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## TRX, Inc. Q2 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from J. D. [Arbitrar] – GRT Capital.

#### J. D. Arbitrar – GRT Capital

So maybe you could give us a little more detail on your guidance. Given the six months to date, you've done \$9 million in EBITDA, you're guiding to \$8 to \$10. I understand that the business is going away from Expedia, but that's a drastic reduction in what your normalized quarterly EBITDA has been. What steps are you taking to cut expenses? Because \$11 million isn't a lot of money and basically you're signaling you're going to lose money for a considerable period of time.

#### David D. Cathcart

The guidance in the back is really driven by two things. The earnings will be pretty low for two primary reasons. You can see that we're guiding lower in the back half on revenues because of the macro conditions that we've discussed and that, obviously, will have some impact on the earnings.

And then, naturally, we are removing costs in the business, really in preparation for '09. And typically, when you're removing costs, it takes some money to remove that cost. So we do expect to make some investments in that regard in the back half of '08, again, in preparation for '09.

#### J. D. Arbitrar – GRT Capital

And you're seeing, on the non-transaction side, customers pulling back from committing to new software purchases?

#### Norwood H. Davis, III

No, that's not necessarily the case. What we're commenting on is the general environment for transactions where, surprisingly, for the first half of the year - and we were not alone with, I think, this pleasant surprise - that the leisure volumes held up and the corporate volumes held up. And what we're predicting now that we've seen July, we've seen basically the first half of August, that, you know, corporate volumes are tightening, leisure volumes are tightening, and we still haven't yet hit the planned airline capacity reductions later in Q3 and in Q4. So that's sort of the volume side of it.

And in terms of the subscriptions or sales of our software for booking, processing and data reporting, we haven't seen any pulling back. That's not necessarily the case. And in fact, we've seen a keener interest by the corporate buyers and the analytics so their hotel spend and their air spend and, sure,

we would like for these things to move faster and for us to convert the prospects in the pipeline, but I'm encouraged by what we have seen. I'm encouraged by the relationships with a number of the bigger players.

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