



Orc Group Q1 2011 Report

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ORC | Agenda

- Introduction to Orc Group
- Q1 in brief
 - > Orc Financial Technologies
 - > CameronTec
 - > Neonet Securities
- Financials
- Outlook

ORC | Vision

The leading provider of
technology and services
for the global financial
industry



ORC | The Orc Group



**Orc
Group**



**Orc Financial
Technologies**



**Neonet
Securities**



CameronTec

ORC | Orc Group: Located in major financial centers

~400
employees

EMEA:


Amsterdam
Frankfurt
London
Milan
Moscow
Paris
Stockholm

Americas:

Chicago
New York
New Jersey

Asia Pacific:

Hong Kong
Sydney
Tokyo



600+ customer sites in more than **25** countries worldwide including leading banks, trading and market-making firms, exchanges, brokerage houses, institutional investors and hedge funds.

ORC | Orc Group: Diversified and financially sound



Orc Financial Technologies

~65% of revenue

Solid platform – stable, reliable, visible

Recurring revenue model through licensing & hosting



Neonet Securities

~28% of revenue

Creates leverage

Transaction service fee



CameronTec

~ 7% of revenue

Solid platform – stable, reliable, visible

Recurring revenue model through licensing

Publicly traded on the Stockholm Stock Exchange since 2000

ORC | Orc Group: Well positioned for growth

- Increased use of listed derivatives and new asset classes
 - > Increased requirements for integrated equities and derivatives solutions.
- New segments open up. Buy-Side need cross asset class trading solutions previously only used by the Sell-Side
- The combination of manual and automated trading in one product is extremely important
- Continued market fragmentation
 - > Increased importance of Smart Order Routing and Exec. Algorithms
 - > Driving firms to outsource market access
- Brokers looking for best of breed technology as a competitive differentiator
 - > Increased demand for DMA and Sponsored Access solutions
 - > Offering advanced trading applications to clients to attract flow
- Increased demand for managed services
 - > Reduces operational risk as dependencies on key personnel disappears
 - > Faster time to market at a lower cost with economies of scale

ORC | Orc Financial Technologies

Orc Trading

- Market Making
- Volatility Trading
- High Frequency Trading

Orc Brokerage

- Sponsored Market Access
- Direct Market Access



Delivery Models

- Deployed Software
- Managed Services



ORC | 100+ market connections worldwide

EMEA

Vienna
Brussels
Prague
Copenhagen
Tallinn (Estonia)
Helsinki
Paris
Frankfurt
Hannover
Athens
Budapest
Reykjavik (Iceland)
Dublin
Milan
Riga (Latvia)
Vilnius (Lithuania)
Luxembourg
Amsterdam
Oslo
Bratislava
Cyprus
Karachi
Warsaw
Tel Aviv
Lisbon
Moscow
St Petersburg
Johannesburg
Madrid
Stockholm
Zurich
Istanbul
Dubai
London

AMERICAS

Brasilia
Toronto
Montreal
Mexico
Chicago
New York
Boston
Minneapolis
Kansas City
Philadelphia

ASIA PACIFIC

Sydney
Hong Kong
Tokyo
Osaka
Seoul
Kuala Lumpur
Taiwan
Bangkok
Singapore

ORC | CameronTec

- CameronFIX, the financial industry's most widely utilized FIX infrastructure and connectivity solution
- CameronFIX is universally regarded as the reference standard for reliable, mature FIX engine applications
- CameronFIX is the only long-established FIX engine that delivers continuous, compelling version upgrades
- CameronTec provides worldwide sales and reliable support from its regional offices

ORC | Neonet Securities

- Comprehensive transaction services with smart functionality such as trading algorithms and smart order routing
- Can offer market leading solutions from Orc Financial Technologies
- Offers trading on 40 markets and counting in US, Europe and Asia
- 24 hours service trading desk in the US and Europe
- Trade via the trading desks, Neonet Trader, Orc Trader or virtually any trading application supporting the FIX protocol
- Integrated settlement services

