



# TEMENOS

The Banking Software Company



**TEMENOS**

The Banking Software Company



# Financial Results & Business Update

Quarter ended 31 March 2012

# 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 represents the company's estimates as of 24 April 2012. 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 24 April 2012.

- 1 Introduction** | Sarah Bowman | Investor Relations
- 2 Strategy and Business update** | Guy Dubois | CEO
- 3 Financial update** | David Arnott | CFO
- 4 Outlook and Summary** | Guy Dubois | CEO
- 5 Q & A**

- 1 Introduction** | Sarah Bowman | Investor Relations
- 2 Strategy and Business update** | Guy Dubois | CEO
- 3 Financial update** | David Arnott | CFO
- 4 Outlook and Summary** | Guy Dubois | CEO
- 5 Q & A**

## Q1 Market & Sales Summary

- 1 Some signs of stabilisation in the core banking market
- 2 Delivering on strategic initiatives – geos, tiers, segments, products
- 3 PWM and BI particularly strong
- 4 7 new customers signed, flat on Q1 2011
- 5 Solid pipeline development in quarter
- 6 Forrester names Temenos sole Global Power Seller in 2011

A solid start to the year, despite tough comparison base in Europe

# Q1 Financial & Operating Highlights

- 1 Revenue, costs, and cash in line with full year outlook
- 2 Licence growth trend improves after 6 quarters
- 3 Services revenue and margin recovery continue
- 4 DSOs below 100 for the first time
- 5 15 customers went live on our solutions vs 8 in Q1 2011
- 6 A series of industry analyst reports confirm product leadership

**Solid execution across all KPIs**

# Progress on sales initiatives – Q1 LTM

Sales Initiative	Progress	Comment*
% in Asia/Americas	✓	40%; in line with Mid-term plan
% to Tier 1/2	✓	28%; in line with Mid-term plan
% to Existing Customers	✓	54%; growing toward target
Grow Retail	✓	Further traction in Canada
Grow PWM/BI solutions	✓	Strong sales & pipeline growth

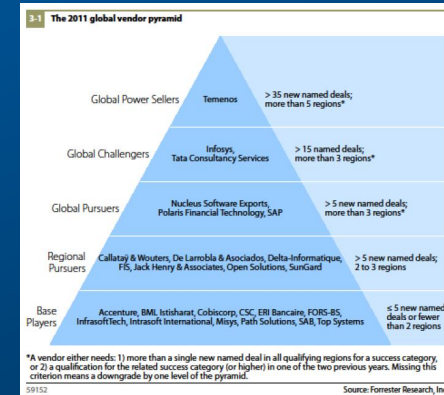
Sales initiatives contributed to improved licence growth trend

\* Comments based on Q1 LTM licence revenues





Temenos is the sole global power seller in 2011...



... is one of 2 vendors with highest score across private wealth management functionalities ...



... and a leader in the Gartner Islamic Banking global analysis.

Independent endorsement of technology leadership and innovation

- 1 Introduction** | Sarah Bowman | Investor Relations
- 2 Strategy and Business update** | Guy Dubois | CEO
- 3 Financial update** | David Arnott | CFO
- 4 Outlook and Summary** | Guy Dubois | CEO
- 5 Q & A**

