Financial Results & Business Update

Quarter ended 31 March 2008

22 April 2008

TEMENOS
The Banking Software Company

Presentation Overview

TEMENOS

Agenda	Speaker	Position
Introduction	Ben Robinson	Investor Relations
Financial Update	David Arnott	CFO
Strategy and Business Update	Andreas Andreades	CEO
Q&A	David Arnott Andreas Andreades Max Chuard	 Director

Disclaimer

TEMENOS

Any remarks that we may make about future expectations, plans and prospects for the company constitute forward-looking statements. Actual results may differ materially from those indicated by these forward-looking statements as a result of various factors. In particular, the forward-looking financial information provided by the company in this conference call represents the company's estimates as of 22 April 2008. We anticipate that subsequent events and developments will cause the company's estimates to change. However, while the company may elect to update this forward-looking financial information at some point in the future, the company specifically disclaims any obligation to do so. This forward-looking information should not be relied upon as representing the company's estimates of its future financial performance as of any date subsequent to 22 April 2008.

Financial Update

David Arnott
CFO

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The Banking Software Company

Income Statement Highlights – Q1 2008

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	Q1 2008	Q1 2007	△ yoy
Licence revenue	31.1	23.4	33%
Total revenue	88.4	60.3	47%
EBIT	6.5	5.2	25%
Adjusted EPS*	0.13	0.07	86%

*Adjusted for amortisation of acquired intangibles (Q108: USD0.6m)

USDm, except EPS USD

Income Statement Detail

TEMENOS

	Q1 08	Q1 07	△	LTM 08	LTM 07	△
Licences	31.1	23.4	+33%	156.5	110.2	+42%
Maintenance	23.7	16.2	+46%	83.8	58.3	+44%
Services	33.5	20.7	+62%	117.6	71.2	+65%
Total revenue	**88.4**	**60.3**	**+47%**	**358.0**	**239.7**	**+49%**
R&D	(18.0)	(10.7)	+68%	(64.4)	(37.0)	+74%
Cost of services	(32.9)	(20.7)	+59%	(109.2)	(70.6)	+55%
Sales and marketing	(18.8)	(14.6)	+29%	(76.0)	(55.1)	+38%
G&A	(12.2)	(9.2)	+33%	(44.5)	(39.0)	+14%
Total operating costs	**(81.9)**	**(55.1)**	**+49%**	**(294.1)**	**(201.7)**	**+46%**
EBIT	**6.5**	**5.2**	**+25%**	**63.8**	**38.0**	**+68%**
Margin	7.4%	8.6%	**-120bps**	17.8%	15.9%	**+190bps**

Like-For-Like Cash Cost P&L

	Q1 08	Q1 07	△	LTM 08	LTM 07	△
Total revenue	88.4	60.3	+47%	358.0	239.7	+49%
Like for like* adjs.	(3.5)	0.1		(23.4)	4.9	
Adjusted total revenue	84.9	**60.4**	**+41%**	334.6	**244.6**	**+37%**
Total costs	81.9	55.1	+49%	294.1	201.7	+46%
l-f-l and non cash** adjs.	(9.8)	(1.1)		(37.5)	5.1	
Adjusted total cost	**72.1**	**54.0**	**+34%**	**256.7**	**206.8**	**+24%**
Reported EBIT	6.5	5.2	+25%	63.8	38.0	+68%
Like for Like EBIT	**12.8**	**6.3**	**+103%**	**77.9**	**37.8**	**+106%**
l-f-l EBIT Margin	15.1%	10.4%	+470bps	23.3%	15.5%	+780bps

* 2007 revenues adjusted for average Q1/LTM FX rates, Actis revenue deducted from 2008 revenues

** 2007 costs adjusted for average Q1/LTM FX rates; Actis costs deducted from 2008 costs; stock option and D&A cost removed from 2008 and 2007 costs

