

gigas

The Cloud Computing Company



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9m Results Investors Presentation

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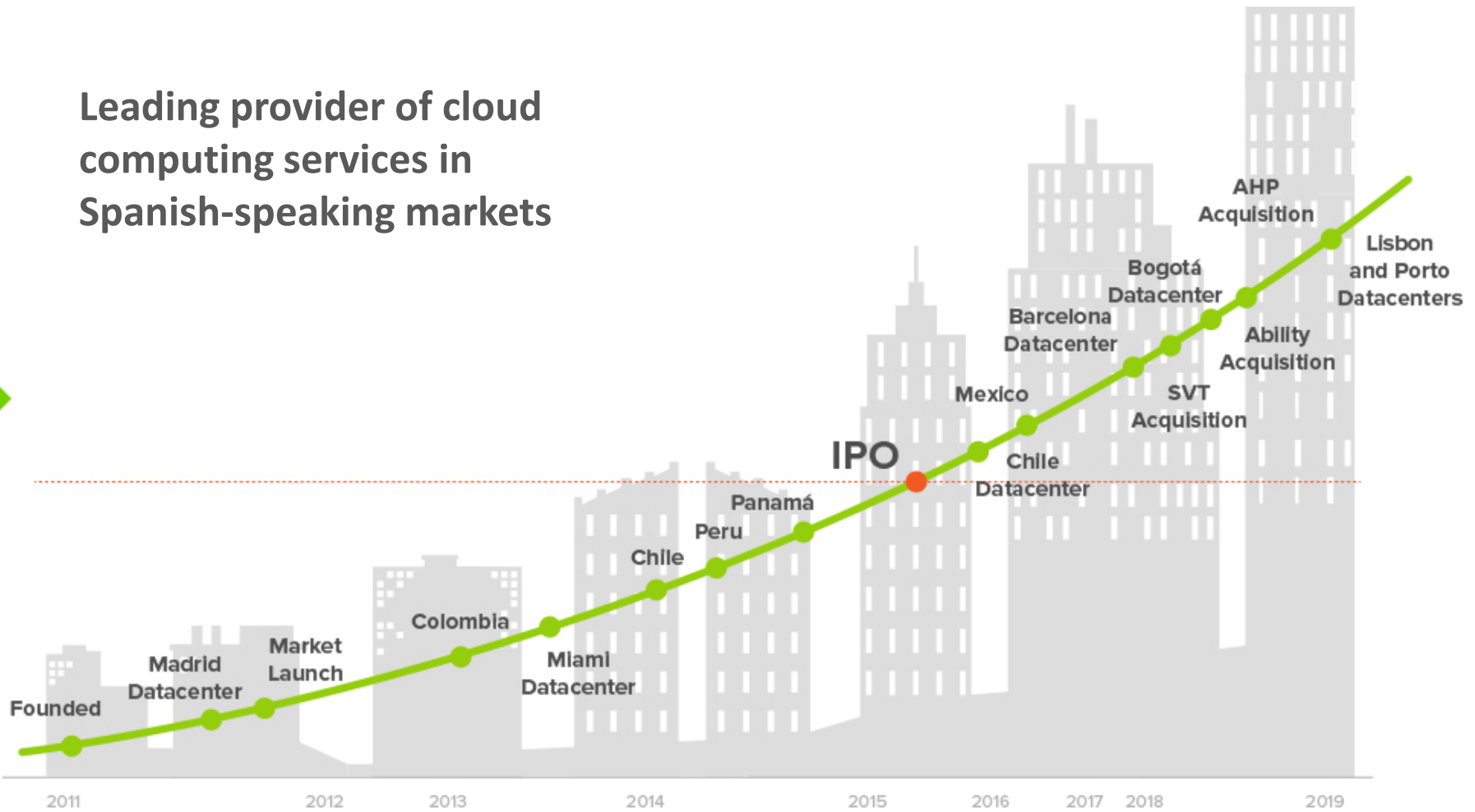
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Gigas' Timeline

