

Financial Results & Business Update

Quarter ended 30 September 2009

21 October 2009



TEMENOS

The Banking Software Company

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 21 October 2009. 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 21 October 2009.

Agenda



Introduction	Ben Robinson	Associate Director IR & Business Strategy
--------------	--------------	--

Strategy and Business update	Andreas Andreades	CEO
---------------------------------	-------------------	-----

Financial update	David Arnott	CFO
------------------	--------------	-----

Outlook and Summary	Andreas Andreades	CEO
------------------------	-------------------	-----

Q&A	Andreas Andreades	CEO
	David Arnott	CFO
	Max Chuard	Director

Agenda



Introduction

Ben Robinson

Associate Director
IR & Business Strategy

**Strategy and
Business update**

Andreas Andreades

CEO

Financial update

David Arnott

CFO

Outlook and
Summary

Andreas Andreades

CEO

Q&A

Andreas Andreades

CEO

David Arnott

CFO

Max Chuard

Director

Executing on strategy for growth with better profitability and cash generation

- ✓ Resilient licence performance
 - Against a strong comparative, like-for-like licences* were up 6%
 - Year to date, like-for-like licences* are up 3%

- ✓ Continued good cost control
 - Costs fall sequentially for 4th quarter in a row
 - Full year costs to fall below previous outlook

- ✓ Strong margin and profit improvement
 - LTM EBIT margin >20% (EBITDA 28.2%)
 - USD39.5m of EBIT (>50% of outlook) delivered in YTD09 vs. USD27.8m in YTD08 (43% of full year EBIT). 2007: 30%.

- ✓ Excellent cash generation
 - Cash generation of 113% of EBITDA, USD31.6m (vs. USD10.7m in PY)
 - For LTM, cash conversion at 99%

*Ex Metavante, FX and acquisitions

Executing on strategy for growth with better profitability and cash generation

- ✓ New operating model firmly established and sustainable
 - Partners carrying out greater proportion of implementations
 - Convergence of T24 and TCB and more efficient use of development factories
 - 70/30 implementation model
 - Model bank maturity
 - Better payment terms
 - Streamlined processes
 - Critical mass to exploit economies of scale

✓ T24 sales

- 9 new customers in Q309 compared to 9 in PY
- Higher licences based on signing bigger deals than in PY
- Strong growth in retail licences
- 2 new entry-level tier 1 deals (taking number of tier 1 deals to 6 in YTD) providing significant downstream potential
- Growth in all regions YTD, particularly emerging markets
- Misys replacements represented 8% of LTM licences

✓ ARC and Insight

- ARC and Insight continue to represent c.10% of licence sales
- In Q309, we sold ARC to 3 new customers; Insight to 5 customers

✓ Well placed for future

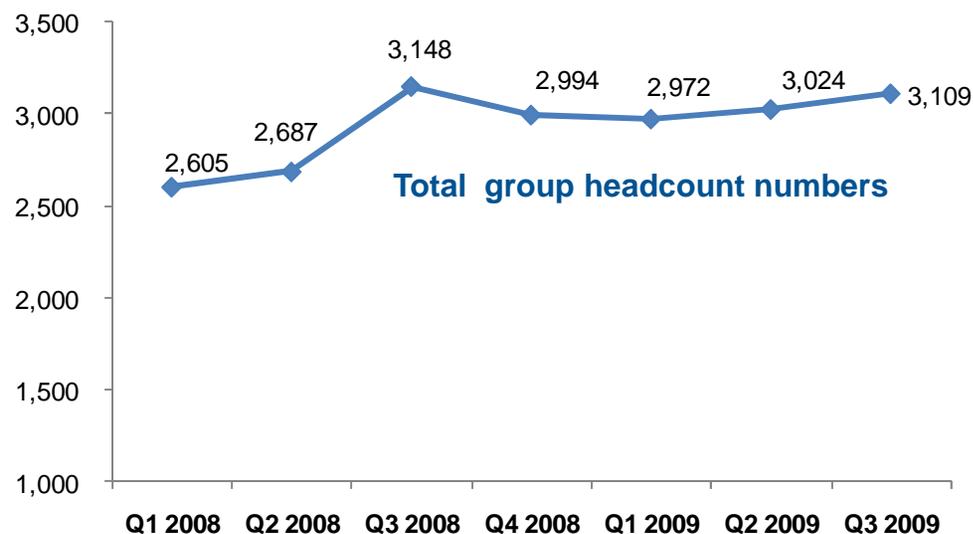
- Continue to gain market share
- YTD conversion rates still below pre-crisis level, but materially above Q408 level
- Pipeline continues to grow supporting strong licence growth in future as confidence returns
- Beginning to make strategic investments to foster growth next year

