

# Rackspace Technology

## Investor Presentation

September 15, 2020

TM

# Disclaimer

## Forward-Looking Statements

Rackspace Technology has made statements in this presentation and other reports, filings, and other public written and verbal announcements that are forward-looking and therefore subject to risks and uncertainties. All statements, other than statements of historical fact, included in this document are, or could be, “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and are made in reliance on the safe harbor protections provided thereunder. These forward-looking statements relate to anticipated financial performance, management’s plans and objectives for future operations, business prospects, outcome of regulatory proceedings, market conditions, our ability to successfully respond to the challenges posed by the COVID-19 pandemic, and other matters. Any forward-looking statement made in this presentation speaks only as of the date on which it is made. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise. Forward-looking statements can be identified by various words such as “expects,” “intends,” “will,” “anticipates,” “believes,” “confident,” “continue,” “propose,” “seeks,” “could,” “may,” “should,” “estimates,” “forecasts,” “might,” “goals,” “objectives,” “targets,” “planned,” “projects,” and similar expressions. These forward-looking statements are based on management’s current beliefs and assumptions and on information currently available to management. Rackspace Technology cautions that these statements are subject to risks and uncertainties, many of which are outside of our control, and could cause future events or results to be materially different from those stated or implied in this document, including among others, risk factors that are described in Rackspace Technology, Inc.’s Registration Statement on Form S-1 (File No. 333-239794), Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other filings with the Securities and Exchange Commission, including the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” contained therein.

## Non-GAAP Measures

To provide investors with additional information in connection with our results as determined in accordance with generally accepted accounting principles in the United States (“GAAP”), we disclose constant currency revenue, Adjusted EPS, Adjusted EBITDA and Adjusted EBITDA margin as non-GAAP financial measures. These non-GAAP financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing our financial results. Therefore, these measures should not be considered in isolation or as an alternative or superior to GAAP measures. You should be aware that our presentation of these measures may not be comparable to similarly-titled measures used by other companies. Reconciliations of each non-GAAP financial measure to the applicable most comparable GAAP measure can be found in the Appendix.

We present these non-GAAP financial measures to provide investors with meaningful supplemental financial information, in addition to the financial information presented on a GAAP basis. Rackspace Technology management believes that excluding items such as the impacts from foreign currency rate fluctuations on our international business operations or certain costs, losses and gains that may not be indicative of, or are unrelated to, our core operating results, and that may vary in frequency or magnitude, enhances the comparability of our results and provides a better baseline for analyzing trends in our business. Rackspace Technology management believes the non-GAAP measures provided are also considered important measures by financial analysts covering Rackspace Technology as equity research analysts continue to publish estimates and research notes based on our non-GAAP commentary.

Amounts on subsequent pages may not add due to rounding.