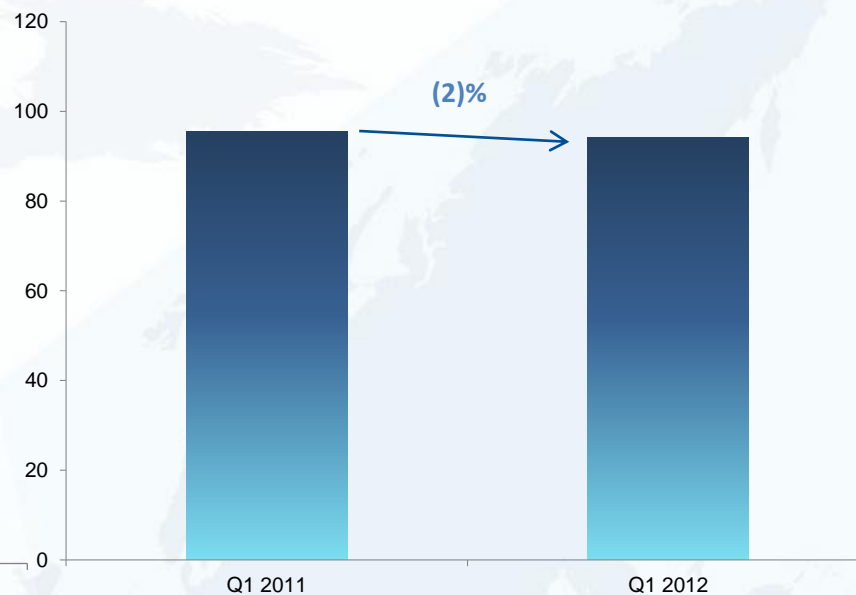
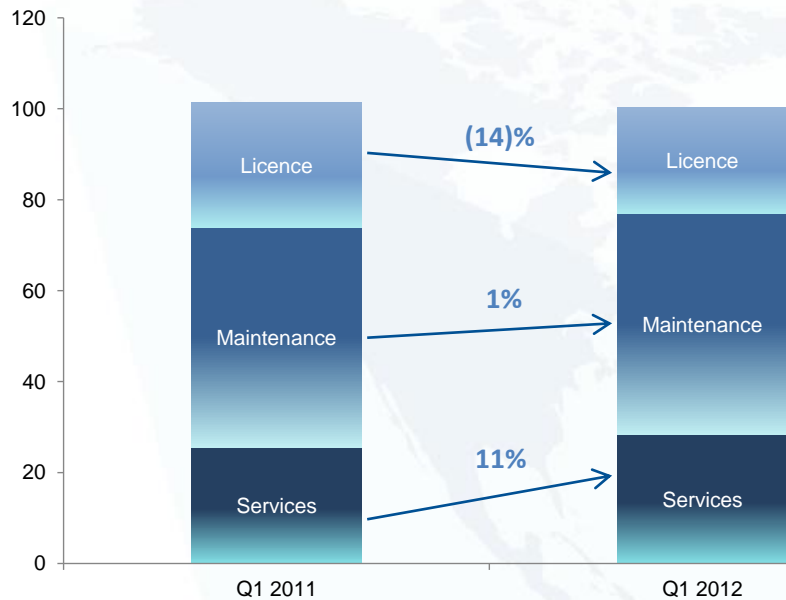
# Income Statement Highlights

in USDm	Q1 12	Q1 11	Δ	LTM 12	LTM 11	Δ
Licences	23.5	28.1	(16)%	141.4	160.9	(12)%
Maintenance	48.5	48.8	(1)%	197.0	168.5	17%
Services	28.3	26.3	8%	132.2	127.7	4%
<b>Total Revenue</b>	<b>100.3</b>	<b>103.1</b>	<b>(3)%</b>	<b>470.7</b>	<b>457.2</b>	<b>3%</b>
<b>Adj. operating costs</b>	<b>(94.1)</b>	<b>(98.1)</b>	<b>(4)%</b>	<b>(381.7)</b>	<b>(351.0)</b>	<b>9%</b>
<b>Adj. EBIT</b>	<b>6.3</b>	<b>5.0</b>	<b>26%</b>	<b>89.0</b>	<b>106.2</b>	<b>(16)%</b>
Margin	6%	5%	140bps	19%	23%	(432bps)
<b>Adj. EBITDA</b>	<b>14.8</b>	<b>12.1</b>	<b>22%</b>	<b>119.4</b>	<b>132.0</b>	<b>(10)%</b>
Margin	15%	12%	299bps	25%	29%	(351bps)

