

# 4Q FY20 PERFORMANCE REVIEW

February 27, 2020

**DELL**Technologies

# DISCLAIMER

## Non-GAAP Financial Measures

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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

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Statements in this material that relate to future results and events are forward-looking statements and are based on Dell Technologies' current expectations. These forward-looking statements include Dell Technologies' current expectations regarding GAAP revenue, non-GAAP revenue, GAAP operating income, non-GAAP operating income, non-GAAP tax rate, non-GAAP share count – diluted, GAAP earnings per share and non-GAAP earnings per share for full fiscal year 2021. 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.

# FY20 RESULTS

Delivered solid FY20 results led by Client Solutions; gaining share and growing at a premium to the market

## FY20 RESULTS

|  |  |
|--|--|
| GAAP<br><b>\$92.2B</b><br>Dell<br>Technologies<br>revenue, up 2% | Non-GAAP<br><b>\$92.5B</b><br>Dell<br>Technologies<br>revenue, up 1% |
| <b>\$2.6B</b><br>Operating<br>Income                             | <b>\$10.1B</b><br>Operating<br>Income up 15%                         |

**\$45.8B**  
CSG Record revenue,  
up 6%

**46.5M**  
Record Units in CY19

**\$34B**  
ISG revenue, down 7%,  
up 10% versus FY18

**\$10.9B**  
VMware revenue, up  
12%

Another year of double  
digit growth

## WINNING IN THE CONSOLIDATION

**7 Years**

We've gained share for  
seven consecutive years in  
PC's according to IDC<sup>1</sup>

**590 bps**

Gained 590 bps of  
worldwide share in servers  
over the last three years  
according to IDC<sup>2</sup>

**300+ bps**

Gained over 300 bps of  
share since 2017 in  
storage<sup>3</sup>

**#1**

Have been #1 in  
mainstream server  
revenue now for 7 quarters  
according to IDC<sup>2</sup>

<sup>1</sup> Per IDC WW Quarterly PC Device Tracker CY19Q3

<sup>2</sup> Per IDC WW Quarterly Server Tracker CY19Q3, on a trailing twelve month basis

<sup>3</sup> Per IDC WW Quarterly Enterprise Storage Systems Tracker CY19Q3

# WINNING IN THE CONSOLIDATION

Leaning into the markets where we compete and outperforming regardless of the environment

## #1

Public & Private Cloud IT  
Infrastructure

Dell EMC maintained the #1 position with 15.5% share (highest share of named vendors)

Per IDC WW Quarterly Cloud IT Infrastructure Tracker CY19Q3

## #1

External Enterprise storage

Dell EMC maintained the #1 position with 31.5% share

Per IDC WW Quarterly Enterprise Storage Systems Tracker CY19Q3

## #1

Storage software

Dell EMC maintained the #1 position with 14.8% share

Per IDC WW Storage Software and Cloud Services QView CY19Q3

## #1

All flash array

Dell EMC maintained the #1 position with 33.4% share

Per IDC WW Quarterly Enterprise Storage Systems Tracker CY19Q3

## #1

Hyperconverged Systems

Dell EMC maintained the #1 position with 35.1% share

Per IDC WW Quarterly Converged Systems Tracker CY19Q3

## #1

Server  
units and revenue

Dell EMC is the leader in x86 server revenue and units

Per IDC WW Quarterly Server Tracker CY19Q3

## #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 27<sup>th</sup> consecutive quarter with 21.8% share

Per IDC WW Quarterly PC Monitor Tracker CY19Q4

# COLLABORATION, CUSTOMER OPPORTUNITY, AND SYNERGIES

Driving joint product planning and development; capitalizing on synergies and delivering better end-to-end solutions to our customers

## COLLABORATION AND INNOVATION

**DELL**Technologies  
Cloud

**DELL**EMC  
VxRail

**DELL**Technologies  
Unified Workspace

**DELL**EMC  
SmartFabric Director

## CUSTOMER OPPORTUNITY

30K customers buy servers, and only about half of those server customers buy storage in any given quarter

Invested approximately \$1B on a run rate basis into sales coverage, capacity and marketing

FY20 revenue growth in every major line of business and 9% growth in total among our largest global customers

Investments we made in small and medium business have both delivered strong double digit orders revenue growth in FY20

## SYNERGIES

Early innings of realizing our full go-to-market potential synergies with significant cross-sell opportunities

Rolled out new global "Power Up" program across all segments to incentivize cross selling

One unified Dell Technologies sales team to help our largest global customers

VMware deals going through Dell are increasing. In DFS, VMware originations grew 15% to \$1.4B in FY20

# VALUE CREATION

Maximizing Dell Technologies' equity value for all aligned shareholders through five distinct levers



## CURRENT OPERATIONS

Outperform in a consolidating environment through ongoing share gains  
---  
Improve margins with scale optimization and product mix shift



## SYNERGIES

Tightly integrated software and solutions  
---  
Cross-sell and go-to-market opportunities



## NEW OPPORTUNITIES

R&D investments in emerging areas of technology  
---  
M&A  
---  
Partnerships, including public cloud providers and telecommunications



## CORPORATE STRUCTURE

Intellectual property realignment  
---  
Simplification of operations  
---  
Asset divestitures



## CAPITAL STRUCTURE

Reduce core leverage and interest expense  
---  
Refinancing to smooth maturity stacks  
---  
Share repurchase  
---  
Aligned shareholder interests

# VALUE CREATION PROGRESS

Driving differentiated performance and accretive initiatives to unlock value for shareholders

## CURRENT OPERATIONS

- Since our first full year as a combined company, we have grown revenue at a roughly 7% CAGR
- Winning in the consolidation, continue to gain share over time across all major Dell Technologies categories
- Non-GAAP Operating income improved 31% over the last 2 years

## SYNERGIES

- VMware deals going through Dell are increasing across the board. In DFS, VMware originations grew 15% to \$1.4B in FY20
- Rolled out new global "Power Up" program across all segments to incentivize cross-selling
- VxRail and VxRack combined have generated more than \$4.5B in orders revenue since inception

## NEW OPPORTUNITIES

- Have invested between \$4B and \$5B per year in R&D and expect \$4B+ R&D investments in FY21
- \$5.5B in M&A primarily through VMware since the EMC transaction
- Dell Technologies Capital, ~\$800M portfolio, \$300M+ invested since EMC transaction

## CORPORATE STRUCTURE

- Including RSA transaction, will have divested \$9B of non-strategic assets on a gross basis
- Pivotal IP realignment. Unifying Kubernetes, containers and cloud-native software assets under VMware

## CAPITAL STRUCTURE

- Paid down \$5.0B of debt in FY20 and continued to smooth out large maturity towers
- Increasing our previously announced FY21 debt paydown target from \$4B to approximately \$5.5B
- Announcing an up to \$1 billion share repurchase program over the next 24 months

