



Temenos releases Full Year 2009 results – showing 26% growth in profits, doubling of cashflow – and gives outlook for 2010 incorporating Viveo acquisition

Geneva, Switzerland, 17 February, 2010 – Temenos Group AG (SIX: TEMN), the market leading provider of integrated core banking solutions, today reports fourth quarter and full year 2009 results demonstrating strong performance across all financial metrics.

Full Year Financial and Operating highlights

- Operating profit growth of 26% to USD80m; margin up 600bps to 22%
- Cashflow from operations reached USD118m – 107% of EBITDA
- Core licensing business returned to growth - up 8% for the year, 15% for each of Q3 & Q4
- 43 new customer wins, including 8 new tier 1 customers, continued market share gains
- 50 clients went live on T24 – a new record
- Completion of largest acquisition to date
- Three global strategic partnerships signed

Commenting on the results, Temenos CEO Andreas Andreades said, “I’m delighted with this set of results. Overall spending on core banking systems declined in 2009, yet we were able to increase like for like net licences – our key KPI – by 8% and, coupled with good cost management, this enabled us to increase operating profits by 26%. Furthermore, excellent working capital management has allowed us to finish the year with a strong balance sheet.

Looking ahead to 2010, we find ourselves in extremely good shape to take advantage of the market opportunities, however significant these turn out to be. The Viveo acquisition - which adds further to market share – brings critical mass and exciting product extensions. Our partner programme helps to extend the indirect channel and the range of platforms we support as well as helping us to scale services delivery.

We are seeing an improvement in confidence and conversion rates, but there is still uncertainty based on broader macro concerns. The drivers for core banking adoption are getting stronger. In the developed world, banks are finding it hard to grow, so they need to address their cost base. In emerging markets – developing countries and niche banking markets – agility is essential. And all banks need to improve risk management. We are starting to make incremental investments to reflect the improvement in the demand environment, but we remain vigilant.”



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Revenue

Revenue for the fourth quarter was USD118.6m, down from USD122.2m in the same period last year, representing a decline of 3%. Licence revenue for the quarter was USD44.0m, 12% behind the previous year. For full year 2009, total revenue was USD370.3m, down 9% on 2008, with licence revenue at USD126.0m, 16% behind the previous 12 months.

Operating profit

Operating profit for the quarter was USD40.7m, compared with USD36.1m in the same period last year, an increase of 13%. The full year operating profit was USD 80.2m, up from USD64.0m in the prior period, representing a 26% increase. Margin for the quarter was 34%, 470 basis points higher than in the prior year, with the full year margin at 21.7%, 600 basis points higher than the previous 12 months.

Earnings Per Share (EPS)

Adjusted EPS, which excludes amortisation of acquisition-related intangibles and restructuring charges, was USD0.58 in the quarter, down from USD0.73 in the same quarter of the previous year. The full year adjusted EPS was USD1.23, 8% up on the previous 12 months.

Cash

Operating cash was USD57.5m in the quarter, representing cash conversion - conversion of Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) into operating cashflow - of 118% for the quarter.

Outlook

For full year 2010, Temenos provides the following financial outlook incorporating the contribution from the Viveo acquisition:

- Revenue growth of between 18% and 25% on the 2009 level of USD370.3m
- Adjusted EBIT (EBIT before one-off restructuring costs and amortisation of acquired intangibles) of 25%
- Conversion of EBITDA into cash from operations of 100%
- A tax rate of 0%

Conference call

At 17.30 GMT/ 18.30 CET, today, February 17 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.



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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 (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 51 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 is top of the IBS Sales League Table 2008, 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

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.

For more information, please contact:

Investor/Analyst queries:

Max Chuard
TEMENOS
Director, M&A & IR
Member of the Executive Board
Tel: +41 (0) 22 708 1482
Email: mchuard@temenos.com

Ben Robinson
TEMENOS
Director, Strategic Planning
Tel: +44 (0) 20 7290 3012
Mobile: +44 (0)7803 887929
Email: brobinson@temenos.com

Press queries:

Wendy Baker
Hudson Sandler
Tel: +44 (0) 20 7796 4133
Email: wbaker@hudsonsandler.com



