Financial Results & Business Update

Quarter ended 30 September 2008

22 October 2008

TEMENOS

The Banking Software Company

Presentation Overview

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

Disclaimer

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 October 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 October 2008.

Financial Update

David Arnott
CFO

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Income Statement Highlights – Q3 2008

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	Q3 2008	Q3 2007	Δ yoy
Licence revenue	35.3	28.0	26%
Total revenue	100.4	70.8	42%
EBIT	11.2	6.2	79%
Cash from ops.	10.7	(6.4)	17.1

USDm

Income Statement Detail

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	Q3 08	Q3 07	Δ	LTM 08	LTM 07	Δ
Licences	35.3	28.0	+26%	168.5	124.7	+35%
Maintenance	25.4	19.3	+32%	94.6	69.5	+36%
Services	39.7	23.5	+69%	147.0	89.1	+65%
Total revenue	**100.4**	**70.8**	**+42%**	**410.0**	**283.4**	**+45%**
R&D	(19.2)	(14.9)	+28%	(74.5)	(47.9)	+56%
Cost of services	(36.9)	(21.6)	+71%	(137.5)	(84.1)	+64%
Sales and marketing	(20.2)	(19.6)	+3%	(77.8)	(63.3)	+23%
G&A	(13.0)	(8.4)	+55%	(48.7)	(42.4)	+15%
Total operating costs	**(89.2)**	**(64.6)**	**+38%**	**(338.5)**	**(237.7)**	**+42%**
EBIT	**11.2**	**6.2**	**+79%**	**71.5**	**45.7**	**+57%**
Margin	11.1%	8.8%	**+230bps**	17.4%	16.1%	**+130bps**

Like-for-like* revenue growth

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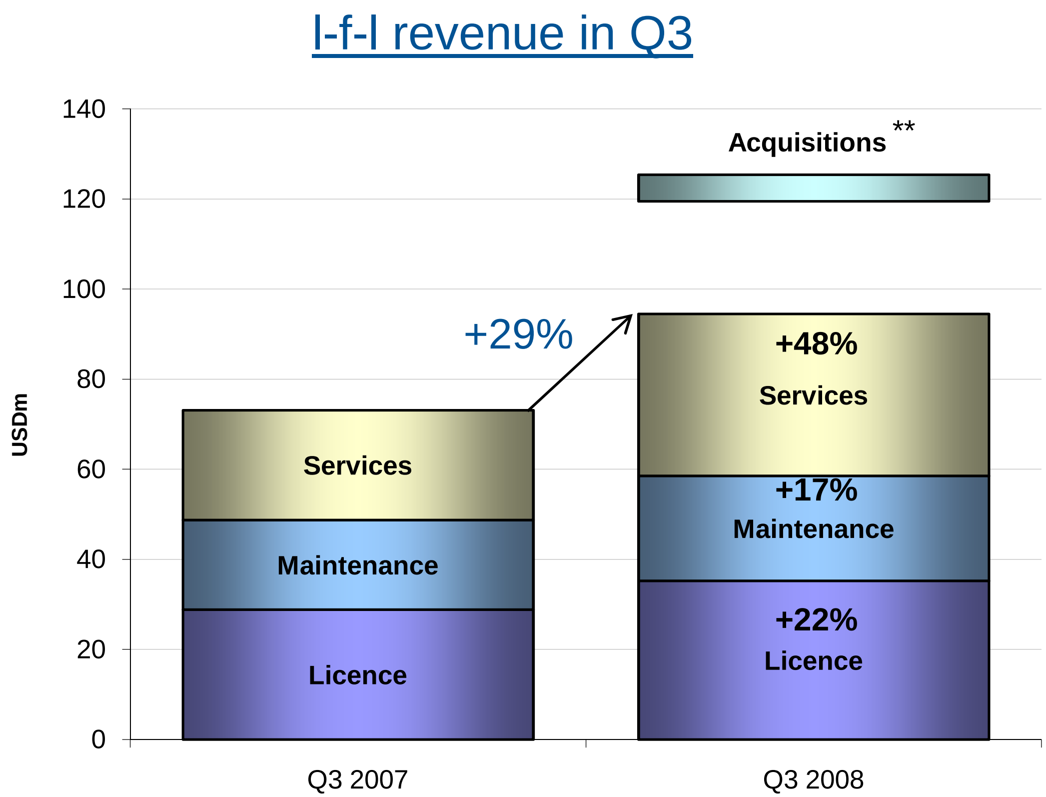
Like-for-like growth was strong in the quarter across all revenue lines:



vs. stated growth of 42%

2007 restated at 2008 FX (adds USD2.3m to Q3 07 and USD12.0m to LTM 07)

