

Quarterly results Q1 2020, 11 May 2020, Jürgen Hermann, CEO

# QSC on growth course

SECURE.  
INNOVATIVE.  
AT YOUR SIDE.

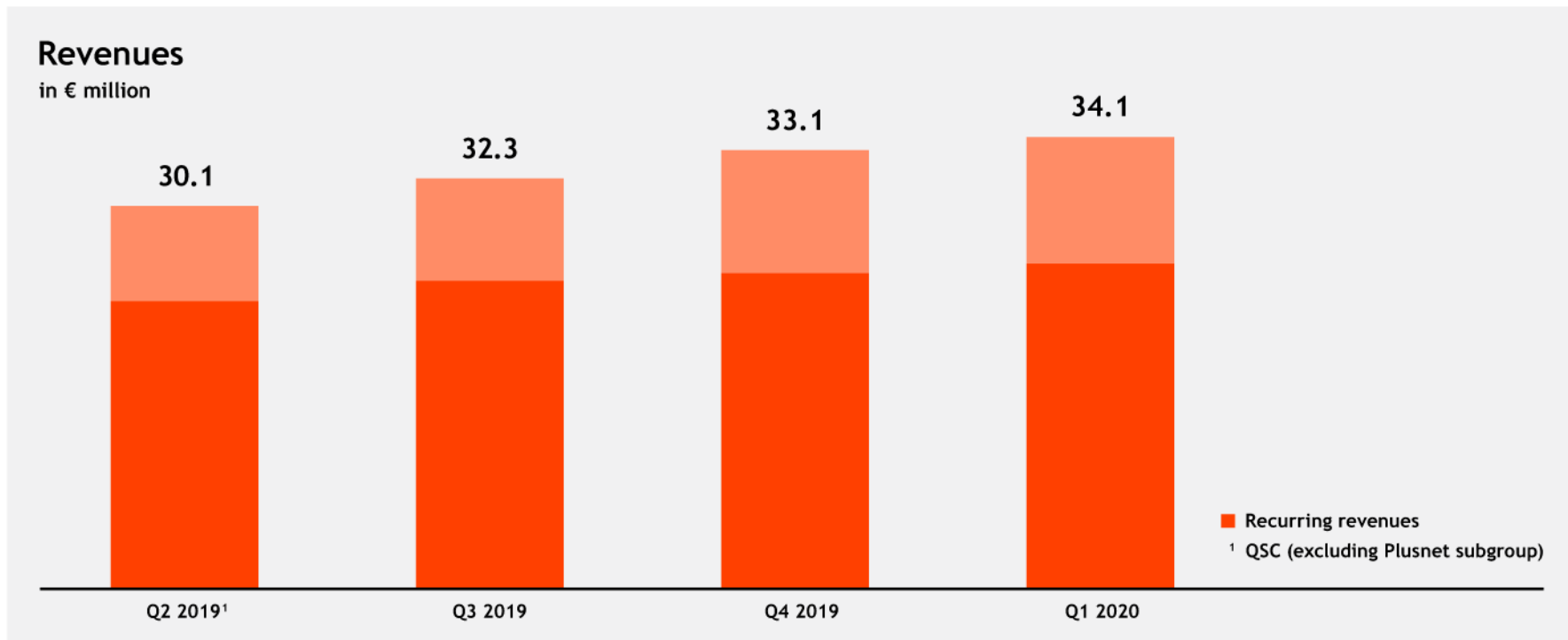
**QSC**<sub>AG</sub>

# 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.

Although the forward-looking statements are made with great care, their correctness cannot be guaranteed. Therefore the actual results may deviate from the expected results described herein. QSC does not intend to update or adjust any forward-looking statements after the publication of the presentation.

