

VMware Spin-Off Investor Call

April 14th 2021

 **DELL** Technologies

Disclaimer

NON-GAAP FINANCIAL MEASURES

This presentation includes information about non-GAAP revenue, non-GAAP operating income, 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 (“GAAP”). We have provided a reconciliation of the non-GAAP financial measures to the most directly comparable GAAP measures in the slides in Appendix B captioned “Supplemental non-GAAP measures.”

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Transaction Rationale

Achieves significant efficiencies in capital structure flexibility and capital allocation

- ✓ Maintains benefits of existing relationship while increasing strategic flexibility for Dell Technologies & VMware, positioning both companies for future growth
- ✓ Enables Dell shareholders to benefit from increased management focus on the attractive growth prospects of the core business while continuing to benefit from VMware ownership
- ✓ Simplifies capital structure for both companies
- ✓ Increases VMware eligibility for key indices and increases public float
- ✓ Unlocks discount in valuation of current capital structure for all shareholders
- ✓ Positions Dell for investment grade ratings while maintaining VMware's investment grade ratings post share distribution

Separation & Distribution Agreement Summary

Key elements aligned with value creation framework

Commercial Agreement Summary

- Maintains strategic alignment and benefits of current relationship
 - Continues joint collaboration on solutions including VxRail and VMware Cloud on Dell EMC
 - Agreement to work together on new areas of joint innovation including edge, telco and 5G
 - Commitment to continue driving VMware revenue through Dell's sales channel
 - Preserves VMware access to Dell Financial Services
- Formalized governance process tied to achieving commercial agreement goals
- 5 year term with optional annual extensions post term

Special Dividend

- VMware will pay an \$11.5B-\$12B special dividend to all its shareholders including Dell Technologies
- Dell will receive approximately ~\$9.3B-\$9.7B due to its 80.6%¹ stake in VMware
- Dell intends to use net proceeds to repay non-DFS related debt
- Post dividend and share distribution, Dell will be well positioned for Investment Grade ratings

Governance

- VMware moves to a single class share structure
- Dell Technologies share structure remains the same

Timing

- Transaction expected to close in calendar Q4 2021
- Contingent upon favorable private letter ruling from IRS, opinion and IG ratings for VMware

¹As of January 29, 2021

Dell Technologies Equity Ownership (Illustrative)

Equity ownership before and after VMware share distribution assuming transaction closed March 29th

DELL Technologies

- Each Class A, B and C share has the same economic interest in broader Dell Technologies including its current pro-rata interest in VMware
- Current Dell Class C price is \$94¹

DELL Technologies

- No change to the number of Dell shares outstanding
- Shareholders will have economic interest in Dell excluding VMware + \$9.3B² from VMware special dividend
- Implied value post share distribution is approximately \$38 per share³ or ~4.7x TTM adjusted EBITDA

vmware®

- Shareholders will receive approximately .44 shares of VMware for each Dell share
- Current estimated value¹: VMware price (\$154) less impact of special dividend per share (\$27) x .44 shares = \$56

¹As of close on April 9, 2021. Dell share price was \$93.88. VMware share price was \$154.00 less impact of special dividend $(\$27.43) \times .44 = \56

²Assumes \$11.5B special dividend and Dell maintains 80.6% ownership of VMware at close for illustrative purposes.

³Estimated by taking current Dell Technologies share price less estimated VMware distribution value. $(\$94 - \$56)$ and excludes any share dilution impact.

Dell debt and leverage ratios will improve post-spin

Illustration below adjusts Q421 numbers for special dividend and assumes it was used at Dell to pay down debt



Q421 with VMware

~2.0x Net Debt/Adjusted EBITDA²

- Non-DFS related debt \$33.4B
(core Debt: \$29.2B, margin \$4.0B, other \$0.2B)
- DFS-related Debt: \$10.3B
- VMware Debt: \$4.8B
- Cash & Investments (C&I) \$15.8B
- Credit Rating: BB+



