



Swiss Small & Mid Cap Seminar

March 26, 2004

TEMENOS

- 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 26, 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 26, 2004.

Speaker

Position

Max Chuard

Director, Corporate Finance &
Investor Relations

David Arnott

Chief Financial Officer



Market and Competition

Max Chuard
Director, Corporate Finance & IR

TEMENOS a Decade of History



Within a decade, TEMENOS has evolved into the leading provider of banking software systems

1993¹

TEMENOS was **founded** after the acquisition of GLOBUS from COS AG.

Key statistics: 2 offices; 34 employees; 24 live sites; USD 0.25 m revenue.

2000

VDN acquisition with RADAR enhances asset management application.

Partnership with IBM was forged with initial focus on wealth management.

1995

Development centre in India opened.

Worldwide **marketing** and **support agreements** with **EDS** signed.

2001

Acquisition of front office system supplier **Alphametrics** improves treasury module.

IPO on the Swiss stock Exchange with an initial share price of CHF 23.

1997

GLOBUS on NT results in full client element with graphical user interface.

20% stake in, and partnership with **Finantix** strengthens the CRM and Front-office modules.

Acquisition of IRIS from ICT and re-branding to **TEMENOS Corebanking** bolstered the portfolio in retail market.

1999

TEMENOS acquires **jBase Software** which with its tools and technology allowed GLOBUS to move from Universe to other databases and on to TEMENOS T24 in 2003.

2003

TEMENOS T24 launch – major technology upgrade to GLOBUS.

Key statistics end of year: 26 offices; 1,120 employees; >460 live sites; USD 145 m gross revenue forecast.

1) Before 1993: 5 employees of Citibank started GLOBUS (1984); GLOBUS became commercially available (1988)

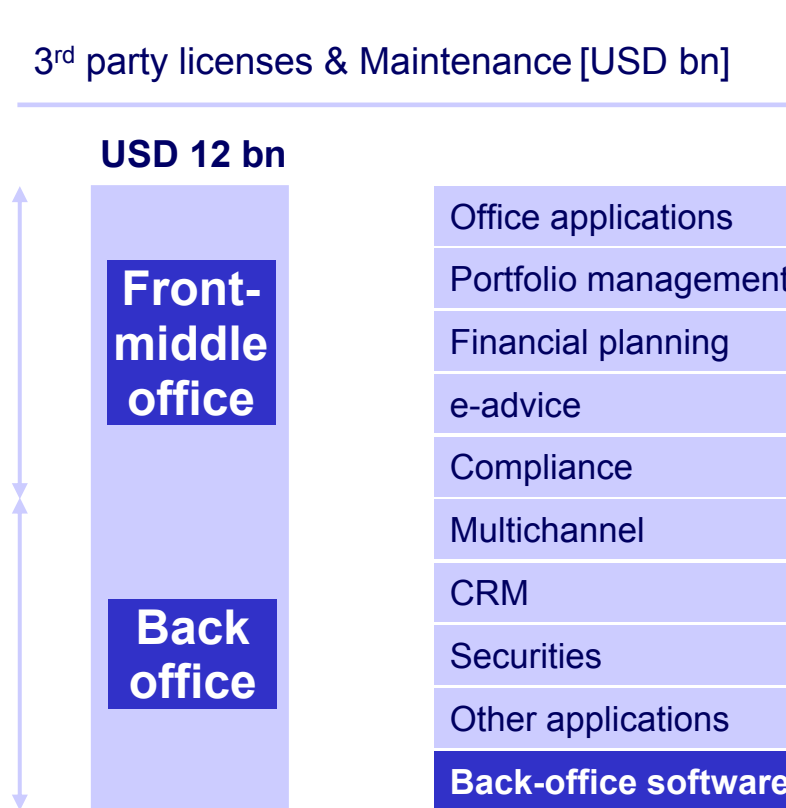
Global Distribution – 26 Own Offices



● TEMENOS presence ○ Currently being set-up

Total Banking Software License Market Size

Total Banking software license spending of USD 12 billion



Source: IDC; Gartner Datamonitor

TEMENOS Market Size of USD 2.3 Billion



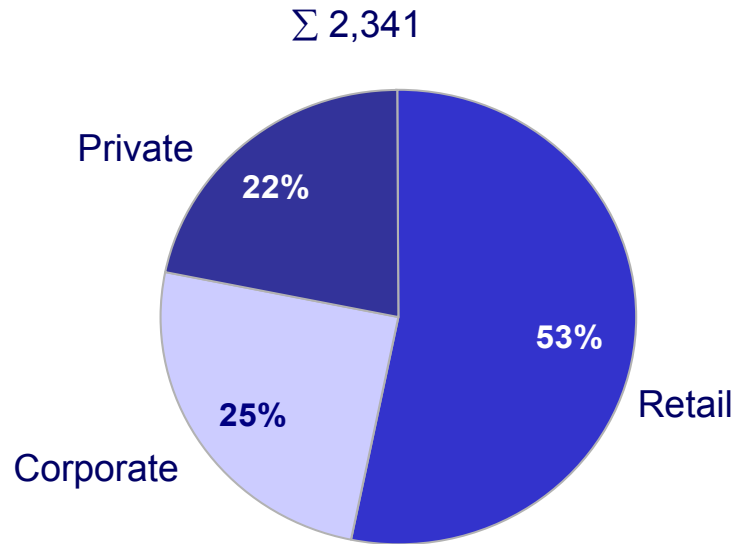
Initial License Fee and Maintenance [USD m]

