

# TRANSCRIPT

DELL – Dell Technologies Inc at Morgan Stanley Technology, Media & Telecom Conference

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## CORPORATE PARTICIPANTS

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## CONFERENCE CALL PARTICIPANTS

**Erik Woodring** Morgan Stanley & Co Ltd - Analyst

## PRESENTATION

**Erik Woodring** - Morgan Stanley & Co Ltd - Analyst

Well, let's get started here. Welcome to day 3, again, the afternoon of day 3. My name is Erik Woodring. I lead the hardware coverage here at Morgan Stanley. I'm delighted to be joined by Dell Technologies' CFO, David Kennedy.

Before we get started, a few things. So from my end, please see Morgan Stanley research disclosure website at [morganstanley.com/researchdisclosures](https://morganstanley.com/researchdisclosures). If you have any questions, please reach out to your Morgan Stanley sales representative. And from the Dell side, statements in this presentation that relate to future results and events are forward-looking statements and 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 and are 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 SEC. Dell Technologies assumes no obligation to update these forward-looking statements. So David, first time at the TMT conference. Earlier in your career here as CFO at Dell Technologies, a lot to talk about, dynamic world. Thank you for joining us.

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**David Kennedy** - Dell Technologies Inc - Chief Financial Officer

Yeah, I appreciate it. Thank you.

## QUESTIONS AND ANSWERS

**Erik Woodring** - Morgan Stanley & Co Ltd - Analyst

So I think the best and clearest way place to start, you reported earnings less than a week ago, last Thursday night. There's a lot to unpack, but I want to start kind of high level, which is you guided to over 20% revenue growth, 25% EPS growth in fiscal '27. You have tremendous momentum in AI servers that we'll kind of dig more into. You're also extremely bullish on kind of core PC server and storage. So high level, just give us a lay of the land as you see it today and how that influences as you look out over the next 12 months?

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**David Kennedy** - Dell Technologies Inc - Chief Financial Officer

Yes, sure. And I think, look, I guess, from a top-down perspective for guidance, let's start with revenue, right? So as we did our results, we talked about our \$43 billion of backlog from an AI perspective. That's a great anchor tenant from a revenue perspective as we get into the year and look at the growth that's potential that's out there. You look at our Q4 results, record in terms of revenue and EPS, both on an accelerating curve as we went through the year and back ended through that.

So you come into the year ahead and you think you're pretty bullish then from a revenue and an AI perspective. When we look at the core business, as we've guided Q1 is more near term. As we look at Q2 to Q4 and the rest of that year, look, we've tried to stay prudent from a revenue guide perspective in the core. It's pretty dynamic out there, as everybody knows.

So from a supply chain perspective, making sure from a cost perspective, pricing, I'm sure we're all going to learn in terms of elasticity and how that looks for the year ahead. But given the trajectory, the customer conversations we're having, the problems we're trying to solve for our customers, the revenue piece is in that range then for guidance. EPS, last year, 27% EPS growth, guiding to 25% growth for EPS this year. And look, we feel we have a robust set of tools in the toolbox. So four key levers really.

One, the revenue lever, which is a big component, and we've just touched on that. Two, from a margin rate perspective, as we look through there, we'll talk about, I'm sure, by line of business, but really enthused with our Dell IP storage portfolio and the size of that and the capability of that to mix margin rate enhancement for us.

Number 3, we've been a consistent execution around OpEx management, particularly as we scale the business and show this decoupling between the revenue growth and controlling OpEx dollars, which obviously gives you the scale that you get in the P&L. And then look, fourth, we've been very, very consistent in our execution from a working capital perspective in relation to giving back the cash that we generate back to our shareholders. So 54 million shares repurchased last year, 14.9 million shares in Q4.

We're going to keep a consistent posture on returning our cash flow to our shareholders in the year ahead. So you put those 4 things together, and we think we've good agility from an EPS perspective as we head into the year.

