



Cologne, 8 May 2017 - Results Q1 2017

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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 2017: QSC is growing where the future is

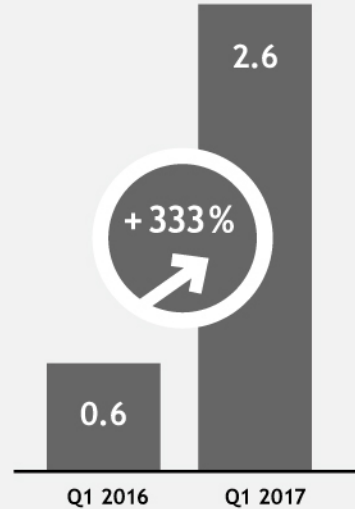
- Revenues grew in Q1 2017 where growth was (and still is) expected
- Cloud revenues more than doubled
- Significant higher earnings thanks to better revenue mix and leaner cost base
- Free cash flow rose to € 3.6 million
- QSC on track to fulfil the guidance 2017

# Q1 2017: Back in the black

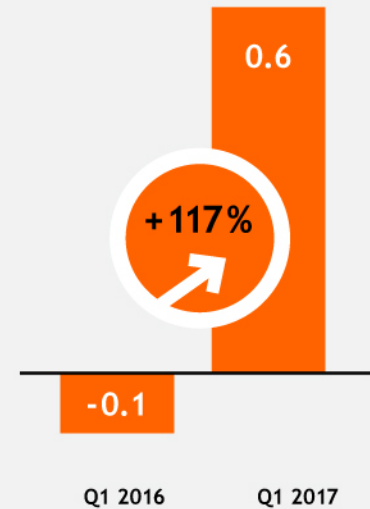
**EBITDA**  
in € million



**EBIT**  
in € million



**Net income**  
in € million



# Higher earnings despite lower revenues

in € million	Q1 2016	Q1 2017	Δ	Δ in %
<b>Revenues</b>	98.9	88.7	-10.2	<b>-10.3%</b>
Cost of revenues	72.9	65.3	-7.6	-10.4%
<b>Gross profit</b>	26.0	23.4	-2.6	<b>-10.0%</b>
Sales and marketing expenses	7.9	6.0	-1.9	-24.1%
General and admin expenses	8.4	6.9	-1.5	-17.9%
Other operating income	0.1	(0.1)	-0.2	nm
<b>EBITDA</b>	9.7	10.5	+0.8	<b>+8.2%</b>
Depreciation	9.1	7.9	-1.2	-13.2%
<b>EBIT</b>	0.6	2.6	+2.0	<b>+333.3%</b>
Financial result	(1.5)	(1.1)	+0.4	+26.7%
Income tax	0.8	(0.9)	-1.7	nm
<b>Net income</b>	(0.1)	0.6	+0.7	<b>+116.7%</b>