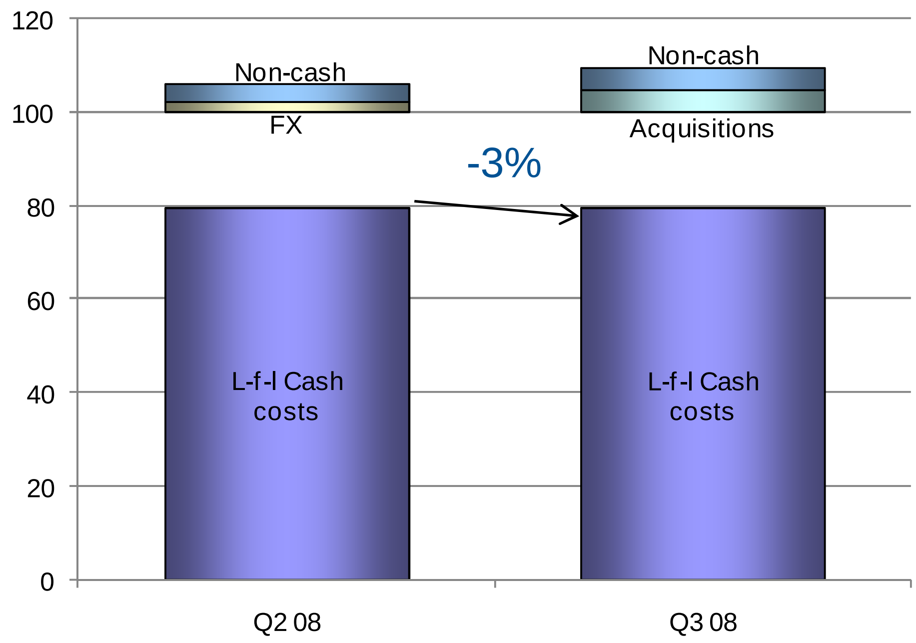
* Adjusted for FX movements and any contribution from acquisitions

**Actis was acquired in March 2007 and so adjustment is made for 5 months to Feb 08 only

Like for like cost growth

Despite strong l-f-l revenue growth, underlying costs were down sequentially:

Cash l-f-l costs Q308 vs. Q208



vs. stated cost growth +4%

Non-operating income and expense

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	Q3 08	Q3 07	△	LTM 08	LTM 07	△
EBIT	**11.2**	**6.2**	**+79%**	**71.5**	**45.7**	**+57%**
Net Finance charge	(2.3)	(1.0)	+130%	(4.6)	(2.4)	+92%
FX (loss)/gain	(3.6)	4.7	n/a	(2.3)	5.7	n/a
Tax	(0.2)	0.0	n/a	0.3	(2.9)	n/a
Net earnings	**5.0**	**9.9**	**-49%**	**64.9**	**46.1**	**+41%**
Adjusted EPS*	**0.13**	**0.17**	**-24%**	**1.08**	**0.75**	**+44%**

- Tax assets used to offset tax charges in the quarter
- Net finance charge in quarter reflects higher debt arising from acquisitions and arrangement fee for the same
- Non-cash FX loss in quarter arises from translation of derivatives and closing balances

*Adjusted for amortisation of acquired intangibles

DSOs – on course for year end target

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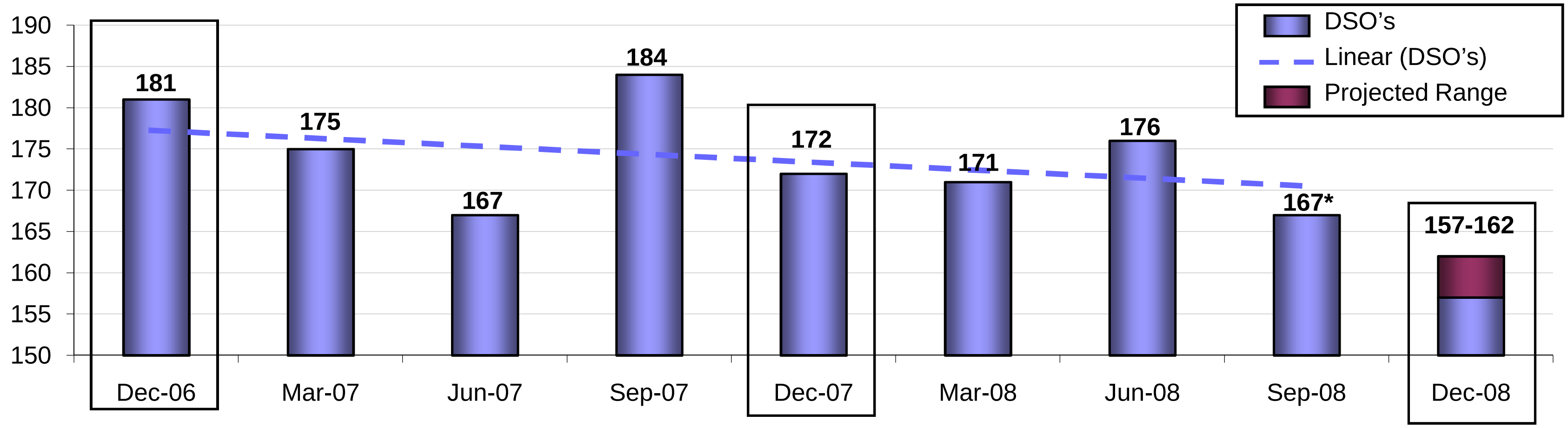
- 9 day decrease in DSOs in quarter, trend remains clearly downwards
- On course to meet forecast of 10-15 day improvement in DSOs by end of 2008



