



TEMENOS

The Banking Software Company

Temenos reports a 34% increase in Q1 2009 operating profit, robust T24 licence growth, reconfirms 2009 outlook

- And gives update on strategic and operating initiatives -

Geneva, Switzerland, April 23, 2009 – Temenos Group AG (SWX: TEMN), the global provider of integrated core banking solutions, today reports first quarter results showing strong growth in operating profit based on resilient licence sales and tight cost management.

Q1 09 Financial and Operating highlights

- Operating profit growth of 34% to USD8.7m (Q108: USD6.5m)
- Operating margin expansion of 330bps to reach 10.7% (Q108: 7.4%)
- An increase in T24 licences of 5% stated – and 9% at constant FX – against an extremely tough comparative. Within this, T24 sales to new customers were up 48%.
- 3 tier 1 deals, including one large multi-site roll-out in Europe
- 3 large wins for the Misys replacement programme
- Record number of client go-lives in the quarter
- More than 100% growth in new ARC customers and first sales of Temenos Insight, our new Business Intelligence solution.
- Formal recognition in the IBS sales league table that T24 was again the leading-selling core banking solution in 2008.

Commenting on the results, Temenos CEO Andreas Andreades said, “I am delighted with this set of results. After the setback in Q4 of last year, we knew it was important to act quickly to restore investor confidence in the business.

We executed our cost restructuring as committed and the effect of this can be seen very clearly in the cost base, which has fallen by USD14m, or 16%, compared to the previous quarter.

However, the most pleasing aspect of these results is the resilience of the licence sales. Sales of T24, our flagship core banking product, actually grew year-on-year – by 9% at constant currency and by 48% to new accounts - in spite of the difficult environment and the fact that we were lapping a very tough comparative.

Because licence sales have remained so resilient, the cost cutting has manifested itself in significant leverage at the operating profit line, which we hope will continue over the rest of the year and which gives us confidence that we can deliver our full year margin targets. With 2009 expected to be highly cash generative both at operating and free cash flow level it leaves the company in an excellent position to manage capital and debt level as well as develop its business model through accretive acquisitions.



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The unilateral termination by Metavante of its agreement with Temenos (please see below for more details) is clearly disappointing, but we remain very confident about our US prospects and those for TCB.

We believe we are able to absorb the effect of the Metavante agreement termination given the better than anticipated performance from T24 in Q1, and so leave our current full year outlook unchanged.”

Revenue

Revenue for the first quarter was USD81.2m, down from USD88.4m in the same period last year, representing a decline of 8%. Licence revenue for the quarter was USD27.8m, 11% behind the previous year. For the Last Twelve Months (LTM), total revenue was USD399.7m, up 12% on 2008, with licence revenue at USD146.7m, 6% behind the previous 12 months.

Operating profit

Operating profit for the quarter was USD8.7m, compared with USD6.5m in the same period last year, an increase of 34%. The LTM operating profit was USD 66.2m, up from USD63.8m in the prior period, representing a 4% increase. Margin for the quarter was 10.7%, 330 basis points higher than in the prior year, with the LTM margin at 16.6%, 120 basis points lower than the previous 12 months.

Earnings Per Share (EPS)

Adjusted EPS, which excludes amortisation of acquisition-related intangibles and restructuring charges, was USD0.13 in the quarter, up 2% from the prior year (USD0.13). The LTM adjusted EPS was USD1.14, 6% up on the previous 12 months.

Cash

Operating cash was USD7.5m in the quarter, representing cash conversion - conversion of Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) into operating cashflow – of 59% for the quarter.

Metavante agreement

Temenos and Metavante are in dispute with regard to the unilateral termination by Metavante of the agreement. The parties are engaged in a dialogue to evaluate the available options to attempt to resolve that dispute and Temenos anticipates undertaking formal mediation proceedings. Should mediation not result in a resolution of the dispute, Temenos anticipates that it will proceed to arbitration and seek recovery of all amounts due under the agreement. Further project activities related to the agreement have been suspended pending outcome of dispute. We are no longer booking any revenues in relation to this agreement

Outlook

Temenos Group continues to expect full year EBIT margins of 19-20% (giving an EBITDA margin range of 27-28%) on a cost base of USD310m.



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In terms of cash generation, Temenos expects operating cash for the year to be equal or exceed USD80m and free cash flow to be equal to or exceed USD50m.

Conference call

At 17.30 GMT/ 18.30 CET, today, April 23, Andreas Andreades, CEO, David Arnott, CFO, and Max Chuard, Director of M&A and IR, will host a conference call to present results and offer an update on business outlook. Listeners can access the conference call using the following dial in numbers:

+44 (0) 203 037 9105 (UK)

+1 866 966 5335 (USA)

0800 673 7932 (Germany)

0800 800 038 (Switzerland)

A transcript will be made available on the company website 24 hours after the call.

