

Rackspace Technology

Investor Presentation

February 24, 2021

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), Annual Reports on Form 10-K, 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 Non-GAAP EPS, Non-GAAP Operating Profit, Non-GAAP Net Income, and Adjusted EBITDA 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



Amar Maletira
President and Chief Financial Officer

Agenda



**Summary results
and RXT overview**

Kevin Jones



Financial results

Amar Maletira



Concluding Remarks

Kevin Jones

Rackspace Technology

A leading end-to-end multicloud technology services company

- IPO: August 2020
- NASDAQ: RXT
- Market Cap: ~\$5 Billion
- 2020 Revenue: \$2.7 Billion
- 7,200 employees
- Presence in 120 countries



Well positioned in the large, attractive and growing multicloud services market



Winning differentiators, including proprietary automation technology, deep multicloud expertise, comprehensive partnership ecosystem and fanatical customer experience



Demonstrated track record of execution to drive growth and efficiency








Capital allocation discipline with a focus on organic growth, selective M&A and balance sheet deleveraging



Strong financial model supporting growth across all metrics, including revenue, operating profit, EPS and cash flow

Rackspace Technology transformed

	At LBO	Today
 <p>Market positioning</p>	<p>Competitor to public cloud</p>	<p>Partner 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><10% (Cloud Office and Managed Cloud Services, LTM Q3 2016)</p>	<p>92% (Multicloud Services and Apps & Cross Platform, FY 2020)</p>
 <p>Bookings growth</p>	<p>(3%) (2016, YoY)</p>	<p>61% (2020 vs 2019)</p>
 <p>Core segments revenue growth</p>	<p>0% (Q3 2016, YoY, Excl. Cloud Office and Managed Cloud Services)</p>	<p>9% (FY 2020 Excl. OpenStack, Pro Forma for acquisition of Onica)</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.

The multicloud ecosystem is a large and growing market

Businesses recognize the benefits of multicloud strategies

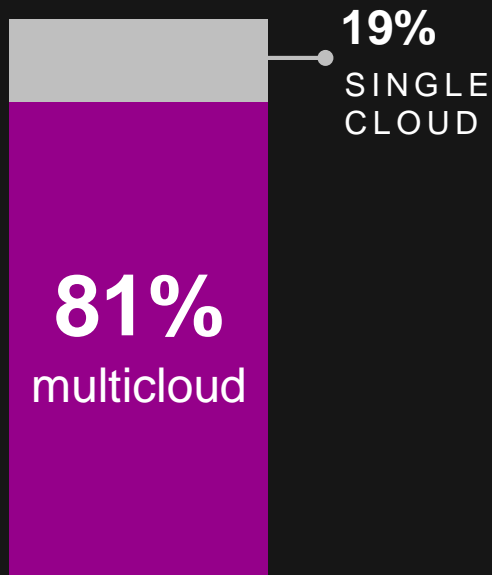


Leading to complexity and driving demand for multicloud services



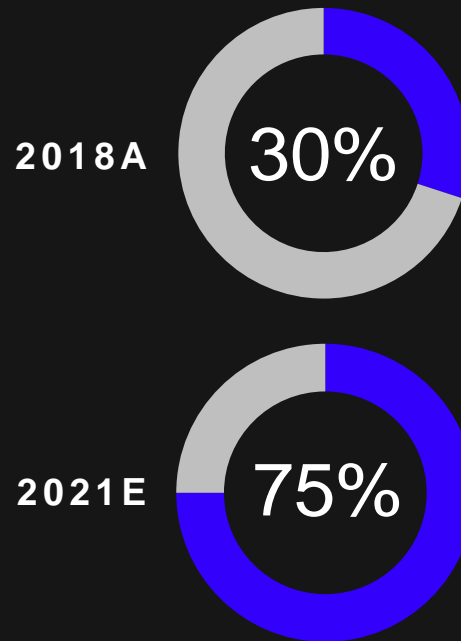
Creating a large market opportunity

% of cloud users working with two or more cloud providers



Gartner, 3 Critical Success Factors for Building Multicloud MSP Solutions, April 2020

% of enterprise customers seeking multicloud managed IaaS and PaaS will require multicloud capabilities from MSPs



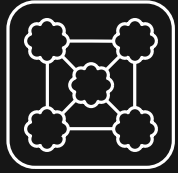
Gartner, Forecast Analysis: Infrastructure Services, Worldwide", September 2019

Managed services and cloud infrastructure market by 2023 (8% CAGR)