**Kevin Jones**  
Chief Executive Officer



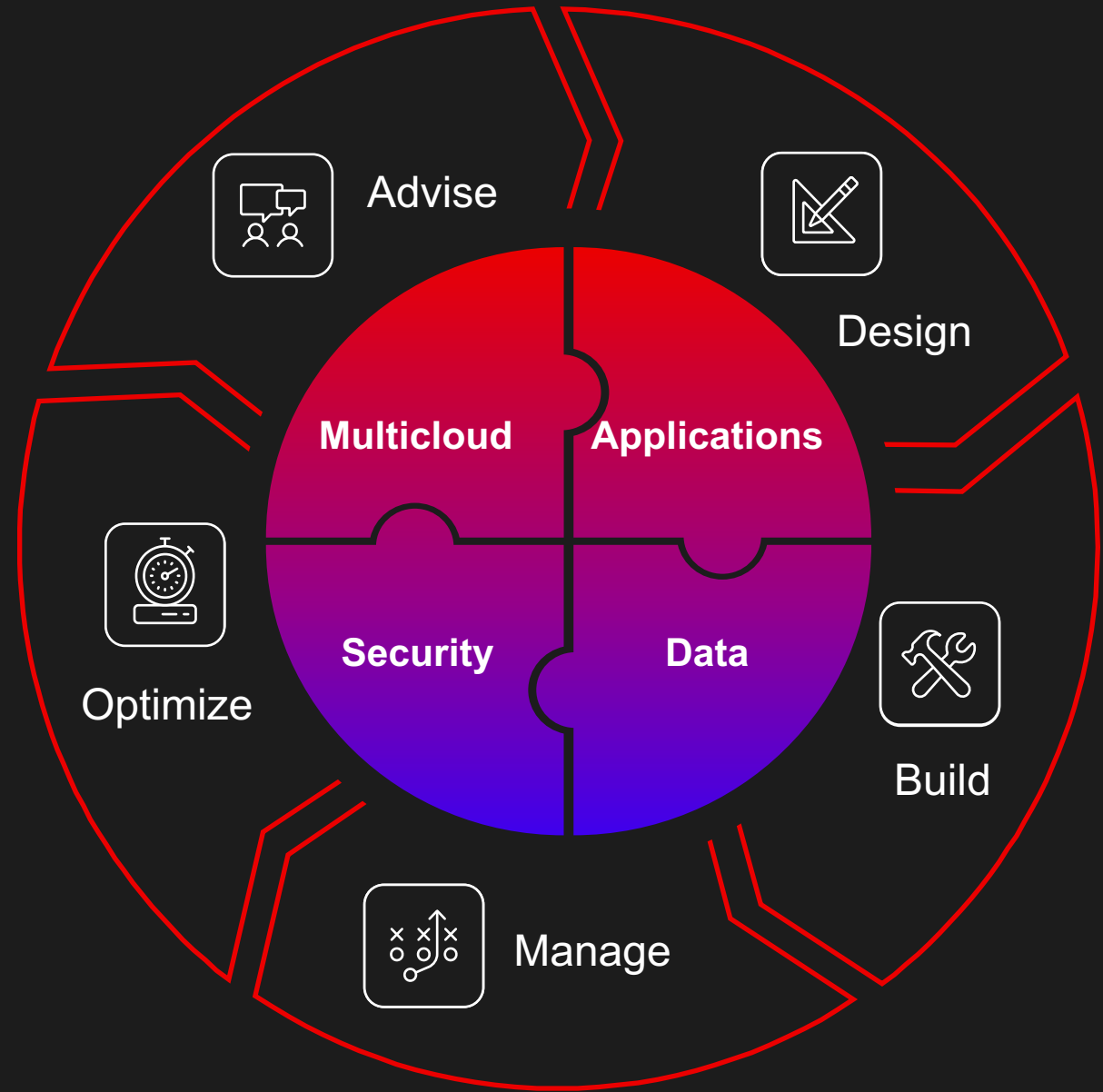
**Dustin Semach**  
Chief Financial Officer

# Rackspace Technology transformed

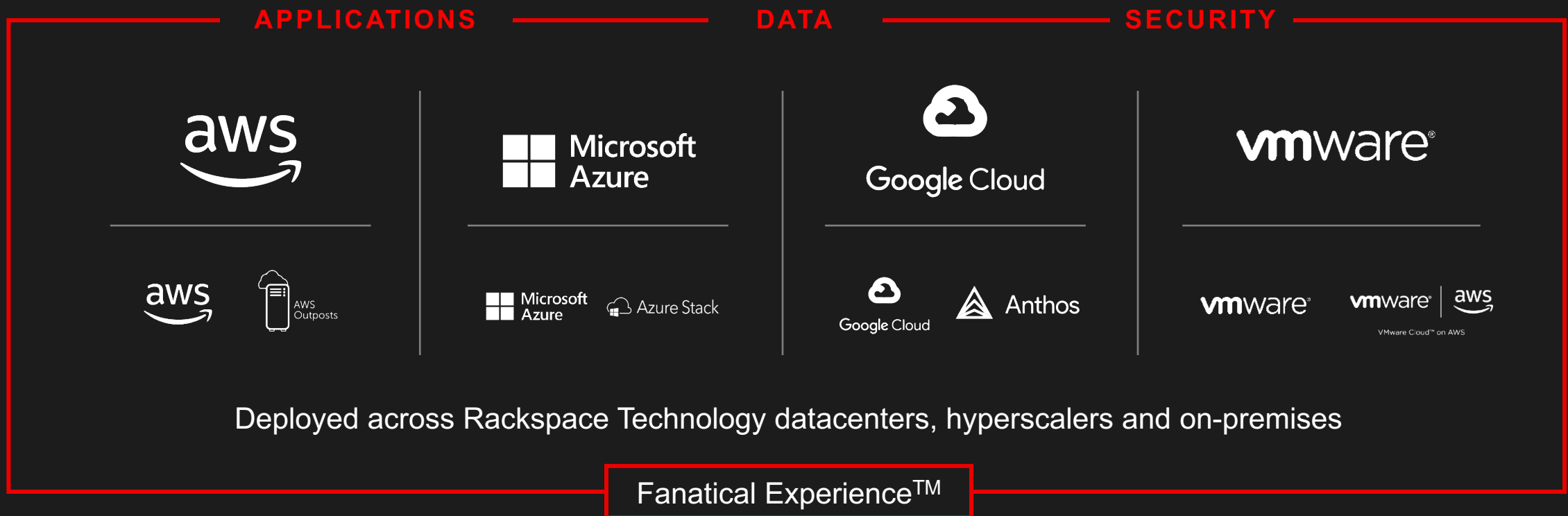
	At LBO	Today
 <p>Market positioning</p>	<p><b>Competitor</b> to public cloud</p>	<p><b>Partner</b> to cloud ecosystem</p>
 <p>Core offerings and services expertise</p>	<p>Managed hosting, OpenStack public cloud</p>	<p>A leader in end-to-end multicloud solutions</p>
 <p>Revenue from segments with attractive growth dynamics</p>	<p><b>&lt;10%</b> (Cloud Office and Managed Cloud Services, LTM Q3 2016)</p>	<p><b>~90%</b> (Multicloud Services and Apps &amp; Cross Platform, LTM Q2 2020)</p>
 <p>Bookings growth</p>	<p><b>(3%)</b> (2016, YoY)</p>	<p><b>107%</b> (Q2 2020, YoY)</p>
 <p>Core segments revenue growth</p>	<p><b>0%</b> (Q3 2016, YoY, Excl. Cloud Office and Managed Cloud Services)</p>	<p><b>7%</b> (Q2 2020, YoY, Excl. OpenStack, PF for acquisition of Onica)</p>
 <p>Capital intensity</p>	<p><b>16%</b> (LTM Q3 2016)</p>	<p><b>9%</b> (LTM Q2 2020)</p>

