QSC AG

Company Presentation
Results Q2 2008

Cologne, August 20, 2008

1. *Operational Update*

2. Financial Results / Outlook

OPERATIONAL OVERVIEW FOR Q2 2008

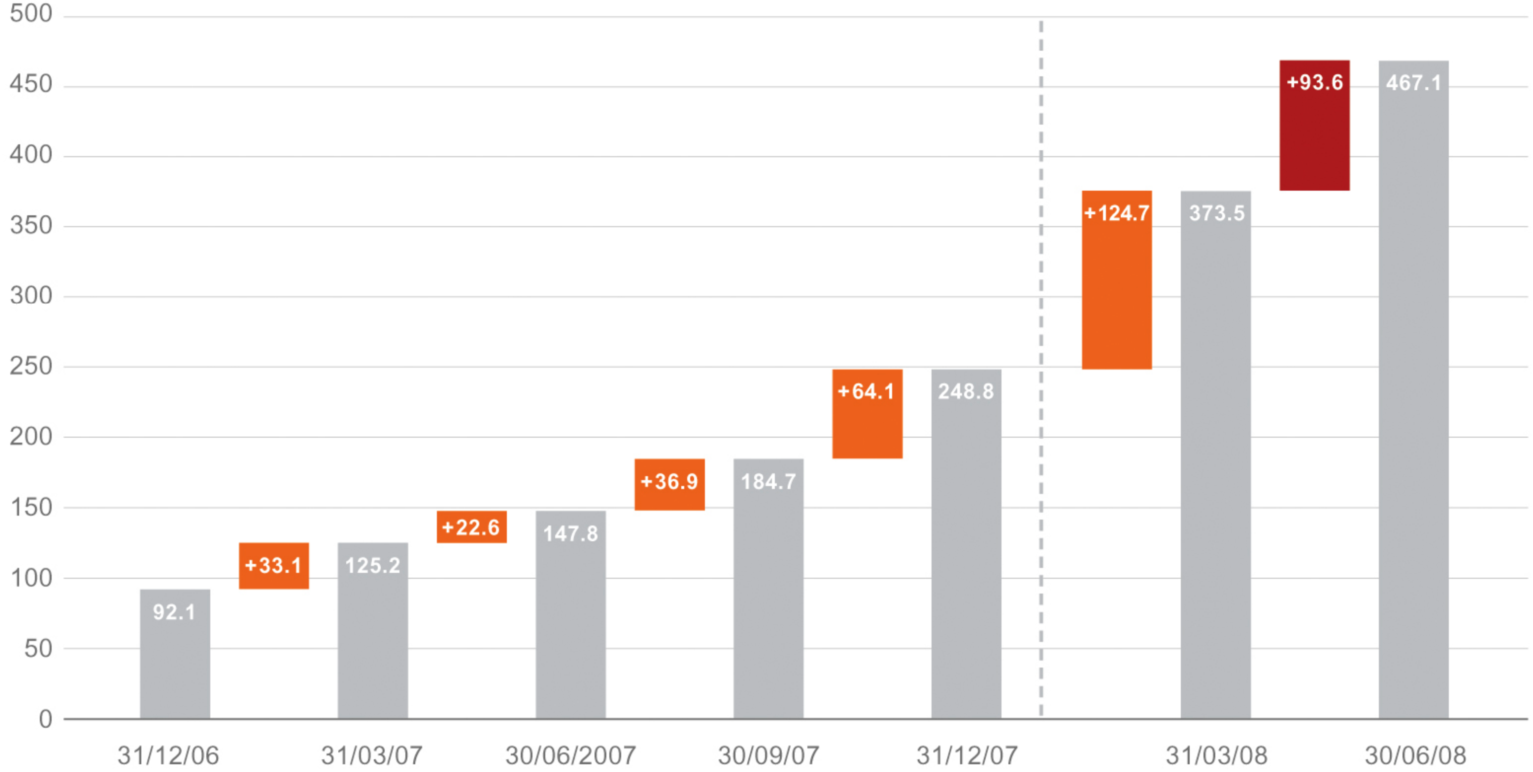
- 2nd data point after Q1 2008; QSC is back on track
- Wholesale / Reseller segment driven by high increase of ULLs
- Managed Services segment back on track
- Completion of network expansion project within Plusnet
- Swift integration of Broadnet

VERY GOOD DEVELOPMENT OF BUSINESS IN Q2 2008

- Revenues up by 26% to € 100.2 million
- EBITDA up by 30% to € 14.2 million
- EBITDA-margin of 14%
- Net loss of € -1.5 million
- CAPEX of € 19.7 million – thereof 60% customer-related
- € 63.0 million liquidity as of June 30, 2008

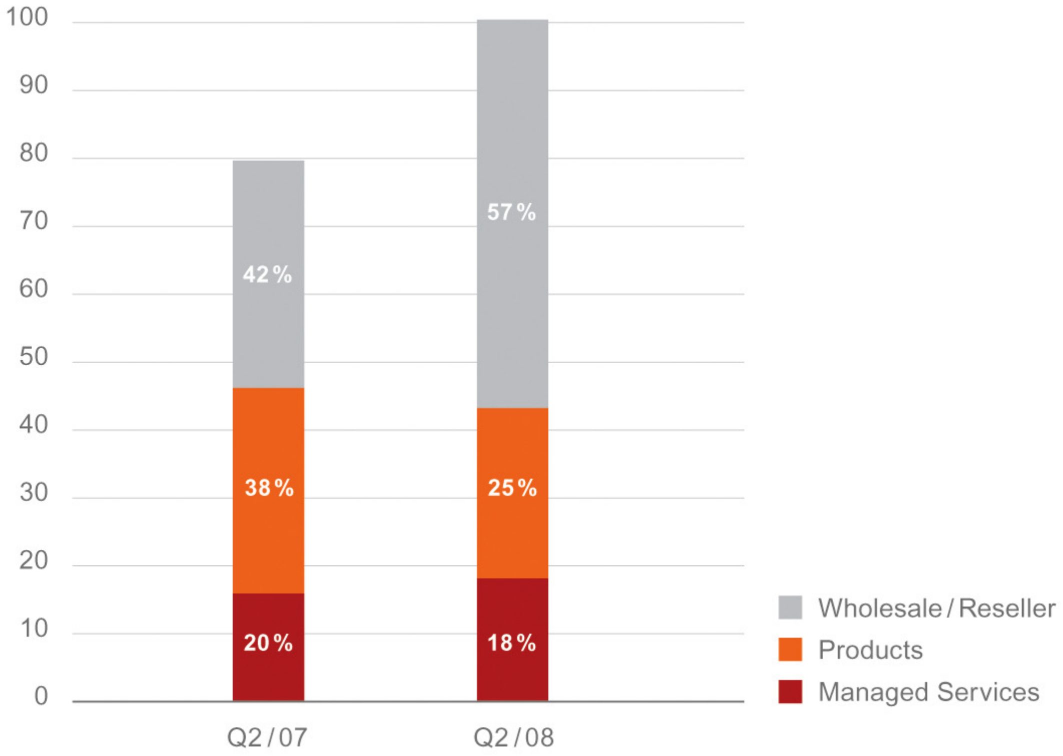
DRIVING FACTOR: HIGH SUPPLY OF ULLs
Year-to-date growth very promising

UNBUNDLED LOCAL LOOPS (ULL) - ONLINE (in thousand)



