Financial results & business update

Quarter ended 30 September 2015

20 October 2015

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 20 October 2015. 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 20 October 2015.

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

Business update	David Arnott, CEO
Financial update	Max Chuard, CFO
Summary	David Arnott, CEO
Q&A	

Summary

- Strong growth in Q3 across all KPIs
- Total software licensing up 95% for the quarter, 44% like-for-like
- Landmark Nordea deal demonstrates product superiority and unique business model
- Traction with global partners
- Strong pipeline generation in the quarter
- Investing in the business to capitalise on improving market conditions and drive future growth
- Strong start to Q4, confident in meeting full year guidance
- Improved revenue visibility for 2016 and the medium term

Strong execution against improving market conditions

Q3 sales update

- Strong momentum across all geographies
- Winning of Nordea a landmark deal for Temenos, reinforcing our market leadership and demonstrating growing appetite of large banks to replace core systems
- Strong growth in signings and pipeline across all geographies, all customer segments; new and installed base
- Strong start to Q4, in particular in Asia
- Clear product superiority particularly in Retail and Wealth, ensuring we are well positioned to capitalise on improving market conditions
- Traction with global partners underlines strength of combined value proposition - increasing joint go-to-market activity
- Investment predominantly in Sales & Marketing and Product
- 19 new customer wins in Q3 2015 versus 12 in Q3 2014

Strong sales traction across the business; partner relationships maturing

Q3 2015 operational overview

Partner ecosystem functioning well

- Partners involved in nearly all implementations
- Focus on key strategic partners to strengthen collaboration

Improving services profitability

- 470 bps improvement in non-IFRS services margin year-on-year
- Premium services contributed 19% of total services revenue in Q3

Continued delivery of customer go lives

- 10 implementation go lives in Q3 2015

LTM Maintenance revenue growth of 6% (LFL)

Continued focus on delivering customer success

Overview of the landmark Nordea deal

- Temenos selected by Nordea for replacement of domestic retail and corporate core banking platform across the bank
- Largest core banking replacement programme in Europe, very high profile in the industry and attracting a lot of attention from other banks wanting to understand how we can replicate in their bank
- Project covers 4 countries, Norway, Sweden, Denmark and Finland, and more than 11m retail and corporate customers
- Accenture selected to lead the implementation over the 4-5 years
- Demonstrates superiority of Temenos' business model, in particular our packaged software solutions and local presence
- Largest ever deal for Temenos, providing revenue visibility in 2016 and the medium term

Largest ever deal for Temenos

Multifonds and the fund administration opportunity

- Third-party administrator (TPA) revenues growing at 10% p.a. driven by asset manager outsourcing; TPAs moving to external software to increase efficiency
- Multifonds is a leader in fund administration software and is well positioned to capitalise on the market opportunity
- Multifonds on track to deliver forecasts
  - 2015 revenues of USD 46m (USD 56m proforma)
  - 2015 EBIT of USD 13m (USD 16m proforma)
- Acquisition by Temenos has raised Multifonds profile and visibility, driving pipeline growth
- Multifonds leveraging the Temenos global footprint to gain access in Asia and the U.S.
- Integration on schedule for Q4 completion

Multifonds on track to deliver forecasts

The U.S. opportunity

- World's largest financial services market, dominated by few large venders with legacy technology; significant opportunity for Temenos to capture market share
- Integration of Akcelerant now complete, on track to deliver full year forecast of USD 15m in revenue
- Ongoing investment in the U.S. sales force, Temenos value proposition resonating with top tier banks and credit unions
- Integrated sales force making good progress in building U.S. pipeline
  - On-premise direct sales with higher tier domestic banks on back of Q2 wins
  - Working with partners to sell across smaller community banks and credit unions
- Partnerships in place across all client tiers, joint go-to-market initiatives planned with Accenture and EY

Strong progress on U.S. strategy

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Q3 2015 non-IFRS financial highlights

- Total software licensing up 95.5% Y-o-Y and 27.3% LTM (constant currency)
  - of which software licensing up 69.5% Y-o-Y (constant currency)
- SaaS and subscription contributed 19% of total software licensing in Q3 2015 vs. 6% in Q3 2014
- Maintenance growth of 9.8% Y-o-Y and 8.3% LTM (constant currency)
- Services margin of 5.8% – up 470bps Y-o-Y
- Total revenue growth of 38.2% Y-o-Y and 13.4% LTM (constant currency)
- EBIT up 72.3% Y-o-Y (constant currency) giving LTM EBIT margin of 29.3%, up 410bps Y-o-Y
- Q3 operating cashflows of USD 37m; DSOs down 17 days Y-o-Y (25 days proforma)

