



Financial results & business update

Quarter ended 30 June 2013

29 July 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 conference call represent the company's estimates as of 29 July 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 29 July 2013.



Agenda

Business update

David Arnott, CEO

Financial update

Max Chuard, CFO

Summary

David Arnott, CEO

Q&A



Summary

Strong Q2 performance across all KPIs

Executing on multi-product strategy

- making core proposition more attractive
- driving strong sales into the installed base

Significant margin expansion driven by higher sales and better revenue mix, underpinned by a lower cost base

Strong cashflows and cash conversion

Value returned to shareholders through share buyback

On track to deliver reaffirmed full year guidance

Delivering on strategy – progress across all KPIs



Q2 sales

Strong performance from product business

- LFL software licensing revenues up 15% - the third consecutive quarter of growth
- 7 new customer wins in Q2 (Q2 2012: 5)
- Maintenance revenues remain resilient with LFL growth of 4%
- Strong product sales underpin return to growth in overall revenues on an LTM basis

Multi-product approach continues to drive sales and pipeline growth

- Making core proposition stronger
- Credible progressive renovation option for larger banks
- Broadest PWM functionality
- SaaS offering opens up significant revenue opportunity

Multi-product strategy underpins strong product revenues



Q2 sales (continued)

Europe resilient

- Growth in H1
- Strong cross-selling to the installed base, new business still challenging

MEA, APAC and Americas delivering to plan

- Pipeline strong & growing
- Campaigns launched under new structure beginning to come to fruition

Strongly positioned against competition, gaining market share

Strategy to move partners from delivery to sales working - partners brought 20% of software licensing in H1 2013 vs 14% in 2012

Europe resilient, engines of growth gaining momentum



Q2 operations update

Product leadership

New versions of T24, BI and
PWM products

Integration Framework, Datasource, AML SaaS
and SocialComply launched

Model bank & country platform enhancements

TriNovus driving SaaS readiness
across the business

Customer success

8 go-lives in Q2 (Q2 2012: 8)

All key H1 deals will be partner-led

Growth in productised services

1,600 partner consultants
in the Temenos ecosystem

Extending product lead, delivering unparalleled customer success



Update on US SaaS business

43 new customers added in Q2

LFL SaaS revenues up 31%

SaaS versions of Business Intelligence and BSA / AML solutions released

US country platform enhancements on track

First adopters of T24 core solution identified

Integration of TriNovus operations largely complete

US strategy on track



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Q2 financial overview

Strong growth in product revenues

- LFL software licensing revenues up 15%
- Maintenance revenues remain resilient with LFL growth of 4%

Services delivering on strategy

- Services revenues declining as a % of total revenues
- Margin improvement of 4% pts as revenue mix shifts / partner strategy reduces costs

Non-IFRS EBIT up 86% with margin up 8 percentage points (from 10% to 18%)

