

# Third Quarter 2018 Results Investors Presentation

NOVEMBER 2018



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**gigas**



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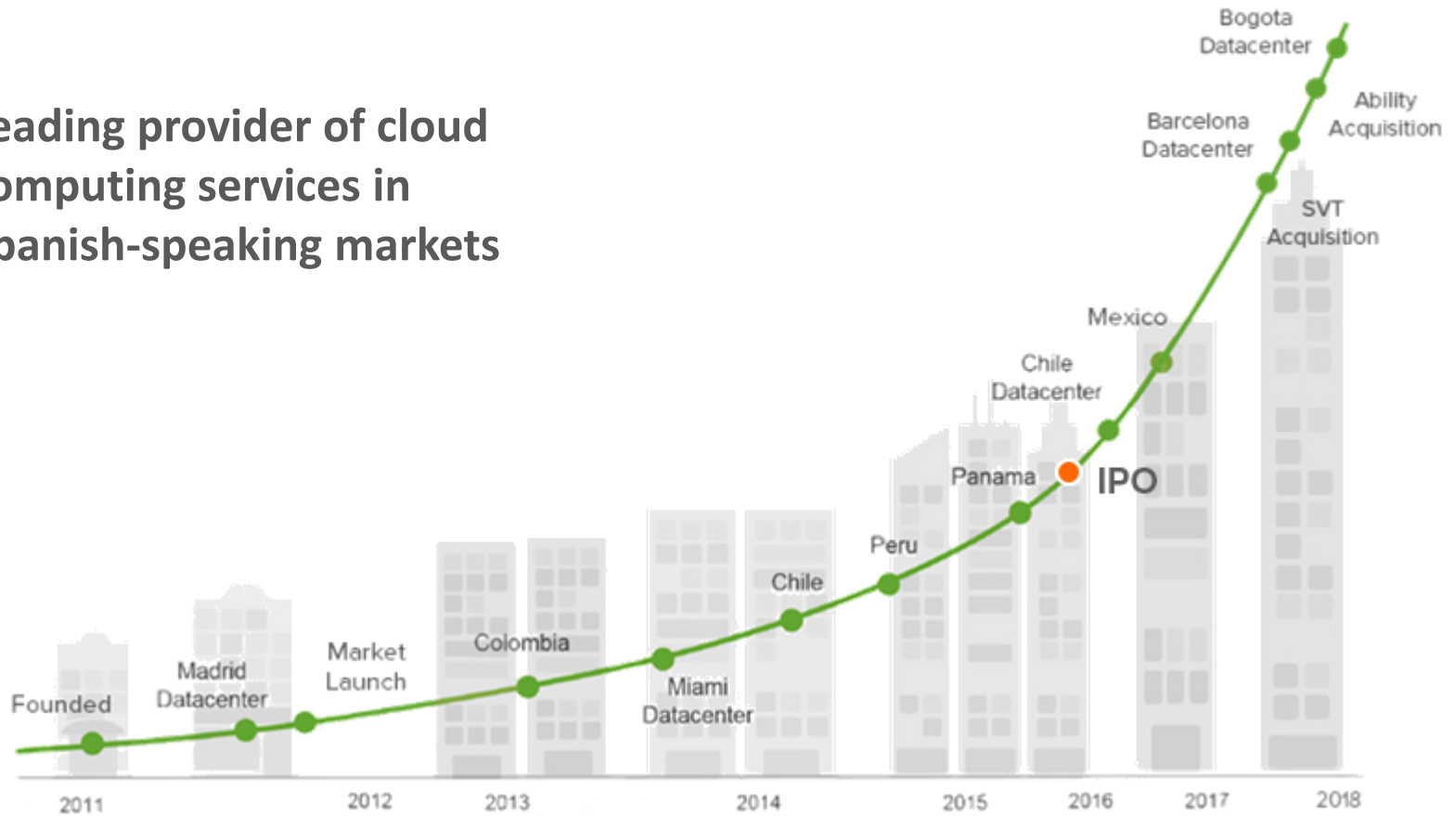
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# Gigas' Timeline

Leading provider of cloud computing services in Spanish-speaking markets



# 9M 2018 Key Highlights



Growth continues strong, 9M18 revenues up 40,8% YoY through organic & inorganic growth



EBITDA in 9M18 almost triple than the same period last year and reaches €0.53M in Q3



Cloud Datacenter customers continue growing in number and above all in ARPU



Two companies acquired, SVT and ABILITY, and integration and synergies going well



