Financial Results & Business Update

Quarter ended 31 March 2010

28 April 2010

TEMENOS

The Banking Software Company

Disclaimer

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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 28 April 2010. 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 28 April 2010.

Agenda

Introduction	Ben Robinson	Director, Strategic Planning
Strategy and Business update	Andreas Andreades	CEO
Financial update	David Arnott	CFO
Update on Viveo	Max Chuard	Director, M&A and IR
Outlook and Summary	Andreas Andreades	CEO
Q&A		

Agenda

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Business update

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Highlights:

- Return to l-f-l revenue growth
  - → Like-for-like revenues up 3% in the quarter
  - → First quarter in six to show like-for-like growth
- Larger deals sizes help to grow licences against tough comparative
  - → 4 new tier 1 customers added in the quarter
  - → 10 new customers (vs. 14 in PY)
  - → 1% like-for-like licence growth against tough comparative
- Strong cash conversion
  - → Adjusted operating cash into adjusted EBITDA conversion of 133%
- Strong Profit growth
  - → Adjusted EBIT grew by 16% in the quarter, adjusted EPS by 31%

Business update

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Highlights:

- Pipeline growing strongly
  - → All regions, retail and corporate in particular
  - → Supports double-digit like-for-like licence growth outlook
- Good traction with new AML and STP products
  - → Significant deals with Barclays and ANZ
- Viveo Integration proceeding well
  - → First Vbank customer makes migration to T24
- Licence and margin outlook raised
  - → We now expect 19% licence growth, 12% like-for-like (vs. 6% previously)
  - → We forecast adj EBIT margins of 25.3%, 30 bps higher than before

Update on Q1 2010 Sales

Seeing bigger banks come to market for core replacement

T24 sales

More tier 1 deals result in higher deal sizes...

- 8 new T24 customers added in the quarter vs. 11 in prior year
- 2 new tier 1 T24 customers
- 2 large pure-play lending wins

- IBS league table results confirm strong market share gains in 2009*

* IBS Intelligence publishes an annual league table of core banking deals. The results for 2009 were published after the Q4 results. They showed 1/Temenos as the winner for the third consecutive year and 2/ clear market share gains for Temenos given the contraction in deal volumes.

Update on Q1 2010 Sales

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Insight continues to outperform

ARC & Insight

In Q1, we signed 9 Insight licences (36 for the LTM)...

- Adding functionality for risk and private wealth management
- Several sites now live and acting as references
- Launched direct marketing campaign, which should see take-up rise further

...and 5 ARC customers (21 in the LTM)

- Celent ranks ARC in top quadrant of ABCD vendor comparison*
- Celent acknowledges that ARC has the largest customer base among peers*

In total, ARC and Insight continue to contribute around 10% of licences

*Celent: *Branch Automation for Midsize Banks*, April 2010

Update on Q1 2010 Sales

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Gaining traction with new products

AML & STP

3 AML sales in the quarter

- Includes sale to existing tier 1 customer

...and 3 STP sales

- All tier 1 deals (2 new customers)
- None uses T24

Update on partners

Partners

Microsoft

- → Adoption of MS Platform continues to accelerate following formal partnership
- → Danske notable new taker in the quarter

Cognizant

- → Number of trained resources increases to 255 in the quarter (all fully utilised on existing projects and client engagements)
- → Cognizant-related licence pipeline growing successfully, joint delivery of new T24 projects already started

Deloitte

- → Working together on two projects, several prospects

CSC

- → Joins as local partner for Germany

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Income statement highlights – Q1 2010

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	Q1 2010 (USDm)	Q1 2009 (USDm)	y-o-y ∆
Licence revenues	27.2	27.8	*(2%)*
Total revenues	93.9	81.2	*16%*
Adj. EBIT	12.4	10.7	*16%*
Adjusted EPS*	0.17	0.13	*31%*

* *in USD; see appendix for reconciliation*

Financial statement highlights

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in USDm	Q1 10	Q1 09	Δ	LTM 10	LTM 09	Δ
Licences	27.2	27.8	*(2%)*	125.4	146.8	*(15%)*
Maintenance	35.1	27.8	*26%*	124.4	105.3	*18%*
Services	31.6	25.6	*24%*	133.3	147.7	*(10%)*
Total revenue	**93.9**	**81.2**	***16%***	**383.1**	**399.8**	***(4%)***
Total operating costs	**(92.1)**	**(72.5)**	***27%***	**(309.8)**	**(333.6)**	***(7%)***
Adj. EBIT	**12.4**	**10.7**	***16%***	**93.1**	**75.4**	***23%***
Margin	13%	13%	*0bps*	24%	19%	*540bps*
Adj. EBITDA	**18.8**	**15.5**	***21%***	**116.7**	**94.5**	***23%***
Margin	20%	19%	*94bps*	30%	24%	*690bps*
Adj. Oprtng cashflow	**25.0**	**7.5**	***229%***	**138.4**	**56.4**	***145%***
% of Adj. EBITDA	133%	48%		119%	60%	

