



Temenos reports 41% Q3 licence growth

- and reconfirms full year outlook

Geneva, Switzerland, 27 October 2010 – Temenos Group AG (SIX: TEMN), the market leading provider of core banking solutions, today reports third quarter 2010 results showing outstanding growth in license revenues on the back of market share gains and strong software demand.

Q3 Financial and Operating highlights

- Like-for-like licence growth +38%, reported licence growth +41%
- Proportion of Tier 1-2 licenses return to pre-crisis levels
- Completed largest acquisition to date – Odyssey transaction creates PWM leader
- Increasing contribution from partner-sourced deals

Commenting on the results, Temenos CEO Andreas Andreades said, “This is an excellent set of results. The trends we saw in Q2 continue to materialize. Deal size has been supported by the return of Tier1-2 banks, particularly within Europe. In addition, we are seeing larger projects as the increased urgency of legacy replacement combines with greater confidence in implementation capability to drive customers to initiate multi-site projects.

We are also very happy that our partner strategy is developing at a faster pace than we initially anticipated. We observe partners beginning to function as an additional sales channel, sourcing deals which closed in the quarter at an increasing pace. Furthermore, partners are also taking an increasing share of our implementation business and this will help us to scale our business and grow profits faster in the future.

Our leadership allows us to play the role of consolidator and we are very happy to have made our largest acquisition to date – one that will elevate us into the position of clear leader in the private wealth management market. Our success with our recent integration of Viveo has given us the experience and confidence to undertake larger acquisitions. As part of the Temenos organization, we believe that Odyssey will enjoy faster growth and bring enhanced value to all stakeholders.

Given our excellent performance year to date, we are well on track to meet our full year outlook, which we reiterate at this time.”

Revenue

Revenue for the third quarter was USD 104.0m, up from USD 88.6m in the same period last year, representing an increase of 17%. Licence revenue for the quarter was USD 37.7m, 41% higher than in 2009. For the LTM 2010, total revenue was USD 416.8m, up 11% on LTM 2009, with licence revenue at USD 143.2m, 9% higher than the same period last year.



TEMENOS

The Banking Software Company

Adjusted EBIT

Adjusted EBIT (EBIT before restructuring charges and amortization of acquired intangibles) was USD 29.2m in the quarter, 16% higher than in Q3 2009. Adjusted EBIT for the last twelve months was USD 102.5m compared to USD 88.5m in the prior period, representing a 16% increase. The adjusted EBIT margin was 28%, flat on the prior year, with LTM 2010 adjusted EBIT margin at 25%, 99 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 0.40 in the quarter, up from USD 0.34 in the same quarter of the previous year, which represents a growth of 18%.

Cash

Operating cash was an inflow of USD 14.1m in the quarter, representing a 42% operating cashflow into EBITDA conversion. On a twelve month basis, operating cashflow was USD 80.7m, representing a 71% operating cashflow into EBITDA conversion.

Outlook

For the full year, the guidance range for total revenue is unchanged at between USD435m and USD445m. The company increases its full year license revenue outlook to approximately USD 155m, which represents 15% l-f-l growth. The range for adjusted EBIT of USD110-115m is left unchanged. Incorporating Odyssey for the balance of the year raises our total revenue expectation to USD 451-461m, our license revenue to USD 161m, and has no impact on adjusted EBIT.

Conference call

At 17.30 UK Time/ 18.30 CET/ 12.30 EST, today, October 27th 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:

Dial In information:

UK Standard International +44 (0) 1452 555 566
UK Free Call 0800 694 0257
US Free Call 1 866 966 9439
Switzerland Free Call 0800 828 006
Switzerland Local Call 0565 800 007

Conference ID 20821265

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

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

Or if you prefer to follow along via web-linked presentation:

Webex URL: <https://webconnect.webex.com/webconnect/onstage/g.php?t=a&d=667362700>

We ask that participants dial in 10-15 minutes in advance so that all information can be captured and the conference can start on time.



