



Welcome & Introduction

Max Chuard

VP Corporate Finance & Investors Relations

Analyst Update

10th February 2003

London

- Corporate
- Sales & Marketing
- Product & Technology
- Case Study
- Q & A session
- Presentations will be available at www.temenos.com

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 presentation represents the company's estimates as of 10th February, 2003. 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 10th February, 2003.

A large, faded world map is visible in the background on the left side of the slide, showing the continents in light blue and green.

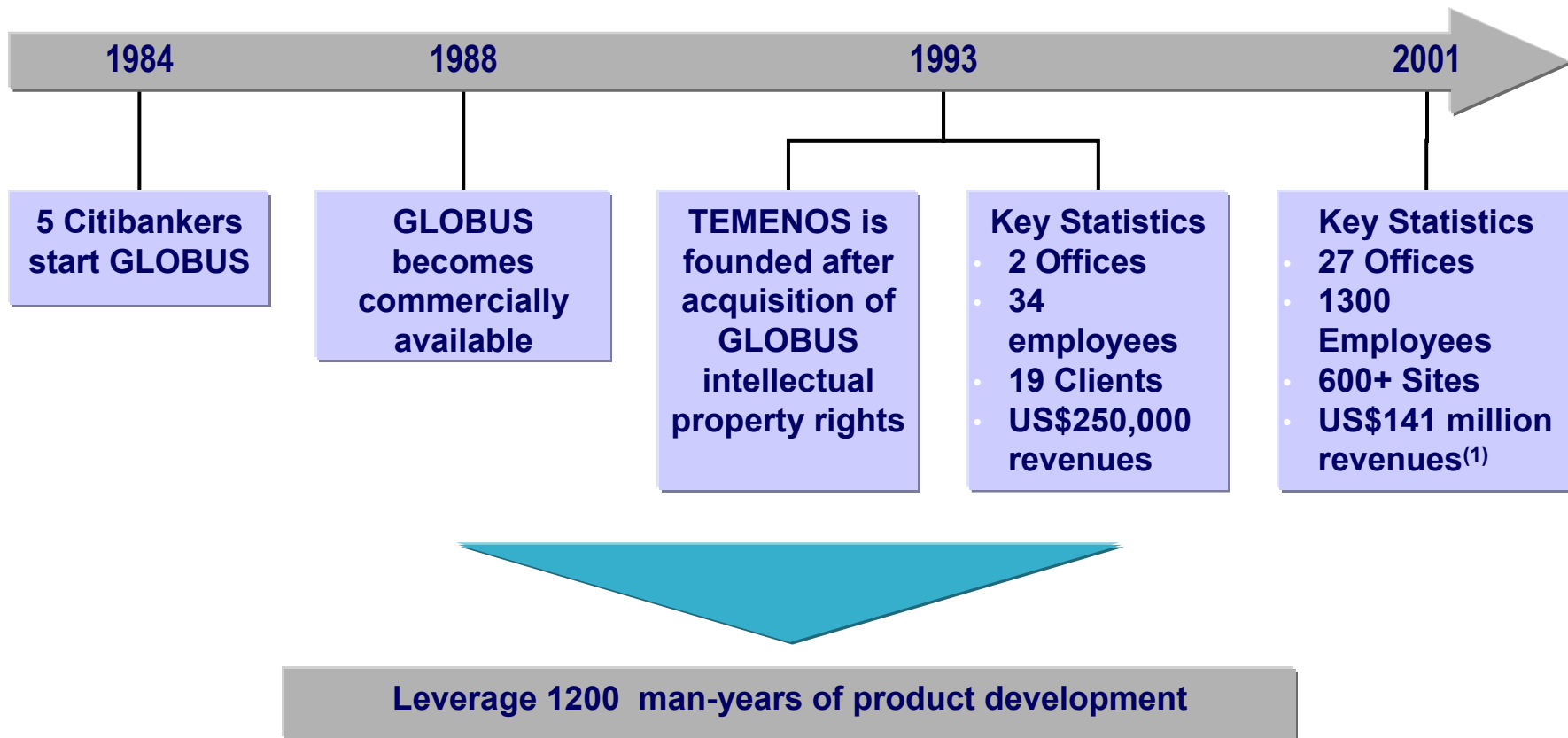
Corporate Update
George Koukis
Chairman and C.E.O.

Analyst Update
10th February 2003
London

In 1990 we had a vision on how to be successful

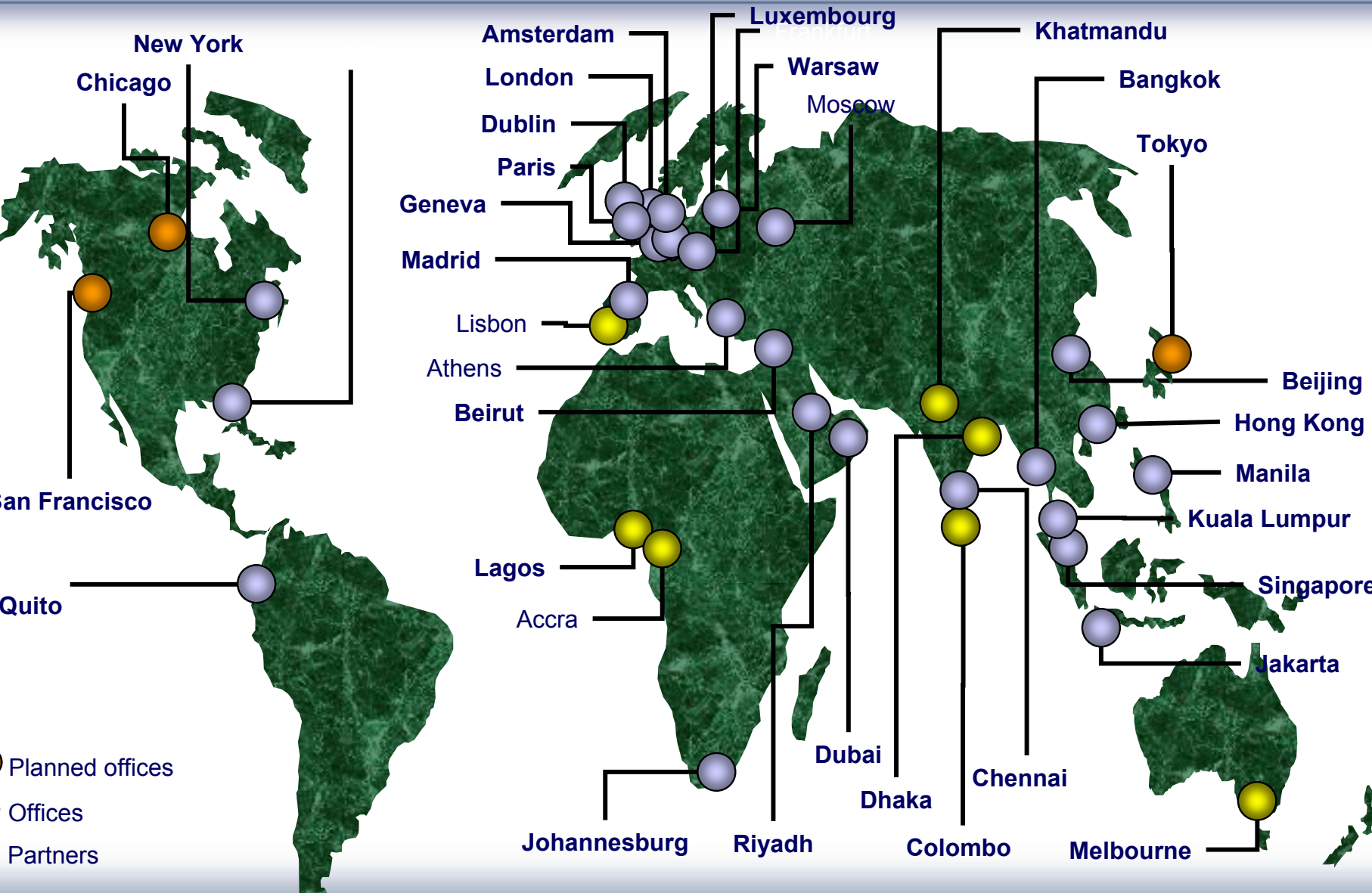
- Industry: Banking; Packaged Software
- Product: One Product Strategy
- Support: Worldwide, International
- Technology: New, Functionally Rich
- Main features: Upgradeable, Low Cost
- Unique Company: Client-Centric

TEMENOS has evolved into a leading provider of banking software systems for the financial industry