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**Erik Woodring** - Morgan Stanley & Co Ltd - Analyst

Okay. All right. That's a perfect place to start, and I'll kind of dig into each one of those. So again, you started kind of what you were talking about with AI servers. I'm going to do the same here, \$34 billion of orders in the quarter, backlog of \$43 billion, a pipeline that is growing sequentially despite the fact that you're able to convert a significant amount of that pipeline into orders.

And again, your AI server business, as you guided, is effectively doubling again, something that's gone from nothing three years ago to expectations for \$50 billion in the coming year. That doesn't make the audience bullish on AI CapEx after Jensen earlier today, I don't really know what does. But outline for us what you're seeing in terms of trends, demand at the market level, but more importantly, what you, Dell Technologies are doing to be that clear market-leading OEM?

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**David Kennedy** - Dell Technologies Inc - Chief Financial Officer

Yeah, sure. You've given all the stats there, which kind of bear fruit as we've executed. I think the key one for me in that is we went from a net new \$34 billion of demand sequentially in the quarter, but yet our dollar -- pipeline dollar value has never been higher now than it has been in history, right? So you think of converting the pipeline that we saw in Q4, and we've replenished that and see the opportunity that comes. That has come in a fairly broad base.

So the statement holds true whether you talk neoclouds, whether you talk sovereign opportunities or whether you talk the enterprise expansion. From an enterprise perspective, we talked 90 days ago when we did Q3 earnings about having 3,300 enterprise AI customers in our installed base. Just last Thursday, we updated that 90 days later to be 4,000 plus. That sequential jump, that was the strongest enterprise quarter we've had. And now you look at our pipeline, all pipeline verticals grew.

The percentage increase that was the fastest was that enterprise cohort as well. So we kind of see it across the various customer stacks that are within the AI portfolio. All of that points to an accelerating appetite for compute pretty much.

**Erik Woodring** - Morgan Stanley & Co Ltd - Analyst

And can you maybe touch on the secret sauce that Dell has been able to use to differentiate itself from others in the market? Again, I look across my coverage, nobody is doing what you're doing in terms of AI servers. So where does the secret sauce come from for you guys?

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**David Kennedy** - Dell Technologies Inc - Chief Financial Officer

Yeah. Look, from us, from an execution perspective, number one, from an engineering standards expectation, you go into power cooling, extend out into the installation, the deployment, the service. You put all those suite of execution together to build, deploy and make sure that when we turn the lights on, it turns on, it stays on and it stays up over 99% of the time. All of that's executing. And I think we've plenty of reference big rollouts in our favor now to showcase that's a differentiated capability that we've seen.

So we want to build on that as we kind of go forward. And look, the exciting piece is we work with these customers well upfront. We're part sometimes of the data center design process. We work the way through the architecture and the deployment schedules, complexity we expect to see. We're taking the learnings in and replicating that as we kind of go forward. So it's serving us really well right now.

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**Erik Woodring** - Morgan Stanley & Co Ltd - Analyst

Okay. Maybe a follow-up to that. A few years ago, Arthur was on stage here talking about kind of the robust storage and services attach that you get with AI servers. Talk to us about that opportunity now two years later. Does that opportunity exist? Compute very much seems to be the priority right now. But maybe talk to us about how -- whether that opportunity exists, contextualize it for us a little bit.

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**David Kennedy** - Dell Technologies Inc - Chief Financial Officer

Yeah, for sure. Look, again, the majority of our AI server deployments that we're doing, we have service attach tied to it. So it's all part of the pricing, the value that we extract as we go execute. A huge opportunity from a storage attach perspective as we go forward. We talked about Project Lightning.

That was one from a Dell perspective. We're on track to be in production and deployment of that here in the first half, and the parallel file system that -- it's part of the ecosystem. And as an extension of that from a use case from an enterprise perspective as we work with those customers, a unique opportunity there also. So yes, it's very much an opportunity in front of us.

