

Press Release

Corporate Results

LHS announces double-digit growth in revenue and profit for 2009

LHS goes from strength to strength with another record quarter and excellent annual results.

Frankfurt, Germany – 29, January, 2010 – LHS, part of the Ericsson Group (NASDAQ:ERIC) and a leading provider of telecom billing and customer care systems across the wireless, wireline, and IP telecom markets worldwide, today announced the preliminary results for the fourth quarter and the fiscal year 2009 for the period ended December 31st 2009. The preliminary results were prepared in accordance with the International Financial Reporting Standards (IFRS). They include the following key figures for fiscal 2009:

- LHS' turnover increased to EUR 125.8 million in fiscal 2009, a year-on-year growth of 13 percent. In 2008, the annual turnover was EUR 111.8 million.
 - In the fourth quarter 2009 the company was able to achieve a record turnover of EUR 35.7 million. This represents a growth rate of 10.5 percent compared to the same quarter of the previous year and 11 percent compared to the third quarter of 2009.
 - The adjusted EBITDA increased in the financial year from EUR 24.5 million to EUR 29.1 million, an increase of 19 percent. The adjusted EBITDA increased in the fourth quarter by approximately 20 percent from EUR 7.4 million to EUR 8.8 million.
 - The earnings per share in the year under review were EUR 1.16 compared to EUR 0.91 in 2008. In the fourth quarter, earnings per share rose from EUR 0.15 to EUR 0.37, a rise of 148 percent.
- The cash flow for the fiscal year 2009 increased by 78 percent from EUR 9.7 million EUR 17.3 million. In the fourth quarter, cash flow rose by 97 percent to EUR 14.4 million compared to EUR 7.3 in the same quarter of 2008.

2009 highlights

Based on the corporate results and at constant currency, LHS was the best market performer in terms of growth figures amongst all major billing suppliers globally in 2009.

2009 also saw a continuous investment in personnel, with the number of staff permanently employed increasing from 769 at the start of the year to 853 at year close (an increase of eleven percent). Most of the new headcounts were created in LHS' services business, encompassing consulting, project and implementation services, as well as training and education.

In its defined target markets, LHS further gained market share and now has 21.9 percent share of the wireless postpaid market and serves 336 million subscribers (pre- and postpaid) in total.

A key contributor to LHS' continued success in 2009 was its rigorous cost consciousness. Once again it was possible to maintain and manage the cost base very well thus improving the productivity and profitability of the organization: this is reflected in the excellent EBITDA and net profit results.

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"We are delighted to be able once again to report such excellent results", said Wolfgang Kroh, Chief Executive Officer of LHS Aktiengesellschaft. "This success is due to the hard work and commitment from our motivated employees as well as the intensive and excellent cooperation with our customers and partners", he added. "In 2010 we will continue to develop all relevant markets that will help us to reach our goal of becoming the global market leader for convergent billing and customer care systems".

Fourth quarter highlights

The results for the fourth quarter were characterized by exceptional growth in the MEA / APAC region (revenues up 85 percent compared to the same quarter in 2008) coinciding with large subscriber upgrades at customers in emerging countries and a large deal in Asia.

Partnership with Ericsson

At the reporting date of December 31st 2009, the majority shareholder Ericsson owned 99.8 percent of LHS shares and the squeeze out resolution was passed at the extraordinary AGM held on Dec 21 2009. This process is expected to be finalized during 2010. The cooperation between Ericsson and LHS overall is showing big improvements and was particularly fruitful for LHS in its MEA region, with successful sales of the Joint Convergence Solution to several accounts.

Objectives for 2010

The billing market is forecast to experience a difficult operating environment in 2010 with growth expected to be below 5 percent.

LHS is aiming to maintain the profitability ratios it has shown until now and achieve growth rates above those of the market forecasts.

Annual Report 2009

The 2009 Annual Report will be available for download from the Internet in March 2010.

About LHS

LHS, part of the Ericsson Group (NASDAQ:ERIC), is a leading independent software vendor (ISV) of billing and customer care systems in the telecom industry. The company's award-winning solutions are used by the world's leading network and virtual operators, to generate and manage consistent revenue streams. LHS Business Support Systems offer full convergence on various levels, supporting the complete range of business models both across the mix of fixed and mobile services, as well as prepaid and postpaid services.

LHS builds innovative systems that enable our customers to introduce new services fast, helping drive revenues up, while keeping operational costs to a minimum.

LHS' headquarters are located in Frankfurt, Germany, with main offices in Brazil, France, Malaysia, and the UAE. LHS Aktiengesellschaft as the Group's Holding company is a public company listed on the Frankfurt Stock Exchange (LHS400).

For more information, please visit www.lhsgroup.com.

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About Ericsson

Ericsson is the world's leading provider of technology and services to telecom operators. Ericsson is the leader in 2G, 3G and 4G mobile technologies, and provides support for networks with over 1 billion subscribers and has a leading position in managed services. The company's portfolio comprises mobile and fixed network infrastructure, telecom services, software, broadband and multimedia solutions for operators, enterprises and the media industry. The Sony Ericsson and ST-Ericsson joint ventures provide consumers with feature-rich personal mobile devices.

Ericsson is advancing its vision of "to be the prime driver in an all-communicating world" through innovation, technology, and sustainable business solutions. Working in 175 countries, more than 75,000 employees generated revenue of SEK 209 billion (USD 32.2 billion) in 2008. Founded in 1876 with the headquarters in Stockholm, Sweden, Ericsson is listed on NASDAQ OMX Stockholm and NASDAQ New York.

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