



TEMENOS

The Banking Software Company



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Financial Results & Business Update

Quarter ended 31 March 2011

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 19 April 2011. 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 19 April 2011.

Agenda

- 1 Introduction** | Sarah Bowman | Investor Relations
- 2 Strategy and Business update** | Andreas Andreades | CEO
- 3 Financial update** | David Arnott | CFO
- 4 Acquisition Update** | Max Chuard | Director, M&A and IR
- 5 Outlook and Summary** | Andreas Andreades | CEO
- 6 Q & A**

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Highlights

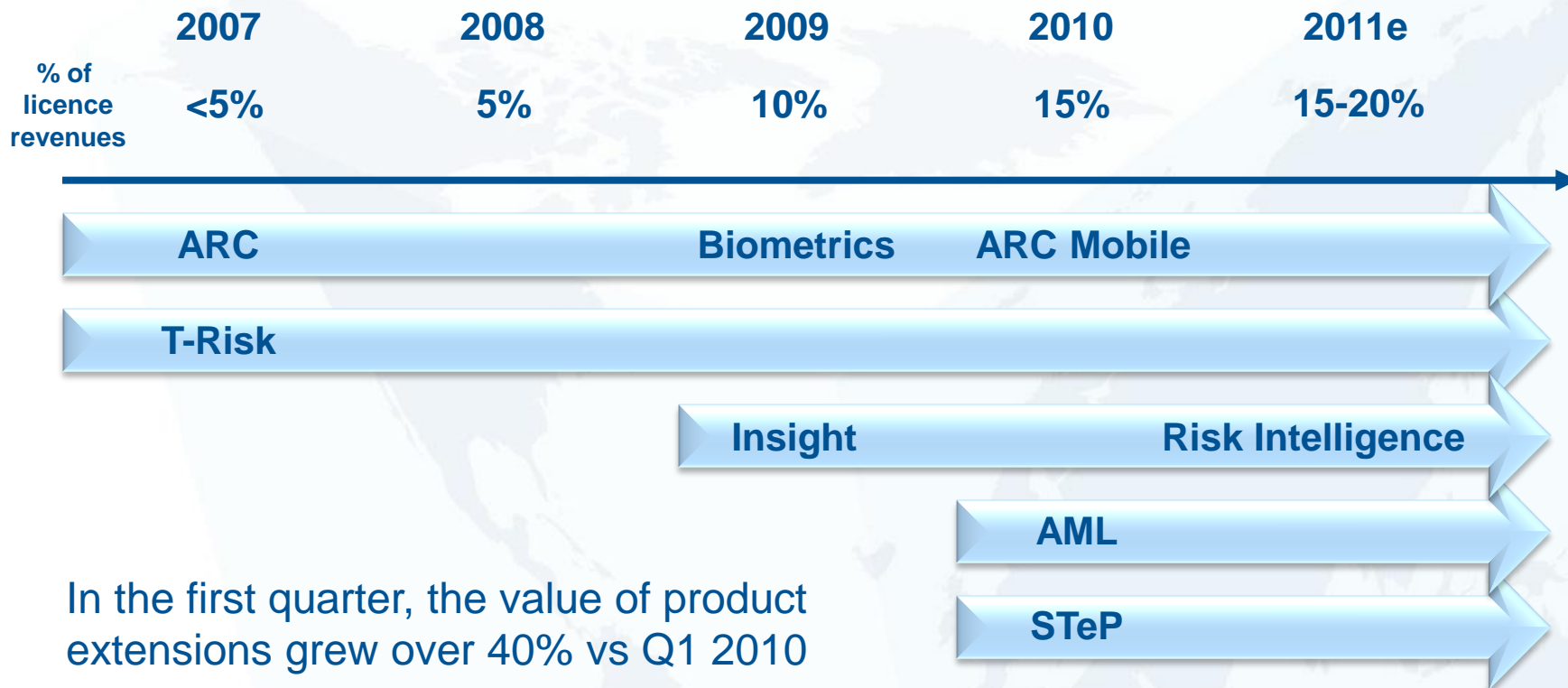
- Continuing to gain market share
 - Top of the IBS League table again for 2010 - confirms significant market share gains
 - Forrester also ranks Temenos as best selling vendor, one of two “power” vendors in the market
- Continuing to broaden our partner sales and delivery network
 - Now launching the first Europe-wide ASP offering to widen the addressable market for T24 in partnership with Wipro
- Reconfirm outlook
 - T24 to grow 19%-24% in the year
 - Pipeline, visibility and market development continue to support our full-year licence outlook

Growth drivers

- Licence revenue
 - 6% Like for like licence growth, ahead of reported – V-bank contribution lower
 - Lower contribution from sales to MEA: 6% vs. 12% in Q1 2010
 - Middle East tensions and Japan disaster slow down but do not stop decision making
 - Pipeline supports full year outlook and continues to be at record levels
 - Wipro partnership gives us increased visibility
- Product extensions
 - Demand for new products strong
 - Now comprise 16% of Q1 total licence revenues
- Odyssey integration proceeding well
 - No. 1 vendor in fast-growing market segment
 - Complete front-to-back product portfolio
 - PWM expectations ahead of business plan

Update on product extensions

Product extensions an integral part of our growth strategy



In the first quarter, the value of product extensions grew over 40% vs Q1 2010

Now represent 16% of total licence revenues.

