Q1 FY'18 Performance Review

June 08, 2017

DELL Technologies

Legal Note

Non-GAAP Financial Measures

This presentation includes information about non-GAAP revenue, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income, EBITDA, and Adjusted EBITDA (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 historical non-GAAP financial measures and of free cash flow, which is also a non-GAAP measure, 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. Dell Technologies assumes no obligation to update its forward-looking statements.

Special Note on the Divestiture

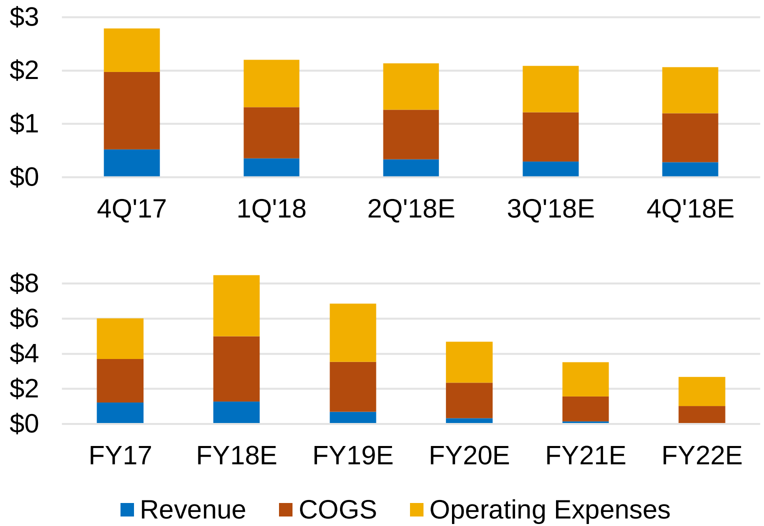
On March 27, 2016, Dell entered into a definitive agreement with NTT Data International L.L.C. to divest substantially all of Dell Services for cash consideration of approximately $3.0 billion. On June 19, 2016, Dell entered into a definitive agreement with Francisco Partners and Elliot Management Corporation to divest substantially all of Dell Software Group ("DSG") for cash consideration of approximately $2.4 billion. On September 12, 2016, EMC entered into a definitive agreement with OpenText to divest the Dell EMC Enterprise Content Division ("ECD") for cash consideration of approximately $1.6 billion. In accordance with applicable accounting guidance, the results of Dell Services, DSG, and ECD are presented as discontinued operations in the Condensed Consolidated Statements of Income (Loss) and, as such, have been excluded from both continuing operations and segment results for all periods presented.

Combined Company Reporting

Considerations in Financial Reporting

- 4Q'17 results included a full quarter for EMC / VMware while 3Q'17 included only a 52-day period for EMC / VMware (Sep 7th – Oct 28th).
- Historical results prior to 3Q'17 do not include EMC / VMware.
- FY17 includes an extra week of results relative to a typical year (extra week in 4Q'17).
- GAAP results will include substantial non-cash purchase accounting for the next several years related to the EMC merger and going-private transaction.
- VMware moved to Dell Technologies' fiscal calendar starting in 1Q'18 (Feb 2017) after previously reporting results on a calendar quarter basis.
- Dell Services, Dell Software Group, and Enterprise Content Division are presented as discontinued operations in the prior quarters due to the recent divestitures of these businesses.

Non-Cash Purchase Accounting Adjustments[1]
GAAP to Non-GAAP OpInc Impact ($B)



[1] *Purchase accounting adjustments (including amortization of intangibles and impact of purchasing accounting) reflect continuing operations only. Dell Services, Dell Software and Enterprise Content Division businesses have been reclassified out of the activity from continuing operations, and listed separately in the category for discontinued operations. Dell Services includes process outsourcing, application management and infrastructure services. Dell Software includes Systems & Information Management, security solutions, and Statistica businesses.*

