

gigas

The Cloud Computing Company



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H1 Results Investors Presentation

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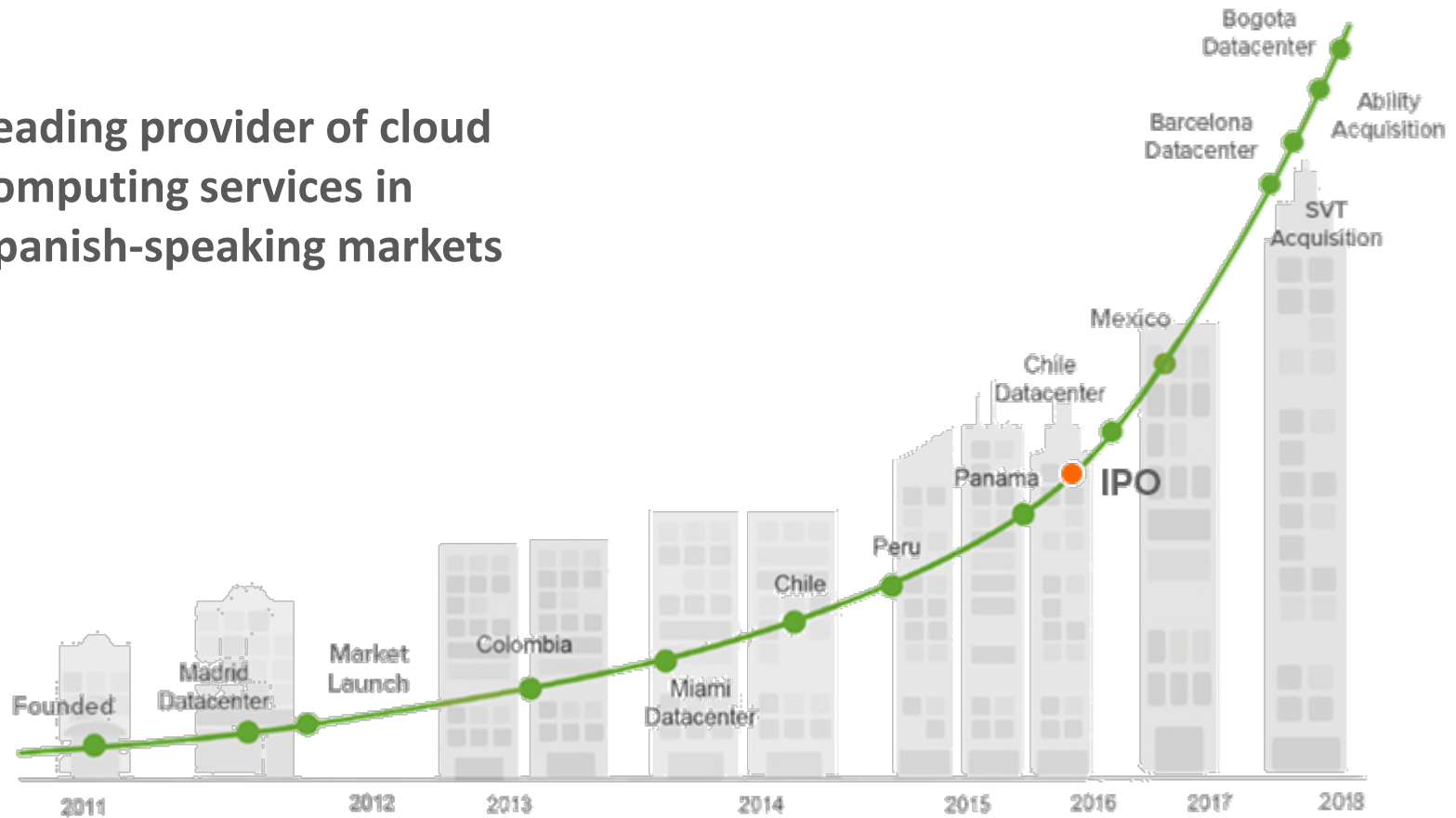
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Gigas' Timeline

