Winning with products in a multi-speed world
Analyst & Investor Event
27 February 2013
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 this meeting represent the company’s estimates as of 27 February 2013. 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 27 February 2013.
## Running order for today

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Presenter(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.00 to 10.45</td>
<td>Our strategic plan</td>
<td>David Arnott, CEO</td>
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<tr>
<td>10.45 to 11.30</td>
<td>Products</td>
<td>Mark Winterburn, Group Product Director&lt;br&gt;Mark Gunning, Director of Business Solutions</td>
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<td>11.30 to 11.45</td>
<td>Coffee</td>
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<td>11.45 to 12.15</td>
<td>Services and Partners</td>
<td>Mike Davis, Global Head of Services&lt;br&gt;Mike Head, Director of Strategic Alliances</td>
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<td>12.15 to 12.35</td>
<td>Financials</td>
<td>Max Chuard, CFO</td>
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<td>12.35 to 13.00</td>
<td>Q&amp;A</td>
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</tbody>
</table>
Key takeaways

In H2 2012 we laid the foundations for sustained growth

Addressing a USD26bn market opportunity, underpinned by structural growth drivers

Strategy builds on sound fundamentals and capitalises on strong product assets and installed base opportunity

We are a true multi-product company with compelling value proposition and roadmap

We are clear on services role in product business, the route to even better customer success

Partner programme maturing, partners becoming significant complementary sales channel

Revenue growth and operational leverage drive strong earnings and cash over medium term

Strong fundamentals & clear strategy to deliver significant shareholder returns
Agenda

The market opportunity

Our credentials

Our strategic plan
Market opportunity

Bank spend on third-party software today: a USD 5.5bn market*

*Licence and maintenance spend
Source: Gartner, IDC, Celent, Temenos estimates

Organisation aligned around market that is 3x bigger than in 2009
Market drivers

Bank challenges

- Regulation
- A newly empowered customer
- More intense competition

Bank opportunities

- Economic growth
- Demographics
- Innovation

Financial Services industry undergoing generational shift
Why haven’t banks been renovating systems?

Bank factors
- Investment horizons shortened during crises
- Profitable enough to defer decisions
- High sunk and switching costs

Supplier factors
- Componentisation/progressive renovation story was immature
- Renovation was conditional on moving to newer technologies
- Suppliers lacked critical mass, deterring large SIs

Combination of industry and supplier factors held back spending
The profitability gap

Banks RoE levels globally

Pre-crisis | Global financial crisis | New normal
---|---|---
1980-2007 average | 4% | 7%
2008 | 10% | 10%
2009 | 10% | 9%
2010 | 6% |

Profitability gap 6% pts

Source: BCG, Thomson Reuters

Profitability pressures are structural and cannot be ignored
The expectations gap

**Banking customers want**
- A provider they trust
- Consistent, interactive experience across all channels
- One view of their bank
- Fair prices
- Flexible, personalised products and services

**They have alternatives**
- Traditional banks
- New banks
- High Street retailers
- Online retailers
- Payment providers
- Mobile operators
- Peer-to-peer intermediaries

**They are voting with their feet**
- 65% use comparison sites for best deals
- 69% have more than one banking relationship
- 12% are actively looking to move banks

*Source: E&Y Global Consumer Banking Survey 2012*

The banking customer is taking control
Agenda

The market opportunity

Our credentials

Our strategic plan
Our value proposition

Our products are open, integrated, componentised and upgradable, supported by a dedicated professional services organisation and a strong partner ecosystem.

Temenos offers the market leading value proposition

- Sustainably lower cost
- Economies of scale
- Greater wallet share
- Lower asset provisions
- Market development
- Rapid launch of personalised products, single view of customer and risk

Low cost, highly automated, scalable systems
Leading the competition

“Temenos has been the one of two firms in our Global Power Sellers category since Forrester introduced the global vendor pyramid for the 2006 global banking platform deals survey”

“(and this year) has the enviable position of the single Global Power Seller in the 2011 survey.”