MORE ULLs LEAD TO HIGHER REVENUE SHARE OF WHOLESALE / RESELLER BUSINESS

REVENUE MIX (in € million)



STRONG INCREASE IN WHOLESALE BUSINESS

Break-up of revenues

- 49% of segment revenues from ADSL2+
- 13% from legacy voice
- Product revenues with companies who also act as resellers are now part of the segment

Market 2008

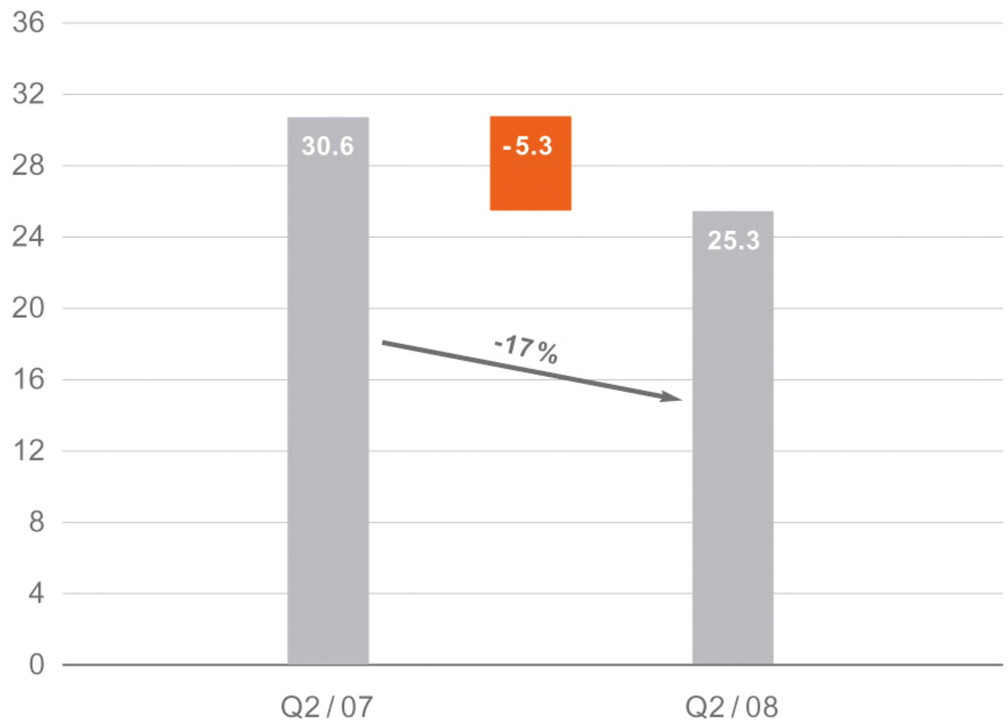
- 3.5 million new DSL customers expected
- Growing demand for unbundled lines
- Substitution of T-DSL Resale (3.2 million on June 30, 2008) by ULLs

QSC 2008

- All major wholesale partners under contract
- Solid business with resellers i.e. international carriers

PRODUCT BUSINESS STILL AFFECTED BY LEGACY VOICE

PRODUCTS YEAR-ON-YEAR (in € million)



Break-up of revenues

- 46% legacy voice (Q1 2008: 52%)

Market 2008

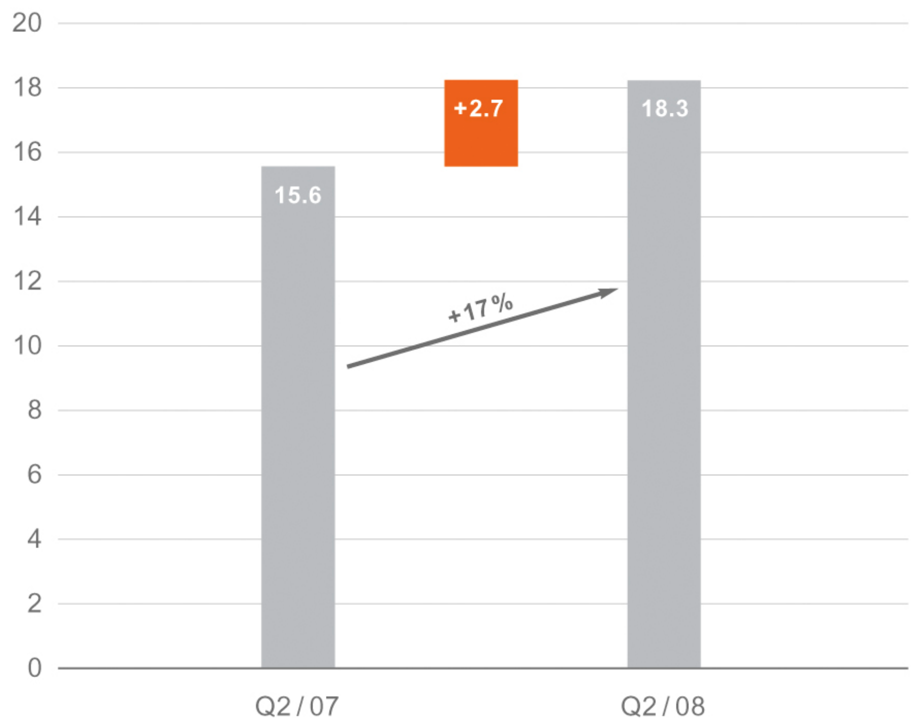
- Ongoing price competition in legacy voice, especially in the residential area
- Rapid gain of market share of VoIP

QSC 2008

- Efficiency gains through more standardized products
- Profits from growing demand for Direct Access to QSC's network
- Positive development of DSL products for SOHOs
- In Q3 2008, new product S.HDSL bis: up to 20 Mbit/s symmetric

MANAGED SERVICES BACK ON GROWTH TRACK

MANAGED SERVICES YEAR-ON-YEAR (in € million)



Market 2008

- High interest in new services like Communication as a Service
- Integration of VoIP in IP-VPN solutions

QSC 2008

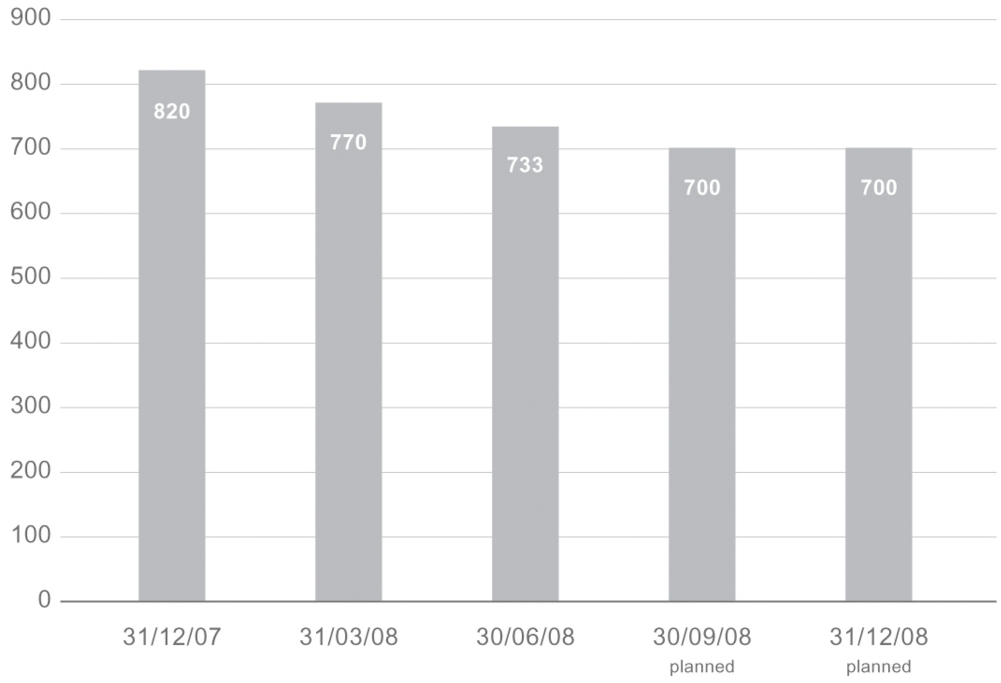
- Well-positioned for the new services
- Managed Services profits strongly from reorganization
- Growing demand of Managed and Hosted Services like VirtuOS ACD
- New nationwide customers like BMW dealership network (285 dealers at 700 locations)

