

# Q1 2020 Results Presentation for Investors



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MAY

2020

**gigas**



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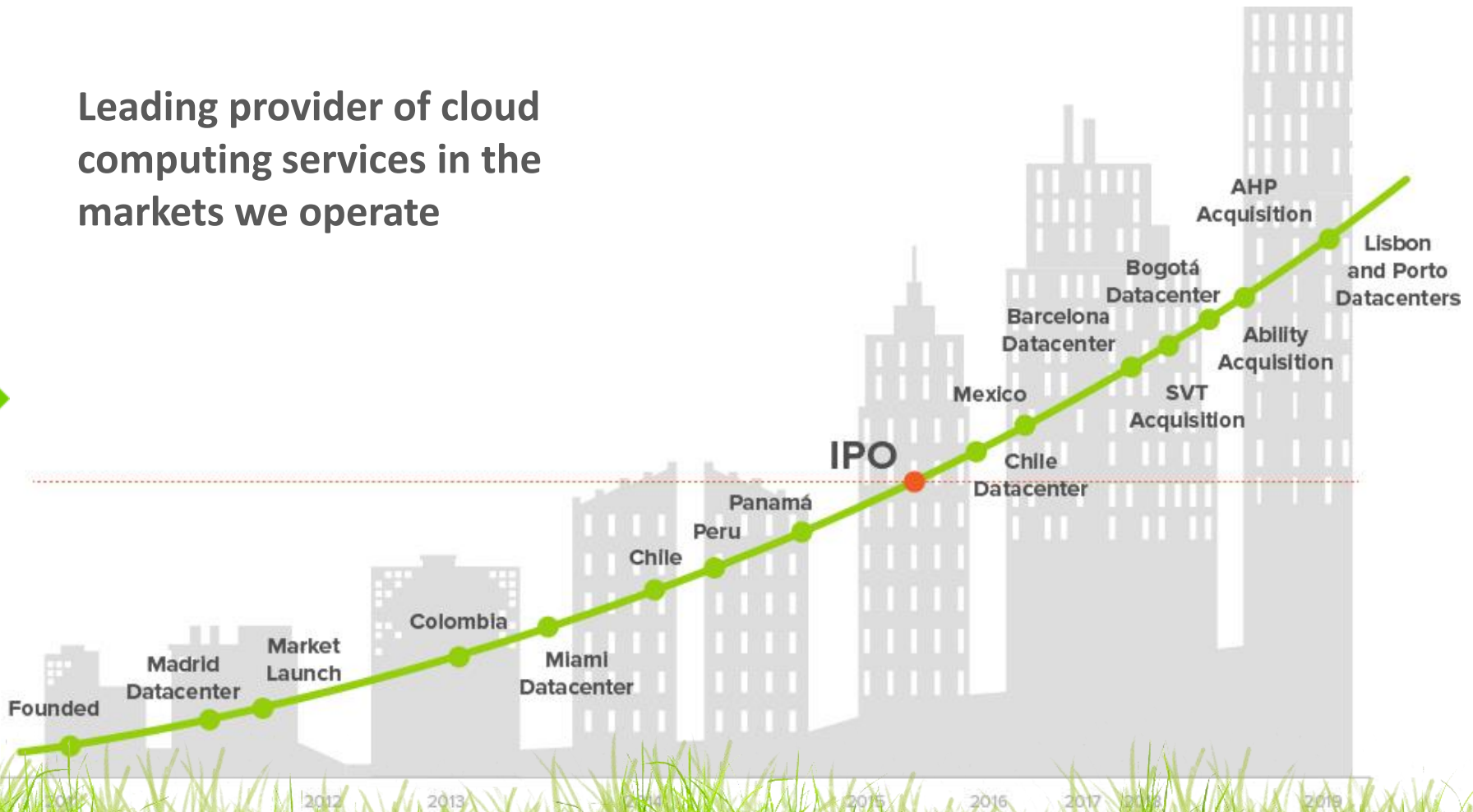
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# Gigas' Timeline

Leading provider of cloud computing services in the markets we operate



# Some Companies Hosted at Gigas



# FY 2020 Key Highlights



Limited growth due mostly to Latam currencies; net revenues grow 6.3% year on year



EBITDA reaches €0.60M in Q1, €0.67M before M&A and Stock Options, representing 25.6% EBITDA margin



Results significantly impacted by the severe depreciation of the currencies in Latam



Cloud Datacenter customers reached 801 (6.4% up YoY), representing over 91% of Gigas' revs.



