

PRESS RELEASE

Revenue of €202 million, up 25.9% Revenue growth guidance raised for FY2022

- **Strong Q3 revenue growth compared to last year, which had been impacted by the Strasbourg incident**
- **Strong reported Public Cloud growth +50.3% and Private Cloud growth +32.5%**
- **Sustained international growth, notably in the United States and Asia, with reported revenue up +91.4% and +63.5% respectively**
- **2022 revenue growth guidance raised to 16-18%, adjusted EBITDA margin¹ target close to 40%**

Roubaix, 30 June 2022 – OVHcloud today announces its revenue for the period ended 31 May 2022. This press release concerns the consolidated revenue of OVH Groupe.

OVHcloud CEO Michel Paulin said:

“With growth of 25.9% in Q3, OVHcloud continues to demonstrate the effectiveness of its strategic plan. This good performance reflects the Group’s ability to gain new customers, primarily in Public Cloud and Private Cloud, as well as the success of its international development. Thanks to our teams and an ever more engaged ecosystem, and despite a deteriorating macro-economic context, we look forward to the fourth quarter of our financial year with confidence and are raising our annual revenue growth target to a 16%-18% bracket.”

Q3 2022 revenue of €202 million, up 25.9%

OVHcloud posted consolidated revenue of €202 million for the third quarter of FY22, up 25.9% compared to last year as reported and up 11.7% like-for-like², excluding the direct impacts of the Strasbourg incident and at constant exchange rates and consolidation scope. The good third quarter performance reflects a positive commercial momentum, with growth driven by ARPAC progress and an accelerating Enterprise segment.

OVHcloud’s ability to grow with its customers is reflected in a net revenue retention rate of 120% over the period (vs 100% in FY21). Excluding vouchers and credit notes issued following the Strasbourg incident, the rate came to 107% (vs 103% in FY21).

Throughout this quarter, OVHcloud continued to gain new customers such as the French Marine Nationale and KS2 with SecNumCloud offers along with Cegid in France, TBS-Education in Spain or Tatum in Eastern Europe. This excellent sales performance was primarily driven by sales achieved through partners, whose number nearly reached 900 at the end of the third quarter and who posted double-digit revenue growth for the period.

¹ Adjusted EBITDA is equal to current EBITDA excluding share-based compensation and expenses arising from earn-out payments.

² Like-for-like (LFL): at constant FX, constant scope of consolidation and excluding direct impacts related to the Strasbourg incident vs FY2021.

The momentum of this third quarter is also reflected in the shift of the business mix towards Public Cloud and Private Cloud, and the growing share of international business in the Group's revenue, reaching 51% over the quarter.

With 80 IaaS and PaaS solutions at the end of Q3, OVHcloud has reached its target one quarter early. OVHcloud continues to enrich its solutions portfolio in close interaction with its customers in order to best meet their needs. The sales momentum on these products has begun to show results with a continuous increase in revenue generated by these new PaaS solutions.

Revenue by segment

(in € million)	3 rd quarter 2021	3 rd quarter 2022	Change (%)	Change (%) like-for-like
Private Cloud	94.6	125.3	+32.5%	+14.6%
Public Cloud	21.8	32.8	+50.3%	+19.4%
Webcloud & Other	44.4	44.4	+0.0%	(0.2)%
Total revenue	160.8	202.4	+25.9%	+11.7%

Private Cloud, which includes Bare Metal and Hosted Private Cloud, achieved revenue of €125 million, up +32.5% on a reported basis and +14.6% on a like-for-like basis. After strong growth in the first half year, the segment continued this momentum in Asia and the United States, particularly in the Digital channel and worldwide thanks to significant growth in ARPAC. Reported revenue includes a positive forex impact of €2.4 million and a negative impact of €0.3 million in respect of commercial gestures relating to the Strasbourg incident.

Public Cloud saw strong growth over the quarter, achieving revenue of €33 million, reflecting growth of +50.3% on a reported basis and +19.4% on a like-for-like basis. The growth was notably driven by the strong increase in the Enterprise segment and in ARPAC, reflecting the success of the *upsell* and *cross-sell* efforts. PaaS services, including Beta and recently marketed solutions, continued to show encouraging signs of customer adoption. Reported revenue includes a positive forex impact of €0.3 million and a negative impact of €0.2 million in respect of commercial gestures relating to the Strasbourg incident.

The **Web Cloud & Other** segment is stable on a reported basis and down by (0.2)% on a like-for-like basis compared to the previous year. This performance reflects the ongoing working at the telephony and connectivity sub-segment offerings to better adapt them to their respective markets and offer a more competitive positioning. The Enterprise segment, which includes partners and resellers, continued its positive momentum of the start of the year. On a reported basis revenue includes a stable forex impact and an impact of €0.1 million in respect of commercial gestures relating to the Strasbourg incident.

