TEMENOS

The banking software company

Financial results & business update

Quarter ended 31 March 2018
18 April 2018

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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 18 April 2018. 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 18 April 2018.

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Non-IFRS Information

All non-IFRS information in the presentation is under IAS 18, comparable to prior periods.

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

Business update

David Arnott, CEO

Very strong start to 2018

- Total software licensing growth of 40%
- Total revenues up 20%
- EBIT up 33%
- Momentum across all tiers and geographies
- Validation of leadership position

Third party validation of Temenos leadership

IBS INTELLIGENCE
www.ibsintelligence.com

#1 best selling Core Banking system
#1 best selling Digital Banking and Channels system
#1 best selling Risk and Compliance system
#2 best selling Payments system

FORRESTER®

Top vendor for new-name clients and new and existing clients

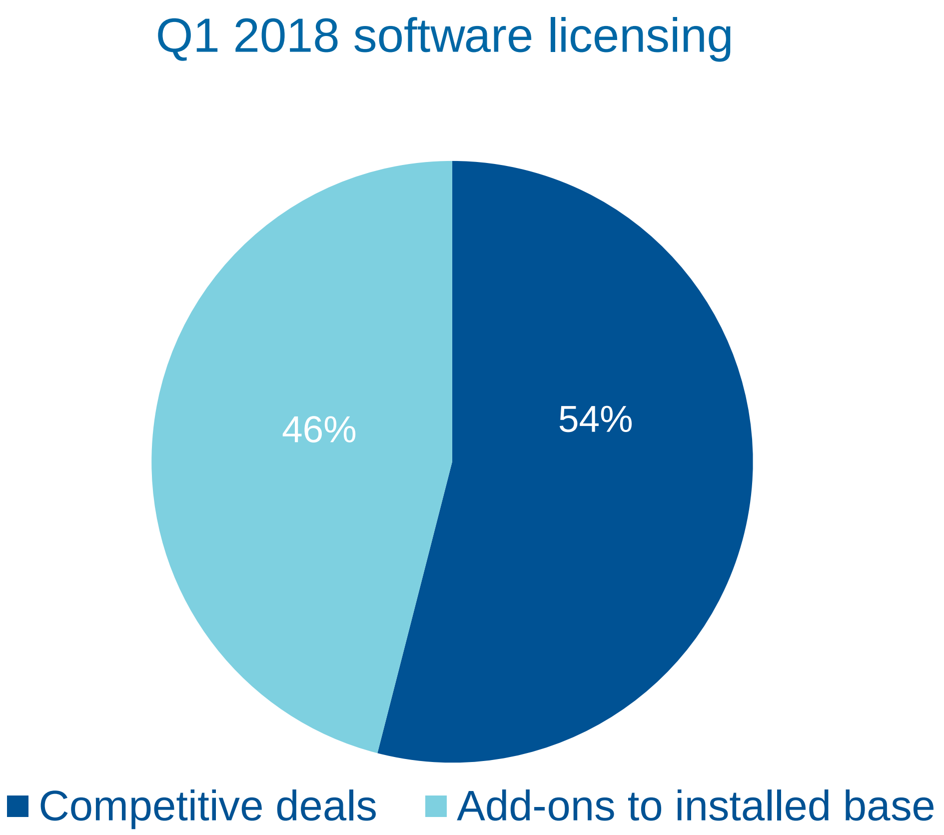
> “Bank CIOs must go beyond the front office and holistically digitalize processes across the whole IT stack if they wish to make the digital bank a reality.”
>
> Gartner*

Source: Forrester – ‘True Digital Banking Drives Interest In Core Banking’, April 2018. IBS – ‘Annual Sales League Table 2018’. IBS Intelligence, April 2018.
*Gartner ‘Designing Operations and Architectures for the Digital Bank Primer for 2018’, Vittorio D’Orazio, Don Free, January 2018.
Figures are non-IFRS IAS18 growth rates

Q1 2018 sales review

- Very strong start to 2018 with acceleration across all geographies and client tiers
- 18 new customer wins in the quarter, gaining market share
- Competitive deals contributed 54% of software licensing in the quarter
- First strategic deal signed in Australia
- Expanding relationships with tier 1 accounts
  - Openbank selected WealthSuite
  - Tier 1 European bank selected Temenos for instant payments solution
- Continued investment in sales and marketing

Strong contribution from competitive deals



Growth across all markets and client tiers

New markets opening up

Telia

- Leading Nordic telco bought T24 for financial technology platform to offer lending and leasing products
- Move away from telco-banking partnership model to direct financial offerings by telcos
- Telco-banking represents a new addressable market opportunity of c.USD75m p.a.
- Incremental pressure on incumbent banks from new market entrants

Payments

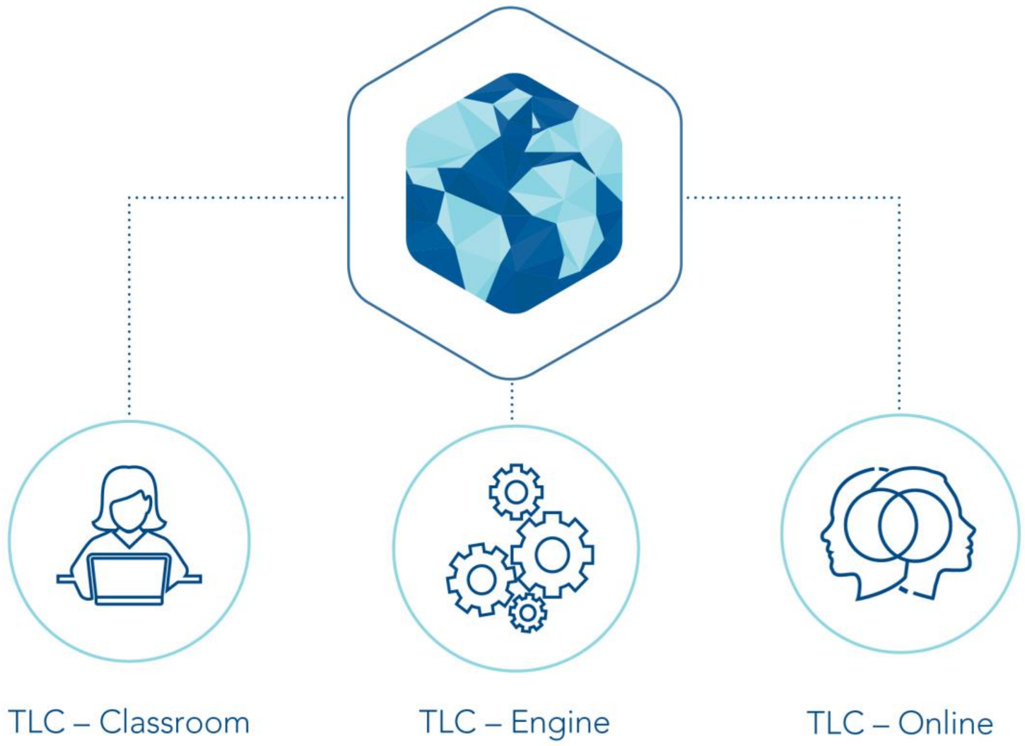
- Payments margins under pressure from regulation, competition and new technology
- Open banking directly linked to rise of instant payments which is becoming the new norm
- Banks are looking to purchase modern real-time solutions to capture and retain market share
- Extended relationship with tier 1 European bank who selected Temenos for instant payments solution
- Temenos' integrated payments solution was 2nd best selling payments system in 2017 with 7 deals

Continued expansion of addressable market

Q1 2018 services overview

- 22 implementation go-lives in Q1 2018
- EFG announced completion of BSI migration to T24
- LTM Services margin of 10%
- Key implementations continue to progress well