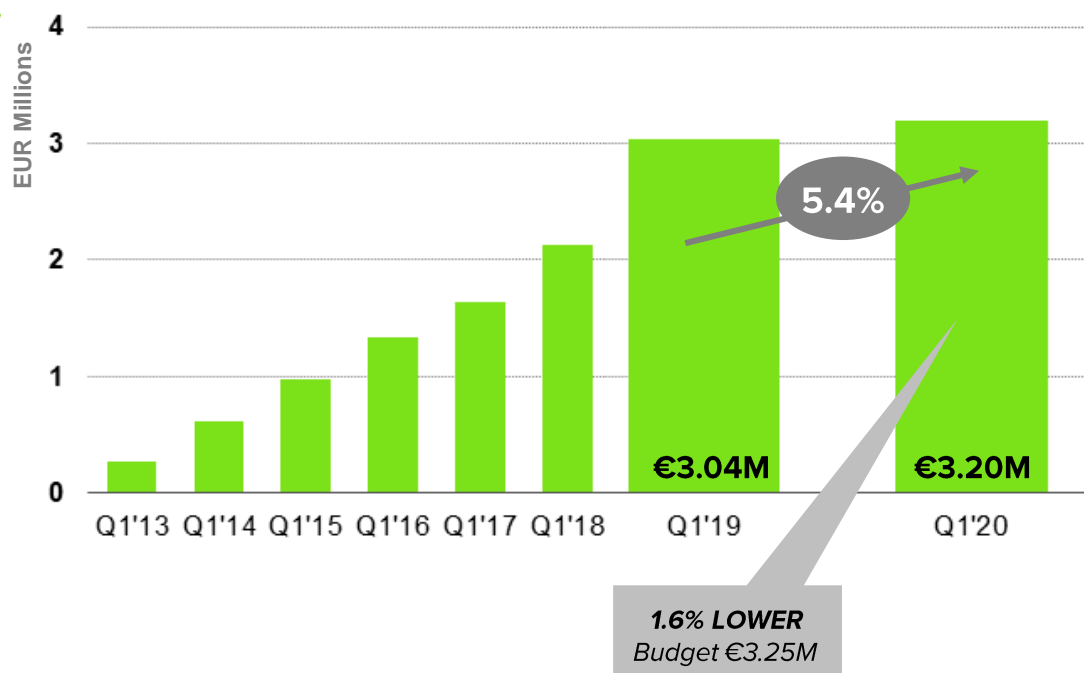
Company continues to generate cash, but net result affected by M&A amortizations and FX



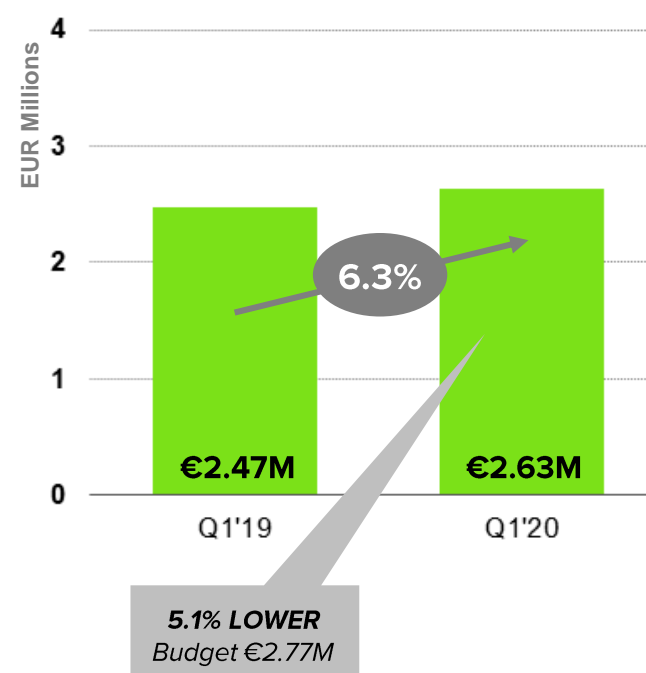
# Revenues Q1 2020

- **Gross revenues reached €3.20 million in Q1 2020, 5.4% higher than in Q1 2019.** Net revenues reached €2.63M in Q1 2020, 6.3% higher than the €2.47M from Q1 2019
- **Revenues lower than budgeted**, significantly impacted by severe depreciation of currencies in LATAM (down 25-30% in some countries). Revenues at currency constant rates would be €93K higher, representing a growth of 10.1%, y-o-y