Revenue by geography

<i>(in € million)</i>	3 rd quarter 2021	3 rd quarter 2022	Change (%)	Change (%) like-for-like
France	82.1	99.6	+21.4%	+8.3%
Europe (excluding France)	46.1	57.3	+24.2%	+9.6%
Rest of the world	32.6	45.5	+39.6%	+23.1%
Total revenue	160.8	202.4	+25.9%	+11.7%

Revenue growth in **France** was mainly driven by the Enterprise customer segment and the growth in Public Cloud. Revenue growth also reflects the impact of the Strasbourg fire, to which France was more exposed than the other regions.

In **Europe (excluding France)**, revenue growth was the result of the positive overall performance, notably driven by Public Cloud. The Group continues to benefit from positive effects of the recent implementation of dedicated regional sales teams, with the ramp-up of the digital channels and the Enterprise segment in this region.

In the **Rest of the world**, revenue continued to grow strongly during Q3, at +39.6% on a reported basis and +23.1% on a like-for-like basis. The performance remains excellent in the United States (+72.2% on a like-for-like basis and +91.4% on a reported basis) and in Asia (+47.3% on a like-for-like basis and +63.5% on a reported basis) notably via the digital channel in the United States (+62.6% on a like-for-like basis and +80.6% on a reported basis).

OUTLOOK

In line with the first half-year, this third quarter demonstrates the Group's ability to implement its strategic growth acceleration plan.

FY22 outlook

On the basis of the growth recorded over the first nine months, the commercial momentum over the first weeks of the fourth quarter and despite a deteriorating macro-economic environment, OVHcloud is raising its revenue growth target and now anticipates growth between 16% and 18%, compared to the range of 15% to 17% reported previously.

The Group is maintaining its other targets, namely:

- adjusted EBITDA margin³ close to 40%
- recurring Capex between 16% and 20% of revenue and growth Capex between 30% and 34%⁴ of revenue

FY22 targets assume no material change in today's macroeconomic environment.

Medium-term outlook confirmed

The Group reiterates its medium-term financial guidance and aims to achieve the following by 2025:

- organic revenue growth accelerating toward mid-twenties by FY25 driven by a shift in business mix, the deployment of the "Move to PaaS" strategy, international expansion, the market shift to hybrid- and multi-cloud and the focus on data sovereignty
- adjusted EBITDA margin in line with FY 2020, by partly reinvesting economies of scale savings mainly achieved through better absorption of fixed costs over the period
- similarly, growth capital expenditure as a percentage of revenue is expected to remain between 30% to 34%, while recurring capital expenditure as a percentage of revenue should decrease to 14% to 16% thanks to productivity improvements.

³ Adjusted EBITDA is equal to current EBITDA excluding share-based compensation and expenses arising from earn-out payments.

⁴ Excluding the acquisition of additional IPv4 addresses.

CALENDAR

October 26, 2022: FY2022 annual results

About OVHcloud

OVHcloud is a global player and Europe's leading cloud provider operating over 400,000 servers within 33 data centres across four continents. For over 20 years, the Group has relied on an integrated model that provides complete control of its value chain: from the design of its servers to the construction and management of its data centres, including the orchestration of its fibre-optic network. This unique approach allows it to independently cover all the uses of its 1.6 million customers in more than 140 countries. OVHcloud now offers latest generation solutions combining performance, price predictability and total sovereignty over their data to support their growth in complete freedom.

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This press release contains forward-looking statements that involve risks and uncertainties, including references, concerning the Group's expected growth and profitability in the future which may significantly impact the expected performance indicated in the forward-looking statements. These risks and uncertainties are linked to factors out of the control of the Company and not precisely estimated, such as market conditions or competitors' behaviours. Any forward-looking statements made in this press release are statements about OVHcloud's beliefs and expectations and should be evaluated as such.

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All amounts are presented in € million. This may in certain circumstances lead to non-material differences between the sum of the figures and the subtotals that appear in the tables. OVHcloud does not undertake, and specifically disclaims, any obligation or responsibility to update or amend any of the information above except as otherwise required by law.

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APPENDIX

Glossary

Like-for-like is calculated at constant exchange rates, constant perimeter and excluding Strasbourg direct impacts. Perimeter adjustments correspond to M&A.

The net **revenue retention rate** for any period is equal to the percentage calculated by dividing (i) the revenue generated in such period from customers that were present during the same period of the previous year, by (ii) the revenue generated from all customers in that previous year period. When the revenue retention rate exceeds 100%, it means that revenues from the relevant customers increased from the relevant period in the previous year to the same period in the current year, in excess of the revenue lost due to churn.

ARPAC (Average revenues per active customer) represents the revenues recorded in a given period from a given customer group, divided by the average number of customers from that group in that period (the average number of customers is determined on the same basis as in determining net customer acquisitions). ARPAC increases as customers in a given group spend more on OVHcloud services. It can also increase due to a change in mix, as an increase (or decrease) in the proportion of high-spending customers would increase (or decrease) ARPAC, irrespective of whether total revenues from the relevant customer group increase.

Current EBITDA is equal to revenues less the sum of personnel costs and other operating expenses (and excluding depreciation and amortisation charges, as well as items that are classified as “other non-current operating income and expenses”).