Income Statement Detail

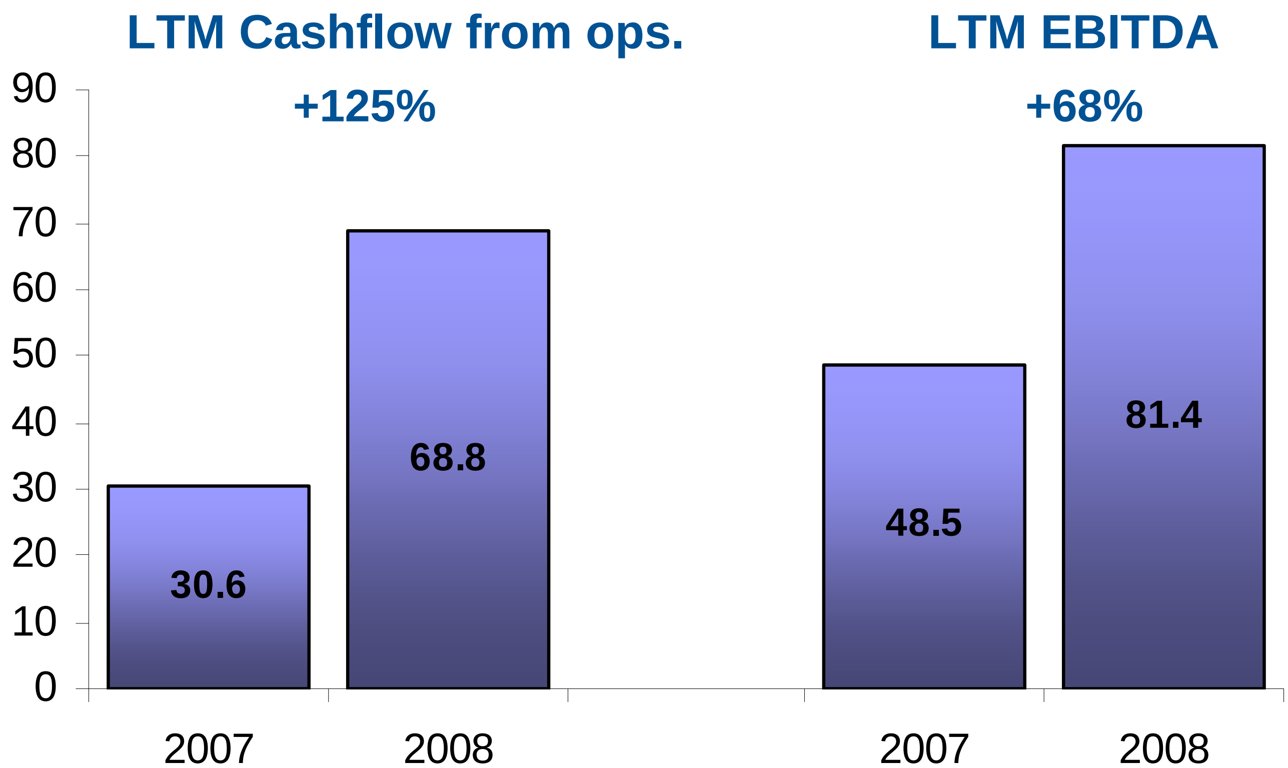
	Q1 08	Q1 07	△	LTM 08	LTM 07	△
EBIT	**6.5**	**5.2**	**25%**	**63.8**	**38.0**	**68%**
Net Finance charge	(0.7)	(0.3)	(133%)	(3.5)	(0.5)	(600%)
FX gain	1.1	(0.6)	n/a	6.8	4.8	42%
Tax	0.1	0.0	n/a	0.4	(4.2)	n/a
Net earnings	**7.0**	**4.2**	**67%**	**67.5**	**38.1**	**77%**
Adjusted EPS*	**0.13**	**0.07**	**86%**	**1.07**	**0.62**	**73%**

- Tax assets used to offset tax charges in the quarter
- FX gain/loss on translation of derivatives and closing balances