Q421 proforma without VMware

~1.6x Net Debt/Adjusted EBITDA³

- Non-DFS related debt \$24.1B
(core \$23.9B, margin \$0, other \$0.2B)
- DFS-related Debt: \$10.3B
- C&I \$10.8B (excludes VMware)
- Focused on IG ratings and expect the transaction to be credit positive

¹Assumes \$11.5B special dividend for illustrative purposes

²calculation: numerator is core debt + margin/other loan + VMware debt - C&I; denominator is core EBITDA calculated using Dell Technologies consolidated Adjusted EBITDA - 19% of VMware EBITDA - DFS estimated EBITDA (4% return on assets derived from a peer benchmark)

³calculation: numerator is core debt + margin/other loan - C&I ex public subs - special dividend; denominator is consolidated trailing twelve month EBITDA - VMware TTM EBITDA (\$8.3B) - DFS estimated EBITDA

Long-Term Financial Operating Model

Driving GDP to GDP plus revenue growth, strong cash flow and EPS growth over time



Core Vision & Strategy

Remains unchanged post-spin

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

Supported by World-class Organizations

Global scale and operations to capture growth opportunities ahead of us



Sales

Largest direct sales force in industry, ~30K strong

Fast-growing channel program, ~220K partners

Expanding cross-sell opportunities across Dell Technologies' portfolio



Services

34K+ full-time services & support employees¹

Modern managed services capabilities leveraging Dell's scale and technology

Enterprise-class support for mission critical data centers and systems



Supply Chain

More than \$70B in procurement spend per year

Operate in 180 countries w/ 25+ manufacturing locations

760+ parts distribution centers globally



Financial Services

DFS Assets of \$11.8B²

Originations have doubled in 4 years³

Flexible consumption models

Financing & leasing arrangements

¹Services in 180 countries, >200M assets in 54 languages

²DFS Assets consists of DFS financing receivables plus net operating leases as of January 29, 2021

³Originations represent the amounts of financing provided by DFS to customers for equipment and related software and services, including third-party originations

Long-Term Value Creation Framework

CURRENT OPERATIONS



Consolidate core end markets 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



Simplification of operations

Asset divestitures

CAPITAL STRUCTURE



Reduce core leverage and interest expense

Aligned shareholder interests

Future capital returns post Investment Grade ratings

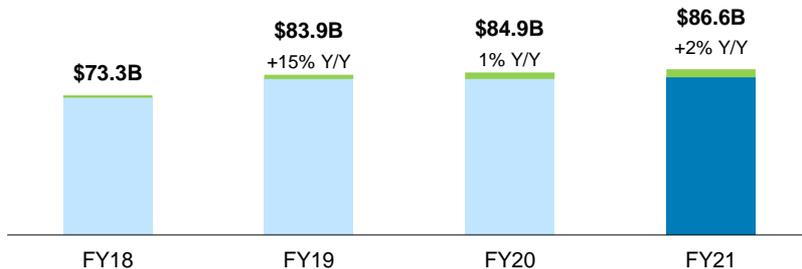
Dell Technologies ex VMware Financial Metrics¹

Includes estimate of VMware reseller revenue (in green)

NON-GAAP REVENUE

\$86.6B

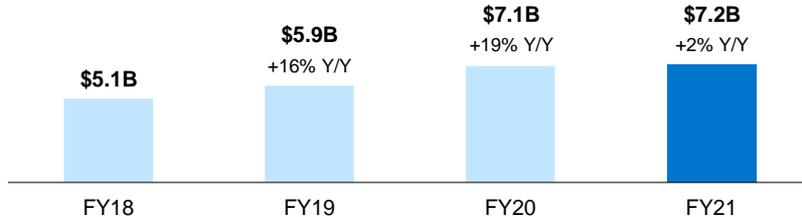
+6% FY18-21 CAGR



NON-GAAP OPERATING INCOME

\$7.2B

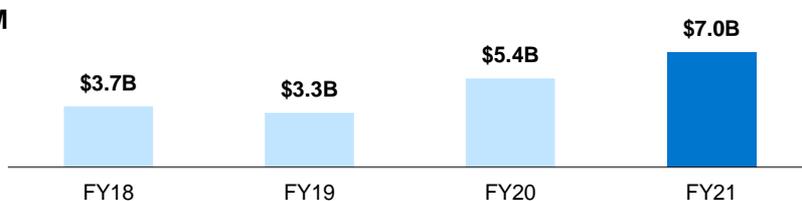
+12% FY18-21 CAGR



CASH FLOW FROM OPERATIONS

\$7.0B

+23% FY18-21 CAGR



Record FY21 revenue, operating income and cash flow from operations

Results driven by record CSG and stable ISG performance and operating expense management

