

2Q FY20

# PERFORMANCE REVIEW

August 29, 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

Our broad portfolio strength helped us execute to our operating model, growing faster than competitors and the industry; growing operating income and EPS faster than revenue; and generating strong cash flow

### 1. INNOVATING AND INTEGRATING

Delivering on our promise to innovate across Dell Technologies to create the future of technology infrastructure from the cloud to the edge while dramatically simplifying the customer experience

### 2. CSG RECORD REVENUE AND UNITS

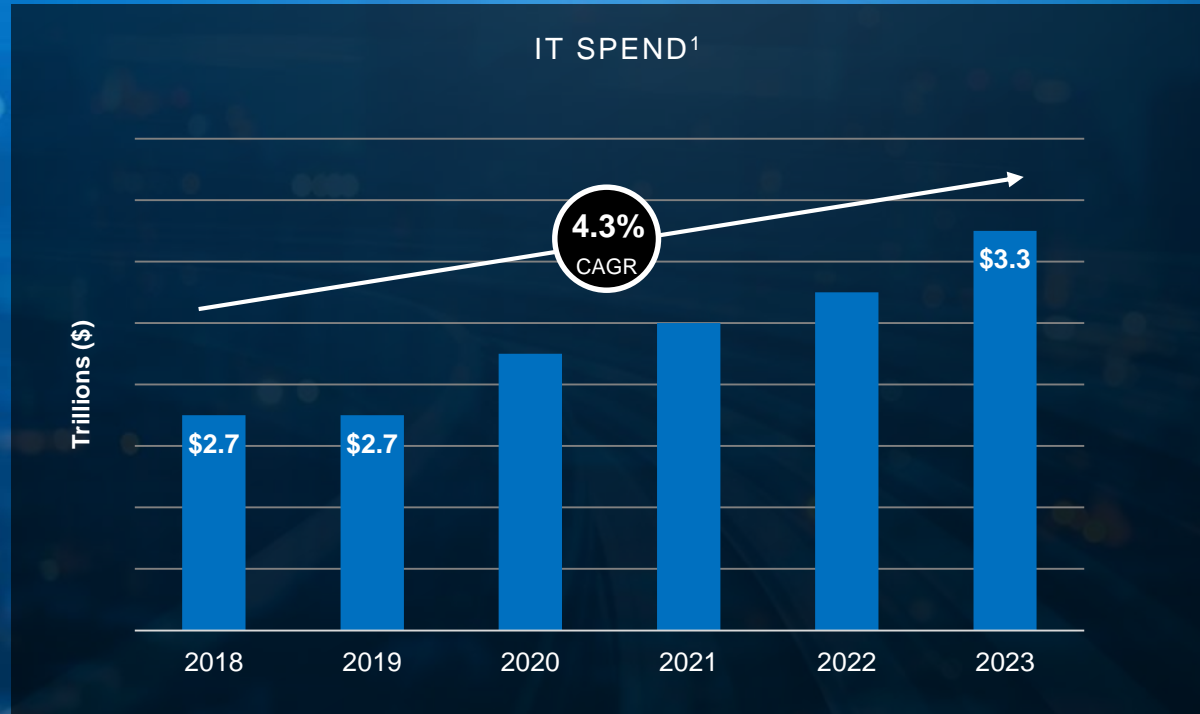
CSG delivered record revenue and units, and strong profitability in Q2. Revenue was \$11.7 billion, up 6 percent, driven by double-digit growth in Commercial notebooks, desktops and workstations

### 3. RECORD CASH FLOW, DEBT PAYDOWN

Record cash flow and well positioned to repay approximately \$5B of gross debt this fiscal year, with \$2.0B of gross debt paid down in Q2 or \$2.4B year to date, and have now paid \$17.0B of gross debt since the EMC merger

# LONG TERM DRIVERS

Long term drivers for our business remain intact. We are in the early stages of a technology led investment cycle that is accelerating digital transformation



IDC forecast for IT spending through 2023 ex-telco projects growth to be more than 2x real GDP or about 4.3% per year on average<sup>1</sup>

Optimistic about IT spending as organizations continue to transform and invest in the solutions that will drive their digital transformation

Long-term investment cycle is further supported by the needs of customers who are facing increasing complexity across their operating environments and infrastructure

Customers need a partner who is innovating and delivering a comprehensive end-to end IT

<sup>1</sup> Results Market Source: IDC WW Black Book, August 2019

# INNOVATING AND INTEGRATING

We have been hard at work innovating and integrating across our portfolio to deliver the future of technology infrastructure with solutions that dramatically simplify IT management

## Dell Technologies Cloud

Dell Cloud brings together Dell EMC's VxRail hyperconverged infrastructure with the VMware Cloud Foundation software stack

- New Validated Designs
- Data Center-as-a-Service initial availability
- New pay-for-what-you-use flexible consumption model – general availability
- VMware PKS – Pivotal Kubernetes capability extended

## Dell Technologies Unified Workspace

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

- Workspace One factory provisioned. Field ready
- Visibility across the entire endpoint environment
- Now includes Dell ProManage

 DELL EMC



Our strategic priority is all about innovating within business units to win the consolidation, generate cash flow and fuel innovation and investment

ISG

CSG

- |                     |                         |
|---------------------|-------------------------|
| • Unity XT          | • XPS 13 2-in-1         |
| • PowerProtect X400 | • Precision Workstation |
| • VxRail            | • Latitude 7400 2-in-1  |

# MARKET PERFORMANCE

We continue to lead across the markets where we compete, including virtualization, storage, servers and PCs. Whether the market expands or declines, we expect to outperform the industry.

