



Dell Technologies Delivers Third Quarter Fiscal 2024 Financial Results

News summary

- Third quarter revenue of \$22.3 billion
- Operating income of \$1.5 billion and non-GAAP operating income of \$2 billion
- Diluted earnings per share of \$1.36, and non-GAAP diluted earnings per share of \$1.88
- Third quarter cash flow from operations of \$2.2 billion, with \$9.9 billion throughout the last 12 months

ROUND ROCK, Texas — November 30, 2023

Full story

Dell Technologies (NYSE: DELL) announces financial results for its fiscal 2024 third quarter. Revenue was \$22.3 billion, down 10% year-over-year. The company generated operating income of \$1.5 billion and non-GAAP operating income of \$2 billion, down 16% and 17% year-over-year, respectively. Diluted earnings per share was \$1.36, and non-GAAP diluted earnings per share was \$1.88. Cash flow from operations for the third quarter was \$2.2 billion, driven by profitability and strong working capital performance. The company has generated \$9.9 billion of cash flow from operations throughout the last 12 months.

Dell ended the quarter with remaining performance obligations of \$39 billion, recurring revenue of \$5.6 billion, up 4% year-over-year, and deferred revenue of \$29.1 billion, up 7% year-over-year, primarily due to increases in software and hardware maintenance agreements. The company's cash and investment balance was \$9.9 billion.

“We have proven our ability to generate strong cash flow through profitability and working capital efficiency, including \$9.9 billion of cash flow from operations over the last twelve months,” said Yvonne McGill, chief financial officer, Dell Technologies. “Our long-term financial framework and capital allocation plan continue to deliver results, with \$1 billion returned to shareholders in the third quarter through share repurchases and dividends.”

Third Quarter Fiscal 2024 Financial Results

	Three Months Ended			Nine Months Ended		
	November 3, 2023	October 28, 2022	Change	November 3, 2023	October 28, 2022	Change
(in millions, except per share amounts and percentages; unaudited)						
Net revenue	\$ 22,251	\$ 24,721	(10)%	\$ 66,107	\$ 77,262	(14)%
Operating income	\$ 1,486	\$ 1,762	(16)%	\$ 3,720	\$ 4,582	(19)%
Net income	\$ 1,004	\$ 241	317%	\$ 2,037	\$ 1,816	12%
Earnings per share - diluted	\$ 1.36	\$ 0.33	312%	\$ 2.78	\$ 2.41	15%
Non-GAAP net revenue	\$ 22,251	\$ 24,721	(10)%	\$ 66,107	\$ 77,262	(14)%
Non-GAAP operating income	\$ 1,964	\$ 2,380	(17)%	\$ 5,539	\$ 6,467	(14)%
Non-GAAP net income	\$ 1,389	\$ 1,705	(19)%	\$ 3,635	\$ 4,405	(17)%
Adjusted EBITDA	\$ 2,579	\$ 2,946	(12)%	\$ 7,378	\$ 8,004	(8)%
Non-GAAP earnings per share - diluted	\$ 1.88	\$ 2.30	(18)%	\$ 4.93	\$ 5.81	(15)%

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.

Infrastructure Solutions Group delivered third quarter revenue of \$8.5 billion, flat sequentially and down 12% year-over-year. Servers and networking revenue was \$4.7 billion, with 9% sequential growth driven by AI-optimized servers. Storage revenue was \$3.8 billion, down 8% sequentially with demand strength in unstructured data solutions and data protection. Operating income was \$1.1 billion.

Client Solutions Group delivered third quarter revenue of \$12.3 billion, down 11% year-over-year and 5% sequentially. Commercial client revenue was \$9.8 billion, and Consumer revenue was \$2.4 billion. Operating income was \$925 million.

"Technology is everywhere, and we continue to focus on extending our leadership positions and turning new opportunities into incremental growth," said Jeff Clarke, vice chairman and chief operating officer. "Our servers and networking business was up 9% sequentially fueled by customer interest in generative AI. And heading into FY25, we expect revenue growth given the tailwinds to our business."

Dell continued to expand its broad portfolio to help customers meet their performance, cost and security requirements across clouds, on premises and at the edge.

- The Dell Generative AI Solutions portfolio expanded with new on-premises offerings that make GenAI implementations simpler with high-performing IT infrastructure, multicloud access and professional services.
- ObjectScale XF960 is an all-flash, scale-out appliance for GenAI and real-time analytics based on Dell's software-defined object storage software, which can run on Linux and Red Hat Open Shift on PowerEdge servers.
- Dell's collaboration with Meta makes it easy for customers to deploy Meta's Llama 2 models on premises with Dell's GenAI portfolio of IT infrastructure, client devices and professional services.
- Dell's collaboration with Hugging Face helps enterprises create, fine-tune and implement their own open-source GenAI models with the Hugging Face community on Dell infrastructure products and services.

- Dell APEX Cloud Platform for Microsoft Azure simplifies the hybrid cloud experience by helping customers extend Azure to data center and edge locations.
- Dell APEX Cloud Platform for Red Hat OpenShift, the first fully integrated application delivery platform purpose-built for Red Hat OpenShift, helps customers deploy, manage and run containers alongside virtual machines on premises.
- The Precision 7875 Tower is Dell's most scalable and powerful AMD processor-based workstation and lets companies develop and fine-tune complex GenAI models locally before deploying them at scale.

