Financial Results & Business Update

Quarter ended 30 June 2010

28 July 2010

TEMENOS
The Banking Software Company

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 28 July 2010. 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 28 July 2010.

Agenda

Introduction	Sarah Bowman	Investor Relations
Strategy and Business update	Andreas Andreades	CEO
Financial update	David Arnott	CFO
Update on M&A	Max Chuard	Director, M&A and IR
Outlook and Summary	Andreas Andreades	CEO
Q&A		

Agenda

TEMENOS

Introduction	Sarah Bowman	Investor Relations
Strategy and Business update	**Andreas Andreades**	**CEO**
Financial update	David Arnott	CFO
Update on M&A	Max Chuard	Director, M&A and IR
Outlook and Summary	Andreas Andreades	CEO
Q&A		

TEMENOS

Strong licences drive profit growth

- Strong rebound in licence growth...
  - → License growth +26% in the quarter, +19% like-for-like
  - → Strongest licence growth since Q308
- ...driven by increase in volume and deal size...
  - → 12 new customers (vs. 9 in Q2 2009)
  - → Deal size for new customers more than doubled as banks commit to bigger projects
- ....and on the back of highly focused investment...
  - → Like-for-like costs +4% vs. like-for-like licences +19%
- ...leads to significant profit and margin growth
  - → Adjusted EBIT grew by 46%, adjusted EPS by 44%
  - → Adjusted EBIT margin at 18% (+292bps)

Business update

Business well positioned for the year and beyond

- Various growth initiatives gaining momentum...
  - → Partners bringing deals, directly and indirectly
  - → Add-on products now account for approximately 15% of total licence revenue compared to 10% in 2009 and 5% in 2008
  - → Gaining significant market share
- ....reflected in growing pipeline
  - → Strong year on year and sequential growth supports our outlook
- Outlook for the year reaffirmed
  - → Maintain 12% like-for-like license revenue growth target

Update on Q2 2010 Sales

TEMENOS

Both volume and deal size increase strongly

Core sales

- Robust growth seen in all regions, emerging markets and developed alike
- Deal size continues to rise as banks commit more capital to transformation
- Larger banks and Tier 1s continue to return to the market for new projects and licence additions
- Signed 12 new clients, including one of the last remaining large Misys Bankmaster customers

Update on Q2 2010 Sales

TEMENOS

Broader front office suite helps sales, Insight revenue rises strongly

ARC & Insight

In Q2, we signed 10 Insight licences (vs. 11 in Q2 09)...

- Deal size increasing strongly
- Revenues more than doubling over the LTM

...and 9 Front Office (ARC, Mobile, Biometrics) customers (vs. 7 in Q2 09)

- Deal size also significantly increased
- Adding new applications including ARC Mobile Platform and T24 Biometrics

Update on Q2 2010 Sales

TEMENOS

AML is a winning product in an exciting market

AML & STeP

- Sold by global sales force and delivering solidly
- Adds best of breed solution to Temenos' integrated offering

5 AML sales in the quarter

- Sales momentum improving
- As a stand-alone product, AML functions also as a door-opener for T24

Strong pipeline for STeP

- Pipeline shows robust growth
- Regulatory and cost pressure add to compelling sales proposition

Product Direction

TEMENOS

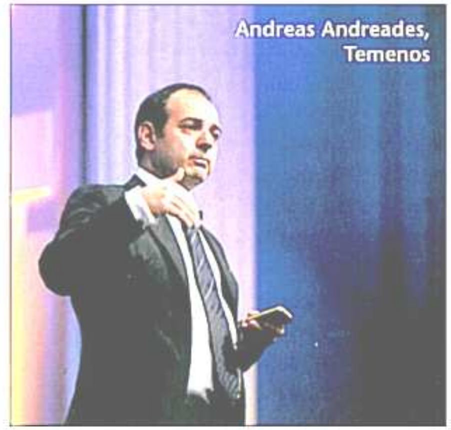
Temenos: the $500 million plan

The strategy includes Java version of T24 core banking system and full componentisation

At Temenos' recent user group meeting in Berlin, the supplier set out a number of notable product plans, including full componentisation of its core banking system, T24, and work with IBM on a full Java version of this. Based on a system derived from Financial Objects, Temenos is also adding a treasury front-end for T24 and is significantly fleshing out its CRM and channel offerings. The company is promising to spend $500 million on R&D in the next five years. On the corporate side, it has added Capgemini to its list of partners and has gone through a restructuring that is intended to strengthen its professional services.

The Java version of T24 will be initially released for IBM's z Series platform with DB2. Benchmarks will be carried out this summer in IBM's labs in Montpellier. Early results show throughput of more than 4000 transactions per second, said Temenos' global director, banking services, Mark Gunning. The work has been under way for some time, he said, 'and it plays very neatly with IBM's strategy with the z Series'. At present, T24 can run on this mainframe platform but only via a Linux partition.

