



Winning with products in a multi-speed world

Fixed income roadshow

March 2013

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 this meeting represent the company's estimates as of March 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 March 2013.



Investor highlights

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 returns



Agenda

Overview of Temenos

The market opportunity

Our credentials

Our strategic plan

Financials



Temenos – a global market leader

No.1

World's leading banking software company

- 1,200+ installations in 140+ countries
- USD 450M revenues in 2012
- 3,700+ employees in 57 international offices



World class delivery

- 43 new customers went live in 2012
- Strength and depth: 900+ consultants, 100 concurrent projects
- Community of 1500+ certified partner consultants

Product led

- Highest level of research and development in the industry
- Regular software upgrade strategy
- Passion for standards and openness



TEMENOS

Global reach

3,700

employees

57

offices

38

countries

Americas

Canada
Costa Rica
Ecuador
Mexico
USA

Middle East & Africa

Egypt
Kenya
Lebanon
Morocco
Saudi Arabia
South Africa
UAE



Europe

Belgium
France
Germany
Greece
Kazakhstan
Luxembourg
Netherlands
Romania
Russia
Spain
Switzerland
Turkey
UK

Asia Pacific

Australia
Bangladesh
China
Hong-Kong
India
Indonesia
Japan
Malaysia
Pakistan
Singapore
Taiwan
Thailand
Vietnam

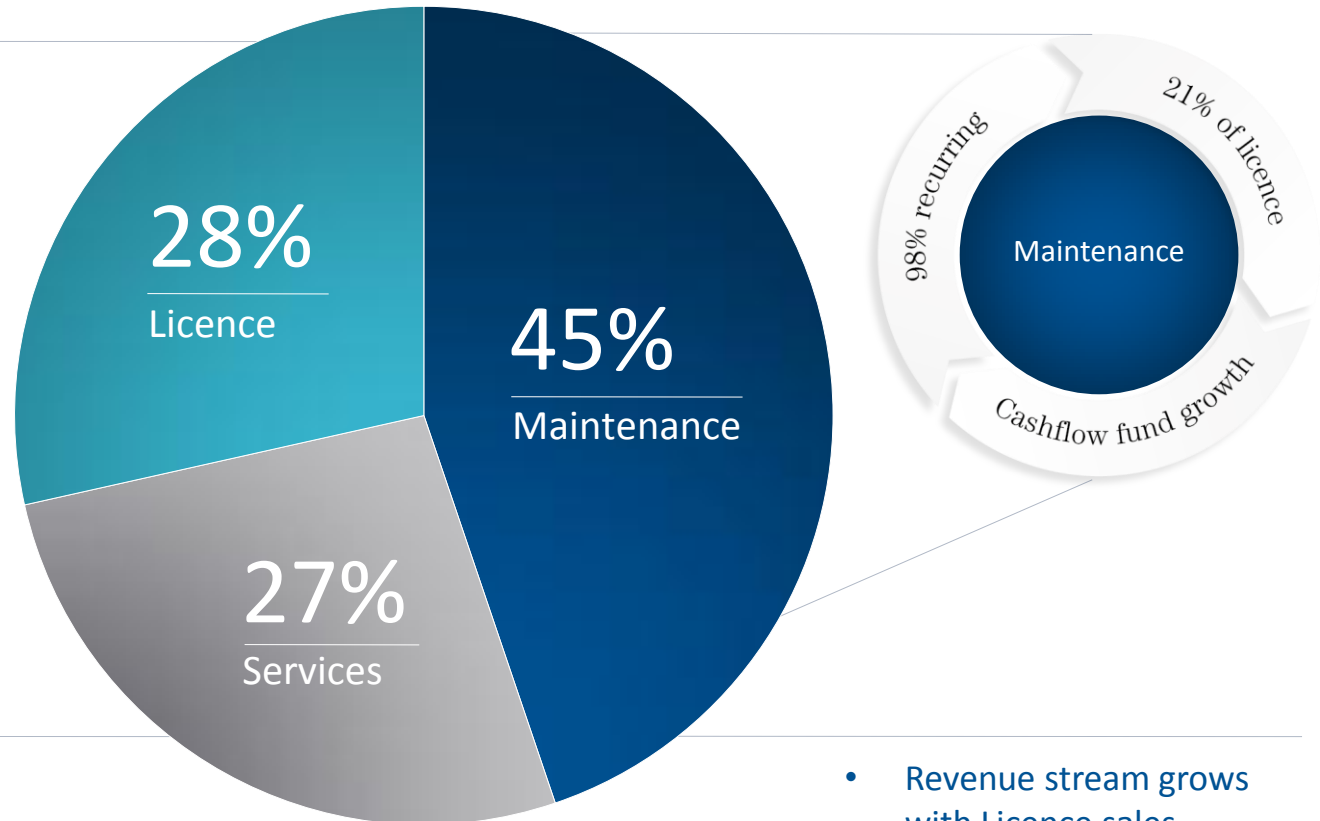
Our global network enables us to be **close to our clients, understand their requirements and deliver** solutions quickly and accurately



TEMENOS

Our revenue model: a product led company

- Rich product suite
- Regularly upgraded
- New and existing clients
- Geographic spread
- Referencability



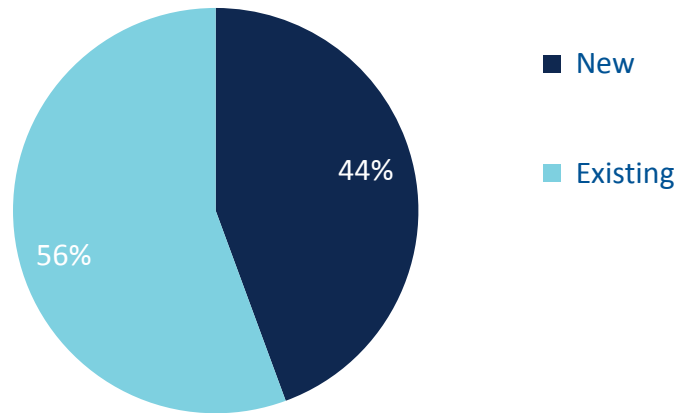
- High level consultancy
- Direct client feedback for benefit of wider business

- Revenue stream grows with Licence sales
- 5 year contracts, then renewable annually
- Paid annually in advance
- CPI indexed

