TEMENOS

THE BANKING SOFTWARE COMPANY

Financial results & business update

Quarter ended 31 March 2019

16 April 2019

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THE BANKING SOFTWARE COMPANY

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 16 April 2019. 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 16 April 2019.

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………………………………………….Max Chuard, CEO
2. Financial update…………………………………… Takis Spiliopoulos, CFO
3. Summary………………………………………..........Max Chuard, CEO
4. Q&A

Business update

Max Chuard, CEO

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Very strong start to 2019

Q1 2019

- Total software licensing growth of **28%**
- Total revenue up **23%**
- EBIT up **27%**
- EPS up **24%**
- Operating cash up **19%**, DSOs down **6 days**

Key deals announced

ABN·AMRO

مصرف الراجحي
Al Rajhi Bank

> "Banks without a modern digital platform will find it hard to remain competitive in the next five to seven years."

FORRESTER®

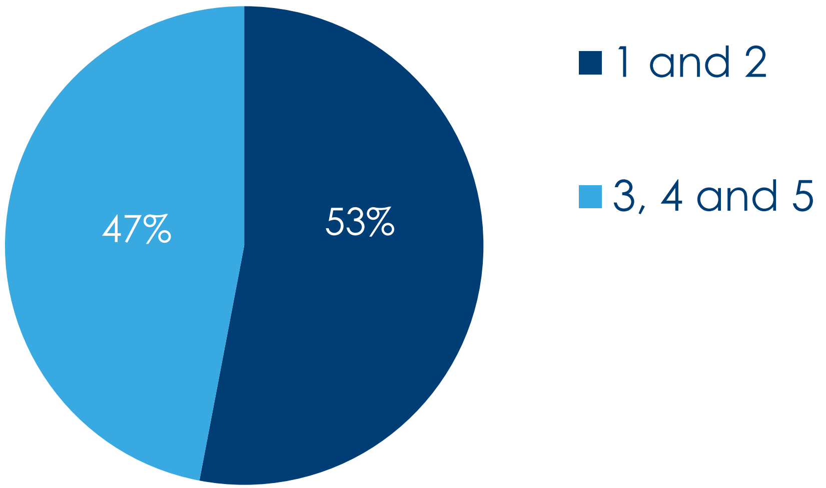
Source: Jost Hoppermann, Forrester – The State of Digital Banking Transformation, 2019 - December 2018
**Revenue and EBIT figures are non-IFRS c.c. growth rates, EPS is non-IFRS reported growth rate*

Q1 2019 sales review

- Strong broad based demand across regions, tiers and products
- Digital, regulatory and cost pressures and move to open banking are driving market growth
- Key deals announced include Al Rajhi Bank for its digital transformation and ABN Amro for Temenos Continuous Deployment
- Strong contribution from installed base, growing wallet share in existing clients
- 22 new customer wins in Q1 2019 vs. 18 in Q1 2018
- Continued investment in sales and marketing

Strong contribution across tiers

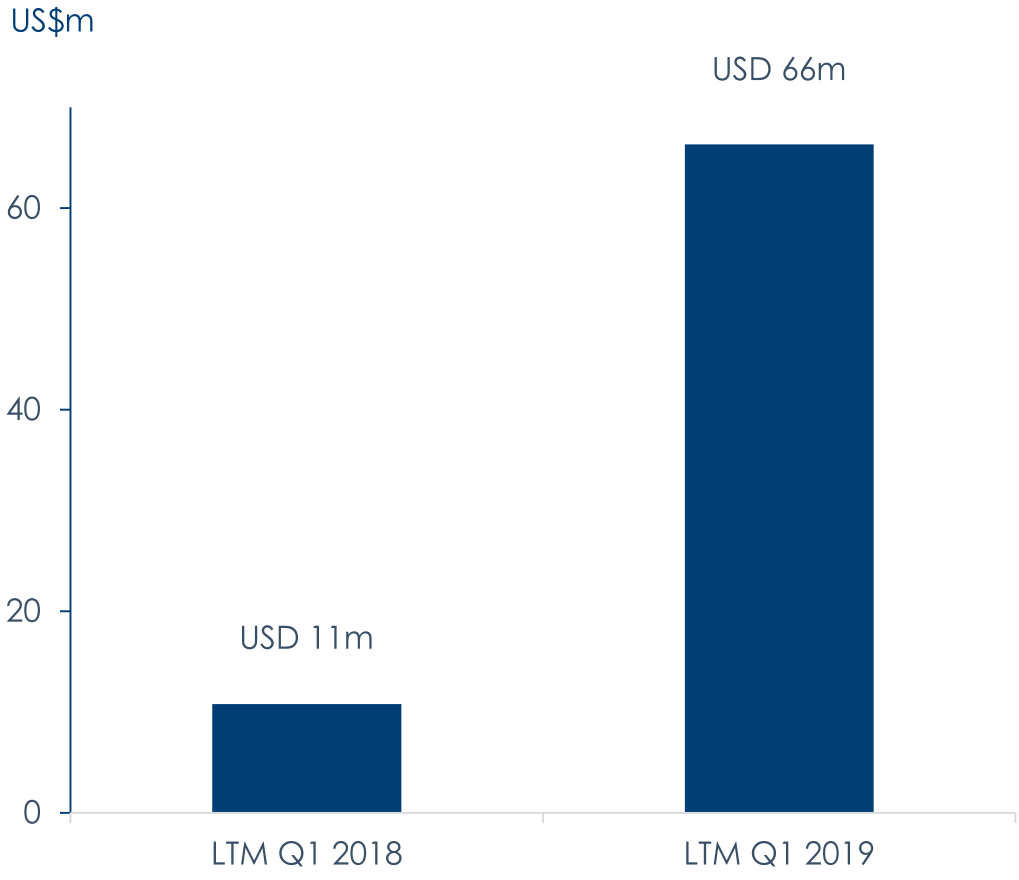
LTM Q1 2019 total software licensing



Momentum in SaaS and cloud

- Strong incremental growth in demand for SaaS and cloud adoption
- LTM TCV of USD 66m in Q1 2019
- SaaS revenue grew 71% in Q1 2019
- Banks are seeking multiple benefits from the cloud:
  - De-risk implementation
  - Decrease time-to-market
  - Lower infrastructure costs
  - Increase resilience
- We see growing appetite for large institutions to optimise delivery through cloud
- Demand is broad based across geographies and tiers
- Growth driven by neo-banks, larger institutions looking to renovate for digital, and banks looking to launch services across multiple countries