Q1 like-for-like revenues

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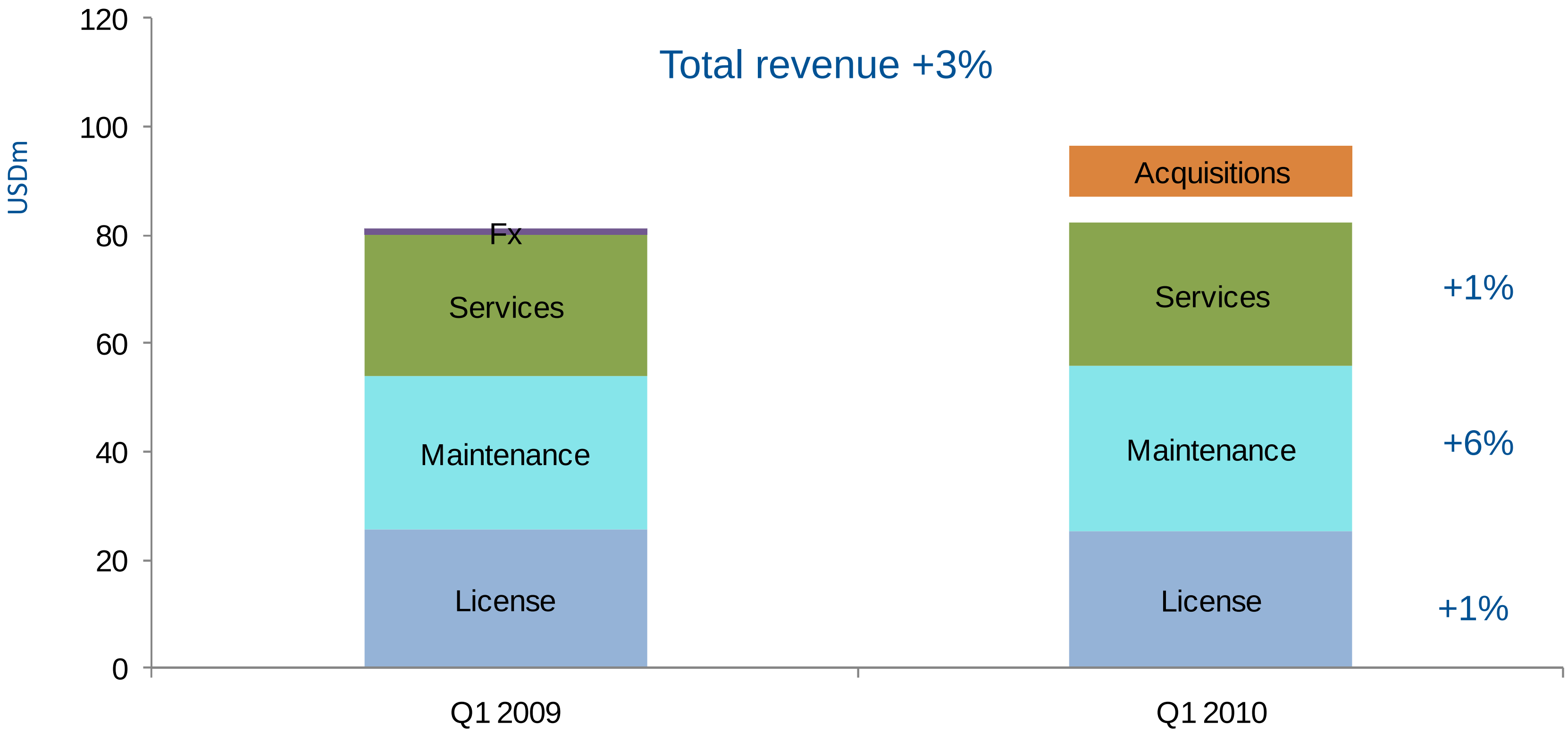
► Adjusting for FX, acquisitions and Metavante

