

Solid start to 2012 supports Temenos' full year outlook

Geneva, Switzerland, 24 April, 2012 – Temenos Group AG (SIX: TEMN), the market leading provider of banking solutions, today reports solid first quarter 2012 results, supporting its full year outlook.

Q1 Financial and Operating highlights

- Strong growth in adjusted operating profits, +26%
- 7 new customers signed, including two tier 2 banks
- Continued strong cash generation, bringing DSOs below 100 days
- Services revenue +8%, demonstrating continued progress
- 15 Go-lives up from 8 in Q1 2011
- Series of industry analyst reports confirm product leadership

Commenting on the results, Temenos CEO Guy Dubois said, "I am satisfied with the progress we made in Q1. We are executing well against our strategic initiatives, increasing the share of revenues coming from the fastest-growing and most important markets - such as retail, private wealth management (PWM), Asia and Americas - and from our installed base. In addition, we continue to drive our services business towards profitability. Lastly, the effects of the restructuring actions we took at the end of 2011 are clearly visible: adjusted costs fell by 4%, underpinning the margin improvement in the quarter.

It is still too early to talk of a recovery, although there are some signs of stabilisation in our end market, and our priority remains to improve our own execution. Q1 represents a solid start to 2012 and we are confident in our ability to deliver our outlook for the full year."

Revenue

Revenue for the first quarter was USD 100.3m compared to USD 103.1m in the same period last year, representing a decrease of 3%. Licence revenue for the quarter was USD 23.5m, down 16% compared to Q1 2011. For the LTM 2012, total revenue was USD 470.7m, up 3% on LTM 2011, with LTM licence revenue at USD 141.4m, 12% below the same period last year.

Adjusted EBIT

Adjusted EBIT (EBIT before one-off adjusting charges of USD 8.2m – primarily related to terminated M&A discussions - and amortisation of acquired intangibles of USD3.4m) was USD 6.3m, 26% above Q1 2011. Adjusted EBIT for the last twelve months was USD 89.0m compared to USD 106.2m in the prior period, representing a decline of 16%. The adjusted EBIT margin was 6%, an increase of 140 basis points on the prior year, with LTM 2011 adjusted EBIT margin at 19%, 4 percentage points lower than in the prior 12 months.



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Earnings Per Share (EPS)

Adjusted EPS, which excludes the amortisation of acquired intangibles and one-off adjusting charges, was USD 0.00 per share in the quarter, versus 0.05 per share in the same quarter of last year. The LTM adjusted EPS was USD 0.83 per share, a decline of 39% on the previous 12 months.

Cash

Operating cash net of taxes was an outflow of USD 19.4m in the quarter, compared to an outflow of USD 19.9m in the same quarter of 2011. On a twelve month basis, operating cashflow was USD 99.3m, 20% higher than in the comparative period, and representing a 102% conversion of adjusted cashflow into adjusted EBITDA.

2012 Outlook Reiterated

The company reiterates its full year outlook, set out as follows: for total revenues, the company anticipates a growth range of -5% to +6%, which implies approximately USD 450m–500m in total revenues. The company expects to achieve adjusted EBIT margins between 19% and 22%, which implies a profit range of USD 85m–110m. Lastly, the company expects a 100% conversion of adjusted operating cashflow into adjusted EBITDA. The absolute ranges are based on FX spot rates as of the end of January 2012.

Conference call

At 18:30 CET/ 17:30 BST/ 12:30 EST, today, April 24, 2012, Guy Dubois, CEO and David Arnott, CFO, and Max Chuard, Director of M&A and IR, will host a conference call to present the results and to offer an update on operational performance. Listeners can access the conference call using the following dial in numbers:

+44 (0) 1452 555 566 (UK Standard Int'l Call)

0800 694 0257 (UK Free Call)

+41 (0) 565 800 007 (Swiss Local Call)

0800 828 006 (Swiss Free Call)

1 866 966 9439 (US Free Call)

Conference ID # 72424009

A transcript will be made available on the company website 48 hours after the call.

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

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

ENDS



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About Temenos

Founded in 1993 and listed on the Swiss Stock Exchange (SIX: 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 more than 60 offices worldwide, Temenos serves over 1,200 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 is a leader in the IBS Sales League Table 2011; winner every year since its launch of the Best Core Banking Product in Banking Technology magazine's Readers' Choice Awards and ranks 26th in the American Banker top 100 FinTech companies. Temenos customers are proven to be more profitable than their peers: data from *The Banker – top 1000 banks* shows that Temenos' customers enjoy a 54% higher return on assets, a 62% higher return on capital and a cost/income ratio that is 7.2 points lower than non-Temenos customers.

