Cologne, 7 May 2018 – Financial results for Q1 2018

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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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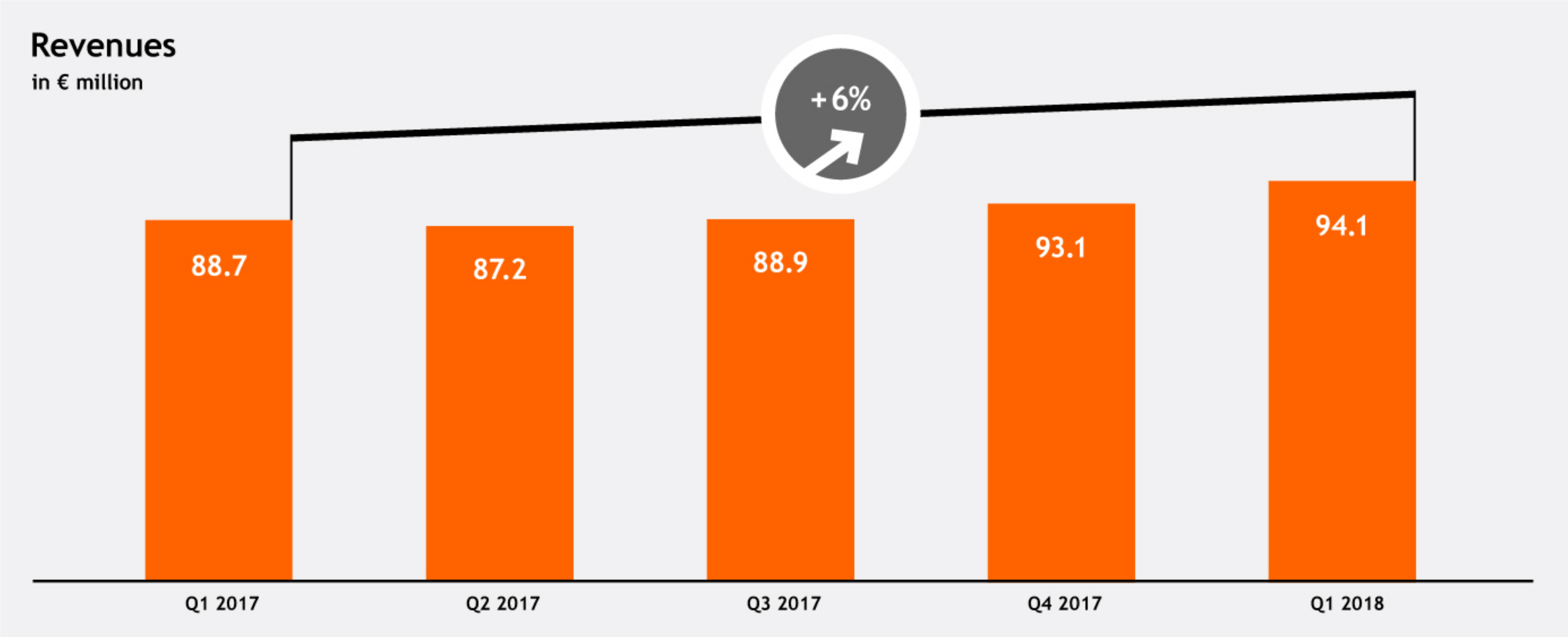
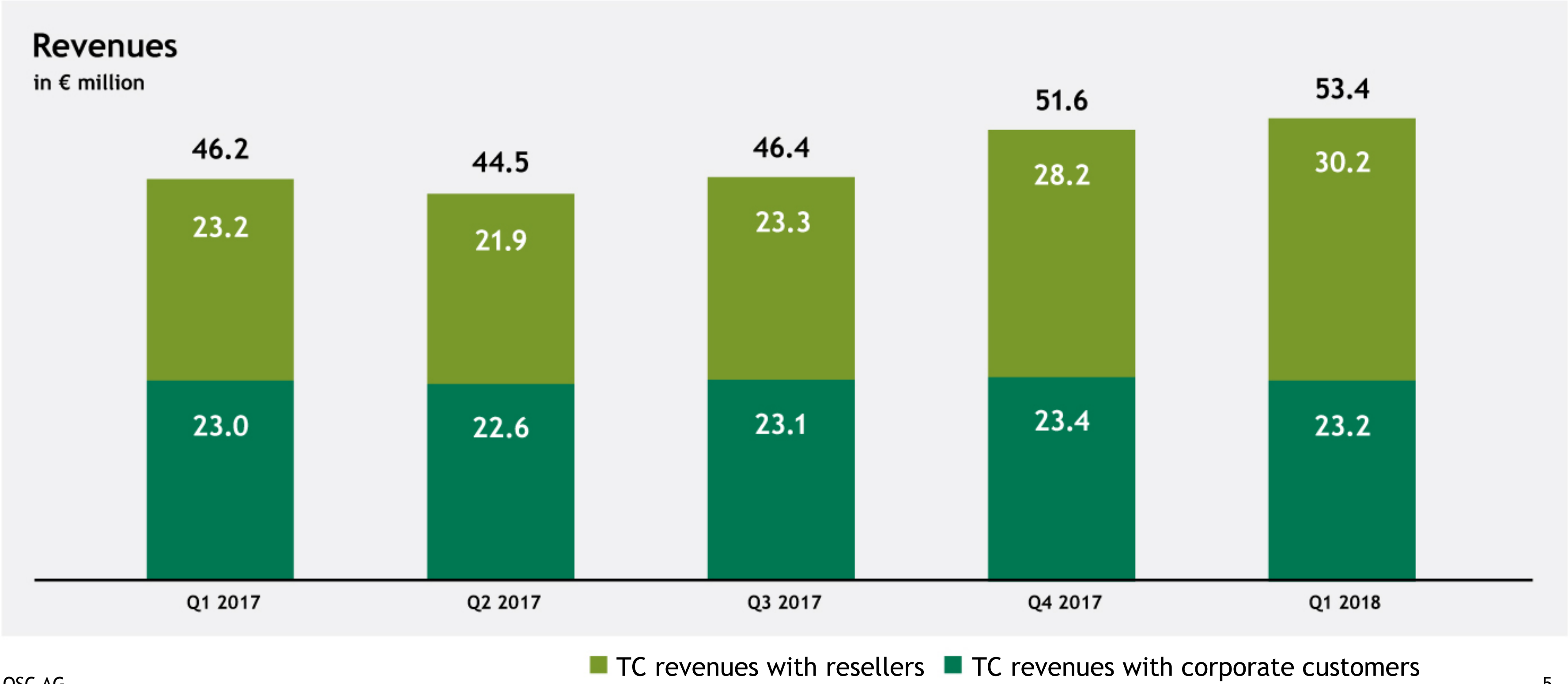
Q1 2018: QSC posts revenue growth of 6%