LTM cash conversion of 132%

Revenue mix change and lower costs driving significant margin improvement



Non-IFRS income statement - operating

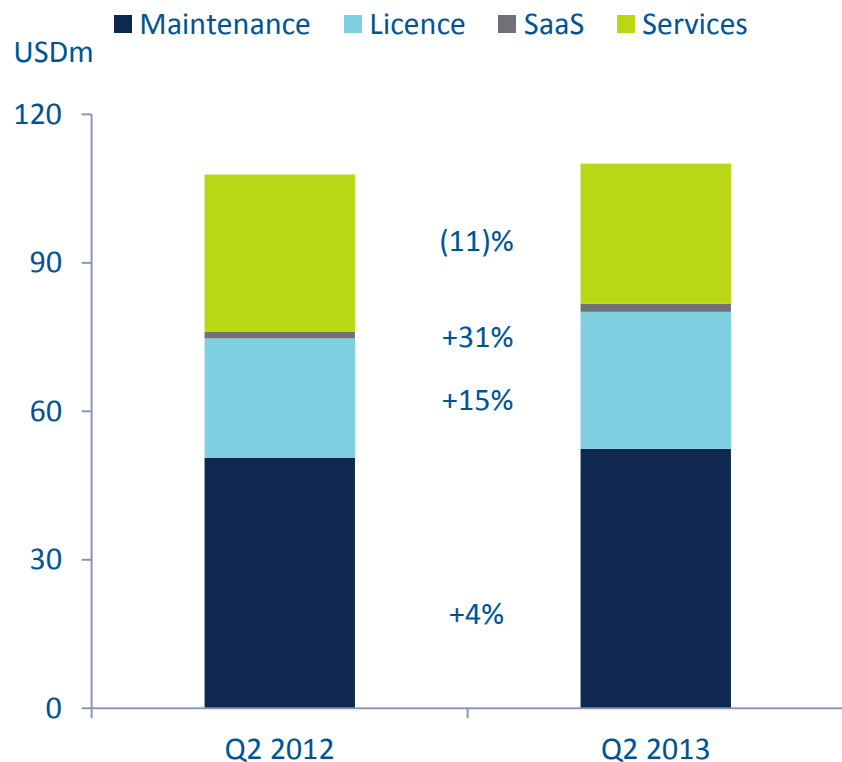
| In USDm | Q2 13 | Q2 12 | Y-o-Y | LTM 13 | LTM 12 | Y-o-Y |
|---------------------------------|-------|-------|----------|--------|--------|----------|
| Software licensing | 27.7 | 24.2 | 14.3% | 129.6 | 126.4 | 2.6% |
| SaaS | 1.6 | - | NA | 1.6 | - | NA |
| Total software licensing | 29.3 | 24.2 | 21.1% | 131.3 | 126.4 | 3.9% |
| Maintenance | 52.4 | 50.1 | 4.6% | 206.5 | 198.1 | 4.2% |
| Services | 28.3 | 31.3 | -9.8% | 120.1 | 129.3 | -7.1% |
| Total revenue | 110.0 | 105.6 | 4.1% | 457.8 | 453.9 | 0.9% |
| Non-IFRS operating costs | 89.9 | 94.9 | -5.2% | 355.8 | 377.8 | -5.8% |
| Non-IFRS EBIT | 20.1 | 10.8 | 86.3% | 102.0 | 76.1 | 34.1% |
| Margin | 18.2% | 10.2% | 8.0% pts | 22.3% | 16.8% | 5.5% pts |
| Non-IFRS EBITDA | 28.5 | 19.6 | 45.4% | 135.6 | 107.1 | 26.6% |
| Margin | 25.9% | 18.6% | 7.4% pts | 29.6% | 23.6% | 6.0% pts |