Leading provider of cloud computing services in Spanish-speaking markets



H1 2019 Key Highlights



Strong YoY growth with H1 net revenues up 25.8%, despite slow growth in Q2'19



EBITDA reaches €1.28M in H1, more than triple the EBITDA H1'18 and 22.0% higher than budgeted



Achieved positive net result for the second semester in a row (€155K in H1'19)



Cash flow from Operations growing strong and reaching almost one million euros in H1'19

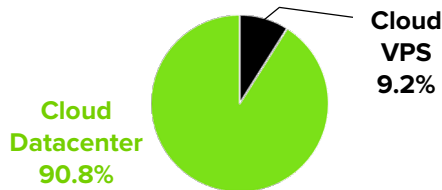


H1 2019 Gross Financial Debt reduced to €3.72M (excl. *in the money* convertible bonds) down from €4.32M six months earlier (DEC'18)

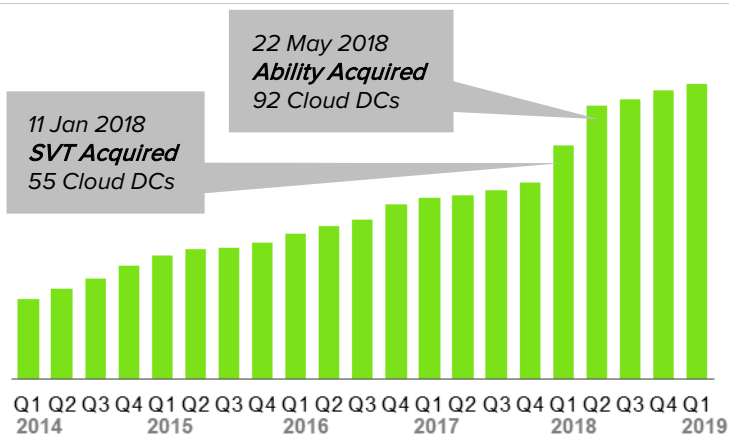


Customer Figures

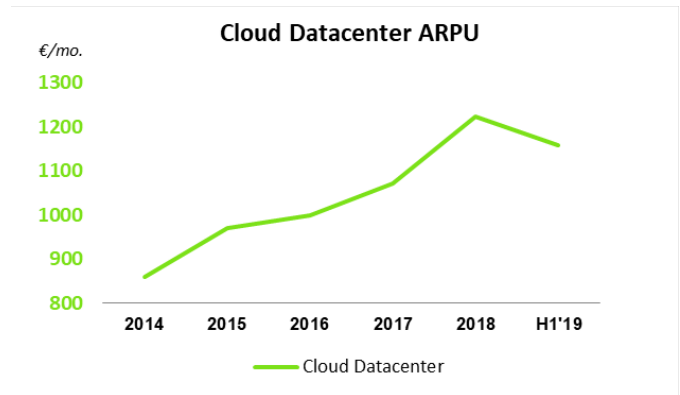
- **Cloud VPS customers reached 2,997 at the end of June 2019**, 267 less than a year earlier, but in line with Gigas' strategy of focusing on greater added value customers
- **Cloud Datacenter**, aimed at medium and large corporates, is Gigas' main product, accounting for 90.8% of gross revenues



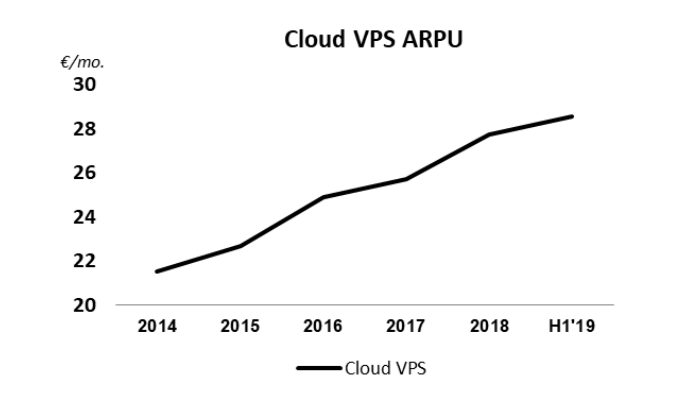
- **Cloud Datacenter customers reached 766 at the end of H1 2019 (vs 699 a year ago)**



