TEMENOS

The software specialist for banking and finance

Financial results & business update

Quarter ended 31 March 2016
19 April 2016

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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 the conference call represent the company's estimates as of 19 April 2016. 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 19 April 2016.

Non-IFRS Information

Readers are cautioned that the supplemental non-IFRS information presented in this presentation is subject to inherent limitations. It is not based on any comprehensive set of accounting rules or principles and should not be considered as a substitute for IFRS measurements. Also, the Company's supplemental non-IFRS financial information may not be comparable to similarly titled non-IFRS measures used by other companies.

In the tables accompanying this presentation the Company sets forth its supplemental non-IFRS figures for revenue, operating costs, EBIT, EBITDA, net earnings and earnings per share, which exclude the effect of adjusting the carrying value of acquired companies' deferred revenue, the amortization of acquired intangibles, discontinued activities, acquisition related charges, restructuring costs, and the income tax effect of the non-IFRS adjustments. The tables also set forth the most comparable IFRS financial measure and reconciliations of this information with non-IFRS information.

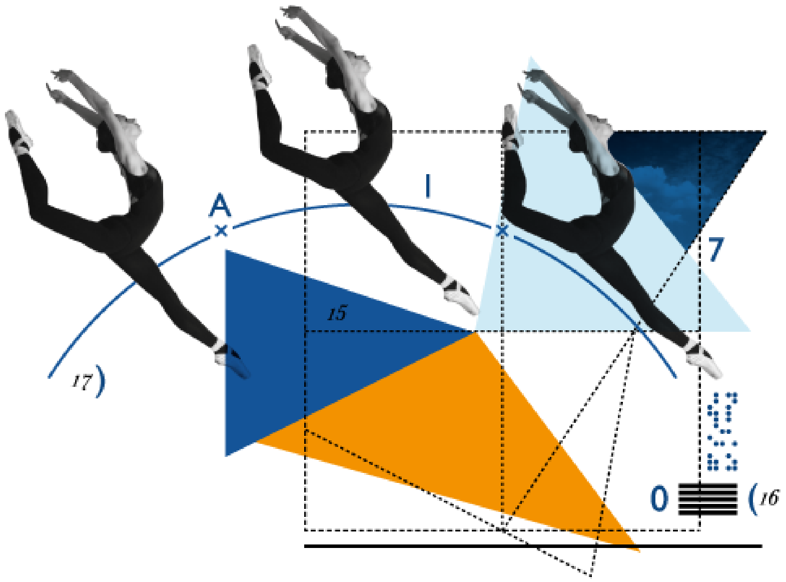
When the Company believes it would be helpful for understanding trends in its business, the Company provides percentage increases or decreases in its revenue (in both IFRS as well as non-IFRS) to eliminate the effect of changes in currency values. When trend information is expressed herein "in constant currencies", the results of the "prior" period have first been recalculated using the average exchange rates of the comparable period in the current year, and then compared with the results of the comparable period in the current year.

Agenda

1.	Business update	David Arnott
2.	Financial update	Max Chuard
3.	Summary	David Arnott
4.	Q&A	

Business update

David Arnott



Summary

- Strong start to 2016 across all KPIs
- Total software licensing up 53% for the quarter
- Digitisation and cost focus continue to drive bank decision making
- Continued progress on larger deals, key milestones achieved
- Committed spend from progressive renovation and Q1 activity driving increased revenue visibility for 2016
- Very strong pipeline, giving confidence in 2016 guidance
- Refinancing in Q1 2016 increases flexibility for future growth opportunities

Strong start to 2016

Q1 2016 sales update

- Strong growth in Q1 2016 in all regions, continued investment in sales
- Wide spread activity across Europe continues, driven by banks' focus on costs and the digitisation trend
- Asia had a strong quarter, particularly in Wealth
- Increased activity across Latam and North America, momentum in the US continues to build
- Strong growth across products, particularly Retail and Wealth
- Win rate remains high, nearing 100% in Wealth, increasing market share
- 19 new customer wins in Q1 2016 versus 10 in Q1 2015

Strong sales momentum across all regions

Q1 2016 operational overview

Partner ecosystem expanding

- Continued focus on joint go-to-market activities with strategic partners
- Partner involvement in nearly all implementations

Improving services profitability

- 140 bps improvement in non-IFRS services margin Y-o-Y
- Premium services contributed 22% of total services revenue in Q1 2016

Continued delivery of customer go lives

- 26 implementation go lives in Q1 2016 vs. 4 in Q1 2015

Q1 2016 maintenance revenue growth of 8% (LFL)

Delivering customer success through operational excellence

Competitive positioning

- High level of activity confirms superiority of Temenos product offering
  - Tier 1 offering significantly ahead of competition as evidenced by Nordea
- 3rd party validation through Forrester and IBS Intelligence
- Further validation from EFG acquisition of BSI, announced in Q1 2016
- Decision to migrate BSI to EFG's existing Temenos platform is clear indication of product superiority
  - Temenos chosen as single future platform for multi-country hub approach
  - EFG has been using Temenos for over 20 years
  - Over 50% of synergies from transaction will come from IT platform consolidation
  - EFG running at half the IT costs of BSI for a similar sized bank
  - Demonstrates value of packaged, upgradeable software offering

Product superiority gap continues to widen

Market leader again in 2016

FORRESTER®

Global power sellers	Temenos
Global challengers	EdgeVerve, Misys, Oracle, SAP, TCS
Global pursuers	Intellect Design
Regional pursuers	Asseco, Capital Banking, Diasoft, D+H, Nucleus Software, Path Solutions, Profile, Sopra Banking
Base/ regional players	Avaloq, BML Istisharat, Cobiscorp, CSI, DL&A, ERI, FIS, Flexsoft, ICSFS, Intrasoft-Intl, ITS, Natech, Nelito, SAB, Sword-APAK, Technisys

IBS INTELLIGENCE
global independent perspective
on financial technology

1st position again –
16th time in 17 years

Clear market leader, particularly Retail and Wealth

Temenos' platform for growth in the US

- Differentiated product value proposition – real time, upgradable, modular architecture
- Critical mass and strong management team in place, additional senior hires made in Q1 2016
- Continue to build sales organisation to position for market opportunity
- Ongoing campaigns are progressing well
- Joint go-to-market with top U.S. partners

Foundations in place to accelerate growth in the US

Financial update

Max Chuard

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Q1 2016 non-IFRS financial highlights (c.c.)

