Cologne, 11 November 2019 — Q3 2019 results

THE DIGITALISER 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.
Q3 2019: Strategy update
QSC is back on growth track

Main growth drivers
- Cloud business  +24%
- Consulting  +5%

1 QSC (excluding Plusnet subgroup)
Increased order intake in 2019

Total contract value
in € million

- Brunata-Metrona (Energy) commissions QSC for complete SAP application management
- QSC to develop and operate Techem’s data hub, one of the largest IoT platforms in the energy sector
Ongoing growth in Q4 2019

Main developments
- Further growth in Cloud business
- Slight decrease in Consulting revenues due to fewer working days in December
- Slight growth in Colocation business
New growth potential: QSC acquires a stake in aiXbrain

- QSC has acquired 25.1% of aiXbrain, a specialist for artificial intelligence in manufacturing and a spin-off from IT-institute at RWTH Aachen University

- aiXbrain has developed a self-learning software which increases flexibility in industrial production

- Software is used by several companies in the metal and automotive industry

- Team — headed by Prof. Dr. Rudolf Mathar — consists of mathematicians, engineers and IT experts

- Right to acquire majority stake

- Acquisition complements QSC’s portfolio
Legacy system: How most customers work today

**BACKOFFICE**
- MANAGEMENT
- SALES
- PURCHASE
- FINANCE

**SHOP FLOOR**
- MAN
- MACHINE
- MATERIAL
- PLANNER(S)
- Excel
- MES*

Orders

Product in stock

* Manufacturing Execution System
Al-assisted production: Tomorrow’s smart-loop production
Strategy 2020\textsuperscript{plus}: Focus on profitable growth

“Digitaliser to the SME sector”

Attractive business portfolio
- Highly scalable
- Recurring revenues

Top innovations
- New technologies
- New combined services

Effective “go-to-market” approach
- Strategic partners
- Sector focus

New & experienced management team
- Top expertise
- Entrepreneurial approach

Future investments and M&A

2022: Revenues of € ~200 million, EBITDA >10%, positive free cash flow
USP: End-to-end experts in the digitalisation value chain

- **SENSOR TECHNOLOGY**
  - Sensors / Devices / IoT

- **APPLICATIONS**
  - Industry specific solutions / SAP / Microsoft / Other services

- **CLOUD**
  - QSC cloud / Third-party cloud (e.g. AWS, Azure) / Customer premises

**Artificial intelligence & data analytics**

**Edge Computing**

**Cloud Computing**
Q3 2019: Financial update and Outlook
Cloud: The main driver of revenue growth

- Higher recurring revenues with Cloud Services led to a 24% increase in revenues in Q3 2019
- Cloud revenues - like other segment revenues - positively impacted by Plusnet customers
- Segment contribution of € 0.2 million because of QSC’s investment in future growth (esp. software competence)

1 QSC (excluding Plusnet subgroup)
Outsourcing: Stabilisation of revenues

- Stable customer base (all due contracts were extended or even expanded in scope in 2018/2019)
- Step-by-step migration of existing customers to Cloud Services
- Reorganisation up and running
- Segment contribution of € -0.1 million because of ongoing reorganisation

1 QSC (excluding Plusnet subgroup)
Consulting: Investing in further SAP experts

- Consulting on growth track in 2019: revenues up by another 5% in Q3 2019
- High demand especially for SAP HANA projects
- Strengthening personnel as well as drawing on external consultants impacted segment contribution (Q3 2019: € 0.4 million)

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1 QSC (excluding Plusnet subgroup)
Colocation: Stable high-margin business

- TC segment now consists of colocation services
- Colocation characterised by long-term contracts
- Segment contribution of € 1.0 million
- Segment margin reached 22% in Q3 2019

Revenues
in € million

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2019</th>
<th>2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2</td>
<td>4.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>4.6</td>
<td></td>
<td>+ 2%</td>
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1 QSC (excluding Plusnet subgroup)
First P&L after Plusnet sale

<table>
<thead>
<tr>
<th></th>
<th>Q3 2019</th>
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<tbody>
<tr>
<td>Revenues</td>
<td>32.3</td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>27.9</td>
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<tr>
<td>Gross profit</td>
<td>4.4</td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>3.0</td>
</tr>
<tr>
<td>General and admin expenses</td>
<td>4.9</td>
</tr>
<tr>
<td>Other operating income</td>
<td>1.5</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(0.3)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>(2.2)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>4.1</td>
</tr>
<tr>
<td>EBIT</td>
<td>(6.3)</td>
</tr>
<tr>
<td>Financial result</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Income taxes</td>
<td>3.9</td>
</tr>
<tr>
<td>Net income</td>
<td>(2.6)</td>
</tr>
</tbody>
</table>

- Q3 2019 developed as expected
- Current cost base allows future growth without increased costs => scalability of QSC’s business model
- IFRS 16 depreciation now at € 1.2 million
- One-off tax effect because of Plusnet transaction
G&A costs will be reduced in 2020

- In H2 2019, QSC is providing admin services for Plusnet
- As of January 2020, part of administrative employees will become part of the Cologne-based EnBW team
- Further reduction in G&A expenses in progress
Operating FCF in line with EBITDA development

- FCF developed as expected in Q3 2019
- €8.8 million one-off expenses because of Plusnet transaction (advice, legal and transaction fees)
- CAPEX reduced to €0.9 million in Q3 2019
- Average CAPEX will be at some €2 million per quarter
Strong balance sheet after Plusnet sale

As of 30 June 2019, QSC fully repaid its external debt.

- Net liquidity of €70.1 million.
- Equity ratio now at 76%.
On track to reaching the updated forecast

- Revenues of more than € 235 million
  (9M 2019: € 204.9 million)

- EBITDA of more than € 140 million
  (9M 2019: € 143.6 million)

- Free cash flow of more than € 130 million
  (9M 2019: € 140.2 million)
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