Q1 FY’18 Consolidated GAAP Results

$ in millions	1Q'17[1]	4Q'17[1]	1Q'18[1]	Y/Y	Q/Q
Revenue	12,241	20,074	17,816	46%	-11%
Gross Margin	2,193	4,531	4,302	96%	-5%
GM % of revenue	*17.9%*	*22.6%*	*24.1%*	*620 bps*	*150 bps*
Operating Expenses	2,332	6,199	5,802	149%	-6%
Opex % of revenue	*19.1%*	*30.9%*	*32.5%*	*1340 bps*	*160 bps*
Operating Income (Loss)	(139)	(1,668)	(1,500)		
OpInc % of revenue	*-1.1%*	*-8.3%*	*-8.4%*		
Income Tax	66	(996)	(690)		
Effective Tax Rate %	*-18.4%*	*41.3%*	*33.3%*		
Net Income (Loss)	55	(270)	(1,383)		
NI % of revenue	*0.4%*	*-1.3%*	*-7.8%*		

- 1Q’18 includes $0.4B in purchase accounting adjustments to revenue
- 1Q’18 gross margin includes $1.3B in purchase accounting adjustments and amortization of intangibles, compared to $2.0B in 4Q’17
- 1Q’18 operating expenses includes $1.4B in purchase accounting, amortization of intangibles and transaction costs related to the EMC transaction

[1] *Includes substantial adjustments to Net Income related to purchase accounting and other items. For additional detail on these adjustments, please refer to supplemental slides at the end of this presentation.*

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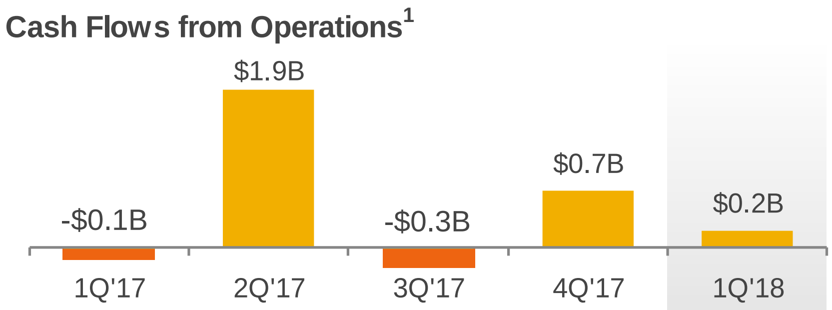
Q1 FY’18 Consolidated Non-GAAP Results

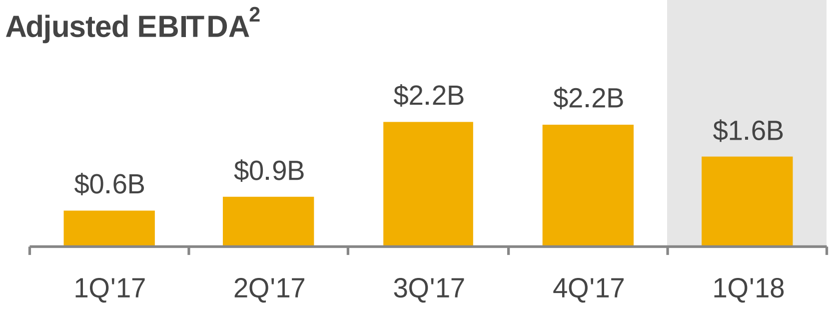
$ in millions	1Q'17	4Q'17	1Q'18	Y/Y	Q/Q
Revenue	12,319	20,581	18,171	48%	-12%
Gross Margin	2,385	6,595	5,646	137%	-14%
GM % of revenue	*19.4%*	*32.0%*	*31.1%*	*1170 bps*	*-90 bps*
Operating Expenses	1,846	4,752	4,449	141%	-6%
Opex % of revenue	*15.0%*	*23.1%*	*24.5%*	*950 bps*	*140 bps*
Operating Income (Loss)	539	1,843	1,197		
OpInc % of revenue	*4.4%*	*9.0%*	*6.6%*		
Net Income (Loss)	264	1,091	581		
NI % of revenue	*2.1%*	*5.3%*	*3.2%*		
Adjusted EBITDA[1]	643	2,184	1,567		
Adj EBITDA % of revenue	*5.2%*	*10.6%*	*8.6%*		