TEMENOS

The Banking Software Company

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

ENDS

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

Temenos contacts:

Max Chuard

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

Ben Robinson

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

Sarah Bowman

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

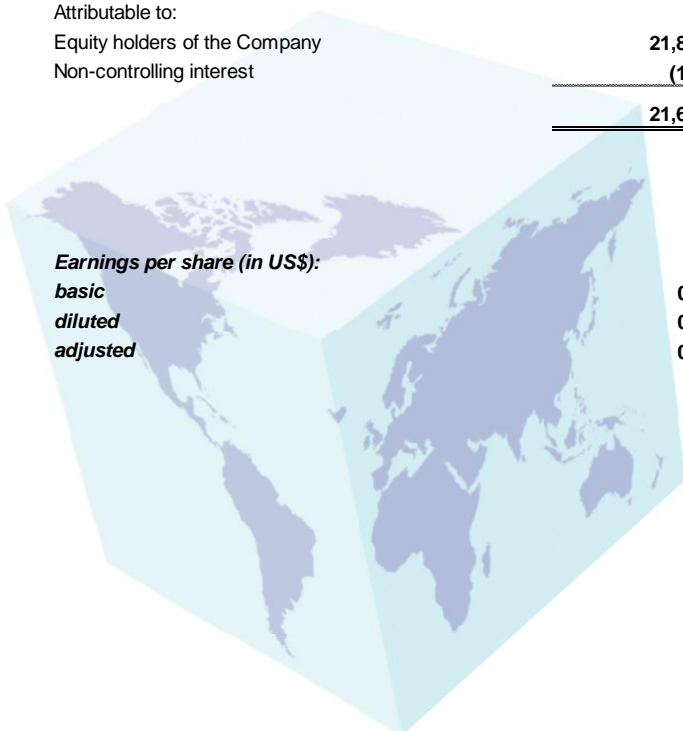




TEMENOS GROUP AG

All amounts are expressed in thousands of US dollars
except earnings per share

	Three months to 30 September 2010	Three months to 30 September 2009	Twelve months to 30 September 2010	Twelve months to 30 September 2009
Revenues				
Software licensing	37,672	26,840	143,175	131,857
Maintenance	37,118	29,209	138,681	113,924
Services	29,235	32,510	134,910	128,128
Total revenues	104,025	88,559	416,766	373,909
Operating expenses				
Sales and marketing	16,943	16,403	72,771	72,913
Services	32,487	27,514	126,680	110,800
Software development and maintenance	19,187	13,283	79,458	66,017
General and administrative	11,745	11,019	60,815	48,518
Total operating expenses	80,362	68,219	339,724	298,248
Operating profit	23,663	20,340	77,042	75,661
Other income (expenses)				
Net financing and interest expenses	(2,282)	(2,119)	(8,880)	(7,590)
Foreign exchange (loss) gain - net	484	(594)	711	4,581
Total other income (expenses)	(1,798)	(2,713)	(8,169)	(3,009)
Profit before taxation	21,865	17,627	68,873	72,652
Taxation	(184)	(108)	(499)	1,709
Profit for the period	21,681	17,519	68,374	74,361
Attributable to:				
Equity holders of the Company	21,873	17,418	68,506	73,971
Non-controlling interest	(192)	101	(132)	390
	21,681	17,519	68,374	74,361
Earnings per share (in US\$):				
basic	0.35	0.30	1.12	1.27
diluted	0.32	0.27	1.03	1.17
adjusted	0.40	0.34	1.38	1.35





