Financial Results & Business Update

Quarter and year ended 31 December 2009

17 February 2010

TEMENOS
The Banking Software Company

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 17 February 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 17 February 2010.

Agenda

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

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2009 Highlights

- Operating profit growth of 26% to USD80.2m; margin up 600bps to 21.7%
- Cashflow from operations reached USD118m – 107% of EBITDA
- Core licensing business returned to growth - up 8% for the year, 15% for each of Q3 & Q4
- 43 new customer wins, including 8 new tier 1 customers - continued market share gains
- 50 clients go live on T24 – a new record
- Completion of largest acquisition to date
- Three global strategic partnerships signed

2009 review

We have achieved all of our financial objectives for 2009:

Financial objectives set at Q408	Final outcome
✓ Cost base of USD310m	USD290m
✓ EBIT margin of 19%-20%	21.7%
✓ Maintenance revenue of USD118m	USD117m
✓ 75% EBITDA into cash conversion	107%/USD118m

Business update

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The business is in very good shape to benefit from recovery in spend:

- Core licensing business already returned to growth, continued market share gains
  - → Non-Metavante licence business +8% for year, +15% in Q3 and Q4
- Compelling product roadmap
  - → Converging core system and developing greater breadth of ancillary products
- More scalable
  - → Partner programme established and gaining momentum
- More critical mass
  - → Viveo largest acquisition to date, adds USD21m to maintenance base
- Much more agile organisational structure
  - → Processes streamlined
  - → Services run as a standalone business

Overview of FY Sales

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Strong sales execution more than offset weaker demand and Metavante impact

Core sales

Focused execution resulted in higher deal sizes...

- 43 new core banking customers (12 in Q409) vs 48 in 2008
- But deal sizes were higher, reflecting the return of tier 1 deals
- In 2009, we signed 8 tier 1 banks – 4 entry-level and 4 more sizeable

...and strong market share gains

- We estimate that T24 gained 2pp of market share in 2009

Misys replacements accounted for 8% of the total licence figure

Overview of FY Sales

TEMENOS

Strong sales execution more than offset weaker demand and Metavante impact

ARC & Insight

For the full year, we added 31 new Insight customers...

- This was the first year of Insight sales – the product was launched in Q109
- 31 sales comprised 19 new customers, 12 existing
- ASPs rising fast as references confirm value and we add more functionality

...and 23 new ARC customers

- 23 sales comprised 21 new customers, 2 existing
- There have been important go-lives in the year

In total, ARC and Insight added USD12m to licences,10% of total

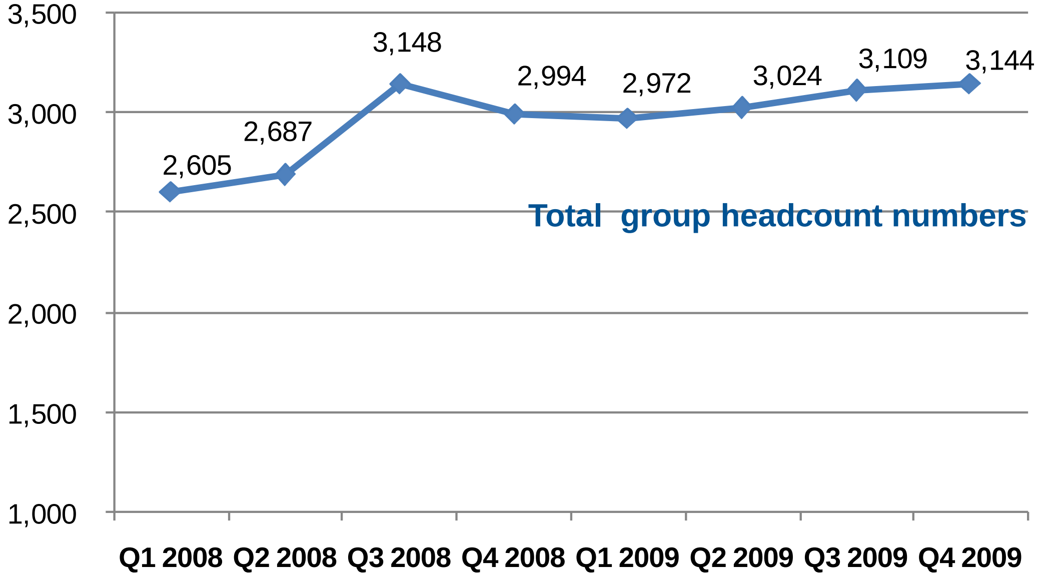
Services Update

In 2009, we achieved record number of go-lives...

- In 2009, 50 T24 customers went live (vs. 44 in 2008)

... 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

- Margins were up 802 basis points in 2009 (and 220bps in 2008)
- Margins now at 18% vs. 9.6% in PY

Update on partners

Partners

Cognizant

- → We are jointly going to market for a number of new T24 opportunities
- → Partnership already enjoying successes – one tier 1 existing client just awarded significant joint services project
- → Targets for no of trained consultants have been revised up significantly

Deloitte

- → Agreement signed to provide management consultancy services on T24
- → Already won first joint consulting engagement – for global tier 1 roll-out of T24

Microsoft

- → We are running a number of joint marketing events during the year
- → Expecting faster acceleration in Microsoft technology adoption among T24 customers

IBM

- → Core banking alliance for the z-series market

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Income statement highlights – FY 2009

	FY 2009 (USDm)	FY 2008 (USDm)	y-o-y Δ
Licence revenues	126.0	150.1	*(16%)*
Total revenues	370.3	406.9	*(9%)*
EBIT	80.2	64.0	*26%*
Adjusted EPS*	1.23	1.14	*8%*

