

# LHS Aktiengesellschaft

## Q2 2008 Conference Call

Wolfgang Kroh

Axel Barta

21 July 2008

Frankfurt am Main



**LHS**

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# Today's speakers



Wolfgang Kroh, CEO



Axel Barta, CFO

# Comments by the CEO

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Wolfgang Kroh

# Q2 2008 Strong and Sustainable Growth - Highlights

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## FINANCIALS Q2 2008

- Revenues are up 13 % to € 27,2 million.
- Adjusted EBITDA is € 6,0 million and 23% above last years Q2 adj. EBITDA.
- Net Income increased from - € 0,4 million to € 3,2 million.
- EPS Basic are at € 0.22 compared to € -0,03 last year.

# Q2 2008 Strong and Sustainable Growth - Highlights

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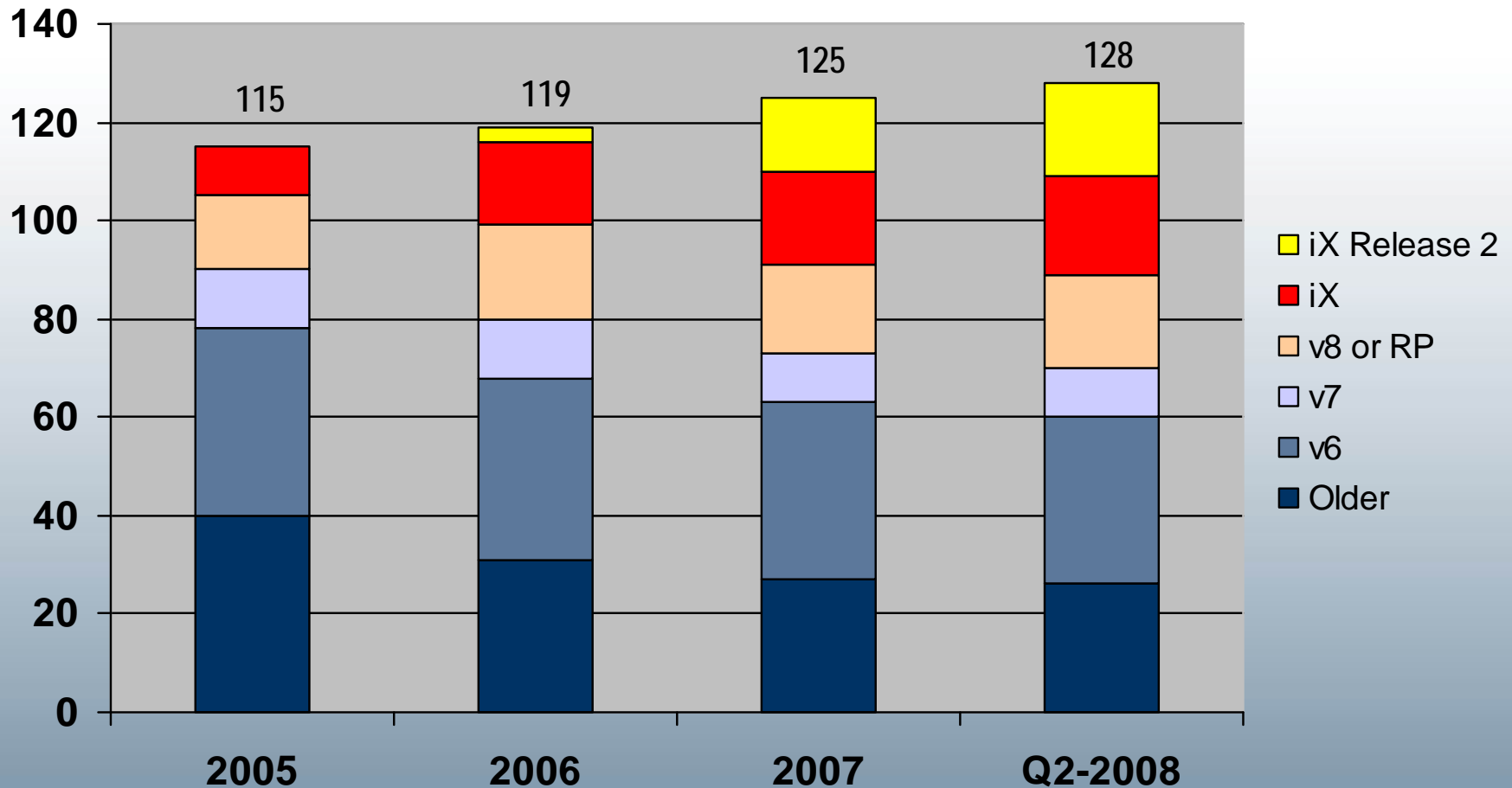
## OPERATIONAL