	North America	Europe	Asia Pacific	Latin America	Middle East & Africa	Eastern Europe	Total
	43%	32%	20%	3%	1%	1%	
Retail 53%	655	273	263	39	13	13	1,256
Corporate 25%	195	212	133	20	7	7	574
Private 22%	100	295	92	14	5	5	511
	950	780	488	73	25	25	2,341

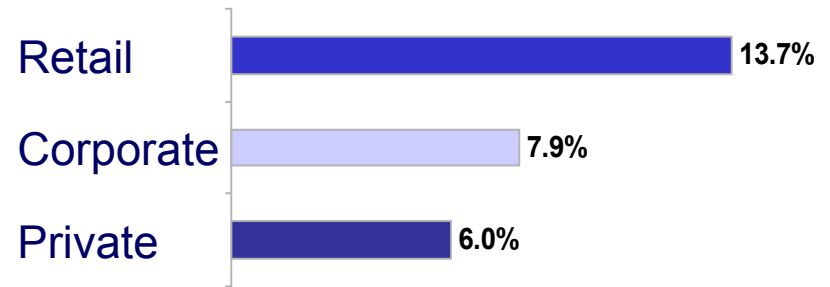
Source: Datamonitor; Roland Berger estimates

Initial license fee and maintenance [USD m]

Spending for packaged banking software licenses [USD m]



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



Source: Datamonitor; Roland Berger estimates

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	Globus/T24	[Blue bar spanning all four segments]			
I-Flex	Flexcube	[Blue bar]		[Blue bar]	[Blue bar]
Misys	Equation, Opics, Midas, Summit, Bankmaster	[Blue bar]		[Blue bar]	[Blue bar]
Sungard	Quantum, Apsys		[Blue bar]	[Blue bar]	
ERI Bancaire	Olympic		[Blue bar]		
London Bridge	Phoenix	[Blue bar]			
Fiserv	ICBS	[Blue bar]			
Trema	Finance Kit			[Blue bar]	

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 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



TEMENOS Business Model

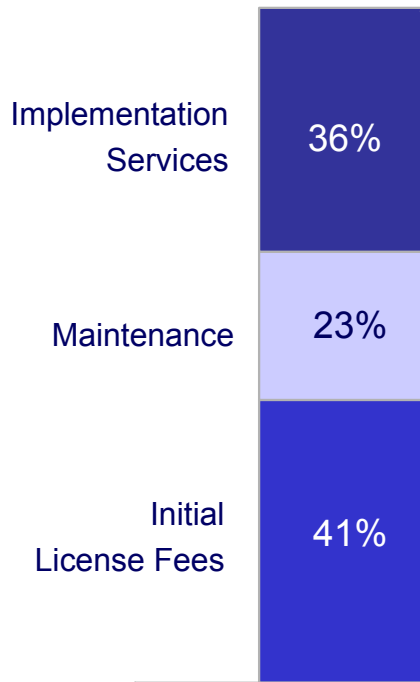
David Arnott
Chief Financial Officer

- Initial Licence fees (incl. Development License Fees)
- Maintenance – 5 year standard non cancellable, 18%
- Services – Implementation support services, training

Europe Accounts for 47% of Revenue Mix (Based on 2003 Estimates)