* *in USD; see appendix for reconciliation*

Financial statement highlights

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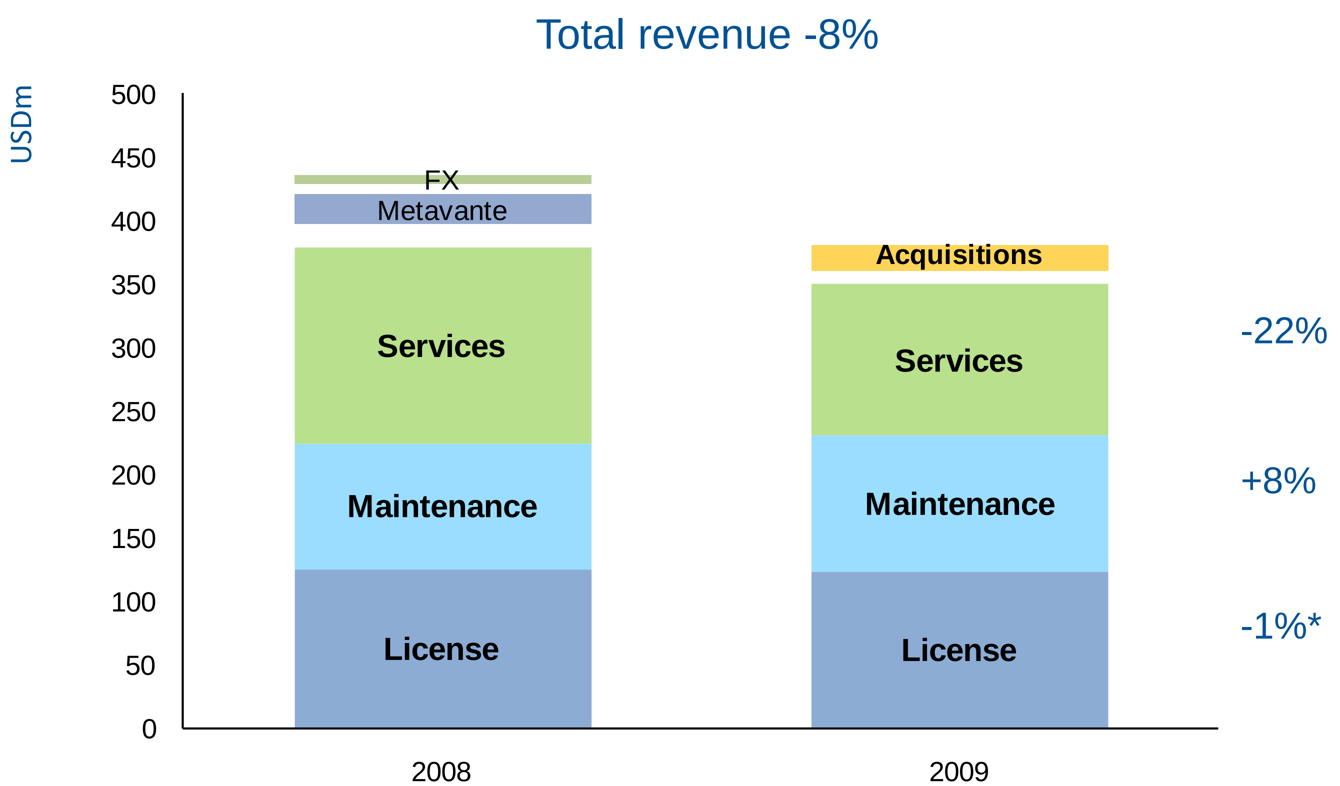
in USDm	Q4 09	Q4 08	Δ	FY 09	FY 08	Δ
Licences	44.0	49.9	*(12%)*	126.0	150.1	*(16%)*
Maintenance	31.6	28.4	*+11%*	117.1	101.2	*+16%*
Services	43.0	44.0	*(2%)*	127.2	155.7	*(18%)*
Total revenue	**118.6**	**122.2**	***(3%)***	**370.3**	**406.9**	***(9%)***
Total operating costs	**(77.9)**	**(86.1)**	***(9.5%)***	**(290.1)**	**(343.0)**	***(15%)***
EBIT	**40.7**	**36.1**	***+13%***	**80.2**	**64.0**	***+26%***
Margin	34.3%	29.6%	*+470bps*	21.7%	15.7%	*600bps*
EBITDA	**48.7**	**43.8**	***+11%***	**110.4**	**87.8**	***+26%***
Margin	41.0%	35.8%	*+520bps*	29.8%	21.6%	*+820bps*
Operating cashflow	**57.5**	**43.8**	***31%***	**117.9**	**56.2**	***+110%***
% of EBITDA	118%	100%		107%	64%	