- Strong growth in MEA region
- 3 new projects were signed, of which 2 are new customers for BSCS iX Release 2 which now totals 20.
- LHS wins the World BSS Awards at the BIMS 2008 Overall – *Best Contribution to BSS* – for the organisation which has had the largest impact on the BSS landscape over the past year
- Wireless postpaid subscribers billed with BSCS increased to 100 million. LHS share in target market is now 19.5%.
- 727 employees as per 30 June 2008. LHS created 24 new jobs in Q2 2008

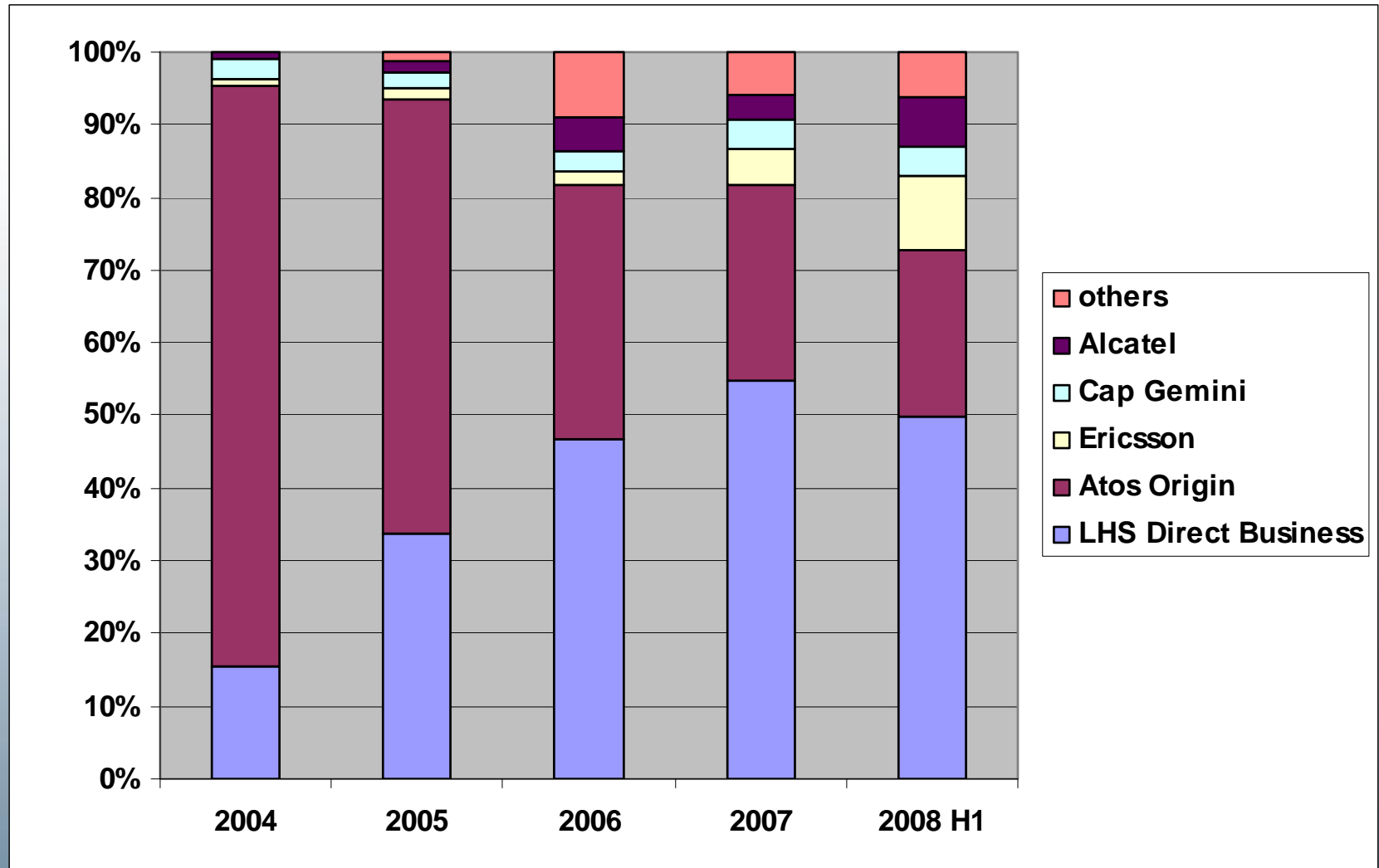
## New migration projects and new customers in H1 2008

