



TEMENOS

The Banking Software Company



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Financial Results & Business Update

Quarter ended 30 June 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 27 July 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 27 July 2011.

Agenda

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

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1. Pipeline robust and competitive environment unchanged
2. Weakness in Europe is likely temporary and reflected in new outlook
3. Core banking drivers intact, banks need technology to raise returns
4. Growth initiatives gaining momentum – T24/R11 propels Tier 1 value proposition and partners/services gaining traction
5. Launched CEO agenda to ensure execution across the business

...seeing some temporary closure delay, but Temenos and market fundamentals remain strong

Q2 Financial Highlights

- Licence revenue grew 14%; +41% excluding Europe
- Services revenue up 10% y/y, 30% q/q; recovery on track
- Adjusted EBIT margin +120bps y/y; strong cost control
- One-off receivables write-down of USD28m to exit loss-making legacy projects

...services turning corner, despite weaker than expected licences
we demonstrate strong leverage

Q2 Operating Highlights

- 10 new banks signed including 2 Tier 1/2 in PWM and Retail
- T24/R11 is the largest ever release:
 - First delivery of a T24 standalone component
 - T24 running natively on z-series
- Highest ever attendance at Temenos Community Forum – over 1000 attendees
- Partner programme gains momentum, expect sourced licences of 10-15% for 2011
- Temenos wins Microsoft Financial Services Partner of the Year

...succeeding in key segments, cementing leadership with T24 and partner programme, enhancing products for Tier 1 retail space

Core Replacement Drivers Remain Intact

- Growth drivers increase in intensity...
 - Unsustainable IT cost base
 - Stricter and more fragmented regulation
 - Increased competitive intensity
 - Rapid growth (especially in emerging markets)
 - Improving customer experience (and rebuilding of trust)
 - M&A integration
- ...making investment in modern technology essential
- This is the only way for banks to sustainably improve returns

...core replacement drivers continue to be favourable

- Seamless handover
- Focusing on delivering 2011 outlook
- Engaging with all stakeholders
- Outside perception of company's strengths confirmed
- Investor day in autumn to communicate strategy and objectives

...market potential confirmed, CEO agenda to ensure execution

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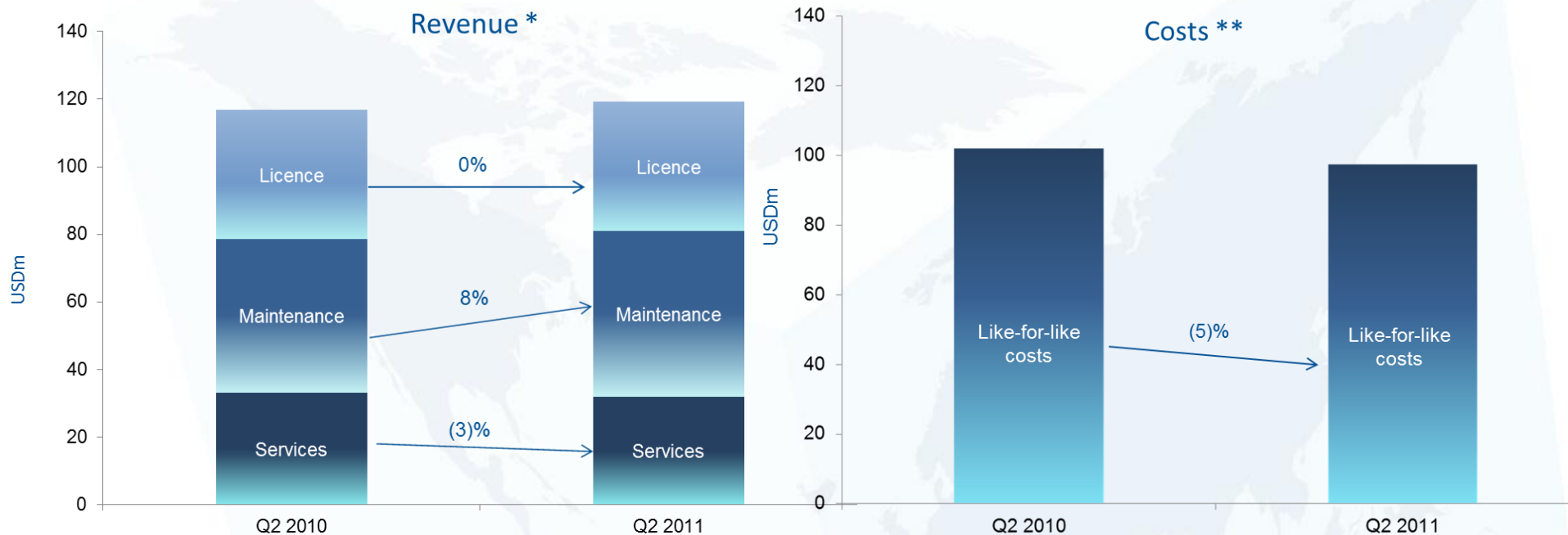
Financial Highlights