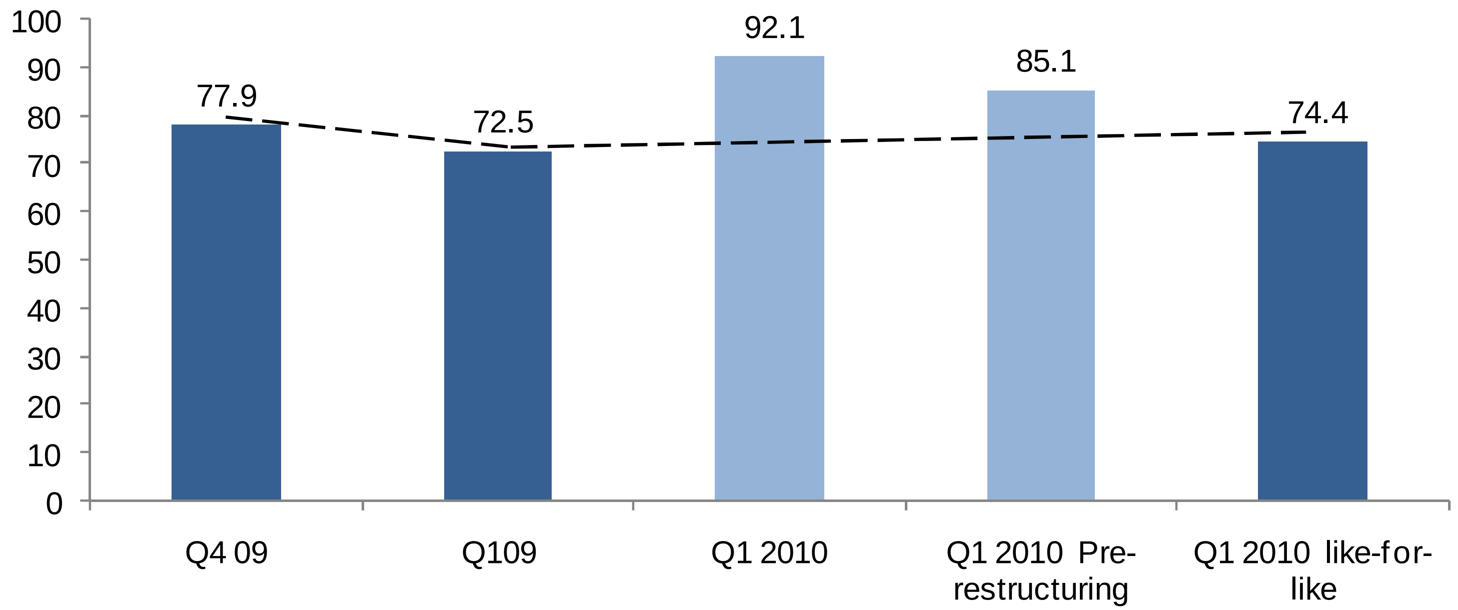


- Q1 09 is the last comparative quarter with Metavante revenues
- In Q1 2010, all revenue lines return to l-f-l growth – even licences against run of tough comparatives

Organic licence growth – last 3 Q1s:

Q1 2010	+1%
Q1 2009	+9%
Q1 2008	+30%

Like-for-like cost growth



- Like-for-like costs in Q110 down on Q409 because of higher variable costs in Q4
- Like-for-like costs in Q110 up year-on-year as we begin to make investments in strategic initiatives to drive growth (+2.6%)
- Pre-restructuring services margin 1% vs. stated margin of (7%) and PY margin of 0.6%

Income statement

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	Q1 2010 (USDm)	Q1 2009 (USDm)	y-o-y ∆	LTM 10 (USDm)	LTM 09 (USDm)	y-o-y ∆
EBIT	**1.8**	**8.7**	***(79%)***	**73.4**	**66.1**	***11%***
Net finance charge	(2.2)	(1.4)	*(57%)*	(8.5)	(6.4)	*(33%)*
FX (loss)/gain	0.7	(2.4)	*(71%)*	(0.6)	1.5	*n/a*
Tax	(0.1)	0.0	*n/a*	(0.5)	1.8	*n/a*
Net earnings	**0.2**	**5.0**	***(96%)***	**63.8**	**63.1**	***1%***
Adjusted EPS*	**0.17**	**0.13**	***31%***	**1.26**	**1.14**	***11%***