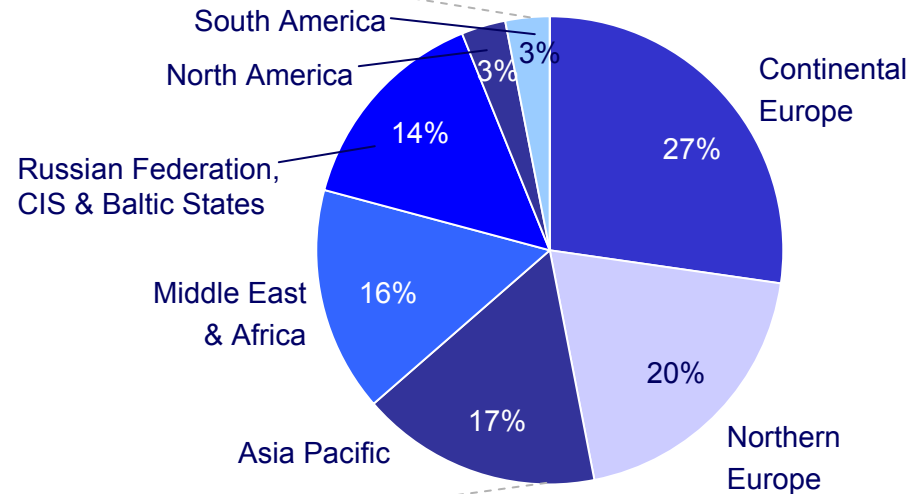
Revenue Mix 2003

Revenues: USD145m = 100%

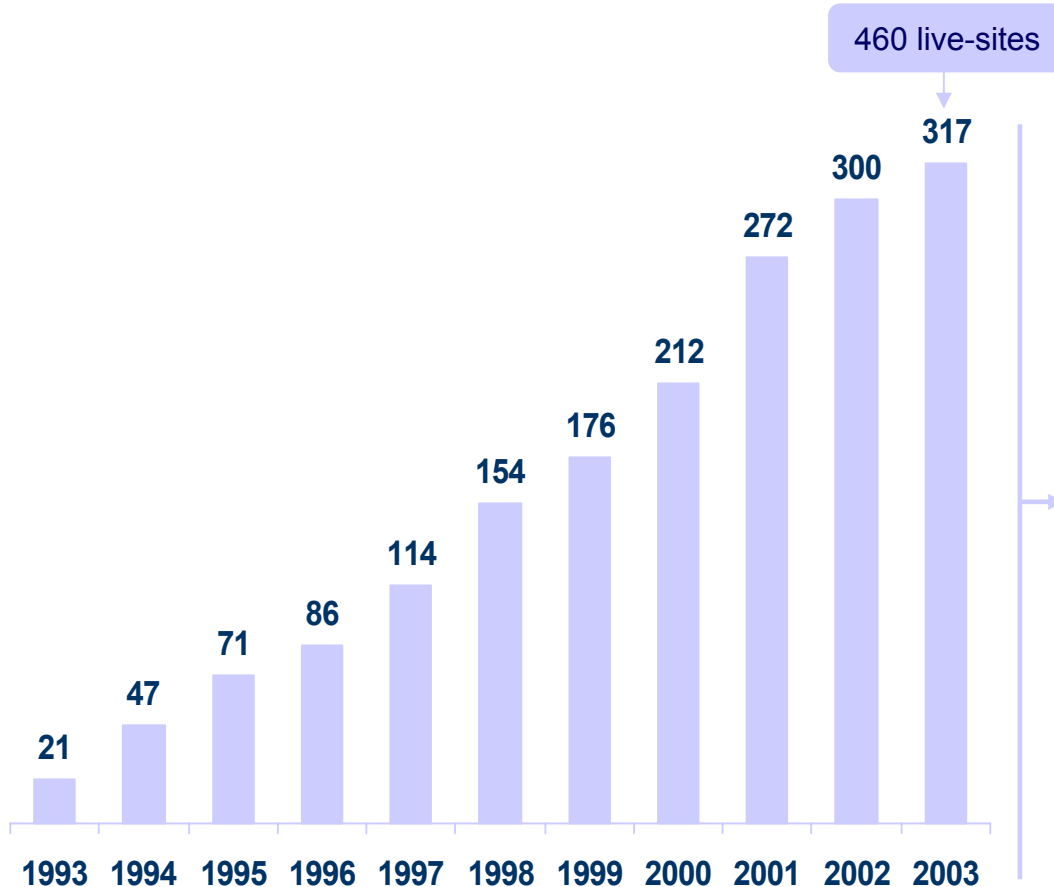


Revenue Split by Region 2003

Revenues: USD145m = 100%



The Client Base has Grown to More than 300



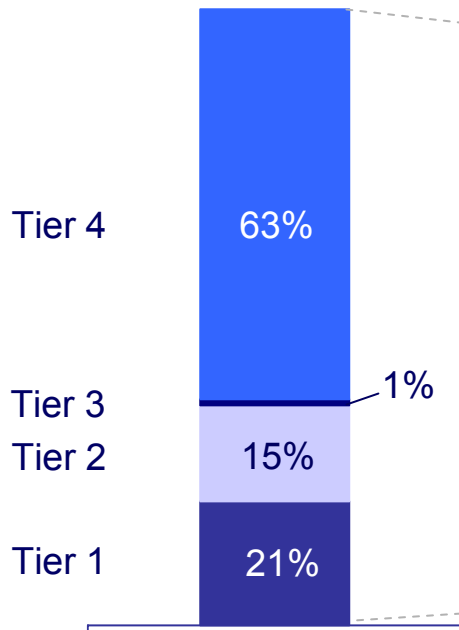
Key deals since January 2002

- **ING, Netherlands:** First wholesale deal of comparable size in history
- **Samsung, Korea:** Important foothold in Korea, Consumer lending
- **IBK, Korea:** Large Retail Core banking deal, strengthening position in Asia
- **Dunfermline, Scotland:** Key foothold in building society market
- **Bank of China, USA:** Gaining strength in North America
- **Fortis:** Further tier 1 client in Europe
- **Standard chartered (SCBC), UK:** Large private banking deal
- **Bansefi, Mexico:** Large Retail Core banking deal, strengthening leading position in Latin America

