



Temenos delivers solid Q1 results across all metrics and reaffirms full year guidance

GENEVA, Switzerland, 23 April 2013 – Temenos Group AG (SIX: TEMN), the market leading provider of mission-critical software to financial institutions globally, today reports its first quarter 2013 results.

| USDm, except EPS | Non-IFRS | | | | IFRS | | | |
|-----------------------|--------------|--------------|-------------|-----------|--------------|---------------|-----------|-----------|
| | Q1 2013 | Q1 2012 | Change | LFL* | Q1 2013 | Q1 2012 | Change | LFL* |
| Software licencing | 24.5 | 23.5 | 4% | 5% | 24.5 | 23.5 | 4% | 5% |
| Maintenance | 51.0 | 48.5 | 5% | 4% | 51.0 | 48.5 | 5% | 4% |
| Services | 28.1 | 28.4 | -1% | -2% | 28.1 | 28.4 | -1% | -2% |
| Total revenues | 103.6 | 100.3 | 3% | 2% | 103.6 | 100.3 | 3% | 2% |
| EBIT | 13.5 | 6.3 | 115% | | 8.2 | (5.3) | NA | |
| EBIT margin | 13.0% | 6.2% | 6.7% pts | | 7.9% | NA | NA | |
| EPS (USD) | 0.13 | 0.00 | NA | | 0.05 | (0.17) | NA | |

A full reconciliation of IFRS to non-IFRS results can be found in Appendix II

* Like-for-like (LFL) excludes contributions from acquisitions and adjusts for movements in currencies

** Earnings before interest, tax, depreciation and amortisation (EBITDA) into cash generated from operations

- Solid Q1 results across all key performance indicators
- Like-for-like licence growth of 5% (4% reported), the second consecutive quarter of growth
- Non-IFRS costs down 4% (IFRS costs down 10%) with non-IFRS EBIT margin up 7% pts
- Non-IFRS EBIT more than doubled with IFRS EBIT moving from a loss of USD 5.3m to a profit of USD 8.2m
- Cash conversion** of 111% in the twelve months ending March 2013
- Acquisition of TriNovus to accelerate US growth and enter US SaaS market
- American Depository Receipt commenced trading today under the symbol TMSNY
- Refinancing and bond issue completed to lock-in flexible, low cost, long term funding
- On track to deliver reaffirmed 2013 guidance

Commenting on the results, Temenos CEO David Arnott said:

“The actions we took in the second half of 2012, in particular refocusing the organisation around a new strategic plan and reducing costs, are paying off. Licence revenues are growing again thanks to our multi-product approach, which is not only resulting in higher sales in Private Wealth Management, Channels and Business Analytics, but is also making our core banking proposition more attractive and helping to underpin further market share gains.

The combination of a rising top line with a materially and sustainably lower cost base is enabling us to deliver very significant growth in profitability, with profits doubling in the quarter on a non-IFRS basis. What is more, with the acquisition of TriNovus we have established a platform to accelerate growth in the US, the world’s largest market for financial services software spend. Taking all of these things together, I am confident that we have the strategy and team to deliver on our financial commitments for the full year and beyond.”



Revenue

Both IFRS and non-IFRS revenue for the quarter was USD 103.6m, up from USD 100.3m in Q1 last year, representing an increase of 3%. Licence revenue for the quarter was USD 24.5m, 4% higher than in the same period in 2012.

EBIT

Non-IFRS EBIT was USD 13.5m in Q1, 115% higher than in Q1 2012, with a non-IFRS EBIT margin in Q1 of 13%, up 7% points on 2012. IFRS EBIT moved from a loss of USD 5.3m in Q1 2012 to a profit of USD 8.2m in Q1 2013.

Earnings per share (EPS)

Non-IFRS EPS was USD 0.13 in the quarter, compared to USD 0.00 in the prior year. For the twelve months to March 2013, non-IFRS EPS was USD 1.01, up 22% on the previous 12 months. IFRS EPS for the quarter moved from a loss of USD 0.17 per share to a profit of USD 0.05 per share.

Pre-tax operating cash

Operating cash was an inflow of USD 8.0m in Q1 2013 compared to an outflow of USD 14.4m in Q1 2012. For the twelve months to March 2013, operating cash was USD 120.1m representing a 111% conversion of EBITDA into operating cash.