Sustained improvement driven by

→ Shorter implementation times:

Down from average of 18 months in 2006 to 9-12 months

→ Improving payment terms:

In aggregate YTD, now stand at:

>50% up-front
>30% on dates
<10% on milestones

* Included in LTM revenue are pro-forma revenues for Informer and Financial Objects

EBITDA conversion* – full year forecast reiterated

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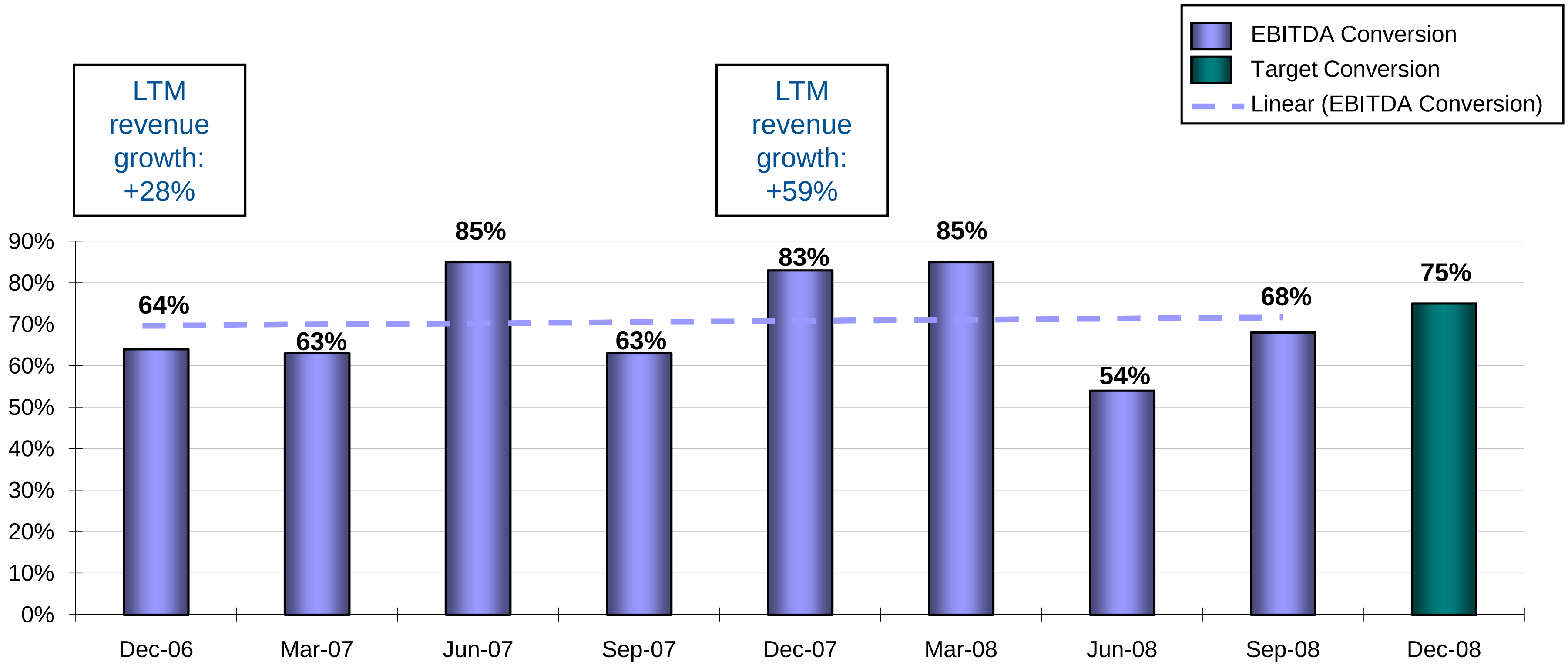
- EBITDA conversion rebounded in Q3 and trend sustained.
- Target for FY of 75% operating cash conversion on track.



* Conversion of LTM EBITDA in LTM operating cash flow

Share buyback

Temenos policy is to return free cash flow to shareholders through share repurchases. This has not changed.

- In 2008 Temenos has approval for USD60m of share buybacks
- So far we have used US34.6m purchasing our own shares
- This leaves us with possibility to spend a further USD25.4m on share repurchases
- Subject to normalisation of credit markets, we reconfirm that this is our intention

Financing and balance sheet

On balance sheet cash:	**USDm**
At Start of year:	93.1
Plus free cashflow outlook for 2008	60.0
Less returned to shareholders through buyback	(60.0)
Forecast cash at year end	**93.1**
Debt facility*	220.0
Less debt assumed in relation to two acquisitions	(69.6)
Remaining debt facility	**150.4**
Total available funding as at December 31 2008	**243.5**

We have both debt and equity available for acquisitions and will review the suitable finance structure based on conditions at the time. Debt facility, reconfirmed, has good margin and covenant terms

*USD220m credit facility now in place with consortium of 7 banks split USD175m for acquisitions and USD45m for working capital facility. Facility available for drawdown up to end of 2010 with repayment up to end of 2012. Margin of between LIBOR +100bps and +175bps.