...continued on page 42



Andreas Andreades, Temenos

BERLIN 2010

- Java version of T24
  - New option on IBM and Oracle stacks
  - Same code base so development efficiency not compromised
  - Initial benchmark tests completed; performance targets met
  - Beta client identified (Swissquote) and implementation begun
- T24 SOA and Componentisation
  - Major re-architecting of T24 into separately deployable components progressing well
  - Main target is larger banks who seek
    - Best of breed components
    - Lower risk phased implementations
  - First components available before end 2010

Product Direction

TEMENOS

- T24 "stack" strategy
  - Core banking platform preferences have matured into four distinct markets:
    - IBM, particularly Java on the Z series
    - Oracle
    - Microsoft
    - HP
  - Temenos strategy evolves: independent and best in class in each market
  - Advantages:
    - Tailored solutions exploiting the best of each stack
    - Compete directly with single stack competitors
    - Temenos customers still able to switch, thus long term flexibility and lower cost of ownership assured
  - Other stacks could be added later

Update on partners

TEMENOS

Over USD25m of pipeline deals brought or strongly influenced by partners

Capgemini

- → Global partnership agreement signed in May
- → Initial commitment for 300 resources trained as Temenos experts

Microsoft

- → Set up joint competency centre in the UK – Temenos will have a focal point of expertise for delivering on the Microsoft stack
- → Official launch of revolutionary, high volume Microsoft/Temenos offering scheduled for September 2010

Deloitte

- → Introducing us to countries and customers where we had no prior exposure
- → Working to increase the geographic scope of partnership agreement

Cognizant

- → Training of resources continues on-track
- → Cognizant already playing a crucial role in some deal signings

Agenda

TEMENOS

Introduction	Sarah Bowman	Investor Relations
Strategy and Business update	Andreas Andreades	CEO
Financial update	**David Arnott**	**CFO**
Update on M&A	Max Chuard	Director, M&A and IR
Outlook and Summary	Andreas Andreades	CEO
Q&A		

Income statement highlights – Q2 2010

TEMENOS

	Q2 2010 (USDm)	Q2 2009 (USDm)	y-o-y △
Licence revenues	34.3	27.3	*26%*
Total revenues	100.2	81.9	*22%*
Adj. EBIT	18.1	12.4	*46%*
Adjusted EPS*	0.23	0.16	*44%*