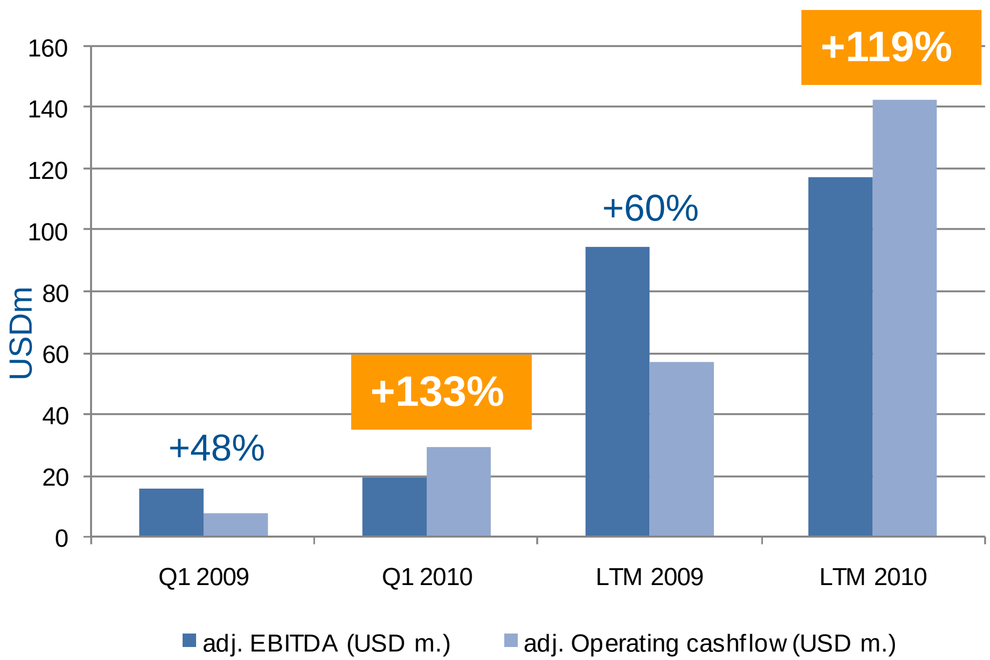
** USD per share; see appendix for reconciliation*

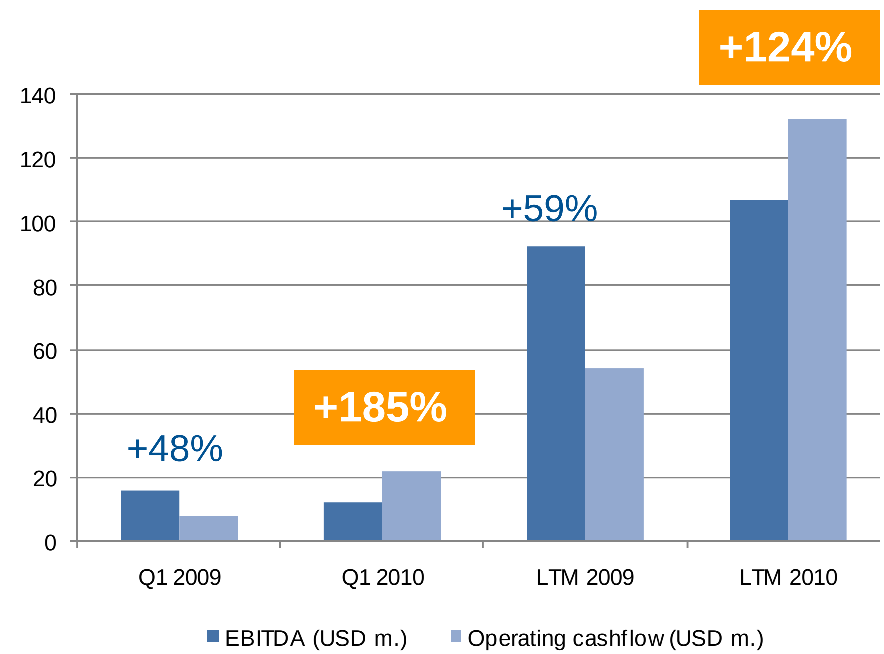
Update on cash

Continued strong cash generation

- Adj. EBITDA into adj. operating cash conversion of 133% in Q1
- LTM 2010 conversion at 119%