Revenue growth and mix with lower costs drives significant increase in profit

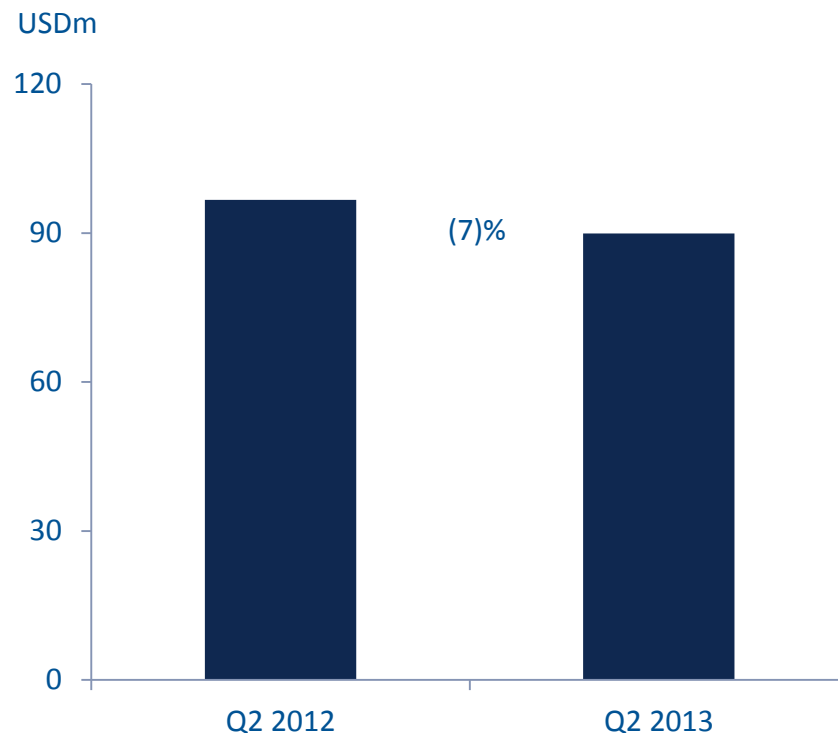


Like-for-like revenue and costs

Q2 LFL revenue



Q2 LFL non-IFRS costs



Revenue mix improving and like-for-like costs lower



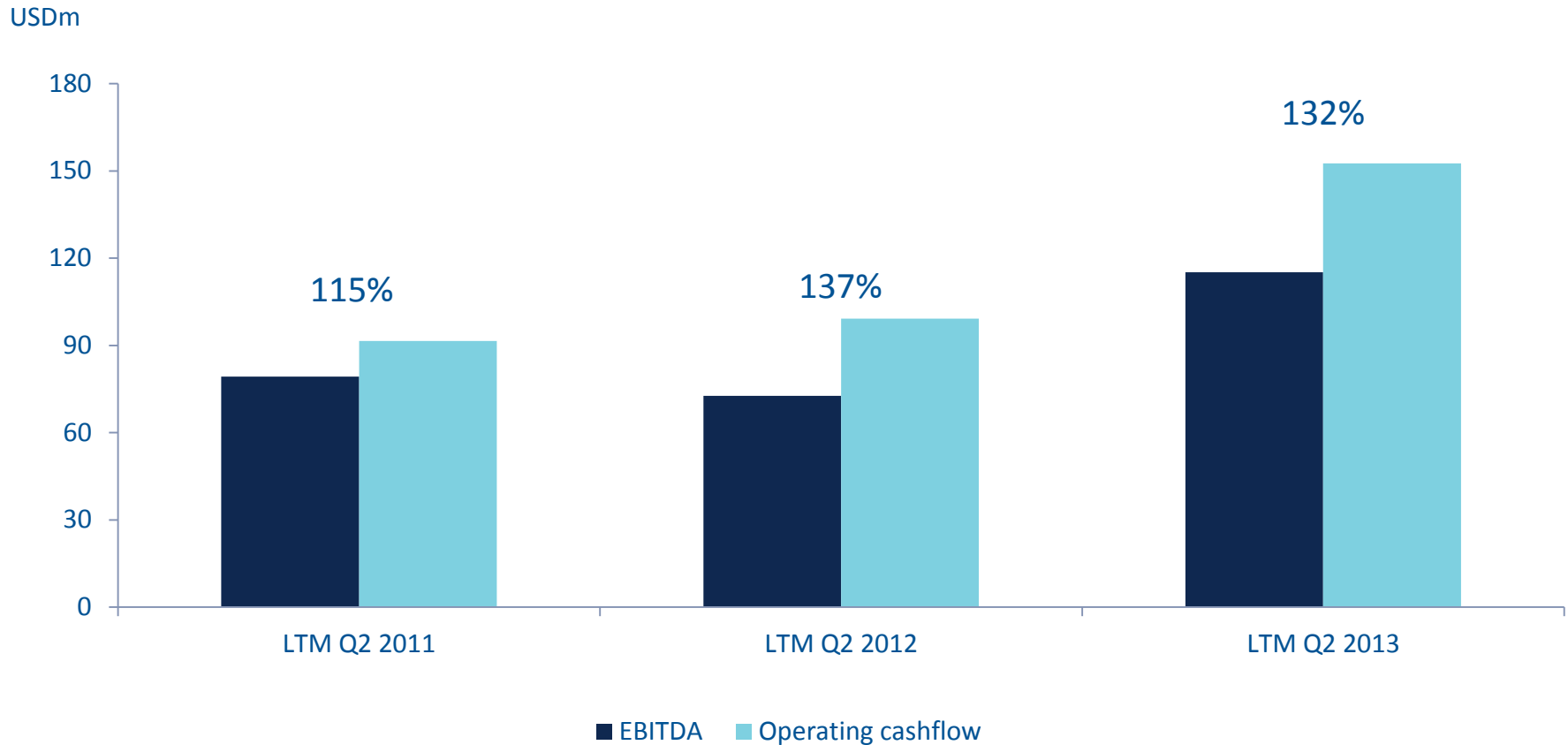
Non-IFRS income statement – non-operating