| in USDm | Q2 11 | Q2 10 | Δ | LTM 11 | LTM 10 | Δ |
|-----------------------------|---------------|---------------|------------|----------------|----------------|------------|
| Licences | 39.2 | 34.3 | 14% | 165.9 | 132.3 | 25% |
| Maintenance | 49.0 | 34.9 | 40% | 182.6 | 130.8 | 40% |
| Services | 34.2 | 31.0 | 10% | 130.9 | 138.2 | (5)% |
| Total Revenue | 122.4 | 100.2 | 22% | 479.4 | 401.3 | 19% |
| Adj. operating costs | (98.7) | (82.1) | 20% | (367.6) | (302.8) | 21% |
| Adj. EBIT | 23.7 | 18.1 | 31% | 111.8 | 98.5 | 14% |
| Margin | 19% | 18% | 1 ppt | 23% | 25% | (1 ppt) |
| Adj. EBITDA | 31.9 | 24.1 | 32% | 139.8 | 122.6 | 14% |
| Margin | 26% | 24% | 2 ppts | 29% | 31% | (1 ppt) |

...maintenance reaching critical mass; margins up 120bps on strong cost control

Underlying Performance

Like-for-like: total revenue +2% vs. costs -5%, EBIT +48%...



* Q2 2010 adjusted for FX and acquisitions

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

...services recovery, along with strong cost control, lead to strong underlying leverage

Q2 Restructuring Costs Breakdown

| | Total | Cash * | Non-cash | Comment |
|-------------------------------------|-------------|------------|-------------|---------------------------------------------------------------------|
| <u>Previously disclosed:</u> | | | | |
| Acquisitions | 3.7 | 3.7 | 0.0 | Residual charges related to Viveo and Odyssey |
| <u>New charges:</u> | | | | |
| Restructuring | 5.0 | 5.0 | 0.0 | Relates chiefly to one-off cost reductions |
| Receivables write-off | 27.6 | 0.0 | 27.6 | Receivables related to legacy projects now considered irrecoverable |
| Total | 36.3 | 8.7 | 27.6 | |

