

LHS Aktiengesellschaft

Q3 2008 Conference Call

Wolfgang Kroh

Axel Barta

23 October 2008

Frankfurt am Main



LHS

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Today's speakers



Wolfgang Kroh, CEO



Axel Barta, CFO

Comments by the CEO

Wolfgang Kroh

Q3 2008 Strong and Sustainable Growth - Highlights

FINANCIALS Q3 2008

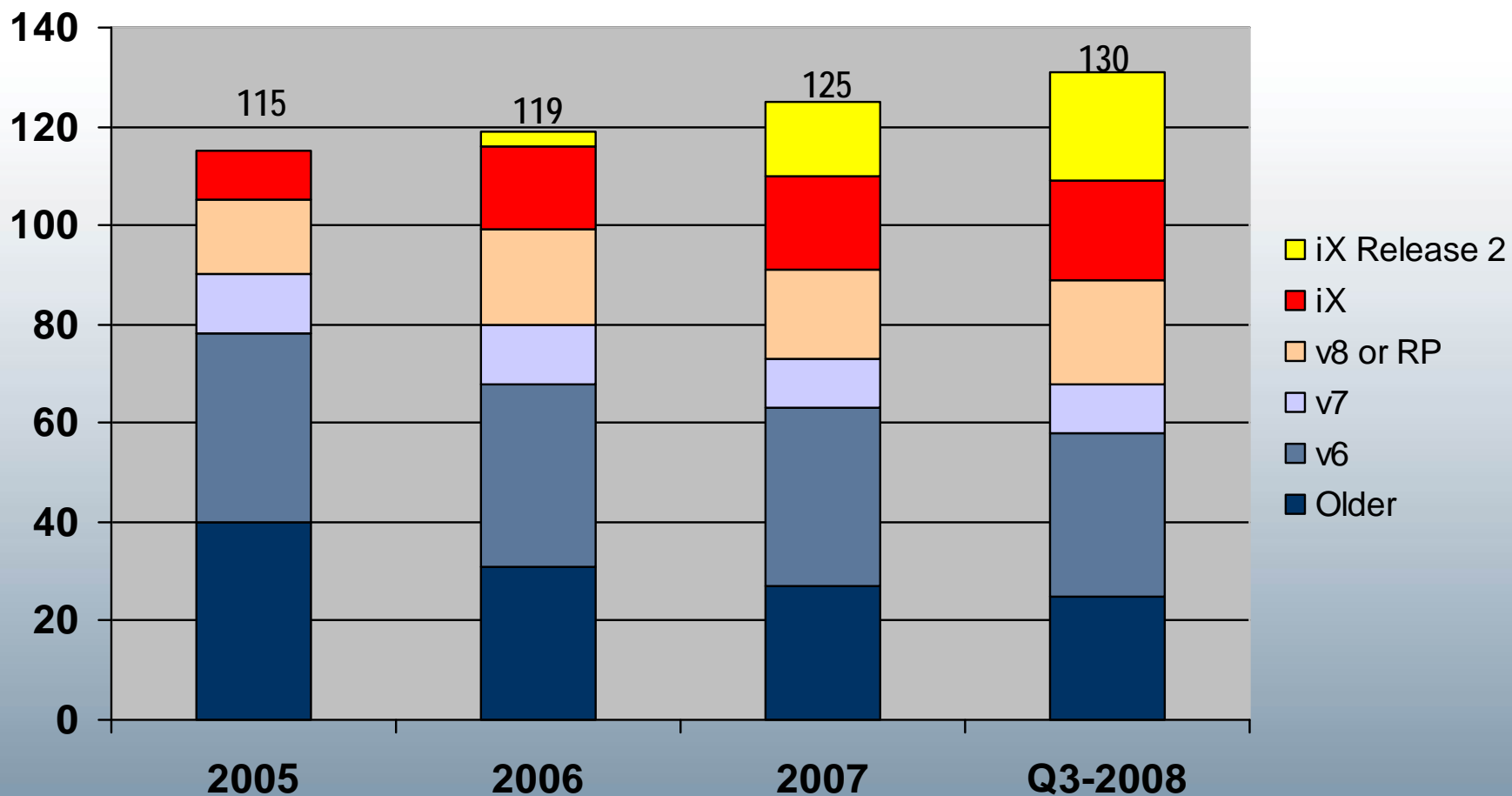
- Revenues are up 8 % to € 27,4 million.
- Adjusted EBITDA is € 7,0 million and 23% above last years Q3 adj. EBITDA.
- Net Income increased from € -4,6 million to € 4,6 million.
- EPS Basic are at € 0.32 compared to € -0,33 last year.

