QSC AG

Company Presentation

Results Q1 2014

Cologne, May 12, 2014

AGENDA

1. Highlights Q1 2014
2. Financial Results Q1 2014
3. Outlook 2014
4. Questions & Answers

2014 STARTED AS EXPECTED

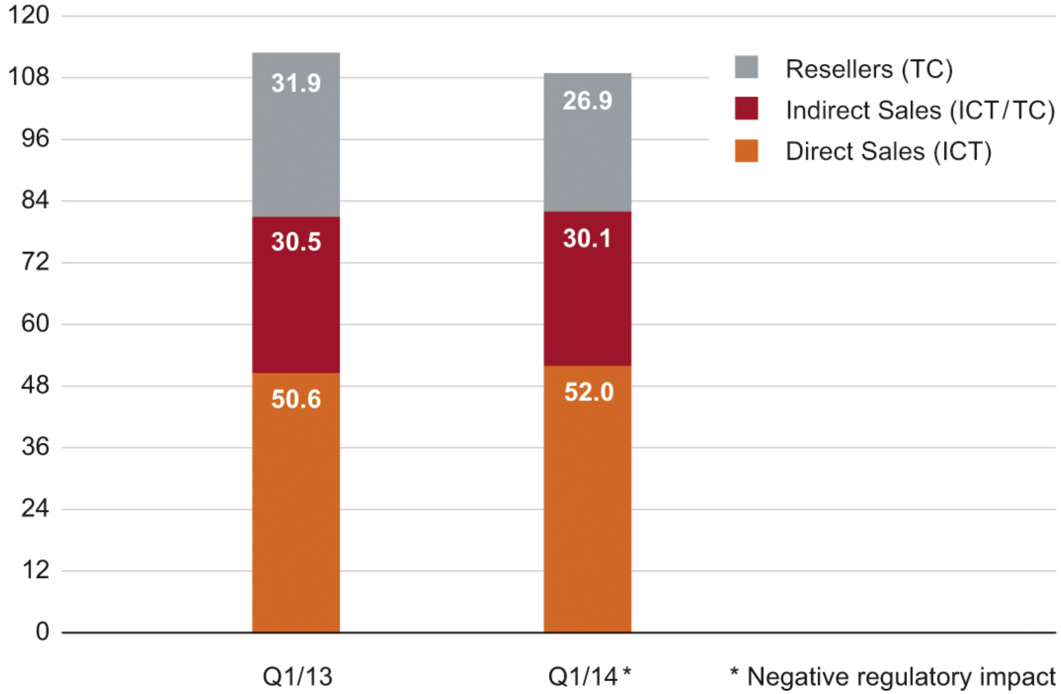
- Two-track development of operating business
  - Growth in ICT business
  - Decline in TC revenues
- TC business strained by negative regulatory impact
  (€ 8 million less in revenues and € 3 million less in EBITDA in 2014)
- Focus on investments in future growth
  - Development budget rose Y-O-Y by 100% to € 2.4 million
  - Acquisition of encryption specialist FTAPI in February 2014

TOTAL CONTRACT VALUE INCREASED BY 16%

- TCV comprises orders from new as well as existing customers
- Traditionally, TCV in H1 has been lower than in H2

GROWING TCV FUELS REVENUE GROWTH IN DIRECT SALES

REVENUE MIX (in € million)



* Negative regulatory impact of € 2 million per quarter

- Direct Sales continued to increase its revenues
- Two-track development in Indirect Sales
  - Positive development of ICT products
  - Decline in TC revenues
- Resellers is suffering from adverse market conditions in TC business

ADVERSE MARKET CONDITIONS IN TC BUSINESS

- As of November 20, 2013, German regulators lowered the fees for alternative net providers – effects on QSC:
  - Around € 8 million less in revenues in 2014
  - Around € 3 million less in EBITDA in 2014
- Declining demand for OCBC and Preselect offerings
- Ongoing price wars in the markets for legacy voice and increasingly so in ADSL2+
- Altogether, QSC expects a negative effect of
  - Up to € 30 million less in revenues in 2014
  - Some € 10 million less in EBITDA in 2014