- Thanks to strong TC business, revenues increased to € 94.1 million
  - TC revenues up by 16%
  - Cloud revenues grew by 37%
- Sales push: QSC won several new customers and extended contracts with existing ones
- Profitability developed as expected; EBITDA came to € 9.2 million
- Net profit increased by 50% to € 0.9 million
- QSC now expects its revenues to tend towards the upper end of the € 345-355 million range for FY 2018

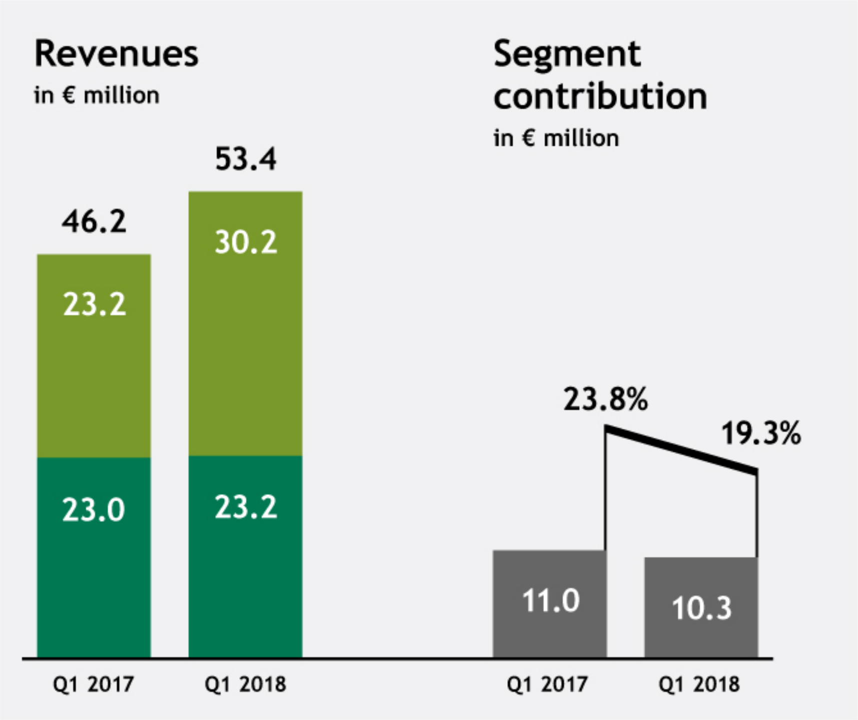
Revenues grew for the third consecutive quarter