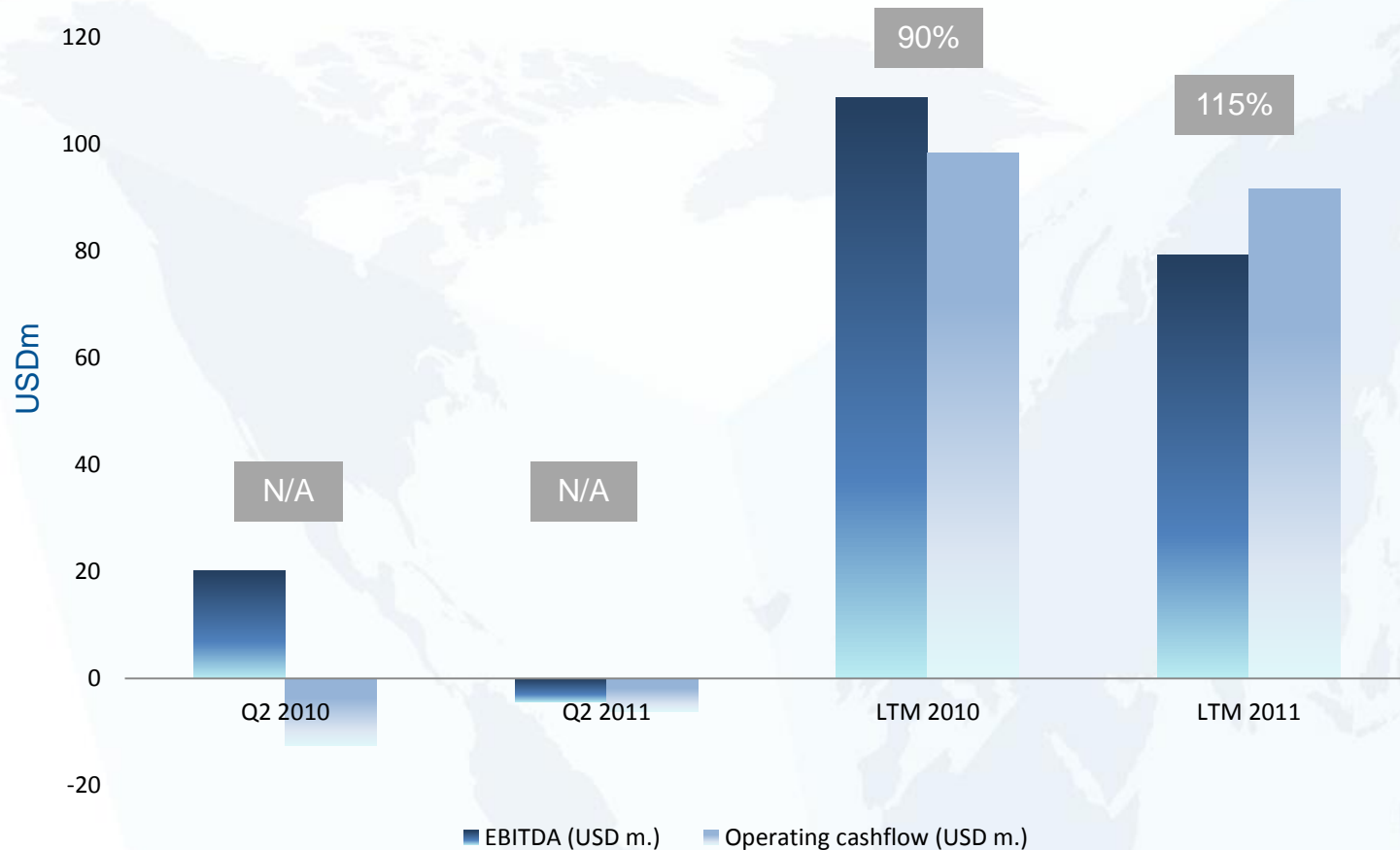
In USD mn

** Total expected cash charge to be incurred (not all has been incurred in Q2/11)*

...restructuring essentially complete

Cash Flow Conversion

EBITDA conversion into operating cash flow - Q2 & LTM 2010/11



...cash flow conversion remains strong on LTM basis

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- Business Intelligence remains a key focus of growth
- Acquisition of key complimentary applications and client base
- Rapid integration will allow leverage via our global sales force
- Target USD12m incremental, cumulative EBIT over next 4 years

...enhances BI solution to address a larger market

Balance Sheet – Debt and Financing

| | Q2 2011 (USDm) | <u>Comments</u> |
|---------------------------|-------------------|---------------------------------------|
| Credit facilities | 267.1 | USD 350m facility, due in 2014 |
| Others | 1.2 | |
| Total debt | 268.3 | |
| Cash | 184.4 | Held in ST deposits & treasury shares |
| Net debt | 83.8 | |
| Net Debt to LTM EBITDA | 1.1x | |

...low leverage; capacity for further acquisitions

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| Key Performance Indicators | Outlook | Implied Range* |
|----------------------------|-------------|----------------|
| Licence Revenue Growth | 5%-10%** | 176-184 |
| Total Revenue Growth | 13.5%-17.5% | 508-526 |
| Adj. EBIT Margin | 24.5%-25.5% | |
| EBITDA Conversion | 100% | |
| Tax Rate | 10%-12% | |