Leading provider of cloud computing services in Spanish-speaking markets



Some Companies Hosted at Gigas



9M 2019 Key Highlights



Growth continues, 9M19 gross revenues up 18.9% YoY and net revenues up 20.0%



EBITDA in 9M19 double than the same period last year and reaching €1.89 million, before M&A and stock options



Cloud Datacenter customers continue to grow, reaching 776, 8.7% more than a year ago



AHP, cloud provider in Portugal, acquired in October, marking Gigas' third acquisition



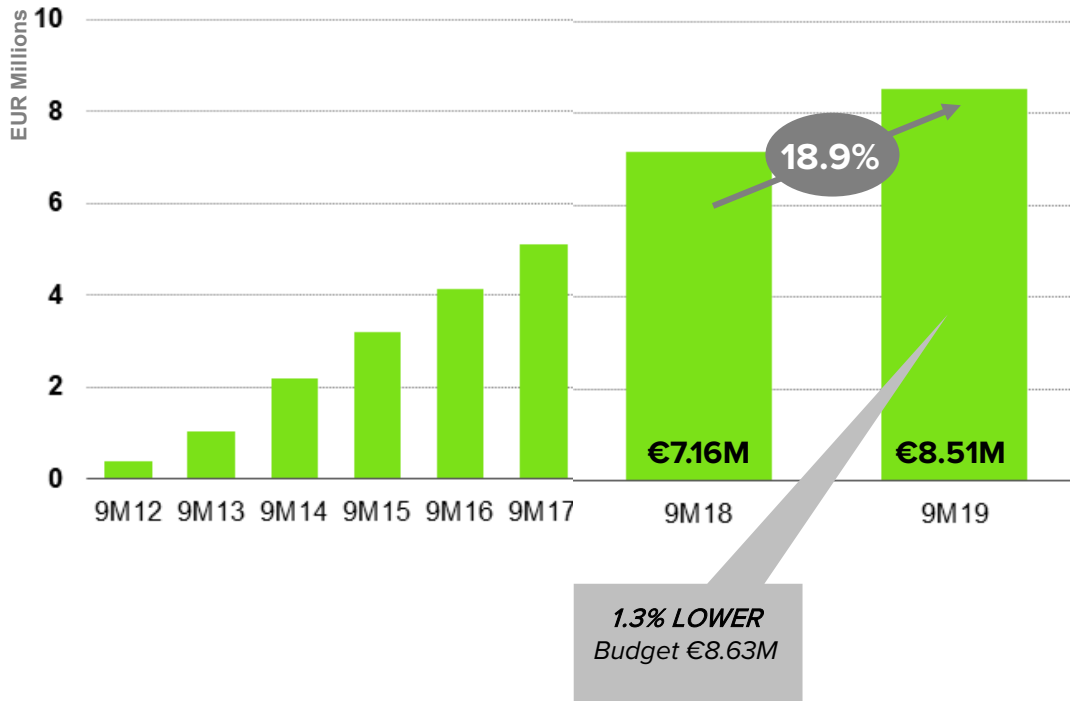
Two new datacenters added to Gigas' footprint: Lisbon and Porto, both in Portugal



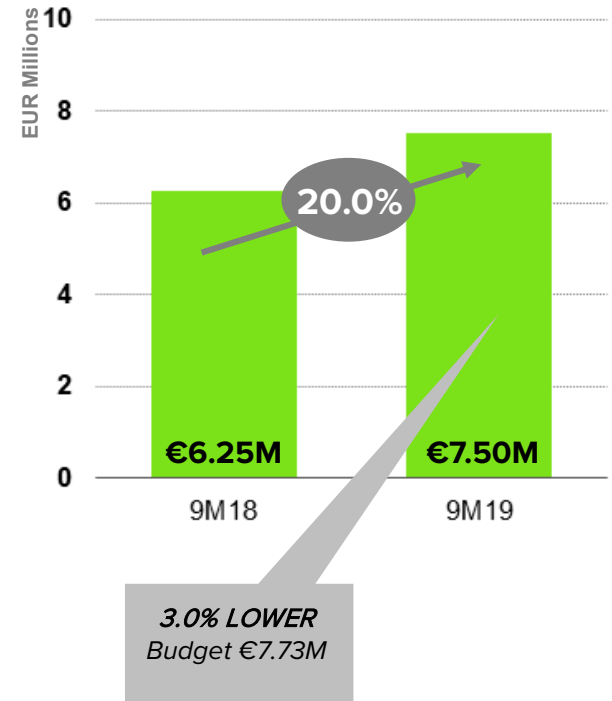
Revenues 9M19

- Revenues continue to grow well and expected to grow further linked to new acquisition (not impacting 9m results)
- However, revenues slightly below budget due mostly to the loss of a partner and its customers, also affecting Cloud Datacenter ARPU

