



TEMENOS

The software specialist for banking and finance

Financial results & business update

Quarter ended 31 March 2017
20 April 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 20 April 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 20 April 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.

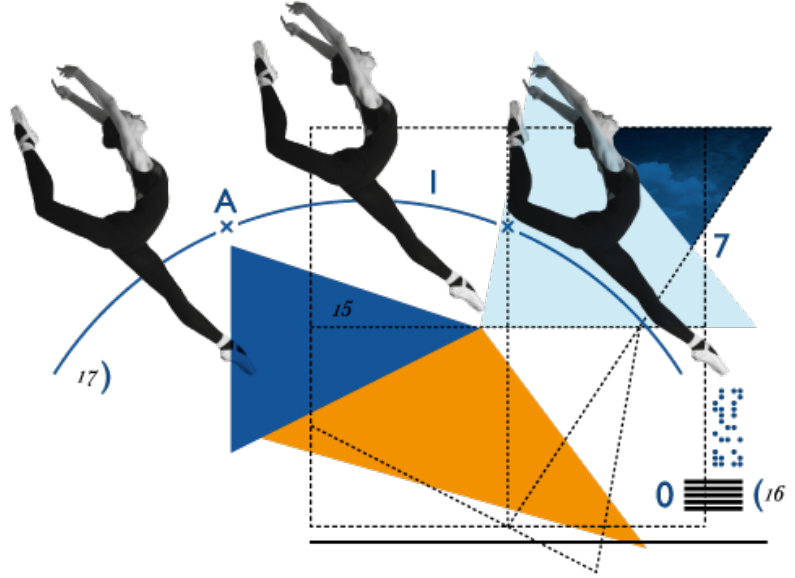
When the Company believes it would be helpful for understanding trends in its business, the Company provides percentage increases or decreases in its revenue (in both IFRS as well as non-IFRS) to eliminate the effect of changes in currency values. When trend information is expressed herein "in constant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

Business update

David Arnott, CEO



Strong start to 2017 across all KPIs

- ◆ Total software licensing +19%
- ◆ Total revenues +13%
- ◆ Banks under increasing digital pressure
- ◆ Strong pipeline supports 2017 outlook

Third party validation of Temenos leadership



#1 best selling Core Banking system and
#1 best selling Digital Banking and Channels system

FORRESTER®

Top ranked vendor for new-name clients and
new and existing clients

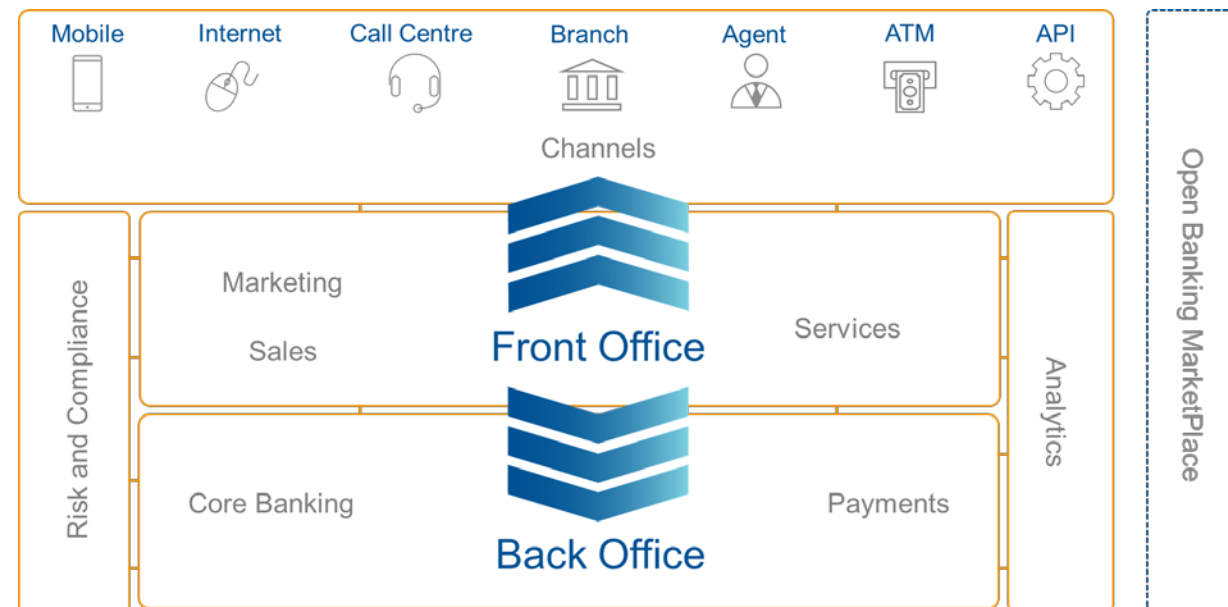
“ Temenos created an architecture that supports a digital banking foundation that is second to none. ”



A strong start to 2017

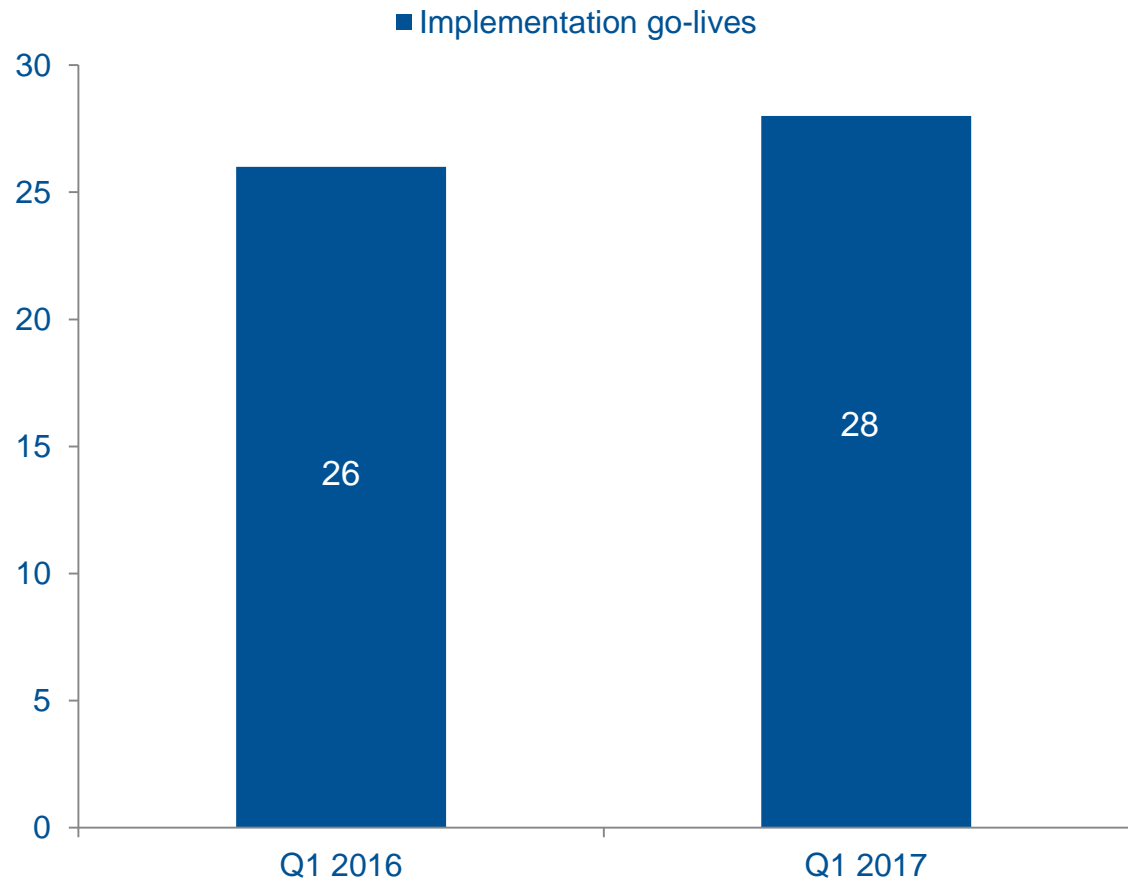
- Strong momentum across geographies, both signings and pipeline generation
- Front-to-back digital offering critical to client wins
- 52% of LTM license revenues from Tier 1 and 2 clients
- 20 new customer wins in Q1 2017
- Continued investment in sales and marketing

