Cologne, 27 February 2019 — Preliminary figures for 2018 & outlook for 2019

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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 development 2018

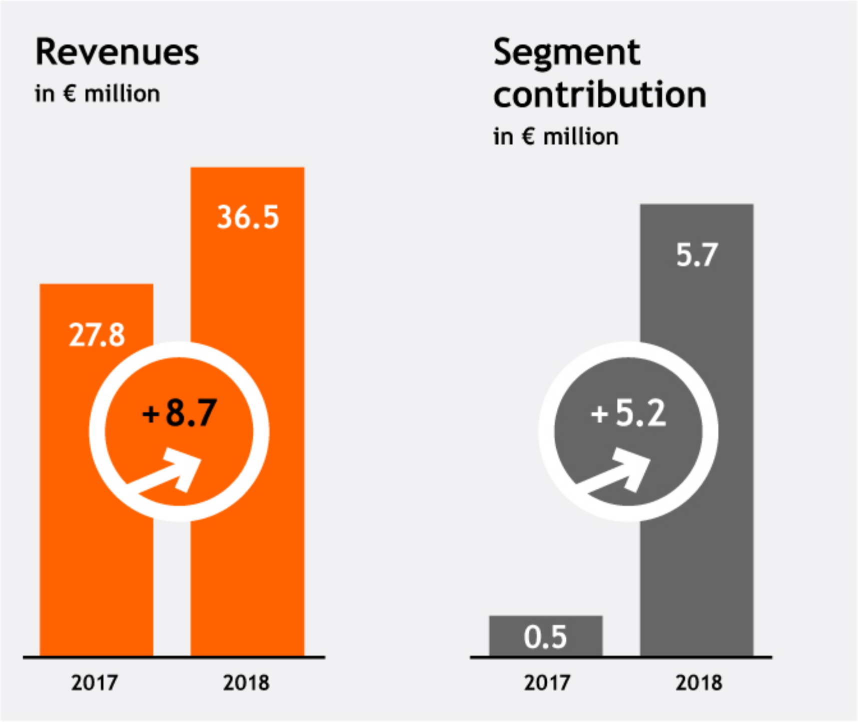
2018: Cloud and TC business the revenue drivers

- Revenues increased by 2% to € 366.8 million
  - Cloud revenues grew by 31%
  - TC revenues up by 6%
- New vertical organisation supports revenue growth
- EBITDA and FCF developed as expected
- Dividend proposal for FY 2018: € 0.03 per share

QSC exceeded raised revenue target

	Objectives for 2018	Actual results for 2018	
Revenues	≥ € 360 million (raised revenue forecast)	€ 366.8 million	✓
EBITDA	€ 35 – 40 million	€ 35.4 million	✓
Free cash flow	> € 10 million	€ 12.2 million	✓

Cloud: Beginning to prove its scalability



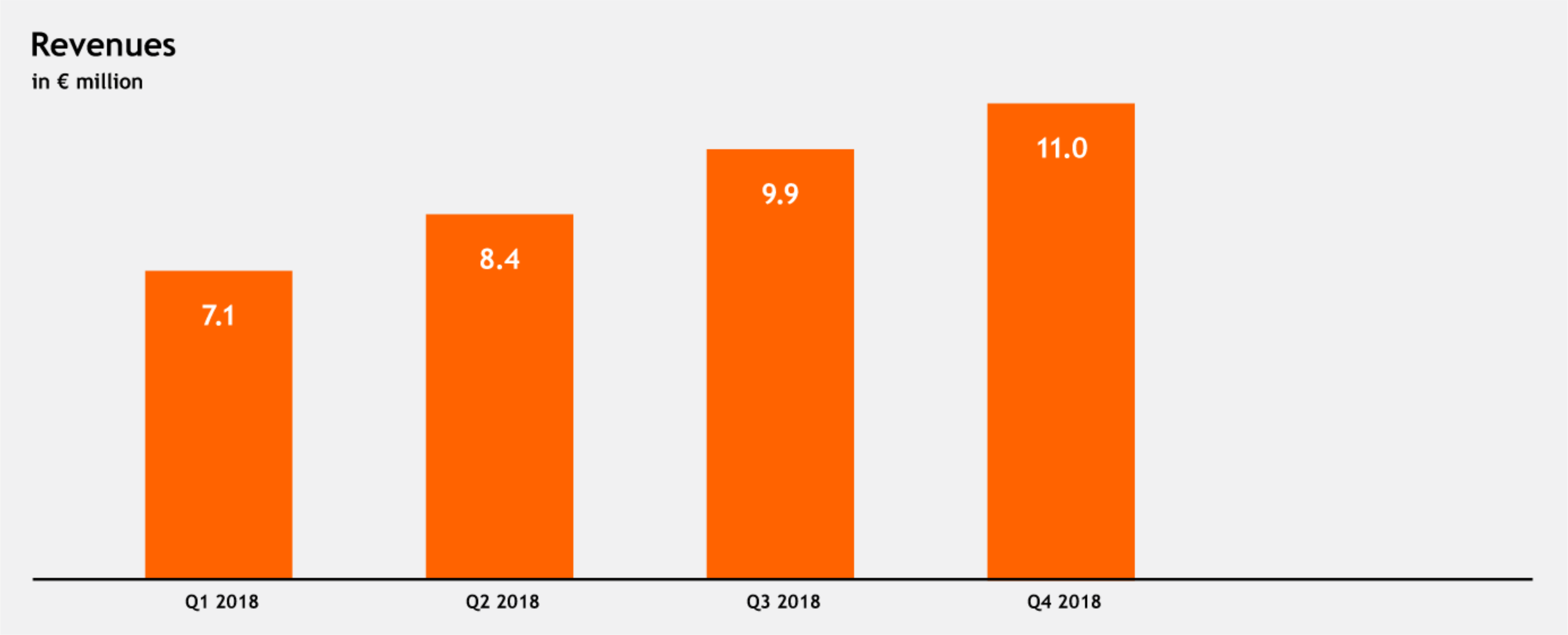
Proof of scalability:

→ 2018:

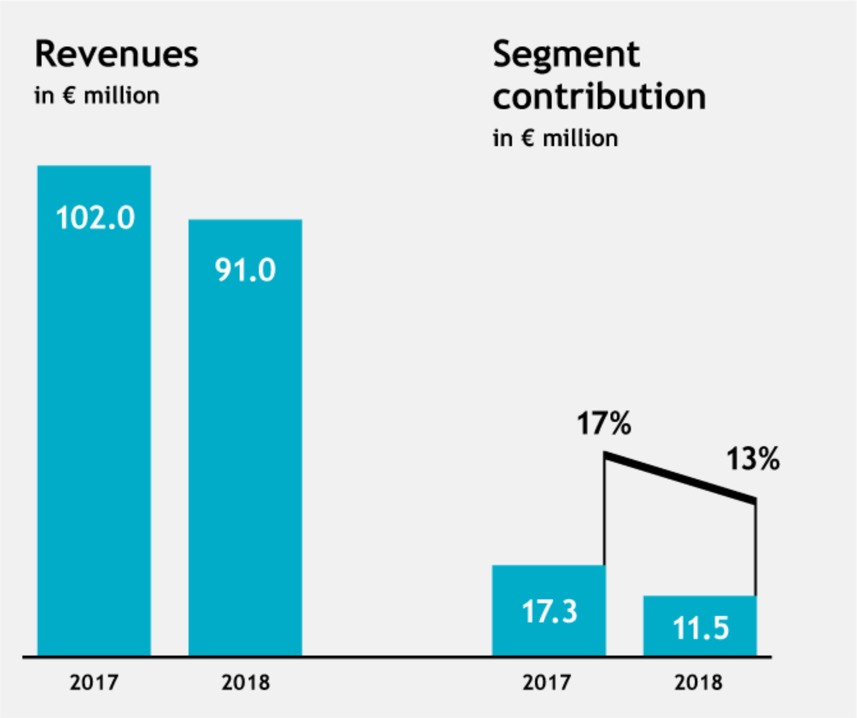
	Revenues	+ € 8.7 million
	Cost of revenues	+ € 1.9 million
	Sales and marketing	+ € 1.6 million

- Segment margin soared to 16%
- Profitable growth based on success in both pillars:
  - <u>Cloud Services:</u> Winning over of new customers, such as PEAC Germany, as well as migration of Outsourcing clients
  - <u>Internet of Things:</u> Numerous pilot projects and several innovations (e.g. NB-IoT Tracker, QSC Energy Management Cockpit)