| In USDm, except EPS | Q2 13 | Q2 12 | Y-o-Y | LTM 13 | LTM 12 | Y-o-Y |
|----------------------------|-------------|-------------|-------------|--------------|-------------|------------|
| Non-IFRS EBIT | 20.1 | 10.8 | 86% | 102.0 | 76.1 | 34% |
| Net finance charge | (2.4) | (1.5) | 56% | (8.2) | (8.5) | -4% |
| FX gain / (loss) | (0.7) | (1.5) | -51% | (1.5) | (7.4) | -80% |
| Tax | (3.2) | (3.9) | -17% | (12.3) | (17.4) | -29% |
| Non-IFRS net profit | 13.7 | 3.8 | 258% | 80.0 | 42.8 | 87% |
| Non-IFRS EPS (USD) | 0.19 | 0.05 | 254% | 1.14 | 0.61 | 92% |

EBIT growth augmented by strong control of tax & financing



Cash conversion



Improved profits and DSO reduction underpin strong FCF



Balance sheet – debt and financing

| In USDm | 30 June 13 | Comment |
|--------------------------------------|--------------|--|
| Credit facilities | 214.5 | USD 350m facility and CHF 100m bond, due in 2017 |
| Others | 0.5 | |
| Total debt | 215.0 | |
| Cash | (67.3) | Held in short term deposits |
| Net debt | 147.7 | 1.3x LTM EBITDA |
| Treasury shares | (67.0) | Reflects market value as of 30 June 2013 |
| Net debt inc. treasury shares | 80.7 | 0.7x LTM EBITDA |
| LTM EBITDA | 115.2 | |

Low leverage provides flexibility to support strategic objectives



2013 guidance

Non-IFRS revenue growth of 4.5% to 7.5% (implying revenue of USD 469m to USD 482m)*

Software licensing growth of 5% to 10% (implying software licensing revenue of USD 131m to USD 137m)*

Non-IFRS cost base of USD 368m reaffirmed 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%

* Currency assumptions in Appendix , unchanged from Q1 results due to immateriality
See Appendix for definition of non-IFRS

2013 guidance reaffirmed



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Taking stock of the last 12 months

Management actions

- Simplified organisation - delayed and regional model reintroduced
- Reconfirmed our product and sales focus
- Right-sized costs to underpin profitability without impacting our ability to grow
- Secured funding for strategic plan at favourable rates; launched first corporate bond
- Executed two strategically important deals to enter SaaS and Channel/UXP markets

Results

- Returned software licensing to growth, taking market share
- Extended our leadership position
- Returned cash to shareholders on the back of strong cashflow

Returned to growth - organisation & strategy in place to capture opportunity





Appendices

FX assumptions underlying 2013 guidance

In preparing the 2013 guidance, the Company has taken the actual Q1 and Q2 2013 results and for the remainder of 2013 assumed the following:

- USD to Euro exchange rate of 0.780;
- USD to GBP exchange rate of 0.658; and
- USD to CHF exchange rate of 0.950.

