



TEMENOS

The software specialist for banking and finance

Financial results & business update

Quarter and year ended 31 December 2016
14 February 2017

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 14 February 2017. 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 14 February 2017.

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.

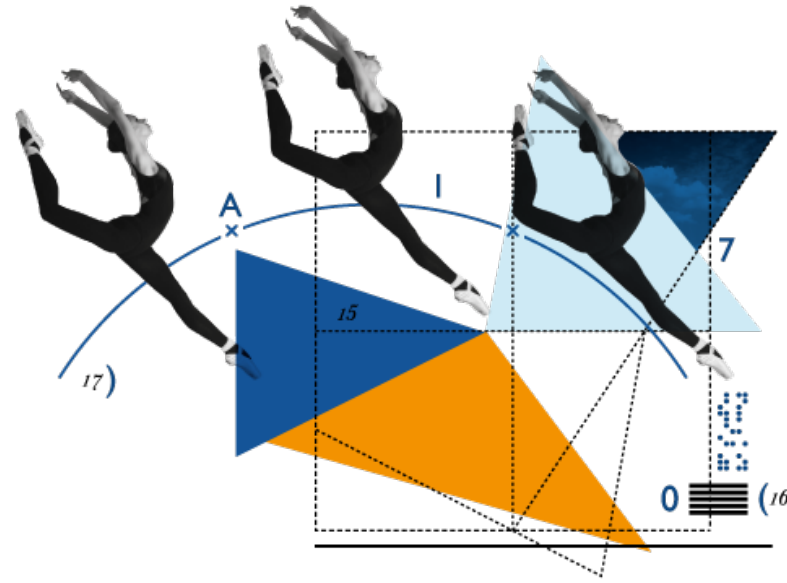
When the Company believes it would be helpful for understanding trends in its business, the Company provides percentage increases or decreases in its revenue (in both IFRS as well as non-IFRS) to eliminate the effect of changes in currency values. When trend information is expressed herein "in constant 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 and 2017 guidance | Max Chuard |
| 3. | Summary | David Arnott |
| 4. | Q&A | |

Business update

David Arnott, CEO



Outstanding performance across all KPIs

- ◆ Total software licensing +21%
- ◆ Total revenues +16%
- ◆ EBIT margin +128bps to 29.4%
- ◆ Won all large deals
- ◆ Taking market share

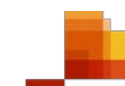
Vendor of choice for top tier banks



“

*Traditional banking is facing its steepest challenge in over a generation.
We believe that a new tipping point has been reached, with digital at its fulcrum.*

”



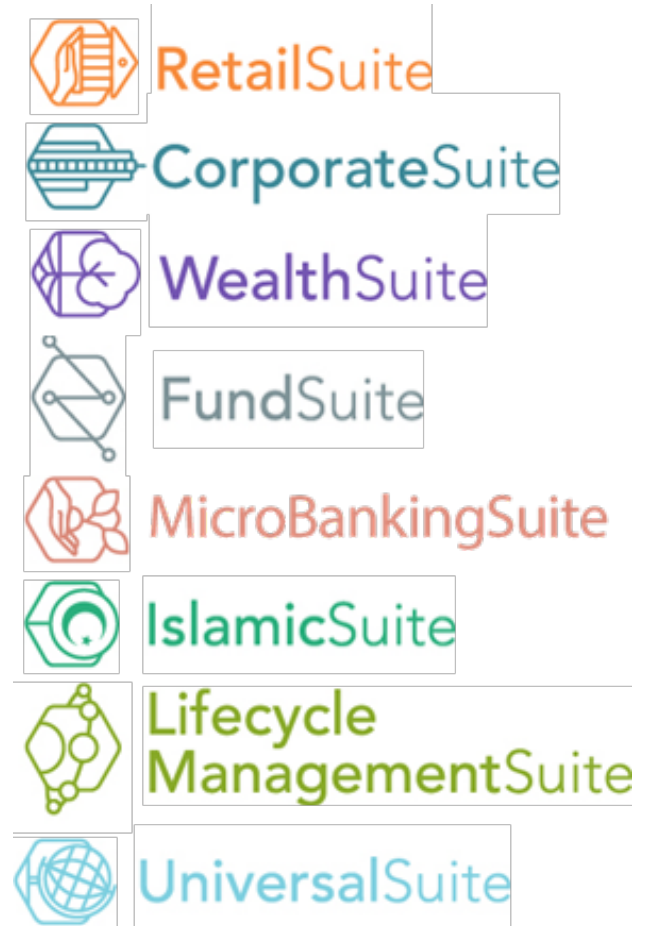
pwc

Source: PwC
The New Digital
Tipping Point

Another landmark year

- Growth in all geographies
- Asia and Europe particularly strong
- Integrated suites, digital and analytics a key differentiator
- 52% of license revenues from Tier 1 and 2 clients
- 76 customer wins in FY 2016 vs. 72 in FY 2015

Unparalleled product offering



Taking market share

- Market credibility achieved
 - Ally Financial go-live
 - Commerce Bank win
- Differentiated product value proposition, global expertise with local focus
- Strengthened sales and pre-sales teams
- Working closely with top U.S. partners

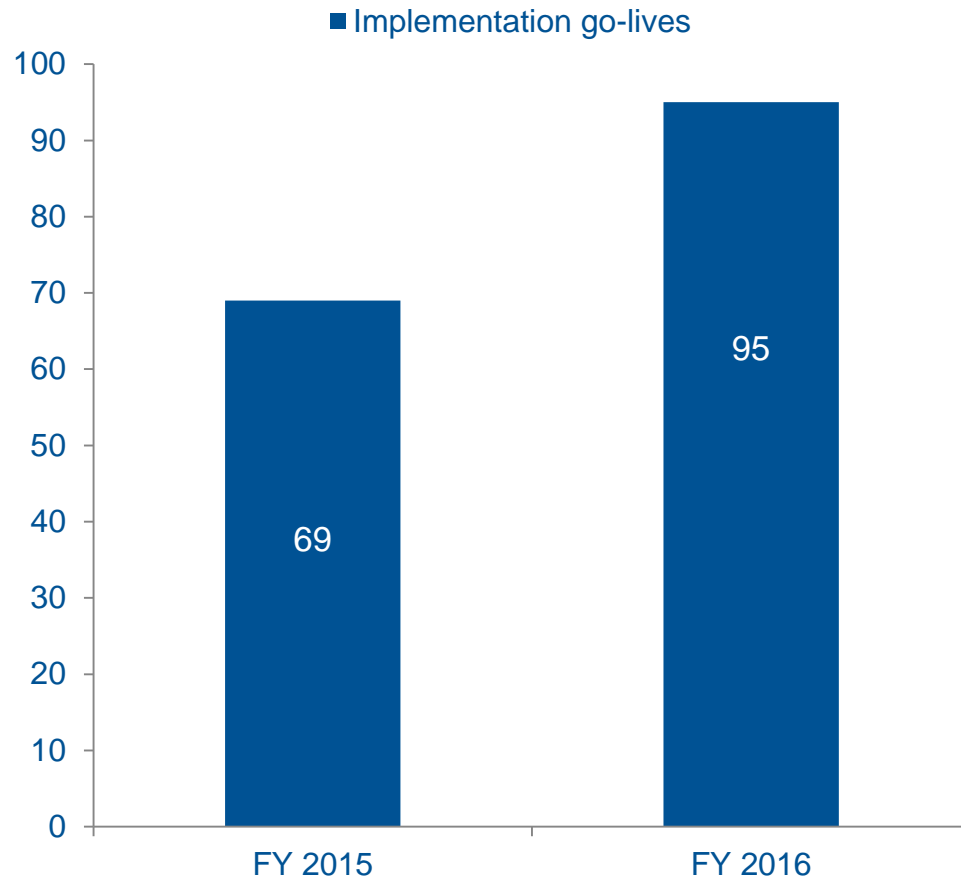


“
The Temenos solution will enable
Commerce to bring innovative products
to market more quickly and efficiently.
The modern software architecture and
real-time features will provide the
foundation for our digital business.”

David Roller
CIO, Commerce Bank

U.S. momentum is building

Taking a new client live every 4 days



Maturing partner ecosystem

 **accenture**

Nordea 

Deloitte. 