Two new datacenters added to Gigas' footprint: Barcelona (Spain) and Bogotá (Colombia)



# 2018 Budget

## CONSOLIDATED GROUP BUDGET

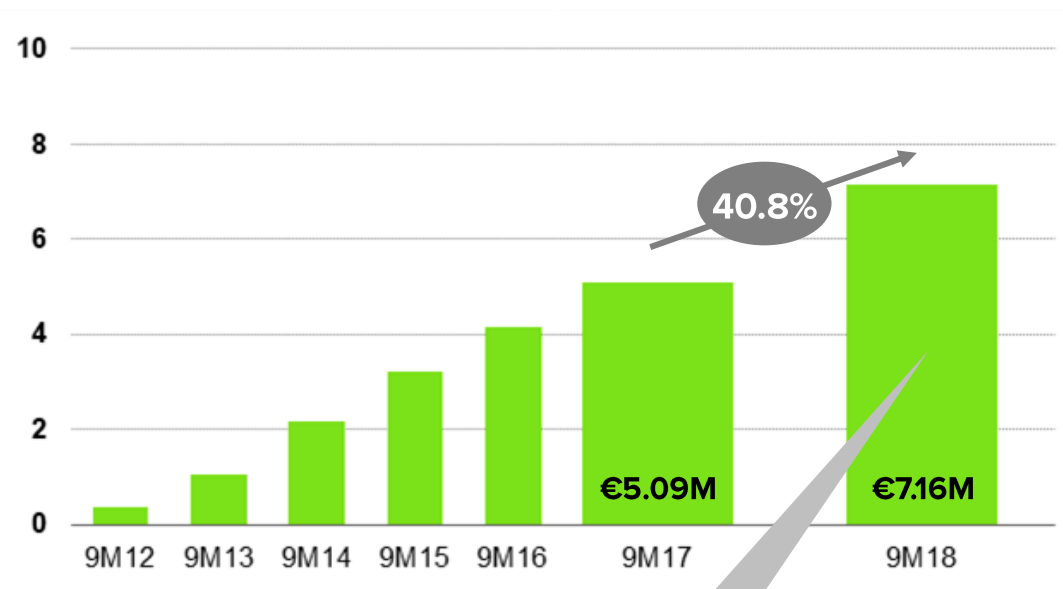
Figures in EUR

	Q1	Q2	Q3	Q4	2018est	% Chg.	2017
<b>Customer revenue</b>	<b>2.138.015</b>	<b>2.222.952</b>	<b>2.391.316</b>	<b>2.541.191</b>	<b>9.293.474</b>	<b>31,8%</b>	<b>7.053.165</b>
Accrued sales	(18.965)	39.143	8.865	(59.557)	(30.514)	17,1%	(26.058)
Sales discounts and promotions	(288.006)	(287.715)	(305.554)	(310.116)	(1.191.392)	10,3%	(1.080.281)
<b>Net revenue</b>	<b>1.831.044</b>	<b>1.974.380</b>	<b>2.094.627</b>	<b>2.171.517</b>	<b>8.071.568</b>	<b>35,7%</b>	<b>5.946.826</b>
<b>Own R&amp;D costs capitalised</b>	<b>54.708</b>	<b>55.083</b>	<b>53.788</b>	<b>54.368</b>	<b>217.947</b>	<b>31,4%</b>	<b>165.833</b>
<b>Non-recurring income, grants and other</b>	<b>18.338</b>	<b>18.663</b>	<b>17.483</b>	<b>18.098</b>	<b>72.582</b>	<b>106,5%</b>	<b>35.151</b>
<b>Cost of sales</b>	<b>(410.973)</b>	<b>(442.529)</b>	<b>(480.896)</b>	<b>(499.897)</b>	<b>(1.834.295)</b>	<b>70,3%</b>	<b>(1.077.128)</b>
Online and third-party customer acquisition costs	(18.505)	(19.190)	(18.416)	(20.564)	(76.675)	4,5%	(73.384)
Datacenters and connectivity	(180.546)	(192.182)	(208.471)	(217.467)	(798.666)	38,8%	(575.416)
Other supplies	(211.922)	(231.157)	(254.009)	(261.865)	(958.953)	123,9%	(428.328)
<b>Personnel expenses</b>	<b>(747.115)</b>	<b>(802.556)</b>	<b>(841.967)</b>	<b>(840.493)</b>	<b>(3.232.132)</b>	<b>11,8%</b>	<b>(2.891.301)</b>
Salaries and wages	(611.532)	(651.743)	(685.045)	(681.510)	(2.629.830)	10,7%	(2.375.557)
Social security costs	(135.583)	(150.814)	(156.922)	(158.983)	(602.302)	16,8%	(515.744)
<b>Other operating expenses</b>	<b>(457.919)</b>	<b>(499.181)</b>	<b>(490.788)</b>	<b>(508.956)</b>	<b>(1.956.844)</b>	<b>22,1%</b>	<b>(1.603.090)</b>
External services	(420.995)	(460.966)	(441.929)	(459.405)	(1.783.295)	18,8%	(1.500.460)
Professional services and other	(294.541)	(307.183)	(319.649)	(309.306)	(1.230.679)	15,3%	(1.066.996)
Marketing and publicity	(46.427)	(59.272)	(35.166)	(58.527)	(199.391)	37,6%	(144.936)
International expenses, except marketing	(80.027)	(94.511)	(87.114)	(91.572)	(353.224)	22,4%	(288.528)
Losses, impairment and changes in trade provisions	(36.924)	(38.214)	(48.859)	(49.551)	(173.549)	69,1%	(102.630)
<b>Other income and expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4.265)</b>
<b>EBITDA</b>	<b>288.083</b>	<b>303.859</b>	<b>352.247</b>	<b>394.637</b>	<b>1.338.827</b>	<b>134%</b>	<b>572.026</b>
<i>EBITDA margin, %</i>	<b>15,7%</b>	<b>15,4%</b>	<b>16,8%</b>	<b>18,2%</b>	<b>16,6%</b>	<b>72,4%</b>	<b>9,6%</b>
<b>Gross margin</b>	<b>1.383.146</b>	<b>1.493.636</b>	<b>1.564.872</b>	<b>1.622.070</b>	<b>6.063.724</b>	<b>30,4%</b>	<b>4.649.643</b>
<i>Gross margin, %</i>	<b>75,5%</b>	<b>75,7%</b>	<b>74,7%</b>	<b>74,7%</b>	<b>75,1%</b>	<b>(3,9%)</b>	<b>78,2%</b>