2013 guidance

Our guidance for 2013 (post the acquisition of TriNovus) on a non-IFRS basis is:

- Total non-IFRS revenue growth of 4.5% to 7.5% (implying non-IFRS revenue of USD 469m to USD 482m)*
- Licence growth of 5% to 10% (implying Licence revenue of USD 131m to USD 137m)*
- Non-IFRS cost base of USD 368m reaffirmed with non-IFRS EBIT margin of 21.7% to 23.2% (implying non-IFRS EBIT of USD 102m to USD 112m)*
- 100%+ conversion of EBITDA into operating cashflow
- Tax rate of 17% to 18%

** Based on the currency assumptions set out below*

Conference call

At 17.30 BST / 18.30 CET / 12.30 EST, today, 23 April 2013, David Arnott, CEO, and Max Chuard, CFO, will host a conference call to present the results and offer an update on the business outlook. Listeners can access the conference call using the following dial in numbers:

| | |
|---------------------|------------------------|
| +44 (0)1452 569 335 | (UK and International) |
| 0808 238 0673 | (UK Free Call) |
| 0445 804 038 | (Swiss Local Call) |
| 0800 650 052 | (Swiss Free Call) |
| +1 866 655 1591 | (USA Free Call) |

Conference ID # 36784453



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A transcript will be made available on the Company website 48 hours after the call. Presentation slides for the call can be accessed using the following link: <http://www.temenos.com/investor-relations/results-and-presentations/>

Currency assumptions for 2013 guidance

In preparing the 2013 guidance, the Company has taken the actual Q1 2013 results and for the remainder of 2013 assumed the following (with comparisons as at the announcement of the Q4 and FY 2012 results):

- USD to Euro exchange rate of 0.780 (from 0.778);
- USD to GBP exchange rate of 0.658 (from 0.631); and
- USD to CHF exchange rate of 0.950 (from 0.938).

Non-IFRS financial Information

Readers are cautioned that the supplemental non-IFRS information presented in this press release is subject to inherent limitations. It is not based on any comprehensive set of accounting rules or principles and should not be considered as a substitute for IFRS measurements. Also, the Company's supplemental non-IFRS financial information may not be comparable to similarly titled non-IFRS measures used by other companies. In the reconciliation of IFRS to non-IFRS found in Appendix II, the Company sets forth the most comparable IFRS financial measure and reconciliations of this information with non-IFRS information. The Company's non-IFRS figures exclude any deferred revenue write-down resulting from acquisitions, discontinued activities that do not qualify as such under IFRS, acquisition related charges such as advisory fees and integration costs, charges as a result of the amortisation of acquired intangibles, costs incurred in connection with a restructuring plan implemented and controlled by management, and adjustments made to reflect the associated tax charge relating to the above items.

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About Temenos

Founded in 1993 and listed on the Swiss Stock Exchange (SIX: TEMN), Temenos Group AG is the market leading provider of banking software systems to retail, corporate, universal, private, Islamic, microfinance and community banks, wealth managers, and other financial institutions. Headquartered in Geneva with more than 59 offices worldwide, Temenos software is proven in over 1,500 customer deployments in more than 125 countries across the world. Temenos' products provide advanced technology and rich functionality, incorporating best practice processes that leverage Temenos' expertise around the globe. Temenos customers are proven to be more profitable than their peers: in the period 2008-2010, Temenos customers enjoyed on average a 30% higher return on assets, a 46% higher return on capital and an 8.5 percentage point lower cost/income ratio than banks running legacy applications. For more information please visit www.temenos.com



Appendix I – Q1 2013 IFRS primary statements

TEMENOS GROUP AG

All amounts are expressed in thousands of US dollars

except earnings per share

| | Three months to 31 March 2013 | Three months to 31 March 2012 | Twelve months to 31 March 2013 | Twelve months to 31 March 2012 |
|--------------------------------------|----------------------------------|----------------------------------|-----------------------------------|-----------------------------------|
| Revenues | | | | |
| Software licensing | 24,474 | 23,460 | 126,155 | 141,436 |
| Maintenance | 50,996 | 48,514 | 204,134 | 197,013 |
| Services | 28,144 | 28,373 | 123,186 | 132,224 |
| Total revenues | 103,614 | 100,347 | 453,475 | 470,673 |
| Operating expenses | | | | |
| Sales and marketing | 25,128 | 20,010 | 95,829 | 134,009 |
| Services | 32,226 | 37,262 | 137,497 | 145,753 |
| Software development and maintenance | 23,197 | 26,238 | 95,313 | 113,496 |
| General and administrative | 14,871 | 22,153 | 63,213 | 75,309 |
| Total operating expenses | 95,422 | 105,663 | 391,852 | 468,567 |
| Operating profit/(loss) | 8,192 | (5,316) | 61,623 | 2,106 |
| Other expenses | | | | |
| Net interest expenses | (1,151) | (1,561) | (5,512) | (6,894) |
| Borrowing facility expenses | (403) | (476) | (1,836) | (2,055) |
| Foreign exchange loss | (618) | (1,906) | (2,220) | (7,727) |
| Total other expenses | (2,172) | (3,943) | (9,568) | (16,676) |
| Profit/(loss) before taxation | 6,020 | (9,259) | 52,055 | (14,570) |
| Taxation | (2,339) | (2,148) | (12,808) | (14,198) |
| Profit/(loss) for the period | 3,681 | (11,407) | 39,247 | (28,768) |
| Attributable to: | | | | |
| Equity holders of the Company | 3,681 | (11,407) | 39,247 | (28,782) |
| Non-controlling interest | - | - | - | 14 |
| | 3,681 | (11,407) | 39,247 | (28,768) |
| Earnings per share (in US\$): | | | | |
| basic | 0.05 | (0.17) | 0.57 | (0.42) |
| diluted | 0.05 | (0.17) | 0.56 | (0.42) |



