

1Q FY20

# PERFORMANCE REVIEW

May 30, 2019

**DELL**Technologies

# 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. These forward-looking statements include Dell Technologies' current expectations regarding GAAP revenue, non-GAAP revenue, GAAP operating income, non-GAAP operating income, non-GAAP tax rate, non-GAAP share count – diluted, GAAP earnings per share and non-GAAP earnings per share for full fiscal year 2020. 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.

## QUARTERLY HIGHLIGHTS

We executed our operating model focused on relative share gains, growing operating income and EPS faster than revenue and cash flow generation

### 1. INNOVATIVE COLLABORATION

Bringing together our differentiated portfolio as we continue to integrate solutions for our customers, such as the Dell Technologies Cloud and Unified Workspace

### 2. PROFITABLE SHARE GAINS

Continue to grow faster than our competitors and expand our leading positions in the markets where we compete, regardless of the underlying demand environment

### 3. DEBT PAYDOWN AND REFINANCING

On track to repay ~\$4.8B of gross debt this fiscal year, with ~\$400M of gross debt paid down in Q1, in addition to refinancing actions taken to reduce our larger maturity towers in 2021 and 2023

# INNOVATIVE COLLABORATION

Driving tighter collaboration across physical and virtual infrastructure, cloud, PCs, security and services to deliver highly integrated solutions for our customers

## **DELL**Technologies Cloud

Consistent infrastructure. Consistent operations. Consistent services.

Dell Technologies Cloud powered by VMware seamlessly extends from the public cloud into your data center with the option of hyperconverged or converged infrastructure as well as being able to be consumed as a fully managed service



## **DELL**Technologies Unified Workspace

Deploy. Secure.  
Manage. Support.

Dell Technologies Unified Workspace is the industry's most comprehensive solution to deploy, secure, manage and support your devices from the cloud with industry leading expertise from VMware, Secureworks and Dell



## **DELL**EMC Unity XT

Storage for a  
multi-cloud world.

Dell EMC Unity XT arrays set new standards for storage with compelling simplicity, all-inclusive software, blazing speed, optimized efficiency, multi-cloud enablement – all in a modern NVMe-ready design – guaranteed by our Future-Proof Loyalty Program





# MARKET PERFORMANCE

We continue to grow faster than our competitors and expand our leading positions in the markets where we compete, including virtualization, storage, servers and PCs, regardless of the underlying demand environment

4

consecutive quarters  
of storage share gains

Dell EMC grew and maintained the  
#1 position in Q4

Per IDC WW Quarterly Enterprise Storage Systems Tracker CY18Q4

#1

storage software

Dell EMC maintained the #1 overall  
position with 14.9% share

Per IDC WW Storage Software and Cloud Services QView CY18Q4

#1

all flash array provider

Dell EMC maintained the #1 position  
with 27.9% share

Per IDC WW Quarterly Enterprise Storage Systems Tracker CY18Q4

#1

hyperconverged provider

Dell EMC maintained the #1 position with  
28.6% share, up +121 bps Y/Y

Per IDC WW Quarterly Converged Systems Tracker CY18Q4

#1

server provider  
in units and revenue

Dell EMC is the undisputed x86 server  
provider in both revenue and units and we  
expect to gain share again in Q1

Per IDC WW Quarterly Server Tracker CY18Q4

#1

workstation provider

Leading positions in both mobile  
and fixed workstations

Per IDC WW Quarterly Workstation Tracker CY19Q1

25

consecutive quarters  
of PC share gains

Dell was the only top vendor  
to gain share both Y/Y (+80 bps)  
and Q/Q (+120 bps) in Q1

Per IDC WW Personal Computing Device Tracker CY19Q1

#1

flat panel monitor provider

Dell maintained the #1 position for the 24<sup>th</sup>  
consecutive quarter with 21.3% share

Per IDC WW Quarterly PC Monitor Tracker CY19Q1

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

Customer demand for our solutions - from the edge to the core to the cloud - remains solid as we continue to balance growth and profitability

\$ in millions, except per share amounts	1Q19	2Q19	3Q19	4Q19	1Q20	Y/Y	Q/Q
<b>Revenue</b>	<b>21,356</b>	<b>22,942</b>	<b>22,482</b>	<b>23,841</b>	<b>21,908</b>	<b>3%</b>	<b>-8%</b>
<b>Gross Margin</b>	<b>5,878</b>	<b>6,123</b>	<b>5,943</b>	<b>7,109</b>	<b>6,797</b>	<b>16%</b>	<b>-4%</b>
SG&A	4,944	4,961	5,159	5,576	5,071	3%	-9%
R&D	1,087	1,175	1,140	1,202	1,176	8%	-2%
<b>Operating Expense</b>	<b>6,031</b>	<b>6,136</b>	<b>6,299</b>	<b>6,778</b>	<b>6,247</b>	<b>4%</b>	<b>-8%</b>
<b>Operating Income (Loss)</b>	<b>(153)</b>	<b>(13)</b>	<b>(356)</b>	<b>331</b>	<b>550</b>	<b>459%</b>	<b>66%</b>
<b>Interest and Other, Net</b>	<b>(470)</b>	<b>(455)</b>	<b>(639)</b>	<b>(606)</b>	<b>(693)</b>	<b>-47%</b>	<b>-14%</b>
<b>Income Tax</b>	<b>(85)</b>	<b>(7)</b>	<b>(100)</b>	<b>12</b>	<b>(472)</b>	<b>455%</b>	<b>NM<sup>4</sup></b>
<i>Effective tax rate %</i>	<i>13.6%</i>	<i>1.5%</i>	<i>10.1%</i>	<i>-4.4%</i>	<i>330.1%</i>		
<b>Net Income (Loss)</b>	<b>(538)</b>	<b>(461)</b>	<b>(895)</b>	<b>(287)</b>	<b>329</b>	<b>161%</b>	<b>215%</b>
Less: Net Income attributable to non-controlling interests	98	38	(19)	12	36	-63%	200%
<b>Net Income attributable to Dell Technologies Inc. - basic</b>	<b>(636)</b>	<b>(499)</b>	<b>(876)</b>	<b>(299)</b>	<b>293</b>	<b>146%</b>	<b>198%</b>
Less: Incremental dilution from VMware, Inc.					8		
<b>Net Income attributable to Dell Technologies Inc. - diluted</b>					<b>285</b>		
<b>Earnings Per Share - basic<sup>2</sup></b>					<b>0.41</b>		
<b>Earnings Per Share - diluted<sup>3</sup></b>					<b>0.38</b>		

<sup>1</sup> Results include material adjustments related to purchase accounting and other items. For additional detail on these adjustments, please refer to supplemental slides in the appendix.