Revenues are being driven by momentum in TC business



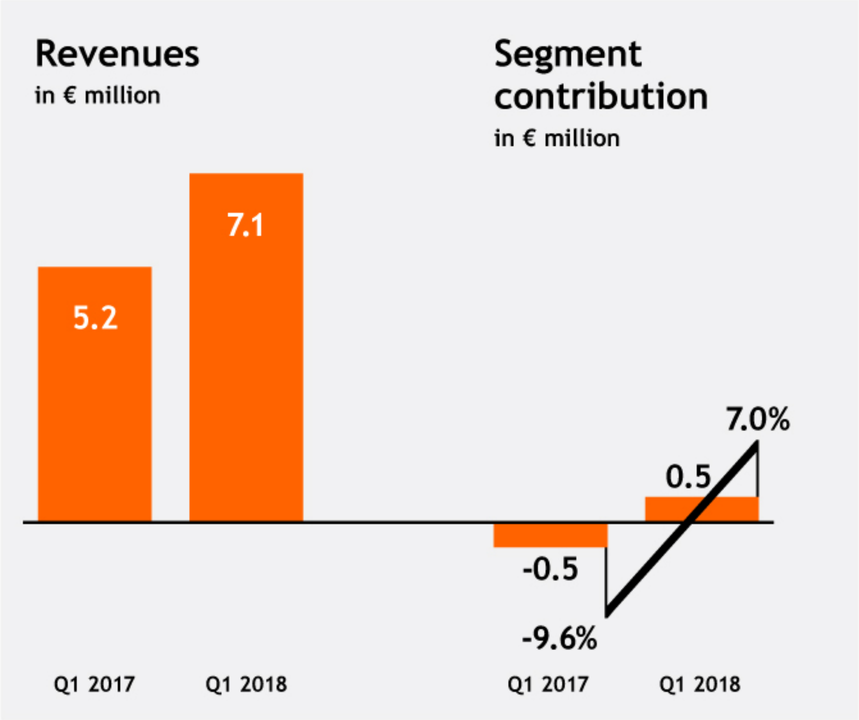
Telecommunications: Double-digit growth of 16%



- TC reseller business is benefiting from a favourable market environment and the highly efficent Next Generation Network (NGN)
- TC corporate business has won several "Stadtwerke" as customers
- Higher visibility even before the planned spin-off attracts new customers
- Thanks to increased sales activities, segment contribution came to € 10.3 million

TC revenues with resellers
TC revenues with corporate customers
TC total
Segment margin

