

# gigas



**Moises Israel**  
Chairman



**Diego Cabezudo**  
CEO

## Investors' Presentation and Q1 2021 Results

MAY

2021



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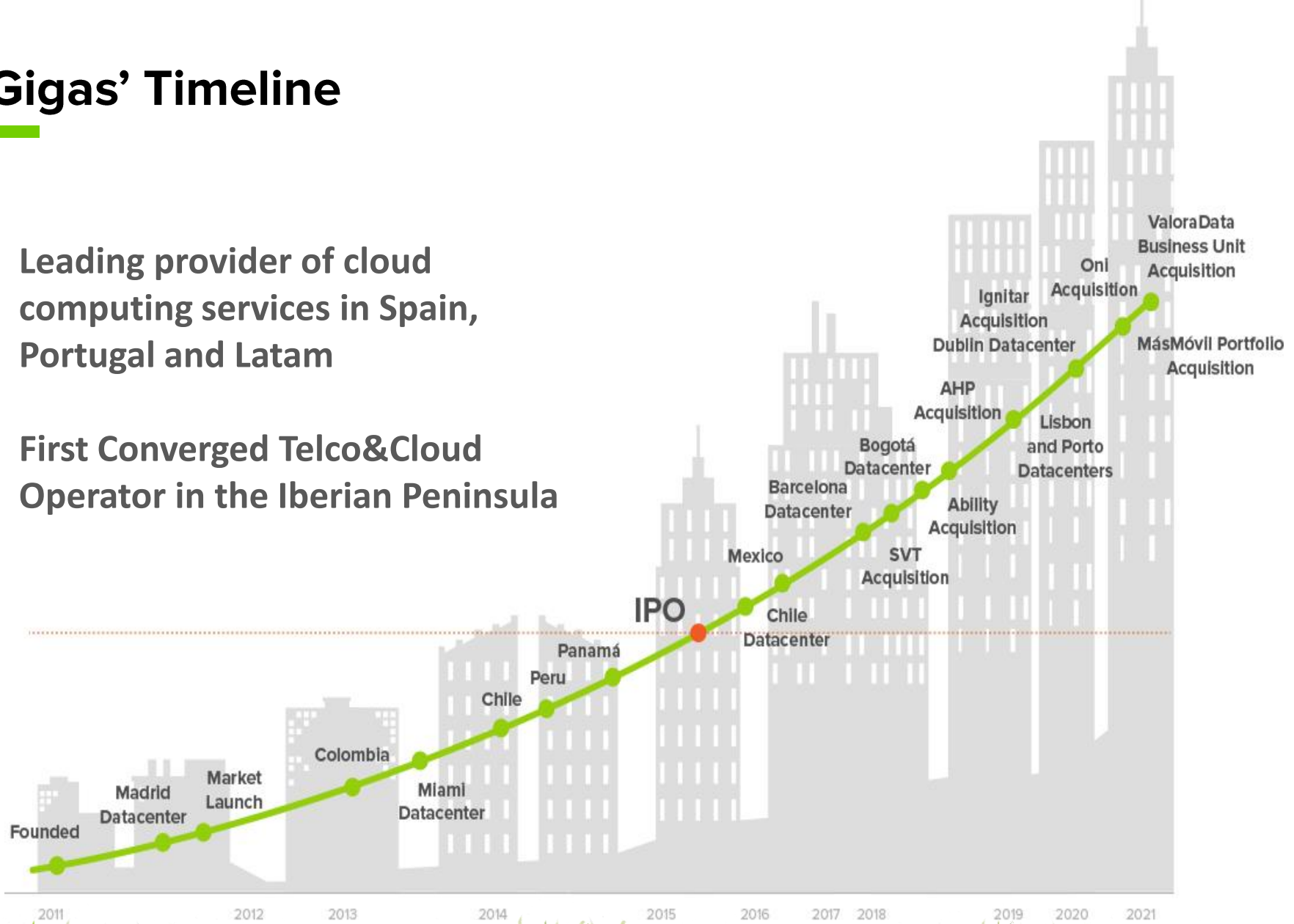
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# Gigas' Timeline

Leading provider of cloud computing services in Spain, Portugal and Latam

First Converged Telco&Cloud Operator in the Iberian Peninsula



# The new B2B convergent paradigm

## 1 Digital transformation of all businesses

- Increasing **volume, quality and reliability demands** as well as **security**
- **Growing decentralization** (working from home, internationalization, remote teams, etc.)
- Need for **wider services portfolio**, covering **cloud services** as well **enterprise comms.**
- **Mid market underserved**, with a lack of comprehensive offer

## 2 Cloud continues to grow, extending beyond storage and computing

- **Cloud becoming the best performing and most efficient solution for IT infrastructure**
- **Rising cloud platforms' consumption**
- **Increasing need for cloud interconnection** (Hybrid Cloud and multi cloud environments)

***B2B market opportunity***

- **Network functions becoming virtualized**
- Possibility to deliver **VPN, firewall and other network services with an IT approach**, better competing with traditional telco services
- Traditional Telcos **not providing convergent offering** (cloud/IT, security and communications)