Net earnings reconciliation

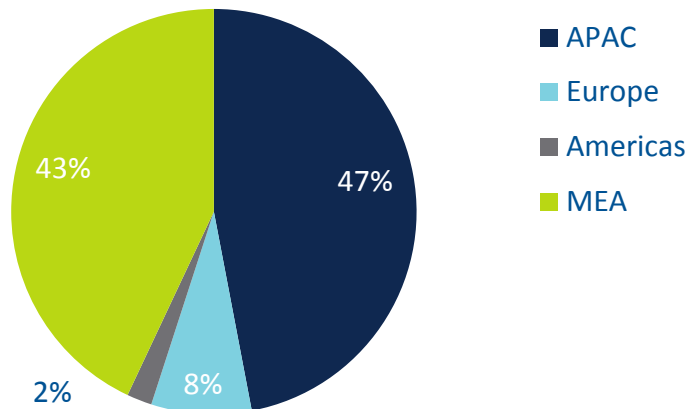
| In USDm, except EPS | Q2 13 | Q2 12 |
|--------------------------------------|-------------|------------|
| IFRS net earnings | 8.5 | 0.0 |
| Acquisition related charges | - | - |
| Amortisation of acquired intangibles | 3.2 | 3.2 |
| Restructuring | 2.4 | 0.7 |
| Taxation | (0.4) | - |
| Net earnings for non-IFRS EPS | 13.7 | 3.9 |

| | | |
|-----------------------------------|-------------|-------------|
| No. of dilutive shares | 70.5 | 69.6 |
| Non-IFRS diluted EPS (USD) | 0.19 | 0.05 |