# QSC grows from quarter to quarter



# Growth in exceptional circumstances

QSC is in a privileged position in the coronavirus pandemic:

- 1 Stable and robust business model
- 2 Around 75% of revenues are recurring and platform-based
- 3 Net liquidity of € 61.9 million / equity ratio of 71%
- 4 Shutdown triggers wave of digitalisation among SME companies

# Digital workplaces in particular demand

- Since 17 March 2020, all QSC staff working in home offices
- Remote operations guarantee **best possible protection** for our customers, partners and staff
- QSC supports customers in migrating operations to home offices
- **Hundreds of cloud-based workplaces** created within 96 hours in some cases

## Countdown to the cloud workplace

in hours



# S/4HANA still on the agenda

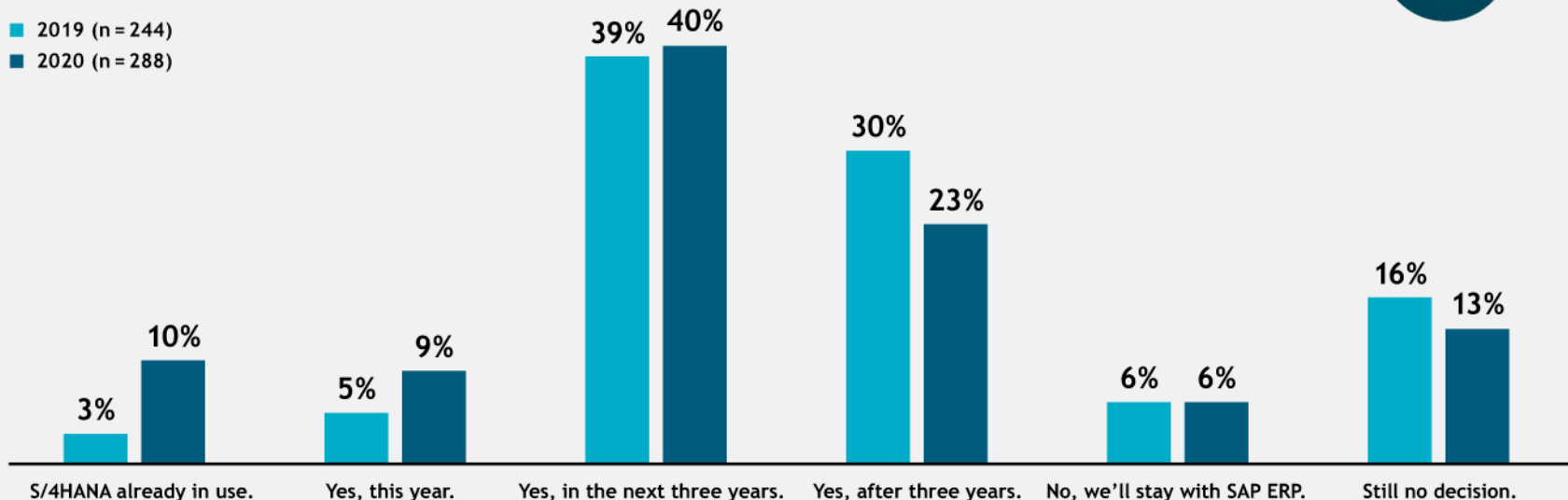
Is your company planning to migrate to S/4HANA?