## 3 Convergence of cloud/IT, security and communications

# The addressable opportunity

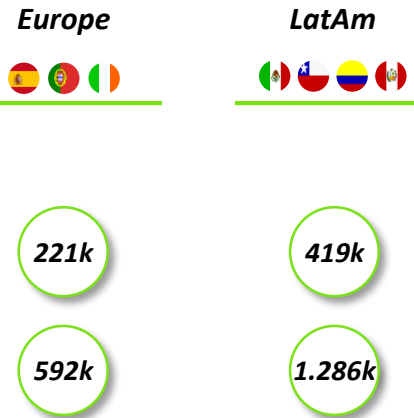
**1**

Digital transformation of all businesses

**B2B size in Gigas' footprint**  
(companies with > 10 employees)

# of companies

# of branches/locations



**The GIGAS opportunity**

**“+640 k target clients in Gigas' geographies”**

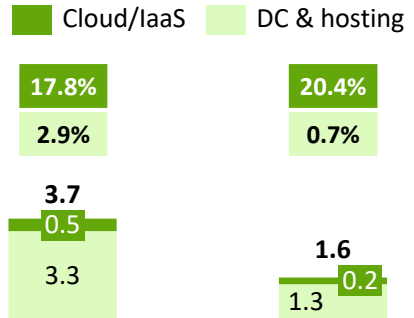
**2**

Cloud extends beyond storage and computing

**B2B cloud market**  
(size and growth<sup>(1)</sup>)

Growth  
(CAGR 19-24,%)

Cloud market revenues  
(2019, €bn)



**“A double digit growth opportunity in key segments”**

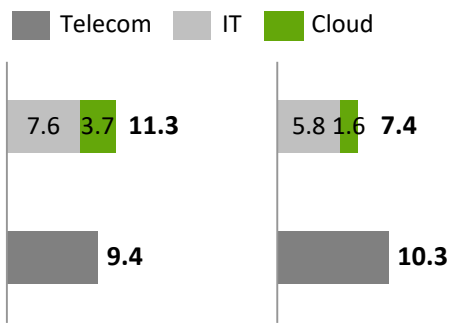
**3**

Convergence of cloud/IT, security and communications

**B2B IT & Telco markets**  
(size <sup>(1)</sup>/<sub>(2)</sub>)

IT/Cloud market revenues  
(2019, €Bn)

Telco market revenues  
(2019, €Bn)