TEMENOS GROUP AG

All amounts are expressed in thousands of US dollars

| | 31 March 2013 | 31 December 2012 | 31 March 2012 |
|--------------------------------------|-----------------------|-----------------------|-----------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 92,785 | 117,734 | 68,120 |
| Trade receivables | 233,219 | 239,709 | 239,039 |
| Other receivables | 31,134 | 23,287 | 35,901 |
| <i>Total current assets</i> | <u>357,138</u> | <u>380,730</u> | <u>343,060</u> |
| Non-current assets | | | |
| Property, plant and equipment | 14,145 | 13,798 | 13,547 |
| Intangible assets | 446,916 | 436,124 | 414,540 |
| Trade receivables | 35,250 | 39,400 | 40,818 |
| Other receivables | 2,337 | 2,229 | 3,018 |
| Deferred tax assets | 28,356 | 30,326 | 32,387 |
| <i>Total non-current assets</i> | <u>527,004</u> | <u>521,877</u> | <u>504,310</u> |
| Total assets | <u><u>884,142</u></u> | <u><u>902,607</u></u> | <u><u>847,370</u></u> |
| Liabilities and equity | | | |
| Current liabilities | | | |
| Trade and other payables | 100,138 | 119,300 | 110,768 |
| Deferred revenues | 160,858 | 156,742 | 151,868 |
| Income tax liabilities | 9,681 | 11,916 | 14,094 |
| Borrowings | 10,380 | 10,735 | 10,798 |
| <i>Total current liabilities</i> | <u>281,057</u> | <u>298,693</u> | <u>287,528</u> |
| Non-current liabilities | | | |
| Borrowings | 200,285 | 203,625 | 192,842 |
| Deferred tax liabilities | 5,359 | 6,318 | 7,531 |
| Income taxes payable | 1,593 | 1,544 | 1,544 |
| Trade and other payables | 1,598 | 1,591 | 4,154 |
| Retirement benefit obligations | 4,374 | 4,079 | 4,043 |
| <i>Total non-current liabilities</i> | <u>213,209</u> | <u>217,157</u> | <u>210,114</u> |
| Total liabilities | <u><u>494,266</u></u> | <u><u>515,850</u></u> | <u><u>497,642</u></u> |
| Shareholders' equity | | | |
| Share capital | 239,798 | 239,798 | 239,798 |
| Treasury shares | (87,696) | (105,264) | (113,473) |
| Share premium | 15,342 | 20,398 | 22,037 |
| Fair value and other reserves | (78,015) | (64,941) | (59,834) |
| Retained earnings | 300,447 | 296,766 | 261,200 |
| <i>Total shareholders' equity</i> | <u>389,876</u> | <u>386,757</u> | <u>349,728</u> |
| <i>Non-controlling interest</i> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total equity | <u><u>389,876</u></u> | <u><u>386,757</u></u> | <u><u>349,728</u></u> |
| Total liabilities and equity | <u><u>884,142</u></u> | <u><u>902,607</u></u> | <u><u>847,370</u></u> |