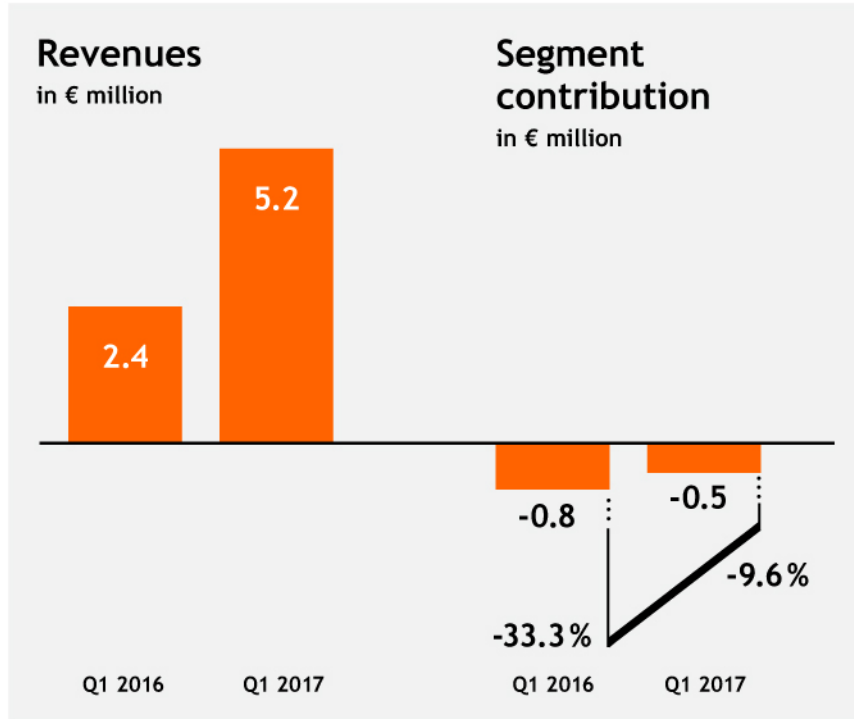
## Revenues

- Two-track development: Growth in Cloud, Consulting and in TC for corporate customers; decrease in TC for resellers and in Outsourcing

## Earnings

- Positive impact of growth in forward-looking business fields
- Positive impact of leaner cost base

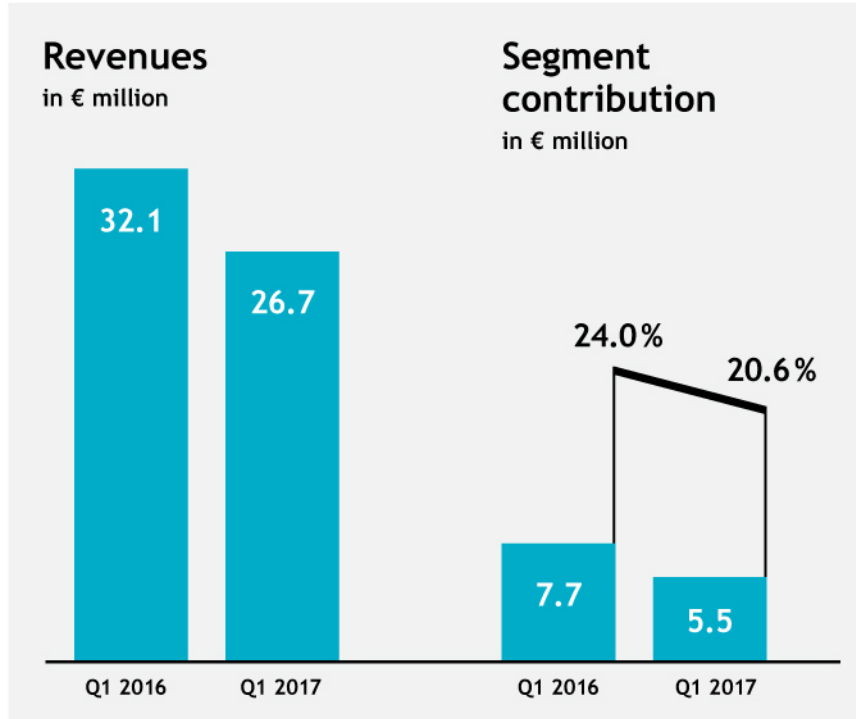
# Cloud: Revenues more than doubled



- PEC revenues are growing
- Some IoT revenues to materialise later
- Q-loud has won Schüco as new IoT customer
- Cloud workforce has been strengthened
- QSC will continue investing in future growth in the coming quarters