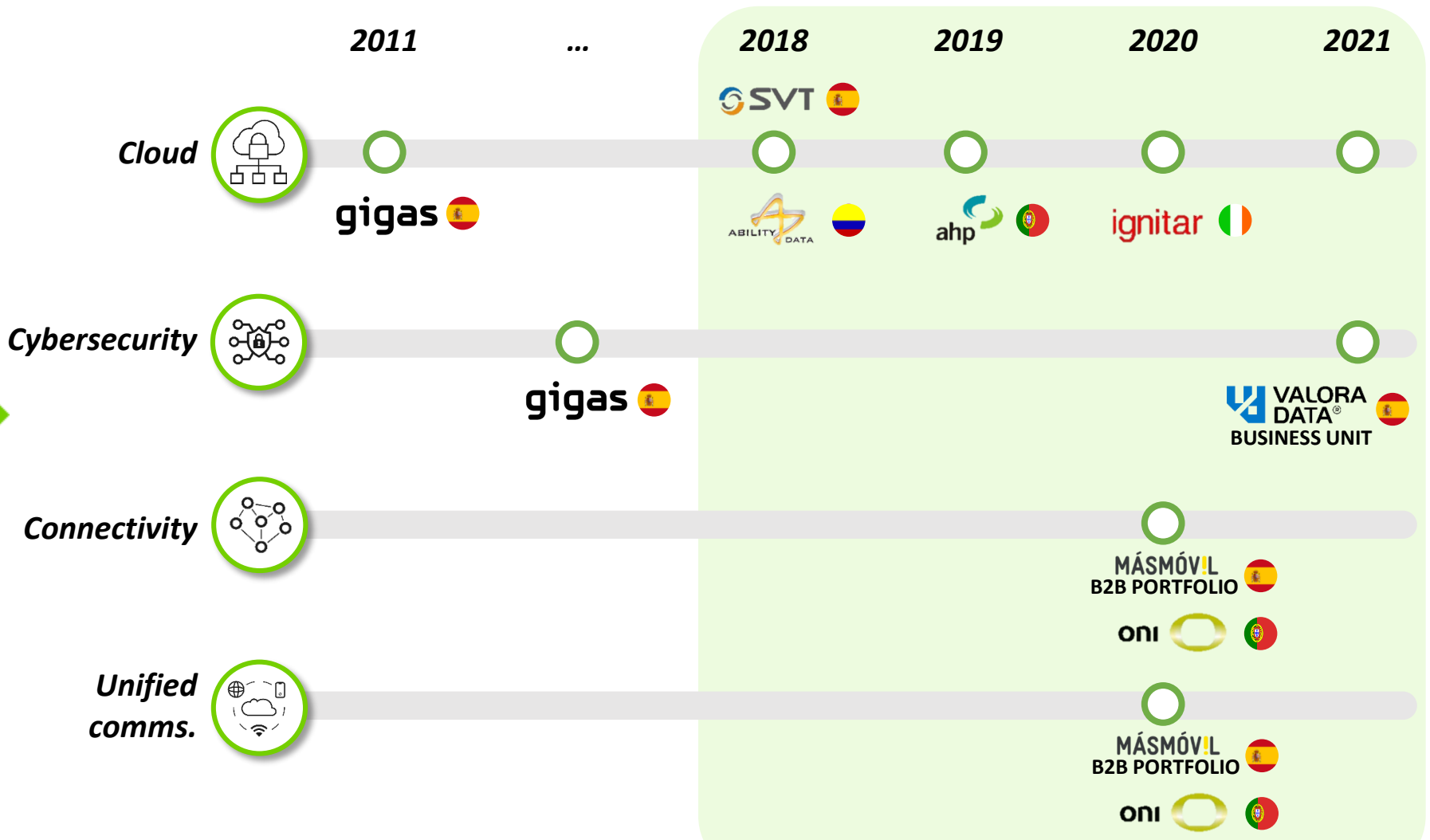


**“A 38 Bn€ addressable market”**

SOURCE: Arthur D. Little, Gartner, Gigas

**NOTES:** (1): Considering only companies with more than 10 employees in each market (Gigas target segment)  
(2): estimations of Gigas IT's addressable market based on Gartner (excluding consulting and implementation and end user device services markets)

# Convergence through best-in-class acquisitions



**Approx. €60M revenues and  
€12M EBITDA PROFORMA**

**Seven major deals in the last 4 years towards  
building a compelling convergent proposition**

# A B2B portfolio built for the digital era

## Building a forward-looking portfolio...



### Cloud

#### Current

IaaS  
PaaS  
SAP™ Cloud

#### New services

Hybrid and multi Cloud



### Cyber-security

Disaster recovery  
Cloud Backup  
Firewall as a service  
Disaster Recovery

SD-WAN  
Managed services  
Clean traffic  
Secure access service edge



### Connectivity

Internet connectivity  
Site interconnection

Global load balancing  
Secure remote access & VPN



### Unified comms.

SIP Trunk  
VoIP  
Collaborative services  
Fixed Voice

Mobile communications  
Cloud PBX  
Fixed Mobile Convergence

## ...unlocking significant value for Gigas and its clients




### Cross-selling opportunities

 Cloud/security products

**gigas**


**MÁSMÓVIL**  
B2B PORTFOLIO

**oni** 

Telco products 




### B2B opportunity

 Expanding portfolio of digital services

**gigas**

























 One-stop shop for cloud & communications services

 Standardized yet flexible offering tailored to an underserved B2B mid market

**B2B markets in Gigas' geographies**



# Strategic positioning and size of Gigas vs. peers

	Revenues (€M 2019/18, % 5yr-CAGR)	Geographies	 Cloud	 Unif. Comms.	 Connectivity		 Cybersecurity
					Fixed	Mobile	
	328 <span>-3%<sup>2</sup></span>		~	✓	✓	✗	✓
	169 <span>16%</span>		✓	✓	✓	✗	✓
 <small>AGILE • AVAILABLE • ASSURED</small>	99 <span>-5%</span>		✓	✓	✓	✗	✓
 <sup>(1)</sup>	60 <span>28%<sup>3</sup></span>		✓	✓	✓	✓	✓
 <small>by Wólkornic izllo</small>	58 <span>11%</span>		✓	✓	✓	✓	~
	54 <span>20%</span>		✓	✓	✓	✗	✓
	49 <span>5%<sup>2</sup></span>		✓	✓	✓	✗	✓
	21 <span>9%</span>		✓	✓	✓	✓	✓
	11 <span>4%<sup>2</sup></span>		✗	✓	✓	✓	✗
 <sup>(4)</sup>	11 <span>28%<sup>3</sup></span>		✓	✗	✗	✗	✓

Source: Arthur D. Little analysis

- Notes: (1) 2020 figures; does not include ONI, ValoraData or MásMóvil revenues  
 (2) CAGR 2014-2018  
 (3) CAGR 2014-2020, does not take into account ONI & MásMóvil's business  
 (4) Includes ONI, ValoraData and MásMóvil revenues



# Trusted by more than 10,000 business customers



# An experienced team with a successful track-record



**MOISÉS ISRAEL, PRESIDENTE NO EJECUTIVO.** Ha ocupado desde 1985 varios puestos directivos en bancos como Citibank, Santander Investment y Merrill Lynch, además de haber sido **Consejero Delegado de Ya.com, proveedor de acceso a Internet (ISP) adquirido por T-Online (Deutsche Telekom), en el periodo 2000-2003.** Igualmente, fue socio de la boutique de Banca de Inversión Atlas Capital entre 2004 y 2011. En la actualidad es inversor en diversas empresas tecnológicas y consejero independiente de Banca March. Es Ingeniero Industrial y de Gestión y MBA por Tel Aviv University.



