

2Q FY21

Performance Review

Aug 27, 2020

Disclaimer

NON-GAAP FINANCIAL MEASURES

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

SPECIAL NOTE ON FORWARD LOOKING STATEMENTS

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

We are the essential technology company

Demonstrating our purpose and commitment to our stakeholders today and tomorrow

PURPOSE

To create technologies that drive human progress.

VISION

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

STRATEGY

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



Customers



Shareholders



Team Members



Partners



Community

Overview

2Q FY21

Technology has never been more important and the current environment is accelerating digital transformation and creating opportunities to democratize new technologies.

- **Current environment**

We continue to prioritize the well-being of our teams, leaning into our inclusive culture, and supporting our customers during the current environment.

- **Continue fulfilling demand for work and learn from home solutions**

Delivered Q2 revenue of \$22.8B driven by work and learn from home demand with outperformance from our Consumer business driven by strong double-digit growth across all our consumer notebooks and gaming systems.

- **Growing recurring revenue**

Q2 recurring revenue of \$6B grew 15% Y/Y driven by deferred revenue amortization, data center utility and as-a-service models¹.

- **Innovating and integrating**

Over the last six months, we've refreshed our entire line of PCs and notebooks; completed the Power portfolio with PowerStore, PowerScale and PowerFlex; and delivered more innovation through Dell Technologies Cloud and Dell Tech on Demand as-a-Service offerings.

¹ Recurring revenue includes deferred revenue amortization, data center utility and as-a-service models

Our culture and our customers

Being here for our customers when they need us most is who we are and it shows in our performance

Our Culture

Our team members

- Our team and their families remain resilient, we are emphasizing trust, empathy, patience, and flexibility. While we are still largely working from home, employee engagement and productivity is at an all-time high.
- We are innovating in new and different ways. Over the course of 9 weeks, we launched 9 product and solutions, all while working remotely.

Inclusive culture

- We are leaning into our inclusive culture, listening more and implementing real change for better representation.
- What we heard through a series of listening sessions was consistent: our Black team members want better representation, equal opportunity, advocacy, and to see measurable progress against our Diversity & Inclusion 2030 goals. And the work of real change is well underway.

Our Customers

• Enabling secure work from home

A major bank in EMEA moved 200K of their 280K employees to WFH. We implemented a VDI solution based on VMware Horizon, VCF and VxRail along with 200,000 VDI clients and 2,000 servers and end-to-end services. All delivered by one partner and fully integrated.

• Large hospital hybrid cloud enablement

This customer wanted to modernize their environment to better support electronic medical records and imaging needs. They needed a seamless integration with their storage solutions to pull down data from the public cloud quickly and affordably. We delivered PowerMax and PowerScale in a managed service provider facility connected to their public cloud, allowing them to better manage and control their data.

Leader in hybrid cloud solutions

Shaping our customer's digital future with the best hybrid cloud solutions in the industry

Expanding Innovation and Partnerships

- **Extending Lead in Hybrid Cloud**

Extended lead in Private Cloud revenue market share in calendar Q1 by 60bps Y/Y.

- **Cloud Capabilities in Edge Environments**

New ruggedized VxRail HCI system brings enhanced software to further automate lifecycle management to a compact and durable form factor, designed to withstand remote and harsh edge environments.

- **VMware Ready for Telco Cloud**

Certifies network functions for deployment and lifecycle operations through VMware Telco Cloud Automation, a multi-cloud orchestration and automation platform.

- **PowerScale for Google Cloud**

Hybrid cloud deployment experience through Google's Cloud analytics and Dell's OneFS file storage system enabling movement of workloads across public and private clouds.

#1 Public Cloud IT Infrastructure

Dell EMC maintained the #1 position with 13.4% share (highest share of named vendors)

Per IDC WW Quarterly Cloud IT Infrastructure Tracker CY20Q1

#1 Private Cloud IT Infrastructure

Dell EMC maintained the #1 position with 26.7% share (highest share of named vendors)

