

# 1Q FY21 Performance Review

May 28, 2020

# Disclaimer

## NON-GAAP FINANCIAL MEASURES

This presentation includes information about non-GAAP revenue, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP selling, general, and administrative expenses, non-GAAP research and development expenses, non-GAAP operating income, non-GAAP interest and other, net, non-GAAP income tax, non-GAAP net income, non-GAAP net income attributable to non-controlling interests, non-GAAP net income attributable to Dell Technologies Inc. – basic, non-GAAP net income attributable to Dell Technologies Inc. – diluted, non-GAAP earnings per share attributable to Dell Technologies Inc. – basic, non-GAAP earnings per share attributable to Dell Technologies Inc. – diluted, EBITDA, Adjusted EBITDA, free cash flow, and free cash flow, excluding VMware, before impact from DFS related items (collectively the “non-GAAP financial measures”), which are not measurements of financial performance prepared in accordance with U.S. generally accepted accounting principles. We have provided a reconciliation of the non-GAAP measures to the most directly comparable GAAP measures in the slides captioned “Supplemental Non-GAAP Measures.”

## SPECIAL NOTE ON FORWARD LOOKING STATEMENTS

Statements in this material that relate to future results and events are forward-looking statements and are based on Dell Technologies' current expectations. In some cases, you can identify these statements by such forward-looking words as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “confidence,” “may,” “plan,” “potential,” “should,” “will” and “would,” or similar expressions. Actual results and events in future periods may differ materially from those expressed or implied by these forward-looking statements because of a number of risks, uncertainties and other factors, including those discussed in Dell Technologies' periodic reports filed with the Securities and Exchange Commission. Dell Technologies assumes no obligation to update its forward-looking statements.

# We are the essential technology company

Demonstrating our purpose and commitment to our stakeholders today and tomorrow

## PURPOSE

To create technologies that drive human progress.

## VISION

To become the most essential technology company for the data era.

## STRATEGY

Use our unique strengths to win in the consolidation of the markets in which we compete and create differentiated Dell Technologies solutions.



**Customers**



**Shareholders**



**Team Members**



**Partners**



**Community**

# Overview

## 1QFY21

The speed of digital transformation has accelerated and Dell Technologies is well positioned to be the essential technology company today and in the future.

- **Navigating COVID-19**  
We are prioritizing the well-being of our people, support for our customers, and prudently managing our business.
- **Fulfilling demand for work and learn from home solutions**  
Delivered Q1 revenue of \$21.9B driven by strong work and learn from home demand and were the only vendor in the top five to have positive year-over-year PC unit growth for calendar Q1<sup>1</sup>.
- **Growing recurring revenue**  
Q1 recurring revenue of \$6B grew 16% Y/Y driven by deferred revenue amortization, data center utility and as-a-service models<sup>2</sup>.
- **Innovating and integrating**  
Launched new midrange solution PowerStore, announced OneFS for Google Cloud hybrid cloud storage solution, advanced Dell Technologies Cloud with VMware Tanzu Kubernetes Grid and VMware Cloud Foundation 4, and enhanced Dell Technologies On Demand flexible consumption offerings.

<sup>1</sup> Per IDC WW Quarterly Personal Computing Device Tracker CY20Q1

<sup>2</sup> Recurring revenue includes deferred revenue amortization, data center utility and as-a-service models

# Operational Highlights

Our broad portfolio of businesses and capabilities enabled us to work through the crisis and deliver differentiated results - for our customers and our company

## Business Operations

### Global direct sales force

- Successfully pivoted to all-virtual engagements with thousands of virtual customer interactions in the quarter.
- Addressing customer's cash flow requirements by adding to our as-a-Service and financing offerings.
- e-commerce set us apart. In April, site visits to DellTechnologies.com and Dell.com were up 77 percent and 28 percent, respectively.

### Global supply chain

- Scale and resiliency has allowed for flexibility to manage through different challenges over the past year.
- In Q1, we leveraged our global footprint and partnerships to fulfill orders as quickly as possible, exploring all sourcing, production and logistics strategies.

## Our Customers

### • Flight to quality

Customers leaned on technology partners who had the flexibility and agility to provide solutions at scale, across all their IT needs, and deliver services quickly and globally.

### • New York City

Deployed PC's, servers, storage and VMware to NYC Department of Information Technology and Telecommunications to support the city's health care professionals and first responders.

### • Payment Flexibility Program

We rolled out our Payment Flexibility Program so customers can access the technology they need now, scale usage of IT and preserve cash

# Innovating and integrating

Continue creating differentiated solutions by innovating and integrating across the Dell Technologies estate, despite working in a virtual environment



## PowerStore

- Supports any workload; physical, virtual, containerized or file based
- Scale up and scale out with advanced clustering technology
- Guaranteed 4 to 1 data reduction, 3x better than competing solutions
- 7x faster, 3x lower latency<sup>1</sup>
- Integration with VMware Cloud Foundation
- AppsON - hosts user apps directly on the storage array

<sup>1</sup>Based on internal testing versus Unity XT



## OneFS for Google Cloud

- Hybrid cloud deployment, allowing movement of workloads across public and private clouds
- Dell Technologies OneFS file storage system supports workloads as large as 50 petabytes
- Native cloud experience through Google's Cloud analytics and compute services
- Sub-millisecond latency between Dell EMC Isilon and Google compute services



## Payment Flexibility Program

- 0% interest financing for 24 to 36 months
- 180-day payment deferrals on data center infrastructure
- New one-year term on Dell Technologies on Demand offerings
- Short terms, 6 to 12 month lease options on commercial PCs

# Winning in multi-cloud solutions

Delivering the best multi-cloud solutions in the industry

## Expanding Innovation and Partnerships

- **OneFS for Google Cloud**  
Hybrid storage solution for public and private cloud
- **VxRail 7.0 now supporting Kubernetes**  
Dell Technologies Cloud Platform featuring VCF with Tanzu
- **VMware Tanzu portfolio**  
Products and services for enterprise grade cloud native technologies and modern application automation
- **VMware Cloud Foundation 4**  
Delivers hybrid cloud platform for modern apps including native Kubernetes support while delivering intrinsic security. Includes new vSphere 7, new vSan 7, new vRealize 8.1 and NSX-T.