# Revenues 9M18

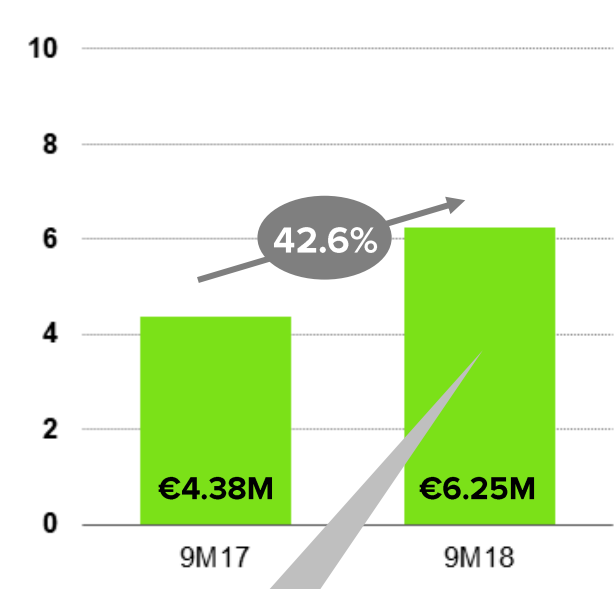
- Revenues continue to grow strong, both due to organic growth and acquisitions
- SVT and Ability acquisitions contributing to higher than budgeted revenues, despite Ability only consolidating for a bit less than half of the period

