Cologne, 6 November 2017 – 9M Results 2017

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QSC AG

Disclaimer

This presentation contains forward-looking statements based on management estimates and reflects the current views of QSC AG's ("QSC's") management board with respect to future events. These forward-looking statements correspond to the situation at the time this presentation was prepared. Such statements are subject to risks and uncertainties, which often fall outside the sphere of influence of QSC. These risks and uncertainties are covered in detail within the Risk Report section in our annual report.

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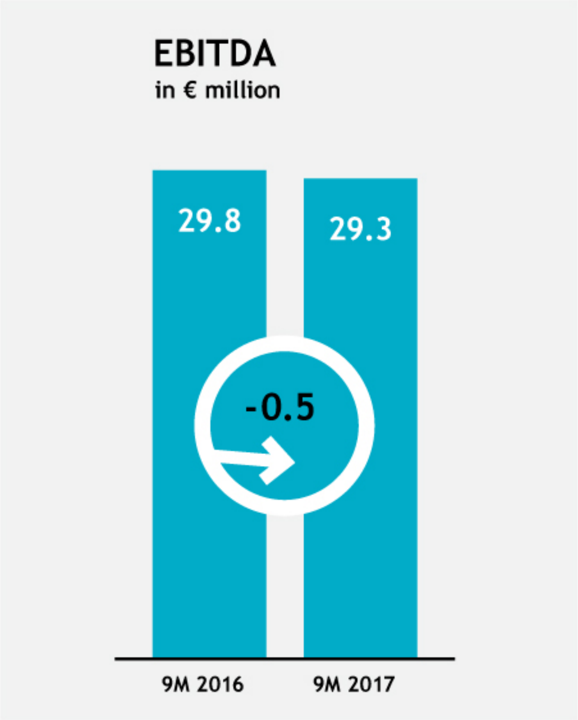
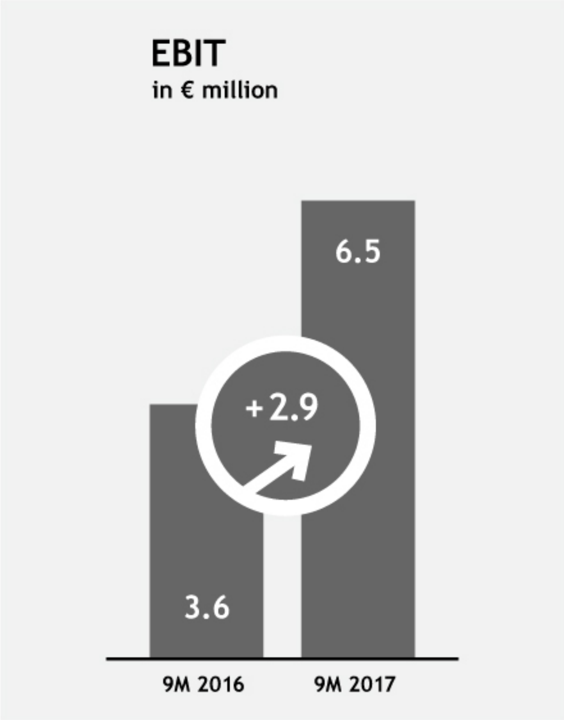
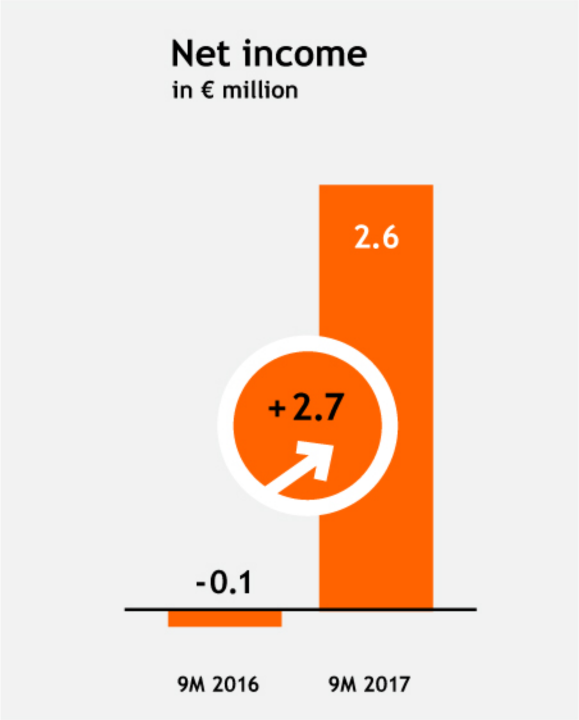
9M results 2017: Strong free cash flow and net income