 **LAURENTIAN
BANK**

 **Capgemini**
CONSULTING. TECHNOLOGY. OUTSOURCING

 **Bank of Ireland**

Strong operational performance



178

Total number of go-lives in 2016

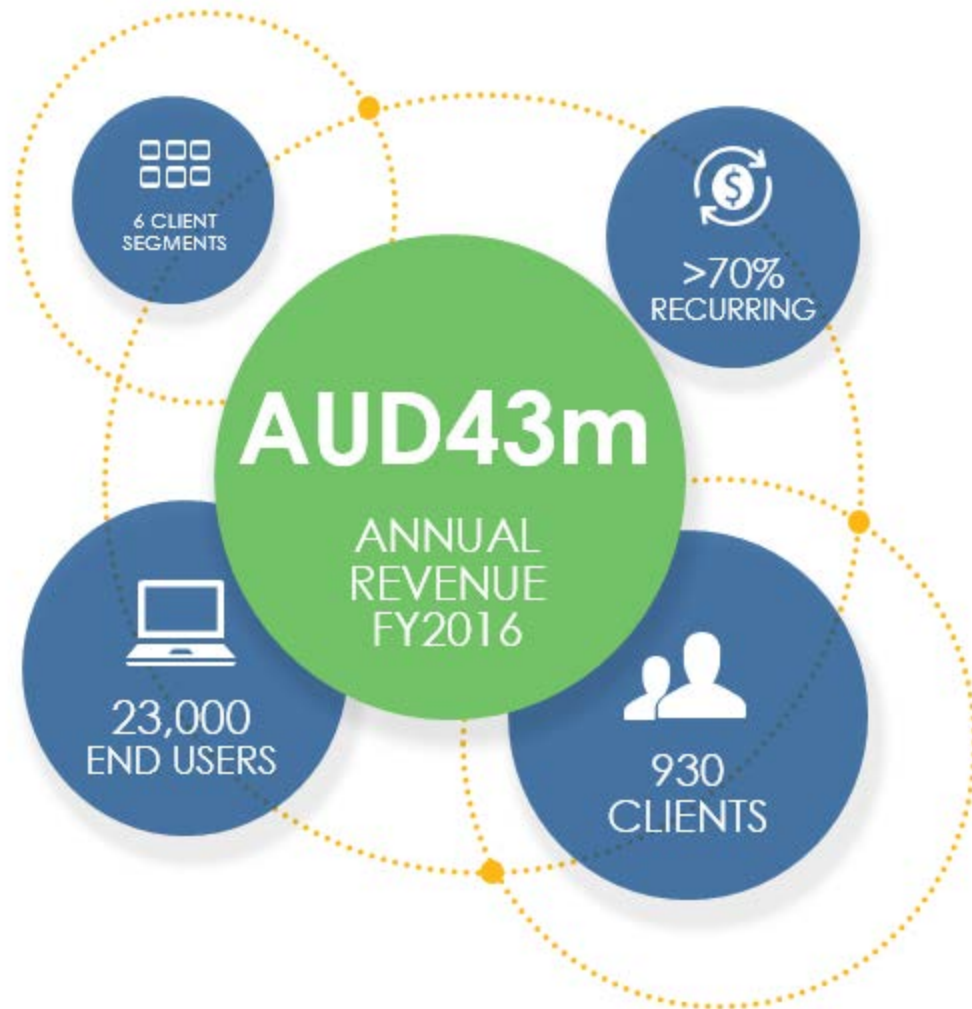
- One of the largest financial services software houses in Australia
- Temenos' partner in Australia for nearly a decade
- Significant entry for Temenos into fast growing Australian market
 - Gain sizeable local presence
 - Accelerate growth in wealth, core banking and fund administration
 - Customer relationships with top tier institutions
- Opportunity for revenue synergies through cross-selling to the customer base in Australia and APAC
- Acquisition is subject to Rubik shareholder approval, and is expected to close by end of May 2017



**Exciting market
opportunity**

**Strong Australian
product portfolio**

**High levels of
recurring revenue**



Extensive existing client base



Target market of 80 Tier 2 banks and credit unions serviced by legacy vendors

- 8% CAGR in banking software spending forecast 2015-2019
- 4th largest investments market in the world due to superannuation system
- Healthy banking sector driving IT spending
 - Aggregate RoE of 15%
 - Average CET1 of 9.6%
- Market dominated by two legacy vendors - opportunity to create market leader and take market share



Sources: Gartner, Deloitte, KPMG

The Australian financial software market has strong growth potential

- ◆ Digitalization and cost focus continue to drive strategic decision making and market growth
- ◆ Banks today are very well capitalised
- ◆ IT renovation is key to banks' strategy, it is not discretionary spend
- ◆ Growth in recurring revenues and committed spend from progressive renovation
- ◆ Significant installed base opportunity, selling to clients who understand the value proposition
- ◆ Strong pipeline growth across geographies and segments

Structural pressures are top of mind for banks

Financial update and 2017 guidance

Max Chuard, CFO, COO



	Initial guidance	Revised guidance	Achieved
Non-IFRS Total software licensing	10% to 15%	15% to 20%	+21.3%
Non-IFRS Total revenues	7.5% to 11.0%	12.5% to 14.5%	+15.5%
Non-IFRS EBIT	USD 180 to 185m	USD 184 to 186m	USD 186.5m
IFRS EBITDA conversion into operating cash flow	100%+		114%

* constant currency

Exceeded revised 2016 guidance

In USDm	Q4 16	Q4 15	Y-o-Y reported	Y-o-Y c.c.	FY 16	FY 15	Y-o-Y reported	Y-o-Y c.c.
Software licensing	78.7	66.3	18.7%	22.1%	205.1	173.4	18.3%	20.3%
SaaS and subscription	13.1	11.4	14.4%	15.5%	51.1	40.6	25.8%	25.5%
Total software licensing	91.8	77.8	18.0%	21.1%	256.2	214.0	19.7%	21.3%
Maintenance	65.1	62.2	4.7%	8.0%	250.4	235.4	6.3%	8.7%
Services	34.1	33.4	2.0%	3.2%	128.5	109.6	17.3%	18.6%
Total revenue	191.1	173.4	10.2%	12.9%	635.1	559.0	13.6%	15.5%
Operating costs	116.3	108.2	7.5%	9.8%	448.6	402.0	11.6%	14.1%
EBIT	74.8	65.2	14.6%	18.2%	186.5	157.0	18.8%	19.0%
Margin	39.1%	37.6%	1.5% pts		29.4%	28.1%	1.3% pts	
EBITDA	85.6	76.2	12.3%	14.3%	230.8	202.2	14.2%	14.4%
Margin	44.8%	43.9%	0.9% pts		36.3%	36.2%	0.2% pts	
Services margin	20.2%	17.8%	2.4% pts		9.1%	8.5%	0.6% pts	