Adjusted EBITDA is equal to current EBITDA excluding share-based compensation and expenses resulting from the payment of earn-outs from its adjusted EBITDA.

Recurring Capital Expenditures (Capex) reflects the capital expenditures needed to maintain the revenues generated during a given period for the following period.

Growth Capital Expenditures (Capex) represents all capital expenditures other than recurring capital expenditures.

Revenue by segment and geography

In € million – by segment	Q1 FY2021 Reported	Q2 FY2021 Reported	Q3 FY2021 Reported	9M FY2021 Reported	Q1 FY2022 Reported	Q2 FY2022 Reported	Q3 FY2022 Reported	9M FY2022 Reported
Private cloud	98.8	102.0	94.6	295.4	113.3	119.3	125.3	357.8
Public cloud	23.2	24.7	21.8	69.7	29.0	30.6	32.8	92.4
Webcloud & Other	42.3	43.3	44.4	130.0	44.9	44.9	44.4	134.2
Total Revenue	164.3	170.0	160.8	495.1	187.2	194.8	202.4	584.5

Growth in % – by segment	Q1 FY2022 LFL	Q2 FY2022 LFL	Q3 FY2022 LFL	9M FY2022 LFL	Q1 FY2022 Reported	Q2 FY2022 Reported	Q3 FY2022 Reported	9M FY2022 Reported
Private cloud	+14.3%	+15.0%	+14.6%	+14.7%	+14.6%	+17.0%	+32.5%	+21.2%
Public cloud	+22.4%	+20.0%	+19.4%	+20.1%	+24.9%	+23.9%	+50.3%	+32.5%
Webcloud & Other	+6.6%	+3.9%	(0.2)%	+3.4%	+6.1%	+3.6%	+0.0%	+3.3%
Total Revenue	+13.5%	+13.0%	+11.7%	+12.7%	+13.9%	+14.6%	+25.9%	+18.1%

In € million – by geography	Q1 FY2021 Reported	Q2 FY2021 Reported	Q3 FY2021 Reported	9M FY2021 Reported	Q1 FY2022 Reported	Q2 FY2022 Reported	Q3 FY2022 Reported	9M FY2022 Reported
France	86.8	89.3	82.1	258.0	93.2	96.6	99.6	289.5
Europe (excl. France)	47.8	50.2	46.1	144.2	53.5	55.9	57.3	166.7
Rest of the World	29.7	30.6	32.6	92.9	40.5	42.3	45.5	128.3
Total Revenue	164.3	170.0	160.8	495.1	187.2	194.8	202.4	584.5

Growth in % – by geography	Q1 FY2022 LFL	Q2 FY2022 LFL	Q3 FY2022 LFL	9M FY2022 LFL	Q1 FY2022 Reported	Q2 FY2022 Reported	Q3 FY2022 Reported	9M FY2022 Reported
France	+8.7%	+8.8%	+8.3%	+8.5%	+7.4%	+8.3%	+21.4%	+12.2%
Europe (excl. France)	+12.7%	+10.7%	+9.6%	+10.9%	+11.9%	+11.3%	+24.2%	+15.6%
Rest of the World	+28.2%	+27.7%	+23.1%	+26.1%	+36.2%	+38.5%	+39.6%	+38.2%
Total Revenue	+13.5%	+13.0%	+11.7%	+12.7%	+13.9%	+14.6%	+25.9%	+18.1%

Reconciliation of like-for-like and reported growth

In € million – by segment	Q3 FY21 Reported	FX impacts	Perimeter impacts	Strasbourg impacts	Q3 FY21 LFL
Private cloud	94.6	2.4	0.0	12.6	109.6
Public cloud	21.8	0.3	0.9	4.8	27.8
Webcloud & Other	44.4	-0.0	0.0	0.2	44.6
Total Revenue	160.8	2.7	0.9	17.6	181.9

In € million – by segment	Q3 FY22 Reported	Perimeter impacts	Strasbourg impacts	Q3 FY22 LFL
Private cloud	125.3	0.0	0.3	125.6
Public cloud	32.8	0.1	0.2	33.2
Webcloud & Other	44.4	0.0	0.1	44.5
Total Revenue	202.4	0.1	0.6	203.2

In € million – by geography	Q3 FY21 Reported	FX impacts	Perimeter impacts	Strasbourg impacts	Q3 FY21 LFL
France	82.1	0.0	0.3	10.1	92.4
Europe (excl. France)	46.1	0.2	0.0	6.1	52.5
Rest of the World	32.6	2.4	0.6	1.4	37.0
Total Revenue	160.8	2.7	0.9	17.6	181.9

In € million – by geography	Q3 FY22 Reported	Perimeter impacts	Strasbourg impacts	Q3 FY22 LFL
France	99.6	0.1	0.4	100.1
Europe (excl. France)	57.3	0.0	0.2	57.5
Rest of the World	45.5	0.0	0.0	45.6
Total Revenue	202.4	0.1	0.6	203.2