■ Segment margin

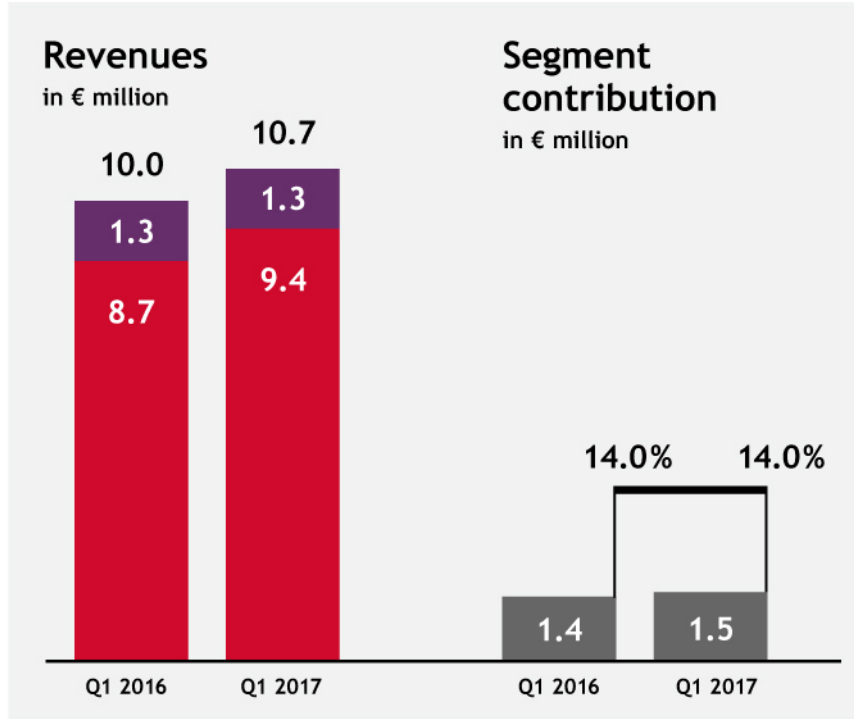
# Outsourcing: Focus on existing customer base



- Far-reaching change in traditional Outsourcing business:
  - Initial customers are being migrated to the Pure Enterprise Cloud
  - For new customers, QSC is focusing on standardised cloud-based outsourcing
- Further decline expected, partly due to the termination of one major contract in H2 2017

■ Segment margin

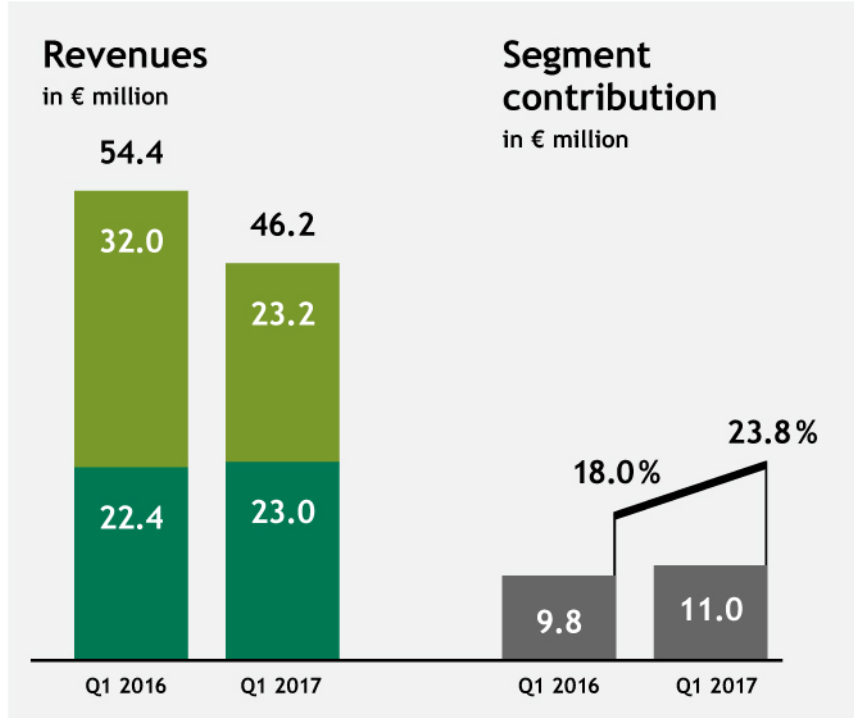
# Consulting: Highest revenues in QSC's history



- Consulting developed very well in Q1 2017
- Ongoing high demand for SAP consulting and QSC's broad HANA expertise
- Hermes Fulfilment mandates QSC with SAP application management and HANA Services
- High demand necessitates deployment of external experts
- Stable double-digit margin