<sup>2</sup> EPS calculated using 717 million weighted average shares – basic.

<sup>3</sup> EPS calculated using 751 million weighted average shares – diluted.

<sup>4</sup> Figure is not meaningful.

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

Operating income, up 8% Y/Y, outpaced revenue growth, driven by lower component costs and balanced pricing in both servers and PCs

\$ in millions, except per share amounts	1Q19	2Q19	3Q19	4Q19	1Q20	Y/Y	Q/Q
<b>Revenue</b>	21,543	23,122	22,651	24,008	21,990	2%	-8%
<b>Gross Margin</b>	6,919	7,066	7,000	8,037	7,434	7%	-8%
SG&A	3,915	3,938	3,912	4,287	4,178	7%	-3%
R&D	978	1,020	1,024	1,094	1,060	8%	-3%
<b>Operating Expense</b>	4,893	4,958	4,936	5,381	5,238	7%	-3%
<b>Operating Income (Loss)</b>	2,026	2,108	2,064	2,656	2,196	8%	-17%
<b>Interest and Other, Net</b>	(577)	(594)	(622)	(645)	(755)	-31%	-17%
<b>Income Tax</b>	270	255	245	419	232	-14%	-45%
<i>Effective tax rate %</i>	18.6%	16.8%	17.0%	20.8%	16.1%		
<b>Net Income (Loss)</b>	1,179	1,259	1,197	1,592	1,209	3%	-24%
Less: Net Income attributable to non-controlling interests	96	120	124	158	109	14%	-31%
<b>Net Income attributable to Dell Technologies Inc. - basic</b>	1,083	1,139	1,073	1,434	1,100	2%	-23%
Less: Incremental dilution from VMware, Inc.					8		
<b>Net Income attributable to Dell Technologies Inc. - diluted</b>					1,092		
<b>Earnings Per Share - basic</b> <sup>2</sup>					1.53		
<b>Earnings Per Share - diluted</b> <sup>3</sup>					1.45		

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

<sup>2</sup> EPS calculated using 717 million weighted average shares – basic.

<sup>3</sup> EPS calculated using 751 million weighted average shares – diluted.

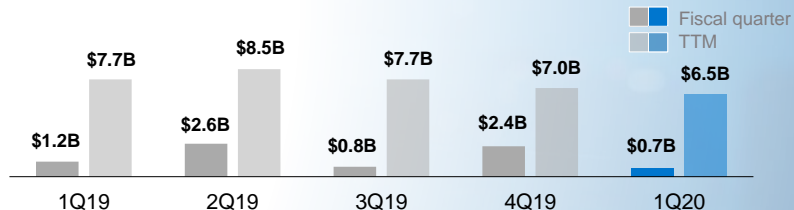
## SELECT FINANCIAL METRICS

Generated \$682M in cash flow from operations in our seasonally lowest quarter due to revenue seasonality and timing of annual bonus payouts

### CASH FLOW FROM OPERATIONS

**\$682M**

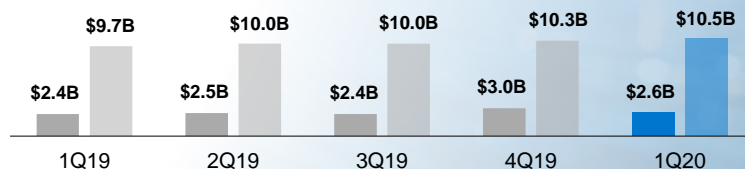
-41% Y/Y



### ADJUSTED EBITDA

**\$2.6B**

+8% Y/Y



11.7% of non-GAAP revenue

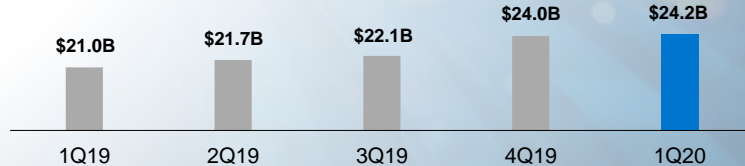
11.1%    10.6%    10.7%    12.6%    11.7%

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

**\$24.2B**

+15% Y/Y

+1% Q/Q



Q1 cash flow from operations of \$682M; as a reminder, Q1 is seasonally our lowest cash flow generation quarter due to revenue seasonality and timing of annual corporate bonus payouts

Excluding the impact of DFS related items (financing receivables and operating leases), our Q1 free cash flow was \$116M<sup>1</sup>

Adjusted EBITDA was \$2.6B, or 11.7% as a percentage of non-GAAP revenue; trailing twelve months of adjusted EBITDA was \$10.5B

Q1 deferred revenue was up ~\$200M Q/Q

<sup>1</sup> This metric normalizes for the cash flow statement impacts of operating leases and funding DFS, where cash flow from operations and cash flow from investing is reduced with an offsetting increase in cash flow from financing. See supplemental slides in Appendix B for reconciliation of GAAP to Non-GAAP measures.

<sup>2</sup> Includes purchase accounting adjustments.



