QSC AG

Investor & Analyst Conference

Frankfurt, March 5, 2012

AGENDA

1. Strategic overview 2011
2. Financial overview 2011
3. Financial outlook 2012
4. Strategic outlook 2012 – 2016
5. Questions & Answers

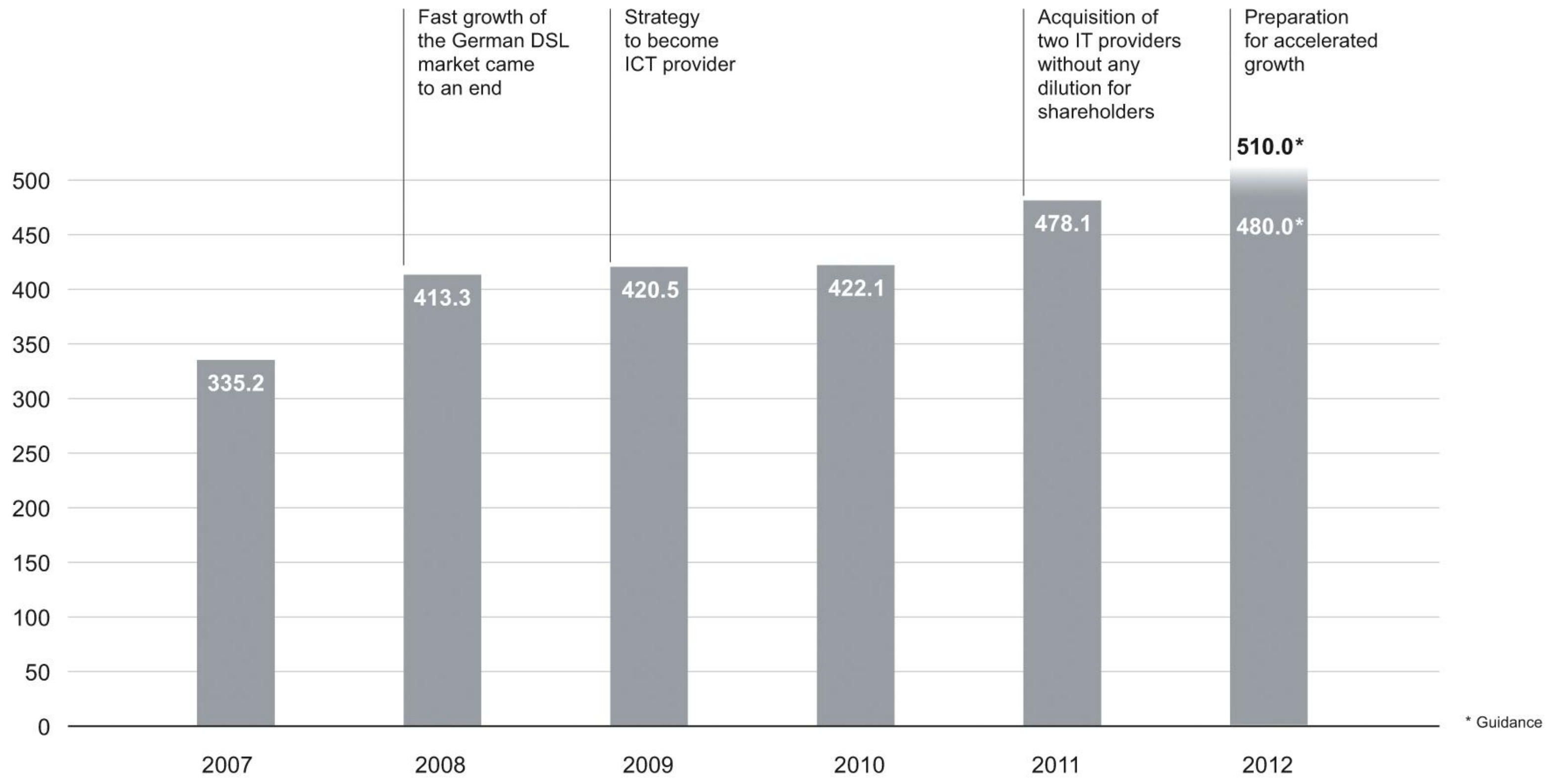
2011: A SUCCESSFUL YEAR FOR THE QSC GROUP

- Revenues: +13% to **€ 478.1 million**
- EBITDA: +2% to **€ 79.9 million**
- EBIT: +25% to **€ 26.2 million**
- Net income: +16% to **€ 28.0 million**
- Free cash flow: +48% to **€ 41.0 million**

⇒ Strong operating performance in 2011 and expected future cash flow growth provide a solid base for the first dividend
Management recommendation: **€ 0.08 per share**

DESPITE ONGOING TRANSFORMATION PROCESS, QSC CONTINUES TO STAY ON GROWTH COURSE

REVENUES (in € million)



QSC AG Premium Telecommunication

A SHORT GLANCE AT OUR LATEST ACQUISITIONS …

INFO AG

- IT Outsourcing and IT Consulting specialist with some 130 business customers; rooted in Northern Germany
- At the end of 2011, QSC has acquired 92.3% of INFO AG shares for a consideration of € 49.4 million

IP Partner

- Housing and Hosting specialist with some 60 business customers, mainly in Southern Germany
- QSC acquired 100% of IP Partner shares effective Jan 3, 2011 for € 25 million

… AND THEIR SUCCESS IN 2011

INFO AG

- INFO AG won several large consulting and outsourcing accounts like Dussmann as well as huge natural gas providers
- In 2011, INFO AG accelerated its growth course:
  Revenues have grown by 19% to € 101.6 million (2010: +4%)

IP Partner

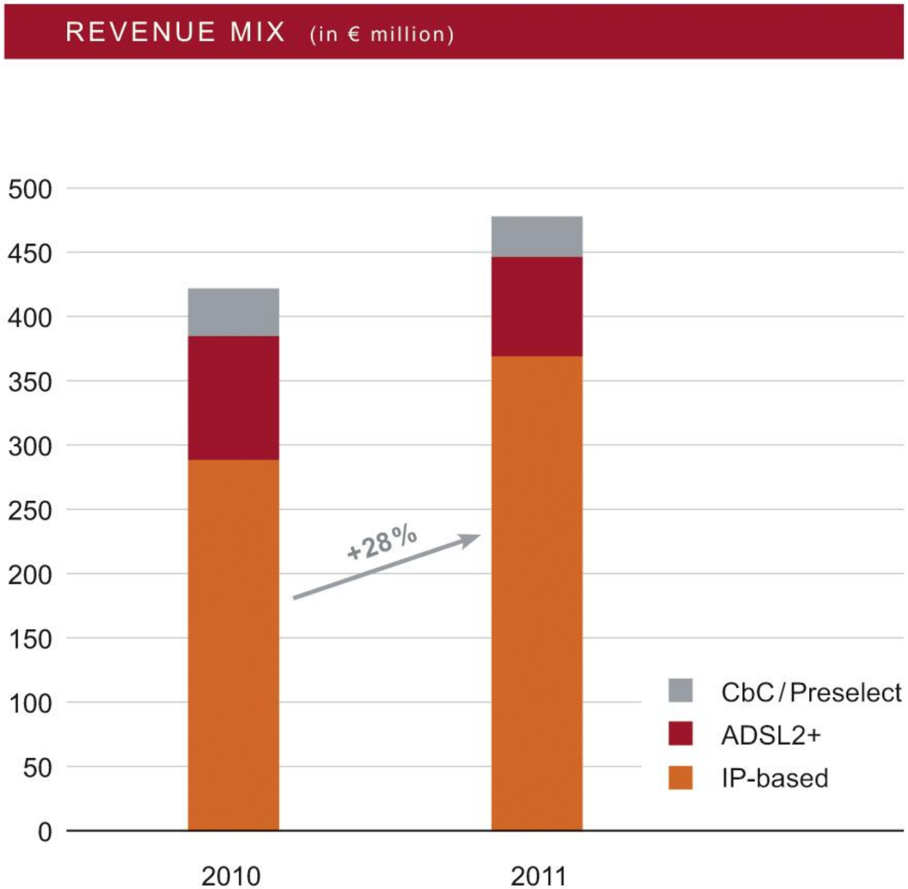
- Milestone: Opening of a new 1,000 sqm data centre (Tier IV) for DATEV in Nuremberg and opening of a 5,000 sqm data centre in Munich (Tier IV as well)
- In 2011, revenues have grown by 33% to € 18.7 million (2010: +6%)

2011: ACCELERATION OF THE TRANSFORMATION

- Two acquisitions of IT providers: INFO AG and IP Partner
- Successfully attracted new clients in the ICT segment with large total contract values each > € 5 million
- Ongoing focus on IP-based revenues and gradual reduction of exposure to legacy TC products
- Stronger focus on intellectual property e.g. development of own cloud products (launch of cospace in Q1 2012)
- Recruitment of dozens of IT experts to strengthen especially the fast-growing IT Consulting and Outsourcing business (total workforce at Dec 31, 2011: 1,303)

QSC + INFO + IP PARTNER = THREE COMPANIES WITH REMARKABLE COMPLEMENTARY STRENGTHS

NEW SUBSIDIARIES ACCELERATE IP-BASED REVENUES



Success of transformation process

- IP-based revenues grew by:
  € 80.6 million (yoy: +28%)

Three factors have limited faster growth

- Declining call-by-call business due to market development:
  € -5.6 million (yoy: -15%)
- Decline of ADSL2+ revenues:
  € -19.1 million (yoy: -20%)
- Negative impact of regulation as a result of lower termination fees:
  € -26.0 million

CUSTOMERS WELCOME THE NEW OPPORTUNITIES, DEMONTSRATING CROSS SELLING POTENTIAL

»We were looking for a full-service ICT provider, **fast and flexible;** suited to our SME-sized company.«

»Long-term **financial strength** is a key argument for an ICT outsourcing partner – and that's what the QSC group offers.«

»It is great to have a partner who is able to offer **SLAs** from the data centre all the way down to the desktop.«

»Our tender was open only for players with strong **networking** and **outsourcing** capacities.«

