

Management Discussion and Analysis for the Second Quarter of Year 2019

Business Overview

Business overview of One to One Contacts Public Company Limited and its subsidiaries (“the Group”) for the second 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 185.7 million, decreased by THB 3.1 million or 1.7% from the prior period, However, when compared to the same period of prior year, The revenue was increased by THB 8.3 million or 4.7% whereas the gross profit by THB 18.9 million was decreased by THB 11.2 million. The gross profit margin for this quarter represented at 10.2%.

For the six-month period, the Group reported total revenues (excluded other revenues) at THB 374.5 million, increased by THB 29.0 million or 8.4% from the same period of prior year. It was resulted to decrease in the gross profit by THB 13.2 million, resulted in the gross profit by THB 46.3 million, whereas the gross profit margin was going up to be at 12.4%.

Revenues

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

<i>Unit: THB million</i>	Three-month period			% Change +/-		Six-month period		% Change
	Q2'18	Q1'19	Q2'19	QoQ	YoY	Q2'18	Q2'19	+ /(-)
1. Revenue from sales and contract work	0.9	3.2	2.7	(17.1%)	200.5%	2.1	5.9	182.8%
1.1 Turnkey Total Solutions	0.9	3.2	2.7	(17.1%)	200.5%	2.1	5.9	182.8%
2. Revenue from services	176.5	185.6	183.0	(1.4%)	3.7%	343.4	368.6	7.3%
2.1 Fully Outsourced Contact Center Management Service	125.8	133.4	136.6	2.4%	8.6%	242.3	270.0	11.5%
2.2 Outsourced Contact Center Facility	7.2	5.6	2.0	(63.9%)	(71.8%)	14.9	7.6	(49.1%)
2.3 Outsourced Customer Service Representative	34.1	43.1	41.1	(4.7%)	20.3%	67.6	84.2	24.5%
2.4 Maintenance Service	9.4	3.5	3.3	(5.8%)	(64.9%)	18.6	6.8	(63.6%)
Total	177.4	188.8	185.7	(1.7%)	4.7%	345.5	374.5	8.4%

1. Revenue from sales and contract work

1.1 Turnkey Total Solutions gently increased from the same period of prior year by THB 1.8 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 183.0 million, decreased by THB 2.6 million or 1.4% from the prior period but increased by THB 6.5 million or 3.7% when compared to the same period of prior year. However, the revenue from services for the six-month period was THB 368.6 million which increased by THB 25.2 million of 7.3% 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 136.6 million, increased by THB 3.2 million or 2.4% 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 10.8 million or 8.6%. For the six-month period, it was at THB 270.0 million increased by THB 27.7 million or 11.5% 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 continued 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 six-month period, it was THB 7.6 million decreased by THB 7.3 million or 49.1% 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 41.1 million, decreased from the prior period but increased from the same period of prior year by THB 7.0 million or 20.3%. For the six-month period, it was THB 84.2 million increased from the same period of prior year by THB 16.6 million or 24.5%. 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 3.3 million, closed to the prior period but decreased from the same period of prior year by THB 6.1 million or 64.9%. For the six-month period, it was THB 6.8 million decreased from the same period of prior year by THB 11.8 million or 63.6%. 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 18.9 million and the gross profit margin was at 10.2%. When compared to the prior period, the gross profit slightly decreased by THB 8.5 million. However, when compared to the same period of prior year the gross profit decreased by THB 11.2 million and the gross profit margin decreased from 17.0% to 10.2%. For the six-month period, the Group reported total gross profit at THB 46.3 million. When compared to the same period of prior year, the gross profit decreased by THB 13.2 million whereas the gross profit margin decreased from 17.2% to 12.4%. 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 21.4 million, decreased from the prior period but closed to the same period of prior year. When compared the six-month period to the prior year, it was increased by THB 1.7 million or 3.9%. It was increased from the relocation costs.

Net Profit

The Group reported total net profit for the three-month period at THB 3.5 million and net profit margin was at 1.9%. When compared to the prior period, net profit decreased by THB 1.6 million and decreased by THB 5.7 million when compared to the same period of prior year. It resulted from the decreasing of gross profit margin. For the six-month period, total net profit was THB 8.5 million and net profit margin was at 2.3% which decreased from the same period of prior year. It decreased from the decreasing of gross profit margin.

Financial Position

As at 30 June 2019, the Group reported total assets at THB 953.1 million, increased by THB 10.9 million or 1.2% when compared to the end of the prior year. It was mainly increased from trade and other receivables.

Total liabilities were represented at THB 104.0 million, increased by THB 13.5 million or 15.0% 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 849.1 million, decreased by THB 2.6 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 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.