EBITDA into operating cash conversion





Balance sheet – debt and financing

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	Q1 2010 (USDm)	Comments
Convertible bond	131.7	1.5% coupon, matures 2013 (converts at CHF18.6)
Credit facilities	131.3	Consortium of 7 banks, repayment up to end of 2012
Other	1.2	Obligations under finance leases
TOTAL DEBT	**264.2**	
CASH	**155.1**	Held in short-term deposits
NET CASH (excl. convert)	**22.6**	Treating convert as equity
NET DEBT (incl. convert)	**109.1**	Treating convert as debt

Net debt of USD109m represents less than 1x projected 2010 EBITDA, leaving room for more leverage if required

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Viveo update

Viveo Integration Progressing well:

- First migration of Viveo client to T24 with a real combined effort
  - → Led by Viveo Sales organisation
  - → Pre-sales done by a joint Viveo/TEMENOS team
- All Customer Event took place on March 31st
  - → 168 customers from 98 banks were present in Paris
  - → Positive customer feedback
- Good traction with new AML and STP products
  - → Significant deals with Barclays and ANZ
  - → 3 new clients and 3 existing signed during the quarter

Viveo update

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Commodity business disposal:

- On the 15th March, we sold the commodity business of Viveo to Brady Plc for USD 3.5m in cash
- Rationale was to dispose of non-core assets and focus management efforts
- The transaction is marginally accretive to earnings in 2010

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Summary

Bigger banks are starting to make strategic IT investment

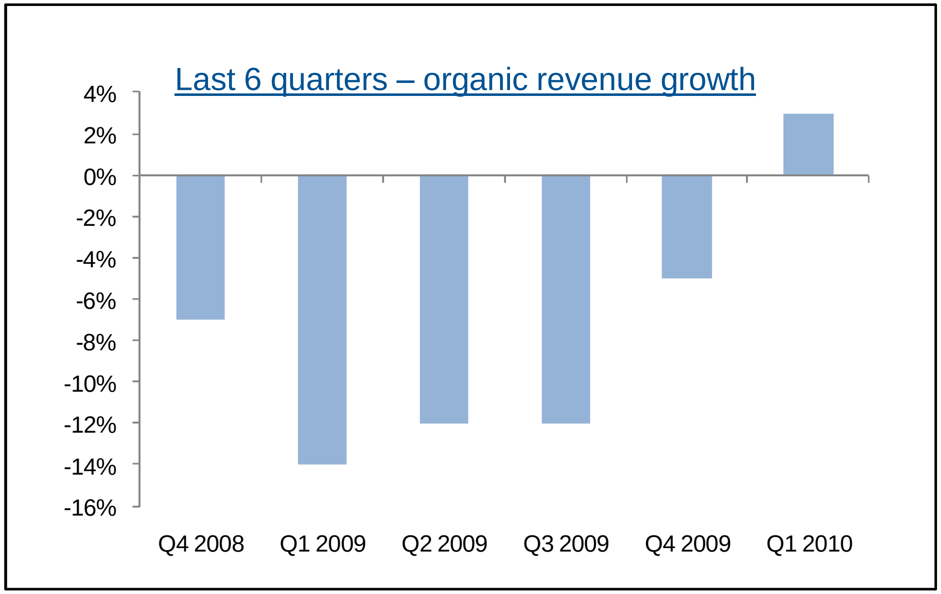
IT pivotal part of business plans to address:

- Stricter and more fragmented regulation
- Shoring up deposit base (in absence of government liquidity)
- Profitable growth (especially in emerging markets)
- Improving customer experience (and rebuilding of trust)
- M&A integration
- Unsustainable IT cost base

Summary

We are seeing good momentum across all regions, bigger deals

- Organic revenue trajectory improving
- Increase in number of multi-site corporate and retail banks in pipeline
- All regions showing higher pipelines, especially APAC, Europe and N. America ex-US
- Better visibility plus larger pipeline give us greater confidence over balance of year



2010 Outlook

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Revised outlook

- Revenue range of USD440-450m (giving like-for-like growth of 6% at the midpoint)
- Licence revenue of approximately USD150m (representing like-for-like growth of 12% vs. 6% previously, see appendix)
- Adjusted EBIT* range of USD110-115m (giving margin at midpoint of 25.3% and growth of 25% on 2009)
- EBITDA into cash from operations conversion of 100%
- Tax rate of 0%

*Adds back restructuring and amortisation of acquired intangibles. Amortisation of acquired intangibles expected to be USD14m in 2010