EPS growth of 86% for the quarter and 73% for LTM

*Adjusted for amortisation of acquired intangibles

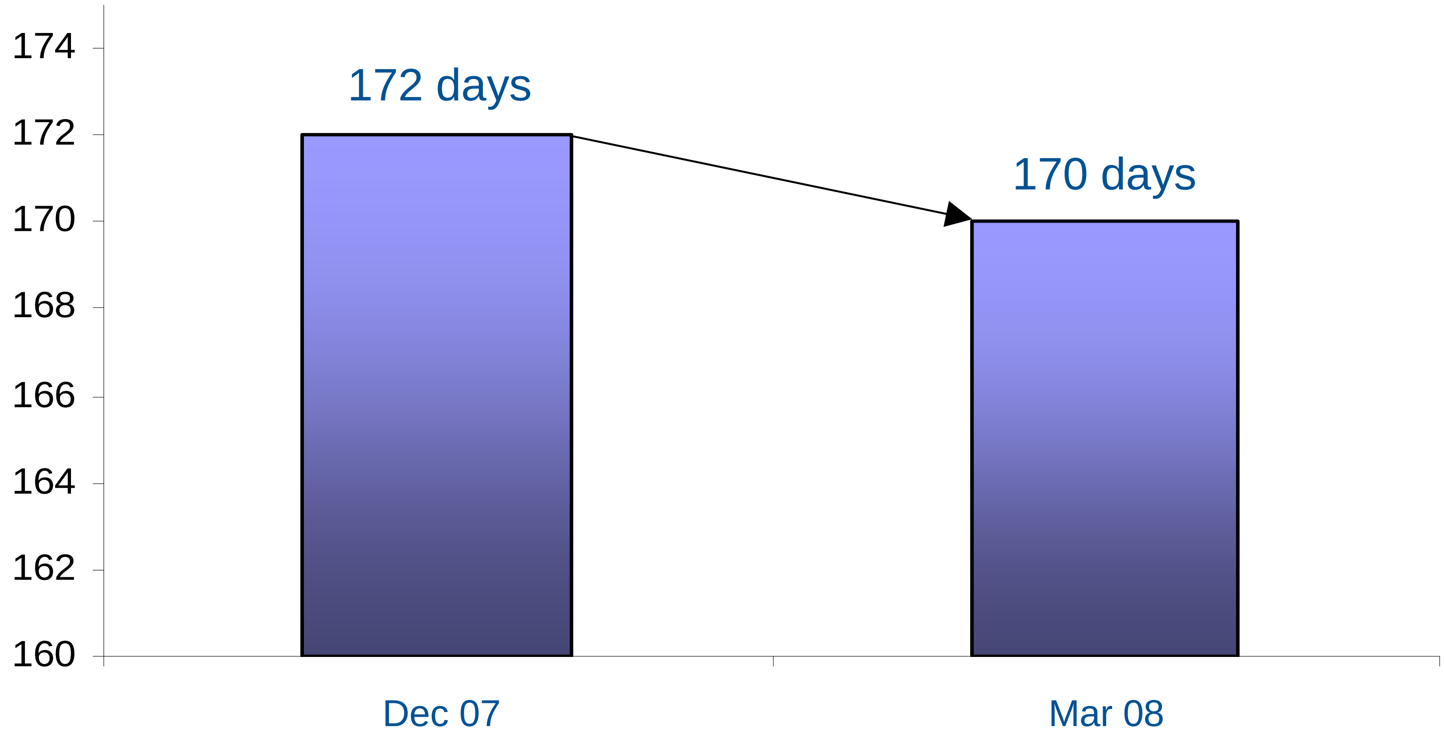
LTM Cash Flow Conversion (USDm)



- LTM Cashflow conversion at 85%
- Q1 08 conversion at 87% vs. 69% in Q1 07

	LTM 2008		% EBITDA Conversion	
USDm	**EBITDA**	**Cash Flow from Operations**	**2008**	**2007**
T24	85.7	71.3	83%	69%
TCB	(4.3)	(2.5)	n/a	n/a
TOTAL	**81.4**	**68.8**	**85%**	**63%**

DSOs



- 2 day sequential improvement
- Target for 15 days improvement by end of 2008 – on track
- Simplified methodology*, easier to understand and benchmark

* DSOs calculated as closing receivables less deferred revenue divided by 12 month sales multiplied by 365 days

Temenos is actively pursuing its policy of returning free cash flow to shareholders through buybacks:

- In 2008, we have takeover board approval to buy back **USD60.0m**…
- …and so far have purchased USD30.3m at an average price of **CHF23.9**

- In 2006, we purchased USD13.7m (vs. FCF of USD10.0m) at an average price of CHF15.0
- In 2007, we purchased USD34.7m (vs. FCF of USD40.2m) at an average price of CHF24.2

Strategy and Business Update

Andreas Andreades
CEO

Business update – still executing strongly

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We begin the year with an excellent Q1, recording strong growth off a tough comparative

We continue to grow ahead of our plan on both T24 and TCB, underpinned by:

- Superior products
- Win ratio at above 80%

T24 was comfortably the best-selling core banking product in 2007*

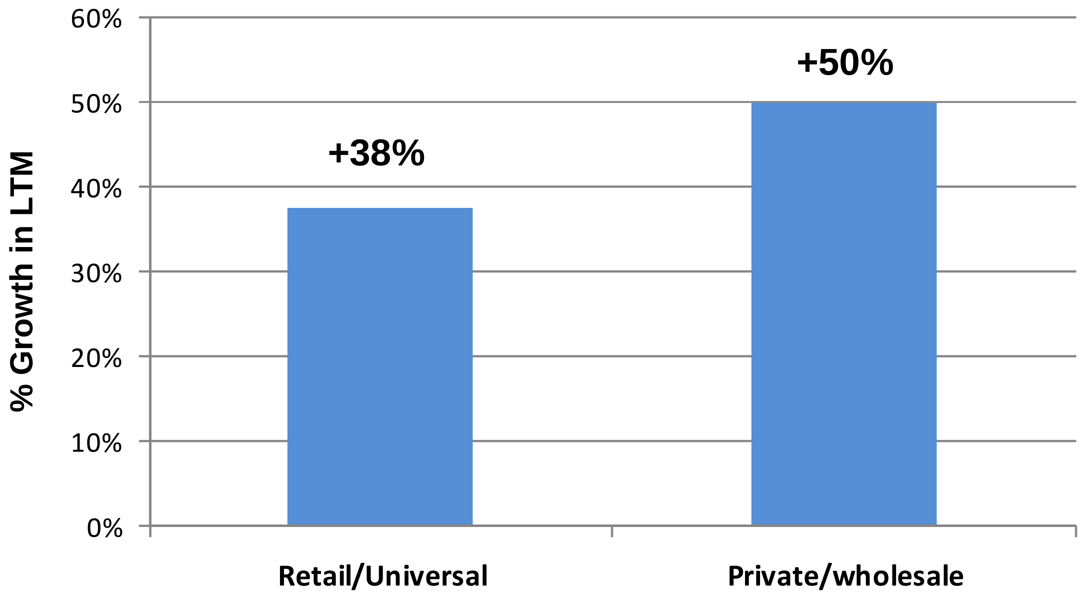
- Compelling investment and product roadmap
- Broad geographical reach
- Services initiatives of model bank, business consulting and TAM
- A Management focused on execution
- Multiple growth initiatives, which are already starting to deliver
- Metavante partnership