QSC GROUP WAS ABLE TO WIN LARGE AND PROFITABLE ACCOUNTS IN 2011

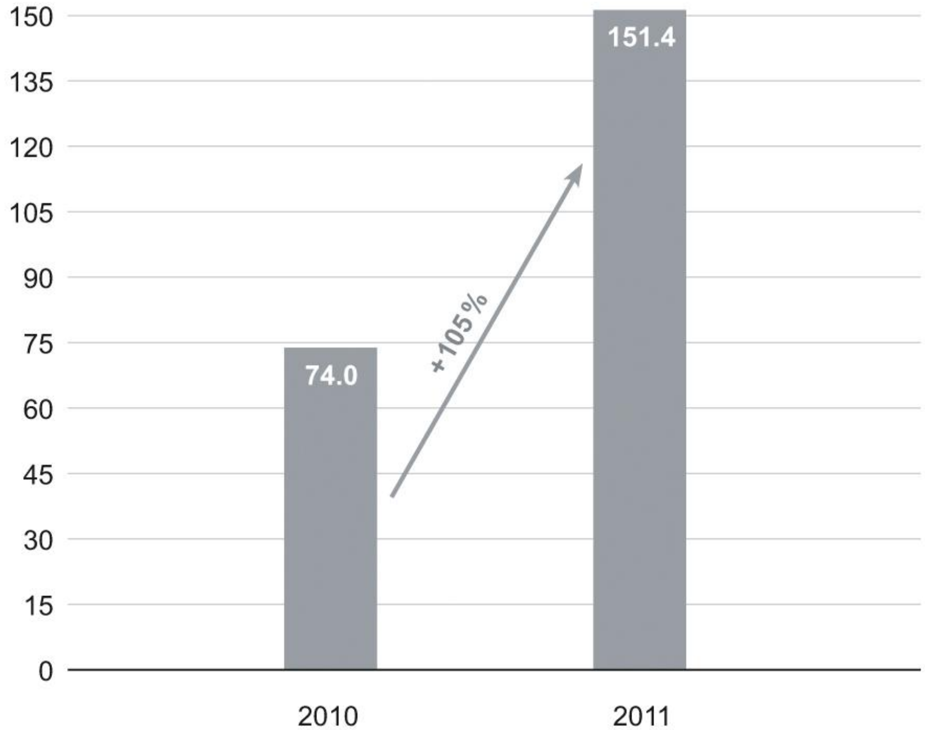
Industry	Total contract value
Gas / Energy	€ 22,000,000
Retail	€ 9,800,000
Food & Beverages (Tobacco)	€ 9,300,000
Insurance / Healthcare	€ 8,500,000
Logistics / Shipping	€ 5,900,000
Industry / Oil & Chemistry	€ 4,100,000
Consumer Electronics	€ 3,400,000
Services	€ 2,900,000
Others	€ 10,200,000

VERTICAL SALES STRATEGY HELPS TO ACQUIRE ATTRACTIVE ACCOUNTS

- QSC group has built up extensive industry know-how in the energy and gas sector
- With a targeted campaign, the company managed to win several large accounts and increased its revenues in this field by 40% in 2011

SIGNIFICANT IMPACT OF NEW SUBSIDIARIES IN DIRECT SALES

REVENUE DIRECT SALES (in € million)



- Consolidation of INFO AG and IP Partner as the backbone of Direct Sales growth
- Successes in Up- and Cross-Selling and New Business

PREPARATION FOR FURTHER GROWTH: INTEGRATION OF NEW SUBSIDIARIES

- Integration of IP Partner nearly completed at the end of 2011
  - Joint sales forces and back office functions
  - Management Board includes QSC and IP Partner executives
- Integration of INFO AG started in 2011
  - Focus on joint sales projects
  - Collaboration on board room level
- Next step: Merger of INFO AG and IP Partner including squeeze out – completion to be achieved by October 2012

PREPARATION FOR FUTURE GROWTH: DEBUT OF THE NEW QSC GROUP AT CEBIT 2012

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2011: QSC HAS BECOME AN ICT PROVIDER

- Transformation to a full-service ICT provider for business customers on back of INFO AG and IP Partner acquisitions
- QSC has all the assets to **profit from the ongoing growth of the ICT market** and especially the market for cloud services
- QSC is now able to deliver **end-to-end-services** – from the desktop to the data centre; **a USP in the ICT and cloud market**

⇒ An acceleration of the IP based revenue growth seems achievable through a higher level of integration and cross selling

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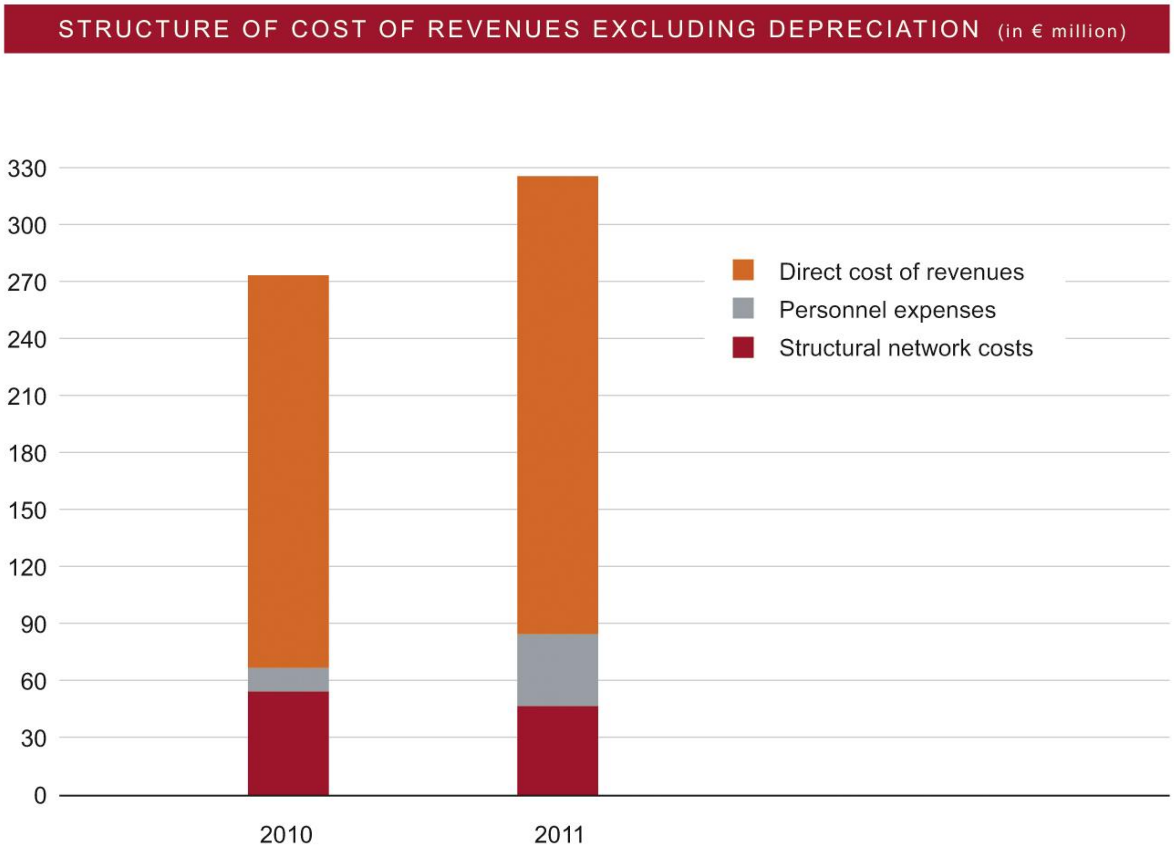
QSC GREW ITS EBIT BY 25% IN 2011

In € million	2010	2011	Δ
• Revenues	422.1	478.1	+13.3%
• Network expenses [1]	273.6	323.7	+11.8%
• *Gross profit*	*+148.5*	*+154.4*	*+4.0%*
• Other operating expenses [1]	70.4	74.5	+5.8%
• *EBITDA profit*	*+78.1*	*+79.9*	*+2.3%*
• Depreciation	57.2	53.7	-6.1%
• *EBIT profit*	*+20.9*	*+26.2*	*+25.4%*
• Financial results	-2.0	-2.8	-40.0%
• Income taxes	+5.3	+4.6	-13.2%
• *Net profit*	*+24.2*	*+28.0*	*+15.7%*

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

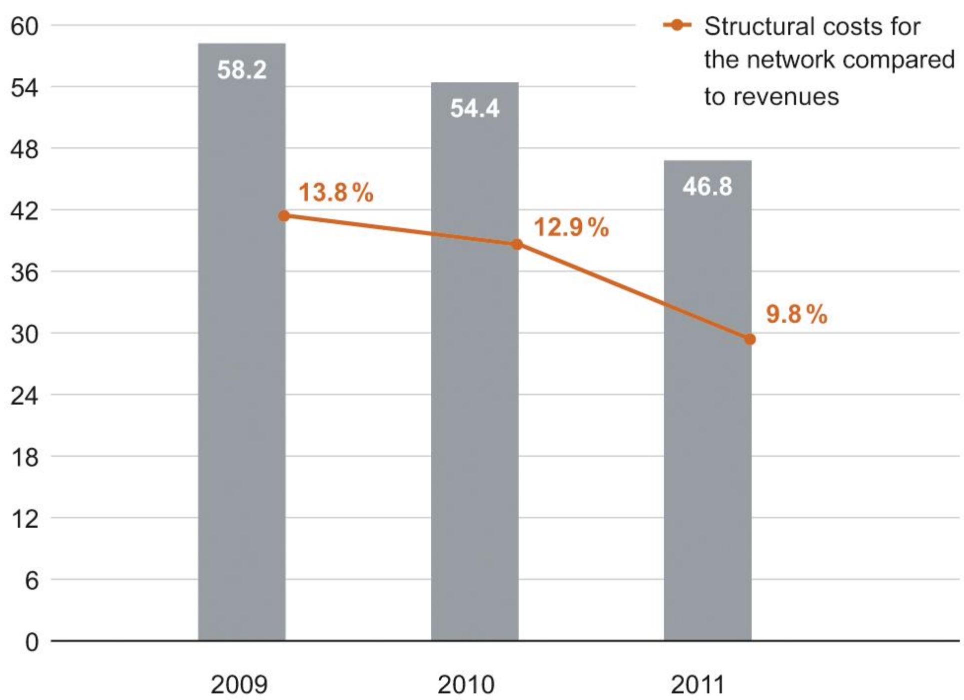
BULK OF COSTS OF INFO AG IS PART OF COST OF REVENUES



- Structural network costs declined significantly
- Personnel expenses are up because of first-time consolidation of consulting and outsourcing business
- Direct cost of revenues increased due to higher revenues

