

Full Year 2019 Results and 2020 Budget Presentation for Investors



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APRIL

2020

gigas



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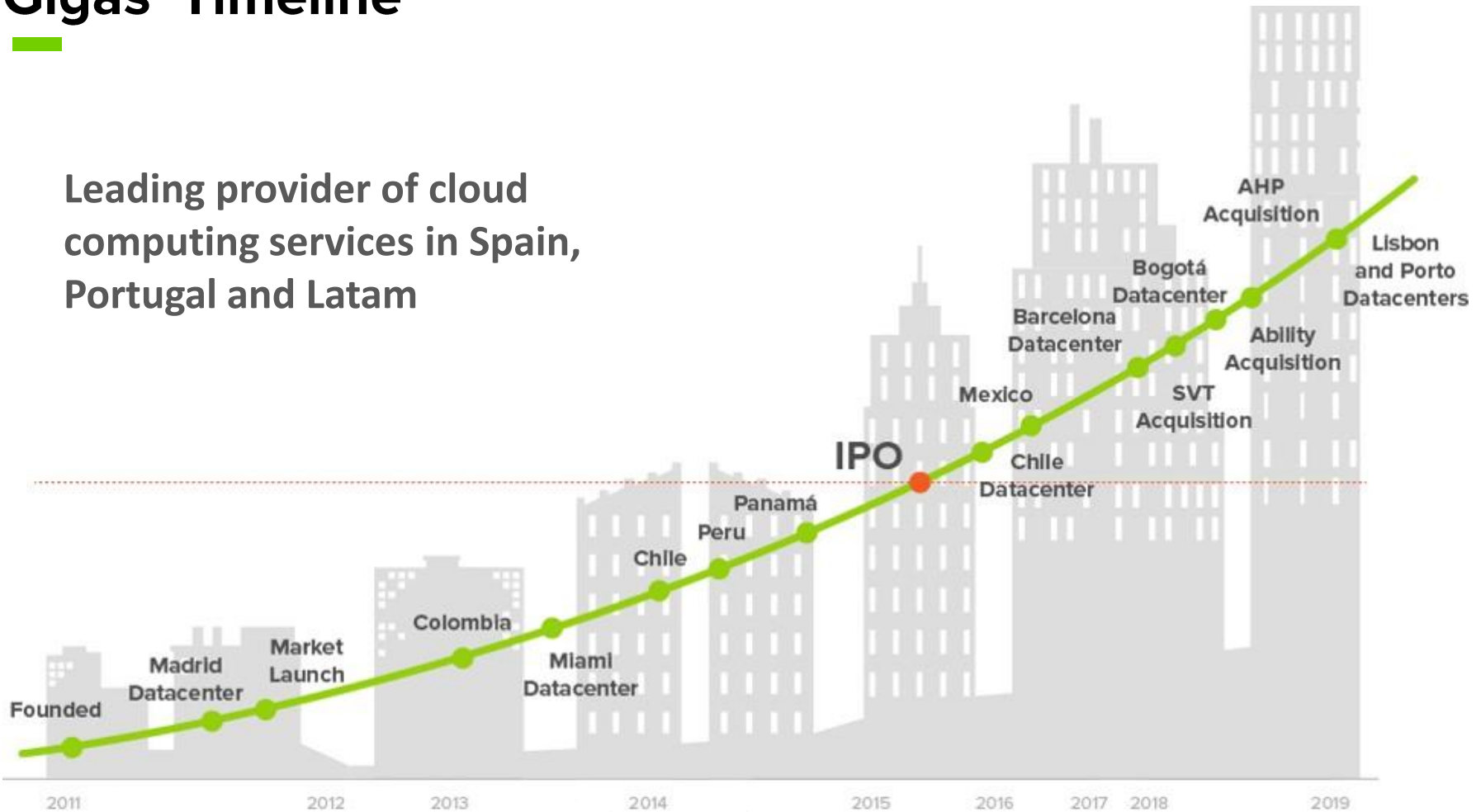
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Gigas' Timeline

Leading provider of cloud computing services in Spain, Portugal and Latam



FY 2019 Key Highlights



Revenue growth continues, FY19 net revenues up 17.8% YoY through organic & inorganic growth



EBITDA reaches €2.50M (€2.85M adjusted) during 2019, vs. €1.62M in 2018 (54.9% higher)



Net positive result for the first time, €0.22M in 2019, versus the negative €0.15M in 2018



Cashflow from Operations reaches €1.90M in 2019, almost 4x the level in 2018 (€0.48M)