For more information please visit www.temenos.com

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**TEMENOS GROUP AG**

All amounts are expressed in thousands of US dollars

	31 March 2012	31 December 2011	31 March 2011
Assets			
Current assets			
Cash and cash equivalents	68,120	154,950	66,743
Trade receivables	259,410	268,576	300,977
Other receivables	35,901	31,018	36,655
<i>Total current assets</i>	<u>363,431</u>	<u>454,544</u>	<u>404,375</u>
Non-current assets			
Property, plant and equipment	13,547	13,210	15,199
Intangible assets	414,540	404,103	422,336
Trade receivables	40,818	46,173	26,800
Other receivables	3,018	3,145	3,061
Deferred tax assets	32,387	33,814	37,687
<i>Total non-current assets</i>	<u>504,310</u>	<u>500,445</u>	<u>505,083</u>
Total assets	<u><u>867,741</u></u>	<u><u>954,989</u></u>	<u><u>909,458</u></u>
Liabilities and equity			
Current liabilities			
Trade and other payables	110,768	138,119	111,752
Deferred revenues	172,239	180,503	145,463
Income tax liabilities	14,094	15,667	12,350
Borrowings	10,798	11,123	129,399
<i>Total current liabilities</i>	<u>307,899</u>	<u>345,412</u>	<u>398,964</u>
Non-current liabilities			
Borrowings	192,842	242,624	88,557
Deferred tax liabilities	7,531	8,448	12,055
Income taxes payable	1,544	1,544	1,550
Retirement benefit obligations	4,043	3,849	3,111
Trade and other payables	4,154	4,931	3,379
<i>Total non-current liabilities</i>	<u>210,114</u>	<u>261,396</u>	<u>108,652</u>
Total liabilities	<u><u>518,013</u></u>	<u><u>606,808</u></u>	<u><u>507,616</u></u>
Shareholders' equity			
Share capital	239,798	239,677	237,927
Treasury shares	(113,473)	(113,473)	(100,803)
Share premium	22,037	19,367	12,184
Fair value and other reserves	(59,834)	(69,997)	(37,938)
Retained earnings	261,200	272,607	289,982
<i>Total shareholders' equity</i>	<u>349,728</u>	<u>348,181</u>	<u>401,352</u>
<i>Non-controlling interest</i>	<u>-</u>	<u>-</u>	<u>490</u>
Total equity	<u><u>349,728</u></u>	<u><u>348,181</u></u>	<u><u>401,842</u></u>
Total liabilities and equity	<u><u>867,741</u></u>	<u><u>954,989</u></u>	<u><u>909,458</u></u>

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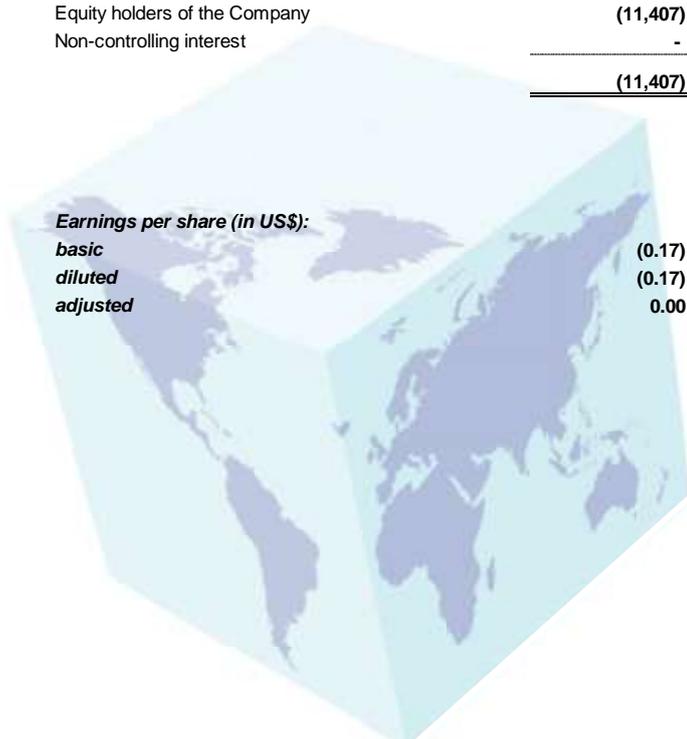
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All amounts are expressed in thousands of US dollars

