



## **Temenos Q2 2010 results show 46% growth in profit on robust licence growth of 26%**

Geneva, Switzerland, 28 July, 2010 – Temenos Group AG (SIX: TEMN), the market leading provider of core banking solutions, today reports second quarter 2010 results demonstrating excellent profit growth on the back of strong licence sales and focused investments.

### **Q2 Financial and Operating highlights**

- Like-for-like revenue growth +11%, total revenue growth +22%
- Like-for-like licence growth +19%, reported licence growth +26%
- Adjusted EBIT +46%, adjusted EPS +44%
- Adjusted EBIT margin growth of 300bps

Commenting on the results, Temenos CEO Andreas Andreades said, “This is an excellent set of results. What we observed at the end of Q1 is now materialising: that is, banks are dealing with the legacy of the financial crisis by investing in technology and we see customers committing to bigger projects. Clearly, not all banks are yet in a position to invest millions of dollars in core replacement projects, but what is encouraging is that every day more banks move from tactical decision-making to long-term strategic planning. When they do this, they almost invariably arrive at the conclusion that technology is only way to make a real, long-lasting impact on cost to income.

Our business has been building momentum for several quarters, culminating in this very strong performance. What is more, Temenos is a different business than pre-crisis. We are bigger and enjoy greater economies of scale than before. In addition, we have put in place an extensive network of partners, who are helping us to win more business but also leading more and more of our implementation efforts. Overall, this has meant that our investments can be much more targeted than before and also enjoy more leverage. So, while licences are growing in double-digits, costs are growing in low single-digits. And the impact of profitability is dramatic, 300 basis points in this quarter alone.”

### **Revenue**

Revenue for the second quarter was USD 100.2m, up from USD 81.9m in the same period last year, representing an increase of 22%. Licence revenue for the quarter was USD 34.3m, 26% higher than in 2009. For the LTM 2010, total revenue was USD 401.3m, up 4% on LTM 2009, with licence revenue at USD 132.3m, 6% lower than the same period last year.

### **Adjusted EBIT**

Adjusted EBIT (EBIT before restructuring charges and amortization of acquired intangibles) was USD 18.1m in the quarter, 46% higher than in Q2 2009. Adjusted EBIT for the last twelve months was USD 98.5m compared to USD 77.1m in the prior period, representing a 28% increase. The adjusted EBIT margin was 18%, an increase of nearly



# TEMENOS

The Banking Software Company

300 basis points on the prior year, with LTM 2010 adjusted EBIT margin at 25%, 452 basis points higher than in the prior 12 months.

## Earnings Per Share (EPS)

Adjusted EPS, which excludes amortization of acquired intangibles and restructuring charges, was USD 0.23 in the quarter, up from USD 0.16 in the same quarter of the previous year, which represents a growth of 44%. The LTM adjusted EPS was 1.32, up 16% on the previous 12 months.

## Cash

Operating cash was an outflow of USD 12.6m in the quarter, reflecting chiefly a large adverse movement on payables. On a twelve month basis, operating cashflow was USD 98.3m, 18% higher than in the comparative period and representing a 91% operating cashflow into EBITDA conversion.

## Outlook

On a like-for-like basis, the outlook is unchanged. The company expects licence revenue of approximately USD150m, representing 12% like-for-like growth. For total revenues, the company now anticipates a range between USD435m and USD445m, translating into like-for-like growth of 6% (unchanged). The range for adjusted EBIT of USD110-115m is left unchanged.

## Conference call

At 17.30 GMT/ 18.30 CET/ 12.30 EST, today, July 28 2010, 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/>

**ENDS**



# TEMENOS

The Banking Software Company

## 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 57 offices worldwide, Temenos serves over 1000 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 top of the IBS Sales League Table 2009; 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](http://www.temenos.com)

Temenos contacts:

### Max Chuard

Temenos Director  
Corporate Finance & IR  
Member of the Executive Board  
Tel: +41 (0) 22 708 1157  
Email: [mchuard@temenos.com](mailto:mchuard@temenos.com)

### Ben Robinson

Director, Strategic Planning  
T: +41 (0) 22 708 1535  
M: +41 795 207208  
[brobinson@temenos.com](mailto:brobinson@temenos.com)

### Sarah Bowman

Associate Director, IR  
Tel: +1 646 472 8069  
Mobile: +1 646 752 5463  
Email: [sbowman@temenos.com](mailto:sbowman@temenos.com)