FOCUS ON INNOVATIONS TO STRENGTHEN ICT BUSINESS

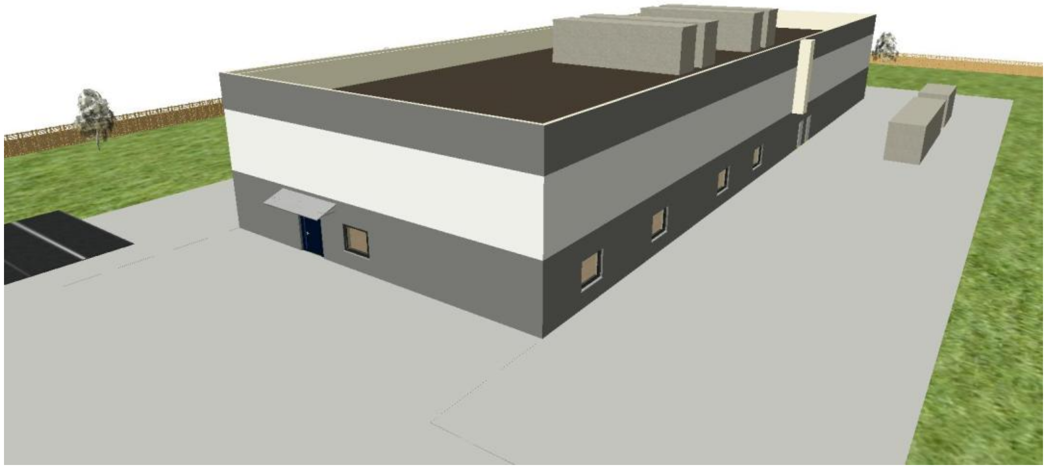
- **QSC-tengo**: More than 50 partners certified + launch of online shop for partners
- **solucon**: Unified Communication Services
  => JOIN Experience, Luxemburg, will integrate cospace in fixed-line and mobile offers

  M2M services to meter, regulate and control processes, using the QSC-Box
  => Demo of Secure Cloud Sensor
  => Demo of Secure Cloud Switch

FOCUS ON INNOVATION – INTEGRATION OF FTAPI

- In February, QSC acquired 51% of FTAPI, an encryption specialist with a range of scalable products in high-security transfer and storage
- The founders will stay on board and will drive further growth
- In April and May 2014, they presented their company at QSC's partner roadshow
- Next milestones:
  - Integration of the FTAPI product range into QSC's portfolio
  - Marketing and sales campaigns
  - Development of further products for specific industries and applications

FOCUS ON INNOVATIVE BUSINESS CONCEPTS: DATA CENTER CONSTRUCTION



- Attractive business concept with
  - Long-term contracts
  - Sustainable revenues
  - Upgradable customer relationship
- First project with DATEV in Nuremberg
- 2nd project with a large industrial player ready for signing

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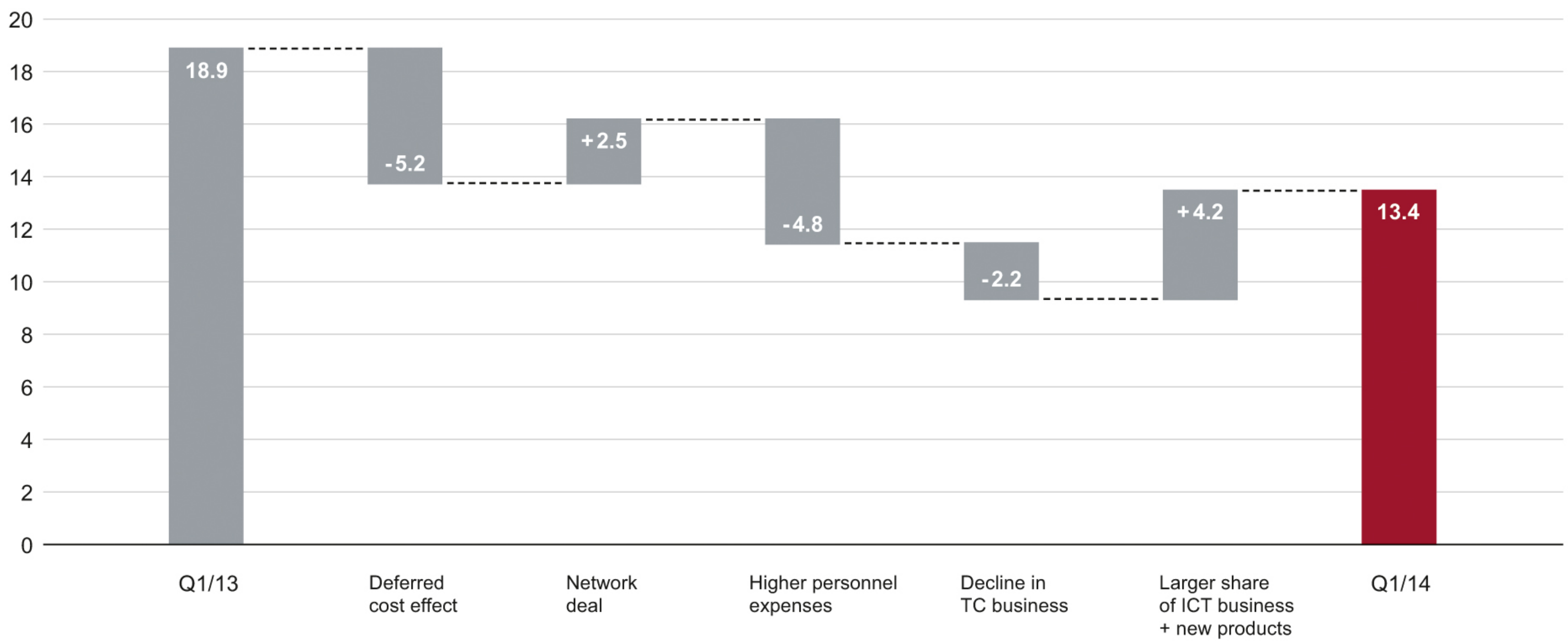
Q1 2014 WENT AS EXPECTED