#1

Public & Private Cloud IT Infrastructure

Dell EMC maintained the #1 position with 17.8% share (highest share of named vendors)

Per IDC WW Quarterly Cloud IT Infrastructure Tracker CY19Q1

#1

External Enterprise storage

Dell EMC maintained the #1 position with 34.4% share

Per IDC WW Quarterly Enterprise Storage Systems Tracker CY19Q1

#1

Storage software

Dell EMC maintained the #1 position with 17.5% share

Per IDC WW Storage Software and Cloud Services QView CY19Q1

#1

All flash array

Dell EMC maintained the #1 position with 34.2% share

Per IDC WW Quarterly Enterprise Storage Systems Tracker CY19Q1

#1

Hyperconverged Systems

Dell EMC maintained the #1 position with 32.2% share

Per IDC WW Quarterly Converged Systems Tracker CY19Q1

#1

Server  
in units and revenue

Dell EMC is the undisputed x86 server provider in both revenue and units

Per IDC WW Quarterly Server Tracker CY19Q1

#1

Client business

Leading Client business by revenue

Client statistic calculated by Dell Technologies utilizing other PC OEMs' financial public filings.

#1

Flat panel monitor

Dell maintained the #1 position for the 25<sup>th</sup> consecutive quarter with 21.4% share

Per IDC WW Quarterly PC Monitor Tracker CY19Q2

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

We executed well against our strategic focus areas again in Q2 as we balanced revenue and profitability with market conditions. Strong GAAP profitability 1HFY20

\$ in millions, except per share amounts						Y/Y	Q/Q
	2Q19	3Q19	4Q19	1Q20	2Q20		
<b>Revenue</b>	<b>22,942</b>	<b>22,482</b>	<b>23,841</b>	<b>21,908</b>	<b>23,370</b>	2%	7%
<b>Gross Margin</b>	<b>6,123</b>	<b>5,943</b>	<b>7,109</b>	<b>6,797</b>	<b>7,326</b>	20%	8%
SG&A	4,961	5,159	5,576	5,071	5,578	12%	10%
R&D	1,175	1,140	1,202	1,176	1,229	5%	5%
<b>Operating Expense</b>	<b>6,136</b>	<b>6,299</b>	<b>6,778</b>	<b>6,247</b>	<b>6,807</b>	11%	9%
<b>Operating Income (Loss)</b>	<b>(13)</b>	<b>(356)</b>	<b>331</b>	<b>550</b>	<b>519</b>	NM <sup>4</sup>	-6%
<b>Interest and Other, Net</b>	<b>(455)</b>	<b>(639)</b>	<b>(606)</b>	<b>(693)</b>	<b>(630)</b>	-38%	9%
<b>Income Tax</b>	<b>(7)</b>	<b>(100)</b>	<b>12</b>	<b>(472)</b>	<b>(4,616)</b>	NM <sup>4</sup>	-878%
<i>Effective tax rate %</i>	<i>1.5%</i>	<i>10.1%</i>	<i>-4.4%</i>	<i>330.1%</i>	<i>4158.6%</i>		
<b>Net Income (Loss)</b>	<b>(461)</b>	<b>(895)</b>	<b>(287)</b>	<b>329</b>	<b>4,505</b>	NM <sup>4</sup>	NM <sup>4</sup>
Less: Net Income attributable to non-controlling interests	38	(19)	12	36	816	NM <sup>4</sup>	NM <sup>4</sup>
<b>Net Income attributable to Dell Technologies Inc. - basic</b>	<b>(499)</b>	<b>(876)</b>	<b>(299)</b>	<b>293</b>	<b>3,689</b>	839%	NM <sup>4</sup>
Less: Incremental dilution from VMware, Inc.				8	62		
<b>Net Income attributable to Dell Technologies Inc. - diluted</b>				<b>285</b>	<b>3,627</b>		
<b>Earnings Per Share - basic</b> <sup>2</sup>				<b>0.41</b>	<b>5.13</b>		
<b>Earnings Per Share - diluted</b> <sup>3</sup>				<b>0.38</b>	<b>4.83</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 and 719 million weighted average shares – basic for 1Q20 and 2Q20 respectively.

<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 30% Y/Y, outpaced revenue growth, strong EPS driven by lower component costs and pricing discipline in both servers and PCs

\$ in millions, except per share amounts	2Q19	3Q19	4Q19	1Q20	2Q20	Y/Y	Q/Q
<b>Revenue</b>	23,122	22,651	24,008	21,990	23,454	1%	7%
<b>Gross Margin</b>	7,066	7,000	8,037	7,434	7,986	13%	7%
SG&A	3,938	3,912	4,287	4,178	4,150	5%	-1%
R&D	1,020	1,024	1,094	1,060	1,093	7%	3%
<b>Operating Expense</b>	4,958	4,936	5,381	5,238	5,243	6%	0%
<b>Operating Income (Loss)</b>	2,108	2,064	2,656	2,196	2,743	30%	25%
<b>Interest and Other, Net</b>	(594)	(622)	(645)	(755)	(710)	-20%	6%
<b>Income Tax</b>	255	245	419	232	282	11%	22%
<i>Effective tax rate %</i>	16.8%	17.0%	20.8%	16.1%	13.9%		
<b>Net Income (Loss)</b>	1,259	1,197	1,592	1,209	1,751	39%	45%
Less: Net Income attributable to non-controlling interests	120	124	158	109	131	9%	20%
<b>Net Income attributable to Dell Technologies Inc. - basic</b>	1,139	1,073	1,434	1,100	1,620	42%	47%
Less: Incremental dilution from VMware, Inc.				8	9		
<b>Net Income attributable to Dell Technologies Inc. - diluted</b>				1,092	1,611		
<b>Earnings Per Share - basic<sup>2</sup></b>				1.53	2.25		
<b>Earnings Per Share - diluted<sup>3</sup></b>				1.45	2.15		

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

<sup>2</sup> EPS calculated using 717 and 719 million weighted average shares – basic for 1Q20 and 2Q20 respectively.