Very strong growth and operating performance

Non-IFRS services operating margin and full go-lives

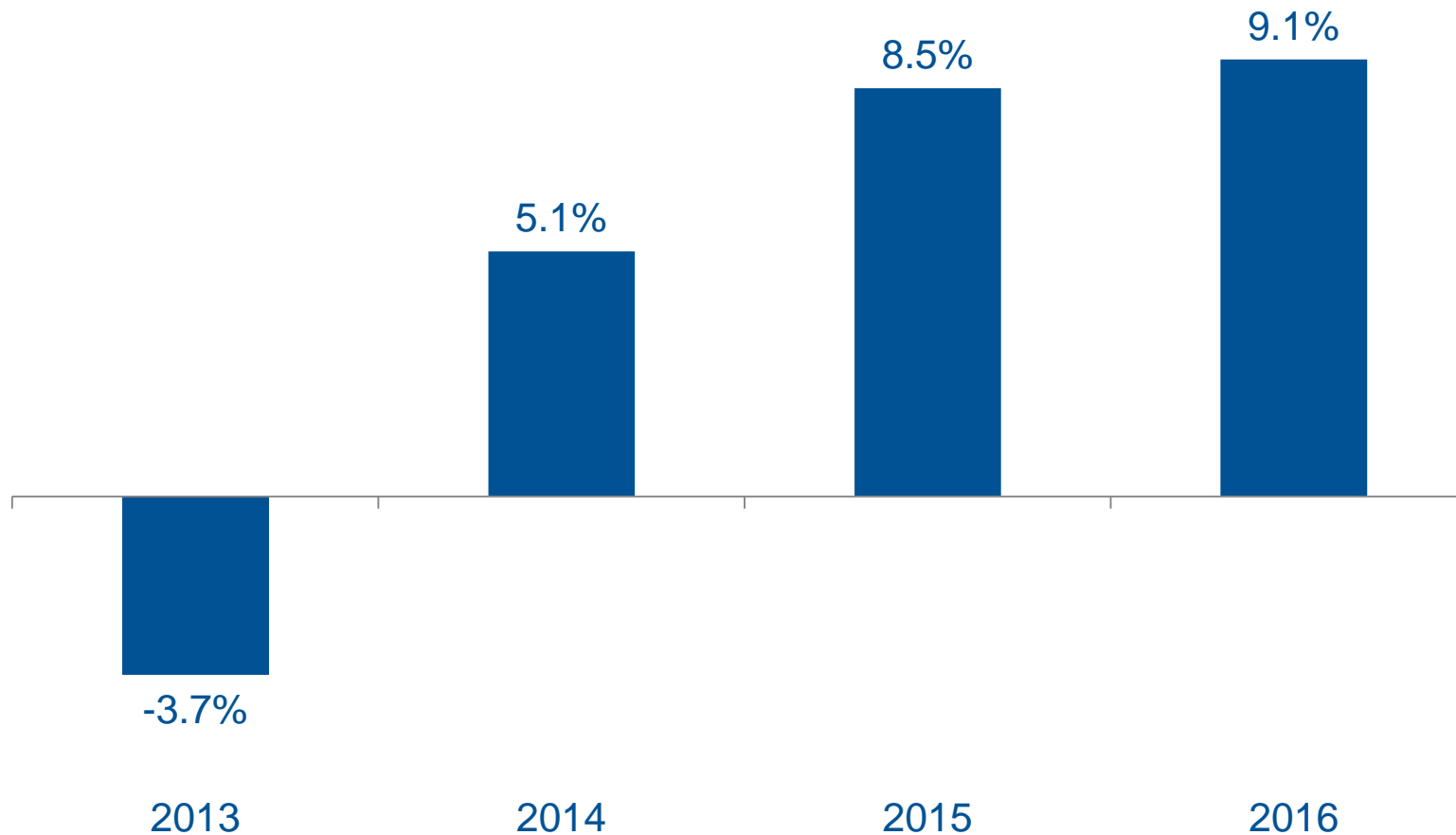
Go-lives

39

48

69

95



 **accenture**

Deloitte.

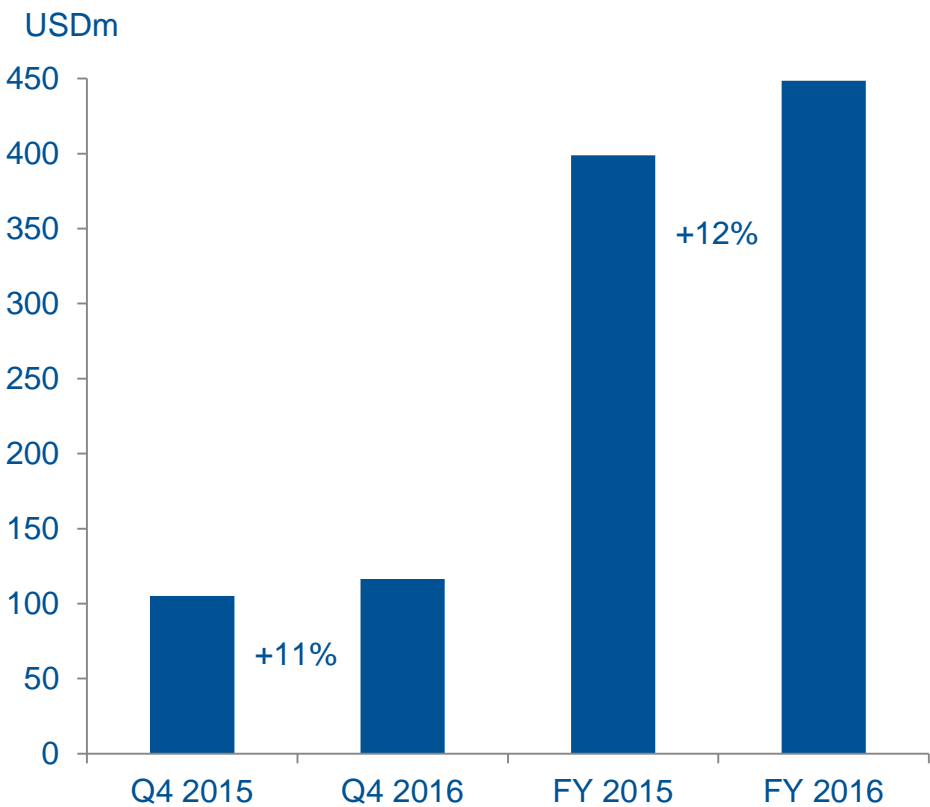
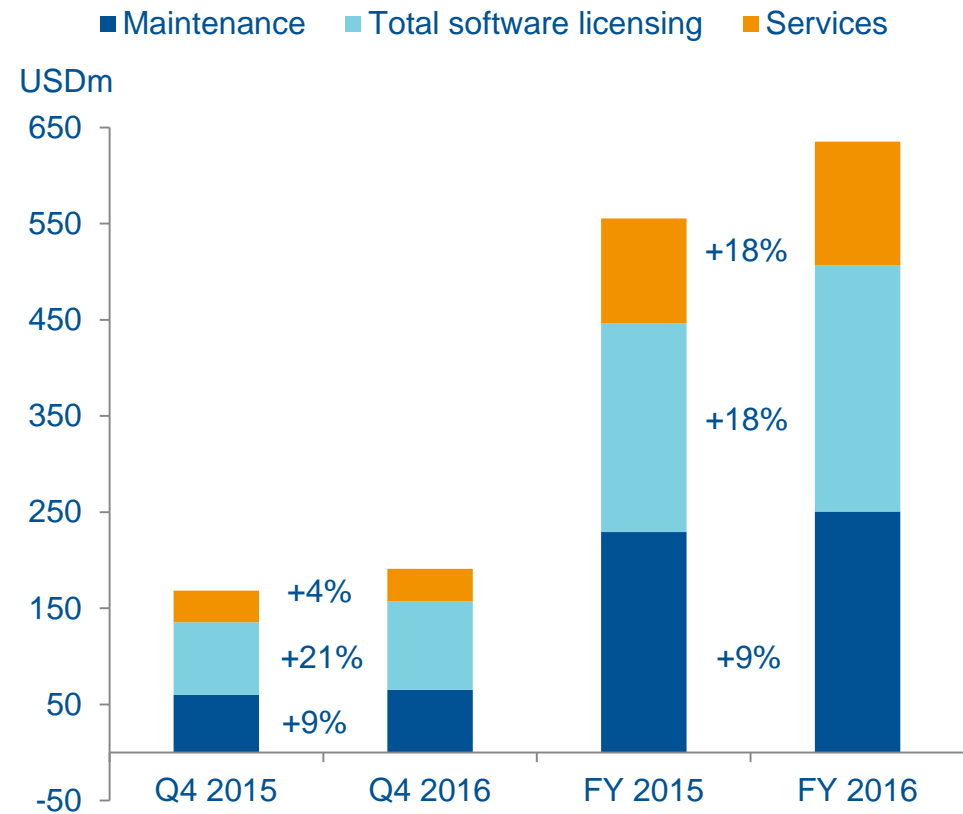
 **Capgemini**
CONSULTING.TECHNOLOGY.OUTSOURCING