SaaS Total Contract Value

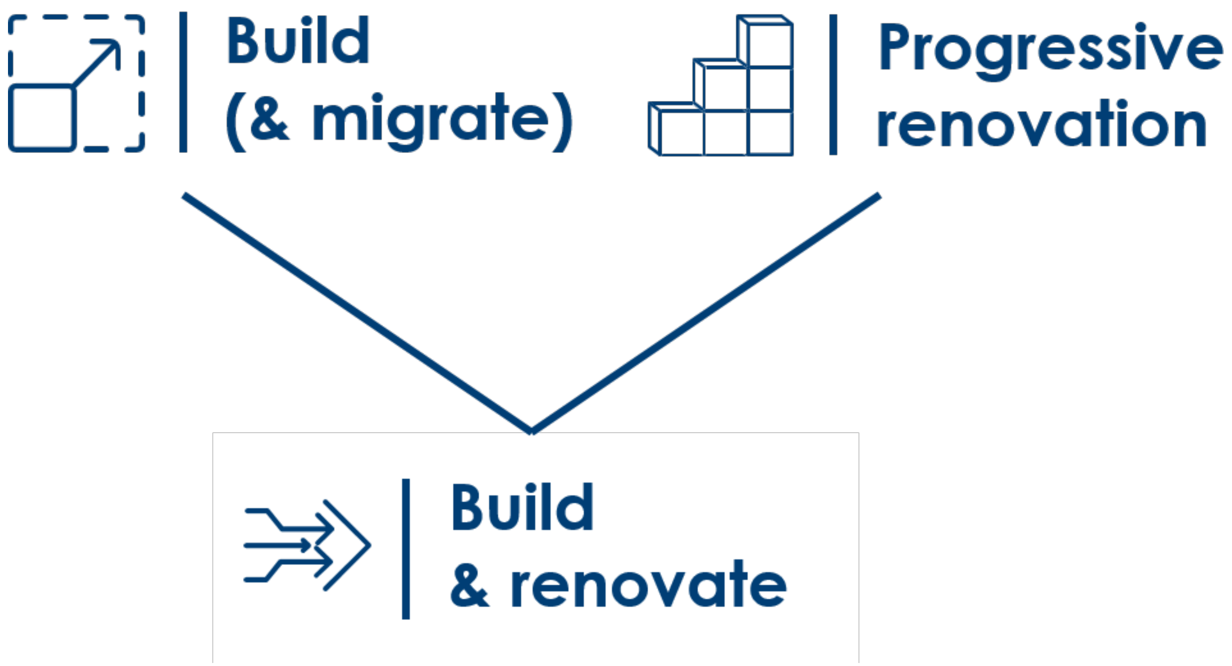


Integration of Avoka progressing well

- Acquired Avoka in December 2018 for USD 245m
- Avoka is a US headquartered market leader in customer acquisition and on boarding
- Enables banks to create simple customer experiences to improve conversion rates
- Integrated as part of Temenos Infinity
- Key Avoka deal wins in Q1 include:
  - Tier 1 European retail bank, an existing Temenos client
  - Major US regional bank
- Already cross-selling the product into Temenos clients, opening up opportunities in new regions

Q1 2019 operational overview

- Continued growth in third party experts with over 5,000 Temenos consultants
- Build and renovate – rich functionality, front-to-back packaged software and country model banks allow build and renovate approach with no integration to legacy
- 20 implementation go-lives in Q1 2019
- Significant traction with Temenos Learning Community, industrialised training for partners and clients



Strongest implementation track record and best references in the market

TCF 2019 – launching new innovation

TEMENOS INFINITY

TEMENOS TRANSACT

CONTINUOUS DEPLOYMENT

TEMENOS DATA LAKE

TEMENOS SaaS

DEVELOPER PORTAL & APIs

Temenos and Cognizant powering digital transformation through 'Banking as a Service'

- Three Finnish banks, Savings Banks Group, Oma Savings Bank Plc and POP Bank Group, selected Temenos T24 Transact and Temenos Payments Hub for digital transformation through a shared platform
- 'Banking as a Service' platform to be implemented and managed by Cognizant through its acquisition of Samlink
- Provides efficient, agile and cost-effective way for banks to modernize core banking systems and further develop digital strategies
- Plans for platform to be offered across the Nordic region

Cognizant®

Looking forward

- Addressable software spend by banks of USD 57bn globally
- Digital, regulatory and cost pressures are intensifying
- Temenos has a leadership position, pulling ahead in a winner-takes-all market
- Benefiting from six major engines of growth – T24 Transact, Temenos Infinity, Wealth, Payments, Fund Management and SaaS
- Significant increase in appetite for cloud adoption and SaaS
- Building momentum in the US with multiple wins
- Confidence in medium term growth driven by committed spend from tier 1 and 2 banks and strength of pipeline
- Strong lead generation by Avoka on the back of Temenos Community Forum

Financial update

Takis Spiliopoulos, CFO

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Q1 2019 non-IFRS financial highlights

- Total software licensing up 28% Y-o-Y (c.c.)
- Maintenance growth of 13% Y-o-Y (c.c.)
- Total revenue growth of 23% Y-o-Y (c.c.)
- EBIT up 27% Y-o-Y (c.c.), with EBIT margin of 24.1%
- EPS growth of 24% Y-o-Y
- Q1 operating cash flows of USD 55m, up 19%
- DSOs down 6 days Y-o-Y to 111 days (8 days on a proforma basis)
- Services margin of 9.1% in the quarter, up from 5.6% last year

