

DELL TECHNOLOGIES INC.

Fiscal year 2019 third quarter results:

	Three Months Ended			Nine Months Ended		
	November 2, 2018	November 3, 2017	Change	November 2, 2018	November 3, 2017	Change
	(in millions, except percentages; unaudited)					
Total net revenue	\$ 22,482	\$ 19,556	15 %	\$ 66,780	\$ 57,077	17 %
Operating loss	\$ (356)	\$ (410)	13 %	\$ (522)	\$ (2,347)	78 %
Net loss	\$ (895)	\$ (851)	(5)%	\$ (1,894)	\$ (2,793)	32 %
Non-GAAP net revenue	\$ 22,651	\$ 19,851	14 %	\$ 67,316	\$ 58,062	16 %
Non-GAAP operating income	\$ 2,064	\$ 2,109	(2)%	\$ 6,198	\$ 5,400	15 %
Non-GAAP net income	\$ 1,200	\$ 1,199	—%	\$ 3,723	\$ 3,072	21 %
Adjusted EBITDA	\$ 2,426	\$ 2,441	(1)%	\$ 7,268	\$ 6,416	13 %

**DELL TECHNOLOGIES INC.**  
**Condensed Consolidated Statements of Income (Loss) and Related Financial Highlights**  
(in millions, except per share amounts and percentages; unaudited)

	Three Months Ended			Nine Months Ended		
	November 2, 2018	November 3, 2017	Change	November 2, 2018	November 3, 2017	Change
Net revenue:						
Products	\$ 17,625	\$ 15,120	17 %	\$ 52,445	\$ 43,856	20 %
Services	4,857	4,436	9 %	14,335	13,221	8 %
Total net revenue	22,482	19,556	15 %	66,780	57,077	17 %
Cost of net revenue:						
Products	14,565	12,573	16 %	43,114	37,171	16 %
Services	1,974	1,763	12 %	5,722	5,261	9 %
Total cost of net revenue	16,539	14,336	15 %	48,836	42,432	15 %
Gross margin	5,943	5,220	14 %	17,944	14,645	23 %
Operating expenses:						
Selling, general, and administrative	5,159	4,559	13 %	15,064	13,695	10 %
Research and development	1,140	1,071	6 %	3,402	3,297	3 %
Total operating expenses	6,299	5,630	12 %	18,466	16,992	9 %
Operating loss	(356)	(410)	13 %	(522)	(2,347)	78 %
Interest and other, net	(639)	(682)	6 %	(1,564)	(1,799)	13 %
Loss before income taxes	(995)	(1,092)	9 %	(2,086)	(4,146)	50 %
Income tax benefit	(100)	(241)	59 %	(192)	(1,353)	86 %
Net loss	(895)	(851)	(5)%	(1,894)	(2,793)	32 %
Less: Net income (loss) attributable to non-controlling interests	(19)	(5)	280 %	117	(44)	(366)%
Net loss attributable to Dell Technologies Inc.	\$ (876)	\$ (846)	(4)%	\$ (2,011)	\$ (2,749)	27 %
Earnings (loss) per share attributable to Dell Technologies Inc. - basic:						
Class V Common Stock - basic	\$ 0.83	\$ 0.98		\$ 4.80	\$ 2.58	
DHI Group - basic	\$ (1.84)	\$ (1.84)		\$ (5.23)	\$ (5.78)	
Earnings (loss) per share attributable to Dell Technologies Inc. - diluted:						
Class V Common Stock - diluted	\$ 0.81	\$ 0.96		\$ 4.72	\$ 2.54	
DHI Group - diluted	\$ (1.84)	\$ (1.84)		\$ (5.25)	\$ (5.79)	
Weighted-average shares outstanding:						
Basic - Class V Common Stock	199	202		199	204	
Diluted - Class V Common Stock	199	202		199	204	
Basic - DHI Group	567	567		567	567	
Diluted - DHI Group	567	567		567	567	
<b><u>Percentage of Total Net Revenue:</u></b>						
Gross margin	26 %	27 %		27 %	26 %	
Selling, general, and administrative	23 %	23 %		23 %	24 %	
Research and development	5 %	5 %		5 %	6 %	
Operating expenses	28 %	29 %		28 %	30 %	
Operating loss	(2)%	(2)%		(1)%	(4)%	
Loss before income taxes	(4)%	(6)%		(3)%	(7)%	
Net loss	(4)%	(4)%		(3)%	(5)%	
Income tax rate	10.1 %	22.1 %		9.2 %	32.6 %	

