Hewlett Packard
Securities Analyst Meeting 2015

#hpesam2015

Hewlett Packard Enterprise

Financial Review

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Executive Vice President and Chief Financial Officer

Hewlett Packard Enterprise is an attractive investment opportunity

The markets we address are large and offer significant **growth potential**

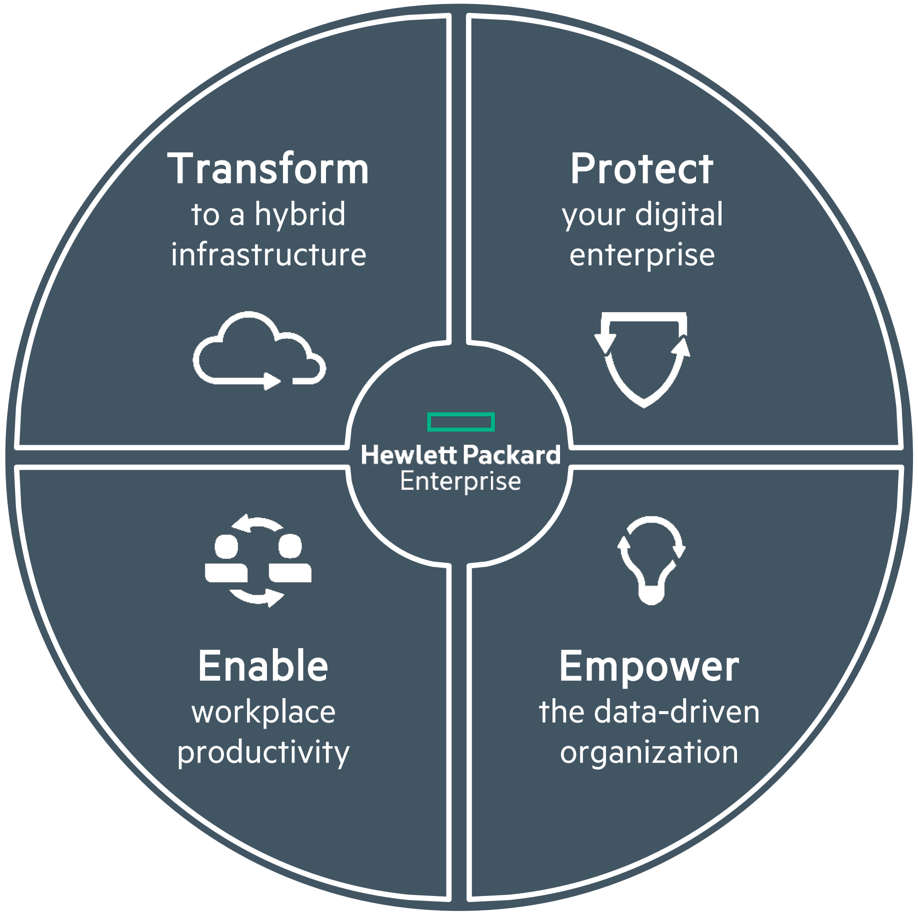
The revenue base is diversified across a **broad portfolio** and **global footprint**

We have large **recurring revenue and profit** streams that drive **strong cash flow** generation

The capital structure offers **investment and cash return flexibility**

Our disciplined **ROI-based** capital allocation framework drives **shareholder value**