Good cost control and services recovery help produce better margins

# Q1 2012 Like-for-Like Revenue and Cost Performance

Like-for-like Revenue\* -1% and like-for-like costs\*\* -2%

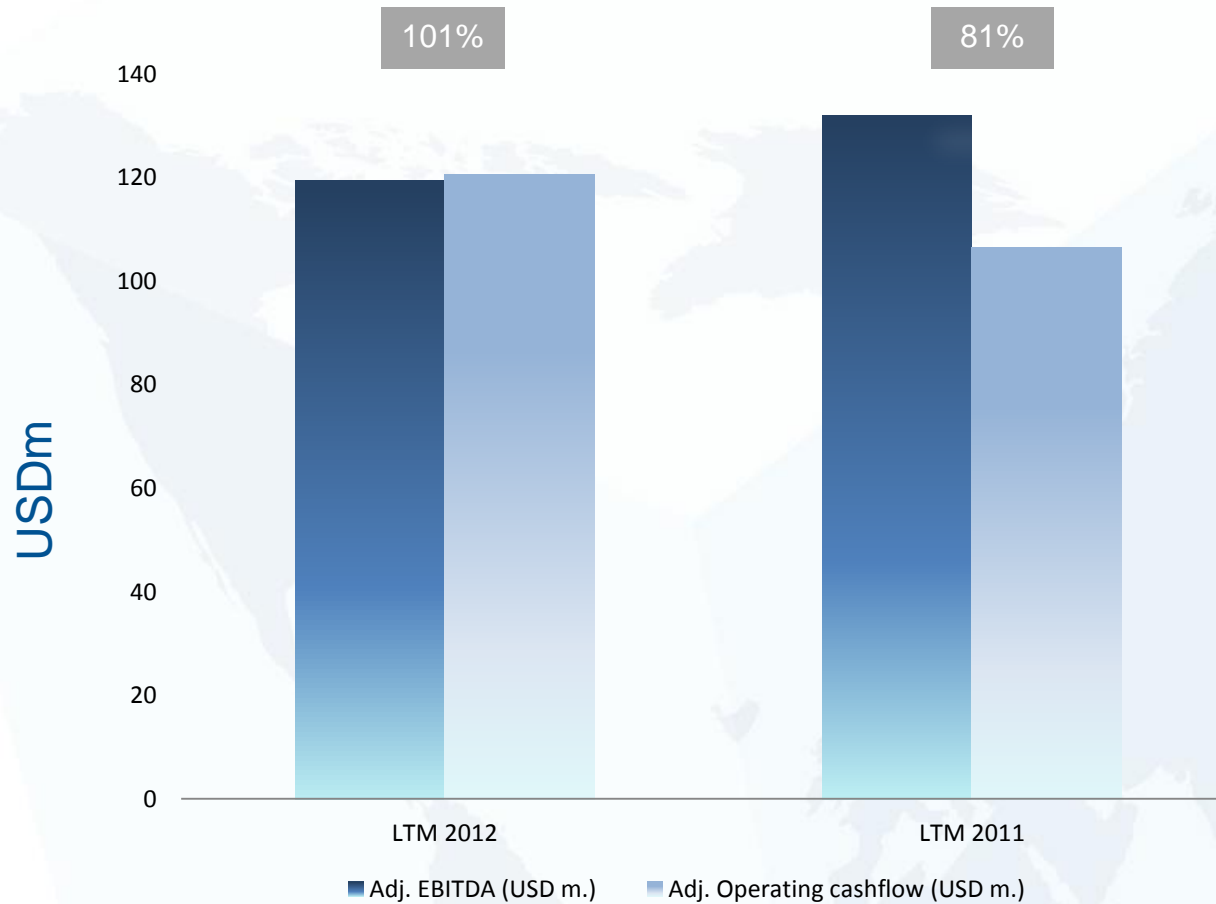


\*Adjusted for FX

\*\* Adjusted for FX, amortisation of acquired intangibles, restructuring, and adjusting costs

Top line stabilises as costs decline

# Adjusted EBITDA conversion into Adjusted Operating Cash Flow



Improving LTM cash conversion

# Non-Operating Items

in USDm	Q1 12	Q1 11	y-o-y $\Delta$	LTM 2012	LTM 2011	y-o-y $\Delta$
<b>Adjusted EBIT</b>	<b>6.3</b>	<b>5.0</b>	<b>26%</b>	<b>89.0</b>	<b>106.2</b>	<b>(16%)</b>
Net finance charge	(2.0)	(1.7)		(8.9)	(12.5)	
FX gain/(loss)	(1.9)	0.4		(7.7)	0.8	
Tax	(2.2)	(0.2)		(14.2)	(0.4)	
<b>Adjusted Net Profit for EPS</b>	<b>0.2</b>	<b>3.5</b>	<b>N/A</b>	<b>58.2</b>	<b>94.1</b>	<b>(38%)</b>
<b>Adjusted EPS*</b>	<b>0.00</b>	<b>0.05</b>	<b>N/A</b>	<b>0.83</b>	<b>1.36</b>	<b>(39%)</b>