#1 Public Cloud IT Infrastructure

Dell EMC maintained the #1 position with 11.2% share (highest share of named vendors)

Per IDC WW Quarterly Cloud IT Infrastructure Tracker CY19Q4

#1 Private Cloud IT Infrastructure

Dell EMC maintained the #1 position with 22% share (highest share of named vendors)

Per IDC WW Quarterly Cloud IT Infrastructure Tracker CY19Q4

#1 Cloud Management Software

VMware maintained the #1 position with 19.8% share in CY2019

Per IDC WW Cloud System and Service Management Software Market Shares, 2019

#1 Hyperconverged Systems

Dell EMC maintained the #1 position with 33.3% share

Per IDC WW Quarterly Converged Systems Tracker CY19Q4

# Winning in the consolidation

We lead across the markets where we compete and continue to drive consolidation regardless of the market environment

**#1** External Enterprise Storage

Dell EMC maintained the #1 position with 27.6% share

Per IDC WW Quarterly Enterprise Storage Systems Tracker CY19Q4

**#1** Storage Software

Dell EMC maintained the #1 position with 15.3% share

Per IDC WW Storage Software and Cloud Services QView CY19Q4

**#1** All Flash Array

Dell EMC maintained the #1 position with 31.0% share

Per IDC WW Quarterly Enterprise Storage Systems Tracker CY19Q4

**#1** Server Units and Revenue

Dell EMC is the leader in x86 server revenue and units

Per IDC WW Quarterly Server Tracker CY19Q4

**#1** Converged Systems

Dell EMC maintained the #1 position with 35.5% share

Per IDC WW Quarterly Converged Systems Tracker CY19Q4

**#1** Purpose-Built Backup Appliance

Dell EMC maintained the #1 position with 48.3% share

Per IDC WW Quarterly Purpose-Built Backup Appliance Tracker CY19Q4

**#1** Client Business

Leading Client Business by revenue

Client statistic calculated by Dell Technologies utilizing other PC OEMs' financial public filings.

**#1** Flat Panel Monitor

Dell maintained the #1 position for the 28th consecutive quarter with 21.3% share

Per IDC WW Quarterly PC Monitor Tracker CY20Q1

# Consolidated GAAP results<sup>1</sup>

We remain focused on maximizing long-term value creation for all aligned shareholders

\$ in millions, except per share amounts	1Q20	2Q20	3Q20	4Q20	1Q21	Y/Y	Q/Q
<b>Revenue</b>	<b>21,908</b>	<b>23,370</b>	<b>22,844</b>	<b>24,032</b>	<b>21,897</b>	<b>0%</b>	<b>-9%</b>
<b>Gross Margin</b>	<b>6,797</b>	<b>7,326</b>	<b>7,126</b>	<b>7,684</b>	<b>6,853</b>	<b>1%</b>	<b>-11%</b>
SG&A	5,071	5,578	5,028	5,642	4,886	-4%	-13%
R&D	1,176	1,229	1,262	1,325	1,265	8%	-5%
<b>Operating Expense</b>	<b>6,247</b>	<b>6,807</b>	<b>6,290</b>	<b>6,967</b>	<b>6,151</b>	<b>-2%</b>	<b>-12%</b>
<b>Operating Income (Loss)</b>	<b>550</b>	<b>519</b>	<b>836</b>	<b>717</b>	<b>702</b>	<b>28%</b>	<b>-2%</b>
<b>Interest and Other, Net</b>	<b>(693)</b>	<b>(630)</b>	<b>(677)</b>	<b>(626)</b>	<b>(566)</b>	<b>18%</b>	<b>10%</b>
<b>Income Tax</b>	<b>(472)</b>	<b>(4,343)</b>	<b>(393)</b>	<b>(325)</b>	<b>(46)</b>	<b>90%</b>	<b>86%</b>
<i>Effective tax rate %</i>	<i>330.1%</i>	<i>3912.6%</i>	<i>-247.2%</i>	<i>-357.1%</i>	<i>-33.8%</i>		
<b>Net Income (Loss)</b>	<b>329</b>	<b>4,232</b>	<b>552</b>	<b>416</b>	<b>182</b>	<b>-45%</b>	<b>-56%</b>
Less: Net Income attributable to non-controlling interests	36	816	53	8	39	8%	388%
<b>Net Income (loss) attributable to Dell Technologies Inc. - basic</b>	<b>293</b>	<b>3,416</b>	<b>499</b>	<b>408</b>	<b>143</b>	<b>-51%</b>	<b>-65%</b>
Less: Incremental dilution from VMware, Inc.	8	62	6	3	2		
<b>Net Income attributable to Dell Technologies Inc. - diluted</b>	<b>285</b>	<b>3,354</b>	<b>493</b>	<b>405</b>	<b>141</b>		
<b>Earnings Per Share - basic</b> <sup>2</sup>	<b>0.41</b>	<b>4.75</b>	<b>0.69</b>	<b>0.56</b>	<b>0.19</b>		
<b>Earnings Per Share - diluted</b> <sup>2</sup>	<b>0.38</b>	<b>4.47</b>	<b>0.66</b>	<b>0.54</b>	<b>0.19</b>		

<sup>1</sup> Results include material adjustments related to purchase accounting and other items. For additional detail on these adjustments, please refer to supplemental slides in the appendix.

<sup>2</sup> See appendix B for weighted average shares and EPS calculation

# Consolidated non-GAAP results<sup>1</sup>

Delivered \$21.9B of revenue despite challenging market conditions driven by the strength in VMware and CSG

\$ in millions, except per share amounts	1Q20	2Q20	3Q20	4Q20	1Q21	Y/Y	Q/Q
<b>Revenue</b>	<b>21,990</b>	<b>23,454</b>	<b>22,928</b>	<b>24,129</b>	<b>21,945</b>	<b>0%</b>	<b>-9%</b>
<b>Gross Margin</b>	<b>7,434</b>	<b>7,986</b>	<b>7,768</b>	<b>8,375</b>	<b>7,325</b>	<b>-1%</b>	<b>-13%</b>
SG&A	4,178	4,150	4,206	4,460	4,055	-3%	-9%
R&D	1,060	1,093	1,120	1,148	1,109	5%	-3%
<b>Operating Expense</b>	<b>5,238</b>	<b>5,243</b>	<b>5,326</b>	<b>5,608</b>	<b>5,164</b>	<b>-1%</b>	<b>-8%</b>
<b>Operating Income (Loss)</b>	<b>2,196</b>	<b>2,743</b>	<b>2,442</b>	<b>2,767</b>	<b>2,161</b>	<b>-2%</b>	<b>-22%</b>
<b>Interest and Other, Net</b>	<b>(755)</b>	<b>(710)</b>	<b>(695)</b>	<b>(660)</b>	<b>(780)</b>	<b>-3%</b>	<b>-18%</b>
<b>Income Tax</b>	<b>232</b>	<b>282</b>	<b>302</b>	<b>423</b>	<b>238</b>	<b>3%</b>	<b>-44%</b>
<i>Effective tax rate %</i>	<i>16.1%</i>	<i>13.9%</i>	<i>17.3%</i>	<i>20.1%</i>	<i>17.2%</i>		
<b>Net Income (Loss)</b>	<b>1,209</b>	<b>1,751</b>	<b>1,445</b>	<b>1,684</b>	<b>1,143</b>	<b>-5%</b>	<b>-32%</b>
Less: Net Income attributable to non-controlling interests	109	131	124	171	127	17%	-26%
<b>Net Income attributable to Dell Technologies Inc. - basic</b>	<b>1,100</b>	<b>1,620</b>	<b>1,321</b>	<b>1,513</b>	<b>1,016</b>	<b>-8%</b>	<b>-33%</b>
Less: Incremental dilution from VMware, Inc.	8	9	6	8	4		
<b>Net Income attributable to Dell Technologies Inc. - diluted</b>	<b>1,092</b>	<b>1,611</b>	<b>1,315</b>	<b>1,505</b>	<b>1,012</b>		
<b>Earnings Per Share - basic</b> <sup>2</sup>	<b>1.53</b>	<b>2.25</b>	<b>1.82</b>	<b>2.06</b>	<b>1.37</b>		
<b>Earnings Per Share - diluted</b> <sup>2</sup>	<b>1.45</b>	<b>2.15</b>	<b>1.75</b>	<b>2.00</b>	<b>1.34</b>		