NETWORK ROLL-OUT IS COMPLETED

- **1,900 central offices** under network coverage
- **Next Generation Network** (NGN) up and running
  - More than 90% of the traffic is IP-traffic
  - Significant cost-advantages
- Nationwide voice network (474 POIs)
- **Separate Wireless Local Loop (WLL) network**
  - in 42 regions
  - up to 400 Mbps
- **Significant spare capacity** still available
  - Backbone
  - Ports / Line cards
- **Network breakeven in sight**
  - QSC will cross the threshold at some 550,000 ULLs
    => 467,100 ULLs connected per June 30, 2008
    => 373,500 ULLs connected per March 31, 2008

SWIFT INTEGRATION OF BROADNET

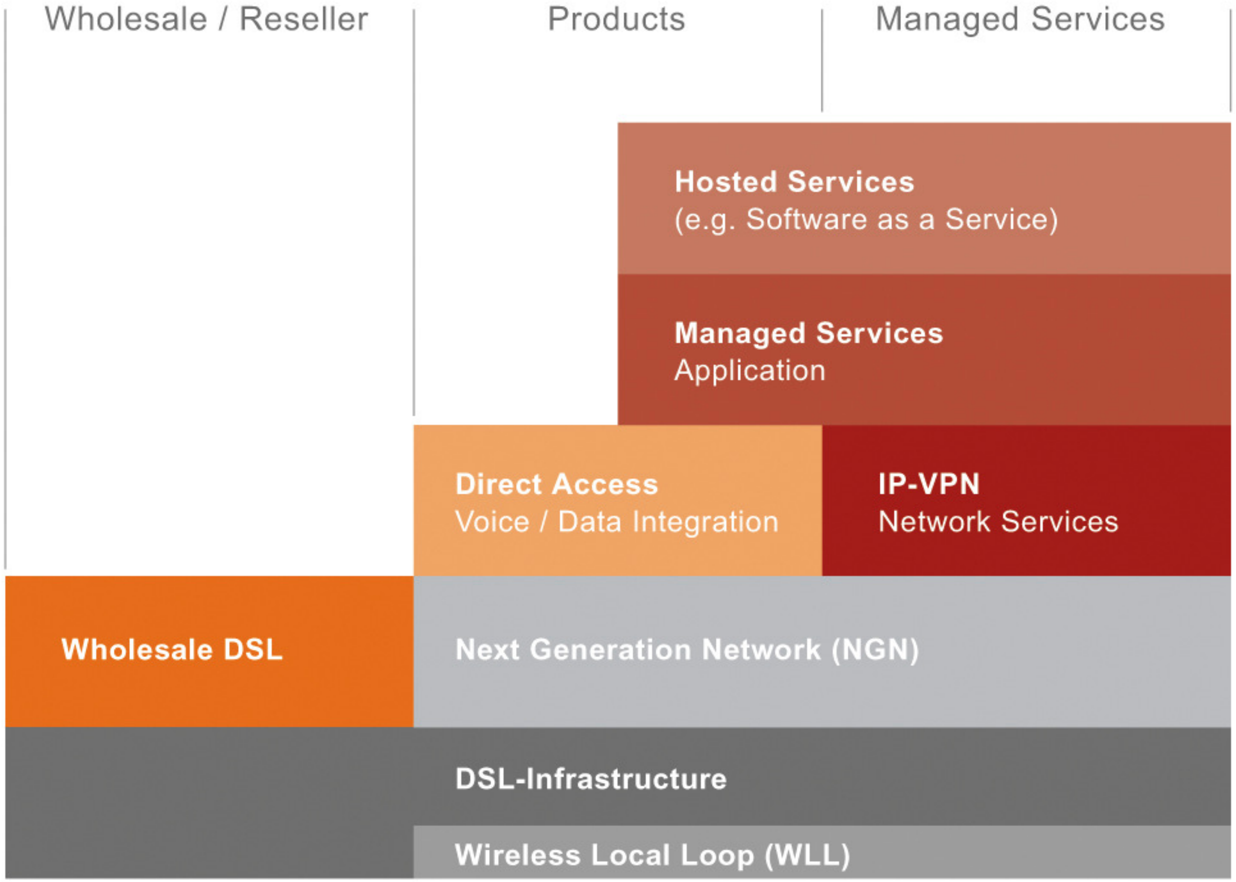
EMPLOYEES OF QSC (FTE)



Integration of Broadnet

- All headquarter functions are centralized in QSC's headquarter in Cologne
- All sales offices in Germany are merged
- Overlaps of the network are eliminated