Per IDC WW Quarterly Cloud IT Infrastructure Tracker CY20Q1

#1 Cloud Management Software

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

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

#1 Hyperconverged Systems

Dell EMC maintained the #1 position with 33.6% share

Per IDC WW Quarterly Converged Systems Tracker CY20Q1

Winning in the consolidation

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

#1 External Enterprise Storage

Dell EMC maintained the #1 position with 33.2% share

Per IDC WW Quarterly Enterprise Storage Systems Tracker CY20Q1

#1 Storage Software

Dell EMC maintained the #1 position with 13.8% share

Per IDC WW Storage Software and Cloud Services QView CY20Q1

#1 All Flash Array

Dell EMC maintained the #1 position with 36.0% share

Per IDC WW Quarterly Enterprise Storage Systems Tracker CY20Q1

#1 Server Units and Revenue

Dell EMC is the leader in x86 server revenue and units

Per IDC WW Quarterly Server Tracker CY20Q1

#1 Converged Systems

Dell EMC maintained the #1 position with 39.4% share

Per IDC WW Quarterly Converged Systems Tracker CY20Q1

#1 Purpose-Built Backup Appliance

Dell EMC maintained the #1 position with 50.7% share

Per IDC WW Quarterly Purpose-Built Backup Appliance Tracker CY20Q1

#1 Client Business

Leading Client Business by revenue in first half of 2020

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

#1 Flat Panel Monitor

Dell maintained the #1 position with 20.5% share

Per IDC WW Quarterly PC Monitor Tracker CY20Q2

Consolidated GAAP results¹

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

\$ in millions, except per share amounts	2Q20	3Q20	4Q20	1Q21	2Q21	YY	Q/Q
Revenue	23,370	22,844	24,032	21,897	22,733	-3%	4%
Gross Margin	7,326	7,126	7,684	6,853	7,156	-2%	4%
SG&A	5,578	5,028	5,642	4,886	4,761	-15%	-3%
R&D	1,229	1,262	1,325	1,265	1,259	2%	0%
Operating Expense	6,807	6,290	6,967	6,151	6,020	-12%	-2%
Operating Income (Loss)	519	836	717	702	1,136	119%	62%
Interest and Other, Net	(630)	(677)	(626)	(566)	(636)	-1%	-12%
Income Tax	(4,343)	(393)	(325)	(46)	(599)	86%	-1202%
<i>Effective tax rate %</i>	<i>3912.6%</i>	<i>-247.2%</i>	<i>-357.1%</i>	<i>-33.8%</i>	<i>-119.8%</i>		
Net Income (Loss)	4,232	552	416	182	1,099	-74%	504%
Less: Net Income attributable to non-controlling interests	816	53	8	39	51	-94%	31%
Net Income (loss) attributable to Dell Technologies Inc. - basic	3,416	499	408	143	1,048	-69%	633%
Less: Incremental dilution from VMware, Inc.	62	6	3	2	3		
Net Income attributable to Dell Technologies Inc. - diluted	3,354	493	405	141	1,045		
Earnings Per Share - basic ²	4.75	0.69	0.56	0.19	1.14		
Earnings Per Share - diluted ²	4.47	0.66	0.54	0.19	1.37		

¹ 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.

² See appendix B for weighted average shares and EPS calculation

Consolidated non-GAAP results¹

Delivered \$22.8B of revenue despite challenging environment

\$ in millions, except per share amounts

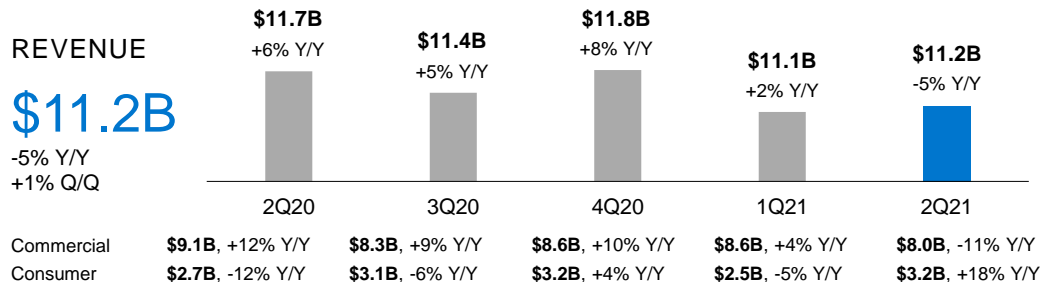
	2Q20	3Q20	4Q20	1Q21	2Q21	Y/Y	Q/Q
Revenue	23,454	22,928	24,129	21,945	22,775	-3%	4%
Gross Margin	7,986	7,768	8,375	7,325	7,626	-5%	4%
SG&A	4,150	4,206	4,460	4,055	3,912	-6%	-4%
R&D	1,093	1,120	1,148	1,109	1,096	0%	-1%
Operating Expense	5,243	5,326	5,608	5,164	5,008	-4%	-3%
Operating Income (Loss)	2,743	2,442	2,767	2,161	2,618	-5%	21%
Interest and Other, Net	(710)	(695)	(660)	(780)	(644)	9%	17%
Income Tax	282	302	423	238	353	25%	48%
<i>Effective tax rate %</i>	<i>13.9%</i>	<i>17.3%</i>	<i>20.1%</i>	<i>17.2%</i>	<i>17.9%</i>		
Net Income (Loss)	1,751	1,445	1,684	1,143	1,621	-7%	42%
Less: Net Income attributable to non-controlling interests	131	124	171	127	155	18%	22%
Net Income attributable to Dell Technologies Inc. - basic	1,620	1,321	1,513	1,016	1,466	-10%	44%
Less: Incremental dilution from VMware, Inc.	9	6	8	4	5		
Net Income attributable to Dell Technologies Inc. - diluted	1,611	1,315	1,505	1,012	1,461		
Earnings Per Share - basic ²	2.25	1.82	2.06	1.37	1.98		
Earnings Per Share - diluted ²	2.15	1.75	2.00	1.34	1.92		