Another 4 clients went live in Q309

- 4 clients went live in Q309 (vs. 6 in Q308)...
- ...taking number of go-lives to 39 in YTD vs. 24 in YTD 08

... as services initiatives help us to scale more efficiently

- TAM, TIM, Management Consulting, Model Bank have all helped the services business to scale to meet demand



The absolute headcount has not been falling, only the onshore/offshore mix – revenues can be ramped up with existing resources (and with existing cost base)

... also helping margins

- LTM margins are up to 14% compared to 6% in LTM 08

Partners

- Relationship with Cognizant progresses well
 - Training underway
 - Jointly going to market on a number of deals
- Actively speaking to other technology and services partners
- Expect to sign second strategic services partnership during Q4
- Already, we are delivering a greater proportion of services through partners

M&A

- Generating significant free cash to fund acquisitions
- Level of M&A activity remains high
- Criteria unchanged

Agenda



Introduction

Ben Robinson

Associate Director
IR & Business Strategy

Strategy and
Business update

Andreas Andreades

CEO

Financial update

David Arnott

CFO

Outlook and
summary

Andreas Andreades

CEO

Q&A

Andreas Andreades

CEO

David Arnott

CFO

Max Chuard

Director

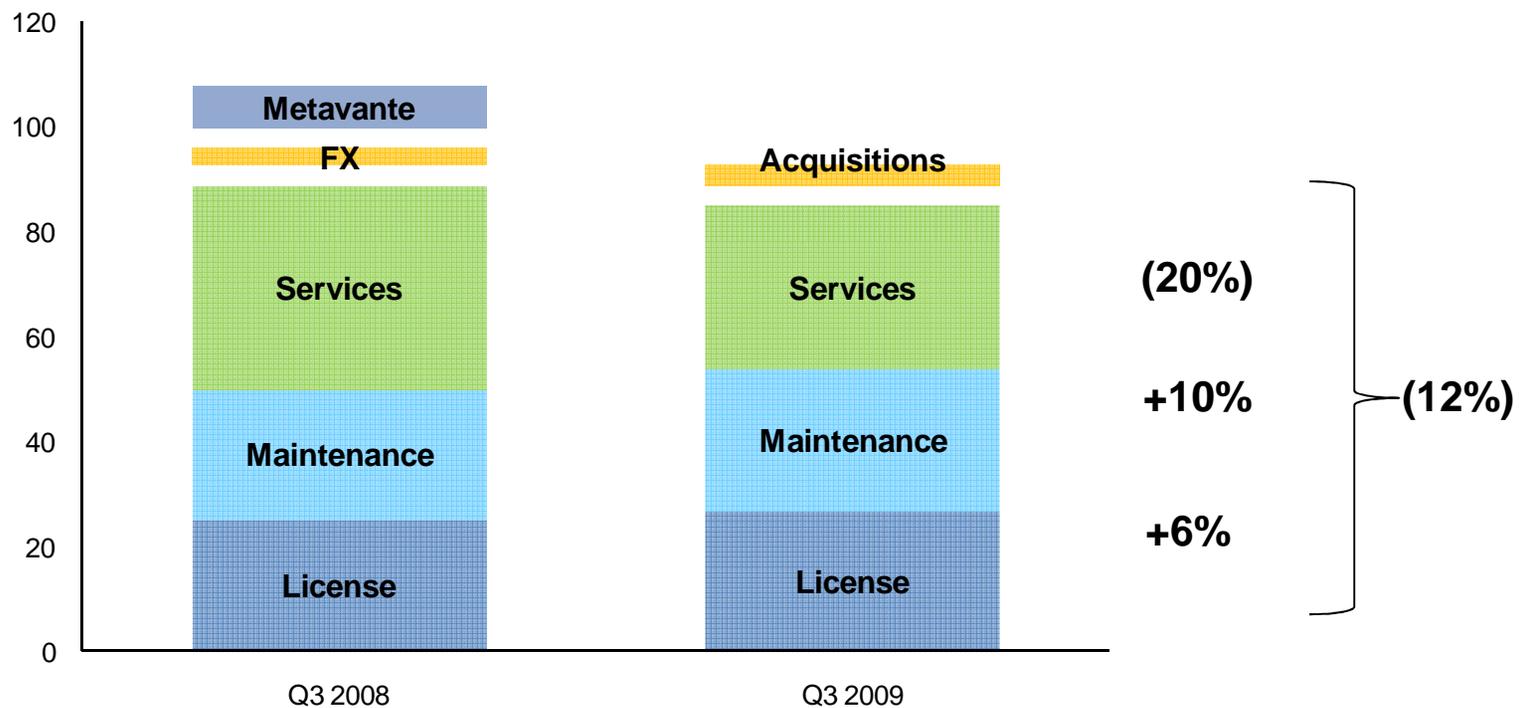
Income statement highlights – Q3 2009



	Q3 2009 (USDm)	Q3 2008 (USDm)	y-o-y Δ
Licence revenues	26.8	35.3	(24%)
Total revenues	88.6	100.4	(12%)
EBIT	20.3	11.2	81%
Adjusted EPS*	0.34	0.13	162%

* in USD; see appendix for reconciliation

► Adjusting for FX, acquisitions and Metavante



Financial statement highlights



in USDm	Q3 09	Q3 08	△	LTM 09	LTM 08	△
Licences	26.8	35.3	(24%)	131.9	168.5	(22%)
Maintenance	29.2	25.4	+15%	113.9	94.6	+20%
Services	32.5	39.7	(18%)	128.1	147.0	(13%)
Total revenue	88.6	100.4	(12%)	373.9	410.0	(9%)
Total operating costs	(68.2)	(89.2)	(24%)	(298.2)	(338.5)	(12%)
EBIT	20.3	11.2	+81%	75.7	71.5	+6%
Margin	23%	11.1%	+1,190bps	20.2%	17.5%	270bps
EBITDA	28.0	17.2	+69%	105.4	92.5	+15%
Margin	31.6%	17.1%	+1,570bps	28.2%	22.6%	+590bps
Operating cashflow	31.6	10.7	195%	104.2	63.1	+65%
% of EBITDA	113%	62%		99%	68%	