QSC's BUSINESS MODEL:
MOVING UP THE VALUE CHAIN

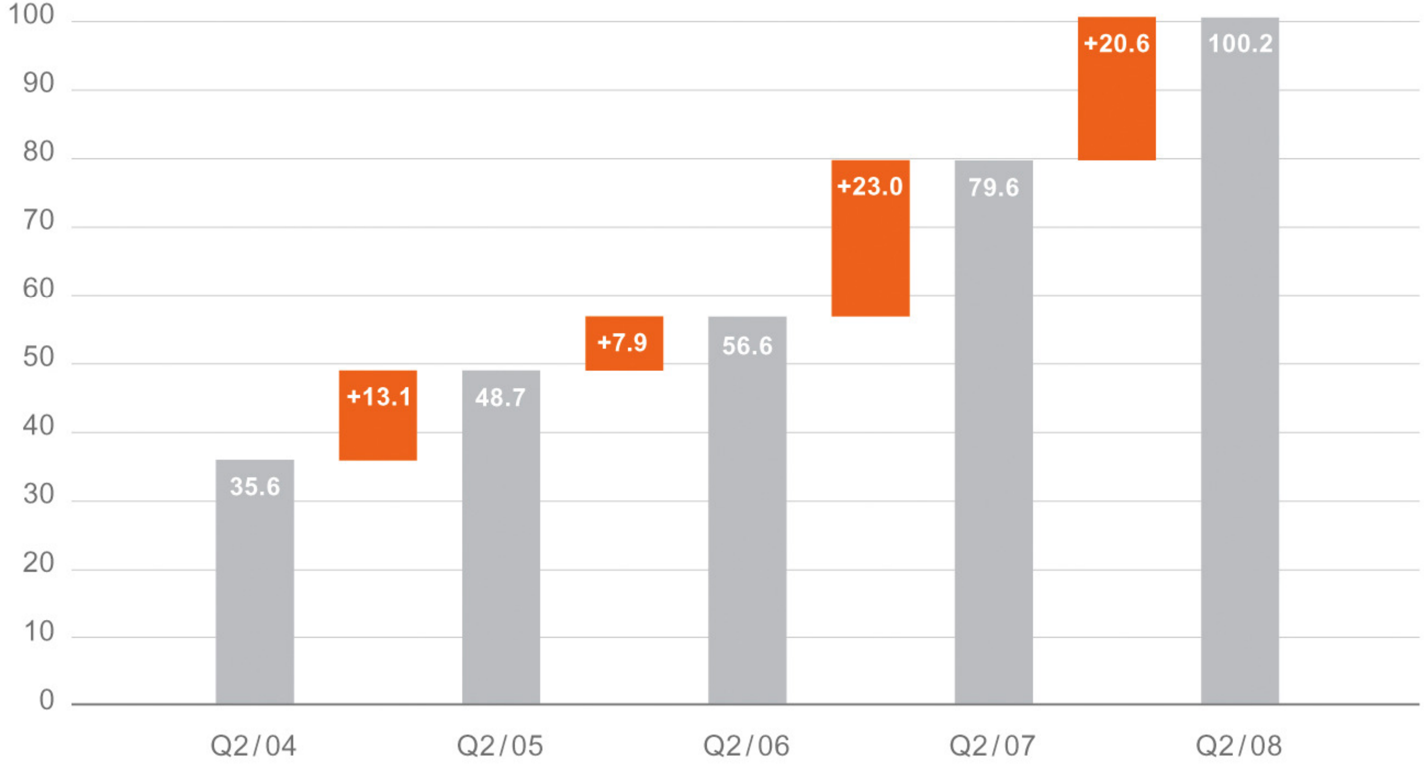


1. Operational Update

2. *Financial Results / Outlook*

QUARTERLY REVENUES > € 100 MILLION

REVENUE GROWTH YEAR-ON-YEAR (in € million)



HIGHER REVENUES LEAD TO HIGHER EBITDA

In € million	Q2 2007	Q2 2008	Δ
• Revenues	79.6	100.2	+25.9%
• Network expenses (1)	50.6	69.3	+37.0%
• *Gross profit*	*+29.1*	*+30.9*	*+6.2%*
• Other operating expenses (1)	18.2	16.7	-8.2%
• *EBITDA profit*	*+10.9*	*+14.2*	*+30.3%*
• Depreciation	10.4	15.0	+44.2%
• *EBIT profit / loss*	*+0.5*	*-0.8*	*-162.5%*
• Financial results	-	-0.6	-
• Income taxes	-	-0.1	-
• *Net profit / loss*	*+0.5*	*-1.5*	*-133.3%*

(1) Excluding depreciation and non-cash share-based payments

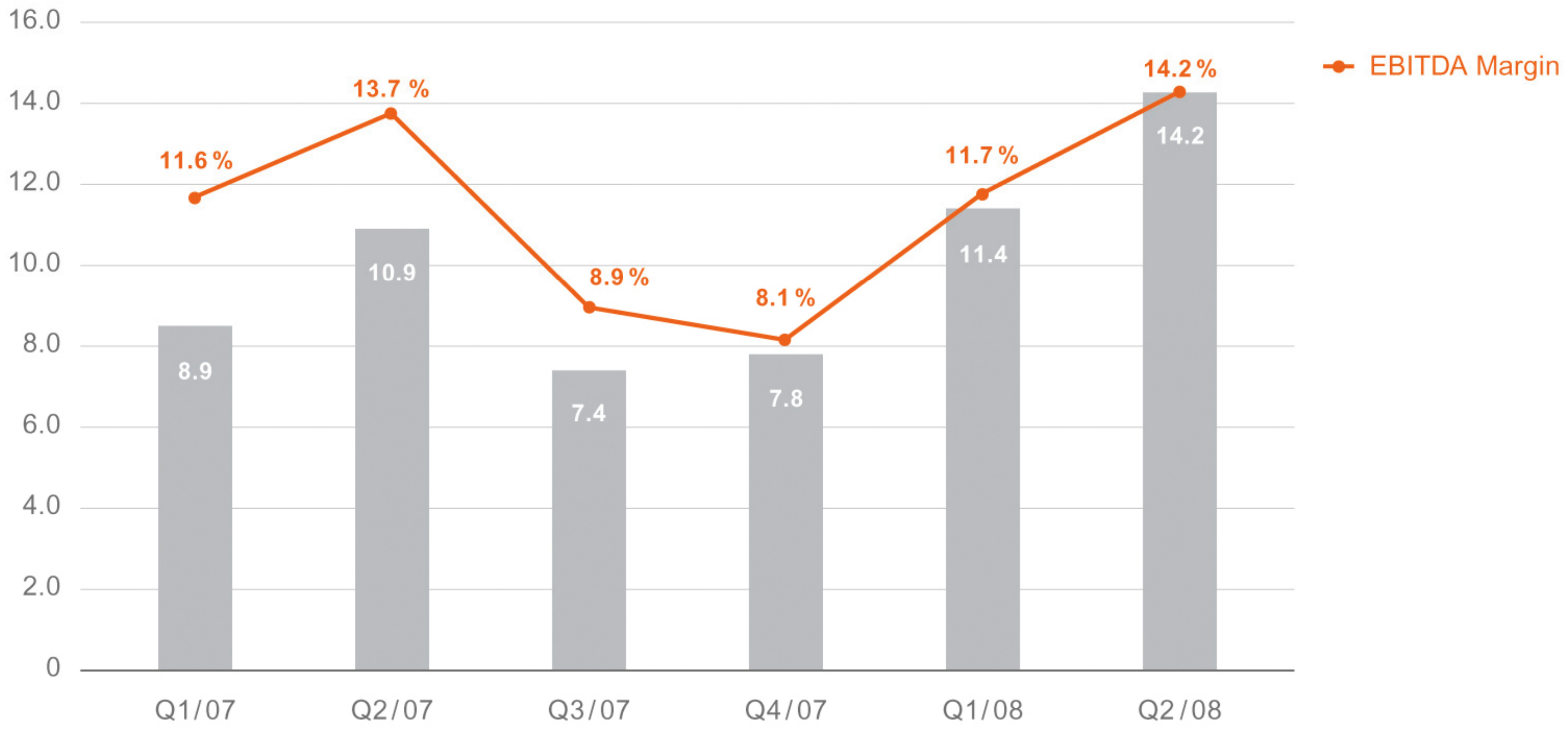
INCREASE IN PROFITABILITY

In € million	Q1 2008	Q2 2008	Δ
• Revenues	97.5	100.2	+2.8%
• Network expenses [(1)]	66.3	69.3	+4.5%
• *Gross profit*	*+31.2*	*+30.9*	*-1.0%*
• Other operating expenses [(1)]	19.8	16.7	-15.7%
• *EBITDA profit*	*+11.4*	*+14.2*	*+24.6%*
• Depreciation	15.0	15.0	-
• *EBIT loss*	*-3.6*	*-0.8*	*+77.8%*
• Financial results	-0.4	-0.6	-50.0%
• Income taxes	-0.1	-0.1	-
• *Net loss*	*-4.1*	*-1.5*	*+63.4%*