- Free cash flow up by 12% to € 8.7 million in the first nine months of 2017
- Net profit increased to € 2.6 million
- EBIT margin doubled to 2%; EBITDA margin rose to 11%
- Revenues developed largely as expected
- Sustained high growth in Cloud business (+63%)
- Positive free cash flow development allows QSC to raise its fully-year 2017 forecast

9M 2017: Sustainable net profit







2017 shaped by higher earnings despite lower revenues

in € million	9M 2016	9M 2017	Δ	Δ in %
Revenues	**293.9**	**264.8**	**-29.1**	**-9.9%**
Cost of revenues	216.3	196.2	-20.1	-9.3%
Gross profit	**77.7**	**68.6**	**-9.1**	**-11.7%**
Sales and marketing expenses	24.0	19.1	-4.9	-20.4%
General and admin expenses	23.7	20.1	-3.6	-15.2%
Other operating income	(0.2)	-	-0.2	n/a
EBITDA	**29.8**	**29.3**	**-0.5**	**-1.7%**
Depreciation	26.2	22.8	-3.4	-13.0%
EBIT	**3.6**	**6.5**	**+2.9**	**+80.6%**
Financial result	(4.1)	(3.2)	+0.9	+22.0%
Income tax	0.4	(0.7)	-1.1	n/a
Net income	**(0.1)**	**2.6**	**+2.7**	**n/a**

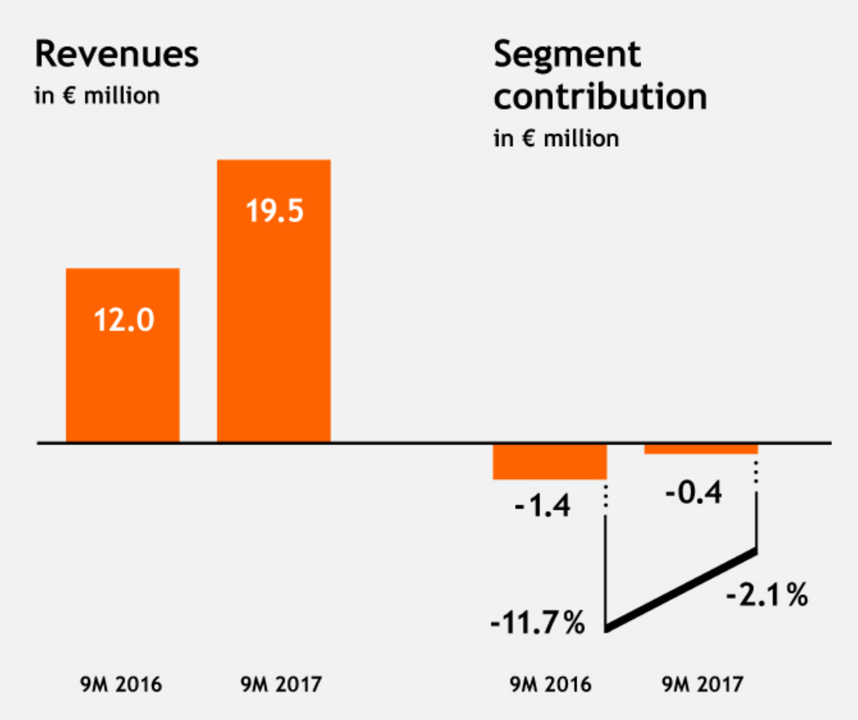
Revenues

- Decrease mainly due to weaker TC business with resellers

Earnings

- Increase mainly due to
  - Lean cost basis
  - Higher share of revenues in higher-margin fields such as TC business with corporate customers