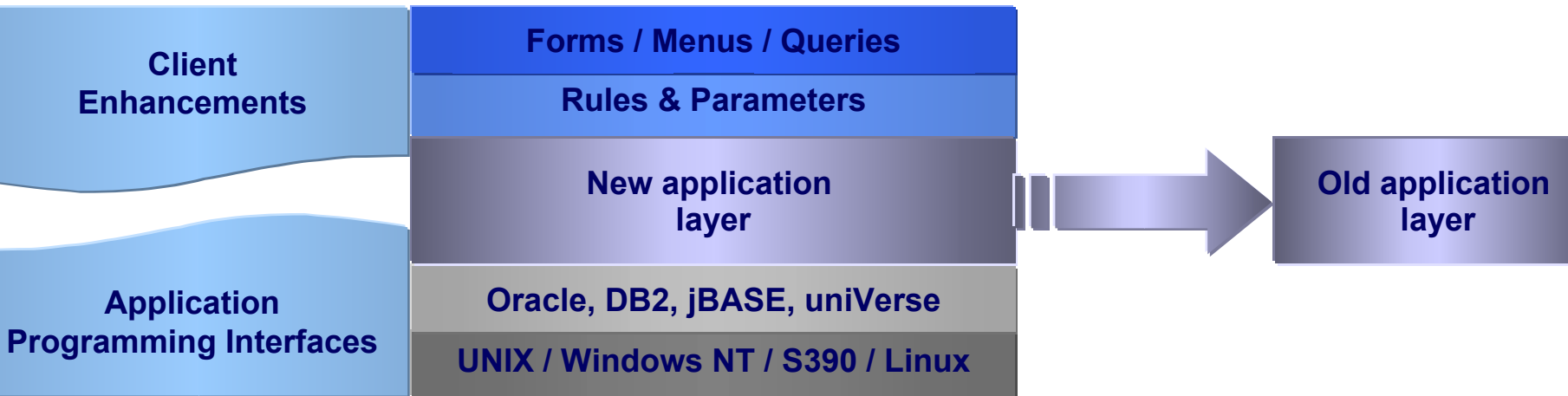


(1) Twelve months to 31 December 2001

Worldwide Support



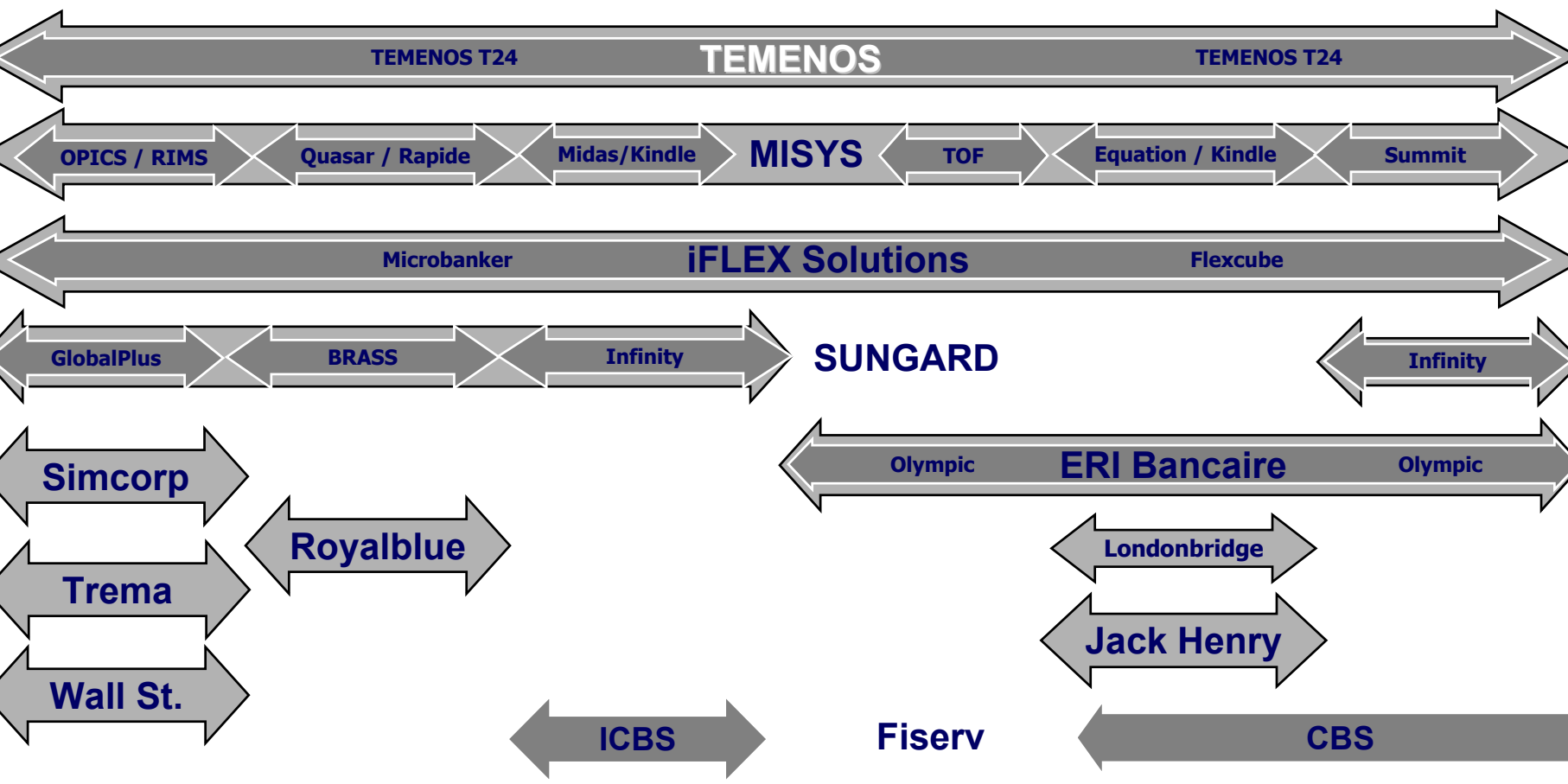
- Cost Effective
- Standard operating systems and database environment
- Client's investment is protected
- Significant effect on Maintenance Revenues





TEMENOS GLOBUS™ vs. Other Products

Asset and Treasury Management Securities and Capital Markets International and Corporate Private Retail Risk Management



“TEMENOS is the main vendor that offers a product that is fully integrated and addresses a wide range of solutions”

Contracts

- Initial License Fees (ILF) per user
- Maintenance 18% of ILF
- Implementation Services Time & Materials
- Product Development (GAPS) Time & Materials

Payments

- Initial License Fees (ILF) Up-front
- Maintenance – 5 years Non Cancellable Signing date/12 monthly
- Implementation Services Monthly
- Product Development (GAPS) Sign-off/Delivery

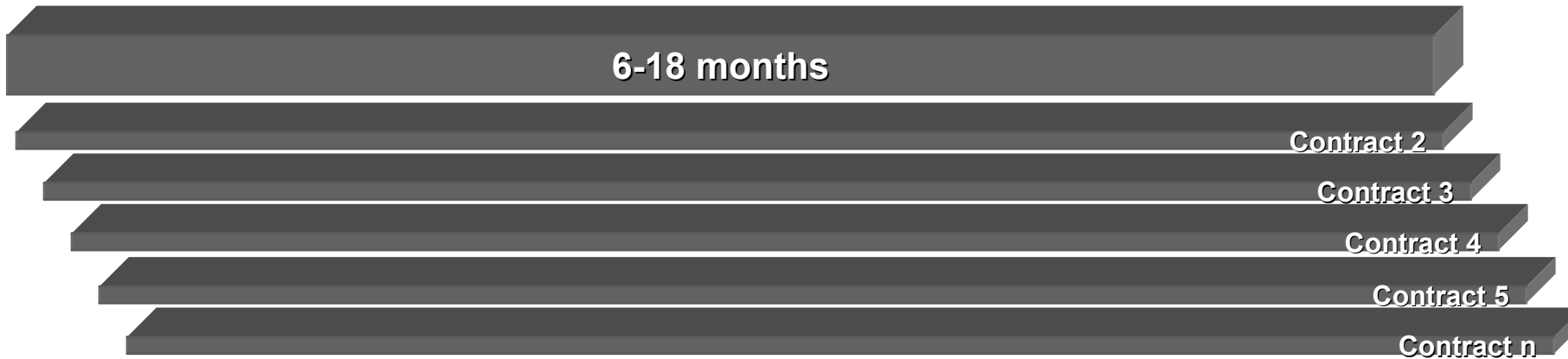
	2001	2002	2003 Budget
Q1	12.2	12.6	7.8
Q2	14.8	11.7	12.8
Q3	1.9	12.6	16.7
Q4	17.3	18.9	30.3
Total	46.3	55.9	67.6

Most Important Indicator – Lifeline of a Software Company

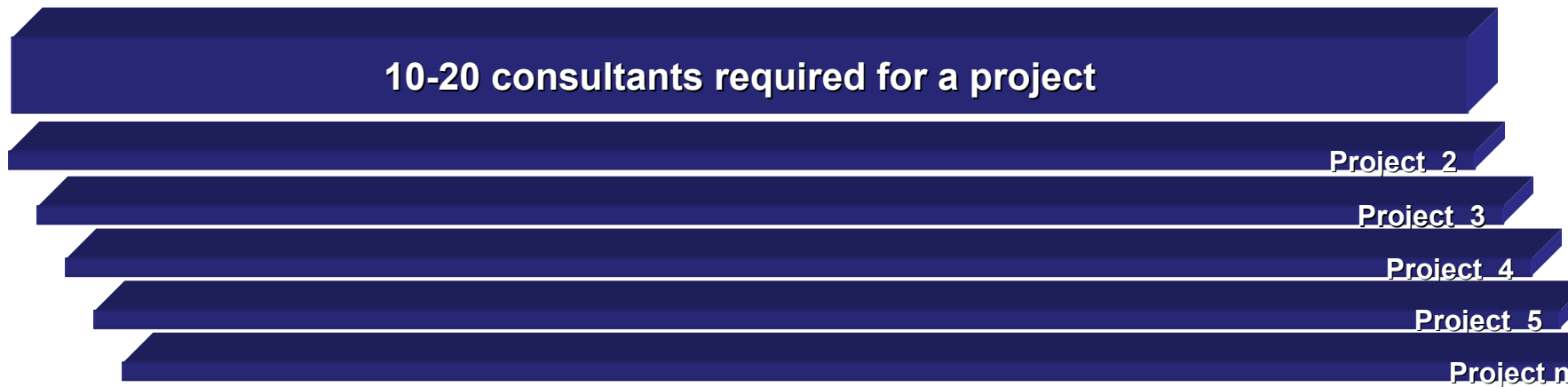
100% CLIENT PARTICIPATION IN THE MAINTENANCE PROGRAM

		2002	2003	2004	2005	2006	2007	2008	2009	2010
ILF 2001	46,000	8,280	8,280	8,280	8,280	8,280	8,280	8,280	8,280	8,280
ILF 2002	56,000	-	10,080	10,080	10,080	10,080	10,080	10,080	10,080	10,080
ILF 2003	68,000	-	-	12,240	12,240	12,240	12,240	12,240	12,240	12,240
ILF 2004	82,000	-	-	-	14,760	14,760	14,760	14,760	14,760	14,760
ILF 2005	100,000	-	-	-	-	18,000	18,000	18,000	18,000	18,000
Total		8,280	18,360	30,600	45,360	63,360	63,360	63,360	63,360	63,360