Source: Forrester “Global Banking Platform deals 2011”, published April 2012
The largest installed base

Core banking installed bases by region in 2012

Notes: Fidelity (FIS) includes ACBS and Profile; Oracle excludes Daybreak; Temenos includes V.bank, Triple ‘A Plus and WealthManager
Source: IBS Intelligence, Capgemini, Temenos estimates

Largest customer base in all regions and across all segments
Growth in top tier customers

% of Temenos licence revenue

1999
- 4% Tiers 1 and 2
- 96% Tiers 3, 4 and 5

2007
- 78% Tiers 1 and 2
- 22% Tiers 3, 4 and 5

2012
- 37% Tiers 1 and 2
- 63% Tiers 3, 4 and 5

Tier 1 and Tier 2 banks account for 60%+ of application spending in Financial Services

Temenos’ customers include 60% of the world’s tier 1 banks
Temenos spends on average 20% of sales on R&D, more than 2x the industry average.

The highest R&D in the industry

*Normalised cash R&D – adjusted for difference between capitalisation and amortisation and any one-off restructuring charges

Peer group consists of SAP, Misys (ex-Sesame where applicable), TCS (BaNCS) and Oracle Financial Services, which we have assumed to have remained constant as a % of sales since 2007, the last date of disclosure.

Further extending our lead.
The most profitable banks run Temenos

Performance of Temenos customers compared to banks using both other third-party systems and legacy applications

- **Return on assets**
  - Legacy systems: 0.8%
  - 3rd Party: 1.0%
  - Temenos: 1.2%
  - Improvement: 25% (Legacy), 30% (3rd Party)

- **Return on capital**
  - Legacy systems: 10%
  - 3rd Party: 12%
  - Temenos: 14%
  - Improvement: 37% (Legacy), 46% (3rd Party)

- **Cost / income**
  - Legacy systems: 64%
  - 3rd Party: 62%
  - Temenos: 60%
  - Improvement: -7.4% (Legacy), -8.5% (3rd Party)

Data taken from white paper, “Bridging the Profitability Gap”, co-written with Deloitte.

Better results with 3rd party systems, even better results with Temenos
Agenda

The market opportunity

Our credentials

Our strategic plan
Strategic plan in context

Build 1993 to 2002
- Domain focus
- Truly global
- Single packaged product
- Commitment to openness
- High R&D
- Maintenance model
- Tier 3-5

Scale 2003 to 2011
- Built out regional structure
- Expansion of addressable market
- M&A programme
- Partner programme initiated
- Margin expansion
- 10pp of market share gains
- Tier 1-2

Lead 2012 onwards
- True multi-product focus
- Multi-deployment options
- Realising installed base opportunity
- Growth in key geos and segments, partners facilitating
- Further M&A
- Maturity and consistency
- Tier 1-6

16% revenue CAGR
30% adjusted EBIT CAGR

*1995 to 2001

Creating shareholder value

The Banking Software Company
Management and governance

David Arnott
CEO

Max Chuard
CFO

Mark Winterburn
Product Director

Mark Gunning
Pre-Sales Director

Mike Davis
Services Director

Mike Head
Strategic Alliance Director

Ben Robinson
Strategy and Marketing Director

Andreas Andreades
Executive Chairman

Chris Pavlou
INED, Vice-Chairman

George Koukis
Non-Executive

Ian Cookson
INED

Sergio Giacoletto-Roggio
INED

Thibault de Tersant
INED
Strategy aligned to market growth

An addressable market of USD 5.5bn

Size of bubbles reflects market size

Competitive intensity

Market/segment software growth CAGR 2012-14e

Key
Core banking
BI
PWM
Channels
Other
Converting internal spending to external spending

Third party spend & total spend on banking software today*

*Licences and maintenance

Source: Gartner, IDC, Celent, Temenos estimates

Maintaining leadership in Core Banking; establish leadership in other segments
Installed base opportunity

Temenos has more than 1,200 customers using its software (>1,000 discrete financial institutions)