Note: Core segments revenue growth calculated on a constant currency basis. Refer to Appendix for a reconciliation of constant currency revenue to the most comparable GAAP measure. Also refer to Appendix for more information on how we define Bookings, Core, pro forma revenue growth, and capital intensity.

# We are mission control for multcloud



# Our multicloud delivers flexibility in technology stack and deployment model



AT-SCALE CAPABILITIES ACROSS ALL MAJOR CLOUDS AND EVERYWHERE IN BETWEEN

# Our proprietary technology is at the center of our multicloud capabilities

## RACKSPACE FABRIC™



**8** years of development



**\$1B+**  
invested in Rackspace Technology IP



**12M+**  
hours of development to date

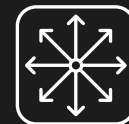
## AUTOMATION



**Solution automation**  
Reduced manual onboarding,  
provisioning, and admin tasks



**Intelligent automation**  
62% of workloads automated



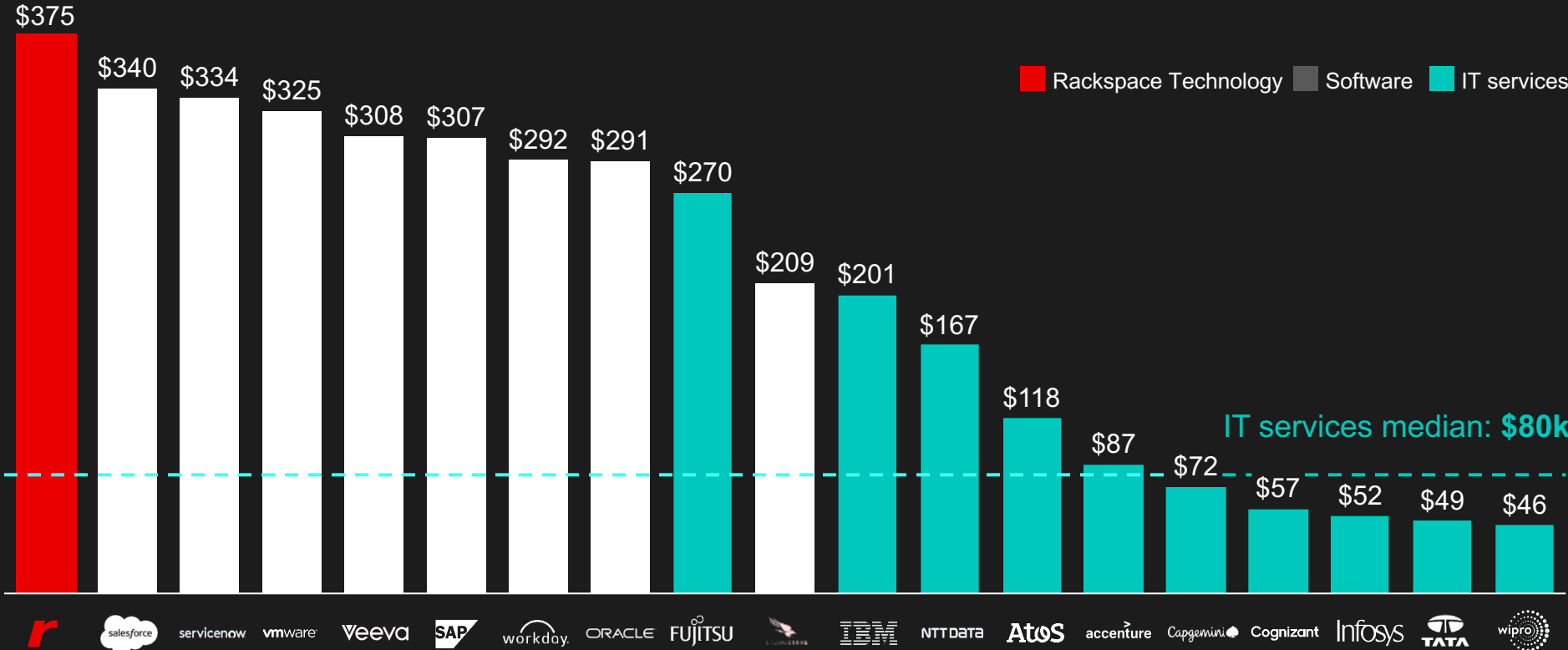
**AI automation**  
1B+ actions per month automated