** in USD; see appendix for reconciliation*

Financial statement highlights

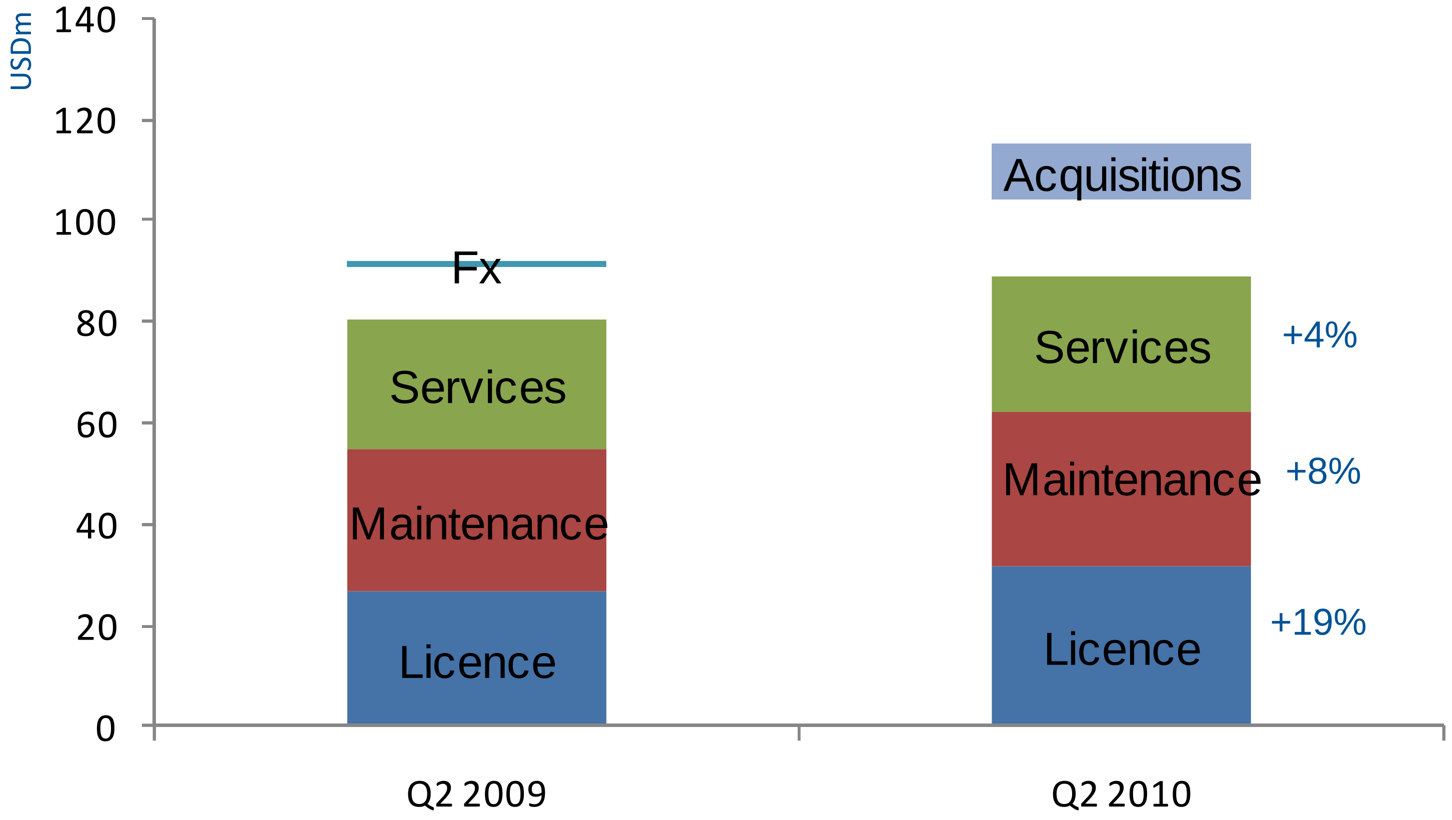
TEMENOS

in USDm	Q2 10	Q2 09	△	LTM 10	LTM 09	△
Licences	34.3	27.3	*26%*	132.3	140.3	*(6%)*
Maintenance	34.9	28.5	*22%*	130.7	110.1	*19%*
Services	31.0	26.1	*19%*	138.2	135.4	*2%*
Total revenue	**100.2**	**81.9**	***22%***	**401.3**	**385.8**	***4%***
Total operating costs	**(89.3)**	**(71.5)**	***25%***	**(327.6)**	**(319.3)**	***3%***
Adj. EBIT	**18.1**	**12.4**	***46%***	**98.5**	**77.1**	***28%***
Margin	18%	15%	*292bps*	25%	20%	*452bps*
Adj. EBITDA	**24.1**	**18.2**	***32%***	**122.6**	**97.1**	***26%***
Margin	24%	22%	*183bps*	31%	25%	*538bps*
Adj. Op. Cashflow	**(8.6)**	**21.3**	**N/A**	**108.7**	**85.8**	***27%***
% of Adj. EBITDA	N/A	117%		89%	88%	

