



**TEMENOS**

**Merrill Lynch  
TMT Conference**

**Tuesday 8th June, 2004**

- 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 June 8th, 2004. 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 June 8th, 2004.

## Speaker

Andreas Andreades

Max Chuard

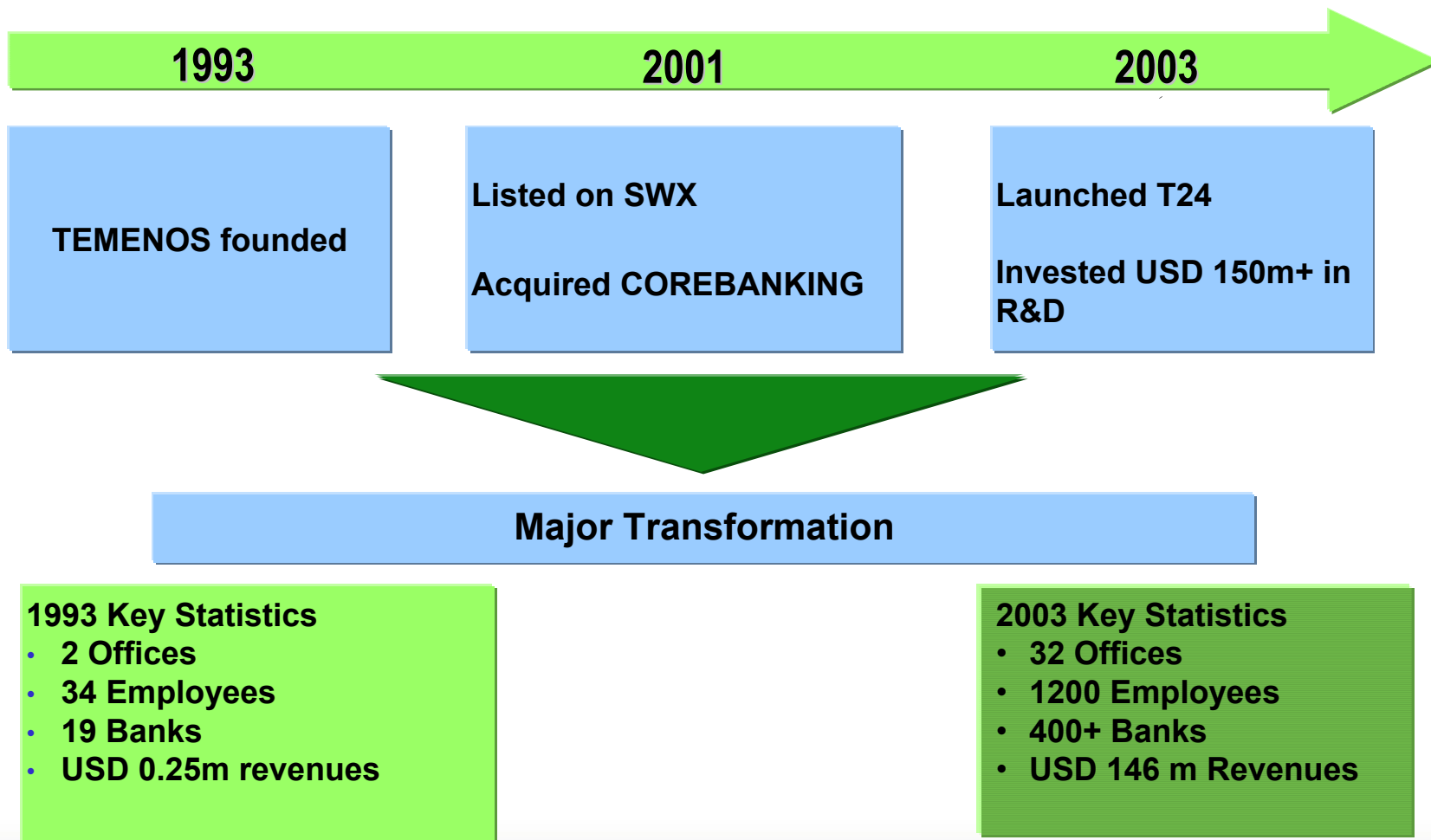
## Position

CEO

Director

Corporate Finance & IR

A vision transformed into the leading provider of banking software systems.