In € million	Q1 2013	Q1 2014
• Revenues	113.0	109.1
• Cost of Revenues[(1)]	75.4	78.9
• *Gross profit*	*+37.6*	*+30.2*
• Other operating expenses[(1)]	18.7	16.8
• *EBITDA profit*	*+18.9*	*+13.4*
• Depreciation	12.6	12.3
• *EBIT profit*	*+6.3*	*+1.1*
• Financial results	-1.0	-1.0
• Income taxes	-0.2	+0.2
• *Net profit*	*+5.1*	*+0.3*

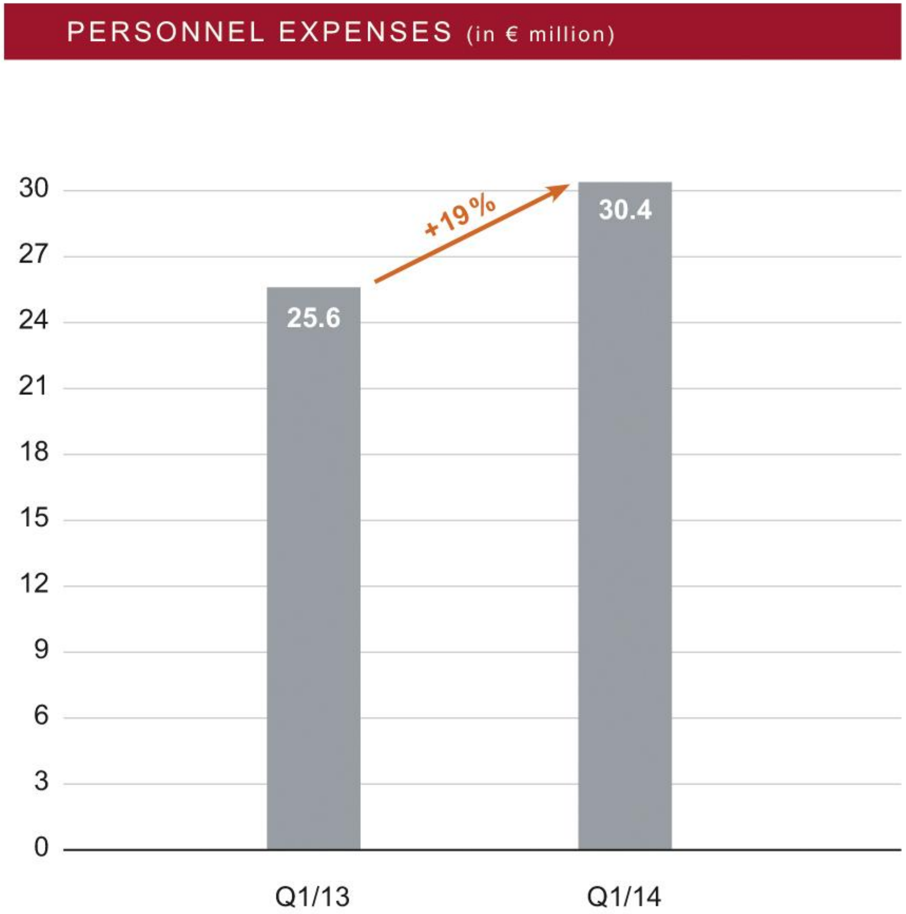
(1) Excluding depreciation and non-cash share-based remuneration

PROFITABILITY INFLUENCED BY SEVERAL FACTORS

EBITDA DEVELOPMENT (in € million)