Q3 2008 Strong and Sustainable Growth - Highlights

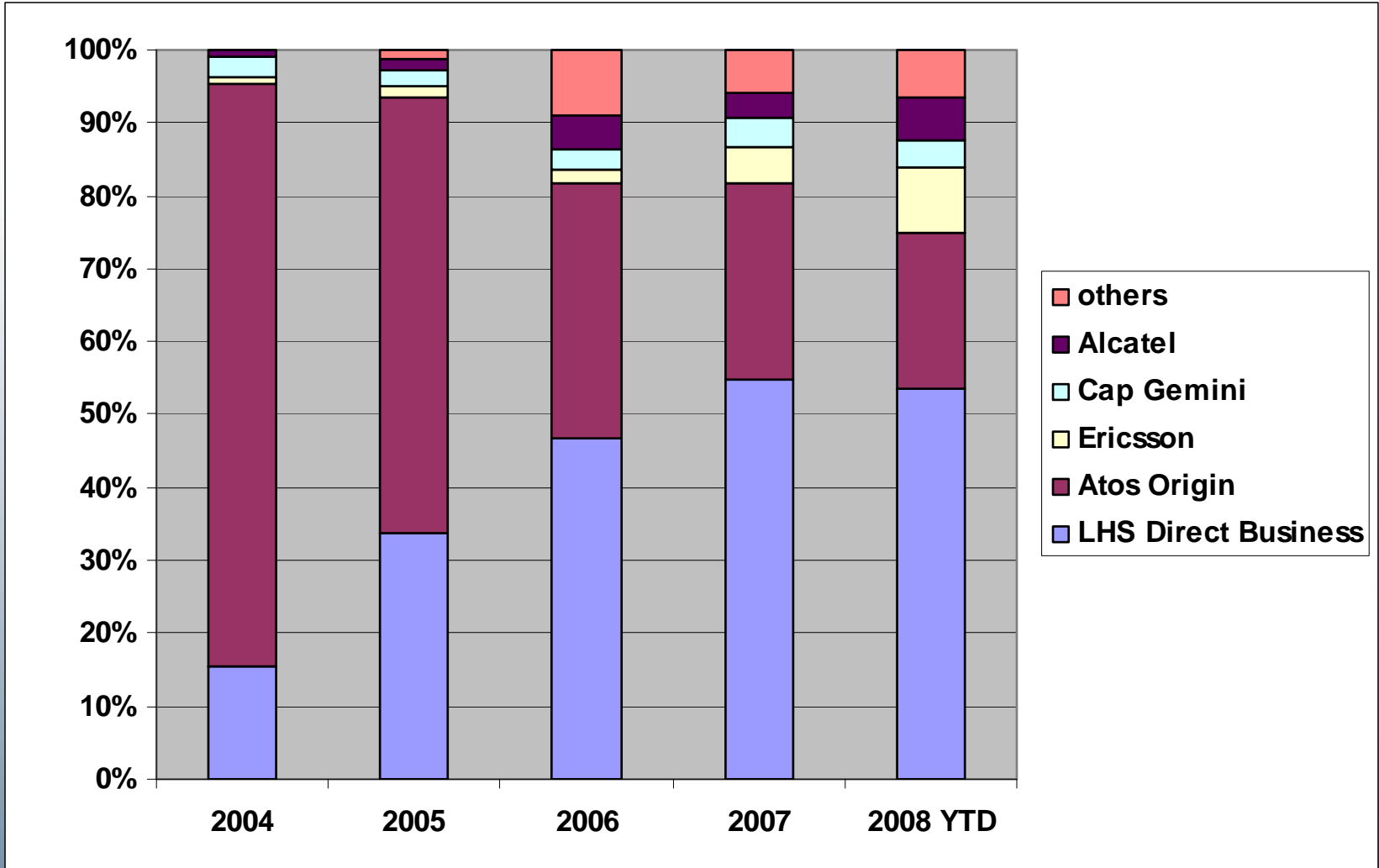
OPERATIONAL

- Strong growth in MEA region
- 5 new projects were signed, of which 3 are new customers in Latin America and 2 in MEA, BSCS iX Release 2 now totals 21 customers
- Wireless postpaid subscribers billed with BSCS increased to 105 million. LHS share in target market is now 21,4%.
- 740 employees as per 30 September 2008. LHS created 13 new jobs in Q3 2008

BSCS Version Distribution (Number of Installations)



Distribution per sales channel (in %)



Market Share Wireless

104.8 million

Wireless postpaid
subscribers
billed with BSCS

- Total Market:
 - 1.12bn postpaid – 2.54bn prepaid
- Target Market:
 - 481m postpaid - 1.96bn prepaid
- LHS Customers:
 - 104.8m postpaid – 537m prepaid

9.39%

of worldwide wireless postpaid
subscribers are billed with BSCS

21.38%

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

(Source: EMC Database – Informa September 2008)

LHS & Ericsson

- The three claims against the resolutions of the annual shareholder meeting have been rejected from the court as arbitrary with judgement of Oct. 1st.
- On Oct. 8th. the Domination Agreement has been registered in the commercial register
- There are no plans for any changes in LHS' appearance in the market

