

At its Investor Day held today in London:

OVHcloud presents its strategic plan, Shaping the Future, and new financial targets for FY2026

Shaping the Future – a plan built around four strategic pillars

- Be the data sovereignty reference
- Innovate for next tech revolutions
- Deliver sustainable and profitable growth
- Maximise cash generation

Shaping the Future is based on three unchanged growth drivers

- **Products:** Address a larger market by developing an extensive range of PaaS products, offer artificial intelligence solutions that respect customer data privacy and expand data sovereignty certified products
- **Customers:** Expand the OVHcloud customer base, in particular by targeting specific verticals (public sector, healthcare), reinforce the partners sales channel and fuel customer acquisition with marketing investments.
- **Geographies:** Improve the occupancy rates of existing datacenters around the world and deploy new locations with lower capital intensity.

New financial targets focused on cash generation

- Weighted average annual organic revenue growth (LFL CAGR) FY2024 and FY2026 of between 11% and 13%
- FY2026 adjusted EBITDA margin close to 39%
- FY2026 recurring Capex within a range of 12% and 14% of Group revenue, and Growth Capex at 16% and 18% of Group revenue
- Positive free cash-flow in FY2026

Confirmation of medium-term ESG objectives

- Contribute to Net Zero on scopes 1 and 2 by 2025
- Contribute to Net Zero on scopes 1, 2 and 3 by 2030
- 100% low-carbon energy by 2025
- Zero waste to landfill by 2025

OVHcloud confirms its FY2024 and FY2025 targets

Octave Klab, founder and Chairman of OVHcloud said:

"This Investor Day will showcase how OVHcloud's vision and ambitions are working together to create value for our shareholders and all our stakeholders. At OVHcloud, we believe that there can be no digital transformation without trust. In a world marked by increasing tensions and threats, we are constantly innovating to enable organisations, businesses and individuals to benefit from the opportunities unleashed by the cloud. Our teams make the cloud more accessible, sustainable, simple and secure. The transformations taking place in the digital sector, for example in artificial intelligence and quantum mechanics, are immense and we are particularly well placed to anticipate our customers' needs. I'm proud of this achievement and would like to extend my warmest thanks to all the OVHcloud staff for their commitment and determination."

Michel Paulin, Chief Executive Officer of OVHcloud said:

"The future looks bright for OVHcloud and our plan for the next few years is clear. Against an uncertain macroeconomic backdrop, the OVHcloud model is particularly attractive, thanks to growing demand for data sovereignty and an optimal performance-price ratio. Meeting and anticipating our customers' needs is at the heart of our innovation drive. It has enabled us to continue expanding our customer base, supported by the appeal of our sales and product offering. With these opportunities, we have implemented a new roadmap that places cash generation at the core of our strategy, and in the long term, will continue to create value in the interests of our shareholders."

OVHcloud is the European cloud leader

€897m

FY2023 revenue

€325m

FY2023 adjusted EBITDA

36.3%

FY2023 adjusted EBITDA margin

1.6m

Customers

450k

Servers

40

Datacenters

Since its IPO in 2021, OVHcloud has successfully deployed its strategic roadmap

Developing key customer segments

OVHcloud has successfully developed the key account customer segment, doubling the number of customers spending more than €1 million a year between 2021 and 2023. This performance is mirrored at Group level, with average ARPAC¹ up 29% over the same period.

This success is the result of the Group's sales organisation strategy and transformation, the improvement of its customer support and the development of more high-end servers.

It also reflects the excellent momentum of sales via partners, which was one of the most dynamic channels over the period and continues to record strong demand.

Addressing a broader market with Public Cloud products

At the heart of the Group's product development strategy since 2021, OVHcloud currently offers its customers over 40 Public Cloud products. These solutions meet a wide range of needs, particularly in areas such as databases, storage, artificial intelligence, big data, networks, computing and security. The sales momentum is confirmed, and the products available are upgraded on a regular basis.

Expanding our geographical footprint

Over the last 3 years, OVHcloud opened more than 12 new datacenters and will reach 45 datacenters by the end of 2024. In 2023, the Group opened a new datacenter in India, bringing the number of countries with a datacenter to nine. With 450,000 servers currently in operation, and an estimated capacity of more than 720,000 U² by the end of 2024, OVHcloud will continue to benefit from the significant investments made in recent years in new infrastructure around the world.

