



Datalex plc announces results for the year ended 31 December 2009

Dublin, Ireland 26 March, 2010 – Datalex plc today announces its full year results for the year ended 31 December 2009.

Financial Performance

Our 2009 financial performance can be summarised as follows:

	2009	2008	Change
	\$M	\$M	%
Total Revenue	27.1	33.0	-18%
Transaction revenue included in total revenue	13.3	10.8	+24%
Total cost of sales, selling & marketing costs and administrative expenses	31.9	34.1	-6%
Development expenditure capitalised	4.5	7.5	-41%
Amortisation of development expenditure	(4.1)	(3.0)	+37%
Total cost of sales, selling & marketing costs and administrative expenses before impact of product development	32.3	38.6	-16%
Loss before income tax	(4.5)	(1.4)	+221%
EBITDA	0.1	2.0	-95%
Intangible assets	18.4	18.6	-1%
Cash and cash equivalents	10.5	14.8	-29%
Net trade receivables	7.0	7.3	-4%
Total assets	39.8	45.9	-13%

2009 Business Highlights

Some of the key business highlights from 2009 include:

- 24% growth in transaction revenue to \$13.3m.
- 16% reduction in costs before product development.
- Datalex named as “World’s Leading Internet Booking Technology Provider” at the World Travel Awards in November 2009.
- Copa Airlines of Panama became the latest customer to go live on TDP in August 2009.
- Completion of ‘TDP Agent’; our multi-source, multi point-of-sale reservations management solution which is aimed at call centres and retail points-of-sale.
- Delivery of our air ancillary platform to South African Airways in December 2009.
- TDP went live against multiple GDS (Global Distribution Systems) for STA Travel, including a roll out in both on-line and off-line channels in Australia in Q4 2009.

2009 Overview

2009 was a difficult year for Datalex, and indeed for all companies involved in the travel industry. With the single largest post war decline in travel ever recorded, and oil prices staying in the mid \$70s, dozens of airlines were forced into bankruptcy, and most travel companies slashed budgets and deferred new investment plans in an effort to preserve cash until the market improves.

From our perspective, our customers responded no differently, repeatedly reducing IT budget spend and demand for our professional services throughout the year, with potential new customers deferring plans to invest in their systems and withdrawing requests for proposals already issued to the market.

In response to this difficult trading environment, we took a number of important steps to tune our resource model and reduce every element of our cost base, to reflect this market reality. This streamlining of the business has seen us reduce our costs, before net capitalised development, by \$6.3m in 2009, with a full year reduction in 2010 of approx \$10m.

Total revenue in 2009 was \$27.1m, down from \$33.0m in 2008. This decline was attributable to the reduced demand for our professional services in our e-business and consulting segments, together with a dearth of new business opportunities in 2009.

On a positive note, our transaction revenue continues to grow, with a 24% increase in 2009 to \$13.3m. This growth reflects the TDP platform's ability to generate incremental on-line revenue for our customers in both air and ancillary revenue sectors.

Total cost of sales, marketing & selling and administrative expenses, before product development, were \$32.3m in 2009, down from \$38.6m in 2008. Our loss for the year before tax was \$4.5m (2008 loss: \$1.4m), and Earnings before interest, tax, depreciation and amortisation (EBITDA) was \$0.1m (2008: \$2.0m).

In early November 2009 we guided cash of \$11.0m and a forecast loss of approx \$3m for the full year 2009. However, our operating result for Q4 was below expectations, in particular our transaction revenue was almost 10% behind expectation (approx \$370k), largely due to reduced demand across almost all sectors. Our professional services and TPF consulting activities were also about 8% or \$300k behind expectation in Q4, as a number of anticipated projects were deferred into Q1 2010, at short notice.

Our Q4 costs include legal fees incurred in connection with the Flight Centre litigation which commenced in early November. We also took the decision to bring forward some additional cost saving opportunities into 2009 that were originally planned for early in 2010, and this resulted in additional one off costs of approx \$160k. These steps, together with our continuing programme of review and rationalisation, will help deliver the increase in cost savings of \$10m in 2010, which were originally guided at \$7m last November.