Comments by the CFO

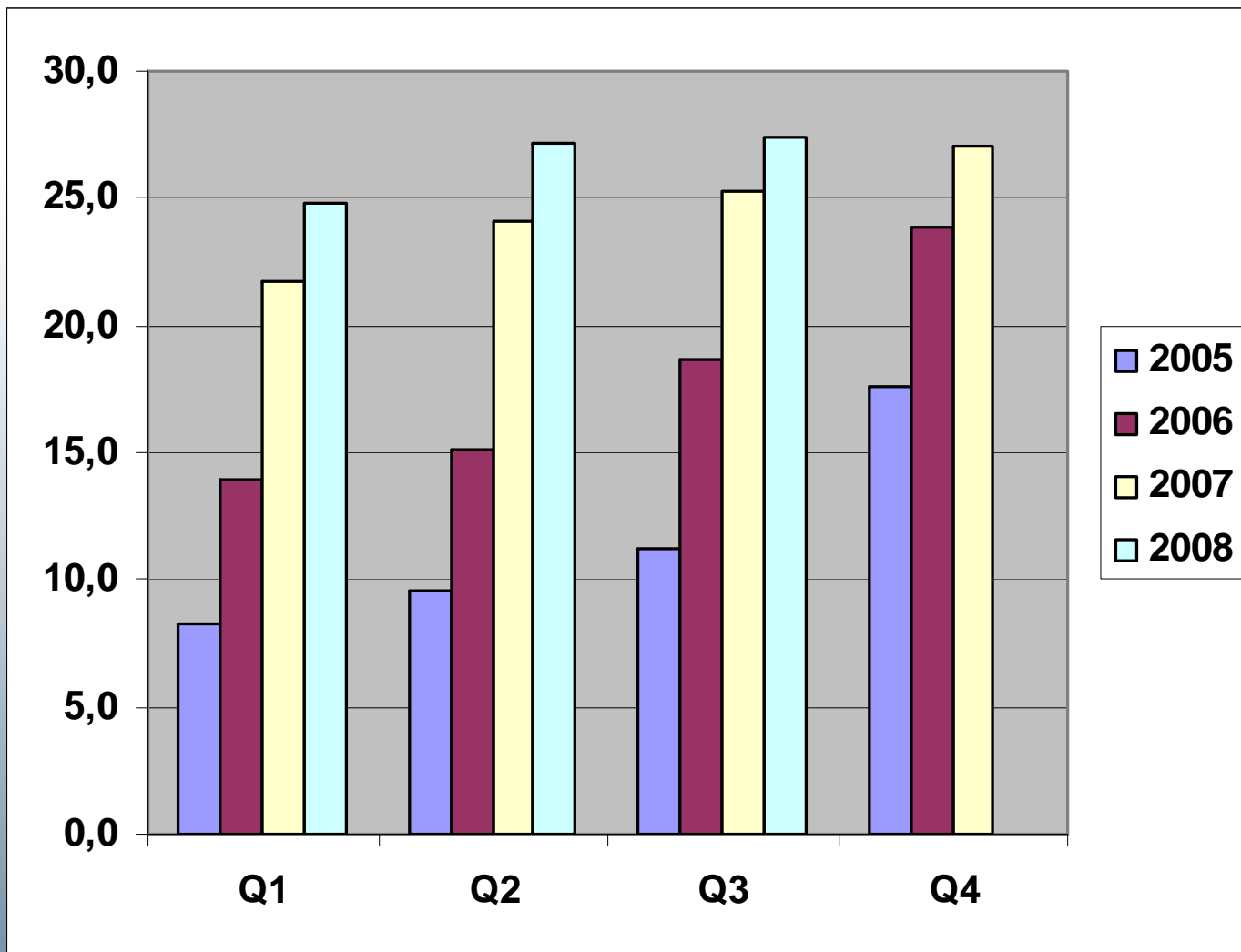
Axel Barta

Q3 2008 Results at a glance

EUR '000	Q3 2008		Q3 2007		Change
Total Revenues	27,4	100 %	25,3	100 %	+ 8%
Adjusted EBITDA	7,0	26%	5,7	23%	+23%
Net Profit	4,6	17%	-4,6	-18%	n.a.
Net Profit adjusted by ESOP costs	4,6	17%	3,7	15%	+25%
Adjusted EPS	€ 0,32		€ 0,26		
EPS	€ 0,32		€ -0.33		
EPS, diluted	€ 0,32		€ -0.31		

Revenue Development by Quarter

Mio EUR



Revenue Mix in Q3 2008

EUR '000	Q3 2008			Q3 2007		
	Revenues	Split	Var. to 2007	Revenues	Split	
License	8,033	29%	+13%	7,141	28%	
Maintenance	8,749	32%	+11%	7,894	31%	
Service	9,219	34%	-3%	9,547	38%	
Others	1,422	5%	+91%	743	3%	
Total	27,423	100%	+8%	25,325	100%	

Regional Breakdown in Q3 2008

EUR '000	Q3 2008			Q3 2007		
	Revenues	Split	Var. to 2007	Revenues	Split	
Europe	9,132	33%	-8%	9,904	39%	
MEA	8,308	30%	+60%	5,177	20%	
APAC	2,311	9%	+43%	1,611	7%	
Americas	7,672	28%	-11%	8,632	34%	
Total	27,423	100%	8%	25,325	100%	

Major Cost Lines in Q3 2008

EUR '000	Q3 2008			Q3 2007		
	Amount	% of Revenue	Var. to 2007	Amount	% of Revenue	
COS	11,656	42%	+4%	11,255	44%	
R & D	4,123	15%	+16%	3,544	14%	
M & S	3,294	12%	+8%	3,050	12%	
G & A	1,953	7%	-3%	2,013	8%	
ESOP	0	0%	-100%	8,356	33%	

