

Management Discussion and Analysis for the Third Quarter of Year 2018

Business Overview

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

For the three-month period, the Group reported total revenues (excluded other revenues) at THB 180.0 million, increased by THB 2.7 million or 1.5% from the prior period and similar to the same period of prior year. However, in this quarter the Group has increased in cost of employee benefits which caused the gross profit in this period was at THB 23.8 million or the gross profit margin represented at 13.2%. It decreased by THB 6.3 million or 21.0% from the prior period, however; when compared to the same period of prior year, it increased by THB 1.6 million or 7.1%.

For the nine-month period, the Group reported total revenues (excluded other revenues) at THB 525.6 million, decreased by THB 99.5 million or 15.9% from the same period of prior year. It was resulted to decrease in the gross profit by THB 12.4 million, whereas the gross profit margin was going up to be at 15.9%.

Revenues

The structure of revenues for the three-month and nine-month period ended 30 September 2018 and 2017 are as follows;

<i>Unit: THB million</i>	Three-month period			Variance +/-		Nine-month period		Variance +/-
	Q3'17	Q2'18	Q3'18	QoQ	YoY	9M'17	9M'18	
1. Revenue from sales and contract work	1.2	0.9	5.1	466.7%	325.0%	2.4	7.3	204.2%
1.1 Turnkey Total Solutions	1.2	0.9	5.1	466.7%	325.0%	2.4	7.3	204.2%
2. Revenue from services	178.9	176.4	174.9	(0.9%)	(2.2%)	622.7	518.3	(16.8%)
2.1 Fully Outsourced Contact Center Management Service	116.6	125.8	129.1	2.6%	10.7%	425.5	371.4	(12.7%)
2.2 Outsourced Contact Center Facility	15.0	7.2	6.7	(6.9%)	(55.3%)	41.4	21.7	(47.6%)
2.3 Outsourced Customer Service Representative	33.3	34.1	34.1	(0.0%)	2.4%	104.5	101.7	(2.7%)
2.4 Maintenance Service	14.0	9.3	5.0	(46.2%)	(64.3%)	51.3	23.5	(54.2%)
Total	180.1	177.3	180.0	1.5%	(0.1%)	625.1	525.6	(15.9%)

1. Revenue from sales and contract work

1.1 Turnkey Total Solutions increased from the prior period by THB 4.2 million and increased from the same period of prior year by THB 3.9 million which mostly from the existing customer which purchased more services.

2. Revenue from services

Revenue from services for the three-month period was THB 174.9 million, decreased by THB 1.5 million or 0.9% from the prior period and decreased by THB 4.0 million or 2.2% when compared to the same period of prior year. The revenue from services for the nine-month period was THB 518.3 million which decreased by THB 104.4 million or 16.8% 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 the three-month period was THB 129.1 million, increased by THB 3.3 million or 2.6% from the prior period and increased by THB 12.5 million or 10.7% from the same period of prior year which mainly increased from new customers in segment of insurance, retail business and increased from the existing customers expanding the services both of the State enterprise sector and Private sector. However, for the nine-month period, it was at THB 371.4 million decreased by THB 54.1 million or 12.7% 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 project could not continue to extend the services.
- 2.2 Revenue from Contact Center Facility Outsourced** for the three-month period was THB 6.7 million, slightly decreased from the prior period and decreased by THB 8.3 million or 55.3% when compared to the same period of prior year. For the nine-month period, it was THB 21.7 million decreased by THB 19.7 million or 47.6% 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 various ways of approach the customer.
- 2.3 Revenue from Customer Service Representative Outsourced** for the three-month period was THB 34.1 million, similar to the prior period and the same period of prior year. For the nine-month period, it was THB 101.7 million decreased from the same period of prior year by THB 2.8 million or 2.7%. It mainly decreased from the customers of Government and State enterprise sector.
- 2.4 Revenue from Maintenance Service** for the three-month period was THB 5.0 million, decreased by THB 4.3 million or 46.2% from the prior period and decreased from the same period of prior year by THB 9.0 million or 64.3%. For the nine-month period, it was THB 23.5 million decreased from the same period of prior year by THB 27.8 million or 54.2%. 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 the three-month period, the Group reported total gross profit at THB 23.8 million and the gross profit margin was at 13.2%. When compared to the prior period, the gross profit decreased by THB 6.3 million and the gross profit margin decreased from 17.0% to 13.2% because in this quarter, the Group has increased in cost of employee benefits in order to deliver the efficiently services. However, when compared to the same period of prior year the gross profit slightly increased by THB 1.6 million and the gross profit margin increased from 12.3% to 13.2%. For the nine-month period, the Group reported total gross profit at THB 83.3 million. When compared to the same period of prior year, the gross profit decreased by THB 12.4 million whereas the gross profit margin slightly increased from 15.3% to 15.9%. The gross profit margin was increased from the decreased in depreciation of the fully depreciated assets.

Selling Expenses, Administrative Expenses and Other Expenses

The Group has selling expenses, administrative expenses and other expenses for the three-month period, totally at THB 20.2 million, closed to the prior period but increased from the same period of prior year by THB 2.5 million or 14.2%. When compared the nine-month period to the prior year, it was increased by THB 10.0 million or 19.0%. It was increased from employee benefit expenses which the Group has increased in management team and team of developing the new software.

Net Profit

The Group reported total net profit for the three-month period at THB 4.3 million and net profit margin was at 2.3%. When compared to the prior period, net profit decreased by THB 4.8 million and decreased by THB 1.3 million when compared to the same period of prior year. It resulted from the increase of administrative expenses. For the nine-month period, total net profit was THB 21.5 million and net profit margin was at 4.0% which decreased from the same period of prior year. It decreased from the declining in revenue and gross profit and the increasing in administrative expenses.

Financial Position

As at 30 September 2018, the Group reported total assets at THB 936.6 million, decreased by THB 9.9 million or 1.1% 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 82.5 million, decreased by THB 0.6 million or 0.7% when compared to the end of the prior year. It decreased mainly from the decreased of accrued expenses. Total shareholders' equity was reported at THB 854.1 million, decreased by THB 9.3 million or 1.1% when compared to the end of the prior year.

The liquidity ratio (current assets to current liabilities) of the Group was at 12.23 times which increased from the end of the prior year. It was high liquidity. And the debt to equity ratio of the Group was at 0.10 times, the proportion of the liabilities was low.