- Increase in revenue primarily attributable to EMC acquired businesses and, to a lesser extent, an increase in revenue from CSG
- Increases in gross margin and operating expenses primarily attributable to EMC acquired businesses
- 1Q’18 excludes $2.7B of adjustments to operating income (amortization of intangible assets and non-cash purchase accounting adjustments)
- Pleased with overall results despite navigating challenging component cost environment

[1] *See Appendix Supplemental Non-GAAP Measures for adjustments to EBITDA.*

Q1 FY'18 Cash Flows from Operations and Adjusted EBITDA





- Cash and investments balance of $14.9B
- Cash flow was driven predominantly by profitability and working capital benefits; was in-line with normal Q1 seasonality
- Adjusted EBITDA 8.6% of non-GAAP revenue

[1] *Q1'17 – Q4'17 include Discontinued Operations. 1Q'17 through 2Q'17 do not include EMC. 3Q'17 only includes 52 days of EMC results.*
[2] *Results represent Continuing Operations. 1Q'17 through 2Q'17 do not include EMC. 3Q'17 only includes 52 days of EMC results.*

Q1 FY'18 Capital Structure

$ in billions	As of transaction close	4Q'17	1Q'18
Revolver	$ 2.0	$ 0.4	$ 0.4
Term Loan A	9.4	6.3	6.2
Term Loan B	5.0	5.0	5.5
Investment Grade Notes	20.0	20.0	20.0
DFS Allocated Debt	(1.0)	(1.7)	(1.4)
Total Core Secured Debt[1]	35.4	30.0	30.7
High Yield Notes	3.3	3.3	3.3
Asset Sale Bridge	2.2		
Legacy Dell Investment Grade Notes	2.5	2.5	2.5
Legacy EMC Investment Grade Notes	5.5	5.5	5.5
Total Core Debt [2,4,5]	48.9	41.2	41.9
DFS Structured	3.5	3.5	3.9
Margin Loan[5]	2.5	2.5	2.0
Mirror Loan	1.5	1.5	1.5
DFS Allocated Debt	1.0	1.7	1.4
Other	-	0.1	0.1
Total Debt [3,4]	**$ 57.4**	**$ 50.4**	**$ 50.7**

- Repaid approximately $7.1B of gross debt, excluding DFS-related debt, since transaction, including:
  - $2.2B Asset Sale Bridge facility paid off
  - $3.2B Term Loan A-1 repayment
  - $1.7B revolver pay down and term loan amortization
- $0.2B reduction of annualized interest expense on a run-rate basis from debt reduction and refinancing since closing the EMC transaction
- Saw growth in our DFS business; In Q1, DFS originations approached ~$1.1B and financing receivables grew to ~$6.0B
- Since closing the EMC transaction, we've repurchased approximately 19.7M shares of Class V Common Stock for a total of $1.1B when including the DHI Group Repurchase Program
- Remain committed to our long-term de-levering efforts while continuing to invest in the business

[1] 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.
[2] Core Debt represents debt allocated to Dell Technologies' core business. As of Q1 FY18, core debt excludes DFS structured and allocated debt, VMware Note Bridge Facility, and other items.
[3] Principal Face Value.
[4] Debt amounts are based on underlying data and may not visually foot due to rounding.
[5] Q1'18 Margin Loan categorized as non-core debt; Q4'17 Margin Loan Bridge was previously included in Total Core Debt (not reflected in table above).

