

Management Discussion and Analysis for the Third Quarter of Year 2017

Business Overview

Business overview of One to One Contacts Public Company Limited and its subsidiaries (“the Group”) for the third 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 180.1 million, decreased by THB 24.0 million or 11.8% from the prior period and also decreased by THB 59.3 million or 24.8% 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 2.7 million from the prior period and also decreased by THB 22.2 million or 6.2% decreased of gross profit margin when compared to the same period of prior year.

For the nine-month period, the Group reported total revenues (excluded other revenues) at THB 625.1 million, decreased by THB 62.6 million or 9.1% from the same period of prior year. As a result, the gross profit was decreased by THB 21.7 million or 1.8% decreased of gross profit margin.

Revenues

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

<i>Unit: THB million</i>	Three-month period			Variance +/-(-)		Nine-month period		Variance
	Q3'16	Q2'17	Q3'17	QoQ	YoY	Q3'16	Q3'17	+/-(-)
1. Revenue from sales and contract work	18.3	0.0	1.2	0.0%	(93.6%)	54.8	2.4	(95.7%)
1.1 Turnkey Total Solutions	18.3	0.0	1.2	0.0%	(93.6%)	54.8	2.4	(95.7%)
2. Revenue from services	221.1	204.1	178.9	(12.3%)	(19.1%)	632.9	622.7	(1.6%)
2.1 Fully Outsourced Contact Center Management Service	164.2	145.1	116.6	(19.7%)	(29.0%)	478.5	425.5	(11.1%)
2.2 Outsourced Contact Center Facility	22.0	7.6	15.0	98.3%	(31.7%)	68.1	41.4	(39.2%)
2.3 Outsourced Customer Service Representative	24.0	35.0	33.3	(4.6%)	39.1%	61.7	104.5	69.4%
2.4 Maintenance Service	10.9	16.4	14.0	(14.9%)	28.8%	24.6	51.3	108.9%
Total	239.4	204.1	180.1	(11.8%)	(24.8%)	687.7	625.1	(9.1%)

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. However, the Company expected that the revenue will increase during the last quarter.

2. Revenue from services

Revenue from services for the three-month period was THB 178.9 million, decreased by THB 25.2 million or 12.3% from the prior period and also decreased by THB 42.1 million or 19.1% when compared to the same period of prior year. However, the revenue from services for the nine-month period was THB 622.7 million which also decreased by THB 10.1 million or 1.6% 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 116.6 million, decreased by THB 28.6 million or 19.7% from the prior period and also decreased by THB 47.7 million or 29.0% when compared to the same period of prior year. For the nine-month period, it was THB 425.5 million decreased by THB 52.9 million or 11.1% 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.

2.2 Revenue from Contact Center Facility Outsourced for the three-month period was THB 15.0 million, increased by THB 7.5 million or 98.3% from the prior period. However, it decreased by THB 7.0 million or 31.7% when compared to the same period of prior year. For the nine-month period, it was THB 41.4 million decreased by THB 26.7 million or 39.2% 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 33.3 million, slightly decreased from the prior period but increased from the same period of prior year by THB 9.4 million or 39.1%. For the nine-month period, it was THB 104.5 million increased from the same period of prior year by THB 42.8 million or 69.4%. 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 14.0 million, decreased from the prior period by THB 2.4 million or 14.9%. However, it was increased from the same period of prior year by THB 3.1 million or 28.8%. For the nine-month period, it was THB 51.3 million increased from the same period of prior year by THB 26.8 million or 108.9%. 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 22.2 million and the gross profit margin was at 12.3%. When compared to the prior period, the gross profit decreased by THB 2.7 million and also decreased by THB 22.2 million or 6.2% 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 and repair and maintenance fee, etc. However, for the nine-month period, the Group reported total gross profit at THB 95.7 million and the gross profit margin was at 15.3% which decreased by 1.8% from 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 17.6 million, slightly increased from the same period of prior year and from the prior period. However, when compared the nine-month period to the prior year, it was increased by THB 4.9 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 5.6 million and net profit margin was at 3.1%. When compared to the prior period, net profit decreased by THB 4.9 million or 2.0% decreased of net profit margin and also decreased by THB 17.4 million or 6.5% decreased of net profit margin when compared to the same period of prior year. It resulted from the declining of gross profit. For the nine-month period, total net profit was THB 41.5 million and net profit margin was at 6.6% which decreased by 2.2% from the same period of prior year.

Financial Position

As at 30 September 2017, the Group reported total assets at THB 945.3 million, decreased by THB 66.7 million or 6.6% 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 93.9 million, decreased by THB 43.5 million or 31.7% when compared to the end of the prior year. It decreased mainly from trade and other payables. Total shareholders' equity was reported at THB 851.3 million, decreased by THB 23.2 million or 2.6% when compared to the end of the prior year because of dividend payment.

The liquidity ratio (current assets to current liabilities) of the Group was at 10.95 times which increased from the end of the prior year. It was high liquidity. The debt to equity ratio of the Group was at 0.11 times, the proportion of the liabilities was low.