**DELL TECHNOLOGIES INC.**  
**Consolidated Statements of Financial Position**  
(in millions; unaudited)

	<b>November 2, 2018</b>	<b>February 2, 2018</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 15,152	\$ 13,942
Short-term investments	2,322	2,187
Accounts receivable, net	11,113	11,721
Short-term financing receivables, net	4,134	3,919
Inventories, net	3,793	2,678
Other current assets	6,445	5,881
Total current assets	42,959	40,328
Property, plant, and equipment, net	5,228	5,390
Long-term investments	2,972	4,163
Long-term financing receivables, net	3,946	3,724
Goodwill	39,651	39,920
Intangible assets, net	23,787	28,265
Other non-current assets	2,698	2,403
Total assets	\$ 121,241	\$ 124,193
<b>LIABILITIES, REDEEMABLE SHARES, AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Short-term debt	\$ 8,150	\$ 7,873
Accounts payable	19,748	18,334
Accrued and other	7,606	8,026
Short-term deferred revenue	12,079	11,606
Total current liabilities	47,583	45,839
Long-term debt	40,507	43,998
Long-term deferred revenue	10,064	9,210
Other non-current liabilities	6,567	7,277
Total liabilities	104,721	106,324
Redeemable shares	2,095	384
Stockholders' equity:		
Total Dell Technologies Inc. stockholders' equity	7,592	11,719
Non-controlling interests	6,833	5,766
Total stockholders' equity	14,425	17,485
Total liabilities, redeemable shares, and stockholders' equity	\$ 121,241	\$ 124,193

**DELL TECHNOLOGIES INC.**  
**Condensed Consolidated Statements of Cash Flows**  
(in millions; unaudited)

	Three Months Ended		Nine Months Ended	
	November 2, 2018	November 3, 2017	November 2, 2018	November 3, 2017
Cash flows from operating activities:				
Net loss	\$ (895)	\$ (851)	\$ (1,894)	\$ (2,793)
Adjustments to reconcile net loss to net cash provided by operating activities	1,728	2,490	6,519	6,537
Change in cash from operating activities	833	1,639	4,625	3,744
Cash flows from investing activities:				
Investments:				
Purchases	(24)	(1,194)	(912)	(3,454)
Maturities and sales	863	935	2,185	2,993
Capital expenditures	(300)	(341)	(861)	(902)
Proceeds from sale of facilities, land, and other assets	—	—	10	—
Capitalized software development costs	(86)	(94)	(246)	(281)
Collections on purchased financing receivables	8	15	25	25
Acquisition of businesses, net	(493)	—	(493)	(223)
Divestitures of businesses, net	—	—	142	—
Asset acquisitions, net	(21)	(9)	(59)	(95)
Asset dispositions, net	(6)	(12)	(12)	(53)
Other	—	—	—	—
Change in cash from investing activities	(59)	(700)	(221)	(1,990)
Cash flows from financing activities:				
Payment of dissenting shares obligation	—	—	(76)	—
Share repurchases for tax withholdings of equity awards	(52)	(105)	(251)	(299)
Proceeds from the issuance of DHI Group Common Stock	—	—	—	—
Proceeds from the issuance of common stock of subsidiaries	114	30	767	110
Repurchases of DHI Group Common Stock	—	(4)	(47)	(6)
Repurchases of Class V Common Stock	—	(300)	—	(722)
Repurchases of common stock of subsidiaries	(1)	(555)	(1)	(555)
Payments for debt issuance costs	(3)	(39)	(11)	(44)
Proceeds from debt	1,806	8,412	6,443	13,168
Repayments of debt	(2,721)	(5,837)	(9,669)	(11,128)
Other	—	—	1	1
Change in cash from financing activities	(857)	1,602	(2,844)	525
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(46)	(1)	(262)	47
Change in cash, cash equivalents, and restricted cash	(129)	2,540	1,298	2,326
Cash, cash equivalents, and restricted cash at beginning of the period	15,805	9,618	14,378	9,832
Cash, cash equivalents, and restricted cash at end of the period	\$ 15,676	\$ 12,158	\$ 15,676	\$ 12,158

