Dell Technologies Reports Fiscal Year 2018
First Quarter Financial Results

ROUND ROCK, Texas – June 8, 2017

News summary

- First quarter revenue was $17.8 billion, non-GAAP revenue was $18.2 billion
- Operating loss of $1.5 billion, non-GAAP operating income of $1.2 billion
- Successfully integrated sales organization to execute one go-to-market motion for customers

Full story

Dell Technologies (NYSE: DVMT) announces its fiscal 2018 first quarter results, which reflect the growth and impact of the EMC transaction. ¹

For the first quarter, consolidated revenue was $17.8 billion and non-GAAP revenue was $18.2 billion. During the quarter, the company generated an operating loss of $1.5 billion, with a non-GAAP operating income of $1.2 billion.

“We’re pleased with overall results in the first quarter of our new go-to-market structure and the demand velocity we saw in a challenging component cost environment,” said Tom Sweet, chief financial officer, Dell Technologies Inc. “I’m encouraged by these achievements and excited about the opportunities ahead as we continue to provide a broad portfolio of solutions for our customers’ digital transformations.”

The company ended the quarter with a cash and investments balance of $14.9 billion. Since closing the EMC transaction, Dell Technologies has paid down approximately $7.1 billion in gross debt, resulting in a $200 million reduction in annualized interest expense on a run-rate basis. The company also has repurchased $1.1 billion of Class V Common Stock under both the previously announced Class V Group and DHI Group repurchase programs.
Fiscal first quarter 2018 results

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<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th>Change</th>
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<tbody>
<tr>
<td></td>
<td>May 5, 2017</td>
<td>April 29, 2016</td>
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<tr>
<td>Net revenue</td>
<td>$17,816</td>
<td>$12,241</td>
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<tr>
<td>Operating loss</td>
<td>$(1,500)</td>
<td>$(139)</td>
</tr>
<tr>
<td>Net loss from continuing operations</td>
<td>$(1,383)</td>
<td>$(424)</td>
</tr>
<tr>
<td>Non-GAAP net revenue</td>
<td>$18,171</td>
<td>$12,319</td>
</tr>
<tr>
<td>Non-GAAP operating income</td>
<td>$1,197</td>
<td>$539</td>
</tr>
<tr>
<td>Non-GAAP net income from continuing operations</td>
<td>$581</td>
<td>$264</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$1,567</td>
<td>$643</td>
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Information about Dell Technologies’ use of non-GAAP financial information is provided under “Non-GAAP Financial Measures” below. All comparisons in this press release are year-over-year unless otherwise noted.

Operating segments summary

**Client Solutions Group** continued to outgrow the market worldwide in unit shipments for both commercial and consumer product categories on a calendar year basis. Revenue for the first quarter was $9.1 billion, up 6 percent year over year. Operating income was $374 million for the quarter, or 4.1 percent of revenue.

Key highlights:
- Increased PC shipments by 6.2 percent year-over-year, with 17 consecutive quarters of year-over-year PC unit share growth
- Maintained No. 1 share position worldwide for displays, gaining unit share year-over-year for the 17th consecutive quarter
- Only vendor to gain share year-over-year in both Fixed and Mobile workstation categories

**Infrastructure Solutions Group** generated $6.9 billion of revenue in the first quarter, which includes $3.2 billion in servers and networking and $3.7 billion in storage, with an operating income of $323 million.

Key highlights:
- Remained the worldwide market share leader in x86 servers, with PowerEdge units and revenue growth up by double digits in the fiscal quarter
- Demand for hyperconverged portfolio grew at a triple-digit rate, while demand for all-flash solutions grew at a very high double-digit rate
- Increased demand for Virtustream Public Cloud for mission-critical applications by approximately 100 percent

**VMware** segment revenue for the first quarter was $1.7 billion, with operating income of $486 million, or 28 percent of revenue.
Early in the first quarter, the company successfully integrated the combined sales organization and is now operating with one common go-to-market sales motion for customers. Immediately following the quarter close, Dell Technologies hosted its second annual Dell EMC World conference last month in Las Vegas for 13,000 customers and partners. During the event the company launched approximately 40 innovative products and solutions, including the new 14th generation of Dell EMC PowerEdge servers, four flexible consumption models, seven all-flash and hybrid storage systems and the world’s first artificial intelligence platform for women entrepreneurs. In addition, the company announced Dell Technologies Capital, its venture practice for the entire Dell Technologies family of businesses aimed at investments in early-stage startups.

Conference call information

As previously announced, the company will hold a conference call to discuss its first quarter performance today at 7 a.m. CDT. The conference call will be broadcast live over the internet and can be accessed at investors.delltechnologies.com. For those unable to listen to the live broadcast, an archived version will be available at the same location for 30 days.

A slide presentation containing additional financial and operating information may be downloaded from Dell Technologies’ website at investors.delltechnologies.com.

About Dell Technologies

Dell Technologies is a unique family of businesses that provides the essential infrastructure for organizations to build their digital future, transform IT and protect their most important asset, information. The company services customers of all sizes across 180 countries – ranging from 98 percent of the Fortune 500 to individual consumers – with the industry’s most comprehensive and innovative portfolio from the edge to the cloud.