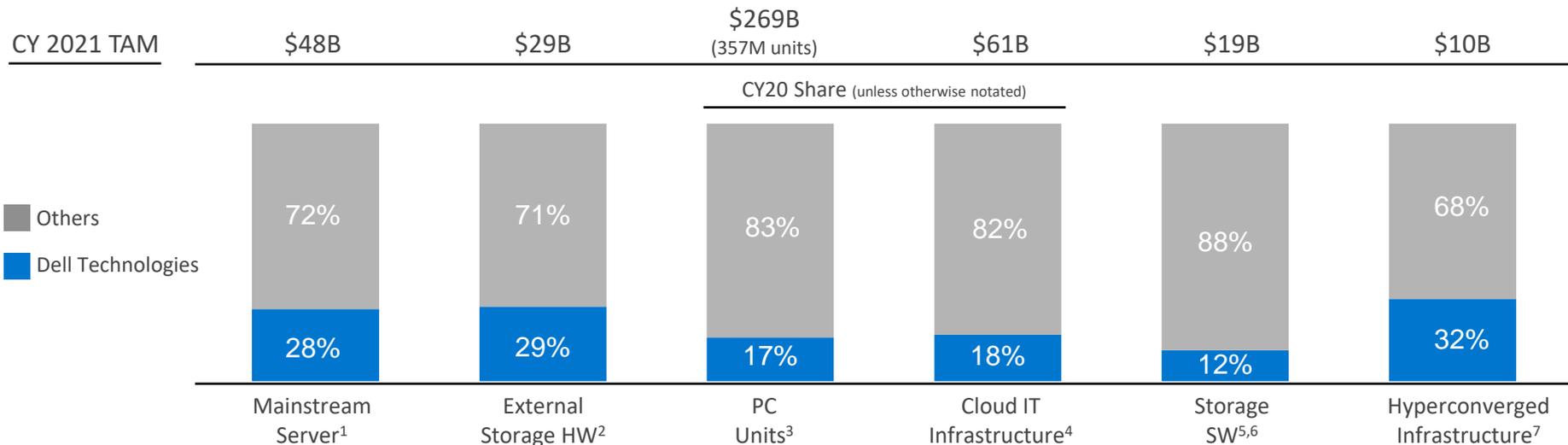
Record strong cash flow from operations due to robust profitability and diligent working capital management

Focused on product innovation and accelerating share gains in storage, servers and PCs

⁽¹⁾ Includes estimate of VMware reseller revenue going through Dell as disclosed in VMware's 10-Ks. Regulation S-X proforma information will be available later in the year; numbers are subject to change with no obligation to reconcile these estimates. See appendix for calculations of Dell Technologies ex VMware financial metrics

Leading in the Core

We are a leader in key markets where we compete — driving consolidation & outperforming the industry



DT Rank Q4 2020	#1	#1	#1 (Client Rev)	#1	#1	#1
Market Growth % (2020 – 2024 CAGR)	4.9%	3.4%	2.6%	0.9%	4.1%	12.3%