Strong performance across all financial metrics

* LTM operating cash and EBITDA are on IFRS basis

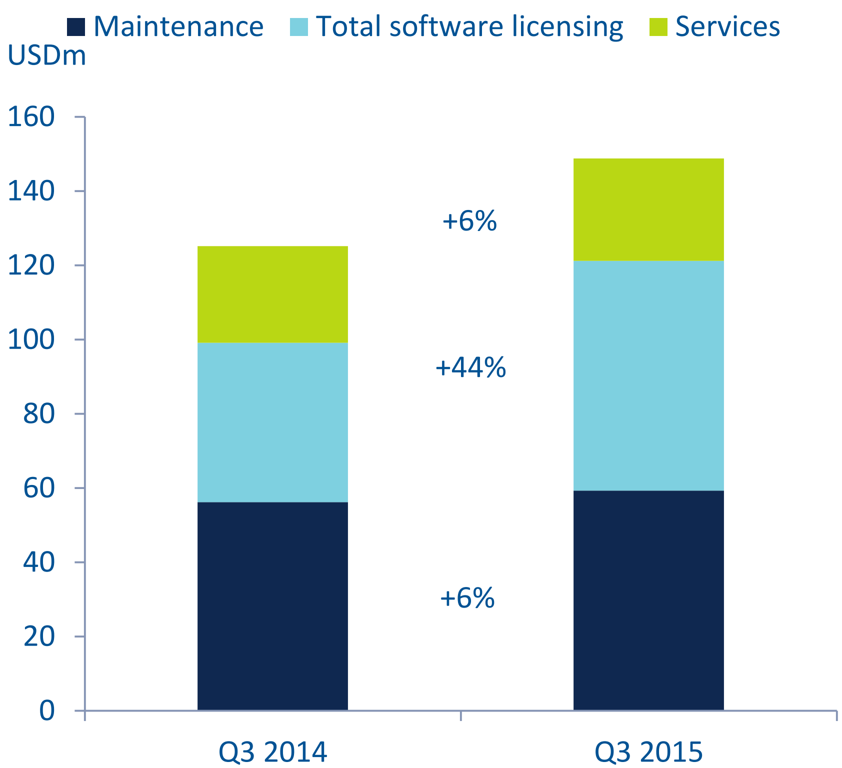
Non-IFRS income statement – operating

In USDm	Q3 15	Q3 14	Y-o-Y reported	Y-o-Y constant currency	LTM 15	LTM 14	Y-o-Y reported	Y-o-Y constant currency
Software licensing	50.3	31.1	61.6%	69.5%	155.4	146.1	6.3%	11.3%
SaaS and subscription	11.7	2.0	469.8%	476.7%	31.3	7.4	322.1%	324.2%
Total software licensing	**61.9**	**33.1**	**86.8%**	**95.5%**	**186.7**	**153.5**	**21.6%**	**27.3%**
Maintenance	59.3	56.9	4.2%	9.8%	230.2	222.3	3.5%	8.3%
Services	27.6	23.7	16.6%	25.4%	101.8	104.3	-2.4%	3.8%
Total revenue	**148.9**	**113.7**	**30.9%**	**38.2%**	**518.7**	**480.2**	**8.0%**	**13.4%**
Operating costs	105.2	88.6	18.8%	27.7%	366.6	359.2	2.1%	8.7%
EBIT	**43.6**	**25.2**	**73.3%**	**72.3%**	**152.0**	**121.0**	**25.6%**	**26.6%**
Margin	29.3%	22.1%	7.2% pts		29.3%	25.2%	4.1% pts	
EBITDA	**55.0**	**35.9**	**53.5%**	**53.0%**	**196.3**	**163.1**	**20.3%**	**21.0%**
Margin	37.0%	31.5%	5.5% pts		37.8%	34.0%	3.9% pts	
Services margin	**5.8%**	**1.1%**	**4.7% pts**		**9.8%**	**2.0%**	**7.8% pts**	