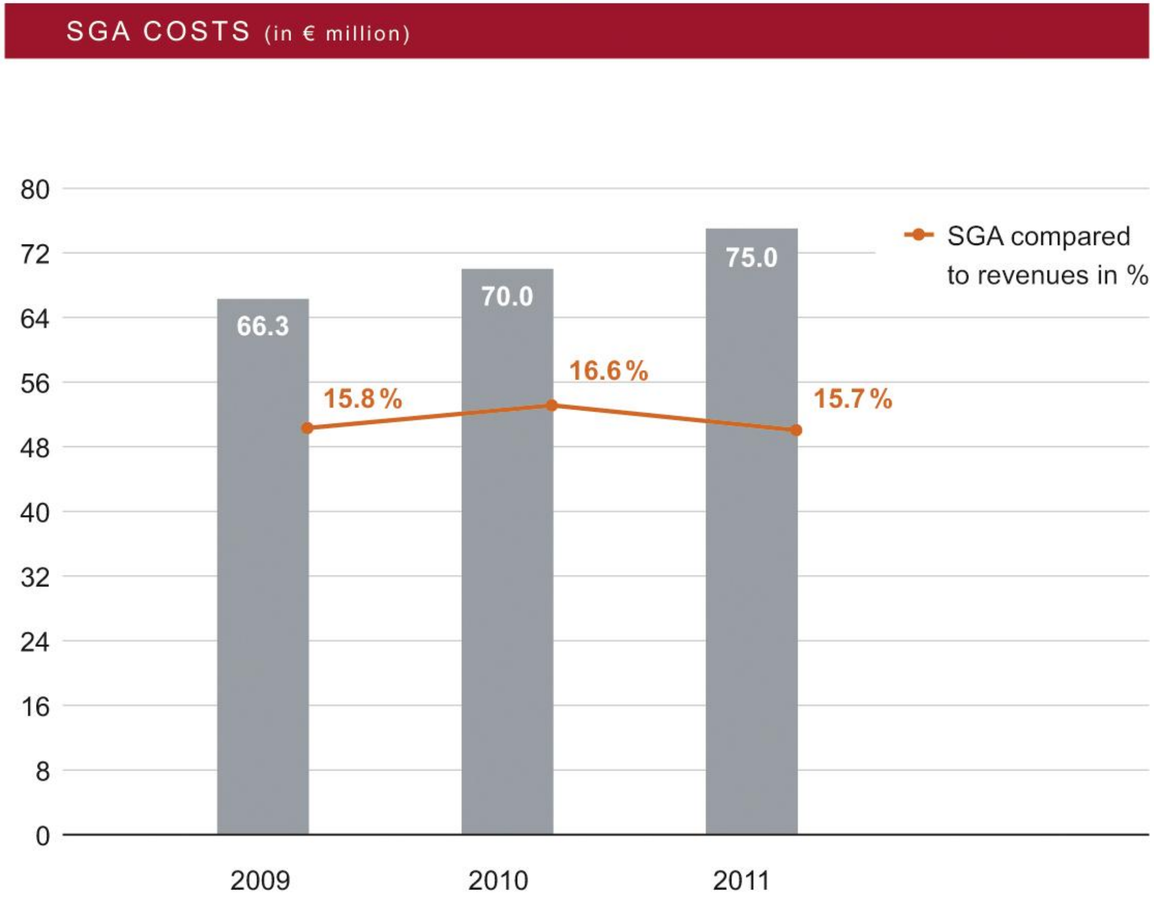
ONGOING DECLINE OF STRUCTURAL NETWORK COSTS IN ABSOLUTE AND RELATIVE TERMS

STRUCTURAL NETWORK COSTS (in € million)



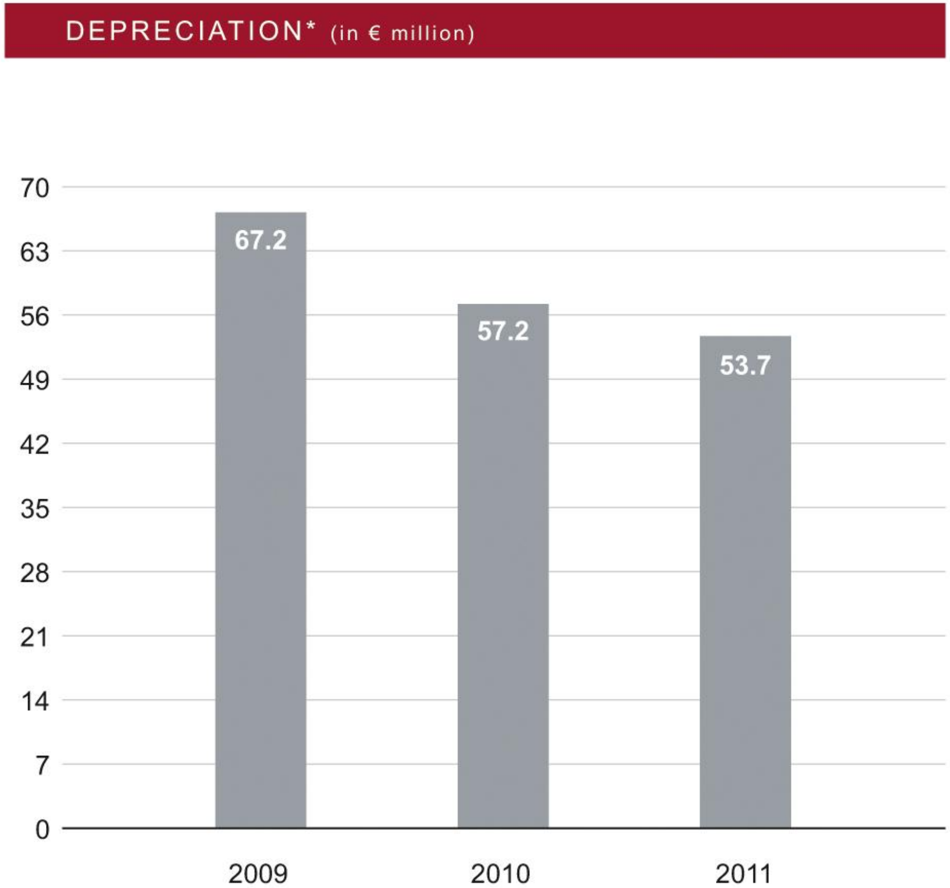
- Identified measures to decrease network costs by an substantial amount
- Contractual network cost improvements already secured
- Premature termination of Plusnet Joint Venture accelerates the optimization process

SHARE OF SG&A COSTS DECLINED IN 2011



- Slight increase of total SG&A costs due to first-time consolidation
- QSC group now maintains two headquarters of listed companies
- Nevertheless, share of SG&A costs declines in 2011 – strict cost discipline has paid off again

FURTHER REDUCTION OF DEPRECIATION IN 2011



Two major factors

- Ongoing decrease of depreciation for network- and customer-related investments
- One-offs due to purchase-price allocation

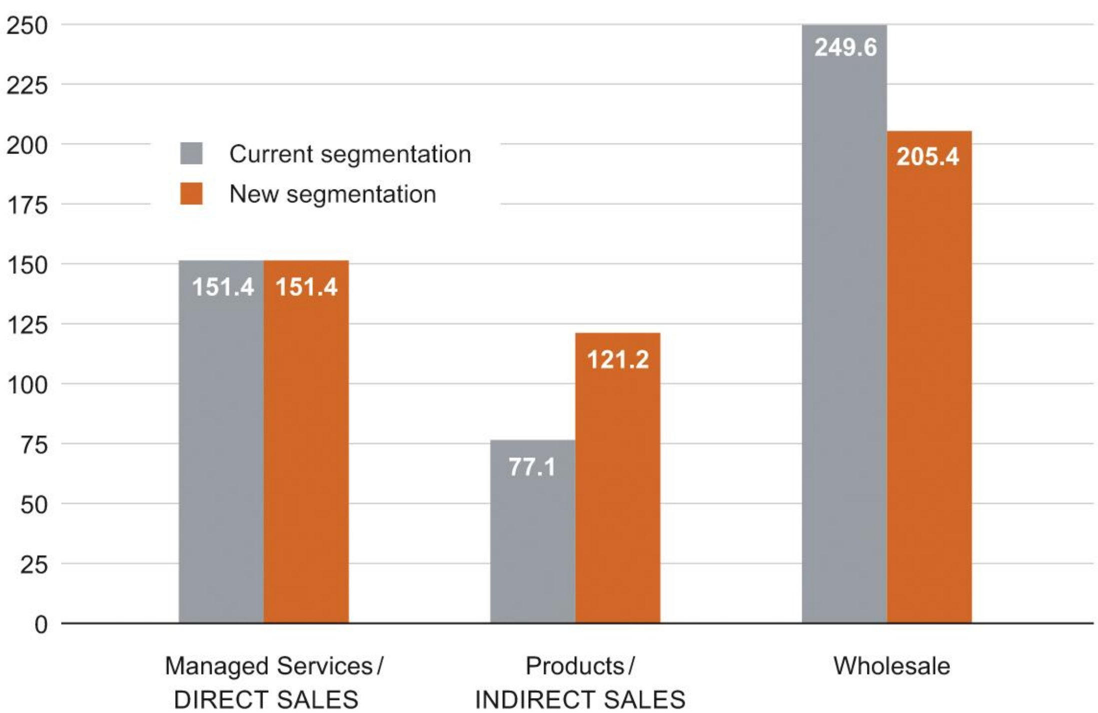
* including non-cash share-based payments

QSC ADOPTS NEW SEGMENTATION FOR THE FIRST TIME

Direct Sales	Indirect Sales	Wholesale
B-to-B: **ICT Solutions** **Managed Services**	**B-to-B-to-B:** **ICT Products for channel partners**	**B-to-B-to-C:** **Open Call by Call and Preselection**
	B-to-B-to-B: **Voice and Data services for ISPs and carriers**	**B-to-B-to-C:** **ADSL2+, Voice for residential Wholesale partners**

NEW SEGMENTATION IS STRENGTHENING THE INDIRECT SALES BUSINESS

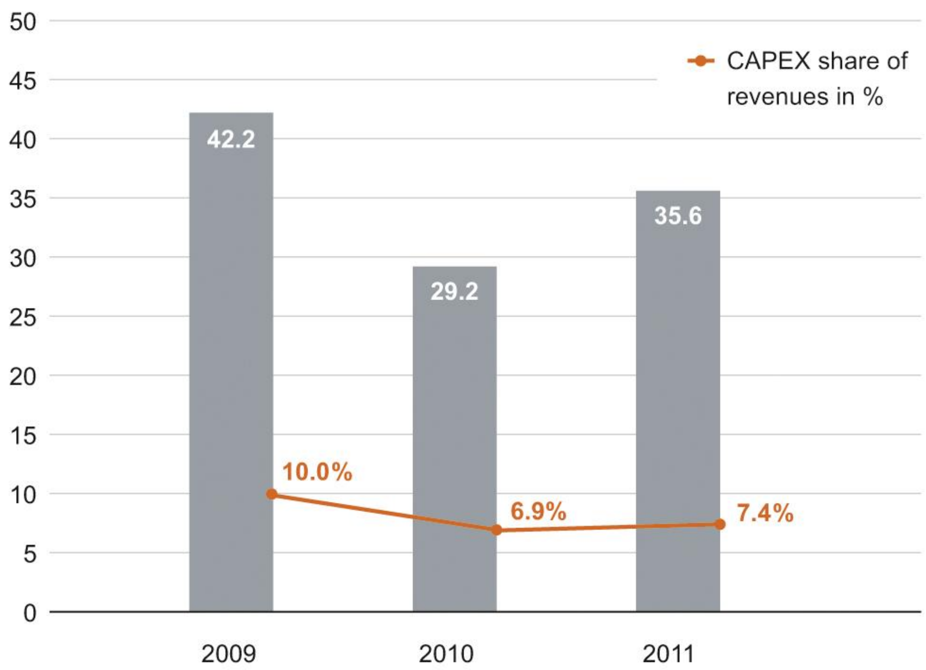
SEGMENT REVENUES FOR THE FISCAL YEAR (in € million)