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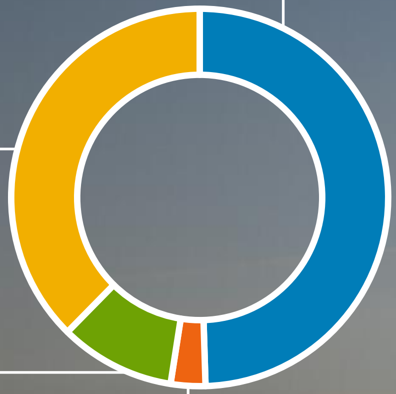
Q1 FY'18 Results by Business[1]

Revenue

$18.2 billion

Business revenue mix

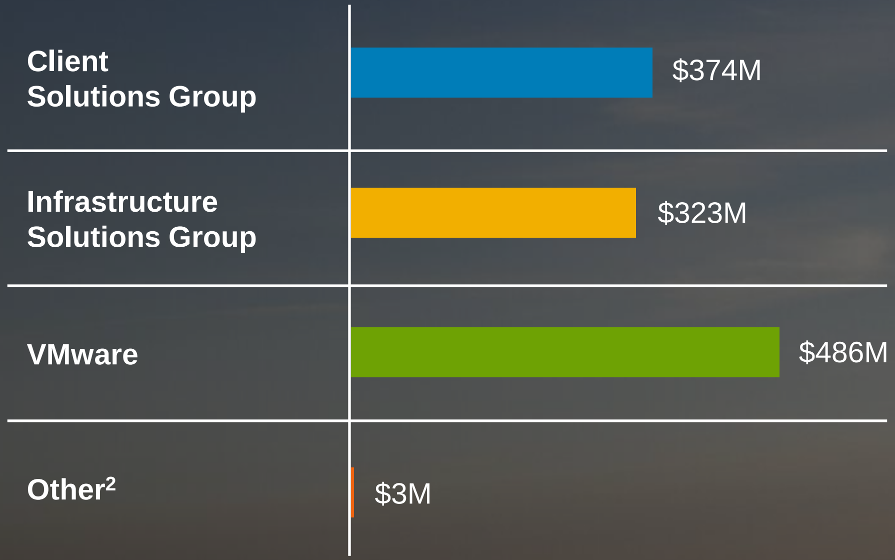
Client Solutions Group	50%
Infrastructure Solutions Group	38%
VMware	10%
Other[2]	2%



Non-GAAP Operating Income

$1.2 billion

Business operating income mix



[1] Reflects business unit results; the sum of the business unit revenue and operating income will not equal consolidated non-GAAP results due to unallocated items that remain at a corporate level.
[2] Other includes consolidated results from SecureWorks, Pivotal, Boomi and RSA businesses.

Infrastructure Solutions Group Performance[1]

Q1 FY'18

Revenue

$6.9 billion

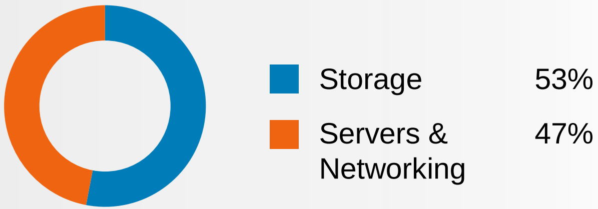
+ 91% Y/Y
- 18% Q/Q

Operating Income

$323 million

4.7% of revenue

Revenue Mix[2]



$ in millions	1Q'17	2Q'17	3Q'17	4Q'17	1Q'18
Revenue	3,613	3,779	5,989	8,395	6,916
Y/Y Growth, %	*-2%*	*0%*	*61%*	*121%*	*91%*
Q/Q Growth, %	*-5%*	*5%*	*58%*	*40%*	*-18%*
Operating Income	192	300	897	1,004	323
Operating Income, %	*5.3%*	*7.9%*	*15.0%*	*12.0%*	*4.7%*
Y/Y Growth, bps	*- 120 bps*	*50 bps*	*810 bps*	*470 bps*	*-60 bps*
Q/Q Growth, bps	*- 200 bps*	*260 bps*	*710 bps*	*- 300 bps*	*-730 bps*

- **ISG** had solid results with Y/Y growth in **PowerEdge** and strength in our emerging solutions, including **All Flash**, **Hyper Converged Systems**, and **Software-defined Storage**
- **Server** and **Networking** revenue was $3.2B, up 5% Y/Y
- **Storage** revenue was $3.7B
- Overall OpInc affected by normal seasonality and **higher commodity costs**, primarily impacting servers

[1] Reflects business unit results; the sum of the business unit revenue and operating income will not equal consolidated non-GAAP results due to unallocated items that remain at a corporate level. 1Q'17 through 2Q'17 represent the Company's previous Enterprise Solutions Group segment and do not include EMC. EMC's Information Storage segment and the Company's previous Enterprise Solutions Group segment were merged to create ISG in 3Q'17. 3Q'17 only includes 52 days of EMC results while 4Q'17 includes a full quarter of EMC activity.