Investing in internal development and external growth opportunities

The Group has invested in products and infrastructure to achieve cumulative Capex growth of nearly €700 million between 2021 and 2023. This is also reflected in the recruitment of expert technology staff, with more than 270 new technology employees added over the period.

The Group now has 2900 employees, spread in 15 different countries, with more than 60 different nationalities. Opinions surveys conducted amongst staff show a very high level of commitment resulting at 7.2. Voluntary departure rate is measured at 10.2% (FY23).

OVHcloud carries out its strategy of targeted acquisitions to accelerate its products roadmap and integrate talented technical teams. The Group has made three acquisitions since 2021: BuyDRM, a security specialist, ForePaaS, a data management specialist, and gridscale, to open Local Zones with a reduced capital intensity.

¹ ARPAC: Average Revenue Per Active Customer.

² U refers to rack unit, a standard measurement for the space between shelves on a server rack.

Structurally fast-growing markets in an uncertain macroeconomic environment

Robust structural long-term growth levers

OVHcloud is positioned in the Cloud market, which benefits from robust structural long-term growth levers:

- the "Move to Cloud" dynamic for most companies and users;
- the rise of Multi-Cloud (having several Cloud providers) and Hybrid Cloud (having several types of Cloud);
- high demand for artificial intelligence;
- the ramp up of data sovereignty.

These levers, together with exponential data generation, are powerful catalysts for OVHcloud and the Cloud market.

Recent optimisation of Cloud spending

Recently, with the slowing macroeconomic environment and weaker business visibility, the Cloud market has seen users optimising their Cloud spending. Some customers have delayed plans to develop new products or migrate to the Cloud. Some existing customers have sought lower cost solutions.

OVHcloud's new guidance takes into account this temporary slower growth in the cloud market and believes the structural growth levers remain valid over the medium and long term. Despite this context, OVHcloud's revenue growth has been robust in this period relative to its peers.

Large and expanding addressable markets

OVHcloud offers its customers a comprehensive range of services across three segments: Private Cloud, Public Cloud and Web Cloud.

Private Cloud, which accounted for 62% of the Group's revenue in 2023, is an addressable market worth between €16 and €19 billion worldwide, with growth of around 10% a year expected for the 2023-2027 period³. Private Cloud is particularly aimed at customers who want full control over their infrastructure, high-level performance in a secure environment and a similar experience to on-premise solutions, with the flexibility of the cloud. OVHcloud is particularly well positioned in this business.

The Public Cloud market, which accounted for 18% of the Group's revenue in 2023, is worth between €120 and €130 billion for Infrastructure-as-a-Service (IaaS) and between €110 and €120 billion for Platform-as-a-Service (PaaS). The two sub-segments (IaaS and PaaS) are expected to grow by more than 20% a year over the 2023-2027 period⁴. Public Cloud gives customers considerable flexibility in the consumption of their resources, facilitates the deployment of innovations, and enables infrastructure scalability. It is an area of significant potential for OVHcloud.

³ Sources: Company, analyst studies.

⁴ Sources: Company, analyst studies.

Web Cloud, OVHcloud's traditional business, accounts for 20% of the Group's revenue, and is a more mature market worth €5 billion. It is expected to grow by around 5% a year over the 2023-2027 period⁵. Web Cloud enables customers to build or reinforce their online presence with domain name and data hosting solutions.

Strong demand for data sovereignty

The data sovereignty market is expanding rapidly, particularly in key business sectors

Extraterritorial laws in the United States (Cloud Act, Patriot Act, FISA) and China (Cyber Security Law) give government bodies (CIA, FBI, NSA) or the courts access to all customer data when it is stored or managed by their national providers, even if the data is located in a European datacenter.

Market segments linked to public services, healthcare, financial services, professional services and telecommunications are particularly sensitive to data sovereignty. This issue includes the importance of giving customers total control over how and where their data is stored, managed and processed by cloud providers.

The European data sovereignty market was worth almost €13 billion in 2023, representing between 20% and 25% of the total European cloud market, and is expected to grow by 29% a year over the 2022-2027 period⁶.

