Business Update & Financial Results

Quarter and year ended 31 December 2007

27 February 2008

TEMENOS

The Banking Software Company

Presentation Overview

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

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 27 February 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 27 February 2008.

Financial Update

David Arnott
CFO

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Income Statement Highlights – Q4

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	Q4 2007	Q4 2006	△ yoy
Licence revenue	68.3	44.3	54%
Total revenue	125.3	78.8	59%
EBIT	43.7	26.9	63%
Adjusted EPS*	0.66	0.41	61%

*Adjusted for amortisation of acquired intangibles (Q407: USD0.4m)

USDm, except EPS USD

Income Statement Highlights – Full Year

	2007	2006	△ yoy
Licence revenue	148.8	97.9	52%
Total revenue	329.9	216.3	53%
EBIT	62.5	33.3	88%
Adjusted EPS*	1.03	0.58	78%

*Adjusted for amortisation of acquired intangibles (2007: USD1.1m)

USDm, except EPS USD

Income Statement Detail

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	Q4 07	Q4 06	△	2007	2006	△
Licences	68.3	44.3	+54%	148.8	97.9	+52%
Maintenance	21.7	14.9	+46%	76.3	55.0	+39%
Services	35.3	19.6	+80%	104.8	63.4	+65%
Total revenue	**125.3**	**78.8**	**+59%**	**329.9**	**216.3**	**+53%**
R&D	(17.0)	(7.9)	+115%	(57.1)	(33.8)	+69%
Cost of services	(30.2)	(17.3)	+75%	(97.0)	(64.9)	+49%
Sales and marketing	(22.3)	(13.8)	+62%	(71.8)	(48.3)	+49%
G&A	(12.1)	(12.9)	-6%	(41.5)	(36.0)	+15%
Total operating costs	**(81.6)**	**(51.9)**	**+57%**	**(267.4)**	**(183.0)**	**+46%**
EBIT	**43.7**	**26.9**	**62%**	**62.5**	**33.3**	**+88%**
Margin	34.9%	34.1%	**+70bps**	18.9%	15.4%	**+350bps**

Like-For-Like Cash Cost P&L

	2007	2006	△
Total revenue	329.9	216.3	53%
Like for like* adjs.	(17.1)	6.1	
Adjusted total revenue	**312.8**	**222.4**	**41%**
Total costs	267.4	183.0	46%
l-f-l and non cash** adjs.	(30.2)	9.0	
Adjusted total cost	**237.2**	**192.0**	**24%**
Reported EBIT	62.5	33.3	88%
Like for Like EBIT	**75.6**	**30.4**	**149%**

* 2006 revenues adjusted for average 2007 FX rate, Actis revenue deducted from 2007 revenues

** 2006 costs adjusted to average 2007 FX rates; Actis costs deducted from 2007 costs; stock option and D&A cost removed from 2007 and 2006 costs

Income Statement Detail

	Q4 07	Q4 06	△	2007	2006	△
EBIT	**43.7**	**26.9**	**62%**	**62.5**	**33.3**	**88%**
Net Finance charge	(0.7)	0.0	(81%)	(2.7)	0.0	n/a
FX gain	1.0	1.6	(38%)	4.6	5.3	(13%)
Tax	0.3	(2.9)	n/a	0.3	(4.2)	n/a
Net earnings	**44.3**	**25.6**	**73%**	**64.7**	**34.4**	**88%**
Adjusted EPS*	**0.66**	**0.41**	**61%**	**1.03**	**0.58**	**78%**

- Tax assets used to offset tax charges in the year
- Higher USD costs reflected in hedging gain

EPS growth of 61% and 78% for quarter and year respectively

*Adjusted for amortisation of acquired intangibles

Full Year Cash Flow Conversion (USDm)