ORC | Orc Software, Q1 2011



ORC | Q1 2011 results

- Revenues SEK 248m (170)
 - > System Revenue 175m (168)
 - > Transaction Revenue 66m (-)
 - > Other Revenue 6m (2)
- EBIT SEK 31m (27)
- EBIT margin 12% (16)
- EBIT margin excluding FX effects 15% (18)
- Continued strong profitability in the technology businesses
- Increased cost focus
- ACV end Q1: SEK 648m (SEK -38 m from Q4 2010)
 - > With Q4 FX rates SEK - 10 m
- End Q1 2010: SEK 653m (SEK -5m Y-o-Y)
- From Q2 2010 to Q1 2011 the FX effect on ACV is SEK - 86m

ORC | Q1 in brief OFT APAC

- ACV USD 20.1 (+0.6)m
- Q1 usually slow in APAC because of summer holidays in Australia
- More competitive pressure in Japan, the flipside of more available exchange platforms.
- Local, Regional and Global Banks the best Buyers
- Demand for connectivity to India
- Chinese futures market looks promising
- Good pipeline for Q2

ORC | Q1 in brief OFT EMEA

- ACV EUR 41.4 (-0.8)m
- Strong segments: Market Making of Warrants, Structured Products, Certificates
- Carbon Emission market making looks promising
- Options market makers is a cyclical business and the market is starting to turn around
- Poland and Russia look a good fit and pipe is building
 - > Biggest deal in the Quarter in Russia
- Many customers struggling with tough market conditions, with churn as result
- Competitors under pressure fight aggressively with price

ORC | Q1 in brief OFT Americas

- ACV USD 14.6 (-1.2)m
- The largest downsizing hit the Americas ACV
- Tough market conditions
 - > Low volumes and volatility hurting profit margins of trading firms
 - > Economy is weak and will remain so in 2011
 - > Massive Regulatory Reform is in-process and continues to create uncertainty
- Consistent growth in the Options, Options on Futures market with Orc Market Maker
- Orc Market Maker is attractive in terms of price & performance. We continue to build a strong pipeline.
- Closed the first customer in Brazil
- We continue to leverage our relationships and grow the FCM accounts
- Partnership with Newedge enables US firms to quickly access APAC markets for trading.