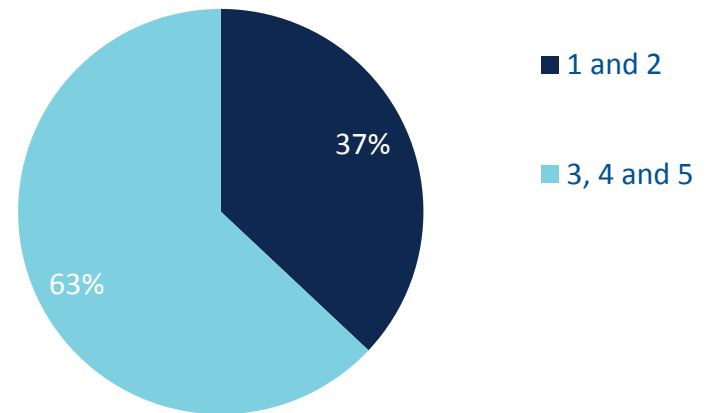


A diverse revenue base

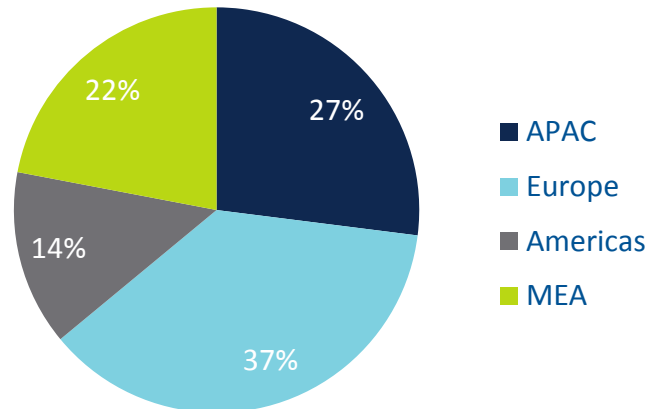
FY 2012 licence by new / existing



FY 2012 licence by customer tier



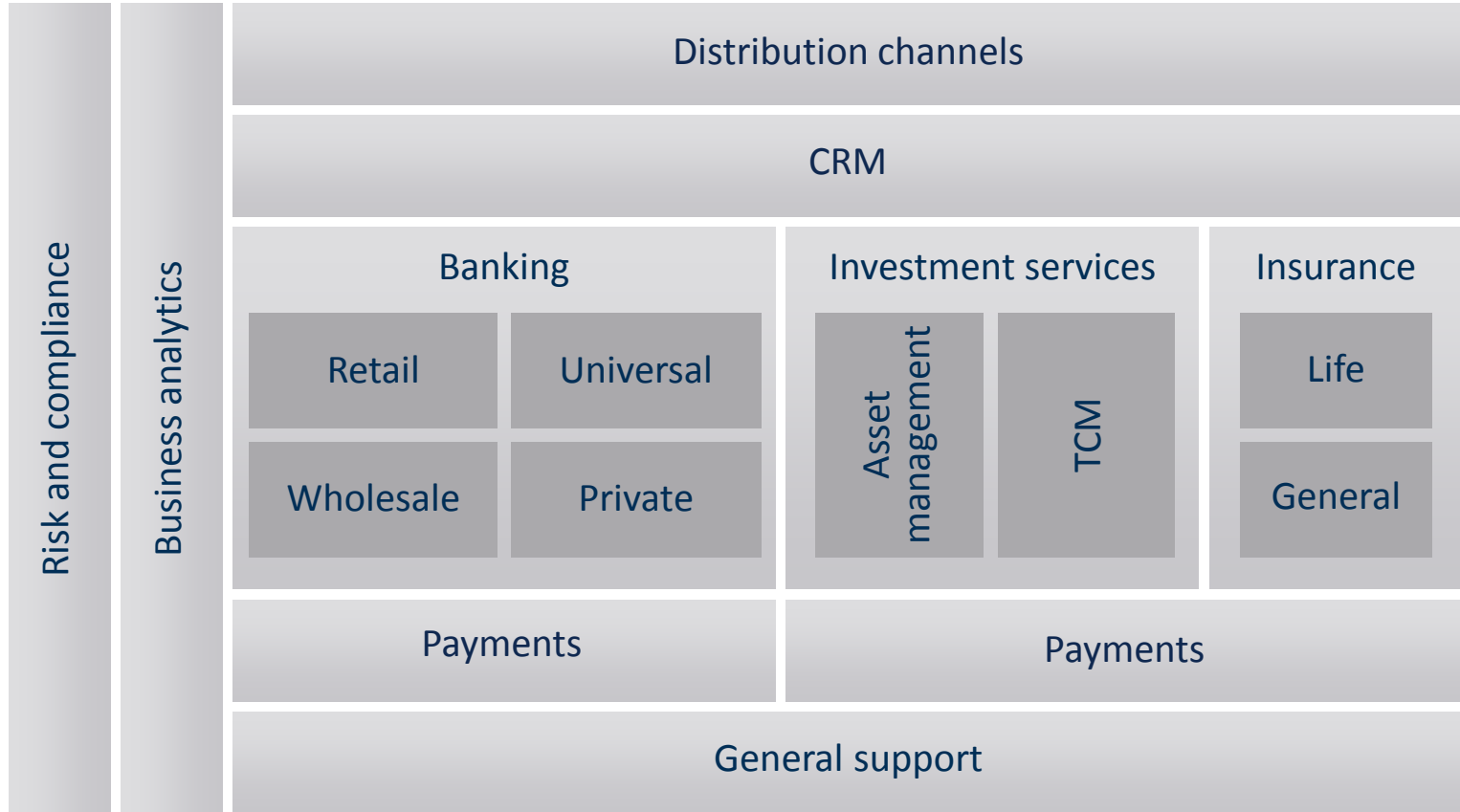
FY 2012 licence breakdown by geography



Greater stability of revenue streams

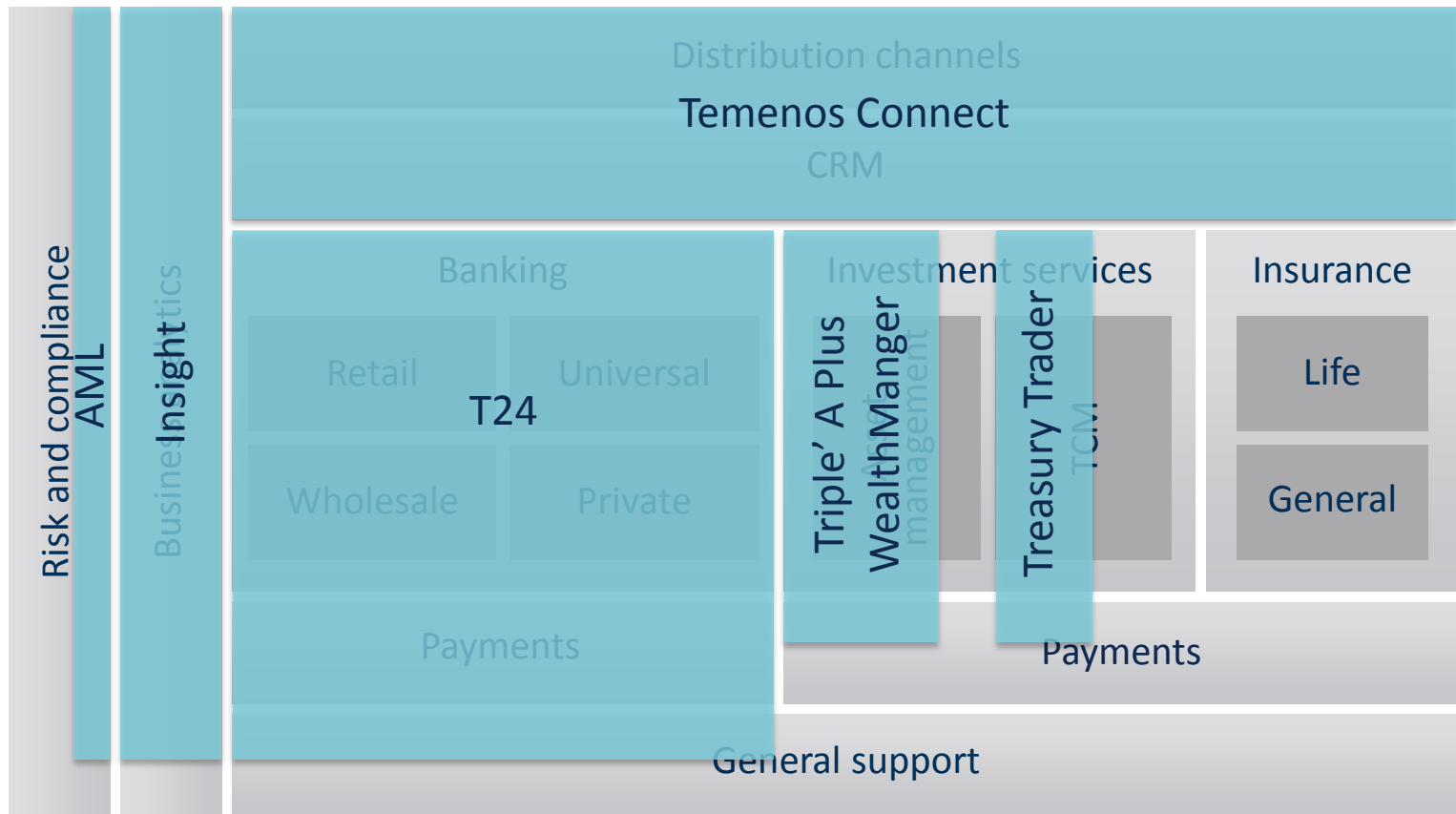


Financial services landscape



Financial services landscape

Rich product suite



Management and governance



David Arnott
CEO



Max Chuard
CFO

Central functions

Mark Winterburn
Product Director

Mark Gunning
Pre-Sales Director

Mike Davis
Services Director

Mike Head
Strategic Alliance Director

Ben Robinson
Strategy and Marketing Director

Regional Directors

Board of Directors



Andreas Andreades
Executive Chairman



Chris Pavlou
INED, Vice-Chairman



George Koukis
Non-Executive



Ian Cookson
INED



Sergio Giacometto-Roggio
INED



Thibault de Tersant
INED



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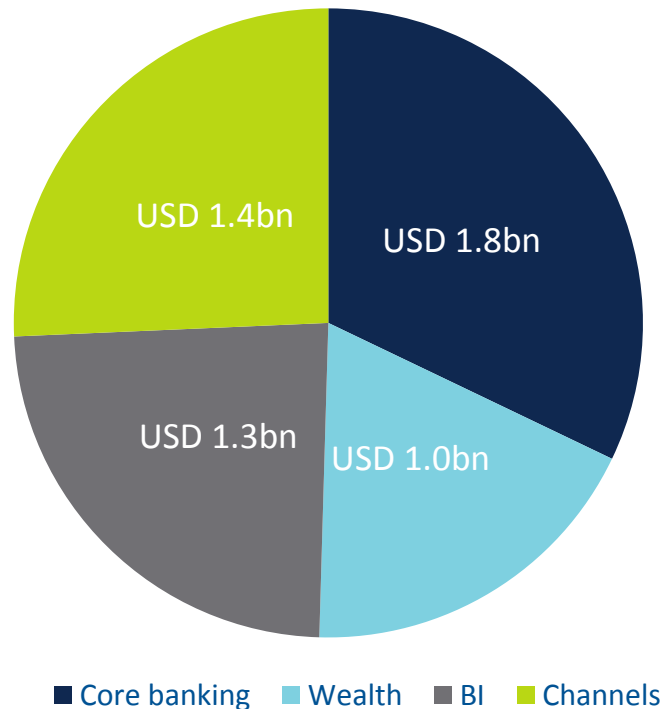
Our strategic plan