# INFRASTRUCTURE SOLUTIONS GROUP

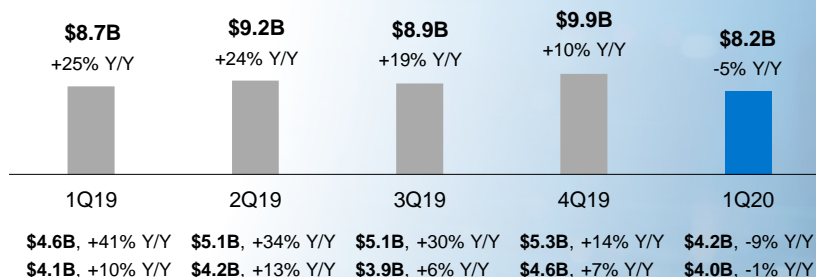
Revenue decline of 5% Y/Y driven by Servers and Networking, which faced slower-than-anticipated industry demand, principally in China and certain large enterprise opportunities; Storage demand remained solid

## REVENUE

**\$8.2B**

-5% Y/Y  
-17% Q/Q

**\$4.2B** Servers & Networking, -9% Y/Y  
**\$4.0B** Storage, -1% Y/Y



ISG revenue was \$8.2B, down 5% Y/Y, primarily driven by Servers and Networking

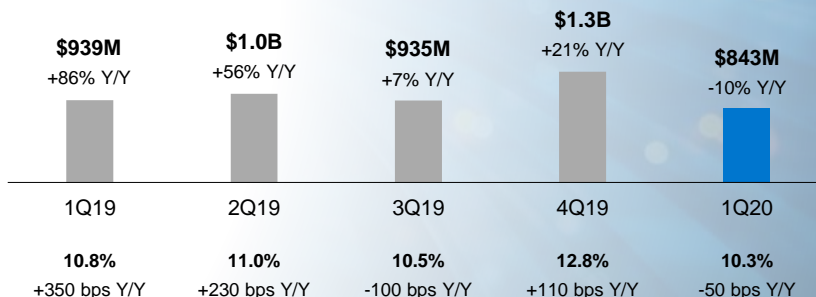
Servers and Networking revenue was \$4.2B, down 9% Y/Y against a tougher compare, slower industry demand, particularly in China where we continue to be selective on some larger server deals

## OPERATING INCOME

**\$843M**

-10% Y/Y  
-33% Q/Q

**10.3%** of ISG revenue  
-50 bps Y/Y



Despite solid demand, Storage revenue of \$4.0B was down 1% Y/Y due to linearity of orders

Operating income was \$843M or 10.3% of revenue, down 50 bps Y/Y, due to investments in sales coverage which offset higher gross margins

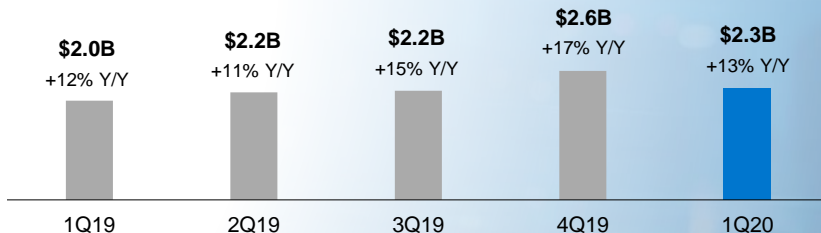
# VMWARE

VMware had another strong quarter, delivering \$2.3B of revenue, up 13% Y/Y, driven by broad-based strength across a diverse product portfolio

## REVENUE

# \$2.3B

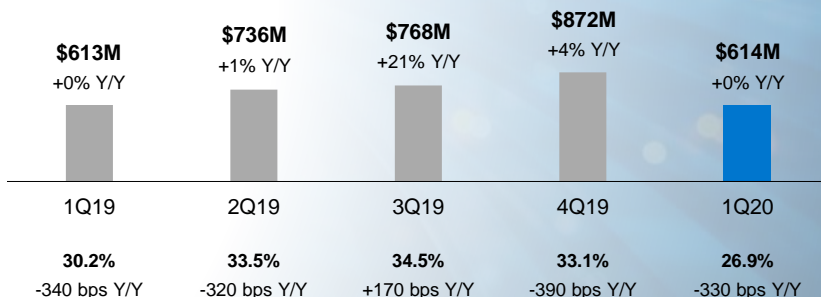
+13% Y/Y  
-13% Q/Q



## OPERATING INCOME

# \$614M

+0% Y/Y  
-30% Q/Q



26.9% of VMware revenue  
-330 bps Y/Y

VMware segment revenue was \$2.3B, up 13% Y/Y

VMware segment operating income was \$614M, or 26.9% of revenue

Based on VMware's standalone results, the company generated license bookings growth in all product categories, with NSX up over 40% Y/Y and vSAN up over 50% Y/Y

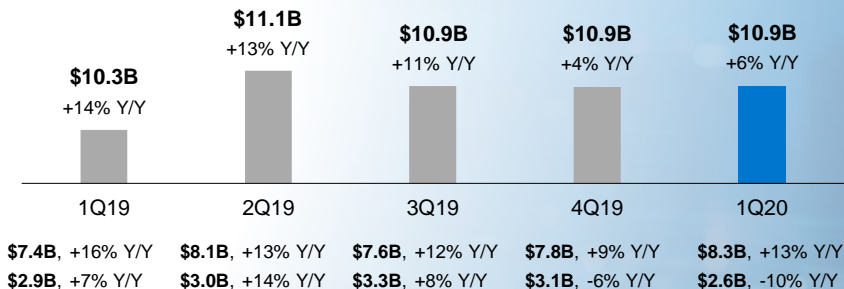
# CLIENT SOLUTIONS GROUP

Strong Commercial performance, including notebooks, desktops and workstations, drove sustained top-line growth of 6% Y/Y as well as better operating income profitability, up 210 bps Y/Y to 7.3%