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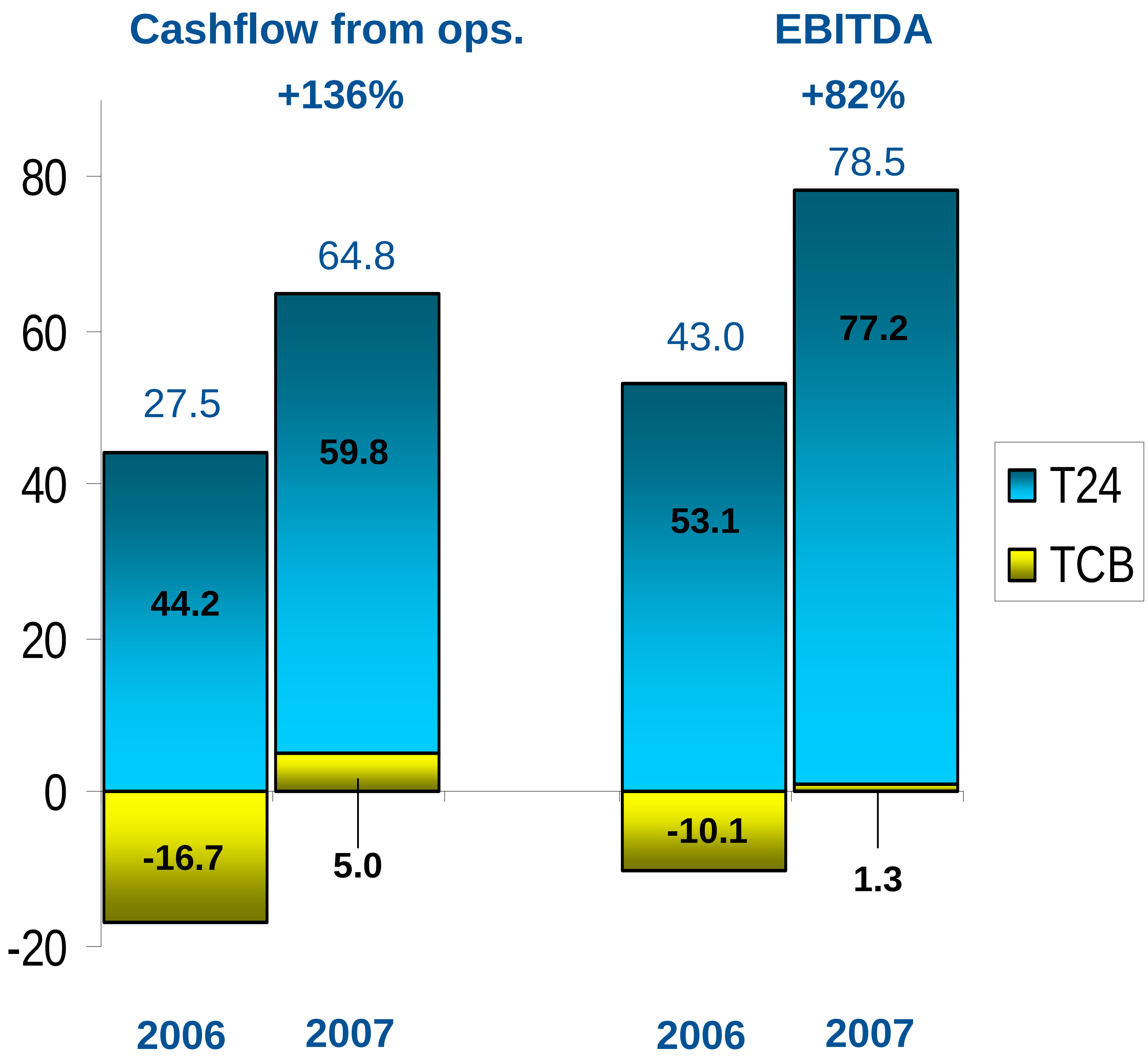
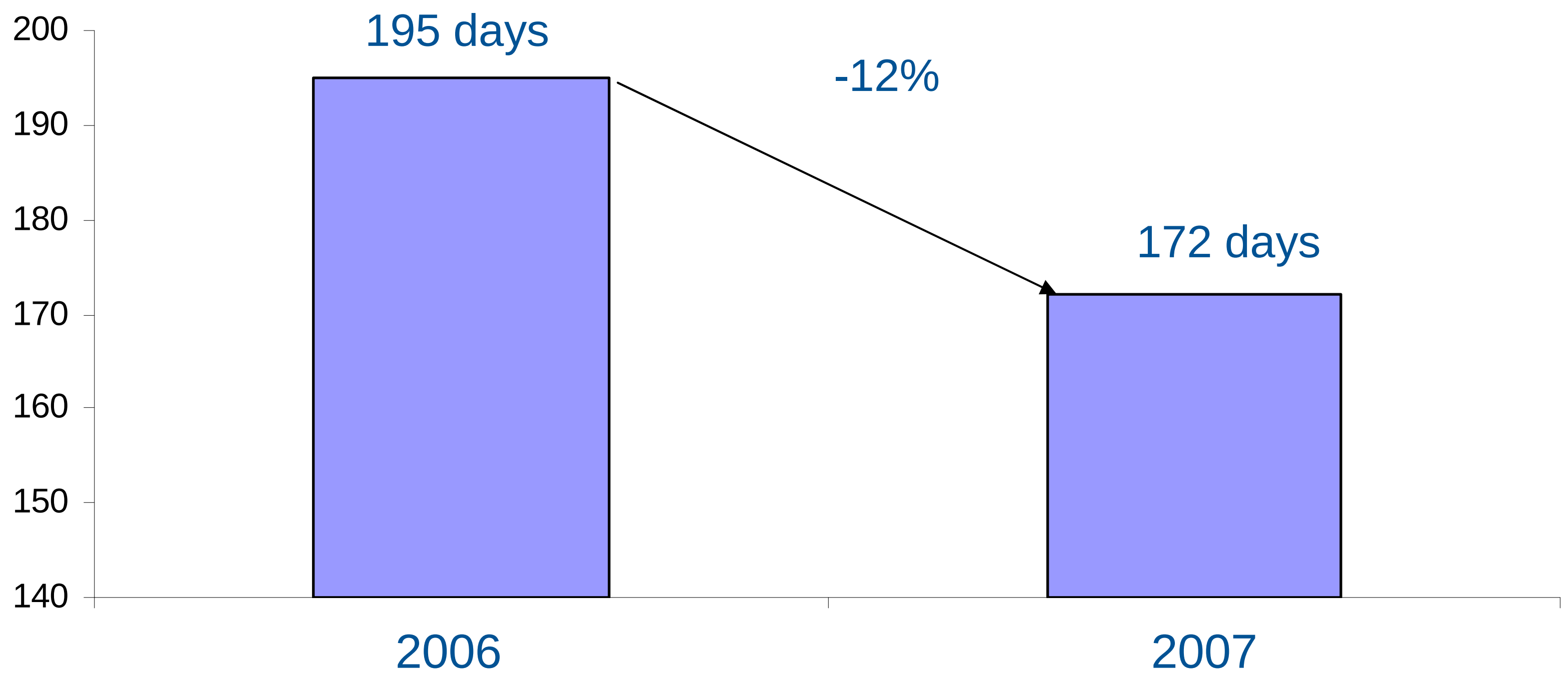