- No change in Direct Sales / Managed Services
- Indirect Sales benefits because of the inclusion of the B2B2B business
- Wholesale business suffers from decline in Call-by-Call and ADSL2+ business

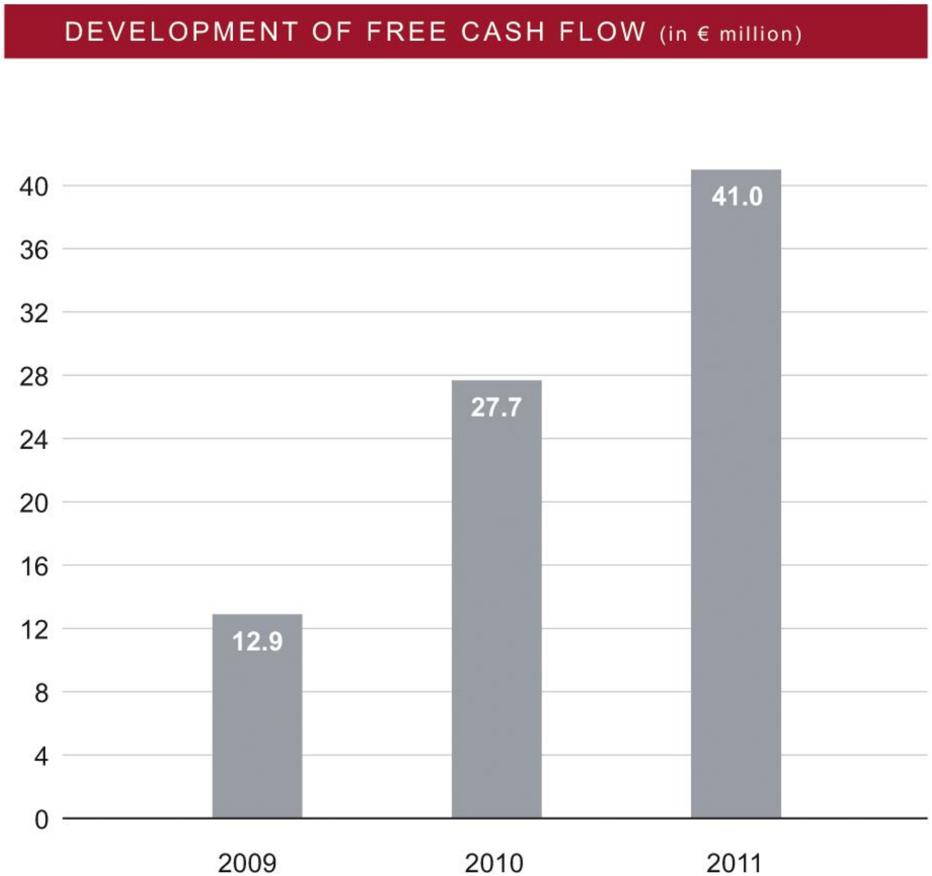
INVESTMENTS IN DATA CENTRES LED TO A SLIGHT INCREASE OF CAPEX

CAPEX DEVELOPMENT (in € million)



- In 2011, QSC has extended its data centre capacity to 10,000 sqm
- Apart from that, investments focus shifted to new customers and maintenance
- In general, QSC targets to invest 8% of revenues per year
- Percentage varies between 6 – 10%, mainly due to investments in new data centre capacity

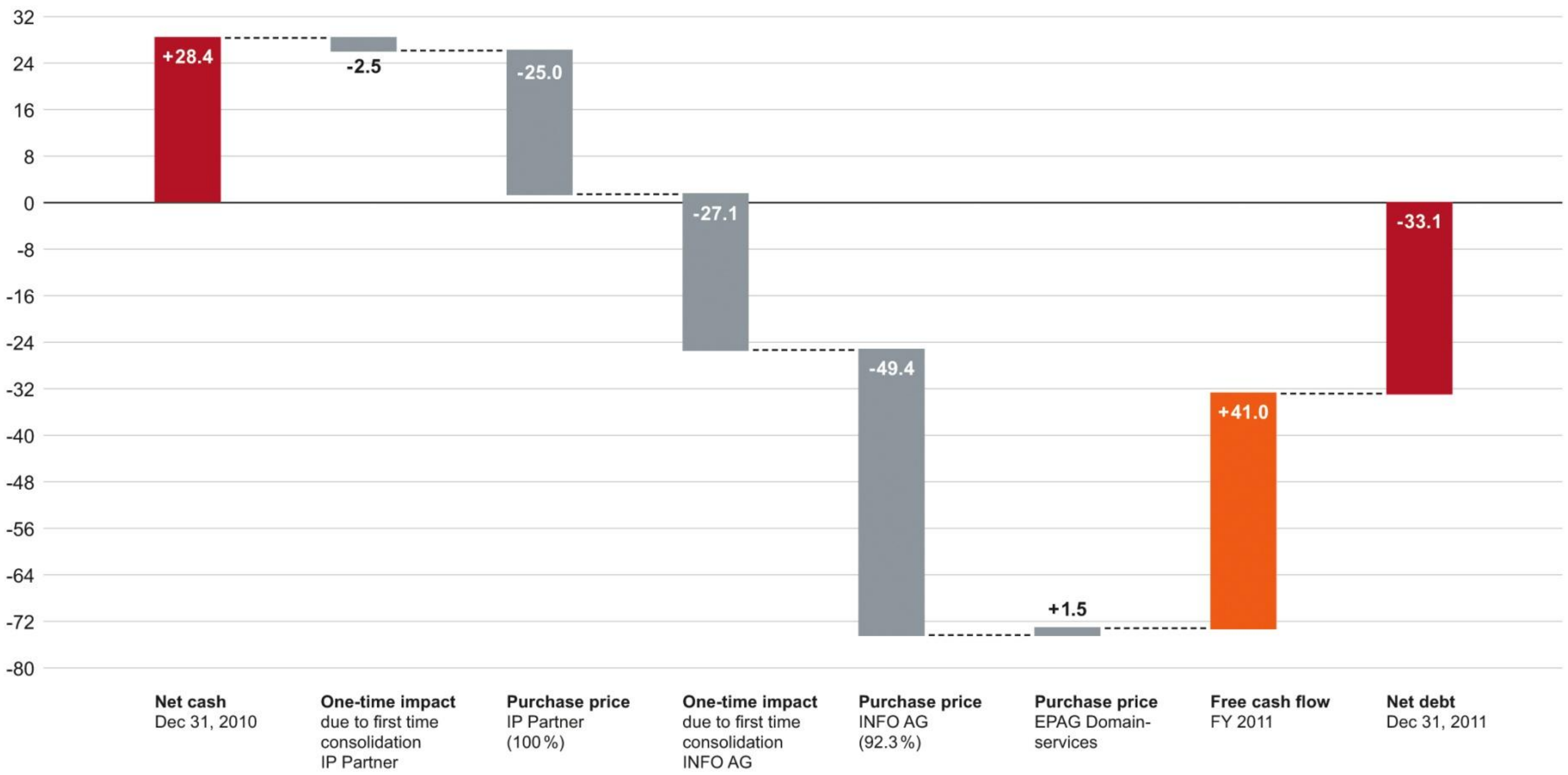
POSITIVE DEVELOPMENT OF FREE CASH FLOW



- QSC has reached reiterated guidance for 2011 to achieve a free cash flow of € 40 – € 45 million
- Free cash flow influenced by a one-time impact of former Plusnet partner TELE2 in 2011

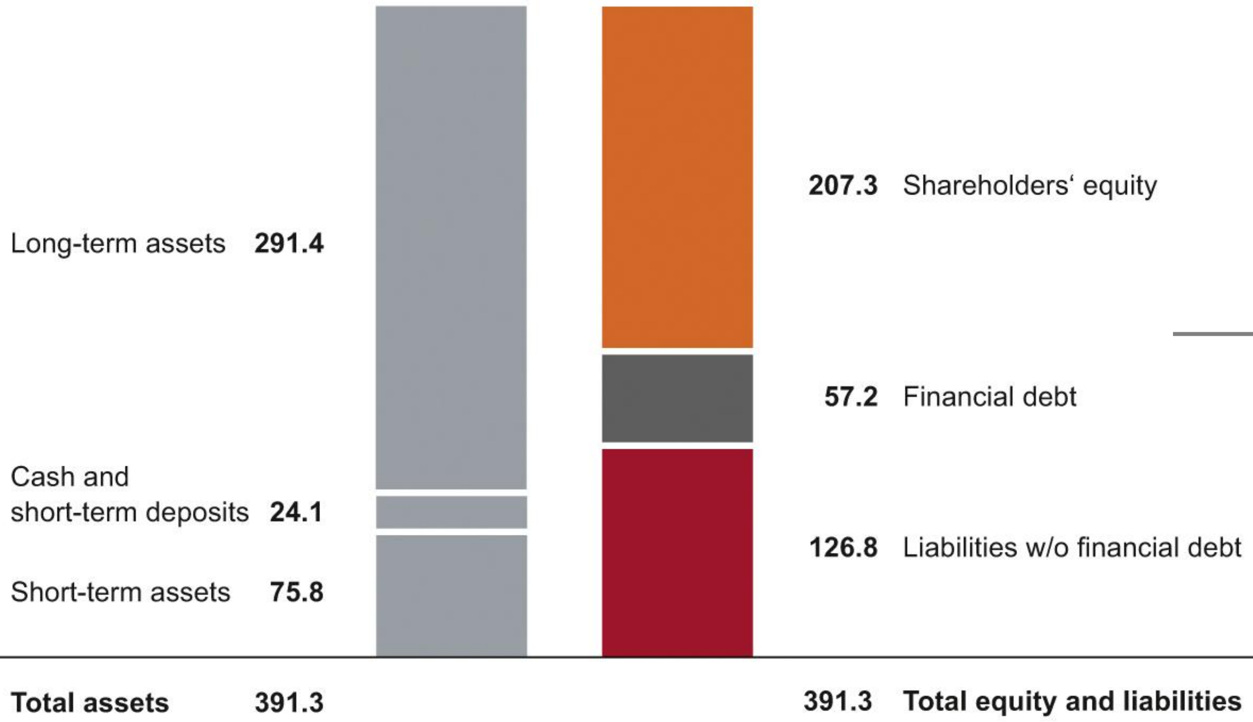
STRONG FCF SUPPORTS NET DEBT REDUCTION

NET CASH / NET DEBT DEVELOPMENT IN 2011



QSC‘S FINANCING BUILT ON A SOLID BASIS

CONSOLIDATED BALANCE SHEETS AS OF DEC. 31, 2011 (in € million)



$$\frac{\text{Net debt}}{\text{EBITDA}} = 0.4x$$

STRONG BALANCE SHEET AND FINANCIAL STRENGTH ARE A VERY GOOD BASE FOR ATTRACTIVE DIVIDENDS

- Management recommendation for 2011: € 0.08 per share
- Dividend yield as of December 31, 2011: 3.8%
- Dividend strategy
  - QSC plans to pay a dividend for each fiscal year
  - € 0.08 per share is a minimum amount for the years to come
  - QSC aims to grow the amount continuously,
    driven by expected cash flow growth
  - Whilst maintaining conservative credit ratios