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



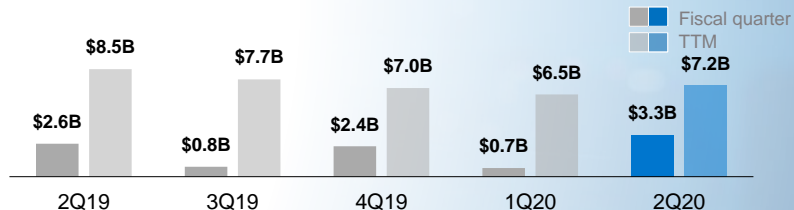
# SELECT FINANCIAL METRICS

Record cash flow generating \$3.3B in cash flow from operations due to our profitability and working capital discipline

## CASH FLOW FROM OPERATIONS

**\$3.3B**

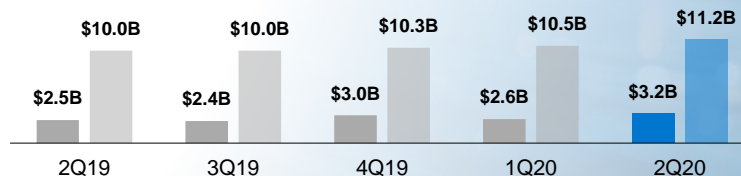
+25% Y/Y



## ADJUSTED EBITDA

**\$3.2B**

+28% Y/Y



13.5% of non-GAAP revenue

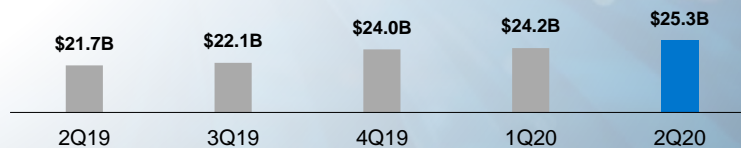
10.6%    10.7%    12.6%    11.7%    13.5%

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

**\$25.3B**

+17% Y/Y

+5% Q/Q



Record Q2 cash flow from operations of \$3.3B due to our profitability and working capital discipline, including inventory reduction

Excluding the impact of DFS related items (financing receivables and operating leases), our Q2 adjusted free cash flow was \$3.4B<sup>1</sup>

Adjusted EBITDA was \$3.2B, or 13.5% as a percentage of non-GAAP revenue; trailing twelve months of adjusted EBITDA was \$11.2B

Q2 deferred revenue up 17% Y/Y driven by services and software business growth, adding revenue and cash flow stability and predictability

<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.

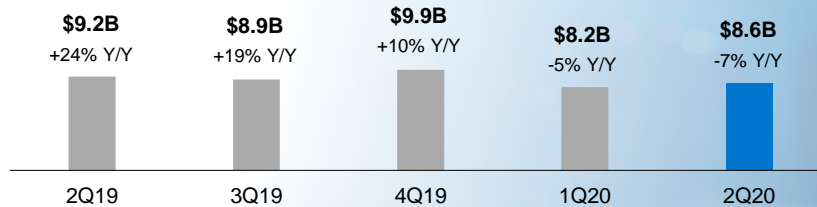
# INFRASTRUCTURE SOLUTIONS GROUP

Storage demand remains solid. Operating income of \$1.1B up 4% Y/Y to 12.2% driven by better component costs and a higher storage mix

## REVENUE

**\$8.6B**

-7% Y/Y  
+5% Q/Q



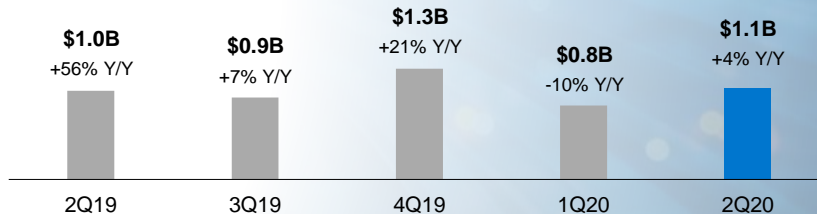
**\$4.4B** Servers & Networking, -12% Y/Y  
**\$4.2B** Storage, +0% Y/Y

**\$5.1B**, +34% Y/Y   **\$5.1B**, +30% Y/Y   **\$5.3B**, +14% Y/Y   **\$4.2B**, -9% Y/Y   **\$4.4B**, -12% Y/Y  
**\$4.2B**, +13% Y/Y   **\$3.9B**, +6% Y/Y   **\$4.6B**, +7% Y/Y   **\$4.0B**, -1% Y/Y   **\$4.2B**, +0% Y/Y

## OPERATING INCOME

**\$1.1B**

+4% Y/Y  
+25% Q/Q



**12.2%** of ISG revenue  
+120 bps Y/Y

**11.0%**, +230 bps Y/Y   **10.5%**, -100 bps Y/Y   **12.8%**, +110 bps Y/Y   **10.3%**, -50 bps Y/Y   **12.2%**, +120 bps Y/Y

Server ASPs remain strong as our customers are increasingly buying higher-end systems to support higher value workloads

Strength in Isilon and strong receptivity for our new Unity XT solution in the midrange

VxRail orders grew 77% Y/Y as organizations continue to benefit from its simple integration with VMware Cloud Foundation

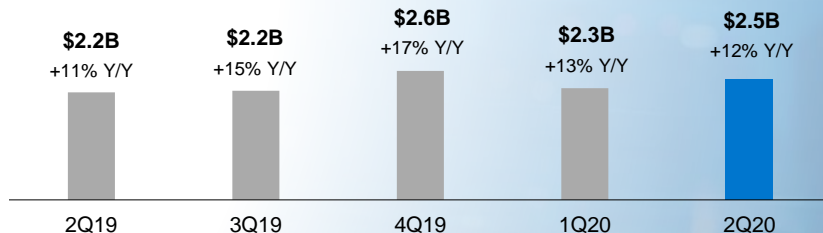
# VMWARE

VMware business unit had another good quarter, delivering \$2.5B of revenue, up 12% Y/Y, driven by broad-based strength across portfolio