Presentation slides for the call can be accessed using the following link

<http://www.temenos.com/Investor-Relations/New-Presentations/>

About Temenos

Founded in 1993 and listed on the Swiss Stock Exchange (SWX: TEMN), Temenos Group AG is a global provider of banking software systems in the Retail, Corporate & Correspondent, Universal, Private, Islamic and Microfinance & Community banking markets. Headquartered in Geneva with 52 offices worldwide, Temenos serves over 700 customers in more than 120 countries. Temenos' software products provide advanced technology and rich functionality, incorporating best practice processes that leverage Temenos' experience in over 600 implementations around the globe. Temenos' advanced and automated implementation approach, provided by its strong Client Services organisation, ensures efficient and low-risk core banking platform migrations. Temenos annually invests around 20% in R&D, significantly more than its peers, into a single fully packaged upgradeable software release, which ensures all Temenos customers benefit from modern technology and support indefinitely. Temenos is top of the IBS Sales League Table 2008, winner of the Best Core Banking Product category in Banking Technology magazine's Readers' Choice Awards 2008, winner of the Financial-i Leaders in Innovation award for the most innovative core banking systems solution 2008 and is listed in the American Banker top 100 FinTech companies.

For more information please visit www.temenos.com

Any statements in this press release about future expectations, plans and prospects for the company and statements containing the words "believes", "anticipates", "plans", "expects", "will" and similar expressions, 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 press release represents the company's estimates as today's date. 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. These forward-looking statements should not be relied upon as representing the company's estimates of its future financial performance as of any date subsequent to today's date.



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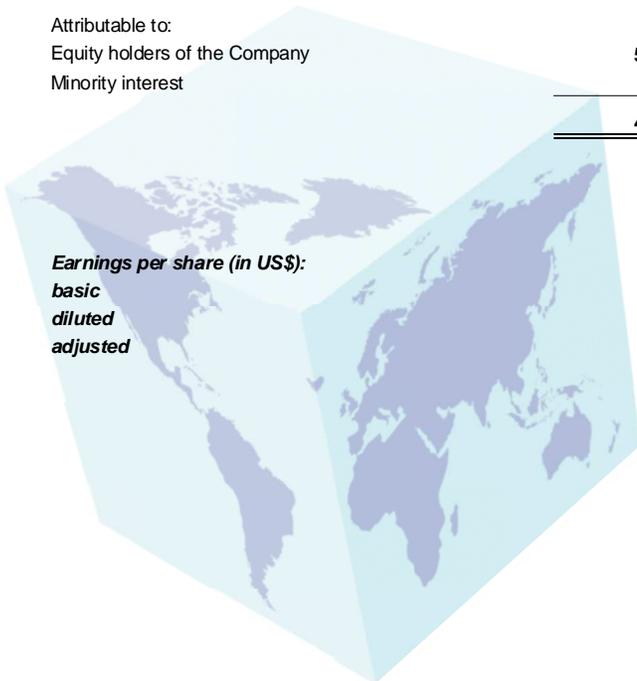
consolidated income statement

TEMENOS GROUP AG

All amounts are expressed in thousands of US dollars

except earnings per share

	Three months to 31 March 2009	Three months to 31 March 2008	Twelve months to 31 March 2009	Twelve months to 31 March 2008
Revenues				
Software licensing	27,816	31,141	146,730	156,538
Maintenance	27,830	23,715	105,331	83,826
Services	25,546	33,500	147,714	117,602
Total revenues	81,192	88,356	399,775	357,966
Operating expenses				
Sales and marketing	17,528	18,803	73,659	76,016
Services	25,383	32,869	133,323	109,198
Software development and maintenance	18,642	18,028	75,557	64,408
General and administrative	10,937	12,169	51,069	44,516
Total operating expenses	72,490	81,869	333,608	294,138
Operating profit	8,702	6,487	66,167	63,828
Other income (expenses)				
Net financing and interest expenses	(1,383)	(781)	(6,380)	(3,504)
Foreign exchange (loss) gain - net	(2,388)	1,201	1,531	6,763
Total other income (expenses)	(3,771)	420	(4,849)	3,259
Profit before taxation	4,931	6,907	61,318	67,087
Taxation	50	134	1,799	407
Profit for the period	4,981	7,041	63,117	67,494
Attributable to:				
Equity holders of the Company	5,085	7,040	62,757	67,386
Minority interest	(104)	1	360	108
	4,981	7,041	63,117	67,494
Earnings per share (in US\$):				
basic	0.09	0.12	1.08	1.16
diluted	0.09	0.12	1.00	1.05
adjusted	0.13	0.13	1.14	1.08