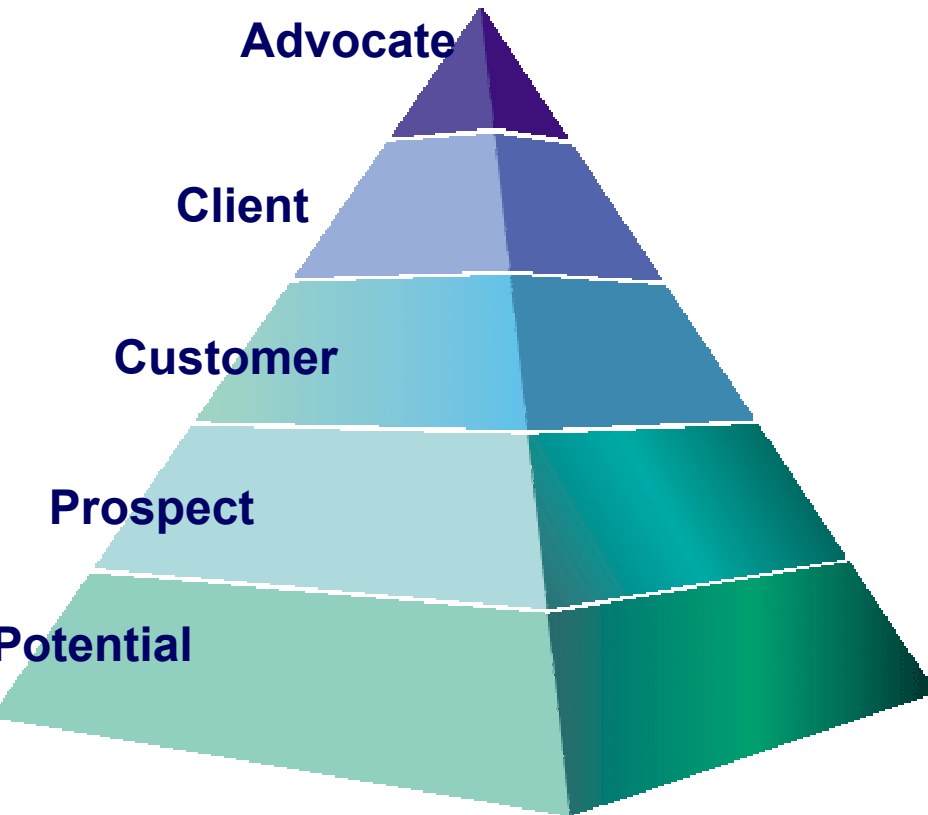


# 400+ Banks in 100+ Countries



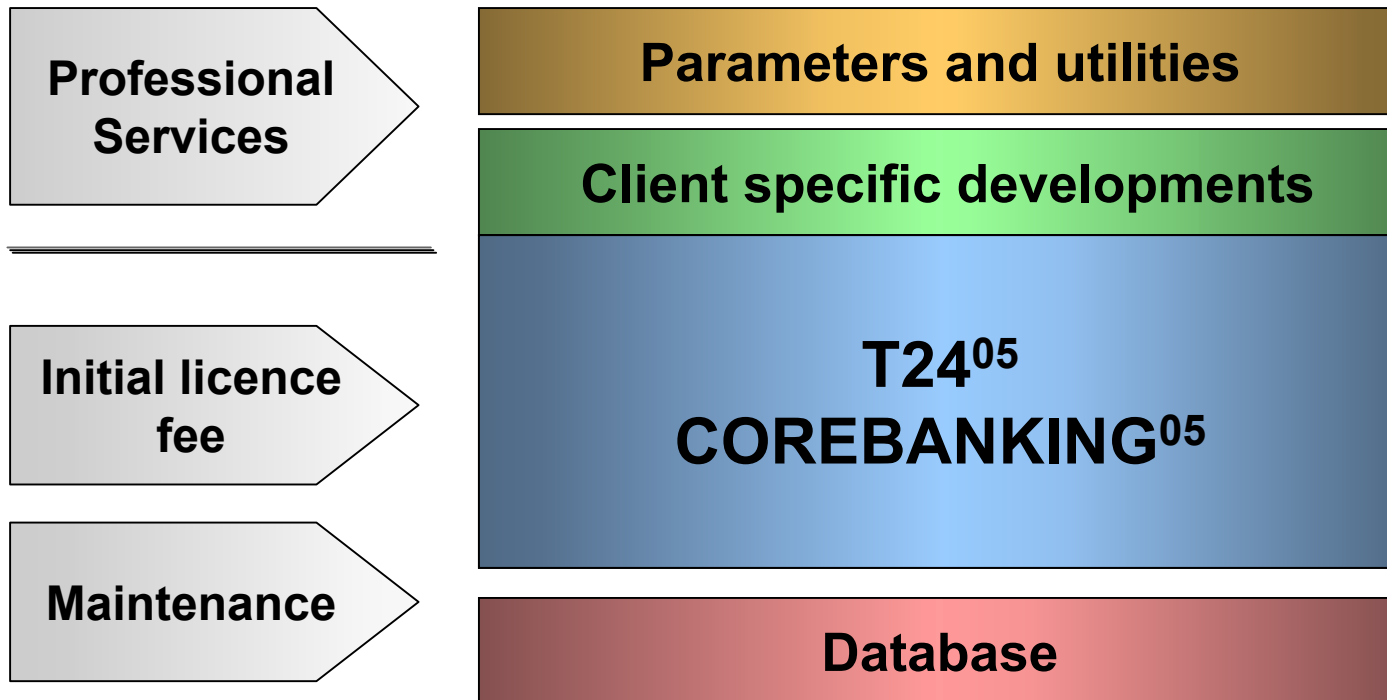
# World-wide Support





- TEMENOS strives to make every client an advocate
- TEMENOS accepts nothing less than total client satisfaction
- A satisfied client will promote products and services to others
- TEMENOS pools its complementary skills with its customers to achieve a common goal
- TEMENOS embarks on each project in partnership with its clients

- Upfront Initial Licence Fees
- Maintenance – 5 year standard non cancellable, 21% - 24 hours Help Desk
- Services – Implementation support, services, training