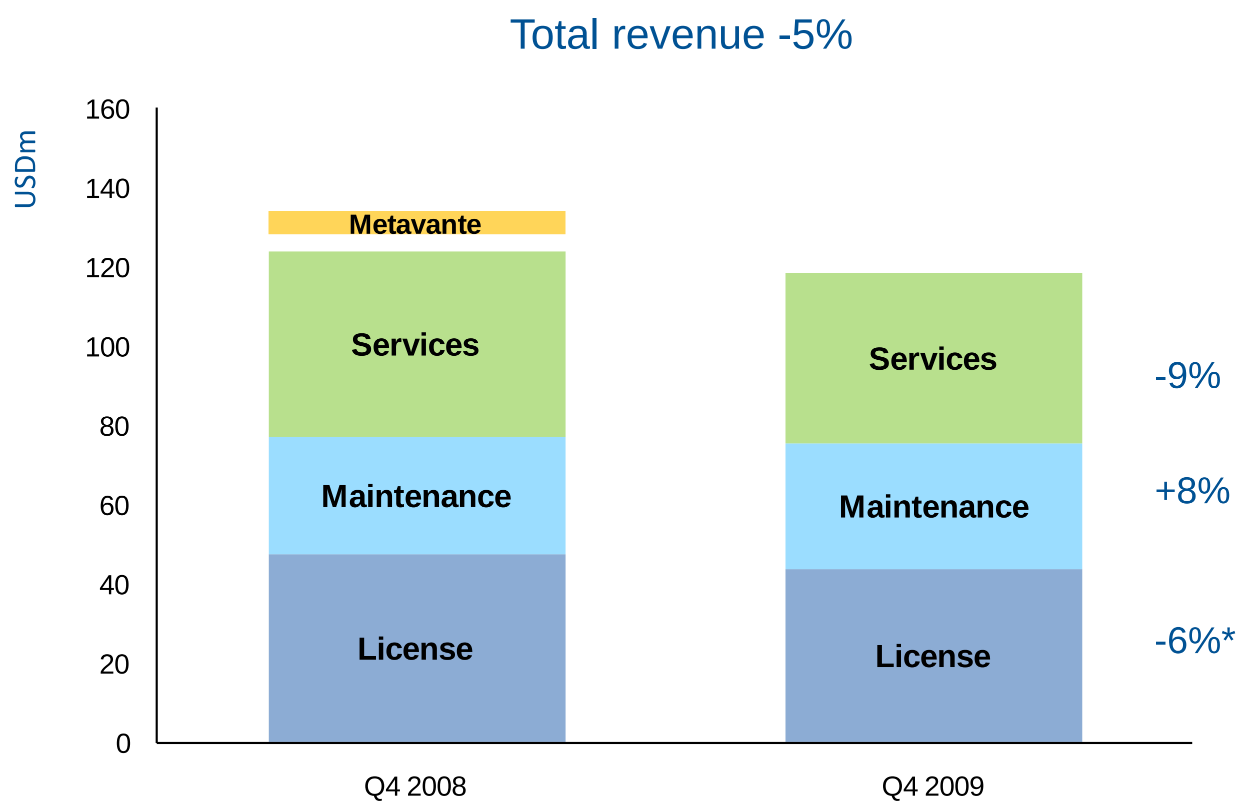
- **Adjusting for FX, acquisitions and Metavante**



* Non-Metavante licence revenue +8% (due to USD7m cost of sale swing – see appendix)

Q4 like-for-like revenues

- ► **Adjusting for FX, acquisitions and Metavante**



* Non-Metavante licence revenue +15%

Income statement

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	Q4 2009 (USDm)	Q4 2008 (USDm)	y-o-y ∆	FY 09 (USDm)	FY08 (USDm)	y-o-y ∆
EBIT	**40.7**	**36.1**	***13%***	**80.2**	**64.0**	***26%***
Net finance charge	(2.0)	(1.9)	*(6%)*	(7.7)	(5.8)	*(33%)*
FX (loss)/gain	0.1	8.4	*(99%)*	(3.7)	5.1	*n/a*
Tax	(0.1)	1.9	*n/a*	(0.3)	1.8	*n/a*
Net earnings	**38.7**	**44.5**	***(13%)***	**68.5**	**65.2**	***5%***
Adjusted EPS*	**0.58**	**0.73**	***(20%)***	**1.23**	**1.14**	***8%***

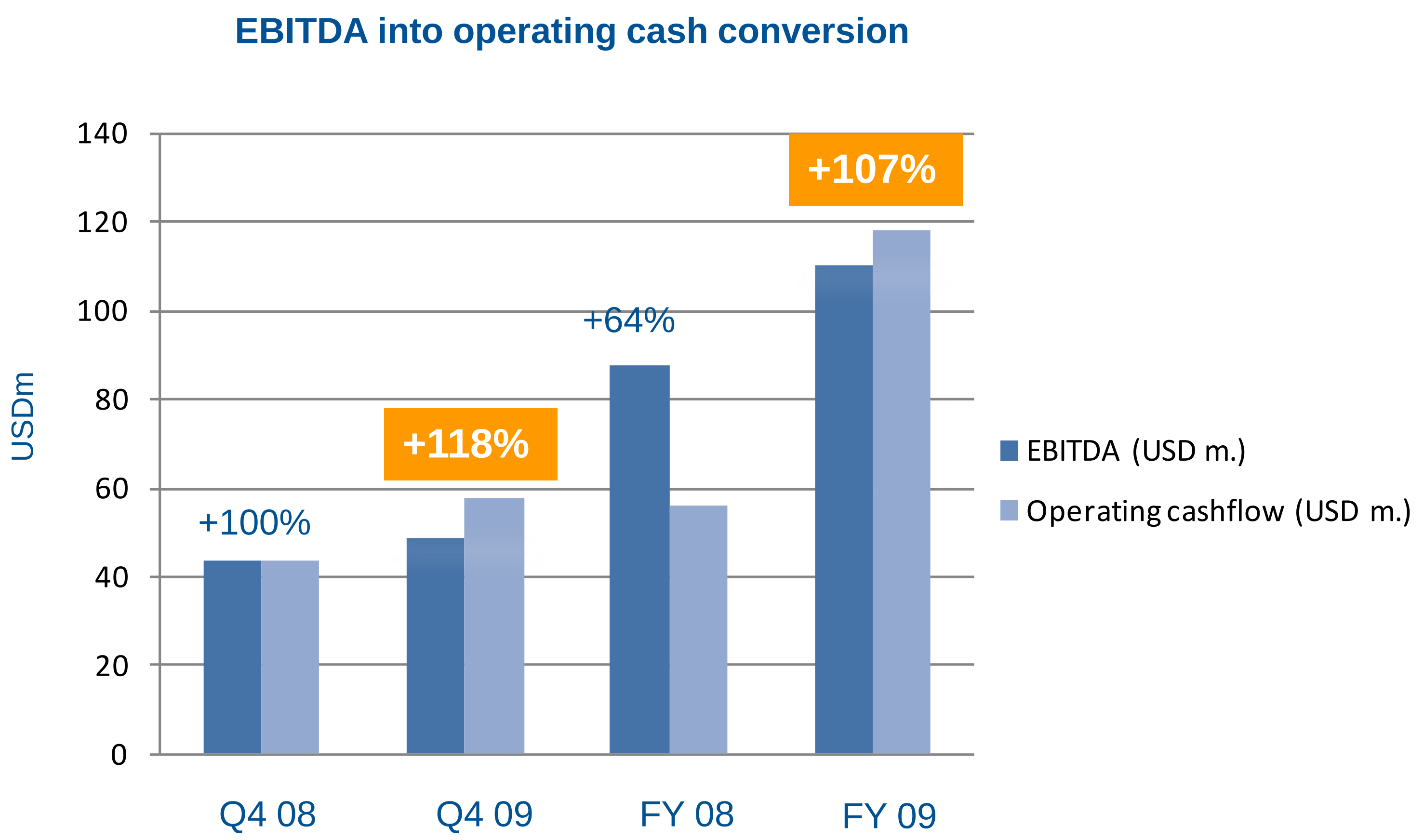
- In prior Q4, there was a one-off currency gain
- Net finance increases in FY due to M&A timing