More than 36% of our signings are with tier 1 and 2 banks – balanced portfolio across retail, wholesale and universal

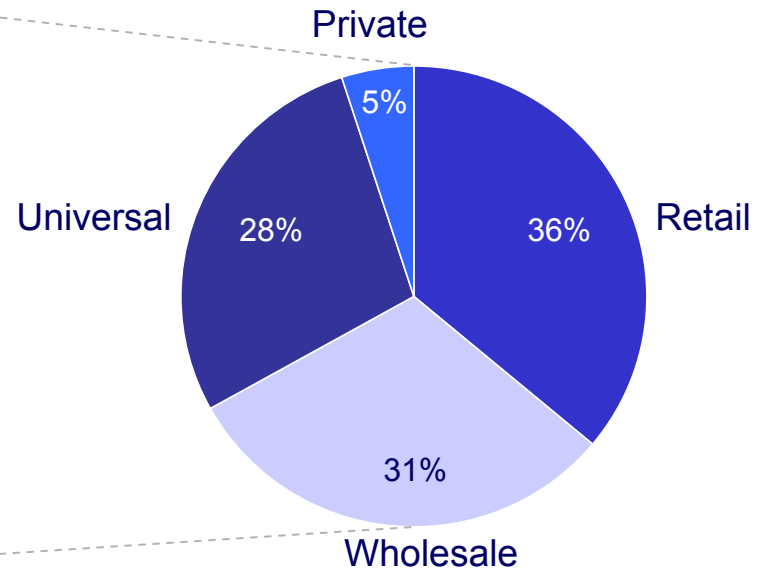
Signings split by tier 2002

USD58m = 100%



Signings split by type 2002

USD58m = 100%

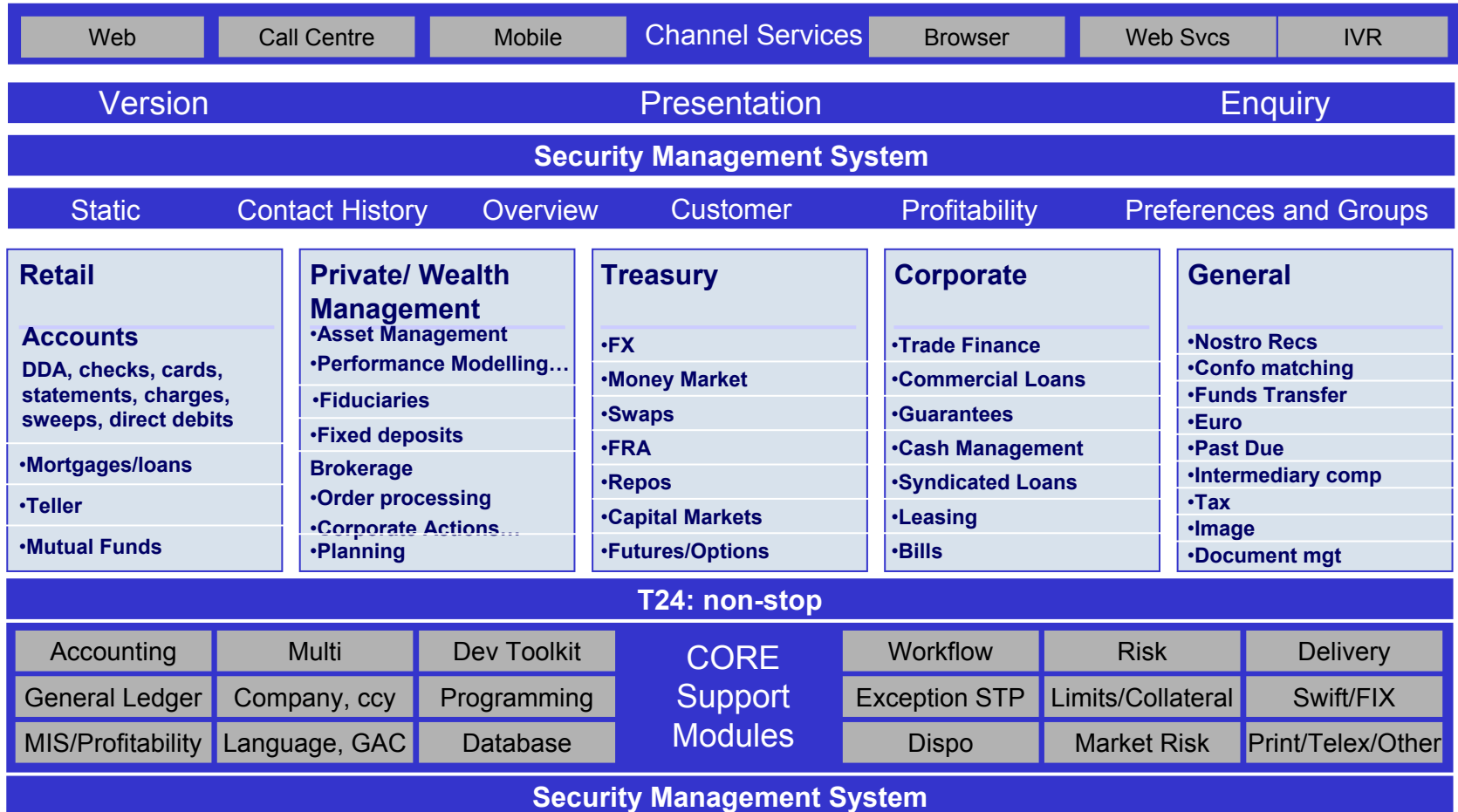


- TEMENOS T24: Multi platform, multi database, open technology, non stop processing
 - Most functionally rich
 - Most technologically advanced, “disruptive technology”