¹ Rank & share based on IDC WW Quarterly Server Tracker, 2020Q4 Historical Release; Market growth & TAM based on 2020Q4 Forecast Release. Note, Mainstream includes Standard Rack Optimized (non-custom), Towers (plus Large Systems) and Blades. ² Rank & share based on IDC WW Quarterly Enterprise Storage Systems Tracker, 2020Q4 Historical Release; Market growth & TAM based on 2020Q4 Forecast Release. ³ Share based on 2020Q4 IDC PCD Tracker, Rank based on Client business revenue (CSG revenue) compared with other PC OEMs from financial public filings, excluding tablet revenue; Market growth & TAM based on IDC PCD Tracker, 2020Q4 Forecast Release. ⁴ Rank & share based on IDC WW Quarterly Cloud IT Infrastructure Tracker, 2020Q3; Market growth & TAM based on 2020Q3 Traditional Forecast Release. Dell is the highest share of named vendors. ⁵ Rank & share based on 2020Q4 IDC WW Storage SW & Cloud Services QView, 2020Q4 for Dell Technologies (12.0% share). ⁶ Market growth & TAM based on IDC Semiannual Software Tracker, 2020H1 Forecast Release. ⁷ Rank & share based on IDC WW Quarterly Converged Systems Tracker, 2020Q4 Historical Release; Market growth & TAM based on 2020Q4 Forecast Release.

Client Solutions Group

Consistent record of growth, share gains and strong profitability

REVENUE

\$48.4B

+7% FY18-21 CAGR

Commercial
Consumer



OPERATING INCOME

\$3.4B

+19% FY18-21 CAGR

6.9% of CSG revenue
+170 bps from FY18



CSG Revenue has increased every year for the last five years with record revenue and operating profit in FY21.

Long-term TAM will benefit from the larger install base post-pandemic and the structural shift to notebooks (shorter lifecycles, higher ASPs and S&P attach)

Only big 3 vendor with positive Commercial PC share gain in calendar 2020¹; Dell has gained +560 pts of share over last 5 years¹

Expect CSG strength to continue through at least 1H22 with tougher comps in the second half, in line with IDC PC market expectations²

(1) Per IDC WW Personal Computing Device Tracker CY20Q4.
(2) IDC 20Q4 Forecast as of February 24, 2021
Note that results are calculated on underlying data and may not visually foot.

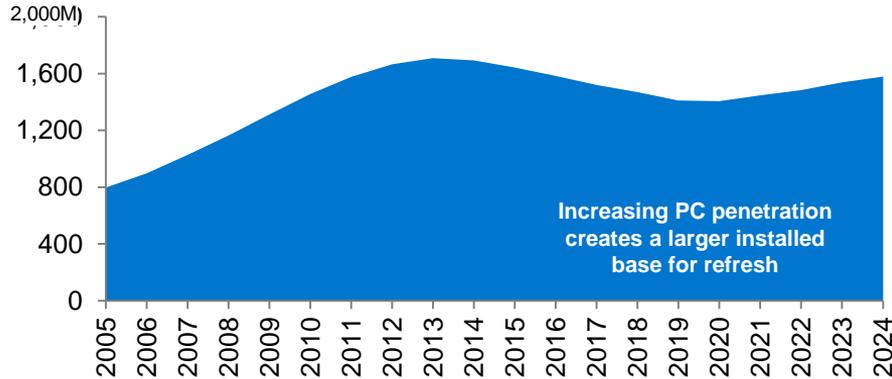
The PC market is expected to be bigger going forward