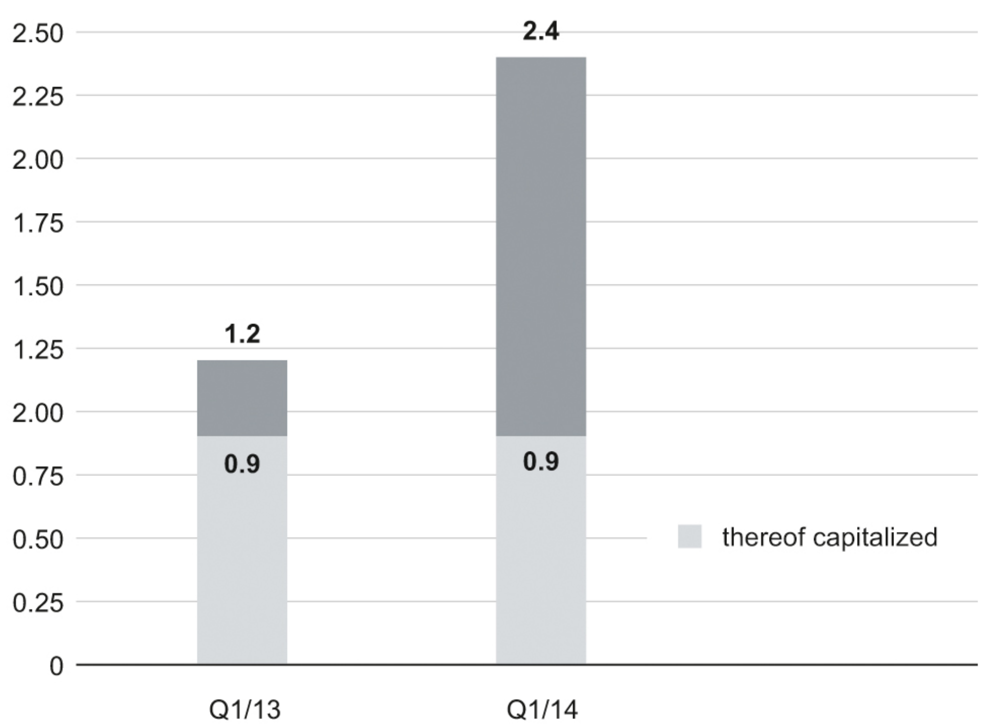
QSC HAS TO SHOULDER HIGHER PERSONNEL EXPENSES IN 2014



- During 2013, QSC expanded its workforce by some 200 ICT experts mainly for
  - Growing Outsourcing and Consulting business
  - Extension of development activities
- QSC is now well positioned to drive its operating business in 2014
- In Q1 2014, workforce rose by just 16 people, mainly because of the acquisition of FTAPI

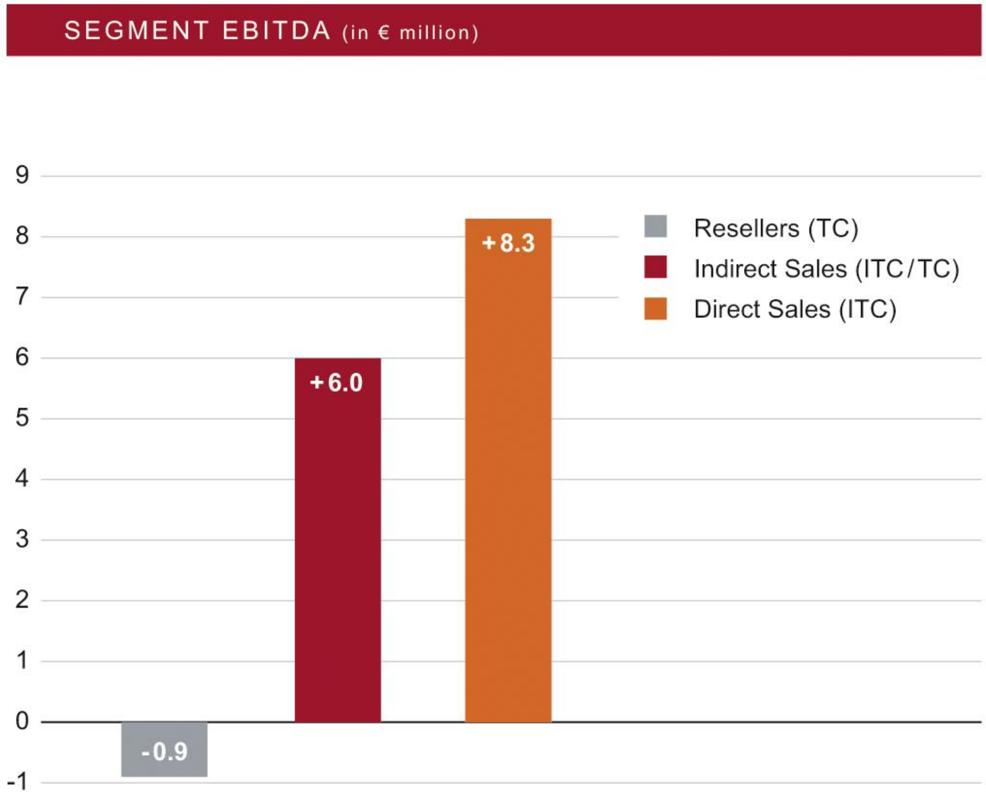
In 2014, QSC IS INVESTING IN FUTURE GROWTH AND INCREASING ITS DEVELOPMENT BUDGET

