



Financial Results & Business Review

Quarter ended December 31st, 2003

- 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 March 8, 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 March 8, 2004.

Agenda

Introduction

Business Update

Financial results

Q&A

Speaker

Max Chuard

Andreas Andreades

David Arnott

All

Position

Director, Corp. Finance & IR

CEO

CFO



Business Update
Andreas Andreades
CEO

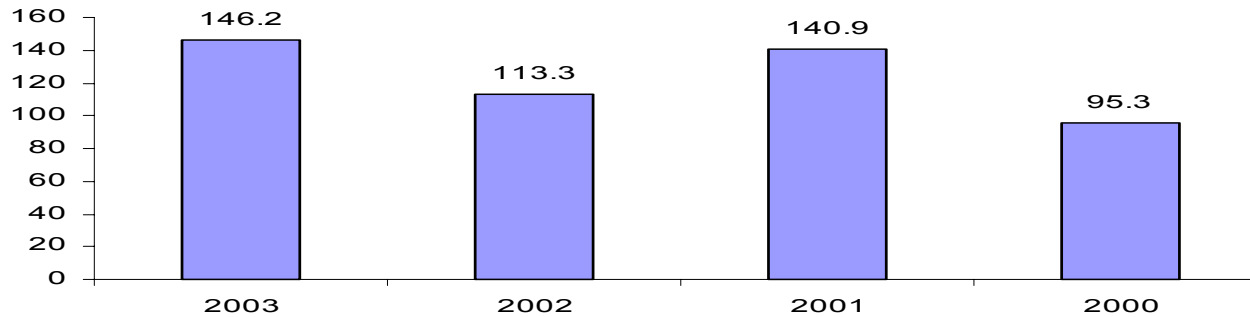
- During the quarter our revenues have grown 93.4% compared to the same period last year and 29.0% for the full year.
- EBIT of USD 4.6 million for the quarter compared to a loss of USD 26.9 million for the same period last year. EBIT of USD 10.7 million for the full year compared to a loss of USD 44.4 million for the same period last year.
- EBITDA of USD 7.4 million for the quarter compared to a loss of USD 22.7 million for the same period last year. EBITDA of USD 25.2 million for the full year compared to a loss of USD 31.6 million for the same period last year.
- Net Profit of USD 5.1 million for the quarter compared to a loss of USD 33.4 million for the same period last year. Net Profit of USD 10.9 million for the full year compared to a loss of USD 49.5 million for the same period last year.
- EPS for the quarter of USD 0.09 per share compared to a loss of USD 0.62. EPS of USD 0.20 per share for the full year compared to a loss of USD 0.95 for the same period last year.

- Cash costs at constant rate continued to decline quarter on quarter with a cash cost trend of approx. USD 31 million per quarter.
- Operating cash inflows of USD 12.9 million for the quarter compared to operating inflows of USD 8.4 million for the same period last year. Operating cash inflows of USD 16.4 million for the full year compared to operating outflows of USD 4.8 million for the same period last year.
- Deferred revenues of USD 35.9 million our highest ever quarter compared to USD 22.2 million for the same period last year and USD 23.9 million for last quarter.

Business Update (cont.)

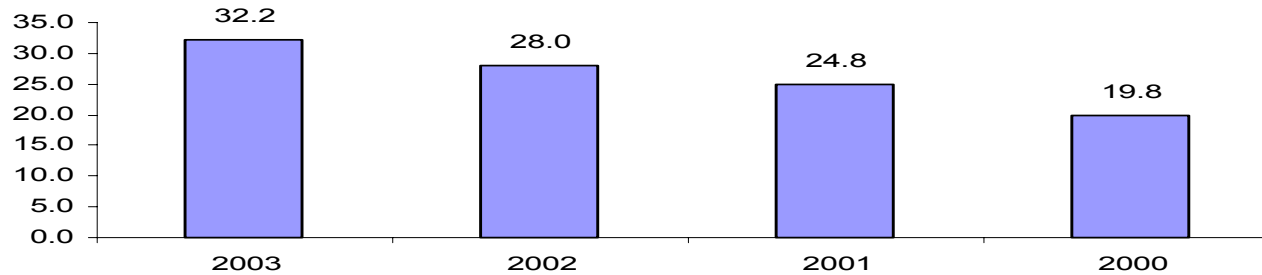
- 2003 represents our highest revenue ever.