- TEMENOS CoreBanking: native MVS OS 390
 - Leverage sunk investment in mainframe market
 - Leverages IBM alliance

T24 covers the whole functionality of a bank, non-stop and without end of day processing



Functional architecture T24

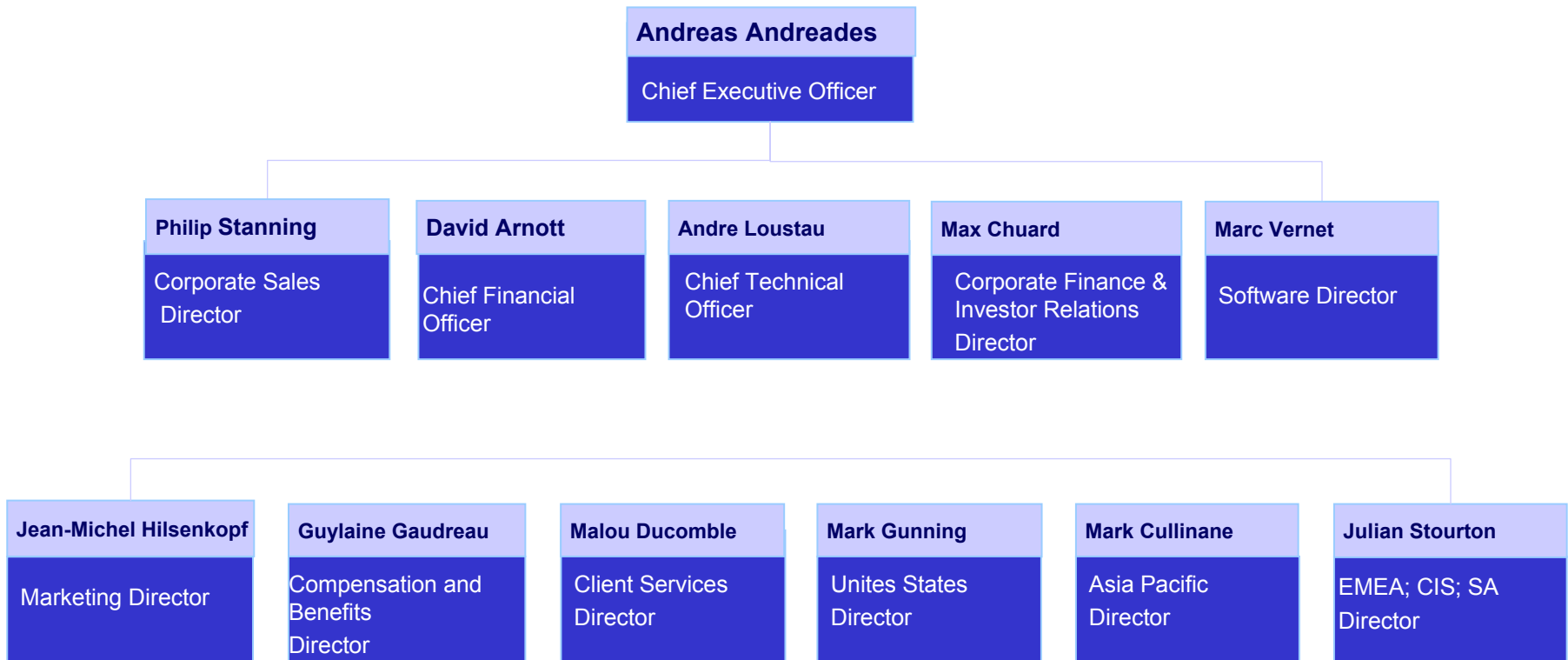


- IBM relationship has evolved positively around TEMENOS CoreBanking
- Other relationships (Oracle/ HP) particularly enabled through TEMENOS T24
- Execution at local level is satisfactory