** USD per share; see appendix for reconciliation*

Update on cash

Strong cash generation in the year

- EBITDA into operating cash conversion of 118% in Q4
- FY 09 conversion at 107%
- FY 09 operating cash of USD118m



Balance sheet – Debt and financing

	FY 2009 (USDm)	Comments
Convertible bond	135.2	1.5% coupon, matures 2013 (converts at CHF18.6)
Credit facilities	137.1	Consortium of 7 banks, repayment up to end of 2012
Other	1.3	Obligations under finance leases
TOTAL DEBT	**273.6**	
Cash	142.7	Held in short-term deposits
NET DEBT (excl. convert)	**(4.3)**	Treating convert as equity
NET DEBT (incl. convert)	**130.9**	
As multiple of adj.2010 EBITDA	**approx 1x**	Room for more leverage if required

Introducing new metrics

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We are replacing EBIT with adjusted EBIT for 2010 reporting:

	2009	2008
EBIT	**80.2**	**64.0**
Amortisation of acquired intangibles	8.1	5.1
Restructuring	3.0	2.5
Adjusted EBIT	**91.3**	**71.5**

For formal outlook, we will continue to use EBITDA into operating cashflow

But, we will also report on adjusted EBITDA and adjusted cash from operations, adding back restructuring, to reflect underlying cash conversion

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Introducing Viveo

Overview of Viveo

- Established in 1983
- 410 full time employees
- Offices in France, Belgium, Romania and Switzerland (Geneva)
- 750 customers/ 400 in France
- Clients in 35 countries
- USD65m of revenues in 2008/ high single-digit margins

Details and rationale for deal

Transaction Summary

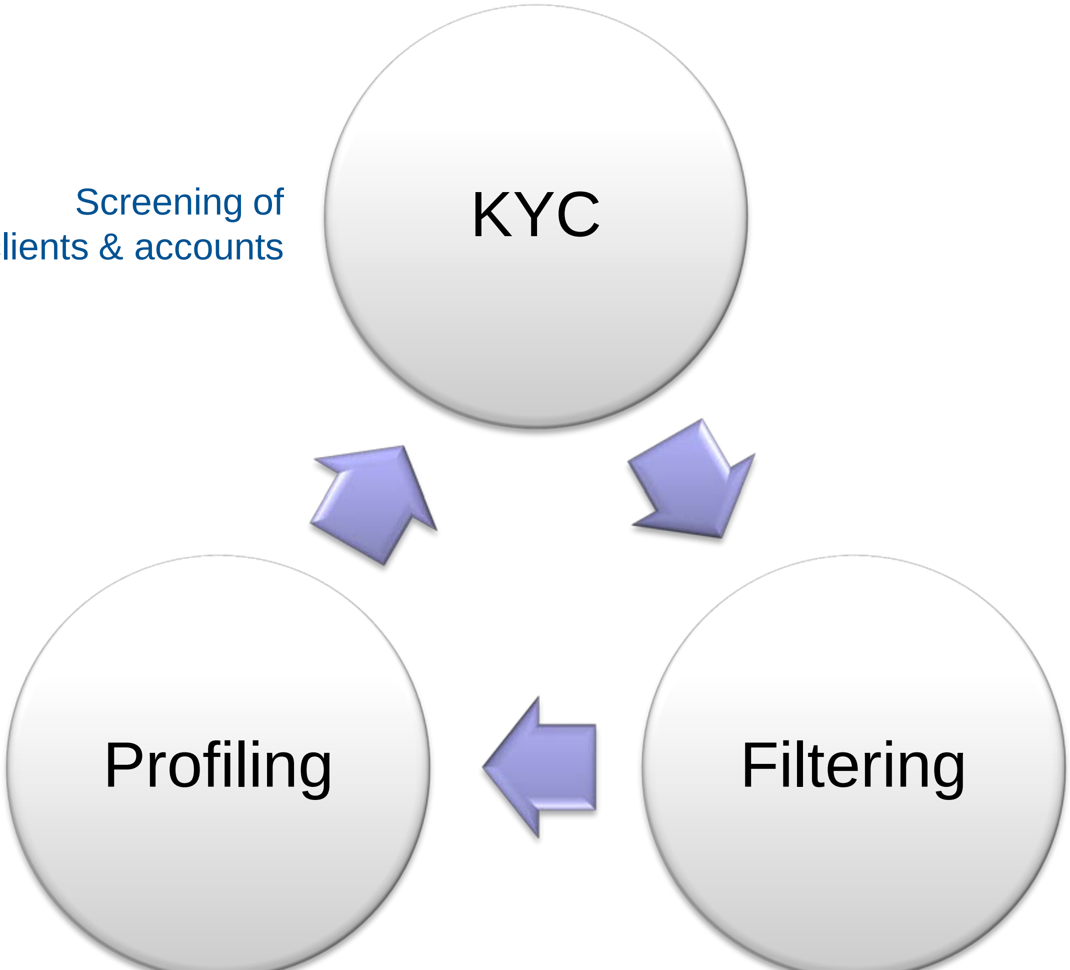
- 24th December agreement signed and closed
- The price of the acquisition is USD81m
- It values the company at approx. 3.8x expected 2010 maintenance revenues
- Transaction financed entirely by existing debt facilities