Q2 like-for-like revenues

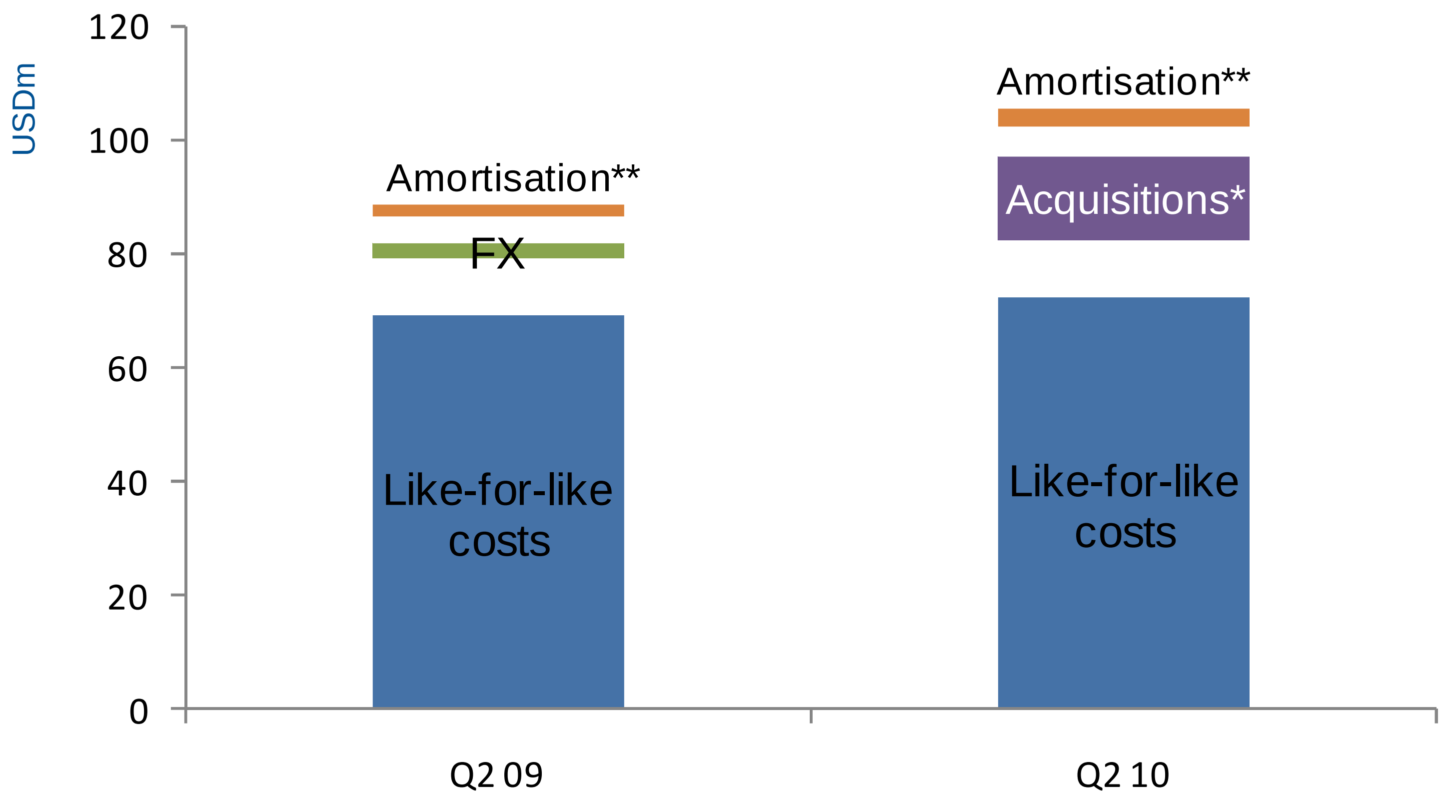
TEMENOS

Like-for-like revenue +11%...



TEMENOS

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



*Includes Viveo standalone costs and restructuring costs

**This represents amortisation of acquired intangibles

Income statement

TEMENOS

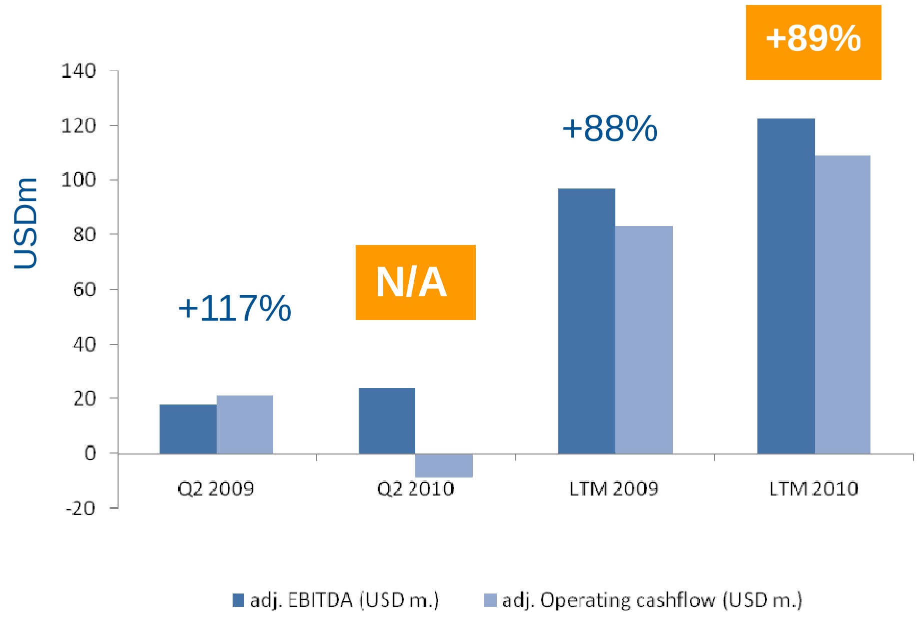
	Q2 2010 (USDm)	Q2 2009 (USDm)	y-o-y Δ	LTM 10 (USDm)	LTM 09 (USDm)	y-o-y Δ
Adjusted EBIT	**18.1**	**12.4**	***46%***	**98.5**	**77.1**	***28%***
Net finance charge	(2.4)	(2.2)	*(9%)*	(8.7)	(7.8)	*(12%)*
FX (loss)/gain	(0.6)	(0.8)	*25%*	(0.4)	1.6	*n/a*
Tax	0.0	(0.1)	*n/a*	(0.4)	1.6	*n/a*
Adjusted Net	**15.1**	**9.3**	***62%***	**89.0**	**72.5**	***23%***
Adjusted EPS*	**0.23**	**0.16**	***44%***	**1.32**	**1.14**	***16%***

