



Orc Group Q4 2011 Report

Thomas Bill, CEO

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ORC | Agenda

- Introduction to Orc Group
- Q4 in brief
 - > Orc
 - > CameronTec
 - > Neonet
- Financials
- Outlook

ORC | Vision

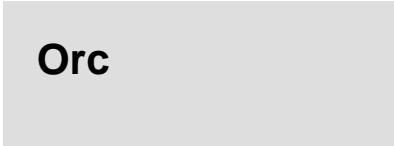
The leading provider of
technology and services
for the global financial
industry



ORC | The Orc Group



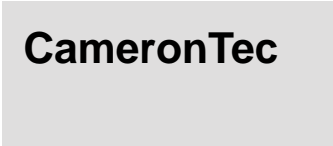
ORC Orc Group



Orc



Neonet



CameronTec

ORC | Orc Group: Located in major financial centers

~370
employees

EMEA:


Amsterdam
Frankfurt
London
Milan
Moscow
Paris
Stockholm

Americas:

Chicago
New York

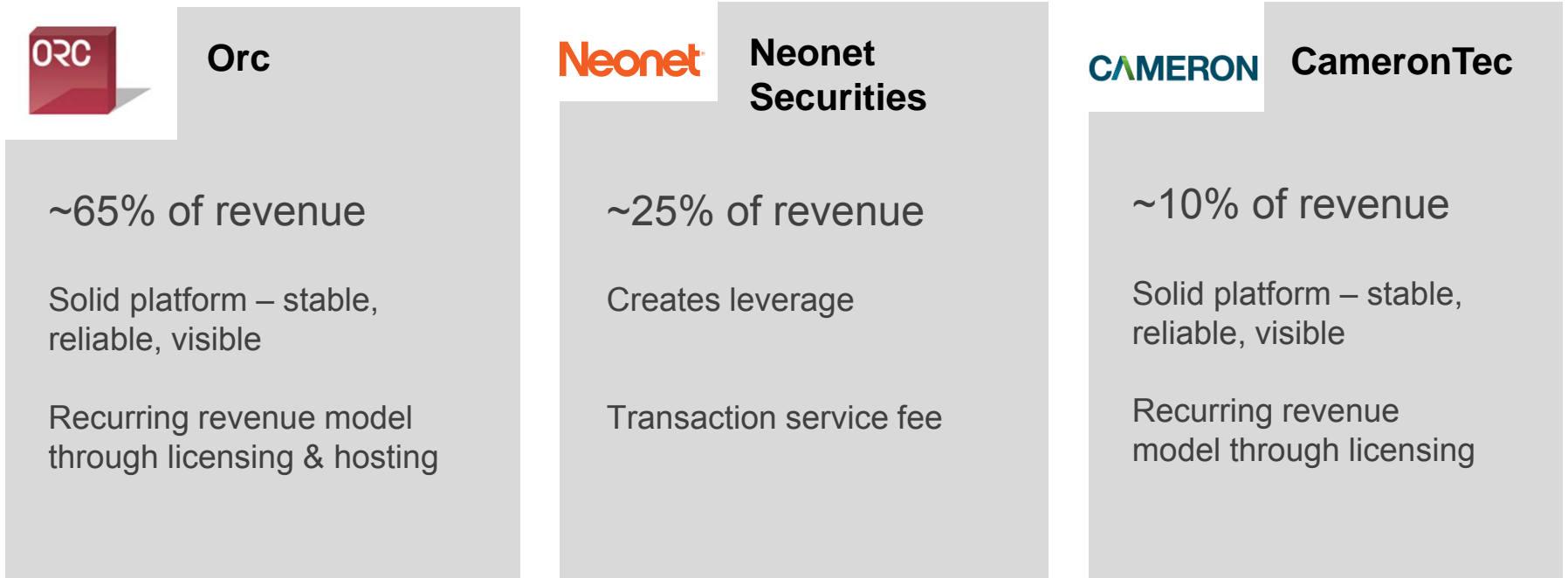
Asia Pacific:

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
- Cost efficiency is a key market driver