Cloud: Attractive growth quarter by quarter



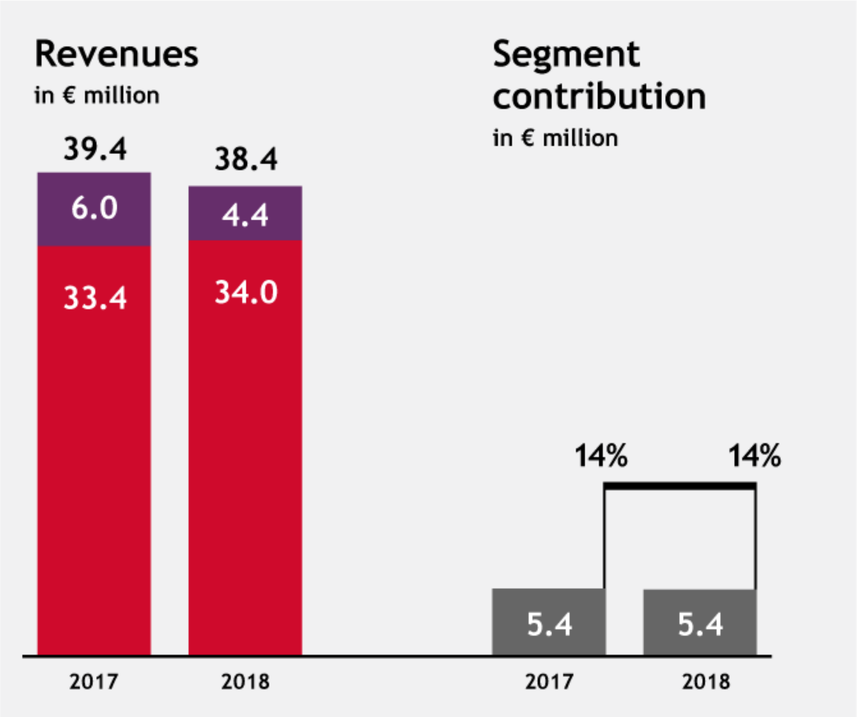
Outsourcing: Revenues developed as expected



- 2018 revenues mainly influenced by the termination of one large contract in late 2017
- At the beginning of 2019, two further contract terminations took effect
- Contracts with all other major clients were extended or even expanded in 2018
- Ongoing revenue transition to the Cloud segment
- Organisational restructuring has effects on the segment contribution

▬ Segment margin

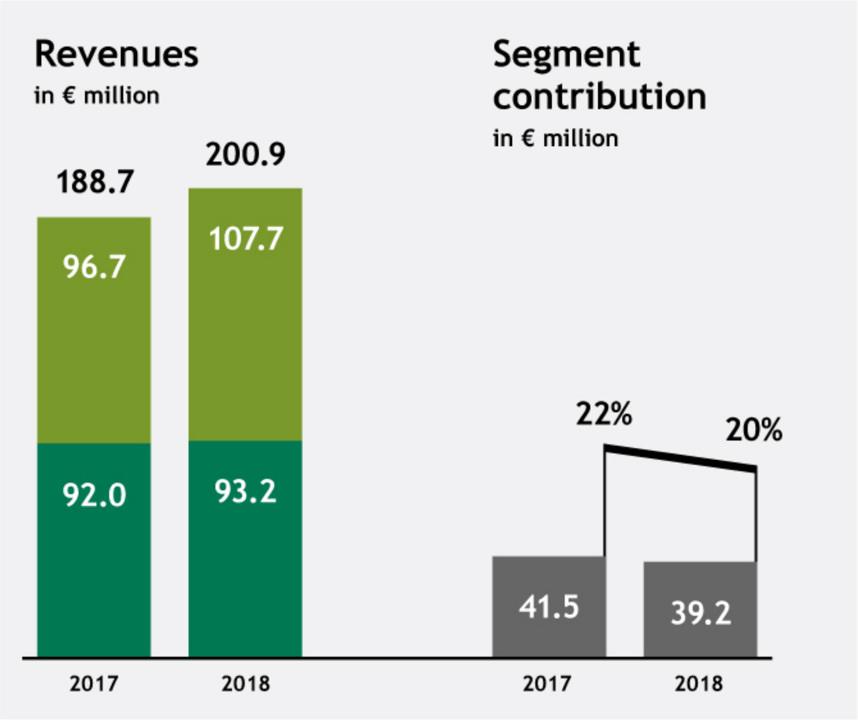
Consulting: Stable margin in times of skills shortage



- Skills shortage influenced SAP consulting, especially S/4HANA business
- Numerous initiatives to tackle skills shortage are under way (e.g. Junior Programme for graduates)
- Ongoing optimisation of current staff utilisation ensures a high segment margin