Acquisition Update

Max Chuard
Director of M&A & IR

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Integration progressing well

- Acquired core banking assets of Informer on 18 July
- Integration process now largely completed
- Reiterate expected contribution:

2009: revenue USD20m, EBITA USD6.5m, adjusted EPS USD0.08

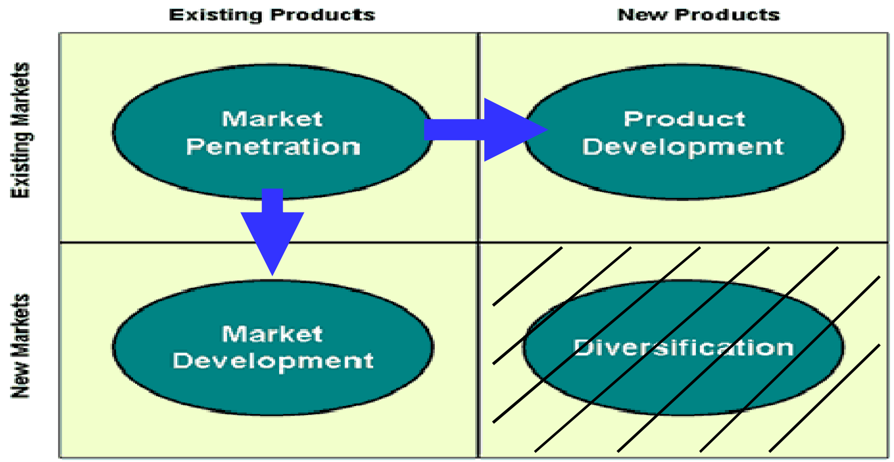
- Acquisition finalised on 11 September
- Integration process on track, to be completed during Q4
- Reiterate expected contribution:

2009: revenue USD40m, EBITA USD9.4m, adjusted EPS USD0.08

- We see strong interest from FO installed base

Acquisition strategy – update

- Current environment presenting interesting opportunities, pipeline continues to build strongly
- No change to target criteria**:**
  - Bolt-on acquisitions to boost organic growth
  - USD20-50m revenue
  - Accretive
  - Geographic expansion into markets where underrepresented
  - Market penetration through buying up customer bases
  - Entry into adjacent markets



Strategy and Business Update

Andreas Andreades
CEO

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Business update - licence sales

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Strong growth in sales to new customers…

- New clients in Q1-Q3 08 at 35 vs. 30 in Q1-Q3 07 (+17%)…
- …and Q3 08 new clients at 13 vs. 9 in Q3 07 (+44%)

… particularly in retail/universal

→ Retail and universal licence growth is up 80% in the last twelve months

… and across all geographies

→ Even Europe has seen +20% licence growth over the last twelve months

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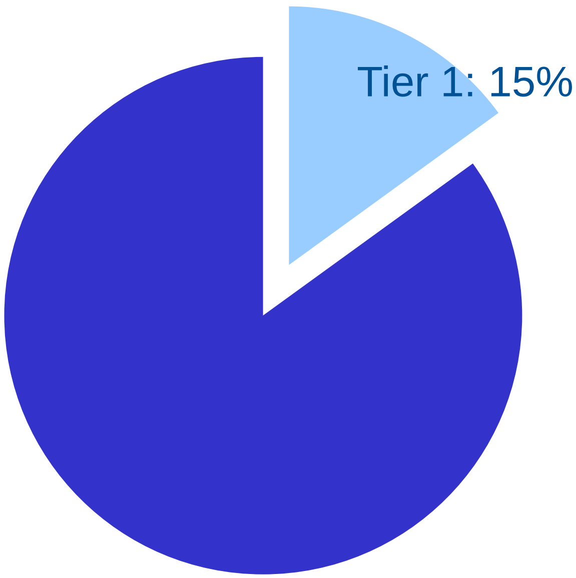
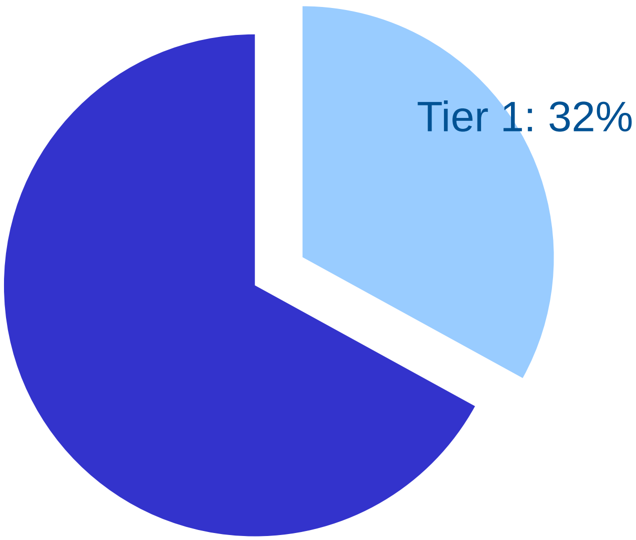
Despite lower proportion of T24 licence revenue coming from Tier 1 Banks…

