HPE SAM Modeling FAQ

Question: Can you clarify your long-term revenue growth outlook for FY25-FY28 on an as reported basis versus on a combined normalized basis?

Response: Revenue is expected to grow at a CAGR of 8-11% on an as reported basis through FY28. If you adjust FY25 to include 8 months of Juniper pre-acquisition close, the CAGR is expected to be 5-7%. This alternative view to the revenue growth estimates on an as reported basis, is meant to illustrate as if the acquisition had closed at the start of HPE's FY25. We present this to show a growth estimate that is meant to compare the combined companies over all time periods.

Question: Can you clarify the combined company's FY26 revenue growth rates in the two Form 8-K filings from October 15, 2025?

Response: On a strictly as reported basis, FY26 total revenue is expected to grow 17-22% year-over-year. This would include one month of Juniper results in HPE's Q3 FY25 results and 3 months of Juniper results in HPE's Q4 FY25 results.

On an adjusted basis, if you adjust FY25 to include 8 months of Juniper results pre-acquisition close,, FY26 revenue is expected to grow 5-10%. This alternative view to the revenue growth estimates on an as reported basis, is meant to illustrate as if the acquisition had closed at the start of HPE's FY25. We present this to show a growth estimate that is meant to compare the combined companies over both time periods.

Question: Can you clarify the FY26 Networking revenue growth outlook using pro forma guidance?

Response: For modeling purposes, as we are in the quiet period and remain in our current reporting structure, the recommendation is to add Instant On and Telco back into Networking to establish a proforma FY25 revenue estimate that is inclusive of 12 months of Juniper aligned to HPEs fiscal calendar of November 2024 to October 2025.

This will generate a baseline of approximately $10.6B for FY25 on which our guided growth rates were based (low-to-mid-single digits growth). We will provide restated retrospective financial statements according to the forthcoming new segmentation in January or February of 2026.

Question: How should the $480M of Networking revenue attributed to Juniper (for July 2025 and included in HPE's Q3 FY25 results) be allocated across the product segments, specifically Campus & Branch, Data Center Networking, Security, and Routing?

Response: We did not and do not disclose product line breakout for the month of July 2025. However, on our Q3 FY25 earnings call, we stated the following: "In cloud, we see strong demand for networking for AI. Particularly in data center switching and Juniper PTX routing."

Question: What changed between Hybrid Cloud and the new Storage segment? Why did Server also change?

Response: Under our new Cloud & AI segment as part of the forthcoming segment re-alignment beginning in Q1'26, we will disaggregate revenues between Server, Storage, Financial Services and Other. Server will now include certain revenues that were previously reported under Hybrid Cloud. Storage continues to include GreenLake Flex and software. We have not disclosed the size of GreenLake. "Other" includes eliminations and third-party storage solutions.

Question: How should we think about the flow through of benefit from Juniper synergies and Catalyst into your opex over the three-year period?

Response: We are encouraged by the initial benefit we are seeing from both programs and expect a ramp through the year as we discussed during SAM. We expect Catalyst to drive HPE to become a much more nimble, cost-efficient company. We will see the net benefit of the program via investments that are critical for long-term growth and allow us to keep opex controlled over the three-year period, which will drive operational leverage.

Question: Can you provide a summary of the guidance provided during the CFO remarks of the 2025 HPE SAM presentation.

Response: FY26 additional non-GAAP guidance considerations:

- Tax rate of 14%[1]
- OIE to be a net expense of ~$650M
- Full year diluted net share count of 1.44B
- FY26 free cash flow ("FCF"): $1.5 to $2.0B range[1 2] includes $600M in cash costs related to the Juniper integration and Catalyst
- Expect non-GAAP operating profit margin to improve year-over-year to a low double-digit rate
- Expect historical seasonal trends will not be indicative of future performance. As synergies ramp throughout the year, we expect margin performance and net earnings to strengthen in the second half of FY26, making it significantly stronger than the first.
- Expect ARR[3] to grow to approximately $3.5B by the end of FY26 (from approximately $3.1B at Q3 FY25)
- Expect networking for AI demand to improve during the year, with cumulative orders projected to increase to $1.5B by the end of FY26, up from $600M of orders generated YTDQ3 FY25.

Question: What is the expected timing of debt pay down in the coming quarters?

Response: As stated, we intend to reduce net leverage to the 2x range by the end of FY27. This primarily consists of paying off debt and growing EBITDA.[1]

Question: How material will share repurchases be to the non-GAAP EPS $3.00+ guide?

Response: We intend to repurchase shares at a rate that offsets dilution through FY27. In the latter half of FY28, we plan to accelerate the amount of shares repurchased, consistent with our broader commitment to return at least 75% of FCF to shareholders.

Question: How much stock-based compensation does HPE issue annually that would need to be repurchased to offset share dilution?

Response: Generally, we expect approximately $650M worth of shares will need to be repurchased annually to offset share dilution attributable to stock-based compensation.

Question: What is the magnitude of the cash costs expected related to the Juniper integration and Catalyst?

Response: Between both the Juniper integration and Catalyst actions, we expect to incur ~$600M in cash costs in FY26. Over the FY27 to FY28 timeframe, we expect to incur ~$450M in cash costs. These investments will be primarily tied to headcount reduction, supply chain optimization, and portfolio rationalization.

[1] Hewlett Packard Enterprise provides certain guidance on a non-GAAP basis. The Company is unable to provide a reconciliation to the most directly comparable GAAP financial measure without unreasonable efforts, as it cannot predict some elements that are included in such directly comparable GAAP financial measure or, in the case of non-GAAP operating profit growth CAGR, GAAP operating profit CAGR is not derivable because GAAP operating profit for FY25 is expected to be negative. These elements could have a material impact on the Company's reported GAAP results for the guidance period. A description of HPE's use of non-GAAP financial information is provided in HPE's 2025 Securities Analyst Meeting presentation materials on https://investors.hpe.com/

[2] Free cash flow represents cash flow from operations, less net capital expenditures (investments in property, plant & equipment ("PP&E") and software assets less proceeds from the sale of PP&E), and adjusted for the effect of exchange rate fluctuations on cash, cash equivalents, and restricted cash. A description of HPE's use of non-GAAP financial information is provided in HPE's 2025 Securities Analyst Meeting presentation materials on https://investors.hpe.com/

[3] Annualized Revenue Run-Rate ("ARR") is a financial metric used to assess the growth of the Consumption Services offerings. ARR represents the annualized revenue of all net HPE GreenLake cloud services revenue, related financial services revenue (which includes rental income from operating leases and interest income from finance leases), and software-as-a-Service, software consumption revenue, and other as-a-Service offerings, by taking such revenue recognized during a quarter and multiplying by four. To better align the calculation of ARR with Juniper Networks' business and offerings, beginning with the quarter ended July 31, 2025, we also included revenue from software licenses support and maintenance in our ARR calculation, and will continue to do so going forward. The impact of this change was not material to the current and prior periods presented. We use ARR as a performance metric. ARR should be viewed independently of net revenue and is not intended to be combined with it.