



Orc Group Q2 2011 Report

Thomas Bill, CEO

Anders Berg, CFO



ORC | Agenda

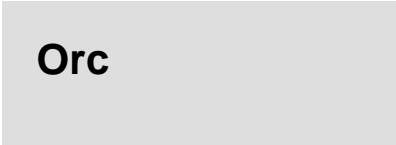
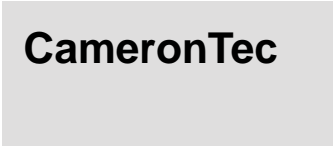
- Introduction to Orc Group
- Q2 in brief
 - > Orc
 - > CameronTec
 - > Neonet
- Financials
- Outlook

ORC | Vision

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



ORC | The Orc Group

The logo for ORC Orc Group, featuring the letters "ORC" in a bold, dark red font inside a white square, which is set against a larger grey rectangular background. To the right of the square, the words "Orc Group" are written in a black, sans-serif font.The logo for the company "Orc", featuring the word "Orc" in a bold, black, sans-serif font centered within a grey rectangular box.The logo for the company "Neonet", featuring the word "Neonet" in a bold, black, sans-serif font centered within a grey rectangular box.The logo for the company "CameronTec", featuring the word "CameronTec" in a bold, black, sans-serif font centered within a grey rectangular box.

ORC | Orc Group: Located in major financial centers

~380
employees

EMEA:


Amsterdam
Frankfurt
London
Milan
Moscow
Paris
Stockholm

Americas:

Chicago
New York
New Jersey

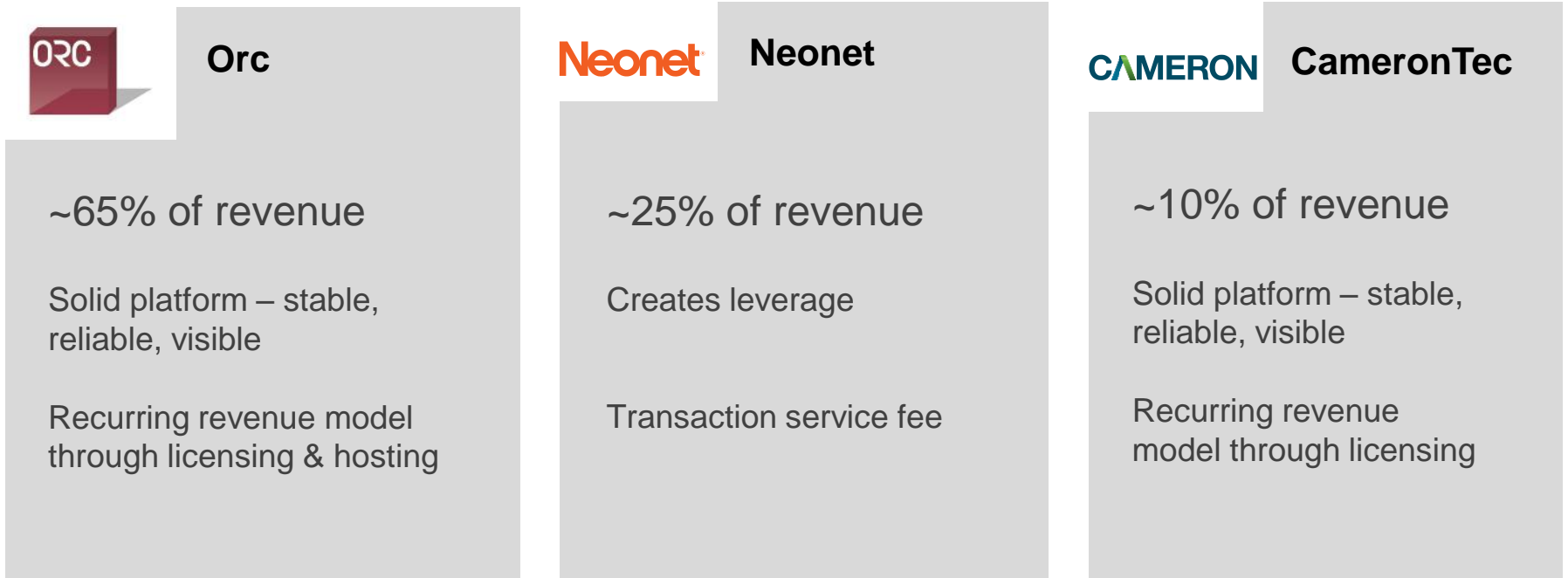
Asia Pacific:

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



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 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



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

- Comprehensive transaction services with smart functionality such as trading algorithms and smart order routing
- Can offer market leading solutions from Orc
- 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 Group, Q2 2011

ORC | Q2 2011 results

- Revenue SEK 230 (Q1 2011: 248)m
 - > System Revenue 169 (176)m
 - > Transaction Revenue 54 (66)m
 - > Other Revenue 7 (6)m
- Continued strong operating margins in the technology businesses, 29%.
- EBIT SEK 33 (30)m
- EBIT margin 14.3% (11.9%)
- ACV end Q2: SEK 668m (SEK +19m from Q1 2011)
 - > With Q1 FX rates SEK + 11m
- End Q2 2010: SEK 751m (SEK -83m Y-o-Y)

ORC | Q2 in brief Orc APAC

- ACV USD 21.1 (+1.0)m
- A positive quarter in APAC with several large deals and new customers
- Several large Liquidator deals with international banks
- Mitsubishi UFJ Morgan Stanley selects Orc to enhance its options market making capabilities in Japan
- Brokers continue to build and expand their Orc connectivity offering, e.g. ABN Amro and Yuanta Futures
- Both banks and trading firms are adding users
- Five new customers including DragonBack Capital
- Our efforts in Japan are paying off with new seats with existing customers and a good pipeline of local banks
- First customers trading Indian markets, good potential
- Good pipeline for the rest of the year

ORC | Q2 in brief Orc EMEA

- ACV EUR 41.6 (+0.2)m
- A stronger quarter than Q1; stronger Sales and slightly lower Churn
- Largest deal of the quarter combined Orc Access and Orc Trading solution. All hosted.
- New major market maker customer in France, Orc Market Maker; All hosted
- Positive development in Eastern Europe.
- Many customers continue to struggle with profitability, with Churn as result
- Competitors under pressure continues to fight aggressively with price and custom development to win deals
- Strong segments: Market Making of Warrants, Structured Products, Certificates, STIRs; Carbon trading; Hosted High Frequency Access

ORC | Q2 in brief Orc Americas

- ACV USD 14.1 (-0.5)m
- Another tough quarter for Americas with poor market conditions
 - > Economy is weak and will remain so in 2011
 - > Massive Regulatory Reform is in-process and continues to create uncertainty
- Latin America the bright spot in Q2 with two large deals in Brazil and Mexico
- Continued big Churn from trading firms
- Orc Market Maker doing well in USA, attractive in terms of price & performance. We continue to build a strong pipeline.