 **Cognizant**

 **TEMENOS**

- Q4 16 LFL non-IFRS revenues up 14%
- FY 16 LFL non-IFRS revenues up 14%

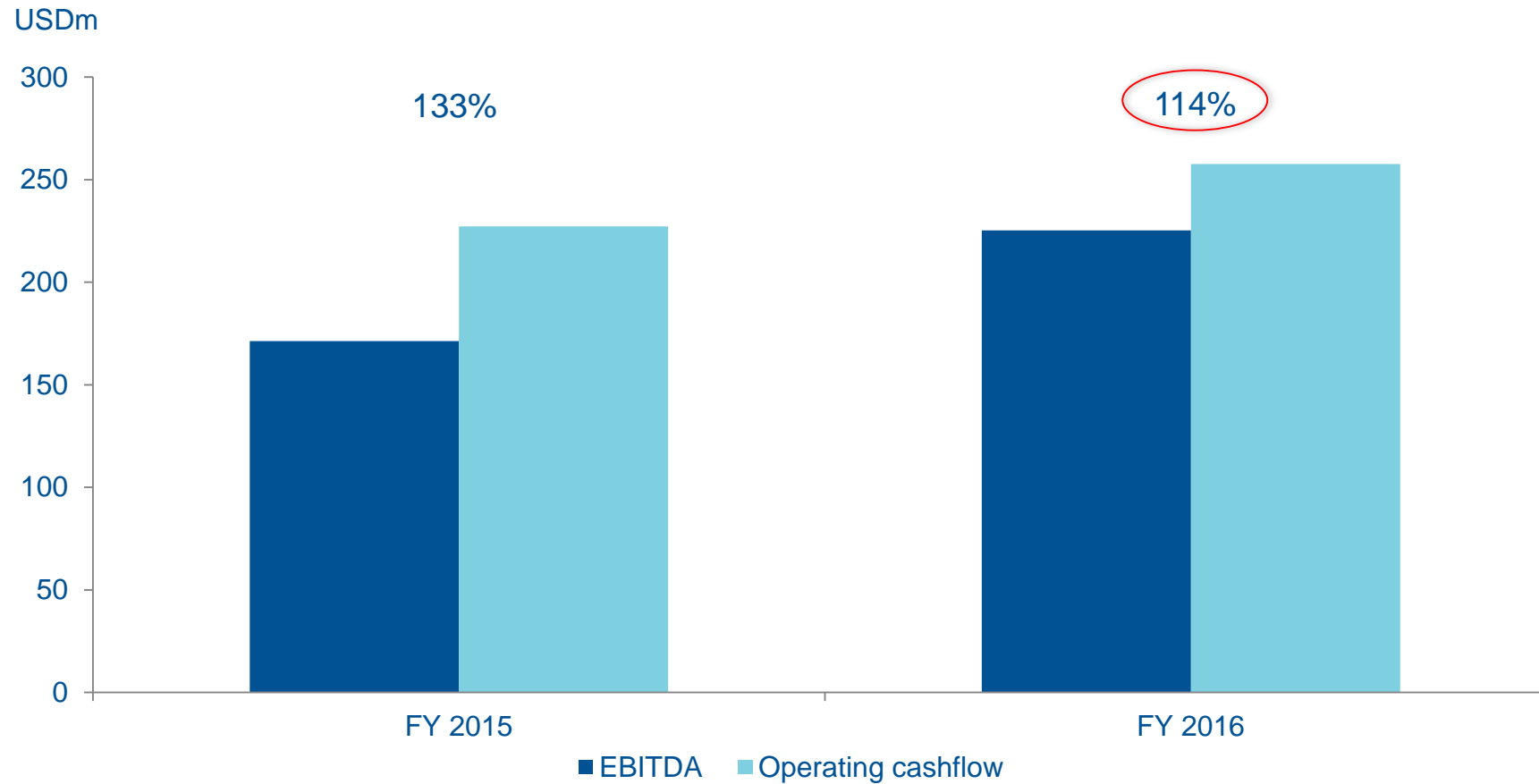
- Q4 16 LFL non-IFRS costs up 11%
- FY 16 LFL non-IFRS costs up 12%



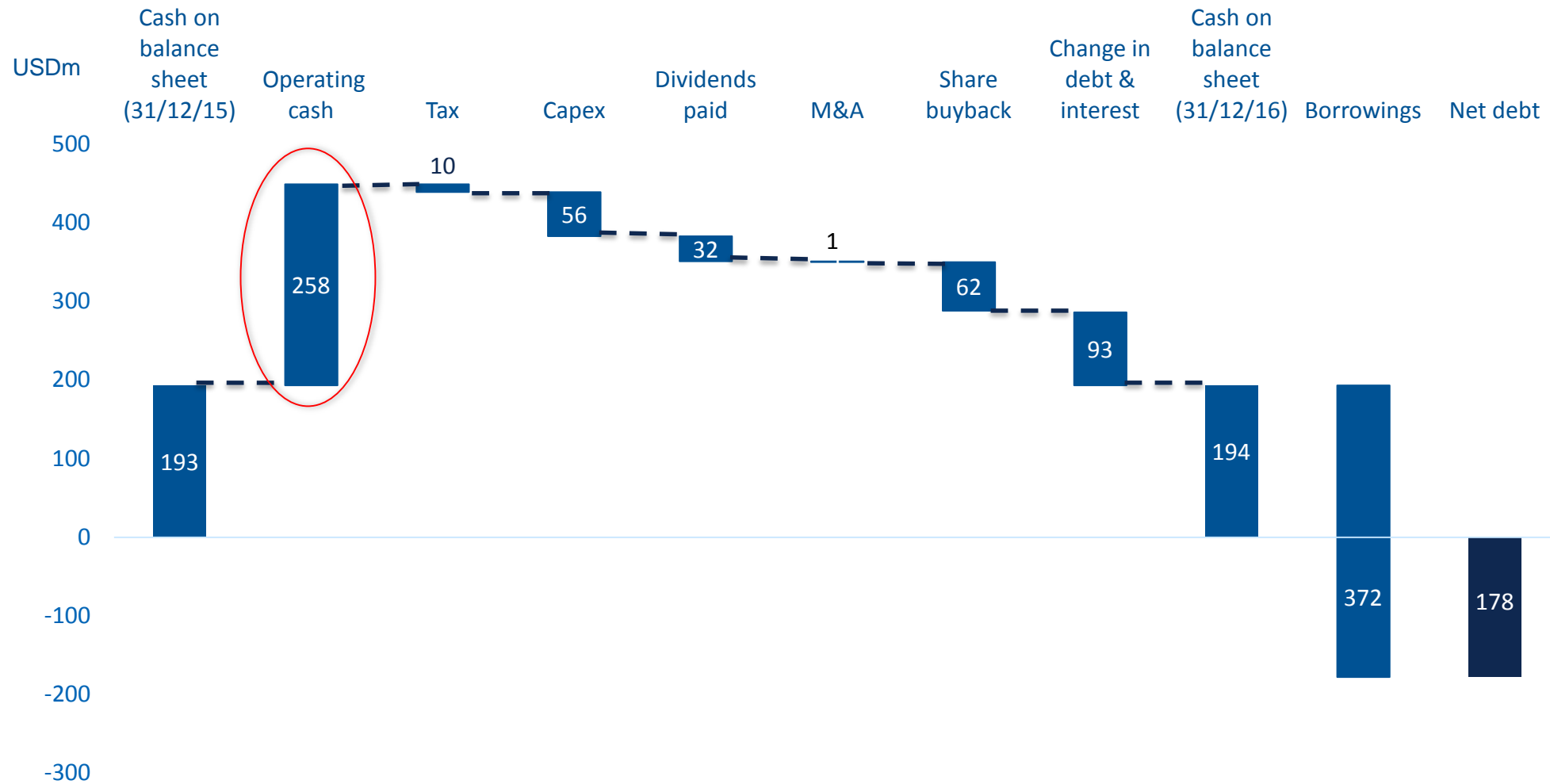
Strong organic growth

In USDm, except EPS	Q4 16	Q4 15	Y-o-Y	FY 16	FY 15	Y-o-Y
EBIT	74.8	65.2	15%	186.5	157.0	19%
Net finance charge	-3.9	-4.7	-17%	-16.9	-17.5	-4%
FX gain / (loss)	0.8	-0.7	N.A.	-0.3	-1.2	N.A.
Tax	-8.3	-7.9	5%	-20.3	-16.8	21%
Net profit	63.4	51.9	22%	149.1	121.5	23%
EPS (USD)	0.88	0.73	21%	2.07	1.73	20%

Outstanding growth in profit and EPS



Cash conversion remains significantly above target of 100%



Leverage down to 0.8x vs. 1.3x in Q4 '15, 2016 dividend of CHF 0.55 announced

- ◆ **Non-IFRS total software licensing growth at constant currencies of 10% to 15%** (implying non-IFRS total software licensing revenue of USD 276m to USD 288m)
- ◆ **Non-IFRS revenue growth at constant currencies of 7.5% to 11.0%** (implying non-IFRS revenue of USD 667m to USD 689m)
- ◆ **Non-IFRS EBIT at constant currencies of USD 210m to 215m**, (implying non-IFRS EBIT margin of c.31%)
- ◆ **100%+ conversion** of EBITDA into operating cash flow
- ◆ **Expected FY 2017 tax rate of 14% to 15%**