Operating Segments Results

	Three Months Ended			Nine Months Ended		
	November 3, 2023	October 28, 2022	Change	November 3, 2023	October 28, 2022	Change
(in millions, except percentages; unaudited)						
<i>Infrastructure Solutions Group (ISG):</i>						
Net revenue:						
Servers and networking	\$ 4,656	\$ 5,201	(10)%	\$ 12,767	\$ 15,458	(17)%
Storage	3,843	4,429	(13)%	11,786	12,993	(9)%
Total ISG net revenue	\$ 8,499	\$ 9,630	(12)%	\$ 24,553	\$ 28,451	(14)%
Operating Income:						
ISG operating income	\$ 1,069	\$ 1,374	(22)%	\$ 2,858	\$ 3,502	(18)%
<i>% of ISG net revenue</i>	12.6 %	14.3 %		11.6 %	12.3 %	
<i>% of total reportable segment operating income</i>	54 %	56 %		51 %	53 %	
<i>Client Solutions Group (CSG):</i>						
Net revenue:						
Commercial	\$ 9,835	\$ 10,747	(8)%	\$ 30,251	\$ 34,859	(13)%
Consumer	2,441	3,028	(19)%	6,950	9,993	(30)%
Total CSG net revenue	\$ 12,276	\$ 13,775	(11)%	\$ 37,201	\$ 44,852	(17)%
Operating Income:						
CSG operating income	\$ 925	\$ 1,060	(13)%	\$ 2,786	\$ 3,153	(12)%
<i>% of CSG net revenue</i>	7.5 %	7.7 %		7.5 %	7.0 %	
<i>% of total reportable segment operating income</i>	46 %	44 %		49 %	47 %	

Conference call information

As previously announced, the company will hold a conference call to discuss its performance and financial guidance on Nov. 30 at 3:30 p.m. CST. Prior to the start of the conference call, prepared remarks and a presentation containing additional financial and operating information prior to financial guidance may be downloaded from investors.delltechnologies.com. The conference call will be broadcast live over the internet and can be accessed at <https://investors.delltechnologies.com/news-events/upcoming-events>

For those unable to listen to the live broadcast, the final remarks and presentation with financial guidance will be available following the broadcast, and an archived version will be available at the same location for one year.

Environmental, Social and Governance (ESG)

Our Environmental, Social and Governance (ESG) efforts focus on driving positive impact for people and our planet while delivering long-term value for our stakeholders. ESG resources can be accessed at <https://www.dell.com/en-us/dt/corporate/social-impact/reporting/esg-governance.htm>

About Dell Technologies

Dell Technologies (NYSE:DELL) helps organizations and individuals build their digital future and transform how they work, live and play. The company provides customers with the industry's broadest and most innovative technology and services portfolio for the data era.

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Non-GAAP Financial Measures:

This press release presents information about non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income, non-GAAP net income attributable to Dell Technologies Inc., non-GAAP earnings per share attributable to Dell Technologies Inc. – basic, and non-GAAP earnings per share attributable to Dell Technologies Inc. – diluted, 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 non-GAAP financial measure to the most directly comparable GAAP financial measure 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: adverse global economic conditions and instability in financial markets; 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; Dell Technologies' ability to achieve the intended benefits of its continuing strategic relationship with VMware, Inc.; Dell Technologies' execution of its strategy; Dell Technologies' ability to manage solutions and products and services transitions in an effective manner; Dell Technologies' ability to deliver high-quality products, software, and services; cyber attacks or other data security incidents; Dell Technologies' ability to successfully execute on strategic initiatives including acquisitions, divestitures or cost savings measures; Dell Technologies' foreign operations and ability to generate substantial non-U.S. net revenue; Dell Technologies' product, services, 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; material impairment of the value of goodwill or intangible assets; weak economic conditions and the effect of additional regulation on Dell Technologies' financial services activities; counterparty default risks; the loss by Dell Technologies of any contracts for ISG services and solutions and its ability to perform such contracts at their estimated costs; loss by Dell Technologies of government contracts; 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; disruptions in Dell Technologies' infrastructure; 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; expectations relating to environmental, social and governance (ESG) considerations; compliance requirements of changing environmental and safety laws, human rights laws, or other laws; the effect of armed hostilities, terrorism, natural disasters, or public health issues; the effect of global climate change and legal, regulatory, or market measures to address climate change; Dell Technologies' dependence on the services of Michael Dell and key employees; Dell Technologies' level of indebtedness; and business and financial factors and legal restrictions affecting continuation of Dell Technologies' quarterly cash dividend policy and dividend rate.

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 Dell Technologies' business, financial condition, results of operations, and prospects, in its reports filed

with the SEC, including Dell Technologies' annual report on Form 10-K for the fiscal year ended February 3, 2023, quarterly reports on Form 10-Q, and current reports on Form 8-K. These filings are available for review through the SEC'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.