Cologne, 12 November 2018 — 9M Results 2018

THE DIGITISER TO THE GERMAN SME SECTOR

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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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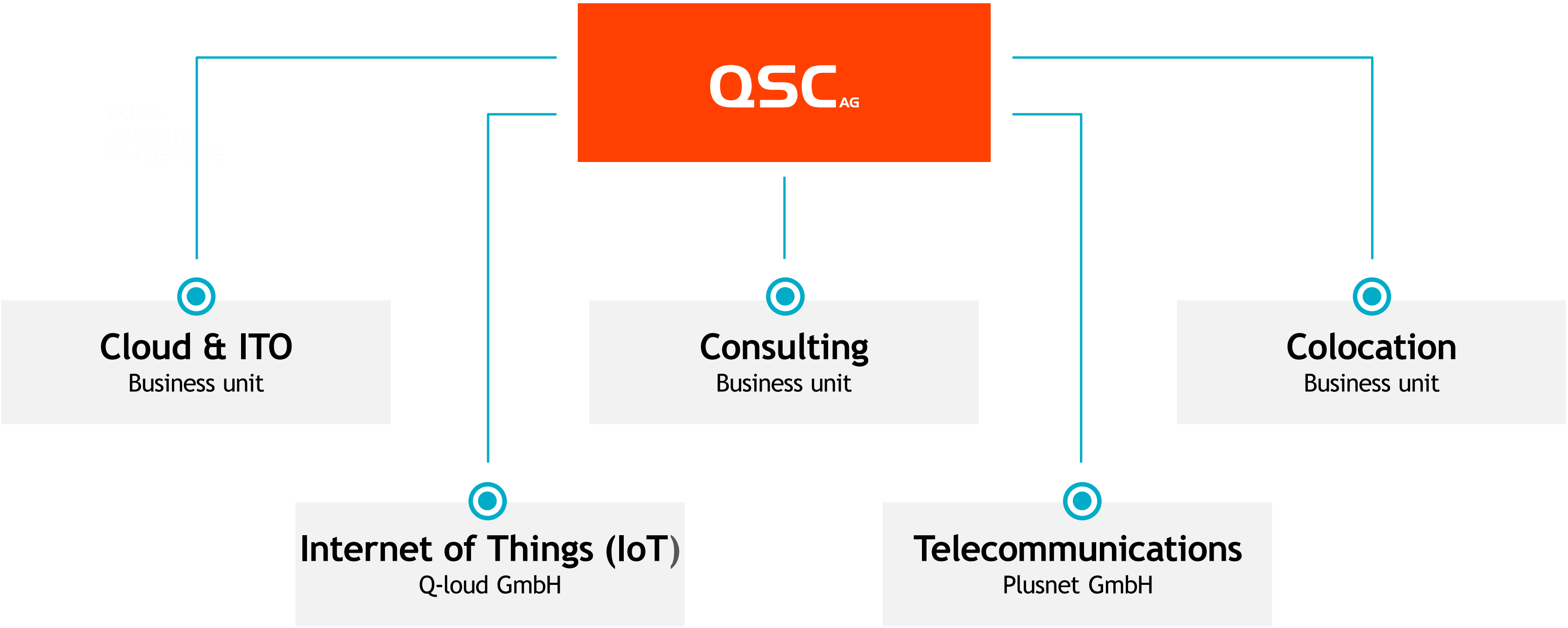
Strategic Update

9M 2018: Ongoing revenue growth

- Revenues increased by 4% to € 276.4 million
  - Cloud revenues grew by 31%
  - TC revenues up by 11%
- New vertical organisation is supporting revenue growth
- TC subsidiary Plusnet is benefiting from greater independence
- New revenue forecast: At least € 360 million in FY 2018

New organisation: Higher customer orientation & agility



TC business is leveraging the new structure

- Plusnet is now up and running as a 100% subsidiary of QSC
- Dedicated sales force is opening up new opportunities with business customers & resellers
- Plusnet spin-off has led to higher visibility
  → Several enterprises have expressed their interest in aquiring the company
- QSC has entered into talks with suitable investors regarding this strategic option
- Talks will continue into Q1 2019
- All other strategic options for Plusnet (e.g. further development as a stand-alone business or co-operations) remain unaffected

Cloud Services meet the needs of German SMEs

- QSC's Cloud business is mainly being driven by rising demand for the Company's largely proprietary Cloud Services
- Dedicated sales force is winning new customers
  - in typical German manufacturing strongholds (e.g. automotive suppliers)
  - in financial services (e.g. PEAC Germany)
- Step by step, QSC is migrating existing Outsourcing customers from on-premise solutions to the Cloud → boundary between Cloud and Outsourcing business is becoming blurred
- New head of Cloud Services and Outsourcing is positioning his organisation as a perfect partner for SMEs