# CONSOLIDATED GAAP RESULTS<sup>1</sup>

Driving balanced revenue and profitability through challenging market conditions

| \$ in millions, except per share amounts                                | 4Q19   | 3Q20    | 4Q20    | Y/Y  | Q/Q  | FY19    | FY20      | Y/Y  |
|---|--------|---------|---------|------|------|---------|-----------|------|
| <b>Revenue</b>  | 23,841 | 22,844  | 24,032  | 1%   | 5%   | 90,621  | 92,154    | 2%   |
| <b>Gross Margin</b>   | 7,109  | 7,126   | 7,684   | 8%   | 8%   | 25,053  | 28,933    | 15%  |
| SG&A  | 5,576  | 5,028   | 5,642   | 1%   | 12%  | 20,640  | 21,319    | 3%   |
| R&D   | 1,202  | 1,262   | 1,325   | 10%  | 5%   | 4,604   | 4,992     | 8%   |
| <b>Operating Expense</b>  | 6,778  | 6,290   | 6,967   | 3%   | 11%  | 25,244  | 26,311    | 4%   |
| <b>Operating Income (Loss)</b>  | 331    | 836     | 717     | 117% | -14% | (191)   | 2,622     | NM   |
| <b>Interest and Other, Net</b>  | (606)  | (677)   | (626)   | -3%  | 8%   | (2,170) | (2,626)   | -21% |
| <b>Income Tax</b>   | 12     | (393)   | (325)   | NM   | 17%  | (180)   | (5,533)   | NM   |
| <i>Effective tax rate %</i>   | -4.4%  | -247.2% | -357.1% |      |      | 7.6%    | 138325.0% |      |
| <b>Net Income (Loss)</b>  | (287)  | 552     | 416     | 245% | -25% | (2,181) | 5,529     | 354% |
| Less: Net Income attributable to non-controlling interests              | 12     | 53      | 8       | -33% | -85% | 129     | 913       | 608% |
| <b>Net Income (loss) attributable to Dell Technologies Inc. - basic</b> | (299)  | 499     | 408     | 236% | -18% | (2,310) | 4,616     | 300% |
| Less: Incremental dilution from VMware, Inc.                            |        | 6       | 3       |      |      |         | 84        |      |
| <b>Net Income attributable to Dell Technologies Inc. - diluted</b>      |        | 493     | 405     |      |      |         | 4,532     |      |
| <b>Earnings Per Share - basic</b> <sup>2</sup>                          |        | 0.69    | 0.56    |      |      |         | 6.38      |      |
| <b>Earnings Per Share - diluted</b> <sup>3</sup>                        |        | 0.66    | 0.54    |      |      |         | 6.03      |      |

<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> EPS calculated using 717, 719, 725, and 734 million weighted average shares – basic for 1Q20, 2Q20, 3Q20, and 4Q20 respectively.

<sup>3</sup> EPS calculated using 751, 751, 750, and 754 million weighted average shares – diluted for 1Q20, 2Q20, 3Q20, and 4Q20 respectively.

# CONSOLIDATED NON-GAAP RESULTS<sup>1</sup>

- Q4 Revenue was \$24.1 billion, up 1%; FX remained a headwind this quarter, impacting growth by approximately 100 basis points
- Q4 Gross margin was up 4% to \$8.4B, outpacing revenue growth driven by lower component costs, pricing discipline, and mix shift to software
- Q4 Operating income was up 4% to \$2.8 billion, or 11.5% of revenue
- Q4 EPS of \$2.00, benefiting from strong operating income

| \$ in millions, except per share amounts                           | 4Q19          | 3Q20          | 4Q20          | Y/Y        | Q/Q        | FY19           | FY20           | Y/Y         |
|--|---------------|---------------|---------------|------------|------------|----------------|----------------|-------------|
| <b>Revenue</b>   | <b>24,008</b> | <b>22,928</b> | <b>24,129</b> | <b>1%</b>  | <b>5%</b>  | <b>91,324</b>  | <b>92,501</b>  | <b>1%</b>   |
| <b>Gross Margin</b>  | <b>8,037</b>  | <b>7,768</b>  | <b>8,375</b>  | <b>4%</b>  | <b>8%</b>  | <b>29,022</b>  | <b>31,563</b>  | <b>9%</b>   |
| SG&A   | 4,287         | 4,206         | 4,460         | 4%         | 6%         | 16,052         | 16,994         | 6%          |
| R&D  | 1,094         | 1,120         | 1,148         | 5%         | 3%         | 4,116          | 4,421          | 7%          |
| <b>Operating Expense</b>   | <b>5,381</b>  | <b>5,326</b>  | <b>5,608</b>  | <b>4%</b>  | <b>5%</b>  | <b>20,168</b>  | <b>21,415</b>  | <b>6%</b>   |
| <b>Operating Income (Loss)</b>                                     | <b>2,656</b>  | <b>2,442</b>  | <b>2,767</b>  | <b>4%</b>  | <b>13%</b> | <b>8,854</b>   | <b>10,148</b>  | <b>15%</b>  |
| <b>Interest and Other, Net</b>                                     | <b>(645)</b>  | <b>(695)</b>  | <b>(660)</b>  | <b>-2%</b> | <b>5%</b>  | <b>(2,438)</b> | <b>(2,820)</b> | <b>-16%</b> |
| <b>Income Tax</b>  | <b>419</b>    | <b>302</b>    | <b>423</b>    | <b>1%</b>  | <b>40%</b> | <b>1,189</b>   | <b>1,239</b>   | <b>4%</b>   |
| <i>Effective tax rate %</i>  | <i>20.8%</i>  | <i>17.3%</i>  | <i>20.1%</i>  |            |            | <i>18.5%</i>   | <i>16.9%</i>   |             |
| <b>Net Income (Loss)</b>   | <b>1,592</b>  | <b>1,445</b>  | <b>1,684</b>  | <b>6%</b>  | <b>17%</b> | <b>5,227</b>   | <b>6,089</b>   | <b>16%</b>  |
| Less: Net Income attributable to non-controlling interests         | 158           | 124           | 171           | 8%         | 38%        | 498            | 535            | 7%          |
| <b>Net Income attributable to Dell Technologies Inc. - basic</b>   | <b>1,434</b>  | <b>1,321</b>  | <b>1,513</b>  | <b>6%</b>  | <b>15%</b> | <b>4,729</b>   | <b>5,554</b>   | <b>17%</b>  |
| Less: Incremental dilution from VMware, Inc.                       |               | 6             | 8             |            |            |                | 35             |             |
| <b>Net Income attributable to Dell Technologies Inc. - diluted</b> |               | <b>1,315</b>  | <b>1,505</b>  |            |            |                | <b>5,519</b>   |             |
| <b>Earnings Per Share - basic</b> <sup>2</sup>                     |               | <b>1.82</b>   | <b>2.06</b>   |            |            |                | <b>7.67</b>    |             |
| <b>Earnings Per Share - diluted</b> <sup>3</sup>                   |               | <b>1.75</b>   | <b>2.00</b>   |            |            |                | <b>7.35</b>    |             |

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

<sup>2</sup> EPS calculated using 717, 719, 725, and 734 million weighted average shares – basic for 1Q20, 2Q20, 3Q20, and 4Q20 respectively.

<sup>3</sup> EPS calculated using 751, 751, 750, and 754 million weighted average shares – diluted for 1Q20, 2Q20, 3Q20, and 4Q20 respectively.