- **Cloud Datacenter ARPU decreased in H1'19 to €1,158/mo.** (€1,224 in 2018) due mainly to loss of a large contract with a partner



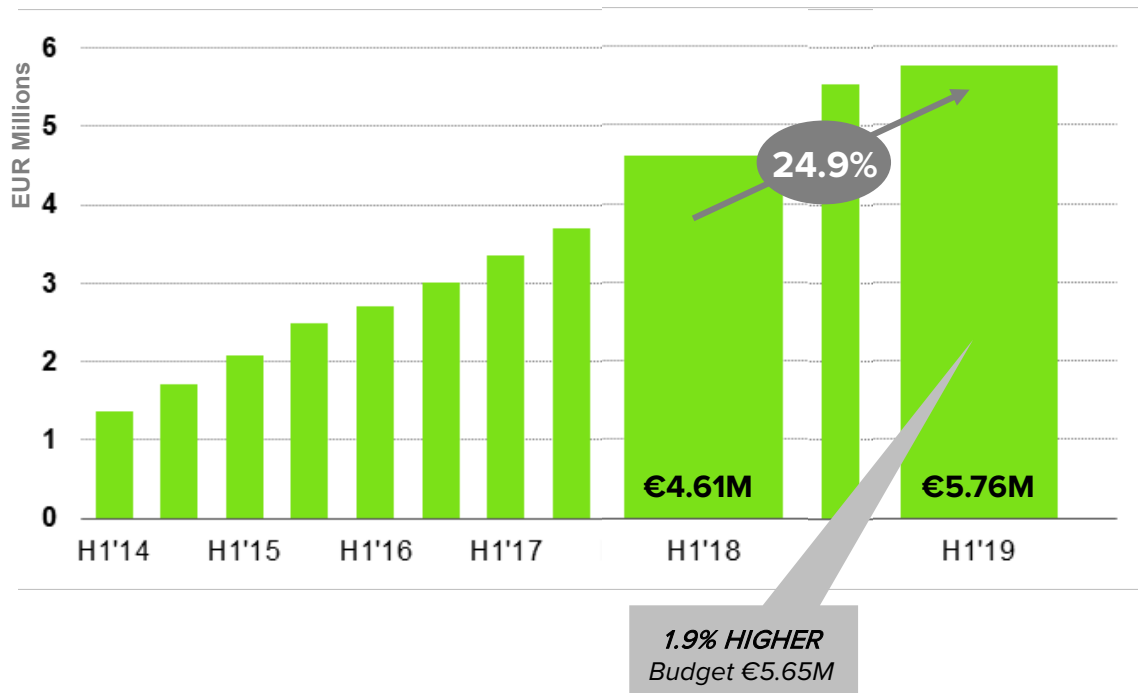
- **Cloud VPS ARPU continues to grow strong, ending H1'19 at €28.6/mo.** (€27.7 in 2018), despite price war in that segment, as Gigas attracts higher value add customers



