

2011 results demonstrate resilience in challenging markets

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Geneva, Switzerland, 21 February 2012 – Temenos Group AG (SIX: TEMN), the market leading provider of core banking solutions, today reports fourth quarter and full year 2011 results, demonstrating solid performance across a number of operating and financial metrics.

Full Year Financial and Operating highlights

- FY Total revenue +6% to USD 473.5m
- Maintenance revenue up +28% to USD 197.3m
- Strong sales growth in Middle East and Asia regions and inside the existing customer base
- Cashflow from operations of USD102m, 228% of EBITDA
- 40 new customer wins including two Tier 1 banks
- Major new releases of flagship products for core banking, private wealth and business intelligence
- Significant milestones achieved in our partner programme, including a new master teaming agreement for services with IBM
- Further progress in the successful integration of the Odyssey and Primisyn acquisitions

Commenting on the results, Temenos CEO Guy Dubois said, “In the context of current macroeconomic conditions, Temenos delivered solid Q4 and full year results. The sovereign debt crisis in Europe and its impact on funding markets put the banking sector back into a state of uncertainty. As a consequence, we saw decision cycles lengthen substantially with a corresponding impact on licence sales. We nonetheless managed to sign 40 new name customers through 2011, grow total revenues and deliver an adjusted operating profit of USD88m. Furthermore, we converted well over 100% of EBITDA into operating cashflow for the third consecutive year.

Looking ahead, we are laying the foundations for the company to return to long-term sustainable growth. At our investor day in December, we explained our mid-term growth strategy, which is centred around improving profitability in our services business, growing our partner sales channel and increasing the level of licences derived from existing customers and from key markets like Asia, PWM and Retail. In Q4, we were already able to show progress on this strategy, as we expanded our relationship with IBM, delivered growth in sales from Asia and existing customers, and a return to profitability in our services business.

The need for banks to cut costs at the same time as raising asset yield will compel them to modernise their core systems. As the market leader with an unrivalled record of product innovation, Temenos is well positioned to benefit from this technology cycle. However, if uncertain macroeconomic conditions persist, banks may continue to delay decision-making in the short-term. Nonetheless, the company is prepared however the operating environment evolves to deliver improved profitability.”

Revenue

For the full year total revenue was USD 473.5m up 6% on 2010, with licence revenue at USD 146.0m, a decrease of 9%. Total revenue for the fourth quarter was USD 127.0m, down from USD 149.8m in the same period last year, representing a decline of 15%. Licence revenue for the quarter was USD 41.1m, 33% below the same quarter in 2010. Maintenance revenue was up 28% year over year for the full year 2011 and 5% for Q4 2011.

Adjusted EBIT

Adjusted EBIT (EBIT before restructuring charges and amortization of acquired intangibles) was USD 35.2m in the quarter, 35% below Q4 2010. Adjusted EBIT for the full year 2011 was USD 87.7m compared to USD 113.7m in the prior period, a 23% decrease. The fourth quarter adjusted EBIT margin was 28%, an eight percentage point decrease on the prior year, with full year 2011 adjusted EBIT margin at 18%, seven percentage points lower than in the prior 12 months.

Earnings Per Share (EPS)

Adjusted EPS, which excludes amortization of acquired intangibles and restructuring charges, was USD 0.30 in the fourth quarter compared to USD 0.68 in the same quarter of the previous year, representing a decline of 56%. Full year 2011 EPS was USD 0.87, 41% lower than in 2010.

Cash

Operating cash was USD 124.8m in the quarter, an increase of 22% vs Q4 2010 and representing a 228% operating cashflow into EBITDA conversion. On a twelve month basis, operating cashflow was USD 102m, representing a 228% operating cashflow into EBITDA conversion.