## Gross Revenues

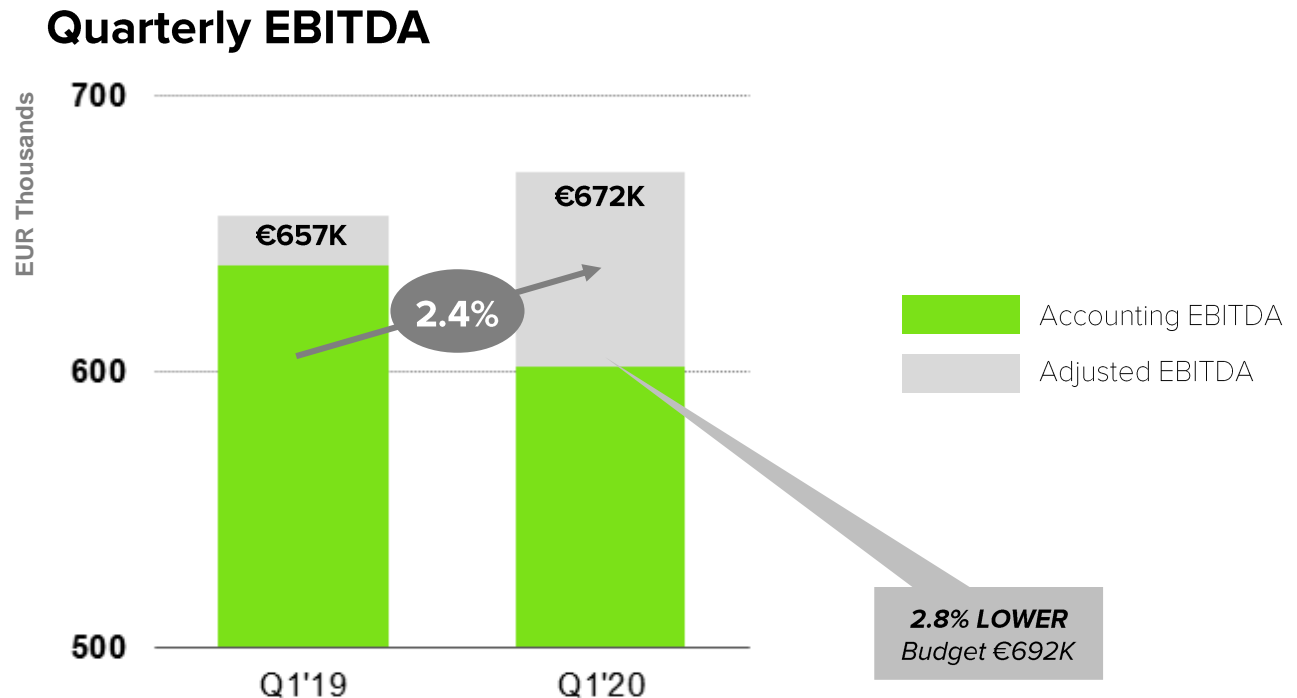


## Net Revenues



# EBITDA Q1 2020

- **Q1 2020 EBITDA (before M&A and stock options) reached €0.67M in the quarter, 2.4% higher than the EBITDA from Q1 2019**
- **EBITDA in the quarter was slightly below budget**, due mostly to the impact from currencies in LATAM. At constant currency rates, EBITDA would have been €0.74M, 12.1% higher than a year ago
- EBITDA also lower than the previous quarter due to annual cost increases from software licenses, personnel and datacenters and the aforementioned FX impact