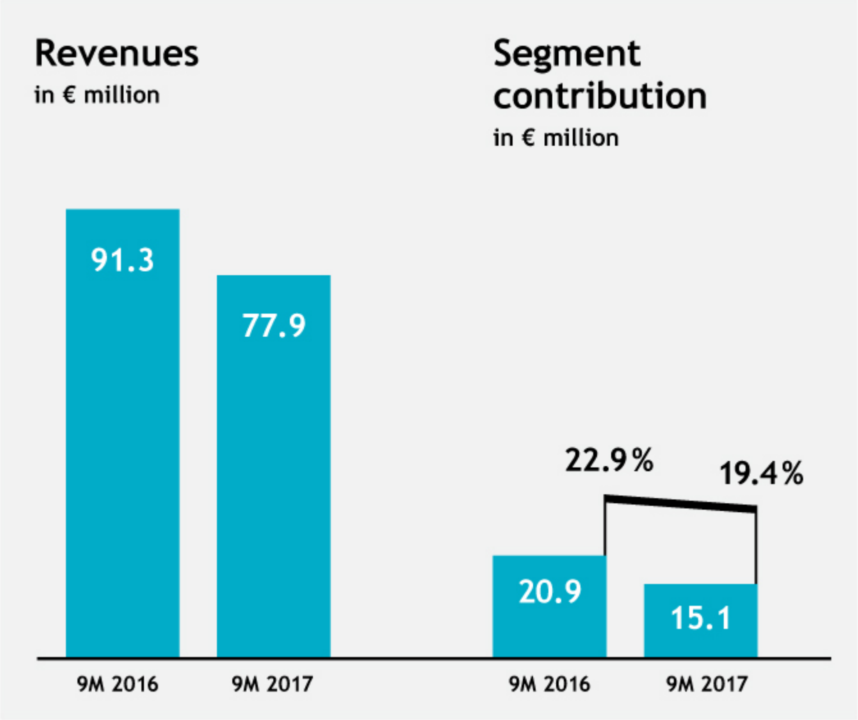
Cloud: Growth driver with revenues up by 63%



- At € 8.0 million in Q3 2017, QSC generated its highest quarterly Cloud revenues ever
- Positive impact of new PEC customers and ongoing migration of Outsourcing customers
- Pipeline of attractive IoT projects, prospect of recurring revenues in the future
- Despite investments in future growth, QSC managed to increase the segment contribution
- Q3 2017 saw the first ever positive Cloud segment contribution (€ 0.5 million)

- Segment margin

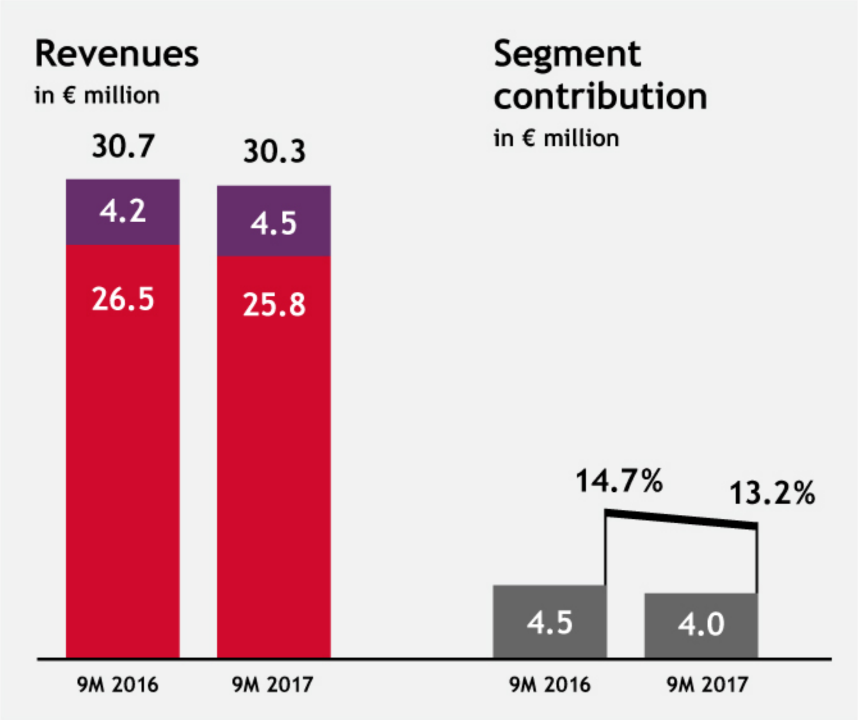
Outsourcing: Managing the existing customer base