## REVENUE

**\$10.9B**

+6% Y/Y  
+0% Q/Q



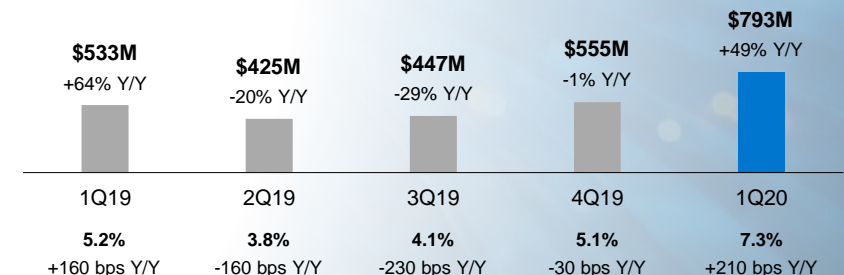
**\$8.3B** Commercial, +13% Y/Y  
**\$2.6B** Consumer, -10% Y/Y

**\$7.4B**, +16% Y/Y   **\$8.1B**, +13% Y/Y   **\$7.6B**, +12% Y/Y   **\$7.8B**, +9% Y/Y   **\$8.3B**, +13% Y/Y  
**\$2.9B**, +7% Y/Y   **\$3.0B**, +14% Y/Y   **\$3.3B**, +8% Y/Y   **\$3.1B**, -6% Y/Y   **\$2.6B**, -10% Y/Y

## OPERATING INCOME

**\$793M**

+49% Y/Y  
+43% Q/Q



7.3% of CSG revenue  
+210 bps Y/Y

5.2%   3.8%   4.1%   5.1%   7.3%  
+160 bps Y/Y   -160 bps Y/Y   -230 bps Y/Y   -30 bps Y/Y   +210 bps Y/Y

CSG revenue was \$10.9B, up 6% Y/Y, with strong Commercial performance, driven by coverage expansion and the Windows 10 refresh cycle

Commercial revenue grew 13% Y/Y to \$8.3B, driven by double-digit growth in commercial notebooks, desktops and workstations

Consumer revenue was \$2.6B, down 10% Y/Y as we prioritized Commercial mix and the higher-end of consumer PCs

Operating income of \$793M was 7.3% of revenue; we saw better profitability in CSG due to component cost declines, higher Commercial mix and pricing discipline

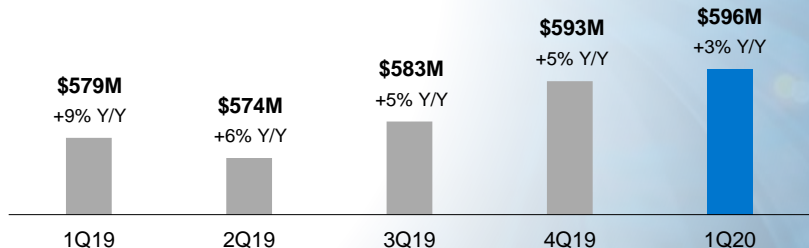
## OTHER BUSINESSES

Ongoing initiatives, including integrated support and sales tools, are being instituted across the Dell Technologies family to understand our customers more holistically and deliver a more consistent, seamless experience

### REVENUE

# \$596M

+3% Y/Y  
+1% Q/Q



### Pivotal

Provides a leading cloud-native platform that makes software development and IT operations a strategic advantage for customers; the company is scheduled to report standalone Q1 FY'20 results on June 4, 2019

### Secureworks®

Provides trusted managed security services to organizations of all sizes; the company is scheduled to report standalone Q1 FY'20 results on June 5, 2019

### RSA

Delivers business-driven security solutions and helps organizations thrive in an uncertain, high-risk world; more than 30K customers worldwide choose RSA for cybersecurity and digital risk management solutions

### virtustream

Enterprise-class cloud company trusted by businesses and organizations globally to transform and move their mission-critical application applications to the cloud



A leading enterprise transformation provider of cloud integration and workflow automation, Boomi helps organizations connect everything and engage everywhere, across any channel, device or platform



# CAPITAL STRUCTURE

On track to repay ~\$4.8B of gross debt this fiscal year, with ~\$400M of gross debt paid down in Q1, in addition to refinancing actions taken to reduce our larger maturity towers in 2021 and 2023

\$ in billions <sup>1</sup>	EMC Close	1Q19	2Q19	3Q19	4Q19	1Q20
<b>Cash &amp; Investments</b>	<b>15.5</b>	<b>21.7</b>	<b>21.5</b>	<b>20.4</b>	<b>10.7</b>	<b>9.8</b>
Cash & Investments (Excluding Unrestricted Subsidiaries)	6.8	8.1	7.2	6.0	6.9	5.4
<b>Core Secured Debt</b> <sup>2</sup>	<b>35.4</b>	<b>29.1</b>	<b>28.9</b>	<b>28.0</b>	<b>31.1</b>	<b>30.4</b>
Core Unsecured Debt	13.4	10.7	8.2	8.2	8.2	8.2
<b>Total Core Debt</b> <sup>3</sup>	<b>48.8</b>	<b>39.8</b>	<b>37.1</b>	<b>36.2</b>	<b>39.3</b>	<b>38.6</b>
Other Debt	4.0	2.1	2.1	2.1	3.4	4.0
DFS Related Debt	4.5	6.8	7.1	7.1	7.5	7.6
<b>Total Debt, Excluding Unrestricted Subsidiaries</b> <sup>4, 5</sup>	<b>57.3</b>	<b>48.7</b>	<b>46.3</b>	<b>45.4</b>	<b>50.2</b>	<b>50.2</b>
Unrestricted Subsidiary Debt	-	4.0	4.0	4.0	4.0	4.0
<b>Total Debt, Including Unrestricted Subsidiaries</b> <sup>5</sup>	<b>57.3</b>	<b>52.7</b>	<b>50.3</b>	<b>49.4</b>	<b>54.2</b>	<b>54.2</b>
<b>Net Core Debt, Excluding Unrestricted Subsidiaries</b> <sup>6</sup>	<b>42.0</b>	<b>31.7</b>	<b>29.9</b>	<b>30.2</b>	<b>32.4</b>	<b>33.2</b>

<sup>1</sup> Amounts are based on underlying data and may not visually foot due to rounding – see supplemental slides in the appendix for additional detail.