IoT: Huge potential in Industry 4.0 environments

- QSC’s IoT subsidiary, Q-loud, also focusses on the needs of German SMEs
- New opportunities arising from the combination of IoT and SAP know-how
  → QSC’s “Energy Management Cockpit” is Germany’s first SAP-Leonardo-qualified solution
- Since October 2018, Q-loud has been headed up by Dr. Myriam Jahn, a previous board member of Industry 4.0 specialist TiSC AG (~220 employees)
- With its enhanced management team, Q-loud will enter an era of stronger sales activities
  → One target: Industry 4.0 and automation specialists’ need for holistic IoT know-how

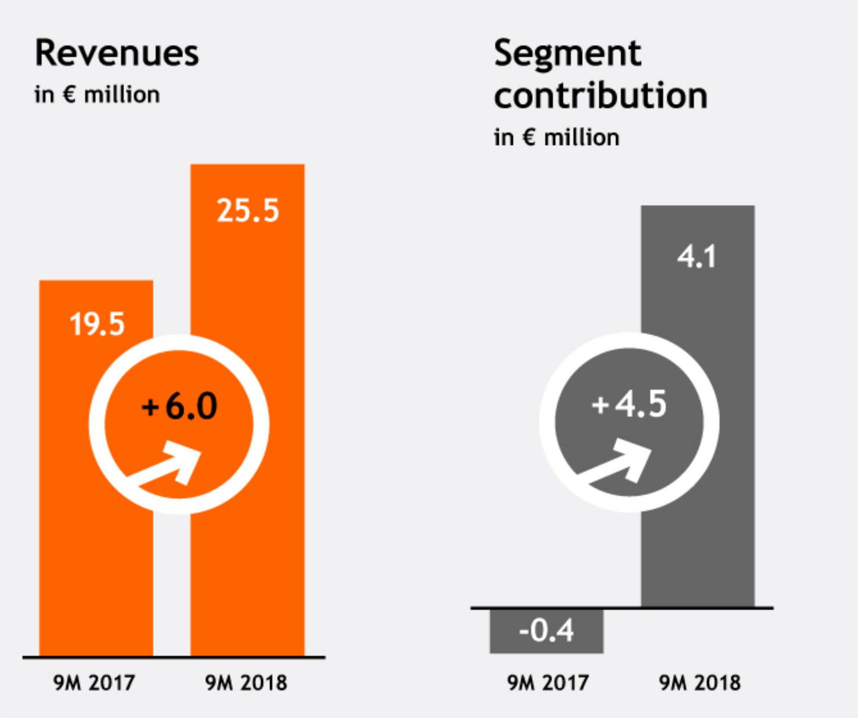
Financial Update

9M 2018: Ongoing revenue growth

in € million	9M 2017	9M 2018	Δ
Revenues	**264.8**	**276.4**	**+11.6**
Cost of revenues	196.2	208.7	-12.5
Gross profit	**68.6**	**67.6**	**-1.0**
Sales and marketing expenses	19.1	21.1	-2.0
General and admin expenses	20.1	19.4	+0.7
Other operating income	-	0.2	+0.2
EBITDA	**29.3**	**27.3**	**-2.0**
Depreciation	22.8	20.4	+2.4
EBIT	**6.5**	**7.0**	**+0.5**
Financial result	(3.2)	(3.2)	-
Income taxes	(0.7)	(2.1)	-1.4
Net profit	**2.6**	**1.6**	**-1.0**

- Consistent quarterly **revenue growth** in 2018
- **Gross profit** and **EBITDA** have developed as expected (change mainly due to higher share of low-margin TC business with resellers)
- **EBIT** is benefiting from lower depreciation
- Sustainable **net profit** since Q1 2017 (latest development affected by higher tax burden)