LTM 08



LTM 07



…we continue to record strong licence revenue growth, thanks to:

- More deals
- Better pricing (per user, per module pricing up 20% YTD)

- **Increasing sales coverage**

  - Broadening and deepening geographical coverage still biggest driver of sales growth

  - Our client base stands at over 650 banks…
    …out of 22,000 banks worldwide

  - We aim to have c.60 quota-carrying salespeople by the year end (55 at 30 September 2008)

  - We have organised TCB under global reporting lines…
    ….and are seeking out more Metavante-type distribution agreements

- **Update on Partnership with Metavante:**
  - TCB partnership progressing well at all levels
  - Partnership extended on 30 July to include joint marketing agreement for T24
  - First joint T24 deal with EverBank was signed in Q3
  - Despite very difficult regional market in the US, we continue to expect more deals this year (TCB and T24)

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- **ARC:**
  - ARC has so far been sold to 52 clients (10 in Q3)
  - ARC now represents 5% of total T24 licences (on LTM basis)
  - So far, good uptake of Internet Banking modules…
  - … and we expect faster adoption of CRM modules

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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 373
  - TAM has achieved Level 3 CMMI compliance
- **TEMENOS Management Consulting**
  - Gaining traction, integral part of implementation methodology
- **Rising Margins**
  - Margin expectation of 10-15% in 2008 unchanged
  - Improvement in Q4 afforded by higher utilisation and lower use of external resources

Q3 2008 highlights

- Revenue up by 69% yoy
- Margin at 7% (8% in PY)
- 6 Clients taken live
- 4 clients upgraded
- 147 active projects

Business update - visibility

As a reminder, the sales cycle for our software is 9-12 months

→ this is consistent with 2007, not elongating

Our win rate remains above 80%

→ it was, in fact, above 85% in Q3

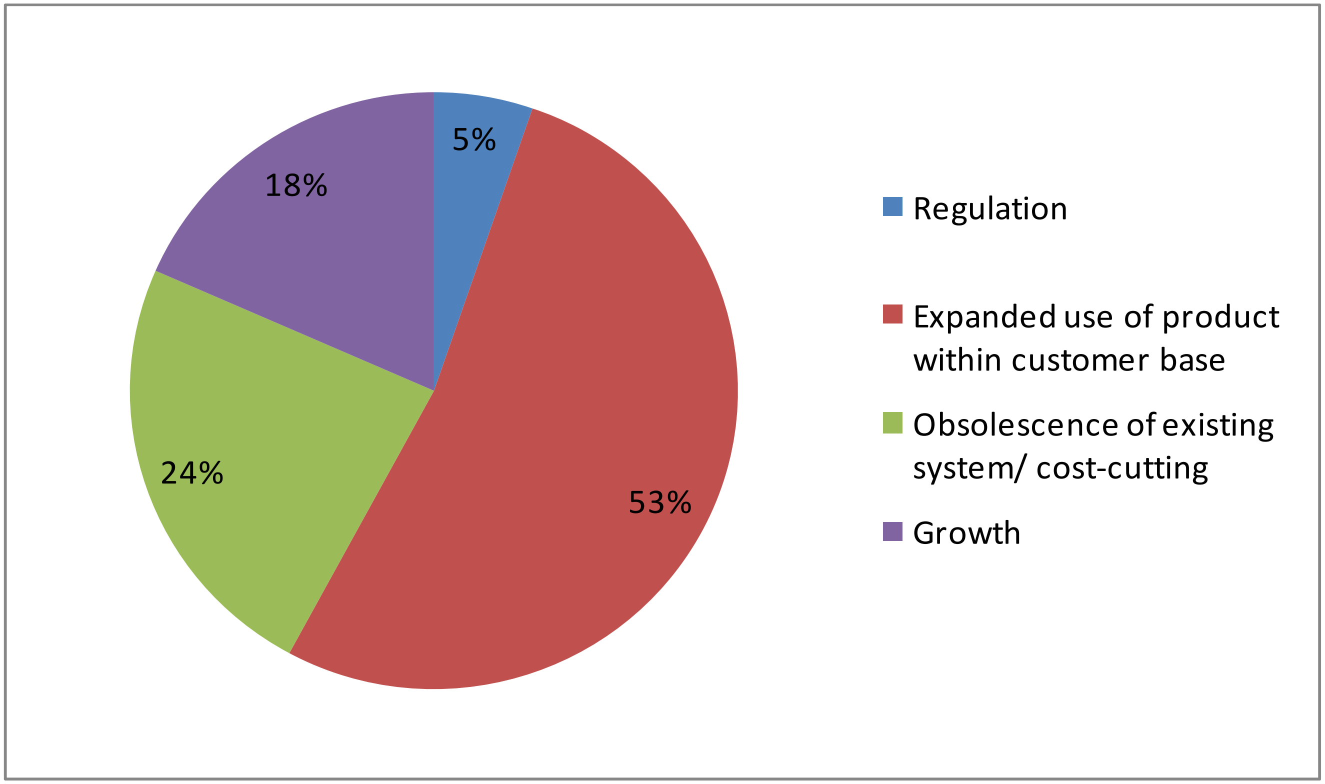
We have good deal coverage

→ the 12 month forward pipeline is 35% higher than at the start of 2008
→ for Q4, cover is 18% higher than at same point last year