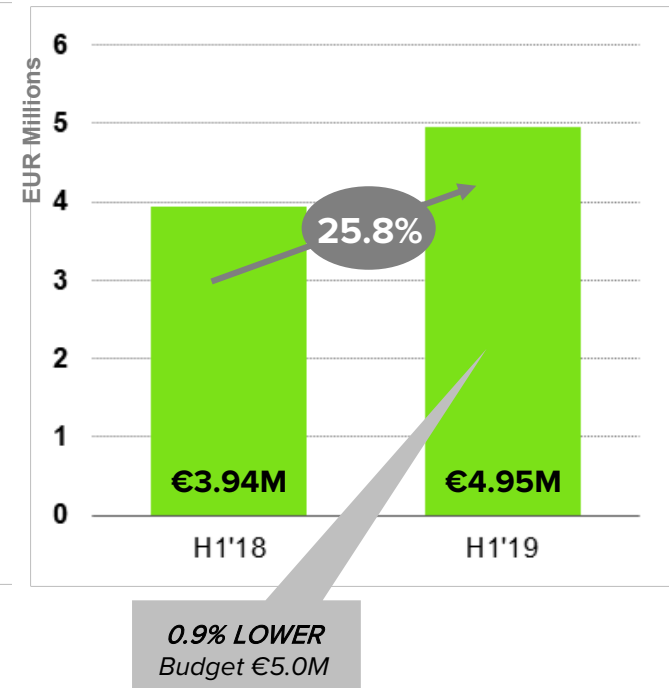
Revenues H1 2019

- **Gross revenues reached €5.76 million in H1 2019, 24.9% higher than H1 2018, on budget (1.9% higher).** Net revenues reached €4.95M in H1 2019, 25.8% higher than the €3.94M in H1 2018, on budget (0.9% lower)
- **Q2 Net revenues €80 thousand lower than budgeted (-3.1%)** due partially to the end of a contract with a relevant partner who, after being acquired, moved its infrastructure to its new parent company

Half Year Gross Revenues



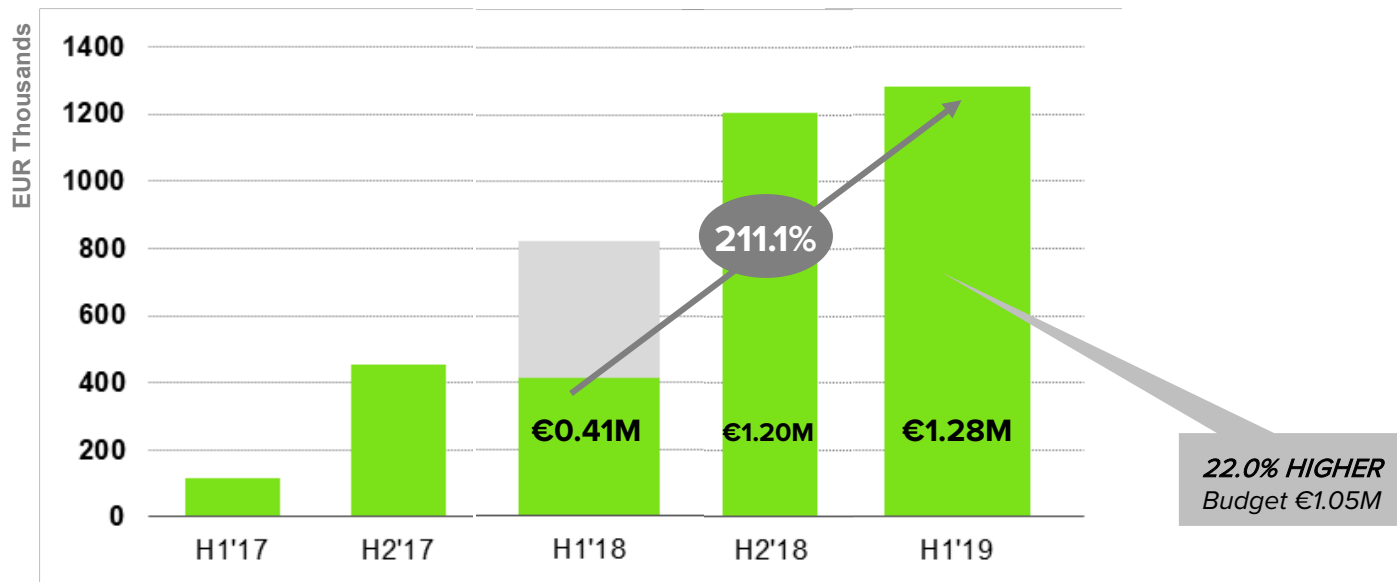
Half Year Net Revenues



EBITDA H1 2019

- **H1 2019 EBITDA 211.1% higher** than in H1'18 (€0.41M), **reaching €1.28M in the semester (25.9% of net revenues vs. 21.0% in budget or 10.5% a year ago)**
- **EBITDA in the semester significantly higher than budgeted (22.0%)** as expected cost increases from software licenses, personnel and new datacenters contained and not impacting EBITDA as much as expected
- 77.3% Gross Margin better than budgeted (76.8%) for the semester