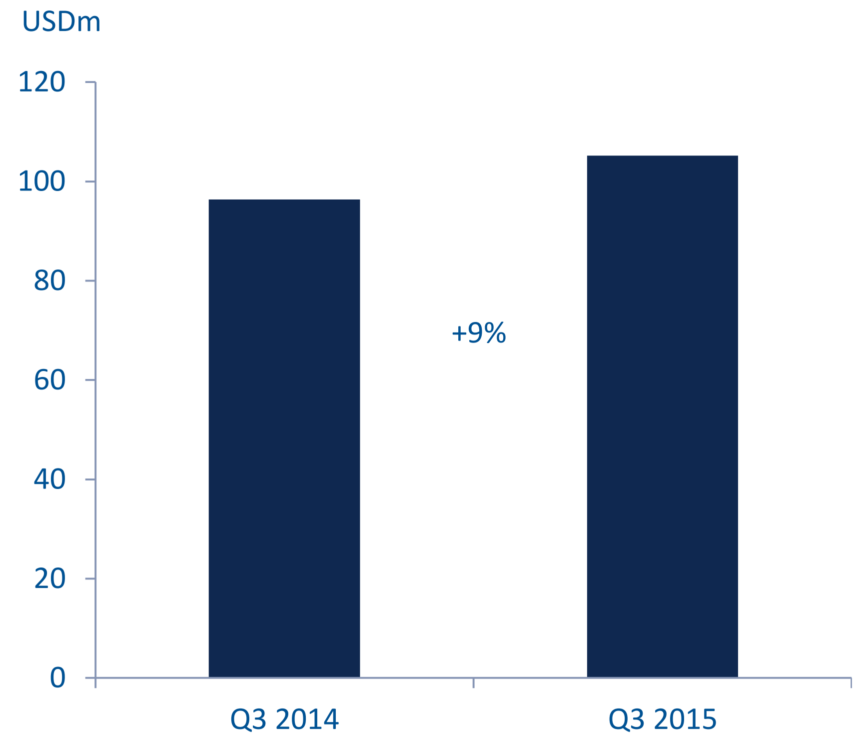
All operating metrics performing very well

Like-for-like revenue and costs

Q3 LFL non-IFRS revenues up 19%



Q3 LFL non-IFRS costs up 9%



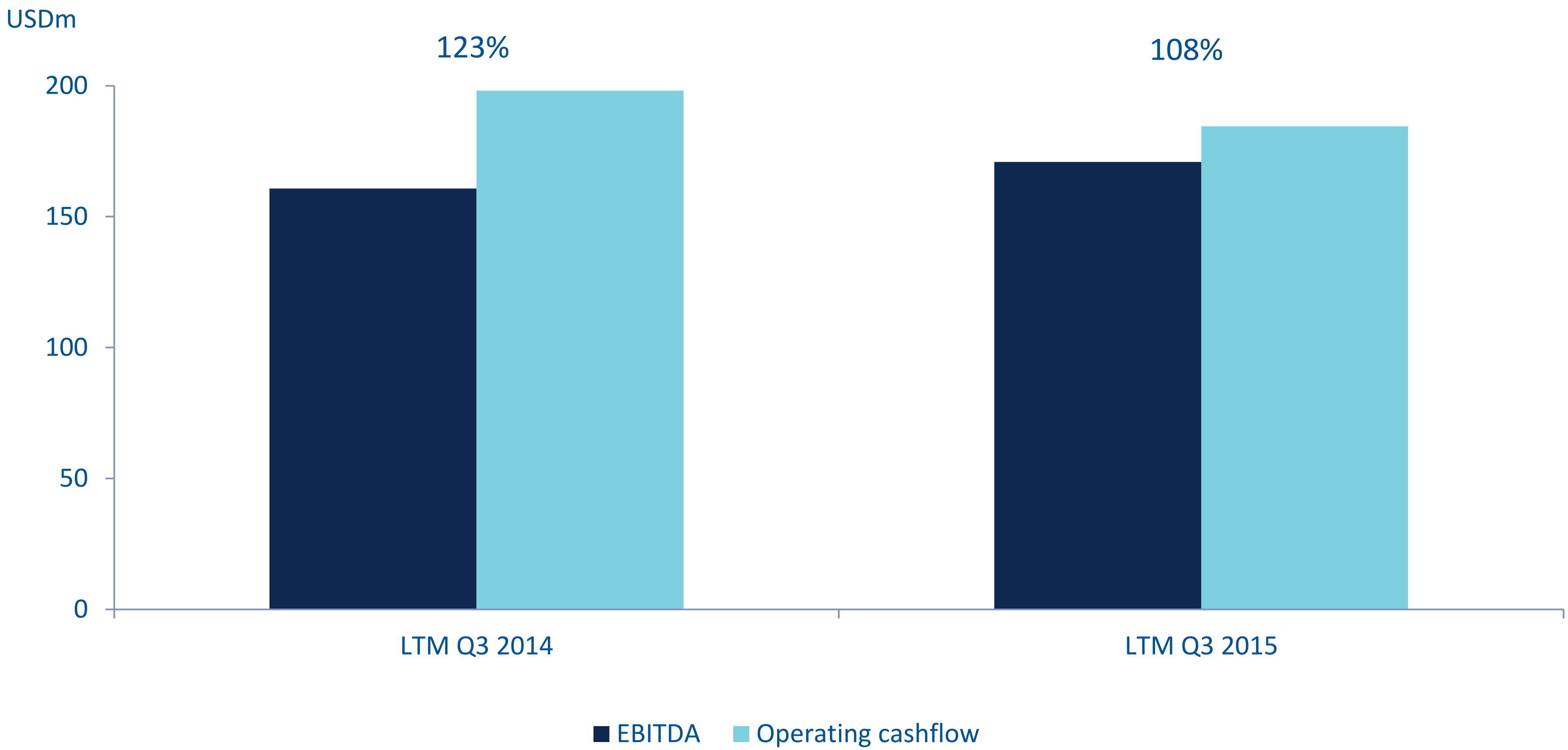
Higher variable costs related to strong deal flow in the quarter