**DIEGO CABEZUDO, CEO.** Anteriormente CEO de AGS, compañía de servicios IT gestionados donde expandió el negocio internacionalmente. Previamente fue **COO de FON Wireless, la mayor red global de WiFi y Responsable de Estrategia para el operador móvil O2,** liderando, entre otros, el despliegue y lanzamiento de la red 3G en Irlanda. Comenzó su trayectoria profesional en 1995 en el **operador de cable TeleCable** y trabajó también como **Consultor de Estrategia para Telcos en DMR, Fujitsu Consulting y Coleago Consulting.** Es Ingeniero de Telecomunicaciones y MBA por la London Business School.

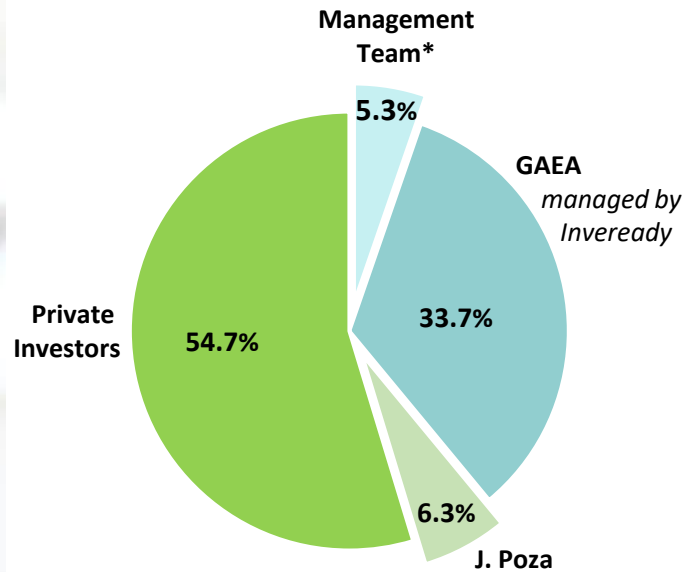


**JOSÉ ANTONIO ARRIBAS, COO.** Anteriormente trabajó fue CTO de la compañía de consultoría IT y servicios gestionados AGS, siendo también responsable de estrategia de producto y proyectos, para España y Latinoamérica. Previamente desempeñó su labor como **CTO en FON Wireless,** donde creó y desarrolló los servicios técnicos de la compañía, ofrecidos en 14 países. Fue también **Director Técnico de Ya.com (Deutsche Telekom Group)** desarrollando servicios y soportando operaciones para cientos de miles de usuarios finales y empresas **y responsable de sistemas de los servicios ISP de Retevisión.**



**JAVIER CAÑETE, CFO y DIRECTOR GENERAL.** Hasta 2020 fue el **Director Financiero en Grupo Zener.** Previamente, y como **Director de Control de Gestión del Grupo Euskaltel,** desarrolló los planes de negocio del Grupo para su expansión a nivel nacional. Desde 1995 desempeñó funciones de **Director de Finanzas, Administración y Recursos Humanos en TeleCable,** operador de telecomunicaciones en Asturias. Javier inició su actividad profesional en 1990, trabajando como profesional de auditoría en la firma Blanco, González y Mier, SRC. Javier es Licenciado en Ciencias Económicas y Empresariales por la Universidad de Oviedo.

# Shareholders and Board of Directors



100% of Gigas 11.6 million shares are listed on the Alternative Stock Market (BME Growth) in the Madrid Stock Exchange

\*There is also a stock option plan for the executive founders which represents approx.. 3.5% of the issued shares.



Board of Directors Secretary: **Patricia Manca and Javier Mateos, PwC**  
Auditor: **Ernst & Young**

# Q1 2021 Key Highlights



Q1'21 net revenues reached **€9.3M, 251% up YoY and 73% higher than budgeted**, due mainly to acquisitions and earlier consolidation of ONI



**Gross margin of €5.6M (60.1% of revenues) in the quarter**, 197% higher than the €1.9M of same quarter last year, and 176% higher than budgeted



Adj. **EBITDA for the quarter reached €2.1M**, almost as much as the entire 2020, **up 215% YoY** and 74% higher than the €1.2M in the budget for Q1'21



**Low leverage (NFD of 1.1x EBITDA budget for 2021)** and **good cash position (€7.7M+)** leaving ample margin for further acquisitions