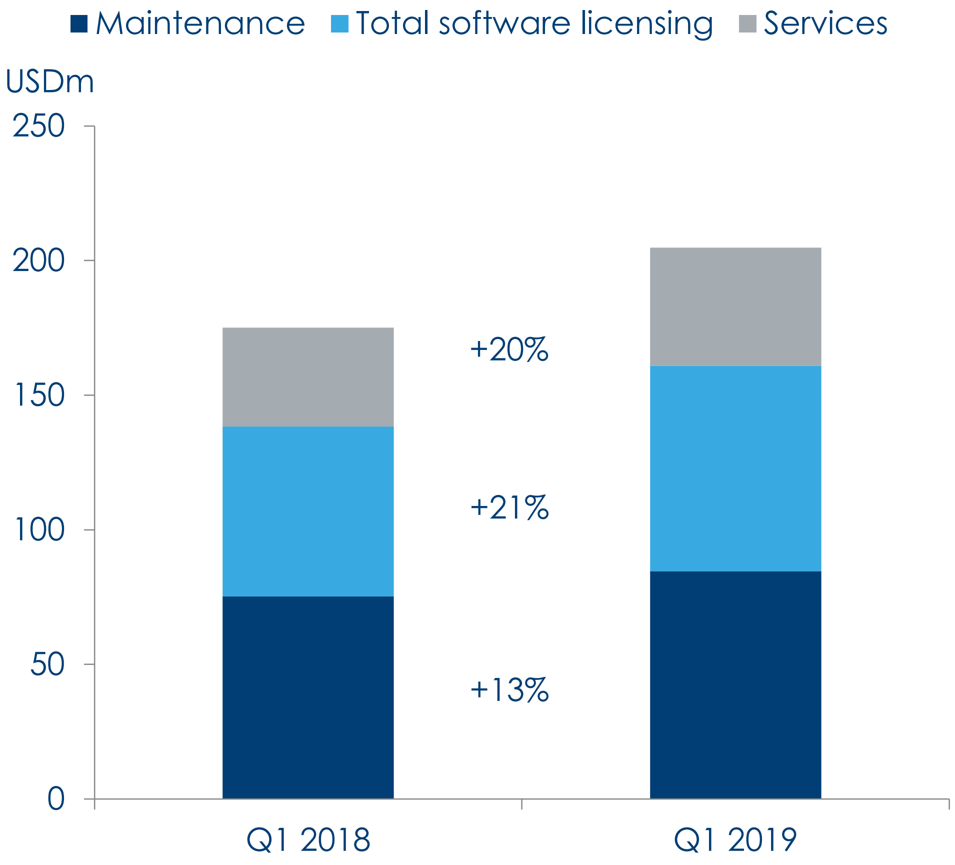
Non-IFRS income statement – operating

In USDm	Q1 19	Q1 18	Y-o-Y reported	Y-o-Y c.c.	YTD 19	YTD 18	Y-o-Y reported	Y-o-Y c.c.
Software licensing	63.2	54.4	16%	22%	63.2	54.4	16%	22%
SaaS and subscription	13.0	8.1	61%	71%	13.0	8.1	61%	71%
Total software licensing	**76.2**	**62.5**	**22%**	**28%**	**76.2**	**62.5**	**22%**	**28%**
Maintenance	84.7	76.3	11%	13%	84.7	76.3	11%	13%
Services	43.9	34.1	29%	34%	43.9	34.1	29%	34%
Total revenue	**204.9**	**172.8**	**19%**	**23%**	**204.9**	**172.8**	**19%**	**23%**
Operating costs	155.4	134.3	16%	21%	155.4	134.3	16%	21%
EBIT	**49.5**	**38.5**	**29%**	**27%**	**49.5**	**38.5**	**29%**	**27%**
Margin	24.1%	22.3%	1.9% pts	0.9% pts	24.1%	22.3%	1.9% pts	0.9% pts
EBITDA	**67.3**	**51.9**	**30%**	**29%**	**67.3**	**51.9**	**30%**	**29%**
Margin	32.8%	30.0%	2.8% pts		32.8%	30.0%	2.8% pts	
Services margin	9.1%	5.6%	3.6% pts		9.1%	5.6%	3.6% pts	

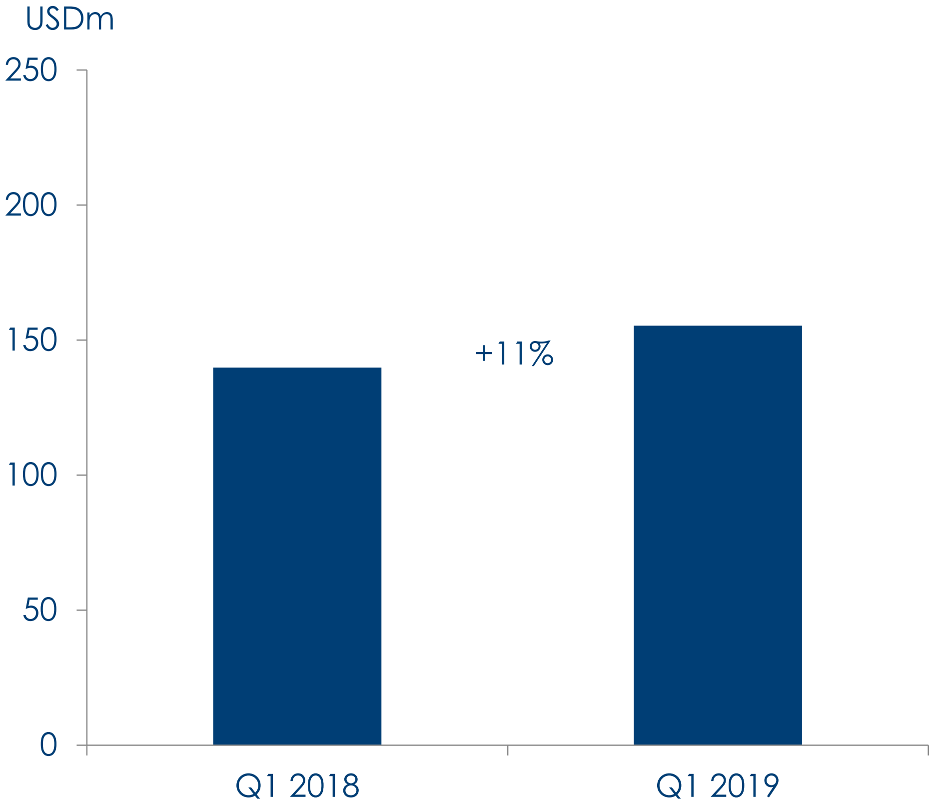
Very strong growth across all revenue lines