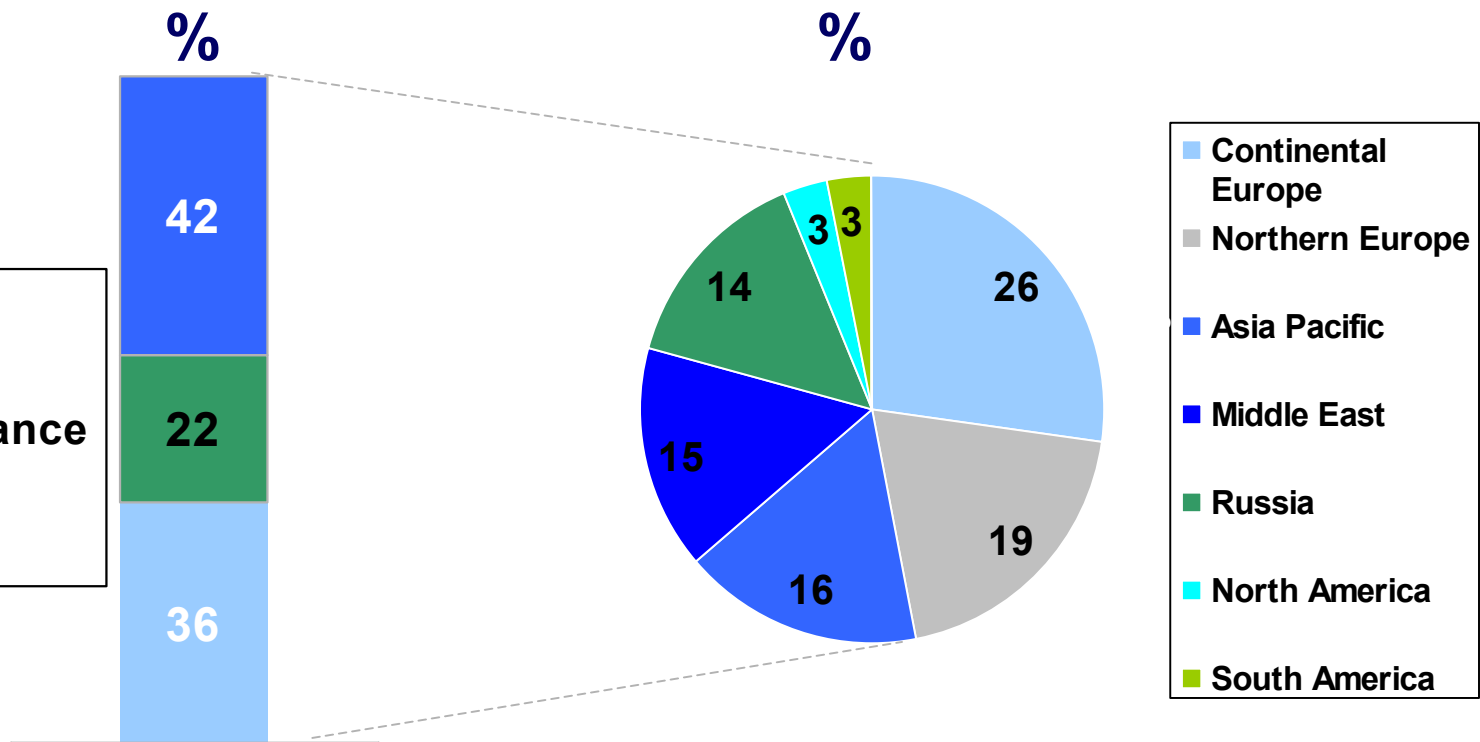


- TEMENOS T24: Multi platform, multi database, open technology, non stop processing
  - Most functionally rich
  - Most technologically advanced, “disruptive technology”
- TEMENOS CoreBanking: native MVS OS 390
  - Leverage sunk investment in mainframe market
  - Leverages IBM alliance

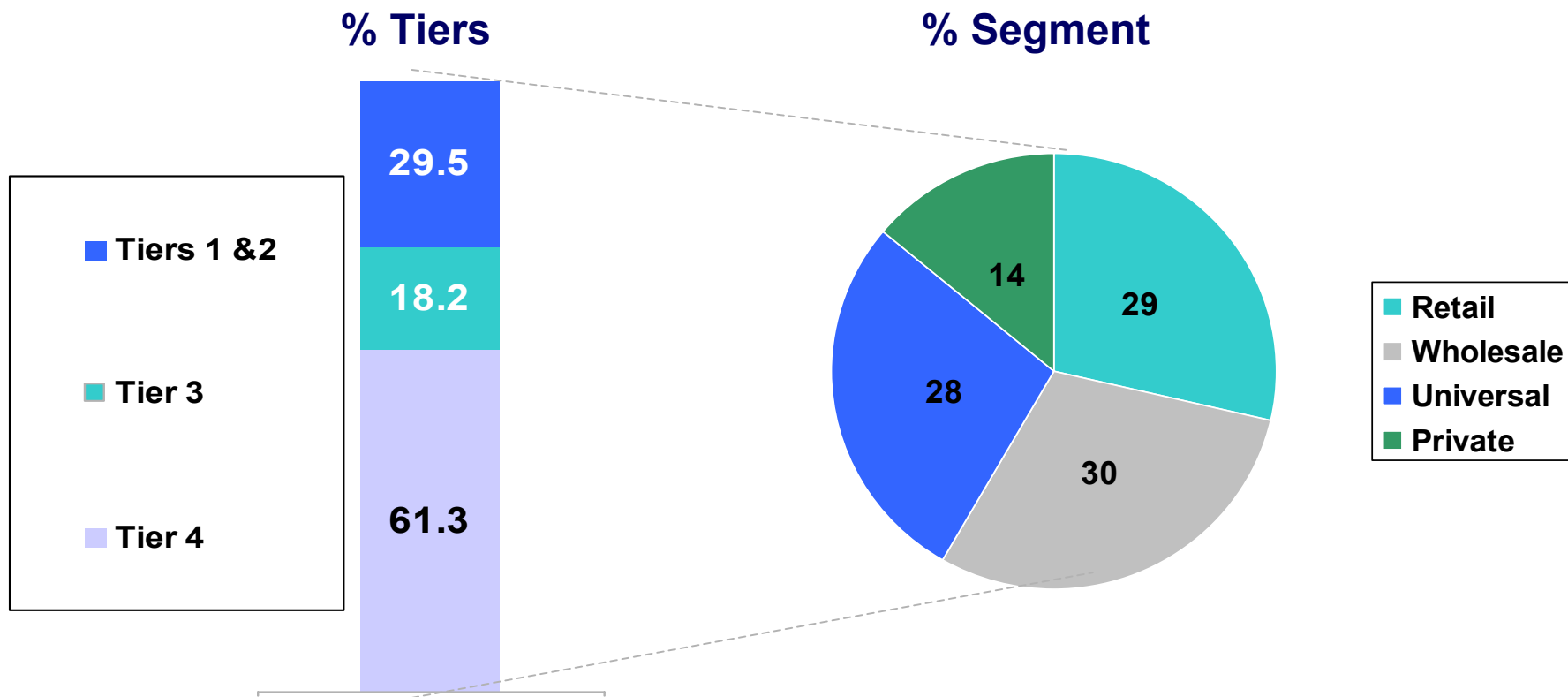
- IBM relationship has evolved positively around TEMENOS CoreBanking
- Other relationships (Oracle/ HP) particularly enabled through TEMENOS T24
- Execution at local level is satisfactory

