

Management Discussion and Analysis for the Year 2018

Business Overview

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

For the year 2018 the Group reported total revenues at THB 718.3 million, decreased by THB 108.4 million or 13.1% when compared to the prior year. It mainly decreased from the revenue from services and revenue from contract work. The total cost was reported at THB 601.5 million, decreased by THB 93.9 million or 13.5%. The gross profit for the year 2018 was decreased by THB 13.4 million or 10.9% and gross profit margin to total revenues was at 15.4%.

The Group reported total net profit for the year 2018 at THB 20.6 million, decreased by THB 29.8 million or 59.1% when compared to the prior year. It resulted from the declining of revenues and the increasing of administrative expenses. Net profit margin to total revenues was at 2.9%.

Revenues

The structure of revenues for the year ended 31 December 2018 and 2017 are as follows;

<i>Unit: THB million</i>	Y2018	Y2017	% Change
1. Revenue from sales and contract work	14.9	21.4	-30.5%
1.1 Turnkey Total Solutions	14.9	21.4	-30.5%
2. Revenue from services	696.0	796.8	-12.6%
2.1 Fully Outsourced Contact Center Management Service	499.5	540.4	-7.6%
2.2 Outsourced Contact Center Facility	28.0	54.0	-48.1%
2.3 Outsourced Customer Service Representative	141.2	142.0	-0.6%
2.4 Maintenance Service	27.3	60.4	-54.8%
Total	710.9	818.2	-13.1%

1. Revenue from sales and from contract work

1.1 Turnkey Total Solutions generated revenue of THB 14.9 million in this year, decreased by THB 6.5 million or 30.5% when compared to the prior year. It was mainly from the economic slowdown, then most of big projects has been postponed.

2. Revenue from services

Revenue from services for this year was totally at THB 696.0 million, decreased by THB 100.8 million or 12.6% when compared to the prior year. The details are as follows;

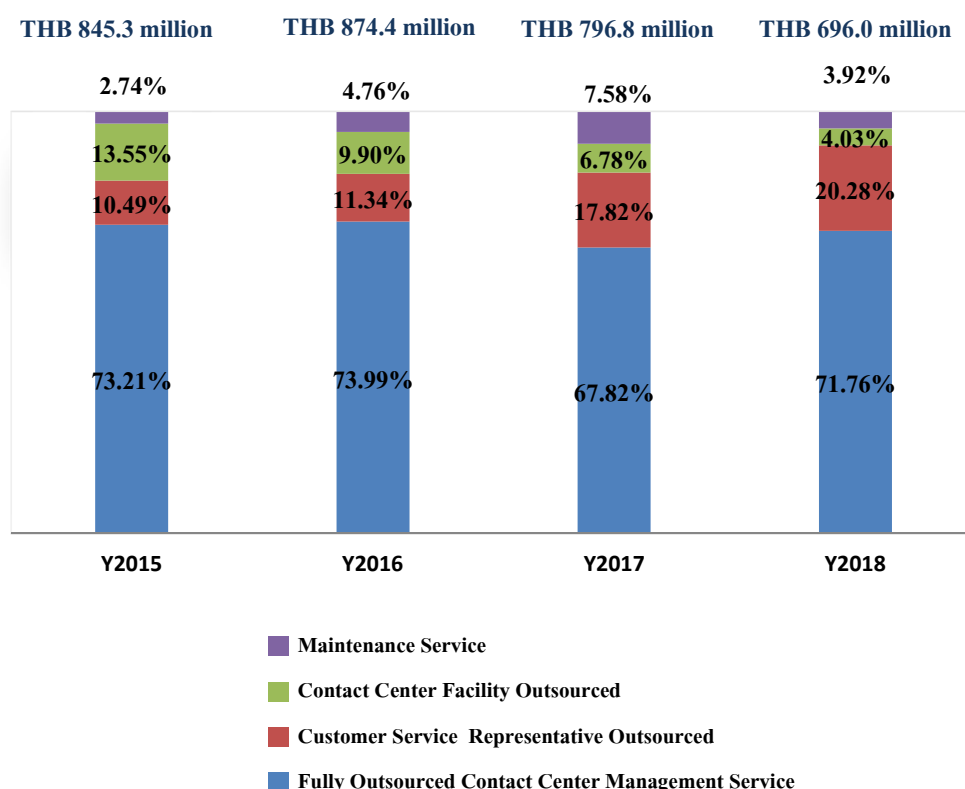
2.1 Revenue from Fully Outsourced Contact Center Management Service for this year was THB 499.5 million, decreased by THB 40.9 million or 7.6% when compared to the prior year. It was mainly decreased from the customers of the Government. According to the increased of the market competition both of the 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 in segment of insurance and retail business and existing customers expanding the services.

2.2 Revenue from Contact Center Facility Outsourced for this year was THB 28.0 million, decreased by THB 26.0 million or 48.1% when compared to the 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 year was THB 141.2 million, decreased by THB 0.8 million or 0.6% when compared to the prior year.

2.4 Revenue from Maintenance Service for this year was THB 27.3 million, decreased by THB 33.1 million or 54.8% when compared to the 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.

The structure of revenue from services



Gross Profit

For this year, gross profit margin of the Group was reported at THB 109.3 million and gross profit margin to total revenues was at 15.4%, slightly increased from 15.0% of the prior year.

Selling Expenses, Administrative Expenses and Other Expenses

The Group has selling expenses, administrative expenses and other expenses for this year, totally at THB 88.7 million, increased from the prior year by THB 18.1 million or 25.6% which was mainly from employee benefit expenses which the Group has increased in management team and team of developing the new software. Besides, it also increased from the relocation costs during the end of the year.

Net Profit

The Group reported total net profit for this year at THB 20.6 million, decreased by THB 29.8 million or 59.1% when compared to the prior year. It resulted from the declining of revenues and the increasing of administrative expenses. Net profit margin was at 2.9% which decreased from the prior year.

Financial Position

Total assets

As at 31 December 2018, the Group reported total assets at THB 942.2 million, decreased by THB 4.3 million or 0.5% when compared to the prior year. It was mainly from the decreased of cash and cash equivalent due to the relocation costs during the end of the year.

Total liabilities

As at 31 December 2018, the Group reported total liabilities at THB 90.5 million, increased by THB 7.4 million or 8.9% when compared to the prior year. It increased mainly from trade and other payables and the provision for long-term employee benefits.

Financial ratio

The Group reported financial ratio as at 31 December 2018 as follows;

Financial ratio	Y2018	Y2017
Liquidity (times)	11.02	11.81
Debt to Equity (times)	0.11	0.10
Return on Equity (%)	2.40%	5.81%
Return on Assets (%)	2.18%	5.15%
Gross Profit Margin (%)	15.38%	15.00%
EBIT Margin (%)	3.91%	7.34%
Net Profit Margin (%)	2.87%	6.10%