

## **QSC's Profitability Up Sharply in the Third Quarter of 2008**

**Cologne, November 19, 2008.** QSC today presented its 9-Month Report, which does not contain any material changes from the preliminary results that were announced on November 5, 2008.

In the third quarter of 2008, QSC grew its revenues by 25 percent to €103.6 million, in spite of a weaker economy. Network expenses rose by 21 percent over the third quarter of 2007 to €70.3 million, as QSC is now operating a considerably larger network following the conclusion of the network expansion project in mid 2008. At €10.8 million selling and marketing costs were below the previous year's level of €12.1 million, as were general and administration costs, which amounted to €4.7 million in the third quarter of 2008, as opposed to €6.6 million for the comparable period the year before. These cost declines were primarily attributable to heightened cost discipline as well as to the company's ability to achieve synergies following the registration of the Broadnet merger in late October 2007. QSC then concentrated the two administrations at the Cologne location, consolidated all sales offices and largely eliminated overlaps at the network level. As of September 30, 2008, the company employed a workforce of 696 people, as opposed to 774 on the same date the year before.

Together with profitable revenue growth, QSC's improved cost position in the third quarter of 2008 boosted EBITDA by 147 percent to €18.3 million. At the same time, the company returned to the profitability zone, earning after-tax net income of €2.1 million, as opposed to a net loss of €-4.7 million for the same quarter the year before.

In view of this highly positive development in the third quarter of 2008, QSC Chief Executive Officer Dr. Bernd Schlobohm views the company as being relatively well equipped to handle a recession: "Our products and services increase the productivity of organizations and should therefore continue to remain in demand in 2009, as well. Moreover, QSC's cost position has improved significantly over the course of the past twelve months. I am confident that we will be able to further increase our profitability in the coming quarters, as well."

QSC is expressly reiterating its guidance for the full 2008 fiscal year. The company anticipates revenues of more than €405 million and an EBITDA of more than €60 million. Moreover, QSC is also aiming for a break-even after-tax net result.

**Notes:** The complete 9-months report is available under <http://www.qsc.de/en/investor-relations.html>. This corporate news contains forward-looking statements. These forward-looking statements are based on current expectations and forecasts of future events by the management of QSC AG. Due to risks or mistaken assumptions, actual results may deviate substantially from those made in such forward-looking statements. The assumptions that may involve material deviations due to unforeseeable developments include, but are not limited to, the demand for our products and services, the competitive situation, the development, dissemination and technical performance of DSL technology and its prices, the development and dissemination of alternative broadband technologies and their respective prices, changes in respect of telecommunications regulation, legislation and adjudication, prices and timely availability of essential third-party services and products, the timely development of additional marketable value-added services, the ability to maintain and enlarge upon marketing and distribution agreements and to conclude new marketing and distribution agreements, the ability to obtain additional financing in the event that management's planning targets are not attained, the punctual and full payment of outstanding debts by sales partners and resellers of QSC AG, and the availability of sufficient skilled