

LHS Aktiengesellschaft

Q4 and FY 2008 Conference Call

Wolfgang Kroh

Axel Barta

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Frankfurt am Main



LHS

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Today's speakers



Wolfgang Kroh, CEO



Axel Barta, CFO

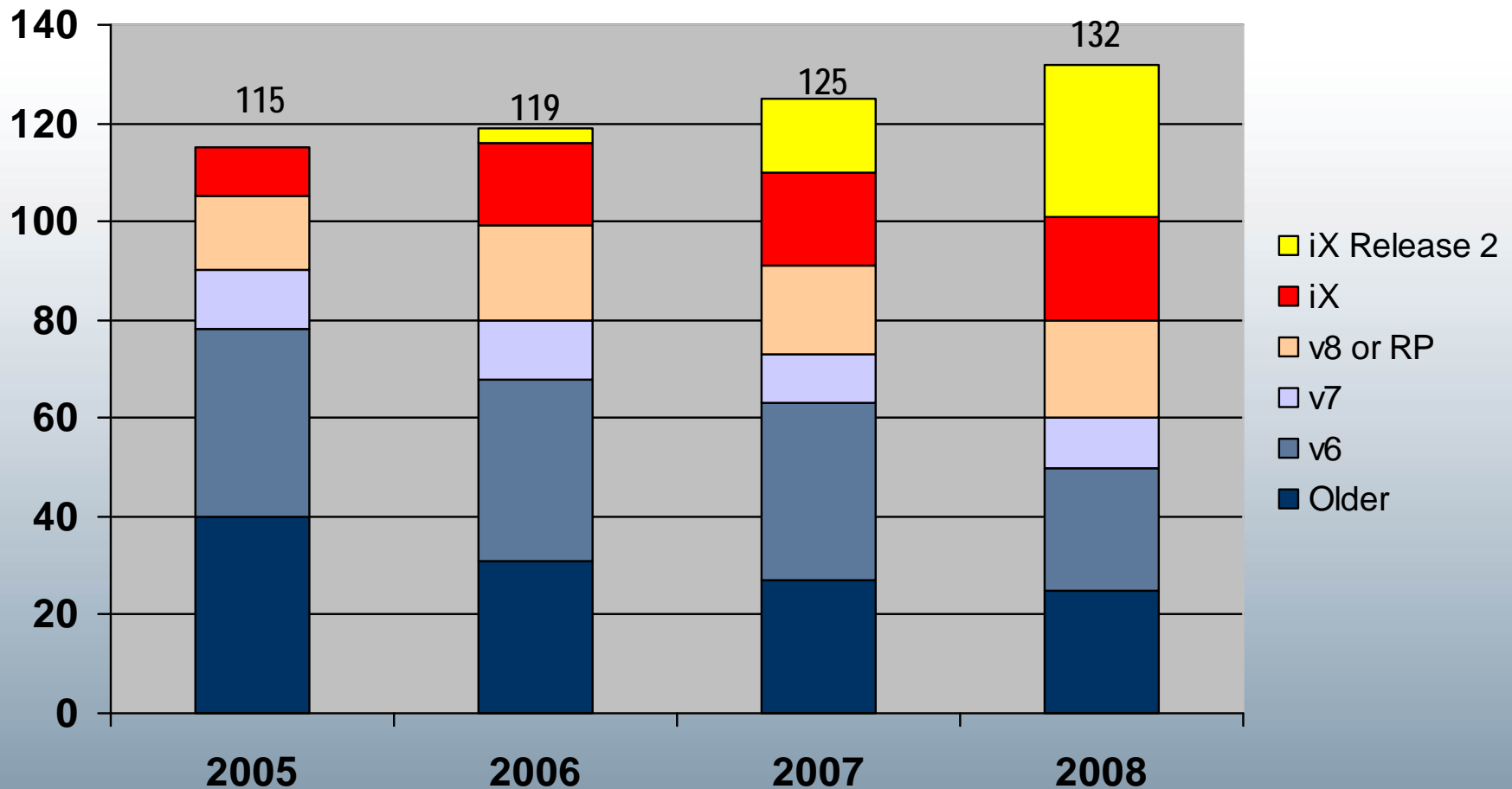
Comments by the CEO

Wolfgang Kroh

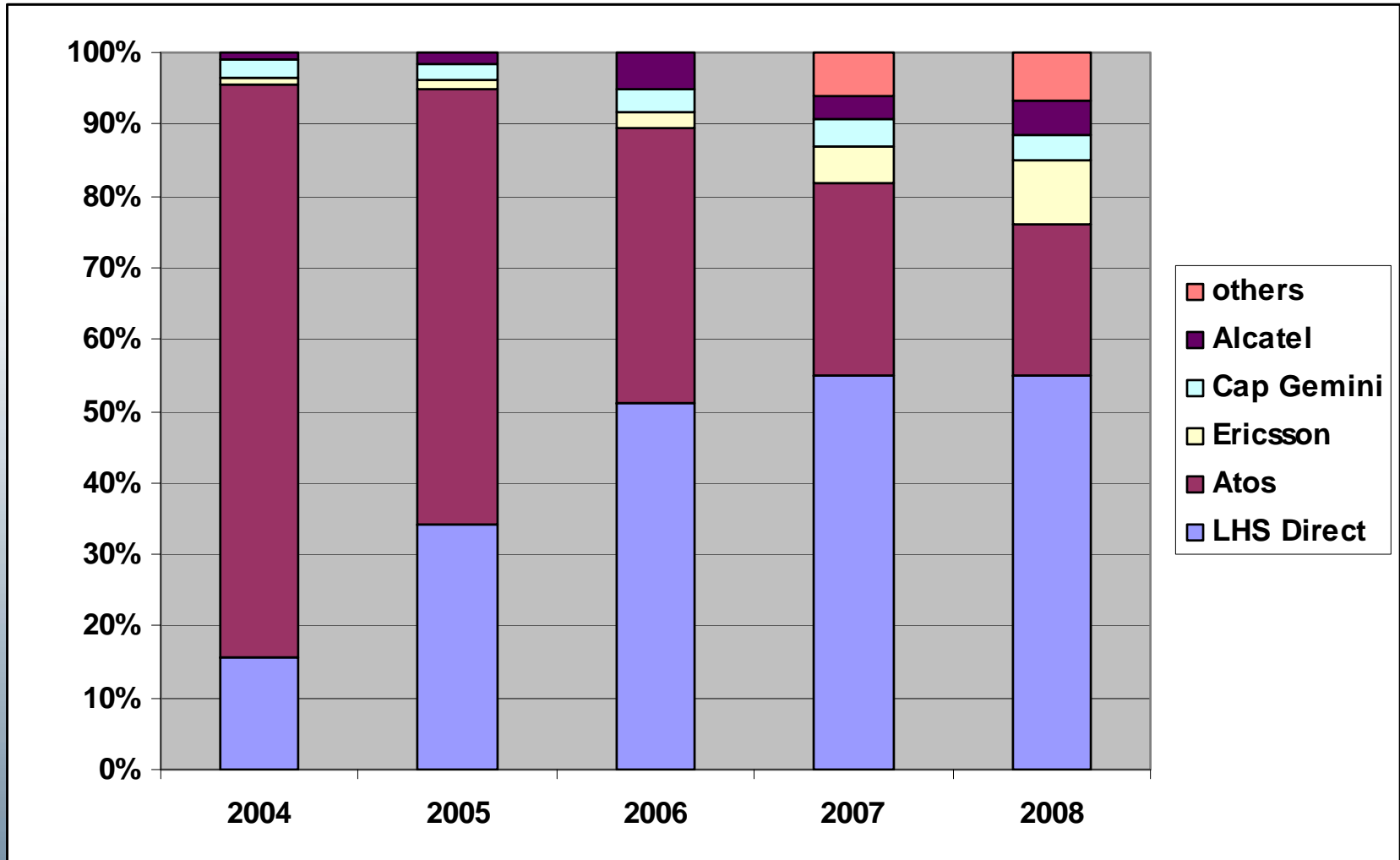
Q4 and FY 2008 - Highlights

- LHS achieved record revenue in Q4 of € 32,3 Mio. with first time > € 30 Mio per quarter (19% growth q-o-q) with an adjusted EBITDA of 23%
- Full year revenue had been € 111.8 Mio, i.e 14% growth y-o-y
- Strong growth in Europe and MEA/APAC region
- 2 new customers were signed in Q4 and 10 customers in total for 2008 . BSCS iX Release 1 and 2 now totals 51 customers (39% of total installations)
- Wireless postpaid subscribers billed with BSCS increased to 113 million. LHS share in target market is now 21,5%.
- 769 employees as per 31 December 2008. LHS created 29 new jobs in Q4 2008 and 98 in full year 2008

BSCS Version Distribution (Number of Installations)



Distribution per sales channel (in %)



Market Share Wireless

113.3 million

Wireless postpaid
subscribers
billed with BSCS

- Total Market:
 - 1.15bn postpaid – 2.8bn prepaid
- Target Market:
 - 528m postpaid - 2.16bn prepaid
- LHS Customers:
 - 113.3m postpaid – 474m prepaid