(1) Excluding depreciation and non-cash share-based payments

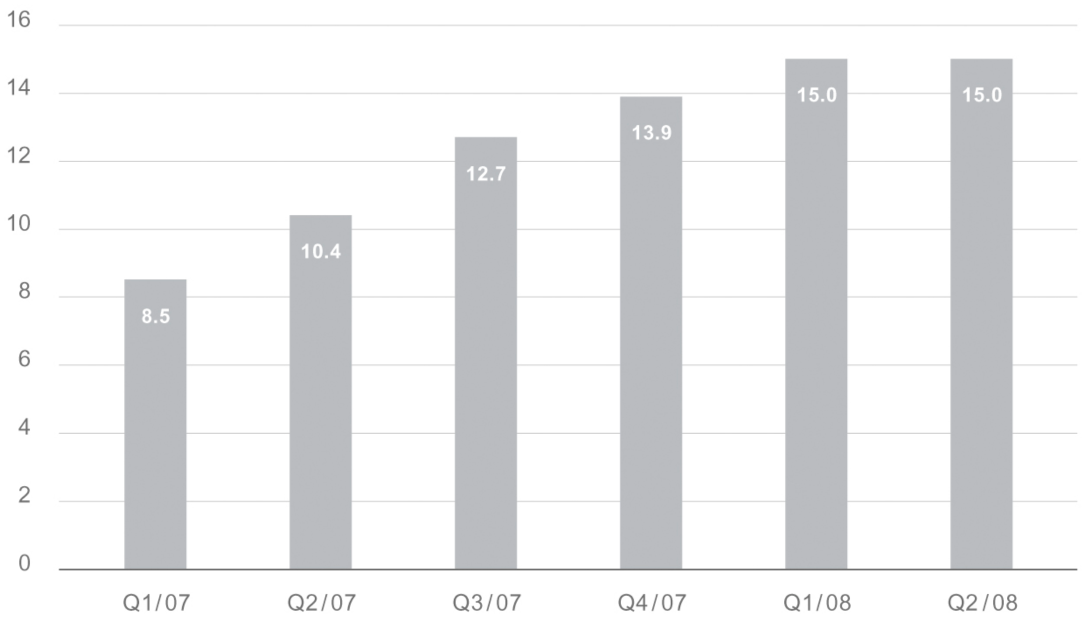
STRONG EBITDA GROWTH IN 2008

EBITDA QUARTER-ON-QUARTER (in € million)



DEPRECIATION FOLLOWS CUSTOMER GROWTH

DEPRECIATION QUARTER-ON-QUARTER (in € million)

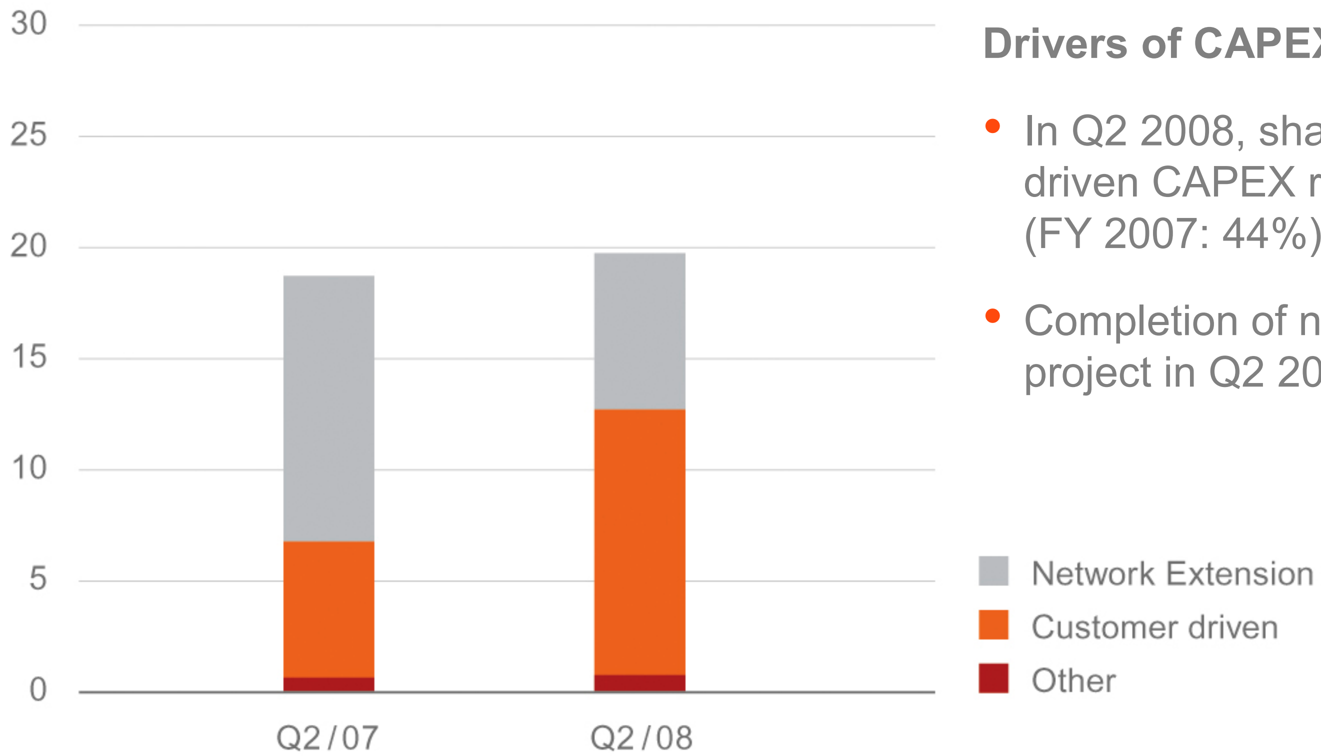


Drivers of depreciation

- Network roll-out
- Revised amortization periods for COs build out and technical equipment due to longer life cycle
  - COs fixtures: 10 years
  - DSL & network equipment: 8 years
- Contract-related upfront expenses / installations (amortized over just 24 months)

CUSTOMER GROWTH DRIVES CAPEX IN Q2 2008

CAPEX (in € million)