- Total software licensing up 52.5% Y-o-Y
  - of which software licensing up 35.9% Y-o-Y
- SaaS and subscription contributed 31% of total software licensing in Q1 2016 vs. 22% in Q1 2015
- Maintenance growth of 9.8% Y-o-Y
- Total revenue growth of 25.5% Y-o-Y and 30.6% LTM
- EBIT up 28.6% Y-o-Y, with LTM EBIT margin of 27.9%, up 101bps Y-o-Y
- Q1 operating cashflows of USD 23.9m, up 136% Y-o-Y; DSOs down 32 days Y-o-Y

Continued strong performance across all metrics

Non-IFRS income statement – operating

In USDm	Q1 16	Q1 15	Y-o-Y reported	Y-o-Y c.c.	LTM 16	LTM 15	Y-o-Y reported	Y-o-Y c.c.
Software licensing	26.9	20.0	34.2%	35.9%	180.2	129.9	38.7%	44.4%
SaaS and subscription	12.3	5.8	110.5%	108.4%	47.1	12.1	290.6%	292.1%
Total software licensing	**39.2**	**25.9**	**51.4%**	**52.5%**	**227.3**	**142.0**	**60.1%**	**66.4%**
Maintenance	60.5	55.6	8.8%	9.8%	240.3	225.2	6.7%	9.8%
Services	29.6	22.7	30.3%	33.4%	116.5	96.2	21.1%	26.7%
Total revenue	**129.4**	**104.3**	**24.1%**	**25.5%**	**584.1**	**463.4**	**26.0%**	**30.6%**
Operating costs	107.2	87.8	22.0%	24.9%	421.3	339.0	24.3%	32.1%
EBIT	**22.2**	**16.4**	**35.2%**	**28.6%**	**162.8**	**124.4**	**30.8%**	**26.6%**
Margin	17.2%	15.8%	1.4% pts		27.9%	26.8%	1.0% pts	
EBITDA	**33.6**	**27.8**	**20.8%**	**20.3%**	**208.0**	**167.0**	**24.5%**	**20.4%**
Margin	25.9%	26.7%	-0.7% pts		35.6%	36.0%	-0.4% pts	
Services margin	2.6%	1.2%	1.4% pts		8.4%	7.0%	1.4% pts	

Strong growth in both revenue and profit

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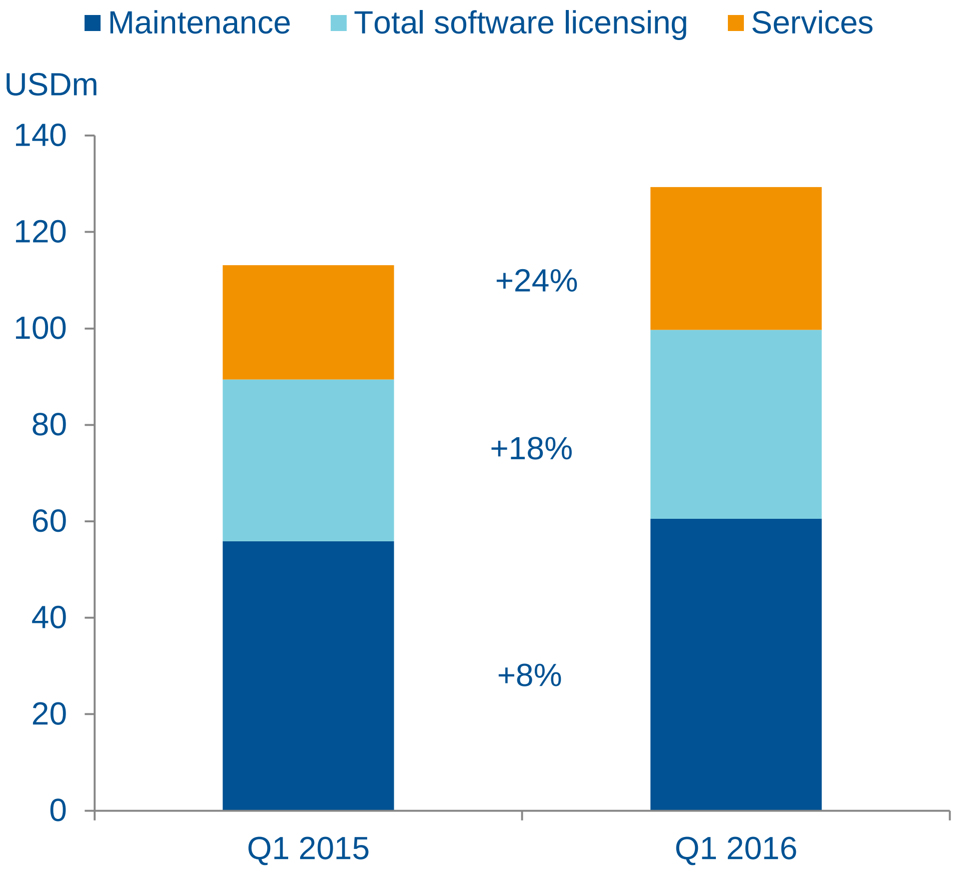
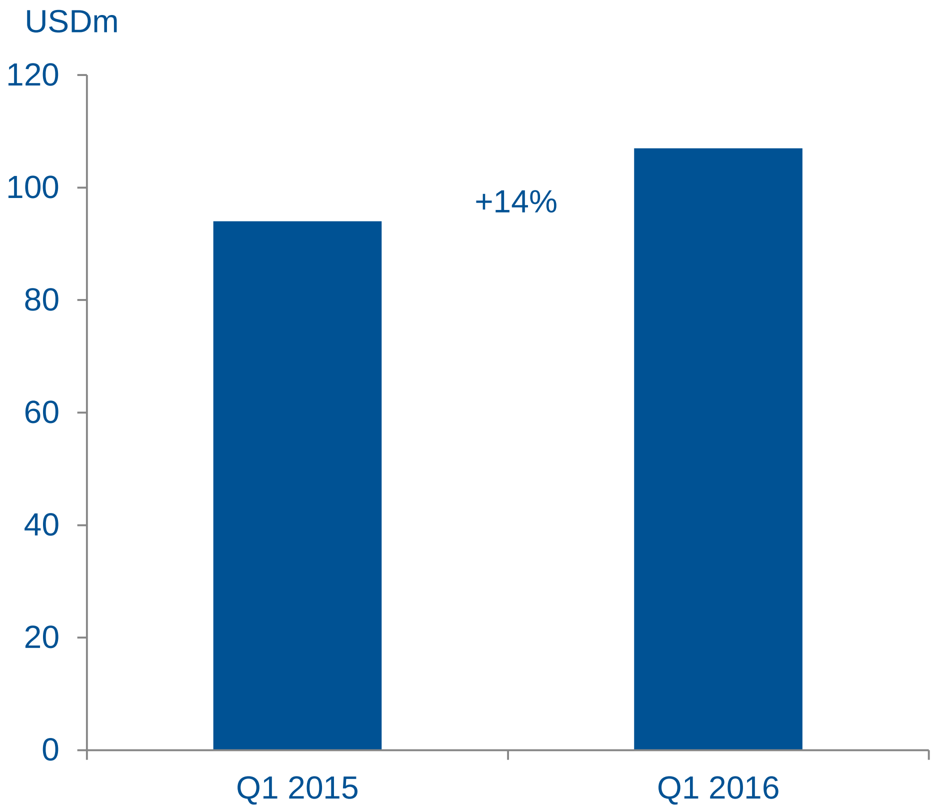
Like-for-like revenue and costs

Q1 LFL non-IFRS revenues up 14%



Q1 LFL non-IFRS costs up 14%



Strong organic growth

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Non-IFRS income statement – non-operating

In USDm, except EPS	Q1 16	Q1 15	Y-o-Y	LTM 16	LTM 15	Y-o-Y
EBIT	**22.2**	**16.4**	**35%**	**162.8**	**124.4**	**31%**
Net finance charge	-4.6	-4.0	-13%	-18.0	-12.7	-42%
FX gain / (loss)	-0.7	0.8	N.A.	-2.7	0.6	N.A.
Tax	-2.2	-1.1	-100%	-17.9	-14.5	-24%
Net profit	**14.7**	**12.1**	**21%**	**124.1**	**97.9**	**27%**
EPS (USD)	**0.21**	**0.18**	**17%**	**1.79**	**1.43**	**25%**

