



Press Release

Corporation

LHS confirms growth expectations

Revenue increases 13 percent in Q2 2008 – EBITDA increases 23 percent

Frankfurt/Main, July 21, 2008 — LHS, one of the leading providers of telecom billing and customer care systems across the wireless, wireline, and IP telecom markets worldwide, today announced its results for the second quarter of fiscal year 2008 (period ended June 30, 2008).

The audited results were prepared in accordance with International Financial Reporting Standards (IFRS) which are binding for all capital market companies. They include the following key figures for the previous business quarter:

- LHS increased its revenue in the second quarter of 2008 to EUR 27.2 million. This is a growth of 13 percent compared to the same quarter of the previous year. The cumulated revenue at mid-year 2008 was EUR 52.0 million compared to EUR 45.8 million at mid-year 2007, constituting an increase of 14 percent.
- In the quarter under review, the adjusted EBITDA was EUR 6.0 million, which is an increase of 23 per-



cent over the same period of the previous year. By mid-year 2008, LHS achieved an adjusted EBITDA of EUR 10.1 million, which is an increase of 13 percent over the same period 2007.

- The earnings per share (undiluted and diluted) stood at EUR 0.22 for Q2 2008. In the same period of the previous year, the earnings per share (undiluted and diluted) were at EUR -0.03.
- The earnings per share for the first half of 2008 (undiluted and diluted) stood at EUR 0.44. In the same period of the previous year, the earnings per share (undiluted and diluted) were at EUR 0.06
- For the entire fiscal year 2008 the company expects a similar increase in revenue as in the first half of 2008.

Highlights of the second quarter

- As in 1999, 2005 and 2006, LHS received again the “Overall – Best Contribution to BSS” award, one of the most prestigious recognitions in the BSS industry, for the fourth time in June 2008 at the IIR Billing and Information Systems Conference in Amsterdam.
- In the second quarter of 2008, three new project contracts were signed. Two of these consisted of new customers for the software solution BSCS iX Release 2. This increases the number of installations with BSCS iX Release 2 to 20.



- In Q2 2008, about 100 million postpaid mobile communications customers were billed with BSCS solutions.
- In the period under review, the company created 24 new jobs. Thus, on June 30, 2008 LHS had a total of 727 employees around the world.

Balanced growth and profitability

The positive development of LHS Aktiengesellschaft continued in the second quarter of 2008. The increase in revenues and profit confirms and supports the corporate strategy of sustained growth. "The continuous growth from quarter to quarter shows a balance of direct and indirect business, as well as new and existing customers. However, the higher profitability generated in this quarter was based primarily on licensing revenues that constitute 30 percent of the overall revenue in the period under review," said Wolfgang Kroh, Chairman of the Management Board of LHS Aktiengesellschaft. " We are also very proud of having regained the 'Overall – Best Contribution to BSS' award in recognition of our products and product development efforts, as well as having exceeded the 100 million mark of customers billed with BSCS solutions. This once again proves our leadership position in the postpaid billing sector," he added.

The complete quarterly report is available at our website:

<http://www.lhsgroup.com/ir-en>



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About LHS

LHS is one of the leading providers 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, won the IIR World Billing Awards for its "Overall Best Contribution to Billing" in 1999, 2005, 2006 and 2008 as well as the "Stratecast Global Investment of R&D Resources to Address Core Billing Needs Award" by Frost & Sullivan in 2007.

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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