

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			Six Months Ended		
	August 3, 2018	August 4, 2017	Change	August 3, 2018	August 4, 2017	Change
Net revenue:						
Products	\$ 18,149	\$ 15,102	20 %	\$ 34,820	\$ 28,736	21 %
Services	4,793	4,419	8 %	9,478	8,785	8 %
Total net revenue	22,942	19,521	18 %	44,298	37,521	18 %
Cost of net revenue:						
Products	14,943	12,775	17 %	28,549	24,598	16 %
Services	1,876	1,778	6 %	3,748	3,498	7 %
Total cost of net revenue	16,819	14,553	16 %	32,297	28,096	15 %
Gross margin	6,123	4,968	23 %	12,001	9,425	27 %
Operating expenses:						
Selling, general, and administrative	4,961	4,540	9 %	9,905	9,136	8 %
Research and development	1,175	1,093	8 %	2,262	2,226	2 %
Total operating expenses	6,136	5,633	9 %	12,167	11,362	7 %
Operating loss	(13)	(665)	98 %	(166)	(1,937)	91 %
Interest and other, net	(455)	(545)	17 %	(925)	(1,117)	17 %
Loss before income taxes	(468)	(1,210)	61 %	(1,091)	(3,054)	64 %
Income tax benefit	(7)	(471)	99 %	(92)	(1,112)	92 %
Net loss	(461)	(739)	38 %	(999)	(1,942)	49 %
Less: Net income (loss) attributable to non-controlling interests	38	(7)	(643)%	136	(39)	(449)%
Net loss attributable to Dell Technologies Inc.	\$ (499)	\$ (732)	32 %	\$ (1,135)	\$ (1,903)	40 %
Earnings (loss) per share attributable to Dell Technologies Inc. - basic:						
Class V Common Stock - basic	\$ 1.61	\$ 1.00		\$ 3.97	\$ 1.60	
DHI Group - basic	\$ (1.44)	\$ (1.65)		\$ (3.39)	\$ (3.94)	
Earnings (loss) per share attributable to Dell Technologies Inc. - diluted:						
Class V Common Stock - diluted	\$ 1.58	\$ 1.00		\$ 3.91	\$ 1.59	
DHI Group - diluted	\$ (1.45)	\$ (1.66)		\$ (3.40)	\$ (3.95)	
Weighted-average shares outstanding:						
Basic - Class V Common Stock	199	203		199	205	
Diluted - Class V Common Stock	199	203		199	205	
Basic - DHI Group	567	566		568	566	
Diluted - DHI Group	567	566		568	566	
<u>Percentage of Total Net Revenue:</u>						
Gross margin	27 %	25 %		27 %	25 %	
Selling, general, and administrative	22 %	23 %		22 %	24 %	
Research and development	5 %	6 %		5 %	6 %	
Operating expenses	27 %	29 %		28 %	30 %	
Operating loss	—%	(3)%		—%	(5)%	
Loss before income taxes	(2)%	(6)%		(3)%	(8)%	
Net loss	(2)%	(4)%		(2)%	(5)%	
Income tax rate	1.5 %	38.9 %		8.4 %	36.4 %	

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

	August 3, 2018	February 2, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 15,312	\$ 13,942
Short-term investments	2,504	2,187
Accounts receivable, net	11,201	11,721
Short-term financing receivables, net	4,140	3,919
Inventories, net	3,642	2,678
Other current assets	6,326	5,881
Total current assets	43,125	40,328
Property, plant, and equipment, net	5,240	5,390
Long-term investments	3,649	4,163
Long-term financing receivables, net	4,030	3,724
Goodwill	39,504	39,920
Intangible assets, net	25,208	28,265
Other non-current assets	2,625	2,403
Total assets	\$ 123,381	\$ 124,193
LIABILITIES, REDEEMABLE SHARES, AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 9,144	\$ 7,873
Accounts payable	20,853	18,334
Accrued and other	7,216	8,026
Short-term deferred revenue	11,965	11,606
Total current liabilities	49,178	45,839
Long-term debt	40,414	43,998
Long-term deferred revenue	9,735	9,210
Other non-current liabilities	6,787	7,277
Total liabilities	106,114	106,324
Redeemable shares	2,056	384
Stockholders' equity:		
Total Dell Technologies Inc. stockholders' equity	8,563	11,719
Non-controlling interests	6,648	5,766
Total stockholders' equity	15,211	17,485
Total liabilities, redeemable shares, and stockholders' equity	\$ 123,381	\$ 124,193