Like-for-like revenue and costs

- Q1 19 LFL non-IFRS revenues up 17%



- Q1 19 LFL non-IFRS costs up 11%

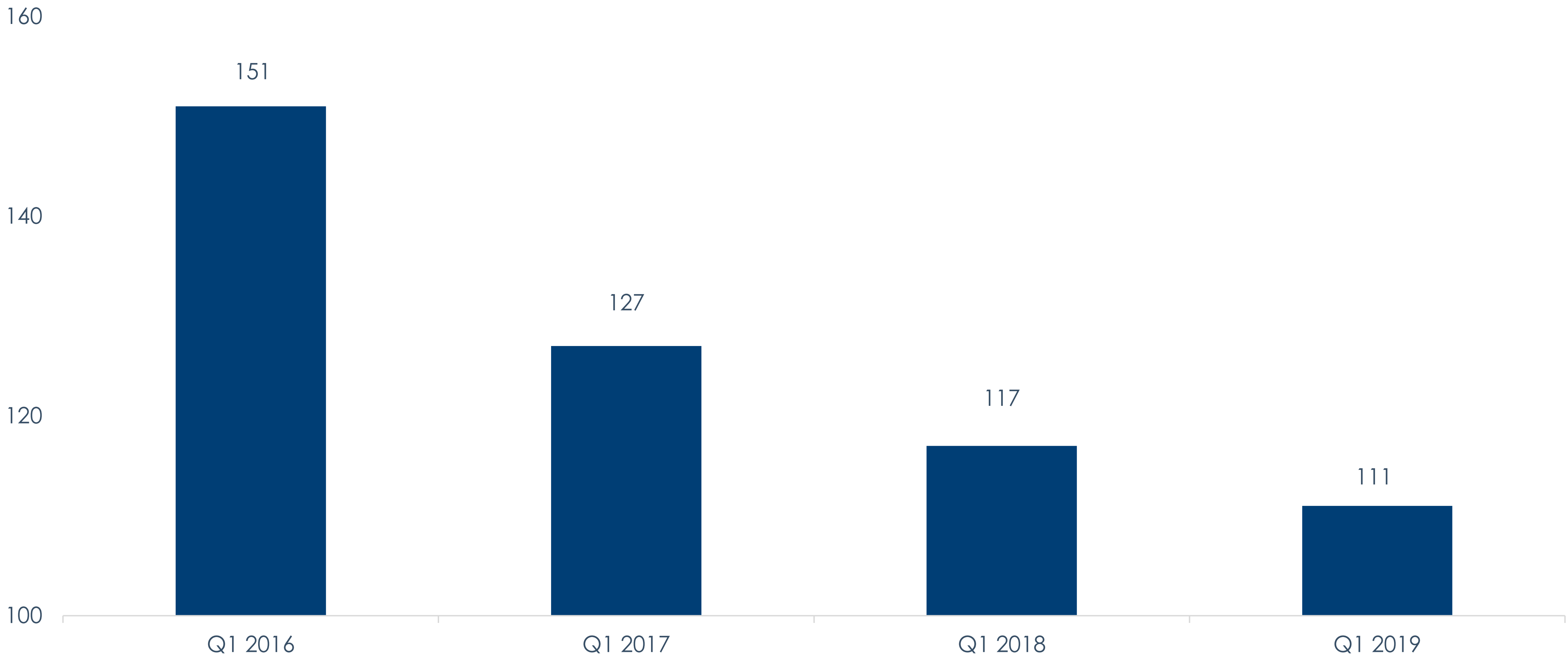


Total like-for-like revenue growth of 17%

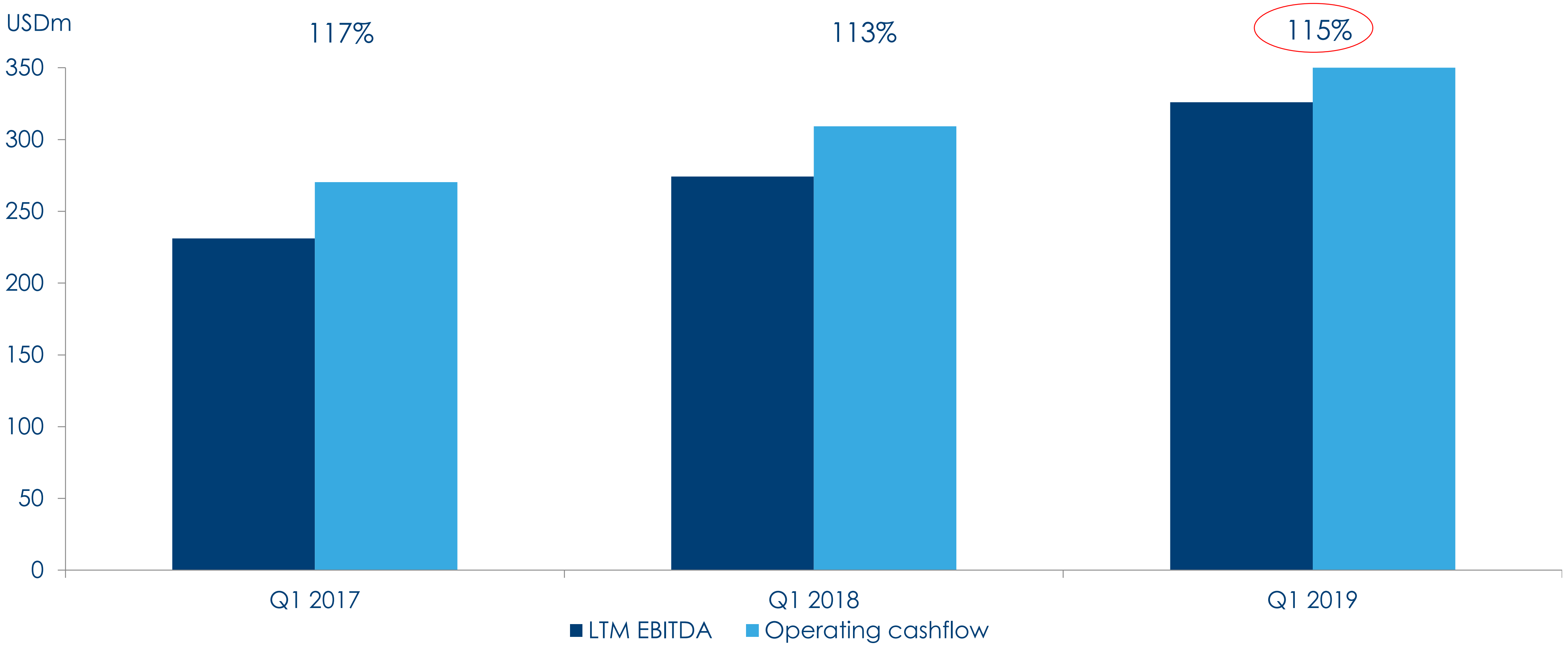
Non-IFRS income statement – non-operating

In USDm, except EPS	Q1 19	Q1 18	Y-o-Y	YTD 19	YTD 18	Y-o-Y
EBIT	**49.5**	**38.5**	**29%**	**49.5**	**38.5**	**29%**
Net finance charge	-4.3	-3.5	25%	-4.3	-3.5	25%
FX gain / (loss)	-0.7	0.6	NA	-0.7	0.6	NA
Tax	-7.0	-5.1	39%	-7.0	-5.1	39%
Net profit	**37.4**	**30.5**	**23%**	**37.4**	**30.5**	**23%**
EPS (USD)	**0.52**	**0.42**	**24%**	**0.52**	**0.42**	**24%**