Wipro partnership and ASP model

- Signed exclusive agreement with Wipro to deliver T24 on ASP model to small European banks
 - Initial reseller agreement projected to bring a minimum of USD 15m in licence revenues over the next 2 years
 - Significant increase to licence revenue visibility on committed revenue flow to Temenos
 - Temenos maintains traditional ILF business model
 - Model may be replicated in other regional markets
- ASP model delivers proven benefits to small/mid size banks
 - ASP provides lowest upfront investment and low TCO for smaller banks/new entrants
 - Circa 8,000 banks in Europe with average assets of less than 3bn – addressed through this new offering
 - Market studies show increased demand for ASP model in Europe
 - We also see substantial demand at sales level

- Transition to new business model
 - Partners continue to invest and take a greater load of service business
 - Refocusing services organisation towards offering high level product related services, training and governance
 - This meant we had to reduce our headcount, taking a restructuring charge of USD 5.7m in Q1 2011
- 2011 a transition year for services business
 - We believe the transitional model still requires more Temenos support
 - We continue to rebalance skills towards our target operating model
 - We are at the point that we have the right capacity for growth, even if this means that we are going to have a break even services business for 2011
- Mid-term projections unchanged
 - Services to comprise 25-30% of revenues
 - 10-15% operating margins

Update on partners

IBM – Major launch of new T24 component-based architecture on the z-series

- Addresses the requirements of the world's largest banks
- Protects their investment in mainframe infrastructure
- Key to unlocking retail/Tier 1-2 verticals – ca. 60% of core banking market

Oracle – Exadata benchmark showed impressive speed/scalability on T24. Consistent with our strategy to be the preferred solution for the full Oracle stack. Bundled T24 product on Exadata platform to launch at the TCF.

Microsoft – Launch of T24 on Azure is groundbreaking as the first cloud application for banks. Will continue to develop T24 for the cloud and progress with joint marketing. SQL was the fastest growing database in 2010.

Cognizant – Have assumed managed testing services. Continue to build practice and global scope.

Deloitte – Investing heavily in training resources. Have adapted our training programme to better suit their needs. Have been instrumental in gaining traction with a number of leads.

Capgemini – Thesys acquisition jump-started activity, now progressing rapidly. Have demonstrated early success in PWM, also active in managed testing services.

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Income statement highlights

in USDm	Q1 11	Q1 10	% Δ
Licence revenues	28.1	27.2	3%
Total revenues	103.1	93.9	10%
Adj. EBIT	5.0	12.5	(60)%
Adjusted EPS*	0.05	0.17	(70)%

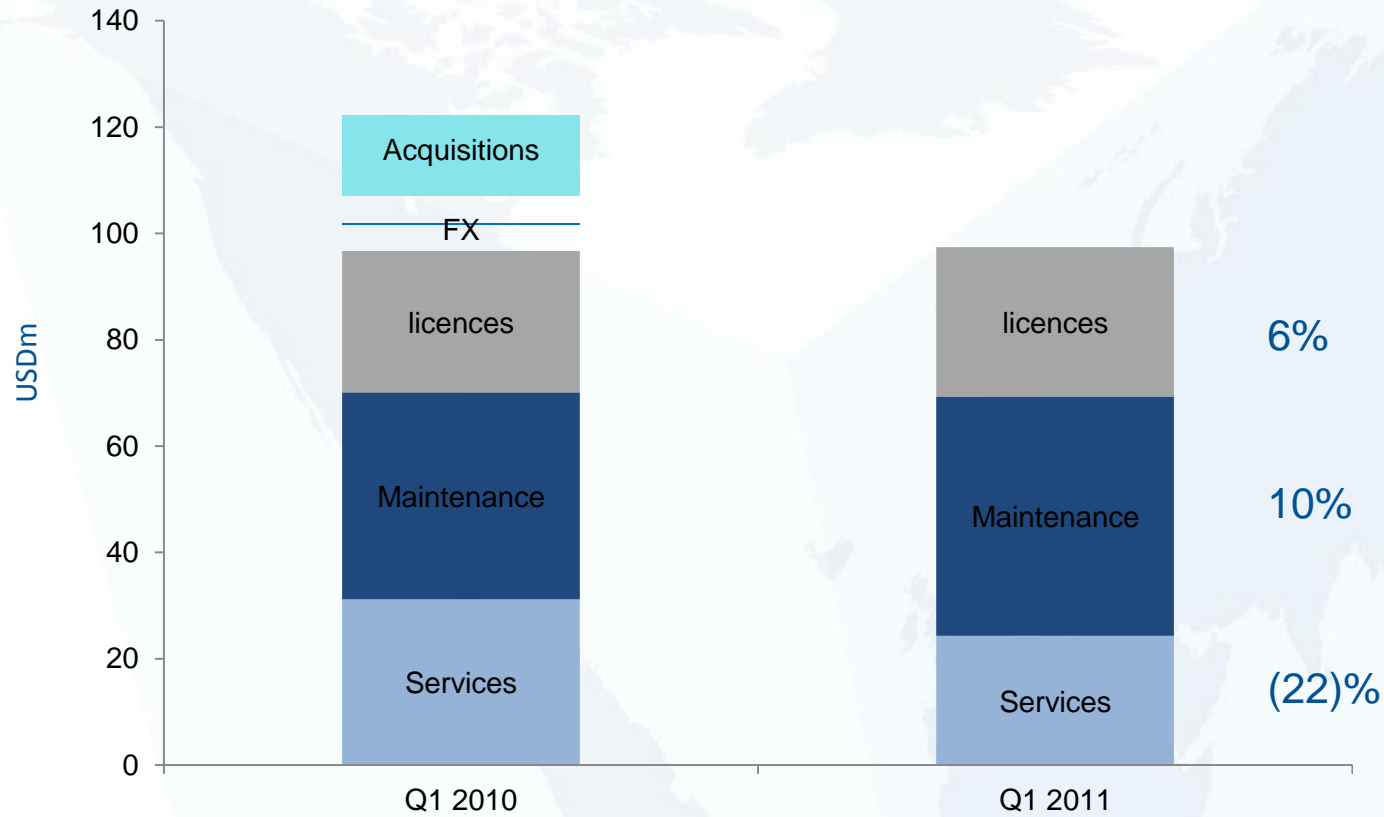
** USD per share; see appendix for reconciliation*