Cloud: Beginning to prove its scalability

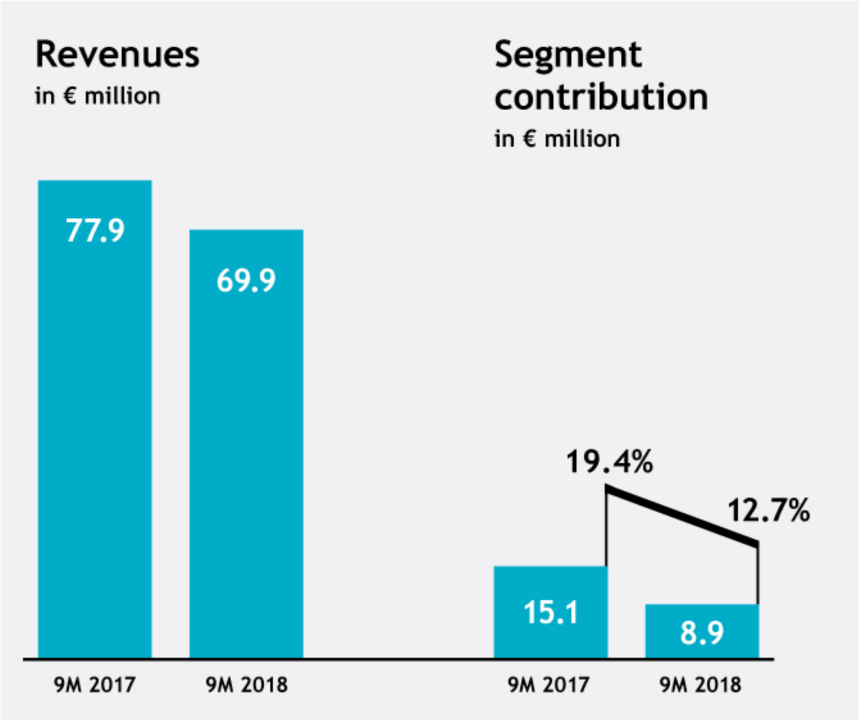


Proof of scalability:

→ 9M 2018:	Revenues	+ € 6.0 million
	Cost of revenues	+ € 0.9 million
	Sales and marketing	+ € 0.6 million

- Segment margin soared to 16%
- In 2018, the Cloud segment will – for the first time – make a **significant contribution to QSC's overall profitability**

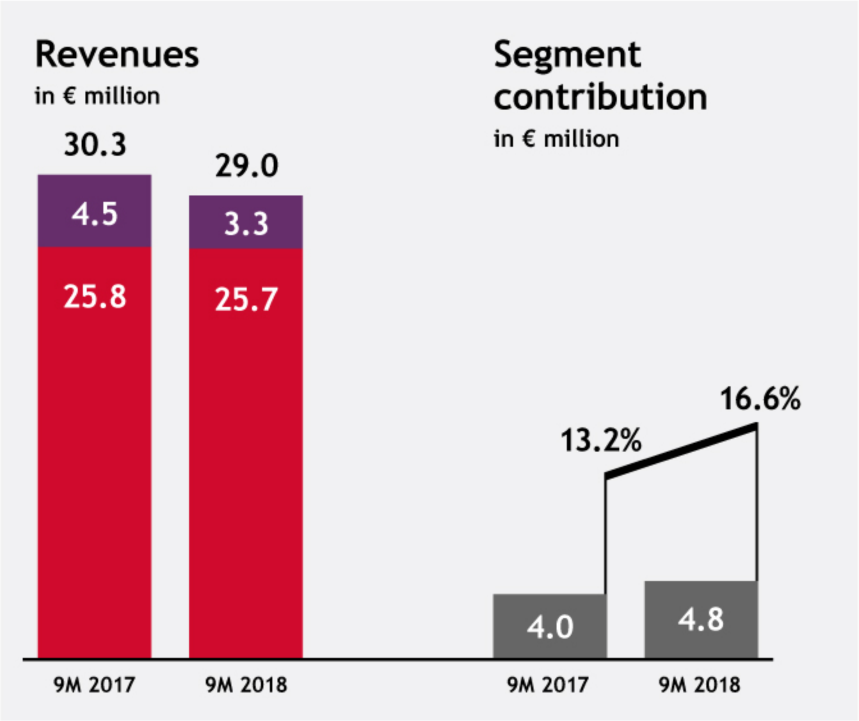
Outsourcing: Revenues developed as expected



- Revenues mainly influenced by the termination of one large contract in Q3 2017
- In the course of H2 2018 and at the beginning of 2019, two further contracts will be terminated
- Ongoing revenue transition to the Cloud segment
- Organisational restructuring has effects on the segment contribution