Penetration rates across our product sets remain low (e.g. Insight at 20%, Internet banking at 18%)

There is a significant revenue opportunity coming from relicensing customers reaching end of their 10-year licence agreements, although still immaterial in 2013 and 2014
Our strategic plan: licences and maintenance

**Focus on product**

Sustainably grow licence and maintenance revenues

Focus on reusable product investment

Underpins margin expansion and DSO reduction

**Focus on target areas of growth**

Core banking to grow slower

Channels, PWM, BI expected to be high growth areas

APAC and Americas to be fastest growing regions

Refocus sales to increase contribution from existing customers
Our strategic plan: services

Higher margin services supporting product business

20% to 25% of group revenues

Higher value-add expert and productised services, driving even better levels of customer success

Reducing implementation times

Maximising reusability

Reduced cost base providing operational leverage
Our strategic plan: partners

**Partner strategy moving into the next phase**

Totally aligned with services strategy, leveraging partners to support growth

Partners to drive growth in licensing, instrumental in opening up key segments and markets

Services partners taking greater role on projects, leading more projects
M&A complementing growth

Accelerated growth in key markets and segments

A three-pronged approach

Increased scale

Complementary products

2007 2008 2009 2010 2011 2012

The Banking Software Company
Medium term targets

- **10%+ licence growth**
- **5%+ revenue growth** per annum
- **Economies of scale**
  - Higher services margins
  - Revenue mix shift
- **100-150bps of margin expansion** on average per annum
- **Shorter projects**
  - New / existing mix
  - More cash up-front
- **Cash conversion over 100%** per annum

**Significant, sustained shareholder returns**
TCF 2013 - Abu Dhabi

14-16 May 2013

• Great venue
• Lots of new product launches
• Separate Investor track
• Eminent industry speakers
• Meet senior management
• Hear directly from our customers
Thank you
www.temenos.com
Winning with products in a multi-speed world
Products – Mark Winterburn and Mark Gunning
27 February 2013
Agenda

A product company

Architecture

Leveraging product

Our four key markets

Temenos Connect demo
Product within the strategic plan

**Build**
1993 to 2002
- A solid product foundation
- Clear strategy
- Investment in functionality
- Core banking

**Scale**
2003 to 2011
- Expand addressable market
- Investment in architecture
- Product acquisition
- Product leadership

**Lead**
2012 onwards
- True multi-product
- Leverage R&D
- Multi-deployment options
- Full market addressability

High R&D, adherence to core principles, customer-led
Temenos’ 8 Product Principles

- Supports predictable and progressive implementation
- Modular/Componentised
- Modern, open technology
- Front to back, seamless integration
- High investment, upgradeable regular releases
- Highly flexible
- Model banks and country models
- Product breadth
### A proud history of innovation...

<table>
<thead>
<tr>
<th>1993</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Retail banking, Corporate banking, Treasury, Lending, Payments back office, Securities</strong></td>
<td><strong>Retail banking, Corporate banking, Treasury, Lending, Payments back office, Securities</strong></td>
</tr>
<tr>
<td>Trade finance</td>
<td></td>
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<tr>
<td>Front office – CRM</td>
<td></td>
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<tr>
<td>Internet banking</td>
<td></td>
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<tr>
<td>Insight Business Intelligence</td>
<td></td>
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<tr>
<td>Treasury Trader</td>
<td></td>
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<tr>
<td>Arrangement Architecture</td>
<td></td>
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<tr>
<td>Anti money laundering</td>
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<tr>
<td>Mobile banking</td>
<td></td>
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<tr>
<td>Enhanced wealth management</td>
<td></td>
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<tr>
<td>Insight operational intelligence</td>
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<tr>
<td>Temenos Connect</td>
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</table>

**A record of industry “firsts”**
...extending into the future

<table>
<thead>
<tr>
<th>1993</th>
<th>2012</th>
</tr>
</thead>
</table>

Retail banking, Corporate banking, Treasury, Lending, Payments...