## Revenue Mix 2003

## Regional Mix 2003



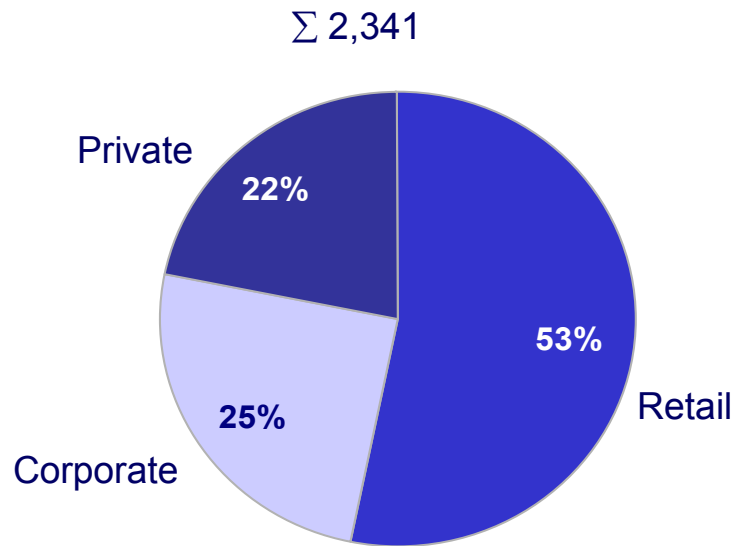
## Revenue Mix 2003



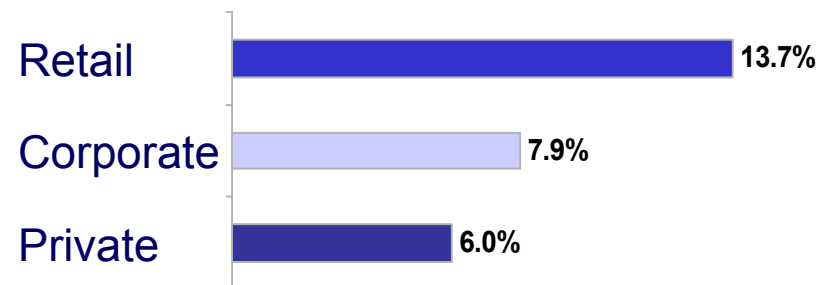
	Tier 4 + 5	Tier 3	Tier 2	Tier 1
<b>Size Asset [USD bn]</b>	<10	10-50	50-250	>250
<b>Type Client Segments</b>	<b>Retail</b> Mass < USD 0.1 m Affluent USD 0.1-1 m	<b>Private</b> HNWI <sup>1)</sup> > USD 1 m	<b>Wholesale</b> SME < 1,000 employees Multinational >1,000 employees	<b>Universal</b> Covering all client segments
<b>Regional coverage Number of branches, country presence</b>	<b>Local</b> Urban < 10 branches	<b>Domestic</b> National < 50 branches	<b>International</b> Multinational > 50 branches > 2 countries	<b>Global</b> All continents > 100 branches