<sup>1</sup> See supplemental slides in Appendix B for reconciliation of GAAP to Non-GAAP measures.

<sup>2</sup> See appendix B for weighted average shares and EPS calculation

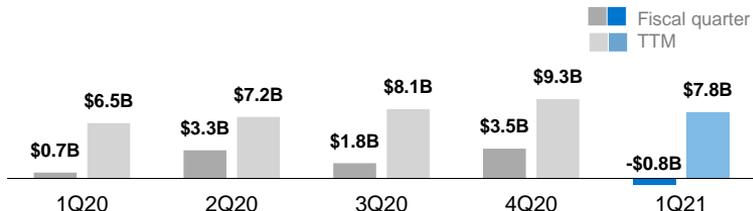
# Select financial metrics

Effectively managing working capital in a challenging environment. Expect cash flow to normalize in the coming quarters

## CASH FLOW FROM OPERATIONS

**-\$0.8B**

-217% Y/Y

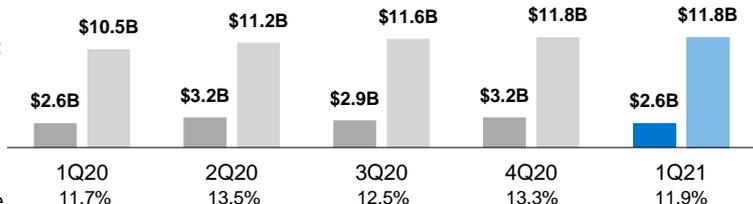


## ADJUSTED EBITDA<sup>2</sup>

**\$2.6B**

+1% Y/Y

11.9% of non-GAAP revenue

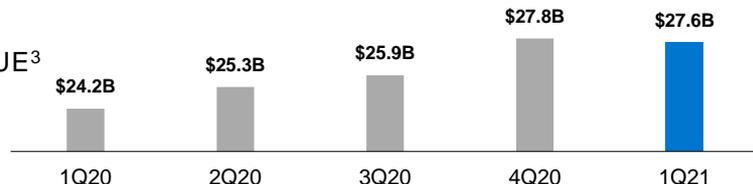


## DEFERRED REVENUE<sup>3</sup>

**\$27.6B**

+14% Y/Y

-1% Q/Q



\$0.8B use of cash flow from operations due to ~\$0.9B COVID impact on timing of collections and higher inventory, annual bonus payout, and P&L seasonality.

Trailing twelve month adjusted free cash flow of \$7.6B<sup>1</sup>.

Solid trailing twelve month adjusted EBITDA<sup>2</sup> of \$11.8B, 11.9% of non-GAAP revenue.

Deferred revenue up 14% Y/Y adding revenue stability<sup>3</sup>. Recurring revenue now \$6B a quarter up 16% Y/Y<sup>4</sup>.

<sup>1</sup> This metric normalizes for the cash flow statement impacts of operating leases and funding DFS, as reflected in Appendix B.

<sup>2</sup> See supplemental slides in Appendix B for reconciliation of Net Income to Adjusted EBITDA.

<sup>3</sup> Total deferred revenue as of quarter-end includes purchase accounting adjustments.

<sup>4</sup> Recurring revenue includes deferred revenue amortization, data center utility and as-a-service models

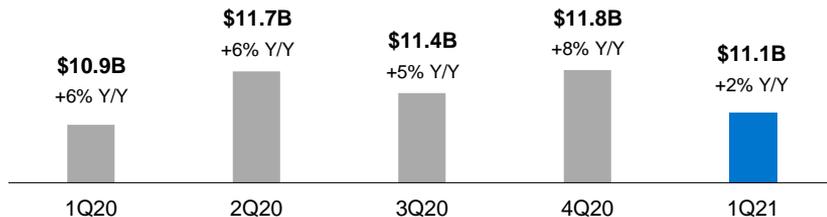
# Client Solutions Group

Strong demand for remote work and learning solutions drove strong commercial client and notebook performance

## REVENUE

**\$11.1B**

+2% Y/Y  
-6% Q/Q



	1Q20	2Q20	3Q20	4Q20	1Q21
Commercial	\$8.3B, +13% Y/Y	\$9.1B, +12% Y/Y	\$8.3B, +9% Y/Y	\$8.6B, +10% Y/Y	\$8.6B, +4% Y/Y
Consumer	\$2.6B, -10% Y/Y	\$2.7B, -12% Y/Y	\$3.1B, -6% Y/Y	\$3.2B, +4% Y/Y	\$2.5B, -5% Y/Y

## OPERATING INCOME

**\$592M**

-25% Y/Y  
-5% Q/Q



	1Q20	2Q20	3Q20	4Q20	1Q21
5.3% of CSG revenue	7.3%	8.4%	6.5%	5.3%	5.3%
-200 bps Y/Y	+210 bps Y/Y	+460 bps Y/Y	+240 bps Y/Y	+20 bps Y/Y	-200 bps Y/Y

Strong revenue driven by double-digit growth in commercial notebooks and mobile workstations.

Gained 180 bps of worldwide unit market share in PCs in Q1. Have now gained share 28 of the last 29 quarters<sup>1</sup>.

Profitability impacted by mix shift to large bids, higher component costs, and increased costs due to COVID-19.

Moved up to #2 worldwide in Commercial PC sales with 26.2% unit market share<sup>1</sup>.

