

DELL TECHNOLOGIES INC.
Condensed Consolidated Statements of Income (Loss) and Related Financial Highlights
(in millions, except percentages; unaudited)

	Three Months Ended		Change
	May 3, 2019	May 4, 2018	
Net revenue:			
Products	\$ 16,754	\$ 16,671	—%
Services	5,154	4,685	10%
Total net revenue	<u>21,908</u>	<u>21,356</u>	3%
Cost of net revenue:			
Products	13,079	13,606	(4)%
Services	2,032	1,872	9%
Total cost of net revenue	<u>15,111</u>	<u>15,478</u>	(2)%
Gross margin	<u>6,797</u>	<u>5,878</u>	16%
Operating expenses:			
Selling, general, and administrative	5,071	4,944	3%
Research and development	1,176	1,087	8%
Total operating expenses	<u>6,247</u>	<u>6,031</u>	4%
Operating income (loss)	550	(153)	459%
Interest and other, net	(693)	(470)	(47)%
Loss before income taxes	<u>(143)</u>	<u>(623)</u>	77%
Income tax benefit	(472)	(85)	(455)%
Net income (loss)	<u>329</u>	<u>(538)</u>	161%
Less: Net income attributable to non-controlling interests	36	98	63%
Net income (loss) attributable to Dell Technologies Inc.	<u>\$ 293</u>	<u>\$ (636)</u>	146%
<i><u>Percentage of Total Net Revenue:</u></i>			
Gross margin	31 %	28 %	
Selling, general, and administrative	23 %	23 %	
Research and development	5 %	5 %	
Operating expenses	29 %	28 %	
Operating income (loss)	3 %	(1)%	
Loss before income taxes	(1)%	(3)%	
Net income (loss)	2 %	(3)%	
Income tax rate	330.1 %	13.6 %	

DELL TECHNOLOGIES INC.
Consolidated Statements of Financial Position
(in millions; unaudited)

	May 3, 2019	February 1, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,040	\$ 9,676
Short-term investments	—	—
Accounts receivable, net	10,517	12,371
Short-term financing receivables, net	4,277	4,398
Inventories, net	3,360	3,649
Other current assets	6,461	6,044
Total current assets	33,655	36,138
Property, plant, and equipment, net	5,505	5,259
Long-term investments	782	1,005
Long-term financing receivables, net	4,131	4,224
Goodwill	40,015	40,089
Intangible assets, net	20,948	22,270
Other non-current assets	4,856	2,835
Total assets	\$ 109,892	\$ 111,820
LIABILITIES, REDEEMABLE SHARES, AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Short-term debt	\$ 4,884	\$ 4,320
Accounts payable	18,097	19,213
Accrued and other	7,455	8,495
Short-term deferred revenue	13,043	12,944
Total current liabilities	43,479	44,972
Long-term debt	48,640	49,201
Long-term deferred revenue	11,135	11,066
Other non-current liabilities	6,525	6,327
Total liabilities	109,779	111,566
Redeemable shares	1,774	1,196
Stockholders' equity (deficit):		
Total Dell Technologies Inc. stockholders' equity (deficit)	(6,464)	(5,765)
Non-controlling interests	4,803	4,823
Total stockholders' equity (deficit)	(1,661)	(942)
Total liabilities, redeemable shares, and stockholders' equity (deficit)	\$ 109,892	\$ 111,820

DELL TECHNOLOGIES INC.
Condensed Consolidated Statements of Cash Flows
(in millions; unaudited)

