



## PRESS RELEASE

MARCH- 2020

The Company has released its FY19 results

# **Gigas becomes profit-making and reports 55% growth in EBITDA to EUR 2.50 million**

- ***The Group reported EUR 11.85 million of gross sales and operating cash flow of EUR 1.90 million in 2019, nearly quadruple the 2018 level***

Gigas (GIGA.MAB), released its audited results for FY19 yesterday, showing significant growth in EBITDA and sales. Gross sales totalled EUR 11.85 million, up 16.7% from 2018, while net revenue reached EUR 10.23 million, up 17.8% from 2018 and in line with the guidance provided by the Company in recent communications. Gigas became profit-making, with net profit of EUR 216 thousand compared to a loss of EUR 148 thousand in 2018.

Gross sales were broadly in line (0.1% higher) with the budget for the year, while net revenue was slightly below (3.2% lower) the budget presented in the price sensitive information of 15 January 2019 but in line with guidance provided by the Company in recent communications (e.g. price sensitive information of 20 November 2019), which pointed to EUR 10.2 million of net revenue.

Gigas reported accounting EBITDA for 2019 of EUR 2.50 million, 54.9% higher than the year-earlier figure of EUR 1.62 million and slightly below (-1.9%) the EUR 2.55 million budgeted. This figure includes extraordinary costs related to M&A and stock option plans (which do not represent a cash outflow in the year). Stripping out these two one-off amounts, adjusted recurring EBITDA in 2019 was EUR 2.85 million, well above the EUR 2.55 million budgeted. The EBITDA ratio was 24.5% in 2019, up sharply from 18.6% in 2018 and slightly above the 24.1% budgeted.

The Company reported EBIT of EUR 0.68 million in 2019, marking a major leap from EUR 0.09 million in 2018. More importantly, it obtained a profit of EUR 0.22 million, compared to a loss of EUR 0.15 million in 2018. Becoming profit-making for the first time marks a new milestone in the Company's history and is in line with the forecast.

In addition, the Company generated positive cash flow from operating activities of EUR 1.90 million in 2019, nearly quadruple the EUR 0.48 million of 2018. Subtracting investments in property, plant and equipment (excluding business combinations) from operating cash flow leaves positive free cash flow for the first time, of EUR 1.23 million in the year.

Gigas ended the year with EUR 1.56 million of cash (EUR 2.18 million in 2018), with net financial debt standing at EUR 3.66 million, approximately 1.46x accounting EBITDA for 2019 or 1.28x adjusted recurring EBITDA.

In short, growth in net revenue and EBITDA in 2019 vindicates the strategy of combining organic



growth and M&A and the success of Gigas' business model, with high operational leverage and gross margins above 75%. The Group enjoys a healthy balance sheet (net financial debt slight over 1x EBITDA and positive cash flow) and has sufficient scale to deliver more ambitious goals, in both Europe and Latin America, where it now has operations, all the more so if it carries out any further corporate deals.

### **Outlook for 2020**

The Company presented its 2020 budget early this year (see price sensitive information of 20 January 2020), which calls for similar growth in 2019, with gross sales of EUR 13.79 million, net revenue of EUR 12.11 million, EBITDA of EUR 3.21 million and operating cash flow of EUR 2.55 million.

This budget was drawn up at the end of last year, before the international pandemic caused by the coronavirus outbreak (COVID-19) arose, which could have a significant impact on the Company's operations and, therefore, its future earnings and cash flows. Considering how complex the situation is and how fast it is unfolding, it is not possible to quantify the potential impact reliably. However, it seems likely that since the Company operates in the cloud computing and hosting industry, while part of the business will be affected by the potential economic downturn, this could be offset by increased demand for this type of service, which allows companies to mobilise employees to a large extent and provides the possibility of teleworking from any location.

In addition, Latin America makes up more than half of the Company businesses and local currencies there have depreciated sharply in recent weeks. Although the Gigas Group mostly invoices Latam customers in US dollars (except for some in Colombia which pay in Colombian pesos), depreciation by the local currencies and the dollar would reduce consolidated revenue in euros and result in a de facto price increase for customers in Latin America, which could result in a loss of customers.

The Company continues to do business as usual currently and believes that, considering the above, the negative impact of the current situation on the Gigas Group is unlikely to be severe if the current parameters are maintained and since this is a circumstantial, and therefore temporary, situation.

#### **About Gigas.com**

Gigas is a Spanish cloud computing company listed on the Mercado Alternativo Bursátil (Spanish Alternative Equity Market or MAB) since 2015 (GIGA.MAB). Founded in 2011, it has become one of the world's leader providers in the sector, according to Gartner's "Magic Quadrant for Cloud Infrastructure as a Service" report. Gigas, which offers cloud computing solutions to large corporations and SMEs alike, is widely known for its cutting-edge technology and unrivalled technical support. The company has data centres in Madrid, Miami and Santiago de Chile and offices in Spain, Colombia, Chile, Peru, Miami, Panama and Mexico.

