QSC AG

Company Presentation

Cheuvreux 8th German Corporate Conference

Frankfurt, January 21, 2009

1. *Operational Update*

2. Financial Results / Outlook

HIGHLIGHTS Q3 2008: BACK TO PROFITABILITY

- QSC returns to profitability with € 2.1 million net income
- Ongoing strong and profitable revenue growth despite increasing economic challenges
  - New business driven by
    - QSC's contribution to higher efficiency of customers
    - Increasing number of ULLs
  - No material loss of existing business / customers
  - No noticeable change in payment defaults
- Implementation of synergies following the Broadnet merger
- Increased focus on cost discipline

=> QSC well positioned for economic downturn

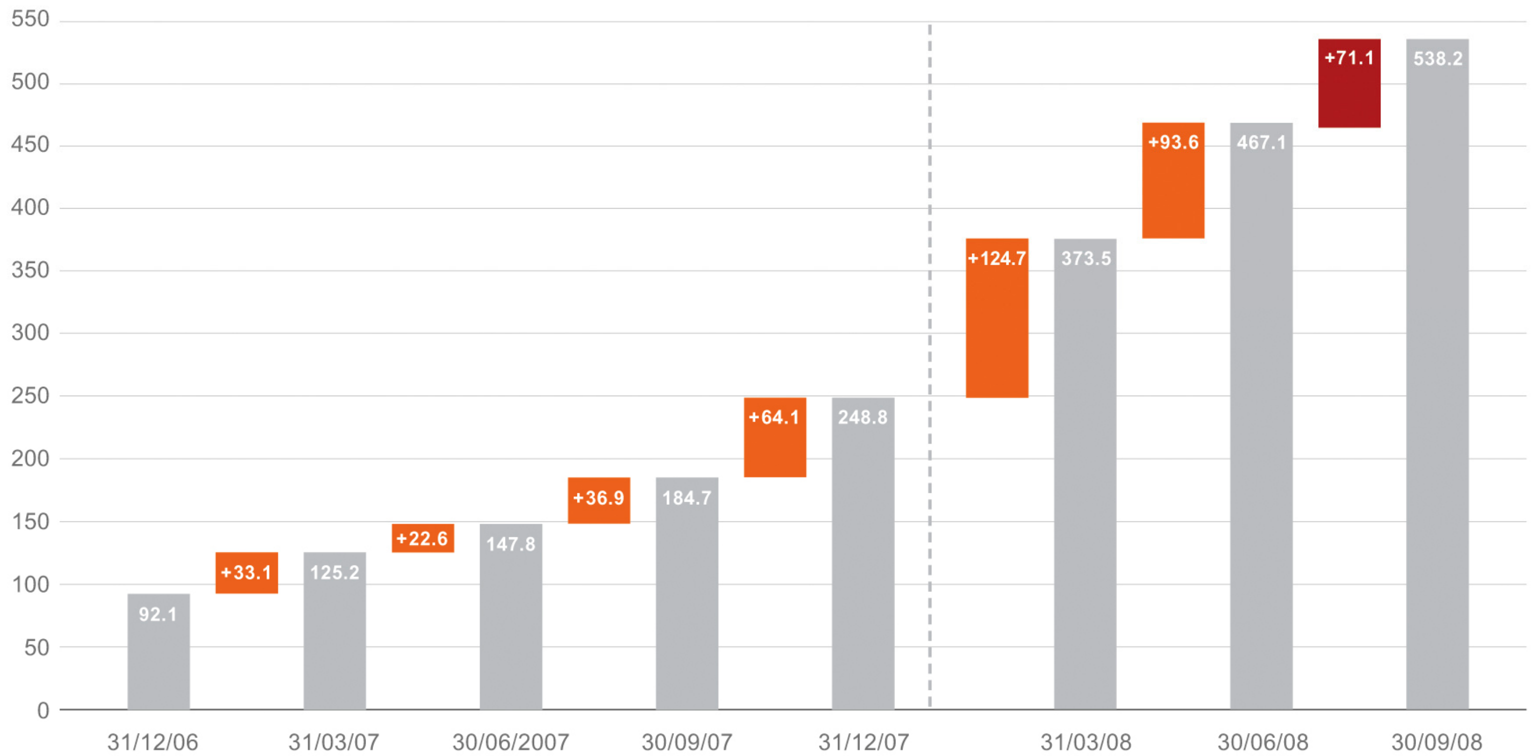
ENCOURAGING FINANCIAL DEVELOPMENT IN Q3 2008

- Revenues up by 25% to € 103.6 million
- EBITDA up by 147% to € 18.3 million
- EBITDA-margin doubles to 18%
- Net profit of € 2.1 million (Q3 2007: € -4.7 million)
- Significant reduction of CAPEX to € 21.1 million (Q3 2007: € 34.5 million)
- Well financed for anticipated growth
  - € 49.4 million liquidity as of September 30, 2008
  - € 36.7 million undrawn revolving credit facility available

Note: All results based on IFRS

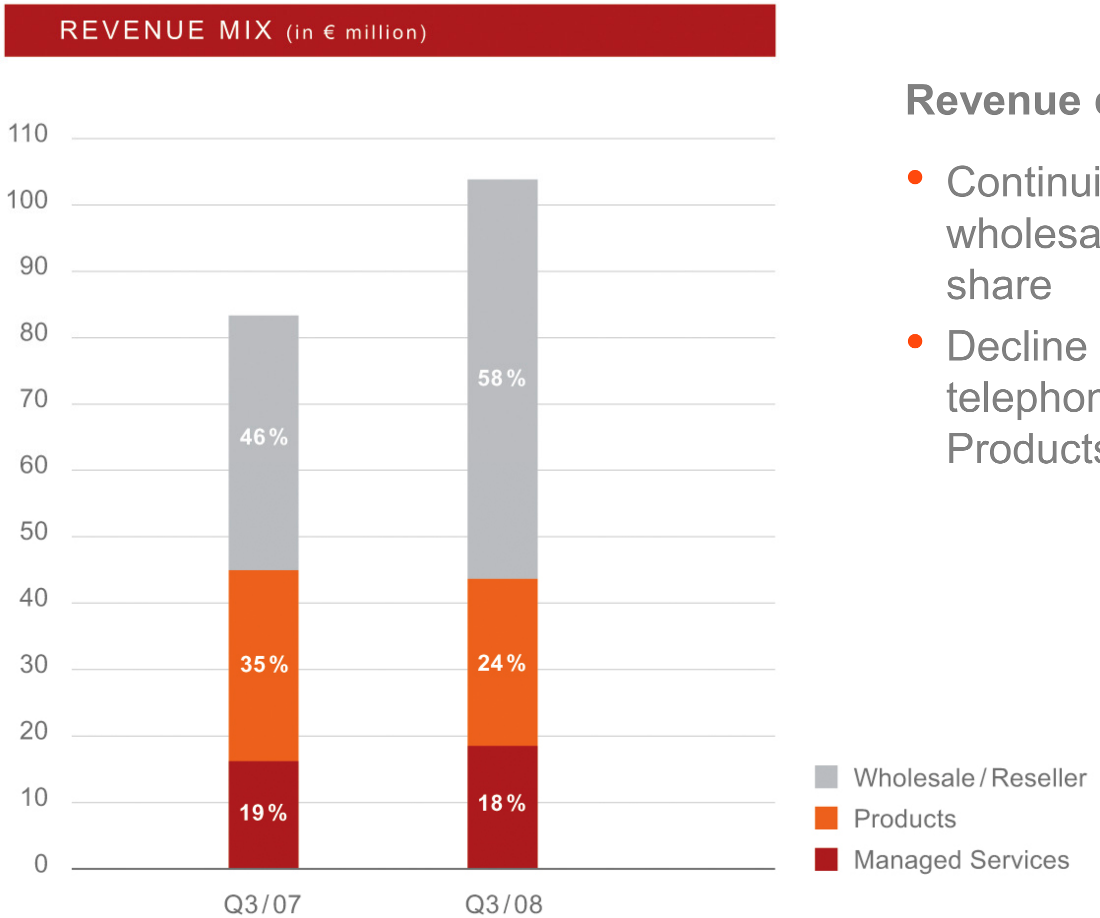
PROFITABILITY THRESHOLD OF ~ 550,000 ULLs REACHED IN OCTOBER