Our strategic focus areas address large and growing markets



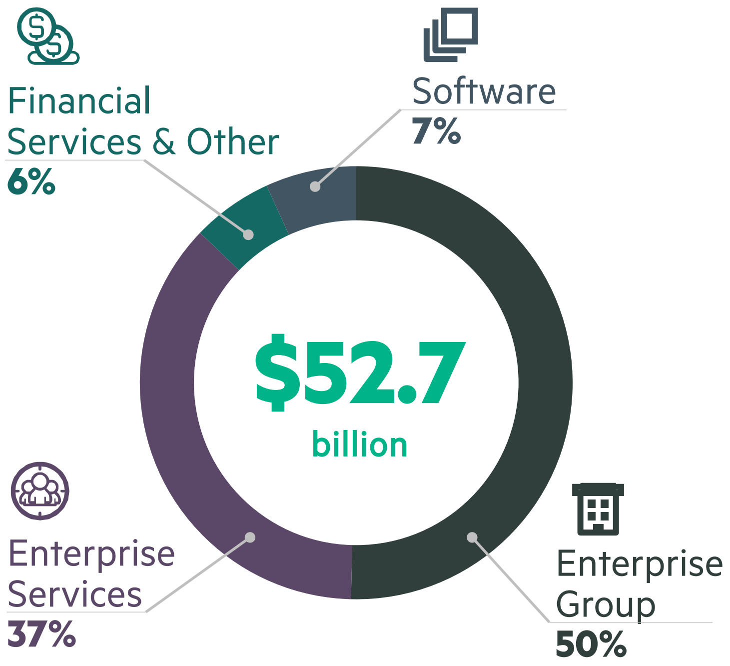
$1 trillion TAM growing at 4% CAGR

	'18 TAM
Transforming to an on-demand IT infrastructure	$500B+
Protecting your digital assets	$100B+
Empowering a data-driven enterprise	$150B+
Enabling the most productive workplace	$250B+

Our revenue and profit are well diversified

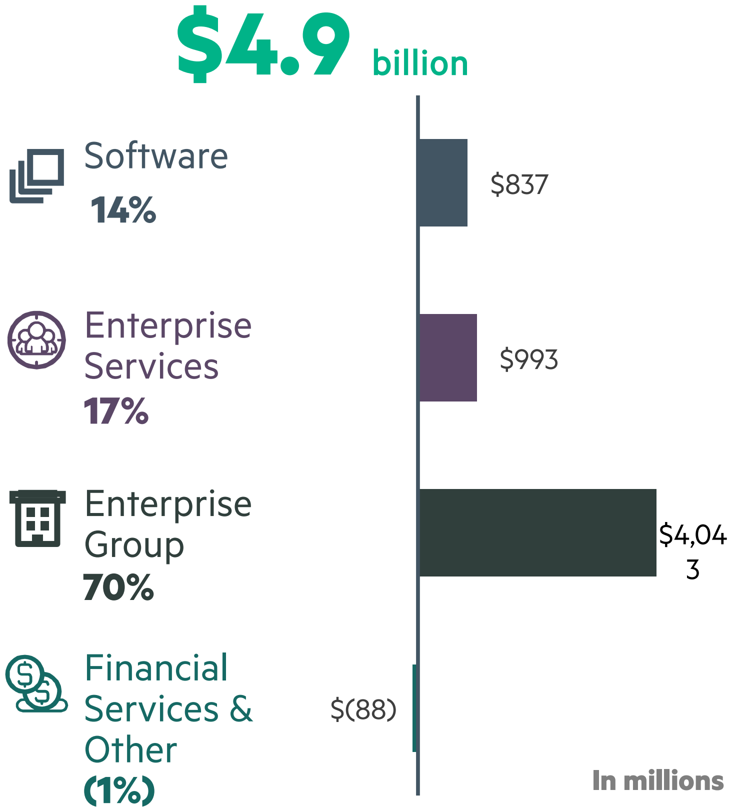
Net revenue[1]

By segment[3]



Non-GAAP operating profit[2]

By segment[4]



Net revenue by region[1]

Americas
43%
US: 38%
Canada/LA: 5%

EMEA
38%

APJ
19%

Non-US net revenue was **62%** of total net revenue

1. Based on HPE Form 10 filing for last four reported quarters from Q4 fiscal 2014 to Q3 fiscal 2015
2. Non-GAAP operating profit excludes restructuring charges of $951M, amortization of intangible assets of $838M, separation costs of $458M, defined benefits plan settlement charges of $178M, impairment of data center assets of $136M, and acquisition-related charges of $72M from GAAP operating profit of $2.2B
3. Revenue mix calculated based on total segment revenue, which does not include intercompany eliminations
4. Operating profit mix calculated based on total segment operating profit, which does not include intercompany eliminations