	Added in H1 2008	2008 projects
iX Release 2	+6	
Migrations	+2	Non specified customers
New Customer	+4	Non specified customers
iX Release 1	+1	
New Customer	+1	Non specified customer ( MVNO )

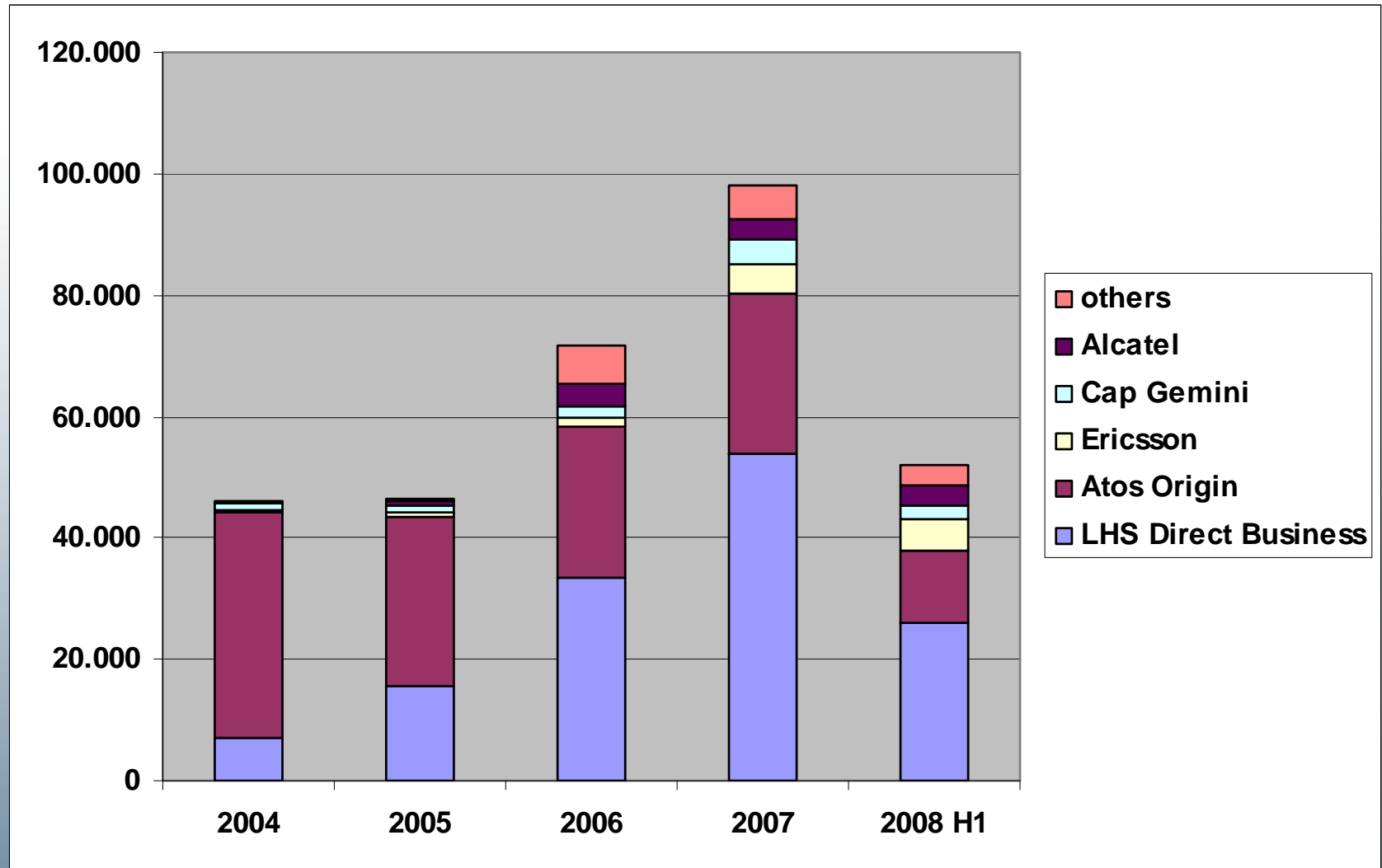
# BSCS Version Distribution (Number of Installations)