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



QSC AG
Premium Telecommunication

ADSL2+ WHOLESALE MAIN REVENUE DRIVER IN 2008

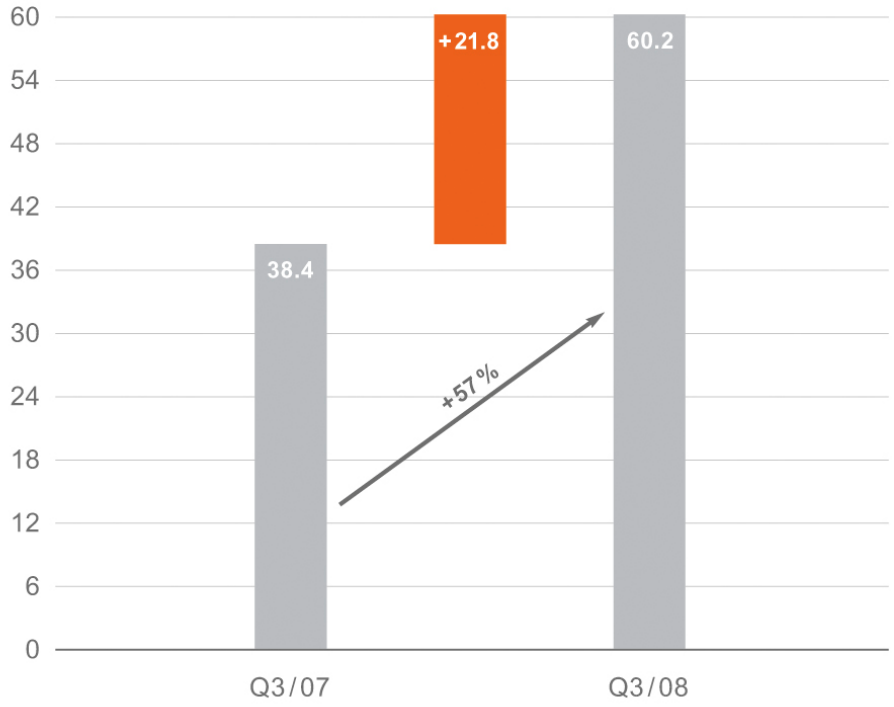


Revenue drivers

- Continuing growth in ADSL2+ wholesale leads to higher revenue share
- Decline of traditional, minute-based telephony revenues reflected in Products

SUSTAINED GROWTH OF WHOLESALE BUSINESS

WHOLESALE/RESELLER YEAR-ON-YEAR (in € million)



Break-up of revenues

- 50% of segment revenues from ADSL2+
- 11% from legacy voice

German Market 2008

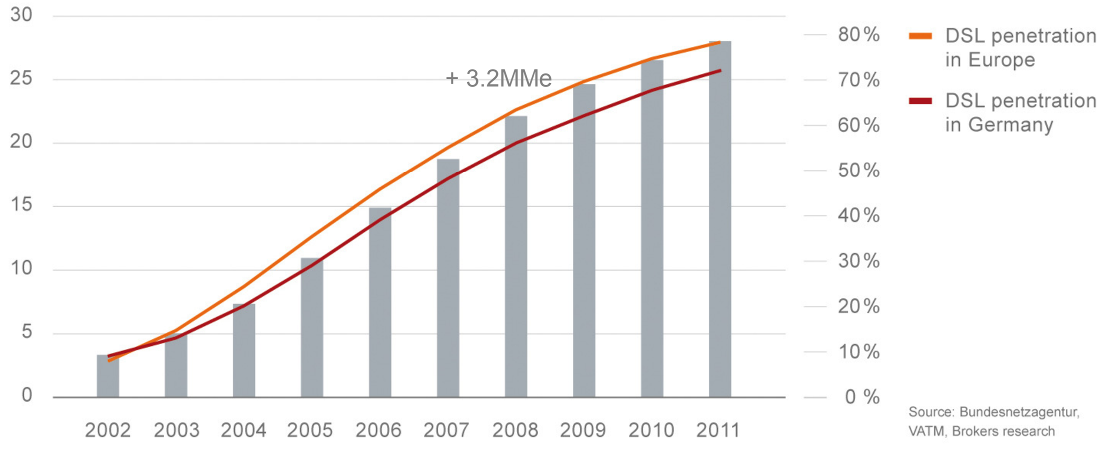
- 3.2 million new DSL customers expected
- Growing demand for unbundled lines
- Substitution of T-DSL Resale by ULLs (2.9 million on September 30, 2008)

QSC 2008

- All major wholesale partners under contract
- Profitable business with resellers i.e. international carriers
  - BT
  - Colt Telecom
  - Orange
  - Verizon

GERMANY REMAINS A DSL COUNTRY
Prospective market development in the coming years

DSL LINE GROWTH (in million)



Source: Bundesnetzagentur, VATM, Brokers research

Main drivers for ADSL2+

+ Still growth in demand for DSL
+ Retail ISPs need access to "complete" ULL vs. "bundled" T-DSL wholesale lines
- Cable growth benefits from "catch up" effect following modernisation of local / regional networks

