



## Online Resources Posts First Quarter 2009 Results

### Reports Strong Earnings and Cash Flow Growth

CHANTILLY, Va., Apr 30, 2009 (BUSINESS WIRE) -- Online Resources Corporation (Nasdaq: ORCC), a leading provider of online financial services, today reported financial and operating results for the three months ended March 31, 2009.

- Revenue was \$39.2 million, unchanged from first quarter 2008 as a result of the departure of two large clients in early 2008.
- Adjusted Ebitda, a non-GAAP measure, was \$8.4 million, up 13 percent compared to \$7.4 million in the prior year.
- Net loss available to common stockholders was \$1.6 million, or \$0.05 loss per diluted share. This result compares to a net loss of \$3.6 million, or \$0.12 loss per diluted share, in 2008.
- Core net income, a non-GAAP measure, was \$2.0 million up 24 percent from \$1.7 million in 2008. On a per share basis, core net income was \$0.07, up 40 percent from \$0.05 in the prior year.

"It was a great start to a pivotal year, with revenue showing good momentum sequentially and earnings expanding nicely over the same quarter of last year," said Matthew P. Lawlor, chairman and chief executive officer of the Company. "With recent cost initiatives and heightened strategic spending behind us, we saw strong operating leverage return to our model."

Lawlor added, "We have also generated a meaningful increase in cash over the last two quarters. After repaying another \$3.2 million in debt this past quarter, we have increased our cash and short-term investment position by over 50 percent in the last two quarters to \$27.6 million as of March 31, 2009."

"We remain optimistic as we look forward into 2009. With ongoing debt reduction and expense control, we continue to expect solid earnings and cash flow in the quarters ahead. In addition, we are making good progress filling our distribution channel with new products and a number of new large clients are launching our services."

### 2009 Business Outlook

The Company provided guidance for second quarter and confirmed its guidance for full year 2009. These statements are forward-looking, and actual results may differ materially. Guidance is stated in millions, except for per share data.

	Second Quarter			Full Year		
	2008	2009	%	2008	2009	%
	Actual	Guidance	Change	Actual	Guidance	Change
<b>Revenue (\$ millions)</b>	\$37.2	\$37.5-39.5	3%	\$151.6	\$160.0-170.0	9%
<b>Adjusted Ebitda (a)(b)</b>	\$7.4	\$7.8-9.1	14%	\$32.7	\$36.0-44.0	22%
<b>Earnings (\$ per share)</b>						
<b>Net (Loss) Income to Common (c)(d)</b>	\$(0.11)	\$(0.09)-(0.06)	n/a	\$(0.24)	\$(0.23)-(0.11)	n/a
<b>Core Net Income (a)(e)(f)</b>	\$0.06	\$0.06-0.08	17%	\$0.24	\$0.31-0.39	46%
<b>Share Count (millions)</b>						
<b>Basic</b>	29.0	30.0	3%	29.1	30.0	3%
<b>Fully Diluted Shares (g)</b>	30.1	30.9	3%	30.5	30.9	1%

The Company uses non-GAAP (Generally Accepted Accounting Principles) financial measures, including Adjusted Ebitda (a) and core net income, to evaluate performance and establish goals. It believes that these measures are valuable to investors in assessing the Company's operating results when viewed in conjunction with GAAP results.

(b) Adjusted Ebitda is defined as earnings before interest, taxes, depreciation and amortization, preferred stock accretion and equity compensation expense.

(c) Second quarters and full years 2009 and 2008 net loss available to common stockholders per share are calculated using the number of weighted-average shares outstanding (basic), not fully diluted shares.

Guidance does not assume the release of any additional tax valuation allowance in 2009, though the Company may do so.

(d) Also does not include the impact of any mark-to-market adjustments for derivatives the Company holds or other fair value accounting impacts.