Industrialising training through the Temenos Learning Community



Strong operational performance

Third party validation of our leadership position

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www.ibsintelligence.com

#1 best selling
Core Banking systems in 2017 for the 13th year

#1 best selling
Digital Banking and Channels system in 2017

#1 best selling
Risk and Compliance system in 2017

#2 best selling
Payments system in 2017

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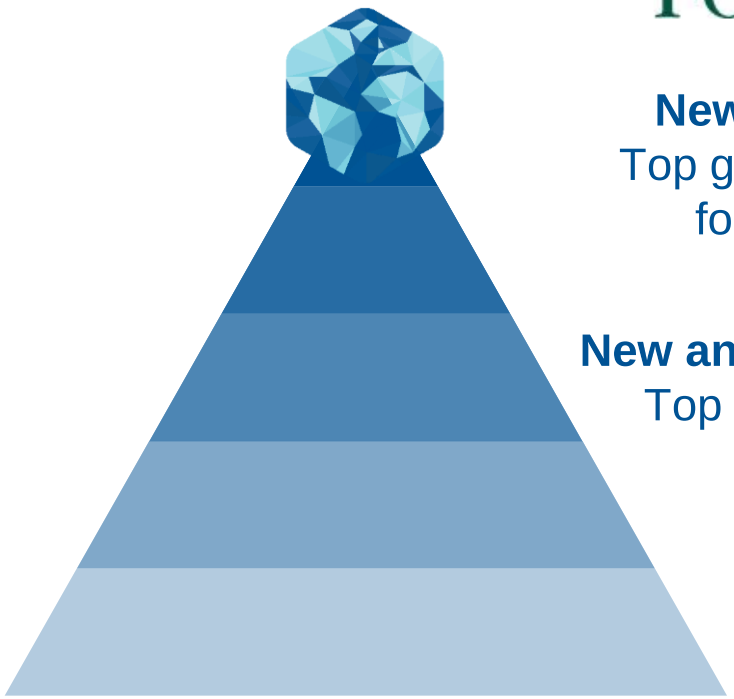

New-name clients:
Top global power seller for the 12th year

New and existing clients:
Top global player for the 6th year

Top vendor in the Forrester 2017 Global Vendor Pyramid for new-name clients and new and existing clients

Source: Forrester – 'True Digital Banking Drives Interest In Core Banking', April 2018. IBS – 'Annual Sales League Table 2018'. IBS Intelligence, April 2018

Vendor of choice for core banking transformation globally

Core banking systems sales by new-named deals

Pulling ahead in a winner-takes-all market

**excludes domestic/single country only core banking systems*
Source: IBS Sales League Tables

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Looking forward

Industry outlook:

- Digital and regulatory pressures are top of mind for banks
- Open banking a new driver of opportunity and changing business models
- IT renovation is key to banks' strategy, not discretionary spend
- Banks moving to front-to-back digital renovation

Temenos positioning:

- Installed base a key driver of growth, selling to clients who understand the value proposition
- Market leader, raising barriers to entry and pulling ahead of the competition
- Very strong start to Q1 2018, highest ever revenue visibility driven by strong pipeline growth and committed spend

Leadership position in market with multiple structural drivers

Financial update

Max Chuard, CFO, COO

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Q1 2018 non-IFRS (IAS 18) financial highlights

- Total software licensing up 40% Y-o-Y
- Maintenance growth of 14% Y-o-Y
- Total revenue growth of 20% Y-o-Y
- EBIT up 33% Y-o-Y, with LTM EBIT margin of 30.4%
- EPS growth of 48% Y-o-Y, LTM EPS of USD 2.59
- Q1 operating cash flows of USD 46m, DSOs down 10 days Y-o-Y to 117 days
- Services margin of 9.8% for Q1 2018 LTM, up 0.2% points

Very strong performance across all KPIs

Non-IFRS (IAS 18) income statement – operating

IAS 18, in USDm	Q1 18	Q1 17	Y-o-Y reported	Y-o-Y c.c.	LTM 18	LTM 17	Y-o-Y reported	Y-o-Y c.c.
Software licensing	45.3	32.0	41%	37%	261.8	210.2	25%	24%
SaaS and subscription	18.3	13.3	38%	29%	72.6	52.1	39%	37%
Total software licensing	**63.6**	**45.4**	**40%**	**35%**	**334.4**	**262.4**	**27%**	**26%**
Maintenance	74.1	64.9	14%	11%	284.0	254.8	11%	11%
Services	34.2	32.5	5%	-2%	147.5	131.3	12%	10%
Total revenue	**171.9**	**142.7**	**20%**	**15%**	**765.8**	**648.5**	**18%**	**17%**
Operating costs	135.5	115.4	17%	9%	533.2	456.8	17%	15%
EBIT	**36.4**	**27.3**	**33%**	**43%**	**232.6**	**191.6**	**21%**	**22%**
Margin	21.2%	19.2%	2.0% pts		30.4%	29.5%	0.8% pts	
EBITDA	**49.9**	**38.7**	**29%**	**35%**	**284.7**	**236.0**	**21%**	**21%**
Margin	29.0%	27.1%	1.9% pts		37.2%	36.4%	0.8% pts	
Services margin	5.9%	5.3%	0.6% pts		9.8%	9.6%	0.2% pts	

Revenue growth driving profitability

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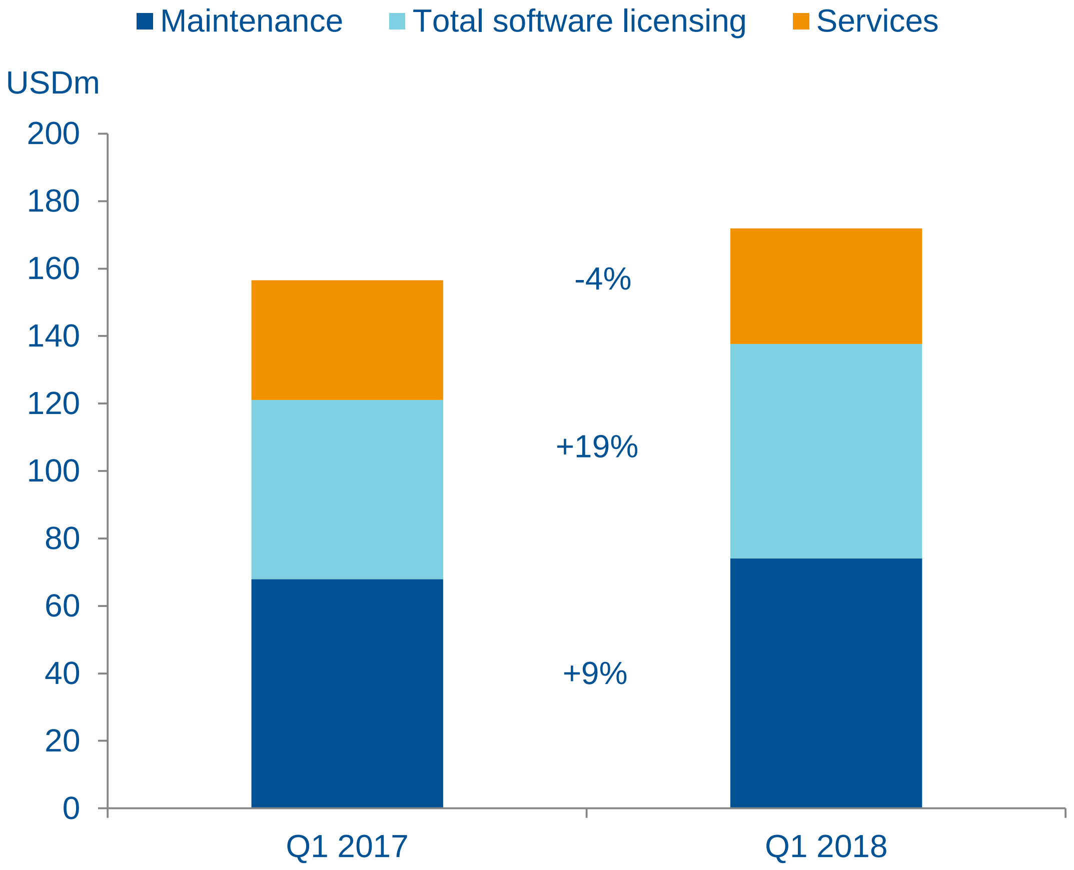
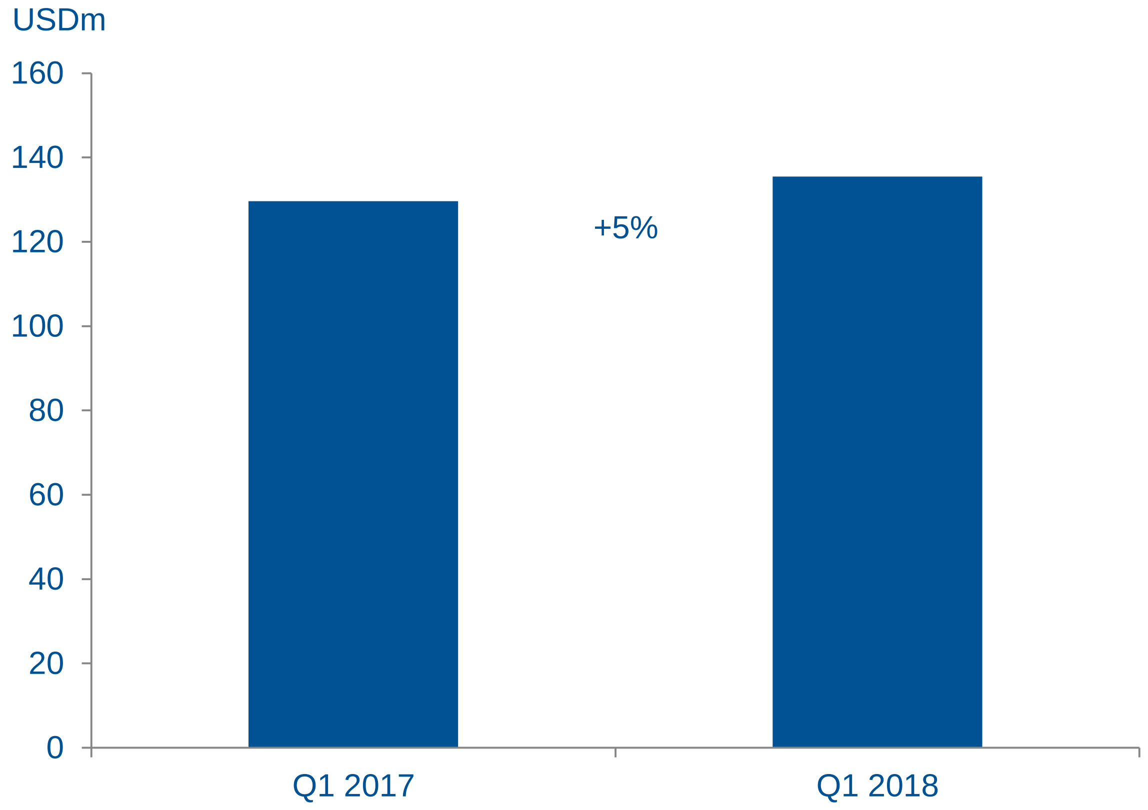
Like-for-like revenue and costs