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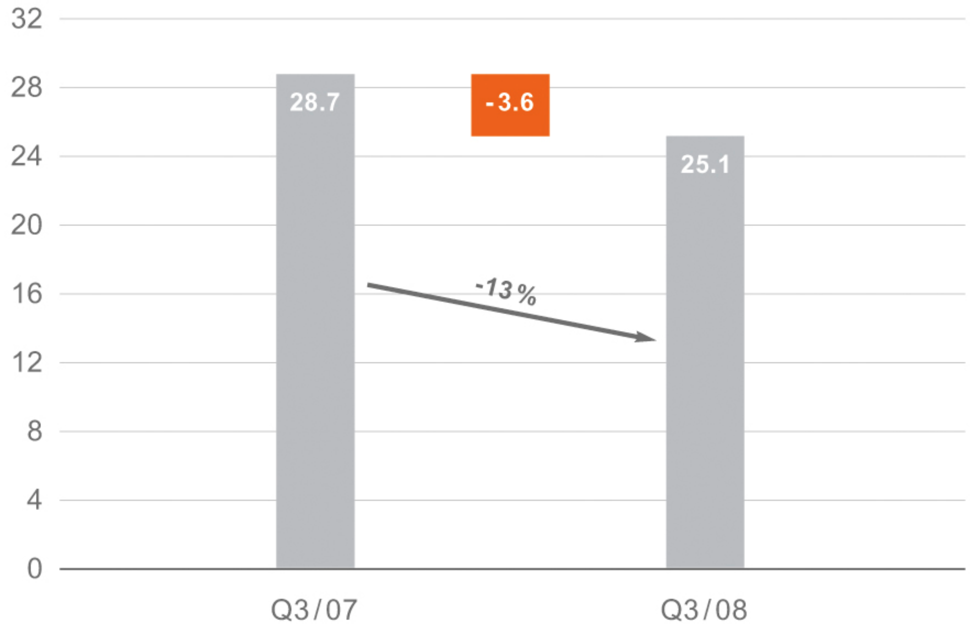
SLOW DOWN OF REVENUE DECLINE COUNTERED BY INCREASE OF VOIP/DIRECT ACCESS

PRODUCTS YEAR-ON-YEAR (in € million)



Break-up of revenues

- 45% legacy voice (H1 2008: 50%)

Market 2008

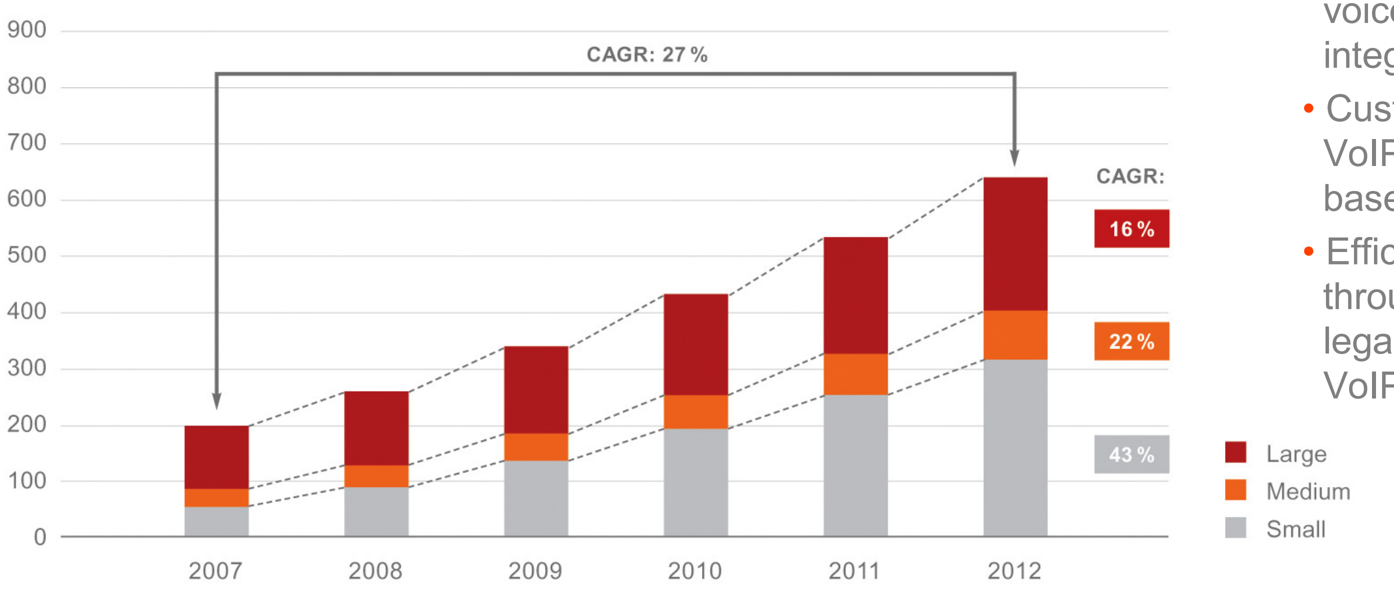
- Slow down of price competition
- Rapid gain of market share of VoIP

QSC 2008

- Growing demand for direct access to QSC's network and VoIP products
- Positive development of DSL and combined voice/data products for corporates and SOHOs
- New product S.HDSL bis: up to 20 Mbit/s symmetric

VOIP WILL BE A GROWTH DRIVER IN THE COMING YEARS

GERMAN MARKET SPENDINGS ON BUSINESS VOIP (in € million)



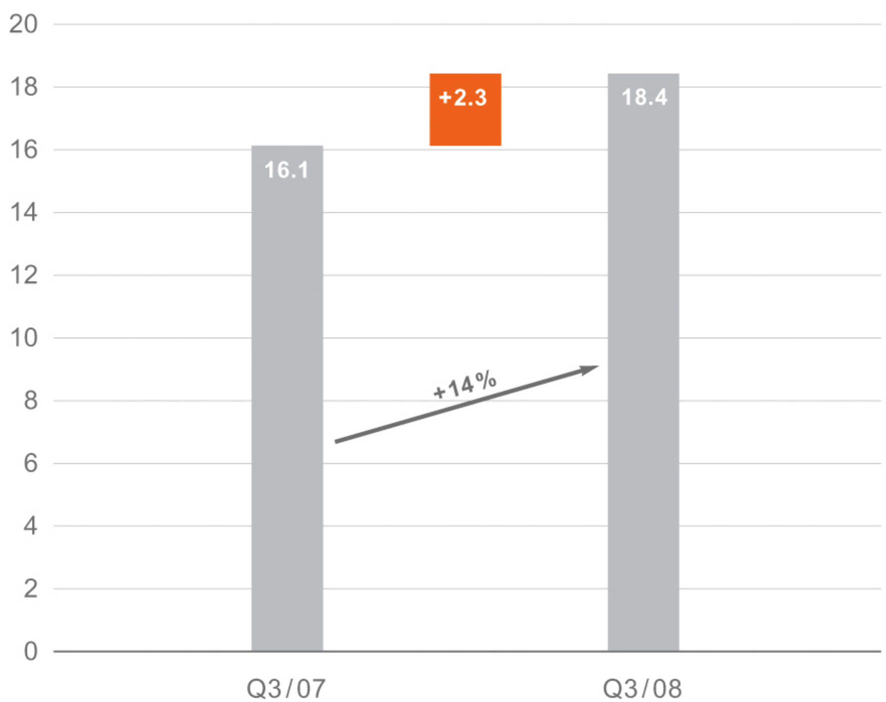
Source: IDC "Telekommunikationsmarkt in Deutschland", April 2008

