

OVHcloud achieves robust growth in the first quarter of 2024 and confirms its targets

Revenue of €240 million in the first quarter of 2024, up 12.0% on 2023 on a like-for-like basis

- Revenue of €240 million, up 12.0% on a like-for-like basis and up 11.0% as reported
- Strong like-for-like growth of 18.9% for the Public Cloud segment and 14.9% for the Private Cloud segment
- Good commercial performance in Europe and continued demand for Sovereign products
- Smooth beginning of gridscale's integration, with the first Local Zone deployments in the coming months

Recognised performance as sustainable cloud

- The high degree of alignment of OVHcloud's businesses with the Green Taxonomy is way above peers and confirms the sustainability of its model
- FY2023 revenue 88% eligible and 64% aligned
- FY2023 opex 88% eligible and 49% aligned
- FY2023 capex 99% eligible and 40% aligned

Opening of a new datacenter in Singapore

- OVHcloud continued to expand its global footprint with the opening of a second datacenter in Singapore
- The new datacenter offers the full range of OVHcloud's Public Cloud products and meets Singapore's strictest environmental criteria

FY2024 targets confirmed

- FY2024 organic revenue growth of between 11% and 13%
- FY2024 adjusted EBITDA margin of over 37%
- Recurring capex representing around 16% of revenue
- Growth capex representing around 24% of revenue
- Generation of unlevered free cash-flow in the second half of FY2024

Organisation of an Investor Day in London on 17 January 2024

OVHcloud CEO **Michel Paulin** said:

“This quarter marks a strong start to the year for OVHcloud. Our growth momentum is robust in both the public and private cloud segments.

In an uncertain economic environment, where customers are optimizing their spending, our performance-price ratio is particularly attractive. Simultaneously, our trusted cloud offering continues to meet the growing demand for solutions that ensure data sovereignty. Our current priority is to continue executing our strategy successfully and rigorously, delivering profitable topline growth and sustainable cash generation.

We are confident in our ability to deliver value for both our customers and shareholders in both the short and long term. We look forward to presenting a comprehensive overview of our business model and prospects on the 17th of January at our Investor Day, in London.”

Key first-quarter 2024 figures (compared to first-quarter 2023)

€240m

Revenue

+12.0%

**Organic revenue
growth**

+15.8%

**Organic revenue growth
in cloud business**

Q1 2024 revenue of €240 million, up 12.0% on a like-for-like basis and up 11.0% as reported

OVHcloud posted sustained growth in the first quarter of the year. This growth confirms the Group’s ability to increase revenue from its customer portfolio through double-digit growth in ARPAC and to maintain a net revenue retention rate of 110%. OVHcloud's differentiators, which include having one of the best performance-price ratios of the market, are all the more relevant for customers whose businesses are experiencing economic difficulties and who are looking for cost savings.

Against this backdrop, OVHcloud has demonstrated its resilience, and its growth drivers – Public Cloud and PaaS, sovereign offerings and Private Cloud – continue to drive the Group’s expansion. At the end of the first quarter, SecNumCloud offerings and PaaS offerings represented €9 million and €17 million of ARR, respectively.

Revenue by product segment

(In € million)	Q1 2023	Q1 2024	Change (%)	Change (%) LFL
Private Cloud	133.0	149.6	+12.5%	+14.9%
Public Cloud	35.7	43.5	+21.9%	+18.9%
Web Cloud & Other	47.3	46.7	(1.4)%	(1.4)%
Total revenue	216.0	239.8	+11.0%	+12.0%

Cloud offerings, the Group's driving force, represent an ever-increasing share of OVHcloud portfolio and now account for 81% of total revenue.

The **Private Cloud** segment, which includes the Bare Metal Cloud and Hosted Private Cloud businesses, posted revenue of €149.6 million in Q1 2024, accounting for 63% of the Group's overall revenue and growth of 12.5% as reported and 14.9% like for like. This sustained sales performance has enabled OVHcloud to gain market share in the Private Cloud market. The segment's first-quarter growth reflects an acceleration in the Rest of the World in Bare Metal Cloud business and a slight slowdown in Europe and France, which remains sustained however.

Hosted Private Cloud continued to accelerate, particularly in Europe and France, driven by sovereign offerings such as SecNumCloud, the recent renewal of product offerings and customers subscribing to higher-end servers.

Public Cloud posted revenue of €43.5 million for the quarter, representing 18% of the Group's total revenue, up 21.9% as reported and up 18.9% like for like. Public Cloud grew strongly in the first quarter, with robust growth in Europe and France, even if slightly below the last quarter of 2023, as customers continued to be cautious in their cloud spending. PaaS services, which are regularly deployed and enhanced to offer customers increasingly sophisticated versions, generated an annual revenue rate (ARR) of €17 million at the end of November 2023. OVHcloud is also continuing to develop new offerings around artificial intelligence, with new cutting-edge GPUs as well as software that encourages customers to adopt the use of AI, such as Data Platform, and AI App Builder, which are available in Beta, on OVHcloud Labs¹, dedicated to innovation.

In the first quarter of 2024, the **Web Cloud & Other** segment generated revenue of €46.7 million, or 19% of the Group's overall revenue, and reported negative growth of 1.4% year-on-year on both a reported and like-for-like basis. The renewal of our Web Hosting offerings, launched at the beginning of the quarter, is beginning to show results, and this sub-segment, like domain names, performed well over the quarter. Connectivity and Telephony sub-segment, legacy businesses of OVHcloud, activity continued to decline

¹ <https://labs.ovhcloud.com/en/>

and weighed on the segment's overall growth, which reached 2.5% like for like excluding these two activities.