Q1 LFL non-IFRS revenue



Q1 LFL non-IFRS costs



Organic product revenue growth of 14%

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Non-IFRS (IAS 18) income statement – non-operating

In USDm, except EPS	Q1 18	Q1 17	Y-o-Y	LTM 18	LTM 17	Y-o-Y
EBIT	**36.4**	**27.3**	**33%**	**232.6**	**191.6**	**21%**
Net finance charge	-3.5	-3.9	-11%	-14.4	-16.2	-11%
FX gain / (loss)	0.6	-0.8	NA	-1.2	-0.3	NA
Tax	-4.8	-3.0	59%	-29.4	-21.1	39%
Net profit	**28.7**	**19.7**	**46%**	**187.6**	**154.0**	**22%**
EPS (USD)	**0.40**	**0.27**	**48%**	**2.59**	**2.15**	**20%**

Continued strong growth in profit and EPS

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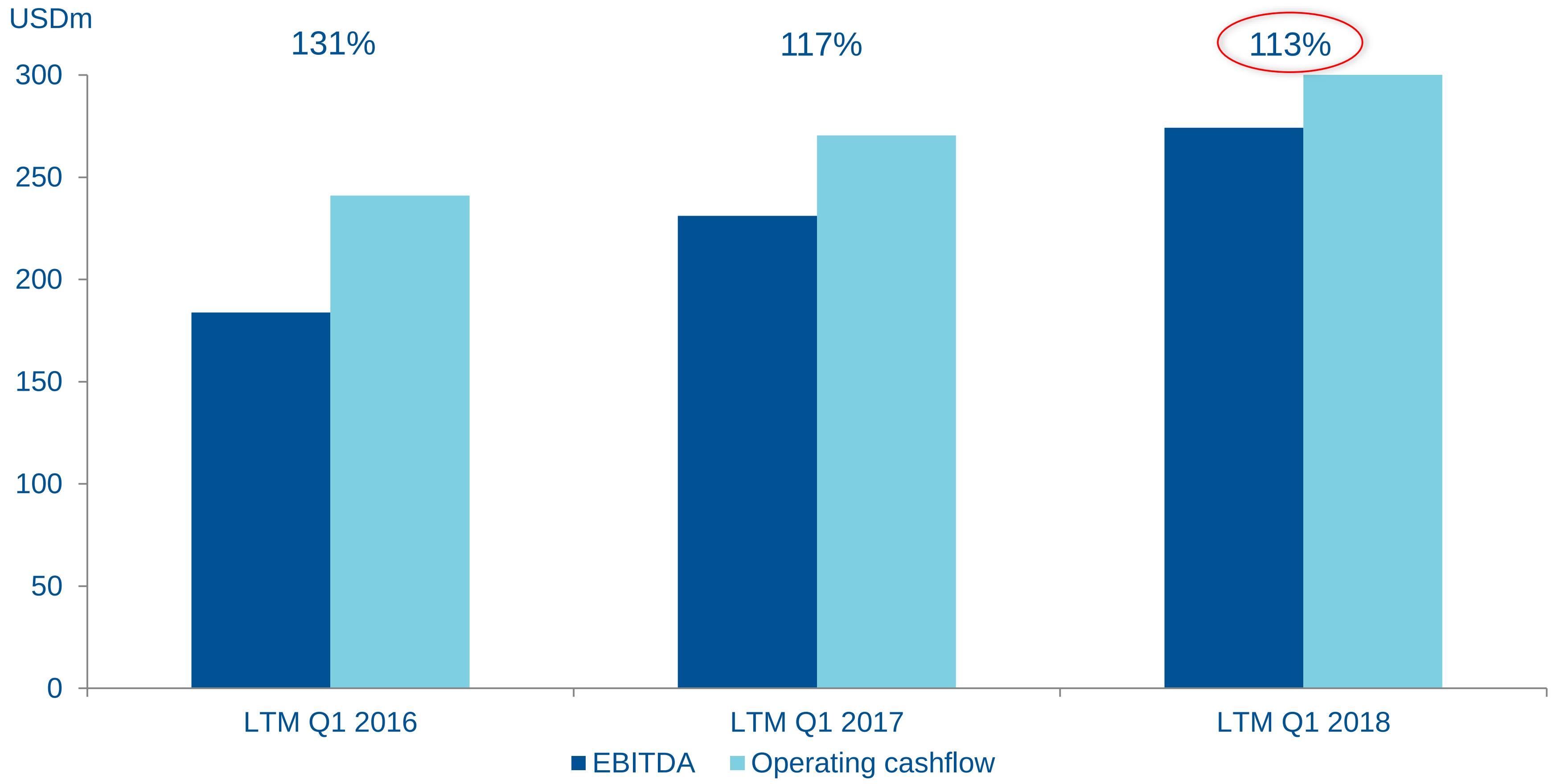
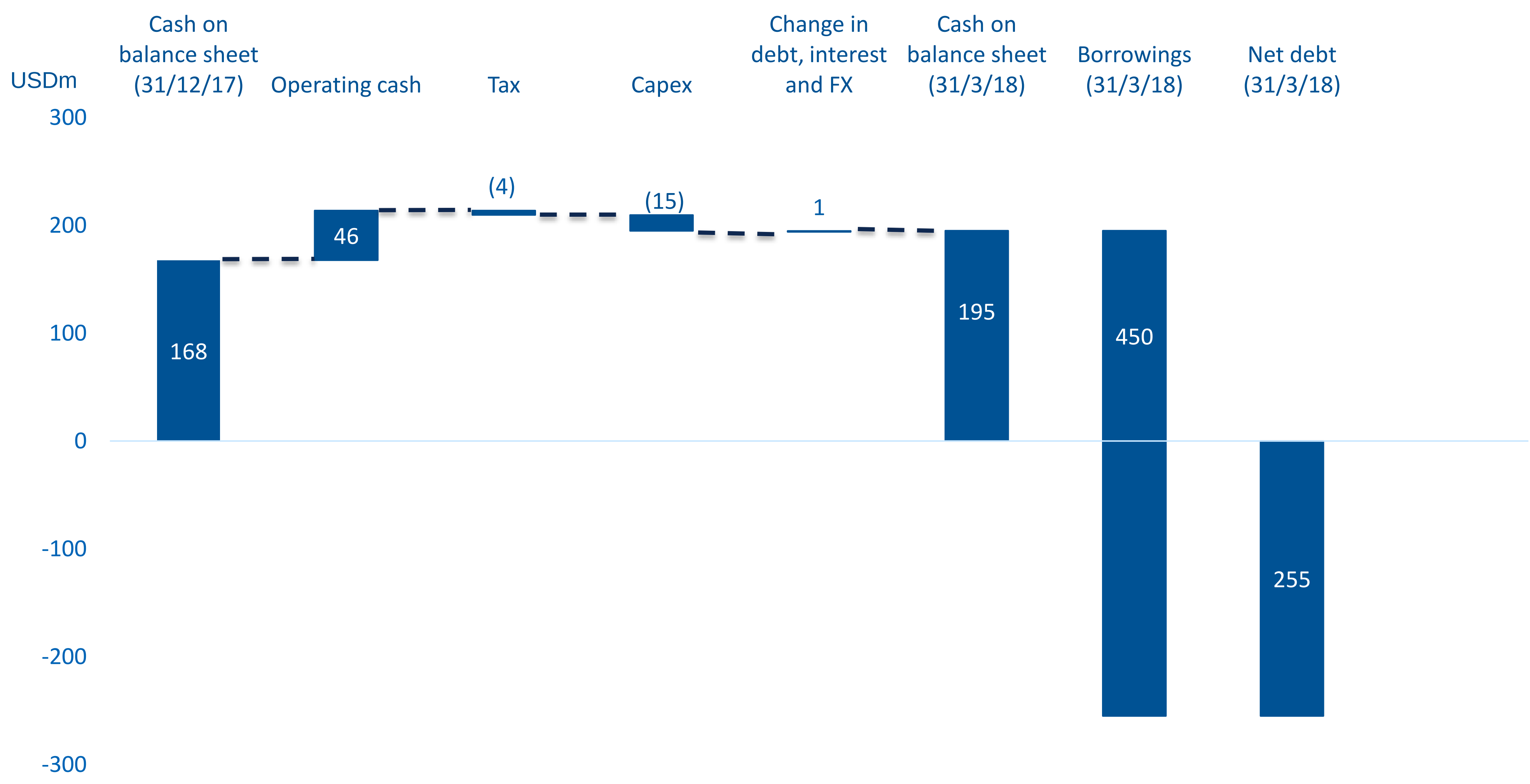
IFRS (IAS 18) cash conversion