** USD per share; see appendix for reconciliation*

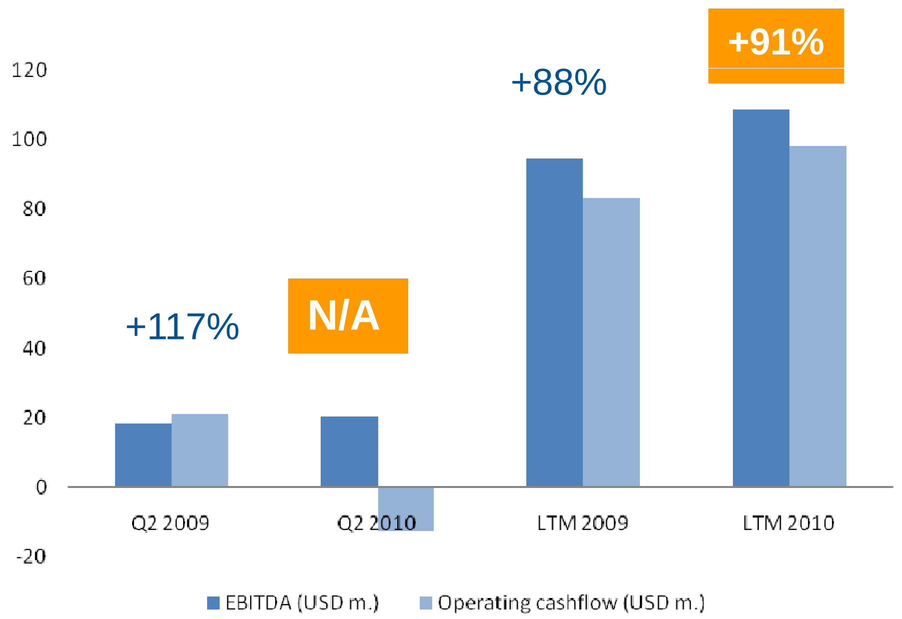
Update on cash

- Q2 lower by USD23m on faster payments to suppliers; adjusting for this, EBITDA conversion is 52%
- LTM cash conversion 91% or 112% adjusting for faster payments to suppliers.