Rationale for the deal:

- Accelerate growth and lead French market with >50% combined market share
- Cross-sell within Viveo client base, approx 450 core banking customers
- Complement our product portfolio with excellent Anti Money Laundering (AML) and Payment Software
- Add recurring maintenance revenue
- R&D synergies through consolidation of core banking platforms

AML Product Overview

Screening of
clients & accounts



Behavioural analysis

Real time transaction filtering &
watch list enrichment

3rd Directive

UNITED NATIONS
Office on Drugs and Crime

FATF • GAFI

OFAC

USA Patriot Act

Payments STP Product Overview

A process-based approach towards payment platform streamlining

1. Payment processing
   - Automated repair and enrichment
   - Operator assisted resolution
   - Message conversion and routing

2. Activity logging
   - STP assessment
   - Rule efficiency logging

3. Rules and data fine tuning

Payments & AML – Customer References

BARCLAYS

HSBC

UBS

citi

ABN·AMRO

INTESA SANPAOLO

Nordea

AIB

THE BANK OF NEW YORK MELLON

COMMERZBANK

MARFIN LAIKI BANK

Lloyds TSB

Summary

- Acquisition gives us 50% market share of French market
  - → Market today worth c.USD100m (licence & maintenance), but is roughly 10% penetrated
- Expect Viveo to contribute USD60m before revenue synergies
  - → 35% maintenance, 38% services, 27% licences
- We expect payments and AML software to represent 10% of group licences in 2010
- Within 2 years, we expect Viveo to operate at group margin levels
- GFI Informatique signed as local SI partner to help deliver on operating objectives in France

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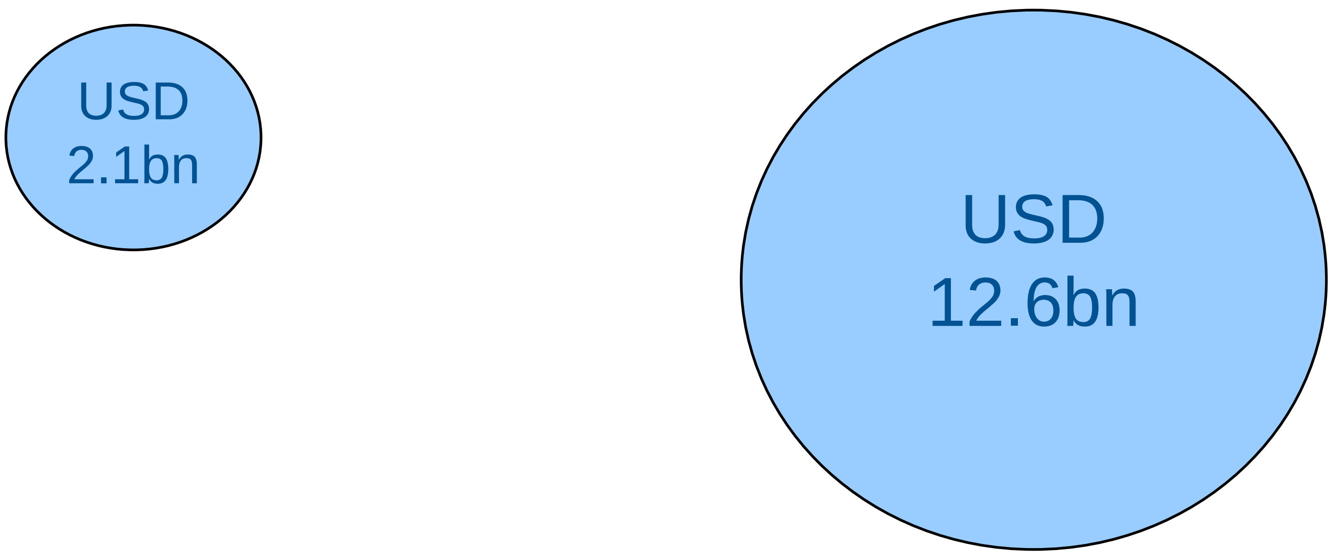
A reminder of the market opportunity

*The bubbles below represent the size of the market today vs. the total addressable market – **for licences and maintenance***