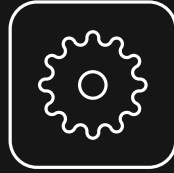
Gartner, "Forecast: IT Services, Worldwide, 2018-2024, 4Q20

Our robust portfolio powers the future of innovation



Multicloud

- Cloud strategy
- Cloud adoption and migration
- Managed services
- Cloud optimization



Applications

- Cloud-optimized COTS apps
- SaaS products
- Cloud native applications
- End-to-end IoT solutions



Data

- Data engineering and strategy
- Relational and next-gen DBs
- Analytics and business insights
- AI/ML-enabled apps and insights



Security

- Data governance and security
- Security design and strategy
- Managed security
- 24x7x365 SOC's

At-scale capabilities across all clouds and everywhere in between

Our people bring the deep technical expertise necessary to deliver solutions across customers' multcloud journeys

2,800+ Cloud certified professionals

400+ Cloud-native application development and migration experts

Best Multicloud approach – right workload on right cloud

Global 120 countries

Leader Gartner Magic Quadrant for Public Cloud Infrastructure Professional and Managed Services, Worldwide

Top tech talent

CERTIFICATIONS*
2,300+



- One of the leading AWS consulting partners with 15 competencies

1,000+



- Expert partner
- Fastest-growing CSP
- Five-time Hosting Partner of the Year

850+



- First Premier Services Partner
- Partner of the Year

400+



- Partner of the Year
- VMware Cloud on AWS Partner
- VMware Cloud Verified Partner

600+



- Partner of the Year

750+



- Nine-time Partner of the Year
- Platinum Partner



* Numbers vary by quarter based on partner program modifications.

Our proprietary technology is at the center of our multicloud capabilities

Rackspace Fabric™



9 years
of development



\$1B+
invested in Rackspace Technology IP



12M+
hours of development to date

Automation



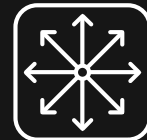
Solution automation

Reduced manual onboarding, provisioning, and admin tasks



Intelligent automation

75% of workloads automated



AI automation

1B+ actions per month automated

Fanatical Experience™

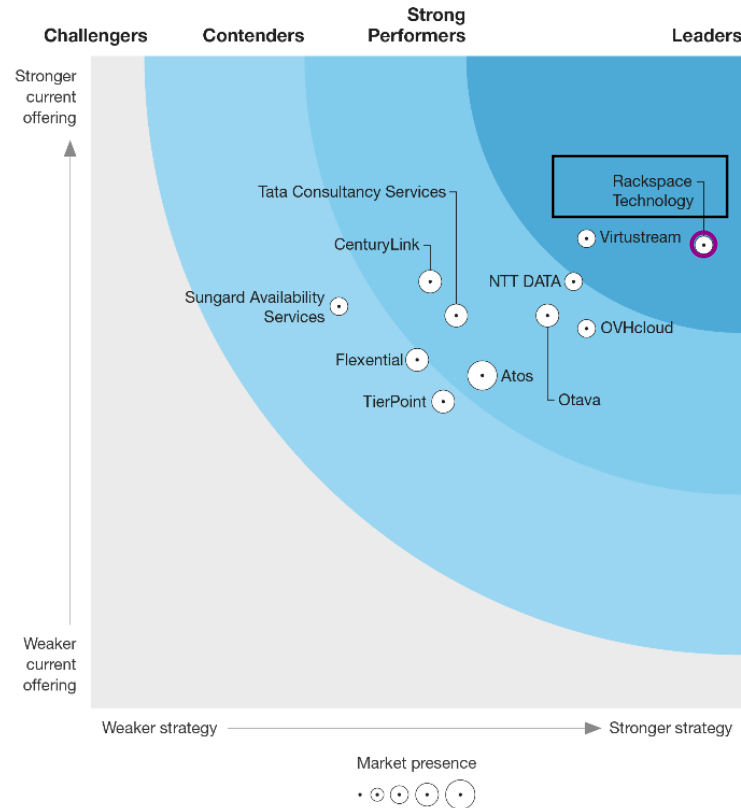
Rackspace Technology recognized as a leader

