



Press Release

Corporate Results

LHS announces substantial double-digit revenue and profit increase in 2007

Expected results exceeded, consistent continuation of success strategy

Frankfurt/Main – February 7, 2008 – LHS, a leading provider of telecom billing and customer care systems across the wireless, wireline, and IP telecom markets worldwide, today announced its 2007 fiscal year results for the period ended December 31, 2007. The audited results were prepared in accordance with International Financial Reporting Standards (IFRS). They include the following key figures for fiscal 2007:

- In fiscal 2007, LHS' revenue grew to € 98.2 million. This is an increase of approximately 37 percent year-on-year. At the beginning of 2007, the corporation expected revenues between € 86 million and € 89 million.
- The adjusted EBITDA increased in fiscal 2007 by approximately 69 percent from € 12.1 million to € 20.4 million.
- In 2007, the adjusted income for the period under review grew 69 percent from € 7.8 million in the previous year to € 13.1 million.
- The adjusted earning per share in the year under review was € 0.93 (undiluted) and € 0.90 (diluted).

- LHS' free cash flow reached € 15 million in fiscal 2007. The increase of more than 300 percent compared to 2006 highlights the high-performance cash generation power and the strong financial situation of the corporation.

Customer and employee base expanded

LHS increased its revenue and expanded its market positioning in Europe as well as in the emerging markets. The corporation signed contracts for 15 new projects, of which six were with new customers. At the end of 2007, LHS had a total of 125 installations. Approximately 95 million postpaid end customers were billed with software systems by LHS. This means that the company was able to increase its global market share of the billing of postpaid mobile communication users to 9.2 percent. If regions such as North America, Russia and China, which were not among its target markets in 2007, are excluded from the calculation, this share even increases to 21.3 percent.

A key factor for this success was LHS' network of infrastructure providers, technology partners and system integrators. For quite some time now, LHS has been cooperating with global partners, including Ericsson, Nokia, Siemens Networks, Alcatel-Lucent, Atos Origin, Accenture or the CapGemini Group, which provide it with extensive global market access. In 2007, LHS gained additional important partners, such as Deloitte, Bull or Kvazar Micro.

LHS created 168 new jobs in 2007, of which 59 were at its home location in Frankfurt/Main, Germany, 12 in the newly established subsidiaries in Madrid, Athens and Prague, 47 in Sao Paulo, 10 in Dubai, and 40 in Kuala Lumpur. On December 31, 2007 LHS had 671 fulltime employees around the world.

"We are very satisfied with our development in 2007", said Wolfgang Kroh, Chief Executive Officer of LHS Aktiengesellschaft. "This success is once again the result of the hard work of our committed employees, as well as the intensive and trustful cooperation with our customers and partners," he added.

Goals for 2008

In the current and future years, LHS will continue to expand its customer base and continuously improve its profit-earning capacity. Therefore, the corporation expects in 2008 revenue of around € 115 million. In addition to further revenue increases, other goals include increasing the EBITDA at least proportionally, as well as further improving profitability, similar to the previous year.

Ericsson majority shareholder since July 2007

Another important event of fiscal 2007 for LHS was the entry of Ericsson as a majority shareholder. The EU commission released the public takeover offer of July 9, 2007 at € 22.50 per share on September 13, 2007. Ericsson held around 84 percent of shares after the terms for acceptance ended on October 8, 2007. On October 25, Ericsson had purchased an additional 3.5 percent of the company's shares, so that Ericsson now holds

approximately 87.5 percent of total LHS shares. LHS welcomes the new majority shareholder, since the close cooperation with Ericsson provides LHS with the opportunity of strengthening and further expanding the market position of the LHS Group as a leading corporation in the area of convergent customer rating and billing systems in the long term.

Annual Report 2007

The 2007 annual report will be available for download from the Internet as of March 5.

About LHS

LHS is a leading provider of telecom billing and customer care systems across the wireless, wireline, and IP telecom markets worldwide.

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 was awarded "Best Billing or Customer Care Solution" by the GSM Association in Cannes in 2005, and won the IIR World Billing Awards for its "Overall Best Contribution to Billing" in London in 2005 and 2006.

LHS is an independent software vendor (ISV) with headquarters in Germany, and offices in Brazil, Czech Republic, France, Malaysia, Turkey, and United Arab Emirates. LHS is part of the LHS Group, and LHS Aktiengesellschaft as the Group's Holding company is a public company listed on the Frankfurter Stock Exchange (LHS400).

For more information, please visit www.lhsgroup.com

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