Gross Revenues

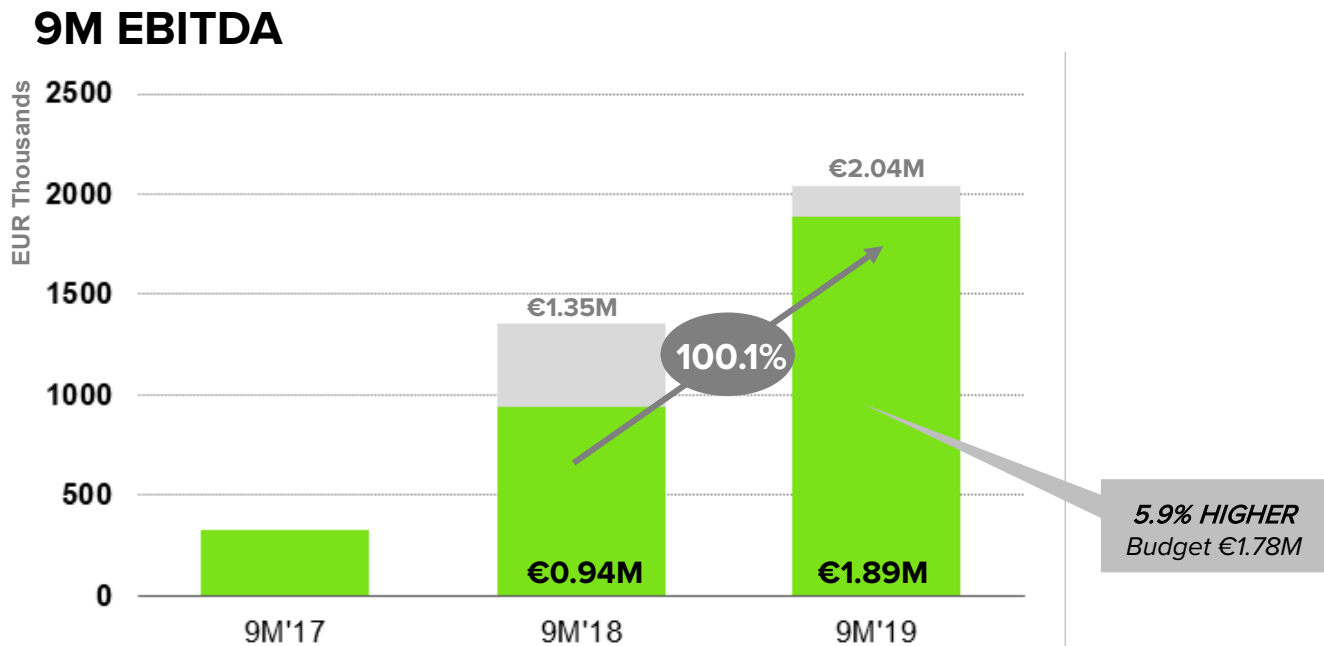


Net Revenues



EBITDA

- **Slightly higher than budgeted EBITDA in the quarter, reaching €1.89M**, due to cost efficiencies and synergies from last year acquisitions.
- Excluding M&A related costs and non-cash costs linked to stock options plans (increased this year due to extension of Executive Plan for an extra year), **EBITDA in the 9M'19 would have reached €2.04M, 14.6% higher than budgeted**
- YTD Gross Margin 77.2%, better than budgeted (77.0%) for the period