Cash conversion remains significantly above target of 100%

Group liquidity



Operating cash flow up 26%, leverage at 0.9x

2018 non-IFRS guidance range (IAS 18, c.c.)

FY 2018 guidance	
Total software licensing (%)	**13.5% – 18.5%**
Implied USDm	*367 – 383*
Total revenue (%)	**10% – 13%**
Implied USDm	*825 – 847*
EBIT (USDm)	**255 – 260**
Implied margin	*c.31%*
Cash conversion	**100%+ conversion** of EBITDA into operating cash flow
Tax rate	Expected FY 2018 tax rate of **15% to 16%**

- Currency assumptions on slide 26
- See slide 42 for definition of non-IFRS

Revenue visibility continues to increase

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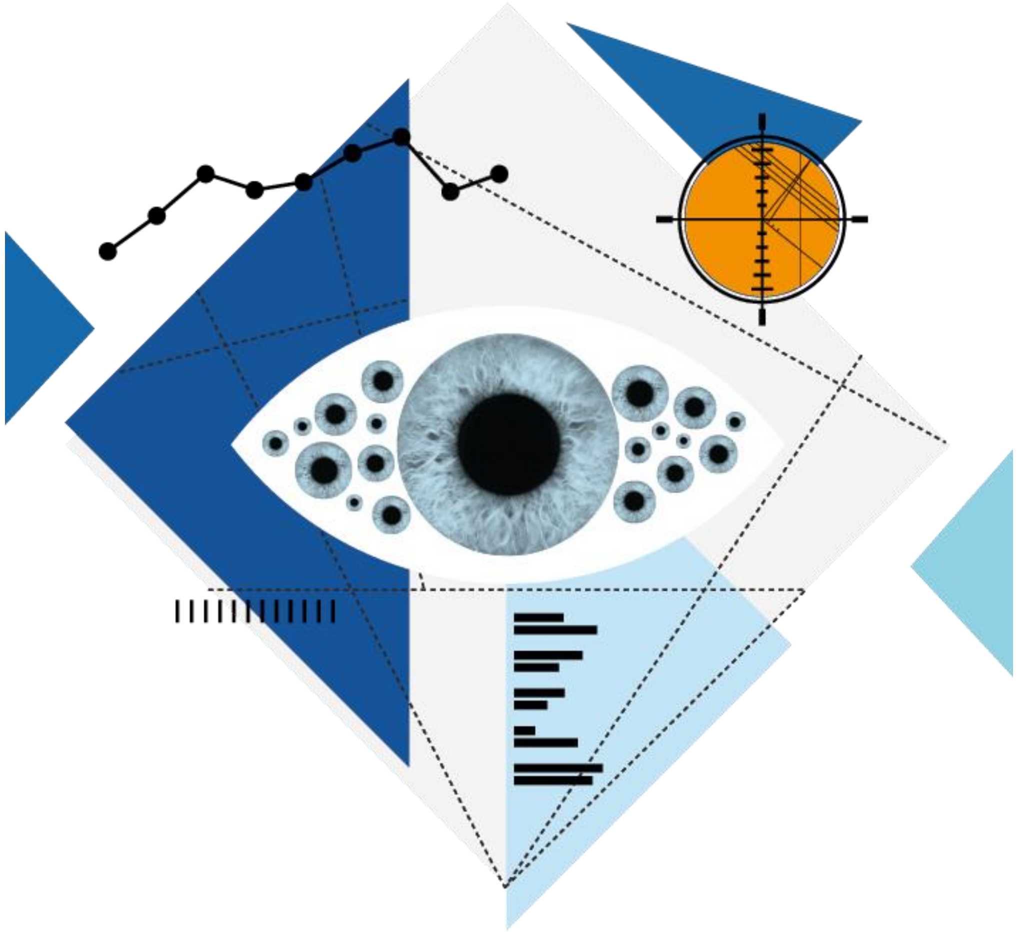
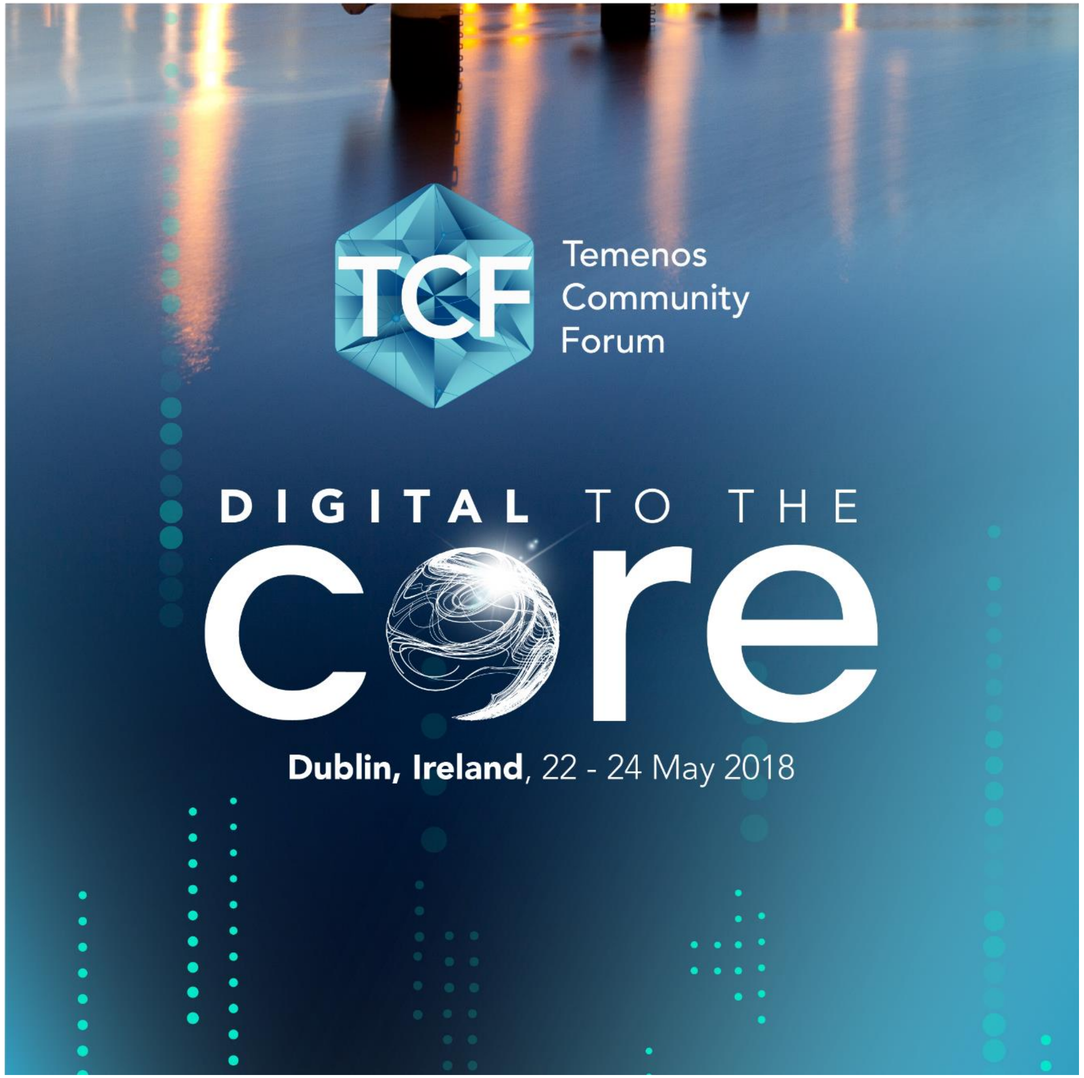
Summary