ORC | Q2 in brief CameronTec

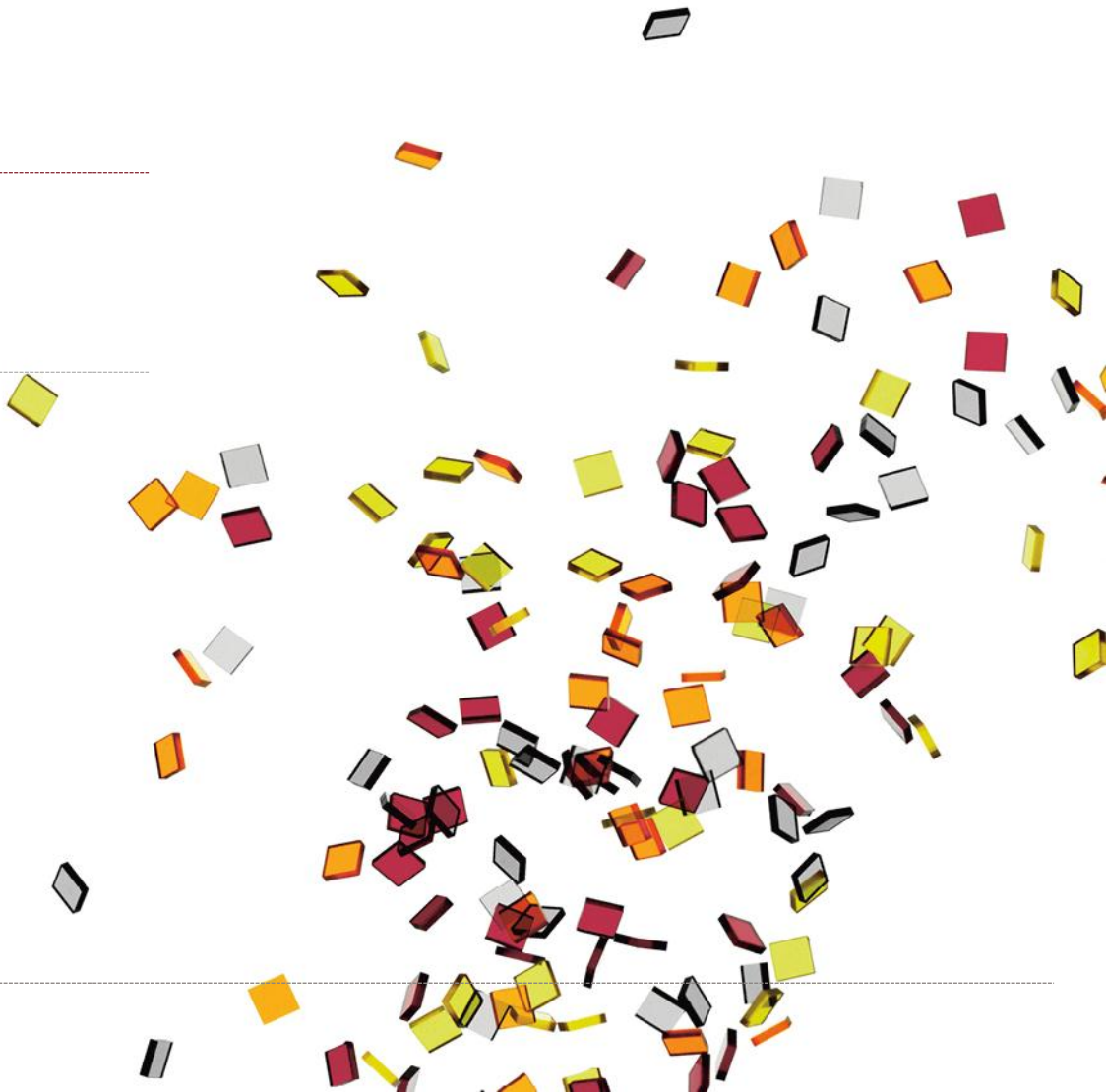
- ACV USD 10.2 (+0.7)m
- Another strong quarter for CameronTec
- Several larger deals in APAC, the biggest with a Global Investment Bank
- CameronTec continues to win new accounts as well as re-negotiating old contracts
- All regions performing well.
- No new trends compared to previous quarters