Financials



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 and cost

A newly empowered customer

More intense competition

Bank opportunities

Economic growth

Demographics

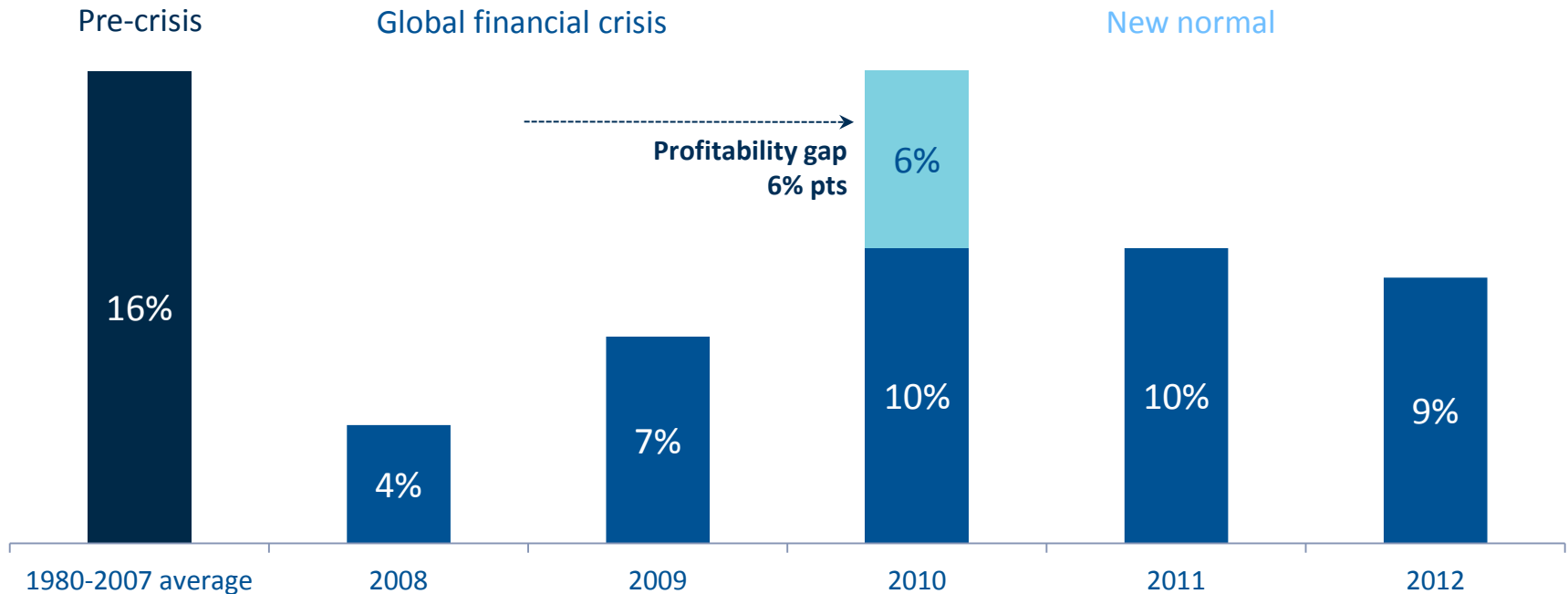
Innovation

Financial Services industry undergoing generational shift



The profitability gap

Banks RoE levels globally



Source: BCG, Thomson Reuters

Profitability pressures are structural and cannot be ignored



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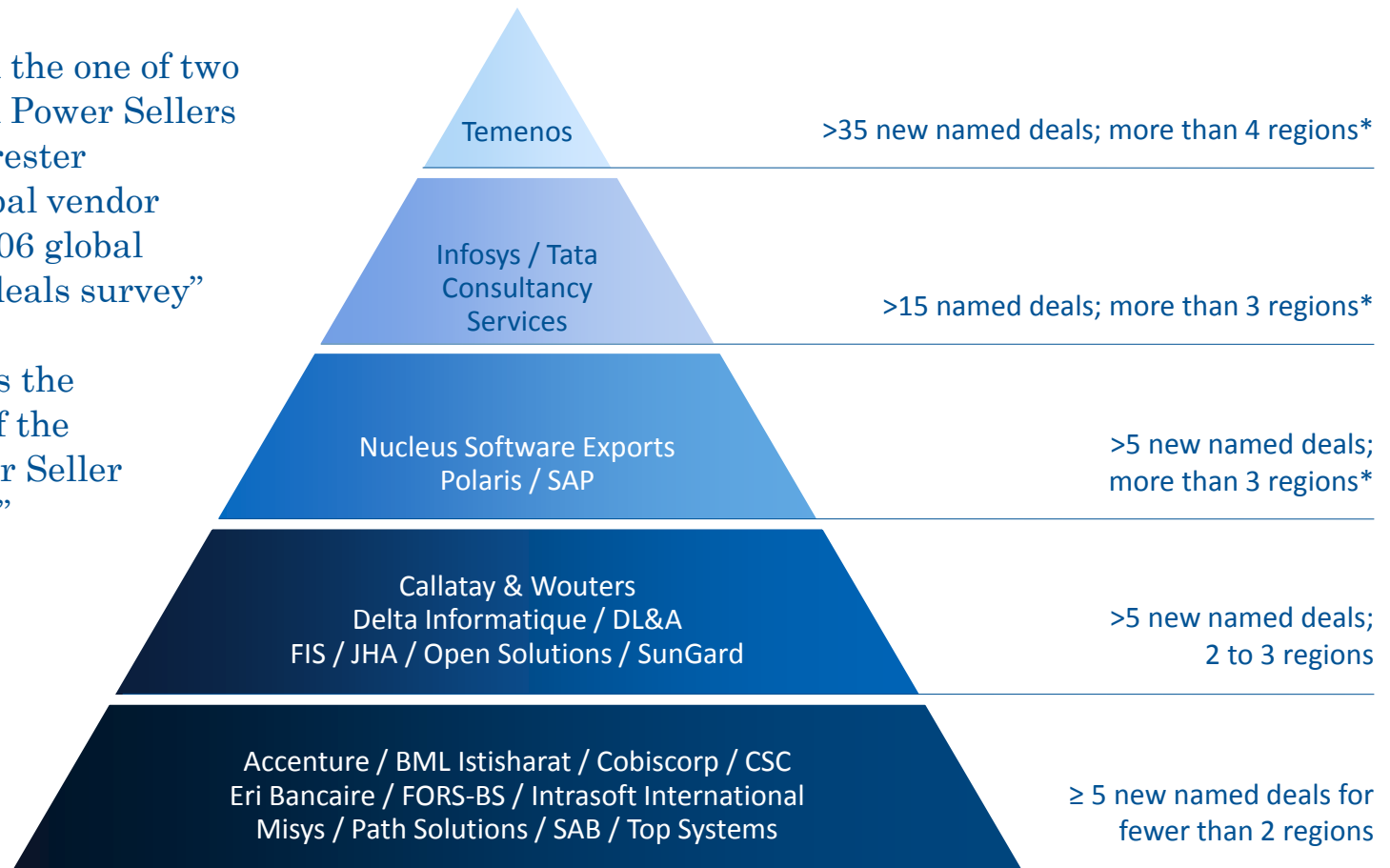
Financials