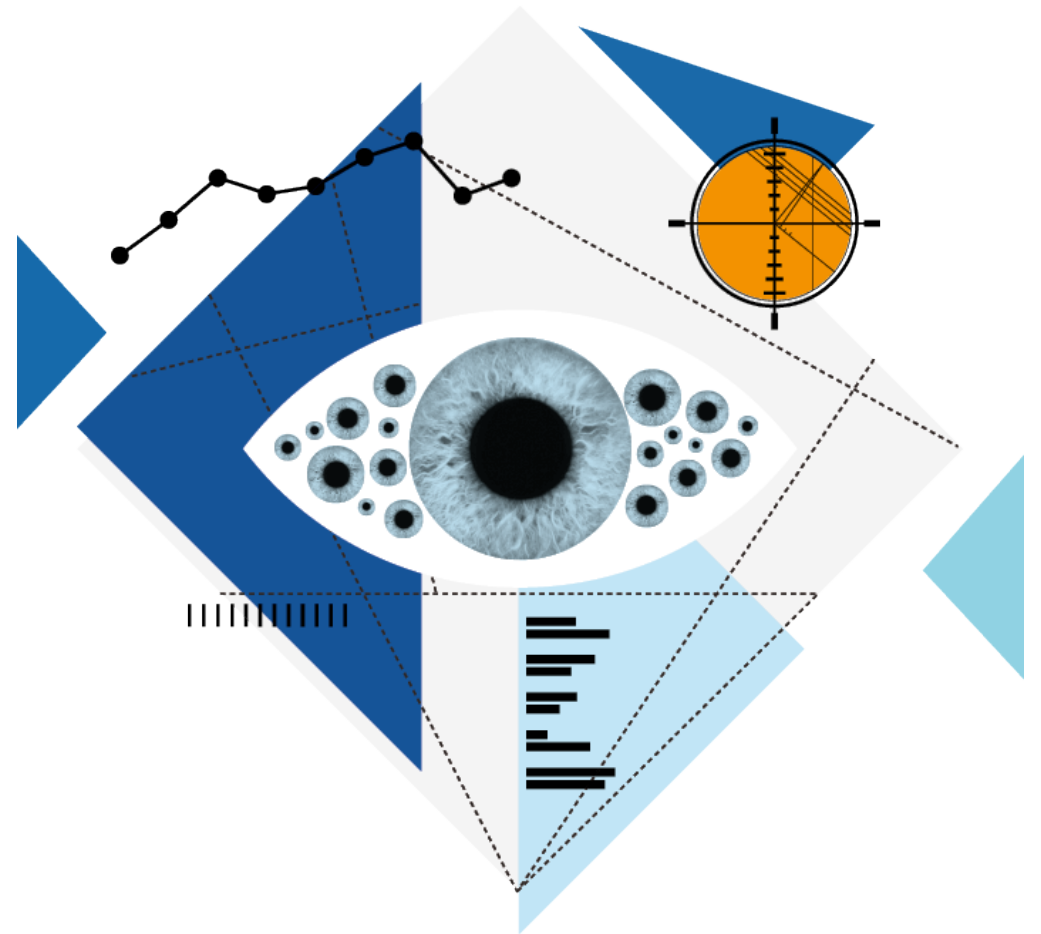
- Rubik not included in guidance
- Currency assumptions on slide 31
- See slide 45 for definition of non-IFRS

Metric (Non-IFRS)	2013-2016 performance	2016 actual (c.c.)	Medium term targets
Total software licensing	22% CAGR	21%	15% CAGR
Total revenue	11% CAGR	16%	10% CAGR
EBIT	176 bps p.a.	128bps	100-150 bps p.a.
EPS	19% CAGR	20%	15% CAGR
DSO reduction	24 days p.a.	27 days	5-10 days reduction p.a.
Cash conversion	120% p.a.	114%	100%+ of EBITDA
Tax rate	13% p.a.	12%	17-18%

- Offer price of AUD 0.1667 per share, equivalent to equity value of USD 50m (AUD68m)
 - 2.2x FY 2016 recurring revenues
- Funded through cash and existing debt facilities
- Rubik announced FY 2016 results in June:
 - Revenues of USD 31.6m (AUD 43.3m)
 - Over 70% recurring revenues
 - EBITDA of USD 4.8m (AUD 6.5m)
- Revenue synergies driven by
 - Accelerating growth across Core Banking, Wealth and Fund Administration
 - Cross selling Australian and APAC customer base
- Expected to be non-IFRS EPS neutral in 2017 and 3% accretive in 2018
- Acquisition is subject to Rubik shareholder approval, and is expected to close by end of May 2017
- The acquisition is not included in Temenos' 2017 guidance

Summary

David Arnott, CEO



10.00 - 10.45	Strategy and vision	David Arnott, CEO
10.45 - 11.30	The US opportunity	David Roller, CIO, Commerce Bank
11.30 - 11.45	Coffee	
11.45 - 12.30	Product leadership	Mark Winterburn, Group Product Director
12.30 - 12.50	Creating shareholder value	Max Chuard, CFO / COO
12.50 - 13.15	Q&A	
13.15 - 14.00	Lunch	

UBS, 5 Broadgate, London

- 2016 was another record year for Temenos on back of landmark 2015
- Digitalization and cost focus continue to drive strategic decision making and market growth
- Sales execution remains strong across the board, all client tiers and segments
- Tier 1 wins demonstrate leadership position in the market, barriers to entry
- Continue to invest in sales and product
- Strong pipeline growth and outlook for 2017

Strong momentum for 2017

Appendices



In preparing the 2017 guidance, the Company has assumed the following FX rates:

- USD to Euro exchange rate of 0.955
- USD to GBP exchange rate of 0.811; and
- USD to CHF exchange rate of 1.025

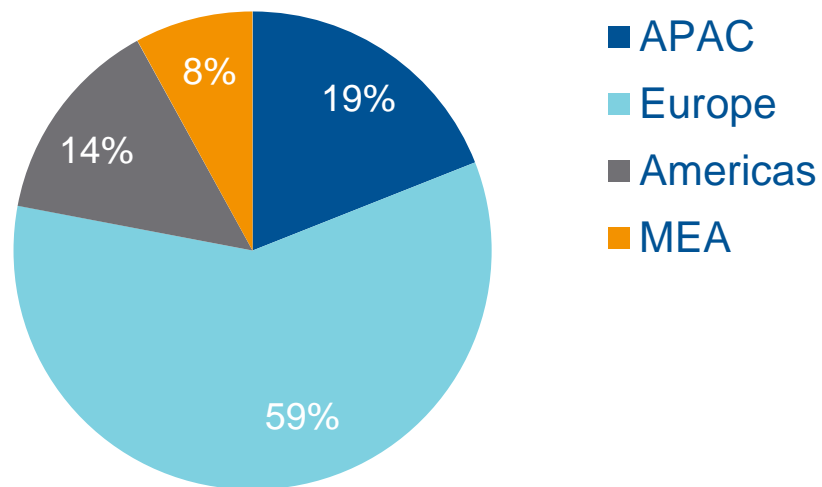
% of total	USD	EUR	GBP	CHF	Other
Total software licensing	55%	35%	2%	4%	4%
Maintenance	65%	22%	6%	6%	0%
Services	41%	34%	5%	5%	15%
Revenues	56%	30%	4%	5%	5%
Non-IFRS costs	26%	18%	18%	8%	32%
Non-IFRS EBIT	128%	58%	-24%	-2%	-60%