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 Securities

- Comprehensive transaction services with smart functionality such as trading algorithms and smart order routing
- ESP (Execution Service Provider) key offering
 - > Execution services for the sell-side
- Can offer market leading solutions from Orc
- Offers trading on 30+ markets in US and Europe
- Trading desk in Stockholm serving all customers
- Trade via the trading desks, Neonet Trader, Orc Trader or virtually any trading application supporting the FIX protocol
- Integrated settlement services





ORC | Orc Group, Q4 2011

ORC | Q4 General Update

- Revenue SEK 218 (previous Q: 227)m
 - > System Revenue 175 (170)m
 - > Transaction Revenue 41 (51)m
 - > Other Revenue 2 (6)m
- EBIT SEK -153 (17)m
 - > Non recurring items SEK -163 (-14)m
- EBIT margin incl. write off Neonet transaction services -70% (7%)
 - > EBIT margin excluding write off Neonet transaction services 5%
 - > EBIT Margin Orc 20%
 - > EBIT Margin CameronTec 26%
 - > EBIT Margin Neonet -30%
- ACV
 - > End Q4 2011: SEK 656m (SEK -25m from Q3 2011)
 - With Q3 FX rates SEK -30m
 - > End Q4 2010: SEK 686 m (SEK -30m Y-o-Y)
 - > Churn level 2011 at the same level as 2010

ORC | Q4 in brief Orc APAC

- ACV USD 19.1 (-1.0) m
- Tough market conditions in APAC
- Our investments in Japan are paying off:
 - > 2 year contract, Trading Solution for Japanese Index Arb
 - > 2 year contract, Trading Solution for Nikkei 225 futures and options
- Orc Market Maker is expected to be launched for the region in Q1 with Hong Kong Warrant Issuers to be the focus segment given the new functionality the offering brings.
- New connectivity platform is providing a base for the Japanese compliance tools that will be of benefit to existing customers wanting to scale up their Orc based business and give us the ability to actively target the wider Japanese market

ORC | Q4 in brief Orc EMEA

- ACV EUR 39.0 (-2.7) m
- The Eurozone crisis is causing downsizings and cancellations
- 7 new customers in the quarter. Many of them by replacing competitors
- Largest deals of the quarter with European Tier 3 trading firms (Buy-side 2.0)
- Arcades looking to move away from competitor's solution in Continental Europe in favour of offering superior Orc Traders
- Competitors under bigger pressure, some customer coming back to Orc as the safe choice. Some cancellations revoked for same reasons.

ORC | Q4 in brief Orc Americas

- ACV USD 14.1 (-0.4) m
- Market conditions improving in Americas
- Regulatory Reform is in-process and continues to create uncertainty
- Continued growth in the Options, Options on Futures market with the successful Orc Market Maker Solution.
- Several Orc Liquidator deals won due to performance and competitive pricing vs. in-house system
- Performance improvements put Orc in a stronger position in the market.
- Total of 26 new accounts for 2011

ORC | Q4 in brief CameronTec

- ACV USD 11.2 (+0.7) m
- A strong quarter for CameronTec
- Both new customers and upgrades of existing customers
- Low churn levels
- All regions performing well
- Main focus for FIX technology from Tier-1 but starting to pick up interest from Tier-2 (Large market)

ORC | Neonet Q4

- Transaction Revenue SEK 41 (51) m
- Closed the first two ESP deals
- Continued weak market although the decline in volumes seem to have plateaued the last few months
- Termination of large customer because of serious regulatory complaints caused big impact on revenues, but little impact on contribution
- One large US client filed for Chapter 11 during the quarter
- Continued economic turmoil in Europe. Banks and brokers under heavy cost pressure
- Regulation high on the agenda. First legislative proposal for MiFID II posted

