

## Management Discussion and Analysis for the Second Quarter of Year 2018

### Business Overview

Business overview of One to One Contacts Public Company Limited and its subsidiaries (“the Group”) for the second 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 177.4 million, increased by THB 9.2 million or 5.5% from the prior period, resulted to increase in the gross profit by THB 0.7 million. However, when compared to the same period of prior year, the revenue was decreased by THB 26.7 million or 13.1% whereas the gross profit was increased by THB 5.2 million. The gross profit margin for this quarter represented at 17.0%.

For the six-month period, the Group reported total revenues (excluded other revenues) at THB 345.5 million, decreased by THB 99.5 million or 22.4% from the same period of prior year. It was resulted to decrease in the gross profit by THB 14.0 million, whereas the gross profit margin was going up to be at 17.2%.

### Revenues

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

<i>Unit: THB million</i>	Three-month period			Variance +/-		Six-month period		Variance +/-
	Q2'17	Q1'18	Q2'18	QoQ	YoY	Q2'17	Q2'18	
<b>1. Revenue from sales and contract work</b>	-	1.2	0.9	(25.0%)	-	1.2	2.1	75.0%
1.1 Turnkey Total Solutions	-	1.2	0.9	(25.0%)	-	1.2	2.1	75.0%
<b>2. Revenue from services</b>	<b>204.1</b>	<b>167.0</b>	<b>176.5</b>	<b>5.7%</b>	<b>(13.5%)</b>	<b>443.8</b>	<b>343.4</b>	<b>(22.6%)</b>
2.1 Fully Outsourced Contact Center Management Service	145.1	116.4	125.8	8.1%	(13.3%)	309.0	242.2	(21.6%)
2.2 Outsourced Contact Center Facility	7.6	7.8	7.2	(7.7%)	(5.3%)	26.4	15.0	(43.2%)
2.3 Outsourced Customer Service Representative	35.0	33.5	34.1	1.8%	(2.6%)	71.1	67.6	(4.9%)
2.4 Maintenance Service	16.4	9.3	9.4	1.1%	(42.7%)	37.3	18.6	(50.1%)
<b>Total</b>	<b>204.1</b>	<b>168.2</b>	<b>177.4</b>	<b>5.5%</b>	<b>(13.1%)</b>	<b>445.0</b>	<b>345.5</b>	<b>(22.4%)</b>

#### 1. Revenue from sales and contract work

**1.1 Turnkey Total Solutions** gently increased from the same period of prior year by THB 0.9 million but slightly decrease from the prior period. 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 176.5 million, increased by THB 9.5 million or 5.7% from the prior period but decreased by THB 27.6 million or 13.5% when compared to the same period of prior year. However, the revenue from services for the six-month period was THB 343.4 million which decreased by THB 100.4 million or 22.6% 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 125.8 million, increased by THB 9.4 million or 8.1% from the prior period which mainly increased from the existing customers expanding the services. However, when compared to the same period of prior year, it was decreased by THB 19.3 million or 13.3%. And for the six-month period, it was at THB 242.2 million decreased by THB 66.8 million or 21.6% 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. However, the Private sector's customer has continued growth, both from new customers and existing customers expanding the services.
- 2.2 Revenue from Contact Center Facility Outsourced** for the three-month period was THB 7.2 million, slightly decreased from the prior period and the same period of prior year. For the six-month period, it was THB 15.0 million decreased by THB 11.4 million or 43.2% 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 various ways of approach the customer.
- 2.3 Revenue from Customer Service Representative Outsourced** for the three-month period was THB 34.1 million, gently increased from the prior period but decreased from the same period of prior year by THB 0.9 million or 2.6%. For the six-month period, it was THB 67.6 million decreased from the same period of prior year by THB 3.5 million or 4.9%. It mainly decreased by the customers of Government and State enterprise sector.
- 2.4 Revenue from Maintenance Service** for the three-month period was THB 9.3 million, closed to the prior period but decreased from the same period of prior year by THB 7.0 million or 42.7%. For the six-month period, it was THB 18.6 million decreased from the same period of prior year by THB 18.7 million or 50.1%. 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 30.1 million and the gross profit margin was at 17.0%. When compared to the prior period, the gross profit slightly increased by THB 0.7 million whereas the gross profit margin slightly decreased. However, when compared to the same period of prior year the gross profit increased by THB 5.2 million and the gross profit margin increased from 12.2% to 17.0%. For the six-month period, the Group reported total gross profit at THB 59.5 million. When compared to the same period of prior year, the gross profit decreased by THB 14.0 million whereas the gross profit margin increased from 16.5% to 17.2%. The gross profit was decreased mainly from the declining of revenue which because of the high market competitive in the competitor and pricing whereas the gross profit margin increased from the declining of high cost and low margin projects which end of contract and not extend.

## **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 21.0 million, closed to the prior period but increased from the same period of prior year by THB 4.9 million or 30.4%. When compared the six-month period to the prior year, it was increased by THB 7.5 million or 21.4%. It was increased from employee benefit expenses which the Group has increased in team of developing the new software.

## **Net Profit**

The Group reported total net profit for the three-month period at THB 9.1 million and net profit margin was at 5.1%. When compared to the prior period, net profit increased by THB 1.0 million but 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 six-month period, total net profit was THB 17.2 million and net profit margin was at 4.9% 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 June 2018, the Group reported total assets at THB 931.9 million, decreased by THB 14.6 million or 1.5% 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 70.7 million, decreased by THB 12.4 million or 14.9% when compared to the end of the prior year. It decreased mainly from trade and other payables. Total shareholders' equity was reported at THB 861.2 million, decreased by THB 2.2 million or 0.3% when compared to the end of the prior year.

The liquidity ratio (current assets to current liabilities) of the Group was at 14.54 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 0.08 times, the proportion of the liabilities was low.