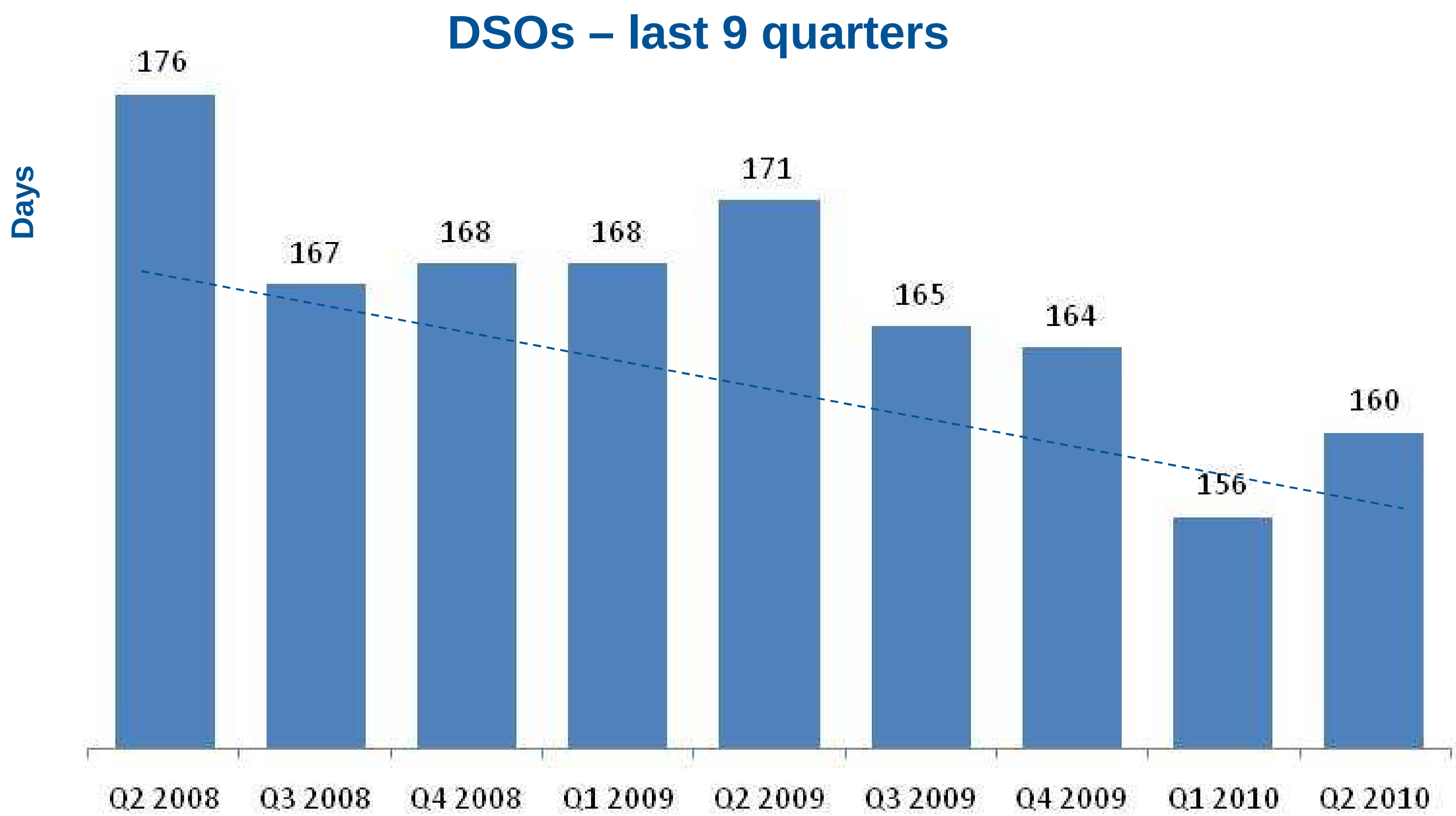
Adjusted EBITDA conversion



EBITDA conversion



DSOs trend



Year-on-year reduction (days):	5	2	4	12	11

- Payment terms continue to improve: >60% upfront
- In Q2, no licence cash was tied to milestones

Balance sheet – debt and financing

TEMENOS

	Q2 2010 (USDm)	Comments
Convertible bond	130.4	1.5% coupon, matures 2013 (converts at CHF18.6)
Credit facilities*	107.7	Consortium of 7 banks, repayment up to end of 2012
Other	1.2	Obligations under finance leases
TOTAL DEBT	**239.3**	
CASH	**110.6**	Held in ST deposits & treasury shares
NET CASH (excl. convert)	**1.7**	Treating convert as equity
NET DEBT (incl. convert)	**128.7**	Treating convert as debt

* USD15.5mdebt repaid in Q2 2010 and USD 7m reduction due to foreign exchange locked in subsequent to quarter end

Agenda

TEMENOS

Introduction	Sarah Bowman	Investor Relations
Strategy and Business update	Andreas Andreades	CEO
Financial update	David Arnott	CFO
Update on M&A	**Max Chuard**	**Director, M&A and IR**
Outlook and Summary	Andreas Andreades	CEO
Q&A		

Viveo update

Viveo integration progressing well:

- Migration of Viveo clients continues
  - → Two new Viveo core banking migrations in the quarter (taking to 3 in total)
- AML gaining further traction
  - → 5 new deals in Q2, a total of 8 in H1
- VBF Consulting disposal
  - → Disposed of in May 2010, had USD7m revenues in 2009
  - → Non-core to Temenos, marginally loss-making

Acquisition update

TEMENOS

We continue to look for acquisitions...

- → We have developed good expertise and a strong record of integration
- → We have the internal capacity to manage further acquisitions
- → Valuations are still attractive
- → Environment presents interesting opportunities
- → Temenos leverage remains low

...but strict acquisition criteria remain

- → Acquisitions must be accretive within the first 12 months
- → Geographic expansion into markets where underrepresented
- → Increase market penetration through purchasing customer bases
- → Access to complimentary products
- → Aim to leverage global sales organization, market leadership and R&D investment in leading product set.

Agenda

TEMENOS

Introduction	Sarah Bowman	Investor Relations
Strategy and Business update	Andreas Andreades	CEO
Financial update	David Arnott	CFO
Update on Viveo	Max Chuard	Director, M&A and IR
Outlook and Summary	**Andreas Andreades**	**CEO**
Q&A		

Summary

Another quarter underlines improving market dynamics

IT pivotal part of banks' business plans to address:

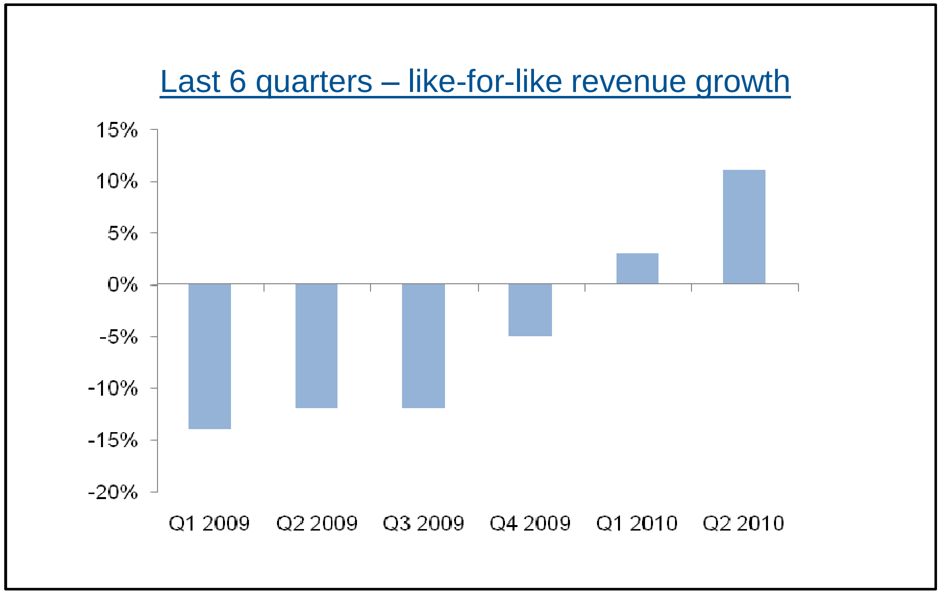
- Stricter and more fragmented regulation
- Shoring up deposit base
- Rapid growth (especially in emerging markets)
- Improving customer experience (and rebuilding of trust)
- M&A integration
- Unsustainable IT cost base