ORC | Q1 in brief CameronTec

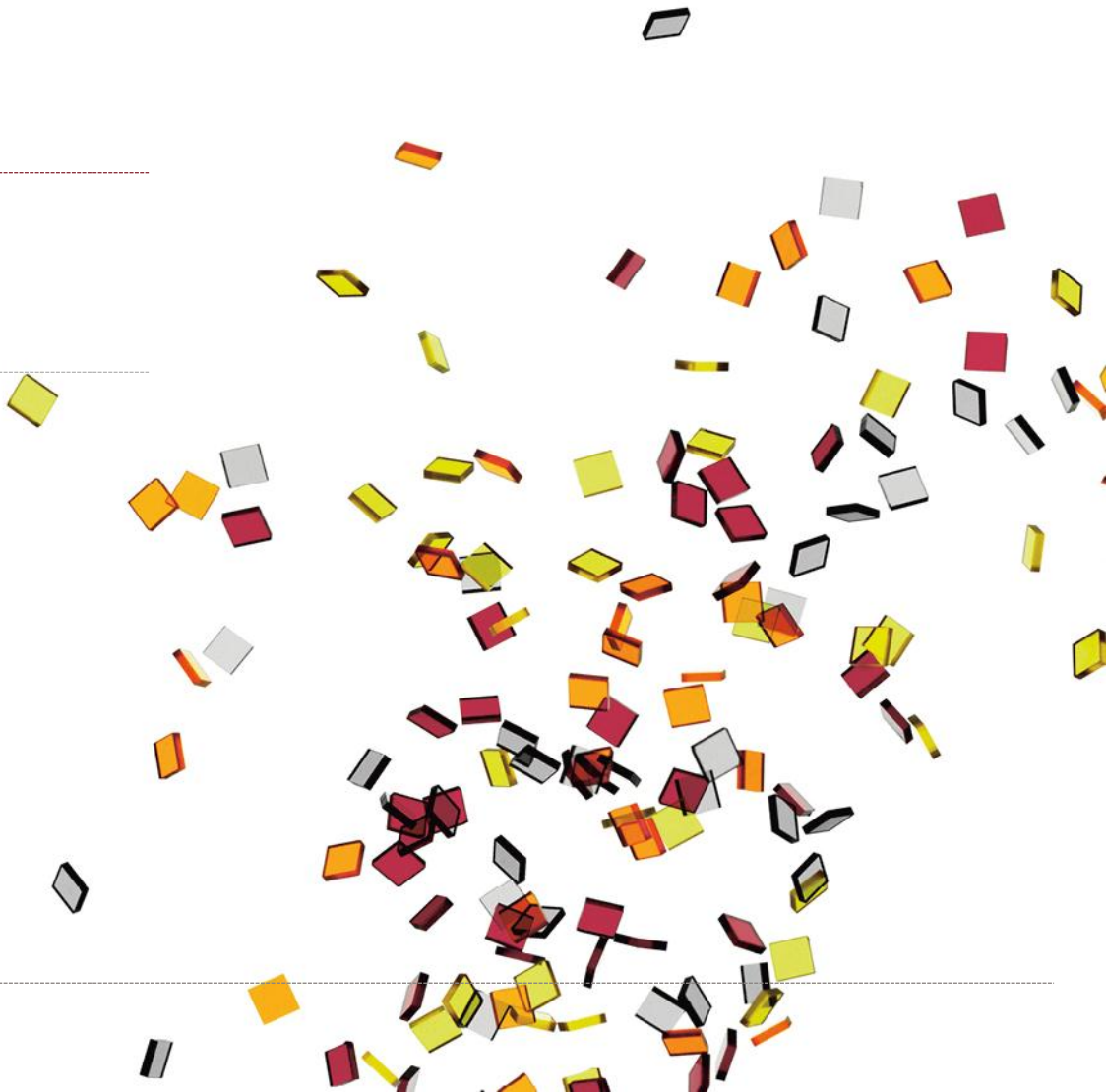
- ACV USD 9.5 (+0.5)m
- Another strong quarter for CameronTec
- The largest downsizing of the quarter in OFT placed large order with CameronTec
- EMEA and Americas regions performing well
 - > Increasing interest from emerging markets; Brazil, India, Africa
- Favorable market trends (same as one quarter ago): Tier-1 and Tier-2 organizations are starting to revolve around a FIX enabled, low-latency/high throughput transaction connectivity. This development puts CameronTec and the technology offering in a very good position especially with the new product Catalys.