Integrated front-to-back digital offering



Strong sales momentum

Q1 go-lives



Strong partner ecosystem



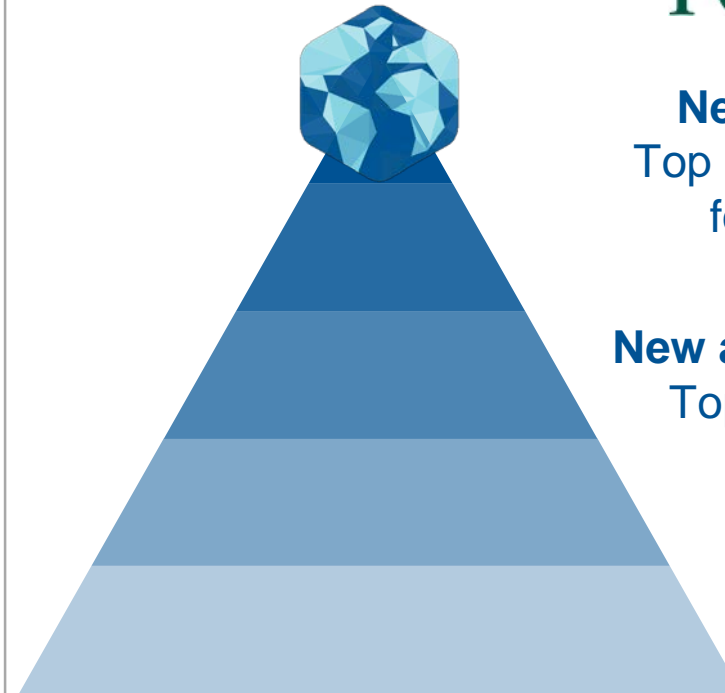
Strong delivery model driving services margin improvement



#1 best selling
Core Banking systems in 2016 for the 12th year

#1 best selling
Digital Banking and Channels system in 2016

#2 best selling
Payments system in 2016



FORRESTER®

New-name clients
Top global power seller
for the 11th year

New and existing clients
Top global player for
the 5th year

Top ranked vendor for both new-name
clients and new and existing clients in 2016

- ◆ Key factors driving selection include
 - ◆ Out of the box, front-to-back digitally integrated solutions
 - ◆ Clear vision of the future of banking – highest R&D in the industry
 - ◆ Unmatched references, particularly for Tier 1 and 2 banks
 - ◆ Progressive renovation capability
 - ◆ Proven scalability and open architecture facilitates seamless integration
 - ◆ Partner ecosystem - depth and breadth of partners available to support clients

Highly differentiated offering

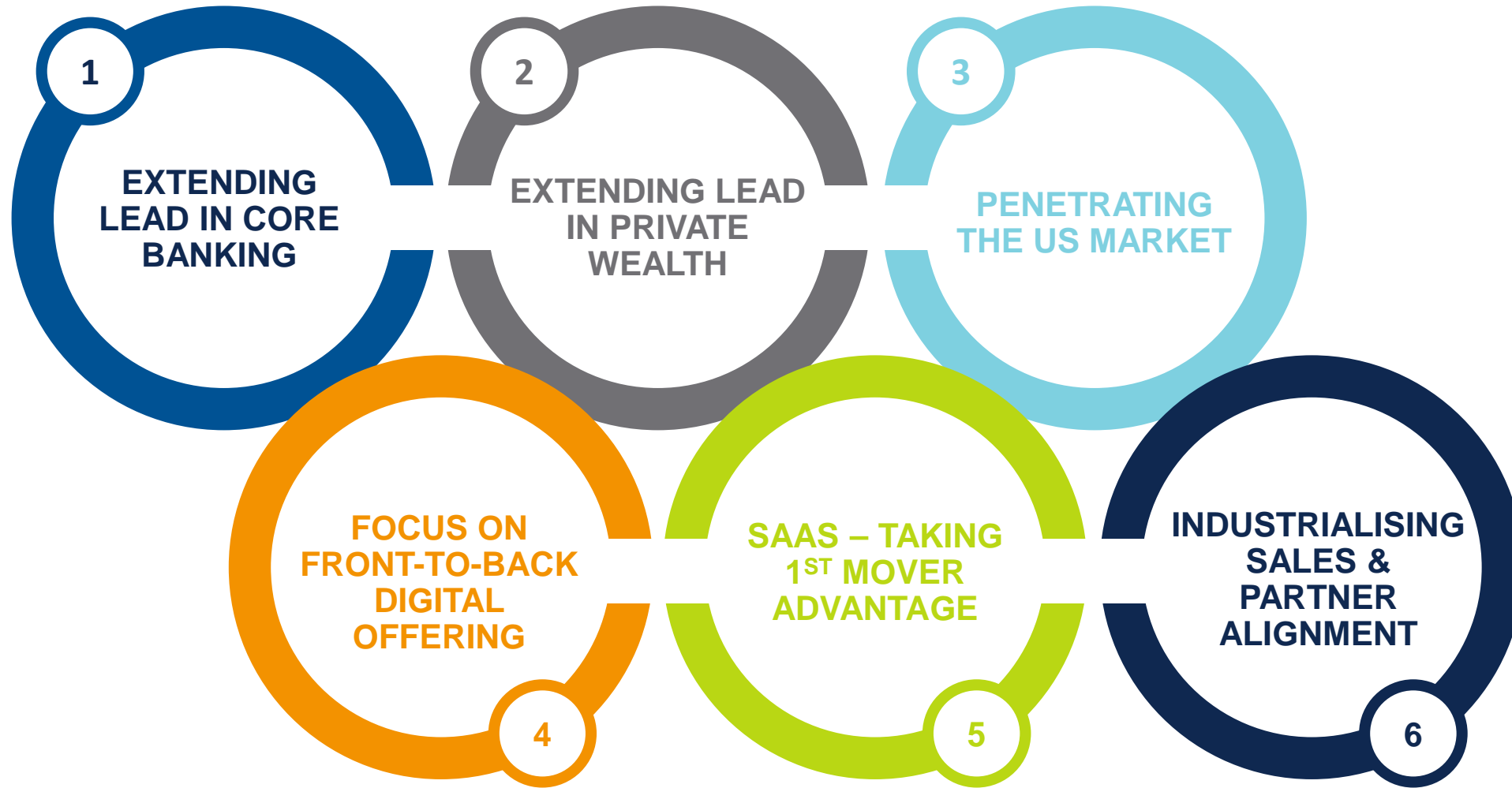
Industry outlook:

- ◆ Digitalization and cost focus continue to drive strategic decision making and market growth
- ◆ IT renovation is key to banks' strategy, it is not discretionary spend
- ◆ Banks are moving to integrated, front-to-back digital solutions

Temenos positioning:

- ◆ Vendor of choice for Tier 1 and 2 banks, taking market share
- ◆ 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

Max Chuard, CFO, COO



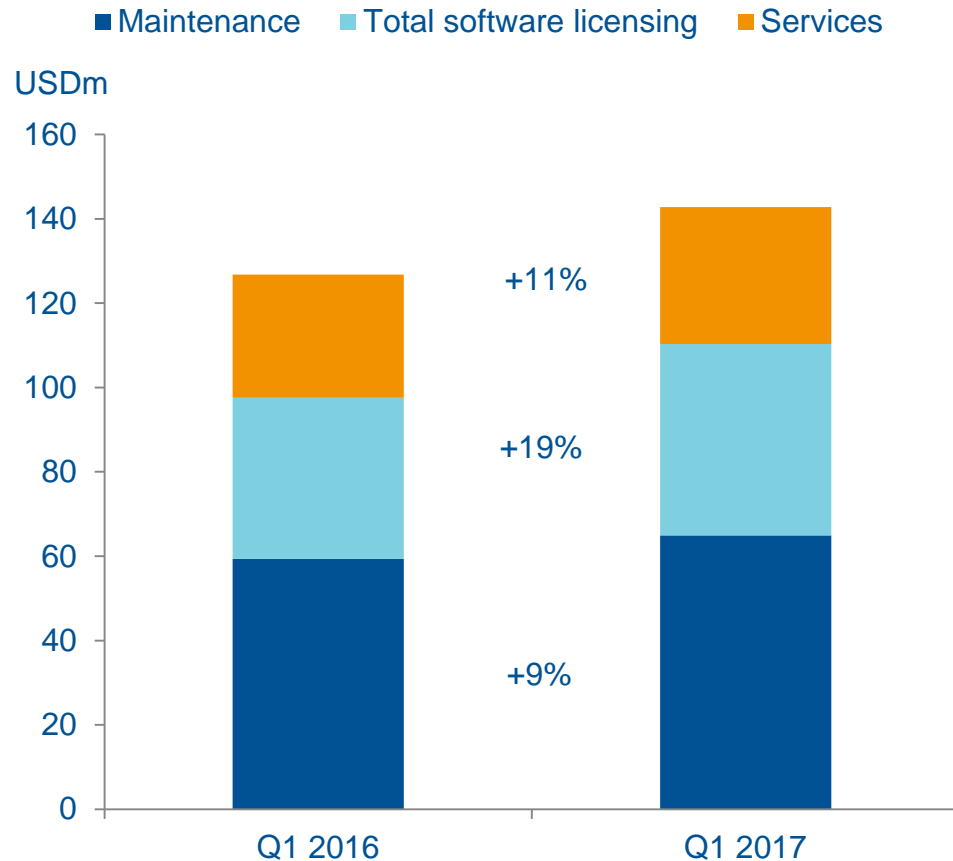
- Total software licensing up 19% Y-o-Y
- Maintenance growth of 9% Y-o-Y
- Total revenue growth of 13% Y-o-Y
- EBIT up 15% Y-o-Y, with LTM EBIT margin of 29.5%
- EPS growth of 29% Y-o-Y, LTM EPS of USD 2.15
- Q1 operating cash flows of USD 37m, DSOs down 24 days Y-o-Y to 127 days
- Services margin of 9.6% for Q1 2017 LTM, up 1.2% points
- CHF 150m bond issued in Q1 2017, debt leverage down to 0.7x

Strong performance across all KPIs

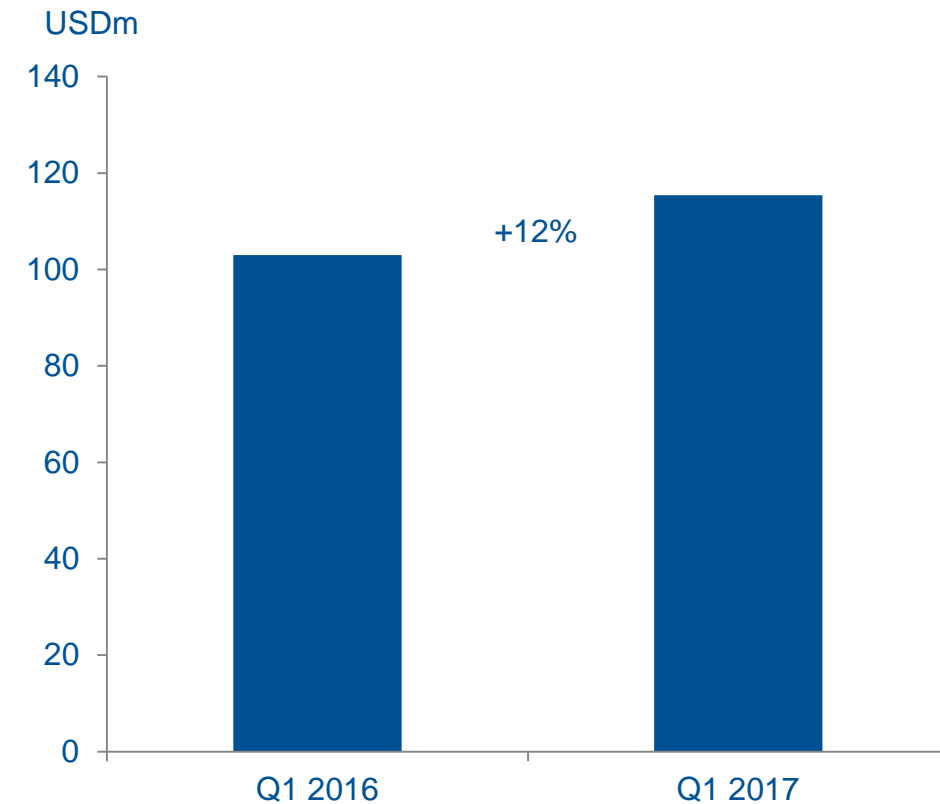
In USDm	Q1 17	Q1 16	Y-o-Y reported	Y-o-Y c.c.	LTM 17	LTM 16	Y-o-Y reported	Y-o-Y c.c.
Software licensing	32.0	26.9	19%	23%	210.2	180.2	17%	16%
SaaS and subscription	13.3	12.3	8%	10%	52.1	47.1	11%	10%
Total software licensing	45.4	39.2	16%	19%	262.4	227.3	15%	15%
Maintenance	64.9	60.5	7%	9%	254.8	240.3	6%	9%
Services	32.5	29.6	10%	11%	131.3	116.5	13%	12%
Total revenue	142.7	129.4	10%	13%	648.5	584.1	11%	12%
Operating costs	115.4	107.2	8%	12%	456.8	421.3	8%	8%
EBIT	27.3	22.2	23%	15%	191.6	162.8	18%	21%
Margin	19.2%	17.2%	2.0% pts		29.5%	27.9%	1.7% pts	
EBITDA	38.7	33.6	15%	11%	236.0	208.0	14%	16%
Margin	27.1%	25.9%	1.2% pts		36.4%	35.6%	0.8% pts	
Services margin	5.3%	2.6%	2.6% pts		9.6%	8.4%	1.2% pts	