[2] Revenue mix results are specific to ISG business unit.

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Infrastructure Solutions Group Highlights

Q1'18 Performance

1. Remained #1 WW in x86 **server** units; in mainstream we gained +200 bps of unit share and +260 bps of revenue share in 1QCY17[1]
2. **PowerEdge** units and revenue up double-digits Y/Y in Q1
3. **All-flash** array Q1 demand grew high double-digits
4. Dell EMC **hyperconverged** portfolio continues to grow at a triple-digit rate
5. **Virtustream Public Cloud** for mission critical applications grew ~100%

Product & Service Announcements

PowerEdge 14th Generation
New 14G line of servers provides a more scalable business architecture, intelligent automation and integrated security.

Hyperconverged Infrastructure
Several portfolio updates, including a new VxRail 4.5 appliance, expanded capabilities for our XC Series and VxRack systems.

Dell Financial Services Cloud Flex for HCI
New flexible consumption models aimed at making IT even simpler to acquire, deploy and manage.

All-flash Storage Solutions Lineup
Introduced VMAX 950F, XtremIO X2, as well as new Unity, SC, and Isilon flash solutions to round out our midrange and unstructured portfolio.

Integrated Data Protection
Introduced a new turnkey integrated data protection appliance which combines storage, protection, search and analytics in an easy-to-deploy solution.

Open Networking Switch
Introduced the industry's first 25GbE Open Networking switch for the software defined data center, designed to go hand-in-hand with our new 14G servers.

[1] *Per IDC WW Quarterly Server Tracker CY17Q1.*

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Client Solutions Group Performance[1]
Q1 FY'18

Revenue
$9.1 billion
+ 6% Y/Y
- 7% Q/Q

Operating Income
$374 million
4.1% of revenue

Revenue Mix[2]

Commercial	70%
Consumer	30%

$ in millions	1Q'17	2Q'17	3Q'17	4Q'17	1Q'18
Revenue	8,571	9,220	9,187	9,776	9,056
Y/Y Growth, %	*-3%*	*0%*	*3%*	*11%*	*6%*
Q/Q Growth, %	*-3%*	*8%*	*0%*	*6%*	*-7%*
Operating Income	385	484	634	342	374
Operating Income, %	*4.5%*	*5.2%*	*6.9%*	*3.5%*	*4.1%*
Y/Y Growth, bps	*200 bps*	*170 bps*	*260 bps*	*- 200 bps*	*- 40 bps*
Q/Q Growth, bps	*- 100 bps*	*70 bps*	*170 bps*	*- 340 bps*	*60 bps*

- **CSG** grew revenue +6% Y/Y and grew PC unit share Y/Y for the 17th consecutive quarter[3]
- **Consumer** revenue grew +12% Y/Y; **Commercial** revenue grew +3% Y/Y
- Strong **notebook** performance in Commercial (Latitude and Mobile Workstations) and Consumer (Personal Notebooks, Vostro and XPS)
- OpInc down due to increases in certain **component costs** not fully offset through pricing

[1] *Reflects business unit results; the sum of the business unit revenue and operating income will not equal consolidated non-GAAP results due to unallocated items that remain at a corporate level.*
[2] *Revenue mix results are specific to CSG business unit.*
[3] *Per IDC WW Quarterly Personal Computing Device (PCD) Tracker CY17Q1.*

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Client Solutions Group Highlights

1Q’18 Performance

1. 17th consecutive quarter **gaining share**, growing at a premium to the market with positive unit growth in every region[1]

2. Strong momentum across both high-end consumer and commercial **notebooks**
   - XPS and Mobile Workstations each saw double-digit growth
   - Latitude saw high single-digit growth

3. Only vendor to gain share Y/Y in both **Fixed and Mobile Workstations**[2]

4. #1 in **Displays**, with 17 consecutive quarters of Y/Y share gain[3]

Product & Service Announcements

PC as a Service
Solution combines the latest Dell Technologies PC hardware, software and end-to-end services including deployment, management, security and support, for a single, predictable price per seat per month.