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

	Three Months Ended		Six Months Ended	
	August 3, 2018	August 4, 2017	August 3, 2018	August 4, 2017
Cash flows from operating activities:				
Net loss	\$ (461)	\$ (739)	\$ (999)	\$ (1,942)
Adjustments to reconcile net loss to net cash provided by operating activities	3,094	2,559	4,791	4,047
Change in cash from operating activities	<u>2,633</u>	<u>1,820</u>	<u>3,792</u>	<u>2,105</u>
Cash flows from investing activities:				
Investments:				
Purchases	(449)	(1,701)	(888)	(2,260)
Maturities and sales	791	1,085	1,322	2,058
Capital expenditures	(288)	(316)	(561)	(561)
Proceeds from sale of facilities, land, and other assets	—	—	10	—
Capitalized software development costs	(71)	(98)	(160)	(187)
Collections on purchased financing receivables	7	7	17	10
Acquisition of businesses, net	—	(211)	—	(223)
Divestitures of businesses, net	—	20	142	—
Asset acquisitions, net	—	(86)	(38)	(86)
Asset dispositions, net	(3)	(41)	(6)	(41)
Change in cash from investing activities	<u>(13)</u>	<u>(1,341)</u>	<u>(162)</u>	<u>(1,290)</u>
Cash flows from financing activities:				
Payment of dissenting shares obligation	(76)	—	(76)	—
Share repurchases for tax withholdings of equity awards	(99)	(68)	(199)	(194)
Proceeds from the issuance of common stock of subsidiaries	11	72	653	80
Repurchases of DHI Group Common Stock	(10)	—	(47)	(2)
Repurchases of Class V Common Stock	—	(54)	—	(422)
Payments for debt issuance costs	(5)	—	(8)	(5)
Proceeds from debt	2,774	1,335	4,637	4,756
Repayments of debt	(5,126)	(2,175)	(6,948)	(5,291)
Other	1	—	1	1
Change in cash from financing activities	<u>(2,530)</u>	<u>(890)</u>	<u>(1,987)</u>	<u>(1,077)</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(130)	54	(216)	48
Change in cash, cash equivalents, and restricted cash	(40)	(357)	1,427	(214)
Cash, cash equivalents, and restricted cash at beginning of the period	15,845	9,975	14,378	9,832
Cash, cash equivalents, and restricted cash at end of the period	<u>\$ 15,805</u>	<u>\$ 9,618</u>	<u>\$ 15,805</u>	<u>\$ 9,618</u>

