

Full Year 2018 Results and 2019 Budget Presentation for Investors



Diego Cabezudo
CEO

MARCH

2019

gigas



Disclaimer

This document and the conference-call webcast (including the Q&A session) may contain forward-looking statements and information (hereinafter, the "Information") relating to GIGAS HOSTING S.A. or GIGAS GROUP (hereinafter "Gigas", the "Company" or the "Gigas Group"). This Information may include financial forecasts and estimates based on assumptions or statements regarding plans, objectives and expectations that make reference to different matters, such as the customer base and its evolution, organic growth, potential acquisitions, Company's results and other aspects related to the activity and financial situation of the Company. The Information can be identified, in some cases, through the use of words such as "forecast", "expectation", "anticipation", "projection", "estimates", "plan" or similar expressions or variations of such expressions.

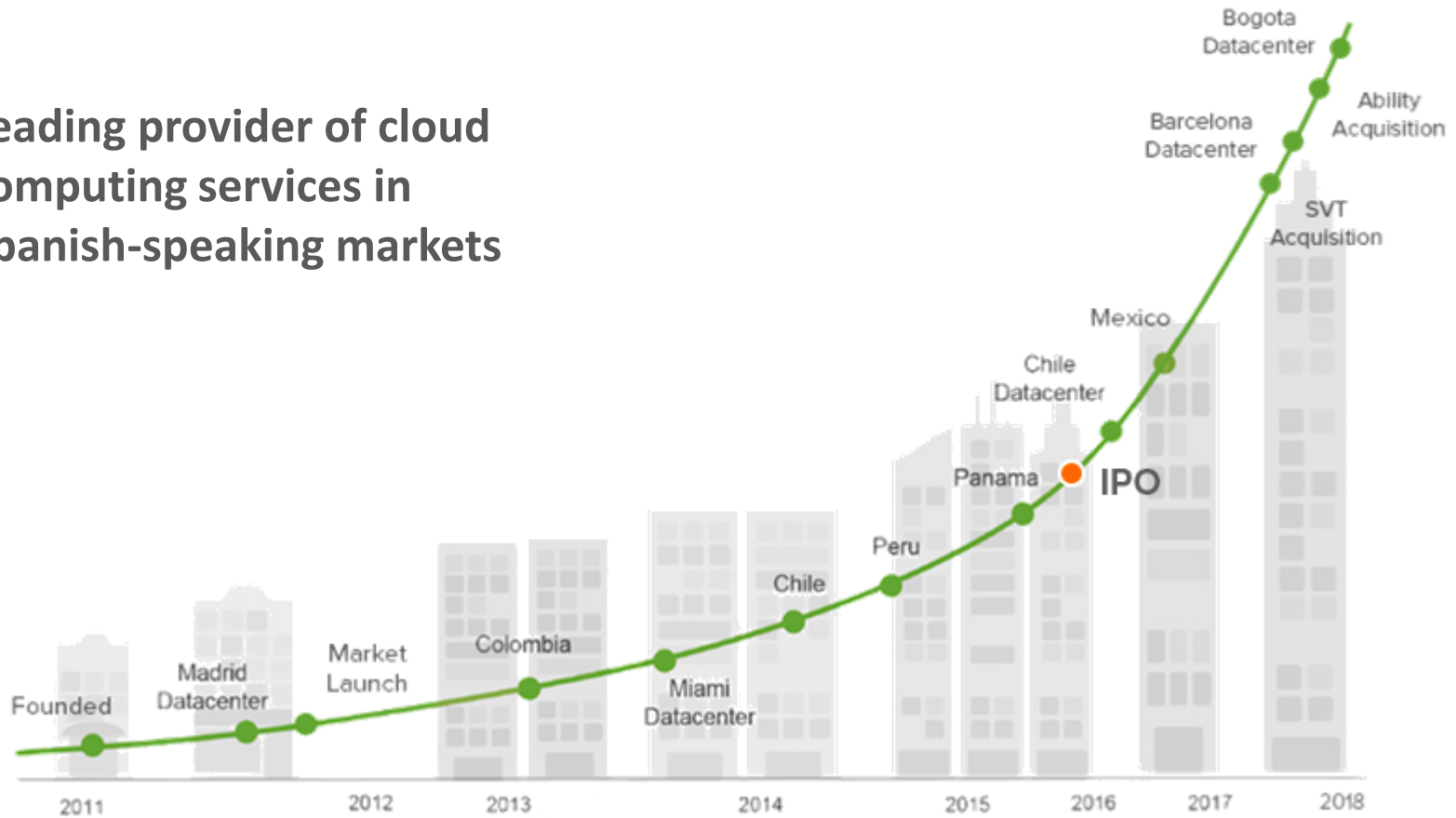
The Information reflects the current view of Gigas with respect to future events, and as such, do not represent any guarantee of future certain fulfilment, and are subject to risks and uncertainties that could cause the final developments and results to materially differ from those expressed or implied by such Information. These risks and uncertainties include those identified in the documents containing more comprehensive information filed by Gigas, such as Annual Accounts or the Incorporation Memorandum (Sept. 2015).