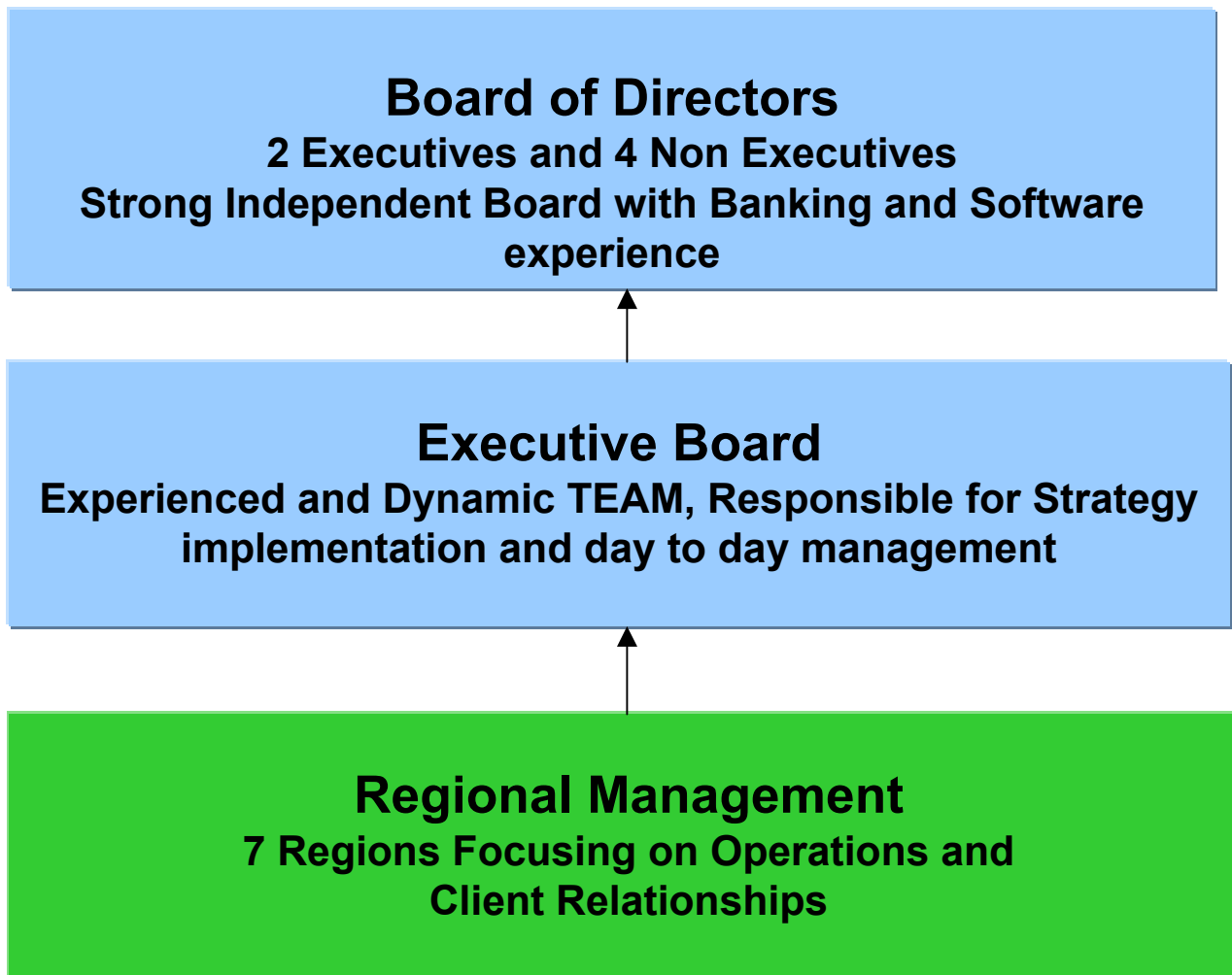
## Initial license fee and maintenance [USD m]

Spending for packaged banking software licenses [USD m]

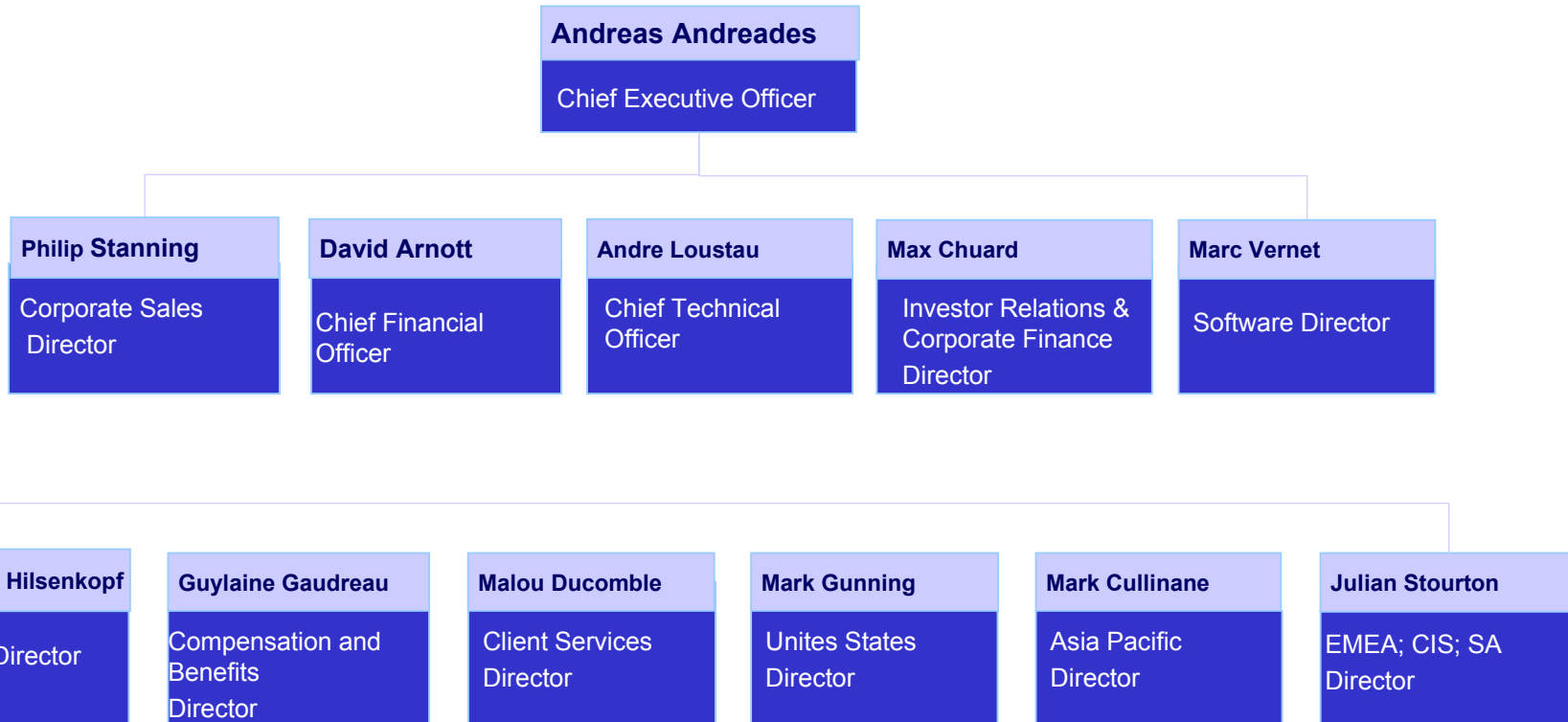


Annual growth rates per banking type [CAGR 2001/2005]