David Arnott, CEO



TCF 2018 – Dublin, 22 to 24 May

- Theme for 2018 is ‘Digital to the core’
- Dedicated analyst and investor stream
- See product launches and our software in action
- Insights from Temenos executives and industry thought leaders
- Interaction and learning from Temenos customers and partners
- Breakout sessions with senior management



Conclusion

- Very strong start to 2018 across all KPIs
- Growth across all geographies and client tiers
- Combined pressures from digital, regulation and open banking driving bank IT spend
- IT renovation remains strategic, not discretionary
- Third party validation of leadership position, pulling ahead of the competition
- Revenue visibility continues to increase driven by strong pipeline growth and committed spend

Very strong start to 2018

Appendices

FX assumptions underlying 2018 guidance

In preparing the 2018 guidance, the Company has assumed the following FX rates:

- USD to Euro exchange rate of 0.824
- USD to GBP exchange rate of 0.711; and
- USD to CHF exchange rate of 0.958

FX exposure

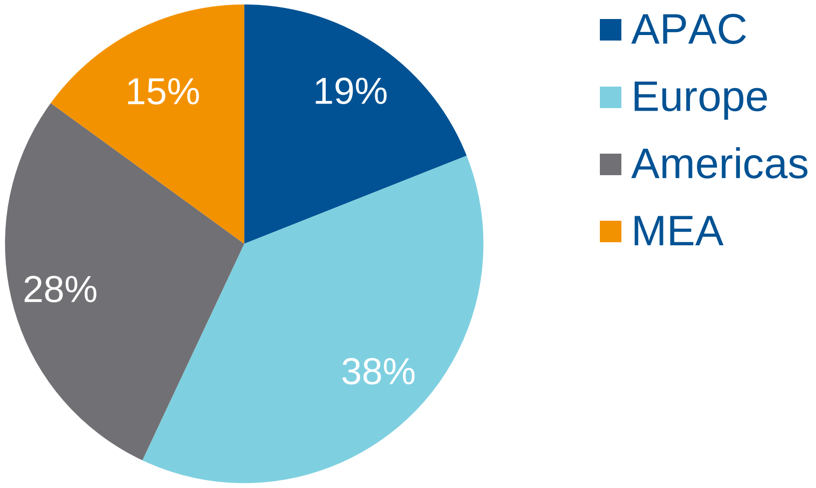
% of total	USD	EUR	GBP	CHF	Other
Total software licensing	44%	40%	1%	3%	12%
Maintenance	68%	22%	5%	5%	0%
Services	42%	38%	5%	1%	14%
Revenues	**53%**	**33%**	**3%**	**3%**	**8%**
Non-IFRS costs	**23%**	**20%**	**14%**	**8%**	**35%**
Non-IFRS EBIT	**120%**	**62%**	**-21%**	**-7%**	**-54%**

NB. All % are approximations based on 2017 actuals

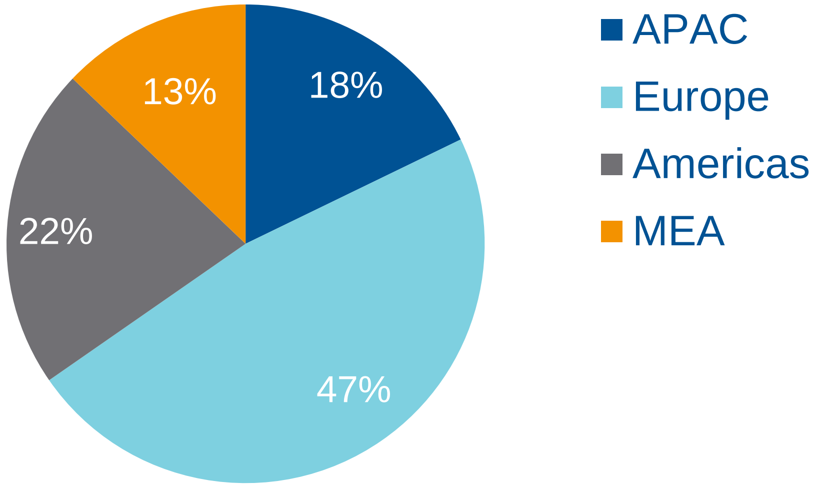
Mitigated FX exposure – matching of revenues / costs and hedging