- Far-reaching change in traditional Outsourcing business:
  - Step-by-step migration of existing customers to the Pure Enterprise Cloud
  - For new customers, QSC is focusing on standardised cloud-based outsourcing
- Termination of one contract has had an effect on revenues since Q3 2017

▬ Segment margin

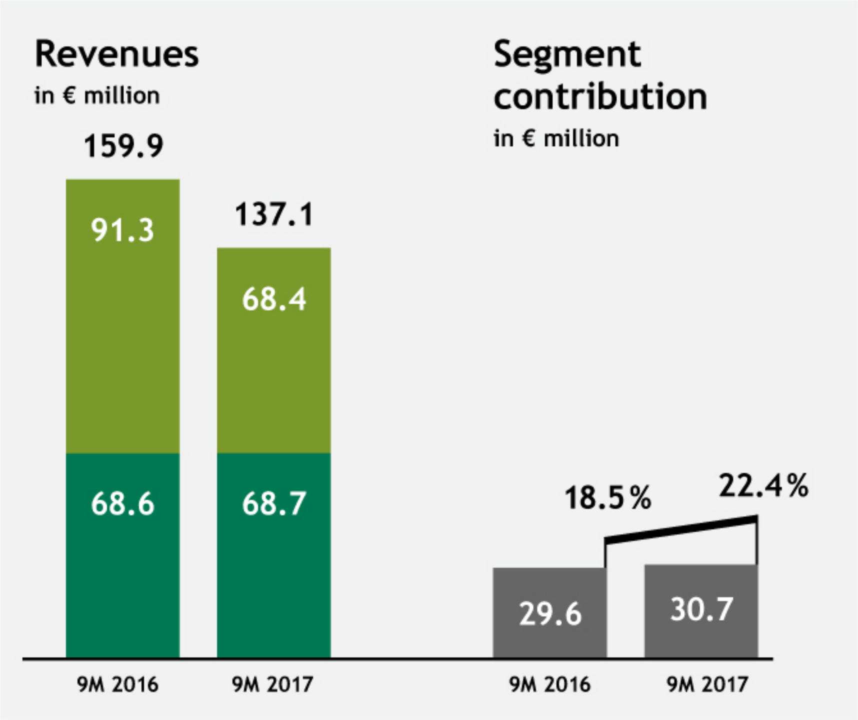
Consulting: Period of stabilisation



- Stable consulting revenues in 2017 so far; Q3 2017, however, did not meet expectations
- Earnings burdened by slightly lower revenues
- However, QSC still managed to generate a double-digit margin in the personal-intensive consulting business

