15% Increase in Revenue, 16% Increase in Adjusted EBITDA, 31% Growth in Profit after Tax

Dublin - 23 March 2018: Datalex plc (ISE:DLE), a leading provider of digital commerce solutions to global travel retailers, today announces results for the year ended 31 December 2017.

2017 Highlights

2017 represented another year of strong performance for Datalex, with double-digit growth in revenue and Adjusted EBITDA, continued progress on a number of key airline deployments including the Lufthansa Group, our first customer signing in the Loyalty market and a new customer win in the Chinese market. These developments will underpin continued growth in our business in the coming years.

Key financial highlights from 2017 include:

- 15% increase in Total revenue to US$63.9m
- 16% growth in Adjusted EBITDA to US$14.2m
- 31% increase in Profit after tax to US$7.1m
- 29% growth in Basic EPS to 9.32 US cents
- Our first customer win in the Loyalty market

Year ended 31 December	**2017**	**2016**	**Change**
	US$m	**US$m**	**%**
Total revenue	63.9	55.3	+15%
Platform revenue included in total revenue	27.2	26.4	+3%
Operating costs	56.6	50.1	+13%
Profit after tax	7.1	5.4	+31%
Adjusted EBITDA	14.2	12.2	+16%
EPS – Basic (cents)	9.32	7.22	+29%
Cash reserves	16.7	24.3	-32%

Commenting on today's results, Aidan Brogan, CEO of Datalex said: "In *2017, we once again achieved double-digit growth across our key metrics of revenue and Adjusted EBITDA, while also making significant progress in scaling the business to drive market share and performance in the years ahead. We continued to progress new airline platform deployments, including at the Lufthansa Group, which will drive growth in our platform revenue and Adjusted EBITDA. The digital transformation of the airline industry and broader travel sector continues to grow at a significant pace, presenting more opportunities for us to expand. Our first customer in the Loyalty market represents an exciting example of new opportunities across other travel verticals. Datalex is now positioned to execute on an exciting phase of growth, and I am confident that we will do so in 2018 and beyond".*

Financial & Operational Review

Total revenue increased by 15% in the period to US$63.9m (2016: US$55.3m), which included a 29% increase in services revenue to US$34.6m (2016: US$26.7m), driven by current deployments at the Lufthansa Group and JetBlue Airways, plus continuing demand for new functionality across our existing customer base. The increased use of our outsource model in 2017 has resulted in an improved margin on services revenue, contributing to our Adjusted EBITDA growth in the year.

Platform revenue grew 3% in 2017 to US$27.2m (2016: US$26.4m), driven by the full year impact of the customers we brought live during 2016, including Swiss International Air Lines, a member of the Lufthansa Group, together with two Chinese carriers - Air Changan and Tianjin Airlines. On a like-for-like basis (i.e. before the impact of contracts which concluded at the end of 2016), the underlying platform revenue growth in 2017 was more than 10%. With the commencement of platform revenue at the Lufthansa Group and our other new customer deployments, coupled with continued organic growth across our customer base, we are projecting double-digit growth in platform revenue annually over the next three years.

Operating costs grew by 13% to US$56.6m (2016: US$50.1m). The main cost increases were payroll, contractor and consultant costs (after capitalisation of product investment), which rose by 19% or US$6.5m to US$41.2m (2016: US$34.6m). This increase delivered both the US$7.9m increase in services revenue, and the scaling capabilities added across the organisation, which position our business for future growth. Of our total resource costs in 2017, 48% relates to outsource partners (2016: 44%). This delivery partner approach provides our business with a flexible and scalable operating cost model.

Adjusted EBITDA grew 16% to US$14.2m in 2017 (2016: US$12.2m), driven primarily by our strong revenue performance. Our Adjusted EBITDA margin was consistent year on year at 22%, reflecting the improved margin performance in our services revenue. The 2017 profit after tax of US$7.1m (2016: US$5.4m) includes amortisation of product development of US$5.0m (2016: US$5.0m).

Capitalised development expenditure in 2017 was US$13.1m (2016: US$9.2m), as we accelerated our product investment in digital commerce technologies which will drive business growth and allow us to scale for customer success. We anticipate that capitalised development in 2018 will decline back towards 2016 levels, as we complete a number of important features across our platform.