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

	Three Months Ended			Six Months Ended		
	August 3, 2018	August 4, 2017	Change	August 3, 2018	August 4, 2017	Change
<u>Infrastructure Solutions Group (ISG):</u>						
Net Revenue:						
Servers and networking	\$ 5,061	\$ 3,777	34 %	\$ 9,646	\$ 7,033	37 %
Storage	4,166	3,690	13 %	8,248	7,395	12 %
Total ISG net revenue	\$ 9,227	\$ 7,467	24 %	\$ 17,894	\$ 14,428	24 %
Operating Income:						
ISG operating income	\$ 1,012	\$ 647	56 %	\$ 1,951	\$ 1,153	69 %
% of ISG net revenue	11 %	9 %		11 %	8 %	
% of total segment operating income	47 %	34 %		46 %	34 %	
<u>Client Solutions Group (CSG):</u>						
Net Revenue:						
Commercial	\$ 8,109	\$ 7,207	13 %	\$ 15,472	\$ 13,549	14 %
Consumer	3,019	2,659	14 %	5,927	5,365	10 %
Total CSG net revenue	\$ 11,128	\$ 9,866	13 %	\$ 21,399	\$ 18,914	13 %
Operating Income:						
CSG operating income	\$ 425	\$ 528	(20)%	\$ 958	\$ 853	12 %
% of CSG net revenue	4 %	5 %		4 %	5 %	
% of total segment operating income	20 %	28 %		22 %	26 %	
<u>VMware:</u>						
Net Revenue:						
Total VMware net revenue	\$ 2,194	\$ 1,984	11 %	\$ 4,222	\$ 3,802	11 %
Operating Income:						
VMware operating income	\$ 736	\$ 728	1 %	\$ 1,349	\$ 1,339	1 %
% of VMware net revenue	34 %	37 %		32 %	35 %	
% of total segment operating income	34 %	38 %		32 %	40 %	
<u>Reconciliation to consolidated net revenue:</u>						
Reportable segment net revenue	\$ 22,549	\$ 19,317		\$ 43,515	\$ 37,144	
Other businesses (a)	574	543		1,153	1,072	
Unallocated transactions (b)	(1)	(4)		(3)	(5)	
Impact of purchase accounting (c)	(180)	(335)		(367)	(690)	
Total net revenue	\$ 22,942	\$ 19,521		\$ 44,298	\$ 37,521	
<u>Reconciliation to consolidated operating income (loss):</u>						
Reportable segment operating income	\$ 2,173	\$ 1,903		\$ 4,258	\$ 3,345	
Other businesses (a)	(49)	(29)		(99)	(52)	
Unallocated transactions (b)	(16)	(8)		(25)	(2)	
Impact of purchase accounting (c)	(215)	(406)		(437)	(829)	
Amortization of intangibles	(1,526)	(1,740)		(3,048)	(3,516)	
Transaction-related expenses (d)	(104)	(138)		(270)	(329)	
Other corporate expenses (e)	(276)	(247)		(545)	(554)	
Total operating loss	\$ (13)	\$ (665)		\$ (166)	\$ (1,937)	

(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 and facility action costs as well as 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			Six Months Ended		
	August 3, 2018	August 4, 2017	Change	August 3, 2018	August 4, 2017	Change
Non-GAAP net revenue	\$ 23,122	\$ 19,856	16 %	\$ 44,665	\$ 38,211	17 %
Non-GAAP gross margin	\$ 7,066	\$ 6,259	13 %	\$ 13,985	\$ 12,060	16 %
<i>% of non-GAAP net revenue</i>	31 %	32 %		31 %	32 %	
Non-GAAP operating expenses	\$ 4,958	\$ 4,393	13 %	\$ 9,851	\$ 8,769	12 %
<i>% of non-GAAP net revenue</i>	21 %	22 %		22 %	23 %	
Non-GAAP operating income	\$ 2,108	\$ 1,866	13 %	\$ 4,134	\$ 3,291	26 %
<i>% of non-GAAP net revenue</i>	9 %	9 %		9 %	9 %	
Non-GAAP net income	\$ 1,349	\$ 1,112	21 %	\$ 2,523	\$ 1,873	35 %
<i>% of non-GAAP net revenue</i>	6 %	6 %		6 %	5 %	
Adjusted EBITDA	\$ 2,459	\$ 2,180	13 %	\$ 4,842	\$ 3,975	22 %
<i>% of non-GAAP net revenue</i>	11 %	11 %		11 %	10 %	