- Trade finance
- Front office – CRM
- Internet banking
- Insight Business Intelligence
- Treasury Trader
- Arrangement Architecture
- Anti money laundering
- Mobile banking
- Enhanced wealth
- Insight operational
- Connect

Temenos Enterprise Payments Platform

- Trade finance (forfeiting & factoring)
- Loan collections & leasing
- Relationship-based pricing
- Smart order entry and pre-trade compliance
- Tablet apps for Relationship Managers
- Supply chain finance
- Cloud & Mobile BI
- FATCA, Basel III
- App store

Compelling and unrivalled roadmap
Agenda

- A product company
- Architecture
- Leveraging R&D
- Our four key markets
- Temenos Connect demo
Platform framework

Exploiting platform resources for

- Connectivity
- Scalability
- Clustering
- Database connectivity
- Authentication

Deployment neutral

- On Premise
- Community/hybrid Cloud
- Cloud

Applications deployed natively on major stacks
Integration framework

Synchronous/asynchronous integration
Standard middleware and ESB

Faster implementations

Interface building 10x faster

Project delivered in 3 months vs. 12 months

A step change in implementation time and complexity
Architectural frameworks

**Interaction Framework**
- **What is it?**
  - Separation of user experience from banking
  - Use of open standards for interaction
- **What is its value?**
  - Enable banks to keep up with the pace of change in user interfaces
  - Improved customer experience attracts new customers and increases loyalty of existing customers

**Design Framework**
- **What is it?**
  - Single environment to configure and control design-time metadata for a Temenos product
- **What is its value?**
  - Client: Faster and cheaper reaction to change with greater control and less risk.
  - Temenos: More productive control over products such as country model banks.

**Data Framework**
- **What is it?**
  - Separated and specialised read-write and read only databases
  - Read-write: In memory
  - Read-only: high performance retrieval
- **What is its value?**
  - 10-100X better performance
  - Analysis of everything all of the time
  - Real-time analysis: real-time decisions

**Component Framework**
- **What is it?**
  - Separation of the logic of different functions allowing them to work independently
- **What is its value?**
  - Progressive renovation of client’s legacy systems
  - Separately upgradeable
  - Lower cost quality for Temenos
Agenda

A product company

Architecture

Leveraging product

Our four key markets

Temenos Connect demo
Leveraging the product group

One Product team
- One product and development team across all products
- Global view of priorities, skills, utilisation etc.
- Common use of process, tooling and methodologies

Maximum re-use
- Triage process on all significant projects
- True “bespoke” work sub-contracted to development partners

Partnering with customers
- Making major investments together with flagship customers
- Improves commercial viability, ensures referenceability from the outset

Higher quality product delivered to market more frequently
Agenda

A product company

Architecture

Leveraging product

Our four key markets

Temenos Connect demo
## Market dynamics

<table>
<thead>
<tr>
<th>Market</th>
<th>Dynamics</th>
<th>Our products</th>
<th>Main players</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core banking</td>
<td><em><em>USD 1.8bn, growing at c.3.5%</em> pa</em>*&lt;br&gt;Hottest areas: Islamic, South Asia, ME, LatAm</td>
<td>T24</td>
<td>Temenos, Oracle, Infosys, TCS, SAP</td>
</tr>
<tr>
<td>PWM</td>
<td><em><em>USD 1.0bn, growing at c.9.5%</em> pa</em>*&lt;br&gt;Hottest areas: Emerging markets, mass affluent, IFAs</td>
<td>TAP / WM T24 Pro-DB</td>
<td>Temenos, Avaloq</td>
</tr>
<tr>
<td>BI</td>
<td><em><em>USD 1.3bn, growing at c.6.5%</em> pa</em>*&lt;br&gt;Hottest areas: N. America (new), Europe (installed)</td>
<td>Insight</td>
<td>Temenos, SAP, Oracle, Teradata</td>
</tr>
<tr>
<td>Channels</td>
<td><em><em>USD 1.4bn, growing at c.8.5%</em> pa</em>*&lt;br&gt;Hottest areas: UXP, Mobile, Internet, Retail</td>
<td>Connect</td>
<td>Temenos, Backbase, IBM, SAP</td>
</tr>
</tbody>
</table>