## Distribution per sales channel (in %)



## Distribution per sales channel (in tsd. €)



# Market Share Wireless

## 99.9 million

Wireless postpaid  
subscribers  
billed with BSCS

- Total Market:
  - 1.11bn postpaid – 2.38bn prepaid
- Target Market:
  - 514m postpaid - 1.96bn prepaid
- LHS Customers:
  - 99.9m postpaid – 392m prepaid

## 9.03%

of worldwide wireless postpaid  
subscribers are billed with BSCS

## 19.44%

If we exclude  
China, NA, Russia, Pacific,  
Japan, Korea

(Source: EMC Database – Informa July 2008)

# Comments by the CFO

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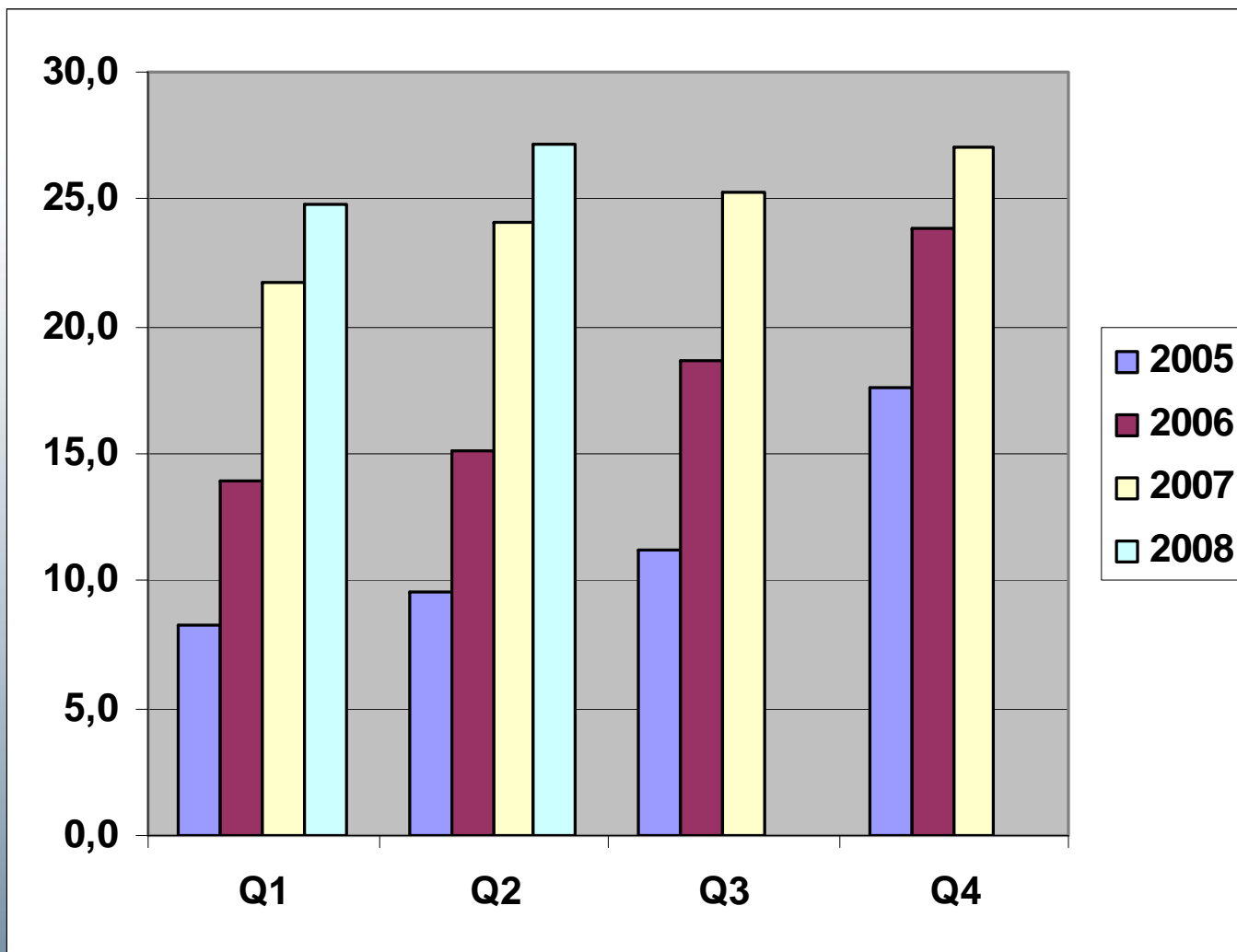
Axel Barta

## Q2 2008 Results at a glance

EUR '000	Q2 2008		Q2 2007		Change
Total Revenues	27,2	100 %	24,0	100 %	+ 13%
