



**ORC**

January – June 2009

Thomas Bill, CEO

Anders Berg, CFO

# Agenda

- Company overview
- Market trends and Orc Software solutions
- Orc Software Q2, 2009
- Financials
- Future outlook

Core focus is  
trading and connectivity  
solutions for the worldwide  
financial industry

# Global Presence

**247**  
employees

**EMEA:**

Stockholm  
Amsterdam  
Frankfurt  
London  
Milan  
Moscow  
Vienna  
Paris

**Americas:**

New York  
Chicago

**Asia Pacific:**

Hong Kong  
Sydney

**600+** customer sites worldwide  
representing major investment  
banks and financial institutions

# Orc Solutions

## Orc Trading >



Trade any listed instrument from a single platform, cross-asset class, on 100+ markets

### **Orc Algorithmic Trading**

Server-based trading solution capable of running thousands of trading strategies simultaneously and offered with ultra low latency, native connectivity to 100+ markets.

### **Orc Market Making**

Thousands of instruments quoted on multiple markets simultaneously.

### **Orc Advanced Trading**

Advanced pricing, trading and hedging capabilities with limited risk exposure.

## Orc Connect >



Fast, reliable access to liquidity pools. Orc CameronFIX and Orc CameronFAST enabled

### **Orc DMA for Brokerage**

Sell-side solution for offering customers access to liquidity pools to trade directly on any market.