ORC | Q2 in brief Neonet

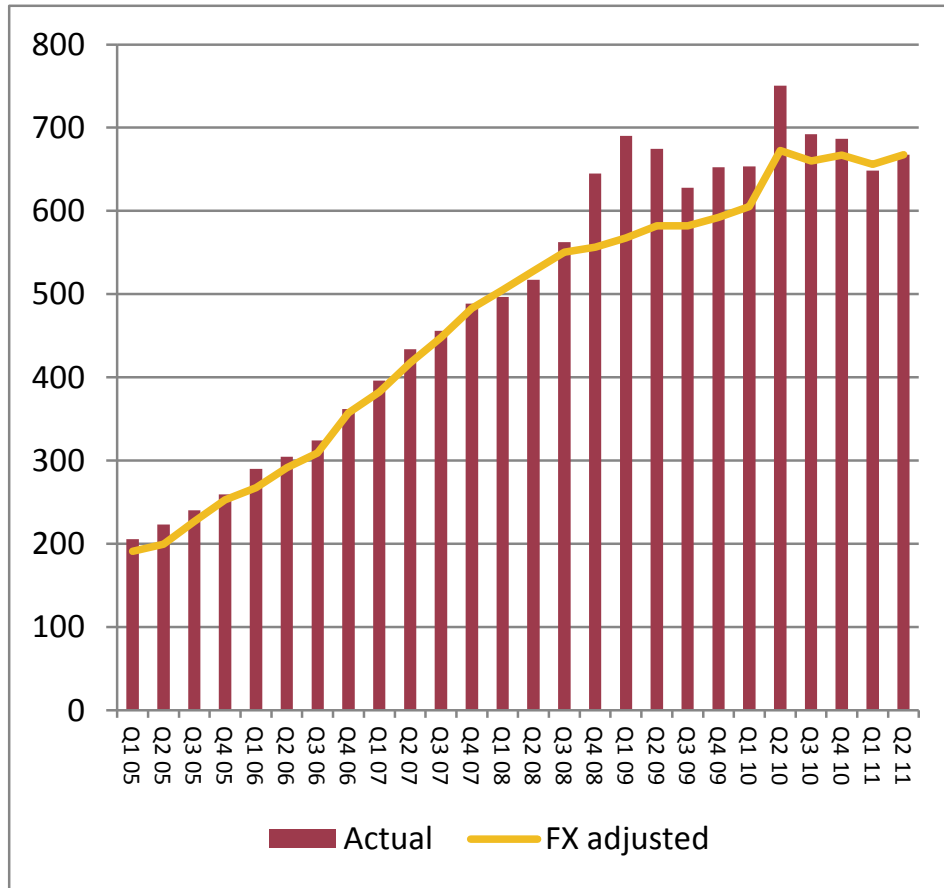
- Transaction Revenues SEK 54 (Q1, 2011 SEK 66)m
- Very weak transaction volumes in Q2
- Transaction margin 35%
- Sales working hard and wins new accounts, BUT they trade small volumes
- The best segment for Neonet is Sell-side clients
- Many smaller and medium sized broker are looking at outsourcing their execution
- We take the negative development very seriously and are working on a number of activities to rectify the problems

ORC | Financials

Anders Berg, CFO
Orc Group



ORC | Annualized Contract Value (ACV)



- Recurring system revenue in Orc and CameronTec
- Amounts to SEK 668 m at end of Q2 2011
 - > Contracted revenue for the coming twelve months
 - > Equals **84%** on Operating expenses, FY 2010*
- Down 11% compared to end of Q2 2010
 - > Down 1% FX adjusted**
- Up 3% compared to Q1 2011
 - > Up 2% FX adjusted**