DSOs continue to decline



IFRS cash conversion



Cash conversion significantly above target of 100%

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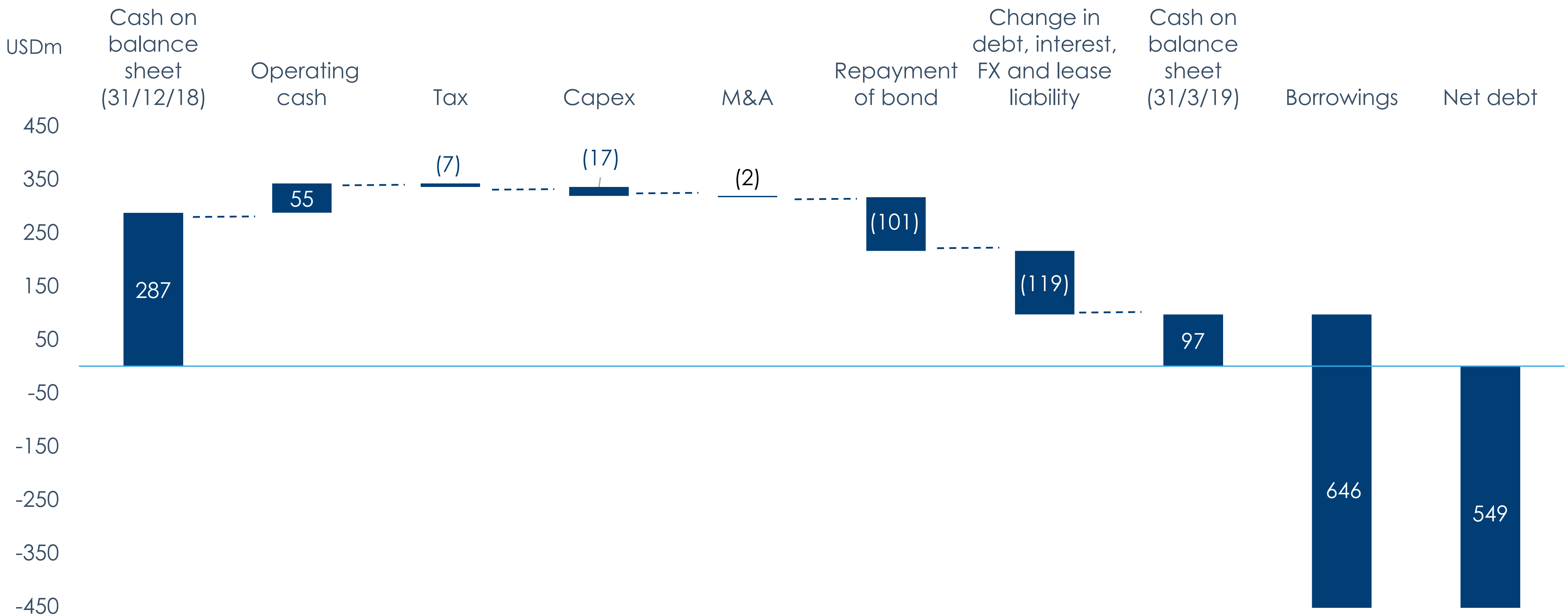
Group liquidity



Operating cash flow up 19%, leverage at 1.6x

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2019 non-IFRS guidance range (c.c.)

	FY 19 guidance
Total software licensing (%)	**17.5% - 22.5%**
Implied USDm	*USD 431 – 450m*
Total revenue (%)	**16% - 19%**
Implied USDm	*USD 966 – 991m*
EBIT (USDm)	**USD 310 – 315m**
Implied margin	*c.31.9%*
Implied organic margin increase	*c. 150 bps*
Cash conversion	**100%+ conversion** of EBITDA into operating cash flow
Tax rate	Expected FY 2019 tax rate of **15% to 16%**

- Currency assumptions on slide 28
- See slide 41 for definition of non-IFRS

Summary

Max Chuard, CEO

Capital Markets Day, 21 May 2019

- Temenos is hosting its Capital Markets Day on 21 May 2019 in London
- This will include presentations covering strategy, product and finance as well as a client presentation
- Opportunity to meet and network with Temenos management
- Taking place at the Institute of Engineering and Technology, 2 Savoy Place, London, WC2R 0BL, UK
- Please visit our investor relations website for more information and to register

www.temenos.com/en/about-temenos/investor-relations/

Conclusion

- Very strong start to 2019
- Digital, regulatory and cost pressures and move to open banking are driving demand
- SaaS and cloud adoption driving incremental demand
- Strong sales execution across geographies and segments
- Ongoing investment in sales and product
- Very high revenue visibility driven by pipeline growth and committed spend
- Strong start to Q2 especially in Europe

Continuation of winning strategy to deliver shareholder value

Appendix

FX assumptions underlying 2019 guidance

In preparing the 2019 guidance, the Company has assumed the following FX rates:

- USD to Euro exchange rate of 0.881
- USD to GBP exchange rate of 0.757; and
- USD to CHF exchange rate of 1.00

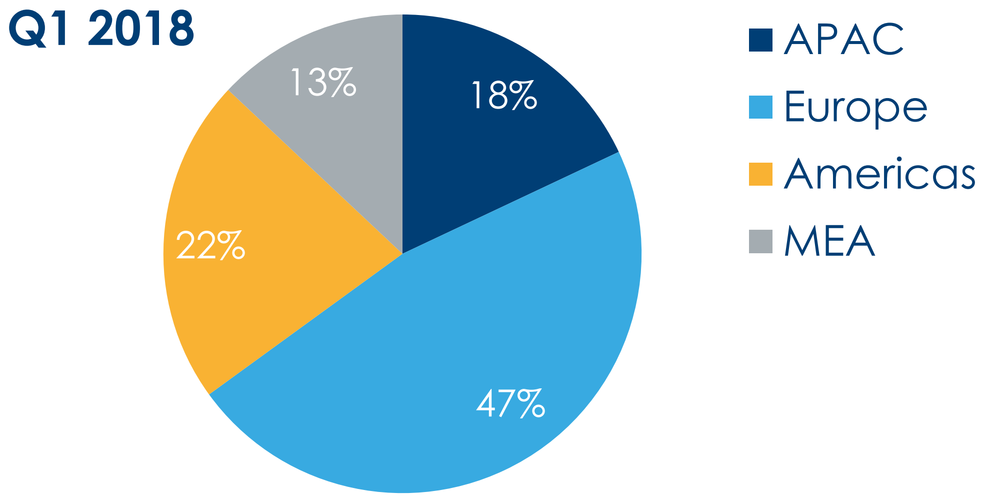
FX exposure

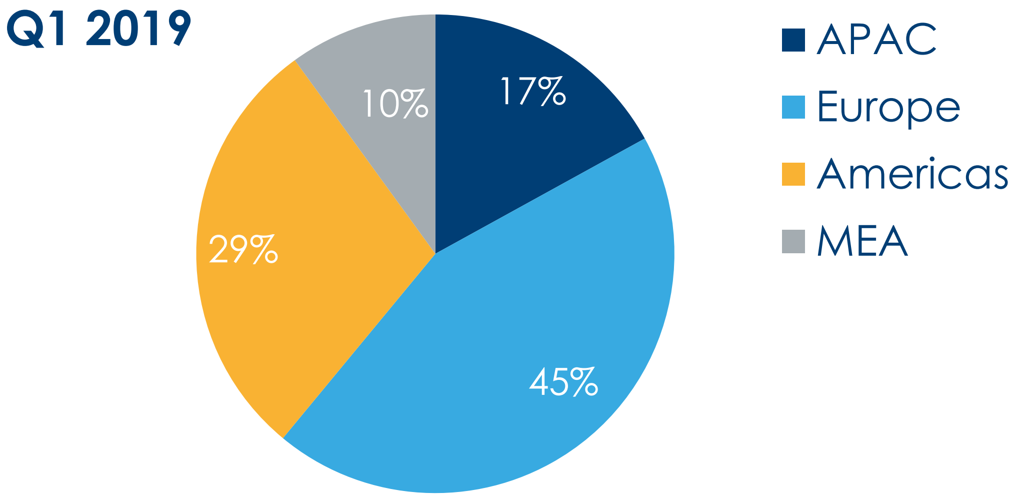
% of total	USD	EUR	GBP	CHF	Other
Total software licensing	60%	25%	2%	1%	12%
Maintenance	68%	22%	5%	5%	0%
Services	46%	30%	8%	3%	13%
Revenues	**60%**	**25%**	**4%**	**3%**	**8%**
Non-IFRS costs	**23%**	**20%**	**13%**	**8%**	**36%**
Non-IFRS EBIT	**142%**	**35%**	**-15%**	**-9%**	**-53%**