## Gross Revenues



**6.0% HIGHER**  
Budget €6.75M

## Net Revenues

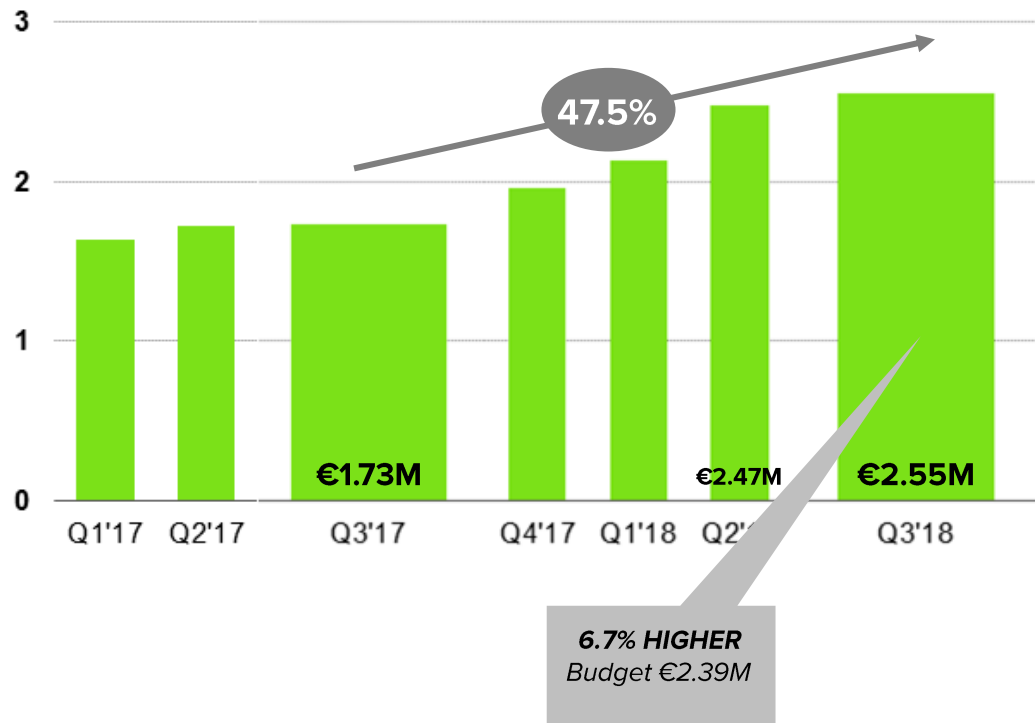


**5.9% HIGHER**  
Budget €5.90M

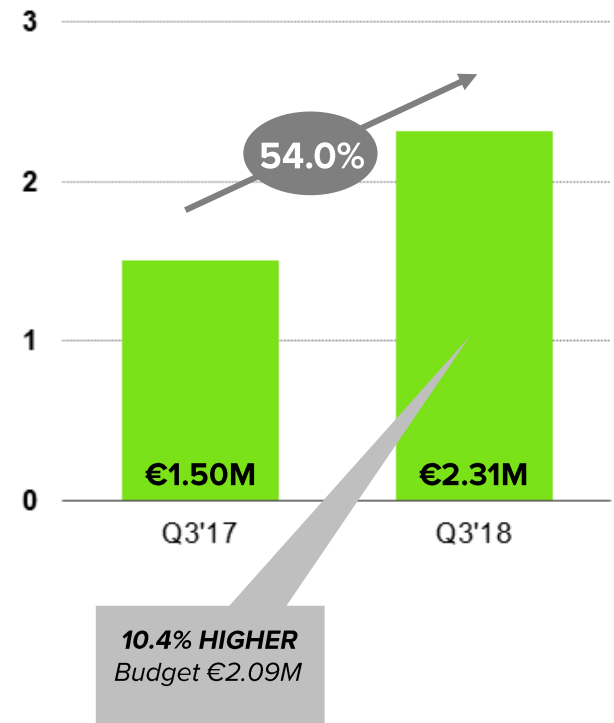
# Revenues Q3

- Growth Y-o-Y very significant in the quarter, due to the contribution of **SVT** and **Ability**, which bring in more than half of the growth in the period
- Large customer lost in June impacted results, since it would have added almost €50K in the quarter