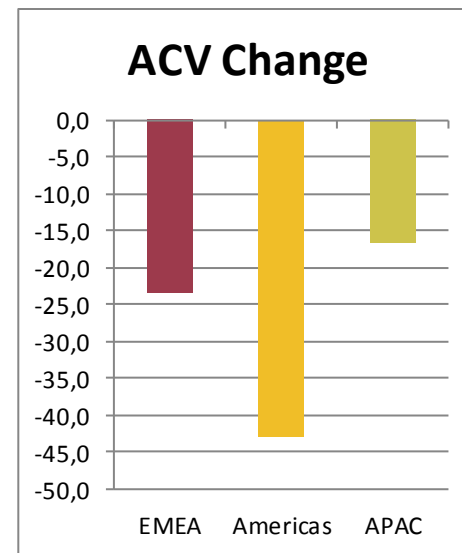
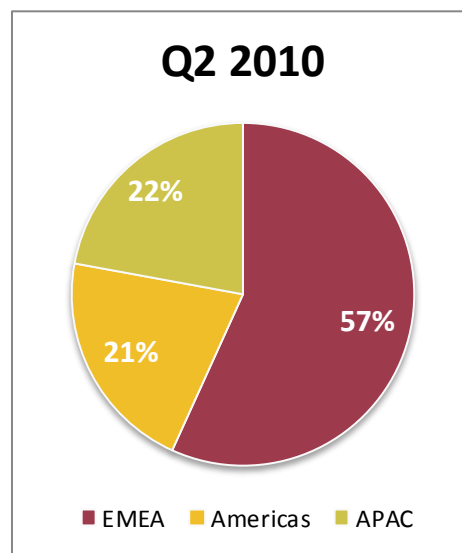
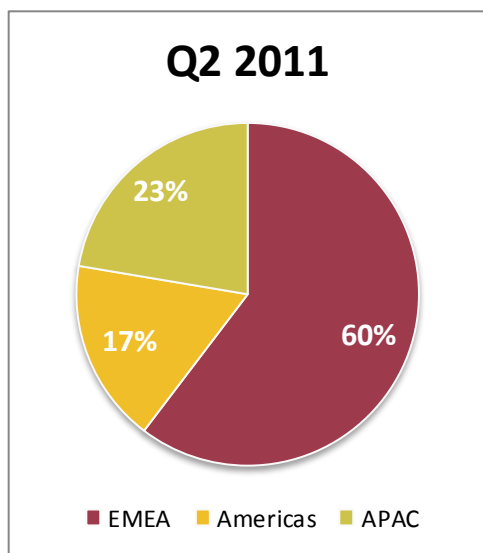
*) Excluding NRI, FX rev and Amortization on acquired intangibles

**) June 2010 average rates

ORC | Regional ACV

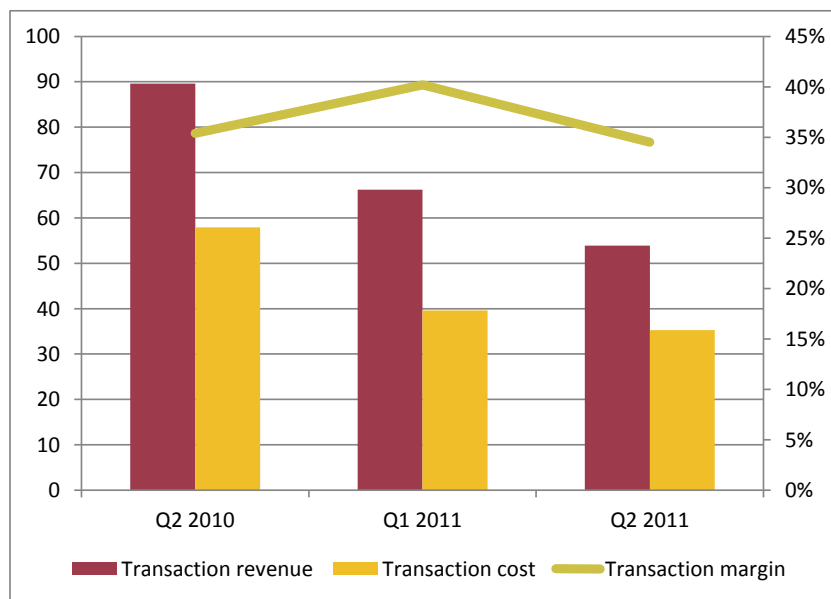
SEK m	Q2 2011	Q2 2010	Change	%
EMEA	402,8	426,2	-23,4	-5%
Americas	115,5	158,4	-42,9	-27%
APAC	149,2	166,0	-16,8	-10%
Total	667,5	750,6	-83,1	-11%