*According to the International Banking Systems Journal, which publishes an annual league table, T24 recorded 20 more deals than the next best-selling product

Strong growth in new clients…

- New clients in Q1 at 10 vs. 9 in the prior year (+11%), including global deal with a tier 1 bank
- LTM, no. of new clients was 50 vs. 44 in LTM 2007 (+14%)

… across all verticals…



… and in T24 in particular (up 71% y-o-y)

- **Increasing sales coverage**
  - Broadening and deepening geographical coverage still biggest driver of sales growth
  - Our client base stands at over 600 banks…
    …out of 22,000 banks worldwide
  - We aim to have c.60 quota-carrying salespeople by the year end
  - We are organising TCB under global reporting lines…
    ….and are seeking out more Metavante-type distribution agreements

Update on Growth Initiatives

- **ARC:**
  - ARC has so far been sold to 31 clients (3 in Q1)
  - <30% of sales have been to existing clients
  - ARC penetration of existing T24 base less than 2%
  - Now represents 6% of total licences (on LTM basis)
  - Average deal size rising as no. of modules grows and product matures

Update on Growth Initiatives

- **Metavante partnership:**
  - Joint development is on track, first release on schedule for summer ‘08
  - Partnership is strong at all levels
  - The pipeline is building satisfactorily in line with original plan despite subprime
  - Sub-prime is throwing up opportunities for our core replacement strategy even if causing slowdown in peripheral software markets
  - Continue to expect first deals in 2008

IMPROVING SALES AND MARGINS, BECOMING BEST IN CLASS

- **Model Bank**
  - Used in projects from Q4 2006 onwards
  - Proven to shorten implementation timeframes by 50%
- **TEMENOS Application Management**
  - TAM progressing in line with plan – headcount up to 300
  - TAM has now achieved Level 3 CMMI compliance
- **TEMENOS Management Consulting**
  - Gaining traction, integral part of implementation methodology

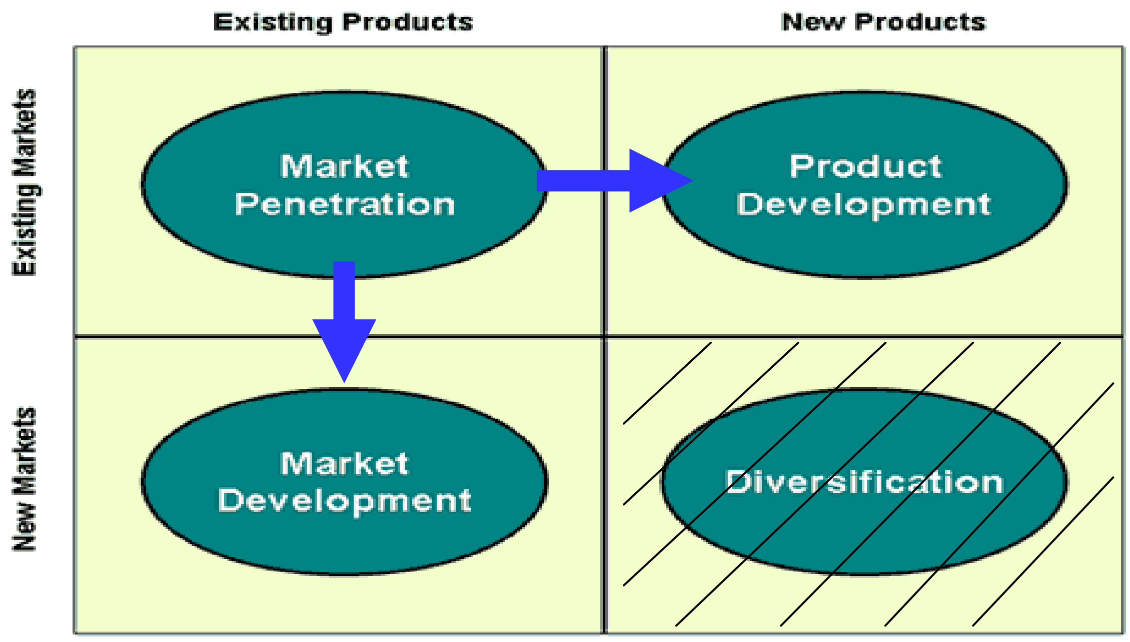
Q1 2008 highlights

- Revenue up by 62% yoy
- Margin at 2% (0% in PY)
- 11 Clients taken live
- 9 clients upgraded
- 117 active projects

Margin expectation of **10-15%** for **2008** (unchanged).