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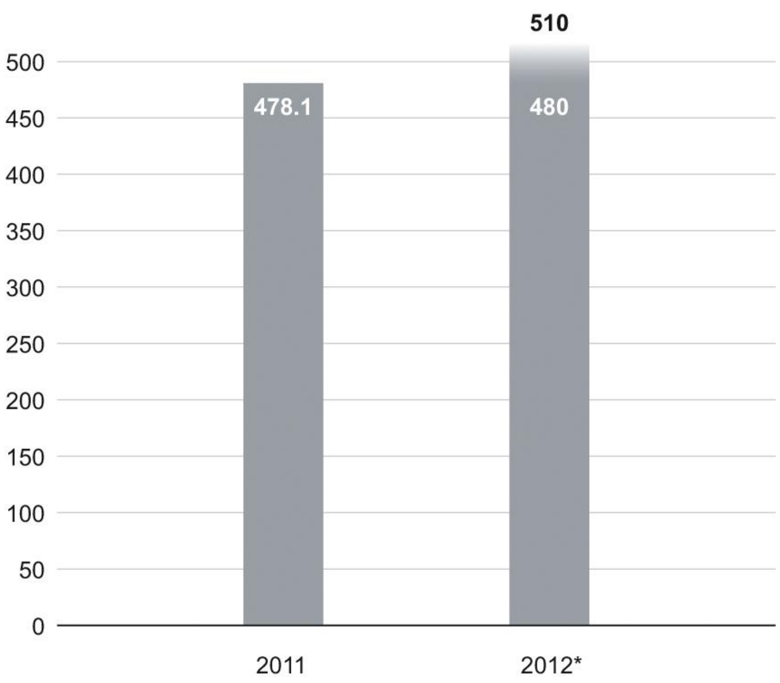
2012: PREPARATION FOR FUTURE GROWTH

REVENUES (in € million)



* Management Guidance

In 2012, QSC expects to achieve

- Revenues of € 480 – € 510 million
  - A rise in Direct Sales above market average
  - A steady development in Indirect Sales
  - A decline in Wholesale due to lower CbC and ADSL2+ revenues
- An EBITDA margin of at least 16%
- A free cash flow of € 22 – € 32 million

2012 CHARACTERIZED BY A TWOFOLD DEVELOPMENT

+

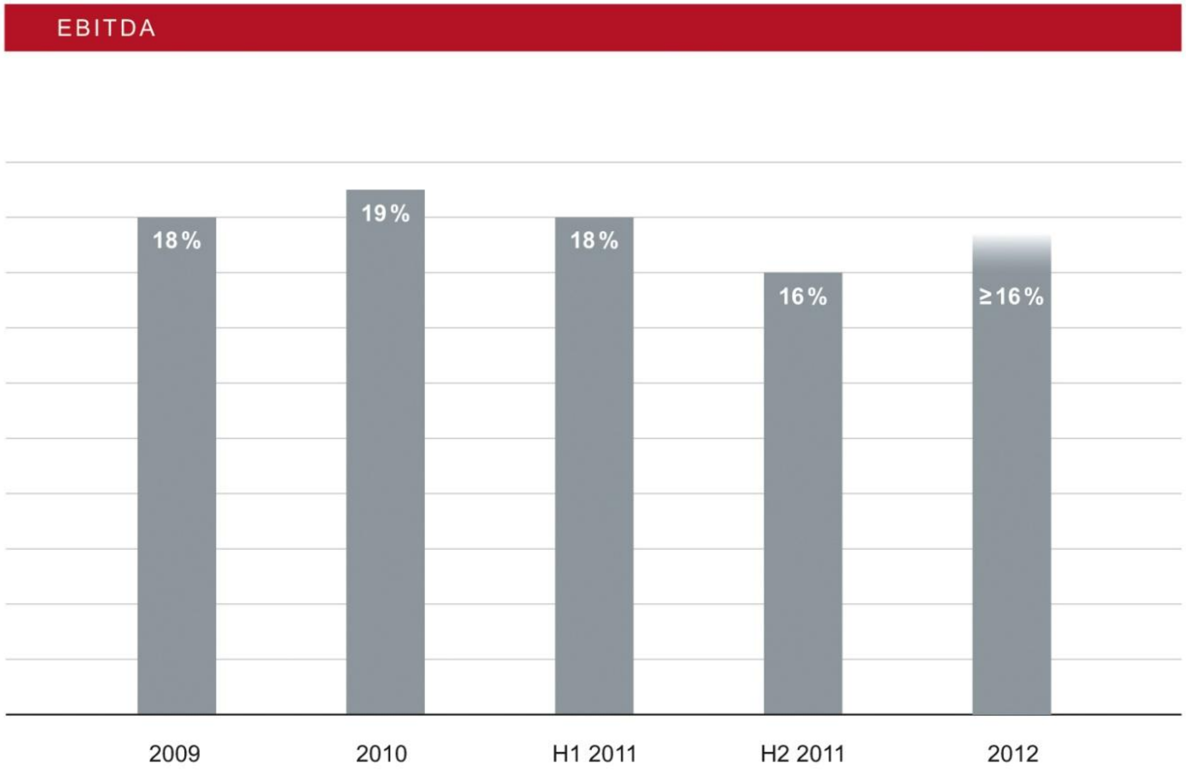
- Strong demand for Consulting and Outsourcing services
- Growing revenues with cloud-based products and services
- Positive consolidation effect of some € 31 million compared to 2011

-

- Decline of CbC / ADSL2+ business of € 25 million
- Negative impact of regulation of € 6 million
- Possibly, negative impact of macro-economic risks

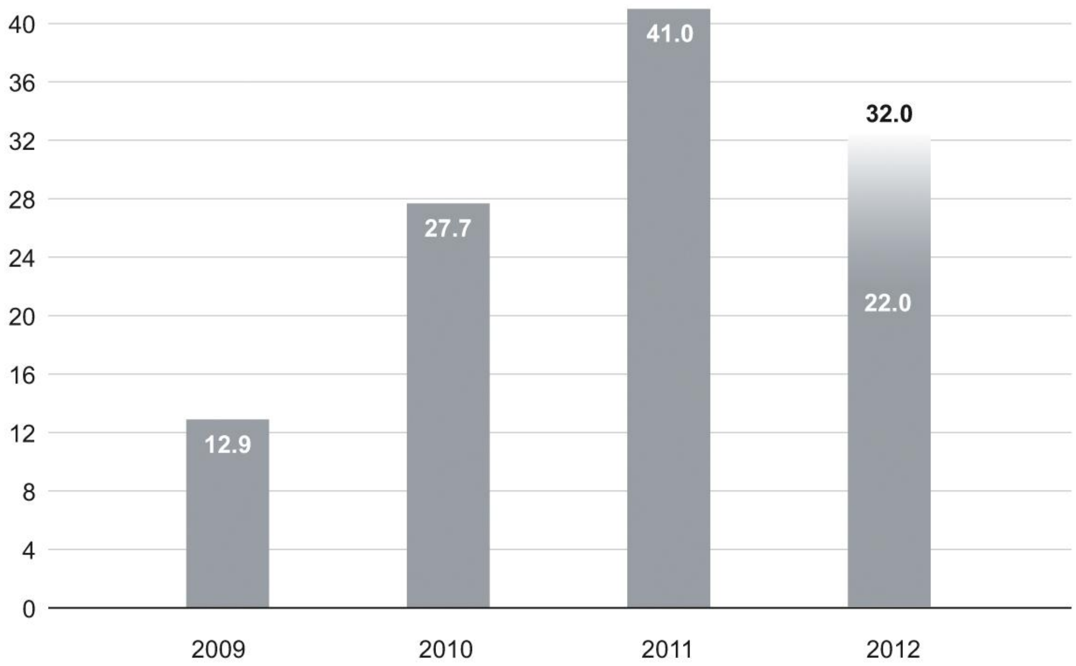
Main part of Transformation Process will be completed by year-end 2012

EBITDA-MARGIN WILL BE AT LEAST AT THE SAME LEVEL AS IN H2 2011



POSITIVE FREE CASH FLOW ADJUSTED FOR ONE-TIME EFFECTS

DEVELOPMENT OF FREE CASH FLOW (in € million)



- Ongoing strong cash generation of operative business
- In 2012, free cash flow does not include **€ 21 million payments** for operative business of former Plusnet co-owner TELE2