<sup>2</sup> Core Secured Debt represents secured term loans, investment grade notes, and revolver. It excludes DFS allocated debt based on a 7:1 leverage ratio of DFS financing receivables and future maturities of DFS operating lease assets.

<sup>3</sup> Core Debt represents the total principal amount of our debt, less: (a) unrestricted subsidiary debt, (b) DFS related debt, and (c) other debt.

<sup>4</sup> Principal Face Value.

<sup>5</sup> VMware, Pivotal and their respective subsidiaries are considered unrestricted subsidiaries for purposes of the existing debt of Dell Technologies.

<sup>6</sup> Net Core Debt represents Core Debt less Cash and Investments, excluding Unrestricted Subsidiaries.

Cash and investments balance ended the quarter at \$9.8B, or \$5.4B excluding our unrestricted subsidiaries

Core debt ended the quarter at \$38.6B; net core debt at \$33.2B<sup>6</sup>

In Q1, we paid down ~\$400M of gross debt, and since closing the EMC transaction, we have now paid down ~\$15B of gross debt

Refinanced ~\$6B of debt, freeing up FY20 cash flow to repay longer dated debt and reduce our larger maturity towers coming due in 2021 and 2023

We remain on track to repay ~\$4.8B of gross debt in FY20 using a combination of free cash flow generation and balance sheet cash



## PURPOSE

To create technologies that drive human progress. This is why we are in business.

## VISION

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

## STRATEGY

Lead our customers’ journey to becoming a digital organization through IT, Workforce, Security & Application Transformation, and lead the consolidation of the core infrastructure markets in which we compete.



### IT

Optimizing IT for performance, agility and efficiency. Enabling customers to innovate for their digital future in a hybrid and multi-cloud world.



### WORKFORCE

Powering our customers through faster user experiences, trusted security, and an intelligent approach to management to deliver experiences that drive better outcomes.



### SECURITY

Customers need to architect for intrinsic security to ensure that they simplify the control of IT infrastructure and that data and IT assets are secure, protected and available.



### APPLICATION

Accelerate the digital future by innovating with software to deliver new digital products and transform experiences.

# DELL Technologies



DELL EMC

Pivotal

RSA

Secureworks

virtustream

vmware

## APPENDIX A

### Debt and DFS Summary



# DEBT SUMMARY

\$ in billions <sup>1</sup>	EMC Close	1Q19	2Q19	3Q19	4Q19	1Q20
Revolver	2.0	-	-	-	-	-
Term Loan A	9.4	5.5	5.5	4.2	7.8	6.0
Term Loan B	5.0	5.0	5.0	5.0	4.9	4.9
Investment Grade Notes	20.0	20.0	20.0	20.0	20.0	20.8
DFS Allocated Debt	(1.0)	(1.4)	(1.6)	(1.1)	(1.6)	(1.3)
<b>Total Core Secured Debt<sup>2</sup></b>	<b>35.4</b>	<b>29.1</b>	<b>28.9</b>	<b>28.0</b>	<b>31.1</b>	<b>30.4</b>
High Yield Notes	3.3	3.3	3.3	3.3	3.3	3.3
Asset Sale Bridge	2.2	-	-	-	-	-
Legacy Dell Unsecured Notes	2.5	2.0	2.0	2.0	2.0	2.0
Legacy EMC Unsecured Notes	5.5	5.5	3.0	3.0	3.0	3.0
<b>Total Unsecured Core Debt</b>	<b>13.4</b>	<b>10.7</b>	<b>8.2</b>	<b>8.2</b>	<b>8.2</b>	<b>8.2</b>
<b>Total Core Debt<sup>3</sup></b>	<b>48.8</b>	<b>39.8</b>	<b>37.1</b>	<b>36.2</b>	<b>39.3</b>	<b>38.6</b>
Margin Loan	2.5	2.0	2.0	2.0	3.4	4.0
Mirror Loan	1.5	-	-	-	-	-
Other	-	0.1	0.1	0.1	-	-
<b>Total Other Debt</b>	<b>4.0</b>	<b>2.1</b>	<b>2.1</b>	<b>2.1</b>	<b>3.4</b>	<b>4.0</b>
DFS Debt	3.5	5.4	5.6	5.9	5.9	6.3
DFS Allocated Debt	1.0	1.4	1.6	1.1	1.6	1.3
<b>Total DFS Related Debt</b>	<b>4.5</b>	<b>6.8</b>	<b>7.1</b>	<b>7.1</b>	<b>7.5</b>	<b>7.6</b>
<b>Total Debt, Excluding Unrestricted Subsidiaries<sup>4,5</sup></b>	<b>57.3</b>	<b>48.7</b>	<b>46.3</b>	<b>45.4</b>	<b>50.2</b>	<b>50.2</b>
<b>Total Unrestricted Subsidiary Debt</b>	-	4.0	4.0	4.0	4.0	4.0
<b>Total Debt, Including Unrestricted Subsidiaries<sup>5</sup></b>	<b>57.3</b>	<b>52.7</b>	<b>50.3</b>	<b>49.4</b>	<b>54.2</b>	<b>54.2</b>

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

<sup>2</sup> Core Secured Debt represents secured term loans, investment grade notes, and revolver. It excludes DFS allocated debt based on a 7:1 leverage ratio of DFS financing receivables and future maturities of DFS operating lease assets.

<sup>3</sup> Core Debt represents the total principal amount of our debt, less: (a) unrestricted subsidiary debt, (b) DFS related debt, and (c) other debt.