Except as required by applicable law, Gigas does not assume any obligation to publicly update the Information to adapt it to events or circumstances taking place after the date of this presentation, including changes in the Company's strategy or any other circumstance.

This presentation and the conference-call webcast (including the Q&A session) contains or might contain non-audited financial information as prepared by Management. The information contained herein should therefore be considered as a whole and in conjunction with all the public information regarding the Company available, including any other documents released by the Company that may contain more detailed information. Neither this document nor the conference-call webcast (including the Q&A session) constitute an offer to purchase, sale or exchange any shares, a solicitation of any offer to purchase, sale or exchange of any shares, or a recommendation or advice regarding any shares.

Gigas' Timeline

Leading provider of cloud computing services in Spanish-speaking markets



FY 2018 Key Highlights



Growth continues strong, FY18 revenues up 44.0% YoY through organic & inorganic growth



EBITDA reaches €1.62M during 2018, almost tripling the 2017 EBITDA (€0.57M)



Cashflow from operations positive and net positive result in the second half of the year



Cloud Datacenter customers continue to grow both in terms of numbers and ARPU



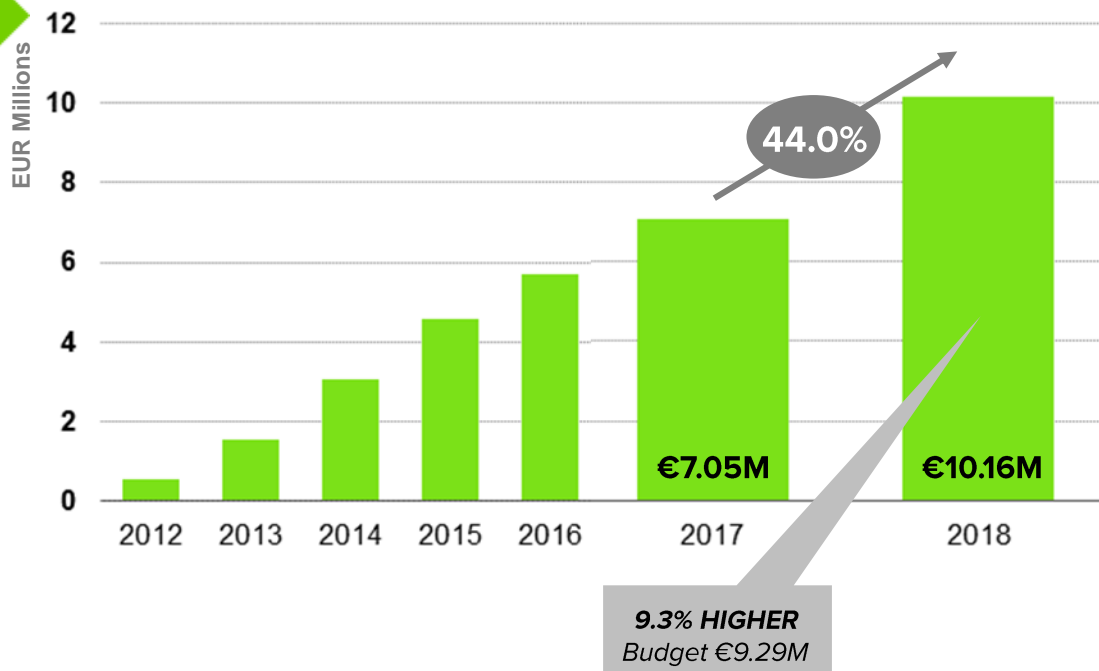
Two companies acquired, SVT and ABILITY, adding two new datacenters (Barcelona and Bogota)