Microsoft
SAP
Microsoft & SAP
Segment margin

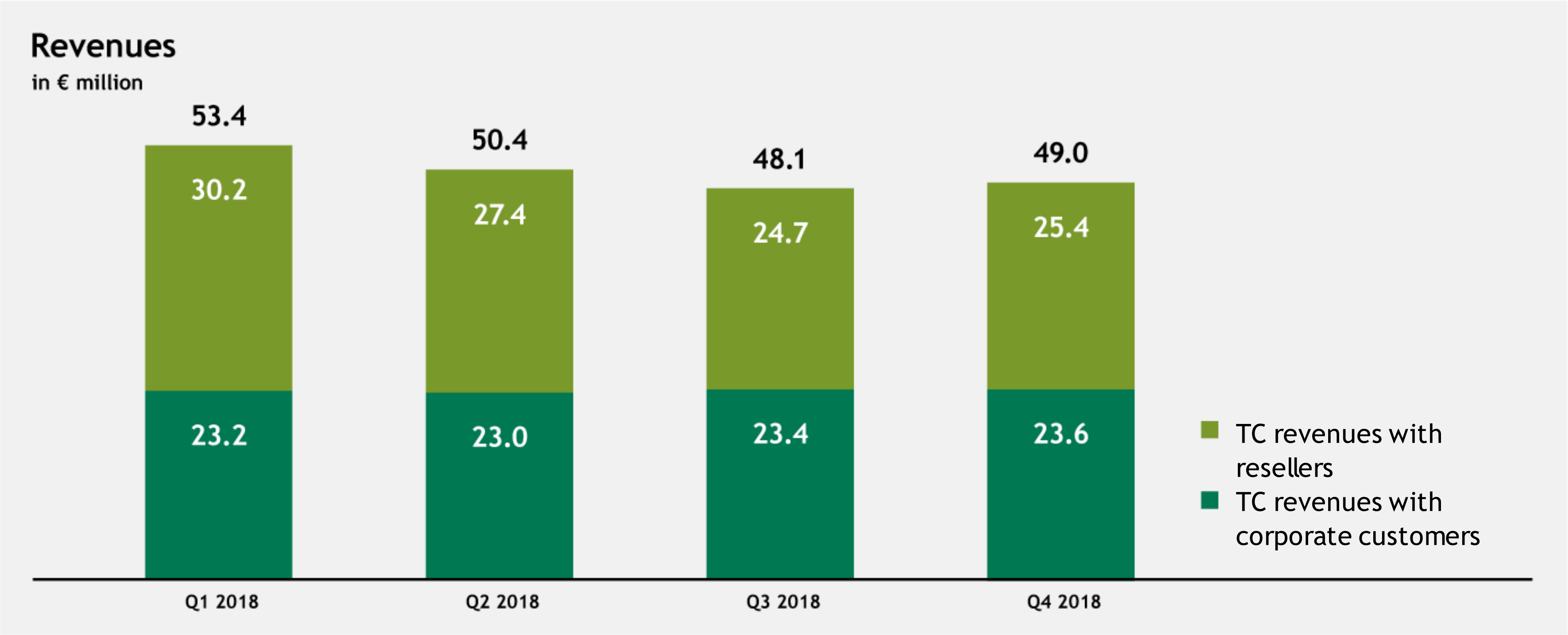
TC: Resellers drive revenues



- In H1 2018, TC reseller business benefited from a favourable market environment and the highly efficent Next Generation Network (NGN)
- Continued moderate growth with corporate customers
- Change in revenue mix and increased sales activities impacted segment contribution
- Still, TC accounts for two thirds of QSC's segment contributions

TC revenues with resellers
TC revenues with corporate customers
TC revenues (total)
Segment margin

TC: Reseller business back to normal in H2 2018



2018 at a glance: Sustainable net profit

in € million	2017	2018	Δ
Revenues	**357.9**	**366.8**	**+8.9**
Costs of revenues	266.1	276.7	-10.6
Gross profit	**91.8**	**90.2**	**-1.6**
Sales and marketing expenses	27.2	28.3	-1.1
General and administrative expenses	27.0	27.5	-0.5
Other operating result	0.7	1.0	+0.3
EBITDA	**38.3**	**35.4**	**-2.9**
Depreciation	31.1	26.9	+4.2
EBIT	**7.1**	**8.5**	**+1.4**
Financial result	(4.4)	(4.4)	-
Income taxes	2.4	(0.8)	-3.2
Net profit	**5.1**	**3.3**	**-1.8**

