

Temenos releases full year 2010 results – showing record results including 19% like-for-like licence growth – and gives strong outlook for 2011

Geneva, Switzerland, 16 February 2011 – Temenos Group AG (SIX: TEMN), the market leading provider of core banking solutions, today reports fourth quarter and full year 2010 results showing strong performance across key financial metrics.

Full Year Financial and Operating highlights

- Like-for-like licence growth +19%, reported licence growth +27%
- Cashflow from operations reached USD 126m – 111% of EBITDA
- Adjusted EBIT of USD114m, giving 25% growth and a margin of 25%
- 46 new customer wins including 8 Tier 1 customers
- Integration of Viveo and acquisition of Odyssey proves M&A expertise
- Product extensions account for 15% of total licence revenues
- Evolution of partner program as partners take more services business

Commenting on the results, Temenos CEO Andreas Andreades said, “I am delighted to announce this record set of results. In 2010, we achieved like for like licence growth of 19%, reflecting both a continued recovery in the demand for core banking systems and also continued market share gains.

Despite integrating two acquisitions and the transition to a partner strategy, we generated strong margin expansion and profit growth. Cash generation was also extremely strong, exceeding again our public target, as we continue to mature our delivery model.

The prospects for 2011 are very exciting. We believe spending on modern, externally developed core systems will continue to grow as banks worldwide become more convinced that the appropriate technological platform is a prerequisite for sustainable growth and vendors are able to demonstrate more conclusively that this is indeed the case.

Furthermore, Temenos benefits from a number of company-specific drivers that we believe will see us continue to grow faster than the overall market. Our partner programme, which fundamentally changes our delivery model, acts as an additional sales channel and extends our technological deployment options, also helps us to underpin our leadership through the establishment of an ever-growing ecosystem of trained consultants and collaborators. In addition, our product extensions allow us to continue to extend the breadth and value of new deals and also to increase wallet share with existing customers, while our M&A strategy helps us to build the scale to continue accelerating product and sales investment.”



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Revenue

Total Revenue for the fourth quarter was USD 149.8m, up from USD 118.6m in the same period last year, representing an increase of 26%. Licence revenue for the quarter was USD 60.9m, 38% higher than in 2009. For the full year total revenue was USD 448.0m up 21% on 2009, with licence revenue at USD 160.1m, an increase of 27%.

Adjusted EBIT

Adjusted EBIT (EBIT before restructuring charges and amortization of acquired intangibles) was USD 53.8m in the quarter, 26% higher than in Q4 2009. Adjusted EBIT for the full year 2010 was USD 113.7m compared to USD 91.3m in the prior period, representing a 25% increase. The fourth quarter adjusted EBIT margin was 36%, flat on the prior year, with full year 2010 adjusted EBIT margin at 25%, 74 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 0.68 in the fourth quarter, up from USD 0.58 in the same quarter of the previous year, which represents a growth of 17%. Full year 2010 EPS was USD 1.47, representing 20% growth vs 2009.

Cash

Operating cash was an inflow of USD 102.6m in the quarter, representing a 212% operating cashflow into EBITDA conversion. On a twelve month basis, operating cashflow was USD 125.8m, representing a 111% operating cashflow into EBITDA conversion.

Outlook

We expect to achieve a L-f-L growth in licence revenue of 15-20% in constant currencies. (implying USD 197-205m). We look for growth in total revenues of 22-26% in constant currencies. (implying USD 546-564m) We expect to reach an adjusted operating margin of 26-27% and an operating margin of 20-21%. Our conversion of cashflow into EBITDA should reach 100%. We believe that our tax rate for 2011 will be between 8-10%.