Half Year EBITDA



H1 2019 Results vs. H1 2018 and vs. Budget

CONSOLIDATED INCOME STATEMENT

Figures in EUR

	2019 JAN-MAR	2019 APR-JUN	2019 JAN-JUN	2018 JAN-JUN	2019 budget JAN-JUN
Gross sales	3,036,615	2,720,237	5,756,853	24.9%	4,609,370
Accrued sales	(148,969)	132,820	(16,149)	(52.7%)	(34,117)
Sales discounts and promotions	(413,529)	(374,747)	(788,275)	23.6%	(637,810)
Revenue	2,474,118	2,478,310	4,952,428	25.8%	3,937,443
Own R&D costs capitalised	62,714	72,686	135,400	9.0%	124,234
Non-recurring income, grants and other	9,987	54,541	64,529	61.9%	39,861
Cost of sales	(563,173.65)	(563,193.67)	(1,126,367.32)	34.0%	(840,530)
Online and third-party customer acquisition costs	(16,300.86)	(18,050.68)	(34,351.54)	16.7%	(29,434)
Datacenters and connectivity	(257,580.36)	(249,701.28)	(507,281.63)	37.5%	(368,919)
Other supplies	(289,292.43)	(295,441.71)	(584,734.14)	32.2%	(442,177)
Gross profit	1,910,944	1,915,117	3,826,061	23.5%	3,096,912
<i>Gross profit margin %</i>	<i>77.2%</i>	<i>77.3%</i>	<i>77.3%</i>		<i>78.7%</i>
Personnel expenses	(874,737)	(925,815)	(1,800,552)	17.1%	(1,537,949)
Salaries and wages	(733,340)	(766,984)	(1,500,324)	18.3%	(1,268,197)
Social security costs	(141,397)	(158,831)	(300,228)	11.3%	(269,752)
Other operating expenses	(467,774)	(454,637)	(922,410)	(29.6%)	(1,309,914)
External services	(426,111)	(421,824)	(847,934)	(9.4%)	(936,192)
Professional services and other	(286,779)	(275,807)	(562,585)	(23.4%)	(734,542)
Marketing and advertising	(37,564)	(46,472)	(84,037)	(5.6%)	(89,066)
International expenses ex marketing	(101,768)	(99,545)	(201,313)	78.8%	(112,584)
Losses, impairment and changes in trade provisions	(41,663)	(32,813)	(74,476)	(80.1%)	(373,722)
Other income and expenses	(2,502)	(17,154)	(19,656)	317.0%	(600)
EBITDA	638,633	644,738	1,283,371	211.1%	412,545
<i>EBITDA margin, %</i>	<i>25.8%</i>	<i>26.0%</i>	<i>25.9%</i>		<i>10.5%</i>
					<i>23.2%</i>
					<i>21.0%</i>

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%

H1 2019 Results

- **Amortizations** grew significantly (€883K in H1'19 vs €645K in H1'18) linked to the inclusion of Customer Relations as Intangible Assets last year, from the companies acquired
- **Financial expenses increased** due mostly to the convertible bonds issued in April 2018, reaching €179K (€91K in H1 2018) although €71K are non cash
- **Positive net result of €155K was achieved** in the period, compared to the negative net result of €266K in the same period last year
- The Company will generate a profit this year for the first time in its history
- Cash flow from operations growing strong and reached €0.95M in H1'19, more than 6 times the operating cash in H1'18 (€0.15M)
- €315K used in purchasing shares for ESOP, rather than issuing new shares and diluting shareholders



