

Management Discussion and Analysis for the First Quarter of Year 2017

Business Overview

Business overview of One to One Contacts Public Company Limited and its subsidiaries (“the Group”) for the first quarter of year 2017 compared to the same period of prior year are as follows;

The Group reported total revenues at THB 242.4 million, increased by THB 32.0 million or 15.2% which mainly increased from the revenue from services. The total cost was reported at THB 192.4 million, increased by THB 19.1 million or 11.0%. As a result, the gross profit margin for this quarter was increased by THB 15.8 million or 48.4% and gross profit margin to total revenues was going up from 15.9% to 20.2%.

The Group reported total net profit for this quarter at THB 25.5 million, increased by THB 7.9 million or 45.2%. It resulted from the increasing of gross profit margin which due to the cost reduction. Net profit to total revenues was going up from 8.3% to 10.5%.

Revenues

The structure of revenues for the three month period ended 31 March 2017 and 2016 are as follows;

Unit: THB million

	Q1-2017	Q1-2016	%Change
1. Revenue from sales and contract work	1.2	4.6	-73.3%
1.1 Turnkey Total Solutions	1.2	4.6	-73.3%
2. Revenue from services	239.8	201.5	19.0%
2.1 Fully Outsourced Contact Center Management Service	163.9	153.6	6.7%
2.2 Outsourced Contact Center Facility	18.8	24.1	-22.0%
2.3 Outsourced Customer Service Representative	36.2	18.1	100.1%
2.4 Maintenance Service	20.9	5.7	265.3%
Total revenues from sales, contract work and services	241.0	206.1	16.9%

1. Revenue from sales and contract work

1.1 Turnkey Total Solutions generated revenue of THB 1.2 million in this quarter, decreased by THB 3.4 million or 73.3% when compared to the same period of prior year. It was mainly decreased from the number of project of the Private sector.

2. Revenue from services

Revenue from services for this quarter was totally at THB 239.8 million, increased by THB 38.3 million or 19.0% when compared to the same period of prior year. The details are as follows;

2.1 Revenue from Fully Outsourced Contact Center Management Service for this quarter was THB 163.9 million, increased by THB 10.3 million or 6.7% when compared to the same period of prior year. It was resulted from the expansion of service to the existing customer which conform to their business expanding and the increasing in number of new customers. The increasing revenues mainly come from the Private sector such as Insurance, Consumer goods, and Energy, etc.

2.2 Revenue from Contact Center Facility Outsourced for this quarter was THB 18.8 million, decreased by THB 5.3 million or 22.0% when compared to the same period of prior year. It was mainly decreased from the insurance of Private sector which decrease the scope of service.

2.3 Revenue from Customer Service Representative Outsourced for this quarter was THB 36.2 million, increased by THB 18.1 million or 100.1% when compared to the same period of prior year. It mainly increased from new customers of the Government and State enterprise sector.

2.4 Revenue from Maintenance Service for this quarter was THB 20.9 million, increased by THB 15.2 million or 265.3% when compared to the same period of prior year. It increased from the Government and State Enterprise sector which the warranty from Turnkey Total Solutions expired and then continue with the maintenance service.

Gross Profit

For this quarter, gross profit margin of the Group was reported at THB 48.6 million, increased by THB 15.8 million or 48.4% and gross profit margin to total revenues was going up from 15.9% to 20.2% when compare to the same period of prior year which mainly from the cost management.

Selling Expenses, Administrative Expenses, Other Expenses and Finance Costs

The Group has selling expenses, administrative expenses, other expenses and finance costs for this quarter totally at THB 18.8 million, increased by THB 3.8 million or 25.8% when compared to the same period of prior year. It mainly increased from data center service fee and employee benefit expenses.

Net Profit

The Group reported total net profit for this quarter at THB 25.5 million, increased by THB 7.9 million or 45.2% when compared to the same period of prior year. It resulted from the increasing of gross profit margin which due to the cost reduction. Net profit to total revenues was going up from 8.3% to 10.5% when compared to the same period of prior year.

Financial Position

As at 31 March 2017, the Group reported total assets at THB 1,006.2 million, decreased by THB 5.7 million or 0.6% when compared to the end of the prior year. It was mainly from the depreciation of equipment during the period.

Total liabilities were represented at THB 106.4 million, decreased by THB 31.1 million or 22.6% when compared to the end of the prior year. It decreased mainly from trade and other payables. Total shareholders' equity was reported at THB 899.8 million, increased by THB 25.3 million or 2.9% when compared to the end of the prior year.