

# QSC AG

Company Presentation  
Results Q3 2011

Cologne, November 7, 2011

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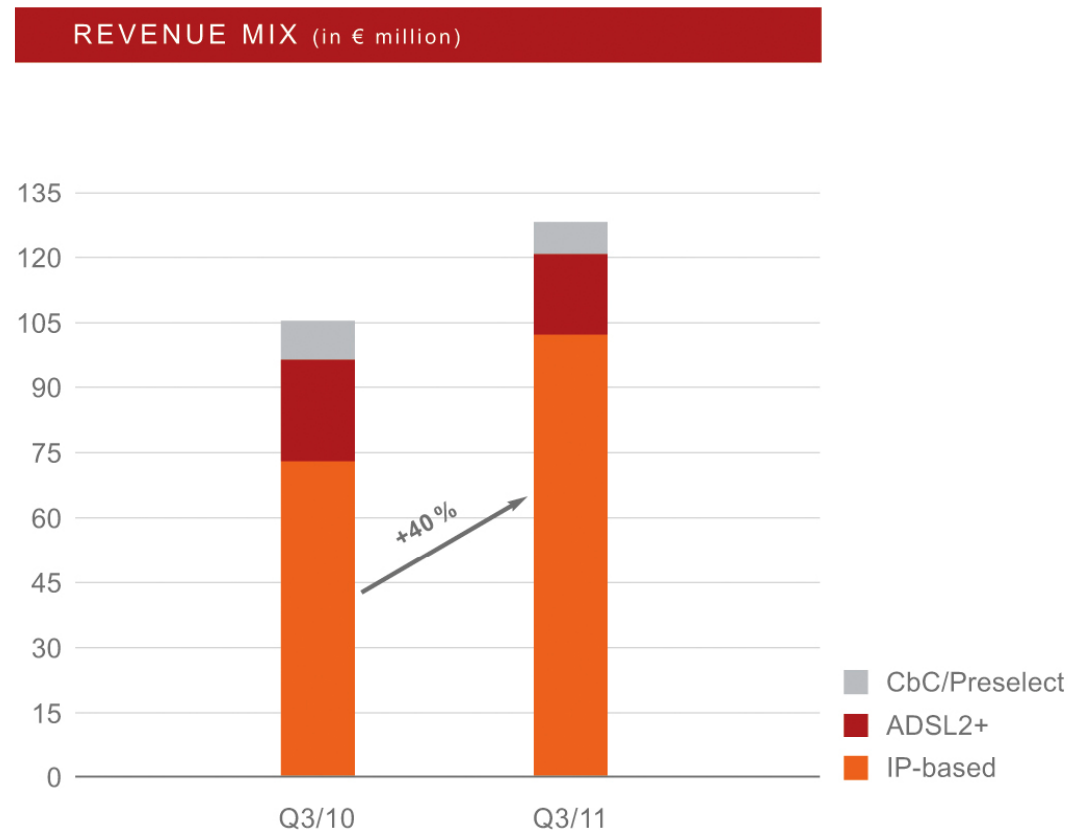
# AGENDA

1. Highlights Q3 2011
2. Financial Results Q3 2011
3. Outlook 2011
4. Questions & Answers

## MAJOR ACHIEVEMENTS IN Q3 2011

- Ongoing transformation: IP-based revenues grew by 40 percent
- Steady track record: QSC group won projects with a total contract value of € 35 million
- Investment in growth: Due to high demand for ICT services, QSC invested in new people and new capacity
- Augmentation of Management Board: Thomas Stoek, CEO of INFO AG, and Arnold Stender, former head of the Business Units Products and Wholesale, are now members of the QSC Board