<sup>1</sup> Results Market Sources: Per IDC WW Personal Computing Device Tracker CY20Q1 on a Y/Y basis

# Infrastructure Solutions Group

Solid demand growth in VxRail and unstructured storage

## REVENUE

**\$7.6B**

-8% Y/Y  
-14% Q/Q



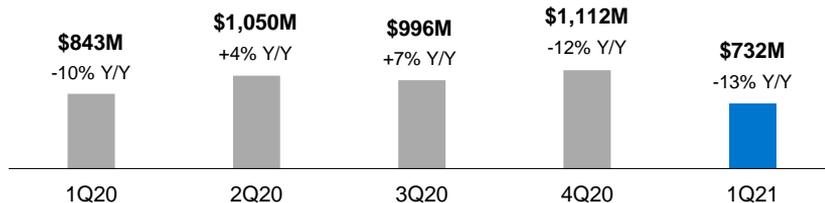
Servers & Networking  
Storage

Category	1Q20	2Q20	3Q20	4Q20	1Q21
Servers & Networking	\$4.2B, -9% Y/Y	\$4.4B, -12% Y/Y	\$4.2B, -16% Y/Y	\$4.3B, -19% Y/Y	\$3.8B, -10% Y/Y
Storage	\$4.0B, -1% Y/Y	\$4.2B, +0% Y/Y	\$4.1B, +7% Y/Y	\$4.5B, -3% Y/Y	\$3.8B, -5% Y/Y

## OPERATING INCOME

**\$732M**

-13% Y/Y  
-34% Q/Q



9.7% of ISG revenue  
-60 bps Y/Y

Quarter	Operating Income (\$M)	Y/Y Change (bps)
1Q20	10.3%	-50 bps Y/Y
2Q20	12.2%	+120 bps Y/Y
3Q20	11.9%	+140 bps Y/Y
4Q20	12.7%	-10 bps Y/Y
1Q21	9.7%	-60 bps Y/Y

Double digit demand growth in VxRail and high-end PowerMax solutions. Solid demand in unstructured storage.

Seeing slightly better orders results for mainstream servers and expect to gain share in this category.

Expect to gain storage share in high-end, purpose-built back-up appliances and unstructured arrays.

Expect to gain mainstream server world wide for calendar Q1.

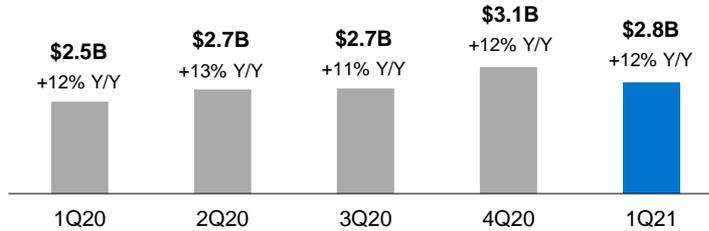
# VMware

VMware business unit had another solid quarter, delivering \$2.8B of revenue, up 12% Y/Y, driven by broad-based strength across portfolio

## REVENUE

**\$2.8B**

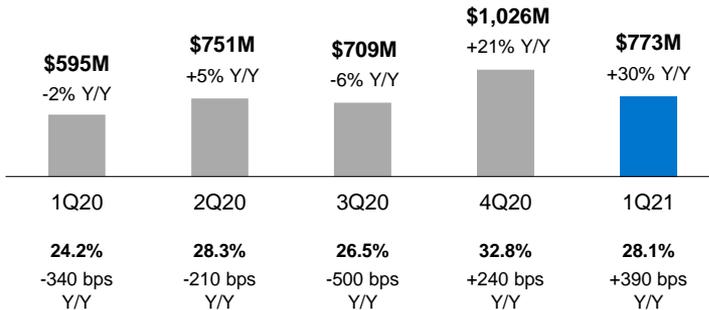
+12% Y/Y  
-12% Q/Q



## OPERATING INCOME

**\$773M**

+30% Y/Y  
-25% Q/Q



28.1% of VMware revenue  
+390 bps Y/Y

Quarter	Operating Margin (%)	Change (bps)
1Q20	24.2%	-340
2Q20	28.3%	-210
3Q20	26.5%	-500
4Q20	32.8%	+240
1Q21	28.1%	+390

<sup>1</sup> Based on VMware's stand-alone results

Subscription and SaaS revenue grew 39% Y/Y<sup>1</sup>.

NSX and vSAN product bookings grew over 20% Y/Y<sup>1</sup>.

Strong revenue performance from EUC, Carbon Black, and VeloCloud. VMware Cloud on AWS offering saw triple-digit revenue growth<sup>1</sup>.

Carbon Black customer count increased to more than 15,000<sup>1</sup>

# Debt & capital structure

Ample support for various types of debt with paydown accretive to equity

## CORE DEBT



Supported by adjusted FCF generation (~\$3.9B<sup>1</sup> TTM ex-VMware) & cash on hand.

## DFS-RELATED DEBT



Supported by \$10.4B high quality DFS receivables<sup>3</sup>.

Majority of debt is non-recourse to Dell.

## VMWARE DEBT



Supported by VMware's FCF generation (~\$3.7B TTM) and cash on hand.

## MARGIN LOAN



Secured by \$12.5B<sup>2</sup> equity value in VMware.

<sup>1</sup> Adjusted free cash flow normalizes for the cash flow statement impacts of operating leases and funding DFS, as reflected in Appendix B.

<sup>2</sup> Equity value calculated off VMware's share price as of 5/01/2020, and represents only a portion of Dell Technologies shareholdings in VMware.

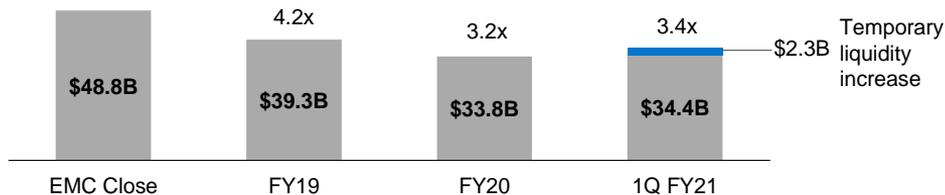
<sup>3</sup> Based on DFS internal scorecards, a majority of our financing receivables have an investment grade profile. Over the past 12 months the principal charge-off for our total portfolio was 1% of our financing receivables.

# Debt paydown & maturity profile

Capital structure well positioned for any macroeconomic environment

## CORE DEBT REDUCTION<sup>1</sup>

**\$12.2B**

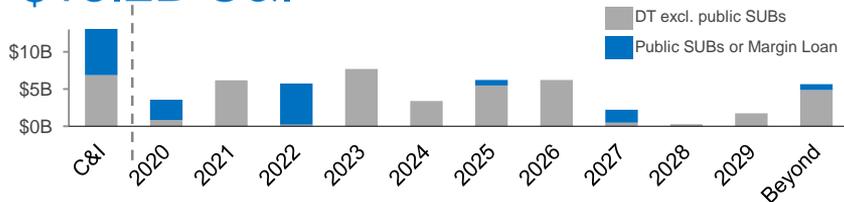


\$12.2B core debt reduction since EMC close after temporary Q1 debt increase.