YTD 2008 Results at a glance

EUR '000	YTD 2008		YTD 2007		Change
Total Revenues	79,4	100 %	71,1	100 %	+ 12%
Adjusted EBITDA	17,1	22%	14,7	21%	+ 17%
Net Profit	11,1	14%	-3,8	-5%	n/a
Net Profit adjusted by ESOP costs	11,1	14%	10,9	15%	+ 2%
Adjusted EPS	€ 0,76		€ 0,77		
EPS	€ 0,76		- € 0,27		
EPS, diluted	€ 0,76		- € 0,26		

Revenue Mix YTD 2008

EUR '000	YTD 2008			YTD 2007		
	Revenues	Split	Var. to 2007	Revenues	Split	
License	23,538	30%	+21%	19,480	27%	
Maintenance	25,632	32%	+11%	23,143	33%	
Service	26,896	34%	+4%	25,956	37%	
Others	3,347	4%	+33%	2,517	3%	
Total	79,413	100%	+12%	71,096	100%	

Regional Breakdown YTD 2008

EUR '000	YTD 2008			YTD 2007		
	Revenues	Split	Var. to 2007	Revenues	Split	
Europe	29,823	38%	+14%	26,106	37%	
MEA	23,536	30%	+58%	14,933	21%	
APAC	5,243	6%	+11%	4,742	12%	
Americas	20,811	26%	-1%	21,063	30%	
Total	79,413	100%	12%	71,096	100%	

Major Cost Lines YTD 2008

EUR '000	YTD 2008			YTD 2007		
	Amount	% of Revenue	Var. to 2007	Amount	% of Revenue	
COS	34,864	44%	+11%	31,303	44%	
R & D	12,734	16%	+14%	11,199	16%	
M & S	10,533	13%	+17%	9,020	13%	
G & A	5,976	8%	+5%	5,690	8%	
ESOP	0	0%	-100%	14,686	21%	

Margins

% of Revenues	Q3 2008	YTD 2008	Q3 2007	YTD 2007
Gross Margin	58 %	56%	56%	56%
Adjusted EBITDA	26%	22%	23%	21%
Net Profit	17%	14%	-18%	-5%
Adjusted Net Income	17%	14%	15%	15%

Cash Flows

EUR '000	Q3 2008	YTD 2008	Q3 2007	YTD 2007
Cash Flow	3,188	2,406	5,539	14,148
Thereof from:				
Operating Activities	3,728	6,815	6,086	15,459
Investing Activities	-199	-850	-547	-1,311
Financing Activities	-341	-3,559	0	0