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

² See Appendix B for weighted average shares and EPS calculation.

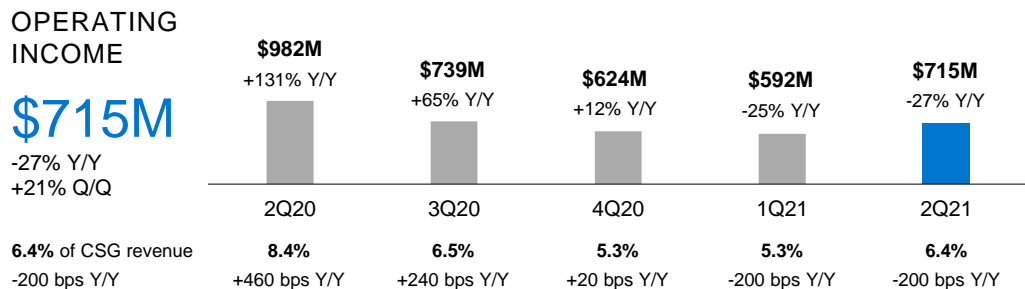
Client Solutions Group

Demand for remote work and learning solutions from our education, government and consumer customers, drove strong consumer client and notebook performance



Consumer revenue driven by strong double digit growth in notebooks and gaming systems.

Commercial revenue driven by double digit growth in Latitude notebooks and Commercial Chromebooks.



Only big 3 vendor with positive Commercial PC share gain in the first half of the calendar year¹.

Profitability impacted by less deflationary component costs Y/Y.

¹ Results Market Sources: Per IDC WW Personal Computing Device Tracker CY20Q2 on a Y/Y basis.

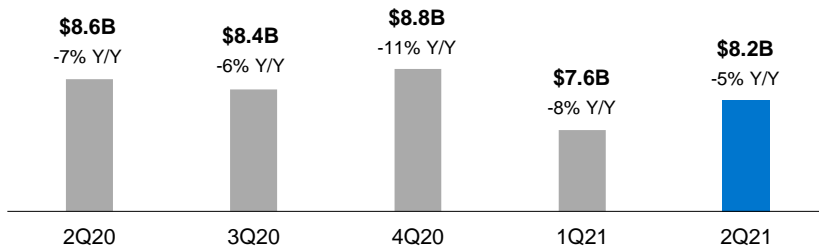
Infrastructure Solutions Group

Solid demand growth in VxRail and high-end PowerMax

REVENUE

\$8.2B

-5% Y/Y
+8% Q/Q



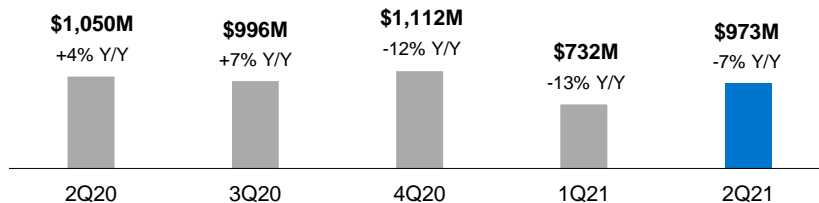
Servers & Networking
Storage

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

OPERATING INCOME

\$973M

-7% Y/Y
+33% Q/Q



11.9% of ISG revenue
-30 bps Y/Y

Quarter	Operating Income (\$M)	Y/Y %
2Q20	\$12.2%	+120 bps Y/Y
3Q20	\$11.9%	+140 bps Y/Y
4Q20	\$12.7%	-10 bps Y/Y
1Q21	\$9.7%	-60 bps Y/Y
2Q21	\$11.9%	-30 bps Y/Y

Triple digit demand growth in high-end PowerMax and double digit growth in VxRail and Data Protection.