ORC | Q1 in brief Neonet

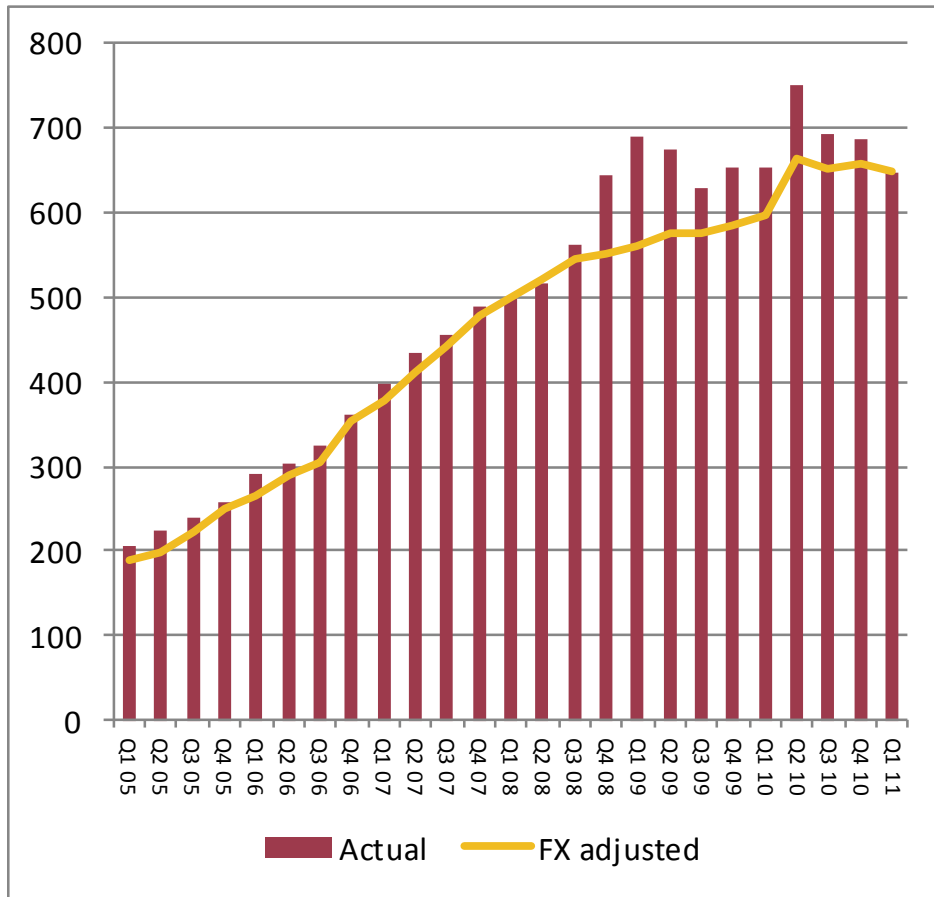
- Transaction Revenues SEK 66m (Q4 SEK 77m)
- Volumes in Q1 disappointing. January, February at Q4 levels, but March very bad.
- Sales winning many new accounts, but general level of activity very low
- The internal work to improve profitability has been successful, as can be seen on the transaction margin, 40%
- Neonet has started to offer bundled (technology and transactions) solutions

ORC | Financials

Anders Berg, CFO
Orc Software



ORC | Annualized Contract Value (ACV)