\* See slide 20 in the appendix for EPS reconciliation

Approaching our long term tax rate in the LTM

## Balance Sheet – Debt and Financing

USDm	Q1 2012	<u>Comments</u>
Credit facilities	203.0	USD 350m facility, due in 2014
Others	0.6	
<b>Total debt</b>	<b>203.6</b>	
Cash	(68.1)	Held in ST deposits
Treasury Shares	(52.2)	Held at market value as of 31/3/12
<b>Net debt</b>	<b>83.3</b>	

Under 1x leveraged by year-end 2012

- 1 Introduction | Sarah Bowman | Investor Relations**
- 2 Strategy and Business update | Guy Dubois | CEO**
- 3 Financial update | David Arnott | CFO**
- 4 Outlook and Summary | Guy Dubois | CEO**
- 5 Q & A**



Key Performance Indicator	Outlook	Implied Range
Total Revenue Growth	-5% to +6%	USD450-500m
Adjusted EBIT Margin*	19% to 22%	USD85-110m
Adjusted Operating Cash** to Adjusted EBITDA***	100%	

Percentage and USD ranges calculated based on spot rates at the end of January 2012

\*Adjusted EBIT adjusts for exceptional items and amortisation of acquired intangibles

\*\*Operating cash adjusted for one-off cash outflows in relation to restructuring and acquisition-related costs

\*\*\*EBITDA adjusted for one-off restructuring costs and acquisition-related costs

**Solid quarter supports our 2012 Outlook**

**TCF**

# Barcelona 2012

Temenos Community Forum

## Expected to attend:

- 400 customers
- 100 Partners
- Temenos Management & Employees

## Presentations:

- Temenos Management
- Platinum Sponsor IBM
- Sir T. Leahy (Tesco)
- Forrester Research
- Banque de France
- ABN Amro

## Investor Track:

- Q&A Time with Management
- Sales Update
- Partner Update
- Deloitte seminar on banking profitability



# Conclusion

- 1 Some signs of stabilisation in the core banking market
- 2 Drivers for core banking renewal remain strong
- 3 We are delivering on our growth initiatives
- 4 Continued good cost control
- 5 On track to deliver continued services improvement
- 6 Our product set maintains industry leadership position