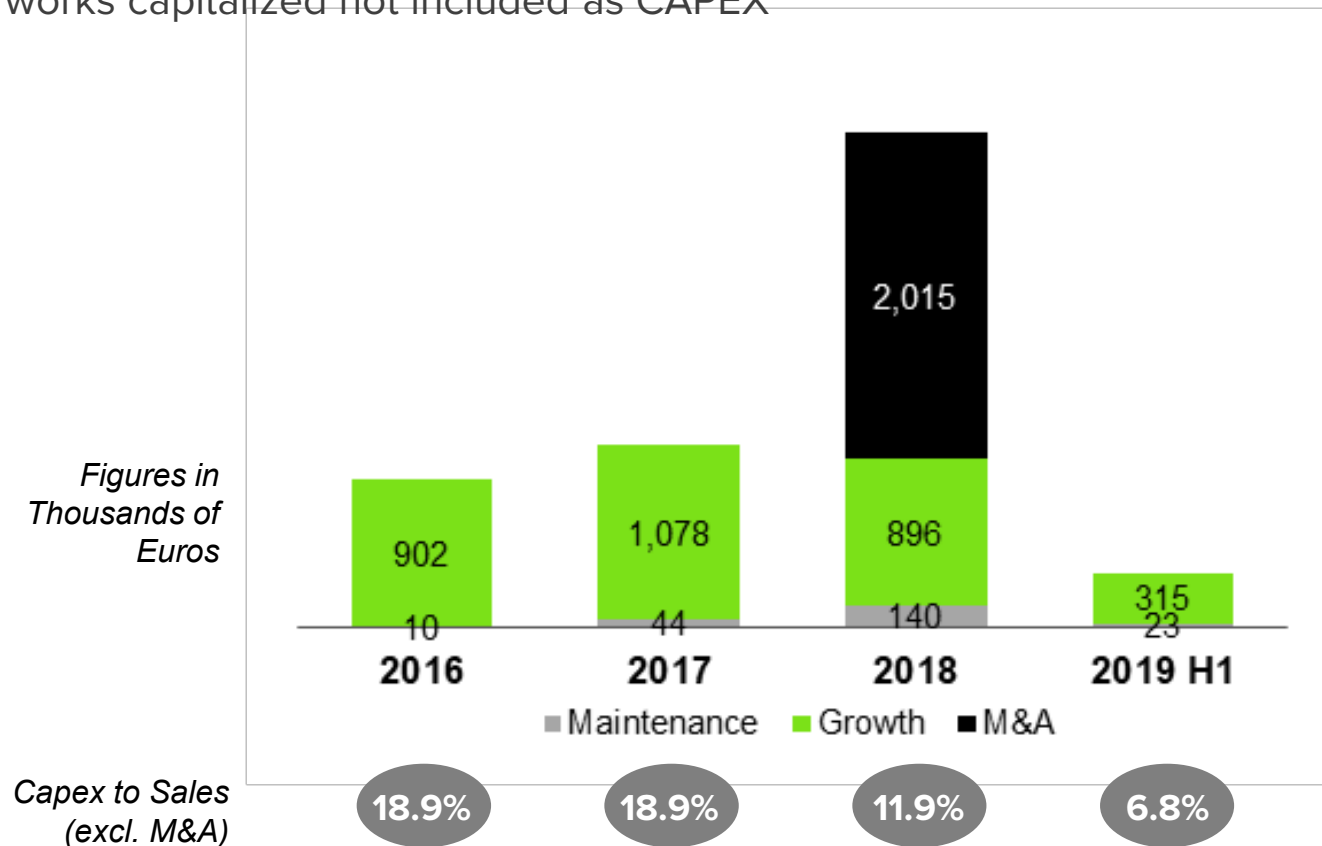
H1 2019 Balance Sheet

- Investment in property, plant and equipment **was €0.34 million**, out of a budget of €1.02M for the full year (6.8% capex-to-sales ratio)
- The Company ended the first half of 2019 with **gross financial debt of €3.72 million** (€4.32 million at the end of 2018), excluding the convertible bonds
- With a cash position of €1.81M (€1.97M including short term investments), **Net Financial Debt was €1.91M, 0.7x EBITDA budgeted for the year** (€1.75M NFD considering short term investments). Expected to reach a Net Financial Debt of approx. €1M at year end