Our visibility is better than at the same time last year, and we do not anticipate lower conversion rates…

Why do banks continue to take decisions in this environment?

- As part of the sales process, we track the "compelling event" that obliges a prospect to replace its banking system at this time
- The breakdown (by number of deals, not weighted) for Q3 was as follows:



By far the biggest drivers are:

- existing users taking more modules, etc
- system obsolescence
- growth

- The mix of drivers in Q4 pipeline deals is similar, so we would expect similarly high conversion rates

2008 outlook

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	Previous Outlook	New Outlook	2007 Actual	y-o-y △
Licences	178.5	178.5	148.8	20%
Revenue	444	444	329.9	35%
Costs	355.4	355.4	267.4	
EBIT	88.6	88.6	62.5	42%
EBIT margin	20.0%	20.0%	18.9%	110bps
Adjusted EPS*	1.40	1.40	1.03	36%

- Despite tough economic conditions, strong trading at Q3 allows us to reiterate previous outlook (given post Informer and Financial Objects acquisitions)

All nos. in USDm, except EPS USD

*Adjusted for amortisation of acquired intangibles and restructuring charge (2008 outlook: USD5.6m including Informer & FO amortisation and restructuring); no of fully diluted shares 69.7m

Looking ahead – streamlining the business

- Pro-forma revenue in 2008 is expected to be c.USD475m

  The product of:

  → 5 years of rapid growth

  → 3 acquisitions in 2 years

- Size and scale allow us:

  - To deliver industry-standard margins…
  - …with sustainable revenue growth

Looking ahead – streamlining the business

- The scope of the integration process for our two recent acquisitions has been extended to encompass a broader group-wide streamlining programme in Q4…
    - To remove some excess costs in the business
    - To channel spending into growth areas of the business
    - To streamline and move more processes offshore…
    - …taking strategic initiatives like TAM and Model Bank to next level
    - To reduce dependence on external contractors in services
    - To consolidate property portfolio
- …to improve organisational agility…
- …and lock-in higher margins, irrespective of the environment
    → Streamlining will result in USD20m lower cost base for 2009

Looking ahead - 2009

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Our previous assumptions for 2009 were as follows:

- 20 - 25% organic revenue growth for 2009
- 200-300bps margin improvement, which…
- …adding USD0.16 accretion from acquisitions…
- …gives c.40% EPS growth