<sup>4</sup> Principal Face Value.

<sup>5</sup> VMware, Pivotal and their respective subsidiaries are considered unrestricted subsidiaries for purposes of the existing debt of Dell Technologies.

## DFS SUMMARY

\$ in billions	1Q19	2Q19	3Q19	4Q19	1Q20
<b>Originations</b> <sup>1</sup>	1.7	1.9	1.6	2.1	1.7
Trailing twelve months	6.8	7.1	7.1	7.3	7.3
<b>Financing Receivables</b> <sup>2</sup>	7.8	8.2	8.1	8.6	8.4
<b>Operating Leases</b> <sup>3</sup>	-	-	-	-	0.3
<b>Total Managed Assets</b> <sup>4</sup>	8.3	8.7	9.0	9.7	9.7

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

<sup>2</sup> Amounts represent financing receivables included on the Dell Technologies Statements of Financial Position.

<sup>3</sup> Amount represents equipment recognized during the quarter for DFS operating leases under the new lease accounting standard.

<sup>4</sup> Total managed assets consists of financing receivables, syndicated receivables we still service, and operating leases.

## APPENDIX B

### Supplemental Non-GAAP Measures

# SUPPLEMENTAL NON-GAAP MEASURES<sup>1</sup>

## Revenue and Gross Margin

\$ in millions	1Q19	2Q19	3Q19	4Q19	1Q20
<b>Consolidated GAAP revenue</b>	<b>21,356</b>	<b>22,942</b>	<b>22,482</b>	<b>23,841</b>	<b>21,908</b>
Impact of purchase accounting <sup>2</sup>	187	180	169	167	82
<b>Non-GAAP revenue</b>	<b>21,543</b>	<b>23,122</b>	<b>22,651</b>	<b>24,008</b>	<b>21,990</b>
<b>Consolidated GAAP gross margin</b>	<b>5,878</b>	<b>6,123</b>	<b>5,943</b>	<b>7,109</b>	<b>6,797</b>
Amortization of intangibles	710	718	726	729	519
Impact of purchase accounting <sup>2</sup>	193	185	171	171	84
Transaction costs <sup>3</sup>	116	21	102	(26)	(5)
Stock based compensation	16	18	20	37	26
Other corporate expenses <sup>4</sup>	6	1	38	17	13
<b>Total adjustments to gross margin</b>	<b>1,041</b>	<b>943</b>	<b>1,057</b>	<b>928</b>	<b>637</b>
<b>Non-GAAP gross margin</b>	<b>6,919</b>	<b>7,066</b>	<b>7,000</b>	<b>8,037</b>	<b>7,434</b>
<i>GM % of non-GAAP revenue</i>	<i>32.1%</i>	<i>30.6%</i>	<i>30.9%</i>	<i>33.5%</i>	<i>33.8%</i>

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

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

<sup>3</sup> Consists of acquisition, integration, and divestiture-related costs.

<sup>4</sup> Severance, facility action and other costs.



# SUPPLEMENTAL NON-GAAP MEASURES<sup>1</sup>

## SG&A, R&D and Operating Expense

\$ in millions	1Q19	2Q19	3Q19	4Q19	1Q20
<b>GAAP SG&amp;A</b>	<b>4,944</b>	<b>4,961</b>	<b>5,159</b>	<b>5,576</b>	<b>5,071</b>
Amortization of intangibles	(812)	(808)	(820)	(815)	(698)
Impact of purchase accounting <sup>2</sup>	(17)	(18)	(17)	(19)	(17)
Transaction costs <sup>3</sup>	(49)	(62)	(69)	(337)	(48)
Stock based compensation	(92)	(101)	(130)	(109)	(126)
Other corporate expenses <sup>4</sup>	(59)	(34)	(211)	(9)	(4)
<b>Non-GAAP SG&amp;A</b>	<b>3,915</b>	<b>3,938</b>	<b>3,912</b>	<b>4,287</b>	<b>4,178</b>
<b>GAAP R&amp;D</b>	<b>1,087</b>	<b>1,175</b>	<b>1,140</b>	<b>1,202</b>	<b>1,176</b>
Amortization of intangibles	-	-	-	-	-
Impact of purchase accounting <sup>2</sup>	(12)	(12)	(5)	-	-
Transaction costs <sup>3</sup>	(1)	(21)	4	(2)	1
Stock based compensation	(91)	(97)	(106)	(101)	(111)
Other corporate expenses <sup>4</sup>	(5)	(25)	(9)	(5)	(6)
<b>Non-GAAP R&amp;D</b>	<b>978</b>	<b>1,020</b>	<b>1,024</b>	<b>1,094</b>	<b>1,060</b>
<b>Consolidated GAAP operating expenses</b>	<b>6,031</b>	<b>6,136</b>	<b>6,299</b>	<b>6,778</b>	<b>6,247</b>
Amortization of intangibles	(812)	(808)	(820)	(815)	(698)
Impact of purchase accounting <sup>2</sup>	(29)	(30)	(22)	(19)	(17)
Transaction costs <sup>3</sup>	(50)	(83)	(65)	(339)	(47)
Stock based compensation	(183)	(198)	(236)	(210)	(237)
Other corporate expenses <sup>4</sup>	(64)	(59)	(220)	(14)	(10)
<b>Total adjustments to operating expenses</b>	<b>(1,138)</b>	<b>(1,178)</b>	<b>(1,363)</b>	<b>(1,397)</b>	<b>(1,009)</b>
<b>Non-GAAP operating expenses</b>	<b>4,893</b>	<b>4,958</b>	<b>4,936</b>	<b>5,381</b>	<b>5,238</b>
<i>OpEx % of non-GAAP revenue</i>	<i>22.7%</i>	<i>21.4%</i>	<i>21.8%</i>	<i>22.4%</i>	<i>23.8%</i>

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

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

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

<sup>4</sup> Consists of goodwill impairment charges, severance and facility action costs.