	Three Months Ended	
	May 3, 2019	May 4, 2018
Cash flows from operating activities:		
Net income (loss)	\$ 329	\$ (538)
Adjustments to reconcile net loss to net cash provided by operating activities	353	1,697
Change in cash from operating activities	<u>682</u>	<u>1,159</u>
Cash flows from investing activities:		
Investments:		
Purchases	(38)	(439)
Maturities and sales	337	531
Capital expenditures	(610)	(273)
Proceeds from sale of facilities, land, and other assets	—	10
Capitalized software development costs	(106)	(89)
Collections on purchased financing receivables	7	10
Acquisition of businesses, net	(45)	—
Divestitures of businesses, net	—	142
Asset acquisitions, net	—	(38)
Asset dispositions, net	(3)	(3)
Change in cash from investing activities	<u>(458)</u>	<u>(149)</u>
Cash flows from financing activities:		
Share repurchases for tax withholdings of equity awards	(215)	(100)
Proceeds from the issuance of common stock of subsidiaries	133	642
Repurchases of common stock of subsidiaries	(592)	—
Proceeds from debt	9,563	1,863
Repayments of debt	(9,569)	(1,822)
Other	(39)	(40)
Change in cash from financing activities	<u>(719)</u>	<u>543</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(36)	(86)
Change in cash, cash equivalents, and restricted cash	(531)	1,467
Cash, cash equivalents, and restricted cash at beginning of the period	10,240	14,378
Cash, cash equivalents, and restricted cash at end of the period	<u>\$ 9,709</u>	<u>\$ 15,845</u>

DELL TECHNOLOGIES INC.
Segment Information
(in millions, except percentages; unaudited; continued on next page)

	Three Months Ended		Change
	May 3, 2019	May 4, 2018	
<i><u>Infrastructure Solutions Group (ISG):</u></i>			
Net Revenue:			
Servers and networking	\$ 4,180	\$ 4,585	(9)%
Storage	4,022	4,082	(1)%
Total ISG net revenue	<u>\$ 8,202</u>	<u>\$ 8,667</u>	(5)%
Operating Income:			
ISG operating income	<u>\$ 843</u>	<u>\$ 939</u>	(10)%
<i>% of ISG net revenue</i>	<i>10%</i>	<i>11%</i>	
<i>% of total reportable segment operating income</i>	<i>37%</i>	<i>45%</i>	
<i><u>Client Solutions Group (CSG):</u></i>			
Net Revenue:			
Commercial	\$ 8,307	\$ 7,363	13%
Consumer	2,603	2,908	(10)%
Total CSG net revenue	<u>\$ 10,910</u>	<u>\$ 10,271</u>	6%
Operating Income:			
CSG operating income	<u>\$ 793</u>	<u>\$ 533</u>	49%
<i>% of CSG net revenue</i>	<i>7%</i>	<i>5%</i>	
<i>% of total reportable segment operating income</i>	<i>35%</i>	<i>26%</i>	
<i><u>VMware:</u></i>			
Net Revenue:			
Total VMware net revenue	<u>\$ 2,282</u>	<u>\$ 2,028</u>	13%
Operating Income:			
VMware operating income	<u>\$ 614</u>	<u>\$ 613</u>	—%
<i>% of VMware net revenue</i>	<i>27%</i>	<i>30%</i>	
<i>% of total reportable segment operating income</i>	<i>27%</i>	<i>29%</i>	

DELL TECHNOLOGIES INC.
Segment Information
(in millions, except percentages; unaudited; continued)

	Three Months Ended	
	May 3, 2019	May 4, 2018
<i>Reconciliation to consolidated net revenue:</i>		
Reportable segment net revenue	\$ 21,394	\$ 20,966
Other businesses (a)	596	579
Unallocated transactions (b)	—	(2)
Impact of purchase accounting (c)	(82)	(187)
Total consolidated net revenue	\$ 21,908	\$ 21,356
<i>Reconciliation to consolidated operating income (loss):</i>		
Reportable segment operating income	\$ 2,250	\$ 2,085
Other businesses (a)	(53)	(50)
Unallocated transactions (b)	(1)	(9)
Impact of purchase accounting (c)	(101)	(222)
Amortization of intangibles	(1,217)	(1,522)
Transaction-related expenses (d)	(42)	(166)
Stock-based compensation expense (e)	(263)	(199)
Other corporate expenses (f)	(23)	(70)
Total consolidated operating income (loss)	\$ 550	\$ (153)

