

Management Discussion and Analysis for the First Quarter of Year 2018

Business Overview

Business overview of One to One Contacts Public Company Limited and its subsidiaries (“the Group”) for the first quarter of year 2018 compared to the same period of prior year are as follows;

The Group reported total revenues (excluded other revenues) at THB 168.2 million, decreased by THB 72.8 million or 30.2% which mainly decreased from the revenue from services. The total cost was reported at THB 139.0 million, decreased by THB 54.1 million or 28.0%. As a result, the gross profit margin for this quarter was decreased by THB 18.7 million or 39.0% and gross profit margin to total revenues was at 17.3%.

Total net profit for this quarter was reported at THB 8.1 million, decreased by THB 17.4 million or 68.2% when compared to the same period of prior year. It resulted from the declining of revenue and gross profit. Net profit to total revenues was at 4.8%.

Revenues

The structure of revenues for the three month period ended 31 March 2018 and 2017 are as follows;

Unit: THB million

	Q1-2018	Q1-2017	% Change
1. Revenue from sales and contract work	1.2	1.2	2.1%
1.1 Turnkey Total Solutions	1.2	1.2	2.1%
2. Revenue from services	167.0	239.8	-30.4%
2.1 Fully Outsourced Contact Center Management Service	116.4	163.9	-29.0%
2.2 Outsourced Contact Center Facility	7.8	18.8	-58.6%
2.3 Outsourced Customer Service Representative	33.5	36.2	-7.5%
2.4 Maintenance Service	9.3	20.9	-55.7%
Total revenues from sales, contract work and services	168.2	241.0	-30.2%

1. Revenue from sales and contract work

1.1 Turnkey Total Solutions generated revenue of THB 1.2 million in this quarter, little increased by 2.1% when compared to the same period of prior year.

2. Revenue from services

Revenue from services for this quarter was totally at THB 167.0 million, decreased by THB 72.8 million or 30.4% 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 116.4 million, decreased by THB 47.5 million or 29.0% when compared to the same period of prior year. It was mainly decreased from the customers of the Government. According to the increased of the market competition both of the competitor and the pricing, some projects could not continue to extend the services. However, the Private sector’s customer has continued growth, both from new customers and existing customers expanding the services.

2.2 Revenue from Contact Center Facility Outsourced for this quarter was THB 7.8 million, decreased by THB 11.0 million or 58.6% when compared to the same period of prior year. It was mainly decreased from Private sector's customer of insurance since the market trend of Insurance Outbound Telesales services was slowdown which because of the highly strict of relevant laws and also the various ways of approach the customer.

2.3 Revenue from Customer Service Representative Outsourced for this quarter was THB 33.5 million, decreased by THB 2.7 million or 7.5% when compared to the same period of prior year. It mainly decreased by the customers of Government and State enterprise sector.

2.4 Revenue from Maintenance Service for this quarter was THB 9.3 million, decreased by THB 11.6 million or 55.7% when compared to the same period of prior year. It mainly decreased by the customers of Government and State enterprise sector which end of contract and they have plan to change the system. So, they didn't continue the maintenance service contract.

Gross Profit

For this quarter, gross profit margin of the Group was reported at THB 29.1 million, decreased by THB 18.7 million or 39.0% and gross profit margin to total revenues was decreased from 19.8% to 17.3% when compare to the same period of prior year. Gross profit margin decreased mainly from the declining of revenue which because of the high market competitive in the competitor and pricing and also the slowdown of the turnkey project's customer.

Selling Expenses, Administrative Expenses and Other Expenses

The Group has selling expenses, administrative expenses and other expenses for this quarter totally at THB 21.3 million, increased by THB 2.6 million or 13.8% when compared to the same period of prior year. It mainly increased from employee benefit expenses.

Net Profit

The Group reported total net profit for this quarter at THB 8.1 million, decreased by THB 17.4 million or 68.2% when compared to the same period of prior year. Net profit to total revenues was at 8.3%. It resulted from the decreasing of gross profit margin.

Financial Position

As at 31 March 2018, the Group reported total assets at THB 945.0 million, decreased by THB 1.5 million or 0.2% when compared to the end of the prior year. Total liabilities were represented at THB 73.5 million, decreased by THB 9.6 million or 11.5% when compared to the end of the prior year. It decreased mainly from trade and other payables. Total shareholders' equity was reported at THB 871.5 million, decreased by THB 8.1 million or 0.9% when compared to the end of the prior year. The liquidity ratio (current assets to current liabilities) of the Group was at 13.87 times which increased from the end of the prior year. It was high liquidity. The debt to equity ratio of the Group was at 0.08 times, the proportion of the liabilities was low.