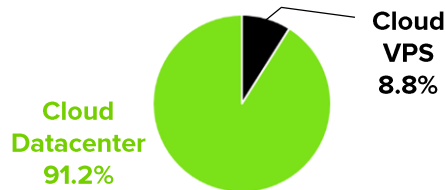


One company acquired in Portugal, AHP, adding two new datacenters (Lisbon and Porto)

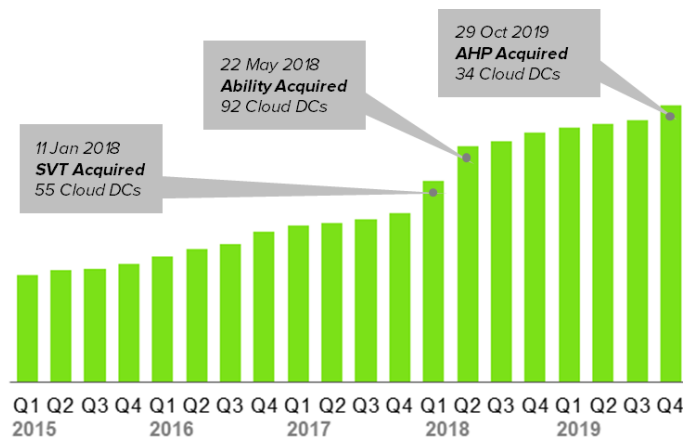


Customer Figures

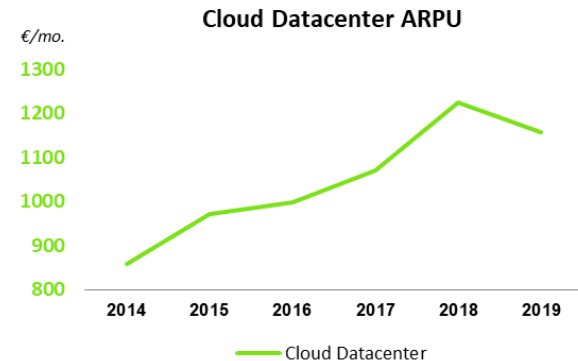
- **Cloud VPS customers reached 2,846 at the end of 2019**, 312 less than a year earlier, but in line with Gigas' strategy of focusing on greater added value customers
- **Cloud Datacenter**, aimed at medium and large corporates, is Gigas' main product, accounting for 91.2% of gross revenues (89.7% a year ago)



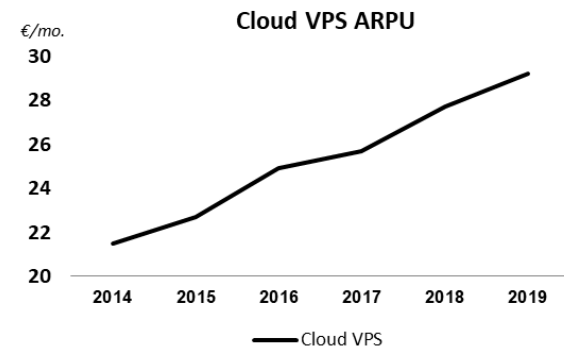
- **Cloud Datacenter customers reached 819 at the end of 2019 (vs 739 a year ago)**



- **Cloud Datacenter ARPU decreased in 2019 to €1,157/mo.** (€1,224 in 2018) due mainly to loss of a few large contracts with a partner



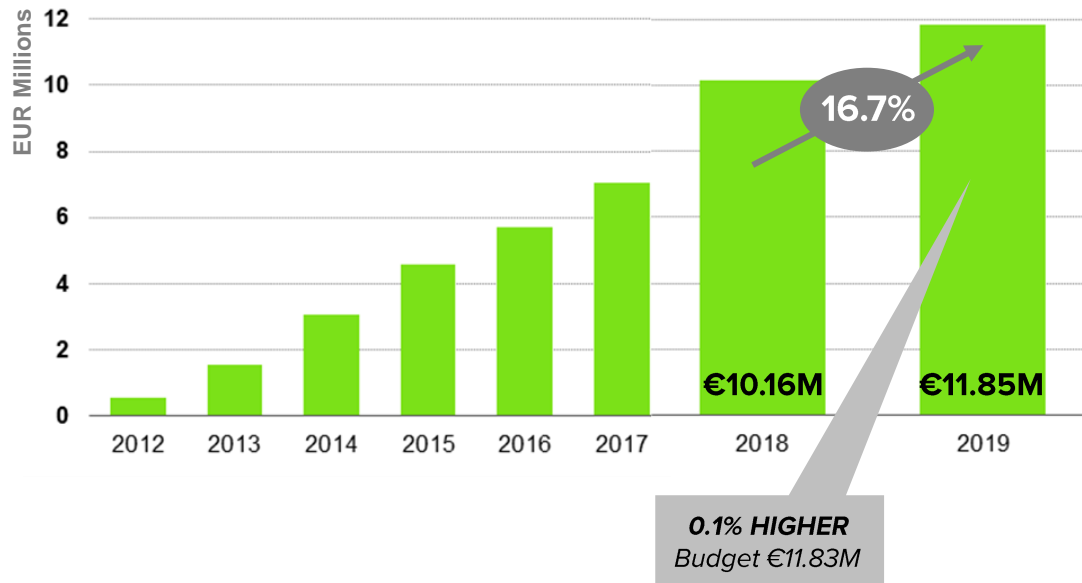
- **Cloud VPS ARPU continues to grow strong, ending 2019 at €29.2/mo.** (€27.7 in 2018), despite price war in that segment, as Gigas attracts higher value add customers



