



Portfolio mix drives net revenue growth, diluted net EPS expansion, and higher ARR



“Building on a great start to the fiscal year, HPE grew revenue, increased the contribution of recurring revenue through the HPE GreenLake edge-to-cloud platform, and delivered exceptional profitability to generate a strong second quarter performance. Our shift to a higher-margin portfolio mix led by the Intelligent Edge segment, and the strong demand for our AI offering, further strengthen the investment opportunity for our shareholders.”

Antonio Neri
President & CEO



Key Points

- **Revenue rose 9%⁽³⁾** y/y on strong growth in Intelligent Edge and HPC & AI
- **Exceptional profitability** driven by pivot to higher-margin portfolio and operational discipline
- **Non-GAAP gross margin⁽¹⁾ of 36.2%**—an HPE record
- **Non-GAAP operating margin⁽¹⁾ of 11.5%**, and **non-GAAP diluted net EPS of \$0.52⁽¹⁾⁽⁵⁾**—up 18% y/y and at the high-end of guidance
- **Raised full-year non-GAAP diluted net EPS⁽¹⁾⁽⁵⁾ guidance**, reflecting the expectation for higher profitability resulting from portfolio mix shift

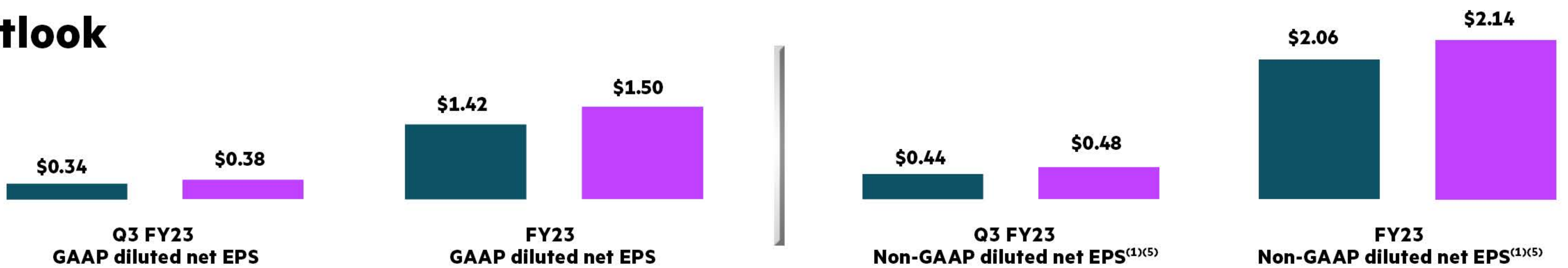
HPE GreenLake Highlights

- ↑ ARR⁽⁴⁾ rose **38% y/y⁽³⁾**, to **\$1.1 billion**
- ↑ As-a-service total contract value (TCV)⁽⁶⁾ **exceeded \$10 billion**
- ↑ Enhanced HPE GreenLake hybrid cloud platform with acquisition of hybrid digital operations management company OpsRamp
- ↑ Introduced HPE GreenLake for Block Storage and HPE GreenLake for File Storage, leveraging HPE Alletra storage to simplify data lifecycle management

Business Segments

- Compute:** Offers both general purpose servers for multi-workload computing and workload optimized servers to deliver the best performance and value for demanding applications.
- HPC & AI:** Delivers standard and custom hardware, software, and data-management solutions designed to support supercomputers, high-performance compute, converged edge systems, and data-intensive workloads like data analytics and artificial intelligence applications.
- Storage:** Transforms the customer experience with storage as-a-service and cloud data services with portfolio offerings like primary storage, hyper-converged infrastructure, disaster and ransomware recovery, big data solutions, management offerings, and storage for unstructured data and analytics workloads, plus traditional tape, storage networking, and disk products.
- Intelligent Edge:** Operates platforms and services at network edges, connecting devices and applications via Aruba solutions such as wired and wireless local area network, campus and data center switching, software-defined wide area networking, and network security.
- HPEFS:** Serves as the financial engine behind HPE’s offerings to provide financial solutions including leasing offers, asset management, and asset upcycling.

Outlook



1- Reconciliation of specific adjustments to GAAP results for the current and prior periods and description of HPE’s use of non-GAAP financial information are included in the earnings presentation at <https://Investors.hpe.com>.
 2- Free cash flow represents cash flow from operations, less net capital expenditures (investments in property, plant & equipment (“PP&E”) less proceeds from the sale of PP&E) and adjusted for the effect of exchange rate fluctuations on cash, cash equivalents, and restricted cash.
 3- In constant currency. A description of HPE’s use of non-GAAP financial information is provided in the earnings presentation at <https://Investors.hpe.com>.
 4- For definition of ARR, please refer to the earnings presentation at <https://Investors.hpe.com>.
 5- For reconciliation of non-GAAP to GAAP diluted net EPS, please see the earnings presentation at <https://Investors.hpe.com>.
 6- Total Contracted Value (TCV) represents the total value of one-time and recurring revenue for the period defined by the contract.