HPE Reports Fiscal 2017 First Quarter Results

Highlights

Net revenue

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY16</th>
<th>Q1 FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>$12.7B</td>
<td>$11.4B</td>
<td></td>
</tr>
</tbody>
</table>

- $10% y/y
- 4% Adj.(1)

GAAP diluted net EPS

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY16</th>
<th>Q1 FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.15</td>
<td>$0.16</td>
<td></td>
</tr>
</tbody>
</table>

- 7% y/y

Non-GAAP diluted net EPS(2)

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY16</th>
<th>Q1 FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.41</td>
<td>$0.45</td>
<td></td>
</tr>
</tbody>
</table>

- 10% y/y

Geography

- Americas: 47% of net revenue
  - 6% y/y
  - 2% Adj.(1)

- EMEA: 36% of net revenue
  - 11% y/y
  - 7% Adj.(1)

- Asia Pacific: 17% of net revenue
  - 20% y/y
  - 5% Adj.(1)

Non-US net revenue was 61% of total net revenue

Capital Allocation

Dividend payment

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.109</td>
<td>$0.065</td>
</tr>
</tbody>
</table>

Stock repurchase

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$6.41B</td>
<td>27 million shares</td>
</tr>
</tbody>
</table>

Operating company net cash(3)

| $4.4B  | $3.2B q/q |

Cash Flow

Free Cash Flow

- $2.3B

- 1.5 billion y/y

Cash Flow from Operations

- $1.5B

- 1.4 billion y/y

Net Capital Expenditures

- $839 million

- 11% y/y

Asset Management

Cash conversion cycle

- 12 days

- 6 days q/q

Days receivables

- 51 days

- 1 day q/q

Days payable

- 61 days

- 1 day q/q

Days inventory

- 22 days

- 4 days q/q

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1. Adjusted to eliminate the effects of divestitures and currency
2. All non-GAAP numbers have been adjusted to exclude certain items. A reconciliation of specific adjustments and basis of presentation differences to GAAP results for the current and prior periods is included as a part of Q1 '17 earnings presentation available at www.hpe.com/investor/home
3. Operating company net cash is defined as total company net cash excluding the cash and debt associated with Financial Services
Hewlett Packard
Enterprise

**HPE Reports Fiscal 2017 First Quarter Results**

### Enterprise Group

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Operating profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>$6.3 billion</td>
<td>$802 million</td>
</tr>
<tr>
<td><strong>12% y/y</strong></td>
<td><strong>12.7% of revenue</strong></td>
</tr>
<tr>
<td><strong>6% Adj.(1)</strong></td>
<td><strong>0.7 pts y/y</strong></td>
</tr>
</tbody>
</table>

- **Servers revenue**  **12% y/y**
- **Storage revenue**  **13% y/y**
- **Converged**
  - Traditional
- **Networking revenue**  **33% y/y**
- **TS revenue**  **2% y/y**

### Enterprise Services

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Operating profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4.0 billion</td>
<td>$283 million</td>
</tr>
<tr>
<td><strong>11% y/y</strong></td>
<td><strong>7.0% of revenue</strong></td>
</tr>
<tr>
<td><strong>6% Adj.(1)</strong></td>
<td><strong>2.2 pts y/y</strong></td>
</tr>
</tbody>
</table>

- **ITO revenue**  **8% y/y**
- **ABS revenue**  **17% y/y**

### Software

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Operating profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>$721 million</td>
<td>$154 million</td>
</tr>
<tr>
<td><strong>8% y/y</strong></td>
<td><strong>21.4% of revenue</strong></td>
</tr>
<tr>
<td><strong>1% Adj.(1)</strong></td>
<td><strong>4.0 pts y/y</strong></td>
</tr>
</tbody>
</table>

- **License revenue**  **9% y/y**
- **Support revenue**  **9% y/y**
- **Services revenue**  **2% y/y**
- **Professional Services**  **7% y/y**
- **SaaS**  **4% y/y**

### Financial Services

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Operating profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>$823 million</td>
<td>$78 million</td>
</tr>
<tr>
<td><strong>6% y/y</strong></td>
<td><strong>9.5% of revenue</strong></td>
</tr>
<tr>
<td></td>
<td><strong>3.4 pts y/y</strong></td>
</tr>
</tbody>
</table>

- **Financing volume**  **10% y/y**
- **Net portfolio assets**  **2% y/y**

### Outlook

**Non-GAAP diluted**

- **Q2 FY17 net EPS**(2) $0.41
- **FY17 net EPS**(3) $0.45
- **$1.88**
- **$1.98**

**GAAP diluted**

- **Q2 FY17 net EPS** $(0.03)
- **FY17 net EPS** $0.60
- **$0.70**

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1. Adjusted to eliminate the effects of divestitures and currency
2. Second quarter fiscal 2017 non-GAAP diluted net EPS estimates exclude after-tax costs of approximately $0.44 per share, related primarily to separation costs, restructuring charges and amortization of intangible assets
3. Full year fiscal 2017 non-GAAP diluted net EPS estimates exclude after-tax costs of approximately $1.28 per share, related primarily to separation costs, restructuring charges and amortization of intangible assets