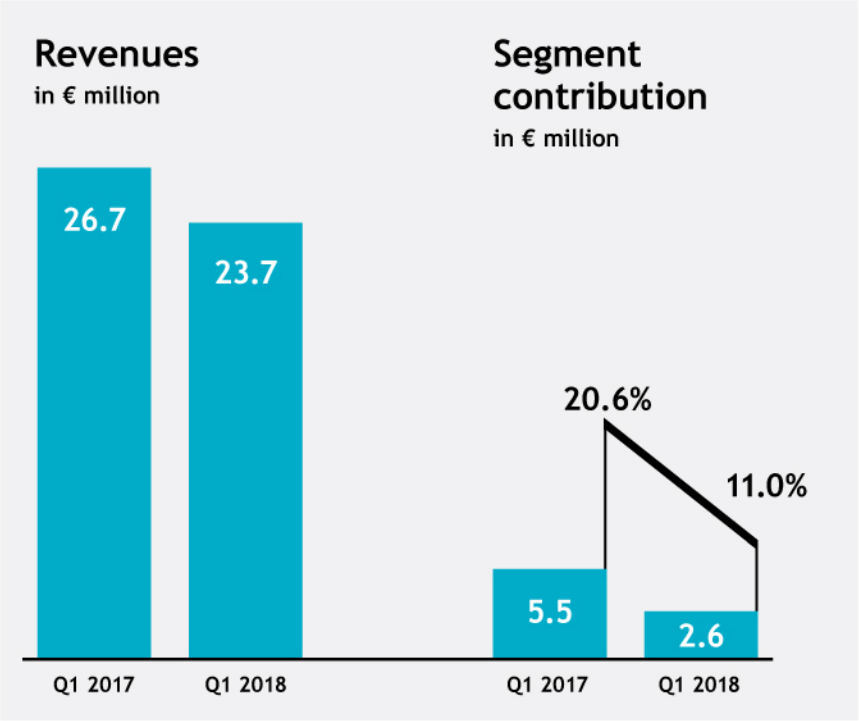
Cloud: Ongoing high revenue growth



- Higher recurring revenues with cloud services led to a 37% increase in revenues in Q1 2018
- Strong interest in IoT solutions; Munich Airport, for example, is now testing the “EnergyCam”
- Despite investments in future growth, segment contribution is increasing

▬ Segment margin

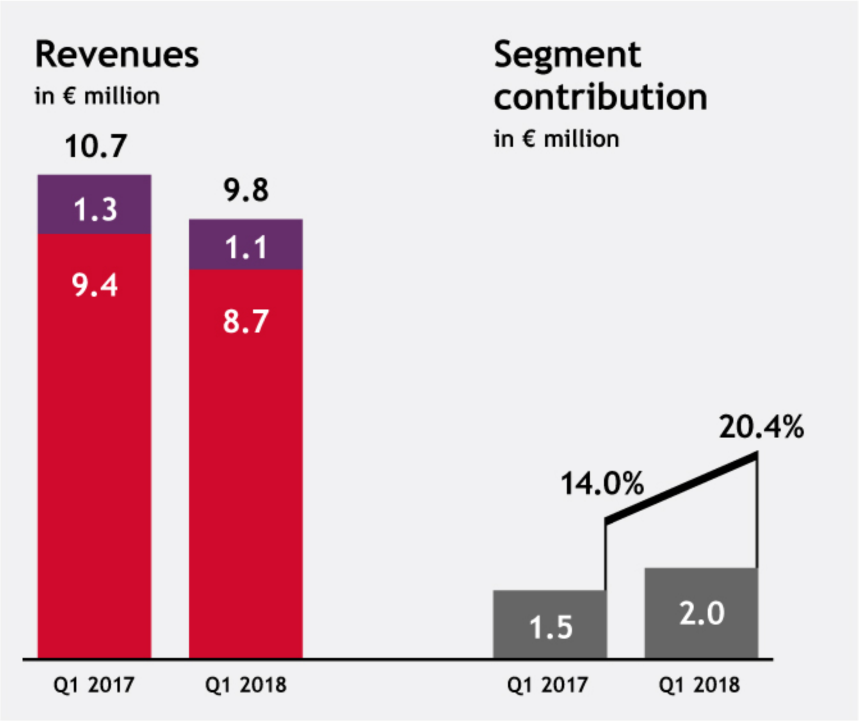
Outsourcing: Renewed focus on SMEs



- Latest revenue development mainly influenced by two factors:
  - Step-by-step migration of existing customers to the Pure Enterprise Cloud
  - Termination of one contract in Q3 2017
- Revitalised sales activities
- Ongoing organisational restructuring is having an effect on the segment contribution

▬ Segment margin

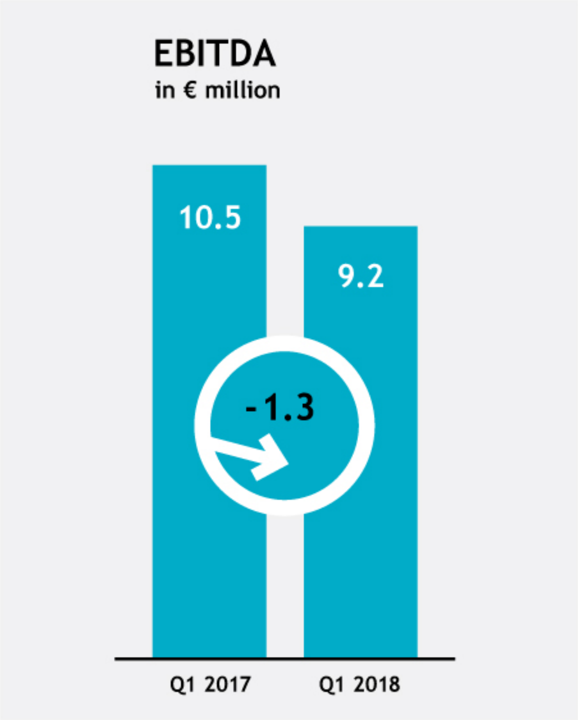
Consulting: Margin rose to 20% in Q1 2018