Summary

TEMENOS

We are seeing good momentum across all regions, bigger deals

- Strong Q2 like-for-like growth confirms our full year outlook
- Solid start to Q3
- Pipeline continues to grow robustly across all regions and fully supports our full year outlook
- Substantial margin improvement is based on:
  - licence growth/larger deal size
  - partner delivery model
  - focused investment



2010 Outlook

TEMENOS

- Revenue range of USD435-445m* (maintaining like-for-like growth of 6% at the midpoint)
- Licence revenue of approximately USD150m (representing like-for-like growth of 12%)
- Adjusted EBIT** range of USD110-115m unchanged (implying mid-point margin of 25.6% and growth of 24%)
- EBITDA into cash from operations conversion of 100%
- Tax rate of 0%

*Revenue adjusted for disposals and USD 2m crystallized FX impact, see appendix for reconciliation

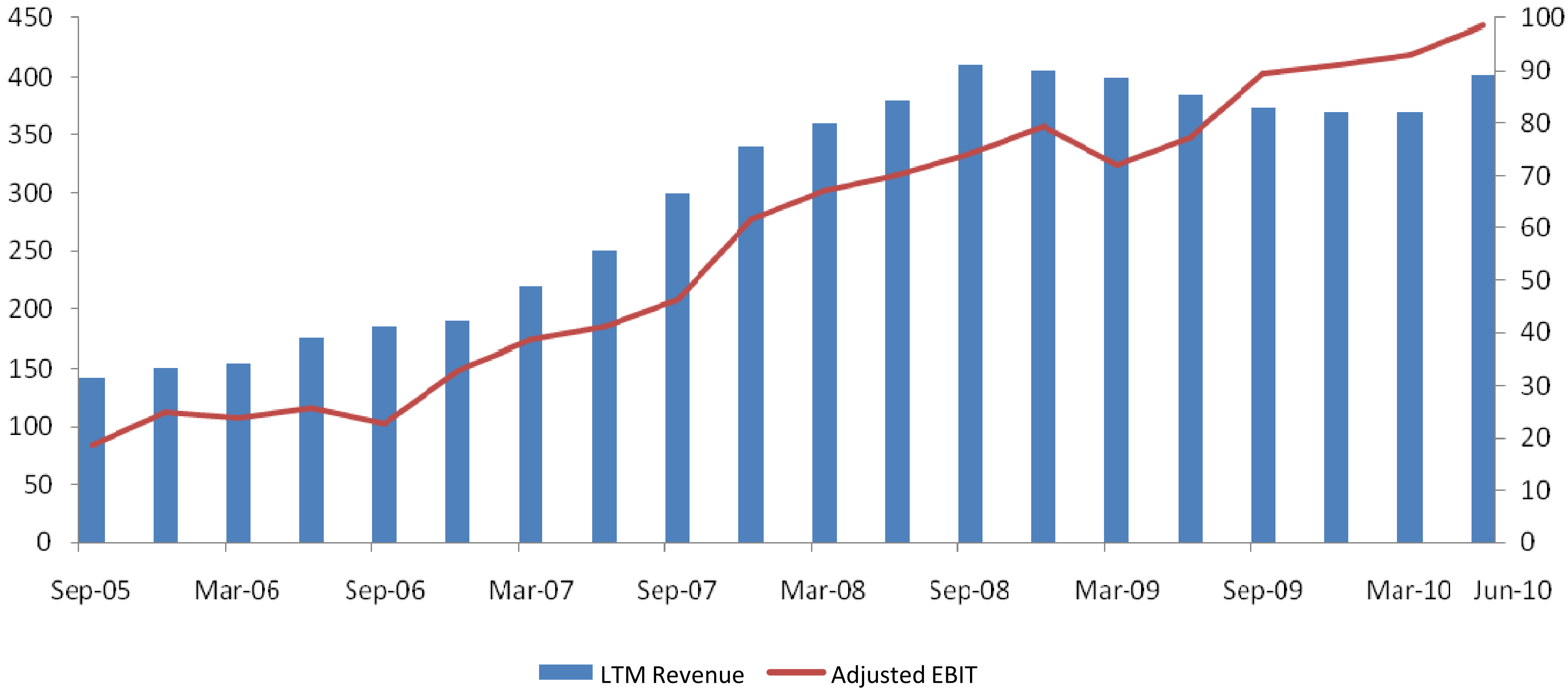
**Adds back restructuring and amortisation of acquired intangibles. Amortisation of acquired intangibles expected to be USD14m in 2010