Foundations in place for sustained recovery

# Appendices

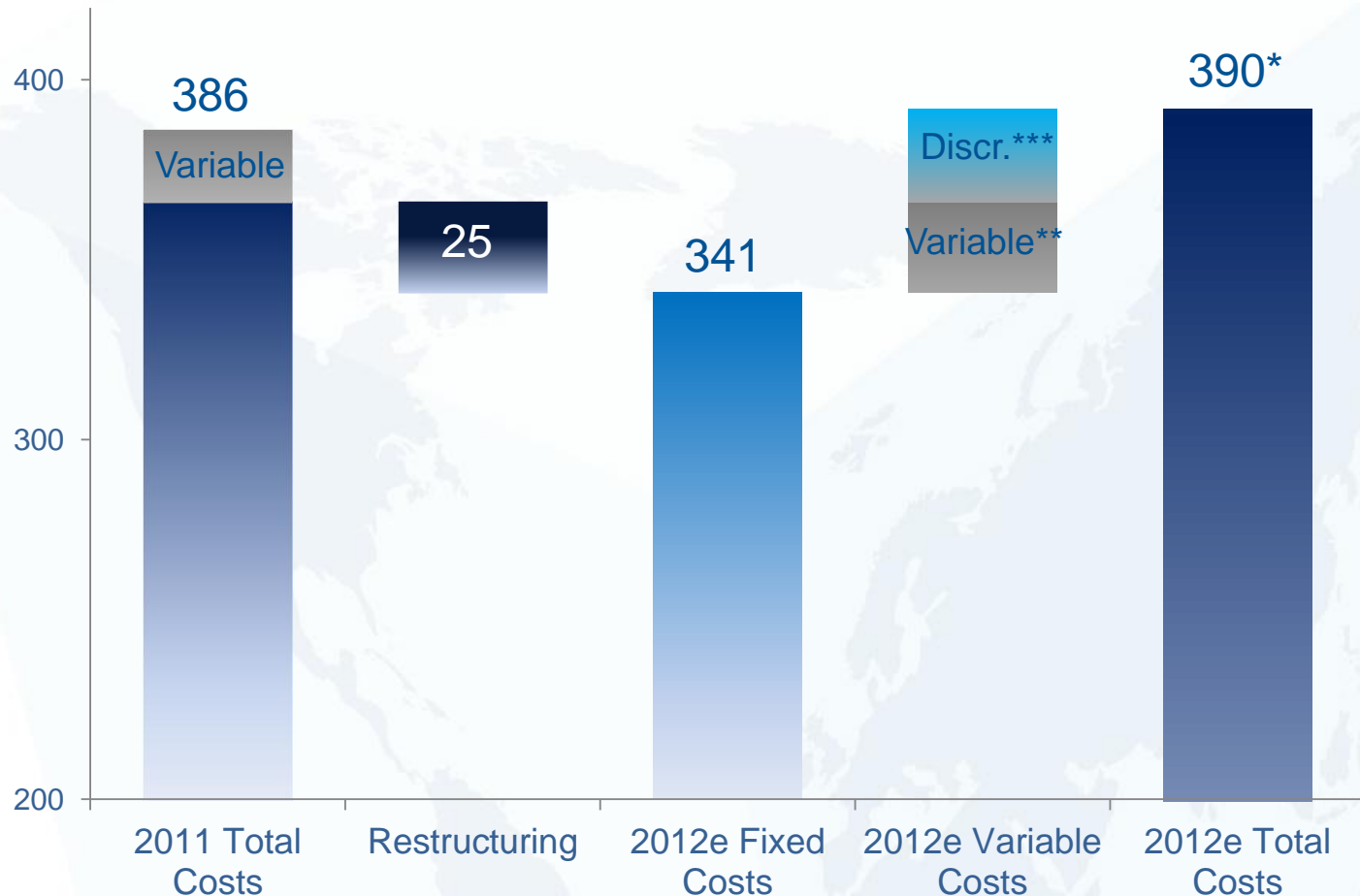
# Adjusted EPS Reconciliation

USDm, except EPS (USD)	Q1 12	Q1 11
<b>Net Earnings</b>	<b>(11.4)</b>	<b>(10.9)</b>
Amortization of acquired intangible assets	3.4	4.4
Adjusting costs	8.2*	10.0**
<b>Earnings for adjusted EPS</b>	<b>0.2</b>	<b>3.5</b>
Number of Dilutive Shares	69.6	72.7
<b>Adjusted EPS</b>	<b>0.00</b>	<b>0.05</b>

\*This represents one-off adjusting costs primarily related to the terminated M&A discussions