## FANATICAL EXPERIENCE™

# Driving a highly efficient business with software-like economics

2019 revenue per employee, \$k per employee

**95%+**  
of 2019  
revenues  
are recurring



Rackspace Adjusted EBITDA per employee: **~\$110k**



Note: Rackspace Technology headcount, revenue and Adjusted EBITDA for the year ended 12/31/2019  
 Refer to Appendix for a reconciliation of Adjusted EBITDA to the most comparable GAAP measure  
 Source: FactSet, Company Filings



# Competitive environment

	In-house IT	IT systems integrators	Cloud SPs and digital SIs	Regional MSPs	Hybrid colocation providers
<b>CORE OFFERING</b>	Company's internal IT department	Consulting and outsourcing services for enterprises	Primarily "build" and "manage" services	Cloud services within a single or a few regions	Hardware and network connectivity
<b>WEAKNESS</b>	Scarce skills to manage complexity	Focused on legacy technologies	Services are limited in scope	Sub-scale; unable to meet enterprise needs	Services are limited in scope

# Our competitive advantage positions us to win

## Automation

Automation-driven efficiency and scalability

## Standardization

Efficiency for customers

## Rackspace Fabric™

Investment in technology innovation

## Fanatical Experience™

Best-in-class customer experience

## End-to-end multicloud

Across entire customer lifecycle

## Continuous improvement

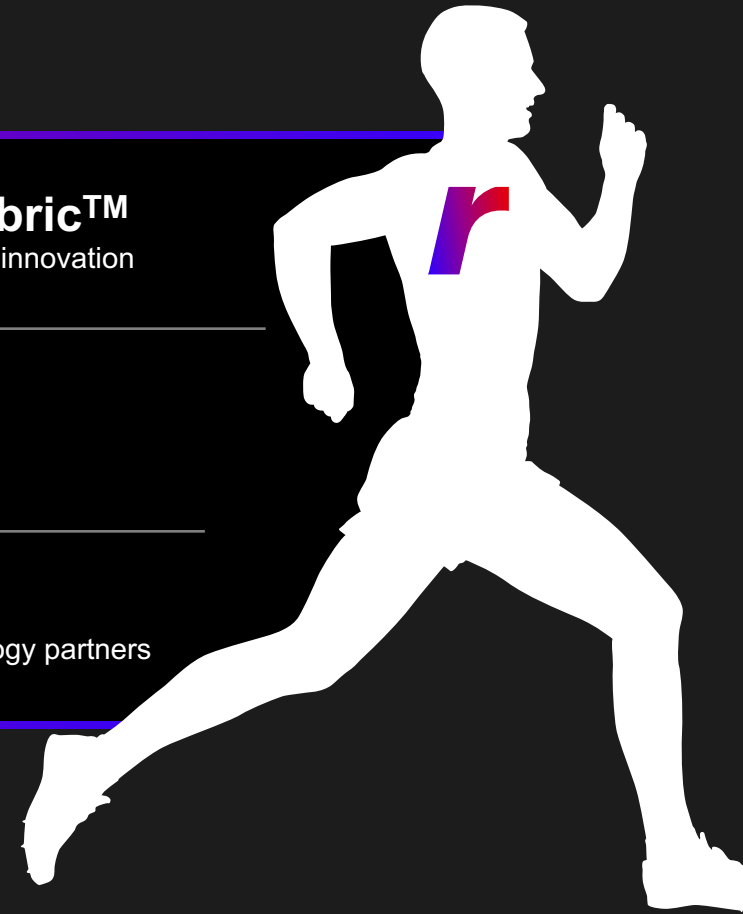
Investments in delivery and experience

## Scale

120k+ customers<sup>1</sup>

## Partnerships

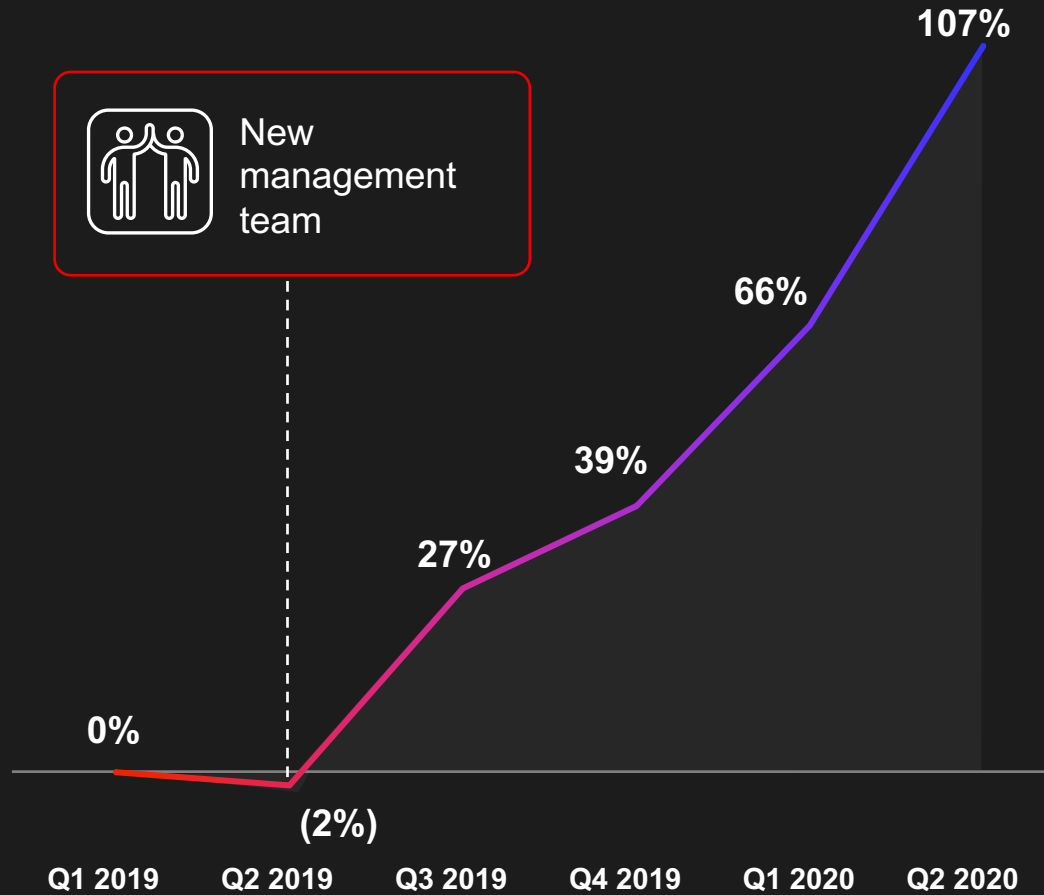
Strength of relationships with technology partners