TEMENOS Group AG is Led by an Experienced and Competent Executive Board



Executive Board



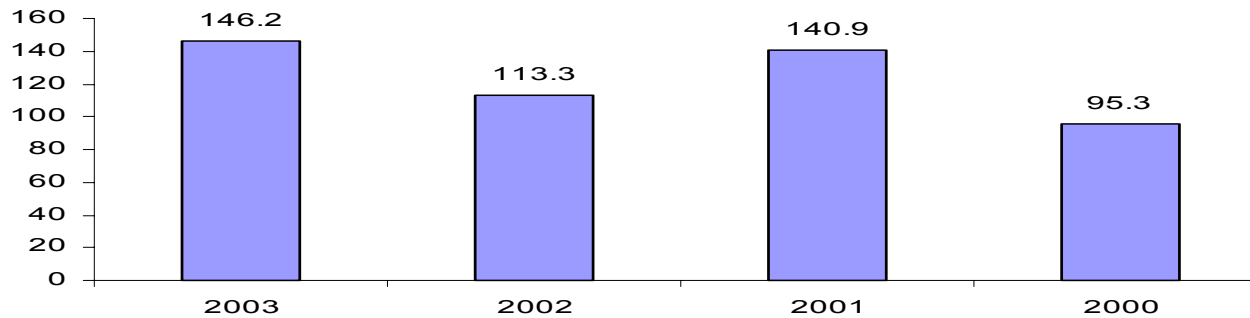
Source: TEMENOS



Financials

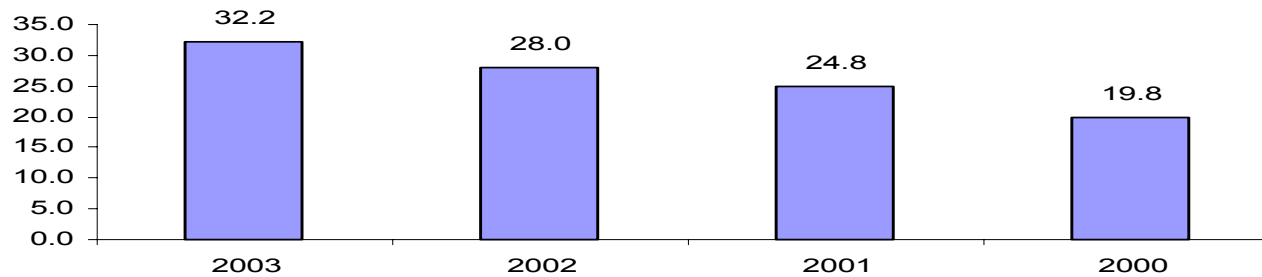
- 2003 represents our highest revenue ever.

USD m



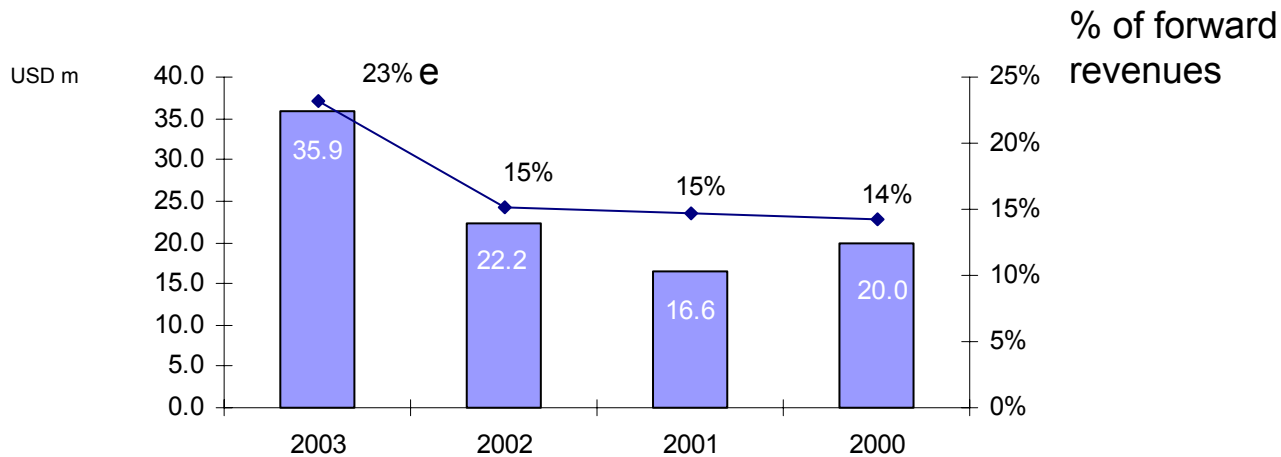
- Maintenance revenues accumulate to provide increasing visibility and locked in cashflow .(CAGR: 17.6%)