Total software licensing revenue breakdown by geography

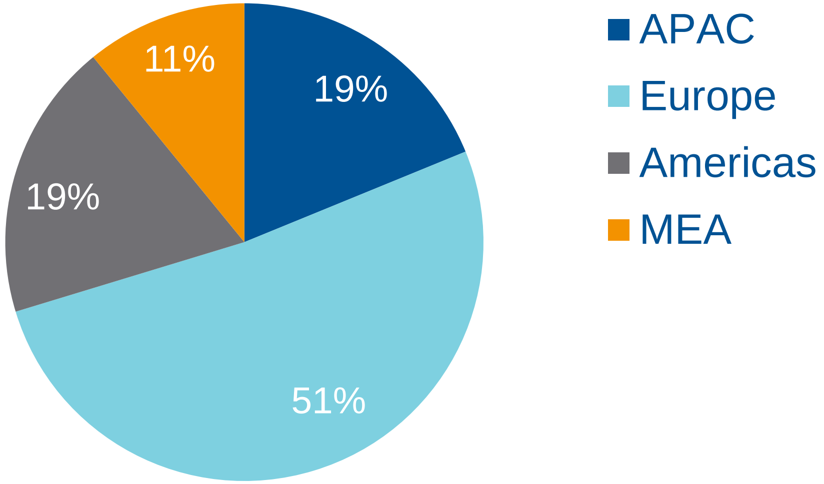
Q1 2017



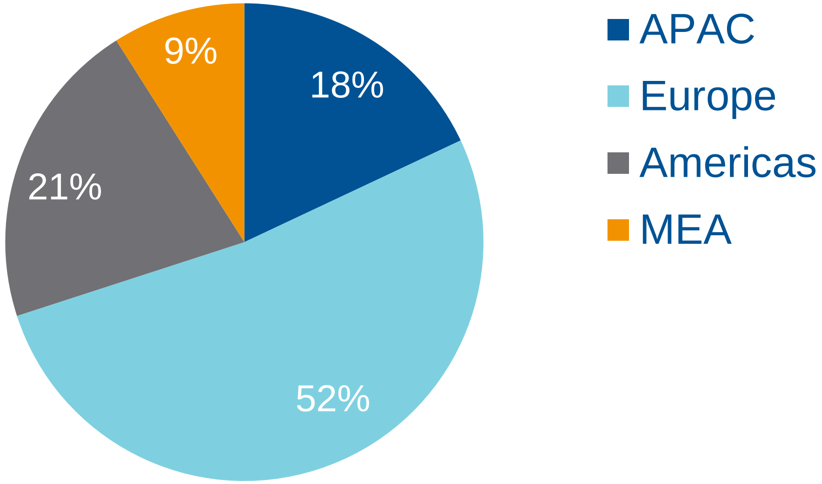
Q1 2018



LTM Q1 2017



LTM Q1 2018



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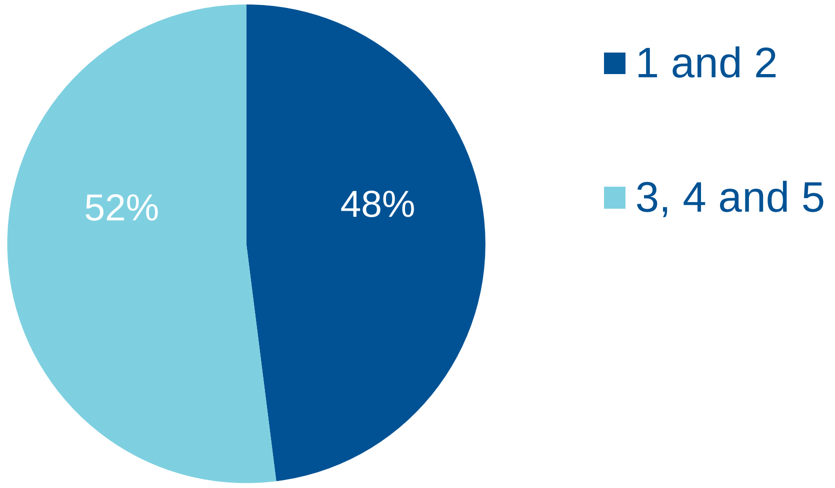
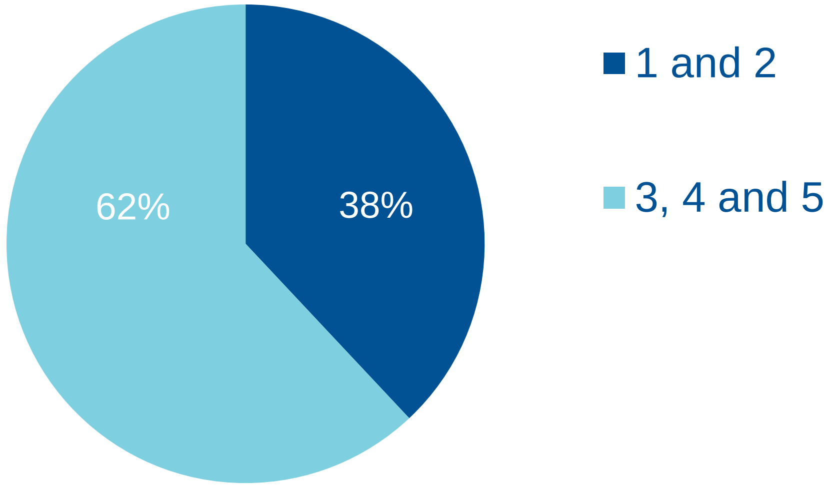
Total software licensing revenue breakdown by customer tier

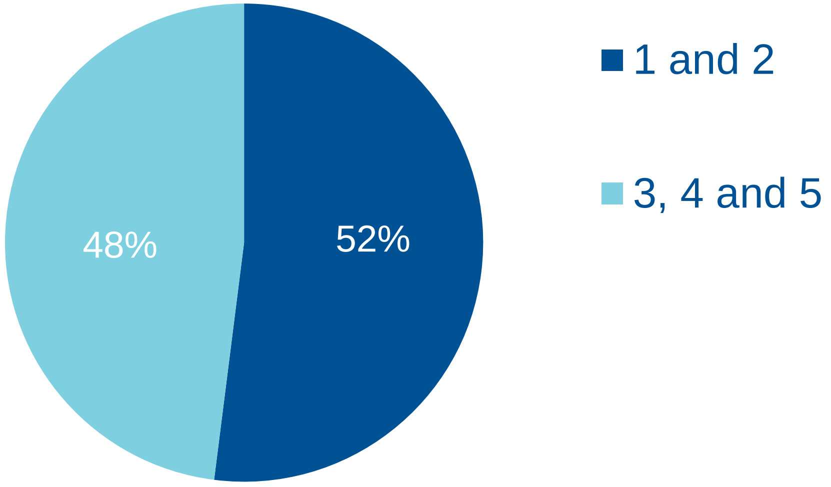
Q1 2017



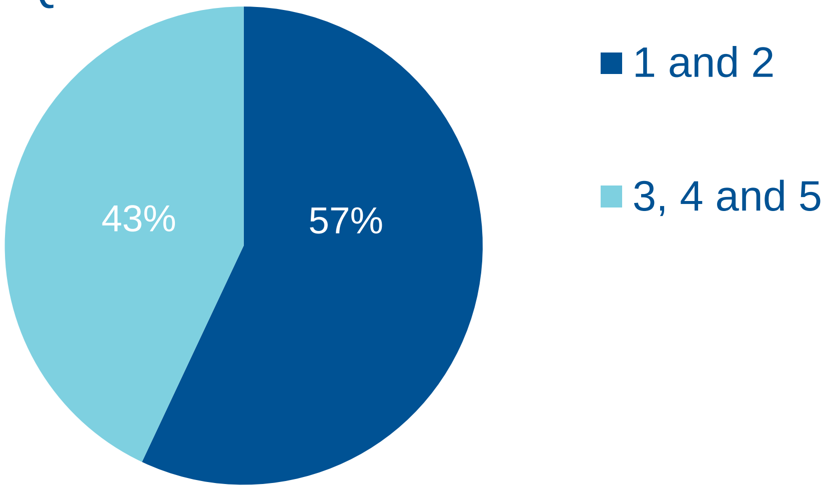
Q1 2018



LTM Q1 2017

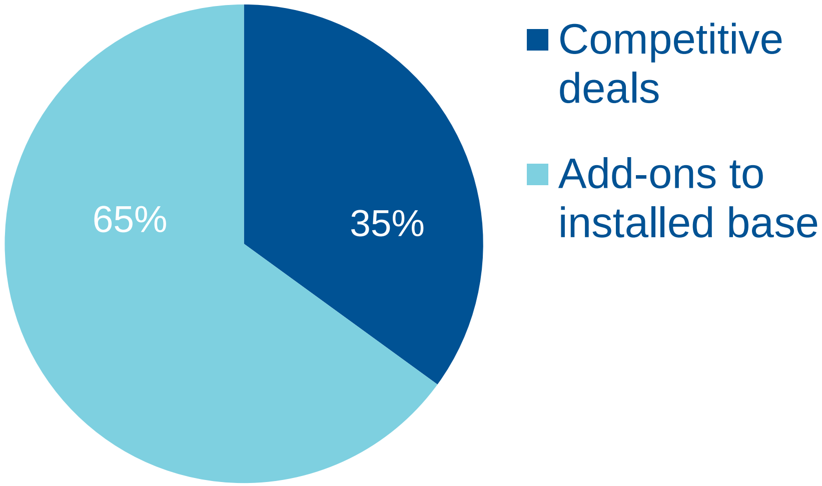


LTM Q1 2018

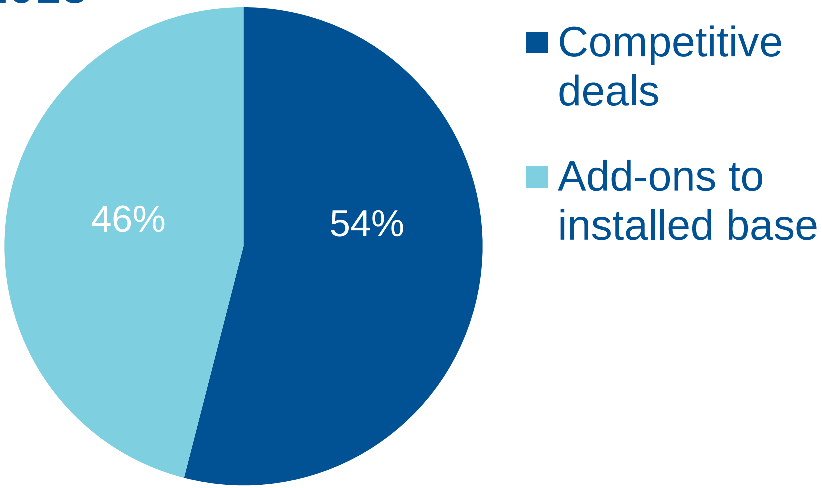


Software licensing revenue breakdown by competitive deals / add-ons to installed base