The Forrester Wave™

Multicloud Managed Service Providers, Q4 2020

Hosted Private Cloud Services in North America, Q2 2020

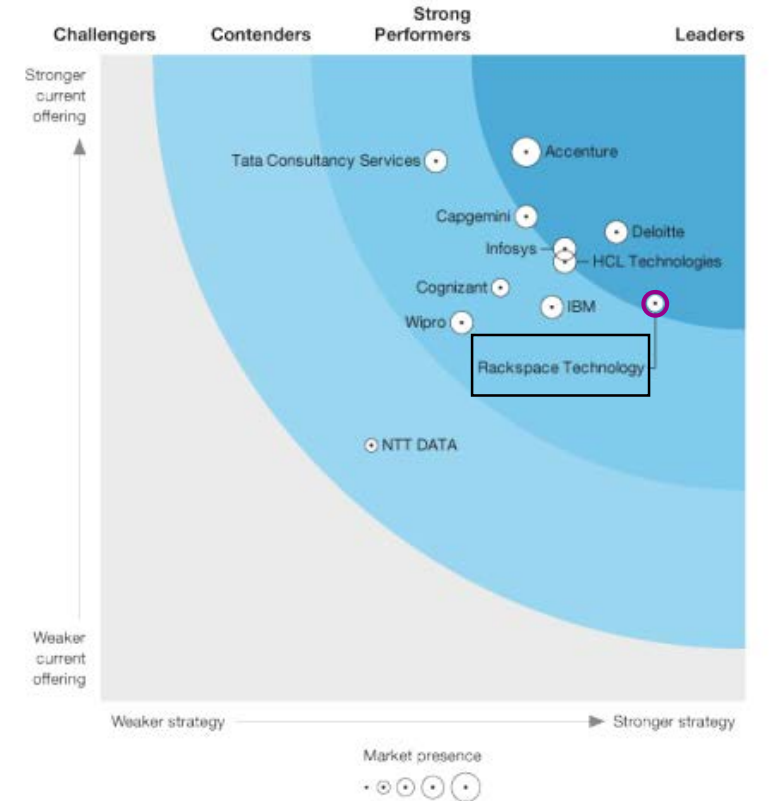
THE FORRESTER WAVE™
Hosted Private Cloud Services In North America
Q2 2020



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THE FORRESTER WAVE™
Multicloud Managed Services Providers
Q4 2020