Financial statement highlights

in USDm	Q1 11	Q1 10	△	LTM 11	LTM 10	△
Licences	28.1	27.2	3%	160.9	125.4	28%
Maintenance	48.8	35.1	39%	168.5	124.4	36%
Services	26.3	31.6	(17)%	127.7	133.3	(4)%
Total Revenue	103.1	93.9	10%	457.2	383.1	19%
Total operating costs	(112.6)	(92.1)	22%	(394.8)	(309.7)	27%
Adj. EBIT	5.0	12.5	(60)%	106.2	92.7	15%
Margin	5%	13%	(8 pts)	23%	24%	(1 ppt)
Adj. EBITDA	12.1	18.8	(36)%	132.0	116.7	13%
Margin	12%	20%	(8 pts)	29%	30%	(1 ppt)
Cashflow from Ops	(19.0)	21.7	N/A	85.1	132.1	(36)%
% of EBITDA	N/A	185%		82%	124%	

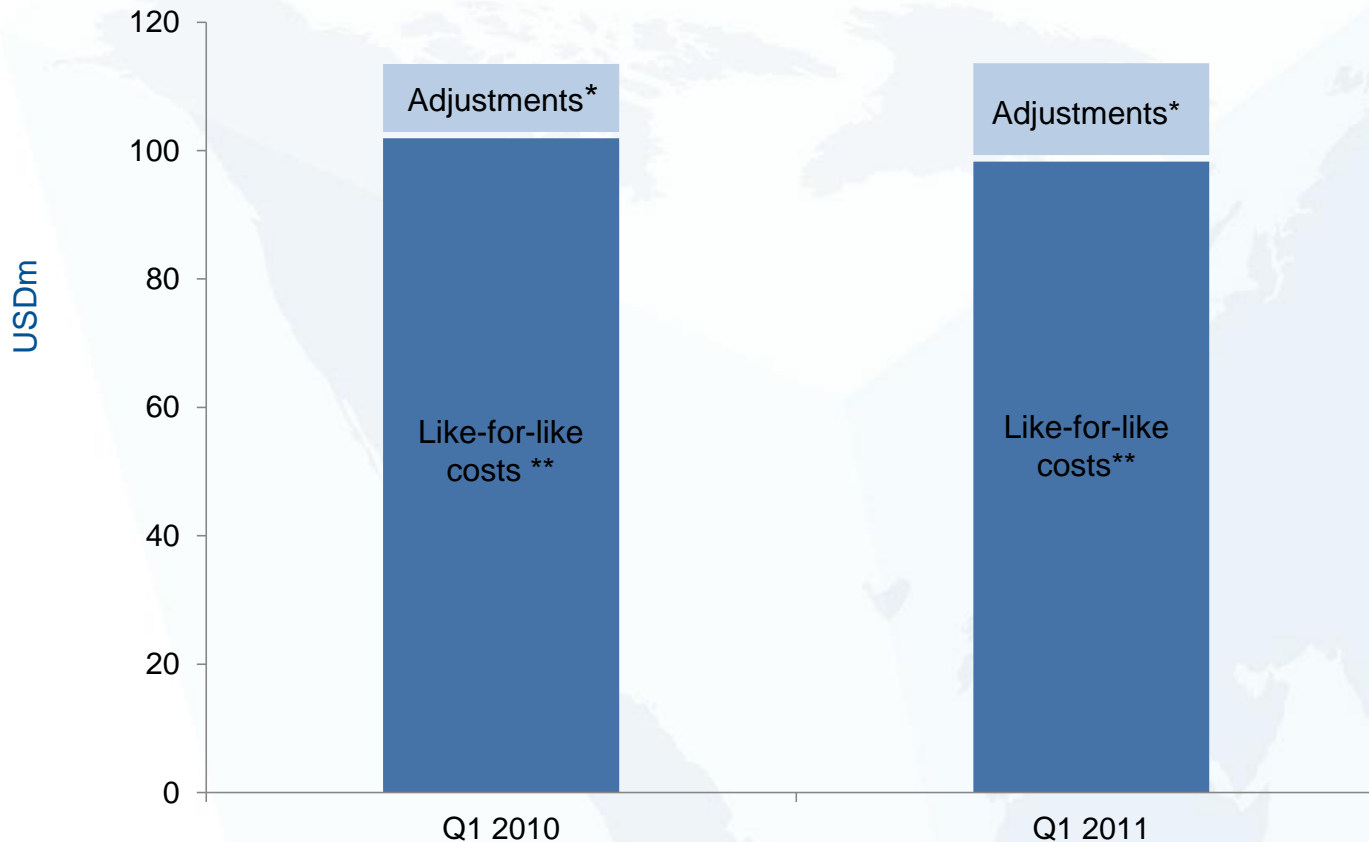
Q1 Like-for-like revenues

Like-for-like total revenue -1%...



Q1 like-for-like costs

...vs. like-for-like costs -4%



LfL Costs expected to remain flat for the balance of the year, allowing us to deliver greater operating leverage

* Includes FX, restructuring and amortization of acquired intangibles

** Includes pro-forma Odyssey costs, and excludes FX, restructuring and amortization of acquired intangibles

Services margin

in USDm	Q1 11	Q1 10	y-o-y Δ	LTM 11	LTM 10	y-o-y Δ
Revenues	26.3	31.6	(17)%	127.7	133.3	(4)%
Adj direct costs	(32.4)	(29.9)	8%	(118.0)	(97.9)	21%
Adj. gross margin	(24)%	5%	(29)ppts	8%	27%	(19)ppts
Adj. services overheads	(5.8)	(3.3)	76%	(16.8)	(13.7)	23%
Adj. service margin	(45)%	(5)%	(40)ppts	(6)%	16%	(22)ppts

- We absorbed the decline in services as partner program accelerated from mid 2010
- We believe we have the right capacity for growth, even if this means that we are going to have a break even services business for 2011
- The large fixed overhead cost component of services magnifies the margin shift

Margin development

Underlying product leverage remains primary driver

Adj. Margin	Q1 2011	Q1 2010	FY 11e	FY 10
Product	22%	23%	36%	35%
Service	(45)%	(5)%	0%	3%
Adj. EBIT	5%	13%	26-27%	25%