* Through 2015
## Core banking: market drivers and value proposition

### Market drivers

- **New regulation** – lowering RoE
- **More intense competition** – losing more profitable customers
- **Less loyal, more demanding customers** – lowering asset yield
- **Higher funding costs** – lowering margins
- **Regulator pressure** – to improve systems to lower systemic risk

### Value proposition

- **Single customer view** – cross-selling capabilities
- **Product builder** – rapid launch of personalised, innovative products
- **High automation, scalable, scale economies** – sustained cost take-out
- **Single view of risk** – control and compliance
- **24x7, no batch** – improved customer service, systemic risk reduction

### Tools to boost asset yield while sustainably lowering costs
## Wealth: market drivers and value proposition

<table>
<thead>
<tr>
<th>Market drivers</th>
</tr>
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<tbody>
<tr>
<td>New regulation – lowering RoE, changing cost to serve and risk profile of certain customer types</td>
</tr>
<tr>
<td>Competition - retail banks for mass affluent market, individual advisors for UHNWs</td>
</tr>
<tr>
<td>Choice but changing customer behaviour creating fee pressure</td>
</tr>
<tr>
<td>Shortage of holistic relevant customer data</td>
</tr>
<tr>
<td>Rising wealth especially emerging market</td>
</tr>
<tr>
<td>Certain customer types (e.g. young) demanding innovation (e.g. channels)</td>
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<table>
<thead>
<tr>
<th>Value proposition</th>
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</thead>
<tbody>
<tr>
<td>360° integrated view of assets to afford best advice and service</td>
</tr>
<tr>
<td>Scalable desktop tools for retail banks to target mass affluent</td>
</tr>
<tr>
<td>Analytical capabilities to underpin customer segmentation</td>
</tr>
<tr>
<td>Channels offerings to give differentiated experience, take services to new demographics</td>
</tr>
<tr>
<td>Low cost, scalable platforms for those seeking to drive highest volumes</td>
</tr>
<tr>
<td>Tools for building truly innovative personalised products</td>
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</tbody>
</table>

**The right tools whatever the Bank’s strategy**
BI: market drivers and value proposition

**Market drivers**
- Pressure on profits highlighting need for customer analysis to identify retention and cross-selling opportunities
- Heightened competition creating need for detailed customer and market analysis to spot opportunities and react faster than competitors
- Uncertain environment and greater oversight requires more detailed and more timely management reporting
- Requirement to comply with Basell II and Basel III regulations

**Value proposition**
- Deep domain knowledge - translated into pre-packaged reports and dashboards and analytical applications
- Fully integrated with Microsoft office tools and applications – leveraging existing skills and investment
- Proven – banks have experienced up to a 15pp improvement in product pricing
- Packaged BI and Risk offerings – fast time to value and low risk to value

Domain specific, proven tools for business analytics

The Banking Software Company
<table>
<thead>
<tr>
<th>Market drivers</th>
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<tbody>
<tr>
<td>Proliferation of different channels over which to bank – multiple access devices (tablets, smartphones, etc)</td>
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<tr>
<td>Issues caused by increasing use of alternative channels – e.g. overcoming security concerns, compliance legislation</td>
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<tr>
<td>Demand for a rich, compelling and uniform customer experience across different channels and optimised for each device</td>
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<table>
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<tbody>
<tr>
<td>Ability to build one UI and deploy across multiple channels, products, users, languages and devices – 5-fold improvement in productivity and consistency and enabling business agility</td>
</tr>
<tr>
<td>Ability of business analysts and web designers to work independently of architects – speeding up time to market</td>
</tr>
<tr>
<td>Market-leading banking functionality coupled with market-leading UXP - functions and integrated data to foster richest user experience</td>
</tr>
</tbody>
</table>