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

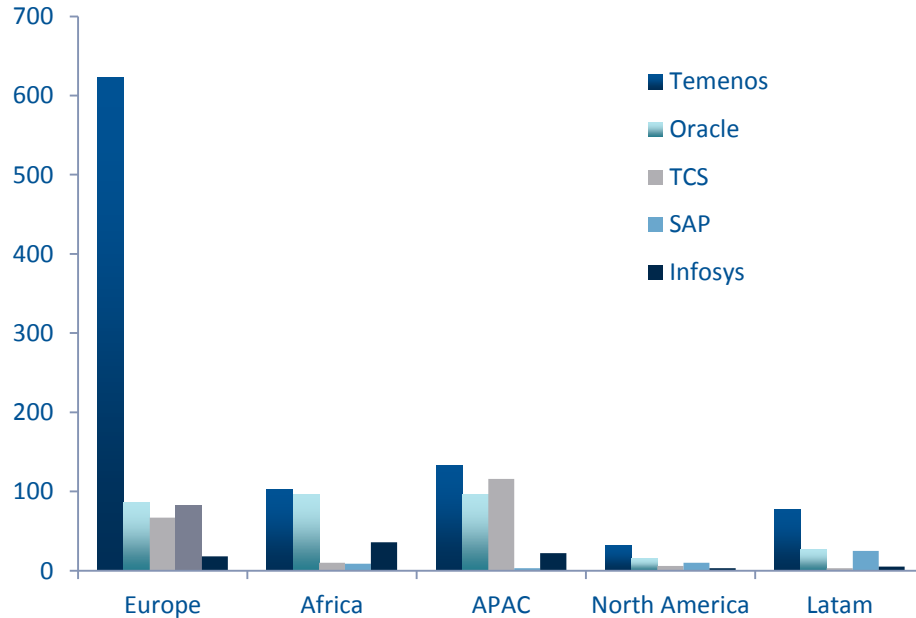
The only Global Power Seller



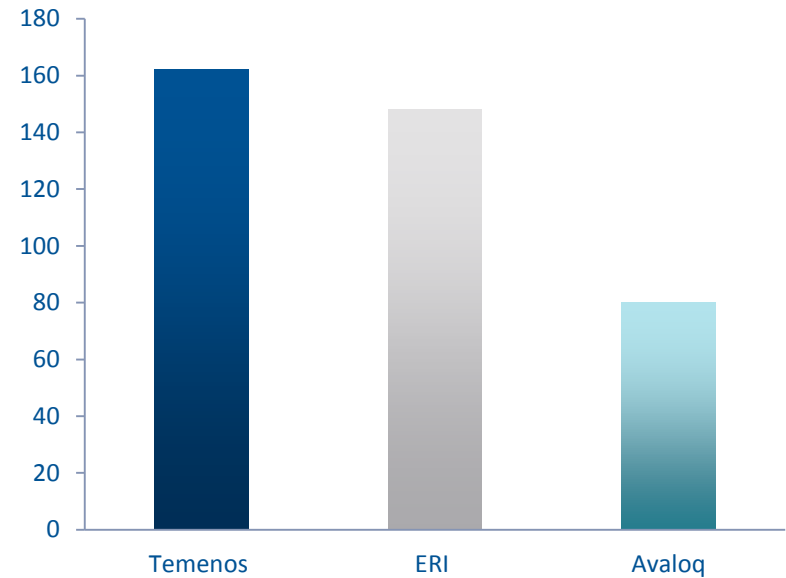
TEMENOS

The largest installed base

Core banking installed bases by region in 2012



PWM installed bases 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

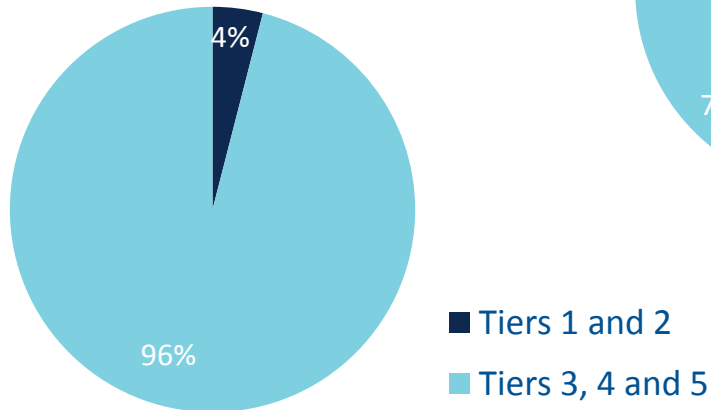
Largest customer base in all regions and across all segments



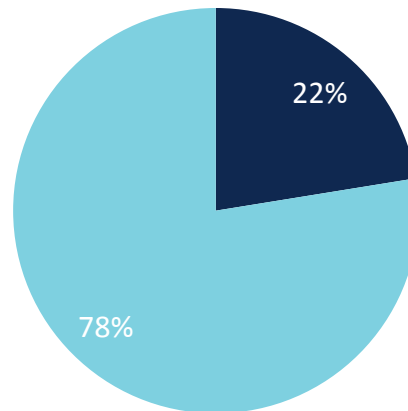
Growth in top tier customers

% of Temenos licence revenue

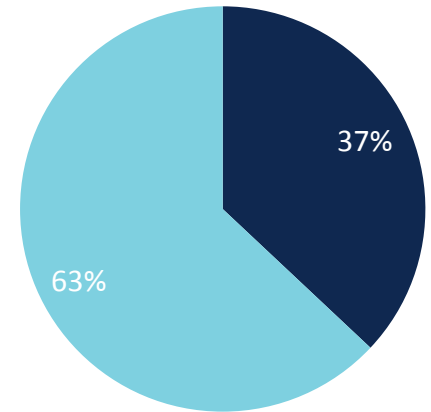
1999



2007



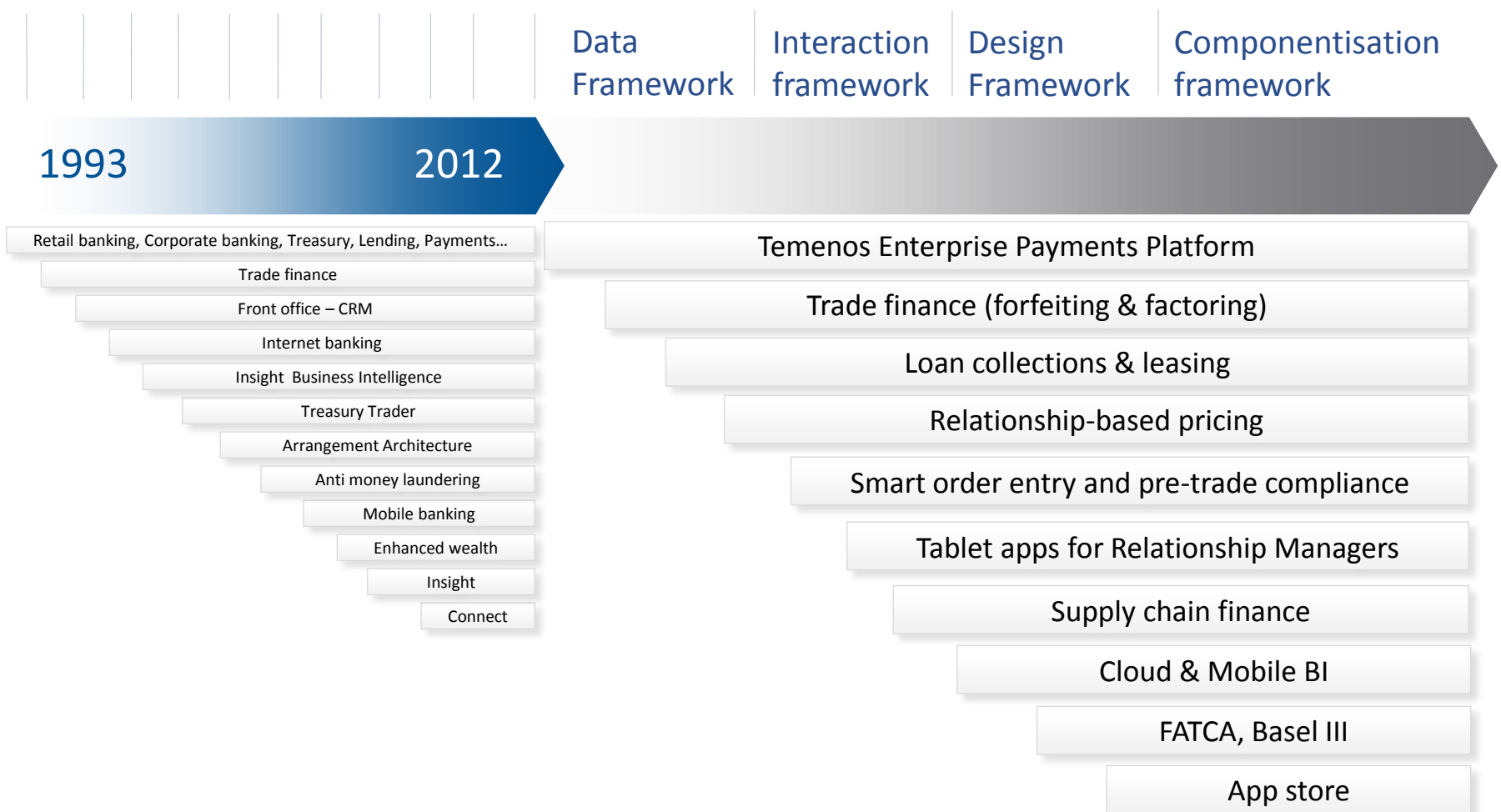
2012



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

A proud history of innovation



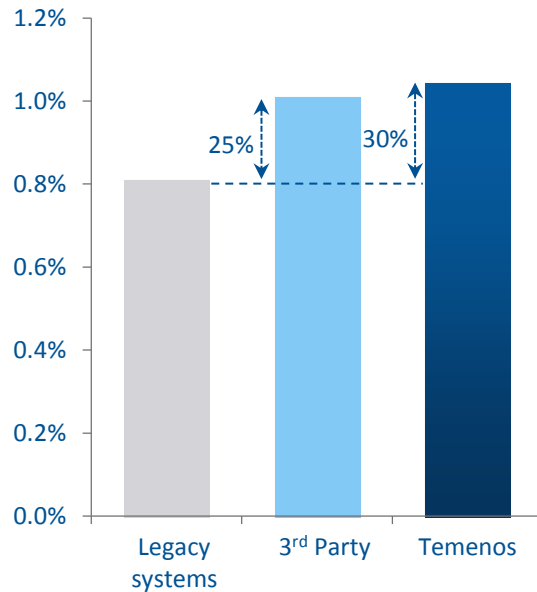
Compelling and unrivalled roadmap



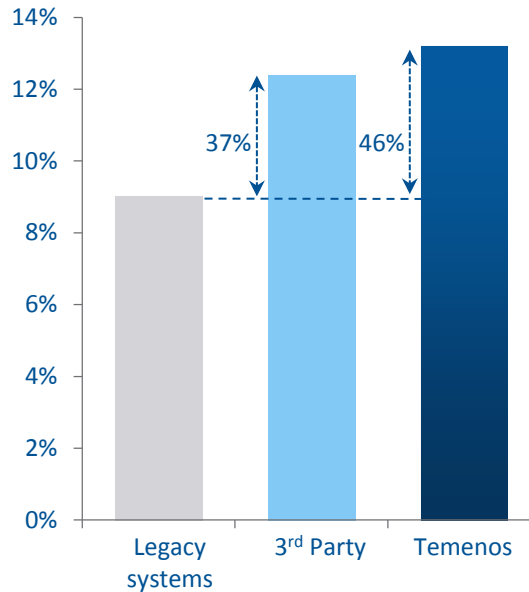
The most profitable banks run Temenos

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

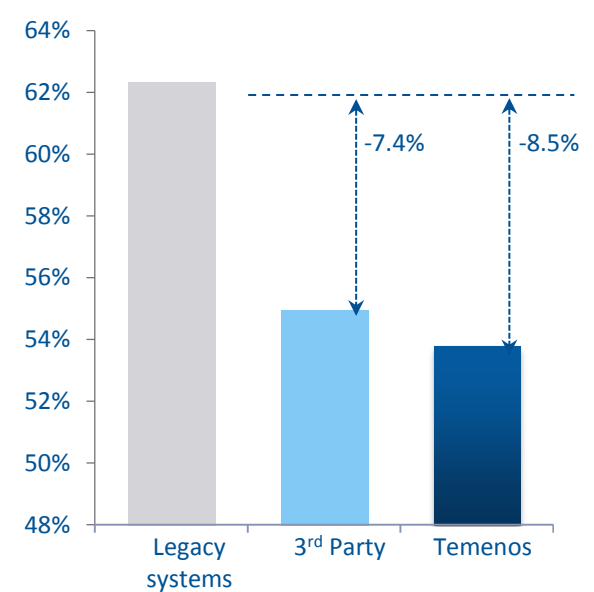
Return on assets



Return on capital



Cost / income



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

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



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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 strategic M&A
- Maturity and consistency
- Tier 1-6