ORC | Q4 Update Neonet

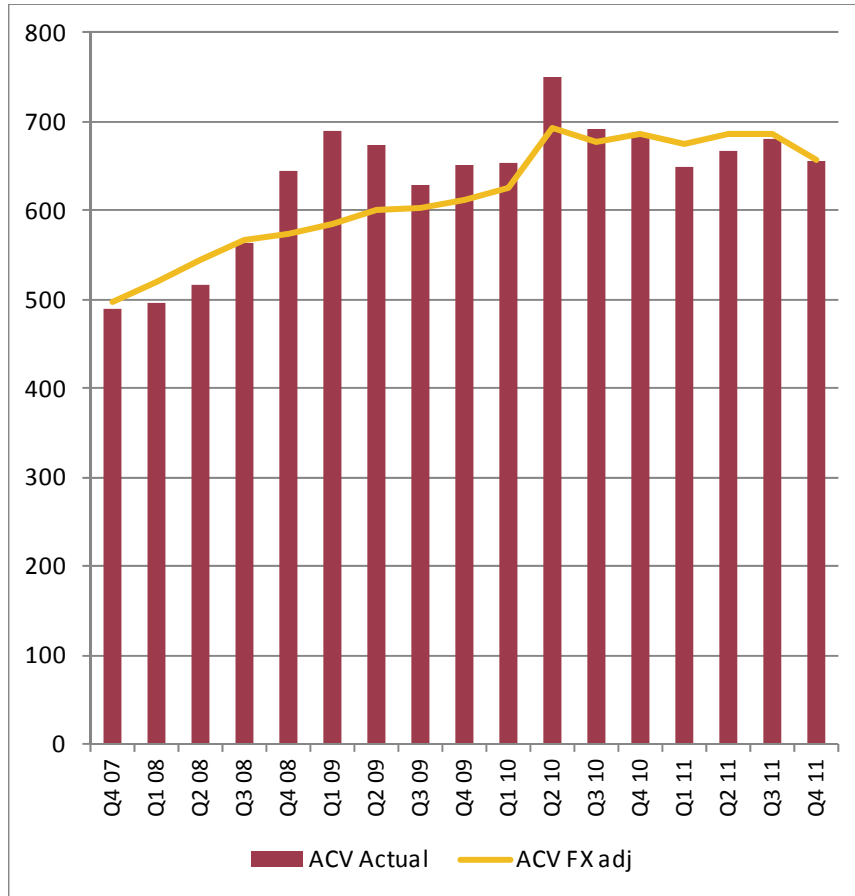
- Financial and regulatory climate should work in Neonet's favour as outsourcing execution services will be a way for banks and brokers to both (a) cut costs and (b) get better execution quality which is MiFID compliant.
- Pipeline for ESP looks promising, but the large deals are still to be closed

ORC | Financials

Tomas Ljunglöf, CFO
Orc Group



ORC | Annualized Contract Value (ACV)

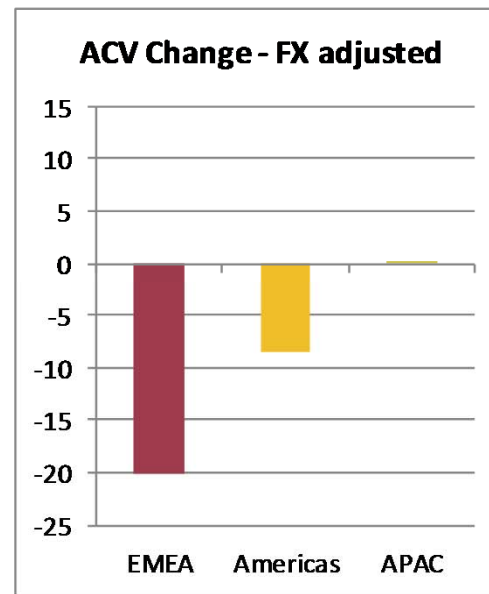
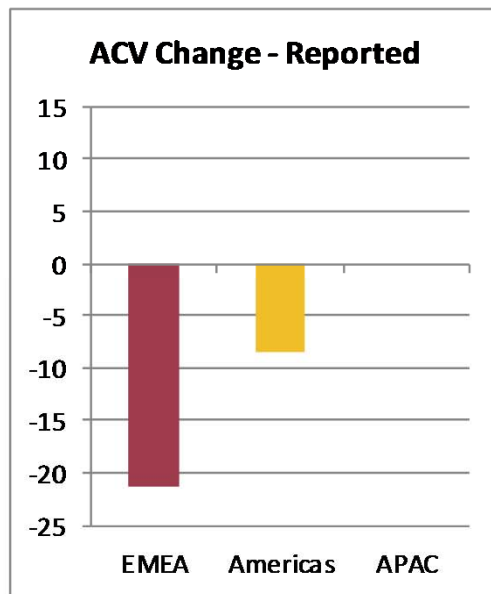
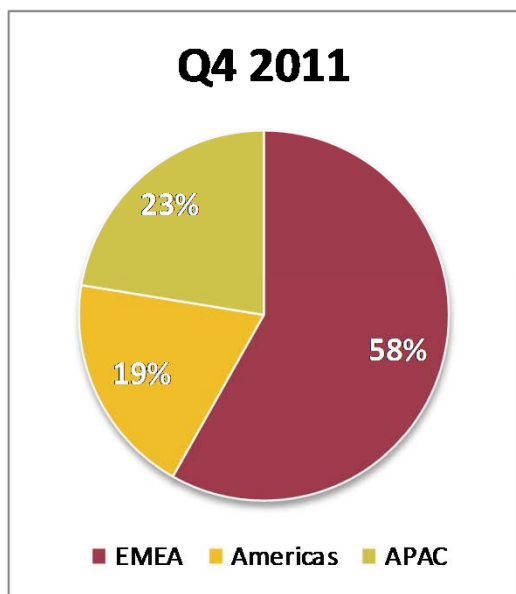