Microsoft
SAP
Microsoft and SAP
Segment margin

Telecommunications: Attractive margins



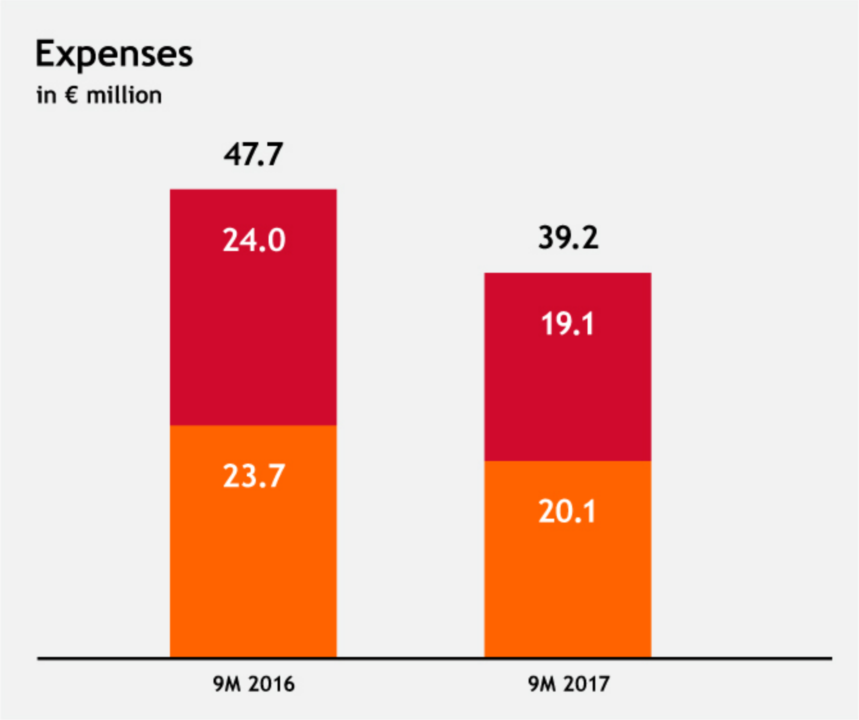
- 2017 was the first time that QSC had earned higher TC revenues with corporate customers than with resellers
- TC for resellers impacted by stricter regulation (~ € 11 million) and fierce price competition
- Higher share of business customers led to a strong increase in segment margin

TC revenues with resellers
TC revenues with corporate customers
TC total
Segment margin

QSC will boost TC business with separate subsidiary

- On 30 August 2017, QSC decided to spin off its TC business into a subsidiary
- Standalone company will facilitate cooperations and participation interests
- New entity will pool network operations, network services and the entire management of preliminary and end products for corporate customers and resellers
- Boost for TC business with corporate customers, characterised by strong performance and attractive margins
- The planned measure is still subject to approval by the next Annual General Meeting (July 2018)