Acquisition strategy

- To complement accelerating organic growth model to achieve leadership in growing market. Targeting companies with revenues of USD20-50m to:
  - Strengthen delivery capability and distribution in key markets
  - Acquire client base
  - Enhance product



Business Update – demand conditions

Demand – we still see no slowdown

- Minimal exposure to the investment banking sector
- Exposure to the US chiefly through Metavante - annual contracted revenues intact
- Clients spread across retail, universal, private and wholesale banks
- Strong emerging market presence (c.66% of licences)
- Drivers for core systems structural, not cyclical and as prevalent as ever
- Long sales cycle of between 9 and 12 months gives us excellent visibility over licences

Our forecasts – continually assessed

- Outlook is based on sustainable medium term growth rate
- We monitor the pipeline every week
- We track pipeline against macro environment

We are vigilant to changes in demand…

…but have sufficient pipeline cover and depth…

…to raise guidance for the full year…

Updated 2008 outlook

	Previous	Update	Revised	yoy Δ
Licences	173	+2	175	+18%
Revenue	400	+15	415	+26%
EBIT margin	21.2%		21.1%	+220bps
EBIT	85.0	+2.5	87.5	+40%
Adjusted EPS*	1.33	+0.03	1.36	+32%

On outlook

- 26% top line growth plus 220bps of margin expansion gives 40% EBIT growth

On update

- FX adds c.USD5m to outlook.
- Rest of increase comes from better momentum and better visibility
- Gross stock option dilution is 2% for the year

All nos. in USDm, except EPS USD

*Adjusted for amortisation of acquired intangibles (2008 outlook: USD1.9m); no of fully diluted shares 69.4m

Looking forward – no change to management assumptions

We see no reason to change the guidance we have given for 2009, even though now off higher base (given increase to 08 outlook):

- **20 - 25% organic revenue growth** for 2009, but off higher base
- **200-300bps margin improvement**
- **Continued cashflow acceleration based on further DSO reduction**

We anticipate significant and sustained EPS growth and value creation

Taken together, our '07 outperformance and our new guidance give:

- an **06-09 revenue CAGR of 33%** vs. our 3 year plan* of 23%
- an **06-09 EPS CAGR of 64%** vs. our 3 year plan* of 37%

* Covering 07-09,announced at Q4 2006 results

Appendices

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Research and Development

USD millions	Q1 08	Q1 07	%	12 mths to Mar 08	12 mths to Mar 07	%
R&D costs – as reported	18.0	10.7	68%	64.4	37.0	74%
Capitalised development costs	3.3	3.2		15.8	14.8	
Non cash items	(4.2)	(2.6)		(15.4)	(8.8)	
Less Actis*	(1.4)	(0.8)		(9.1)	(0.8)	
Currency impact	n/a	0.7		n/a	1.9	
Adj. cash R&D costs	**15.7**	**11.2**	**40%**	**55.7**	**44.1**	**26%**
Of which:						
T24	**10.5**	**7.3**		**37.2**	**25.1**	
TCB	**5.2**	**3.9**		**18.5**	**19.0**	

- Capitalised development decreasing as % of cash R&D at 28% for 12 mths to Mar 08 vs 34% for 2007
- In 2008, forecasting no material difference between capitalised development and amortisation of capitalised development (approx US$16 million each)

* Adjustment for Q1 08 is for January and February only, due to timing of acquisition in prior year

Services

USD millions	Q1 08	Q1 07	%	12 mths to Mar 08	12 mths to Mar 07	%
Service revenues	33.5	20.6	63%	117.6	71.2	65%
Less Actis*	(2.1)	(0.6)		(8.1)	(0.6)	
Currency impact	n/a	0.7		n/a	1.9	
Service revenues underlying	**31.4**	**20.7**	**52%**	**109.5**	**72.5**	**51%**
Service costs – as reported	32.9	20.7	59%	109.2	70.6	55%
Less Actis*	(1.2)	(0.5)		(5.5)	(0.5)	
Currency impact	n/a	1.4		n/a	3.6	
Less Non cash	(0.6)	(0.3)		(2.0)	(0.9)	
Service costs underlying	**31.1**	**21.3**	**46%**	**101.7**	**72.8**	**40%**
Service contribution as reported	0.6	(0.1)		8.4	0.6	
Service contribution underlying	0.3	(0.6)		7.8	(0.3)	
% Service margin as reported	2%	(0%)		7%	1%	
% Service margin underlying	**1%**	**(3%)**		**7%**	**(0%)**	