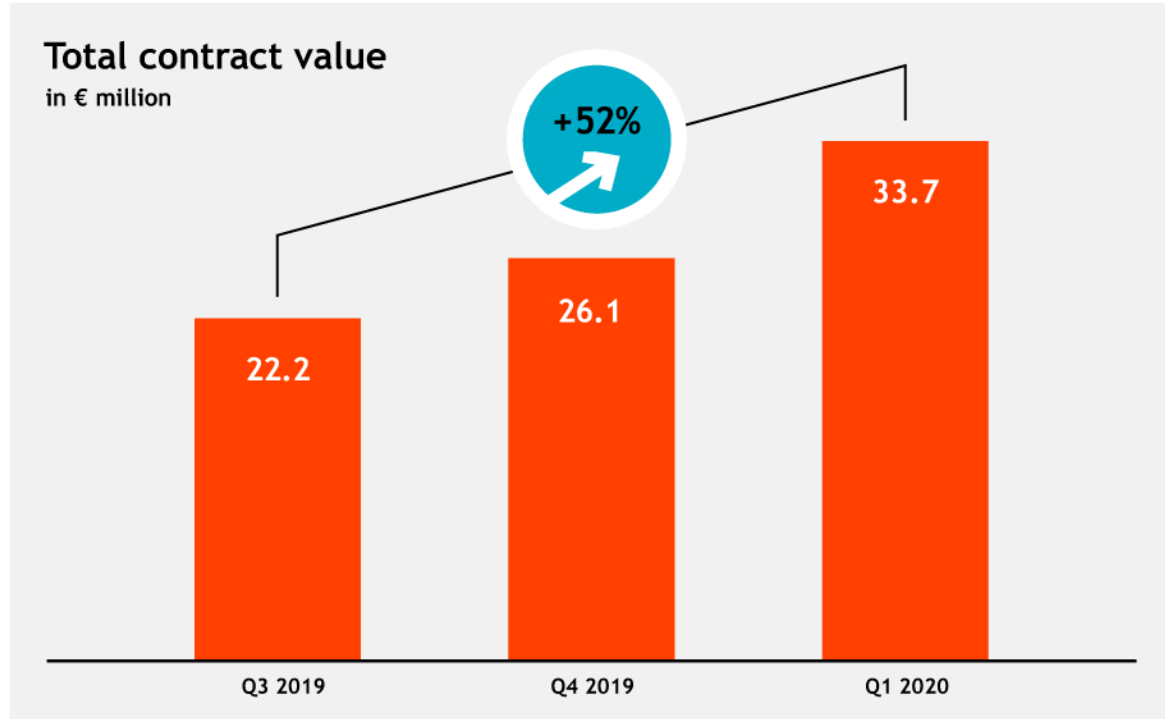
DSAG Investment Report 2020

■ 2019 (n = 244)

■ 2020 (n = 288)



# Strong order growth in Q1 2020



**Consistent expansion in service portfolio** paying off ever more clearly from quarter to quarter:

- **70%** of new orders generated by **selling additional services** to existing and new customers
- **30%** contract extensions

# EBITDA ahead of plan and close to break-even

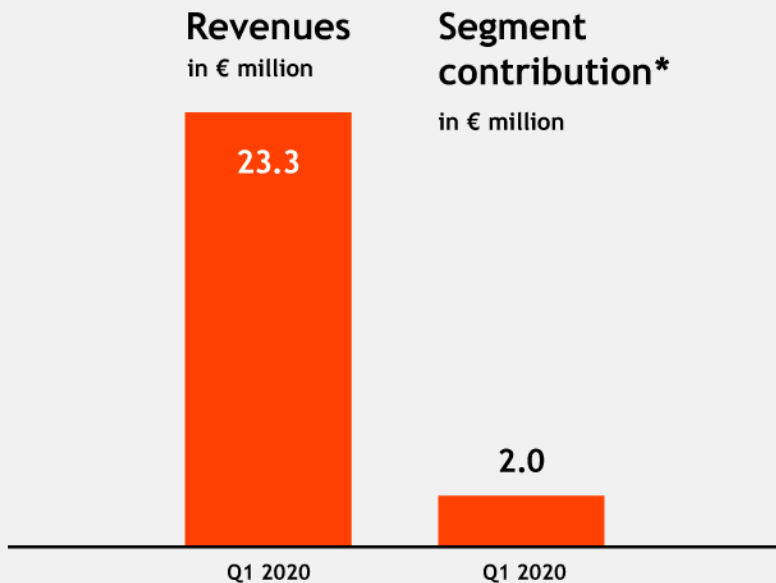
in € million	Q1 2020
<b>Revenues</b>	<b>34.1</b>
Cost of revenues	(28.6)
<b>Gross profit</b>	<b>5.5</b>
Sales and marketing expenses	(3.3)
General and admin expenses	(3.8)
Other operating income	0.6
Other operating expenses	(0.2)
<b>EBITDA</b>	<b>(1.1)</b>
Depreciation	(4.2)
<b>EBIT</b>	<b>(5.3)</b>
Financial result	(0.1)
Income taxes	(0.1)
<b>Net income</b>	<b>(5.5)</b>

- Administrative expenses now in line with QSC's new size (Q3 2019: € 4.9 million)
- Ongoing consistent investment in future growth
- EBITDA nevertheless approaching break-even (Q3 2019: € -2.2 million)