Non-IFRS income statement – non-operating

In USDm, except EPS	Q3-15	Q3-14	Y-o-Y	LTM 15	LTM 14	Y-o-Y
EBIT	**43.6**	**25.2**	**73%**	**152.0**	**121.0**	**26%**
Net finance charge	-4.9	-2.8	-72%	-15.7	-10.8	-46%
FX gain / (loss)	-0.7	0.1	N.A.	-0.9	-0.6	N.A.
Tax	-5.2	-3.3	-58%	-15.7	-17.0	8%
Net profit	**32.8**	**19.2**	**71%**	**119.7**	**92.7**	**29%**
EPS (USD)	**0.49**	**0.28**	**75%**	**1.78**	**1.34**	**33%**

Consistency in management of below-the-line items

IFRS cash conversion



Consistent cash conversion above target of 100%

Balance sheet – debt and financing

In USDm	30 Sept 15	Comment
Debt	501.2	Facilities of up to USD 350m and CHF 375m bonds
Cash	83.6	Held in short term deposits
Net debt	**417.6**	**2.1x proforma LTM non-IFRS EBITDA***
Treasury shares**	(29.6)	Reflects market value as of 30 September 2015
Net debt incl. treasury shares	**388.0**	**1.9x proforma LTM non-IFRS EBITDA***

* Non-IFRS EBITDA includes contribution from acquired companies in the period
** Cash equivalent i.e. excludes shares repurchased for cancellation in 2013 and 2014

Continued rapid deleveraging

2015 guidance

Total non-IFRS software licensing growth of 42% to 46% (implying total software licensing revenue of USD 202m to USD 206m)

- includes non-IFRS **software licensing growth of 21%+** (implying software licensing revenue of at least USD 162m)

Non-IFRS revenue growth of 20.5% to 24.5% (implying revenue of USD 536m to USD 553m)

Non-IFRS EBIT of USD 153m to USD 158m (implying Non-IFRS EBIT margin of 28.5%)

100%+ conversion of EBITDA into operating cashflow

Tax rate of 17% to 18%

- Growth at constant currency - currency assumptions on slide 23
- See appendix for definition of non-IFRS

Creating shareholder value

Total shareholder return	1 year	3 years	10 years
Temenos	**30%**	**200%**	**497%**
Swiss Market Index	9%	41%	70%
Stoxx Europe 600	18%	47%	85%
NASDAQ	17%	70%	163%

Significant shareholder value creation

Total shareholder return defined as percentage share price performance plus cumulative dividends. Temenos share price in USD.

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Summary

- Strong growth in Q3 across all KPIs
- Clear evidence of market recovery
- Retaining customers through digital experience top of mind for banks
- Modern core a prerequisite
- Temenos has the right business model to meet their needs
- Investing in the business to capitalise on improving market conditions and drive future growth
- Outlook for medium term is increasingly positive

Focus on delivering customer success and shareholder value

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Appendices

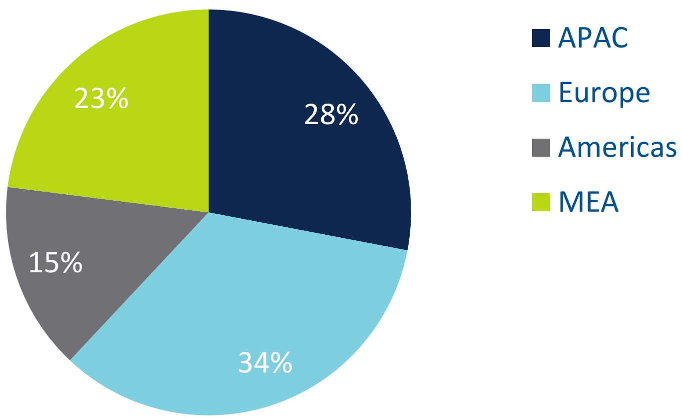
FX assumptions underlying 2015 guidance

In preparing the 2015 guidance, the Company has assumed the following:

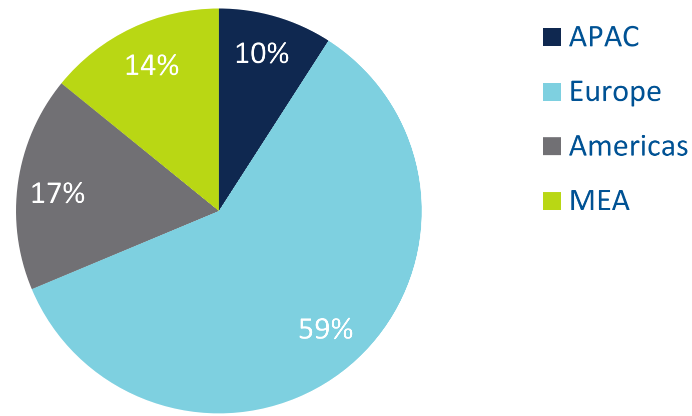
- USD to Euro exchange rate of 0.928
- USD to GBP exchange rate of 0.676; and
- USD to CHF exchange rate of 0.971

Total software licensing revenue breakdown by geography

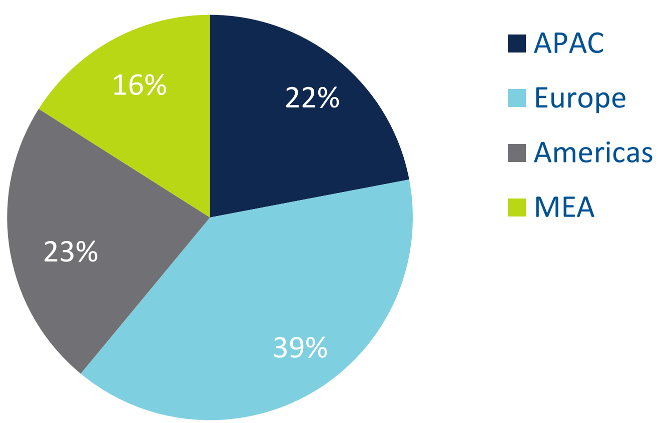
Q3 2014



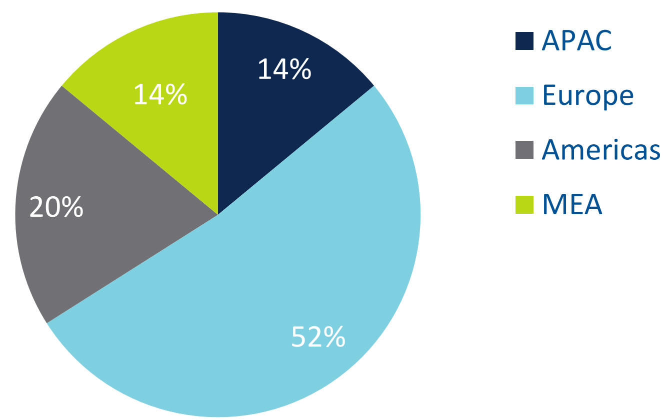
Q3 2015



LTM Q3 2014

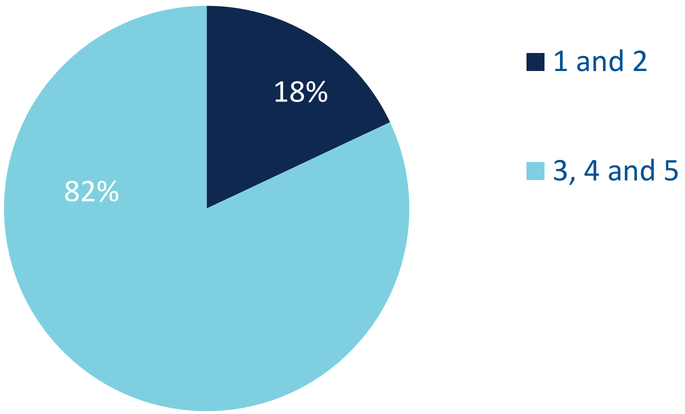


LTM Q3 2015

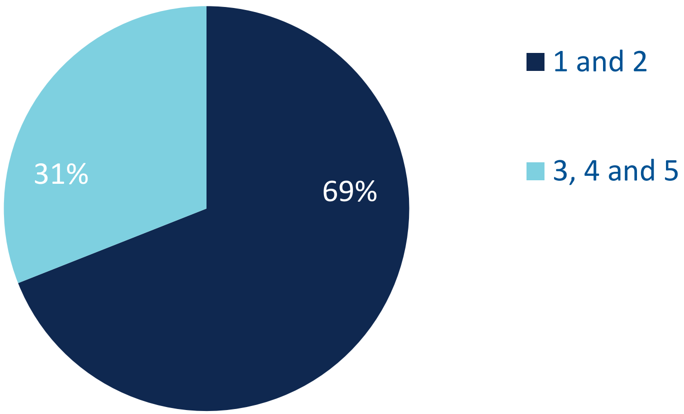