Storage improved 5% sequentially, a bright spot given the macro environment.

Continue to see improvement in orders for mainstream servers.

Momentum in high-value servers built for AI and ML workloads with mid single digit demand growth.

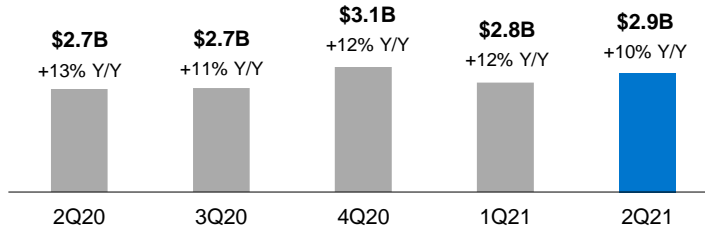
VMware

VMware business unit had another strong quarter, delivering \$2.9B of revenue, up 10% Y/Y, driven by broad-based strength

REVENUE

\$2.9B

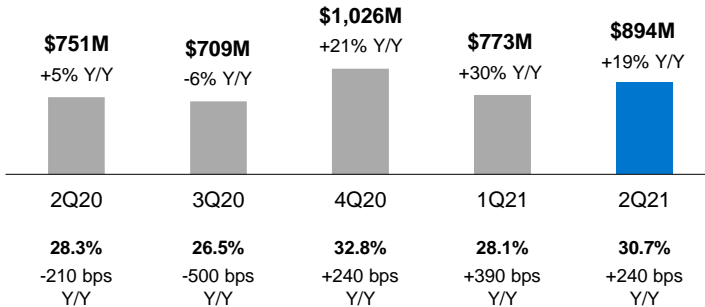
+10% Y/Y
+6% Q/Q



OPERATING INCOME

\$894M

+19% Y/Y
+16% Q/Q



30.7% of VMware revenue
+240 bps Y/Y

Quarter	Operating Income % of Revenue	Change (bps)
2Q20	28.3%	-210
3Q20	26.5%	-500
4Q20	32.8%	+240
1Q21	28.1%	+390
2Q21	30.7%	+240

¹ Based on VMware's stand-alone results.

Subscription and SaaS revenue grew 44% Y/Y¹.

Largest revenue contributors included VMware Cloud Provider Program, Modern Applications, EUC, and Carbon Black¹.

VMware Cloud on AWS once again had a triple-digit revenue growth rate¹.

Strong Operating income of \$894M, now 30.7% of revenue.

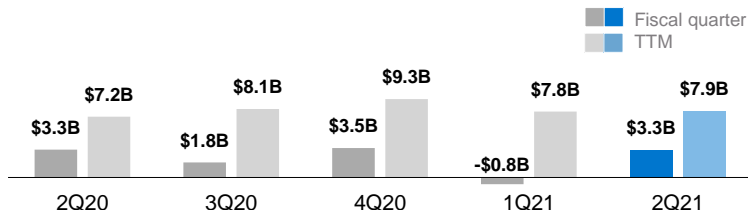
Select financial metrics

Effectively managing working capital in a challenging environment

CASH FLOW FROM OPERATIONS

\$3.3B

+2% Y/Y

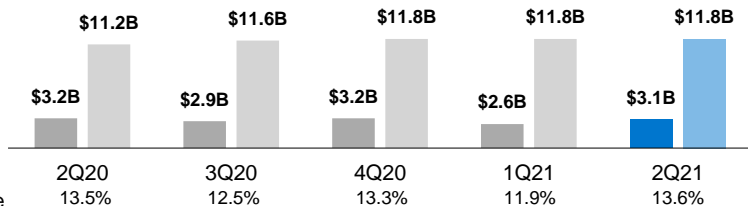


ADJUSTED EBITDA¹

\$3.1B

-2% Y/Y

13.6% of non-GAAP revenue

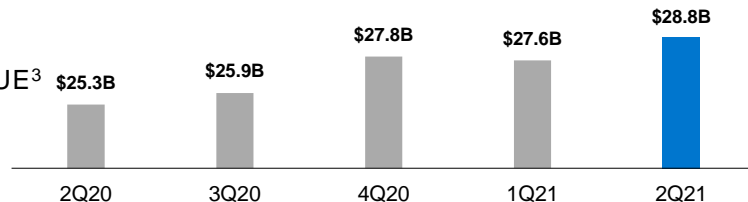


DEFERRED REVENUE³

\$28.8B

+14% Y/Y

+4% Q/Q



Improvement in working capital dynamics as some of the COVID-19 related impacts on collections and inventory normalized.