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Agenda



**Summary results
and RXT overview**
Kevin Jones



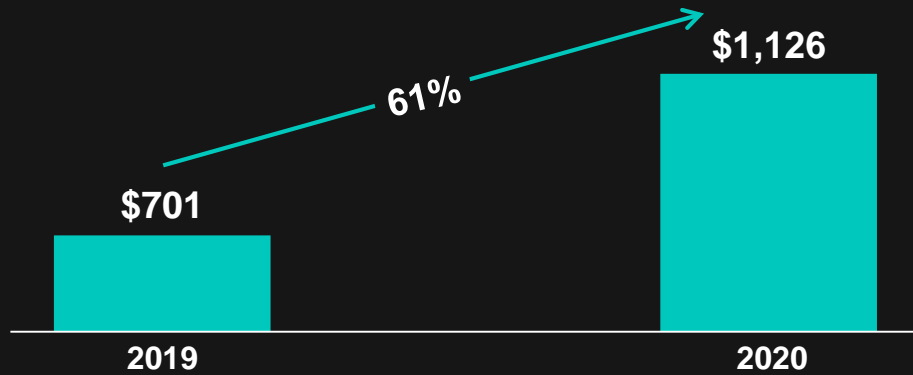
Financial overview
Amar Maletira



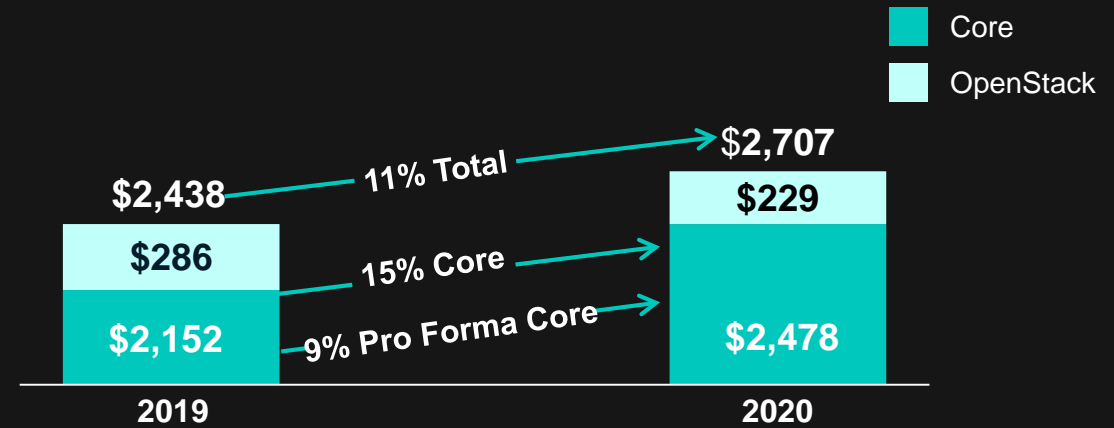
Concluding Remarks
Kevin Jones

12 Months 2020 Key Financial Metrics

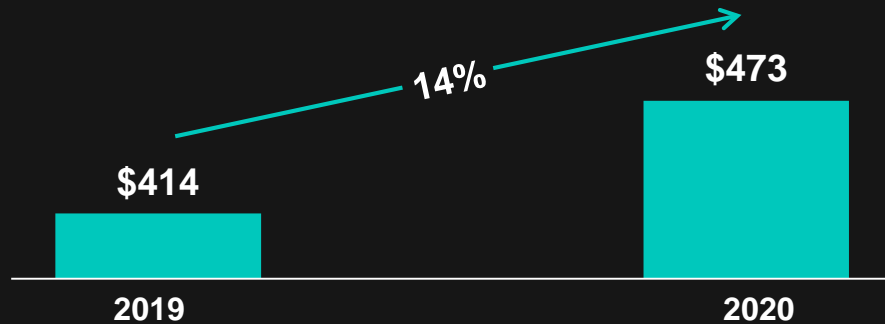
Bookings (\$M)



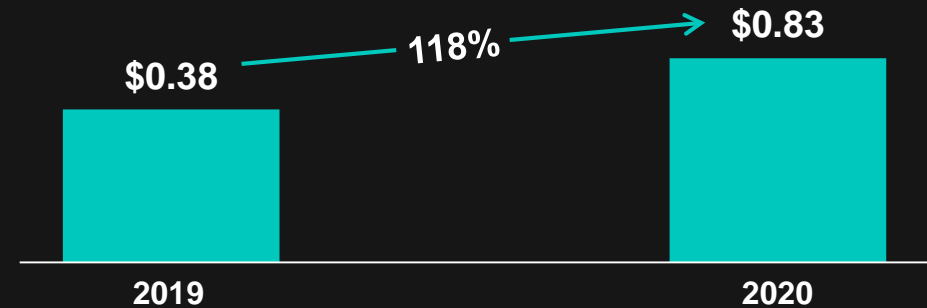
Revenue (\$M)



Non-GAAP Operating Profit (\$M)