- Cashflow conversion at 83% vs. 75% outlook
- TCB cashflow and EBITDA positive

DSOs



- 23 day improvement y-o-y
- Target for further 10-15 days improvement by end of 2008
- New methodology*, less complex, easier to understand and benchmark

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

Share buyback

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 **USD60m**…
- …and so far have purchased USD30.3m at an average price of **CHF23.9**

- In 2006, we purchased USD13.7m (vs. FCF of USD10m) at an average price of CHF15
- 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

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Business update – still executing strongly

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We continue to execute ahead of our plan on both T24 and TCB

- Superior products
- Compelling investment and product roadmap
- Win ratio at above 80%
- Multiple growth initiatives, which are already starting to deliver
- Broad geographical reach
- Services initiatives of model bank, business consulting and TAM
- A Management focused on execution
- Metavante partnership

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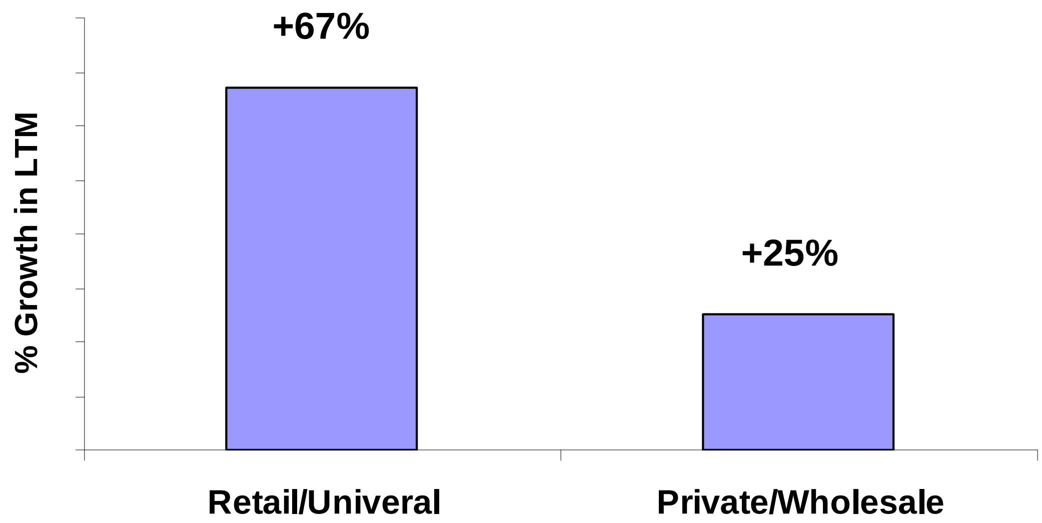
Strong growth in new clients…

- New clients in Q4 at 19 vs.16 in the prior year (+19%).
- In 2007, no. of new clients was 49 vs. 41 in 2006 (+20%)