Mid Term Outlook

In light of ongoing discussions regarding an all share merger with Misys, we are unable to give an outlook for 2012 at this stage. Instead, we reiterate the medium term financial goals that we set out at our investor day held on 2 December 2011. We intend to return to 10-15% annual licence growth. We aim to restore our services business to double-digit profit margins while keeping its contribution to total revenues at around 25% of the mix. In addition, we intend to raise our group adjusted EBIT margin by 100-150 bps on average per annum, at the same time as generating annual operating cashflow in excess of EBITDA.

Possible Merger with Misys

On 7 February 2012, Temenos announced that it was in talks with Misys regarding a possible all share merger. These discussions are continuing and the parties will make a further announcement as and when appropriate.

Temenos believes that such combination would create one of the leading companies in the financial services software industry with the prospects for long term growth underpinned by increasing demand amongst financial institutions for improved efficiency and customer service.

In addition, the combined group is expected to benefit from:

- Enhanced scale and growth prospects and a global, blue-chip customer base
- Complementary fit of Temenos' presence in banking, wealth management and business-intelligence with Misys' presence in core and transaction banking, treasury capital markets and lending
- Significant cost synergies potential

Conference call

At 18.30 CET/ 17.30 GMT today, Guy Dubois, 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:

Switzerland Free Call:	0800 650 052
Switzerland Local Call:	0445 804 038
UK Local Call:	0844 871 9236
Standard Int'l:	+44 (0)1452 569 335
USA Free Call:	1 866 655 1591
USA Local Call:	1 631 510 7498

The conference ID number is: 55055281

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

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

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

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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 top of the IBS Sales League Table 2010; 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 securities to be issued in connection with the Merger have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or with any securities regulatory authority of any state or territory or other jurisdiction of the United States, and, may not be offered, sold, resold, delivered or distributed, directly or indirectly, in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or territory or other jurisdiction of the United States. There will be no public offer of the securities to be issued in connection with the Merger in the United States.

This announcement contains references to certain measures which are not defined by International Financial Reporting Standards ("IFRS"), and, as a result, are non-GAAP financial measures. In this announcement, these measures include EBITDA and EBITA. Management of Temenos believe that these measures are useful in developing an understanding of the performance of Temenos on a consistent basis. The information presented by these measures is unaudited and has not been prepared in accordance with IFRS or any other accounting standards. In addition, the presentation of these measures is not intended to and does not comply with the reporting requirements for non-GAAP measures of the U.S. Securities and Exchange Commission or any other securities regulator. Compliance with such requirements would require Temenos to make changes to the presentation of this information. You should not consider any of the non-GAAP financial measures presented herein as alternatives to measures of financial performance determined in accordance with IFRS, such as net income. Moreover, the computation of EBITDA and EBITA may not be comparable to similarly titled measures of other companies.

This announcement contains statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are not based on historical facts, but rather on current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by such forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved.



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Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors which may cause the actual results, performance or achievements of Temenos (and, to the extent that the Merger is consummated, Temenos Misys) to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks, uncertainties and other important factors include, among other things, general business and economic conditions globally, industry trends, competition, changes in laws and regulations (including in relation to the environment, health and safety and taxation), labour relations and work stoppages, changes in political and economic stability, disruptions in business operations due to reorganisation activities (whether or not the Merger is consummated), interest rate and currency fluctuations, the failure to satisfy any conditions for the Merger on a timely basis or at all (including approvals or clearances from regulatory and other agencies and bodies), the failure of the Merger to be consummated on a timely basis or at all, and (if the Merger is consummated) the inability of Temenos Misys to successfully integrate Temenos' and Misys' operations and programmes and realise any anticipated synergy benefits when the Merger is implemented.

Neither Temenos nor any of its associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place undue reliance on such forward-looking statements. Other than in accordance with its legal or regulatory obligations (including, as applicable, under the SIX Swiss Exchange Listing Rules or the Listing Rules and the Disclosure and Transparency Rules of the Financial Services Authority), Temenos is not under any obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

No statement in this announcement is intended as a profit forecast and no statement in this announcement should be interpreted to mean that earnings per Temenos registered share for the current or future financial years would necessarily match or exceed the historical published earnings per Temenos registered share.