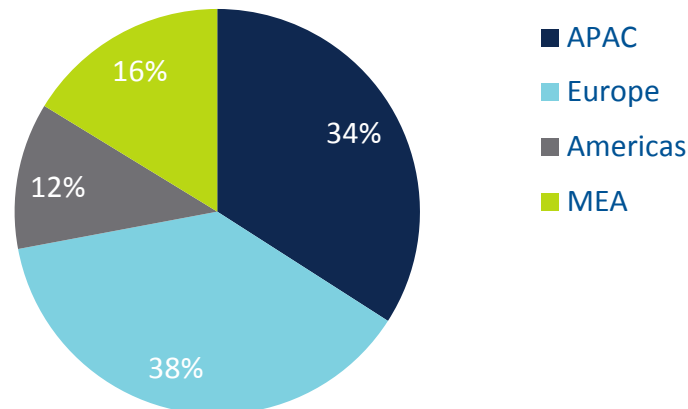


Total software licensing revenue breakdown by geography

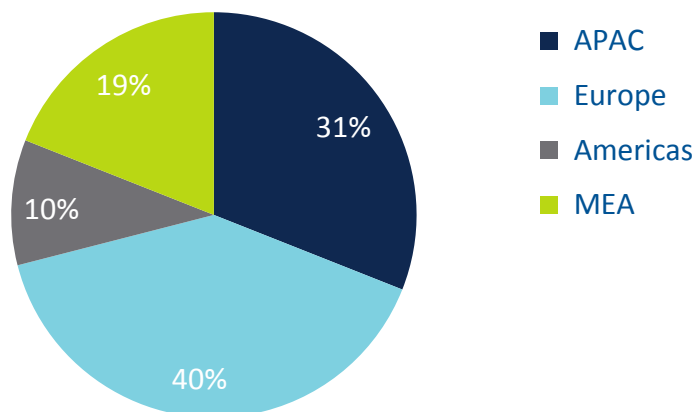
Q2 2012



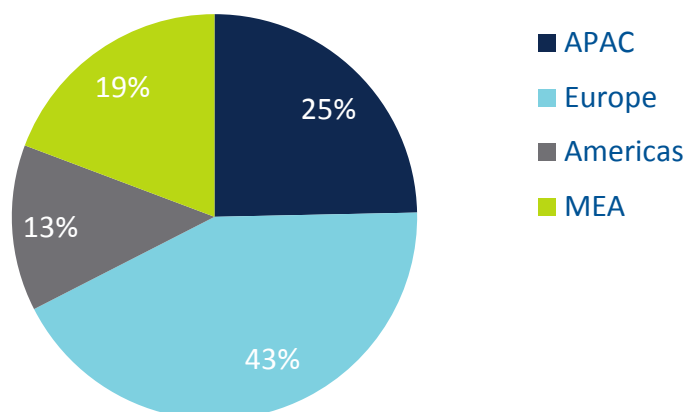
Q2 2013



LTM Q2 2012

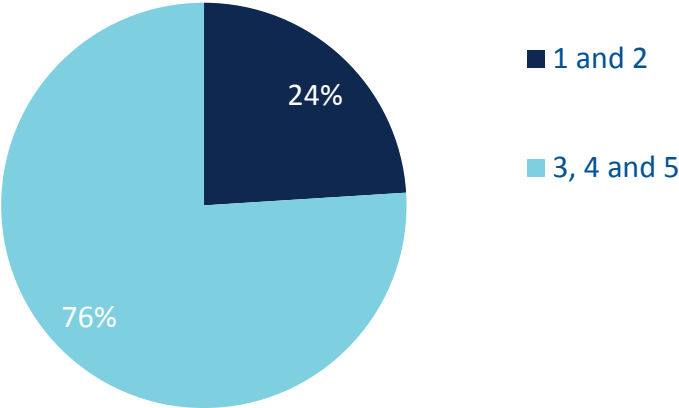


LTM Q2 2013

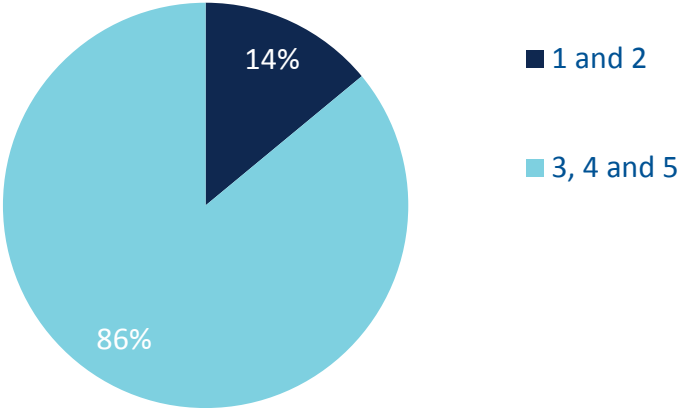