* Adjustment in Q1 08 is for costs in January and February only, due to timing of acquiistion in prior year

General & Administrative Costs

USD millions	Q1 08	Q1 07	%	12 mths to Mar 08	12 mths to Mar 07	%
G&A costs – as reported	12.2	9.2	33%	44.5	39.0	14%
Less Actis*	(0.4)	(0.3)		(1.4)	(0.3)	
Less non-cash	(3.0)	(1.7)		(9.6)	(6.1)	
Currency impact	n/a	0.7		n/a	2.0	
G&A costs underlying	**8.8**	**7.9**	**11%**	**33.5**	**34.6**	**(3%)**

* Adjustment for Q1 08 is for January and February costs only, due to timing of acquisition in prior year

Sales and Marketing

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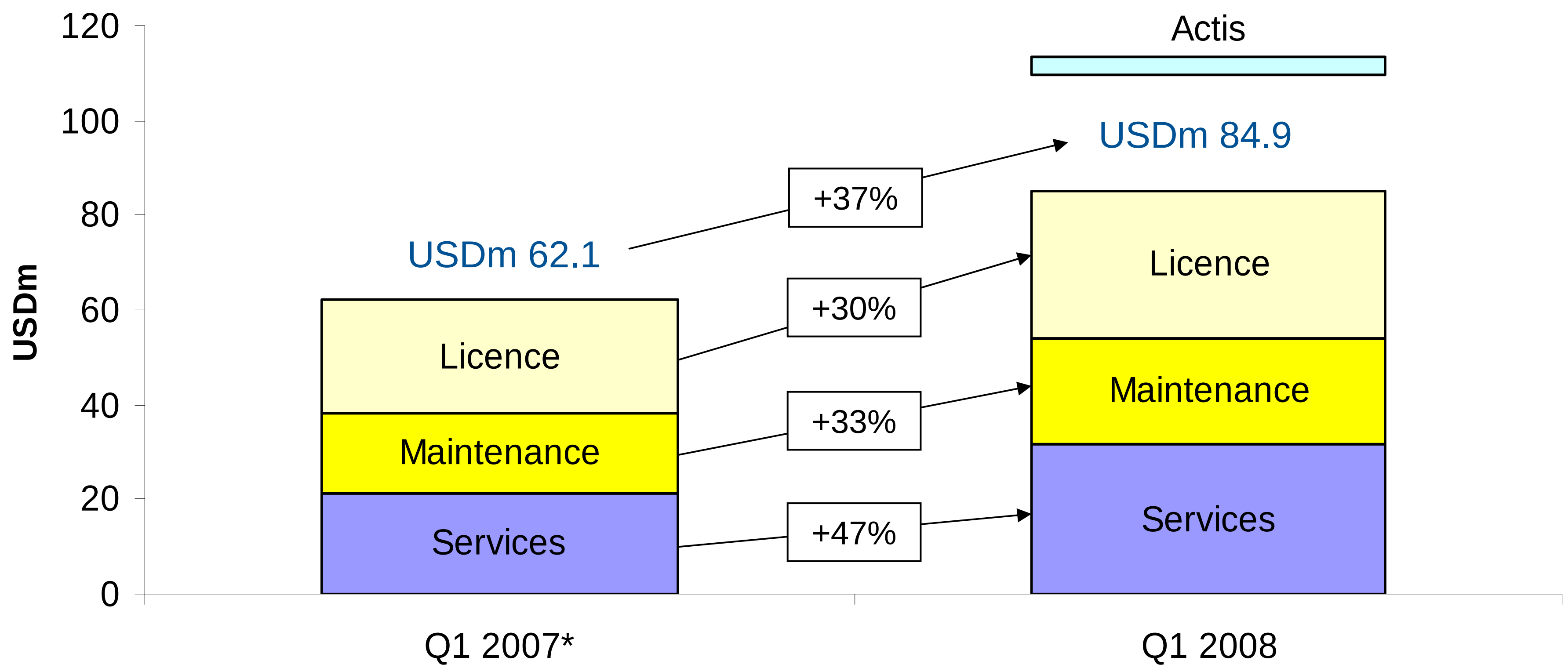
USD millions	Q1 08	Q1 07	%	12 mths to Mar 08	12 mths to Mar 07	%
S&M costs – as reported	18.8	14.6	29%	76.0	55.1	38%
Less Actis*	(0.2)	(0.2)		(1.8)	(0.2)	
Currency impact	n/a	0.7		n/a	2.3	
Less non-cash	(1.9)	(0.5)		(5.2)	(2.1)	
S&M costs underlying	**16.7**	**14.6**	**14%**	**69.0**	**55.1**	**25%**