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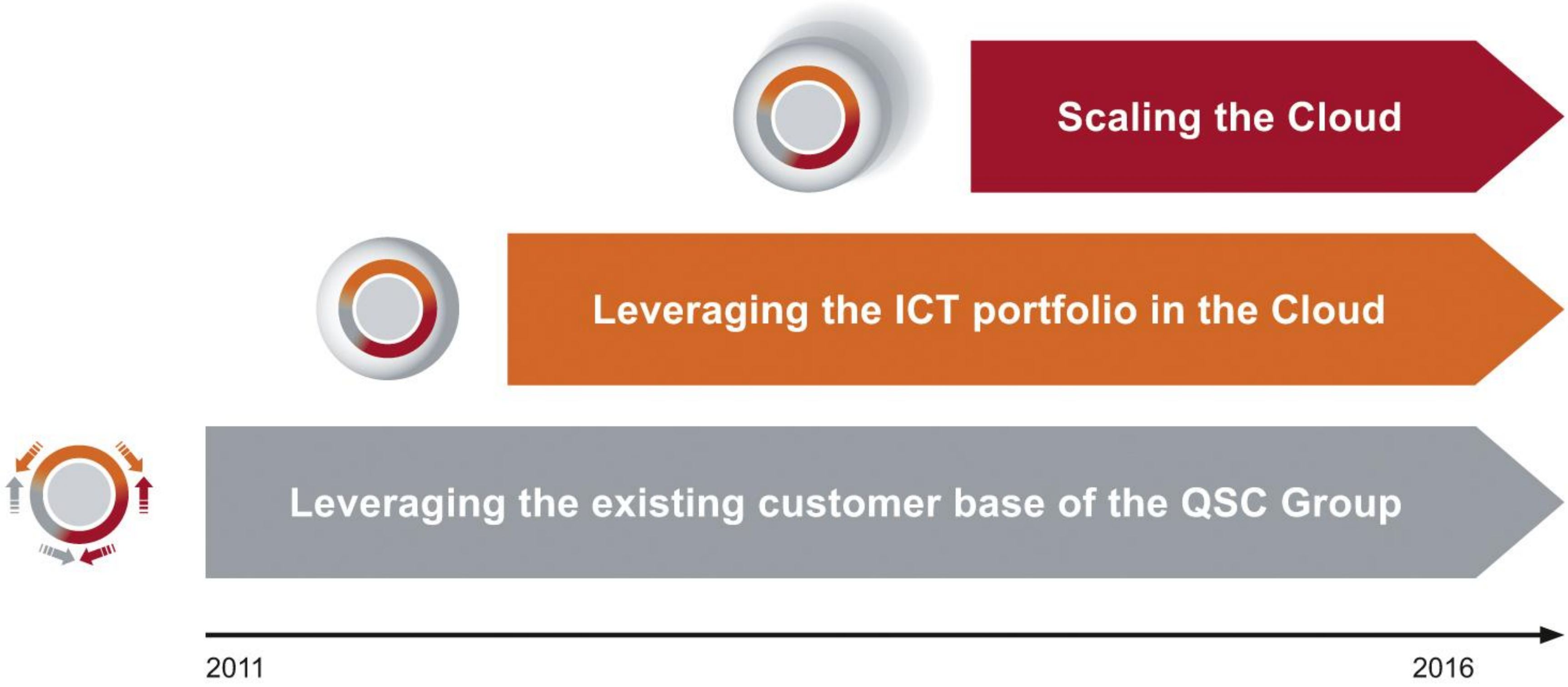
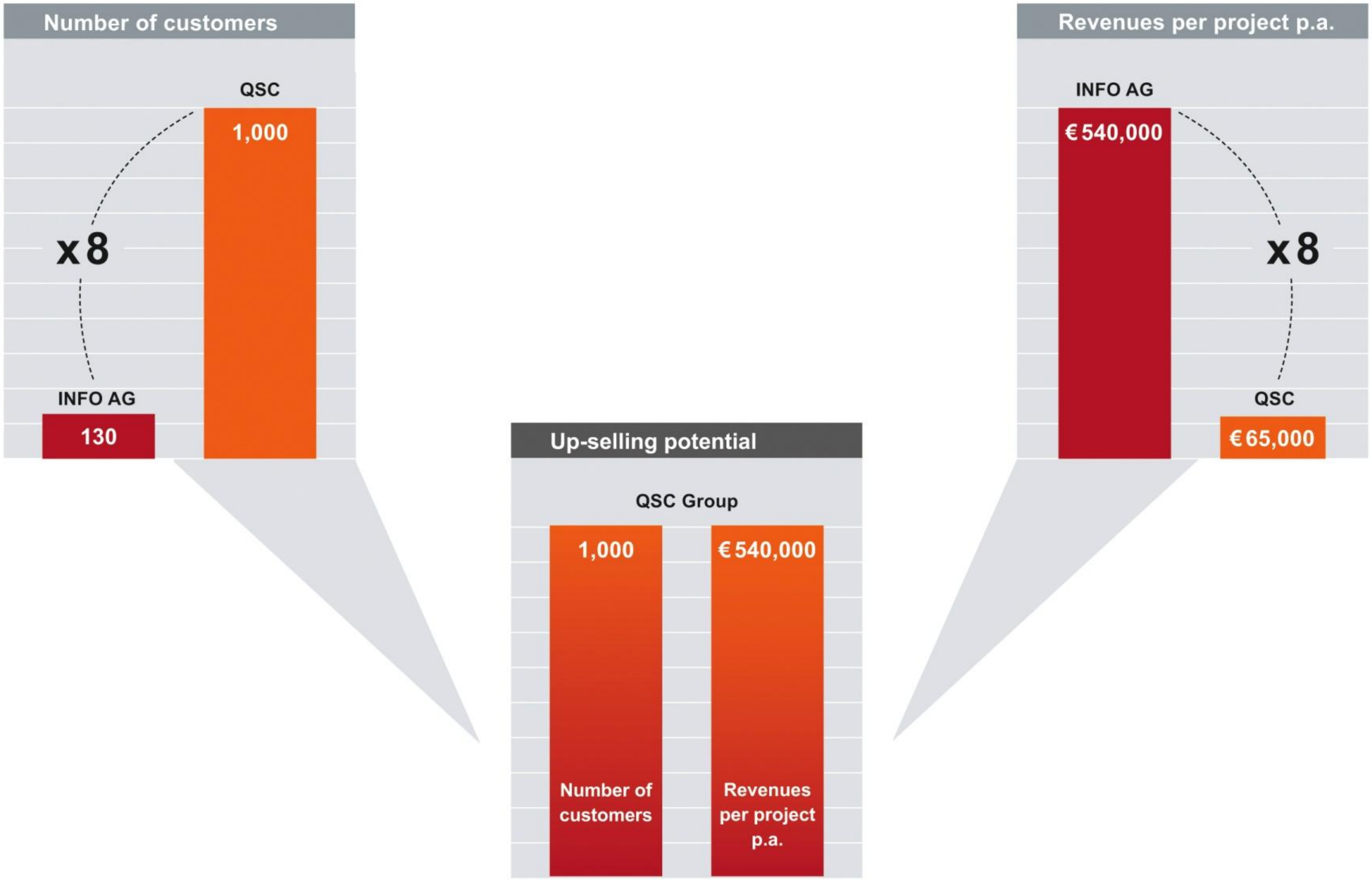
2012: QSC WILL PAVE THE WAY TO EARN HIGHER MARGINS IN THE YEARS TO COME

- Network cost improvements already contractually secured
- Start of the industrialization of the INFO AG delivery, based on QSC's significant experience in this field
- Focus on higher-margin products and services
- Development of further intellectual property, SaaS Offerings

2012: QSC WILL MAKE PROGRESS ON EVERY STRATEGIC LEVEL TO INCREASE REVENUES



SIGNIFICANT POTENTIAL OF UP- AND CROSS-SELLING



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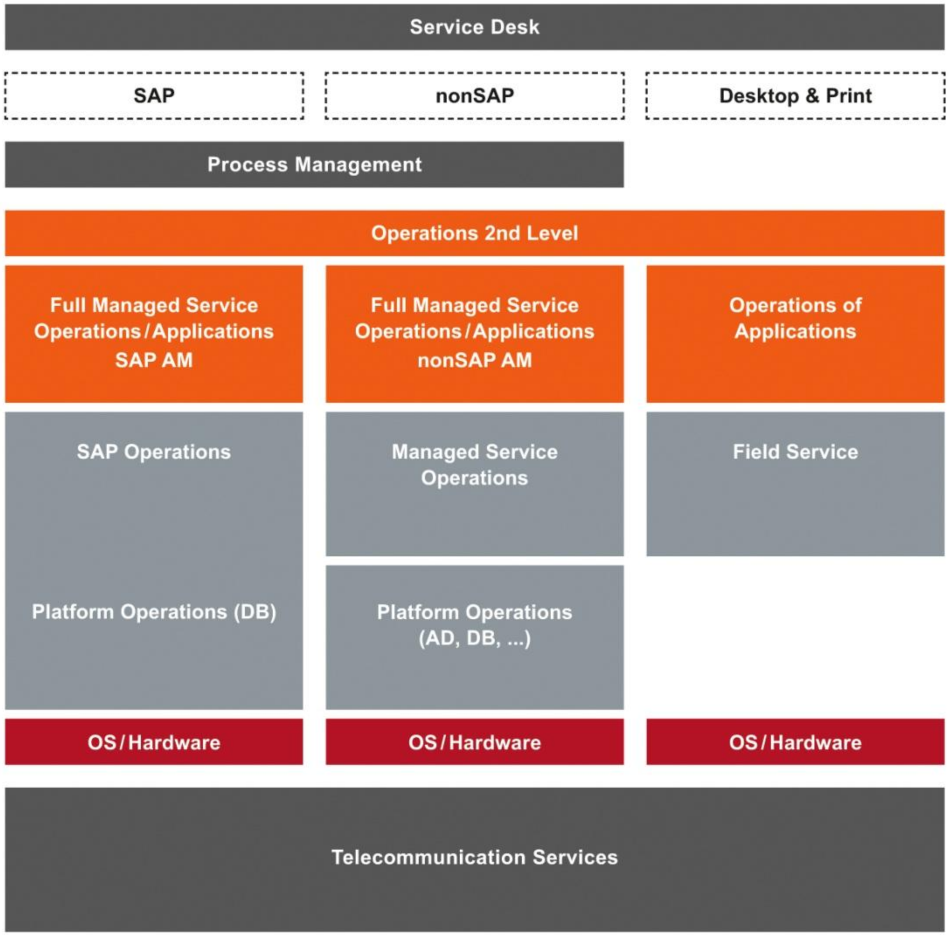
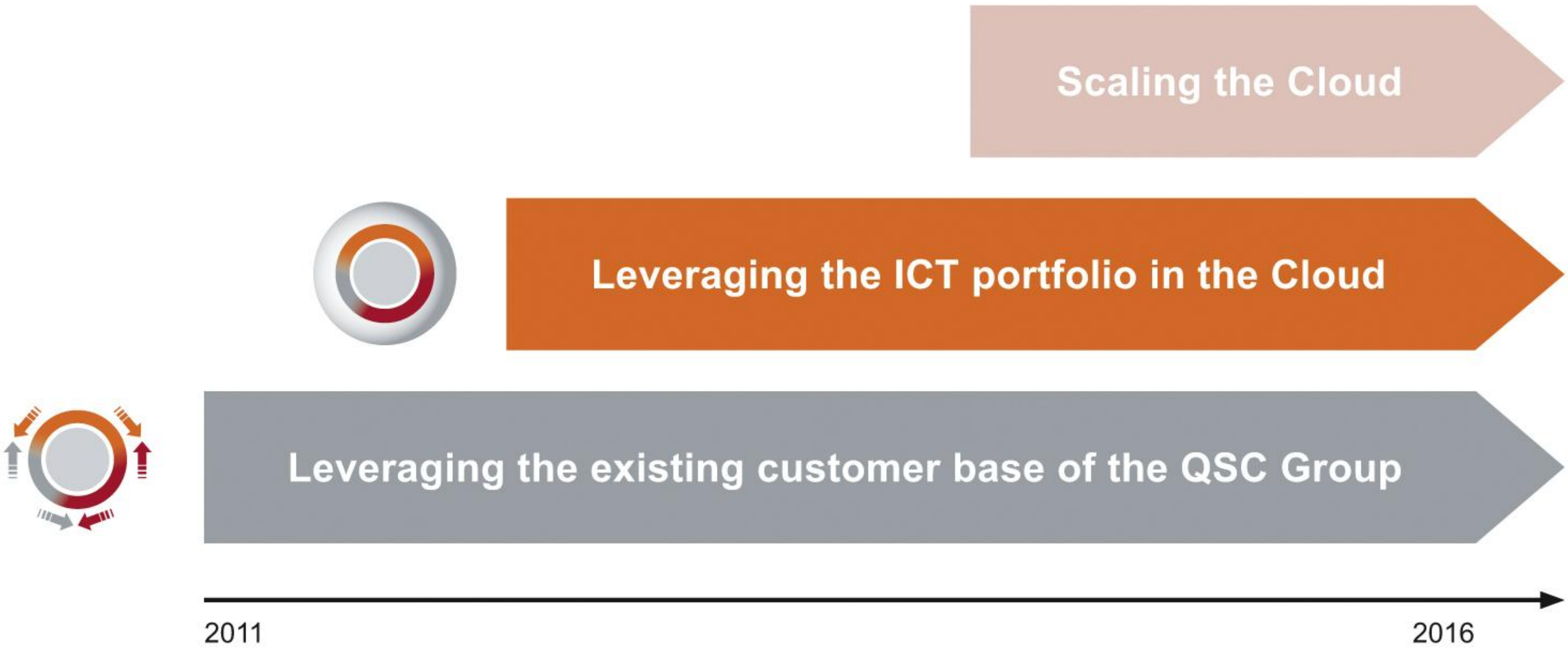
Premium Telecommunication