**TEMENOS GROUP AG***All amounts are expressed in thousands of US dollars*

| | Three months to 31 March 2013 | Three months to 31 March 2012 | Twelve months to 31 March 2013 | Twelve months to 31 March 2012 |
|---|----------------------------------|----------------------------------|-----------------------------------|-----------------------------------|
| Cash flows from operating activities | | | | |
| Profit/(loss) before taxation | 6,020 | (9,259) | 52,055 | (14,570) |
| <u>Adjustments:</u> | | | | |
| Depreciation and amortisation | 10,828 | 11,918 | 46,379 | 47,190 |
| Other non-cash items | 2,775 | 7,692 | 16,145 | 23,074 |
| <u>Changes in working capital:</u> | | | | |
| Trade and other receivables | 1,089 | (1,683) | 4,135 | 22,468 |
| Trade and other payables | (19,000) | (27,592) | (11,862) | 7,741 |
| Deferred revenues | 6,299 | 4,490 | 13,290 | 20,625 |
| Cash generated from operations | 8,011 | (14,434) | 120,142 | 106,528 |
| Income taxes paid | (3,160) | (4,982) | (8,897) | (7,221) |
| Net cash generated from/(used in) operating activities | 4,851 | (19,416) | 111,245 | 99,307 |
| Cash flows from investing activities | | | | |
| Purchase of property, plant and equipment | (415) | (1,421) | (4,535) | (5,242) |
| Disposal of property, plant and equipment | 8 | 9 | 22 | 102 |
| Purchase of intangible assets | (928) | (770) | (4,336) | (4,592) |
| Capitalised development costs | (9,683) | (9,644) | (41,821) | (41,933) |
| Acquisitions, net of cash acquired | (12,530) | (2,263) | (26,941) | (3,730) |
| Disposal of subsidiary, net of cash disposed | - | - | - | 378 |
| Settlement of financial instruments | 2,586 | (2,338) | (5,212) | (677) |
| Interest received | 45 | 53 | 241 | 159 |
| Net cash used in investing activities | (20,917) | (16,374) | (82,582) | (55,535) |
| Cash flows from financing activities | | | | |
| Proceeds /(repayment) of debt | (3,569) | (50,004) | 6,613 | (14,933) |
| Acquisition of treasury shares | - | - | - | (17,150) |
| Interest payments | (1,524) | (1,811) | (5,925) | (6,036) |
| Payment of financing costs | (2,720) | (115) | (3,424) | (1,283) |
| Payment of finance lease liabilities | (88) | (113) | (328) | (618) |
| Net cash used in financing activities | (7,901) | (52,043) | (3,064) | (40,020) |
| Effect of exchange rate changes | (982) | 1,003 | (934) | (2,375) |
| Net (decrease)/increase in cash and cash equivalents in the period | (24,949) | (86,830) | 24,665 | 1,377 |
| Cash and cash equivalents at the beginning of the period | 117,734 | 154,950 | 68,120 | 66,743 |
| Cash and cash equivalents at the end of the period | 92,785 | 68,120 | 92,785 | 68,120 |



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Appendix II – reconciliation of IFRS to non-IFRS Q1 2013 Income Statement

Readers are cautioned that the supplemental non-IFRS information presented in this press release is subject to inherent limitations. It is not based on any comprehensive set of accounting rules or principles and should not be considered as a substitute for IFRS measurements. Also, the Company's supplemental non-IFRS financial information may not be comparable to similarly titled non-IFRS measures used by other companies.

To compensate for these limitations, the supplemental non-IFRS financial information should be read not in isolation, but only in conjunction with the Company's consolidated financial statements prepared in accordance with IFRS.

| IFRS - Non-IFRS Reconciliation Thousands of US Dollars | 3 Months Ending 31 March | | | | | | Change | |
|---|--------------------------|---------------|------------------|------------------|---------------|------------------|-----------|-------------|
| | 2013 IFRS | Adjustment | 2013 Non-IFRS | 2012 IFRS | Adjustment | 2012 Non-IFRS | IFRS | Non-IFRS |
| License | 24,474 | | 24,474 | 23,460 | | 23,460 | 4% | 4% |
| Maintenance | 50,996 | | 50,996 | 48,515 | | 48,515 | 5% | 5% |
| Services | 28,144 | | 28,144 | 28,373 | | 28,373 | (1%) | (1%) |
| Total Revenue | 103,614 | | 103,614 | 100,347 | | 100,347 | 3% | 3% |
| Total Operating Expenses | (95,422) | 5,263 | (90,159) | (105,663) | 11,581 | (94,082) | (10%) | (4%) |
| Restructuring | (2,342) | 2,342 | - | (3,220) | 3,220 | | (27%) | |
| Acquisition related charges | (287) | 287 | - | (4,946) | 4,946 | | (94%) | |
| Amort of Acquired Intangibles | (2,634) | 2,634 | - | (3,415) | 3,415 | | (23%) | |
| Operating Income | 8,192 | 10,526 | 13,455 | (5,316) | 23,162 | 6,265 | NA | 115% |
| Operating Margin | 8% | | 13% | (5%) | | 6% | NA | 108% |
| Financing Costs | (2,172) | | (2,172) | (3,943) | | (3,943) | (45%) | (45%) |
| Taxation | (2,339) | (190) | (2,529) | (2,148) | | (2,148) | 9% | 18% |
| Net Earnings | 3,681 | 10,336 | 8,754 | (11,407) | 23,162 | 174 | NA | NA |
| EPS (\$ per Share) | 0.05 | 0.07 | 0.13 | (0.16) | 0.17 | 0.00 | NA | NA |