* Adjustment for Q1 08 is for January and February costs only, due to timing of acquisition in prior year

Organic revenues



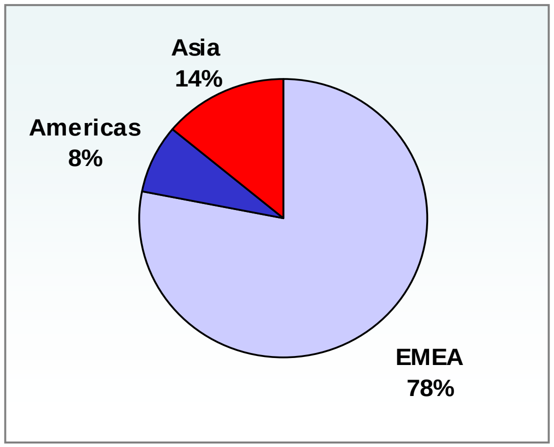
- Strong organic growth in each revenue line
- Actis added USD3.5m of inorganic revenue in Q1 08**

*2007 restated at 2008 FX (adding USD1.9m to total revenue)

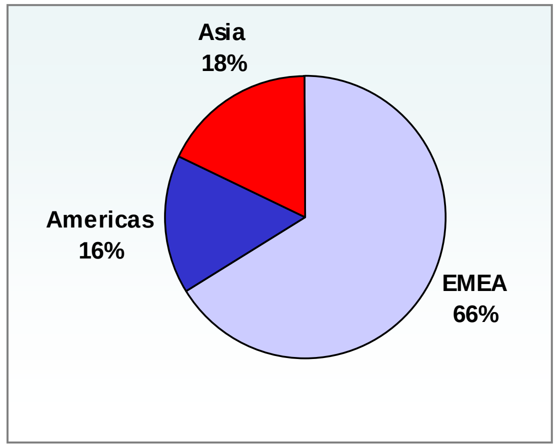
**Actis was acquired in March 2007 and so adjustment is made for Jan and Feb 08 only