**DELL TECHNOLOGIES INC.**  
**Segment Information**  
(in millions, except percentages; unaudited)

	Three Months Ended			Nine Months Ended		
	November 2, 2018	November 3, 2017	Change	November 2, 2018	November 3, 2017	Change
<b><u>Infrastructure Solutions Group (ISG):</u></b>						
Net Revenue:						
Servers and networking	\$ 5,054	\$ 3,875	30 %	\$ 14,700	\$ 10,908	35 %
Storage	3,883	3,660	6 %	12,131	11,055	10 %
Total ISG net revenue	\$ 8,937	\$ 7,535	19 %	\$ 26,831	\$ 21,963	22 %
Operating Income:						
ISG operating income	\$ 935	\$ 870	7 %	\$ 2,886	\$ 2,023	43 %
% of ISG net revenue	10 %	12 %		11 %	9 %	
% of total segment operating income	43 %	41 %		45 %	37 %	
<b><u>Client Solutions Group (CSG):</u></b>						
Net Revenue:						
Commercial	\$ 7,613	\$ 6,778	12 %	\$ 23,085	\$ 20,327	14 %
Consumer	3,292	3,051	8 %	9,219	8,416	10 %
Total CSG net revenue	\$ 10,905	\$ 9,829	11 %	\$ 32,304	\$ 28,743	12 %
Operating Income:						
CSG operating income	\$ 447	\$ 630	(29)%	\$ 1,405	\$ 1,483	(5)%
% of CSG net revenue	4 %	6 %		4 %	5 %	
% of total segment operating income	21 %	29 %		22 %	27 %	
<b><u>VMware:</u></b>						
Net Revenue:						
Total VMware net revenue	\$ 2,229	\$ 1,933	15 %	\$ 6,451	\$ 5,735	12 %
Operating Income:						
VMware operating income	\$ 768	\$ 634	21 %	\$ 2,117	\$ 1,973	7 %
% of VMware net revenue	34 %	33 %		33 %	34 %	
% of total segment operating income	36 %	30 %		33 %	36 %	
<b><u>Reconciliation to consolidated net revenue:</u></b>						
Reportable segment net revenue	\$ 22,071	\$ 19,297		\$ 65,586	\$ 56,441	
Other businesses (a)	583	557		1,736	1,629	
Unallocated transactions (b)	(3)	(3)		(6)	(8)	
Impact of purchase accounting (c)	(169)	(295)		(536)	(985)	
Total net revenue	\$ 22,482	\$ 19,556		\$ 66,780	\$ 57,077	
<b><u>Reconciliation to consolidated operating income (loss):</u></b>						
Reportable segment operating income	\$ 2,150	\$ 2,134		\$ 6,408	\$ 5,479	
Other businesses (a)	(40)	(19)		(139)	(71)	
Unallocated transactions (b)	(46)	(6)		(71)	(8)	
Impact of purchase accounting (c)	(193)	(366)		(630)	(1,195)	
Amortization of intangibles	(1,546)	(1,734)		(4,594)	(5,250)	
Transaction-related expenses (d)	(167)	(86)		(437)	(415)	
Other corporate expenses (e)	(514)	(333)		(1,059)	(887)	
Total operating loss	\$ (356)	\$ (410)		\$ (522)	\$ (2,347)	

(a) Pivotal, SecureWorks, RSA Security, Virtustream, and Boomi constitute "Other businesses" and do not meet the requirements for a reportable segment, either individually or collectively. The results of Other businesses are not material to the Company's overall results.

(b) Unallocated transactions includes long-term incentives, certain short-term incentive compensation expenses, and other corporate items that are not allocated to Dell Technologies' reportable segments.

(c) Impact of purchase accounting includes non-cash purchase accounting adjustments that are primarily related to the EMC merger transaction.

(d) Transaction-related expenses includes acquisition, integration, and divestiture related costs.

(e) Other corporate expenses includes severance, facility action costs, goodwill impairment charges, and stock-based compensation expense.

## **SUPPLEMENTAL SELECTED NON-GAAP FINANCIAL MEASURES**

These tables present 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, 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 detailed discussion of Dell Technologies' reasons for including these non-GAAP financial measures, the limitations associated with these measures, the items excluded from these measures, and our reason for excluding those items are presented in "Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Measures" in our periodic reports filed with the SEC. Dell Technologies encourages investors to review the non-GAAP discussion in conjunction with the presentation of non-GAAP financial measures.

**DELL TECHNOLOGIES INC.**  
**Selected Non-GAAP Financial Measures**  
(in millions, except percentages; unaudited)

	Three Months Ended			Nine Months Ended		
	November 2, 2018	November 3, 2017	Change	November 2, 2018	November 3, 2017	Change
Non-GAAP net revenue	\$ 22,651	\$ 19,851	14 %	\$ 67,316	\$ 58,062	16 %
Non-GAAP gross margin	\$ 7,000	\$ 6,474	8 %	\$ 20,985	\$ 18,534	13 %
<i>% of non-GAAP net revenue</i>	31 %	33 %		31 %	32 %	
Non-GAAP operating expenses	\$ 4,936	\$ 4,365	13 %	\$ 14,787	\$ 13,134	13 %
<i>% of non-GAAP net revenue</i>	22 %	22 %		22 %	23 %	
Non-GAAP operating income	\$ 2,064	\$ 2,109	(2)%	\$ 6,198	\$ 5,400	15 %
<i>% of non-GAAP net revenue</i>	9 %	11 %		9 %	9 %	
Non-GAAP net income	\$ 1,200	\$ 1,199	—%	\$ 3,723	\$ 3,072	21 %
<i>% of non-GAAP net revenue</i>	5 %	6 %		6 %	5 %	
Adjusted EBITDA	\$ 2,426	\$ 2,441	(1)%	\$ 7,268	\$ 6,416	13 %
<i>% of non-GAAP net revenue</i>	11 %	12 %		11 %	11 %	