Contracts



Projects



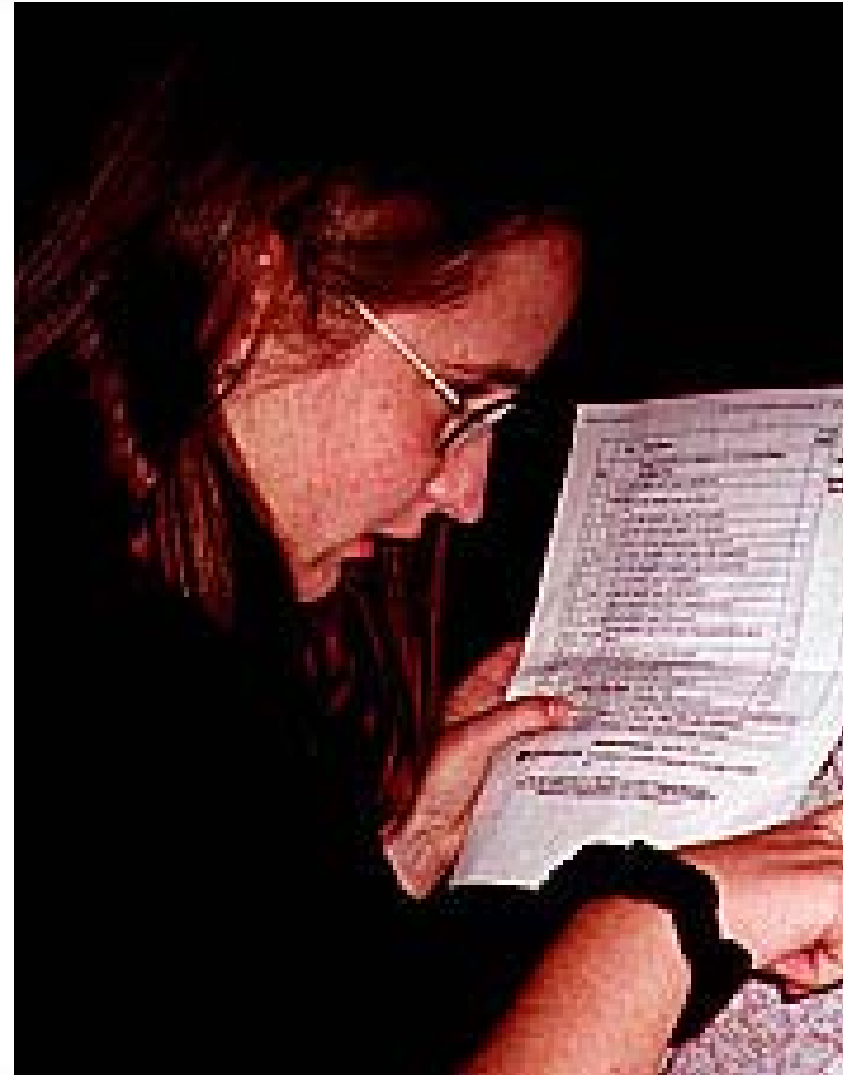
- Nov 1993 to June 2001 – Unprecedented Growth
- 26 June 2001 - IPO
- July 2001 – December 2001 – Recession; Banks Re-structured
- We did not react quickly to cutting costs
- One bright spot – ILF 6 months Dec 2002 grew by 70% against same period in 2001. Will it continue????

Banks And Financial Institutions face a difficult future

- Cost Reductions
- Replace Old Technology
- Become Competitive

- Experts
- Politics
- Banks
- Competitors

**INVESTORS ARE LOST/ CONFUSED
UNCERTAINTY
UNEMPLOYMENT**



Reasonable ILF Targets

Conservative Budget

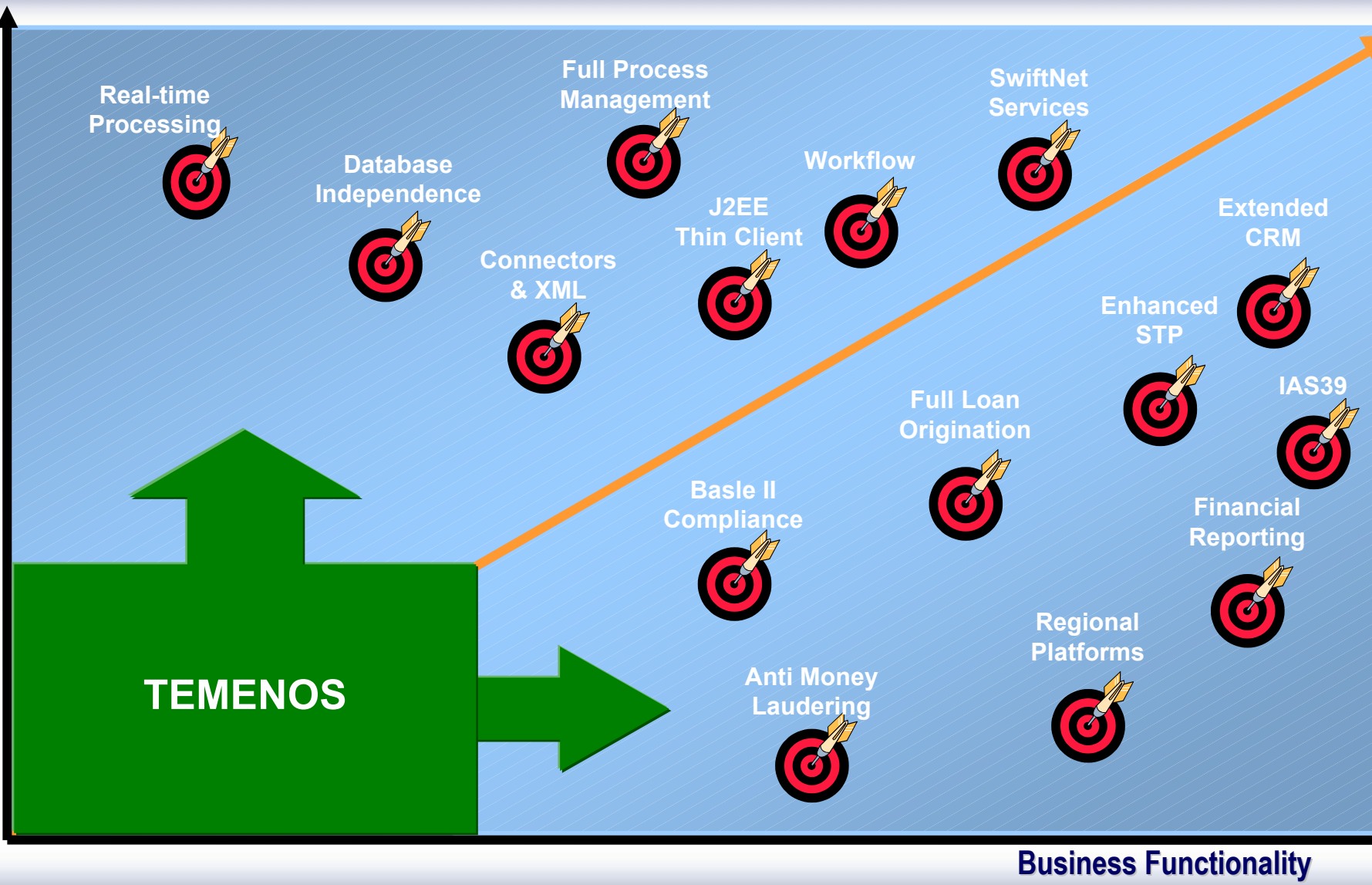
Shorter Implementations – New Product – T24

	<u>2003</u>
Signings	68
Revenues	130
Expenses	120
Operating Profit	10

	2001	2002		2003 Budget
Q1	12.2	12.6		7.8
Q2	14.8	11.7		12.8
Q3	1.9	12.6		16.7
Q4	17.3	18.9		30.3
Total	46.3	55.9		67.6

- **TEMENOS T24 is the result of major investment in a product:**
 - Scalable
 - Reliable
 - Non-Stop Banking
 - T24 is the most technically advanced banking system available today.