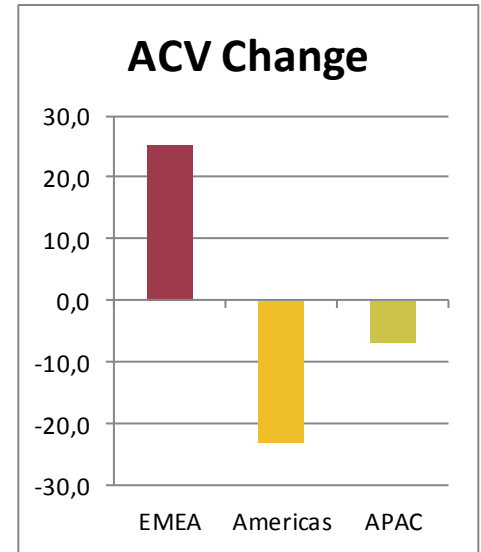
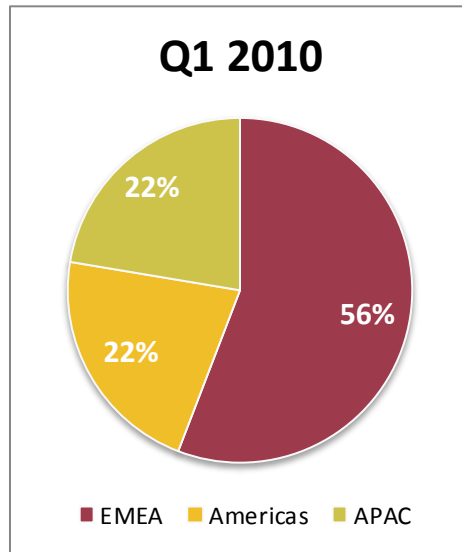
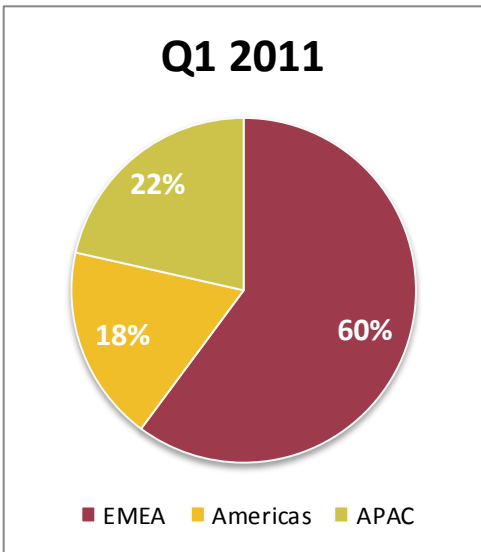
- Recurring system revenue in Orc Financial Technologies and CameronTec
- Amounts to SEK 648 m at end of Q1 2011
 - > Contracted revenue for the coming twelve months
 - > Equals **82%** on Operating expenses, FY 2010*
 - > SEK 52 m XG Technology (Neonet) at merger
- Down 1% compared to end of Q1 2010
 - > Up 8% FX adjusted**
- Down 6% compared to Q4 2010
 - > Down 2% FX adjusted**

*) Excluding NRI, FX rev and Amortization on acquired intangibles

**) March 2010 average rates

ORC | Regional ACV

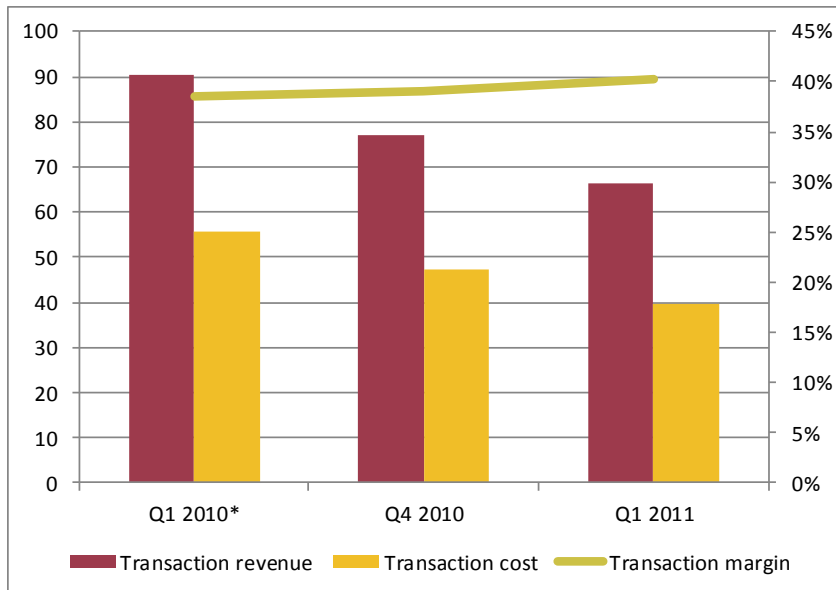
SEK million	Q1 2011	Q1 2010	Change	%	
EMEA	390,1	364,8	25,3	7%	Whereof XG (Neonet) SEK 52.1 m at merg.
Americas	119,1	142,4	-23,3	-16%	
APAC	139,3	146,1	-6,8	-5%	
Total	648,5	653,3	-4,8	-1%	N.B. FX adjusted = SEK 53,7 m