# STRONG GROWTH IN IP-BASED REVENUES



## Growth drivers:

- Consolidation of INFO AG and IP Partner
- New clients in Managed Services

## Growth restraints:

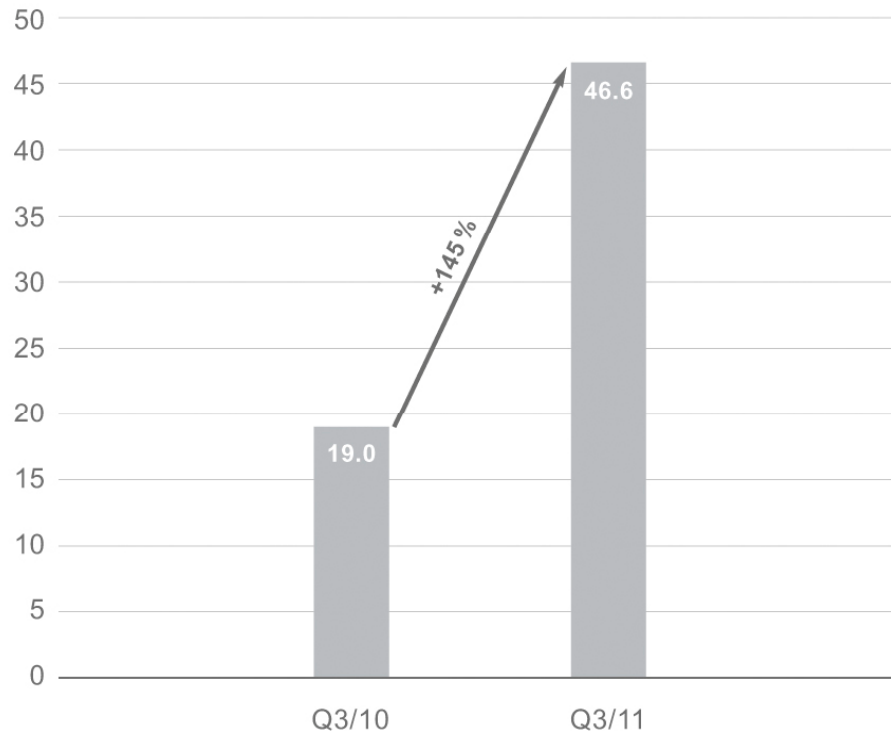
- Fierce price competition in legacy voice and ADSL2+ business
- Lower termination fees for mobile and fixed-line calls

## QSC WON CONTRACTS WORTH € 35 MILLION WITHIN ONE QUARTER

Industry	Total contract value
Gas / Energy	€ 18,500,000
Consumer Goods	€ 3,400,000
Logistics / Shipping	€ 3,000,000
Consumer Electronics	€ 2,100,000
Insurance	€ 2,100,000
Drinks / Tobacco	€ 1,900,000
Medical- / Health Care	€ 1,600,000
Others	€ 2,500,000

# SUCCESSSES IN NEW BUSINESS HAVE HELPED TO BOOST MANAGED SERVICES REVENUES

MANAGED SERVICES REVENUES (in € million)



# ONGOING DEMAND FOR MANAGED SERVICES NECESSITATES INVESTMENT IN GROWTH

Initial position:

- Fast growth of Managed Services business
- Rising sales pipeline (> €60 million in tender process)
- Sustained and strong growth for IT services:  
IDC predicts a CAGR of 3.8% per year until 2015