USD m

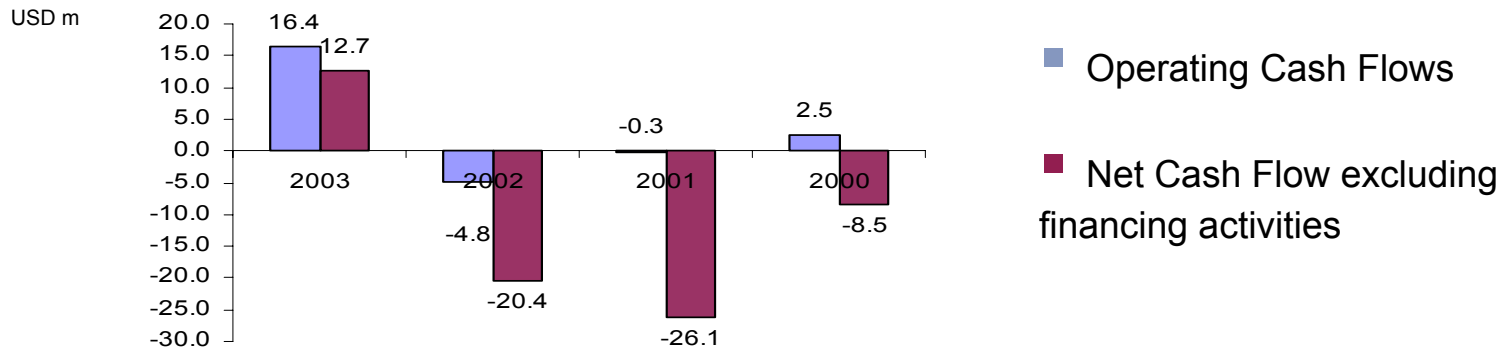


Business Update (cont.)

- 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



Profit & Loss

USD million

Twelve months ended December 31

	2003	2002	2001
Revenues			
Licensing	59.7	36.6	61.5
Maintenance	32.2	28.0	24.8
Services	54.2	48.7	54.5
Total Revenues	146.1	113.3	140.9
Expenses			
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
Total	135.4	157.7	125.3
Operating profit (loss)	10.7	(44.4)	15.6
EBITDA	25.2	(31.6)	23.3
Net profit / (loss)	10.9	(49.5)	5.9
US GAAP Net Profit	11.5	(51.5)	4.6

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)

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

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

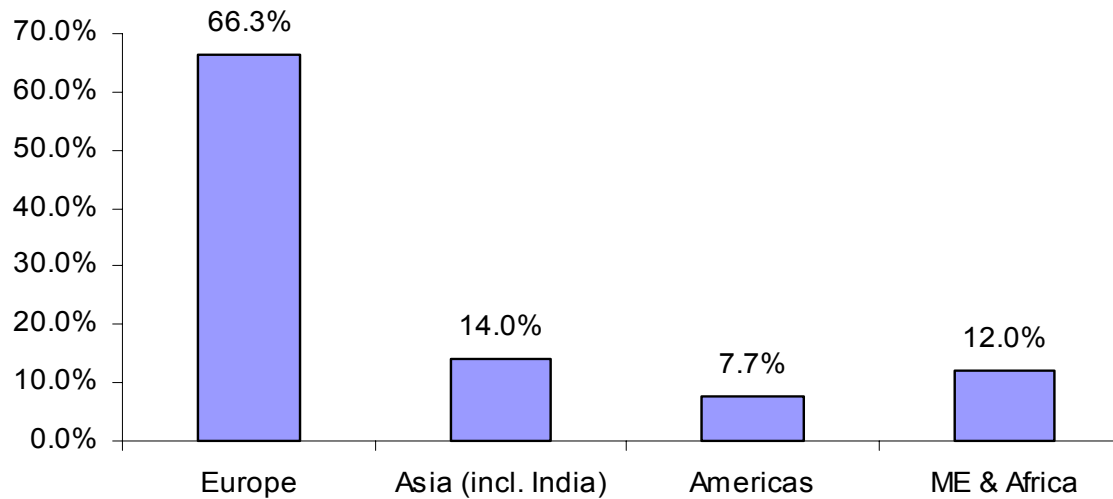
Even Conservative Growth Assumptions Drive EBIT Growth

(US\$m).	2003	2004	2006
Revenues	145	150-160	192-216
Operating costs	<u>135</u>	<u>130-135</u>	<u>160-165</u>
EBIT	10	15-20	33-40
EBITDA	25	30-35	43-50
Percentage of revenues			
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%	10-13%	16-20%