- Recurring system revenue in Orc and CameronTec
- Amounts to SEK 656 m end of Q4 2011
 - > Contracted revenue for the coming twelve months “all other things equal”
 - > Equals 101% on Operating expenses FY 2011*
- Down 4,4% versus end of 2010, of which 3,7% refers to Q4
- Annual churn 2011 same level as last year

*) Excluding Transaction costs and Amortization & write-offs of intangibles from acquisitions

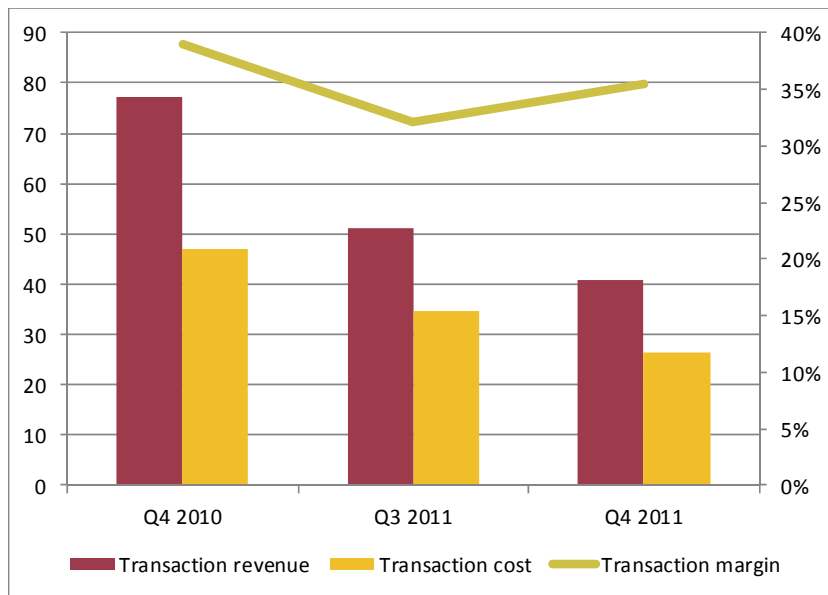
ORC | Regional ACV

SEK m, end qr	Reported				FX adjusted			
	Q4 2011	Q4 2010	Change	%	Q4 2011	Q4 2010	Change	%
EMEA	382	403	-21	-5%	382	402	-20	-5%
Americas	127	136	-8	-6%	127	136	-8	-6%
APAC	147	147	0	0%	147	147	0	0%
Total	656	686	-30	-4%	656	685	-29	-4%



ORC | Neonet

SEK m	Q4 2011	Q3 2011	Change	%	Q4 2010	Change	%
Transaction revenue	41	51	-10	-20%	77	-36	-47%
Transaction cost	-26	-35	8	-24%	-47	21	-44%
<i>Transaction net</i>	15	16	-2	-12%	30	-16	-52%
Transaction margin	36%	32%			39%		



- Trading volumes trend still negative
 - > Q4 volumes also negatively affected by Neonet ending its collaboration with a major customer
- Margin up compared to Q3
 - > Ending collaboration with a major customer that had sub average margins
- Long term margin down
 - > Lower discounts from venues and banks