Strong growth across revenue lines

Q1 LFL non-IFRS revenues up 13%



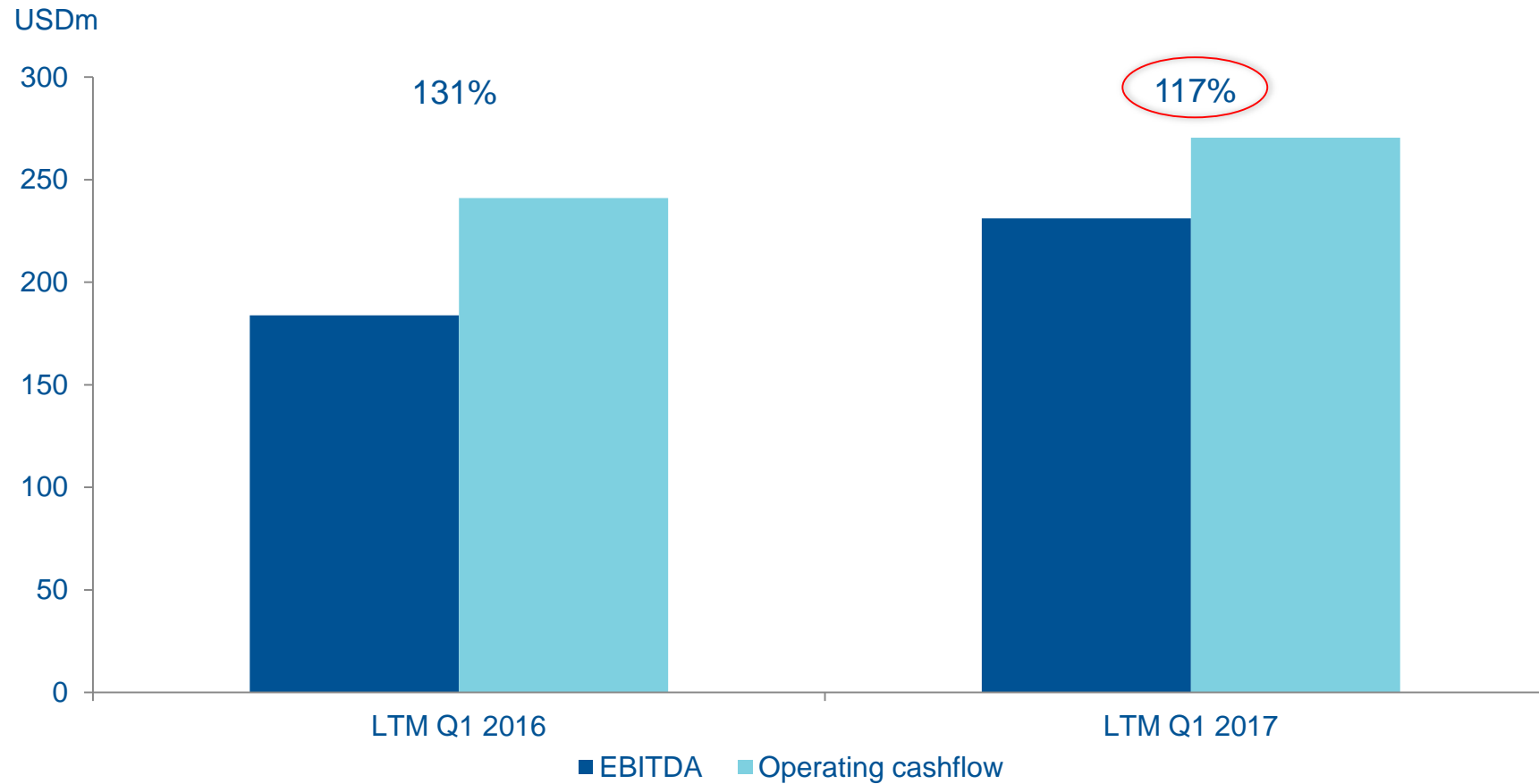
Q1 LFL non-IFRS costs up 12%



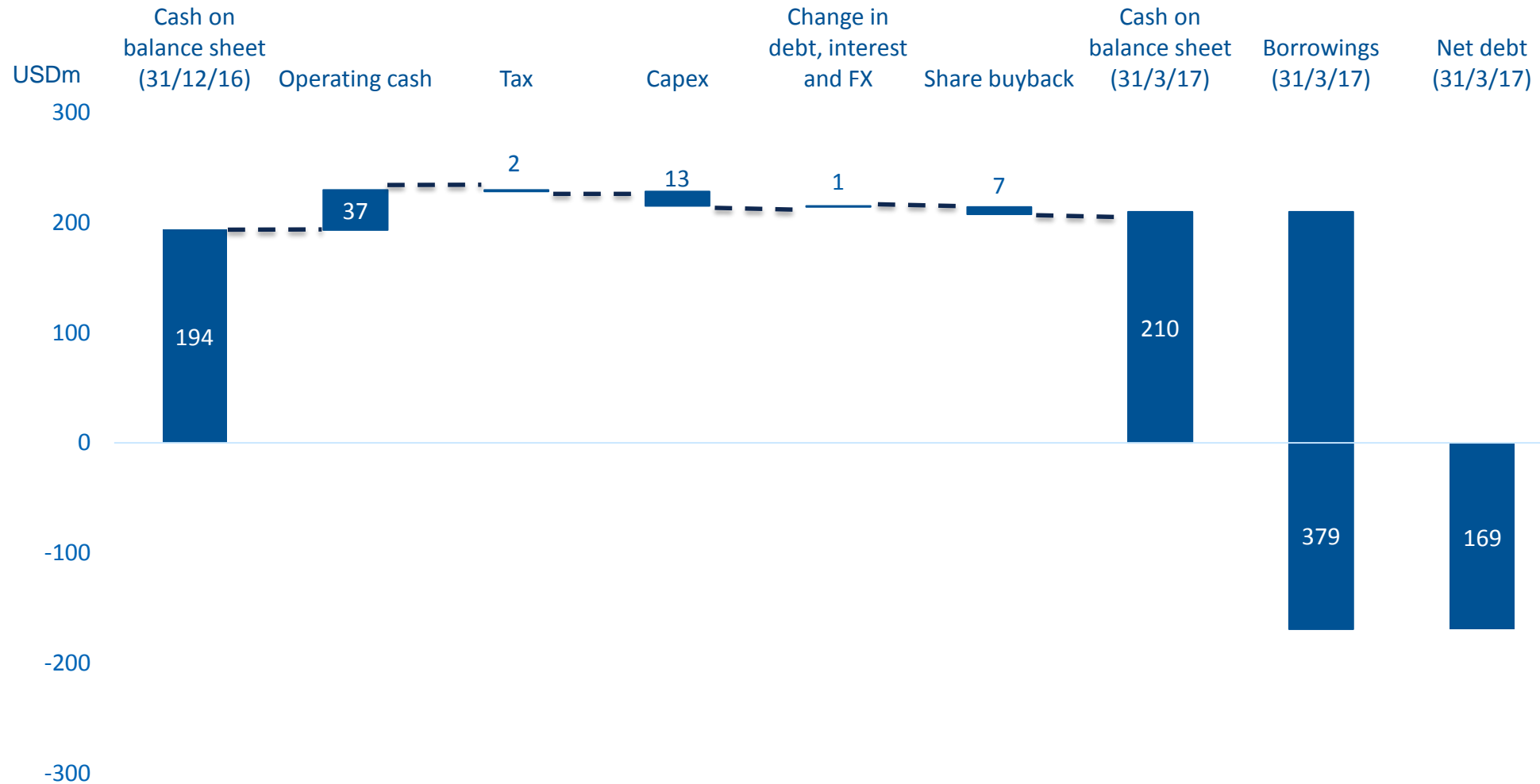
Sustained investment driving revenue growth