A new approach to a generational shift in technology and customer behaviour
Selected Roadmaps

**Core banking**
- Advanced relationship-based pricing
- Supply Chain Finance
  - Advanced Islamic functionality
  - Advanced loan collections & leasing

**Wealth**
- Wealth client and professional users tablets
- Front and back end process integration
- Smart order entry and pre-trade compliance
- FATCA withholdings and reporting

**BI**
- Improved Customer analytics
- Basel III reporting
  - Operational Intelligence
    - Cloud & Mobile BI

**Channels**
- LiveDesigner browser-based presentation editor
- Model internet bank offering
  - Tablet apps for relationship Managers
  - Integration of PFM into retail customer channels

**Investing across the verticals**
Agenda

A product company

Architecture

Leveraging product

Our four key markets

Temenos Connect demo
What is a User Experience Platform?

DEVICE  LANGUAGE  BRAND  TARGETED  USERS  SOCIAL

“User Experience Platform”

Banking & non-banking capabilities

A new approach to a generational shift in technology and customer behaviour
Demo – Temenos Connect
Product summary

Building products – we have a great track record
Acquiring products – we know what to buy and we know how to integrate

Core Banking – Clear leadership position
PWM – Clear leadership position
Channels – Acquisition of Edge has allowed us to leapfrog the competition
Business Intelligence – deep domain knowledge / great out of the box functionality

Largest opportunities – Architecture means we are well placed to lead
Smallest opportunities – Cloud and models position us for scale and profitability

The products and vision to extend our lead
Thank you
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Services and Partners – Mike Davis and Mike Head
27 February 2013
Agenda

Services

Partners
The services business today

89 go-lives, serving 59m end customers, processing 4bn banking transactions a year

161,000 days of consultancy, to over 200 customers

Partners involved in 80% of Temenos projects

Margin improvement

Forrester Wave highest score for Services vs Competitors
Services strategy for a product company

**Highest levels of execution**
- Reducing implementation times
- Delivery excellence
- Referenceability
- Rich methodologies and model banks

**Regional delivery**
- Accountability within the regions
- Global support remains

**Supportive partner model**
- Implementation focussed
- Lead generation
- Temenos governance on all partner projects

**Higher value / higher margin offering**
- Training and Expert services
- Productised services

Delivering customer success
Regional ownership

Regional ownership & accountability

Central support & governance

Europe  Americas  Asia  MEA

Governance
Productised services
Expert services

Delivered by the regions with central support
Productised services

- Sold like a product
- Repeatable, predictable, proven
- Delivering expertise and added value
- Licence sales enablers
- Demonstrable value for clients
- Education: key growth area delivered through multiple channels

High impact, high value, high margin services
Examples of productised services

Performance Healthcheck

- Benefit to all clients using all products
- Short engagement – circa 2 weeks
- Significant improvements– e.g. COB 40% quicker

Rapid Temenos Mobile
Temenos Mobile in 100 days

- Controlled scope for streamlined delivery
- Dedicated Centre of Excellence
- Close to product – easy to extend and support

**COMMERZBANK**

“We are extremely satisfied.....massive improvement in quarter end COB which we did not expect...am happy to recommend”

Higher value add; higher margin
Highest levels of execution

Average implementation times are falling

Model Bank....TIM....Country platforms....Partners....Integration framework

Continual enhancement

Risk reduction

Product centricity

Customer success

Implementation time - months

2008 2009 2010 2011 2012 2013

Average implementation times are falling
Financial impact

Services reducing as % of group revenue

Changing mix of services revenues in the medium term
• increasing % of high-value services
• falling % of revenue from implementations

Returning services to profitability
• increasing % of high margin services
• reduced cost base
• fixed cost base which could support larger business

Higher margin, less dependent on licencing

Temenos
The Banking Software Company
Agenda

- Services

- Partners
What is a partnership?