Conference call

At 17.30 UK Time/ 18.30 CET/ 12.30 EST, today, February 16th, 2011, 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 42502362

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

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



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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 more than 60 offices worldwide, Temenos serves over 1100 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

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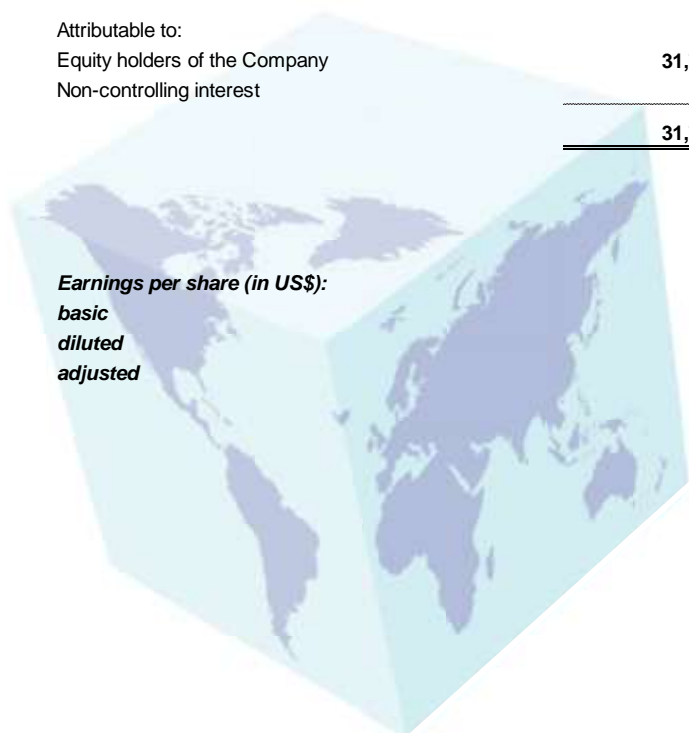
The Banking Software Company

TEMENOS GROUP AG

All amounts are expressed in thousands of US dollars

except earnings per share

	Three months to 31 December 2010	Three months to 31 December 2009	Twelve months to 31 December 2010	Twelve months to 31 December 2009
Revenues				
Software licensing	60,922	43,989	160,108	125,989
Maintenance	47,707	31,600	154,788	117,134
Services	41,178	43,034	133,055	127,199
<i>Total revenues</i>	<u>149,807</u>	<u>118,623</u>	<u>447,951</u>	<u>370,322</u>
Operating expenses				
Sales and marketing	29,210	18,624	83,358	72,178
Services	38,366	27,577	137,469	104,850
Software development and maintenance	23,368	13,937	88,889	62,466
General and administrative	21,505	17,775	64,544	50,596
<i>Total operating expenses</i>	<u>112,449</u>	<u>77,913</u>	<u>374,260</u>	<u>290,090</u>
Operating profit	<u>37,358</u>	<u>40,710</u>	<u>73,691</u>	<u>80,232</u>
Other income (expenses)				
Net financing and interest expenses	(6,101)	(2,023)	(12,958)	(7,704)
Foreign exchange gain (loss) - net	485	123	1,075	(3,679)
<i>Total other income (expenses)</i>	<u>(5,616)</u>	<u>(1,900)</u>	<u>(11,883)</u>	<u>(11,383)</u>
Profit before taxation	<u>31,742</u>	<u>38,810</u>	<u>61,808</u>	<u>68,849</u>
Taxation	(12)	(111)	(401)	(306)
Profit for the period	<u>31,730</u>	<u>38,699</u>	<u>61,407</u>	<u>68,543</u>
Attributable to:				
Equity holders of the Company	31,753	38,618	61,641	68,635
Non-controlling interest	(23)	81	(234)	(92)
	<u>31,730</u>	<u>38,699</u>	<u>61,407</u>	<u>68,543</u>
Earnings per share (in US\$):				
<i>basic</i>	0.49	0.65	0.98	1.17
<i>diluted</i>	0.45	0.56	0.93	1.07
<i>adjusted</i>	0.68	0.58	1.47	1.23