To continue to outperform the market, QSC will invest in

- Data center capacity
- IT experts

# QSC IS EXPANDING ITS FOOTHOLD TO BECOME THE GERMAN CLOUD PROVIDER

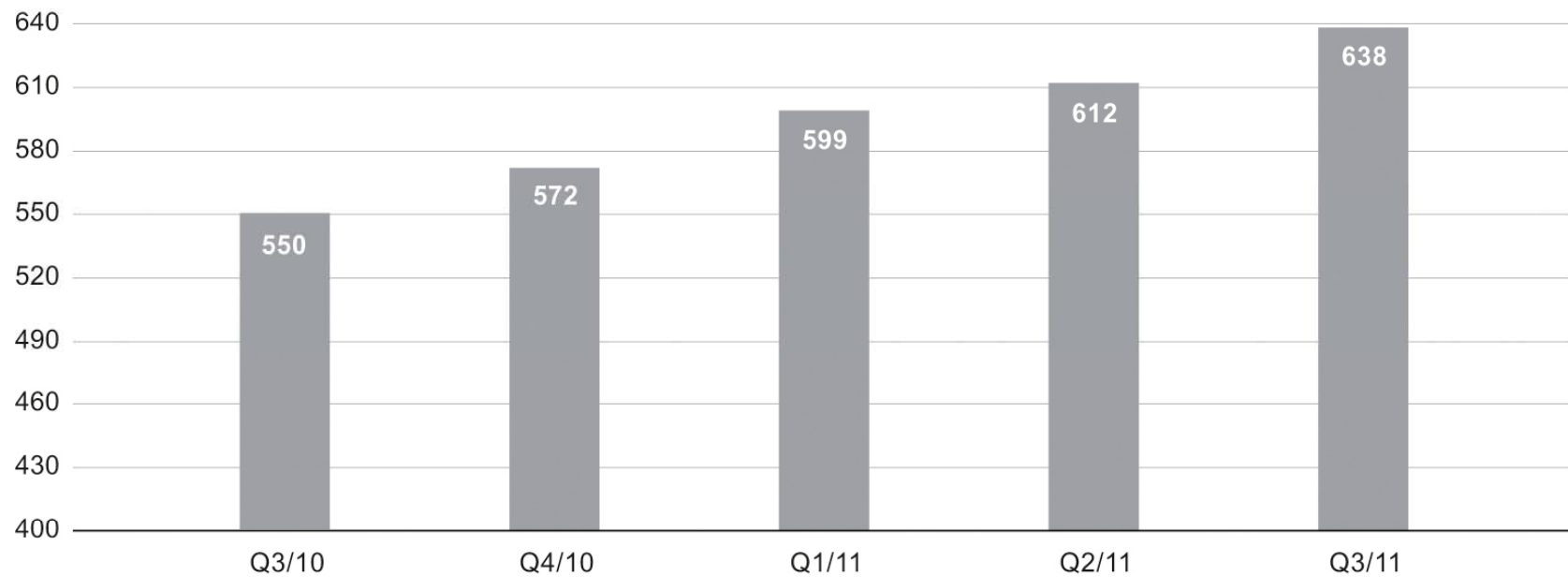


- In 2011, QSC is focussing on doubling its capacity for housing and hosting (IP Partner) services to 6,000 sqm
- Q2 2011: QSC opened a new data center with 1,000 sqm for DATEV
- H2 2011: QSC is expanding capacity in its existing data centers in Munich and Nuremberg
- At year-end, QSC will run data centers with a capacity of ~12,000 sqm in total



# INFO AG HAS WON MORE AND MORE IT EXPERTS EACH QUARTER

DEVELOPMENT OF EMPLOYEES OF INFO AG (FTE)



## KEY TAKEAWAYS

- QSC has developed into a full-service ICT provider for the German Mittelstand
- Huge demand for IT-related services
- Difficult market environment for legacy TC business
- QSC is investing in ICT and Cloud growth

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## Q3 2011: QSC ON PROFITABLE GROWTH COURSE

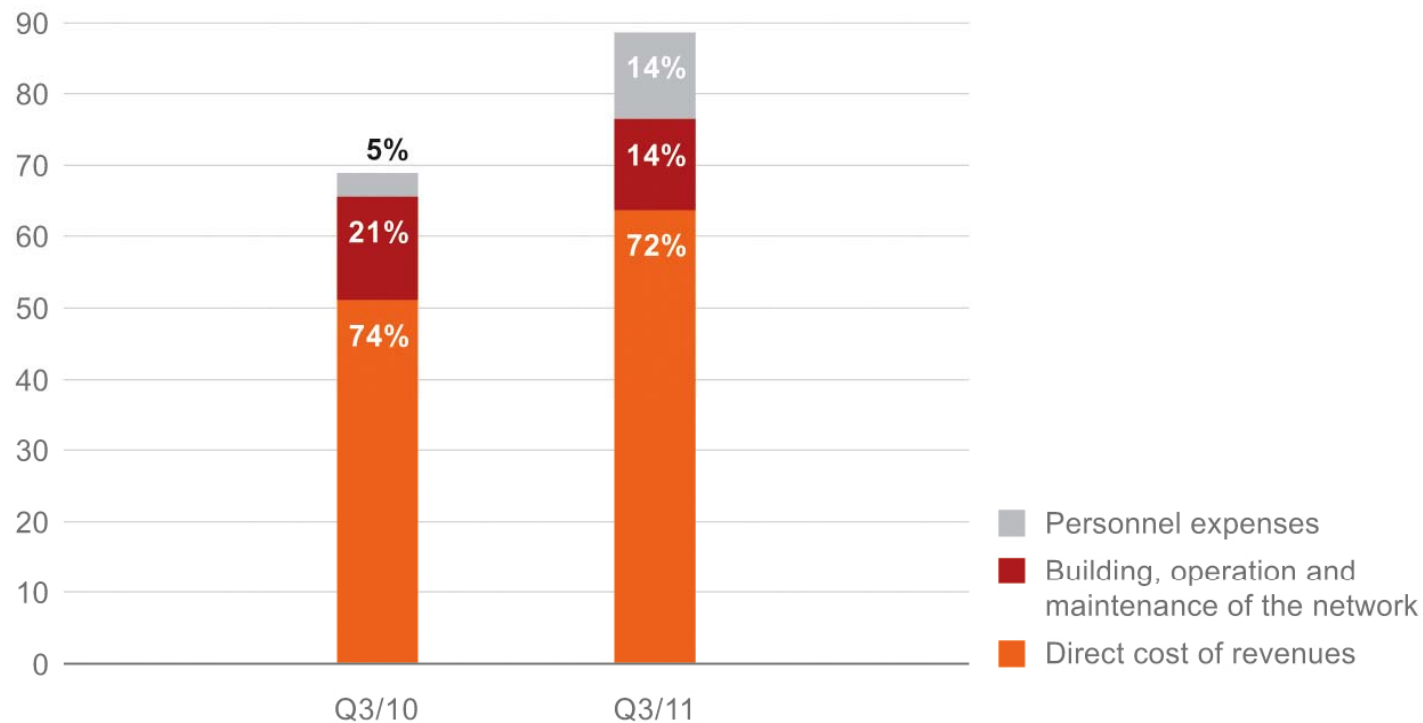
In € millions	Q3 2010	Q3 2011	Δ
• Revenues	105.6	128.3	+21.5%
• Cost of revenues <sup>(1)</sup>	69.3	88.7	+28.0%
• <b>Gross profit</b>	<b>+36.3</b>	<b>+39.6</b>	<b>+9.1%</b>
• Other operating expenses <sup>(1)</sup>	16.0	18.8	+17.5%
• <b>EBITDA</b>	<b>+20.3</b>	<b>+20.8</b>	<b>+2.5%</b>
• Depreciation	13.8	12.8	-7.2%
• <b>EBIT</b>	<b>+6.5</b>	<b>+8.0</b>	<b>+23.1%</b>
• Financial results	-0.4	-1.0	-60.0%
• Income taxes	-0.3	-0.6	-50.0%
• <b>Net profit</b>	<b>+5.8</b>	<b>+6.4</b>	<b>+10.3%</b>