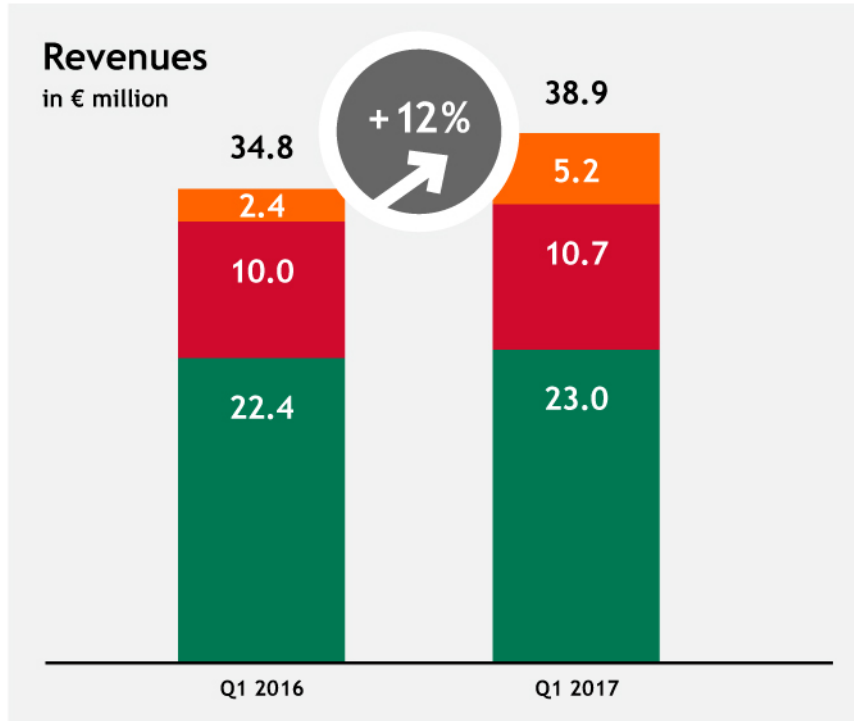
# TC: Increase in relative and absolute segment contribution



- TC for corporate customers outperforms the market again
- Collaboration with Telefónica Deutschland extended to existing and new SDSL customers
- B2B2C revenues impacted by stricter regulation (~ € 4 million) and fierce price competition
- High-margin B2B business accounts for 90% of Telecoms' segment contribution

- TC revenues with resellers
- TC revenues with business customers
- TC total
- Segment margin

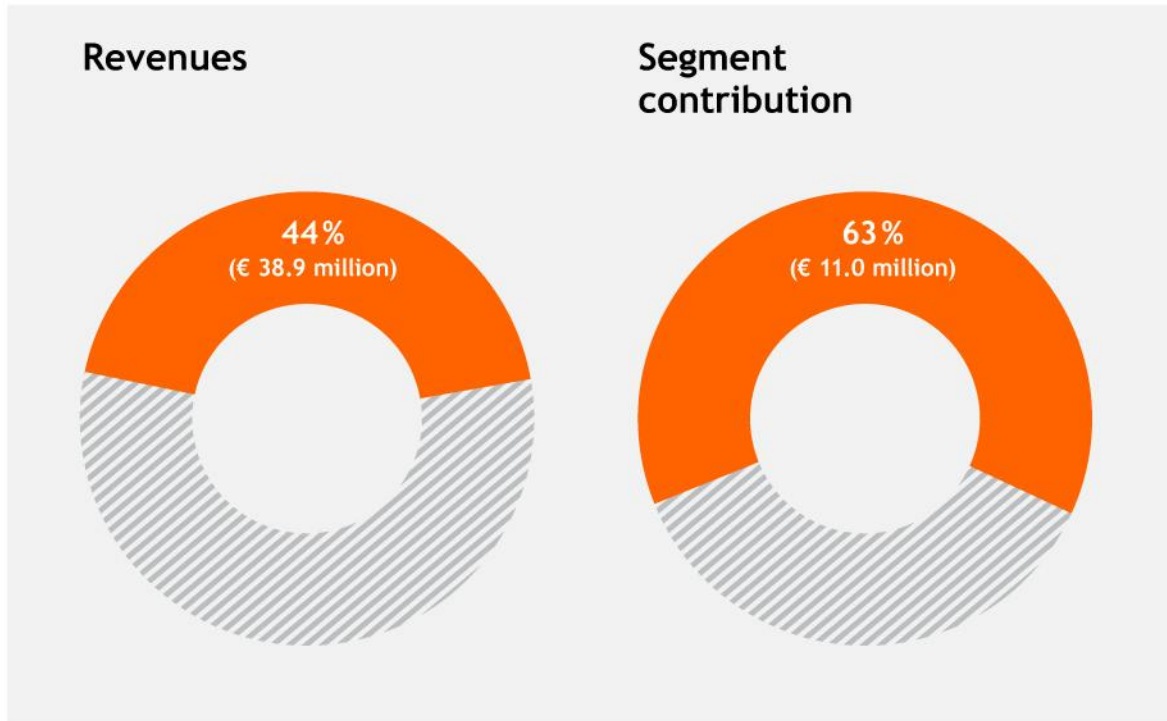
# Double-digit growth in forward-looking business fields