ORC | Segment Report

SEKm	Orc	CameronTec	Neonet	Group items*	Orc Group
Operating revenue	155	19	45		218
Cost of goods sold	-7	-1			-8
Transaction expenses			-26		-26
External expenses	-50	-5	-14		-69
Personnel expenses	-70	-10	-15		-94
Capitalized development expenses	14	3			17
Depreciation and amortization	-9		-4	-176	-189
Foreign exchange differences	-1				-2
COSTS	-123	-14	-58	-176	-371
EBIT	31	5	-13	-176	-153
Financial items				1	1
EBT	31	5	-13	-175	-152
EBITDA	40	5	-10		36
EBIT Margin	20%	26%	-30%	n/a	-70%
EBITDA Margin	26%	27%	-22%	n/a	16%

*) Group items are: Amortization and write offs on acquisition related intangibles and financial items

ORC | Consolidated Income Statement – Q4

SEK m	Q4 2011	Q3 2011	Change	%	Comments
System revenue	175	170	5	3%	Reclass from other revenue
Transaction revenue	41	51	-10	-20%	Decreasing volumes
Other revenue	2	6	-4	-68%	Reclass to system revenues
Operating revenue	218	227	-9	-4%	
Cost of goods sold	-8	-6	-2	36%	
Transaction cost	-26	-35	8	-24%	Decreasing volumes
External expenses	-69	-69	0	0%	
Personnel costs	-94	-94	-1	1%	Net of Q3 NRIs balanced reversal of holiday reserve
Capitalized work	17	16	1	7%	
Depreciation etc	-189	-28	-161	575%	
FX revaluation	-2	4	-6	-139%	Revaluation of Bal Sheets items, e.g. A/R etc
Operating expenses	-371	-211	-160	76%	
Operating income	-153	17	-170	-1017%	
Net financial income	1	1	0	-8%	
Income before tax	-152	18	-170	-944%	
Tax	-10	-5	-5		
Net income	-162	13	-175	-1347%	
Operating margin	-70%	7%	-77%		
FX revaluation, see above	-2	4	-6		
NRIs incl write-off of 165 MSEK	-163	-13	-150	n/a	
EBIT excl FX and NRI incl write-o	12	25	-13	n/a	Mainly increased CameronTec costs and seasonal... ...effects

ORC | Consolidated Income Statement – Full year

SEK m	2011	2010	Change	%
System revenue	690	726	-36	-5%
Transaction revenue	212	233	-21	-9%
Other revenue	21	18	3	17%
Operating revenue	923	977	-54	-5%
Cost of goods sold	-29	-32	4	-11%
Transaction cost	-136	-147	11	-8%
External expenses	-255	-274	19	-7%
Personnel costs	-376	-402	26	-7%
Capitalized work	68	50	17	34%
Depreciation etc	-269	-85	-184	216%
FX revaluation	-1	-15	14	-94%
Operating expenses	-997	-905	-92	10%
Operating income	-74	72	-145	-203%
Net financial income	3	-1	3	-618%
Income before tax	-71	71	-142	-200%
Tax	-32	-29	-3	
Net income	-104	42	-145	-348%
Operating margin	-8%	7%	-15%	
FX revaluation, see above	-1	-15	14	
NRIs incl write-off of 165 MSEK	-170	-58	-112	n/a
EBIT excl FX and NRI incl write-o	97	144	-47	n/a

Comments

Mainly negative FX effects
Full year (2010 3 qrs) - decreasing volumes

Due to lower system sales
Full year (2010 3 qrs) - decreasing volumes
NRI's in 2010, positive FX effects, savings Neonet
NRI's in 2010, positive FX effects, savings Neonet
Increase of capitalization from Q2 2010