NB. All % are approximations based on 2016 actuals

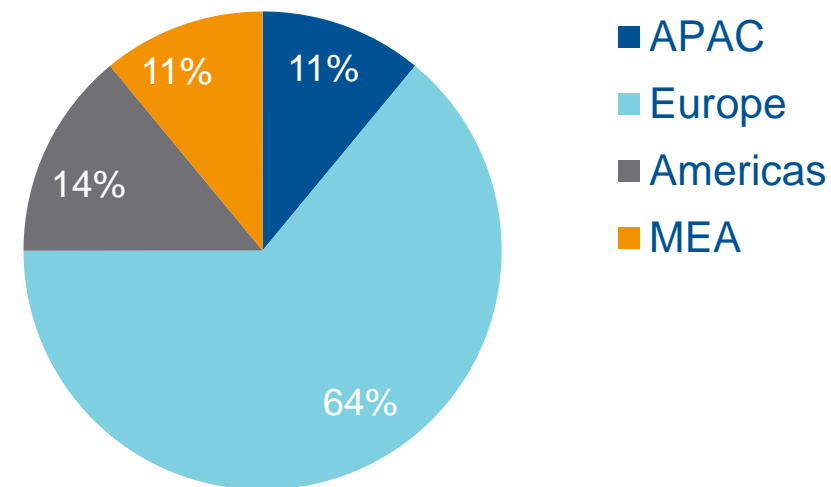
Mitigated FX exposure – matching of revenues / costs and hedging

2016 non-IFRS income statement	2016 actual	Restated at 2017 currency guidance
Software licensing	205.1	201.0
SaaS and subscriptions	51.1	50.0
Total software licensing	256.2	250.6
Maintenance	250.4	244.9
Services	128.5	125.0
Total revenues	635.1	620.7
Costs	448.6	435.0
EBIT	186.5	185.0