Total software licensing revenue breakdown by customer tier

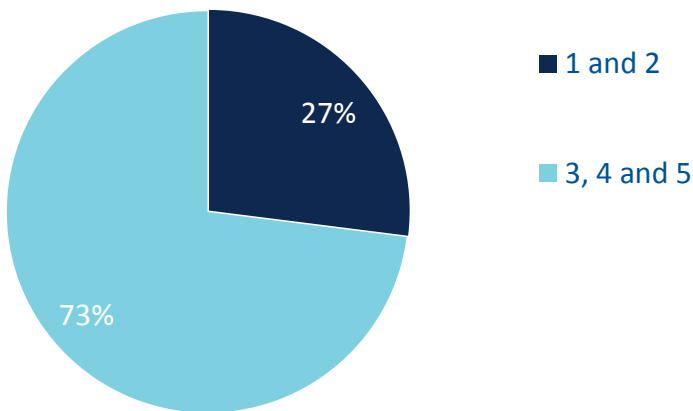
Q2 2012



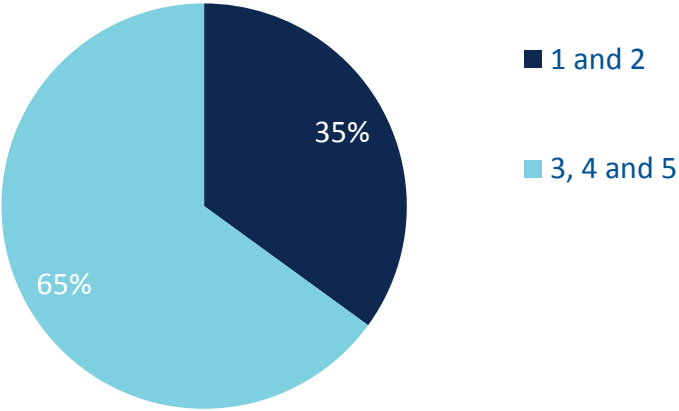
Q2 2013



LTM Q2 2012

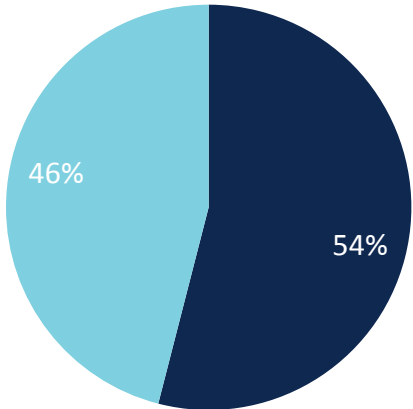


LTM Q2 2013



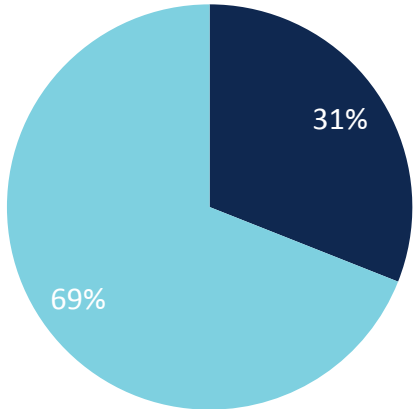
Total software licensing revenue breakdown by new / existing