*Reported, in USDm, based on H1 at 2011 rates and forecast at 2010 rates, see slide 25 appendix for rates

** Like for like. Please see reconciliation to previous growth rate on slide 25 in appendix

...outlook rebased to reflect market conditions

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2. Weakness in Europe is likely temporary and reflected in new outlook
3. Temenos market fundamentals intact, banks need technology to raise returns
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Appendices

Adjusted EPS Reconciliation

| | Q2 2011 (USDm) | Q2 2010 (USDm) |
|--------------------------------------------|-------------------|-------------------|
| Net Earnings | (21.8) | 7.8 |
| Amortization of acquired intangible assets | 4.6 | 3.3 |
| Bond interest | - | 1.4 |
| Restructuring | 36.3 | 4.0 |
| Earnings for adjusted EPS | 19.1 | 16.5 |
| Number of Dilutive Shares | 70.8 | 72.5 |
| Adjusted EPS | 0.27 | 0.23 |

Calculating Like-for-Like Revenue

| USDm | FY 2010 | 2010 Pro forma* | LfL growth outlook | Implied Outlook |
|------------------|---------|-----------------|--------------------|-----------------|
| Licence Revenues | 160.1 | 164.6 | 5-10% | 176-184 |

* Includes 9.5 months of Odyssey revenue (USD 11.1m) , USD 1.4m FX and excludes Viveo discontinued revenue (USD 8m)

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

Non-Operating Items

| in USDm | Q2 11 | Q2 10 | y-o-y Δ | LTM 11 | LTM 10 | y-o-y Δ |
|------------------------------------|-------------|-------------|----------------|--------------|-------------|----------------|
| Adjusted EBIT | 23.7 | 18.1 | 31% | 111.8 | 98.5 | 14% |
| Net finance charge | (2.0) | (2.4) | 17% | (12.1) | (8.7) | (39)% |
| FX loss | (1.8) | (0.6) | n/m | (0.4) | (0.4) | n/m |
| Tax | (0.8) | (0.1) | n/m | (1.2) | (0.4) | n/m |
| Bond Interest | - | 1.4 | n/m | 3.1 | 5.6 | (46%) |
| Adjusted Net Profit for EPS | 19.1 | 16.5 | 16% | 101.2 | 94.6 | 7% |
| Adjusted EPS* | 0.27 | 0.23 | 17% | 1.40 | 1.32 | 6% |