\*\* Linked primarily to restructuring charges

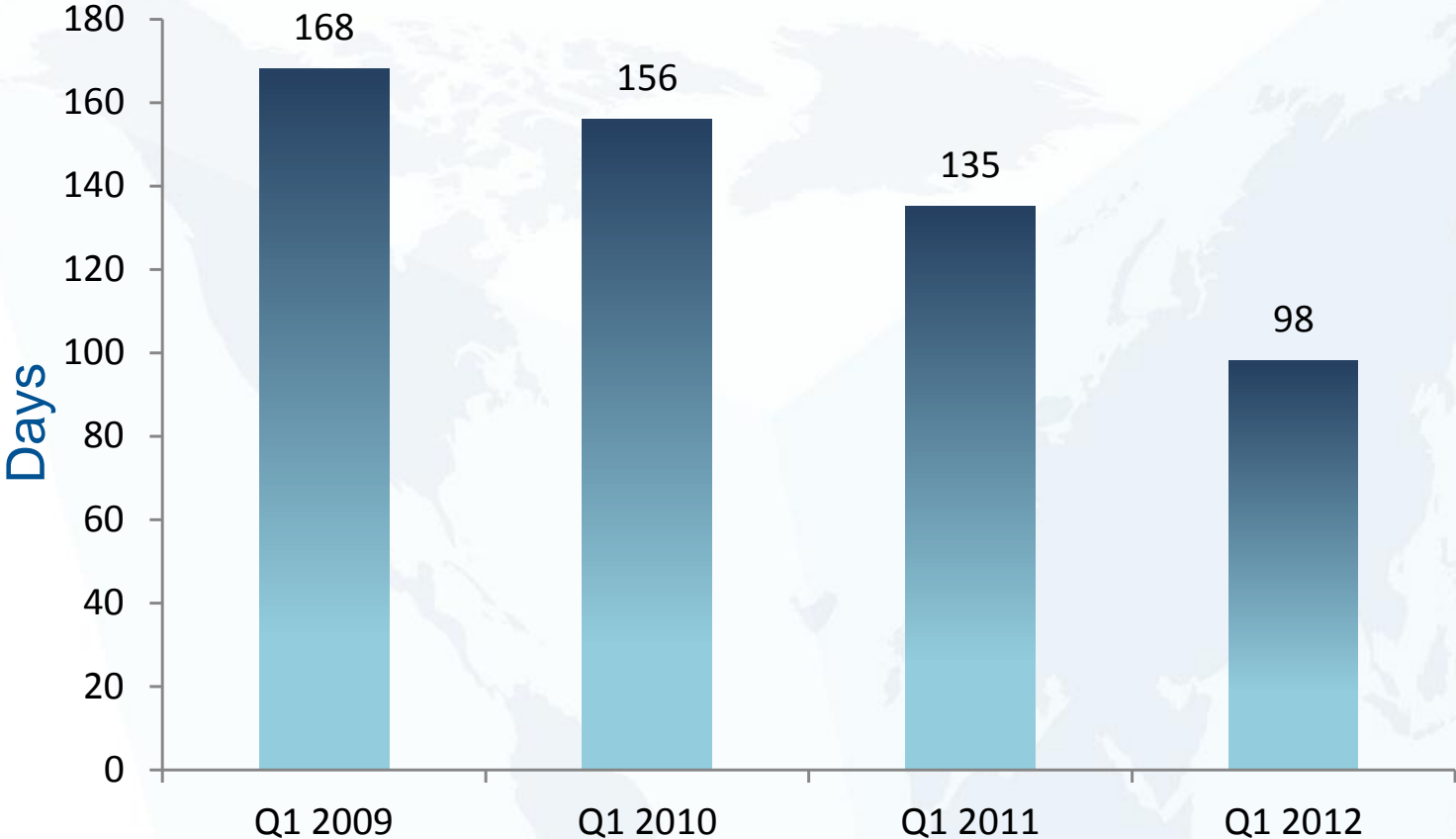
# 2012 Adjusted Cost Reconciliation



\* Based on high end of revenue outlook, \*\*Costs that flex with either revenue or profit; \*\*\* Discretionary items like bonuses