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**Erik Woodring** - Morgan Stanley & Co Ltd - Analyst

Okay. Okay. Maybe last question specifically on AI servers is you had your Analyst Day five months ago. You outlined a path to 25% annual growth for your AI server business over the next five years. You're doing that this year. You've pulled it for three years. Has the market accelerated just that quickly in the span of time? Is there something you're doing differently or been able to capture share that maybe you didn't necessarily expect to. Just talk about how you've been able to kind of pull that forward --

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**David Kennedy** - Dell Technologies Inc - Chief Financial Officer

I think it's all of the above, quite frankly. Look, if you go back to our Analyst Day, I think the joke at the time there was when we called the AI number two years previous to that, we were wrong and we were wrong by a lot. I think we predicted when we did last October the chances that we'd be wrong again on the upside were realistic, if you like, right, as part of it. But obviously, just from then to now, an accelerating appetite for investment for sure. We would also dovetail on that in terms of the deployments that we've done and the execution that we've done as part of that.

We think we're starting to differentiate ourselves in terms of taking on some of these big large projects that are in place, doing them at scale, showcasing the value proposition that we can bring along those things I mentioned earlier. In particular, once we turn it on, it stays on and it works and it deploys at scale. And I think from there, as a lot of our customers go into purchase number two or three or four, we're building a strong reputation with them and the building blocks keep going then. So yes, a lot of opportunity.

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**Erik Woodring** - Morgan Stanley & Co Ltd - Analyst

And maybe just a follow-up to that, the longer-term follow-up is that -- so is there a way that you can kind of help us think about now that trajectory from here? Obviously, there's a lot of dynamicism when it comes to kind of the compute market. Again, you heard Jensen earlier today talking trillions and trillions. So what's the longer-term outlook? And then second to that is, how do you make sure that you protect yourselves against some of the lower-priced Taiwanese ODMs, making sure that you can defend what you've done and stay with the customers that you have and grow with them?

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**David Kennedy** - Dell Technologies Inc - Chief Financial Officer

Yeah. So in terms of the future, I guess let's talk next five quarter pipeline, which is generally kind of the metric we'll be staring at in the meantime. The dollar value of that pipeline, like I mentioned, has never been higher. So as much as we did \$64 billion of orders last year, \$25 billion of shipments, \$43 billion of backlog. We've committed to \$13 billion of Q1, which is effectively \$1 billion a week of shipments going out the door.

But if you look at the size of the pipeline, a big mix of Vera Rubin opportunities within that now, whereas obviously, our backlog is predominantly Grace Blackwell backlog that's there from that. So that's a good technology changing point that we're observing. So we're going to be aggressive to get out there and look to partner and win that business in addition to try and secure supply to kind of go drive that level of scale. So we'll do that.

And back to your second part of the question, look, again, our value as we look at the production cycle here from the L11 scale and beyond, those engineering standards, those activities, I'm sure we might touch on OpEx in our P&L later.

But within our OpEx framework, we are making sure we're investing, investing in our go-to-market teams. So as AI opportunities expand in the enterprise, we're building out the right pod structures and the right capacity to go execute that. But also two, giving Arthur Lewis and his team, the engineering capability, the labs and the investment. So they're not working just on, let's say, Vera Rubin, but the next gen beyond that and beyond that. We're ahead of the game right now. Our job is to stay ahead. So we maintain the value that we can find in our P&L.

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**Erik Woodring** - Morgan Stanley & Co Ltd - Analyst

Okay. That's a perfect way to end kind of the AI server discussion there. Let's move to the traditional side of the business. So you guys outlined a scenario in your fiscal '27, calendar '26, so to speak, where there is an unprecedented memory cycle, but you are extremely confident about both being able to grow and expand margins across kind of that core business -- just talk about how you're able to do that.

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**David Kennedy** - Dell Technologies Inc - Chief Financial Officer

Yeah. I think this is not business as usual. So all playbooks don't necessarily work. We're probably taking a lot of what we learned from the last cycle, albeit not as acute from a COVID timing and accelerating new things as part of that. Traditionally, in this environment, you might have heard a lot of narrative around, hey, if you can recover two-third of the cost increase in 90 days, that's good execution.

That would be failure in the environment we're in. This is event management. It has to be totally different than that. So the speed and decisiveness of decision-making just has to be different. We think we're really good at execution, and I think we can differentiate ourselves.