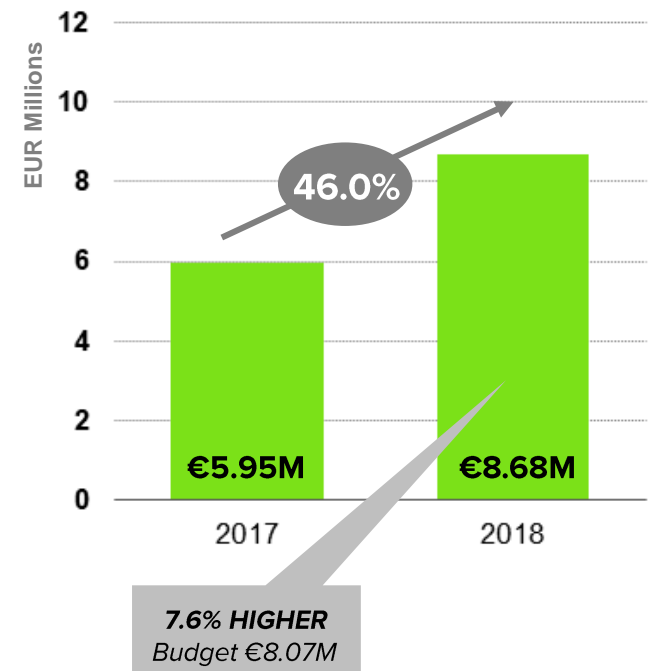
Revenues FY 2018

- **Gross revenues reached €10.16 million in 2018, 44.0% higher than in 2017**, due to organic growth and acquisitions. Net revenues grew 46.0% to €8.68M
- Revenues higher than budgeted, due to Ability contribution not included in the original budget. Acquisitions contributing with a bit more than half the growth

Gross Revenues



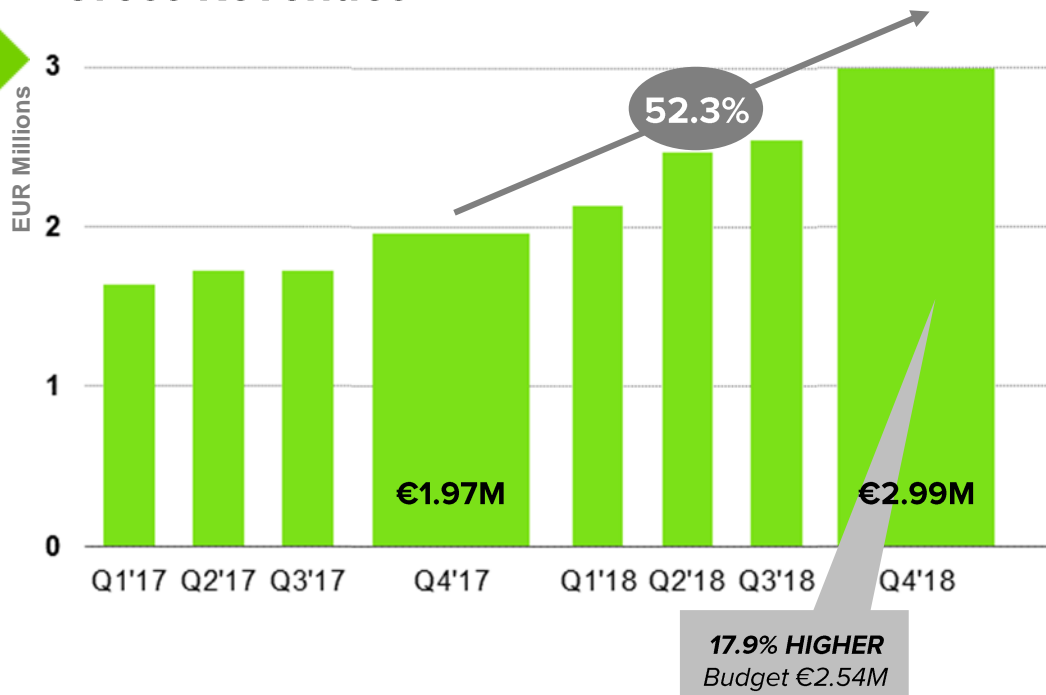
Net Revenues



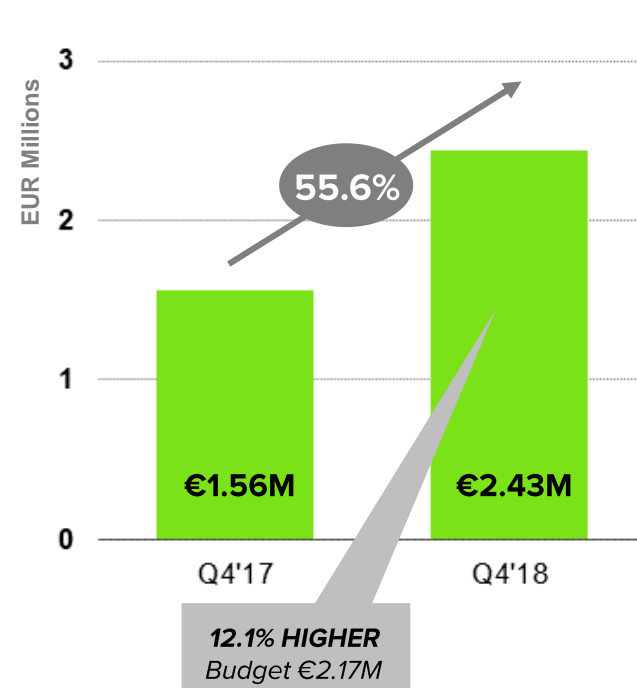
Revenues Q4 2018

- **Y-o-y revenue growth very significant in Q4** due to full consolidation of Ability acquisition (only 7.25 months consolidated in the full year), good sales activity and annual contracts signed and renewed
- Both sales activity and annual contracts during Q4'18 will translate into 2019 revenues