except earnings per share

	Three months to 31 March 2012	Three months to 31 March 2011	Twelve months to 31 March 2012	Twelve months to 31 March 2011
Revenues				
Software licensing	23,460	28,056	141,436	160,924
Maintenance	48,514	48,819	197,013	168,543
Services	28,373	26,268	132,224	127,688
Total revenues	100,347	103,143	470,673	457,155
Operating expenses				
Sales and marketing	20,010	19,482	134,009	85,914
Services	37,262	43,934	145,753	148,190
Software development and maintenance	26,238	32,034	113,496	95,950
General and administrative	22,153	17,162	75,309	64,712
Total operating expenses	105,663	112,612	468,567	394,766
Operating (loss)/profit	(5,316)	(9,469)	2,106	62,389
Other expenses				
Net interest expenses	(1,561)	(1,143)	(6,894)	(9,023)
Borrowing facility expenses	(476)	(581)	(2,055)	(3,458)
Foreign exchange (loss)/gain	(1,906)	428	(7,727)	785
Total other expenses	(3,943)	(1,296)	(16,676)	(11,696)
(Loss)/profit before taxation	(9,259)	(10,765)	(14,570)	50,693
Taxation	(2,148)	(181)	(14,198)	(442)
(Loss)/profit for the period	(11,407)	(10,946)	(28,768)	50,251
Attributable to:				
Equity holders of the Company	(11,407)	(10,877)	(28,782)	50,459
Non-controlling interest	-	(69)	14	(208)
	(11,407)	(10,946)	(28,768)	50,251
Earnings per share (in US\$):				
basic	(0.17)	(0.15)	(0.42)	0.77
diluted	(0.17)	(0.15)	(0.42)	0.74
adjusted	0.00	0.05	0.83	1.36





TEMENOS GROUP AG

All amounts are expressed in thousands of US dollars

	Three months to 31 March 2012	Three months to 31 March 2011	Twelve months to 31 March 2012	Twelve months to 31 March 2011
Cash flows from operating activities				
(Loss)/profit before taxation	(9,259)	(10,765)	(14,570)	50,693
<u>Adjustments:</u>				
Depreciation and amortisation	11,918	11,501	47,190	41,485
Other non-cash items	7,692	8,815	23,074	28,926
<u>Changes in working capital:</u>				
Trade and other receivables	15,750	909	13,106	(6,146)
Trade and other payables	(27,592)	(14,427)	7,741	(20,715)
Deferred revenues	(12,943)	(14,992)	29,987	(9,094)
Cash (used in)/ generated from operations	(14,434)	(18,959)	106,528	85,149
Income taxes paid	(4,982)	(934)	(7,221)	(2,111)
Net cash (used in)/generated from operating activities	(19,416)	(19,893)	99,307	83,038
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,421)	(1,629)	(5,242)	(4,732)
Disposal of property, plant and equipment	9	27	102	400
Purchase of intangible assets	(770)	(704)	(4,592)	(3,414)
Capitalised development costs	(9,644)	(6,210)	(41,933)	(23,707)
Acquisitions, net of cash acquired	(2,263)	-	(3,730)	(80,881)
Disposal of subsidiary, net of cash disposed	-	-	378	936
Cash effect from financial instruments	(2,338)	(2,057)	(677)	(4,992)
Interest received	53	58	159	297
Net cash used in investing activities	(16,374)	(10,515)	(55,535)	(116,093)
Cash flows from financing activities				
Proceeds /(repayment) of debt	(50,004)	34,988	(14,933)	47,082
Cash impact of debt refinancing	-	-	-	12,014
Acquisition of treasury shares	-	(96,322)	(17,150)	(106,739)
Interest payments	(1,811)	(906)	(6,036)	(5,203)
Payment of financial instrument related expenses	(115)	(2,309)	(1,283)	(7,172)
Payment of finance lease liabilities	(113)	(196)	(618)	(735)
Net cash used in financing activities	(52,043)	(64,745)	(40,020)	(60,753)
Effect of exchange rate changes	1,003	1,622	(2,375)	5,449
Net (decrease)/increase in cash and cash equivalents in the period	(86,830)	(93,531)	1,377	(88,359)
Cash and cash equivalents at the beginning of the period	154,950	160,274	66,743	155,102
Cash and cash equivalents at the end of the period	68,120	66,743	68,120	66,743