Introductions in 2003



Products

Utilities

Services

Developers

Browser

tPW

tIB

Web Services

Development

Enterprise



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Database and Platform

- 2002 was a once-off bad year
- We have the right Business Model
- We understand the Industry
- We have the Right Products
- We have the Distribution Channels
- We believe in the original plan
- We need to deliver good results in 2003



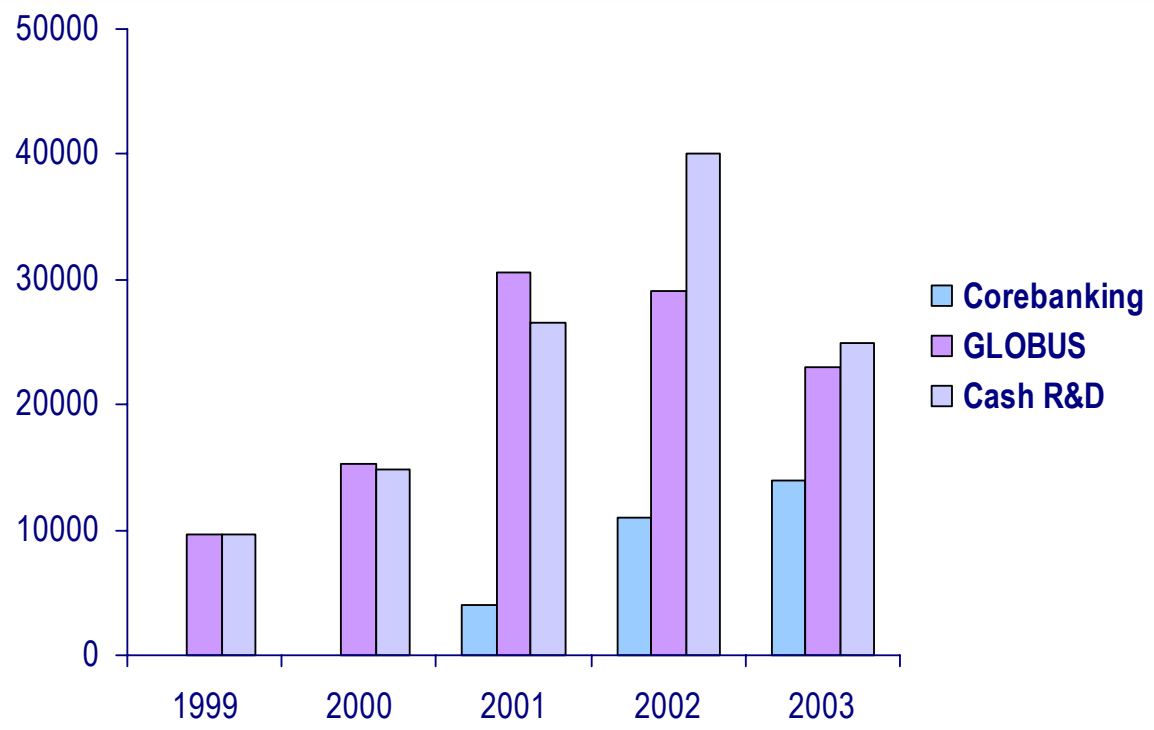
Financial Update
David Arnott
CFO

Analyst Update
10th February 2003
London

- Continuing to win over 80% of the deals in which we compete
- High product investment
- Continued efforts to package software and services
- A client-centric philosophy
- Local support

	1999	2000	2001	2002
Operating cashflow	6.9	10.0	(0.3)	(5.4)
Capital spending, incl. Acquisitions	(3.6)	(6.1)	(25.7)	(15.4)
Other, incl. Financing	(2.7)	1.2	89.8	(10.2)
Total cashflow	0.6	5.1	63.8	(31.0)

**Despite 6 difficult quarters operating cash outflows have been minimal –
the business model does not consume cash**



% of revenues 15% 16% 21% 30% 23%

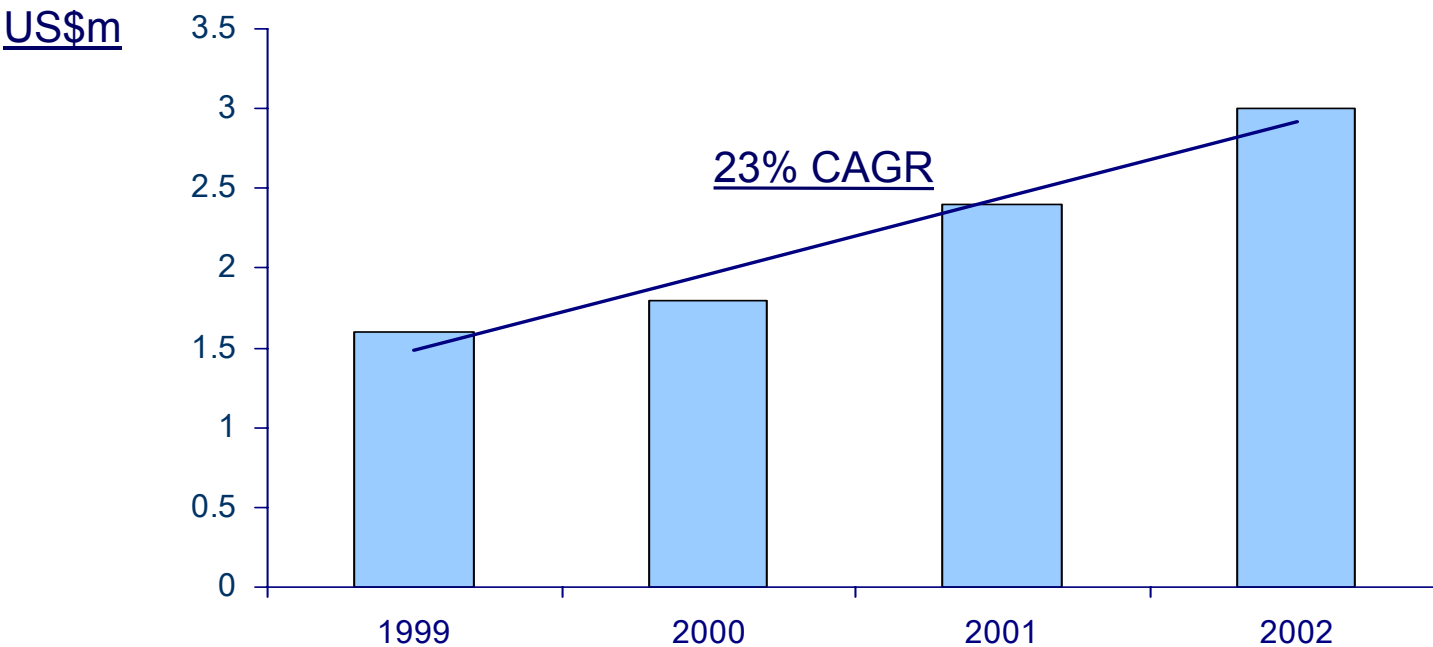
Product investment remains high, cash cost declines following restructuring

Quarter	Amount
Q1 2001	1.7
Q2 2001	2.2
Q3 2001	(5.9)
Q4 2001	1.6
TOTAL	(0.3)

Quarter	Amount
Q1 2002	(4.5)
Q2 2002	4.1
Q3 2002	(12.8)
Q4 2002	7.8
TOTAL	(5.4)

High working capital needs due to seasonality (around strong signings quarters) and client mix shift to larger deals

Average ILF Deal Size (US\$m.)



	2003
Sales reps.	17
ILF signings target (US\$)	68m
Quota per salesman(US\$)	4m

We have 2-3 years leverage of our existing salesforce

- Conservative assumption for new business wins: US\$7.8m in Q1, US\$12.8m in Q2, zero for second half year.
- Business on hand at start of year contributes 74% of the annual budget of US\$130m total revenues. Balance of budget funded from ILF and services booked from 1H 2003 assumed signings.
- Conservative assumption of implementation timetables (and therefore ILF revenues) and timing of cash in flows
- Locked in cash in- flows exceed anticipated cash outflows

Key strategic decisions undertaken in 2002 include:

	Annualised Saving
Development:	11.1
MBO of Outsourcing business	3.2
jBase indirect go to market strategy	5.8
Marketing spending	1.8
Infrastructure	2.1
Reduced use of external consultants:	8.9
Other redundancies:	2.1

Restructuring does not compromise our capacity

Upside leverage intact

Operating Costs As Percentage Of Revenues

	2001 actual	2002 consensus	2003 budget
Total Revenues	100%	100%	100%
Service Revenues	51%	50%	47%
Operating costs			
R&D	22%	24%	23%
Services	38%	46%	37%
Sales & Marketing	17%	23%	16%
G&A	12%	19%	16%
Operating Profit	11%	-13%	8%
Restructuring		-17%	

Operating costs as a percentage of revenues

	2002	2002 to 2003			2003	leverage	Target
		annualised impact of restructuring	revenue leverage	reinvestment & efficiencies			
R&D	21%	-5%	-2%	6%	23%	-7%	16-18%
Services	46%	-3%	-4%	-3%	37%	-4%	32-34%
Sales & Marketing	27%	-4%	-2%	-2%	16%	0%	15-18%
G&A	19%	-1%	-2%	0%	16%	-5%	10-12%
% of Revenues	113%	-13%	-10%	1%	92%	-15%	78%-80%
Net of amortisation	105%	-13%	-10%	-2%	-80%		

- Revenues will benefit from our strong ILF signings in 2H 2002
- Earnings depressed by high investment in R&D, which will trend back to business model within 2 years as a result of leverage derived from corebanking revenues
- Services will benefit from higher utilisation in 2003 over 2002 as a result of higher licence sales in 2H 2002
- Sales and marketing costs will leverage deal size growth
- G&A will benefit from high operational leverage as growth returns



Market Overview and Perspective for 2003

Rachel Rowe

Global Manager

Research & Knowledge Management

Analyst Update

10th February 2003

London

- Review of 2002
- Strategic Shift
- Outlook to 2003
- Hot Spot in 2003

Review of 2002

- Heightened competition from non-banks, a bearish market and decreasing bank profits and revenues have influenced the banks' IT spend in 2002
 - Strategic focus
 - New FSI entrants – increased market potential
- Number of core systems deals were **down** in 2002 for Wholesale Banking whilst sustained or increase for Retail Banking
- Almost every banking software vendor faced a severe **drop** in revenues and/ or took restructuring measures
- Total Financial Services IT spending **growth** was much slower – **Cross Industry** IT growth was negative
- ***“The worldwide IT industry suffered its largest decline ever in 2002, with negative growth rate of 2.3%” John Gantz, IDC Nov. 2002***
- In contrast, the volume of Financial Services IT spending is reaching all time highs
- ***“Worldwide IT spending for the financial services industry has hit an all time high of \$350 billion per annum” Gartner***