Gross Revenues



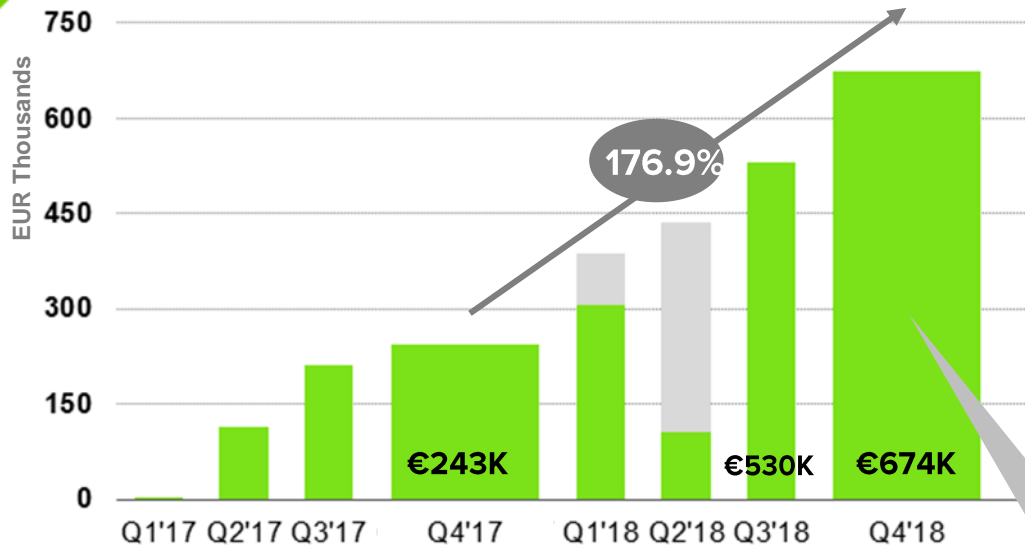
Net Revenues



EBITDA

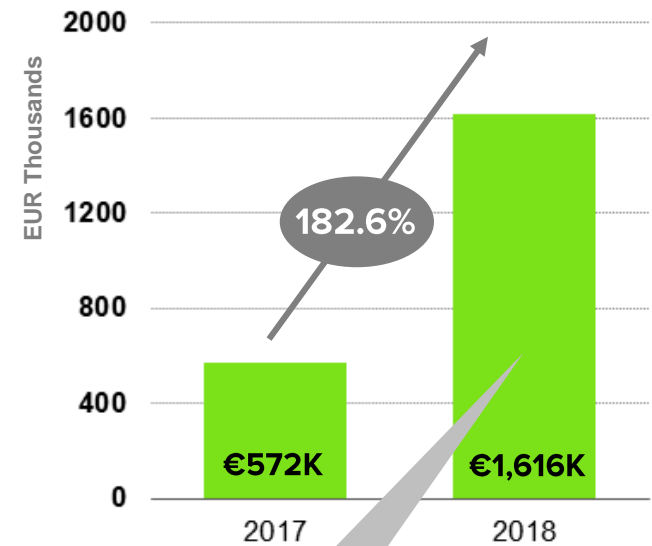
- **FY 2018 EBITDA grew 182.6% in the last year, reaching €1.62M**, due to Ability (not included in original budget), organic growth and cost efficiencies. **EBITDA in Q4 totaled €0.67M**, 176.9% higher than Q4 2017 and **70.7% higher than budgeted**
- A total of €411K of non-recurring costs related to M&A and an extraordinary bad debt provision were accounted in the first half of the year. Without those, **recurring EBITDA for 2018 would have been just over €2M**