## REVENUE

**\$2.5B**

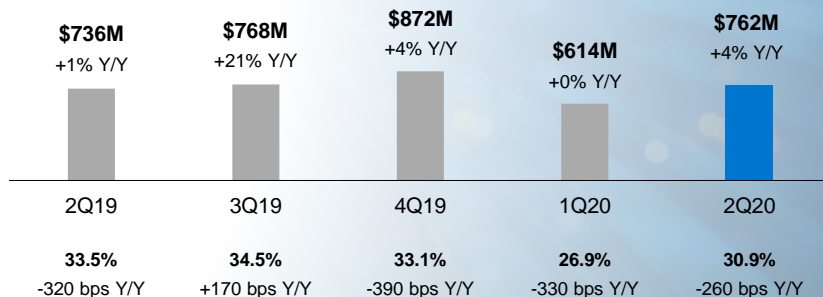
+12% Y/Y  
+8% Q/Q



## OPERATING INCOME

**\$762M**

+4% Y/Y  
+24% Q/Q



**30.9%** of VMware revenue  
-260 bps Y/Y

Based on VMware's standalone results reported last week, VMware's growth in total revenue plus the sequential change in total unearned revenue was 17% Y/Y

Core SDDC license bookings grew in the high single digits

NSX license bookings were up over 30% and vSAN license bookings grew over 45%

# CLIENT SOLUTIONS GROUP

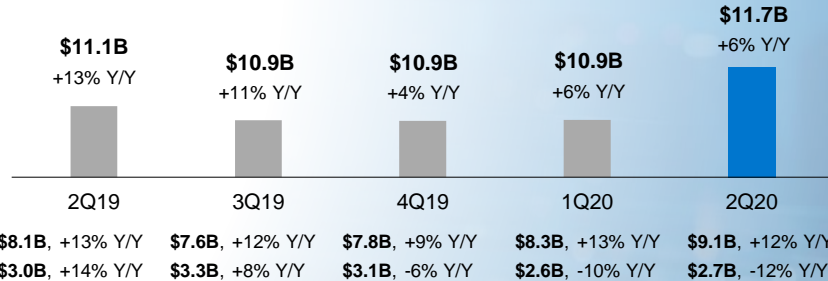
Record revenue and units in Q2. Revenue of \$11.7B up 6% Y/Y and operating income of \$982M up 460 bps Y/Y to 8.4% driven by double digit growth in Commercial

## REVENUE

**\$11.7B**

+6% Y/Y  
+8% Q/Q

**\$9.1B** Commercial, +12% Y/Y  
**\$2.7B** Consumer, -12% Y/Y



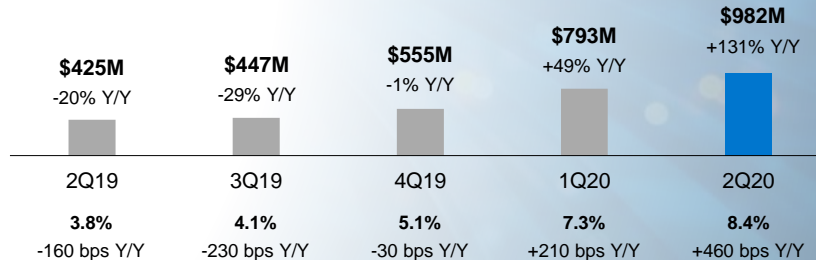
**\$8.1B**, +13% Y/Y   **\$7.6B**, +12% Y/Y   **\$7.8B**, +9% Y/Y   **\$8.3B**, +13% Y/Y   **\$9.1B**, +12% Y/Y  
**\$3.0B**, +14% Y/Y   **\$3.3B**, +8% Y/Y   **\$3.1B**, -6% Y/Y   **\$2.6B**, -10% Y/Y   **\$2.7B**, -12% Y/Y

## OPERATING INCOME

**\$982M**

+131% Y/Y  
+24% Q/Q

8.4% of CSG revenue  
+460 bps Y/Y



8.4%   3.8%   4.1%   5.1%   7.3%   8.4%  
-160 bps Y/Y   -230 bps Y/Y   -30 bps Y/Y   +210 bps Y/Y   +460 bps Y/Y

Record revenue and units in Q2. Revenue was \$11.7B up 6% Y/Y

Double-digit growth in commercial notebooks, desktops and workstations

Will continue to focus on Commercial, high-end Consumer and gaming

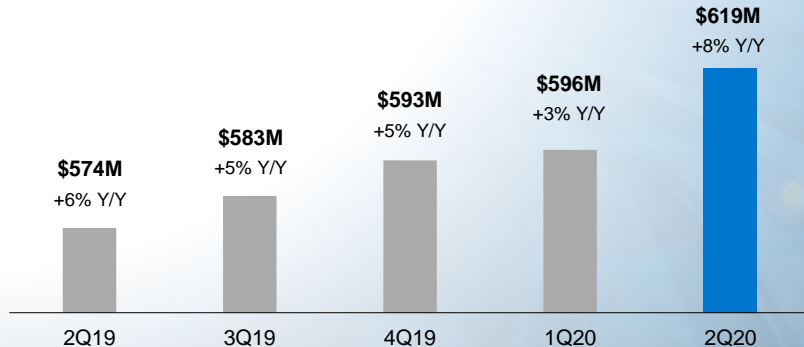
# OTHER BUSINESSES

We are innovating across our portfolio to create the infrastructure for the digital future

## REVENUE

**\$619M**

+8% Y/Y  
+4% 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 Q2 FY'20 results on September 4, 2019

### Secureworks

Provides trusted managed security services to organizations of all sizes; the company is scheduled to report standalone Q2 FY'20 results on September 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 applications to the cloud

### DELL Boomi

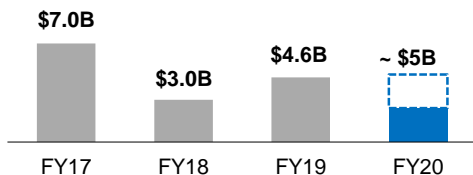
A leading enterprise transformation provider of cloud integration and workflow automation, Boomi helps organizations connect everything and engage everywhere, across any channel, device or platform

# DEBT & CAPITAL STRUCTURE

Well positioned to repay approximately \$5B of gross debt this fiscal year, with \$2.0B of gross debt paid down in Q2 and \$2.4B year to date