# Successful execution has accelerated growth

## Total Bookings growth

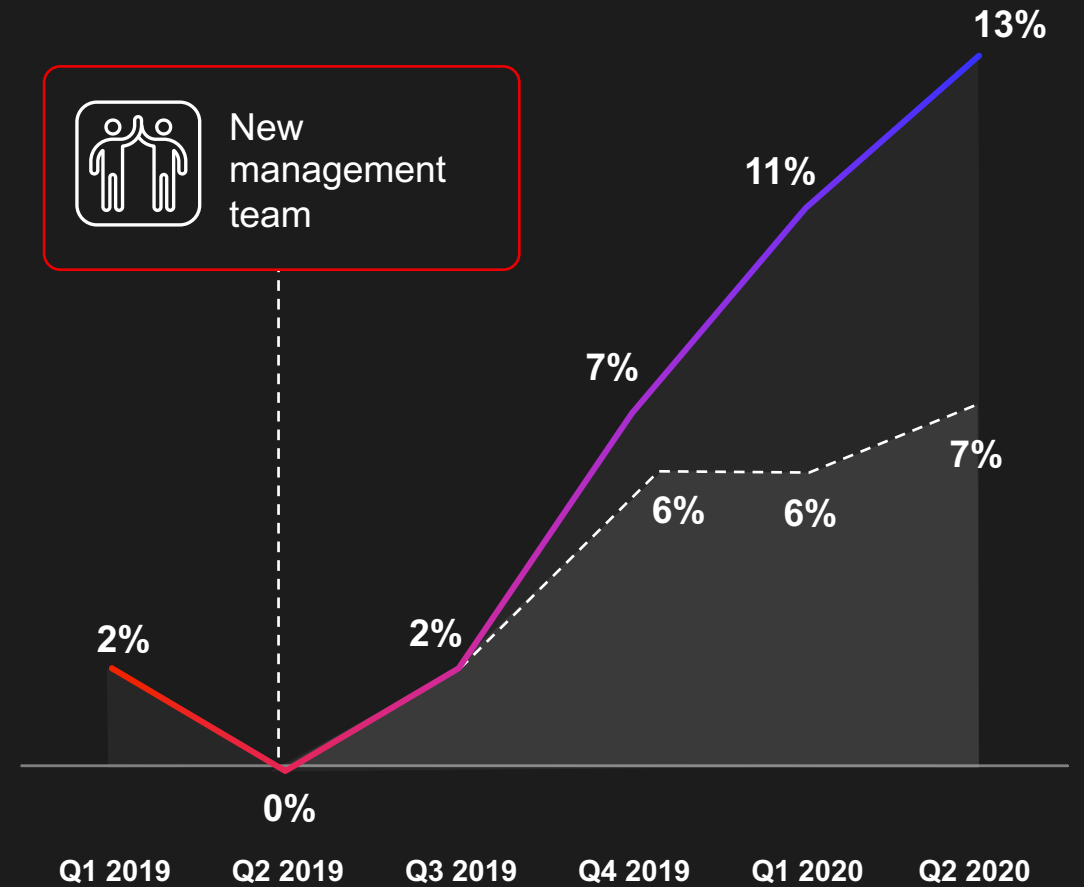
YoY Bookings growth



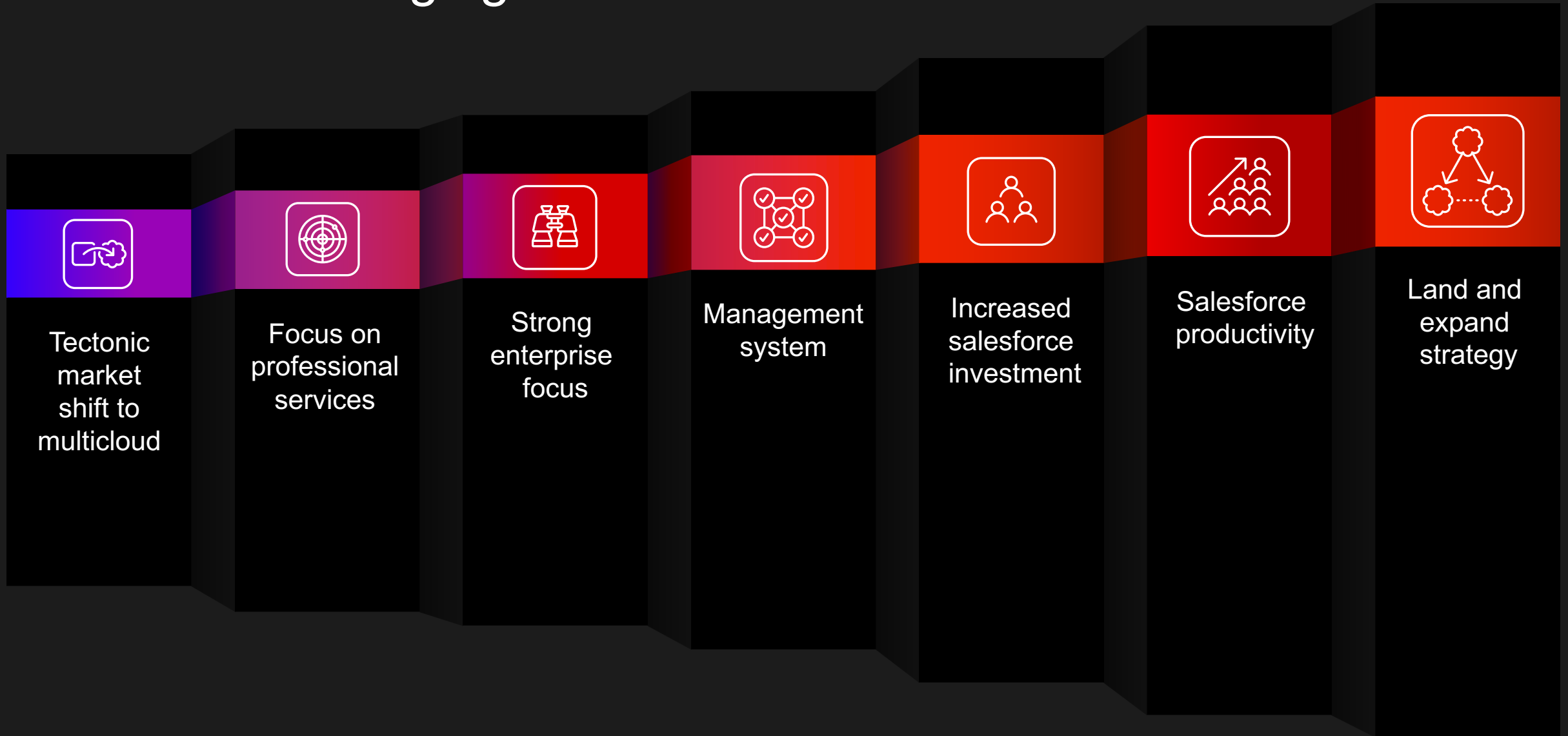
## Core segment revenue growth

YoY Core segment growth

--- YoY PF Core segment growth



# Drivers of Bookings growth



Scale  
**\$2.5B**  
Revenue  
(LTM Q2'20)

Growth in Core segments  
**7%**  
YoY PF core  
revenue growth  
(Q2'20)

Revenue visibility  
**95%+**  
Recurring revenues  
(2019)

## Financial model highlights

Low capital intensity  
**9%**  
Capital intensity  
(LTM Q2'20)

Margin profile  
**29%**  
Adj. EBITDA margin  
(LTM Q2'20)

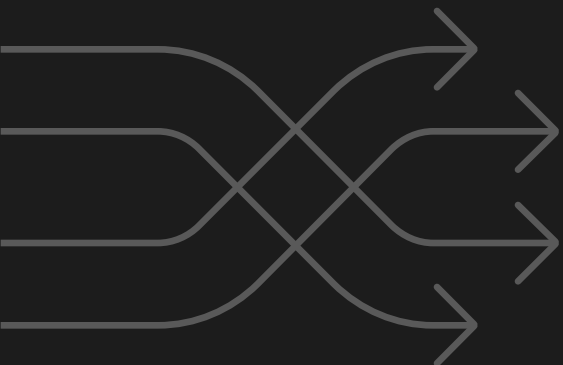
Strong Adj. EBITDA  
**\$748M**  
Adj. EBITDA  
(LTM Q2'20)

# Rackspace Technology FY 2020 outlook

	1 <sup>st</sup> Half Actual 2020	2 <sup>nd</sup> Half 2020	Full year 2020
<b>Revenue growth</b>	9%	9% — 11%	9% — 10%
<b>Core revenue growth</b>	13%	13% — 15%	12.5% — 13.5%
<b>Adjusted EBITDA</b>	\$373 million	\$383 — \$387 million	\$756 — \$760 million