## Gross Revenues



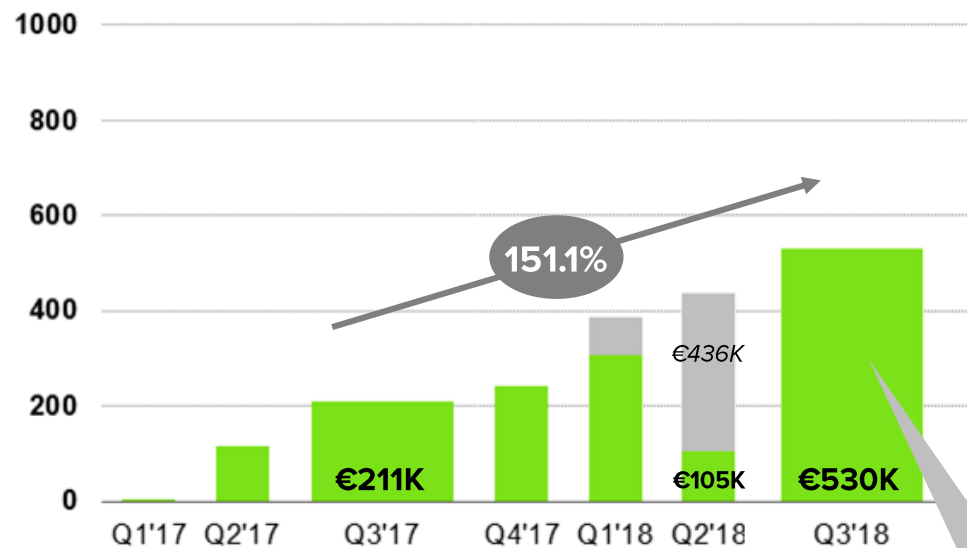
## Net Revenues



# EBITDA

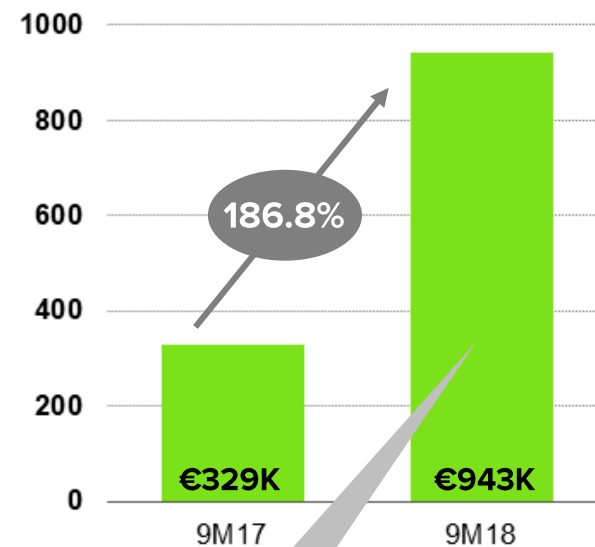
- **Much higher than budgeted EBITDA in the quarter, reaching €0.53M**, due to Ability (not included in original budget) and cost efficiencies, including SVT synergies
- A total of €411K of non-recurring costs related to M&A and an extraordinary bad debt provision were accounted in the first half of the year. Without those, EBITDA in the 9M18 would have reached €1.53M, 43.4% higher than budgeted

