

Management Discussion and Analysis for the Third Quarter of Year 2019

Business Overview

Business overview of One to One Contacts Public Company Limited and its subsidiaries (“the Group”) for the third quarter of year 2019 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 187.8 million, increased by THB 2.1 million or 1.1% from the prior period, Moreover, when compared to the same period of prior year, The revenue was increased by THB 7.7 million or 4.3% whereas the gross profit by THB 22.0 million was decreased by THB 1.8 million. The gross profit margin for this quarter represented at 11.7%.

For the nine-month period, the Group reported total revenues (excluded other revenues) at THB 562.3 million, increased by THB 36.8 million or 7.0% from the same period of prior year. It was resulted to decrease in the gross profit by THB 15.1 million, resulted in the gross profit by THB 68.3 million, whereas the gross profit margin was going up to be at 12.1%.

Revenues

The structure of revenues for the three-month and nine-month period ended 30 September 2019 and 2018 are as follows;

<i>Unit: THB million</i>	Three-month period			% Change +/-		Nine-month period		% Change
	Q3'18	Q2'19	Q3'19	QoQ	YoY	9M-18	9M-19	+/-
1. Revenue from sales and contract work	5.1	2.7	2.7	(1.3%)	(48.3%)	7.3	8.6	17.8%
1.1 Turnkey Total Solutions	5.1	2.7	2.7	(1.3%)	(48.3%)	7.3	8.6	17.8%
2. Revenue from services	174.9	183.0	185.1	1.2%	5.9%	518.3	553.7	6.8%
2.1 Fully Outsourced Contact Center Management Service	129.1	136.6	137.0	0.2%	6.1%	371.4	407.0	9.6%
2.2 Outsourced Contact Center Facility	6.7	2.0	2.0	(1.8%)	(70.5%)	21.7	9.6	(55.7%)
2.3 Outsourced Customer Service Representative	34.1	41.1	40.7	(0.8%)	19.4%	101.7	124.9	22.8%
2.4 Maintenance Service	5.0	3.3	5.4	65.9%	10.1%	23.5	12.2	(48.1%)
Total	180.0	185.7	187.8	1.1%	4.3%	525.6	562.3	7.0%

1. Revenue from sales and contract work

- 1.1 Turnkey Total Solutions** for the three-month period was THB 2.7 million gently decreased from the same period of prior year by THB 2.5 million and slightly decrease from the prior period. The Company expected that the revenue will increase during the last quarter of the year.

2. Revenue from services

Revenue from services for the three-month period was THB 185.1 million, increased by THB 2.1 million or 1.2% from the prior period and increased by THB 10.2 million or 5.9% when compared to the same period of prior year. However, the revenue from services for the nine-month period was THB 553.7 million which increased by THB 35.4 million of 6.8% 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 137.0 million, increased by THB 0.3 million or 0.2% from the prior period which mainly increased from the existing customers expanding the services. Moreover, when compared to the same period of prior year, it was increased by THB 7.9 million or 6.1%. For the nine-month period, it was at THB 407.0 million increased by THB 35.6 million or 9.6% when compared to the same period of prior year. It was mainly increased from the customers in the Government and State enterprise sector, expanding the scope of services and customers in the Private sector have growth for both new customers and current customers that expand the scope of services in the insurance business using inbound service and retail business.
- 2.2 Revenue from Contact Center Facility Outsourced** for the three-month period was THB 2.0 million, slightly decreased from the prior period and the same period of prior year. For the nine-month period, it was THB 9.6 million decreased by THB 12.1 million or 55.7% 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 40.7 million, slightly decreased from the prior period but increased from the same period of prior year by THB 6.6 million or 19.4%. For the nine-month period, it was THB 124.9 million increased from the same period of prior year by THB 23.2 million or 22.8%. It mainly increased by the customers of Government and State enterprise sector and Private sector.
- 2.4 Revenue from Maintenance Service** for the three-month period was THB 5.4 million, increased from the prior period by THB 2.2 million and increase from the same period of prior year by THB 0.5 million. For the nine-month period, it was THB 12.2 million decreased by THB 11.3 million or 48.1% when compared to the same period of prior year. It mainly decreased from end of contract with Government and State enterprise customer.

Gross Profit

For the three-month period, the Group reported total gross profit at THB 22.0 million and the gross profit margin was at 11.7%. When compared to the prior period, the gross profit slightly increased by THB 3.1 million. However, when compared to the same period of prior year the gross profit decreased by THB 1.8 million and the gross profit margin decreased from 13.2% to 11.7%. For the nine-month period, the Group reported total gross profit at THB 68.3 million. When compared to the same period of prior year, the gross profit decreased by THB 15.1 million whereas the gross profit margin decreased from 15.9% to 12.1%. Gross profit margin decreased from the increased of cost of services while the price was remain and from changing the law regarding to the provision of long-term employee benefits from the 300 days to 400 days.

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 19.3 million, decreased from the prior period but closed to the same period of prior year. When compared the nine-month period to the prior year, it was increased by THB 1.4 million or 2.2%. It was increased from the relocation costs.

Net Profit

The Group reported total net profit for the three-month period at THB 25.9 million and net profit margin was at 13.8%. When compared to the prior period, net profit increased by THB 22.5 million and increased by THB 21.7 million when compared to the same period of prior year. It resulted from the interest income from lawsuit against a government agency as a trade account receivable at THB 25.6 million which present as other income. For the nine-month period, total net profit was THB 34.5 million and net profit margin was at 6.1% which increased from the same period of prior year.

Financial Position

As at 30 September 2019, the Group reported total assets at THB 974.9 million, increased by THB 32.6 million or 3.5% when compared to the end of the prior year. It was mainly increased from current investments in fixed deposit with bank.

Total liabilities were represented at THB 110.0 million, increased by THB 19.5 million or 21.6% when compared to the end of the prior year. It increased mainly from trade and other payables and provision for long-term employee benefits. Total shareholders' equity was reported at THB 864.9 million, increased by THB 13.1 million or 1.5% when compared to the end of the prior year.

The liquidity ratio (current assets to current liabilities) of the Group was at 9.9 times which decreased from the end of the prior year but it was high liquidity. The debt to equity ratio of the Group was at 0.12 times, the proportion of the liabilities was low.