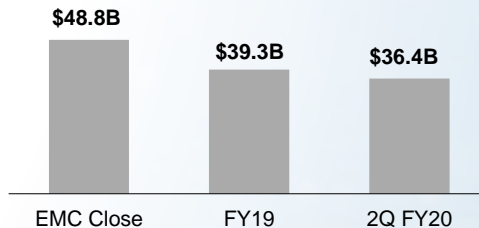
## GROSS DEBT PAYDOWN TO DATE

**\$17.0B**



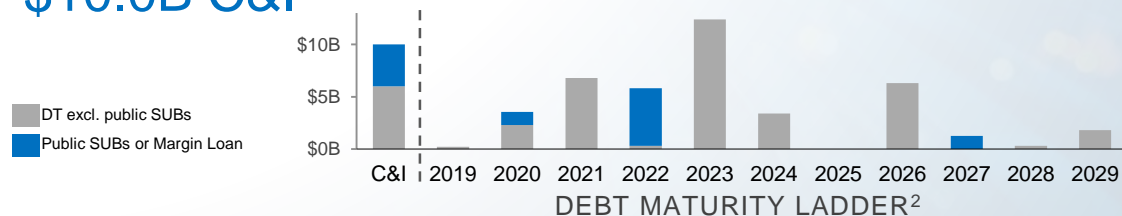
## CORE DEBT REDUCTION

**\$12.4B**



## CASH & MATURITY LADDER<sup>1</sup>

**\$10.0B C&I**



\$17.0B gross debt paydown since EMC deal close; including \$2.4B year to date

Paydown to date enabled by \$10.5B from FCF and B/S, \$6.5B from asset divestitures

We are committed to de-levering and achieving investment grade ratings

\$10.0B Cash and Investments balance in Q2, or \$6.0B excluding our public subsidiaries, up \$0.5B Q/Q

We intend to continue to smooth out our maturity profile with targeted debt paydown and refinancing while optimizing our capital structure

<sup>1</sup> Principal Face Value of 2019-2029 maturities, excluding DFS debt and Undrawn Revolving Facilities

<sup>2</sup> In calendar years

## FY20 FINANCIAL GUIDANCE<sup>1</sup>

We are narrowing our non-GAAP revenue range and due to our strong profitability we are increasing non-GAAP operating income and EPS guidance

	GAAP	NON-GAAP
REVENUE	\$92.7B - \$94.2B	\$93.0B - \$94.5B
OPERATING INCOME	\$2.9B - \$3.3B	\$9.8B - \$10.2B
TAX RATE	NM <sup>2</sup>	16% +/- 100 bps
EPS – DILUTED <sup>3,4</sup>	\$5.45 - \$5.90	\$6.95 - \$7.40
SHARE COUNT – DILUTED	750M - 755M	750M - 755M

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

<sup>2</sup> Due to the impact of purchase accounting and amortization of intangibles, stock-based compensation, other corporate expenses, and the tax impact of discrete items, the GAAP tax rate is not relevant for guidance purposes.

<sup>3</sup> Includes adjustment to net income from minority interest in VMware, Pivotal and Secureworks.

<sup>4</sup> Includes incremental dilution from VMware attributable to Dell Technologies Inc., which represents the impact of VMware Inc.'s dilutive securities on the diluted EPS of Dell Technologies and is calculated by multiplying the difference between VMware's basic and diluted EPS by the number of shares of VMware Inc. common stock held by Dell Technologies.



## 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>1,4</sup>	EMC Close	2Q19	3Q19	4Q19	1Q20	2Q20
Revolver	2.0	-	-	-	-	-
Term Loan A	9.4	5.5	4.2	7.8	6.0	4.6
Term Loan B	5.0	5.0	5.0	4.9	4.9	4.9
Investment Grade Notes	20.0	20.0	20.0	20.0	20.8	20.8
DFS Allocated Debt	(1.0)	(1.6)	(1.1)	(1.6)	(1.3)	(1.4)
<b>Total Core Secured Debt<sup>2</sup></b>	<b>35.4</b>	<b>28.9</b>	<b>28.0</b>	<b>31.1</b>	<b>30.4</b>	<b>28.8</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	1.4
Legacy EMC Unsecured Notes	5.5	3.0	3.0	3.0	3.0	3.0
<b>Total Unsecured Core Debt</b>	<b>13.4</b>	<b>8.2</b>	<b>8.2</b>	<b>8.2</b>	<b>8.2</b>	<b>7.6</b>
<b>Total Core Debt<sup>3</sup></b>	<b>48.8</b>	<b>37.1</b>	<b>36.2</b>	<b>39.3</b>	<b>38.6</b>	<b>36.4</b>
Margin Loan	2.5	2.0	2.0	3.4	4.0	4.0
Mirror Loan	1.5	-	-	-	-	-
Other	-	0.1	0.1	-	-	-
<b>Total Other Debt</b>	<b>4.0</b>	<b>2.1</b>	<b>2.1</b>	<b>3.4</b>	<b>4.0</b>	<b>4.0</b>
DFS Debt	3.5	5.6	5.9	5.9	6.3	6.6
DFS Allocated Debt	1.0	1.6	1.1	1.6	1.3	1.4
<b>Total DFS Related Debt</b>	<b>4.5</b>	<b>7.1</b>	<b>7.1</b>	<b>7.5</b>	<b>7.6</b>	<b>8.1</b>
<b>Total Debt, Excluding Unrestricted Subsidiaries<sup>5</sup></b>	<b>57.3</b>	<b>46.3</b>	<b>45.4</b>	<b>50.2</b>	<b>50.2</b>	<b>48.6</b>
<b>Total Unrestricted Subsidiary Debt</b>	<b>-</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.1</b>
<b>Total Debt, Including Unrestricted Subsidiaries<sup>5</sup></b>	<b>57.3</b>	<b>50.3</b>	<b>49.4</b>	<b>54.2</b>	<b>54.2</b>	<b>52.6</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 fixed assets supporting operating leases.