USD m



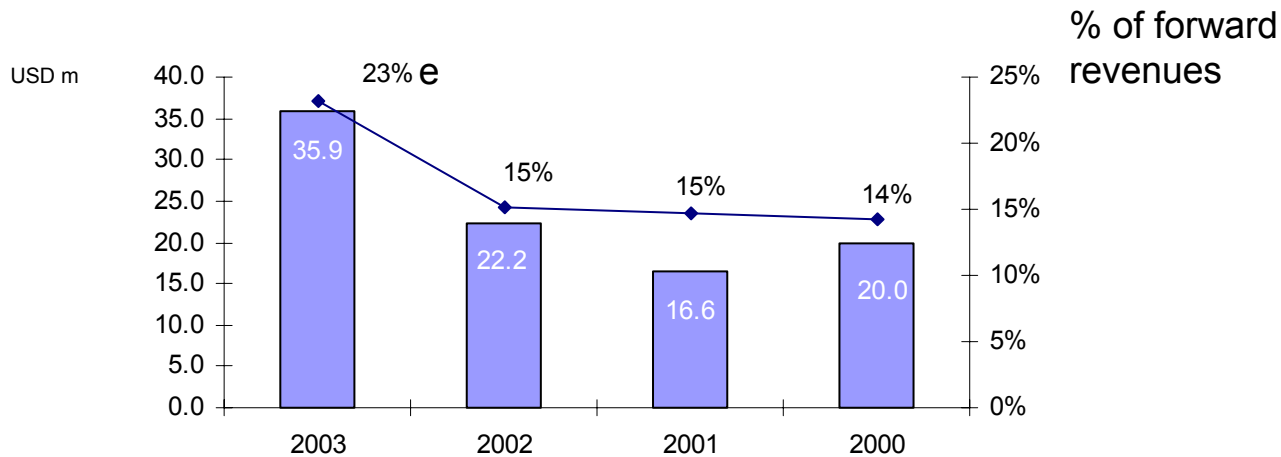
- Maintenance revenues accumulate to provide increasing visibility and locked in cashflow .(CAGR: 17.6%)

USD m



Business Update (cont.)

- Deferred revenues provide the company with visibility on the year to come. In 2003, more than 23% was deferred which is our higher ever visibility



- TEMENOS has proven its ability to generate operating cash flows as well as net cash flows excluding financing activities



- We are seeing increased deal flows in Europe and we are close to completing a number of significant contracts in all regions both for TEMENOS T24 and TEMENOS Corebanking.
- We are seeing strong demand in retail banking where we continue to gain market share in line with our plan.
- We are confident we will exceed our signings target for Q1 (which itself is 10% higher than last year)
- We continue to win the significant majority of deals in which we compete globally



Financial Results
David Arnott
CFO

Revenue

- Revenues at USD 38.9 million for the quarter, up 93.4% compared to the same period last year
- Revenues at USD 146.2 million for the year compared to USD 113.3 million for the same period last year, up 29.0%.

Operating Costs

- Operating costs at USD 34.3 million for the quarter down 27.1% compared to the same period last year
- Operating costs at USD 135.5 million for the full year compared to USD 157.7 million, down 14.1% on prior year

Cash Costs

- Cash costs at USD 31.5 million compared to USD 42.8 million for prior year, ie a reduction of 26.4%

Operating Profit

- Operating profit, at USD 4.6 million for the quarter, compares to a loss of USD 26.9 million for the same period last year and EBITDA at USD 7.4 million for the quarter compares to a loss of USD 22.7 million for the same period last year.