Strong liquidity position with \$13.2B C&I and \$5.5B undrawn revolver capacity.

## CASH & MATURITY LADDER<sup>2</sup>

**\$13.2B C&I**



Only \$0.8B core debt due in FY21.

3.4x core leverage, down by 0.8x over the past 15 months.

Intend to reduce core debt by \$5.5B in FY21<sup>4</sup>.

Expect the majority of debt paydown will be in the second half of the year.

## MATURITY LADDER<sup>3</sup>

<sup>1</sup> Core leverage ratio calculated using core debt as numerator and core EBITDA as denominator; core EBITDA calculated using Dell Technologies consolidated Adjusted EBITDA less 19% of VMware EBITDA less DFS estimated EBITDA. DFS estimated EBITDA calculated as a 4% return on assets comprised of financing receivables and DFS operating lease balance. 4% return on assets is derived from a peer benchmark analysis and is an indicative proxy for DFS EBITDA.

<sup>2</sup> Principal Face Value of 2019-2029 calendar year maturities, excluding DFS debt and undrawn revolving credit facilities.

<sup>3</sup> In calendar years

<sup>4</sup> Our intent is to reduce core debt by approximately \$5.5 billion in FY21 dependent on macro and related business performance.

# Key Takeaways

In a world that is increasingly looking for resiliency, reliability and innovation, we are uniquely positioned to emerge from this time as the essential technology company for the data era.

- **Different company than three years ago**

We have assembled a broad set of capabilities that are differentiated within the industry and drive an attractive financial model. We have broad diversification across our portfolio of software and service solutions

- **Innovating and integrating**

Continue to deliver on powerful integrated solutions across our Dell Technologies portfolio and continue to strengthen our multi-cloud solutions. Expect us to continue to deliver best in class highly integrated solutions.

- **Q2 and core debt**

We saw strong demand in February and March, but did see demand soften in the last month of the quarter. As a result, we expect Q2 to be seasonally lower than prior years, which has typically been up 6% to 8% sequentially. Our intent is to reduce core debt by approximately \$5.5 billion in FY21 dependent on macro and related business performance.

# Appendix A

## Debt and DFS summary

# Debt summary

\$ in billions <sup>1,2</sup>	EMC Close	1Q20	2Q20	3Q20	4Q20	1Q21 <sup>6</sup>
Revolver	2.0	-	-	-	-	-
Term Loan A	9.4	6.0	4.6	4.2	4.2	4.1
Term Loan B	5.0	4.9	4.9	4.8	4.7	4.7
Investment Grade Notes	20.0	20.8	20.8	20.8	20.8	23.0
DFS Allocated Debt	(1.0)	(1.3)	(1.4)	(0.9)	(1.5)	(0.9)
<b>Total Core Secured Debt <sup>3</sup></b>	<b>35.4</b>	<b>30.4</b>	<b>28.8</b>	<b>28.8</b>	<b>28.2</b>	<b>31.0</b>
High Yield Notes	3.3	3.3	3.3	2.7	2.7	2.7
Asset Sale Bridge	2.2	-	-	-	-	-
Legacy Dell Unsecured Notes	2.5	2.0	1.4	1.4	1.4	1.4
Legacy EMC Unsecured Notes	5.5	3.0	3.0	3.0	1.6	1.6
<b>Total Unsecured Core Debt</b>	<b>13.4</b>	<b>8.2</b>	<b>7.6</b>	<b>7.1</b>	<b>5.7</b>	<b>5.7</b>
<b>Total Core Debt <sup>4</sup></b>	<b>48.8</b>	<b>38.6</b>	<b>36.4</b>	<b>35.9</b>	<b>33.8</b>	<b>36.6</b>
Margin Loan	2.5	4.0	4.0	4.0	4.0	4.0
Mirror Loan	1.5	-	-	-	-	-
<b>Total Other Debt</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>
DFS Debt	3.5	6.3	6.6	7.6	7.8	8.3
DFS Allocated Debt	1.0	1.3	1.4	0.9	1.5	0.9
<b>Total DFS Related Debt</b>	<b>4.5</b>	<b>7.6</b>	<b>8.1</b>	<b>8.4</b>	<b>9.3</b>	<b>9.1</b>
<b>Total Debt, Excluding Public Subsidiaries <sup>5</sup></b>	<b>57.3</b>	<b>50.2</b>	<b>48.5</b>	<b>48.4</b>	<b>47.1</b>	<b>49.8</b>
<b>Total Public Subsidiary Debt</b>	<b>-</b>	<b>4.0</b>	<b>4.1</b>	<b>4.7</b>	<b>5.6</b>	<b>7.6</b>
<b>Total Debt, Including Public Subsidiaries <sup>5</sup></b>	<b>57.3</b>	<b>54.2</b>	<b>52.6</b>	<b>53.0</b>	<b>52.7</b>	<b>57.3</b>

<sup>1</sup> Amounts are based on underlying data and may not visually foot due to rounding.

<sup>2</sup> Principal Face Value.

<sup>3</sup> Core Secured Debt represents secured term loans, investment grade notes, and revolver. It excludes DFS allocated debt based on a 7:1 leverage ratio of DFS financing receivables and fixed assets supporting operating leases.

<sup>4</sup> Core Debt represents the total amount of our debt, less: (a) unrestricted subsidiary debt, (b) DFS related debt, and (c) other debt.

<sup>5</sup> VMware and their respective subsidiaries are considered unrestricted subsidiaries for purposes of the existing debt of Dell Technologies.

<sup>6</sup> Does not include VMware item - On May 11, 2020, VMware, Inc. repaid \$1,250 million principal amount of its 2.30% Notes due August 2020.

# DFS summary

\$ in billions	1Q20	2Q20	3Q20	4Q20	1Q21
<b>Originations</b> <sup>1</sup>	1.7	2.0	2.0	2.8	1.8
Trailing twelve months	7.3	7.4	7.8	8.5	8.6
<b>Financing Receivables</b> <sup>2</sup>	8.4	8.8	9.1	9.7	9.5
<b>Operating Leases</b> <sup>3</sup>	0.3	0.4	0.6	0.8	1.0
<b>Total Managed Assets</b> <sup>4</sup>	9.7	10.2	10.7	11.6	11.3

<sup>1</sup> Originations represent the amounts of financing provided by DFS to customers for equipment and related software and services, including third-party originations.

