Cologne, 6 August 2018 — Financial results for H1 2018

THE DIGITISER TO THE
GERMAN SME SECTOR
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.
Financial Highlights H1 2018: Revenues up by 6%

- Revenues increased by 6% to € 186.2 million
  - Cloud revenues grew by 36%
  - TC revenues up by 14%
- Profitability developed as expected; EBITDA came to € 18.2 million
- Net profit increased by 18% to € 1.3 million
- Successful increase in syndicated loan volume from € 70 million to € 100 million
- QSC expects revenues to be at least at the upper end of the € 345—355 million range predicted for FY 2018
Operational Highlights H1 2018: Successful sales push

- New vertical organisation is up and running and leading to numerous sales successes
  - Cloud Services won PEAC Germany (formerly IKB Leasing) as a new customer and will now build and run a multi-cloud solution for PEAC Germany
  - Outsourcing extended its contract with Imperial Tobacco and will start to integrate cloud and multi-cloud solutions
  - Consulting is already migrating SportScheck’s database system to SAP HANA — the new system will be based on QSC’s Pure Enterprise Cloud
  - TC is now collaborating with more than 30 regional energy providers and city carriers; Saxony-based “eins” is among the latest customers
- Annual Shareholders Meeting has approved the spin-off of TC business
H1 2018: Higher revenues and higher profit

<table>
<thead>
<tr>
<th>in € million</th>
<th>H1 2017</th>
<th>H1 2018</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>175.9</td>
<td>186.2</td>
<td><strong>+10.3</strong></td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>129.6</td>
<td>141.5</td>
<td><strong>-11.9</strong></td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>46.3</td>
<td>44.7</td>
<td><strong>-1.6</strong></td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>12.8</td>
<td>13.8</td>
<td><strong>-1.0</strong></td>
</tr>
<tr>
<td>General and admin expenses</td>
<td>13.3</td>
<td>12.4</td>
<td><strong>+0.9</strong></td>
</tr>
<tr>
<td>Other operating income</td>
<td>-</td>
<td>(0.3)</td>
<td><strong>-0.3</strong></td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>20.2</td>
<td>18.2</td>
<td><strong>-2.0</strong></td>
</tr>
<tr>
<td>Depreciation</td>
<td>15.8</td>
<td>13.6</td>
<td><strong>+2.2</strong></td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>4.4</td>
<td>4.6</td>
<td><strong>+0.2</strong></td>
</tr>
<tr>
<td>Financial result</td>
<td>(2.3)</td>
<td>(2.1)</td>
<td><strong>+0.2</strong></td>
</tr>
<tr>
<td>Income taxes</td>
<td>(1.0)</td>
<td>(1.3)</td>
<td><strong>-0.3</strong></td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>1.1</td>
<td>1.3</td>
<td><strong>+0.2</strong></td>
</tr>
</tbody>
</table>

- **Revenues** driven by two segments: Cloud and TC
- **Gross profit** and EBITDA impacted by higher costs of revenues (as a result of the higher share of low-margin TC business with resellers)
- **EBIT** is benefiting from lower depreciation
- Sustainable **net profit** since Q1 2017
Profitability developed as expected

<table>
<thead>
<tr>
<th>EBITDA</th>
<th>H1 2017</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>in € million</td>
<td>20.2</td>
<td>18.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EBIT</th>
<th>H1 2017</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>in € million</td>
<td>4.4</td>
<td>4.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net profit</th>
<th>H1 2017</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>in € million</td>
<td>1.1</td>
<td>1.3</td>
</tr>
</tbody>
</table>
Telecommunications: Double-digit growth of 14%

- TC reseller business benefited from a favourable market environment and the highly efficient 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
Cloud: Business model starts to prove its scalability

- Higher interest in Cloud Services and IoT solutions led to revenue growth of 36% in H1 2018
- Cost of revenues only increased by 15% to € 10.9 million; clear proof of the cloud business model’s scalability
- Strong increase in profitability: Segment margin soared to 11.5%
Outsourcing: Revenues developed as expected

- Revenues in Q2 2018 (€ 23.9 million) at the same level as in Q1 2018 (€ 23.7 million)

- Y-o-Y decrease mainly influenced by 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: Segment margin grew to 17% in H1 2018

- Revenues at a stable level of between € 9 and € 10 million per quarter (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 ensures a high segment margin

Revenues:
- H1 2017: € 18.0 million
- H1 2018: € 20.7 million

Segment contribution:
- H1 2017: € 2.9 million (14.0%)
- H1 2018: € 3.3 million (17.2%)
Moderate CAPEX in H1 2018

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.

QSC aims to invest around € 20 million in FY 2018 (same level as in 2017).
FCF showing strong increase in Q2 2018

- Q1 2018 was influenced by high prepayments for the full year as well as severance payments.
- In Q2 2018, FCF benefited from positive development in operating business.
Higher equity ratio and higher flexibility of financing

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term assets</td>
<td>169.9</td>
</tr>
<tr>
<td>Equity (32.0%)</td>
<td>91.3</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>47.9</td>
</tr>
<tr>
<td>Short-term assets</td>
<td>57.8</td>
</tr>
<tr>
<td>Short-term debt</td>
<td>146.5</td>
</tr>
<tr>
<td>Liquidity</td>
<td>58.0</td>
</tr>
<tr>
<td>Balance Sheet Total</td>
<td>285.7</td>
</tr>
</tbody>
</table>

- Equity ratio up by 2 percentage points compared to 31 Dec 2017
- Increase in short-term debt caused by reclassification of first tranches of promissory note loan (€ 100 million), due in May 2019
- Successful increase in syndicated loan volume to € 100 million guarantees smooth refinancing of promissory note loan due in May 2019
Forecast: Growing optimism about revenue development

Given the good first half of 2018, QSC is now expecting:

- Revenues to be at least at the upper end of the € 345–355 million range
- EBITDA of € 35–40 million
- Free cash flow > € 10 million
Questions & Answers
Contact

QSC AG
Arne Thull
Head of Investor Relations
T +49 221 669-8724
F +49 221 669-8009
invest@qsc.de
www.qsc.de

Twitter.com/QSCIRde
Twitter.com/QSCIRen
blog.qsc.de
xing.com/companies/QSC AG
slideshare.net/QSCAG