Adjusted EBITDA	6,0	22%	4,9	20%	+23%
Net Profit	3,2	12%	-0,4	-2%	n.a.
Net Profit adjusted by ESOP costs	3,2	12%	3,5	14%	-7%
Adjusted EPS	€ 0,22		€ 0,25		
EPS	€ 0,22		€ -0.03		
EPS, diluted	€ 0,22		€ -0.03		

# Revenue Development by Quarter

Mio EUR



## Revenue Mix in Q2 2008

EUR '000	Q2 2008			Q2 2007		
	Revenues	Split	Var. to 2007	Revenues	Split	
License	8,254	30%	+35%	6,133	26%	
Maintenance	8,209	30%	+7%	7,707	32%	
Service	9,502	35%	+3%	9,204	38%	
Others	1,221	5%	+23%	996	4%	
Total	27,186	100%	+13%	24,040	100%	

## Regional Breakdown in Q2 2008

EUR '000	Q2 2008			Q2 2007		
	Revenues	Split	Var. to 2007	Revenues	Split	
Europe	9,517	35%	+5%	9,068	38%	
MEA	9,599	35%	+103%	4,724	19%	
APAC	1,180	5%	-56%	2,669	11%	
Americas	6,890	25%	-9%	7,579	32%	
Total	27,186	100%	13%	24,040	100%	