# SUPPLEMENTAL NON-GAAP MEASURES<sup>1</sup>

## Operating Income

\$ in millions	1Q19	2Q19	3Q19	4Q19	1Q20
<b>Consolidated GAAP operating income (loss)</b>	<b>(153)</b>	<b>(13)</b>	<b>(356)</b>	<b>331</b>	<b>550</b>
<b>Non-GAAP adjustments:</b>					
Amortization of intangibles	1,522	1,526	1,546	1,544	1,217
Impact of purchase accounting <sup>2</sup>	222	215	193	190	101
Transaction costs <sup>3</sup>	166	104	167	313	42
Stock based compensation	199	216	256	247	263
Other corporate expenses <sup>4</sup>	70	60	258	31	23
<b>Total adjustments to operating income</b>	<b>2,179</b>	<b>2,121</b>	<b>2,420</b>	<b>2,325</b>	<b>1,646</b>
<b>Non-GAAP operating income</b>	<b>2,026</b>	<b>2,108</b>	<b>2,064</b>	<b>2,656</b>	<b>2,196</b>
<i>OpInc % of non-GAAP revenue</i>	<i>9.4%</i>	<i>9.1%</i>	<i>9.1%</i>	<i>11.1%</i>	<i>10.0%</i>

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

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

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

<sup>4</sup> Consists of goodwill impairment charges, severance and facility action costs.

# SUPPLEMENTAL NON-GAAP MEASURES<sup>1</sup>

## Interest and Other

\$ in millions	1Q19	2Q19	3Q19	4Q19	1Q20
<b>GAAP interest and other, net</b>					
Investment income, primarily interest	78	85	84	66	44
Gain (loss) on investments, net	107	139	(17)	113	62
Interest expense	(596)	(622)	(612)	(658)	(699)
Foreign exchange	(77)	(34)	(63)	(32)	(45)
Other	18	(23)	(31)	(95)	(55)
<b>GAAP interest and other, net</b>	<b>(470)</b>	<b>(455)</b>	<b>(639)</b>	<b>(606)</b>	<b>(693)</b>
<b>Adjustments:</b>					
Non-GAAP adjustments <sup>2</sup>	107	139	(17)	39	62
<b>Non-GAAP interest and other, net</b>	<b>(577)</b>	<b>(594)</b>	<b>(622)</b>	<b>(645)</b>	<b>(755)</b>
<i>I&amp;O as a % of non-GAAP revenue</i>	<i>-2.7%</i>	<i>-2.6%</i>	<i>-2.7%</i>	<i>-2.7%</i>	<i>-3.4%</i>

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

<sup>2</sup> Primarily consists of the fair value adjustments on strategic equity investments, as well as one-time costs related to the Class V transaction during Q4 FY19.

# SUPPLEMENTAL NON-GAAP MEASURES<sup>1</sup>

## Consolidated Net Income

\$ in millions	1Q19	2Q19	3Q19	4Q19	1Q20
<b>Consolidated GAAP net income (loss)</b>	<b>(538)</b>	<b>(461)</b>	<b>(895)</b>	<b>(287)</b>	<b>329</b>
<b>Non-GAAP adjustments:</b>					
Amortization of intangibles	1,522	1,526	1,546	1,544	1,217
Impact of purchase accounting <sup>2</sup>	222	215	193	190	101
Transaction costs <sup>3</sup>	166	104	167	387	42
Stock based compensation	199	216	256	247	263
Other corporate expenses <sup>4</sup>	70	60	258	31	23
Fair value adjustments on equity investments <sup>5</sup>	(107)	(139)	17	(113)	(62)
Aggregate adj for income taxes <sup>6</sup>	(355)	(262)	(345)	(407)	(704)
<b>Total adjustments to net income</b>	<b>1,717</b>	<b>1,720</b>	<b>2,092</b>	<b>1,879</b>	<b>880</b>
<b>Consolidated Non-GAAP net income</b>	<b>1,179</b>	<b>1,259</b>	<b>1,197</b>	<b>1,592</b>	<b>1,209</b>
<i>NI % of non-GAAP revenue</i>	<i>5.5%</i>	<i>5.4%</i>	<i>5.3%</i>	<i>6.6%</i>	<i>5.5%</i>

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

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

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

<sup>4</sup> Consists of goodwill impairment charges, severance and facility action costs.

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

<sup>6</sup> Consists of the tax effects of non-gaap adjustments, as well as an adjustment for discrete tax items.

## SUPPLEMENTAL NON-GAAP MEASURES<sup>1</sup>

### Net Income Attributable to Non-controlling Interests and Dell Technologies Inc.

	\$ in millions	1Q20
<b>GAAP net income attributable to non-controlling interests</b>		<b>36</b>
Amortization of intangibles <sup>2</sup>		72
Impact of purchase accounting <sup>3</sup>		6
Transaction costs <sup>4</sup>		3
Stock based compensation		46
Fair value adjustments on equity investments <sup>6</sup>		(25)
Aggregate adjustment for income taxes <sup>7</sup>		(29)
<b>Total adjustments to net income attributable to non-controlling interests</b>		<b>73</b>
<b>Non-GAAP net income attributable to non-controlling interests</b>		<b>109</b>

	\$ in millions	1Q20
<b>GAAP net income attributable to Dell Technologies Inc.</b>		<b>293</b>
Amortization of intangibles		1,217
Impact of purchase accounting <sup>3</sup>		101
Transaction costs <sup>4</sup>		42
Stock based compensation		263
Other corporate expenses <sup>5</sup>		23
Fair value adjustments on equity investments <sup>6</sup>		(62)
Aggregate adjustment for income taxes <sup>7</sup>		(704)
Total non-GAAP adjustments attributable to non-controlling interests		(73)
<b>Total adjustments to net income attributable to Dell Technologies Inc.</b>		<b>807</b>
<b>Non-GAAP net income attributable to Dell Technologies Inc. - basic</b>		<b>1,100</b>
Incremental dilution from VMware, Inc. <sup>8</sup>		(8)
<b>Non-GAAP net income attributable to Dell Technologies Inc. - diluted</b>		<b>1,092</b>

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

<sup>2</sup> Amortization of intangibles reflects Dell Technologies Inc. basis.