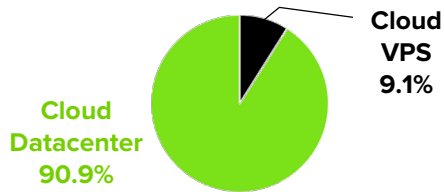


2019 YTD Results Compared to 2018 and Budget

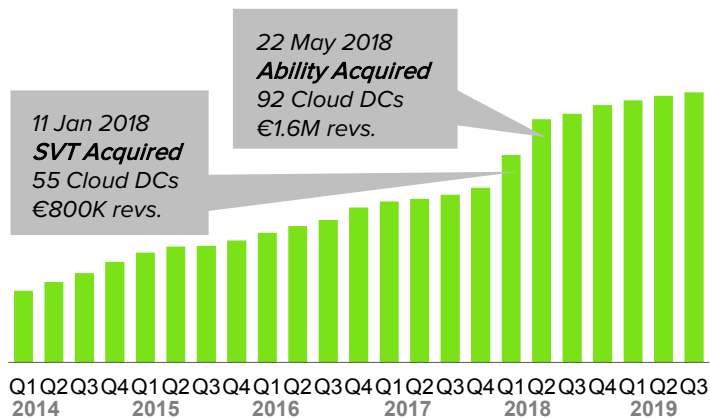
CONSOLIDATED INCOME STATEMENT				2019		2018		2019 budget	
<i>Figures in EUR</i>	JAN-MAR	APR-JUN	JUL-SEP	JAN-SEP	% Chg.	JAN-SEP	% Chg.	JAN-SEP	
Gross sales	3,036,615	2,720,237	2,756,073	8,512,926	18.9%	7,160,321	(1.3%)	8,627,198	
Accrued sales	(148,969)	132,820	191,109	174,960	468.2%	30,793	304.4%	43,267	
Sales discounts and promotions	(413,529)	(374,747)	(398,302)	(1,186,578)	26.1%	(941,095)	26.1%	(940,650)	
Revenue	2,474,118	2,478,310	2,548,880	7,501,308	20.0%	6,250,019	(3.0%)	7,729,814	
Own R&D costs capitalised	62,714	72,686	71,753	207,153	9.7%	188,836	16.9%	177,208	
Non-recurring income, grants and other	9,987	54,541	9,115	73,643	48.7%	49,534	238.0%	21,789	
Cost of sales	(563,174)	(563,194)	(587,267)	(1,713,634)	26.2%	(1,357,563)	(3.5%)	(1,775,022)	
Online and third-party customer acquisition costs	(16,301)	(18,051)	(17,138)	(51,490)	7.5%	(47,877)	(51.0%)	(105,002)	
Datacenters and connectivity	(257,580)	(249,701)	(270,991)	(778,272)	32.3%	(588,063)	(1.8%)	(792,143)	
Other supplies	(289,292)	(295,442)	(299,138)	(883,872)	22.5%	(721,623)	0.7%	(877,877)	
Personnel expenses	(874,737)	(925,815)	(950,189)	(2,750,740)	16.1%	(2,368,351)	(5.1%)	(2,897,788)	
Salaries and wages	(733,340)	(766,984)	(795,720)	(2,296,044)	17.5%	(1,953,936)	(4.7%)	(2,408,653)	
Social security costs	(141,397)	(158,831)	(154,469)	(454,697)	9.7%	(414,415)	(7.0%)	(489,135)	
Other operating expenses	(467,774)	(454,637)	(489,291)	(1,411,702)	(22.4%)	(1,818,846)	(4.3%)	(1,475,181)	
External services	(426,111)	(421,824)	(446,364)	(1,294,299)	(6.8%)	(1,389,449)	(4.9%)	(1,360,332)	
Professional services and other	(286,779)	(275,807)	(306,088)	(868,673)	(14.3%)	(1,013,945)	5.6%	(822,435)	
Marketing and publicity	(37,564)	(46,472)	(46,331)	(130,367)	(15.7%)	(154,665)	(36.7%)	(205,886)	
International expenses, except marketing	(101,768)	(99,545)	(93,946)	(295,258)	33.7%	(220,839)	(11.1%)	(332,011)	
Losses, impairment and changes in trade provisions	(41,663)	(32,813)	(42,927)	(117,403)	(72.7%)	(429,397)	2.2%	(114,848)	
Other income and expenses	(2,502)	(17,154)	(176)	(19,832)	2,203%	(861)		-	
EBITDA	638,633	644,738	602,824	1,886,195	100.1%	942,768	5.9%	1,780,820	
<i>EBITDA margin, %</i>	<i>25.8%</i>	<i>26.0%</i>	<i>23.7%</i>	<i>25.1%</i>	<i>66.7%</i>	<i>15.1%</i>	<i>9.1%</i>	<i>23.0%</i>	
Gross margin	1,910,944	1,915,117	1,961,613	5,787,674	18.3%	4,892,456	(2.8%)	5,954,792	
<i>Gross margin %</i>	<i>77.2%</i>	<i>77.3%</i>	<i>77.0%</i>	<i>77.2%</i>	<i>(1.4%)</i>	<i>78.3%</i>	<i>0.2%</i>	<i>77.0%</i>	