Closing comments

TEMENOS

LTM revenues and adj. operating profit since Q3 2005 (USDm)

Adjusted EBIT CAGR of 42%



Agenda

TEMENOS

Introduction	Investor Relations	Investor Relations
Strategy and Business update	Andreas Andreades	CEO
Financial update	David Arnott	CFO
Update on M&A	Max Chuard	Director, M&A and IR
Outlook and Summary	Andreas Andreades	CEO
Q&A		

Appendices

TEMENOS

The Banking Software Company

Adjusted EPS reconciliation

TEMENOS

	Q2 2010 (USDm)	Q2 2009 (USDm)
Net Earnings	7.8	7.5
Amortisation of acquired intangible assets	3.3	1.9
Bond interest	1.4	1.4
Restructuring	4.0	0.0
Earnings for adjusted EPS	**16.5**	**10.8**
Number of diluted shares*	72.5	68.3
Adjusted EPS	**0.23**	**0.16**

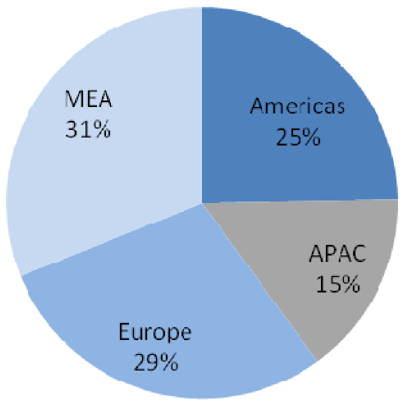
* Option dilution over last 3 years was 2.1%, and 2.9% over the last 7 years

Geographical breakdown of licence revenue

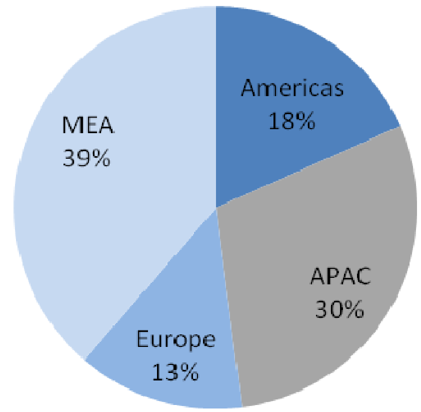
TEMENOS

All Deals – Q2 2010

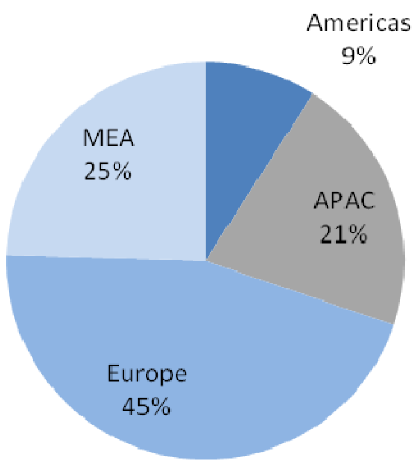
Q2 2010



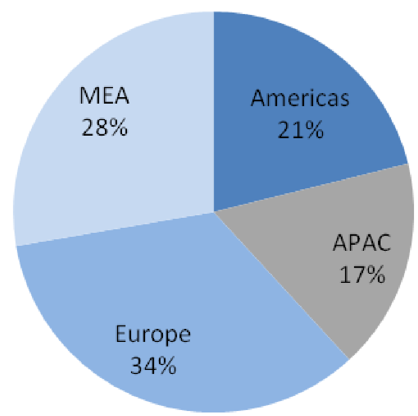
Q2 2009



LTM 2010



LTM 2009



2010 Outlook

TEMENOS

Reconciliation to revised outlook

USDm	Previous outlook**	FX	Disposals****	Revised outlook
Revenue	440-450	(2)***	(3.0)	435-445
Adjusted EBIT*	110-115	0.0	0.0	110-115

*Adds back restructuring and amortisation of acquired intangibles. Amortisation of acquired intangibles expected to be USD14m in 2010

**These are the ranges given with Q1 10 results

*** This the crystallized Q2 10 FX impact see reconciliation on next slide

****At the end of the May, Temenos disposed of the VBF Consulting business. It was expected to contribute USD3m to revenues in H2 2010.

Reconciliation of crystallised FX impact in Q2 10

TEMENOS

Additional FX impact

	Currency weighting	Rates given at Q1*	Average rate in Q2 2010	Impact
EUR/USD	25%	1.33	1.27	1.5
GBP/USD	5%	1.54	1.49	0.3
CHF/USD	1%	0.93	.90	0
				1.8

*These are also the rates that apply to second half outlook

Sensitivity to Foreign Exchange

Euro Rate	1.25	1.30	1.35
FX Effect in USDm			
Revenue	-4.0	-1.5	1.0
Cost	-4.0	-1.5	1.0
EBIT	0	0	0

Thank You

TEMENOS
The Banking Software Company