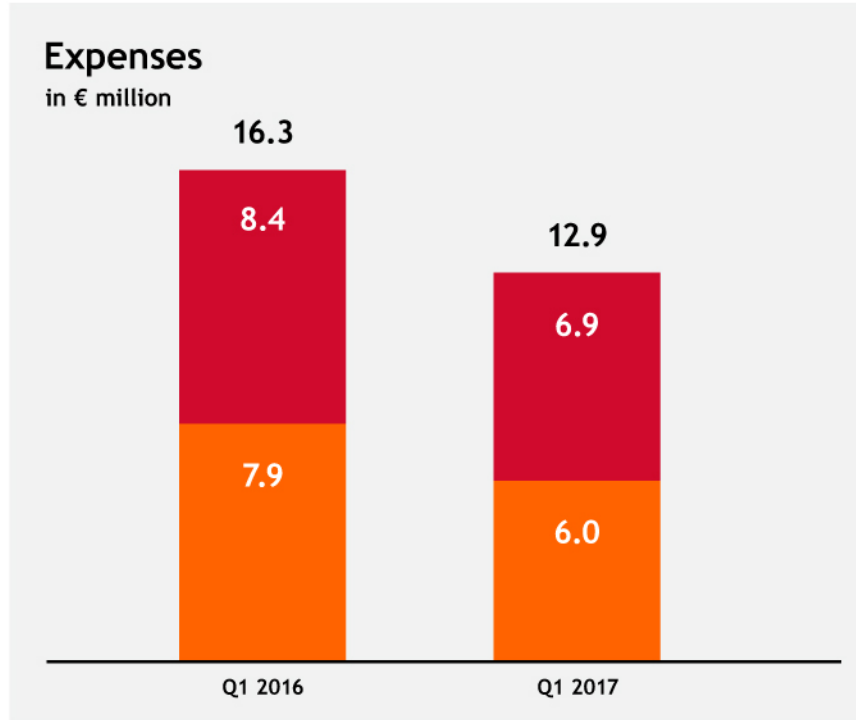
- Cloud: +117%
- Consulting: +7%
- TC for corporate customers: +3%

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- Cloud
  - Consulting
  - TC for corporate customers