And to give you one tangible example. So back on December 10, we would have looked at thousands of our traditional server quotes ready to go out, pulled every one of them, every single one of them back out of the ecosystem, went dark for about 36 hours, replenished them all back out into the field and ultimately saw minimal demand destruction in that initial period, but saw the instant immediate margin protection and stabilization within that period, if you like, right? So we've executed that.

That muscle and that speed, we're going to rely on as we go through the rest of the year given we expect costs will continue to go up, hopefully at a slower rate, but continue to go up. But we're going to learn. We're going to observe different lines of business, react differently to elasticity and various things like that. And we're going to back ourselves to be really decisive in our decision-making and make good calls.

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**Erik Woodring** - Morgan Stanley & Co Ltd - Analyst

Okay. And I don't want to kind of ask the high-level question across elasticity because each business is going to respond differently. So let's maybe touch on PCs first. You're guiding to low single-digit year over year revenue growth, 1% year over year revenue growth. We're coming off of what was -- maybe we had the strongest PC growth rate in quite some time, although it was a bit out of a way to get there, right?

You had tariffs and you had Win 11 and you have old PC refreshes. Talk about the drivers of demand as you see them this year. And especially, you mentioned prices are going to move higher. How do you make sure that, that elasticity kind of stays below one, so to speak. So no matter how much you're raising prices, even with the unit offset, you're still growing.

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**David Kennedy** - Dell Technologies Inc - Chief Financial Officer

And that's revenue. Yes, correct. I mean -- so what we guided to was revenue growth. Purposely, we didn't guide to unit growth because, again, there's a vector from an elasticity perspective there. Look, if you step back and look at the PC market, we have a refresh to Win 11.

That's probably the slowest refresh we've seen, about 10 points behind historical refreshes. There's still hundreds of millions of Win 10 PCs in operation out in the field. So based off that, there's still a robust refresh to take place. But now in the event management of the supply environment, we expect units to start the year, we talked last week on our call, minus 11%, minus 12% market, which kind of is at odds with a refresh cycle that should be happening. So there's still a lot of units to refresh, and it looks like it will take longer to do that as part of the conversation.

The next question then is as and when prices and costs change and go up, what's the reaction to the unit velocity as part of that -- we're going to learn as part of that. But we do expect the back half of the year to be deeper, probably high teen double-digit negative growth. But we're going to stress test elasticity. I mean, to your point, we have priced. If we have to price more and it takes some units out of the ecosystem, well, then we still feel our revenue guide is pretty solid. And obviously, in our modeling, we've kept a few points of prudence in that to give ourselves a little wiggle room.

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**Erik Woodring** - Morgan Stanley & Co Ltd - Analyst

And Jeff has taken the helm at CSG, obviously, you hear him on the call. He is fired up about what he's doing with that business. Is there any change in approach that you guys are taking with CSG because you'll hear him be critical of the team on a backwards look and say, hey, we are an execution machine, we should be doing better for ourselves. What are you guys doing that's different to drive kind of that excellence that he speaks about?

**David Kennedy** - Dell Technologies Inc - Chief Financial Officer

Yeah. So I guess two things. First on the products. So we announced probably 90, 120 days ago, we needed to expand our TAM. So the low end of commercial, education and in consumer, we launched new products and set out a broad base to touch more of the TAM from a share perspective as we do that.

So that's launched, that's up and running. And then from a perspective, it's getting back to what we talked in terms of execution, but trying to do it at scale that the teams haven't seen, if you like, right? So I mentioned that two-third of cost in 90 days, we're showcasing, look, that doesn't work. It's not good enough to execute at those levels. But if you think of even when we executed really well in a supply-constrained environment like COVID, we've modernized our company a lot more since then.

So we have way more systematic tools now to raise discounting, move discounting up and down to change list pricing, sort of the speed of change that we can get through the system, we measure it in hours, everything from like weeks or months. So it allows us to get to market much, much quicker. And then it's nothing like event management to focus the mind and if you like, war room it and be ready to go in terms of execution.