Total software licensing revenue breakdown by customer tier

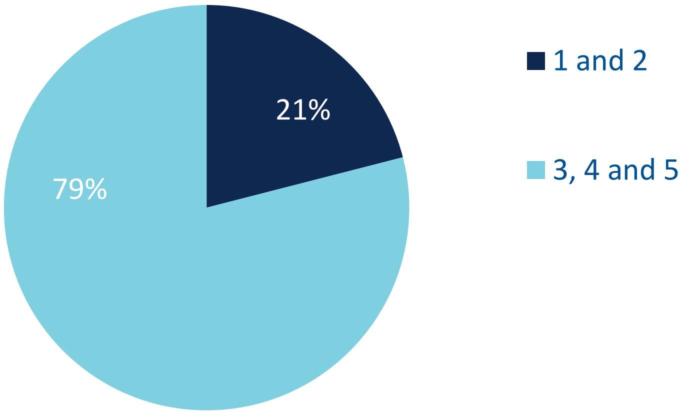
Q3 2014



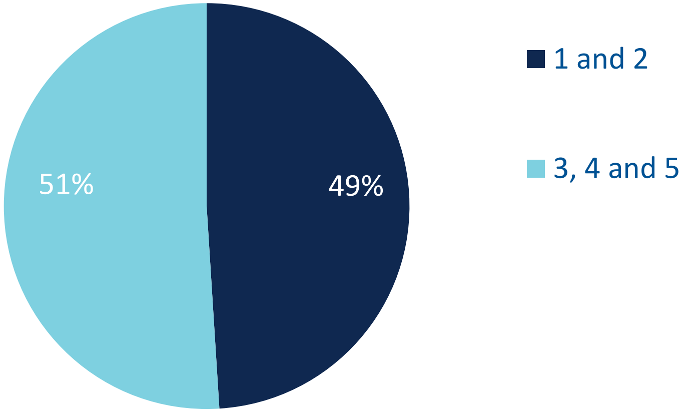
Q3 2015



LTM Q3 2014

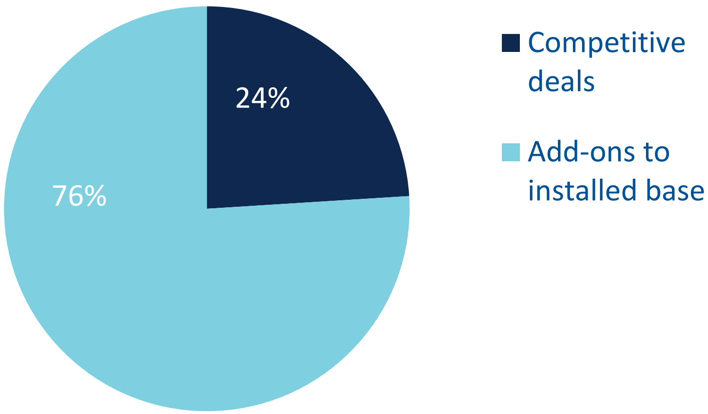


LTM Q3 2015

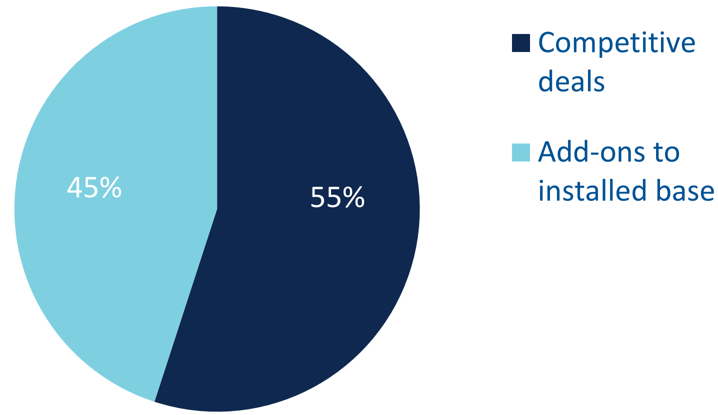


Software licensing revenue breakdown by competitive deals / add-ons to installed base (excluding SaaS and subscription)