Main drivers

- Enterprises replace separate data and voice networks by integrated IP networks
- Customers combine VoIP with further IP-based services
- Efficiency gains through migration from legacy telephony to VoIP based applications

QSC SELLS EFFICIENCY AND PRODUCTIVITY GAINS TO ENTERPRISE CUSTOMERS

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



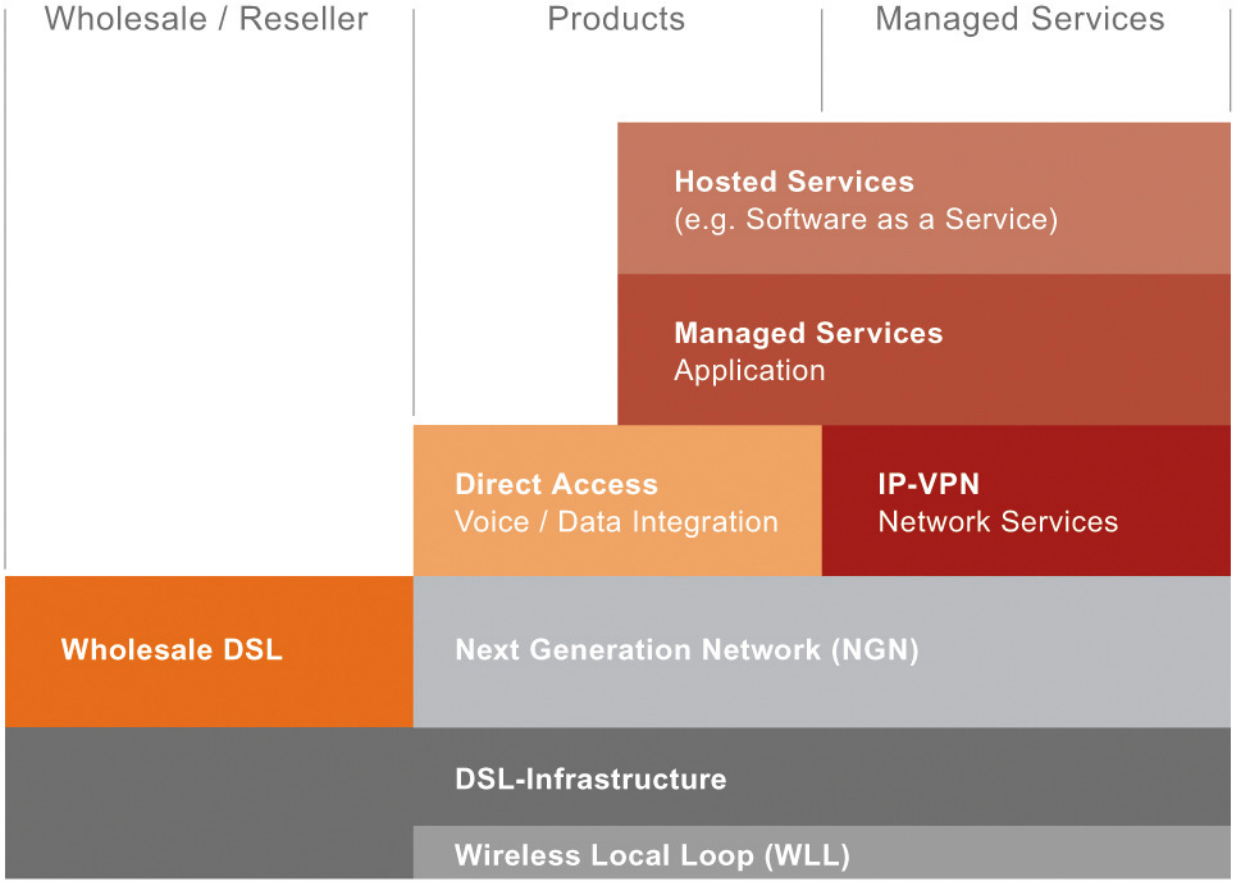
Market 2008

- Integration of VoIP in IP-VPN solutions
- Still growth opportunities in IP-VPN, especially in the SME-Segment
- High interest in new services like Communication-as-a-Service targeting call centers (**A**pplication **C**all **D**istribution)

QSC 2008

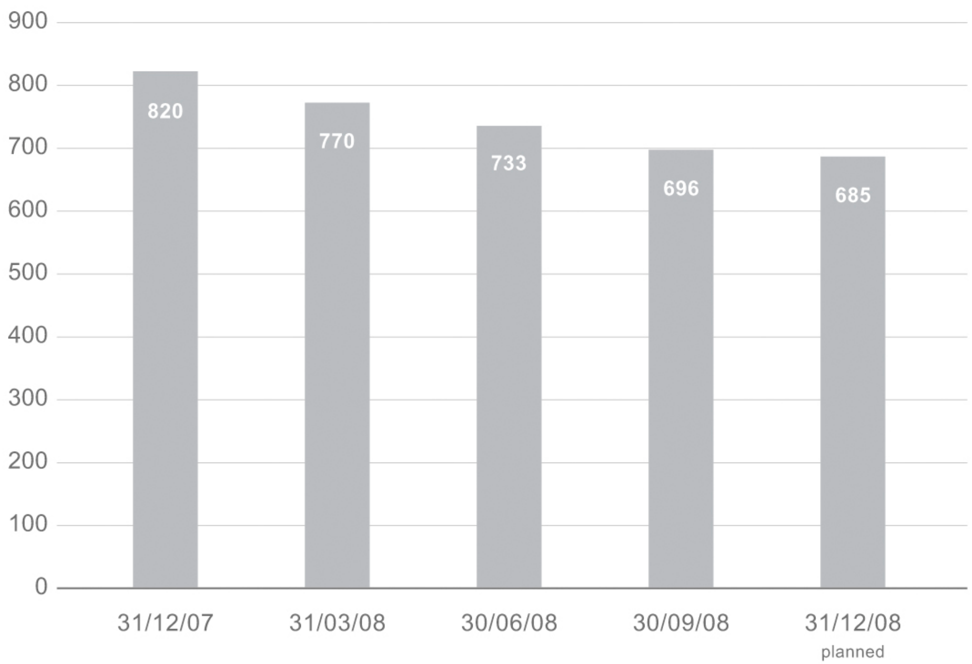
- NGN ‘ready’ for the new services
- Growing demand of Managed and Hosted Services like VirtuOS ACD
- QSC sells efficiency and productivity gains

