

Management Discussion and Analysis for the Year 2016

Business Overview

Business overview of One to One Contacts Public Company Limited and its subsidiaries (“the Group”) for the year 2016 compared to the prior year are as follows;

For the year 2016, the Group reported total revenues at THB 968.9 million, decreased by THB 27.4 million or 2.8% when compared to the prior year. It mainly decreased from the revenue from sales and revenue from contract work. The total cost was reported at THB 798.7 million, decreased by THB 48.2 million or 5.7%. The gross profit margin for the year 2016 was increased by THB 22 million or 3.1% and gross profit margin to total revenues was at 17%.

The Group reported total net profit for the year 2016 at THB 83.4 million, increased by THB 17.1 million or 25.9% when compared to the prior year. It resulted from the increasing of gross profit margin which due to the cost reduction. Net profit to total revenues was at 8.6% which increased from the prior year.

Revenues

The structure of revenues for the year ended 31 December 2016 and 2015 are as follows;

Unit: THB million

	Y2016	Y2015	% Change
1. Revenue from sales and contract work	87.7	142.9	-38.6%
1.1 Turnkey Total Solutions	87.7	142.9	-38.6%
2. Revenue from services	874.4	845.3	3.4%
2.1 Fully Outsourced Contact Center Management Service	647.0	618.9	4.5%
2.2 Outsourced Contact Center Facility	88.6	114.5	-24.4%
2.3 Outsourced Customer Service Representative	99.2	88.7	11.8%
2.4 Maintenance Service	41.6	23.2	79.3%
Total revenues from sales and services	962.1	988.2	-2.6%

1. Revenue from sales and from contract work

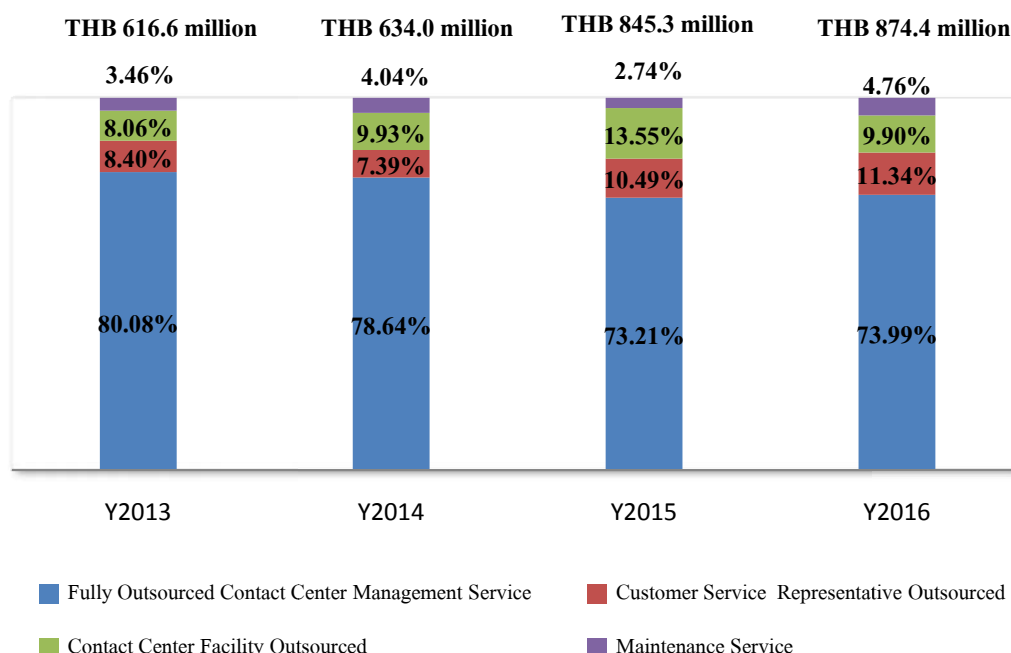
- 1.1 Turnkey Total Solutions** generated revenue of THB 87.7 million in this year, decreased by THB 55.2 million or 38.6% when compared to the prior year. It was mainly decreased from the Government and State Enterprise sector.

2. Revenue from services

Revenue from services for this year was totally at THB 874.4 million, increased by THB 29.1 million or 3.4% 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 647.0 million, increased by THB 28.1 million or 4.5% when compared to the prior year. It was resulted from the expansion of service to the existing customer which conform to their business expanding and the increasing in number of new customers. The increasing revenues mainly come from the Private sector like Consumer goods, Energy and Insurance, etc.
- 2.2 Revenue from Contact Center Facility Outsourced** for this year was THB 86.6 million, decreased by THB 27.9 million or 24.4% when compared to the prior year. It was mainly decreased from the Government and State Enterprise sector and the insurance of private sector.
- 2.3 Revenue from Customer Service Representative Outsourced** for this year was THB 99.2 million, increased by THB 10.5 million or 11.8% when compared to the prior year. It mainly increased both from new customers and existing customers of the Government and State Enterprise sector.
- 2.4 Revenue from Maintenance Service** for this year was THB 41.6 million, increased by THB 18.4 million or 79.3% when compared to the prior year. It increased from new projects of the Government and State Enterprise sector.

The structure of revenue from services



Gross Profit

For this year, gross profit margin of the Group was reported at THB 163.4 million and gross profit margin to total revenues at 17%, increased from 14.3% of the prior year. It was mainly due to the cost management and the decreasing in depreciation during the year.

Net Profit

The Group reported net profit for this year at THB 83.4 million, increased by THB 17.1 million or 25.9% when compared to the prior year. It resulted from the increasing of gross profit margin. Net profit to total revenues was at 8.6% which increased from the prior year.

Financial Position

Total assets

As at 31 December 2016, the Group reported total assets at THB 1,012.0 million, decreased by THB 6.6 million or 0.6% when compared to the end of the prior year. It was mainly from the depreciation of equipments during the year and also the debt collection of finance lease receivable.

Total liabilities

As at 31 December 2016, the Group reported total liabilities at THB 137.5 million, decreased by THB 42.2 million or 23.5% when compared to the end of the prior year. It decreased mainly from trade and other payables. Debt to equity ratio of the Group as at 31 December 2016 was at 0.16 times.

Liquidity

The liquidity ratio (current assets to current liabilities) of the Group as at 31 December 2016 was at 6.96 times.

The Group reported the increased in cash and cash equivalents at THB 86.7 million or 32.9% when compared to the end of the prior year which generated from and used in each activities as follows;

- Net cash flows generated from operating activities at THB 135.4 million, increased by THB 47.9 million or 54.8% from the prior year.
- Net cash flows used in investing activities at THB 0.9 million, decreased by THB 33.3 million or 97.3% from the prior year.
- Net cash flows used in financing activities at THB 47.7 million, increased by THB 14.1 million or 42.1% from the prior year.