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

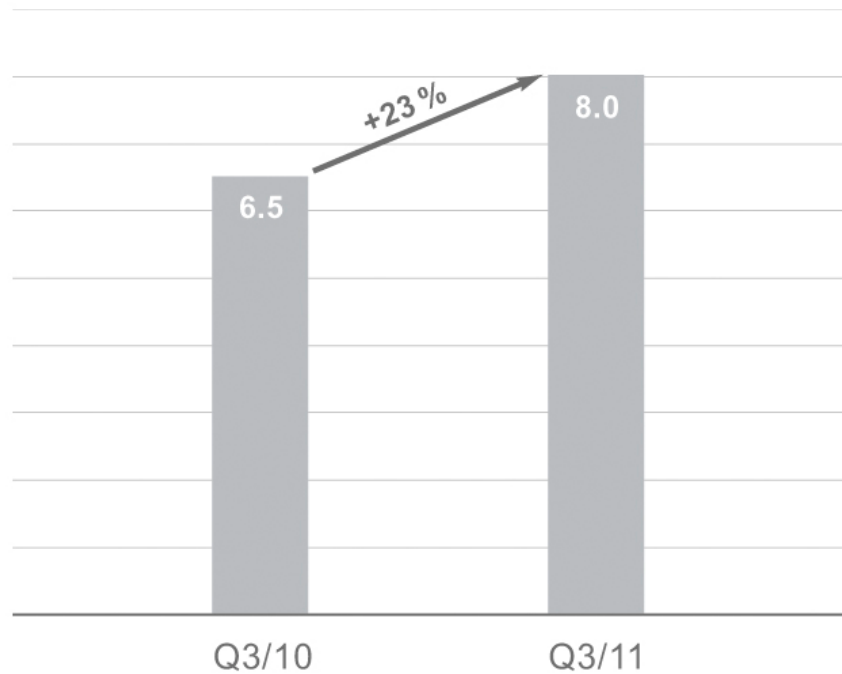
# CONSOLIDATION OF INFO AG IS CHANGING THE SET-UP OF COSTS OF REVENUES

STRUCTURE OF COST OF REVENUES (in € million)