16% revenue CAGR
30% adjusted EBIT CAGR

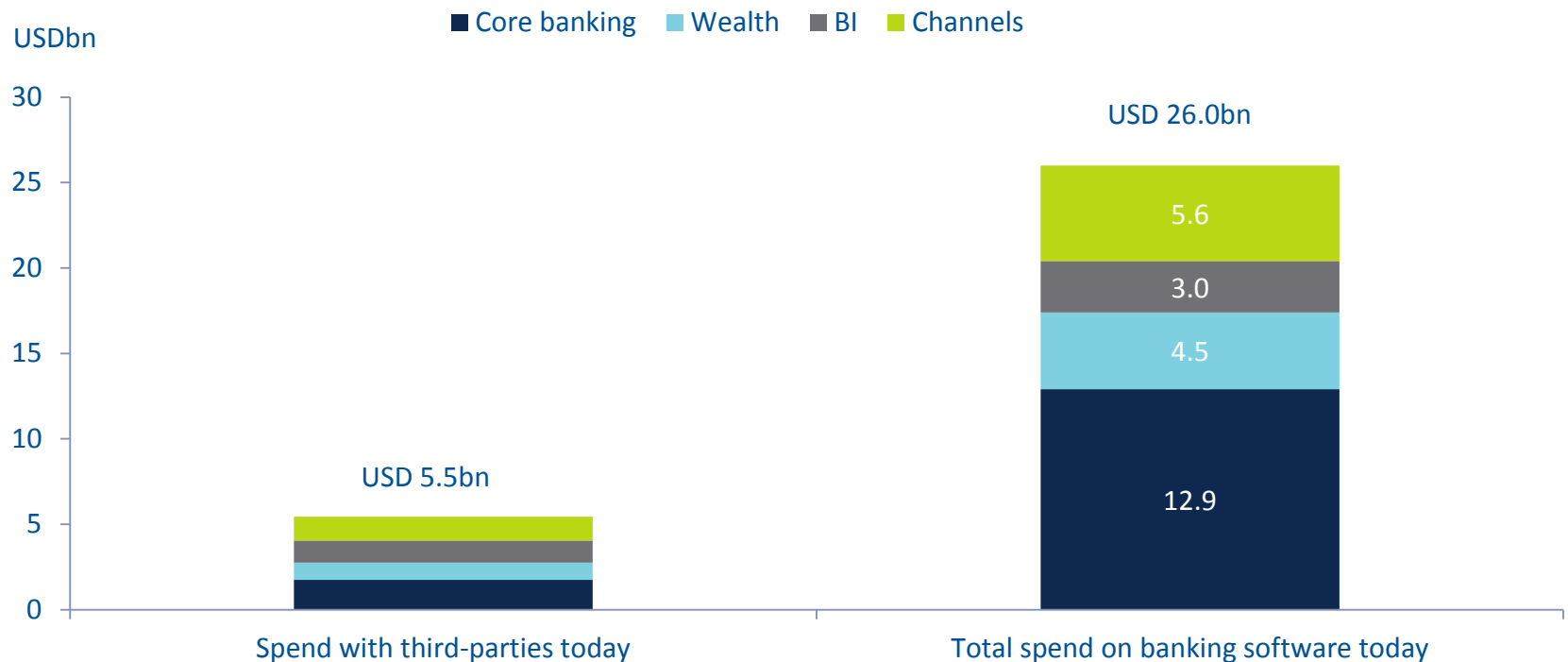
*1995 to 2001

Creating value



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

Significant cross-selling opportunity



Our strategic plan: licences and maintenance

Focus on product

Sustainably grow licence and maintenance revenues

Continued high investment in product

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

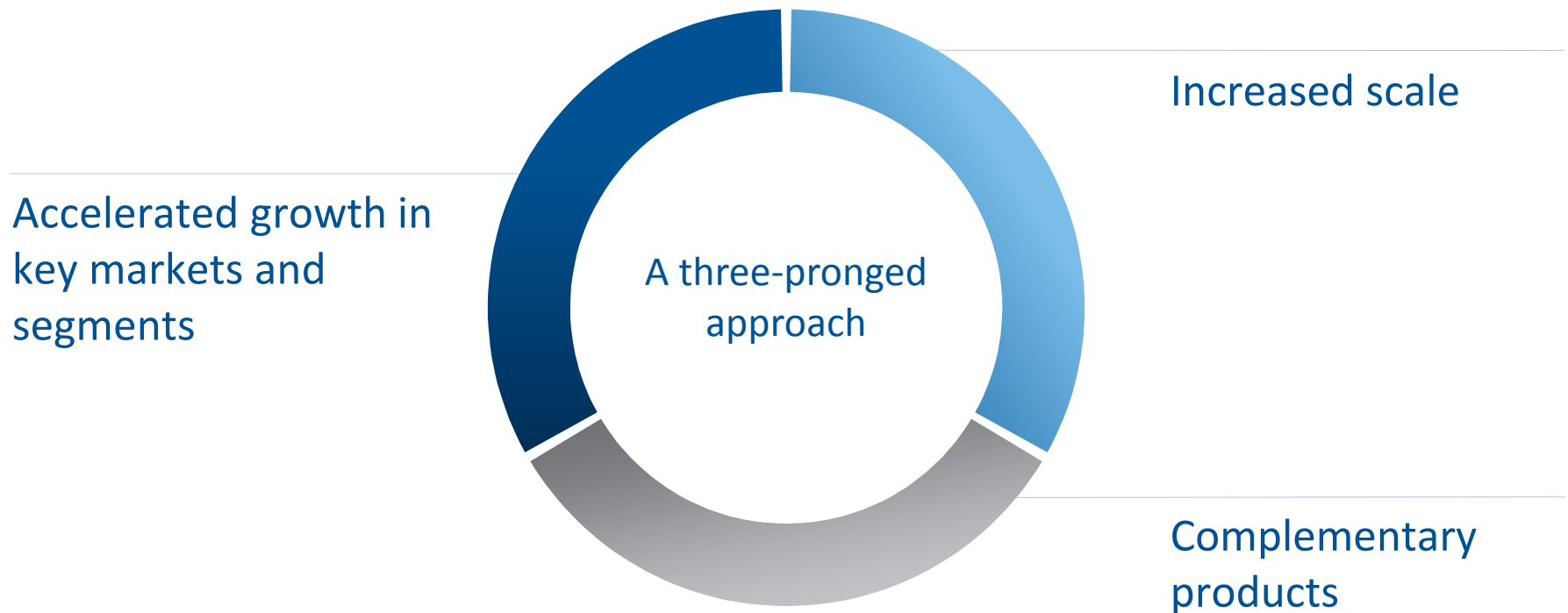
Partner strategy moving into the next phase

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

Cautious and disciplined approach to M&A



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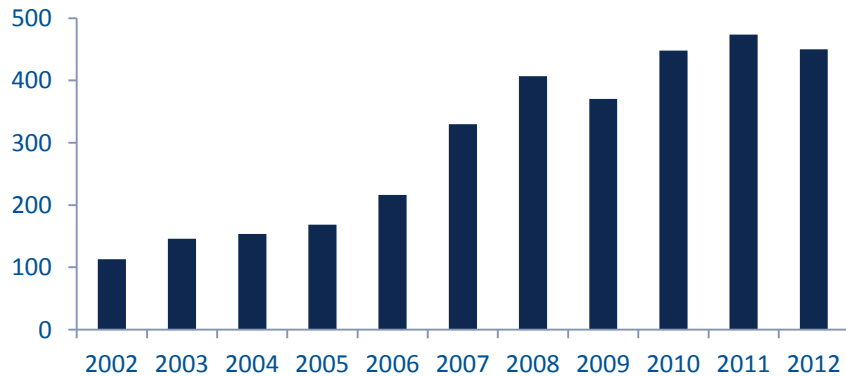
Our strategic plan