## Executive Board



# TEMENOS an Integrated Banking Solution



**Among hundreds of independent software vendors, TEMENOS is one of a few offering an universal banking solution**

## Major players by segment

Vendor	Products	Retail Banking	Private Banking	Wholesale Banking	Universal Banking
TEMENOS	T24/Corebanking				
I-Flex	Flexcube, Microbanker				
Misys	Equation, Opics, Midas, Summit, Bankmaster				
Sungard	Quantum, Apsys				
ERI Bancaire	Olympic				
London Bridge	Phoenix				
Fiserv	ICBS				
Trema	Finance Kit				

Source: IBS Market Report; Roland Berger

- Legacy applications too costly to run – more than 75% of maintenance market dates prior to 1990's
- CIOs expected to bring maintenance costs of legacy applications down
- Transaction processing volume growth is exponential
- Regulation – BASLE II will have over reaching effects
- Difficulty is to predict timing

- We continue to see increased deal flows in Europe in all regions both for TEMENOS T24 and TEMENOS Corebanking.
- We continue to see strong demand in retail banking where we continue to gain market share in line with our plan.
- We are very confident to reach our Q2 ILF target of USD 16.0 million and our half year target of USD 31.7 million (which itself is 42.8% higher than last year). We maintain our full year ILF target of 68.0 million (+ 33.3% year on year)
- We continue to win the significant majority of deals in which we compete

The following new deals were signed during the quarter:

- Bank for Agriculture and Agricultural Cooperatives (BAAC) in Thailand with IBM and Thai Equipment Research
- Anglo Irish Bank Corporation in the UK and Ireland
- Overseas Private Investment Corp. in the US
- Banque de France in France
- Another significant Tier 1 Bank (as yet undisclosed)



# Financials

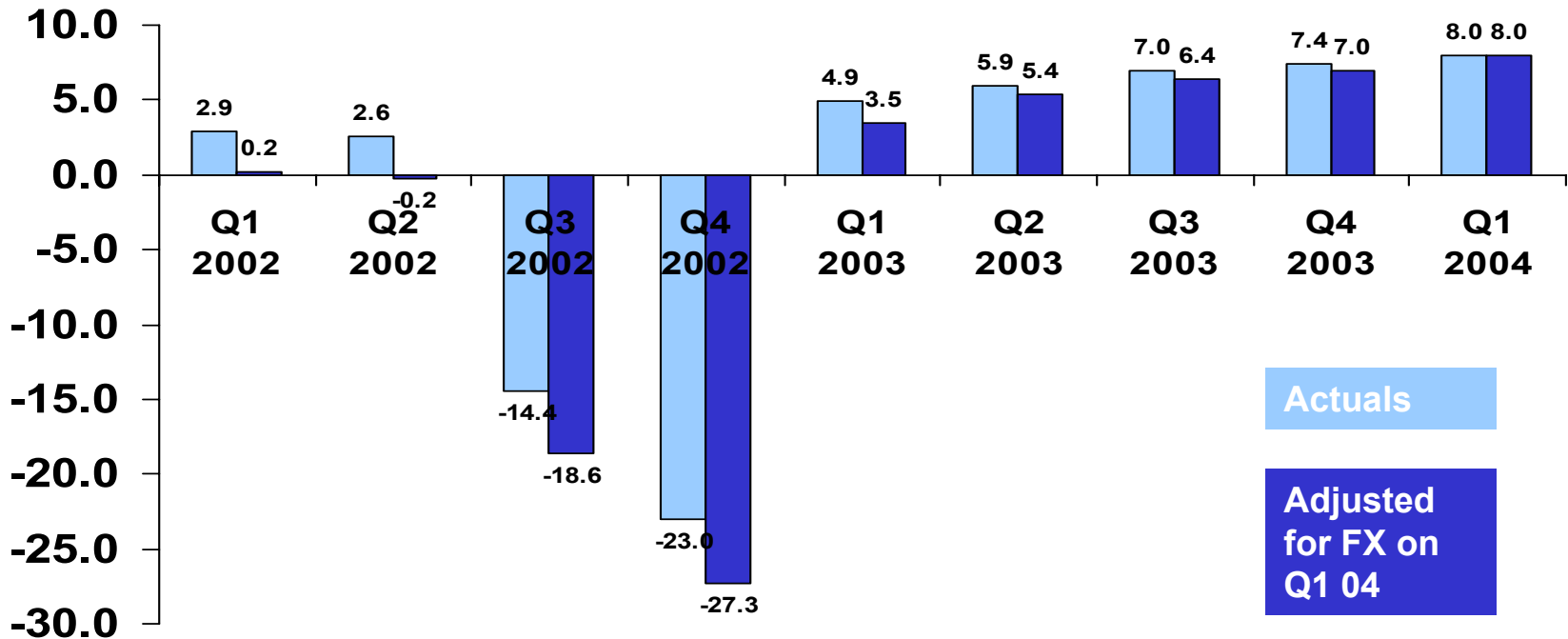
USD million

Twelve months ended December 31

	2003	2002	2001
<b>Revenues</b>			
Licensing	59.7	36.6	61.5
Maintenance	32.2	28.0	24.8
Services	54.2	48.7	54.5
<b>Total Revenues</b>	<b>146.1</b>	<b>113.3</b>	<b>140.9</b>
<b>Expenses</b>			
Cost of Licences	6.7	3.2	3.5
Services	48.8	53.2	50.8
Software development	30.1	34.9	30.8
Sales and marketing	23.4	42.9	22.4
General and admin.	24.7	22.3	17.2
Amortisation of goodwill	1.7	1.2	0.6
<b>Total</b>	<b>135.4</b>	<b>157.7</b>	<b>125.3</b>
<b>Operating profit (loss)</b>	<b>10.7</b>	<b>(44.4)</b>	<b>15.6</b>
<b>EBITDA</b>	<b>25.2</b>	<b>(31.6)</b>	<b>23.3</b>
<b>Net profit / (loss)</b>	<b>10.9</b>	<b>(49.5)</b>	<b>5.9</b>
<b>US GAAP Net Profit</b>	<b>11.5</b>	<b>(51.5)</b>	<b>4.6</b>