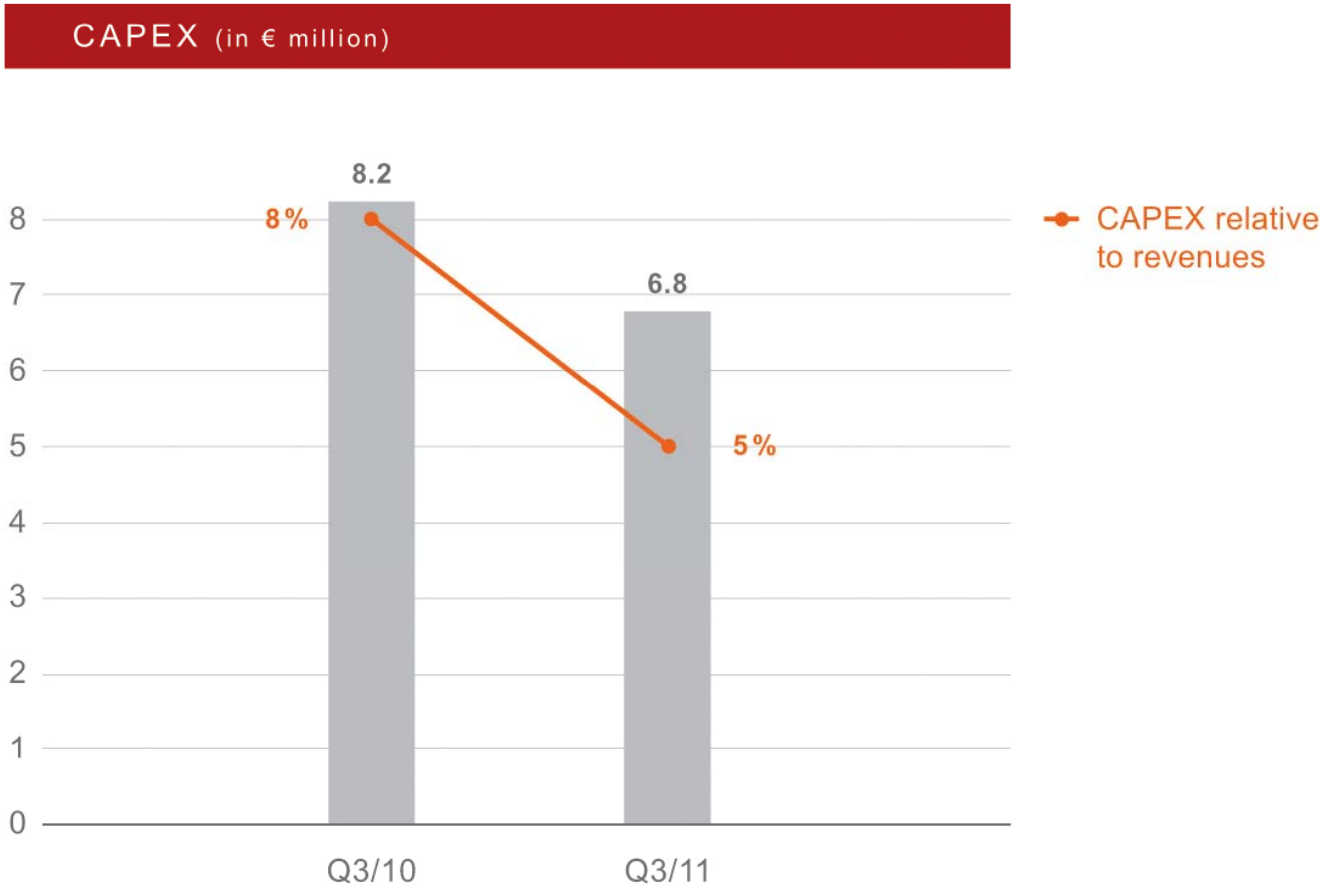


# DESPITE HIGHER COSTS OF REVENUES, QSC HAS EARNED A HIGHER EBIT

EBIT (in € million)

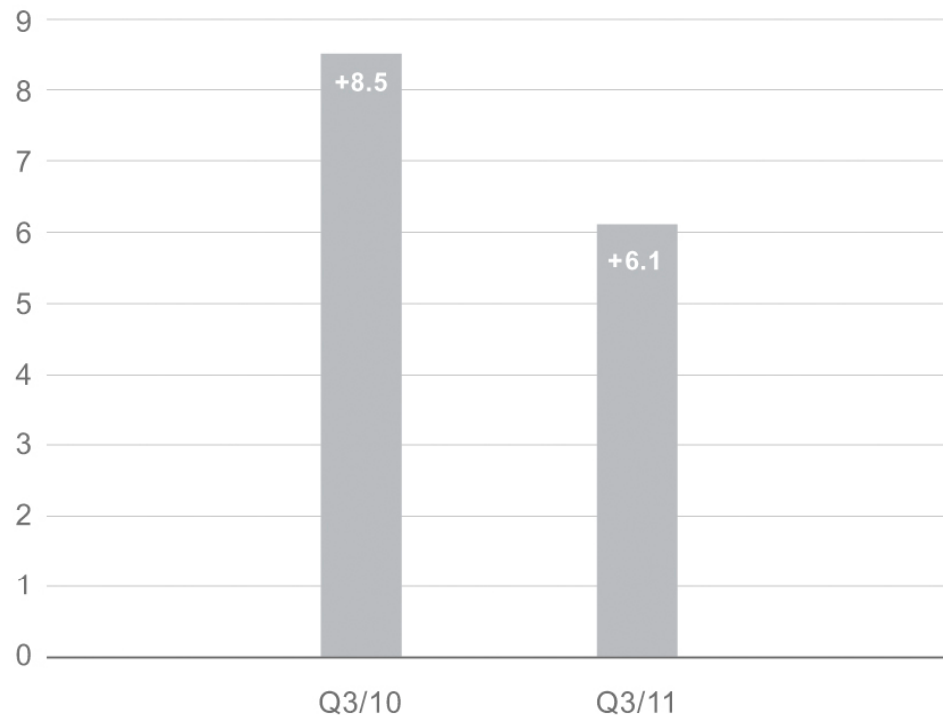


# CAPEX RELATIVE TO REVENUES IN LINE WITH TARGETS



# FREE CASH FLOW REACHED € 6.1 MILLION IN Q3 2011

FREE CASH FLOW (in € million)