Margins protected through variable costs

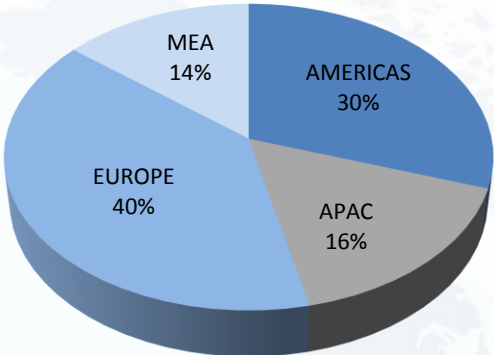
## Days Sales Outstanding



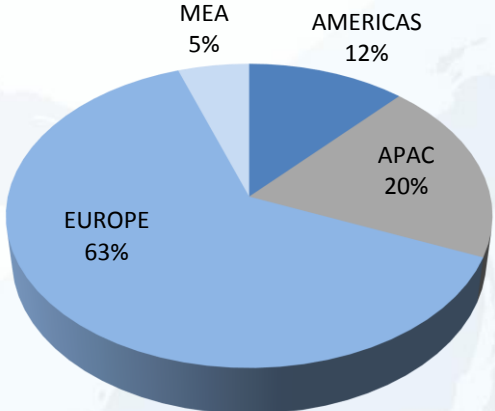
Sustained reduction of DSOs continues

# Geographical breakdown of licencing revenue

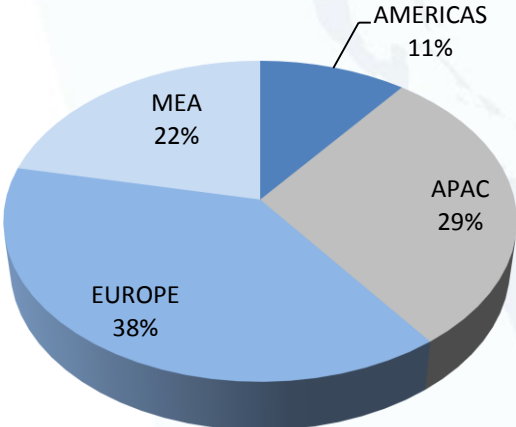
Q1 2012



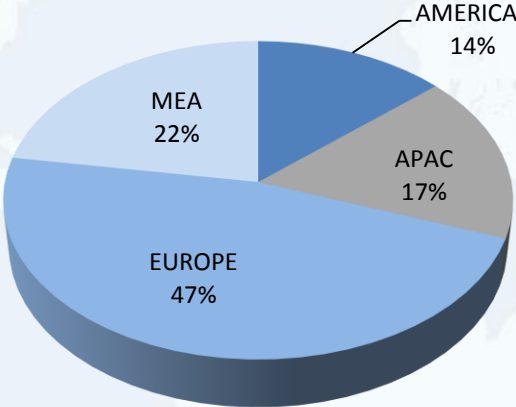
Q1 2011



LTM 2012



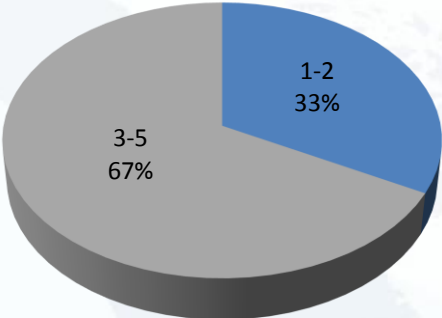
LTM 2011



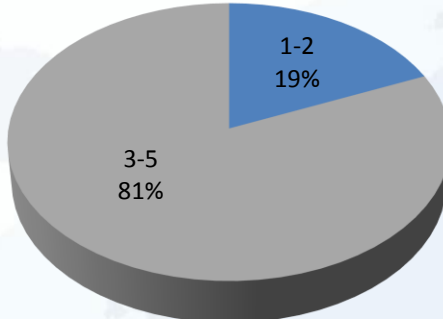


# Breakdown of Licencing Revenue by Customer Tier

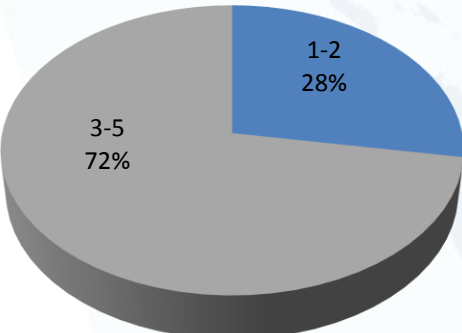
Q1 2012



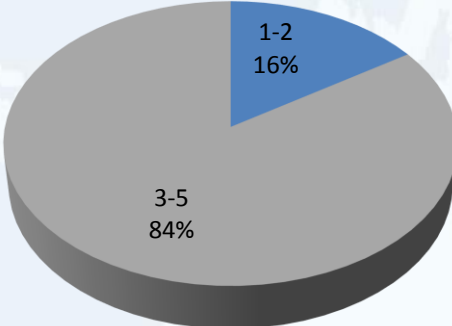
Q1 2011



LTM 2012

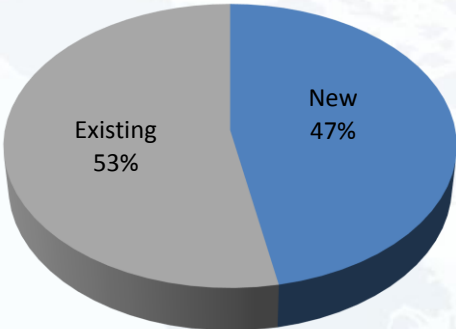


LTM 2011

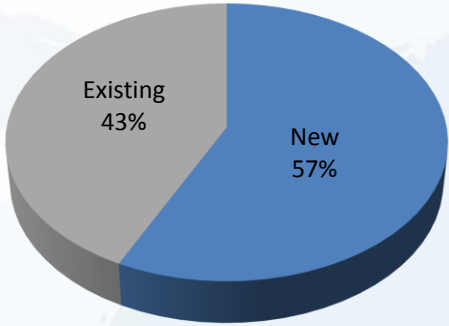


# Breakdown of Licencing Revenue by Existing/New Customer

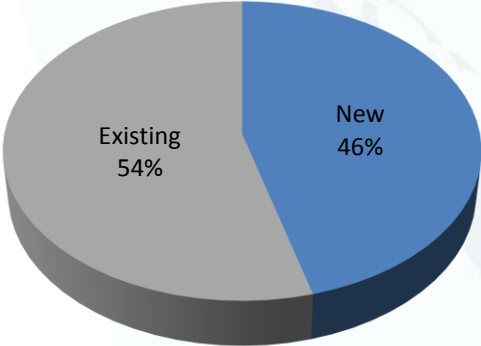