9.9%

of worldwide wireless postpaid
subscribers are billed with BSCS

21.5%

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

(Source: EMC Database – Informa January 2009)

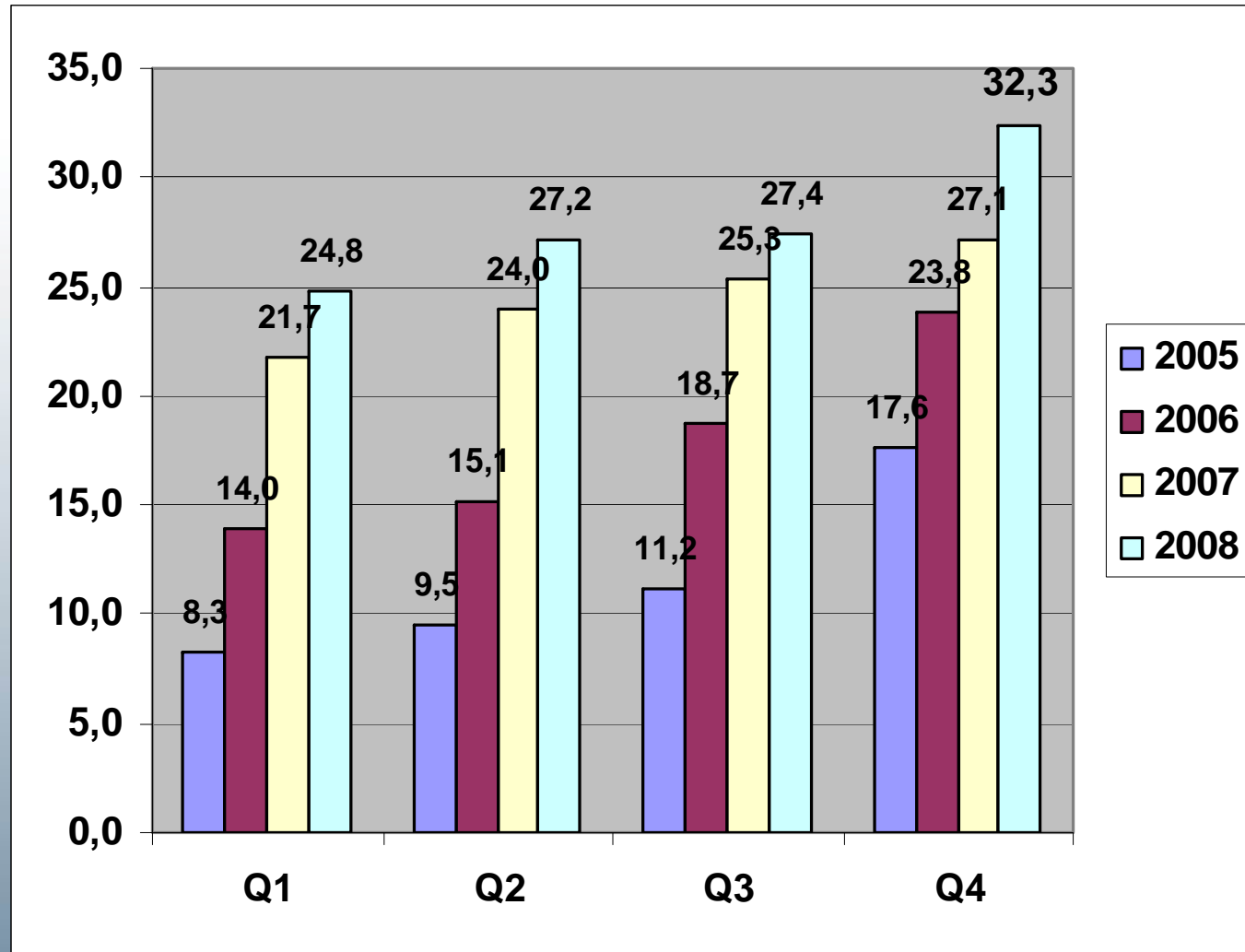
Comments by the CFO

Axel Barta

Q4 2008 Results at a glance

EUR '000	Q4 2008		Q4 2007		Change
Total Revenues	32,3	100 %	27,1	100 %	+ 19%
Adjusted EBITDA	7,4	23%	5,6	21%	+31%
Net Profit	2,2	7%	2,2	8%	0%
Net Profit adjusted by ESOP costs	2,2	7%	2,2	7%	0%
Adjusted EPS	€ 0,15		€ 0,16		
EPS	€ 0,15		€ 0,15		
EPS, diluted	€ 0,15		€ 0,15		