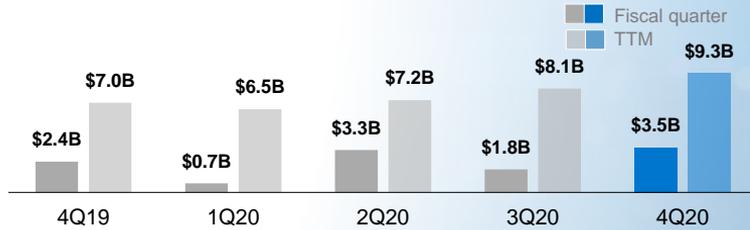
# SELECT FINANCIAL METRICS

Generated \$3.5B of cash flow from operations up 48% Y/Y

## CASH FLOW FROM OPERATIONS

**\$3.5B**

+48% Y/Y

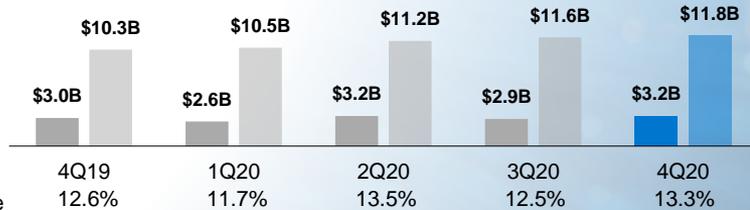


## ADJUSTED EBITDA

**\$3.2B**

+6% Y/Y

13.3% of non-GAAP revenue



## DEFERRED REVENUE<sup>2</sup>

**\$27.8B**

+16% Y/Y

+7% Q/Q



Solid cash flow due to strong profitability and working capital discipline

Generated over \$22B of adjusted EBITDA<sup>3</sup> over the last two years

Deferred revenue up 16% Y/Y adding revenue and cash flow stability and predictability

Deferred revenue amortization now contributes approximately \$5B per quarter

<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> Includes purchase accounting adjustments.

<sup>3</sup> See supplemental slides in Appendix B for reconciliation of Net Income to Adjusted EBITDA.

# CLIENT SOLUTIONS GROUP

Strong revenue growth and profitability; revenue of \$11.8B, up 8% Y/Y and operating income of \$624M, up 12% Y/Y

## REVENUE

**\$11.8B**

+8% Y/Y  
+3% Q/Q



|            | 4Q19            | 1Q20             | 2Q20             | 3Q20            | 4Q20             |
|------------|-----------------|------------------|------------------|-----------------|------------------|
| Commercial | \$7.8B, +9% Y/Y | \$8.3B, +13% Y/Y | \$9.1B, +12% Y/Y | \$8.3B, +9% Y/Y | \$8.6B, +10% Y/Y |
| Consumer   | \$3.1B, -6% Y/Y | \$2.6B, -10% Y/Y | \$2.7B, -12% Y/Y | \$3.1B, -6% Y/Y | \$3.2B, +4% Y/Y  |

## OPERATING INCOME

**\$624M**

+12% Y/Y  
-16% Q/Q



|                     | 4Q19        | 1Q20         | 2Q20         | 3Q20         | 4Q20        |
|---------------------|-------------|--------------|--------------|--------------|-------------|
| 5.3% of CSG revenue | 5.1%        | 7.3%         | 8.4%         | 6.5%         | 5.3%        |
| +20 bps Y/Y         | -30 bps Y/Y | +210 bps Y/Y | +460 bps Y/Y | +240 bps Y/Y | +20 bps Y/Y |

Navigated well through CPU shortages with our suppliers

Strong revenue driven by double-digit growth in commercial desktops and workstations

Continue to prioritize Commercial and focusing on profitable, higher end Consumer PCs

Gained ww share in CSG in Q4. Have now gained share 27 of the last 28 quarters<sup>1</sup>

<sup>1</sup> Results Market Sources: Per IDC WW Personal Computing Device Tracker CY19Q4 on a Y/Y basis

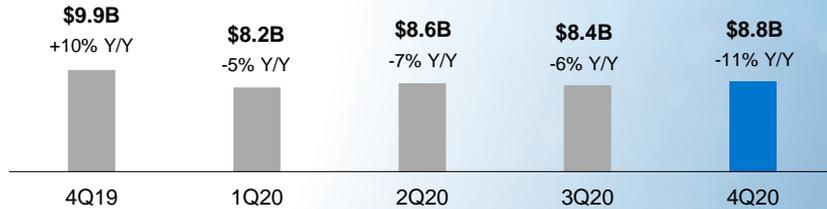
# INFRASTRUCTURE SOLUTIONS GROUP

Revenue of \$8.8B, down 11% Y/Y and operating income of \$1.1B, down 12% Y/Y

## REVENUE

**\$8.8B**

-11% Y/Y  
+4% Q/Q



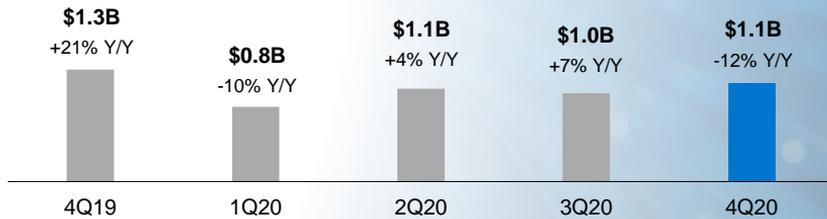
Servers & Networking  
Storage

| Category             | 4Q19             | 1Q20            | 2Q20             | 3Q20             | 4Q20             |
|----------------------|------------------|-----------------|------------------|------------------|------------------|
| Servers & Networking | \$5.3B, +14% Y/Y | \$4.2B, -9% Y/Y | \$4.4B, -12% Y/Y | \$4.2B, -16% Y/Y | \$4.3B, -19% Y/Y |
| Storage              | \$4.6B, +7% Y/Y  | \$4.0B, -1% Y/Y | \$4.2B, +0% Y/Y  | \$4.1B, +7% Y/Y  | \$4.5B, -3% Y/Y  |

## OPERATING INCOME

**\$1.1B**

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



12.7% of ISG revenue  
-10 bps Y/Y

| Quarter | Operating Income | Y/Y Change   |
|---------|------------------|--------------|
| 4Q19    | 12.8%            | +110 bps Y/Y |
| 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  |

Soft server market in China and large enterprise customers in the U.S. and Europe

Optimistic about opportunities ahead; robust AI, machine learning, higher value workload server solutions

VxRail and VxRack combined have generated more than \$4.5B in orders revenue since inception

Entire storage product line refreshed under the "Power" brand by May 2020

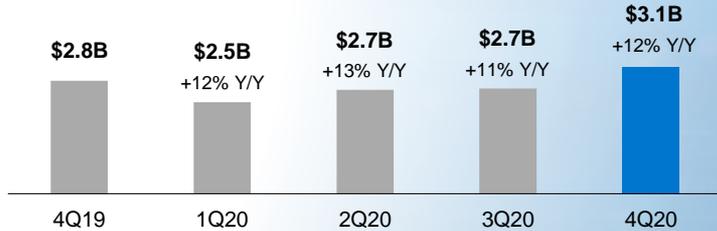
# VMWARE

Solid quarter, delivering \$3.1B of revenue, up 12% Y/Y, driven by broad-based strength across portfolio