Strong liquidity position with \$12.3B C&I and \$5.9B undrawn revolver capacity.

Seeing increased adoption of our solutions delivered as-a-Service, which are now on a \$1.3B revenue run-rate, up 30% Y/Y².

Deferred revenue up 14% Y/Y, adding revenue stability³. Recurring revenue is \$6B for the quarter, up 15% Y/Y⁴.

¹ See supplemental slides in Appendix B for reconciliation of Net Income to Adjusted EBITDA.

² As-a-Service and flexible consumption solutions are delivered through Dell Financial Services and include data center utility, flex on demand and PC as-a-service offerings.

³ Total deferred revenue as of quarter-end includes purchase accounting adjustments.

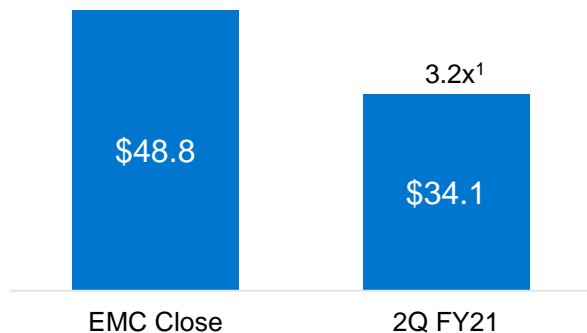
⁴ Recurring revenue includes deferred revenue amortization, data center utility and as-a-service models. © Copyright 2020 Dell Inc.

Debt & capital structure

Focus on paying down core debt while efficiently supporting DFS growth

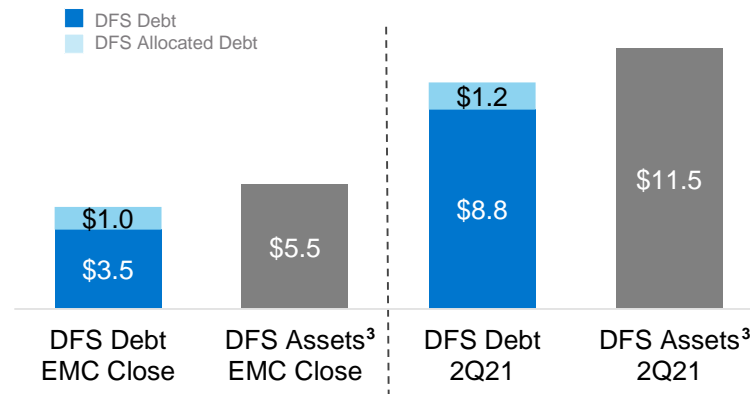
CORE DEBT

- Continue to focus on core debt paydown
- \$14.7B paydown to date since EMC close
- No debt maturities due for the remainder of this fiscal year
- Expect to pay down \$5.5B in FY21, incremental to \$2.3B paid YTD



DFS-RELATED DEBT

- Growing DFS to support our customers
- Majority of debt non-recourse to Dell
- Debt serviced by high-quality DFS receivables²



¹ 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.

² Based on DFS internal scorecards, a majority of our financing receivables have an investment grade profile. Over the past 12 months the principal charge-off for our total portfolio was 1% of our financing receivables.

³ DFS Assets consists of DFS financing receivables plus net operating leases.

Key Takeaways

We are proud of our operating heritage. We will continue to manage the business, driving above-market performance. We are focused on what we can control while navigating through the macroenvironment.

- **Winning in the consolidation**

We are winning the consolidation and we're executing on our long-term drivers of value creation for Dell Technologies and our core markets.

- **Innovating and integrating**

We will continue to innovate and integrate across the entire family. We've refreshed our entire line of PCs and notebooks; completed the Power portfolio with PowerStore, PowerScale and PowerFlex; and delivered more innovation through Dell Technologies Cloud and Dell Tech on Demand as-a-Service offerings.

- **Long term value**

Our goal is to create long-term value for all aligned shareholders by outgrowing our competitors, growing EPS faster than revenue and generating strong cash flow over time. And, as we continue to de-lever and get back to investment grade, we will look for opportunities to return capital to shareholders.