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**Erik Woodring** - Morgan Stanley & Co Ltd - Analyst

Let's put kind of the memory dynamic to the side. And if we just take a kind of bigger, broader look at the CSG business, you've guided at your Analyst Day to kind of low single-digit growth, high end of low single-digit growth there. How does Dell -- or maybe the question is, is what's going on in the marketplace, for example, a Win refresh cycle that's just taking a bit longer new products leaning into expanding your TAM. Does that change at all how you think about CSG on kind of a multiyear period?

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**David Kennedy** - Dell Technologies Inc - Chief Financial Officer

No. I mean, look, CSG is part of our DNA. It is the most capillary efficient line of business we have in our P&L. So very much part of the complementary piece that we have in terms of our broad stack. Now more than ever, you see that opportunity in a supply-constrained environment, where we sell a broad-based structure all the way from a consumer PC up to the biggest data center evolution.

That's giving us leverage to a degree in relation to getting supply and having those strong relationships that allows us to balance some of those things off. So for lots and lots of different reasons, notwithstanding the big refresh of hundreds of millions of PCs, it's going to be a vital part of our P&L for a long, long time.

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**Erik Woodring** - Morgan Stanley & Co Ltd - Analyst

Okay. Let's shift to storage. Your outlook implies, call it, around low single-digit year over year growth -- revenue growth this year, kind of a multipart question, which is how much of that is kind of pure market momentum behind enterprise AI? How much of that is just Dell outperformance or expected outperformance and share gains? Why don't we start there?

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**David Kennedy** - Dell Technologies Inc - Chief Financial Officer

Yeah, you're right. So we've guided to low single digit for the year as part of the opportunity. Look, I think we're at a really cool inflection point for our storage business. We have a Dell IP portfolio. So it's not new.

It started with PowerStore. We are now on -- from a mid-range perspective, we are now in 8 quarters of growth, seven quarters of double-digit growth. As we've expanded out with PowerMax, PowerScale, PowerFlex, -- that portfolio as an entity grew 12% on a demand basis last year,

almost 2 times the market and exited the year at the fastest acceleration. So we've been working hard with Arthur and his team to up our R&D and kind of get those products rolled out. We're seeing that now, and that's resonating.

So that opportunity is probably the biggest piece from a scale perspective. You see the outcome of that in terms of profit already in our P&L. If you look at the Q4 results, our Q1 guide, the mix of Dell IP storage is the biggest lever as to why we say our core margins, excluding AI, can show a bit of expansion. It's that Dell IP storage factor that's there and building on what is now multi-quarter growth trends as we look out into the year ahead.

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**Erik Woodring** - Morgan Stanley & Co Ltd - Analyst

And the follow-up to that is just you touched on it earlier, but Project Lightning was something that Michael teased at Dell Technologies World. I think it was two years ago -- a year or two years ago. It's going GA in the first half of this year. What does that do for the storage portfolio?

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**David Kennedy** - Dell Technologies Inc - Chief Financial Officer

Yeah. So yes, it's here. First half, we're on track, and we'll be putting it in customers' hands and shipping here in the first half of the year. Obviously, it's very complementary from an AI workload perspective. So actually, it's really great timing as we see this accelerating demand from an AI GPU perspective.

We can talk about a solution of technology that goes beyond just the compute piece and actually build it up through the stack that we can offer. So again, we're looking to showcase to be the #1 technology partner as customers build out their enterprise suite, not just the GPU piece itself, but we can expand now into storage and having the products there like Project Lightning to enable that is exciting for us.

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**Erik Woodring** - Morgan Stanley & Co Ltd - Analyst

Okay. Okay. And finally, on the traditional server business, maybe the question is, does kind of a once-in-a-generation kind of price hike hinder the momentum behind Dell, what you're seeing in kind of the CPU-based server market? Just talk us through how you see the market -- the CPU-based server market evolve in 2026 at both kind of the macro level, but then Dell-specific level.