# Q1 2020 Results vs. Q1 2019 and vs. Budget

CONSOLIDATED INCOME STATEMENT	2020	2019	2020 budget
<i>Figures in EUR</i>	JAN-MAR	JAN-MAR	% Chg. JAN-MAR
<b>Gross sales</b>	<b>3.200.613</b>	<b>5,4%</b> <b>3.036.615</b>	<b>(1,6%)</b> <b>3.252.899</b>
Accrued sales	(125.410)	(15,8%) (148.969)	51,2% (82.970)
Sales discounts and promotions	(444.114)	7,4% (413.529)	11,6% (398.023)
<b>Revenue</b>	<b>2.631.089</b>	<b>6,3%</b> <b>2.474.118</b>	<b>(5,1%)</b> <b>2.771.906</b>
Own R&D costs capitalised	111.110	77,2% 62.714	5,1% 105.705
Non-recurring income, grants and other	27.618	176,5% 9.987	204,7% 9.063
<b>Cost of sales</b>	<b>(686.199)</b>	<b>21,8%</b> <b>(563.174)</b>	<b>(6,0%)</b> <b>(730.238)</b>
Online and third-party customer acquisition costs	(6.968)	(57,3%) (16.301)	25,1% (5.572)
Datacenters and connectivity	(302.578)	17,5% (257.580)	(3,0%) (312.016)
Other supplies	(376.653)	30,2% (289.292)	(8,7%) (412.650)
<b>Gross margin *</b>	<b>1.944.890</b>	<b>1,8%</b> <b>1.910.944</b>	<b>(4,7%)</b> <b>2.041.668</b>
<i>Gross margin, %</i>	<b>73,9%</b>	<b>77,2%</b>	<b>73,7%</b>
<b>Personnel expenses</b>	<b>(1.037.935)</b>	<b>18,7%</b> <b>(874.737)</b>	<b>(1,4%)</b> <b>(1.052.329)</b>
Salaries and wages	(863.694)	17,8% (733.340)	(1,9%) (880.594)
Social security costs	(174.241)	23,2% (141.397)	1,5% (171.735)
<b>Other operating expenses</b>	<b>(444.030)</b>	<b>(5,1%)</b> <b>(467.774)</b>	<b>(8,0%)</b> <b>(482.797)</b>
External services	(418.836)	(1,7%) (426.111)	(6,2%) (446.302)
Professional services and other	(390.429)	0,5% (388.547)	(4,6%) (409.377)
Marketing and publicity	(28.407)	(24,4%) (37.564)	(23,1%) (36.925)
Losses, impairment and changes in trade provisions	(25.194)	(39,5%) (41.663)	(31,0%) (36.494)
<b>Other income and expenses</b>	<b>(6)</b>	<b>(99,8%)</b> <b>(2.502)</b>	<b>-</b> <b>-</b>
<b>EBITDA</b>	<b>601.647</b>	<b>(5,8%)</b> <b>638.633</b>	<b>(3,2%)</b> <b>621.310</b>
<i>EBITDA margin, %</i>	<b>22,9%</b>	<b>25,8%</b>	<b>22,4%</b>
<b>EBITDA before M&amp;A and stock options</b>	<b>672.321</b>	<b>2,4%</b> <b>656.755</b>	<b>(2,8%)</b> <b>691.987</b>
<i>Adjusted EBITDA margin, %</i>	<b>25,6%</b>	<b>26,5%</b>	<b>25,0%</b>

NB \*: Gross income calculated as "Revenue" less "Cost of sales".



# 2020 Budget and Potential COVID-19 Impact

- Due to COVID-19 crisis and currencies, we expect Q2 to be impacted negatively from discounts and subsidies offered to help customers, loss of some customers, bad debt and the already mentioned currency impact
- We expect to see an improvement in Q3, and later Q4 going back to normal levels

## 2020 CONSOLIDATED BUDGET

EUR	Q1	Q2	Q3	Q4	2020b	%	2019
<b>Gross sales</b>	<b>3,252,899</b>	<b>3,263,105</b>	<b>3,431,583</b>	<b>3,843,509</b>	<b>13,791,095</b>	<b>16.4%</b>	<b>11,846,249</b>
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)
<b>Revenue</b>	<b>2,771,906</b>	<b>2,959,588</b>	<b>3,141,307</b>	<b>3,239,445</b>	<b>12,112,246</b>	<b>18.4%</b>	<b>10,227,918</b>
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
<b>Cost of sales</b>	<b>(730,238)</b>	<b>(750,260)</b>	<b>(768,054)</b>	<b>(783,019)</b>	<b>(3,031,571)</b>	<b>26.0%</b>	<b>(2,406,276)</b>
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)
<b>Gross profit</b>	<b>2,041,668</b>	<b>2,209,328</b>	<b>2,373,253</b>	<b>2,456,426</b>	<b>9,080,675</b>	<b>16.1%</b>	<b>7,821,643</b>
<b>Gross profit margin %</b>	<b>73.7%</b>	<b>74.6%</b>	<b>75.5%</b>	<b>75.8%</b>	<b>75.0%</b>	<b>-2.0%</b>	<b>76.5%</b>
<b>Personnel expenses</b>	<b>(1,052,329)</b>	<b>(1,085,240)</b>	<b>(1,071,269)</b>	<b>(1,044,645)</b>	<b>(4,253,483)</b>	<b>13.8%</b>	<b>(3,737,552)</b>
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)
<b>Other operating expenses</b>	<b>(482,797)</b>	<b>(524,996)</b>	<b>(504,230)</b>	<b>(542,288)</b>	<b>(2,054,311)</b>	<b>4.2%</b>	<b>(1,971,043)</b>
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)
<b>Other income and expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>(21,287)</b>
<b>EBITDA</b>	<b>621,310</b>	<b>715,860</b>	<b>903,022</b>	<b>965,761</b>	<b>3,205,953</b>	<b>28.0%</b>	<b>2,504,501</b>
<b>EBITDA margin, %</b>	<b>22.4%</b>	<b>24.2%</b>	<b>28.7%</b>	<b>29.8%</b>	<b>26.5%</b>	<b>8.1%</b>	<b>24.5%</b>