- Gaining flexibility, reducing costs, time to market and operational efficiency will all be key
- IT projects that will be funded in 2003 will be **strategically focused, high impact** and **low cost** – Financial Insights
- Savings on legacy systems could lead to major savings in business processes

- Shift towards **external** spend, rather than internal development and maintenance
- Hardware spend will decline
- Software and Services spending will increase
- Transition factors towards external vendors include:
 - Vendor **credibility**
 - Product **maturity**
 - FSI focus on **core** business
 - Increased **outsourcing**

- Financial institutions were more **rigorous** in 2002 in their project spending and will continue to enforce rigour in 2003
 - Longer sales cycles
 - Third party consultancy
- Investments in 2003 will be focused on preparing for the future
 - **Replacing** old technology
 - **Reducing** costs
 - Gaining **competitive advantage**
- Overall FSI IT growth will remain **soft**, but strong growth for **third party applications** and **external services**
 - Outsourcing is high on agenda



- **Corporate Banking:** Will continue to be a challenging year – focus will be on critical IT investment:
 - Overhauling and unifying treasury & fund management systems
 - Gaining better risk management control and increasing margins
 - Strong emphasis on Security and Disaster Recovery
 - Regulatory reporting - derivatives
- **Retail Banking:** remained robust in 2002 – For 2003 as revenues may level off much of investment will be strategic
 - Two tier strategy:
 - Banks focusing on Mass Market will focus on reducing operational costs and increasing efficiency
 - Banks focusing on Wealth Management will focus on cross-selling diversified product portfolio to the mass affluent
 - Branch renewal will be a key area in 2003: based on a review of the branch role, especially for those targeting mass affluent
- **Private Banking:** Key focus will be on customer retention, increasing margins & refocusing on High Net Worth Individuals



Hot Spot in 2003: Core Systems Replacement

- The daunting task of replacing core processing systems will be undertaken:

“Celent foresees many large financial institutions will invest hundreds of millions of dollars over the next few years to replace outdated mainframe legacy systems. Old systems have proven to be extremely inefficient, transaction-based as opposed to customer-centric, and no longer flexible enough to handle the growing number of new applications deployed”

- Core systems replacement requires strong business driver to be undertaken
- Tier 1 Banks show an increasing interest in core system packaged software
- Banks adopting a **Line of Business** approach
- A single platform across geographies will be key – especially in **Corporate Banking**
- Banks targeting the **mass market** in retail banking will be prime targets for core system replacement – Tier 1 & Tier 2 Banks



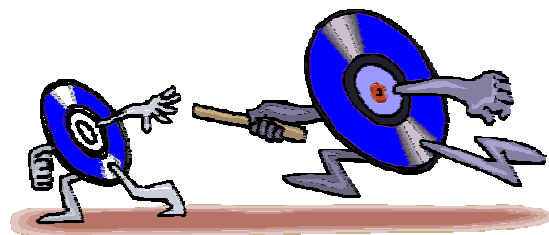
Analyst Update

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TEMENOS GLOBUS™ Sales Overview

Philip Stanning
Global Sales Director



Winners of the CD Race...

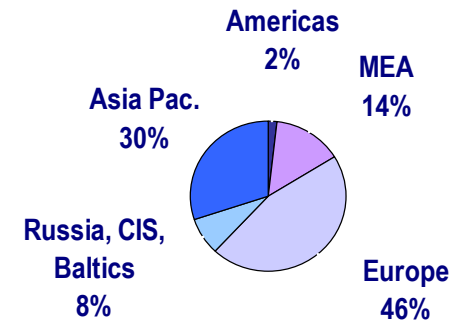
Which are the Biggest Challenges Faced by Banks Today?



- Key challenges are:
 - Increasing profitability
 - Improving customer service
 - Reducing costs
 - Enabling new business growth
- “New product development and delivery are casualties of system underperformance for many banks”
- Many banks believe that their existing core banking systems will not support their future business needs

- Introduce the sales team
- Sales cycle duration and milestones
- Win hit rates
- Client segmentation
- Competition

- Significant investment in the sales & presales organisation
 - Reorganised regions and sales structure
 - Global “best in class” team
 - Clear qualification and client pursuit processes in place
 - Good return on our partnership agreements: IBM, Oracle
- Significant Results
 - 2002 ILF signings were the highest recorded in any fiscal year in the history of TEMENOS
 - Huge cross-sell opportunities in 2002:
 - 15 new contract signings with existing clients



“Not all suppliers could have matched TEMENOS in gaining deals in Nepal, Vietnam, Kosovo, down into Africa, the rest of Asia Pacific and Central Europe, and also in the US and Western Europe...”

“It is able to compete on all fronts and there is seldom a selection where it is not involve...”

“Its sales resources are large and tenacious...”

(IBS March 2002 Issue 11.6)

TEMENOS a Global Player – Sales Coverage



TEMENOS

Across 8 Regions



Corporate Sales – UK Based

Sales and marketing

Direct sales

- **Offices** around the world
- **Target large global banks**
- Generating **the majority** of TEMENOS' license revenues

Strategic alliances

- **IBM/ PWC:** strategic alliance covering sales, services, R&D and marketing
- Strategic alliances with **leading IT service providers** and **system integrators** (e.g., Oracle, MS .Net, Accenture)
- **HP/ Samsung Benchmark** on Oracle
- **EDS:** joint sales efforts

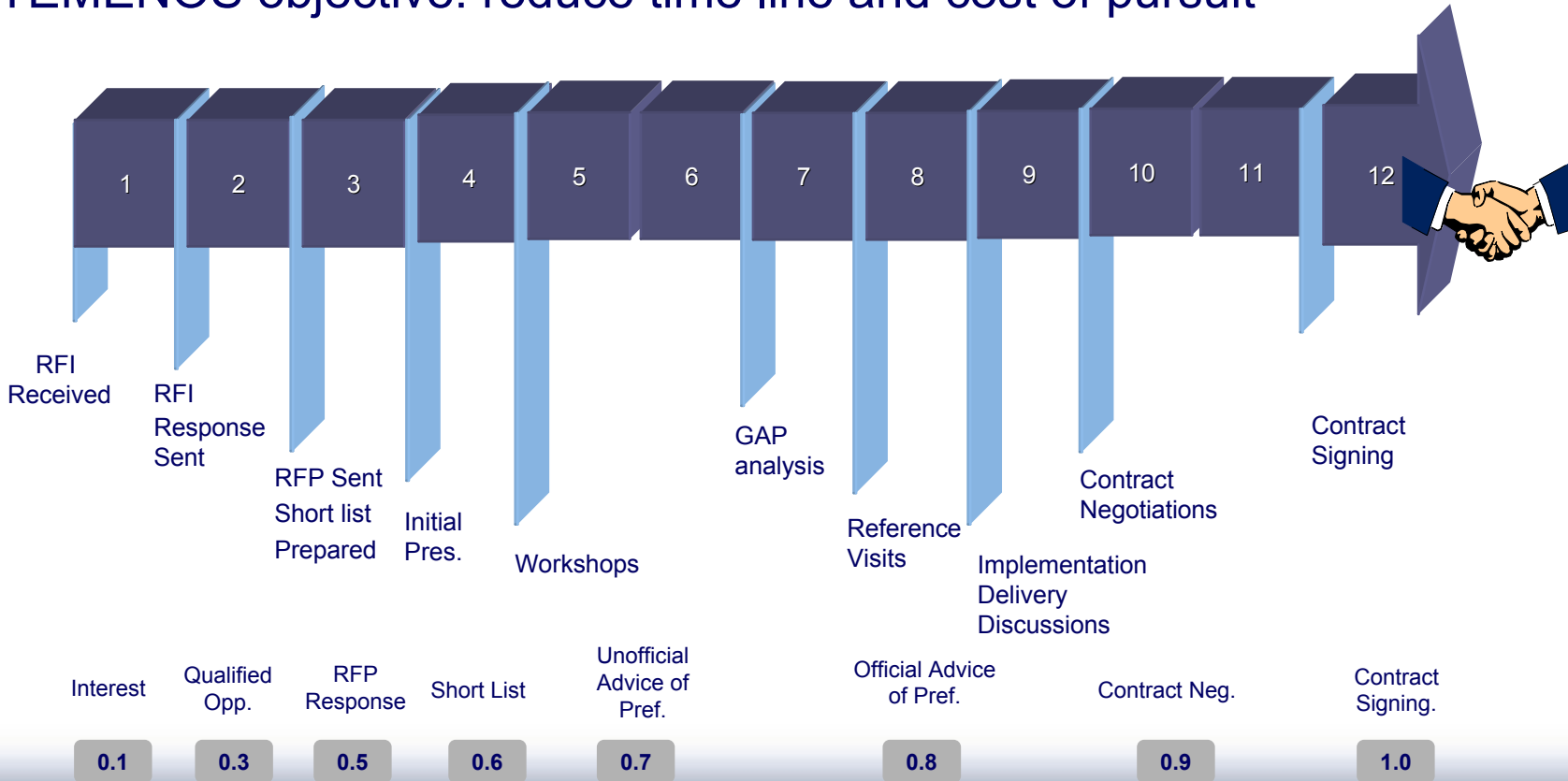
Distributors

- **10 independent** distributors
- Distribution within a **specific country or region**