## REVENUE

**\$3.1B**

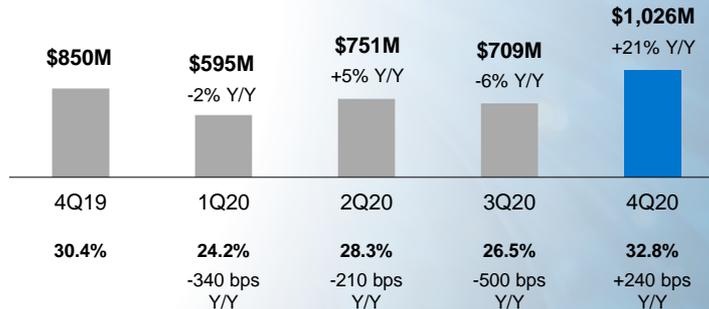
+12% Y/Y  
+17% Q/Q



## OPERATING INCOME

**\$1.0B**

+21% Y/Y  
+45% Q/Q



32.8% of VMware revenue  
+240 bps Y/Y

30.4%

24.2%  
-340 bps  
Y/Y

28.3%  
-210 bps  
Y/Y

26.5%  
-500 bps  
Y/Y

32.8%  
+240 bps  
Y/Y

NSX, vSAN and EUC product bookings grew over 20%, mid-teens and over 30% respectively

Early success with Carbon Black; seeing promising attach rates in commercial PC's

Operating Income \$1B up 21% or 32.8% of VMware revenue

Pivotal acquisition closed in Q4, delivering an integrated Kubernetes platform

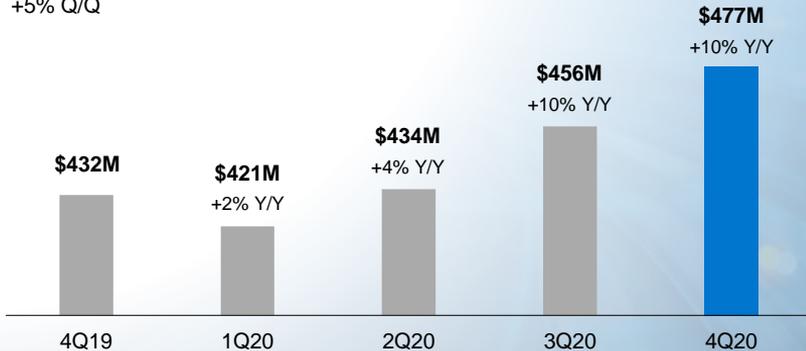
# OTHER BUSINESSES

We are innovating across our portfolio to create the infrastructure for the digital future

## REVENUE

**\$477M**

+10% Y/Y  
+5% Q/Q



### Secureworks®

Provides trusted managed security services to organizations of all sizes



Leading enterprise transformation provider of cloud integration and workflow automation

### RSA

On February 18, 2020, Symphony Technology Group entered into a definitive agreement with Dell Technologies to acquire RSA

### virtustream

Global Enterprise-class cloud company for transforming and moving mission-critical applications to the cloud

# DEBT & CAPITAL STRUCTURE

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

## Core Debt



Supported by adjusted FCF generation (~\$5.3B<sup>1</sup> TTM ex-VMware) and cash on hand

## DFS Related Debt



Supported by \$10.6B high quality DFS receivables  
Majority of debt is non-recourse to Dell

## VMware Debt



Supported by VMware's FCF generation (~\$3.6B TTM) and cash on hand

## Margin Loan



Secured by ~\$12B<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.

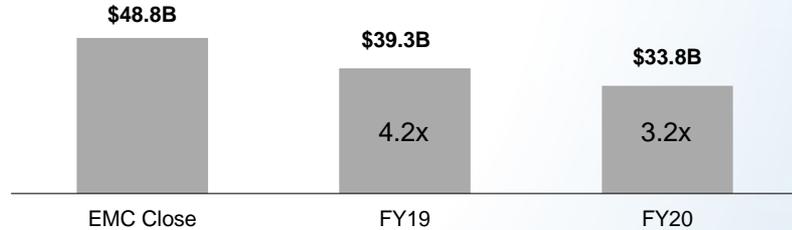
<sup>2</sup> Equity value calculated off VMware's share price as of 1/31/2020, and represents only a portion of Dell Technologies shareholdings in VMware.

# DEBT PAYDOWN & MATURITY PROFILE

Capital structure well positioned for any macroeconomic environment

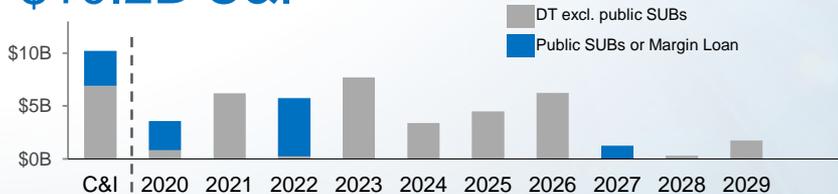
## CORE DEBT REDUCTION<sup>1</sup>

**\$15.0B**



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

**\$10.2B C&I**



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

Expect ~\$5.5B gross debt paydown in FY21

\$19.5B gross debt paydown since EMC close, \$1.5B in Q4

Only \$0.8B core debt due in FY21

3.2x core leverage, down by 1.0x YTD

\$10.2B C&I, \$6.9B excluding public subsidiaries

Only \$3.5B<sup>4</sup> average annual debt maturity over the next 10 years

<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> Excludes DFS and public subsidiary debt.

# FINANCIAL GUIDANCE<sup>1</sup>

## FY21

|                              | GAAP              | NON-GAAP          |
|------------------------------|-------------------|-------------------|
| REVENUE                      | \$91.8B - \$94.8B | \$92B - \$95B     |
| OPERATING INCOME             | \$3.4B - \$4.0B   | \$8.9B - \$9.5B   |
| TAX RATE                     | NM <sup>2</sup>   | 18.5% +/- 100 bps |
| EPS – DILUTED <sup>3,4</sup> | \$0.37 - \$1.07   | \$5.90 - \$6.60   |

Monitoring macroeconomic and IT spending environments, softness in large Enterprise and China, and potential impact of Covid-19

Expect Win10 refresh to continue into the first half of FY21. While CPU shortages have improved, we expect them to continue through at least the first half of the year.

FY21 guidance does not factor in any potential Covid-19 impact. We anticipate a negative impact to Q1 seasonality driven by softness in our China business which is our second largest market.

Expect component cost environment to be inflationary this year, a headwind to margins. Expect operating income % trending closer to FY19 levels.

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

<sup>2</sup> Due to the impact of purchase accounting and amortization of intangibles, stock-based compensation, other corporate expenses, and the tax impact of discrete items, the GAAP tax rate is not relevant for guidance purposes.

<sup>3</sup> Includes adjustment to net income from minority interest in VMware and Secureworks.

<sup>4</sup> Includes incremental dilution from VMware Inc attributable to Dell Technologies Inc., which represents the impact of VMware Inc.'s dilutive securities on the diluted EPS of Dell Technologies and is calculated by multiplying the difference between VMware Inc's basic and diluted EPS by the number of shares of VMware Inc. common stock held by Dell Technologies.