Net Earnings

- Net Earnings at USD 5.1 million for the quarter compares to a loss of USD 33.4 million for the same period last year.
- Net Earnings at USD 10.9 million for the full year compares to a loss of USD 49.5 million for the same period last year.

Earnings Per Share

- Fully diluted EPS for the quarter of USD 0.09 per share compared to a loss of USD 0.62 per share for the same period last year.
- Fully diluted EPS for the full year of USD 0.19 per share compared to a loss of USD 0.95 per share for the same period last year.

Profit & Loss

USD million	Quarter ended December 31			Twelve months ended December 31		
	2003	2002	Growth	2003	2002	Growth
Revenues						
Licensing	16.8	2.3	633.2%	59.7	36.6	63.6%
Maintenance	8.6	7.0	23.2%	32.2	28.0	15.1%
Services	13.5	10.8	24.7%	54.2	48.7	11.2%
Total Revenues	38.9	20.1	93.4%	146.1	113.3	29.0%
Expenses						
Cost of Licences	1.5	0.1	1'250%	6.7	3.2	109.1%
Services	13.3	12.4	7.1%	48.8	53.2	(8.2)%
Software development	6.4	10.9	(41.2)%	30.1	34.9	(13.8)%
Sales and marketing	6.0	17.5	(65.7)%	23.4	42.9	(45.4)%
General and admin.	6.7	5.7	17.5%	24.7	22.3	10.5%
Amortisation of goodwill	0.4	0.4	(4.4)%	1.7	1.2	40.2%
Total	34.3	47.0	(27.1)%	135.4	157.7	(14.1)%
Operating profit (loss)	4.6	(26.9)	n/a	10.7	(44.4)	n/a
EBITDA	7.4	(22.7)	n/a	25.2	(31.6)	n/a
Net profit / (loss)	5.1	(33.4)	n/a	10.9	(49.5)	n/a
US GAAP Net Profit	n/a	n/a	n/a	11.5	(51.5)	n/a

Earnings per share

Quarter ended December 31 Twelve months ended December 31

	2003	2002	2003	2002
Net income (USD million)	5.1	(33.4)	10.9	(49.5)
Shares outstanding (m)	54.3	54.1	53.3	52.0
Diluted shares outstanding (m)	57.3	56.9	56.3	54.4
Basic EPS (USD per share)	0.09	(0.62)	0.20	(0.95)
EPS (fully diluted) (USD per share)	0.09	(0.62)	0.19	(0.95)

Revenue impact of Disposals

USD million **Quarter ended December 31** **Twelve months ended December 31**

	%			%		
	2003	2002	growth	2003	2002	growth
Revenue – as reported	38.9	20.1	93.4%	146.2	113.3	28.9%
Disposals	<u>-</u>	<u>(0.8)</u>		<u>(0.6)</u>	<u>(3.2)</u>	
Restated revenues	38.9	19.3	101.6%	145.6	110.1	32.2%

Currency Movements

USD millions	Q4 2003	Q4 2002	%
Revenue – as reported	38.9	20.1	93.4%
Currency impact	n/a	1.0	
Revenue Adjusted for FX	38.9	21.1	84.4%
Operating Expenses			
– as reported	(34.3)	(47.0)	(27.1)%
Currency impact	n/a	(4.2)	
Operating Expenses Adjusted for FX	(34.3)	(51.2)	(33.0)%
Net Currency impact		(3.2)	
Hedging effect		0.6	
Net impact		(2.6)	

- Approximately 60% of revenues are in USD compared to 25% for the costs side
- For 2004, 90% of our residual exposure, relative to our budget rates, is covered by hedging instruments

Currency Movements

USD millions	2003	2002	%
Revenue – as reported	146.2	113.3	29.0%
Currency impact	n/a	5.9	
Revenue Adjusted for FX	146.2	119.2	22.7%
Operating Expenses			
– as reported	(135.5)	(157.7)	(14.1)%
Currency impact	n/a	(14.7)	
Operating Expenses Adjusted for FX	(135.5)	(172.4)	(21.4)%
Net Currency impact		(8.8)	
Hedging effect		2.7	
Net impact		(6.1)	