Strong EPS growth

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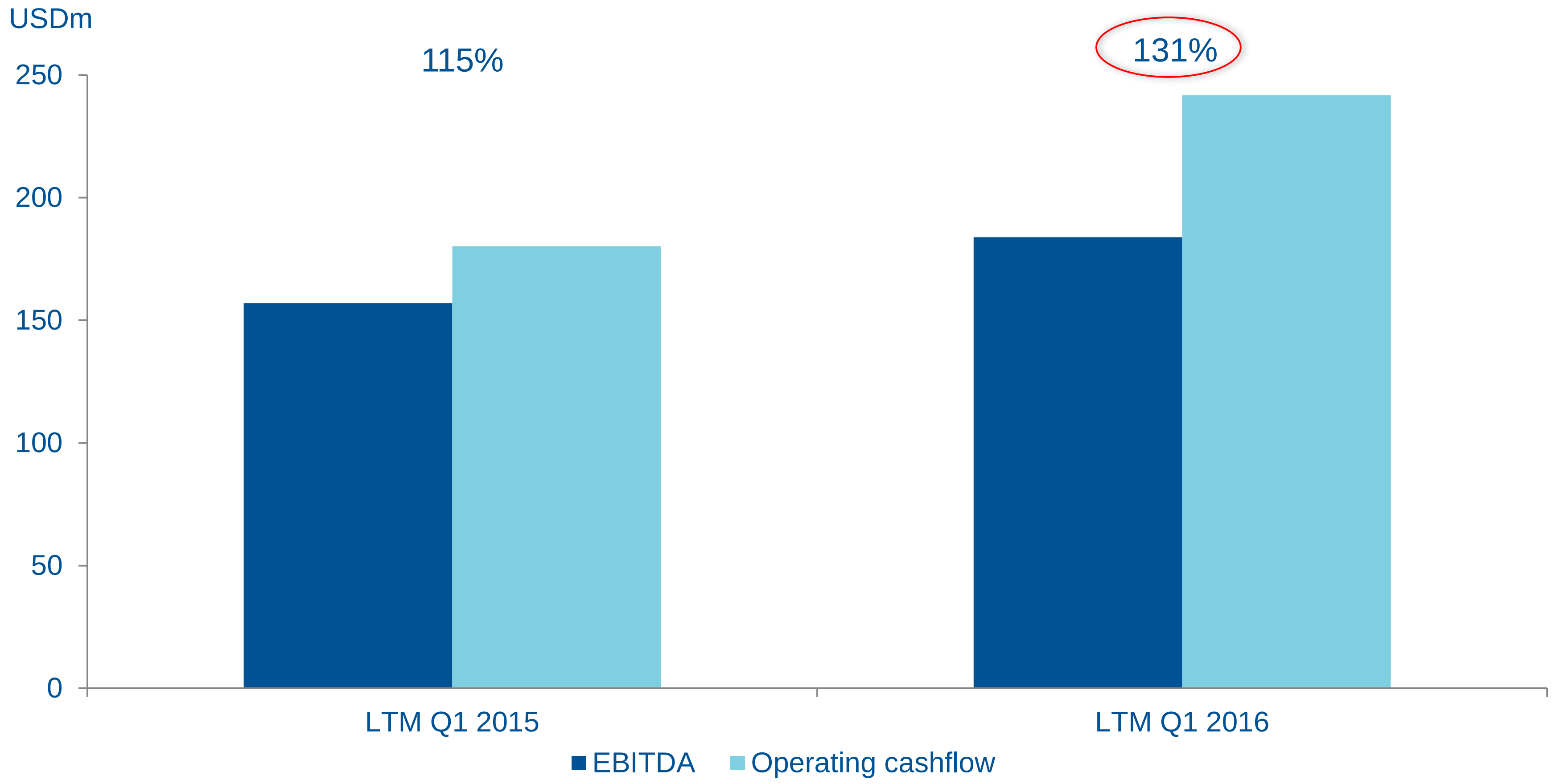
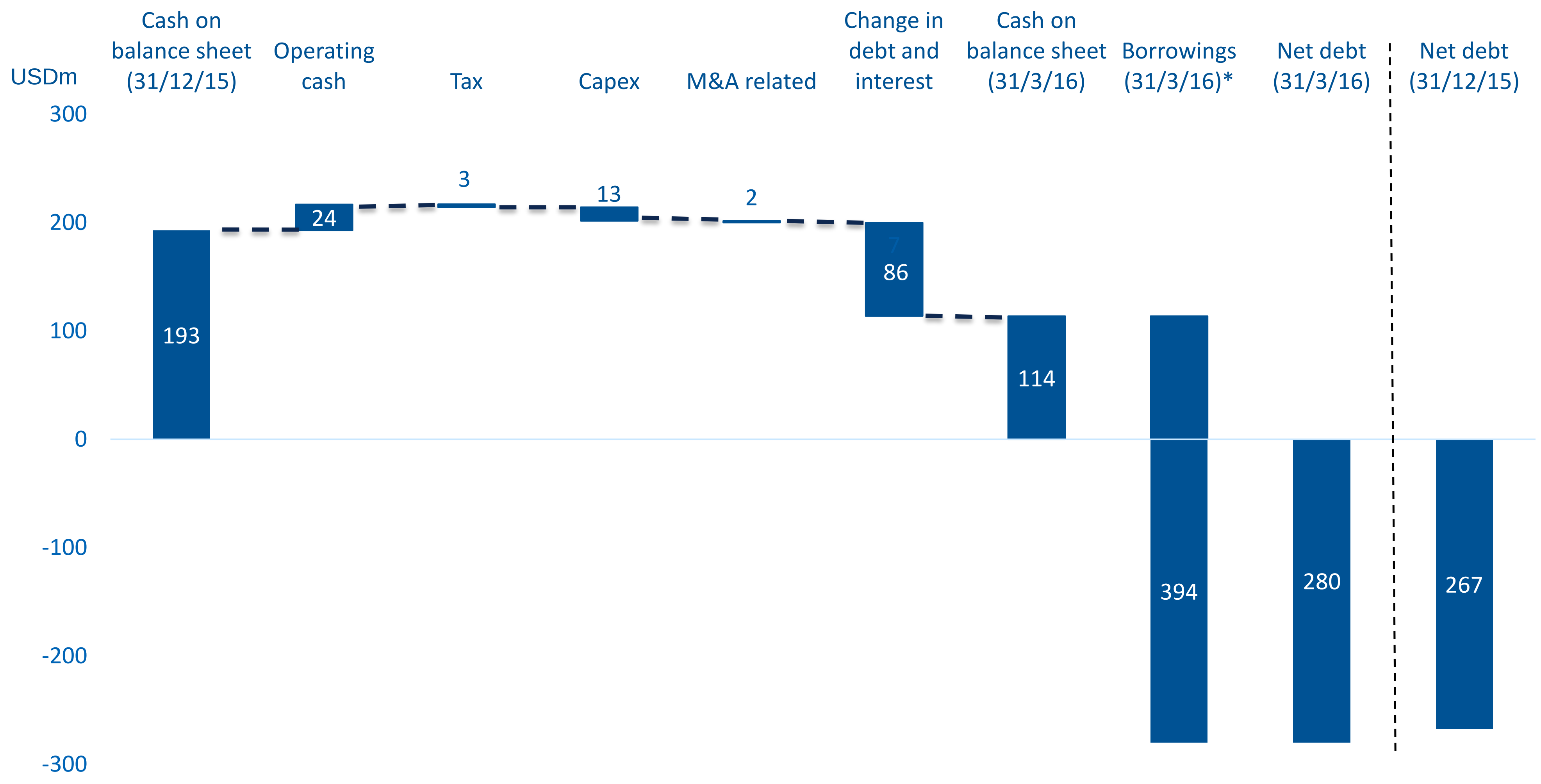
IFRS cash conversion