Appendix A

Debt and DFS summary

Debt summary

\$ in billions ^{1,2}	EMC Close	2Q20	3Q20	4Q20	1Q21	2Q21
Revolver	2.0	-	-	-	-	-
Term Loan A	9.4	4.6	4.2	4.2	4.1	4.0
Term Loan B	5.0	4.9	4.8	4.7	4.7	4.7
Investment Grade Notes	20.0	20.8	20.8	20.8	23.0	21.6
DFS Allocated Debt	(1.0)	(1.4)	(0.9)	(1.5)	(0.9)	(1.2)
Total Core Secured Debt ³	35.4	28.8	28.8	28.2	31.0	29.1
High Yield Notes	3.3	3.3	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	3.0	3.0	1.6	1.6	1.0
Total Unsecured Core Debt	13.4	7.6	7.1	5.7	5.7	5.1
Total Core Debt ⁴	48.8	36.4	35.9	33.8	36.6	34.1
Margin Loan and Other	4.0	4.0	4.0	4.0	4.0	4.1
DFS Debt	3.5	6.6	7.6	7.8	8.3	8.8
DFS Allocated Debt	1.0	1.4	0.9	1.5	0.9	1.2
Total DFS Related Debt	4.5	8.1	8.4	9.3	9.1	10.0
Total Debt, Excluding Public Subsidiaries ⁵	57.3	48.5	48.4	47.1	49.8	48.2
Total Public Subsidiary Debt	-	4.1	4.7	5.6	7.6	6.3
Total Debt, Including Public Subsidiaries ⁵	57.3	52.6	53.0	52.7	57.3	54.5

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 their respective subsidiaries are considered unrestricted subsidiaries for purposes of the existing debt of Dell Technologies.

DFS summary

\$ in billions	2Q20	3Q20	4Q20	1Q21	2Q21
Originations ¹	2.0	2.0	2.8	1.8	2.6
Trailing twelve months	7.4	7.8	8.5	8.6	9.2
Financing Receivables ²	8.8	9.1	9.7	9.5	10.2
Operating Leases ³	0.4	0.6	0.8	1.0	1.2
Total Managed Assets ⁴	10.2	10.7	11.6	11.3	12.5

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

² Amounts represent financing receivables included on the Dell Technologies Statements of Financial Position.

³ Amount represents net carrying value of equipment for DFS operating leases.

⁴ 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	2Q20	3Q20	4Q20	1Q21	2Q21
GAAP revenue	23,370	22,844	24,032	21,897	22,733
Impact of purchase accounting ¹	84	84	97	48	42
Non-GAAP revenue	23,454	22,928	24,129	21,945	22,775
GAAP gross margin	7,326	7,126	7,684	6,853	7,156
Amortization of intangibles	519	517	526	372	375
Impact of purchase accounting ¹	85	86	98	51	43
Stock-based compensation	32	33	38	40	50
Other corporate expenses ²	24	6	29	9	2
Total adjustments to gross margin	660	642	691	472	470
Non-GAAP gross margin	7,986	7,768	8,375	7,325	7,626
<i>GM % of non-GAAP revenue</i>	<i>34.0%</i>	<i>33.9%</i>	<i>34.7%</i>	<i>33.4%</i>	<i>33.5%</i>

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

² Consists of severance, facility action, and other costs..

Supplemental non-GAAP measures

SG&A, R&D and operating expense

\$ in millions	2Q20	3Q20	4Q20	1Q21	2Q21
GAAP SG&A	5,578	5,028	5,642	4,886	4,761
Amortization of intangibles	(541)	(540)	(548)	(483)	(472)
Impact of purchase accounting ¹	(17)	(10)	(12)	(12)	(10)
Transaction costs ²	(45)	(76)	(119)	(76)	(82)
Stock based compensation	(145)	(158)	(190)	(182)	(202)
Other corporate expenses ³	(680)	(38)	(313)	(78)	(83)
Non-GAAP SG&A	4,150	4,206	4,460	4,055	3,912
GAAP R&D	1,229	1,262	1,325	1,265	1,259
Impact of purchase accounting ¹	-	-	(2)	-	-
Transaction costs ²	(2)	-	(1)	-	(1)
Stock based compensation	(124)	(131)	(148)	(148)	(161)
Other corporate expenses ³	(10)	(11)	(26)	(8)	(1)
Non-GAAP R&D	1,093	1,120	1,148	1,109	1,096
GAAP operating expenses	6,807	6,290	6,967	6,151	6,020
Amortization of intangibles	(541)	(540)	(548)	(483)	(472)
Impact of purchase accounting ¹	(17)	(10)	(14)	(12)	(10)
Transaction costs ²	(47)	(76)	(120)	(76)	(83)
Stock based compensation	(269)	(289)	(338)	(330)	(363)
Other corporate expenses ³	(690)	(49)	(339)	(86)	(84)
Total adjustments to operating expenses	(1,564)	(964)	(1,359)	(987)	(1,012)
Non-GAAP operating expenses	5,243	5,326	5,608	5,164	5,008
<i>OpEx % of non-GAAP revenue</i>	<i>22.4%</i>	<i>23.2%</i>	<i>23.2%</i>	<i>23.6%</i>	<i>22.0%</i>

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

² Consists of acquisition, integration, and divestiture-related costs.