Recurring revenue streams drive consistent cash flow

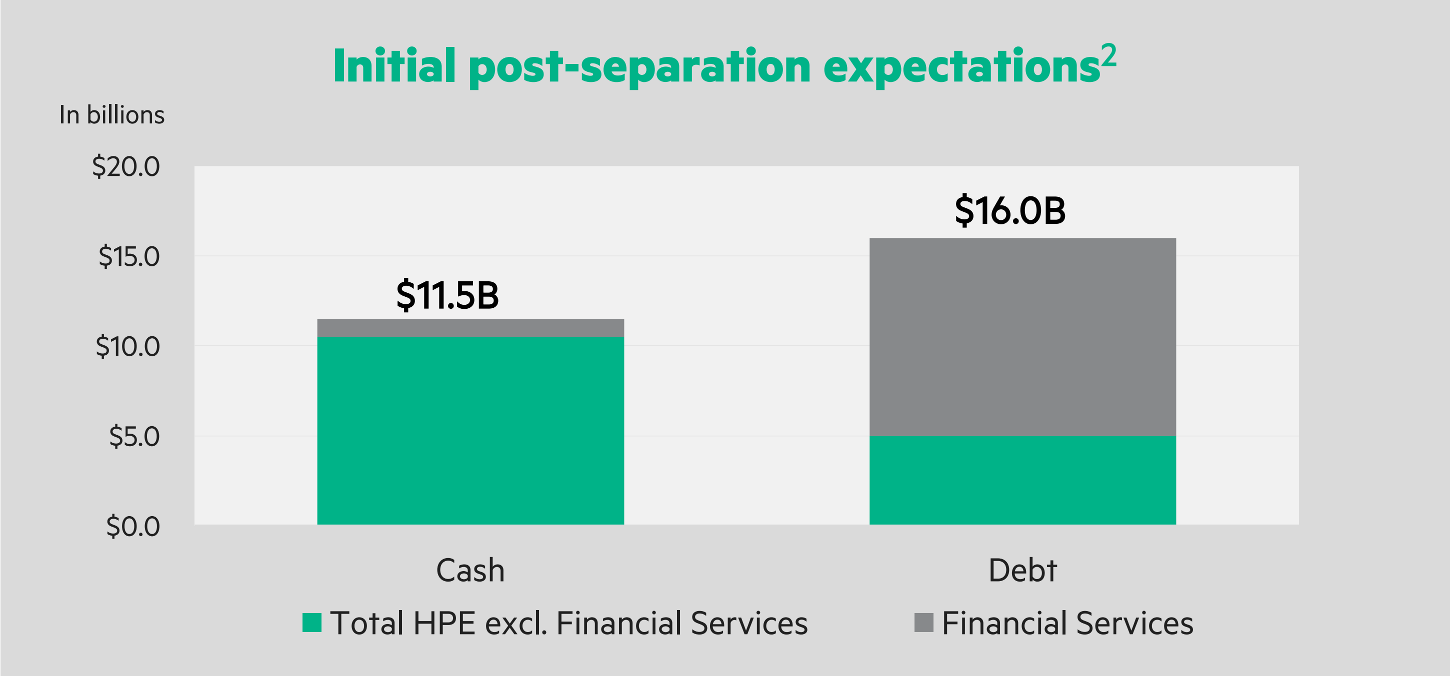
Software	Approximately **50% of revenue** is from recurring Support; Professional Services and SaaS also have a significant recurring component
Enterprise Services	**Approximately 70%** of expected revenue in FY16 is expected to be secured at the beginning of the year
Enterprise Group	85% of our Technology Services revenue is from recurring support services, with **~50% of that revenue secure** at the beginning of the year
HP Financial Services	Leasing is all annuity based and makes up **95%+ of revenue** for the total financing business with **~60% secure** at the start of the year

The major Hewlett Packard Enterprise business segments have a high mix of recurring and secured revenue

Our capital structure offers investment and cash return flexibility

$ Operating company net cash[1]

Approx. **$5.5** billion



Key credit highlights:

- Net cash position provides capital deployment flexibility
- Strong liquidity profile
- Expect to maintain access to commercial paper markets
- Commitment to solid investment grade credit rating