Cash conversion remains well above target of 100%

Stable group liquidity



Operating cash up 136% Y-o-Y, leverage down to 1.3x

* Borrowings including FX restatement of US$12m

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Balance sheet strength

	31/3/15	31/3/16
Weighted average interest rate	3.8%	3.6%
Weighted average maturity	2 years	5 years
Total available financing	USD 670m	USD 875m
Leverage ratio	2.2x	1.3x

Low cost debt structure with significant flexibility

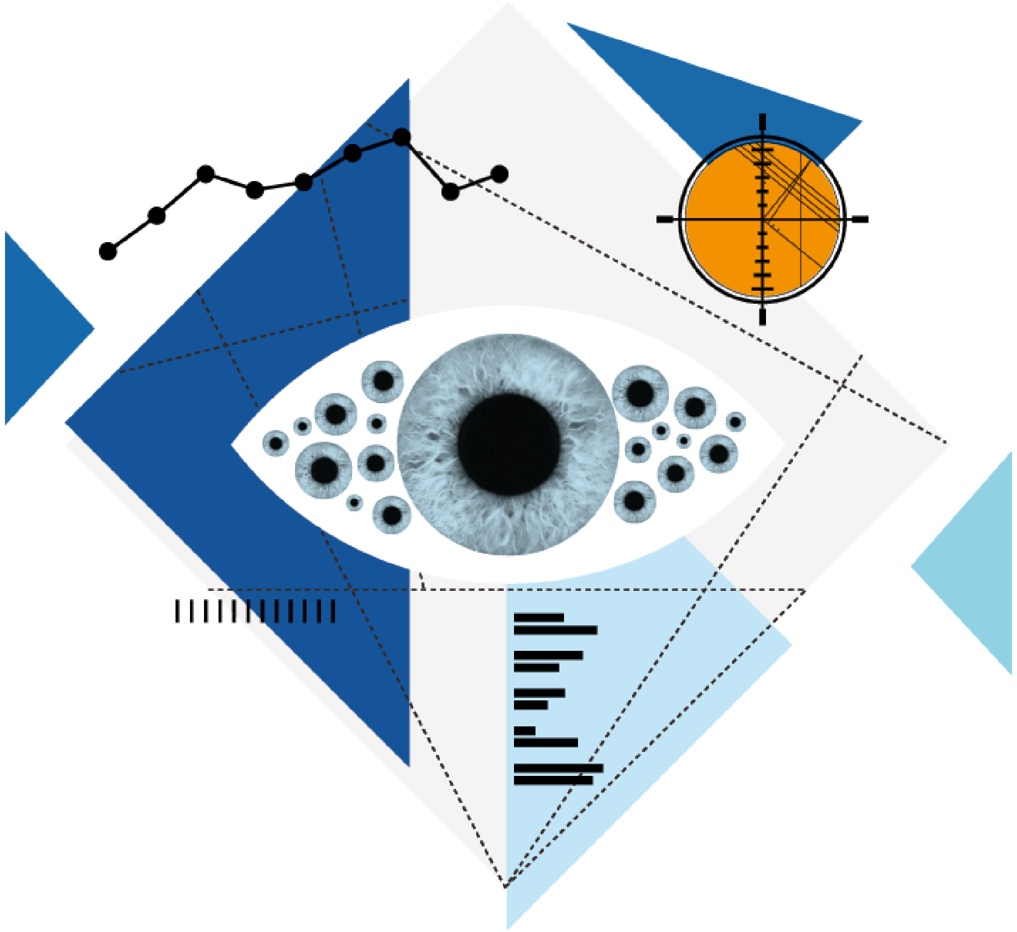
2016 guidance

- **Non-IFRS total software licensing growth at constant currencies of 10% to 15%** (implying non-IFRS total software licensing revenue of USD 234m to USD 245m)
- **Non-IFRS revenue growth at constant currencies of 7.5% to 11.0%** (implying non-IFRS revenue of USD 594m to USD 614m)
- **Non-IFRS EBIT at constant currencies of USD 180m to 185m** (implying non-IFRS EBIT margin of c.30%)
- **100%+ conversion** of EBITDA into operating cashflow
- **Tax rate of 17% to 18%**

- Currency assumptions on slide 26
- See slide 39 for definition of non-IFRS

Summary

David Arnott



Summary

- Q1 demonstrates a strong start to 2016
- We continue to capitalise on the market recovery and to take market share
- Large banks are focused on digitisation and costs
- Spend on IT renovation is not discretionary
- Tier 1 and 2 banks continue to engage with us on progressive renovation
- Revenue visibility and strength of pipeline remain very high

Strong momentum in 2016

TCF 2016 – Barcelona: 17 to 19 May

- Theme for 2016 is ‘Open and Integrated: Solutions for a Connected World’
- Dedicated analyst and investor stream
- See our software in action and learn about our product roadmap
- Insights from Temenos executives and industry thought leaders
- Interaction and learning from Temenos customers and partners
- Breakout sessions with senior management

Appendices

FX assumptions underlying 2016 guidance

In preparing the 2016 guidance, the Company has assumed the following:

- USD to Euro exchange rate of 0.901
- USD to GBP exchange rate of 0.691; and
- USD to CHF exchange rate of 0.992

FX exposure

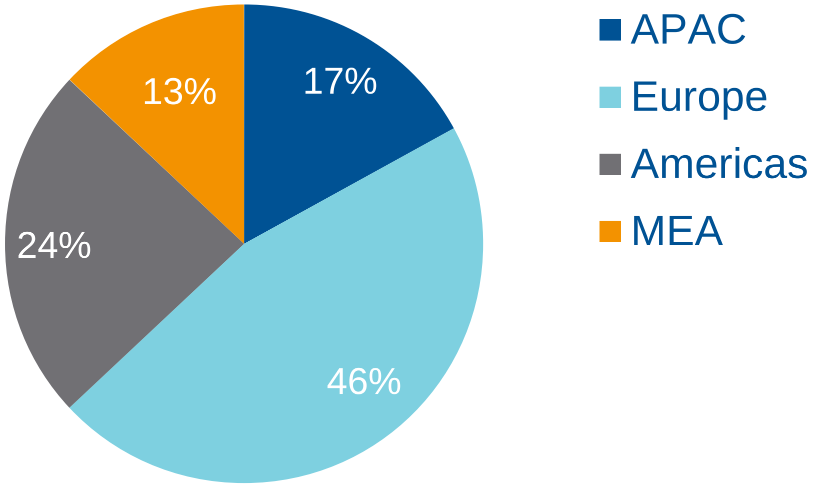
% of total	USD	EUR	GBP	CHF	Other
Total software licensing	36%	45%	8%	8%	3%
Maintenance	65%	20%	6%	6%	3%
Services	45%	29%	10%	10%	6%
Revenues	**49%**	**31%**	**8%**	**8%**	**4%**
Non-IFRS costs	**20%**	**20%**	**20%**	**10%**	**30%**
Non-IFRS EBIT	**127%**	**60%**	**-24%**	**1%**	**-64%**