Financials

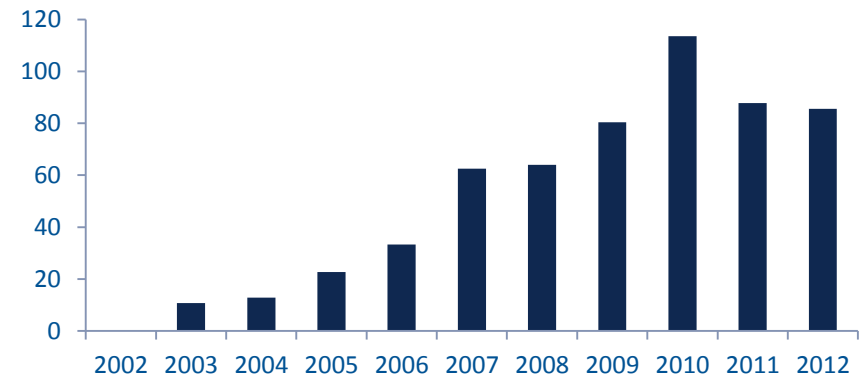


A track record of success

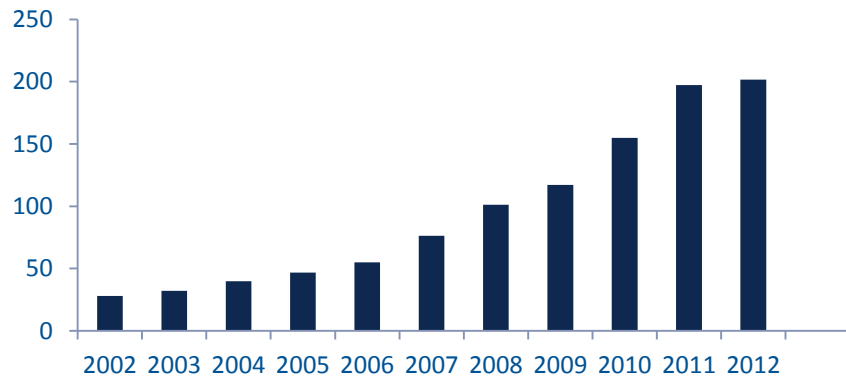
Total revenue (USDm) – 15% CAGR



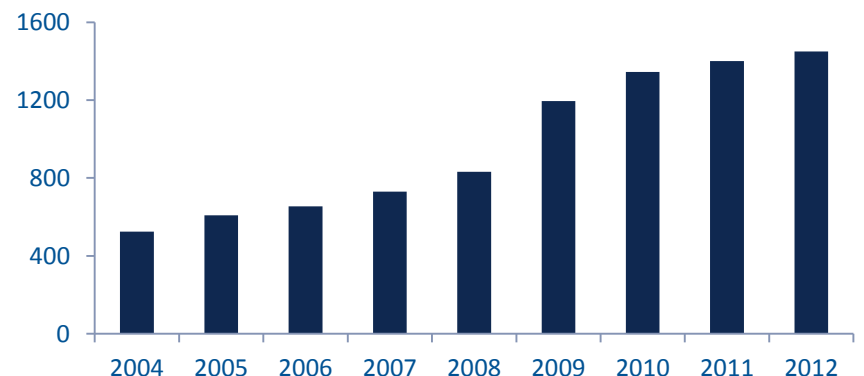
Adjusted EBIT (USDm) – 27% CAGR



Maintenance revenue (USDm) – 22% CAGR

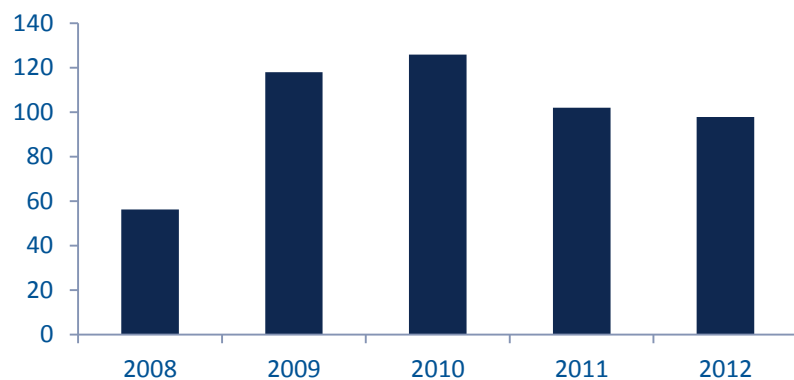


Installations (no.) – 14% CAGR

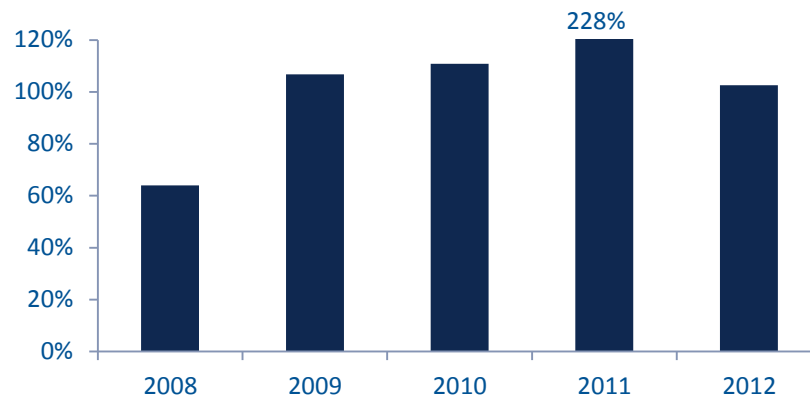


Resilience of cashflows

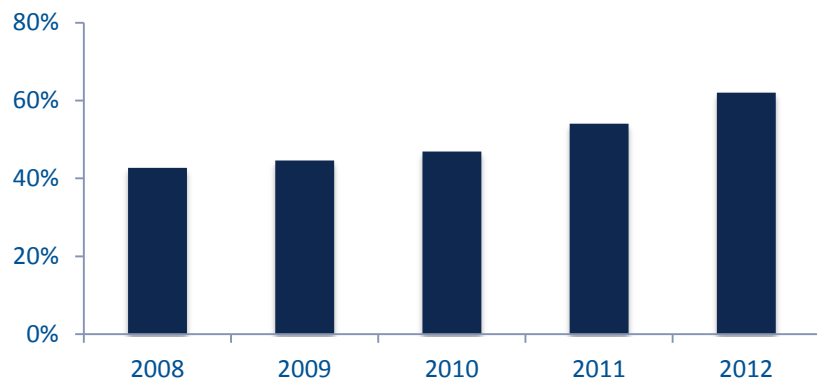
Operating cashflows (USDm)



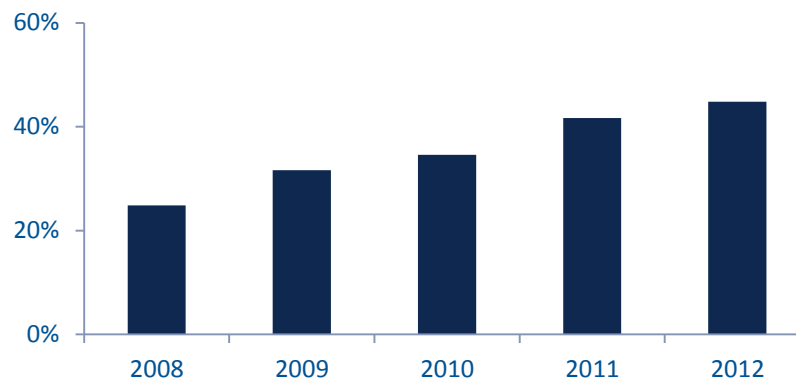
Operating cash: EBITDA as a %



Installed based contribution to Licence rev'

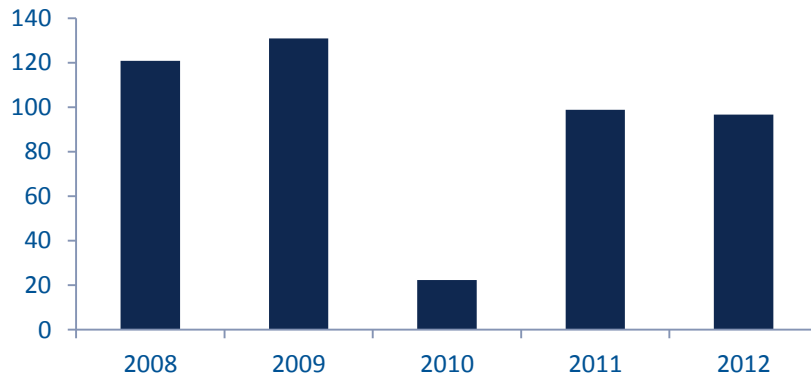


Maintenance as a % of revenue

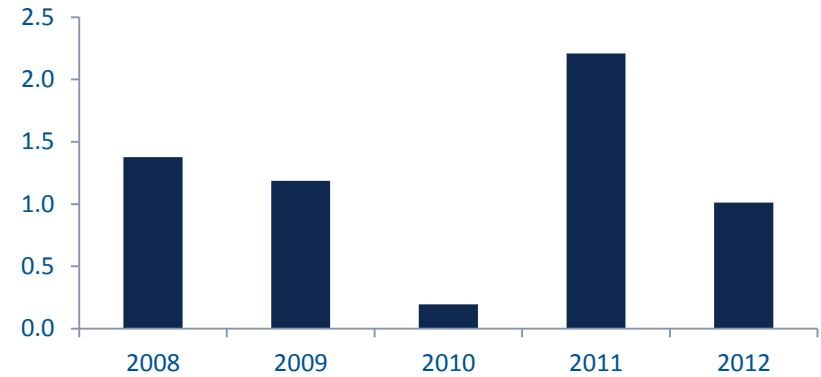


Development of key metrics

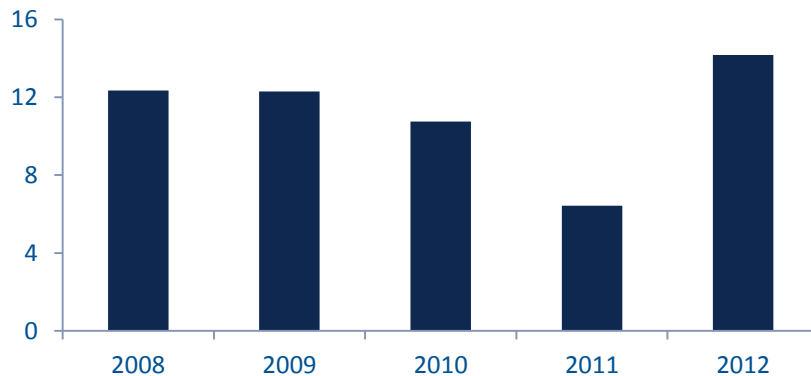
Net debt (USDm)