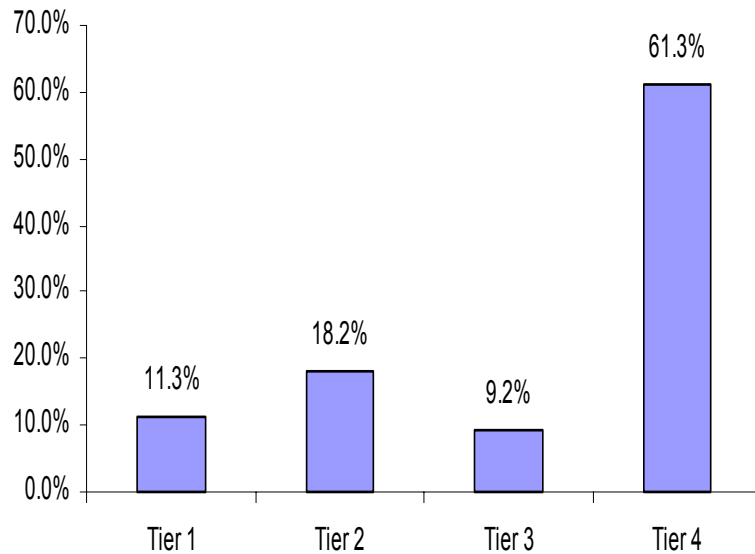
Appendix

Geographic split

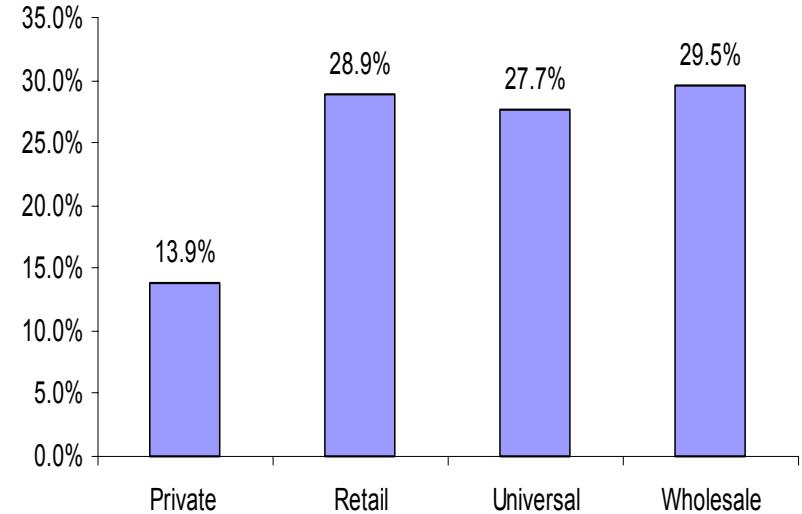


- TEMENOS grew its revenues by approx. 29% during the year 2003

% of 2003 signings by Tier



% of 2003 signings by segment



- TEMENOS signed USD 51 million of new licences in 2003

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

Cash Cost

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			

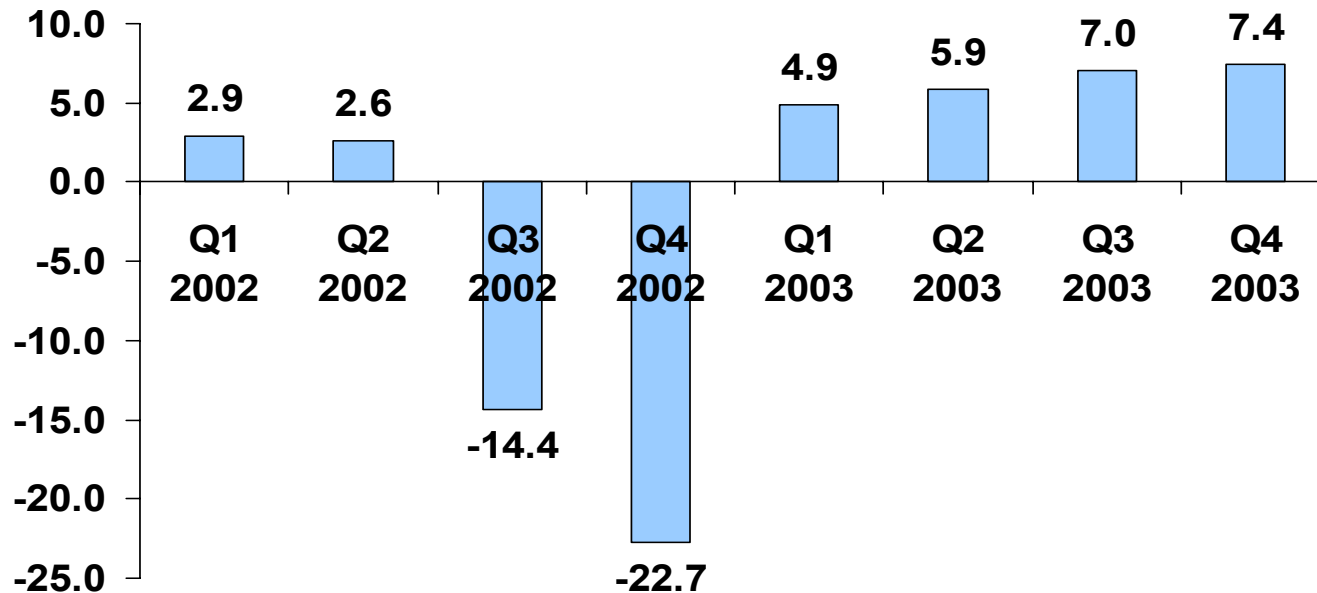
* Adjustment to Q4 2003 rate

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

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

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.

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)