NB. All % are approximations based on 2015 actuals

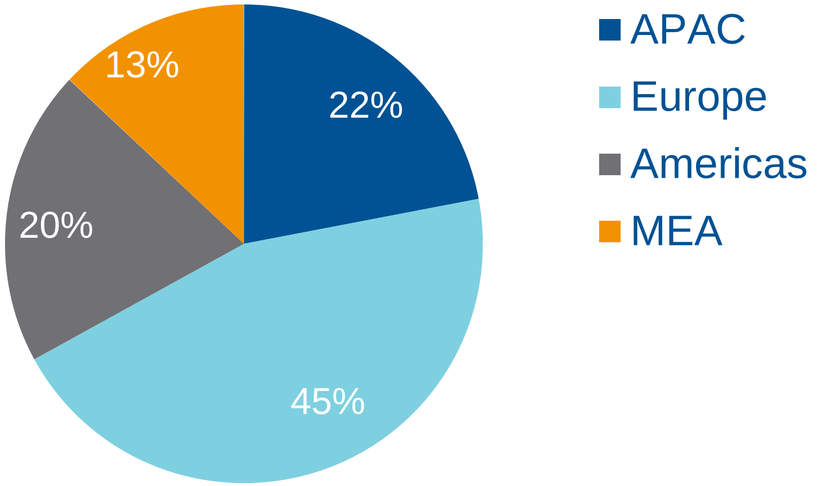
Mitigated FX exposure – matching of revenues / costs and hedging