REVENUES BY REGION LTM Q1 2008 vs. 2003

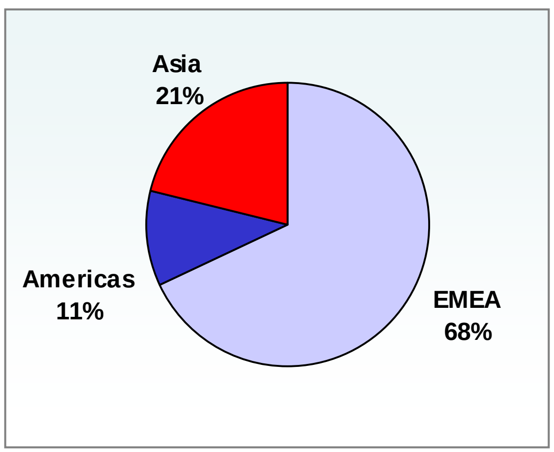
Revenues - Full Year 2003



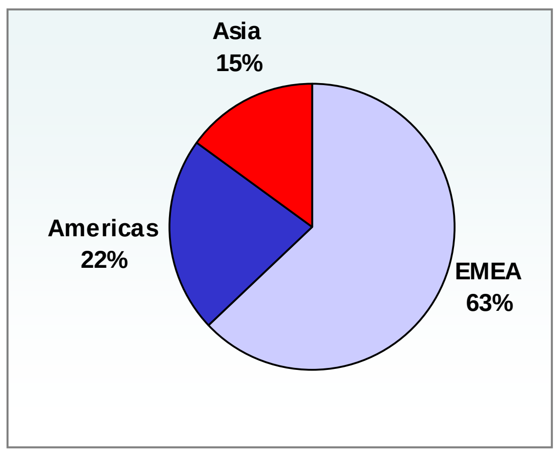
Revenues – LTM Q1 2008



Licence Revenues - Full Year 2003



Licence Revenues – LTM Q1 2008

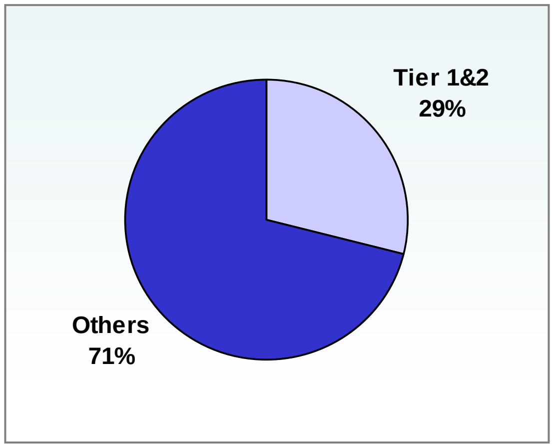


- **More global**
- **More diversified**

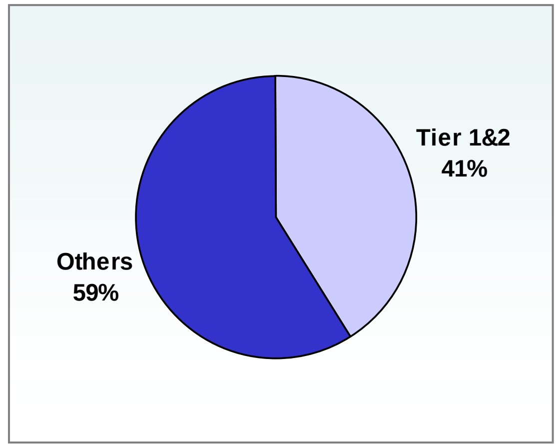
(1) On a $ basis

Licences by Tier & Segment

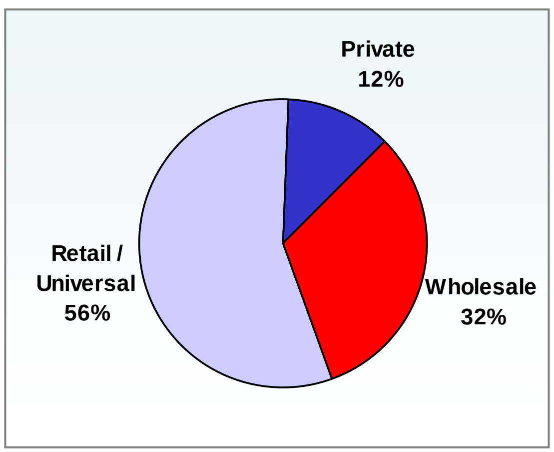
Full Year 2003



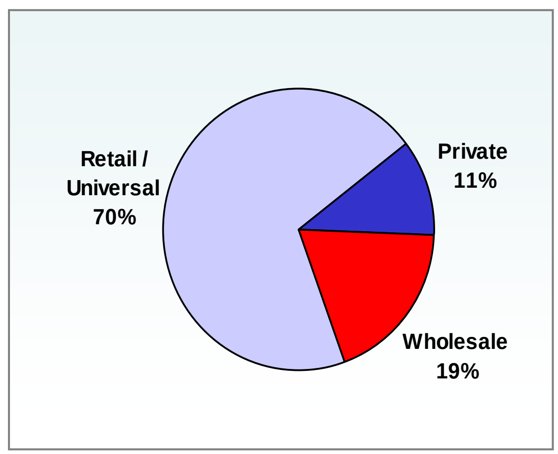
LTM Q1 2008



Full Year 2003



LTM Q1 2008



- **Larger deal size**
- **More diversified**

(1) On a $ basis

Impact of deferred tax assets on the effective tax rate

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- As at 31 December 2007 the Group has significant unrecognised deferred tax assets (DTAs). These arise from:
  - Losses carried forward
  - Taxable temporary differences arising from repatriation of the group's software intellectual property to Switzerland in 2006

USDm			
Deferred tax arising from:	Total potential DTA	Recognised	Unrecognised
Tax losses carried forward	46.5	5.3	41.2
Repatriation of the IP to Switzerland	39.3	17.1	22.2
	85.8	22.4	63.4

- Deferred tax assets related to losses and temporary differences become increasingly recognisable as we gain improved visibility over future profits in the relevant jurisdictions
- Recognition of deferred tax assets on losses and temporary differences will reduce the group's effective tax rate for 2008 and thereafter
- For 2008 we assume that recognition of deferred tax assets will fully offset the income tax charge resulting in a zero or negative overall tax charge
- The majority of the group's income is attributable to Swiss entities. Income is currently reduced by intellectual property amortisation and after amortisation is subject to tax at a rate of approximately 11%.

TEMENOS' awards

TEMENOS' products are multi award winning. In 2007, awards included:

T24 was named no.1 best-selling core banking system in 2007 in the IBS Journal's annual sales league table. Martin Whybrow, editor, commented, *"The company has an established, strong product combined with a large and professional sales organisation."*

T24 won the best core banking product at the European banking technology awards. TEMENOS system beat off competition from both I-flex and Misys. David Bannister, editor of Banking Technology added *"The companies that won in these categories can be justifiably proud that their products and services are known and recognised in the wider market"*

TEMENOS eMerge on T24 won The Banker's marketing technology of the year award. Stephen Timewell, editor-in-chief noted *"The judging panel were impressed by not only the technology, but how truly cost effective it was in terms of implementation as well as the level of service offered by Temenos."*

Thank You

TEMENOS
The Banking Software Company