## Major Cost Lines in Q2 2008

EUR '000	Q2 2008			Q2 2007		
	Amount	% of Revenue	Var. to 2007	Amount	% of Revenue	
COS	11,971	44%	+14%	10,529	44%	
R & D	4,014	15%	+7%	3,757	16%	
M & S	3,614	13%	+14%	3,161	13%	
G & A	2,229	8%	+12%	1,999	8%	
ESOP	0	0%	-100%	3,838	16%	

## YTD 2008 Results at a glance

EUR '000	YTD 2008		YTD 2007		Change
Total Revenues	52,0	100 %	45,8	100 %	+ 14%
Adjusted EBITDA	10,1	19,4%	8,9	19,5%	+ 13%
Net Profit	6,5	12%	0,8	2%	+669%
Net Profit adjusted by ESOP costs	6,5	12%	7,2	16%	-10%
Adjusted EPS	€ 0,44		€ 0,51		
EPS	€ 0,44		€ 0,06		
EPS, diluted	€ 0,44		€ 0,06		

# Revenue Mix YTD 2008

EUR '000	YTD 2008			YTD 2007		
	Revenues	Split	Var. to 2007	Revenues	Split	
License	15,505	30%	+26%	12,339	27%	
Maintenance	16,883	32%	+11%	15,249	33%	
Service	17,677	34%	+8%	16,409	36%	
Others	1,925	4%	+8%	1,774	4%	
Total	51,990	100%	+14%	45,771	100%	

## Regional Breakdown YTD 2008

EUR '000	YTD 2008			YTD 2007		
	Revenues	Split	Var. to 2007	Revenues	Split	
Europe	20,691	40%	+28%	16,202	35%	
MEA	15,228	29%	+11%	13,732	30%	
APAC	2,932	6%	-14%	3,406	8%	
Americas	13,139	25%	+6%	12,431	27%	
Total	51,990	100%	14%	45,771	100%	

## Major Cost Lines YTD 2008

EUR '000	YTD 2008			YTD 2007		
	Amount	% of Revenue	Var. to 2007	Amount	% of Revenue	
COS	23,208	45%	+16%	20,048	44%	
R & D	8,611	17%	+13%	7,655	17%	
M & S	7,239	14%	+21%	5,970	13%	
G & A	4,023	8%	+9%	3,677	8%	
ESOP	0	0%	-100%	6,330	14%	

# Margins

% of Revenues	Q2 2008	YTD 2008	Q2 2007	YTD 2007
Gross Margin	56 %	55%	56%	56%
Adjusted EBITDA	22%	19%	20%	19%
Net Profit	12%	12%	-2%	2%
Adjusted Net Income	12%	12%	14%	16%

# Cash Flows

EUR '000	Q2 2008	YTD 2008	Q2 2007	YTD 2007
Cash Flow	2,510	-782	3,621	8,609
Thereof from:				
Operating Activities	4,545	3,087	4,158	9,373
Investing Activities	-394	-651	-537	-764
Financing Activities	-1,641	-3,218	0	0