Total software licensing revenue breakdown by geography

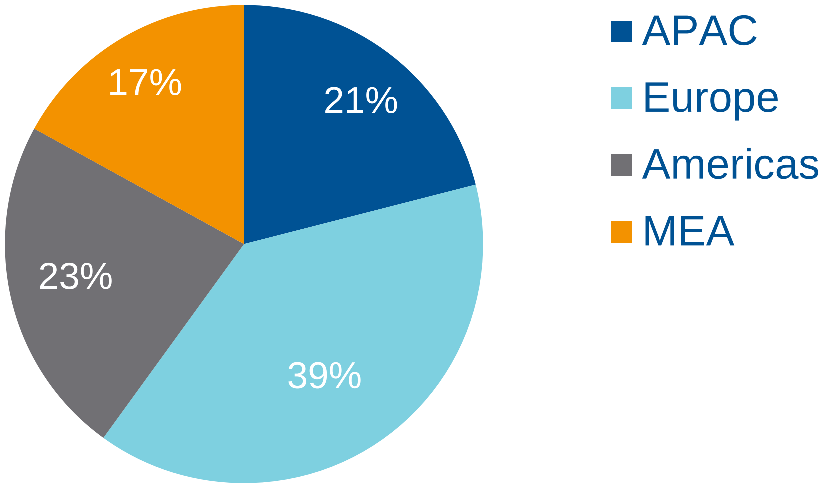
Q1 2015



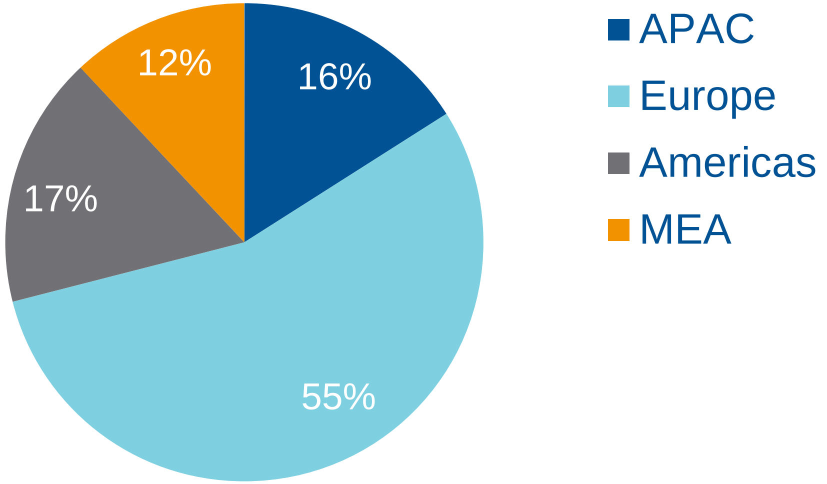
Q1 2016



LTM Q1 2015



LTM Q1 2016



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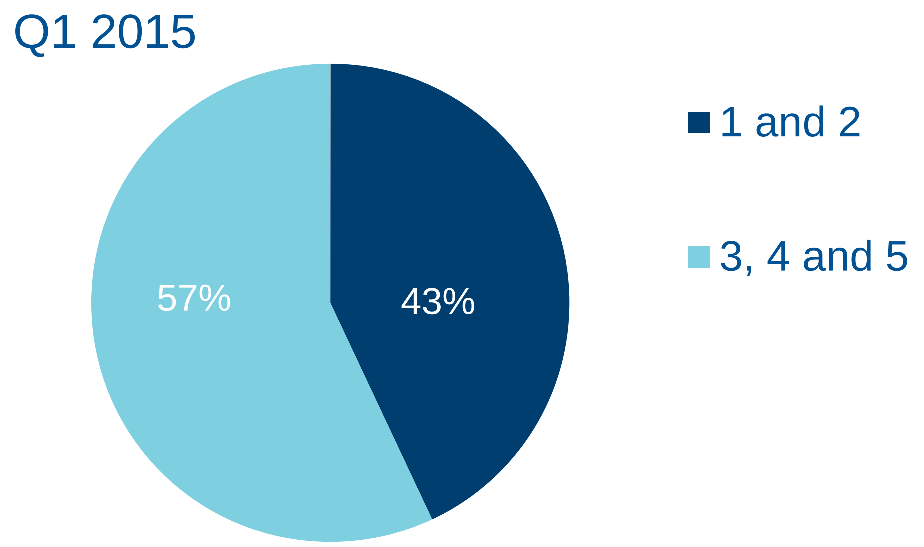
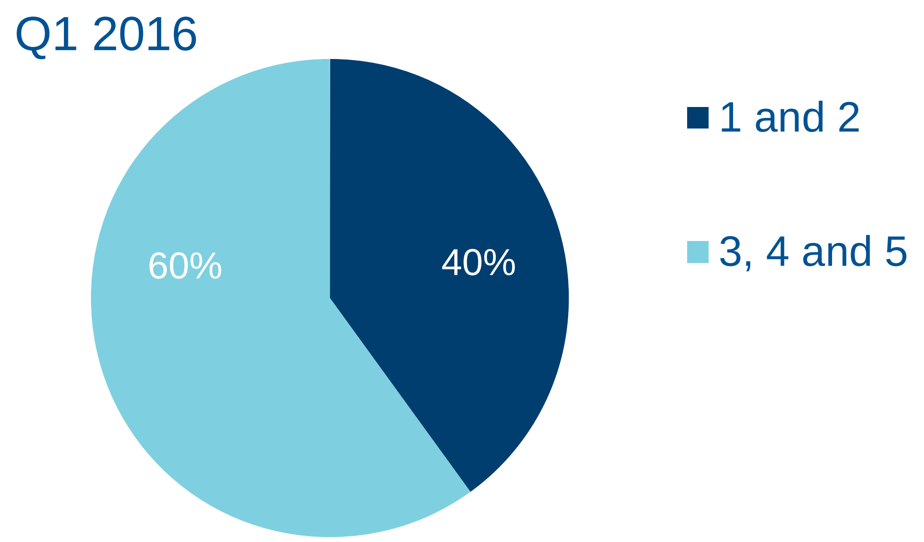
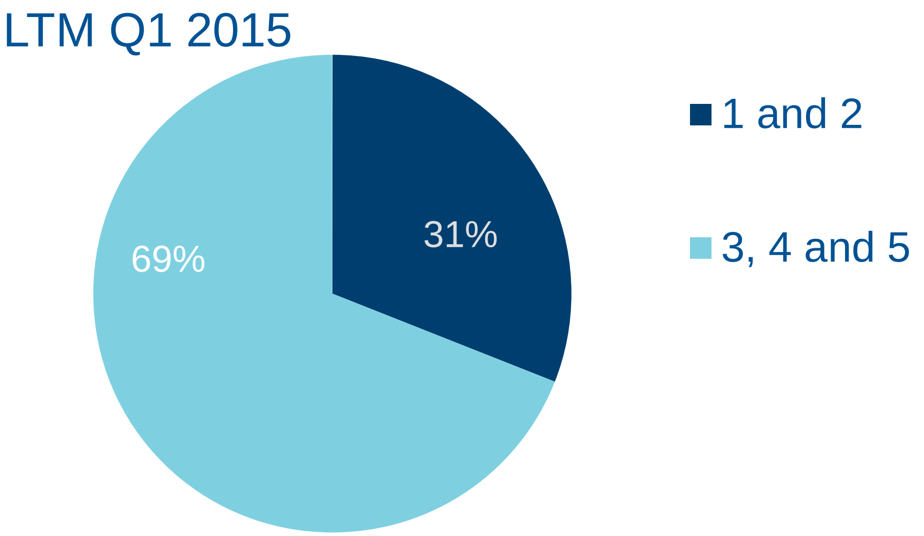
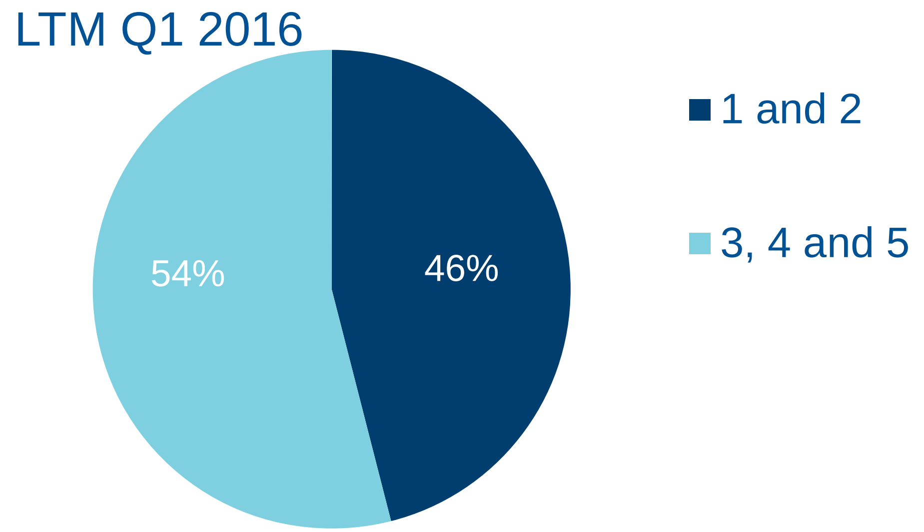
Total software licensing revenue breakdown by customer tier



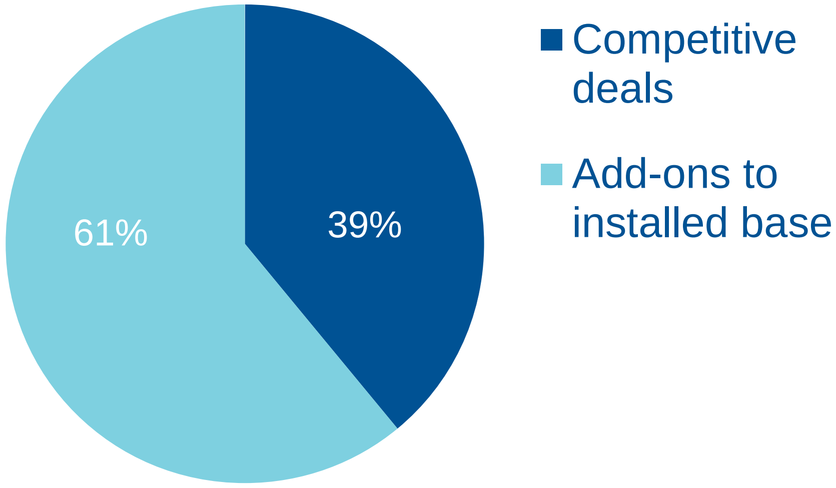




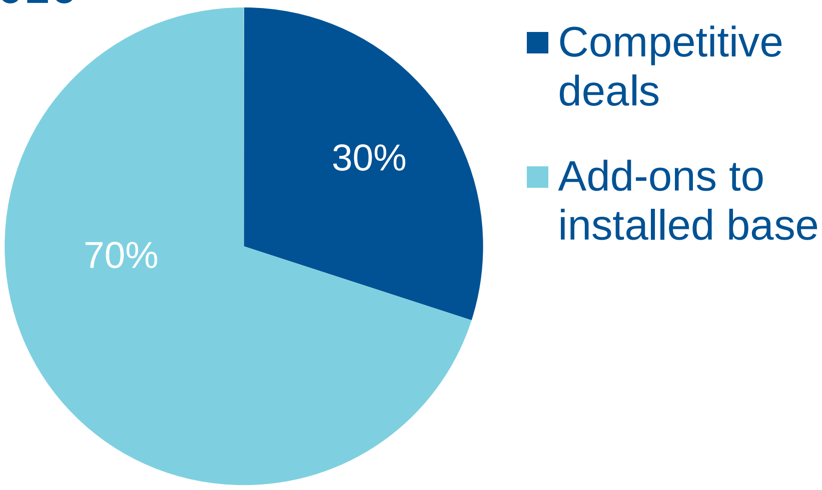


Software licensing revenue breakdown by competitive deals / add-ons to installed base