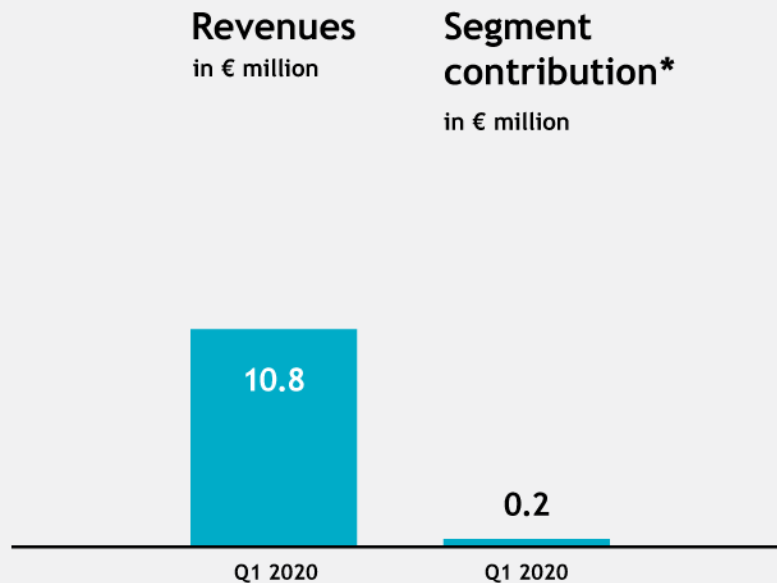


# Both segments generate positive earnings

## “Cloud & IoT” segment

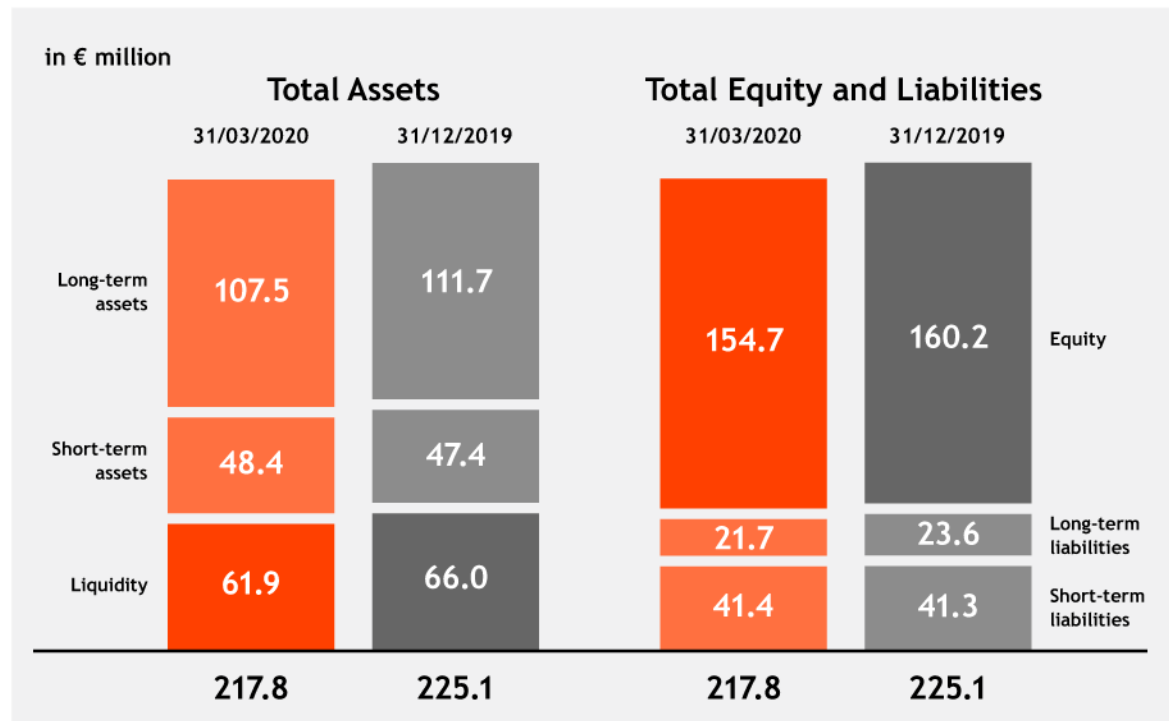


## “SAP” segment



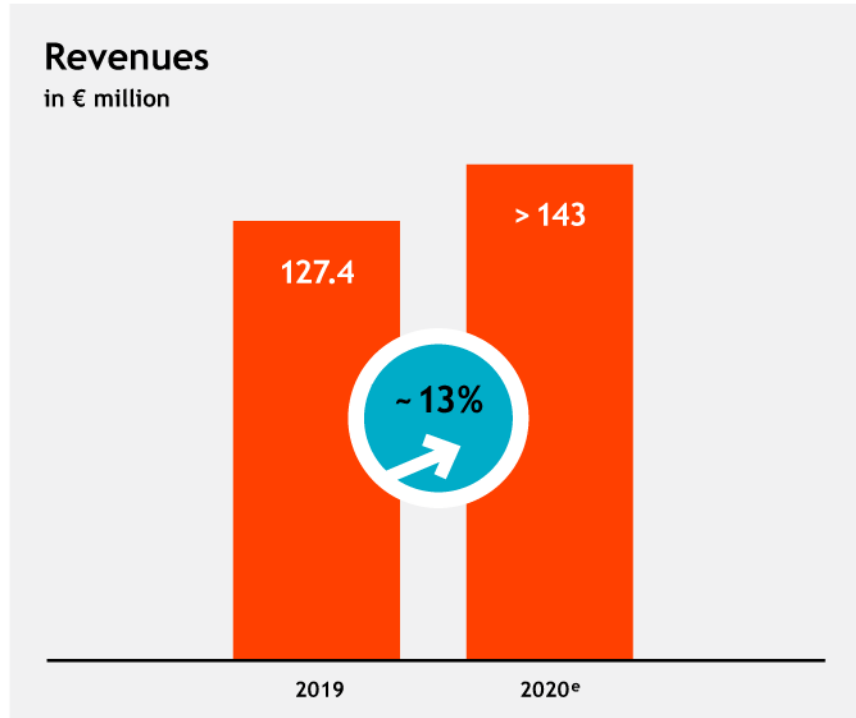
\* Gross profit less sales and marketing expenses

# High volume of net liquidity secures financing



- Net liquidity of € 61.9 million at 31 March 2020 as against € 66.0 million at 31 Dec 2019