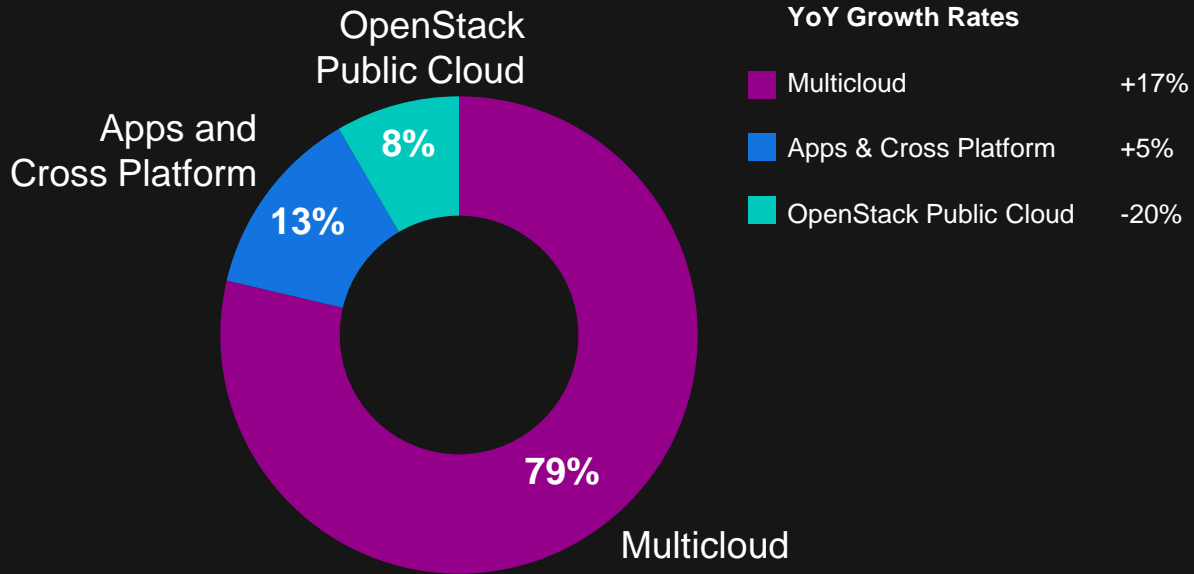


Non-GAAP EPS

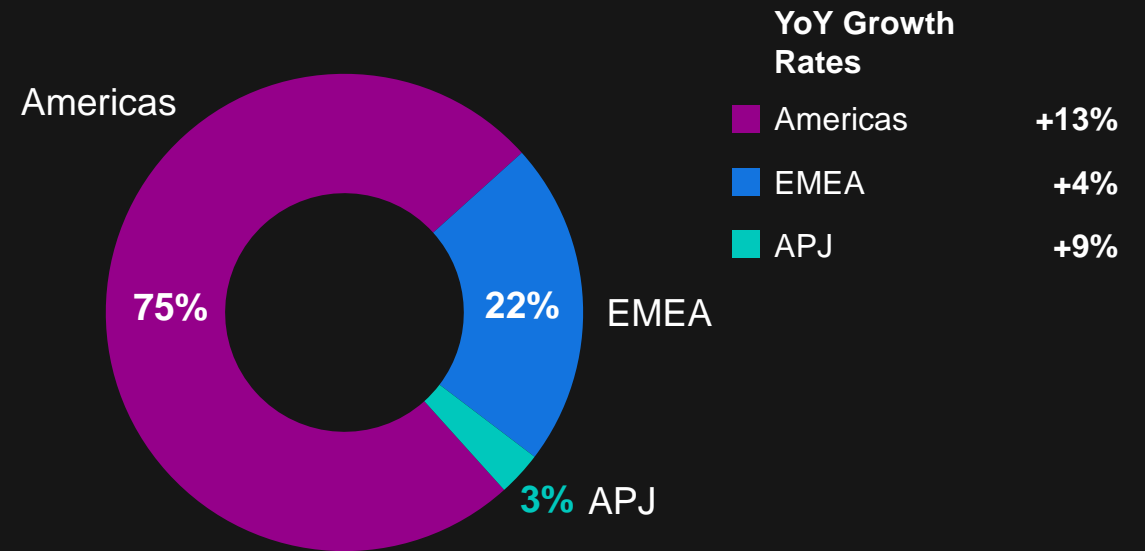


2020 Revenue Mix

Revenue by Segment



Revenue by Geography



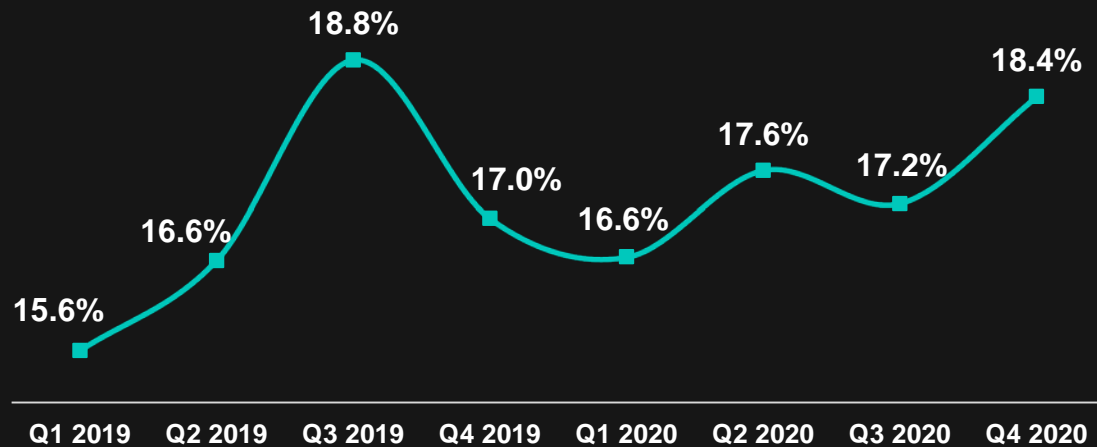
Significant growth in Multicloud with expansion opportunities in apps, data services and managed security mitigating the decline in OpenStack

Early stages of expansion outside of the Americas presents significant opportunities for growth

Non-GAAP Operating margin demonstrates the financial performance of our shift to a capital-light multicloud business model