… and in retail/ universal



Business update – taking market share

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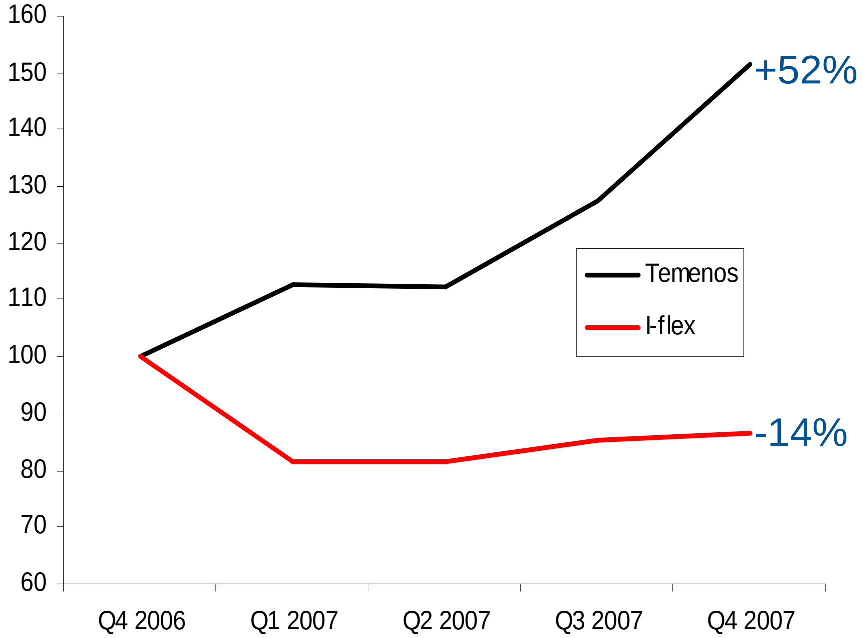
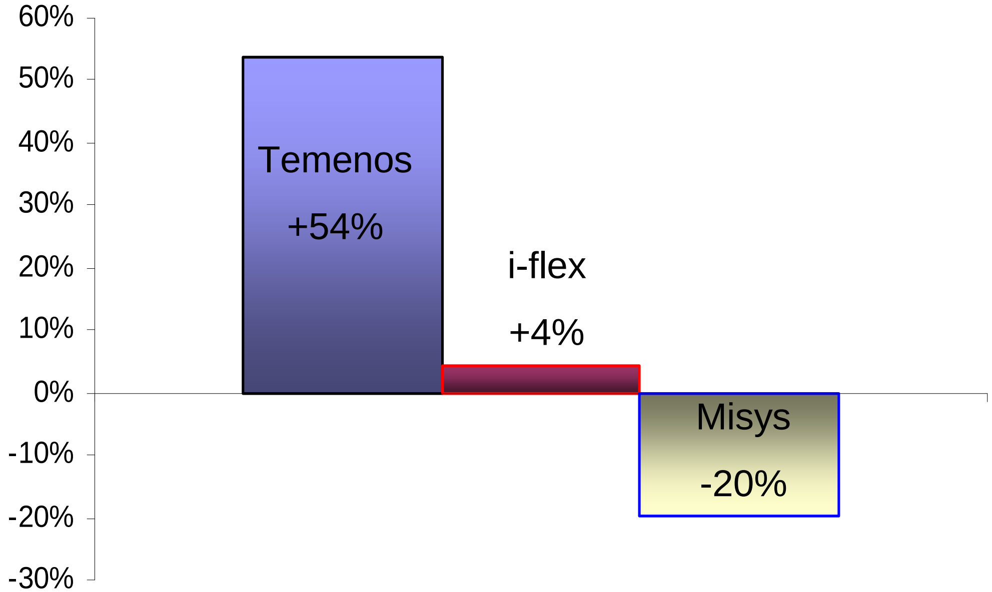
Licence sales vs i-flex in 2007



Licence sales vs Misys and i-flex – last reported quarter



- Outperformed i-flex by 66% in LTM
- Licence revenue >2x i-flex's

- Outperformed Misys by 74% in last quarter
- Licences 2.5x Misys*

Notes:

- Licences rebased at Q4 2006 levels
- i-flex numbers calendarised (y/e March 31)
- i-flex licences – 3 quarters US GAAP; one quarter Indian GAAP. In rupees
- Misys split for core banking over same period not publicly available

Notes:

- Misys numbers in GBP, quarter to 30 November
- i-flex numbers in RP, quarter to 31 December (Indian GAAP)

* Temenos: 1.7.07-31.12.07 vs. Misys: 1.6.07-30.11.07

- **Increasing sales coverage**
  - Broadening and deepening geographical coverage still biggest driver of sales growth
  - In 2007, we increased no of sales people by 26%...
    …but still only have 46 people covering 126 countries…
  - And our client base stands at over 600 banks…
    …out of 22,000 banks worldwide
  - We are organising TCB under global reporting lines under Phil Barnett…
    ….and are seeking out more Metavante-type distribution agreements

- **ARC:**
  - ARC has already been sold to 28 clients (10 in Q4)
  - Demand has been accelerating following the General Availability (“GA”) release in Q2
  - So far, under 30% of sales are to existing clients
  - ARC penetration of existing T24 base less than 2%
  - Now represents 5% of total licences
  - 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

- **Misys Replacement Programme:**

Progress to date

- The programme was launched in 2005
- Since then, we have signed 12 customers (2005: 1; 2006: 4; 2007: 7)