<sup>2</sup> Amounts represent financing receivables included on the Dell Technologies Statements of Financial Position.

<sup>3</sup> Amount represents net carrying value of equipment for DFS operating leases.

<sup>4</sup> Total managed assets consists of financing receivables, syndicated receivables we still service, and operating leases.

# Appendix B

## Supplemental non-GAAP measures

# Supplemental non-GAAP measures

## Revenue and gross margin

\$ in millions	1Q20	2Q20	3Q20	4Q20	1Q21
<b>GAAP revenue</b>	<b>21,908</b>	<b>23,370</b>	<b>22,844</b>	<b>24,032</b>	<b>21,897</b>
Impact of purchase accounting <sup>1</sup>	82	84	84	97	48
<b>Non-GAAP revenue</b>	<b>21,990</b>	<b>23,454</b>	<b>22,928</b>	<b>24,129</b>	<b>21,945</b>
<b>GAAP gross margin</b>	<b>6,797</b>	<b>7,326</b>	<b>7,126</b>	<b>7,684</b>	<b>6,853</b>
Amortization of intangibles	519	519	517	526	372
Impact of purchase accounting <sup>1</sup>	84	85	86	98	51
Transaction costs <sup>2</sup>	(5)	-	-	-	-
Stock-based compensation	26	32	33	38	40
Other corporate expenses <sup>3</sup>	13	24	6	29	9
<b>Total adjustments to gross margin</b>	<b>637</b>	<b>660</b>	<b>642</b>	<b>691</b>	<b>472</b>
<b>Non-GAAP gross margin</b>	<b>7,434</b>	<b>7,986</b>	<b>7,768</b>	<b>8,375</b>	<b>7,325</b>
<i>GM % of non-GAAP revenue</i>	<i>33.8%</i>	<i>34.0%</i>	<i>33.9%</i>	<i>34.7%</i>	<i>33.4%</i>

<sup>1</sup> This amount includes non-cash purchase accounting adjustments primarily related to the EMC merger transaction.

<sup>2</sup> Consists of acquisition, integration, and divestiture-related costs.

<sup>3</sup> Consists of severance, facility action, and other costs.

# Supplemental non-GAAP measures

## SG&A, R&D and operating expense

\$ in millions	1Q20	2Q20	3Q20	4Q20	1Q21
<b>GAAP SG&amp;A</b>	<b>5,071</b>	<b>5,578</b>	<b>5,028</b>	<b>5,642</b>	<b>4,886</b>
Amortization of intangibles	(698)	(541)	(540)	(548)	(483)
Impact of purchase accounting <sup>1</sup>	(17)	(17)	(10)	(12)	(12)
Transaction costs <sup>2</sup>	(48)	(45)	(76)	(119)	(76)
Stock based compensation	(126)	(145)	(158)	(190)	(182)
Other corporate expenses <sup>3</sup>	(4)	(680)	(38)	(313)	(78)
<b>Non-GAAP SG&amp;A</b>	<b>4,178</b>	<b>4,150</b>	<b>4,206</b>	<b>4,460</b>	<b>4,055</b>
<b>GAAP R&amp;D</b>	<b>1,176</b>	<b>1,229</b>	<b>1,262</b>	<b>1,325</b>	<b>1,265</b>
Amortization of intangibles	-	-	-	-	-
Impact of purchase accounting <sup>1</sup>	-	-	-	(2)	-
Transaction costs <sup>2</sup>	1	(2)	-	(1)	-
Stock based compensation	(111)	(124)	(131)	(148)	(148)
Other corporate expenses <sup>3</sup>	(6)	(10)	(11)	(26)	(8)
<b>Non-GAAP R&amp;D</b>	<b>1,060</b>	<b>1,093</b>	<b>1,120</b>	<b>1,148</b>	<b>1,109</b>
<b>GAAP operating expenses</b>	<b>6,247</b>	<b>6,807</b>	<b>6,290</b>	<b>6,967</b>	<b>6,151</b>
Amortization of intangibles	(698)	(541)	(540)	(548)	(483)
Impact of purchase accounting <sup>1</sup>	(17)	(17)	(10)	(14)	(12)
Transaction costs <sup>2</sup>	(47)	(47)	(76)	(120)	(76)
Stock based compensation	(237)	(269)	(289)	(338)	(330)
Other corporate expenses <sup>3</sup>	(10)	(690)	(49)	(339)	(86)
<b>Total adjustments to operating expenses</b>	<b>(1,009)</b>	<b>(1,564)</b>	<b>(964)</b>	<b>(1,359)</b>	<b>(987)</b>
<b>Non-GAAP operating expenses</b>	<b>5,238</b>	<b>5,243</b>	<b>5,326</b>	<b>5,608</b>	<b>5,164</b>
<i>OpEx % of non-GAAP revenue</i>	<i>23.8%</i>	<i>22.4%</i>	<i>23.2%</i>	<i>23.2%</i>	<i>23.6%</i>

<sup>1</sup> This amount includes non-cash purchase accounting adjustments primarily related to the EMC merger transaction.

<sup>2</sup> Consists of acquisition, integration, and divestiture-related costs.

<sup>3</sup> Consists of impairment charges and severance, facility action, and other costs.

# Supplemental non-GAAP measures

## Operating Income

\$ in millions	1Q20	2Q20	3Q20	4Q20	1Q21
<b>GAAP operating income (loss)</b>	<b>550</b>	<b>519</b>	<b>836</b>	<b>717</b>	<b>702</b>
<b>Non-GAAP adjustments:</b>					
Amortization of intangibles	1,217	1,060	1,057	1,074	855
Impact of purchase accounting <sup>1</sup>	101	102	96	112	63
Transaction costs <sup>2</sup>	42	47	76	120	76
Stock based compensation	263	301	322	376	370
Other corporate expenses <sup>3</sup>	23	714	55	368	95
<b>Total adjustments to operating income</b>	<b>1,646</b>	<b>2,224</b>	<b>1,606</b>	<b>2,050</b>	<b>1,459</b>
<b>Non-GAAP operating income</b>	<b>2,196</b>	<b>2,743</b>	<b>2,442</b>	<b>2,767</b>	<b>2,161</b>
<i>OpInc % of non-GAAP revenue</i>	<i>10.0%</i>	<i>11.7%</i>	<i>10.7%</i>	<i>11.5%</i>	<i>9.8%</i>

<sup>1</sup> This amount includes non-cash purchase accounting adjustments primarily related to the EMC merger transaction.

<sup>2</sup> Consists of acquisition, integration, and divestiture-related costs.

<sup>3</sup> Consists of impairment charges and severance, facility action, and other costs.