Partnerships are built on trust.
Aligning with partners to maximise impact

Technology partner

- IBM
- Oracle
- HP

Complementary solution partner

- ActivIdentity
- AutoFORM LaserNet
- FRSGlobal
- Syntellect
- Validata
- Systar
- Fiorano

Services partners

- Deloitte
- Wipro
- HP
- Cognizant
- Capgemini
- CGI
- Accenture
- IBM

Powered by Temenos

- Verisim
- Fortress Data Services
- CUplus
- Wipro
- LUUP
- Rubik
Partners in numbers

Licences brought by partners vs no. of partner consultants

- **14%** of licence revenue in 2012
- **18 deals** in 2012 across Asia, Middle East, Africa and Europe
- Partners involved in projects as of start of 2013 – **70+**

A sizeable ecosystem delivering results
Update on service partners

ASP & Hosting interest growing
• Fortress Data Services - 6 clients, 2 live, < 18 months from start
• 3 major partners looking at private wealth ASP

New products & new markets
• Edge – CGI, Accenture, Deloitte and Cognizant for banking & beyond

Customer specific development open to selected qualified partners

Larger projects attracting attention of global partners
• E.g. Nordea – driven by Deloitte; attracting attention from major consultancies

Implementation partners gaining in maturity
Lifecycle of a partner

1. Staff augmentation
   - Appoint Temenos sales staff
   - Deliver full projects
   - Appoint more Temenos sales staff
   - Move into new Temenos product areas

Success generates its own momentum
Technology partners

- PureFlex performance test (IBM, TAFJ and TAFC)
- TAFJ system z (mainframe) benchmark

- exalogic / exadata performance test (1,770 tps) multi node Oracle RAC
- Oracle Data Appliance for smaller customers

- Windows Azure performance & scalability test
- Extension of MCB on Azure to Africa

- POC of Temenos in the Cloud

Technology focus on scalability & testing
Scaling the programme

Regions
- Active inclusion of partners in the territory
- Execution of sales targets
- Governance on ALL partner projects in the region
- Proposal of new partners & resellers

Corporate
- Development and support of new initiatives for partners
- Approval of new partners & removal of non performers
- Corporate partner marketing
- Partner training and certification

More responsibilities devolved to regions to scale programme
Taking the programme to the next level

USD1bn

The value of services opportunity around Temenos applications

Generate sales, deliver growth in key geographies and segments

Revenue opportunity

Self-sustaining

People Investment
• Consultants
• Pre-sales

Partners moving from implementation support to sales channel
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Winning with products in a multi-speed world
Financials – Max Chuard, CFO
27 February 2013
## Q4 and FY KPIs

<table>
<thead>
<tr>
<th>LFL licence revenue</th>
<th>LFL total revenue</th>
</tr>
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<tbody>
<tr>
<td>Q4 up 17% FY down 14%</td>
<td>Q4 up 5% FY down 3%</td>
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<table>
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<tr>
<th>Adjusted EBITDA (and margin)</th>
<th>Adjusted EPS</th>
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<tbody>
<tr>
<td>Q4 up 36% (margin up 9.4% pts) FY up 3% (margin up 2.0% pts)</td>
<td>Q4 up 103% FY up 1.1%</td>
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<table>
<thead>
<tr>
<th>Cash</th>
<th>Leverage</th>
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<tbody>
<tr>
<td>USD 114m of operating cash flow in Q4 102% conversion for the FY</td>
<td>USD 97m of free cash flow in Q4 1x as at Dec 2012</td>
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</table>

Strong Q4 licence growth; cost control drives margin expansion
H2 2012

✓ Licence momentum
✓ Regional structure reintroduced
✓ Cost base right-sized
✓ Services structure simplified
✓ Role of partners clarified, programme reinvigorated
✓ Growth restored

Returned to growth
2013 guidance

Non-IFRS revenue growth of 2.5% to 5.5% (implying revenue of USD 462m to USD 475m)*

Licence growth of 5% to 10% (implying licence revenue of USD 131m to USD 138m)*

Non-IFRS cost base of USD 360m reaffirmed with non-IFRS EBIT margin of 22.0% to 23.5% (implying non-IFRS EBIT of USD 102m to USD 112m)*