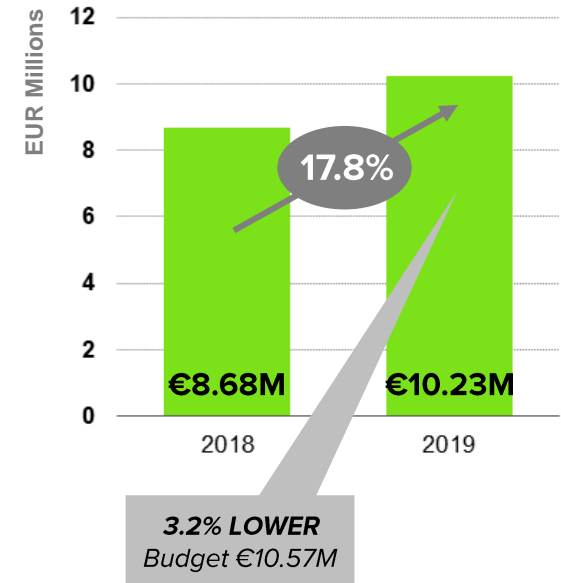
Revenues FY 2019

- **Gross revenues reached €11.85 million in 2019, 16.7% higher than in 2018**, due mostly to organic growth and the AHP acquisition at the end of the year. Revenues in line with budget (0.1% higher)
- Net revenues grew 17.8% to €10.23M, but ended the year slightly below budget (3.2% lower), due mostly to loss of a significant partner at the beginning of the year