Customer Figures

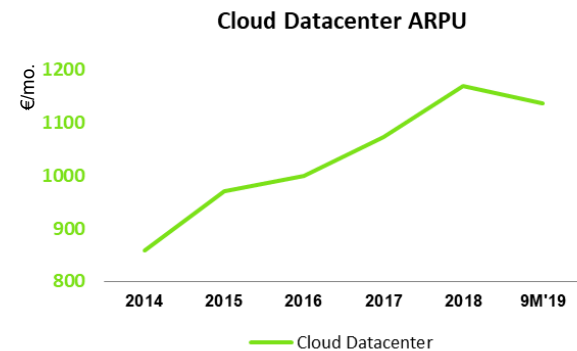
- **Cloud VPS customers reached 2,930 at the end of September 2019**, 313 less than a year earlier, but in line with Gigas' strategy of focusing on higher value add customers
- **Cloud Datacenter**, aimed at medium and large corporates, is Gigas' main product, accounting for 90.9% of gross revenues



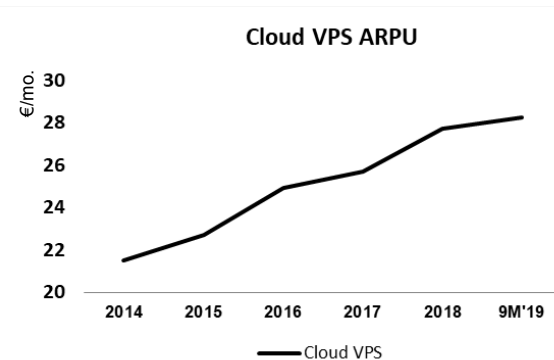
- **Cloud Datacenter customers reached 776 at the end of SEP 2019 (vs 714 a year ago)**



- **Cloud Datacenter ARPU decreased in 9M'19 to €1,135/mo.** (€1,168 in 9M'18) due mainly to the loss of a partner and its customers



- **Cloud VPS ARPU continues to grow, ending 9M'19 at €28.2/mo.**, despite price war in that segment, as Gigas attracts higher value add customers



Inorganic Growth

- Gigas marked its third acquisition at the end of October, adding AHP, a Portuguese cloud service provider, to the Group.



- Gigas enters the growing Portuguese cloud market, adds two datacenter to its footprint and better positions itself to serve large partners with presence in both Spain and Portugal
- The acquisition adds approx. **€1.1 million of revenues to Gigas and had EBITDA of €0.23 millions in 2018**. Given the acquisition date, AHP is expected to add slightly over €200K to the consolidated revenues of the Group in 2019
- The acquisition has been funded with a mix of Gigas' own resources and bank debt and, therefore, does not entail any dilution for Gigas' shareholders.
- **Gigas continues to evaluate opportunities that can add value to its shareholders and is looking for larger size acquisitions that could further accelerate its growth**