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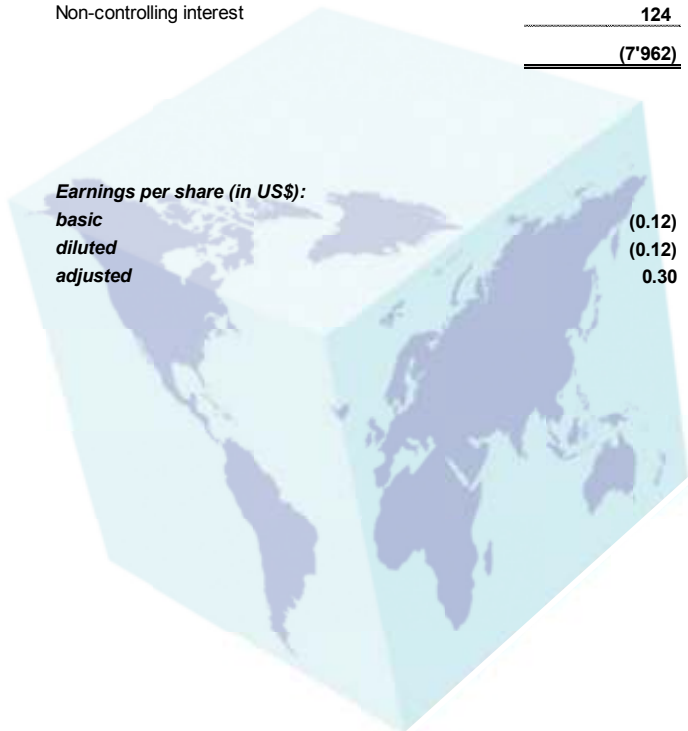
All amounts are expressed in thousands of US dollars

except earnings per share

	Three months to 31 December 2011	Three months to 31 December 2010	Twelve months to 31 December 2011	Twelve months to 31 December 2010
Revenues				
Software licensing	41'076	60'922	146'032	160'108
Maintenance	49'890	47'707	197'318	154'788
Services	36'043	41'178	130'119	133'055
Total revenues	127'009	149'807	473'469	447'951
Operating expenses				
Sales and marketing	38'484	29'210	133'480	83'358
Services	35'173	38'366	152'425	137'469
Software development and maintenance	28'345	23'368	119'292	88'889
General and administrative	18'710	21'505	70'318	64'544
Total operating expenses	120'712	112'449	475'515	374'260
Operating profit/(loss)	6'297	37'358	(2'046)	73'691
Other expenses				
Net interest expenses	(1'979)	(3'723)	(6'476)	(9'853)
Borrowing facility expenses	(570)	(2'378)	(2'160)	(3'105)
Foreign exchange (loss)/gain	(2'687)	485	(5'395)	1'075
Total other expenses	(5'236)	(5'616)	(14'031)	(11'883)
Profit/(loss) before taxation	1'061	31'742	(16'077)	61'808
Taxation	(9'023)	(12)	(12'231)	(401)
(Loss)/profit for the period	(7'962)	31'730	(28'308)	61'407
Attributable to:				
Equity holders of the Company	(8'086)	31'753	(28'252)	61'641
Non-controlling interest	124	(23)	(56)	(234)
	(7'962)	31'730	(28'308)	61'407

Earnings per share (in US\$):

basic	(0.12)	0.49	(0.41)	0.98
diluted	(0.12)	0.45	(0.41)	0.93
adjusted	0.30	0.68	0.87	1.47



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All amounts are expressed in thousands of US dollars