2010 Outlook

Reconciliation to revised outlook

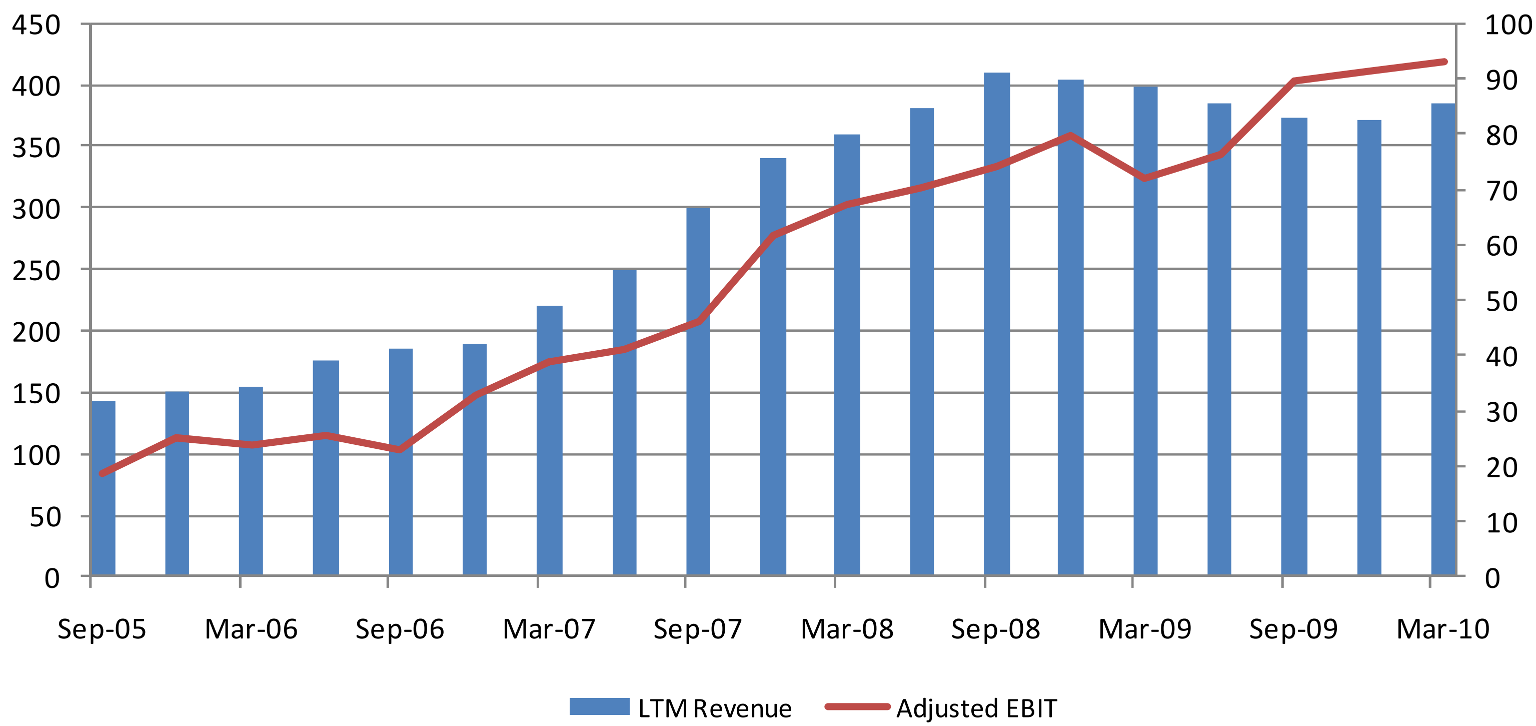
USDm	Previous outlook**	FX	Disposals	Upgrade***	Revised outlook
Revenue	437-463	(7.3)****	(4.3)	6.6	440-450
Adjusted EBIT*	109-116	0	0.2		110-115

*Adds back restructuring and amortisation of acquired intangibles. Amortisation of acquired intangibles expected to be USD14m in 2010
**These are the implied revenue ranges from the growth ranges given with Q409 results
***This is the upgrade to the midpoint of the outlook
****See appendix for reconciliation of budget to spot rates and USD7.3m movement

Closing comments

- **Operating profit growth trend firmly restored**
- **Resumption of revenue growth in quarter**
- **The business is poised to take advantage of better conditions**

LTM revenues and adj. operating profit since Q3 2005 (USDm)



