



HPE exceeds profitability expectations and continues to scale recurring revenue, advancing long-term strategy



"HPE exceeded our profitability expectations and drove near-record year-over-year growth in our recurring revenue in the face of market headwinds, demonstrating the relevance of our strategy. Despite a mixed quarter, I remain very confident that our focus on customer-centric innovation and our track record of operational discipline will allow us to capitalize on the significant market opportunities in AI as well as across edge and hybrid cloud and to deliver value to our shareholders."

Antonio Neri
President & CEO

<p>Net revenue</p> <p>\$6.8 billion</p>	<p>Non-GAAP operating margin⁽¹⁾</p> <p>11.5%</p>	<p>Non-GAAP gross margin⁽¹⁾</p> <p>36.2%</p>	<p>Non-GAAP diluted net earnings per share⁽¹⁾</p> <p>\$0.48</p>	<p>Free cash flow⁽¹⁾⁽²⁾</p> <p>\$(482) million</p>
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Key Points

- Exceeded profitability expectations compared to the mid-point of Q1 EPS guidance
- Record gross margins and expense discipline, which helped lift non-GAAP diluted net EPS⁽¹⁾ to high end of guidance range
- Near-record ARR growth of 41%⁽³⁾⁽⁵⁾, second highest year-over-year growth rate since 2019
- Cumulative APU orders rose to \$4.0 billion since Q1 FY23
- Returned \$172 million to shareholders in Q1 in the form of dividends and share repurchases

HPE GreenLake Highlights

- ARR grew 41%⁽³⁾⁽⁵⁾ y/y to more than \$1.4 billion, with storage and networking software and services the fastest growing elements
- Announced an expanded HPE GreenLake for File Storage designed for GenAI, helping to speed AI model training and tuning



Business Segments



Server: Offers general purpose computing, workload-optimized servers and supercomputers as well as integrated systems of software and hardware for global customers engaging in artificial intelligence (AI), high performance computing (HPC), data analytics, simulation and transaction processing.



Hybrid Cloud: Provides hybrid cloud infrastructure, software, and management, including storage, private clouds, data protection, AIOps and data analytics for AI. The solutions are offered as-a-service through HPE GreenLake.

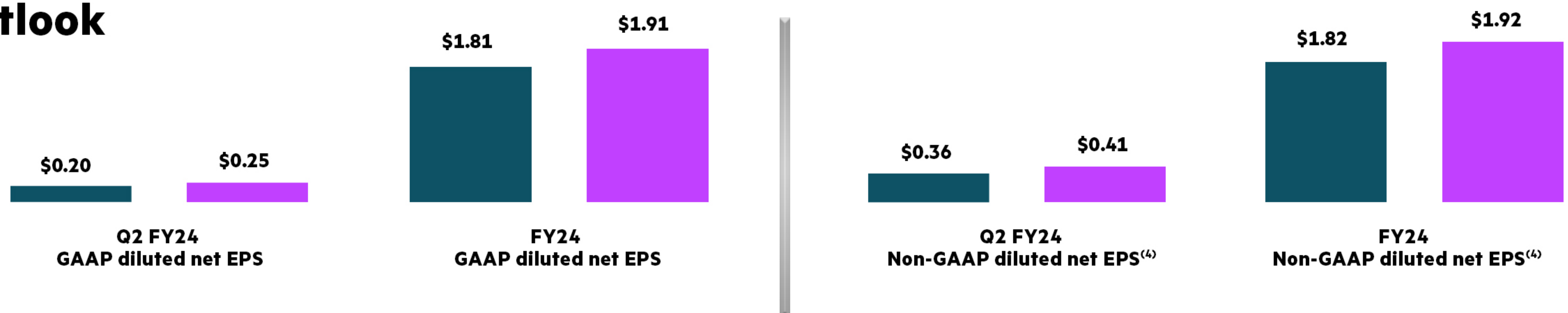


Intelligent Edge: Operates platforms and services at network edges, connecting devices and applications via HPE Aruba Networking solutions such as wired and wireless local area network, campus and data center switching, software-defined wide area networking, and network security.



HPE Financial Services: 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 - Q2 FY24 non-GAAP diluted net EPS exclude net after-tax costs of approximately \$0.16 per share primarily related to stock-based compensation expense and amortization of intangible assets. FY24 non-GAAP diluted net EPS estimates exclude net after-tax adjustments of approximately \$0.01 per diluted share, primarily related to stock-based compensation expense, amortization of intangible assets, transformation costs, acquisition, disposition and other related charges, structural tax-rate adjustments, H3C income, and adjustments related to the sale of H3C.
- 5 - For definition of ARR, please refer to the earnings presentation at <https://Investors.hpe.com>.