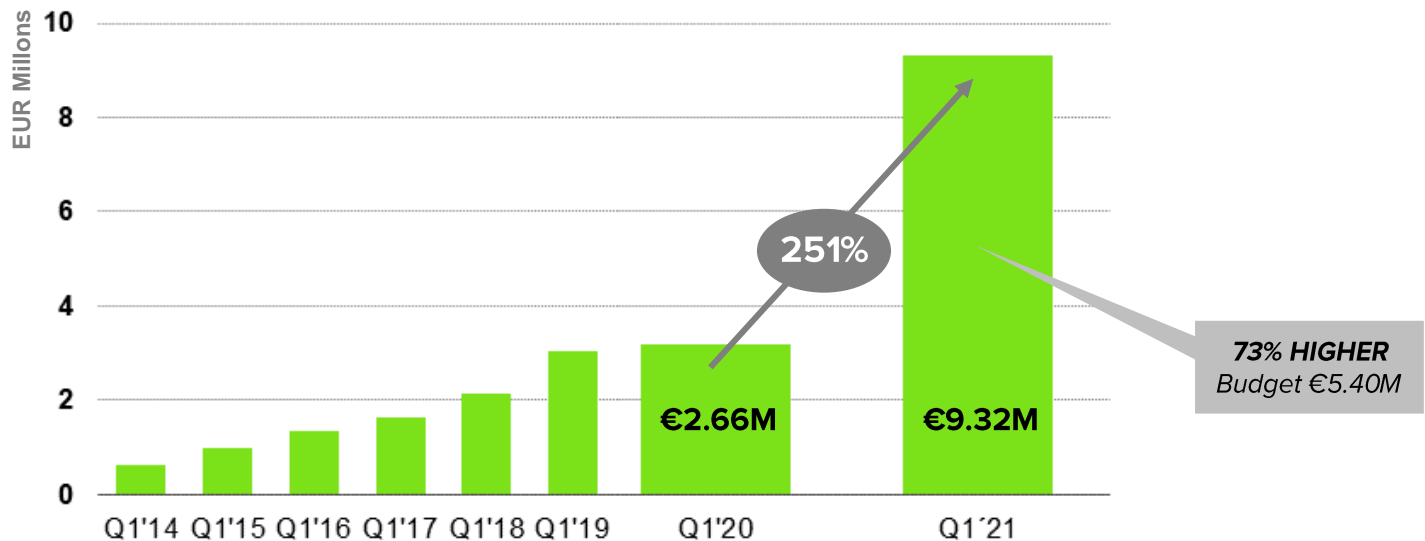
Four acquisitions in the last six months (Cloud and backup provider in Ireland and Spain, and Telcos in Spain and Portugal, **shaping a group with circa €60M annual revenues and €12M EBITDA**)



# Revenues Q1 2021

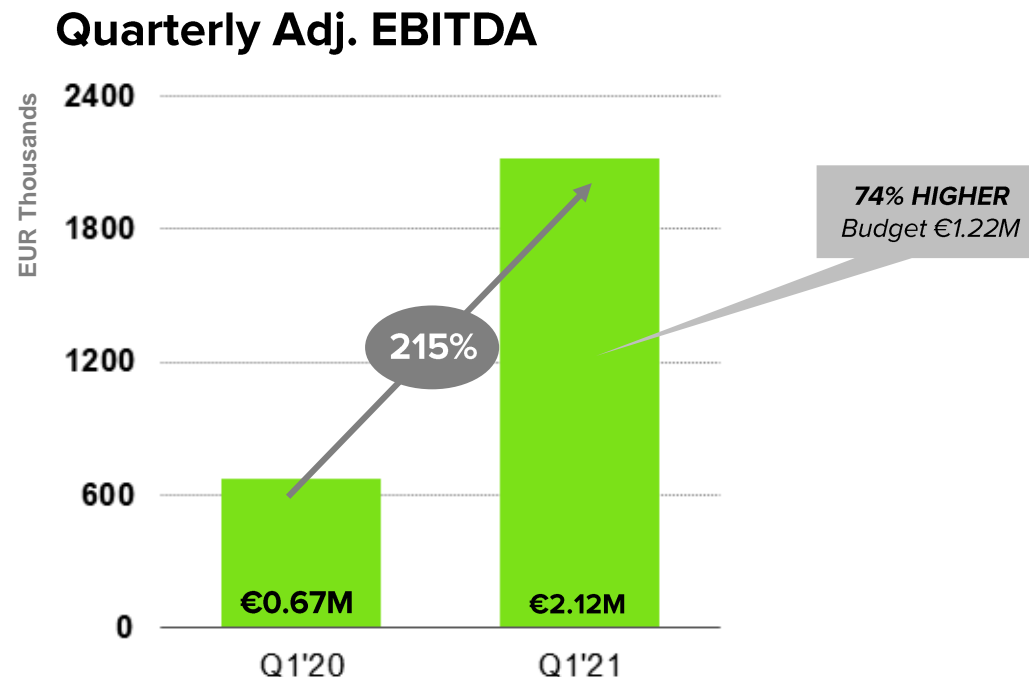
- Net revenues grew to **€9.32M** in the quarter, **3.5x higher than the €2.66M of same period last year**, thanks to the consolidation of the customer portfolio from MasMovil and Ignitar, and also to ONI, which was partially consolidated
- Revenue figure was **73% higher** than budgeted due mainly to early consolidation of ONI
- Telecommunications services represented **62.0%** of total revenues, while cloud and cybersecurity represented **38.0%**. ValoraData business unit acquired on the 31<sup>st</sup> of March and therefore not consolidated in these figures
- Full consolidation of ONI and ValoraData in Q2 will push revenues higher

## Net Revenues



# EBITDA Q1

- **Adjusted (recurring) EBITDA** reached **€2.12M** in the first quarter, **215% higher** than the **€0.67M** in the same period a year ago and **74% higher** than the **€1.22M** budgeted due to recent acquisitions and earlier consolidation of ONI
- After M&A costs and multiyear remuneration plans (stock options, etc.), **accounting EBITDA** reached **€1.84M**, much higher than Q1'20 (€0.6M) and the budget



\*Adjusted EBITDA represents recurring EBITDA excluding M&A related costs and multiyear remuneration plans (stock options, etc.)