100%+ conversion of EBITDA into operating cashflow

Tax rate of 17% to 18%

* At constant currency – assumptions in Appendix
See Appendix for definition of non-IFRS

Licence and revenue growth in 2013 with significant improvement in margins
Medium term targets

Non-IFRS revenue growth of 5%+ pa with
• Licence growth of 10%+ pa
• Services contributing 20% to 25% of group revenue and be profitable

Non-IFRS EBIT margin improvement of 100 to 150bps on average pa

Cash conversion over 100% pa

DSOs reducing by 10 to 15 days pa

Tax rate of 17% to 18%

Significant value creation for shareholders
Revenue

Licence
• Single digit growth in Core Banking; double digit growth in PWM, BI and Channels
• Single digit growth in Europe; double digit growth in other geographies
• Capitalising on cross-selling opportunities into the installed base
• Leveraging the partner channel to capture new markets

Maintenance
• Resilience of maintenance with 97% renewal rate

Services
• To contribute 20% to 25% of total revenues

Revenue growth of 5%+; Licence growth of 10%+
Cost base

Cost breakdown

- Cost of services falling as % of revenue: focus on higher end services and leveraging fixed costs
- R&D falling as % of revenue (although increasing in actual amounts): exploiting scale synergies and productivity improvements
- G&A falling as % of revenue: leveraging fixed costs of running an already global business
- S&M rising as % of revenue: improving productivity coupled with significant investment drives licencing growth

S&M benefitting from leveraging cost of services, G&A and R&D
Margin

100-150bps of margin expansion on average per annum in the medium term

Margin improvement to be driven by
• shift in revenue mix
• improving services margin
• economies of scale

Investment will be monitored and released as we deliver licence growth, meaning that incremental maintenance revenue will entirely contribute to margin expansion

Significant margin expansion
100%+ conversion of EBITDA into operating cashflow underpinned by quality of earnings

10 to 15 days reduction in DSOs per annum driven by
- reducing implementation time
- higher proportion of sales to existing customers (i.e. cross selling opportunity to drive better terms)
- continued expansion of partner programme

Significant growth in operating cash, coupled with an efficient tax and financing structure, to drive free cashflow

Net debt / EBITDA of 1.0x to 1.5x optimal with flexibility to increase for acquisitions if clear path to deleveraging

Strength of cashflows and balance sheet to support business objectives
Dividend

Temenos is highly cash generative with a strong balance sheet which enables
• servicing of our debt obligations; and
• investment in the business, including industry leading R&D spend; and
• funding for targeted acquisitions; and
• returning value to shareholders

The Board intends to initiate regular dividend payments

Subject to shareholder approval at the AGM on 24 May 2013, Temenos intends to pay an initial annual dividend of CHF 0.28 (c.USD 0.30) on 31 May 2013. The dividend record date will be set on 30 May 2013 with the shares trading ex-dividend on 28 May 2013

Temenos policy is to distribute a sustainable to growing dividend

Dividend reflects maturity of the business
Winning with products in a multi-speed world

Wrap up - David Arnott, CEO
27 February 2013
Why targets are achievable

✓ Already made the investment in our asset base

✓ Regional model – the right people already in the right place

✓ Lower cost base already locked-in

✓ Services moving to higher value, higher margin business

✓ Massive market opportunity

Targets built on continuing to do more of the same
Key takeaways

In H2 2012 we laid the foundations for sustained growth

Addressing a USD26bn market opportunity, underpinned by structural growth drivers

Strategy builds on sound fundamentals and capitalises on strong product assets and installed base opportunity

We are a true multi-product company with compelling value proposition and roadmap

We are clear on services role in product business, the route to even better customer success

Partner programme maturing, partners becoming significant complementary sales channel

Revenue growth and operational leverage drive strong earnings and cash over medium term

Strong fundamentals & clear strategy to deliver significant shareholder returns
Thank you

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