DEVELOPMENT BUDGET (in € million)



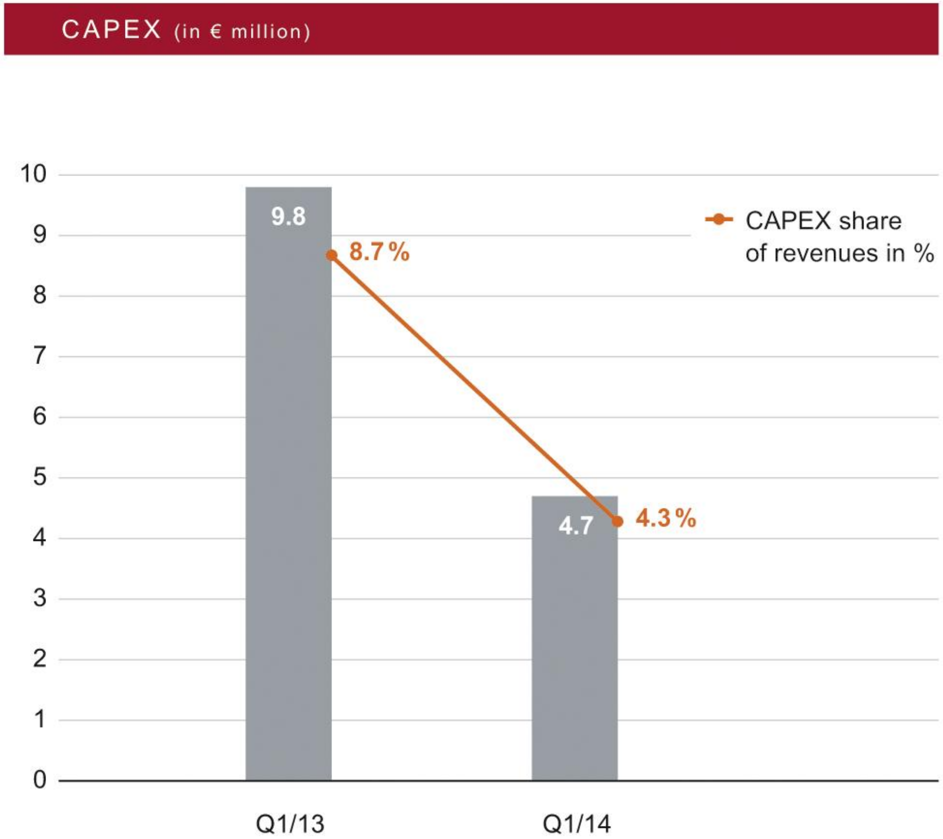
- In 2014, QSC plans to double its development budget to some € 10 million
- Focus on the development of Cloud-based products and services

HIGHER MARGINS IN ICT BUSINESS ARE STRENGTHENING THE PROFITABILITY



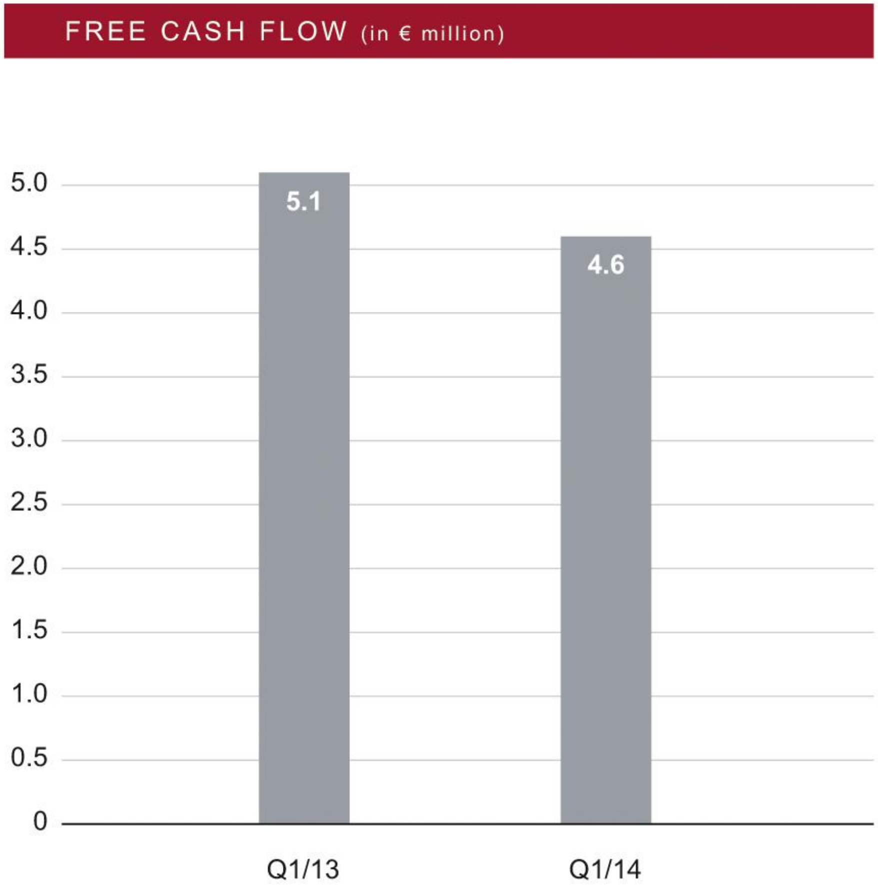
- Direct Sales now earns some 60% of the EBITDA – margin stood at 16% in Q1 2014
- Indirect Sales was able to earn an EBITDA margin of 20%
- Resellers incurred a loss in Q1 2014, but still made a significant contribution to covering the infrastructure costs
- Margins were below the figures for Q1 2013 mainly because of the deferred cost effect

