

FOR IMMEDIATE RELEASE

Dell Technologies Reports Fiscal Year 2017 Third Quarter Financial Results

ROUND ROCK, Texas – Dec. 8, 2016

News summary:

- Third quarter revenue was \$16.2 billion, non-GAAP revenue was \$16.8 billion
- Operating loss of \$1.5 billion, non-GAAP operating income of \$2 billion
- \$5.8 billion of debt paid down to date following the EMC merger close
- Combined company hit the ground running, shipped first integrated product just 27 days after transaction close

Full story:

Dell Technologies (NYSE: DVMT) announced its fiscal 2017 third quarter results, which reflect the impact of the EMC merger and include 52 days of financial results from EMC and VMware. Consolidated revenue from continuing operations was \$16.2 billion and non-GAAP revenue from continuing operations was \$16.8 billion. The company generated an operating loss of \$1.5 billion in the quarter, with a non-GAAP operating income of \$2 billion.

“Overall we had a solid quarter with revenue of \$16.2 billion, or \$16.8 billion on a non-GAAP basis,” said Tom Sweet, chief financial officer, Dell Technologies Inc. “We remain intensely focused on enabling customers’ digital transformation initiatives. This customer-first focus is also driving our near-term priorities, which include successfully integrating our salesforce and channel partner programs and seizing top-line synergies through cross-selling opportunities.”

The company ended the quarter with a cash and investments balance of \$15 billion. During the quarter, Dell Technologies paid down \$500 million of debt and repurchased \$165 million of Class V Common Stock under the repurchase program it announced Sept. 7. Since the completion of the EMC transaction, Dell Technologies has reduced total debt by \$5.8 billion and repurchased \$324 million of Class V Common Stock under its repurchase program.

Fiscal year 2017 third quarter results:

	Three Months Ended			Nine Months Ended		
	October 28, 2016	October 30, 2015	Change	October 28, 2016	October 30, 2015	Change
	(in millions, except percentages; unaudited)					
Net revenue	\$ 16,247	\$ 12,674	28%	\$ 41,568	\$ 38,232	9%
Operating loss	\$ (1,512)	\$ (78)	NM	\$ (1,584)	\$ (488)	(225%)
Net loss from continuing operations	\$ (1,637)	\$ (264)	(520%)	\$ (2,323)	\$ (1,000)	(132%)
Non-GAAP net revenue	\$ 16,777	\$ 12,781	31%	\$ 42,241	\$ 38,602	9%
Non-GAAP operating income	\$ 1,975	\$ 607	225%	\$ 3,270	\$ 1,570	108%
Non-GAAP net income from continuing operations	\$ 970	\$ 294	230%	\$ 1,596	\$ 671	138%
Adjusted EBITDA	\$ 2,230	\$ 711	214%	\$ 3,757	\$ 1,880	100%

The consolidated results of Dell Technologies include 52 days of EMC and VMware's results, from Sept. 7, 2016, the close of the EMC merger, through Oct. 28, 2016, the end of Dell Technologies' fiscal 2017 third quarter.

Information about Dell Technologies' use of non-GAAP financial information is provided under "Non-GAAP Financial Measures" below. All comparisons in this press release are year over year unless otherwise noted.

Operating segments summary:

Client Solutions Group outgrew the industry¹ in both Consumer and Commercial with business revenue for the quarter at \$9.2 billion, up 3 percent versus the third quarter of last year. Operating income for the quarter was \$634 million. Key takeaways from the quarter include:

- Fastest growth among top three vendors, with 15th consecutive quarter of year-over-year PC unit growth and 160 basis points of unit share gained¹
- No. 1 in workstations unit share worldwide² (tied)
- No. 1 share position worldwide for displays, gaining unit share year-over-year for the 14th consecutive quarter³

Infrastructure Solutions Group performance was mixed in the quarter, with revenue of approximately \$6 billion and operating income of \$897 million. Key takeaways include:

- Strong growth of the all-flash portfolio and Enterprise Hybrid Cloud solutions
- Strong performance of the hyper-converged infrastructure portfolio, including triple-digit year-over-year revenue growth for XC hyper-converged infrastructure products
- Softness in standalone hybrid storage arrays and servers

VMware revenue during the 52-day operations period from the close of the EMC merger (Sept. 7) to the end of Dell Technologies' fiscal third quarter 2017 (Oct. 28) was \$1.3 billion, with an operating income of \$548 million.

Also during the quarter, Dell Technologies held its first Dell EMC World combined customer and partner conference, which saw record attendance and the launch of 14 new products, including Dell EMC's VxRail and VxRack hyper-converged infrastructure solutions using PowerEdge servers. The company also shipped its first integrated solution – the ScaleIO Ready Node – less than 30 days following the close of the EMC transaction.

Conference call information

As previously announced, the company will hold a conference call to discuss its third quarter performance Dec. 8, 2016, at 7 a.m. CST. The conference call will be broadcast live over the internet and can be accessed at investors.delltechnologies.com. For those unable to listen to the live broadcast, an archived version will be available at the same location.

A slide presentation containing additional financial and operating information may be downloaded from Dell Technologies' website at investors.delltechnologies.com.

About Dell Technologies

[Dell Technologies](http://DellTechnologies.com) is a unique family of businesses that provides the essential infrastructure for organizations to build their digital future, transform IT and protect their most important asset, information. The company services customers of all sizes across 180 countries – ranging from 98 percent of the Fortune 500 to individual consumers – with the industry's most comprehensive and innovative portfolio from the edge to the core to the cloud.