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

	<u>Three Months Ended</u>			<u>Six Months Ended</u>		
	<u>August 3, 2018</u>	<u>August 4, 2017</u>	<u>Change</u>	<u>August 3, 2018</u>	<u>August 4, 2017</u>	<u>Change</u>
Net revenue	\$ 22,942	\$ 19,521	18 %	\$ 44,298	\$ 37,521	18 %
Non-GAAP adjustments:						
Impact of purchase accounting	180	335		367	690	
Non-GAAP net revenue	<u>\$ 23,122</u>	<u>\$ 19,856</u>	16 %	<u>\$ 44,665</u>	<u>\$ 38,211</u>	17 %
Gross margin	\$ 6,123	\$ 4,968	23 %	\$ 12,001	\$ 9,425	27 %
Non-GAAP adjustments:						
Amortization of intangibles	718	920		1,428	1,870	
Impact of purchase accounting	185	348		378	713	
Transaction-related expenses	21	10		137	17	
Other corporate expenses	19	13		41	35	
Non-GAAP gross margin	<u>\$ 7,066</u>	<u>\$ 6,259</u>	13 %	<u>\$ 13,985</u>	<u>\$ 12,060</u>	16 %
Operating expenses	\$ 6,136	\$ 5,633	9 %	\$ 12,167	\$ 11,362	7 %
Non-GAAP adjustments:						
Amortization of intangibles	(808)	(820)		(1,620)	(1,646)	
Impact of purchase accounting	(30)	(58)		(59)	(116)	
Transaction-related expenses	(83)	(128)		(133)	(312)	
Other corporate expenses	(257)	(234)		(504)	(519)	
Non-GAAP operating expenses	<u>\$ 4,958</u>	<u>\$ 4,393</u>	13 %	<u>\$ 9,851</u>	<u>\$ 8,769</u>	12 %
Operating loss	\$ (13)	\$ (665)	98 %	\$ (166)	\$ (1,937)	91 %
Non-GAAP adjustments:						
Amortization of intangibles	1,526	1,740		3,048	3,516	
Impact of purchase accounting	215	406		437	829	
Transaction-related expenses	104	138		270	329	
Other corporate expenses	276	247		545	554	
Non-GAAP operating income	<u>\$ 2,108</u>	<u>\$ 1,866</u>	13 %	<u>\$ 4,134</u>	<u>\$ 3,291</u>	26 %
Net loss	\$ (461)	\$ (739)	38 %	\$ (999)	\$ (1,942)	49 %
Non-GAAP adjustments:						
Amortization of intangibles	1,526	1,740		3,048	3,516	
Impact of purchase accounting	215	406		437	829	
Transaction-related expenses	104	138		270	329	
Other corporate expenses	276	247		545	554	
Aggregate adjustment for income taxes	(311)	(680)		(778)	(1,413)	
Non-GAAP net income	<u>\$ 1,349</u>	<u>\$ 1,112</u>	21 %	<u>\$ 2,523</u>	<u>\$ 1,873</u>	35 %
Net loss	\$ (461)	\$ (739)	38 %	\$ (999)	\$ (1,942)	49 %
Adjustments:						
Interest and other, net	455	545		925	1,117	
Income tax benefit	(7)	(471)		(92)	(1,112)	
Depreciation and amortization	1,931	2,142		3,845	4,354	
EBITDA	<u>\$ 1,918</u>	<u>\$ 1,477</u>	30 %	<u>\$ 3,679</u>	<u>\$ 2,417</u>	52 %
EBITDA	\$ 1,918	\$ 1,477	30 %	\$ 3,679	\$ 2,417	52 %
Adjustments:						
Stock-based compensation expense	216	208		415	409	
Impact of purchase accounting	145	335		367	692	
Transaction-related expenses	85	138		251	329	
Other corporate expenses	95	22		130	128	
Adjusted EBITDA	<u>\$ 2,459</u>	<u>\$ 2,180</u>	13 %	<u>\$ 4,842</u>	<u>\$ 3,975</u>	22 %