Gross Revenues

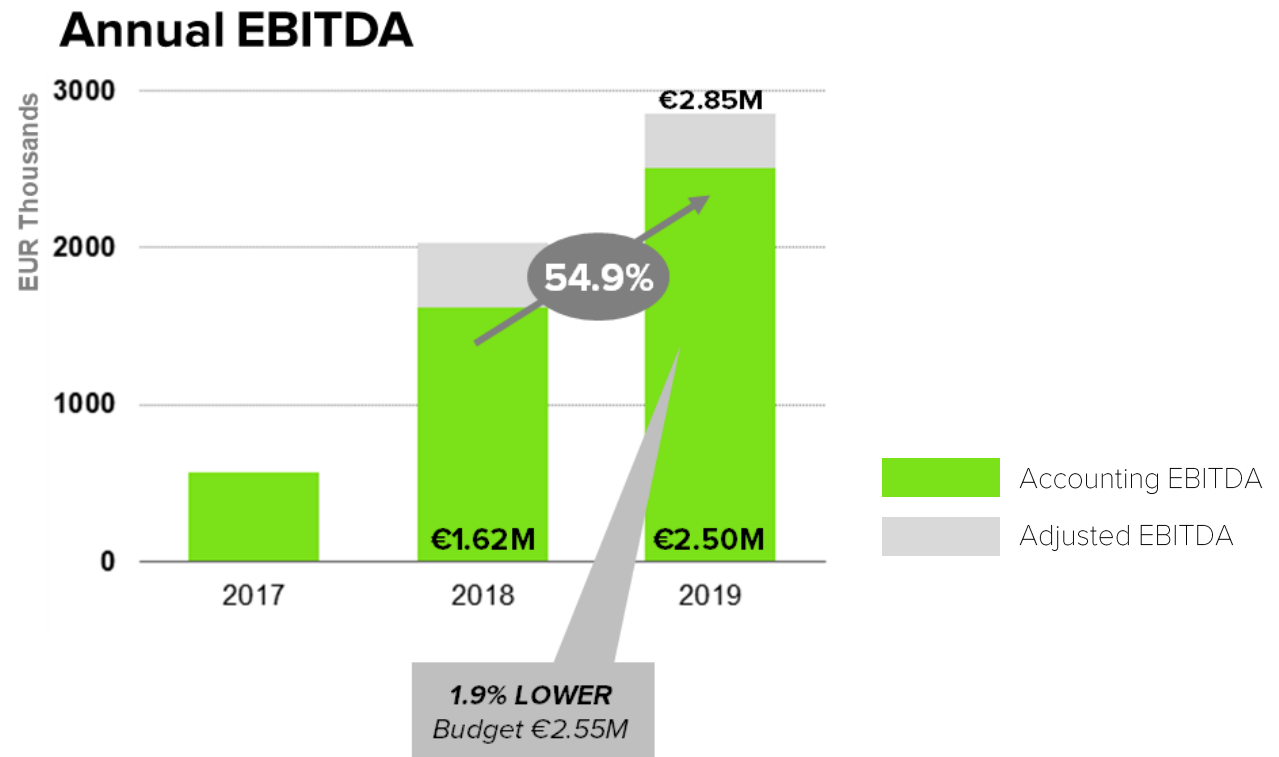


Net Revenues



EBITDA

- **FY 2019 EBITDA grew 54.9% in the last year, reaching €2.50M**, due to organic growth, AHP contribution and cost efficiencies.
- Final EBITDA for the year slightly higher than guidance provided (€2.4M) but still a bit below budget (1.9% lower than €2.55M budgeted)
- A total of €348K of non-recurring costs (and not budgeted), related to M&A and stock options plans in the year. Excluding those, **recurring EBITDA in 2019 was €2.85M**



2019 Results Compared to 2018 and Budget

CONSOLIDATED INCOME STATEMENT

<i>Figures in EUR</i>	2019		2018		Budget 2019	
	JAN-DEC	%	JAN-DEC	%	JAN-DEC	%
Gross sales	11,846,249		10,155,158		11,832,270	
Accrued sales	73,291	-184.1%	(87,111)	387.0%	15,050	
Sales discounts and promotions	(1,691,622)	22.2%	(1,384,168)	32.4%	(1,277,354)	
Revenue	10,227,918	17.8%	8,683,880	-3.2%	10,569,966	
Own R&D costs capitalised	328,655	31.0%	250,881	38.1%	237,944	
Non-recurring income, grants and other	84,087	44.3%	58,255	189.4%	29,052	
Cost of sales	(2,406,276)	27.8%	(1,882,547)	0.0%	(2,407,276)	
Online and third-party customer acquisition costs	(58,973)	-8.2%	(64,221)	-59.1%	(144,035)	
Datacenters and connectivity	(1,072,622)	31.9%	(813,510)	-0.2%	(1,074,957)	
Other supplies	(1,274,681)	26.9%	(1,004,816)	7.3%	(1,188,284)	
Gross profit	7,821,643	15.0%	6,801,332	-4.2%	8,162,690	
<i>Gross profit margin %</i>	76.5%	-2.4%	78.3%	1.4%	77.2%	
Personnel expenses	(3,737,552)	16.0%	(3,220,911)	-3.5%	(3,874,531)	
Salaries and wages	(3,102,409)	16.4%	(2,665,992)	-3.6%	(3,219,302)	
Social security costs	(635,143)	14.5%	(554,920)	-3.1%	(655,229)	
Other operating expenses	(1,971,043)	-13.3%	(2,274,573)	-1.6%	(2,002,611)	
External services	(1,847,758)	1.6%	(1,819,352)	0.1%	(1,846,527)	
Professional services and other	(1,664,349)	1.6%	(1,637,806)	7.8%	(1,543,225)	
Marketing and advertising	(183,409)	1.0%	(181,546)	-39.5%	(303,301)	
Losses, impairment and changes in trade provisions	(123,285)	-72.9%	(455,222)	-21.0%	(156,084)	
Other income and expenses	(21,287)		1,369		-	
EBITDA	2,504,501	54.9%	1,616,352	-1.9%	2,552,544	
<i>EBITDA margin, %</i>	24.5%	31.6%	18.6%	1.4%	24.1%	