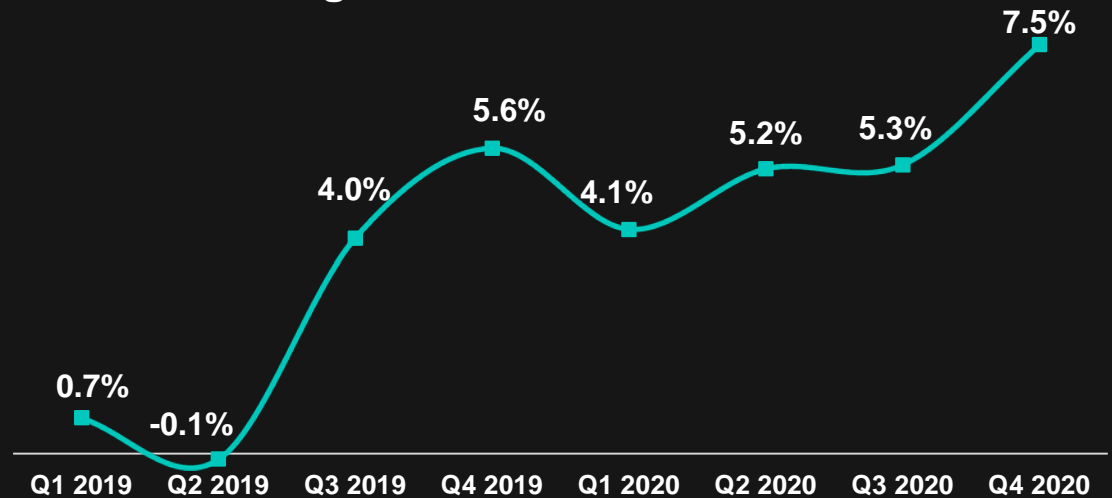
(All metrics presented as Non-GAAP)

Operating Profit Margin



Consistently in the mid to high teens; provide a balanced financial measure of our business model

Net Income Margin



Driven by revenue growth, transformation programs and reduced interest expense

Capital Structure Built for Financial Flexibility

Debt Maturities (after Feb 2021 refinance)



No significant debt maturities for 7 years

At 12/31/2020:

Cash & Cash Equivalents
\$105 million

Undrawn Revolving Credit Facility
\$375 million

LTM net debt to LTM Adj. EBITDA
4.3x

Total Debt
\$3.4 billion

Recent debt repayments and refinance expected to drive annualized cash interest expense savings of ~\$80M

Rackspace Technology FY 2021 outlook

	FY 2021 Guidance	2020 Actual	Growth Rate at Midpoint
REVENUE	\$2.9 - \$3.1 billion	\$2.7 billion	11%
CORE REVENUE	\$2.7 - \$2.9 billion	\$2.5 billion	13%
NON-GAAP OPERATING PROFIT	\$500 - \$530 million	\$473 million	9%
NON-GAAP EPS	\$0.95 - \$1.05	\$0.83	20%
NON-GAAP OTHER INCOME (EXPENSE)	(\$226) – (\$233) million		
NON-GAAP TAX EXPENSE RATE	26%		
NON-GAAP WEIGHTED AVERAGE SHARES	210 - 214 million		

Expected progression of revenue and profit at midpoint of guidance:

	H1'21	H2'21	Q1'21	Q2'21	Q3'21	Q4'21
Revenue	48%	52%	23.9%	24.4%	25.0%	26.7%
Non-GAAP Operating Profit	46%	54%	22.5%	23.3%	25.9%	28.3%

NOTE: Refer to Appendix for more information on how we define Core, Non-GAAP Tax Expense Rate, and Non-GAAP Weighted Average Shares. In 2021, Non-GAAP Other Income and Expense is only expected to include interest expense.

Agenda



**Summary results
and RXT overview**
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Financial results
Amar Maletira