## Balance Sheet – Assets

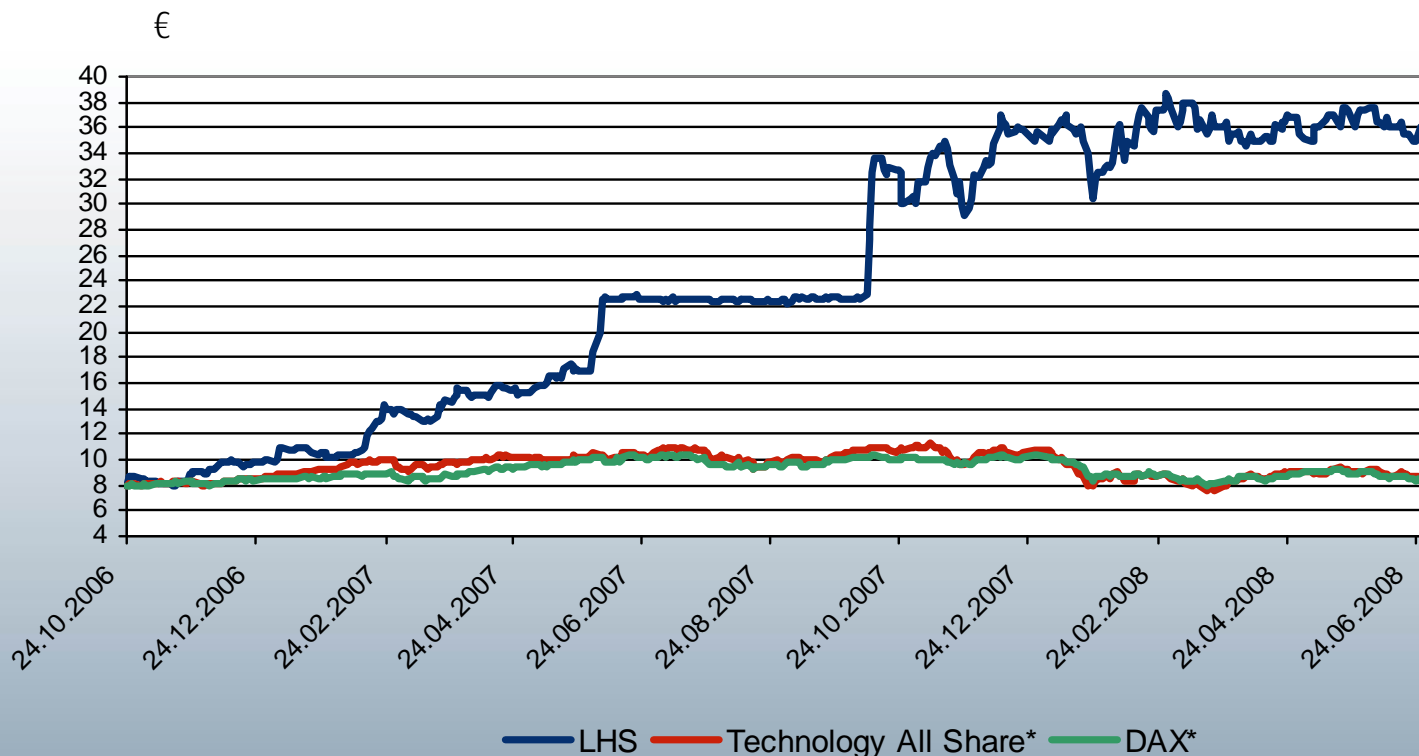
EUR '000	@ 30th June 2008	@ 31st December 2007
Cash	26,513	27,109
Accounts Receivable	39,038	34,684
Other Current Assets	5,254	2,979
Goodwill	0	0
Deferred Tax Asset	29,638	28,825
Other Non-Current Assets	7,481	7,530
<b>TOTAL</b>	<b>107,924</b>	<b>101,127</b>

## Balance Sheet – Liabilities and Equity

EUR '000	@ 30th June 2008	@ 31st December 2007
Trade payables & other provisions	11,915	8,523
Shareholder Loans	0	0
Other current liabilities	11,265	14,307
Non-current liabilities	4,447	4,655
Equity	80,297	73,642
Equity Quota	74%	73%
<b>TOTAL</b>	<b>107,924</b>	<b>101,127</b>

# LHS Share Price Performance since IPO

As of June 30th, 2008



LHS since IPO:

+338 %

Relative to Tech All:

+334%

Relative to DAX

+335%

LHS 2008:

-1.9 %

Relative to Tech All:

+20,4%-P.

Relative to DAX

+18,5 %-P.

\* indexed to LHS Issue Price = € 8.00

## Events scheduled for 2008

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29 April 2008

- Annual Shareholder Meeting

21 July 2008

- Conference call Q2 and YTD 2008 results

23 October 2008

- Conference call Q3 and YTD 2008 results

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## Questions & Answers

# Thank you for your attention !

We stay in contact



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**LHS**