Income statement



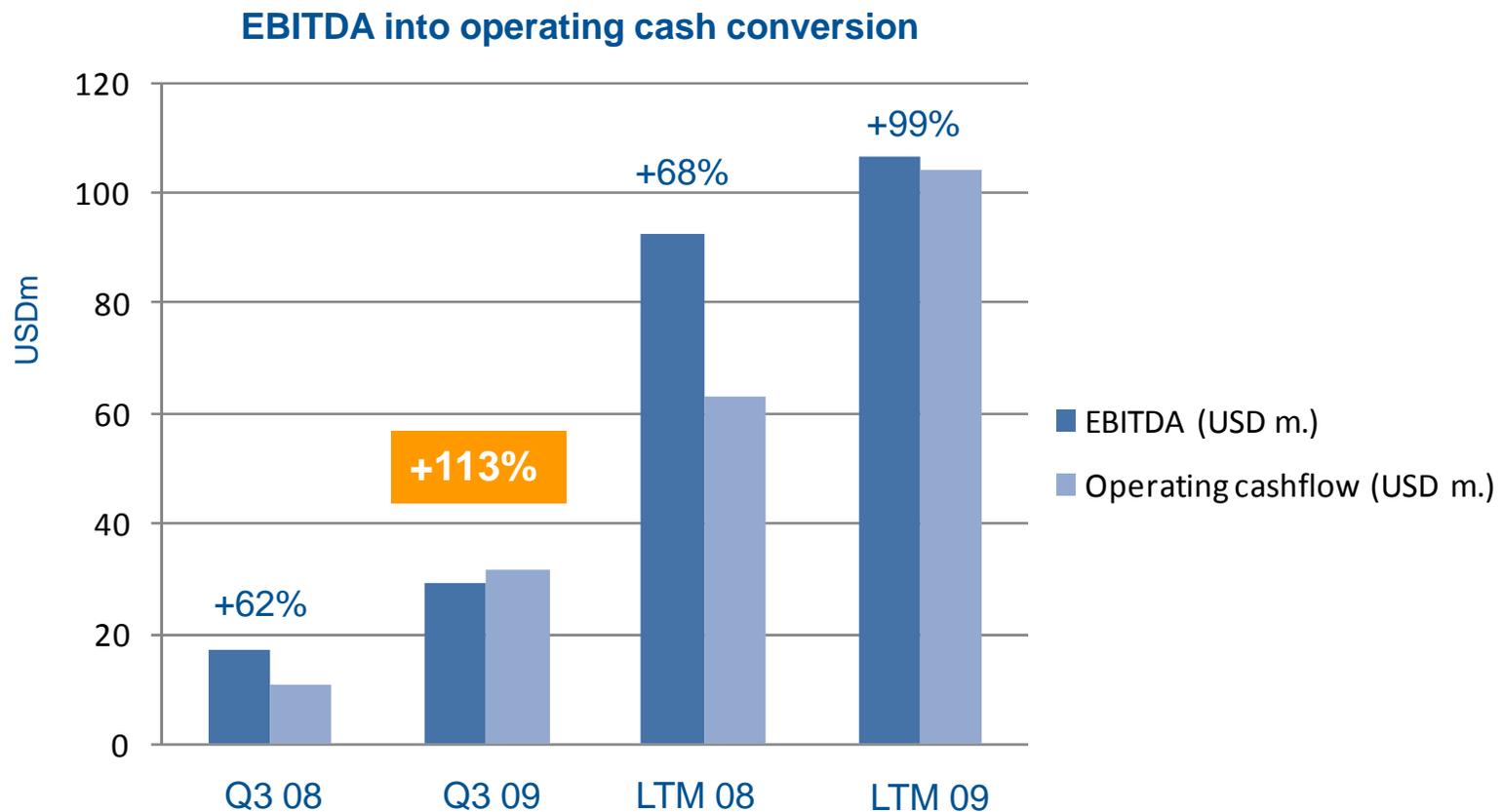
	Q3 2009 (USDm)	Q3 2008 (USDm)	y-o-y Δ	LTM 09 (USDm)	LTM 08 (USDm)	y-o-y Δ
EBIT	20.3	11.2	81%	75.7	71.5	6%
Net finance charge	(2.1)	(2.3)	(9%)	(7.6)	(4.6)	65%
FX (loss)/gain	(0.6)	(3.6)	(83%)	4.6	(2.2)	n/a
Tax	(0.1)	(0.2)	(50%)	1.7	0.3	570%
Net earnings	17.5	5.0	250%	74.4	64.9	15%
Adjusted EPS*	0.34	0.13	162%	1.35	1.08	25%