# Higher margins in forward-looking business fields



# Lean cost base pushes earnings

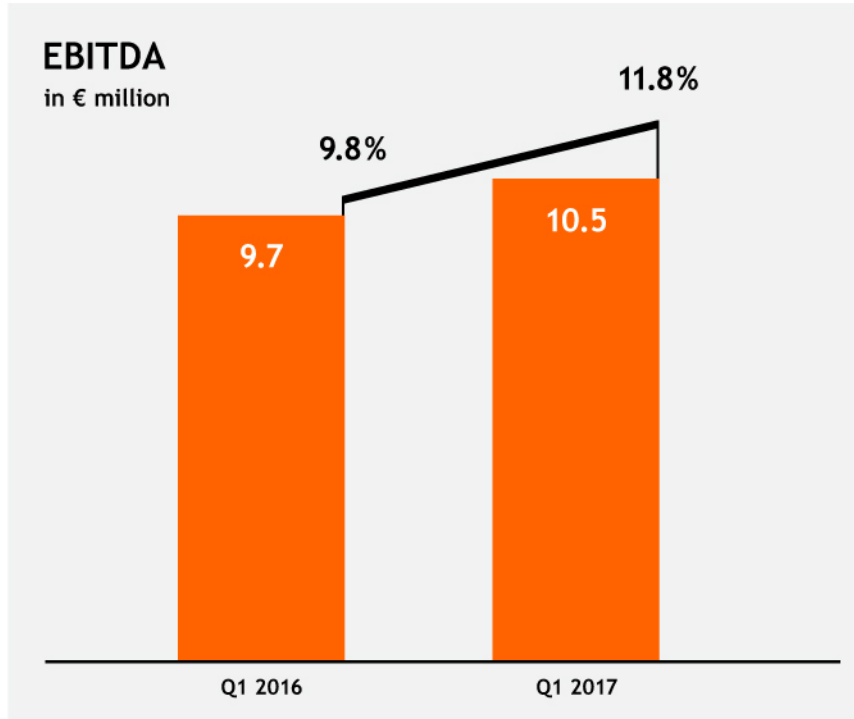


- Significant decline in SG&A expenses
- Decrease in sales and marketing expenses driven by lower commission payments in B2B2C TC business

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■ General and administrative expenses  
■ Sales and marketing expenses