Datacenter Footprint

- **Two new datacenters added to the Gigas' network, inherited from the AHP acquisition: Lisbon and Porto**
- Getting IT infrastructure close to the customer is key for technical and regulatory reasons
- In-country datacenter is a relevant selling point and differentiator when competing against the large cloud providers such as Amazon Web Services or Microsoft Azure
- Gigas already has infrastructure deployed in eight datacenters (Madrid -two datacenters-, Miami, Santiago de Chile, Barcelona, Bogota, Lisbon and Port)
- **European Governments and Corporates are growing concerned about their data hosted with US and other foreign companies and a trend to support European providers is starting to appear***, which could potentially be very positive for Gigas and other EU providers

* **Europe Is Starting to Declare Its Cloud Independence, FORTUNE OCT 2019,**
<https://fortune.com/2019/10/30/europe-cloud-independence-gaia-x-germany-france/>



2019 Budget

2019 CONSOLIDATED BUDGET					
EUR	Q1	Q2	Q3	Q4	2019b
Gross sales	2.766.364	2.885.117	2.975.718	3.205.072	11.832.270
Accrued sales	(12.351)	(9.292)	64.910	(28.217)	15.050
Sales discounts and promotions	(312.628)	(317.968)	(310.054)	(336.704)	(1.277.354)
Revenue	2.441.385	2.557.856	2.730.574	2.840.152	10.569.966
Own R&D costs capitalised	61.236	59.236	56.736	60.736	237.944
Non-recurring income, grants and other	7.263	7.263	7.263	7.263	29.052
Cost of sales	(578.251)	(583.332)	(613.439)	(632.254)	(2.407.276)
Online and third-party customer acquisition costs	(32.835)	(34.295)	(37.873)	(39.033)	(144.035)
Datacenters and connectivity	(255.514)	(261.414)	(275.214)	(282.814)	(1.074.957)
Other supplies	(289.902)	(287.623)	(300.352)	(310.407)	(1.188.284)
Personnel expenses	(945.281)	(981.297)	(971.209)	(976.743)	(3.874.531)
Salaries and wages	(786.628)	(815.189)	(806.836)	(810.649)	(3.219.302)
Social security costs	(158.653)	(166.108)	(164.374)	(166.094)	(655.229)
Other operating expenses	(485.702)	(508.661)	(480.818)	(527.430)	(2.002.611)
External services	(448.750)	(470.654)	(440.928)	(486.194)	(1.846.527)
Professional services and other	(273.249)	(273.567)	(275.620)	(276.211)	(1.098.646)
Marketing and publicity	(64.001)	(88.058)	(53.827)	(97.415)	(303.301)
International expenses, except marketing	(111.501)	(109.029)	(111.481)	(112.568)	(444.579)
Losses, impairment and changes in trade provisions	(36.952)	(38.006)	(39.890)	(41.236)	(156.084)
Other income and expenses	-	-	-	-	-
EBITDA	500.649	551.065	729.106	771.723	2.552.544
<i>EBITDA margin, %</i>	20,5%	21,5%	26,7%	27,2%	24,1%
Gross Margin	1.863.134	1.974.524	2.117.134	2.207.897	8.162.690
<i>Gross Margin %</i>	76,3%	77,2%	77,5%	77,7%	77,2%

FY 2019 Guidance Update

- The Company believes that **gross revenues will be in line with budget**, given traditional renewal of contracts with annual prepayments in the fourth quarter. **Net revenues are expected to be slightly lower than budgeted, at about ~€10.2M** (3.5% below budget)
- Accounting EBITDA is also forecasted to be a bit below budget given the M&A related costs and increased stock option costs, and **the Company expects accounting EBITDA of ~€2.4M for 2019**. **Recurring EBITDA (excl. M&A and stock options) is forecasted to reach ~€2.7M in 2019**

Est. Net Revs.
2019 Growth

18%

Est. EBITDA
2019 Growth

50%





Market Milestones

- IPO four years ago, November 3rd 2015, at €3.25 per share, raising €4.12M
- Inorganic strategy starts in January 2018 and three companies acquired so far, adding €3.5M in revenues
- €2.5M convertible bonds issued on April 2018 to finance acquisitions, subscribed by investor Inveready
- **Share price doubled since IPO, although basically flat this year**
- **Quarterly proforma revenues (incl. AHP) up more than 3x since IPO (€0.93M net revs in Q3'15)**



Q&A



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Thank you

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