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Appendices

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Adjusted EPS reconciliation

	Q1 2010 (USDm)	Q1 2009 (USDm)
Earnings	0.3	**5.1**
Amortisation of acquired intangible assets	3.6	2.3
Bond interest	1.5	1.3
Restructuring	7.1	0.0
Total adjusted earnings	**12.5**	**8.6**
Number of diluted shares	72.7	66.2
Adjusted EPS	**0.17**	**0.13**

Geographical breakdown of licence revenue

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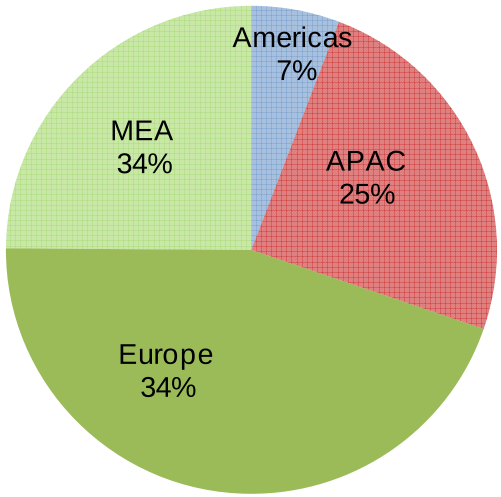
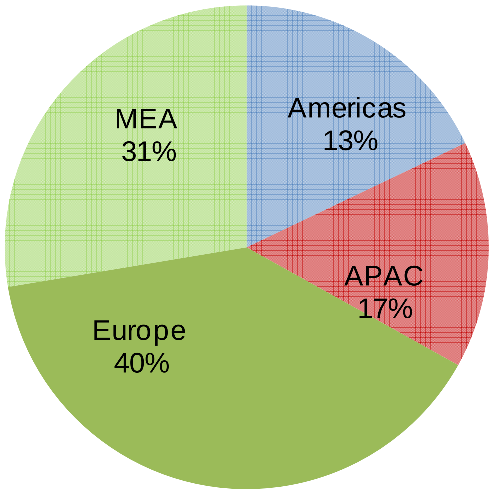
LTM 2010

