

Management Discussion and Analysis for the Second Quarter of Year 2017

Business Overview

Business overview of One to One Contacts Public Company Limited and its subsidiaries (“the Group”) for the second quarter of year 2017 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 204.0 million, decreased by THB 36.9 million or 15.3% from the prior period and also decreased by THB 38.2 million or 15.8% from the same period of prior year. It mainly decreased from revenue from services and revenue from contract work. As a result, the gross profit was decreased by THB 23.6 million or 7.9% decreased of gross profit margin when compared to the prior period and also decreased by THB 15.3 million or 4.4% decreased of gross profit margin when compared to the same period of prior year.

However, for the six-month period, the Group reported total revenues (excluded other revenues) at THB 445.0 million, slightly decreased by THB 2.8 million or 0.6% from the same period of prior year. Whereas the gross profit was gently going up from the same period of prior year. The gross profit margin was at 16.5%.

Revenues

The structure of revenues for the three-month and six-month period ended 30 June 2017 and 2016 are as follows;

<i>Unit: THB million</i>	Three-month period			Variance +/-		Six-month period		Variance
	Q2'16	Q1'17	Q2'17	QoQ	YoY	Q2'16	Q2'17	+/-
1. Revenue from sales and contract work	31.8	1.2	0.0	(100.0%)	(100.0%)	36.5	1.2	(96.8%)
1.1 Turnkey Total Solutions	31.8	1.2	0.0	(100.0%)	(100.0%)	36.5	1.2	(96.8%)
2. Revenue from services	210.4	239.8	204.1	(14.9%)	(3.0%)	411.8	443.8	7.8%
2.1 Fully Outsourced Contact Center Management Service	160.7	163.9	145.1	(11.5%)	(9.7%)	314.3	309.0	(1.7%)
2.2 Outsourced Contact Center Facility	22.0	18.8	7.6	(59.6%)	(65.6%)	46.1	26.4	(42.8%)
2.3 Outsourced Customer Service Representative	19.7	36.2	35.0	(3.4%)	77.9%	37.7	71.1	88.5%
2.4 Maintenance Service	8.0	20.9	16.4	(21.2%)	106.1%	13.7	37.3	172.6%
Total	242.2	241.0	204.1	(15.3%)	(15.7%)	448.3	445.0	(0.7%)

1. Revenue from sales and contract work

- 1.1 Turnkey Total Solutions** decreased from the same period of prior year as a result of economic slowdown which impact most of projects to postpone their investment during the first half year. However, the Company expected that the revenue will increase during the second half year.

2. Revenue from services

Revenue from services for the three-month period was THB 204.1 million, decreased by THB 35.7 million or 14.9% from the prior period and also decreased by THB 6.3 million or 3.0% when compared to the same period of prior year. However, the revenue from services for the six-month period was THB 443.8 million which increased by THB 32.0 million of 7.8% 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 145.1 million, decreased by THB 18.8 million or 11.5% from the prior period and also decreased by THB 15.6 million or 9.7% when compared to the same period of prior year. For the six-month period, it was THB 309.0 million decreased by THB 5.3 million or 1.7% 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 7.6 million, decreased by THB 11.2 million or 59.6% from the prior period and also decreased by THB 14.4 million or 65.6% when compared to the same period of prior year. For the six-month period, it was THB 26.4 million decreased by THB 19.7 million or 42.8% 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 the three-month period was THB 35.0 million, closed to the prior period but increased from the same period of prior year by THB 15.3 million or 77.9%. For the six-month period, it was THB 71.1 million increased from the same period of prior year by THB 33.4 million or 88.5%. It mainly increased from new customers of the Government and State enterprise sector.

2.4 Revenue from Maintenance Service for the three-month period was THB 16.4 million, closed to the prior period but increased from the same period of prior year by THB 8.4 million or 106.1%. For the six-month period, it was THB 37.3 million increased from the same period of prior year by THB 23.6 million or 172.6%. It mainly increased from the Government and State Enterprise sector which the warranty from Turnkey Total Solutions expired and then continued with the maintenance service.

Gross Profit

For the three-month period, the Group reported total gross profit at THB 25.0 million and the gross profit margin was at 12.2%. When compared to the prior period, the gross profit decreased by THB 23.6 million or 7.9% decreased of gross profit margin and also decreased by THB 15.3 million or 4.4% decreased of gross profit margin when compared to the same period of prior year. It mainly decreased 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. Besides, it was from the increased of some costs such as salary and employee benefit expenses in order to improve the quality of services, repair and maintenance fee and other service fee, etc. However, for the six-month period, the Group reported total gross profit at THB 73.5 million and the gross profit margin was at 16.5% which closed to the same period of prior year.

Selling Expenses, Administrative Expenses, Other Expenses and Finance Costs

The Group has selling expenses, administrative expenses, other expenses and finance costs for the three-month period, totally at THB 16.1 million, closed to the same period of prior year and decreased by THB 2.7 million or 14.2% from the prior period which was mainly from other services fee. However, when compared the six-month period to the prior year, it was increased by THB 3.2 million or 10.3% which was mainly from data center service fee.

Net Profit

The Group reported total net profit for the three-month period at THB 10.4 million and net profit margin was at 5.0%. When compared to the prior period, net profit decreased by THB 15.1 million or 5.5% decreased of net profit margin and also decreased by THB 9.9 million or 3.3% decreased of net profit margin when compared to the same period of prior year. It resulted from the declining of gross profit. However, for the six-month period, total net profit was THB 35.9 million and net profit margin was at 8.0% which closed to the same period of prior year.

Financial Position

As at 30 June 2017, the Group reported total assets at THB 976.7 million, decreased by THB 35.2 million or 3.5% 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 108.5 million, decreased by THB 28.9 million or 21.1% when compared to the end of the prior year. It decreased mainly from trade and other payables. Total shareholders' equity was reported at THB 868.2 million, decreased by THB 6.3 million or 0.7% when compared to the end of the prior year.

The liquidity ratio (current assets to current liabilities) of the Group was at 9.31 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 0.13 times, the proportion of the liabilities was low.