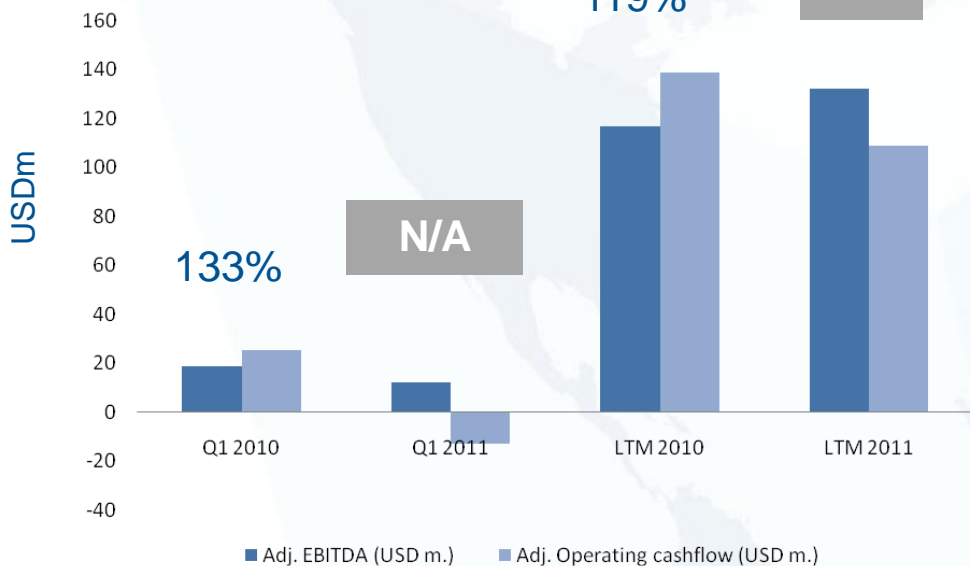
- Product margin demonstrates significant leverage
 - Extracting economies of scale
 - Allows us to digest transition year in services
- Services margin
 - Significant portion of fixed overhead costs w/in services margin
 - As services profitability returns, fixed costs may be leveraged

Income statement

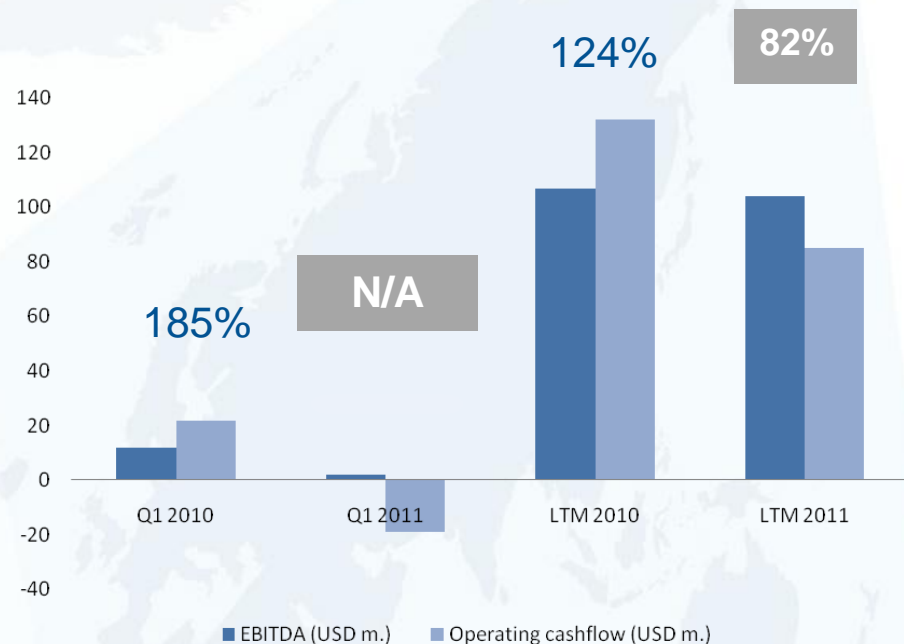
in USDm	Q1 11	Q1 10	y-o-y Δ	LTM 11	LTM 10	y-o-y Δ
Adjusted EBIT	5.0	12.5	(60)%	106.2	92.7	15%
Net finance charge	(1.7)	(2.2)	23%	(12.5)	(8.5)	(47)%
FX (loss)/gain	0.4	0.7	(41)%	0.7	(0.6)	n/a
Tax	(0.2)	(0.1)	n/a	(0.4)	(0.5)	n/a
Adjusted Net	3.5	10.9	(68)%	94.1	83.1	13%
Adjusted EPS*	0.05	0.17	(73)%	1.36	1.26	8%

* USD per share; see appendix for reconciliation

Adjusted EBITDA conversion



EBITDA conversion



Cash proof

USDm	Q1 2011	Q1 2010	Comments
Cash collection	101.8	92.5	
Cash opex	(92.3)	(82.9)	
Cash from Ops - normalized	9.5	9.6	
Movement in payables	(14.4)	12.5	Supplier payment timing; reverses in Q2 and FY 2011
Movement in deferred revenues	(15.0)	(2.1)	Maintenance cash flow timing reverses in full year
Movement in receivables	0.9	1.7	
Cash from Ops - reported	(19.9)	21.7	

- Good receivables management resulted in positive working capital movement from receivables; absorbing majority of deferred revenue movement in the quarter
- Even before any improvement in DSO, we are fully on track to reach our FY cash outlook

Balance sheet – debt and financing

	Q1 2011 (USDm)	Comments
Credit facilities	216.7	USD 350m facility, due in 2014
Others	1.2	
TOTAL DEBT	217.9	
CASH	167.5	Held in ST deposits & treasury shares
NET DEBT	50.4	
Net Debt to LTM Adj. EBITDA	0.4x	

Very low leverage, despite recent acquisitions

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- Odyssey integration progresses rapidly
 - New PWM division in place with own P&L structure
 - Full integration of sales force under PWM
 - Integration of G&A/IT/Finance complete; bringing significant cost synergies
- Product development strategy on track
 - Can address all tiers with a combined front-to-back solution
- Strong demand seen for PWM products
 - Currently, expected 2011 PWM licence revenues are ahead of business plan, giving us confidence in the full year
 - 2 live clients with combined Triple A and T24 solution

- We continue to screen potential candidates
 - From a product perspective we are looking for candidates in adjacent markets
 - Geographically, we are actively looking at key, large markets
- We maintain our strict adherence to acquisition criteria
 - Acquisitions must be accretive within the first 12 months
 - Aim to leverage global sales organization, market leadership and R&D investment in leading product set.