▬ Segment margin

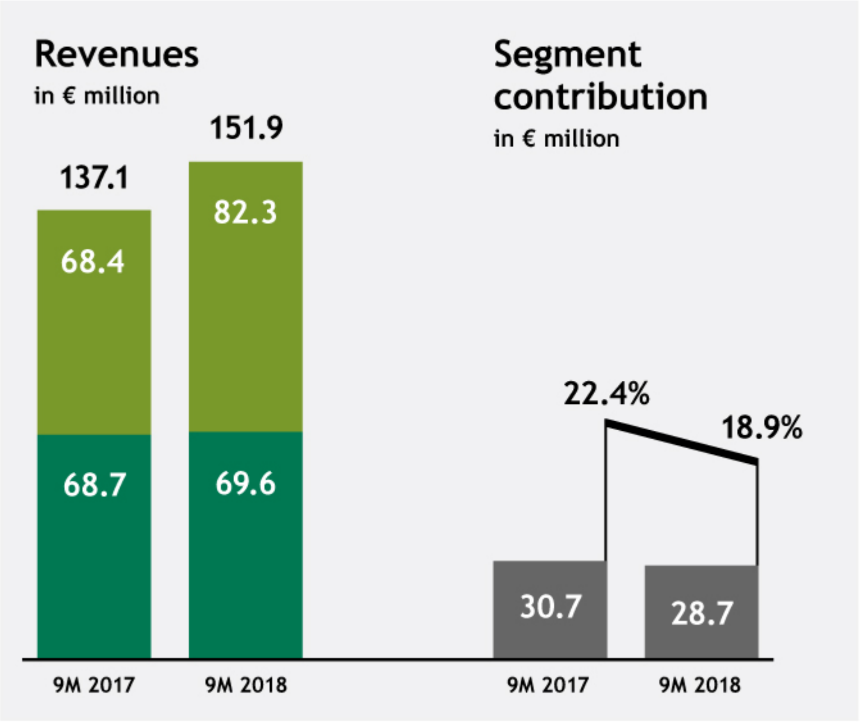
Consulting: High segment margin



- Revenues at a stable level of between € 9 and € 10 million per quarter (Q3 2018: € 9.8 million, Q2 2018: € 9.4 million; Q1 2018: € 9.8 million)
- Skills shortage has an influence on SAP consulting, especially on S/4HANA business
- Ongoing optimisation of current staff utilisation is ensuring a high segment margin

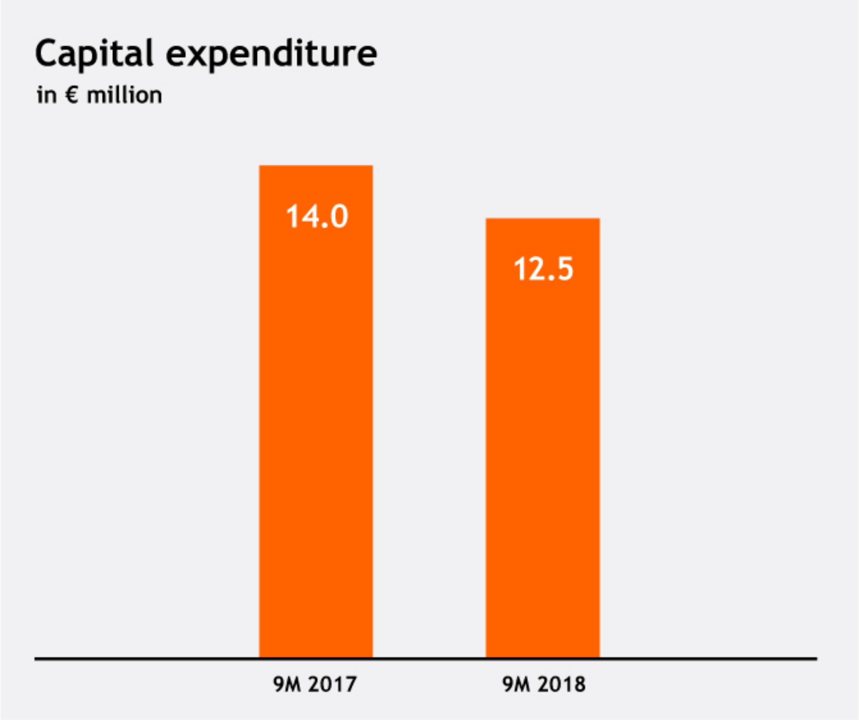
Microsoft
SAP
Microsoft and SAP
Segment margin