QSC INVESTED IN CUSTOMERS AND DEVELOPMENT IN Q1 2014



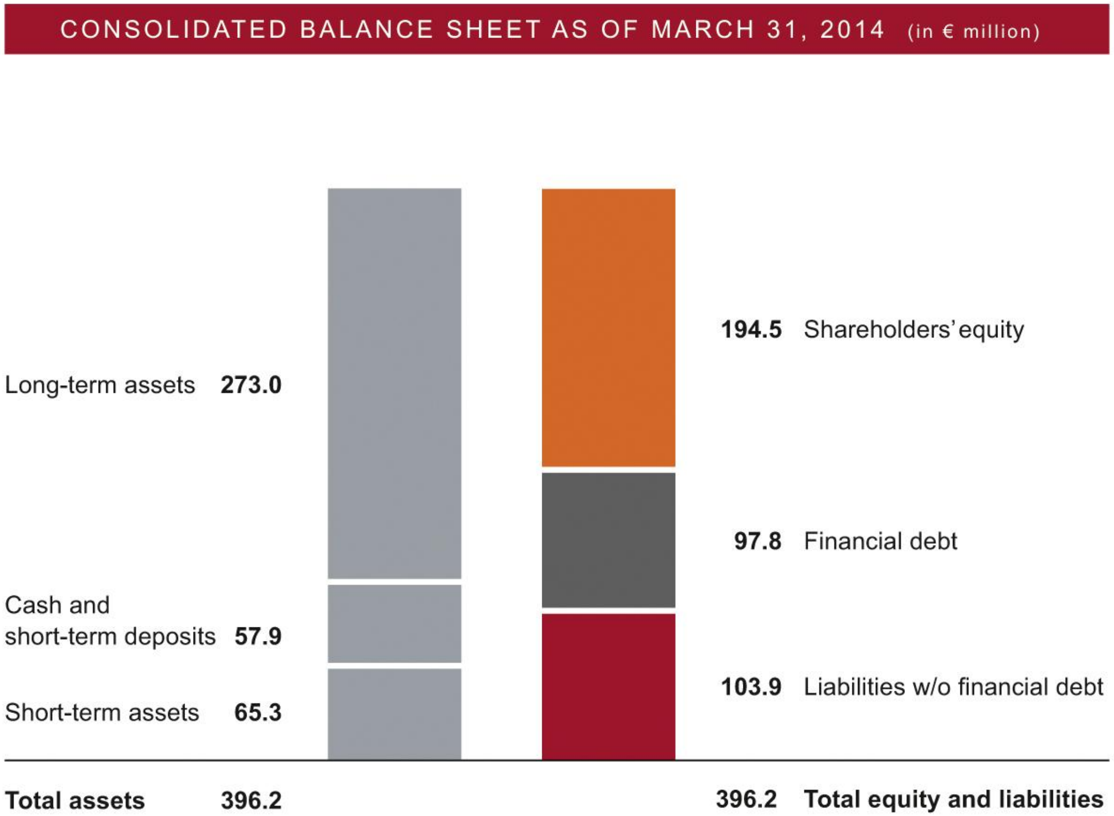
- QSC did not have to shoulder huge investments for new large customers in Q1 2014
- For 2014, QSC expects a CAPEX ratio of between 6–10% of revenues