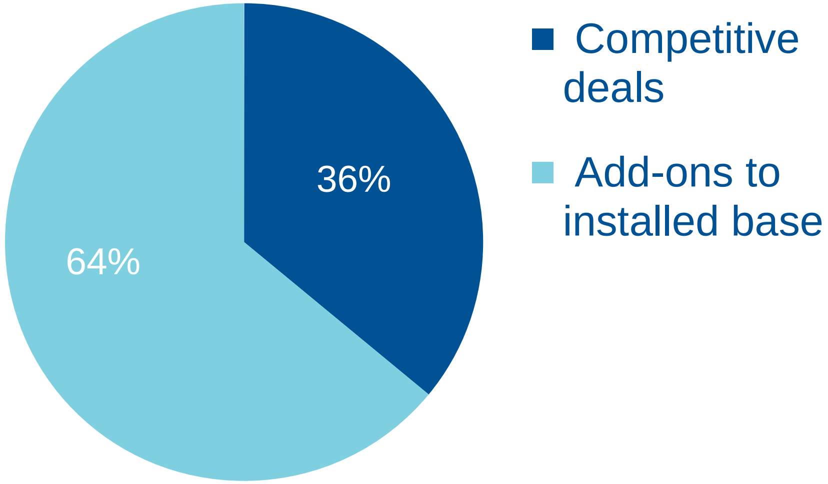
Q1 2015



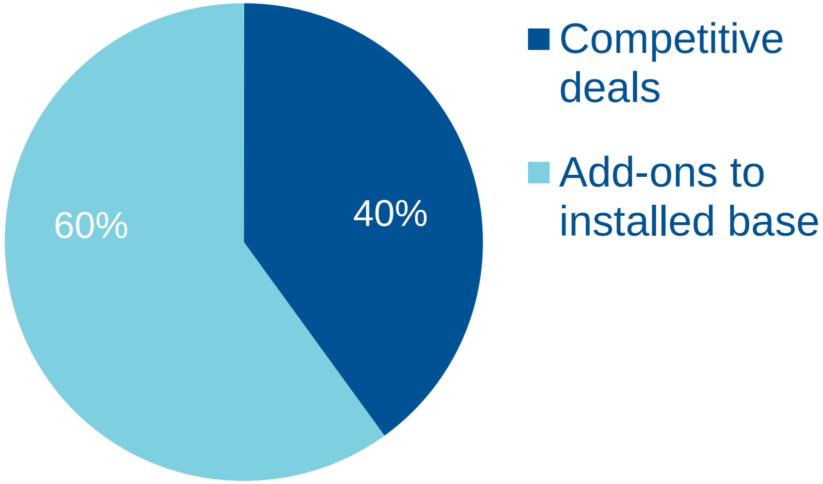
Q1 2016



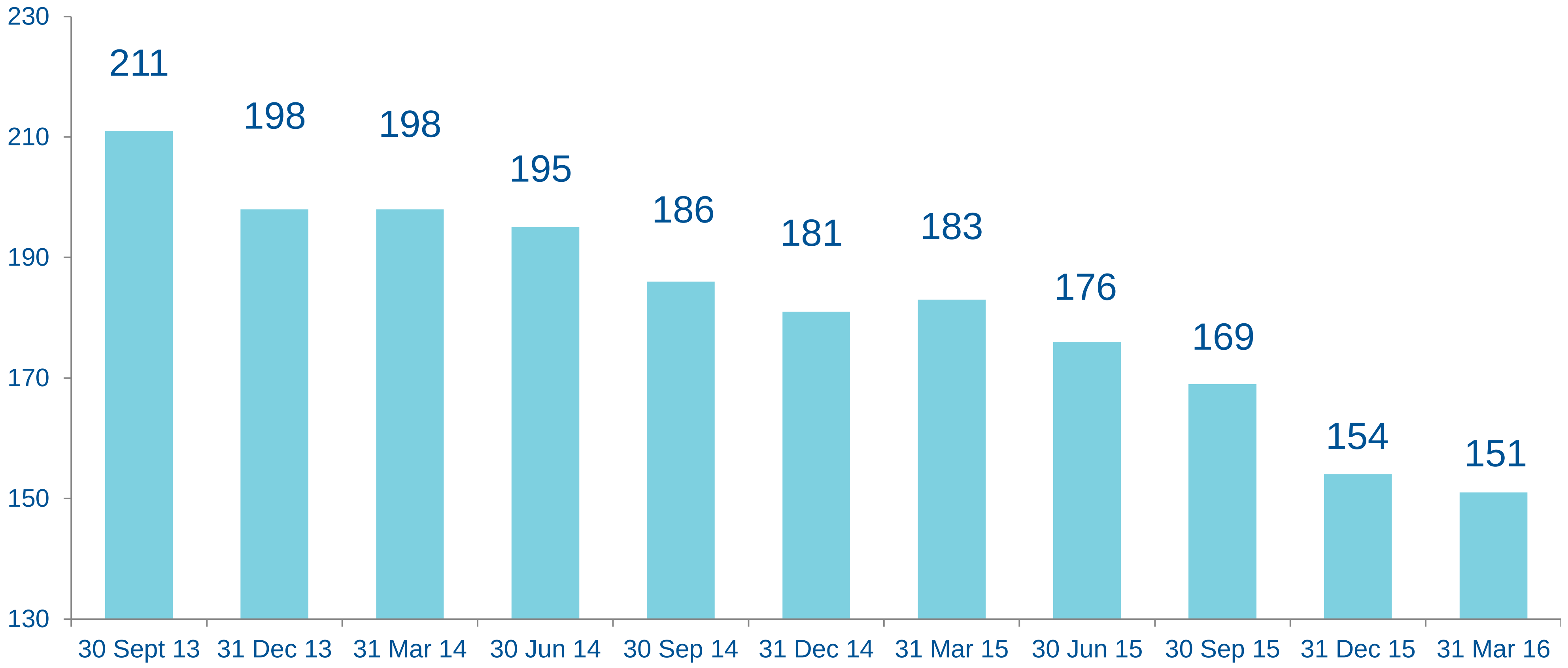
LTM Q1 2015



LTM Q1 2016



DSOs continue to decline



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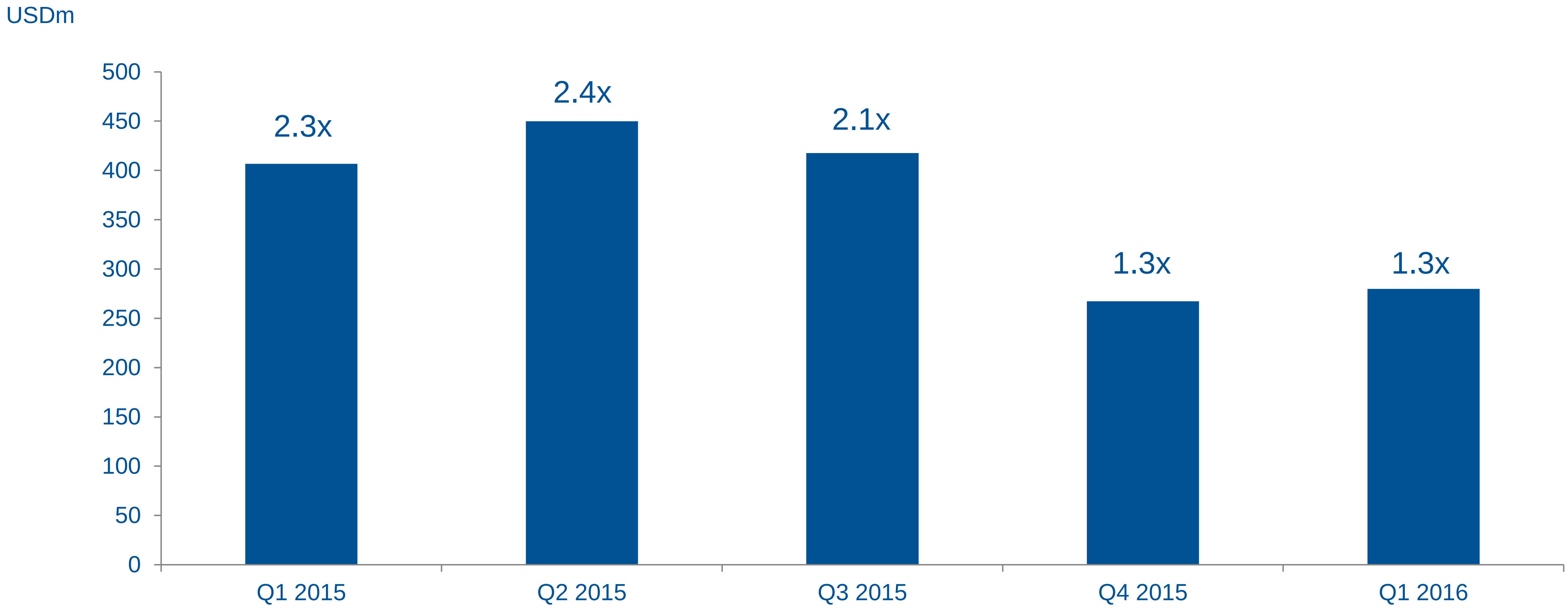
Balance sheet – debt and leverage

Net debt and leverage ratios*



* proforma non-IFRS EBITDA

Sustainable low leverage

Capitalisation of development costs

USDm	Q1 14	Q2 14	Q3 14	Q4 14	FY 14
Cap’ dev’ costs	-9.7	-9.8	-9.7	-13.9	**-43.1**
Amortisation	8.3	8.3	8.3	8.5	**33.4**
Net cap’ dev’	**-1.3**	**-1.5**	**-1.4**	**-5.5**	**-9.8**

USDm	Q1 15	Q2 15	Q3 15	Q4 15	FY 15
Cap’ dev’ costs	-10.3	-11.2	-10.8	-13.0	**-45.3**
Amortisation	8.8	8.8	8.7	8.7	**35.0**
Net cap’ dev’	**-1.5**	**-2.4**	**-2.1**	**-4.3**	**-10.3**

USDm	Q1 16				
Cap’ dev’ costs	-10.8				
Amortisation	8.8				
Net cap’ dev’	**-2.0**				

- Capitalised development costs in Q1 2016 are flat Y-o-Y on a proforma basis

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Reconciliation from IFRS to non-IFRS

	IFRS revenue measure
+	Deferred revenue write-down
=	**Non-IFRS revenue measure**

	IFRS profit measure
+/-	Deferred revenue writedown
+ / -	Discontinued activities
+ / -	Acquisition related charges
+ / -	Amortisation of acquired intangibles
+ / -	Restructuring
+ / -	Taxation
=	**Non-IFRS profit measure**

Accounting elements not included in non-IFRS guidance

Below are the accounting elements not included in the 2016 non-IFRS guidance:

- FY 2016 estimated amortisation of acquired intangibles of USD 35m
- FY 2016 estimated restructuring costs of USD 4m

Restructuring costs include completion of Multifonds integration and realising R&D efficiencies in acquired products. These estimates do not include impact of any further acquisitions or restructuring programmes commenced after 19 April 2016.

The above figures are estimates only and may deviate from expected amounts.

Reconciliation from IFRS to non-IFRS

In USDm, except EPS	3 Months Ending 31 March						Change	
	2016		2016	2015		2015		
	IFRS	Adj.	Non-IFRS	IFRS	Adj.	Non-IFRS	IFRS	Non-IFRS
Total Software Licensing	38.9	0.3	39.2	23.9	2.0	25.9	63%	51%
Maintenance	60.5		60.5	55.5	0.2	55.6	9%	9%
Services	29.6		29.6	22.7	0.1	22.7	31%	30%
Total Revenue	**129.1**	**0.3**	**129.4**	**102.0**	**2.3**	**104.3**	**27%**	**24%**
Total Operating Costs	**(116.7)**	**9.5**	**(107.2)**	**(98.0)**	**10.1**	**(87.8)**	19%	22%