- ▶ Excellent leverage of below the line items
- ▶ FX: movements smaller now that hedging gains/losses treated as operating gains/losses

* not in USDm; see appendix for reconciliation

Ongoing strong cash generation in the quarter

- EBITDA into operating cash conversion of 113% in Q3
- LTM conversion at 99%
- LTM operating cash of USD104m is very close to full year outlook level



Balance sheet – Debt and financing



	Q3 2009 (USDm)	Comments
<u>EXISTING DEBT</u>		
Convertible bond	133.6	1.5% coupon, matures 2013 (converts at CHF18.6)
Credit facilities	61.5	Consortium of 7 banks, repayment up to end of 2012
Other	1.4	Obligations under finance leases
TOTAL DEBT	196.5	
<u>AVAILABLE FUNDING</u>		
Cash	100.0	Held in short-term deposits
Unused facilities	151.0	Drawable until end of 2010; USD45m for working capital, rest for acquisitions
TOTAL AVAILABLE FUNDING	251.0	

Agenda



Introduction	Ben Robinson	Associate Director IR & Business Strategy
--------------	--------------	--

Strategy and Business update	Andreas Andreades	CEO
---------------------------------	-------------------	-----

Financial update	David Arnott	CFO
------------------	--------------	-----

Outlook and Summary	Andreas Andreades	CEO
--------------------------------	--------------------------	------------

Q&A	Andreas Andreades	CEO
	David Arnott	CFO
	Max Chuard	Director

Executing on strategy for growth with better profitability and cash generation

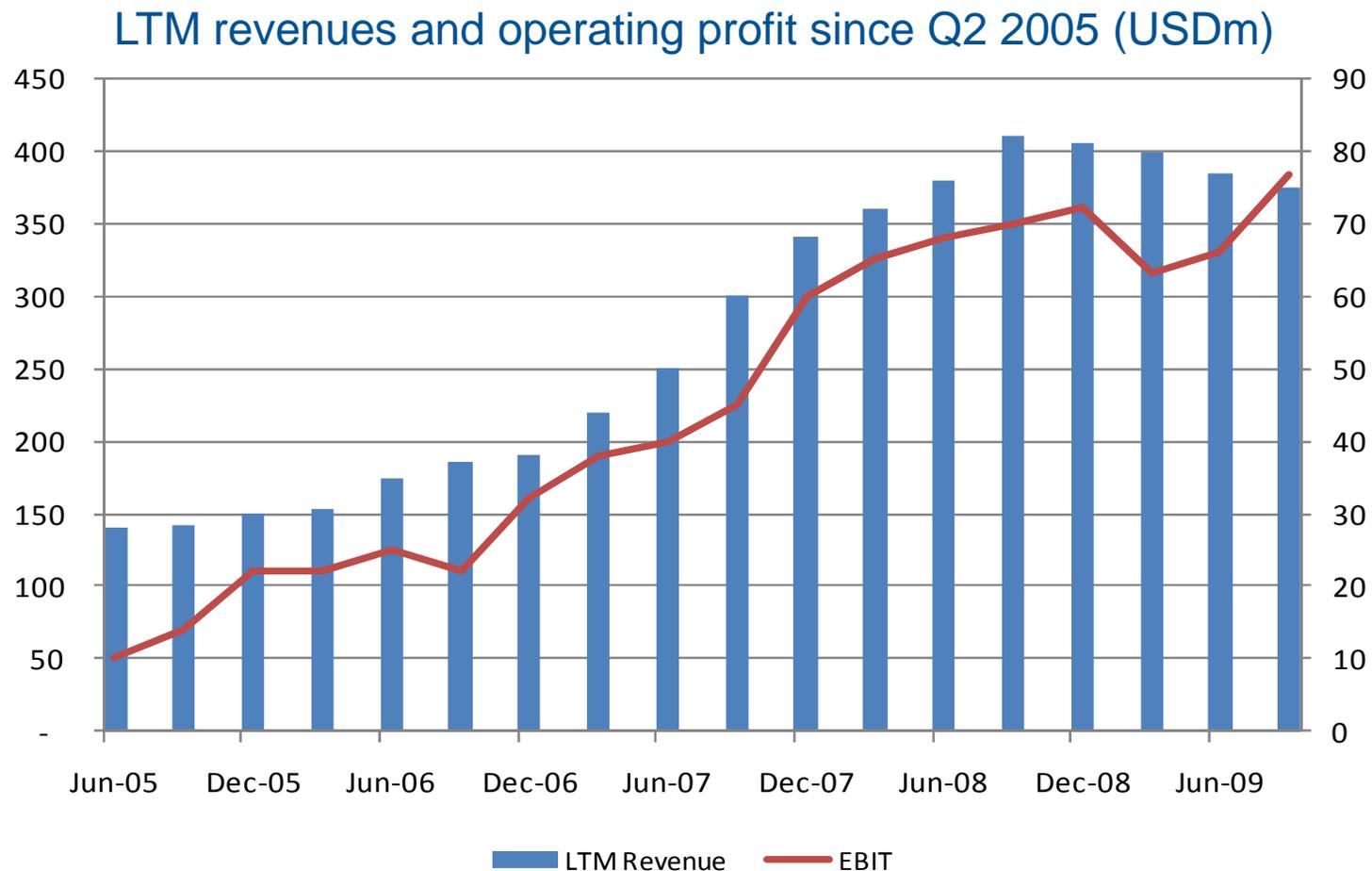
- **Licence sales resilient**
 - In YTD, +3%; further market share gains
- **Strong margin progression**
 - LTM EBIT margin 20.2%; EBITDA 28.2%
- **Excellent cash generation**
 - EBITDA into operating cash +113%
- **New operating model firmly established**
 - Locking in margin expansion in future