Core net income is defined as net income available to common stockholders before, on a pre-tax basis, the amortization of acquisition-related intangible assets, equity compensation expense, income tax benefit from the release of valuation



Revenue	\$2.6	\$3.3	\$4.1	\$5.2	\$5.6	\$6.0	\$6.2	\$7.1
Bill Payment Transactions	7.4	8.4	9.1	10.3	10.5	11.3	11.8	12.7
Other Revenue <sup>3</sup>	\$3.0	\$2.6	\$2.8	\$2.8	\$2.0	\$1.9	\$2.0	\$2.7

#### OTHER KEY METRICS

Internet Banking Adoption Rate <sup>4</sup>	22.9 %	25.4 %	26.9 %	28.2 %	32.8 %	33.6 %	35.4 %	38.3 %
Banking Billpay Adoption Rate	6.7 %	6.8 %	8.7 %	9.0 %	9.4 %	10.0 %	10.2 %	10.4 %
Enterprise Users	10.5	11.6	12.3	13.5	12.6	13.0	13.2	13.8

#### Notes:

1. In millions except adoption rates.
2. Includes the revenues and transactions for the following large, departed clients: Branch Banking and Trust Company (departed 3Q07), Jack Henry (departed 4Q07) and Corporate Network eCom (departed 1Q08).
3. Includes revenues for the following large, departed clients: MBNA (departed 2Q07) and Certegy (departed 2Q08).  
The Company refined its definition of an Internet banking user in 1Q09 to incorporate a stricter definition of an active user. In order to make them consistent with the new definition, the Internet banking adoption rates for prior periods have been adjusted. User counts under the new definition have been estimated for the prior periods.
- 4.

#### Online Resources Corporation

#### Consolidated Statements of Operations

(In thousands, except per share data)

	THREE MONTHS ENDED	
	MARCH 31,	
	2009	2008
	(Unaudited)	
Revenues:		
Account presentation services	\$ 1,839	\$ 2,372
Payment services	31,129	31,878
Relationship management services	2,040	1,970
Professional services and other	4,232	2,976
Total revenues	39,240	39,196
Expenses:		
Cost of revenues	19,664	19,775
Gross profit	19,576	19,421
General and administrative	9,721	9,943
Selling and marketing	5,606	6,233
Systems and development	2,253	2,813
Total expenses	17,580	18,989
Income from operations	1,996	432
Other income (expense)		
Interest income	46	212
Interest expense, debt issuance costs and other expense	(1,068 )	(2,430 )
Total other income (expense)	(1,022 )	(2,218 )
Income (loss) before tax provision (benefit)	974	(1,786 )
Income tax provision (benefit)	343	(381 )
Net income (loss)	631	(1,405 )
Preferred stock accretion	2,249	2,177
Net loss available to common stockholders	\$ (1,618 )	\$ (3,582 )
Net loss available to common stockholders per share:		
Basic	\$ (0.05 )	\$ (0.12 )
Diluted	\$ (0.05 )	\$ (0.12 )
Shares used in calculation of net loss available to common stockholders per share:		
Basic	29,734	28,827
Diluted	29,734	28,827

#### Online Resources Corporation

#### Condensed Consolidated Balance Sheets

(In thousands)

MARCH 31, DECEMBER 31,  
2009 2008  
(Unaudited)

**ASSETS**

## Current assets:

Cash and cash equivalents	\$ 26,818	\$ 22,969
Short-term investments	816	1,009
Accounts receivable, net	15,804	15,742
Deferred tax asset, current portion	7,097	8,782
Prepaid expenses and other current assets	4,343	4,013
Total current assets	54,878	52,515
Property and equipment, net	27,992	28,707
Deferred tax asset, less current portion	26,615	25,295
Goodwill	181,516	181,516
Intangible assets	25,586	27,668
Deferred implementation costs, less current portion, and other assets	7,543	7,976
Total assets	\$ 324,130	\$ 323,677

**LIABILITIES AND STOCKHOLDERS' EQUITY**

## Current liabilities:

Accounts payable	\$ 1,896	\$ 1,198
Accrued expenses	5,112	3,618
Notes payable, senior secured debt, current portion	17,000	15,937
Interest payable	6	6
Deferred revenues, current portion, and other current liabilities	7,143	7,513
Total current liabilities	31,157	28,272
Notes payable, senior secured debt, less current portion	55,250	59,500
Deferred revenues, less current portion, and other long-term liabilities	5,897	6,377
Total liabilities	92,304	94,149
Redeemable convertible preferred stock	93,663	91,415
Stockholders' equity	138,163	138,113
Total liabilities and stockholders' equity	\$ 324,130	\$ 323,677