## Quarterly EBITDA



**50.6% HIGHER**  
Budget €352K

## 9M EBITDA



**ON BUDGET**  
Budget €944K



# 2018 YTD Results Compared to 2017 and Budget

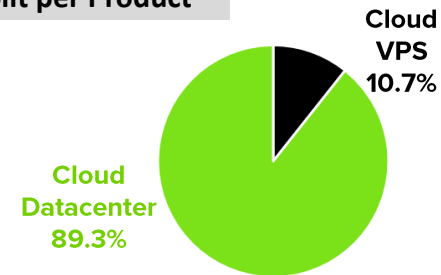
CONSOLIDATED INCOME STATEMENT				2018		2017		2018budget	
<i>Figures in Euros</i>	2018 JAN-MAR	2018 APR-JUN	2018 JUL-SEP	2018 JAN-SEP	% Delta	2017 JAN-SEP	% Delta	2018budget JAN-SEP	
<b>Customer revenue</b>	<b>2,134,305</b>	<b>2,475,065</b>	<b>2,550,951</b>	<b>7,160,321</b>	<b>40.8%</b>	<b>5,087,107</b>	<b>6.0%</b>	<b>6,752,283</b>	
Accrued sales	27,111	(61,228)	64,910	30,793	(50.5%)	62,269	6.0%	29,043	
Sales discounts and promotions	(318,162)	(319,648)	(303,285)	(941,095)	22.7%	(766,941)	6.8%	(881,275)	
<b>Net revenue</b>	<b>1,843,254</b>	<b>2,094,189</b>	<b>2,312,576</b>	<b>6,250,019</b>	<b>42.6%</b>	<b>4,382,435</b>	<b>5.9%</b>	<b>5,900,051</b>	
Own R&D costs capitalised	55,152	69,082	64,602	188,836	75.0%	107,936	15.4%	163,579	
Non-recurring income, grants and other	8,376	31,486	9,673	49,534	143.8%	20,314	(9.1%)	54,484	
<b>Cost of sales</b>	<b>(381,246)</b>	<b>(459,284)</b>	<b>(517,033)</b>	<b>(1,357,563)</b>	<b>71.3%</b>	<b>(792,523)</b>	<b>1.7%</b>	<b>(1,334,398)</b>	
Online and third-party customer acquisition costs	(15,755)	(13,680)	(18,443)	(47,877)	2.1%	(46,882)	(14.7%)	(56,112)	
Datacenters and connectivity	(161,486)	(207,433)	(219,144)	(588,063)	37.5%	(427,778)	1.2%	(581,199)	
Other supplies	(204,006)	(238,171)	(279,446)	(721,623)	127.0%	(317,863)	3.5%	(697,088)	
<b>Personnel expenses</b>	<b>(735,276)</b>	<b>(802,673)</b>	<b>(830,402)</b>	<b>(2,368,351)</b>	<b>10.4%</b>	<b>(2,145,715)</b>	<b>(1.0%)</b>	<b>(2,391,638)</b>	
Salaries and wages	(610,604)	(657,593)	(685,739)	(1,953,936)	10.5%	(1,768,668)	0.3%	(1,948,320)	
Social security costs	(124,672)	(145,080)	(144,663)	(414,415)	9.9%	(377,047)	(6.5%)	(443,319)	
<b>Other operating expenses</b>	<b>(482,385)</b>	<b>(827,530)</b>	<b>(508,932)</b>	<b>(1,818,846)</b>	<b>46.7%</b>	<b>(1,240,235)</b>	<b>25.6%</b>	<b>(1,447,888)</b>	
External services	(423,980)	(512,212)	(453,258)	(1,389,449)	18.3%	(1,174,560)	5.0%	(1,323,890)	
Professional services and other	(347,241)	(387,301)	(279,403)	(1,013,945)	19.4%	(849,471)	10.0%	(921,373)	
Marketing and publicity	(31,409)	(57,657)	(65,600)	(154,665)	44.0%	(107,408)	9.8%	(140,865)	
International expenses, except marketing	(45,330)	(67,254)	(108,255)	(220,839)	1.5%	(217,681)	(15.6%)	(261,652)	
Losses, impairment and changes in trade provisions	(58,405)	(315,318)	(55,674)	(429,397)	553.8%	(65,675)	246.3%	(123,998)	
<b>Other income and expenses</b>	<b>(600)</b>	<b>-</b>	<b>(261)</b>	<b>(861)</b>	<b>(75.1%)</b>	<b>(3,461)</b>		<b>-</b>	
<b>EBITDA</b>	<b>307,274</b>	<b>105,270</b>	<b>530,223</b>	<b>942,768</b>	<b>186.8%</b>	<b>328,751</b>	<b>(0.2%)</b>	<b>944,189</b>	
<i>EBITDA margin, %</i>	<i>16.7%</i>	<i>5.0%</i>	<i>22.9%</i>	<i>15.1%</i>		<i>7.5%</i>		<i>16.0%</i>	
<b>Gross margin</b>	<b>1,462,008</b>	<b>1,634,905</b>	<b>1,795,543</b>	<b>4,892,456</b>	<b>36.3%</b>	<b>3,589,913</b>	<b>7.2%</b>	<b>4,565,652</b>	
<i>Gross margin, %</i>	<i>79.3%</i>	<i>78.1%</i>	<i>77.6%</i>	<i>78.3%</i>		<i>81.9%</i>		<i>77.4%</i>	

# Cloud Datacenter

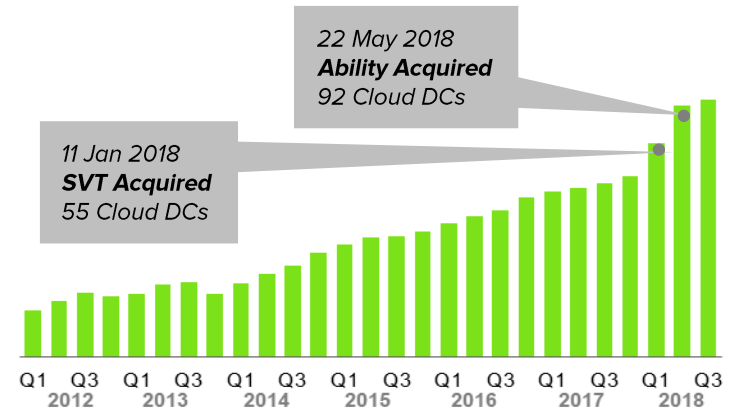
The screenshot shows the Gigas Cloud Datacenter website. At the top, it lists navigation options like 'Productos', 'Soluciones', 'Sobre Gigas', 'Partners', 'Blog', 'Soporte', and 'Panel de control'. The main heading is 'Cloud Datacenter' with the subtext 'La forma más fácil de desplegar infraestructura cloud'. Below this, there's a video player and logos for VMware, SAP HANA, and Oracle. A pricing section shows a configuration with 4 gigs, RAM 4GB, CPU 8 Cores, 160GB storage, and 160000 transfers, totaling 179€ per month. The page also lists 'Ventajas del Cloud Datacenter' and '¿A quién va dirigido?'.