Our total cash balances at 31 December 2017 were US$16.7m (2016: US$24.3m). This change reflects:

- an increase of US$3.9m in product development, to US$13.1m (2016: US$9.2m),
- a US$6.7m increase in debtors and unbilled revenue at 31 December 2017 to US$20.0m (2016: US$ 13.3m), net of a US$0.6m increase in creditors and accruals to US$13.4 m (2016:US$12.8m).
- dividends paid of US$3.8m (2016: US$3.0m)

This increase in working capital investment is primarily due to work completed ahead of billing milestones on our new deployments, particularly our major programme at the Lufthansa Group. This working capital investment will start to unwind through the end of 2018 and the first half of 2019.

Dividend

The Board is pleased to recommend to shareholders for their approval a dividend of 5 US cents per share, which is in line with our 2017 dividend. The Board's decision to maintain a constant level of dividend reflects our continued investment in working capital and product investment and innovation, as outlined above. As our working capital investment unwinds and our new customers go live, our cash balances will increase. Our Board anticipates that 2019 will see a return to dividend growth.

2017 Business Developments

2017 was another year of strong progress in our business, with a number of exciting developments which will help drive growth in 2018 and beyond.

- The development and delivery of our next-generation digital platform to the Lufthansa Group is on schedule, and we expect the first group airline to go live in the second half of 2018. This will represent a significant operational and business milestone for Datalex; this will be the airline industry's first multi-airline digital commerce platform.
- We completed the development of our Online Travel Agent ('OTA') Platform, which is expected to go live at our first customer (JetBlue) in the next quarter. This represents an exciting expansion of our product capabilities in the leisure travel market, and will enable our customers to extend their digital travel retail offer, and to target new revenue opportunities. JetBlue has also extended its contract with Datalex to the end of 2022, on the back of our continued investment in such product innovation.
- We expanded into a new market vertical, securing our first major Loyalty network customer, leveraging the loyalty commerce capabilities we have already deployed at some of our airline customers. The top 100 airline loyalty programmes are estimated to be worth over US$160 billion, and the loyalty programme software market is undergoing a significant expansion as loyalty programmes look to enhance the digital redemption experience and increase member engagement. We see the loyalty sector as a major growth opportunity for Datalex in 2018 and beyond.
- We have also secured our first Chinese customer through our partnership with Neusoft, and our seventh overall in the Chinese market. We expect to begin deployment in the first half of 2018. Datalex and Neusoft are confident this partnership represents a leading proposition for Chinese travel retailers and we are confident that we will secure further new customers.
- We have developed new cloud-enabled offer and order component solutions which have expanded our pipeline of sales opportunity by providing entry level offerings to the market.

These developments will help drive strong growth in our market share and business performance in the years ahead.

Outlook

2017 was a year of strong performance and investment for our business, and was our eighth consecutive year of double-digit growth in Adjusted EBITDA. The investments we have accelerated in our platform, including the next generation capabilities we are bringing to the Lufthansa Group, will strengthen our competitive position and help drive our future financial performance. Our continued progress in China, and our first move into the Loyalty market gives us confidence that we will make further customer signings in 2018, and these, together with the go-live programme at the Lufthansa Group, will drive platform revenue growth. On this basis, we are confident that we will continue to deliver double-digit growth in revenue and Adjusted EBITDA in the period 2018 – 2020.

Our 2017 Annual Report is included in the attached PDF and is also available at:

http://www.datalex.com/investors

Management will host a conference call (Conference ID 1263018) at 8.30am GMT on March 23rd. Dial in details for the call are: *Ireland:* (01) 431 9648, *UK/International*: +44 (0) 1452 555566, *US:* +1 631 510 7498

To register your participation on the call and for presentation details RSVP to investor.relations@datalex.com

About Datalex

Datalex is a market leader in digital commerce solutions for travel retailers. The Datalex Digital Commerce Platform enables a travel marketplace of over one billion shoppers covering every corner of the globe, driven by some of the world's most innovative airline retail brands. Its customers include Aer Lingus, Air China, Air Malta, Air Transat, Copa Airlines, Edelweiss, Hainan Group of Airlines, HP Enterprise Services, JetBlue Airways, Lufthansa Group, Philippine Airlines, STA Travel and Trailfinders. The Company is headquartered in Dublin, Ireland, and maintains offices across Europe, USA and China. Datalex is a publicly listed company and is listed on the Irish Stock Exchange (ISE: DLE). Learn more at datalex.com or follow on Twitter@Datalex.

This announcement 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. Datalex undertakes no obligation to update any forward-looking statements.

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