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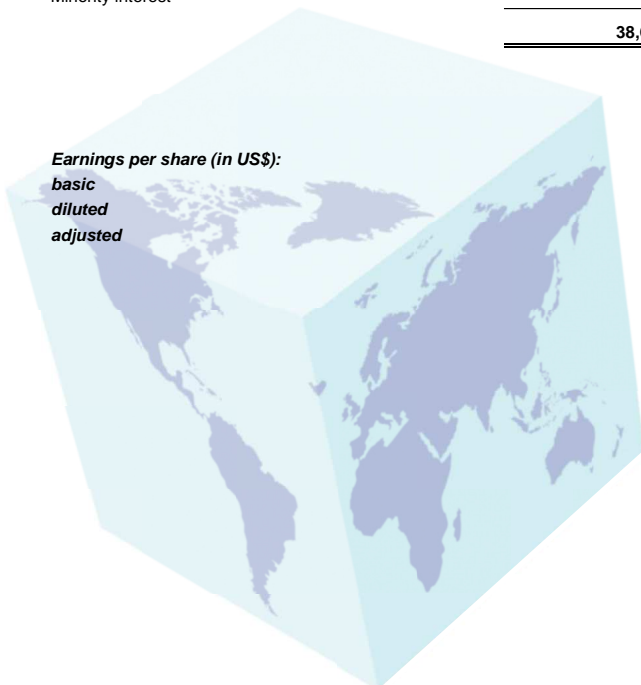
All amounts are expressed in thousands of US dollars
except earnings per share

consolidated income statement

| | Three months to 31 December 2009 | Three months to 31 December 2008 | Twelve months to 31 December 2009 | Twelve months to 31 December 2008 |
|--------------------------------------|-------------------------------------|-------------------------------------|--------------------------------------|--------------------------------------|
| Revenues | | | | |
| Software licensing | 43,989 | 49,856 | 125,989 | 150,055 |
| Maintenance | 31,600 | 28,390 | 117,134 | 101,215 |
| Services | 43,034 | 43,962 | 127,199 | 155,667 |
| <i>Total revenues</i> | 118,623 | 122,208 | 370,322 | 406,937 |
| Operating expenses | | | | |
| Sales and marketing | 18,624 | 19,360 | 72,178 | 74,934 |
| Services | 27,577 | 33,526 | 104,850 | 140,808 |
| Software development and maintenance | 13,937 | 17,488 | 62,466 | 74,942 |
| General and administrative | 17,775 | 15,696 | 50,596 | 52,301 |
| <i>Total operating expenses</i> | 77,913 | 86,070 | 290,090 | 342,985 |
| Operating profit | 40,710 | 36,138 | 80,232 | 63,952 |
| Other income (expenses) | | | | |
| Net financing and interest expenses | (2,023) | (1,908) | (7,704) | (5,776) |
| Foreign exchange (loss) gain - net | 123 | 8,384 | (3,679) | 5,119 |
| <i>Total other income (expenses)</i> | (1,900) | 6,476 | (11,383) | (657) |
| Profit before taxation | 38,810 | 42,614 | 68,849 | 63,295 |
| Taxation | (111) | 1,904 | (306) | 1,881 |
| Profit for the period | 38,699 | 44,518 | 68,543 | 65,176 |
| Attributable to: | | | | |
| Equity holders of the Company | 38,618 | 43,954 | 68,635 | 64,711 |
| Minority interest | 81 | 564 | (92) | 465 |
| | 38,699 | 44,518 | 68,543 | 65,176 |

Earnings per share (in US\$):

| | | | | |
|-----------------|------|------|------|------|
| basic | 0.65 | 0.76 | 1.17 | 1.12 |
| diluted | 0.56 | 0.67 | 1.07 | 1.02 |
| adjusted | 0.58 | 0.73 | 1.23 | 1.13 |





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All amounts are expressed in thousands of US dollars

| | 31 December 2009 | 31 December 2008 |
|--------------------------------------|---------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 142,651 | 65,600 |
| Trade receivables | 278,919 | 279,357 |
| Other receivables | 25,850 | 21,112 |
| Total current assets | 447,420 | 366,069 |
| Non-current assets | | |
| Property, plant and equipment | 15,508 | 14,618 |
| Intangible assets | 288,382 | 188,855 |
| Trade receivables | 15,400 | 8,200 |
| Other receivables | 2,335 | 1,344 |
| Deferred tax assets | 34,536 | 38,912 |
| Total non-current assets | 356,161 | 251,929 |
| Total assets | 803,581 | 617,998 |
| Liabilities and equity | | |
| Current liabilities | | |
| Trade and other payables | 87,724 | 108,102 |
| Deferred revenues | 114,176 | 84,624 |
| Income taxes payable | 5,848 | 11,162 |
| Borrowings | 33,597 | 13,277 |
| Total current liabilities | 241,345 | 217,165 |
| Non-current liabilities | | |
| Borrowings | 239,993 | 173,169 |
| Deferred tax liabilities | 15,740 | 9,686 |
| Income taxes payable | 2,440 | 9,870 |
| Retirement benefit obligations | 2,190 | 884 |
| Trade and other payables | 905 | 2,614 |
| Total non-current liabilities | 261,268 | 196,223 |
| Total liabilities | 502,613 | 413,388 |
| Shareholders' equity | | |
| Share capital | 178,340 | 174,122 |
| Treasury shares | - | (20,677) |
| Share premium | (85,233) | (77,217) |
| Fair value and other reserves | (32,018) | (42,938) |
| Retained earnings | 239,218 | 170,583 |
| Total shareholders' equity | 300,307 | 203,873 |
| Minority interest | 661 | 737 |
| | 300,968 | 204,610 |
| Total liabilities and equity | 803,581 | 617,998 |