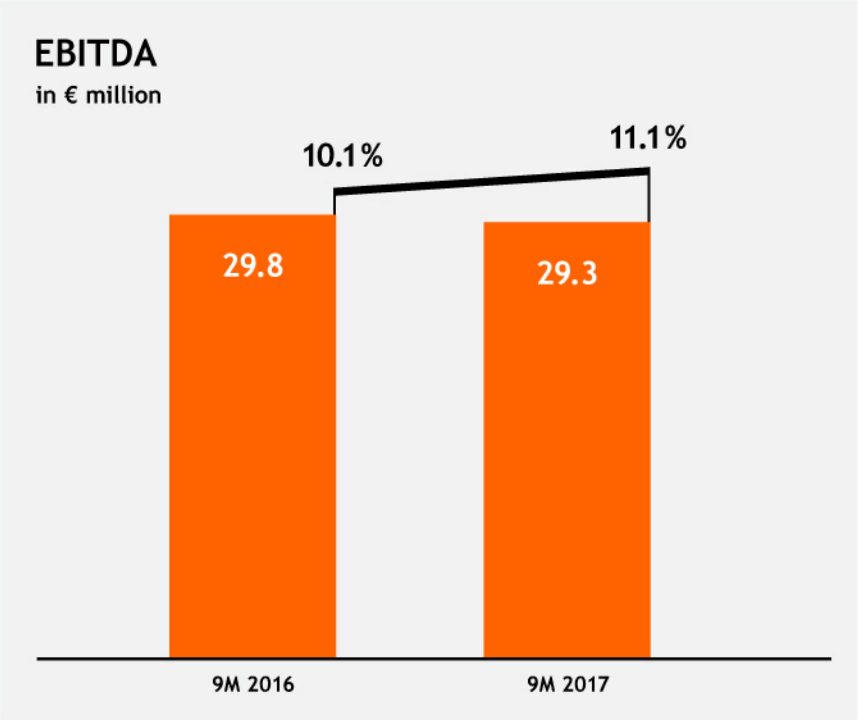
9M 2017: Lean cost base pushes earnings



- Significant decline in SG&A expenses
- Decrease in sales and marketing expenses also driven by lower commission payments in B2B2C TC business