TEMENOS: A Structured Sale Cycle

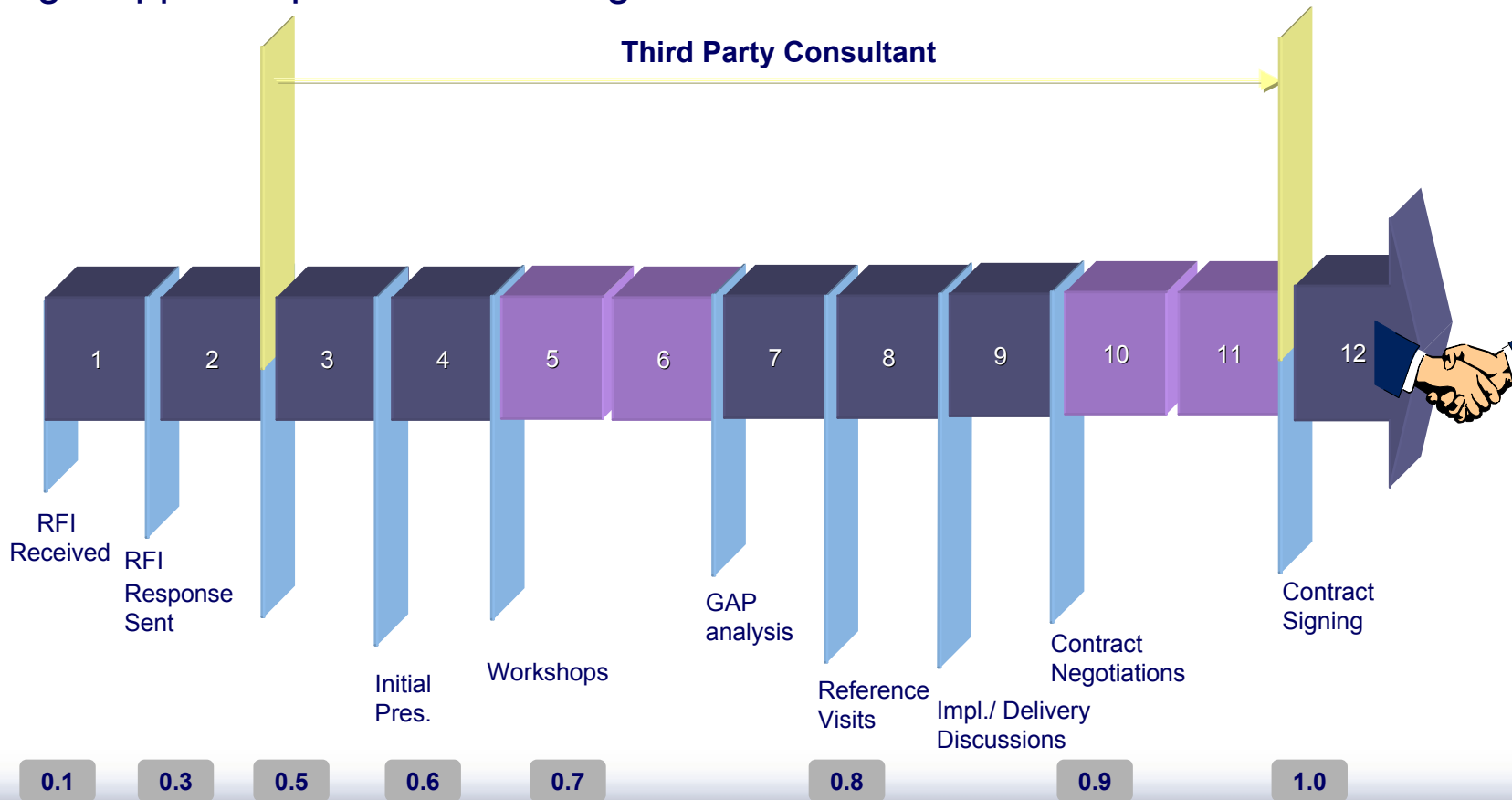
- Clear milestones to measure progress
- Qualifications of sales leads
- Process tailored to client's needs
- TEMENOS objective: reduce time line and cost of pursuit



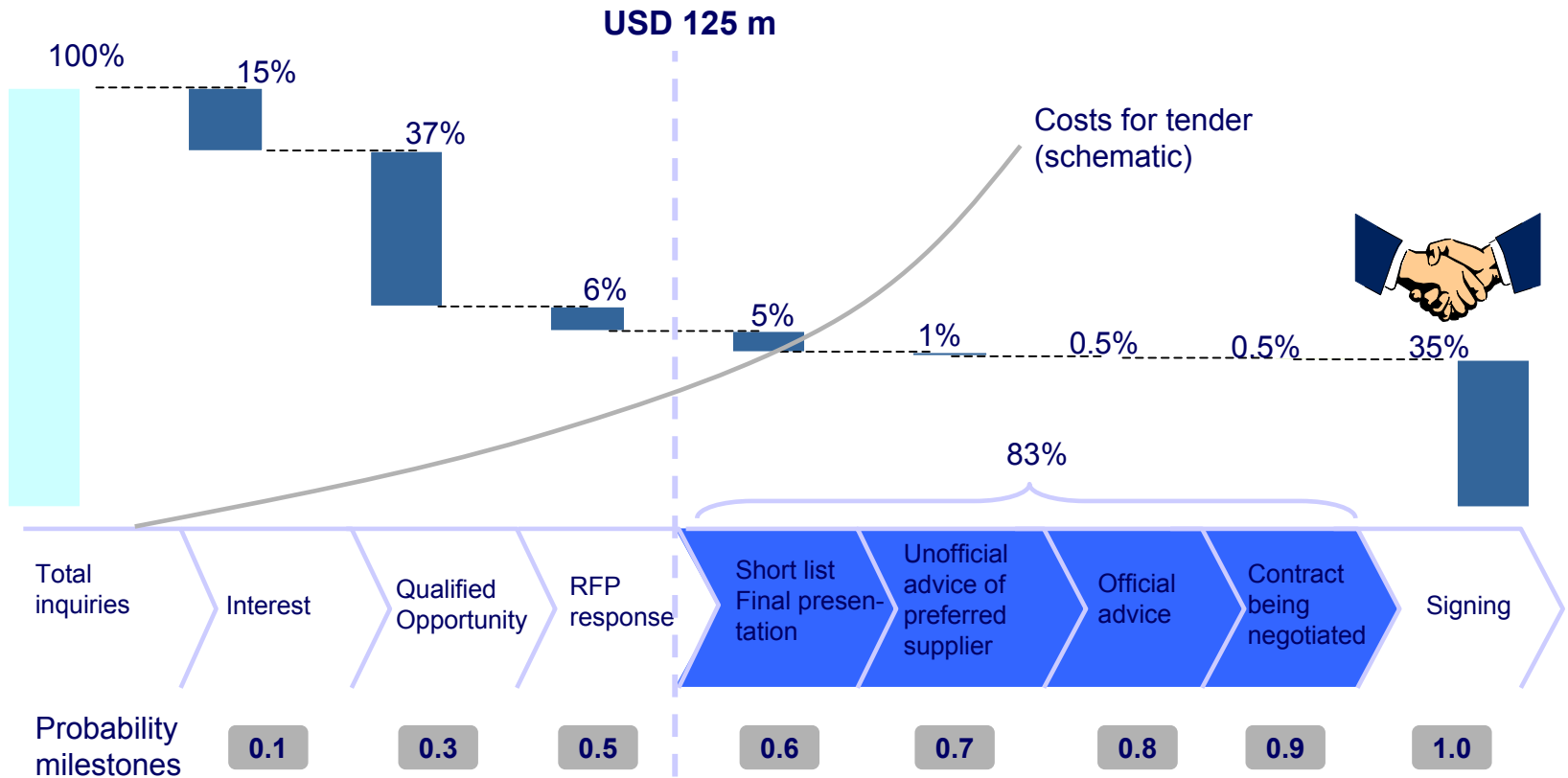


...Sales Cycles are Evolving – Case Study

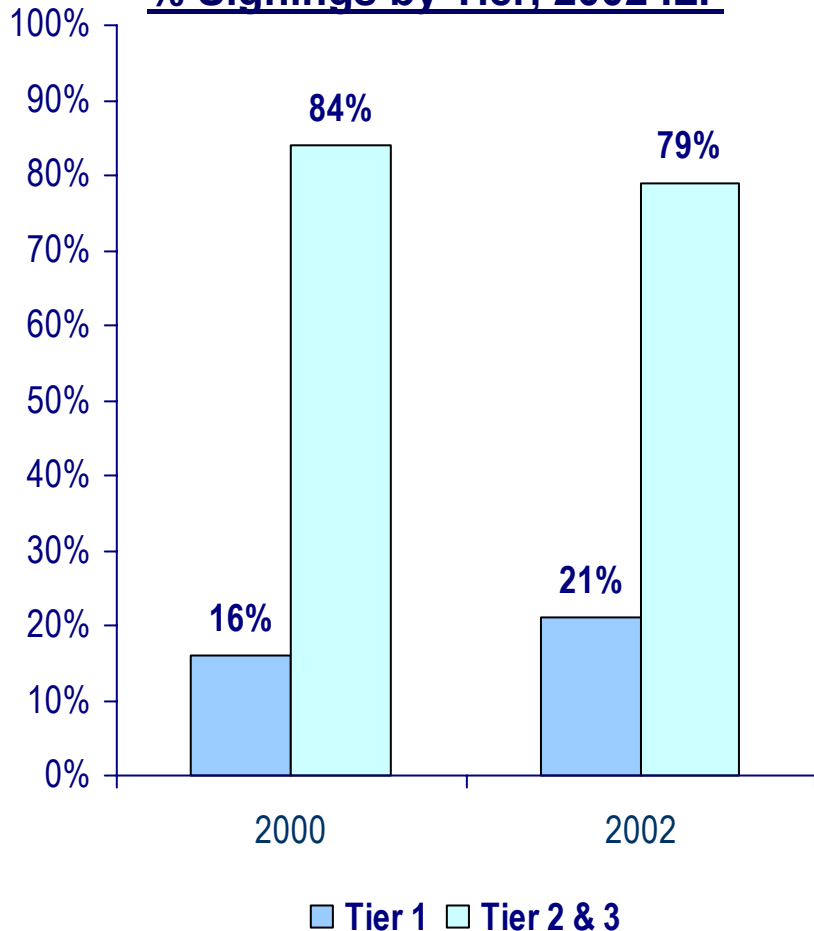
- Gartner estimates that sales cycles **increased** by 2 to 3 months in 2002
- Sales process more complex and thorough
- Budget approval process also longer