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Due to the EMC transaction and to a lesser extent the Dell going-private transaction, significant non-cash bridging items will remain between GAAP and non-GAAP results for the next few years. Prior-year historical Dell Technologies financials do not include EMC historical results, thereby impacting most year-over-year comparisons.

1 Due to the EMC transaction and to a lesser extent the Dell going-private transaction, significant non-cash bridging items will remain between GAAP and non-GAAP results for the next few years. Prior-year historical Dell Technologies financials do not include EMC historical results, thereby impacting most year-over-year comparisons.

2 IDC Worldwide Quarterly Personal Computing Device (PCD) Tracker CY17Q1

3 IDC Worldwide Quarterly PC Monitor Tracker CY16Q4

4 IDC Worldwide Quarterly Workstation Tracker CY17Q1

5 IDC Worldwide Quarterly Server Tracker, June 2017

Non-GAAP Financial Measures
The press release presents information about the Company’s non-GAAP net revenue, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income from continuing operations, EBITDA and adjusted EBITDA, which are non-GAAP financial measures provided as a supplement to the results provided in accordance with generally accepted accounting principles in the United States of America (“GAAP”). A reconciliation of each of the foregoing historical non-GAAP financial measures to the most directly comparable historical GAAP financial measures is provided in the attached tables for each of the fiscal periods indicated.

Special Note on Forward-Looking Statements:
Statements in this press release that relate to future results and events are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933 and are based on Dell Technologies’ current expectations. In some cases, you can identify these statements by such forward-looking words as “anticipate,” “believe,” “confidence,” “could,” “estimate,” “expect,” “guidance,” “intend,” “may,” “objective,” “outlook,” “plan,” “project,” “possible,” “potential,” “should,” “will” and “would,” or similar words or expressions that refer to future events or outcomes.

Dell Technologies’ results or events in future periods could differ materially from those expressed or implied by these forward-looking statements because of risks, uncertainties, and other factors that include, but are not limited to, the following: competitive pressures; Dell Technologies’ reliance on third-party suppliers for products and components, including reliance on single-source or limited-source suppliers; Dell Technologies’ ability to achieve favorable pricing from its vendors; adverse global economic conditions and instability in financial markets; Dell Technologies’ execution of its growth, business and acquisition strategies; the success of Dell Technologies’ cost efficiency measures; Dell Technologies’ ability to manage solutions and products and services transitions in an effective manner; Dell Technologies’ ability to deliver high-quality products and services; Dell Technologies’ foreign operations and ability to generate substantial non-U.S.net revenue; Dell Technologies’ product, customer, and geographic sales mix, and seasonal sales trends; the performance of Dell Technologies’ sales channel partners; access to the capital markets by Dell Technologies or its customers; weak economic conditions and additional regulation; counterparty default risks; the loss by Dell Technologies of any services contracts with its customers, including government contracts, and its ability to perform such contracts at its estimated costs; Dell Technologies’ ability to develop and protect its proprietary intellectual property or obtain licenses to intellectual property developed by others on commercially reasonable and competitive terms; infrastructure disruptions, cyberattacks, or other data security breaches; Dell Technologies’ ability to hedge effectively its exposure to fluctuations in foreign currency exchange rates and interest rates; expiration of tax holidays or favorable tax rate structures, or unfavorable outcomes in tax audits and other tax compliance matters; impairment of portfolio investments; unfavorable results of legal proceedings; increased costs and additional regulations and requirements as a result of Dell Technologies becoming a newly public company; Dell Technologies’ ability to develop and maintain effective internal control over financial reporting; compliance requirements of changing environmental and safety laws; the effect of armed hostilities, terrorism, natural disasters, and public health issues; the costs, time, and effort required to be dedicated to the integration of the Dell and EMC businesses; the ability to realize the anticipated synergies from the merger with EMC; the ability to integrate EMC’s technology, solutions, products, and services with those of Dell in an effective manner; the impact of the financial performance of VMware; and the market volatility of Dell Technologies’ pension plan assets.

This list of risks, uncertainties, and other factors is not complete. Dell Technologies discusses some of these matters more fully, as well as certain risk factors that could affect the Dell Technologies’ business, financial condition, results
of operations, and prospects, in its periodic reports filed with the Securities and Exchange Commission, including Dell Technologies’ Annual Report on Form 10-K for the fiscal year ended February 3, 2017, and current reports on Form 8-K. These filings are available for review through the Securities and Exchange Commission’s website at www.sec.gov. Any or all forward-looking statements Dell Technologies makes may turn out to be wrong and can be affected by inaccurate assumptions Dell Technologies might make or by known or unknown risks, uncertainties and other factors, including those identified in this press release. Accordingly, you should not place undue reliance on the forward-looking statements made in this press release, which speak only as of its date. Dell Technologies does not undertake to update, and expressly disclaims any duty to update, its forward-looking statements, whether as a result of circumstances or events that arise after the date they are made, new information, or otherwise.