# Supplemental non-GAAP measures

## Interest and other

\$ in millions	1Q20	2Q20	3Q20	4Q20	1Q21
<b>GAAP interest and other, net:</b>					
Investment income, primarily interest	44	42	41	33	24
Gain on investments, net	62	80	18	34	94
Interest expense	(699)	(692)	(654)	(630)	(672)
Foreign exchange	(45)	(35)	(43)	(39)	(99)
Other	(55)	(25)	(39)	(24)	87
	<hr/>				
<b>GAAP interest and other, net</b>	<b>(693)</b>	<b>(630)</b>	<b>(677)</b>	<b>(626)</b>	<b>(566)</b>
<b>Adjustments:</b>					
Non-GAAP adjustments <sup>1</sup>	62	80	18	34	214
	<hr/>				
<b>Non-GAAP interest and other, net</b>	<b>(755)</b>	<b>(710)</b>	<b>(695)</b>	<b>(660)</b>	<b>(780)</b>
<i>I&amp;O as a % of non-GAAP revenue</i>	<i>-3.4%</i>	<i>-3.0%</i>	<i>-3.0%</i>	<i>-2.7%</i>	<i>-3.5%</i>
	<hr/>				

<sup>1</sup> Primarily consists of the fair value adjustments on strategic equity investments, as well as a gain on the sale of Virtustream assets recognized during Q1 2021.

# Supplemental non-GAAP measures

## Net income

\$ in millions	1Q20	2Q20	3Q20	4Q20	1Q21
<b>GAAP net income (loss)</b>	<b>329</b>	<b>4,232</b>	<b>552</b>	<b>416</b>	<b>182</b>
<b>Non-GAAP adjustments:</b>					
Amortization of intangibles	1,217	1,060	1,057	1,074	855
Impact of purchase accounting <sup>1</sup>	101	102	96	112	63
Transaction costs <sup>2</sup>	42	47	76	120	(44)
Stock based compensation	263	301	322	376	370
Other corporate expenses <sup>3</sup>	23	714	55	368	95
Fair value adjustments on equity investments <sup>4</sup>	(62)	(80)	(18)	(34)	(94)
Aggregate adjustment for income taxes <sup>5</sup>	(704)	(4,625)	(695)	(748)	(284)
<b>Total adjustments to net income</b>	<b>880</b>	<b>(2,481)</b>	<b>893</b>	<b>1,268</b>	<b>961</b>
<b>Non-GAAP net income</b>	<b>1,209</b>	<b>1,751</b>	<b>1,445</b>	<b>1,684</b>	<b>1,143</b>
<i>NI % of non-GAAP revenue</i>	<i>5.5%</i>	<i>7.5%</i>	<i>6.3%</i>	<i>7.0%</i>	<i>5.2%</i>

<sup>1</sup> This amount includes non-cash purchase accounting adjustments primarily related to the EMC merger transaction.

<sup>2</sup> Consists of acquisition, integration, and divestiture-related costs.

<sup>3</sup> Consists of impairment charges and severance, facility action, and other costs.

<sup>4</sup> Consists of the gain (loss) on strategic investments, which includes the fair value adjustments on equity investments.

<sup>5</sup> Consists of the tax effects of non-GAAP adjustments, as well as an adjustment for discrete tax items.

# Supplemental non-GAAP measures

## Net income attributable to non-controlling interests

\$ in millions	1Q20	2Q20	3Q20	4Q20	1Q21
<b>GAAP net income attributable to non-controlling interests</b>	<b>36</b>	<b>816</b>	<b>53</b>	<b>8</b>	<b>39</b>
Amortization of intangibles <sup>1</sup>	73	71	75	76	60
Impact of purchase accounting <sup>2</sup>	6	6	5	6	3
Transaction costs <sup>3</sup>	3	2	13	32	7
Stock based compensation	46	51	55	65	54
Other corporate expenses <sup>4</sup>	-	-	-	45	-
Fair value adjustments on equity investments <sup>5</sup>	(26)	100	(50)	-	(1)
Aggregate adjustment for income taxes <sup>6</sup>	(29)	(915)	(27)	(61)	(35)
<b>Total adjustments to net income attributable to non-controlling interests</b>	<b>73</b>	<b>(685)</b>	<b>71</b>	<b>163</b>	<b>88</b>
<b>Non-GAAP net income attributable to non-controlling interests</b>	<b>109</b>	<b>131</b>	<b>124</b>	<b>171</b>	<b>127</b>

<sup>1</sup> Amortization of intangibles reflects Dell Technologies Inc. basis.

<sup>2</sup> This amount includes non-cash purchase accounting adjustments primarily related to the EMC merger transaction.

<sup>3</sup> Consists of acquisition, integration and divestiture-related costs.

<sup>4</sup> Other corporate expenses represents accrual for VMware legal settlement.

<sup>5</sup> Consists of the gain (loss) on strategic investments, which includes the fair value adjustments on equity investments.

<sup>6</sup> Consists of the tax effects of non-GAAP adjustments, as well as an adjustment for discrete tax items.

# Supplemental non-GAAP measures

## Net Income Attributable to Dell Technologies Inc.

\$ in millions	1Q20	2Q20	3Q20	4Q20	1Q21
<b>GAAP net income (loss) attributable to Dell Technologies Inc.</b>	<b>293</b>	<b>3,416</b>	<b>499</b>	<b>408</b>	<b>143</b>
Amortization of intangibles	1,217	1,060	1,057	1,074	855
Impact of purchase accounting <sup>1</sup>	101	102	96	112	63
Transaction costs <sup>2</sup>	42	47	76	120	(44)
Stock based compensation	263	301	322	376	370
Other corporate expenses <sup>3</sup>	23	714	55	368	95
Fair value adjustments on equity investments <sup>4</sup>	(62)	(80)	(18)	(34)	(94)
Aggregate adjustment for income taxes <sup>5</sup>	(704)	(4,625)	(695)	(748)	(284)
Total non-GAAP adjustments attributable to non-controlling interests	(73)	685	(71)	(163)	(88)
<b>Total adjustments to net income attributable to Dell Technologies Inc.</b>	<b>807</b>	<b>(1,796)</b>	<b>822</b>	<b>1,105</b>	<b>873</b>
<b>Non-GAAP net income attributable to Dell Technologies Inc. - basic</b>	<b>1,100</b>	<b>1,620</b>	<b>1,321</b>	<b>1,513</b>	<b>1,016</b>
Incremental dilution from VMware, Inc. <sup>6</sup>	(8)	(9)	(6)	(8)	(4)
<b>Non-GAAP net income attributable to Dell Technologies Inc. - diluted</b>	<b>1,092</b>	<b>1,611</b>	<b>1,315</b>	<b>1,505</b>	<b>1,012</b>

<sup>1</sup> This amount includes non-cash purchase accounting adjustments primarily related to the EMC merger transaction.