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**David Kennedy** - Dell Technologies Inc - Chief Financial Officer

Yeah. I mean if you look at the macro level of the market, there is still -- the vast majority of units are still 14G and haven't evolved into the 16-17G opportunity that's there. So the installed base and the desire to continue to modernize the data center is still prevalent, which means pretty strong growth, if you like, in terms of that market. It also then benefits just from the tail of general AI workloads that's there as it comes off the edge in relation to a standard enterprise customer. So that showcases a robust environment.

We're seeing that. So if you take the price increases got into the marketplace since December to today, it's had very little impact on demand. The demand is still outstripping supply in the marketplace in relation to that. So that's how we've kind of guided our year ahead for traditional server. We've guided to kind of high single-digit growth.

But I would say I would kind of give you two pieces to that. One, strong double-digit growth in Q1, very reminiscent to Q4 and just holding a slightly more prudent view for the rest of the year. We have opportunities to expand beyond that. But again, we're going to learn a lot in terms of elasticity as we go.

**Erik Woodring** - Morgan Stanley & Co Ltd - Analyst

Fair enough. Something that I think is underappreciated is how much you guys have been able to scale OpEx. So if we look point-to-point on the last 5 years, your revenue base has grown \$40 billion. Your OpEx base is down \$1 billion. That's kind of unprecedented as I've seen it in my coverage. And you are still investing in future growth opportunities. So just talk to us how you've been able to do that, but then also how sustainable that is as you look forward and you think about these emerging growth opportunities that are still on the come?

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**David Kennedy** - Dell Technologies Inc - Chief Financial Officer

Yeah. The scale is obviously pleasing and it gives so much flexibility to the P&L. Obviously, you get the scale from the revenue piece. We'll put that to aside, you guys see that. Look, from an OpEx dollar perspective, we started and almost like a customer 0, we started our modernization, standardization, optimization over two, three years ago.

And in the early streams of that, a lot of it is doing reprocessing work, like literally just pulling apart different ways we do work and being aggressive with that footprint to look at that. And that gives us a lot of outcomes, if you like, right, in all functions. And I can give you some examples as we kind of chat through that. So that enabled us to take OpEx in dollar terms down the last two years in a row. So we've guided for this year, OpEx, it's slightly up, like flat to plus 1%, 1% is the guide that we've given.

But there's really no change in the posture of what we're trying to do. So as we go forward, our modernization efforts are going to continue. The next wave is to layer in more and more Agentic scale into the company. We have lots of use cases already. As an example, even in my own finance world, using Agentic capability to book journals, invoice, collect cash, do all those various things.

So very much alive and well. All my peer group within the company are aggressively modernizing at the same time. So we're going to continue to do that and find scale from an OpEx dollar perspective. But we've guided to make sure we have flexibility to invest to, like I said earlier, the sales side and more importantly, in Arthur's R&D side from an AI perspective to keep that value proposition ahead. So yes, we still think there's plenty of road to travel here in terms of opportunity.

And what better way to showcase the power of AI to an enterprise and actually showed in our own company's performance. And we're giving lots of those use cases as we talk to many reference accounts now across the enterprise.

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**Erik Woodring** - Morgan Stanley & Co Ltd - Analyst

Okay. Before I touch on capital allocation and kind of a final question to end on, I just wanted -- the speed to market that you guys have been able to have in terms of this canceling purchase orders overnight, reprice -- going down for 36 hours, repricing, it is kind of unprecedented, so to speak. You talked about how the old model was offsetting two-third. Now it's -- we're stabilizing the night of. How does Dell just protect against demand pull forward? I know you've kind of said there might be a little bit in there, but how do you protect against making sure that, that doesn't become a headwind?

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**David Kennedy** - Dell Technologies Inc - Chief Financial Officer

Yeah. Look, I think one of the gating factors is obviously the supply in the marketplace. So I guess I should have mentioned at the start, one of the anchor tenants of our guidance for the year is we have supply to achieve our guidance, not just for Q1, but for the full year. If we were to look at some of the demand asks that we would see from customers today and replicate that for a full 12 months, there isn't enough supply to fulfill that. Our job and what we want to do is try and help as many of our customers as we can.