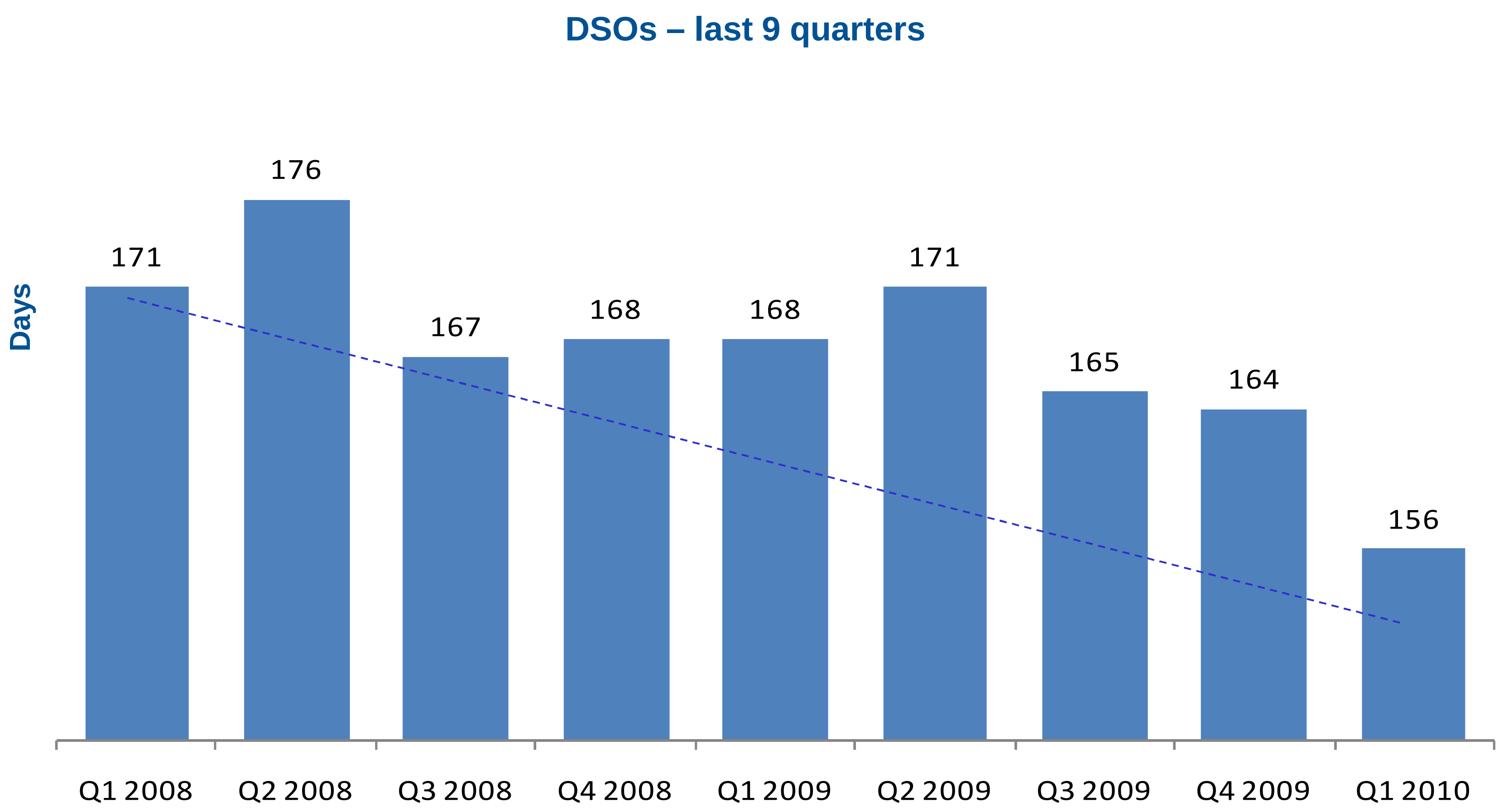


LTM 2009



Excludes any contribution from Metavante

DSOs trend


DSOs – last 9 quarters
Days
176
171
167
168
168
171
165
164
156
Q1 2008
Q2 2008
Q3 2008
Q4 2008
Q1 2009
Q2 2009
Q3 2009
Q4 2009
Q1 2010

Reconciliation to 12% licence growth

USDm	2009	2010	% change
Reported/ outlook licences	**125.9**	**150.0**	**19%**
MV contribution	(2.4)		
Viveo contribution*		(14.3)	
FX**	(2.2)		
Like-for-like licences	**121.3**	**135.7**	**12%**

*This is stated net of USD1.7m of non-core revenue disposed in the year
**This restates the 2009 comparative at current spot rates. The biggest movement is on EUR (spot of 1.33 vs average for 2009 of 1.396), accounting for USD1.8m

Reconciliation of FX effect on outlook

	Currency weighting	Budget rates	Spot rates	change	Effect on 2010 revenues (USDm)
EUR/USD	25%	1.414	1.33	(6%)	6.5
GBP/USD	5%	1.602	1.540	(4%)	0.9
CHF/USD	1%	0.92	0.93	1%	(0.1)
					7.3

Leading the IBS League Table

First place in the 2009 IBS Sales League Table

Annual Sales League Table

1st January 2009 – 31st December 2009

Product	Supplier	New name customers signed in 2009 (previous years in brackets, with the most recent first). See below for keys	Total number of known bank customers
T24	Temenos	40 (40,44,40,32,28,24,32,36,42,34,33,19,15,10,29,7,9)	424
Flexcube	Oracle FSS	33+ (39+,20**,43,38,36,36,36,29,37,8,0,2)	363
TCS Bancs	TCS Financial Solutions	17+ (23,31,25,14,19,6*,9,10,10,6,8,6,9,5)	129
Value	Sophis	16 (15,15)	68
OpicsPlus	Misys	15 (11,11,6,6,8,14,8,25,25,15,25,24,9,8,7,5)	156
Calypso	Calypso Technology	15 (14,22,14,15,8,6,7,2,3,1)	109
Finacle	Infosys	14+ (14,13,3*,13,14,9,8,11,9,2)	126
FinnOne	Nucleus	13 (17,16,17,11,9)	126
iMal	Path Solutions	13 (11,14,5,5,3)	63
MX.3		11 (12,15,5*)	110
		11 (3)	14
		10 (15)	34
		9 (9,7,3)	58
		9 (19,25,15,8)	80
		8 (15,5,9 … 9,6)	116
			55
		…7,7,3,4,2)	71
		7 (8,11,14,17,16,10,5,11,8,5)	82

Corebanking Positions

Position	Product	Company	Deals
1	T24	TEMENOS	40
2	Flexcube	Oracle FSS	33
3	TCS Bancs	TCS Financial Solutions	17

- Top two positions in the IBS Sales League Table for 11 out of the last 12 years

Thank You

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