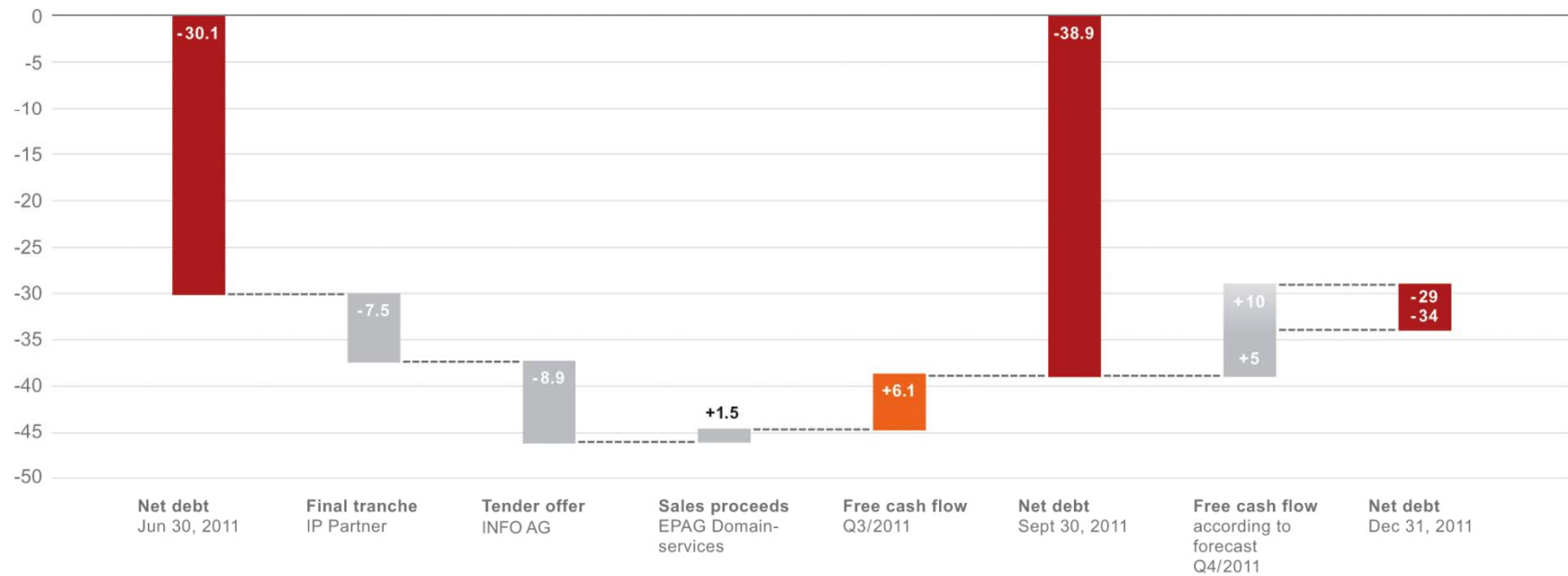
Effects in Q3 2011:

- Slight increase of EBITDA
- Decrease of CAPEX
- Negative working capital impact