N.B. FX adjusted = SEK -9,0 m



ORC | Neonet

SEK m	Q2 2011	Q1 2011	Change	%	Q2 2010	Change	%
Transaction revenue	53,9	66,2	-12,3	-19%	89,6	-35,7	-40%
Transaction cost	-35,3	-39,6	4,3	-11%	-57,9	22,6	-39%
<i>Transaction net</i>	<i>18,6</i>	<i>26,6</i>	<i>-8,0</i>	<i>-30%</i>	<i>31,7</i>	<i>-13,1</i>	<i>-41%</i>
Transaction margin	34,5%	40,2%	-5,7%		35,4%	-0,9%	



- Trading volumes trend still negative
 - > Volumes in Q2 lower than Q1 2011 and Q2 2010

- Margin at the same level as in Q2 2010, but lower than Q1 2011

- Several new customer wins

ORC | Segment Report

SEKm	Orc	CameronTec	Neonet	Group items*	Orc Group
Operating revenue	154	18	58		230
Cost of goods sold	-6	-1			-7
Transaction expenses			-35		-35
External expenses	-43	-4	-16	10	-54
Personnel expenses	-69	-8	-16		-93
Capitalized development expenses	14	3			17
Depreciation and amortization	-9		-3	-15	-27
Foreign exchange differences	1				2
OPEX	-112	-10	-70	-5	-197
EBIT	42	8	-12	-5	33
Financial items					
EBT	42	8	-12	-5	33
EBITDA	51	8	-9	10	61
EBIT Margin	27%	44%	-21%	n/a	14%
EBITDA Margin	33%	45%	-15%	n/a	26%

*) Group items are: Settlement of disrupted receivable, amortization on acquisition related intangibles and financial items

