

Chairman's statement

25 YEARS OF INNOVATION IN TECHNOLOGY

It is with great pleasure that we present our Annual Report for 2018 to our shareholders.

In November 2018 Temenos celebrated its 25th anniversary. Temenos became 25 years old, or rather young as we prefer to think about it. In the past 25 years we established Temenos as the leader in banking software and made it synonymous with banking software. We support more than 3,000 banks worldwide in conducting their daily business and servicing their customers and other stakeholders.

It has been 25 years full of successes, full of passion for what we do, industry firsts in product and technology and relentless growth in revenues and of course profitability. In the 25 years we have had our fair share of challenges and disappointments, but even those events have only served to strengthen our resolve and character with key learnings that remain with us today. In those 25 years, we navigated three of the largest financial crises the world has ever experienced – the dot com crisis in 2001, the financial crisis in 2008 and the Euro crisis in 2011/2012, only for Temenos to come out of each one of those periods stronger and better placed to compete in the marketplace.

Application software companies that make it to 25 years and are able to keep growing their revenues at the pace we do, usually continue to become the giants of their target markets. There are two or three key reasons why this is the case. Technology cycles are incredibly fast. Building business functionality to run the world's premier organizations takes much longer to do. This means that software companies that are not able to dramatically change their technology while protecting business functionality, usually run out of steam and stop growing after 10 years or so. As a result, they cannot continue to invest aggressively, build client successes or Partner ecosystems. In fact we can only think of less than ten software companies that after 25 years could still exhibit our level of growth and each one of those companies ended up taking the lion's share of their target market.

As Max explains in his report, we had another outstanding year with record growth in our revenues and profitability. Our revenue continues to accelerate. 2018 was particularly exciting as we saw broad based demand for our products, from the largest to the smallest banks, across all regions, whether in core, wealth, payments, front office or fund management. Software as a service and cloud deployment is starting to come of age in the banking world and we have now started to see spectacular growth in this segment.

We continued to win most, if not all, the strategic deals in the market and continued to demonstrate unparalleled progress and success with our implementations. Our superior growth, as well as the scale of our business, allows us to invest more aggressively than our competitors, providing our clients with a superior platform and a partnership model that has stood the test of time based on upgradeable packaged software.

During 2018 we focused our effort and investments amongst other things on strengthening our digital front office product with the acquisition of Avoka, a leading US-based software company in the area of customer onboarding for banks and financial institutions. With the support of the Avoka team we will be able to compete more effectively and deliver more complete and exciting solutions to our clients.

I feel that the business opportunity ahead of us is more significant than it has ever been, our target market is estimated to be USD 57 billion and we are in the enviable position of leading our market and therefore have the chance to deliver against this opportunity. Technology is rapidly changing consumer behavior and in turn this changes the way people would like to interact with their banks. The customers of banks increasingly demand a full digital experience, innovative services with instant gratification and a user experience equal to the standards already set by the global technology companies. Open Banking initiatives, starting in Europe, are already resulting in a far more competitive market place for banking services. Fintech companies, banks and technology players are now able to take advantage of Open Banking initiatives to deliver real time, personalized services to their customers that are relevant and contextual. Banks all over the world are scrambling to take advantage of the opportunities that technology provides and put their customers' trust to work for the next generation and they expect us to be their partner in this journey.

As market leaders we see ourselves as the catalyst for the acceleration in this conversion. We do have the best software in the world and would like to ensure that our clients deploy this software rapidly, predictably and efficiently for their use. We will increasingly bring 25 years of Temenos functionality to different consumption models, developing in the morning and deploying in the afternoon, whether this is on premise or in the cloud, and we are well on our way towards achieving this. By the time you read this, we will have launched our two new products Temenos T24 Transact for the back office and Temenos Infinity for the front office which I expect will become the standard in banking software for the next 25 years.

"We will continue to have a sense of purpose and do business while we help our world become a better place."

We will continue to have a sense of purpose and do business while we help our world become a better place. Whether it is helping the two billion people that are unbanked to access banking services, or helping our communities where we do business, while providing equal opportunity for all and creating an environment that promotes human endeavor and assists our people to achieve their aspirations.

Our business is about building relationships, with all our stakeholders, our clients, our Partners, our shareholders and between us Temenosians. The fundamental trust we have created between our clients and Temenos will continue to be the cornerstone of how we conduct business. Our passion for innovation and for seeing things differently will ensure that we continue to develop winning products for our clients. Our determination, resolve, integrity, commitment, people focus and never-give-up attitude will ensure we remain the leading banking software company and overcome any challenges that may lie ahead of us. At Temenos, even after 25 years, we have the energy and enthusiasm of a start-up and we deal with every day as if it is our first day in the Company.

Influencing the way banking is carried out for the 21st century continues to be our end goal, one that guides our daily endeavors. With more than 3,000 banking clients in over 150 countries worldwide, we are well on our way to doing so. With a local investment mindset, we hope we also successfully contribute to the economies of the world where our clients do business. The success of all who are involved with Temenos, be it clients, shareholders, Partners or employees, will always underpin the positive development of our business.



Andreas Andreades
Executive Chairman



OUR VALUES



We see things differently from everyone else

Average people see difficulties, exceptional people see opportunities.

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We believe in the power of people

People make things happen. People define our destiny.

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We operate responsibly to build a sustainable business

We walk the extra mile to build strong and lasting relationships with our stakeholders and create sustainable value for them.

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We inspire, through living up to our full potential

We dream big and pursue our goals fearlessly.

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We place clients at the core of what we do

Everything starts and ends with our clients' goals.

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