Quarterly EBITDA



70.7% HIGHER
Budget €395K

Annual EBITDA



20.7% HIGHER
Budget €1.34M

2018 Results Compared to 2017 and Budget

CONSOLIDATED FY 2018 RESULTS		2018		2017		Budget	
EUR		JAN-DEC	% Var.	JAN-DEC	% Var.	JAN-DEC	
Gross sales		10.155.159	44,0%	7.053.165	9,3%	9.293.474	
Accrued sales		(87.111)	234,3%	(26.058)	185,5%	(30.514)	
Sales discounts and promotions		(1.384.168)	28,1%	(1.080.281)	16,2%	(1.191.392)	
Revenue		8.683.880	46,0%	5.946.826	7,6%	8.071.568	
Own R&D costs capitalised		250.881	51,3%	165.833	15,1%	217.947	
Non-recurring income, grants and other		58.255	65,7%	35.151	-19,7%	72.582	
Cost of sales		(1.882.547)	74,8%	(1.077.128)	2,6%	(1.834.295)	
Online and third-party customer acquisition costs		(64.221)	-12,5%	(73.384)	-16,2%	(76.675)	
Datacenters and connectivity		(813.510)	41,4%	(575.416)	1,9%	(798.666)	
Other supplies		(1.004.816)	134,6%	(428.328)	4,8%	(958.953)	
Personnel expenses		(3.220.911)	11,4%	(2.891.301)	-0,3%	(3.232.132)	
Salaries and wages		(2.665.992)	12,2%	(2.375.557)	1,4%	(2.629.830)	
Social security costs		(554.919)	7,6%	(515.744)	-7,9%	(602.302)	
Other operating expenses		(2.274.574)	41,9%	(1.603.090)	16,2%	(1.956.844)	
External services		(1.819.352)	21,3%	(1.500.460)	2,0%	(1.783.295)	
Professional services and other		(1.312.615)	23,0%	(1.066.996)	6,7%	(1.230.679)	
Marketing and publicity		(181.546)	25,3%	(144.936)	-9,0%	(199.391)	
International expenses, except marketing		(325.191)	12,7%	(288.528)	-7,9%	(353.224)	
Losses, impairment and changes in trade provisions		(455.222)	343,6%	(102.630)	162,3%	(173.549)	
Other income and expenses		1.369	-132,1%	(4.265)		-	
EBITDA		1.616.353	182,6%	572.026	20,7%	1.338.827	
	EBITDA margin, %	18,6%	93,5%	9,6%	12,2%	16,6%	
Gross income		6.801.333	39,7%	4.869.698	9,0%	6.237.273	
	Gross margin, %	78,3%	-4,4%	81,9%	1,4%	77,3%	

Detailed Quarterly 2018 Results

2018 CONSOLIDATED RESULTS

Figures in EUR

	Q1	Q2	Q3	Q4	2018 JAN-DEC
Gross revenues	2.134.305	2.475.065	2.550.951	2.994.838	10.155.159
Accrued sales	27.111	(61.228)	64.910	(117.904)	(87.111)
Sales discounts and promotions	(318.162)	(319.648)	(303.285)	(443.073)	(1.384.168)
Net revenues	1.843.254	2.094.189	2.312.576	2.433.861	8.683.880
Own R&D costs capitalised	55.152	69.082	64.602	62.045	250.881
Non-recurring income, grants and other	8.376	31.486	9.673	8.721	58.255
Cost of sales	(381.246)	(459.285)	(517.033)	(524.984)	(1.882.547)
Online and third-party customer acquisition costs	(15.755)	(13.680)	(18.443)	(16.343)	(64.221)
Datacenters and connectivity	(161.486)	(207.433)	(219.144)	(225.447)	(813.510)
Other supplies	(204.006)	(238.171)	(279.446)	(283.193)	(1.004.816)
Personnel expenses	(735.276)	(802.673)	(830.402)	(852.560)	(3.220.911)
Salaries and wages	(610.604)	(657.593)	(685.739)	(712.056)	(2.665.992)
Social security costs	(124.672)	(145.080)	(144.663)	(140.504)	(554.919)
Other operating expenses	(482.384)	(827.530)	(508.932)	(455.728)	(2.274.574)
External services	(423.980)	(512.212)	(453.258)	(429.902)	(1.819.352)
Professional services and other	(347.241)	(387.301)	(279.403)	(298.670)	(1.312.615)
Marketing and publicity	(31.409)	(57.657)	(65.600)	(26.880)	(181.546)
International expenses, except marketing	(45.330)	(67.254)	(108.255)	(104.352)	(325.191)
Losses, impairment and changes in trade provisions	(58.404)	(315.318)	(55.674)	(25.826)	(455.222)
Other income and expenses	(600)	-	(261)	2.230	1.369
EBITDA	307.276	105.269	530.223	673.585	1.616.353
EBITDA margin, %	16,7%	5,0%	22,9%	27,7%	18,6%
Gross margin	1.462.008	1.634.904	1.795.543	1.908.877	6.801.333
Gross margin, %	79,3%	78,1%	77,6%	78,4%	78,3%

2018 Balance Sheet – Assets

- Intangible assets grew considerably due to Customer Relations (€2.7M) arising from the acquisition of SVT and Ability
- Trade receivables increased due to growth of top line, annual contracts at the end of the year and attracting larger customers with longer payment terms
- Cash position increased during 2018 and cashflow from operations positive, totaling €481K in the year (-€78K during 2017)

ASSETS

	2018	2017
NON-CURRENT ASSETS	9.458.722	5.966.724
Intangible assets	4.025.740	1.340.788
Development	237.228	165.833
Licenses, patents	34.117	38.990
Software	1.023.869	1.135.965
Goodwill	-	-
Customer relations	2.730.526	-
Property, plant and equipment	2.986.213	2.315.512
Non-current investments	171.762	181.033
Deferred tax assets	2.275.007	2.129.391
CURRENT ASSETS	4.011.734	2.756.632
Trade and other receivables	1.550.469	894.031
Trade receivables	1.286.468	805.516
Other trade receivables	52.575	7.715
Employee receivables	19.476	12.400
Current tax assets	111.026	50.673
Other receivables	80.924	17.727
Investments	15.933	2.088
Current accruals	269.221	211.127
Cash and cash equivalents	2.176.111	1.649.386
TOTAL ASSETS	13.470.456	8.723.356

