

Management Discussion and Analysis for the First Quarter of Year 2016

Business Overview

Business overview of One to One Contacts Public Company Limited and its subsidiaries (“the Group”) for the first quarter of year 2016 compared to the same period of prior year are as follows;

For the first quarter in 2016, the Group reported total revenues from sales and services at THB 206.1 million, decreased from THB 217.5 million of the first quarter in 2015 about THB 11.4 million or 5.2%. Cost of sales and services reported at THB 173.3 million decreased from THB 180.0 million of the first quarter in 2015 about THB 6.7 million or 3.7%. As a result, the gross profit margin for this quarter was presented at 15.9% decreased from 17.2% of the first quarter in 2015 about 1.3%.

However, the Group reported net profit for this quarter at THB 17.6 million, increased from THB 16.3 million of the first quarter in 2015 about THB 1.3 million or 7.7%. Net profit to total revenue was at 8.3% increased from 7.4% of the first quarter in 2015.

Revenues

The structure of revenues from sales and services for the three month period ended 31 March 2016 and 2015 are as follows;

Unit: THB million

	2016	2015	% Change
1. Revenue from sales	4.6	10.8	-57.4%
1.1 Turnkey Total Solutions	4.6	10.8	-57.4%
2. Revenue from services	201.5	206.7	-2.5%
2.1 Fully Outsourced Contact Center Management Service	153.6	151.8	1.2%
2.2 Outsourced Contact Center Facility	24.1	22.6	6.6%
2.3 Outsourced Customer Service Representative	18.1	26.1	-30.7%
2.4 Maintenance Service	5.7	6.2	-8.1%
Total revenues from sales and services	206.1	217.5	-5.2%

1. Revenue from sales

1.1 Turnkey Total Solutions generated revenue of THB 4.6 million in this quarter, decreased by THB 6.2 million or 57.4% from the same period of prior year. It was due to the decrease in the number of project which is mainly from the Government sector.

2. Revenue from services

Revenue from services for this quarter was totally at THB 201.5 million, decreased by THB 5.2 million or 2.5% when compared to the same period of prior year. It was mainly resulted from the decrease of revenues from Outsourced Customer Service Representative and Maintenance Service. However, the revenues from Fully Outsourced Contact Center Management Service and Outsourced Contact Center Facility were increased when compared to the same period of prior year.

2.1 Revenue from Fully Outsourced Contact Center Management Service for this quarter was THB 153.6 million, slightly increased by THB 1.8 million or 1.2% from the same period of prior year. It was resulted from the increasing in number of new customers and the continuously rendering of service to the existing customer which conform to the expanding of customer's business. The increasing revenues mainly come from the Government, Insurance and Retail sector, etc.

2.2 Revenue from Contact Center Facility Outsourced for this quarter was THB 24.1 million, increased by THB 1.5 million or 6.6% from the same period of prior year. It was mainly due to the increasing in services rendered to the existing customer following the expansion of their business especially for Insurance sector.

2.3 Revenue from Customer Service Representative Outsourced for this quarter was THB 18.1 million, decreased by THB 8.0 million or 30.7% from the same period of prior year. It decreased mainly from the Government and State Enterprise sector.

2.4 Revenue from Maintenance Service for this quarter was THB 5.7 million, slightly decreased by THB 0.5 million or 8.1% from the same period of prior year. It decreased also mainly from the Government and State Enterprise sector.

Gross Profit

For this quarter, gross profit margin of the Group was reported at 15.9%, slightly decreased by 1.3% when compared to the same period of prior year. It was according to the more competitive and the sluggish economy at present and also the attempt to capture more market share, therefore it resulted to the decrease in gross profit in some projects.

Selling Expenses, Administrative Expenses, Other Expenses and Finance Costs

The Group has selling expenses, administrative expenses, other expenses and financial cost for this quarter totally at THB 14.9 million, decreased by THB 2.4 million or 13.8% which was mainly from the decrease in employee benefit expenses and loss on change in value of investment.

Net Profit

The Group reported net profit for this quarter at THB 17.6 million, increased by THB 1.3 million or 7.7% from the same period of prior year. Net profit to total revenue was at 8.3% increased by 0.9% when compared to the same period of prior year. The increasing was mainly resulted from the decrease in administrative expenses and other expenses. Besides, it also increased from the other income.

Financial Position

As at 31 March 2016, the Group reported total assets at THB 962.5 million, decreased by THB 56.1 million or 5.5% from the end of the prior year. It was mainly from the decrease in trade and other receivables which conform with the decrease in revenue and the debt collection. Besides, the equipments also decreased from the depreciation during the period.

Total liabilities were represented at THB 106.1 million, decreased by THB 73.6 million or 41.0% from the end of the prior year. It decreased mainly from trade and other payables which also conform with the decrease in revenue. Total shareholders' equity was reported at THB 856.4 million, increased by THB 17.5 million or 2.1% when compared to the end of the prior year.