Market today

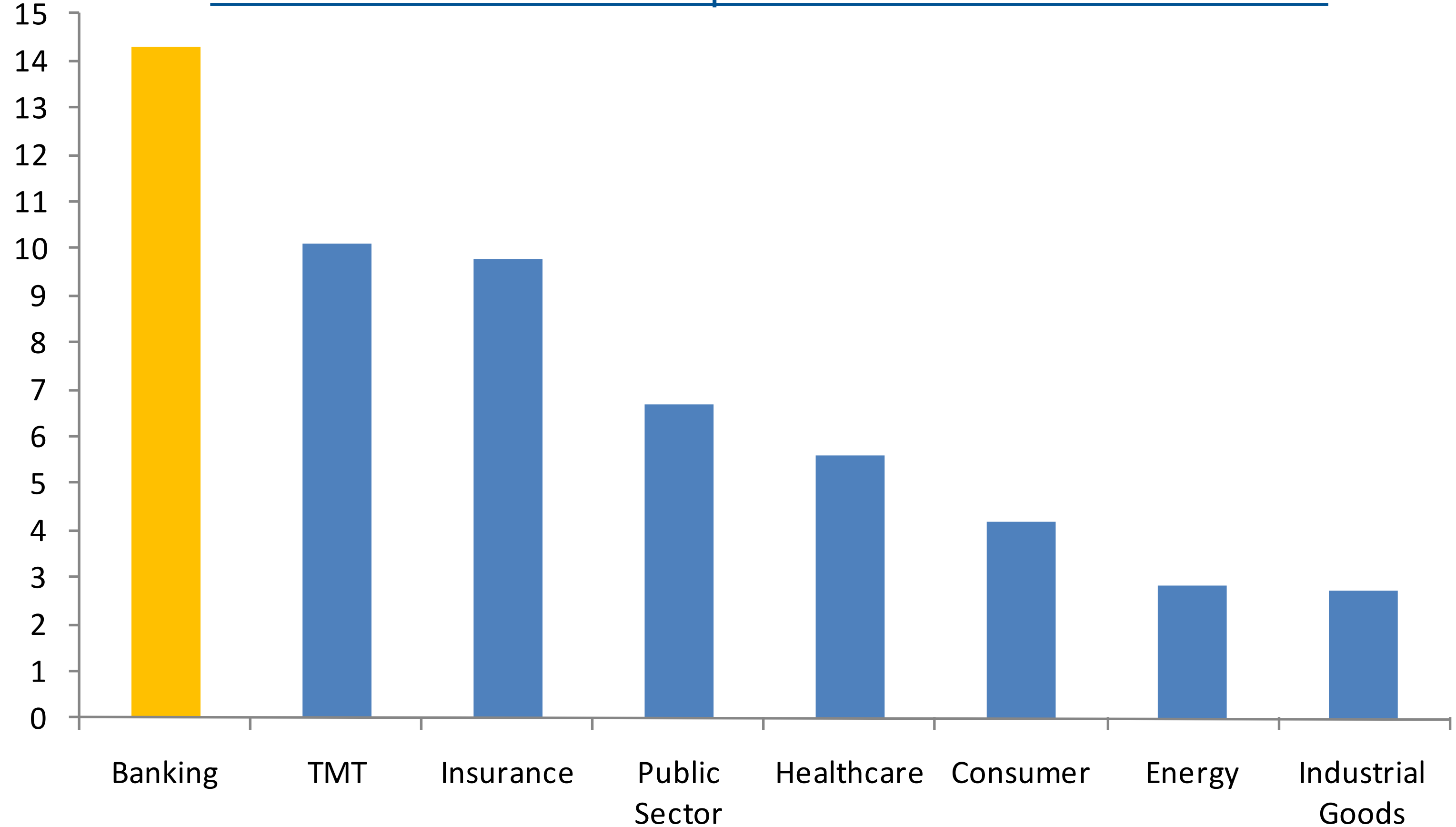
Addressable market*



Source: Temenos,Celent, Gartner and IDC estimates for total core banking market; represents total bank maintenance and licence spending on core banking systems (internal and external)

The drivers underpinning core banking adoption cannot be ignored...

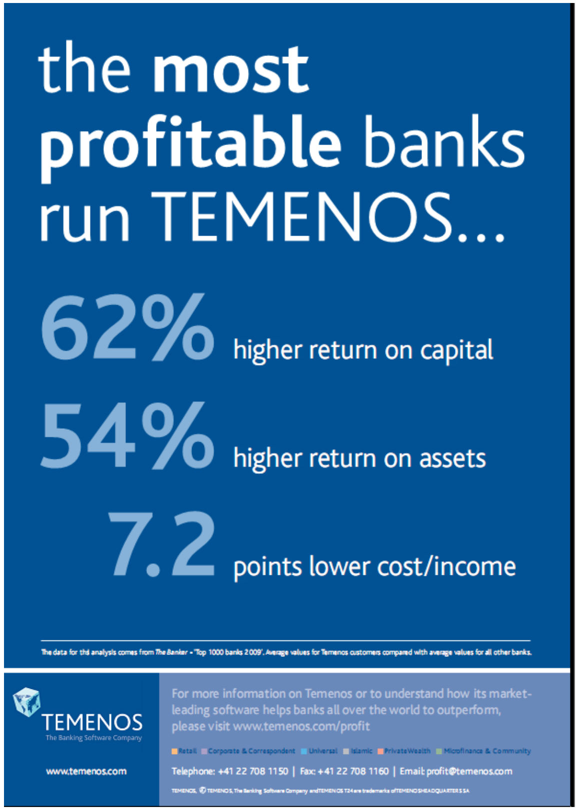
What different industries spend on IT as a % of total costs



Source: Boston Consulting Group

Summary

...nor can our credentials



Temenos T24 ranked No. 1 best selling banking system 2007 and 2008

Leaders in Innovation
MOST INNOVATIVE CORE BANKING SOLUTION PROVIDER
www.financial-i.com

Summary

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We have achieved what we intended in 2009....

- ✓ Met or exceeded our financial targets
- ✓ Met our operational targets

...and we are well positioned for 2010

- ✓ Going into the year with a higher market share & momentum
- ✓ Product superiority
- ✓ Partner programme providing services scalability and important indirect sales channel
- ✓ Viveo acquisition provides more critical mass and exciting product extensions
- ✓ Business streamlined for scalability and agility

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Better conditions enable us to return to revenue guidance

We expect demand conditions to be better than in 2009...

- Pipeline conversion improving, confidence returning
- We are making investments to take advantage of better conditions

...However, uncertainty persists...

- Demand still susceptible to external shocks

...So we give a broad range...

- We return to giving revenue guidance
- But with a broader range than before
- Range to tighten as visibility improves

...and continue to monitor closely the cost base

2010 Outlook

The following outlook includes the contribution from Viveo:

- Revenue growth of 18%-25%
- Adjusted EBIT* margin of 25% (2009 – 24.7%, USD91.3m), resulting in 25% EBIT growth at the mid point of the revenue range
- 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