Sales and marketing expenses
General and administrative expenses

EBITDA margin rises to 11%

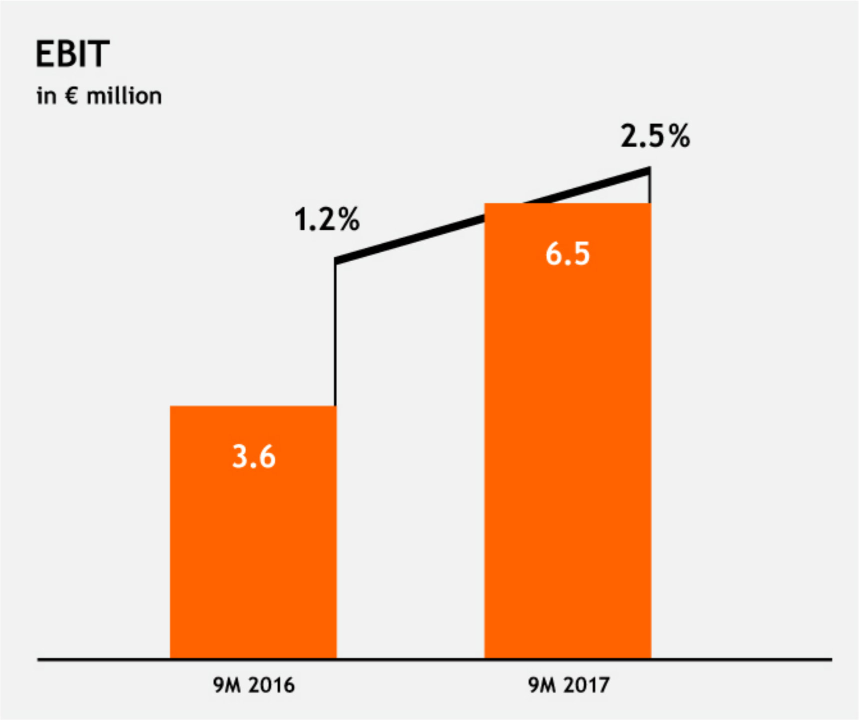


EBITDA benefiting from

- Lean cost base
- Higher revenue share of higher-margin business fields

▬ EBITDA margin

EBIT margin doubles in 9M 2017

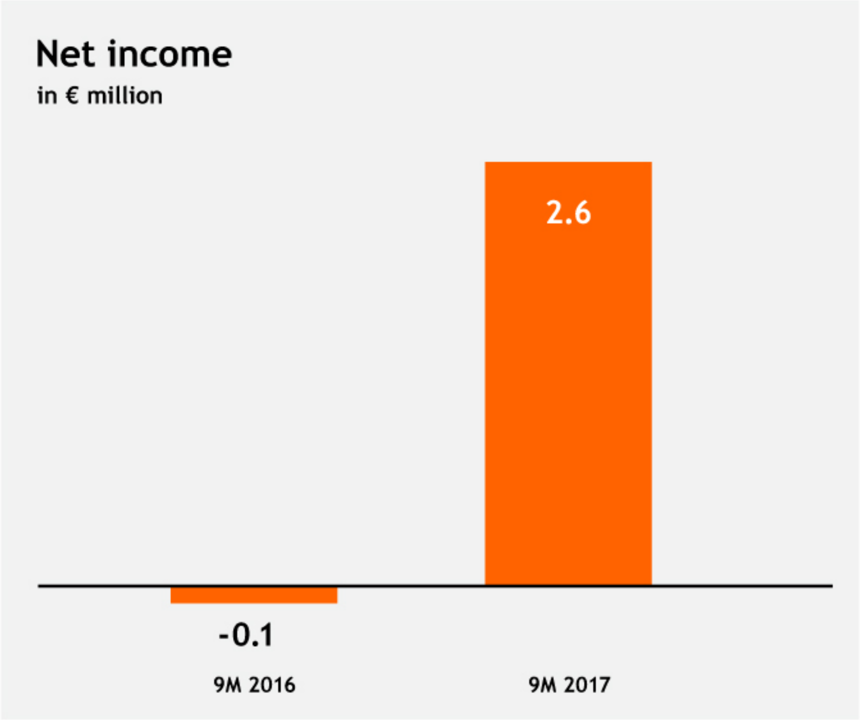


Main driver

– € 3.4-million decrease in depreciation in 9M 2017

▬ EBIT margin

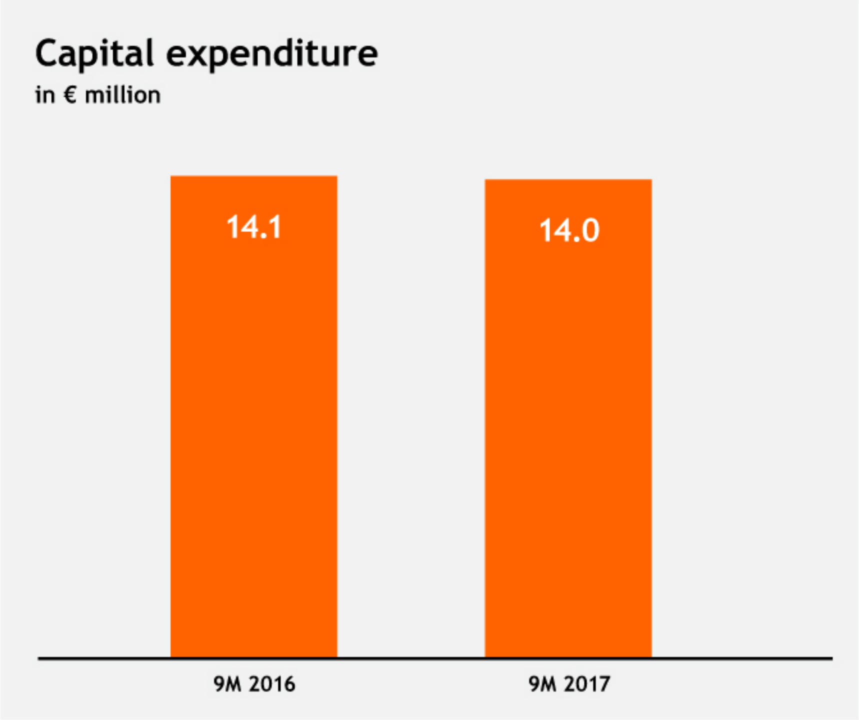
Sustainable net profit



Main driver

– QSC generated positive net income for the third consecutive quarter