# NET DEBTS REACHED ITS PEAK IN Q3 2011

## ANTICIPATED NET CASH DEVELOPMENT IN 2011



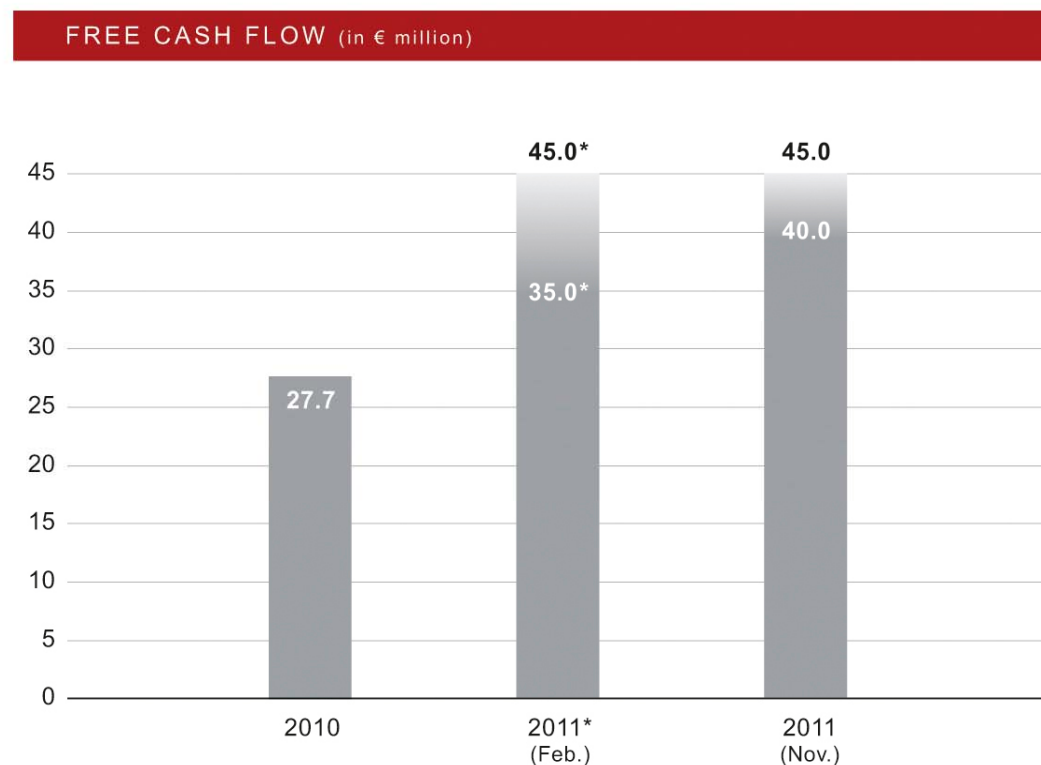
## QSC IS SOLIDLY FINANCED FOR 2011 AND BEYOND

- Ongoing and sustainable positive free cash flow
- Collaboration and integration with INFO AG and IP Partner will have an additional positive impact in 2012 and beyond
- Low level of net debt as of September 30, 2011
- New credit facility of € 150 million

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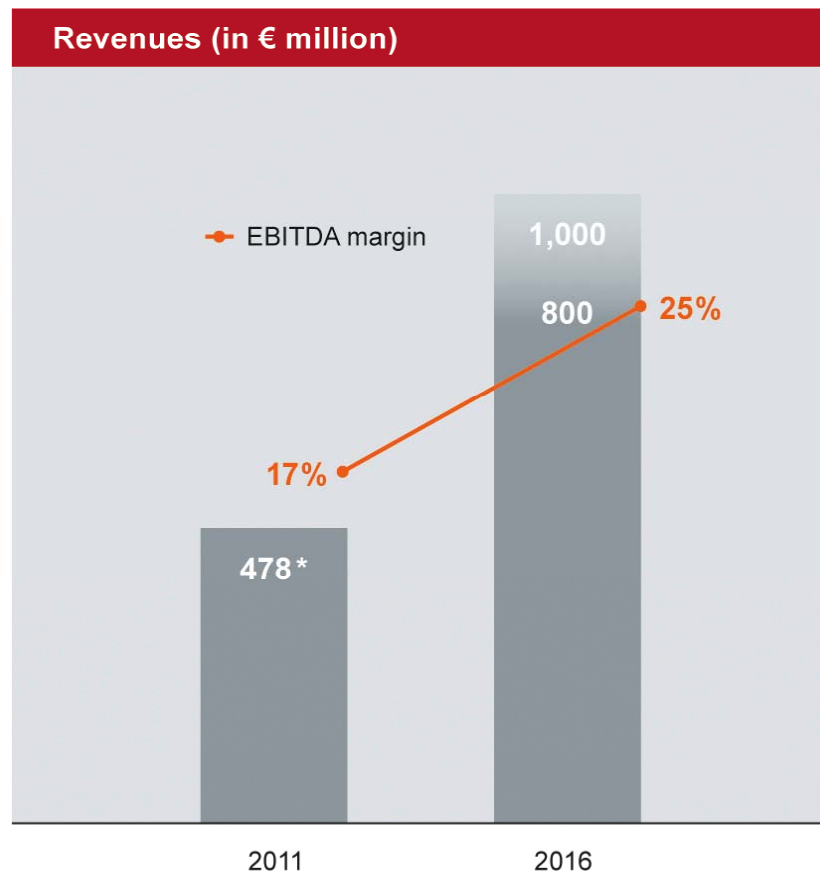
# OUTLOOK 2011: QSC SPECIFIES FORECAST FOR 2011



