5 million, increased by THB23.5 million or 36.7% from last year.

- Cash flow from investing activities was THB34.2 million, decreased by THB165.4 million or 82.8% from last year. The decrease was mainly due to an investment on equipment in order to service contract renewal in last year.
- Cash flow from financing activities was THB33.5 million, decreased THB376.2 million or 109.7% from the same period of previous year because the company raised fund from IPO.