Detailed Quarterly 2019 Results

CONSOLIDATED INCOME STATEMENT

					2019
<i>Figures in EUR</i>	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-DEC
Gross sales	3,036,615	2,720,237	2,756,073	3,333,323	11,846,249
Accrued sales	(148,969)	132,820	191,109	(101,669)	73,291
Sales discounts and promotions	(413,529)	(374,747)	(398,302)	(505,044)	(1,691,622)
Revenue	2,474,118	2,478,310	2,548,880	2,726,610	10,227,918
Own R&D costs capitalised	62,714	72,686	71,753	121,502	328,655
Non-recurring income, grants and other	9,987	54,541	9,115	10,443	84,087
Cost of sales	(563,174)	(563,194)	(587,267)	(692,641)	(2,406,276)
Online and third-party customer acquisition costs	(16,301)	(18,051)	(17,138)	(7,483)	(58,973)
Datacenters and connectivity	(257,580)	(249,701)	(270,991)	(294,349)	(1,072,622)
Other supplies	(289,292)	(295,442)	(299,138)	(390,809)	(1,274,681)
Gross profit	1,910,944	1,915,117	1,961,613	2,033,969	7,821,643
Gross profit margin %	77.2%	77.3%	77.0%	74.6%	76.5%
Personnel expenses	(874,737)	(925,815)	(950,189)	(986,812)	(3,737,552)
Salaries and wages	(733,340)	(766,984)	(795,720)	(806,365)	(3,102,409)
Social security costs	(141,397)	(158,831)	(154,469)	(180,446)	(635,143)
Other operating expenses	(467,774)	(454,637)	(489,291)	(559,342)	(1,971,043)
External services	(426,111)	(421,824)	(446,364)	(553,459)	(1,847,758)
Professional services and other	(388,546)	(375,351)	(400,034)	(500,418)	(1,664,349)
Marketing and advertising	(37,564)	(46,472)	(46,331)	(53,042)	(183,409)
Losses, impairment and changes in trade provisions	(41,663)	(32,813)	(42,927)	(5,882)	(123,285)
Other income and expenses	(2,502)	(17,154)	(176)	(1,455)	(21,287)
EBITDA	638,633	644,738	602,824	618,306	2,504,501
EBITDA margin, %	25.8%	26.0%	23.7%	22.7%	24.5%

2019 Results

- **Amortizations grew significantly** (€1.83M in 2019 vs €1.52M in 2018) mostly because of the growth in the Customer Relations account during 2018 and 2019, from the companies acquired
- **Financial expenses increased** due mostly to the convertible bonds issued in April 2018, reaching €360K in 2019 (€273K in 2018) although €146K are non cash
- **First ever profit by the Company of €216K in 2019**, compared to a loss €148K in 2018
- **Cash flow from operations grew strong and reached €1.90M in 2019**, almost four times the operating cash in 2018 (€0.48M). **Positive free cash flow generated for the first time** and totaling over one million (excluding M&A)
- €315K used in purchasing shares for ESOP, rather than issuing new shares and diluting shareholders and €786K invested in equipment (CAPEX). Additionally, €1.46M were invested in acquisitions, plus M&A expenses of €123K