FULL-SERVICE PRODUCT PORTFOLIO: INTEGRATED AND EXTENSIVE OFFERING FOR QSC CUSTOMERS



INNOVATION 2012: QSC WILL OFFER FURTHER CLOUD SERVICES

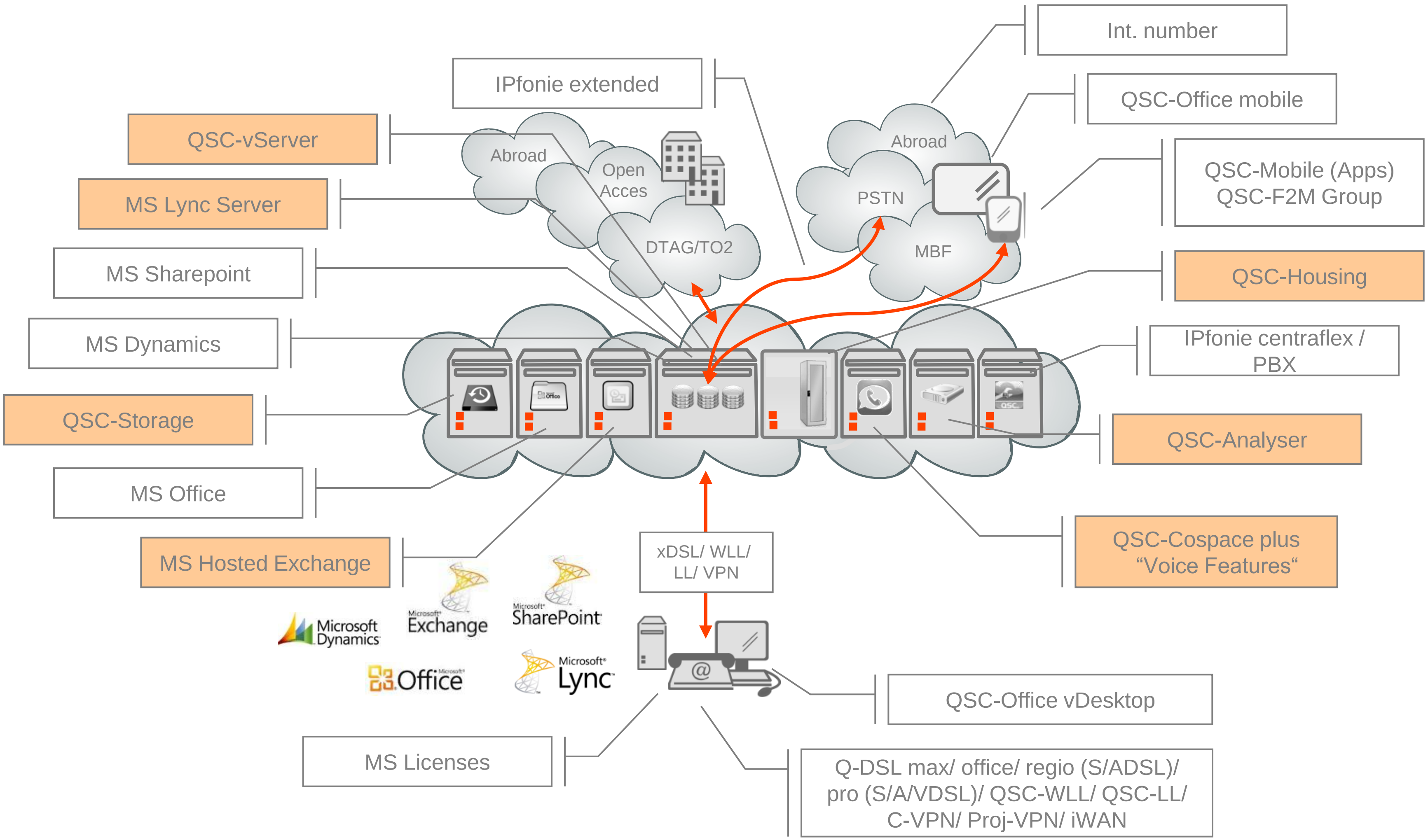


QSC IS PRESENTING THE FIRST PRODUCTS FOR THE INDIRECT SALES CHANNELS

QSC-Housing – Launch in Q1 2012

- New product is based on the long-term experience of IP Partner in Housing and Hosting projects
- Within 12 months, QSC has managed to transfer an individual solution into a marketable product for sales channels
- QSC-Housing offers a standardized and cost-effective solution for SMEs to take advantage of cloud computing
- QSC-Housing is a perfect door opener for further cloud services

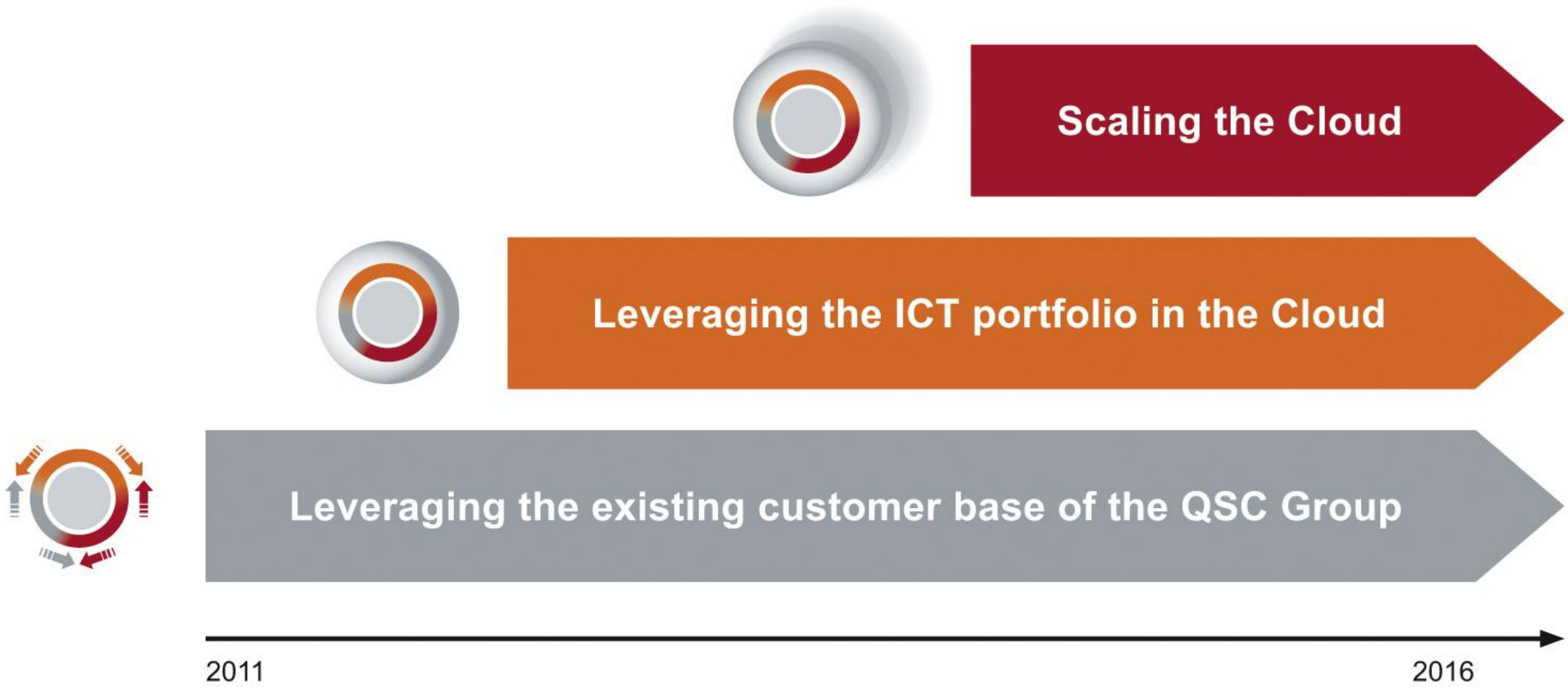
LAUNCH OF SEVERAL CLOUD PRODUCTS



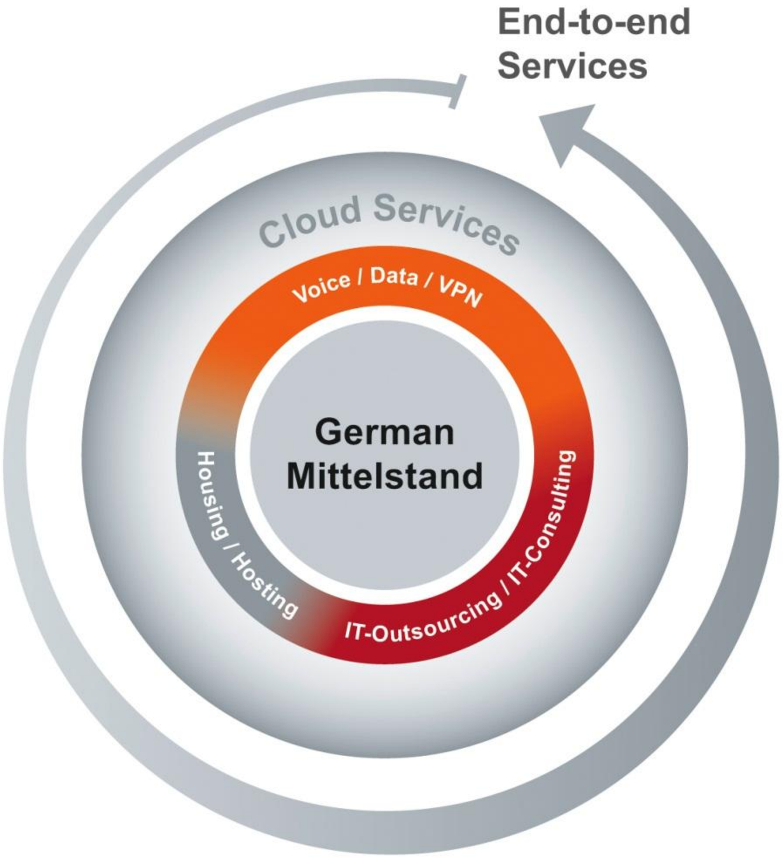
SUCCESS OF NEW PRODUCTS DEPENDS ON EFFECTIVE SALES CHANNELS

Partner Sales focuses on 10-to-500-employees companies

R&D 2012: DEVELOPMENT OF HIGHLY SCALABLE PRODUCTS



QSC IS GROWING ITS INTELLECTUAL PROPERTY: cospace WILL BE PRESENTED ON CEBIT 2012



- cospace is the first **SaaS** offering QSC completely developed **on its own**
- Key features are
  - Conferencing
  - Voice mailbox
  - Fax
  - Storage
  - Collaboration