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2010 was the first year of the recovery...

- Stable deal volume and few megadeals in the overall market
- Equates to relatively slow growth – we estimate around 5%
- IBS results confirm significant market share gains for Temenos

... and all indicators point to acceleration in demand in 2011...

- Analyst commentary and customer spending polls point to strong growth*
- Record pipeline, strong pipeline cover

...based on value delivered and strategic need

- Modern core banking essential for banks to deliver sustainable growth
 - Emerging markets: scalability, STP, product innovation
 - Developed markets: efficiency, sustainable funding, regulation
- 76% of the world's fastest growing banks run modern systems**
- Banks looking for packaged solutions

* See for example Gartner Inc., Magic Quadrant for International Retail Core Banking, September 2010 or Aite Group, Evaluating the Vendors of Global Core Banking systems, October 2010

**Source: The Banker top 1000 banks 2010; IBS BOSS guide; Temenos customer list

Summary and value proposition

- Q1 is a seasonally small quarter
 - 6% like for like growth below trend does not invalidate full year assumptions
 - Small, regional variations on an absolute basis caused by Middle East tensions and Japanese natural catastrophe are more significant in such a quarter
- Business momentum and strategic positioning remains strong
 - Pipeline is strong and visibility is good, especially given development of partner channel
 - Our product set is broad, differentiated and enjoys the highest R&D in the industry
 - Product extensions increase our reach
 - Wipro reseller agreement extends addressable market
 - Our acquisitions are accretive and extend our market share
 - We have a very efficient capital structure

the **most**
profitable banks
run TEMENOS...

62% higher return on capital

54% higher return on assets

7.2 points lower cost/income

Source: Bloomberg Barclays Bank Indices, Top 100 banks 2012 average return to assets, consistent performance for 4Q 2012



The above information on Temenos or its products does not constitute an offer of securities. The only information on Temenos or its products that you should rely on is the information in the prospectus. Please read the prospectus carefully.

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Key Performance Indicators	Outlook	Implied Range*
Like for Like Licence Revenue	19-24%**	197-205
Total revenue	22-26%	546-564
Adj. EBIT Margin	26-27%	
Ebit Margin	20-21%	
EBITDA Conversion into CF from Ops	100%	
Tax Rate	8-10%	

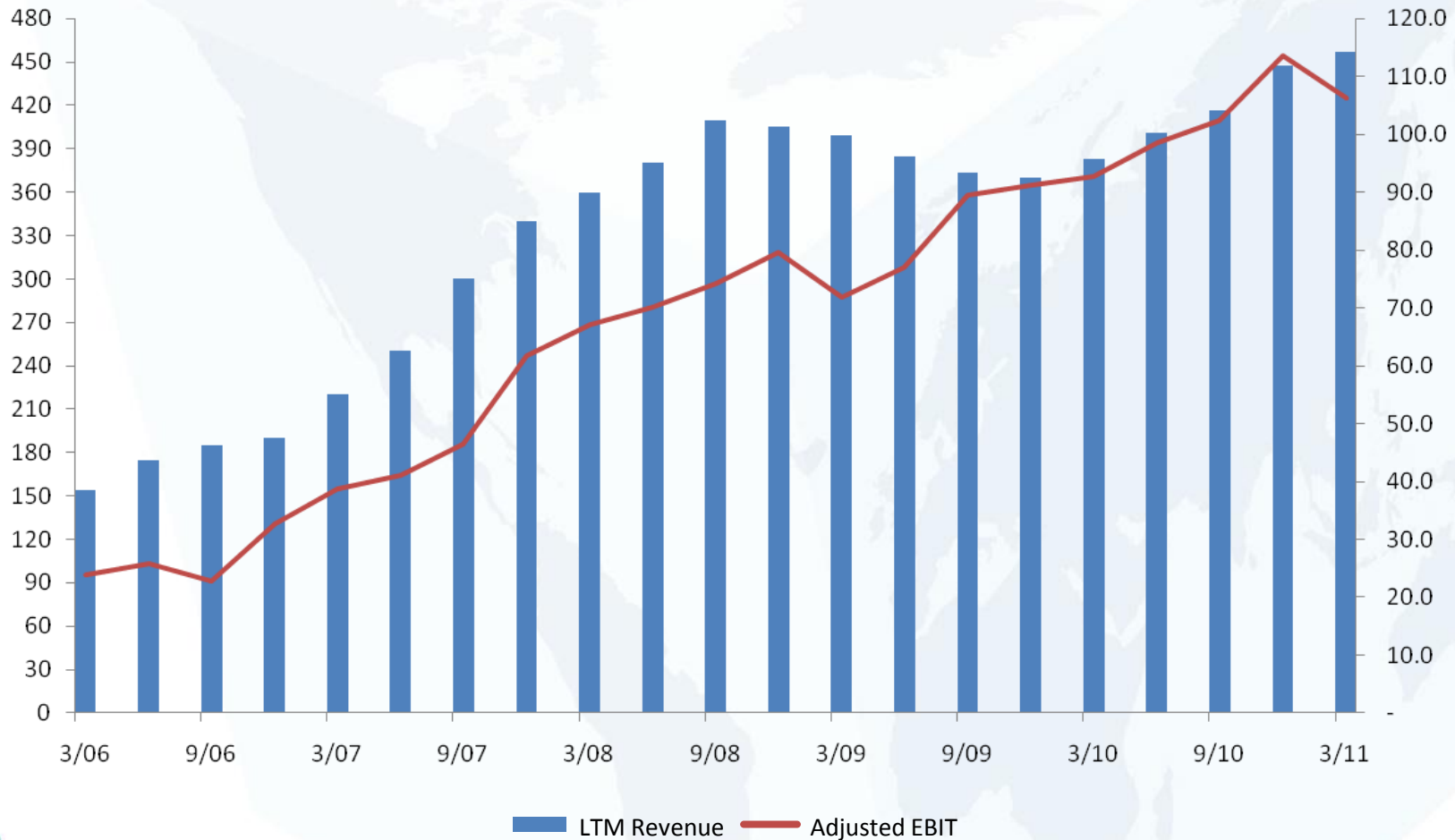
*USDm, based on Q1 at 2011 rates and forecast at 2010 rates, see slide 34 appendix for rates