2018 Balance Sheet – Equity and Liabilities

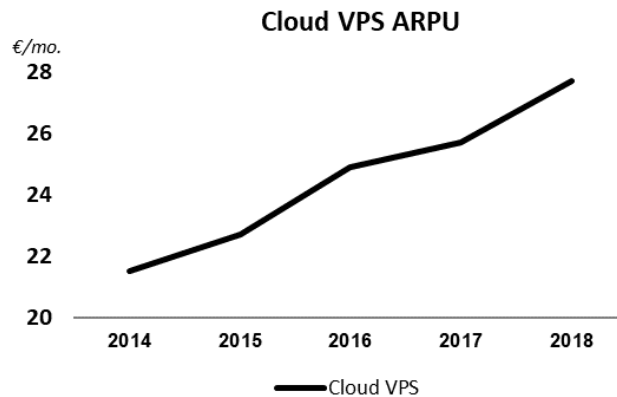
EQUITY AND LIABILITIES

	2018	2017
EQUITY	5.054.414	4.099.096
Shareholders' equity	5.066.665	4.070.901
Capital	86.446	85.500
Share premium	8.726.612	8.427.562
Reserves	(250.561)	(243.602)
Treasury shares	(274.839)	(225.062)
Prior year's losses	(4.205.379)	(3.712.869)
Loss for the period	(147.880)	(492.510)
Other equity instruments	1.132.264	231.882
Translation differences	(48.706)	(23.459)
Grants, donations and bequests	36.455	51.654
NON-CURRENT LIABILITIES	4.502.451	1.992.921
Long Term Liabilities	3.760.116	1.912.721
Obligations and Convertible Bonds	1.794.192	-
Banks and credit institutions	1.283.125	978.456
Finance leases and other liabilities	682.799	934.265
Deferred tax liabilities	742.335	80.200
CURRENT LIABILITIES	3.913.591	2.631.339
Current provisions	188.930	120.534
Current payables	2.356.805	1.586.512
Trade and other payables	721.856	428.965
Current accruals	646.000	495.328
TOTAL LIABILITIES	13.470.456	8.723.356

- Capital Increased amounting €300K (capital plus share premium) executed in June as partial payment to Ability former shareholders
- Loss for the period €148K (€493K in 2017) and positive EBIT for the first time ever, €92K
- Other Equity Instruments includes €0.7M from convertible bonds issued in April 2018. Rest accounted as long term debt (€1.79M)
- Deferred tax liabilities mainly arising from the acquisitions (€0.73M)
- Current payables increased due to outstanding payments to former SVT and Ability shareholders (€0.48M) due in 2019, leasing contracts inherited with the acquisitions and R&D loans' repayments
- Gross debt, excluding convertible bonds, was €3.90M at year end (€3.23M in 2017), resulting in a net financial debt of €1.72M (1.07x EBITDA)

Cloud VPS

- **Cloud VPS customers reached 3,158 by Dec. 31st, 2018** (3,016 at the end of 2017), helped by the customers brought in by the SVT acquisition (207 VPS customers)
- The Cloud VPS segment is very price sensitive, but Gigas focuses on the higher value customers, trading customer numbers for higher ARPU and margins



- **Cloud VPS ARPU averaged €27.7/mo. during 2018**, 7.8% higher than the €25.7/mo. of 2017



Planes Cloud VPS

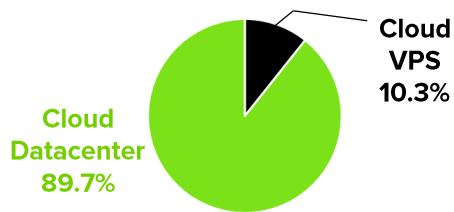
Para aplicaciones web ligeras	Para aplicaciones web con bases de datos ligeras	Para sistemas de gestión empresarial (ERP)	Para aplicaciones con bases de datos robustas
VPS nova	VPS pro	VPS elite	VPS summum
15,8€* al mes	29€ al mes	49€ al mes	69€ al mes
2 gigas de ram garantizada	4 gigas de ram garantizada	5 gigas de ram garantizada	6 gigas de ram garantizada
2 cores 2 threads	4 cores 2 threads	6 cores 2 threads	8 cores 2 threads
50 gigas de disco	100 gigas de disco	150 gigas de disco	200 gigas de disco
400GB *transferencia limitada	600GB *transferencia limitada	1200GB *transferencia limitada	1600GB *transferencia limitada
Firewall incluido	Firewall incluido	Firewall incluido Backup incluido	Firewall incluido Backup incluido
Continuar	Continuar	Continuar	Continuar