USD million

## Quarterly EBITDA



- TEMENOS has generated USD 8.0 million of EBITDA for the quarter compared to USD 4.9 million for the same period last year

# Balance Sheet

USD million	Dec 2003	Sept 2003	Dec 2002
Receivables	39.7	35.0	20.5
Accrued revenue	31.0	26.4	20.3
Less Deferred revenue	<u>(35.9)</u>	<u>(23.9)</u>	<u>(22.2)</u>
<b>Net</b>	<b>34.8</b>	<b>37.5</b>	<b>18.6</b>
Cash	31.7	21.7	24.0
Unutilised facility	15.0	15.0	15.0
Less Debt	<u>(5.0)</u>	<u>(7.5)</u>	<u>(10.0)</u>
<b>Available Cash</b>	<b>41.7</b>	<b>29.2</b>	<b>29.0</b>

- Working capital doubled year on year despite strong operating cash inflow achieved in year
- In February 2004 we renegotiated a US\$25m working capital facility, and repaid the remaining US\$5m. of debt

# Q1 2004 Profit & Loss

USD million

Quarter ended March 31

Quarter ended Dec 31

	2004	2003	<i>Growth</i>	2003	<i>Growth</i>
<b>Revenues</b>					
Licensing	17.4	12.4	40.9%	16.8	4.0%
Maintenance	8.9	7.3	21.5%	8.6	2.9%
Services	13.4	13.2	1.3%	13.5	(0.7)%
<b>Total Revenues</b>	<b>39.7</b>	<b>32.9</b>	<b>20.7%</b>	<b>38.9</b>	<b>2.1%</b>
<b>Expenses</b>					
Cost of Licences	1.9	1.0	88.0%	1.5	30.0%
Services	11.7	11.1	5.2%	13.3	(12.1)%
Software development	8.4	8.0	4.4%	6.4	30.4%
Sales and marketing	6.6	5.8	13.9%	6.0	10.3%
General and admin.	7.0	5.5	28.3%	6.7	5.0%
Amortisation of goodwill	0.4	0.4	3.5%	0.4	6.2%
<b>Total</b>	<b>36.0</b>	<b>31.8</b>	<b>13.2%</b>	<b>34.3</b>	<b>5.1%</b>
<b>Other operating income</b>	<b>1.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operating profit</b>	<b>4.7</b>	<b>1.1</b>	<b>345.2%</b>	<b>4.6</b>	<b>2.2%</b>
<b>EBITDA</b>	<b>8.0</b>	<b>4.9</b>	<b>61.7%</b>	<b>7.4</b>	<b>7.4%</b>
<b>Net profit</b>	<b>4.1</b>	<b>1.2</b>	<b>248.6%</b>	<b>5.1</b>	<b>(18.8)%</b>