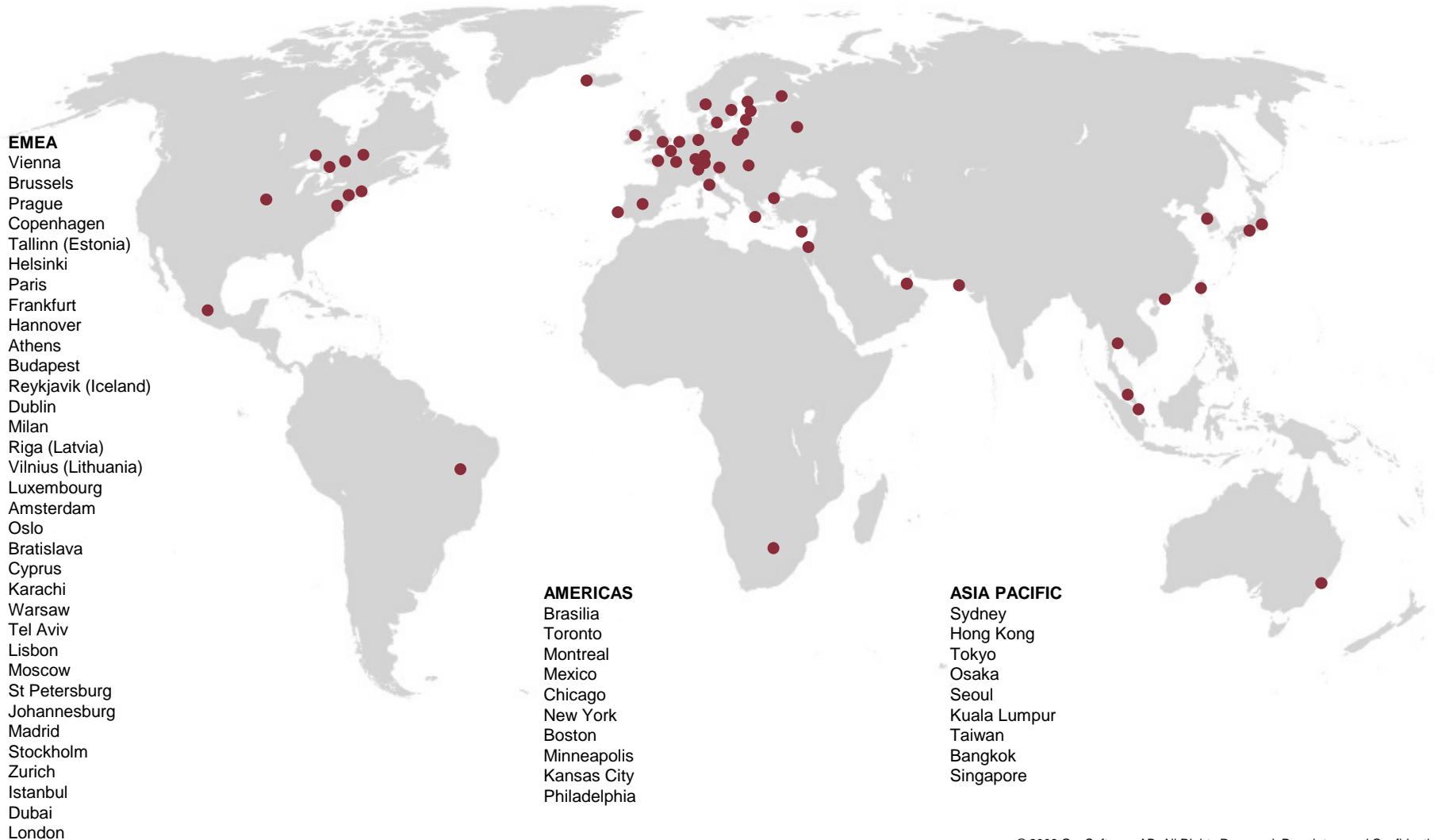
### **Orc Liquidity Access**

The complete trading solution for fast, reliable access to derivatives and cash markets globally.

### **Orc CameronFIX Universal Server**

High performance Financial Information eXchange Protocol (FIX) solution used to connect buy-side and sell-side firms and exchanges globally.

# 100+ Market Connections to Worldwide Exchanges

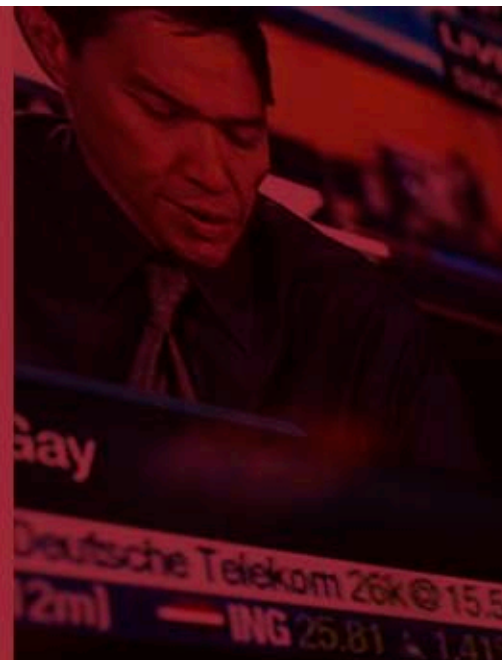


# Customer License Model

Subscription fees in advance

Service and support included  
in subscription fee

Solution updates included in  
subscription fee



# Global Market Trends Affecting our Business

- Increased derivatives volumes and increased volatility
  - Continued strong demand for algorithmic/automated trading solutions
- OTC products becoming exchange traded and cleared
  - Will create opportunities for arbitrage and volatility trading
  - Will create demand for more real-time risk management solutions
- The division between buy- and sell-side continues to erode
  - A new market is opening up where buy-side firms are buying “sell-side systems”
- In-house built systems are being replaced by vendor solutions
  - Strong demand for “off-the-shelf” market connectivity
  - Total addressable market for algorithmic engines is increasing



Orc Software  
Q2 2009

## Orc Software Q2 2009

- Revenues SEK 180 m (Q2 2008, SEK 139 m)
- EBIT SEK 42 m (Q2 2008, SEK 27 m)
- EBIT margin 23%
- Negative currency effect SEK -11 m
- EBIT margin excluding negative currency effect 30%
  
- ACV end Q2: SEK 675 m (SEK -16 m)
- With Q1 FX rates SEK + 18 m
- End Q2 2008: SEK 517m (+SEK 157 m Y-o-Y)

## Orc Software Q2 2009

- Strong gross sales in all regions, with EMEA performing the strongest
  - Several major deals in London
- Churn remains high, but has come down compared to Q4 2008 and Q1 2009
  - Greater volatility amongst the smaller trading firms
- The automation of the trading industry continues – Orc has the leading solution
- New MTFs require firms to invest in new connectivity technology
- The pipeline for Orc Spreader is building up and customers are already in production
- Partnership with Goldman Sachs develops well with several customers in implementation and a good pipeline
- Q4 restructuring completed in line with expectations