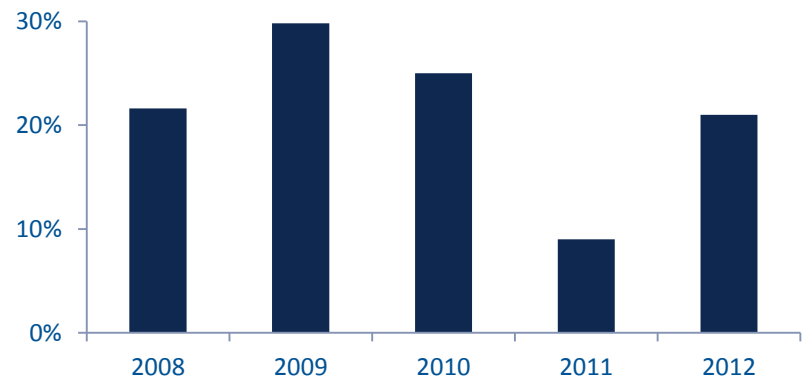
Net debt / EBITDA (x)



EBITDA / Interest (x)



EBITDA margin



Financing policy and objectives

Commitment to key financial targets

- Optimal leverage of 1.0x to 1.5x net debt / EBITDA (with flexibility to go to 2.5x for the right strategic acquisition if clear path to deleveraging)
- 100%+ conversion of EBITDA into operating cashflow
- 10 to 15 day reduction in DSOs pa
- A sustainable dividend policy

Develop and maintain a core banking group of solid international players

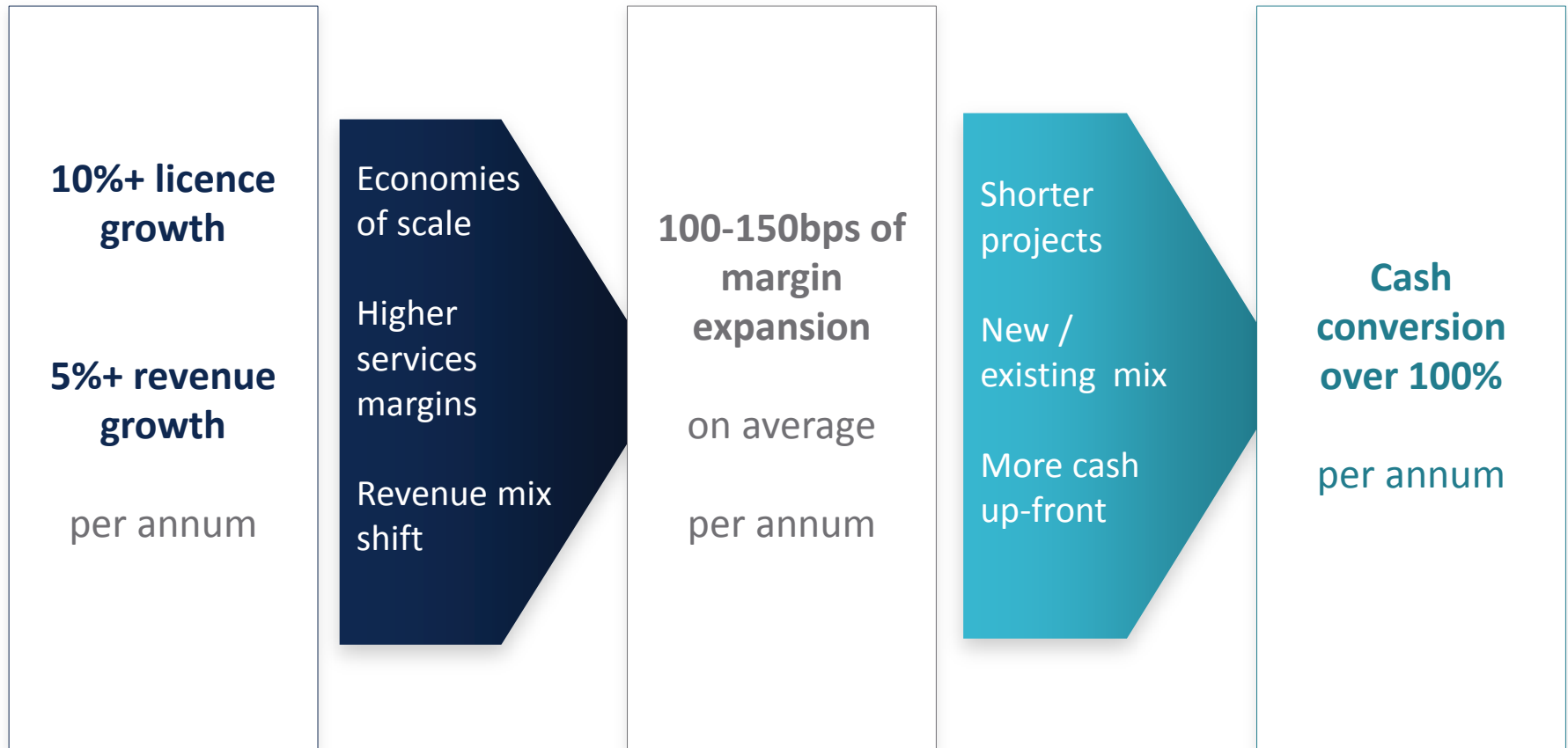
Establish Temenos credit in the capital markets

Commitment to highest levels of transparency

Clear, measurable financial policies and objectives



Medium term targets



Significant value creation



Investor highlights

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 returns



Questions





Appendix

Background materials

2012: Q4 and FY KPIs (vs 2011)

LFL licence revenue

Q4 up 17%
FY down 14%

LFL total revenue

Q4 up 5%
FY down 3%

Adjusted EBITDA (and margin)

Q4 up 36% (margin up 9.4% pts)
FY up 3% (margin up 2.0% pts)

Adjusted EPS

Q4 up 103%
FY up 1.1%

Cash

USD 114m of operating cash flow in Q4
102% conv' of EBITDA:op' cash for FY

Leverage

USD 97m of free cash flow in Q4
Net debt: EBITDA of 1x as at Dec 2012

Strong Q4 licence growth; cost control drives margin expansion



2013 guidance

Non-IFRS revenue growth of 4.5% to 7.5% (implying revenue of USD 470m to USD 483m)*

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

Non-IFRS cost base of USD 368m with non-IFRS EBIT margin of 21.7% to 23.2% (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

Licence and revenue growth in 2013 with significant improvement in margins



Operating income statement

In USDm	Q4 12	Q4 11	Y-o-Y	FY 12	FY 11	Y-o-Y
Licences	47.9	41.1	16.6%	125.1	146.0	-14.3%
Maintenance	52.8	49.9	5.8%	201.7	197.3	2.2%
Services	33.5	36.0	-7.1%	123.4	130.1	-5.2%
Total revenue	134.2	127.0	5.7%	450.2	473.5	-4.9%
Adj. operating costs	86.3	91.8	-6.0%	364.7	385.7	-5.5%
Adj. EBIT	47.9	35.2	36.0%	85.5	87.7	-2.5%
Margin	35.7%	27.7%	8.0% pts	19.0%	18.5%	0.5% pts
Adj. EBITDA	56.2	41.2	36.3%	119.8	116.7	2.6%
Margin	41.9%	32.5%	9.4% pts	26.6%	24.7%	2.0% pts

