HPE Reports Fiscal 2016 First Quarter Results

**Highlights**

**Net revenue**
- Q1 FY15: $13.1B
- Q1 FY16: $12.7B (down 3%)

**GAAP diluted net EPS**
- Q1 FY15: $0.30 (down 50%)
- Q1 FY16: $0.15

**Non-GAAP and adjusted non-GAAP diluted net EPS**
- Q1 FY15: $0.44 (down 7%)
- Q1 FY16: $0.41

**Geography**

**Americas**
- 45% of net revenue
- 2% y/y
- Non-US net revenue was 63% of total net revenue

**EMEA**
- 36% of net revenue
- 5% y/y
- 4% CC(1)

**Asia Pacific**
- 19% of net revenue
- 9% y/y
- 9% CC(1)

**Capital Allocation**

- **Dividend payment**
  - $96 million
  - $0.055 per share

- **Stock repurchase**
  - $1.2 billion
  - Approximately 72.5 million shares

- **Operating company net cash**
  - $3.1 billion
  - $1.3 billion q/q

**Cash Flow**

- **Free Cash Flow**
  - (-)$831 million
  - ↓70% y/y(2)

- **Cash Flow from Operations**
  - (-)$75 million
  - ↓130% y/y(3)

- **Net Capital Expenditures**
  - $756 million
  - ↑2% y/y(3)

**Asset Management**

- **Cash conversion cycle**
  - 31 days

- **Days receivables**
  - 56 days

- **Days payable**
  - 48 days

- **Days inventory**
  - 23 days

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1. Adjusted to eliminate the effects of currency
2. All non-GAAP numbers have been adjusted to exclude certain items. A reconciliation of specific adjustments to GAAP results for the current and prior periods is included as a part of Q1 '16 earnings presentation available at www.hpe.com/investor/home
3. For further details on the basis of presentation differences of adjusted non-GAAP diluted net earnings per share, adjusted cash flow from operations and adjusted free cash flow, refer to HPE's FY15 adjusted financial measures presentation that was filed with the SEC on March 2, 2016
4. Operating company net cash is defined as total company net cash excluding the cash and debt associated with Financial Services
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**Enterprise Group**

- **Revenue**
  - $7.1 billion
  - Up 1% y/y
  - Up 7% CC(1)
- **Operating profit**
  - $944 million
  - 13.4% of revenue
  - Down 1.8 pts y/y

**Enterprise Services**

- **Revenue**
  - $4.7 billion
  - Down 6% y/y
  - Flat CC(1)
- **Operating profit**
  - $238 million
  - 5.1% of revenue
  - Up 2.1 pts y/y

**Software**

- **Revenue**
  - $780 million
  - Down 10% y/y
  - Down 6% CC(1)
- **Operating profit**
  - $136 million
  - 17.4% of revenue
  - Down 0.6 pts y/y

**Financial Services**

- **Revenue**
  - $776 million
  - Down 3% y/y
  - Up 3% CC(1)
- **Operating profit**
  - $100 million
  - 12.9% of revenue
  - Up 1.7 pts y/y

**Outlook**

- **Non-GAAP diluted**
  - Q2 FY16 net EPS(2)
    - $0.39
  - FY16 net EPS(2)
    - $1.95
- **GAAP diluted**
  - Q2 FY16 net EPS
    - $0.13
  - FY16 net EPS
    - $0.85

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1. Adjusted to eliminate the effects of currency
2. Second quarter fiscal 2016 non-GAAP diluted net EPS estimates exclude after-tax costs of approximately $0.26 per share, related to restructuring charges, amortization of intangible assets, separation costs and acquisition and other related charges
3. Full year fiscal 2016 non-GAAP diluted net EPS estimates exclude after-tax costs of approximately $1.10 per share, related to restructuring charges, amortization of intangible assets, separation costs, acquisition and other related charges and tax indemnification adjustments