# TEMENOS

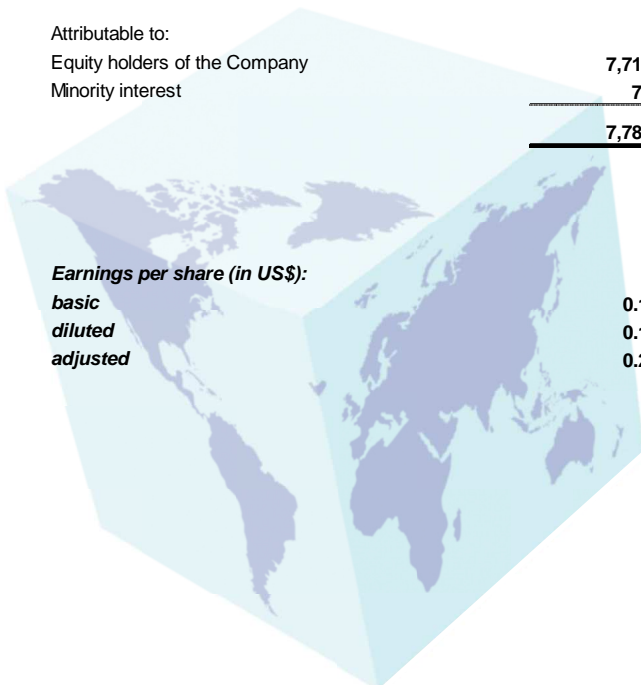
The Banking Software Company

## TEMENOS GROUP AG

All amounts are expressed in thousands of US dollars

except earnings per share

	Three months to 30 June 2010	Three months to 30 June 2009	Twelve months to 30 June 2010	Twelve months to 30 June 2009
<b>Revenues</b>				
Software licensing	34,274	27,343	132,343	140,317
Maintenance	34,899	28,495	130,772	110,091
Services	31,007	26,109	138,186	135,358
<b>Total revenues</b>	<b>100,180</b>	<b>81,947</b>	<b>401,301</b>	<b>385,766</b>
<b>Operating expenses</b>				
Sales and marketing	20,279	19,623	72,232	76,662
Services	33,403	24,376	121,708	120,217
Software development and maintenance	21,360	16,603	73,554	71,901
General and administrative	14,301	10,865	60,089	50,480
<b>Total operating expenses</b>	<b>89,343</b>	<b>71,467</b>	<b>327,583</b>	<b>319,260</b>
<b>Operating profit</b>	<b>10,837</b>	<b>10,480</b>	<b>73,718</b>	<b>66,506</b>
<b>Other income (expenses)</b>				
Net financing and interest expenses	(2,374)	(2,178)	(8,717)	(7,795)
Foreign exchange (loss) gain - net	(613)	(821)	(367)	1,555
<b>Total other income (expenses)</b>	<b>(2,987)</b>	<b>(2,999)</b>	<b>(9,084)</b>	<b>(6,240)</b>
<b>Profit before taxation</b>	<b>7,850</b>	<b>7,481</b>	<b>64,634</b>	<b>60,266</b>
Taxation	(64)	(137)	(422)	1,615
<b>Profit for the period</b>	<b>7,786</b>	<b>7,344</b>	<b>64,212</b>	<b>61,881</b>
Attributable to:				
Equity holders of the Company	7,710	7,514	64,051	61,610
Minority interest	76	(170)	161	271
	<b>7,786</b>	<b>7,344</b>	<b>64,212</b>	<b>61,881</b>
<b>Earnings per share (in US\$):</b>				
<b>basic</b>	<b>0.12</b>	<b>0.13</b>	<b>1.06</b>	<b>1.06</b>
<b>diluted</b>	<b>0.12</b>	<b>0.12</b>	<b>0.98</b>	<b>0.99</b>
<b>adjusted</b>	<b>0.23</b>	<b>0.16</b>	<b>1.32</b>	<b>1.14</b>