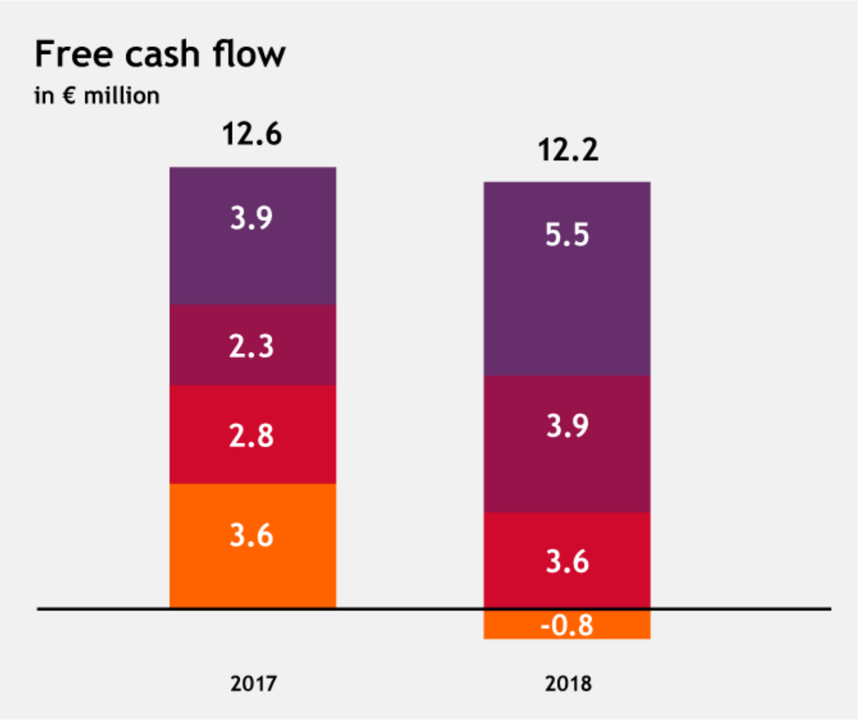
Costs

- Change in TC revenue mix affected costs of revenues
- Sales activities in the new vertical organisation developed as expected
- Depreciation clearly declined

Results

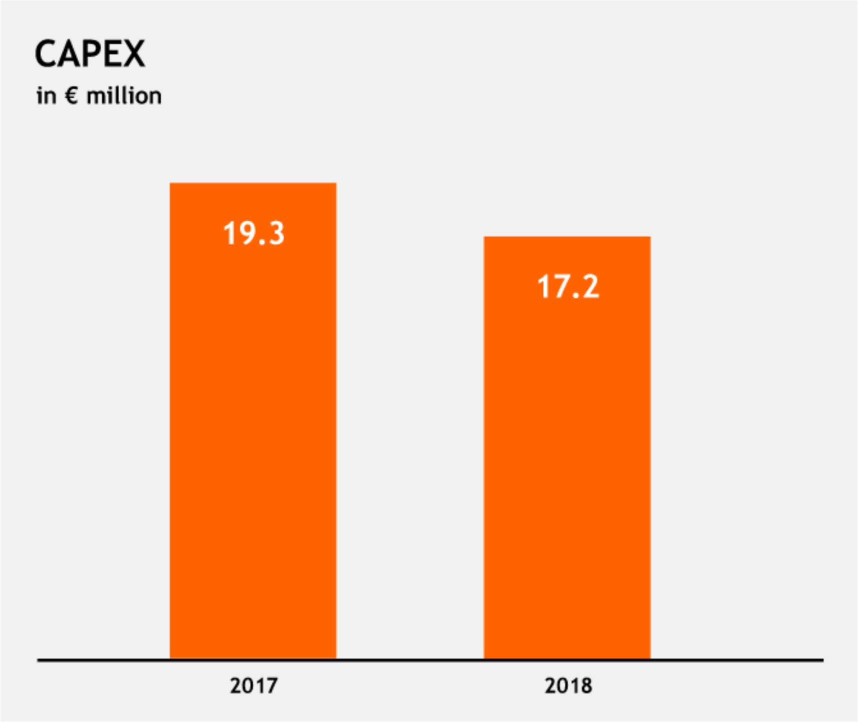
- EBITDA reflects strengthened sales activities
- EBIT benefits from lower depreciation
- Net profit influenced by lower deferred taxes