- ⇒ Free cash flow of € -4.1 million
- Equity ratio of 71%
- Capex of € 0.8 million


# 2020 forecast confirmed despite difficult climate



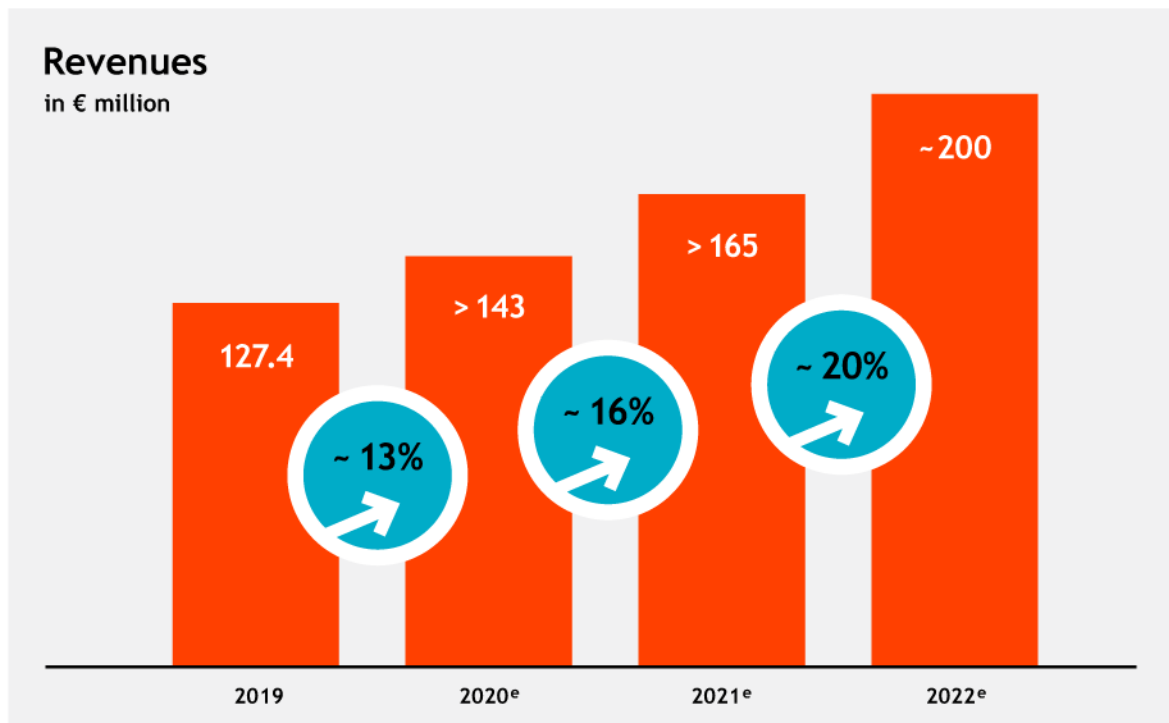
- Revenue growth of at least 13% expected despite recession
- Investments in future growth: Therefore EBITDA of up to € -5 million and FCF of up to € -16 million planned
- Sustainably positive EBITDA from Q4 2020
- Sustainably positive free cash flow from Q4 2021