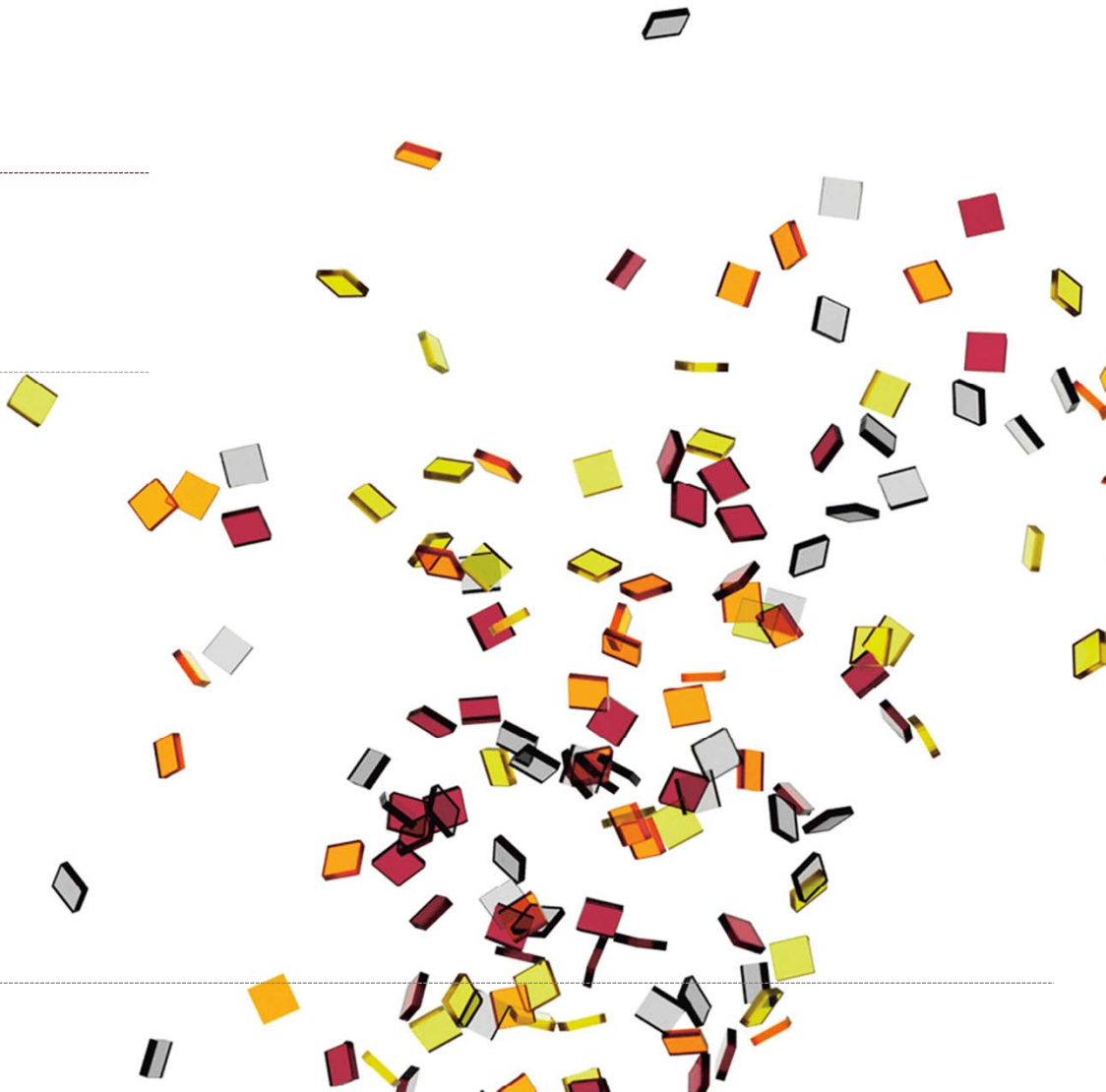
Revaluation of Bal Sheets items, e.g. AVR etc

Explanation of delta;
Approx 1/3 Neonet excl one offs
Mainly FX in Orc & CameronTec, excl one offs...
...explains remaining delta

ORC | Balance Sheet – Year vs Year

SEK m, end year	2011	2010	Delta	Comments
Goodwill	898	1 031	-133	Neonet write down -133
Other intangible Assets	586	628	-42	Of which 'Neonet write down of -32
Other non-current assets	233	223	10	
Transaction related rec.	26	17	9	
Current receivables	187	175	12	
Short-term investments			0	
Cash and equivalents	152	226	-74	
Total assets	2 082	2 301	-219	
			0	
Equity	1 463	1 715	-252	
Non-current liabilities	180	166	14	
Transaction related liab.	23	34	-11	
Current liabilities, loan	100		100	
Current liabilities, other	316	385	-69	Pay out minority Neonet shareholders -25 MSEK
Total equity and liabilities	2 082	2 301	-219	

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
- Cost savings have been identified and efforts to improve profitability will be intensified during 2012

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