QSC's BUSINESS MODEL:
MOVING UP THE VALUE CHAIN



SWIFT INTEGRATION OF BROADNET ACQUISITION

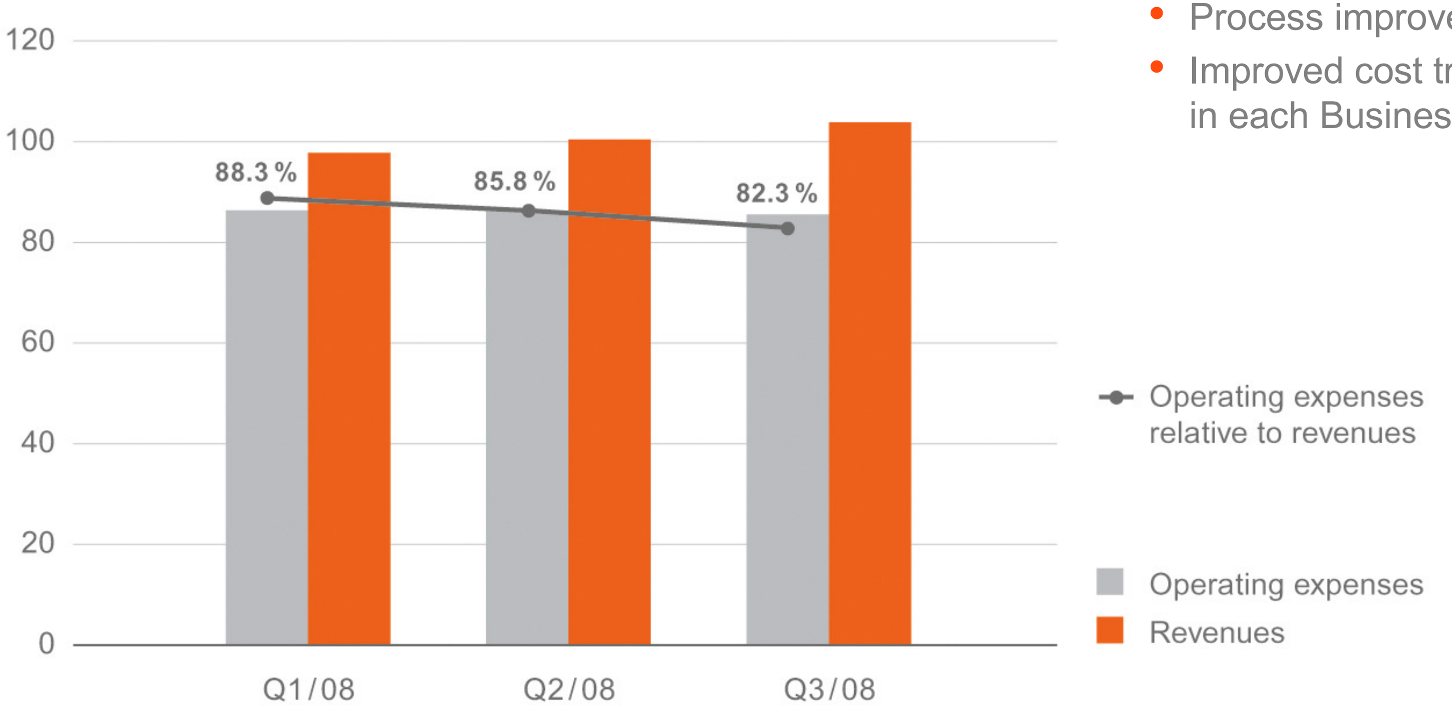
EMPLOYEES OF QSC (FTE)



- Network
  - Overlap is eliminated
  - QSC takes full advantage of Broadnet's WLL network
- Sales and marketing
  - All sales offices in Germany are merged
  - Consolidated product range
- Administration
  - Headquarter functions are consolidated in QSC's headquarter in Cologne

IMPROVED COST DISCIPLINE

OPERATING EXPENSES VS. REVENUES (in € million)



Main drivers

- Improved cost discipline
- Process improvements
- Improved cost transparency in each Business Unit

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QSC WELL POSITIONED FOR 2009 AND BEYOND

- QSC sells efficiency and productivity gains to enterprise customers
- QSC is well financed and under leveraged
- Growth in Wholesale / Reseller business
- Growing demand for new managed services in niche markets
- QSC – The NGN-Carrier => perfect starting position for the VoIP age
- Growth opportunities plus cost discipline will allow further profitability gains

1. Operational Update

2. *Financial Results / Outlook*

REVENUE GROWTH AND COST DISCIPLINE LEAD RETURN TO PROFITABILITY

In € million	Q3 2007	Q3 2008	Δ
• Revenues	83.2	103.6	+24.5%
• Network expenses [1]	57.9	70.3	+21.4%
• *Gross profit*	*+25.3*	*+33.3*	*+31.6%*
• Other operating expenses [1]	17.9	15.0	-16.2%
• *EBITDA profit*	*+7.4*	*+18.3*	*+147.3%*
• Depreciation	12.7	15.7	+23.6%
• *EBIT profit / loss*	*-5.3*	*+2.6*	*nm*
• Financial results	-0.6	-0.4	-33.3%
• Income taxes	-	-0.1	nm
• *Net profit / loss*	*-4.7*	*+2.1*	*nm*