- (a) Pivotal, SecureWorks, RSA Security, Virtustream, and Boomi constitute “Other businesses” and do not meet the requirements for a reportable segment, either individually or collectively. The results of Other businesses are not material to the Company’s overall results.
- (b) Unallocated transactions includes long-term incentives, certain short-term incentive compensation expenses, and other corporate items that are not allocated to Dell Technologies’ reportable segments.
- (c) Impact of purchase accounting includes non-cash purchase accounting adjustments that are primarily related to the EMC merger transaction.
- (d) Transaction-related expenses includes acquisition, integration, and divestiture related costs, as well as the costs incurred in the Class V transaction.
- (e) Stock-based compensation expense consists of equity awards granted based on the estimated fair value of those awards at grant date.
- (f) Other corporate expenses includes severance and facility action costs.

SUPPLEMENTAL SELECTED NON-GAAP FINANCIAL MEASURES

These tables present information about the Company's non-GAAP net revenue, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income, non-GAAP net income attributable to non-controlling interest, 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, and adjusted EBITDA, which are non-GAAP financial measures provided as a supplement to the results provided in accordance with generally accepted accounting principles in the United States of America ("GAAP"). A detailed discussion of Dell Technologies' reasons for including these non-GAAP financial measures, the limitations associated with these measures, the items excluded from these measures, and our reason for excluding those items are presented in "Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Measures" in our periodic reports filed with the SEC. Dell Technologies encourages investors to review the non-GAAP discussion in conjunction with the presentation of non-GAAP financial measures.

DELL TECHNOLOGIES INC.
Selected Non-GAAP Financial Measures
(in millions, except percentages; unaudited)

	Three Months Ended		Change
	May 3, 2019	May 4, 2018	
Non-GAAP net revenue	\$ 21,990	\$ 21,543	2%
Non-GAAP gross margin	\$ 7,434	\$ 6,919	7%
<i>% of non-GAAP net revenue</i>	<i>34%</i>	<i>32%</i>	
Non-GAAP operating expenses	\$ 5,238	\$ 4,893	7%
<i>% of non-GAAP net revenue</i>	<i>24%</i>	<i>23%</i>	
Non-GAAP operating income	\$ 2,196	\$ 2,026	8%
<i>% of non-GAAP net revenue</i>	<i>10%</i>	<i>9%</i>	
Non-GAAP net income (a)	\$ 1,209	\$ 1,179	3%
<i>% of non-GAAP net revenue</i>	<i>5%</i>	<i>5%</i>	
Adjusted EBITDA	\$ 2,573	\$ 2,383	8%
<i>% of non-GAAP net revenue</i>	<i>12%</i>	<i>11%</i>	

(a) Non-GAAP net income has been recast to exclude fair value adjustments on equity investments, the corresponding tax effects of those adjustments, and discrete tax items.

DELL TECHNOLOGIES INC.
Reconciliation of Selected Non-GAAP Financial Measures
(in millions, except percentages; unaudited; continued on next page)

	Three Months Ended		Change
	May 3, 2019	May 4, 2018	
Net revenue	\$ 21,908	\$ 21,356	3%
Non-GAAP adjustments:			
Impact of purchase accounting	82	187	
Non-GAAP net revenue	<u>\$ 21,990</u>	<u>\$ 21,543</u>	2%
Gross margin	\$ 6,797	\$ 5,878	16%
Non-GAAP adjustments:			
Amortization of intangibles	519	710	
Impact of purchase accounting	84	193	
Transaction-related expenses	(5)	116	
Stock-based compensation expense	26	16	
Other corporate expenses	13	6	
Non-GAAP gross margin	<u>\$ 7,434</u>	<u>\$ 6,919</u>	7%
Operating expenses	\$ 6,247	\$ 6,031	4%
Non-GAAP adjustments:			
Amortization of intangibles	(698)	(812)	
Impact of purchase accounting	(17)	(29)	
Transaction-related expenses	(47)	(50)	
Stock-based compensation expense	(237)	(183)	
Other corporate expenses	(10)	(64)	
Non-GAAP operating expenses	<u>\$ 5,238</u>	<u>\$ 4,893</u>	7%
Operating income (loss)	\$ 550	\$ (153)	459%
Non-GAAP adjustments:			
Amortization of intangibles	1,217	1,522	
Impact of purchase accounting	101	222	
Transaction-related expenses	42	166	
Stock-based compensation expense	263	199	
Other corporate expenses	23	70	
Non-GAAP operating income	<u>\$ 2,196</u>	<u>\$ 2,026</u>	8%