** Please see reconciliation to previous growth rate on slide 34 in appendix

Closing comments

LTM revenues and adj. EBIT since Q1 2006 (USDm)

Adjusted EBIT CAGR of 35%



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Appendices

Adjusted EPS reconciliation

	Q1 2011 (USDm)	Q1 2010 (USDm)
Net Earnings	(10.9)	0.3
Amortization of acquired intangible assets	4.4	3.6
Bond interest	-	1.5
Restructuring	10.1	7.1
Earnings for adjusted EPS	3.5	12.5
Number of Dilutive Shares	72.7	72.7
Adjusted EPS	0.05	0.17

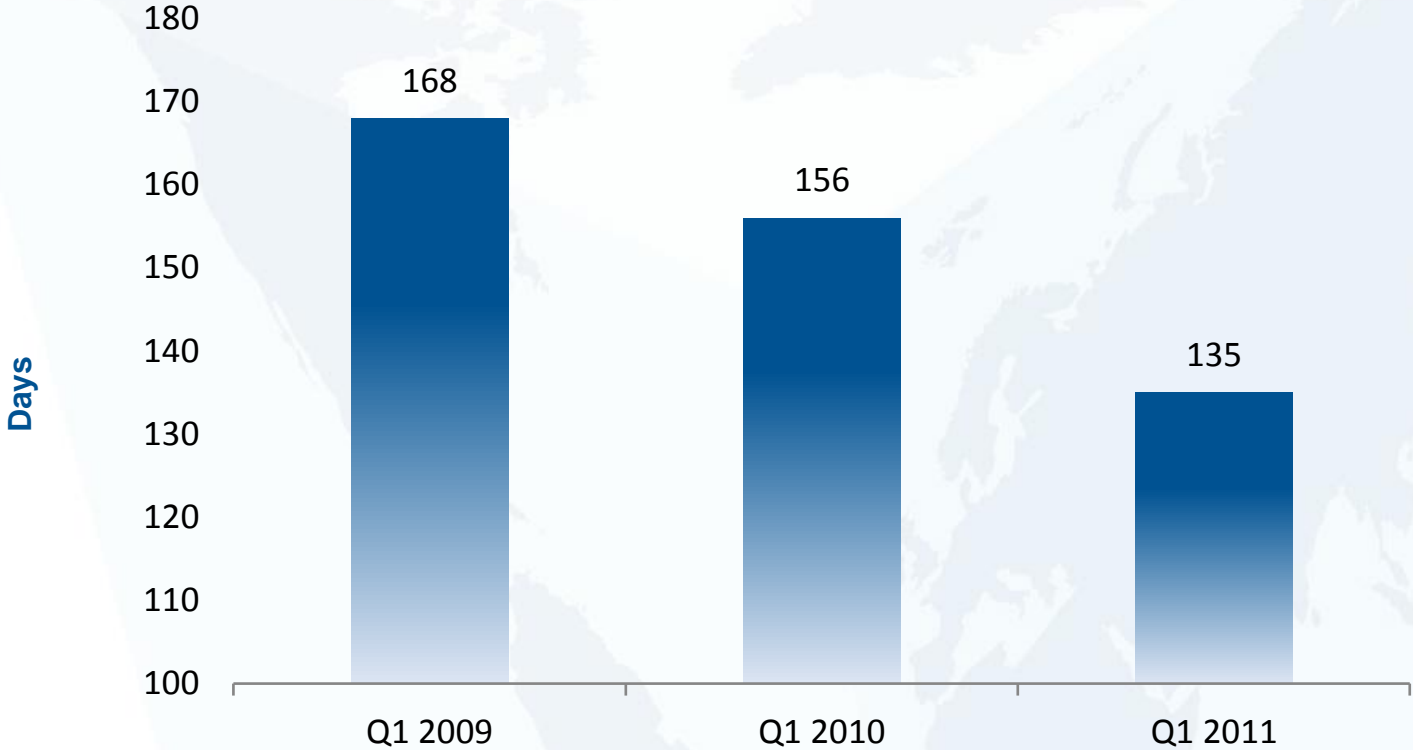
Calculating Like-for-Like revenue

USDm	FY 2010	2010 Pro forma*	LfL growth outlook	Implied Outlook
Licence Revenues pro forma	160.1	163.2	19-24%	197-205

* Includes USD 9.5 months of Odyssey revenue (USD 11.1m) and excluding Viveo discontinued revenues (USD 8m)

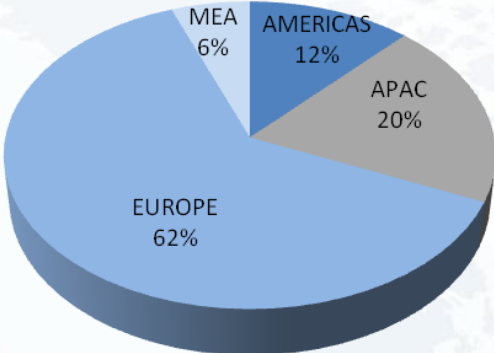
Currency	2010 Average Rate
CHF/USD	1.0598
EUR/USD	0.7476
GBP/USD	0.6446