Selection within sales funnel for each milestone 2001/ 2002



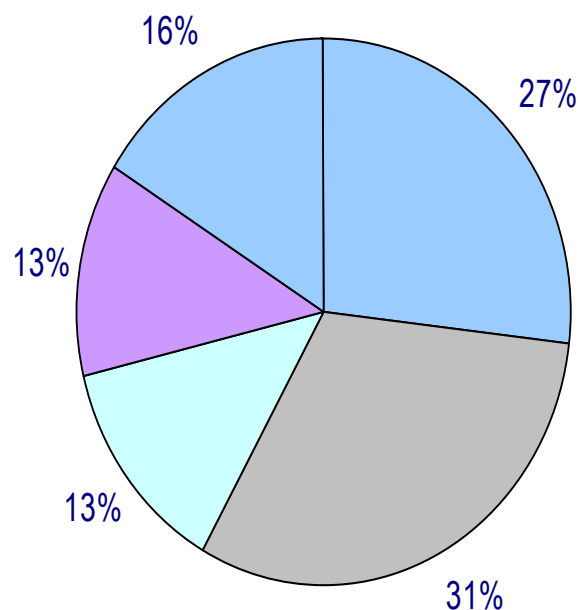
% Signings by Tier, 2002 ILF



- 2002 key year for Tier 1 signings with Samsung and ING
- Appeal to Tier 1 Banks because of:
 - Functionality
 - Flexibility
 - Hardware and Database independence
 - Proven & stable architecture
 - Significantly greater banking experience
- Tier 2 & 3 banks still core installed base because:
 - Greater need to reduce cost
 - Limited IT & personnel resources
 - More open to using external software provider

- Smaller number of retail deals but on average larger contracts
- Retail banking continued to fair well in 2002 compared to wholesale
- Universal deals tend to reflect lower tiered organisations
- Trend is for LoB core system replacement
- However, cross-selling emphasised in 2002

% Signings by LoB, 2002 ILF

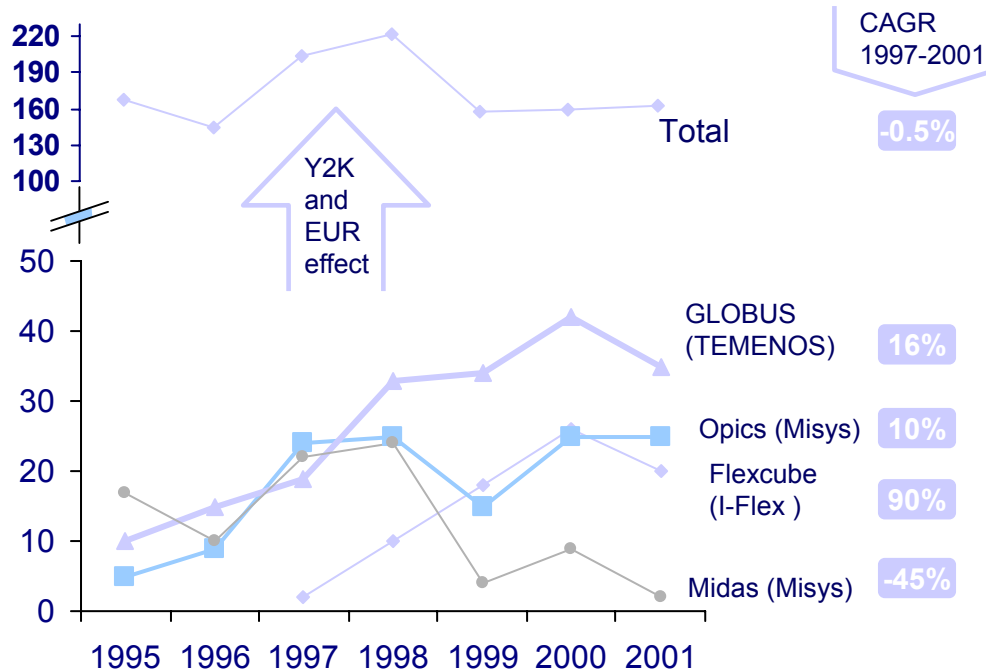


■ Wholesale ■ Retail ■ Private ■ Universal ■ Other

- **ING**
 - First wholesale deal of comparable size in history,
 - GLOBUS/ Flexcube underwent detailed evaluation prior to selection
 - Private banking and Retail banking opportunities
- **Samsung**
 - Korea foothold
 - Consumer lending foothold
 - Another Oracle deal
 - Scalable benchmark
- **IBK**
 - Large TEMENOS Core Banking deal
 - Further Korean win
- **Saudi Hollandi Bank**
 - Prestigious Saudi bank
 - Strong link with ABN Amro
- **Dunfermline**
 - Key foothold into Building Society market
 - Huge growth in core system replacement expected, need to gain expertise

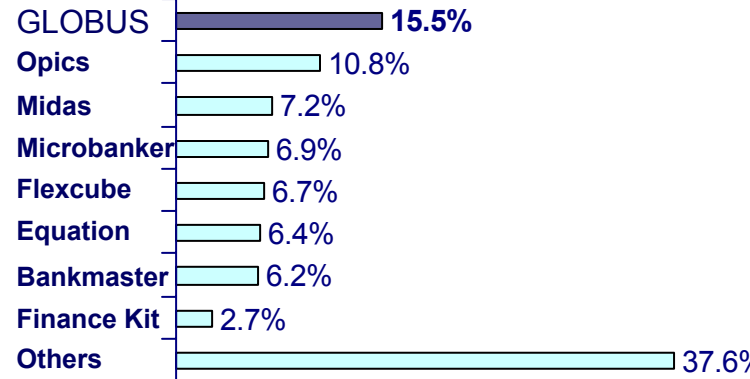
Number of banking software signings and market share

Development of new banking software signings



Market shares (cumulated 1995-2001) [%]

Signings [Total 1,216]



1) Midas, Equation, Summit, Kindle

Source: IBS

TEMENOS Competition = Few True “All-In-One” Players



Areas of coverage

	Vendor	Product	Asset Management	Treasury Management	Securities & Capital Markets	Corporate Banking	Wealth Management/ Private Banking	Retail Banking	CRM
Multi product vendors	TEMENOS	GLOBUS	[Full coverage]						
	I-Flex	Flexcube	[Full coverage]						
	Misys	Opics, Kindle, Midas, Summit	[Coverage]	[Coverage]	[Coverage]	[Coverage]	[Coverage]	[Coverage]	[Coverage]
	Sungard	Quantum	[Coverage]	[Coverage]	[Coverage]				
Niche players	Wall Street Systems	Wall Street	[Coverage]	[Coverage]					
	ERI Bancaire	Olympic	[Coverage]				[Coverage]		
	Trema	Finance Kit	[Coverage]	[Coverage]					
	FI Serv	ICBS				[Coverage]		[Coverage]	
	ADP	Gloss, OMR			[Coverage]				
	London Bridge	Vectus, Phoenix						[Coverage]	[Coverage]
	Sanchez	e-Profile						[Coverage]	