Update for 2008

- Larger multi-country Misys clients in early stage evaluations for potential replacement.
- The deals will be larger as we start to replace multi-site Misys customers
- The programme continues to accelerate

- **T-Risk:**

- T-Risk has been selected by 21 banks to date (5 in Q4)
- Sales up strongly y-o-y
- Pipeline remains robust

Actis.BSP/ German Market

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Our target:

- To double existing client base over 3-5yrs
- EBITDA USD11m by 2011

Our progress:

- **2 T24 deals** in Germany signed in 2007 (our business case assumed none)
- Puts us way ahead of acquisition plan
- Actis clients happy to upgrade to T24 over time – licence upside and no risk of attrition

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IMPROVING SALES AND MARGINS

- **New Head of Services**
  - Introducing tighter KPIs, processes and project execution
- **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
- **TEMENOS Management Consulting**
  - Gaining traction, integral part of implementation methodology

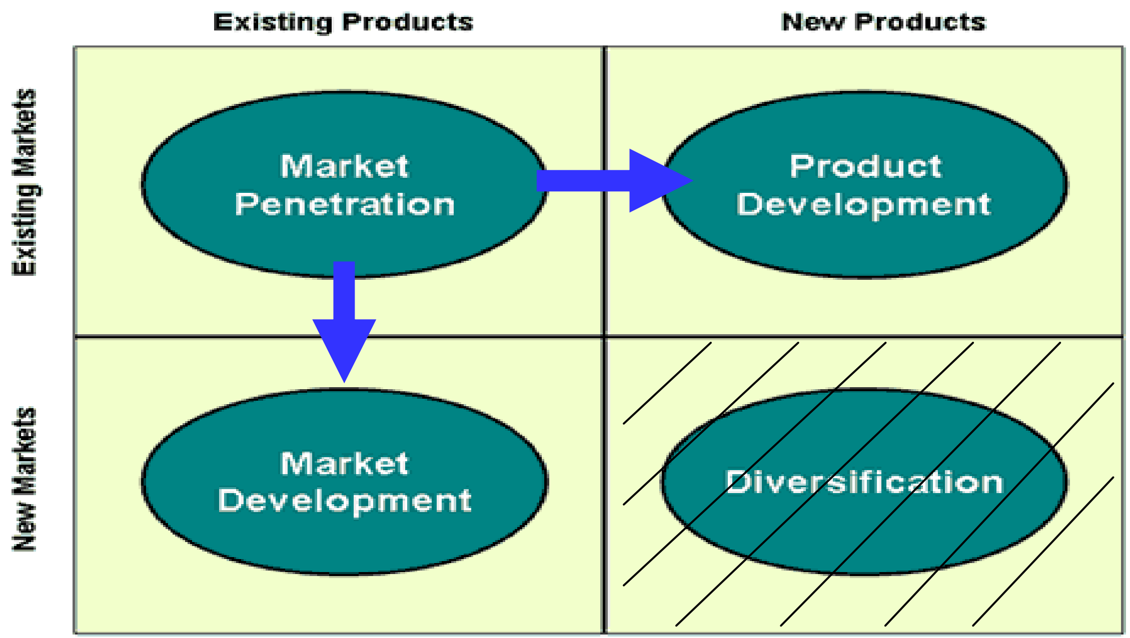
2007

- Revenue up by 39% yoy
- Margin at 7.4% (up from -2.4% in prior year)

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

Acquisition update

- 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

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Demand

- Minimal exposure to the investment banking sector
- Exposure to retail/universal (71%), private and wholesale
- Exposure to the US chiefly through Metavante - annual contracted revenues intact
- Exposure to emerging markets
- 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; pipeline remains very strong

On our forecasts

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

We continue to see no slowdown in demand, but are highly vigilant

2008 Outlook – reflecting continued momentum

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	2008 Outlook	2007	
Licences	173	149	+16%
Revenue	400	330	+21%
EBIT margin	21.3%	18.9%	+240bps
EBIT	85	62.5	+36%
Adjusted EPS*	1.33	1.03	+30%

- 21% top line growth plus 240bps of margin expansion gives 36% EBIT growth
- Large non-cash FX gain in 2007 (USD4.6m) reduces 2008 EPS growth to 30%

*Adjusted for amortisation of acquired intangibles (2008 outlook: USD1.3m)

All nos. in USDm, except EPS USD

2008 Outlook - guidance raised

Given 2007 overperformance, 2008 outlook ahead of previous guidance:

	2008 Outlook	Previous Outlook	Upgrade
Licences	173		
Revenue	400	383*	+4%
EBIT margin	21.25%	21.5%	
EBIT	85	82	+4%

* Mid-point of 2007 guidance (312.5m) vs. mid-point of 2008 guidance (22.5% growth)

All nos. in USDm, except EPS USD

Looking forward – no change to management assumptions

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We see no reason to change the guidance we have given beyond 2008:

- **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 31%** vs. our 3 year plan* of 23%
- an **06-09 EPS CAGR of 46%** vs. our 3 year plan* of 37%

* Covering 07-09,announced at Q4 2006 results

Appendices

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Outlook Assumptions

In arriving at our 2008 outlook we have made the following assumptions:

- Tax rate:
  Zero effective tax rate (see slide)

- Foreign exchange:
  USD 1 : EUR 0.68
  USD 1 : CHF 1.09
  USD 1 : GBP 0.50

- Number of shares for diluted EPS*:
  69.4m
  * including impact of convertible

Operating Costs by Quarter

USD million	Q4 06	Q1 07	Q2 07	Q3 07	Q4 07
Reported costs	51.9	55.1	66.1	64.6	81.6
Non-trend costs*	(13.4)	(9.0)	(12.5)	(10.1)	(22.6)
Trend costs**	38.5	46.1	53.6	54.5	59.0
Headcount	1724	1947	2128	2173	2309

* Includes cost of sales, marketing, variable costs (bonuses, commissions) and stock options

** Not adjusted for FX

Research and Development

USD millions	Q4 07	Q4 06	%	12 mths to Dec 07	12 mths to Dec 06	%
R&D costs – as reported	17.0	7.9	115%	57.1	33.8	69%
Capitalised development costs	5.3	3.8		15.9	14.7	
Non cash items	(4.0)	(2.3)		(13.8)	(8.0)	
Less Actis	(2.5)	-		(8.4)	-	
Currency impact	-	0.5		-	1.7	
Adj. cash R&D costs	**15.8**	**9.9**	**60%**	**50.8**	**42.2**	**20%**
Of which:						
T24	**10.0**	**5.9**		**30.3**	**22.8**	
TCB	**5.8**	**4.0**		**20.5**	**19.4**	

- Capitalised development decreasing as % of cash R&D at 33% for 12 mths to Dec 07 vs 35% for 2006
- In 2008, forecasting no material difference between capitalised development and amortisation of capitalised development (approx US$15 million each)

Services

USD millions	Q4 07	Q4 06	%	12 mths to Dec 07	Dec 06	%
Service revenues	35.3	19.6	80%	104.8	63.4	65%
Less Actis	(1.7)	-		(6.6)	-	
Currency impact	-	0.7		-	1.7	
Service revenues underlying	**33.6**	**20.3**	**66%**	**98.2**	**65.1**	**51%**
Service costs – as reported	30.2	17.3	75%	97.0	64.9	49%
Less Actis	(1.7)	-		(4.7)	-	
Currency impact	-	1.2		-	3.4	
Less Non cash	(0.3)	(0.2)		(1.6)	(0.8)	
Service costs underlying	**28.2**	**18.3**	**54%**	**90.7**	**67.5**	**34%**
Service contribution as reported	5.1	2.3		7.8	(1.5)	
Service contribution underlying	5.4	2.0		7.5	(2.4)	
% Service margin as reported	14%	12%		7%	(2%)	
% Service margin underlying	**16%**	**10%**		**8%**	**(4%)**	