Revenue Development by Quarter



Revenue Mix in Q4 2008

EUR '000	Q4 2008			Q4 2007		
	Revenues	Split	Var. to 2007	Revenues	Split	
License	7,707	24%	-10%	8,564	32%	
Maintenance	9,658	30%	+19%	8,091	30%	
Service	14,081	44%	+53%	9,193	34%	
Others	892	2%	-29%	1,257	4%	
Total	32,338	100%	+19%	27,105	100%	

Regional Breakdown in Q4 2008

EUR '000	Q4 2008			Q4 2007		
	Revenues	Split	Var. to 2007	Revenues	Split	
Europe	14,873	46%	+23%	12,092	45%	
MEA	7,410	23%	+17%	6,357	23%	
APAC	1,657	5%	+58%	1,049	4%	
Americas	8,398	26%	+11%	7,607	28%	
Total	32,338	100%	+20%	27,105	100%	

Major Cost Lines in Q4 2008

EUR '000	Q4 2008			Q4 2007		
	Amount	% of Revenue	Var. to 2007	Amount	% of Revenue	
COS	12,657	39%	+5%	12,028	44%	
R & D	5,111	16%	+37%	3,729	14%	
M & S	4,591	14%	+26%	3,644	13%	
G & A	3,248	10%	36%	2,392	9%	
ESOP	0	0%	-100%	86	0%	

2008 FY Results at a glance

EUR '000	2008		2007		Change
Total Revenues	111,8	100 %	98,2	100 %	+ 14%
Adjusted EBITDA	24,5	22%	20,5	21%	+ 21%
Net Profit	13,3	12%	-1,6	- 2%	n/a
Net Profit adjusted by ESOP costs	13,3	12%	13,1	13%	+ 1%
Adjusted EPS	€ 0,91		€ 0,94		
EPS	€ 0,91		- € 0,12		
EPS, diluted	€ 0,91		- € 0,12		

Revenue Mix FY 2008

EUR '000	FY 2008			FY 2007		
	Revenues	Split	Var. to 2007	Revenues	Split	
License	31,245	28%	+11%	28,044	29%	
Maintenance	35,290	31%	+13%	31,234	32%	
Service	40,977	37%	+17%	35,149	36%	
Others	4,239	4%	+12%	3,775	3%	
Total	111,751	100%	+14%	98,202	100%	

Regional Breakdown FY 2008

EUR '000	FY 2008			FY 2007		
	Revenues	Split	Var. to 2007	Revenues	Split	
Europe	44,696	40%	+17%	38,199	39%	
MEA	30,946	28%	+21%	25,621	26%	
APAC	6,900	6%	+21%	5,711	6%	
Americas	29,209	26%	+2%	28,670	29%	
Total	111,751	100%	14%	98,202	100%	

Major Cost Lines FY 2008

EUR '000	FY 2008			FY 2007		
	Amount	% of Revenue	Var. to 2007	Amount	% of Revenue	
COS	47,521	43%	+10%	43,331	44%	
R & D	17,845	16%	+20%	14,928	15%	
M & S	15,124	14%	+19%	12,664	13%	
G & A	9,224	8%	+14%	8,082	8%	
ESOP	0	0%	-100%	14,772	15%	

Margins

% of Revenues	Q4 2008	FY 2008	Q4 2007	FY 2007
Gross Margin	61%	57%	56%	56%
Adjusted EBITDA	23%	22%	21%	21%
Net Profit	7%	12%	8%	-2%
Adjusted Net Income	7%	12%	8%	13%

Cash Flows

EUR '000	Q4 2008	FY 2008	Q4 2007	FY 2007
Cash Flow	7,253	9,659	-4,233	9,915
Thereof from:				
Operating Activities	7,765	14,580	1,151	16,610
Investing Activities	-156	-1,006	-310	-1,621
Financing Activities	-356	-3,915	-5,074	-5,074