We have protected operating profits from the impact of the weakening US\$ through hedging instruments. As a result, 2004 forex rates will be in line with 2003 actual rates. Taking an example using the US\$/Euro rate:

2002 average :	0.95
2003 average :	1.14
2004 budget rates:	1.13
Hedged rates:	1.14

USD million	Q4 2003	Q3 2003	Q4 2002
Total Cost- As reported	34.3	34.8	47.0
Restructuring charges / One-Off charges	<u>(0.2)</u>	<u>(0.8)</u>	<u>(7.8)</u>
Total Cost Adjusted	34.1	34.0	39.2
Depreciation & Amortisation	(2.8)	(3.9)	(4.2)
Total Cash Cost Adjusted	31.3	30.1	35.0
Foreign Exchange Impact *	n/a	3.3	4.5
Total Cash Cost Adjusted for FX and Restructuring/One-Off charges	31.3	33.4	39.5

* Adjustment to Q4 2003 rate

USD million	2003	2002
Total Cost- As reported	135.5	157.7
Restructuring charges / One-Off charges	<u>(2.0)</u>	<u>(13.9)</u>
Total Cost Adjusted	133.5	143.8
Depreciation & Amortisation	(14.5)	(12.8)
Total Cash Cost Adjusted	119.0	131.0
Foreign Exchange Impact	*n/a	8.8
Total Cash Cost Adjusted for FX and Restructuring/One-Off charges	119.0	139.8

* Adjustment to 2003 average rate

USD million	Q4 2003	Q3 2003	Q4 2002
EBIT- As reported	4.6	3.1	(26.9)
Restructuring charges / One-Off charges	<u>0.2</u>	<u>0.8</u>	<u>10.7</u>
EBIT Adjusted	4.8	3.9	(16.2)
Depreciation & Amortisation	2.8	3.9	4.2
EBITDA Adjusted	7.6	7.8	(12.0)
Foreign Exchange Adjustment *	n/a	(1.4)	(3.2)
EBITDA Adjusted for FX	7.6	(6.4)	(15.2)
and for Restructuring/One-Off charges			

* Adjustment to Q4 2003 rate

USD million	2003	2002
EBIT- As reported	10.7	(44.4)
Restructuring charges / One-Off charges	<u>2.0</u>	<u>17.8</u>
EBIT Adjusted	12.7	(26.6)
Depreciation & Amortisation	14.5	12.8
EBITDA Adjusted	27.2	(13.8)
Foreign Exchange Adjustment *	n/a	(8.8)
EBITDA Adjusted for FX and for Restructuring/One-Off charges	27.2	(22.6)

* Adjustment to 2003 average rate

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>
Net	34.8	37.5	18.6
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>
Available Cash	41.7	29.2	29.0

- 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

Q4 2003 Cash flow

US\$ million

Qtr ended December 31,

	2003	2002	Last 12months
Cash at beginning of period	21.7	38.1	24.0
Operating cash flow	12.9	8.4	16.4
Capital spending	(1.6)	(2.7)	(5.8)
Debt repayment & net financing costs	(2.4)	(20.1)	(4.5)
Other (FX impact, etc)	1.1	0.3	1.6
Cash at end of period	31.7	24.0	31.7

Operating Cash flows

US\$ million	Qtr ended December 31,		
	2003	2002	Last 12months
Operating Earnings	4.6	(26.9)	10.7
Working Capital changes	5.0	32.7	(9.3)
Depreciation & Amortisation	2.8	3.9	14.5
Others (FX impact, tax etc)	0.5	(1.3)	0.5
Operating Cash Flows	12.9	8.4	16.4

- We are operating cash flow positive for the last 12 months, absorbing all restructuring with USD 16.4 million net operating cash flows.