In USDm, except EPS	Q1 17	Q1 16	Y-o-Y	LTM 17	LTM 16	Y-o-Y
EBIT	27.3	22.2	23%	191.6	162.8	18%
Net finance charge	-3.9	-4.6	-14%	-16.2	-18.0	-10%
FX gain / (loss)	-0.8	-0.7	N.A.	-0.3	-2.7	N.A.
Tax	-3.0	-2.2	36%	-21.1	-17.9	18%
Net profit	19.7	14.7	34%	154.0	124.1	24%
EPS (USD)	0.27	0.21	29%	2.15	1.79	20%

Strong growth in profit and EPS



Cash conversion remains significantly above target of 100%



Operating cash flow up 53%, leverage down to 0.7x

	Q1 2015	Q1 2016	Q1 2017
Weighted average interest rate	3.8%	3.6%	3.0%
Weighted average maturity	2 years	5 years	5 years
Total debt financing	USD 670m	USD 875m	USD 925m
Leverage ratio	2.2x	1.3x	0.7x

Q1 bond issuance enhances financing profile

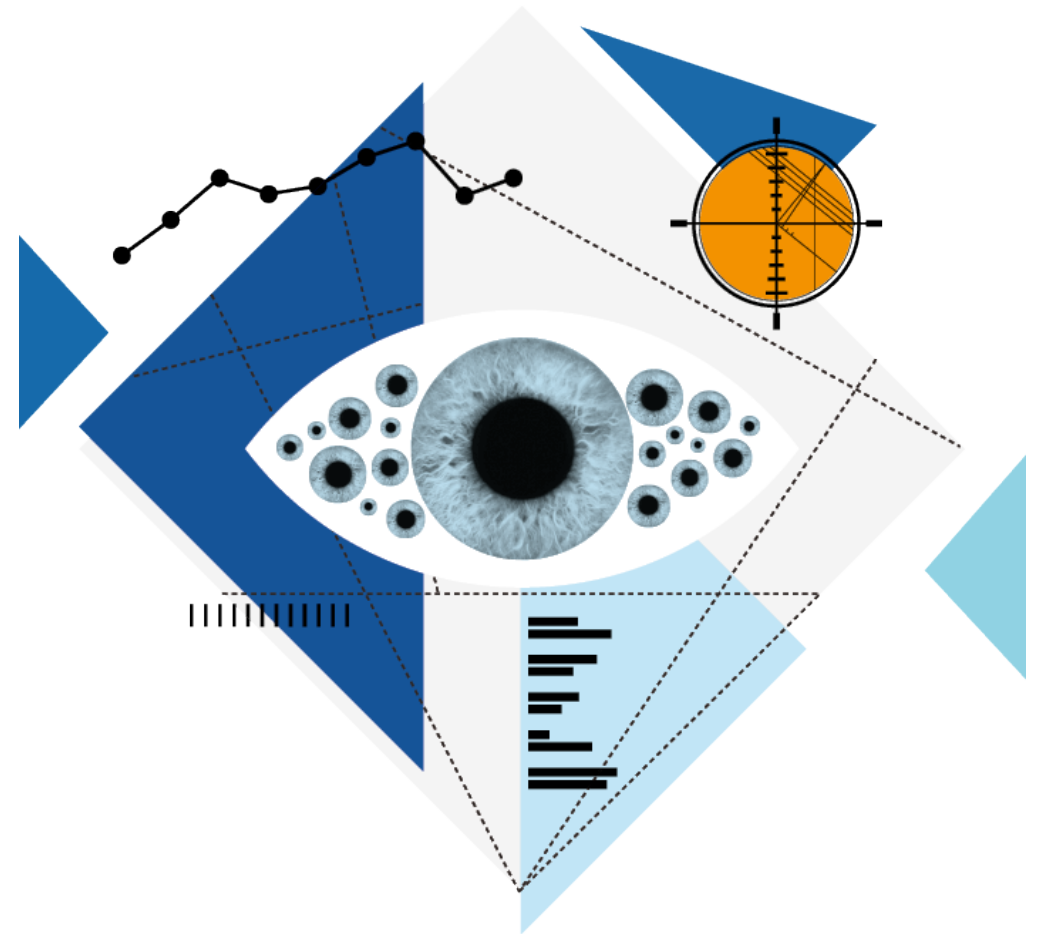
- ◆ **Non-IFRS total software licensing growth at constant currencies of 10% to 15%** (implying non-IFRS total software licensing revenue of USD 276m to USD 288m)
- ◆ **Non-IFRS revenue growth at constant currencies of 7.5% to 11.0%** (implying non-IFRS revenue of USD 667m to USD 689m)
- ◆ **Non-IFRS 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 28
- See slide 41 for definition of non-IFRS

- ◆ Transaction progressing on schedule
 - ◆ Rubik shareholder meeting to approve the transaction on 26 April 2017
 - ◆ Transaction expected to close end of May 2017
- ◆ Rubik's three largest shareholders representing c. 48% of shares outstanding have announced they intend to vote in favour of the acquisition
- ◆ The acquisition is not included in Temenos' current 2017 guidance
- ◆ Expected to be non-IFRS EPS neutral in 2017 and 3% accretive in 2018

Summary

David Arnott, CEO



- ◆ Theme for 2017 is 'Real World Fintech'
- ◆ Dedicated analyst and investor stream
- ◆ See our software in action and learn about our product roadmap
- ◆ Insights from Temenos executives and industry thought leaders
- ◆ Interaction and learning from Temenos customers and partners
- ◆ Breakout sessions with senior management



- ◆ Digitalization and cost focus continue to drive strategic decision making and market growth
- ◆ Banks are moving to integrated, front-to-back digital solutions
- ◆ Sales execution remains strong across the board, all client tiers and segments
- ◆ Industry analyst validation of Temenos leadership position in the market
- ◆ Strong pipeline supports 2017 outlook

Strong start to 2017

Appendices



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

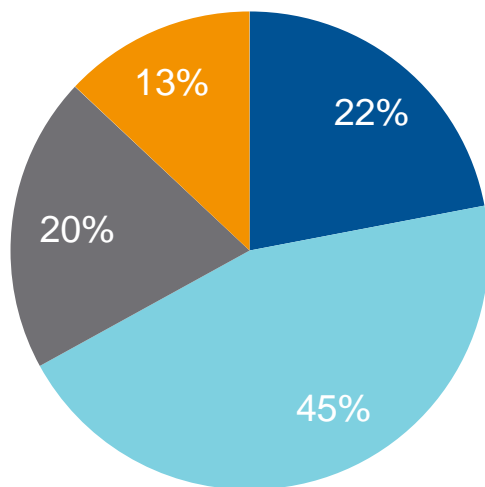
- USD to Euro exchange rate of 0.955
- USD to GBP exchange rate of 0.811; and
- USD to CHF exchange rate of 1.025