# LONG-TERM FINANCIAL OPERATING MODEL

Driving consistent performance and strong cash flow over time

## Relative Share Growth

Long-Term profitable growth with flexibility to adjust to market conditions

## P&L Leverage

Growing operating income faster than revenue

## Strong Cash Flow

Generating strong cash flow over time to de-lever

## EPS Acceleration

Growing EPS faster than operating income over time driven by higher profitability and reduction in interest expense

The Dell Technologies logo is centered on the page. It features the word "DELL" in a bold, white, sans-serif font, where the letter "E" is replaced by a stylized, white, geometric shape resembling a computer monitor or a series of parallel lines. To the right of "DELL" is the word "Technologies" in a white, sans-serif font. The background is a dark blue, blurred cityscape at night with light trails from traffic and buildings.

**DELL**Technologies

## APPENDIX A

### Debt and DFS Summary

# DEBT SUMMARY

| \$ in billions <sup>1,2</sup>                                 | EMC Close   | 4Q19        | 1Q20        | 2Q20        | 3Q20        | 4Q20        |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Revolver  | 2.0         | -           | -           | -           | -           | -           |
| Term Loan A   | 9.4         | 7.8         | 6.0         | 4.6         | 4.2         | 4.2         |
| Term Loan B   | 5.0         | 4.9         | 4.9         | 4.9         | 4.8         | 4.7         |
| Investment Grade Notes  | 20.0        | 20.0        | 20.8        | 20.8        | 20.8        | 20.8        |
| DFS Allocated Debt  | (1.0)       | (1.6)       | (1.3)       | (1.4)       | (0.9)       | (1.5)       |
| <b>Total Core Secured Debt <sup>3</sup></b>                   | <b>35.4</b> | <b>31.1</b> | <b>30.4</b> | <b>28.8</b> | <b>28.8</b> | <b>28.2</b> |
| High Yield Notes  | 3.3         | 3.3         | 3.3         | 3.3         | 2.7         | 2.7         |
| Asset Sale Bridge   | 2.2         | -           | -           | -           | -           | -           |
| Legacy Dell Unsecured Notes                                   | 2.5         | 2.0         | 2.0         | 1.4         | 1.4         | 1.4         |
| Legacy EMC Unsecured Notes                                    | 5.5         | 3.0         | 3.0         | 3.0         | 3.0         | 1.6         |
| <b>Total Unsecured Core Debt</b>                              | <b>13.4</b> | <b>8.2</b>  | <b>8.2</b>  | <b>7.6</b>  | <b>7.1</b>  | <b>5.6</b>  |
| <b>Total Core Debt <sup>4</sup></b>                           | <b>48.8</b> | <b>39.3</b> | <b>38.6</b> | <b>36.4</b> | <b>35.9</b> | <b>33.8</b> |
| Margin Loan   | 2.5         | 3.4         | 4.0         | 4.0         | 4.0         | 4.0         |
| Mirror Loan   | 1.5         | -           | -           | -           | -           | -           |
| <b>Total Other Debt</b>                                       | <b>4.0</b>  | <b>3.4</b>  | <b>4.0</b>  | <b>4.0</b>  | <b>4.0</b>  | <b>4.0</b>  |
| DFS Debt  | 3.5         | 5.9         | 6.3         | 6.6         | 7.6         | 7.8         |
| DFS Allocated Debt  | 1.0         | 1.6         | 1.3         | 1.4         | 0.9         | 1.5         |
| <b>Total DFS Related Debt</b>                                 | <b>4.5</b>  | <b>7.5</b>  | <b>7.6</b>  | <b>8.1</b>  | <b>8.4</b>  | <b>9.3</b>  |
| <b>Total Debt, Excluding Public Subsidiaries <sup>5</sup></b> | <b>57.3</b> | <b>50.2</b> | <b>50.2</b> | <b>48.5</b> | <b>48.4</b> | <b>47.1</b> |
| <b>Total Public Subsidiary Debt</b>                           | <b>-</b>    | <b>4.0</b>  | <b>4.0</b>  | <b>4.1</b>  | <b>4.7</b>  | <b>5.6</b>  |
| <b>Total Debt, Including Public Subsidiaries <sup>5</sup></b> | <b>57.3</b> | <b>54.2</b> | <b>54.2</b> | <b>52.6</b> | <b>53.0</b> | <b>52.7</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, Pivotal and their respective subsidiaries are considered unrestricted subsidiaries for purposes of the existing debt of Dell Technologies.

## DFS SUMMARY

| \$ in billions                            | 4Q19       | 1Q20       | 2Q20        | 3Q20        | 4Q20        |
|---|------------|------------|-------------|-------------|-------------|
| <b>Originations</b> <sup>1</sup>          | <b>2.1</b> | <b>1.7</b> | <b>2.0</b>  | <b>2.0</b>  | <b>2.8</b>  |
| Trailing twelve months                    | 7.3        | 7.3        | 7.4         | 7.8         | 8.5         |
| <b>Financing Receivables</b> <sup>2</sup> | <b>8.6</b> | <b>8.4</b> | <b>8.8</b>  | <b>9.1</b>  | <b>9.7</b>  |
| <b>Operating Leases</b> <sup>3</sup>      | <b>-</b>   | <b>0.3</b> | <b>0.4</b>  | <b>0.6</b>  | <b>0.8</b>  |
| <b>Total Managed Assets</b> <sup>4</sup>  | <b>9.7</b> | <b>9.7</b> | <b>10.2</b> | <b>10.7</b> | <b>11.6</b> |

<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 under the new lease accounting standard.