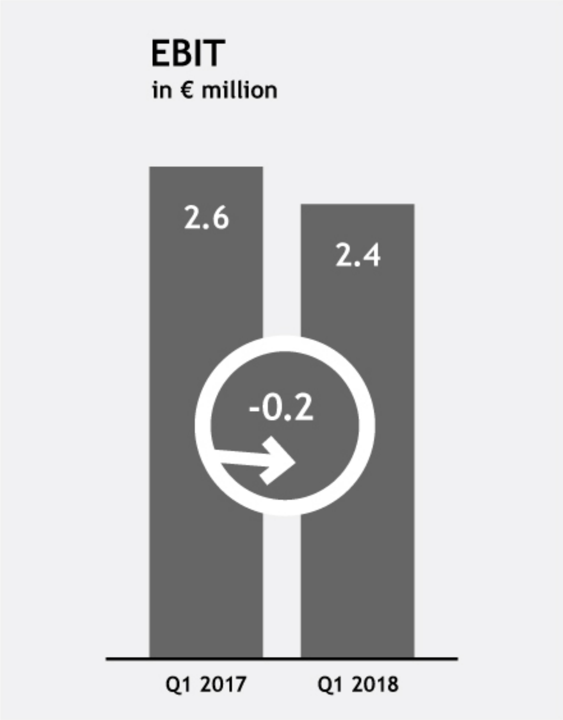


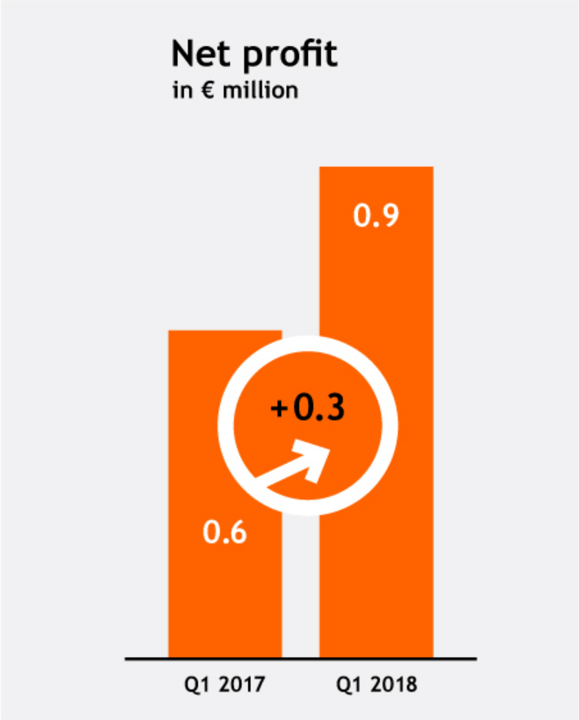
- Consulting is back on track; revenues were higher than in Q3 and Q4 2017
- Early focus on SAP HANA is paying off
- Further optimisation of staff utilisation is leading to a strong increase in segment margin