Q1 2012



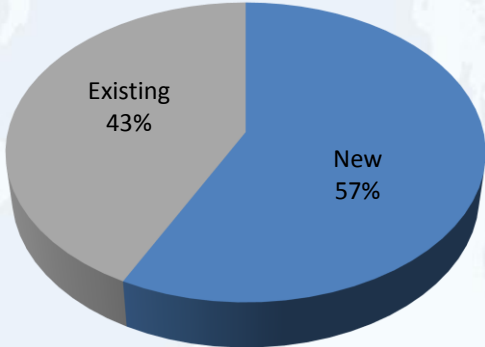
Q1 2011



LTM 2012



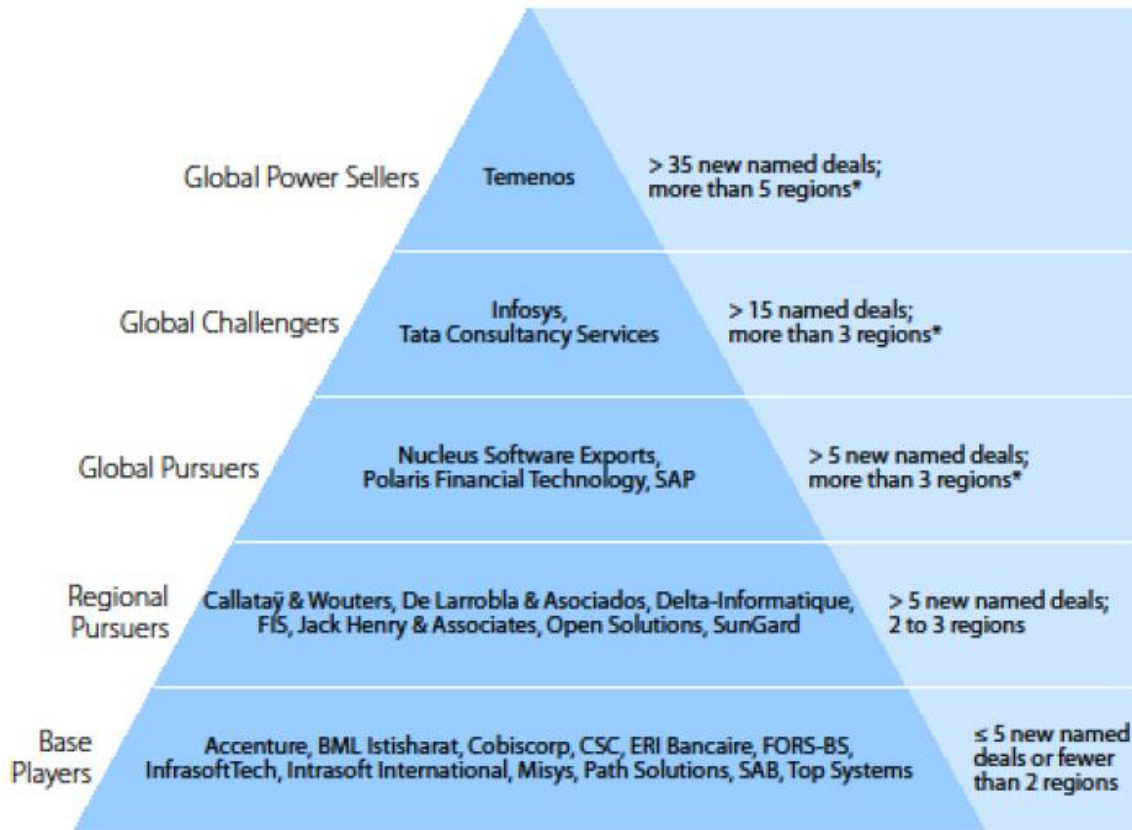
LTM 2011



# Forrester Global Vendor Pyramid

FORRESTER

## 3-1 The 2011 global vendor pyramid



\*A vendor either needs: 1) more than a single new named deal in all qualifying regions for a success category, or 2) a qualification for the related success category (or higher) in one of the two previous years. Missing this criterion means a downgrade by one level of the pyramid.

59152

Source: Forrester Research, Inc.

“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: “Global Banking Platform Deals 2011; the 2012 Survey Indicates Tighter Competition”, Forrester Research, April 2012

TEMENOS