The “do anything from anywhere” economy drives significant business opportunity

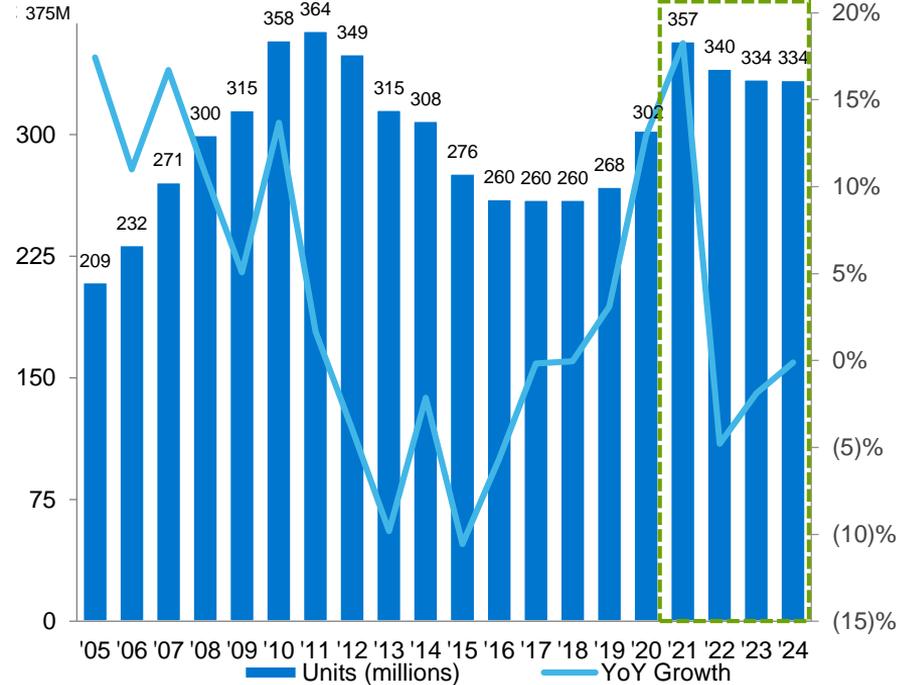
Key Highlights

- The new norm is expected to increase overall TAM
- Shift to mobility leads to a shorter refresh cycle with higher ASPs
- Change will require more peripherals, IT support, and services

PC Installed Base Over Time



PC Total Addressable Market – \$270B TAM in 2021



Source: IDC 20Q4 IDC WW PC Installed Base Forecast Tracker as of March 17, 2021, IDC 20Q4 Forecast as of February 24, 2021

Infrastructure Solutions Group

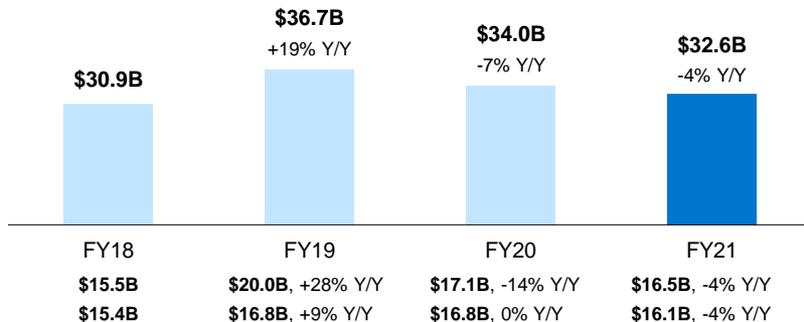
Executing through challenging environments and delivering strong profitability

REVENUE

\$32.6B

+2% FY18-21 CAGR

Servers & Networking
Storage

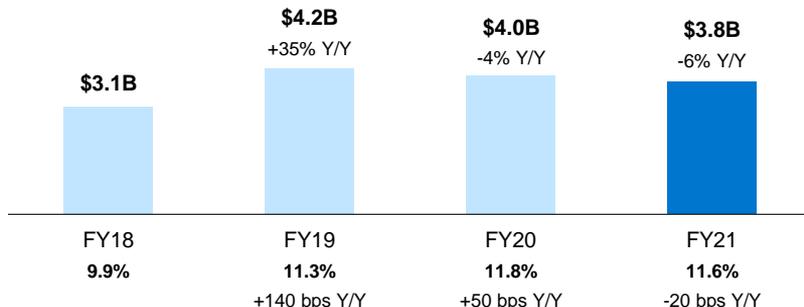


OPERATING INCOME

\$3.8B

+7% FY18-21 CAGR

11.6% of ISG revenue
+170 bps from FY18



Gained +530 bps of mainstream server revenue share over last 5 yrs¹ while Dell servers & networking revenue returned to Y/Y growth in Q421

Remain #1 in the external storage market² in all major storage categories; portfolio now well-positioned to resume share gains

Expanding customer choice with new APEX offerings (as-a-service capabilities)

Expect to see the global economy and on-prem demand to improve as customers return to office which should benefit ISG

(1) Based on IDC mainstream server revenue historical data from 2015 to 2020.

(2) See slide 12.

Note that results are calculated on underlying data and may not visually foot.