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1. Operating company net cash (debt) is total Hewlett Packard Enterprise net cash (debt) less Hewlett Packard Enterprise Financial Services net cash (debt), Hewlett Packard Enterprise Financial Services is expected to have approximately $1B of cash and $11B of debt
2. Based on HPE Form 10 filing

Capital allocation framework

Source and deploy the appropriate mix of capital to the most productive uses

Determine business plans and return targets

- Develop growth and earnings targets to maximize shareholder value over the long-term
- Establish desired credit rating and liquidity needs to guide the capital structure targets

Fund capital uses necessary to achieve business objectives

- Maintenance operating expenses and capital expenditures
- Regular dividend
- Required pension funding
- Balance sheet adjustments to achieve credit rating target

Allocate excess cash to highest economic profit opportunities

- Organic growth investments
- Capital distributions
  - Share repurchases
  - Incremental dividends
- Mergers and acquisitions
- Incremental pension funding

Maximize economic return and shareholder value by generating the highest risk-adjusted return on investment

We maintain a disciplined capital allocation framework to drive shareholder value

ROI-based strategy with rigorous investment evaluation process

Investment in key growth areas	Bias towards share repurchases	Remain committed to paying dividends

Expect at least 50% of free cash flow in FY16 to be returned to shareholders through approximately $400M in dividends and the remaining in share repurchases

Hewlett Packard Enterprise new restructuring activities overview

	Total[1]
Headcount	25k – 30k
GAAP charge	$2.7B
Cash payments	$2.6B
Gross annual savings	$2.7B

1. Total includes new Enterprise Services and separation-related restructuring activities and excludes the legacy HP 2012 restructuring plan

FY16 outlook and assumptions

Key assumptions	FY16
Revenue	Growth in local currency
Currency impact	Approx. 3% headwind to revenue
Operating income $	Y/Y increase
GAAP-only charges	$2.5B (excluded from non-GAAP results)

Outlook[1]	FY16
Non-GAAP EPS[2,3]	$1.85 - $1.95
GAAP EPS[3]	$0.75 - $0.85

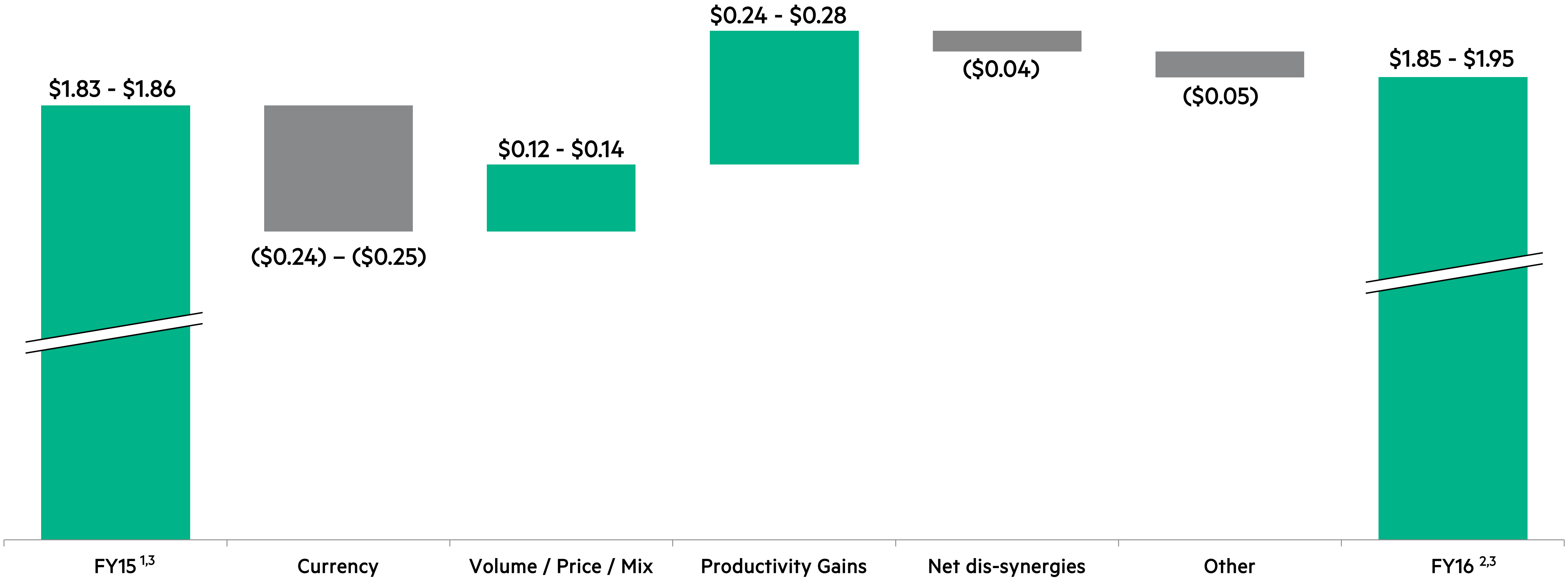
Non-operational assumptions	
OI&E	Approx. $0.3B
Tax rate	22-24%
Share count	Approx. flat