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	31 December 2010	30 September 2010	31 December 2009
Assets			
Current assets			
Cash and cash equivalents	160,274	168,361	142,651
Trade receivables	295,888	287,456	278,919
Other receivables	34,675	30,295	25,850
<i>Total current assets</i>	<u>490,837</u>	<u>486,112</u>	<u>447,420</u>
Non-current assets			
Property, plant and equipment	14,797	12,883	15,508
Intangible assets	406,680	280,095	288,382
Trade receivables	30,800	14,625	15,400
Other receivables	2,703	2,198	2,335
Deferred tax assets	38,429	32,424	34,536
<i>Total non-current assets</i>	<u>493,409</u>	<u>342,225</u>	<u>356,161</u>
<i>Total assets</i>	<u><u>984,246</u></u>	<u><u>828,337</u></u>	<u><u>803,581</u></u>
Liabilities and equity			
Current liabilities			
Trade and other payables	120,434	85,787	87,724
Deferred revenues	155,408	89,744	114,176
Income taxes payable	12,155	6,586	5,848
Borrowings	94,448	62,289	36,357
<i>Total current liabilities</i>	<u>382,445</u>	<u>244,406</u>	<u>244,105</u>
Non-current liabilities			
Borrowings	88,172	245,454	237,232
Deferred tax liabilities	13,334	8,686	15,740
Income taxes payable	1,550	1,242	2,440
Retirement benefit obligations	2,711	1,671	2,190
Trade and other payables	3,307	4,937	905
<i>Total non-current liabilities</i>	<u>109,074</u>	<u>261,990</u>	<u>258,507</u>
Total liabilities	<u>491,519</u>	<u>506,396</u>	<u>502,612</u>
Shareholders' equity			
Share capital	236,958	195,151	178,340
Treasury shares	(9,208)	(8,689)	-
Share premium	19,508	(87,712)	(85,231)
Fair value and other reserves	(55,896)	(46,389)	(32,019)
Retained earnings	300,859	269,106	239,218
<i>Total shareholders' equity</i>	<u>492,221</u>	<u>321,467</u>	<u>300,308</u>
Non-controlling interest	<u>506</u>	<u>474</u>	<u>661</u>
<i>Total liabilities and equity</i>	<u><u>984,246</u></u>	<u><u>828,337</u></u>	<u><u>803,581</u></u>



TEMENOS GROUP AG

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	Three months to 31 December 2010	Three months to 31 December 2009	Twelve months to 31 December 2010	Twelve months to 31 December 2009
Cash flows from operating activities				
Profit before taxation	31,742	38,810	61,808	68,849
<u>Adjustments:</u>				
Depreciation and amortisation	10,967	7,960	39,901	30,127
Other non-cash items	9,240	12,243	19,392	33,061
<u>Changes in working capital:</u>				
Trade and other receivables	8,737	(12,671)	(5,287)	18,413
Trade and other payables	13,261	646	6,203	(37,769)
Deferred revenues	28,651	10,480	3,809	5,223
<i>Cash generated from operations</i>	102,598	57,468	125,826	117,904
Income taxes paid	(666)	(386)	(2,800)	(4,974)
<i>Net cash generated from operating activities</i>	101,932	57,082	123,026	112,930
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,835)	(134)	(3,413)	(2,136)
Disposal of property, plant and equipment	354	12	623	43
Purchase of intangible assets	(163)	(587)	(3,171)	(2,875)
Disposal of intangible assets	-	-	-	-
Capitalised development costs	(7,741)	(5,472)	(22,249)	(19,513)
Acquisitions, net of cash acquired	(78,113)	(82,297)	(81,770)	(84,664)
Disposal of subsidiary, net of cash disposed	-	-	3,526	-
Cash effect from financial instruments	(4,492)	(2,537)	(4,736)	(1,935)
Interest received	7	83	307	184
Others, net	-	-	-	(52)
<i>Net cash used in investing activities</i>	(91,983)	(90,932)	(110,883)	(110,948)
Cash flows from financing activities				
Proceeds from issuance of shares, net of related expenses	-	1,510	2,751	1,510
Proceeds / (repayment) of debt	(11,298)	75,922	12,092	69,037
Cash impact of debt refinancing	-	-	12,014	9,178
Acquisition of treasury shares	-	-	(10,417)	-
Interest payments	(3,061)	(127)	(6,582)	(2,992)
Payment of financial instrument related expenses	(4,080)	(250)	(4,968)	(1,840)
Payment of finance lease liabilities	(144)	(135)	(654)	(591)
<i>Net cash generated from (used in) financing activities</i>	(18,583)	76,920	4,236	74,302
Exchange gain (loss) on cash and cash equivalents	547	(422)	1,244	767
Net increase in cash and cash equivalents in the period	(8,087)	42,648	17,623	77,051
Cash and cash equivalents at the beginning of the period	168,361	100,003	142,651	65,600
Cash and cash equivalents at the end of the period	160,274	142,651	160,274	142,651