Market leadership through Product Innovation
1. We have the best track record for innovation
2. We are extending our product leadership
3. Our evolving architecture opens new markets
4. We have the right team to deliver the roadmap
The Strongest Record on Innovation

Higher R&D (> $600m) *

Superior Innovation

A long line of pioneering advances in Core banking

- Windows GUI
- SOA
- XML
- 24/7
- Models
- BI
- Cloud
- Apps


Platforms ARC AA

*to end of September 2011, Temenos had spent $607m on R&D
## Temenos’ Competitive Advantage

<table>
<thead>
<tr>
<th>Only Temenos delivers this</th>
</tr>
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<tbody>
<tr>
<td><strong>Flexible, configurable system built on open architecture</strong></td>
</tr>
<tr>
<td><strong>Packaged front to back integrated suite with best of breed components</strong></td>
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<tr>
<td><strong>Greatest functional breadth</strong></td>
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<tr>
<td><strong>Platform independence</strong></td>
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<tr>
<td><strong>Best practice Model Bank with Country-specific configurations out of box</strong></td>
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<tr>
<td><strong>Banking 24 X 7 processing</strong></td>
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<tr>
<td><strong>Powerful product building tools via Temenos Arrangement Architecture</strong></td>
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</table>
Traditionally banking solutions contain product silos. Functionality and product features exist within their silos. It takes too long and costs too much. Innovation is difficult.
### Arrangement Architecture – Game changing products

Product design and servicing become enterprise level functions
Business feature / functions are encapsulated in a set of re-usable product components

#### Product Design & Definition

#### Product Components

<table>
<thead>
<tr>
<th>Customer</th>
<th>Officer</th>
<th>Limit</th>
<th>Account</th>
<th>Accounting</th>
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<tr>
<td>Attributes</td>
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<table>
<thead>
<tr>
<th>Activity Restriction</th>
<th>Activity Mapping</th>
<th>Activity Presentation</th>
<th>Activity Messaging</th>
<th>Activity API</th>
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<table>
<thead>
<tr>
<th>Term Amount</th>
<th>Payment Schedule</th>
<th>Payment Rules</th>
<th>Overdue</th>
<th>Payoff</th>
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<tbody>
<tr>
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<tr>
<th>Interest</th>
<th>Charge</th>
<th>Activity Charge</th>
<th>Payout Rules</th>
<th>Periodic Charges</th>
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<table>
<thead>
<tr>
<th>Change Product</th>
<th>Closure</th>
<th>Alerts</th>
<th>Settlement</th>
<th>Tax</th>
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<tr>
<th>Availability</th>
<th>Interest Compensation</th>
<th>Bundle</th>
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**The Banking Software Company**
Arrangement Architecture – Game changing products

Different products can be constructed by combining existing components.
Banks can define product hierarchies with product groups and families. New products can be launched simply and quickly using the hierarchy.
One consolidated system to serve all lines of business

The value proposition for Tier 3 & 4

- Fast time to market
- Low maintenance comprehensive product catalog
- Low TCO

Only the components you need, when you need them

The value proposition for Tier 1 & 2

- Phased renovation – no 'big bang' cutover
- Vertical renovation
- Horizontal renovation
Leadership Through Constant Innovation

To-date

- AA underpinning product innovation across the Roadmap
- Enterprise Architecture
- Complete componentisation

Together enabling independent component releases – game-changing banking applications

Mid-term

Competitive Advantage for our Customers
We are evolving the architecture of the product
We are evolving the architecture of the product
We are evolving the architecture of the product
We are evolving the architecture of the product

Component Framework

Interaction Framework

Integration Framework

Banking App Store

Component Banking
Evolving the Architecture

- Improving the customer experience
- Increasing the potential market
- Reporting
- Transactions
- Model

Enterprise Interaction Framework

User Agents

Enterprise Platform Framework

Leveraging the platform

Design Studio

cloud

grid

appliance

The Banking Software Company
1. We have the best track record for innovation
2. We are extending our product leadership
3. Our evolving architecture opens new markets
4. We have the right team to deliver the roadmap
Customer centricity drives our growth
1. Driving revenue from our customer base
2. Taking services to the next level
3. Ensuring our sales engine delivers growth target
Driving revenue from our customer base

- **Provide solutions for today’s environment**
  - Temenos Insight – BI market $7.8bn, 7% growth
  - Temenos Wealth Manager – $3.8bn, 8% growth

- **Invest in sales and marketing to the base**
  - Increase Account Management focus
  - Inside Sales – drive 20% increase in leads
  - Targeted Installed Base Campaigns