Based on what we see, no reason for us to change outlook…

⟶ Pipeline of deals remains solid into next year

⟶ Cover higher now than 3 months ago and at same time last year

⟶ Conversion rates holding up

…But clearly macroeconomy more uncertain than at last reporting date…

Looking ahead - 2009

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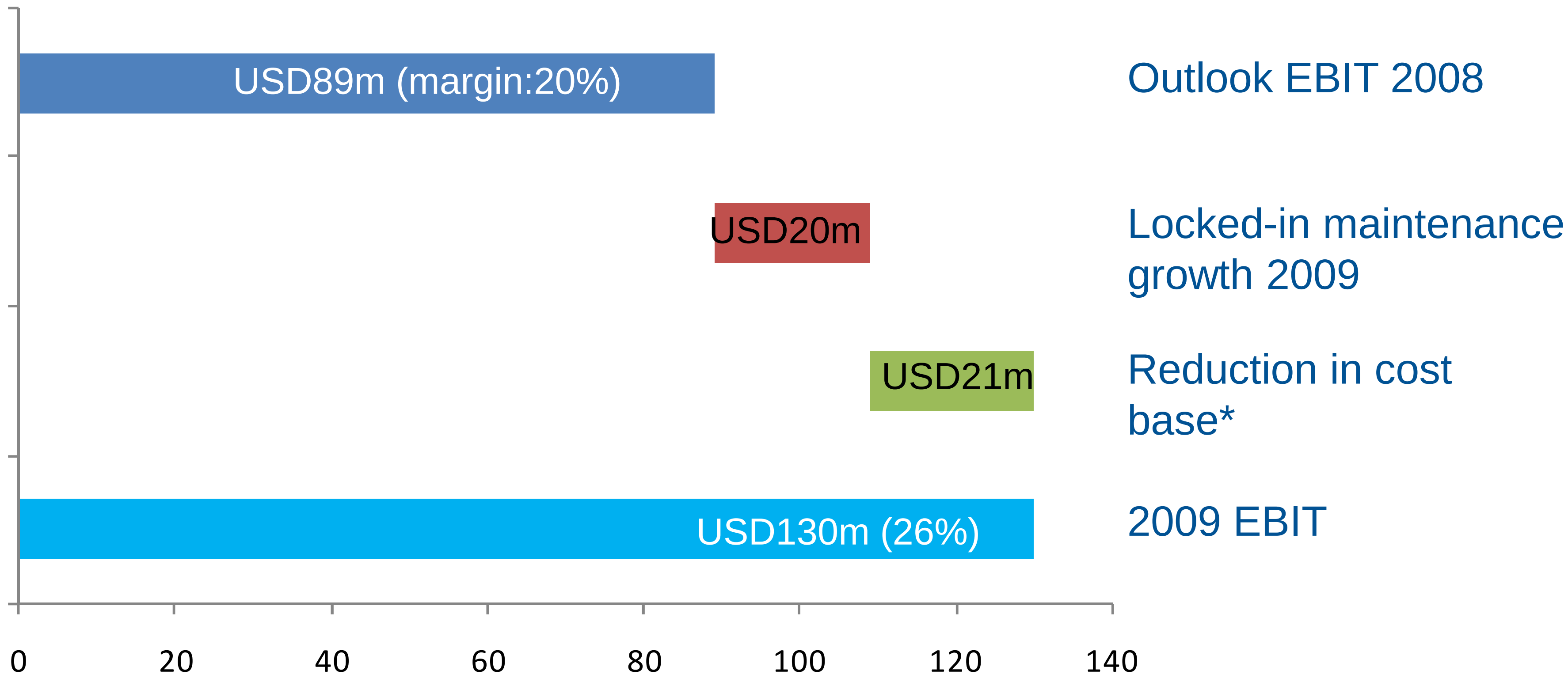
Nonetheless, given lower base cost going into 2009 …

…earnings growth protected even using more pessimistic assumptions:

Illustration of 2009 EBIT with zero licence growth



*vs. pro-forma 2008 pro-forma costs base of USD383m

Looking ahead – structural drivers more relevant than ever

Banks are still taking decisions because need for new systems critical…

… and likely to become even more so:

What banks are facing

- Higher credit costs
- Slow-down in high-margin business
- More regulation
- More scrutiny on size
- Lower IT budgets

What this means

- Need to cut costs
- Need to grow retail business (improve customer experience, innovate with products, cross-sell)
- Need to rationalise maintenance costs, reduce internal IT spend
- Need flexible, adaptable system

Appendices

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Business update – still executing strongly

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

- Superior products
- Win ratio at above 80%
- Compelling investment and product roadmap
- Broad geographical reach
- Growing sales force
- 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
- Accretive bolt-on acquisitions

Research and Development

USD millions	Q3 08	Q3 07	%	12 mths to Sept 08	12 mths to Sept 07	%
R&D Costs – as reported	19.2	14.9	29%	74.5	47.9	56%
Capitalised development costs	5.1	4.1		18.7	15.6	
Less Non cash items	(4.3)	(3.6)	19%	(17.1)	(12.0)	42%
Less ACTIS*	0.0	0.0		(3.9)	0.0	
Less Informer	(0.1)	0.0		(0.1)	0.0	
Less Financial Objects	(0.8)	0.0		(0.8)	0.0	
Currency impact	n/a	0.0		n/a	2.8	
Variable costs	(0.1)	(0.7)		(2.1)	(1.6)	
R&D costs underlying	**19.0**	**14.7**	**29%**	**69.2**	**52.7**	**31%**

*Actis was acquired in March 2007 and so adjustment is made for 5 months to Feb 08 only

Sales and Marketing

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USD millions	Q3 08	Q3 07	%	12 mths to Sept 08	12 mths to Sept 07	%
S&M costs – as reported	20.2	19.6	3%	77.8	63.3	23%
Less non-cash	(2.4)	(1.8)		(6.8)	(4.3)	
Less ACTIS*	0.0	0.0		(1.1)	0.0	
Less Informer	(1.4)	0.0		(1.4)	0.0	
Less Financial Objects	(0.2)	0.0		(0.2)	0.0	
Currency impact	n/a	0.3		n/a	2.2	
Variable costs	(3.5)	(4.0)		(21.9)	(18.1)	
S&M costs underlying	**12.7**	**14.1**	**-10%**	**46.4**	**43.1**	**8%**

*Actis was acquired in March 2007 and so adjustment is made for 5 months to Feb 08 only

General & Administrative Costs

USD millions	Q3 08	Q3 07	%	12 mths to Sept 08	12 mths to Sept 07	%
G&A costs – as reported	13.0	8.4	55%	48.7	42.4	15%
Less non-cash	(2.9)	(1.3)		(9.9)	(7.4)	
Less ACTIS*	0.0	0.0		(0.6)	0.0	
Less Informer	(0.1)	0.0		(0.1)	0.0	
Less Financial Objects	(0.3)	0.0		(0.3)	0.0	
Currency impact	n/a	0.4		n/a	2.6	
Variable costs	(0.1)	0.3		(3.1)	(3.9)	
G&A costs underlying	**9.7**	**7.8**	**24%**	**34.7**	**33.7**	**3%**

*Actis was acquired in March 2007 and so adjustment is made for 5 months to Feb 08 only

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 enters the SMIM

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- On 8/7/2008, Swiss Exchange announces that Temenos will join SMIM (mid-cap) index

- The adjustment was made after closing on September 19th, and took effect on September 22nd

- Selection is based on average market capitalisation and traded volumes from July 2007 to June 2008. Temenos entered the index in 46th place.