DSOs trend

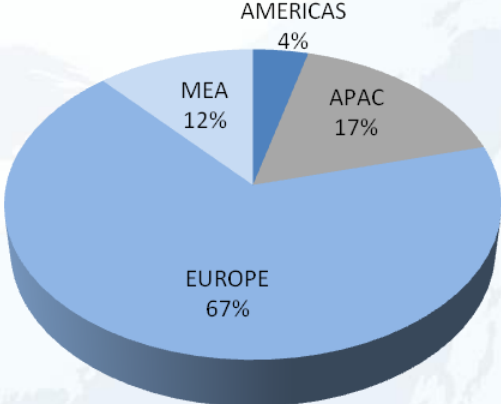


Geographical breakdown of licence revenue

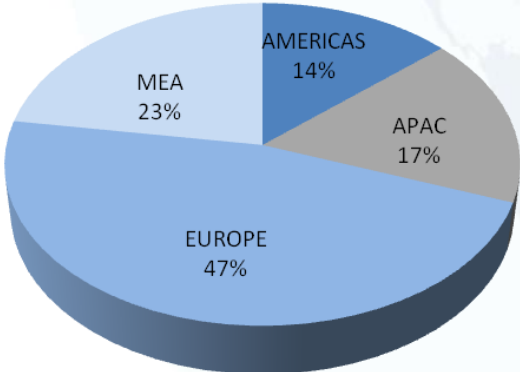
Q1 2011



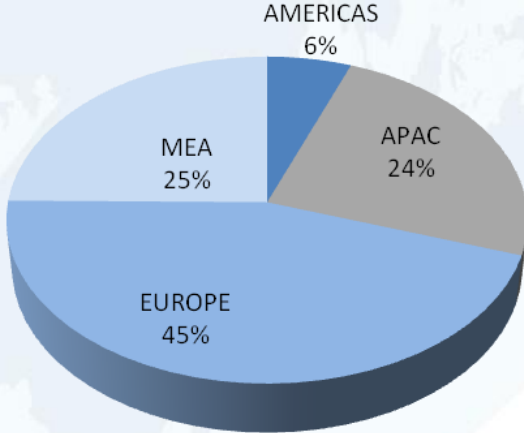
Q1 2010



LTM 2011

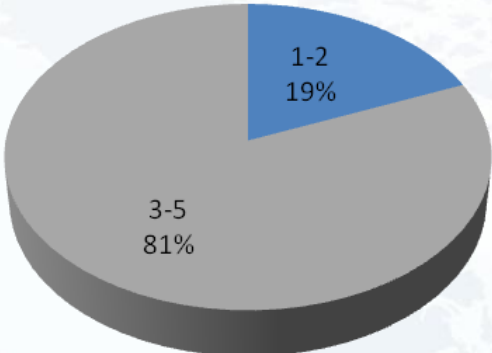


LTM 2010

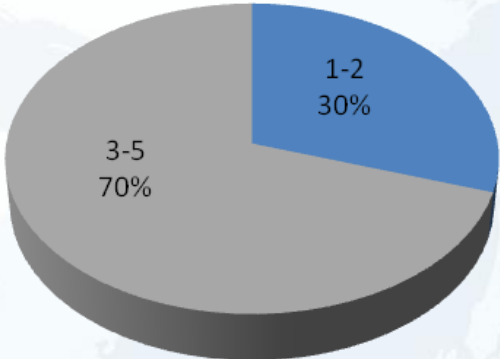


Breakdown of number of deals by customer tier

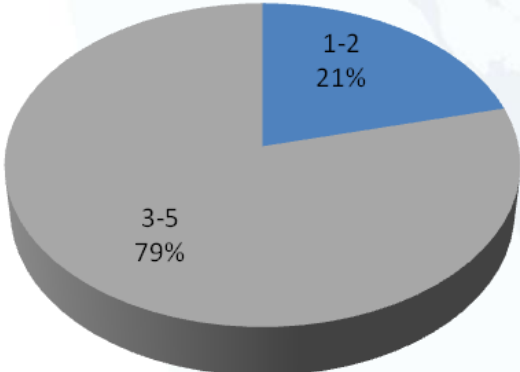
Q1 2011



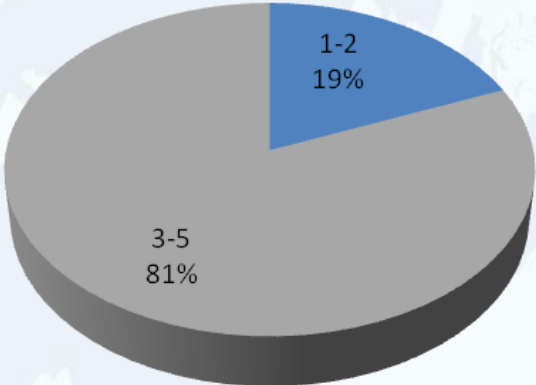
Q1 2010



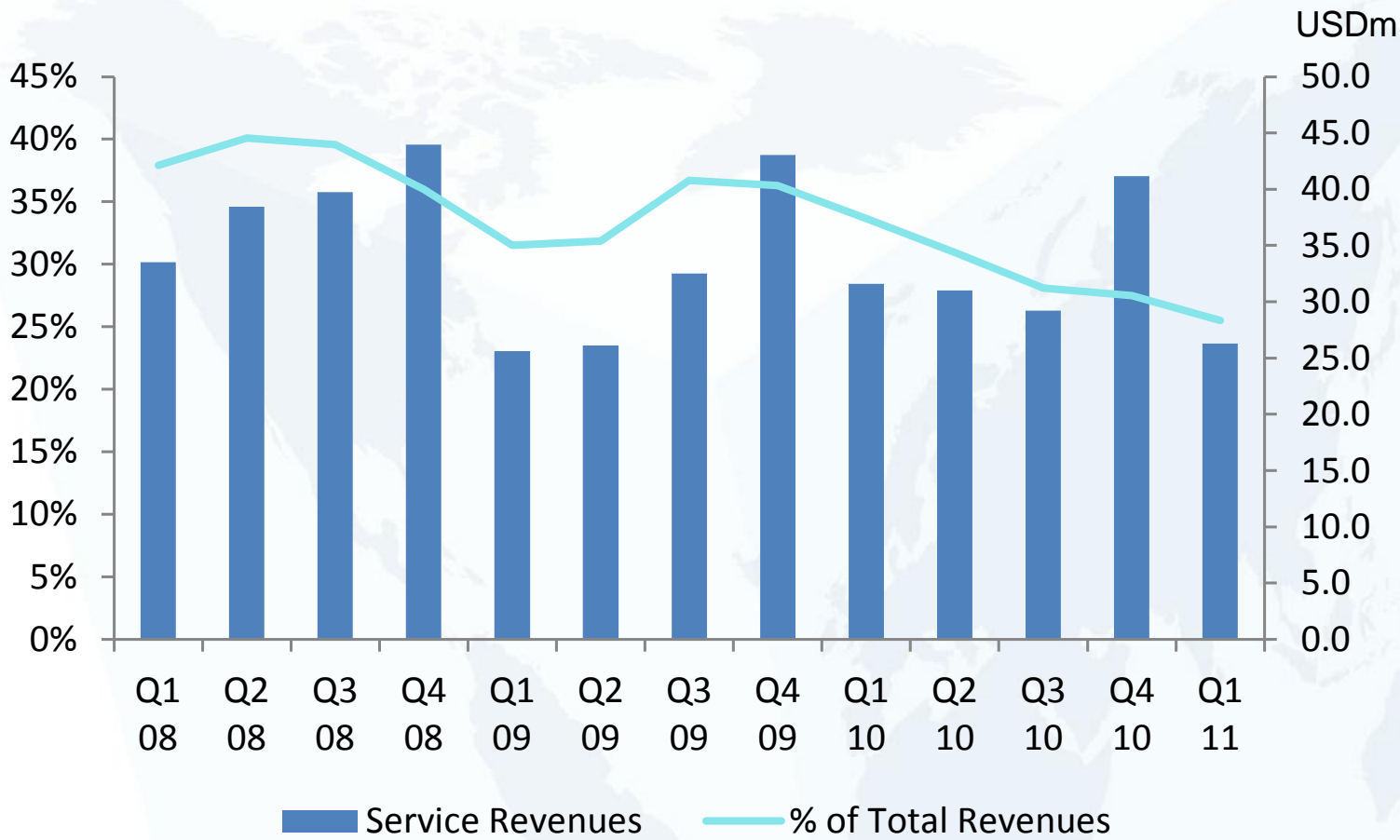
LTM 2011



LTM 2010



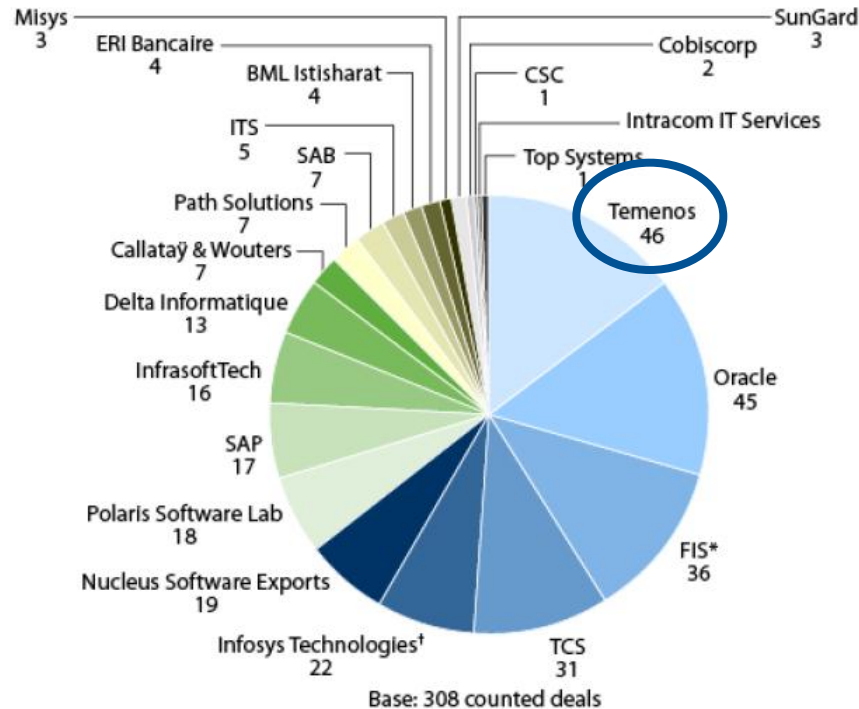
Development of services revenues



Competitive positioning

Temenos is a “Global Power Seller...since Forrester introduced the global vendor pyramid in 2006”*

2-1 Vendors' counted 2010 global banking platform deals



*With a total of eight solutions, including 18 Horizon new named deals

†A larger number of rural banking installations not included in this number

* Source: Forrester, Global Banking Platform Deals, 2010

Latest Forrester ranking demonstrates that the strength of our product and partner programme enables us to maintain our dominant position in the core banking market

T24 continues to win accolades



Annual Sales League Table

1st January 2010 – 31st December 2010

New name customers signed in 2010 (previous years in brackets, with the most recent first). See below for keys

Product	Supplier	Total number of new bank users
T24	Temenos	543
Flexcube	Oracle FSS	427
FinnOne	Nucleus	174
Calypso	Calypso Technology	118
TCS Bancs	TCS Financial Solutions	261
Spectrum	Financial Software Systems	83
Intellect	Polaris Software Lab	85
Avantgard Treasury	Sungard	142
e-IBS	Datapro	83
Finacle	Infosys	184
Loans Management	SAP	78
Avaloq Banking System	Aut	72
K+TP		85
		137
		160
		46
		69
		112
		9

Position	Product	Company	Deals
1	T24	TEMENOS	38
2	Flexcube	Oracle FSS	32
3	TCS Bancs	TCS Financial Solutions	13

- Top two positions in the IBS Sales League Table for 12 out of the last 13 years



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Thank You