<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                             | 4Q19          | 1Q20          | 2Q20          | 3Q20          | 4Q20          | FY19          | FY20          |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>GAAP revenue</b>                        | <b>23,841</b> | <b>21,908</b> | <b>23,370</b> | <b>22,844</b> | <b>24,032</b> | <b>90,621</b> | <b>92,154</b> |
| Impact of purchase accounting <sup>1</sup> | 167           | 82            | 84            | 84            | 97            | 703           | 347           |
| <b>Non-GAAP revenue</b>                    | <b>24,008</b> | <b>21,990</b> | <b>23,454</b> | <b>22,928</b> | <b>24,129</b> | <b>91,324</b> | <b>92,501</b> |
| <b>GAAP gross margin</b>                   | <b>7,109</b>  | <b>6,797</b>  | <b>7,326</b>  | <b>7,126</b>  | <b>7,684</b>  | <b>25,053</b> | <b>28,933</b> |
| Amortization of intangibles                | 729           | 519           | 519           | 517           | 526           | 2,883         | 2,081         |
| Impact of purchase accounting <sup>1</sup> | 171           | 84            | 85            | 86            | 98            | 720           | 353           |
| Transaction costs <sup>2</sup>             | (26)          | (5)           | -             | -             | -             | 213           | (5)           |
| Stock-based compensation                   | 37            | 26            | 32            | 33            | 38            | 91            | 129           |
| Other corporate expenses <sup>3</sup>      | 17            | 13            | 24            | 6             | 29            | 62            | 72            |
| <b>Total adjustments to gross margin</b>   | <b>928</b>    | <b>637</b>    | <b>660</b>    | <b>642</b>    | <b>691</b>    | <b>3,969</b>  | <b>2,630</b>  |
| <b>Non-GAAP gross margin</b>               | <b>8,037</b>  | <b>7,434</b>  | <b>7,986</b>  | <b>7,768</b>  | <b>8,375</b>  | <b>29,022</b> | <b>31,563</b> |
| <i>GM % of non-GAAP revenue</i>            | <i>33.5%</i>  | <i>33.8%</i>  | <i>34.0%</i>  | <i>33.9%</i>  | <i>34.7%</i>  | <i>31.8%</i>  | <i>34.1%</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                                 | 4Q19           | 1Q20           | 2Q20           | 3Q20         | 4Q20           | FY19           | FY20           |
|--|----------------|----------------|----------------|--------------|----------------|----------------|----------------|
| <b>GAAP SG&amp;A</b>                           | <b>5,576</b>   | <b>5,071</b>   | <b>5,578</b>   | <b>5,028</b> | <b>5,642</b>   | <b>20,640</b>  | <b>21,319</b>  |
| Amortization of intangibles                    | (815)          | (698)          | (541)          | (540)        | (548)          | (3,255)        | (2,327)        |
| Impact of purchase accounting <sup>1</sup>     | (19)           | (17)           | (17)           | (10)         | (12)           | (71)           | (56)           |
| Transaction costs <sup>2</sup>                 | (337)          | (48)           | (45)           | (76)         | (119)          | (517)          | (288)          |
| Stock based compensation                       | (109)          | (126)          | (145)          | (158)        | (190)          | (432)          | (619)          |
| Other corporate expenses <sup>3</sup>          | (9)            | (4)            | (680)          | (38)         | (313)          | (313)          | (1,035)        |
| <b>Non-GAAP SG&amp;A</b>                       | <b>4,287</b>   | <b>4,178</b>   | <b>4,150</b>   | <b>4,206</b> | <b>4,460</b>   | <b>16,052</b>  | <b>16,994</b>  |
| <b>GAAP R&amp;D</b>                            | <b>1,202</b>   | <b>1,176</b>   | <b>1,229</b>   | <b>1,262</b> | <b>1,325</b>   | <b>4,604</b>   | <b>4,992</b>   |
| Amortization of intangibles                    | -              | -              | -              | -            | -              | -              | -              |
| Impact of purchase accounting <sup>1</sup>     | -              | -              | -              | -            | (2)            | (29)           | (2)            |
| Transaction costs <sup>2</sup>                 | (2)            | 1              | (2)            | -            | (1)            | (20)           | (2)            |
| Stock based compensation                       | (101)          | (111)          | (124)          | (131)        | (148)          | (395)          | (514)          |
| Other corporate expenses <sup>3</sup>          | (5)            | (6)            | (10)           | (11)         | (26)           | (44)           | (53)           |
| <b>Non-GAAP R&amp;D</b>                        | <b>1,094</b>   | <b>1,060</b>   | <b>1,093</b>   | <b>1,120</b> | <b>1,148</b>   | <b>4,116</b>   | <b>4,421</b>   |
| <b>GAAP operating expenses</b>                 | <b>6,778</b>   | <b>6,247</b>   | <b>6,807</b>   | <b>6,290</b> | <b>6,967</b>   | <b>25,244</b>  | <b>26,311</b>  |
| Amortization of intangibles                    | (815)          | (698)          | (541)          | (540)        | (548)          | (3,255)        | (2,327)        |
| Impact of purchase accounting <sup>1</sup>     | (19)           | (17)           | (17)           | (10)         | (14)           | (100)          | (58)           |
| Transaction costs <sup>2</sup>                 | (339)          | (47)           | (47)           | (76)         | (120)          | (537)          | (290)          |
| Stock based compensation                       | (210)          | (237)          | (269)          | (289)        | (338)          | (827)          | (1,133)        |
| Other corporate expenses <sup>3</sup>          | (14)           | (10)           | (690)          | (49)         | (339)          | (357)          | (1,088)        |
| <b>Total adjustments to operating expenses</b> | <b>(1,397)</b> | <b>(1,009)</b> | <b>(1,564)</b> | <b>(964)</b> | <b>(1,359)</b> | <b>(5,076)</b> | <b>(4,896)</b> |
| <b>Non-GAAP operating expenses</b>             | <b>5,381</b>   | <b>5,238</b>   | <b>5,243</b>   | <b>5,326</b> | <b>5,608</b>   | <b>20,168</b>  | <b>21,415</b>  |
| <i>OpEx % of non-GAAP revenue</i>              | <i>22.4%</i>   | <i>23.8%</i>   | <i>22.4%</i>   | <i>23.2%</i> | <i>23.2%</i>   | <i>22.1%</i>   | <i>23.2%</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, as well as the costs incurred in the Class V transaction.

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

# SUPPLEMENTAL NON-GAAP MEASURES

## Operating Income

| \$ in millions                               | 4Q19         | 1Q20         | 2Q20         | 3Q20         | 4Q20         | FY19         | FY20          |
|--|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| <b>GAAP operating income (loss)</b>          | <b>331</b>   | <b>550</b>   | <b>519</b>   | <b>836</b>   | <b>717</b>   | <b>(191)</b> | <b>2,622</b>  |
| <b>Non-GAAP adjustments:</b>                 |              |              |              |              |              |              |               |
| Amortization of intangibles                  | 1,544        | 1,217        | 1,060        | 1,057        | 1,074        | 6,138        | 4,408         |
| Impact of purchase accounting <sup>1</sup>   | 190          | 101          | 102          | 96           | 112          | 820          | 411           |
| Transaction costs <sup>2</sup>               | 313          | 42           | 47           | 76           | 120          | 750          | 285           |
| Stock based compensation                     | 247          | 263          | 301          | 322          | 376          | 918          | 1,262         |
| Other corporate expenses <sup>3</sup>        | 31           | 23           | 714          | 55           | 368          | 419          | 1,160         |
| <b>Total adjustments to operating income</b> | <b>2,325</b> | <b>1,646</b> | <b>2,224</b> | <b>1,606</b> | <b>2,050</b> | <b>9,045</b> | <b>7,526</b>  |
| <b>Non-GAAP operating income</b>             | <b>2,656</b> | <b>2,196</b> | <b>2,743</b> | <b>2,442</b> | <b>2,767</b> | <b>8,854</b> | <b>10,148</b> |
| <i>OpInc % of non-GAAP revenue</i>           | <i>11.1%</i> | <i>10.0%</i> | <i>11.7%</i> | <i>10.7%</i> | <i>11.5%</i> | <i>9.7%</i>  | <i>11.0%</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, as well as the costs incurred in the Class V transaction.