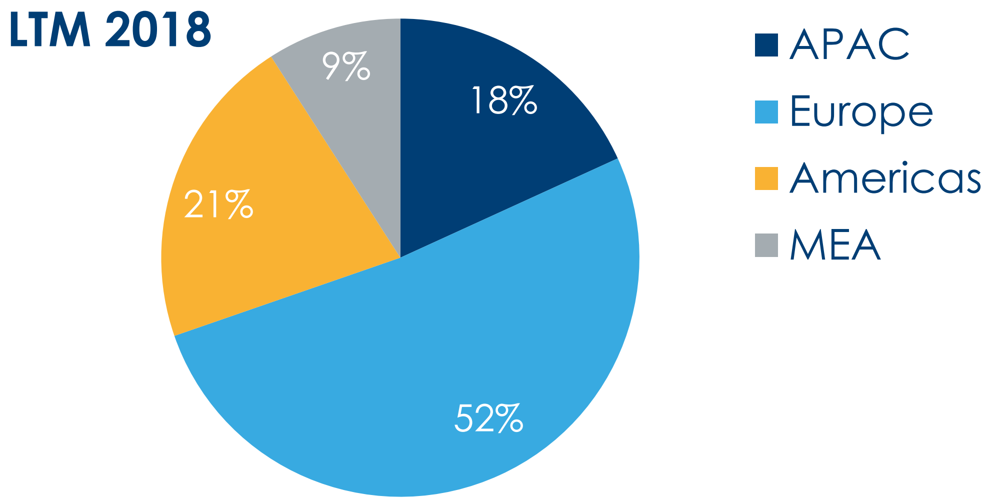
NB. All % are approximations based on 2018 actuals

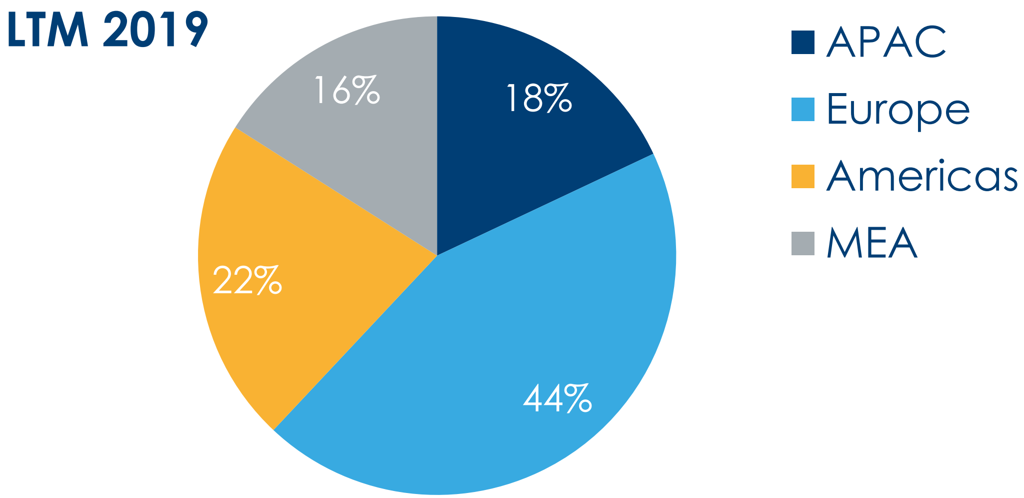
Mitigated FX exposure – matching of revenues / costs and hedging