ASSETS			LIABILITIES		
<i>Figures in EUR</i>	<i>Limited review</i> 30.06.2019	<i>Audited</i> 31.12.2018	<i>Figures in EUR</i>	<i>Limited review</i> 30.06.2019	<i>Audited</i> 31.12.2018
NON-CURRENT ASSETS	8,984,902	9,458,721	EQUITY	4,964,566	5,054,413
Intangible assets	3,847,770	4,025,740	Shareholders' equity	4,987,862	5,066,664
Development	118,382	237,228	Capital	86,446	86,446
Licenses, patents	31,700	34,117	Share premium	8,726,612	8,726,612
Software	1,114,399	1,023,869	Reserves	(250,561)	(250,561)
Goodwill	2,583,289	2,730,526	Treasury shares	(295,580)	(274,840)
Property, plant and equipment	2,749,962	2,986,213	Prior years' losses	(4,353,258)	(4,205,379)
Non-current investments	28,466	171,762	Profit/(loss) for the year	155,309	(147,880)
Deferred tax assets	2,358,705	2,275,007	Other equity instruments	918,893	1,132,264
			Translation differences	(52,414)	(48,706)
			Grants, donations and bequests	29,118	36,455
CURRENT ASSETS	3,854,232	4,011,734	NON-CURRENT LIABILITIES	4,233,016	4,502,451
Trade and other receivables	1,633,253	1,550,469	Non-current payables	3,539,949	3,760,116
Receivables from sales and services	1,360,987	1,286,468	Convertible bonds and debentures	1,865,689	1,794,192
Other receivables	82,901	52,576	Bank borrowings, finance lease payables and o	1,674,260	1,965,924
Personnel	110,199	19,476	Deferred tax liabilities	693,067	742,335
Current tax assets	43,123	111,026	CURRENT LIABILITIES	3,641,553	3,913,592
Other receivables	36,043	80,924	Current provisions	110,530	188,930
Investments	159,313	15,934	Current payables	2,045,953	2,356,805
Prepayments for current assets	249,788	269,221	Trade and other payables	822,881	721,856
Cash and cash equivalents	1,811,878	2,176,111	Prepayments for current assets	662,189	646,000
TOTAL ASSETS	12,839,134	13,470,456	TOTAL LIABILITIES	12,839,134	13,470,456

CAPEX Evolution 2016-2019

- CAPEX to Sales ratio continues to improve; **expected to end 2019 in the region of 10%**
- 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 H1
EARNINGS BEFORE TAXES	214,568
Result Adjustments	832,087
Changes in accruals and bad debt	(12,887)
D&A	882,942
Other non-cash (R&D capit., ESOP, Subsidies...)	(223,829)
Net financial result	185,861
Changes in Working Capital	53,863
Interest and Taxes Outflows	(149,146)
Interests	(88,219)
Taxes	(60,927)
CASHFLOW FROM OPERATIONS	951,371
Investment Outflows	(703,150)
Intangible assets payments	(29,358)
PP&E payments	(509,442)
Other financial assets	(83)
Payments related to acquisitions	(164,267)
CASHFLOW FROM INVESTMENT ACTIVITIES	(703,150)
Financing Outflows	(612,454)
Equity instruments acquisitions	(301,042)
New debt raised	400,000
Debt amortisation	(711,412)
CASHFLOW FROM FINANCING ACTIVITIES	(612,454)
NET INCREASE (DECREASE) IN CASH	(364,232)
<i>Cash at beginning of period</i>	<i>2,176,111</i>
<i>Cash at end of period</i>	<i>1,811,878</i>

- The Company used over €149K of cash for financial costs and taxes
- A total of €711K were used to repay financial debt and €164K to settle debt related to the acquisition of SVT last year
- Gigas spent €509K for IT equipment and €29K for intangible assets
- New debt was raised for a total of €400K in the first six months, to fund CAPEX payments
- A total of €301K were spent in buying Gigas' shares, including the shares purchased by the Liquidity Provider. Excluding those, the Company used €315K for buying shares to fulfill its ESOP obligations without dilution
- Gigas generated €951K in cash flow from operations but cash position decreased €364K during the period