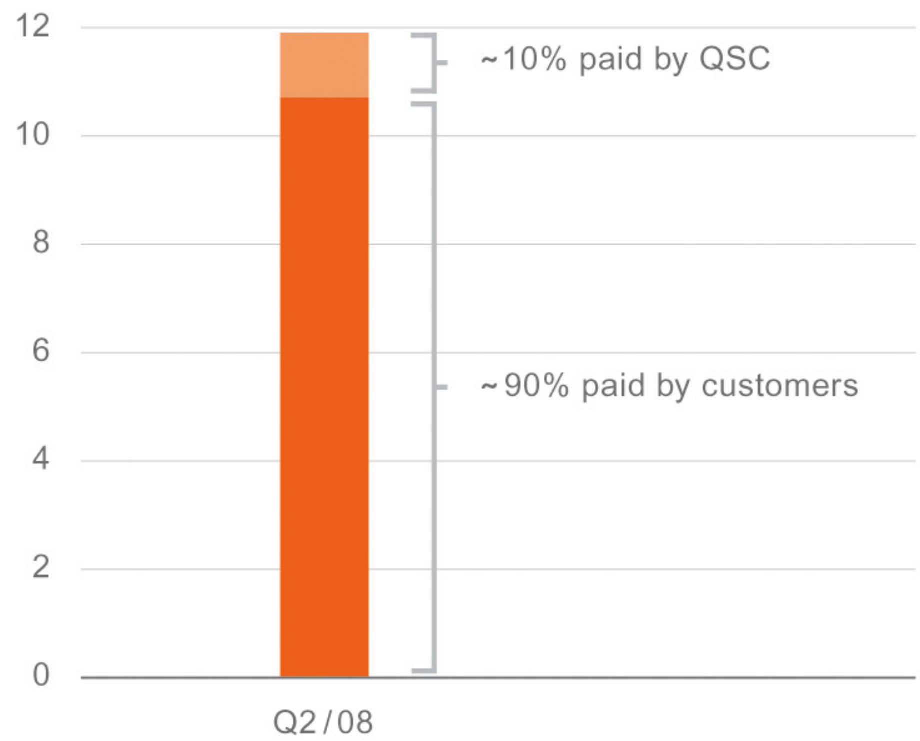


Drivers of CAPEX

- In Q2 2008, share of customer-driven CAPEX rose to 60% (FY 2007: 44%)
- Completion of network expansion project in Q2 2008

90% OF CUSTOMER-DRIVEN CAPEX IS INVOICED TO CUSTOMERS

CUSTOMER RELATED CAPEX (in € million)

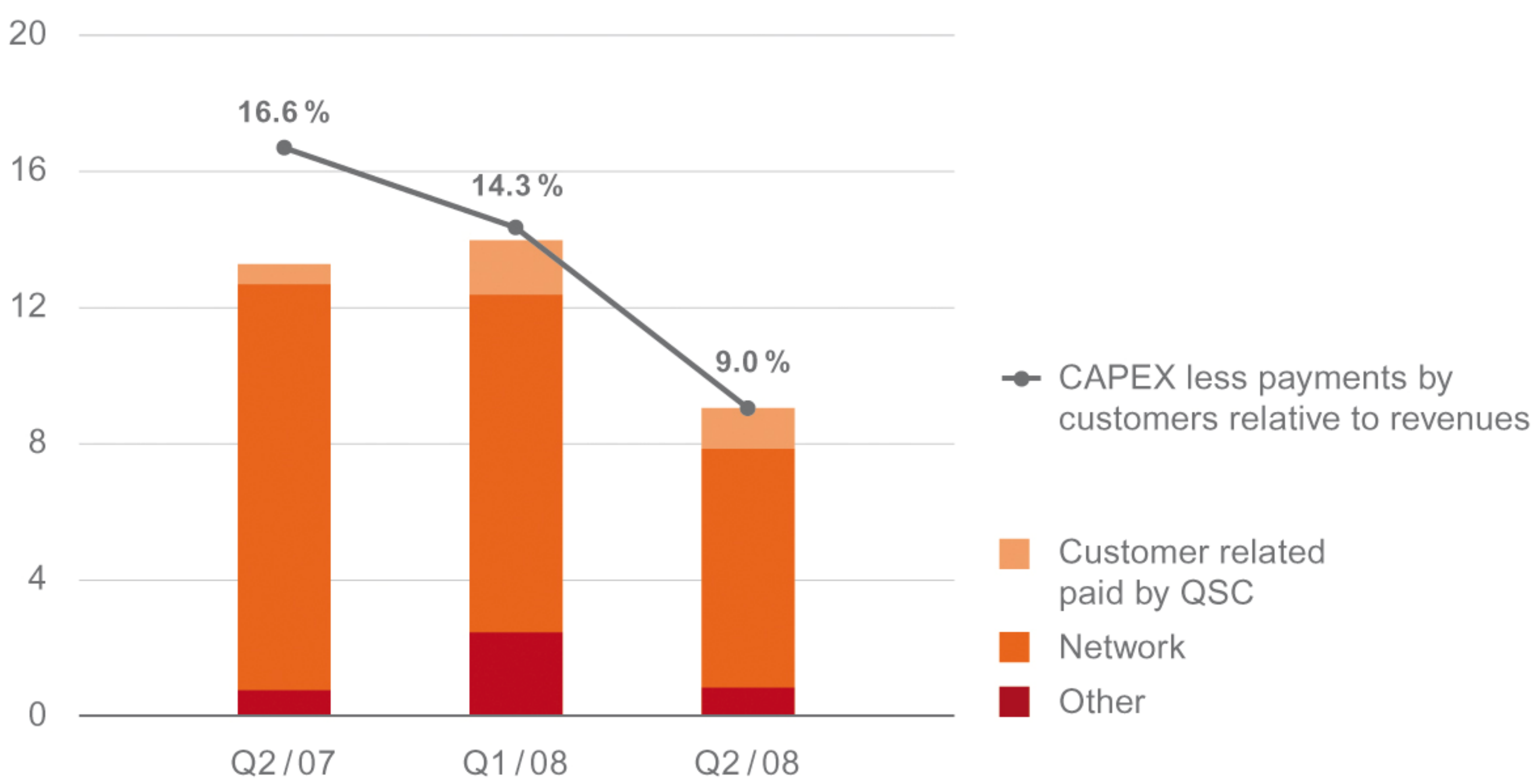


Customer related CAPEX as a prepayment for future revenues

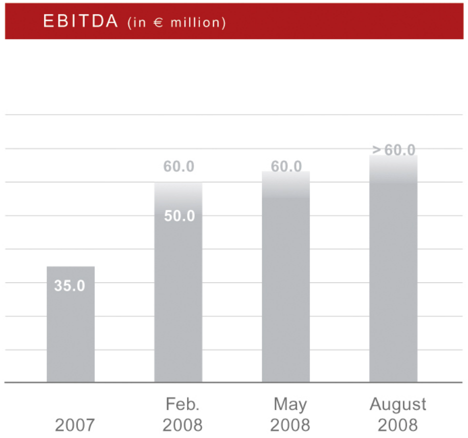
- In 2008, ~90% of customer-driven CAPEX is invoiced to customers
- Average term of cash payment: ~60 days
- Revenue recognition for upfront customer payment is spread over 24 months / same period for depreciation of CAPEX
- In 2008, QSC will profit from high stock of ports / line cards

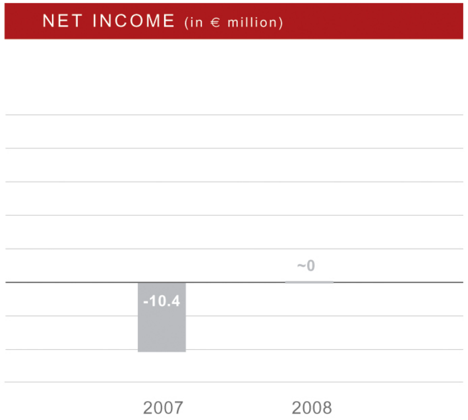
STRONG IMPROVEMENT OF CASH / REVENUES RATIO

CASH RELEVANT CAPEX (in € million)



OUTLOOK
QSC again raises guidance for 2008





- QSC expects revenues of more than € 405 million
- QSC expects EBITDA of more than € 60 million
- Higher revenues lead to higher CAPEX of more than € 80 million
- Net income ~ € 0 million

MULTIPLE OPPORTUNITIES FOR FURTHER GROWTH

- QSC – The NGN-Carrier
- Germany = DSL country & direct access is “King”
- Strong growth in Wholesale / Reseller business
- Back on track with Managed Services
- New opportunities by moving up the value chain with Software as a Service (Centrex, ACD)
- Being a SME itself gives QSC a competitive edge as a premium provider in the SME business
- Network break even in sight

FINANCIAL CALENDER 2008

August 26, 2008	8th German Technology & Telecoms Conference Commerzbank, Frankfurt
August 28, 2008	German Telco & Media Day WestLB, Frankfurt
September 11/12, 2008	Best of Germany Conference UBS, New York
September 23, 2008	German Investment Conference UniCredit, Munich
November 19, 2008	Publication of Quarterly Report III/2008

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A complete list of the risks, uncertainties and other factors facing us can be found in our public reports and filings with the U.S. Securities and Exchange Commission.