**DELL TECHNOLOGIES INC.**  
**Reconciliation of Selected Non-GAAP Financial Measures**  
(in millions, except percentages; unaudited)

	Three Months Ended			Nine Months Ended		
	November 2, 2018	November 3, 2017	Change	November 2, 2018	November 3, 2017	Change
Net revenue	\$ 22,482	\$ 19,556	15 %	\$ 66,780	\$ 57,077	17 %
Non-GAAP adjustments:						
Impact of purchase accounting	169	295		536	985	
Non-GAAP net revenue	<u>\$ 22,651</u>	<u>\$ 19,851</u>	14 %	<u>\$ 67,316</u>	<u>\$ 58,062</u>	16 %
Gross margin	\$ 5,943	\$ 5,220	14 %	\$ 17,944	\$ 14,645	23 %
Non-GAAP adjustments:						
Amortization of intangibles	726	914		2,154	2,784	
Impact of purchase accounting	171	307		549	1,020	
Transaction-related expenses	102	5		239	22	
Other corporate expenses	58	28		99	63	
Non-GAAP gross margin	<u>\$ 7,000</u>	<u>\$ 6,474</u>	8 %	<u>\$ 20,985</u>	<u>\$ 18,534</u>	13 %
Operating expenses	\$ 6,299	\$ 5,630	12 %	\$ 18,466	\$ 16,992	9 %
Non-GAAP adjustments:						
Amortization of intangibles	(820)	(820)		(2,440)	(2,466)	
Impact of purchase accounting	(22)	(59)		(81)	(175)	
Transaction-related expenses	(65)	(81)		(198)	(393)	
Other corporate expenses	(456)	(305)		(960)	(824)	
Non-GAAP operating expenses	<u>\$ 4,936</u>	<u>\$ 4,365</u>	13 %	<u>\$ 14,787</u>	<u>\$ 13,134</u>	13 %
Operating loss	\$ (356)	\$ (410)	13 %	\$ (522)	\$ (2,347)	78 %
Non-GAAP adjustments:						
Amortization of intangibles	1,546	1,734		4,594	5,250	
Impact of purchase accounting	193	366		630	1,195	
Transaction-related expenses	167	86		437	415	
Other corporate expenses	514	333		1,059	887	
Non-GAAP operating income	<u>\$ 2,064</u>	<u>\$ 2,109</u>	(2)%	<u>\$ 6,198</u>	<u>\$ 5,400</u>	15 %
Net loss	\$ (895)	\$ (851)	(5)%	\$ (1,894)	\$ (2,793)	32 %
Non-GAAP adjustments:						
Amortization of intangibles	1,546	1,734		4,594	5,250	
Impact of purchase accounting	193	366		630	1,195	
Transaction-related expenses	167	86		437	415	
Other corporate expenses	514	333		1,059	887	
Aggregate adjustment for income taxes	(325)	(469)		(1,103)	(1,882)	
Non-GAAP net income	<u>\$ 1,200</u>	<u>\$ 1,199</u>	0 %	<u>\$ 3,723</u>	<u>\$ 3,072</u>	21 %
Net loss	\$ (895)	\$ (851)	(5)%	\$ (1,894)	\$ (2,793)	32 %
Adjustments:						
Interest and other, net	639	682		1,564	1,799	
Income tax benefit	(100)	(241)		(192)	(1,353)	
Depreciation and amortization	1,961	2,137		5,806	6,491	
EBITDA	<u>\$ 1,605</u>	<u>\$ 1,727</u>	(7)%	<u>\$ 5,284</u>	<u>\$ 4,144</u>	28 %
EBITDA	\$ 1,605	\$ 1,727	(7)%	\$ 5,284	\$ 4,144	28 %
Adjustments:						
Stock-based compensation expense	256	221		671	630	
Impact of purchase accounting	169	298		536	990	
Transaction-related expenses	158	86		409	415	
Other corporate expenses	238	109		368	237	
Adjusted EBITDA	<u>\$ 2,426</u>	<u>\$ 2,441</u>	(1)%	<u>\$ 7,268</u>	<u>\$ 6,416</u>	13 %