<sup>3</sup> Core Debt represents the total 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	2Q19	3Q19	4Q19	1Q20	2Q20
<b>Originations<sup>1</sup></b>	<b>1.9</b>	<b>1.6</b>	<b>2.1</b>	<b>1.7</b>	<b>2.0</b>
Trailing twelve months	7.1	7.1	7.3	7.3	7.4
<b>Financing Receivables<sup>2</sup></b>	<b>8.2</b>	<b>8.1</b>	<b>8.6</b>	<b>8.4</b>	<b>8.8</b>
<b>Operating Leases<sup>3</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.3</b>	<b>0.4</b>
<b>Total Managed Assets<sup>4</sup></b>	<b>8.7</b>	<b>9.0</b>	<b>9.7</b>	<b>9.7</b>	<b>10.2</b>

<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 net carrying value of equipment 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	2Q19	3Q19	4Q19	1Q20	2Q20
<b>Consolidated GAAP revenue</b>	<b>22,942</b>	<b>22,482</b>	<b>23,841</b>	<b>21,908</b>	<b>23,370</b>
Impact of purchase accounting <sup>2</sup>	180	169	167	82	84
<b>Non-GAAP revenue</b>	<b>23,122</b>	<b>22,651</b>	<b>24,008</b>	<b>21,990</b>	<b>23,454</b>
<b>Consolidated GAAP gross margin</b>	<b>6,123</b>	<b>5,943</b>	<b>7,109</b>	<b>6,797</b>	<b>7,326</b>
Amortization of intangibles	718	726	729	519	519
Impact of purchase accounting <sup>2</sup>	185	171	171	84	85
Transaction costs <sup>3</sup>	21	102	(26)	(5)	-
Stock based compensation	18	20	37	26	32
Other corporate expenses <sup>4</sup>	1	38	17	13	24
<b>Total adjustments to gross margin</b>	<b>943</b>	<b>1,057</b>	<b>928</b>	<b>637</b>	<b>660</b>
<b>Non-GAAP gross margin</b>	<b>7,066</b>	<b>7,000</b>	<b>8,037</b>	<b>7,434</b>	<b>7,986</b>
<i>GM % of non-GAAP revenue</i>	<i>30.6%</i>	<i>30.9%</i>	<i>33.5%</i>	<i>33.8%</i>	<i>34.0%</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.

<sup>4</sup> Consists of severance, facility action, and other costs.

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

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

\$ in millions	2Q19	3Q19	4Q19	1Q20	2Q20
<b>GAAP SG&amp;A</b>	<b>4,961</b>	<b>5,159</b>	<b>5,576</b>	<b>5,071</b>	<b>5,578</b>
Amortization of intangibles	(808)	(820)	(815)	(698)	(541)
Impact of purchase accounting <sup>2</sup>	(18)	(17)	(19)	(17)	(17)
Transaction costs <sup>3</sup>	(62)	(69)	(337)	(48)	(45)
Stock based compensation	(101)	(130)	(109)	(126)	(145)
Other corporate expenses <sup>4</sup>	(34)	(211)	(9)	(4)	(680)
<b>Non-GAAP SG&amp;A</b>	<b>3,938</b>	<b>3,912</b>	<b>4,287</b>	<b>4,178</b>	<b>4,150</b>
<b>GAAP R&amp;D</b>	<b>1,175</b>	<b>1,140</b>	<b>1,202</b>	<b>1,176</b>	<b>1,229</b>
Amortization of intangibles	-	-	-	-	-
Impact of purchase accounting <sup>2</sup>	(12)	(5)	-	-	-
Transaction costs <sup>3</sup>	(21)	4	(2)	1	(2)
Stock based compensation	(97)	(106)	(101)	(111)	(124)
Other corporate expenses <sup>4</sup>	(25)	(9)	(5)	(6)	(10)
<b>Non-GAAP R&amp;D</b>	<b>1,020</b>	<b>1,024</b>	<b>1,094</b>	<b>1,060</b>	<b>1,093</b>
<b>Consolidated GAAP operating expenses</b>	<b>6,136</b>	<b>6,299</b>	<b>6,778</b>	<b>6,247</b>	<b>6,807</b>
Amortization of intangibles	(808)	(820)	(815)	(698)	(541)
Impact of purchase accounting <sup>2</sup>	(30)	(22)	(19)	(17)	(17)
Transaction costs <sup>3</sup>	(83)	(65)	(339)	(47)	(47)
Stock based compensation	(198)	(236)	(210)	(237)	(269)
Other corporate expenses <sup>4</sup>	(59)	(220)	(14)	(10)	(690)
<b>Total adjustments to operating expenses</b>	<b>(1,178)</b>	<b>(1,363)</b>	<b>(1,397)</b>	<b>(1,009)</b>	<b>(1,564)</b>
<b>Non-GAAP operating expenses</b>	<b>4,958</b>	<b>4,936</b>	<b>5,381</b>	<b>5,238</b>	<b>5,243</b>
<i>OpEx % of non-GAAP revenue</i>	<i>21.4%</i>	<i>21.8%</i>	<i>22.4%</i>	<i>23.8%</i>	<i>22.4%</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> 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 impairment charges and severance, facility action, and other costs.

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

## Operating Income

\$ in millions	2Q19	3Q19	4Q19	1Q20	2Q20
<b>Consolidated GAAP operating income (loss)</b>	<b>(13)</b>	<b>(356)</b>	<b>331</b>	<b>550</b>	<b>519</b>
<b>Non-GAAP adjustments:</b>					
Amortization of intangibles	1,526	1,546	1,544	1,217	1,060
Impact of purchase accounting <sup>2</sup>	215	193	190	101	102
Transaction costs <sup>3</sup>	104	167	313	42	47
Stock based compensation	216	256	247	263	301
Other corporate expenses <sup>4</sup>	60	258	31	23	714
<b>Total adjustments to operating income</b>	<b>2,121</b>	<b>2,420</b>	<b>2,325</b>	<b>1,646</b>	<b>2,224</b>
<b>Non-GAAP operating income</b>	<b>2,108</b>	<b>2,064</b>	<b>2,656</b>	<b>2,196</b>	<b>2,743</b>
<i>OpInc % of non-GAAP revenue</i>	<i>9.1%</i>	<i>9.1%</i>	<i>11.1%</i>	<i>10.0%</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 impairment charges and severance, facility action, and other costs.