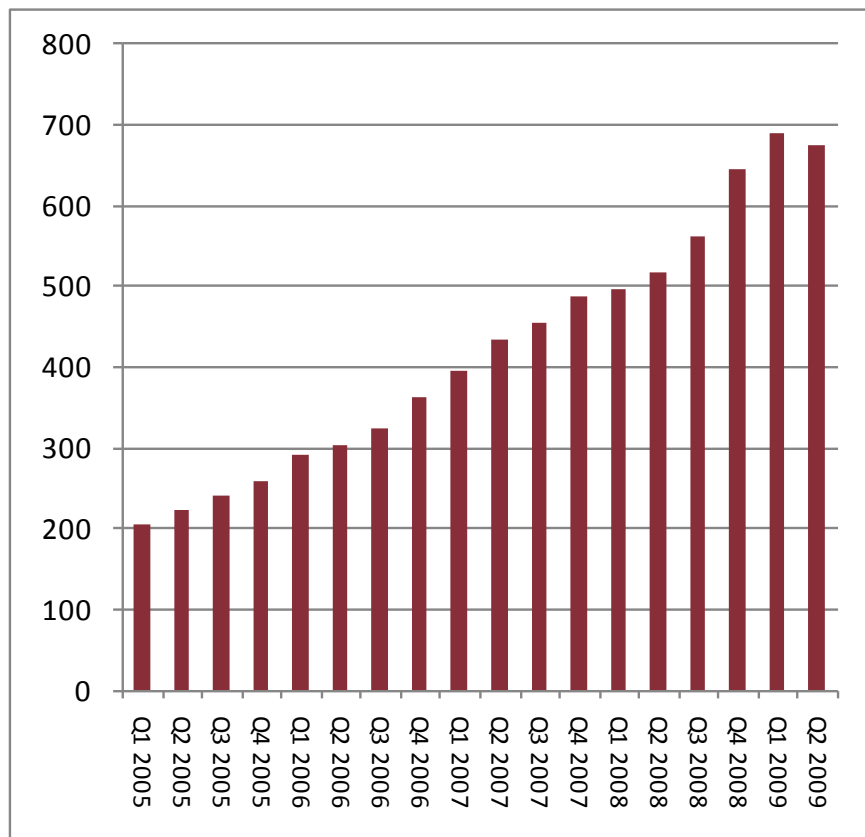
# Orc Software Q2 2009

- The four biggest downsizings/terminations in the quarter :
  1. European Bank in APAC
  2. US Investment Bank
  3. European Bank closing down part of trading desk
  4. Local Trading Firm
  
- The four biggest orders in the quarter:
  1. Global Trading Firm (EMEA)
  2. Global Trading Firm (Americas)
  3. Global Trading Firm (Americas)
  4. Global Trading Firm (EMEA)



# Financials

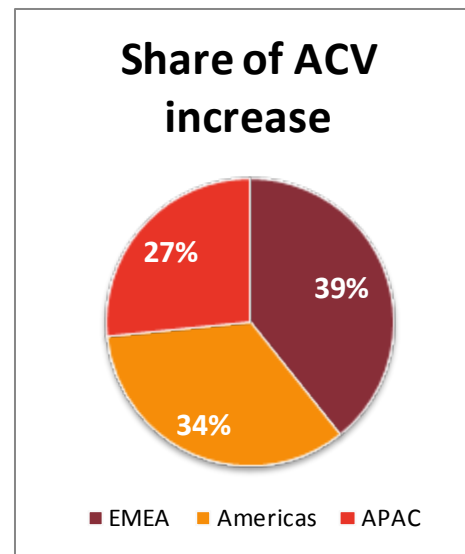
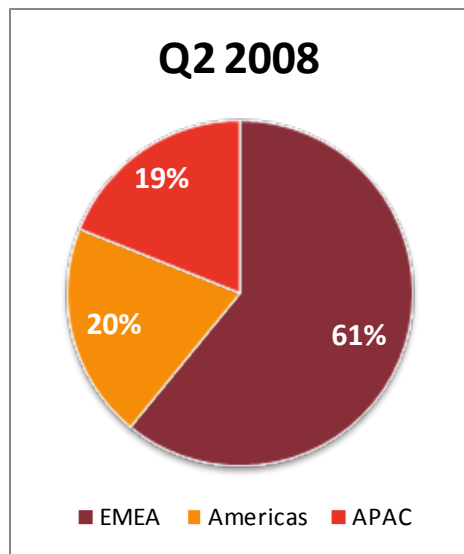
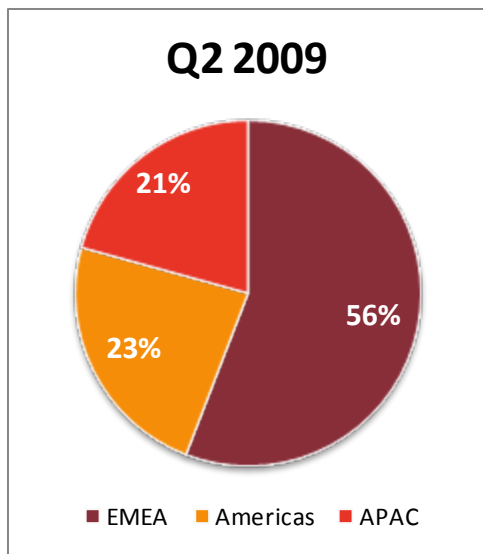
# Annualized Contract Value (ACV)