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All amounts are expressed in thousands of US dollars

| | Three months to 31 December 2009 | Three months to 31 December 2008 | Twelve months to 31 December 2009 | Twelve months to 31 December 2008 |
|---|-------------------------------------|-------------------------------------|--------------------------------------|--------------------------------------|
| Cash flows from operating activities | | | | |
| Profit before taxation | 38,810 | 42,614 | 68,849 | 63,295 |
| <u>Adjustments:</u> | | | | |
| Depreciation and amortisation | 7,960 | 7,612 | 30,127 | 23,853 |
| Other non-cash items | 12,243 | 8,363 | 33,061 | 28,644 |
| <u>Changes in working capital:</u> | | | | |
| Trade and other receivables | (12,671) | (9,317) | 18,413 | (78,028) |
| Trade and other payables | 646 | (6,540) | (37,769) | (629) |
| Deferred revenues | 10,480 | 1,066 | 5,223 | 19,090 |
| <i>Cash generated from operations</i> | <u>57,468</u> | <u>43,798</u> | <u>117,904</u> | <u>56,225</u> |
| Income taxes paid | (386) | (299) | (4,974) | (2,679) |
| <i>Net cash generated from operating activities</i> | <u>57,082</u> | <u>43,499</u> | <u>112,930</u> | <u>53,546</u> |
| Cash flows from investing activities | | | | |
| Purchase of property, plant and equipment | (134) | (952) | (2,136) | (4,496) |
| Disposal of property, plant and equipment | 12 | 80 | 43 | 85 |
| Purchase of intangible assets | (587) | (2,211) | (2,875) | (5,211) |
| Disposal of intangible assets | - | - | - | - |
| Capitalised development costs | (5,472) | (6,609) | (19,513) | (19,928) |
| Acquisitions, net of cash acquired | (82,297) | (4,558) | (84,664) | (69,926) |
| Cash effect from financial instruments | (2,537) | (4,664) | (1,935) | (6,719) |
| Interest received | 83 | 60 | 184 | 841 |
| Others, net | - | - | (52) | - |
| <i>Net cash used in investing activities</i> | <u>(90,932)</u> | <u>(18,854)</u> | <u>(110,948)</u> | <u>(105,354)</u> |
| Cash flows from financing activities | | | | |
| Proceeds from issuance of shares, net of related expenses | 1,510 | - | 1,510 | 17 |
| Proceeds / (repayment) of borrowings | 75,928 | - | 69,058 | 69,590 |
| Cash impact of debt refinancing | - | - | 9,178 | - |
| Acquisition of treasury shares | - | - | - | (34,643) |
| Interest payments | (127) | (1,242) | (2,992) | (3,354) |
| Payment of financial instrument related expenses | (250) | (224) | (1,840) | (5,118) |
| Payment of finance lease liabilities | (135) | (148) | (591) | (520) |
| Other, net | (6) | - | (21) | - |
| <i>Net cash generated from (used in) financing activities</i> | <u>76,920</u> | <u>(1,614)</u> | <u>74,302</u> | <u>25,972</u> |
| <i>Effect of exchange rate changes</i> | <u>(422)</u> | <u>(1,555)</u> | <u>767</u> | <u>(1,626)</u> |
| Increase (decrease) in cash and cash equivalents in the period | 42,648 | 21,476 | 77,051 | (27,462) |
| Cash and cash equivalents at the beginning of the period | 100,003 | 44,124 | 65,600 | 93,062 |
| Cash and cash equivalents at the end of the period | 142,651 | 65,600 | 142,651 | 65,600 |