# Q1 2021 Results Compared to Q1 2020 and Budget

## Consolidated Income Statement Q1 2021

Figures in EUR

	Q1 2021	% Chg.	Q1 2020	% Chg.	BUDGET Q1 2021
<b>Net Revenues</b>	<b>9,323,108</b>	<b>251%</b>	<b>2,658,707</b>	<b>73%</b>	<b>5,398,224</b>
Cloud, IT and Cybersecurity Services	3,523,012	34%	2,631,089	15%	3,057,823
Telecommunication Services	5,789,479	-	-	148%	2,329,871
Non-recurring income, grants and other	10,618	-62%	27,618	1%	10,530
<b>Cost of Sales</b>	<b>(3,721,243)</b>	<b>380%</b>	<b>(775,053)</b>	<b>68%</b>	<b>(2,210,657)</b>
Product direct costs	(3,301,024)	715%	(405,199)	88%	(1,759,503)
Technical and operation costs	(420,219)	14%	(369,854)	-7%	(451,154)
<b>Gross Margin</b>	<b>5,601,865</b>	<b>197%</b>	<b>1,883,654</b>	<b>176%</b>	<b>3,187,566</b>
<i>Gross Margin %</i>	<i>60.1%</i>	<i>-15%</i>	<i>70.8%</i>	<i>1.8%</i>	<i>59.0%</i>
<b>Personnel Expenses</b>	<b>(1,961,782)</b>	<b>114%</b>	<b>(917,529)</b>	<b>55%</b>	<b>(1,261,995)</b>
Salaries and Social Security	(2,248,699)	119%	(1,028,639)	58%	(1,420,225)
Own R&D costs capitalised	286,917	158%	111,111	81%	158,230
<b>Other Corporate Costs</b>	<b>(1,522,281)</b>	<b>418%</b>	<b>(293,804)</b>	<b>115%</b>	<b>(707,566)</b>
Customer operations, Marketing et al.	(284,425)	-	-	-26%	(383,528)
Network, Operations and IT	(631,897)	-	-	-	-
Other G&A Costs	(605,959)	106%	(293,804)	87%	(324,038)
Other Results	-	-	-	-	-
<b>Adjusted EBITDA*</b>	<b>2,117,802</b>	<b>215%</b>	<b>672,321</b>	<b>74%</b>	<b>1,218,006</b>
<i>Adjusted EBITDA %</i>	<i>22.7%</i>	<i>-10%</i>	<i>25.3%</i>	<i>0.7%</i>	<i>22.6%</i>

\*Adjusted EBITDA represents recurring EBITDA excluding M&A related costs and multiyear remuneration plans (stock options, etc.)

# 2021 Budget

- New strategy to offer converged telco/cloud/cybersecurity services fueled by acquisitions which have changed the scale of the Company
- Net revenues estimated to reach €48.9M, 4.5x 2020 revenues and EBITDA estimated to reach to €10.7M, 5x 2020 accounting EBITDA. Gross Margins expected at c. 60%
- **Proforma figures with ONI and ValoraData since 1<sup>st</sup> of January would reach almost €60M in net revenues and over €12M in EBITDA**