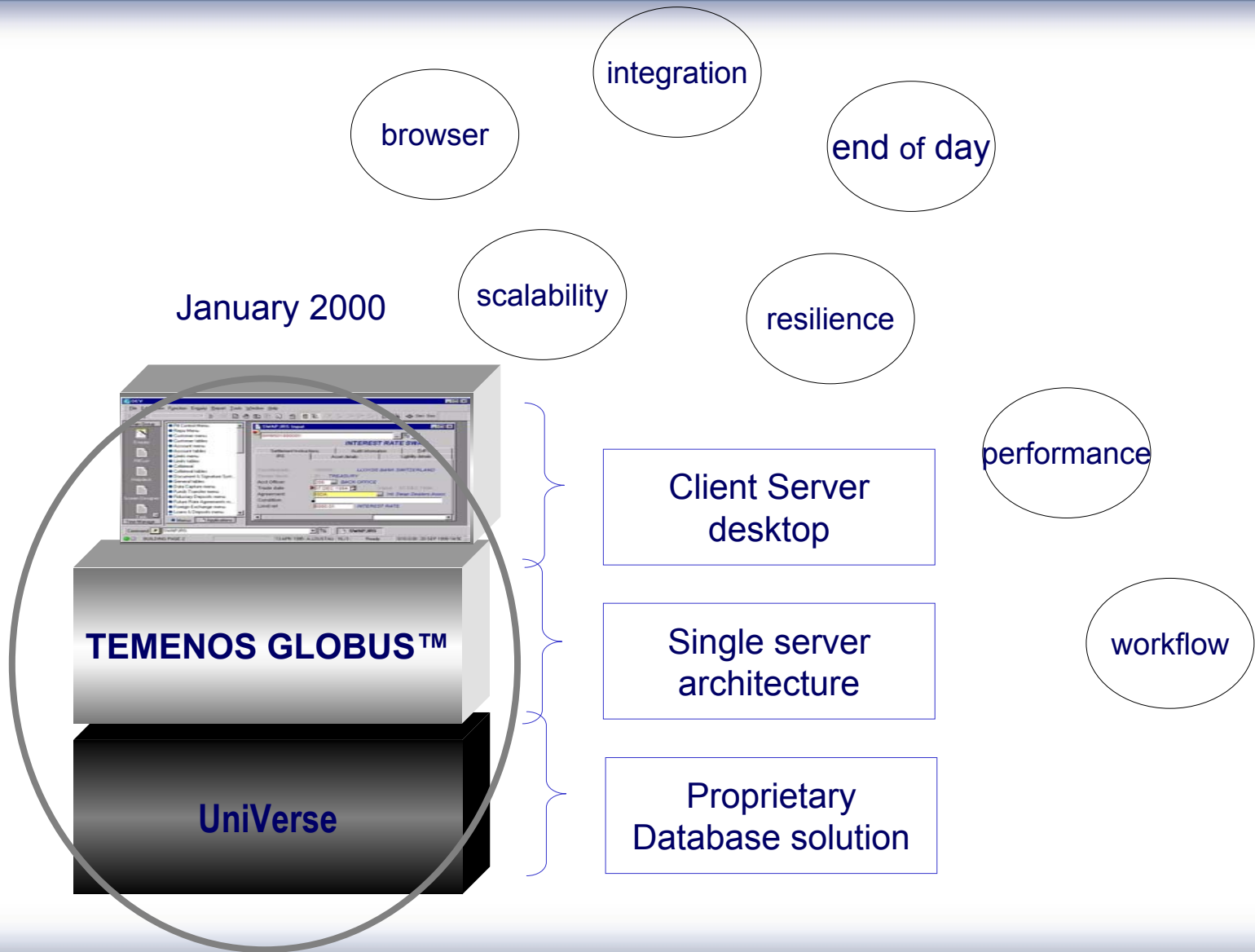


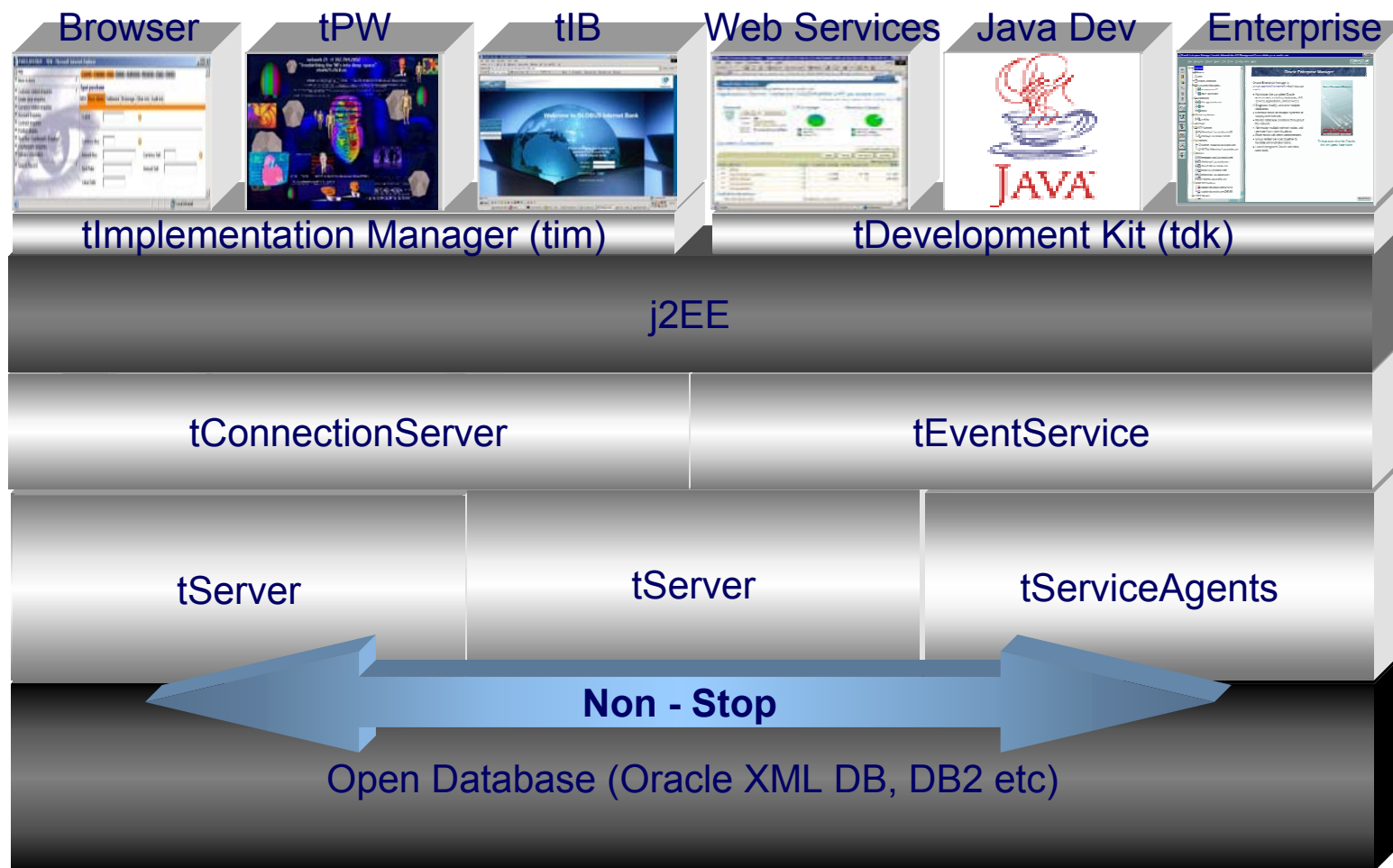
TEMENOS T24

André Loustau
CTO

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- For the past 2 years we have invested over 24 million dollars in a major technical renewal of our flagship product: TEMENOS GLOBUS™
- All these developments are completed and are now in the final stages of packaging.
- This investment culminates in June when we will deliver the final phases.



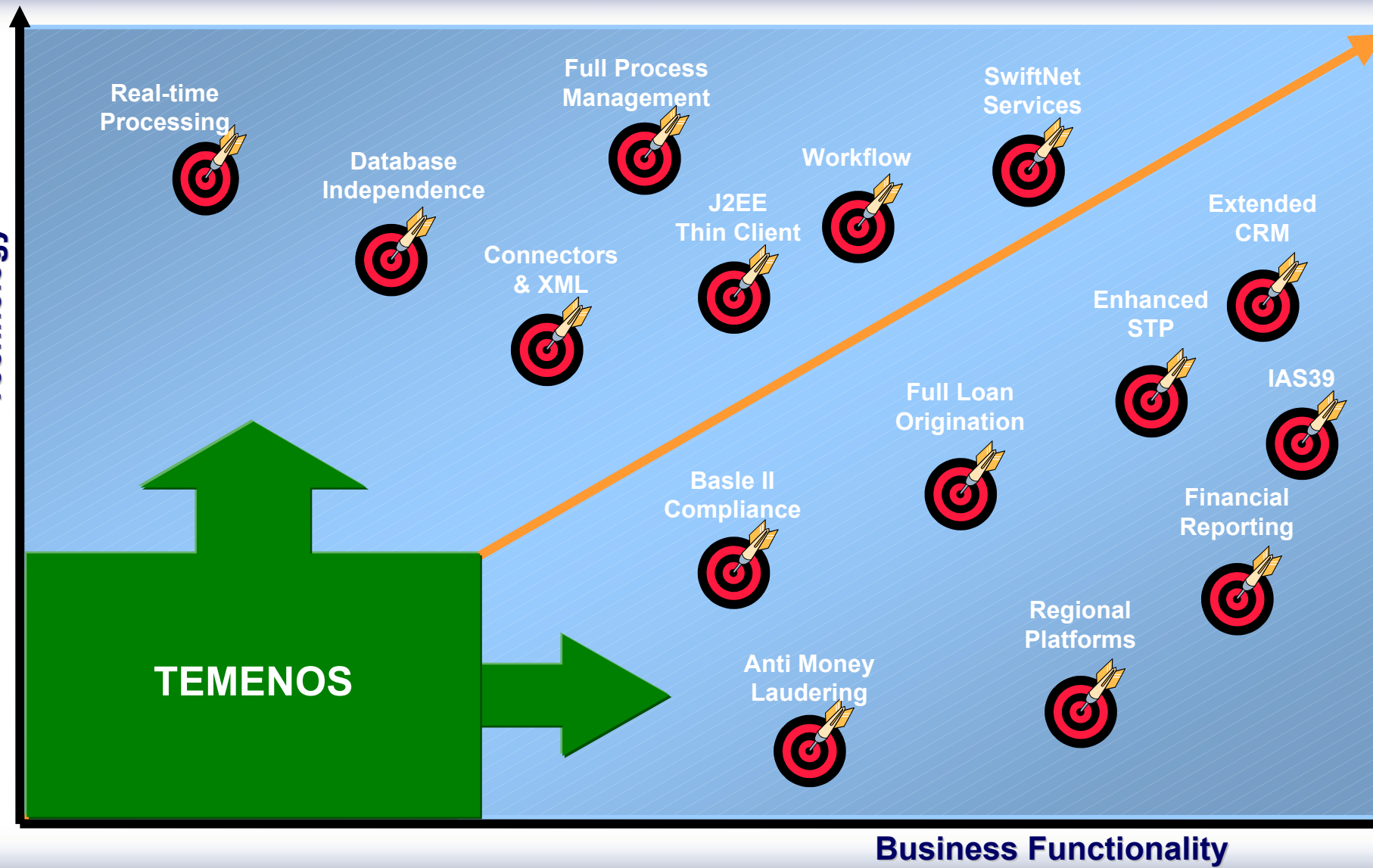




Product Direction
Søren F. Mortensen
VP Product Strategy

Analyst Update
10th February 2003
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Introductions in 2003





Thank You