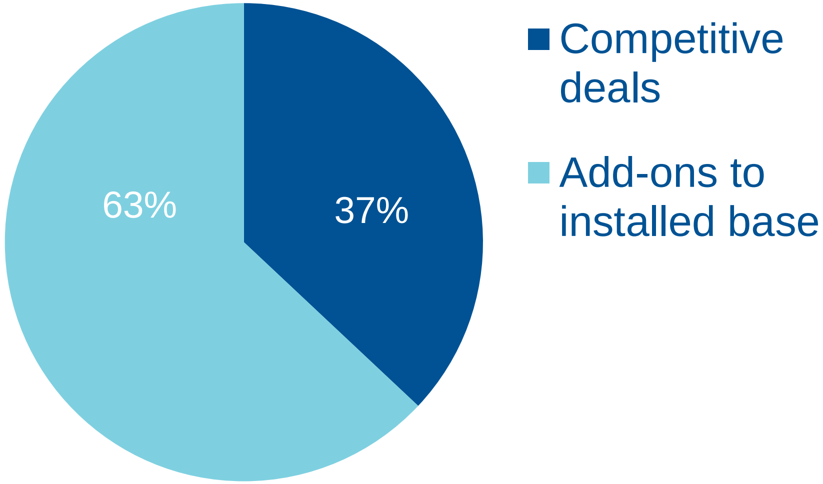
Q1 2017



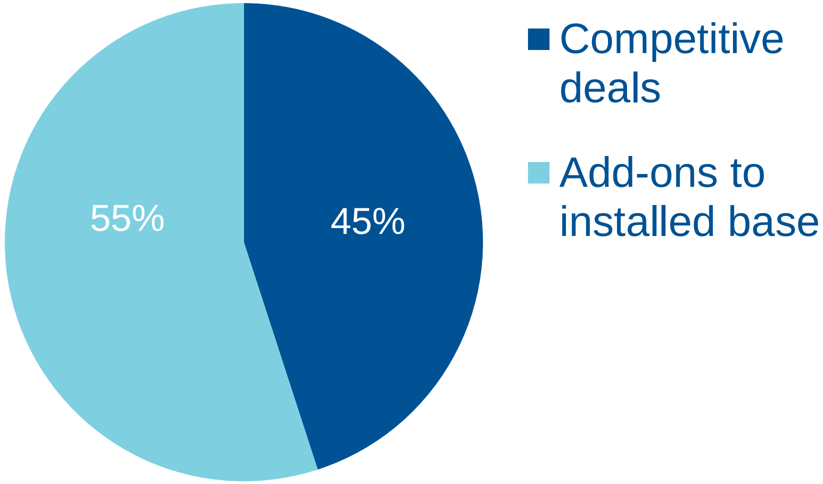
Q1 2018



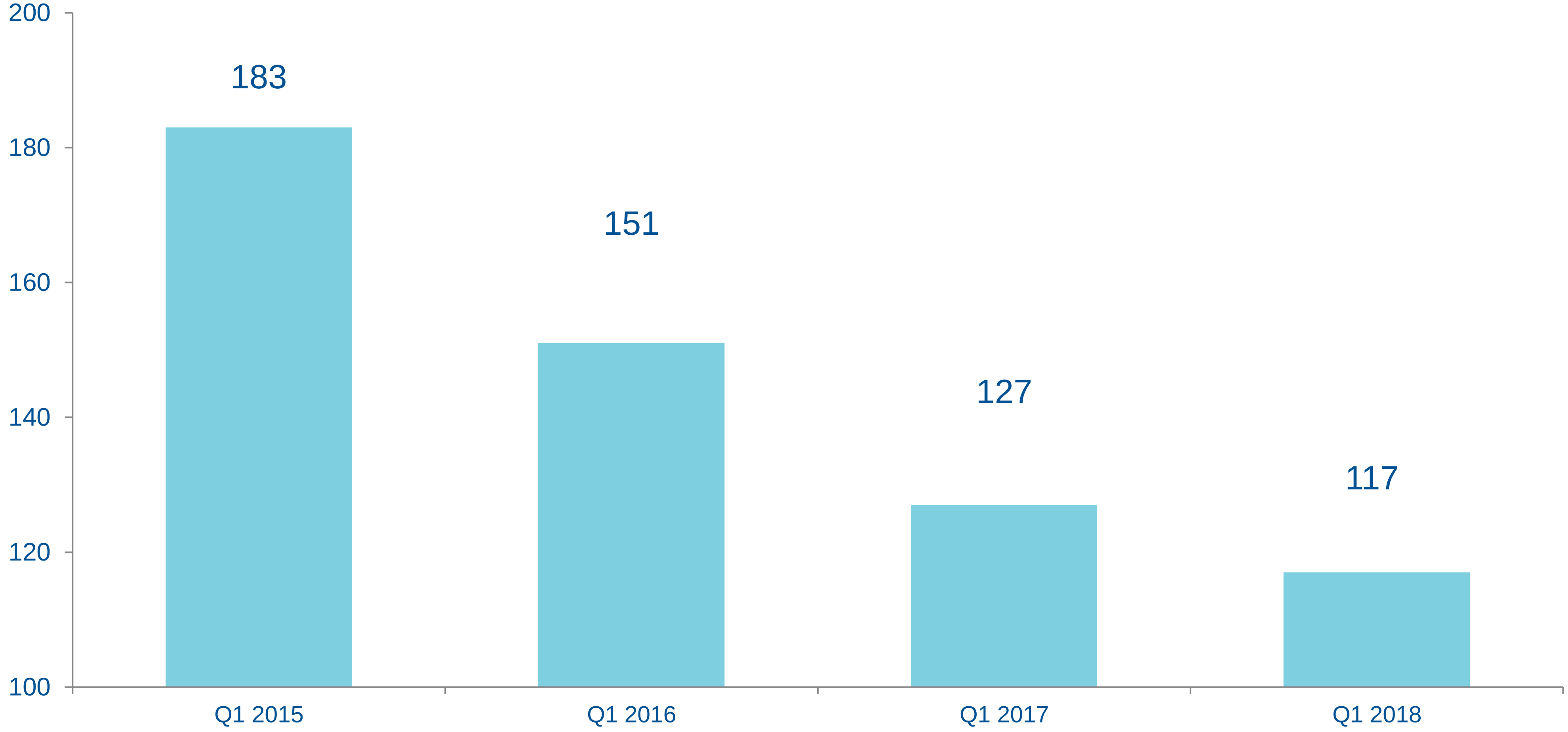
LTM Q1 2017



LTM Q1 2018

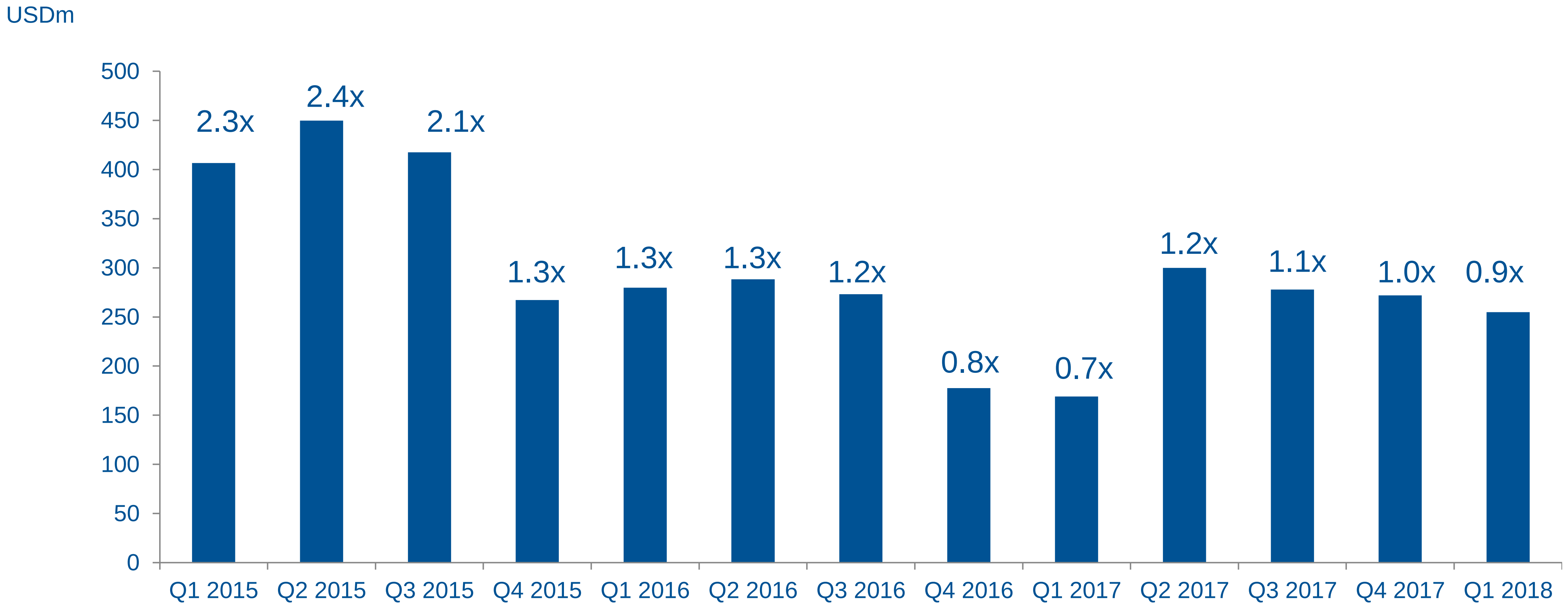


DSOs have declined significantly



Balance sheet – debt and leverage

Net debt and leverage ratios*



* proforma non-IFRS EBITDA

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Capitalization of development costs