% 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%	30%
Non-IFRS EBIT	128%	58%	-24%	-2%	-60%

NB. All % are approximations based on 2016 actuals

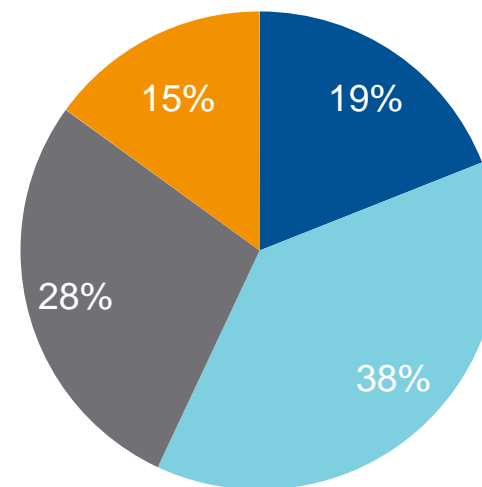
Mitigated FX exposure – matching of revenues / costs and hedging

Q1 2016



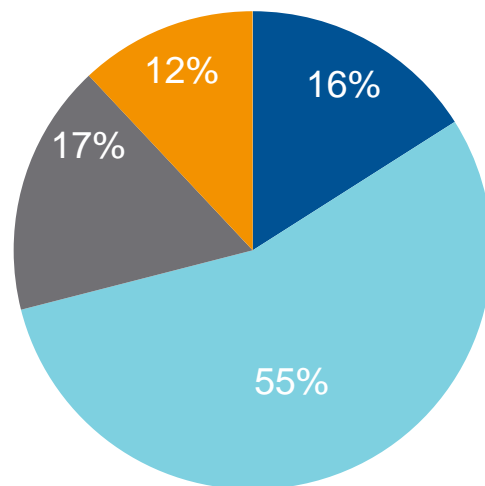
- APAC
- Europe
- Americas
- MEA

Q1 2017



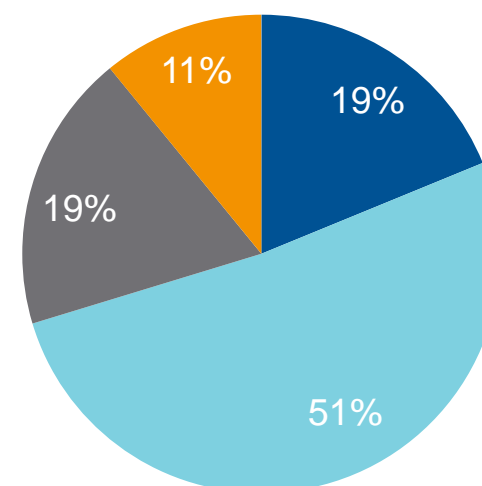
- APAC
- Europe
| Americas | 28% |
| MEA | 15% |