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¹ IDC Worldwide Quarterly PC Tracker, 2016Q3, Oct. 11, 2016, and on a calendar-quarter basis.

² IDC Worldwide Quarterly Workstation Tracker, 2016Q3, Nov. 9, 2016, and on a calendar-quarter basis.

³ IDC Worldwide Quarterly PC Monitor Tracker - Final Historical, 2016Q3, Nov. 23, 2016, and on a calendar-quarter basis.

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Non-GAAP Financial Measures

The press release presents information about the Company's non-GAAP product net revenue, non-GAAP services net revenue, non-GAAP net revenue, non-GAAP product gross margin, non-GAAP services gross margin, non-GAAP

gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income from continuing operations, 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 reconciliation of each of the foregoing historical non-GAAP financial measures to the most directly comparable historical GAAP financial measures is provided in the attached tables for each of the fiscal periods indicated.

Special Note on Forward-Looking Statements:

Statements in this press release that relate to future results and events are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933 and are based on Dell Technologies' current expectations. In some cases, you can identify these statements by such forward-looking words as "anticipate," "believe," "confidence," "could," "estimate," "expect," "guidance," "intend," "may," "objective," "outlook," "plan," "project," "possible," "potential," "should," "will" and "would," or similar words or expressions that refer to future events or outcomes.

Dell Technologies' results or events in future periods could differ materially from those expressed or implied by these forward-looking statements because of risks, uncertainties, and other factors that include, but are not limited to, the following: competitive pressures; Dell Technologies' reliance on third-party suppliers for products and components, including reliance on single-source or limited-source suppliers; Dell Technologies' ability to achieve favorable pricing from its vendors; weak global economic conditions and instability in financial markets; Dell Technologies' execution of its growth, business and acquisition strategies; the success of Dell Technologies' cost efficiency measures; Dell Technologies' ability to manage solutions and products and services transitions in an effective manner; Dell Technologies' ability to deliver high-quality products and services; Dell Technologies' foreign operations and ability to generate substantial non-U.S.net revenue; Dell Technologies' product, customer, and geographic sales mix, and seasonal sales trends; the performance of Dell Technologies' sales channel partners; access to the capital markets by Dell Technologies or its customers; weak economic conditions and additional regulation; counterparty default risks; the loss by Dell Technologies of any services contracts with its customers, including government contracts, and its ability to perform such contracts at its estimated costs; Dell Technologies' ability to develop and protect its proprietary intellectual property or obtain licenses to intellectual property developed by others on commercially reasonable and competitive terms; infrastructure disruptions, cyber-attacks, or other data security breaches; Dell Technologies' ability to hedge effectively its exposure to fluctuations in foreign currency exchange rates and interest rates; expiration of tax holidays or favorable tax rate structures, or unfavorable outcomes in tax audits and other tax compliance matters; impairment of portfolio investments; unfavorable results of legal proceedings; increased costs and additional regulations and requirements as a result of Dell Technologies becoming a newly public company; Dell Technologies' ability to develop and maintain effective internal control over financial reporting; compliance requirements of changing environmental and safety laws; the effect of armed hostilities, terrorism, natural disasters, and public health issues; risks related to EMC's business, including the impact of the financial performance of VMware, EMC's strategic alliances, and the impact of market volatility on the assets of EMC's noncontributory defined pension plan; the ability to realize the anticipated synergies from the merger with EMC; the ability to integrate EMC's technology, solutions, products, and services with those of Dell in an effective manner; the outcome of lawsuits that have been filed against Dell Technologies or EMC relating to the merger; and Dell Technologies' level of indebtedness and its ability to achieve its objective of reducing its indebtedness.

This list of risks, uncertainties, and other factors is not complete. Dell Technologies discusses some of these matters more fully, as well as certain risk factors that could affect the Dell Technologies' business, financial condition, results of operations, and prospects, in its filings with the Securities and Exchange Commission, including the prospectus/proxy statement forming part of Dell Technologies' Registration Statement on Form S-4 (Registration No. 333-208524) and Dell Technologies' quarterly reports on Form 10-Q and current reports on Form 8-K. These filings are available for review through the Securities and Exchange Commission's website at www.sec.gov. Any or all forward-looking statements Dell Technologies makes may turn out to be wrong and can be affected by inaccurate assumptions Dell Technologies might make or by known or unknown risks, uncertainties and other factors, including those identified in this press release. Accordingly, you should not place undue reliance on the forward-looking statements made in this press release, which speak only as of its date. Dell Technologies does not undertake to update, and expressly disclaims any duty to update, its forward-looking statements, whether as a result of circumstances or events that arise after the date they are made, new information or otherwise.

Special Note on the Divestitures:

On March 27, 2016, Dell entered into a definitive agreement with NTT Data International L.L.C. to sell substantially all of Dell Services for cash consideration of approximately \$3.1 billion. On June 19, 2016, Dell entered into a definitive agreement with Francisco Partners and Elliot Management Corporation to sell substantially all of Dell Software Group for cash consideration of approximately \$2.4 billion. On Sept. 12, 2016, EMC Corporation entered into a definitive agreement with OpenText to divest the Dell EMC Enterprise Content Division, or ECD, and its product portfolio (including the Documentum, InfoArchive, and LEAP families of products) for cash consideration of approximately \$1.6 billion. Accordingly, the results of operations of Dell Services, Dell Software Group and ECD have been excluded

from the results of continuing operations and from segment results. On October 31, 2016, Dell completed the sale of Dell Software Group. On November 2, 2016, Dell completed the sale of Dell Services.