<b>Adjusted EPS</b>	\$0.37 per share	\$0.38 — \$0.44 per share	\$0.75 — \$0.81 per share

# An investment in a leading pure play multicloud solutions company





# Appendix



# Adjusted EBITDA reconciliation

(In millions)	Q2 2019	Q2 2020	1 <sup>st</sup> Half 2020	Q2 2020 (LTM)
Net income (loss)	\$62.5	\$(32.6)	\$(80.8)	\$(188.1)
Interest expense	100.8	68.9	140.9	281.0
Provision (benefit) for income taxes	12.3	(12.3)	(15.3)	(38.0)
Depreciation and amortization	124.3	116.3	237.6	475.7
Share-based compensation expense	6.4	9.1	16.6	34.5
Special bonuses	6.2	5.8	14.1	26.5
Transaction-related adjustments, net	4.6	8.1	16.5	29.6
Restructuring and transformation expenses	12.5	22.1	37.1	65.1
Management fees	3.0	3.5	7.1	17.4
Net (gain) loss on divestiture and investments	(143.4)	(1.0)	(0.9)	43.0
Net gain on extinguishment of debt	(5.0)	—	—	(0.3)
Other (income) expense	(1.5)	(0.3)	0.3	1.3
<b>Adjusted EBITDA</b>	<b>\$182.7</b>	<b>\$187.6</b>	<b>\$373.2</b>	<b>\$747.7</b>