# EBITDA margin rises to 12%

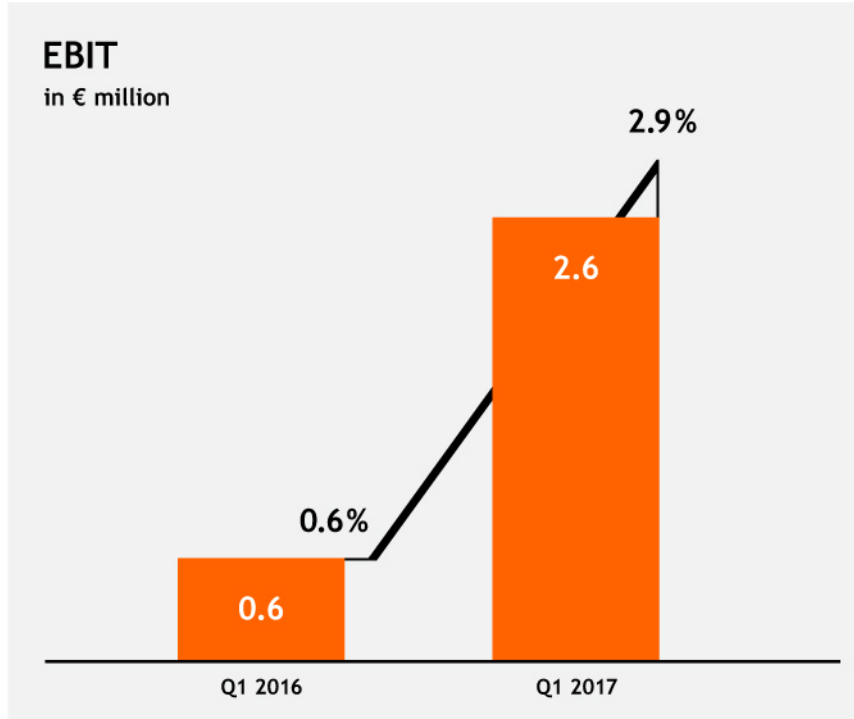


## EBITDA benefiting from

- Higher revenue share of forward-looking business fields
- Lean cost base

■ EBITDA margin

# Significant improvement in EBIT



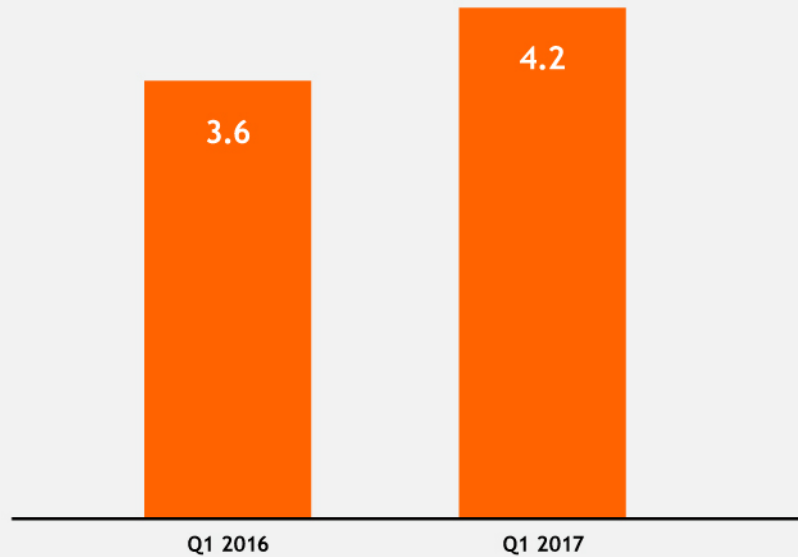
## Main drivers

- Increase in EBITDA + € 0.8 million
- Lower depreciation - € 1.2 million

■ EBIT margin

# CAPEX at a moderate level

## Capital expenditure in € million

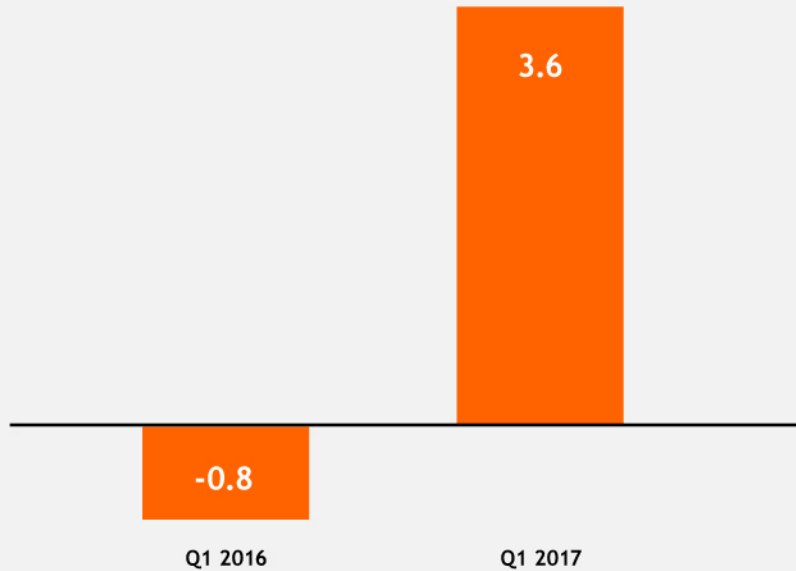


## Focus

- Infrastructure
- Development of Pure Enterprise Cloud
- Customer projects

# Significantly improved free cash flow

Free cash flow  
in € million



Increase in FCF driven by

- Higher earnings
- Moderate CAPEX
- Improved working capital








# QSC well on track to fulfil guidance 2017

For the current year, QSC is expecting:

- Revenues of € 355 – € 365 million
- EBITDA of € 36 – € 40 million
- Free cash flow ahead of the previous year's figure (€ 8.4 million)

# 2017: growth where QSC expects it

Drivers in 2017		Revenue development in 2017
Cloud	Pure Enterprise Cloud and IoT	
Consulting	SAP HANA projects	
Outsourcing	Starting the migration to the Pure Enterprise Cloud / no new customers in 1:1 outsourcing	
TC for corporates	Growing demand for All-IP solutions	
TC for resellers	Fierce price competition; tighter regulation	

**Questions & Answers**

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