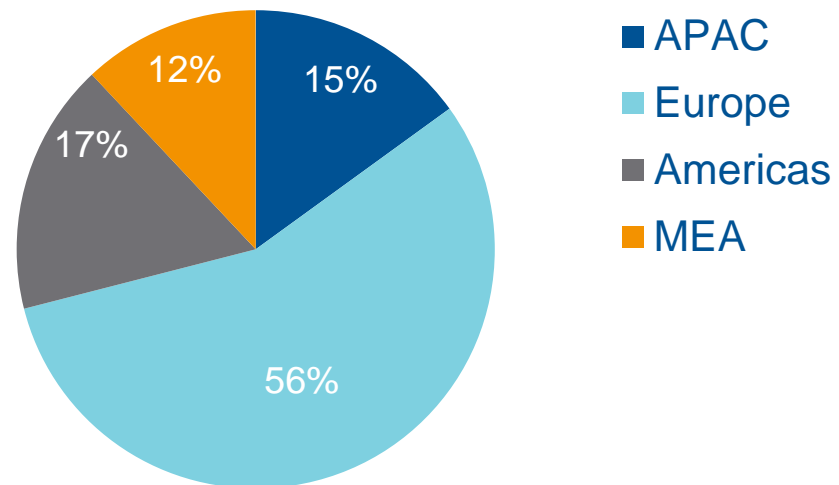
Q4 2015



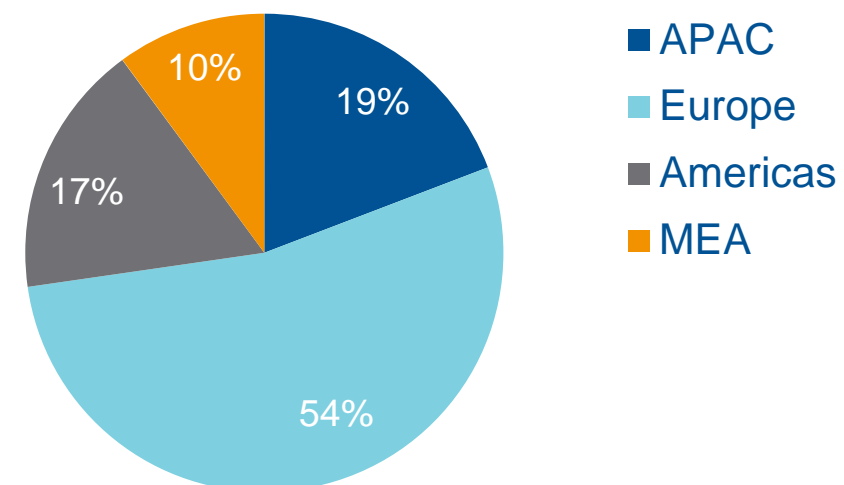
Q4 2016



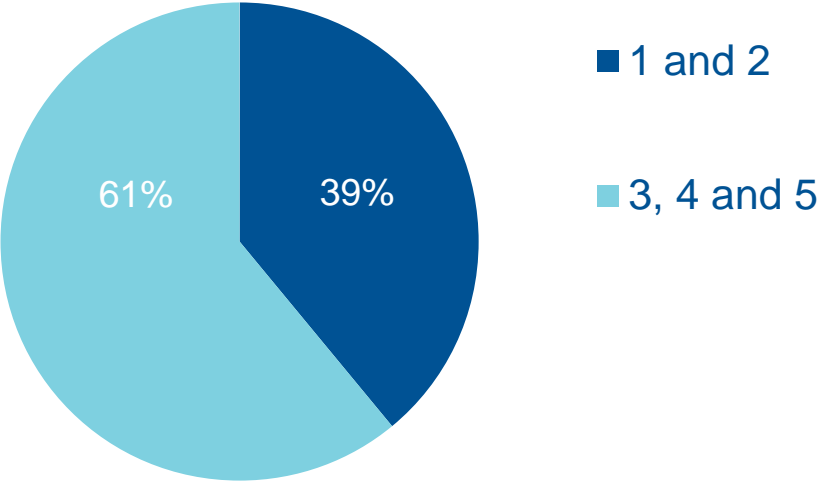
FY 2015



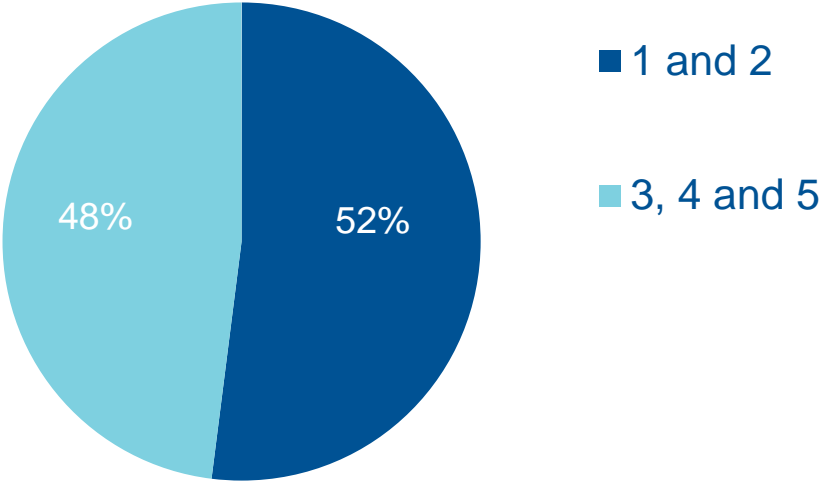
FY 2016



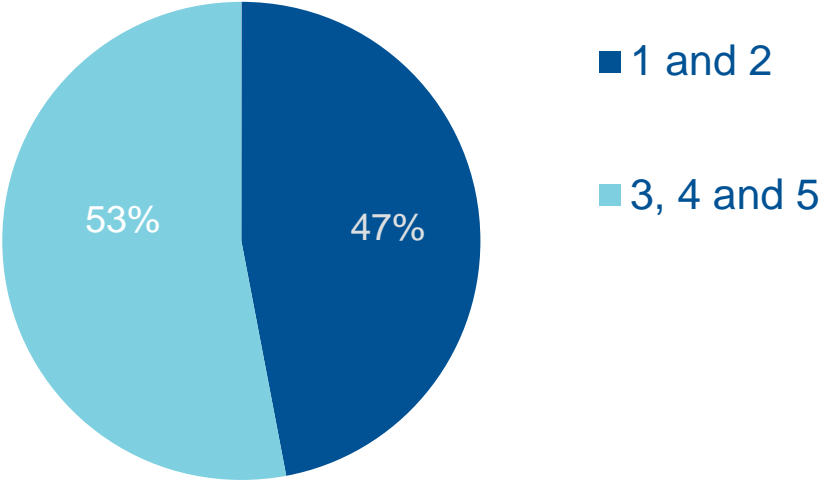
Q4 2015



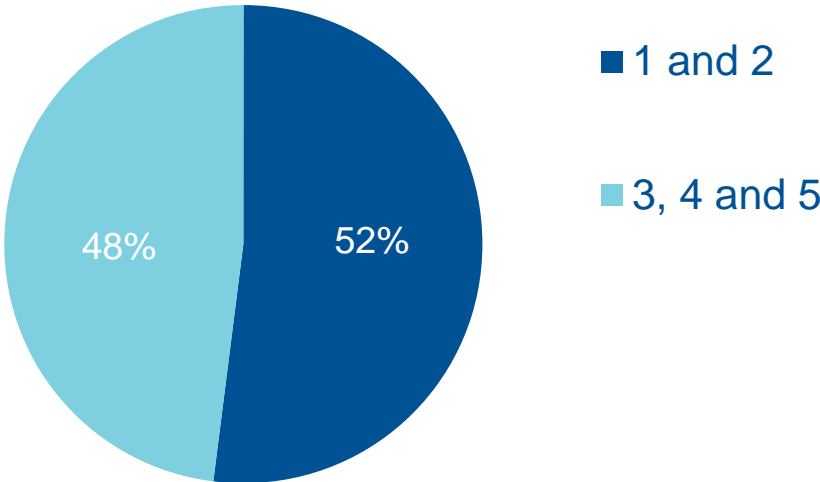
Q4 2016



FY 2015

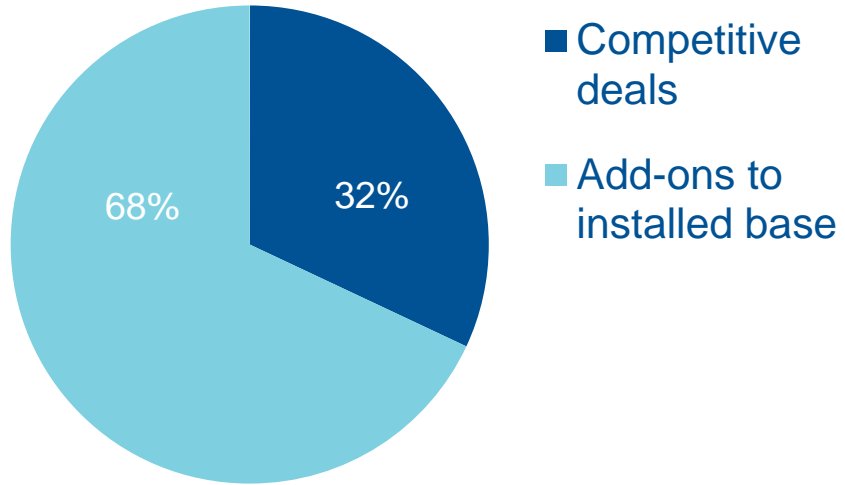


FY 2016

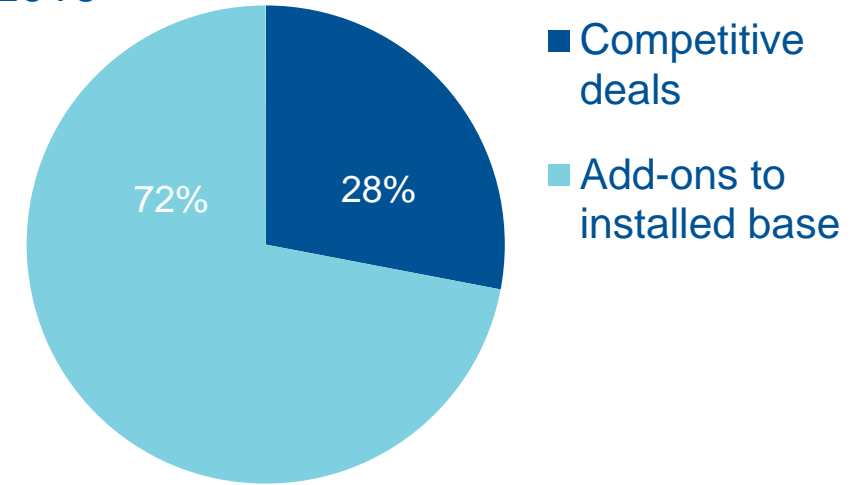


Software licensing revenue breakdown by competitive deals / add-ons to installed base