³ Consists of impairment charges, severance, facility action, and other costs.

Supplemental non-GAAP measures

Operating Income

\$ in millions	2Q20	3Q20	4Q20	1Q21	2Q21
GAAP operating income (loss)	519	836	717	702	1,136
Non-GAAP adjustments:					
Amortization of intangibles	1,060	1,057	1,074	855	847
Impact of purchase accounting ¹	102	96	112	63	53
Transaction costs ²	47	76	120	76	83
Stock based compensation	301	322	376	370	413
Other corporate expenses ³	714	55	368	95	86
Total adjustments to operating income	2,224	1,606	2,050	1,459	1,482
Non-GAAP operating income	2,743	2,442	2,767	2,161	2,618
<i>OpInc % of non-GAAP revenue</i>	<i>11.7%</i>	<i>10.7%</i>	<i>11.5%</i>	<i>9.8%</i>	<i>11.5%</i>

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

² Consists of acquisition, integration, and divestiture-related costs.

³ Consists of impairment charges severance, facility action, and other costs.

Supplemental non-GAAP measures

Interest and other

\$ in millions	2Q20	3Q20	4Q20	1Q21	2Q21
GAAP interest and other, net:					
Investment income, primarily interest	42	41	33	24	12
Gain on investments, net	80	18	34	94	8
Interest expense	(692)	(654)	(630)	(672)	(617)
Foreign exchange	(35)	(43)	(39)	(99)	-
Other	(25)	(39)	(24)	87	(39)
GAAP interest and other, net	(630)	(677)	(626)	(566)	(636)
Adjustments:					
Non-GAAP adjustments ¹	80	18	34	214	8
Non-GAAP interest and other, net	(710)	(695)	(660)	(780)	(644)
<i>I&O as a % of non-GAAP revenue</i>	<i>-3.0%</i>	<i>-3.0%</i>	<i>-2.7%</i>	<i>-3.5%</i>	<i>-2.8%</i>

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

Supplemental non-GAAP measures

Net income

\$ in millions	2Q20	3Q20	4Q20	1Q21	2Q21
GAAP net income (loss)	4,232	552	416	182	1,099
Non-GAAP adjustments:					
Amortization of intangibles	1,060	1,057	1,074	855	847
Impact of purchase accounting ¹	102	96	112	63	53
Transaction costs ²	47	76	120	(44)	83
Stock based compensation	301	322	376	370	413
Other corporate expenses ³	714	55	368	95	86
Fair value adjustments on equity investments ⁴	(80)	(18)	(34)	(94)	(8)
Aggregate adjustment for income taxes ⁵	(4,625)	(695)	(748)	(284)	(952)
Total adjustments to net income	(2,481)	893	1,268	961	522
Non-GAAP net income	1,751	1,445	1,684	1,143	1,621
<i>NI % of non-GAAP revenue</i>	<i>7.5%</i>	<i>6.3%</i>	<i>7.0%</i>	<i>5.2%</i>	<i>7.1%</i>

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

² Consists of acquisition, integration, and divestiture-related costs.

³ Consists of impairment charges severance, facility action, and other costs.

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

⁵ 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	2Q20	3Q20	4Q20	1Q21	2Q21
GAAP net income attributable to non-controlling interests	816	53	8	39	51
Amortization of intangibles ¹	71	75	76	60	64
Impact of purchase accounting ²	6	5	6	3	4
Transaction costs ³	2	13	32	7	8
Stock based compensation	51	55	65	54	57
Other corporate expenses ⁴	-	-	45	-	-
Fair value adjustments on equity investments ⁵	100	(50)	-	(1)	-
Aggregate adjustment for income taxes ⁶	(915)	(27)	(61)	(35)	(29)
Total adjustments to net income attributable to non-controlling interests	(685)	71	163	88	104
Non-GAAP net income attributable to non-controlling interests	131	124	171	127	155

¹ Amortization of intangibles reflects Dell Technologies Inc. basis.

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.

⁴ Other corporate expenses represents accrual for VMware legal settlement.