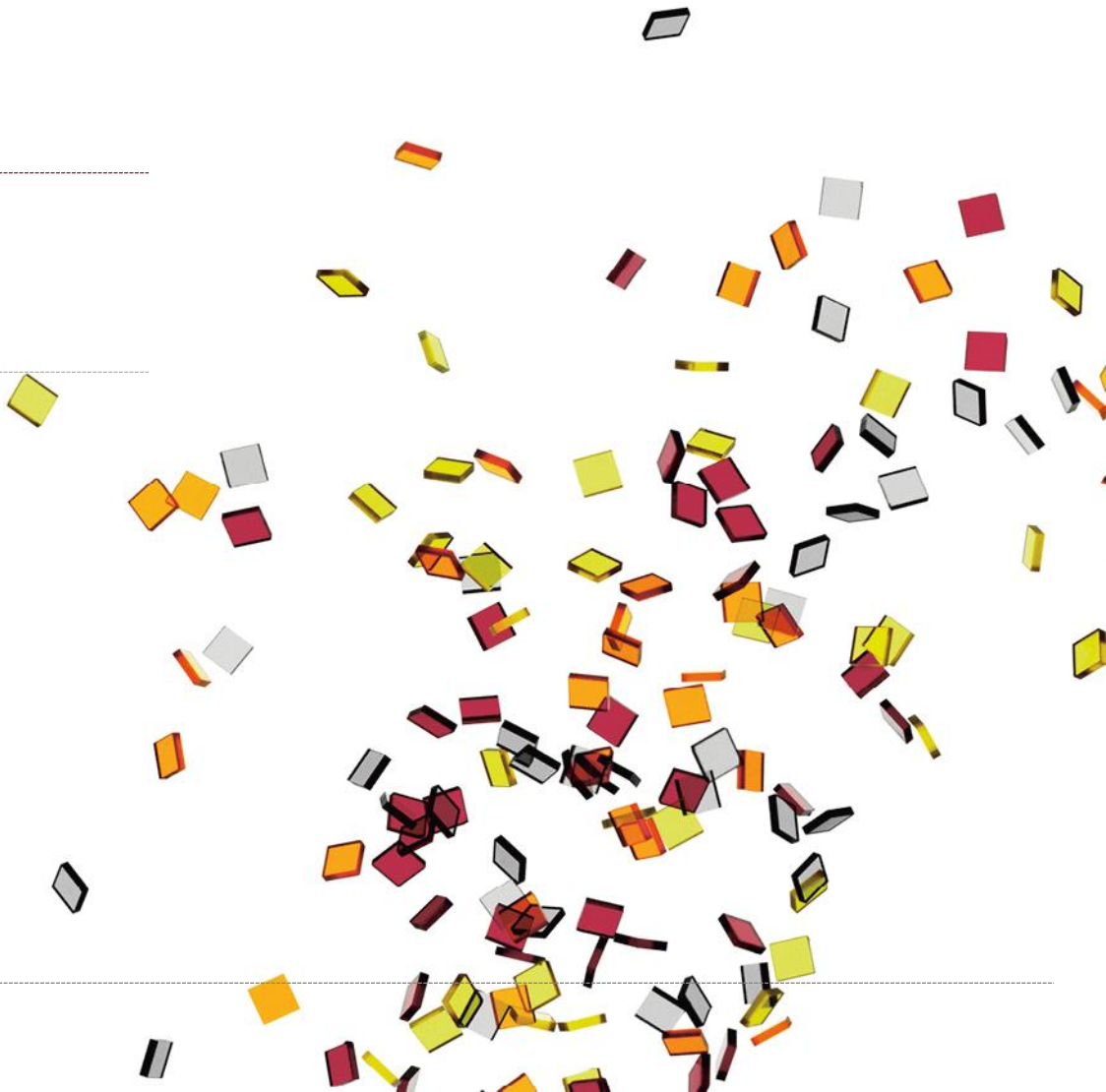
ORC | Consolidated Income Statement

SEK m	Q2 2011	Q2 2010	Change	%	Comments
System revenue	169	188	-19	-10%	Mainly FX effect
Transaction revenue	54	90	-36	-40%	
Other revenue	7	5	2	40%	
Operating revenue	230	283	-53	-19%	
Cost of goods sold	-7	-9	2	-22%	
Transaction cost	-35	-58	23	-40%	
External expenses	-54	-81	27	-33%	Synergies, less NRI, settled disputed receivable
Personnel costs	-93	-122	29	-24%	Fewer employees and less NRI
Capitalized work	17	14	3	21%	
Depreciation etc	-27	-25	-2	8%	
FX revaluation	2	7	-5	-71%	Rev. of Balance Sheets items, e.g. A/R etc
Operating expenses	-197	-274	77	-28%	
Operating income	33	9	24	267%	
Net financial income	0	0	0	n/a	
Income before tax	33	9	24	267%	
Tax	-9	-4	-5		
Net income	24	5	19	380%	
Operating margin	14%	3%	11%		
NRI	-1	-29	28	n/a	
EBIT excl NRI	34	38	-4	n/a	
OPEX margin excl NRI	15%	13%	1%	n/a	

ORC | Balance Sheet – Q vs Q

SEK million	June 30, 2011	Mar 31, 2011	Change	Comments
Goodwill	1 031	1 055	-24	Final adjustment of PPA
Other fixed assets	856	827	28	Final adjustment of PPA
Current financial assets	64	67	-3	
Current receivables	212	196	16	
Cash and equivalents	165	209	-44	Dividend SEK 165 m, draw down on credit facility
	2 328	2 354	-26	
Equity	1 607	1 749	-142	Dividend SEK 165 m
Long-term liabilities	181	170	11	
Current financial liabilities	79	53	26	
Current liabilities	461	382	79	Draw down on credit facility SEK 100 m
	2 328	2 354	-26	
Equity/Assets ratio	69%	75%	-6%	

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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