Enterprise Services assumptions	
Revenue growth	-2% to flat Y/Y local currency
Operating margin	6% to 7%

1. Excludes the impact of the H3C divestiture expected to occur by the end of calendar year 2015
2. FY16 non-GAAP diluted EPS estimates exclude after-tax costs of approximately $1.10 per share related primarily to restructuring charges, amortization of intangible assets and separation costs
3. EPS calculated assuming a 1:1 distribution ratio with one HPQ share equal to one HPE share

FY15 to FY16 outlook bridge

Non-GAAP earnings per share



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1. FY15 outlook represents the Hewlett Packard Enterprise component of total HP's current outlook of $3.59 - $3.65, reflects the movement of Marketing Optimization to HP Inc. for the full year
2. FY16 EPS calculated assuming a 1:1 distribution ratio with one HPQ share equal to one HPE share
3. In FY16 there will be some subtle differences in the basis of presentation as there are complexities between carve-out accounting, pro forma adjustments, discontinued operations and GAAP vs. non-GAAP; appropriate reconciliations will be provided as required

FY16 cash flow outlook

Cash flow	FY15[4]	FY16
Operating cash flow	$4.2 - $4.4B	$5.0 – $5.2B
Net capital expenditures	$3.0B	$3.0B
Free cash flow[1]	**$1.2 – $1.4B**	**$2.0 – $2.2B**

Select operating cash flow details	FY15[4]	FY16
Separation cash payments	$1.3B	$0.4B
Restructuring cash payments[2]	$1.0B	$1.2B
Normalized free cash flow[3]	Approx. **$3.6B**	Approx. **$3.7B**

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1. Free cash flow = cash flow from operations less net capital expenditures; net capital expenditures = investments in property, plant and equipment less proceeds from the sale of property, plant and equipment
2. Includes cash payments from the legacy HP 2012 restructuring plan and the new ES and separation-related restructuring plans
3. Normalized free cash flow = free cash flow excluding separation cash payments and restructuring cash payments
4. FY15 outlook represents the Hewlett Packard Enterprise component of total HP's current outlook

Looking to the future

Key investment highlights

- Technology leader delivering unrivaled integrated solutions
- Strong focus on innovation across segments
- Financial strength foundational to the broader business strategy
- EPS growing faster than revenue
- ROI-based capital allocation strategy

Long-term financial model

Revenue growth
Global GDP-like growth

Operating margin rate
Approx. 10-11%

Cash flow
Long-term trajectory tracks earnings

Capital distributions
Share repurchases: Valuation-based
Dividends: Distributions to share profits with investors

The bottom line...

1	The markets we address are large and offer significant **growth potential**
2	Our revenue and profit base is **globally diversified** across a **broad portfolio**
3	We have a high mix of **recurring revenue and profit** streams that drive **strong cash flow**
4	The capital structure provides **investment and cash return flexibility**
5	Our **ROI-based** capital allocation framework drives **shareholder value**

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