Finally, the 9% increase in the strength of the US dollar against the Euro and the 4% increase against Sterling in the last two months of the year resulted in a net foreign exchange loss on the year-end translation of non dollar assets of approx. \$310k. However, the continuing strength of the Dollar against the Euro and Sterling will actually deliver significant benefits to us in the full year of 2010, on both our Sterling and Euro cost bases.

Cash balances at year end amounted to \$10.5m (2008: \$14.8m), marginally off our forecast of \$11.0m, due to the receipt of some debtor payments in early January 2010, rather than as expected

in December 2009. The decline of \$4.3m during 2009 was primarily due to the cessation of work with Flight Centre in 2009, which had been projected to generate \$1m in services and \$0.5m in transaction revenue in the second half of the year, together with the receivable of \$2.6m due from Flight Centre, which was still outstanding at year end.

Flight Centre

As outlined in our statement to shareholders last November, we are engaged in litigation with a former customer, Flight Centre Limited of Australia, arising from their decision not to proceed with the roll out of our software in their travel agency business. In February 2010 we lodged our counterclaim for damages in the amount of \$9.23m for breach of contract against Flight Centre Ltd. It is anticipated that this matter will come before the courts towards the end of 2010 or the beginning of 2011. As the matter is *sub judice*, we will not be making any further comment on it at this time.

Product Development

As mentioned earlier, during the year we completed the development of 'TDP Agent', our multi-source, multi point-of-sale reservations management solution, which is aimed at call centres and retail points of sale. This is an industry first as a productised solution and will deliver significant benefits to our customers in terms of sales, revenue and productivity gains.

We also completed our airline merchandising platform which integrates air ancillary services - car / hotel / insurance booking - into the shopping and reservations management flow. Datalex estimate over \$500m in ancillary revenues are enabled through TDP merchandising services each year.

With our peak product investment programme now substantially completed, our development focus in 2010 and beyond will be driven by our customers needs, in particular as travel companies look to increase revenue by exploiting merchandising opportunities and offering value added services and products to their customers. As such we anticipate a projected spend on product development in 2010 in the region of \$2.5m, down from \$4.5m in 2009 and \$7.5m in 2008.

Outlook for 2010

The challenges facing the travel industry in 2009 will continue into 2010. While consumer demand is still affected by general economic conditions, IATA has reported some signs of improvement in air traffic in the first quarter. In this environment airlines will continue to differentiate fare and fee schedules and look to grow ancillary revenue and merchandising opportunities. Major travel agencies will look to ruthlessly manage costs while looking for cross sell opportunities.

Our operating line performance, including both transaction booking volume and planned cost savings, is tracking to expectations to date in 2010. The first quarter of 2010 has also seen an improvement in our new business pipeline. In February we went live with our latest customer on TDP, Colombian airline Aero Republica. In the last week we have also received confirmation that a major Asian airline will use our TDP platform for both their on-line distribution and call centre operations, with deployment expected to start in early Q2. This is a significant step into a strategic growth market for Datalex.

At a general level, and in stark contrast to the same period in 2009 when new business proposals in our market had virtually ceased, this year we have already seen a number of airlines and travel

agencies issue requests for proposals, and we are actively pursuing a number of opportunities as travel companies seek to ready themselves for the expected improvement in trading conditions.

With the steps we have taken to tune our resource model and significantly reduce our cost base, and the continued reduction in our level of investment in our product platform, coupled with the improving pipeline of business prospects, we believe that we are well positioned to take advantage of market conditions as they pick up.

Our 2009 Datalex Annual Report is included in the attached PDF and is also available at http://www.datalex.com/pdf/Datalex_Annual_Report_2009.pdf

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About Datalex

Datalex is a leading provider of travel distribution software and solutions for the global travel industry. Today, tens of millions of online transactions take place via Datalex solutions enabling a better customer experience, maximizing revenues and enabling significant cost savings for travel companies. Datalex customers include prestigious airlines and major travel distribution organisations. Datalex has served the travel industry with innovative technology products and solutions for over 25 years and has an in depth understanding of the travel distribution environment.

Founded in 1985, the company is headquartered in Dublin, Ireland, and maintains offices across Europe, the USA and Asia-Pacific. Datalex is a publicly held company traded on the Irish Stock Exchange (symbol: DLE, and also OTC: DLEXY). For more information, please visit the company's web site at www.datalex.com.

This press release contains certain forward-looking statements. Actual results may differ materially from those projected or implied in such forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results.