Telecommunications: Strong growth and high margin



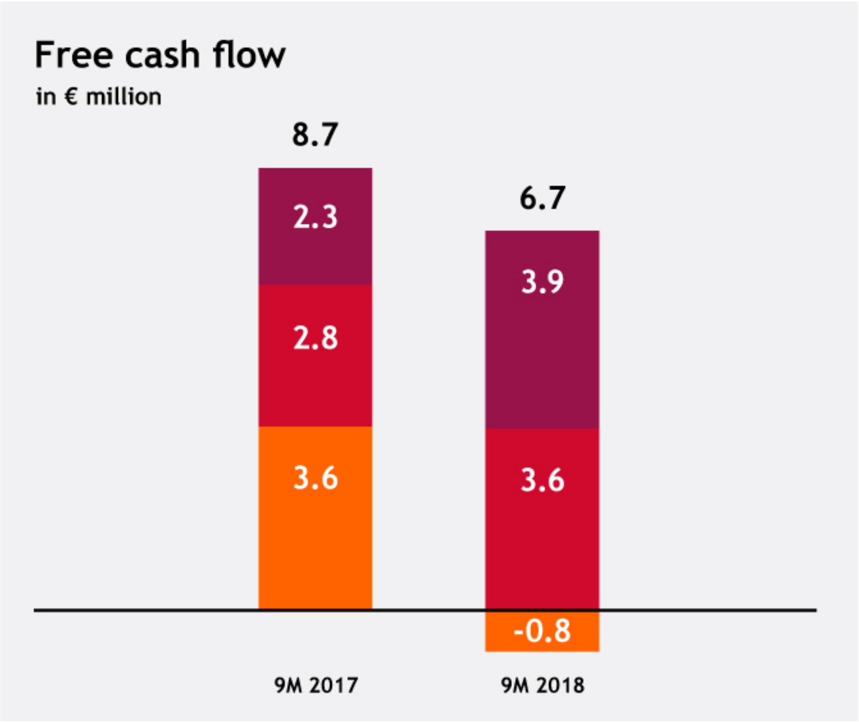
- TC reseller business is still benefiting from a favourable market environment and the highly efficent Next Generation Network (NGN)
- Continued moderate growth in business with corporate customers
- Change in revenue mix and increased sales activities have impacted the segment contribution

CAPEX is focused on customers and technology



- Completion of initial investments in cloud services has had positive effects on CAPEX this year
- Ongoing investments in modernisation of infrastructure and data services as well as customer projects
- In FY 2018, QSC aims to invest a maximum of € 20 million

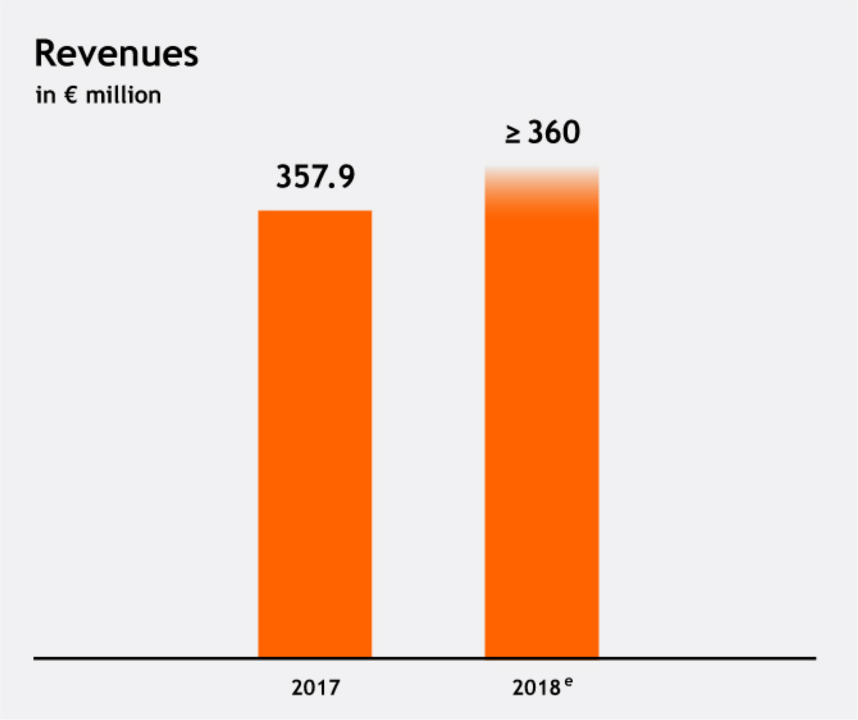
FCF has shown a strong increase since Q2 2018



- Q1 2018 was influenced by both high prepay-ments for the full year and severance payments
- In Q2 and Q3 2018, FCF benefited from positive development in operating business

3rd quarter
2nd quarter
1st quarter

Forecast: QSC now expects to surpass its 2017 revenues



Given the recent revenue development, QSC is now expecting:

– **Revenues of at least € 360 million**

QSC continues to expect:

– **EBITDA of € 35—40 million**

– **Free cash flow > € 10 million**

Questions & Answers

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