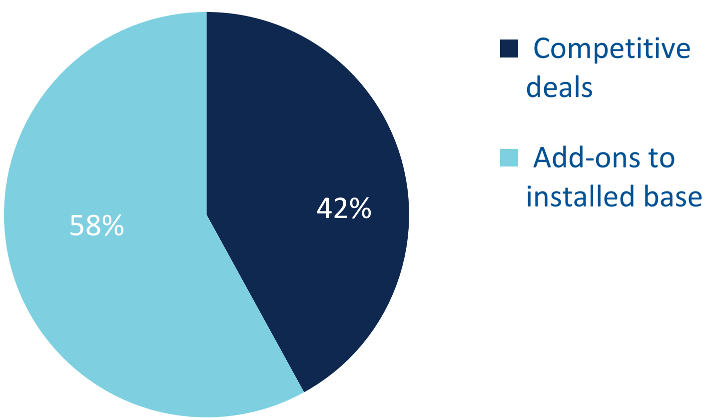
Q3 2014



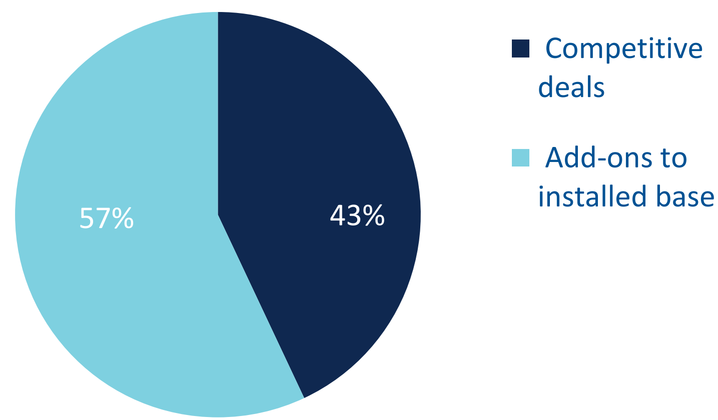
Q3 2015



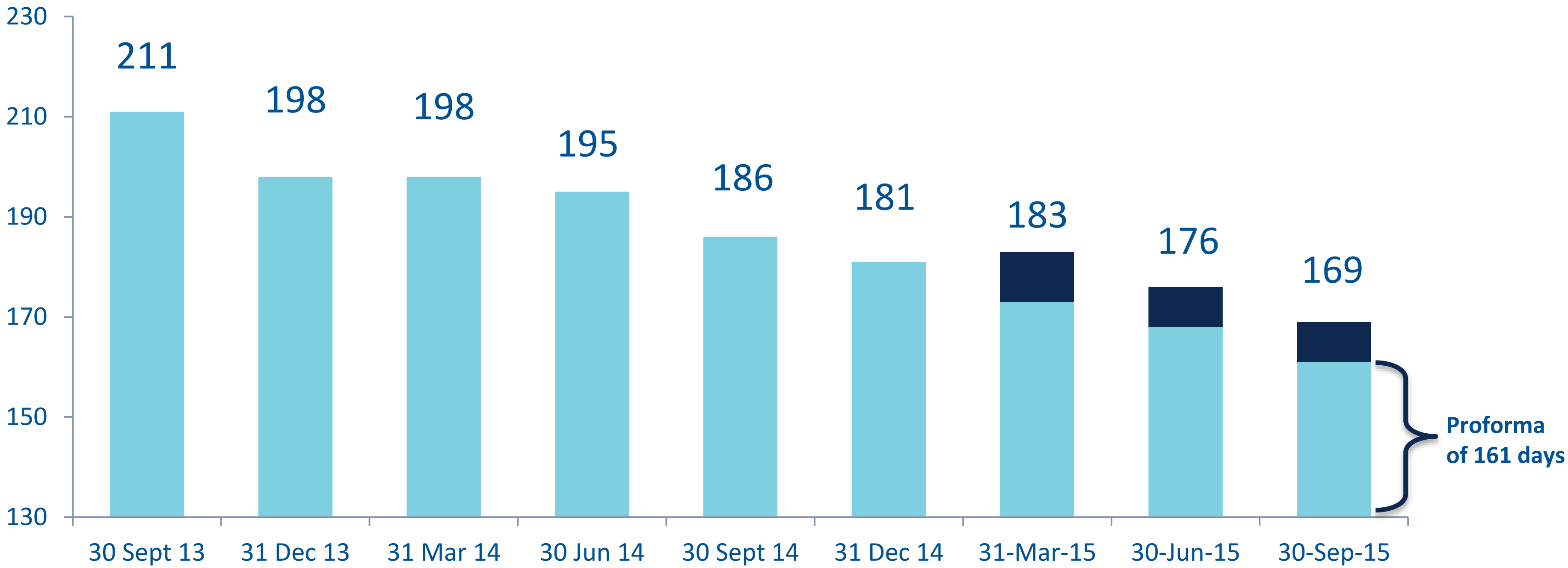
LTM Q3 2014



LTM Q3 2015



DSOs continue to decline



- DSO in Q3-15 ended at 169 days, of which 8 are due to acquisitions

Capitalisation of development costs

USDm	Q1 13	Q2 13	Q3 13	Q4 13	FY 13
Cap' dev' costs	-9.7	-9.6	-9.8	-12.7	**-41.9**
Amortisation	6.0	6.1	7.6	8.0	**27.7**
Net cap' dev'	**-3.6**	**-3.6**	**-2.3**	**-4.7**	**-14.2**
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		
Cap' dev' costs	-10.3	-11.2	-10.8		
Amortisation	8.8	8.8	8.7		
Net cap' dev'	**-1.5**	**-2.4**	**-2.1**		

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 2015 non-IFRS guidance:

- FY 2015 estimated deferred revenue write-down of approximately USD 20m
- FY 2015 estimated amortisation of acquired intangibles of USD 30m
- FY 2015 estimated acquisition related charges of USD 5m
- FY 2015 estimated restructuring costs of USD 8m

These estimates do not include impact of any further acquisitions or restructuring programmes commenced after 20 October 2015.

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

Reconciliation from IFRS to non-IFRS

	3 Months Ending 30 September						Change	
	2015		2015	2014		2014		
USDm	IFRS	Adj.	Non-IFRS	IFRS	Adj.	Non-IFRS	IFRS	Non-IFRS
Total Software Licensing	58.5	3.4	61.9	33.1		33.1	77%	87%
Maintenance	59.0	0.3	59.3	56.9		56.9	4%	4%
Services	27.5	0.1	27.6	23.7		23.7	16%	17%