<sup>2</sup> Consists of acquisition, integration and divestiture-related costs.

<sup>3</sup> Consists of impairment charges and severance, facility action, and other costs.

<sup>4</sup> Consists of the gain (loss) on strategic investments, which includes the fair value adjustments on equity investments.

<sup>5</sup> Consists of the tax effects of non-GAAP adjustments, as well as an adjustment for discrete tax items.

<sup>6</sup> The incremental dilution from VMware attributable to Dell Technologies Inc. represents the impact of VMware Inc.'s dilutive securities on the diluted earnings per share of Dell Technologies and is calculated by multiplying the difference between VMware's basic and diluted earnings per share by the number of shares of VMware common stock held by Dell Technologies.

# Supplemental non-GAAP measures

## Earnings per share - basic and diluted

\$ in millions, except per share figures

	1Q20	2Q20	3Q20	4Q20	1Q21
<b>GAAP net income attributable to Dell Technologies Inc.</b>	<b>293</b>	<b>3,416</b>	<b>499</b>	<b>408</b>	<b>143</b>
Weighted-average shares outstanding - basic	717	719	725	734	740
<b>GAAP EPS attributable to Dell Technologies Inc. - basic</b>	<b>0.41</b>	<b>4.75</b>	<b>0.69</b>	<b>0.56</b>	<b>0.19</b>
Incremental dilution from VMware Inc. <sup>1</sup>	(8)	(62)	(6)	(3)	(2)
<b>GAAP net income attributable to Dell Technologies Inc. - diluted</b>	<b>285</b>	<b>3,354</b>	<b>493</b>	<b>405</b>	<b>141</b>
Weighted-average shares outstanding - diluted	751	751	750	754	755
<b>GAAP EPS attributable to Dell Technologies Inc. - diluted</b>	<b>0.38</b>	<b>4.47</b>	<b>0.66</b>	<b>0.54</b>	<b>0.19</b>
<b>Non-GAAP net income attributable to Dell Technologies Inc.</b>	<b>1,100</b>	<b>1,620</b>	<b>1,321</b>	<b>1,513</b>	<b>1,016</b>
Weighted-average shares outstanding - basic	717	719	725	734	740
<b>Non-GAAP EPS attributable to Dell Technologies Inc. - basic</b>	<b>1.53</b>	<b>2.25</b>	<b>1.82</b>	<b>2.06</b>	<b>1.37</b>
Incremental dilution from VMware Inc. <sup>1</sup>	(8)	(9)	(6)	(8)	(4)
<b>Non-GAAP net income attributable to Dell Technologies Inc. - diluted</b>	<b>1,092</b>	<b>1,611</b>	<b>1,315</b>	<b>1,505</b>	<b>1,012</b>
Weighted-average shares outstanding - diluted	751	751	750	754	755
<b>Non-GAAP EPS attributable to Dell Technologies Inc. - diluted</b>	<b>1.45</b>	<b>2.15</b>	<b>1.75</b>	<b>2.00</b>	<b>1.34</b>

<sup>1</sup> The incremental dilution from VMware attributable to Dell Technologies Inc. represents the impact of VMware Inc.'s dilutive securities on the diluted earnings per share of Dell Technologies and is calculated by multiplying the difference between VMware's basic and diluted earnings per share by the number of shares of VMware common stock held by Dell Technologies.

# Supplemental non-GAAP measures

## Adjusted EBITDA

\$ in millions	1Q20	2Q20	3Q20	4Q20	1Q21
<b>GAAP net income (loss)</b>	<b>329</b>	<b>4,232</b>	<b>552</b>	<b>416</b>	<b>182</b>
<b>Adjustments:</b>					
Interest and other, net	693	630	677	626	566
Income tax provision (benefit)	(472)	(4,343)	(393)	(325)	(46)
Depreciation and amortization	1,616	1,498	1,494	1,535	1,316
<b>EBITDA</b>	<b>2,166</b>	<b>2,017</b>	<b>2,330</b>	<b>2,252</b>	<b>2,018</b>
<b>Adjustments:</b>					
Impact of purchase accounting <sup>1</sup>	83	84	84	96	48
Transaction costs <sup>2</sup>	42	47	76	120	76
Stock based compensation	263	301	322	376	370
Other corporate expenses <sup>3</sup>	19	707	45	357	95
<b>Adjusted EBITDA</b>	<b>2,573</b>	<b>3,156</b>	<b>2,857</b>	<b>3,201</b>	<b>2,607</b>
<i>Adj EBITDA % of non-GAAP revenue</i>	<i>11.7%</i>	<i>13.5%</i>	<i>12.5%</i>	<i>13.3%</i>	<i>11.9%</i>

<sup>1</sup> This amount includes non-cash purchase accounting adjustments primarily related to the EMC merger transaction.

<sup>2</sup> Consists of acquisition, integration, and divestiture-related costs.

<sup>3</sup> Consists of impairment charges and severance, facility action, and other costs.

# Supplemental non-GAAP measures

## Free cash flow

\$ in millions	1Q20	2Q20	3Q20	4Q20	1Q21
<b>Cash flow from operations</b>	<b>682</b>	<b>3,280</b>	<b>1,821</b>	<b>3,508</b>	<b>(796)</b>
<b>Adjustments:</b>					
Capital expenditures and capitalized software development costs, net	(716)	(551)	(597)	(689)	(552)
<b>Free cash flow</b>	<b>(34)</b>	<b>2,729</b>	<b>1,224</b>	<b>2,819</b>	<b>(1,348)</b>
<b>Adjustments:</b>					
DFS financing receivables	(121)	483	230	737	14
DFS operating leases <sup>1</sup>	271	155	170	223	135
<b>Free cash flow before impact from DFS related items</b>	<b>116</b>	<b>3,367</b>	<b>1,624</b>	<b>3,779</b>	<b>(1,199)</b>
<b>VMware cash flow from operations</b>	<b>1,273</b>	<b>699</b>	<b>810</b>	<b>1,085</b>	<b>1,374</b>
<b>Adjustments:</b>					
VMware capital expenditures	(71)	(88)	(50)	(64)	(87)
<b>VMware free cash flow</b>	<b>1,202</b>	<b>611</b>	<b>760</b>	<b>1,021</b>	<b>1,287</b>
<b>Free cash flow, excluding VMware, before impact from DFS related items</b>	<b>(1,086)</b>	<b>2,756</b>	<b>864</b>	<b>2,758</b>	<b>(2,486)</b>

<sup>1</sup> Amount represents change in net carrying value of equipment for DFS operating leases.

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