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

# SUPPLEMENTAL NON-GAAP MEASURES

## Interest and Other

| \$ in millions                            | 4Q19         | 1Q20         | 2Q20         | 3Q20         | 4Q20         | FY19           | FY20           |
|---|--------------|--------------|--------------|--------------|--------------|----------------|----------------|
| <b>GAAP interest and other, net:</b>      |              |              |              |              |              |                |                |
| Investment income, primarily interest     | 66           | 44           | 42           | 41           | 33           | 313            | 160            |
| Gain on investments, net                  | 113          | 62           | 80           | 18           | 34           | 268            | 194            |
| Interest expense                          | (658)        | (699)        | (692)        | (654)        | (630)        | (2,488)        | (2,675)        |
| Foreign exchange                          | (32)         | (45)         | (35)         | (43)         | (39)         | (206)          | (162)          |
| Other                                     | (95)         | (55)         | (25)         | (39)         | (24)         | (57)           | (143)          |
| <b>GAAP interest and other, net</b>       | <b>(606)</b> | <b>(693)</b> | <b>(630)</b> | <b>(677)</b> | <b>(626)</b> | <b>(2,170)</b> | <b>(2,626)</b> |
| <b>Adjustments:</b>                       |              |              |              |              |              |                |                |
| Non-GAAP adjustments <sup>1</sup>         | 39           | 62           | 80           | 18           | 34           | 268            | 194            |
| <b>Non-GAAP interest and other, net</b>   | <b>(645)</b> | <b>(755)</b> | <b>(710)</b> | <b>(695)</b> | <b>(660)</b> | <b>(2,438)</b> | <b>(2,820)</b> |
| <i>I&amp;O as a % of non-GAAP revenue</i> | <i>-2.7%</i> | <i>-3.4%</i> | <i>-3.0%</i> | <i>-3.0%</i> | <i>-2.7%</i> | <i>-2.7%</i>   | <i>-3.0%</i>   |

<sup>1</sup> Primarily consists of the fair value adjustments on strategic equity investments, as well as one-time costs related to the Class V transaction during Q4 FY19.

# SUPPLEMENTAL NON-GAAP MEASURES

## Net Income

| \$ in millions  | 4Q19         | 1Q20         | 2Q20           | 3Q20         | 4Q20         | FY19           | FY20         |
|---|--------------|--------------|----------------|--------------|--------------|----------------|--------------|
| <b>GAAP net income (loss)</b>                             | <b>(287)</b> | <b>329</b>   | <b>4,232</b>   | <b>552</b>   | <b>416</b>   | <b>(2,181)</b> | <b>5,529</b> |
| <b>Non-GAAP adjustments:</b>                              |              |              |                |              |              |                |              |
| Amortization of intangibles                               | 1,544        | 1,217        | 1,060          | 1,057        | 1,074        | 6,138          | 4,408        |
| Impact of purchase accounting <sup>2</sup>                | 190          | 101          | 102            | 96           | 112          | 820            | 411          |
| Transaction costs <sup>3</sup>                            | 387          | 42           | 47             | 76           | 120          | 824            | 285          |
| Stock based compensation                                  | 247          | 263          | 301            | 322          | 376          | 918            | 1,262        |
| Other corporate expenses <sup>4</sup>                     | 31           | 23           | 714            | 55           | 368          | 419            | 1,160        |
| Fair value adjustments on equity investments <sup>5</sup> | (113)        | (62)         | (80)           | (18)         | (34)         | (342)          | (194)        |
| Aggregate adjustment for income taxes <sup>6</sup>        | (407)        | (704)        | (4,625)        | (695)        | (748)        | (1,369)        | (6,772)      |
| <b>Total adjustments to net income</b>                    | <b>1,879</b> | <b>880</b>   | <b>(2,481)</b> | <b>893</b>   | <b>1,268</b> | <b>7,408</b>   | <b>560</b>   |
| <b>Non-GAAP net income</b>                                | <b>1,592</b> | <b>1,209</b> | <b>1,751</b>   | <b>1,445</b> | <b>1,684</b> | <b>5,227</b>   | <b>6,089</b> |
| <i>NI % of non-GAAP revenue</i>                           | <i>6.6%</i>  | <i>5.5%</i>  | <i>7.5%</i>    | <i>6.3%</i>  | <i>7.0%</i>  | <i>5.7%</i>    | <i>6.6%</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, as well as the costs incurred in the Class V transaction.

<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       | FY20         |
|--|------------|--------------|------------|------------|--------------|
| <b>GAAP net income attributable to non-controlling interests</b>                 | <b>36</b>  | <b>816</b>   | <b>53</b>  | <b>8</b>   | <b>913</b>   |
| Amortization of intangibles <sup>1</sup>   | 73         | 71           | 75         | 76         | 295          |
| Impact of purchase accounting <sup>2</sup>                                       | 6          | 6            | 5          | 6          | 23           |
| Transaction costs <sup>3</sup>   | 3          | 2            | 13         | 32         | 50           |
| Stock based compensation   | 46         | 51           | 55         | 65         | 217          |
| Other corporate expenses <sup>4</sup>  | -          | -            | -          | 45         | 45           |
| Fair value adjustments on equity investments <sup>5</sup>                        | (26)       | 100          | (50)       | -          | 24           |
| Aggregate adjustment for income taxes <sup>6</sup>                               | (29)       | (915)        | (27)       | (61)       | (1,032)      |
| <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>(378)</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>535</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         | FY20         |
|---|--------------|----------------|--------------|--------------|--------------|
| <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>4,616</b> |
| Amortization of intangibles   | 1,217        | 1,060          | 1,057        | 1,074        | 4,408        |
| Impact of purchase accounting <sup>1</sup>                                    | 101          | 102            | 96           | 112          | 411          |
| Transaction costs <sup>2</sup>  | 42           | 47             | 76           | 120          | 285          |
| Stock based compensation  | 263          | 301            | 322          | 376          | 1,262        |
| Other corporate expenses <sup>3</sup>   | 23           | 714            | 55           | 368          | 1,160        |
| Fair value adjustments on equity investments <sup>4</sup>                     | (62)         | (80)           | (18)         | (34)         | (194)        |
| Aggregate adjustment for income taxes <sup>5</sup>                            | (704)        | (4,625)        | (695)        | (748)        | (6,772)      |
| Total non-GAAP adjustments attributable to non-controlling interests          | (73)         | 685            | (71)         | (163)        | 378          |
| <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>938</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>5,554</b> |
| Incremental dilution from VMware, Inc. <sup>6</sup>                           | (8)          | (9)            | (6)          | (8)          | (35)         |
| <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>5,519</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         | FY20         |
|---|--------------|--------------|--------------|--------------|--------------|
| <b>GAAP net income attributable to Dell Technologies Inc.</b>               | <b>293</b>   | <b>3,416</b> | <b>499</b>   | <b>408</b>   | <b>4,616</b> |
| Weighted-average shares outstanding - basic                                 | 717          | 719          | 725          | 734          | 724          |
| <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>6.38</b>  |
| Incremental dilution from VMware Inc. <sup>1</sup>                          | (8)          | (62)         | (6)          | (3)          | (84)         |
| <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>4,532</b> |
| Weighted-average shares outstanding - diluted                               | 751          | 751          | 750          | 754          | 751          |
| <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>6.03</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>5,554</b> |
| Weighted-average shares outstanding - basic                                 | 717          | 719          | 725          | 734          | 724          |
| <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>7.67</b>  |
| Incremental dilution from VMware Inc. <sup>1</sup>                          | (8)          | (9)          | (6)          | (8)          | (35)         |
| <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>5,519</b> |
| Weighted-average shares outstanding - diluted                               | 751          | 751          | 750          | 754          | 751          |
| <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>7.35</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                             | 4Q19         | 1Q20         | 2Q20         | 3Q20         | 4Q20         | FY19           | FY20          |
|--|--------------|--------------|--------------|--------------|--------------|----------------|---------------|
| <b>GAAP net income (loss)</b>              | <b>(287)</b> | <b>329</b>   | <b>4,232</b> | <b>552</b>   | <b>416</b>   | <b>(2,181)</b> | <b>5,529</b>  |
| <b>Adjustments:</b>                        |              |              |              |              |              |                |               |
| Interest and other, net                    | 606          | 693          | 630          | 677          | 626          | 2,170          | 2,626         |
| Income tax provision (benefit)             | 12           | (472)        | (4,343)      | (393)        | (325)        | (180)          | (5,533)       |
| Depreciation and amortization              | 1,940        | 1,616        | 1,498        | 1,494        | 1,535        | 7,746          | 6,143         |
| <b>EBITDA</b>                              | <b>2,271</b> | <b>2,166</b> | <b>2,017</b> | <b>2,330</b> | <b>2,252</b> | <b>7,555</b>   | <b>8,765</b>  |
| <b>Adjustments:</b>                        |              |              |              |              |              |                |               |
| Impact of purchase accounting <sup>1</sup> | 168          | 83           | 84           | 84           | 96           | 704            | 347           |
| Transaction costs <sup>2</sup>             | 313          | 42           | 47           | 76           | 120          | 722            | 285           |
| Stock based compensation                   | 247          | 263          | 301          | 322          | 376          | 918            | 1,262         |
| Other corporate expenses <sup>3</sup>      | 29           | 19           | 707          | 45           | 357          | 397            | 1,128         |
| <b>Adjusted EBITDA</b>                     | <b>3,028</b> | <b>2,573</b> | <b>3,156</b> | <b>2,857</b> | <b>3,201</b> | <b>10,296</b>  | <b>11,787</b> |
| <i>Adj EBITDA % of non-GAAP revenue</i>    | <i>12.6%</i> | <i>11.7%</i> | <i>13.5%</i> | <i>12.5%</i> | <i>13.3%</i> | <i>11.3%</i>   | <i>12.7%</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, as well as the costs incurred in the Class V transaction.