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APPENDIX

STABLE SHAREHOLDER STRUCTURE SINCE IPO

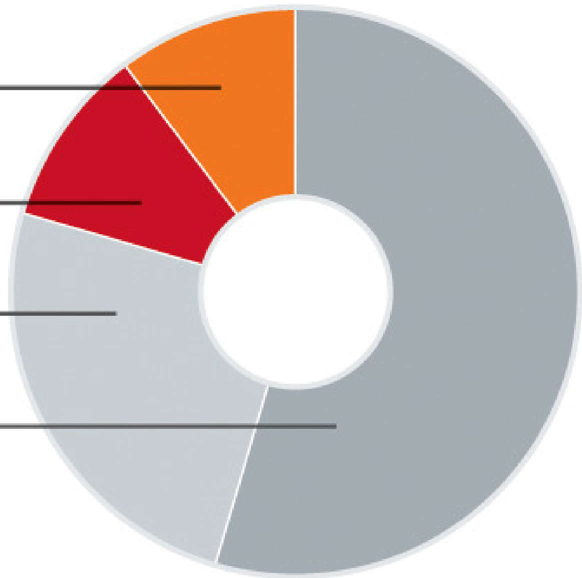
SHAREHOLDER STRUCTURE

10.13 % Gerd Eickers [1]

10.09 % Dr. Bernd Schlobohm [2]