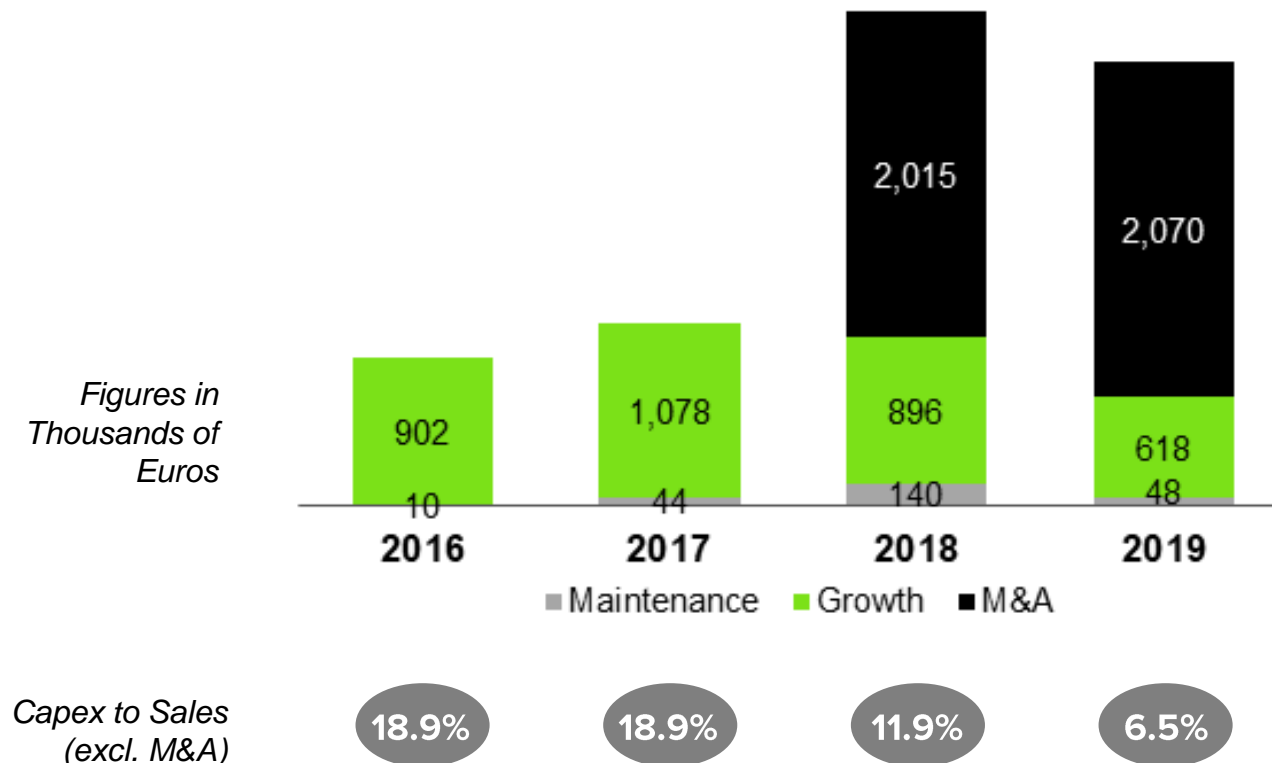
2019 Balance Sheet

- Intangible assets and Receivables grew substantially linked to the AHP acquisition
- Investment in property, plant and equipment **was €0.67M**, €0.33M less than the previous year and also €0.35M short of the €1.02M budgeted (6.5% capex-to-sales ratio)
- The Company ended 2019 with **gross financial debt of €5.22M** (€4.32M at the end of 2018), excluding the convertible bonds, with over €2M linked to the acquisition of AHP
- With a cash position of €1.56M (€1.71M including short term investments), **Net Financial Debt was €3.66M, 1.46x accounting EBITDA and 1.28x adjusted EBITDA**

ASSETS			LIABILITIES		
<i>Figures in EUR</i>	2019	2018	<i>Figures in EUR</i>	2019	2018
NON-CURRENT ASSETS	11,429,337	9,458,721	EQUITY	5,132,862	5,054,414
Intangible assets	5,912,771	4,025,740	Shareholders' equity	5,205,520	5,066,665
Software, R&D and others	1,308,108	1,295,213	Capital and Share premium	8,813,059	8,813,059
Customer relations	4,604,663	2,730,526	Reserves and Treasury Shares	(538,808)	(525,400)
Property, plant and equipment NET	3,056,929	2,986,213	Prior year's losses and current year	(4,137,414)	(4,353,258)
+ Gross Tangible Assets	7,725,455	6,528,019	Other equity instruments	1,068,684	1,132,264
- Accumulated Depreciation	(4,668,526)	(3,541,806)	Conversion differences	(94,318)	(48,706)
Non-current investments	36,461	171,762	Grants and Subsidies	21,660	36,455
Deferred tax assets	2,423,176	2,275,007	NON-CURRENT LIABILITIES	6,431,382	4,502,451
			Non-current payables	5,225,922	3,760,116
CURRENT ASSETS	4,429,453	4,011,734	Convertible bonds	1,940,362	1,794,192
Trade and Other Receivables	2,445,067	1,550,469	Bank borrowings and Finance leases	3,285,560	1,965,924
Customer Receivables	2,072,620	1,286,468	Deferred tax liabilities	1,205,460	742,335
Tax, Personnel and Other Receivables	372,447	264,001	CURRENT LIABILITIES	4,294,546	3,913,591
Investments	144,443	15,933	Current provisions	1,520,868	910,786
Prepayments for current assets	275,499	269,221	Provisions	283,622	188,930
Cash and cash equivalents	1,564,444	2,176,111	Trade and other payables	1,237,246	721,856
			Current payables	2,200,969	2,356,805
TOTAL ASSETS	15,858,790	13,470,455	Current accruals	572,709	646,000
			TOTAL LIABILITIES	15,858,790	13,470,456

CAPEX Evolution 2016-2019

- CAPEX to Sales ratio continues to improve, **reaching 6.5% in 2019**
- Most CAPEX related to growing capacity for new customers, while maintenance or replacement CAPEX still very limited
- R&D works capitalized not included as CAPEX



Cashflow Statement

<i>Figures in Euros</i>	2019
EARNINGS BEFORE TAXES	271,125
Result Adjustments	2,155,445
Changes in accruals and bad debt	73,724
D&A	1,825,413
Other non-cash (R&D capit., ESOP, Subsidies...)	(151,655)
Net financial result	407,963
Changes in Working Capital	(25,926)
Interest and Taxes Outflows	(501,249)
Interests	(215,405)
Taxes	(285,844)
CASHFLOW FROM OPERATIONS	1,899,394
Investment Outflows	(2,314,507)
Intangible assets payments	(67,587)
PP&E payments	(786,191)
Payments related to acquisitions	(1,460,730)
Investment Inflows	15,000
CASHFLOW FROM INVESTMENT ACTIVITIES	(2,299,507)
Financing Outflows	(211,554)
Equity instruments acquisitions	(302,010)
New debt raised	1,657,669
Debt amortisation	(1,567,213)
CASHFLOW FROM FINANCING ACTIVITIES	(211,554)
NET INCREASE (DECREASE) IN CASH	(611,667)
<i>Cash at beginning of period</i>	<i>2,176,111</i>
<i>Cash at end of period</i>	<i>1,564,444</i>