* USD per share see appendix for reconciliation

...strong EPS growth despite absorbing higher tax rate

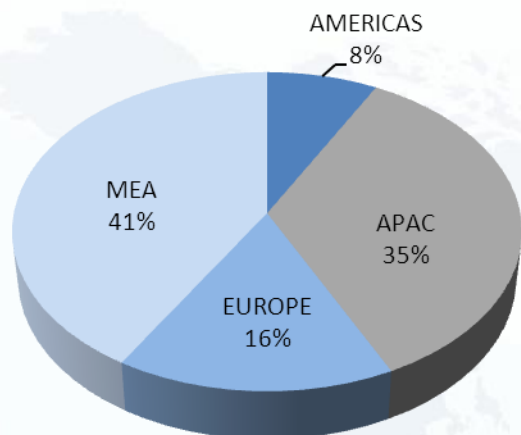
DSOs Trend

Days sales outstanding

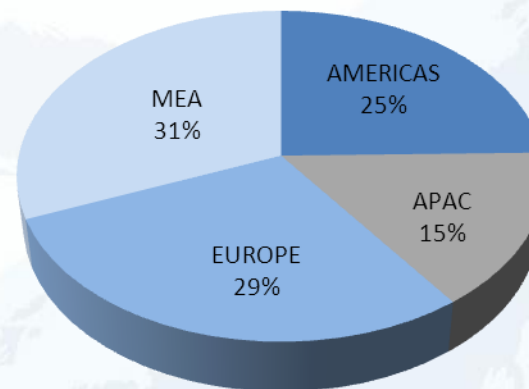


Geographical Breakdown of Licence Revenue

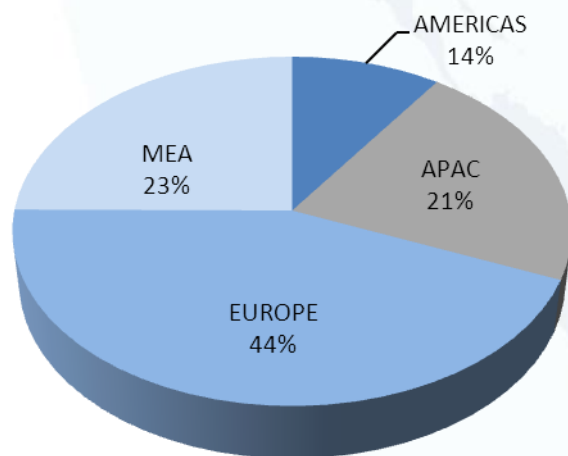
Q2 2011



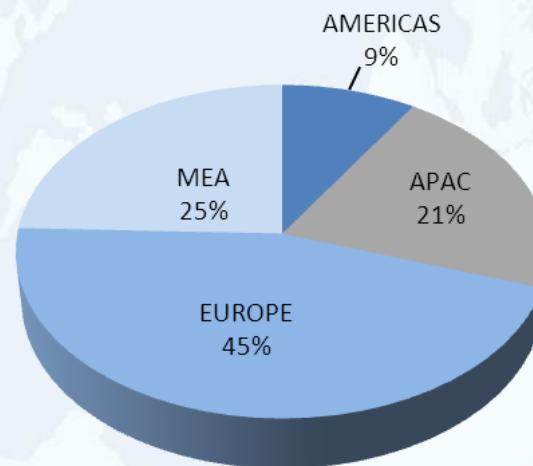
Q2 2010



LTM 2011

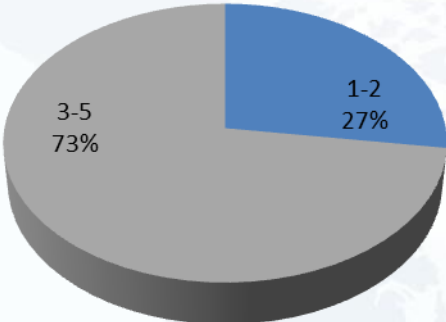


LTM 2010

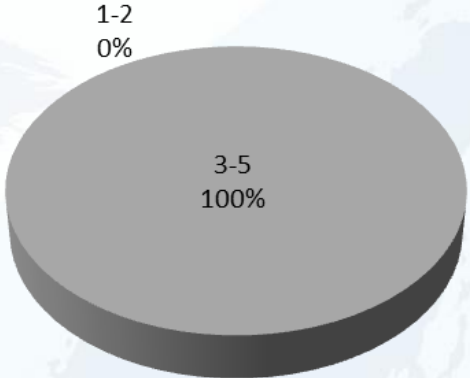


Breakdown of Licence Revenue by Customer Tier

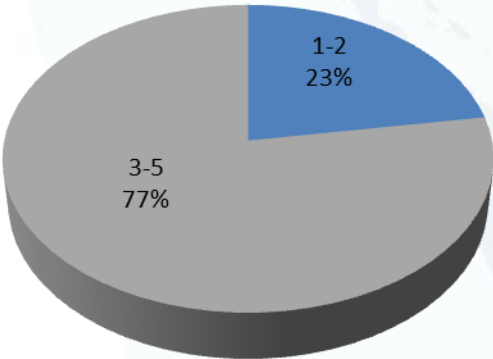
Q2 2011



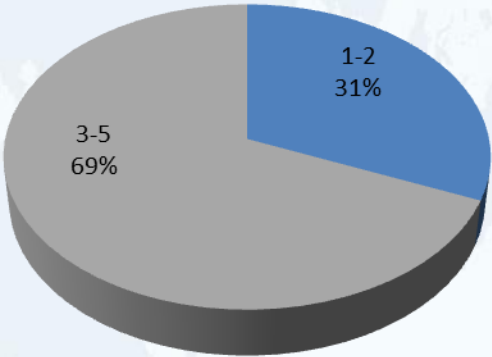
Q2 2010



LTM 2011



LTM 2010





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Thank You