Total software licensing revenue breakdown by geography



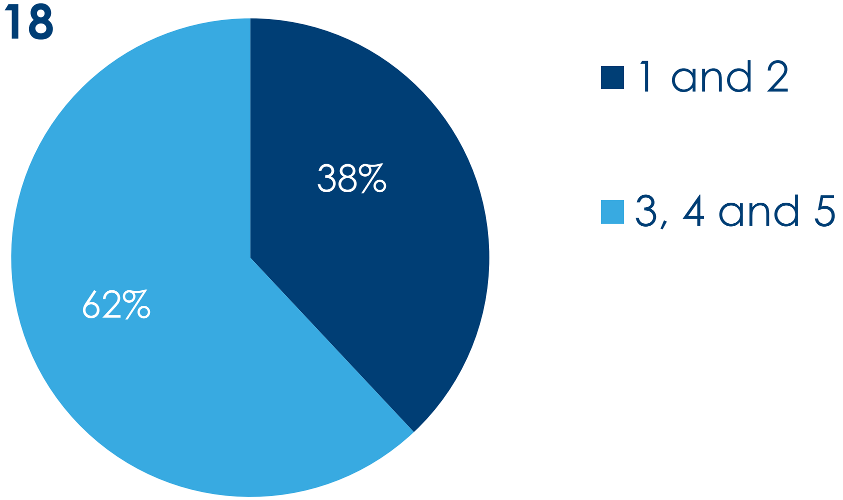




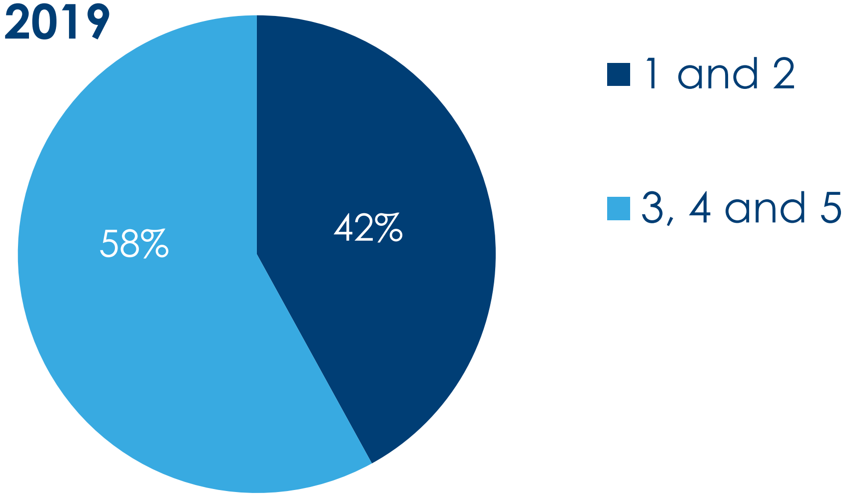


Total software licensing revenue breakdown by customer tier

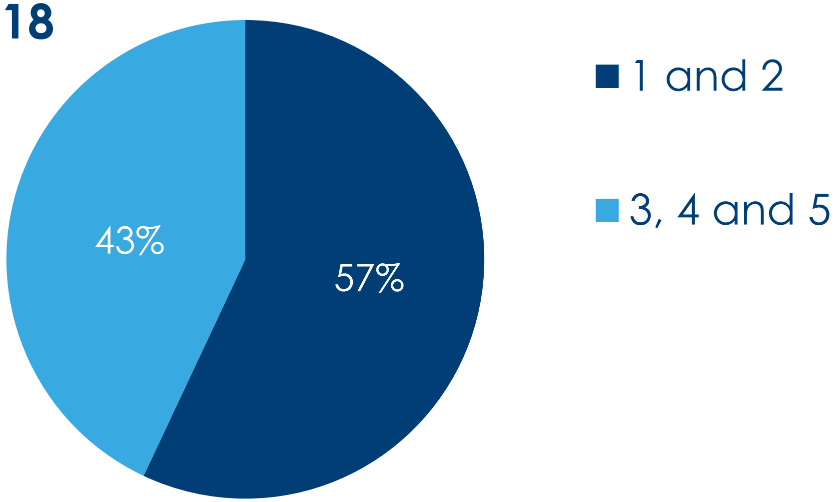
Q1 2018



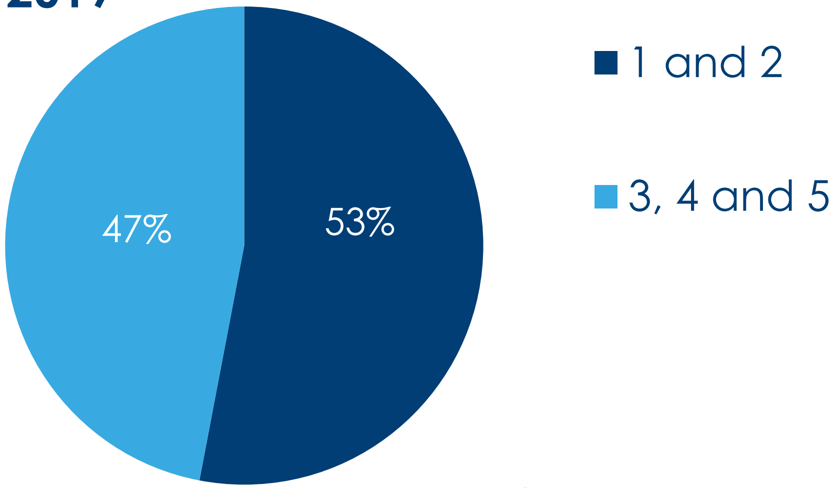
Q1 2019



LTM 2018

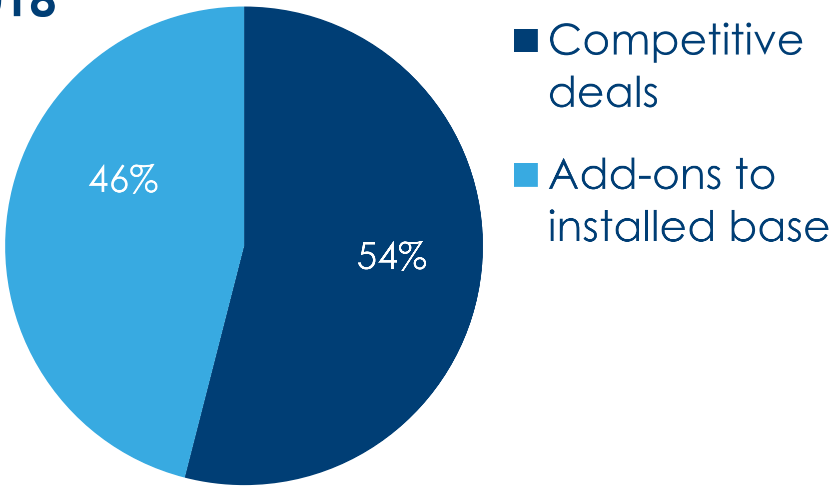


LTM 2019

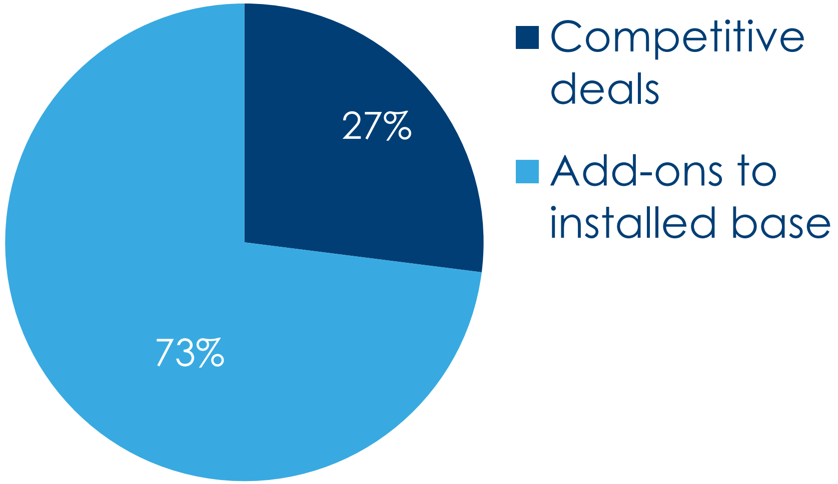


Software licensing revenue breakdown by competitive deals / add-ons to installed base

