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Triton Distribution Systems, Inc. Transcript of Interview with Gregory Lykiardopoulos and the Wall Street Reporter

Triton Distribution Systems is a pioneer in low-cost, business-to-business Internet-based travel distribution and procurement solutions. Gregory Lykiardopoulos, Chairman & CEO, spoke with *Wall Street Reporter Magazine* on August 16, 2006.

WSR: Outline for our audience the business model for Triton Distribution Systems, and give us a better understanding of the company's core product offering.

Triton: Triton's business model is set up to service three major segments of the industry. The first segment is the major airlines, because that has a lot to do with air transportation all over the world. The second segment are the travel vendors, a really-diversified group, i.e. cruise companies, tour operators, ferries, trains, buses, sightseeing companies, limousines, entertainment and so on, all over the world. The third segment is more of a distribution channel, which is the travel agent, and the travel agents are the ones that are actually selling all these products whether they happen to be from airlines or from the other vendors. All three together work under one umbrella that is segregated independently as far as how they distribute their inventory. We are there with applications designed specifically for each segment in order for travel agents to sell all of these products worldwide. Some of the entities are in countries that agents cannot reach, agents can come through our network to reach them.

WSR: Explain to us about the company's recent agreement with China International Travel Service and what it will mean for Triton.

Triton: CITS (China International Travel Service) is the largest government-owned, travel vendor and agent association in China. They earned USD\$1.3 billion, in 2005. 60% of the revenue is domestic and 40% is international. They have a multitude of products for foreign tourists, but they also service a lot of the domestic travel for other regions of China. The majority of the business they were doing here was all set up on a manual basis until we showed up and started working with them very closely. They can now get the benefit of becoming fully automated in many areas not just the domestic side of selling internally in China, but also internationally which is where the interest is. As far as the company's level -- actually the benefit they will get is enormous. Many of the travel companies all over the world outside China are unable to access inventory that is readily available. We bring that inventory to them, to their desktop, and they are able to book it automatically in real time. We also manage the financial issues as far as payments are concerned, who gets cleared, who gets the ticketing, and who gets all their documentation and so forth. We're sort of the core that does all the bridging between the locals in mainland China and the rest of the

world. That is not just the United States; it is a worldwide operation that the Chinese are obviously looking to sell into.

WSR: What are some of the emerging trends that particularly represent an opportunity for Triton?

Triton: The emerging trends are, first and foremost, accessing products that have not available in the past. Second is obviously the cost issue. The cost issue is a major factor, and a lot of distribution companies are very selective in the type of the products they will offer for many reasons. In addition to that many vendors were not able to be on these kinds of distribution systems. The trend right now is to really find alternative distribution methods, like Triton, to go in there and do their business and distribute their products in a much easier and cost-effective way, in terms of facilities and so forth.

WSR: Essentially through the web-based system that Triton has put in place, is the company able to offer pricing advantages and better distribution than their competition?

Triton: That is correct. We are able to cost effectively distribute inventory in any country; we are also helping countries market themselves separately from the vendors that fly to a particular country.

WSR: Staying on the subject of the competitive landscape, what really differentiates Triton from its direct competition, and particularly with regards to the deal in China, what are some of the barriers to entry now that will help Triton maintain its position?

Triton: The very first issue is that the products we develop for use by vendors and agents (our three main constituents – airlines, vendors, and travel agents) are a multitude of products that need to be in place before you start actually signing up customers in that environment. That takes a lot of time; many times, companies will need four or five years to develop this. The second issue is the business model itself and the relationships -- those are very fundamental things for any company to succeed.

WSR: Just in relation to the deal with China International Travel Services, the timing seems to be perfectly opportune now relative to the Olympics.

Triton: That's correct, and it is very much so. This is something the Chinese have been worried about for quite a while, because they would like to have the exposure to the international world,

and they are looking for companies like us to help them figure out how to get it, and how to capitalize on the coming Olympic Games. If you saw it today, China, in Beijing and anywhere else, you would not believe the work that is going on in every city, the cranes are flying -- all of them flying -- building the infrastructure.

WSR: Looking to the area of partnerships, how does the company leverage its technology and its core technologies through partnerships and strategic alliances?

Triton: The way we partner is that we go in to help each individual entity with their needs, i.e., not just their immediate or local needs, but their international needs as well. We allow various partnerships to flourish because we can offer diversified products and technologies to all these entities, and they can actually end up facilitating work with each other.

WSR: Tell us about Triton's Board and senior management team.

Triton: Some members of the senior management team have worked with me on other projects. Some were handpicked from relationships in the Orient and specific countries, who are very familiar with these relationships that have been cultivated for many years. They each have specific expertise and connections and directions and so forth. It matters what they have been doing, and what is our direction as a company.

WSR: What are the company's major objectives over the next 12 to 18 months?

Triton: The major objective over the next 12 to 18 months is – first, we have a lot of things happening or are about to happen in Southeast Asia. But we also have expanded into or are trying to expand into areas like Europe and the Middle East. That is all happening at the same time because of our success in Southeast Asia.

WSR: You mentioned the company's expansion, you've recently also opened an office in Manila.

Triton: That is correct. The office is fully-staffed and fully-operational. It was certified as a special foreign office by the Economic Zone whereby it receives free tax status for a period of time and no customs and special service charges from the government itself. It is very successful, they have been installing a lot of agencies; some already installed – about 150 agencies at the present time that are fully functional with our products, and some more to come.



WSR: In terms of the company's growth strategy, will it be primarily organic growth or would strategic acquisitions also be considered?

Triton: We will never put aside strategic acquisitions, if possible.

WSR: In closing, why would Triton Distribution Systems represent a good long-term investment?

Triton: The reason that we represent a very good investment is because the relationships we have in place and the agreements that have been established are long-term – the solidity of these agreements and the relationship of these agreements are not just for tomorrow, but for the next few years to come. That is very important for the growth of the company and its expansion into other parts of the world. Also, the business model shows that the revenues generated from the company are at a very high level for the distribution world; by keeping the costs down, we attract a lot of entities. On that basis, many entities are in the process right now of joining the company.

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