Revenue by region

(in € million)	Q1 2023	Q1 2024	Change (%)	Change (%) LFL
France	107.1	116.7	+9.3%	+9.3%
Europe (excl. France)	60.1	69.9	+18.9%	+16.3%
Rest of the World	48.8	53.2	+5.4%	+12.6%
Total revenue	216.0	239.8	+11.0%	+12.0%

Revenue in **France** came in at €116.7 million in the first quarter, accounting for 49% of the Group's overall revenue, with double-digit growth for the Private Cloud and Public Cloud segments. The Web Cloud segment, and in particular, the historical Telephony and Connectivity sub-segments, had a negative impact on growth in France in the first quarter.

In **other European countries**, which account for 29% of the Group's overall revenue, growth in cloud businesses revenue remained strong throughout the first quarter of the 2024 financial year, in line with FY2023. Germany, with a significant contract win in healthcare in the end of the quarter, and Eastern Europe were once again the main drivers

In the **Rest of the World**, which accounts for 22% of the Group's overall revenue, growth also remained strong, particularly in the Private Cloud segment, in the first quarter of 2024, in line with FY2023. This good momentum was achieved despite an economic climate that continued to weigh on performance in North America, particularly in the Public Cloud segment.

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

Change of revenue reporting method

With effect from the first quarter of 2024, the Group is changing the method used to report revenue by region. The amendment does not entail any changes at Group level or by product segment.

External reporting of revenue by region was previously based on the "Country of residence", but will now be based on the "Country of business". The "Country of residence" method consists of recognising a customer's revenue based on its location, whereas the "Country of business" method consists of recognising a customer's revenue based on the entity that manages the business relationship.

This modification does not entail any material change in the Group's past performance. A pro forma of revenue by "Country of residence" is provided in the appendices for the first quarter of 2024.

Calendar

17 January 2024: Investor Day in London

15 February 2024 : Annual Shareholders' Meeting

24 April 2024 : H1 FY2024 Results

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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Appendices

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.

Revenue by segment and geography

<i>In € million</i>	Q1 FY2023 Reported	Q1 FY2024 Reported
Private cloud	133.0	149.6
Public cloud	35.7	43.5
Webcloud & Other	47.3	46.7
Total Revenue	216.0	239.8

<i>Growth in %</i>	Q1 FY2024 LFL	Q1 FY2024 Reported
Private cloud	+14.9%	+12.5%
Public cloud	+18.9%	+21.9%
Webcloud & Other	(1.4)%	(1.4)%
Total Revenue	+12.0%	+11.0%

<i>In € million</i>	Q1 FY2023 Reported	Q1 FY2024 Reported
France	106.8	116.7
Europe (excl. France)	58.7	69.9
Rest of the World	50.5	53.2
Total Revenue	216.0	239.8

<i>Growth in %</i>	Q1 FY2024 LFL	Q1 FY2024 Reported
France	+9.3%	+9.3%
Europe (excl. France)	+16.3%	+18.9%
Rest of the World	+12.6%	+5.4%
Total Revenue	+12.0%	+11.0%

Reconciliation of like-for-like and reported growth

In € million	Q1 FY23 Reported	FX impacts	Perimeter impacts	Strasbourg impacts	Q1 FY23 LFL
Private cloud	133.0	-2.8	0.0	0.0	130.2
Public cloud	35.7	-0.4	1.3	0.0	36.6
Webcloud & Other	47.3	-0.0	0.0	0.0	47.3
Total Revenue	216.0	-3.2	1.3	0.1	214.1

In € million	Q1 FY24 Reported	Perimeter impacts	Strasbourg impacts	Q1 FY24 LFL
Private cloud	149.6	0.0	0.0	149.6
Public cloud	43.5	0.0	0.0	43.5
Webcloud & Other	46.7	0.0	0.0	46.7
Total Revenue	239.8	0.0	0.0	239.8

In € million	Q1 FY23 Reported	FX impacts	Perimeter impacts	Strasbourg impacts	Q1 FY23 LFL
France	106.8	0.0	0.0	0.0	106.8
Europe (excl. France)	58.7	0.0	1.3	0.0	60.1
Rest of the World	50.5	-3.2	0.0	0.0	47.2
Total Revenue	216.0	-3.2	1.3	0.1	214.1

In € million	Q1 FY24 Reported	Perimeter impacts	Strasbourg impacts	Q1 FY24 LFL
France	116.7	0.0	0.0	116.7
Europe (excl. France)	69.9	0.0	0.0	69.9
Rest of the World	53.2	0.0	0.0	53.2
Total Revenue	239.8	0.0	0.0	239.8

Proforma for Revenue by geography by “Country by Residence” (old method)

<i>In € million</i>	Q1 FY2023	Q1 FY2024 Proforma
France	107.1	117.5
Europe (excl. France)	60.1	71.6
Rest of the World	48.8	50.7
Total Revenue	216.0	239.8

<i>Growth in %</i>	Q1 FY2024 LFL Proforma	Q1 FY2024 Proforma
France	+9.8%	+9.7%
Europe (excl. France)	+16.7%	+19.1%
Rest of the World	+10.9%	+3.8%
Total Revenue	+12.0%	+11.0%