Equity index selection list

July 2007 - June 2008

SWX SWISS EXCHANGE

Candidate Rank According to column N	ISIN	Stock name	SMI® / SMIM®	SLI®	Current size	Average of Market Value and Turnover Columns J and L % of SPI®
		Swiss Performance Index SPI®				100.0000%
34.	CH0010570759	LINDT N	SMIM®		M	0.2876%
35.	CH0012255144	SWATCH GROUP N	SMIM®		M	0.2784%
36.	CH0024638196	SCHINDLER PS	SMIM®		M	0.2547%
37.	CH0002168083	PANALPINA N	SMIM®		M	0.2353%
38.	CH0001752309	FISCHER N	SMIM®		M	0.2270%
39.	CH0021783391	PARGESA I	SMIM®		M	0.2056%
40.	CH0012280076	STRAUMANN N	SMIM®		M	0.1977%
41.	CH0003671440	RIETER N	SMIM®		M	0.1969%
42.	CH0010570767	LINDT PS	SMIM®		M	0.1883%
43.	CH0018294154	PSP N	SMIM®		M	0.1822%
44.	CH0015536466	GALENICA N			M	0.1808%
45.	CH0022268228	EFG INTERNATIONAL N	SMIM®		M	0.1545%
46.	CH0012453913	TEMENOS N			M	0.1450%
	CH0014786500	VALIANT N			M	0.1424%
	CH0012271687	HELVETIA HOLDING N	SMIM®		M	0.1369%
	CH0011432447	BASILEA N	SMIM®		M	0.1232%
	CH0009002962	BARRY CALLEBAUT N	SMIM®		M	0.1194%
	CH0012268360	KUDELSKI I	SMIM®		M	0.1154%
	CH0003504856	KUONI N	SMIM®		M	0.1141%
	CH0000668464	JELMOLI I			M	0.1127%
	CH0002432174	BUCHER N			M	0.1083%
	CH0024608827	PARTNERS GROUP N			M	0.1057%
	CH0010567961	FLUGHAFEN ZUERICH N			M	0.1037%
	CH0021607004	BKW FMB ENERGIE N			M	0.1024%
58.	CH0027700852	MEYER BURGER N			M	0.1000%
59.	CH0016440353	EMS-CHEMIE N			M	0.0958%

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IBS PUBLISHING

First place in the 2007 IBS Sales League Table

Corebanking Positions

Position	Product	Company
1	T24	TEMENOS
2	TCS BANCS	TCS
3	Flexcube	i-flex

- Top two positions in the IBS Sales League Table for 9 out of the last 10 years
- Second place vendor in 2007 had 20 fewer wins

Annual Sales League Table

1st January 2007 – 31st December 2007

Product	Supplier	New name customers signed in 2007 (previous years in brackets, with the most recent first). See below for keys	
T24	Temenos	44	(40,32,28,24,32,36,42,34,33,19,15,10,29,7,9)
K+TP	Reuters	25	(15,8)
TCS Bancs (Universal)	TCS Financial Solutions	24	(13,5,5,4*,6,4,4,0,0,1,2)
Calypso	Calypso Technology	22	(14,15,8,6,7,2,3,1)
Flexcube	i-flex Solutions	20**	(43,38,36,36,36,29,37,8,0,2)
Deposits Management	SAP	18	(7,1,1,1)
MX.3	Murex	15	(5*)
iMal	Path Solutions	14	(6,5,3)
Finacle	Infosys	13	(3*,13,14,9,8,11,9,2)
Equinox	Neptune Software	11	(5,8,2,5,3,4,1)
Opics	Misys	11	(6,6,8,14,8,25,25,15,25,24,9,8,7,5)
Summit	Misys	11	(14,17,16,10,6,11,8,5)
Banks	ICS	10	(11)
Olympic	ERI	9	(7,4,6,3,14,18,18,24,23,25)
OmniEnterprise	Infrasoft	9	(12,11,10)
	Fidelity	8	(3,2,1,2,5,4,12*)
	Delta Informatique	7	(9,3,7,12,9)
	Misys	7	(10,5,2,9,10,6,8,9,17,21,12,13,17,26,16)
	Pexim Solutions	7	
	SAB	7	(6,8)
	Open Solutions	7+	
	TCS Financial Solutions	7	(12,9,4,2,3,6,6,6,8,5,7,5)

TEMENOS’ awards

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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

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The Banking Software Company