OVHcloud's competitive advantages are reinforced in an uncertain macroeconomic environment

Data sovereignty champion with a global presence

OVHcloud is the European Cloud leader and the only non-US or non-Chinese player among the ten largest global cloud service providers⁷. It is the only player of its size that is not subject to extraterritorial laws.

In addition to its structural differentiator, OVHcloud has developed a very large number of certifications worldwide to comply with various national and international regulations.

Predictable and transparent pricing

OVHcloud offers predictable and transparent prices, i.e., easy to understand with no hidden costs, and no economic lock-in (without egress fees) or technological lock-in. Prices advertised to customers include network costs, which are often one of the main unexpected variables in their monthly bills. This level of price transparency is distinctive within the industry.

⁵ Sources: Company, analyst studies.

⁶ Sources: Company, IDC Worldwide Sovereign Cloud Spending, Gartner Forecast: Public Cloud Services, Worldwide, 2021-2027.

⁷ IDC MarketScape Worldwide Public Cloud Infrastructure as a Service, 2022.

An integrated industrial model that is proving its economic efficiency

OVHcloud has developed a fully integrated industrial model that enables it to be more economically efficient. The Group acquires electronic components, assembles servers, operates datacenters and develops its cloud technology (in-house or open-source). This integrated model ensures efficiency throughout the chain and limits the margins of intermediaries, while allowing the implementation of cutting-edge technologies, such as watercooling.

In addition, thanks to this sustainable model, OVHcloud can recycle its servers, giving them a second and third commercial life with a retrofit. The model also enables us to customise our offering to customers and therefore to propose a particularly wide range of products.

One of the best performance-price ratios in the industry

This integrated model enables OVHcloud to offer one of the best performance-price ratios in the cloud industry. This is particularly the case for the latest NVIDIA A100 graphics cards (GPUs), where OVHcloud stands out as one of the most affordable providers for a comparable service⁸.

Sustainable cloud by design

Complete control of the value chain means that OVHcloud is, by design, a pioneer of the sustainable cloud. Its watercooling technology consumes less electricity and less water. In addition to the economic benefits, the Group has some of the best environmental ratios (audited) in the industry, with a PUE (Power Usage Effectiveness) of 1.29 and a WUE (Water Usage Effectiveness) of 0.3 L/kWh in 2023.

Shaping the Future – OVHcloud is developing around four strategic pillars

Be the data sovereignty reference

OVHcloud already benefits from a structural differentiator in that it is not subject to extraterritorial laws, and has developed a successful strategy of certifications with national and international regulators.

In the coming years, the Group will continue to expand its range of certified products, in particular with plans to extend SecNumCloud certification in France to its Public Cloud and Bare Metal Cloud services from 2024-2025. At the end of 2023, OVHcloud also inaugurated a third SecNumCloud-certified datacenter in France.

In addition, specific services are currently being developed to respond even more precisely to the needs of certain verticals, in particular the public sector and healthcare.

Innovate for next tech revolutions

Innovation is at the heart of OVHcloud's value proposition, and the Group will continue to invest to innovate and prepare for the upcoming technological revolutions, such as artificial intelligence – which is already underway – and quantum computing in the medium term.

⁸ Based on public prices for AWS, GCP, Azure and Digital Ocean.

With regard to artificial intelligence, OVHcloud will continue to strengthen its offering, in particular by developing AI solutions that guarantee customer data confidentiality and data sovereignty. AI is opening up new uses and fuelling a revolution, while at the same time creating extremely high stakes in terms of intellectual property and data confidentiality.

OVHcloud is also positioned ahead of the curve on quantum computing, which will be one of the next technological revolutions of the 21st century. OVHcloud is the only European cloud provider to offer its customers five quantum notebooks and one quantum emulator. The Group also supports 14 leading quantum startups and owns one Quandela photonic computer.

Deliver sustainable and profitable growth

The strategy, deployed since 2021, centred around three levers – Customers, Products, Geographies – will be strengthened. In particular, OVHcloud will be structuring a sales organisation by business sector in order to better target and support customers in these sectors. It will also continue to strengthen its relationship with partners for indirect sales to key accounts.

Boosting the acquisition of new customers is one of OVHcloud's key strategic challenges, and investments will be made in brand awareness campaigns, particularly outside France. For digital acquisition, OVHcloud plans to strengthen its SEO/SEA with dedicated marketing initiatives.