USDm	Q1 16	Q2 16	Q3 16	Q4 16	FY 16
Cap' dev' costs	-10.8	-11.3	-10.8	-12.7	**-45.6**
Amortisation	8.8	8.8	8.8	8.8	**35.2**
Net cap' dev'	**-2.0**	**-2.5**	**-2.0**	**-3.8**	**-10.3**

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				
Amortisation	10.8				
Net cap' dev'	**-1.8**				

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Reconciliation from IFRS to non-IFRS

	IFRS (IFRS 15) revenue measure
+/-	IFRS 15 impact
+	Deferred revenue write-down
=	**Non-IFRS (IAS 18) revenue measure**

	IFRS (IFRS 15) profit measure
+/-	IFRS 15 impact
+/-	Deferred revenue write down
+ / -	Discontinued activities
+ / -	Amortisation of acquired intangibles
+ / -	Acquisition related charges
+ / -	Restructuring
+ / -	Taxation
=	**Non-IFRS (IAS 18) profit measure**

Accounting elements not included in non-IFRS (IAS 18) guidance

Below are the accounting elements not included in the 2018 non-IFRS (IAS 18) guidance:

- FY 2018 estimated deferred revenue write down of USD 1m
- FY 2018 estimated amortisation of acquired intangibles of USD 38m
- FY 2018 estimated restructuring costs of USD 5m
- FY 2018 estimated acquisition costs of USD 27m

Restructuring costs include realising R&D, operational and infrastructure efficiencies and does not include estimated restructuring costs related to the potential acquisition of Fidessa.

Acquisition costs include the estimated costs associated with the successful acquisition of Fidessa.

These estimates do not include impact of any further acquisitions or restructuring programmes commenced after 18 April 2018. The above figures are estimates only and may deviate from expected amounts.

Reconciliation – IFRS (IFRS 15) to IFRS (IAS 18)

In USDm, except EPS	3 Months Ending 31 March		
	2018		2018
	IFRS (IFRS 15)	IFRS 15 adj.	IFRS (IAS 18)
Software Licensing	54.4	(9.1)	45.3
SaaS and subscription	8.0	10.3	18.2
Total Software Licensing	**62.4**	**1.2**	**63.5**
Maintenance	76.3	(2.2)	74.1
Services	34.1	0.1	34.2
Total Revenue	**172.7**	**(1.0)**	**171.8**
Total Operating Costs	**(145.5)**	**(1.1)**	**(146.6)**
Restructuring	1.3		(1.3)
Amort of Acq'd Intang.	9.8		(9.8)
Operating Profit	**27.3**	**(2.1)**	**25.2**
Operating Margin	**16%**		**15%**
Financing Costs	(7.5)		(7.5)
Taxation	(2.9)	0.3	(2.6)
Net Earnings	16.8	(1.8)	15.1
EPS (USD per Share)	**0.23**	**(0.02)**	**0.21**

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Reconciliation – IFRS (IAS 18) to non-IFRS (IAS 18)

In USDm, except EPS	3 Months Ending 31 March						Change	
	2018		2018	2017		2017		
	IFRS (IAS 18)	Non-IFRS adj.	Non-IFRS (IAS 18)	IFRS (IAS 18)	Non-IFRS adj.	Non-IFRS (IAS 18)	IFRS	Non-IFRS
Software Licensing	45.3		45.3	32.0		32.0	41%	41%
SaaS and subscription	18.2	0.1	18.3	13.0	0.3	13.3	40%	38%
Total Software Licensing	**63.5**	**0.1**	**63.6**	**45.1**	**0.3**	**45.4**	**41%**	**40%**
Maintenance	74.1		74.1	64.9		64.9	14%	14%
Services	34.2		34.2	32.5		32.5	5%	5%
Total Revenue	**171.8**	**0.1**	**171.9**	**142.5**	**0.3**	**142.7**	**21%**	**20%**
Total Operating Costs	**(146.6)**	**11.1**	**(135.5)**	**(123.8)**	**8.4**	**(115.4)**	**18%**	**17%**
Restructuring	(1.3)	1.3	-	(1.0)	1.0	0.0	36%	
Amort of Acq'd Intang.	(9.8)	9.8	-	(7.4)	7.4	0.0	32%	
Operating Profit	**25.2**	**11.2**	**36.4**	**18.7**	**8.6**	**27.3**	**35%**	**33%**
Operating Margin	**15%**		**21%**	**13%**		**19%**	**1.5% pts**	**2.0% pts**
Financing Costs	(7.5)	4.6	(2.9)	(4.7)		(4.7)	61%	(37%)
Taxation	(2.6)	(2.1)	(4.8)	(1.9)	1.1	(3.0)	35%	59%
Net Earnings	15.1	13.7	28.7	12.1	7.6	19.7	25%	46%
EPS (USD per Share)	**0.21**	**0.19**	**0.40**	**0.17**	**0.10**	**0.27**	**24%**	**48%**

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Reconciliation – IFRS (IFRS 15) to non-IFRS (IFRS 15)

In USDm, except EPS	3 Months Ending 31 March		
	2018		2018
	IFRS (IFRS 15)	IFRS 15 adj.	Non-IFRS (IFRS 15)*
Software Licensing	54.4		54.4
SaaS and subscription	8.0	0.1	8.1
Total Software Licensing	**62.4**	**0.1**	**62.5**
Maintenance	76.3		76.3
Services	34.1		34.0
Total Revenue	**172.7**	**0.1**	**172.8**
Total Operating Costs	**(145.5)**	**11.1**	**(134.4)**
Restructuring	(1.3)	1.3	
Amort of Acq'd Intang.	(9.8)	9.8	
Operating Profit	**27.3**	**11.2**	**38.4**
Operating Margin	**16%**		**22%**
Financing Costs	(7.5)	4.6	(2.9)
Taxation	(2.9)	(2.1)	(5.1)
Net Earnings	16.8	13.7	30.5
EPS (USD per Share)	**0.23**	**0.19**	**0.42**

** 2018 non-IFRS (IFRS15) will constitute the basis of Non-IFRS comparatives for non-IFRS numbers from 2019 onwards*

Reconciliation – Balance sheet IAS 18 to IFRS 15 reported

In USDm, except EPS	31 March 2018 IFRS 15 reported	IFRS 15 adj.	IAS 18
Cash and cash equivalents	195.3	-	195.3
Trade receivables	246.6	5.8	252.5
Other receivables	49.1	(5.3)	43.8
Property, plant and equipment	16.7	-	16.7
Intangible assets	802.7	-	802.7
Deferred tax assets	24.9	-	24.9
Totals assets	**1,335.3**	**0.6**	**1,335.9**
Trade and other payables	164.5	-	164.5
Contract Liability / (Deferred revenue)	244.3	(1.0)	243.3
Income tax liabilities	42.1	(0.5)	41.7
Borrowings	450.2	-	450.2
Deferred tax liabilities	15.3	-	15.3
Retirement benefit obligations	8.3	-	8.3
Total liabilities	**924.7**	**(1.4)**	**923.3**
Equity	(227.1)	-	(227.1)
Retained Earnings	637.8	2.0	639.8
Total Equity	**410.6**	**2.0**	**412.6**
Total liabilities and equity	**1335.3**	**0.6**	**1335.9**

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Net earnings reconciliation

In USDm, except EPS	Q1 18	Q1 17
IFRS (IFRS 15) net earnings	**16.8**	**12.1**
IFRS 15 adjustment	-2.1	-
Deferred revenue write down	0.1	0.3
Amortisation of acquired intangibles	9.8	7.4
Restructuring	1.3	1.0
Acquisition related costs	4.6	-
Taxation	-1.8	-1.1
Net earnings for non-IFRS (IAS 18) EPS	**28.7**	**19.7**

No. of dilutive shares	72.6	72.1
Non-IFRS (IAS 18) diluted EPS (USD)	**0.40**	**0.27**

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Reconciliation from IFRS (IFRS 15) to non-IFRS (IAS 18) for EBIT and EBITDA

USDm	Q1 2018 EBIT	Q1 2018 EBITDA
IFRS (IFRS 15)	**27.3**	**50.5**
IFRS 15 adjustment	-2.1	-2.1
Deferred revenue write-down	0.1	0.1
Amortisation of acquired intangibles	9.8	-
Restructuring	1.3	1.3
Acquisition-related charges	-	-
Non-IFRS (IAS 18)	**36.4**	**49.9**

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Non-IFRS adjustments

Impact of IFRS 15
Adjustments made resulting from elimination of impact of IFRS 15 accounting

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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