Balance Sheet – Assets

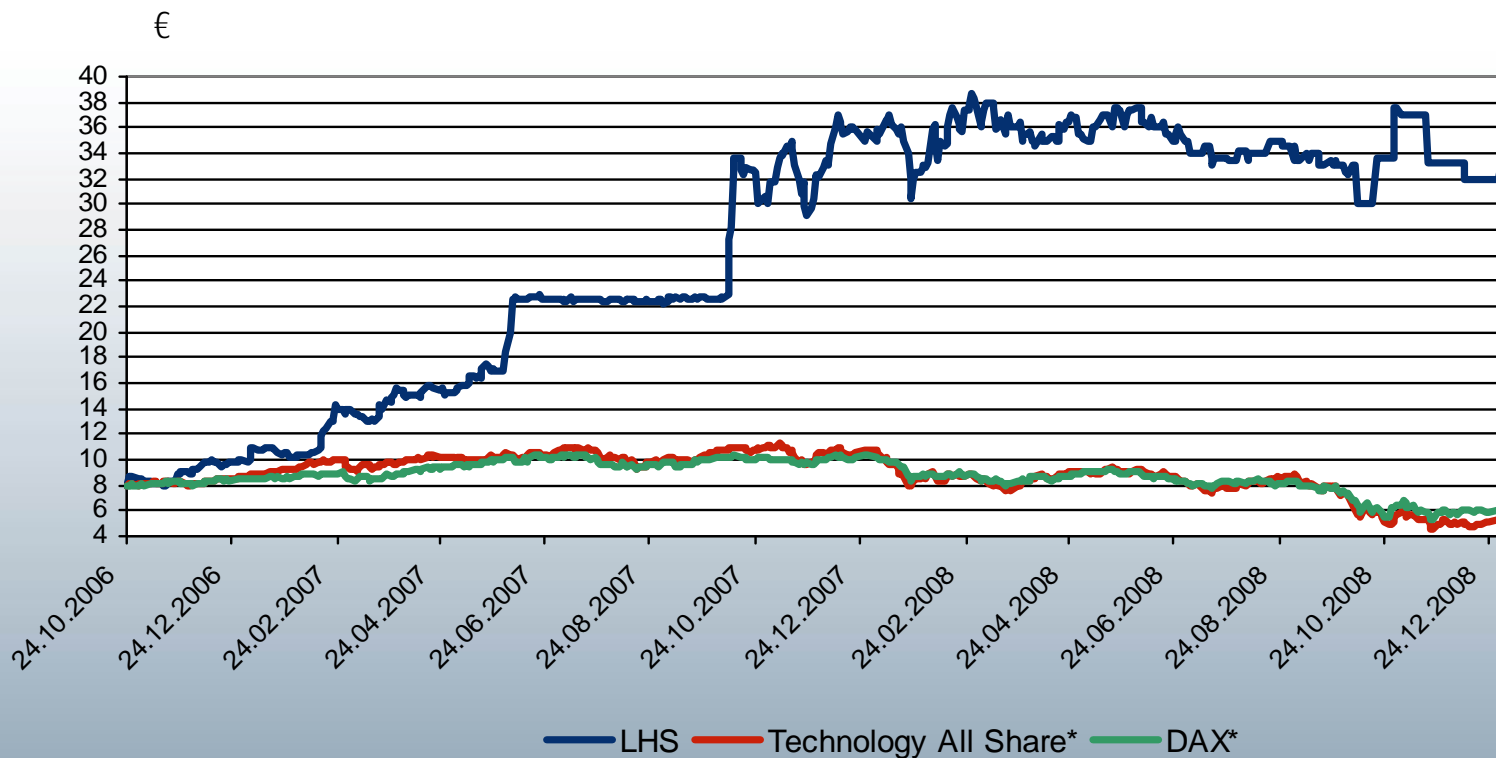
EUR '000	@ 31st December 2008	@ 31st December 2007
Cash	36,832	27,109
Accounts Receivable	41,861	34,684
Other Current Assets	2,451	2,979
Goodwill	0	0
Deferred Tax Asset	26,076	28,825
Other Non-Current Assets	7,828	7,530
TOTAL	115,048	101,127

Balance Sheet – Liabilities and Equity

EUR '000	@ 31st. December 2008	@ 31st December 2007
Current liabilities	23,180	22,830
Non-current liabilities	5,087	4,655
Equity	86,781	73,642
Equity Quota	75%	73%
TOTAL	115.048	101,127

LHS Share Price Performance since IPO

As of December 30th, 2008



LHS since IPO:

+312 %

Relative to Tech All:

+345%

Relative to DAX

+335%

LHS 2008:

-7.5 %

Relative to Tech All:

+42.2%-P.

Relative to DAX

+32.8 %-P.

* indexed to LHS Issue Price = € 8.00

Timetable cont.

4 February 2009

- LHS Q4 and 2008 earnings release, Analyst ConCall

Early March 2009

- Release of final annual report

23 April 2009

- Earnings Release Q1 2009

28 April 2009

- AGM in Frankfurt

24 July 2009

- Earnings Release Q2 2009

23 October 2009

- Earnings Release Q3 2009

Questions & Answers

Thank you for your attention !

We stay in contact



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