# Q1 2004 Balance Sheet

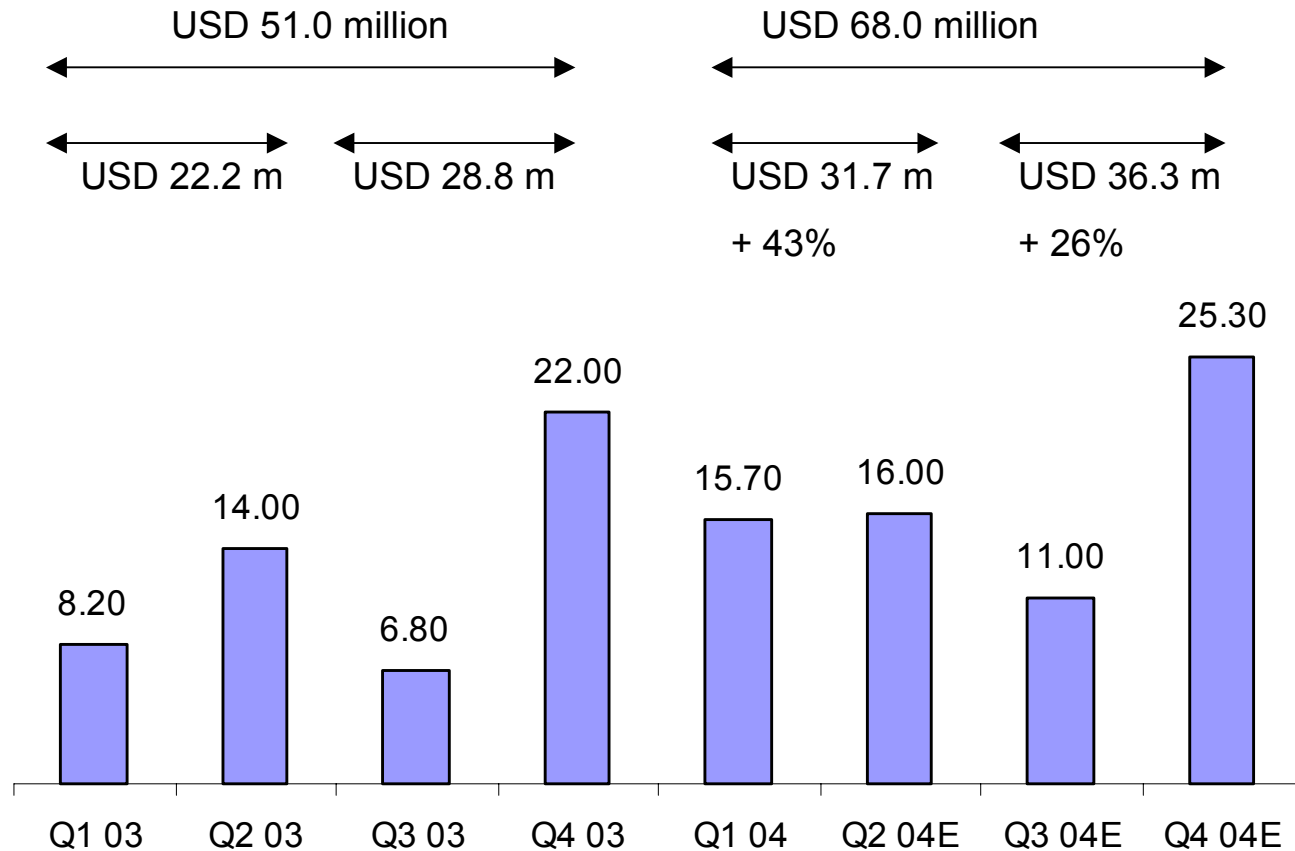
USD million	March 2004	Dec 2003	March 2003	Dec 2002
Receivables	34.4	39.7	37.9	20.5
Accrued revenue	35.8	31.0	22.0	20.3
Less Deferred revenue	<u>(31.1)</u>	<u>(35.9)</u>	<u>(33.3)</u>	<u>(22.2)</u>
<b>Net</b>	<b>39.1</b>	<b>34.8</b>	<b>26.6</b>	<b>18.6</b>
Cash	26.2	31.7	17.5	24.0
Unutilised facility / debt	25.0	15.0	15.0	15.0
Less Debt	<u>(0.0)</u>	<u>(5.0)</u>	<u>(7.5)</u>	<u>(5.0)</u>
<b>Available Cash</b>	<b>51.2</b>	<b>41.7</b>	<b>25.0</b>	<b>34.0</b>

- In February 2004 we renegotiated a US\$25m working capital facility, and repaid the remaining US\$5million of debt

# Q1 2004 Cash flow

US\$ million	Qtr ended March 31st		
	2004	2003	Last 12months
<b>Cash at beginning of period</b>	<b>31.7</b>	<b>24.0</b>	<b>17.5</b>
Operating cash flow	(1.4)	(3.4)	18.4
Capital spending	(0.8)	(2.8)	(3.9)
Debt repayment	(5.0)	(0.0)	(10.0)
Other (Financing costs, FX impact, and minority interest etc)	1.7	(0.3)	4.2
<b>Cash at end of period</b>	<b>26.2</b>	<b>17.5</b>	<b>26.2</b>

# TEMENOS Signings targets



USD million	Start of the Year	Movement	End of the Year
<b>Previous Gross Revenue Guidance</b>	<b>150.0 – 160.0</b>		
<b>based on USD 51.0 million ILF signings</b>			
Revenue upside due to higher ILF signings		+ 6.0	
Foreign Exchange		+ 2.0	
<b>New Gross Revenue Guidance</b>			<b>158.0 – 168.0</b>
<b>based on USD 60.0 million ILF signings</b>			
<b>Previous Operating Profit Guidance</b>	<b>15.0 – 20.0</b>		
Revenue upside due to higher ILF signings		+5.0	
Foreign Exchange		-1.0	
Additional costs in line with revised 2005 target		-2.0	
<b>New Operating Profit Guidance</b>			<b>17.0 – 22.0</b>
<b>EBITDA Guidance</b>	<b>30.0 – 35.0</b>	<b>+2.0</b>	<b>32.0 – 37.0</b>
<b>EPS Guidance (USD per share)</b>	<b>0.23 – 0.29</b>	<b>+0.03</b>	<b>0.26 – 0.32</b>

# TEMENOS 2004 Operating Costs Run Rate

Guidance (USD million)	Implied Guidance	Expectations
<b>Previous Implied Cost Guidance</b>	<b>130.0 – 145.0</b>	<b>139.0</b>
Forex		+ 3.0
Additional Costs in line with revised 2005 target		+ 2.0
<b>New Implied Cost Guidance</b>	<b>136.0 – 151.0</b>	<b>144.0</b>

USD million	Q1 04	Assumption	FY04 Run Rate
<b>Operating Costs</b>	<b>36.0</b>	<b>4 x 36.0</b>	<b>144.0</b>

# Even Conservative Growth Assumptions Drive EBIT Growth

<b>(US\$m).</b>	<b>2003</b>	<b>2004</b>	<b>2006</b>
Revenues	145	158 -168	192-216
Operating costs	<u>135</u>	<u>136 -151</u>	<u>160-165</u>
EBIT	10	17-22	33-40
EBITDA	25	32-37	43-50
<b>Percentage of revenues</b>			
Revenues	100%	100%	100%
Cost of licencing	4%	4%	4%
R&D	23%	20-21%	17-18%
Services	33%	30-32%	29-30%
Sales & marketing	16%	16-17%	19-20%
General & admin.	<u>18%</u>	<u>16-17%</u>	<u>15-16%</u>
	94%	85-90%	80-84%
EBIT margin	7%	10-14%	16-20%
EBITDA margin	17%	20-23%	21-25%