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

# SUPPLEMENTAL NON-GAAP MEASURES

## Free Cash Flow

| \$ in millions  | 4Q19         | 1Q20           | 2Q20         | 3Q20         | 4Q20         | FY19         | FY20         |
|---|--------------|----------------|--------------|--------------|--------------|--------------|--------------|
| <b>Cash flow from operations</b>  | <b>2,366</b> | <b>682</b>     | <b>3,280</b> | <b>1,821</b> | <b>3,508</b> | <b>6,991</b> | <b>9,291</b> |
| <b>Adjustments:</b>   |              |                |              |              |              |              |              |
| Capital expenditures, net   | (297)        | (610)          | (473)        | (517)        | (618)        | (1,148)      | (2,218)      |
| Capitalized software expense  | (93)         | (106)          | (78)         | (80)         | (71)         | (339)        | (335)        |
| <b>Free cash flow</b>   | <b>1,976</b> | <b>(34)</b>    | <b>2,729</b> | <b>1,224</b> | <b>2,819</b> | <b>5,504</b> | <b>6,738</b> |
| <b>Adjustments:</b>   |              |                |              |              |              |              |              |
| DFS financing receivables   | 567          | (121)          | 483          | 230          | 737          | 1,302        | 1,329        |
| DFS operating leases <sup>1</sup>   | -            | 271            | 155          | 170          | 223          | -            | 819          |
| <b>Free cash flow before impact from DFS related items</b>                    | <b>2,543</b> | <b>116</b>     | <b>3,367</b> | <b>1,624</b> | <b>3,779</b> | <b>6,806</b> | <b>8,886</b> |
| <b>VMware cash flow from operations</b>                                       | <b>1,012</b> | <b>1,273</b>   | <b>699</b>   | <b>810</b>   | <b>1,085</b> | <b>3,657</b> | <b>3,872</b> |
| <b>Adjustments:</b>   |              |                |              |              |              |              |              |
| VMware capital expenditures   | (66)         | (71)           | (88)         | (50)         | (64)         | (254)        | (279)        |
| <b>VMware free cash flow</b>  | <b>946</b>   | <b>1,202</b>   | <b>611</b>   | <b>760</b>   | <b>1,021</b> | <b>3,403</b> | <b>3,593</b> |
| <b>Free cash flow, excluding VMware, before impact from DFS related items</b> | <b>1,597</b> | <b>(1,086)</b> | <b>2,756</b> | <b>864</b>   | <b>2,758</b> | <b>3,403</b> | <b>5,293</b> |

<sup>1</sup> Amount represents change in net carrying value of equipment for DFS operating leases under the new lease accounting standard.

# SUPPLEMENTAL NON-GAAP MEASURES

## FY21 Financial Guidance<sup>1,2</sup>

| \$ in billions, except per share amounts                                       | Revenue                | Operating Income     | Diluted EPS <sup>2</sup> |
|--|------------------------|----------------------|--------------------------|
| <b>GAAP guidance</b>   | <b>\$91.8 - \$94.8</b> | <b>\$3.4 - \$4.0</b> | <b>\$0.37 - \$1.07</b>   |
| <b>Estimated adjustments for:</b>  |                        |                      |                          |
| Impact of purchase accounting and amortization of intangibles <sup>1,3,5</sup> | 0.2                    | 3.6                  | 4.44                     |
| Stock-based compensation <sup>5</sup>  | -                      | 1.6                  | 1.81                     |
| Other corporate expenses <sup>4,5</sup>  | -                      | 0.3                  | 0.29                     |
| Aggregate adjustment for income taxes <sup>6</sup>                             | -                      | -                    | (1.01)                   |
| <b>Non-GAAP guidance</b>   | <b>\$92.0 - \$95.0</b> | <b>\$8.9 - \$9.5</b> | <b>\$5.90 - \$6.60</b>   |

<sup>1</sup> GAAP results will include substantial non-cash purchase accounting adjustments for the next several years related to the EMC merger transaction.

<sup>2</sup> The Company's GAAP and non-GAAP financial guidance for the fiscal year ended January 29, 2021 includes minority interest deductions of the Company's public subsidiaries.

<sup>3</sup> Impact of purchase accounting and amortization of intangibles represents an estimate for acquisitions completed as of January 31, 2020 and does not include estimates for potential acquisitions, if any, during the remainder of FY21.

<sup>4</sup> Other corporate expenses primarily includes integration costs, including incremental costs associated with the closing of the RSA transaction. No estimates are included for guidance purposes of potential fair value adjustments on strategic investments given the potential volatility of either gains or losses on those equity investments. Additionally, no estimate is included for any potential severance, as they cannot be reasonably estimated at this time.

<sup>5</sup> Reported impacts on diluted earnings (loss) per share are presented before tax impact.

<sup>6</sup> The aggregate adjustment for income taxes is the estimated combined income tax effect for the impact of purchase accounting and amortization of intangibles, stock-based compensation, and other corporate expenses, and includes the tax impact of certain discrete items. The Company's GAAP tax rate includes these items and is not meaningful. The Company's non-GAAP tax rate is expected to be 18.5% plus or minus 100 bps. Our estimated tax rate on non-GAAP income is determined annually and may be adjusted during the year to take into account events or trends that we believe materially impact the estimated annual rate, including, but not limited to, material changes in the geographic mix of income, significant changes resulting from tax legislation, changes to our corporate structure, and other events. Due to the differences in the tax treatment of items excluded from non-GAAP earnings, as well as the methodology applied to our estimated annual tax rate, our estimated tax rate on non-GAAP income will differ from our GAAP tax rate.