# Customer Numbers

- Cloud VPS customers reached **2,766** in the **Q1**, lower than the 3,083 customers a year earlier, but in line with Gigas' strategy to focus on high value add customers at the expense of customer numbers

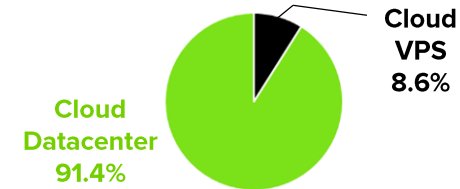


Planes Cloud VPS

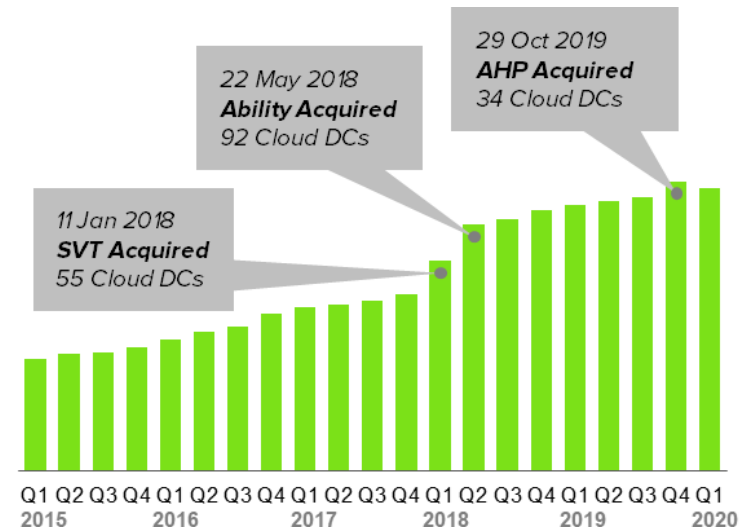
Para aplicaciones web ligeros	Para aplicaciones web con bases de datos ligeros	Para aplicaciones de gestión empresarial (CRM)	Para aplicaciones con bases de datos robustas
VPS nova	VPS pro	VPS elite	VPS summum
15,8€ / mes	29€ / mes	49€ / mes	69€ / mes
2 gigas de ram	4 gigas de ram	5 gigas de ram	6 gigas de ram
2 cores intel	4 cores intel	6 cores intel	8 cores intel
50 gigas de disco	100 gigas de disco	150 gigas de disco	200 gigas de disco
400GB	600GB	1200GB	1600GB
Privacidad incluido	Privacidad incluido	Privacidad incluido + Backup incluido	Privacidad incluido + Backup incluido
Continuar	Continuar	Continuar	Continuar

	nova	pro	elite	summum	bits	nova	pro	elite	summum
Mensual	19€	29€	49€	69€	5	4	5	6	6
Trimestral	57€	87€	147€	207€	15	12	15	18	18
Anual	190€	290€	490€	690€	40	30	40	48	48
	Continuar	Continuar	Continuar	Continuar	Continuar	Continuar	Continuar	Continuar	Continuar

- The **Cloud Datacenter**, aimed at medium and large corporates, is Gigas' main product, with 91.4% of gross revenues, and continues to grow



- Cloud Datacenter customers reached **801** at the end of **Q1 2020** (vs 753 a year earlier), helped by customers from AHP acquisition last Oct but already impacted by some customer losses due to currencies and COVID-19





# 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 hit by the COVID-19 impact on markets reaching a low of €4.15 in March, but recovering since then
- Management believes share price will continue recovering when the markets stabilize and will reflect the value of GIGAS and its growing cash generation
- **Analysts also very positive about the Company, with an consensus target price of €8.97**
  - GVC Gaesco, **BUY**, €9.86. MAR'20
  - Estrategias de Inversión, **BUY**. APR'20
  - Renta4, **BUY**, €8.6-€9.2. OCT'19
  - UDEKTA, **BUY**, €8.9. APR'20
  - MABIA, **BUY**, €8.25. JUL'19

# Q&A

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## Q1 2020 Results Investors Presentation



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**Thank  
you**