By enhancing its PaaS and Public Cloud offerings, OVHcloud is targeting new types of customers and users. To better serve them, the overall customer experience will be improved to increase conversion rates, limit churn and increase the ability to up-sell or cross-sell.

Lastly, OVHcloud will continue to rigorously manage its various costs and margins will benefit from a gradual operating leverage effect over the period.

Maximise cash generation

Since 2021, OVHcloud will have opened more than 12 datacenters, invested significantly in the development of new products and set up a programme to improve the resilience of its infrastructures.

Over the next few years, OVHcloud plans to optimise the utilisation rate of its datacenters, which will reach almost 64% in 2024. The product mix will foster a reduction in Capex intensity, with investments in new products stabilising in absolute value terms at around €80 million a year.

Lastly, the Group expects to reduce one-off investments (hyper-resilience, IPv4 or inventories linked to supply chain tensions).

OVHcloud targets full-year unlevered free cash-flow from FY2025 and positive free cash-flow in FY2026.

Outlook

New financial targets focused on cash generation

OVHcloud unveils new FY2026 financial targets:

- Weighted average annual organic revenue growth (LFL CAGR) FY2024 and FY2026 of between 11% and 13%;
- FY2026 adjusted EBITDA margin close to 39%;

- FY2026 recurring Capex and growth Capex within a range of 12% and 14%, and 16% and 18% of Group revenue respectively;
- Positive free cash-flow in FY2026.

Confirmation of medium-term ESG objectives

In accordance with its positioning as a leader for a sustainable cloud, OVHcloud confirms its ambitious medium-term ESG objectives:

- Contribute to Net Zero on scopes 1 and 2 by 2025;
- Contribute to Net Zero on scopes 1, 2 and 3 by 2030;
- 100% low-carbon energy by 2025;
- Zero waste to landfill by 2025.

Confirmed targets for FY2024

For FY2024, OVHcloud is targeting organic revenue growth of between 11% and 13%, an adjusted EBITDA margin of over 37% and recurring and growth capex representing approximately 16% and 24% of revenue respectively.

OVHcloud is also aiming to generate unlevered free cash-flow in the second half of FY2024, with a view to generating full-year unlevered free cash-flow as from FY2025.

The outlook for FY2024 is based on assumptions of an ongoing upward trend in ARPAC, prudent new customer acquisitions, a price effect of between 1% and 2% over the year, mainly in the first quarter, and strict operating cost discipline.

Outlook for FY2025 confirmed

As part of its ongoing strategic review, OVHcloud has noted certain trends it expects to see in FY2025:

- Organic revenue growth should improve versus FY2024
- Adjusted EBITDA margin should improve versus FY2024
- Capex (Recurring and Growth) as a percentage of revenue should be slightly lower than in FY2024
- The Group should generate unlevered free cash-flow for the full year

Calendar

15 February 2024 : Annual Shareholders' Meeting

24 April 2024 : H1 FY2024 Results

Conference call dial-in details

Live webcast at 10:00am BT available here: [Live Webcast](#)

Dial-in details:

- From the UK: +44 (0) 33 0551 0200
- From the USA: +1 786 697 3501
- From France: +33 (0) 1 70 37 71 66

Passcode: OVHcloud

About OVHcloud

OVHcloud is a global player and the leading European cloud provider operating over 450,000 servers within 40 datacenters across 4 continents to reach 1,6 million customers in over 140 countries. Spearheading a trusted cloud and pioneering a sustainable cloud with the best performance-price ratio, the Group has been leveraging for over 20 years an integrated model that guarantees total control of its value chain: from the design of its servers to the construction and management of its data centers, including the orchestration of its fiber-optic network. This unique approach enables OVHcloud to independently cover all the uses of its customers so they can seize the benefits of an environmentally conscious model with a frugal use of resources and a carbon footprint reaching the best ratios in the industry. OVHcloud now offers customers the latest-generation solutions combining performance, predictable pricing, and complete data sovereignty to support their unfettered growth.

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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.

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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.

Recurring 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-recurring operating income and expenses”).

Adjusted EBITDA is equal to recurring 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.

Unlevered free cash-flow represents cash flows from operating activities minus cash flows used in investing activities.