- Accelerated transformation process through the acquisition of INFO AG
- Focus on profitability and financial strength
- Payment of a dividend for fiscal 2011

\* w/o acquisitions

# 2011 IS JUST THE BEGINNING OF A LONG-TERM GROWTH STORY: OUR GROWTH VISION



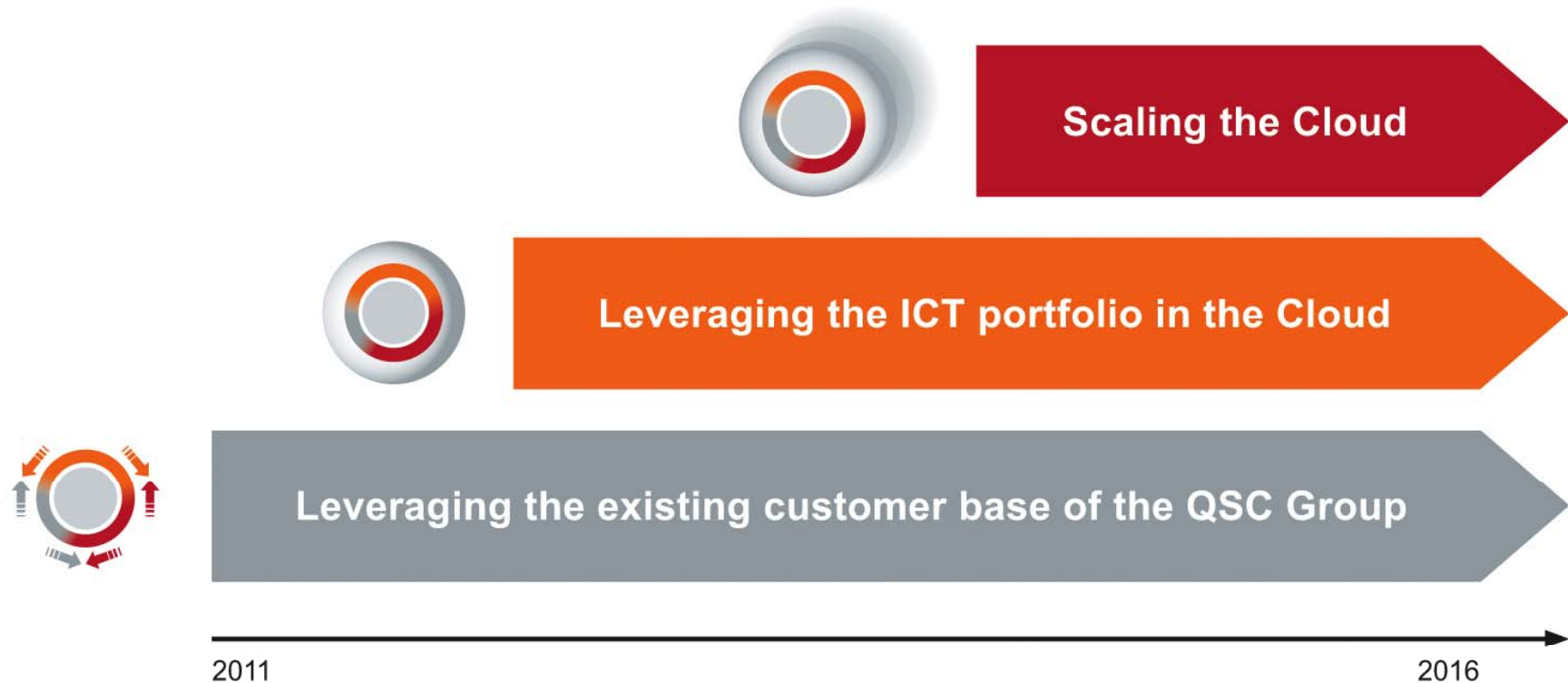
In 2011, QSC is a company with

- Revenues of € 478 million\*
- An EBITDA margin of 17%\*
- Free cash flow of € 40 – 45 million

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

# OUR STRATEGY: QSC WILL BECOME THE GERMAN CLOUD PROVIDER



# QSC IS IN A PERFECT POSITION TO BECOME THE GERMAN CLOUD PROVIDER

- **Realizing opportunities in cross- and up-selling**
    - Fast sales integration of INFO AG and IP Partner
    - Joint customer base of more than 30,000 customers in the German Mittelstand
  - **Seizing opportunities in Cloud computing**
    - QSC is in pole position for targeting the fast-growing market, as we have all necessary competencies on board
  - **Profiting from long experience in scaling products and services**
    - QSC is rooted in the TC sector, a sector with a proven track record of automation and industrialization
- ⇒ **QSC will grow its business and focus on profitability and financial strength to generate returns for shareholders**

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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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