LTM Q1 2016



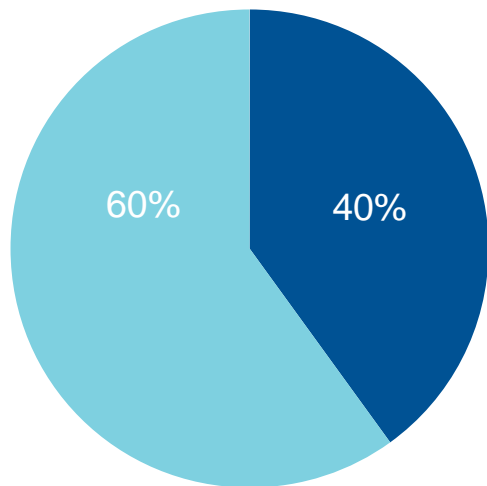
- APAC
- Europe
- Americas
- MEA

LTM Q1 2017



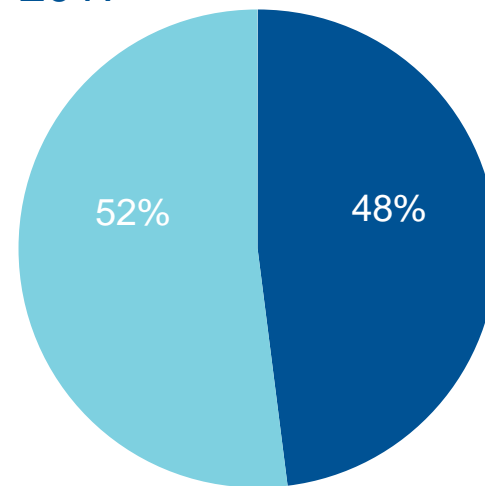
- APAC
- Europe
- Americas
- MEA

Q1 2016



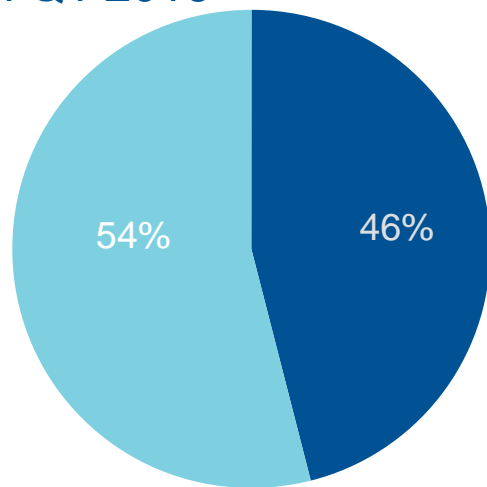
- 1 and 2
- 3, 4 and 5

Q1 2017



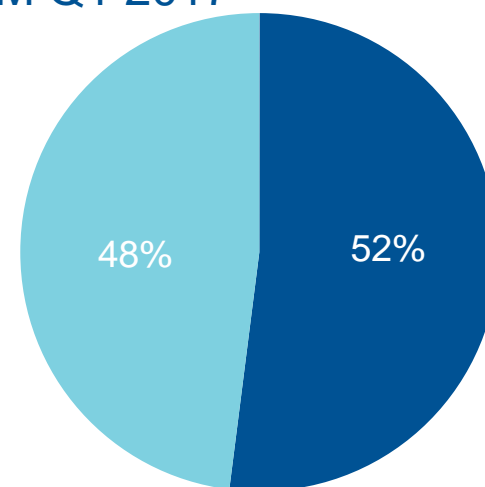
- 1 and 2
- 3, 4 and 5

LTM Q1 2016



- 1 and 2
- 3, 4 and 5

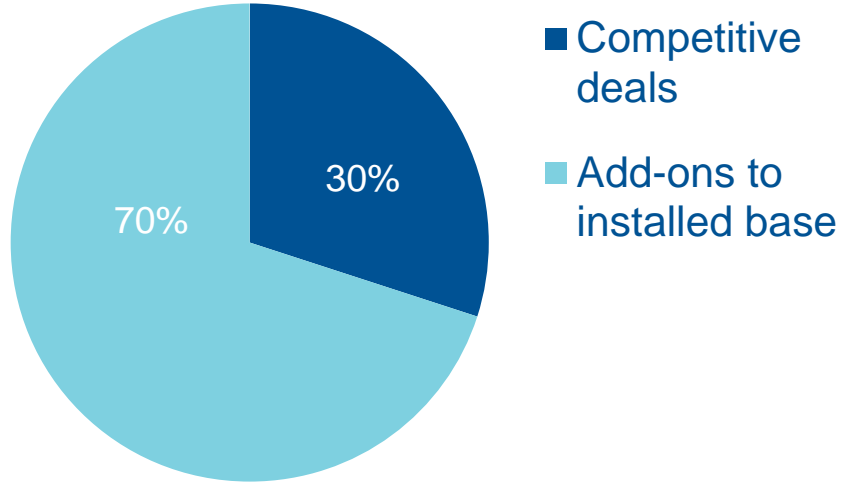
LTM Q1 2017



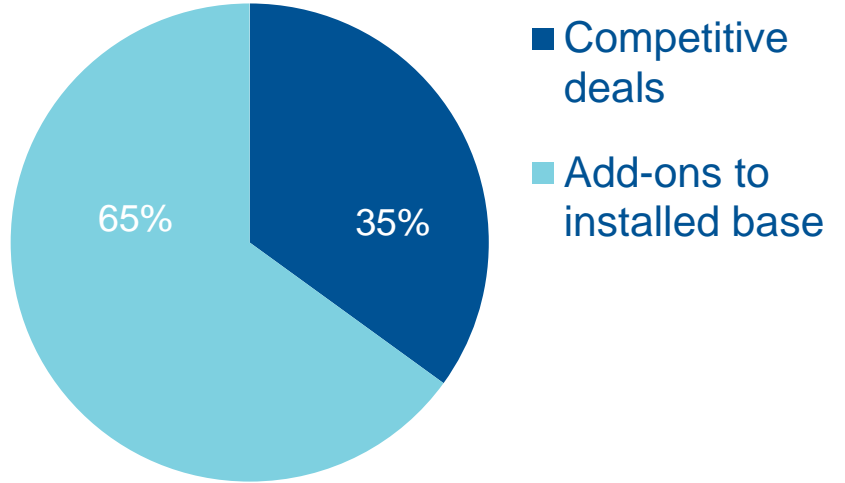
- 1 and 2
- 3, 4 and 5

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

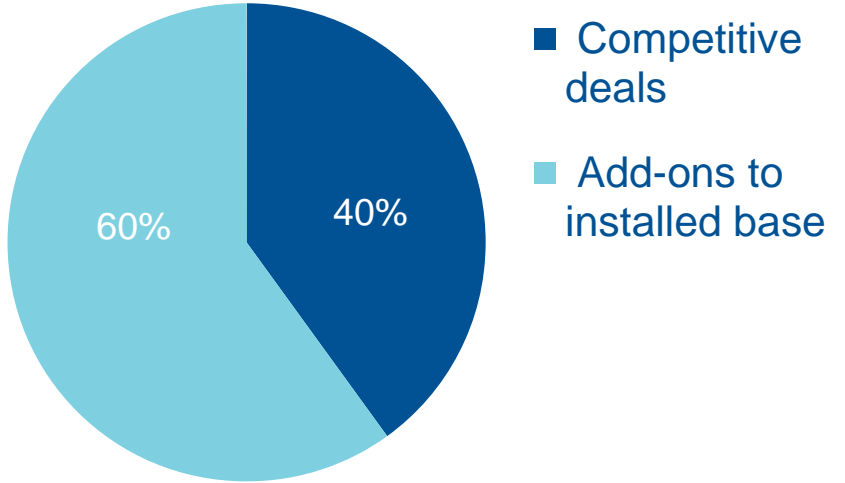
Q1 2016



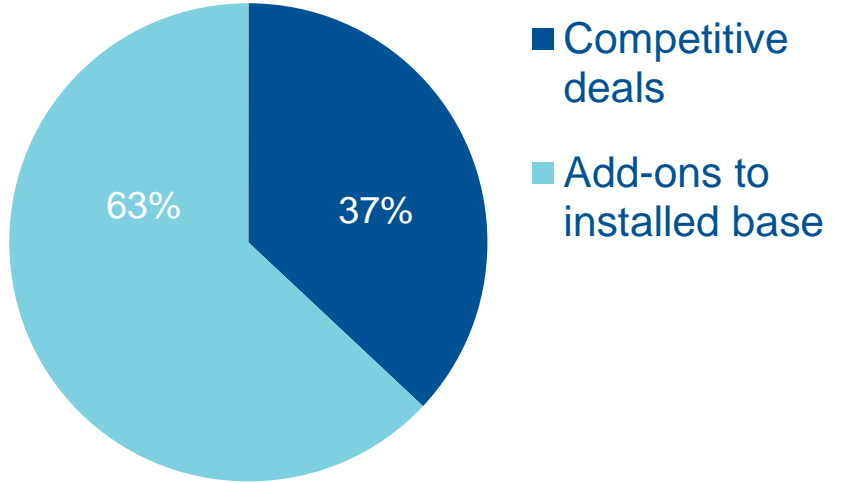
Q1 2017

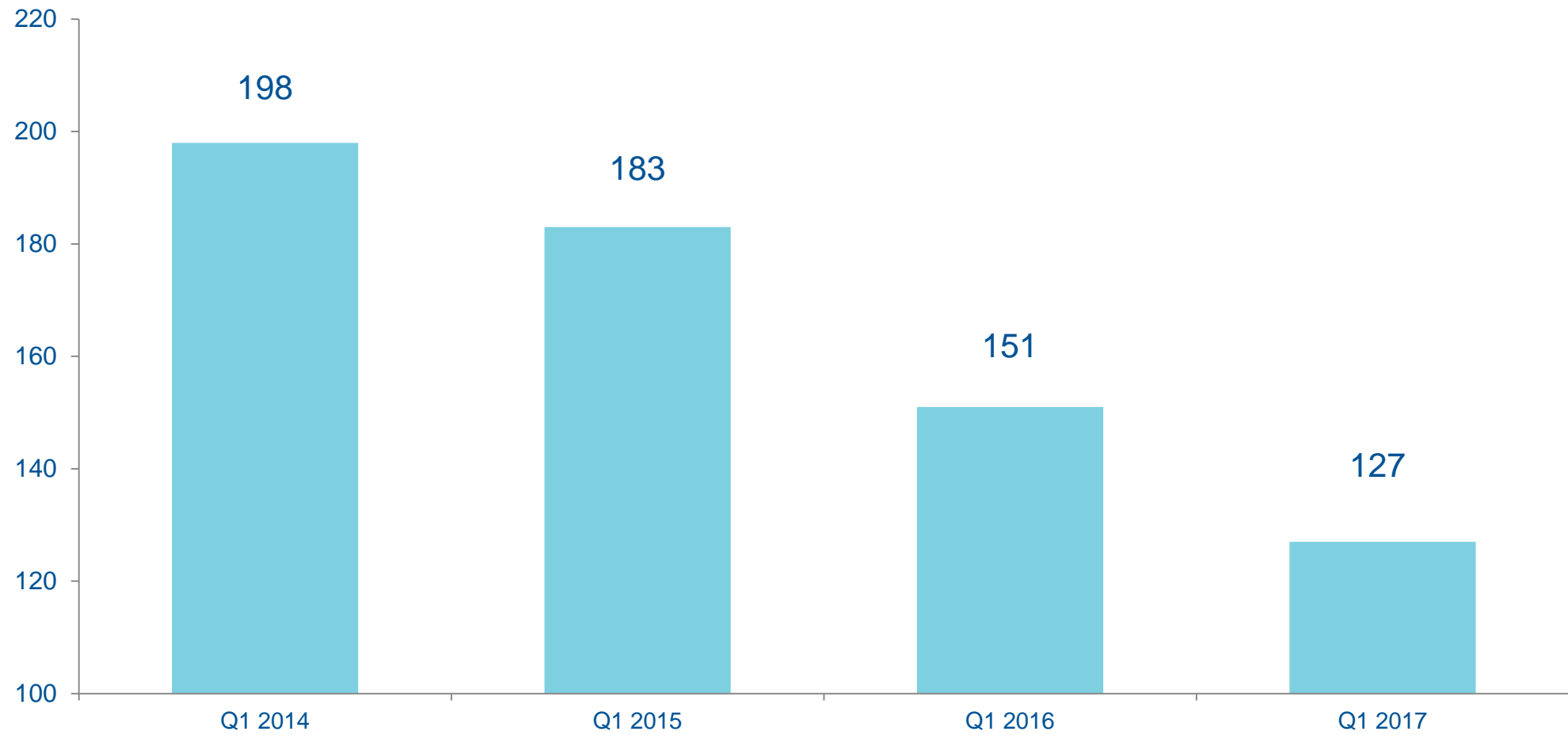


LTM Q1 2016



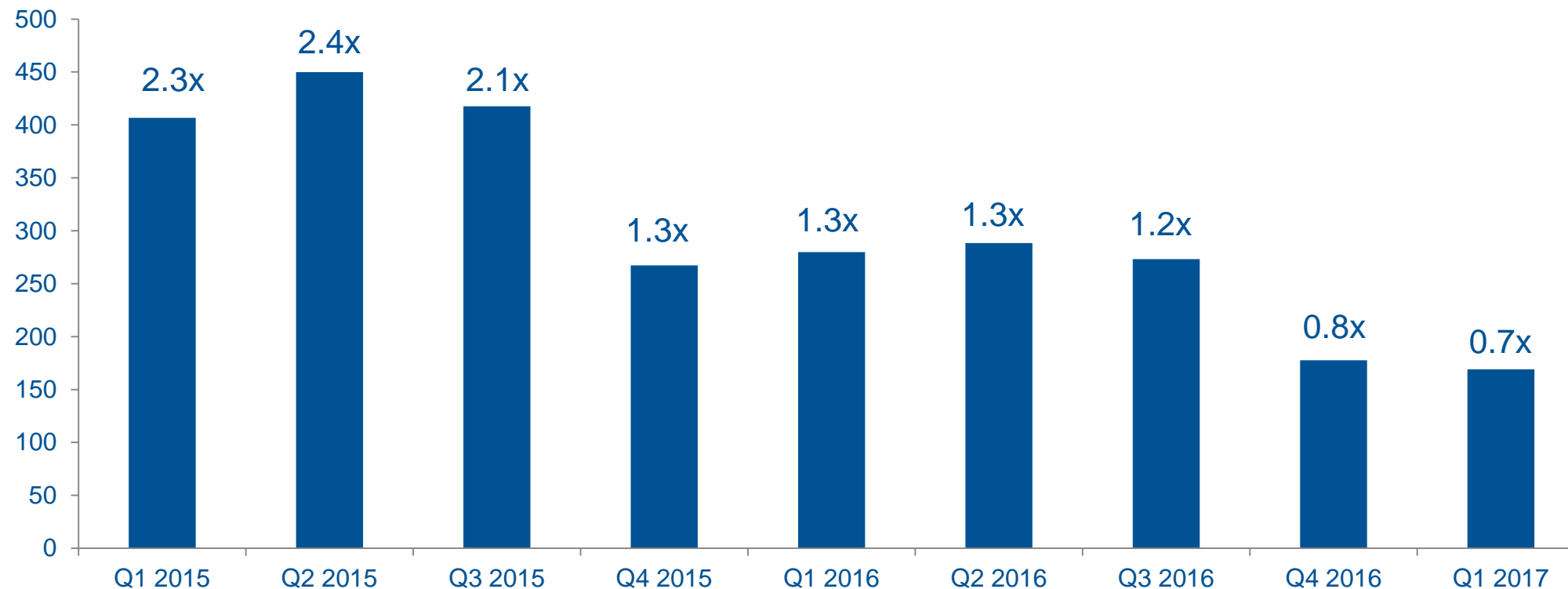
LTM Q1 2017





Net debt and leverage ratios*

USDm



* proforma non-IFRS EBITDA

Strong deleveraging profile

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

USDm	Q1 17	Q2 17	Q3 17	Q4 17	FY 17
Cap' dev' costs	-11.2				
Amortisation	8.8				
Net cap' dev'	-2.4				

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 20 April 2017. Specifically it does not include the potential impact of the acquisition of Rubik.

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

In USDm, except EPS	3 Months Ending 31 March						Change	
	2017		2017	2016		2016		