Concluding Remarks
Kevin Jones

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

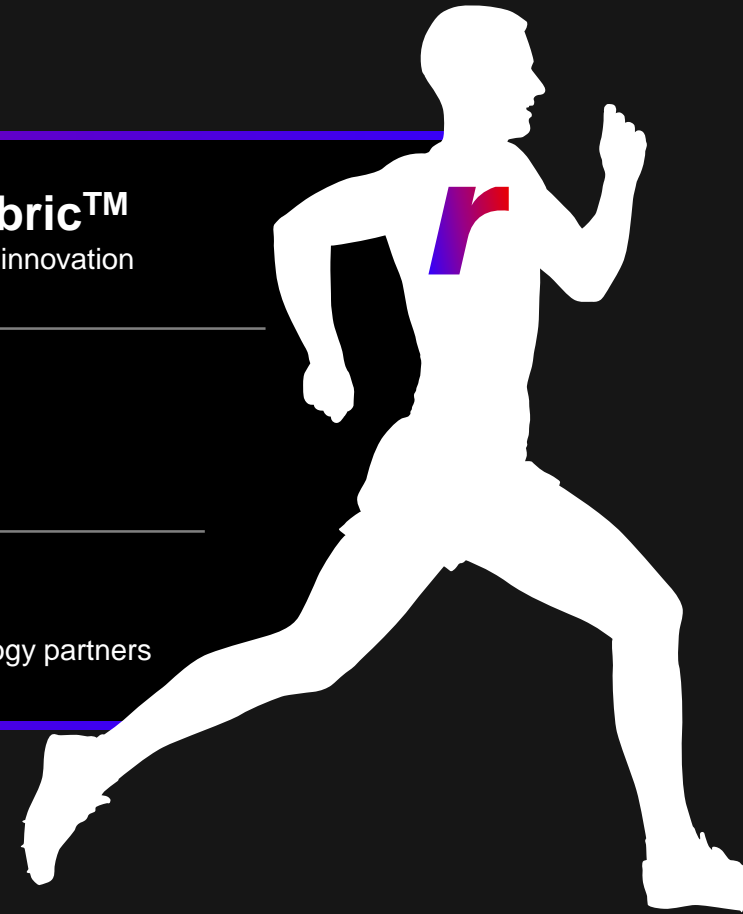
Investments in delivery and experience

Scale

Diverse customer base

Partnerships

Strength of relationships with technology partners



Question and Answer Session

Appendix

Non-GAAP Reconciliations

(In millions)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2019	2020
Net loss	\$(57.5)	\$62.5	\$(60.5)	\$(46.8)	\$(48.2)	\$(32.6)	(101.2)	\$(63.8)	(102.3)	(245.8)
Share-based compensation expense	5.9	6.4	10.5	7.4	7.5	9.1	40.2	17.7	30.2	74.5
Cash settled equity and special bonuses	5.5	6.2	5.9	6.5	8.3	5.8	5.0	18.4	24.1	37.5
Transaction-related adjustments, net	4.8	4.6	4.3	8.8	8.4	8.1	18.9	11.3	22.5	46.7
Restructuring and transformation expenses	13.8	12.5	16.1	11.9	15.0	22.1	22.6	45.1	54.3	104.8
Management fees	2.9	3.0	3.7	6.6	3.6	3.5	1.3	-	16.2	8.4
Net (gain) loss on divestiture and investments	(2.1)	(143.4)	22.1	21.8	0.1	(1.0)	-	0.2	(101.6)	(0.7)
Net (gain) loss on extinguishment of debt	(4.5)	(5.0)	-	(0.3)	-	-	37.0	34.5	(9.8)	71.5
Other (income) expense, net	3.8	(1.5)	(1.3)	2.3	0.6	(0.3)	(0.7)	(2.1)	3.3	(2.5)
Amortization of intangible assets	42.4	41.5	40.6	43.0	44.2	44.0	44.1	44.0	167.5	176.3
Tax effect of non-GAAP adjustments	(11.0)	12.5	(17.6)	(25.9)	(12.5)	(24.4)	(30.8)	(51.7)	(42.0)	(119.4)
Non-GAAP Net Income (Loss)	4.0	(0.7)	23.8	35.3	27.0	34.3	36.4	53.6	62.4	151.3
Interest expense	89.0	100.8	80.9	59.2	72.0	68.9	68.3	59.2	329.9	268.4
Provision (benefit) for income taxes	(9.6)	12.3	(9.2)	(13.5)	(3.0)	(12.3)	(18.1)	(32.8)	(20.0)	(66.2)
Tax effect of non-GAAP adjustments	11.0	(12.5)	17.6	25.9	12.5	24.4	30.8	51.7	42.0	119.4
Non-GAAP Operating Profit	94.4	99.9	113.1	106.9	108.5	115.3	117.4	131.7	414.3	472.9
Depreciation and amortization	133.6	124.3	114.4	123.7	121.3	116.3	117.5	111.1	496.0	466.2
Amortization of intangible assets	(42.4)	(41.5)	(40.6)	(43.0)	(44.2)	(44.0)	(44.1)	(44.0)	(167.5)	(176.3)
Adjusted EBITDA	\$185.6	\$182.7	\$186.9	\$187.6	\$185.6	\$187.6	\$190.8	\$198.8	\$742.8	\$762.8