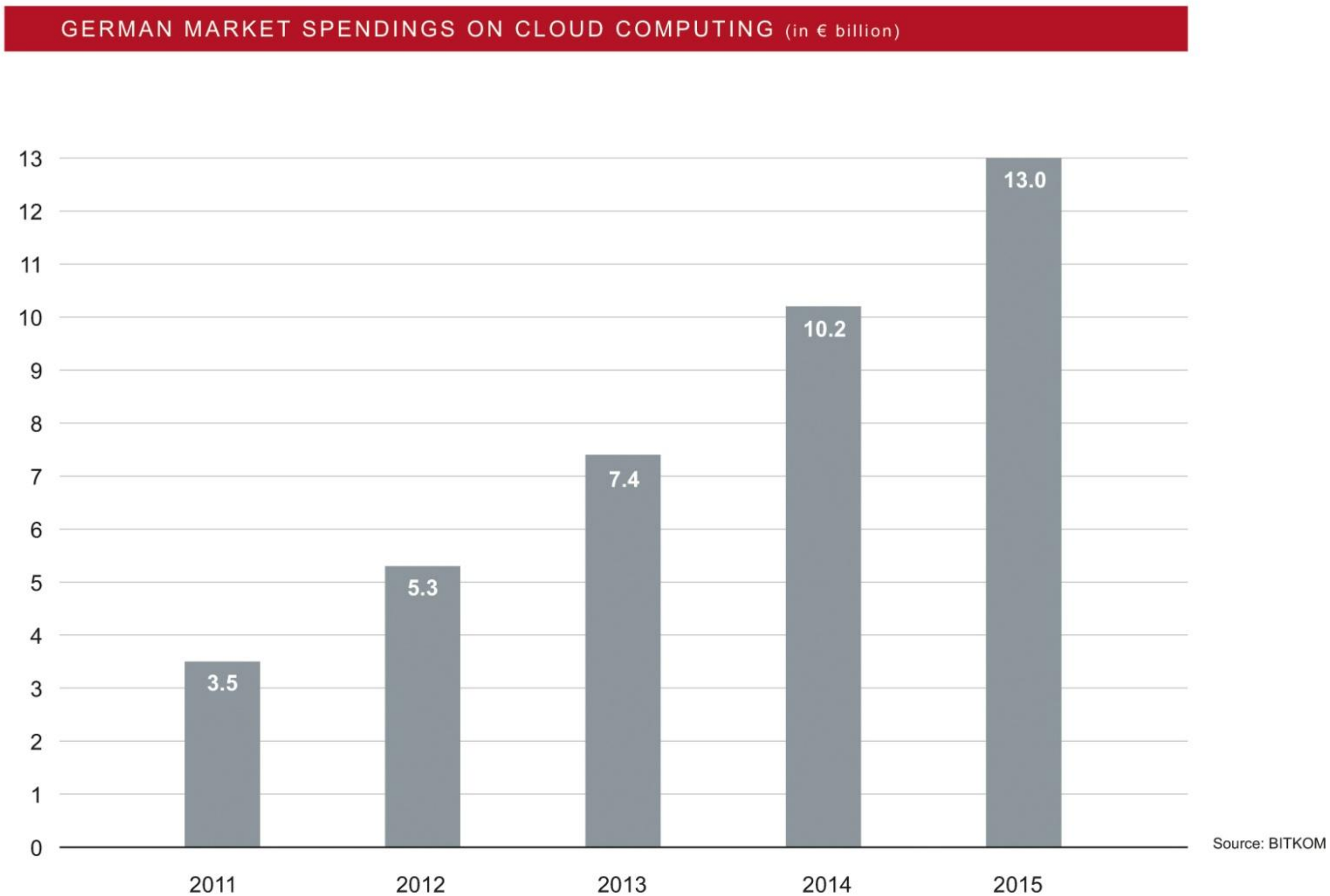
cospace IS A REAL CLOUD APPLICATION

- Product / technology
  - Web 2.0 application using state-of-the-art browser technology to integrate “classic” ICT features (voicebox / fax / conferencing)
  - A “real” cloud application: scales to the sky with minimal production costs
- Dual marketing / sales approach
  - A completely free-of-charge offering for anyone on the web (“community edition”), available at http://cospace.de
  - A business product (“QSC-Cospace business”) integrated in QSC’s portfolio, to be launched at CeBIT 2012

FURTHER SCALABLE CLOUD R&D PROJECTS IN THE PIPELINE

- **SensorCloud:** A highly scalable platform for interconnected sensors and steering applications; presentation at CEBIT 2012 in the context of BMWi Lab-Talk. **First products planned for 2013**
- **O(SC)²AR:** A Communication and Cloud system for integrating electric cars in a SmartGrid and SmartTraffic. Project will be presented at Hannover fair 2012. **Certification of E-Car expected in 2014**
- **Energy management** for decentralized regenerative power production: In 2011/2012 QSC has started research collaboration with RWTH Aachen and won a first industrial partner

CLOUD-BASED PRODUCTS WILL COME TO MARKET, READY FOR INNOVATION



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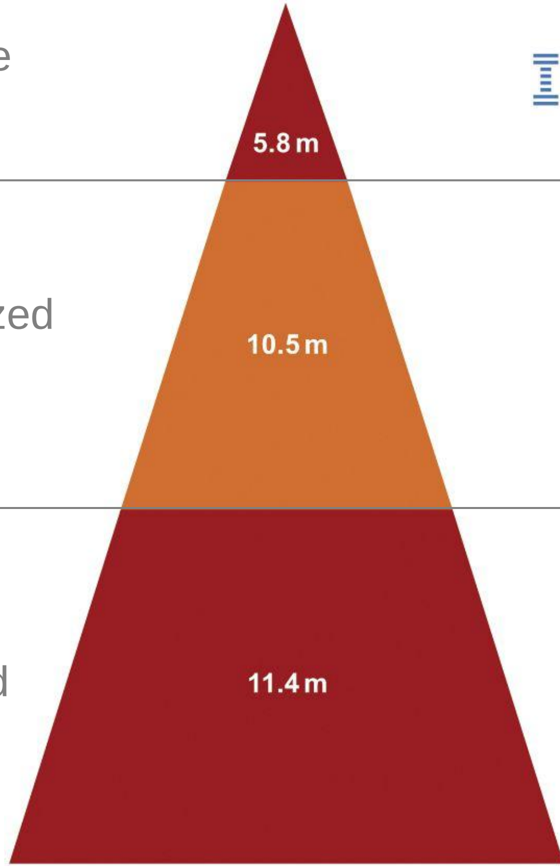
QSC IS WELL POSITIONED TO GRAB THIS MARKET OPPORTUNITY

Number of employees
In Germany
(total 27.7m)



Large-scale enterprises	5.8 m	Individual IT-service delivery
Medium-sized companies	10.5 m	Standardized IT-services with individual migration process
Small-sized companies	11.4 m	Completely standardized IT-products

SUCCESS OF CLOUD PRODUCTS WILL DEPEND ON STRATEGIC ALLIANCES

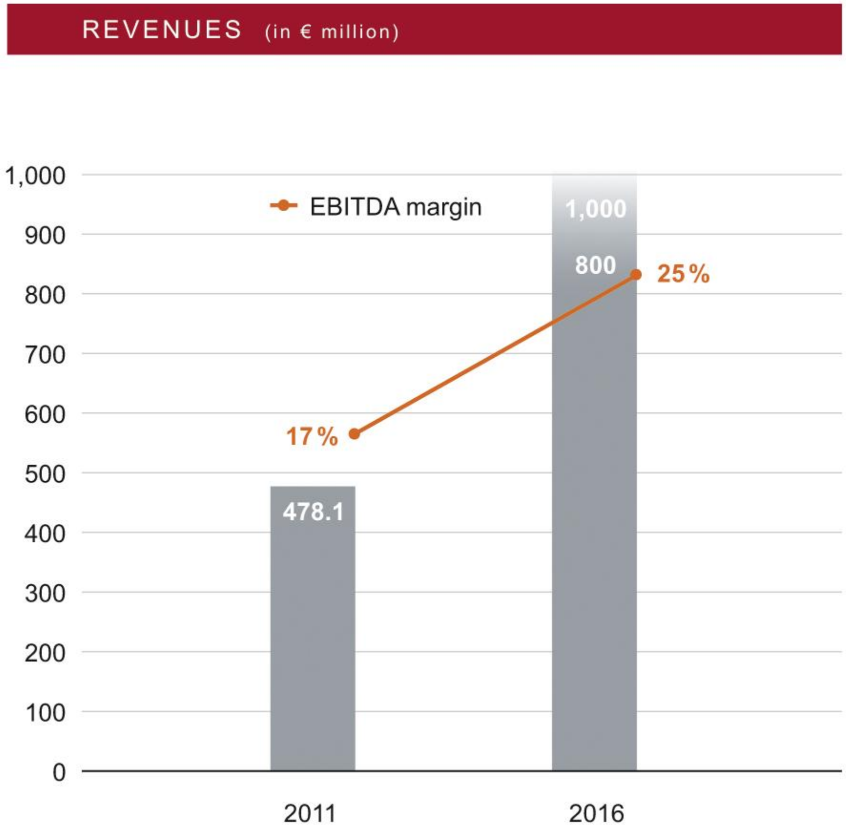
- Extending the close cooperation with leading universities and industry partners already to drive the development of scalable products
- Now, the company is also seeking to build strategic alliances with leading industrial players

⇒ In 2012, the formation of strategic alliances will become a core topic for the management board

MILESTONES 2012 AT A GLANCE

- Integration: QSC will **complete the merger** of INFO AG and IP Partner and intensify collaboration of sales forces
- Cost structure:
  - QSC will **reduce network costs**
  - QSC will **optimize the IT-delivery** process
- Up- and Cross-Selling: Direct sales **revenues expected to grow faster than the market**
- Cloud products:
  - QSC will launch **4-6 new products** or even more in 2012
  - QSC will win **50 additional IT sales partners**
- Intellectual property: QSC will **launch further self-developed SaaS cloud-based products**

PROGRESS IN 2012 WILL PAVE THE WAY FOR DOUBLING REVENUES UNTIL 2016



In 2016, QSC will be a company with

- Revenues of € 0.8 – € 1.0 billion
- An EBITDA margin of 25%
- Free cash flow of € 120 – € 150 million

Growth will be driven by

- Up- and cross-selling at the existing customer base of 30,000 companies
- Sale of cloud products to existing and new customers
- Launch of cloud products for mass markets

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CONTACT

QSC AG
Arne Thull
Head of Investor Relations
Mathias-Brüggen-Strasse 55
50829 Cologne

Phone	+49-221-6698-724
Fax	+49-221-6698-009
E-mail	invest@qsc.de
Web	www.qsc.de

twitter.com/QSCIRde
twitter.com/QSCIRen
blog.qsc.de
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