*Otros para condiciones únicas. Precio mensual tabulado sobre el precio anual entre 12

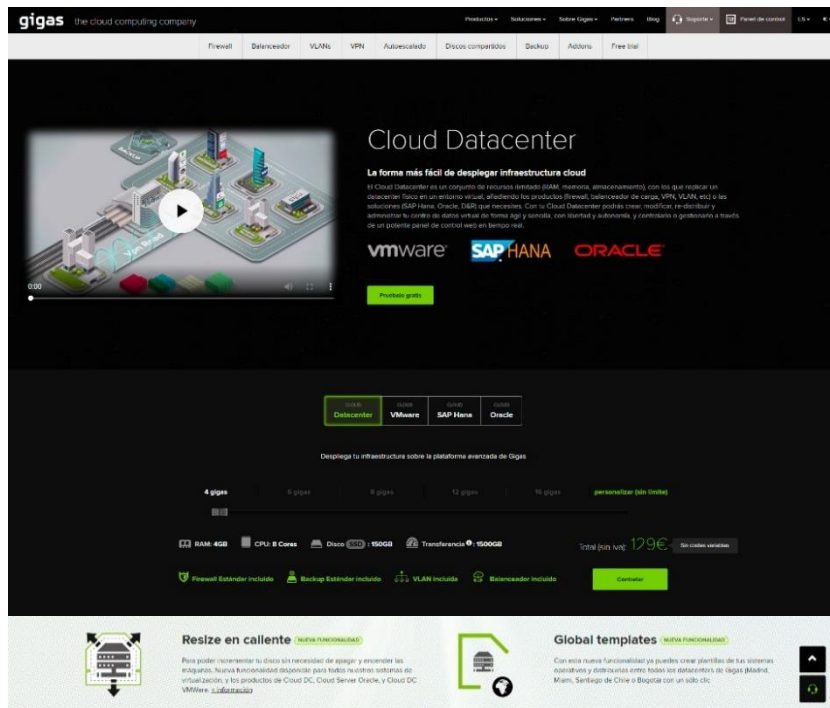
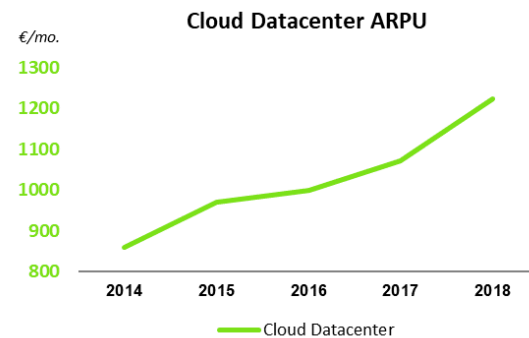
	nova	pro	élite	summum	nova	pro	élite	summum	
Mensual	15€	29€	49€	69€	RAM	2 GB	4 GB	5 GB	6 GB
3 Meses	95€	145€	245€	345€	Cores	2	4	6	8
6 Meses	180€	280€	480€	680€	Disco duro	50 GB	100 GB	150 GB	200 GB
12 Meses	350€	550€	950€	1350€	Transferencia	400 GB	600 GB	1200 GB	1600 GB
Soporte técnico	✓	✓	✓	✓	Soporte técnico	✓	✓	✓	✓
Firewall Estándar	✓	✓	✓	✓	Firewall Estándar	✓	✓	✓	✓
Backup Estándar	✗	✗	✓	✓	Backup Estándar	✗	✗	✓	✓
	Comprar	Comprar	Comprar	Comprar		Comprar	Comprar	Comprar	Comprar

Cloud Datacenter

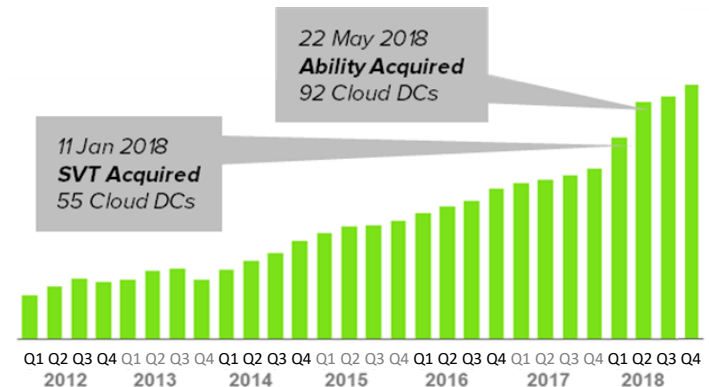
- The **Cloud Datacenter**, aimed at medium and large corporates, is Gigas' main product, with 89.7% of gross revenues, and continues to grow



- The **Cloud Datacenter ARPU** reached **€1,224/mo.** during 2018, **14.2% higher** than in 2017, due to customer upgrades and winning larger projects