- ▶ **With one quarter to go, we are able to give an absolute profit outlook**
- ▶ **....resulting in a higher margin**
- ▶ **Outlook for maintenance and operating cash remain unchanged**
- ▶ **But we lower our costs and services revenue by USD10m**

- 2009 full year cost base of USD300m (Variable costs in Q4 at USD20m)
- EBIT of USD75-80m
- Full year maintenance revenue of USD118m+
- Range for full year services revenues of USD120-130m
- USD110 of operating cashflow (USD80m of FCF)

Closing comments

- Operating profit growth trend firmly restored
- Revenue growth soon to be restored
- We are investing again for growth



Agenda



Introduction	Ben Robinson	Associate Director IR & Business Strategy
--------------	--------------	--

Strategy and Business update	Andreas Andreades	CEO
---------------------------------	-------------------	-----

Financial update	David Arnott	CFO
------------------	--------------	-----

Outlook and Summary	Andreas Andreades	CEO
------------------------	-------------------	-----

Q&A	Andreas Andreades	CEO
	David Arnott	CFO
	Max Chuard	Director

Appendices



TEMENOS

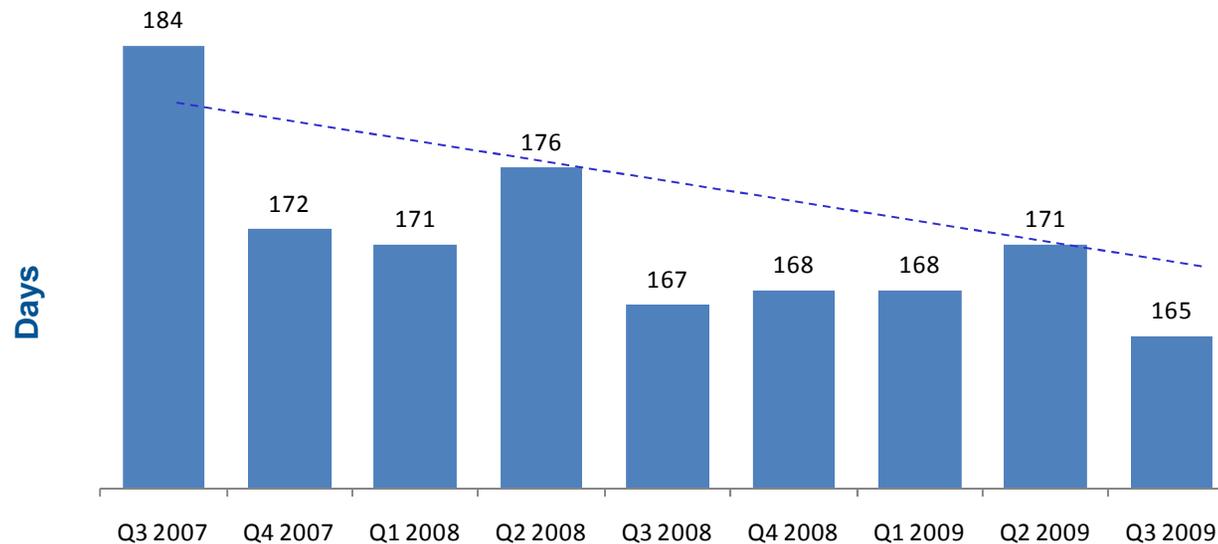
The Banking Software Company

Adjusted EPS reconciliation

	Q3 2009 (USDm)
Earnings	17.5
Amortisation of acquired intangible assets	1.9
Bond interest	1.4
Restructuring*	3.0
Total adjusted earnings	23.8
Number of diluted shares	69.6
Adjusted EPS	0.34

*Costs of exiting the joint agreement with Metavante – severance, legal fees, property costs

DSOs – last 9 quarters



Sustained improvement driven by

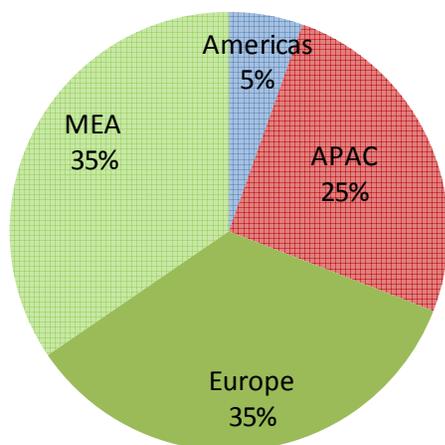
✓ Shorter implementation times down from average of 18 months in 06 to 9-12 months

✓ Improving payment terms: In Q3 09, aggregate payment terms were: Up Front: 56%
Dates: 37%
Milestones: 7%

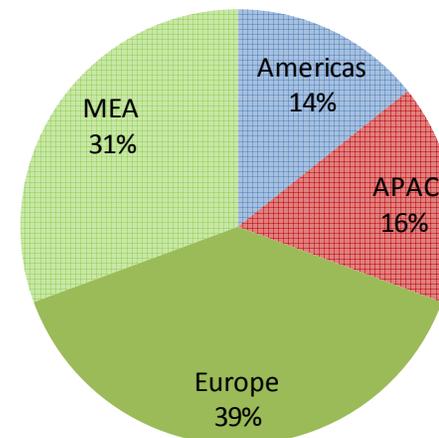
Overview of new T24 customer sales

LTM 2009

New clients (number)

