

## **INTERIM MANAGEMENT STATEMENT**

**Dublin, 18<sup>th</sup> May 2009** - Datalex, a leading provider of travel distribution software and solutions to the global travel industry, today publishes its Interim Management Statement in respect of the four months to 30 April 2009.

### **Business Environment**

The travel industry has experienced a difficult first four months of 2009. With global economic conditions reducing travel demand, airlines have responded by seeking to cut costs and maximise revenue. As in the first half of 2008 when oil prices spiked, this market uncertainty has inevitably led to an initial slow down in capital expenditure and IT investment, with airlines preserving their cash reserves until they have better clarity on full year trading performance.

However, one significant difference between 2008 and 2009 is that the record oil prices of last year caused many airlines to reduce capacity in order to save on fuel costs, whereas this year, with oil back down to mid \$50s, airlines can market and discount their fares in order to drive capacity and yields, to increase their revenue. It is in this context that the full capabilities of the TDP platform, and how it can empower our customers to grow revenue and reduce costs, have become clear.

### **Trading Performance**

Total revenue in the first four months of 2009 amounted to \$9.6m, which was 9% behind expectations for the period, but on a par with the same period in 2008, after exchange rate movements are eliminated.

The current challenging economic environment has provided an excellent opportunity to show the strength of the Datalex product platform and our transaction model. Our transaction revenue in the first four months of 2009 amounted to \$4.7m, an increase of 46% on the same period last year (2008 January to April: \$3.2m), as airlines aggressively price and sell inventory to maintain their yields. On a like for like basis, 2009 transaction revenue from the same customers in this period (Jan – April) shows an increase of 12% to \$3.6m, compared to 2008. This clearly shows that quite apart from the benefit of adding new customers to the platform, we are also enabling existing customers increase their on-line and direct penetration to grow their revenue, which in turn increases our transaction revenue.

This trend is expected to continue through the remainder of 2009, with the planned go-live of TDP at Copa Airlines of Panama, and of particular significance, the launch of our ground-breaking 'TDP Agent' product at Flight Centre, one of the world's largest travel agencies. Both of these customers are expected to go live and begin generating transaction revenue by mid 2009.

Total operating costs for the four months to 30th April were \$10.9m, or 8% below our budget for the period. The difficult trading environment has highlighted the benefit of our decision in 2006 to outsource significant elements of product development and support activities, which has given us

flexibility to dynamically adjust our business to changing operating conditions. This allows us to tune down our cost base when required, while allowing us maximum flexibility to increase our resource pool as customer activity increases.

Cash reserves at the end of April were \$10.3m, which is in line with our budget. There were no substantial changes in working capital components in the period. We expect to generate cash in the current financial year.

## **Outlook**

Despite the difficult economic circumstances, the TDP platform has clearly demonstrated its ability to enable our customers to grow their online and direct revenues, while enabling significant reductions in distribution costs. Effective financial management is, now more than ever, critical to the success of the travel industry, and coupled with the demonstrable RoI achievable from the TDP platform, our product continues to attract strong interest in the market, and we are currently pursuing a healthy pipeline of new business. The launch of the TDP Agent product will represent a 'first to market' response to the business transformation taking place in the global travel agency sector, and should enable Datalex to broaden its customer base.

## **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 reducing significant cost savings. Datalex customers include major travel companies such as United Airlines, SAS, Aer Lingus and STA Travel. Datalex has served the travel industry with innovative technology products and solutions for over 20 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](http://www.datalex.com)