Edge Gateway 3000 Series
The 3000 Series includes three unique models targeted specifically for use cases and embedded solutions in the industrial automation, energy, transportation, and digital signage markets. Customers will be able to securely transfer and analyze important data at the edge of the IoT network to glean real-time intelligence from the physical world.

Recycled Ocean Plastics Packaging
Dell shipped the technology industry’s first shipment of ocean plastics packaging. Dell recycled plastics collected from waterways and beaches for use in the new packaging tray for its Dell XPS 13 2-in-1, building on Dell’s broader sustainable supply chain strategy.

[1] *Per IDC WW Quarterly Personal Computing Device (PCD) Tracker CY17Q1.*
[2] *Per IDC WW Quarterly Workstation Tracker CY17Q1.*
[3] *Per IDC WW Quarterly PC Monitor Tracker CY16Q4.*

Strategically Aligned Businesses
Q1 FY’18

vmware

- 1Q’18 revenue was $1.7B and operating income was $486M, or 28% of revenue
- Momentum across portfolio continued, specifically in Emerging Technologies which saw strong growth in vSAN and NSX

Pivotal

- Delivered strong 1Q’18 top-line results, primarily driven by its subscription software products, Pivotal Cloud Foundry and Pivotal Data Suite
- Momentum being driven by new customer wins, increasing customer footprint, and an expanding partner ecosystem

SecureWorks

- 1Q’18 standalone revenue grew 14% Y/Y to ~$114M
- Business continues to focus on growing revenue and Monthly Recurring Revenue (or MRR) and client satisfaction

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OUR VISION

To become the essential infrastructure company – from the edge to the data center to the cloud – not only for today's applications, but for the cloud-native world we're entering

OUR STRATEGY

Digital Transformation requires us to help customers succeed in three key areas:

IT Transformation
Modernize, automate & transform

Security Transformation
Connect, automate & integrate

Workforce Transformation
Attract, enable & protect


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DELL
DELL EMC
Pivotal
RSA
SecureWorks
virtustream
vmware

Appendix

Q1 FY’18 Supplemental Non-GAAP Measures

Supplemental Non-GAAP Measures[1]

($ millions)	1Q'17	2Q'17	3Q'17	4Q'17	1Q'18
Consolidated GAAP net loss	**(424)**	**(262)**	**(1,637)**	**(1,414)**	**(1,383)**
Adjustments:					
Interest and other, net	219	349	794	742	573
Income tax provision (benefit)	66	(20)	(669)	(996)	(690)
Depreciation and amortization	618	605	1,576	2,041	2,212
EBITDA	**479**	**672**	**64**	**373**	**712**
Adjustments:					
Stock based compensation expense	14	19	144	215	201
Impact of purchase accounting[2]	83	75	693	1,075	357
Transaction costs[3]	57	109	1,200	159	191
Other corporate expenses[4]	10	9	129	362	106
Adjusted EBITDA	**643**	**884**	**2,230**	**2,184**	**1,567**

[1] *Results represent Continuing Operations. 1Q'17 through 2Q'17 do not include EMC. 3Q'17 only includes 52 days of EMC results.*
[2] *This amount includes the 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.*
[4] *Consists of severance and facility action costs.*

Supplemental Non-GAAP Measures[1]

($ millions)	1Q'17	2Q'17	3Q'17	4Q'17	1Q'18
Consolidated GAAP net loss	**(424)**	**(262)**	**(1,637)**	**(1,414)**	**(1,383)**
Non-GAAP adjustments:					
Impact of purchase accounting[2]	106	98	850	1,240	423
Amortization of intangibles	491	491	1,164	1,535	1,776
Transaction costs[3]	57	69	1,200	159	191
Other corporate expenses[4]	24	28	273	577	307
Aggregate adj for income taxes	10	(62)	(880)	(1,006)	(733)
Total adjustments to net income	688	624	2,607	2,505	1,964
Consolidated Non-GAAP net income	**264**	**362**	**970**	**1,091**	**581**

[1] Results represent Continuing Operations. 1Q'17 through 2Q'17 do not include EMC. 3Q'17 only includes 52 days of EMC results.
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[3] Consists of acquisition, integration, and divestiture-related costs.
[4] Consists of severance and facility action costs as well as stock based compensation.