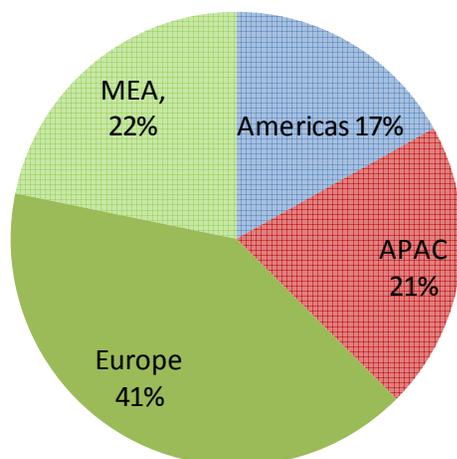


LTM 2008

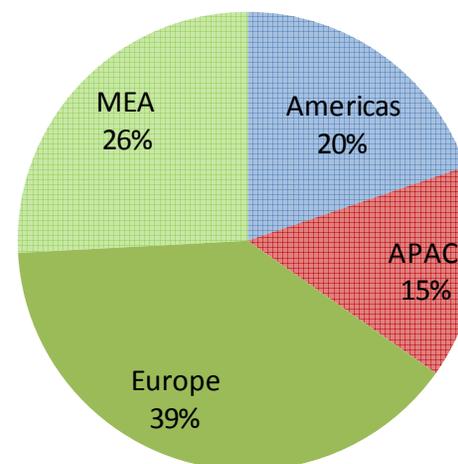


LTM 2009

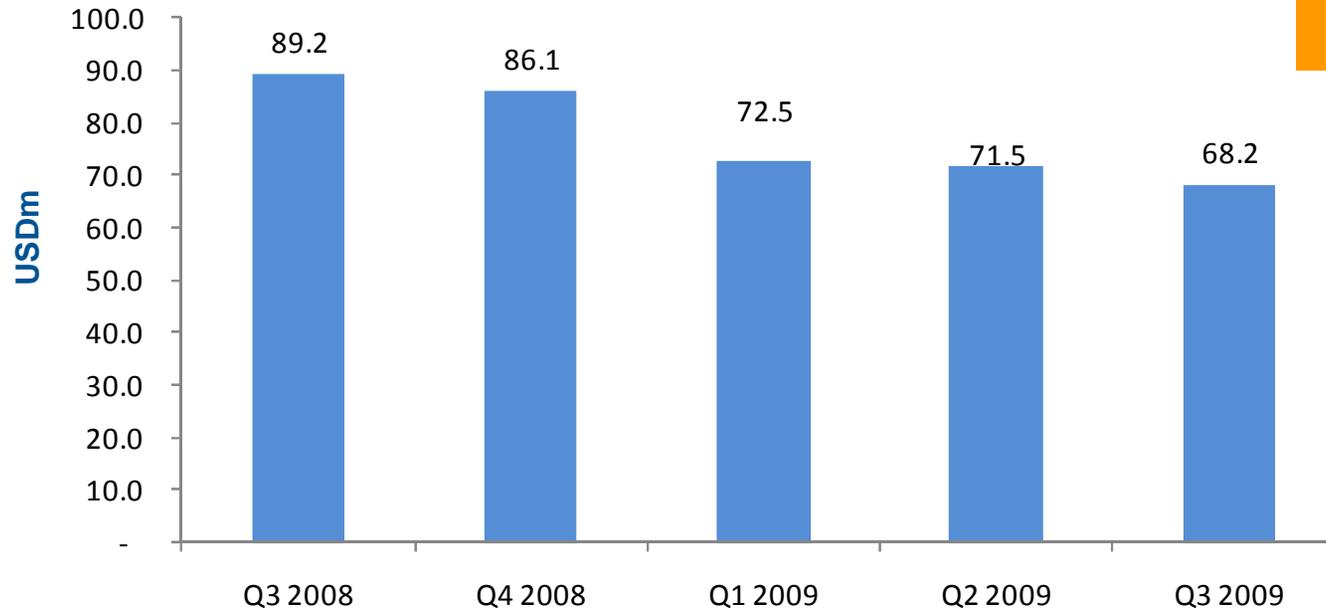
New clients (licence value)



LTM 2008



Cost reduction – Yielding results



Operating costs have declined sequentially for the last 4 quarters

Q3 2009 cost base **consistent** with full year outlook of USD300m

Thank You



TEMENOS

The Banking Software Company