MODERATE CAPEX HELPED TO EARN A SUSTAINABLE FREE CASH FLOW



- Free cash flow results from the change in net debt from operating business
- In Q1 2014, net debt decreased by € 1.0 million
- Further € 3.6 million remains out of consideration as they represent a payment for an acquisition – the purchase of 51% of FTAPI

IN MAY, QSC PLANS TO OPTIMIZE ITS FINANCING AND TO EXTEND THE MATURITY OF ITS DEBTS



- QSC has traditionally been financed very solidly with a net debt to EBITDA ratio of 0.5x
- Main source of external financing is a syndicated loan of up to € 140 million until September 2016
- In May 2014, QSC will most probably sign a promissory note loan to optimize debt structure:
  - Amount: € 150 million
  - Term: 5–7 years

PROMISSORY NOTE LOAN WILL BROADEN THE FINANCIAL LATITUDE OF QSC

- QSC will use the promissory note loan to
  - Redeem parts of the syndicated loan
  - Invest in future growth
  - Payback a factoring contract of the former INFO AG in the amount of € 11 million on an optional basis
- Payback was not planned in early 2014. It would be disclosed separately, as the amount stems from an acquisition and merely represents a new structure of debts

⇒ QSC is now very well financed to implement its growth strategy

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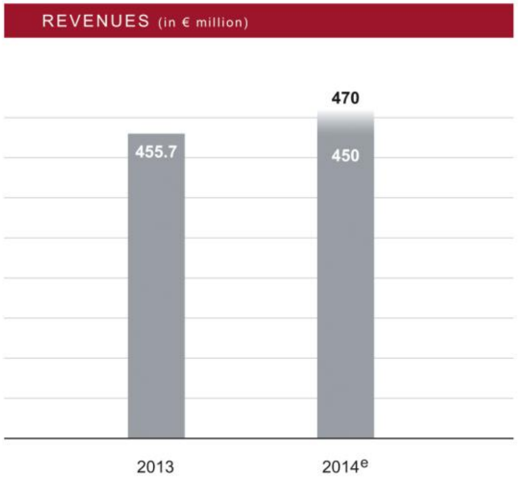
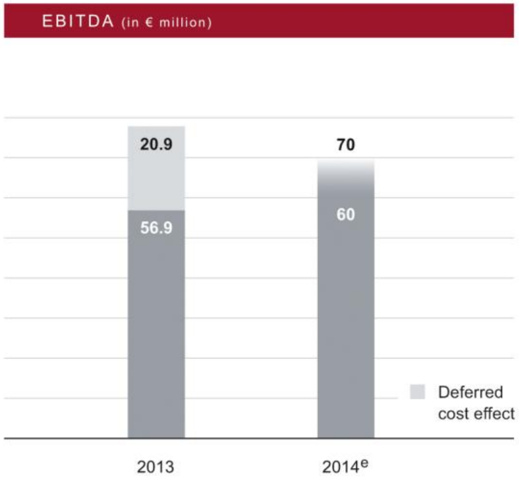
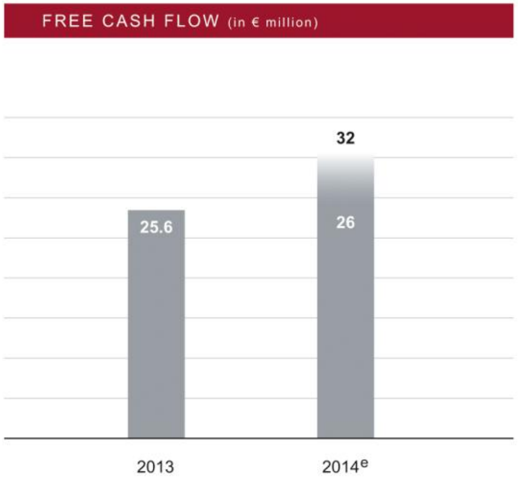
QSC CONFIRMS GUIDANCE FOR 2014