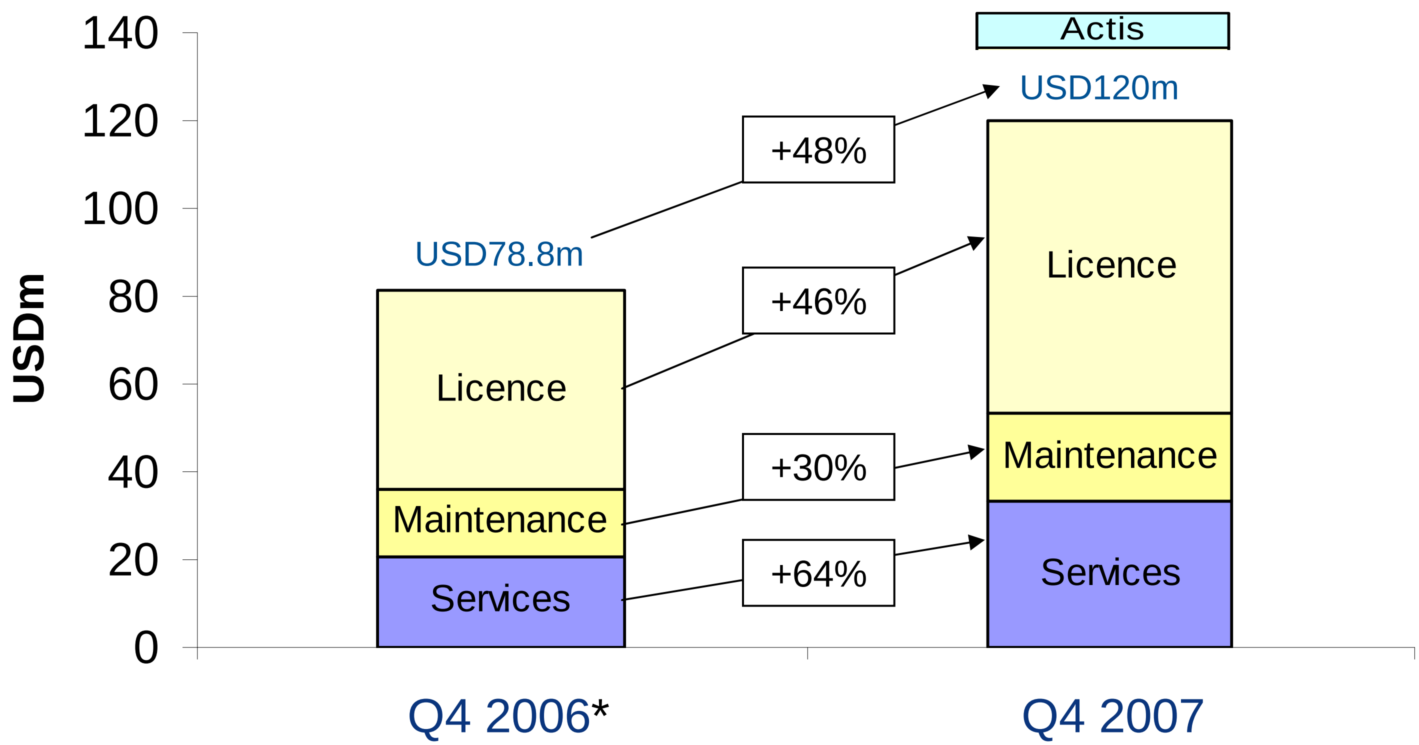
General & Administrative Costs

USD millions	Q4 07	Q4 06	%	12 mths to Dec 07	12 mths to Dec 06	%
G&A costs – as reported	12.1	12.9	(6%)	41.5	36.0	15%
Less Actis	(0.2)	-		(1.3)	-	
Less non-cash	(1.9)	(0.9)		(8.4)	(4.6)	
Currency impact	-	0.8		-	1.1	
G&A costs underlying	**10.0**	**12.8**	**(22%)**	**31.8**	**32.5**	**(2%)**

Sales and Marketing

USD millions	Q4 07	Q4 06	%	12 mths to Dec 07	12 mths to Dec 06	%
S&M costs – as reported	22.3	13.8	62%	71.8	48.3	49%
Less Actis	(0.8)	-		(1.7)	-	
Currency impact	-	0.8		-	(2.1)	
Less non-cash	(0.8)	(0.6)		(3.8)	(1.7)	
S&M costs underlying	**20.7**	**14.6**	**42%**	**66.3**	**44.5**	**49%**

Organic revenues

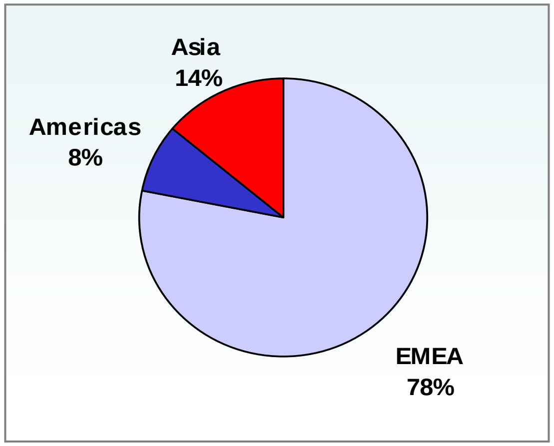


- Strong organic growth in each revenue line
- Actis added USD5.3m in Q4 07

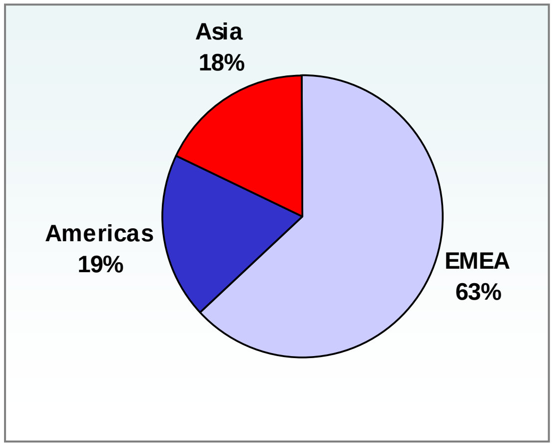
*2006 restated at 2007 FX (adding USD2.4m to total revenue)