TEMENOS GROUP AG

All amounts are expressed in thousands of US dollars

	30 September 2010	30 June 2010	31 December 2009	30 September 2009
Assets				
Current assets				
Cash and cash equivalents	168,361	101,855	142,651	100,003
Trade receivables	287,456	263,057	278,919	243,450
Other receivables	30,295	27,756	25,850	23,124
Total current assets	486,112	392,668	447,420	366,577
Non-current assets				
Property, plant and equipment	12,883	11,978	15,508	14,134
Intangible assets	280,095	265,046	288,382	197,871
Trade receivables	14,625	15,250	15,400	6,100
Other receivables	2,198	1,965	2,335	1,420
Deferred tax assets	32,424	32,200	34,536	30,070
Total non-current assets	342,225	326,439	356,161	249,595
Total assets	828,337	719,107	803,581	616,172
Liabilities and equity				
Current liabilities				
Trade and other payables	85,787	72,459	87,724	66,178
Deferred revenues	89,744	95,846	114,176	80,264
Income taxes payable	6,586	5,754	5,848	6,103
Borrowings	62,289	31,381	36,357	13,809
Total current liabilities	244,406	205,440	244,105	166,354
Non-current liabilities				
Borrowings	245,454	207,922	237,232	182,666
Deferred tax liabilities	8,686	9,004	15,740	8,599
Income taxes payable	1,242	1,242	2,440	2,798
Retirement benefit obligations	1,671	2,100	2,190	884
Trade and other payables	4,937	4,662	905	2,987
Total non-current liabilities	261,990	224,930	258,507	197,934
Total liabilities	506,396	430,370	502,612	364,288
Shareholders' equity				
Share capital	195,151	194,980	178,340	174,122
Treasury shares	(8,689)	(8,689)	-	(7,522)
Share premium	(87,712)	(89,760)	(85,231)	(83,420)
Fair value and other reserves	(46,389)	(55,683)	(32,019)	(32,460)
Retained earnings	269,106	247,233	239,218	200,600
Total shareholders' equity	321,467	288,081	300,308	251,320
Non-controlling interest	474	656	661	564
Total liabilities and equity	828,337	719,107	803,581	616,172



TEMENOS GROUP AG

All amounts are expressed in thousands of US dollars

	Three months to 30 September 2010	Three months to 30 September 2009	Twelve months to 30 September 2010	Twelve months to 30 September 2009
Cash flows from operating activities				
Profit before taxation	21,865	17,627	68,873	72,652
<u>Adjustments:</u>				
Depreciation and amortisation	9,689	7,680	36,894	29,779
Other non-cash items	6,722	8,835	22,394	29,181
<u>Changes in working capital:</u>				
Trade and other receivables	(16,529)	19,977	(26,695)	21,768
Trade and other payables	3,494	(16,903)	(6,412)	(44,954)
Deferred revenues	(11,171)	(5,574)	(14,362)	(4,193)
<i>Cash generated from operations</i>	14,070	31,642	80,692	104,233
Income taxes paid	(222)	(564)	(2,520)	(4,887)
<i>Net cash generated from operating activities</i>	13,848	31,078	78,172	99,346
Cash flows from investing activities				
Purchase of property, plant and equipment	(756)	(678)	(1,713)	(2,954)
Disposal of property, plant and equipment	19	3	31	111
Purchase of intangible assets	(1,308)	(879)	(3,594)	(4,500)
Disposal of intangible assets	-	-	250	-
Capitalised development costs	(5,006)	(4,825)	(19,980)	(20,650)
Acquisitions, net of cash acquired	-	(827)	(85,954)	(6,925)
Disposal of subsidiary, net of cash disposed	-	-	3,534	-
Cash effect from financial instruments	3,042	104	(2,782)	(4,062)
Interest received	98	38	383	161
Others, net	(8)	-	(8)	(52)
<i>Net cash used in investing activities</i>	(3,919)	(7,064)	(109,833)	(38,871)
Cash flows from financing activities				
Proceeds from issuance of shares, net of related expenses	-	-	4,261	-
Proceeds / (repayment) of debt	38,807	(4)	99,313	(6,885)
Cash impact of debt refinancing	12,014	-	12,014	9,178
Acquisition of treasury shares	-	-	(10,417)	-
Interest payments	(657)	(199)	(3,648)	(4,107)
Payment of financial instrument related expenses	(532)	(432)	(1,138)	(1,814)
Payment of finance lease liabilities	(169)	(207)	(645)	(605)
<i>Net cash generated from (used in) financing activities</i>	49,463	(842)	99,740	(4,233)
Effect of exchange rate changes	7,114	695	279	(363)
Net increase in cash and cash equivalents in the period	66,506	23,867	68,358	55,879
Cash and cash equivalents at the beginning of the period	101,855	76,136	100,003	44,124
Cash and cash equivalents at the end of the period	168,361	100,003	168,361	100,003