ORC | Neonet

	Q1 2011	Q4 2010	Change	%	Q1 2010*	Change	%
Transaction revenue	66,2	77,2	-11,0	-14%	90,3	-24,1	-27%
Transaction cost	-39,6	-47,1	7,5	-16%	-55,5	15,9	-29%
<i>Transaction net</i>	26,6	30,1	-3,5	-12%	34,8	-8,2	-24%
Transaction margin	40,2%	39,0%	1,2%		38,5%	1,6%	

*) From Neonet's Interim Report pre merger



- Trading volumes still low compared to 2007-2008
 - > Volumes in Q1 lower than Q4 and Q1 2010
 - > Especially March was low

- Margin increase compared to Q4 and Q1 2010

- Several new customer wins

ORC | Segment Report

SEKm	Orc Financial Technologies	CameronTec	Neonet	Group items*	Orc Group
Operating revenue	161	16	70		248
Cost of goods sold	-7	-1			-8
Transaction expenses			-40		-40
External expenses	-42	-4	-17		-64
Personnel expenses	-71	-8	-15		-95
Capitalized development expenses	15	3			18
Depreciation and amortization	-7		-2	-14	-24
Foreign exchange differences	-5	-1			-5
OPEX	-118	-11	-74	-14	-217
EBIT	43	6	-4	-14	31
Financial items	1		-1		
EBT	44	6	-5	-14	31
EBITDA	50	6	-2		54
EBIT Margin	27%	34%	-6%	n/a	12%
EBITDA Margin	31%	35%	-3%	n/a	22%