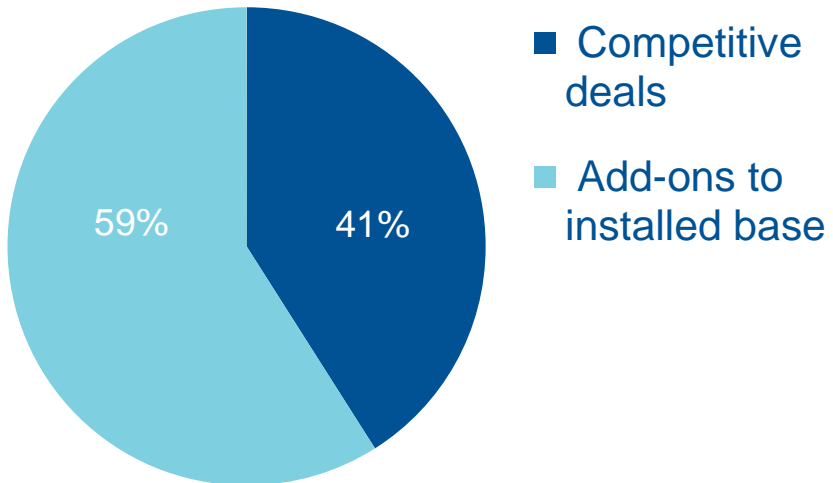
Q4 2015



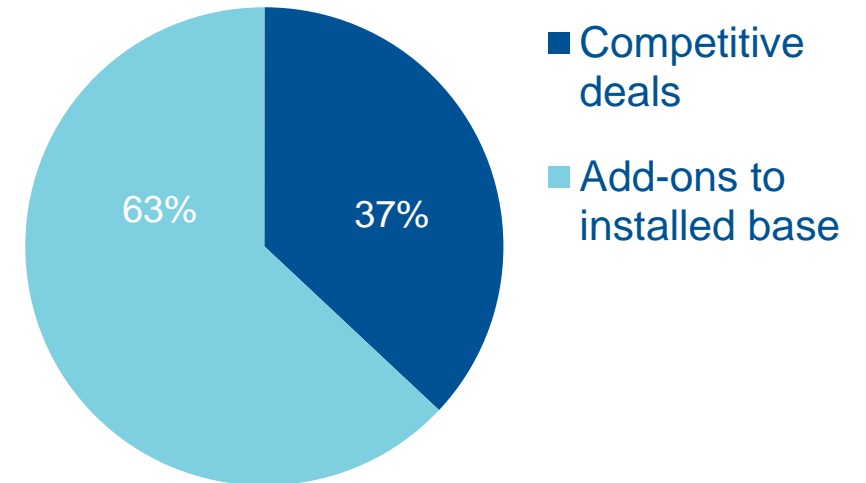
Q4 2016

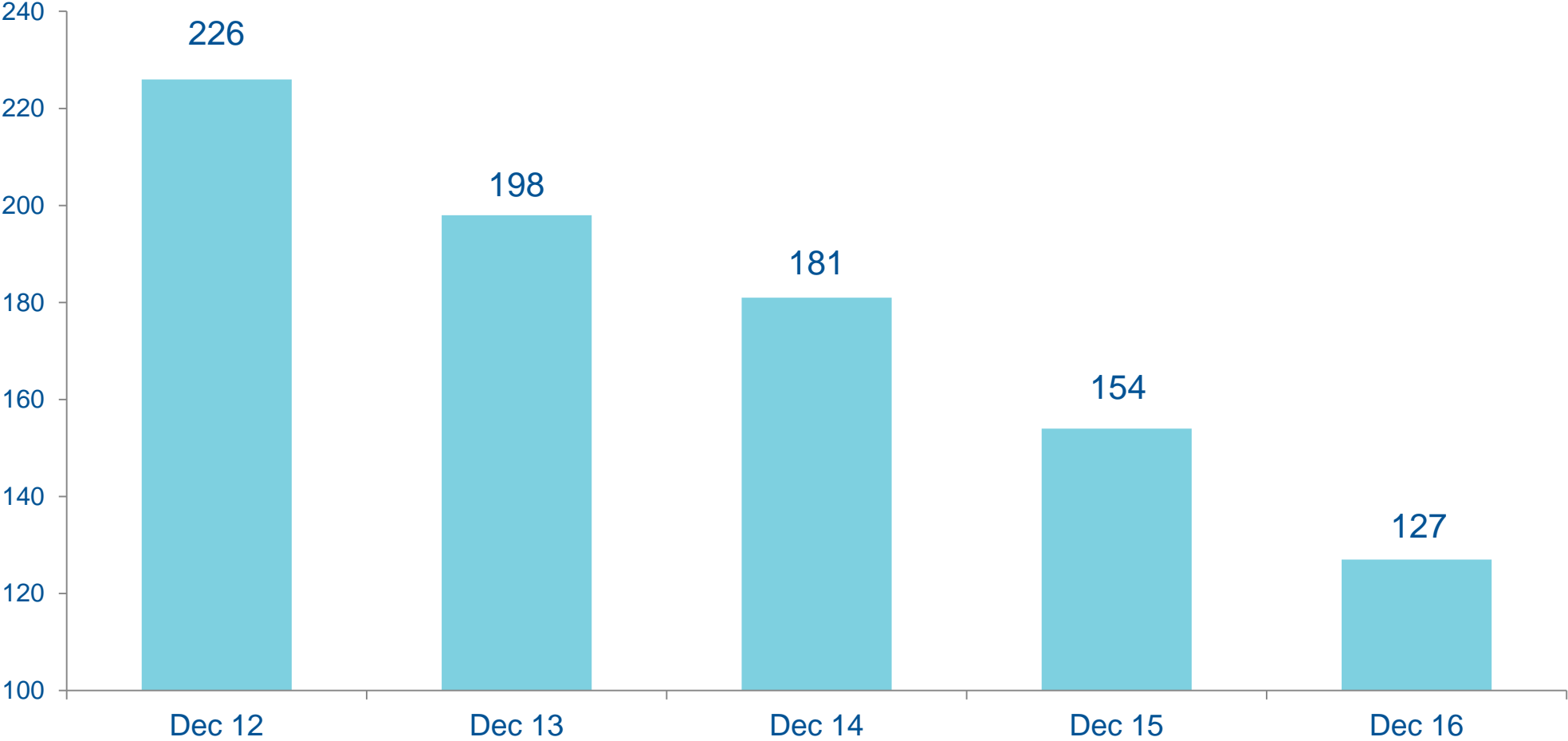


FY 2015



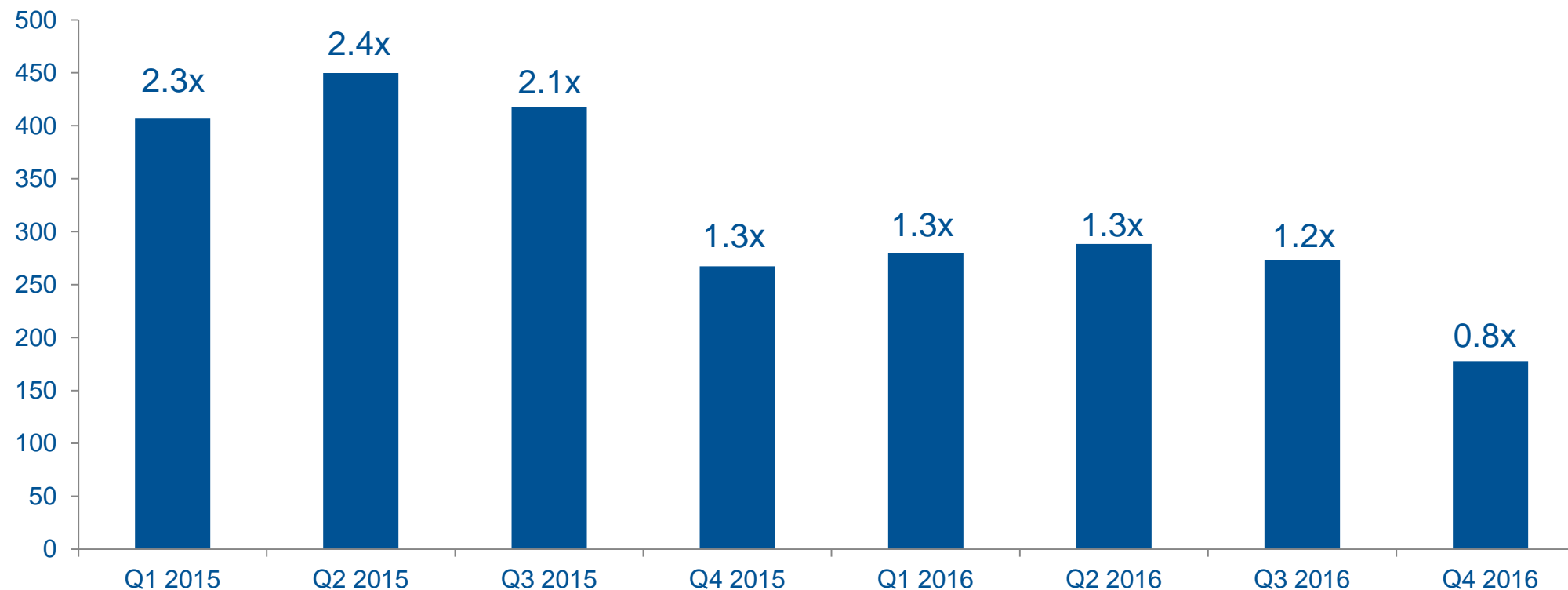
FY 2016





Net debt and leverage ratios*

USDm



* proforma non-IFRS EBITDA

Strong deleveraging profile

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	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

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**



Below are the accounting elements not included in the 2017 non-IFRS guidance:

- FY 2017 estimated amortisation of acquired intangibles of USD 32m
- FY 2017 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 14 February 2017.

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

In USDm, except EPS	3 Months Ending 31 December						Change	
	2016		2016	2015		2015	IFRS	Non-IFRS
	IFRS	Adj.	Non-IFRS	IFRS	Adj.	Non-IFRS		
Total Software Licensing	91.5	0.3	91.8	73.3	4.5	77.8	25%	18%
Maintenance	65.1		65.1	61.8	0.4	62.2	5%	5%
Services	34.1		34.1	33.3	0.1	33.4	2%	2%
Total Revenue	190.8	0.3	191.1	168.4	5.0	173.4	13%	10%
Total Operating Costs	(124.3)	8.0	(116.3)	(118.2)	10.0	(108.2)	5%	7%
Restructuring	(0.3)	0.3	0.0	(1.1)	1.1	0.0	(77%)	
Amort of Acq'd Intang.	(7.8)	7.8	0.0	(8.9)	8.9	0.0	(13%)	
Operating Profit	66.5	8.3	74.8	50.1	15.1	65.2	33%	15%
Operating Margin	35%		39%	30%		38%	5% pts	1% pts
Financing Costs	(3.1)		(3.1)	(5.4)		(5.4)	(42%)	(42%)
Taxation	(7.5)	(0.8)	(8.3)	(6.4)	(1.5)	(7.9)	16%	4%
Net Earnings	55.9	7.5	63.4	38.3	13.6	51.9	46%	22%
EPS (USD per Share)	0.77	0.11	0.88	0.54	0.19	0.73	43%	21%

In USDm, except EPS	Q4 16	Q4 15	FY 16	FY 15
IFRS net earnings	55.9	38.3	115.8	66.3
Deferred revenue write-down	0.3	5.0	1.1	16.5
Amortisation of acquired intangibles	7.8	8.9	31.7	29.3
Restructuring	0.3	1.1	4.5	9.5
Acquisition related costs	-	-	-	5.0
Taxation	-0.8	-1.5	-4.0	-5.1
Net earnings for non-IFRS EPS	63.4	51.9	149.1	121.5

No. of dilutive shares	72.1	70.9	72.0	70.1
Non-IFRS diluted EPS (USD)	0.88	0.73	2.07	1.73

USDm	Q4 2016 EBIT	Q4 2016 EBITDA	FY 2016 EBIT	FY 2016 EBITDA
IFRS	66.5	85.1	149.2	225.3
Deferred revenue write-down	0.3	0.3	1.1	1.1
Amortisation of acquired intangibles	7.8	-	31.7	-
Restructuring	0.3	0.3	4.5	4.5
Acquisition-related charges	-	-	-	-
Non-IFRS	74.8	85.6	186.5	230.8

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



TEMENOS

The software specialist for banking and finance