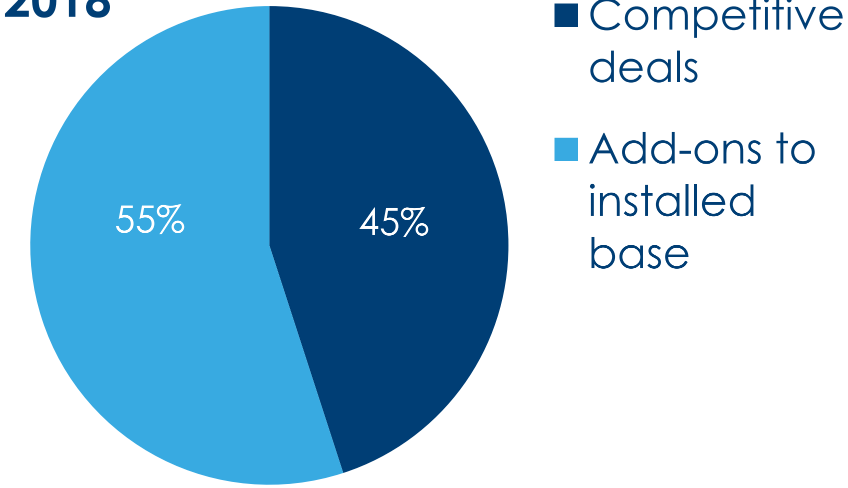
Q1 2018



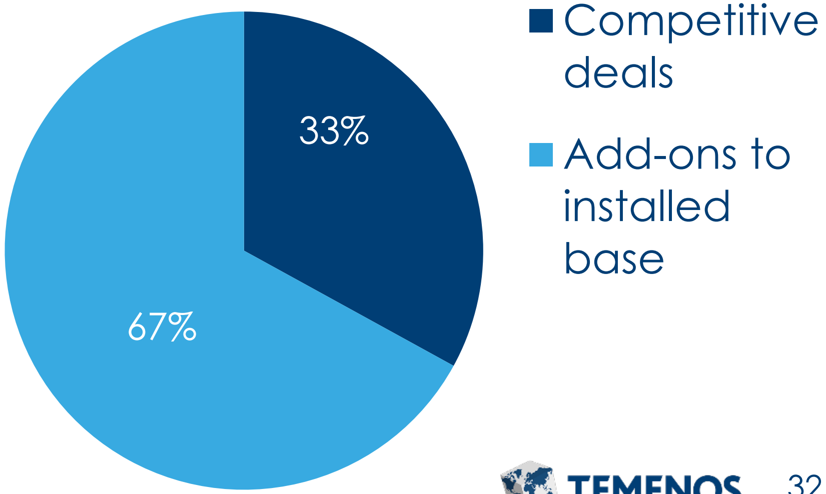
Q1 2019



LTM 2018



LTM 2019



Balance sheet – debt and leverage

Net debt and leverage ratios*

** proforma non-IFRS EBITDA adjusted for lease expense now reported under depreciation and amortization under IFRS 16, net debt includes cross-currency swap and excludes leases reported as borrowings under IFRS16*

Capitalization of development costs

USDm	Q1 17	Q2 17	Q3 17	Q4 17	FY 17
Cap' dev' costs	-11.2	-11.8	-13.4	-14.1	**-50.5**
Amortisation	8.8	9.8	10.9	10.5	**40.0**
Net cap' dev'	**-2.4**	**-2.0**	**-2.5**	**-3.6**	**-10.5**

USDm	Q1 18	Q2 18	Q3 18	Q4 18	FY 18
Cap' dev' costs	-12.6	-13.2	-13.0	-13.9	**-52.6**
Amortisation	10.8	11.1	11.1	11.9	**44.9**
Net cap' dev'	**-1.8**	**-2.0**	**-1.9**	**-2.0**	**-7.7**

USDm	Q1 19	Q2 19	Q3 19	Q4 19	FY 19
Cap' dev' costs	-14.1				
Amortisation	11.7				
Net cap' dev'	**-2.5**				

Reconciliation from IFRS to non-IFRS

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

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

Accounting elements not included in non-IFRS guidance

Below are the accounting elements not included in the 2019 non-IFRS guidance:

- FY 2019 estimated deferred revenue write down of USD 4m
- FY 2019 estimated amortisation of acquired intangibles of USD 48m
- FY 2019 estimated restructuring costs of USD 5m

Restructuring costs include realising R&D, operational and infrastructure efficiencies.

These estimates do not include impact of any further acquisitions or restructuring programmes commenced after 16 April 2019. The above figures are estimates only and may deviate from expected amounts.

Reconciliation – IFRS to non-IFRS

In USDm, except EPS	3 Months Ending 31 March			3 Months Ending 31 March		
	2019		2019	2018		2018
	IFRS	Non-IFRS adj.	Non-IFRS	IFRS	Non-IFRS adj.	Non-IFRS
Software Licensing	63.2		63.2	54.4		54.4
SaaS and subscription	11.9	1.1	13.0	8.0	0.1	8.1
Total Software Licensing	**75.1**	**1.1**	**76.2**	**62.4**	**0.1**	**62.5**
Maintenance	84.7	-	84.7	76.3		76.3
Services	43.9	-	43.9	34.1		34.1
Total Revenue	**203.8**	**1.1**	**204.9**	**172.7**	**0.1**	**172.8**
Total Operating Costs	**(169.1)**	**13.7**	**(155.4)**	**(145.5)**	**11.1**	**(134.3)**
Restructuring/acq. costs	(1.3)	1.3	-	(1.3)	1.3	-
Amort of Acq'd Intang.	(12.4)	12.4	-	(9.8)	9.8	-
Operating Profit	**34.7**	**14.8**	**49.5**	**27.3**	**11.2**	**38.5**
Operating Margin	**17%**		**24%**	**16%**		**22%**
Financing Costs	(5.0)	-	(5.0)	(7.5)	4.6	(2.9)
Taxation	(5.1)	(2.0)	(7.0)	(2.9)	(2.1)	(5.1)
Net Earnings	24.6	12.8	37.4	16.8	13.7	30.5
EPS (USD per Share)	**0.34**	**0.18**	**0.52**	**0.23**	**0.19**	**0.42**

Net earnings reconciliation

In USDm, except EPS	Q1 19	Q1 18
IFRS net earnings	**24.6**	**16.8**
Deferred revenue write down	1.1	0.1
Amortisation of acquired intangibles	12.4	9.8
Restructuring	1.0	1.3
Acquisition related costs	0.3	4.6
Taxation	-2.0	-2.1
Net earnings for non-IFRS EPS	**37.4**	**30.5**
No. of dilutive shares	**72.4**	**72.6**
Non-IFRS diluted EPS (USD)	0.52	0.42

Reconciliation from IFRS to non-IFRS for EBIT and EBITDA

USDm	Q1 19 EBIT	Q1 19 EBITDA
IFRS	**34.7**	**64.9**
Deferred revenue write-down	1.1	1.1
Amortisation of acquired intangibles	12.4	-
Restructuring	1.0	1.0
Acquisition-related charges	0.3	0.3
Non-IFRS	**49.5**	**67.3**

Transition to IFRS 16 "Leases"

- IFRS 16 "Leases" primarily changes lease accounting for lessee and moves to single accounting model eliminating the distinction between finance leases and operating lease. Leases qualified under IFRS16 are captured on the balance sheet from 1st January 2019.
- Temenos has adopted IFRS 16 using the modified retrospective method effective 1 January 2019
- Temenos intends to apply IFRS16 exemption on short term leases (1 year or less) – these will be accounted as per old approach i.e. rental expense.
- Most significant impact for Temenos relates to office leases
- Prior comparative periods will not be restated under IFRS 16
- Further information can be found on our investor relations website:

  https://www.temenos.com/en/about-temenos/investor-relations/

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

Revenue visibility
Visibility on revenue includes a combination of revenue that is contractually committed and revenue that is in our pipeline and that is likely to be booked, but is not contractually committed and therefore may not occur.

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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