- The Company used €0.50M of cash for financial costs and taxes and €1.57M for repaying financial debt during 2019
- New debt was raised for a total of €1.66M, to fund CAPEX payments and the AHP acquisition
- Gigas spent €0.79M for IT equipment and €68K for intangible assets
- A total of €1.46M were allocated to acquisitions, mostly AHP, but also €0.45M deferred payments related to the SVT and Ability acquisition from 2018
- Net €301K used buying Gigas' shares, incl. shares purchased by the Liquidity Provider. The Company used €315K for buying shares to fulfill ESOP obligations without diluting its shareholders
- Gigas generated €1.9M in cash flow from operations, **resulting in over one million free cash flow, after subtracting CAPEX**

Debt Evolution

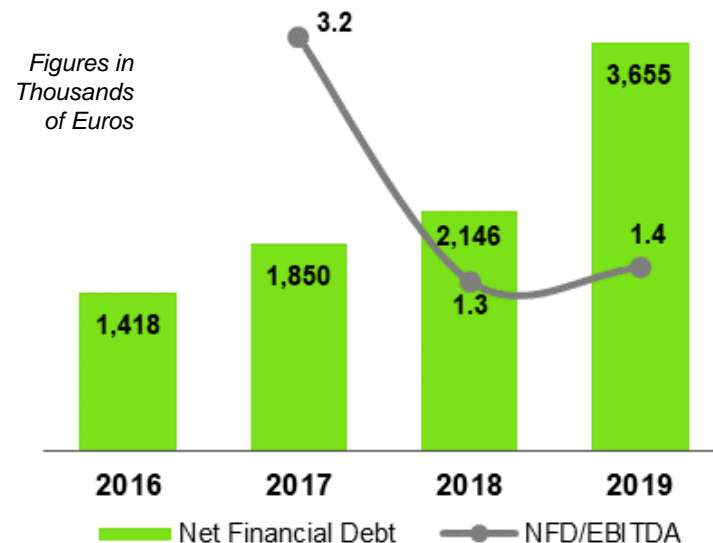
- Net Financial Debt / EBITDA increased slightly to 1.46x, 1.28x if adjusted EBITDA used
- Gross debt increased substantially at the end of the year, due to the acquisition of AHP (adds a total of aprox. €2M)

Figures in Euros

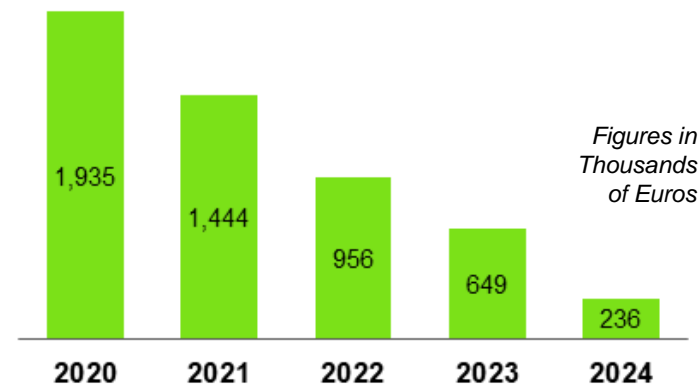
	2019	2018	Diff %
R&D and Banks Debt LT	2,535,889	1,965,924	29.0%
M&A Related Debt LT	749,671	0	-
R&D and Banks Debt ST	1,624,544	1,872,930	-13.3%
M&A Related Debt ST	310,000	483,436	-35.9%
GROSS FINANCIAL DEBT	5,220,104	4,322,291	20.8%
Cash at hand	1,564,444	2,176,111	-28.1%
Net Financial Debt	3,655,661	2,146,180	70.3%
EBITDA	2,504,501	1,616,352	54.9%
NFD/EBITDA	1.46*	1.33	9.9%

- * NFD/EBITDA 2019 calculated over accounting EBITDA
- Convertible bonds or trade payables not included as financial debt
- Current Investments not included in Cash at hand (€144K)

Net Financial Debt



Financial Debt Maturities



Inorganic Growth

- The cloud and hosting market is dominated by 3-4 large players (c.50% of the market) whereas the other half is extremely fragmented.
- Gigas is exploiting the opportunity to acquire companies with good business customer bases which bring volume and significant synergies.
- **Two companies acquired during 2018, SVT (€0.8M revs, Spain) and Ability (€1.6M revs, Colombia)**
- **AHP acquired at the end of 2019**
 - Based in Portugal and focused on mid market customers that search quality cloud services
 - €1.2M revs and aprox. €0.3M EBITDA
 - Lean organization with seven employees
 - Two datacenters, Lisbon and Porto
- The Company is evaluating new acquisition opportunities, now focused on Spain and Europe, including targets of significant size