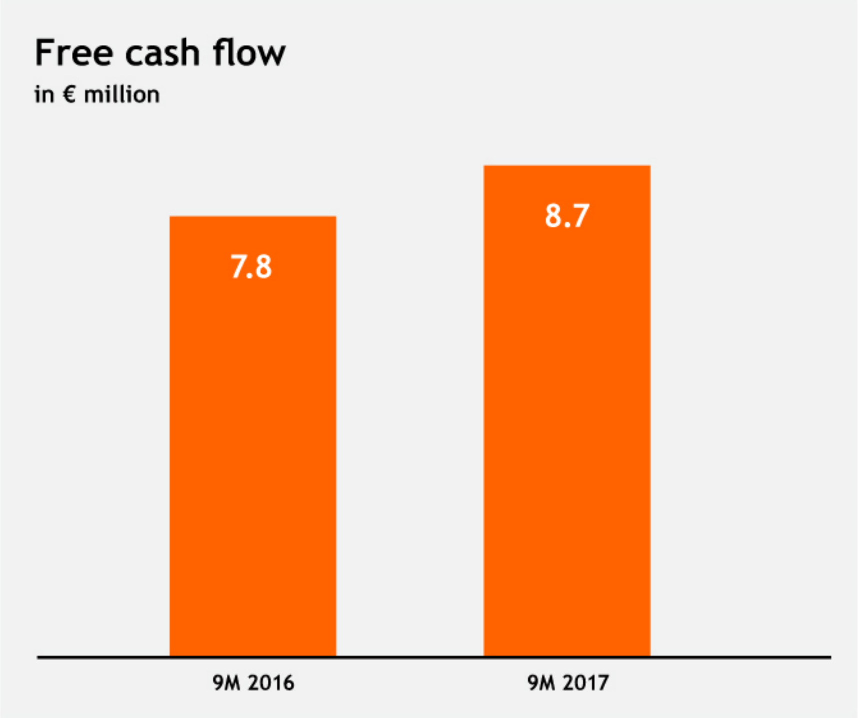
CAPEX stays at a moderate level



Focus

- Infrastructure
- Data centres
- Customer projects

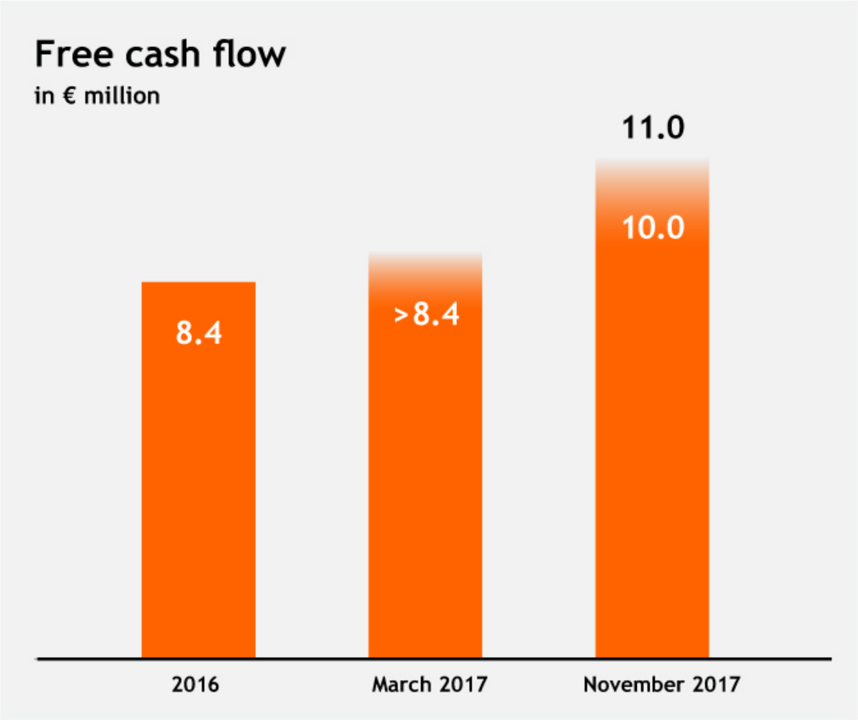
Free cash flow rises by 12%



Increase in FCF driven by

– Improved working capital
– Reasonable CAPEX

QSC raises FCF forecast for 2017



For the current year, QSC is now expecting

– Free cash flow of € 10-11 million

– EBITDA of € 36-40 million

– Revenues of € 355-365 million

Questions & Answers

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