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

## Interest and Other

\$ in millions	2Q19	3Q19	4Q19	1Q20	2Q20
<b>GAAP interest and other, net</b>					
Investment income, primarily interest	85	84	66	44	42
Gain (loss) on investments, net	139	(17)	113	62	80
Interest expense	(622)	(612)	(658)	(699)	(692)
Foreign exchange	(34)	(63)	(32)	(45)	(35)
Other	(23)	(31)	(95)	(55)	(25)
<b>GAAP interest and other, net</b>	<b>(455)</b>	<b>(639)</b>	<b>(606)</b>	<b>(693)</b>	<b>(630)</b>
<b>Adjustments:</b>					
Non-GAAP adjustments <sup>2</sup>	139	(17)	39	62	80
<b>Non-GAAP interest and other, net</b>	<b>(594)</b>	<b>(622)</b>	<b>(645)</b>	<b>(755)</b>	<b>(710)</b>
<i>I&amp;O as a % of non-GAAP revenue</i>	-2.6%	-2.7%	-2.7%	-3.4%	-3.0%

<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	2Q19	3Q19	4Q19	1Q20	2Q20
<b>Consolidated GAAP net income (loss)</b>	<b>(461)</b>	<b>(895)</b>	<b>(287)</b>	<b>329</b>	<b>4,505</b>
<b>Non-GAAP adjustments:</b>					
Amortization of intangibles	1,526	1,546	1,544	1,217	1,060
Impact of purchase accounting <sup>2</sup>	215	193	190	101	102
Transaction costs <sup>3</sup>	104	167	387	42	47
Stock based compensation	216	256	247	263	301
Other corporate expenses <sup>4</sup>	60	258	31	23	714
Fair value adjustments on equity investments <sup>5</sup>	(139)	17	(113)	(62)	(80)
Aggregate adj for income taxes <sup>6</sup>	(262)	(345)	(407)	(704)	(4,898)
<b>Total adjustments to net income</b>	<b>1,720</b>	<b>2,092</b>	<b>1,879</b>	<b>880</b>	<b>(2,754)</b>
<b>Consolidated Non-GAAP net income</b>	<b>1,259</b>	<b>1,197</b>	<b>1,592</b>	<b>1,209</b>	<b>1,751</b>
<i>NI % of non-GAAP revenue</i>	<i>5.4%</i>	<i>5.3%</i>	<i>6.6%</i>	<i>5.5%</i>	<i>7.5%</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 impairment charges and severance, facility action, and other 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	2Q20
<b>GAAP net income attributable to non-controlling interests</b>	<b>36</b>	<b>816</b>
Amortization of intangibles <sup>2</sup>	73	71
Impact of purchase accounting <sup>3</sup>	6	6
Transaction costs <sup>4</sup>	3	2
Stock based compensation	46	51
Fair value adjustments on equity investments <sup>6</sup>	(26)	100
Aggregate adjustment for income taxes <sup>7</sup>	(29)	(915)
<b>Total adjustments to net income attributable to non-controlling interests</b>	<b>73</b>	<b>(685)</b>
<b>Non-GAAP net income attributable to non-controlling interests</b>	<b>109</b>	<b>131</b>

\$ in millions	1Q20	2Q20
<b>GAAP net income attributable to Dell Technologies Inc.</b>	<b>293</b>	<b>3,689</b>
Amortization of intangibles	1,217	1,060
Impact of purchase accounting <sup>3</sup>	101	102
Transaction costs <sup>4</sup>	42	47
Stock based compensation	263	301
Other corporate expenses <sup>5</sup>	23	714
Fair value adjustments on equity investments <sup>6</sup>	(62)	(80)
Aggregate adjustment for income taxes <sup>7</sup>	(704)	(4,898)
Total non-GAAP adjustments attributable to non-controlling interests	(73)	685
<b>Total adjustments to net income attributable to Dell Technologies Inc.</b>	<b>807</b>	<b>(2,069)</b>
<b>Non-GAAP net income attributable to Dell Technologies Inc. - basic</b>	<b>1,100</b>	<b>1,620</b>
Incremental dilution from VMware, Inc. <sup>8</sup>	(8)	(9)
<b>Non-GAAP net income attributable to Dell Technologies Inc. - diluted</b>	<b>1,092</b>	<b>1,611</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 impairment charges and 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	2Q20
\$ in millions, except per share figures		
<b>GAAP net income attributable to Dell Technologies Inc.</b>	<b>293</b>	<b>3,689</b>
Weighted-average shares outstanding - basic	717	719
<b>GAAP EPS attributable to Dell Technologies Inc. - basic</b>	<b>0.41</b>	<b>5.13</b>
Incremental dilution from VMware Inc. <sup>2</sup>	(8)	(62)
<b>GAAP net income attributable to Dell Technologies Inc. - diluted</b>	<b>285</b>	<b>3,627</b>
Weighted-average shares outstanding - diluted	751	751
<b>GAAP EPS attributable to Dell Technologies Inc. - diluted</b>	<b>0.38</b>	<b>4.83</b>
<b>Non-GAAP net income attributable to Dell Technologies Inc.</b>	<b>1,100</b>	<b>1,620</b>
Weighted-average shares outstanding - basic	717	719
<b>Non-GAAP EPS attributable to Dell Technologies Inc. - basic</b>	<b>1.53</b>	<b>2.25</b>
Incremental dilution from VMware Inc. <sup>2</sup>	(8)	(9)
<b>Non-GAAP net income attributable to Dell Technologies Inc. - diluted</b>	<b>1,092</b>	<b>1,611</b>
Weighted-average shares outstanding - diluted	751	751
<b>Non-GAAP EPS attributable to Dell Technologies Inc. - diluted</b>	<b>1.45</b>	<b>2.15</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	2Q19	3Q19	4Q19	1Q20	2Q20
<b>Consolidated GAAP net income (loss)</b>	<b>(461)</b>	<b>(895)</b>	<b>(287)</b>	<b>329</b>	<b>4,505</b>
<b>Adjustments:</b>					
Interest and other, net	455	639	606	693	630
Income tax provision (benefit)	(7)	(100)	12	(472)	(4,616)
Depreciation and amortization	1,931	1,961	1,940	1,616	1,498
<b>EBITDA</b>	<b>1,918</b>	<b>1,605</b>	<b>2,271</b>	<b>2,166</b>	<b>2,017</b>
<b>Adjustments:</b>					
Impact of purchase accounting <sup>2</sup>	145	169	168	83	84
Transaction costs <sup>3</sup>	85	158	313	42	47
Stock based compensation	216	256	247	263	301
Other corporate expenses <sup>4</sup>	95	238	29	19	707
<b>Adjusted EBITDA</b>	<b>2,459</b>	<b>2,426</b>	<b>3,028</b>	<b>2,573</b>	<b>3,156</b>
<i>Adj EBITDA % of non-GAAP revenue</i>	<i>10.6%</i>	<i>10.7%</i>	<i>12.6%</i>	<i>11.7%</i>	<i>13.5%</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 impairment charges and severance, facility action, and other costs.