*) Group items are amortization on acquisition related intangibles

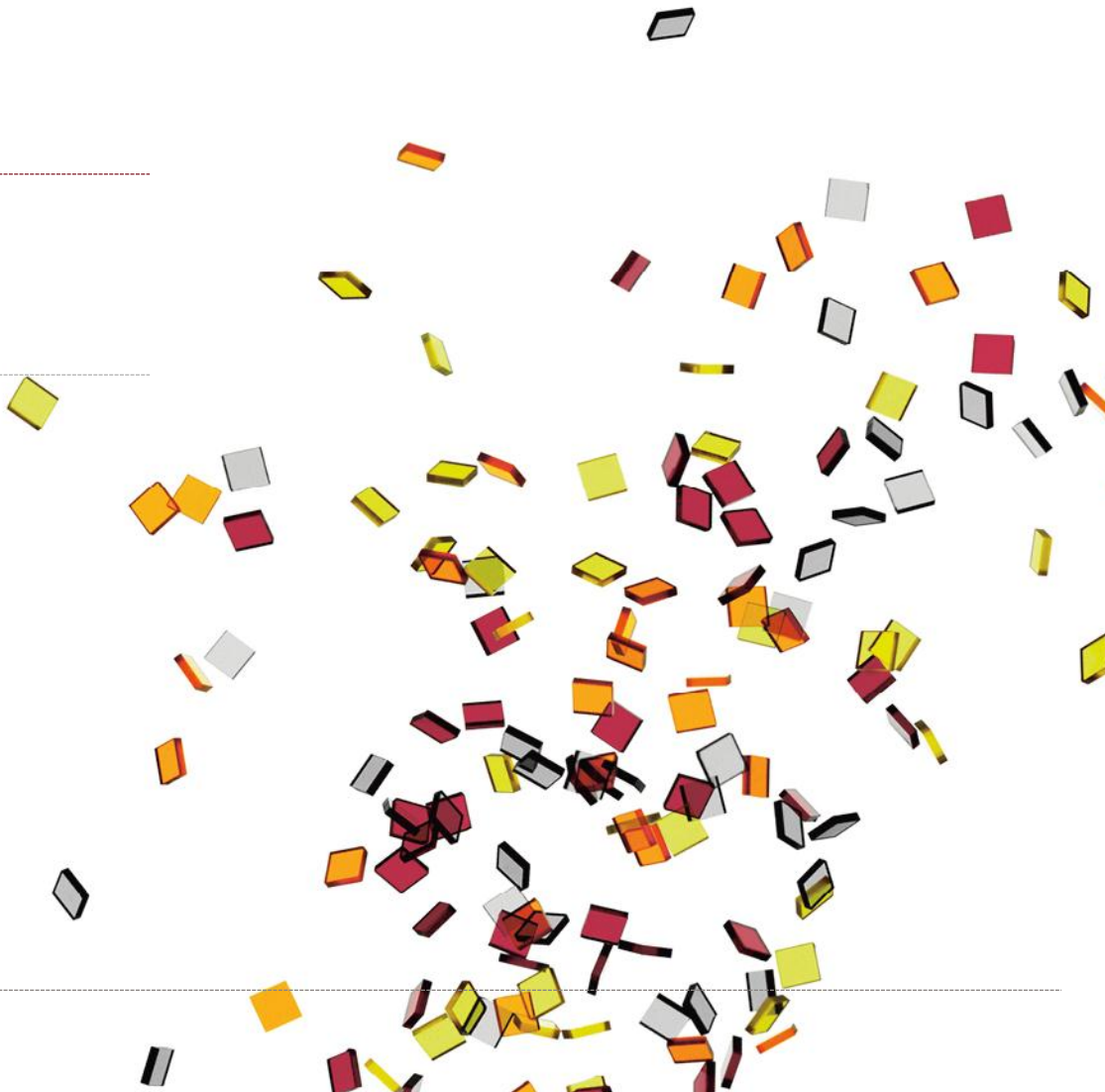
ORC | Consolidated Income Statement

SEK million	Q1 2011	Q1 2010	Change	%	Comments
System revenue	176	168	8	5%	Increase in recurring revenue 5%
Transaction revenue	66		66	n/a	
Other revenue	6	2	4	200%	
Operating revenue	248	170	78	46%	
Cost of goods sold	-8	-8	0	0%	
Transaction cost	-40		-40	n/a	
External expenses	-64	-48	-16	33%	
Personnel costs	-95	-81	-14	17%	
Capitalized work	18	3	15	500%	More R&D activity and Neonet technology
Depreciation etc	-23	-6	-17	283%	Amortization on intangibles from merger
FX revaluation	-5	-3	-2	67%	Rev. of Balance Sheets items, e.g. A/R etc
Operating expenses	-217	-143	-74	52%	SEK 1 m NRI
Operating income	31	27	4	15%	
Net financial income	0	0	0	n/a	
Income before tax	31	27	4	15%	
Tax	-9	-8	-1		
Net income	22	19	3	16%	
Operating margin	12%	16%	-4%		
NRI	-1		-1	n/a	
EBIT excl NRI	32		32	n/a	
OPEX margin excl NRI	13%		13%	n/a	

ORC | Balance Sheet

SEK million	Mar 31, 2011	Mar 31, 2010	Change	Comments
Goodwill	1 055	167	888	Increase related to Neonet
Other fixed assets	827	120	707	Increase related to Neonet and Capitalized development
Current financial assets	67	0	67	Increase related to Neonet
Current receivables	196	140	55	Increase mainly related to Neonet
Cash and equivalents	209	356	-147	Dividend SEK 155 m
	2 354	784	1 570	
Equity	1 749	475	1 274	Increase related to Neonet
Long-term liabilities	170	55	115	Increase related to Neonet (Deferred tax)
Current financial liabilities	53		53	Increase related to Neonet
Current liabilities	382	254	128	Increase mainly related to Neonet
	2 354	784	1 570	
Equity/Assets ratio	74%	61%	14%	

ORC | Outlook



ORC | Outlook

- When the Neonet transaction was announced we set the 2012 goal to have an operating margin of at least 20% in a weak market and a 35%+ operating margin in a strong market
- With current FX rates and continued low transaction volumes in Neonet, it is uncertain if we can reach this goal already in 2012

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