REVENUES BY REGION 2007 vs. 2003

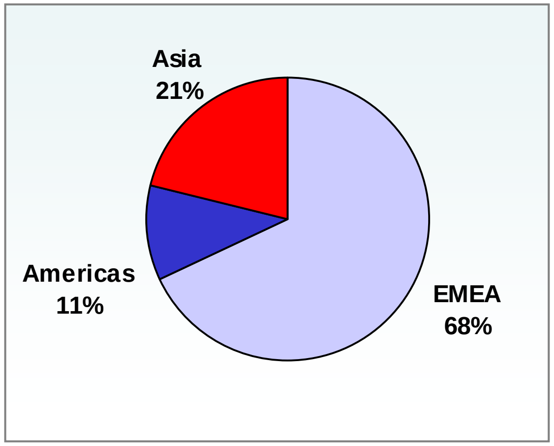
Revenues - Full Year 2003



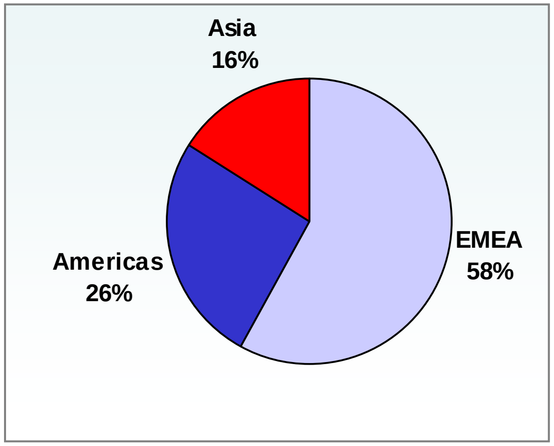
Revenues – Full Year 2007



Licence Revenues - Full Year 2003



Licence Revenues – Full Year 2007



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

(1) On a $ basis

Licences by Tier & Segment

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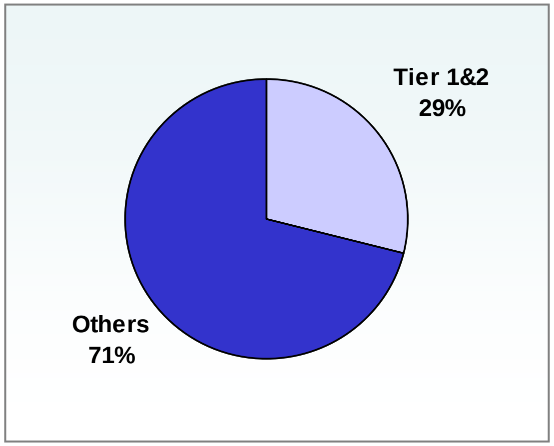
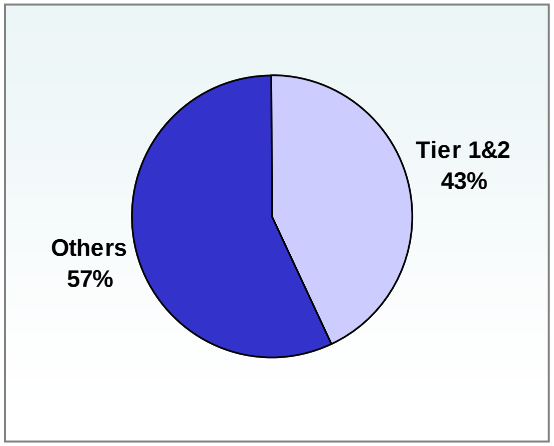
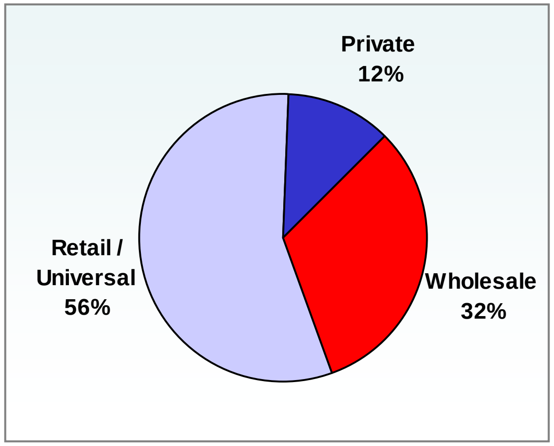
Full Year 2003



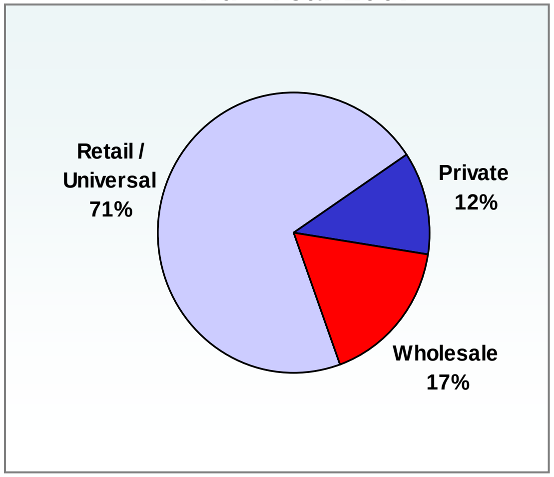
Full Year 2007



Full Year 2003



Full Year 2007



- **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, two TEMENOS products have won prestigious awards within the banking software industry

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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