- The **Cloud Datacenter**, aimed at medium and large corporates, with **89.3% of total ytd 2018 gross revs.** is the focus of Gigas and continues to grow both in terms of customers and ARPU

Revenue Split per Product

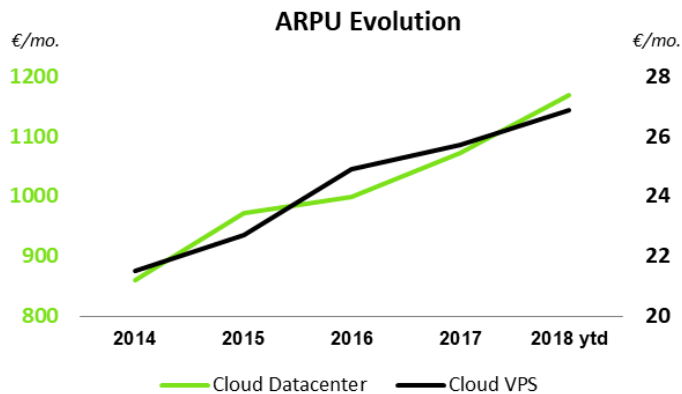


- Cloud Datacenter customers reached **714** at the end of the **Q3 (15 more than Q2'18 and 232 more than a year ago)**, helped by the customers brought in by the SVT and Ability acquisitions



# Cloud VPS and ARPUs

- The Cloud VPS segment is very price sensitive. Gigas focuses only on high value customers and trades growing customers for higher ARPU and margins, together with low acquisition costs
- Cloud VPS customers reached 3,243 at the end of the Q3** (21 less than Q2'18 and 124 more than a year ago), helped by the customers brought in by the SVT acquisition (207 VPS customers)



- ARPU continues to grow strong for both segments
- Cloud DC ARPU reached €1,168/mo. during 2018, 9% higher than in 2017**, due to customer upgrades and winning of larger projects
- Cloud VPS ARPU averaged €26.5/mo. during 2018, 4.5% higher than in 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 industriales
VPS nova	VPS pro	VPS élite	VPS summum
15,8€* 21 días	29€ 21 días	49€ 21 días	69€ 1 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 <small>*transferencia limitada</small>	600GB <small>*transferencia limitada</small>	1200GB <small>**transferencia limitada</small>	1600GB <small>*transferencia limitada</small>
Firewall incluido	Firewall incluido	Firewall incluido Backup incluido	Firewall incluido Backup incluido
Continuar	Continuar	Continuar	Continuar

\*Otros para contrataciones anuales. Precio mensual calculado sobre el precio anual entre 12

	nova	pro	élite	summum
Mensual	19€	29€	49€	69€
Trimestral	59€	85€	145€	245€
6 meses	118€	170€	290€	490€
12 meses	236€	340€	580€	980€
Soporte técnico	✓	✓	✓	✓
Firewall Estándar	✓	✓	✓	✓
Backup Estándar	✗	✗	✓	✓
Continuar	Continuar	Continuar	Continuar	Continuar

# Datacenter Footprint

- **Two new datacenters added to the Gigas' network, inherited from the SVT (datacenter in Barcelona, Spain) and the Ability (datacenter in Bogotá, Colombia) acquisitions**
- Getting the cloud infrastructure as close to the customer as possible is key for technical and regulatory reasons
- In-country datacenter is a key 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 six datacenters (Madrid -two datacenters-, Miami, Santiago de Chile, Barcelona and Bogota)
- Plan is to continue opening new datacenters, with Mexico probably being the next location



# 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 already acquired this year (January and May) and integration progressing well, with the first phase of integration completed.**



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

- The Company continues to evaluate new acquisition opportunities, both in Spain and in Latinamerica



# FY 2018 Guidance Update

- Guidance provided in September, when releasing H1 results was to close 2018 with €9.8M in gross revenues and €8.5M in net revenues, higher than the €9.3M and €8.1M included in Budget
- **The Company confirms such estimates and given the good performance of the past few months believes revenues could be a bit higher**
- **EBITDA for H2 estimated to surpass €1M, closing 2018 with a total of approximately €1.5M in EBITDA (higher than €1.3M budgeted)**