# Constant currency revenue reconciliation

(In millions)	Three Months Ended	Three Months Ended June 30, 2020		
	June 30, 2019	Revenue	Revenue	Foreign Currency Translation
Multicloud Services	\$449.6	\$519.0	\$3.4	\$522.4
Apps & Cross Platform	79.0	79.9	0.2	80.1
<b>Core Revenue</b>	<b>528.6</b>	<b>598.9</b>	<b>3.6</b>	<b>602.5</b>
OpenStack Public Cloud	73.8	57.6	0.5	58.1
<b>Total</b>	<b>\$602.4</b>	<b>\$656.5</b>	<b>\$4.1</b>	<b>\$660.6</b>

(In millions)	Six Months Ended	Six Months Ended June 30, 2020		
	June 30, 2019	Revenue	Revenue	Foreign Currency Translation
Multicloud Services	\$902.4	\$1,026.9	\$4.9	\$1,031.8
Apps & Cross Platform	157.1	161.4	0.3	161.7
<b>Core Revenue</b>	<b>1,059.5</b>	<b>1,188.3</b>	<b>5.2</b>	<b>1,193.5</b>
OpenStack Public Cloud	149.8	120.9	0.5	121.4
<b>Total</b>	<b>\$1,209.3</b>	<b>\$1,309.2</b>	<b>\$5.7</b>	<b>\$1,314.9</b>

# Adjusted Earnings Per Share

(In whole dollars)

Six Months Ended June 30, 2020

GAAP net loss per share diluted	\$(0.49)
Per share impacts of adjustments to net loss	0.86
Impact of shares dilutive after adjustments to net loss	(0.00)
<b>Adjusted EPS</b>	<b>\$0.37</b>

# Definitions

We calculate Bookings for a given period as the annualized monthly value of our recurring customer contracts entered into during the period from (i) new customers and (ii) net upgrades by existing customers within the same workload, plus the actual (not annualized) estimated value of professional services consulting, advisory or project-based orders received during the period. "Recurring customer contracts" are any contracts entered into on a multi-year or month-to-month basis, but excluding any professional services contracts for consulting, advisory or project-based work.

**Bookings**

Bookings for any period may reflect orders that we perform in the same period, orders that remain outstanding as of the end of the period and the annualized value of recurring month-to-month contracts entered into during the period, even if the terms of such contracts do not require the contract to be renewed. Bookings include net upgrades by existing customers within the same workload, but exclude net downgrades by such customers within that workload. Any customer that contracts for a new workload is considered a new customer and the entire value of the contract or upgrade is recorded in Bookings, irrespective of whether the same customer canceled or downgraded other workloads. Bookings also do not include the impact of any known contract non-renewals or service cancellations by our customers, except for positive net upgrades by existing customers. In cases where a new or upgrading customer enters into a multi-year contract, Bookings include only the annualized contract value. Bookings do not include usage-based fees in excess of contracted minimum commitments until actually incurred.

We use Bookings to measure the amount of new business generated in a period, which we believe is an important indicator of new customer acquisition and our ability to cross-sell new services to existing customers. Bookings are also used by management as a factor in determining performance-based compensation for our sales force. While we believe Bookings, in combination with other metrics, is an indicator of our near-term future revenue opportunity, it is not intended to be used as a projection of future revenue. Our calculation of Bookings may differ from similarly titled metrics presented by other companies.

**Core**

Core reflects the results or otherwise pertain to the performance of our Multicloud Services and Apps & Cross Platform segments, in the aggregate. Our Core financial measures exclude the results and performance of our OpenStack Public Cloud segment.

**Pro Forma Revenue Growth**

Pro forma revenue growth is calculated on a constant currency basis, assuming the Onica acquisition was consummated on January 1, 2019.

**Adjusted EBITDA Margin**

Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by revenue for the same period.

**Capital Intensity**

Capital intensity reflects capital expenditures divided by revenue for the same period.

***rackspace***  
***technology***<sup>TM</sup>