	IFRS	Adj.	Non-IFRS	IFRS	Adj.	Non-IFRS	IFRS	Non-IFRS
Total Software Licensing	45.1	0.3	45.4	38.9	0.3	39.2	16%	16%
Maintenance	64.9		64.9	60.5		60.5	7%	7%
Services	32.5		32.5	29.6		29.6	9%	9%
Total Revenue	142.5	0.3	142.7	129.1	0.3	129.4	10%	10%
Total Operating Costs	(123.8)	8.4	(115.4)	(116.7)	9.5	(107.2)	6%	8%
Restructuring	(1.0)	1.0	0.0	(1.6)	1.6	0.0	(40%)	
Amort of Acq'd Intang.	(7.4)	7.4	0.0	(7.9)	7.9	0.0	(6%)	
Operating Profit	18.7	8.6	27.3	12.4	9.8	22.2	50%	23%
Operating Margin	13%		19%	10%		17%	3.5% pts	2.0% pts
Financing Costs	(4.7)		(4.7)	(5.3)		(5.3)	(12%)	(12%)
Taxation	(1.9)	(1.1)	(3.0)	(1.0)	(1.2)	(2.2)	93%	36%
Net Earnings	12.1	7.6	19.7	6.1	8.6	14.7	97%	34%
EPS (USD per Share)	0.17	0.10	0.27	0.09	0.12	0.21	89%	29%

In USDm, except EPS	Q1 17	Q1 16
IFRS net earnings	12.1	6.1
Deferred revenue write-down	0.3	0.3
Amortisation of acquired intangibles	7.4	7.9
Restructuring	1.0	1.6
Acquisition related costs	-	-
Taxation	-1.1	-1.2
Net earnings for non-IFRS EPS	19.7	14.7
No. of dilutive shares	72.1	71.1
Non-IFRS diluted EPS (USD)	0.27	0.21

USDm	Q1 2017 EBIT	Q1 2017 EBITDA
IFRS	18.7	37.5
Deferred revenue write-down	0.3	0.3
Amortisation of acquired intangibles	7.4	-
Restructuring	1.0	1.0
Acquisition-related charges	-	-
Non-IFRS	27.3	38.7

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