<sup>3</sup> This amount includes non-cash purchase accounting adjustments primarily related to the EMC merger transaction.

<sup>4</sup> Consists of acquisition, integration and divestiture-related costs.

<sup>5</sup> Consists of severance, facility action and other costs.

<sup>6</sup> Consists of the gain (loss) on strategic investments, which includes the fair value adjustments on equity investments.

<sup>7</sup> Consists of the tax effects of non-gaap adjustments, as well as an adjustment for discrete tax items.

<sup>8</sup> The incremental dilution from VMware attributable to Dell Technologies Inc. represents the impact of VMware Inc.'s dilutive securities on the diluted earnings per share of Dell Technologies and is calculated by multiplying the difference between VMware's basic and diluted earnings per share by the number of shares of VMware common stock held by Dell Technologies.



# SUPPLEMENTAL NON-GAAP MEASURES<sup>1</sup>

## Earnings Per Share - Basic and Diluted

	1Q20
	\$ in millions, except per share figures
<b>GAAP net income attributable to Dell Technologies Inc.</b>	<b>293</b>
Weighted-average shares outstanding - basic	717
<b>GAAP EPS attributable to Dell Technologies Inc. - basic</b>	<b>0.41</b>
Incremental dilution from VMware Inc. <sup>2</sup>	(8)
<b>GAAP net income attributable to Dell Technologies Inc. - diluted</b>	<b>285</b>
Weighted-average shares outstanding - diluted	751
<b>GAAP EPS attributable to Dell Technologies Inc. - diluted</b>	<b>0.38</b>
<b>Non-GAAP net income attributable to Dell Technologies Inc.</b>	<b>1,100</b>
Weighted-average shares outstanding - basic	717
<b>Non-GAAP EPS attributable to Dell Technologies Inc. - basic</b>	<b>1.53</b>
Incremental dilution from VMware Inc. <sup>2</sup>	(8)
<b>Non-GAAP net income attributable to Dell Technologies Inc. - diluted</b>	<b>1,092</b>
Weighted-average shares outstanding - diluted	751
<b>Non-GAAP EPS attributable to Dell Technologies Inc. - diluted</b>	<b>1.45</b>

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

<sup>2</sup> The 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<sup>1</sup>

## Adjusted EBITDA

\$ in millions	1Q19	2Q19	3Q19	4Q19	1Q20
<b>Consolidated GAAP net loss</b>	<b>(538)</b>	<b>(461)</b>	<b>(895)</b>	<b>(287)</b>	<b>329</b>
<b>Adjustments:</b>					
Interest and other, net	470	455	639	606	693
Income tax provision (benefit)	(85)	(7)	(100)	12	(472)
Depreciation and amortization	1,914	1,931	1,961	1,940	1,616
<b>EBITDA</b>	<b>1,761</b>	<b>1,918</b>	<b>1,605</b>	<b>2,271</b>	<b>2,166</b>
<b>Adjustments:</b>					
Impact of purchase accounting <sup>2</sup>	222	145	169	168	83
Transaction costs <sup>3</sup>	166	85	158	313	42
Stock based compensation	199	216	256	247	263
Other corporate expenses <sup>4</sup>	35	95	238	29	19
<b>Adjusted EBITDA</b>	<b>2,383</b>	<b>2,459</b>	<b>2,426</b>	<b>3,028</b>	<b>2,573</b>
<i>Adj EBITDA % of non-GAAP revenue</i>	<i>11.1%</i>	<i>10.6%</i>	<i>10.7%</i>	<i>12.6%</i>	<i>11.7%</i>

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

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

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

<sup>4</sup> Consists of goodwill impairment charges, severance and facility action costs.

# SUPPLEMENTAL NON-GAAP MEASURES<sup>1</sup>

## Free Cash Flow

\$ in millions	1Q19	2Q19	3Q19	4Q19	1Q20
<b>Cash flow from operations</b>	<b>1,159</b>	<b>2,633</b>	<b>833</b>	<b>2,366</b>	<b>682</b>
<b>Adjustments:</b>					
Capital expenditures	(273)	(288)	(300)	(297)	(610)
Capitalized software expense	(89)	(71)	(86)	(93)	(106)
<b>Free cash flow</b>	<b>797</b>	<b>2,274</b>	<b>447</b>	<b>1,976</b>	<b>(34)</b>
<b>Adjustments:</b>					
DFS financing receivables	249	499	(13)	567	(121)
DFS operating leases <sup>1</sup>	-	-	-	-	271
<b>Free cash flow before impact from DFS related items</b>	<b>1,046</b>	<b>2,773</b>	<b>434</b>	<b>2,543</b>	<b>116</b>
<b>VMware cash flow from operations</b>	<b>1,095</b>	<b>787</b>	<b>769</b>	<b>1,012</b>	<b>1,273</b>
<b>Adjustments:</b>					
VMware capital expenditures	(61)	(61)	(57)	(66)	(71)
VMware capitalized software expense	-	-	-	-	-
<b>VMware free cash flow</b>	<b>1,035</b>	<b>726</b>	<b>713</b>	<b>946</b>	<b>1,202</b>
<b>Free cash flow, excluding VMware, before impact from DFS related items</b>	<b>11</b>	<b>2,047</b>	<b>(279)</b>	<b>1,597</b>	<b>(1,086)</b>

<sup>1</sup> Amount represents equipment recognized during the quarter for DFS operating leases under the new lease accounting standard.