Restructuring	(1.6)	1.6	0.0	(6.5)	6.5	0.0	(76%)	
Amort of Acq'd Intang.	(7.9)	7.9	0.0	(3.7)	3.7	0.0	117%	
Operating Profit	**12.4**	**9.8**	**22.2**	**4.0**	**12.4**	**16.4**	**208%**	**35%**
Operating Margin	**10%**		**17%**	**4%**		**16%**	**+6% pts**	**+1% pts**
Financing Costs	(5.3)		(5.3)	(3.2)		(3.2)	65%	65%
Taxation	(1.0)	(1.2)	(2.2)	(0.1)	(1.0)	(1.1)	720%	100%
Net Earnings	6.1	8.6	14.7	0.7	11.4	12.1	756%	21%
EPS (USD per Share)	**0.09**	**0.12**	**0.21**	**0.01**	**0.17**	**0.18**	**800%**	**17%**

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Net earnings reconciliation

In USDm, except EPS	Q1 16	Q4 15	Q1 15
IFRS net earnings	**6.1**	**38.3**	**0.7**
Deferred revenue write-down	0.3	5.0	2.3
Amortisation of acquired intangibles	7.9	8.9	3.7
Restructuring	1.6	1.1	6.5
Acquisition related costs	-	-	-
Taxation	-1.2	-1.5	-1.0
Net earnings for non-IFRS EPS	**14.7**	**51.9**	**12.1**

No. of dilutive shares	71.1	70.9	67.4
Non-IFRS diluted EPS (USD)	**0.21**	**0.73**	**0.18**

Reconciliation from IFRS to non-IFRS for EBIT and EBITDA

USDm	Q1 2016 EBIT	Q1 2016 EBITDA
IFRS	**12.4**	**31.7**
Deferred revenue write-down	0.3	0.3
Amortisation of acquired intangibles	7.9	-
Restructuring	1.6	1.6
Acquisition-related charges	-	-
Non-IFRS	**22.2**	**33.6**

Definitions

Non-IFRS adjustments

Deferred revenue write-down
Adjustments made resulting from acquisitions

Discontinued activities
Discontinued operations at Temenos that do not qualify as such under IFRS

Acquisition related charges
Relates mainly to advisory fees, integration costs and earn outs

Amortisation of acquired intangibles
Amortisation charges as a result of acquired intangible assets

Restructuring
Costs incurred in connection with a restructuring plan implemented and controlled by management
Severance charges, for example, would only qualify under this expense category if incurred as part of a company-wide restructuring plan

Taxation
Adjustments made to reflect the associated tax charge relating to the above items

Other

Constant currencies
Prior year results adjusted for currency movement

Like-for-like (LFL)
Adjusted prior year for acquisitions and movements in currencies

SaaS and subscription
Revenues generated from Software-as-a-Service and subscription licenses

Thank you

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The software specialist for banking and finance

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