Licence momentum, strong maintenance and margin improvement



Below the line income statement

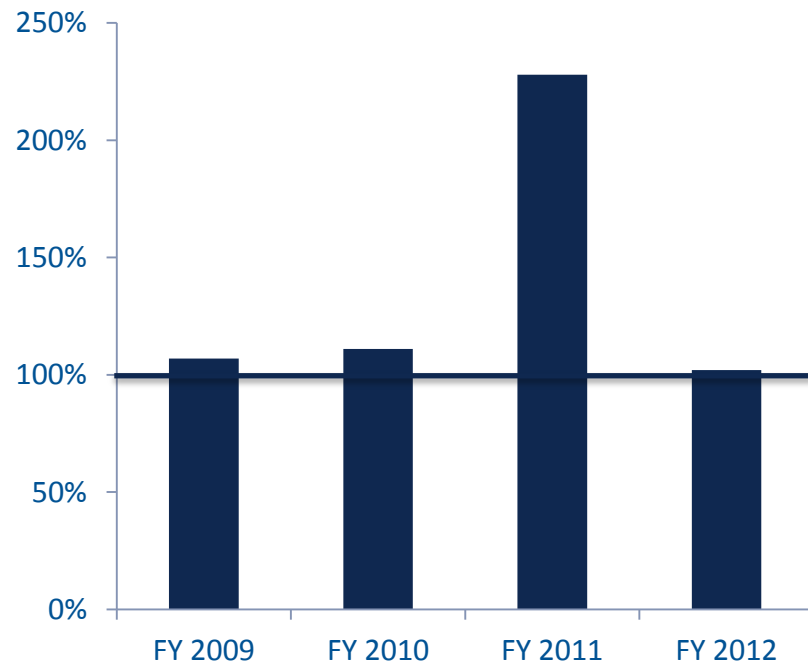
In USDm except EPS (USD)	Q4 12	Q4 11	Y-o-Y	FY 12	FY 11	Y-o-Y
Adj. EBIT	47.9	35.2	36.0%	85.5	87.7	-2.5%
Net finance charge	(2.1)	(2.5)	17.2%	(7.8)	(8.6)	9.3%
FX gain / (loss)	0.1	(2.7)	NM	(3.5)	(5.4)	35.0%
Tax	(3.4)	(9.0)	61.8%	(12.6)	(12.2)	-3.2%
Adj. net profit	42.4	20.9	102.2%	61.6	61.5	0.1%
Adj. EPS	0.61	0.30	103.3%	0.88	0.87	1.1%

Adj. EPS up in both Q4 and FY with well controlled financing and tax structure

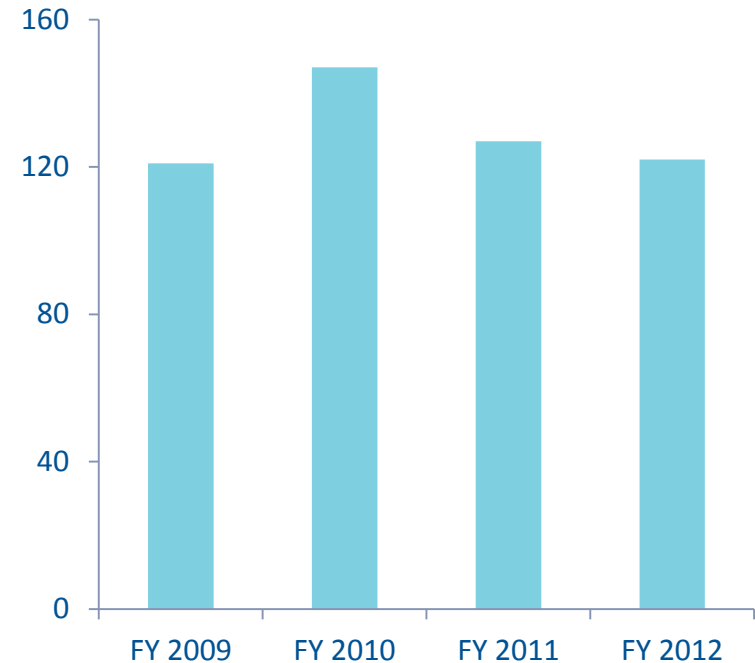


Cash

Cash conversion*



Adjusted operating cashflow (USDm)



* EBITDA into operating cashflow

High quality of earnings; cashflow resilience



Balance sheet – debt and financing

In USDm	31 Dec 12	Comment
Credit facilities	213.8	USD 350m facility, due in 2017
Others	0.6	
Total debt	214.4	
Cash	(117.7)	Held in short term deposits
Net debt	96.6	1.0x EBITDA
Treasury shares	(50.8)	Held at market value as of 31 Dec 2012
Net debt and financing	45.8	0.5x EBITDA
EBITDA	95.6	

1x leveraged at year end



Medium term: 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

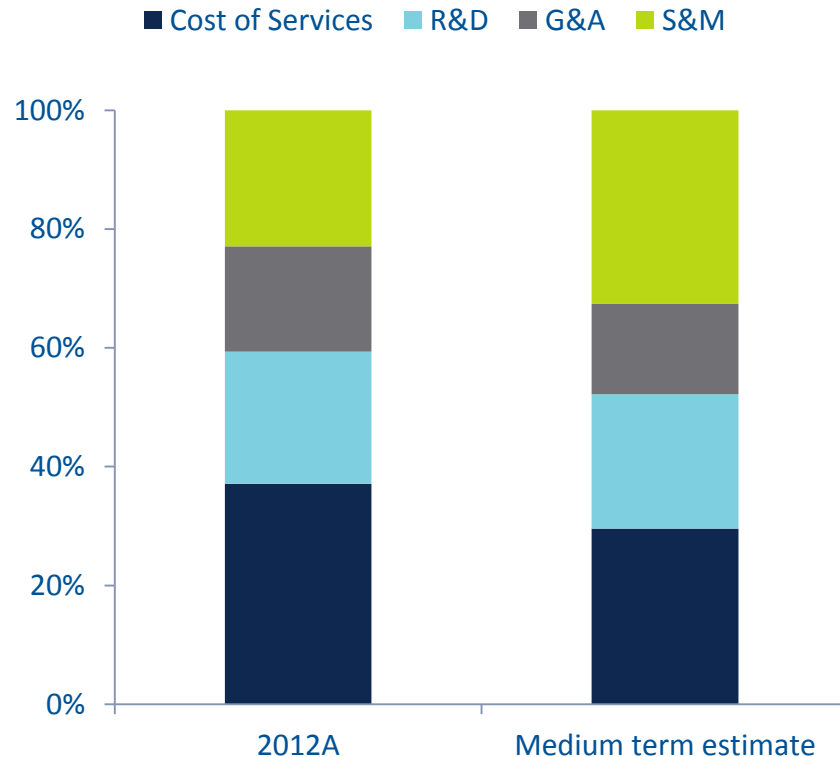
- To contribute 20% to 25% of total revenues

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



Medium term: 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



Medium term: 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



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

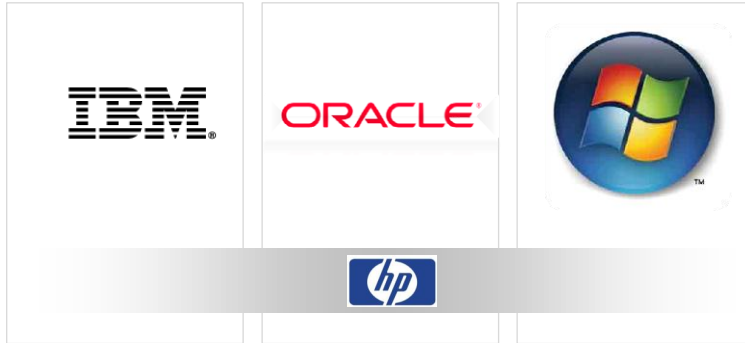
Temenos policy is to distribute a sustainable to growing dividend

Dividend reflects maturity of the business



Aligning with partners to maximise impact

Technology partner



Complementary solution partner



Services partners

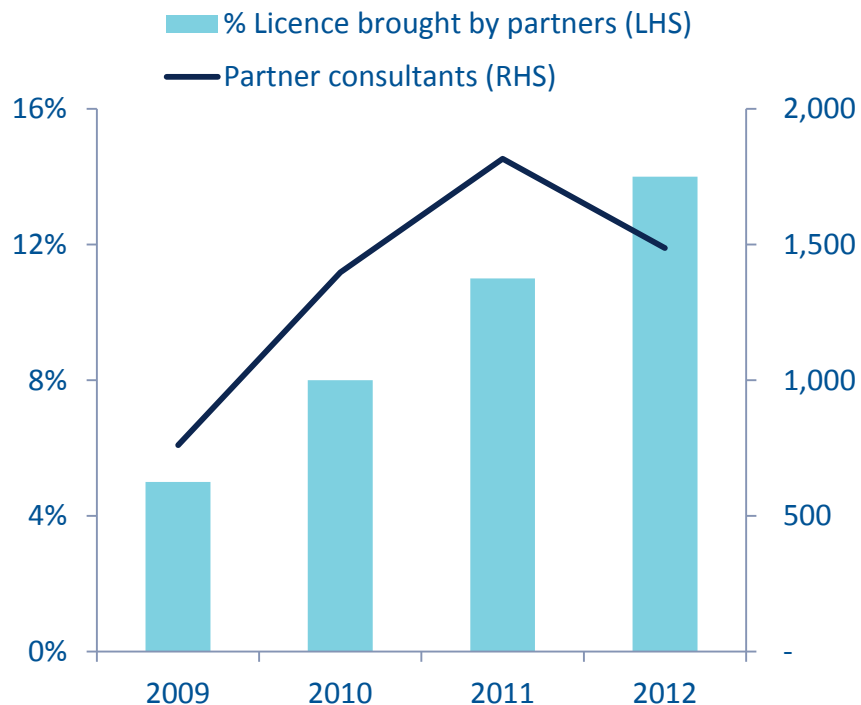


Powered by Temenos



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





Thank you
www.temenos.com