DELL TECHNOLOGIES INC.
Reconciliation of Selected Non-GAAP Financial Measures
(in millions, except percentages; unaudited; continued)

	Three Months Ended		Change
	May 3, 2019	May 4, 2018	
Net income (loss)	\$ 329	\$ (538)	161%
Non-GAAP adjustments:			
Amortization of intangibles	1,217	1,522	
Impact of purchase accounting	101	222	
Transaction-related expenses	42	166	
Stock-based compensation expense	263	199	
Other corporate expenses	23	70	
Fair value adjustments on equity investments	(62)	(107)	
Aggregate adjustment for income taxes	(704)	(355)	
Non-GAAP net income (a)	<u>\$ 1,209</u>	<u>\$ 1,179</u>	3%
Net income (loss)	\$ 329	\$ (538)	161%
Adjustments:			
Interest and other, net	693	470	
Income tax provision (benefit)	(472)	(85)	
Depreciation and amortization	1,616	1,914	
EBITDA	<u>\$ 2,166</u>	<u>\$ 1,761</u>	23%
EBITDA	\$ 2,166	\$ 1,761	23%
Adjustments:			
Stock-based compensation expense	263	199	
Impact of purchase accounting	83	222	
Transaction-related expenses	42	166	
Other corporate expenses	19	35	
Adjusted EBITDA	<u>\$ 2,573</u>	<u>\$ 2,383</u>	8%

(a) Non-GAAP net income has been recast to exclude fair value adjustments on equity investments, the corresponding tax effects of those adjustments, and discrete tax items.

DELL TECHNOLOGIES INC.
Reconciliation of Selected Non-GAAP Financial Measures
For the Three Months Ended May 3, 2019
(in millions, except per share amounts; unaudited)

	GAAP	Amortization of intangibles	Impact of purchase accounting	Transaction- related expenses	Stock-based compensation expense	Other corporate expenses	Fair value adjustments on equity investments	Aggregate adjustment for income taxes	Non- GAAP
Net income	\$ 329	1,217	101	42	263	23	(62)	(704)	\$ 1,209
Less: Net income attributable to non-controlling interests (a)	36	72	6	3	46	—	(25)	(29)	109
Net income attributable to Dell Technologies Inc. - basic	293	1,145	95	39	217	23	(37)	(675)	1,100
Incremental dilution from VMware, Inc. attributable to Dell Technologies Inc. (b)	(8)								(8)
Net income attributable to Dell Technologies Inc. - diluted	<u>\$ 285</u>								<u>\$ 1,092</u>
Earnings per share - basic	\$ 0.41								\$ 1.53
Earnings per share - diluted	\$ 0.38								\$ 1.45
Weighted-average shares outstanding - basic	717								717
Weighted-average shares outstanding - diluted	751								751

(a) Net income attributable to non-controlling interests is calculated by multiplying the minority interest percentage of VMware Inc., Pivotal Software Inc., and SecureWorks Corp. by their non-GAAP net income adjustments for the period presented.

(b) Incremental dilution from VMware, Inc. attributable to Dell Technologies Inc. represents the impact of VMware Inc.'s dilutive securities on the diluted earnings per share of Dell Technologies Inc. and is calculated by multiplying the difference between VMware's basic and diluted earnings per share by the number of shares of VMware Inc. common stock held by Dell Technologies Inc.