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

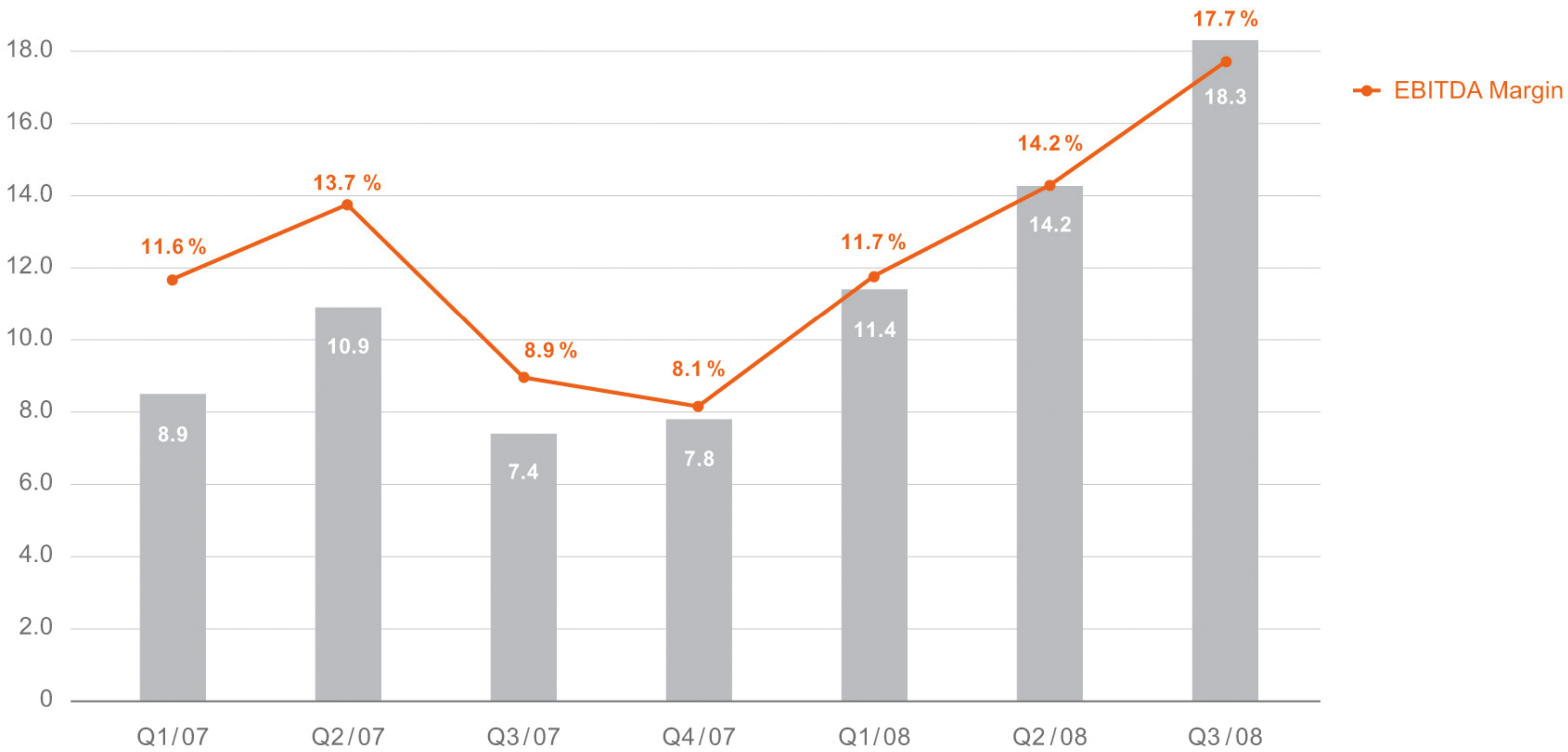
STRONG PROFITABILITY GROWTH Q-o-Q

In € million	Q2 2008	Q3 2008	Δ
• Revenues	100.2	103.6	+3.4%
• Network expenses (1)	69.3	70.3	+1.4%
• *Gross profit*	*+30.9*	*+33.3*	*+7.8%*
• Other operating expenses (1)	16.7	15.0	-10.2%
• *EBITDA profit*	*+14.2*	*+18.3*	*+28.9%*
• Depreciation	15.0	15.7	+4.7%
• *EBIT profit / loss*	*-0.8*	*+2.6*	*nm*
• Financial results	-0.6	-0.4	-33.3%
• Income taxes	-0.1	-0.1	-
• *Net profit / loss*	*-1.5*	*+2.1*	*nm*

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

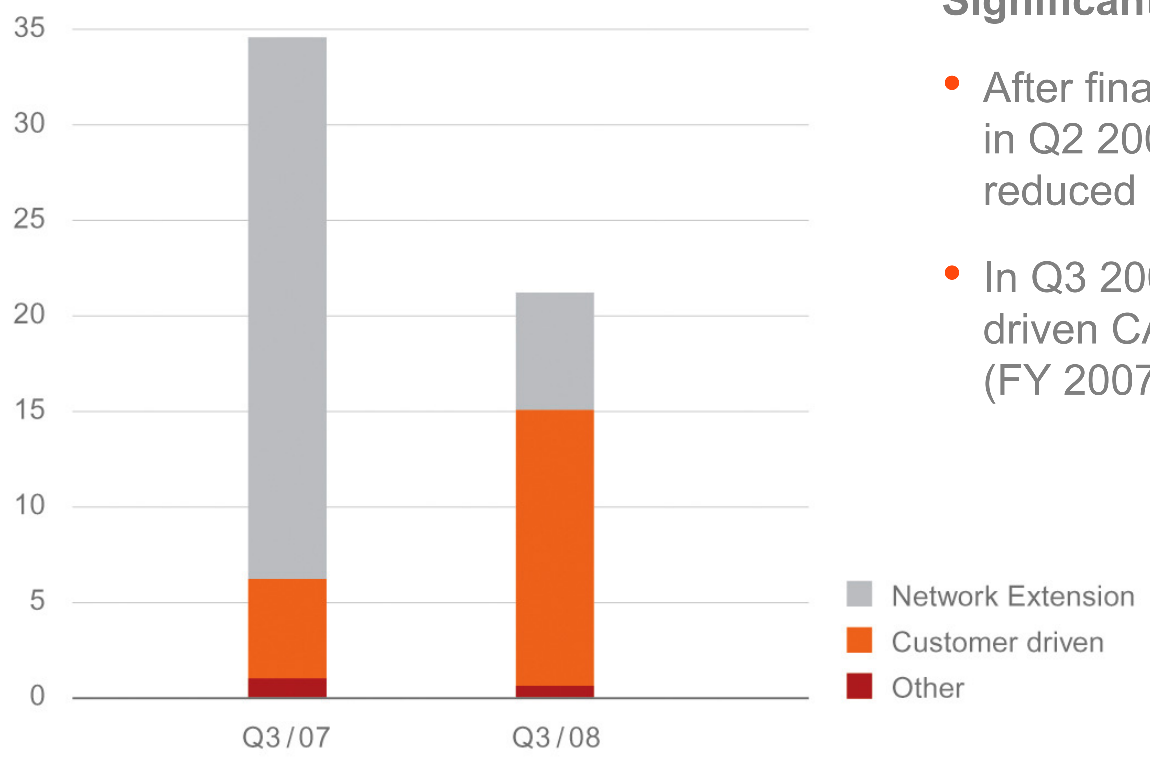
EBITDA MARGIN REACHES 18 PERCENT

EBITDA QUARTER-ON-QUARTER (in € million)