Q2 2012



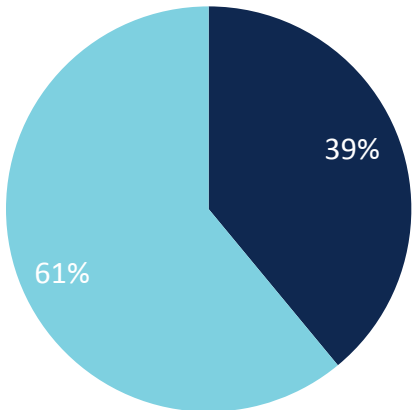
■ New
■ Existing

Q2 2013



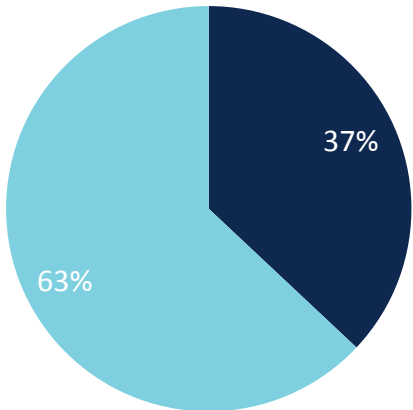
■ New
■ Existing

LTM Q2 2012



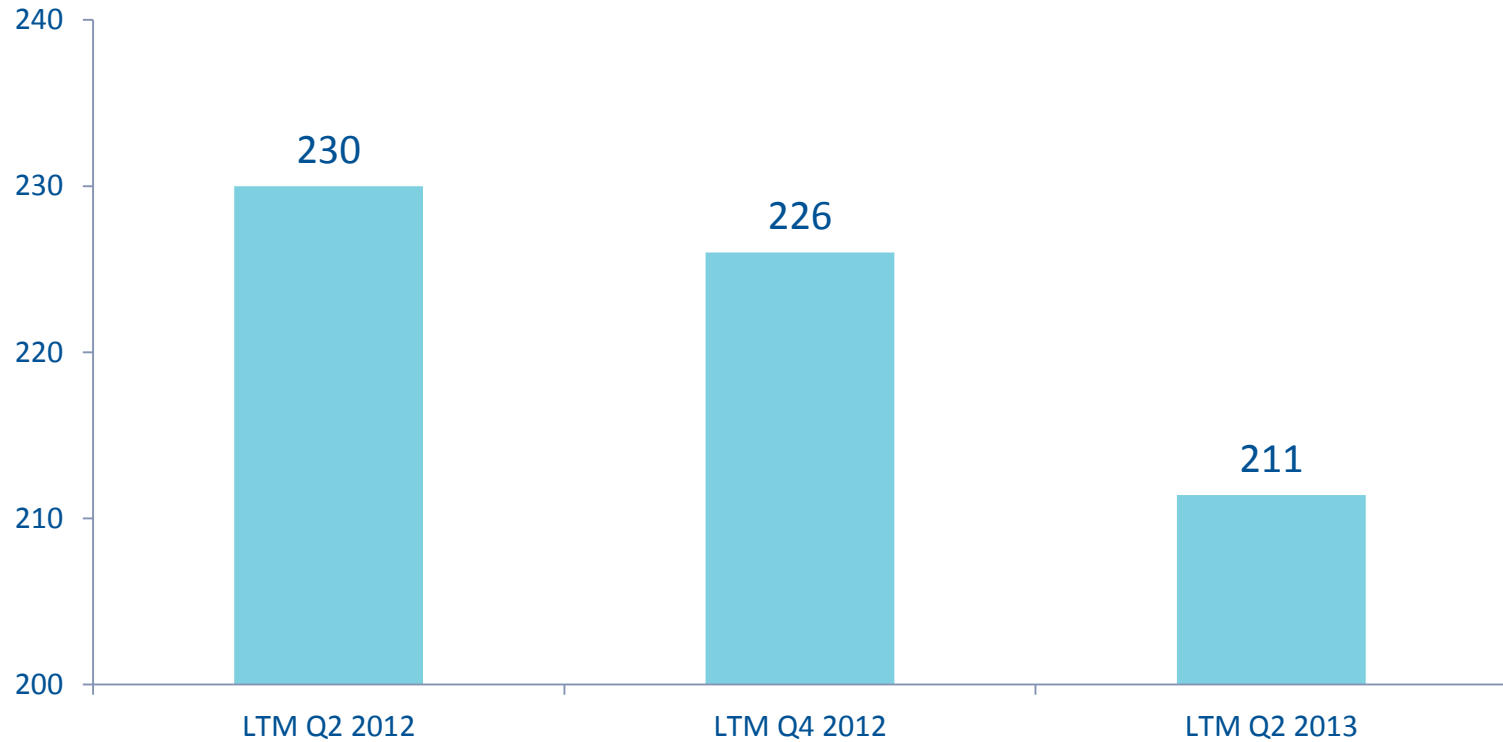
■ New
■ Existing

LTM Q2 2013



■ New
■ Existing

DSOs



Reduction in DSOs in line with strategy



Reconciliation from IFRS to non-IFRS

IFRS revenue measure

+ Deferred revenue write-down

= **Non-IFRS revenue measure**

IFRS profit measure

+ / - Discontinued activities

+ / - Acquisition related charges

+ / - Amortisation of acquired intangibles

+ / - Restructuring

+ / - Taxation

= **Non-IFRS profit measure**



Reconciliation from IFRS EBIT to non-IFRS EBIT

| USDm | Q2 2013 |
|--------------------------------------|---------|
| IFRS EBIT | 14.4 |
| Deferred revenue write-down | - |
| Discontinued activities | - |
| Acquisition-related charges | - |
| Amortisation of acquired intangibles | 3.2 |
| Restructuring | 2.5 |
| Non-IFRS EBIT | 20.1 |

Definitions

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 and integration costs

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

Like-for-like (LFL)

Excludes contributions from acquisitions and adjusts for movements in currencies





Thank you
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