Balance Sheet – Assets

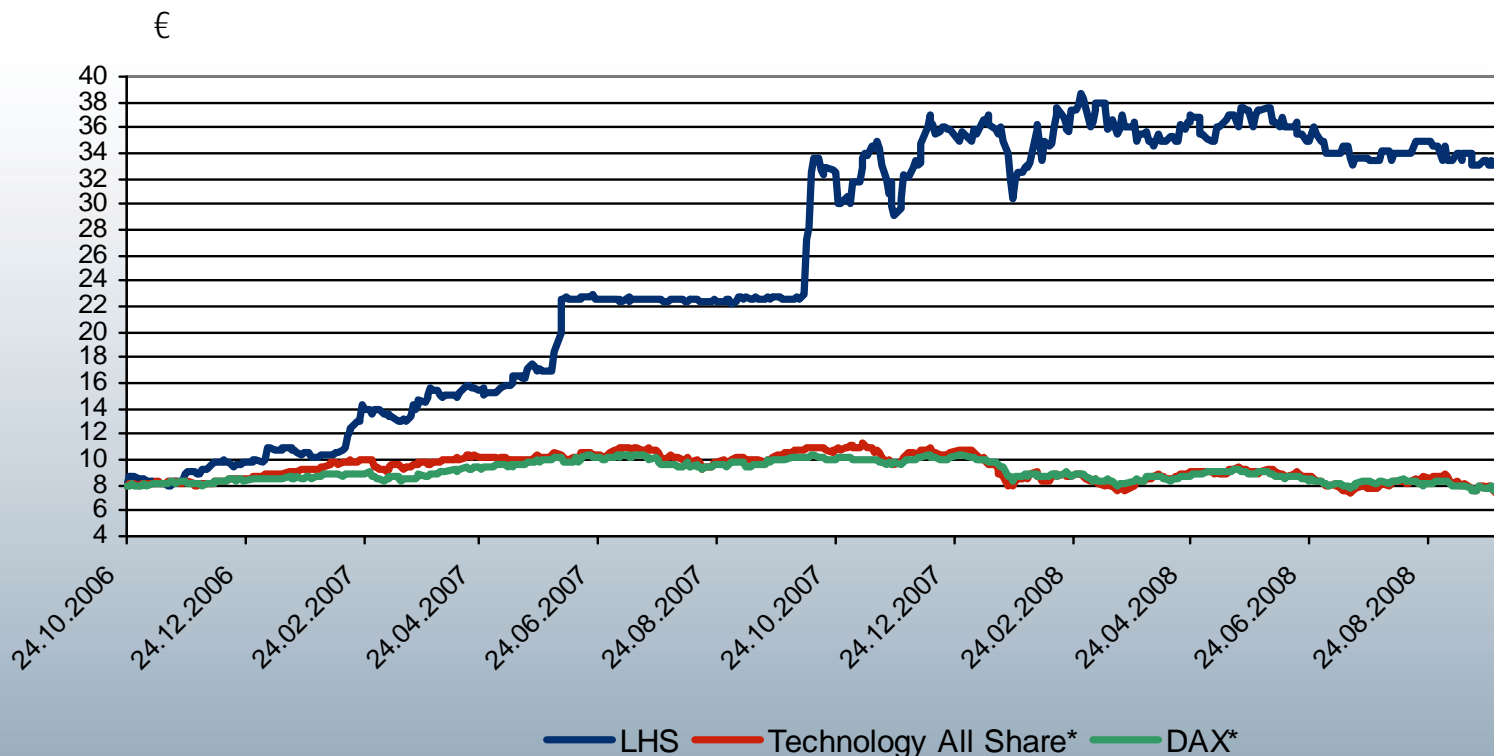
EUR '000	@ 30th September 2008	@ 31st December 2007
Cash	29,596	27,109
Accounts Receivable	41,220	34,684
Other Current Assets	3,054	2,979
Goodwill	0	0
Deferred Tax Asset	29,313	28,825
Other Non-Current Assets	6,986	7,530
TOTAL	110,169	101,127

Balance Sheet – Liabilities and Equity

EUR '000	@ 30th September 2008	@ 31st December 2007
Trade payables & other provisions	10,257	8,523
Shareholder Loans	0	0
Other current liabilities	11,051	14,307
Non-current liabilities	4,085	4,655
Equity	84,776	73,642
Equity Quota	77%	73%
TOTAL	110,169	101,127

LHS Share Price Performance since IPO

As of September 30th, 2008



LHS since IPO:

+313 %

Relative to Tech All:

+321%

Relative to DAX

+320%

LHS 2008:

-7.5 %

Relative to Tech All:

+23.7%-P.

Relative to DAX

+20.2 %-P.

* indexed to LHS Issue Price = € 8.00

Timetable

23 October 2008

- Conference call Q3 and YTD 2008 results

February 2008

- LHS Q4 and 2008 earnings release

Questions & Answers

Thank you for your attention !

We stay in contact



Contact Investor Relations:

Phone: +49 69 2383 4090

Mail: ir@lhsgroup.com

The logo for LHS, consisting of the letters 'L', 'H', and 'S' in a bold, dark blue, sans-serif font. The 'S' is stylized with a curved bottom.