24.54 % Baker Capital Group

55.24 % Free float



[1] Founder and Member of the Supervisory Board
[2] Founder and CEO

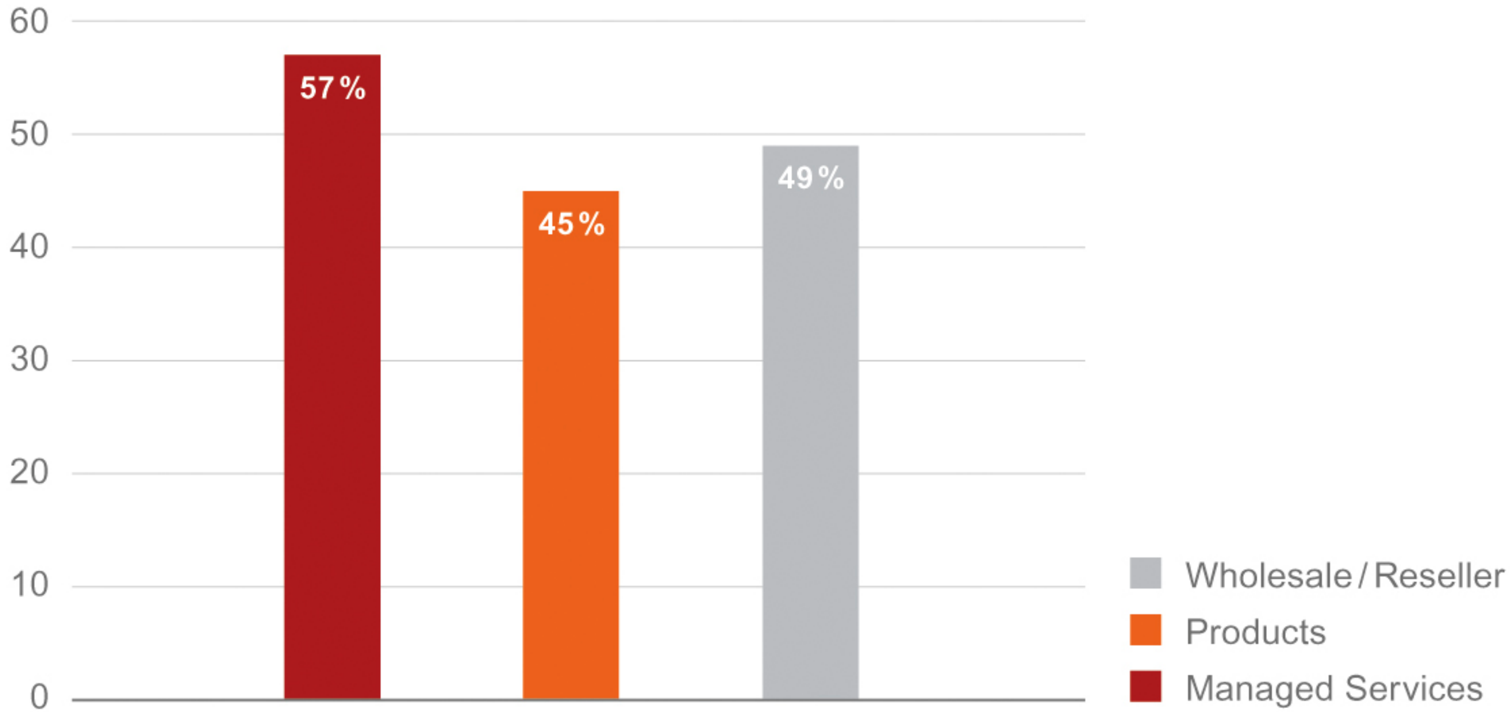
Status quo: 31/07/2008

NEW SEGMENTATION REFLECTS NEW ORGANIZATIONAL STRUCTURE

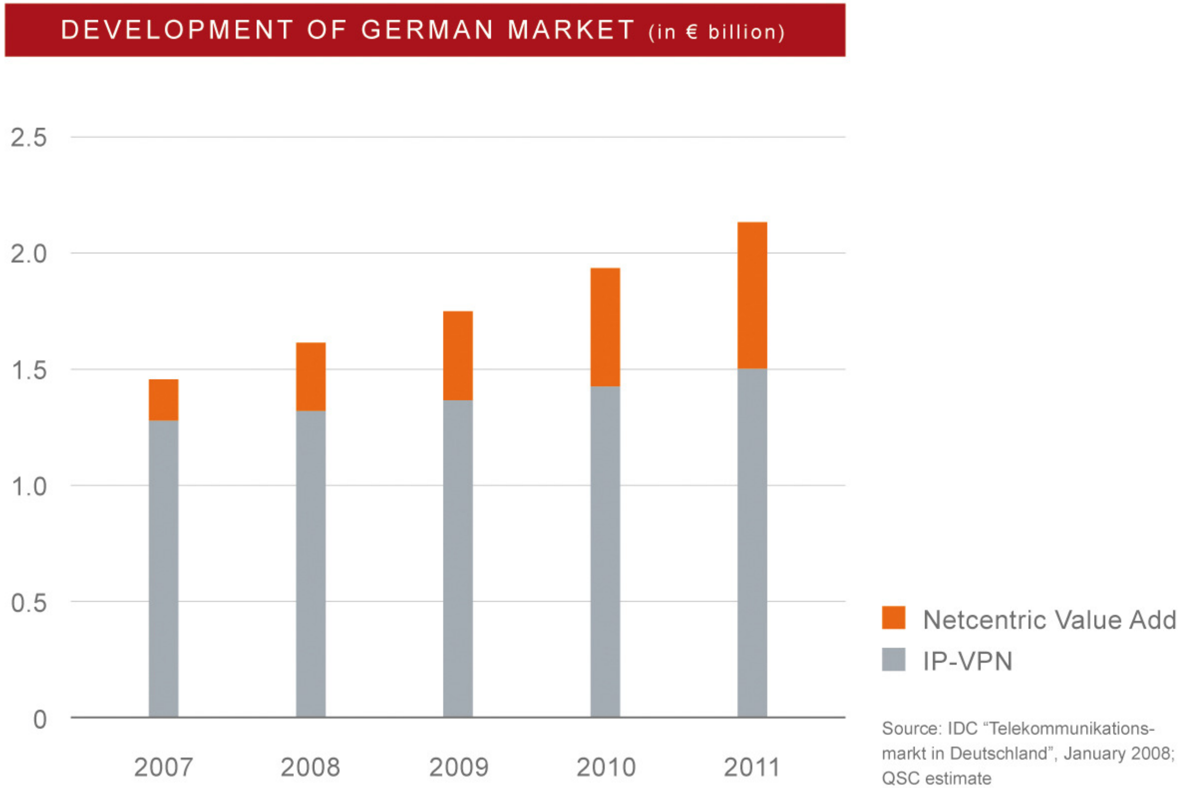
	BU Managed Services	BU Products	BU Wholesale / Reseller
Business Units	BU Managed Services	BU Products	BU Wholesale / Reseller
Target groups	• Large Accounts • Complex industries	• SoHo • SME • Residential	• Wholesale / Resellers • ISPs & Carrier
Product focus	• VPN & MS • Individual solutions	• Direct Access • Standard VPN • IP-Centrex	• Preliminary products
Process focus	• Lab for innovation • Streamlining of processes	• Standarization • Reduction of Cost of Sales	• Automatization

ALL SEGMENTS WITH ATTRACTIVE MARGINS

SEGMENT CONTRIBUTION MARGIN (in percent)



MANAGED SERVICES
Strong market growth



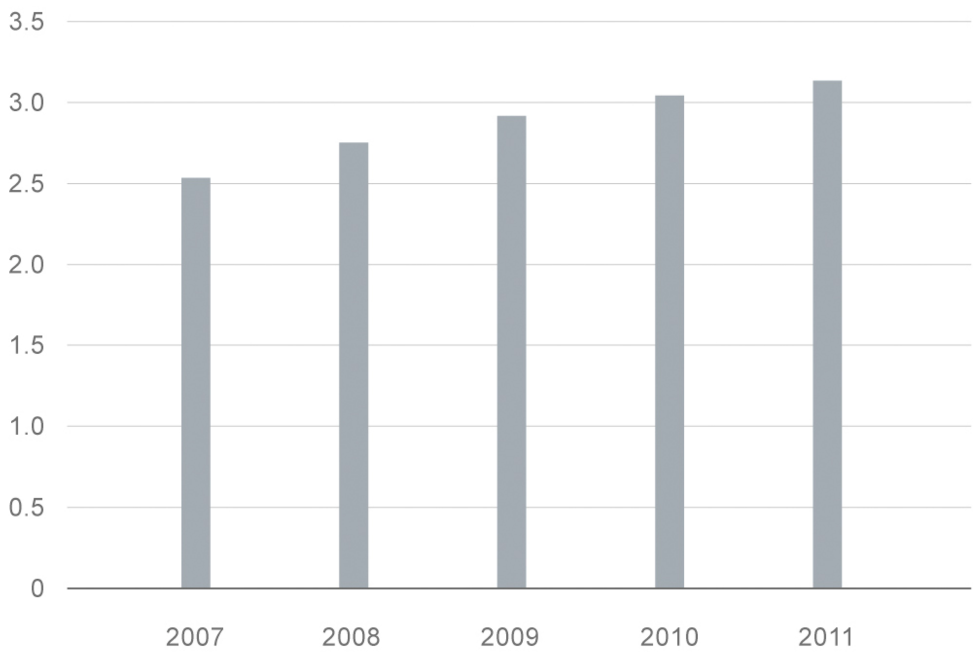
Source: IDC "Telekommunikations-markt in Deutschland", January 2008; QSC estimate

Main drivers
- Substitution of leased line networks
- VoIP integration
- Home offices
- Out-tasking
- Larger impact of Hosted Services
- Growing demand of medium-sized companies

Competitors
- T-Systems, BT, Colt, Arcor

PRODUCT BUSINESS
Growing business customer market for DSL connections

DSL CONNECTIONS OF BUSINESS CUSTOMERS (in millions)



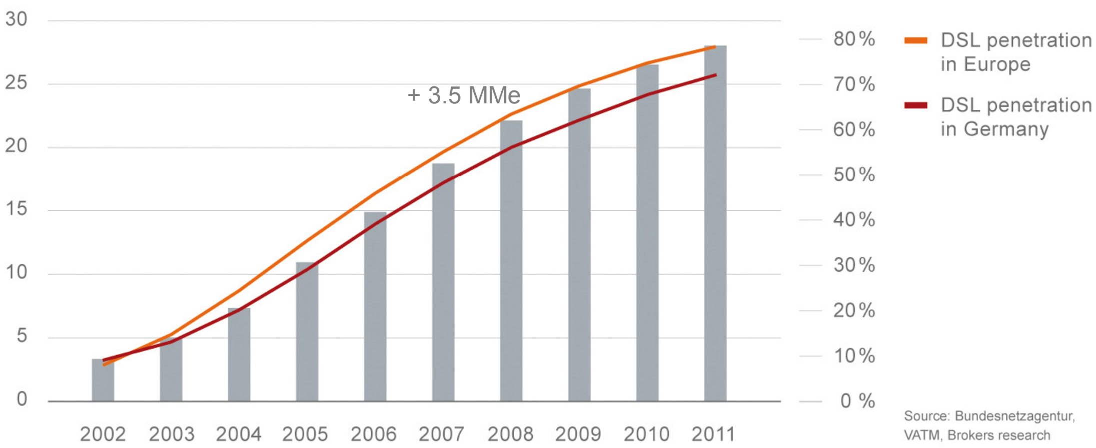
Main drivers
- Replacement of ISDN and Preselect
- VoIP/Data integration
- Applications as a new growth driver

Competitors
- T-Home, Arcor, Versatel, city carriers

Source: IDC "Telekommunikations-markt in Deutschland", January 2008

WHOLESALE BUSINESS
Germany is a DSL country

DSL LINE GROWTH (in million)



Source: Bundesnetzagentur, VATM, Brokers research

Main drivers

- Growth in demand for DSL
- Large retail ISPs need access to "complete" ULL vs. "bundled" T-DSL wholesale lines
  - new DSL lines on "complete" ULL
  - migration of existing T-DSL wholesale lines to "complete" ULL
- Possible consolidation in retail

Competitors

- T-Home, Telefonica, Arcor