

QSC Sustains Profitable Growth in Third Quarter Of 2011

- Revenues up 21 percent to €128.3 million
- EBIT improves by 23 percent to €8.0 million
- Growth stems from consolidation of two new subsidiaries as well as positive new customer development
- QSC now anticipates free cash flow of €40 to €45 million for full 2011 fiscal year

Cologne, November 7, 2011. Cologne-based QSC AG sustained its profitable growth in the third quarter of 2011; revenues advanced to €128.3 million, compared to €105.6 million for the same quarter one year earlier. A major share of this development was attributable to the consolidation of the company's two new subsidiaries, IT Outsourcing and IT Consulting provider INFO AG as well as Housing and Hosting specialist IP Partner. Moreover, the QSC Group succeeded in winning new small and mid-size customers, especially in ICT solutions business. These successes enabled the company to significantly increase the share of IP-based revenues in the third quarter to 80 percent, compared to 69 percent for the same quarter the year before; the company generated only 20 percent of its revenues in the conventional lines of business of a TC provider, such as Call by Call and reselling DSL lines.

Profitability up sharply

The strong rise in IP-based revenues and new multi-year contracts necessitated the recruitment of additional IT specialists in the third quarter of 2011. The workforce at INFO AG, alone, rose by 26 people to 638; further recruitment is planned for the coming quarters. Nevertheless, QSC was able to grow its EBITDA moderately to €20.8 million, in contrast to €20.3 million for the same quarter last year. During the past quarter, EBIT rose from €6.5 million to €8.0 million, while consolidated net income increased to €6.4 million, in contrast to €5.8 million in the third quarter of 2010.

A comparison of the nine-month numbers also demonstrates the strong profitability of the QSC Group. While revenues have thus far risen by 12 percent to €355.2 million in the current fiscal year, EBIT has improved by 44 percent to €22.5 million. Consolidated net income rose by 27 percent to €16.8 million, representing earnings per share of €0.12.

The public tender offer for INFO AG shares ended during the past quarter; overall, QSC now holds 91.90 percent of INFO shares. QSC financed both this acquisition as well as the acquisition of IP Partner, along with necessary capital expenses, predominantly from its own resources. QSC's financial strength can be seen, in particular, in its sustained positive free cash flow, which stood at €6.1 million in the third quarter of 2011.

QSC now anticipates free cash flow of €40 to €45 million

In view of the positive development during the first nine months of the fiscal year, QSC is raising the lower limit of its free cash flow forecast for the current fiscal year: The company now anticipates a free cash flow of between €40 and €45 million, instead of the previous forecast of between €35 and €45 million. QSC continues to plan to distribute its first dividend for the current fiscal year.

QSC Chief Executive Officer, Dr. Bernd Schlobohm, notes: “The acquisitions of INFO AG and IP Partner are beginning to pay off. This can be seen not only in our good quarterly numbers, but also in our successes in the market. We are winning more and more orders by working together, enabling us to noticeably grow our new order volume. We will be driving this collaboration in the coming quarters, so that we can convince more and more small and mid-size enterprises of the advantages of one-stop shopping for comprehensive ICT services.”

In €millions	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010
Revenues	128.3	105.6	355.2	316.4
EBITDA	20.8	20.3	60.6	59.6
EBIT	8.0	6.5	22.5	15.6
Consolidated net income	6.4	5.8	16.8	13.2
Free cash flow	6.1	8.5	35.0	20.6
CAPEX	6.8	8.2	25.9	21.9
Workforce	1,285	619		

Please do not hesitate to contact me with any questions you may have.

Kind regards,

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