TEMENOS GROUP AG

All amounts are expressed in thousands of US dollars

	31 March 2009	31 December 2008	31 March 2008
Assets			
Current assets			
Cash and cash equivalents	68,646	65,600	66,514
Trade receivables	275,197	279,357	214,109
Other receivables	21,479	21,112	14,134
<i>Total current assets</i>	<u>365,322</u>	<u>366,069</u>	<u>294,757</u>
Non-current assets			
Property, plant and equipment	13,674	14,618	16,150
Intangible assets	183,394	188,855	95,887
Trade receivables	8,225	8,200	25,657
Other receivables	1,251	1,344	1,120
Deferred tax assets	36,677	38,912	26,223
<i>Total non-current assets</i>	<u>243,221</u>	<u>251,929</u>	<u>165,037</u>
<i>Total assets</i>	<u><u>608,543</u></u>	<u><u>617,998</u></u>	<u><u>459,794</u></u>
Liabilities and equity			
Current liabilities			
Trade and other payables	92,143	108,986	81,423
Deferred revenues	85,676	84,624	72,694
Income taxes payable	6,931	11,162	19,856
Borrowings	13,775	13,277	230
<i>Total current liabilities</i>	<u>198,525</u>	<u>218,049</u>	<u>174,203</u>
Non-current liabilities			
Borrowings	172,535	173,169	132,796
Deferred tax liabilities	9,011	9,686	4,591
Income taxes payable	10,132	9,870	-
Trade and other payables	2,573	2,614	478
<i>Total liabilities</i>	<u>392,776</u>	<u>413,388</u>	<u>312,068</u>
Shareholders' equity			
Share capital	174,122	174,122	170,867
Treasury shares	(20,450)	(20,677)	(25,511)
Share premium	(73,286)	(77,217)	(93,856)
Fair value and other reserves	(40,893)	(42,938)	(17,029)
Retained earnings	175,668	170,583	112,912
<i>Total shareholders' equity</i>	<u>215,161</u>	<u>203,873</u>	<u>147,383</u>
Minority interest	606	737	343
<i>Total liabilities and equity</i>	<u><u>608,543</u></u>	<u><u>617,998</u></u>	<u><u>459,794</u></u>

**TEMENOS**

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TEMENOS GROUP AG**consolidated cash flow statement**

All amounts are expressed in thousands of US dollars

	Three months to 31 March 2009	Three months to 31 March 2008	Twelve months to 31 March 2009	Twelve months to 31 March 2008
Cash flows from operating activities				
Profit before taxation	4,931	6,907	61,318	67,087
<u>Adjustments:</u>				
Depreciation and amortisation	6,755	4,821	25,787	17,672
Other non-cash items	2,671	2,064	13,401	4,379
<u>Changes in working capital:</u>				
Trade and other receivables	4,383	(26,963)	(46,681)	(80,968)
Trade and other payables	(12,171)	7,888	(4,836)	36,586
Deferred revenues	918	15,143	4,865	24,129
<i>Cash generated from operations</i>	7,487	9,860	53,854	68,885
Income taxes paid	(2,284)	(679)	(4,285)	(4,049)
<i>Net cash generated from operating activities</i>	5,203	9,181	49,569	64,836
Cash flows from investing activities				
Purchase of property, plant and equipment	(421)	(2,174)	(2,743)	(8,461)
Disposal of property, plant and equipment	3	-	88	66
Purchase of intangible assets	(695)	(220)	(5,886)	(2,622)
Disposal of intangible assets	-	-	-	35
Capitalised development costs	(3,990)	(3,301)	(20,617)	(16,924)
Acquisitions, net of cash acquired	(995)	(9)	(70,912)	(4,384)
Cash effect from financial instruments	(128)	498	(7,344)	3,299
Interest received	27	425	443	1,734
Others, net	(52)	-	(52)	-
<i>Net cash used in investing activities</i>	(6,251)	(4,781)	(106,823)	(27,257)
Cash flows from financing activities				
Proceeds from issuance of shares, net of related expenses	-	2	15	1
Proceeds from borrowings	-	-	69,590	-
Cash impact of debt refinancing	9,178	-	9,178	-
Acquisition of treasury shares	-	(30,340)	(4,303)	(48,726)
Interest payments	(2,405)	(2,010)	(3,747)	(2,336)
Payment of financial instrument related expenses	(787)	(188)	(5,717)	(466)
Payment of finance lease liabilities	(116)	(170)	(467)	(485)
Other, net	(8)	-	(8)	-
<i>Net cash generated from (used in) financing activities</i>	5,862	(32,706)	64,541	(52,012)
Effect of exchange rate changes	(1,768)	1,758	(5,155)	4,113
Increase (decrease) in cash and cash equivalents in the period	3,046	(26,548)	2,132	(10,320)
Cash and cash equivalents at the beginning of the period	65,600	93,062	66,514	76,834
Cash and cash equivalents at the end of the period	68,646	66,514	68,646	66,514