## 2021 CONSOLIDATED BUDGET

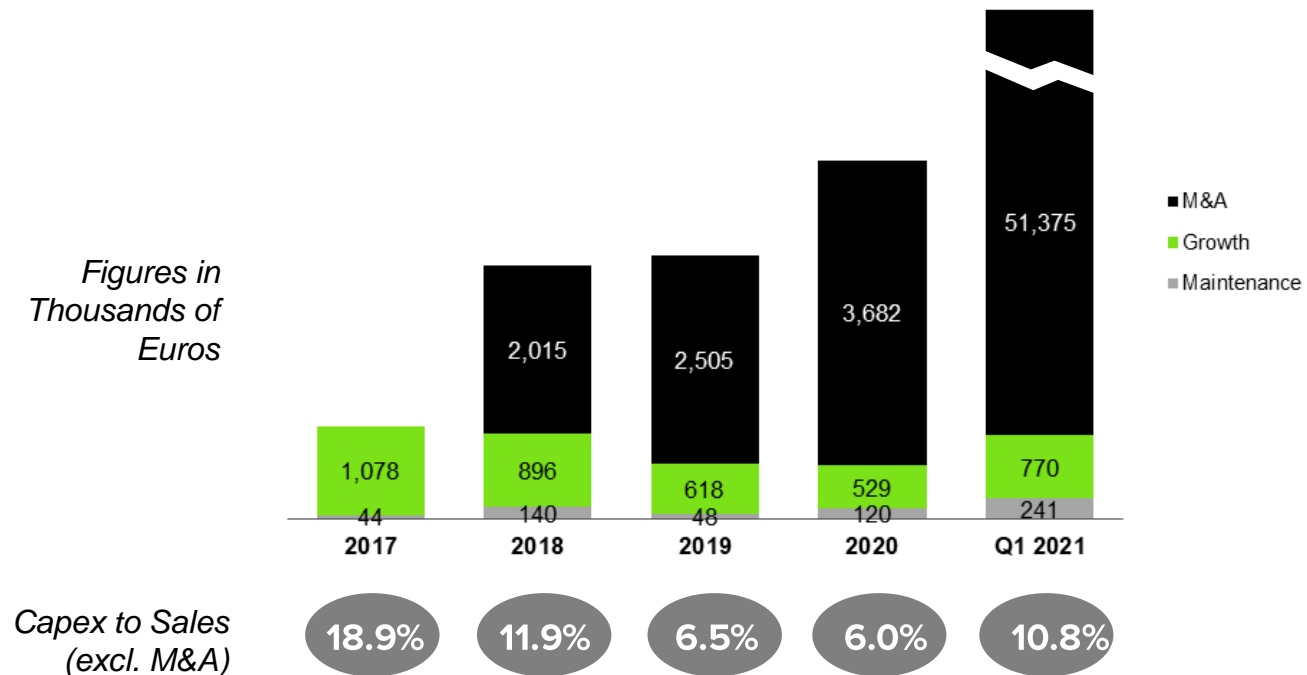
EUR	Q1b	Q2b	Q3b	Q4b	2021b	% Chg.	2020real
<b>Gross Sales</b>	<b>6,008,274</b>	<b>14,511,659</b>	<b>14,955,975</b>	<b>15,709,415</b>	<b>51,185,322</b>	<b>298.0%</b>	<b>12,862,085</b>
Accrued sales	(122,834)	113,818	54,134	(121,395)	(76,277)	264.5%	(20,928)
Sales, discounts and promotions	(497,746)	(575,954)	(581,357)	(593,459)	(2,248,515)	12.4%	(2,001,077)
Non-recurring income, grants and other	10,530	10,530	10,530	10,530	42,121	-35.8%	65,646
<b>Net revenue</b>	<b>5,398,224</b>	<b>14,060,054</b>	<b>14,439,283</b>	<b>15,005,091</b>	<b>48,902,652</b>	<b>348.4%</b>	<b>10,905,727</b>
<b>Cost of sales</b>	<b>(2,210,656)</b>	<b>(5,918,162)</b>	<b>(6,056,941)</b>	<b>(6,260,849)</b>	<b>(20,446,608)</b>	<b>493.7%</b>	<b>(3,444,085)</b>
Direct product costs	(1,759,503)	(5,469,145)	(5,597,722)	(5,790,811)	(18,617,181)	919.2%	(1,826,656)
Technical and operating expenses	(451,154)	(449,016)	(459,219)	(470,038)	(1,829,427)	13.1%	(1,617,429)
<b>Gross Margin</b>	<b>3,187,568</b>	<b>8,141,892</b>	<b>8,382,342</b>	<b>8,744,242</b>	<b>28,456,044</b>	<b>284.7%</b>	<b>7,395,995</b>
<b>Gross Margin, %</b>	<b>59.0%</b>	<b>57.9%</b>	<b>58.1%</b>	<b>58.3%</b>	<b>58.2%</b>	<b>-14.7%</b>	<b>68.2%</b>
<b>Personnel Costs</b>	<b>(1,261,995)</b>	<b>(2,479,296)</b>	<b>(2,488,605)</b>	<b>(2,502,098)</b>	<b>(8,731,994)</b>	<b>137.0%</b>	<b>(3,684,198)</b>
Salaries, wages and social security	(1,420,225)	(3,023,014)	(3,031,336)	(3,045,816)	(10,520,391)	151.6%	(4,182,010)
Own work capitalised	158,230	543,718	542,731	543,718	1,788,397	259.3%	497,811
<b>Other overhead costs</b>	<b>(707,566)</b>	<b>(2,780,707)</b>	<b>(2,699,297)</b>	<b>(2,816,328)</b>	<b>(9,003,898)</b>	<b>735.5%</b>	<b>(1,077,710)</b>
<b>Adjusted EBITDA*</b>	<b>1,218,007</b>	<b>2,881,889</b>	<b>3,194,440</b>	<b>3,425,816</b>	<b>10,720,152</b>	<b>297.1%</b>	<b>2,699,733</b>
<b>Adjusted EBITDA %</b>	<b>22.6%</b>	<b>20.5%</b>	<b>22.1%</b>	<b>22.8%</b>	<b>21.9%</b>	<b>-12.0%</b>	<b>24.9%</b>

\* Excludes M&A costs and multiyear remuneration plan ( stock options and others)