**Est. Revs.  
2018 Growth**

**40%+**

**Est. EBITDA  
2018 Growth**

**160%+**





# Market Milestones

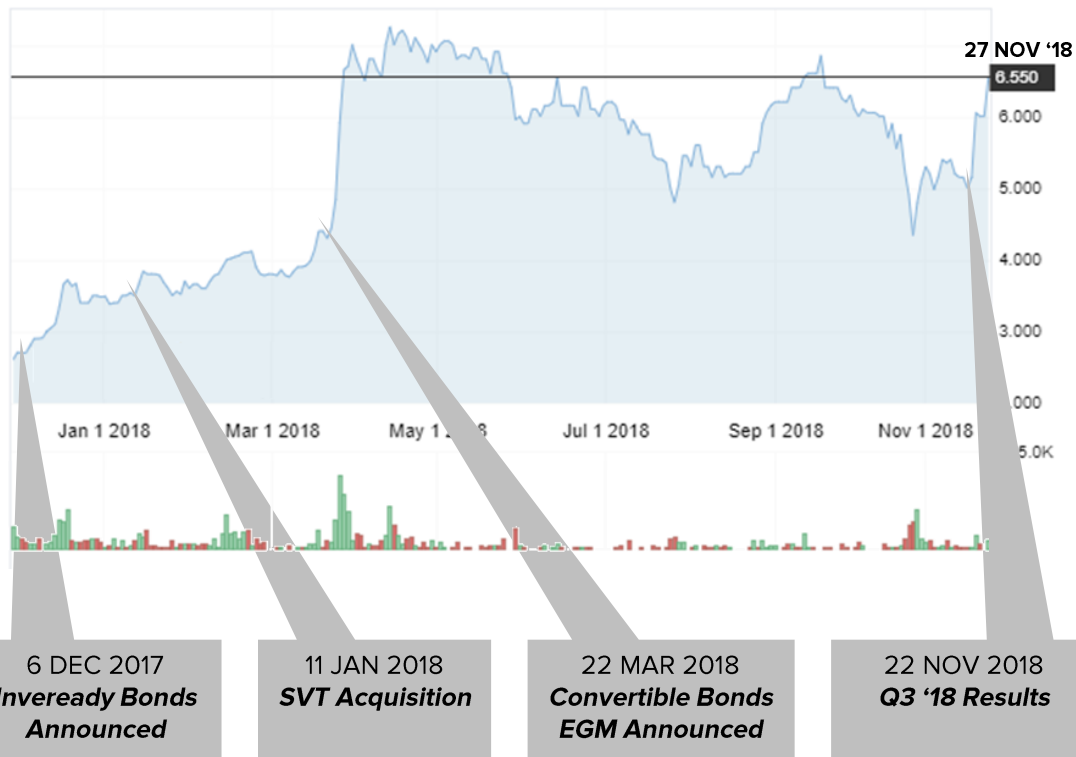
- IPO three years ago, November 3<sup>rd</sup> 2015, at €3.25 per share, raising €4.12M
- Inorganic strategy starts in January 2018
- €2.5M convertible bonds issued on April 2018 to finance acquisitions, subscribed by investor Inveready
  
- **Share price up 101.5% since IPO**
- **Quarterly revenues up almost 2.5x since IPO (€1.13M gross revs in Q3'15)**



# 12 Month Share Price Evolution

- Share price developing very well: **156.9% up in the last 12 months and 93.8% up ytd**
- **Second most liquid stock in MAB-EE** in relative terms and fourth in absolute terms

## GIGA Share Price 12M



## Liquidity Scores

	Negotiated Vol. (€'000s)	
	JAN-OCT	Avg. Daily
#1 Atrys Health	9,824	46
#2 Ebioss Energy	9,019	42
#3 Eurona Telecom	8,908	42
#4 <b>Gigas Hosting</b>	<b>8,281</b>	<b>39</b>
#5 AB Biotics	6,705	31

	% of Total Shares Negotiated (10M18)
#1 Ebioss Energy	98%
#2 <b>Gigas Hosting</b>	<b>36%</b>
#3 VozTelecom	33%
#4 Facephi	29%
#5 Catenon	27%

Source: [renta4banco](http://renta4banco.com)  
CORPORATE FINANCE



# Q&A

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## Third Quarter 2018 Results Investors Presentation



**gigas**

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**gigas**

**Thank  
you**