- Amounts to SEK 675 m at end of Q2 2009
  - Contracted revenue for the coming twelve months
  - Equals **143%** on Operating expenses in 2008
- Up 30% compared to end of Q2 2008
  - Up 10% FX adjusted
- Down 2% compared to Q1 2009
  - Up 3% FX adjusted

# Regional ACV

SEK million	Q2 2009	Q2 2008	Change	%
EMEA	377	315	62	20%
Americas	158	104	54	52%
APAC	140	98	42	43%
<b>Total</b>	<b>675</b>	<b>517</b>	<b>158</b>	<b>30%</b>



# Consolidated Income Statement

SEK million	Q2 2009	Q2 2008	Change	%	H1 2009	H1 2008	Change	%	Comments
System revenue	178	136	42	31%	339	268	71	26%	Increase in recurring revenue 33%
Other revenue	2	3	-1	-33%	5	7	-2	-29%	Orc CFIx transfer done Less of consulting etc, more system rev.
<b>Operating revenue</b>	<b>180</b>	<b>139</b>	<b>41</b>	<b>30%</b>	<b>344</b>	<b>275</b>	<b>69</b>	<b>25%</b>	
Cost of goods sold	-10	-9	-1	11%	-21	-18	-3	17%	
External expenses	-35	-36	1	-3%	-70	-69	-1	1%	Q incl. provisions for doubtful A/R of SEK 4m (Accumulated provisions = SEK 21m)
Personnel costs	-77	-68	-9	13%	-149	-132	-17	13%	FX rate difference
Capitalized work	1	5	-4	-80%	2	9	-7	-78%	Less R&D activity that can be capitalized
Depreciation etc	-6	-5	-1	20%	-10	-10	0	0%	
FX revaluation	-11	1	-12		-4	-7	3		Rev. of Balance Sheets items, e.g. A/R etc
<b>Operating expenses</b>	<b>-138</b>	<b>-112</b>	<b>-26</b>	<b>23%</b>	<b>-252</b>	<b>-227</b>	<b>-25</b>	<b>11%</b>	
<b>Operating income</b>	<b>42</b>	<b>27</b>	<b>15</b>	<b>56%</b>	<b>92</b>	<b>48</b>	<b>44</b>	<b>90%</b>	Almost doubled H1-09 - H1-08
Net financial income	0	0	0		1	0	1		
<b>Income before tax</b>	<b>42</b>	<b>27</b>	<b>15</b>	<b>56%</b>	<b>93</b>	<b>48</b>	<b>45</b>	<b>94%</b>	
Tax	-11	-9	-2		-26	-15	-11		
<b>Net income</b>	<b>31</b>	<b>18</b>	<b>13</b>	<b>72%</b>	<b>67</b>	<b>33</b>	<b>34</b>	<b>103%</b>	
<b>Operating margin</b>	<b>23%</b>	<b>19%</b>	<b>4%</b>		<b>27%</b>	<b>17%</b>	<b>9%</b>		
OPEX excl FX & Cap work	-128	-118	-10	8%	-250	-229	-21	9%	
Op. marg. excl FX & Cap work	<b>30%</b>	<b>15%</b>	<b>15%</b>		<b>27%</b>	<b>17%</b>	<b>11%</b>		Almost doubled Q2-08 - Q2-09

# Balance Sheet

SEK million	Jun 30, 2009	Mar 31, 2009	Change	Comments
Fixed assets	305	297	8	Capitalized dev + Equipment - Depreciation etc
Current receivables	162	175	-13	Sales increase +/- Change in outstanding A/R
Cash and equivalent	168	182	-14	Cash flow after SEK -61m dividend
	<b>635</b>	<b>654</b>	<b>-19</b>	
Equity	346	373	-27	Profit - Dividend
Long-term liabilities	41	43	-2	Deferred tax
Current liabilities	248	238	10	
	<b>635</b>	<b>654</b>	<b>-19</b>	
Equity/Assets ratio	55%	57%	-2%	



# Outlook

# Outlook

- The risk level is currently high
- Even under current volatile market conditions the trends working in Orc's favor remain strong
- Orc's solutions are well suited to current market conditions
- Based on current market conditions, Orc's revenue model and the implemented efficiency program
  - Orc will increase the annualized contract value (ACV) during 2009
  - Orc will increase revenues compared to 2008
  - Orc will increase earnings compared to 2008



[www.orcsoftware.com](http://www.orcsoftware.com)