So within that, there's a relationship thing that matters there where, hey, if -- because it's pretty obvious we can see if there's a demand ask pull in. We know the historical buying patterns and AMO that's in those accounts that you can see. It's like we're going to ask you to trust us to say, Hey, show us the real trend of linear requirement you have from your perspective.

And if we can get into a supply access conversation then lock you in over multiple periods, and you can lock on that and then we can go to the next customer and work our way down. So we're just not in a position to -- and we don't want to put all the supply into a more finite set of customers who don't need the compute power yet and leave some really reference accounts and customers that we have in our installed base stranded, quite frankly. We're trying to maximize the number of customers we can help with the supply that we have. We're going to keep doing that all year as we can do.

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**Erik Woodring** - Morgan Stanley & Co Ltd - Analyst

So turn to capital allocation, a really exciting story at Dell Technologies. So you've raised your dividend more than 10% annually for the last three consecutive years. The Board just authorized another \$10 billion buyback authorization. I think your goal is 80% plus of free cash flow return to shareholders. You always leave that plus at the end to make sure it's kind of open-ended on the upside. Just talk about the philosophy behind that, the opportunity to perhaps deliver on top of that, which you've been able to do opportunistically. Where could we see that 80% actually trend into that plus part of the 80% plus?

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**David Kennedy** - Dell Technologies Inc - Chief Financial Officer

Yes. I mean, I guess inception to date since we launched this program about three years ago, we're at 84% inception to date, so slightly ahead of that 80%. It can go up or down a bit in any given quarter given cash performance or if we can see opportunistic areas from a stock repurchase perspective to do. If you look back at the year we've just completed, there was -- our solid framework of repurchase, which is programmatically set. That's our baseline.

And then we did two opportunistic buying patterns in FY26. One was last Q1 when the market was pretty bearish. We -- I think, repurchased as many shares in Q1 last year as we did the whole previous year. And then the quarter we just finished, we actually increased sequentially our share buyback by \$700 million to \$1.9 billion, took 14.9 million shares out of the market. Again, that's a reflection of us seeing a strong cash position coming in that we could see, looking at what is a kind of a bearish or volatile market that's out there and being opportunistic then to give back and find that value for shareholders.

So we don't guide to cash, but we expect a pretty solid cash here again as we go forward, nothing from normal levels you would see from us. And then our commitment is to make sure we put it to good use and continue to reward the shareholders.

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**Erik Woodring** - Morgan Stanley & Co Ltd - Analyst

Okay. We're budding up against time here. So we covered a lot of ground today, servers, traditional business memory costs, all of the good stuff associated with Dell Technologies. I appreciate the candid insights and just kind of want to leave you with a final word here for everyone in the room, which is either what most excites David Kennedy as we look forward, what you think might be underappreciated as we look forward, and we can end there.

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**David Kennedy** - Dell Technologies Inc - Chief Financial Officer

Yeah. Look, we're coming off what was a record year for our company, highest revenue, highest EPS that we've had. And we want to make that all news, and we're guiding to make FY27 the best ever, right? So as we look at that, we've never been more confident in our agility in terms of the ways we can get there and how we can do it to go execute. So we mentioned at the start, our revenue opportunities is an accelerating appetite in the market.

Our execution around margin and Dell IP storage from a margin rate accretion perspective, continuing our OpEx scale, which we have a very tight rein on the dollars being spent and then putting cash to good use. You put those things together, we think we have a pretty robust framework to kind of go execute and gives us flexibility to lead into different things and try different things as opportunities emerge.

So we couldn't be more excited about -- we see the environment right now as an opportunity. We want to solve as many customer problems as we can. The phone is ringing and they're looking and coming to us in times of uncertainty, and we want to be there for them again this year. So yes, a great year ahead already.

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**Erik Woodring** - Morgan Stanley & Co Ltd - Analyst

That's a perfect way to end, David. Thank you very much.

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**David Kennedy** - Dell Technologies Inc - Chief Financial Officer

Appreciate it. Thank you.

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