Non-GAAP Earnings Per Share Reconciliation

(In millions, except per share amounts)	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2019	2020
Net loss attributable to common stockholders	\$ (46.8)	\$ (48.2)	\$ (32.6)	\$ (101.2)	\$ (63.8)	\$ (102.3)	\$ (245.8)
Non-GAAP Net Income	\$ 35.3	\$ 27.0	\$ 34.3	\$ 36.4	\$ 53.6	\$ 62.4	\$ 151.3
Weighted average number of shares - Diluted	165.3	165.4	165.5	186.7	200.7	165.3	179.6
Effect of dilutive securities	0.2	0.9	1.9	5.9	6.2	0.6	3.7
Non-GAAP weighted average number of shares - Diluted	165.5	166.3	167.4	192.6	206.9	165.9	183.3
Net loss per share - Diluted	\$ (0.28)	\$ (0.29)	\$ (0.20)	\$ (0.54)	\$ (0.32)	\$ (0.62)	\$ (1.37)
Per share impacts of adjustments to net loss	0.50	0.45	0.41	0.74	0.59	1.00	2.21
Per share impacts of shares dilutive after adjustments to net loss	(0.01)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)	(0.01)
Non-GAAP EPS	\$ 0.21	\$ 0.16	\$ 0.21	\$ 0.19	\$ 0.26	\$ 0.38	\$ 0.83

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.

Quarterly Net Revenue Retention Rate

Our Quarterly Net Revenue Retention Rate, which we use to measure our success in retaining and growing revenue from our existing customers, compares sequential quarterly revenue from the same cohort of customers. We calculate our Quarterly Net Revenue Retention Rate for a given quarterly period as the revenue from the cohort of customers for the latest reported fiscal quarter (the numerator), divided by revenue from such customers for the immediately preceding fiscal quarter (denominator). Existing customer revenue for the earlier of the two fiscal quarters is calculated on a constant currency basis, applying the average exchange rate for the latest reported fiscal quarter to the immediately preceding fiscal quarter, to eliminate the effects of foreign currency fluctuations. The numerator and denominator only include revenue from customers that we served and from which we recognized revenue in the first month of the earliest of the two quarters being compared. Our calculation of Quarterly Net Revenue Retention Rate for any fiscal quarter includes the positive revenue impacts of selling new services to existing customers and the negative revenue impacts of attrition among this cohort of customers. Our calculation of Quarterly Net Revenue Retention Rate may differ from similarly titled metrics presented by other companies.

Net Promoter Score (NPS)

NPS is a customer loyalty metric that measures customers' willingness to not only return for another purchase or service but also make a recommendation to other organizations or colleagues. Net Promoter Score is a number from -100 to 100.

Capital Intensity

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

Definitions

Non-GAAP Tax Expense Rate

We utilize an estimated structural long-term non-GAAP tax rate in order to provide consistency across reporting periods, removing the effect of non-recurring tax adjustments, which include but are not limited to tax rate changes, U.S. tax reform, share-based compensation, audit conclusions and changes to valuation allowances. For 2019 and 2020, we used a structural non-GAAP tax rate of 26%, which reflects the removal of the tax effect of non-GAAP pre-tax adjustments and non-recurring tax adjustments on a year-over-year basis. The non-GAAP tax rate could be subject to change for a variety of reasons, including the rapidly evolving global tax environment, significant changes in our geographic earnings mix including due to acquisition activity, or other changes to our strategy or business operations. We will re-evaluate our long-term non-GAAP tax rate as appropriate. We believe that making these adjustments facilitates a better evaluation of our current operating performance and comparisons to prior periods.

Non-GAAP Weighted Average Shares

Reflects impact of awards that would have been anti-dilutive to Net loss per share, and therefore not included in the calculation, but would be dilutive to Non-GAAP EPS and are therefore included in the share count for purposes of this non-GAAP measure. Potential common share equivalents consist of shares issuable upon the exercise of stock options, vesting of restricted stock or purchase under the Employee Stock Purchase Plan (the "ESPP"), as well as contingent shares associated with our acquisition of Datapipe Parent, Inc. Certain of our potential common share equivalents are contingent on Apollo achieving pre-established performance targets based on a multiple of their invested capital ("MOIC"), which are included in the denominator for the entire period if such shares would be issuable as of the end of the reporting period assuming the end of the reporting period was the end of the contingency period.

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