CUSTOMER GROWTH DRIVES CAPEX IN Q3 2008

CAPEX (in € million)

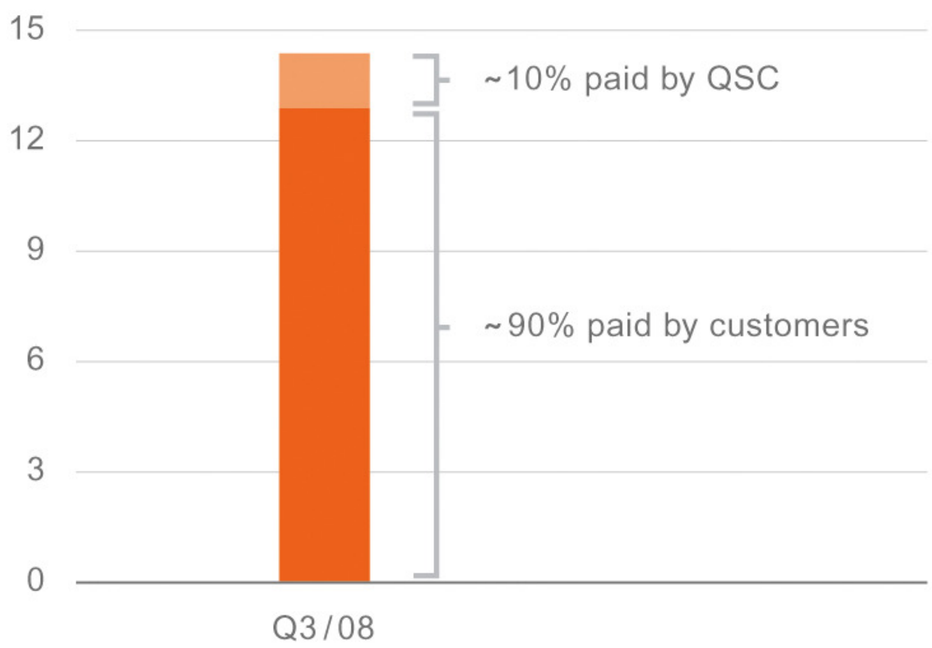


Significant reduction of CAPEX

- After finalisation of network rollout in Q2 2008, CAPEX substantially reduced by 39%
- In Q3 2008, share of customer-driven CAPEX rose to 68% (FY 2007: 44%)

90% OF CUSTOMER-DRIVEN CAPEX IS INVOICED TO CUSTOMERS

CUSTOMER RELATED CAPEX (in € million)

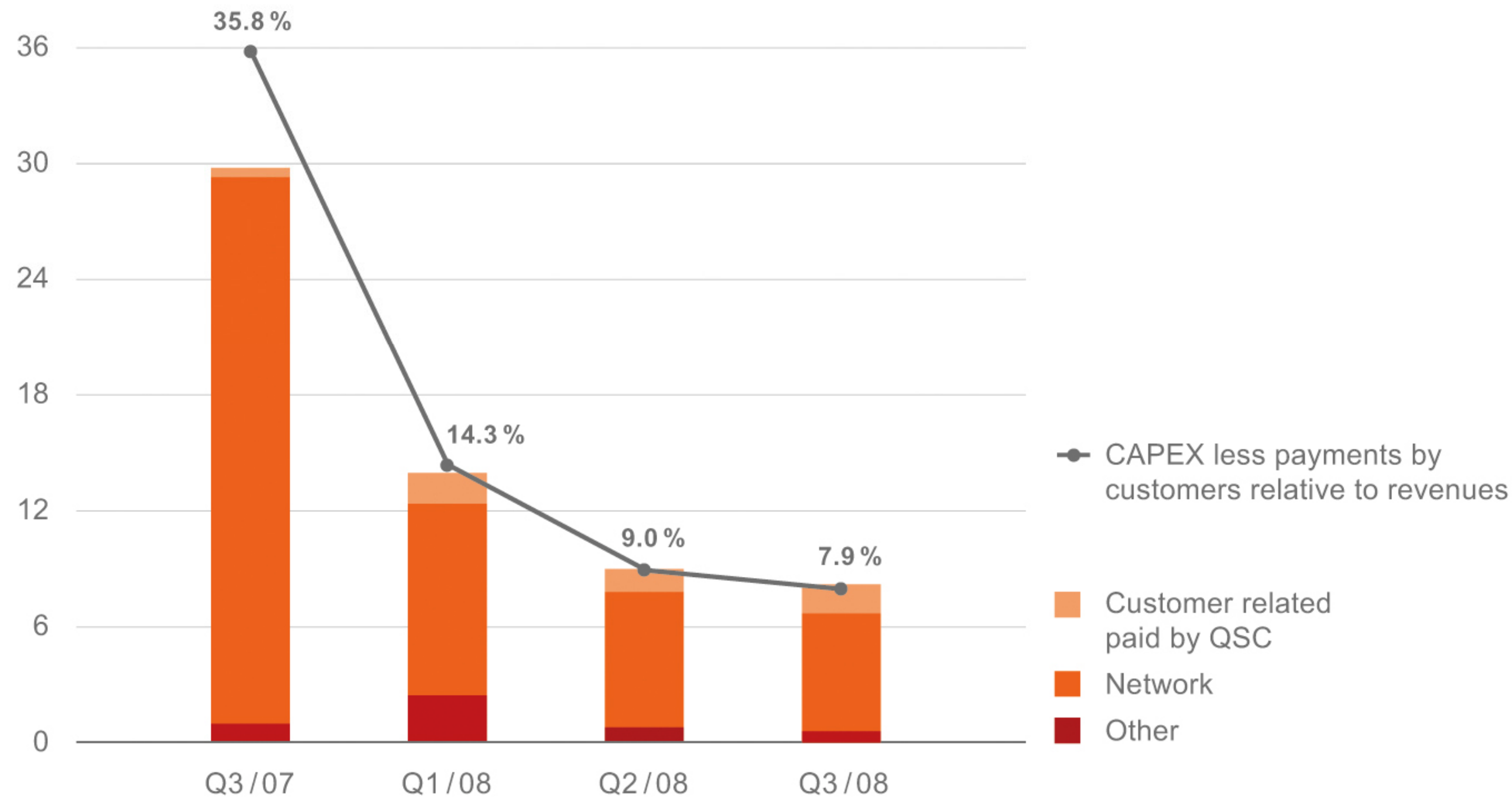


Customer related CAPEX as prepayment for future revenues

- 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

STRONG IMPROVEMENT OF CASH / REVENUES RATIO

CASH RELEVANT CAPEX (in € million)