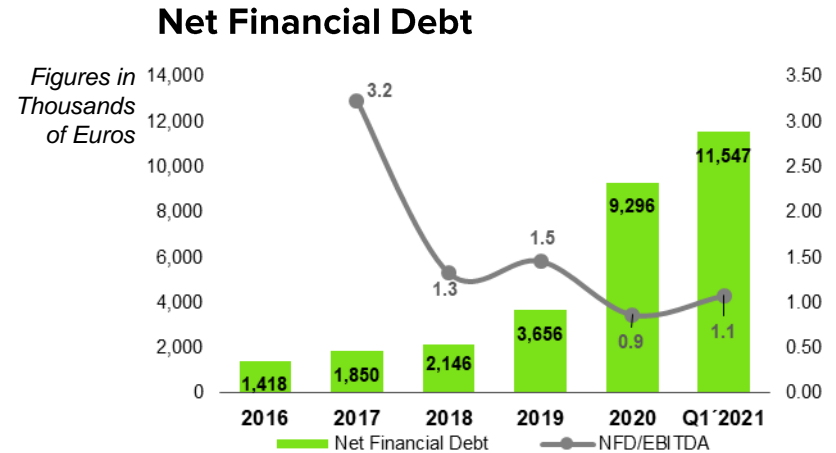
# CAPEX Evolution 2016-2019

- CAPEX to Sales ratio (excl. M&A and R&D) will increase significantly this year, from the 6.0% in 2020, due to the telco profile of the company and one-off integration and new product investments. **Budget for the year is €10.30M** (€0.65M in 2020) and €1.01 invested in Q1, representing 10.8% of revenues
- Large M&A Capex (€51.38M) invested in Q1 linked to MásMóvil portfolio, ONI and ValoraData acquisitions. €23.9M paid in cash during the period, 24.5M paid in Gigas' shares and €2.5M deferred 12 months)
- R&D personnel works capitalized not included as CAPEX



# Debt Evolution as of 31<sup>st</sup> MAR 2021

- €51.4M invested in three acquisitions in Q1'21
  - ONI: €39.5M (€15.0M cash paid)
  - MM Customer Portfolio: €9M (€7.2M paid, rest in 12m)
  - ValoraData Bus. Unit: €2.38M (€1.7M paid, rest in 12m)
- New debt raised for ValoraData acquisition and CAPEX investments
- NFD/EBITDA over budgeted adj. EBITDA, although proforma EBITDA is higher

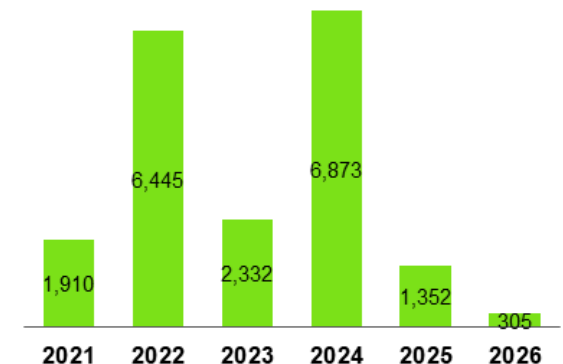


Figures in Euros

	MAR 2021	DEC 2020	Diff %
<b>R&amp;D and Banks Debt LT</b>	13,464,930	4,681,514	187.6%
<b>M&amp;A Related Debt LT</b>	3,842,500	3,267,500	17.6%
<b>R&amp;D and Banks Debt ST</b>	1,402,931	1,591,604	-11.9%
<b>M&amp;A Related Debt ST</b>	507,171	22,712,727	-97.8%
<b>GROSS FINANCIAL DEBT</b>	<b>19,217,532</b>	<b>32,253,345</b>	<b>-40.4%</b>
<b>Cash at hand</b>	7,669,940	22,957,175	-66.6%
<b>Net Financial Debt</b>	<b>11,547,592</b>	<b>9,296,169</b>	<b>24.2%</b>
<b>Adj. EBITDA*</b>	10,720,152	10,720,152	0.0%
<b>NFD/EBITDA</b>	1.08	0.87	24.2%

### Financial Debt Maturities

Figures in Thousands of Euros



- \* NFD/EBITDA calculated over budgeted adjusted EBITDA for 2021
- Convertible bonds not included as financial debt
- Current Investments not included in Cash at hand (€144K)



## Share Evolution

- Share price rallied at the end of last year, as the market welcomed corporate transactions and new strategy, **ending at €11.50, a 68.6% increase during the year**
- Large amount of new shares issued, with a total of 11.64 million shares, including recently issued shares (3.9M) to pay for ONI
- At current price, **market cap will be €116M and EV €128M, representing just over 10x EBITDA proforma**
- **Analysts very positive about the Company. GVC Gaesco targeting a €11.6 price**

# Comparables



Country	UK	Italy	UK	UK
Annual Revenues 2020	£393.8M	€52.5M	£112.6M	£87.5M
EBITDA 2020 (margin %)	£79.0M (20%)	€18.3M (35%)	£43.5M (39%)	£20.6M (24%)
Enterprise Value (EV)	£1,763M	€503M	£347M	£256M
EV/ Revenues	4.5	9.6	3.1	2.9
EV/ EBITDA	22.3	27.5	8.0	12.4
Net debt 2020 (NFD/EBITDA)	-£48M (-0.6x)	€95M (5.2x)	£58M (1.3x)	£35M (1.7x)

SOURCE: Renta4, Gigas, ADL

\* Figures for iomart and Redcentric are for fiscal year ending March 2020  
Rest of financial figures are for calendar year 2020. EV as of 19/MAY/2021

# Q&A



## Q1 2021 Results Investors Presentation



# gigas

Moisés Israel, Chairman  
Diego Cabezudo, CEO

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**gigas**

**Thank  
you**