# TEMENOS

The Banking Software Company

## TEMENOS GROUP AG

All amounts are expressed in thousands of US dollars

	30 June 2010	31 March 2010	31 December 2009	30 June 2009
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	101,855	155,102	142,651	76,136
Trade receivables	263,057	267,522	278,919	261,138
Other receivables	27,756	28,219	25,850	24,157
<b>Total current assets</b>	<b>392,668</b>	<b>450,843</b>	<b>447,420</b>	<b>361,431</b>
<b>Non-current assets</b>				
Property, plant and equipment	11,978	12,965	15,508	14,524
Intangible assets	265,046	273,705	288,382	194,123
Trade receivables	15,250	16,235	15,400	11,200
Other receivables	1,965	2,055	2,335	1,337
Deferred tax assets	32,200	34,165	34,536	35,687
<b>Total non-current assets</b>	<b>326,439</b>	<b>339,125</b>	<b>356,161</b>	<b>256,871</b>
<b>Total assets</b>	<b>719,107</b>	<b>789,968</b>	<b>803,581</b>	<b>618,302</b>
<b>Liabilities and equity</b>				
<b>Current liabilities</b>				
Trade and other payables	72,459	94,405	87,724	82,604
Deferred revenues	95,846	109,340	114,176	84,994
Income taxes payable	5,754	5,948	5,848	5,572
Borrowings	31,381	33,362	36,357	14,195
<b>Total current liabilities</b>	<b>205,440</b>	<b>243,055</b>	<b>244,105</b>	<b>187,365</b>
<b>Non-current liabilities</b>				
Borrowings	207,922	230,847	237,232	174,115
Deferred tax liabilities	9,004	13,778	15,740	9,213
Income taxes payable	1,242	1,042	2,440	8,411
Retirement benefit obligations	2,100	2,190	2,190	884
Trade and other payables	4,662	851	905	2,995
<b>Total non-current liabilities</b>	<b>224,930</b>	<b>248,708</b>	<b>258,507</b>	<b>195,618</b>
<b>Total liabilities</b>	<b>430,370</b>	<b>491,763</b>	<b>502,612</b>	<b>382,983</b>
<b>Shareholders' equity</b>				
Share capital	194,980	194,651	178,340	174,122
Treasury shares	(8,689)	-	-	(17,388)
Share premium	(89,760)	(93,846)	(85,231)	(76,317)
Fair value and other reserves	(55,683)	(42,726)	(32,019)	(28,761)
Retained earnings	247,233	239,523	239,218	183,182
<b>Total shareholders' equity</b>	<b>288,081</b>	<b>297,602</b>	<b>300,308</b>	<b>234,838</b>
<b>Minority interest</b>	<b>656</b>	<b>603</b>	<b>661</b>	<b>481</b>
<b>Total liabilities and equity</b>	<b>719,107</b>	<b>789,968</b>	<b>803,581</b>	<b>618,302</b>



## TEMENOS GROUP AG

All amounts are expressed in thousands of US dollars

	Three months to 30 June 2010	Three months to 30 June 2009	Twelve months to 30 June 2010	Twelve months to 30 June 2009
<b>Cash flows from operating activities</b>				
Profit before taxation	7,850	7,481	64,634	60,266
<u>Adjustments:</u>				
Depreciation and amortisation	9,328	7,732	34,885	28,127
Other non-cash items	4,148	5,538	24,507	27,376
<u>Changes in working capital:</u>				
Trade and other receivables	739	6,724	9,811	(30,370)
Trade and other payables	(23,044)	(5,564)	(26,809)	(13,542)
Deferred revenues	(11,582)	(602)	(8,765)	11,395
<i>Cash (used in)/generated from operations</i>	<u>(12,561)</u>	<u>21,309</u>	<u>98,263</u>	<u>83,252</u>
Income taxes paid	(288)	(1,740)	(2,862)	(5,123)
<i>Net cash (used in)/generated from operating activities</i>	<u>(12,849)</u>	<u>19,569</u>	<u>95,401</u>	<u>78,129</u>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(511)	(903)	(1,635)	(2,936)
Disposal of property, plant and equipment	-	25	15	108
Purchase of intangible assets	(1,239)	(714)	(3,165)	(4,250)
Disposal of intangible assets	-	-	250	-
Capitalised development costs	(4,750)	(5,226)	(19,799)	(20,899)
Acquisitions, net of cash acquired	(2,768)	(545)	(86,781)	(71,448)
Disposal of subsidiary, net of cash disposed	944	-	3,534	-
Cash effect from financial instruments	(1,485)	627	(5,720)	(5,360)
Interest received	134	36	323	246
Others, net	-	-	-	(52)
<i>Net cash used in investing activities</i>	<u>(9,675)</u>	<u>(6,700)</u>	<u>(112,978)</u>	<u>(104,591)</u>
<b>Cash flows from financing activities</b>				
Proceeds from issuance of shares, net of related expenses	-	-	4,261	-
Proceeds / (repayment) of debt	(15,466)	(6,874)	60,462	62,709
Cash impact of debt refinancing	-	-	-	9,178
Acquisition of treasury shares	(10,417)	-	(10,417)	(4,303)
Interest payments	(578)	(261)	(3,190)	(3,967)
Payment of financial instrument related expenses	(251)	(371)	(1,038)	(3,207)
Payment of finance lease liabilities	(226)	(133)	(683)	(476)
Other, net	51	-	40	-
<i>Net cash generated from financing activities</i>	<u>(26,887)</u>	<u>(7,639)</u>	<u>49,435</u>	<u>59,934</u>
<b>Effect of exchange rate changes</b>	<u>(3,836)</u>	<u>2,260</u>	<u>(6,139)</u>	<u>(2,472)</u>
<b>Net (decrease)/increase in cash and cash equivalents in the period</b>	<u>(53,247)</u>	<u>7,490</u>	<u>25,719</u>	<u>31,000</u>
<b>Cash and cash equivalents at the beginning of the period</b>	<u>155,102</u>	<u>68,646</u>	<u>76,136</u>	<u>45,136</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>101,855</u>	<u>76,136</u>	<u>101,855</u>	<u>76,136</u>