Supplemental Non-GAAP Measures[1]

($ millions)	1Q'17	2Q'17	3Q'17	4Q'17	1Q'18
Consolidated GAAP revenue	**12,241**	**13,080**	**16,247**	**20,074**	**17,816**
Non-GAAP adjustments:					
Impact of purchase accounting[2]	78	65	530	507	355
Non-GAAP revenue	**12,319**	**13,145**	**16,777**	**20,581**	**18,171**

[1] Results represent Continuing Operations. 1Q'17 through 2Q'17 do not include EMC. 3Q'17 only includes 52 days of EMC results.
[2] This amount includes the non-cash purchase accounting adjustments related to the EMC merger transaction and the going-private transaction.

Supplemental Non-GAAP Measures[1]

($ millions)	1Q'17	2Q'17	3Q'17	4Q'17	1Q'18
Consolidated GAAP gross margin	**2,193**	**2,336**	**3,899**	**4,531**	**4,302**
Non-GAAP adjustments:					
Impact of purchase accounting[2]	89	79	729	1,110	365
Amortization of intangibles	101	101	604	847	950
Transaction costs[3]	(1)	(4)	30	18	7
Other corporate expenses[4]	3	3	62	89	22
Total adjustments to gross margin	192	179	1,425	2,064	1,344
Non-GAAP gross margin	**2,385**	**2,515**	**5,324**	**6,595**	**5,646**

[1] *Results represent Continuing Operations. 1Q'17 through 2Q'17 do not include EMC. 3Q'17 only includes 52 days of EMC results.*
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[3] *Consists of acquisition, integration, and divestiture-related costs.*
[4] *Consists of severance and facility action costs as well as stock based compensation.*

Supplemental Non-GAAP Measures[1]

($ millions)	1Q'17	2Q'17	3Q'17	4Q'17	1Q'18
Consolidated GAAP operating expenses	**2,332**	**2,269**	**5,411**	**6,199**	**5,802**
Non-GAAP adjustments:					
Impact of purchase accounting[2]	(17)	(19)	(121)	(130)	(58)
Amortization of intangibles	(390)	(390)	(560)	(688)	(826)
Transaction costs[3]	(58)	(76)	(1,170)	(141)	(184)
Other corporate expenses[4]	(21)	(25)	(211)	(488)	(285)
Total adjustments to operating expenses	(486)	(510)	(2,062)	(1,447)	(1,353)
Non-GAAP operating expenses	**1,846**	**1,759**	**3,349**	**4,752**	**4,449**

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[2] This amount includes the 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.
[4] Consists of severance and facility action costs as well as stock based compensation.

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Supplemental Non-GAAP Measures[1]

($ millions)	1Q'17	2Q'17	3Q'17	4Q'17	1Q'18
Consolidated GAAP operating income (loss)	**(139)**	**67**	**(1,512)**	**(1,668)**	**(1,500)**
Non-GAAP adjustments:					
Impact of purchase accounting[2]	106	98	850	1,240	423
Amortization of intangibles	491	491	1,164	1,535	1,776
Transaction costs[3]	57	72	1,200	159	191
Other corporate expenses[4]	24	28	273	577	307
Total adjustments to operating income	678	689	3,487	3,511	2,697
Non-GAAP operating income	**539**	**756**	**1,975**	**1,843**	**1,197**

[1] Results represent Continuing Operations. 1Q'17 through 2Q'17 do not include EMC. 3Q'17 only includes 52 days of EMC results.
[2] This amount includes the 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.
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