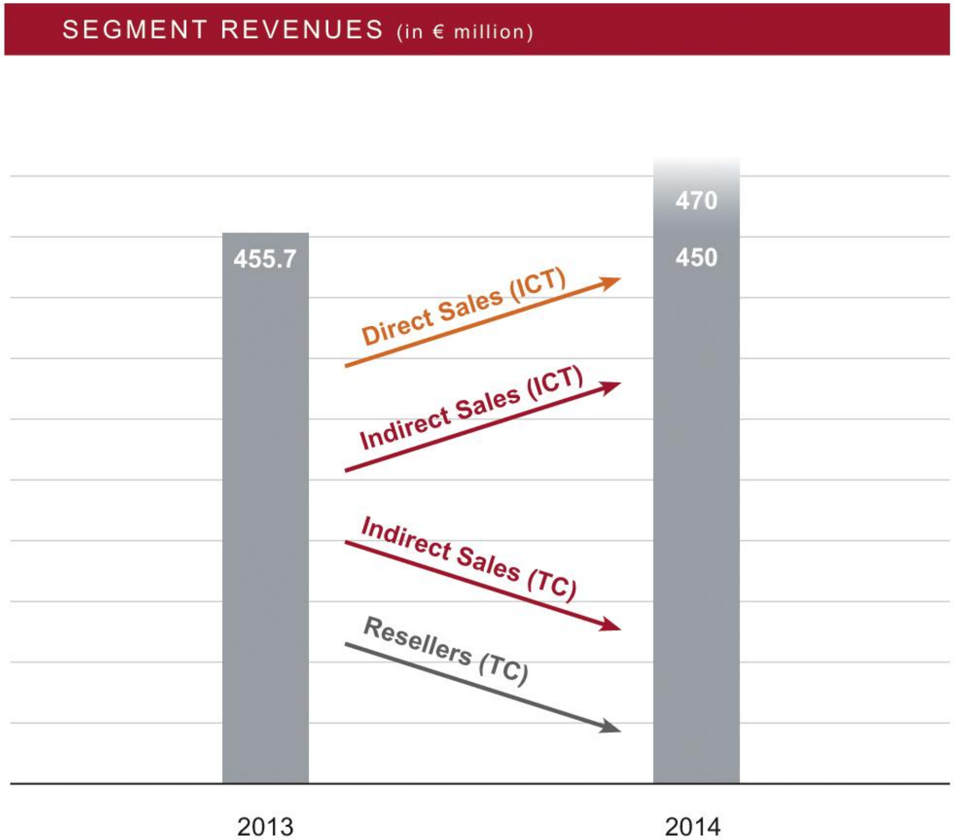






- Dividend of € 0.10 is the minimum amount for fiscal 2014
- QSC expects a stronger H2 2014 due to
  - Launch of innovative products
  - Nature of the Consulting business, in particular

TWO-TRACK REVENUE DEVELOPMENT



- Direct Sales will continue to grow
- Indirect sales: Rising ICT revenues with existing and new products vs. lower TC revenues
- Resellers has to face a further decline in TC revenues due to adverse market conditions

ONGOING FOCUS ON INVESTMENTS IN GROWTH

- QSC's innovation strategy is built on three pillars
  - Developing in-house
  - Acquiring leading-edge technology companies
  - Winning leading-edge entrepreneurial talent
- Promising start to 2014 with the acquisition of FTAPI and progress in current projects
- In 2014, QSC expects a big step forward in developing and launching Cloud-based products and services
- In 2015, QSC intends to start reaping the fruits of having become the innovation driver in the German ICT and Cloud market

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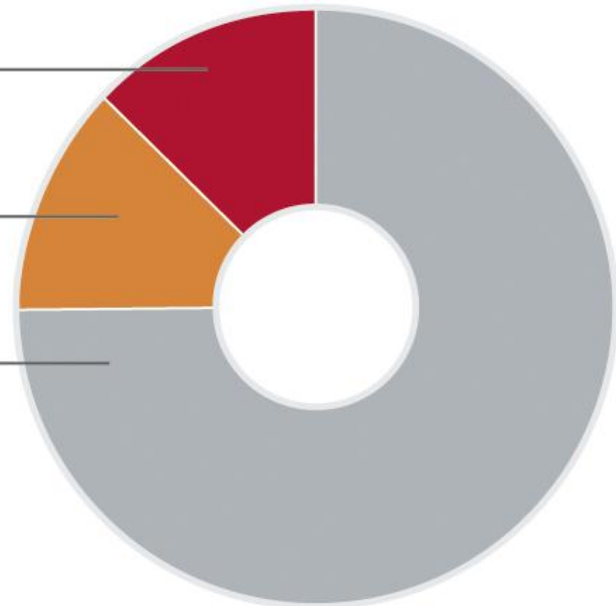
SHAREHOLDER STRUCTURE AFTER THE TWO FOUNDERS HAVE BOUGHT ADDITIONAL SHARES

SHAREHOLDER STRUCTURE

12.55 % Gerd Eickers[1]

12.50 % Dr. Bernd Schlobohm[2]

74.95 % Free float



[1] Founder and Member of the Supervisory Board
[2] Founder and Chairman of the Supervisory Board

As of April 30, 2014

FINANCIAL CALENDAR

May 28, 2014	Annual Shareholders Meeting
August 11, 2014	Publication of Quarterly Report II/2014
November 10, 2014	Publication of Quarterly Report III/2014

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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paulrobertlloyd.com/2009/06/social_media_icons

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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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