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SIGNIFICANT REDUCTION OF INTEREST-BEARING LIABILITIES / IMPROVED WORKING CAPITAL

In € million	Q2 2008	Q3 2008	Δ
+ Cash and short-term deposits	+49.2	+47.7	-1.5
+ Available-for-sale financial assets	+13.8	+1.7	-12.1
+ Liquidity	*+63.0*	*+49.4*	*-13.6*
- Finance lease obligations	-46.5	-42.2	-4.3
- Short- and long-term liabilities	-12.4	-10.6	-1.8
- Liabilities due to banks	-3.0	-	-3.0
- Financial debt	*-61.9*	*-52.8*	*-9.1*
= Net liquidity (net debt)	*+1.1*	*-3.4*	*-4.5*
+ Trade receivables	+58.1	+60.5	+2.4
- Trade payables	-71.4	-62.9	+8.5
= Working capital	*-13.3*	*-2.4*	*+10.9*

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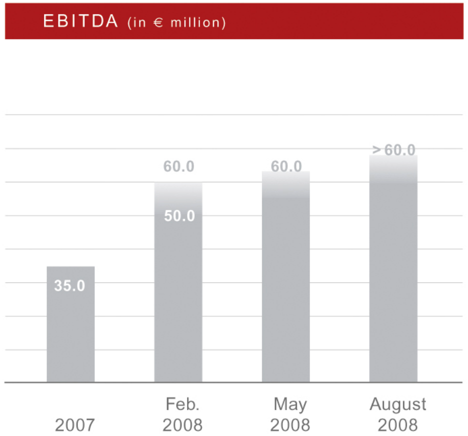
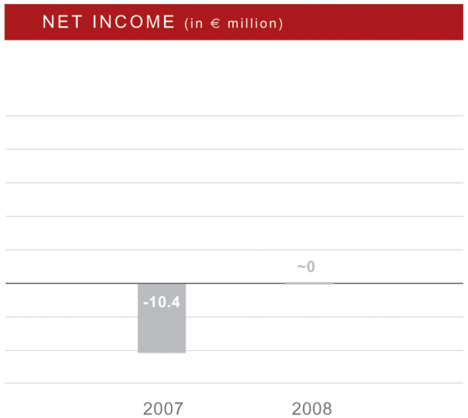
SOLID FINANCING OF QSC:
€ 36.7 million undrawn revolving credit facility

Amount:	€ 50 million revolving credit facility
Banks:	Commerzbank (40%) Sparkasse KölnBonn (30%) DZ Bank (30%)
Term:	December 31, 2011
Interest rate:	EURIBOR +1.0-1.85% p.a. depending on EBITDA margin
Covenants:	Equity / Total assets (adjusted) Net debt / EBITDA EBITDA margin in %

As of 30/09/2008: € 36.7 million undrawn revolving credit facility available
QSC has drawn down € 0 in liquidity and € 13.3 million in guarantees

OUTLOOK 2008
QSC expressly reiterates its guidance





- QSC expects revenues of more than € 405 million
- QSC expects EBITDA of more than € 60 million
- Net income ~ € 0 million

FINANCIAL CALENDER 2009

February 26, 2009	Publication of Preliminary Results 2008 Publication of Outlook 2009
March 31, 2009	Publication of Annual Report 2008
May 13, 2009	Publication of Quarterly Report I/2009
May 20, 2009	Annual Shareholders’ Meeting
August 12, 2009	Publication of Quarterly Report II/2009
November 11, 2009	Publication of Quarterly Report III/2009

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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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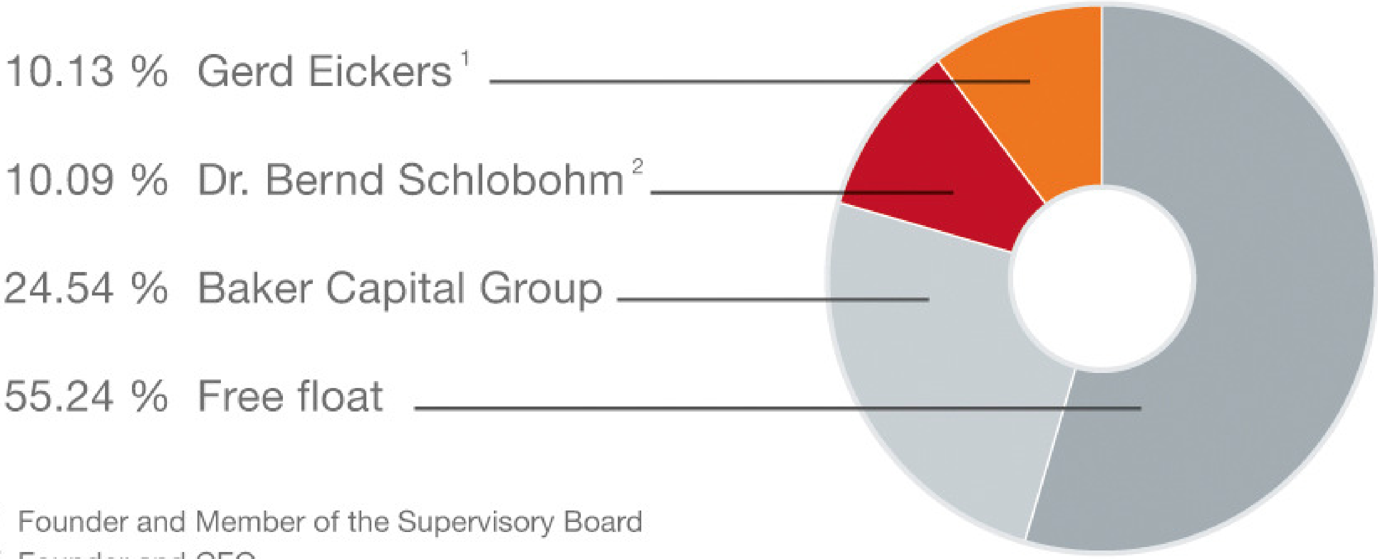
APPENDIX

STABLE SHAREHOLDER STRUCTURE SINCE IPO

SHAREHOLDER STRUCTURE



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

Status quo: 31/12/2008

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
- **Network breakeven achieved**
  - QSC cross the threshold at some 550,000 ULLs (10/2008)

ALL SEGMENTS WITH ATTRACTIVE MARGINS

SEGMENT CONTRIBUTION MARGIN (in percent)