**Online Resources Corporation****Condensed Consolidated Statements of Cash Flows****(In thousands)**

**THREE MONTHS ENDED**  
**MARCH 31,**  
**2009          2008**  
**(Unaudited)**

**Operating activities**

Net income (loss)	\$ 631	\$ (1,405 )
Adjustments to reconcile net loss to net cash provided by operating activities:		
Deferred tax benefit	367	247
Depreciation and amortization	5,126	5,501
Equity compensation expense	1,234	1,416
Amortization of debt issuance costs	87	95
Loss on disposal of assets	4	32
Provision for losses on accounts receivable	16	11
(Gain) loss on investments	(13 )	111
Change in fair value of stock price protection	-	1,387
Change in fair value of theoretical swap derivative	(58 )	(682 )
Loss on cash flow hedge derivative security	-	86
Changes in operating assets and liabilities, net of acquisitions:		
Consumer deposit receivable	-	8,279
Consumer deposit payable	-	(10,555 )
Changes in certain other assets and liabilities	1,124	(5,090 )
Net cash provided by (used in) operating activities	8,518	(567 )

**Investing activities**

Purchases of property and equipment	(2,275 )	(4,703 )
Sale of short-term investments	576	3,075
Net cash used in investing activities	(1,699 )	(1,628 )

**Financing activities**

Net proceeds from issuance of common stock	226	300
Repurchase of shares issued related to ITS acquisition	-	(2,117 )
Payments for ITS stock protection	-	(112 )
Repayment of 2007 notes	(3,188 )	-
Repayment of capital lease obligations	(8 )	(9 )
Net cash used in financing activities	(2,970 )	(1,938 )
Net increase (decrease) in cash and cash equivalents	3,849	(4,133 )
Cash and cash equivalents at beginning of year	22,969	13,227
Cash and cash equivalents at end of period	\$ 26,818	\$ 9,094

**Online Resources Corporation**

**Reconciliation of Non-GAAP Measures**

(In thousands, except per share data)

**THREE MONTHS ENDED  
MARCH 31,  
2009      2008  
(Unaudited)**

**Reconciliation of Adjusted Ebitda (See Note 1):**

Net income (loss)	\$ 631	\$ (1,405 )
Depreciation and amortization (incl. loss on disposal of assets)	5,130	5,533
Equity compensation expense	1,234	1,416
Other (income) expense	1,022	2,218
Income tax provision (benefit)	343	(381 )
Adjusted Ebitda (See Note 1)	\$ 8,360	\$ 7,381

**Reconciliation of core net income (See Note 2):**

Net loss available to common stockholders	\$ (1,618 )	\$ (3,582 )
Preferred stock accretion related to redemption premium	394	387
Change in fair value of stock price protection	-	1,387
Change in fair value of theoretical swap derivative	(58 )	(682 )
Change in fair value of mark to market investments	13	111
Equity compensation expense	1,234	1,416
Amortization of intangible assets	2,082	2,618
Core net income (see Note 2)	\$ 2,047	\$ 1,655

**Reconciliation of core net income per share:**

Diluted net income (loss) available to common stockholders	\$ (0.05 )	\$ (0.12 )
Preferred stock accretion related to redemption premium	0.01	0.01
Change in fair value of stock price protection	-	0.05
Change in fair value of theoretical swap derivative	-	(0.02 )
Change in fair value of mark to market investments	-	-
Equity compensation expense	0.04	0.05
Amortization of intangible assets	0.07	0.09
Other, including impact of treasury method and rounding	-	-
Core net income per share	\$ 0.07	\$ 0.05

**Notes:**

- Adjusted Ebitda is a non-GAAP measure we define as earnings before interest, taxes, depreciation and amortization, preferred stock accretion and equity compensation expense.  
Core net income is a non-GAAP measure we define as net income available to common stockholders before, on a pre-tax basis, the amortization of acquisition-related intangible assets, equity compensation expense, income tax benefit from the
- release of valuation allowance, income (costs) related to the fair market valuation of certain derivatives and mark to market investments, preferred stock accretion related to the redemption premium and all other non-recurring charges. Some or all of these items may not be applicable in any given reporting period.

SOURCE: Online Resources Corporation

Online Resources Corporation

**Media Contact:**

Beth Halloran

Sr. Dir., Corporate Communications

703.653.2248

[bhalloran@orcc.com](mailto:bhalloran@orcc.com)

or

**Investor Contact:**

Catherine Graham

EVP & Chief Financial Officer

703.653.3155

[cgraham@orcc.com](mailto:cgraham@orcc.com)

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