Leadership in the hybrid cloud world

#1 in key areas

Dell Is the Leader in Hybrid Cloud Solutions

#1

**Public &
Private Cloud IT
Infrastructure¹**

#1

**Storage
Platforms for Private
Cloud¹**

#1

**Cloud Management
Software²**

#1

**Hyperconverged
Systems³**

**92% of Enterprises have a multi-cloud strategy and
82% have a hybrid cloud strategy⁴**

**Dell is well-positioned in hybrid cloud with leading product
portfolio (e.g., next-gen storage portfolio)**

**Continued deep partnership and commercial relationship
with VMware post-transaction on hyperconverged and future
product development / GTM**

Core server and storage business is well-positioned for growth in a world where hybrid cloud dominates

Source: IDC's Cloud Pulse Q120 (March 2020)

¹ IDC WW Quarterly Cloud IT Infrastructure Tracker CY20Q3. Dell is the highest share of named vendors. ² IDC WW Cloud System & Service Management Software Market Shares (2019).

³ IDC WW Quarterly Converged Systems Tracker CY20Q3. ⁴ Flexera 2021 State of the Cloud Report.

APEX Vision

Simplify digital transformation by increasing IT agility and control



SIMPLICITY

Take advantage of technology that's operated by you, but managed for you

EFFORTLESS

Focus on high-value work, let us take care of the lifecycle

SELF-SERVICE

Experience your as-a-Service journey all in one console

OUTCOME-BASED

Easily configure technology, simply select your desired outcomes



AGILITY

Align technology with business needs, rapidly scale with greater flexibility

VELOCITY

Get up and running faster, save time and labor costs

ELASTICITY

Dynamically scale up or down, pay only for what you use

TRANSPARENCY

Contain costs and free up capital to seize opportunities



CONTROL

Minimize risk and maximize resources, run your business on your terms

SECURITY

Take charge of cyber resiliency, lead your incident response

SOVEREIGNTY

Govern where data is located to ensure compliance

PLACEMENT

Isolate critical applications, assure optimal performance

We have the advantage to win at the Edge

Dell starts with a number of key capabilities and is focused on building new ones

Edge is the Next Battleground

- ✓ 5G will fuel exponential growth at the edge for next-generation technologies and intelligent / automated experiences
- ✓ Generation of new data will grow from 50 zettabytes in 2020 to 175 zettabytes in 2025
- ✓ Expected 800% increase in applications at the edge by 2024
- ✓ \$700B in cumulative capital expenditures will be spent within the next decade on edge IT infrastructure and data centers
- ✓ Dell Technologies has the footprint, expertise, world-class services, and industry-leading supply chain to win at the edge

How We Win the Edge



Edge Solutions
Simple to manage
and deploy



**Optimize For
Edge**
Clear requirements
and roadmaps



**Partner
Ecosystem**
Across the entire
environment

ESG Highlights¹

From our latest Social Impact reporting² and external recognition

Advancing sustainability. Cultivating inclusion. Upholding ethics.



Environmental

45% of electricity from wind, solar or hydroelectric sources

Ocean-bound plastic program supported use across 1.7M packaging units

Reduced server portfolio energy by 82%

2030 Goal: 75% of electricity across all Dell Technologies from renewable sources



Social

Dell contributed to over 15,000 nonprofits and ~59% of employees participate in giving/volunteerism

Committed over \$4M in in-kind technology for frontline Covid-19 workers³

Delivered 5M cumulative volunteer hours to hit 2020 Legacy of Good target

2030 Goal: 50% empowered by social initiatives will be girls, women or underrepresented groups



Governance

100% of employees completed assigned ethics and compliance training

Enhanced Global Privacy Program helps customers understand and control their data

Surveyed 42,000 employees to identify view of culture to positively influence behavior

2030 Goal: 100% of direct partners Dell does business with will demonstrate commitment to our values



¹ Metrics are for Dell Technologies; excluding Secureworks; and excluding VMware (including Pivotal), which publishes its own annual Global Impact Progress Report.
² FY20 Social Impact Report; ³ Dell Technologies COVID-19 Response Factsheet.