Total Revenue	**145.0**	**3.9**	**148.9**	**113.7**		**113.7**	**28%**	**31%**
Total Operating Costs	**(114.9)**	**9.7**	**(105.2)**	**(90.8)**	**2.2**	**(88.6)**	**27%**	**19%**
Restructuring	(1.3)	1.3	0.0	(0.3)	0.3	0.0	417%	
Amort of Acq'd Intang.	(8.4)	8.4	0.0	(1.9)	1.9	0.0	332%	
Operating Profit	**30.0**	**13.6**	**43.6**	**23.0**	**2.2**	**25.2**	**31%**	**73%**
Operating Margin	**21%**		**29%**	**20%**		**22%**	**+1% pts**	**+7% pts**
Financing Costs	(5.6)		(5.6)	(2.7)		(2.7)	105%	105%
Taxation	(3.9)	(1.3)	(5.2)	(2.7)	(0.6)	(3.3)	44%	58%
Net Earnings	20.5	12.3	32.8	17.5	1.7	19.2	17%	71%
EPS ($ per Share)	**0.30**	**0.19**	**0.49**	**0.25**	**0.03**	**0.28**	**20%**	**75%**

Net earnings reconciliation

In USDm, except EPS	Q3-15	Q3-14
IFRS net earnings	**20.5**	**17.5**
Deferred revenue write-down	3.9	0.0
Amortisation of acquired intangibles	8.4	1.9
Restructuring	1.3	0.3
Acquisition related charges	-	-
Taxation	-1.3	-0.5
Net earnings for non-IFRS EPS	**32.8**	**19.2**

No. of dilutive shares	67.5	68.6
Non-IFRS diluted EPS (USD)	**0.49**	**0.28**

Reconciliation from IFRS to non-IFRS for EBIT and EBITDA

USDm – Q3 2015	IFRS EBIT		IFRS EBITDA	
		30.0		**49.8**
Deferred revenue write-down		3.9		3.9
Amortisation of acquired intangibles		8.4		-
Restructuring		1.3		1.3
Acquisition-related charges		-		-
	Non-IFRS EBIT	**43.6**	**Non-IFRS EBITDA**	**55.0**

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

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