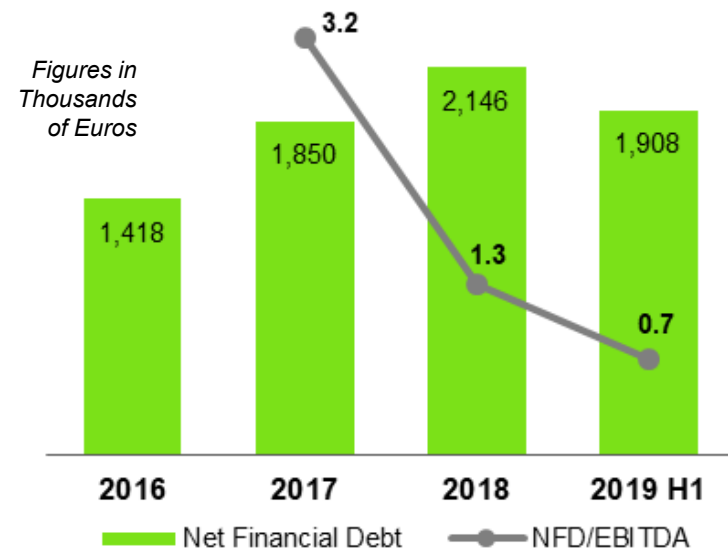
Debt Evolution

- Net Financial Debt / EBITDA ratio continues to improve, reaching 0.7x in June (calculated over expected full year EBITDA)
- With the full repayment of all R&D Government soft loans at the beginning of 2020, gross debt position lowers significantly, and so do repayments

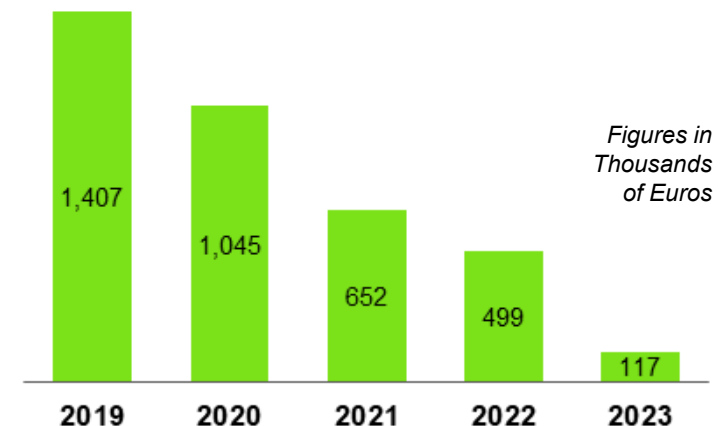
Figures in Euros	2019 H1	2018	Diff %
R&D and Banks Debt LT	1,674,260	1,965,924	-14.8%
M&A Related Debt LT	0	0	-
R&D and Banks Debt ST	1,772,592	1,872,930	-5.4%
M&A Related Debt ST	273,361	483,436	-43.5%
GROSS FINANCIAL DEBT	3,720,212	4,322,291	-13.9%
Cash at hand	1,811,878	2,176,111	-16.7%
Net Financial Debt	1,908,334	2,146,180	-11.1%
EBITDA	1,283,371	1,616,352	
NFD/EBITDA	0.7*	1.3	

- * NFD/EBITDA 2019 H1 calculated over expected EBITDA for full year 2019 (€2.55M)
- “In the money” convertible bonds not included as financial debt
- Current Investments not included in Cash at hand

Net Financial Debt



Financial Debt Maturities





Share Evolution and Analysts' Reports

- Share price closed the first semester of the year at €7.10, 9.2% increase from the €6.50 share price at end of 2018
- Share Price currently at €7.00 (Sep 24th), representing an increase of 7.7% YTD
- Share price target by GVC Gaesco set at €10.00 (May 28th)

Gigas Hosting SA **7.000** **+0.080** **(+1.16%)**



Q&A

H1 2019 Results Investors Presentation



gigas

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Thank you

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