# Impact of pandemic on operating business

Assumption: normalisation in public life and economic activity from Q3 2020

> Demand for solutions for digital workplaces	
> Demand for cloud solutions	
> Consulting on location at customers	

# Growth to accelerate from year to year



- Accelerated growth thanks to
  - high share of as-a-service solutions
  - high share of recurring revenues
  - scalable business model

# Well positioned for sustainable growth

“Digitaliser to the SME sector”

## Excellent business portfolio

- Recurring revenues
- Highly scalable

## Top innovations

- Integrated solutions
- New technologies

## Effective “go-to-market” approach

- Sector focus
- Strategic partners

## Experienced management team

- Top expertise
- Entrepreneurial approach

Investments in future and M&A

2022: Revenues of € ~200 million, EBITDA >10%, positive free cash flow

**Questions & answers**

# Contact



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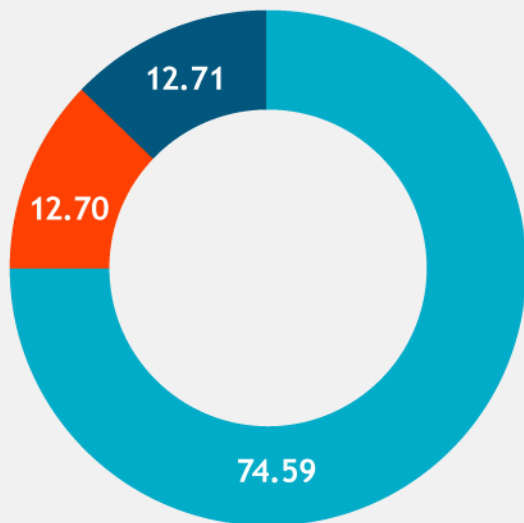


**Annex**

# CEO increases own shareholding by 50%

## Shareholder structure

in %



In March 2020, the CEO acquired a further 330,000 QSC shares:

**Jürgen Hermann**      **1,000,000 shares**

Neither founder has yet sold any QSC shares — share ownership is now structured as follows:

**12.71%**    **Gerd Eickers<sup>1</sup>**

**12.70%**    **Dr. Bernd Schlobohm<sup>2</sup>**

**74.59%**    **Free float**

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<sup>1</sup> Founder and member of Supervisory Board

<sup>2</sup> Founder and Chairman of Supervisory Board

Status: 30 April 2020

# “Buy” recommendations for QSC shares

**COMMERZBANK**

**QSC**

2 March 2020

our rating to Buy. Early I hence success of the re of hidden value from ur view. With additional current levels despite

**Buy** (from Hold)  
**TP €2.00** (from €1.70)  
**CP €1.12^**  
(Closing 28 February 2020)

**Key information**

**Bankhaus Lampe**

**QSC AG**

Recurring revenues support the re

06/05/2020

Buy  
1.80 EUR

04/05/2020  
QSC GR

Bank	Recommendation	Target price
Commerzbank	“Buy”	2.00 €
Bankhaus Lampe	“Buy”	1.80 €
Warburg Research	“Hold”	1.40 €
Independent Research	“Hold”	1.20 €

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