Key Takeaways

VMware Spinoff Agreement

-  The Dell/VMware relationship is strong and both companies will continue to work closely together in a first and best framework
-  Dell and VMware shareholders will benefit from the transaction announcement today and in the future
-  Dell is well-positioned to grow and has a history of generating strong cash flow and value creation with a compelling valuation

FY22 Key Upcoming Investor Events

Timing and events are tentative and subject to change



• Conferences

- Bank of America & Bernstein (June)
- Citi & JP Morgan All-Stars (September)
- Wells Fargo & Credit Suisse (December)

• Virtual Roadshows (throughout the year)

• Key Topic Calls (throughout the year)

- CSG (yesterday)
- ISG
- ESG
- Other topics

• Dell Technologies World (May)

• Investor Day (Fall prior to transaction close)

Appendix A

Debt summary

Debt summary

\$ in billions ^{1,2}	EMC Close	4Q20	1Q21	2Q21	3Q21	4Q21
Revolver	2.0	-	-	-	-	-
Term Loan A	9.4	4.2	4.1	4.0	4.0	3.1
Term Loan B	5.0	4.7	4.7	4.7	4.7	3.1
Investment Grade Notes	20.0	20.8	23.0	21.6	18.5	18.5
DFS Allocated Debt	(1.0)	(1.5)	(0.9)	(1.2)	(0.9)	(0.7)
Total Core Secured Debt ³	35.4	28.2	31.0	29.1	26.3	24.1
High Yield Notes	3.3	2.7	2.7	2.7	2.7	2.7
Asset Sale Bridge	2.2	-	-	-	-	-
Legacy Dell Unsecured Notes	2.5	1.4	1.4	1.4	1.4	1.4
Legacy EMC Unsecured Notes	5.5	1.6	1.6	1.0	1.0	1.0
Total Unsecured Core Debt	13.4	5.7	5.7	5.1	5.1	5.1
Total Core Debt ⁴	48.8	33.8	36.6	34.1	31.4	29.2
Margin Loan and Other	4.0	4.0	4.0	4.1	4.2	4.2
DFS Debt	3.5	7.8	8.3	8.8	9.2	9.7
DFS Allocated Debt	1.0	1.5	0.9	1.2	0.9	0.7
Total DFS Related Debt	4.5	9.3	9.1	10.0	10.1	10.3
Total Debt, Excluding Public Subsidiaries ⁵	57.3	47.1	49.8	48.2	45.6	43.7
Total Public Subsidiary Debt	-	5.6	7.6	6.3	4.8	4.8
Total Debt, Including Public Subsidiaries ⁵	57.3	52.7	57.3	54.5	50.4	48.5

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

² Principal Face Value.

³ 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.

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

⁵ VMware and its respective subsidiaries are considered unrestricted subsidiaries for purposes of the existing debt of Dell Technologies.

Appendix B

Supplemental non-GAAP measures

Supplemental non-GAAP measures

Fiscal 2021 and Fiscal 2020 net revenue and operating income

\$ in billions ¹	Fiscal 2021							Fiscal 2020						
	GAAP	Amortization of intangibles	Impact of purchase accounting ²	Transaction costs ³	Stock-based compensation	Other corporate expenses ⁴	Non-GAAP	GAAP	Amortization of intangibles	Impact of purchase accounting ²	Transaction costs ³	Stock-based compensation	Other corporate expenses ⁴	Non-GAAP
Dell Technologies net revenue	94.2	-	0.2	-	-	-	94.4	92.2	-	0.3	-	-	-	92.5
Less:														
VMware segment net revenue	(11.9)	-	-	-	-	-	(11.9)	(10.9)	-	-	-	-	-	(10.9)
Adjustments to net revenue allocated to VMware	0.1	-	(0.1)	-	-	-	-	0.1	-	(0.1)	-	-	-	-
Dell Technologies ex VMware net revenue	82.4	-	0.1	-	-	-	82.5	81.4	-	0.2	-	-	-	81.6
Dell Technologies operating income	5.1	3.4	0.2	0.3	1.6	0.2	10.8	2.6	4.4	0.4	0.3	1.3	1.2	10.1
Less:														
VMware segment operating income	(3.6)	-	-	-	-	-	(3.6)	(3.1)	-	-	-	-	-	(3.1)
Adjustments to operating income allocated to VMware	2.4	(1.3)	(0.1)	(0.1)	(1.1)	0.2	-	3.1	(1.4)	(0.1)	(0.2)	(1.0)	(0.3)	-
Dell Technologies ex VMware operating income	4.0	2.1	0.1	0.1	0.5	0.4	7.2	2.6	3.0	0.3	0.1	0.2	0.8	7.1