Closing comments

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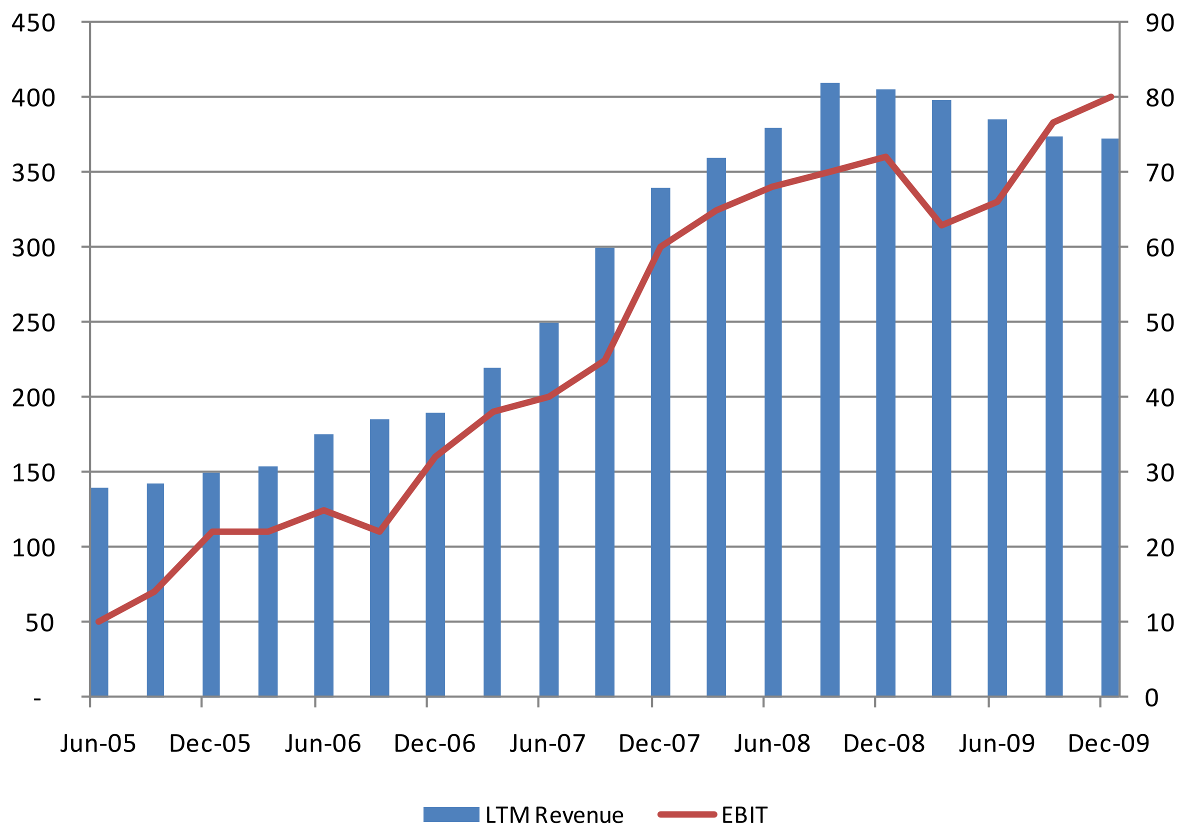
- **Operating profit growth trend firmly restored**
- **Revenue growth to follow on from net licence growth**
- **The business is ready to take advantage of better conditions**

LTM revenues and operating profit since Q2 2005 (USDm)



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Appendices

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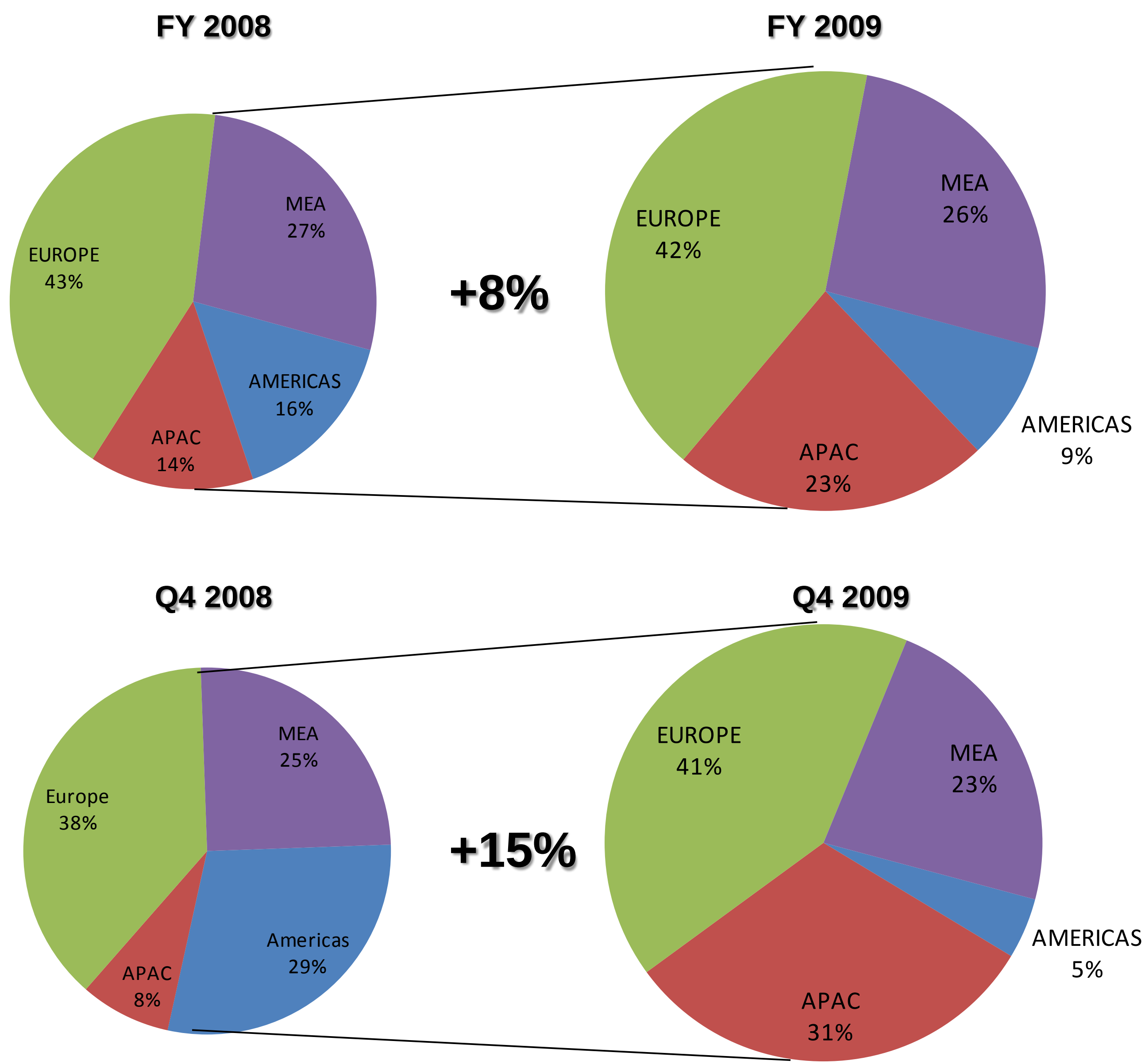
Adjusted EPS reconciliation