- Cloud Datacenter customers reached 739 at the end of 2018 (vs 502 a year ago)**, helped by customers from the SVT and Ability acquisitions



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, with integration going well.**



SVT

Country: Spain
Est. 2018 Revenue: €0.83M
EBITDA 2017: €0.15M (18%)
EV: 0.8x sales



ABILITY

Country: Colombia
Est. 2018 Revenue: €1.63M
EBITDA 2017: €0.4M (25%)
EV: 1.2x sales

- Revenues for full 2018 slightly better than estimates (consolidated revenues lower):
 - SVT: €0.86M
 - Ability: €1.67M
- The Company continues to evaluate new acquisition opportunities, both in Spain and in Latinamerica



2019 Budget

- Management positive about 2019 due to good sales activity at the end of 2018 and start of 2019 together with accruals from end of year

2019 CONSOLIDATED BUDGET

EUR	Q1	Q2	Q3	Q4	2019b	% Var.	2018	2017
Gross sales	2.766.364	2.885.117	2.975.718	3.205.072	11.832.270	16,5%	10.155.158	7.053.165
Accrued sales	(12.351)	(9.292)	64.910	(28.217)	15.050	-117,3%	(87.111)	(26.058)
Sales discounts and promotions	(312.628)	(317.968)	(310.054)	(336.704)	(1.277.354)	-7,7%	(1.384.168)	(1.080.281)
Revenue	2.441.385	2.557.856	2.730.574	2.840.152	10.569.966	21,7%	8.683.880	5.946.826
Own R&D costs capitalised	61.236	59.236	56.736	60.736	237.944	-5,2%	250.881	165.833
Non-recurring income, grants and other	7.263	7.263	7.263	7.263	29.052	-50,1%	58.255	35.151
Cost of sales	(578.251)	(583.332)	(613.439)	(632.254)	(2.407.276)	27,9%	(1.882.547)	(1.077.128)
Online and third-party customer acquisition costs	(32.835)	(34.295)	(37.873)	(39.033)	(144.035)	124,3%	(64.221)	(73.384)
Datacenters and connectivity	(255.514)	(261.414)	(275.214)	(282.814)	(1.074.957)	32,1%	(813.510)	(575.416)
Other supplies	(289.902)	(287.623)	(300.352)	(310.407)	(1.188.284)	18,3%	(1.004.816)	(428.328)
Personnel expenses	(945.281)	(981.297)	(971.209)	(976.743)	(3.874.531)	20,3%	(3.220.911)	(2.891.301)
Salaries and wages	(786.628)	(815.189)	(806.836)	(810.649)	(3.219.302)	20,8%	(2.665.992)	(2.375.557)
Social security costs	(158.653)	(166.108)	(164.374)	(166.094)	(655.229)	18,1%	(554.920)	(515.744)
Other operating expenses	(485.702)	(508.661)	(480.818)	(527.430)	(2.002.611)	-12,0%	(2.274.573)	(1.603.090)
External services	(448.750)	(470.654)	(440.928)	(486.194)	(1.846.527)	1,5%	(1.819.352)	(1.500.460)
Professional services and other	(273.249)	(273.567)	(275.620)	(276.211)	(1.098.646)	-16,3%	(1.312.615)	(1.066.996)
Marketing and publicity	(64.001)	(88.058)	(53.827)	(97.415)	(303.301)	67,1%	(181.546)	(144.936)
International expenses, except marketing	(111.501)	(109.029)	(111.481)	(112.568)	(444.579)	36,7%	(325.191)	(288.528)
Losses, impairment and changes in trade provisions	(36.952)	(38.006)	(39.890)	(41.236)	(156.084)	-65,7%	(455.222)	(102.630)
Other income and expenses	-	-	-	-	-		1.369	(4.265)
EBITDA	500.649	551.065	729.106	771.723	2.552.544	57,9%	1.616.352	572.026
<i>EBITDA margin, %</i>	20,5%	21,5%	26,7%	27,2%	24,1%	29,7%	18,6%	9,6%
Gross income	1.863.134	1.974.524	2.117.134	2.207.897	8.162.690	20,0%	6.801.332	4.649.643
<i>Gross margin, %</i>	76,3%	77,2%	77,5%	77,7%	77,2%	-1,4%	78,3%	78,2%



Share Evolution and Analysts' Reports

- Share price grew 86.8% during 2018, from €3.48 at beginning of year to €6.50 at year end
- Share Price closed at €6.70 yesterday (3.1% up ytd)
- GVC Gaesco issued a Research Report in January with Price Objective at €8.30
- GVC Gaesco recommendation is currently BUY and has recently included GIGAS in his European TOP PICKS, a list of only 29 companies (10 Blue Chips and 19 Medium and Small caps)

Q&A



FY 2018 Results Investors Presentation



gigas

Diego Cabezudo
CEO

Investor relations contact:
investor@gigas.com
accionista@gigas.com



gigas

**Thank
you**