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

⁶ 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	2Q20	3Q20	4Q20	1Q21	2Q21
GAAP net income (loss) attributable to Dell Technologies Inc.	3,416	499	408	143	1,048
Amortization of intangibles	1,060	1,057	1,074	855	847
Impact of purchase accounting ¹	102	96	112	63	53
Transaction costs ²	47	76	120	(44)	83
Stock based compensation	301	322	376	370	413
Other corporate expenses ³	714	55	368	95	86
Fair value adjustments on equity investments ⁴	(80)	(18)	(34)	(94)	(8)
Aggregate adjustment for income taxes ⁵	(4,625)	(695)	(748)	(284)	(952)
Total non-GAAP adjustments attributable to non-controlling interests	685	(71)	(163)	(88)	(104)
Total adjustments to net income attributable to Dell Technologies Inc.	(1,796)	822	1,105	873	418
Non-GAAP net income attributable to Dell Technologies Inc. - basic	1,620	1,321	1,513	1,016	1,466
Incremental dilution from VMware, Inc. ⁶	(9)	(6)	(8)	(4)	(5)
Non-GAAP net income attributable to Dell Technologies Inc. - diluted	1,611	1,315	1,505	1,012	1,461

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

² Consists of acquisition, integration and divestiture-related costs.

³ Consists of impairment charges, severance, facility action, and other costs.

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

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

⁶ 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

	2Q20	3Q20	4Q20	1Q21	2Q21
GAAP net income attributable to Dell Technologies Inc.	3,416	499	408	143	1,048
Weighted-average shares outstanding - basic	719	725	734	740	741
GAAP EPS attributable to Dell Technologies Inc. - basic	4.75	0.69	0.56	0.19	1.41
Incremental dilution from VMware Inc. ¹	(62)	(6)	(3)	(2)	(3)
GAAP net income attributable to Dell Technologies Inc. - diluted	3,354	493	405	141	1,045
Weighted-average shares outstanding - diluted	751	750	754	755	761
GAAP EPS attributable to Dell Technologies Inc. - diluted	4.47	0.66	0.54	0.19	1.37
Non-GAAP net income attributable to Dell Technologies Inc.	1,620	1,321	1,513	1,016	1,466
Weighted-average shares outstanding - basic	719	725	734	740	741
Non-GAAP EPS attributable to Dell Technologies Inc. - basic	2.25	1.82	2.06	1.37	1.98
Incremental dilution from VMware Inc. ¹	(9)	(6)	(8)	(4)	(5)
Non-GAAP net income attributable to Dell Technologies Inc. - diluted	1,611	1,315	1,505	1,012	1,461
Weighted-average shares outstanding - diluted	751	750	754	755	761
Non-GAAP EPS attributable to Dell Technologies Inc. - diluted	2.15	1.75	2.00	1.34	1.92

¹ 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	2Q20	3Q20	4Q20	1Q21	2Q21
GAAP net income (loss)	4,232	552	416	182	1,099
Adjustments:					
Interest and other, net	630	677	626	566	636
Income tax provision (benefit)	(4,343)	(393)	(325)	(46)	(599)
Depreciation and amortization	1,498	1,494	1,535	1,316	1,340
EBITDA	2,017	2,330	2,252	2,018	2,476
Adjustments:					
Impact of purchase accounting ¹	84	84	96	48	42
Transaction costs ²	47	76	120	76	83
Stock based compensation	301	322	376	370	413
Other corporate expenses ³	707	45	357	95	86
Adjusted EBITDA	3,156	2,857	3,201	2,607	3,100
<i>Adj EBITDA % of non-GAAP revenue</i>	<i>13.5%</i>	<i>12.5%</i>	<i>13.3%</i>	<i>11.9%</i>	<i>13.6%</i>

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

² Consists of acquisition, integration, and divestiture-related costs.

³ Consists of impairment charges, severance, facility action, and other costs.

Supplemental non-GAAP measures

Free cash flow

\$ in millions	2Q20	3Q20	4Q20	1Q21	2Q21
Cash flow from operations	3,280	1,821	3,508	(796)	3,332
Adjustments:					
Capital expenditures and capitalized software development costs, net	(551)	(597)	(689)	(552)	(544)
Free cash flow	2,729	1,224	2,819	(1,348)	2,788
Adjustments:					
DFS financing receivables	483	230	737	14	530
DFS operating leases ¹	155	170	223	135	245
Free cash flow before impact from DFS related items	3,367	1,624	3,779	(1,199)	3,563
VMware cash flow from operations	699	810	1,085	1,374	719
Adjustments:					
VMware capital expenditures	(88)	(50)	(64)	(87)	(76)
VMware free cash flow	611	760	1,021	1,287	643
Free cash flow, excluding VMware, before impact from DFS related items	2,756	864	2,758	(2,486)	2,920

¹ Amount represents change in net carrying value of equipment for DFS operating leases.

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