	31 December 2011	30 September 2011	31 December 2010
Assets			
Current assets			
Cash and cash equivalents	154'950	83'651	160'274
Trade receivables	268'576	290'762	295'888
Other receivables	31'018	40'845	34'675
Total current assets	454'544	415'258	490'837
Non-current assets			
Property, plant and equipment	13'210	14'310	14'797
Intangible assets	404'103	412'879	406'680
Trade receivables	46'173	23'800	30'800
Other receivables	3'145	2'964	2'703
Deferred tax assets	33'814	36'230	38'429
Total non-current assets	500'445	490'183	493'409
Total assets	954'989	905'441	984'246
Liabilities and equity			
Current liabilities			
Trade and other payables	138'119	97'851	120'434
Deferred revenues	180'503	113'028	155'408
Income tax liabilities	15'667	10'951	12'155
Borrowings	11'123	10'998	94'448
Total current liabilities	345'412	232'828	382'445
Non-current liabilities			
Borrowings	242'624	282'449	88'172
Deferred tax liabilities	8'448	9'718	13'334
Income taxes payable	1'544	1'550	1'550
Retirement benefit obligations	3'849	4'357	2'711
Trade and other payables	4'931	4'486	3'307
Total non-current liabilities	261'396	302'560	109'074
Total liabilities	606'808	535'388	491'519
Shareholders' equity			
Share capital	239'677	239'456	236'958
Treasury shares	(113'473)	(113'473)	(9'208)
Share premium	19'367	17'483	19'508
Fair value and other reserves	(69'997)	(54'474)	(55'896)
Retained earnings	272'607	280'693	300'859
Total shareholders' equity	348'181	369'685	492'221
Non-controlling interest	-	368	506
Total equity	348'181	370'053	492'727
Total liabilities and equity	954'989	905'441	984'246



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All amounts are expressed in thousands of US dollars

	Three months to 31 December 2011	Three months to 31 December 2010	Twelve months to 31 December 2011	Twelve months to 31 December 2010
Cash flows from operating activities				
Profit/(loss) before taxation	1'061	31'742	(16'077)	61'808
<u>Adjustments:</u>				
Depreciation and amortisation	10'319	10'967	46'773	39'901
Other non-cash items	3'491	9'240	24'198	19'392
<u>Changes in working capital:</u>				
Trade and other receivables	(4'198)	8'737	(1'735)	(5'287)
Trade and other payables	41'365	13'261	20'905	6'203
Deferred revenues	72'779	28'651	27'937	3'809
Cash generated from operations	124'817	102'598	102'001	125'826
Income taxes paid	(243)	(666)	(3'173)	(2'800)
Net cash generated from operating activities	124'574	101'932	98'828	123'026
Cash flows from investing activities				
Purchase of property, plant and equipment	(990)	(1'835)	(5'450)	(3'413)
Disposal of property, plant and equipment	61	354	120	623
Purchase of intangible assets	(1'150)	(163)	(4'525)	(3'171)
Capitalised development costs	(13'467)	(7'741)	(38'499)	(22'249)
Acquisitions, net of cash acquired	(294)	(78'113)	(1'467)	(81'770)
Disposal of subsidiary, net of cash disposed	-	-	378	3'526
Cash effect from financial instruments	6'861	(4'492)	(396)	(4'736)
Interest received	51	7	164	307
Net cash used in investing activities	(8'928)	(91'983)	(49'675)	(110'883)
Cash flows from financing activities				
Proceeds from issuance of shares, net of related expenses	-	-	-	2'751
Proceeds / (repayment) of debt	(40'035)	(11'298)	70'060	12'092
Cash impact of debt refinancing	-	-	-	12'014
Acquisition of treasury shares	-	-	(113'473)	(10'417)
Interest payments	(1'889)	(3'061)	(5'131)	(6'582)
Payment of financial instrument related expenses	(240)	(4'080)	(3'477)	(4'968)
Payment of finance lease liabilities	(87)	(144)	(701)	(654)
Net cash (used in)/generated from financing activities	(42'251)	(18'583)	(52'722)	4'236
Effect of exchange rate changes	(2'096)	547	(1'755)	1'244
Net increase/(decrease) in cash and cash equivalents in the period	71'299	(8'087)	(5'324)	17'623
Cash and cash equivalents at the beginning of the period	83'651	168'361	160'274	142'651
Cash and cash equivalents at the end of the period	154'950	160'274	154'950	160'274