Microsoft
SAP
Microsoft and SAP
Segment margin

Overall, profitability developed as expected







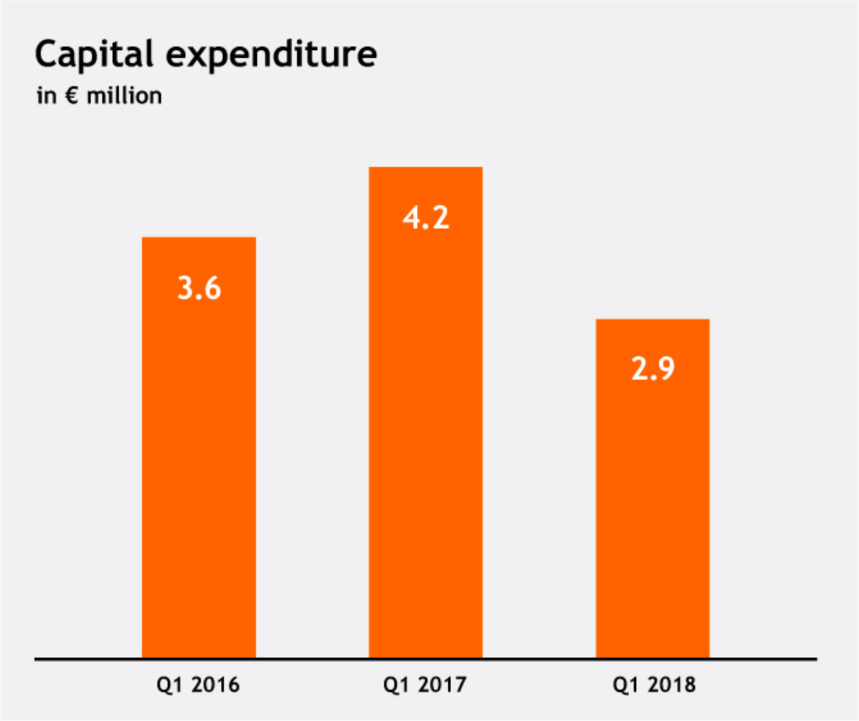
Q1 2018: Net profit grew by 50%

in € million	Q1 2017	Q1 2018	Δ
Revenues	**88.7**	**94.1**	**+5.4**
Cost of revenues	65.3	72.7	+7.4
Gross profit	**23.4**	**21.4**	**-2.0**
Sales and marketing expenses	6.0	6.0	-
General and admin expenses	6.9	6.0	-0.9
Other operating income	(0.1)	(0.2)	-0.1
EBITDA	**10.5**	**9.2**	**-1.3**
Depreciation	7.9	6.8	-1.1
EBIT	**2.6**	**2.4**	**-0.2**
Financial result	(1.1)	(1.0)	+0.1
Income tax	(0.9)	(0.5)	+0.4
Net profit	**0.6**	**0.9**	**+0.3**

Earnings

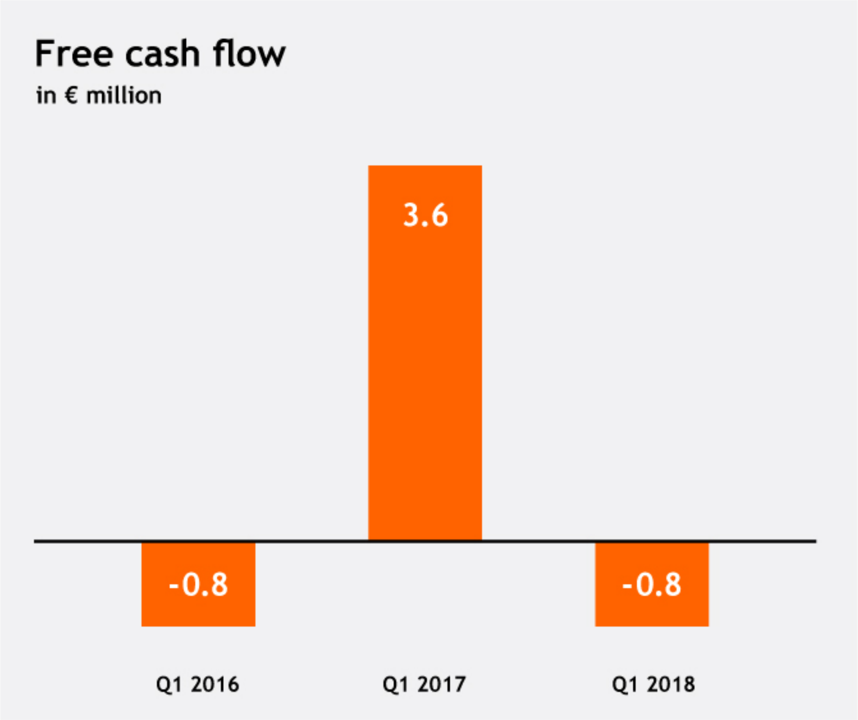
- Gross profit burdened by higher costs of revenues (as a result of the altered revenue mix)
- EBITDA developed as expected
- EBIT is benefiting from lower depreciation
- Sustainable net profit since Q1 2017

Moderate CAPEX in Q1 2018



- Completion of initial investments in cloud services has positive effects on CAPEX
- Ongoing investments in modernisation of infrastructure and data services as well as customer projects

FCF has returned to its customary Q1 level



- Q1 development of FCF is usually influenced by high prepayments for the full year
- Additionally, severance payments for employees as well as for two former board members were incurred in Q1 2018 as expected

Forecast 2018: Revenues tend to be higher

Given the good start to the year, QSC is now expecting:

- Revenues tend towards the upper end of the € 345 – 355 million range
- EBITDA of € 35 – 40 million
- Free cash flow > € 10 million

Questions & Answers

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