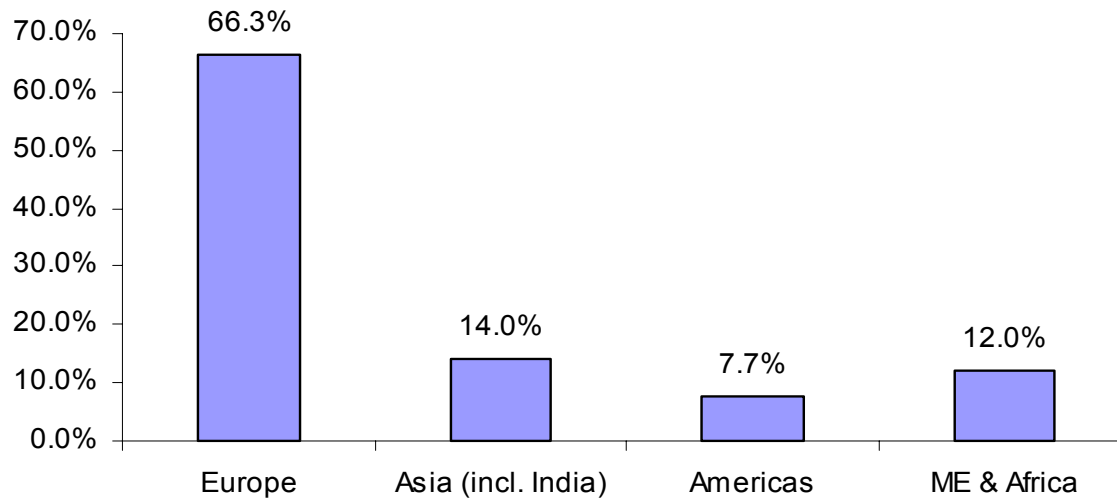
2004

- We continue to guide revenues for 2004 in the range of USD 150 million to USD 160 million.
- We continue to guide EBITDA in the range of USD 30-35 million in 2004 and EBIT in the range of USD 15-20 million.
- We are guiding for Earnings Per Share (EPS) for the year 2004 in the range of USD 0.23 – 0.29 per share