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

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

³ Consists of acquisition, integration, and divestiture-related costs, as well as costs incurred in the Class V transaction.

⁴ Consists of severance, facility action, and other costs. Fiscal 2021 includes derecognition of a previously accrued litigation loss. Fiscal 2020 includes asset impairment charges and a litigation loss accrual.

Supplemental non-GAAP measures

Fiscal 2019 and Fiscal 2018 net revenue and operating income

\$ in billions ¹	Fiscal 2019							Fiscal 2018						
	GAAP	Amortization of intangibles	Impact of purchase accounting ²	Transaction costs ³	Stock-based compensation	Other corporate expenses ⁴	Non-GAAP	GAAP	Amortization of intangibles	Impact of purchase accounting ²	Transaction costs ³	Stock-based compensation	Other corporate expenses ⁴	Non-GAAP
Dell Technologies net revenue	90.6	-	0.7	-	-	-	91.3	79.0	-	1.3	-	-	-	80.3
Less:														
VMware segment net revenue	(9.7)	-	-	-	-	-	(9.7)	(8.5)	-	-	-	-	-	(8.5)
Adjustments to net revenue allocated to VMware	0.3	-	(0.3)	-	-	-	-	0.5	-	(0.5)	-	-	-	-
Dell Technologies ex VMware net revenue	81.1	-	0.4	-	-	-	81.6	71.1	-	0.8	-	-	-	71.8
Dell Technologies operating income	(0.2)	6.1	0.8	0.8	0.9	0.4	8.9	(2.4)	7.0	1.5	0.5	0.8	0.3	7.8
Less:														
VMware segment operating income	(2.9)	-	-	-	-	-	(2.9)	(2.7)	-	-	-	-	-	(2.7)
Adjustments to operating income allocated to VMware	2.9	(1.7)	(0.3)	(0.1)	(0.8)	-	-	3.4	(2.0)	(0.6)	(0.1)	(0.7)	0.0	-
Dell Technologies ex VMware operating income	(0.3)	4.4	0.5	0.7	0.1	0.4	5.9	(1.7)	5.0	1.0	0.4	0.1	0.3	5.1

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

² This amount includes non-cash purchase accounting adjustments related to the EMC merger transaction and the going-private transaction.

³ Consists of acquisition, integration, and divestiture-related costs. Fiscal 2019 includes costs incurred in the Class V transaction.

⁴ Consists of severance, facility action, and other costs. Fiscal 2019 includes goodwill impairment.

Supplemental non-GAAP measures

Free cash flow, excluding VMware, before impact of DFS related items

\$ in billions ¹	FY19	FY20	FY21
Cash flow from operations	7.0	9.3	11.4
Adjustments:			
Capital expenditures and capitalized software development costs, net	(1.5)	(2.6)	(2.1)
Free cash flow	5.5	6.7	9.3
Adjustments:			
DFS financing receivables	1.3	1.3	0.7
DFS operating leases ²	-	0.8	0.5
Free cash flow before impact from DFS related items	6.8	8.9	10.5
VMware cash flow from operations	3.7	3.9	4.4
Adjustments:			
VMware capital expenditures	(0.3)	(0.3)	(0.3)
VMware free cash flow	3.4	3.6	4.1
Free cash flow, excluding VMware, before impact from DFS related items	3.4	5.3	6.5

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

² Amount represents change in net carrying value of equipment for DFS operating leases under the current lease accounting standard, which was adopted in 1Q20.

DELLTechnologies