Free cash flow at previous year's level



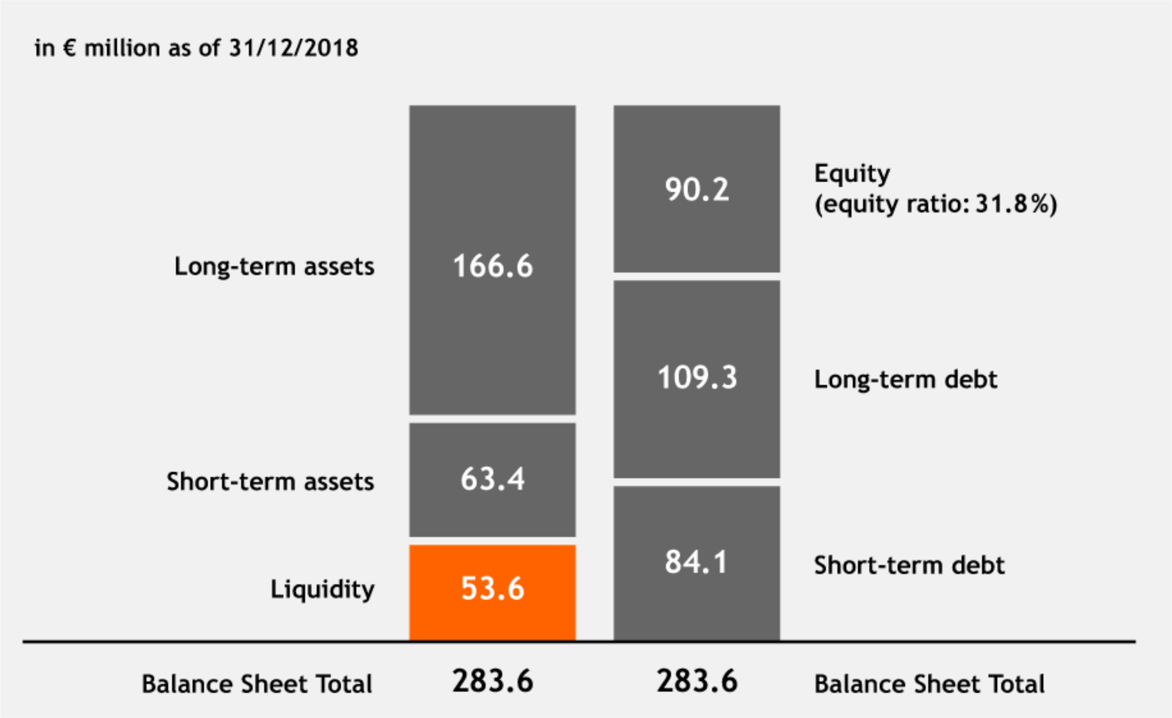
- FCF developed 2018 as expected
- Stable FCF allows stable dividend proposal of € 0.03 per share
- In Q1, QSC traditionally earns negative FCF due to prepayments and variable remuneration

Moderate CAPEX support free cash flow



- Completion of initial investments in Cloud services had positive effects on CAPEX in 2018
- Ongoing investments in modernisation of infrastructure and data services as well as customer projects

Solid balance sheet and sound financing



- Equity ratio up by 2 percentage points compared to 31 Dec 2017
- Premature payback of € 75.5 million of promissory note loan in Q4 2018 by means of a raised syndicated loan
- Long-term debt now mainly consists of still € 35 million of promissory note loan and € 65 million of the syndicated loan

Financial outlook for 2019

2019: Revenues of more than € 350 million expected

QSC's expectations for the 2019 financial year are:

- Revenues of more than € 350 million
- EBITDA of more than € 65 million (incl. IFRS 16 effect)
- Positive free cash flow

2019: TC and Outsourcing influence total revenues

	Drivers in 2019	Revenue development in 2019
Cloud	Cloud Services and Internet of Things	
Consulting	SAP HANA projects	
Outsourcing	Migration to cloud services, end of contracts with two major customers	
Telecommunications	Normalization of reseller business, slight growth in corporate business	

2019: A new QSC is taking shape

- QSC plans to reach a decision on the future of Plusnet by the end of May at the latest
- Currently, a structured and bias-free decision-making process is under way, including negotiations with several interested buyers
- Under the new management, IoT subsidiary Q-loud has shown a promising development
- QSC considers strengthening its IoT and Cloud business by targeted acquisitions of smaller companies
- Guidance will be reviewed after the Plusnet decision

Questions & Answers

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