- **Understand our changing customer needs**
  - Align around customer markets - PBG
  - Focus on banking growth sectors eg Retail

Opportunity to increase revenue from the base from 46% to >55%
Taking services to the next level

Organise around the customer
Create one single customer group – CSG
New executive leadership

Make customer satisfaction a key metric
Invest in external customer sat programme
Achieve best in class NPS score

Expand services and support offerings
Temenos 24DWM – 24 days, weeks, months
Create portfolio of 3 premium support offerings

Focus on customer centricity will drive growth
Ensuring our sales engine delivers growth target

- Increase productivity and predictability: Deploy new sales methodology and tooling. Multi-product sales strategy to increase deal size.
- Reallocate investment to sales and marketing: Move to best in class levels. Bias in investment over three years to S&M. Increase coverage through more partners.
- More feet on the right streets: Share of revenue from Asia & Americas to >40%. Share of revenue from Tier 1/2 to >25%. Partners to deliver 15-20% of revenue.

Investment in sales and marketing will underpin consistent growth.
Partner remains key driving force

Temenos and IBM announce deepening relationship

GENEVA, Switzerland – 1st December 2011 - Temenos (SIX: TEMN) the market leading provider of banking software and IBM today announce an agreement under which IBM will provide consulting and integration services and software and hardware resources for Temenos implementations. Building on an 11 year technology collaboration, this new agreement combines IBM’s deep industry expertise in complex, large scale transformation programmes with Temenos’ proven, market leading solutions. This will benefit joint clients such as Industrial Bank of Korea, and Marfin Bank by providing them with the collective local market insight and regulatory understanding of the two companies’, combined with a consistent level of service both within and across markets.

Highest scalability results to date; confirms high performance, low TCO technology option for large banks

GENEVA — 18 November 2011 —Temenos (SIX: TEMN), a global provider of banking software, today showcased record-breaking results of a TEMENOS T24 (T24) performance benchmark, proving scale of support and cost efficiency for large banks. Conducted in September 2011, at the Microsoft Platform Adoption Center in Redmond, Washington, the tests measured the high-end performance and scalability of T24 R12 on a pre-release version of Microsoft SQL Server 2012. The standardised benchmark reflected tier 1 retail banking activity volumes of 25 million accounts, 15 million customers across 2,000 branches.

We continue to grow and strengthen our partner ecosystem
1. Driving revenue from our customer base
2. Taking services to the next level
3. Ensuring our sales engine delivers growth target
Mid-term financial goals
We are outlining mid-term financials goals.

We are moving cost structure towards benchmarks.

We commit to significant margin improvement and cash flow generation.
Mid-term Goals

1. Return to 10-15% annual licence growth
2. Restore Services to double-digit margins
3. Keep Services Contribution to c.25% of total revenues
4. Increase Adj. EBIT margins by 100-150bps on average p.a.
5. Maintain 100% conversion of EBITDA into Cash from Ops

We aim for steady and sustainable growth
### Moving cost structure towards benchmark

<table>
<thead>
<tr>
<th>Category</th>
<th>LTM*</th>
<th>Direction</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;M</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>R&amp;D</td>
<td>22%</td>
<td></td>
</tr>
<tr>
<td>G&amp;A</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td>27%</td>
<td></td>
</tr>
<tr>
<td>Total Costs</td>
<td>79%</td>
<td>Leading to substantial margin improvement</td>
</tr>
</tbody>
</table>

* Adjusted cost represented as % of total revenues in the Last Twelve Months

We will move towards benchmark cost structure with costs shifting towards sales and marketing.
## Margin and Cashflow Goals

<table>
<thead>
<tr>
<th>Committed to 100-150bps average annual margin improvements delivered by cumulative incremental maintenance revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth initiatives to be funded through rebalancing our investments until markets are less volatile</td>
</tr>
<tr>
<td>DSOs will continue to decline over the medium term through improving cash payment terms and reducing project implementation times</td>
</tr>
<tr>
<td>Margin expansion coupled with DSO reduction will maintain operating cashflow at least at 100% of EBITDA for the medium term</td>
</tr>
<tr>
<td>Strong operating cashflow generation, coupled with an efficient tax and financing structure, will drive strong cashflow growth over the medium term</td>
</tr>
<tr>
<td>Cashflow to be used to pay down debt, finance acquisitions, or return to shareholders through a buyback programme</td>
</tr>
</tbody>
</table>

**Significant margin improvement and cashflow generation expected over medium term**
1. Our market supports sustainable, mid-term growth

2. Our value proposition answers the industry’s challenges

3. We have the strategy to extend our leadership

4. We are outlining mid-term financial goals and have the right team to deliver
Q&A