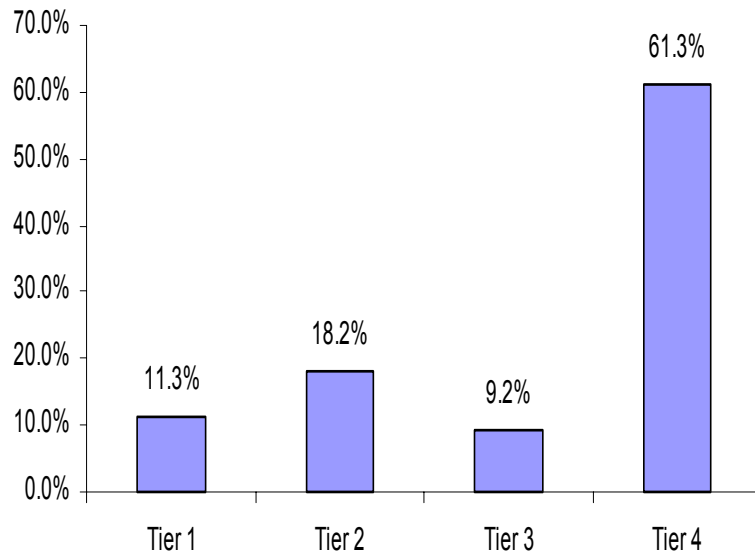
Appendix

Geographic split

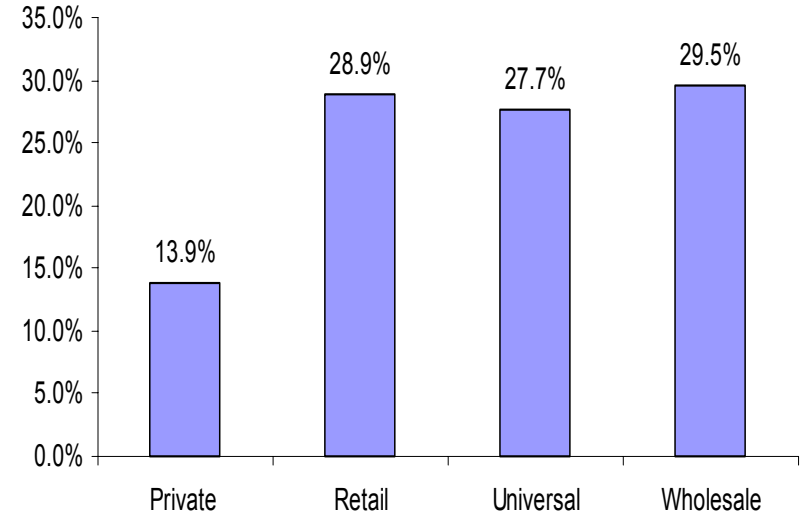


- TEMENOS grew its revenues by approx. 29% during the year 2003

% of 2003 signings by Tier



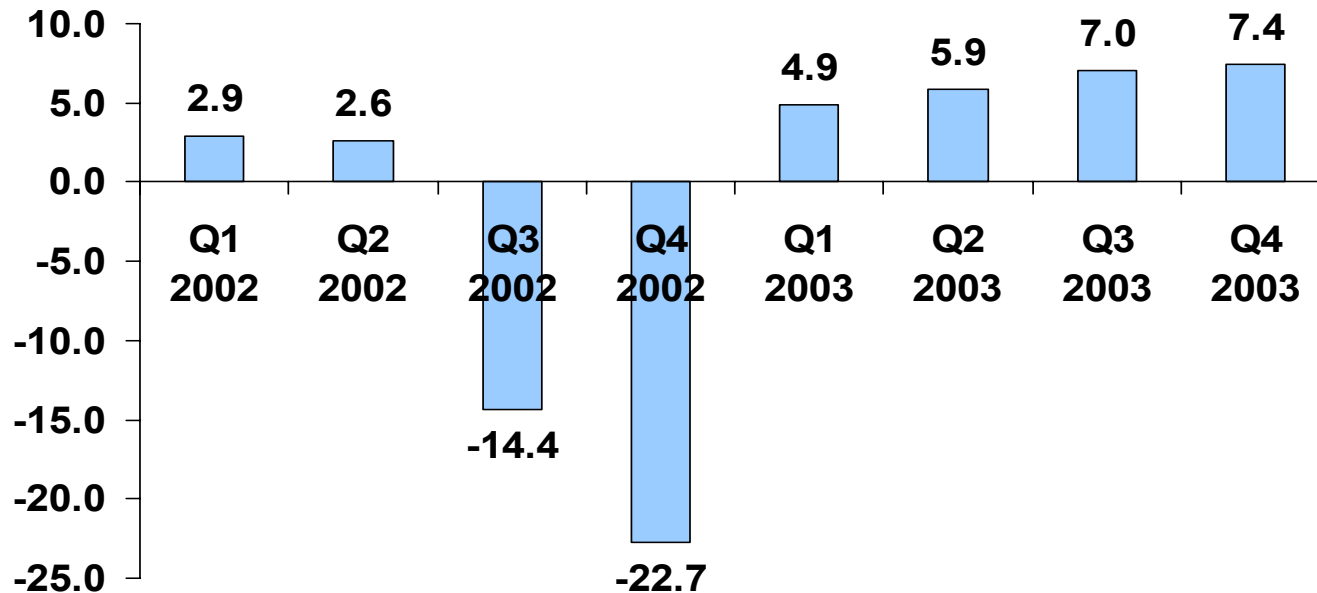
% of 2003 signings by segment



- TEMENOS signed USD 51 million of new licences in 2003

USD million

Quarterly EBITDA



- TEMENOS has generated USD 25.2 million of EBITDA in 2003 compared to a loss of USD (31.6) million for the same period last year