2020 Budget and Potential COVID-19 Impact

- Start of year in line with budget but **impact of COVID-19 still difficult to be quantified**
 - Demand for cloud services should increase and new contracts are still being closed
 - **BUT** i) foreseeable global economic recession will lead to **customer loses, delay on payments and bad debt**, and ii) **severe depreciation of Latam currencies will reduce consolidated results and commercial appeal** of Gigas' services in the region

2020 CONSOLIDATED BUDGET

EUR	Q1	Q2	Q3	Q4	2020b	%	2019
Gross sales	3,252,899	3,263,105	3,431,583	3,843,509	13,791,095	16.4%	11,846,249
Accrued sales	(82,970)	92,818	131,134	(118,283)	22,699	-69.0%	73,291
Sales discounts and promotions	(398,023)	(396,336)	(421,410)	(485,780)	(1,701,548)	0.6%	(1,691,622)
Revenue	2,771,906	2,959,588	3,141,307	3,239,445	12,112,246	18.4%	10,227,918
Own R&D costs capitalised	105,705	107,705	96,205	87,205	396,820	20.7%	328,655
Non-recurring income, grants and other	9,063	9,063	9,063	9,063	36,252	-56.9%	84,087
Cost of sales	(730,238)	(750,260)	(768,054)	(783,019)	(3,031,571)	26.0%	(2,406,276)
Online and third-party customer acquisition costs	(5,572)	(10,235)	(13,267)	(13,669)	(42,744)	-27.5%	(58,973)
Datacenters and connectivity	(312,016)	(312,246)	(316,246)	(316,246)	(1,256,753)	17.2%	(1,072,622)
Other supplies	(412,650)	(427,779)	(438,541)	(453,104)	(1,732,074)	35.9%	(1,274,681)
Gross profit	2,041,668	2,209,328	2,373,253	2,456,426	9,080,675	16.1%	7,821,643
<i>Gross profit margin %</i>	<i>73.7%</i>	<i>74.6%</i>	<i>75.5%</i>	<i>75.8%</i>	<i>75.0%</i>	<i>-2.0%</i>	<i>76.5%</i>
Personnel expenses	(1,052,329)	(1,085,240)	(1,071,269)	(1,044,645)	(4,253,483)	13.8%	(3,737,552)
Salaries and wages	(880,594)	(908,215)	(896,730)	(867,112)	(3,552,651)	14.5%	(3,102,409)
Social security costs	(171,735)	(177,025)	(174,539)	(177,533)	(700,832)	10.3%	(635,143)
Other operating expenses	(482,797)	(524,996)	(504,230)	(542,288)	(2,054,311)	4.2%	(1,971,043)
External services	(446,302)	(484,811)	(463,210)	(499,058)	(1,893,381)	2.5%	(1,847,758)
Professional services and other	(409,377)	(421,960)	(418,435)	(427,783)	(1,677,555)	0.8%	(1,664,349)
Marketing and publicity	(36,925)	(62,851)	(44,775)	(71,275)	(215,826)	17.7%	(183,409)
Losses, impairment and changes in trade provisions	(36,494)	(40,185)	(41,020)	(43,230)	(160,930)	30.5%	(123,285)
Other income and expenses	-	-	-	-	-		(21,287)
EBITDA	621,310	715,860	903,022	965,761	3,205,953	28.0%	2,504,501
<i>EBITDA margin, %</i>	<i>22.4%</i>	<i>24.2%</i>	<i>28.7%</i>	<i>29.8%</i>	<i>26.5%</i>	<i>8.1%</i>	<i>24.5%</i>



Share Evolution and Analysts' Reports

- Share remained fairly flat during 2019, ending at €6.82 at year end, a 4.9% increase during the year
- Share Price closed at €4.50 (-34.0% down ytd) yesterday, hit by the COVID-19 impact on markets but also from retail investors selling
- Management believes the share Price will recover when the markets stabilize and will reflect the value of GIGAS and its growing cash generation
- **Analysts also very positive about the Company, with a consensus target price of €8.97**
 - GVC Gaesco, **BUY**, €9.86. MAR'20
 - Estrategias de Inversión, **BUY**. JAN'20
 - Renta4, **BUY**, €8.6-€9.2. OCT'19
 - UDEKTA, **BUY**, €8.9. SEP'19
 - MABIA, **BUY**, €8.25. JUL'19

Q&A

FY 2019 Results Investors Presentation



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**Thank
you**