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

## Free Cash Flow

\$ in millions	2Q19	3Q19	4Q19	1Q20	2Q20
<b>Cash flow from operations</b>	<b>2,633</b>	<b>833</b>	<b>2,366</b>	<b>682</b>	<b>3,280</b>
<b>Adjustments:</b>					
Capital expenditures	(288)	(300)	(297)	(610)	(473)
Capitalized software expense	(71)	(86)	(93)	(106)	(78)
<b>Free cash flow</b>	<b>2,274</b>	<b>447</b>	<b>1,976</b>	<b>(34)</b>	<b>2,729</b>
<b>Adjustments:</b>					
DFS financing receivables	499	(13)	567	(121)	483
DFS operating leases <sup>1</sup>	-	-	-	271	155
<b>Free cash flow before impact from DFS related items</b>	<b>2,773</b>	<b>434</b>	<b>2,543</b>	<b>116</b>	<b>3,367</b>
<b>VMware cash flow from operations</b>	<b>787</b>	<b>769</b>	<b>1,012</b>	<b>1,273</b>	<b>699</b>
<b>Adjustments:</b>					
VMware capital expenditures	(61)	(57)	(66)	(71)	(88)
VMware capitalized software expense	-	-	-	-	-
<b>VMware free cash flow</b>	<b>726</b>	<b>712</b>	<b>946</b>	<b>1,202</b>	<b>611</b>
<b>Free cash flow, excluding VMware, before impact from DFS related items</b>	<b>2,047</b>	<b>(278)</b>	<b>1,597</b>	<b>(1,086)</b>	<b>2,756</b>

<sup>1</sup> Amount represents change in net carrying value of equipment for DFS operating leases under the new lease accounting standard.

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

## FY20 Financial Guidance<sup>2</sup>

\$ in billions, except per share amounts	Revenue	Operating Income	Diluted EPS <sup>7</sup>
<b>GAAP guidance</b>	<b>\$92.7 - \$94.2</b>	<b>\$2.9 - \$3.3</b>	<b>\$5.45 - \$5.9</b>
<b>Estimated adjustments for:</b>			
Impact of purchase accounting and amortization of intangibles <sup>3,5</sup>	0.3	4.8	5.92
Stock-based compensation <sup>5</sup>	-	1.2	1.34
Other corporate expenses <sup>4,5</sup>	-	0.9	0.89
Aggregate adjustment for income taxes <sup>6</sup>	-	-	(6.65)
<b>Non-GAAP guidance</b>	<b>\$93.0 - \$94.5</b>	<b>\$9.8 - \$10.2</b>	<b>\$6.95 - \$7.40</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 Company's GAAP and non-GAAP financial guidance for the fiscal year ended January 31, 2020 includes the estimated impact of the new leasing standard, incremental financing costs associated with the closing of the Class V transaction and current LIBOR costs, and minority interest deductions of the Company's public subsidiaries.

<sup>3</sup> Impact of purchase accounting and amortization of intangibles represents an estimate for acquisitions completed as of February 1, 2019 and does not include estimates for potential acquisitions, if any, during FY20.

<sup>4</sup> Other corporate expenses primarily includes impairment charges, fair value adjustments on equity investments, severance and facility action costs for 1HFY20, and primarily integration costs for 2HFY20. No estimates for 2HFY20 are included for guidance purposes of potential fair value adjustments on strategic investments given the potential volatility of either gains or losses on those equity investments. Additionally, no estimate for 2HFY20 is included for any potential severance and facility action costs, as they cannot be reasonably estimated at this time.

<sup>5</sup> Reported impacts on diluted earnings (loss) per share are presented before tax impact.

<sup>6</sup> The aggregate adjustment for income taxes is the estimated combined income tax effect for the impact of purchase accounting and amortization of intangibles, stock based compensation, and other corporate expenses, and includes the tax impact of discrete items. The Company's GAAP tax rate includes these items and is subject to variance arising from changes in tax laws and other events and trends that may materially change our estimates. Therefore, the GAAP tax rate is not relevant for guidance purposes. Our GAAP tax rate includes deferred tax benefits of \$4.9 billion recorded for the intra-entity asset transfers of intellectual property that were completed during 1HFY20. The Company's non-GAAP tax rate is expected to be 16% plus or minus 100 basis points. For purposes of non-GAAP earnings per share, a non-GAAP tax rate of 16% was assumed.

<sup>7</sup> GAAP and Non-GAAP diluted share count is expected to be between 750M and 755M.