Research & Development

USD million	Q4 2003	Q3 2003	Q4 2002
R&D costs – As reported	6.4	8.1	10.9
Restructuring/ One-Off charges	0.0	0.0	0.0
FX Adjustment	n/a	0.2	0.4
Adjusted R&D costs	6.4	8.3	11.3
Capitalised Development costs	1.1	0.5	0.6
Non Cash items	<u>(1.5)</u>	<u>(2.9)</u>	<u>(2.3)</u>
Adjusted cash R&D costs	6.0	5.9	9.6
Less: Funded development	<u>(1.2)</u>	<u>(0.8)</u>	<u>(0.6)</u>
	4.8	5.1	9.0
<i>T24</i>	70%	79%	53%
<i>Corebanking</i>	30%	21%	47%

USD million	2003	2002
R&D costs – As reported	30.1	34.9
Restructuring/ One-Off charges	(0.2)	(2.5)
FX Adjustment	n/a	1.2
Adjusted R&D costs	29.9	33.6
Capitalised Development costs	2.9	4.1
Non Cash items	<u>(9.8)</u>	<u>(7.9)</u>
Adjusted cash R&D costs	23.0	29.8
Less: Funded development	<u>(4.7)</u>	<u>(3.4)</u>
	18.3	26.4
<i>T24</i>	78%	70%
<i>Corebanking</i>	22%	30%

USD million	Q4 2003	Q3 2003	Q4 2002
Revenues	13.5	14.2	10.8
Costs	(13.3)	(11.9)	(12.4)
Restructuring/ One-Off charges	0.0	0.1	0.0
FX Adjustment	n/a	(0.6)	(1.3)
Adjusted Margin	0.2	1.8	(2.9)
Adjusted Margin (%)	1%	13%	n/a

- Strong improvement in profitability driven by better contract mix and good cost control.

USD million	2003	2002
Revenues	54.2	48.7
Costs	(48.8)	(53.2)
Restructuring/ One-Off charges	0.4	0.6
FX Adjustment	n/a	(5.8)
Adjusted Margin	5.8	(9.7)
Adjusted Margin (%)	10.7	n/a

- Strong improvement in profitability driven by better contract mix and good cost control.

USD million	Q4 2003	Q3 2003	Q4 2002
S & M costs – As reported	6.0	6.4	17.5
Restructuring/ One-Off charges	(0.2)	0.0	(9.8)
FX Adjustment	<u>n/a</u>	<u>0.3</u>	<u>1.8</u>
	5.8	6.7	9.5

- Quarter on quarter impacted by seasonality.

USD million	2003	2002
S & M costs – As reported	23.5	42.9
Restructuring/ One-Off charges	(0.5)	(12.1)
FX Adjustment	<u>n/a</u>	<u>4.7</u>
	23.0	35.5

USD million	Q4 2003	Q3 2003	Q4 2002
G&A costs – As reported	6.7	6.3	5.7
Restructuring / One-Off charges	0.0	(0.7)	(0.9)
FX Adjustment	<u>n/a</u>	<u>0.3</u>	<u>0.6</u>
	6.7	5.9	5.4

- We have absorbed growth led investment initiatives within the existing cost base

USD million	2003	2002
G&A costs – As reported	24.7	22.3
Restructuring / One-Off charges	(1.0)	(2.6)
FX Adjustment	<u>n/a</u>	<u>2.4</u>
	23.7	22.1

- We have absorbed growth led investment initiatives within the existing cost base

Quarterly Operating Cashflows

Quarter	Amount
Q1 2003	(3.4)
Q2 2003	8.3
Q3 2003	(1.4)
Q4 2003	12.9
TOTAL	16.4

Quarter	Amount
Q1 2002	(4.5)
Q2 2002	4.1
Q3 2002	(12.8)
Q4 2002	8.4
TOTAL	(4.8)

Quarter	Amount
Q1 2001	2.2
Q2 2001	1.7
Q3 2001	(5.9)
Q4 2001	1.7
TOTAL	(0.3)