	Q4 2009 (USDm)	FY 2009 (USDm)
Earnings	38.6	**68.6**
Amortisation of acquired intangible assets	1.9	8.1
Bond interest	1.5	5.6
Restructuring*	0	3.0
Total adjusted earnings	**42.0**	**85.3**
Number of diluted shares	71.9	69.5
Adjusted EPS	0.58	**1.23**

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

Overview of licence growth*



* This is like-for-like net licence growth (adjusted for acquisitions, FX, Metavante, Cost of sales variances)

DSOs trend

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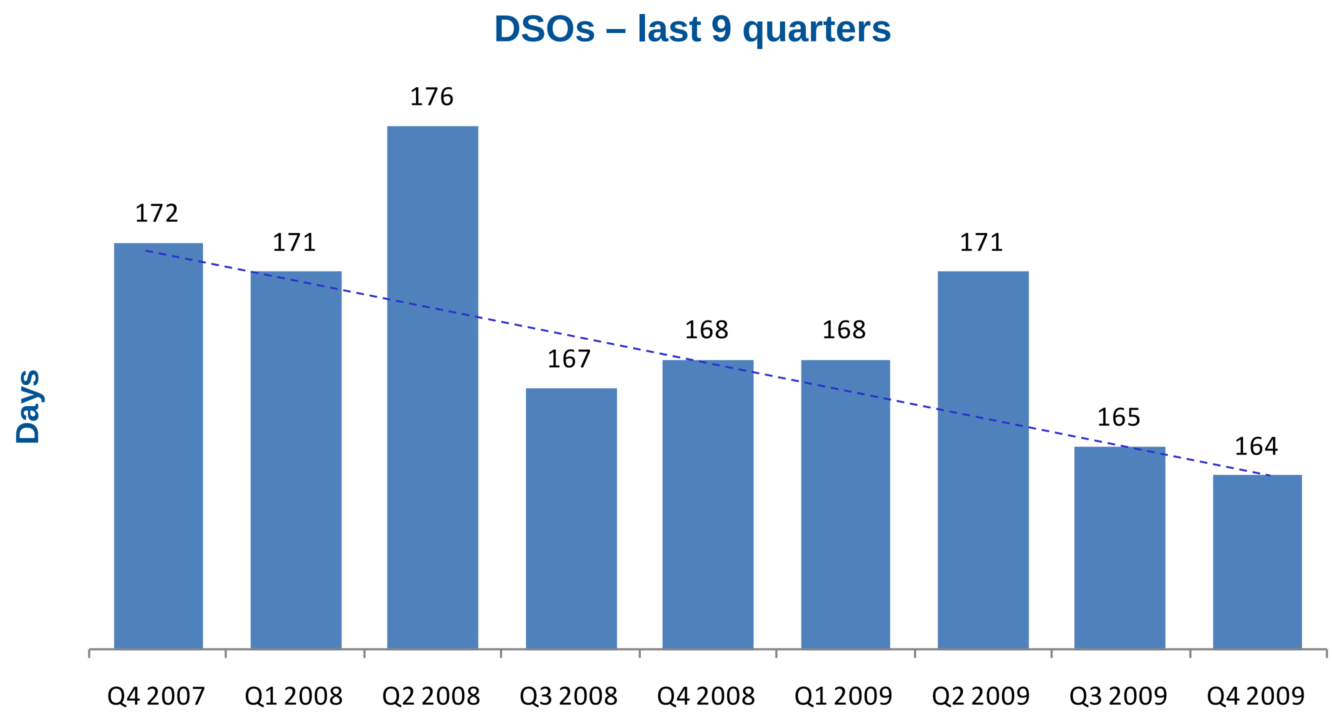

Sustained improvement driven by

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

✓ Improving payment terms: In 09, just 13% of cash was received on milestones

Split of cost lines

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	FY09 (USDm)	FY08 (USDm)	y-o-y ∆
Cost of sales	7.6	14.0	*(46%)*
Sales & Marketing	64.6	60.9	*6%*
Total Sales & Marketing	72.2	74.9	*(4%)*
% of sales	*19.5%*	*18.4%*	
R&D	62.5	74.9	*(17%)*
% of sales	*16.9%*	*18.4%*	
Services	104.9	140.8	*(26%)*
% of sales	*28.3%*	*34.6%*	
G&A	50.6	52.3	*(3%)*
% of sales	*13.7%*	*12.9%*	

Diluted shares/ FX Budget rates

Diluted share count – 5 year evolution*

	2006	2007	2008	2009	2010	CAGR
Diluted shares**	**67.627**	**69.352**	**69.081**	**69.499**	**73.226**	**2%**

- We expect the share option plan to lead to 2-3% dilution per annum***, consistent with the last 5 years

FX – budget rates for 2010

EUR/USD	1.414
GBP/USD	1.602
CHF/USD	0.92

* 2010 is expected average number of diluted shares for the year, assuming USD/CHF rate of 1.07
** Includes 7.33m shares from convertible bond
***For this analysis we forecast share price growth in line with internal forecasts for EPS growth assuming a constant P/E ratio

Thank You

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